



Richter Group Report, H1 2020

Budapest, 3 August 2020



278,692 HUFm

Consolidated sales

↑+15.4%

58.3%

Gross margin

18.8%

Operating margin

326 HUF

EPS

↑+53.8%

60,531 HUFm

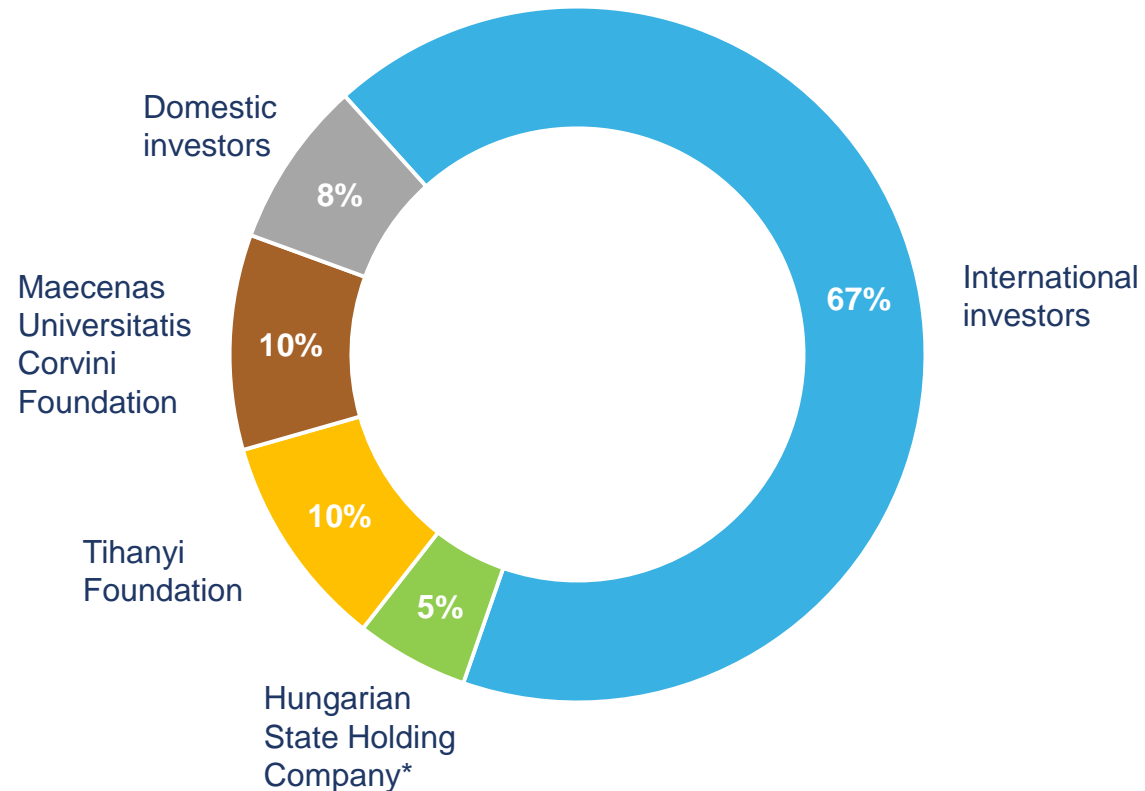
Net profit*

↑+53.1%

* Net income attributable to owners of the parent.

