

Richter Group Report, M9 2020

Budapest, 6 November 2020



Highlights

416,389 HUFm

Consolidated
sales

↑+12.8%

57.8%

Gross margin

19.8%

Operating margin

447 HUF

EPS

↑+34.6%

83,102 HUFm

Net profit*

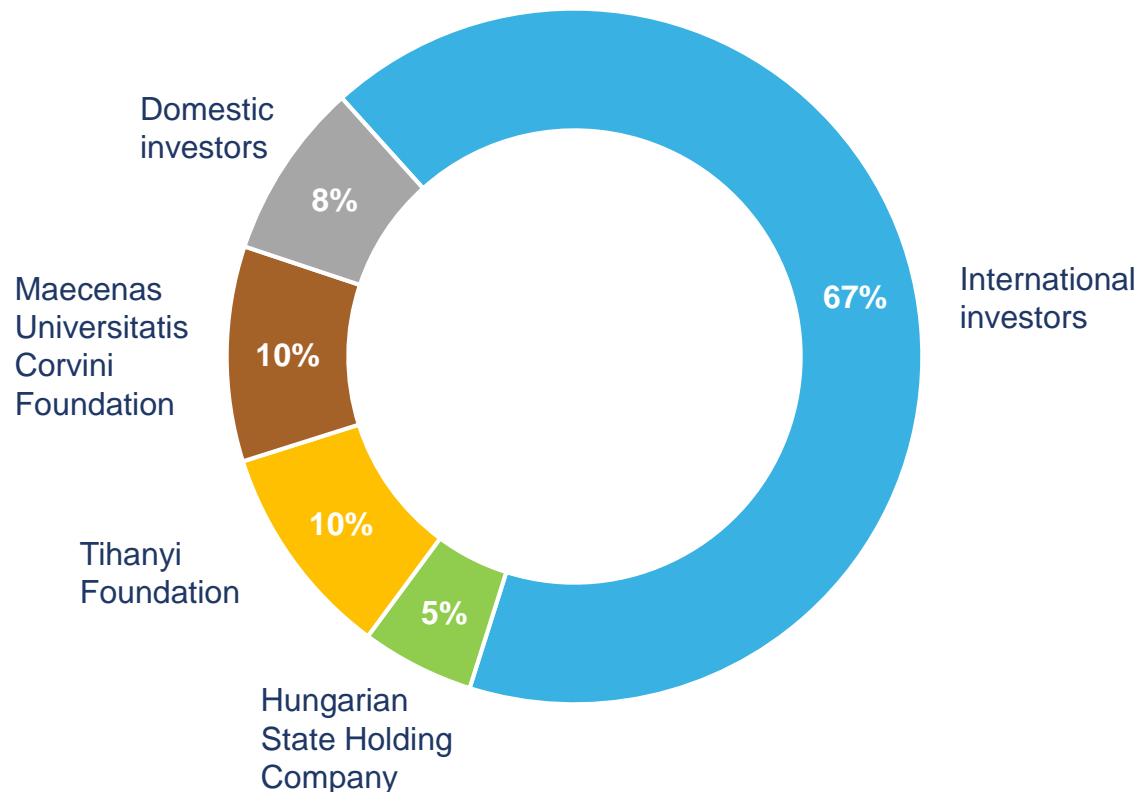
↑+34.6%

* Net income attributable to owners of the parent.

