

<b>Hold</b>  <b>EUR 41.00</b>  Price EUR 36.85 <b>Upside 11.3 %</b>	<b>Value Indicators:</b> EUR DCF: 41.10	<b>Warburg Risk Score:</b> <b>2.4</b> Balance Sheet Score: 2.8 Market Liquidity Score: 2.0	<b>Description:</b> Vertically integrated pharma company with a strong focus on branded Rx and OTC drugs
	<b>Market Snapshot:</b> EUR m Market cap: 1,984.0 No. of shares (m): 53.8 EV: 2,916.4 Freefloat MC: 400.8 Ø Trad. Vol. (30d): 968.72 th	<b>Shareholders:</b> Freefloat 20.20 % Themis BeteiligungsG 76.80 % Maewer Investment Mgmt. 3.00 %	<b>Key Figures (WRe):</b> 2025e Beta: 1.3 Price / Book: 3.0 x Equity Ratio: 33 % Net Fin. Debt / EBITDA: 2.5 x Net Debt / EBITDA: 2.9 x

## Vertically integrated specialty pharma platform with structural margin strength

DMP presents a differentiated investment case within European specialty pharma, driven by a unique blend of branded pharmaceutical development, vertical integration, and disciplined capital deployment. The recently updated equity story reinforces the company's strong positioning in niche, protected markets, its efficient internal development model, and robust M&A track record.

DMP's competitive quality stems from its focus on low-risk, high-barrier product categories. With a portfolio of over 1,300 marketing authorisations across ~400 APIs, the company dominates several subsegments of the German branded generics market (e.g., vitamins/minerals, dermatology, allergology). Its business model emphasizes regulatory expertise, lean in-house development (~350 R&D employees), and operational control with vertically integrated production and logistics. Over 90% of products are manufactured in-house, enabling >95% development success rate and quick time-to-market, particularly in niche indications with limited competition.

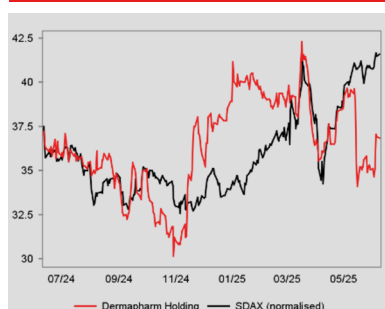
Despite sector-wide reimbursement pressure, Dermapharm consistently delivers solid profitability. FY 2024 revenue grew 4.0% to EUR 1.18bn, with adjusted EBITDA rising 1.7% to EUR 315.6m (26.7% margin). The core Branded Pharma segment, now stripped of pandemic vaccine tailwinds, showed 9.8% top-line growth and >45% adj. EBITDA margin. This resilience is supported by strong domestic execution and international growth, particularly Allergopharma.

The growth strategy remains credible and disciplined and is centred on (1) the organic expansion and new developments of high-margin branded pharmaceuticals, (2) internationalization, and (3) selective M&A. The latest acquisitions Arkopharma and Montavit diversify both geography and product mix (e.g., plant-based supplements, catheter gel), while generating visible operational and product synergies. FY 2025 guidance reflects continued progress: revenue EUR 1.16–1.2bn and adjusted EBITDA EUR 322–332m.

While the **Branded Pharma** business performs strongly, the **Parallel Import segment** (axicorp) remains a drag on margins due to an unfavourable product mix and pricing pressure, and it posted an adj. EBITDA loss of EUR 1.6m in FY 2024. The **Other Healthcare segment** (e.g. Arkopharma) also faced soft demand in H1 2024 due to destocking and price competition. The company's FY 2025 guide includes a continued decline in import revenues, with a strategic pivot toward higher-margin products.

Dermapharm offers investors a well-capitalized, high-margin business with proven execution in niche markets, a visible R&D engine, and balance sheet flexibility (net debt/EBITDA at 2.8x). The integration of recent M&A and further internationalization should support continued mid-teens EBITDA growth into 2025–2026. While pockets of weakness remain, notably in Other Healthcare products and Parallel Imports, the Branded Pharma core remains robust and well-positioned.

We regard Dermapharm as a quality compounder in a volatile European healthcare landscape that is currently fairly valued and initiate our coverage with a Hold rating and a PT of EUR 41.00.

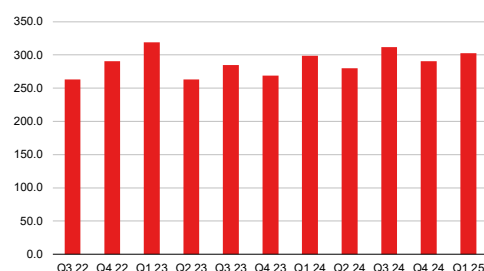


Rel. Performance vs SDAX:	
1 month:	-10.0 %
6 months:	-20.7 %
Year to date:	-27.8 %
Trailing 12 months:	-12.8 %

Company events:	
11.06.25	Warburg Highlights
26.06.25	AGM
26.08.25	Q2
13.11.25	Q3

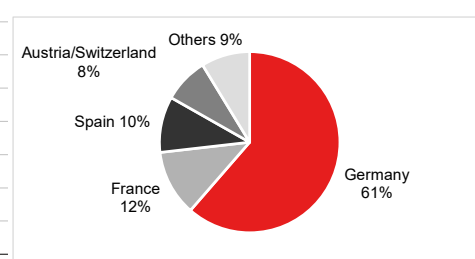
FY End: 31.12. in EUR m	CAGR (24-27e)	2021	2022	2023	2024	2025e	2026e	2027e
<b>Sales</b>	2.6 %	942.9	1,024.8	1,135.4	1,180.8	1,181.9	1,234.0	1,276.9
Change Sales yoy		18.8 %	8.7 %	10.8 %	4.0 %	0.1 %	4.4 %	3.5 %
Gross profit margin		65.8 %	64.5 %	63.3 %	65.0 %	65.3 %	65.6 %	65.9 %
<b>EBITDA adj.</b>	5.7 %	354.1	372.1	317.4	314.0	329.1	351.7	370.6
Margin		37.6 %	36.3 %	28.0 %	26.6 %	27.8 %	28.5 %	29.0 %
<b>EBIT</b>	6.4 %	298.5	243.7	182.9	216.9	227.6	246.0	261.4
Margin		31.7 %	23.8 %	16.1 %	18.4 %	19.3 %	19.9 %	20.5 %
<b>Net income</b>	9.1 %	223.4	149.5	56.3	111.0	115.4	130.7	143.9
<b>EPS</b>	9.0 %	4.15	2.78	1.05	2.06	2.14	2.43	2.67
<b>EPS adj.</b>	9.0 %	4.15	2.78	1.05	2.06	2.14	2.43	2.67
<b>DPS</b>	10.1 %	2.17	1.05	0.88	0.90	0.96	1.09	1.20
Dividend Yield		3.0 %	2.0 %	2.1 %	2.5 %	2.6 %	3.0 %	3.3 %
<b>FCFPS</b>		3.51	4.63	3.30	3.03	3.13	3.14	3.39
<b>FCF / Market cap</b>		4.9 %	9.0 %	7.9 %	8.5 %	8.5 %	8.5 %	9.2 %
<b>EV / Sales</b>		4.7 x	3.2 x	3.0 x	2.5 x	2.5 x	2.3 x	2.1 x
<b>EV / EBITDA</b>		12.6 x	9.5 x	11.7 x	9.7 x	9.1 x	8.1 x	7.4 x
<b>EV / EBIT</b>		15.0 x	13.5 x	18.5 x	13.7 x	12.8 x	11.4 x	10.2 x
<b>P / E</b>		17.4 x	18.6 x	39.6 x	17.3 x	17.2 x	15.2 x	13.8 x
<b>P / E adj.</b>		17.4 x	18.6 x	39.6 x	17.3 x	17.2 x	15.2 x	13.8 x
<b>FCF Potential Yield</b>		6.0 %	8.0 %	7.2 %	8.4 %	8.9 %	9.8 %	10.7 %
<b>Net Debt</b>		590.1	501.4	1,135.5	1,052.3	932.4	815.1	691.2
<b>ROCE (NOPAT)</b>		39.1 %	14.1 %	7.7 %	8.4 %	9.1 %	10.1 %	11.0 %
<b>Guidance:</b>	Sales EUR 1.16bn - 1.2bn; adj. EBITDA EUR 322-332m							

## Sales development in EUR m



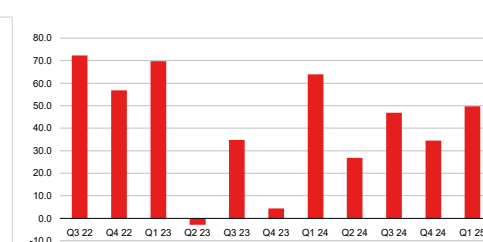
Source: Dermapharm, Warburg Research

## Sales by regions 2024; in %



Source: Dermapharm, Warburg Research

## EBT development in EUR m



Source: Dermapharm, Warburg Research

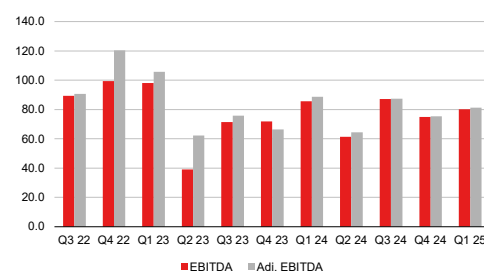
## Company Background

- Dermapharm was founded in 1991 and has since evolved into a vertically integrated pharmaceutical company headquartered in Grünwald, Germany.
- The company operates across three main segments: branded pharmaceuticals, other healthcare products and parallel import distribution.
- The company owns modern production facilities in Germany and abroad, giving it full control over manufacturing and quality standards.
- In recent years, Dermapharm has expanded its international presence, notably through acquisitions such as Arkopharma (France).

