Results

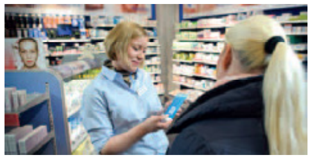
3rd Quarter 2011/12

Investor Call
Mannheim, 21st December 2011

Reimund Pohl / Dr. Michael Majerus
CEO / CFO





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Agenda

Highlights of the 3rd Quarter 2011/12

Reimund Pohl
CEO

Group Financials 3rd Quarter 2011/12

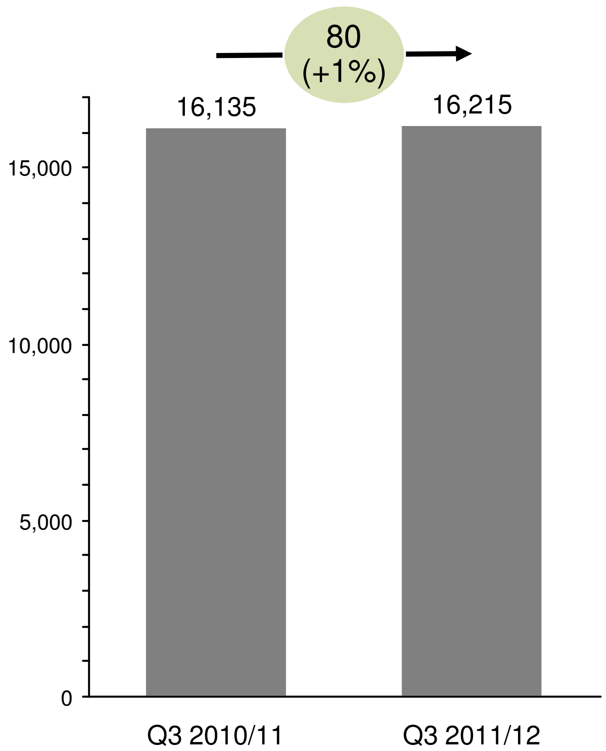
Dr. Michael Majerus
CFO

Questions & Answers

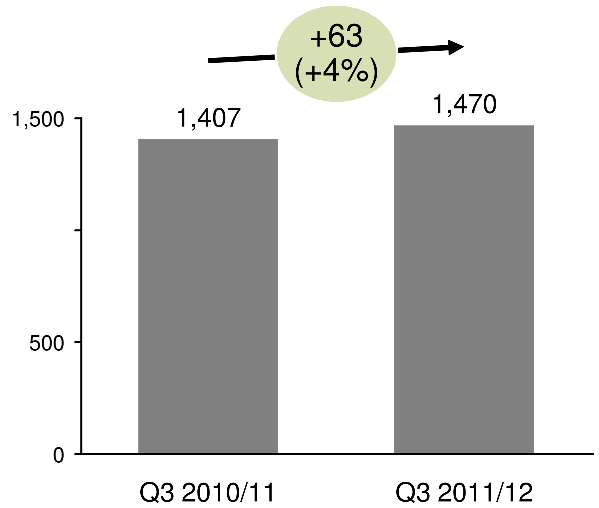
Despite increasing market pressure, PHOENIX is able to grow revenue and gross profit

PHOENIX group

Revenue



Gross Profit



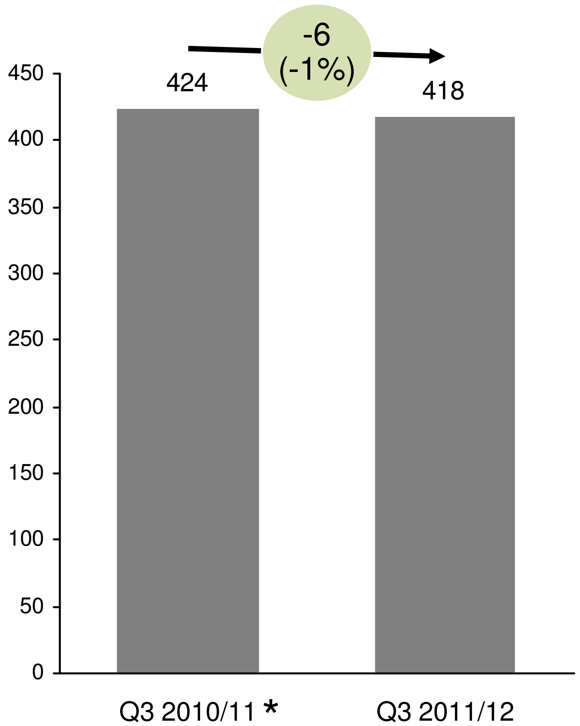
(mEUR)

- PHOENIX shows a **revenue growth slightly above market** – once more, PHOENIX group confirmed its position as leading pharmaceutical distributor in Europe
- **Gross profit and gross margin significantly improved** as a result of the margin-oriented sales policy, additional higher-margin revenue, and the increasing share of retail business, especially through the inclusion of the Lloyds pharmacies in the Netherlands