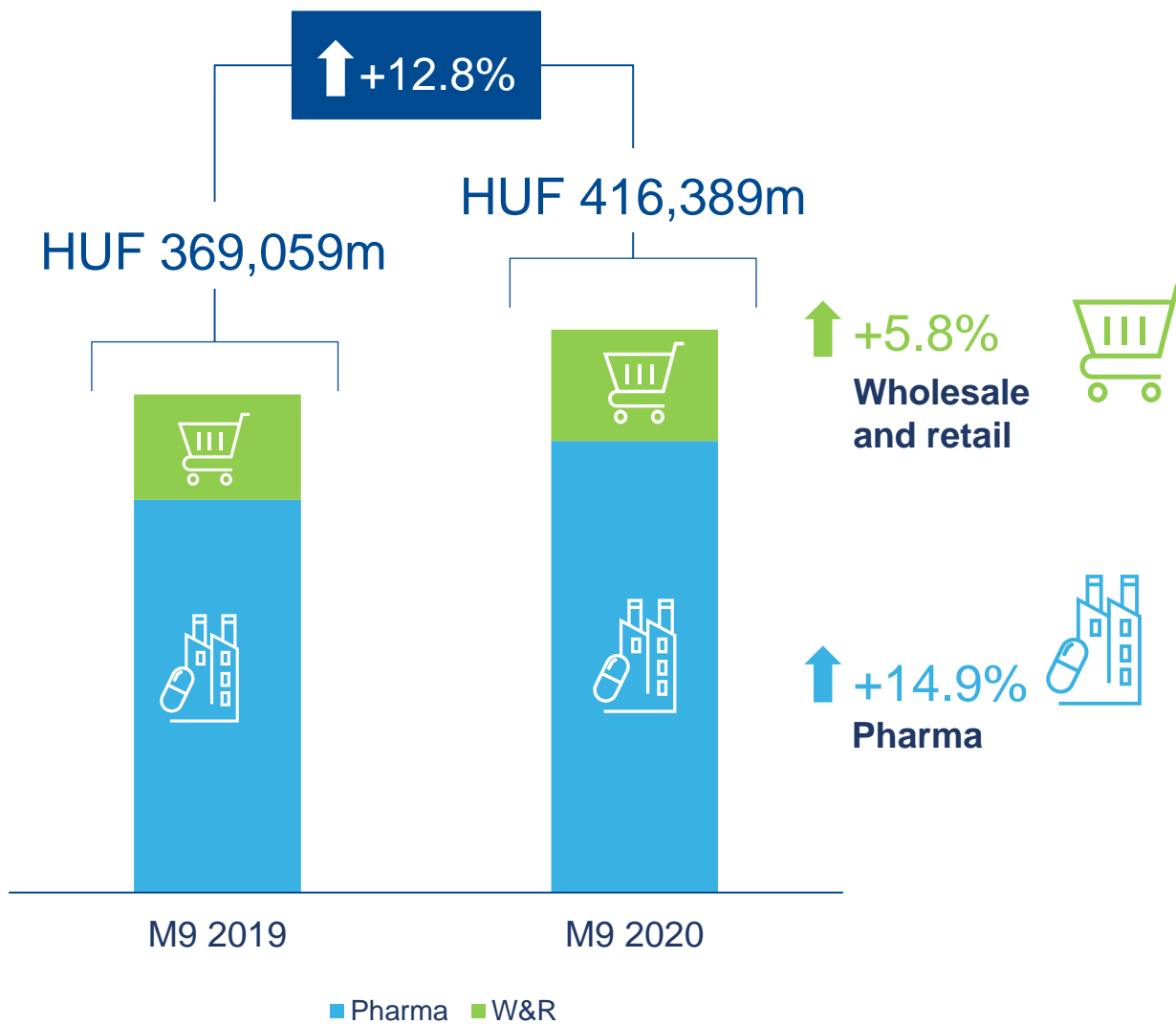
Corporate review



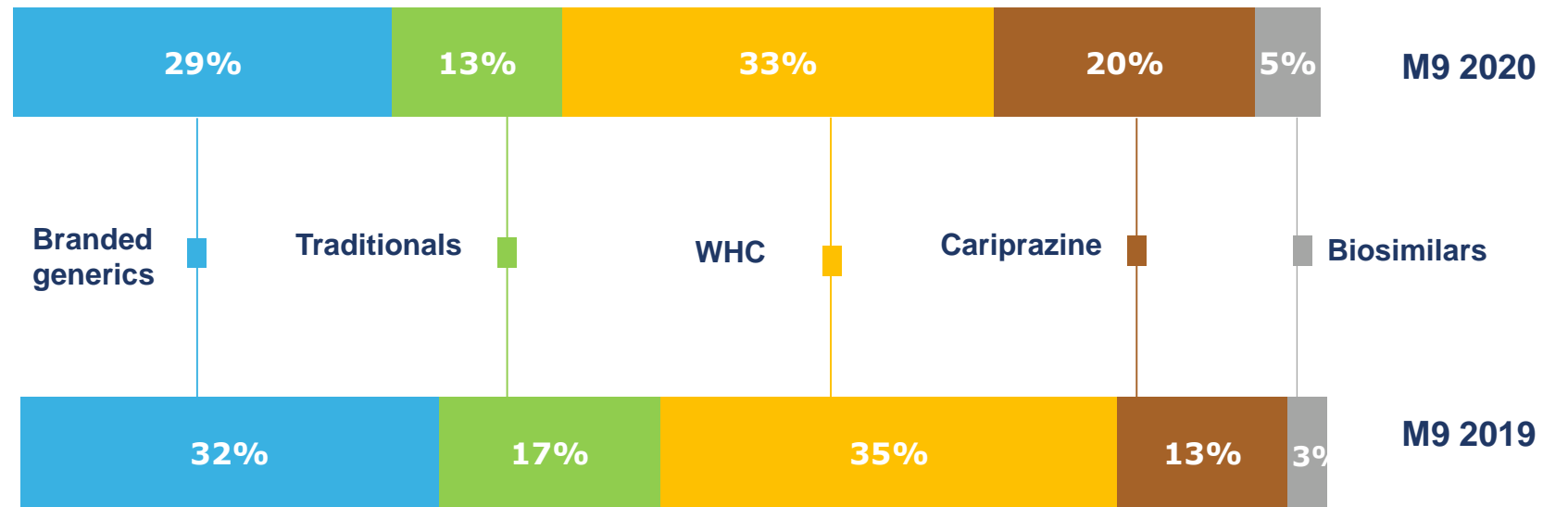
On 19 August 2020 Richter informed its shareholders that in Gedeon Richter Plc. the influence (voting rights and ownership ratio) of the Hungarian State represented by Hungarian National Asset Management Inc. has decreased from 15.25% to 5.25%. Simultaneously the influence (voting rights and ownership ratio) of Maecenas Universitatis Corvini Foundation increased to 10% in Gedeon Richter Plc.