## Competitive Quality

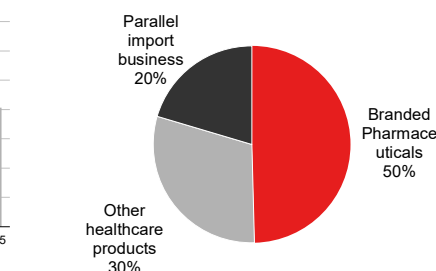
- Dermapharm is a vertically integrated pharma company with a strong focus on niche branded Rx and OTC drugs. Its core segment delivers high margins and drives profitability.
- Operates in niche areas of vitamins/minerals/food supplements, dermatology, allergology, pain & inflammation, cardiovascular support as well as gynaecology & urology.
- Recent acquisitions support international expansion but temporarily dilute margins. Parallel imports are being scaled back due to structural challenges.
- Strength lies in its specialization and control over the value chain, enabling it to maintain high margins in its core business.
- The portfolio strategy favors high-margin, niche therapies rather than mass-market generics.

## EBITDA/adj. EBITDA development in EUR m



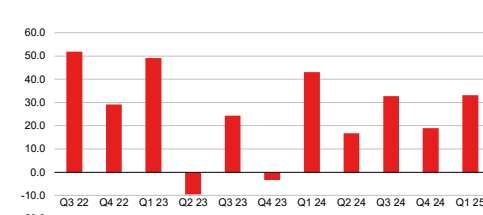
Source: Warburg Research

## Sales by segments 2024; in %



Source: Warburg Research

## Net income development in EUR m



Source: Warburg Research

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## Summary of Investment Case

### Investment triggers

- Branded margin resilience: High and stable EBITDA margins (45%+ in Branded Pharmaceuticals) offer strong cash generation, even under moderate top-line growth.
- Supplement scale-up: Integration and expansion of Arkopharma into high-growth dietary supplement markets like France may unlock additional sales and synergies.
- Revaluation opportunity: As Dermapharm delivers against mid-term guidance, consistent execution may lead to multiple expansion from currently discounted valuation levels.

### Valuation

- DCF-based valuation yields a fair value of EUR 2212.6m or EUR 41.10 per share, which is the basis of our PT of EUR 41.00

### Growth

- Core market tailwinds: Dermapharm is exposed to the growing European OTC and prescription markets (CAGR 3–4%), with Germany as a key driver.
- Product & channel expansion: Continued innovation, new dosage forms (e.g. pre-filled syringes), and online pharmacy partnerships support incremental revenue streams.
- International leverage: Expanding presence in international supplement markets (especially France and broader EU) through Arkopharma and focused category leadership (e.g. immunity).



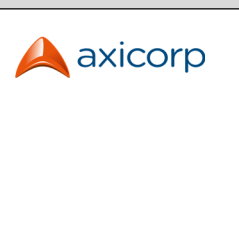



### Competitive quality

- Vertical integration: Product development, regulatory affairs, production, quality management, logistics and sales & distribution ensures control of the entire value chain
- Broad, defensible portfolio: Strong IP base in niche branded drugs and supplements, complemented by licensing and life cycle management expertise.
- Execution track record: Consistent profitability and disciplined M&A (e.g. Arkopharma acquisition) demonstrate strategic focus and operational capability.

### Warburg versus consensus

- Warburg's sales forecasts for 2025–2027 are broadly in line with consensus, differing by less than  $\pm 0.4\%$  annually.
- Gross margin assumptions are slightly lower in 2025 but higher from 2026 onward, reflecting a modestly different cost view.
- Warburg is more conservative on profitability, forecasting EBITDA and EBIT margins 2–8% below consensus across all years.

## Company Overview

Dermapharm Holding			
<b>Business description</b>	Dermapharm Holding is a Germany-based company overseeing subsidiaries involved in the development, production and sale of healthcare products. The company specializes in branded OTC and prescription generic pharmaceuticals but has expanded its product portfolio to include food supplements, herbal pharmaceuticals & extracts, medical devices, cosmetics and medical cannabis		
<b>Technologies</b>	<b>Branded Pharmaceuticals</b>	<b>Other Healthcare Products</b>	<b>Parallel imports</b>
<b>Description</b>	 <p>Wide range of self-developed and off-patent branded pharmaceuticals, holding &gt;1,300 marketing authorizations with around 400 APs. Therapeutic areas include vitamins/minerals/food supplements, dermatology, allergology cardiovascular support, pain &amp; inflammation and urology &amp; gynaecology.</p>	 <p>Division created through national and international M&amp;A in various healthcare fields. Covers food supplements, herbal pharmaceuticals &amp; extracts, cosmetics, medical devices and medical cannabis</p>	 <p>Division operated under the axicorp subsidiary acquired in 2012. Axicorp imports originator pharmaceuticals from EU member states and resells them to pharmaceutical wholesalers and pharmacies in Germany, taking advantage of existing regulation and price asymmetries</p>
<b>Customers</b>	Pharmacies, Wholesalers (Phargo), Health Stores (Reformhaus), Drug Stores (DM)		
<b>Positioning</b>	Leading provider of healthcare products in Germany and abroad, ranking #1 in German vitamins, dermatology, pain & inflammation and cardiovascular support markets, #2 in allergology, #6 in parallel imports and #8 in gynaecology and urology. Market leader for natural OTC products and food supplements in France		
<b>Drivers</b>	Growth is driven by powerful megatrends such as population aging, rising prevalence of chronic diseases, increased health awareness and strengthened demand for natural remedies		
<b>Competitors</b>	Competitors include Novartis, Teva, Stada und Klosterfrau in Branded Pharmaceuticals and Other Healthcare product segments and kohlpharma as well as onfarm in the parallel import business		
<b>Competitive advantage</b>	Leading, long-established presence in German and international niche healthcare markets with minimal competition, backed by strong, recognizable brands. Fully integrated value chain from product development to distribution, maximizing synergies and economies of scale across divisions		
<b>Management</b>	 <p><b>Dr. Hans-Georg Feldmeier (CEO)</b> Dr. Hans-Georg Feldmeier is CEO and Chief Production and Development Officer since 2009. Previously joined Dermapharm in 2003 to oversee the development of the production facility in Sandersdorf-Brehna</p>	 <p><b>Christof Dreibholz (CFO)</b> Christof Dreibholz is CFO and Chief Compliance Officer since 2022. Qualified auditor and tax advisor that previously lead financial due diligence and transaction projects as a partner at Deloitte</p>	 <p><b>Dr. Andreas Eberhorn (CMO)</b> Dr. Andreas Eberhorn is CMO since 2022. Previously worked as Country Head of Austria and Head of Retail Cluster II (Rx &amp; OTC) for Europe at Sandoz</p>

Source: Company data, Warburg Research

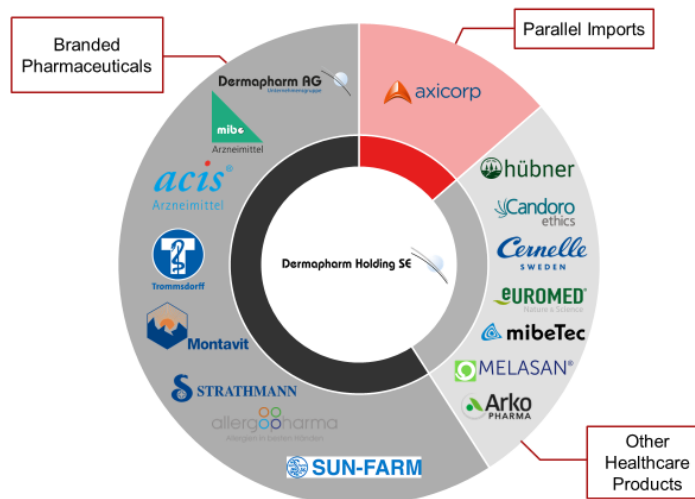
## Competitive Quality

- Vertical integration: Product development, regulatory affairs, production, quality management, logistics and sales & distribution ensures control of the entire value chain
- Broad, defensible portfolio: Strong IP base in niche branded drugs and supplements, complemented by licensing and life cycle management expertise.
- Execution track record: Consistent profitability and disciplined M&A (e.g. Arkopharma acquisition) demonstrate strategic focus and operational capability.

## Integrated value chain and focused portfolio

Dermapharm Holding SE is a vertically integrated specialty pharmaceutical company based in Grünwald, Germany, with a focused business model emphasizing in-house product development, manufacturing control, and niche market coverage. Since its founding in 1991, the company has grown into a well-established player in the German and broader European pharmaceutical landscape. Its core strategy revolves around high-margin branded pharmaceuticals and OTC products, complemented by Other Healthcare products and a parallel import business that has played an historic role in revenue generation. A key strength lies in Dermapharm's high level of vertical integration. Over 90% of its products are developed and produced in-house across 13 Europe-based GMP-certified sites, providing cost efficiency, quality assurance, and regulatory flexibility. With around 400 active pharmaceutical ingredients the group holds more than 1,300 marketing authorisations, giving it a broad and defensible product base, particularly in dermatology, allergology, and phytopharmaceuticals.

