PHOENIX group

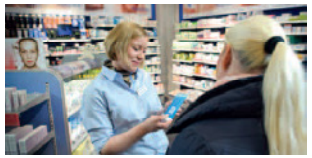
Results

1st Half Year 2011/12

Investor Call
Mannheim, 29th September 2011

PHOENIX group

Reimund Pohl / Dr. Michael Majerus
CEO / CFO



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Agenda

Highlights of the 1st Half Year 2011/12

Reimund Pohl
CEO

Group Financials 1st Half Year 2011/12

Dr. Michael Majerus
CFO

Questions & Answers

Facing ongoing market pressure, PHOENIX is able to grow revenue and to increase gross profit

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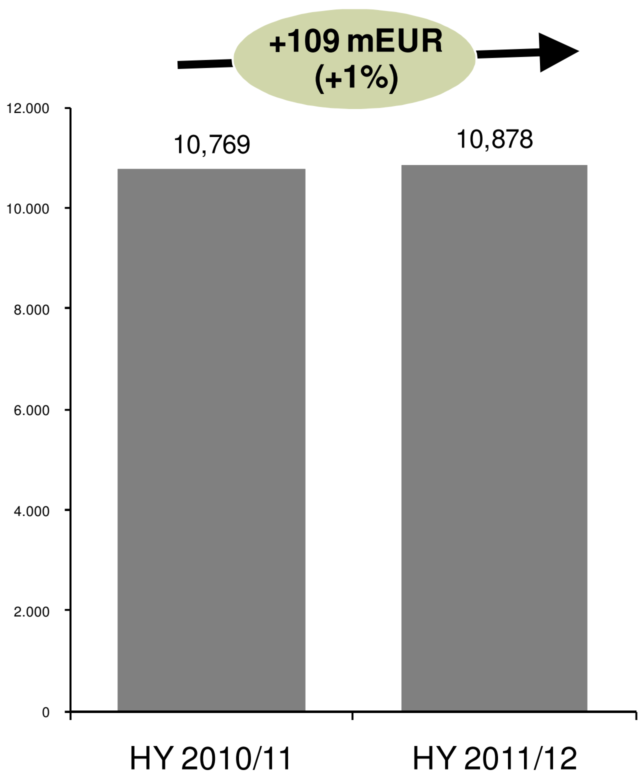
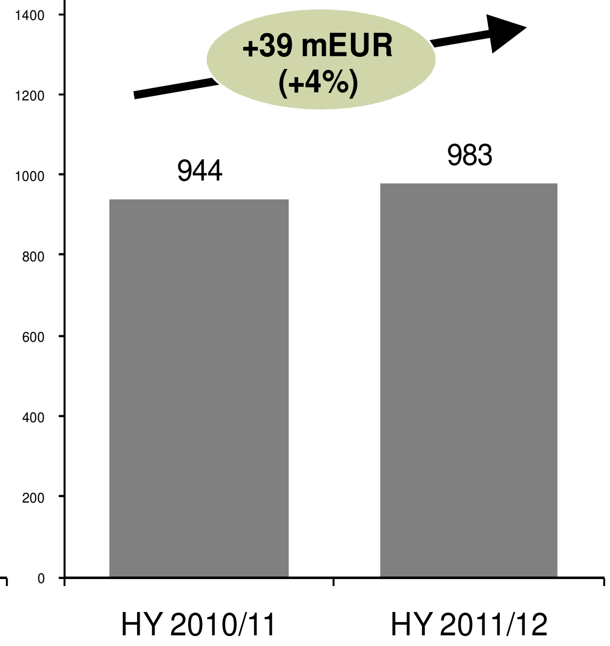
Revenue



Gross Profit



- Based on the stable development of business in the first six months of BY 2011/12, PHOENIX group has – with an above-market **revenue** growth – once more confirmed its position as leading pharmaceutical distributor in Europe
- **Gross profit and gross margin** significantly improved as a result of the margin-oriented sales policy, additional higher-margin revenue, and the increasing share of retail business

(mEUR)

Year-over-year developments of EBITDA and profit before tax confirm the group's solid position

