

Quarterly Statement February to October 2022

The first nine months at a glance

- Total operating performance and revenue have increased again
- Acquisition of parts of McKesson Europe completed
- Profit before tax below previous year

Key figures of PHOENIX Pharmahandel GmbH & Co KG (consolidated) in € m	1st nine months 2021/22	1st nine months 2022/23
Total operating performance	29,081.4	31,735.8
Revenue	22,487.6	24,485.2
Total income	2,357.7	2,849.0
EBITDA before significant one-off effects	497.1	508.5
EBITDA	462.2	767.4
EBIT	248.3	244.9
Profit before tax before significant one-off effects	234.4	227.5
Profit before tax	199.5	178.4
Profit after tax	141.4	179.9

		31 October 2021	31 January 2022	31 October 2022
Equity	in € m	3,263.5	3,383.1	3,409.8
Equity ratio	in %	30.8	31.5	25.0
Net debt	in € m	1,804.2	1,613.7	2,673.6

Business development

PHOENIX continued its growth in the first nine months of 2022/23 (February to October 2022). Compared with the first nine months of 2021/22, total operating performance rose by 9.1 per cent to €31.7 billion. This comprises revenue and handled volume. Adjusted for foreign exchange rate effects, total operating performance grew by 9.3 per cent. The healthcare provider, which is active in 29 European countries, saw its revenue grow by €2.0 billion (8.9 per cent) to €24.5 billion. Adjusted for foreign exchange rate effects, revenue grew by 8.9 per cent.

Results

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased from €462.2 million to €767.4 million and contains a gain on the (preliminary) initial consolidation of parts of McKesson Europe of €283.8 million. In the financial year 2022/23, one-off expenses for other taxes in the amount of €24.9 million were incurred. In connection with COVID-19, costs related to inventory measurement of €34.9 million were recognised in the first nine months of the comparative period 2021/22. Adjusted for these one-off effects, EBITDA increased by 2.3 per cent or €11.4 million to €508.5 million compared with the same period of the previous year.

Due to the increase in market interest rates, goodwill and intangible assets with indefinite useful lives were tested for impairment as of 31 October 2022. In addition, a disposal group was measured at fair value less costs of disposal. This resulted in a total impairment charge of €302.8 million.

Profit before tax decreased from €199.5 million to €178.4 million. Profit before tax – adjusted for the aforementioned one-off effects, as well as related interest expenses of €5.2 million – declined by 2.9 per cent, representing a decrease of €6.9 million to €227.5 million.

Financial position

The statement of financial position as of 31 October 2022 is significantly impacted by the initial consolidation of parts of McKesson Europe leading to limited comparability with the figures as of 31 January 2022.

Equity rose by €26.7 million compared with 31 January 2022. The currency translation difference on total assets, which is recognised in equity, amounted to €-115.7 million (31 January 2022: €-99.9 million). The decrease in equity ratio as of 31 October 2022 to 25.0 per cent (31 January 2022: 31.5 per cent) is due to the acquisition-related increase in total asset by 26.6 per cent.

Cash flow from operating activities came to €177.0 million (comparative period: €96.5 million). Besides the higher profit, this number was particularly affected by a lower negative impact from change in working capital of €54.4 million compared with the same period of the previous year. Cash flow from investing activities amounted to €-546.7 million, compared with €-108.4 million in the same period of the previous year, and mainly includes the payment of the preliminary purchase price for the acquired McKesson companies, less of cash acquired, of €-375.0 million. The related indirect acquisition of a 45.0 per cent stake in Brocacef Groep NV is included in the cash flow from financing activities as acquisition of additional shares in already consolidated subsidiaries in the amount of €-196.5 million.

Mostly as a result of acquisitions, net debt increased by €1,059.9 million to €2,673.6 million compared with 31 January 2022.

Risks and opportunities

The risks and opportunities of significance to us are described extensively in our annual report for fiscal year 2021/22. The risks and opportunities presented in that report are still essentially relevant.

Forecast

For fiscal year 2022/23, PHOENIX expects to further expand its market position in Europe through organic growth and acquisitions and thereby – adjusted for the effect of the acquisition of McKesson companies - increase revenue slightly above the level of growth of the European pharmaceutical markets. We expect revenue to grow in nearly all markets in which we are present.