## Divisions and brands FY 2024



Source: Company data, Warburg Research

In terms of segment performance, the Branded Pharmaceuticals & OTC division remains the backbone of the company's profitability. In FY 2024, this segment generated EUR 585m in revenue and EUR 265m in adj. EBITDA, corresponding to a high margin of 45.3%. Growth was driven by product extensions and brand strength rather than high-risk R&D, providing more stable returns. With sales of EUR 354m, the Other Healthcare segment experienced flat year-on-year development but saw sequential recovery during the year as inventory normalization progressed. Products in this segment are positioned to benefit from demographic and health-awareness trends, but growth remains moderate. The Parallel Import business, however, continues to face regulatory and structural pressure, with a 5% decline in revenue and contracting margins as a result of pricing reforms and declining

arbitrage opportunities across European markets. Management is accordingly shifting strategic focus away from this segment.

### Top sellers Branded Pharmaceuticals

	Vitamins, Minerals, Food Supplements	Dermatology	Allergology	Gynaecology & Urology	Pain & Inflammation	Cardiovascular Support
						
						
						
						
						

Source: Company data, Warburg Research

Geographically, Dermapharm is becoming more diversified. Recent acquisitions such as Arkopharma in France and Montavit in Austria have expanded its European footprint. While these acquisitions are margin-dilutive in the short term due to integration costs, they offer cross-selling potential and broader market access.

### Top sellers Other Healthcare Products

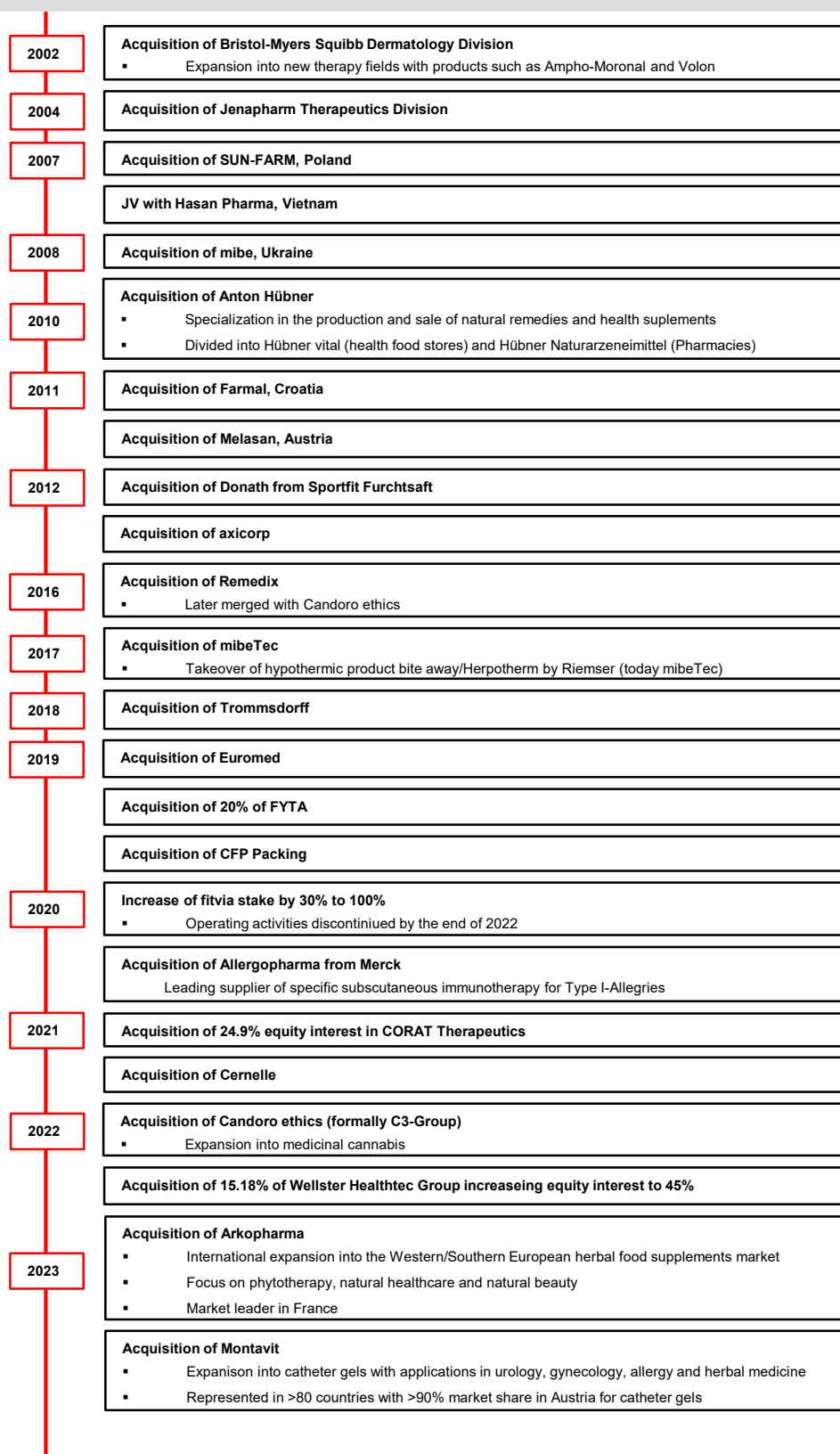
	Food supplements	Herbal Pharma	Medical Devices	Herbal Extracts	Medicinal Cannabis	Cosmetics
						
						
						
						
						
						
						

Source: Company data, Warburg Research

These segments remain small but, from a more general perspective, provide long-term upside. In FY 2024, Dermapharm reported group revenues of EUR 1.18bn and adjusted EBITDA of EUR 316m, maintaining a stable EBITDA margin of 26.7% despite FX headwinds and inflation. The company improved its net leverage to 2.8x EBITDA and reported an equity ratio of 41%, indicating financial strength and flexibility.



## M&A timeline



see Company & Products segment for more details on M&A; Source: Company data, Warburg Research



Strategically, Dermapharm focuses on low-risk product innovation, brand loyalty, and operational discipline. It avoids high-risk late-stage drug development in favour of expanding and optimizing existing portfolios. The company has proven adept at generating free cash flow and deploying capital by selective M&A rather than aggressive expansion. Despite challenges in Other Healthcare products and continued margin pressure in parallel imports, Dermapharm's fundamentals remain sound. Its exposure to stable therapeutic niches, strong cash generation, and disciplined management make it an attractive option for investors seeking conservative yet resilient exposure to European healthcare. While not a high-growth story, Dermapharm offers steady returns with visible earnings and a pragmatic inorganic growth strategy.

Analysis of Return on Capital

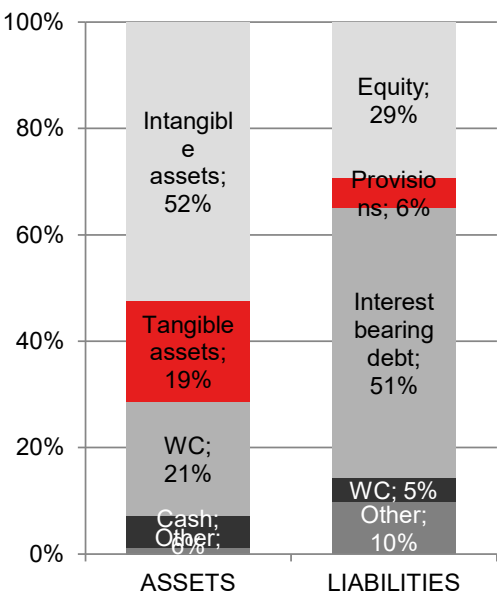
- DMP's balance sheet is heavily weighted toward intangible assets (EUR 1.1bn), evenly split between classical intangibles and goodwill from acquisitions; tangible assets total EUR 315m.
- The company has historically delivered strong EBIT margins, supported by niche market positioning and an effective field force.
- With the expansion phase largely complete, a more organic growth path is expected to lift ROCE above 10% in the coming years.

Goodwill dominated balance sheet

Balance sheet

DMP's balance sheet consists in large part of intangible assets of EUR 1.1bn, which is split into equal parts classical intangibles and company goodwill from the company's various acquisitions. Tangible assets account for EUR 315m of the total balance sheet.

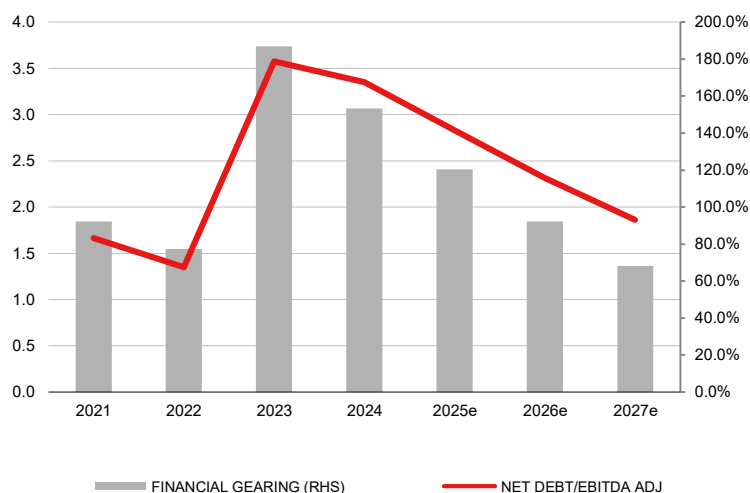
Balance sheet structure (FY 2024)



Source: Company data, Warburg Research

With 29% equity and 51% interest bearing debt, DMP achieves a net debt/EBITDA leverage of 3.4x according to our calculation. DMP used debt to acquire the recent portfolio addition, mainly Akropharma in 2023. Given the critical mass DMP has now reached, we expected the company to use its FCF to pay down debt and moderately grow its EBITDA in the future. As a result, we expect a net debt/EBITDA leverage of 2.3x in 2026.

