

**It is all about our most
valuable asset:**
health

**WE DELIVER HEALTH.
EACH AND EVERY DAY.
ACROSS EUROPE.**

The PHOENIX group is a leading healthcare provider in Europe, reliably supplying people with drugs and health products every day. The PHOENIX group originated from the merger of five regional pharmaceutical wholesale businesses in Germany in 1994. Today, with more than 37,000 employees, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare. The PHOENIX group's vision is to be the best integrated healthcare provider – wherever it is active. This means providing each customer group with the best possible products and services along the entire pharmaceutical supply chain.

In pharmaceutical wholesale, the PHOENIX group has 163 distribution centres in 27 European countries from which it supplies drugs and other health products to pharmacies and medical institutions. Numerous other products and services for pharmacy customers complete the portfolio – from assistance in advising patients to modern goods management systems to pharmacy cooperation programmes. The PHOENIX group's pharmacy network, with more than 13,500 independent pharmacies in the company's cooperation and partner programmes, is the largest of its kind in Europe. The PHOENIX Pharmacy Partnership acts as the Europe-wide umbrella for the PHOENIX group's 13 pharmacy cooperation programmes in 16 countries.

In pharmacy retail, the PHOENIX group operates more than 2,500 of its own pharmacies in 14 countries – of which around 1,400 operate under the corporate brand BENU. In addition to Norway, the United Kingdom, the Netherlands, and Switzerland, the company is also heavily represented in Hungary, the Czech Republic, Slovakia, Serbia, Montenegro, Romania and the Baltic markets. Our more than 19,000 pharmacy employees have around 150 million customer contacts each year. They dispense approximately 338 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.

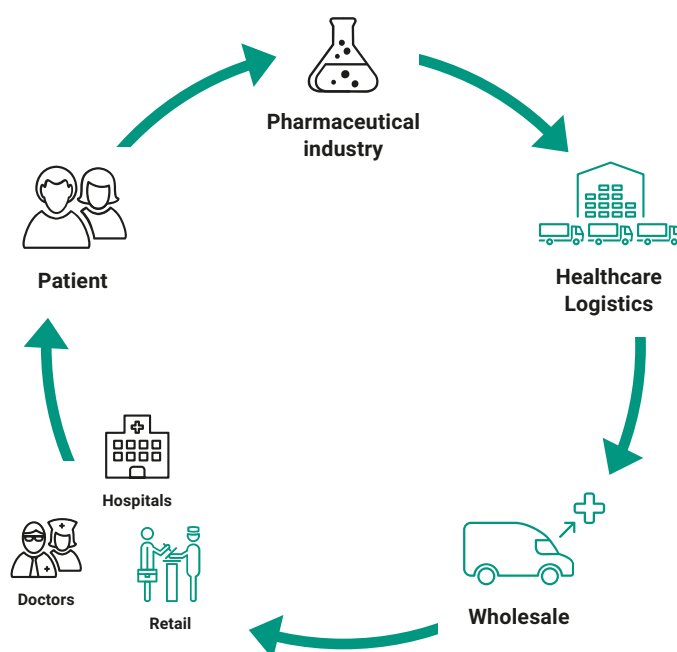
Pharma Services provides services along the entire pharmaceutical supply chain. The "All-in-One" concept stands for a comprehensive range of services that benefits drug manufacturers, pharmacies, and patients alike. The PHOENIX group takes on the entire distribution process for the pharmaceutical industry as desired and provides a first-class basis for decision-making with its business intelligence solutions.

**We have set ourselves
a challenging task.
There is a great deal
at stake. People's health
is what it is all about.**

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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 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 accompanied by the best possible customer service.

THE FIRST QUARTER AT A GLANCE

- Total operating performance and revenue increased again
- Significant increase in profit for the period compared to the prior-year period
- Further reduction in net debt compared to the first quarter 2018/19
- Forecast for 2019/20 confirmed

Key figures of the PHOENIX group *		1st quarter 2018/19	1st quarter 2019/20
Total operating performance	in EUR m	7,989.3	8,320.7
Revenue	in EUR m	6,194.3	6,559.4
Total income	in EUR m	653.9	709.0
Adjusted EBITDA	in EUR m	99.6	111.1
EBITDA	in EUR m	92.9	108.4
EBIT	in EUR m	59.1	73.3
Profit after tax	in EUR m	32.7	45.7

		30 April 2018	31 January 2019	30 April 2019
Equity	in EUR m	2,647.8	2,806.6	2,844.4
Equity ratio	in %	31.8	33.5	33.2
Net debt	in EUR m	2,016.8	1,432.6	1,793.5

* 2019/20: excluding IFRS 16

INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND ECONOMIC ENVIRONMENT

Development of the market

The European economy could continue its growth trend in the first quarter of 2019. In the eurozone, seasonally adjusted GDP increased by 1.2% in the first quarter of 2019 compared to the prior year's first quarter. In Germany, the seasonally and calendar adjusted GDP increased by 0.7% compared to the first quarter of 2017.

Overall, the European pharmaceutical markets continued their moderate growth trend in the first quarter of 2019. The German pharmaceutical market also showed growth. The total turnover of the German wholesale pharmaceutical market grew by 3.0% from January to April 2019 compared to the same period of the 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.

Acquisitions

In the first three months of 2019/20, business combinations led to a cash outflow of EUR 17.5m (comparative period: EUR 11.2m). The acquisitions mainly pertained to pharmacies in several countries.