Consolidated sales by main business segments



Revenue by strategic pillars (%)



Key products (1/2)

Cariprazine



Central Nervous System

HUF 67,135m
(EUR 192.9m)

Turnover

↑ +73.7%

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

Ongoing phase III clinical trials – MDD adjunctive therapy

Malaysia - Reagila® regulatory approval

Azerbaijan - Reagila® market launch

Terrosa®



Biosimilars

HUF 6,668m
(EUR 19.2m)

Turnover

↑ +326.1%

Rapid sales growth

Geographical split of teriparatide revenues:
EU: ~70%
Japan: ~30%

Key products (2/2)

Bemfola®



WHC

HUF 11,708m
(EUR 33.6m)

Turnover

↓ -2.2%

Due to the pandemic situation most of the fertility centres were closed in Q2 and they resumed activities in Q3.

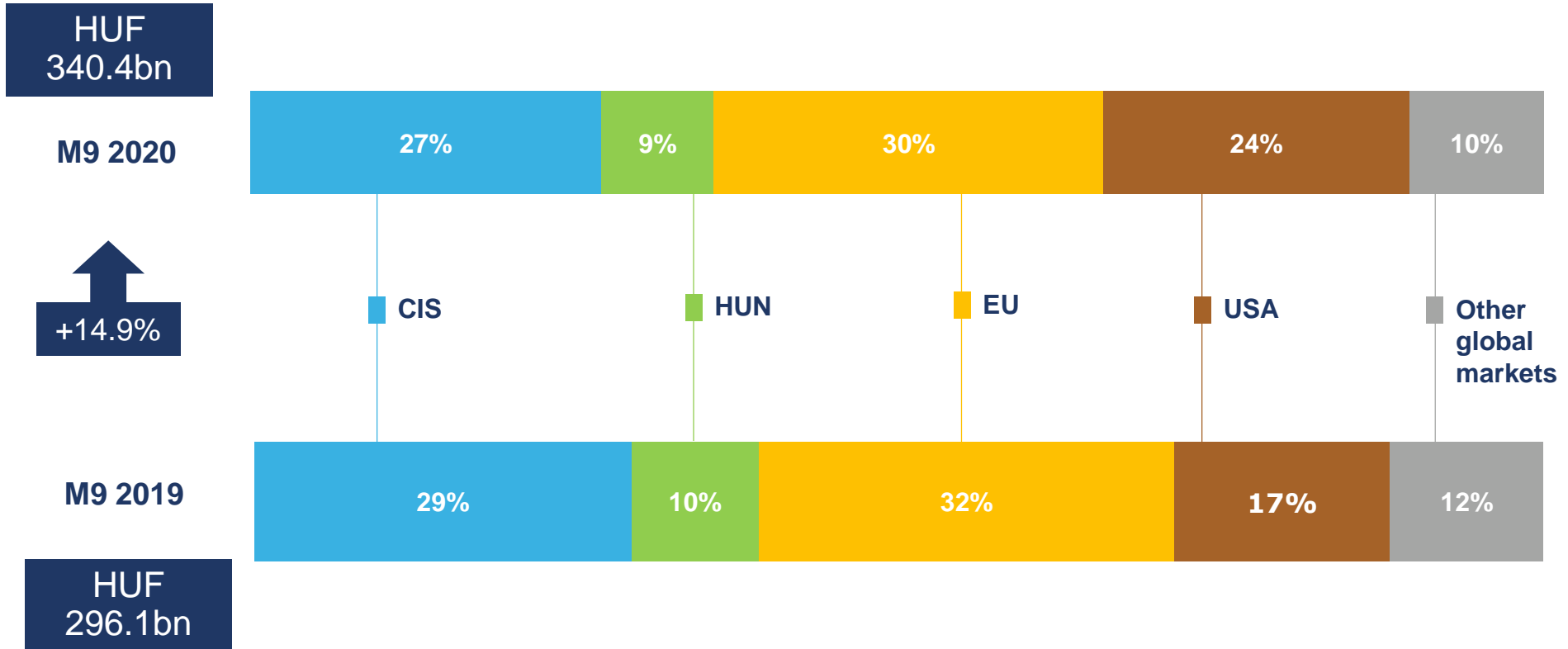
Esmya®



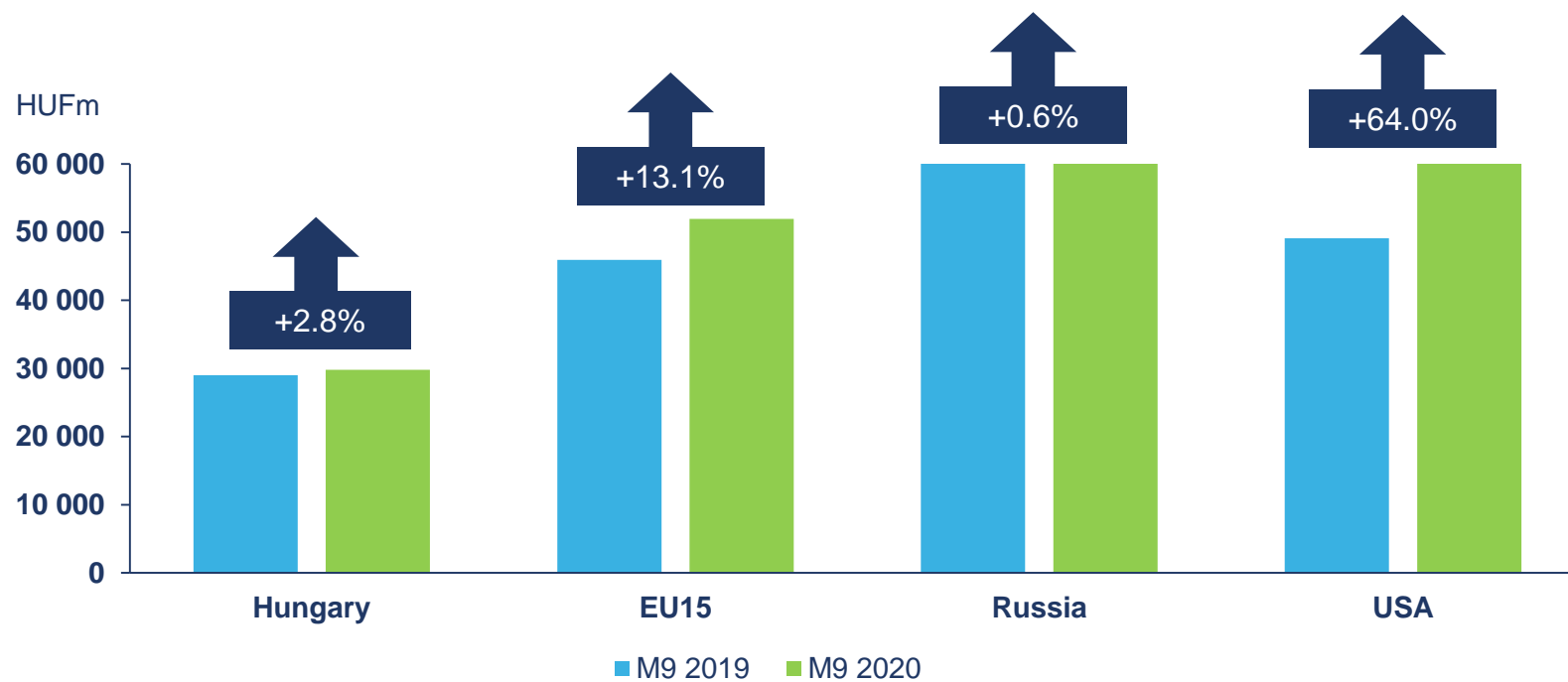
WHC

September 2020 – PRAC recommends the **revocation of the marketing authorisations** of the product.

Sales by geographies (%)



Sales by main regions (HUFm)



(HUFm)	M9 2019	M9 2020	Change
Hungary	28,997	29,818	821
EU15	45,926	51,939	6,013
Russia	63,223	63,588	365
USA	49,112	80,541	31,429

