



Richter Group

Report, H1 2018

Budapest, 2 August 2018

Total sales

	Reported	Base	Change
Consolidated sales	713.9 EURm	732.9 EURm	-19.0 EURm
	224,430 HUFm	226,789 HUFm	-2,359 HUFm

	Change
Vraylar [®]	+15.0 USDm 3,898 HUFm
Esmya [®]	- 23.9 EURm -7,513 HUFm
China	+ 127.2 CNYm 5,182 HUFm
<hr/>	
FX impact	- 5,591 HUFm

Financial results – highlights

	Reported	Base	Change	
	EURm	EURm	EURm	%
Gross profit	414.6	418.6	-4.0	-1.0
Profit from operations	113.5	106.8	6.7	6.3
Net financial (loss) / income	18.3	-12.6	30.9	n.a.
Profit for the period*	123.5	93.1	30.4	32.7

* Profit attributable to owners of the parent

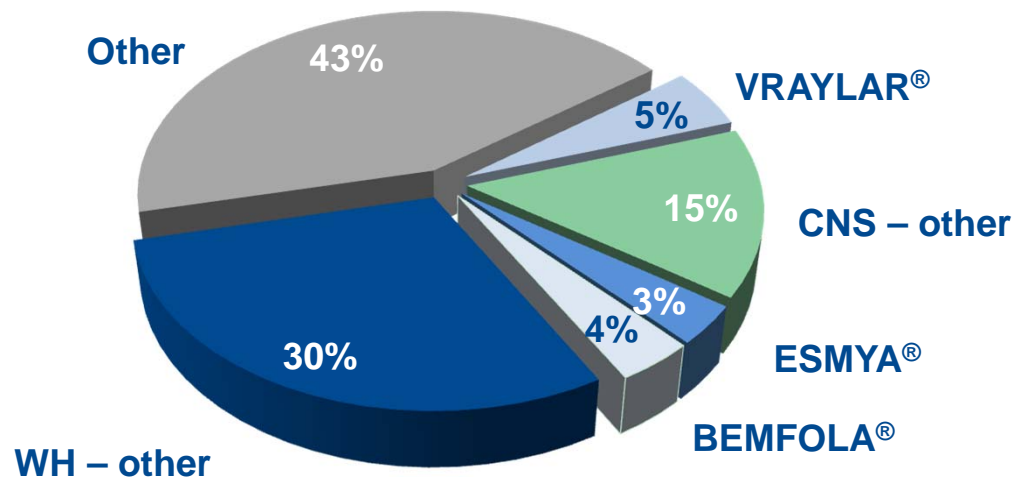


Key events

- June 2018: Romanian NAMMD suspends business licence of Pharmafarm SA.
- July 2018: Richter acquires from Fertility Biotech AG intellectual property rights, studies, related data and documents of Bemfola[®], for use in the USA.
- Esmya[®] review:
 - May 2018: PRAC recommendation
 - June 2018: CHMP opinion
 - July 2018: EC decision

Sales of key specialty portfolio

- Vraylar[®] royalty: USD 36.7m (EUR 30.4m)
- CNS sales: EUR 116.1m, 20%
- ESMYA[®] sales: EUR 20.2m
- BEMFOLA[®] sales: EUR 21.8m
- WH sales: EUR 215.1m, 37%



Turnover of pharmaceutical segment.

Sales of acquired portfolio

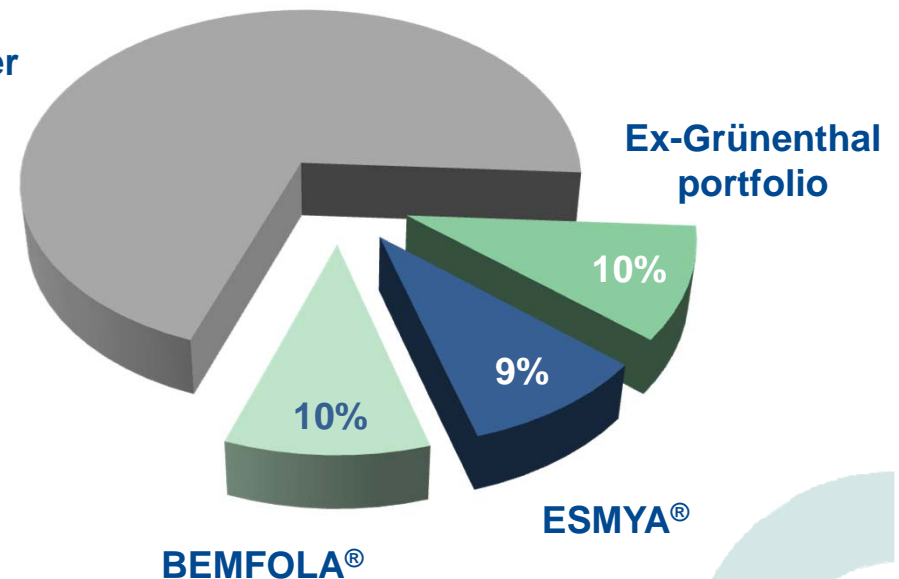
- Ex-Grünenthal portfolio sales: EUR 21.8m
- ESMYA[®] sales: EUR 20.2m
- BEMFOLA[®] sales: EUR 21.8m

↓

Subtotal: EUR 63.8m

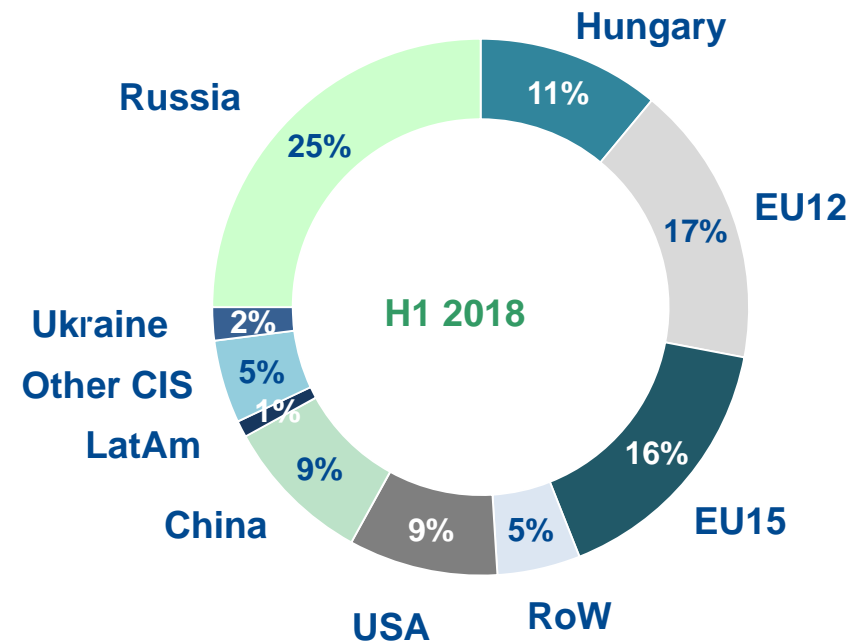
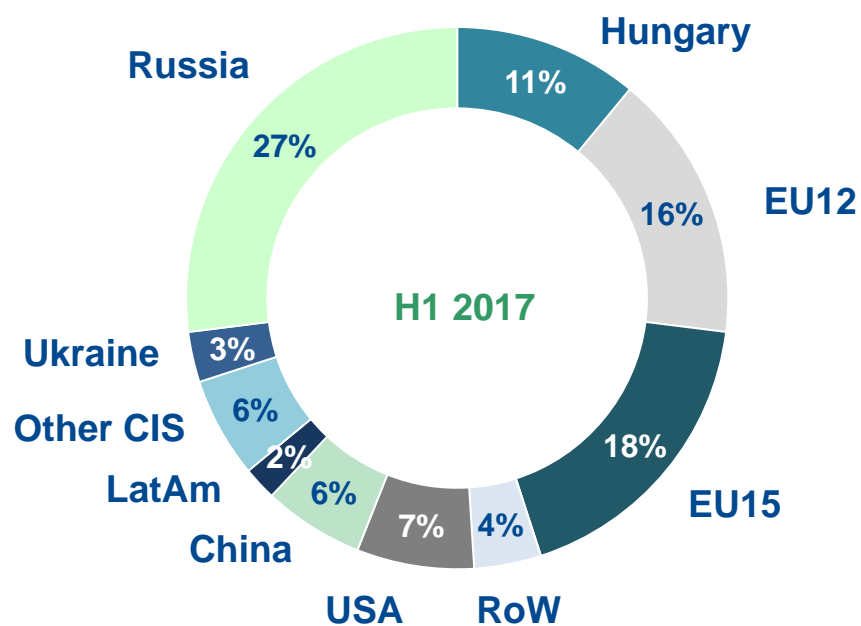
WH Total: EUR 215.1m

WH sales – other

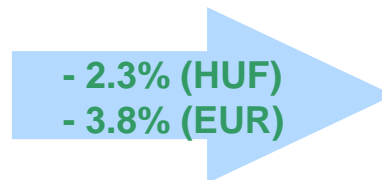


Turnover of pharmaceutical segment.

