

Quarterly Statement February to October 2020

The first nine months at a glance

- Increase in total operating performance and revenue as a result of the coronavirus pandemic
- Profit after tax higher than in previous year
- Successful refinancing: issuance of a €400 million corporate bond and €200 million promissory notes
- Further reduction in net debt compared with the first nine months of 2019/20

Key figures of PHOENIX Pharmahandel GmbH & Co KG (consolidated)		1st nine months 2019/20	1st nine months 2020/21
Total operating performance	in EUR m	25,696.9	26,677.2
Revenue	in EUR m	20,106.7	20,981.7
Total income	in EUR m	2,157.7	2,253.3
Adjusted EBITDA	in EUR m	442.9	484.2
EBITDA	in EUR m	434.3	476.3
EBIT	in EUR m	231.6	262.5
Profit before tax	in EUR m	185.1	220.6
Profit after tax	in EUR m	133.1	163.9

		31 October 2019	31 January 2020	31 October 2020
Equity	in EUR m	3,240.4	3,165.4	3,237.0
Equity ratio	in %	33.0	32.7	32.4
Net debt	in EUR m	2,444.3	2,153.2	2,208.7

Business development

PHOENIX continued its growth in the first nine months of 2020/21 (February to October 2020). The coronavirus pandemic led to an increased demand for medicines in March 2020 followed by declining sales in April and May. On a year-on-year basis, total operating performance, which comprises revenue and handled volume not recognised as revenue but instead charged as a service fee, rose by 3.8 per cent to €26.7 billion. Adjusted for foreign exchange rate effects, total operating performance grew by 5.3 per cent. The healthcare provider, which is active in 27 European countries, saw its revenue grow by €0.9 billion (4.4 per cent) to €21.0 billion. Adjusted for foreign exchange rate effects, revenue grew by 6.2 per cent.

Results

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 9.7 per cent, or €42.0 million, to €476.3 million compared with the same period of the previous year. An EBITDA figure adjusted for interest from customers, expenses related to ABS and factoring, and other non-recurring effects (adjusted EBITDA) came to €484.2 million (comparative period: €442.9 million) and is calculated as follows:

EUR k	1st nine months 2019/20	1st nine months 2020/21	Change	Change in %
EBITDA	434,344	476,294	41,950	9.7
Interest from customers	7,101	6,694	-407	-5.7
Factoring fees	1,140	1,220	80	7.0
Other non-recurring effects	363	0	-363	-100.0
Adjusted EBITDA	442,948	484,208	41,260	9.3

Profit for the period grew by 23.1 per cent, representing an increase of €30.8 million to €163.9 million.

Financial position

Equity rose by €71.6 million compared with 31 January 2020. The currency translation difference on total assets, which is presented within equity, amounted to €-147.8 million (31 January 2020: €-97.1 million). The equity ratio as at 31 October 2020 was 32.4 per cent (31 January 2020: 32.7 per cent).

Cash flow from operating activities came to €91.6 million (comparative period: €-95.1 million). Besides the higher profit for the period, this number was largely affected by a lower increase of €125.7 million in working capital compared with the same period of the previous year. Cash flow from investing activities amounted to €-137.4 million and was €38.0 million in the comparative period. In the prior year, the partial repayment of a purchase price loan granted to PHOENIX Pharma SE of EUR 200.1 m had a positive effect.

According to the calculation below, net debt increased by €55.5 million compared with 31 January 2020 to €2,208.7 million:

EUR k	31 January 2020	31 October 2020	Change	Change in %
+ Financial liabilities (non-current)	1,070,520	1,290,284	219,764	20.5
- Derivative financial instruments (non-current)	-145	-107	38	-26.2
+ Financial liabilities (current)	915,250	915,403	153	0.0
- Derivative financial instruments (current)	-5,324	-1,710	3,614	-67.9
- Cash and cash equivalents	-245,986	-397,640	-151,654	61.7
+ Receivables sold in the course of factoring and ABS transactions	469,553	463,400	-6,153	-1.3
- Factoring receivables	-24,681	-24,270	411	-1.7
- Receivables from ABS programmes	-26,007	-36,643	-10,636	40.9
Net debt	2,153,180	2,208,717	55,537	2.6

Risks and opportunities

The opportunities and risks of significance to us are described extensively in our annual report for fiscal year 2019/20. The risks and opportunities presented in that report are still essentially relevant.