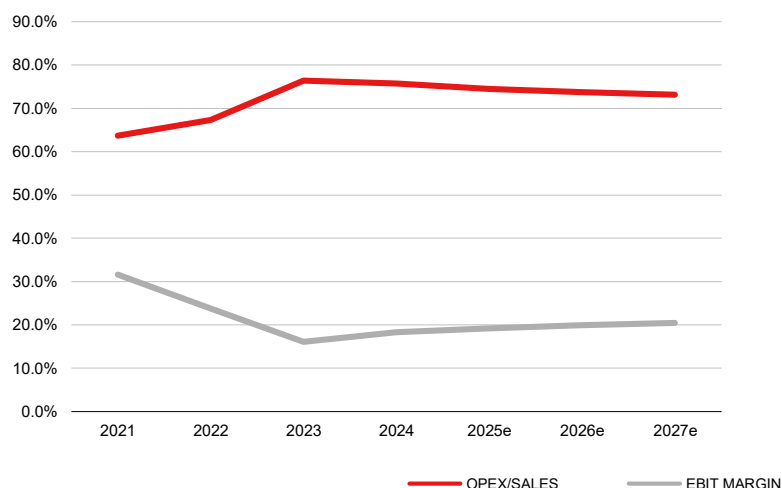
### Financial strength



Source: Company data, Warburg Research

Given the strong product placement via its strong field force of DMP within its isolated niche markets, the company has historically achieved an attractive EBIT margin return with 2023 marking the high point of the expansion phase and opex/sales ratio.

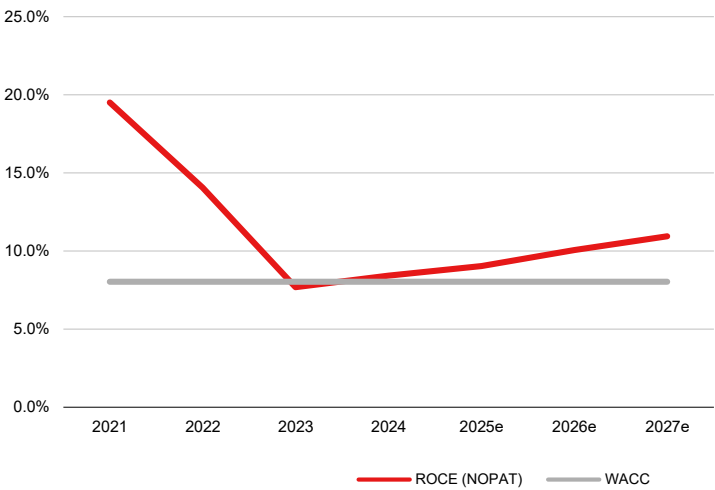
### Operating margin



Source: Company data, Warburg Research

As the company has now achieved a certain level of maturity, an organic expansion phase is ahead which we expect will improve ROCE to above 10% over the next years.

ROCE development



Source: Company data, Warburg Research

Growth

- Core market tailwinds: Dermapharm is exposed to the growing European OTC and prescription markets (CAGR 3–4%), with Germany as a key driver.
- Product & channel expansion: Continued innovation, new dosage forms (e.g. pre-filled syringes), and online pharmacy partnerships support incremental revenue streams.
- International leverage: Expanding presence in international supplement markets (especially France and broader EU) through Arkopharma and focused category leadership (e.g. immunity).

Core markets grow by a CAGR of 3-4%

Growth in the Branded Pharmaceuticals segment

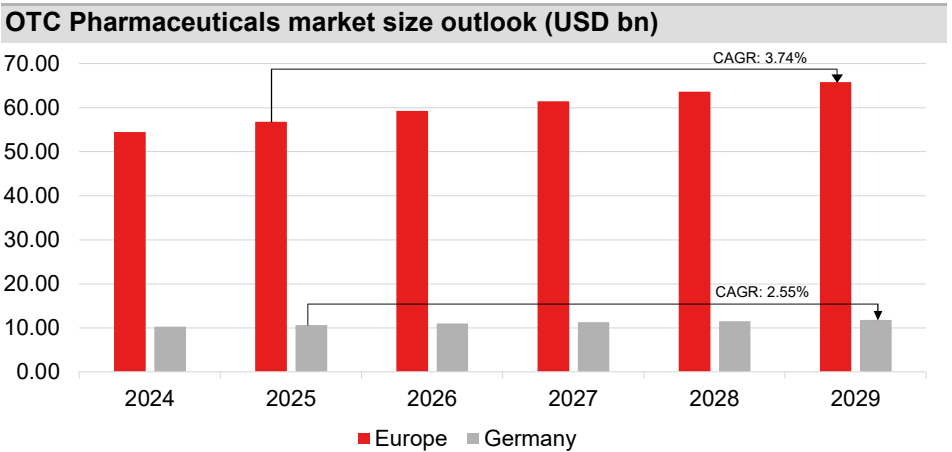
Overview

Dermapharm’s branded pharmaceuticals segment, has established the company as a leader in the German OTC and prescription medicine markets and is expanding its presence across Europe.

Markets, growth, trends and positioning

OTC pharmaceuticals

The European OTC pharmaceuticals market has experienced strong growth in recent years, reaching USD 54.4bn in revenues by 2024. Germany plays a significant role in this market, accounting for USD 10.3bn, or 19% of total European sales. Looking ahead, the European OTC market is projected to grow at a CAGR of 3.74% from 2025 to 2029, reaching USD 65.8bn by 2029, with the German market expected to grow at a CAGR of 2.55% to USD 11.8bn in the same time frame. This growth is driven by consumer demand for convenience, accessibility, and competitive pricing. Trends include heightened demand for natural ingredients. Digitalization is also playing a significant role, as business models pivot toward eHealth. On the supply side, product diversification has become a trend.

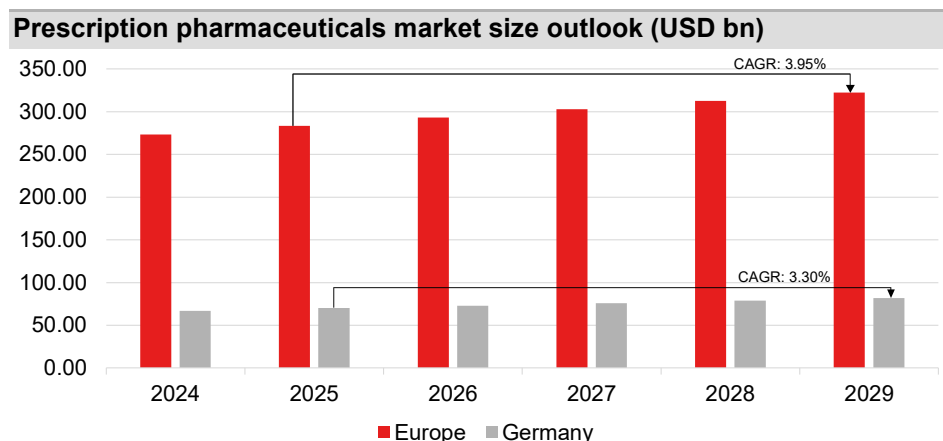


Source: Statista, Warburg Research

Prescription pharmaceuticals

Meanwhile, the European prescription pharmaceuticals market reached USD 273.4bn in 2024, with Germany contributing USD 67bn, nearly 25% of the total market. The European prescription drugs market is expected to grow steadily at a CAGR of 3.30% from 2025 to 2029, reaching USD 322.5bn by 2029, with the German market anticipated to expand at a CAGR of 3.95% to USD 81.7bn in the same time frame. Growth in this segment is driven by demand for convenience and professional advice at pharmacies, alongside the aging population's increasing need for chronic condition management. Key trends include the

rise of online pharmacies, offering convenience and competitive pricing, and the rapid growth of pharmacy chains, which leverage EoS.



Source: Statista, Warburg Research

Both markets are influenced by macroeconomic drivers, including economic growth, advancements in medical technology and an aging population.

### Positioning

Dermapharm has capitalized on German and European OTC and prescription pharmaceutical market growth by establishing itself as a leader in branded generics. Unlike competitors that either develop patented drugs or produce simple generics, Dermapharm, besides developing proprietary medicine, specializes in manufacturing off-patent originator products and markets them under well-known brands (hence the use of the word “branded”). This positioning allows Dermapharm to operate with lower risk and reduced investment requirements compared to the high-risk, capital-intensive operations of companies that solely develop originator pharmaceuticals. At the same time, it benefits from higher regulatory barriers, and large independence from tenders by the SHI compared to generic manufacturers. Within the German branded pharmaceutical market, Dermapharm holds a substantial market share across several therapeutic areas. In 2024, it secured the number one position in dermatology with 11% of the total market share and achieved leadership in pain and inflammation with 19%. It ranked second in allergology with 13%, first in cardiovascular support with 14%, and eight in gynaecology and urology with 4% of the market share. This success is a result of high-quality branded products and regulatory and R&D expertise, which allow for rapid adaptation to market trends and regulatory conditions in individual national market regions as well as fast time-to-market. Additionally, Dermapharm benefits from long-standing relationships with doctors, pharmacies, hospitals, health stores, and wholesalers.