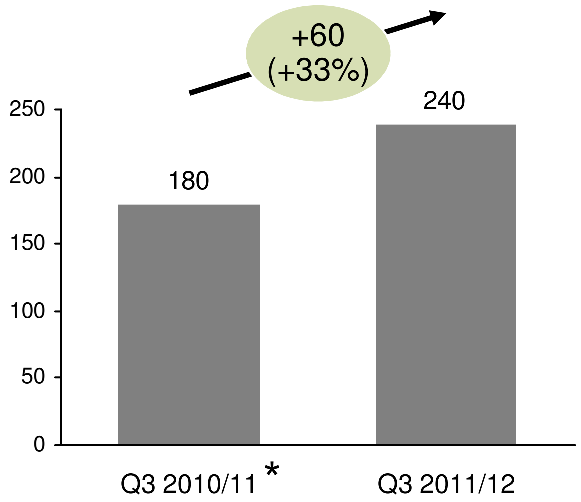
Year-over-year developments of EBITDA and profit before tax confirm the group's solid position

PHOENIX group

EBITDA



Profit before tax



- The small decrease in **EBITDA** is mainly influenced by a positive one-time effect from the reduction of pension obligations in the previous year (+18,2 mEUR in 2010/11)
- **Profit before tax** is driven by the further improvement in the financial result, mainly due to the reduced debt level and the better financing conditions

(mEUR)

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable

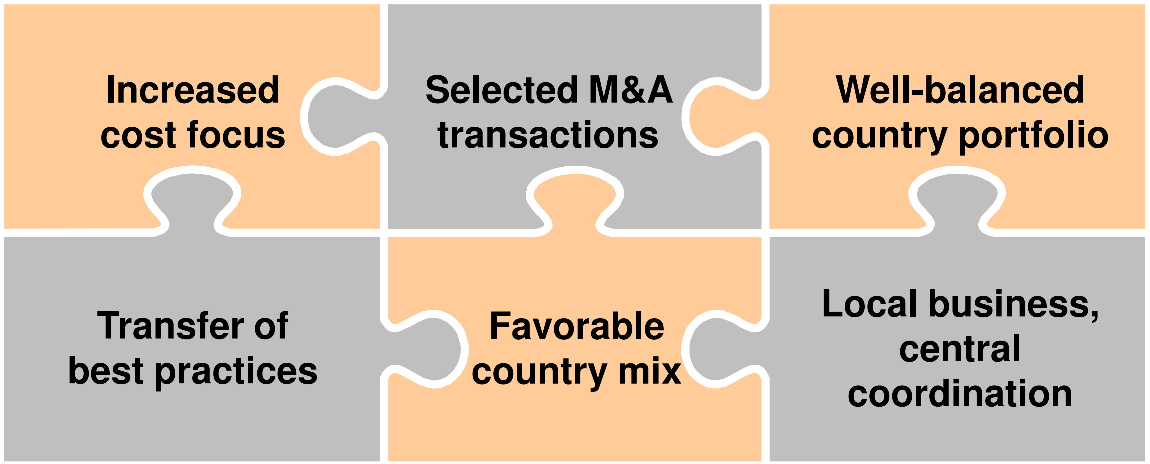
PHOENIX is pursuing its growth strategy in a consequent and successful manner

PHOENIX group

Our **most important strategic direction** is to **grow our core business: pharmaceutical wholesale and retail across the European markets**

At the same time, we **carefully examine new business opportunities** and assess their **long-term potential**, but with all commercial due diligence

Our success is based on our **favorable market position** and on a **variety of measures and activities** that are applied across the organization:



The growth strategy is based on a combination of organic growth and careful add-on acquisitions

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Profitable organic growth above market → **PHOENIX's growth strategy** ← **Profitable, financially sound acquisitions**

within a pre-defined budget; in 2011/2012, the financing was done by divestitures of non-core assets

Acquisitions to further strengthen the wholesale market position

➔ Acquisition of a 60% participation in **Farcopa Distribuzione S.r.l.** (Italy) and increase of the share (from 40% to 100%) in **Farmaceutici Signorini S.r.l.** (Italy)

Measures to optimize the retail portfolio

➔ Purposeful **acquisitions and openings of pharmacies** in selected retail markets
➔ Successful **integration of a pharmacy portfolio in the Netherlands**

Strengthening of the competence in IT solutions for pharmacies

➔ Acquisition of **JDM**, the German market leader in **cash register systems for pharmacies**

Activities to adjust our participation structure

➔ Sale of **Imgroma BV**, a marketing and sales company for OTC products in the Netherlands
➔ In **Poland**, PHOENIX intends to **close down its conventional wholesale activities** by YE 2011/2012; the future of the retail and pre-wholesale service business is still under discussion

The international retail business will be further strengthened through a rebranding initiative

In continental Europe, **more than 700 pharmacies** will be united under the **new brand BENU**. The rebranding of the local pharmacy organizations with a common retail brand name constitutes an important step towards the **further strengthening of PHOENIX's leading retail position in Europe**. As per November 2011, PHOENIX operates approx. 1,550 pharmacies in 12 European countries.

