



Richter Group

Report, M12 2017

Budapest, 12 February 2018

Total sales – growth factors

	Reported	Base	Growth	
	EURm	EURm	EURm	%
Consolidated	1,436.8	1,251.2	185.6	14.8
Russia			52.0*	
EU15			33.5	
USA			28.4	
W&R (RO)			45.4	
			159.3	

* EURRUB FX impact: 36M€

Financial results – highlights

	Reported	Base	Growth	
	EURm	EURm	EURm	%
Gross profit	816.4	724.6	91.8	12.7
Profit from operations	222.4	175.4	47.0	26.8
Net financial (loss) / income	(27.3)	37.9	(65.2)	n.a.
Profit for the period*	165.6	212.6	(47.0)	(22.1)

* Profit attributable to owners of the parent



Esmya[®] – Ongoing PRAC review

- 4 December 2017: EMA PRAC has started a review of drug induced liver injury potentially related to Esmya[®].
- Temporary precautionary measures implemented by PRAC to minimise risks to patients.
- The PRAC has recommended for women treated with Esmya for uterine fibroids:
 - regular liver monitoring,
 - ongoing treatments are allowed to be completed,
 - no new course of treatment should be started on Esmya.
- Review expected to be completed before end of May 2018.
- Richter is determined to work with PRAC and provide the necessary information.



Specialty Projects – Women’s Healthcare

- 10 October 2017: Allergan announced that FDA accepted NDA for Ulipristal Acetate for Uterine Fibroids
- 12 October 2017: licence agreement with Pharmanest – pain relief product for gynaecological use
- 31 October 2017: acquisition of a minority equity stake in Prima-Temp, related licensing agreement



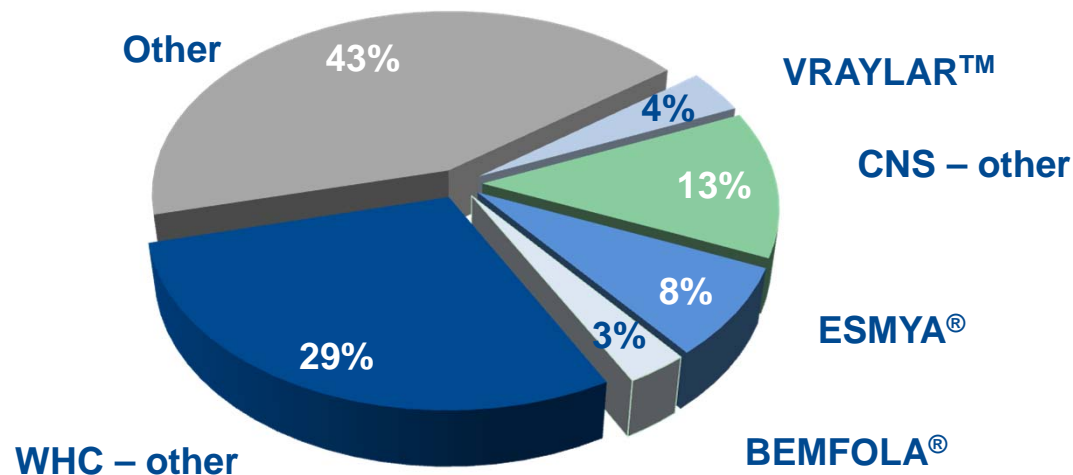
Specialty Projects – original research

- 18 December 2017: Richter and Allergan announced positive topline results for a phase III study of cariprazine for the treatment of bipolar I depression.
- Reagila[®]:
 - WEU: gradual launch in most of the countries depending on the price negotiations.
 - CEE: shipments performed in a few countries. Ongoing price negotiation.



Sales of key specialty portfolio

- Vraylar™ royalty: US\$ 51.0m (EUR 45.1m)
- CNS sales: EUR 196.4m, 17%
- ESMYA® sales: EUR 93.0m
- BEMFOLA® sales: EUR 34.6m
- WHC sales: EUR 469.4m, 40%



Turnover of pharmaceutical segment.



Sales of acquired portfolio

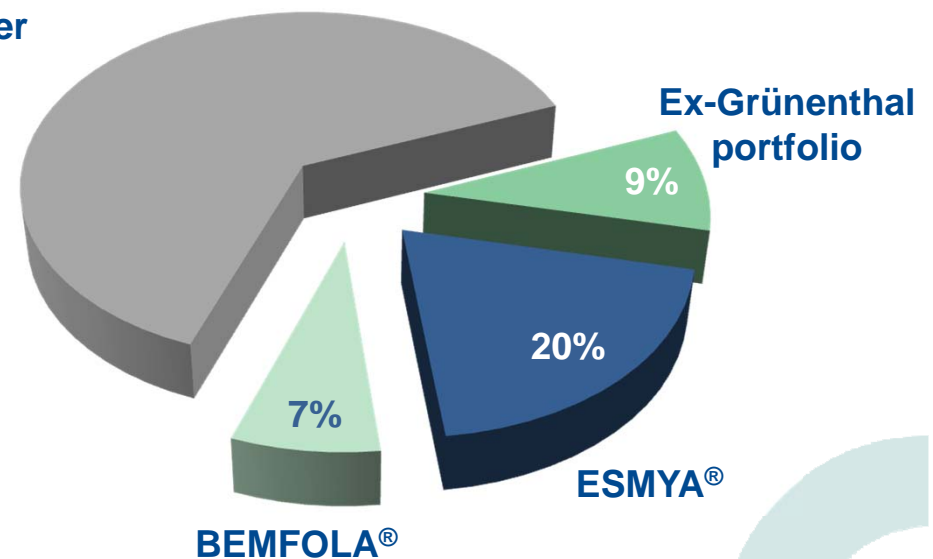
- Ex-Grünenthal portfolio sales: EUR 43.9m
- ESMYA[®] sales: EUR 93.0m
- BEMFOLA[®] sales: EUR 34.6m

WHC sales – other

↓

Subtotal: EUR 171.5m

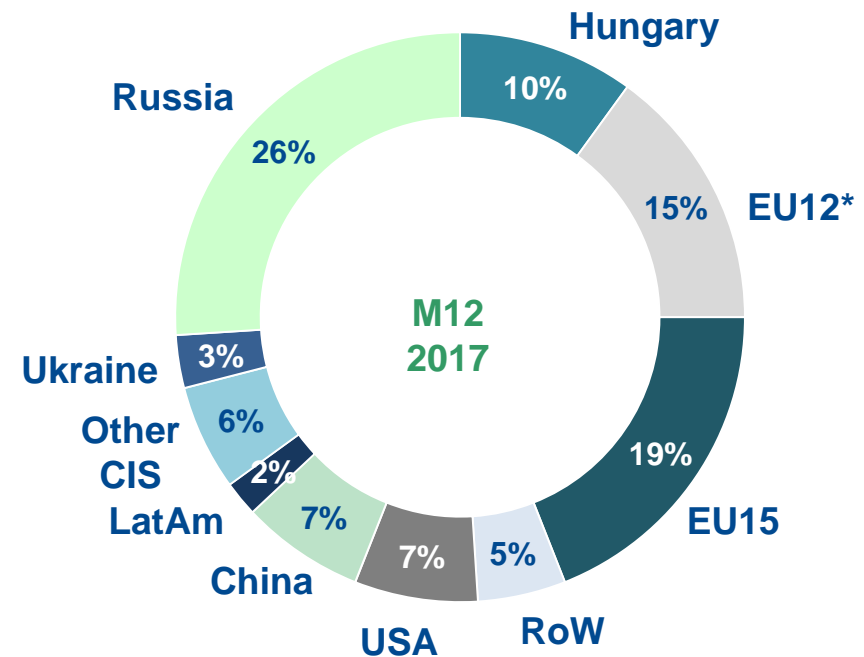
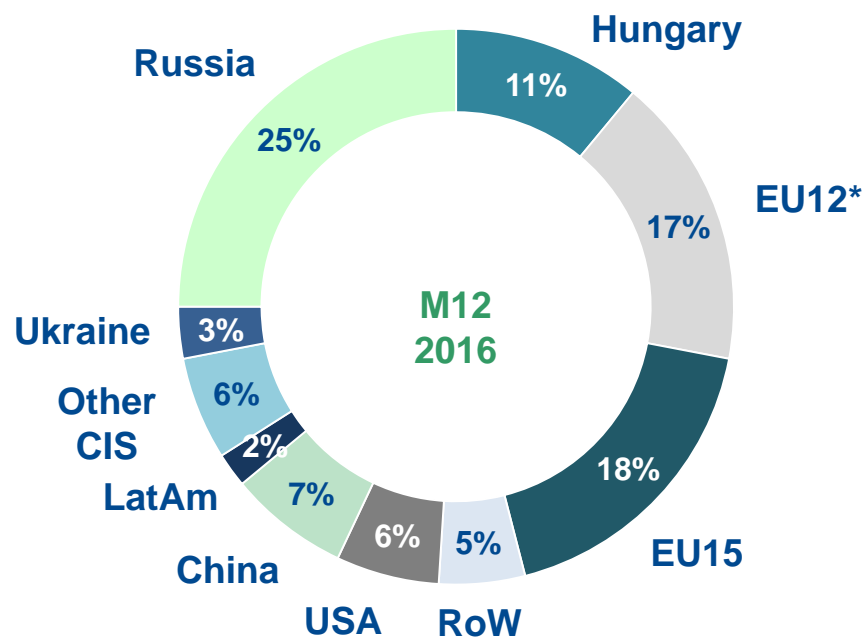
WHC Total: EUR 469.4m



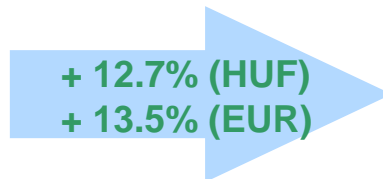
Turnover of pharmaceutical segment.