## Growth in the Other Healthcare Products segment

### Overview

In its "Other Healthcare Products" segment, Dermapharm taps into food supplement, herbal pharmaceuticals, cosmetics, medical devices, and medical cannabis markets across Europe.

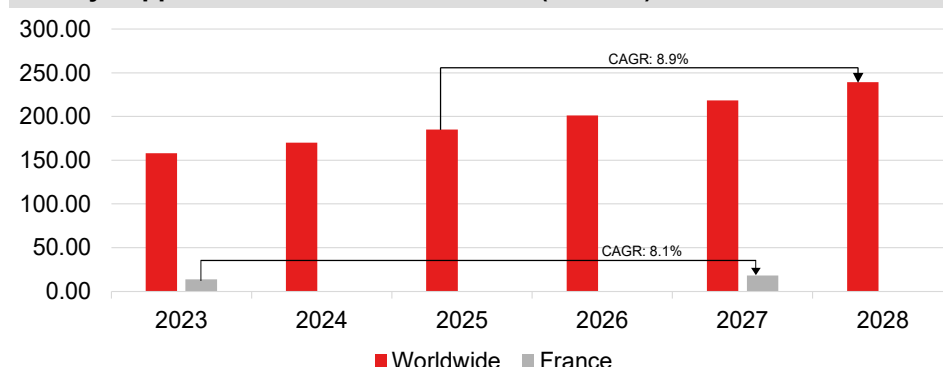
### Market, trends, growth and positioning:

#### Food supplements

**Globally**, the dietary supplements market was valued at USD 170.3bn in 2024 and is projected to grow at a CAGR of 8.9% from 2025 to 2028, reaching USD 239.4bn by 2028. This growth is driven by increasing health awareness (importance of a balanced diet) and demand for preventive healthcare, with consumers incorporating dietary supplements into their daily routines. Additionally, the aging global population and the rising prevalence of chronic diseases contribute to market expansion, while heightened interest in immune support following the COVID-19 pandemic has also strengthened demand. A trend within the market is the growing preference for natural and organic products.

**In France**, the dietary supplements industry grew at a CAGR of 8.1% from 2019 to 2023, with total sales amounting to EUR 1,351m in 2023. Until 2027, the industry is forecast to grow at a CAGR of 7.9% to EUR 1.8bn. Key growth areas are stress & sleep (11.9% CAGR forecast), digestive system supplements (10.8% CAGR forecast) and vitality & immunity (9% CAGR forecast). Growth is driven by improved product quality, increasing health awareness, and greater recommendations from healthcare professionals. The French dietary supplement market covers a broad range of the population with a study concluding that between 2023 and 2024, 60% of French people use dietary supplements, with 44% consuming them multiple times a year. Naturalness is a significant purchasing criterion for consumers, with 78% citing it as a relevant factor in the purchasing process. In terms of competitive landscape, retail pharmacies remain the primary sales channel. Historical OTC players like Cooper and Sanofi are strengthening their positions, while manufacturers are increasingly forming partnerships with large pharmacies. Key market players include (sales 2023): Aboca (EUR 41.7m), Aragan (EUR 35.3m), Arkopharma (EUR 134.9m), NHCO (EUR 44.0m), PiLele (EUR 144.4m), EAPharma (EUR 39.2m)

#### Dietary supplements market size outlook (USD bn)



Source: Statista, Warburg Research

**Positioning:** With its subsidiary Akropharma, Dermapharm has established itself as the market leader in herbal food supplements in France. This positions the company to capitalize on growth of the French dietary supplement industry, which is projected to see rising demand for natural products, aligning with Akropharma's products.



Herbal extracts

**Globally**, the herbal extract market was valued at USD 29.8bn in 2023 and is projected to grow at a CAGR of 8.2% from 2024 to 2030. Growth drivers include increased demand for preservative-free, non-artificial flavoured, colour-free foods and beverages. Furthermore, rising awareness of the therapeutic properties of herbs, is expected to complement demand. Urbanization and busy lifestyles are driving demand for nutraceuticals, boosting the need for the nutritional benefits of herbal extracts. Currently, the use of herbal extracts in personal care and cosmetics segment lead the market (2023), accounting for over 30.8% of revenue.

**In Spain**, the size of the herbal-extract market amounted to USD 376.2m in 2023 and is expected to grow at a CAGR of 8.3% from 2024 to 2030, reaching USD 655.4m by 2030.

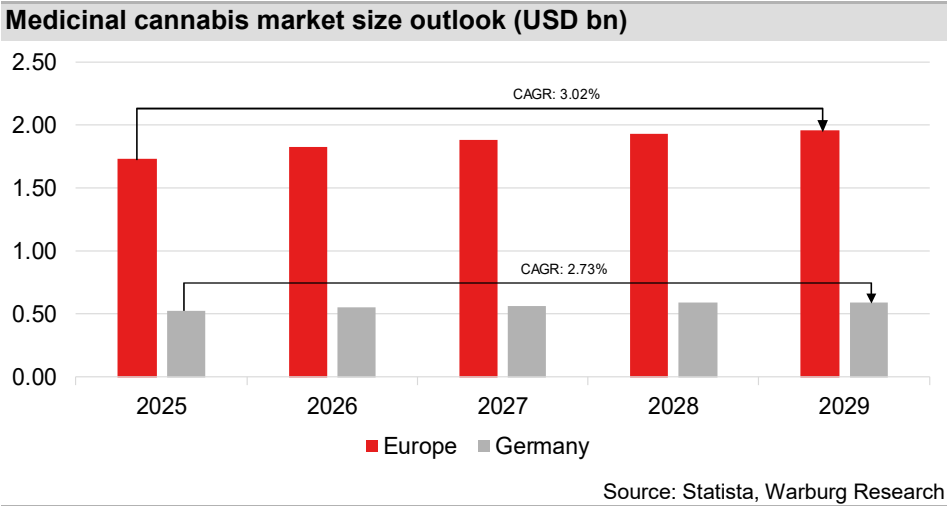
**Positioning:** the Spanish subsidiary Euromed allows Dermapharm to take advantage of the strong market growth in Spain which is especially important as Euromed makes up 98% of international revenues.

Medicinal cannabis

**The European** medicinal cannabis market reached USD 1.6bn in market size in 2024, and is forecast to grow at a CAGR of 3.02% between 2025 and 2029 leading to a market volume of USD 196bn by 2029. Growth drivers include the changing attitudes towards cannabis for medicinal use and increasing legalization. Customers are seeking natural remedies with fewer side-effects, which is driving demand. Countries like Germany, Italy, and the Netherlands have established medical cannabis programmes, leading to an increase in the number of licensed producers and dispensaries. Research and development in the sector are expanding treatment options. In countries like the Netherlands, a tolerant cannabis culture has fostered market development, while Germany's strict regulations ensure product safety.

**In Germany** the medicinal cannabis market amounted to USD 499.8m in 2024, accounting for 31% of the European market. Revenues are expected to grow at a CAGR of 2.73% between 2025 and 2029, reaching USD 594.8m by 2029. Consumers are increasingly turning to medical cannabis for conditions like chronic pain and anxiety and are seeking natural remedies. A rising trend of prescriptions and its use in wellness and beauty products is expanding the market. Germany's regulatory framework supports legal medical cannabis use, with health insurance coverage for eligible patients, fostering market growth. The strong economy and commitment to medical research further enhance the sector's development.

Growth in both markets is also supported by macroeconomic factors such as aging populations.



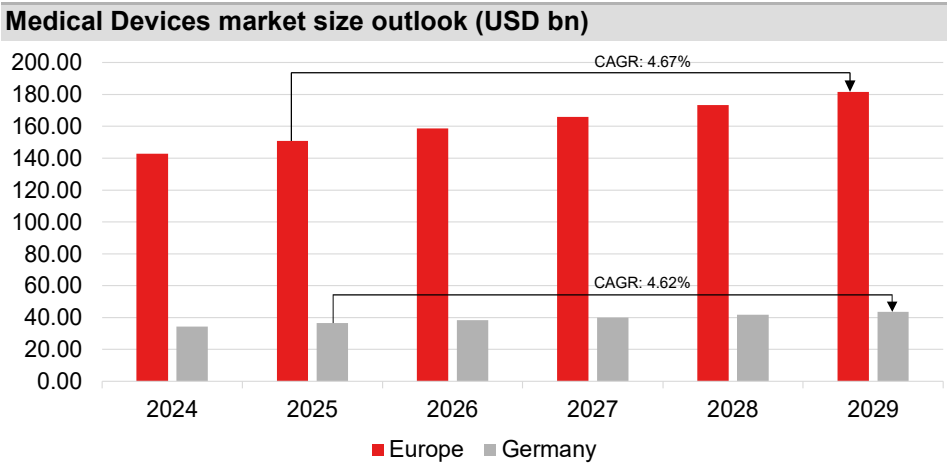
**Positioning:** The market-leading position of Candoro ethics in dronabinol puts Dermapharm in a good position to avail of the growth prospects in Europe and Germany.

**Medical Devices**

**The European** medical devices market reached USD 142.8bn in 2024 and is expected to grow at a CAGR of 4.76% from 2025 to 2029, reaching a market volume of USD 181.6bn by 2029.

**The German market** reached a size of USD 34.3bn in 2024, amounting to 24% of European market and is expected to grow at a CAGR of 4.62% from 2025 to 2029, reaching a market volume of USD 43.6bn by 2029. Germany’s robust healthcare system and emphasis on R&D support market growth. Strong economic stability, high disposable incomes, favourable reimbursement policies, and government-backed digital health initiatives create a supportive environment for innovation and investment, driving opportunities in the sector.

