

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 the PHOENIX group 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	2,357.1	2,847.9
EBITDA before significant one-off effects	496.3	507.4
EBITDA	461.4	766.3
EBIT	247.4	243.6
Profit before tax before significant one-off effects	229.7	222.4
Profit before tax	194.8	173.3
Profit after tax	136.9	174.8

		31 October 2021	31 January 2022	31 October 2022
Equity	in € m	3,051.0	3,168.2	3,188.9
Equity ratio	in %	28.8	29.5	23.4
Net debt	in € m	2,017.7	1,829.8	2,890.6

Business development

The PHOENIX group 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 €461.4 million to €766.3 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 2.2 per cent or €11.1 million to €507.4 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 €194.8 million to €173.3 million. Profit before tax – adjusted for the aforementioned one-off effects, as well as related interest expenses of €5.2 million – declined by 3.2 per cent, representing a decrease of €7.3 million to €222.4 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 €20.7 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 23.4 per cent (31 January 2022: 29.5 per cent) is due to the acquisition-related increase in total asset by 26.6 per cent.

Cash flow from operating activities came to €180.0 million (comparative period: €94.8 million). Besides the higher profit, this number was particularly affected by a lower negative impact from change in working capital of €54.7 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 €1,060.8 million to €2,890.6 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, the PHOENIX group 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 Executive Board of PHOENIX Pharma SE

**Financial information
for the first nine 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	8,901	293,788	25,452	309,603
Personnel expenses	-407,841	-436,965	-1,213,210	-1,308,526
Other operating expenses	-235,795	-275,942	-680,364	-770,030
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)	152,687	437,462	461,438	766,318
Amortisation of intangible assets and depreciation of property, plant and equipment	-72,241	-73,785	-213,997	-219,908
Impairment of intangible assets and property, plant and equipment	14	-302,782	-31	-302,782
Earnings before interest and taxes (EBIT)	80,460	60,895	247,410	243,628
Interest income	2,137	3,770	8,361	8,270
Interest expenses	-21,764	-22,738	-58,621	-67,410
Other financial result	1,607	-3,693	-2,377	-11,227
Financial result	-18,020	-22,661	-52,637	-70,367
Profit before tax	62,440	38,234	194,773	173,261
Income taxes	-23,971	37,960	-57,848	1,503
Profit after tax	38,469	76,194	136,925	174,764
thereof attributable to non-controlling interests	7,293	6,454	23,052	23,196
thereof attributable to owners of the parent company	31,176	69,740	113,873	151,568

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	1,779,804	2,227,944
Investment property	5,083	4,084
Investments in associates and joint ventures	17,724	10,472
Trade receivables	72	4,652
Other financial assets	96,512	103,405
Deferred tax assets	106,339	173,012
Income tax receivables	4,192	120
	3,886,211	4,618,935
Current assets		
Inventories	2,696,791	3,539,127
Trade receivables	2,928,140	4,305,067
Income tax receivables	18,681	27,180
Other financial assets	97,620	86,057
Other assets	159,745	305,003
Cash and cash equivalents	964,985	612,890
	6,865,962	8,875,324
Non-current assets held for sale	3,905	122,541
Total assets	10,756,078	13,616,800

EQUITY AND LIABILITIES

EUR k	31 January 2022	31 October 2022
Equity		
Issued capital	2,786	2,786
Capital reserves	961,106	961,106
Revenue reserves	2,201,480	2,414,204
Accumulated other comprehensive income	-309,774	-292,382
Equity attributable to the shareholders of the parent company	2,855,598	3,085,714
Non-controlling interests	312,588	103,178
	3,168,186	3,188,892
Non-current liabilities		
Financial liabilities	1,795,412	1,886,410
Trade payables	144	618
Provisions for pensions and similar obligations	300,502	305,933
Other non-current provisions	2,509	22,768
Deferred tax liabilities	154,368	324,618
Other non-current liabilities	1,115	1,803
	2,254,050	2,542,150
Current liabilities		
Financial liabilities	736,935	1,354,256
Trade payables	4,147,890	5,576,893
Other provisions	36,968	77,816
Income tax liabilities	53,487	54,791
Other liabilities	358,269	646,744
	5,333,549	7,710,500
Liabilities directly associated with assets held for sale	293	175,258
	10,756,078	13,616,800
Total equity and liabilities	10,756,078	13,616,800

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first nine months of 2022/23

EUR k	31 October 2021	31 October 2022
Profit after tax	136,925	174,764
Income taxes	57,848	-1,503
Profit before income taxes	194,773	173,261
Adjustments for:		
Interest expenses and interest income	50,260	59,140
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	214,028	522,690
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*	128,565	-133,009
	589,898	624,447
Interest paid	-66,009	-52,735
Interest received	8,095	7,079
Income taxes paid	-41,346	-63,892
Dividends received	272	3,776
Cash flow before change in assets and liabilities	490,910	518,675
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	-30,423	-27,731
Cash flow before change in operating assets and liabilities	460,487	490,944
Change in inventories	57,457	-72,165
Change in trade receivables*	-409,559	-365,907
Change in trade payables*	165,449	282,373
	-186,653	-155,699
Change in other assets and liabilities not related to investing or financing activities	-179,025	-155,265
Change in operating assets and liabilities	-365,678	-310,964
Cash flow from operating activities	94,809	179,980
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	-13,559	-366,753
Capital contribution from/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
Proceeds from the issue of loans from related parties	100,285	20,000
Repayment of loans from 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	-95,244	15,533
Changes in cash and cash equivalents	-108,803	-351,220
Effect of exchange rate changes on cash and cash equivalents	320	550
Cash and cash equivalents at the beginning of the period	818,843	964,985
Cash and cash equivalents at the end of the period	710,360	614,315
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	710,360	612,890

* prior year adjusted

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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.