

# STRATEGICALLY POSITIONED FOR GROWTH.

ANNUAL REPORT 2017

SHOP APOTHEKE EUROPE N.V.

DR. ULRICH WANDEL, CFO

12 MARCH 2018



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# TOPICS

- **Accomplishments 2017**
- Financial Performance 2017
- Update on Europa Apotheek Integration
- Outlook 2018
- Q+A

# SHOP APOTHEKE EUROPE CONTINUES ITS PERFORMANCE RECORD.

Revenue 2017

**EUR 284 m**  
(+60 % YoY)

Cash & Short-term Securities

**EUR 28 m**

**EUR 58 m**  
(+59 % YoY)

**2.7 m**  
(+50 % YoY)

Gross Profit

Active Customers

# ACCOMPLISHMENTS IN FISCAL YEAR 2017.



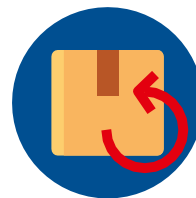
EUR 284 million  
(+ 60 %)  
revenue FY 2017



Site visits grew by  
29.7 million to  
71.5 million



2.7 million  
(+ 50 %)  
active customers



76 %  
repeat orders



Average shopping basket  
size increased to  
€ 54 (OTC + BPC only)  
€ 187 (Rx + OTC Germany)  
€ 58 (overall average)








6.0 million  
average monthly visits



Covering the  
whole range of  
OTC, BPC and  
Rx products.

- Successful acquisition of Europa Apotheek further strengthens SHOP APOTHEKE's market position.
- Strong sales growth in line with increased guidance (+60 % YoY).
- Economies of scale and efficiency reduced relative administrative costs. Adjusted for one-offs they increased below sales growth by 8 % YoY.
- **Sales growth in Germany four times faster than market:** Sales growing +44 % YoY, while market increased by 11.8 % according to the German E-Commerce Trade Association (bevh).
- Strong international growth (+143 % YoY) with above average gross margin growth to 21.4 % (+3.0 pp YoY). The share of international sales has risen to 26 %.

# FORECAST VS. ACTUALS 2017: ALL TARGETS HAVE BEEN REACHED.

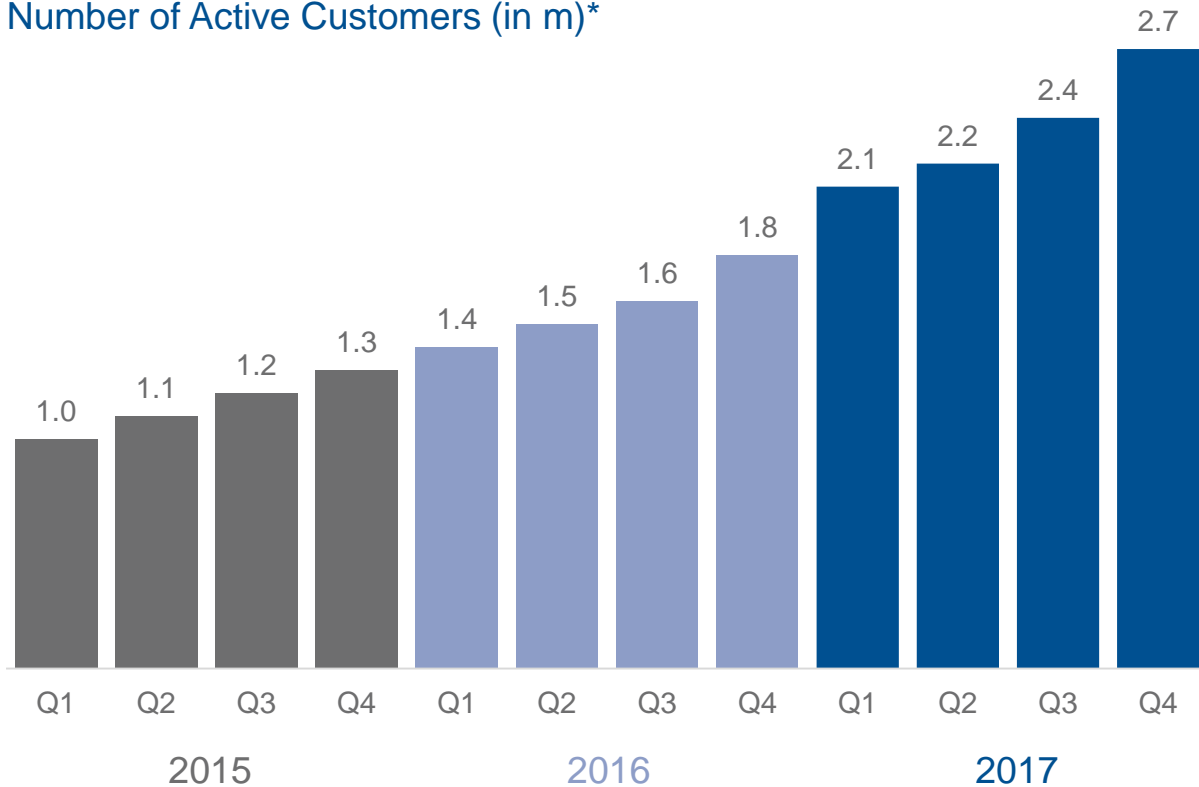
LATEST FORECAST	ACTUAL	TARGET REACHED
Revenue growth of 55 % to 65 %	+60 %	
Adj. EBITDA margin of -2% to -3%	-3.0 %	
Profitable growth in core segment „Germany“	Segment EBITDA +3.3 %	
Improvements in efficiency	Adj. administration expense excl. D&A is 3.1 %	
Further automation and increased capacity	<ul style="list-style-type: none"> <li>• Progress in the automation of incoming goods</li> <li>• New packing line launched</li> <li>• Ongoing development of ERP system</li> </ul>	

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# ACTIVE CUSTOMER BASE INCREASED TO 2.7 MILLION.

Number of Active Customers (in m)\*



- Our customer base has increased by +50 % in 2017 versus 2016.
- 2.7 million active customers as at 31 December 2017.

