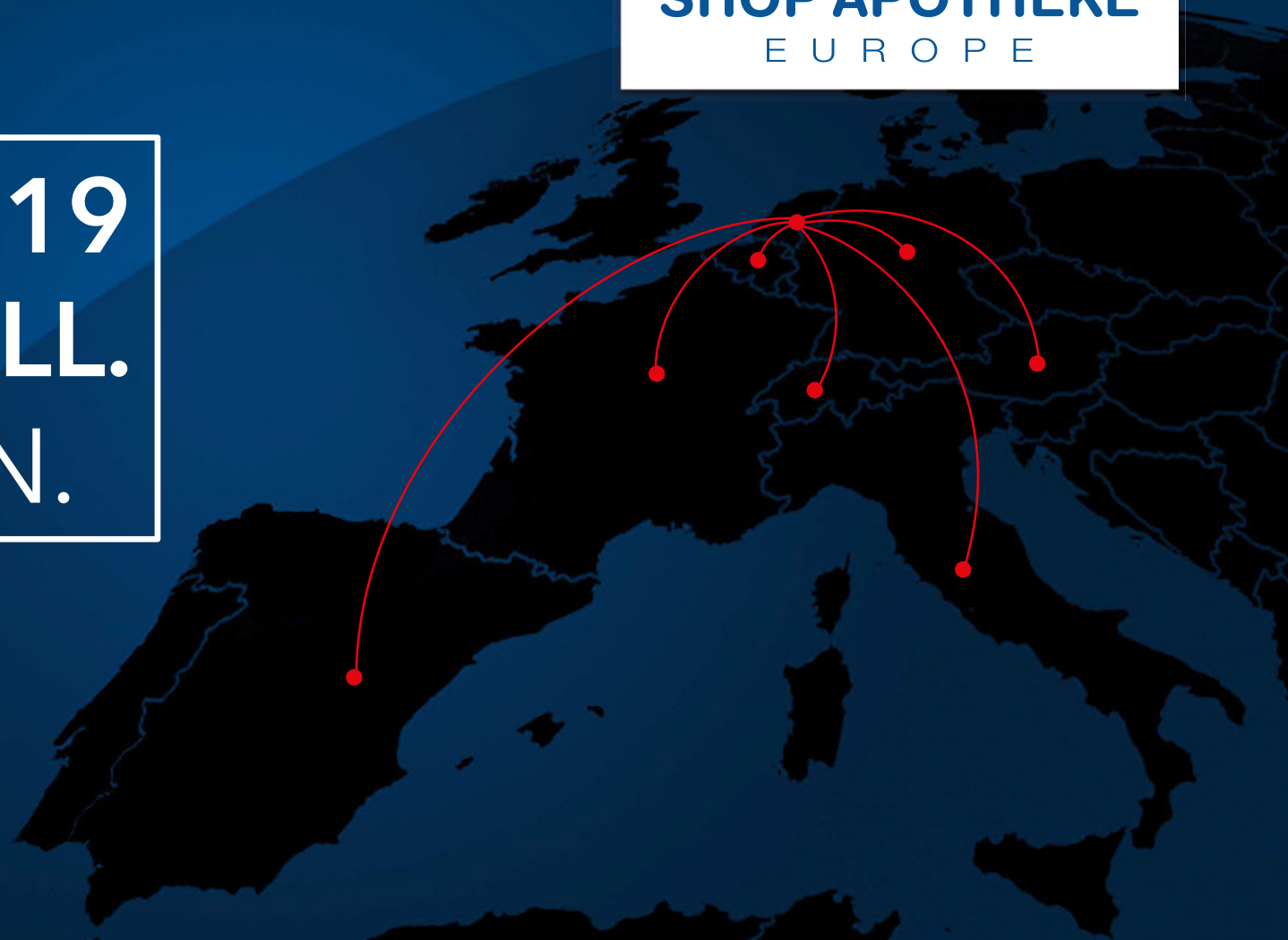




**SHOP APOTHEKE**  
EUROPE

# 9-MONTHS 2019 EARNINGS CALL. PRESENTATION.

STEFAN FELTENS, CEO  
VENLO, 14 NOVEMBER 2019



TODAY'S.  
PRESENTER.



**Stefan Feltens**  
CEO SHOP APOTHEKE EUROPE

# TODAY'S AGENDA.



**SHOP APOTHEKE**  
EUROPE



**FINANCIAL  
PERFORMANCE**



**UPDATE ON BUSINESS  
AND STRATEGY**



**Q+A**

# HIGHLIGHTS.

## 9-MONTHS 2019.



### **Strong growth momentum continues:**

Consolidated revenues up +31% to EUR 509.2 million (28% organic growth).



**Gross profit outpaced sales growth:** +1.1% to 19.6%.



**Strong cash position:** EUR 148.9 million as of Sep 30, 2019.



### **Brand integration successfully completed:**

The Europa Apotheek customers migrated to [shop-apotheke.com](http://shop-apotheke.com).