Results of operations

The mandatory initial application of IFRS 16 "Leases" as of 1 February 2019 has a material impact on the consolidated financial statements of the PHOENIX group. The new standard requires payment obligations from existing operating leases to be discounted and recognised as lease liabilities; at the same time, a right-of-use asset is recognised. As a result, net debt increases. Lease payments in connection with operating leases were previously recognised as operating expenses. IFRS 16 requires to recognise depreciation charges on right-of-use assets and interest expenses on lease liabilities. This will increase EBITDA without any attendant change in the economic circumstances. In the statement of cash flows, the principal repayment portion of the lease payments from existing operating leases will reduce cash flow from financing activities and no longer affect cash flow from operating activities. The interest portion of the payments will remain in cash flow from operating activities.

IFRS 16 was applied using the modified retrospective approach. For this reason, prior-year comparative figures have not been restated. To facilitate comparability, the effects from IFRS 16 have been adjusted in the first three months of 2019/20:

EUR k	1st quarter 2018/19	1st quarter 2019/20 including IFRS 16	Impact of IFRS 16	1st quarter 2019/20 excluding IFRS 16	Change excluding IFRS 16	Change excluding IFRS 16 %
Revenue	6,194,284	6,558,073	1,317	6,559,390	365,106	5.9
Cost of purchased goods and services	-5,575,717	-5,886,947	0	-5,886,947	-311,230	5.6
Gross profit	618,567	671,126	1,317	672,443	53,876	8.7
Other operating income	35,375	36,864	-272	36,592	1,217	3.4
Personnel expenses	-343,651	-368,378	0	-368,378	-24,727	7.2
Other operating expenses	-217,722	-198,420	-33,802	-232,222	-14,500	6.7
Result from associates and joint ventures	377	-101	0	-101	-478	-126.8
Results from other investments	0	58	0	58	58	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	92,946	141,149	-32,757	108,392	15,446	16.6
Amortisation of intangible assets and depreciation of property, plant and equipment	-33,837	-63,302	28,247	-35,055	-1,218	3.6
Earnings before interest and taxes (EBIT)	59,109	77,847	-4,510	73,337	14,228	24.1
Financial result	-11,362	-16,850	6,169	-10,681	681	-6.0
Profit before tax	47,747	60,997	1,659	62,656	14,909	31.2
Income taxes	-15,040	-16,469	-448	-16,917	-1,877	12.5
Profit for the period	32,707	44,528	1,211	45,739	13,032	39.8

In the first three months of 2019/20, total operating performance, which comprises revenue and handled volume recognised as revenue but instead charged as a service fee, increased by 4.1% to EUR 8,320.7m. Adjusted for foreign exchange rate effects, total operating performance grew by 4.5%.

Revenue grew by EUR 365.1m (5.9%) to EUR 6,559.4m (comparative period: EUR 6,194.3m). The increase is mainly due to increased revenue in Western Europe, as well as in Eastern Europe as a result of the acquisition in Romania as of 31 July 2018. Adjusted for foreign exchange rate effects, revenue grew by 6.0%.

Gross profit increased by EUR 53.9m to EUR 672.4m. The gross profit margin came to 10.3% (comparative period: 10.0%).

Other operating income increased by EUR 1.2m to EUR 36.6m.

Personnel expenses increased by 7.2% to EUR 368.4m (comparative period: EUR 343.7m). This is mainly due to the impact of collective salary increases, acquisitions and the growth in business.

Other expenses rose by EUR 14.5m to EUR 232.2m, mainly due to increased transport costs and lease payments. In relation to revenue, other expenses came to 3.5% (comparative period: 3.5%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by EUR 15.4m to EUR 108.4m.

An EBITDA figure adjusted for interest from customers, expenses related to ABS and factoring and other non-recurring effects (adjusted EBITDA) came to EUR 111.1m and is calculated as follows:

EUR k	1st quarter 2018/19	1st quarter 2019/20 including IFRS 16	Impact of IFRS 16	1st quarter 2019/20 excluding IFRS 16	Change excluding IFRS 16	Change excluding IFRS 16 %
EBITDA	92,946	141,149	-32,757	108,392	15,446	16.6
Interest from customers	2,152	2,221		2,221	69	3.2
Factoring fees	351	380		380	29	8.3
Other non-recurring effects	4,126	102		102	-4,024	-97.5
Adjusted EBITDA	99,575	143,852	-32,757	111,095	11,520	11.6

Depreciation and amortisation came to EUR 35.1m and were slightly above the prior year's level.

The financial result came to EUR -10.7m and was EUR -11.4m in the comparative period, which is mainly due to an increased interest result.

The effective tax rate in the first three months of 2019/20 came to 27.0% and was 31.5% in the comparative period.

Profit after tax was EUR 45.7m (comparative period: EUR 32.7m) and increased by 39.8% versus the comparative period.

Net assets

The group's total assets increased by 11.8% to EUR 9,356.7m compared to 31 January 2019 due to the initial application of IFRS 16 and acquisitions. As of 30 April 2019, right-of-use assets of EUR 760.0m (31 January 2019: EUR 0.0m) were recognised. The currency translation difference on the total assets, which is presented in the statement of changes in equity, amounts to EUR –98.9m (31 January 2019: EUR –100.6m).