Pharmaceutical sales by geographies



Total:
HUF 323.8bn
EUR 1,039.7m

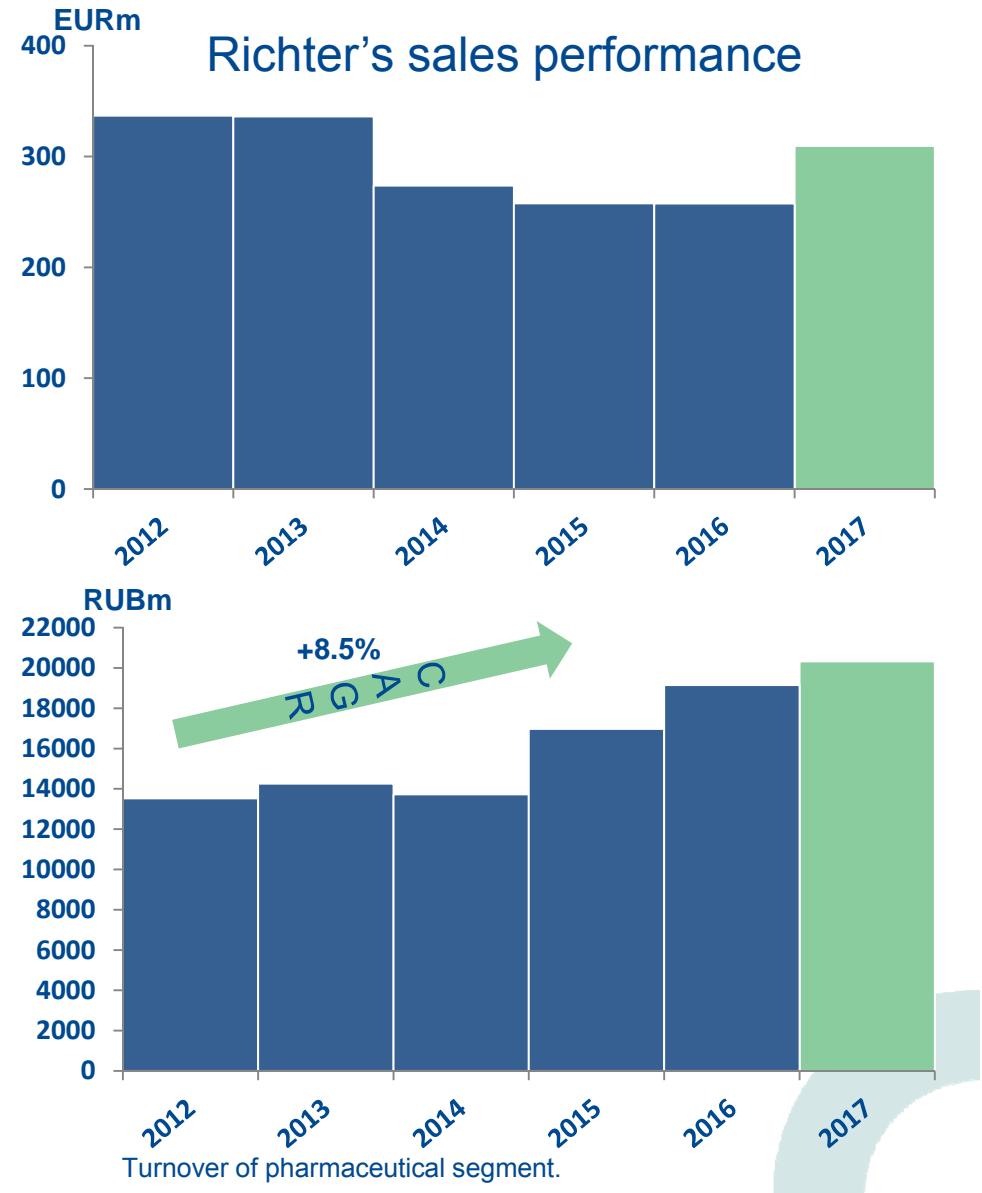


Total:
HUF 364.8bn
EUR 1,179.7m

**Including Poland and Romania.*

Russia

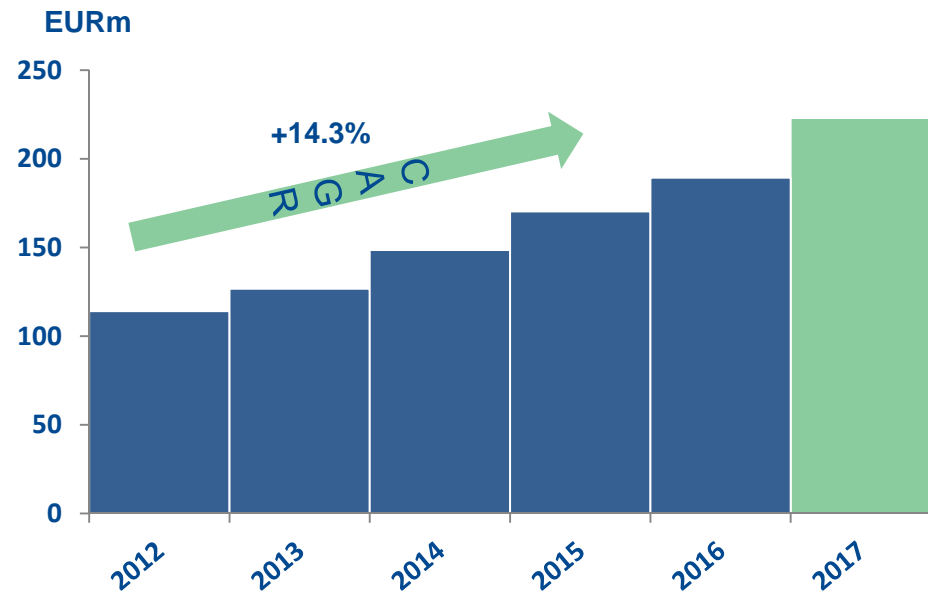
- Sales
RUB 20,325.3m (+6.1%)
EUR 309.5m (+20.1%)
- Improving product mix (higher share of WH products)
- Limited price increases implemented at the end of 2016
- Exchange rate impact:
EUR 15.7m



EU15

- Sales
EUR 223.0m (+17.7%)
- Richter's growth markets
 - UK
 - France
 - Spain
 - Italy
- Products with increasing sales dynamics
 - Esmya®
 - Bemfola®

Richter's sales performance

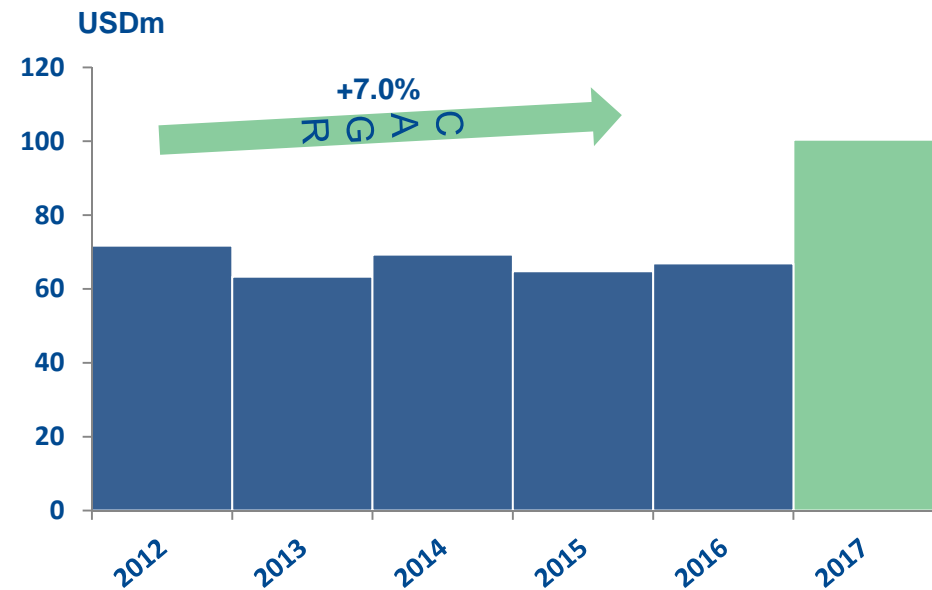


Turnover of pharmaceutical segment.