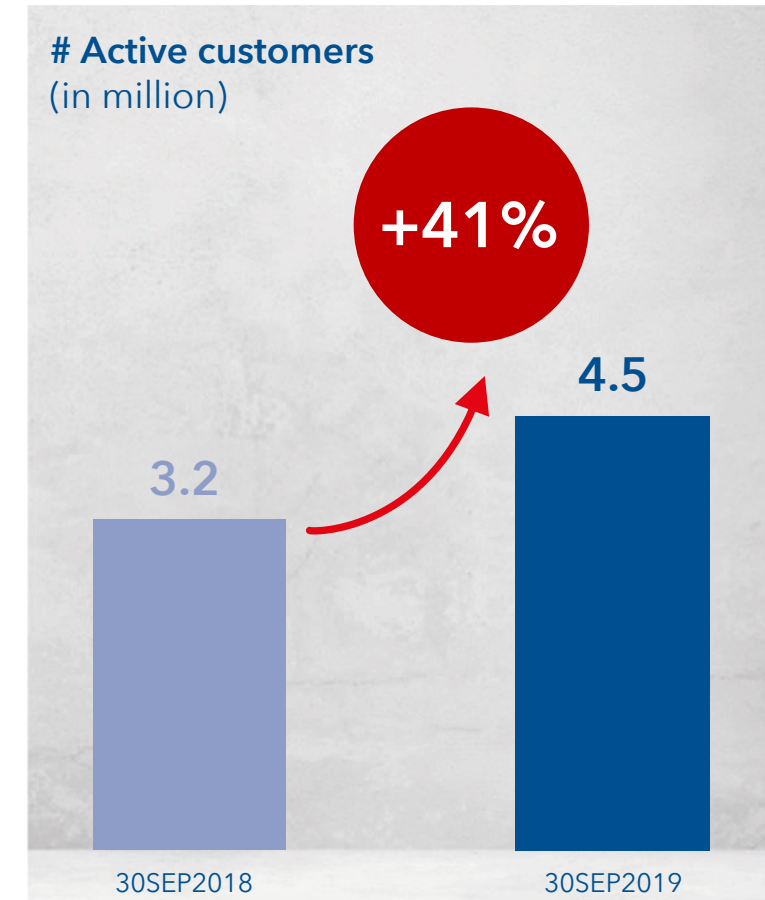
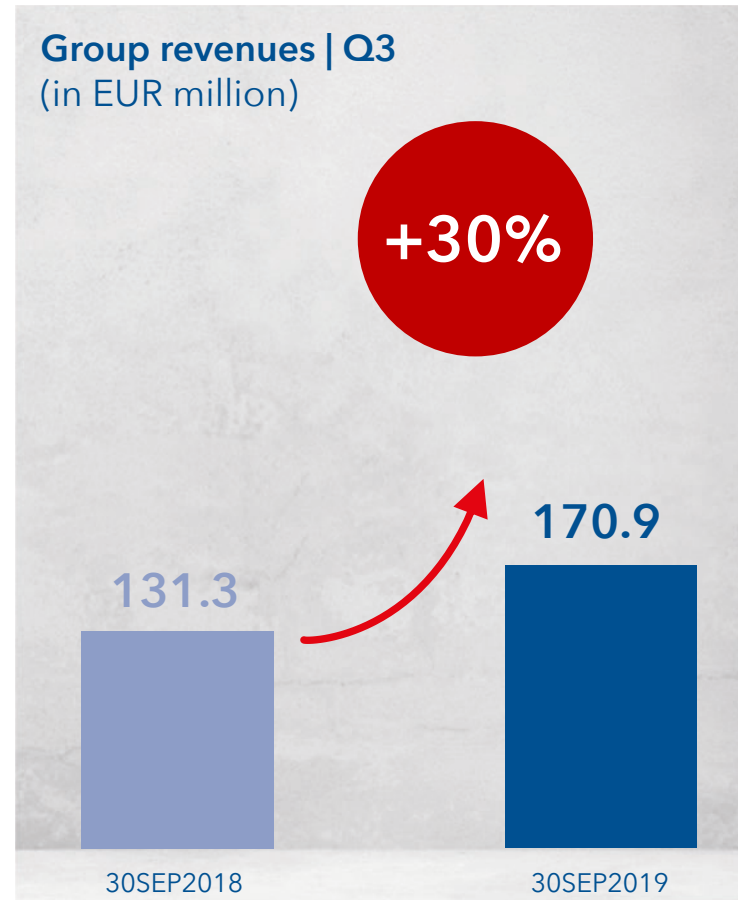
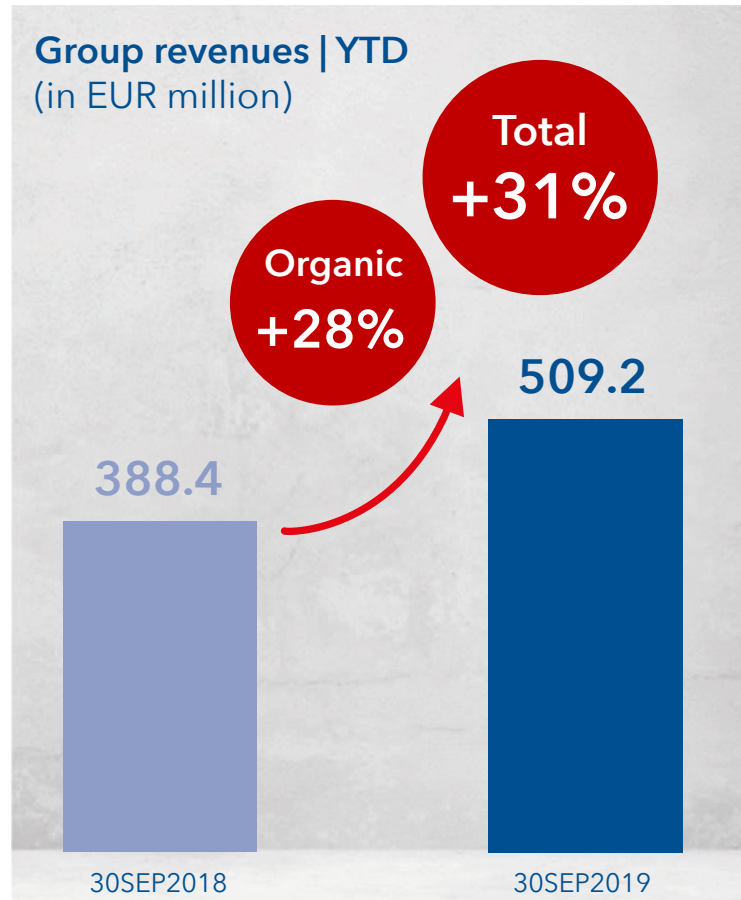


### **New distribution centre:**

Increase of shipping capacity to 35 million parcels per year.

# KEY FINANCIALS.

## IMPRESSIVE ORGANIC TOPLINE GROWTH.



KPIs.

# OUR CUSTOMERS ARE HIGHLY ENGAGED.

~80%

OF ALL ORDERS ARE FROM EXISTING CUSTOMERS.

~5

PRODUCTS

ON AVERAGE PER ORDER WITH EUR 66.48 SHOPPING BASKET (9M/2018: EUR 73.60).