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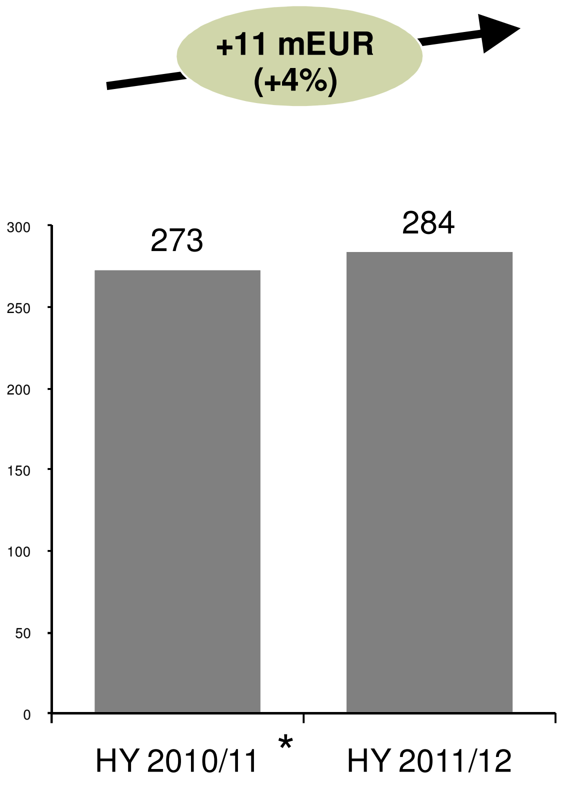
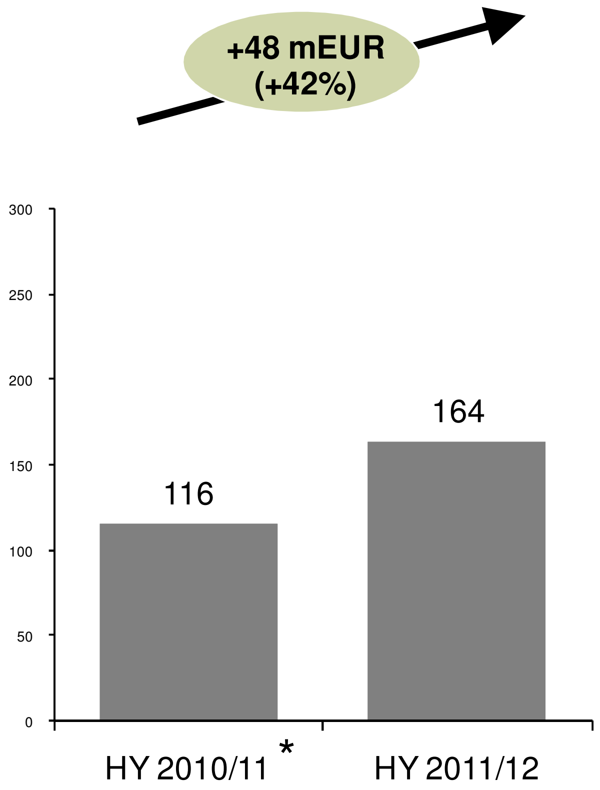
EBITDA



Profit before tax



(mEUR)

- The increase in **EBITDA** was mainly influenced by the positive development on gross profit level and the decrease in other expenses; the higher cost of personnel and the lower result from participation were over-compensated
- **Profit before tax** is driven by the EBITDA contribution and the improvement in the financial result, mainly due to better-than-planned debt relief and the discontinuation of one-time expenses for the financial restructuring that influenced the previous year

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable

PHOENIX group grows above market average due to its well-balanced country portfolio

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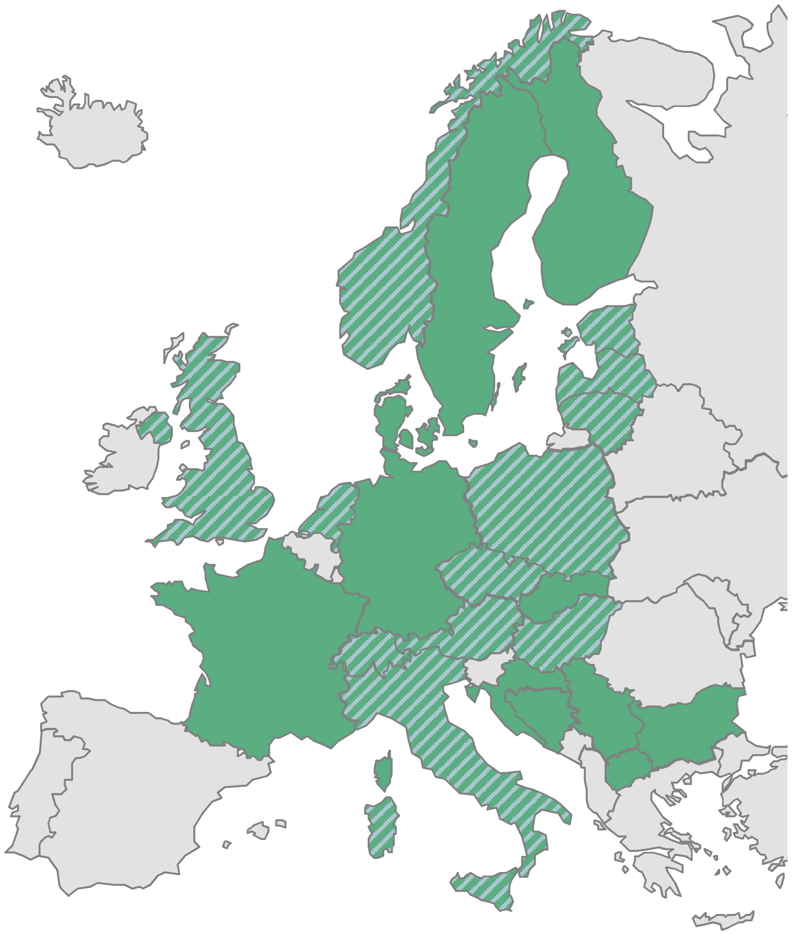