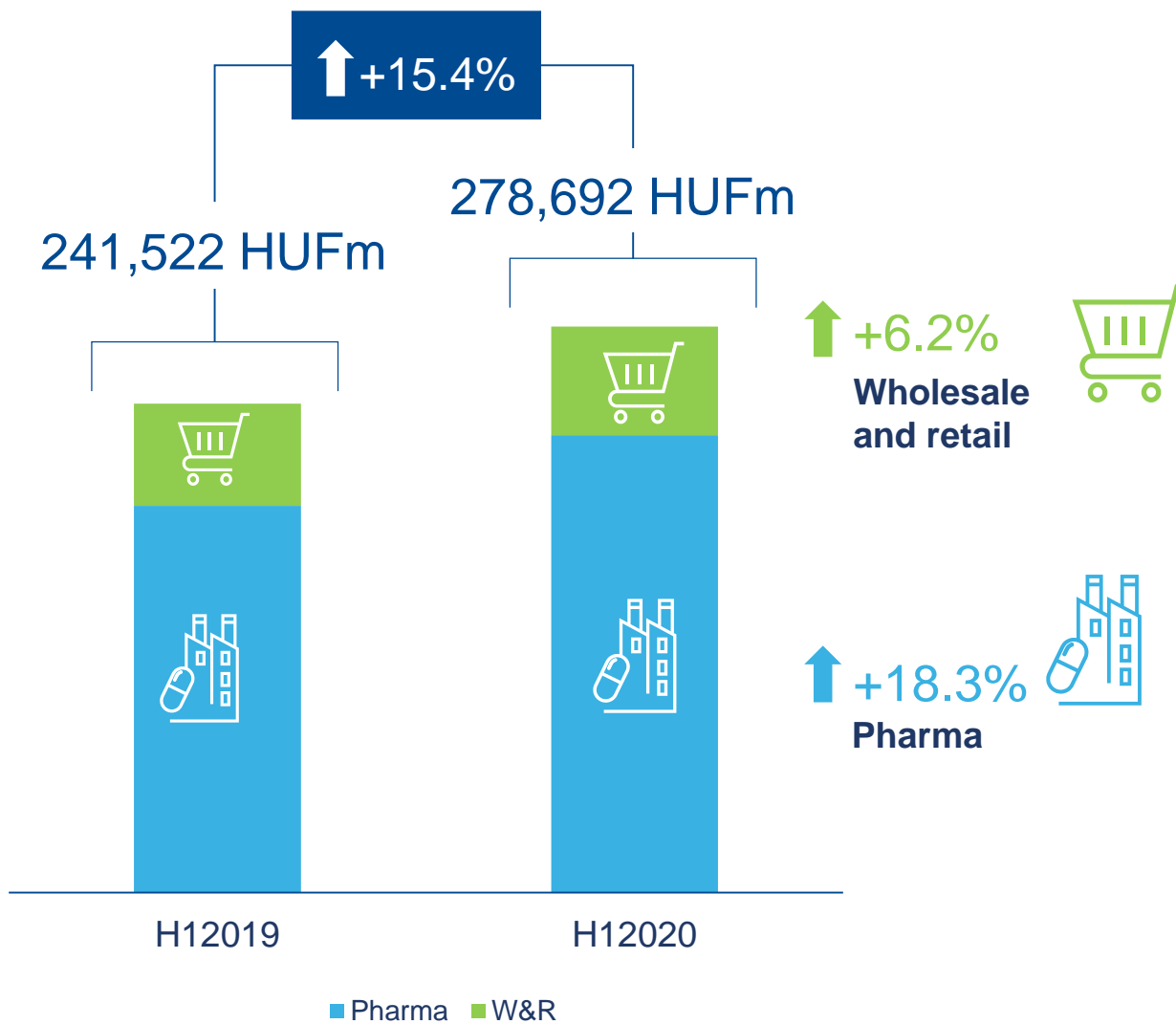


On 18 June 2020 Richter informed its shareholders that in Gedeon Richter Plc. the influence (voting rights and ownership ratio) of the Hungarian State represented by HNMA Inc. has decreased from 25.25% to 15.25%. Simultaneously the influence (voting rights and ownership ratio) of Tihanyi Foundation increased from 0% to 10% in Gedeon Richter Plc.

