Results of the 1st Quarter 2013/14

Investor Call
Mannheim, 25th June 2013

Reimund Pohl
CEO

Dr. Michael Majerus
CFO

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Agenda

PHOENIX group

Highlights 1st Quarter 2013/14 and Current Developments within PHOENIX group

Reimund Pohl
CEO

Group Financials 1st Quarter 2013/14

Dr. Michael Majerus
CFO

Questions & Answers

Highlights of PHOENIX group's first quarter 2013/14

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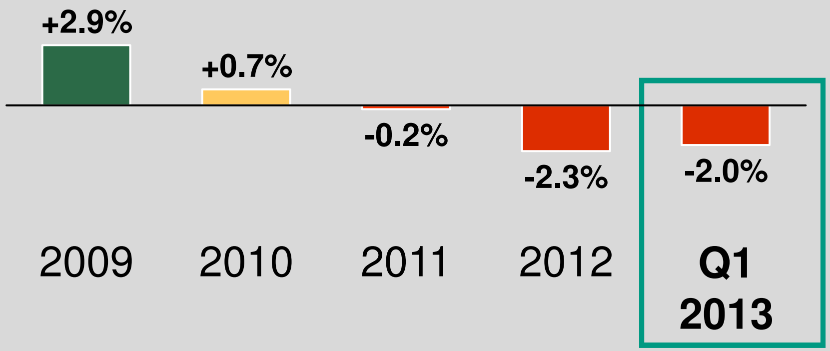
Despite the challenging market situation, PHOENIX was able to grow dynamically and maintain a stable business development

- Strong increase in total operating performance and net turnover, significantly above the market trend
- Intensive competition leads to a decrease in total income
- Profit before tax stable compared to previous year
- Once again, PHOENIX was able to improve its ratio of net debt to adjusted EBITDA

Negative trend in European pharma market continues*



Market Growth in key markets:

- **Germany:** **+0.8%**
- **France:** **-3.4%**
- **Italy:** **-2.3%**
- **UK:** **-3.8%**
- **Sweden:** **-4.2%**
- **Netherlands:** **-9.3%**

* Source: IMS Health Executive Market Report

PHOENIX has differentiated itself from the negative market trend, but experiences pressure on margins

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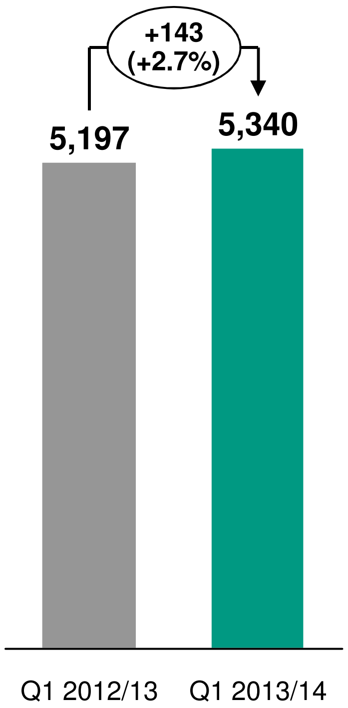
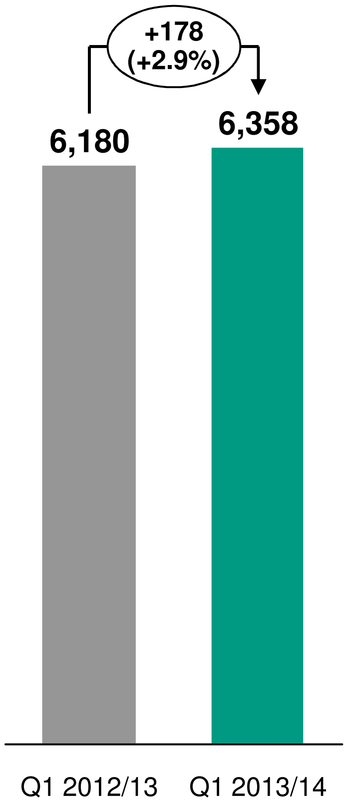
(m€)

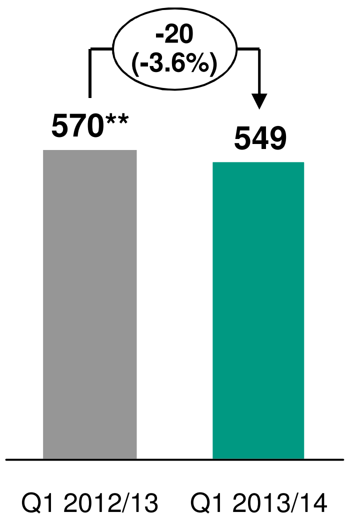
Net turnover



Total operating performance*



Total income



Comments

- **Total operating performance** and **net turnover** increased by almost 3%, while the European pharma market showed a growth rate of -2% in the first quarter of 2013
- High level of **competitive intensity** in several markets leads to a decline in **gross margin and total income.** The corresponding period in 2012/13 had been characterized by a margin-oriented sales policy

* Non-IFRS measure. Includes net turnover and handled volume (goods distributed under fee-for-service agreements)
** Total income restated for 2012/13 due to reclassification of transport costs

Operating expenses remain stable due to active cost management and productivity gains