One common brand to be introduced in many of our retail organizations across Europe:

BENU

In some countries, however, it is planned to continue with the existing retail brand names

In Germany, the effects of the new AMNOG legislation need to be compensated (1/2)

PHOENIX group

- The legislative authorities in Germany have clearly stated the political goal to save a total of **200 mEUR per year** on the level of the pharmaceutical wholesalers
- This will be realized by **changes in the remuneration scheme**

PAST

Interim period 2011

- Continuation of the existing wholesalers' remuneration scheme:
  - Declining margin (15% to 6%); variable component only
  - Remuneration capped at 72.00 EUR
- For the interim period 2011, an overall wholesale rebate of 0.85% on all prescription drugs is imposed, generating savings of about 200 mEUR on the wholesalers' level

From 2012 onwards

FUTURE

- Flat margin scheme (3.15%); in addition fixed remuneration component of 0.70 EUR per article
- Wholesalers' remuneration capped at 38.50 EUR
- This adjustment of the remuneration scheme leads to similar savings in the amount of 200 mEUR on the level of the pharmaceutical wholesalers

PHOENIX strives to **counterbalance the negative effects** through **various measures in the fields of sales and operations**

In Germany, the effects of the new AMNOG legislation need to be compensated (2/2)

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The main target is to **compensate the negative effects** resulting from the AMNOG legislation; this is – besides others – achieved by **reducing the average conditions offered to customers**, thereby **improving overall profitability**

- As **market leader in Germany**, PHOENIX will continue to offer a **full assortment of pharmaceutical products** and **high-quality services** to its valued customers
- Since spring 2011, PHOENIX has worked on the **new condition system for 2012**; the project was **supported by a major consultancy company**
- Starting November 2011, PHOENIX has **communicated the new system** into the market; the **reactions so far are encouraging**
- The **new PHOENIX condition system 2012** for the German market is
  - ✓ **simple**
  - ✓ **transparent**
  - ✓ **fair**
  - ✓ **performance-oriented**
- PHOENIX seeks to **reward performance and long-term customer relationships** as well as to **establish mutual trust and accountability**

Pharmaceutical wholesalers and Novartis are currently arguing about delivery conditions

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Disagreement between PHOENIX and Novartis	– In Germany, **Novartis** takes a **market share** of approx. **5.5%** – In 2011, Novartis Germany (Novartis Pharma GmbH) announced that the organization intends to **unilaterally cut cash discounts** for PHOENIX and evidently also for other pharmaceutical wholesalers – PHOENIX (and evidently other pharmaceutical wholesalers) entered into **negotiations** with Novartis – PHOENIX (and evidently some other pharmaceutical wholesalers) were **unable to reach mutual agreements** with Novartis; from a PHOENIX's point of view, the **conditions offered by Novartis** are **inadequate** – Due to this disagreement, **Novartis Germany stopped delivering PHOENIX with Rx products** in November 2011; evidently, other pharmaceutical wholesalers were affected as well – However, **PHOENIX's ability to deliver** Novartis products was **secured** because of **sufficient stockpiling**; **PHOENIX did not lose turnover nor margin**
PHOENIX prevails with an interim injunction	– PHOENIX has **successfully prevailed against the delivery suspension** by Novartis in Germany with an **interim injunction, obliging Novartis to supply PHOENIX to meet demand** – The regional court of Mannheim granted the injunction on 2 December 2011 – Inter alia, PHOENIX had based its urgent request on the **contractual agreements with Novartis** and the **public service obligation according to the German Pharmaceuticals Act (AMG)**

PHOENIX is well-positioned for the future; this has recently been confirmed by three rating agencies

PHOENIX group

STANDARD & POOR'S

MOODY'S INVESTORS SERVICE

FitchRatings

Standard & Poor's

➔ On 27 July 2011, the rating agency Standard & Poor's upgraded the **company's rating** from B+ to **BB-** with **continuing positive outlook**

➔ At the same time, the **bond rating** was improved from B- to **B**

Moody's

➔ On 1 August 2011, the rating agency Moody's **upgraded the company's rating** from B1/stable to **B1/positive**

Fitch Rating

➔ On 17 October 2011, the rating agency Fitch published a first **company rating of BB with stable outlook**

➔ At the same time, a **bond rating** was published with **B+**

Agenda

PHOENIX group

Group Financials 3rd Quarter 2011/12

Dr. Michael Majerus
CFO

Q3 P&L reflects the positive profitability development and the ending of restructuring costs