Adjusted for the gain on the (preliminary) initial consolidation of parts of McKesson Europe, the impairment charge, and the one-off expenses for other taxes, we forecast profit before tax for fiscal year 2022/23 to be at the level seen in 2021/22.

We expect a noticeable decrease in the equity ratio due to acquisition effects.

Mannheim, 13 December 2022

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH



Financial information
for the first three months
of 2022/23

CONSOLIDATED INCOME STATEMENT

for the first nine months of 2022/23

EUR k	3rd quarter 2021/22	3rd quarter 2022/23	1st nine months 2021/22	1st nine months 2022/23
Revenue	7,671,411	8,306,564	22,487,606	24,485,153
Cost of purchased goods and services	-6,882,579	-7,448,288	-20,155,998	-21,946,852
Gross profit	788,832	858,276	2,331,608	2,538,301
Other operating income	9,236	294,165	26,123	310,740
Personnel expenses	-407,835	-436,965	-1,213,192	-1,308,526
Other operating expenses	-235,770	-275,947	-680,302	-770,046
Result from associates and joint ventures	-1,418	-1,694	-2,153	-3,171
Result from other investments	8	-1	105	141
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	153,053	437,834	462,189	767,439
Amortisation of intangible assets and depreciation of property, plant and equipment	-72,191	-73,735	-213,847	-219,759
Impairment of intangible assets and property, plant and equipment	14	-302,782	-31	-302,782
Earnings before interest and taxes (EBIT)	80,876	61,317	248,311	244,898
Interest income	2,137	3,770	8,361	8,270
Interest expenses	-20,446	-21,426	-54,718	-63,465
Other financial result	1,573	-3,722	-2,480	-11,314
Financial result	-16,736	-21,378	-48,837	-66,509
Profit before tax	64,140	39,939	199,474	178,389
Income taxes	-24,078	38,045	-58,047	1,494
Profit after tax	40,062	77,984	141,427	179,883
thereof attributable to non-controlling interests	7,293	6,454	23,052	23,196
thereof attributable to owners of the parent company	32,769	71,530	118,375	156,687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 October 2022

ASSETS

EUR k	31 January 2022	31 October 2022
Non-current assets		
Intangible assets	1,876,485	2,095,246
Property, plant and equipment	1,775,539	2,223,828
Investment property	5,083	4,084
Investments in associates and joint ventures	17,724	10,472
Trade receivables	72	4,652
Other financial assets	96,481	103,374
Deferred tax assets	102,488	170,048
Income tax receivables	124	120
	3,873,996	4,611,824
Current assets		
Inventories	2,696,791	3,539,127
Trade receivables	2,928,157	4,306,042
Income tax receivables	22,772	30,653
Other receivables and other financial assets	97,458	85,908
Other assets	165,956	307,815
Cash and cash equivalents	964,327	608,823
	6,875,461	8,878,368
Non-current assets held for sale	3,905	122,541
Total assets	10,753,362	13,612,733

EQUITY AND LIABILITIES

EUR k	31 January 2022	31 October 2022
Equity		
Unlimited and limited partners' capital	851,000	851,000
Reserves	2,530,644	2,748,461
Accumulated other comprehensive income	-314,006	-295,727
Equity attributable to the shareholders of the parent company	3,067,638	3,303,734
Non-controlling interests	315,445	106,035
	3,383,083	3,409,769
Non-current liabilities		
Financial liabilities	1,575,412	1,666,410
Trade payables	144	618
Provisions for pensions and similar obligations	294,191	299,984
Other non-current provisions	2,432	22,691
Deferred tax liabilities	153,042	323,301
Other non-current liabilities	1,115	1,803
	2,026,336	2,314,807
Current liabilities		
Financial liabilities	740,171	1,353,233
Trade payables	4,147,909	5,576,812
Other provisions	36,968	77,816
Income tax liabilities	53,426	54,732
Other liabilities	365,176	650,306
	5,343,650	7,712,899
Liabilities directly associated with assets held for sale	293	175,258
Total equity and liabilities	10,753,362	13,612,733

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first nine months of 2022/23

