



Richter Group

Report, M12 2019

Budapest, 7 February 2020

2019 Highlights



Consolidated sales

HUF 507,794m

EUR 1,560.7m



Operating margin

7.8%



Net profit*

HUF 49,299m

EUR 187.9m



Gross margin

55.7%



Adjusted operating margin

14.2%



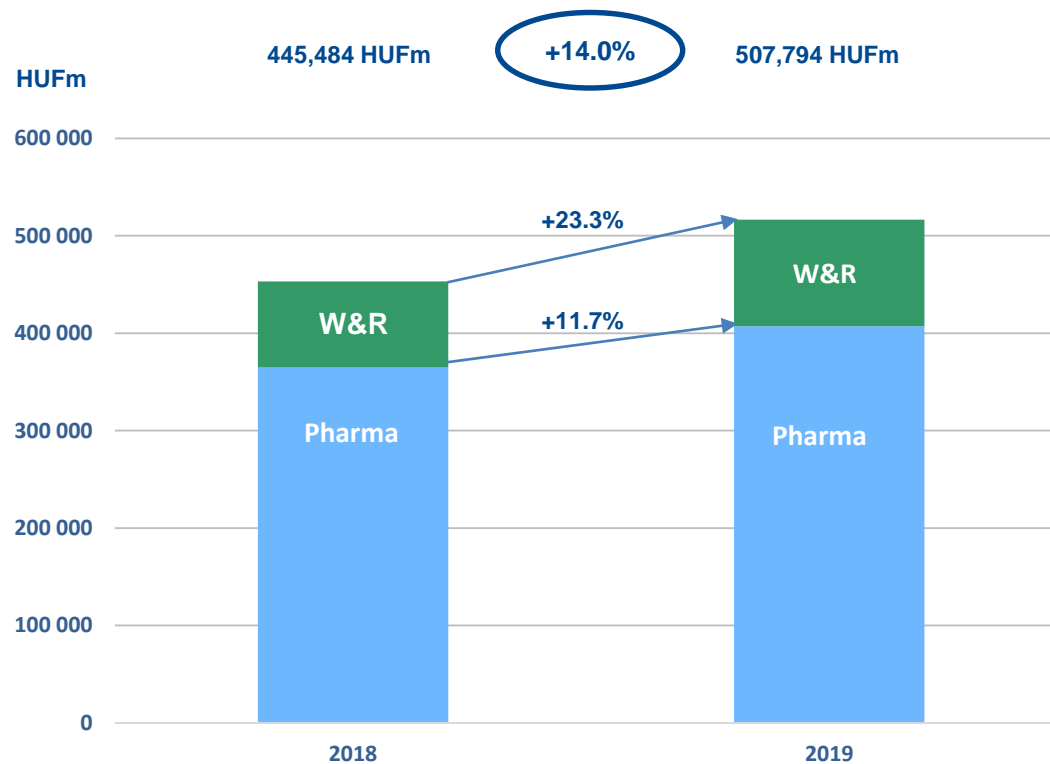
EPS

HUF 265

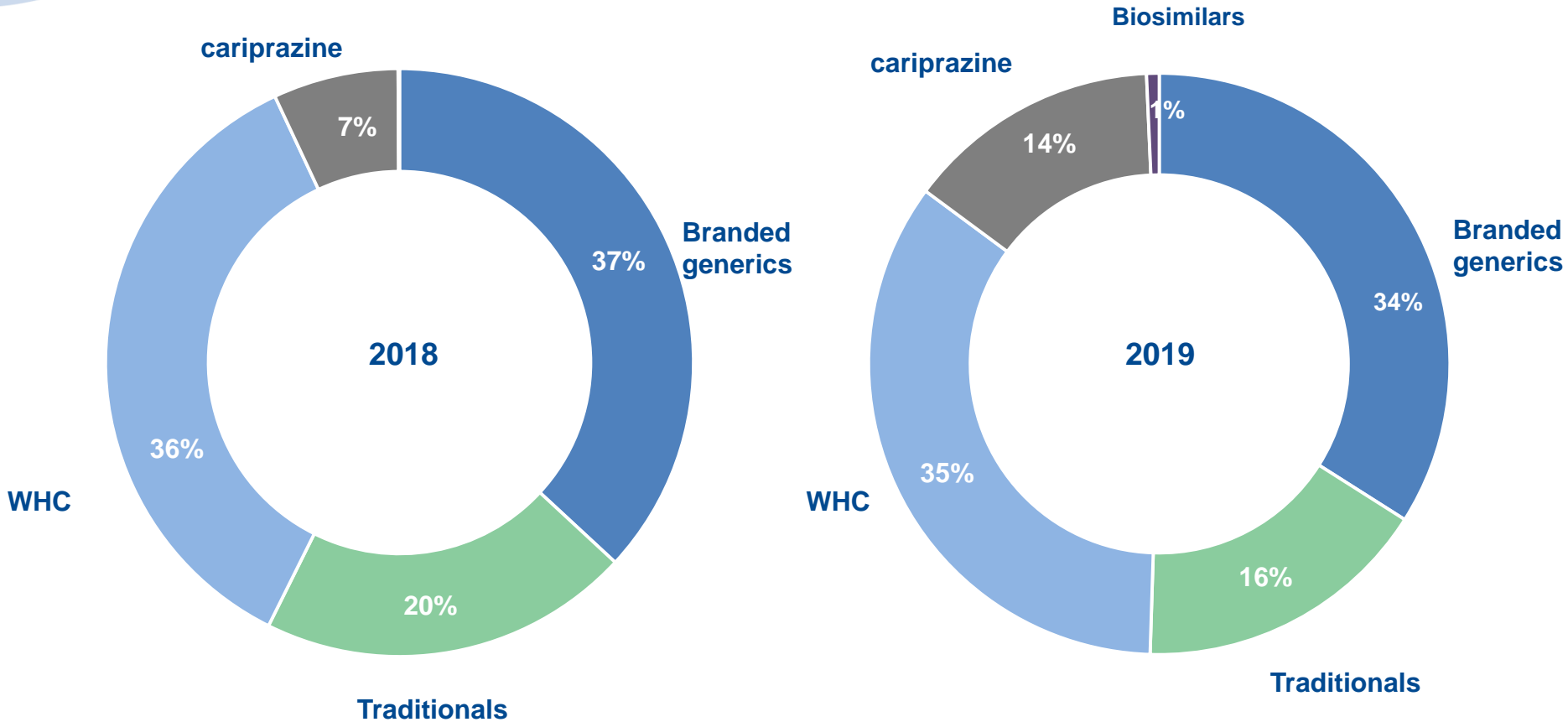
EUR 0.81

**Net income attributable to owners of the parent.*

Consolidated sales by main business segments



Revenue by strategic pillars



Key products

- **Cariprazine – CNS**
 - USA – ongoing phase III clinical trials – MDD adjunctive therapy
 - Reagila® – Russia: 01 January 2020 – Essential Drug List
- **Terrosa® – Biosimilars**
 - HUF 2,851m turnover in 2019 (EUR 8.8m)
 - August 2019 – launch in Europe
 - November 2019 – launch in Japan in co-operation with Mochida