~70

NPS-SCORE.

<1%

VIRTUALLY NO RETURNS.

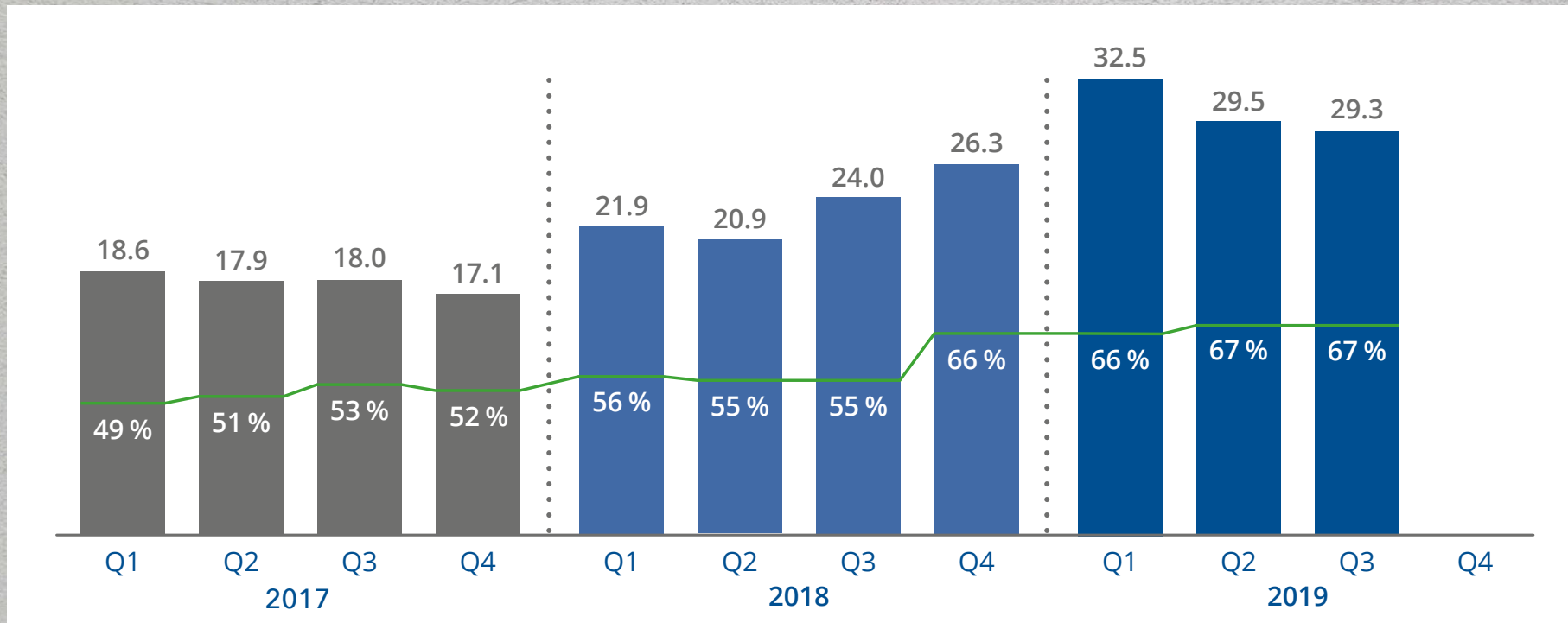


SUCCESSFUL LOYALTY PROGRAM WITH HIGHLY ENGAGED CUSTOMERS AND HIGHER BASKETS.

KPIs.

# CONTINUOUSLY GROWING WEB TRAFFIC YEAR-BY-YEAR.

Web traffic  
(in million)



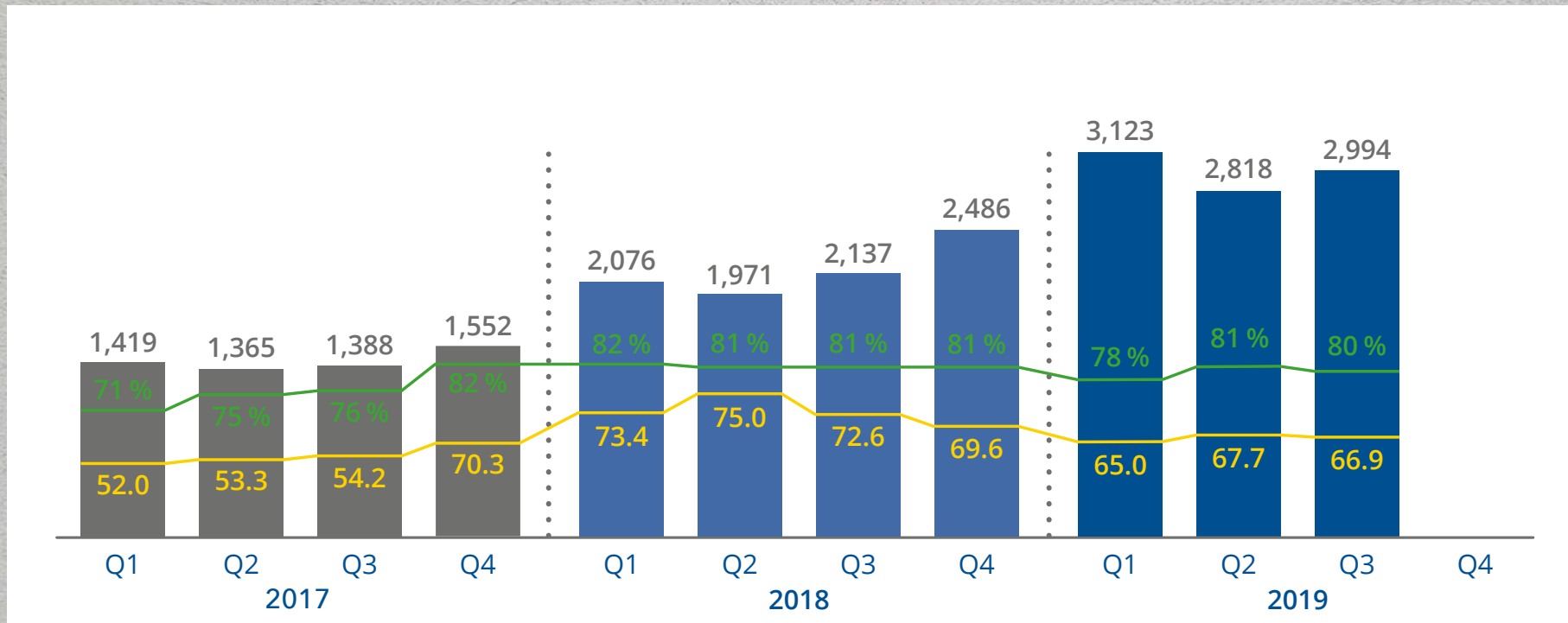
Share of mobile visits  
(in %)

Source: SHOP APOTHEKE EUROPE.

