

INTERIM STATEMENT Q3

2020

Dermapharm Holding SE



GROUP RESULTS AT A GLANCE

		9M 2020	9M 2019
Revenue	EUR million	577.2	517.6
Adjusted EBITDA*	EUR million	139.0*	133.1*
Adjusted EBITDA margin*	%	24.1*	25.7*
Unadjusted EBITDA	EUR million	131.5	124.6
Unadjusted EBITDA margin	%	22.8	24.1
Operating result	EUR million	99.4	87.0
EBT	EUR million	90.3	82.6
Consolidated net profit	EUR million	61.6	58.7
Earnings per share	EUR	1.14	1.09

		30 September 2020	30 September 2019
Total assets	EUR million	1,221.3	1,015.7
Equity	EUR million	303.5	265.4
Equity ratio	%	24.9	26.1
Cash and cash equivalents	EUR million	105.5	67.9
Net debt	EUR million	540.9	490.0

* 9M 2020 EBITDA was adjusted for non-recurring expenses and provisions amounting to EUR 7.5 million
9M 2019 EBITDA was adjusted for non-recurring expenses and provisions amounting to EUR 8.5 million

2020 Financial calendar

LETTER TO THE SHAREHOLDERS

*Dear ladies and gentlemen,
dear shareholders,*

In the first nine months of financial 2020, we successfully maintained our growth trend, all the while systematically implementing our three-pillar strategy of developing products in-house, continuing our international expansion and successfully acquiring companies.

In September 2020, we also signed a cooperation and supply agreement for the production of the COVID-19 vaccine BNT 162b2 with BioNTech SE.

Following a successful first half of the year, we continued growing in the third quarter, increasing our consolidated revenue by 11.5% to EUR 577.2 million in the first nine months of financial year 2020 as compared to the same period of the previous year. At the same time, adjusted EBITDA increased by 4.4% to EUR 139.0 million. Thus, the adjusted EBITDA margin amounted to 24.1%.

The COVID-19 pandemic has also dramatically altered the environment in which Dermapharm operates. However, in the first nine months of financial year 2020 we successfully navigated this dynamic environment by systematically exploiting opportunities in certain submarkets to balance out risks elsewhere. This allowed us to again further expand our core business revolving around branded pharmaceuticals and other healthcare products in the third quarter. We leveraged the higher demand in preparations designed to strengthen the immune system with Dekristol®, our most important product. We generated record earnings in Germany with bite away®, our hyperthermic medical device. However, the product's launch on the US market was curbed considerably by the pandemic and the temporary lockdown. Our highly flexible production capacities in Germany meant that we could at all times meet the demand for our products and avoid supply bottlenecks.

Dermapharm's growth was primarily driven by the acquisition of Allergopharma as well as organic growth. We expect to generate significantly higher revenue and be more profitable in the second half of the year as this is when patients who suffer from allergies typically begin their desensitisation therapies. Our international activities also contributed to our strong earnings in the first nine months of the year. Dekristol® has been a runaway hit in Poland, Austria and Ukraine since being brought to market in those countries. Our export business with food supplements in China has also grown dynamically since the previous year.

Our "Parallel import business" segment faced a challenging market environment. The growth in OTC products and anaesthetics could do little to offset the drop in demand for high-margin travel medications and vaccines in the wake of the COVID-19 pandemic.

Euromed's revenue remained virtually level year on year despite lower demand for herbal extracts in the B2B segment, especially in Spain and the United States. We are nevertheless optimistic that Euromed will find its feet and reach some of its 2020 growth targets.

We are thrilled to have signed cooperation and supply agreement for the production of the COVID-19 vaccine BNT 162b2 with BioNTech SE. Within no time at all, we created the production capacities needed in Germany for formulating, filling and packaging the vaccine and have already obtained official authorisation to manufacture the vaccine. We have thus laid the groundwork to assist BioNTech in the global fight against the pandemic once the vaccine is approved. By quickly adapting our production capacities to manufacture the vaccine, we have demonstrated that we can leverage our broad and flexible operations in Germany to hone in on and rapidly respond to market changes and seize the resulting opportunities.

With a mix of high-growth and stable products which doctors and pharmacies use as standard therapies, we have a market presence with an attractive and diverse portfolio. We are thus optimistic about what lies ahead in the fourth quarter and the coming 2021 financial year. Taking into account Allergopharma and our robust core business, we therefore confirm the forecast that had been published along with the half-yearly figures for financial year 2020 and continue to expect revenue to increase by 12–15% and adjusted EBITDA to rise by 8–10% as compared to the previous year. In the interests of our shareholders, the Board of Management of Dermapharm will continue to concentrate on maintaining our profitable growth trend and expanding our solid market position as a leading manufacturer of off-patent branded pharmaceuticals in selected markets.