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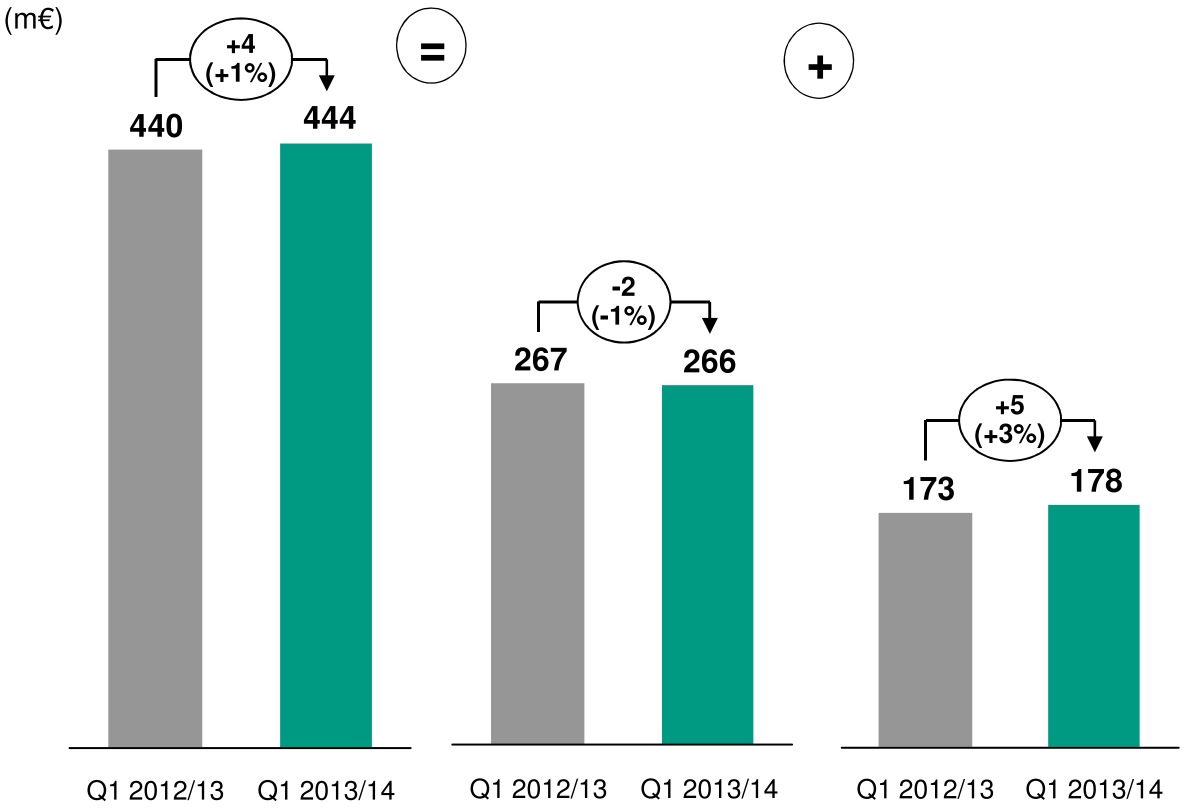
Operating expenses	Personnel expenses	Other operating expenses



Comments

- Although turnover is on a higher level, **operating expenses** are stable compared to last year
- Despite the general increase of labor costs in Europe, PHOENIX has been able to reduce **personnel expenses** through increased workforce productivity
- **Other operating expenses** have grown slightly due to higher **transport costs** and increased **provisions for bad debts** resulting from the difficult economic situation in Europe

PHOENIX has been able to maintain its profitability in the first quarter 2013/14

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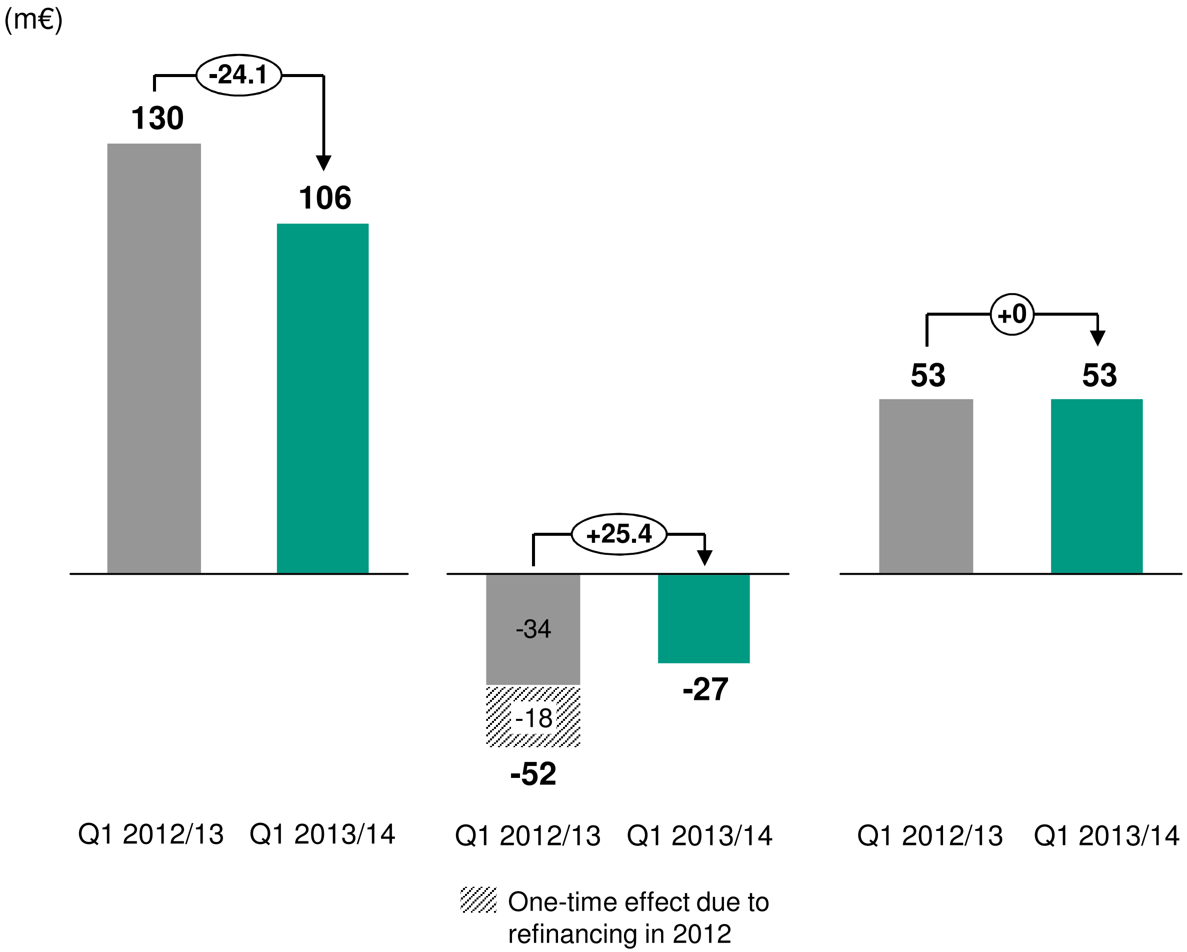
EBITDA	Financial result	Profit before tax	Comments