- PHOENIX wholesale market
- PHOENIX wholesale and retail market

Well-balanced country portfolio

➔ PHOENIX is active in 23 European markets

Favorable country mix

➔ PHOENIX is the undisputed market leader in the fast-growing markets in Northern and Eastern Europe while not being active in the troubled Southern European markets

Compensation of challenging developments

➔ PHOENIX is able to compensate pressure from competitors (e.g. in Germany and France) as well as regulation authorities (e.g. in Germany and UK)

Growth above market average

➔ PHOENIX shows a year-over-year revenue increase of 1.0% for the first half of BY 2011/2012 whereas according to IMS* the European pharmaceutical markets grew by only 0.2%

*** Source:** *IMS Executive Market Reports Q1 and Q2 2011 Europe*

The growth strategy is based on a combination of organic growth and careful add-on acquisitions

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Profitable organic growth above the market → **PHOENIX's growth strategy** ← Profitable, financially sound acquisitions

within a pre-defined budget

Acquisitions to further strengthen the wholesale market position

- ➔ Acquisition of a 60% participation in **Farcopa Distribuzione S.r.l.**, a small Italian wholesaler
- ➔ Increase of the participation (from 40% to 70%) in **Farmaceutici Signorini S.r.l.**, another regional player in the Italian wholesale market

Measures to optimize the retail portfolio

- ➔ Purposeful **acquisitions and openings of pharmacies** in selected retail markets
- ➔ Successful **integration of a pharmacy portfolio in the Netherlands**

Activities to adjust our participation structure

- ➔ Sale of **Imgroma BV**, a marketing and sales company for OTC products in the Netherlands
- ➔ In **Poland**, PHOENIX continues to consider **strategic alternatives**; this includes discussions with external investors to find a stronger and more sustainable base for future operations

PHOENIX is well-positioned for the future; this has recently been confirmed by two rating agencies

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STANDARD & POOR'S

MOODY'S INVESTORS SERVICE

Standard & Poor's
➔ On 27 July 2011, the rating agency Standard & Poor's upgraded the **company's rating** from B+ to **BB-** with **continuing positive outlook** ➔ At the same time, the **bond rating** was improved from B- to **B**

Moody's
➔ On 1 August 2011, the rating agency Moody's **upgraded the company's rating** from B1/stable to **B1/positive**

Agenda

Group Financials 1st Half Year 2011/12

Dr. Michael Majerus
CFO

HY P&L reflects the positive profitability development and the ending of restructuring costs

Profit & Loss (in mEUR)	1st HY 2010/11	1st HY 2011/12	Share of revenue	Delta in %
Net turnover	**10,769**	**10,878**	**100%**	**1.0%**
Cost of goods sold	-9,825	-9,895	-91.0%	0.7%
Gross profit	**944**	**983**	**9.0%**	**4.1%**
Other income	76	75	0.7%	-0.5%
Personnel expenses	-469	-501	-4.6%	6.9%
Other operative expenses	-282	-274	-2.5%	-2.9%
Result from associates and other invest.	5	2	0.0%	-67.9%
EBITDA	**273**	**284**	**2.6%**	**4.0%**
Interest from customers	10	12	0.1%	21.8%
Costs of financial restructuring	8	0	0.0%	-100.0%
Factoring fees	3	2	0.0%	-16.2%
Adjusted EBITDA	**294**	**298**	**2.7%**	**1.7%**
Depreciation	-47	-47	-0.4%	-0.9%
Financial result	-110	-73	-0.7%	-33.6%
PBT	**116**	**164**	1.5%	**41.5%**
Income taxes total	-50	-50	-0.5%	0.0%
Net incomce	**66**	**115**	**1.1%**	**72.6%**