PHOENIX group

Profit & Loss (in mEUR)	Q3* 2010/11	Q3 2011/12	Share of net turnover	Delta in %
Net turnover	**16,135**	**16,215**	**100%**	**0.5%**
Cost of goods sold	14,728	14,746	90.9%	0.1%
Gross profit	**1,407**	**1,470**	**9.1%**	**4.4%**
Other income	111	109	0.7%	-1.7%
Personnel expenses	-686	-752	-4.6%	9.7%
Other operative expenses	-414	-411	-2.5%	-0.8%
Result from associates and other invest.	6	2	0.0%	-58.2%
EBITDA	**424**	**418**	**2.6%**	**-1.4%**
Interest from customers	17	18	0.1%	6.1%
Costs of financial restructuring	9	0	0.0%	-100.0%
Factoring fees	4	4	0.0%	-12.4%
Adjusted EBITDA	**454**	**440**	**2.7%**	**-3.1%**
Depreciation	-67	-72	-0.4%	6.9%
Financial result	-176	-106	-0.7%	-39.8%
Profit before taxes	**180**	**240**	1.5%	**33.1%**
Income taxes total	-78	-73	-0.5%	-6.3%
Profit for the period	**102**	**167**	**1.0%**	**63.3%**

New developments

- **Gross profit** significantly improved as a result of margin-oriented sales policy, additional higher-margin revenue, and the increasing share of retail business
- Increased **personnel expenses**, due to first time consolidation of joint venture in the Netherlands, acquisitions in Italy, and normal wage increase
- Other **operative expenses** reduced due to lower level of bad-debt allowances
- As PHOENIX group reduced net debt and achieved better financing conditions, **financial result** and in consequence **profit before tax** are significantly improved
- Due to the absence of a one-time effect in 2010/11 and by improving its effective **tax rate,** PHOENIX is able to reduce tax level

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable

PHOENIX group's optimized financial structure improves the financial result

Financial result (in mEUR)	Q3 2010/11	Q3 2011/12	Delta
Interest income	37.7	26.2	-11.5
Interest expenses	-145.6	-129.6	16.0
Interest result	**-108.0**	**-103.4**	**4.5**
Other financial result	-68.2	-2.6	65.6
Financial result	**-176.2**	**-106.1**	**70.1**

Developments

- Reduction of interest income due to VEM loan repayment already in BY 2010/2011
- Lower interest expenses are mainly driven by reduced debt
- Other financial result is benefiting from end of restructuring costs

PHOENIX continues its committed path of strengthening its balance sheet

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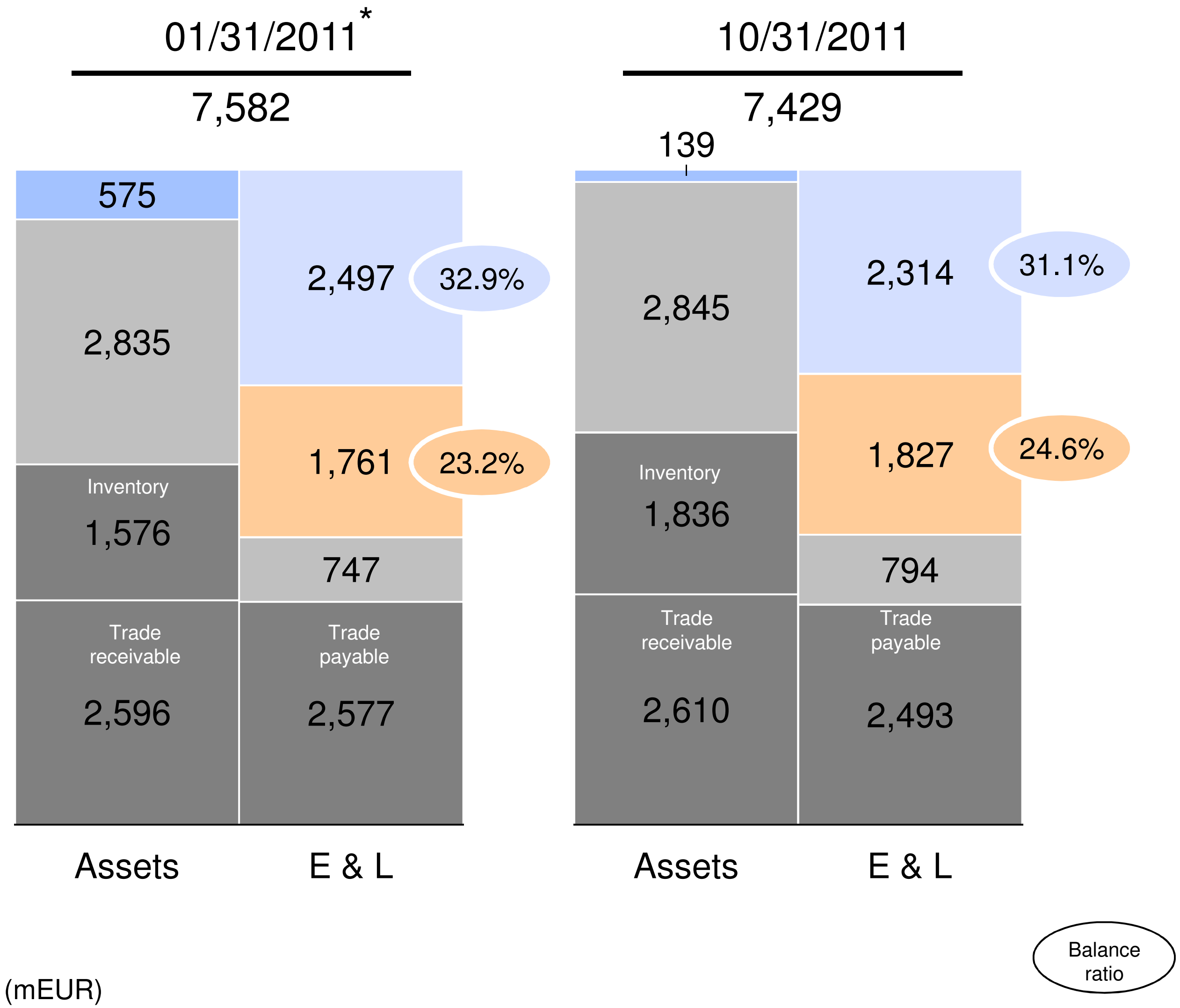