Forecast

For fiscal year 2020/21, the PHOENIX group expects to further expand its market position in Europe through organic growth and acquisitions and thereby increase revenue slightly above the level of growth on the European pharmaceutical markets.

For fiscal year 2020/21, we expect profit before tax to be above the level seen in 2019/20.

We also expect a slight increase in the equity ratio.

Mannheim, 4 December 2020

The Management Board of the unlimited partner

PHOENIX Verwaltungs GmbH



Financial information
for the first nine months
2020/21

CONSOLIDATED INCOME STATEMENT

for the first nine months 2020/21

EUR k	3rd quarter 2019/20	3rd quarter 2020/21	1st nine months 2019/20	1st nine months 2020/21
Revenue	6,783,333	7,008,957	20,106,719	20,981,743
Cost of purchased goods and services	-6,100,311	-6,268,173	-18,060,571	-18,750,346
Gross profit	683,022	740,784	2,046,148	2,231,397
Other operating income	40,879	5,264	111,504	21,942
Personnel expenses	-372,481	-386,684	-1,113,804	-1,158,374
Other operating expenses	-207,132	-208,266	-610,169	-619,245
Result from associates and joint ventures	384	185	546	448
Result from other investments	61	0	119	126
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	144,733	151,283	434,344	476,294
Amortisation of intangible assets and depreciation of property, plant and equipment	-68,234	-71,775	-202,746	-213,781
Earnings before interest and taxes (EBIT)	76,499	79,508	231,598	262,513
Interest income	4,352	3,473	12,617	10,935
Interest expenses	-17,919	-16,508	-55,696	-49,115
Other financial result	-1,403	-1,294	-3,373	-3,776
Financial result	-14,970	-14,329	-46,452	-41,956
Profit before tax	61,529	65,179	185,146	220,557
Income taxes	-17,908	-11,622	-52,026	-56,682
Profit for the period	43,621	53,557	133,120	163,875
thereof attributable to non-controlling interests	6,815	7,073	25,036	23,880
thereof attributable to owners of the parent company	36,806	46,484	108,084	139,995

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 October 2020

ASSETS

EUR k	31 January 2020	31 October 2020
Non-current assets		
Intangible assets	1,813,605	1,818,495
Property, plant and equipment	1,782,480	1,671,229
Investment property	11,744	10,476
Investments in associates and joint ventures	6,272	6,048
Trade receivables	589	352
Other financial assets	113,054	107,995
Deferred tax assets	77,371	97,779
	3,805,115	3,712,374
Current assets		
Inventories	2,561,829	2,644,474
Trade receivables	2,624,812	2,737,733
Income tax receivables	21,182	19,937
Other financial assets	270,216	290,993
Other assets	139,886	163,201
Cash and cash equivalents	245,986	397,640
	5,863,911	6,253,978
Non-current assets held for sale	19,786	10,018
Total assets	9,688,812	9,976,370

EQUITY AND LIABILITIES

EUR k	31 January 2020	31 October 2020
Equity		
Unlimited and limited partners' capital	1,000,000	1,001,000
Reserves	2,126,012	2,296,485
Accumulated other comprehensive income	-243,429	-349,567
Equity attributable to the shareholders of the parent company	2,882,583	2,947,918
Non-controlling interests	282,836	289,070
	3,165,419	3,236,988
Non-current liabilities		
Financial liabilities	1,070,520	1,290,284
Trade payables	435	301
Provisions for pensions and similar obligations	216,265	272,346
Other non-current provisions	3,479	3,473
Deferred tax liabilities	125,400	130,653
Other non-current liabilities	1,142	1,787
	1,417,241	1,698,844
Current liabilities		
Financial liabilities	915,250	915,403
Trade payables	3,785,029	3,708,864
Other provisions	48,465	42,788
Income tax liabilities	35,338	34,948
Other liabilities	322,070	338,535
	5,106,152	5,040,538
Liabilities directly associated with assets held for sale	0	0
Total equity and liabilities	9,688,812	9,976,370