Pharmaceutical sales by geographies



Total:
HUF 188.0bn
EUR 607.5m



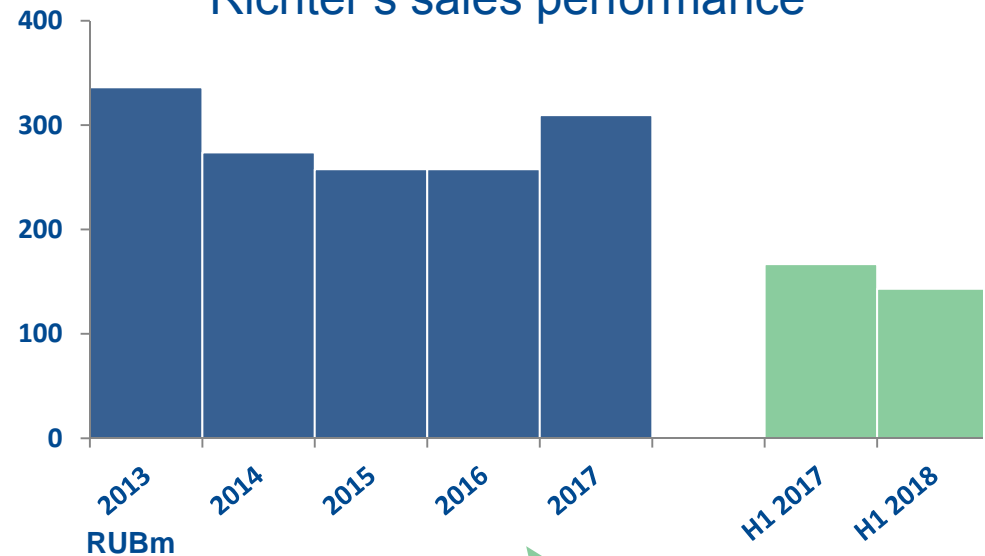
Total:
HUF 183.7bn
EUR 584.3m

Russia

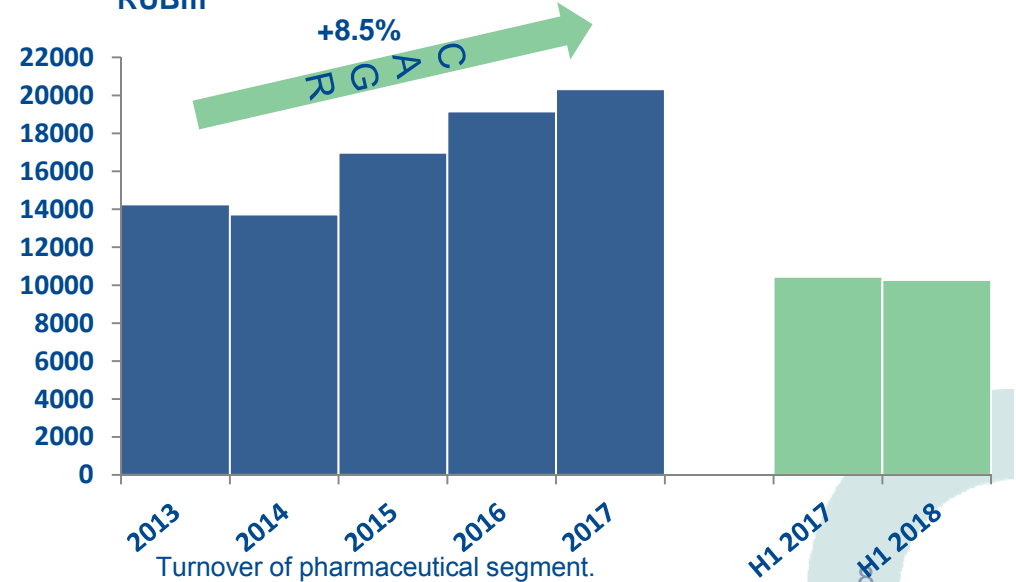
- Sales
RUB 10,277m (-1.6%)
EUR 143.2m (-14.1%)
- Exchange rate impact:
EUR -20.9m
- Deteriorating liquidity
of pharmacy chains
- Cautious credit policy

EURm

Richter's sales performance



RUBm

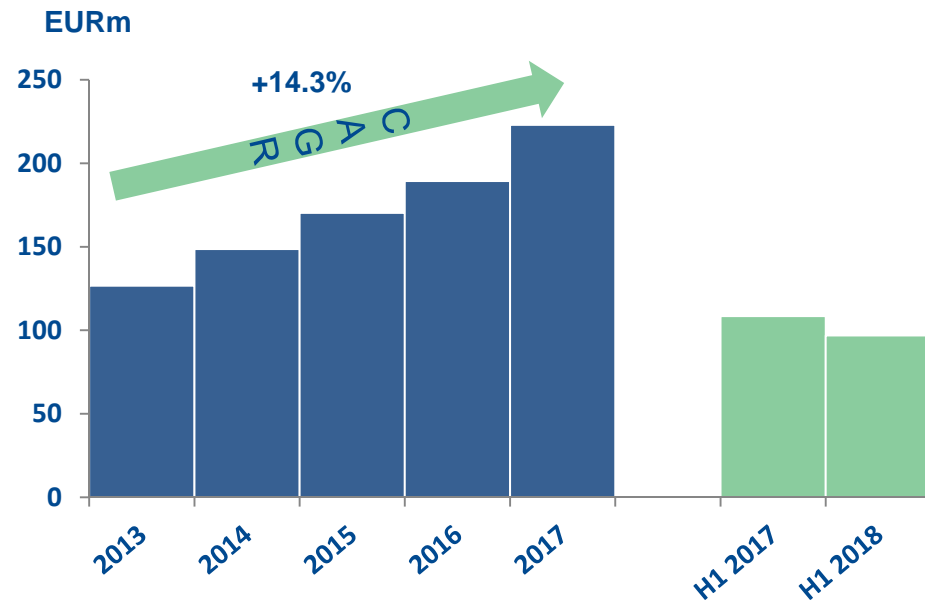


Turnover of pharmaceutical segment.

EU15

- Sales
EUR 96.9m (-10.7%)
- Esmya[®]
 - decreasing sales – impact of PRAC precautionary measures (9 February 2018)
 - PRAC investigation – EC adopts CHMP opinion (30 July 2018)
- Increasing Bemfola[®] sales

Richter's sales performance

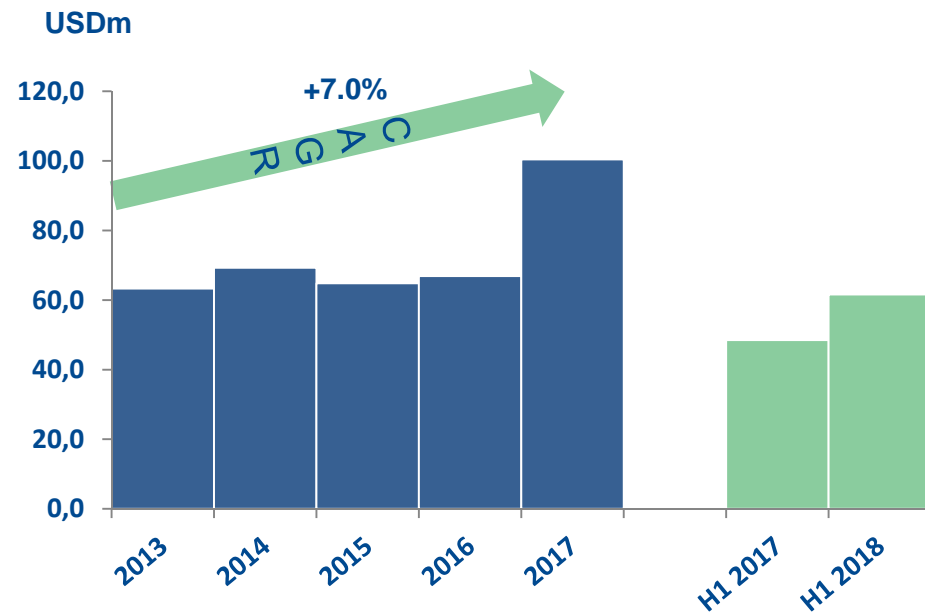


Turnover of pharmaceutical segment.