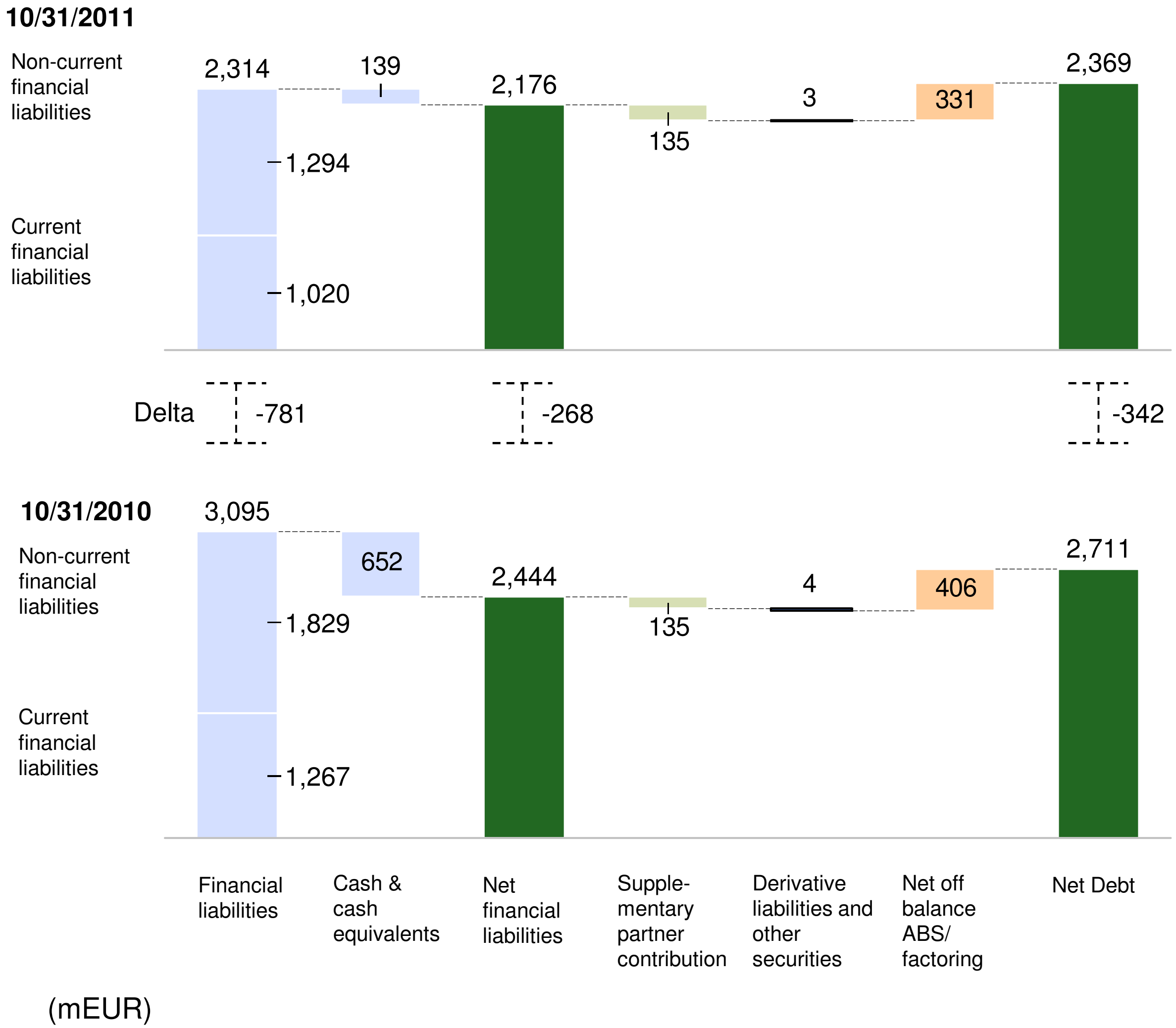
New developments of capital structure

- Optimization of capital structure and partial repayments of credits resulted in reduced financial liabilities
- Equity ratio improved by profit of the period, despite reducing effects due to continuous re-calculation of pension liabilities according to IAS 19.93A, here especially interest effects
- Net working capital increased (+358 mEUR) due to seasonal effects in inventories. Compared to the 3rd quarter of previous year, NWC is on same level:
  - Q3 2010/11: 40.93 days
  - YE 2010/11: 34.96 days
  - Q3 2011/12: 40.39 days

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable.