Compared to 31 January 2019, non-current assets increased – excluding IFRS 16 – by EUR 52.9m to EUR 3,055.2m. The increase is particularly related to intangible assets. The intangible assets contain goodwill in the amount of EUR 1,469.9m (31 January 2019: EUR 1,460.3m), which had risen due to acquisitions.

Inventories increased compared to 31 January 2019 by EUR 179.2m to EUR 2,480.3m. Besides acquisition effects, the increase is mainly due to seasonal fluctuation.

Trade receivables decreased by 0.3% to EUR 2,545.6m. As of 30 April 2019, receivables of EUR 293.3m (31 January 2019: EUR 302.4m) 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 177.0m had been sold as of 30 April 2019 (31 January 2019: EUR 169.2m). The group's continuing involvement came to EUR 8.8m (31 January 2019: EUR 8.5m).

Other current receivables and other current financial assets decreased from EUR 147.0m as of 31 January 2019 to EUR 137.1m and mainly include loans granted to customers of EUR 49.8m (31 January 2019: EUR 49.4m), as well as receivables from factoring and ABS transactions of EUR 49.9m (31 January 2019: EUR 58.7m).

Other current assets increased from EUR 135.4m as of 31 January 2019 to EUR 140.1m, among others, due to higher prepayments.

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

Financial position

Equity increased by EUR 37.6m compared to 31 January 2019. The equity ratio as of 30 April 2019 came – excluding IFRS 16 – to 33.2% (31 January 2019: 33.5%).

Cash flow from operating activities – excluding IFRS 16 – came to EUR –312.5m (comparative period: EUR –191.7m) which was largely affected by a higher increase of EUR 133.5m in working capital versus the comparative period. Cash flow from investing activities came to EUR –46.8m and was on prior-year's level.

Non-current financial liabilities came to EUR 1,487.9m (31 January 2019: EUR 662.3m). This item includes lease liabilities according to IFRS 16 of EUR 608.3m (31 January 2019: EUR 0.0m). Beyond that, non-current financial liabilities contain, among others, bonds of EUR 498.0m (31 January 2019: EUR 497.6m) and promissory note bonds of EUR 369.8m (31 January 2019: EUR 149.7m).



See the Consolidated Statement of Cash Flows (p. 15).

Current financial liabilities came to EUR 829.4m (31 January 2019: EUR 525.2m) and include lease liabilities according to IFRS 16 of EUR 165.4m (31 January 2019: EUR 0.0m). Beyond that, current financial liabilities contain, among others, liabilities to banks of EUR 295.6m (31 January 2019: EUR 137.5m), liabilities to related parties of EUR 0.2m (31 January 2019: EUR 19.8m), liabilities from ABS and factoring agreements in the amount of EUR 216.2m (31 January 2019: EUR 213.6m) as well as other loans amounting to EUR 119.9m (31 January 2019: EUR 116.2m).

According to the calculation below, net debt increased by EUR 360.9m compared to 31 January 2019 to EUR 1,793.5m (excluding IFRS 16).

	31 Jan. 2019	30 Apr. 2019 including IFRS 16	Impact of IFRS 16	30 Apr. 2019 excluding IFRS 16	Change excluding IFRS 16	Change excluding IFRS 16 %
EUR k						
+ Financial liabilities (non-current)	662,282	1,487,946	- 608,323	879,623	217,341	32.8
./ Derivative financial instruments (non-current)	- 187	- 178		- 178	9	- 4.8
+ Financial liabilities (current)	525,215	829,400	- 165,412	663,988	138,773	26.4
./ Derivative financial instruments (current)	- 5,733	- 3,261		- 3,261	2,472	- 43.1
./ Cash and cash equivalents	- 153,309	- 158,268		- 158,268	- 4,959	3.2
+ Receivables sold in the course of factoring and ABS transactions	463,065	461,513		461,513	- 1,552	- 0.3
./ Factoring receivables	- 24,412	- 25,351		- 25,351	- 939	3.8
./ Receivables from ABS programmes	- 34,316	- 24,535		- 24,535	9,781	- 28.5
Net debt	1,432,605	2,567,266	- 773,735	1,793,531	360,926	25.2

Trade payables decreased by EUR 143.7m to EUR 3,454.1m.

Overall, the PHOENIX group was able to underline its position in the first three months of 2019/20 as a leading healthcare provider in Europe.

RISKS AND OPPORTUNITIES

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 2018/19.

The risks and opportunities presented in that report are still essentially relevant.



www.phoenixgroup.eu/en/investor-relations/publications/annual-report-201819/

FORECAST

We anticipate a stable economic environment in 2019, with GDP in Germany and the eurozone expected to grow by around 1%.

We expect the pharmaceutical markets in Europe to record market growth of around 2.0% overall in 2019. In Germany, our largest market, we anticipate market growth of approximately 2.2%.

For fiscal year 2019/20, 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. We expect revenue growth in nearly all markets in which we are present.

For fiscal year 2019/20, we expect EBITDA to be up slightly on the level for 2018/19 (adjusted for effects from the first-time application of IFRS 16).

We expect a slight increase in the equity ratio (adjusted for effects from the first-time application of IFRS 16).

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the first quarter of 2019/20

As of 1 February 2019, the PHOENIX group has initially applied IFRS 16 using the modified retrospective method, meaning that prior-year periods have not been restated. Accordingly, comparability is very limited. To facilitate comparability, reference is made to the explanations in the interim group management report.