KPIs.

# CONTINUOUSLY GETTING REPEAT ORDERS.

Number of orders  
(in '000)



Share of repeat orders  
(in %)



Average basket size  
(in €)

Source: SHOP APOTHEKE EUROPE.



# KEY FINANCIALS.

## CONTINUOUS ORGANIC GROWTH.

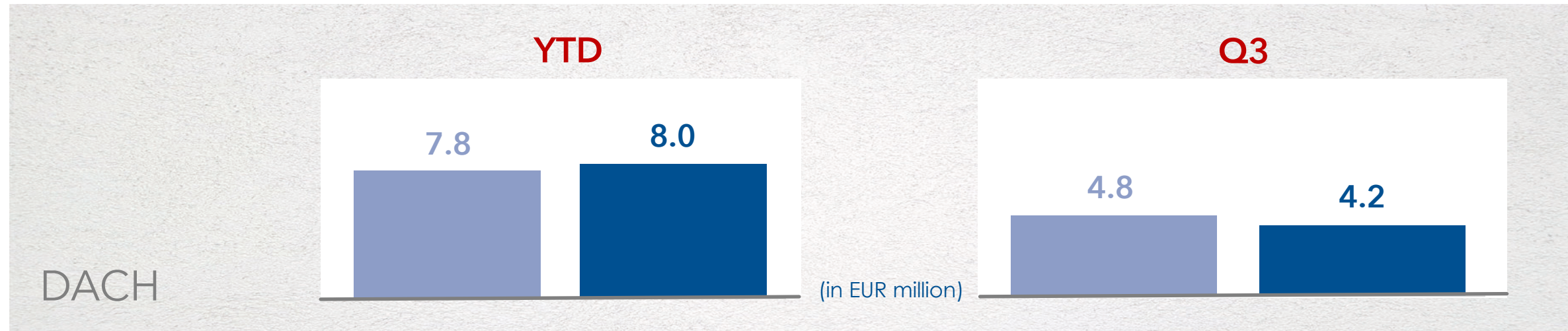
(in EUR million)

	YTD		
	2018	2019	Delta*
Revenues	388.5	509.2	31%
Gross profit	71.8	99.7	39%
Selling & distribution costs	- 68.6	- 96.7	(41%)
Segment EBITDA	3.2	3.0	(6%)
Administrative costs	- 13.4	- 17.3	(30%)
EBITDA	- 10.2	- 14.4	(41%)
EBITDA adjusted	- 7.2	- 11.7	(62%)
% of Revenues	- 1.9	- 2.3	

	Q3		
	2018	2019	Delta*
Revenues	131.3	170.9	30%
Gross profit	25.4	32.3	27%
Selling & distribution costs	- 22.8	- 29.7	(30%)
Segment EBITDA	2.6	2.7	6%
Administrative costs	- 5.3	- 6.0	(13%)
EBITDA	- 2.7	- 3.3	(20%)
EBITDA adjusted	- 0.2	- 2.1	(99%)
% of Revenues	- 0.2	- 1.2	

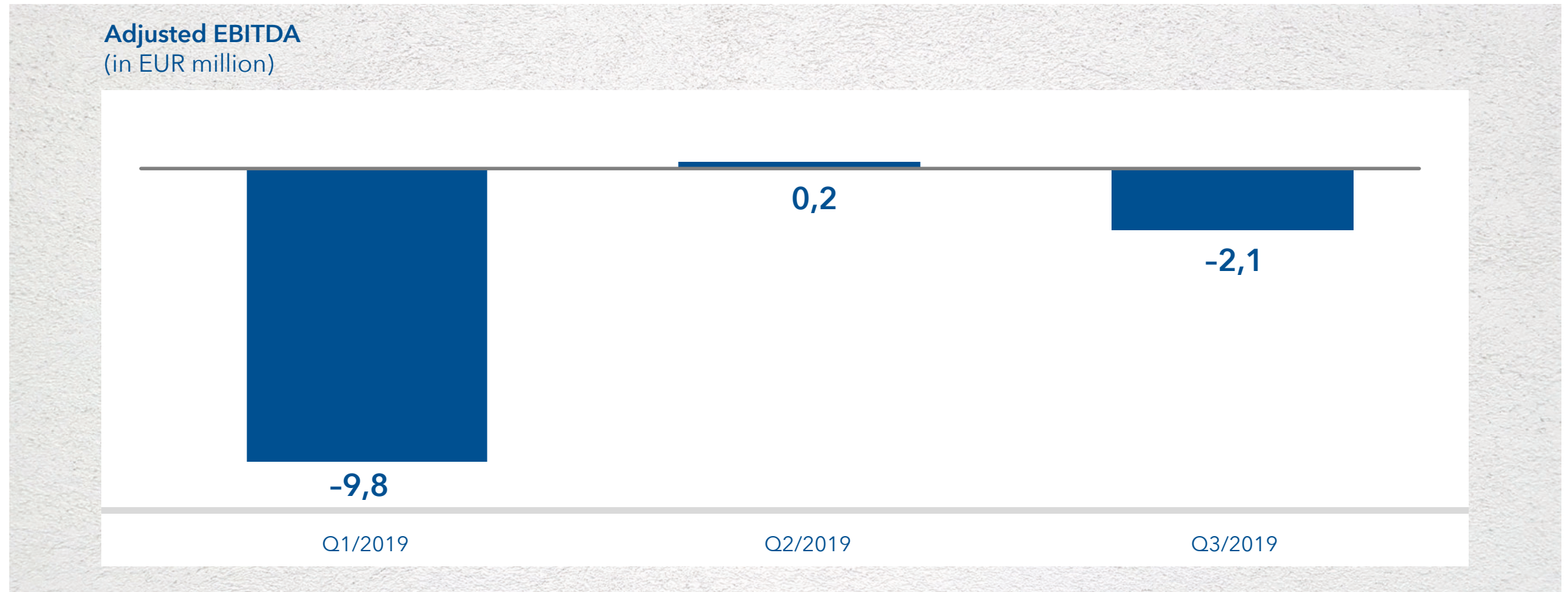
\* Favorable variances without parentheses; unfavorable variances with parentheses.