USA

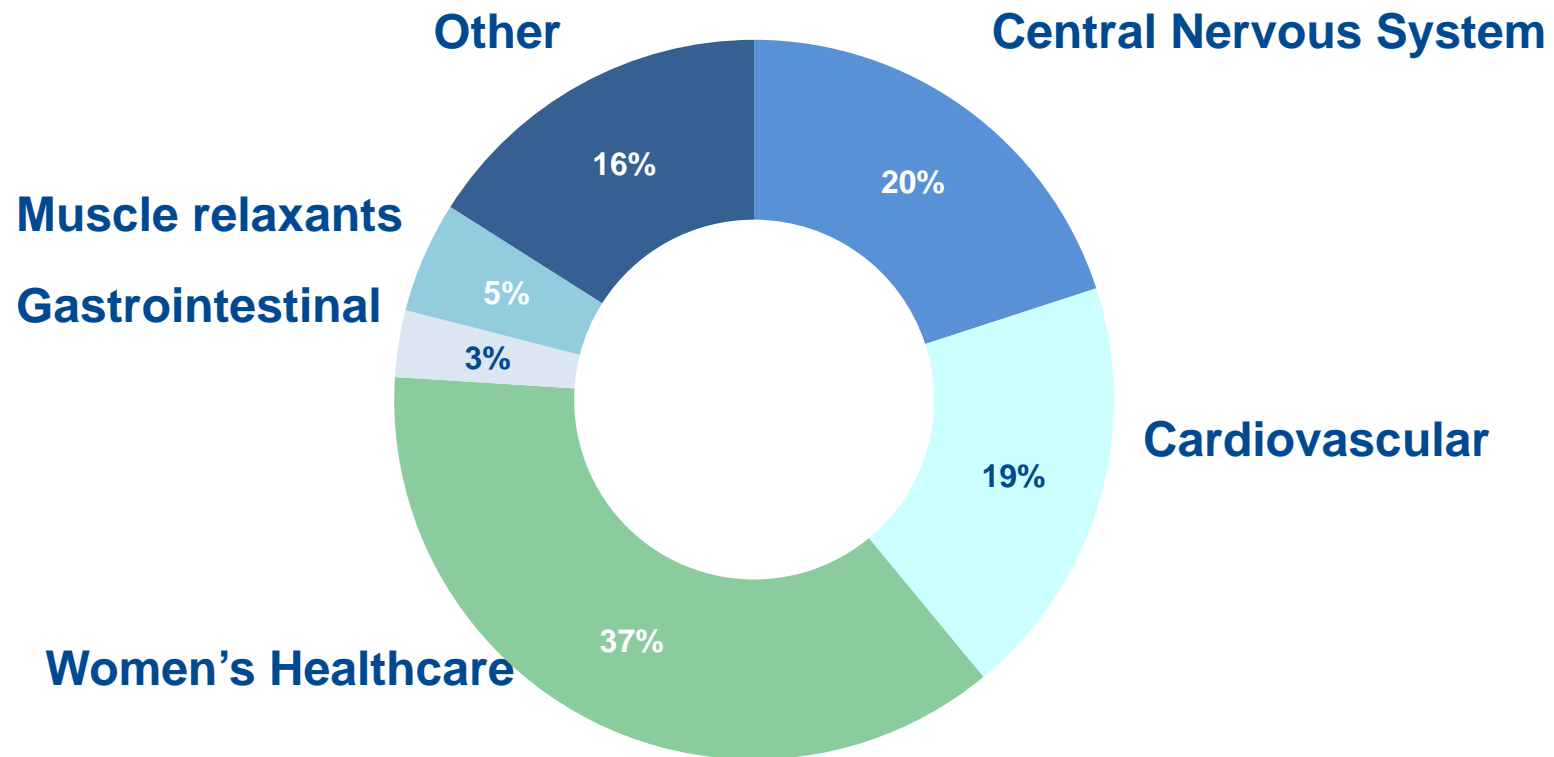
- Sales
USD 61.6m (+27.0%)
- Vraylar[®] royalty: USD 36.7m
- Increasing level of Plan B / Plan B One-Step sales
- Decreasing sales of steroid APIs

Richter's sales performance



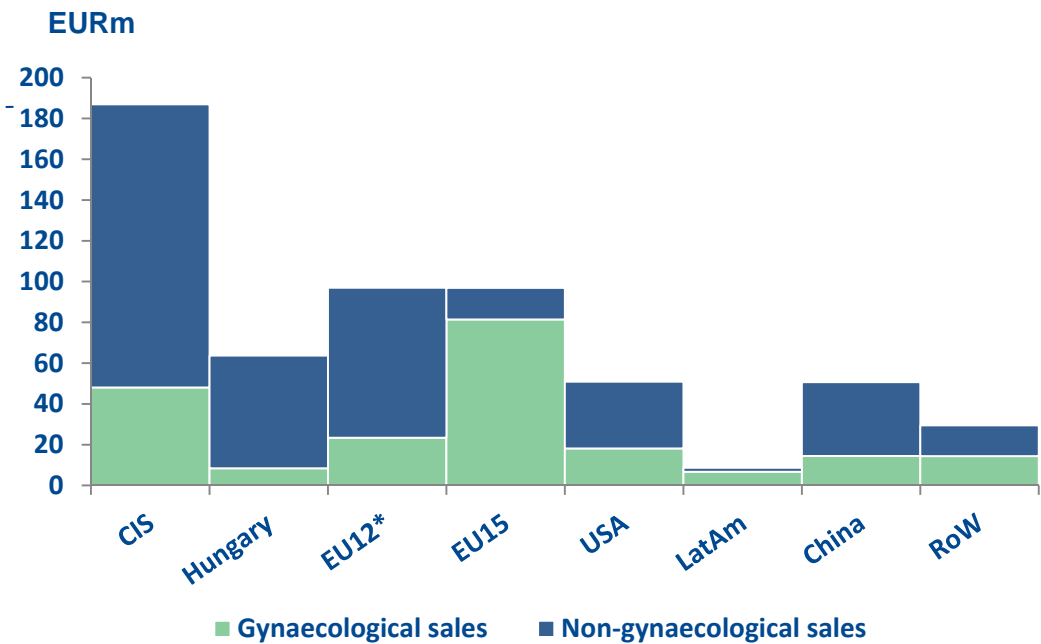
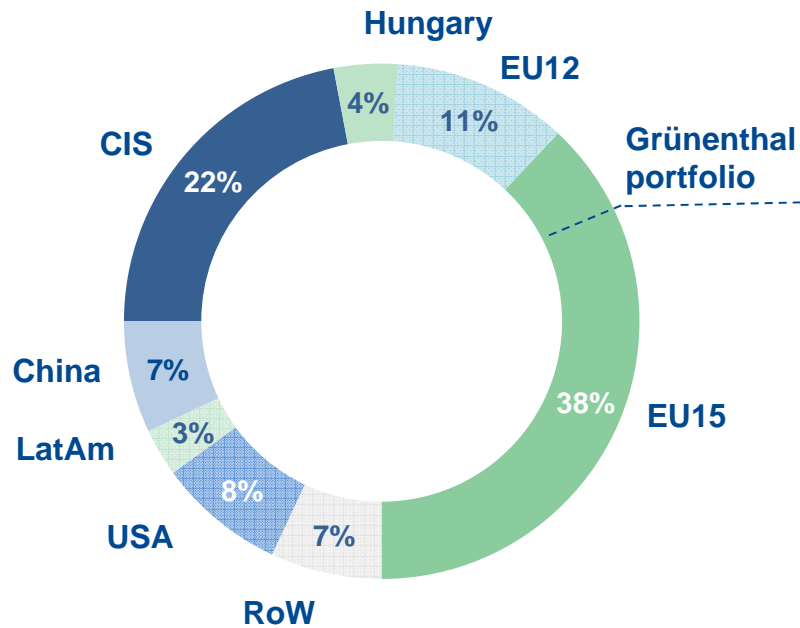
Turnover of pharmaceutical segment.