New developments

- **Gross profit** significantly improved as a result of margin-oriented sales policy, additional higher-margin revenue, and the increasing share of retail business
- Improvement allows compensating increased **personnel expenses**, due to first time consolidation of joint venture in the Netherlands, acquisitions in Italy, and normal wage increase
- Other **operative expenses** reduced due to lower level of bad-debt allowances
- As PHOENIX group reduced net debt and is no longer burdened with restructuring costs, **financial result** and in consequence profit before tax are significantly improved
- Improving its effective **tax rate,** PHOENIX is able to maintain tax level despite higher profit before tax

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable

PHOENIX group's optimized financial structure improves the financial result

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Financial result (in mEUR)	1st HY 2010/11	1st HY 2011/12	Delta
Interest income	28.1	16.9	-11.2
Interest expenses	-97.3	-87.1	10.2
Interest result	**-69.2**	**-70.2**	**-1.0**
Net exchange effects & change in value of derivatives	-0.7	1.1	1.7
Other financial result	-40.1	-3.8	36.3
Financial result	**-109.9**	**-72.9**	**37.0**

New developments

- Reduction of interest income due to VEM loan repayment already in BY 2010/2011
- Lower interest expenses are mainly driven by reduced debt
- Other financial result profits from end of restructuring costs

PHOENIX continues its committed path of strengthening its balance sheet

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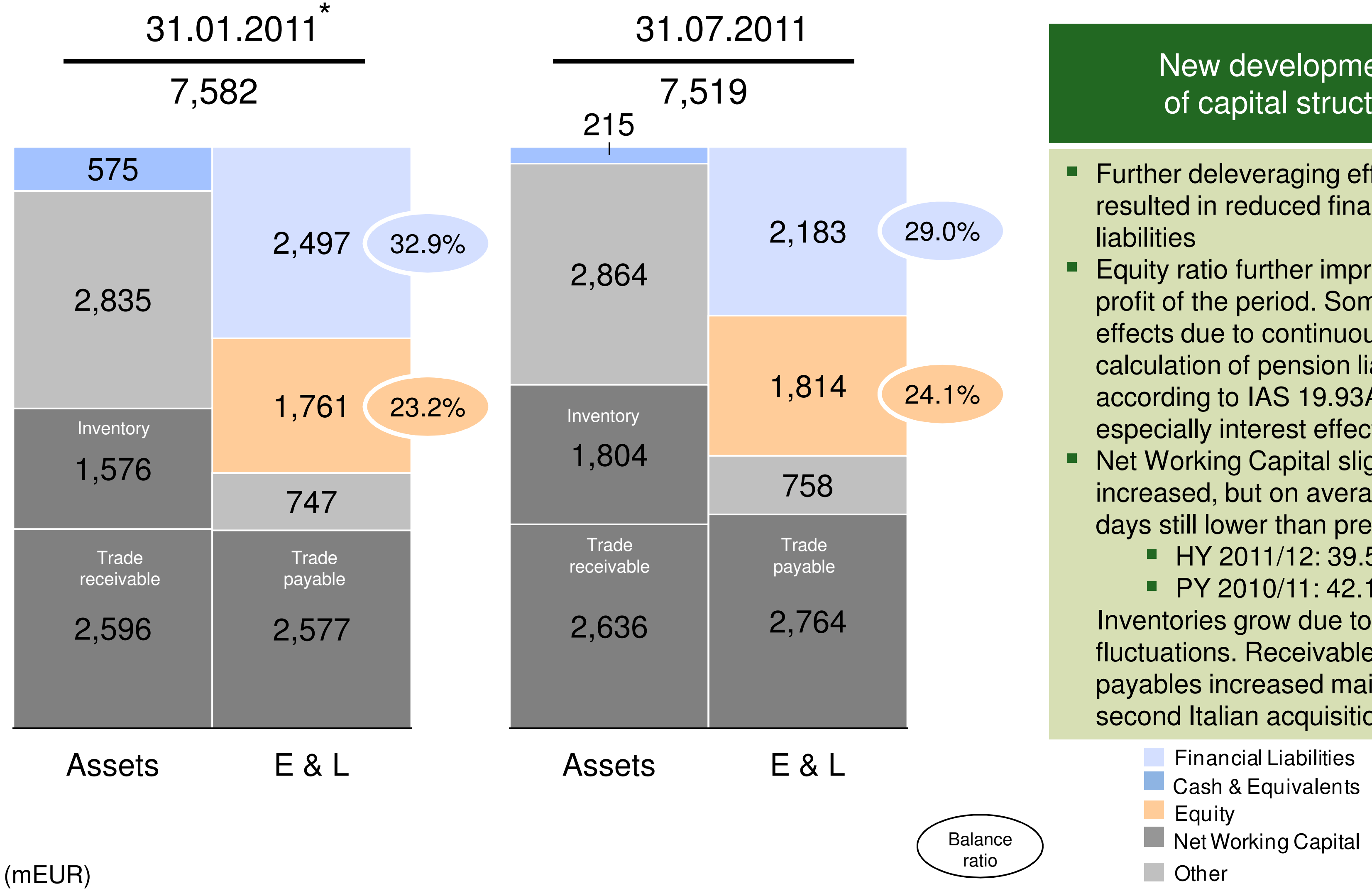