USA

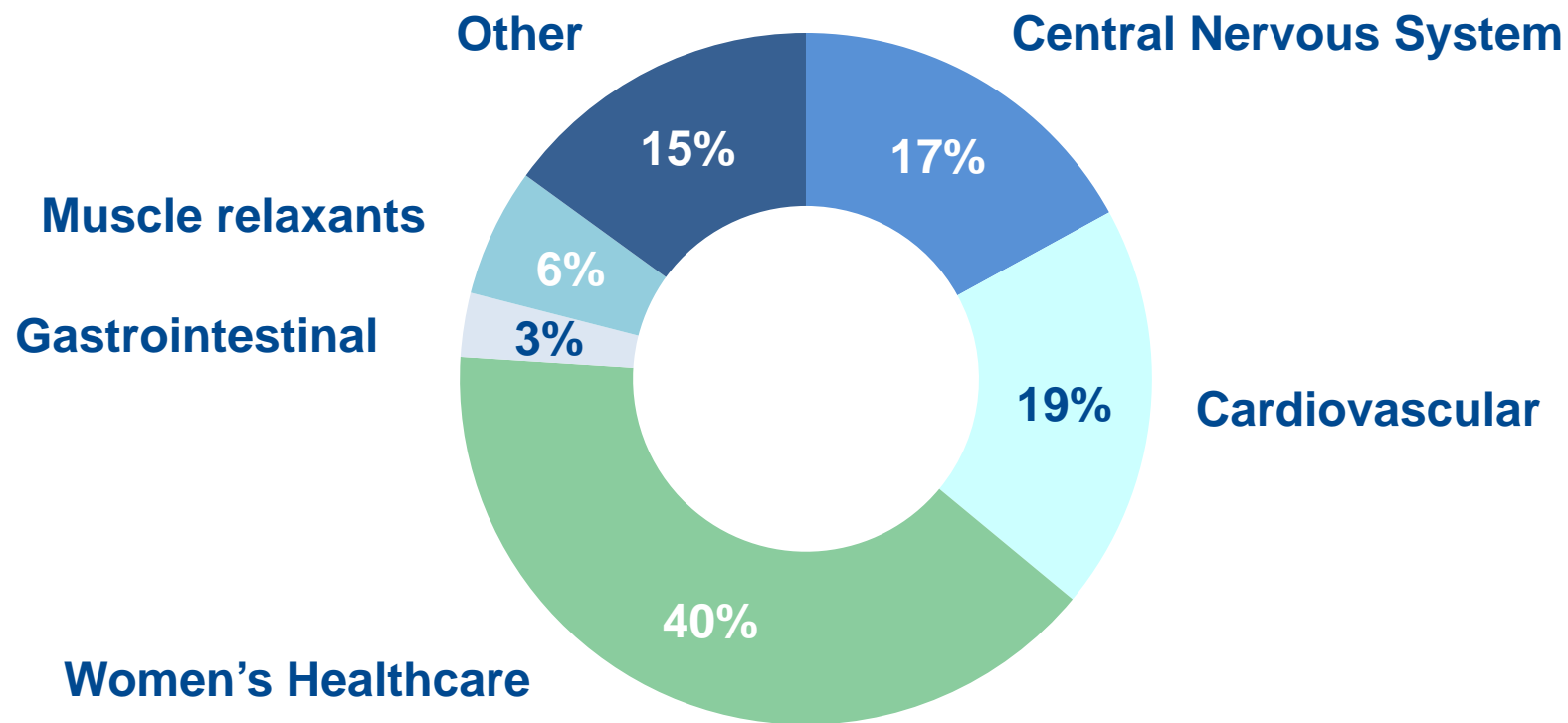
- Sales
US\$ 100.4m (+50.1%)
- Vraylar™ royalty: US\$ 51.0m
- Increasing sales of steroid APIs
- Decreasing level of Plan B / Plan B One-Step and OC sales

Richter's sales performance



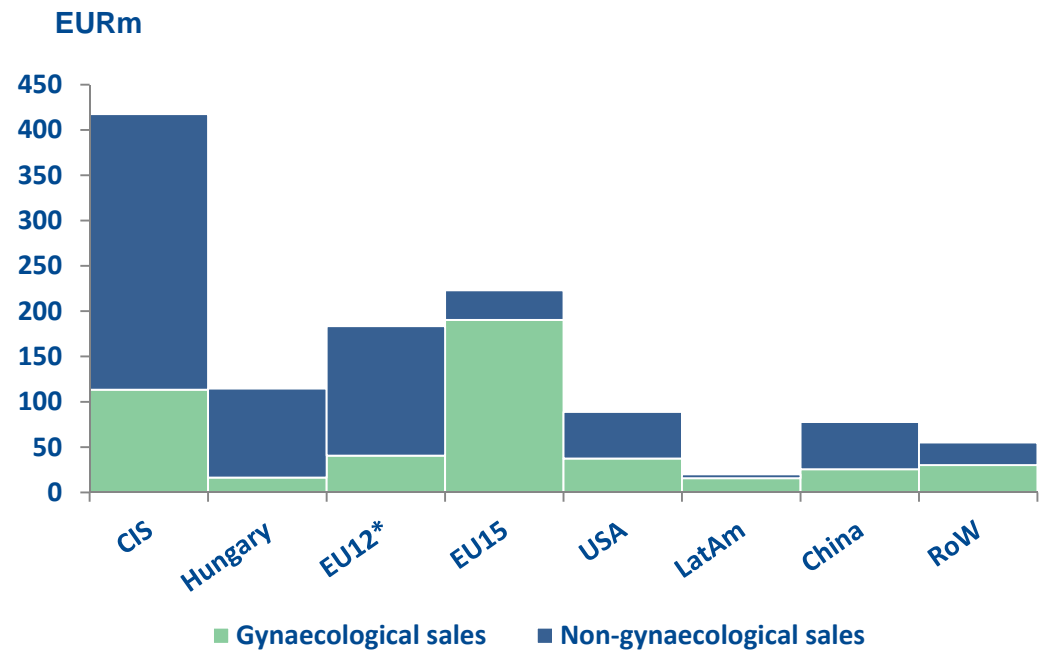
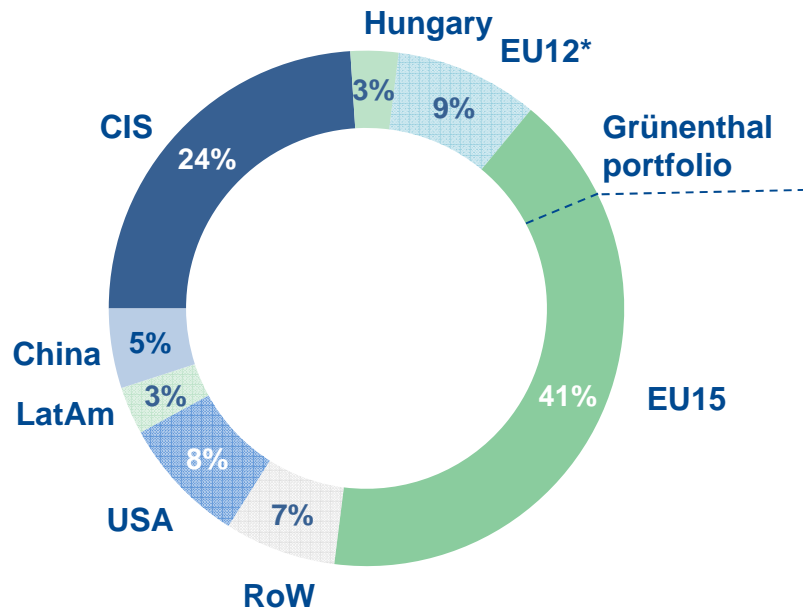
Turnover of pharmaceutical segment.