- The decrease in **gross margin** due to intensified competition leads to a **reduced EBITDA**
- The **financial result** is significantly improved due to the continued **reduction of net debt** and **optimized financing conditions.** The **one-time effect** related to the refinancing in the previous year influences the year-over-year comparison positively.
- **Profit before tax is on last year's level**. The profitability is supported by the **financial result** and the **stable cost development**

Outlook business year 2013/2014

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Important milestones and strategic priorities

- Enhancement of profitability through **PHOENIX *FORWARD***
- **Refinement of business processes** in wholesale and retail
- Increased focus on **services for pharmaceutical manufacturers**
- Further optimization of **capital structure** and **net working capital**
- **Organic growth**
- **Selected acquisitions**

Agenda

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Group Financials
1^{st} Quarter 2013/14

Dr. Michael Majerus
CFO

Questions & Answers

Despite the challenging market environment, the P&L shows a profit before taxes on the same level as in the year before

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Profit & Loss	Q1 2012/13*		Q1 2013/14		Delta	
	in m€	%	in m€	%	in m€	%
Net turnover	**5,197.4**	**100%**	**5,340.1**	**100%**	**142.7**	**2.7%**
Cost of goods sold	-4,666.3	-89.8%	-4,830.9	-90.5%	-164.6	3.5%
Gross profit	**531.1**	10.2%	**509.2**	**9.5%**	**-21.9**	**-4.1%**
Other operating income	38.6	0.7%	40.1	0.8%	1.4	3.8%
Personnel expenses	-267.2	-5.1%	-265.6	-5.0%	1.6	-0.6%
Other operative expenses	-172.8	-3.3%	-178.1	-3.3%	-5.3	3.1%
Result from associates and other invest.	0.5	0.0%	0.5	0.0%	0.0	8.5%
EBITDA	**130.3**	**2.5%**	**106.1**	**2.0%**	**-24.1**	**-18.5%**
Depreciations	-24.7	-0.5%	-26.1	-0.5%	-1.4	5.7%
Financial result	-52.2	-1.0%	-26.8	-0.5%	25.4	-48.6%
Profit before taxes	**53.4**	**1.0%**	**53.2**	**1.0%**	**-0.2**	**-0.3%**
Income taxes total	-15.5	-0.3%	-17.9	-0.3%	-2.4	15.8%
Profit for the period	**37.9**	**0.7%**	**35.3**	**0.7%**	**-2.6**	**-6.9%**

Developments

- **Net turnover** significantly improved, mainly due to the good development in the German market, but also good development in other European markets
- Due to the special situation in Germany vs. previous year **gross profit** decreased: In the 1st quarter 2012/13 PHOENIX aimed at profit stabilization, which resulted in a higher gross profit
- Whereas **other operating income** and **personnel expenses** developed well, other **operative expenses** increased especially due to transport costs and a higher level of bad debt provisions
- **Depreciations** slightly increased
- Also excluding the one-time effect of the dissolution of transaction costs (-18.4 m€) in the previous year, the **financial result** has improved by approx. +7 m€ thanks to the reduced net debt and better financing conditions
- The **profit before taxes** is on the same level as in the prior year
- The **tax rate** is at 33.7% compared to 29% in the previous year, mainly due to volatility of the Estimated Effective Tax Rate (EETR) approach of IAS 34. Within the current fiscal year a tax rate in the range of the previous year is expected

* PY adjusted for reclassification of transport costs and due to the first-time adoption of IAS 19R

PHOENIX group's optimized financial structure improves the interest result

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Financial result (in m€)	Q1 2012/13**	Q1 2013/14	Delta
Interest income	6.3	6.2	-0.1
Interest expenses	-39.9	-33.8	6.1
Interest result	**-33.6**	**-27.6**	**6.0**
Dissolution of transaction costs due to premature refinancing	-18.4	0.0	18.4
Other net financial result*	-0.2	0.8	1.0
Financial result	**-52.2**	**-26.8**	**25.4**

Developments

- Slight reduction of interest income
- Lower interest expenses are mainly driven by reduced debt and optimized interest rates
- Most influencing factor in previous year was the premature refinancing of PHOENIX group, resulting in the dissolution of corresponding transaction costs

* Other net financial result comprises
- "other financial income and expenses",
- "financial income and expenses from derivatives" as well as
- "exchange rate gains and losses" related to the financial result

