



CARING FOR PEOPLE

HALF-YEAR REPORT
FEBRUARY TO JULY 2017



We deliver health.

Each and every day. Across Europe.



- > **The PHOENIX group** is a leading pharmaceutical trader in Europe, reliably supplying people with drugs and medical products every day. The PHOENIX group originated from the merger of five regionally active pharmaceutical wholesale businesses in Germany in 1994. Today, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with around 34,000 employees. The PHOENIX group's vision is to be the best integrated healthcare provider – wherever it is active. This means that each customer group is provided with the best possible services and products along the entire pharmaceutical supply chain.
- > **In pharmaceutical wholesale**, the PHOENIX group is active with 152 distribution centres in 26 European countries and supplies pharmacies and medical institutions with drugs and other health products. Numerous other products and services for pharmacy customers complete the portfolio – from support with patient advice to modern goods management systems to pharmacy cooperation programmes. With over 12,000 member pharmacies, PHOENIX Pharmacy Partnership is the umbrella for our European network of 12 cooperation and partner programmes in 15 countries.
- > **In pharmacy retail**, the PHOENIX group operates more than 2,000 of its own pharmacies in 13 countries – of which around 1,200 operate under the corporate brand BENU. In addition to Norway, the United Kingdom, the Netherlands, and Switzerland, the company is also represented in the Eastern European and Baltic markets. More than 17,000 pharmacy employees have around 136 million customer contacts each year. They dispense more than 300 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.
- > **Pharma Services** provides services along the entire supply chain. The “All-in-One” concept stands for a comprehensive range of services that benefits drug manufacturers, pharmacies, and patients. The PHOENIX group takes on the entire distribution process for the pharmaceutical industry as desired and provides a first-class basis for decision-making with its business intelligence solutions.



CARING FOR PEOPLE

THE PHOENIX GROUP PUTS PEOPLE FIRST.
THEIR NEEDS ARE THE GUIDING PRINCIPLE
BEHIND OUR CORPORATE ACTIVITIES WITHIN
THE EUROPEAN HEALTHCARE SYSTEM –
FOR OUR DAY-TO-DAY OPERATIONS AND
FOR ALL INVESTMENTS IN THE FUTURE.

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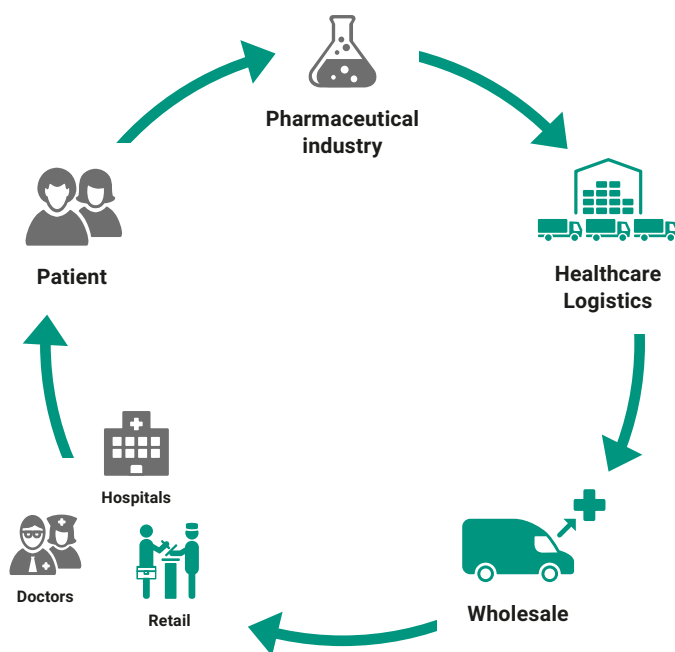
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LINK BETWEEN MANUFACTURER AND PATIENT



WHOLESALE



> As a wholesaler, the PHOENIX group ensures that the drugs and health products of pharmaceutical manufacturers are delivered to pharmacies and medical institutions both quickly and reliably. The PHOENIX group also supports independent pharmacies in Europe, offering various services to increase customer retention.

PHARMA SERVICES



> PHOENIX Pharma Services offers a wide range of services along the entire pharmaceutical supply chain. Our business intelligence products also enable pharmaceutical manufacturers to make the right decisions and to focus their attention on the development and production of superior drugs. The PHOENIX group takes care of everything else.

RETAIL



> In pharmacy retail, the PHOENIX group is responsible for directly supplying the general public with pharmaceuticals and health products. The comprehensive and professional advice provided by our pharmacy staff is of the highest quality and is accompanied by the best possible customer service.