On both European and national levels, growth is additionally driven by increasing demand for advanced, user-friendly devices offering efficient and accurate results, which reflects greater acceptance of healthcare technology. Key trends include the adoption of digital health technologies like wearables, remote monitoring, and telemedicine, alongside rising demand for devices tailored for the elderly as Europe’s population ages. Local healthcare systems, regulations, and reimbursement policies shape market dynamics, while economic growth, chronic disease prevalence, and government investments in healthcare innovation further fuel expansion.



Source: Statista, Warburg Research

## Growth in the Parallel Import segment

### Overview

With its "Parallel Import" segment, Dermapharm utilizes intra-European drug price differences to capitalize on arbitrage opportunities for the German drug market.

### Market, trends, growth and positioning

**The EU** Parallel Import (PI) market has seen steady growth over the past decade, with turnover reaching USD 6.5bn in 2022. Despite this, PI's share of the total EU pharmaceutical market has declined, falling from 3.7% in 2013 to 2.8% in 2022. The market has been shaped by evolving regulations, Brexit, and the increasing role of high-income countries such as France and Germany as both sources and destinations for parallel-traded medicines.

**Germany** is Europe's largest importer of parallel-traded medicines, with an import market valued at USD 3.0bn in 2022, representing 47% of Europe's total PI sales. Around 7% of all medicines dispensed in German pharmacies are parallel imports. While the market value has declined slightly from USD 3.2bn in 2020, Germany remains a pivotal player in the sector. Germany's imports primarily originate from high-income countries, which contribute 53.4% of its total PI volume. France is the largest supplier, accounting for 20.7% of imports, followed by Italy and the Netherlands. Other important sources include Poland, Hungary, and the Czech Republic. Post-Brexit, Germany's reliance on parallel imports from other EU/EEA countries has increased, with its share of imports rising from 21.8% to 26.8% between 2020 and 2022. The German PI market is supported by robust infrastructure, regulatory oversight, and high domestic demand for affordable pharmaceutical products. However, the market's slight contraction in recent years suggests evolving competitive challenges.

**Positioning:** With the acquisition of axicorp, Dermapharm is using Germany's prominent role in PI imports to tap into opportunities.

## Financials

- We expect Dermapharm to grow sales 3–4% annually through 2027, supported by strong OTC and Rx exposure in Germany and Europe, with stable EBITDA margins above 44% in Branded Pharma.
- Arkopharma positions the company well in the high-growth dietary supplements market, especially in France, driving 2.5–5.0% segment growth and margin expansion toward 16.0%.
- Parallel Import remains challenged; revenues drop 19% in 2025 before modest recovery due to portfolio pruning, while group EBITDA is forecast to rise from EUR 329m in 2025 to EUR 371m in 2027 with margins reaching 29.0%.

We translate the market growth rates detailed above into opportunities for DMP. Following a rapid, mostly inorganic expansion phase, the company is now in the midst of concentrating its footprint to focus on growing the acquired parts into a coherent entity that can capitalize on the secular market growth trends and utilize its emerging synergies and strengths.

## Segment forecasts

Dermapharm's mid-term growth trajectory is underpinned by favourable structural trends in its core markets and solid segment fundamentals. In the Branded Pharmaceuticals segment, we forecast 4–5% annual sales growth through 2027, reflecting the company's strong exposure to both the German and wider European prescription and OTC pharmaceutical markets. Germany alone represents a significant share of the European prescription market, as it is forecast to grow by a 3.95% CAGR to USD 81.7bn by 2029. Within OTC, Germany commands 19% of the EUR 54.4bn European market, growing at a 2.55% CAGR through 2029. This is particularly relevant for Dermapharm's extensive OTC portfolio, which is well-aligned with consumer preferences for accessibility, natural ingredients, and product diversification. Its vertically integrated model supports competitive pricing and rapid go-to-market execution, supporting stable EBITDA margins above 44%.

In the Other Healthcare Products segment, the Arkopharma portfolio places Dermapharm in a favourable position to benefit from the structurally growing dietary supplements market in Europe and beyond. With the global supplements market forecast to grow at a CAGR of 8.9% and France specifically at 7.9% through 2027, we see Dermapharm's positioning as highly attractive. Arkopharma, which achieved EUR 134.9m in sales in 2023, holds a top-three position in France and is especially well placed in high-growth categories such as immunity, digestion, and stress-related supplements. We model a 2.5–5.0% revenue CAGR for the segment with steady margin expansion toward 16.0%, supported by increased brand recognition, consumer trust, and continued demand for natural and organic formulations—criteria cited by 78% of French consumers.

The Parallel Import business continues to face structural challenges, as regulatory and pricing pressures persist. Our 2025 forecast reflects a 19% drop in revenues before a return to low single-digit growth, supported by portfolio pruning, cost improvements and margin stabilization. While this segment is unlikely to drive growth, we assume it will contribute incrementally to group profitability from 2026 onwards.

## Segment and consolidated group sales forecast

	2023	2024	2025e	2026e	2027e
<b>Branded pharmaceuticals</b>					
Sales	537.4	587.9	617.4	645.2	670.6
yoy	-14.6%	9.4%	5.0%	4.5%	4.0%
adj. EBITDA	240.0	264.8	273.6	288.9	303.4
margin	44.7%	45.0%	44.3%	44.8%	45.2%
<b>Other Healthcare products</b>					
Sales	402.3	387.1	406.4	424.7	435.1
yoy	122.7%	-3.8%	5.0%	4.5%	2.5%
adj. EBITDA	76.7	57.7	60.9	65.7	69.4
margin	19.1%	14.9%	15.0%	15.5%	16.0%
<b>Parallel import business</b>					
Sales	235.5	249.2	201.8	209.8	218.1
yoy	-3.9%	5.8%	-19.0%	4.0%	4.0%
adj. EBITDA	-0.8	-1.6	0.0	2.5	3.1
margin	-0.4%	-0.6%	0.0%	1.2%	1.4%
<b>Holding</b>					
Sales	-39.9	-43.4	-43.7	-45.7	-46.9
EBITDA	-5.6	-5.4	-5.4	-5.4	-5.4
margin	14.1%	12.3%	12.3%	11.7%	11.4%
yoy	-41.8%	-12.4%	-0.8%	-4.2%	-2.7%
<b>Group</b>					
Sales	1135.4	1180.8	1181.9	1234.0	1276.9
yoy	10.8%	4.0%	0.1%	4.4%	3.5%
EBITDA	280.3	308.9	322.1	344.7	363.6
margin	24.7%	26.2%	27.3%	27.9%	28.5%
yoy	-23.6%	6.0%	4.2%	2.5%	1.9%
adjustments	29.9	6.6	7.0	7.0	7.0
adj. EBITDA	310.2	315.5	329.1	351.7	370.6
margin	27.3%	26.7%	27.8%	28.5%	29.0%

Source: Company data, Warburg Research

At group level, we forecast top-line growth of 3–4% annually to 2027. Margin improvement is driven by the rising share of higher-margin Branded pharmaceutical and Other Healthcare products products. Adjusted EBITDA is expected to expand from EUR 329m in 2025 to EUR 371m in 2027, with group margins rising to 29.0%. We view Dermapharm as well positioned to deliver profitable, low-risk growth by leveraging structural demand in its markets and a scalable, integrated manufacturing platform.

### Warburg vs consensus

WRe forecasts for 2025–2027 are broadly in line with consensus on sales but more conservative on profitability. Sales estimates differ only marginally (within  $\pm 0.4\%$ ), but gross margin assumptions are slightly lower in 2025 and slightly higher thereafter. The key divergence lies in earnings: WRe is 2–4% below consensus on EBITDA and 5–8% below on EBIT margins throughout the forecast period, pointing to a more cautious view on operational leverage and cost dynamics.

### Warburg vs consensus

Year	Consensus			Warburg Research			Deviation (WRe vs. Consensus)		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Sales	1,183.0	1,229.0	1,271.8	1,181.9	1,234.0	1,276.9	-0.1%	0.4%	0.4%
Gross profit	775.5	804.0	835.0	772.3	810.0	841.1	-0.4%	0.7%	0.7%
margin %	65.6%	65.4%	65.7%	65.3%	65.6%	65.9%			
EBITDA	329.8	353.2	377.6	322.1	344.7	363.6	-2.3%	-2.4%	-3.7%
margin %	27.9%	28.7%	29.7%	27.3%	27.9%	28.5%			
EBIT	240.0	262.0	283.1	227.6	246.0	261.4	-5.2%	-6.1%	-7.7%
margin %	20.3%	21.3%	22.3%	19.3%	19.9%	20.5%			

Source: Company data, Warburg Research

## Valuation

- DCF-based valuation yields a fair value of EUR 2212.6m or EUR 41.10 per share, which is the basis of our PT of EUR 41.00

**Our DCF-derived PT is  
EUR 41.00 per share**

### DCF valuation

- We apply a beta of 1.34, reflecting the late maturation stage of the company as well as the complexity of the holding structure and regulatory environment DMP is operating in.
- Assuming a risk-free rate of 2.75% and a market return of 8.25%, we calculate cost of equity at 10.12%.
- For the calculation of WACC, we assume a cost of debt of 4.20% and a target debt ratio of 35.00%, resulting in WACC of 8.05%.



## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	
Sales	1,181.9	1,234.0	1,276.9	1,321.3	1,367.3	1,414.8	1,464.0	1,514.9	1,567.6	1,622.1	1,678.5	1,736.9	1,771.6	2.0 %
Sales change	0.1 %	4.4 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	2.0 %	
EBIT	227.6	246.0	261.4	270.5	279.9	289.7	299.7	310.2	320.9	332.1	343.6	355.6	362.7	20.5 %
EBIT-margin	19.3 %	19.9 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	
Tax rate (EBT)	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	234
NOPAT	147.9	159.9	169.9	175.8	181.9	188.3	194.8	201.6	208.6	215.9	223.4	231.1	235.8	
Depreciation	94.6	98.7	102.2	105.7	109.4	113.2	117.1	121.2	125.4	129.8	134.3	138.9	141.7	44.90 %
in % of Sales	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	
Changes in provisions	0.0	0.0	0.0	4.2	4.3	4.5	4.6	4.8	4.9	5.1	5.3	5.5	3.3	234
Change in Liquidity from														
- Working Capital	-5.7	11.1	12.4	12.8	13.2	13.7	14.2	14.6	15.2	15.7	16.2	16.8	10.0	234
- Capex	47.3	49.4	51.1	52.9	54.7	56.6	58.6	75.7	94.1	113.5	134.3	138.9	141.7	
Capex in % of Sales	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	5.0 %	6.0 %	7.0 %	8.0 %	8.0 %	8.0 %	234
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	200.9	198.2	208.6	220.1	227.7	235.6	243.8	237.2	229.7	221.5	212.4	219.8	229.0	234
PV of FCF	193.3	176.4	171.9	167.8	160.7	153.9	147.4	132.7	119.0	106.2	94.2	90.3	87.0	
share of PVs	16.57 %			38.53 %										44.90 %

### Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	35.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.20
Market return	8.25 %	Cyclicality	1.20
Risk free rate	2.75 %	Transparency	1.50
		Others	1.50
<b>WACC</b>	<b>8.05 %</b>	<b>Beta</b>	<b>1.34</b>

### Valuation (m)

Present values 2037e	1,801		
Terminal Value	1,468		
Financial liabilities	1,054		
Pension liabilities	120		
Hybrid capital	0		
Minority interest	4		
Market val. of investments	0		
Liquidity	121	No. of shares (m)	53.8
<b>Equity Value</b>	<b>2,213</b>	<b>Value per share (EUR)</b>	<b>41.10</b>

### Sensitivity Value per Share (EUR)

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.62	9.0 %	31.02	31.65	32.31	33.03	33.79	34.62	35.51	1.62	9.0 %	29.46	30.65	31.84	33.03	34.22	35.41	36.60
1.48	8.5 %	34.31	35.07	35.88	36.76	37.70	38.72	39.83	1.48	8.5 %	32.91	34.19	35.48	36.76	38.04	39.32	40.60
1.41	8.3 %	36.13	36.97	37.87	38.84	39.89	41.03	42.28	1.41	8.3 %	34.84	36.18	37.51	38.84	40.17	41.51	42.84
1.34	8.0 %	38.09	39.01	40.01	41.10	42.27	43.55	44.95	1.34	8.0 %	36.93	38.32	39.71	41.10	42.48	43.87	45.26
1.27	7.8 %	40.19	41.22	42.33	43.54	44.86	46.30	47.89	1.27	7.8 %	39.20	40.65	42.09	43.54	44.99	46.44	47.89
1.20	7.5 %	42.46	43.60	44.85	46.21	47.69	49.33	51.13	1.20	7.5 %	41.67	43.18	44.69	46.21	47.72	49.23	50.75
1.06	7.0 %	47.58	49.01	50.59	52.32	54.23	56.35	58.72	1.06	7.0 %	47.33	48.99	50.66	52.32	53.99	55.65	57.32

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## Company & Products

### Business overview

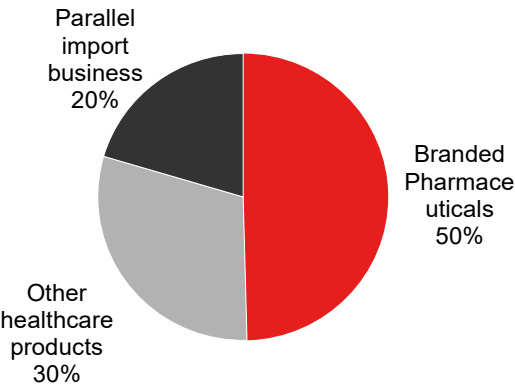
Dermapharm Holding is a German company overseeing subsidiaries involved in the development, production, and sale of healthcare products. Its roots go back to Dermapharm AG which was founded in 1991. The company specializes in the manufacturing and selling of branded OTC and prescription generic pharmaceuticals across various therapeutic areas. With five development centres and high-capacity production facilities in Germany, Austria and France, Dermapharm produces 90% of its branded pharmaceuticals in-house, focusing on patent-free originator products and branded generics with limited competition. Over time, strategic acquisitions have expanded the group's portfolio to include food supplements, herbal pharmaceuticals & extracts, medical devices, cosmetics, and medicinal cannabis. Since 2012, Dermapharm has also been operating a successful parallel import business through its axicorp subgroup, leveraging EU pricing differences in the medicine sector. By 2024, axicorp ranked among Germany's top six parallel importers by revenue.

### Business split

#### Sales by division

- In its largest segment by revenue, Branded Pharmaceuticals, Dermapharm holds with around 400 APIs more than 1,300 marketing authorisations, both in Germany and abroad. The company has built a broad product portfolio of self-developed and off-patent originator branded pharmaceuticals in profitable markets. This portfolio focuses on key therapeutic areas such as vitamins/minerals/food supplements, dermatology, pain & inflammation, cardiovascular support and allergology (based on units sold). Here Dermapharm maintains a market leadership position, particularly in Germany. Dermapharm adopts a one-stop-shop approach with a largely integrated value chain, insourcing product development, production in its own facilities, and integrating logistics and services. Dermapharm also leverages its trained pharmaceutical sales force to promote and distribute its branded products.
- Dermapharm's second-largest, Other Healthcare Products segment covers food supplements, herbal pharmaceuticals & extracts, cosmetics, medical devices, and medicinal cannabis. In this segment, Dermapharm benefits from the expertise of Spanish Euromed, a global leader in the manufacturing of herbal extracts and plant-based ingredients for the pharmaceutical, nutraceutical, food, and cosmetics industries. Akropharma, which has been part of the segment since 2023 is the leader in natural OTC products and food supplements in France and also has subsidiaries in Spain, Portugal, Italy and Belgium, the Netherlands and Switzerland. The segment also includes Swedish company Cernelle, which manufactures the only pollen extract with medical approval to treat benign prostate hyperasia and chronic prostatitis. It also includes Candoro ethics, which is the market leader for dronabinol in Germany and Austria and develops, produces and distributes extracts, flowers and concentrates of cannabinoids, and Hübner and Melasan, which produce and sell food supplements, herbal pharmaceuticals and cosmetics as well as hyperthymic products.
- The Parallel Import business segment is operated under the axicorp subsidiary acquired in 2012. Axicorp imports originator pharmaceuticals from EU member states and resells them to pharmaceutical wholesalers and pharmacies in Germany. This allows axicorp to take advantage of existing regulation and pricing asymmetries. Currently, axicorp ranks among the top six parallel import companies in Germany based on revenue.

Sales by division FY24

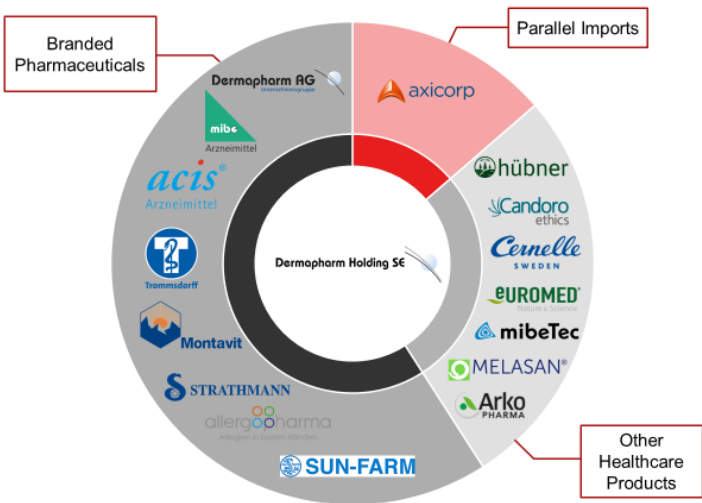


Source: Company data, Warburg Research

Product Portfolio

Dermapharm’s product portfolio includes a range of branded pharmaceuticals, OTC products, medical devices, food supplements, and cosmetics. The portfolio is tailored to niche markets with high barriers to entry and limited competition. High quality and reliability are ensured through in-house manufacturing. Core focuses lie in therapeutic fields such as dermatology, allergy therapy, pain and inflammation, cardiovascular health, and gynaecology. Well-known brands such as Dekristol, Keltican, and Tromcardin as well as patented medical devices such as Bite Away, Herpotharm, and epiivo are part of the portfolio. Furthermore, Dermapharm’s offerings are enhanced by herbal extracts from Euromed, pollen extracts from Cernelle, and products from Anton Hübner, Hübner Naturarzneimittel, and Melasan. The company also provides medicinal cannabis solutions through Candoro ethics. Strategic acquisitions, such as the integration of Arkopharma in 2023, have further expanded the Group’s portfolio to include leading herbal food supplements in France and across Southern Europe