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®



Russia

Some difficulties experienced in direct promotional activities

Prices will be reviewed by the Authority till 1 January 2021

Teething problems with the introduction of serialization

EU15

Loss of Esmya® sales

Decline in Bemfola®

China

Delisting of Cavinton with effect from 1 January 2020

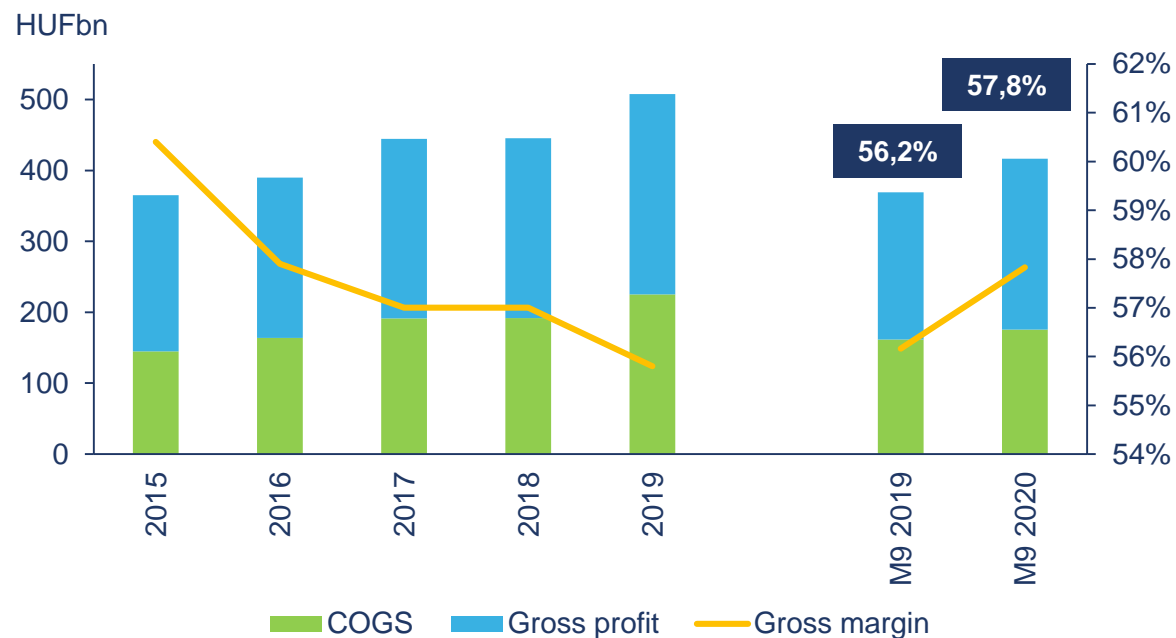
Credit note was issued in respect of previously shipped supplies of Cavinton

Consolidated Financials – Highlights

	HUFbn	Change %	EURm	as % of total revenues
Total revenue	416.4	+12.8	1,196.2	
Gross profit	240.8	+16.1	691.6	57.8
Profit from operations	82.3	+57.9	236.4	19.8
Profit for the period*	83.1	+34.6	238.7	20.0
	HUF	Change %	EUR	
EPS (diluted)	447	+34.6	1.28	

* Net income attributable to owners of the parent.

Increasing gross profit and margin (HUFbn)



(%)	M9 2019	M9 2020
Pharmaceuticals	67.2	68.3
Wholesale and retail	9.5	10.0



A significant increase in royalties received linked to the sales of Vraylar® (HUF 26,726m)