# KEY FINANCIALS. SEGMENT EBITDA.



# KEY FINANCIALS.

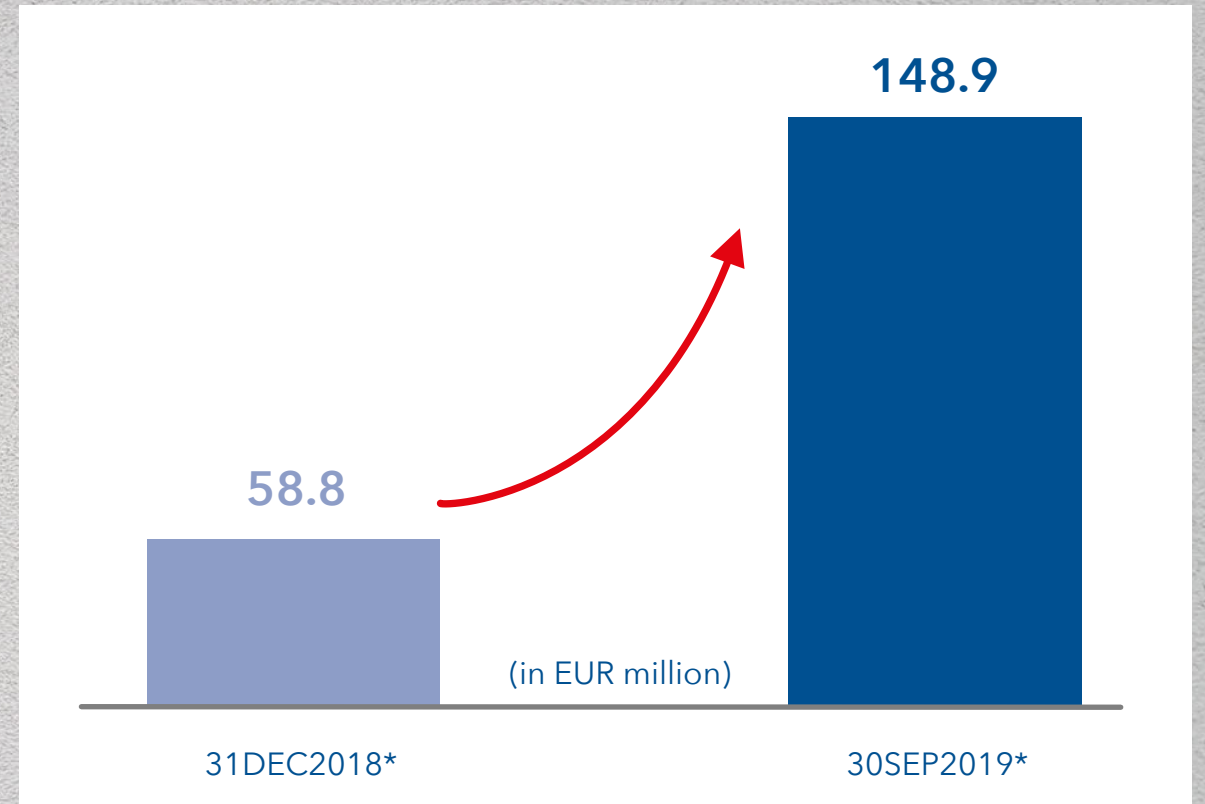
## Q2 & Q3 WITH MAJOR IMPROVEMENTS ON OUR WAY TO EBITDA BREAK-EVEN.



# KEY FINANCIALS. STRONG CASH POSITION TO LEVERAGE THE E-SCRIPTS OPPORTUNITY.

Additional EUR 110 million  
to fund growth.

- E-script opportunity,
- Online penetration increase,
- New business models.



\* Including cash, short-term securities and credit facility.