THE FIRST HALF-YEAR AT A GLANCE

- Total operating performance and revenue increased again
- EBITDA increased compared to previous year
- New pharmacy-exclusive category brand LIVSANE launched throughout Europe

Key figures of the PHOENIX group		1st half-year 2016/17	1st half-year 2017/18
Total operating performance	in EUR m	14,648.9	15,338.3
Revenue	in EUR m	11,897.2	12,297.2
Total income	in EUR m	1,220.8	1,305.3
EBITDA	in EUR m	201.9	212.2
EBIT	in EUR m	143.3	146.6
Profit after tax	in EUR m	84.2	88.7

		31 July 2016	31 January 2017	31 July 2017
Equity	in EUR m	2,817.3	2,849.8	2,747.9
Equity ratio	in %	33.1	33.1	32.0
Net debt	in EUR m	1,653.8	1,377.5	1,636.0

INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND ECONOMIC ENVIRONMENT

Development of the market

The European economy could continue its trend of growth in the second quarter of 2017. In the Eurozone, the seasonally adjusted GDP increased by 2.2% in the second quarter of 2017 compared to prior year's second quarter. In Germany, the seasonally and calendar adjusted GDP increased by 2.1% compared to the second quarter of 2016.

Overall, the European pharmaceutical markets continued their moderate growth in the second quarter of 2017. The German pharmaceutical market also showed a slight growth. The total turnover of the German wholesale pharmaceutical market grew by 1.9% from January to July 2017 compared to the same period of prior year. The increase was mainly due to higher prescription pharmaceuticals revenues. Market growths were also noted in various foreign markets of the PHOENIX group.

In total, the PHOENIX group continued its positive development in the European market environment. The increase in total operating performance was 4.7% (adjusted for foreign exchange rate effects 5.3%); revenue grew by 3.4%.

Acquisitions

In the first six months of 2017/18 business combinations led to a cash outflow of EUR 25.0m (comparative period: EUR 306.5m). The acquisitions pertained to a research and consultancy company in Finland and individual pharmacies in several countries.

Results of operations

In the first six months of 2017/18, total operating performance, comprising revenue and handled volume which cannot be recognised as revenue, increased by 4.7% to EUR 15,338.4m. Adjusted for foreign exchange rate effects, total operating performance grew by 5.3%.

Revenue grew by EUR 399.9m (3.4%) to EUR 12,297.2m (comparative period: EUR 11,897.2m). The main reason for that is higher revenue in the Netherlands due to the acquisition of Mediq Apotheken Nederland B.V. during last year. In addition, revenue could also be increased in Northern and Eastern Europe. Adjusted for foreign exchange rate effects, revenue grew by 3.8%.

Gross profit increased by EUR 70.8m to EUR 1,227.1m. The gross profit margin increased to 10.0% (comparative period: 9.7%).

Other operating income grew by EUR 13.7m to EUR 78.2m owing to acquisition effects.

Personnel expenses increased by 7.5% to EUR 666.3m. This is mainly due to the acquisition of Mediq Apotheken Nederland B.V. in June 2016.

Other expenses rose by EUR 27.4m to EUR 428.2m. In addition to acquisition effects, this is mainly due to increased transportation costs and lease costs. In relation to revenue, other expenses came to 3.5% (comparative period: 3.4%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) could be increased by EUR 10.3m to EUR 212.2m.

An EBITDA figure adjusted for interest from customers and expenses related to ABS and factoring (adjusted EBITDA) came to EUR 218.0m and is determined as follows:

EUR k	1st half-year 2016/17	1st half-year 2017/18
EBITDA	201,944	212,195
Interest from customers	4,977	5,036
Expenses related to ABS and factoring	1,273	761
Adjusted EBITDA	208,194	217,992

Depreciation and amortisation came to EUR 65.6m and were slightly above prior year's level due to acquisition effects.

The financial result came to EUR – 22.1m and developed stable (comparative period: EUR – 22.6m).

The effective tax rate in the first half-year of 2017/18 came to 28.7% and was 30.2% in the comparative period.

Profit after tax was EUR 88.7m (comparative period: EUR 84.2m). Of this, EUR 14.0m is attributable to non-controlling interests (comparative period: EUR 9.8m).

Net assets

The Group's total assets decreased slightly by 0.2% to EUR 8,577.8m compared to 31 January 2017. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR – 103.4m (31 January 2017: EUR – 92.7m).

Compared to 31 January 2017, non-current assets increased by EUR 38.8m to EUR 3,054.9m. The increase is particularly related to property, plant and equipment and is mainly due to the construction of a new logistics centre in Denmark. Intangible assets contain goodwill with an amount of EUR 1,596.7m (31 January 2017: EUR 1,577.4m) which rose due to acquisitions.

