

Quarterly Statement February to April 2023

The first three months at a glance

- Total operating performance and revenue increased again
- EBITDA higher than previous year
- PHOENIX Pharma Switzerland and Voigt Holding closed the joint venture transaction successfully

Key figures of PHOENIX Pharmahandel GmbH & Co KG (consolidated) in € m	1st quarter 2022/23	1st quarter 2023/24
Total operating performance	10,249.6	13,658.4
Revenue	7,990.0	11,393.2
Total income	840.0	1,147.6
EBITDA before significant one-off effects	162.6	213.9
EBITDA	162.6	201.7
EBIT	89.1	101.3
Profit before tax before significant one-off effects	70.9	77.5
Profit before tax	70.9	65.3
Profit after tax	51.8	43.7

		30 April 2022	31 January 2023	30 April 2023
Equity	in € m	3,425.7	3,508.0	3,540.6
Equity ratio	in %	32.0	25.8	26.1
Net debt	in € m	1,773.1	2,715.0	2,992.8

Business development

PHOENIX continued to grow in the first three months of 2023/24 (February to April 2023). Compared with the first three months of 2022/23, total operating performance rose by 33.3 per cent to €13.7 billion. This comprises revenue and handled volume. An amount of €3.0 billion relates to the former McKesson companies that were acquired on 31 October 2022. Adjusted for foreign exchange rate effects, total operating performance grew by 34.4 per cent. PHOENIX, which is active in 29 European countries, achieved a revenue growth of €3.4 billion (42.6 per cent) to €11.4 billion (€3.0 billion of which is attributable to the acquired McKesson companies). Adjusted for foreign exchange rate effects, revenue grew by 43.7 per cent.

Results

Total income increased by €307.6 million to €1,147.6 million (€247.7 million of which is attributable to the acquired McKesson companies) which exceeds the increase of total expenses of €268.1 million (€209.0 million of which is attributable to the acquired McKesson companies). Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased from €162.6 million to €201.7 million and includes a loss of €12.2 million from the deconsolidation of the Swiss wholesale activities. Adjusted for this one-off effect, EBITDA increased by 31.6 per cent or €51.3 million to €213.9 million compared with the same period of the previous year.

Profit before tax decreased from €70.9 million to €65.3 million due to a lower financial result (first three months 2023/24: €-36.0 million vs. first three months 2022/23: €-18.2 million). The financial result was negatively impacted by a revaluation of a settlement obligation to minority shareholders of McKesson Europe AG. Profit before tax – adjusted for the deconsolidation loss – increased by 9.4 per cent, representing an increase of €6.6 million to €77.5 million.

Financial position

Equity rose by €32.6 million compared with 31 January 2023. The currency translation difference on total assets, which is recognised in equity, amounted to €-112.9 million (31 January 2023: €-106.9 million). Equity ratio as of 30 April 2023 came to 26.1 per cent (31 January 2023: 25.8 per cent).

Cash flow from operating activities came to €-94.3 million (comparative period: €-118.6 million). This improvement is largely due to a lower increase in trade working capital compared with the same quarter of the previous year. Cash flow from investing activities amounted to €-92.9 million and was €-72.0 million in the same period of the previous year.

Net debt increased by €277.8 million to €2,992.8 million compared with 31 January 2023.

Risks and opportunities

The risks and opportunities of significance to us are described extensively in our annual report for fiscal year 2022/23. The risks and opportunities presented in that report are still essentially relevant.

Forecast

For fiscal year 2023/24, PHOENIX expects to further expand its market position in Europe through organic growth, acquisitions and efficiency improvements and thereby 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.

For fiscal year 2023/24, we forecast profit before tax to be slightly below the level seen in 2022/23. In fiscal year 2023/24, we expect higher levels of amortisation and depreciation due to acquisitions and higher financing costs due to higher interest rates and a higher net debt. In addition, the comparative year 2022/23 was impacted by non-recurring effects such as a gain on a first-time consolidation and impairment losses.

We expect a slight increase in the equity ratio.

Mannheim, 20 June 2023

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH



Financial information
for the first three months
of 2023/24

CONSOLIDATED INCOME STATEMENT

for the first three months of 2023/24

EUR k	1st quarter 2022/23	1st quarter 2023/24
Revenue	7,989,961	11,393,168
Cost of purchased goods and services	-7,156,978	-10,262,261
Gross profit	832,983	1,130,907
Other operating income	7,052	16,735
Personnel expenses	-435,782	-589,236
Other operating expenses	-241,269	-355,931
Result from associates and joint ventures	-497	-810
Result from other investments	80	74
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	162,567	201,739
Amortisation of intangible assets and depreciation of property, plant and equipment	-73,467	-100,422
Impairment of intangible assets and property, plant and equipment	0	0
Earnings before interest and taxes (EBIT)	89,100	101,317
Interest income	2,036	4,643
Interest expenses	-18,408	-32,530
Other financial result	-1,797	-8,111
Financial result	-18,169	-35,998
Profit before tax	70,931	65,319
Income taxes	-19,151	-21,621
Profit after tax	51,780	43,698
thereof attributable to non-controlling interests	7,866	4,322
thereof attributable to owners of the parent company	43,914	39,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 30 April 2023