# TODAY'S AGENDA.



FINANCIAL  
PERFORMANCE

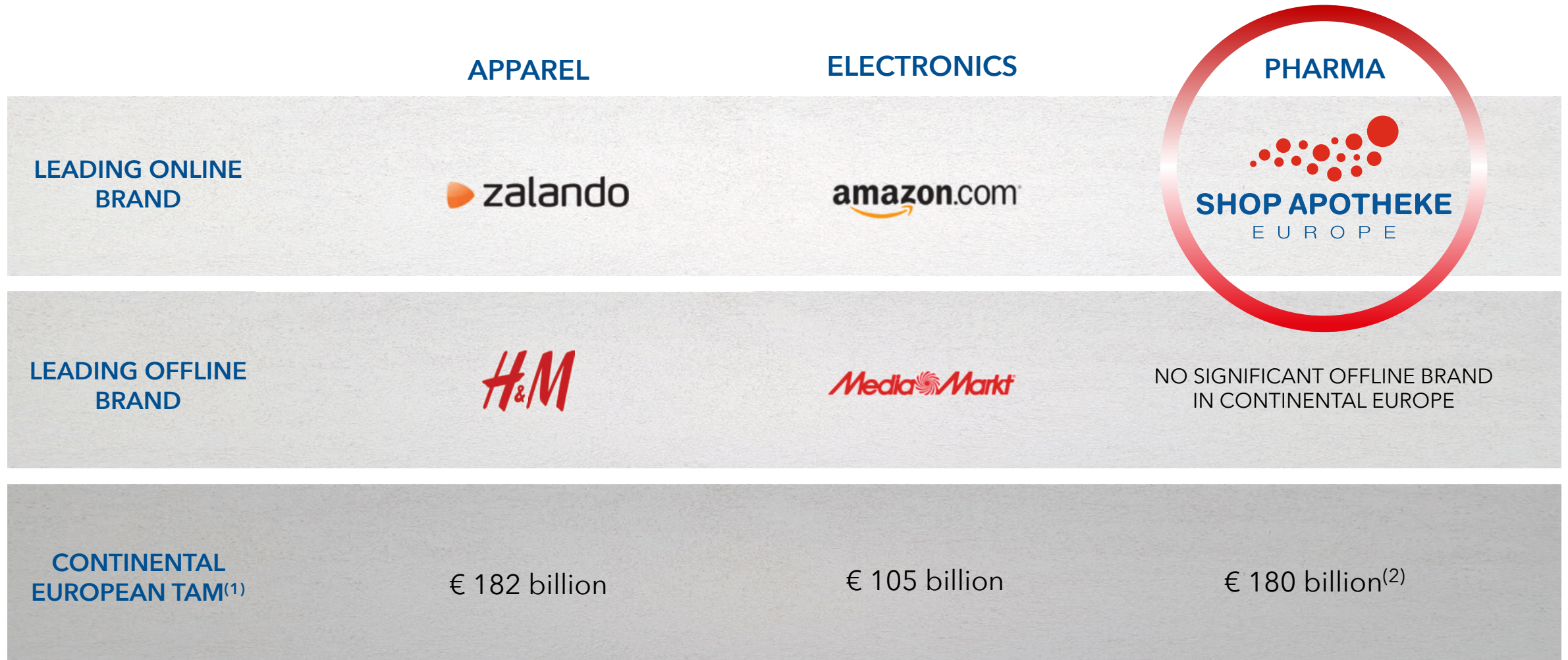


UPDATE ON BUSINESS  
AND STRATEGY



Q+A

# OUR VISION. CREATING THE LEADING EUROPEAN ONLINE PHARMACY.



Source: Euromonitor, Sempora Research. Note: 1) Continental Europe excludes the UK and certain small EU countries; countries included are: Germany, France, Italy, Spain, Poland, Romania, Netherlands, Belgium, Portugal, Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Austria. Apparel and electronics TAM for 2014. 2) Sempora 2017. Sum of OTC, BPC, Rx, Functional Food. OTC is defined as non-prescription medication. BPC consist of Beauty and Personal Care Products. Rx is defined as prescription medication. Functional food is defined as food delivering additional and / or enhanced benefits over basic nutritional value.

# OUR COMPETITIVE ADVANTAGE. RUNNING RELEVANT DIGITAL TECHNOLOGY INHOUSE.

## ADVANTAGE **RED** TEC LAB

- Our technology platform enables us to quickly respond to the latest developments in e-commerce.
- The platform's underlying service architecture means we can rapidly deploy new features to further improve the customer experience.
- It ensures the fast and secure connectivity of partner systems and external solutions to our systems.
  - *Easier and therefore faster maintenance through smaller code base.*
  - *Simplified development through modular technology.*
  - *Better and faster results by working in smaller autonomous teams that develop, deploy and improve their respective services independently.*

2014

IT & ONLINE  
EXPERTS:  
INHOUSE



~50  
EXPERTS

2019

IT & ONLINE  
EXPERTS:  
INHOUSE



~280  
EXPERTS

*“Improving customer experience based on our state-of-the-art technology platform is a key competitive advantage of our business model.”*

# OUR NEW LOGISTICS HEADQUARTERS. MEETING FUTURE CAPACITY NEEDS. REDUCING COSTS PER PARCEL.

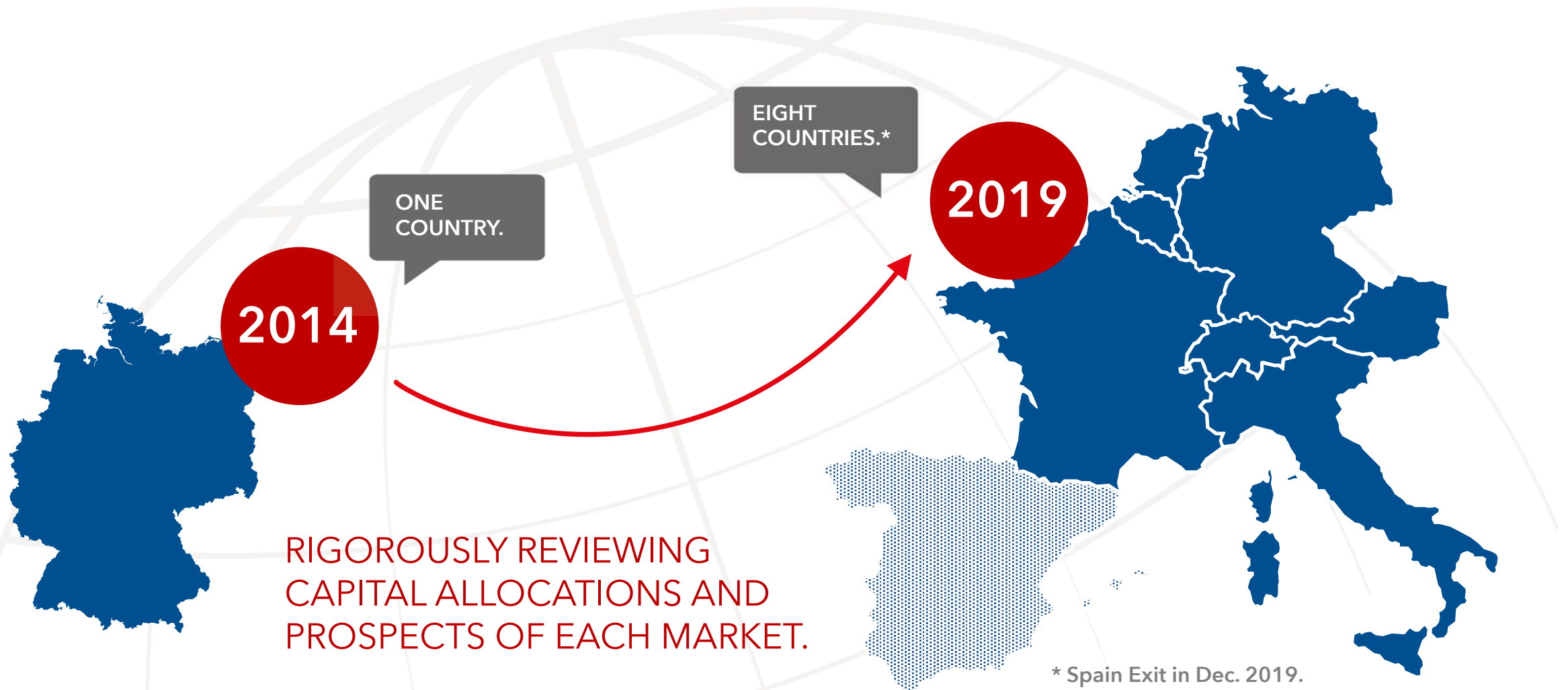
- Groundbreaking for ~ 40,000 sqm took place on June 14, 2019.
- Distance from current site just 1km.
- 42 docks to speed up delivery.
- Further automation of pharmacy operations to significantly reduce cost per parcel.
- Established Microsoft Dynamcis ERP plus JDA Warehouse Management System for a smooth transition phase.