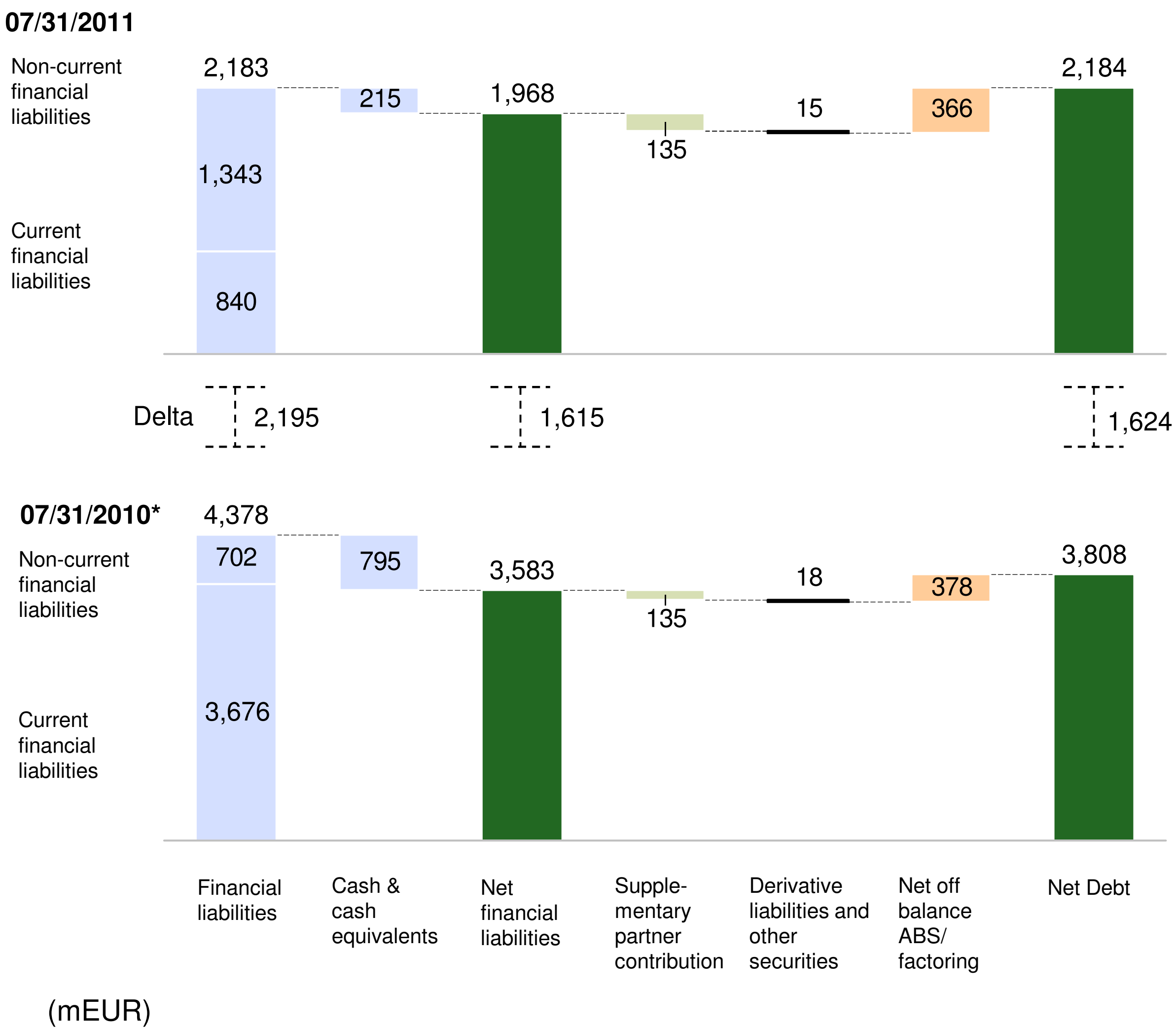
New developments of capital structure

- Further deleveraging efforts resulted in reduced financial liabilities
- Equity ratio further improved by profit of the period. Some reducing effects due to continuous re-calculation of pension liabilities according to IAS 19.93A, here especially interest effects
- Net Working Capital slightly increased, but on average NWC days still lower than previous year:
  - HY 2011/12: 39.5 days
  - PY 2010/11: 42.1 days

  Inventories grow due to seasonal fluctuations. Receivables and payables increased mainly due to second Italian acquisition

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable.