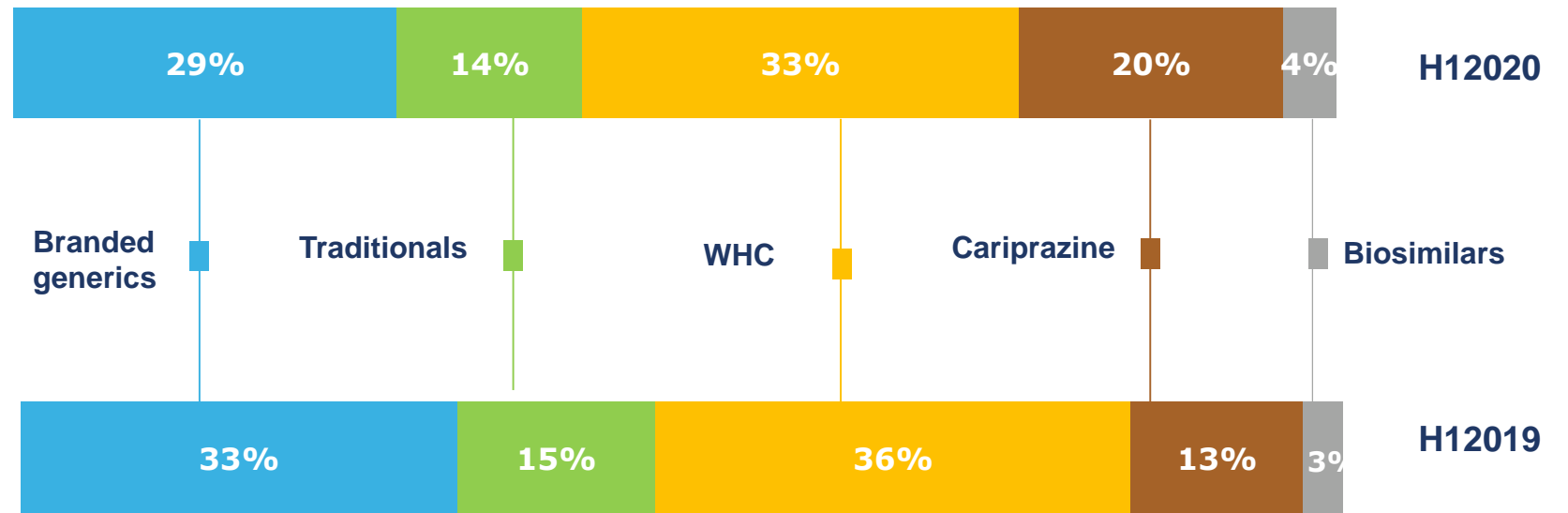


* The legal and technical part of the share transfer is ongoing.

Consolidated sales by main business segments



Revenue by strategic pillars (%)



Key products (1/2)

Cariprazine



Central Nervous System

HUF 45,103m
(EUR 130.5m)

Turnover

↑ +79.9%

USA -
HUF 7,946m one-off
sales related milestone
linked to the sales of
Vraylar®

Ongoing phase III
clinical trials – MDD
adjunctive therapy

Singapore and Thailand -
Reagila®
in co-operation with Mitsubishi

Terrosa®



Biosimilars

HUF 4,005m
(EUR 11.6m)

Turnover

↑ +229.6%

Rapid sales growth:
EU: ~70%
Japan: ~30%

Key products (2/2)

Bemfola®



HUF 6,887m
(EUR 19.9m)

Turnover

↓ -17.8%

Due to the pandemic situation most of the fertility centres were closed for almost three months.

WHC

Esmya®



March 2020: another PRAC review procedure – suspension of sales of the product.

WHC

Sales by geographies (%)