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first nine months 2020/21

EUR k	31 October 2019	31 October 2020
Profit after tax	133,120	163,875
Income taxes	52,026	56,682
Profit before income taxes	185,146	220,557
Adjustments for:		
Interest expenses and interest income	43,079	38,180
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	202,746	213,781
Result from associates and other investments	-665	-574
Net result from the disposal of assets related to investing activities	-2,384	105
Other non-cash expense and income	55,878	58,110
	483,800	530,159
Interest paid	-57,227	-49,729
Interest received	9,059	9,696
Income taxes paid	-51,883	-45,672
Dividends received	244	307
Result before change in assets and liabilities	383,993	444,761
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	-24,583	-24,341
Result before change in operating assets and liabilities	359,410	420,420
Change in inventories	-239,679	-124,086
Change in trade receivables	-183,949	-167,444
Change in trade payables	51,142	-3,584
	-372,486	-295,114
Change in other assets and liabilities not related to investing or financing activities	-82,023	-33,717
Change in operating assets and liabilities	-454,509	-328,831
Cash flow from operating activities	-95,099	91,589
Acquisition of consolidated companies and business units, net of cash acquired	-52,561	-14,460
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-125,299	-133,159
Investment in other financial assets and non-current assets	-2,500	-308
Cash outflows for investments	-180,360	-147,927

EUR k	31 October 2019	31 October 2020
Cash received from the sale of consolidated companies and business units, net of cash disposed	2,278	1,045
Cash received from disposal of intangible assets, property, plant and equipment and investment property	12,428	8,391
Proceeds from other financial assets and non-current assets	203,659	1,052
Cash inflows from realised investments and divestments	218,365	10,488
Cash flow from investing activities	38,005	-137,439
Cash available for financing activities	-57,094	-45,850
Capital contribution from/capital repayment to non-controlling interests	642	-285
Acquisition of additional shares in already consolidated subsidiaries	-1,245	-364
Proceeds from disposal of interests in subsidiaries without loss of control	324	0
Dividends paid to non-controlling interests	-17,120	-15,442
Proceeds from bond issuance and bank loans	64,534	621,387
Repayment of bonds and bank loans	-31,637	-361,136
Change in bank loans which have a maturity period of 3 months or less	72,435	86,084
Proceeds from the issue of loans from shareholders in the parent company	8,111	16,200
Repayment of loans from shareholders in the parent company	-779	-2,000
Proceeds from the issue of loans from related parties	103,130	0
Repayment of loans to related parties	-100,220	0
Change in ABS/factoring liabilities	10,999	-19,378
Change in finance lease liabilities	-90,343	-108,493
Change in other financial liabilities	177	-16,509
Cash flow from financing activities	19,008	200,064
Changes in cash and cash equivalents	-38,086	154,214
Effect of exchange rate changes on cash and cash equivalents	807	-2,560
Cash and cash equivalents at the beginning of the period	152,845	245,986
Cash and cash equivalents at the end of the period	115,566	397,640
Cash and cash equivalents presented in the balance sheet at the end of the period	115,566	397,640

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Financial calendar

27 May 2021: Annual Report 2020/21

24 June 2021: Quarterly Statement February to April 2021

23 September 2021: Half-year Report February to July 2021

16 December 2021: Quarterly Statement February to October 2021

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

The PHOENIX group, headquartered in Mannheim, is a leading healthcare provider in Europe. Active in 27 countries, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with more than 39,000 employees. The PHOENIX group's vision is to be the best integrated healthcare provider – wherever it is active.