Pharmaceutical sales by therapeutic areas



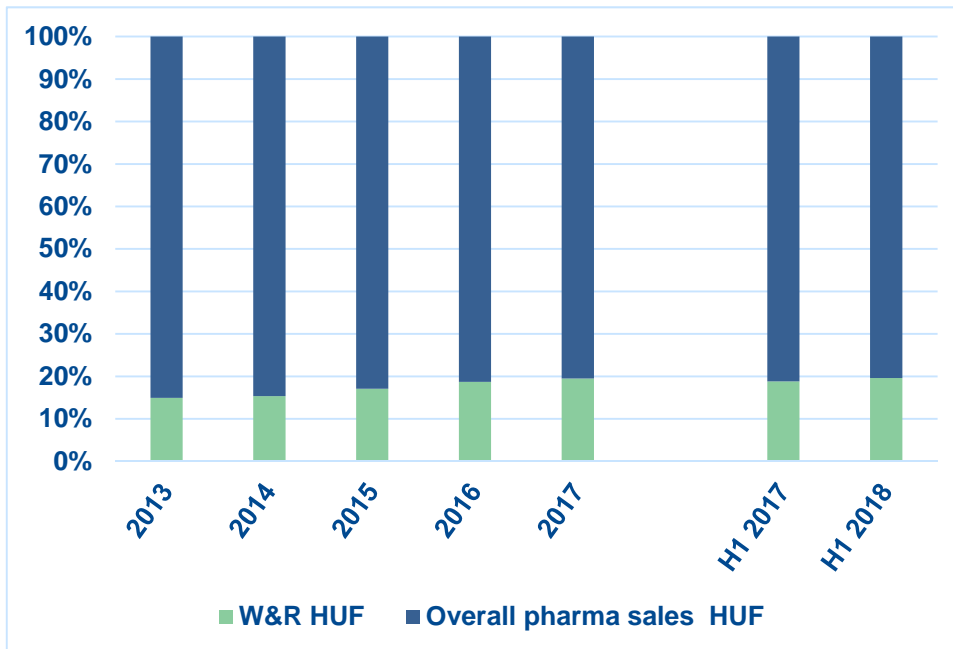
Total: EUR 584.2m

Women's Healthcare sales by region



Total:
HUF 67.6bn
EUR 215.1m

Wholesale and retail



- W&R contributes 20% to total sales
- 80% of the W&R turnover originates in Romania
- 21 June 2018: Suspension of business licence of Pharmafarm
- Sales increase in Romania – 2.5 EURm



REPORTING PERIOD

Consolidated Financials

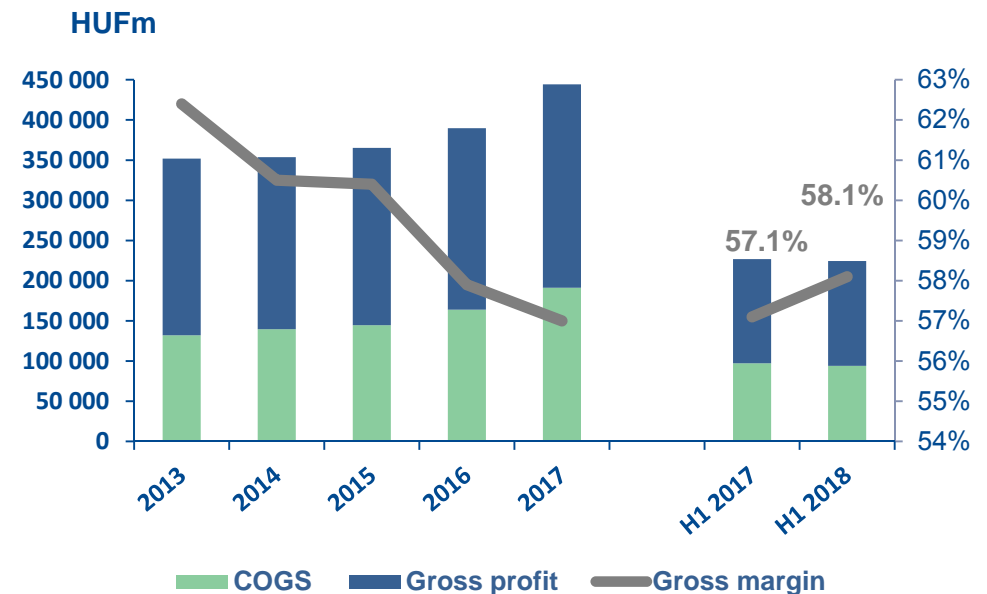
Consolidated Financials – Highlights

	HUF	Change %	EUR	Change %
Total revenue	224.4 bn	-1.0	713.9 m	-2.6
Gross profit	130.3 bn	0.6	414.6 m	-1.0
Profit from operations	35.7 bn	7.9	113.5 m	6.3
Profit for the period*	38.8 bn	34.8	123.5 m	32.7
EPS (diluted)	208	34.2	0.66	32.0

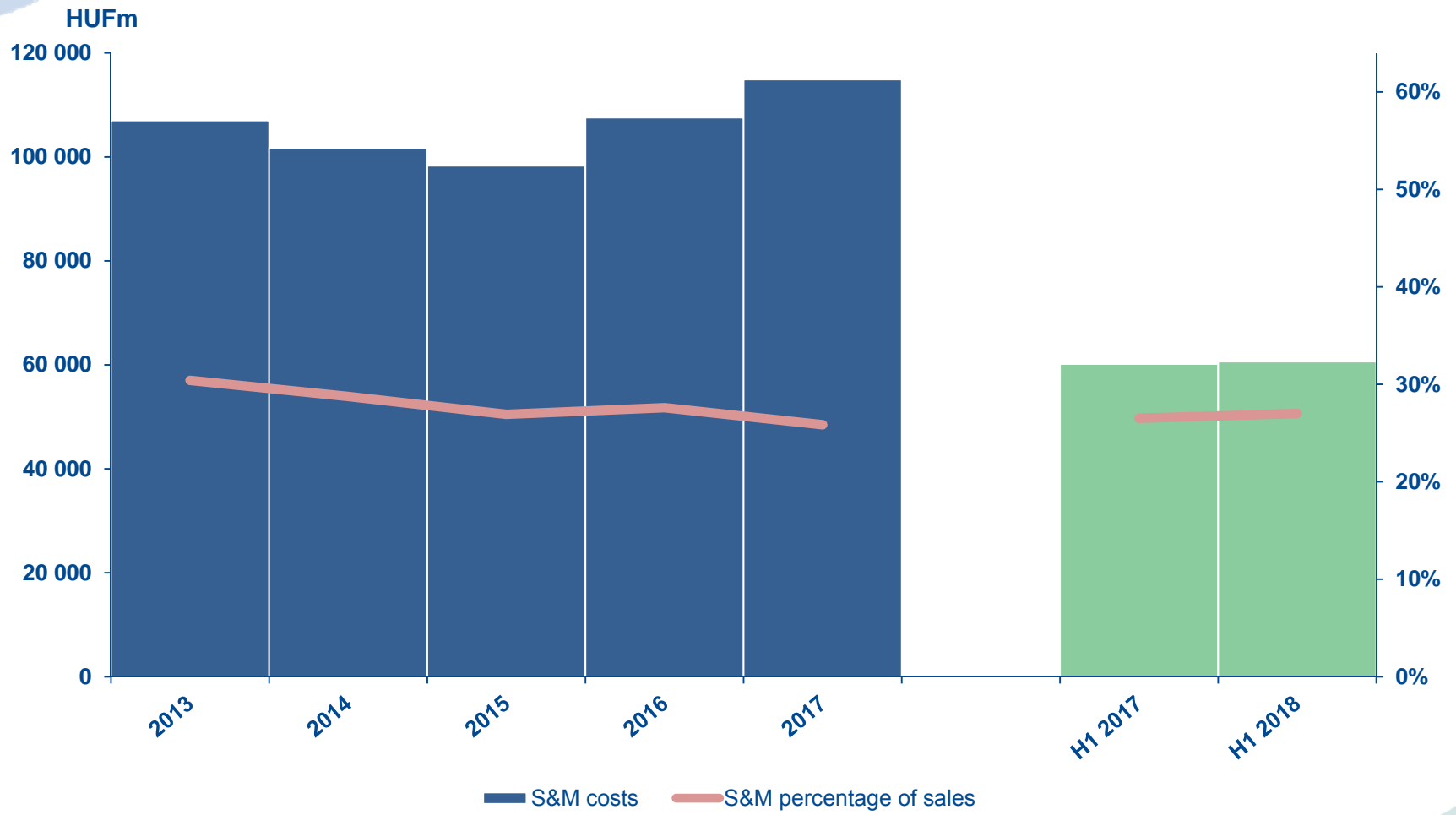
*Net income attributable to owners of the parent.