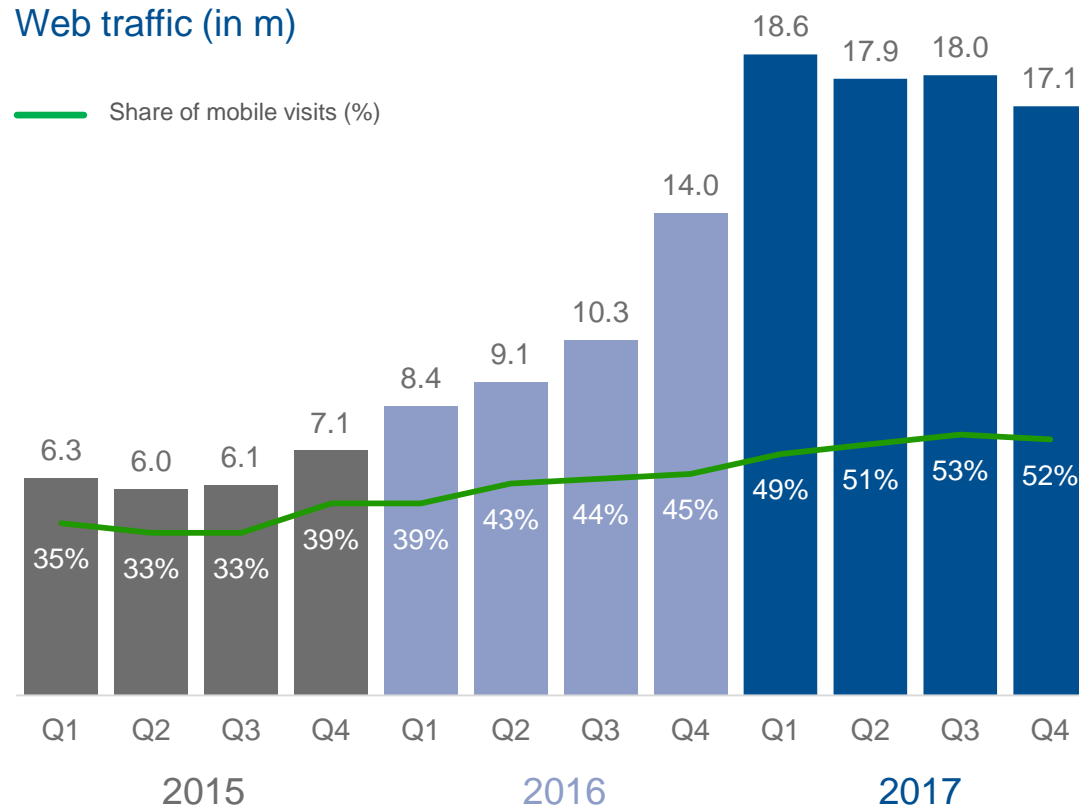
Source: SHOP APOTHEKE EUROPE.

\*We define active customers as unique customers who are active in 12 months preceding a given period of time.



# CONTINUED STRONG SITE VISIT GROWTH.

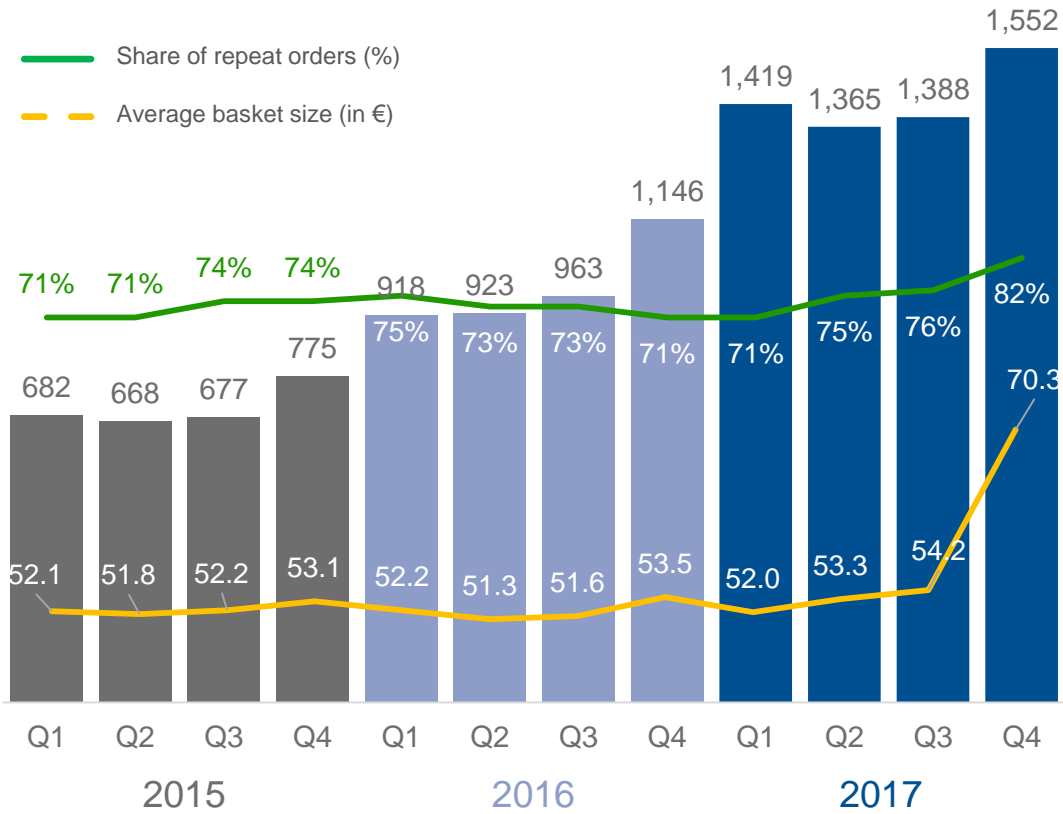
Web traffic (in m)



- Web traffic confirms strong growth.
- YoY, Site Visits grew by 71 % to 72m.
- Mobile share keeps growing.
- **SHOP APOTHEKE EUROPE** further increases its leadership as **THE EUROPEAN ONLINE PHARMACY.**