EUR k	1st quarter 2018/19	1st quarter 2019/20
Revenue	6,194,284	6,558,073
Cost of purchased goods and services	- 5,575,717	- 5,886,947
Gross income	618,567	671,126
Other operating income	35,375	36,864
Personnel expenses	- 343,651	- 368,378
Other operating expenses	- 217,722	- 198,420
Result from associates and joint ventures	377	- 101
Results from other investments	0	58
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	92,946	141,149
Amortisation of intangible assets and depreciation of property, plant and equipment	- 33,837	- 63,254
Impairment of intangible assets	0	- 48
Earnings before interest and taxes (EBIT)	59,109	77,847
Interest income	2,673	3,143
Interest expense	- 12,731	- 18,431
Other financial result	- 1,304	- 1,562
Financial result	- 11,362	- 16,850
Profit before income tax	47,747	60,997
Income tax	- 15,040	- 16,469
Profit for the period	32,707	44,528
thereof attributable to non-controlling interests	6,774	8,324
thereof attributable to equity holders of the parent company	25,933	36,204

	1st quarter 2018/19	1st quarter 2019/20
Profit for the period attributable to equity holders of PHOENIX Pharma SE in EUR k	25,933	36,204
Number of shares	2,515,200	2,628,293
Earnings per share in EUR	10.31	13.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the first quarter of 2019/20

As of 1 February 2019, the PHOENIX group has initially applied IFRS 16 using the modified retrospective method, meaning that prior-year periods have not been restated. Accordingly, comparability is very limited. To facilitate comparability, reference is made to the explanations in the interim group management report.

EUR k	1st quarter 2018/19	1st quarter 2019/20
Profit after tax	32,707	44,528
Items not reclassified to the income statement		
Remeasurement of defined benefit plans	- 814	- 5,671
Items that may subsequently be reclassified to the income statement		
Currency translation differences	- 1,348	1,665
Other comprehensive income, net of taxes	- 2,162	- 4,006
Total comprehensive income	30,545	40,522
thereof attributable to non-controlling interests	6,701	8,224
thereof attributable to owners of the parent company	23,844	32,298

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 30 April 2019

As of 1 February 2019, the PHOENIX group has initially applied IFRS 16 using the modified retrospective method, meaning that prior-year periods have not been restated. Accordingly, comparability is very limited. To facilitate comparability, reference is made to the explanations in the interim group management report.

ASSETS

EUR k	31 Jan. 2019	30 Apr. 2019
Non-current assets		
Intangible assets	1,837,805	1,869,343
Property, plant and equipment	993,060	1,738,284
Investment property	10,042	9,917
Investments in associates and joint ventures	7,220	5,996
Trade receivables	309	696
Other financial assets	88,071	122,406
Deferred tax assets	65,812	68,533
	3,002,319	3,815,175
Current assets		
Inventories	2,301,048	2,480,273
Trade receivables	2,552,312	2,544,929
Income tax receivables	36,231	45,484
Other financial assets	146,986	137,149
Other assets	135,444	140,052
Cash and cash equivalents	153,309	158,268
	5,325,330	5,506,155
Non-current assets held for sale	39,417	35,355
Total assets	8,367,066	9,356,685

EQUITY AND LIABILITIES

EUR k	31 Jan. 2019	30 Apr. 2019
Equity		
Issued capital	2,786	2,786
Capital reserves	961,106	961,106
Revenue reserves	1,837,523	1,874,316
Accumulated other comprehensive income	-259,984	-263,890
Equity attributable to the shareholders of the parent company	2,541,431	2,574,318
Non-controlling interests	265,119	269,872
	2,806,550	2,844,190
Non-current liabilities		
Financial liabilities	662,282	1,487,946
Trade payables	0	428
Provisions for pensions and similar obligations	256,914	261,544
Other non-current provisions	2,556	2,393
Deferred tax liabilities	116,672	117,694
Other non-current liabilities	1,452	1,393
	1,039,876	1,871,398
Current liabilities		
Financial liabilities	525,215	829,400
Trade payables	3,597,814	3,453,709
Other provisions	37,271	36,896
Income tax liabilities	32,406	30,138
Other liabilities	327,934	290,954
	4,520,640	4,641,097
Liabilities directly associated with assets held for sale	0	0
Total equity and liabilities	8,367,066	9,356,685

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first quarter of 2019/20

As of 1 February 2019, the PHOENIX group has initially applied IFRS 16 using the modified retrospective method, meaning that prior-year periods have not been restated. Accordingly, comparability is very limited. To facilitate comparability, reference is made to the explanations in the interim group management report.

