



Richter Group Report, M12 2020

Budapest, 26 February 2021



Highlights

566,776 HUFm

Consolidated
sales

↑+11.6%

56.2%

Gross margin

20.3%

Operating margin

563 HUF

EPS

↑122.5%

104,683 HUFm

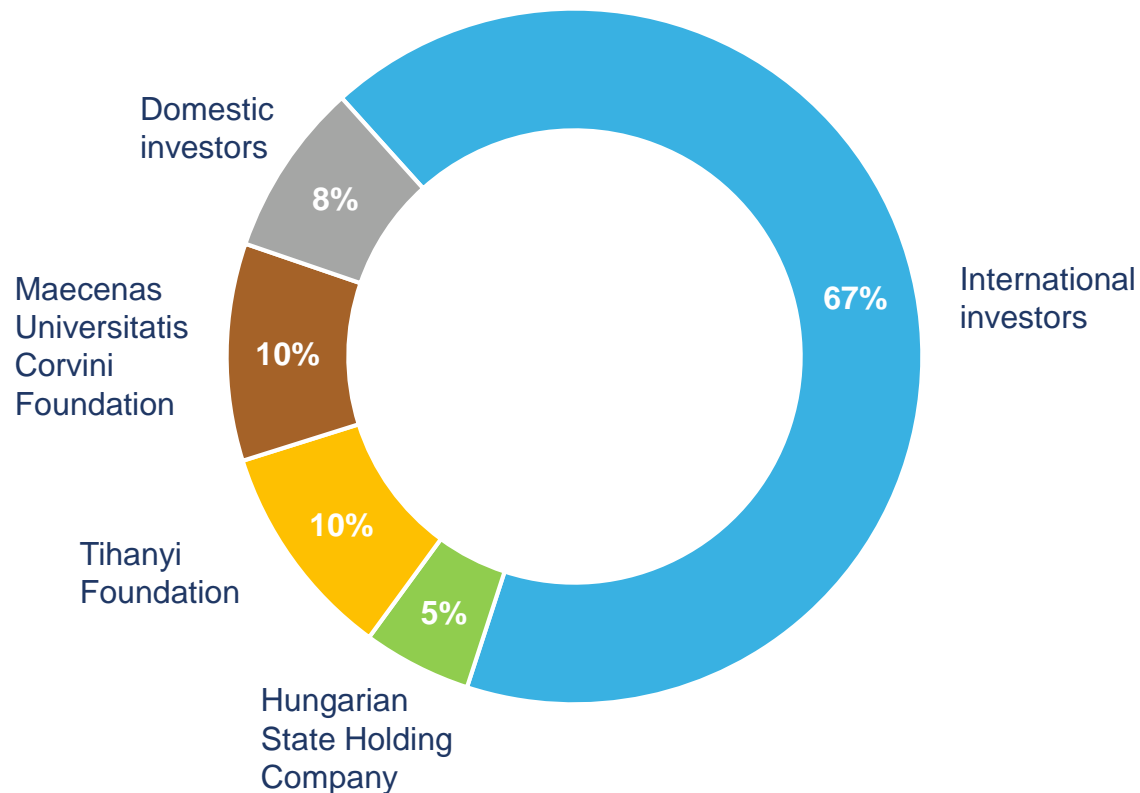
Net profit*

↑+122.1%

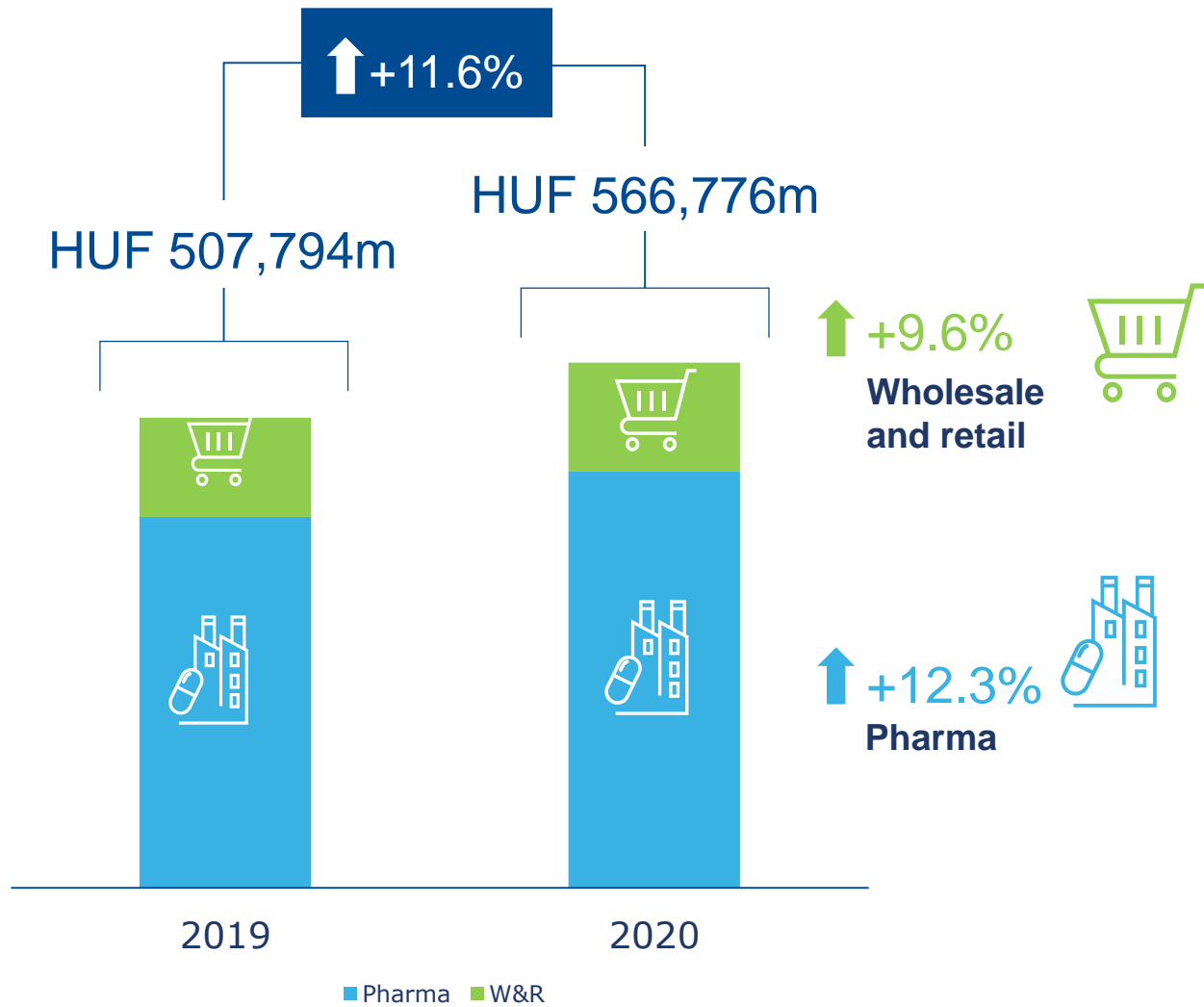