# ATTRACTIVE BASKET SIZE SUPPORTS PROFITABILITY.

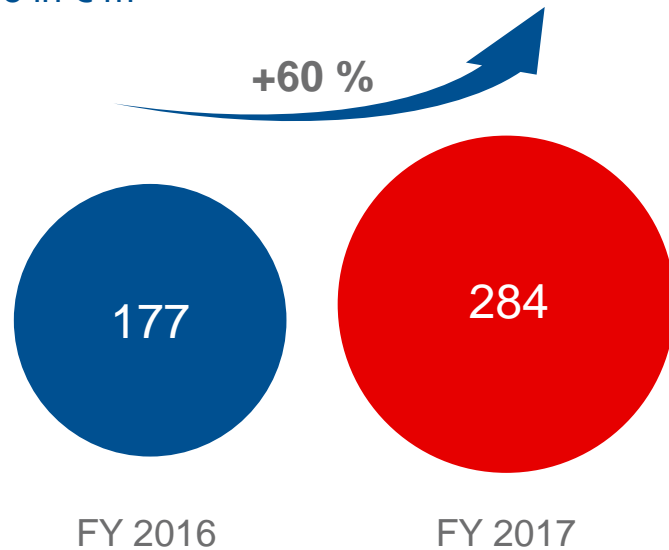
Number of Orders in '000



- Orders increased by 45 % to 5.7 million in 2017.
- **Basket size increased to EUR 70 in Q4 driven by the Europa Apotheek business.**
- Return rates remain close to zero.
- **Increase in repeat orders to 82 % in Q4 despite strong international new customer growth.**

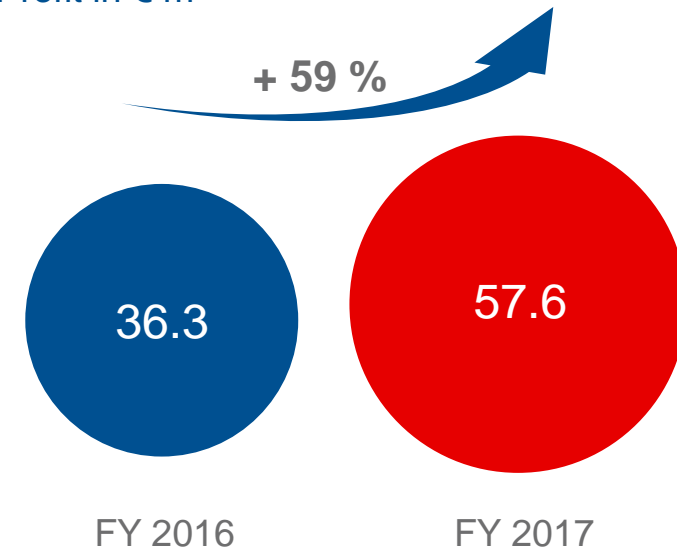
# CONSOLIDATED KEY FINANCIALS 2017 SHOP APOTHEKE EUROPE.

Revenue in € m



- **Ambitious growth target 2017 was met.**
- **Positive sales momentum continues in the new fiscal year 2018.**

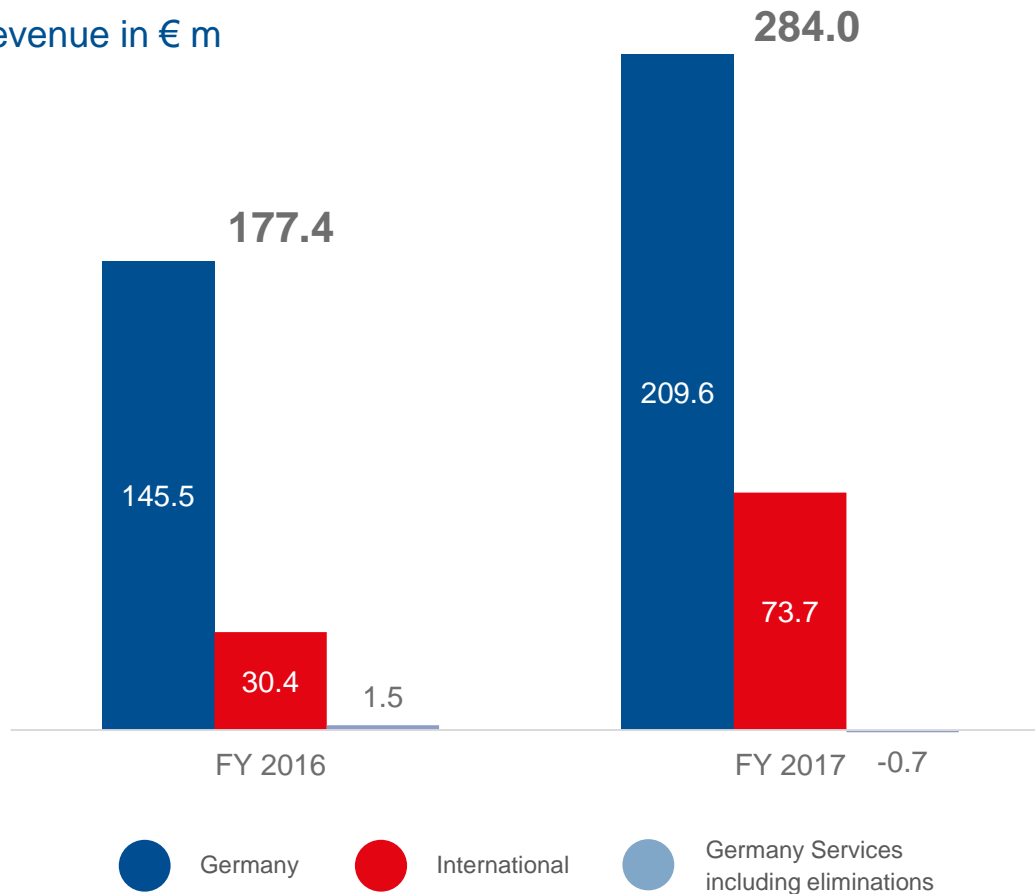
Gross Profit in € m



- **Gross Profit increased in line with revenues.**
- **Group gross margin almost constant at 20.3 %.**
- **International margin increased by 3.0 % to 21.4 %.**

