



Frauenfeld, 18 October 2018

Press release

## **Zur Rose Group takes over e-commerce activities of medpex, Germany's third-largest online pharmacy**

- Expansion of European market leadership and #1 position in Germany
- Financing through a planned capital increase, fully underwritten by Morgan Stanley and UBS
- 25 percent sales growth for Zur Rose Group in the first nine months of 2018

**Zur Rose Group is acquiring the e-commerce activities of medpex, further driving consolidation in Germany, Europe's largest online pharmacy market. medpex achieved sales with its e-commerce activities of EUR 139 million<sup>1</sup> in 2017 (2016: EUR 112 million). The acquisition will further strengthen Zur Rose Group's leading position in the e-commerce pharmacy business and increase its active customer base in Germany to over 5 million<sup>2</sup>.**

Over the past three years, medpex has become the third-largest online pharmacy in Germany, with significant organic top-line growth at sustained profitability. Fast-growing medpex will be highly complementary to Zur Rose Group's DocMorris subsidiary in the German market. DocMorris, market leader in the prescription (Rx) and over-the-counter (OTC) medicines segment, is a pioneer in digital services in the healthcare sector. medpex focuses on over-the-counter medicines and "pharmacy exclusive" cosmetics. The company is oriented towards a young customer group with high purchasing power and has a high level of competence in digital marketing and the development of agile platforms. Zur Rose Group will therefore be well positioned to capitalize on the opportunities offered by increasing digitalization.

**Walter Oberhänsli**, CEO of the Zur Rose Group, is delighted with the acquisition and expansion of the team: "Within a single year we will have increased our market share in the core German market, including medpex, from 18 percent to 31 percent. We look forward to working with medpex' management team and employees as part of our group".

**Ulrich Spindler**, representing the medpex shareholders, said: "With the Zur Rose Group we have a new, strong partner at our side with whom we want to continue our successful journey. The international presence we are obtaining will give us faster access to the European market. We will also benefit from additional economies of scale, for example in purchasing, and broader expertise in

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<sup>1</sup> 2017 revenues (based on German Commercial Code „HGB“) of Stifts-Apotheke e.K. Inhaberin Christiane Bülow-Bichler – medpex pharmacy –, Ludwigshafen am Rhein

<sup>2</sup> Customers which Zur Rose Group supplies directly and via its partners, including the mail-order business of medpex and apo-rot, the takeovers of which have not yet been completed

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European regulatory affairs. By joining forces, we are actively contributing to the consolidation of the European e-pharmacy market."

**Significant economies of scale** – Zur Rose Group expects the complementary strengths of DocMorris and medpex to have a positive impact on the growth and profitability of the business in Germany. This will be enhanced by the portfolio composition, consisting of prescription and over-the-counter drugs and selected health and cosmetic products. medpex' online marketing expertise perfectly complements DocMorris' brand-oriented approach. In addition, economies of scale are expected in areas such as purchasing and IT. As a result of the transaction, the founders of medpex will become shareholders of Zur Rose Group and will retain their executive roles within the company, thus ensuring management continuity as a basis for future growth also at medpex. The transaction will be financed by a capital increase and is subject to approval by the relevant competition authorities. The closing is expected in the first quarter of 2019.

**Capital increase** – The purchase price of medpex is split into three components: an initial cash consideration; a smaller part payable in newly-issued Zur Rose Group AG shares; and two subsequent earn-out components in 2019 and 2020. The initial purchase price (cash and shares) corresponds to a multiple of approx. 0.7x expected 2018 sales of the medpex mail order business of approx. EUR 170 million. Depending on the achievement of agreed growth and profitability targets (earn-out components), the total purchase price is expected to correspond to a multiple of approximately 1.0x expected 2018 sales. The Group intends to finance the purchase consideration for medpex as well as further, organic growth initiatives through an ordinary capital increase of approx. CHF 200 million. To create the necessary share capital for the capital increase, Zur Rose Group AG will invite shareholders to an Extraordinary General Meeting in the coming weeks. The Board of Directors will propose to shareholders an increase in the share capital through the issuance of new shares. Existing shareholders will be granted subscription rights. Zur Rose Group expects to execute the rights issue still this year. The share portion of the purchase price payment to the sellers of medpex will be settled with Zur Rose Group AG shares to be issued from its existing authorized capital.

Morgan Stanley and UBS are acting as Joint Global Coordinators and Joint Bookrunners on the rights offering, which is fully underwritten by the two banks. Ferber & Co. advised Zur Rose Group on the acquisition of medpex' e-commerce activities.