Pharmaceutical sales by therapeutic areas



Total: EUR 1,179.7 m

Women's Healthcare sales by region

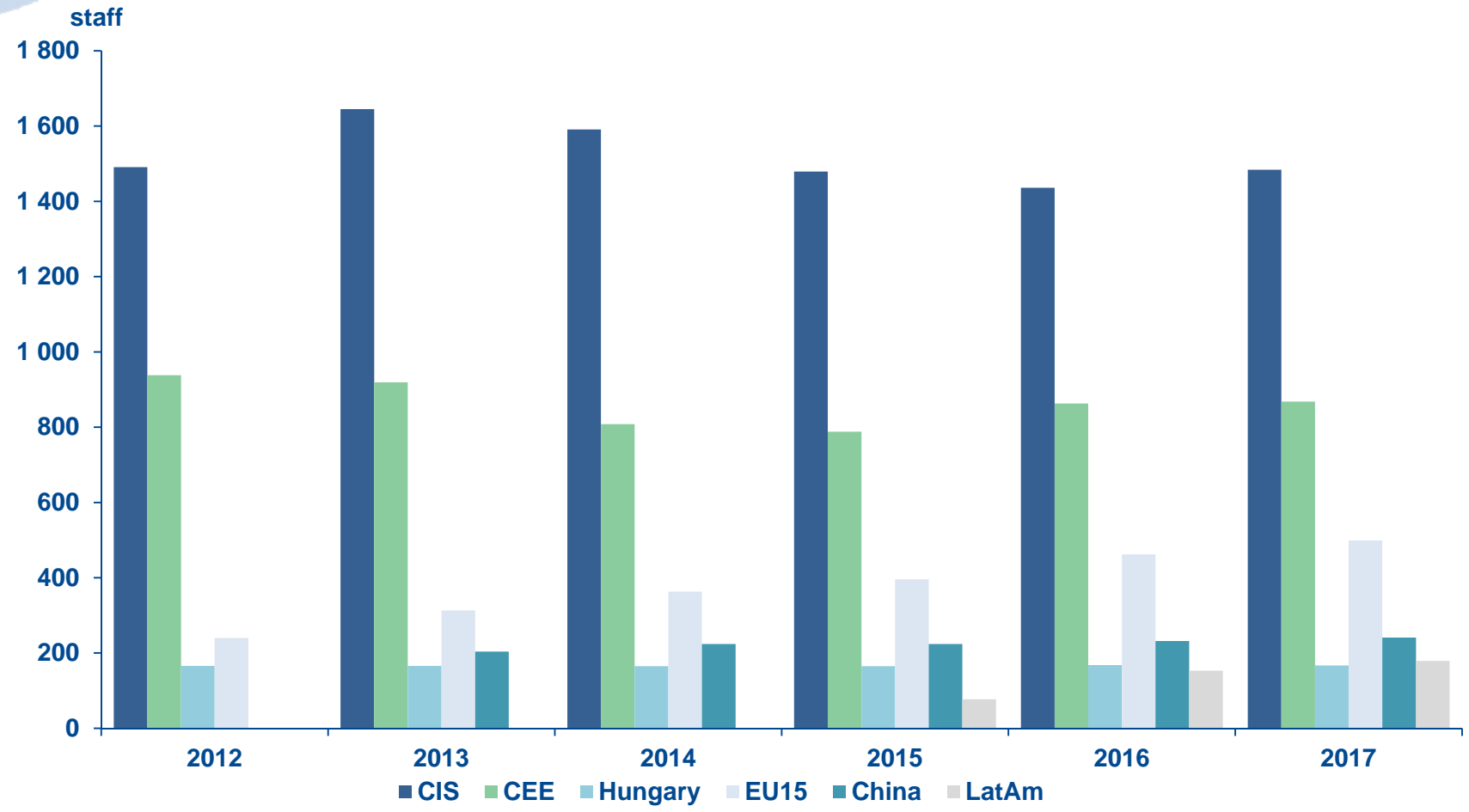


Total:
HUF 145.2bn
EUR 469.4m

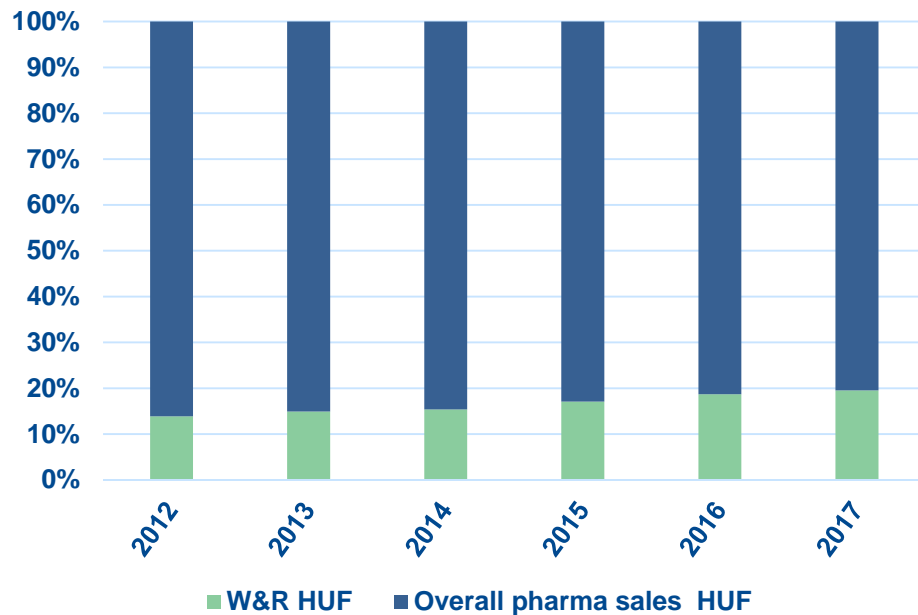
**Including Poland and Romania.*



Sales network



Wholesale and retail



- W&R contributes 20% to total sales
- 80% of the W&R turnover originates in Romania
- Sales increase in Romania – 24.9% in EUR terms



REPORTING PERIOD

Consolidated Financials



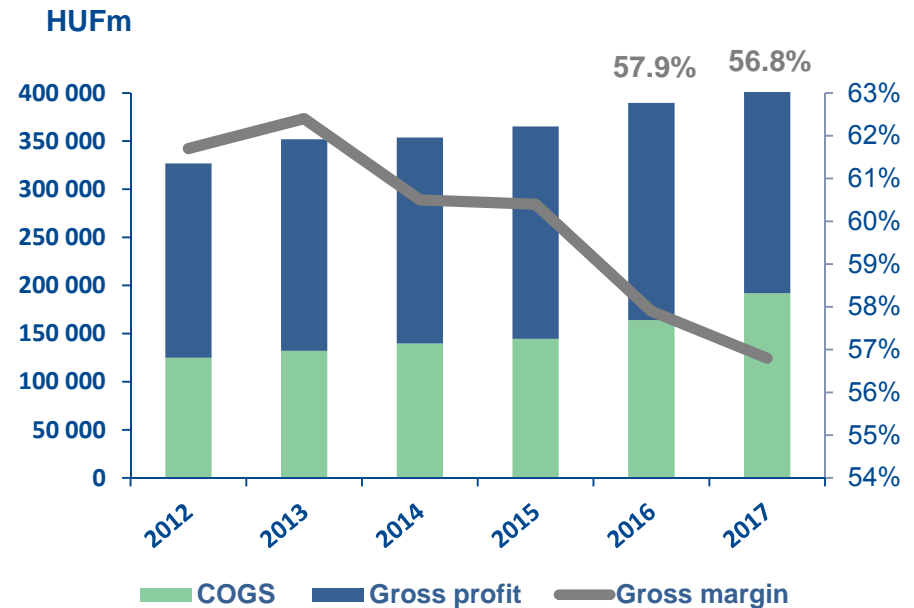
Consolidated Financials – Highlights

	HUF	Change %	EUR	Change %
Total revenue	444.4bn	14.0	1,436.8m	14.8
Gross profit	252.5bn	11.9	816.4m	12.7
Profit from operations	68.8bn	25.9	222.4m	26.8
Profit for the period*	51.2bn	(22.6)	165.6m	(22.1)
EPS (diluted)	275	(22.8)	0.89	(21.9)

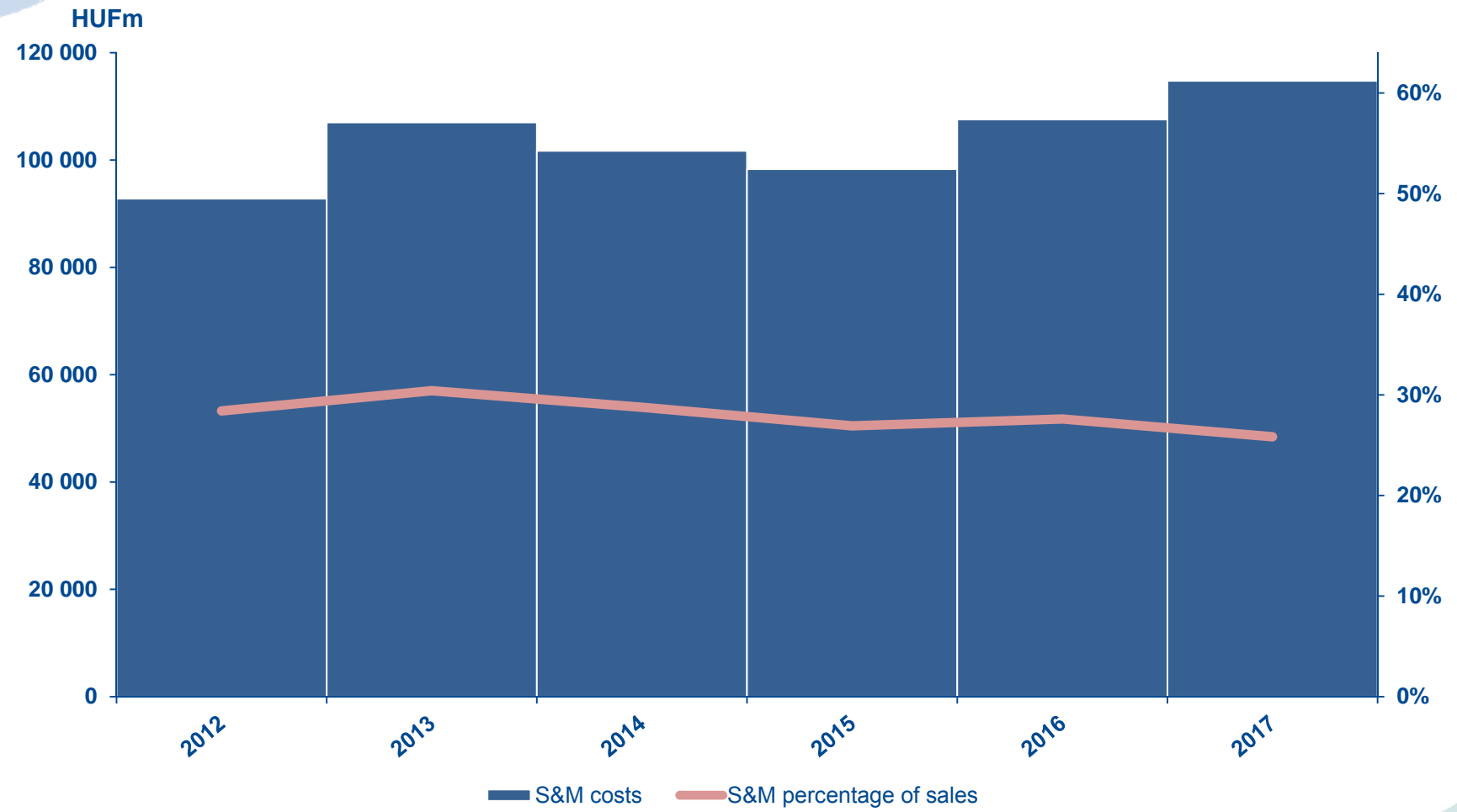
*Net income attributable to owners of the parent.