# REVENUE GROWTH FURTHER ACCELERATED.

Revenue in € m



## 2017 profitable growth in core market Germany continued:

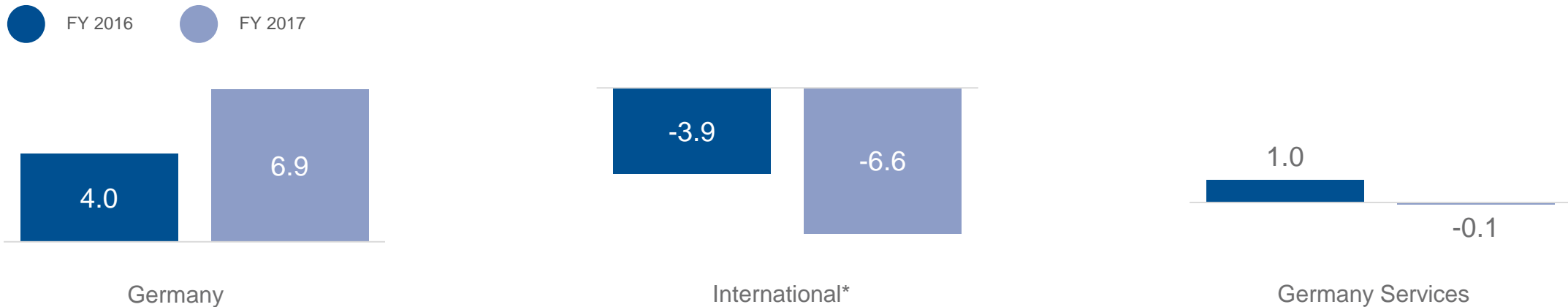
- Revenues grew by 44 % compared to FY 2016.
- Europa Apotheek contributed EUR 25 million to sales since its consolidation on 8 November 2017.
- Gross margin at 19.8 % (2016: 20.4 %) due to higher share of prescription medications (Europa Apotheek).
- Economies of scale and higher efficiency led to an above average increase in Segment EBITDA, resulting in a margin of 3.3 % (2016: 2.7 %).

## International sales more than doubled:

- Revenues rose by 143 % in 2017 to EUR 73.7 million.
- Gross margin increased to 21.4 % (2016: 18.4 %).

# SEGMENT EBITDA GERMANY INCREASED, FINANCING INTERNATIONAL MARKET EXPANSION.

Adjusted segment EBITDA in € m



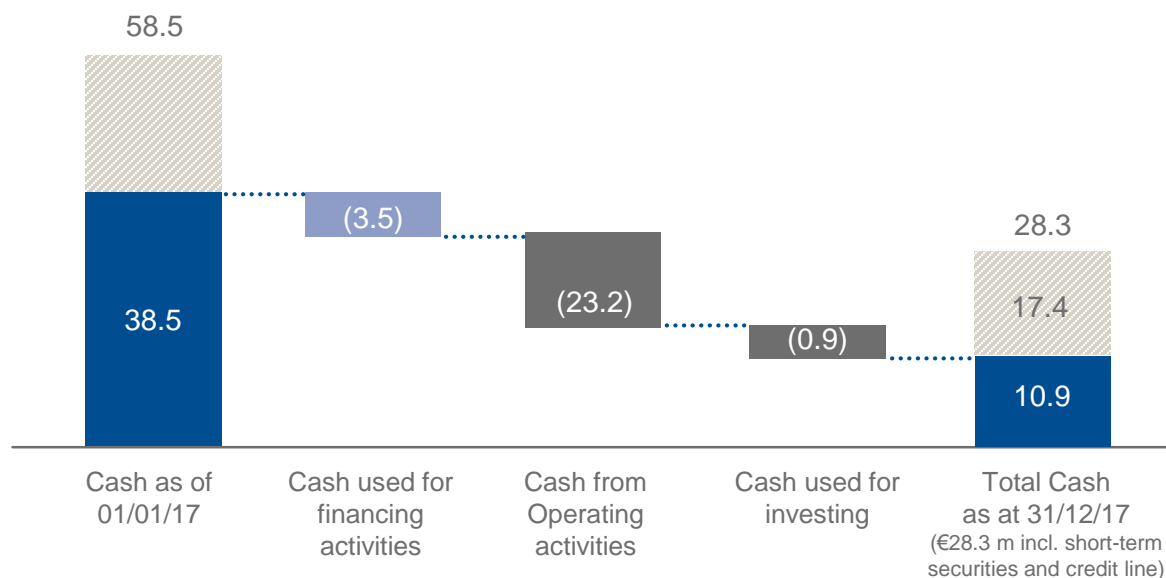
- Adjusted Segment EBITDA in Germany increased from EUR 4.0 million in FY 2016 to EUR 6.9 million in FY 2017.
- International Segment EBITDA reflects new customer acquisition to gain leadership in all relevant European markets including the new markets Italy and Spain.

Source: SHOP APOTHEKE EUROPE.

\*adjusted for one-time costs related to acquisitions

# SHOP APOTHEKE EUROPE FINANCIAL PERFORMANCE – CASH FLOW.

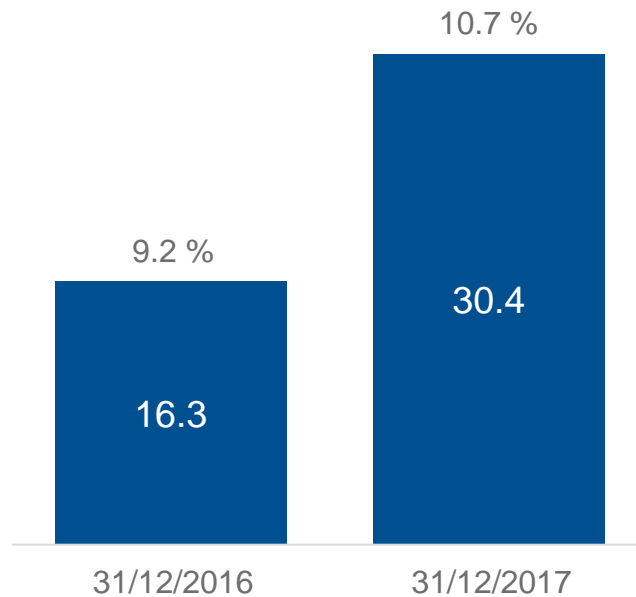
Development of cash (in € m)



- Operating cash-flow includes building up of international inventory to support strong market growth as well as regular seasonal year-end effects. Inventories increase accounted for EUR -21.1 million.
- While investments in property, plant and equipment as well as in intangible assets led to an outflow of EUR -9.6 million, a divestment of short-term securities amounting to EUR 7.5 million led to a cash inflow.
- Cash flow from financing activities of EUR -3.5 million comprises earn-out payment, share issue cost and accounts receivable financing for online payments.
- Financing options for further acquisitions and higher working capital requirements are being evaluated ensuring flexibility to benefit from emerging opportunities.