Grünwald, November 2020

The Board of Management

Dr Hans-Georg Feldmeier
Chief Executive Officer

Hilde Neumeyer
Chief Financial Officer

Dr Jürgen Ott
Chief Marketing Officer

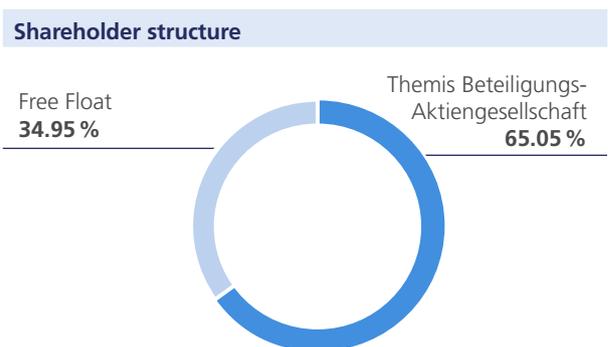
Karin Samusch
Chief Business
Development Officer

SHARE INFORMATION



General information	
German Securities Code (WKN)	A2GS5D
ISIN	DE000A2GS5D8
Ticker symbol	DMP
Type of shares	No-par value ordinary bearer shares
Initial listing	9 February 2018
Number of shares	53.84 million
Stock exchanges	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
Analysts	Charlotte Friedrichs, Joh. Berenberg, Gossler & Co. KG Daniel Wendorff, Commerzbank AG Dennis Berzhanin, Pareto Securities AS
Designated Sponsors	Joh. Berenberg, Gossler & Co. KG Commerzbank AG Mainfirst Bank AG

The shares at a glance (XETRA)	
High (9 October 2020)	EUR 49.90
Low (20 December 2018)	EUR 21.62
Closing price (30 October 2020)	EUR 41.70
Trading volume (9 February 2018 to 30 October 2020; average number of shares)	35,981 shares



Information based on voting rights notifications received pursuant to German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") as at 15 October 2020

REPORT ON ECONOMIC POSITION

1. Course of business

Overall, Dermapharm Holding SE (together with its consolidated subsidiaries referred to as "Dermapharm" or the "Group") performed in line with expectations in the first nine months of 2020. This was accomplished thanks to the systematic expansion of our product portfolio through the introduction of new products developed in-house for selected niche markets, organic growth and the successful integration of the companies acquired in the current and previous years.

In addition, our growing international presence and the expansion of in-house production capacities also helped in achieving the corporate goals in the first nine months.

Consolidated revenue increased by 11.5 % to EUR 577.2 million as compared to the prior-year period (9M 2019: EUR 517.6 million). At the same time, adjusted EBITDA increased by 4.4 % to EUR 139.0 million (9M 2019: EUR 133.1 million). Unadjusted EBITDA amounted to EUR 131.5 million, representing a 5.5 % increase (9M 2019: EUR 124.6 million).

The adjusted EBITDA margin amounted to 24.1 % (9M 2019: 25.7 %). The unadjusted EBITDA margin amounted to 22.8 % (9M 2019: 24.1 %).

The overall performance in the first nine months of 2020 has underscored the fact that Dermapharm's business model has proven robust even in the face of the COVID-19 pandemic.

Acquisition of Allergopharma GmbH & Co. KG

Under the purchase agreement dated 19 February 2020, Dermapharm acquired Allergopharma GmbH & Co. KG, which is registered in Reinbek near Hamburg and specialises in allergy desensitisation products, via its subsidiary Dermapharm Beteiligungs GmbH, which was newly formed in connection with this acquisition. Allergopharma had previously been a subsidiary of Merck KGaA, Darmstadt.

Allergopharma has more than 50 years' of experience in researching and treating allergies. Allergopharma specialises in subcutaneous hyposensitisation and is one of Europe's market leaders in this field, offering a wide product range with high-dosage, hypoallergenic preparations, known as allergoids. The portfolio also includes a large selection of allergens for diagnostic testing. Allergopharma markets its products in 18 countries. The company uses its own sales force and external partners to market its products abroad.

The closing date was 31 March 2020. After official approval was obtained, the deal for the sales unit in China was closed on 31 August 2020.