Consolidated Financials – Increasing gross margin

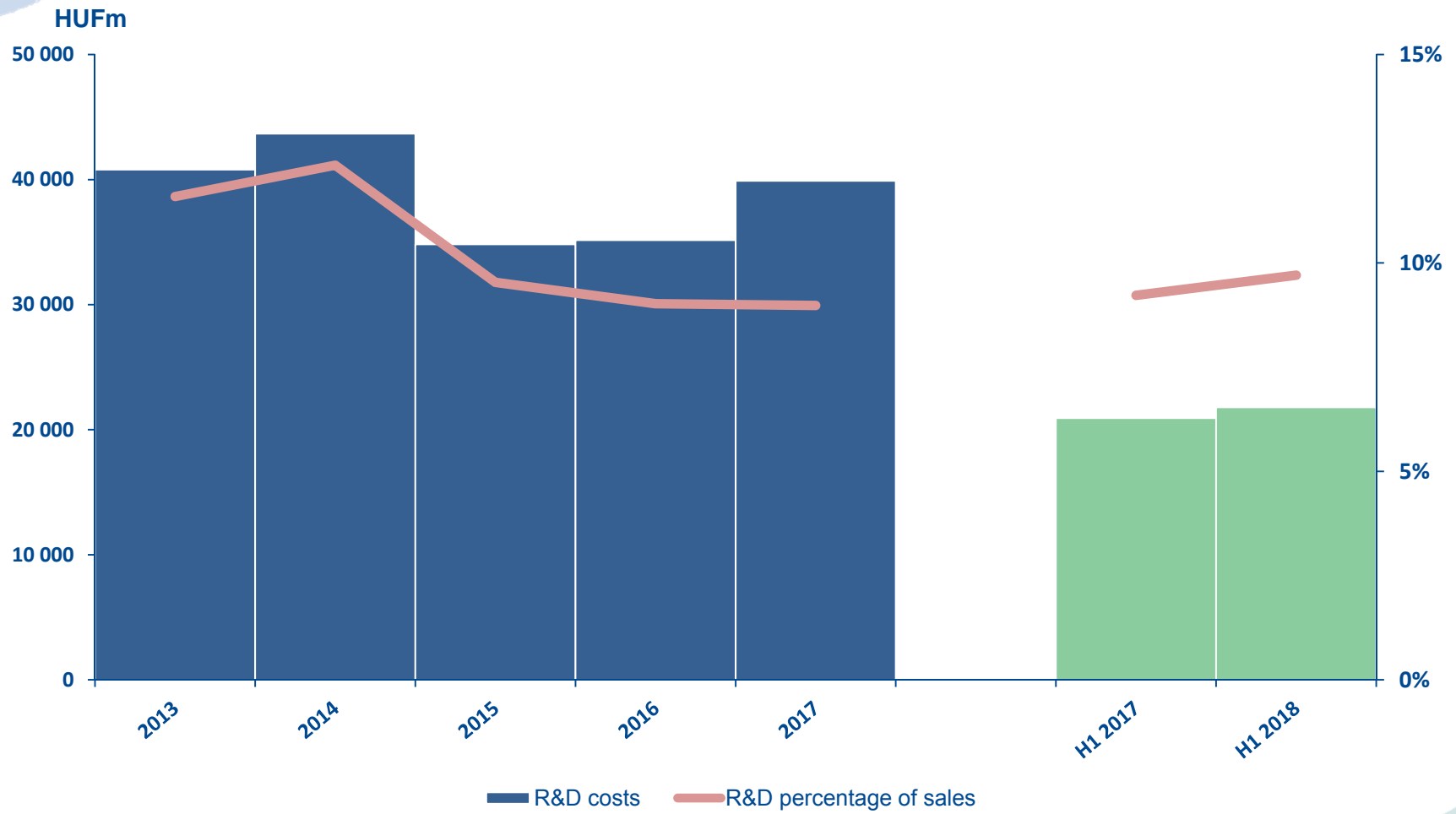
- + Vraylar® royalty
- + USA, China – high margin – increasing share
- + Decreasing Esmya amortization
- + Increasing gross profit of Bemfola®
- *Restricted sales of Esmya®*
- *Depreciation of RUB and USD exchange rates against EUR*
- *Price erosion on the traditional markets*
- *Tightening regulatory measures*



S&M costs

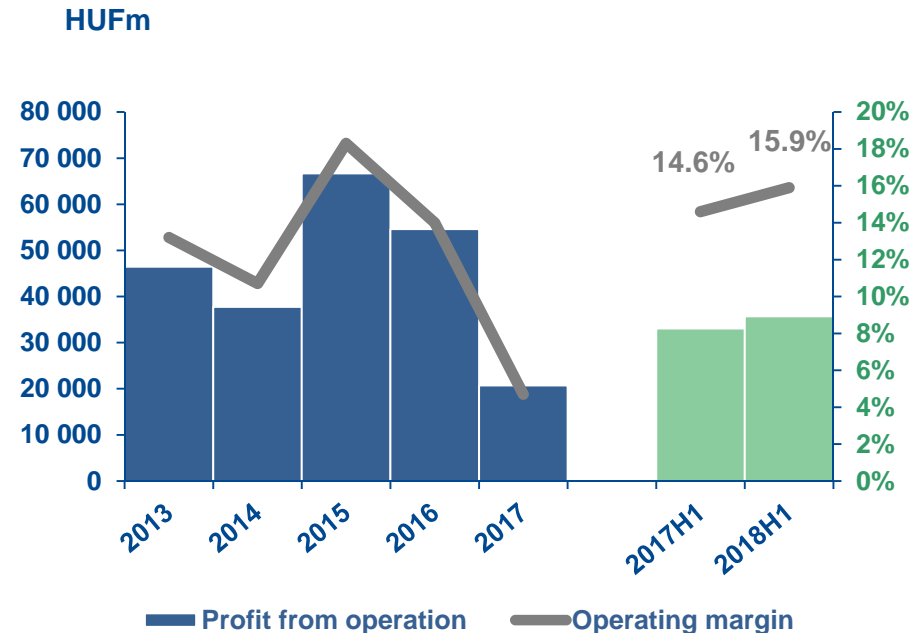


R&D costs



Consolidated Financials – increase of operating margin

- + Increase of gross margin
- + Improving balance of Other income and expenses
- + One-off items
 - + one-off income: HUF 6,238 m
 - + Recordati – Reagila® – product launch in Germany
 - + Allergan – Vraylar® – successful Phase III bipolar depression clinical trial



Exchange rates

At period end

	30.06.2018	31.03.2018	31.12.2017	30.09.2017	30.06.2017
EURHUF	328.60	312.55	310.14	311.23	308.87
USDHUF	282.06	253.94	258.82	263.75	270.87
RUBHUF	4.50	4.40	4.49	4.56	4.56
EURRUB	73.02	71.03	69.07	68.25	67.73
EURUSD	1.17	1.23	1.20	1.18	1.14
CHFHUF	284.05	265.24	265.24	271.68	282.57
KZTHUF	0.83	0.80	0.78	0.77	0.84
CNYHUF	42.62	40.38	39.77	39.69	39.95