# SHOP APOTHEKE EUROPE FINANCIAL PERFORMANCE – WORKING CAPITAL AND CAPEX.

Working capital (in € m, in % of revenue)



CAPEX (in € m)



- Capex in the reporting period comprise investments in the next step in automation and increased warehouse capacity.

# TOPICS

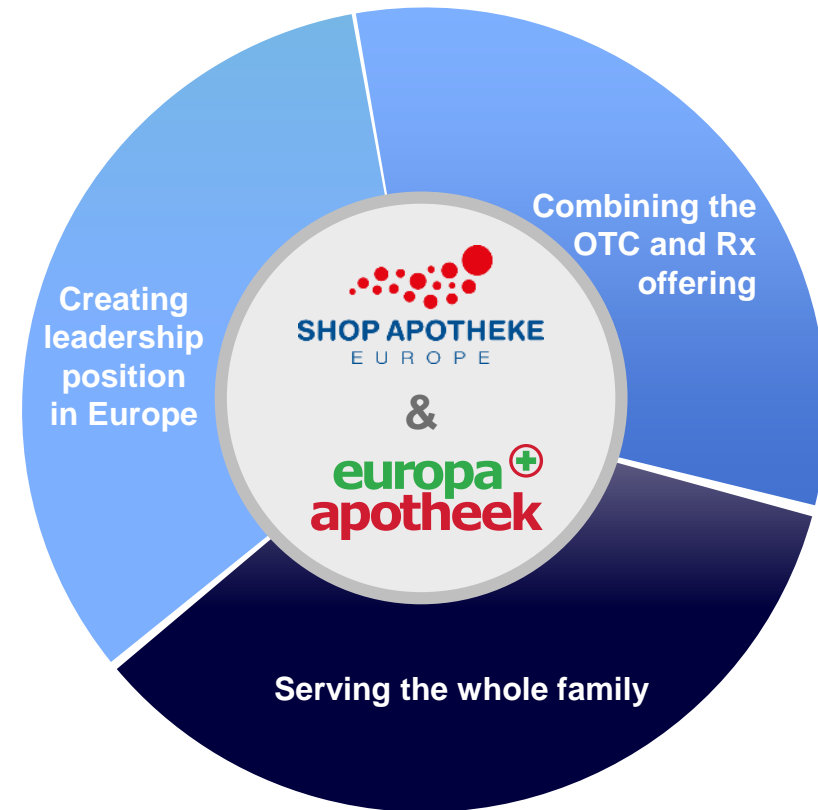
- Accomplishments 2017
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# “THE AQUISITION OF EUROPA APOTHEEK IS THE UNIQUE OPPORTUNITY TO CREATE EUROPE’S LARGEST ONLINE PHARMACY...”



Theresa Holler,  
COO and Chief Pharmacist  
SHOP APOTHEKE EUROPE



# “...WITH A COMPREHENSIVE OFFERING FOR THE WHOLE FAMILY.”



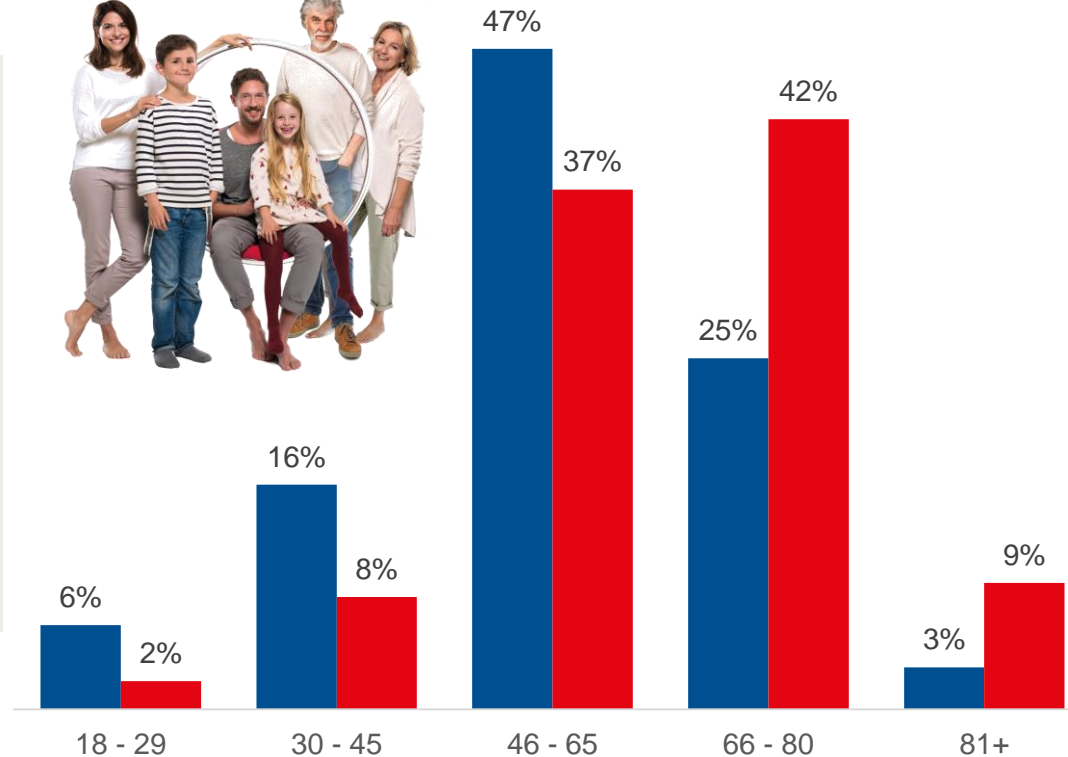
## SAE's Customer Age Profile



- Targets relatively younger population (OTC / BPC shoppers)
- <30% of active customers above 65 years old
- 63% of active customers between 30-65 years old

## Combined Entity's Customer Age Profile<sup>(1)</sup>

% of Total Active Customer



■ SAE ■ EHS



## EHS's Customer Age Profile



- Targets relatively older population (Rx consumers)
- 50%+ of active customers above 65 years old
- 45% of active customers between 30-65 years old

Source: SAE company information, EHS company information. (1) Excludes age range 0-17