* Net income attributable to owners of the parent.

Corporate review

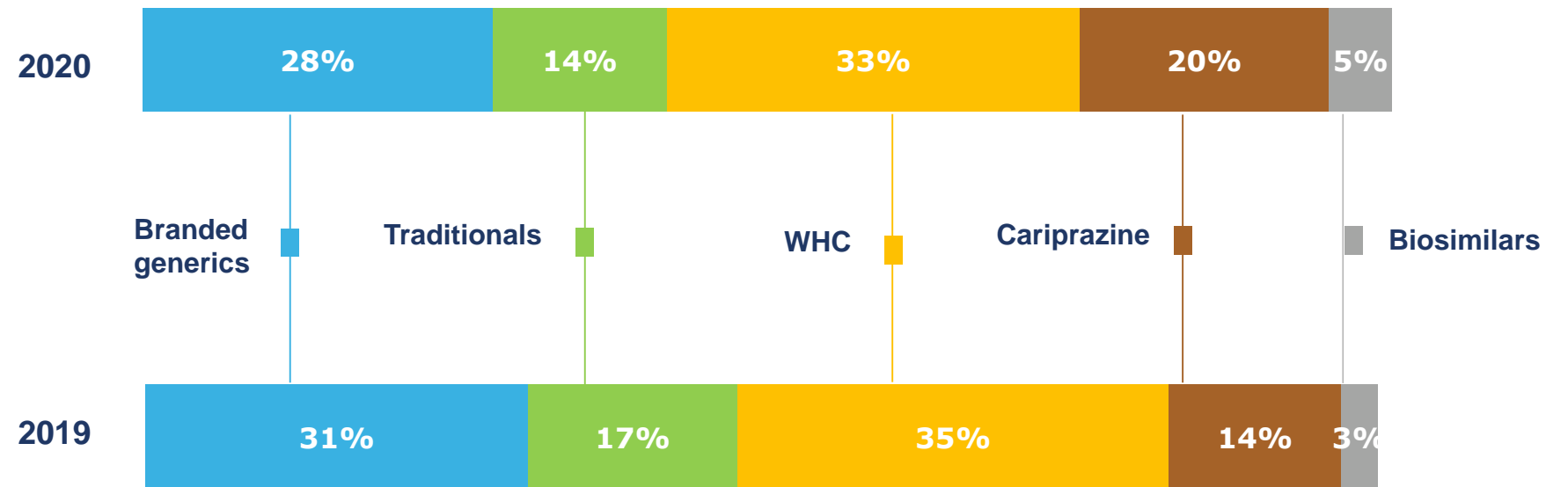
The shares owned by the Hungarian State and held by the Hungarian State Holding Company (MNV Zrt.) declined to 5.25 percent as the Hungarian State conceded a 10 percent stake to the Tihanyi Foundation.