*Future operations can process up to 35 million parcels per year facilitating future e-script sales growth to take us to the next level of EUR 2 billion annual sales.*





# OUR EUROPEAN FOOTPRINT. BENEFITTING FROM THE WIDEST PRESENCE IN THE INDUSTRY.



RIGOROUSLY REVIEWING  
CAPITAL ALLOCATIONS AND  
PROSPECTS OF EACH MARKET.

\* Spain Exit in Dec. 2019.

# OUR PERSPECTIVE.

## E-SCRIPTS TO BOOST SALES GROWTH AND PROFITABILITY.

MUCH LOWER HANDLING COST, PAPERLESS WORKFLOW.

- No mailing cost, no handling of envelopes, no scanning.
- No manual corrections, easier cash collection procedures with health insurance companies.



FASTER DELIVERY AS E-SCRIPTS ORDERS ARE TRANSMITTED ELECTRONICALLY.



INCREASED CUSTOMER LOYALTY.



HIGHER BASKET VALUE, HIGHER RETENTION RATE, INCREMENTAL MARGIN - ALL LEAD TO HIGHER CUSTOMER LIFETIME VALUE.



LOWER CUSTOMER ACQUISITION COSTS:

Increased convenience from a customer perspective will lead to higher conversions.



In June 2019, the GSAV (law for secure supply of medicines) passed both Germany's lower house of parliament (Bundestag) and the upper house (Bundesrat).



Several pilot studies are already running, technical implementation will follow. E-scripts planned for 2020.



# OUR STRATEGY. BEST PREPARED FOR E-SCRIPTS.

## REACH

### INCREASE AWARENESS WITH ONE BRAND STRATEGY.

- Acquisition of Europa Apotheek as RX specialist.
- Integration of "SMART patient care programme" into the SHOP APOTHEKE brand.
- Integration of Europa Apotheek into shop-apotheke.com - one brand.

## TECHNOLOGY

### ACCESS TO E-PRESCRIPTIONS.

- Inhouse API development for digital workflow.
- Active collaboration with relevant organizations.

## BUSINESS

### CREATE CUSTOMER BENEFITS.

- Same Day Delivery Service for future acute medicine offering.
- Partnerships with clear RX customer benefits and scale.

# LOOKING FORWARD. FY 2019 AND BEYOND.



EBITDA break-even in 2020 and long-term target profitability of at least 6% EBIT confirmed.



Sales in 2019 estimated at around EUR 700 million (+ 30%), paving the way for future growth.



Narrowing of earnings forecast: **adjusted EBITDA margin in 2019** expected between - **2.0% and - 2.3%** (2018: - 2.2%).

MORE TO COME.  
MARKETPLACE TO BE LAUNCHED IN 2020.

ENHANCED VALUE PROPOSITION.

**BROADER  
PORTFOLIO.**

**BETTER  
AVAILABILITY.**

**FASTER  
DELIVERY.\***

\* INCLUDING SAME-DAY

*“We will expand our business from a pure online pharmacy retailer  
to a health-focused platform player.”*

# TODAY'S AGENDA.



FINANCIAL  
PERFORMANCE



UPDATE ON BUSINESS  
AND STRATEGY



Q+A

# CONSOLIDATED SEGMENT FINANCIALS.

1 JAN – 30 SEP 2019	DACH	INTERNATIONAL	UNAUDITED INTERIM CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	447,935	61,219	509,154
Cost of sales	- 363,559	- 45,935	- 409,494
<b>Gross Profit</b>	<b>84,377</b>	<b>15,283</b>	<b>99,660</b>
% of revenue	18.8 %	25.0 %	19.6 %
Other income	77	10	87
Selling & Distribution	- 76,714	- 20,013	- 96,727
<b>Adjusted S&amp;D</b>	<b>- 76,477</b>	<b>- 20,013</b>	<b>- 96,490</b>
Segment EBITDA	7.740	- 4,719	3.021
<b>Adjusted Segment EBITDA</b>	<b>7,977</b>	<b>- 4,719</b>	<b>3,258</b>
Administrative expense			- 17,371
<b>Adjusted AE</b>			<b>-14,989</b>
EBITDA			- 14,351
<b>Adjusted EBITDA</b>			<b>- 11,731</b>
Depreciation			- 10,985
EBIT			- 25,336
<b>Adjusted EBIT</b>			<b>- 22,716</b>
Net finance cost and income tax			- 5,072
Net Loss			- 30,408
<b>Adjusted Net Loss</b>			<b>- 27,788</b>

