

Quarterly Statement February to April 2020

The first quarter at a glance

- Significant increase in total operating performance and revenue as a result of the coronavirus pandemic
- Profit after tax higher than in previous year
- Further reduction in net debt compared to the first quarter 2019/20
- Expansion of pharmacy network in Romania through acquisition of Ecofarmacia Network SRL

Key figures of the PHOENIX group		1st quarter 2019/20	1st quarter 2020/21
Total operating performance	in EUR m	8,319.4	9,224.9
Revenue	in EUR m	6,558.1	7,244.2
Total income	in EUR m	708.0	772.9
Adjusted EBITDA	in EUR m	143.9	172.0
EBITDA	in EUR m	141.1	168.9
EBIT	in EUR m	77.8	101.2
Profit before tax	in EUR m	61.0	82.6
Profit after tax	in EUR m	44.5	58.8

		30 April 2019	31 January 2020	30 April 2020
Equity	in EUR m	2,844.2	2,832.4	2,834.0
Equity ratio	in %	30.4	29.9	29.2
Net debt	in EUR m	2,567.3	2,294.9	2,420.2

Business development

The PHOENIX group continued its growth in the first quarter of 2020/21 (February to April 2020). The coronavirus pandemic led to an increased demand for medicines in March 2020. As a result, total operating performance, which comprises revenue and handled volume not recognised as revenue but instead charged as a service fee, rose by 10.9 per cent to €9.2 billion. Adjusted for foreign exchange rate effects, total operating performance grew by 12.0 per cent. The healthcare provider, which is active in 27 European countries, saw its revenue grow by €0.7 billion (10.5 per cent) to €7.2 billion. Adjusted for foreign exchange rate effects, revenue grew by 11.5 per cent. In April 2020, revenue declined compared with the corresponding comparative period.

Results

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 19.6 per cent, or €27.7 million, to €168.9 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 €172.0 million (comparative period: €143.9 million) and is calculated as follows:

EUR k	1st quarter 2019/20	1st quarter 2020/21	Change	Change in %
EBITDA	141,149	168,882	27,733	19.6
Interest from customers	2,221	2,651	430	19.4
Factoring fees	380	420	40	10.5
Non-recurring effects	102	0	-102	-100.0
Adjusted EBITDA	143,852	171,953	28,101	19.5

Profit for the period grew by 32.1 per cent, representing an increase of €14.3 million to €58.8 million.

Financial position

Equity rose by €1.6 million compared to 31 January 2020. The currency translation difference on total assets, which is presented within equity, amounted to €-132.9 million (31 January 2020: €-97.1 million). The equity ratio as of 30 April 2020 was 29.2 per cent (31 January 2020: 29.9 per cent).

Cash flow from operating activities came to €-43.6 million (comparative period: €-280.3 million). Besides the higher profit for the period, this number was largely affected by a lower increase of €202.9 million in working capital compared with the same period of the previous year. Cash flow from investing activities amounted to €-49.5 million and was €-46.8 million in the comparative period.

According to the calculation below, net debt increased by €125.3 million compared with 31 January 2020 to €2,420.2 million:

EUR k	31 January 2020	30 April 2020	Change	Change in %
+ Financial liabilities (non-current)	1,229,148	1,209,131	-20,017	-1.6
- Derivative financial instruments (non-current)	-145	-125	20	-13.8
+ Financial liabilities (current)	899,181	1,006,268	107,087	11.9
- Derivative financial instruments (current)	-5,324	-1,535	3,789	-71.2
- Cash and cash equivalents	-246,846	-214,080	32,766	-13.3
+ Receivables sold in the course of factoring and ABS transactions	469,553	468,675	-878	-0.2
- Factoring receivables	-24,681	-24,361	320	-1.3
- Receivables from ABS programmes	-26,007	-23,805	2,202	-8.5
Net debt	2,294,879	2,420,168	125,289	5.5

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, 9 June 2020

The Executive Board of PHOENIX Pharma SE

Financial information
for the first quarter
2020/21

CONSOLIDATED INCOME STATEMENT

for the first quarter 2020/21

EUR k	1st quarter 2019/20	1st quarter 2020/21
Revenue	6,558,073	7,244,213
Cost of purchased goods and services	-5,886,947	-6,477,750
Gross profit	671,126	766,463
Other operating income	36,864	6,429
Personnel expenses	-368,378	-392,635
Other operating expenses	-198,420	-211,588
Result from associates and joint ventures	-101	176
Result from other investments	58	37
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	141,149	168,882
Amortisation of intangible assets and depreciation of property, plant and equipment	-63,302	-67,673
Earnings before interest and taxes (EBIT)	77,847	101,209
Interest income	3,143	3,390
Interest expenses	-18,431	-17,831
Other financial result	-1,562	-4,132
Financial result	-16,850	-18,573
Profit before tax	60,997	82,636
Income taxes	-16,469	-23,882
Profit for the period	44,528	58,754
thereof attributable to non-controlling interests	8,324	8,568
thereof attributable to owners of the parent company	36,204	50,186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 30 April 2020