Consolidated sales by main business segments



Revenue by strategic pillars (%)



Key products (1/2)

Cariprazine



Central Nervous System

HUF 90,650m
(EUR 258.2m)

Turnover

↑ +58.1%

USA -
HUF 78,949m Vraylar®
royalty income

Ongoing phase III
clinical trials – MDD
adjunctive therapy

Egypt, Kingdom of Saudi
Arabia - Reagila®
regulatory approval

Israel - Reagila®
market launch

Terrosa®



Biosimilars

HUF 8,615m
(EUR 24.5m)

Turnover

↑ +224.9%

Rapid sales growth

Geographical split of
teriparatide revenues:

EU: ~70%

Japan: ~30%

Key products (2/2)

Bemfola®



WHC

HUF 16,688m

↑ +3.5%*

*Exchange rate impact

EUR 47.5m

↓ -4.2%*

*Overall weak sales performance in EUR due to pandemic.

Esmya®

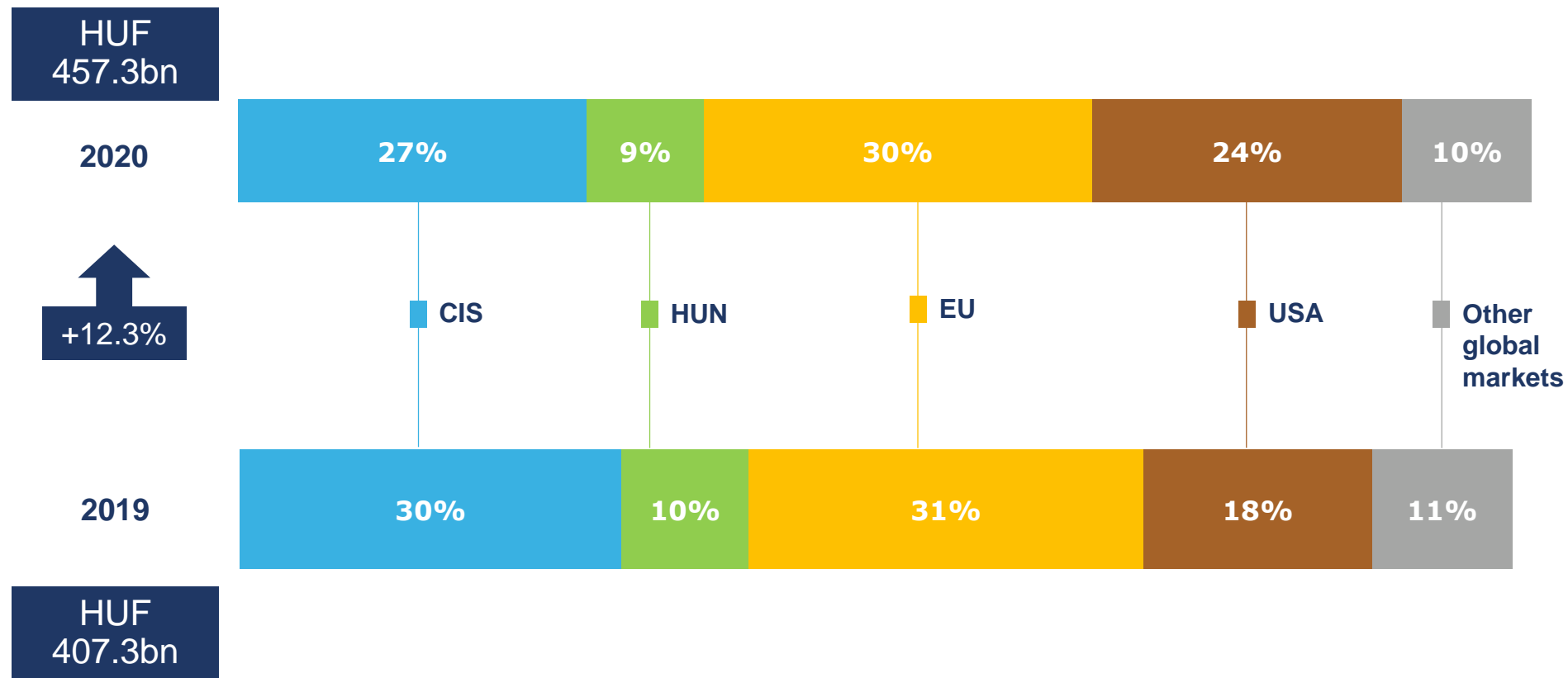


WHC

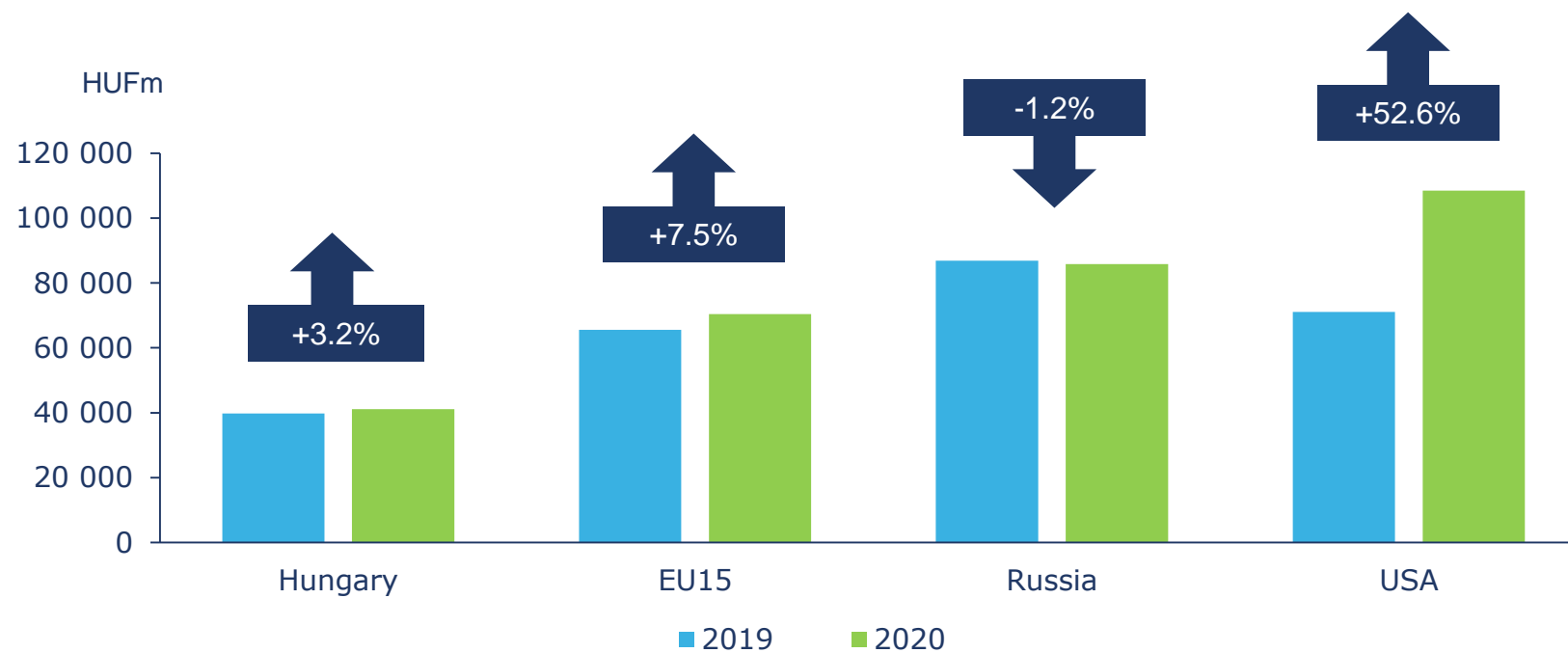
November 2020 – CHMP recommends the **restricting use** of the product.

January 2021 – EC implemented the decision of CHMP.

Sales by geographies (%)



Sales by main regions (HUFm)



(HUFm)	2019	2020	Change
Hungary	39,809	41,086	1,277
EU15	65,524	70,426	4,902
Russia	86,911	85,844	-1,067
USA	71,101	108,509	37,408

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®

China

Higher sales of WHC portfolio



Russia

Some difficulties experienced in direct promotional activities

New submitted prices to enter into effect during first half of 2021

Teething problems with the introduction of serialization – eased by the end of the year