* * Prior year restated due to the first-time adoption of IAS 19R

PHOENIX continues its committed path of strengthening its balance sheet

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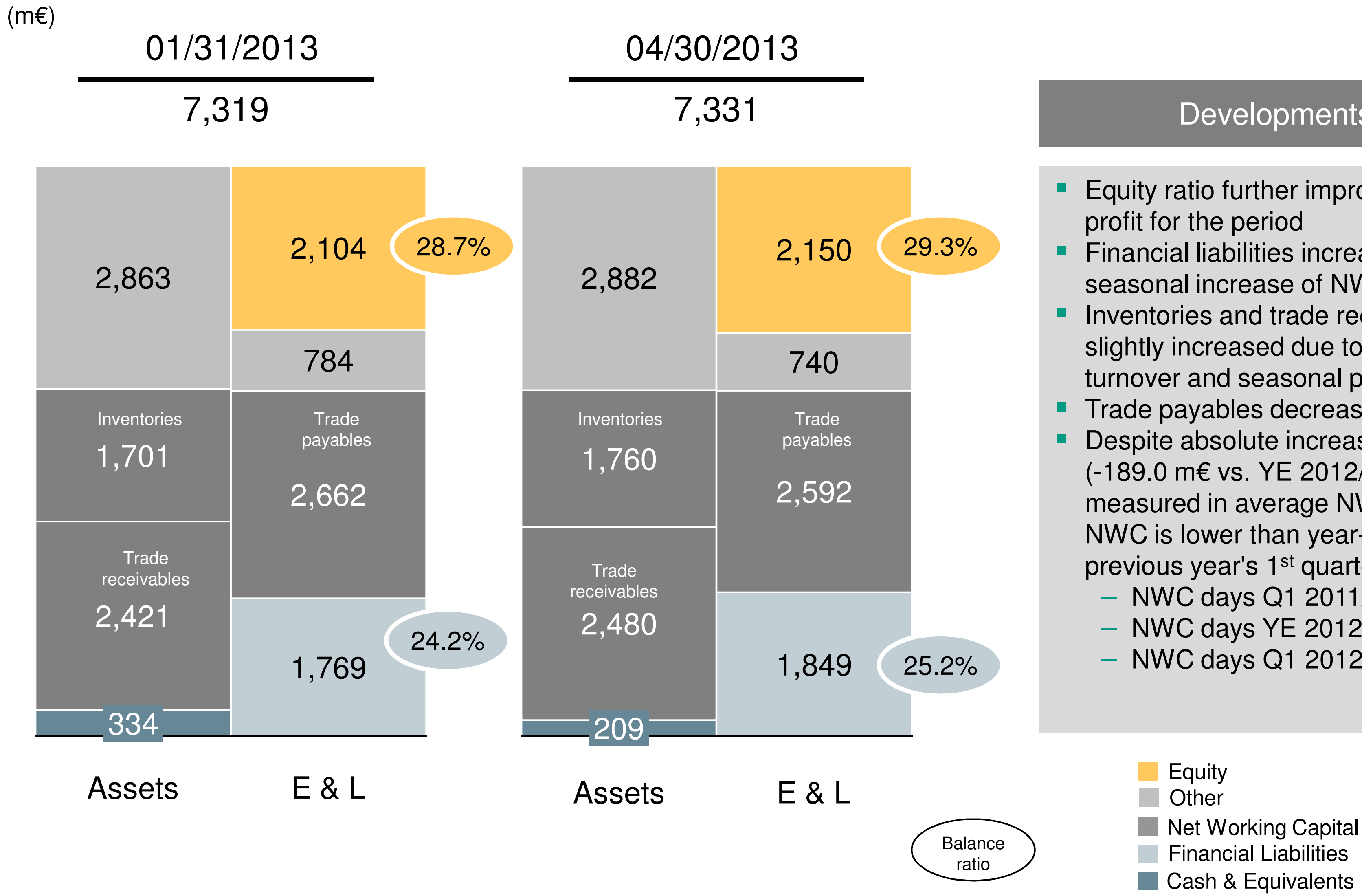
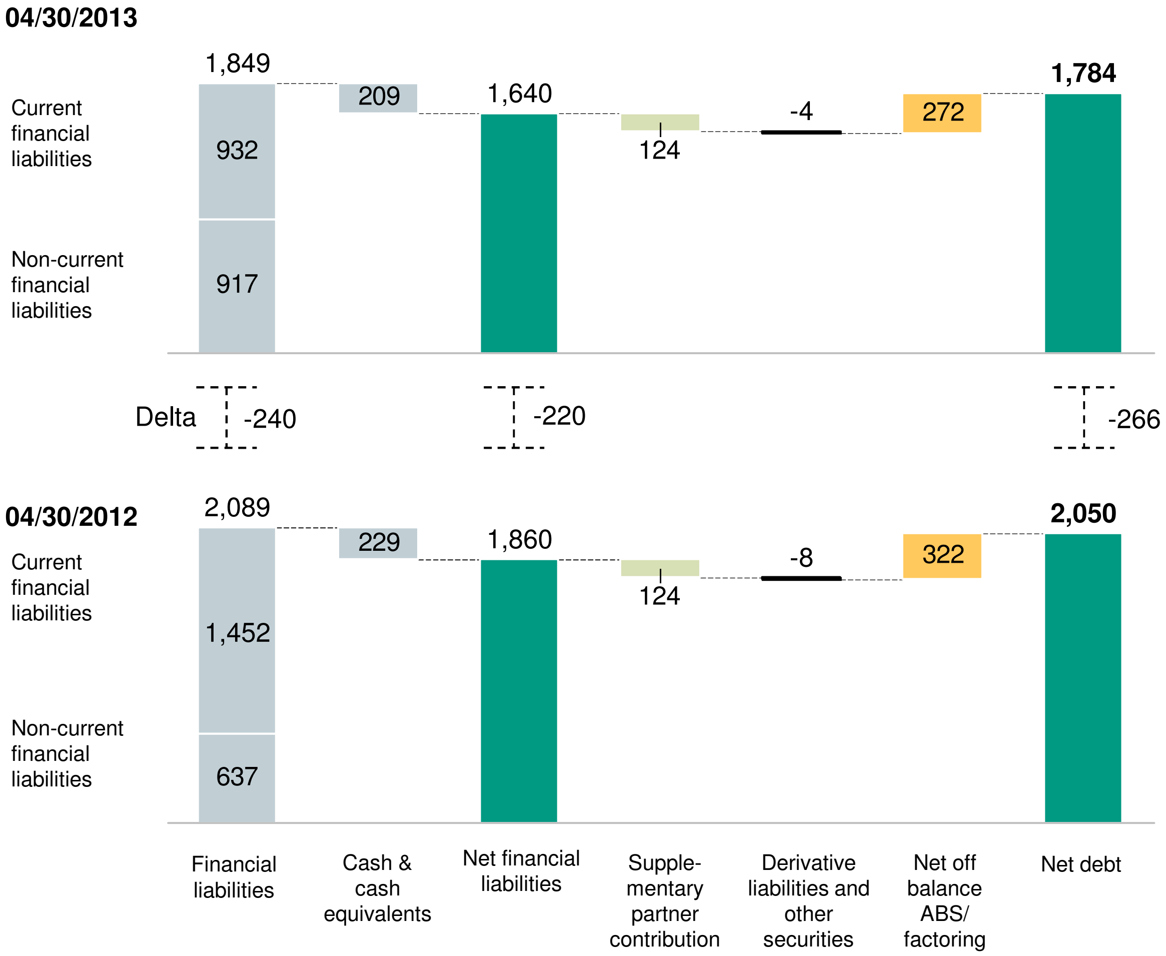


Developments

- Equity ratio further improved by profit for the period
- Financial liabilities increased due to seasonal increase of NWC
- Inventories and trade receivables slightly increased due to higher turnover and seasonal pattern
- Trade payables decreased
- Despite absolute increase of NWC (-189.0 m€ vs. YE 2012/13), measured in average NWC days, NWC is lower than year-end and previous year's 1st quarter:
  - NWC days Q1 2011/12: 38.6
  - NWC days YE 2012/13: 37.5
  - NWC days Q1 2012/13: 37.0