Branded pharmaceuticals and other healthcare products

In the "Branded pharmaceuticals and other healthcare products" segment, Dermapharm significantly increased revenue by 20.2 % to EUR 331.9 million (9M 2019: EUR 276.2 million). This increase was based mainly on greater demand for our products, which because of the COVID-19 pandemic focused in particular on the therapeutic areas "vitamins/minerals/enzymes" for boosting immune systems and the "systemic corticoids" which have an anti-inflammatory effect and help to weaken immune responses. Furthermore, this year's acquisition of Allergopharma contributed to the growth in revenue. Thus far, Dermapharm has not been affected by API supply bottlenecks since the outbreak of the pandemic.

Adjusted EBITDA increased by 9.1 % to EUR 124.2 million as compared to the prior-year period (9M 2019: EUR 113.8 million). The segment's adjusted EBITDA margin amounted to 37.4 % (9M 2019: 41.2 %).

Unadjusted EBITDA rose to EUR 118.9 million (9M 2019: EUR 108.9 million). The segment's unadjusted EBITDA margin amounted to 35.8 % (9M 2019: 39.4 %).

Parallel import business

Revenue for the parallel import business rose by 2.4 % to EUR 189.6 million (9M 2019: EUR 185.1 million). The increase was due mainly to increased demand for reimported originator preparations, which Dermapharm was able to service thanks to its intact supply capability and proactive inventory process.

EBITDA for this segment declined by 13.9 % to EUR 6.2 million (9M 2019: EUR 7.2 million). The segment's EBITDA margin decreased accordingly in the first nine months of 2020 to 3.3 % (9M 2019: 3.9 %). The lower margin was due primarily to the decrease in demand for high-margin travel medications and vaccines as a result of the COVID-19 pandemic.

Herbal extracts

In the "Herbal extracts" segment, Euromed contributed EUR 55.7 million to revenue in 9M 2020 (9M 2019: EUR 56.3 million). The segment saw weaker demand due to the impact of the COVID-19 pandemic, particularly in Spain and the United States.

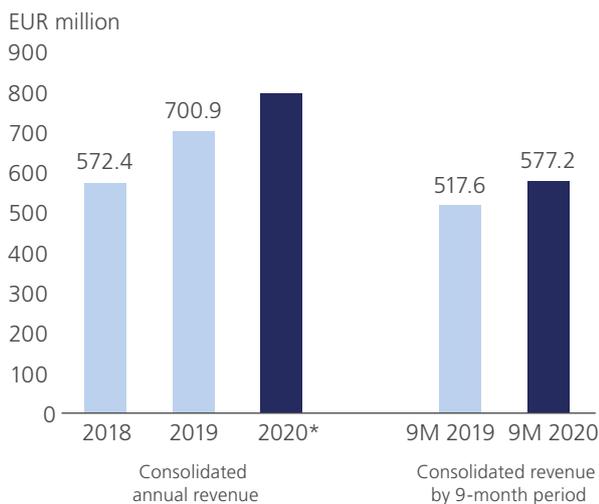
The segment's contribution to adjusted EBITDA, taking into account the negative result from investment in the FYTA Group, which was accounted for using the equity method, amounted to EUR 12.8 million (9M 2019: EUR 16.2 million) and was below our expectations. Accordingly, the segment's adjusted EBITDA margin amounted to 23.0 % (9M 2019: 28.8 %).

Unadjusted EBITDA decreased to EUR 10.6 million (9M 2019: EUR 12.6 million). The segment's unadjusted EBITDA margin amounted to 19.0 % (9M 2019: 22.4 %).

2. Revenue and earnings performance

Revenue trend

Annual and 9M comparison of revenue trend

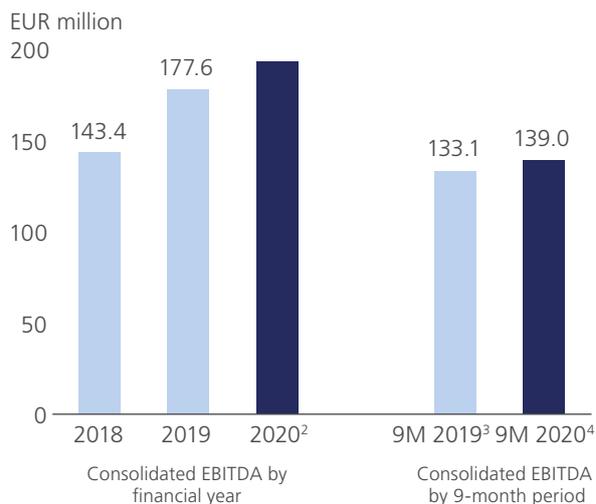


* Estimated revenue for the year within growth forecast of 12 % and 15 % (excluding effects of COVID-19 pandemic and the acquisition of Allergopharma).