EU15

Loss of Esmya® sales

China

Delisting of Cavinton with effect from 1 January 2020

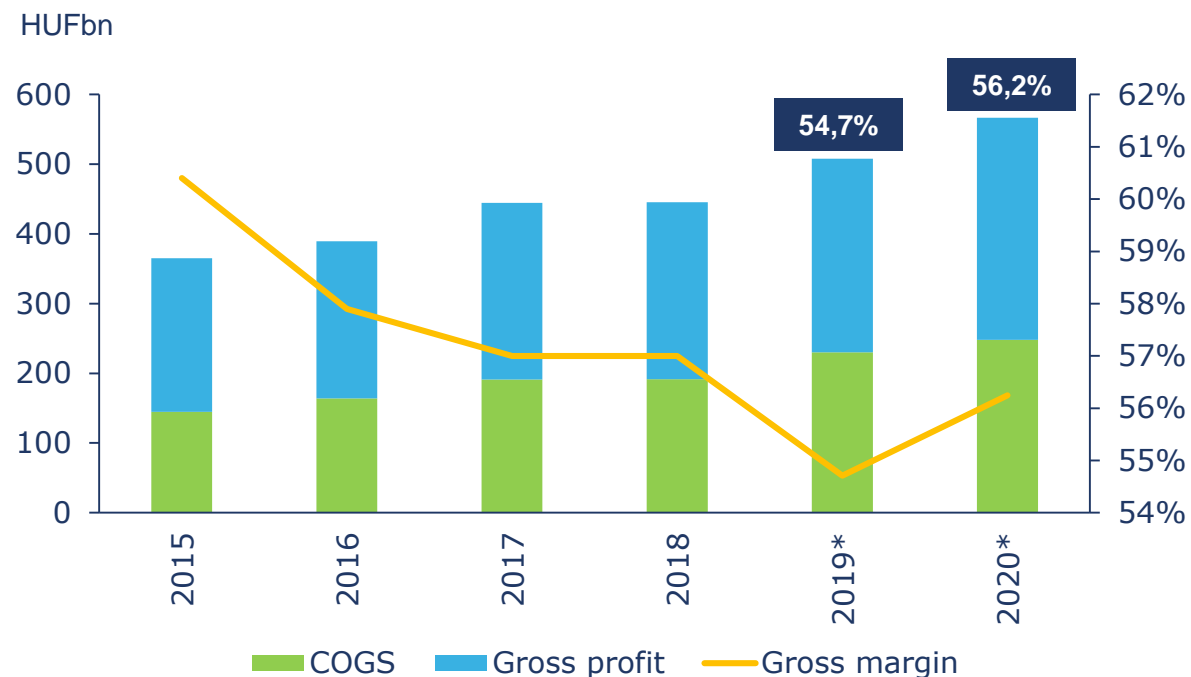
Credit note was issued in respect of previously shipped supplies of Cavinton

Consolidated Financials – Highlights

	HUFbn	Change %	EURm	as % of total revenues
Total revenue	566.8	+11.6	1,614.8	
Gross profit	318.8	+14.8	908.2	56.2
Profit from operations	115.1	+188.5	327.9	20.3
Profit for the period*	104.7	+122.1	298.3	18.5
	HUF	Change %	EUR	
EPS (diluted)	563	+122.5	1.60	

* Net income attributable to owners of the parent.

Increasing gross profit and margin (HUFbn)



* Reclassification of depreciation of intangible assets representing sales and other product-related licenc rights.

(%)	2019	2020
Pharmaceuticals	65.4	67.1
Wholesale and retail	9.6	9.6



A significant increase in royalties received linked to the sales of Vraylar® (HUF 31,384m)