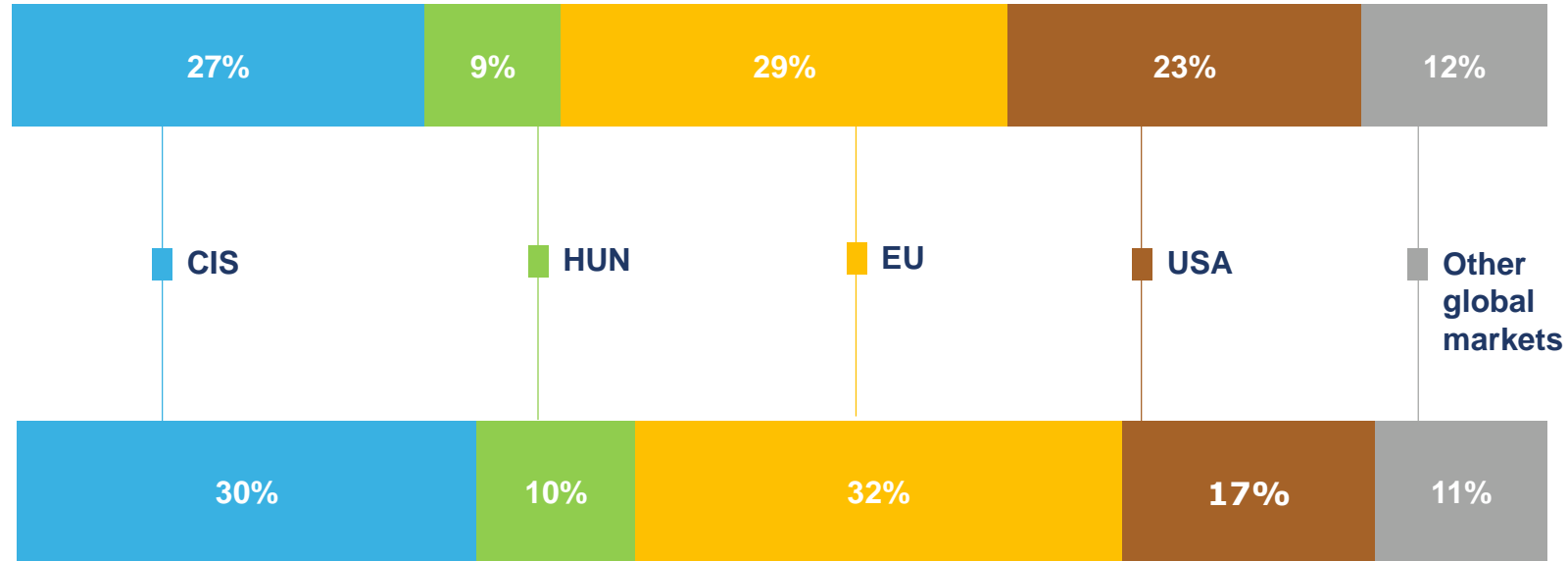
HUF 229.9bn

H12020

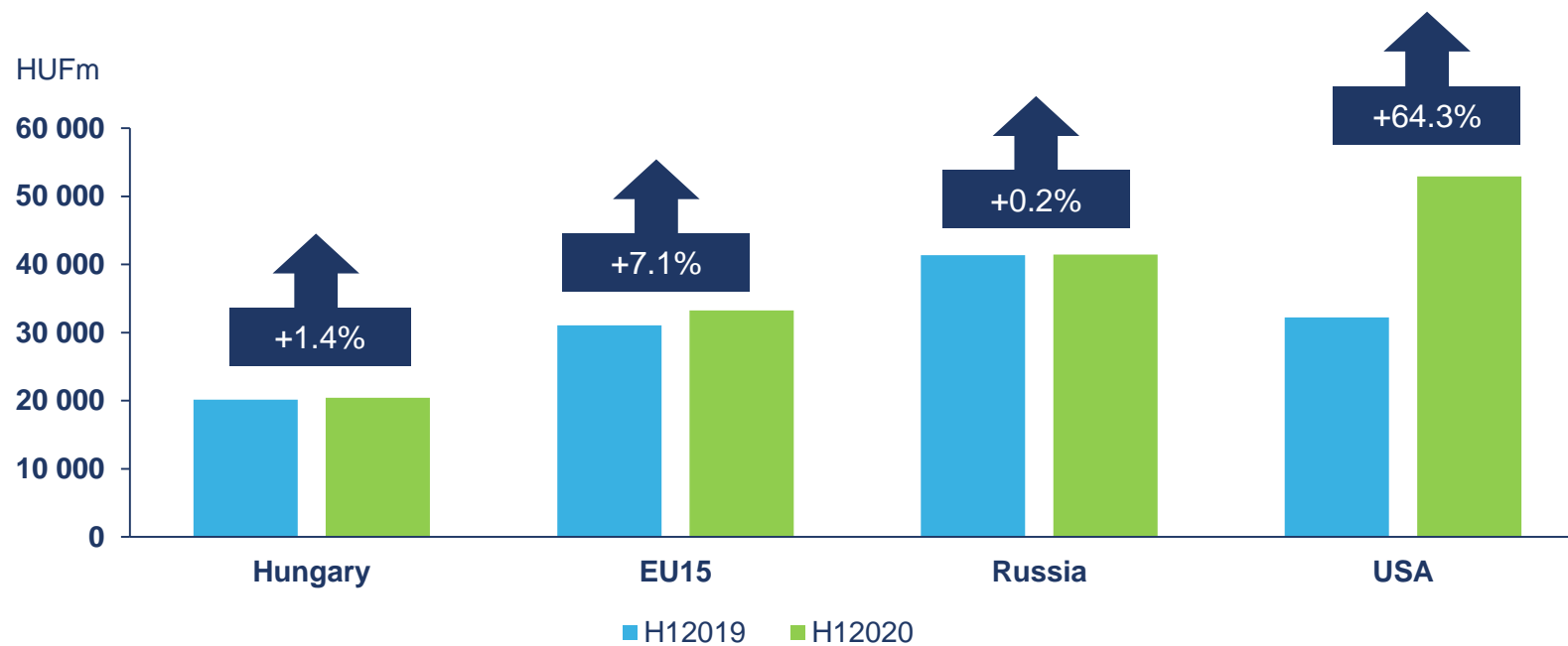
↑
+18.3%

H12019

HUF 194.4bn



Sales by main regions (HUFm)



(HUFm)	H12019	H12020	Change
Hungary	20,159	20,436	277
EU15	31,080	33,272	2,192
Russia	41,362	41,441	79
USA	32,225	52,948	20,723

Strengths and challenges in key markets



USA

Significant increase in royalty income related to the sales of Vraylar[®]

One-off sales related milestone income linked to Vraylar[®]

EU15

Higher turnover of oral contraceptives and Terrosa[®]

EU12

Significant forestalling ahead of lockdown



Russia

Purchasing power under pressure

Carry-over effect of 2019 price cuts

EU15

Decline in Bemfola[®]