# VENLO OPERATIONS SERVE BOTH SHOP APOTHEKE AND EUROPA APOTHEEK.

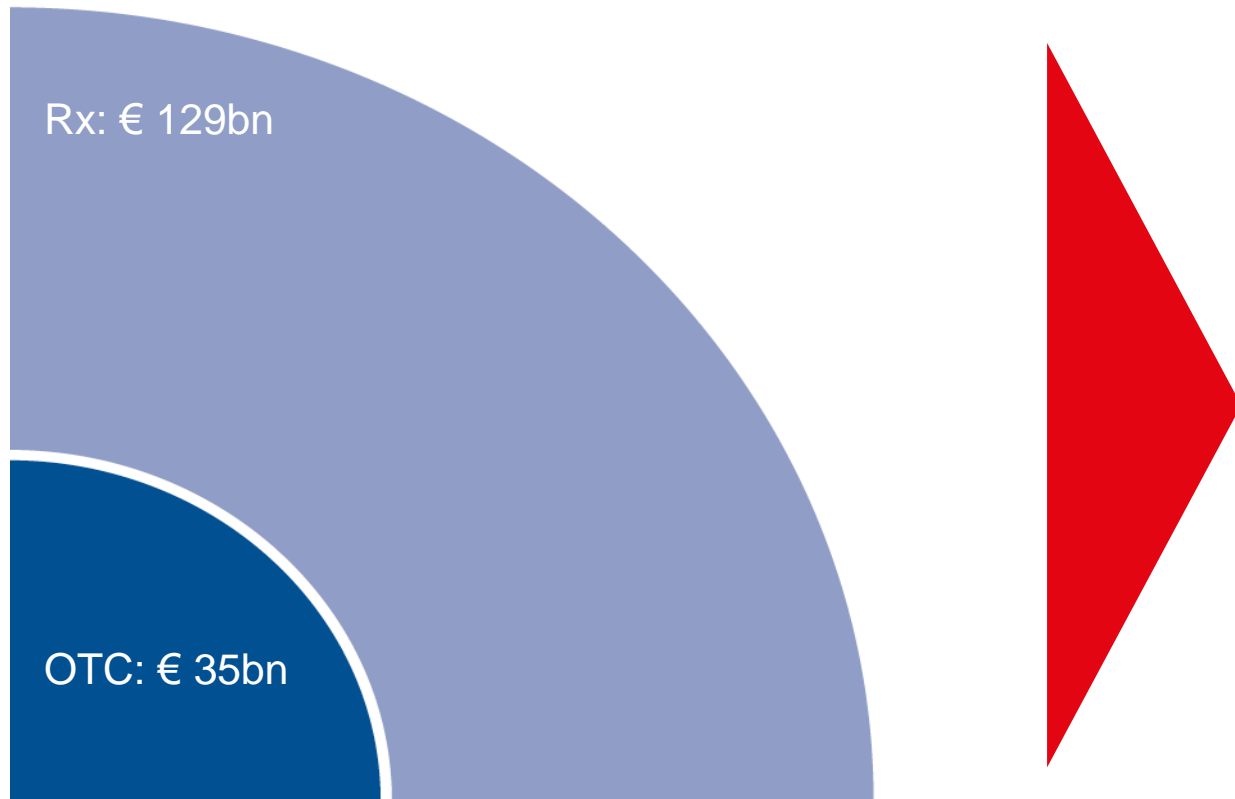


SIGNIFICANT INVESTMENTS IN AUTOMATION  
2018 IN PROGRESS TO INCREASE CAPACITY.

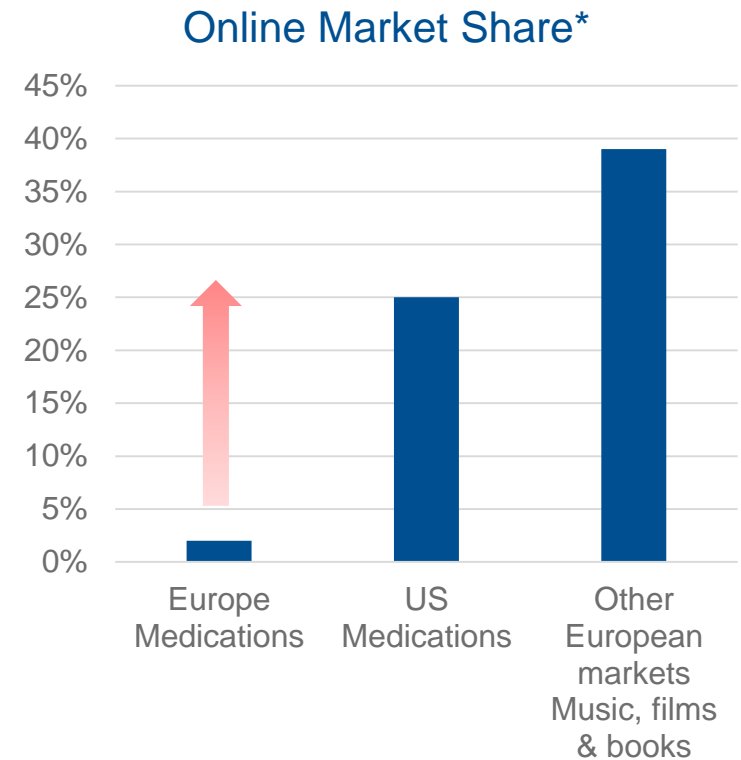
- goods-in automation
- automated high-bay rack
- additional packing lines with sorters
- ongoing ERP development

# THE SHIFT FROM OFFLINE TO ONLINE IS OUR EUROPEAN GROWTH STORY.

Huge adressable medication market € 164bn ...  
focus on continental Europe



...with a current online penetration close to zero!