Inventories increased compared to 31 January 2017 by EUR 177.1m to EUR 2,273.1m. This increase is mainly due to seasonal fluctuation.

Trade receivables decreased slightly by 3.6% to EUR 2,575.7m. As of 31 July 2017 receivables of EUR 21.1m (31 January 2017: EUR 24.0m) had been sold under ABS and factoring programmes that are not accounted for in the statement of financial position. Under ABS and factoring programmes that are accounted for only to the extent of the continuing involvement, receivables of EUR 177.4m had been sold as of 31 July 2017 (31 January 2017: EUR 175.6m). The Group's continuing involvement came to EUR 7.9m (31 January 2017: EUR 7.9m).

Other current receivables and other current financial assets decreased from EUR 180.1m as of 31 January 2017 to EUR 178.1m and mainly include receivables from factoring and ABS transactions of EUR 29.6m (31 January 2017: EUR 40.3m) as well as receivables from rebates and bonuses of EUR 78.6m (31 January 2017: EUR 72.9m).

Other current assets increased from EUR 104.7m as of 31 January 2017 to EUR 152.0m, among others, due to higher prepayments.



The change in cash and cash equivalents is presented in the statement of cash flows.

See Consolidated
statement of cash flows
(p. 14).

Non-current assets held for sale decreased from EUR 8.3m to EUR 0.4m due to the sale of pharmacies in connection with the Mediq acquisition.

Financial position

In March 2017, the limited partners reduced their capital in the parent company by EUR 185.0m to EUR 1,000.0m. A partial amount of EUR 15.0m relates to fully consolidated entities and was offset against reserves. As a result, the equity ratio as of 31 July 2017 decreased to 32.0% (31 January 2017: 33.1%).

In the statement of cash flows, the result before changes in working capital came to EUR 191.6m and was slightly below prior year's level. The increase in working capital amounted to EUR 163.7m and was EUR 28.1m lower than in the comparative period. Cash flow from operating activities increased by EUR 26.7m to EUR 27.9m.

Cash flow from investing activities came to EUR – 105.4m and was EUR – 371.8m in the comparative period. Investing activities mainly pertained to the acquisition of property, plant and equipment. In the comparative period, investing activities mainly included the acquisition of Mediq Apotheken Nederland B.V.

Non-current financial liabilities came to EUR 928.7m (31 January 2017: 753.5 million). As at 31 July 2017, non-current financial liabilities contain, among others, bonds of EUR 594.8m (31 January 2017: EUR 594.1m), promissory note bonds of EUR 149.3m (31 January 2017: EUR 149.3m) and loans from related parties to fund the reduction of the limited partner's capital of EUR 175.0m (31 January 2017: EUR 0.0m).

Current financial liabilities came to EUR 866.5m (31 January 2017: EUR 962.4m) and include, among others, liabilities to banks of EUR 152.0m (31 January 2017: EUR 182.2m), liabilities from ABS and factoring agreements with an amount of EUR 470.7m (31 January 2017: EUR 533.9m) as well as other loans amounting to EUR 142.0m (31 January 2017: EUR 134.1m).

Trade payables increased by EUR 27.8m to EUR 3,301.3m.

Overall, the PHOENIX group was able to underline its position in the first half-year of 2017/18 as a leading pharmaceuticals trader in Europe.

RISKS AND OPPORTUNITIES



[www.phoenixgroup.eu/en/
investor-relations/
publications/
annual-report-201617/](http://www.phoenixgroup.eu/en/investor-relations/publications/annual-report-201617/)

The PHOENIX group has comprehensive planning, approval and reporting structures and an early warning system which we use to identify, assess and monitor our opportunities and risks. The opportunities and risks of significance to us are presented extensively in our annual report for fiscal year 2016/17.

The risks and opportunities presented there are still essentially relevant.

FORECAST

We anticipate a stable economic environment in 2017, with GDP in Germany and the eurozone expected to grow by around 1% to 2%.

We still expect the European pharmaceutical markets to record a positive market growth in 2017.

For the fiscal year 2017/18, we expect to further expand our market position in Europe through organic growth and acquisitions and thereby increase revenue slightly above the level of growth on the European pharmaceutical markets. We expect revenue growth in nearly all markets in which we are present.

We expect a considerable increase in adjusted EBITDA in 2017/18.

We expect a mostly stable development for the equity ratio.