Loss of Esmya[®] sales

China

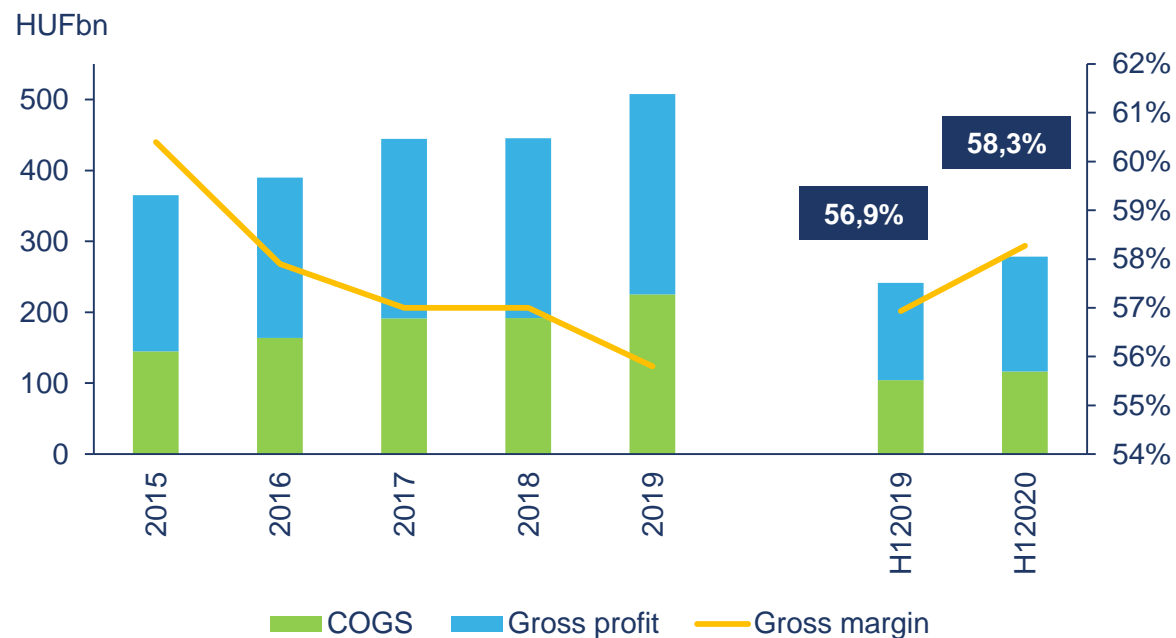
Delisting of Cavinton with effect from 1 January 2020

Consolidated Financials – Highlights

	HUFbn	Change %	EURm	as % of total revenues
Total revenue	278.7	+15.4	806.2	
Gross profit	162.5	+18.2	470.0	58.3
Profit from operations	52.3	+52.1	151.4	18.8
Profit for the period*	60.5	+53.1	175.1	21.7
	HUF	Change %	EUR	
EPS (diluted)	326	+53.8	0.94	

* Net income attributable to owners of the parent.

Increasing gross profit and margin (HUFbn)



(%)	H12019	H12020
Pharmaceuticals	67.9	68.4
Wholesale and retail	10.0	10.3



A significant increase in royalties receivable linked to the sales of Vraylar® (HUF 18,394m)

Increasing turnover of certain higher margin OCs and EC

Higher demand experienced linked to some of our products (Groprinosin – pandemic related forestalling)