Favourable FX environment

Increasing turnover of certain higher margin OCs and EC

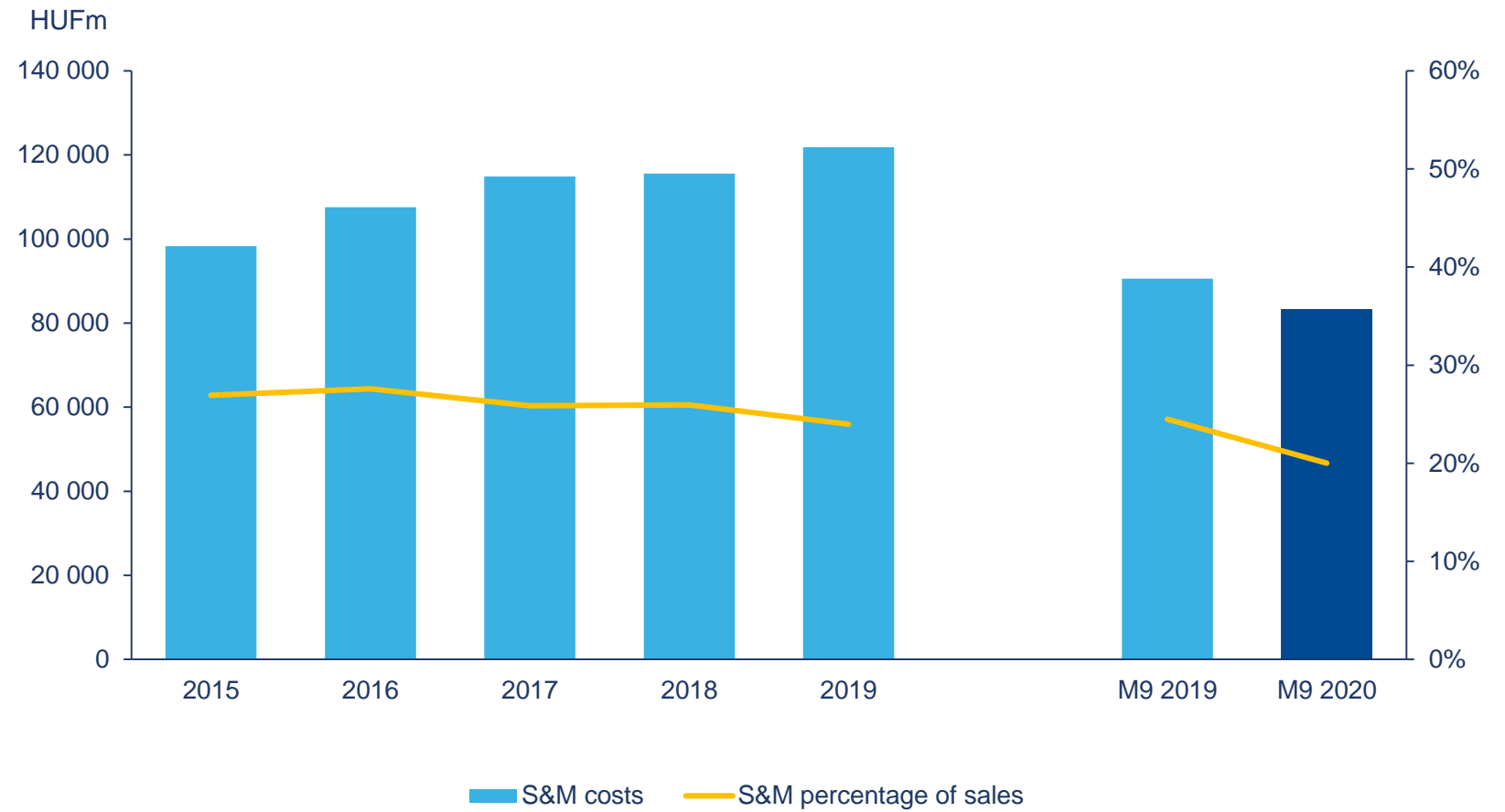


China – delisting of Cavinton;
Credit note issued for previous shipments of Cavinton

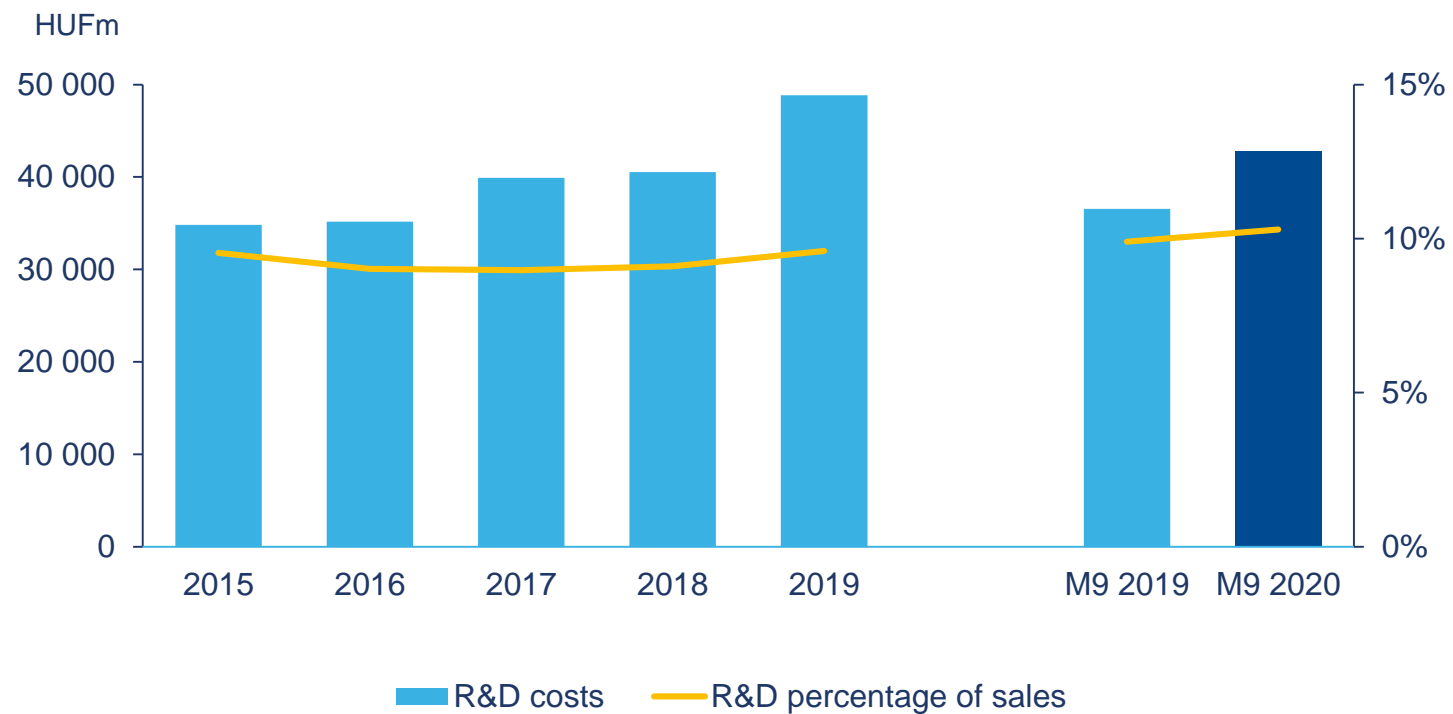
Increases of wages in Central and Eastern Europe
Price erosion

