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Zur Rose Group

H1 2017 Results Conference Call

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23 August 2017



Agenda

Highlights

Business Update

Financial Update

Outlook



Highlights

Highlights

Acceleration of growth and listing on SIX Swiss Exchange

Zur Rose Group (+7.2%)

- +8.2% sales growth in local currencies
- Successful IPO: gross proceeds of CHF 233 million to accelerate growth strategy

Switzerland (+2.0%)

- B2B: +5.0% sales growth
- B2C: Start of cooperation with Migros

Germany (+14.9%)⁽¹⁾

- OTC: +42.8% sales growth
- Rx: Acceleration of sales growth to +7.2%

Note: 1 All figures for Segment Germany in local currency



Business update

Successful IPO

Capital inflow allows for acceleration of growth strategy

- Successful IPO: CHF 233 million gross proceeds
- IPO allowed to broaden the shareholder base with high profile domestic and international institutional investors as well as domestic private investors
- Physicians remain a major shareholder category
- Corisol (Frey family) continues to be an anchor shareholder with 14.8%
- Management and Board hold 7.2%

Highlights Segment Switzerland

Exclusive cooperation with Migros grants access to large customer base

B2B

medbase

Key facts

- No. 1 general practitioner in Switzerland (Medbase, Santémed)
- 450,000 active patients ⁽¹⁾
- Strong basis for innovative care models

B2C

MIGROS

Focus of cooperation

Physicians wholesale (B2B)

- Exclusive wholesaler for all self-dispensing practices

Joint Venture (B2C)

- Medbase health platform with direct link to the Zur Rose webshop

Shop-in-shop pharmacies

- Cooperation focused on convenience and initiation of price competition in brick and mortar pharmacy market
- Participation in leading Swiss customer retention program Cumulus (used by 80% of Swiss households)



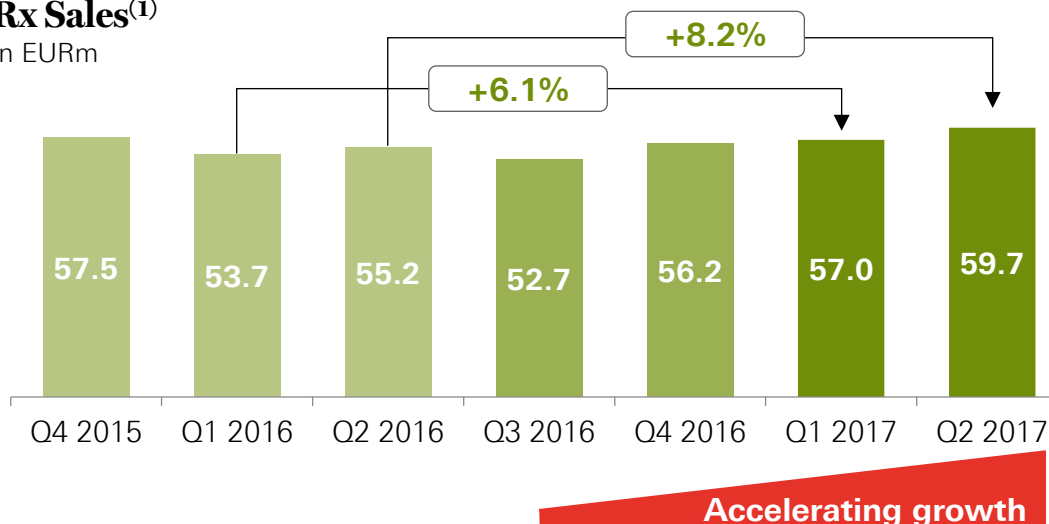
Note: 1 Medbase August 2016

Highlights Segment Germany

Continued growth in Germany (DocMorris)