Consolidated Financials – Decreasing gross margin

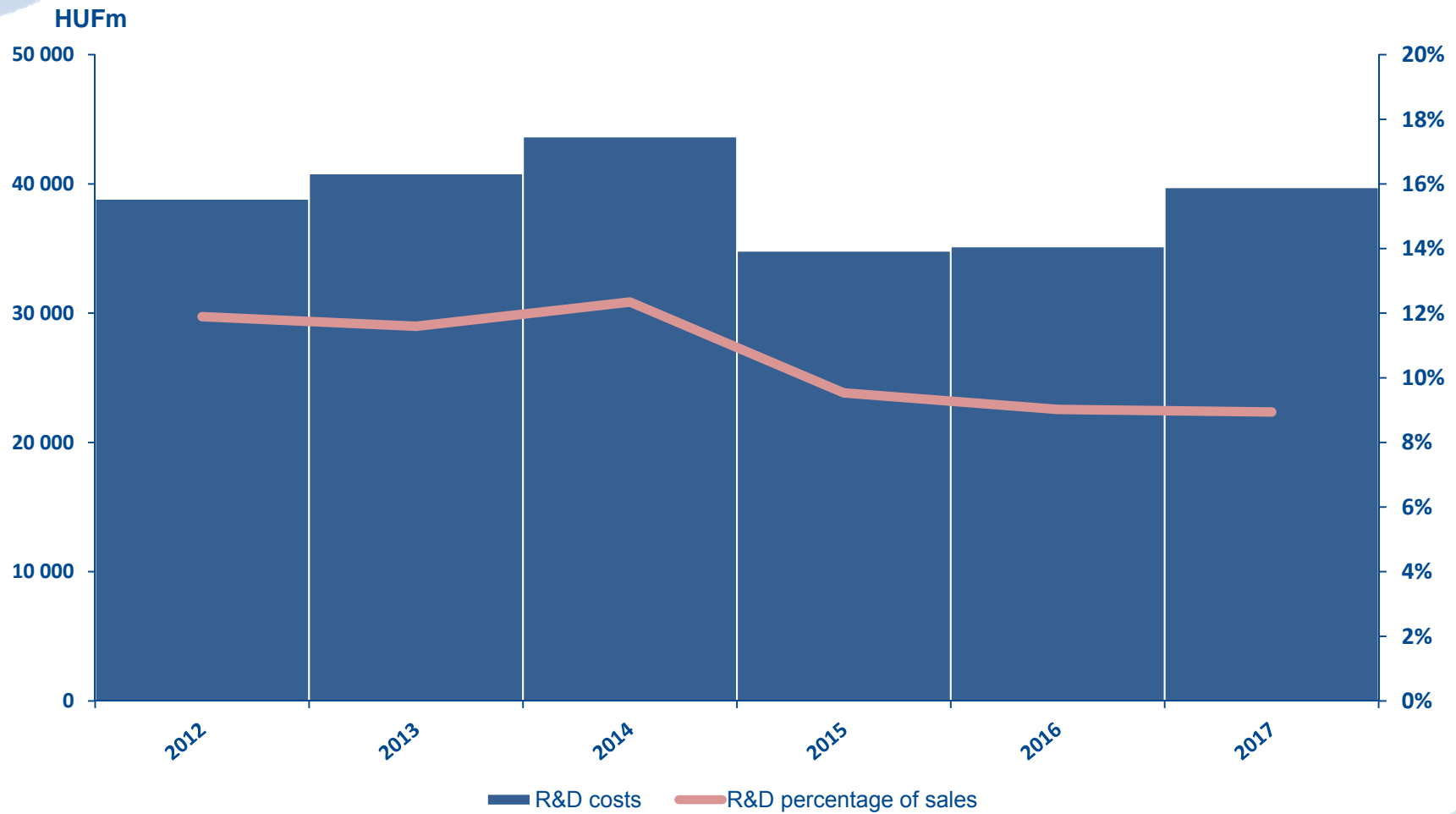
- + Vraylar™ royalty
- + Substantial sales growth → in all regions
- + Appreciation of RUB exchange rate against EUR and HUF (YoY)
EUR RUB → 11.7%
- Price erosion on the traditional markets
- Increasing costs related to tightening regulatory measures
- Increasing share of W&R
- Esmya and Bemfola amortization



S&M costs

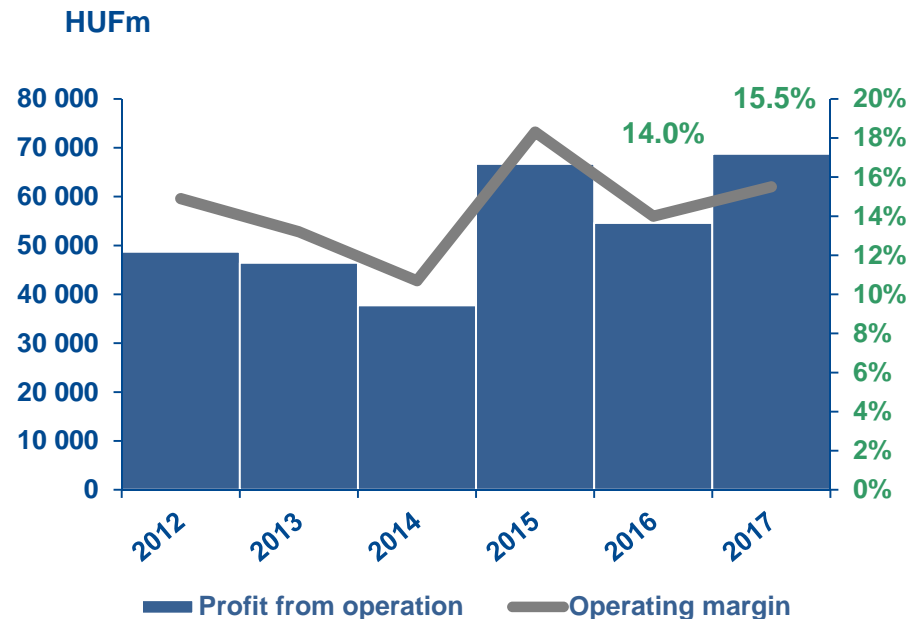


R&D costs



Consolidated Financials – increase of operating margin

- + Significant sales increase in all regions
- + One-off items
 - + in base year
 - + in current year
- Moderate increase of operating expenses
- Decline of gross margin



Consolidated Financials – Net financial results

HUFm	M12 2017	M9 2017	H1 2017	Q3 2017	
Unrealised financial items	(3,737)	(4,300)	(5,820)	1,520	
Loss on foreign currency loans receivable	(4,276)	(3,101)	(1,456)	(1,645)	→ Revaluation losses on loans provided to subsidiaries
Realised financial items	(4,720)	(3,110)	1,918	(5,028)	
Exchange (loss)/gain realised on trade receivables and trade payables	(5,304)	(3,775)	740	(4,515)	→ Unrealised losses incurred on Trade payables at the end of M9 2017 became realised in Q4 2017.
Net financial (loss)/income	(8,457)	(7,410)	(3,902)	(3,508)	



Significant impact of the deferred tax item

- Factors impacting deferred tax in general
 - change of intangibles
 - intra group results
 - local GAAP – IFRS differences
 - others
- Factors impacting deferred tax in 2017 in particular
 - accrued tax losses utilized at our Swiss companies → deferred tax expense
- Factors impacting deferred tax in 2016 in particular
 - tax liabilities in respect of Intangibles decreased (corporate tax rate decreased in Hungary) → deferred tax income

Exchange rates

At period end

	31.12.2017	30.09.2017	30.06.2017	31.03.2017	31.12.2016
EURHUF	310.14	311.23	308.87	308.70	311.02
USDHUF	258.82	263.75	270.87	288.64	293.69
RUBHUF	4.49	4.56	4.56	5.15	4.78
EURRUB	69.07	68.25	67.73	59.94	65.07
EURUSD	1.20	1.18	1.14	1.07	1.06
CHFHUF	265.2	271.68	282.57	288.58	289.41

Average

	M12 2017	M9 2017	H1 2017	Q1 2017	M12 2016
EURHUF	309.28	308.47	309.42	309.10	311.46
USDHUF	273.73	276.96	285.26	290.24	281.24
RUBHUF	4.71	4.78	4.94	4.94	4.19
EURRUB	65.66	64.53	62.64	62.57	74.33
EURUSD	1.13	1.11	1.08	1.06	1.11
CHFHUF	278.32	281.77	287.46	289.00	285.65