INTERIM
CONDENSED
CONSOLIDATED
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CONSOLIDATED INCOME STATEMENT

for the first half-year of 2017/18

EUR k	2nd quarter 2016/17	2nd quarter 2017/18	1st half-year 2016/17	1st half-year 2017/18
Revenue	6,020,061	6,253,197	11,897,221	12,297,169
Cost of purchased goods and services	- 5,419,711	- 5,632,126	- 10,740,873	- 11,070,050
Gross profit	600,350	621,071	1,156,348	1,227,119
Other operating income	32,225	37,780	64,440	78,182
Personnel expenses	- 323,832	- 329,661	- 619,780	- 666,306
Other operating expenses	- 207,260	- 213,202	- 400,776	- 428,174
Results from associates and joint ventures	928	849	1,383	1,368
Result from other investments	111	6	329	6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	102,522	116,843	201,944	212,195
Amortisation of intangible assets and depreciation of property, plant and equipment	- 30,406	- 32,719	- 58,678	- 65,643
Earnings before interest and taxes (EBIT)	72,116	84,124	143,266	146,552
Interest income	3,163	3,443	6,468	6,502
Interest expenses	- 13,335	- 15,489	- 26,277	- 28,592
Other financial result	- 2,747	471	- 2,776	- 35
Financial result	- 12,919	- 11,575	- 22,585	- 22,125
Profit before tax	59,197	72,549	120,681	124,427
Income taxes	- 18,370	- 20,822	- 36,446	- 35,711
Profit for the period	40,827	51,727	84,235	88,716
thereof attributable to non-controlling interests	4,608	7,614	9,788	13,964
thereof attributable to owners of the parent company	36,219	44,113	74,447	74,752

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first half-year of 2017/18

EUR k	2nd quarter 2016/17	2nd quarter 2017/18	1st half-year 2016/17	1st half-year 2017/18
Profit after tax	40,827	51,727	84,235	88,716
Items not reclassified to the income statement				
Remeasurement of defined benefit plans	- 10,212	306	- 20,476	2,248
Items that may subsequently be reclassified to the income statement				
Gains/losses from changes in the fair value of available-for-sale financial assets	0	- 102	1	- 101
Reclassification adjustments	0	0	0	0
Currency translation differences	- 31,067	- 17,067	- 39,394	- 10,969
Other comprehensive income, net of taxes	- 41,279	- 16,863	- 59,869	- 8,822
Total comprehensive income	- 452	34,864	24,366	79,894
thereof attributable to non-controlling interests	3,549	7,188	8,241	13,738
thereof attributable to owners of the parent company	- 4,001	27,676	16,125	66,156

EQUITY AND LIABILITIES

EUR k	31 Jan. 2017 ¹⁾	31 July 2017
Equity		
Unlimited and limited partners' capital	1,185,000	1,000,000
Reserves	1,566,327	1,655,154
Accumulated other comprehensive income	- 223,001	- 231,597
Equity attributable to partners	2,528,326	2,423,557
Non-controlling interests	321,438	324,303
	2,849,764	2,747,860
Non-current liabilities		
Financial liabilities	753,516	928,685
Trade payables	220	0
Provisions for pensions and similar obligations	251,812	240,516
Other non-current provisions	1,311	1,338
Deferred tax liabilities	120,060	122,193
Income tax liabilities	0	792
Other non-current liabilities	2,534	2,485
	1,129,453	1,296,009
Current liabilities		
Financial liabilities	962,378	866,549
Trade payables	3,273,312	3,301,310
Other provisions	50,708	50,853
Income tax liabilities	45,885	49,752
Other liabilities	286,402	265,486
	4,618,685	4,533,950
Liabilities directly associated with assets held for sale	471	0
Total equity and liabilities	8,598,373	8,577,819

¹⁾ Prior-year figures were restated due to the finalisation of purchase price allocations.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first half-year of 2017/18

EUR k	31 July 2016	31 July 2017
Profit after tax	84,235	88,716
Write-downs/write-ups of fixed assets	58,678	65,643
Gain/loss from the disposal of fixed assets	794	- 852
Increase/decrease in non-current provisions	- 5,900	- 10,614
Result from associates and other investments	- 1,712	- 1,374
Other non-cash expenses/income	45,480	44,357
Net interest	19,809	22,090
Taxes	36,446	35,711
Interest paid	- 21,419	- 32,094
Interest received	6,227	5,673
Income taxes paid	- 30,443	- 26,013
Dividends received	827	311
Result before changes in working capital	193,022	191,554
Changes in working capital	- 191,822	- 163,682
Cash inflow (+)/outflow (-) from operating activities	1,200	27,872
Cash paid for the purchase of consolidated companies and business units	- 306,475	- 25,015
Cash received from the sale of consolidated companies and business units	1,833	10,898
Cash received from the sale of fixed assets	3,021	6,512
Cash paid for investments in non-current assets	- 70,151	- 97,761
Cash inflow (+)/outflow (-) from investing activities	- 371,772	- 105,366