- Revenue in 9M 2020 amounted to EUR 577.2 million, up significantly year on year by 11.5% (9M 2019: EUR 517.6 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Annual and 9M comparison of EBITDA growth¹



¹ Adjusted for non-recurring expenses.

² Estimated EBITDA trend within forecast of 8 % and 10 % (excluding effects of COVID-19 pandemic and the acquisition of Allergopharma).

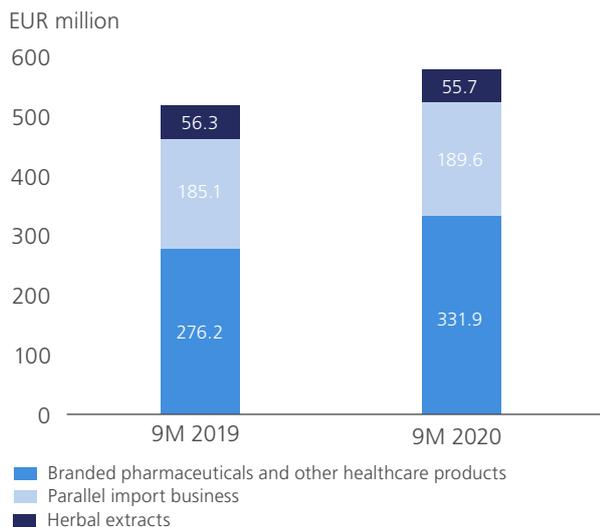
³ 9M 2019 EBITDA was adjusted for non-recurring expenses amounting to EUR 8.5 million.

⁴ 9M 2020 EBITDA adjusted by non-recurring expenses of EUR 5.3 million in connection with the acquisition of Allergopharma and by non-recurring expenses of EUR 2.2 million for the purchase price allocation (IFRS 3) of FYTA.

- Dermapharm increased its adjusted consolidated EBITDA by 4.4% year on year to EUR 139.0 million in 9M 2020 (9M 2019: EUR 133.1 million). This resulted in a 24.1 % adjusted EBITDA margin.
- At the same time, unadjusted EBITDA increased from EUR 124.6 million to EUR 131.5 million. This corresponds to a 22.8 % unadjusted EBITDA margin.

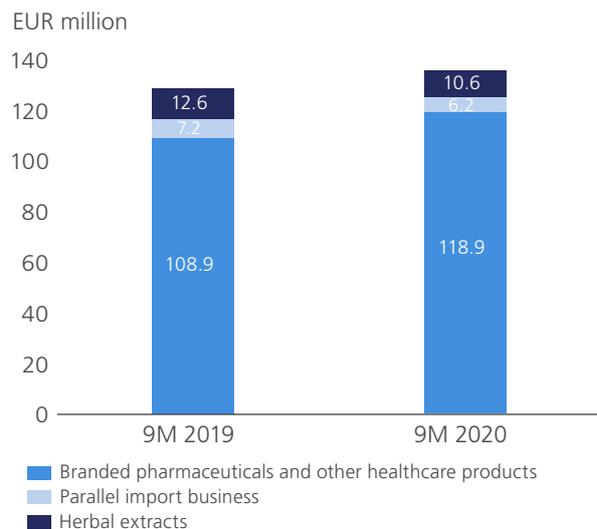
Performance of the segments

9M revenue trend by segment



- Revenue in the "Branded pharmaceuticals and other healthcare products" segment increased by 20.2 % to EUR 331.9 million in 9M 2020 (9M 2019: EUR 276.2 million).
- Revenue in the "Parallel import business" segment rose by 2.4 % to EUR 189.6 million in the reporting period (9M 2019: EUR 185.1 million).
- Revenue for the "Herbal extracts" segment declined by 1.1 % from EUR 56.3 million to EUR 55.7 million.