Average

	H1 2018	Q1 2018	M12 2017	M9 2017	H1 2017
EURHUF	314.36	311.08	309.28	308.47	309.42
USDHUF	259.89	253.01	273.73	276.96	285.26
RUBHUF	4.38	4.45	4.71	4.78	4.94
EURRUB	71.77	69.91	65.66	64.53	62.64
EURUSD	1.21	1.23	1.13	1.11	1.08
CHFHUF	268.52	266.96	278.32	281.77	287.46
KZTHUF	0.80	0.78	0.87	0.89	0.90
CNYHUF	40.74	39.78	40.17	40.26	41.08

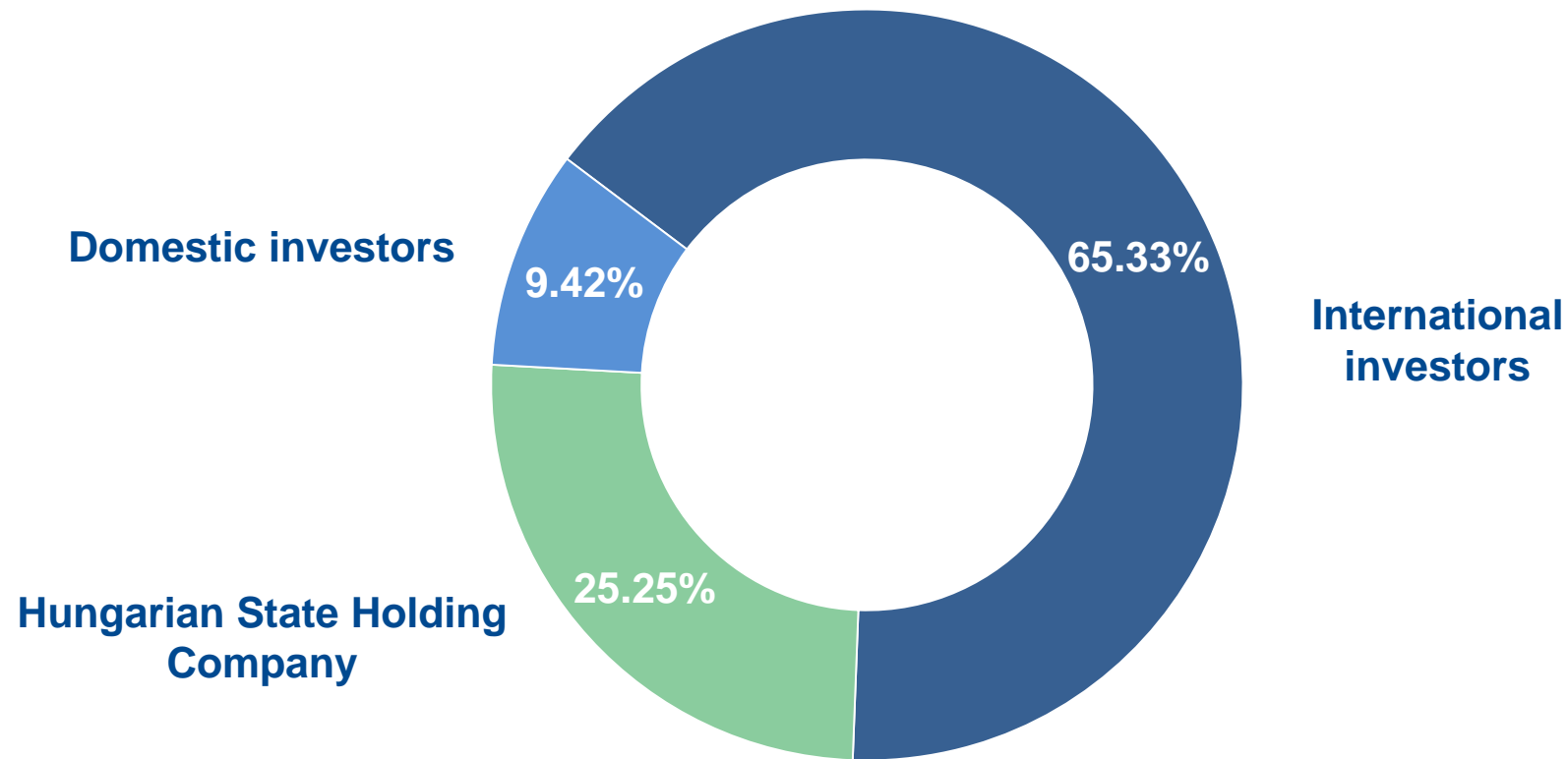


REPORTING PERIOD

Corporate Matters

Ownership structure

30 June 2018





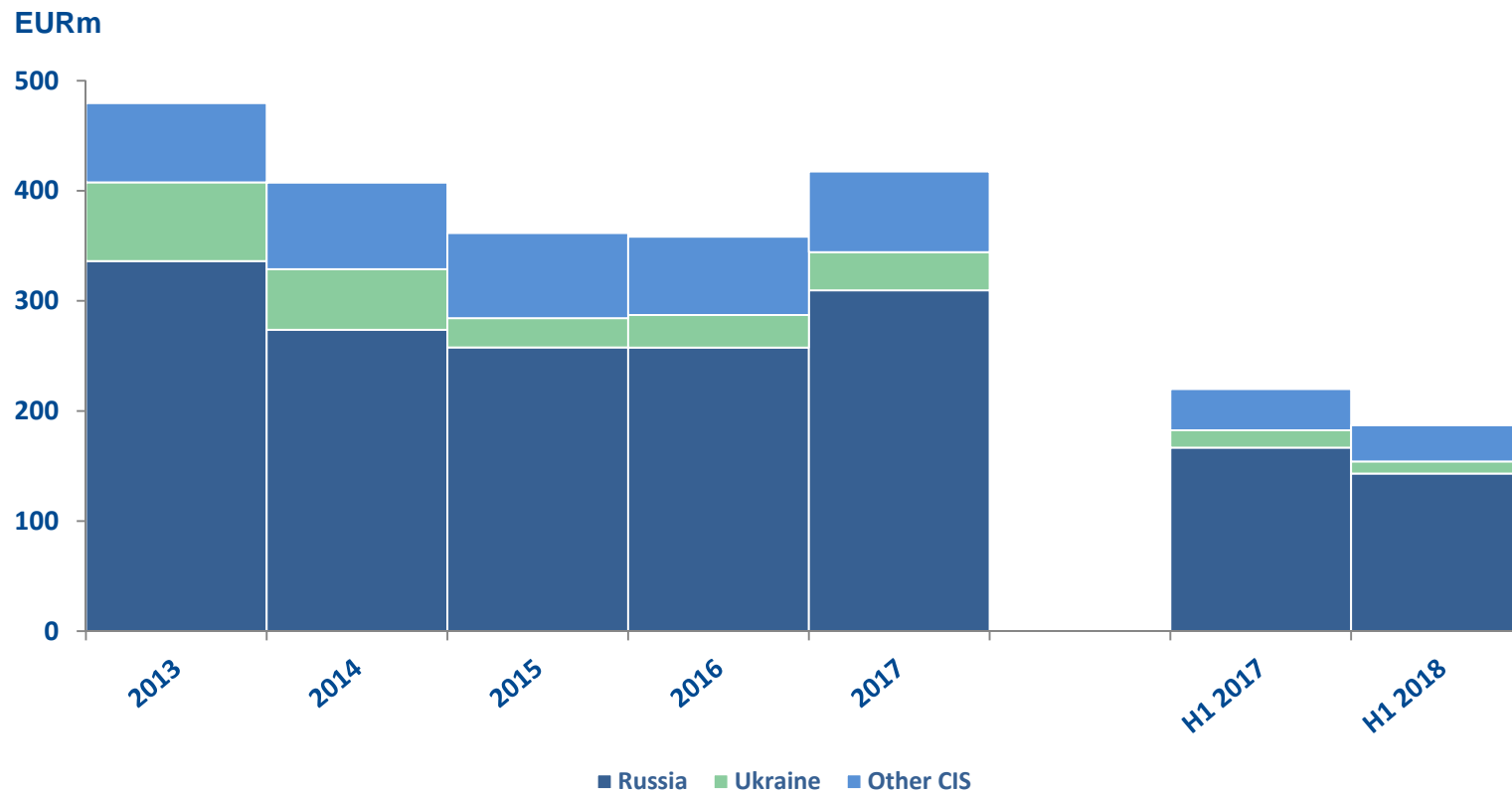
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Appendix I.