Net Debt is significantly improved compared to previous years



Y-o-Y developments

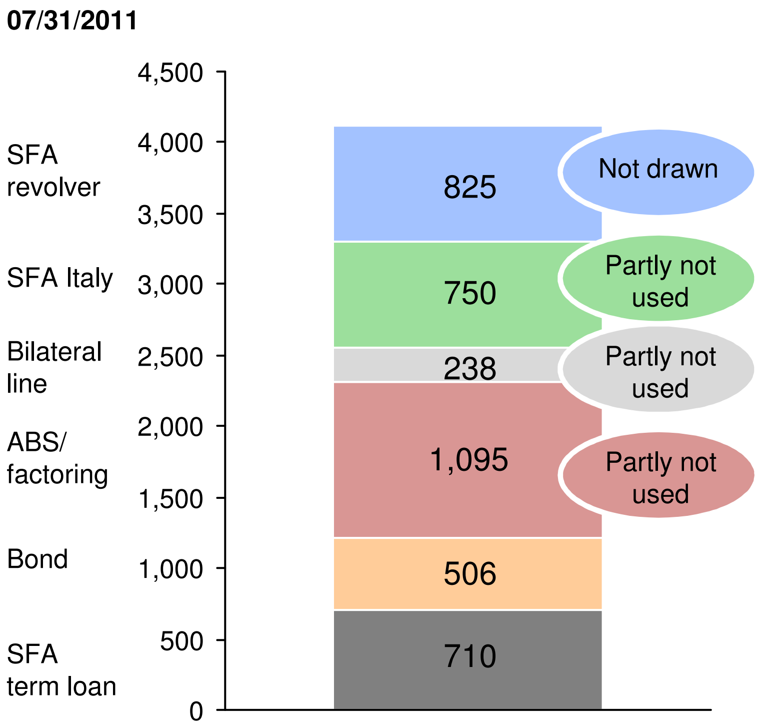
- Net Debt reduction of 1.6 bnEUR compared to 1st HY 2010/11:
  - 506 mEUR equity increase
  - 459 mEUR VEM loan repayment
  - 650 mEUR cash flow contribution
- Significant optimization of debt structure
- Reduced cash position

1st HY developments

- After slight Net Debt increase in Q1 by 0.2 bnEUR, Net Debt is almost back on low level of last year end of 2,177 mEUR

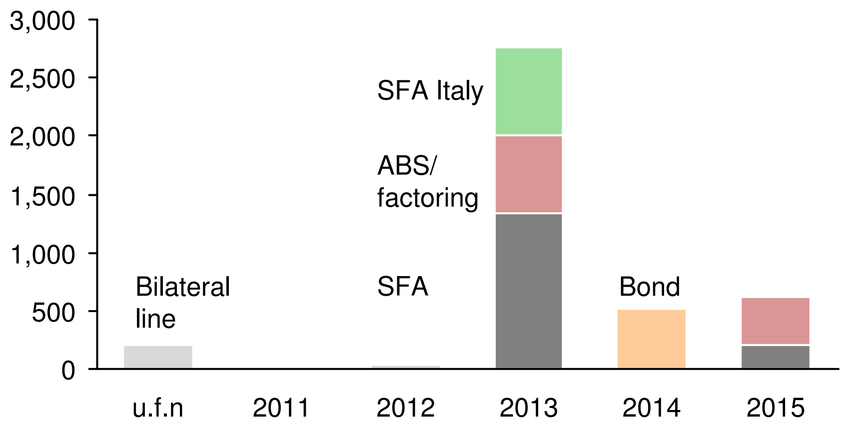
Solid financial structure after refinancing provides meaningful financial flexibility

Headroom financial facilities



- Diversified financing structure
- Strong cash generation allowed reducing SFA term loan by (-100 mEUR) in Q2 2011/12
- Optimization by reallocating of 200 mEUR from SFA term loan into SFA revolver

Debt maturity profile



- Since end of last financial year PHOENIX extended maturities for 0.6 bnEUR until end of 2015
- With the extension of maturities beyond the maturity of the high yield bond banks signal their confidence in PHOENIX's credit worthiness

(mEUR)

