



Frauenfeld, 21 March 2019

Press release

2018 operating result

The Zur Rose Group accelerates growth

- Revenue and earnings targets met
- Significant expansion of market leadership in Europe and acceleration of internationalisation
- Focus 2019 to 2021: Integration of the new companies and leveraging the opportunities of digitalisation, in particular by launching e-prescriptions in Germany

In the 2018 financial year, the Zur Rose Group bolstered its position as the largest e-commerce pharmacy in Europe. The growth objective established in the context of the IPO in July 2017 has been clearly achieved over the past 18 months. In addition, the Group has played an active role in the consolidation of Europe's largest e-commerce market, acquiring four competitors since the IPO. In addition, it expanded its technology competence by acquiring the Spanish platform operator PromoFarma while expanding its own business with the "marketplace" business model. The integration of the new companies and the implementation of operational synergies will take place this year and over the coming years.

In 2018, the Zur Rose Group pushed ahead with its dynamic growth strategy. Revenue of CHF 1,207.1 million significantly exceeded the billion Swiss franc threshold and grew by 22.8 per cent. Growth-related expenses, acquisition and integration costs, and costs related to capital market transactions impacted earnings. EBITDA was minus CHF 12.5 million; net income / (loss) was minus CHF 39.1 million. Adjusted for extraordinary costs and PromoFarma, the break-even at EBITDA level was achieved as expected.

Strengthening of market position in Germany and Switzerland

Both the segment Germany and the segment Switzerland contributed to significant sales growth in 2018, generating CHF 671.2 million (up 38.9 per cent) and CHF 527.0 million (up 5.4 per cent), respectively. In Germany, the e-commerce business in non-prescription drugs (OTC) generated the highest share of sales and accounted for the largest increase. The Zur Rose Group is now the clear market leader in this business, too. In the prescription drugs business (Rx), growth levelled off slightly as a result of the controlled reduction in marketing expenses pending the introduction of electronic prescriptions. In the home market Switzerland, both the proportionately larger physicians business (B2B) and the retail segment (B2C) performed well. Nonetheless, external factors such as state-mandated drug price reductions slowed growth slightly compared with the previous year. Overall, Zur Rose managed to strengthen its market position by developing innovative services in the physicians



business, expanding the shop-in-shop concept with Migros and cooperating with health insurers, allowing it to gain additional market share.

Consolidation in the German e-commerce market

The Zur Rose Group continued to leverage the opportunities presented by the consolidation of Europe's largest e-commerce market, Germany, in the reporting year. In May, it announced the acquisition of apo-rot in Hamburg. Since the beginning of November the Group has handled apo-rot's mail-order activities through the logistics infrastructure at the site in Heerlen (Netherlands). This measure represented the first step by the Group towards bundling its entire mail-order activities for the German market in Heerlen over the medium term to achieve synergies. In addition, a new building is being constructed adjacent to the existing building with a view to expanding the logistics infrastructure and significantly reducing logistics costs thanks to economies of scale. Upon completion in 2021, the shipping capacity of the site will be tripled to a volume of 30 million packages per year with potential for expansion to 50 million. In October the Group announced the takeover of the e-commerce activities from Germany's third largest online pharmacy, medpex. After consolidating past acquisitions, the Group will have increased its market share in the drugs e-commerce business in the core market of Germany from 18 to 31 per cent and has just under 6 million active customers.

Acceleration of internationalisation with "marketplace" business model

In mid-September 2018, the Zur Rose Group acquired PromoFarma, a technology company focused on the healthcare market and based in Barcelona. PromoFarma developed the leading marketplace platform in Southern Europe for beauty and personal care products. With the acquisition of new partners in other markets, the Zur Rose Group is expanding its marketplace business model to France and Italy in 2019. In this context, the Group acquired the French marketplace Doctipharma in February, ensuring that it already has a strong competitive position in France when it enters the market. Doctipharma will be integrated in the PromoFarma platform, with the result that its product range will be expanded transnationally.