ASSETS

EUR k	31 January 2020	30 April 2020
Non-current assets		
Intangible assets	1,813,605	1,814,279
Property, plant and equipment	1,733,419	1,693,092
Investment property	11,744	11,451
Investments in associates and joint ventures	6,272	5,991
Trade receivables	589	359
Other financial assets	113,074	110,051
Deferred tax assets	77,382	90,894
	3,756,085	3,726,117
Current assets		
Inventories	2,561,829	2,796,465
Trade receivables	2,624,818	2,678,844
Income tax receivables	21,359	16,534
Other receivables and other financial assets	121,728	118,826
Other assets	134,285	156,617
Cash and cash equivalents	246,846	214,080
	5,710,865	5,981,366
Non-current assets held for sale	19,786	14,680
Total assets	9,486,736	9,722,163

EQUITY AND LIABILITIES

EUR k	31 January 2020	30 April 2020
Equity		
Issued capital	2,786	2,786
Capital reserves	961,106	961,106
Revenue reserves	1,832,009	1,881,375
Accumulated other comprehensive income	-243,456	-297,826
Equity attributable to the shareholders of the parent company	2,552,445	2,547,441
Non-controlling interests	279,979	286,573
	2,832,424	2,834,014
Non-current liabilities		
Financial liabilities	1,229,148	1,209,131
Trade payables	435	1,735
Provisions for pensions and similar obligations	224,320	237,590
Other non-current provisions	3,556	3,556
Deferred tax liabilities	125,921	128,775
Other non-current liabilities	1,142	1,338
	1,584,522	1,582,125
Current liabilities		
Financial liabilities	899,181	1,006,268
Trade payables	3,768,529	3,885,542
Other provisions	48,465	43,760
Income tax liabilities	35,371	39,127
Other liabilities	318,244	331,327
	5,069,790	5,306,024
Liabilities directly associated with assets held for sale	0	0
Total equity and liabilities	9,486,736	9,722,163

CONSOLIDATED STATEMENT OF CASH FLOWS

for the first quarter 2020/21

EUR k	30 April 2019	30 April 2020
Profit after tax	44,528	58,754
Income taxes	16,469	23,882
Profit before income taxes	60,997	82,636
Adjustments for:		
Interest expenses and interest income	15,288	14,441
Amortisation/depreciation/impairment/write-ups of intangible assets, property, plant and equipment and investment property	63,302	67,673
Result from associates and other investments	43	-213
Net result from the disposal of assets related to investing activities	100	741
Other non-cash expense and income	37,314	27,163
	177,044	192,441
Interest paid	-12,666	-11,638
Interest received	3,068	3,317
Income taxes paid	-30,025	-12,104
Dividends received	58	36
Result before change in assets and liabilities	137,479	172,052
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	-8,249	-9,011
Result before change in operating assets and liabilities	129,230	163,041
Change in inventories	-186,683	-267,328
Change in trade receivables	-13,915	-90,315
Change in trade payables	-149,782	156,796
	-350,380	-200,847
Change in other assets and liabilities not related to investing or financing activities	-59,154	-5,809
Change in operating assets and liabilities	-409,534	-206,656
Cash flow from operating activities	-280,304	-43,615
Acquisition of consolidated companies and business units, net of cash acquired	-17,527	-10,939
Capital expenditures for intangible assets, property, plant and equipment, and investment property	-34,779	-42,046
Investment in other financial assets and non-current assets	-2,500	-308
Cash outflows for investments	-54,806	-53,293

EUR k	30 April 2019	30 April 2020
Cash received from the sale of consolidated companies and business units, net of cash disposed	5	555
Cash received from disposal of intangible assets, property, plant and equipment and investment property	5,904	2,605
Proceeds from other financial assets and non-current assets	2,090	636
Cash inflows from realised investments and divestments	7,999	3,796
Cash flow from investing activities	-46,807	-49,497
Cash available for financing activities	-327,111	-93,112
Capital contribution from/capital repayment to non-controlling interests	642	0
Acquisition of additional shares in already consolidated subsidiaries	-1,252	0
Dividends paid to non-controlling interests	-3,305	-2,088
Proceeds from bond issuance and bank loans	316,587	429
Repayment of bonds and bank loans	-4,944	-30,940
Change in bank loans which have a maturity period of 3 months or less	66,521	117,252
Repayment of loans from shareholders in the parent company	-74	0
Proceeds from the issue of loans from related parties	100,000	0
Repayment of loans to related parties	-119,771	0
Change in ABS/factoring liabilities	10,241	21,187
Change in finance lease liabilities	-32,238	-28,332
Change in other financial liabilities	-659	-15,698
Cash flow from financing activities	331,748	61,810
Changes in cash and cash equivalents	4,637	-31,302
Effect of exchange rate changes on cash and cash equivalents	322	-1,464
Cash and cash equivalents at the beginning of the period	153,309	246,846
Cash and cash equivalents at the end of the period	158,268	214,080
Cash and cash equivalents presented in the balance sheet at the end of the period	158,268	214,080

Investor Relations

PHOENIX group
Pfungstweidstraße 10-12
68199 Mannheim, Germany

Karsten Loges

Head of Corporate Finance and Asset Management
Phone +49 621 8505-741
k.loges@phoenixgroup.eu

Publisher

Maren Holoda

Head of Corporate Communications
Phone +49 621 8505-8593
m.holoda@phoenixgroup.eu

Jacob-Nicolas Sprengel

Senior Manager Corporate Communications
Phone +49 621 8505-8502
j.sprengel@phoenixgroup.eu

Financial calendar

24 September 2020: Half-year Report February to July 2020

17 December 2020: Quarterly Statement February to October 2020

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.