The cumulative cash flow for the 1st half year shows a positive free cash flow

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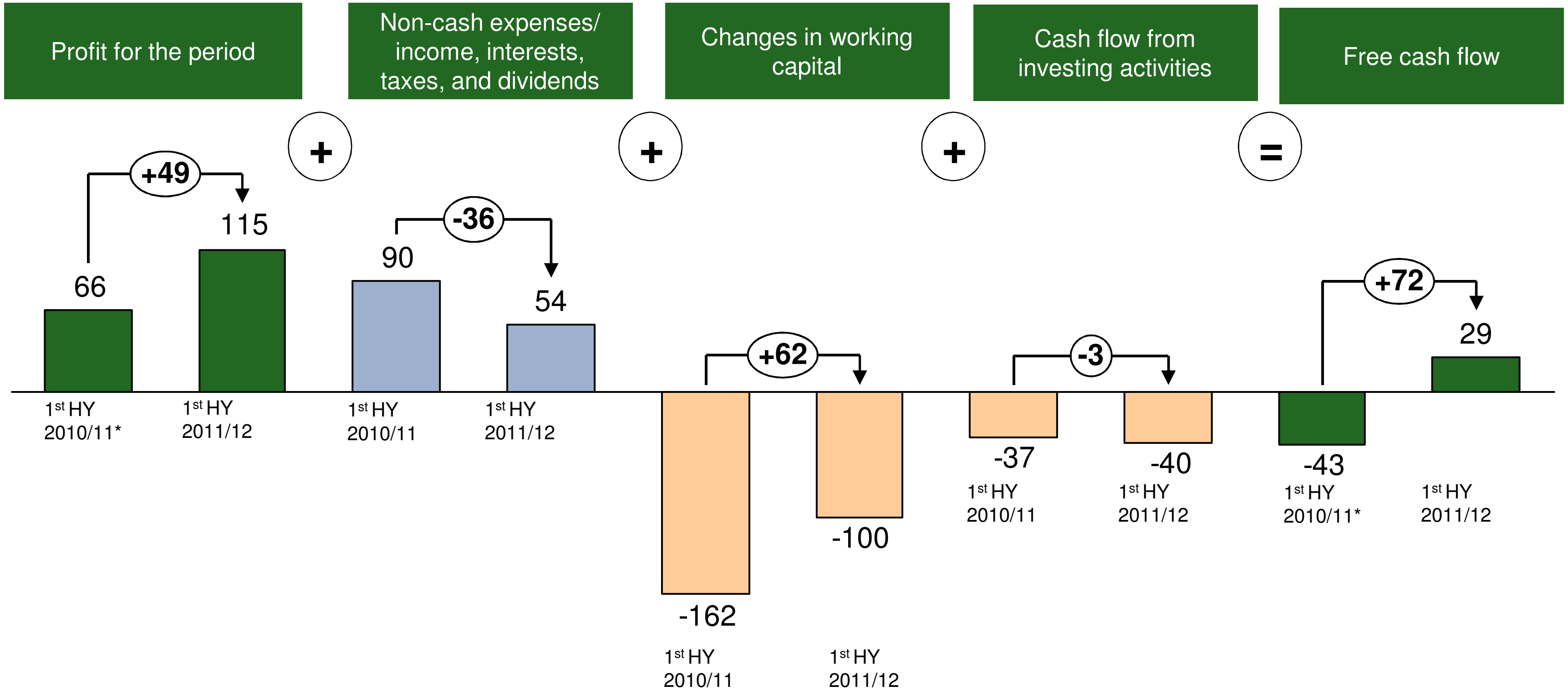

Cash flow development

- Improved profit of the period and reduced changes in working capital lead to a positive free cash flow
- Some negative effects from 'Other non-cash expenses/income, interests, taxes, and dividends'
- Cash flow from investing activities on comparable level
- As expected, the second quarter compensates the negative swing of working capital from the 1st quarter

(mEUR)

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Summary: Development of key credit indicators

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	01/31/2011	07/31/2011	Delta in %
Equity (in mEUR)	1,761.1*	1,814.4	3.0%
Equity Ratio	23.2%	24.1%	3.9%
Net Debt (in mEUR)	2,176.6	2,183.9	0.3%
Gearing (Net debt/Equity)	1.24	1.20	-2.6%
	1st HY 2010/11	1st HY 2011/12	Delta in %
EBITDA (in mEUR)	273.4*	284.3	4.0%
EBITDA-Margin	2.54%	2.61%	2.9%
Adjusted EBITDA (in mEUR)	293.6*	298.4	1.7%
Adj.-EBITDA-Margin	2.73%	2.74%	0.6%
Interest Coverage Ratio (EBIT / Interest Expenses)	2.32	2.73	17.4%