- **Bemfola® – WHC**
 - HUF 16,127m turnover; +20.8% (EUR 49.6m)
- **Esmya® – WHC**
 - HUF 9,432m turnover; +14.5% (EUR 29.0m)

Key products in key markets

Vraylar®

USA	+30.464 MFt
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Bemfola®

EU15	+1.355 MFt
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Hungary	+596 MFt
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Oral Contraceptives

EU15	+2.221 MFt
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Esmya®

EU15	+1.176 MFt
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Reagila®

EU15	+889 MFt
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teriparatide

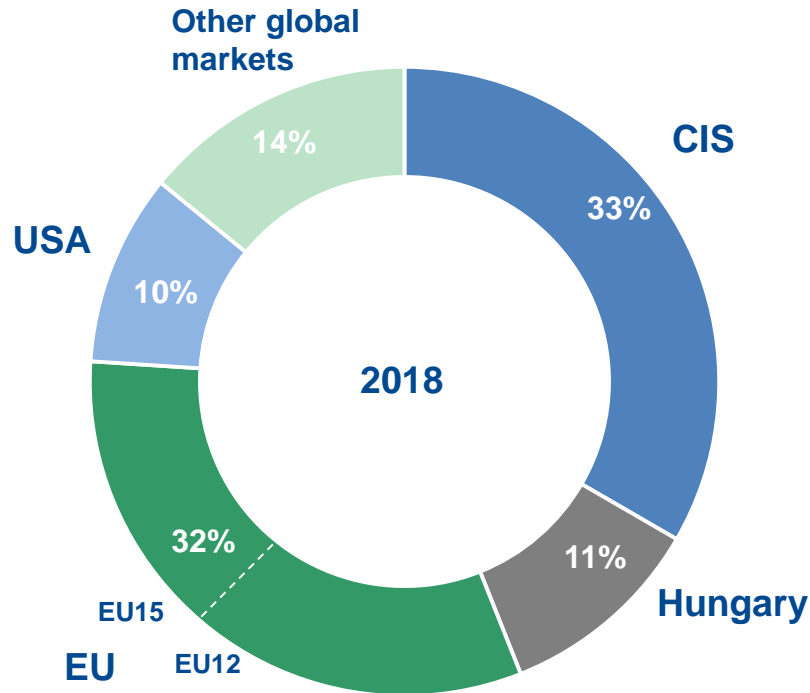
EU15	+1.441 MFt
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Sales growth of key products by key markets