EUR k	30 Apr. 2018	30 Apr. 2019
Profit after tax	32,707	44,528
Income taxes	15,040	16,469
Profit before income taxes	47,747	60,997
Adjustments for:		
Interest expenses and interest income	10,058	15,288
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	33,837	63,302
Result from associates and other investments	-377	43
Net result from the disposal of assets related to investing activities	212	100
Other non-cash expense and income	26,407	37,314
	117,884	177,044
Interest paid	-9,642	-12,666
Interest received	2,383	3,068
Income taxes paid	-18,640	-30,025
Dividends received	0	58
Result before change in assets and liabilities	91,985	137,479
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	-7,617	-8,249
Result before change in operating assets and liabilities	84,368	129,230
Change in inventories	-114,328	-186,683
Change in trade receivables	35,596	-13,915
Change in trade payables	-129,352	-149,782
	-208,084	-350,380
Change in other assets and liabilities not related to investing or financing activities	-67,944	-59,154
Change in operating assets and liabilities	-276,028	-409,534
Cash flow from operating activities	-191,660	-280,304

EUR k	30 Apr. 2018	30 Apr. 2019
Acquisition of consolidated companies and business units, net of cash acquired	- 11,174	- 17,527
Capital expenditures for intangible assets, property, plant and equipment, and investment property	- 35,084	- 34,779
Investment in other financial assets and non-current assets	- 300	- 2,500
Cash outflows for investments	- 46,558	- 54,806
Cash received from the sale of consolidated companies and business units, net of cash disposed	- 1,331	5
Cash received from disposal of intangible assets, property, plant and equipment and investment property	780	5,904
Proceeds from other financial assets and non-current assets	244	2,090
Cash inflows from realised investments and divestments	- 307	7,999
Cash flow from investing activities	- 46,865	- 46,807
Cash available for financing activities	- 238,525	- 327,111
Capital contribution from/repayment to non-controlling interests	0	642
Acquisition of additional shares in already consolidated subsidiaries	- 588	- 1,252
Dividends paid to non-controlling interests	- 2,292	- 3,305
Proceeds from bond issuance and bank loans	126,576	316,587
Repayment of bonds and bank loans	- 5,570	- 4,944
Change in bank loans which have a maturity period of 3 months or less	104,116	66,521
Proceeds from the issue of loans from shareholders in the parent company	97,070	0
Repayment of loans from shareholders in the parent company	- 60,680	- 74
Proceeds from the issue of loans from related parties	107,585	100,000
Repayment of loans from related parties	- 155,620	- 119,771
Change in ABS/Factoring	31,050	10,241
Change in finance lease	- 146	- 32,238
Change in other financial liabilities	- 2,676	- 659
Cash flow from financing activities	238,825	331,748
Changes in cash and cash equivalents	300	4,637
Effect of exchange rate changes on cash and cash equivalents	- 473	322
Cash and cash equivalents at the beginning of the period	106,223	153,309
Cash and cash at the end of the period	106,050	158,268
Less cash and cash equivalents included in assets held for sale	0	0
Cash and cash equivalents presented in the balance sheet at the end of the period	106,050	158,268

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the first quarter of 2019/20

EUR k	Issued capital	Capital reserves	Revenue reserves	Currency translation differences	IAS 39 available-for sale financial assets	Remeasurement of defined benefit plans	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity
1 February 2018	2,515	626,375	2,002,650	-98,569	12,809	-142,242	2,403,538	243,029	2,646,567
Initial application of IFRS 9			-12,309		-12,809		-25,118	-888	-26,006
1 February 2018 adjusted	2,515	626,375	1,990,341	-98,569	0	-142,242	2,378,420	242,141	2,620,561
Profit after tax			25,933				25,933	6,774	32,707
Accumulated other comprehensive income				-1,275	0	-814	-2,089	-73	-2,162
Total comprehensive income, net of tax			25,933	-1,275	0	-814	23,844	6,701	30,545
Changes in the interest of consolidated companies			-588				-588	-91	-679
Dividends							0	-2,575	-2,575
Other changes in equity			-78				-78	-1	-79
30 April 2018	2,515	626,375	2,015,608	-99,844	0	-143,056	2,401,598	246,175	2,647,773
1 February 2019	2,786	961,106	1,837,523	-100,617	0	-159,367	2,541,431	265,119	2,806,550
Initial application of IFRS 16			1,426				1,426	-408	1,018
1 February 2019 adjusted	2,786	961,106	1,838,949	-100,617	0	-159,367	2,542,857	264,711	2,807,568
Profit after tax			36,204				36,204	8,324	44,528
Accumulated other comprehensive income				1,765	0	-5,671	-3,906	-100	-4,006
Total comprehensive income, net of tax			36,204	1,765	0	-5,671	32,298	8,224	40,522
Changes in the interest of consolidated companies			-623				-623	-1,000	-1,623
Dividends								-3,403	-3,403
Other changes in equity			-214				-214	1,340	1,126
30 April 2019	2,786	961,106	1,874,316	-98,852	0	-165,038	2,574,318	269,872	2,844,190

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

as of 30 April 2019

The company

PHOENIX Pharmahandel SE, Mannheim, ("PHOENIX group") is a European healthcare provider and pharmaceuticals distribution group. The PHOENIX group has business activities in 27 European countries. In several countries, the PHOENIX group also operates its own pharmacy chains. The registered office is located in Mannheim, Germany.

Basis of presentation

The interim condensed consolidated financial statements of the PHOENIX group as of 30 April 2019 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 30 April 2019, as well as all mandatory interpretations of the International Financial Reporting Standards Interpretation Committee (IFRS IC).

The interim condensed consolidated financial statements as of 30 April 2019 of the PHOENIX group were released for publication by the Executive Board of PHOENIX Pharma SE on 14 June 2019.