Individual Market Performances

CIS – sales performance and composition



Turnover of pharmaceutical segment.

Ukraine, Other republics

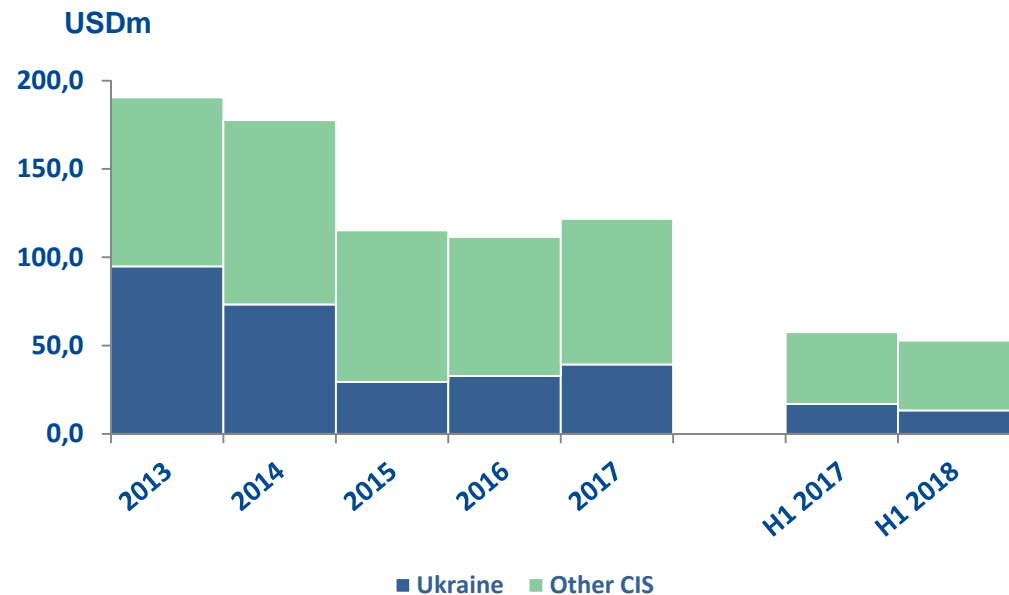
- Ukraine

- decreasing sales levels
(by USD -3.7m)
- market has stabilised to certain extent
- USDUAH: stabilised around the rate of 27 (YoY)
- Preshipments in H2 2017

- Other republics

- sales decrease
(by EUR -4.8m)
- worsening FOREX environment

Richter's sales performance

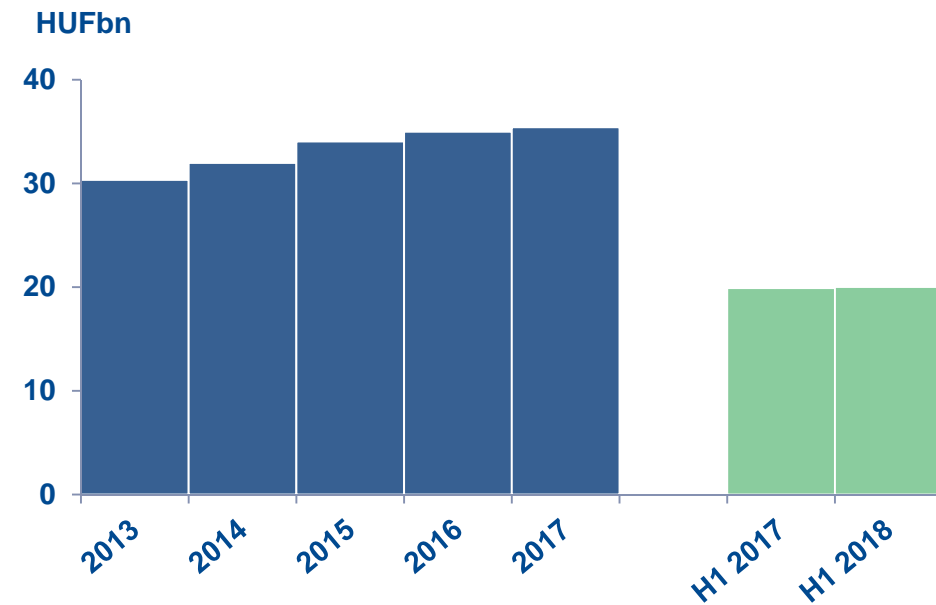


Turnover of pharmaceutical segment.

Hungary

- Sales
HUF 20,021m (+0.6%)
- Modest growth of pharmaceutical market
- Success of products launched in recent years

Richter's sales performance



Turnover of pharmaceutical segment.

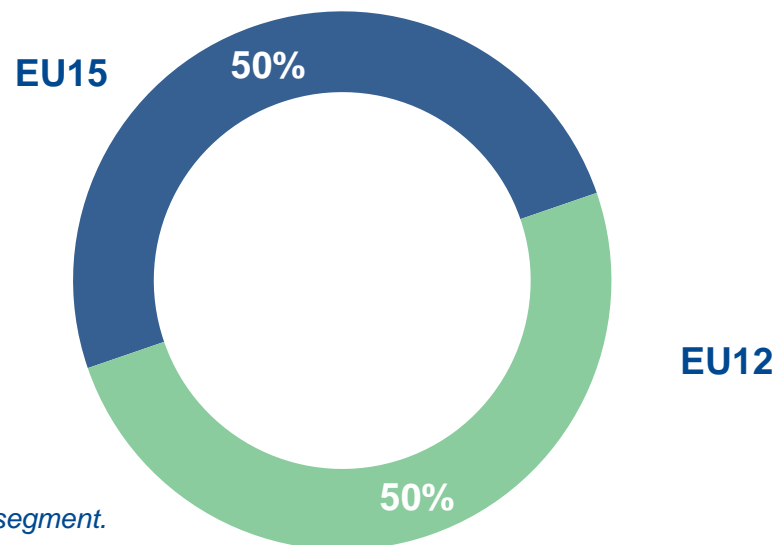
EU – composition of sales

- **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

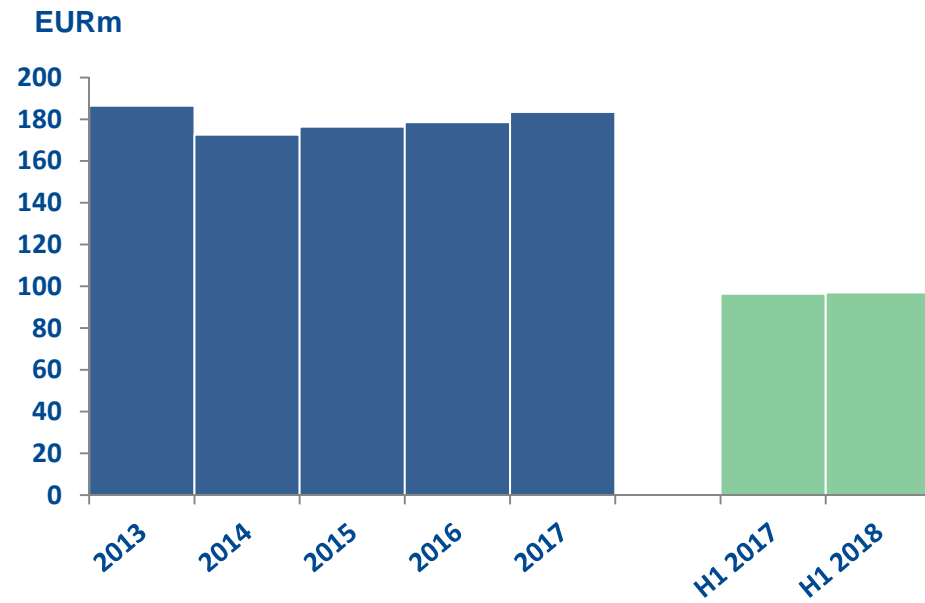


Turnover of pharmaceutical segment.