# CONSOLIDATED SEGMENT FINANCIALS.

1 JAN – 30 SEP 2018	DACH	INTERNATIONAL	UNAUDITED INTERIM CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	354,478	34,004	388,481
Cost of sales	- 291,014	- 25,631	- 316,645
<b>Gross Profit</b>	<b>63,464</b>	<b>8,373</b>	<b>71,836</b>
% of revenue	17.9 %	24.6 %	18.5 %
Other income	1	8	9
Selling & Distribution	- 57,036	- 11,599	- 68,635
<b>Adjusted S&amp;D</b>	<b>- 55,634</b>	<b>- 11,461</b>	<b>- 67,095</b>
Segment EBITDA	6,429	- 3,219	3,210
<b>Adjusted Segment EBITDA</b>	<b>7,831</b>	<b>- 3,081</b>	<b>4,750</b>
Administrative expense			- 13,384
<b>Adjusted AE</b>			<b>- 11,997</b>
EBITDA			- 10,174
<b>Adjusted EBITDA</b>			<b>- 7,247</b>
Depreciation			- 9,273
EBIT			- 19,447
<b>Adjusted EBIT</b>			<b>- 16,520</b>
Net finance cost and income tax			- 3,480
Net Loss			- 22,927
<b>Adjusted Net Loss</b>			<b>- 20,001</b>



# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

	1 JAN - 30 SEP 2019	1 JAN - 30 SEP 2018
	EUR 1,000	EUR 1,000
Revenue	509,154	388,481
Costs of sales	- 409,494	- 316,645
<b>Gross profit</b>	<b>99,660</b>	<b>71,836</b>
Other income	87	9
Selling and Distribution	- 106,065	- 76,517
Administrative Expense	- 19,019	- 14,775
<b>Result from operations</b>	<b>- 25,337</b>	<b>- 19,447</b>
Finance income	261	87
Finance expense	- 6,317	- 4,192
<b>Net finance cost</b>	<b>- 6,056</b>	<b>- 4,105</b>
<b>Result before tax</b>	<b>- 31,392</b>	<b>- 23,552</b>
Income tax	984	625
<b>Result after tax</b>	<b>- 30,408</b>	<b>- 22,927</b>
Attributable to: Owners of the Company	- 30,408	- 22,927

# CONSOLIDATED BALANCE SHEET.

<b>Assets</b>	30 SEP 2019	31 DEC 2018
	EUR 1,000	EUR 1,000
<b>Non-Current Assets</b>		
Property, plant and equipment	11,698	11,924
Intangible assets	201,949	199,892
Deferred tax assets	1,060	973
Investments in equity- accounted joint ventures	1,008	1,002
Investments in associates	400	400
Investments in equity instruments	10	10
	<b>216,124</b>	<b>214,201</b>
<b>Current Assets</b>		
Inventories	44,268	43,349
Trade and other receivables	30,221	23,071
Other current assets	11,299	11,525
Other financial assets	55,330	34,422
Cash and cash equivalents	93,561	24,338
	<b>234,681</b>	<b>136,705</b>
<b>Total assets</b>	<b>450,805</b>	<b>350,906</b>

<b>Equity and liabilities</b>	30 SEP 2019	31 DEC 2018
	EUR 1,000	EUR 1,000
<b>Shareholders' Equity</b>		
Issued capital and share premium	341,192	292,045
Reserves/accumulated losses	- 103,347	- 78,069
	<b>237,846</b>	<b>213,976</b>
<b>Non-current Liabilities</b>		
Deferred tax liability	9,936	10,841
Other liabilities	128,908	72,411
	<b>138,844</b>	<b>83,252</b>
<b>Current Liabilities</b>		
Trade and other payables	36,805	28,436
Loans and Borrowings	7,652	6,488
Amounts due to banks	15,687	9,805
Other liabilities	13,972	8,949
	<b>74,115</b>	<b>53,678</b>
<b>Total equity and liabilities</b>	<b>450,805</b>	<b>350,906</b>

# CONSOLIDATED CASH FLOW STATEMENT.

	1 JAN - 30 SEP 2019	1 JAN - 30 SEP 2018
	EUR 1,000	EUR 1,000
<b>Cash flow from operating activities</b>		
Result from operations	- 25,337	- 19,447
Adjustments for:		
- Depreciation and amortisation of non-current assets	10,985	9,371
- Corporate income tax	- 8	0
- Issuance of stock option plan	2,188	913
<b>Operating result adjusted for depreciation and amortisation, taxes and provisions</b>	<b>- 12,172</b>	<b>- 9,163</b>
<b>Movements in working capital</b>		
- (Increase)/decrease in trade and other receivables	- 6,925	- 6,750
- (Increase)/decrease in inventory	- 919	9,510
- Increase/(decrease) in trade and other payables	19,274	2,234
<b>Working capital movement</b>	<b>11,430</b>	<b>4,994</b>
<b>Cash generated from operations</b>	<b>- 742</b>	<b>- 4,169</b>
Interest received	261	87
Interest paid on financial lease	- 279	0
<b>Net cash (used in)/generated by operating activities</b>	<b>- 760</b>	<b>- 4,082</b>

## Cash flow from investing activities

Investment for property, plant and equipment	- 1,090	- 3,987
Investment for intangible assets	- 10,387	- 5,880
Investment for financial fixed assets	- 6	- 10
Acquisition of subsidiary, net of cash acquired	0	-22.296
Investment in other financial assets	- 20,908	- 4,379
<b>Net cash (used in)/generated by investing activities</b>	<b>- 32,391</b>	<b>- 36,552</b>

## Cash flow from financing activities

Interest paid	- 2,687	- 4,106
Payment of earn-out obligations Farmaline	- 1,100	- 1,100
Issue convertible bond	58,592	73,499
Capital increase	49,147	0
Cash-out lease payments	- 1,551	0
Other non-current liabilities	- 28	1,514
<b>Net cash (used in)/generated by financing activities</b>	<b>102,373</b>	<b>69,807</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>69,223</b>	<b>29,174</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>24,338</b>	<b>15,783</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>93,561</b>	<b>44,957</b>