NWC days based on internal data

Net Debt is significantly improved compared to previous year



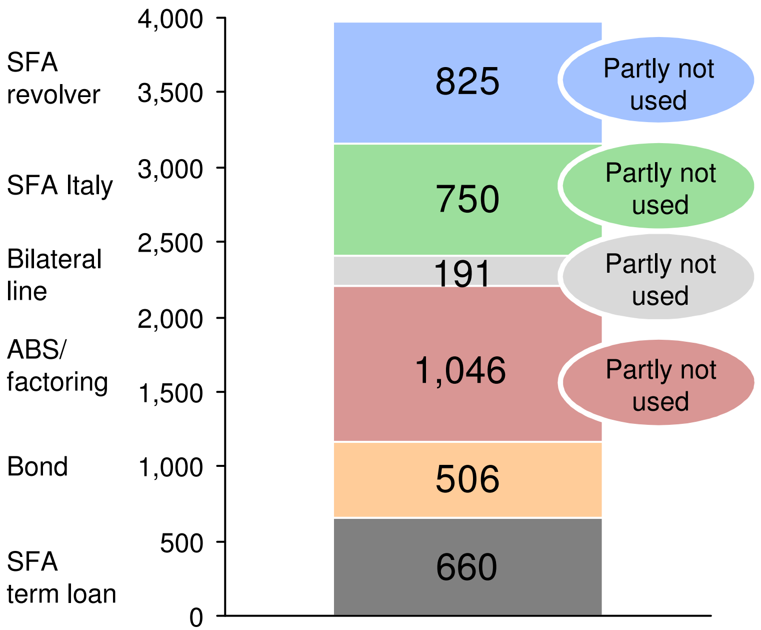
Year-over-year developments

- Net Debt reduction of 342 mEUR vs. previous year due to cash flow contribution
- Reduced cash position is allowed by
  - optimization of debt structure,
  - reductions of loans, and
  - effective cash utilisation by extending cash pool structures

Solid financial structure after refinancing provides meaningful financial flexibility

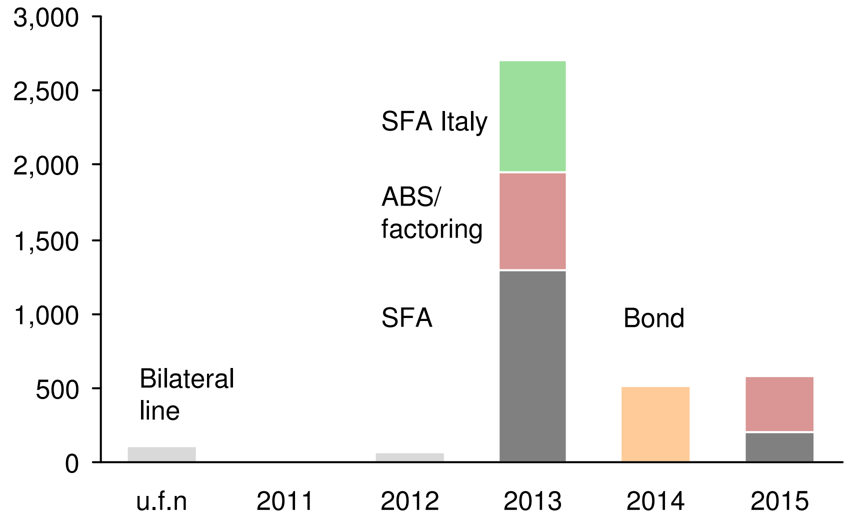
Headroom financial facilities

10/31/2011



- Diversified financing structure
- Significant financial headroom and efficient utilisation of cash allowed slight reduction of credit lines

Debt maturity profile



- Since end of last financial year PHOENIX extended maturities for 0.6 bnEUR until end of 2015
- With the extension of maturities beyond the maturity of the high yield bond banks signal their confidence in PHOENIX's credit worthiness

(mEUR)

Cash flow for the 3rd quarter is impacted by seasonal stock effects and absence of one-time effects