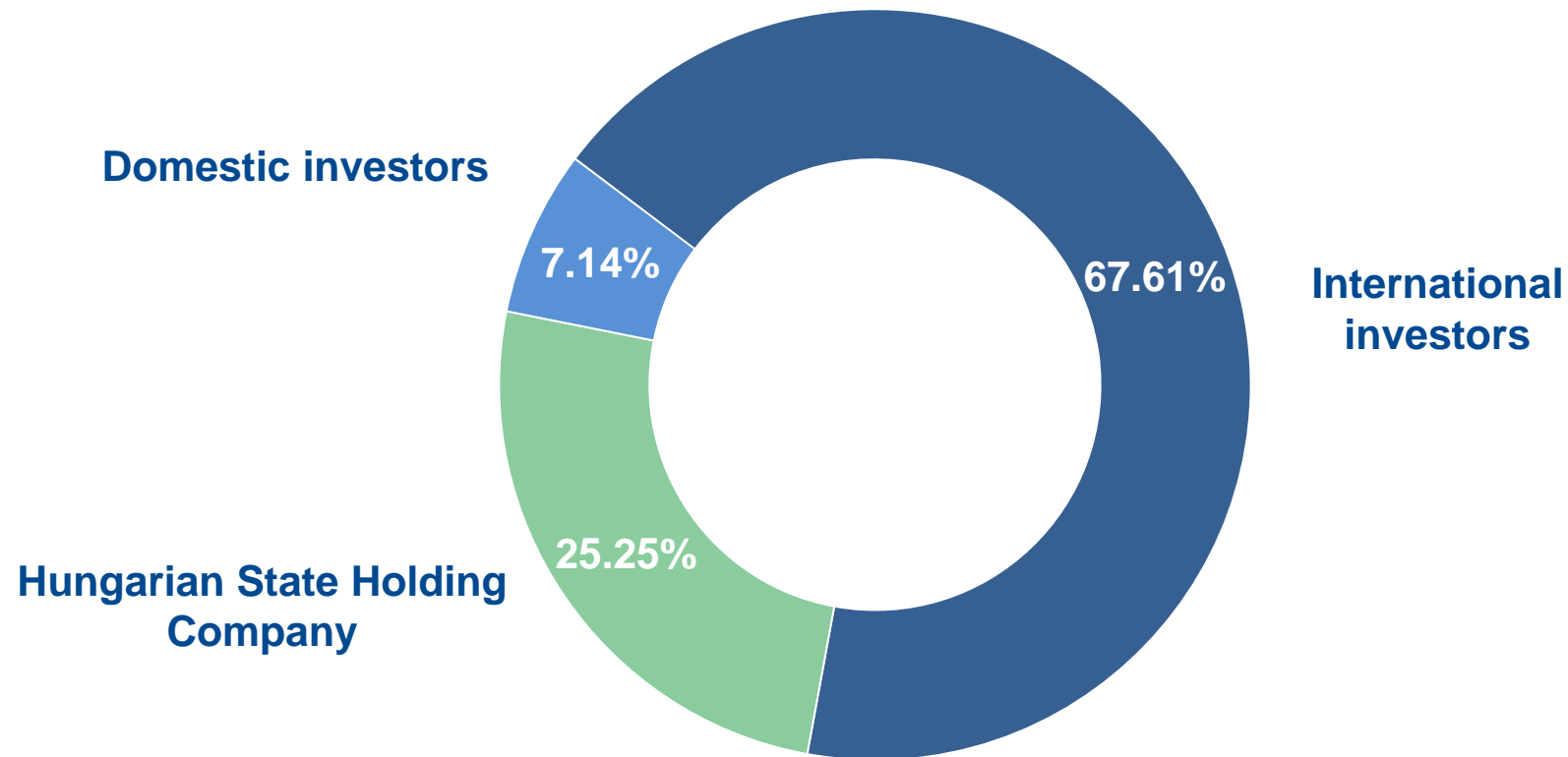
REPORTING PERIOD

Corporate Matters



Ownership structure

31 December 2017





GEDEON RICHTER

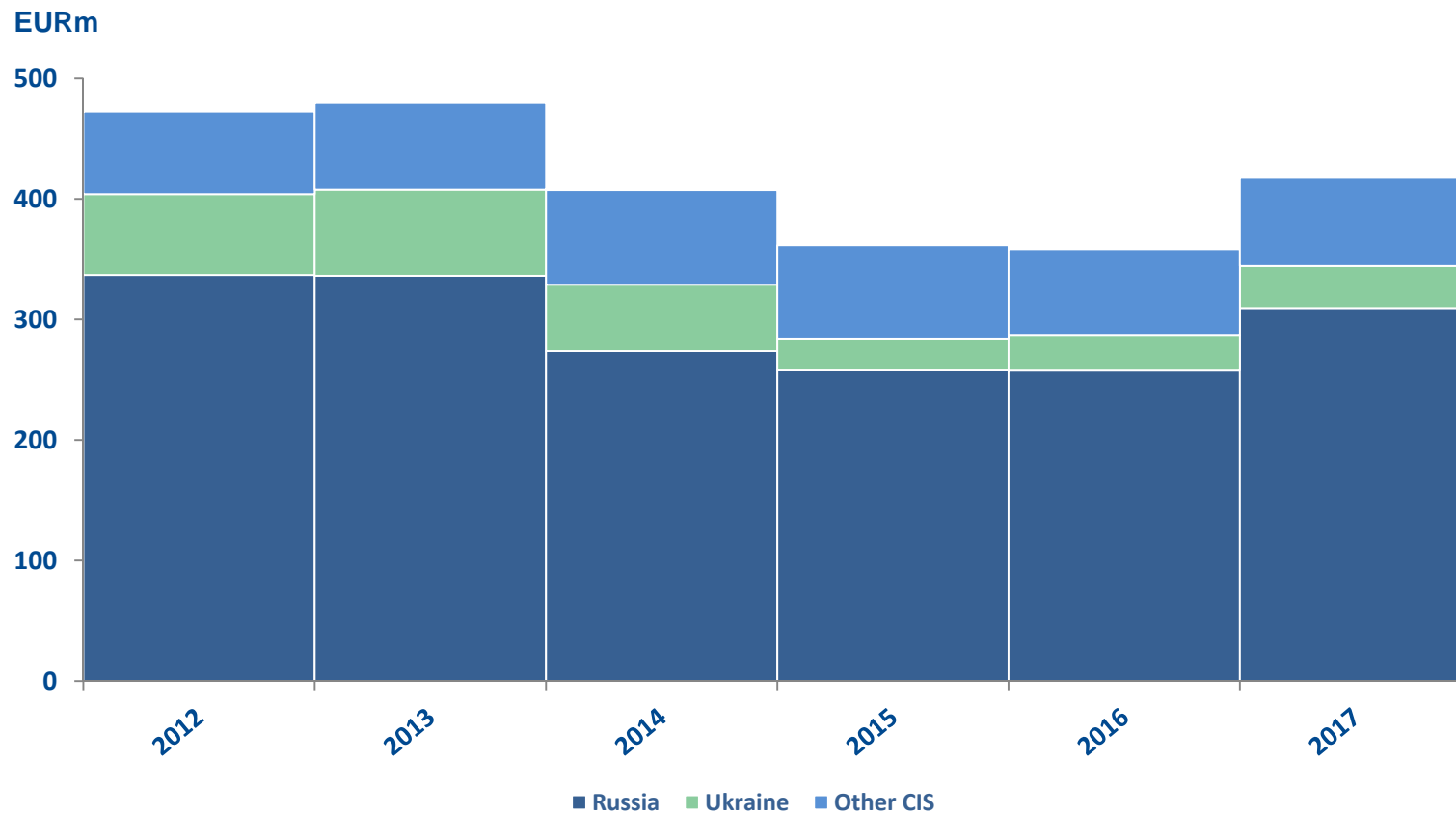


Appendix I.

Individual Market Performances



CIS – sales performance and composition



Turnover of pharmaceutical segment.

Ukraine, Other republics

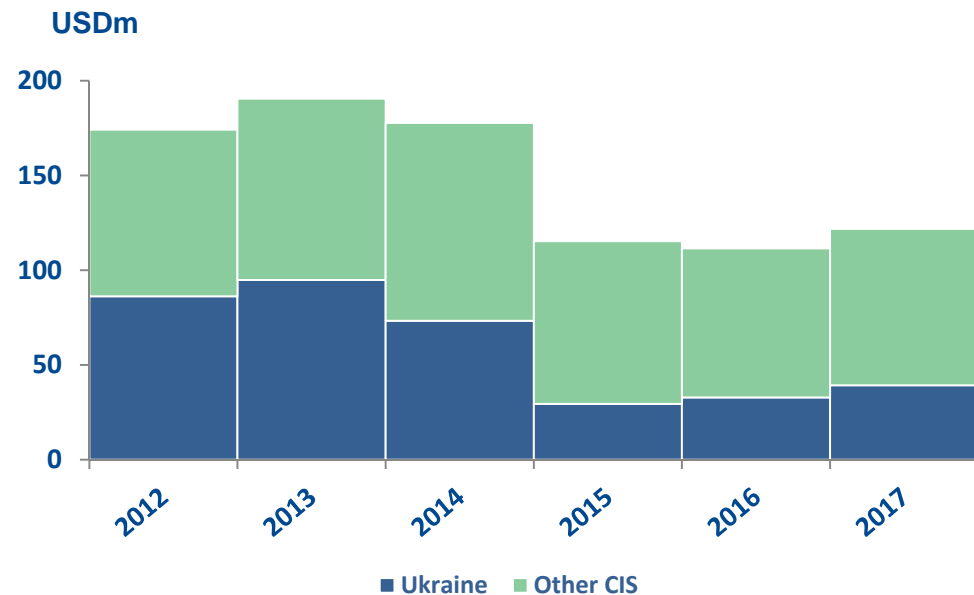
- Ukraine

- increasing sales levels
(+6.5m in US\$)
- low sales levels in base period
- market has stabilised to certain extent
- UAH depreciation
US\$UAH: 4.2% (YoY)