Higher demand experienced in the first quarter linked to some of our products (Groprinosin) was offset by declining sales levels achieved in the subsequent quarters

S&M costs (HUFm)



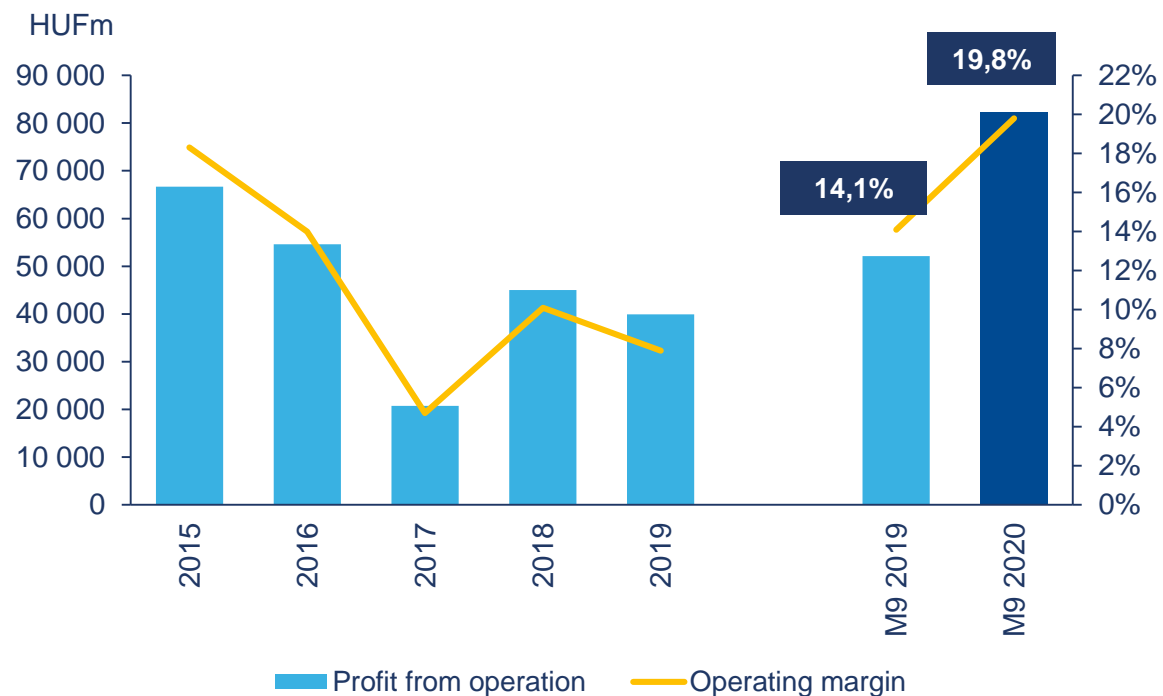
R&D costs (HUFm)