Favourable FX environment, weakening HUF

Increasing turnover of certain higher margin OCs and EC

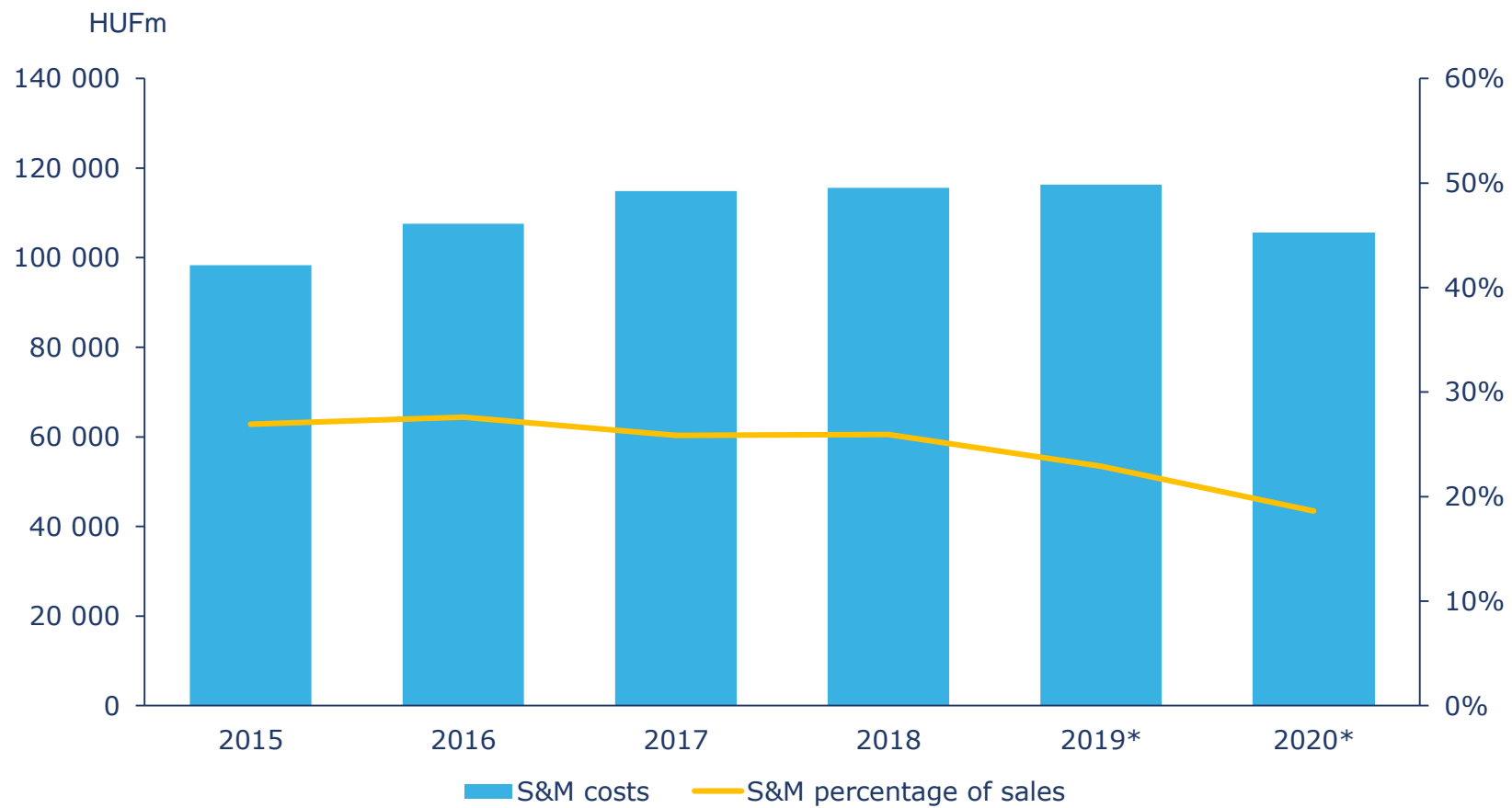


China – delisting of Cavinton;
Credit note issued for previous shipments of Cavinton

Suspension of Esmya® sales

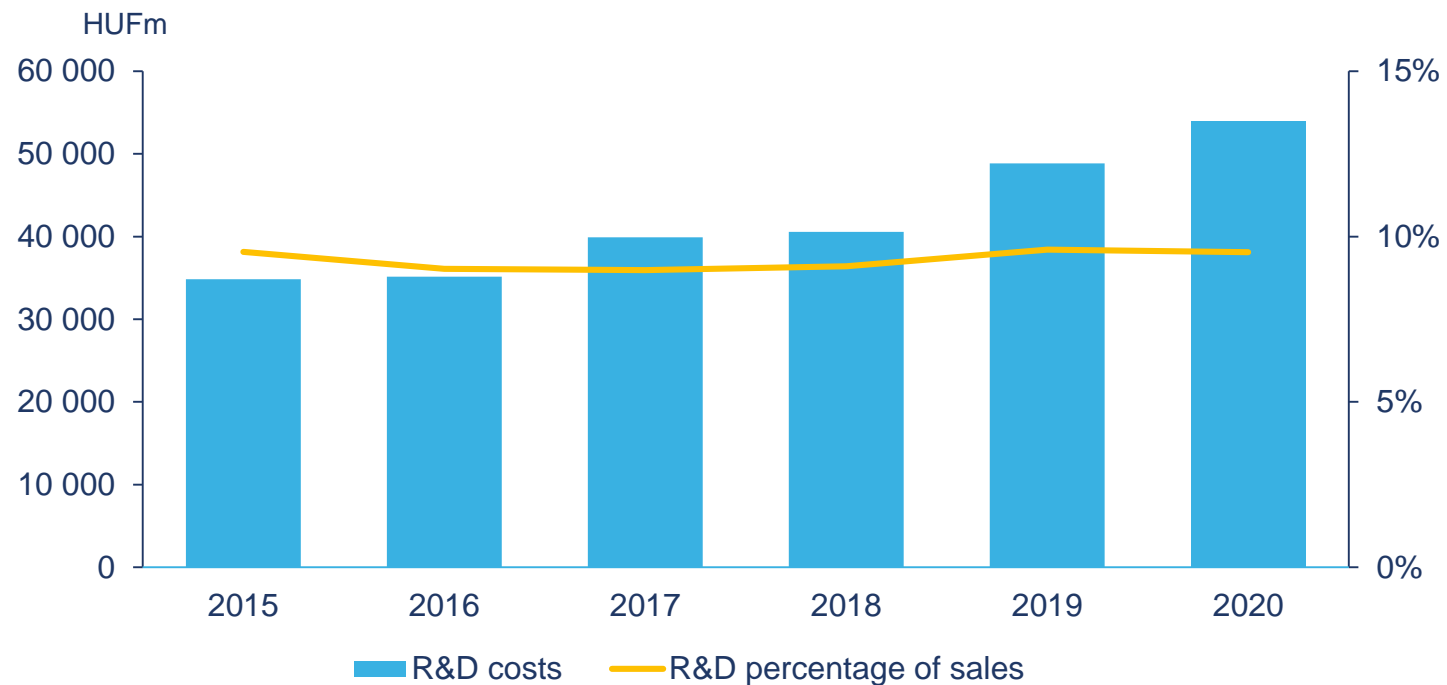
Increases of wages in Central and Eastern Europe
Price erosion

S&M costs (HUFm)



* Reclassification of depreciation of intangible assets representing sales and other product-related licenc rights.