- Other republics

- sales increase
(+2.0m in EUR)
- improving economic and FOREX environment

Richter's sales performance

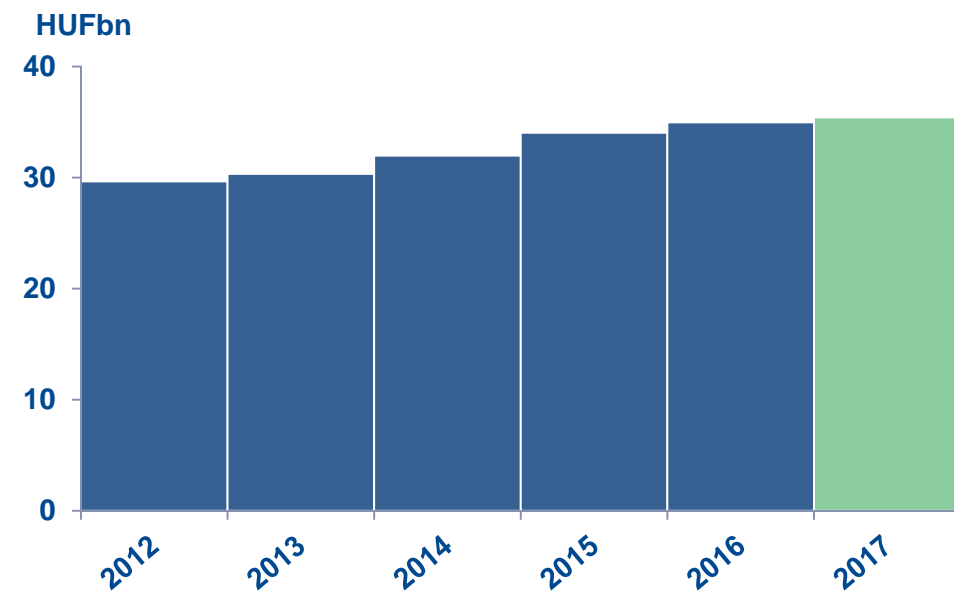


Turnover of pharmaceutical segment.

Hungary

- Sales
HUF 35,417m (+1.3%)
- Stable pharmaceutical market
- Success of products launched in recent years

Richter's sales performance



Turnover of pharmaceutical segment.

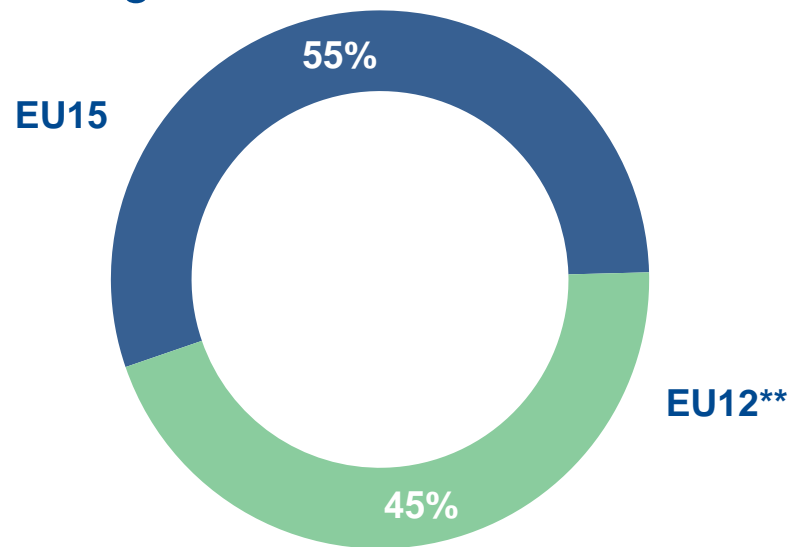
EU* – composition of sales

- EU15

- strengthening our position in key Western-European markets
- own Women's Healthcare sales and marketing network

- EU12**

- well established in the region for decades
- own specialised sales network



**Turnover of pharmaceutical segment.*

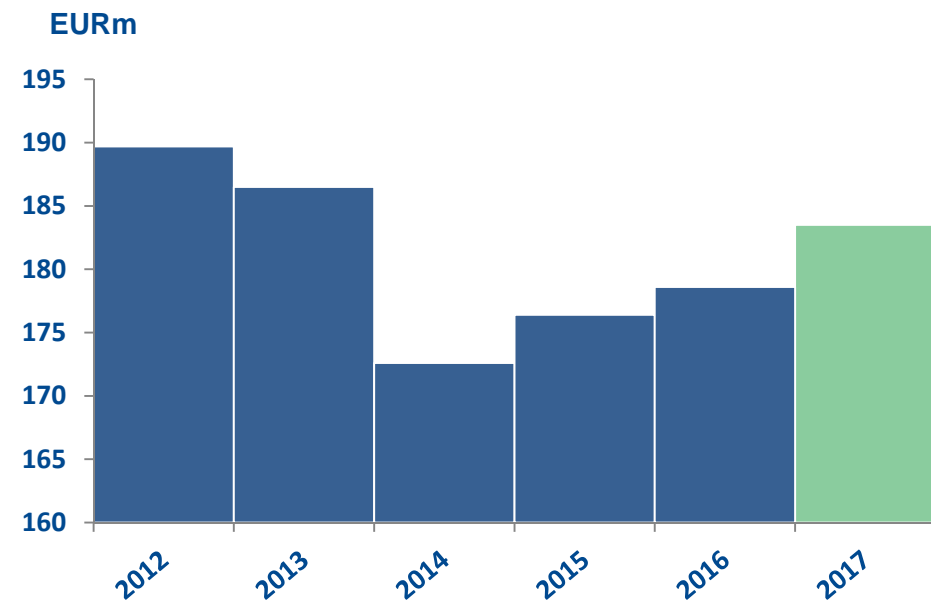
***Including Poland and Romania.*

EU12*

- Sales in M9 2017:
EUR 186.5m (+2.7%)
- Increasing generic competition
- Price erosion
- Poland:
 - 2.0% sales increase (PLN)
 - Price erosion of generic products
- Romania:
 - 7.2% sales increase (RON)
 - substantial price decreases implemented by the Government
 - Claw-back

**Including Poland and Romania.*

Richter's sales performance

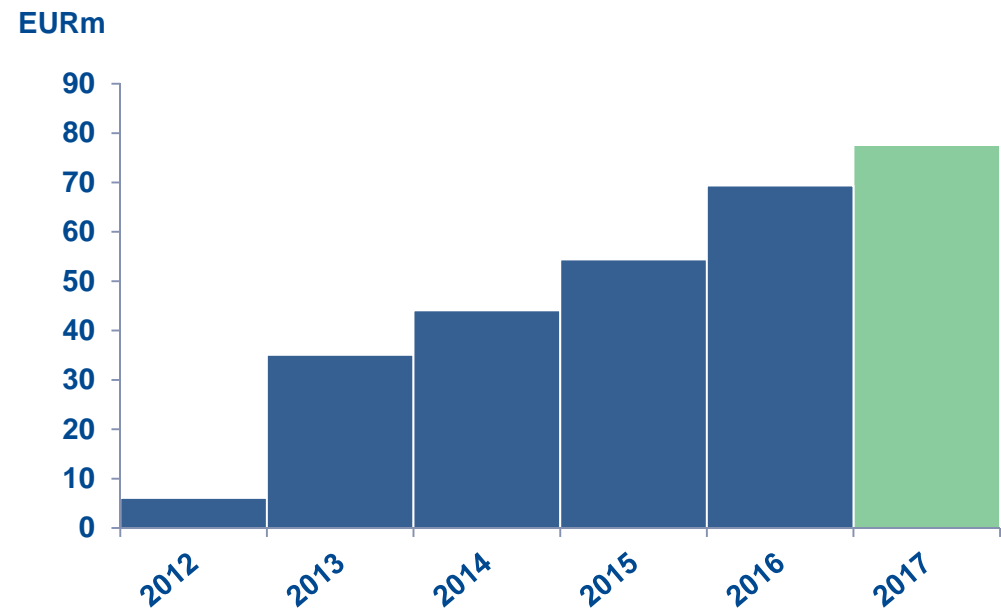


Turnover of pharmaceutical segment.