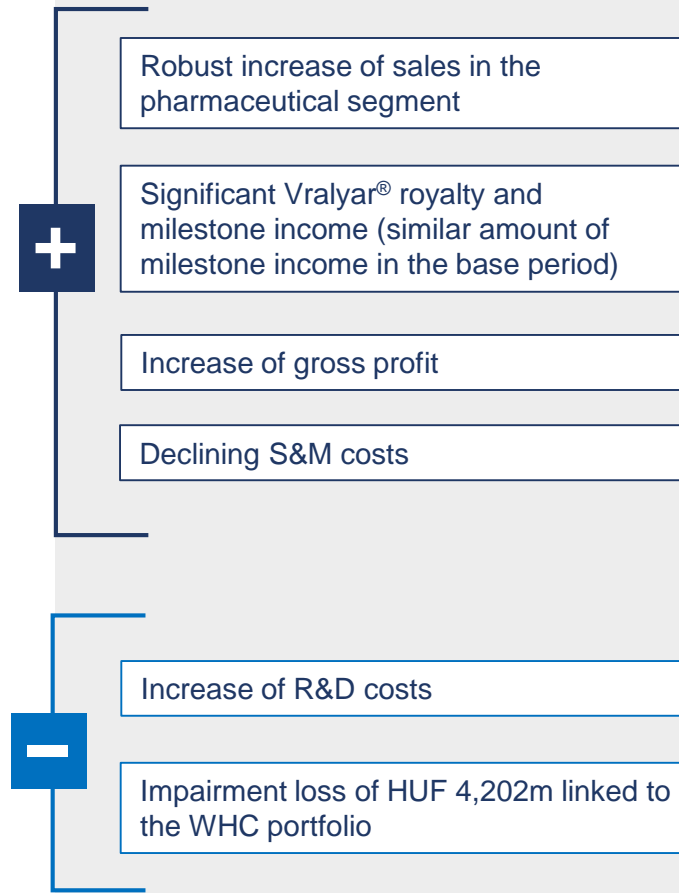
Split of R&D spending (%) – M9 2020



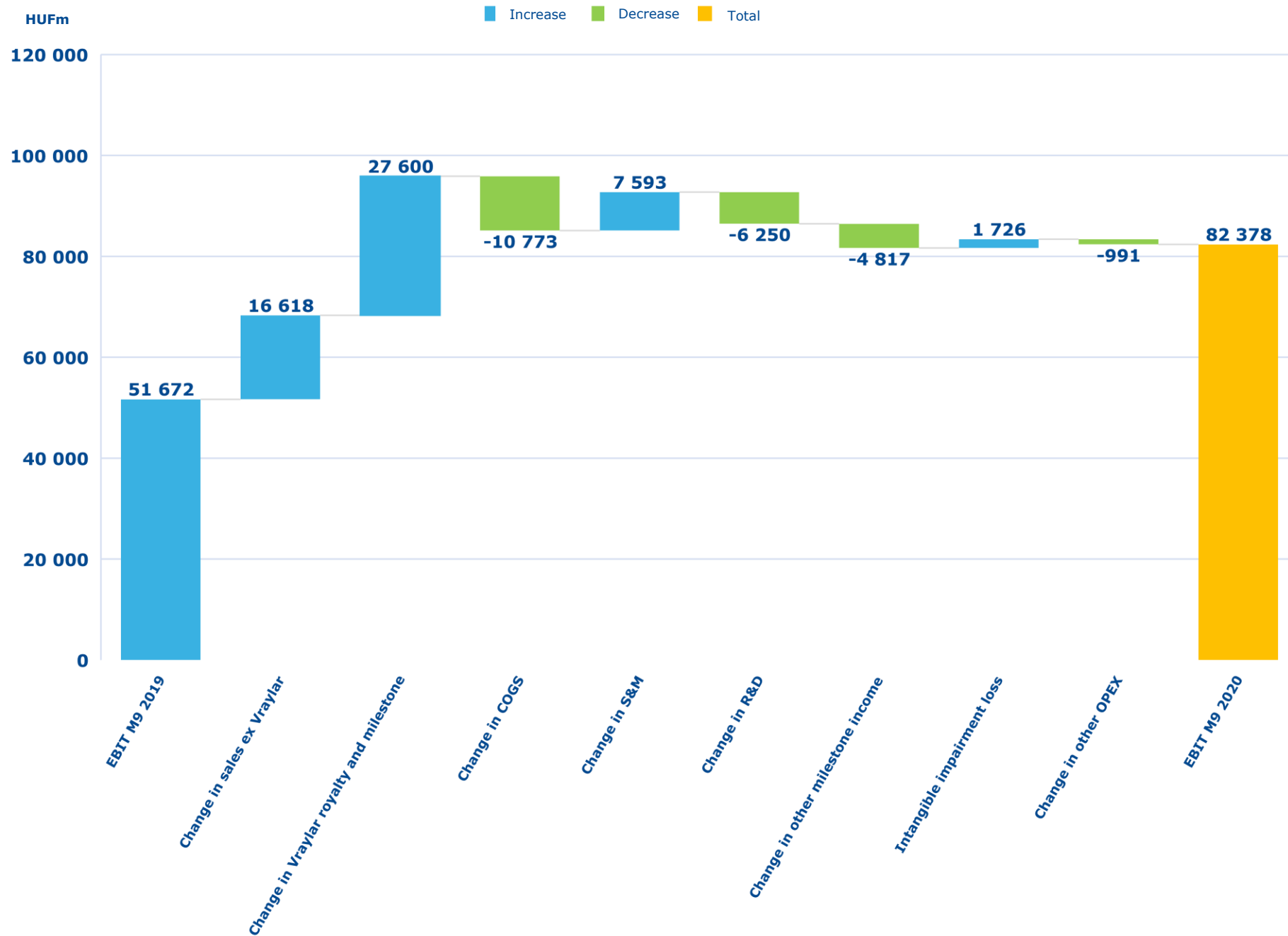
Increasing operating profit and margin (HUFm)



(%)	M9 2019	M9 2020
Pharmaceuticals	17.4	24.2
Wholesale and retail	0.2	0.6



Factors impacting pharma segment operating profit



The effects of the COVID-19 pandemic



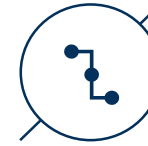
Our employees

- **Maintaining the health of our colleagues remains our most important aim**
- **Partial travel restrictions**
- **Social distancing, provision of protective gear**
- **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