

Quarterly Statement February to October 2020

The first nine months at a glance

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

Key figures of the PHOENIX group		1st nine months 2019/20	1st nine months 2020/21
Total operating performance	in EUR m	25,696.6	26,677.2
Revenue	in EUR m	20,106.4	20,981.7
Total income	in EUR m	2,156.4	2,252.3
Adjusted EBITDA	in EUR m	440.9	482.9
EBITDA	in EUR m	432.3	475.0
EBIT	in EUR m	239.8	270.3
Profit before tax	in EUR m	189.2	223.8
Profit after tax	in EUR m	137.2	166.5

		31 October 2019	31 January 2020	31 October 2020
Equity	in EUR m	2,906.2	2,832.4	2,875.1
Equity ratio	in %	30.3	29.9	29.3
Net debt	in EUR m	2,567.1	2,294.9	2,415.2

Business development

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

Results

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 9.9 per cent, or €42.7 million, to €475.0 million compared with the same period of the previous year. An EBITDA figure adjusted for interest from customers, expenses related to ABS and factoring, and other non-recurring effects (adjusted EBITDA) came to €482.9 million (comparative period: €440.9 million) and is calculated as follows:

EUR k	1st nine months 2019/20	1st nine months 2020/21	Change	Change in %
EBITDA	432,330	474,992	42,662	9.9
Interest from customers	7,101	6,694	-407	-5.7
Factoring fees	1,140	1,220	80	7.0
Non-recurring effects	363	0	-363	-100.0
Adjusted EBITDA	440,934	482,906	41,972	9.5

Profit for the period grew by 21.4 per cent, representing an increase of €29.3 million to €166.5 million.

Financial position

Equity rose by €42.7 million compared with 31 January 2020. The currency translation difference on total assets, which is presented within equity, amounted to €-147.8 million (31 January 2020: €-97.1 million). The equity ratio as at 31 October 2020 was 29.3 per cent (31 January 2020: 29.9 per cent).

Cash flow from operating activities came to €89.5 million (comparative period: €-85.3 million). Besides the higher profit for the period, this number was largely affected by a lower increase of €125.8 million in working capital compared with the same period of the previous year. Cash flow from investing activities amounted to €-137.5 million and was €-162.3 million in the comparative period.

According to the calculation below, net debt increased by €120.3 million compared with 31 January 2020 to €2,415.2 million:

EUR k	31 January 2020	31 October 2020	Change	Change in %
+ Financial liabilities (non-current)	1,229,148	1,510,284	281,136	22.9
- Derivative financial instruments (non-current)	-145	-107	38	-26.2
+ Financial liabilities (current)	899,181	902,663	3,482	0.4
- Derivative financial instruments (current)	-5,324	-1,710	3,614	-67.9
- Cash and cash equivalents	-246,846	-398,438	-151,592	61.4
+ Receivables sold in the course of factoring and ABS transactions	469,553	463,400	-6,153	-1.3
- Factoring receivables	-24,681	-24,270	411	-1.7
- Receivables from ABS programmes	-26,007	-36,643	-10,636	40.9
Net debt	2,294,879	2,415,179	120,300	5.2

Risks and opportunities

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

Forecast

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

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

We also expect a slight increase in the equity ratio.

Mannheim, 4 December 2020

The Executive Board of PHOENIX Pharma SE

Financial information
for the first nine months
2020/21

CONSOLIDATED INCOME STATEMENT

for the first nine months 2020/21

EUR k	3rd quarter 2019/20	3rd quarter 2020/21	1st nine months 2019/20	1st nine months 2020/21
Revenue	6,783,207	7,009,214	20,106,388	20,981,748
Cost of purchased goods and services	-6,100,311	-6,268,173	-18,060,571	-18,750,346
Gross profit	682,896	741,041	2,045,817	2,231,402
Other operating income	39,891	4,930	110,557	20,934
Personnel expenses	-372,481	-386,684	-1,113,805	-1,158,374
Other operating expenses	-207,736	-208,078	-610,904	-619,544
Result from associates and joint ventures	384	185	546	448
Result from other investments	61	0	119	126
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	143,015	151,394	432,330	474,992
Amortisation of intangible assets and depreciation of property, plant and equipment	-64,830	-69,503	-192,576	-204,643
Earnings before interest and taxes (EBIT)	78,185	81,891	239,754	270,349
Interest income	3,790	2,782	9,903	8,889
Interest expenses	-18,748	-17,479	-57,169	-51,790
Other financial result	-1,369	-1,260	-3,270	-3,673
Financial result	-16,327	-15,957	-50,536	-46,574
Profit before tax	61,858	65,934	189,218	223,775
Income taxes	-17,648	-12,459	-52,035	-57,286
Profit for the period	44,210	53,475	137,183	166,489
thereof attributable to non-controlling interests	6,815	7,073	25,037	23,880
thereof attributable to owners of the parent company	37,395	46,402	112,146	142,609