EUR k	31 July 2016	31 July 2017
Cash available for financing activities	- 370,572	- 77,494
Capital decrease	0	- 170,015
Capital contribution to non-controlling interests	0	- 76
Capital contribution from non-controlling interests	67,488	0
Payments to non-controlling interests (dividends)	- 6,120	- 7,946
Cash received from the issue of loans from shareholders	0	38,000
Cash received from the issue of loans from related parties	40,000	172,000
Repayment of borrowings from related parties	- 40,000	- 35,000
Acquisition of additional shares in already consolidated companies	- 76	- 2,578
Increase/decrease in ABS and factoring liabilities	138,073	- 46,996
Cash received from the issue of bonds and loans	320,587	140,460
Cash repayments of bonds and loans	- 254,444	- 180,077
Increase/decrease in finance lease liabilities	- 367	- 259
Cash inflow (+)/outflow (-) from financing activities	265,141	- 92,487
Change in cash and cash equivalents	- 105,431	- 169,981
Cash and cash equivalents at the beginning of the period	367,881	487,861
Exchange rate effect on cash and cash equivalents	113	- 1,105
Cash and cash equivalents at the end of the period	262,563	316,775

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first half-year of 2017/18

EUR k	Unlimited and limited partners' capital	Reserves
1 February 2016	1,185,000	1,444,420
Profit after tax		74,447
Accumulated other comprehensive income		
Total comprehensive income, net of tax	0	74,447
Capital increase/reduction		
Changes in basis of consolidation		
Other changes in the interest of consolidated companies		94
Dividends		
Other changes in equity		- 1,295
31 July 2016	1,185,000	1,517,666
1 February 2017	1,185,000	1,566,327
Profit after tax		74,752
Accumulated other comprehensive income		
Total comprehensive income, net of tax	0	74,752
Capital increase/reduction	- 185,000	14,985
Changes in the interest of consolidated companies		- 691
Dividends		
Other changes in equity		- 219
31 July 2017	1,000,000	1,655,154

Currency translation differences	IAS 39 available-for-sale financial assets	Remeasurement of defined benefit plans	Equity attributable to partners	Non-controlling interests	Total equity
- 48,480	8,416	- 108,476	2,480,880	245,588	2,726,468
			74,447	9,788	84,235
- 38,350	1	- 19,973	- 58,322	- 1,547	- 59,869
- 38,350	1	- 19,973	16,125	8,241	24,366
			0	67,500	67,500
			0	4,546	4,546
			94	- 185	- 91
			0	- 7,478	- 7,478
			- 1,295	3,257	1,962
- 86,830	8,417	- 128,449	2,495,804	321,469	2,817,273
- 92,698	9,770	- 140,073	2,528,326	321,438	2,849,764
			74,752	13,964	88,716
- 10,735	- 98	2,237	- 8,596	- 226	- 8,822
- 10,735	- 98	2,237	66,156	13,738	79,894
			- 170,015	0	- 170,015
			- 691	- 1,186	- 1,877
			0	- 9,677	- 9,677
			- 219	- 10	- 229
- 103,433	9,672	- 137,836	2,423,557	324,303	2,747,860

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

as of 31 July 2017

The company

PHOENIX Pharmahandel GmbH & Co KG, Mannheim, ("PHOENIX" or the "PHOENIX group") is a European pharmaceuticals distribution group. PHOENIX has business activities in 26 European countries. In several countries, PHOENIX also operates its own pharmacy chains. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of PHOENIX group as of 31 July 2017 are prepared on the basis of IAS 34 "Interim Financial Reporting", observing all International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, and mandatory in the EU as of 31 July 2017, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 31 July 2017 of PHOENIX were released for publication by the management of PHOENIX Pharmahandel GmbH & Co KG on 13 September 2017.

Significant accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are essentially consistent with those used in the consolidated financial statements as of 31 January 2017. No new or amended IASB standards and interpretations were applicable for the first time.

Business combinations

The business combinations carried out in the first six months of 2017/18 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal year 2017/18, the cumulative profit after tax of the acquirees came to EUR 76k and revenue to EUR 7,583k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, accumulated revenue for the period came to EUR 14,332k. Assuming that the acquisition date coincides with the beginning of the reporting period for all business combinations, the accumulated profit after tax came to EUR 223k.