Net debt has significantly improved compared to previous year, again

(m€)



Developments

- Reclassification within financial liabilities due to new SFA (June 2012)
  - Tranche with 300 m€ for 4 years within long term liabilities
  - Revolving facility (max.1.05 bn€) as needed within short term liabilities
- Net debt reduction of 266 m€ compared to Q1 2012/13:
  - Reduction of net financial liabilities by 220 m€
  - Decrease of ABS/factoring by 50 m€

The renewal of the syndicated bank facilities improves the maturity profile

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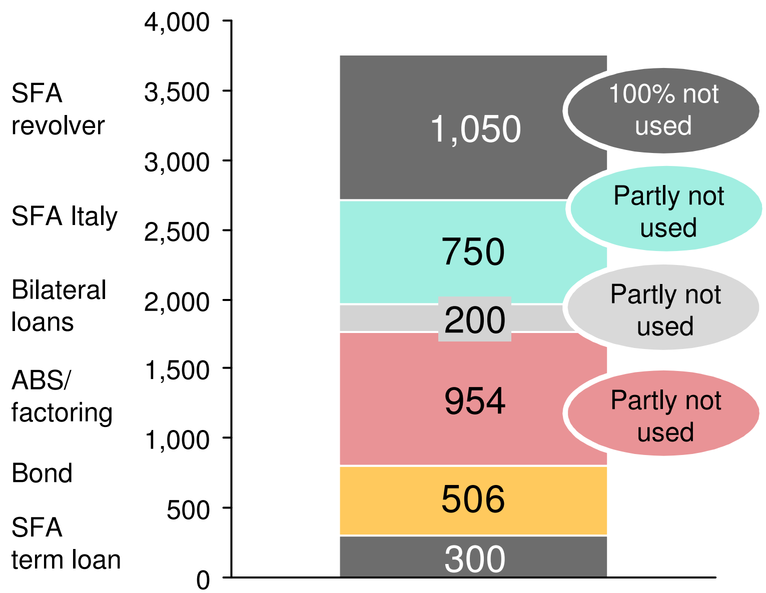
Financial facilities and headroom

(m€)

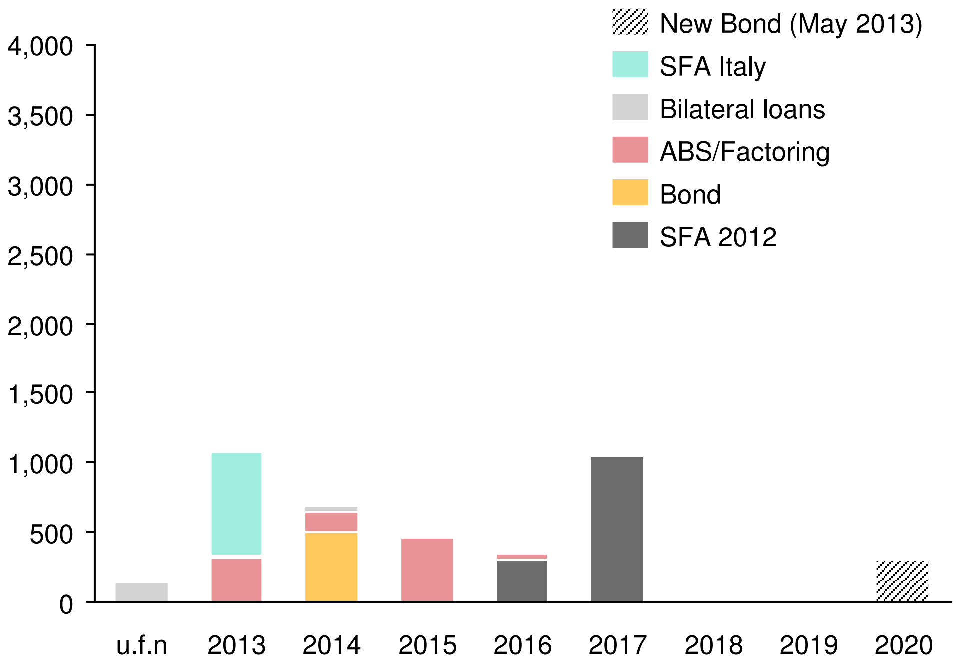
04/30/2013



Debt maturity profile

(m€)

04/30/2013



- Diversified financing structure
- Significant financial headroom and efficient utilisation of cash allowed reduction of credit lines

- Renewal of SFA extended the duration and better distributes the maturities
- ABS/factoring actively managed and extended to some parts

PHOENIX succesfully placed a new Bond in May 2013

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Targets	▪ Securing the historical low level of interest ▪ Further diversification of the maturity profile of the credit facilities ▪ Strengthening the presence of PHOENIX group at the capital markets
Key Facts	▪ Volume: 300 m€ ▪ Term: 7 years ▪ Interest: 3.125% p.a. with an initial yield of 3.25% p.a. ▪ Minimum invest: 100,000 € ▪ The issue was oversubscribed approximately 10 times. The order book contained an invest interest of around 3 bn€
Rating	▪ Both Standard & Poor’s and Fitch have assigned a rating of “BB” to the new bond ▪ This corresponds to the respective company rating and the rating for the bond that was issued in 2010