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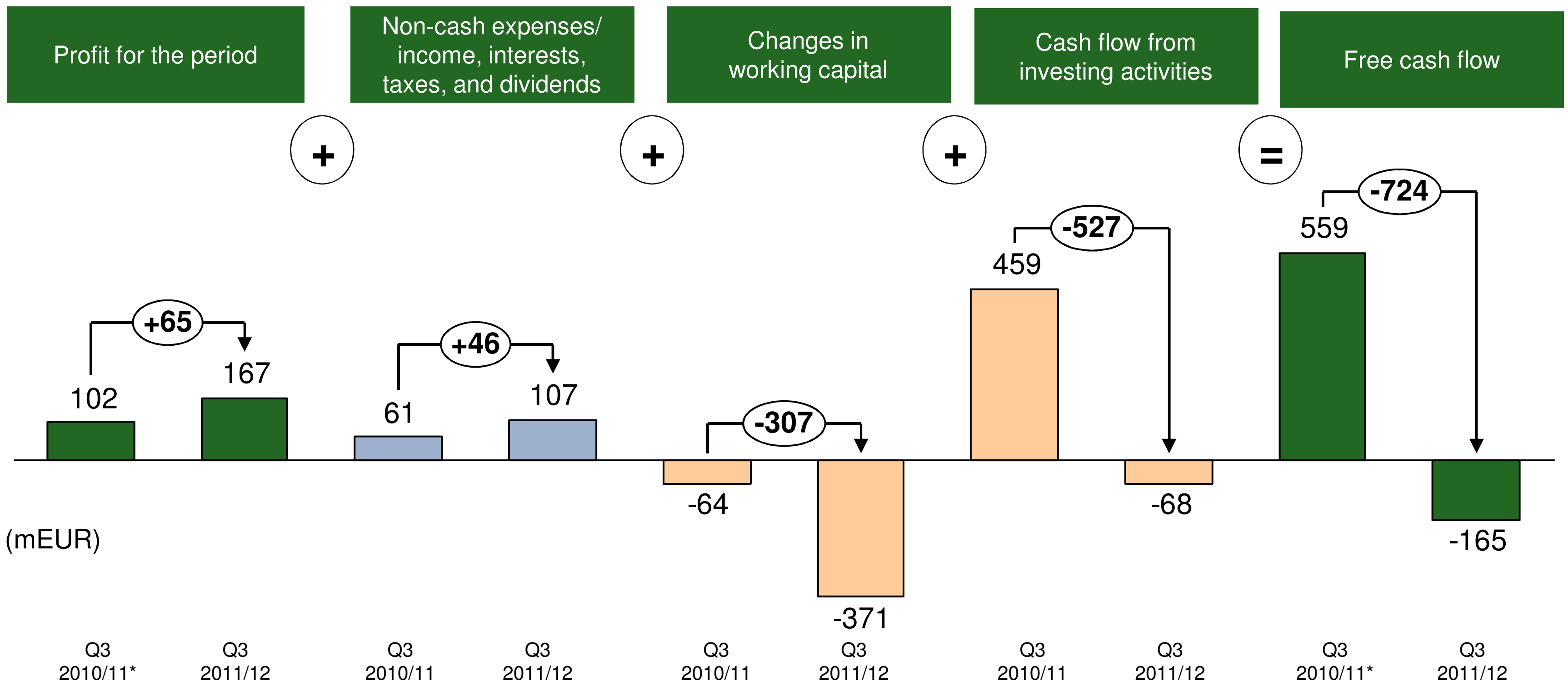

Cash flow development

- Improved profit of the period due to financial results and low tax rate
- Some positive effects due to less non-cash income and less paid taxes
- Negative swing in working capital due to seasonal effects. In previous year the seasonal increase in working capital has been compensated by optimized net working capital days
- Cash flow from investing activities in 2010/11 is influenced by exceptional items (especially payback of loan in the amount of 459 mEUR)

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable

Summary: Development of key credit indicators

PHOENIX group

	01/31/2011		10/31/2011	Delta in %
Equity (in mEUR)	1,761.1	*	1,827.0	3.7%
Equity Ratio	23.2%		24.6%	5.9%
Net Debt (in mEUR)	2,176.6		2,368.9	8.8%
Gearing (Net debt/Equity)	1.2		1.3	4.9%
	Q3 2010/11		**Q3 2011/12**	**Delta in %**
EBITDA (in mEUR)	424.1	*	418.2	-1.4%
EBITDA-Margin	2.6%		2.6%	-1.9%
Adjusted EBITDA (in mEUR)	453.9	*	439.6	-3.1%
Adj.-EBITDA-Margin	2.8%		2.7%	-3.6%
Interest Coverage Ratio (EBIT / Interest Expenses)	2.4		2.7	9.0%

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The price development of the PHOENIX bond follows the market