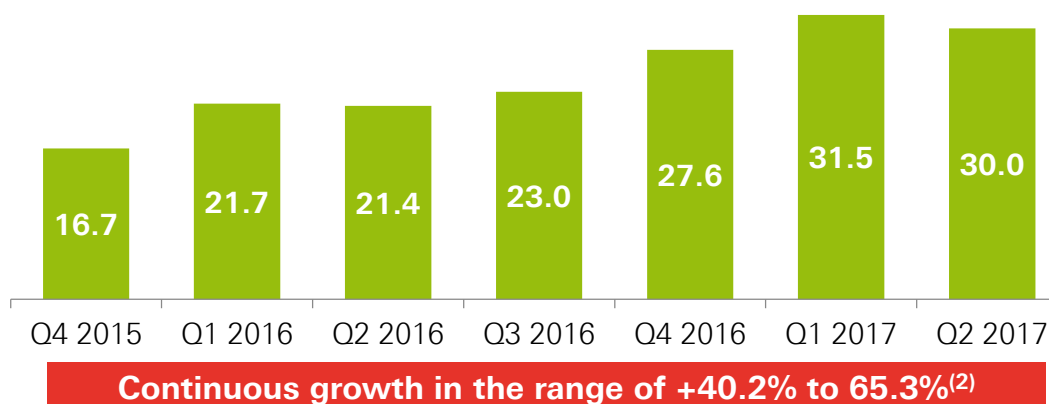
Rx Sales⁽¹⁾
In EURm



- Accelerated growth in Rx since ECJ ruling and start of marketing campaign
- Increased basis for repeat orders



OTC Sales⁽¹⁾
In EURm



- Fast growing sales due to effective marketing

Note: 1 In local currency (EURm) | **2** YoY sales growth compared to the respective quarter



Financial update

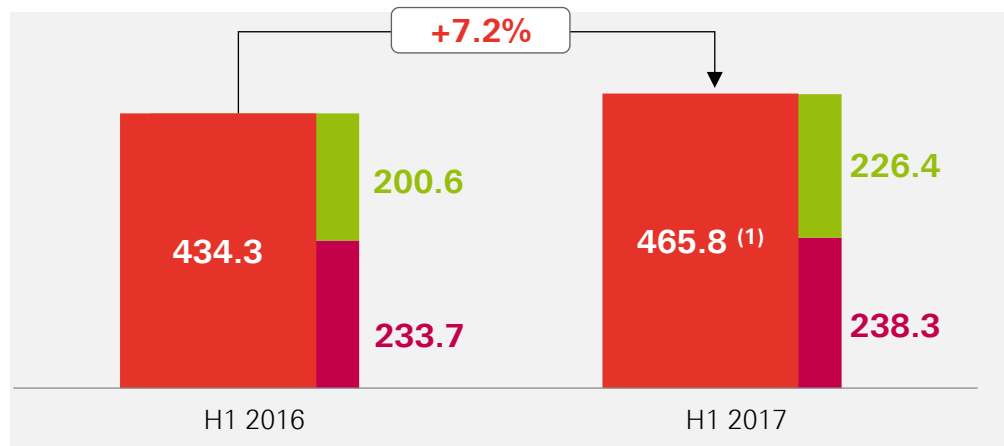
Zur Rose Group sales

Strong pick-up in momentum

Sales

H1 2016 vs H1 2017, CHFm
YoY growth (%)

Group
Switzerland
Germany



- Strong sales pick-up in the first half year of +8.2% (in local currencies)
- Growth in both segments
- Market positions solidified

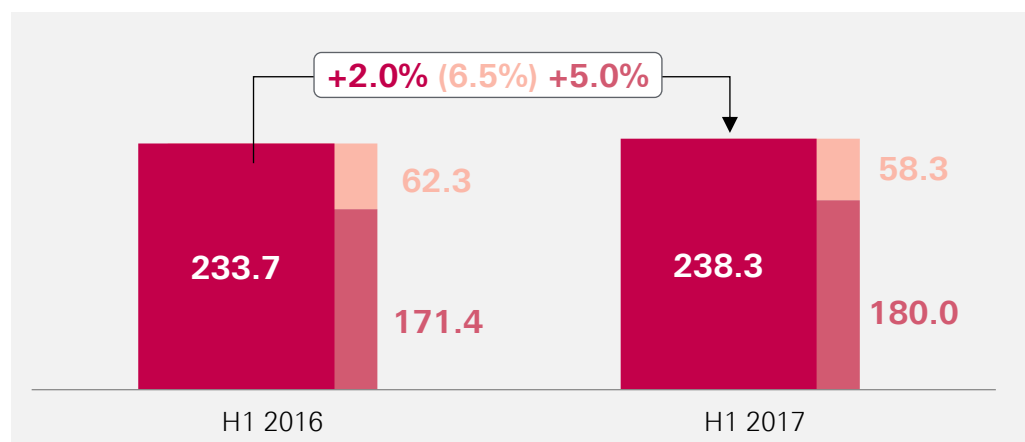
Notes: 1 Including BlueCare sales of CHFm 1.1