China

- Sales in M12 2017: EUR 77.6m (+11.8%)
- Sales network personnel: 241

Richter's sales performance

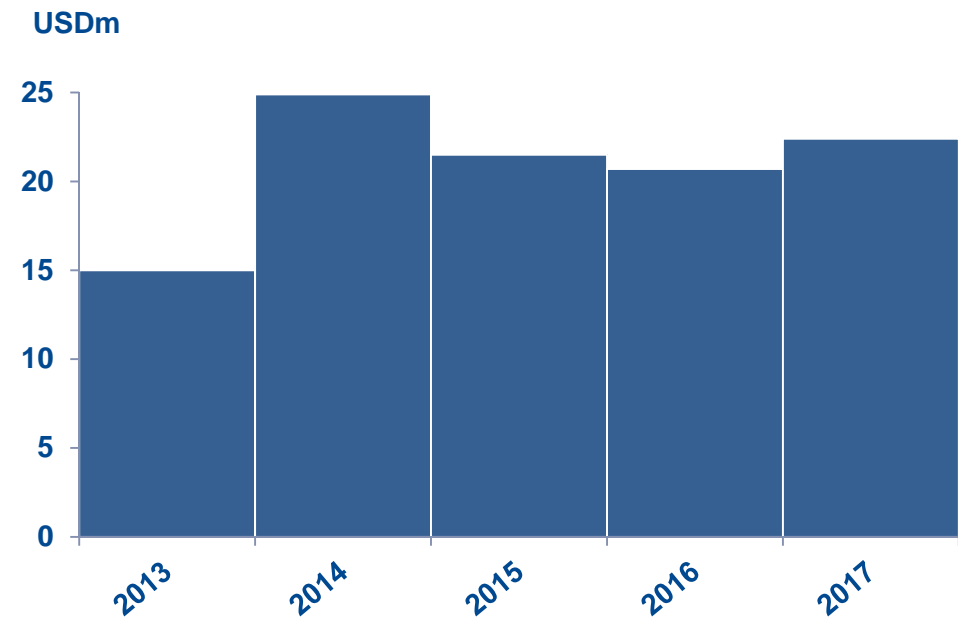


Turnover of pharmaceutical segment.

Latin America

- Sales* in M9 2017:
USD 22.4m (+8.2%)
- Regional presence:
 - Mexico, Colombia, Brazil
 - Mediplus N.V. →
Ecuador, Bolivia, Peru,
Chile
- Women's Healthcare
products in focus
- Gradual launch of ESMYA®

Richter's sales performance



*Turnover of pharmaceutical segment.

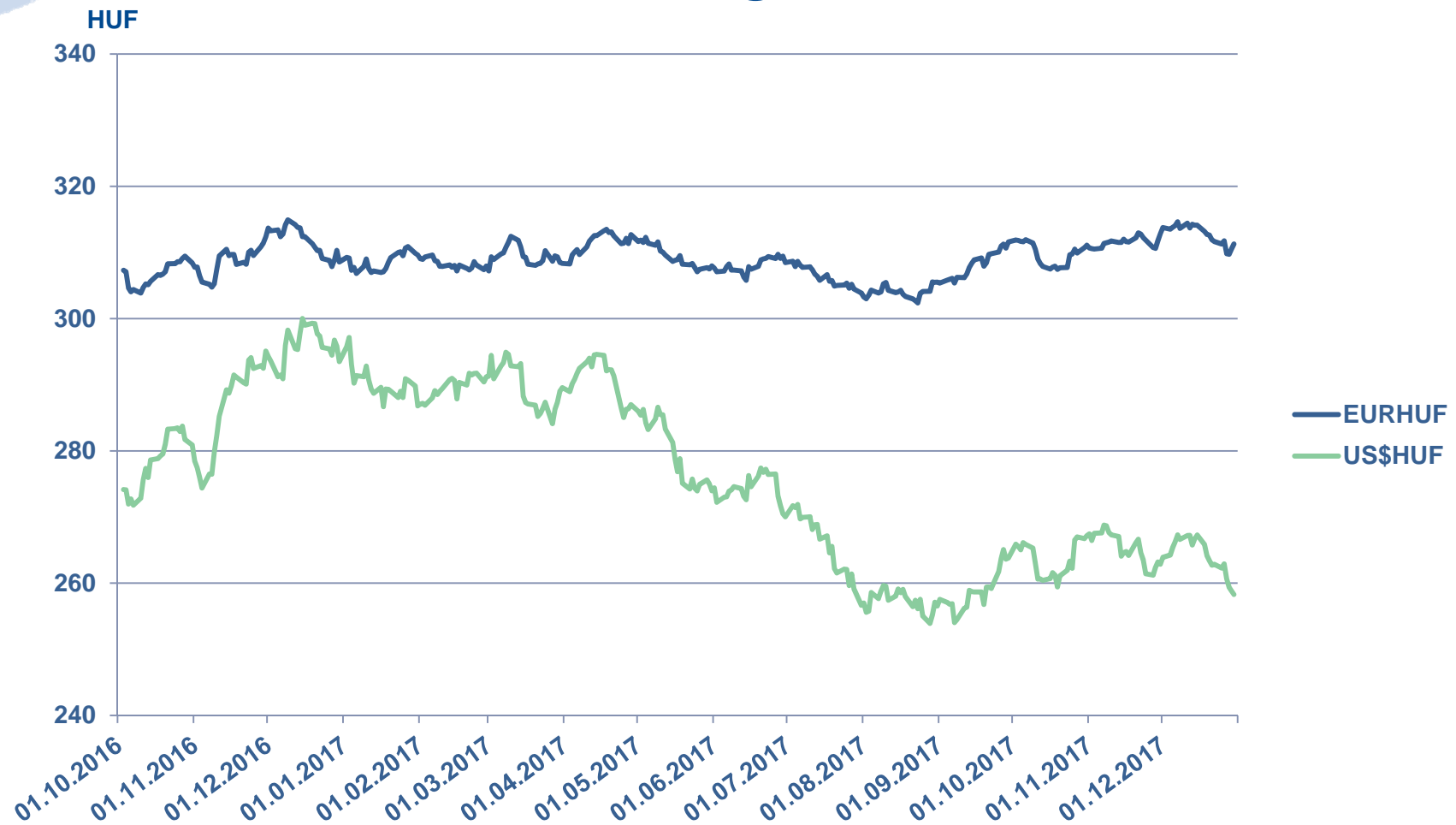


Appendix II.

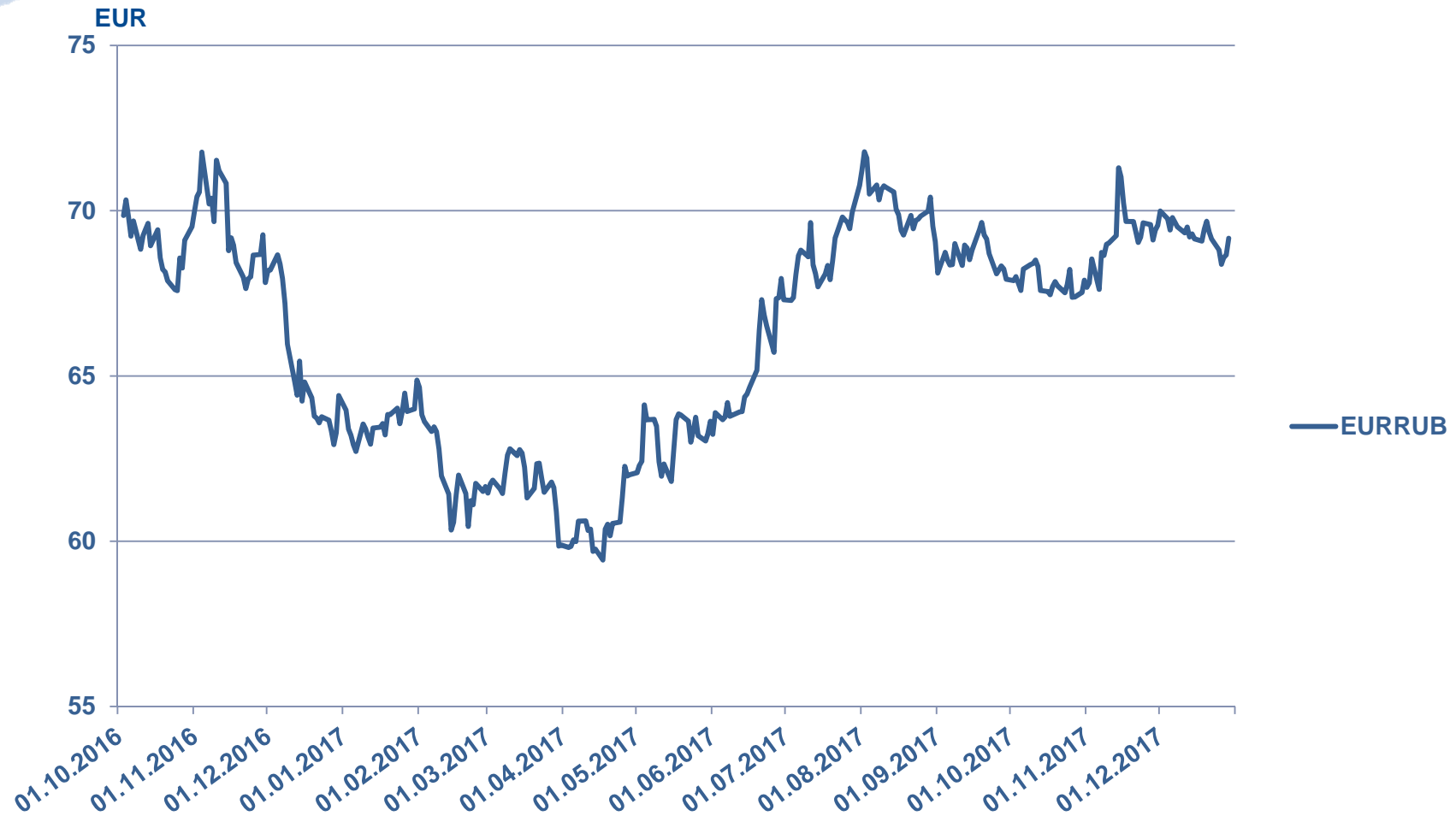
Exchange Rate Movements



Evolution of currency exchange rates I.



Evolution of currency exchange rates II.



Evolution of currency exchange rates III.





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