Significant accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are – except where financial reporting standards have been applied for the first time in 2019/20 – essentially consistent with those used in the consolidated financial statements as of 31 January 2019. Standards and interpretations that are applicable since 1 February 2019 for the first time had the following impacts on the interim financial statements:

IFRS 16 Leases

IFRS 16 introduces a single accounting model for leases. Lessees are required to recognise assets for the right to use as well as leasing liabilities for the outstanding lease payments for all lease contracts. Hence, lessees are no longer required to classify their leases as either finance leases or operating leases. According to IFRS 16, a lessee may elect, for leases with a lease term of twelve months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognise a right-of-use asset and a lease liability. The PHOENIX group applies both recognition exemptions. In this respect, the lease payments will continue to be recognised in the income statement in the same way as before.

The lease liability is measured on the basis of the outstanding lease payments, discounted using the incremental borrowing rate. The right-of-use asset is basically measured at the amount of the lease liability plus any initial direct costs. During the lease term, the right-of-use asset is depreciated, and the lease liability is adjusted using the effective interest method and taking the lease payments into account. The right-of-use assets are recognised in the balance sheet under those items in which the assets underlying the lease would have been reported if they were owned by the PHOENIX group.

Lessor accounting essentially follows the previous rules of IAS 17. Lessors will still be required to continue to classify their leases as finance leases or operating leases on the basis of the risks and rewards incidental to ownership of the leased asset.

Due to the change in recognition of leases which have previously been classified as operating leases, EBITDA increased in the first three months of 2019/20 by EUR 32,757k, EBIT increased by EUR 4,510k, and the financial result decreased by EUR 6,169k. Total impact on profit before taxes amounts to EUR – 1,659k.

The PHOENIX group accounts for leases in accordance with IFRS 16 using the modified retrospective method, for the first time as of 1 February 2019. Prior-year periods have not been restated. The following practical expedients of IFRS 16 have been applied:

- For leases previously classified as operating leases according to IAS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at 1 February 2019. The respective right-of-use asset is generally recognised at an amount equal to the lease liability.
- An impairment test is not performed. Instead, a right-of-use asset is adjusted by the amount of any provision for onerous lease contracts recognised as at 31 January 2019.
- Leases for which the lease term ends at the latest on 31 January 2020 are generally recognised as short-term leases, regardless of their original lease term.
- Initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- If a lease contains a termination or extension option, current knowledge is given due consideration when determining the lease term.

The initial recognition of right-of-use assets and lease liabilities, as well as lease receivables for sub-leases to be classified as finance leases, had the following effects as of 1 February 2019:

- Right-of-use assets of EUR 767,811k were recognised in the opening balance sheet under property, plant and equipment.
- Lease liabilities of EUR 787,403k were recognised in the opening balance sheet and are reported under non-current and current financial liabilities.
- Non-current and current lease receivables of EUR 22,372k were recognised in the opening balance sheet for sub-leases to be classified as finance leases.
- The effect of initial application of IFRS 16 within equity was EUR 1,018k net of taxes.

Business combinations

The business combinations carried out in the first three months of 2019/20 are explained below. Purchase accounting is performed in accordance with the acquisition method pursuant to IFRS 3 "Business Combinations".

In fiscal year 2019/20, the cumulative profit after tax of the acquirees came to EUR 117k and revenue to EUR 3,657k. 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 4,688k. 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 108k.

The table below shows a summary of the fair values of acquisitions:

Fair value recognised upon acquisition

EUR k	Other
Cash and cash equivalents	8,368
Equity instruments	0
Acquisition-date fair value of previously held equity interest	1,332
Total cost	9,700
Intangible assets	41
Other non-current assets	799
Inventories	1,244
Trade receivables	1,180
Cash and cash equivalents	764
Other current assets	493
Non-current liabilities	107
Current liabilities	4,385
Net assets	29
Non-controlling interests	88
Net assets acquired	- 59
Bargain purchase	0
Goodwill	9,759

Other business combinations

In the first three months of 2019/20, the group acquired further pharmacies that are individually immaterial.

The goodwill arising on those acquisitions was allocated to the cash-generating units Norway (EUR 4,508k), Serbia (EUR 2,553k), Netherlands (EUR 2,409k) and Slovakia (EUR 289k) and is managed in the local functional currencies (NOK, RSD and EUR).

Non-controlling interests were recognised at the proportionate identifiable net assets in the acquirees.

The purchase price allocation takes into account all the information about facts and circumstances as of the acquisition date that was available until the preparation of these financial statements. If further facts or circumstances become known within the 12-month measurement period in accordance with IFRS 3, the purchase price allocation is adjusted accordingly.

Revenue

The table below shows a breakdown of revenue according to IFRS 15 based on the type of goods and services:

1st quarter 2018/19	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistics services	Other services	Other revenue	Total revenue according to IFRS 15
EUR k							
Gross revenue	6,415,357	25,648	18,720	7,939	27,813	29,890	6,525,367
Sales deductions	-331,076	0	-5	0	0	-2	-331,083
Revenue	6,084,281	25,648	18,715	7,939	27,813	29,888	6,194,284
thereof satisfaction of performance obligation at a point in time	6,084,281	23,730	16,749	7,429	27,813	22,098	6,182,100
thereof satisfaction of performance obligation over time	0	1,918	1,966	510	0	7,790	12,184

1st quarter 2019/20	Trade revenue	Revenue from commissions	Distribution fees and consignment warehouse fees	Other logistics services	Other services	Other revenue	Total revenue according to IFRS 15
EUR k							
Gross revenue	6,773,603	25,300	19,694	8,952	35,726	31,029	6,894,304
Sales deductions	-335,973	0	-5	-831	-3,539	-10	-340,358
Revenue	6,437,630	25,300	19,689	8,121	32,187	31,019	6,553,946
thereof satisfaction of performance obligation at a point in time	6,437,630	23,396	17,386	7,448	28,603	22,501	6,536,964
thereof satisfaction of performance obligation over time	0	1,904	2,303	673	3,584	8,518	16,982

Total revenue for the first quarter 2019/20 amounts to EUR 6,558,073k and includes revenue from leasing business according to IFRS 16 of EUR 4,127k.