EU12

- Sales: EUR 97.0m (+0.7%)
- Increasing generic competition
- Price erosion
- Poland:
 - -0.3% sales decrease (PLN)
 - Price erosion of generic products
- Romania:
 - -0.3% sales decrease (RON)
 - substantial price decreases implemented by the Government
 - Claw-back

Richter's sales performance

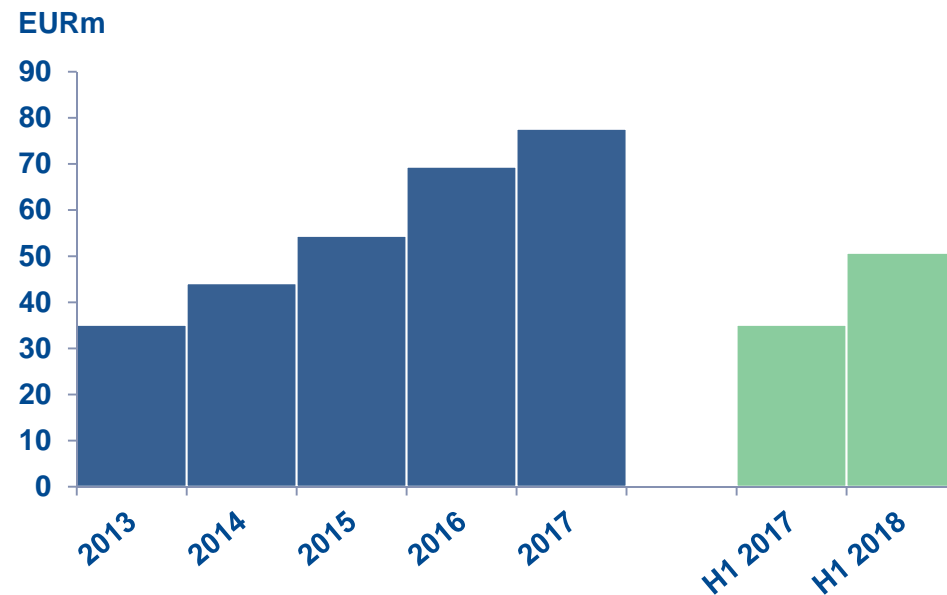


Turnover of pharmaceutical segment.

China

- Sales: EUR 50.7m (+44.4%)
- Higher sales level of Cavinton (preshipments) and emergency contraceptives
- With effect from 1 January 2018, invoicing currency in China is CNY

Richter's sales performance

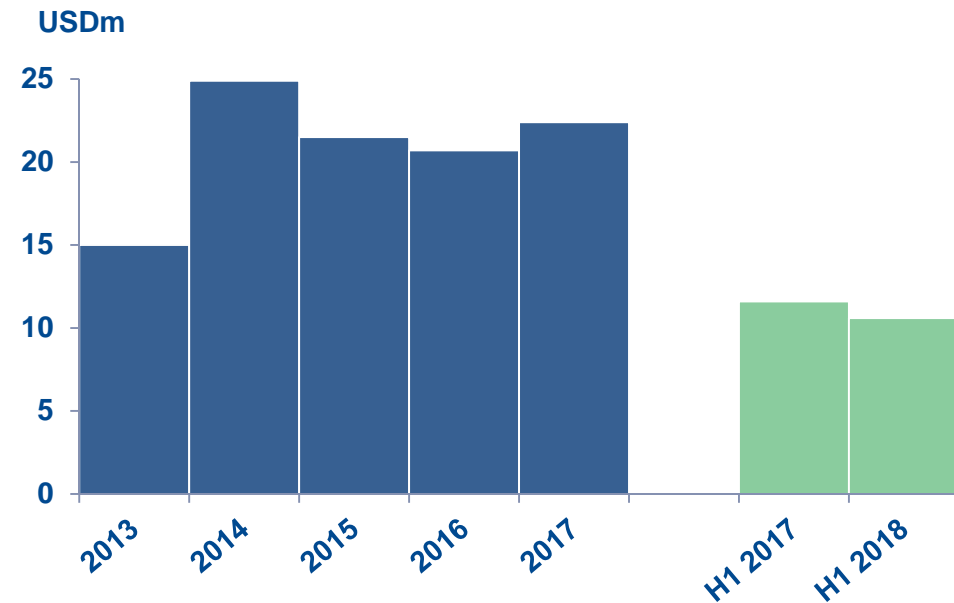


Turnover of pharmaceutical segment.

Latin America

- Sales: USD 10.6m (-8.6%)
- Regional presence:
 - Mexico, Colombia, Brazil
 - Mediplus N.V. → Ecuador, Bolivia, Peru, Chile
- Women's Healthcare products in focus

Richter's sales performance



Turnover of pharmaceutical segment.



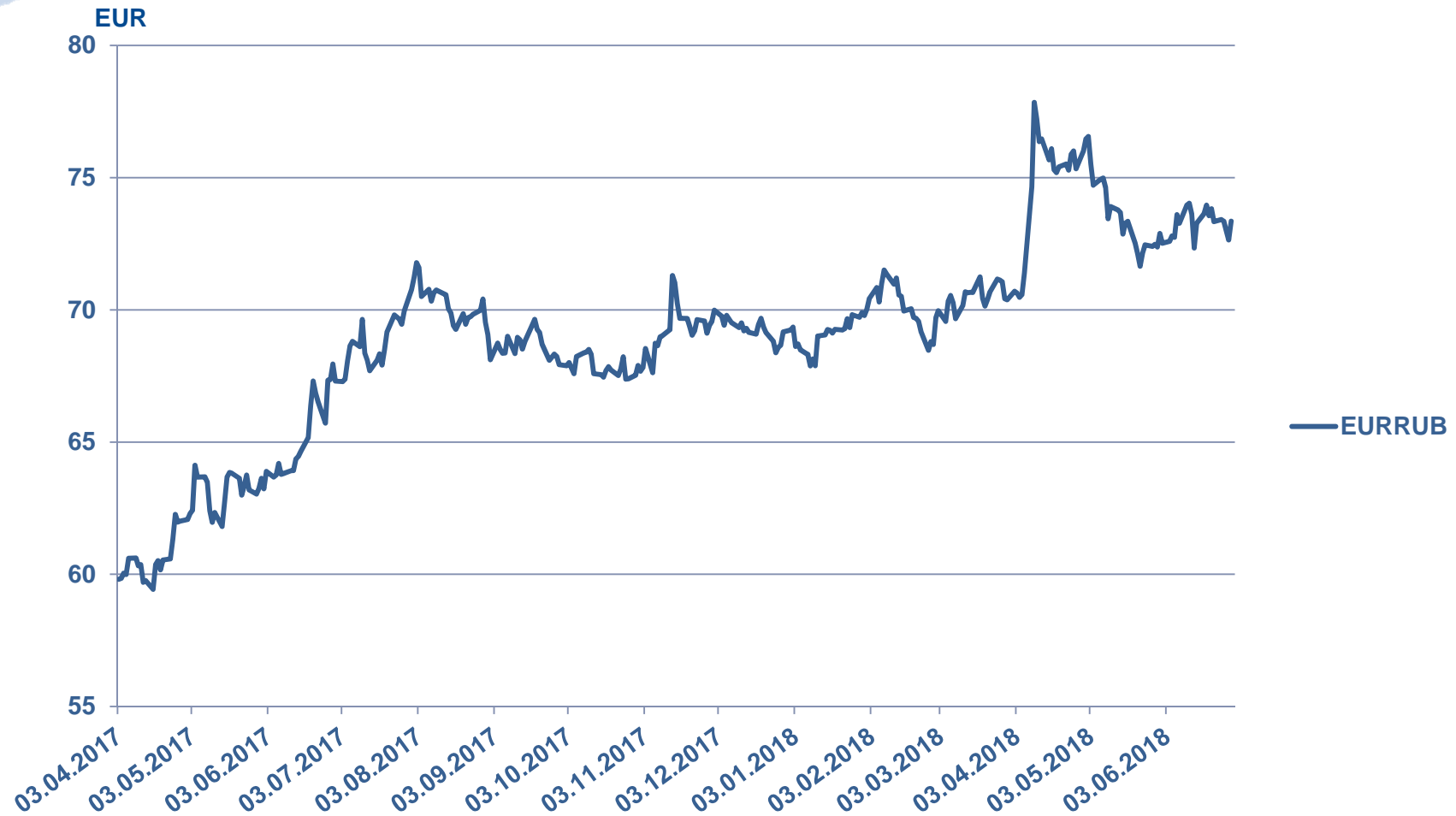
Appendix II.

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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