USA	+32.685 MFt
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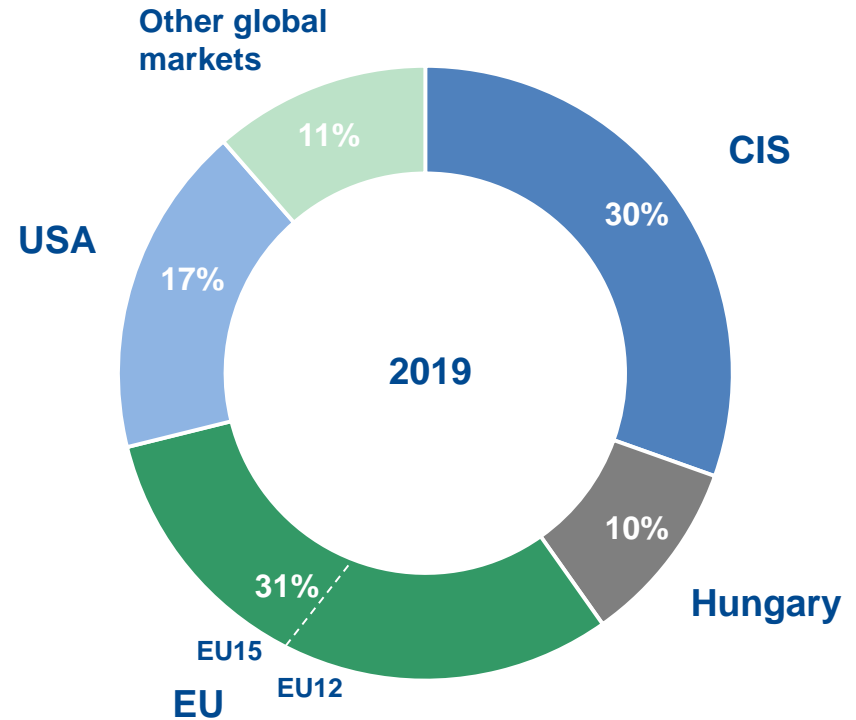
EU15	+4.861 MFt
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Sales by geographies



Total:
HUF 364.7bn

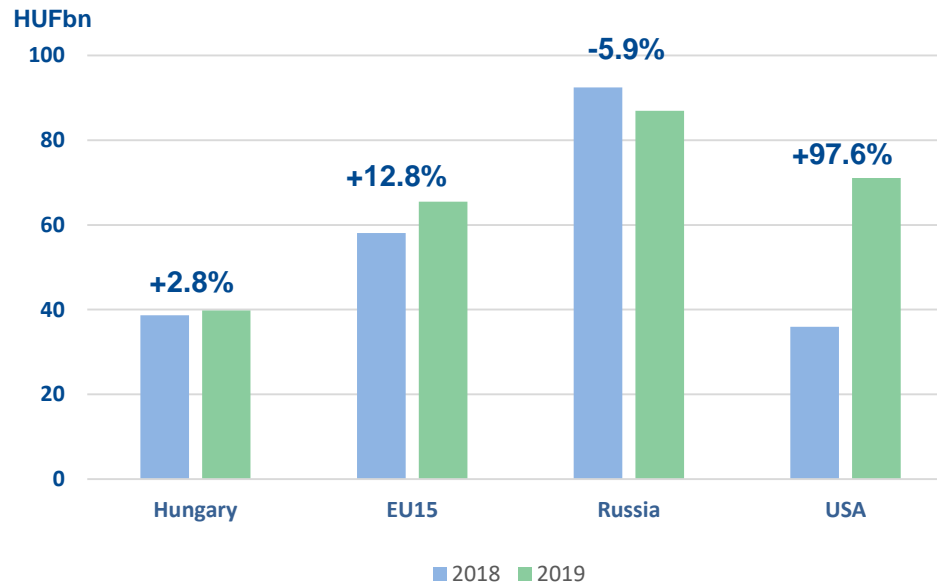
+11.7% (HUF)