**Continuous strong growth of Zur Rose Group in the first nine months of 2018** – In the first nine months of 2018, Zur Rose Group significantly increased sales by 25 percent to CHF 889.2 million compared to the previous year, according to preliminary figures. In the segment Switzerland, sales increased by 7 percent, with positive developments in both the doctors' and retail businesses (6% and 9%, respectively). This dynamic growth trend also continued in the German segment, with an increase in sales of 35% in local currency (43% in CHF). The online over-the-counter (OTC) business grew significantly by 73% in local currency, while the growth in prescription medicines (Rx) was 7%. Management continues to expect sales growth of over 20% in local currency for 2018 and break-even on EBITDA level, adjusted for exceptional charges and Promofarma.



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<b>Turnover January to September, in CHF thousands</b> (preliminary figures)			
	<b>1.1.-30.9.2018</b>	<b>1.1.-30.9.2017</b>	<b>Change</b>
<b>Zur Rose Group</b>	<b>889,254</b>	711,613	<b>25.0%</b>
in local currency			<b>21.6%</b>
organic			<b>8.5%</b>
<b>Segment Switzerland</b>	<b>389,775</b>	362,785	<b>7.4%</b>
B2B	<b>287,765</b>	270,453	<b>6.4%</b>
B2C	<b>97,705</b>	89,608	<b>9.0%</b>
BlueCare	<b>4,305</b>	2,724 <sup>(1)</sup>	<b>n.a.</b>
<b>Segment Germany</b>	<b>498,407</b>	348,828	<b>42.9%</b>
Rx	<b>229,372</b>	201,844	<b>13.6%</b>
OTC	<b>269,034</b>	146,984	<b>83.0%</b>
<b>International</b>			
Promofarma <sup>(2)</sup>	<b>1,072</b>		<b>n.a.</b>
<b>Segment Germany, in EUR thousands</b>	<b>429,307</b>	318,676	<b>34.7%</b>
Rx	<b>197,572</b>	184,397	<b>7.1%</b>
OTC	<b>231,735</b>	134,279	<b>72.6%</b>

<b>Turnover July to September, in CHF thousands</b> (preliminary figures)			
	<b>1.7.-30.9.2018</b>	<b>1.7.-30.9.2017</b>	<b>Change</b>
<b>Zur Rose Group</b>	<b>286,547</b>	245,850	<b>16.6%</b>
in local currency			<b>15.6%</b>
organic			<b>2.8%</b>
<b>Segment Switzerland</b>	<b>127,654</b>	123,444	<b>3.4%</b>
B2B	<b>94,156</b>	90,456	<b>4.1%</b>
B2C	<b>32,096</b>	31,338	<b>2.4%</b>
BlueCare	<b>1,402</b>	1,650 <sup>(1)</sup>	<b>n.a.</b>
<b>Segment Germany</b>	<b>157,821</b>	122,406	<b>28.9%</b>
Rx	<b>73,335</b>	70,988	<b>3.3%</b>
OTC	<b>84,486</b>	51,418	<b>64.3%</b>
<b>International</b>			
Promofarma <sup>(2)</sup>	<b>1,072</b>		<b>n.a.</b>
<b>Segment Germany, in EUR thousands</b>	<b>138,115</b>	108,314	<b>27.5%</b>
Rx	<b>64,164</b>	62,822	<b>2.1%</b>
OTC	<b>73,951</b>	45,492	<b>62.6%</b>

1) consolidated per 5 May 2017

2) consolidated per 14 September 2018



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**At 10 a.m. CET today there will be a telephone conference in English for investors, analysts and the media.**

Dial-in numbers: CH: +41445806522 | DE: +4969201744210 | UK: +442030092470 | USA: +18774230830

Conference ID: 60206054#

The associated presentation (without audio) is available at: <https://webcasts.egs.com/zurrose20181018/no-audio>

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

<https://webcasts.egs.com/zurrose20181018>

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**Financial Calendar**

23 January 2019	Sales 2018
21 March 2019	Annual results 2018
23 May 2019	Annual General Meeting

**Medpex**

Medpex was founded in 2005 and marks the third largest online pharmacy in Germany, with 1.5 million active customers. The company is focused on over-the-counter medicines and selected beauty and personal care (BPC) products and predominantly targets a younger customer group. medpex is characterized by its unique know-how in digital marketing and its agile platform development. medpex employs a total of approx. 300 people and generated turnover of EUR 139 million in the year 2017. The Ludwigshafen-based business includes Comventure GmbH (software and IT), Visionrunner GmbH (marketing), medpex wholesale GmbH (wholesale and logistics) and e-commerce pharmacy esando B.V., based in the Netherlands.

**Zur Rose Group**

The Swiss Zur Rose Group is Europe's largest online 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 in order to increase therapy safety. The creation of added value and a pronounced patient orientation make the Group an important strategic partner for service providers, cost units and industry.

Zur Rose Group is internationally present with strong brands, including Germany's best-known pharmacy brand DocMorris. The company employs over 1,000 people at various locations and generated a turnover of CHF 983

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million in the 2017 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](http://zurrosegroup.com)

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