The active management of net working capital shows significant improvements

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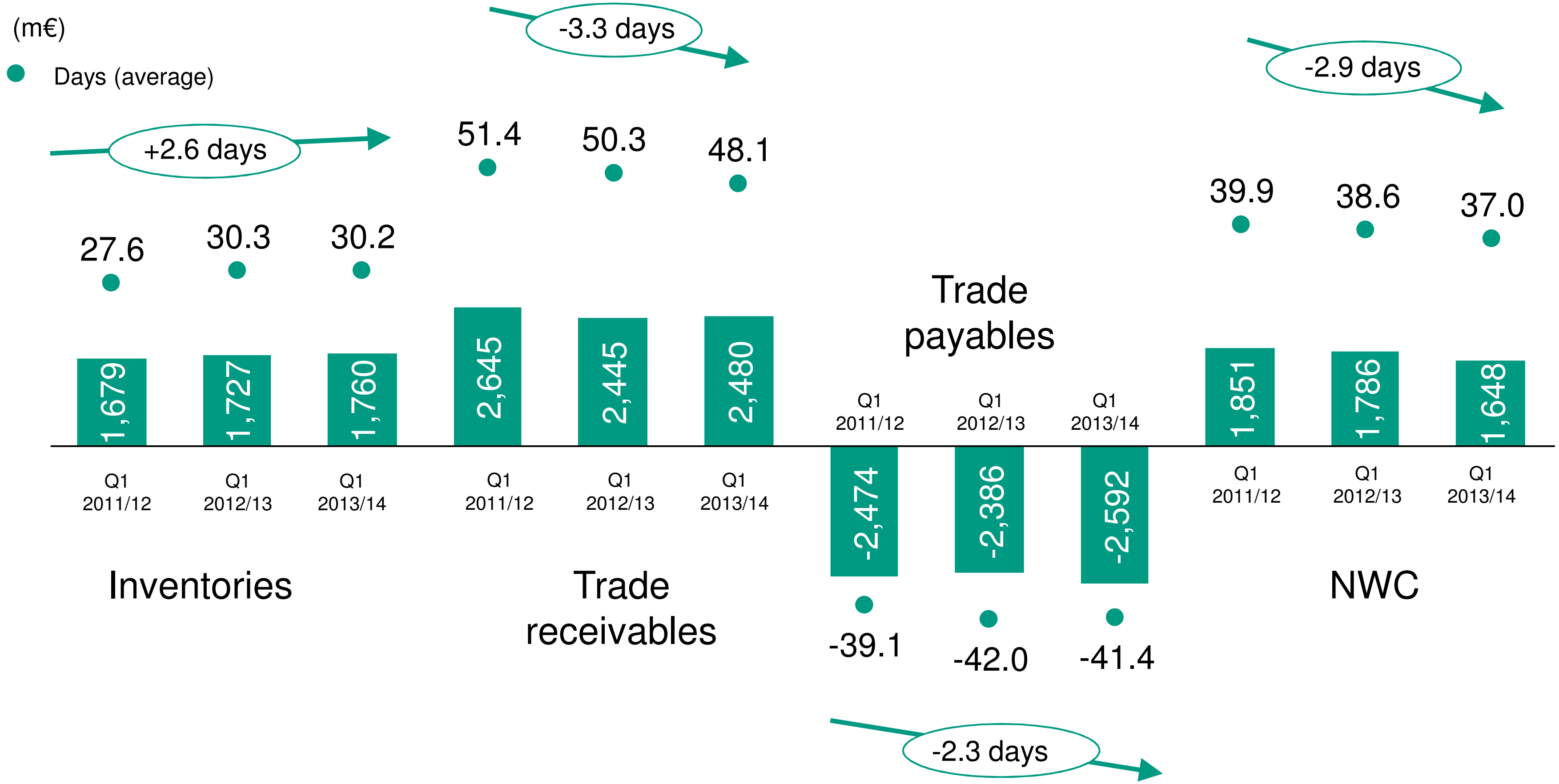

Key Achievements

- Slight increase in stock due to higher turnover
- Trade receivables in absolute figures on a comparable level despite higher turnover, but on a daily base improved
- Payables absolutely increased; on a daily base improved vs. previous year
- Overall, significantly improved NWC

- Balance sheet figures as externally reported
- Net working capital days: Average figures for the respective period; figures including ABS/factoring; may include rounding differences

Free cash flow development

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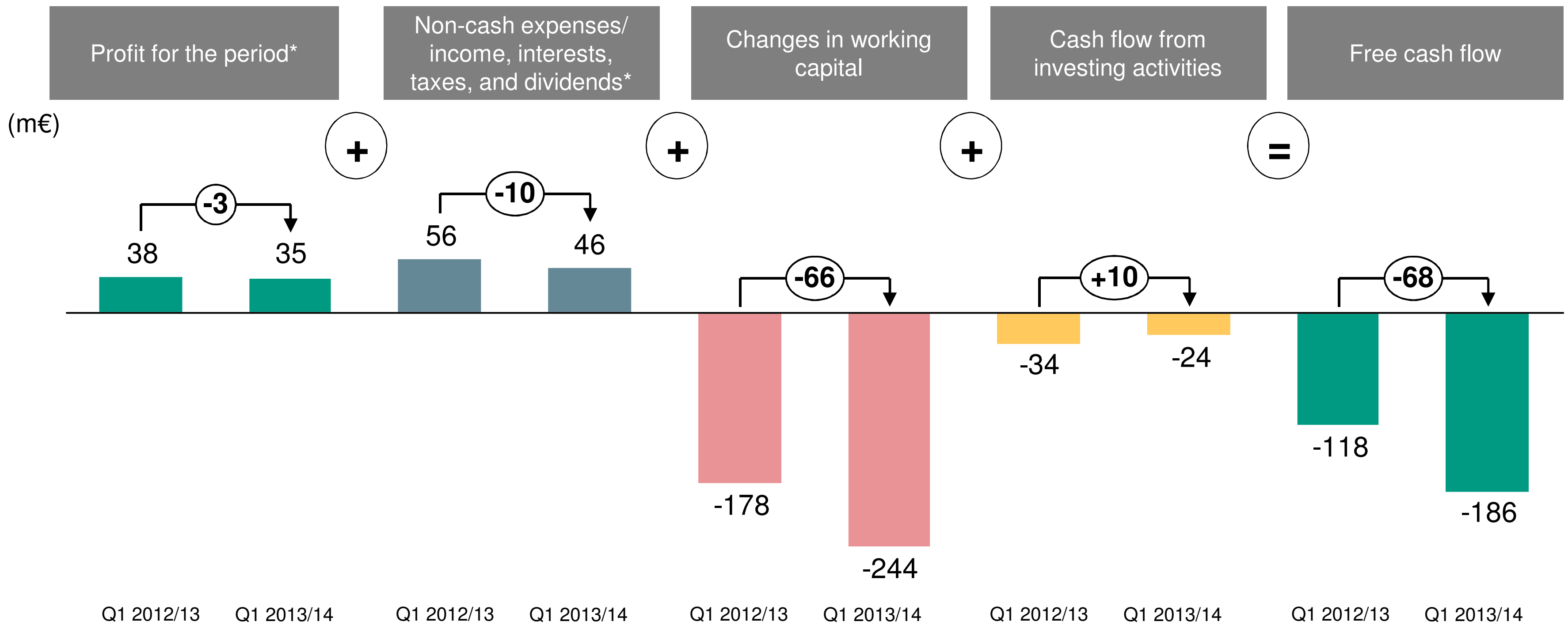