Segment Switzerland

Solid performance

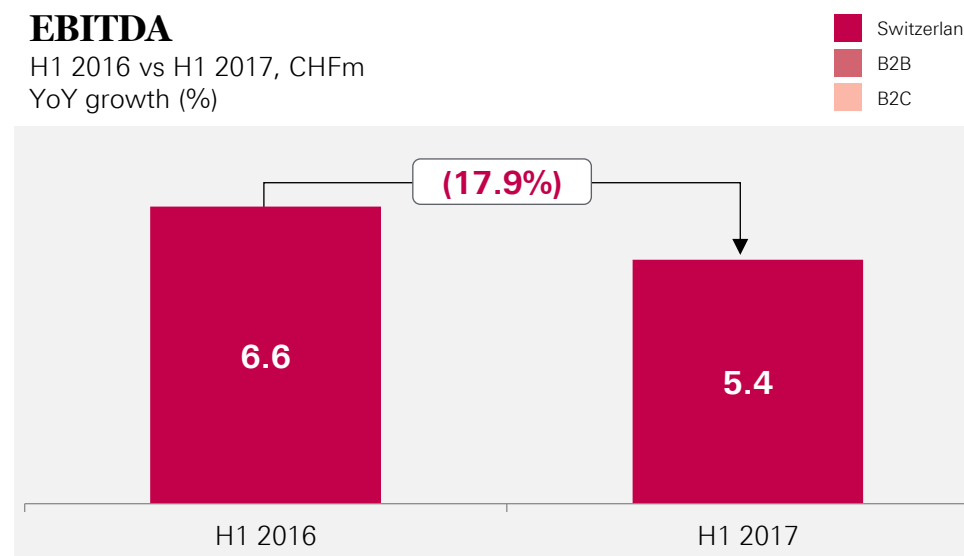
Sales

H1 2016 vs H1 2017, CHFm
YoY growth (%)



EBITDA

H1 2016 vs H1 2017, CHFm
YoY growth (%)



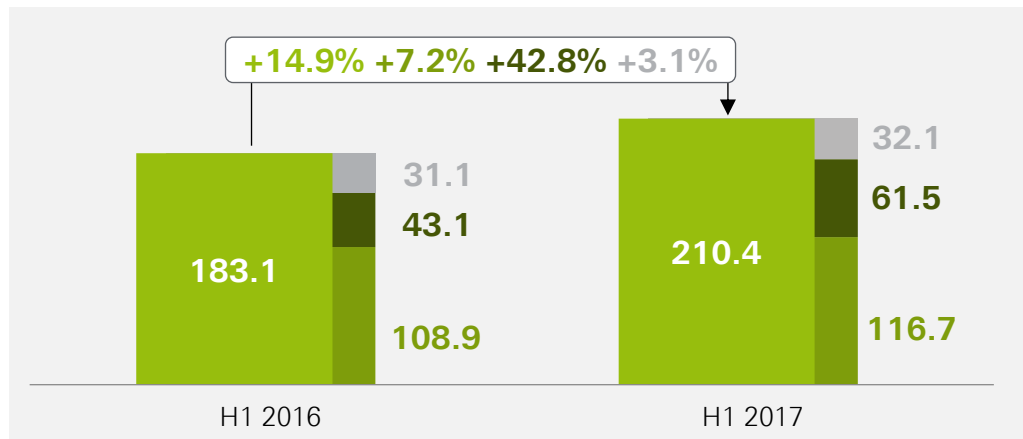
- B2B sales exhibit strong momentum (+5.0%) due to increased number of new physician customers
- B2C sales slightly down year on year due to focus on higher margin activities within Specialty Care in H2 2016
- EBITDA decline in segment Switzerland due to roll-out of omni-channel strategy and implementation of new warehouse management system