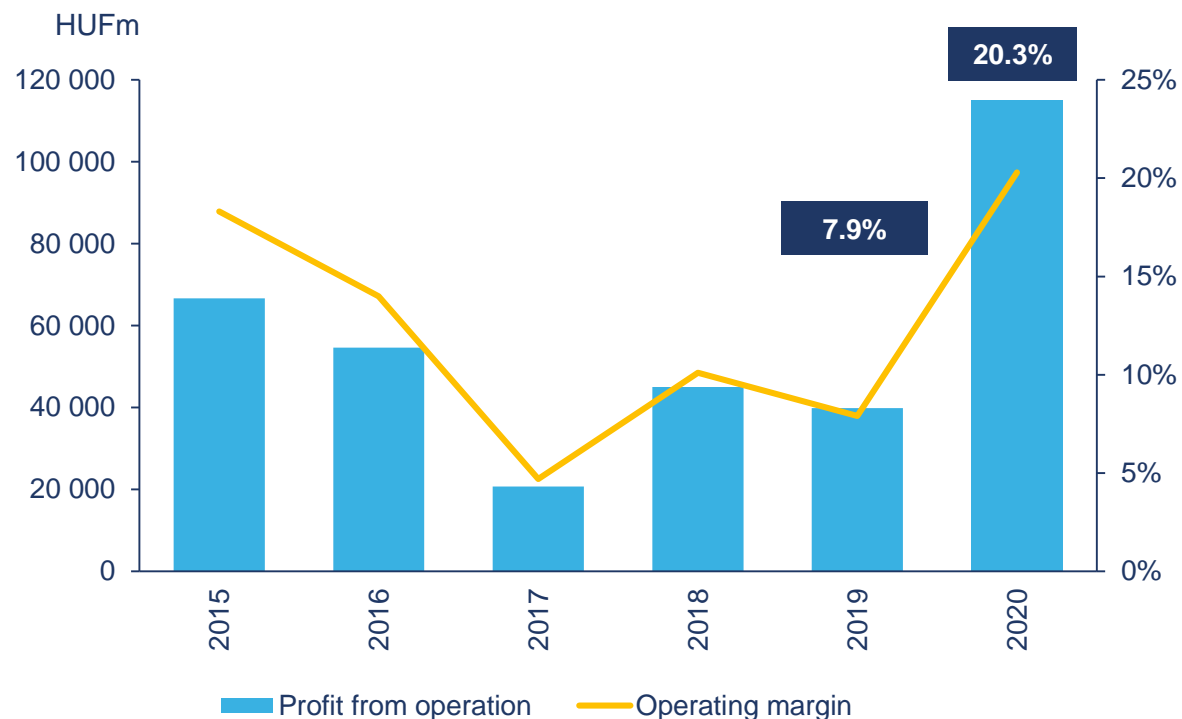
R&D costs (HUFm)