Total:
HUF 407.3bn

Sales by main regions

	Reported HUFm	Base HUFm	Change HUFm
Hungary	39,809	38,736	1,073
EU15	65,524	58,098	7,426
Russia	86,911	92,404	-5,493
USA	71,101	35,985	35,116



Strengths and challenges in key markets



- **USA**

- Accelerating royalty income from sales of Vraylar[®]
- Higher steroid API sales

- **EU15**

- Higher turnover of Bemfola[®] and Reagila[®]
- Launch of Terrosa[®]

- **Russia**

- Decreasing stock levels at wholesalers
- Price cuts implemented by the Authority
- Prices of drugs included in the Essential Drug List will be reviewed by the Authority and they come into effect no later than 1 January 2021.

- **China**

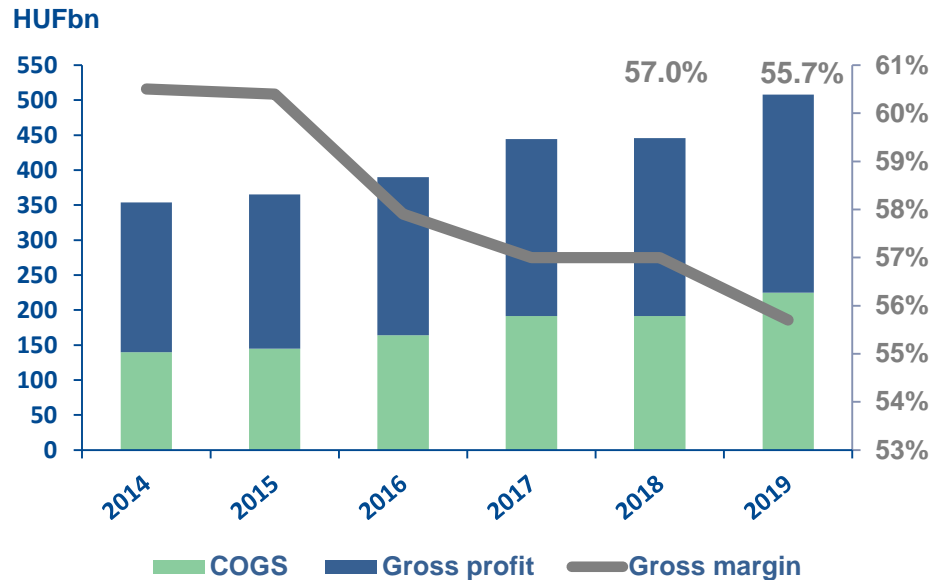
- Reimbursement list revision with effect from 1 January 2020 (Cavinton)

Consolidated Financials – Highlights

	HUF	Change %	EUR	as % of total revenues
Total revenue	507.8bn	+14.0	1,560.7m	
Gross profit	282.8bn	+11.4	869.1m	55.7
Profit from operations	39.7bn	-11.8	122.0m	7.8
Profit for the period*	49.3bn	+39.5	151.5m	9.7
EPS (diluted)	265	+39.5	0.81	

*Net income attributable to owners of the parent.