The table below shows a summary of their fair values:

Fair value recognised on acquisition

EUR k	Other
Cash and cash equivalents	26,110
Equity instruments	0
Acquisition-date fair value of previously held equity interest	159
Total cost	26,269
Intangible assets	0
Other non-current assets	1,735
Inventories	1,669
Trade receivables	1,176
Cash and cash equivalents	934
Other current assets	344
Non-current liabilities	1,702
Current liabilities	2,732
Net assets	1,424
Non-controlling interests	0
Net assets acquired	1,424
Bargain purchase	0
Goodwill	24,845

Other business combinations

In the first six months of 2017/18, the Group acquired a research and consultancy company and further pharmacies that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating units Netherlands (EUR 11,468k), Finland (EUR 5,312k), Norway (EUR 3,939k), Slovakia (EUR 1,774k), Baltics (EUR 1,054k), Switzerland (EUR 914k) and the Czech Republic (EUR 384k) and is managed in the local functional currencies (EUR, NOK, CHF and CZK).

EUR 11,468k of the goodwill recognised from business combinations is expected to be tax deductible.

Because of preliminary data, some assets and liabilities could not be finally valued at the balance sheet date.

The business combination of Mediq Apotheken Nederland B.V. was initially accounted for on the basis of a provisional purchase price allocation that was finalised in fiscal year 2017/18. This resulted in an increase in goodwill of the cash-generating unit Netherlands of EUR 1,925k, a decrease in land of EUR 1,500k, a decrease in buildings of EUR 400k, a decrease in deferred tax liabilities of EUR 475k and an increase in financial liabilities of EUR 500k. The prior-year figures have been restated accordingly.

Other operating expenses

Other operating expenses contain expenses in connection with ABS and factoring programmes of EUR 761k (comparative period: EUR 1,273k).

Financial result

EUR k	1st half-year 2016/17	1st half-year 2017/18
Interest income	6,468	6,502
Interest expenses	- 26,277	- 28,592
Other financial result	- 2,776	- 35
Financial result	- 22,585	- 22,125

Interest income includes interest from customers of EUR 5,036k (comparative period: EUR 4,977k).

The other financial result includes exchange rate gains of EUR 18,896k (comparative period: EUR 20,386k) and exchange rate losses of EUR 20,132k (comparative period: EUR 39,930k). Changes in the market value of derivatives gave rise to income of EUR 38,878k (comparative period: EUR 46,271k) and expenses of EUR 37,795k (comparative period: EUR 28,759k).

Other assets and other liabilities

EUR k	31 Jan. 2017	31 July 2017
Prepayments	63,118	88,005
Tax claims – VAT and other taxes	22,154	32,532
Sundry other assets	19,462	31,443
Other assets	104,734	151,980

EUR k	31 Jan. 2017	31 July 2017
VAT and other tax liabilities	87,160	73,008
Personnel liabilities	143,136	127,594
Liabilities relating to social security/similar charges	27,421	26,033
Prepayments	13,571	15,377
Sundry other liabilities	15,114	23,474
Other liabilities	286,402	265,486

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2017	31 July 2017
Trade receivables, non-current	153	119
Other financial assets		
Available-for-sale financial assets	36,699	36,196
Loans to and receivables from associates	2,827	2,606
Other loans	44,391	52,619
Other non-current financial assets	7,731	1,356
	91,648	92,777

The table below presents the current financial assets:

EUR k	31 Jan. 2017	31 July 2017
Trade receivables	2,672,065	2,575,568
Other financial assets		
Loans to and receivables from associates or related parties	8,874	6,592
Other loans	28,990	33,291
Derivative financial instruments	3,323	5,449
Other current financial assets	138,919	132,754
	180,106	178,086

The receivables from factoring and ABS transactions as of 31 July 2017 are presented below:

EUR k	31 Jan. 2017	31 July 2017
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IAS 39		
Volume of receivables	587,485	506,365
Financial liability	525,971	462,841
Continuing Involvement		
Volume of receivables	175,577	177,354
Continuing involvement	7,866	7,862
Financial liability	7,911	7,891
Transferred and fully derecognised receivables		
Volume of receivables	23,953	21,062
Retentions of title	40,262	29,621

At the reporting date, financial liabilities were divided into between non-current and current liabilities as follows:

EUR k	31 Jan. 2017	31 July 2017
Financial liabilities (non-current)		
Liabilities to banks	150,243	149,786
Bonds	594,116	594,837
Loans	100	250
Liabilities to associates and related parties	0	175,000
Other financial liabilities	9,057	8,812
	753,516	928,685

EUR k	31 Jan. 2017 ¹⁾	31 July 2017
Financial liabilities (current)		
Liabilities to banks	182,155	151,987
Loans	134,131	142,003
Liabilities to associates and related parties	49,412	49,579
Liabilities for customer rebates and bonuses	35,244	31,743
ABS and factoring liabilities	533,882	470,732
Other financial liabilities	27,554	20,505
	962,378	866,549

¹⁾ Prior-year figures were restated due to the finalisation of purchase price allocations.

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were met in the first half-year of 2017/18.