Favourable FX environment

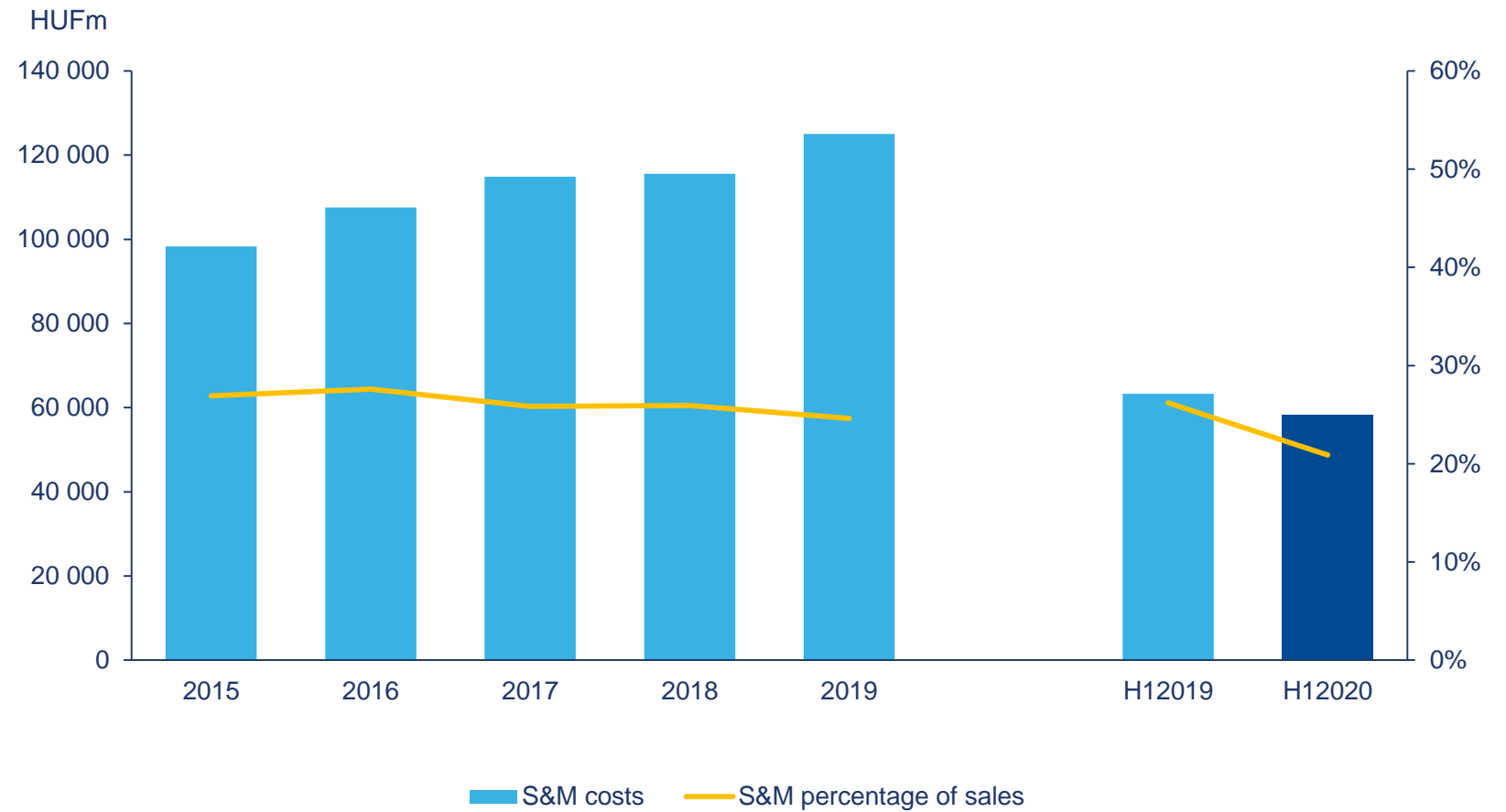


Increasing inventories eroded the gross profit

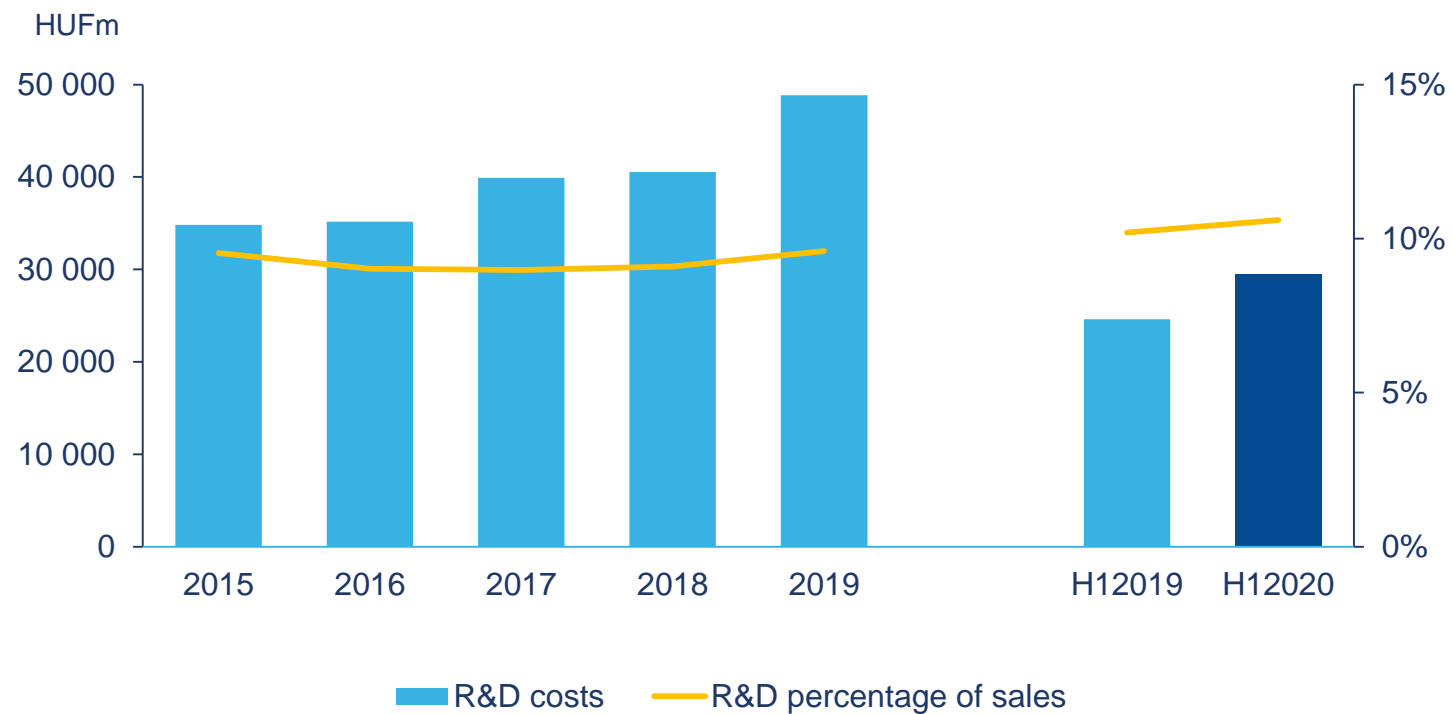
China – delisting of Cavinton, Russia – compulsory price adjustment