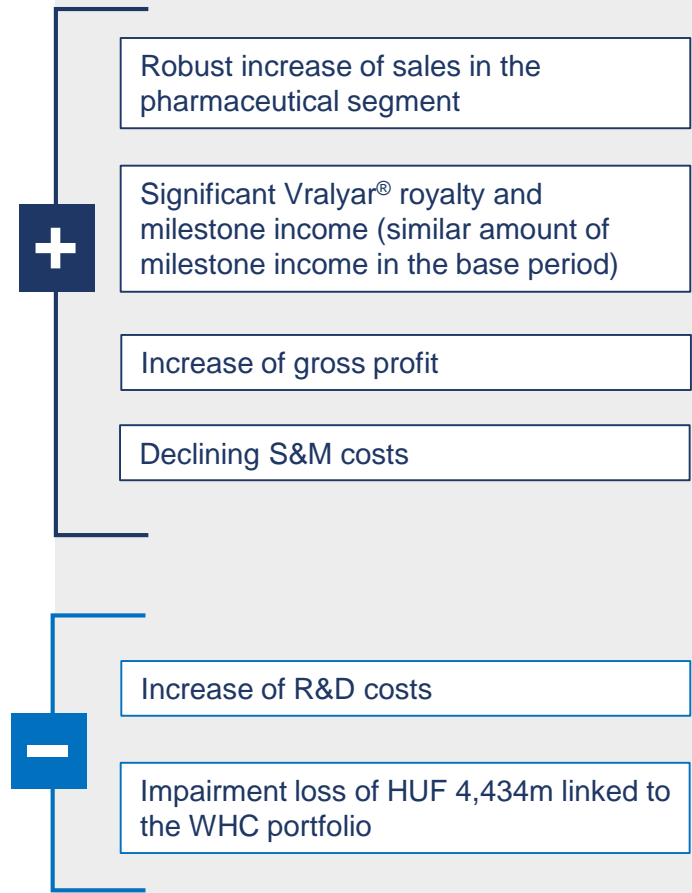
Split of R&D spending (%) – 2020



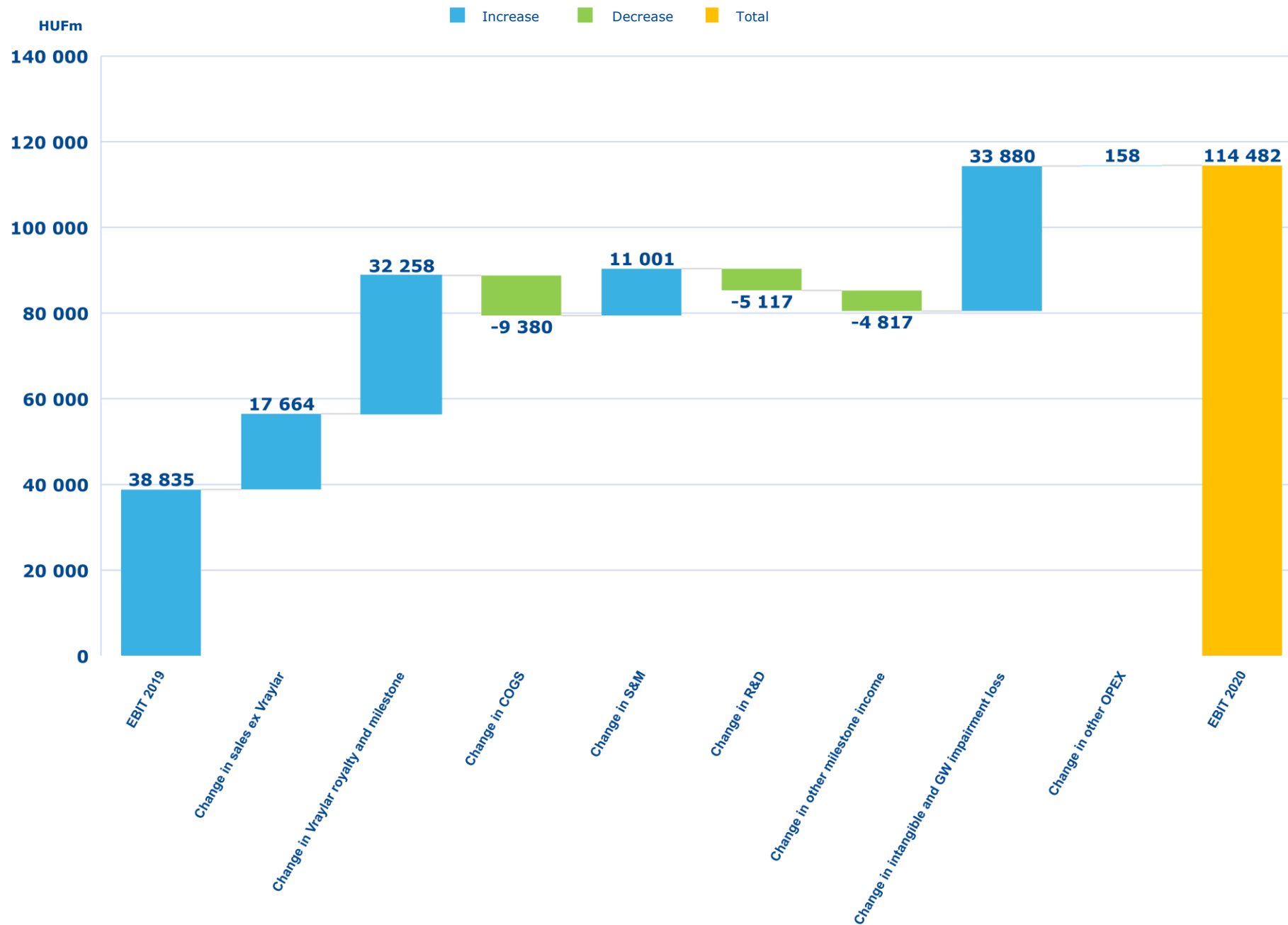
Increasing operating profit and margin (HUFm)



(%)	2019	2020
Pharmaceuticals	9.5	25.0
Wholesale and retail	0.7	0.8



Factors impacting pharma segment operating profit



The effects of the COVID-19 pandemic



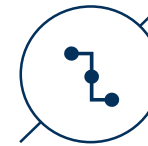
Our employees

- **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