Segment Germany

Strong sales momentum

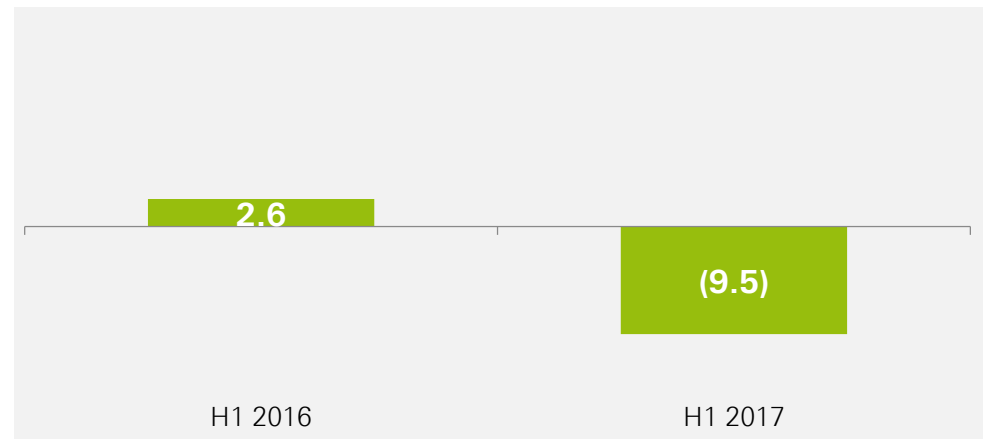
Sales

H1 2016 vs H1 2017, EURm
YoY growth (%)



EBITDA

H1 2016 vs H1 2017, EURm
YoY growth (%)



- OTC sales up +42.8% compared to H1 2016
- Rx sales growth accelerates to +7.2% compared to H1 2016
- Strong overall growth (+14.9%)
- Extensive and ongoing marketing campaign initiated in Q3 2016 leading to negative profitability in H1 2017

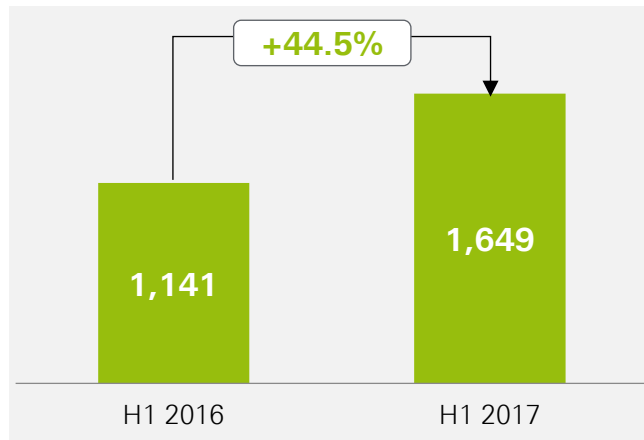
Notes: 1 Other sales include Zur Rose EU and wholesale sales

KPI's DocMorris

Accelerated fundamentals

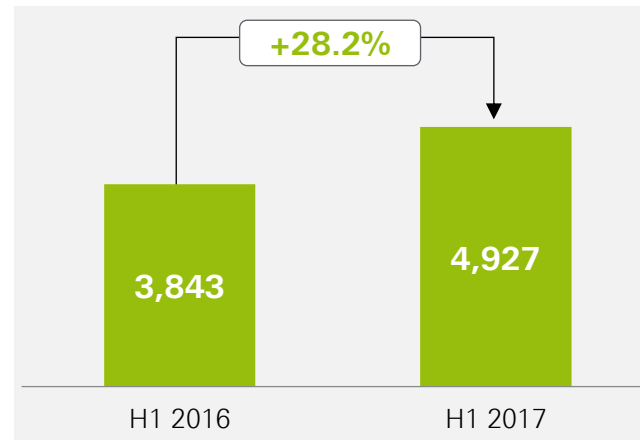
Active customers⁽¹⁾

In thousands
YoY growth (%)



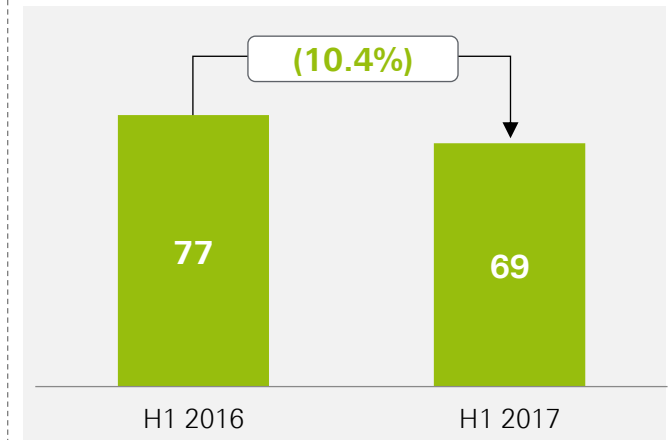
Number of orders

Last twelve months in thousands
YoY growth (%)