Cash flow development

- The cash flow before changes in working capital (column I + II) is slightly lower due to the lower level of EBITDA and a higher level of paid taxes
- Negative development within working capital (measured against year-end 2012/13 and year-end 2011/12) is driven by the different turnover development: Whereas in previous year the turnover reduction led especially to lower trade receivables, this year the turnover growth resulted in higher trade receivables, starting from a lower overall level at year-end 2012/13
- Cash flow from investing activities is slightly decreased due to lower investments in fixed assets and higher cash inflows from the disposal of fixed assets
- Compared to previous year's 1st quarter lower level of free cash flow

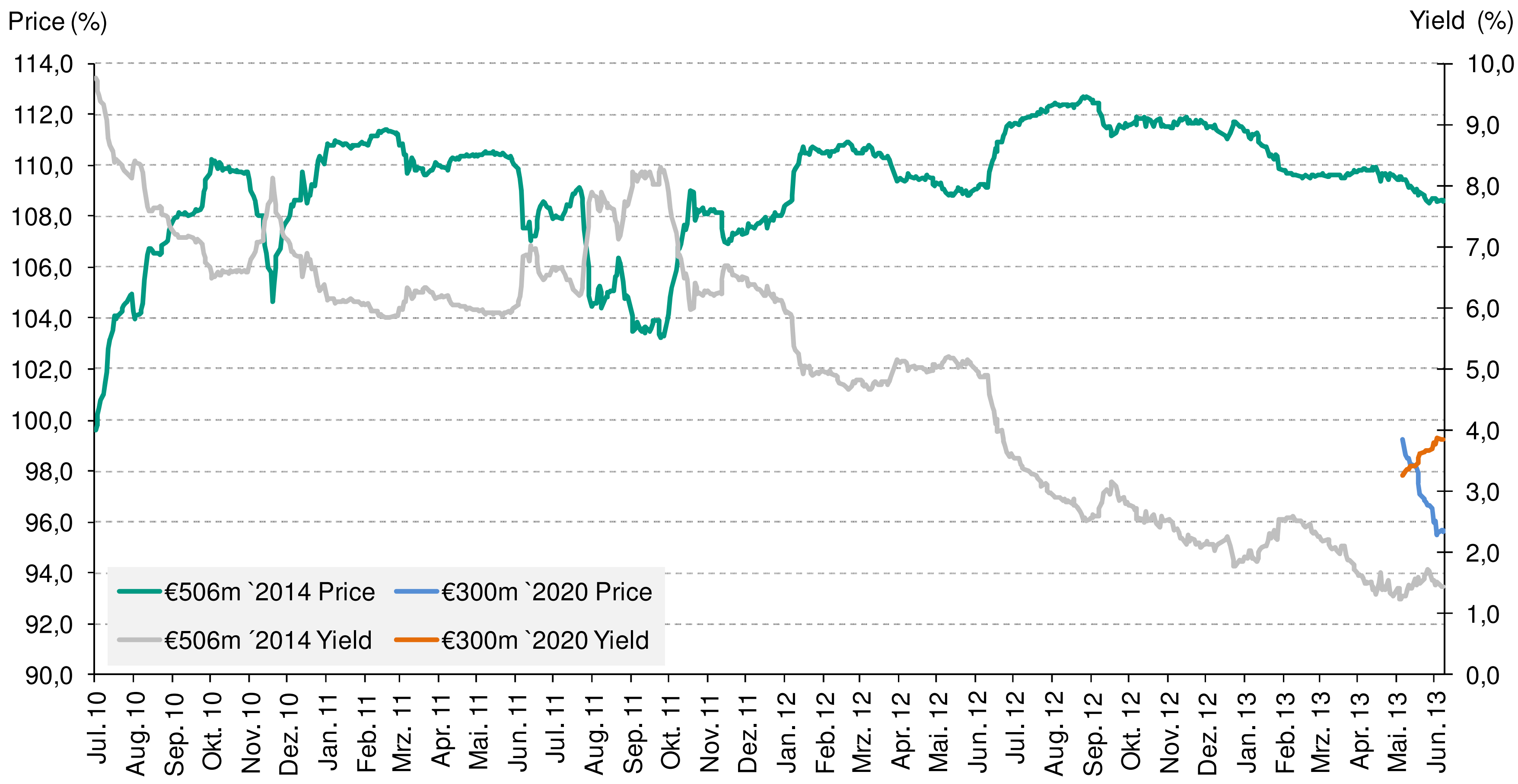
* Prior year restated due to the first-time adoption of IAS 19R

Summary: Development of key credit indicators

	01/31/2013	04/30/2013	Delta
Equity (in m€)	2,103.8	2,149.8	2.2%
Equity ratio	28.7%	29.3%	+0.6pp
Net debt (in m€)	1,611.5	1,784.0	10.7%
Gearing (Net debt/equity)	76.6%	83.0%	+6.4pp
	Q1 2012/13	**Q1 2013/14**	**Delta**
EBITDA (in m€)	130.3	106.1	-18.5%
EBITDA-margin	2.5%	2.0%	-0.5pp
Adjusted EBITDA (in m€)	136.5	111.3	-18.4%
Adj.-EBITDA-margin	2.6%	2.1%	-0.5pp
Net debt / adjusted EBITDA (LTM)	3.67	3.23	-12.0%
Interest coverage ratio ** (EBIT / Interest Expenses*)	2.6	2.4	-10.5%
Profit before tax (in m€) **	53.4	53.2	-0.3%
PBT-margin**	1.0%	1.0%	0.0pp
Profit after tax (in m€) **	37.9	35.3	-6.9%
PAT-margin **	0.7%	0.7%	0.0pp