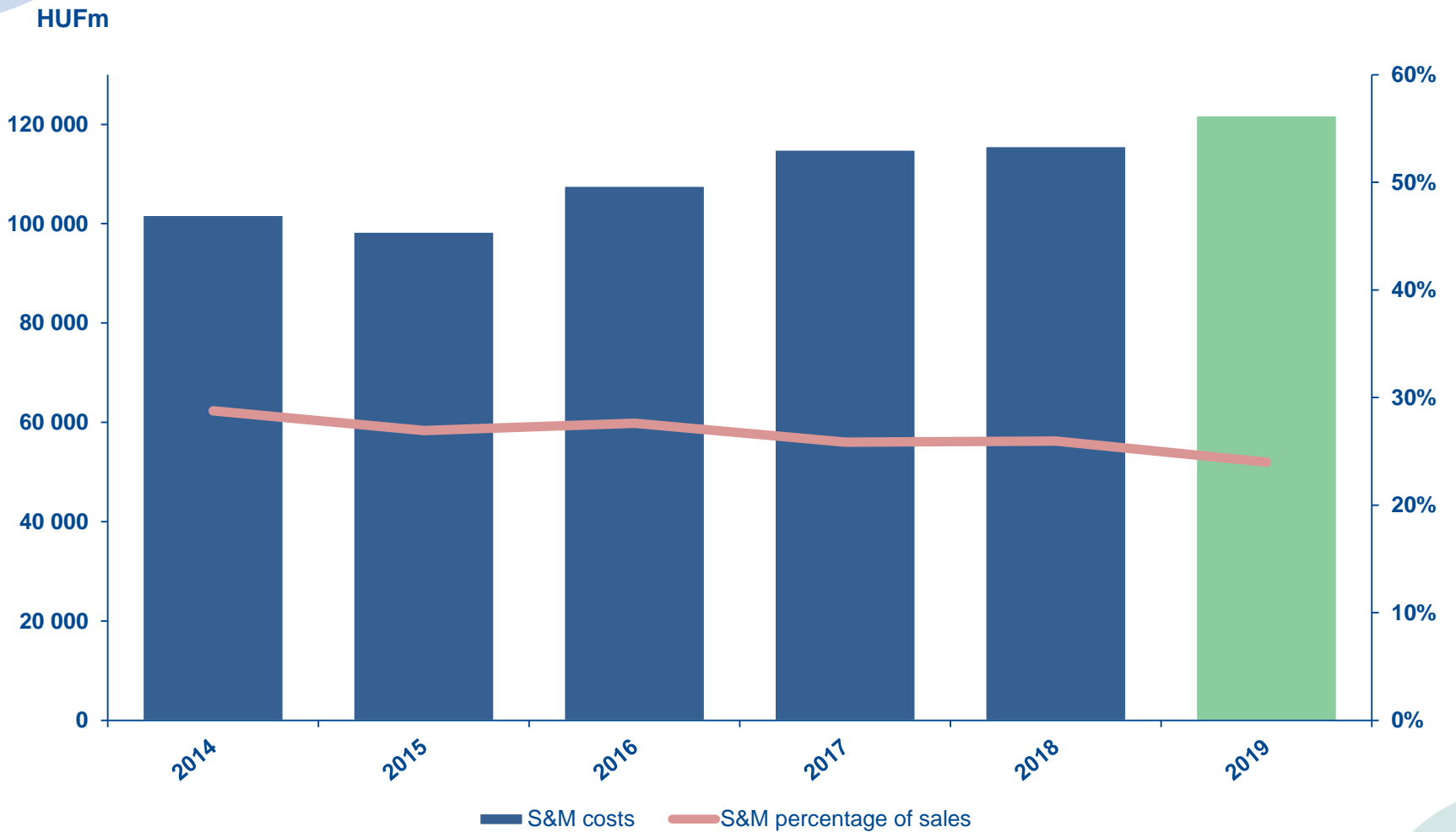
Increasing gross profit



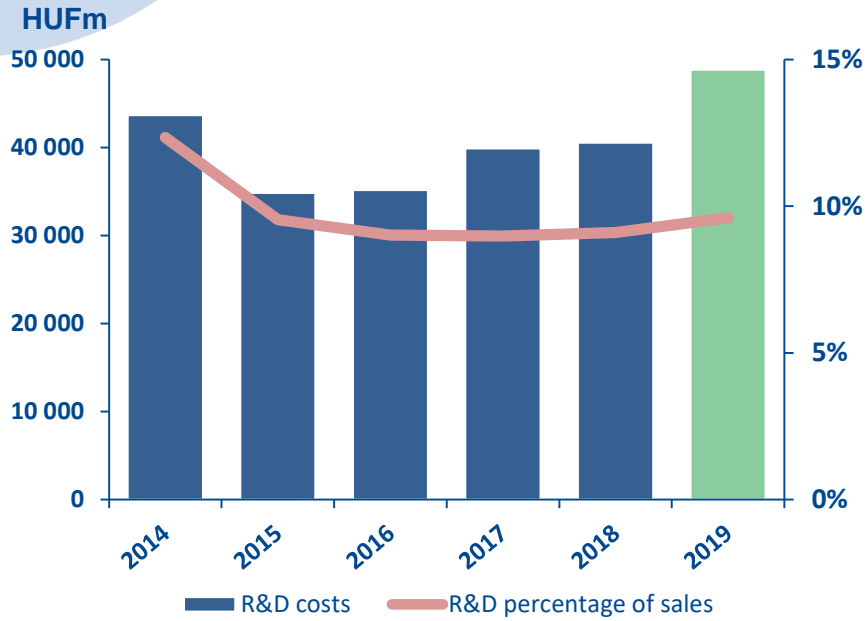
- + Significant proceeds resulting from Vraylar[®]: royalty, one-off milestone income
- + Increasing share of the turnover of higher margin oral contraceptives and Bemfola[®]
- + Favourable FX environment
- Decline in some of our traditional products
- Serialization
- Wage pressure / Price erosion