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 October 2020

ASSETS

EUR k	31 January 2020	31 October 2020
Non-current assets		
Intangible assets	1,813,605	1,818,495
Property, plant and equipment	1,733,419	1,675,748
Investment property	11,744	10,476
Investments in associates and joint ventures	6,272	6,048
Trade receivables	589	352
Other financial assets	113,074	108,026
Deferred tax assets	77,382	97,790
	3,756,085	3,716,935
Current assets		
Inventories	2,561,829	2,644,474
Trade receivables	2,624,818	2,736,839
Income tax receivables	21,359	30,430
Other financial assets	121,728	131,105
Other assets	134,285	158,293
Cash and cash equivalents	246,846	398,438
	5,710,865	6,099,579
Non-current assets held for sale	19,786	10,018
Total assets	9,486,736	9,826,532

EQUITY AND LIABILITIES

EUR k	31 January 2020	31 October 2020
Equity		
Issued capital	2,786	2,786
Capital reserves	961,106	961,106
Revenue reserves	1,832,009	1,974,609
Accumulated other comprehensive income	-243,456	-349,594
Equity attributable to the shareholders of the parent company	2,552,445	2,588,907
Non-controlling interests	279,979	286,213
	2,832,424	2,875,120
Non-current liabilities		
Financial liabilities	1,229,148	1,510,284
Trade payables	435	301
Provisions for pensions and similar obligations	224,320	279,720
Other non-current provisions	3,556	3,550
Deferred tax liabilities	125,921	131,775
Other non-current liabilities	1,142	1,787
	1,584,522	1,927,417
Current liabilities		
Financial liabilities	899,181	902,663
Trade payables	3,768,529	3,708,766
Other provisions	48,465	42,788
Income tax liabilities	35,371	34,978
Other liabilities	318,244	334,800
	5,069,790	5,023,995
Liabilities directly associated with assets held for sale	0	0
Total equity and liabilities	9,486,736	9,826,532

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first nine months 2020/21

EUR k	31 October 2019	31 October 2020
Profit after tax	137,183	166,489
Income taxes	52,035	57,286
Profit before income taxes	189,218	223,775
Adjustments for:		
Interest expenses and interest income	47,266	42,901
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	192,576	204,643
Result from associates and other investments	-665	-574
Net result from the disposal of assets related to investing activities	-2,384	109
Other non-cash expense and income	55,878	58,007
	481,889	528,861
Interest paid	-55,902	-49,710
Interest received	9,126	8,784
Income taxes paid	-52,000	-55,994
Dividends received	244	307
Result before change in assets and liabilities	383,357	432,248
Changes in assets and liabilities, net of effects of changes in the scope of consolidation and other non-cash transactions:		
Change in non-current provisions	-24,993	-24,784
Result before change in operating assets and liabilities	358,364	407,464
Change in inventories	-239,679	-124,086
Change in trade receivables	-183,005	-166,544
Change in trade payables	66,276	-3,409
	-356,408	-294,039
Change in other assets and liabilities not related to investing or financing activities	-87,305	-23,909
Change in operating assets and liabilities	-443,713	-317,948
Cash flow from operating activities	-85,349	89,516
Acquisition of consolidated companies and business units, net of cash acquired	-52,561	-14,460
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-125,490	-133,159
Investment in other financial assets and non-current assets	-2,500	-308
Cash outflows for investments	-180,551	-147,927

EUR k	31 October 2019	31 October 2020
Cash received from the sale of consolidated companies and business units, net of cash disposed	2,278	1,045
Cash received from disposal of intangible assets, property, plant and equipment and investment property	12,428	8,391
Proceeds from other financial assets and non-current assets	3,559	1,037
Cash inflows from realised investments and divestments	18,265	10,473
Cash flow from investing activities	-162,286	-137,454
Cash available for financing activities	-247,635	-47,938
Capital contribution from/repayment to non-controlling interests	642	-285
Acquisition of additional shares in already consolidated subsidiaries	-1,245	-364
Proceeds from disposal of interests in subsidiaries without loss of control	324	0
Dividends paid to non-controlling interests	-17,120	-15,442
Proceeds from bond issuance and bank loans	284,534	621,387
Repayment of bonds and bank loans	-31,637	-361,136
Change in bank loans which have a maturity period of 3 months or less	72,435	86,084
Repayment of loans from shareholders in the parent company	-19,874	0
Proceeds from the issue of loans from related parties	103,130	0
Repayment of loans from related parties	-100,220	0
Change in ABS / Factoring	10,999	-19,378
Change in finance lease	-91,964	-92,267
Change in other financial liabilities	177	-16,509
Cash flow from financing activities	210,181	202,090
Changes in cash and cash equivalents	-37,454	154,152
Effect of exchange rate changes on cash and cash equivalents	807	-2,560
Cash and cash equivalents at the beginning of the period	153,309	246,846
Cash and cash equivalents at the end of the period	116,662	398,438
Cash and cash equivalents presented in the balance sheet at the end of the period	116,662	398,438

Investor Relations

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Financial calendar

27 May 2021: Annual Report 2020/21
24 June 2021: Quarterly Statement February to April 2021
23 September 2021: Half-year Report February to July 2021
16 December 2021: Quarterly Statement February to October 2021

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

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