* Interest expenses excluding fx-effects and other financial expenses
** Prior year restated due to the first-time adoption of IAS 19R

Developments of PHOENIX' bonds



Source: Bloomberg, 06/19/2013

The outperformance of the 1st PHOENIX bond is shown by the spread to the iBoxx high-yield index

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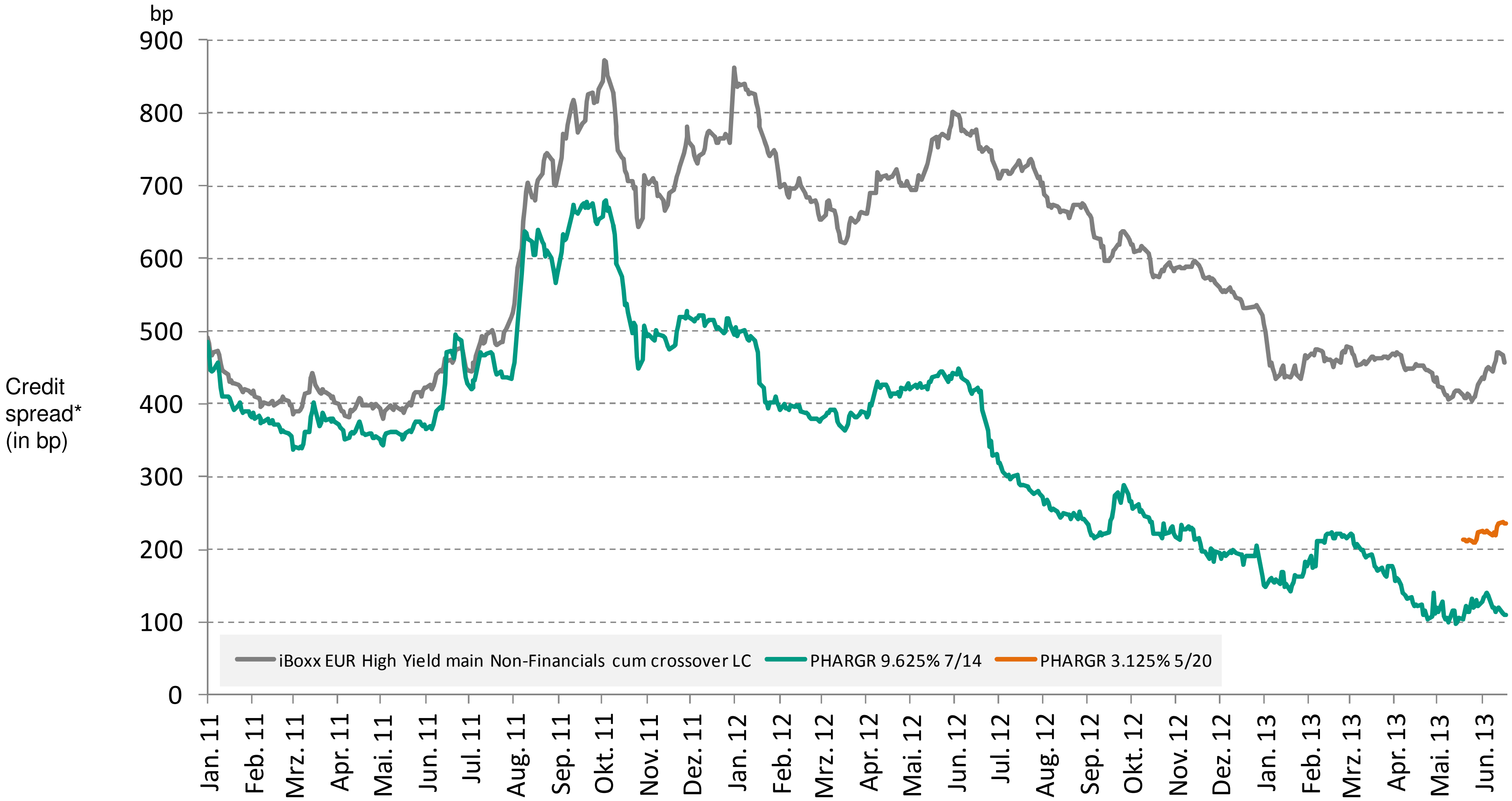

*Yield to maturity minus swap rate
Date 06/19/2013

Conservative and prudent financial policy

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Key messages	▪ Continuously improve the capital structure by reducing the level of indebtedness ▪ Aim to further strengthen the equity ratio by retaining profits in the medium term ▪ Maintain ratio of Net Debt to Adj. EBITDA of around 3.0x ▪ Long-term safeguarding of liquidity via well-balanced and diversified funding sources
Liquidity & Risk management	▪ Centralized group funding – Financing of subsidiaries through intra-group loans, except for local ABS/Factoring programs and for the total Italian subgroup ▪ Centralized cash pooling structure within PHOENIX group ▪ Well-diversified corporate financing structure ▪ Financial derivatives only used for hedging purposes, not for speculation
Growth strategy	▪ PHOENIX's growth strategy is focused on above market organic growth ▪ Profitable and financially sound add-on acquisitions may also be pursued, but only within a predefined acquisition budget

Our shareholder fully backs our financial policy

Financial outlook of PHOENIX group for the fiscal year 2013/14:

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- On the whole, we do not expect the pharmaceutical markets in Europe to record any growth in the fiscal year 2013/14
- Despite this current period of market weakness, we expect revenue to increase slightly in 2013/14, especially due to Germany, where we anticipate a tangible increase in revenue in 2013/14 after reporting a decline in 2012/13
- With regard to adjusted EBITDA, we do not expect to reach the 2012/13 level in the fiscal year 2013/14 on account of the unfavorable market environment
- Significant positive effects from the PHOENIX FORWARD program will most likely arise as of fiscal year 2014/15

Financial calendar 2013/14

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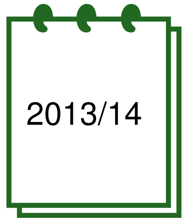
Reporting Event	Date
Results of the 1st half-year 2013/14	Tuesday, 09/24/2013
Results of the 3rd quarter 2013/14	Thursday, 12/19/2013



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