Increases of wages in Central and Eastern Europe

S&M costs (HUFm)



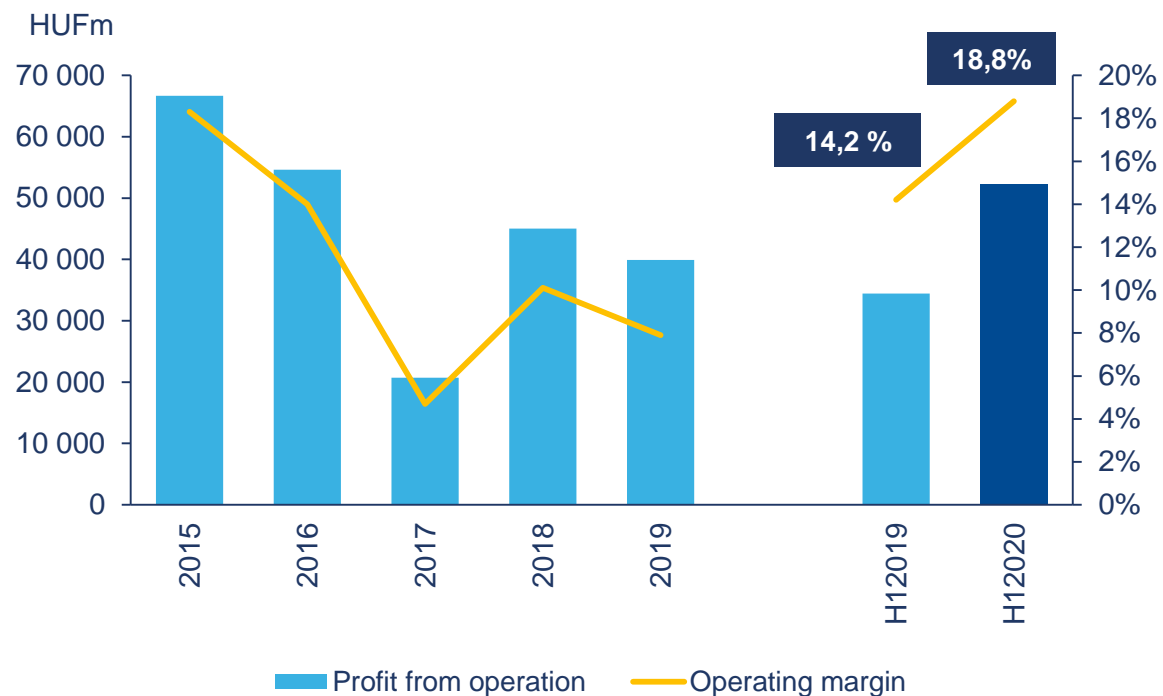
R&D costs (HUFm)



Split of R&D spending (%) – H1 2020



Increasing operating profit and margin (HUFm)