	Reported	Base
Pharmaceuticals	66.6%	67.3%
Wholesale and retail	9.6%	8.5%

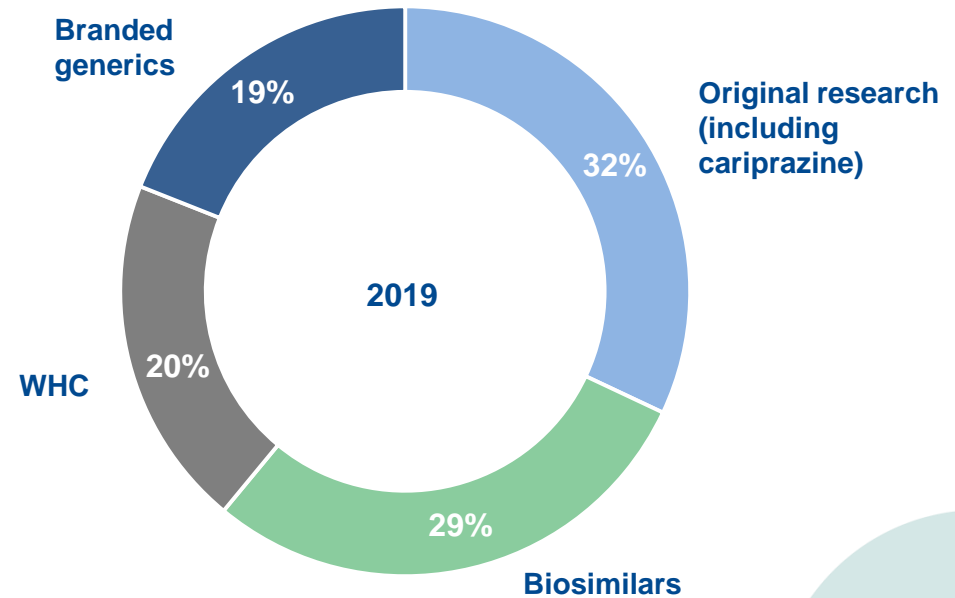
S&M costs



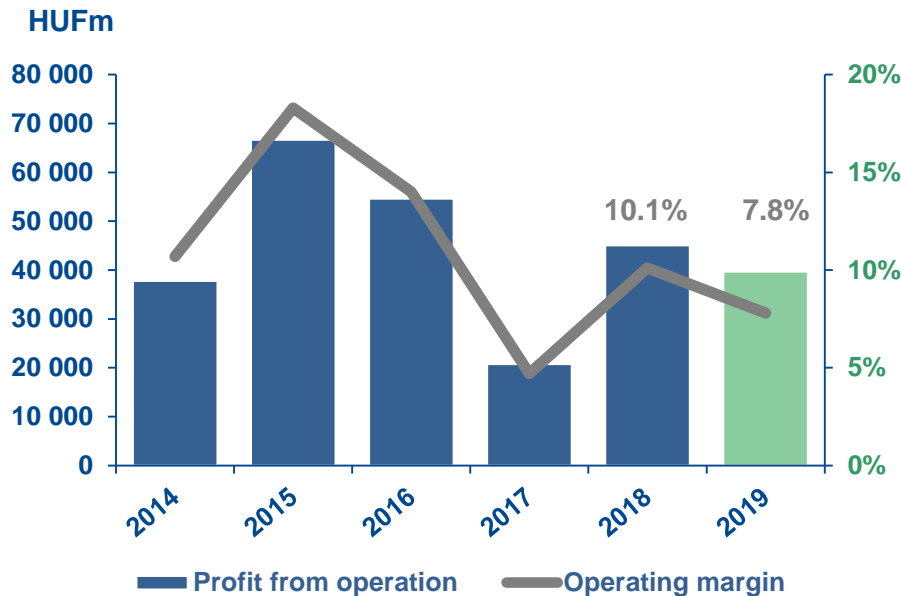
R&D costs



Split of R&D spending



Operating profit and margin



- + Increase at gross profit level
- + Decline of claw-back related expenses
- One-off expenses include HUF 37,874m impairment losses
- Increase of operational expenses