Basket size⁽²⁾

In EUR
YoY growth (%)



- Strong growth in active customers and number of orders
- Higher growth in OTC compared to Rx leading to declining basket size on aggregate level

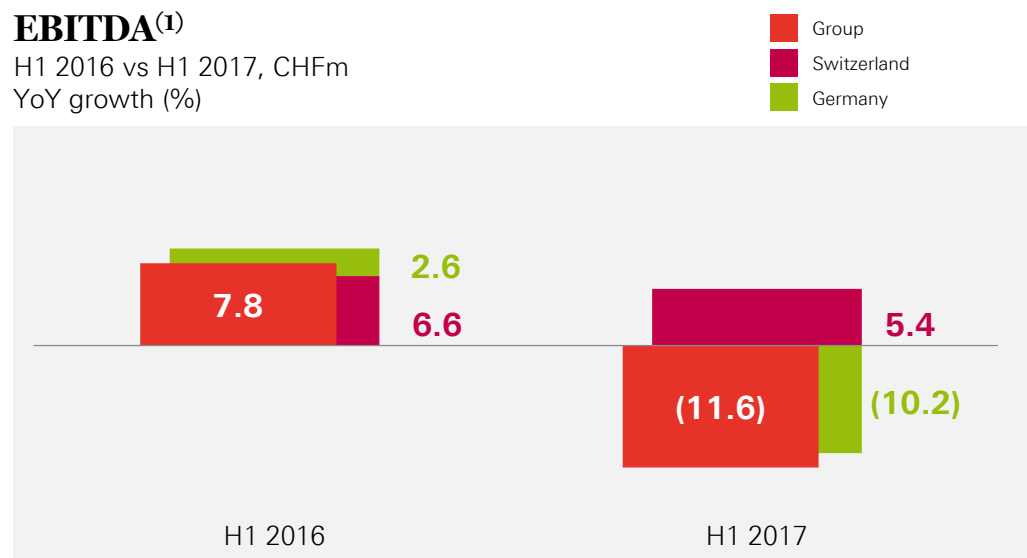
Notes: 1 Last twelve months ending 30 June of the respective year | 2 Basket size equals average value of the purchase per order

Group Figures

Investment in future growth affects profitability

EBITDA⁽¹⁾

H1 2016 vs H1 2017, CHFm
YoY growth (%)



- Marketing spendings more than doubled to CHF 16.3 million
- CHF 5.3 million IPO related costs

Key figures in 1000 CHF

	H1 2017	H1 2016	Delta
Sales	465,763	434,310	+7.2%
EBITDA adjusted ⁽²⁾	-6,264	7,809	n.m.
EBITDA	-11,551	7,809	n.m.
EBIT adjusted ⁽²⁾	-11,670	3,266	n.m.
EBIT	-16,957	3,266	n.m.
Net Profit/Loss adjusted ⁽²⁾	-12,805	154	n.m.
Net Profit/Loss	-18,092	154	n.m.

	30.06.17	31.12.16	Delta
Equity	88,482	103,806	(14.8%)
FTEs	864	752	+14.9%

Notes: 1 Difference between Group EBITDA and sum of Segment CH plus Segment DE equals EBITDA at corporate incl. intercompany eliminations | 2 Adjusted by CHF 5.3 million IPO related extraordinary costs



Outlook

Outlook

Group Outlook 2017

- Management expects further growth acceleration in second half 2017, leading to sales growth of around +10% in local currencies on group level mainly from contribution of Segment Germany
- Negative EBITDA adjusted by one-offs expected in the range of CHF 4-6 million
- Cash inflow of CHF 233 million gross proceeds resulting from IPO
- Repayment of outstanding CHF 50 million bond in December 2017
- Negotiations on German acquisition target on track

Outlook

Mid-Term financial targets (2021)

Sales

- CH: Mid single-digit growth rate
- DE: Organic growth rate in the mid- to high-teens

EBITDA

- Group: Break-even by 2018 with mid-term margin target of +4-5%
- DE: Break-even in 2019