Other operating expenses

Other operating expenses contain expenses in connection with ABS and factoring programmes of EUR 380k (comparative period: EUR 351k).

Financial result

EUR k	1st quarter 2018/19	1st quarter 2019/20
Interest income	2,673	3,143
Interest expenses	- 12,731	- 18,431
Other financial result	- 1,304	- 1,562
Financial result	- 11,362	- 16,850

Interest income includes interest from customers of EUR 2,221k (comparative period: EUR 2,152k).

The other financial result includes exchange rate gains of EUR 10,265k (comparative period: EUR 10,029k) and exchange rate losses of EUR 8,833k (comparative period: EUR 16,578k). Changes in the market value of derivatives gave rise to income of EUR 18,457k (comparative period: EUR 18,755k) and expenses of EUR 21,552k (comparative period: EUR 13,566k).

Other assets and other liabilities

EUR k	31 Jan. 2019	30 Apr. 2019
Prepayments	70,098	79,915
Tax claims – VAT and other taxes	46,111	31,975
Sundry other assets	19,235	28,162
Other assets	135,444	140,052

EUR k	31 Jan. 2019	30 Apr. 2019
VAT and other tax liabilities	109,002	64,597
Personnel liabilities	154,835	151,843
Liabilities relating to social security/similar charges	32,013	37,008
Contract Liabilities (IFRS 15)	16,009	21,609
Sundry other liabilities	16,075	15,897
Other liabilities	327,934	290,954

Other financial assets and other financial liabilities

The table below presents the non-current financial assets:

EUR k	31 Jan. 2019	30 Apr. 2019
Trade receivables	309	696
Other financial assets		
Equity and debt instruments	51,081	65,545
Other loans	25,951	27,328
Lease receivables	10,699	29,195
Other financial assets	340	338
	88,071	122,406

The table below presents the current financial assets:

EUR k	31 Jan. 2019	30 Apr. 2019
Trade receivables	2,552,312	2,544,929
Other financial assets		
Loans to and receivables from associates or related parties	1,660	248
Other loans	49,351	49,774
Derivative financial instruments	8,289	3,523
Lease receivables	2,800	8,148
Other financial assets	84,886	75,456
	146,986	137,149

The receivables from factoring and ABS transactions as of 30 April 2019 are presented below:

EUR k	31 Jan. 2019	30 Apr. 2019
Transferred but only partly derecognised receivables		
Receivables not derecognised in accordance with IFRS 9		
Volume of receivables	234,224	239,180
Financial liabilities	204,433	206,706
Continuing involvement		
Volume of receivables	169,164	176,978
Continuing involvement	8,514	8,812
Financial liabilities	9,174	9,482
Transferred and fully derecognised receivables		
Volume of receivables	302,415	293,347
Retentions of title	58,728	49,886

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

EUR k	31 Jan. 2019	30 Apr. 2019
Financial liabilities (non-current)		
Liabilities to banks	149,708	369,769
Bonds	497,631	497,958
Loans	252	254
Lease liabilities	2,510	608,430
Other financial liabilities	12,181	11,535
	662,282	1,487,946

EUR k	31 Jan. 2019	30 Apr. 2019
Financial liabilities (current)		
Liabilities to banks	137,482	295,628
Loans	116,242	119,982
Liabilities to associates and related parties	20,312	739
ABS and factoring liabilities	213,607	216,188
Lease liabilities	6,581	165,832
Other financial liabilities	30,991	31,031
	525,215	829,400

In connection with the loan agreements, it was agreed to comply with certain financial covenants, all of which were met in the first three months of 2019/20.

Other financial liabilities (non-current) contain non-current derivative financial instruments of EUR 178k (31 January 2019: EUR 187k).

Other financial liabilities (current) contain current derivative financial instruments of EUR 3,261k (31 January 2019: EUR 5,733k).

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:

30 April 2019	Category pursuant to IFRS 9					
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Outside the scope of IFRS 7	Carrying amount	Fair value
EUR k						
Assets						
Equity and debt instruments	0	65,545	0	0	65,545	65,545
Trade receivables	2,306,446	239,179	0	0	2,545,625	2,545,625
Loans to and receivables from associates or related parties	248	0	0	0	248	248
Other loans	77,102	0	0	0	77,102	78,084
Derivative financial assets without hedge accounting	0	3,523	0	0	3,523	3,523
Other financial assets	75,794	0	0	0	75,794	75,794
Lease receivables	0	0	37,343	0	37,343	n/a
Cash and cash equivalents	158,268	0	0	0	158,268	158,268

31 January 2019	Category pursuant to IFRS 9					
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Outside the scope of IFRS 7	Carrying amount	Fair value
EUR k						
Assets						
Equity and debt instruments	0	51,081	0	0	51,081	51,081
Trade receivables	2,318,397	234,224	0	0	2,552,621	2,552,621
Loans to and receivables from associates or related parties	1,660	0	0	0	1,660	1,660
Other loans	75,302	0	0	0	75,302	76,419
Derivative financial assets without hedge accounting	0	8,289	0	0	8,289	8,289
Other financial assets	85,226	0	0	0	85,226	85,226
Lease receivables	0	0	13,499	0	13,499	n/a
Cash and cash equivalents	153,309	0	0	0	153,309	153,309