Operating margin adjusted with one-off items:

Reported: 14,2%

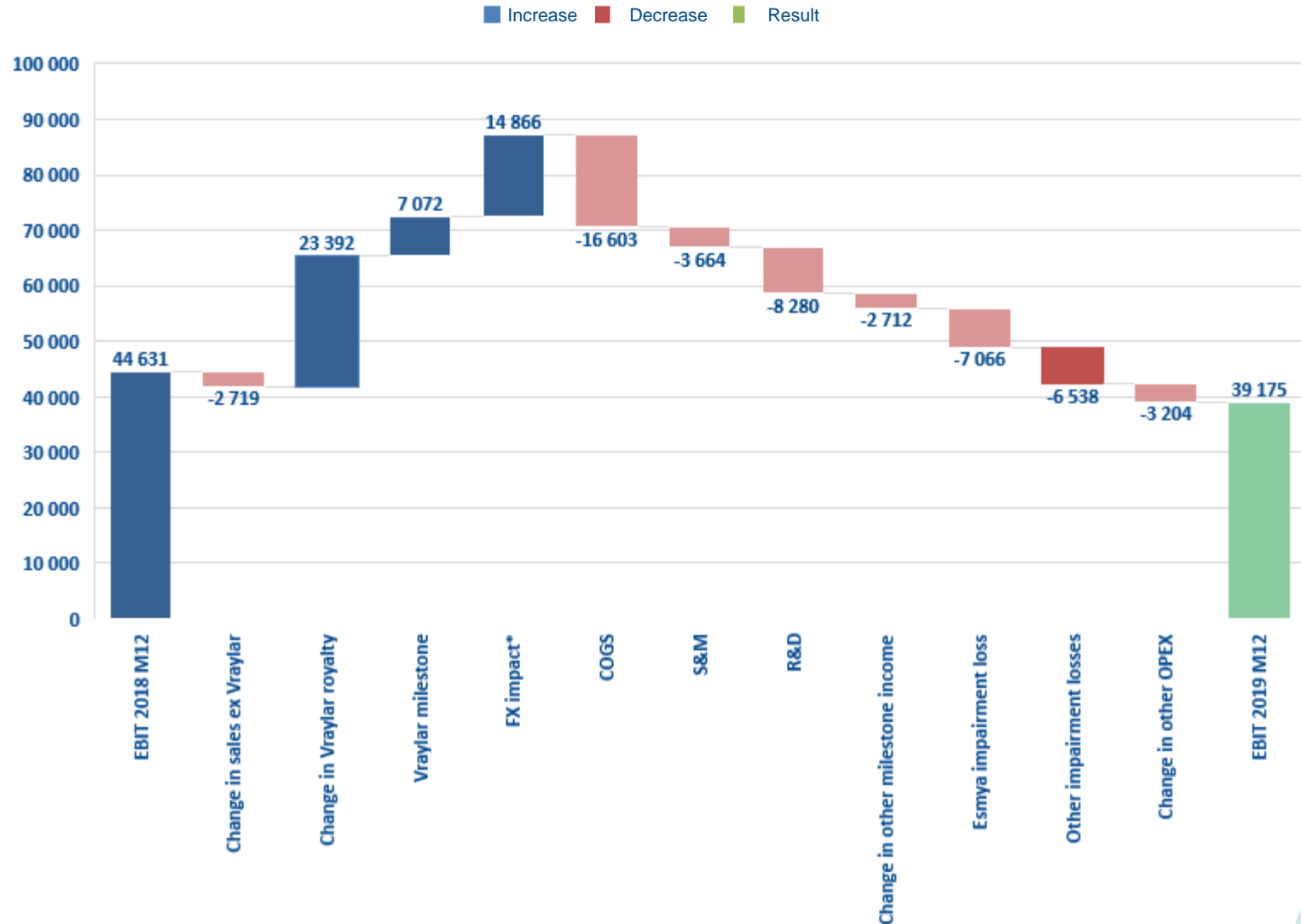
Base: 13,7%

	Reported	Base
Pharmaceuticals	9.6%	12.2%
Wholesale and retail	0.2%	-0.1%

Impairment losses in 2019

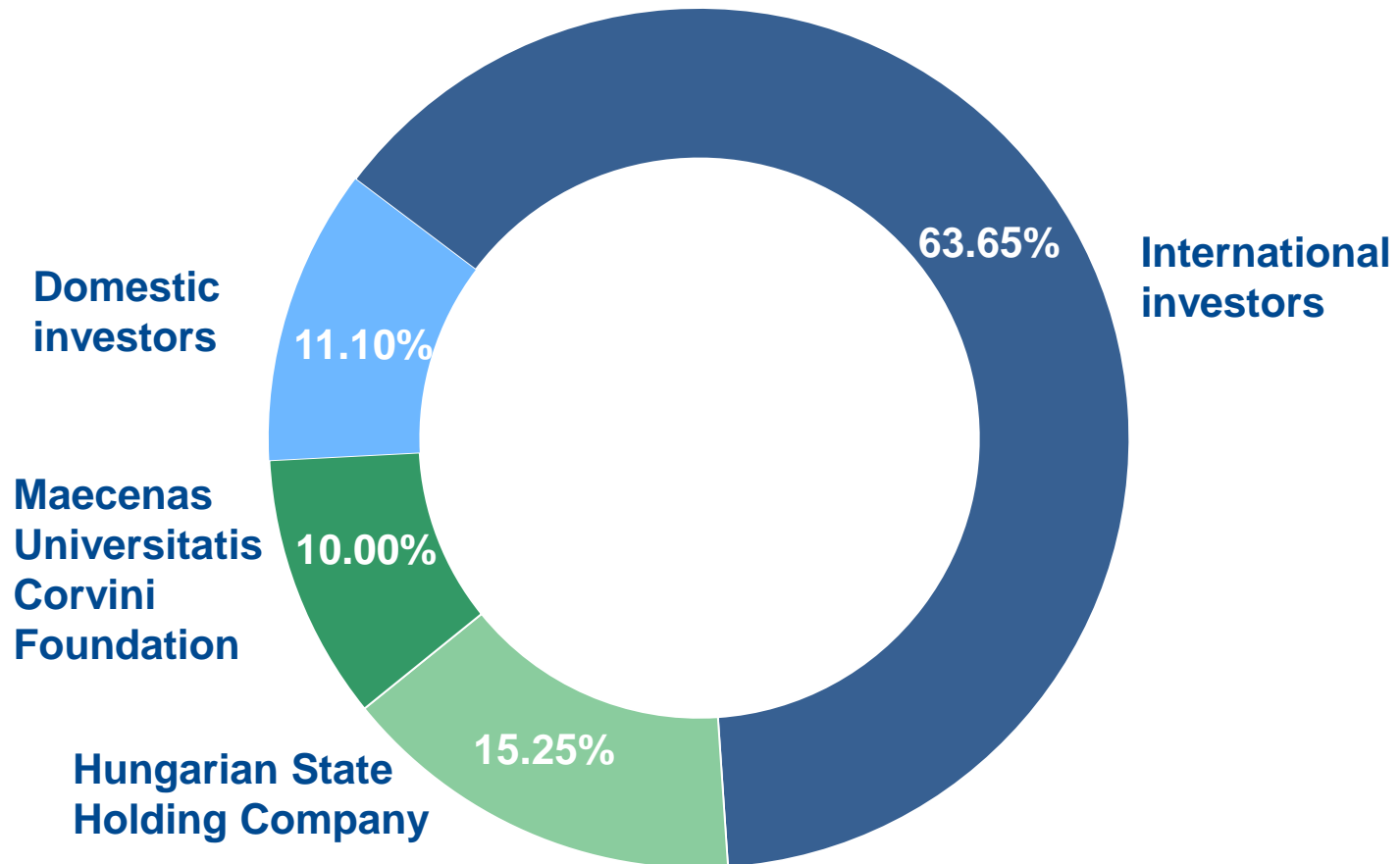
HUF 29,026m	In respect of the Esmya Intangible asset
HUF 2,310m	Goodwill related to PregLem
HUF 4,442m	Goodwill related to the Group's Chinese subsidiaries
HUF 2,096m	In respect of the trastuzumab intangible asset related to discontinued development

Factors impacting pharma segment operating profit



Ownership structure

31 December 2019





GEDEON RICHTER