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Q&A

Information

Investor Information

Listing:	SIX Swiss Exchange
Currency:	CHF
Ticker symbol:	ROSE
ISIN:	CH0042615283
Listing date:	6 July 2017

Contact Information

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Event Calendar

20 September 2017	Investora, Zürich
24 January 2018	Press release trading update FY 2017
24 May 2018	Annual General Meeting



Appendix

Additional materials

Income Statement Zur Rose Group

	H1 2017		H1 2016	
	CHFm	%	CHFm	%
Sales	465.8	100.0	434.3	100.0
Material expenses	(396.8)		(369.0)	
Other income	3.8		2.8	
Personnel expenses	(37.6)		(28.9)	
Marketing expenses	(16.3)		(7.1)	
Distribution expenses	(12.6)		(11.1)	
Administrative expenses	(11.8)		(9.9)	
Rent expenses	(2.0)		(1.8)	
Other operating expenses	(4.0)		(1.5)	
EBITDA	(11.6)	(2.5)	7.8	1.8
D&A	(5.4)		(4.5)	
EBIT	(17.0)	(3.6)	3.3	0.8
Financial result	(0.4)		(1.4)	
EBT	(17.4)	(3.7)	0.9	0.2
Income tax expenses	(0.7)		(0.7)	
Net income	(18.1)	(3.9)	0.2	0.0
Reported EBITDA	(11.6)		7.8	
Adjustments	5.3 ¹		0	
Adjusted EBITDA	(6.3)		7.8	

Notes: 1 Adjusted by CHF 5.3 Mio. IPO related extraordinary costs

Balance Sheet Zur Rose Group

	30-Jun 2017		31-Dec 2016	
	CHFm	%	CHFm	%
Cash and cash equivalents	15.5		25.2	
Short-term financial assets	0.2		0.2	
Trade receivables	74.3		71.4	
Other receivables & prepaid expenses	16.3		14.6	
Inventories	44.4		48.3	
Current assets	150.7	58.1	159.6	61.0
Property, plant & equipment	27.4		26.2	
Intangible assets	72.4		63.1	
Other assets ⁽¹⁾	9.2		12.5	
Non-current assets	109.0	41.9	101.9	39.0
Total assets	259.7	100.0	261.5	100.0
Short-term financial liabilities	54.0		50.0	
Trade payables	72.2		70.7	
Other payables & accrued expenses ⁽²⁾	19.0		17.5	
Current liabilities	145.2	56.0	138.2	52.8
Long-term financial liabilities	11.6		9.1	
Pension liabilities	12.7		8.9	
Deferred taxes	1.7		1.5	
Non-current liabilities	26.0	10.0	19.5	7.5
Equity	88.5	34.0	103.8	39.7
Total equity and liabilities	259.7	100.0	261.5	100.0

Note: 1 Includes investments in associates and JVs, non-current financial assets and deferred tax assets | **2** Includes other payables, tax payables, accrued expenses and short-term provisions

Cash Flow Statement Zur Rose Group

CHFm	H1 2017	H1 2016
	30-Jun	30-Jun
Net income	(18.1)	0.2
D&A	5.4	4.5
Non-cash items financial result	(0.1)	0.7
Cash income taxes paid	0.7	0.7
Non cash-effective expenses and income	2.5	1.1
Change in trade receivables, other receivables and accrued expenses	(1.3)	(2.7)
Change in inventories	4.3	(3.9)
Change in trade payables	1.3	1.0
Change in provisions	0.1	(0.0)
Cash flow from operating activities	(5.1)	1.7
Increase in investments in associates and joint ventures	(0.6)	(2.2)
Investment in property, plant and equipment	(2.0)	(0.5)
Investments in intangible assets	(8.2)	(8.6)
Provision / (repayments) of financial investments	(0.5)	(1.1)
Cash flow on obtaining control of BlueCare Ltd.	0.5	-
Cash flow from investing activities	(10.8)	(12.3)
Inflow from capital increases	0.5	2.1
Increase / (decrease) in financial liabilities	6.1	7.4
Transaction cost of anticipated capital increase	(0.1)	-
Sale / (purchase) of treasury shares	(0.4)	-
Dividends paid	-	(1.6)
Cash flow from financing activities	6.1	7.8
Total cash flow	(9.8)	(2.7)
Fx differences	0.1	0.0

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