Outlook

The current developments in the market create an unprecedented momentum supporting the business model of the Zur Rose Group. As a result, the company aims to double its 2018 sales by 2022. As already communicated, the EBITDA target margin for 2022 is 5 to 6 percent, corresponding to CHF 120 million to CHF 150 million. In 2019, the management expects sales of CHF 1.6 billion (including medpex's total annual sales), corresponding to growth of over 30 percent compared to the previous year. The focus remains on growth, with the aim of achieving break-even at the EBITDA level.

Focus on integration and opportunities in the context of digitalisation

In 2019 the focus will be on integrating the new companies and, from 2021 on bundling logistics activities at the site in Heerlen. Economies of scale will sustainably improve the operating result. In addition, the Zur Rose Group intends to continue on its growth trajectory and step up efforts to leverage the opportunities presented as a result of the low online penetration of the pharmacy market in Germany and increasing digitalisation. In particular, it sees considerable potential in light of the general introduction of electronic prescriptions in Germany in 2020. In addition, the Group will leverage



PromoFarma's extensive know-how and pioneering next-level technologies to create a comprehensive health ecosystem. It intends to use PromoFarma's technical expertise to develop an e-health platform and provide healthcare services through partners. With its leading market position, high profile and best-in-class operations, the Zur Rose Group is in an excellent position to benefit from the new conditions and to further expand its competitive position in a market that is facing far-reaching changes linked to digitalisation.

Key financials , in CHF million	2018	2017
Net revenue	1,207.1	982.9
Year-on-year change in %	22.8%	11.8%
Gross margin in % of revenue	15.8%¹	14.9%
Earnings before interest, taxes, depreciation and amortisation (EBITDA) after adjusting extraordinary costs	-2.9	-6.9 ²
in % of revenue	-0.2%	-0.7%
EBITDA	-12.5	-21.2
Earnings before interest and taxes (EBIT)	-31.4	-38.3
in % of revenue	-2.6%	-3.9%
Net operating income	-39.1	-36.3
in % of revenue	-3.2%	-3.7%
Equity	443.6	294.2
in % of total assets	61.1%	63.7% ³
Investments	31.5	22.0
Number of employees (in full-time equivalents) at year end	1'314	1'106

1) Improvement of the gross margin results in particular from the application of IFRS 15 on 1 January 2018

2) Adjustment on a comparative basis 2018 (without IAS 19)

3) Adjustment due to purchase price change in 2018 of 2017 acquisitions (without adjustment 64.4%)

The full online 2018 Annual Report can be found at <https://gb.zurrosegroup.com/en>.

At 2 p.m. CET today there will be a telephone conference in English for analysts and the media.

Dial-in numbers: UK: +44 203 009 24 70 | USA: +1 877 423 08 30 | DE: +49 69 201 744 219 | CH: +41 44 580 65 22
Conference ID: 94212189#

The associated presentation (without audio) is available at: <https://webcasts.eqs.com/zurrose20190321/no-audio>

Alternatively, the presentation can be followed via live audio webcast using the following link:

<https://webcasts.eqs.com/zurrose20190321>



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Financial Calendar

17 April 2019	Q1/2019 Trading Update
23 May 2019	Annual General Meeting
21 August 2019	2019 Half-Year Results
23 October 2019	Q3/2019 Trading Update

Zur Rose Group

The Swiss Zur Rose Group is Europe’s largest e-commerce pharmacy and one of the leading medical wholesalers in Switzerland. With its business model, it offers high-quality, safe and cost-effective pharmaceutical care and thus contributes to reducing healthcare costs. It is also characterized by the continuous further development of digital services in the field of drug management and actively promotes its positioning as a comprehensive, integrated cross-service healthcare platform. The creation of added value and a pronounced patient orientation make the Group an important strategic partner for service providers, cost units and industry.

The Zur Rose Group is internationally present with strong brands, including Germany’s best-known pharmacy brand DocMorris. The company employs over 1,300 people at various locations and generated a turnover of CHF 1,207 million in the 2018 financial year. The shares of Zur Rose Group AG are listed on the SIX Swiss Exchange (securities number 4261528, ISIN CH0042615283, ticker ROSE). The CHF 115 million corporate bond issued in July 2018 is also listed on the SIX Swiss Exchange (securities number 42146044, ISIN CH0421460442, ticker ZRO18). Further information at zurrosegroup.com