9M EBITDA trend by segment



- Adjusted EBITDA in the "Branded pharmaceuticals and other healthcare products" segment increased by 9.1 % to EUR 124.2 million (9M 2019: EUR 113.8 million). By contrast, at 37.4 % (previous year: 41.2 %), the segment's adjusted EBITDA margin was below the figure for the prior-year period.
- EBITDA in the "Parallel import business" segment amounted to EUR 6.2 million in 9M 2020 (9M 2019: EUR 7.2 million), representing a decline of 13.9 %. As a result, the EBITDA margin amounted to 3.3 % (9M 2019: 3.9 %).
- Adjusted EBITDA for the "Herbal extracts" segment fell from EUR 16.2 million to EUR 12.8 million. The adjusted EBITDA margin amounted to 23.0 % (9M 2019: 28.8 %).

3. Events after the reporting period

No noteworthy events which might influence Dermapharm's business development have occurred between the end of the reporting period, 30 September 2020, and the date of this report.

REPORT ON EXPECTED DEVELOPMENTS

Dermapharm's business model is geared towards markets which offer sustainable growth potential due to general and industry-specific growth mechanisms in the pharmaceuticals and healthcare market, as well as to growth forecasts by independent institutions. Given the strategic path followed by the "Branded pharmaceuticals and other healthcare products" segment, the speedy integration of Allergopharma, the systematic implementation of the three-pillar strategy, the solid development in the "Parallel import business" segment and the improvements in the "Herbal extracts" segment, the Board of Management expects that the positive growth outlook will prevail in the future.

The Board of Management therefore expects the Group to experience continued year-on-year growth in financial year 2020 and, on the basis of the performance in the third quarter of 2020 and taking into account Allergopharma, confirmed the revenue and earnings forecast that had been published along with the half-yearly figures for 2020. The Board of Management continues to expect revenue to increase by 12–15% and adjusted EBITDA to rise by 8–10% as compared to the previous year. These growth rates are based on organic growth, growth from new launches of in-house developments, the integration of Fitvia and Bellavia and growth from the Allergopharma acquisition included in the forecast.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

Rounding differences may arise due to the different presentation of figures in EUR million in the interim management report and EUR thousand in the interim consolidated financial statements and segment reporting.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets		
EUR thousand	30 September 2020	31 December 2019
Non-current assets		
Intangible assets	297,440	293,031
Goodwill	252,613	202,245
Property, plant and equipment	196,495	132,585
Investments accounted for using the equity method	60,525	62,113
Equity investments	487	395
Other non-current financial assets	1,665	1,562
Total non-current assets	809,226	691,931
Current assets		
Inventories	225,699	175,643
Trade receivables	65,500	48,879
Other current financial assets	4,529	6,040
Other current assets	9,027	5,396
Tax assets	18	231
Cash and cash equivalents	105,493	114,956
Non-current assets held for sale	1,772	1,796
Total current assets	412,038	352,941
Total assets	1,221,263	1,044,871

Equity and liabilities EUR thousand	30 September 2020	31 December 2019
Equity		
Issued capital	53,840	53,840
Capital reserves	92,210	92,754
Retained earnings	158,688	139,067
Other reserves	(7,487)	(7,012)
Equity attributable to owners of parent	297,251	278,649
Non-controlling interests	6,201	5,841
Total equity	303,452	284,490
Non-current liabilities		
Provisions for employee benefits	140,782	56,976
Non-current financial liabilities	601,452	543,347
Other non-current financial liabilities	19,430	18,684
Other non-current liabilities	10,809	11,915
Deferred tax liabilities	11,099	27,038
Total non-current liabilities	783,571	657,960
Current liabilities		
Other provisions	18,897	16,238
Current financial liabilities	19,470	11,264
Trade payables	49,785	35,355
Other current financial liabilities	6,040	7,079
Other current liabilities	29,234	26,571
Tax liabilities	10,814	5,914
Total current liabilities	134,239	102,421
Total equity and liabilities	1,221,263	1,044,871