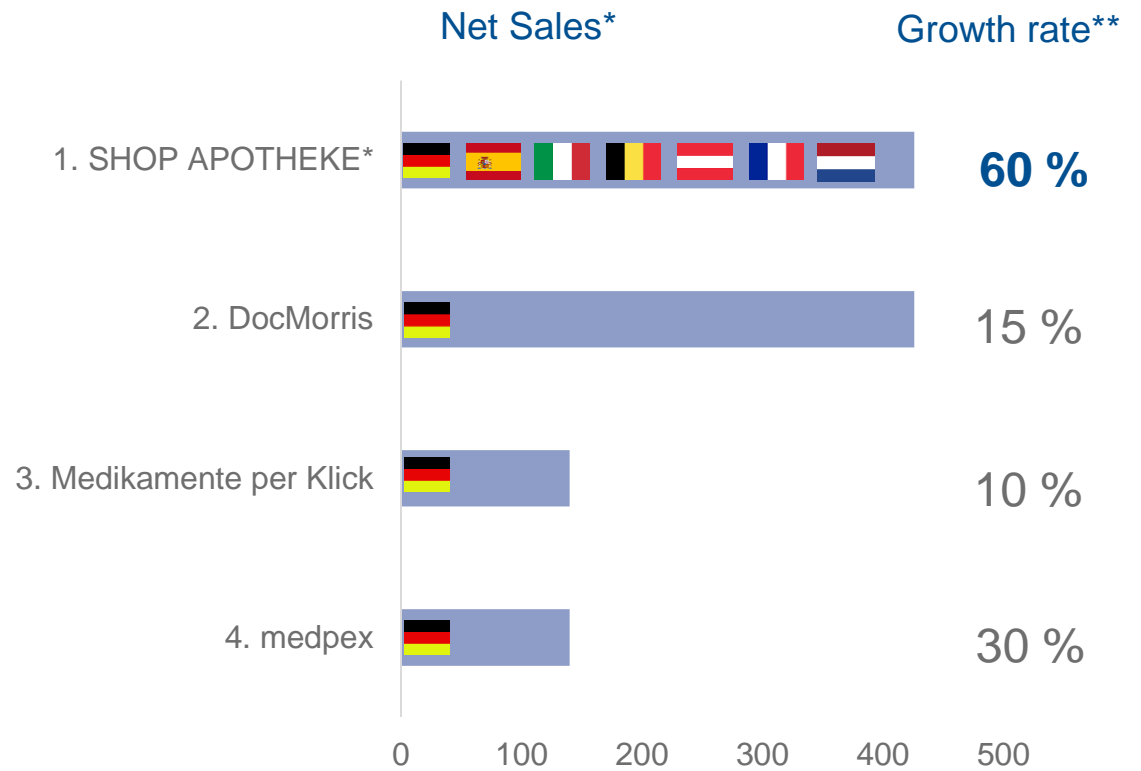
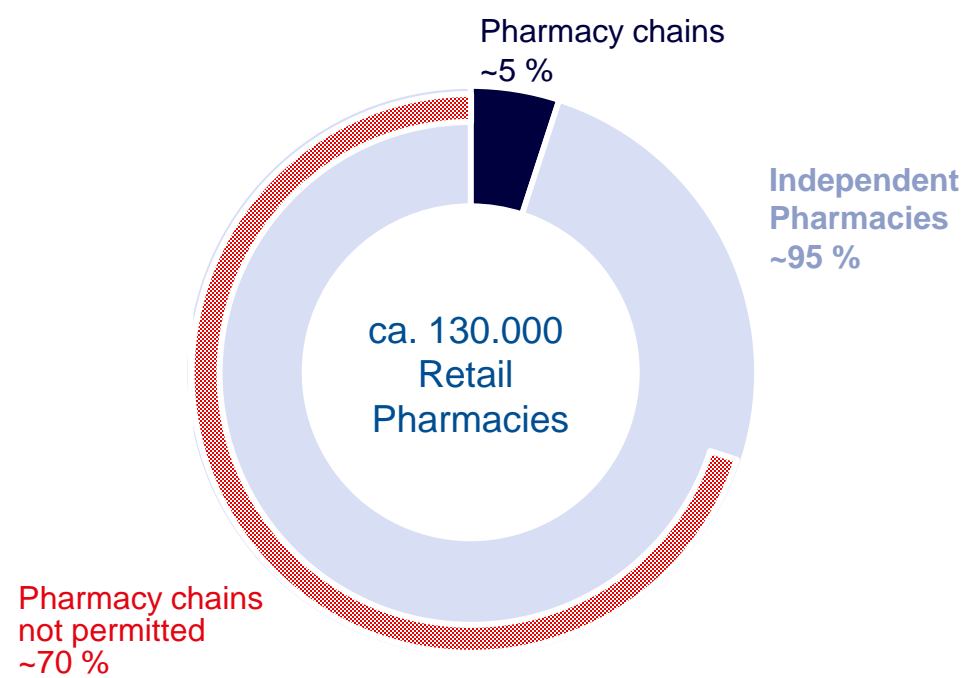


\* IMS PharmaScope, 2017, Sempora market study, 2017, Euromonitor (as of 03-Apr-2017), online penetration calculated by dividing the internet retailing market size across Europe by the total market size for each vertical, DE and US 2015, other European markets including France, Germany, Italy, Spain, United Kingdom, Switzerland, 2016

# WE PENETRATE A HIGHLY FRAGMENTED MARKET WITH NO OFFLINE BRANDS.

No significant offline player...

...and no online player with a multi country approach



\* SHOP APOTHEKE Including EHS full year 2017, DocMorris management estimates GER RX, OTC, eurapon and vidualsana. Others management estimates.

\*\* Public sources / management estimates

# THE INTEGRATION OF EUROPA APOTHEEK VENLO IS ON TARGET.



Combining the OTC and Rx offering



Serving the whole family



Creating leadership position in Europe



# TOPICS

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# CLEAR PATH TO GROUP PROFITABILITY.



## Strengthen leadership in existing markets.

- Grow OTC, BPC and RX sales in the German core market.
- Implement common international brand for Shop Apotheke and Europa Apotheek by 2019.
- Realize synergies from common brand and administrative costs of EUR 2-2.5m p.a. from 2019 on.



## Accelerated market penetration.

- Strengthened presence in continental Europe including RX.
- Grow with increasing online penetration in OTC, BPC and RX.
- **Play an active role in market consolidation.**



## Operational Excellence and Integration of Europa Apotheek.

- Further invest in sales, logistics and IT platforms to increase efficiency and profitability.
- Smooth integration of the Europa Apotheek business.



# LOOKING FORWARD...

- In FY 2018, sales are expected to **grow at 87%-97 % to EUR 530 to 560 million.**
- **Positive adjusted EBITDA of EUR 0 to 2 million** expected on a group level.
- **Strategically, we will both accelerate our growth and play an active role in market consolidation.**
- Given the higher share of prescription medications in our revenue mix, the Group's gross margins will be lower than in 2017 but basket size and contribution per parcel will increase.
- Investments in 2018 are expected to be in the low double-digit million range again focussing on capacity expansion, further automation and ongoing ERP system development.

# INVESTMENT HIGHLIGHTS.

## Large and attractive market

Total Addressable Market in Europe expanded more than **fourfold** by the Europa Apotheek acquisition from EUR 35bn (OTC and pharmacy related BPC) to EUR 164bn (OTC, BPC, Rx).