Liabilities to associates and related parties include current loan liabilities to partners of EUR 49,446k (31 January 2017: EUR 49,409k), resulting mainly from interest on the supplementary partner contribution.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 106k (31 January 2017: EUR 216k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 3,267k (31 January 2017: EUR 1,172k).

Information on financial instruments

The items in the statement of financial position for financial instruments are assigned to classes and categories.

The carrying amounts for each category and class of financial assets and the fair values for each class are presented in the following table:

31 July 2017	Category pursuant to IAS 39						Carrying amount	Fair value
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Financial assets held for trading	Outside the scope of IFRS 7			
EUR k								
Assets								
Available-for-sale financial assets	0	34,228	0	0	0	34,228	34,228	
Available-for-sale financial assets at cost	0	1,968	0	0	0	1,968	n/a	
Trade receivables	2,575,687	0	0	0	0	2,575,687	2,575,687	
Loans to and receivables from associates or related parties	9,198	0	0	0	0	9,198	9,134	
Other loans	85,910	0	0	0	0	85,910	87,268	
Derivative financial assets without hedge accounting	0	0	0	5,449	0	5,449	5,449	
Other financial assets	134,110	0	0	0	0	134,110	134,110	
Cash and cash equivalents	316,775	0	0	0	0	316,775	316,775	

31 January 2017	Category pursuant to IAS 39							
EUR k	Loans and receivables	Available- for-sale financial assets	Held-to- maturity financial assets	Financial assets held for trading	Outside the scope of IFRS 7	Carrying amount	Fair value	
Assets								
Available-for-sale financial assets	0	34,042	0	0	0	34,042	34,042	
Available-for-sale financial assets at cost	0	2,657	0	0	0	2,657	n/a	
Trade receivables	2,672,218	0	0	0	0	2,672,218	2,672,218	
Loans to and receivables from associates or related parties	11,701	0	0	0	0	11,701	11,621	
Other loans	73,381	0	0	0	0	73,381	73,422	
Derivative financial assets without hedge accounting	0	0	0	3,323	0	3,323	3,323	
Other financial assets	146,650	0	0	0	0	146,650	147,681	
Cash and cash equivalents	487,861	0	0	0	0	487,861	487,861	

Available-for-sale financial assets primarily contain shares in unlisted entities. Where no fair value can be determined, they are recorded at acquisition cost. Shares in listed entities are measured at the quoted price determined as of the reporting date. For other available-for-sale financial assets, the fair value is determined using a multiplier method (revenue multiple, level 3). This uses individually derived multipliers between 0.64 and 1.34 (31 January 2017: between 0.64 and 1.34). A 10% increase in the multipliers would increase the value by EUR 4,703k (31 January 2017: EUR 4,703k); a 10% decrease in the multipliers would decrease the value by EUR 4,708k (31 January 2017: EUR 4,708k).

Derivatives are recognised at their fair values (level 2).

Due to the short-term maturities of cash and cash equivalents, trade receivables and other current financial assets, their carrying amounts generally approximate the fair values at the reporting date (level 2).

The fair value of loans to and receivables from associates or related entities, other loans, held-to-maturity financial assets and other non-current financial assets due after more than one year correspond to the net present value of the payments related to the assets based on the current interest rate parameters and yield curves (level 2).

The carrying amounts for each category and class of financial liabilities and the fair values for each class are presented in the following table:

31 July 2017	Category pursuant to IAS 39					
	Other financial liabilities	Financial liabilities held for trading	No category according to IAS 39.9	Outside the scope of IFRS 7	Carrying amount	Fair value
EUR k						
Financial liabilities						
Liabilities to banks	301,773	0	0	0	301,773	302,439
Bonds	594,837	0	0	0	594,837	654,900
Loans	142,253	0	0	0	142,253	142,253
Trade payables	3,301,310	0	0	0	3,301,310	3,301,310
Liabilities to associates and related parties	224,579	0	0	0	224,579	218,802
Liabilities and provisions for customer rebates and bonuses	31,743	0	0	0	31,743	31,743
ABS and factoring liabilities	470,732	0	0	0	470,732	470,732
Other financial liabilities	16,895	0	0	0	16,895	16,895
Lease liabilities	0	0	9,049	0	9,049	n/a
Derivative financial liabilities without hedge accounting	0	3,373	0	0	3,373	3,373