EUR k	31 October 2021	31 October 2022
Profit after tax	141,427	179,883
Income taxes	58,047	-1,494
Profit before income taxes	199,474	178,389
Adjustments for:		
Interest expenses and interest income	46,357	55,195
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	213,878	522,541
Result from associates and other investments	2,048	3,030
Net result from the disposal of assets related to investing activities	224	-665
Other non-cash expense and income*	127,662	-133,977
	589,643	624,513
Interest paid	-65,999	-52,742
Interest received	8,095	7,079
Income taxes paid	-40,182	-67,340
Dividends received	272	3,776
Cash flow before change in assets and liabilities	491,829	515,286
Changes in assets and liabilities, net of effects of changes in the scope of consolidation and other non-cash transactions:		
Change in non-current provisions	-30,007	-27,369
Cash flow before change in operating assets and liabilities	461,822	487,917
Change in inventories	57,457	-72,165
Change in trade receivables*	-408,513	-365,890
Change in trade payables*	165,397	282,350
	-185,659	-155,705
Change in other assets and liabilities not related to investing or financing activities	-179,691	-155,241
Change in operating assets and liabilities	-365,350	-310,946
Cash flow from operating activities	96,472	176,971
Acquisition of consolidated companies and business units, net of cash acquired	-18,764	-422,652
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-97,902	-127,865
Investment in other financial assets and non-current assets	-5,876	-6,000
Cash outflows for investments	-122,542	-556,517

* prior year adjusted

EUR k	31 October 2021	31 October 2022
Cash received from the sale of consolidated companies and business units, net of cash disposed	675	241
Cash received from disposal of intangible assets, property, plant and equipment, and investment property	11,096	8,923
Proceeds from other financial assets and non-current assets	2,403	620
Cash inflows from realised investments and divestments	14,174	9,784
Cash flow from investing activities	-108,368	-546,733
Cash available for financing activities	-11,896	-369,762
Capital contribution from/capital repayment to non-controlling interests	0	-725
Acquisition of additional shares in already consolidated subsidiaries	-193	-198,789
Proceeds from disposal of interests in subsidiaries without loss of control	14	95
Dividends paid to non-controlling interests	-16,695	-16,958
Proceeds from bond issuance and bank loans	2,992	463,297
Repayment of bonds and bank loans	-314,120	-199,665
Change in bank loans which have a maturity period of 3 months or less	76,041	110,834
Repayment of loans from shareholders in the parent company	-1,460	-400
Proceeds from the issue of loans from related parties	100,285	20,000
Repayment of loans to related parties	-300	-45,000
Change in ABS/Factoring*	154,618	-15,581
Change in finance lease	-98,754	-104,628
Change in other financial liabilities	868	2,653
Cash flow from financing activities	-96,704	15,133
Changes in cash and cash equivalents	-108,600	-354,629
Effect of exchange rate changes on cash and cash equivalents	320	550
Cash and cash equivalents at the beginning of the period	818,030	964,327
Cash and cash equivalents at the end of the period	709,750	610,248
Less cash and cash equivalents included in assets held for sale	0	-1,425
Cash and cash equivalents presented in the balance sheet at the end of the period	709,750	608,823

* prior year adjusted

Investor Relations

PHOENIX group
Pfungstweidstraße 10–12
68199 Mannheim, Germany

Karsten Loges

Director Corporate Finance and Asset Management

Phone +49 621 8505-741

k.loges@phoenixgroup.eu

Publisher

Maren Holoda

Director Corporate Communications

Phone +49 621 8505-8593

m.holoda@phoenixgroup.eu

Jacob-Nicolas Sprengel

Senior Manager Corporate Communications

Phone +49 621 8505-8502

j.sprengel@phoenixgroup.eu

Financial calendar

23 May 2023: Annual report 2022/23

27 June 2023: Quarterly statement February to April 2023

25 September 2023: Half-year report February to July 2023

20 December 2023: Quarterly statement February to October 2023

Further information about the PHOENIX group | www.phoenixgroup.eu

The PHOENIX group, headquartered in Mannheim, is the European leader in pharmaceutical wholesale, pharmacy retail, and services for the pharmaceutical industry. With a presence in 29 healthcare markets, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with more than 45,000 employees.