Equity and debt instruments primarily contain shares in unlisted entities and participations in limited partnerships. Shares in listed entities are measured at the quoted price determined as of the reporting date. For other equity and debt instruments, the fair value is determined using a multiplier method (revenue multiple, level 3). This method uses individually derived multipliers between 0.54 and 1.39 (31 January 2019: between 0.54 and 1.39). A 10% increase in the multipliers would increase the value by EUR 5,299k (31 January 2019: EUR 5,299k); a 10% decrease in the multipliers would decrease the value by EUR 5,300k (31 January 2019: EUR 5,300k).

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:

30 April 2019	Category pursuant to IAS 39					
	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Outside the scope of IFRS 7	Carrying amount	Fair value
EUR k						
Financial liabilities						
Liabilities to banks	665,397	0	0	0	665,397	665,713
Bonds	497,958	0	0	0	497,958	522,930
Loans	120,236	0	0	0	120,236	120,236
Trade payables	3,454,137	0	0	0	3,454,137	3,454,137
Liabilities to associates and related parties	739	0	0	0	739	739
ABS and factoring liabilities	216,188	0	0	0	216,188	216,188
Other financial liabilities at cost	35,884	0	0	0	35,884	35,884
Other financial liabilities at fair value	0	3,243	0	0	3,243	3,243
Lease liabilities	0	0	774,262	0	774,262	n/a
Derivative financial liabilities without hedge accounting	0	3,439	0	0	3,439	3,439

31 January 2019	Category pursuant to IAS 39						
	EUR k	At amortised costs	At fair value through profit and loss	No category according to IFRS 9	Outside the scope of IFRS 7	Carrying amount	Fair value
Financial liabilities							
Liabilities to banks	287,190	0	0	0	287,190	287,569	
Bonds	497,631	0	0	0	497,631	520,834	
Loans	116,494	0	0	0	116,494	116,494	
Trade payables	3,597,814	0	0	0	3,597,814	3,597,814	
Liabilities to associates and related parties	20,312	0	0	0	20,312	20,312	
ABS and factoring liabilities	213,607	0	0	0	213,607	213,607	
Other financial liabilities at cost	30,245	0	0	0	30,245	30,245	
Other financial liabilities at fair value	0	7,007	0	0	7,007	7,007	
Lease liabilities	0	0	9,091	0	9,091	n/a	
Derivative financial liabilities without hedge accounting	0	5,920	0	0	5,920	5,920	

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

The PHOENIX group 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.

Financial instruments measured at fair value				
EUR k	Level 1	Level 2	Level 3	Total
30 April 2019				
Equity and debt instruments	0	0	65,545	65,545
Derivative financial assets without hedge accounting	0	3,523	0	3,523
Derivative financial liabilities without hedge accounting	0	3,439	0	3,439
Other financial liabilities	0	0	3,243	3,243

Financial instruments measured at fair value				
EUR k	Level 1	Level 2	Level 3	Total
31 January 2019				
Equity and debt instruments	0	0	51,081	51,081
Derivative financial assets without hedge accounting	0	8,289	0	8,289
Derivative financial liabilities without hedge accounting	0	5,920	0	5,920
Other financial liabilities	0	0	7,007	7,007

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

EUR k	Equity and debt instruments	Other financial liabilities
1 February 2019	51,081	7,007
Purchase	11,898	0
Sale of shares	0	0
New measurement (through profit or loss)	0	
Issues	2,500	0
Acquisitions	0	0
Remeasurement of contingent purchase price obligations (through profit or loss)	0	0
Payments due to acquisitions	0	-3,767
Other	66	3
30 April 2019	65,545	3,243

Contingent liabilities

As of 30 April 2019, the PHOENIX group recorded contingent liabilities for guarantees of EUR 86,823k (31 January 2019: EUR 86,258k).

Notes to the statement of cash flows

EUR k	31 Jan. 2019	30 Apr. 2019
Restricted cash		
Cash and cash equivalents at the end of the period	153,309	158,268
thereof restricted		
due to security deposits	9,050	7,042
due to restrictions placed upon foreign subsidiaries	17,884	15,120

Related party disclosures

Related parties granted PHOENIX group in the first three months of 2019/20 loans amounting to EUR 100,000k, of which EUR 100,000k were repaid during the reporting period and interest expenses of EUR 37k were incurred.

Related parties granted PHOENIX group in April 2019 promissory note bonds with a total nominal amount of EUR 220,000k, a term of 116 months, and an interest rate of 2.40%.

Due to the initial application of IFRS 16, lease liabilities to related parties of EUR 256k were recognised and interest expenses of EUR 1k were incurred.

Beyond that, the business relationships with related parties presented in the consolidated financial statements as of 31 January 2019 remained essentially unchanged in the first three months of 2019/20.

Mannheim, 14 June 2019

The Executive Board of PHOENIX Pharma SE

FINANCIAL CALENDAR 2019

Please consult our calendar for the most important announcement dates:

24 September Half-year report February to July 2019

16 December Quarterly report February to October 2019

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