ASSETS

EUR k	31 January 2023	30 April 2023
Non-current assets		
Intangible assets	2,080,825	2,077,945
Property, plant and equipment	2,268,932	2,288,170
Investment property	3,989	3,930
Investments in associates and joint ventures	9,215	42,604
Trade receivables	4,824	4,797
Other financial assets	108,196	130,696
Deferred tax assets	148,522	148,277
Income tax receivables	84	158
	4,624,587	4,696,577
Current assets		
Inventories	3,574,811	3,661,717
Trade receivables	4,422,173	4,493,019
Income tax receivables	30,209	34,450
Other receivables and other financial assets	95,563	93,718
Other assets	295,073	312,561
Cash and cash equivalents	430,015	269,920
	8,847,844	8,865,385
Non-current assets held for sale	145,982	469
Total assets	13,618,413	13,562,431

EQUITY AND LIABILITIES

EUR k	31 January 2023	30 April 2023
Equity		
Unlimited and limited partners' capital	851,000	851,000
Reserves	2,836,342	2,877,516
Accumulated other comprehensive income	-294,943	-305,234
Equity attributable to the shareholders of the parent company	3,392,399	3,423,282
Non-controlling interests	115,560	117,297
	3,507,959	3,540,579
Non-current liabilities		
Financial liabilities	1,693,269	1,721,255
Trade payables	633	512
Provisions for pensions and similar obligations	301,139	291,538
Other non-current provisions	17,710	14,495
Deferred tax liabilities	235,700	233,425
Income tax liabilities	5	5
Other non-current liabilities	887	998
	2,249,343	2,262,228
Current liabilities		
Financial liabilities	1,195,619	1,289,838
Trade payables	5,785,402	5,767,159
Other provisions	95,537	89,392
Income tax liabilities	72,280	61,520
Other liabilities	555,043	551,715
	7,703,881	7,759,624
Liabilities directly associated with assets held for sale	157,230	0
Total equity and liabilities	13,618,413	13,562,431

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first three months of 2023/24

EUR k	30 April 2022	30 April 2023
Profit after tax	51,780	43,698
Income taxes	19,151	21,621
Profit before income taxes	70,931	65,319
Adjustments for:		
Interest expenses and interest income	16,372	27,887
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	73,467	100,422
Result from associates and other investments	417	736
Net result from the disposal of assets related to investing activities	153	7,392
Other non-cash expense and income	61,523	77,217
	222,863	278,973
Interest paid	-14,131	-28,105
Interest received	1,531	4,593
Income taxes paid	-28,487	-37,056
Dividends received	84	74
Cash flow before change in assets and liabilities	181,860	218,479
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	-9,298	-9,729
Cash flow before change in operating assets and liabilities	172,562	208,750
Change in inventories	573	-93,219
Change in trade receivables	-352,351	-125,175
Change in trade payables	85,170	33,855
	-266,608	-184,539
Change in other assets and liabilities not related to investing or financing activities	-24,579	-118,540
Change in operating assets and liabilities	-291,187	-303,079
Cash flow from operating activities	-118,625	-94,329
Acquisition of consolidated companies and business units, net of cash acquired	-38,052	-12,976
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-35,318	-48,247
Investment in other financial assets and non-current assets	-2,000	-45,708
Cash outflows for investments	-75,370	-106,931

EUR k	30 April 2022	30 April 2023
Cash received from the sale of consolidated companies and business units, net of cash disposed	0	-18
Cash received from disposal of intangible assets, property, plant and equipment, and investment property	3,144	14,019
Proceeds from other financial assets and non-current assets	199	0
Cash inflows from realised investments and divestments	3,343	14,001
Cash flow from investing activities	-72,027	-92,930
Cash available for financing activities	-190,652	-187,259
Acquisition of additional shares in already consolidated subsidiaries	-1,152	-26
Dividends paid to non-controlling interests	-2,213	-2,347
Proceeds from bond issuance and bank loans	3,575	83,876
Repayment of bonds and bank loans	-162,737	-106,826
Change in bank loans which have a maturity period of 3 months or less	80,590	118,324
Repayment of loans from shareholders in the parent company	-200	0
Repayment of loans to related parties	-45,000	0
Change in ABS/Factoring	-57,936	-29,598
Change in finance lease	-35,647	-42,540
Change in other financial liabilities	722	6,329
Cash flow from financing activities	-219,998	27,192
Changes in cash and cash equivalents	-410,650	-160,067
Effect of exchange rate changes on cash and cash equivalents	-12	-28
Cash and cash equivalents at the beginning of the period	964,327	430,015
Cash and cash equivalents at the end of the period	553,665	269,920
Less cash and cash equivalents included in assets held for sale	-37	0
Cash and cash equivalents presented in the balance sheet at the end of the period	553,628	269,920

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Financial calendar

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 48,000 employees.