31 January 2017 ¹⁾	Category pursuant to IAS 39					
	Other financial liabilities	Financial liabilities held for trading	No category according to IAS 39.9	Outside the scope of IFRS 7	Carrying amount	Fair value
EUR k						
Financial liabilities						
Liabilities to banks	332,398	0	0	0	332,398	333,106
Bonds	594,116	0	0	0	594,116	658,863
Loans	134,231	0	0	0	134,231	134,231
Trade payables	3,273,532	0	0	0	3,273,532	3,273,532
Liabilities to associates and related parties	49,412	0	0	0	49,412	45,085
Liabilities and provisions for customer rebates and bonuses	35,244	0	0	0	35,244	35,244
ABS and factoring liabilities	533,882	0	0	0	533,882	533,882
Other financial liabilities	25,809	0	0	0	25,809	25,809
Lease liabilities	0	0	9,414	0	9,414	n/a
Derivative financial liabilities without hedge accounting	0	1,388	0	0	1,388	1,388

¹⁾ Prior-year figures were restated due to the finalisation of purchase price allocations.

The fair value of the bonds is the nominal value multiplied by the quoted price as of the reporting date (level 1).

Derivatives are recognised at their fair values (level 2).

Due to the short-term maturities of trade payables and other current financial liabilities, their carrying amounts generally approximate the fair values at the reporting date (level 2).

Fair value hierarchy of financial instruments

PHOENIX applies the following fair value hierarchy to define and present its financial instruments measured at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Techniques that use inputs that are not based on observable market data.

EUR k	Financial instruments measured at fair value			
	Level 1	Level 2	Level 3	Total
31 July 2017				
Available-for-sale financial assets	0	0	34,228	34,228
Derivative financial assets without hedge accounting	0	5,449	0	5,449
Derivative financial liabilities without hedge accounting	0	3,373	0	3,373
Other financial liabilities	0	0	9,413	9,413
31 January 2017¹⁾				
Available-for-sale financial assets	0	0	34,042	34,042
Derivative financial assets without hedge accounting	0	3,323	0	3,323
Derivative financial liabilities without hedge accounting	0	1,388	0	1,388
Other financial liabilities	0	0	9,348	9,348

¹⁾ Prior-year figures were restated due to the finalisation of purchase price allocations.

The fair value of available-for-sale assets measured at cost of EUR 1,968k (31 January 2017: EUR 2,657k) has not been disclosed because the fair value cannot be measured reliably.

The following table shows the reconciliation of the fair value based on level 3.

EUR k	Available-for-sale assets	Other financial liabilities
1 February 2017¹⁾	34,042	9,348
Total gains and losses recognised in accumulated other comprehensive income	0	0
Purchase	610	0
Sale of shares	- 424	0
thereof recognised in the income statement	199	0
Acquisitions	0	0
Payments due to acquisitions	0	- 702
Other	0	767
31 July 2017	34,228	9,413

¹⁾ Prior-year figures were restated due to the finalisation of purchase price allocations.

Contingent liabilities

As of 31 July 2017, PHOENIX recorded contingent liabilities for guarantees of EUR 67,571k (31 January 2017: EUR 67,679k).

Notes to the statement of cash flows

EUR k	31 Jan. 2017	31 July 2017
Restricted cash		
Cash and cash equivalents at the end of the period	487,861	316,775
thereof restricted		
due to security deposits	16,058	9,142
due to restrictions placed upon foreign subsidiaries	11,751	9,567

Related party disclosures

A related party granted PHOENIX a loan in the first six months of 2017/18. The loan amounted to EUR 30,000k, was fully repaid during the reporting period and interest expenses of EUR 6k were incurred. Additional loans from limited partners amounting to EUR 38,000k were granted on which EUR 125k interest expenses were incurred. Furthermore, loans from related parties amounting to EUR 137,000k were granted on which interest expenses of EUR 476k were incurred.

Beyond that, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2017 remained essentially unchanged in the first six months of 2017/18.

Mannheim, 13 September 2017

The Management Board of the unlimited partner
PHOENIX Verwaltungs GmbH

FINANCIAL CALENDAR 2017

Please consult our calendar for the most important announcement dates:

21 December Quarterly report February to October 2017

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Ingo Schnaitmann
Head of Corporate Communications
Jacob-Nicolas Sprengel
Senior Manager Corporate Communications
PHOENIX group

PHOENIX Pharmahandel GmbH & Co KG
Corporate Communications
Pfungstweidstrasse 10–12
68199 Mannheim
Germany
Phone +49 (0)621 8505 8502
Fax +49 (0)621 8505 8501
media@phoenixgroup.eu
www.phoenixgroup.eu

Investor Relations

Karsten Loges
Head of Corporate Finance/Group Treasury/Holdings
Phone +49 (0)621 8505 741
k.loges@phoenixgroup.eu

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PHOENIX Pharmahandel GmbH & Co KG

Pfingstweidstrasse 10-12

68199 Mannheim

Germany

www.phoenixgroup.eu

PHOENIX group