## Operational Excellence

Continuous investment in efficient operations and state-of-the-art front-end systems resulting in excellent customer experience.

## Positioned for European Leadership

Footprint established in seven European countries, and with Europa Apotheek's strong market position now also leading prescription mail-order pharmacy in Germany, prepared to expand the online-prescription business into further current Shop Apotheke markets. No leading European brand besides SHOP APOTHEKE EUROPE exists.

## Founder-led management

Experienced and strongly committed management holding c. 25% of the shares.

## Attractive Financial Profile

Exceptional top-line growth, already profitable in the German core market. Clear path to group profitability and **positive EBITDA guidance 2018**.

# TOPICS

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# CORPORATE CALENDAR 2018.

April 26, 2018	Annual General Meeting
May 15, 2018	Publication of the results for Q1 2018
August 14, 2018	Publication of the results for H1 2018
November 14, 2018	Publication of the results for Q3 2018

# CONSOLIDATED SEGMENT FINANCIALS 2017.

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	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Revenue</b>	<b>209,549</b>	<b>73,717</b>	<b>6,848</b>	<b>-6,121</b>	<b>283,992</b>
Cost of sales	-168,040	-57,971	-797	401	-226,407
<b>Gross Profit</b>	<b>41,510</b>	<b>15,745</b>	<b>6,050</b>	<b>-5,720</b>	<b>57,585</b>
% of revenue	19.8 %	21.4 %	88.4 %		20.3 %
Other income	2,151	810	54	0	3,015
Selling & Distribution	-36,801	-23,160	-6,176	5,720	-60,417
Adjusted S&D	-36,801	-23,160	-6,176		-60,417
<b>Segment EBITDA</b>	<b>6,859</b>	<b>-6,606</b>	<b>-71</b>	<b>0</b>	<b>182</b>
Adjusted Segment EBITDA	6,859	-6,606	-71	0	182
Administrative expenses					-12,320
Adjusted AE					-8,728
<b>EBITDA</b>					<b>-12,137</b>
Adjusted EBIDTA					-8,545
Depreciation					-7,059
<b>EBIT</b>					<b>-19,197</b>
Adjusted EBIT					-15,605
Net finance cost and income tax					-2,161
Adjusted net finance cost and income tax					-2,161
<b>Net loss</b>					<b>-21,358</b>
Adjusted net loss					-17,766

# CONSOLIDATED SEGMENT FINANCIALS 2016.

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	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
<b>Revenue</b>	<b>145,549</b>	<b>30,376</b>	<b>4,108</b>	<b>-2,641</b>	<b>177,391</b>
Cost of sales	-115,910	-24,777	-423	0	-141,109
<b>Gross Profit</b>	<b>29,640</b>	<b>5,599</b>	<b>3,685</b>	<b>-2,641</b>	<b>36,282</b>
% of revenue	20.4 %	18.4 %	89.7 %	0	20.5 %
Other income	1,810	363	31	0	2,204
Selling & Distribution	-27,458	-10,698	-2,742	2,641	-38,255
Adjusted S&D	-27,419	-9,901	-2,742	2,641	-37,421
<b>Segment EBITDA</b>	<b>3,992</b>	<b>-4,735</b>	<b>975</b>		<b>231</b>
Adjusted Segment EBITDA	4,030	-3,939	975		1,066
Administrative expenses					-8,597
Adjusted AE					-6,855
<b>EBITDA</b>					<b>-8,366</b>
Adjusted EBIDTA					-5,789
Depreciation					-3,273
<b>EBIT</b>					<b>-11,638</b>
Adjusted EBIT					-9,062
Net finance cost and income tax					-6,807
Adjusted net finance cost and income tax					-1,644
<b>Net loss</b>					<b>-18,445</b>
Adjusted net loss					-10,733

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

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Considering application of IFRS 16 to be endorsed by the EU in Q4 2017	PERIOD ENDED 31.12.2017	PERIOD ENDED 31.12.2016
	EUR 1,000	EUR 1,000
Revenue	283,992	177,391
Costs of sales	-226,407	-141,109
<b>Gross profit</b>	<b>57,585</b>	<b>36,282</b>
Other income	3,015	2,204
Selling and Distribution	-66,417	-41,036
Administrative expense	-13,378	-9,098
<b>Result from operations</b>	<b>-19,197</b>	<b>-11,639</b>
Finance income	40	17
Finance expenses	-2,246	-9,338
Net finance costs	-2,206	-9,321
<b>Result before tax</b>	<b>-21,403</b>	<b>-20,960</b>
Income tax expenses	45	2,515
<b>Result after tax</b>	<b>-21,358</b>	<b>-18,445</b>
<b>Attributable to:</b>		
Owners of the company	-21,358	-18,445

# CONSOLIDATED BALANCE SHEET.

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ASSETS	31.12.2017	31.12.2016
	EUR 1,000	EUR 1,000
<b>Non-current assets</b>		
Property, plant and equipment	8,278	2,613
Intangible assets	189,827	22,169
Deferred tax assets	3,447	0
Investments in equity-accounted joint ventures	906	0
	<b>202,457</b>	<b>24,782</b>
<b>Current assets</b>		
Inventories	39,989	18,841
Pre-ordered stock	0	6,823
Trade and other receivables	20,546	8,278
Other current assets	6,524	3,130
Other financial assets	12,510	20,012
Cash and cash equivalents	15,783	38,485
	<b>95,352</b>	<b>95,569</b>
<b>Total Assets</b>	<b>297,808</b>	<b>120,351</b>

EQUITY AND LIABILITIES	31.12.2017	31.12.2016
	EUR 1,000	EUR 1,000
<b>Shareholders' equity</b>		
Issued capital and share premium	289,317	122,238
Reserves/accumulated losses	-50,351	-28,993
	<b>238,966</b>	<b>93,245</b>
<b>Non-current liabilities</b>		
Provisions	323	2,961
Deferred tax liability	12,711	0
Other liabilities	4,316	3,334
	<b>17,350</b>	<b>6,295</b>
<b>Current liabilities</b>		
Trade and other payables	23,090	12,563
Amounts due to banks	4,863	0
Other liabilities	13,539	8,248
	<b>41,492</b>	<b>20,811</b>
<b>Total Equity and Liabilities</b>	<b>297,808</b>	<b>120,351</b>



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