Robust increase of sales in the pharmaceutical segment

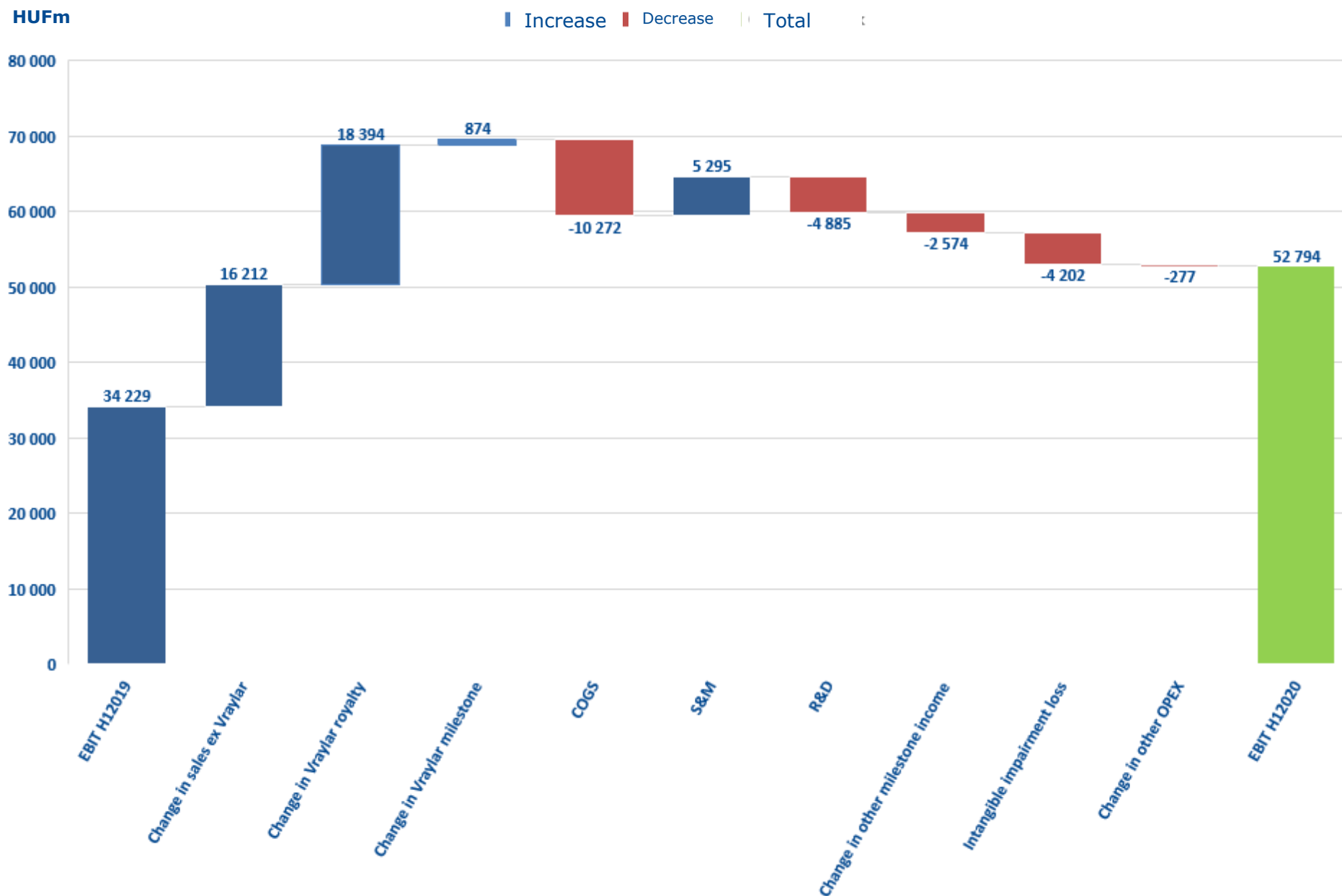
Significant Vralyar® royalty and milestone income (similar amount of milestone income in the base period)

Increase of gross profit

Impairment loss of HUF 4,202m linked to the WHC portfolio

(%)	H12019	H12020
Pharmaceuticals	17.6	23.0
Wholesale and retail	0.2	0.3

Factors impacting pharma segment operating profit



The effects of the COVID-19 pandemic



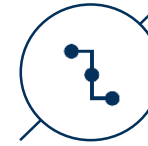
Our employees

- **Maintaining the health of our colleagues remains our most important aim**
- **Partial travel restrictions**
- Social distancing, provision of protective gear, travel allowances
- **Supporting remote work** and providing the necessary equipment
- **Continuous and up-to-date internal communication**



Sales

- **Decrease in demand due to limitation of doctor-patient contact**
- **Reduction in supply** due to stricter regulation of promotional activity based on personal visit



Management

- Increase in productivity
- **Increase in inventory level**
- **Vertically integrated business model,** flexible response



Financials

- **Solid foundations:** capital strength, no loans, constantly positive cash flow
- **Mitigation of foreign exchange risks** via natural hedging



RICHTER GEDEON