* Due to the first-time adoption of IAS 19.93A, PY figures were made comparable

The price development of the PHOENIX bond reflects the increased market margins

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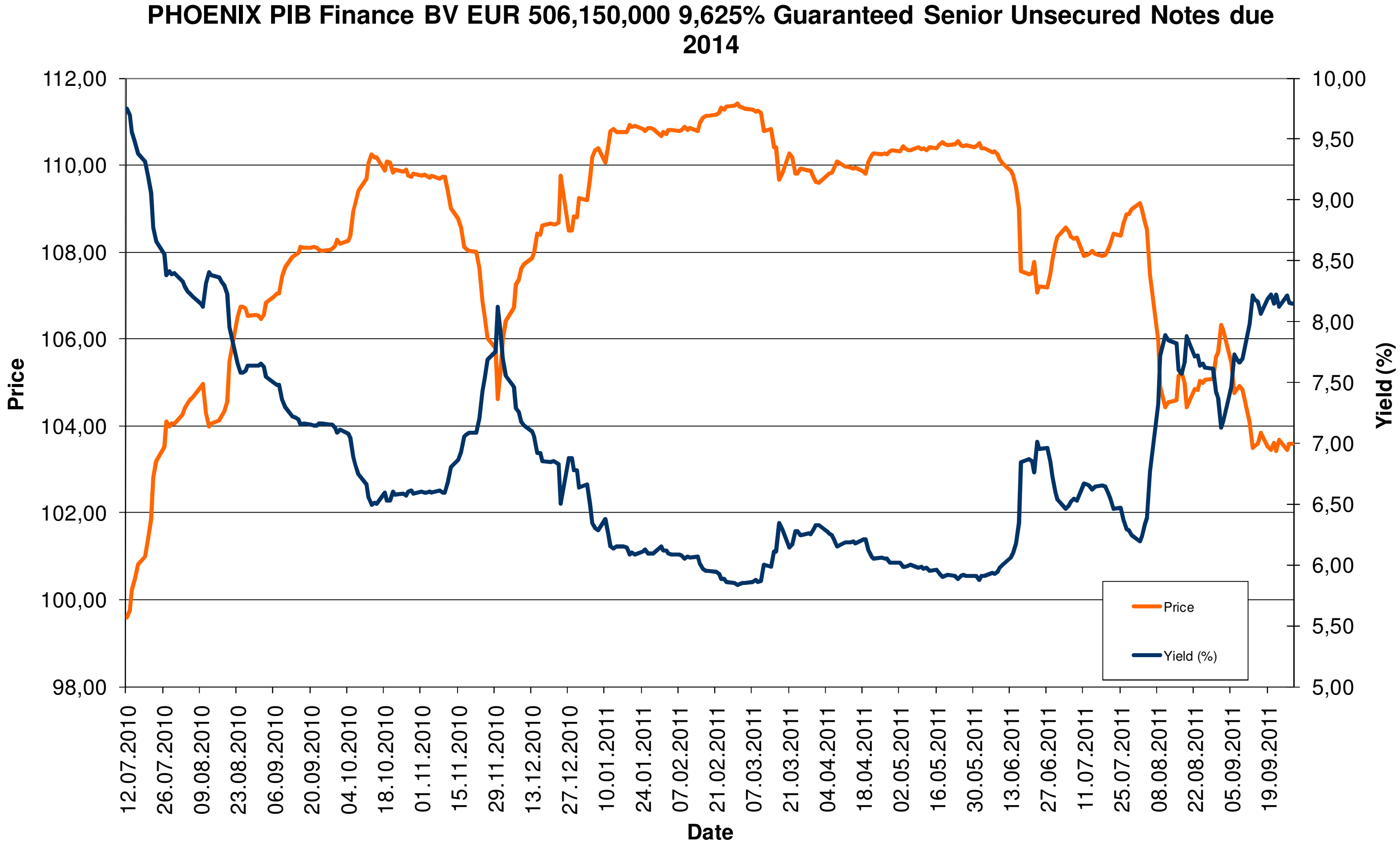

Outlook

Despite the market and regulatory pressure in some countries and struggling competitors, **PHOENIX group maintains its outlook for 2011/12**

- Revenue growth to slightly outpace the market in 2011/12
- Adjusted EBITDA 2011/12 to exceed 2010/11 level
- Selective investments in property, plant and equipment
- Reduction of net financial liabilities compared to end of 2010/11

PHOENIX group with unchanged stringent financial policy

Deleveraging strategy	▪ Further deleveraging is integral part of PHOENIX's financial policy and is backed by its main shareholders ▪ Net Debt/EBITDA target of around 3.0x ▪ PHOENIX is confident to reach its leverage target in the next two years
No regular dividend payments	▪ In line with PHOENIX's deleveraging strategy, no regular dividend payments are planned for the next three years ▪ Loan and bond documentation also include dividend restrictions
Carefully managed acquisition activity	▪ PHOENIX's growth strategy is focused on above market organic growth ▪ Profitable and financially sound add-on acquisitions (mainly pharmacies) may also be pursued, but only within a predefined acquisition budget

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