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	9 months ended	
	30 September 2020	30 September 2019
Revenue	577,174	517,577
Change in inventories	24,851	14,193
Own work capitalised	10,140	9,069
Other operating income	6,460	6,220
Cost of materials	(281,797)	(260,763)
Personnel expenses	(112,666)	(86,407)
Depreciation and amortisation	(33,715)	(36,184)
Other operating expenses	(91,067)	(76,687)
Operating result	99,380	87,018
Share of profit/loss of companies accounted for using the equity method, after tax	(1,588)	1,395
Financial income	445	2,788
Financial expenses	(7,947)	(8,591)
Financial result	(9,090)	(4,407)
Earnings before taxes	90,290	82,611
Income tax expenses	(28,642)	(23,891)
Profit or loss for the period	61,647	58,720
<i>Other comprehensive income not reclassified to profit or loss in subsequent periods:</i>		
Actuarial gains/losses from remeasurement of defined benefit pension plans	-	-
Deferred taxes relating to items not subject to reclassification	-	-
Gains/losses from remeasurement of property, plant and equipment	-	(118)
<i>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</i>		
Foreign operations - currency translation differences	(475)	625
Other comprehensive income, after tax	(475)	507
Total comprehensive income for the period	61,172	59,228
Profit or loss for the period attributable to		
Owners of the parent	61,287	58,469
Non-controlling interests	360	251
	61,647	58,720
Total comprehensive income for the period attributable to		
Owners of the parent	60,812	58,976
Non-controlling interests	360	251
	61,172	59,228
Earnings per share		
Basic (= diluted) earnings per share (EUR)	1,14	1,09

CONSOLIDATED STATEMENT OF CASH FLOWS

T€	9 months ended	
	30 September 2020	30 September 2019
Earnings before taxes	90,290	82,611
Depreciation and amortisation (reversals of depreciation and amortisation) of fixed assets	32,725	34,488
(Increase)/decrease in working capital (assets)	(40,554)	(34,768)
Increase/(decrease) in working capital (liabilities)	2,417	18,507
Increase/(decrease) in provisions for employee benefits	702	(274)
Other non-cash items	495	798
Share of (profit)/loss of companies accounted for using the equity method, after tax	1,588	(1,395)
(Gain)/loss on disposal of non-current assets	(157)	(142)
Interest expense/(income)	6,621	6,087
Income tax payments	(27,637)	(42,341)
Net cash flows from operating activities	66,489	63,571
Proceeds from the disposal of intangible assets and property, plant and equipment	724	1,609
Business combinations, less cash	(62,701)	(277,317)
Payments for investments in intangible assets and property, plant and equipment	(27,695)	(31,033)
Payments for investments in financial assets	(100)	(60,345)
Dividends from companies accounted for using the equity method	1,652	-
Cash flows from investing activities	(88,121)	(367,087)
Dividends paid	(43,072)	(41,457)
Proceeds from borrowings	58,442	358,900
Repayments of borrowings	(1,664)	(171,484)
Payments of lease liabilities	(3,366)	(3,027)
Proceeds from reimbursements of interest paid	1,286	925
Interest paid	(6,178)	(4,562)
Cash flows from financing activities	5,448	139,296
Net increase/decrease in cash, cash equivalents and bank overdrafts	(16,184)	(164,220)
Cash, cash equivalents and bank overdrafts as at 1 January	108,992	206,439
Effect of exchange rate changes on cash and cash equivalents	(390)	203
Effect on cash funds of changes in the group of consolidated companies	827	-
Cash, cash equivalents and bank overdrafts as at 30 September	93,245	42,422
Bank overdrafts as at 1 January	(5,963)	(6,082)
Bank overdrafts as at 30 September	(12,247)	(25,434)
Cash and cash equivalents as at 30 September	105,493	67,855

SEGMENT REPORTING

9 months ended 30 September 2020 T€	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconciliation / Group holding company	Group
Revenue	333,525	189,620	55,734	(1,705)	577,174
<i>of which intra-segment revenue</i>	1,630	1	74	(1,705)	-
Revenue from external customers	331,895	189,619	55,660	-	577,174
Revenue growth	20 %	2 %	(1 %)	-	12 %
EBITDA	118,915	6,184	10,575	(4,167)	131,506
<i>of which earnings from investments accounted for using the equity method</i>	1,338	-	(2,926)	-	(1,588)
EBITDA margin	36 %	3 %	19 %	-	23 %

* Since 1 April 2020 incl. Allergopharma

9 months ended 30 September 2019 T€	Branded pharmaceuticals and other healthcare products	Parallel import business	Herbal extracts	Reconciliation / Group holding company	Group
Revenue	277,856	185,105	56,331	(1,715)	517,577
<i>of which intra-segment revenue</i>	1,685	-	30	(1,715)	-
Revenue from external customers	276,171	185,105	56,301	-	517,577
Revenue growth	11 %	3 %	-	-	21 %
EBITDA	108,926	7,194	12,567	(4,089)	124,597
<i>of which earnings from investments accounted for using the equity method</i>	1,395	-	-	-	1,395
EBITDA margin	39 %	4 %	22 %	-	24 %

PUBLICATION DETAILS

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