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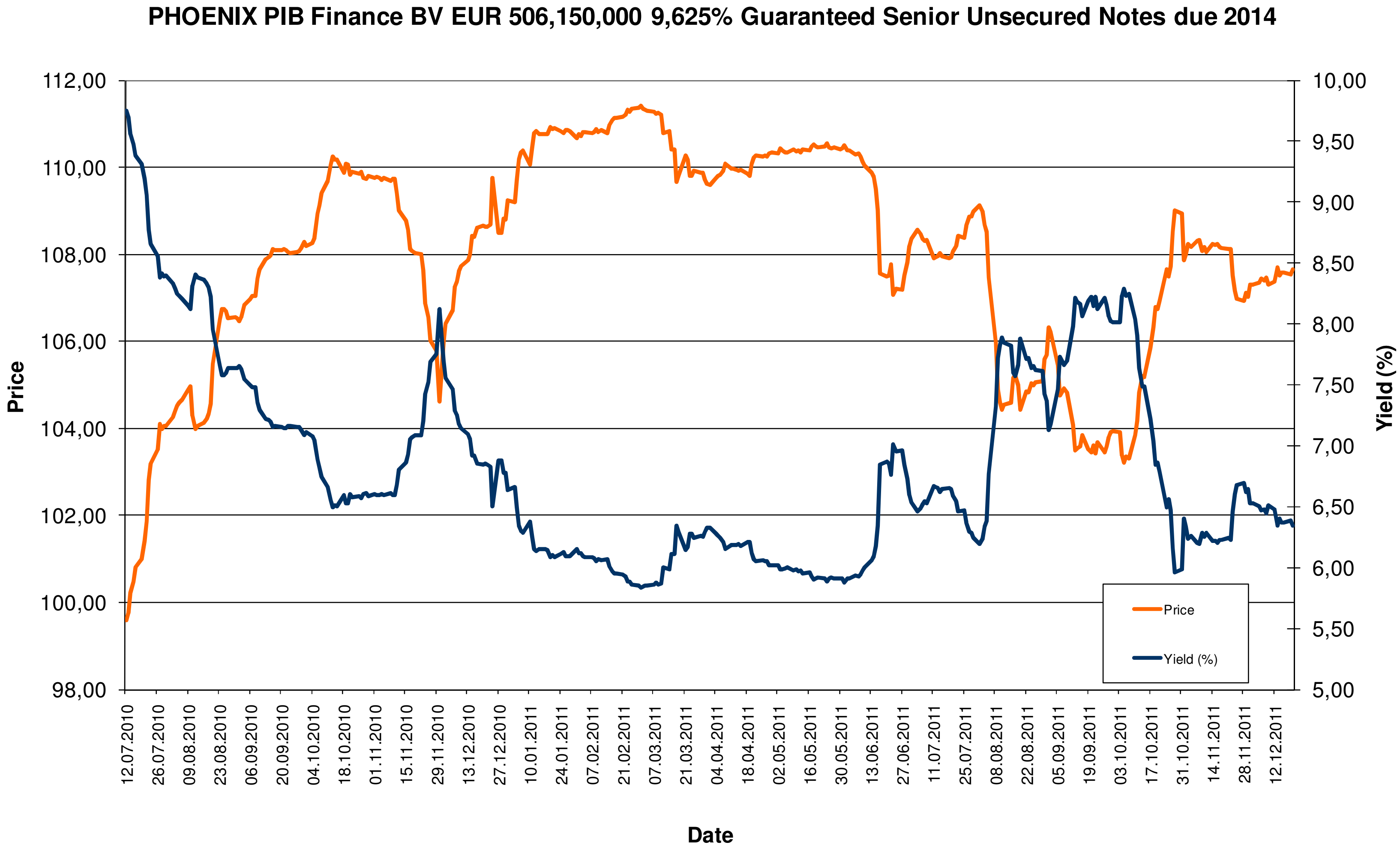


Outlook

PHOENIX group outlook for 2011/12

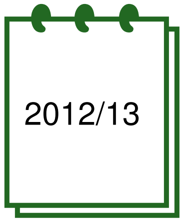
- Revenue growth to slightly outpace the market in 2011/12
- Adjusted EBITDA 2011/12 on 2010/11 level
- Selective investments in property, plant and equipment
- Reduction of net financial liabilities compared to end of 2010/11

PHOENIX group with unchanged stringent financial policy

Deleveraging strategy	▪ Further deleveraging is integral part of PHOENIX's financial policy and is backed by its main shareholders ▪ Net Debt/EBITDA target of around 3.0x ▪ PHOENIX is confident to reach its leverage target in the next two years
No regular dividend payments	▪ In line with PHOENIX's deleveraging strategy, no regular dividend payments are planned for the next three years ▪ Loan and bond documentation also include dividend restrictions
Carefully managed acquisition activity	▪ PHOENIX's growth strategy is focused on above market organic growth ▪ Profitable and financially sound add-on acquisitions (mainly pharmacies) may also be pursued, but only within a predefined acquisition budget

Financial calendar 2012/13

Reporting Event	Date
Fiscal Year 2011/12 - Results	05/14/2012
1st Quarter - Results	06/27/2012
1st Half Year - Results	09/27/2012
3rd Quarter – Results	12/20/2012



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