Divisions and brands FY24



Source: Company data, Warburg Research

## Top products per segment

### Branded Pharmaceuticals

Therapeutic areas:

- Vitamins, minerals, food supplements
  - Position: no.1 in German market; 14% of EUR 665m market 2023
  - (Top) Sellers:
    - Dekristol: vitamin D3 dietary supplement (cholecalciferol) used for the treatment of Vitamin D deficiency
    - Tromcardin complex: dietary supplement for treatment of cardiac arrhythmias
    - Vita Prompt B12: vitamin pill to combat vitamin B12 deficiency
- Dermatology
  - Position: no.1 in German market; 12.1% of EUR 717m market 2023
  - (Top) Sellers:
    - Ketozolin: therapy and prophylaxis of dandruff (seborrheic dermatitis and pityriasis versicolor)
    - Minoxicutan: treatment of pattern hair loss
- Allergology
  - Position: no.3 in German market; 12% of 652m market 2023
  - (Top) Sellers:
    - Allergovit: immunisation for hay fever and allergies to grass and tree pollen
    - Desloraderm: combating symptoms of allergic reactions
    - Novo Helisen Depot: Immunisation for mite allergy
    - Levocadem and Azedil: treatment for hayfever symptoms
- Pain & Inflammation
  - Position: no.1 in German market; 25% of 275m market 2023
  - (Top) Sellers:
    - Keltican: supplement containing uridine monophosphate, vitamin B12, and folic acid to help the body repair damaged nerve cells
    - Ibutop: pain relief pills
    - Naproxen: nonsteroidal anti-inflammatory drug
    - Gabrilen: symptomatic treatment of pain and inflammation
    - Myditin: muscle relaxant
- Cardiovascular Support
  - Position: no.1 in German market; 23% of EUR 178m market 2023
  - (Top) Sellers:
    - Dociton: beta blocker used to treat high blood pressure
    - Hygroton: used to treat high blood pressure and fluid build-up

- Dytide: treatment to reduce excess fluid levels and maintain potassium balance to treat high blood pressure
- Tromcardin complex: dietary supplement for treatment of cardiac arrhythmias
- Gynaecology & Urology
  - Position: no.10 in German market; 4.1% of EUR 407m market
  - (Top) Seller:
    - Dienovel: contraception preparation
    - Urocys: supplement for healthy bladder
    - Testomed: testosterone replacement therapy
    - Gynatren: only lactobacillus vaccine marketed for the treatment of non-specific bacterial vaginitis and trichomoniasis
    - Pollstimol: prostate disease symptom relief

## Top sellers Branded Pharmaceuticals

	Vitamins, Minerals, Food Supplements	Dermatology	Allergology	Gynaecology & Urology	Pain & Inflammation	Cardiovascular Support
						
						
						
						
						
















Source: Company data, Warburg Research

## Other Healthcare Products

- Anton Hübner
  - (Top) Seller Brands:
    - Silicea:
      - Main product: Silicea balsam, medicine with silicic acid for skin, hair, nails and connective tissue
    - Aloe Vera:
      - Main product: Aloe vera gel, moisturizing gel with Aloe Vera, panthenol and bisabolol
    - Arthoro:
      - Main product: arthoro basis, food supplement with vitamins and green-lipped mussel

- Donath: whole fruit juices
- ImmunPro: vitamin-mineral complex for children
- Tannenblut: bronchial syrup
- Melasan
  - Position: no.1 contract service provider for nutritional supplements in the medical-pharmaceutical sector for over 25 years
  - (Top) Sellers:
    - Production: market-ready products in many forms (hard capsules, liquid capsules, powder, tablets etc.)
    - Packaging: individual labelling (cans, glasses, sticks etc.)
    - Standard products: Melasan sport supplements
      - Sport drinks
      - Capsules
      - Sports bars
- mibeTec
  - (Top Sellers):
    - Bite Away (pro, neo and two): device to treat mosquito bites with heat
    - Herpotharm: thermotherapy for lip herpes
- Euromed:
- Cernelle:
  - Position: Cernilton is one of only two pharmaceutical drugs registered worldwide to treat chronic prostatitis and chronic pelvic pain syndrome
  - (Top) Sellers:
    - Cernilton/Cernitol: preferred worldwide medicine to treat lower urinary tract symptoms caused by benign prostate disease
    - Cernitin: pollen extracts used in urological medicine
- Candoro ethics:
  - Position: market leader for dronabinol in Germany and Austria
- Arkopharma:
  - Top Sellers:
    - Forcapil: formula to increase the resistance of hair fibre
    - Arkorelax: plant-based drinking solution to soothe and improve sleep
    - Cys-control: formula with probiotic strains to promote urinary comfort

Top sellers Other Healthcare Products

	Food supplements	Herbal Pharma	Medical Devices	Herbal Extracts	Medicinal Cannabis	Cosmetics
						
						
						
						
						
						
						

Source: Company data, Warburg Research

Regulation in the Healthcare industry

Regulation in the healthcare industry influences Dermapharm’s operations, especially the German pharmaceutical market which is subject to stringent regulations. The AMNOG Act aims to control drug costs by limiting reimbursement to the price of standard therapy. The GSAV Act has tightened affordability criteria for parallel imported drugs, requiring significant price differences compared to the reference pharmaceutical. International markets exhibit diverse regulations, including reference pricing, reimbursement codes, and discounts, creating complex environments for pharmaceutical companies operating across borders.

The German price moratorium, in effect since August 2010 and extended through 2026, restricts pharmaceutical manufacturers from raising the reimbursed price of drugs above their August 2009 levels unless the products are exempt (e.g. reference-priced generics or newly launched drugs). Any increases beyond these thresholds trigger mandatory discounts for statutory and private health insurers. Since 2018, reference prices may be adjusted for inflation.

Patients must typically pay a co-payment of 5–10 EUR per prescription drug, capped at the drug’s full price. However, co-payments may be reduced or waived entirely if the drug is priced at least 30% below the reference price or is covered by rebate agreements between health insurers and manufacturers. This allows insurers to pass on negotiated savings to patients.

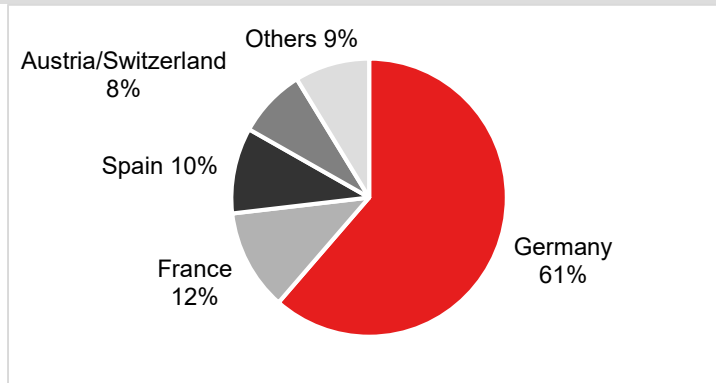


## Global Presence

### Sales by country and sector

In the latest fiscal year 2023, Dermapharm's revenue distribution by country reflects its strong standing in Germany and a diversified market presence across Europe. Germany contributed 61% to the company's total revenue. Second and third up were France and Spain with 12% and 10% respectively. Austria and Switzerland combined accounted for 8% of revenues.

### Sales by country FY24



Source: Company data, Warburg Research

## Sites

Dermapharm operates development, production, and distribution sites in Germany as well as in Austria, Switzerland, France, Italy, Spain, Portugal, the Netherlands, Belgium, Croatia, Poland, Ukraine, Sweden, the US and China.

## M&A/JV/Equity Investment Timeline/History

Acquisition of Bristol-Myers Squibb Dermatology Division: 2002

Acquisition of Jenapharm Therapeutics Division: 2004

Acquisition of SUN-FARM, Poland: 2007

Joint Venture with Hasan Pharma, Saigon / Vietnam: 2007

Acquisition of mibe Ukraine, Kiev: 2008

- Acquisition of Anton Hübner GmbH
- Divided into Hübner vital (health food stores) and Hübner Naturarzneimittel GmbH (Pharmacies): 2010

Acquisition of Farmal, Croatia: 2011

Acquisition of Melasan, Austria: 2011

Acquisition of Donath from Sportfit Fruchtsaft: 2012

Acquisition of axicorp: 2012

Acquisition of Remedix (axicorp group): 2016

- Later merged with Candoro ethics

Acquisition of mibeTec: 2017

- Takeover of hypothermic products bite away / Herpotharm by Riemser (today mibeTec)

Acquisition of Strahmann: 2017

- Consolidated 01.01.2018

Acquisition of Trommsdorff: 2018

Acquisition of Euromed: 2019

- Description: Spanish company Euromed Botanicals, with its subsidiaries, is a leading producer of herbal extracts and natural active ingredients needed in the manufacturing of phytopharmaceuticals, nutraceuticals and cosmetics. It operates two state-of-the-art production facilities in Spain as well as a drying plant in Florida, USA.
- Price: Factoring in the negotiated purchase price adjustment clause EUR 266.056m
- Revenue contribution FY 19: EUR 72.269 m
- EBITDA contribution FY19: EUR 15.726m

Acquisition of 20% of FYTA: 2019

- Description: FYTA specializes in the production of medicinal cannabis for pharmaceuticals applications, Own indoor production facility. Consolidated as investments accounted for using the equity method.
- Price: Factoring in the negotiated purchase price adjustment clauses, the preliminary purchase price amounted to EUR 60.750m

Acquisition of CFP Packing: 2019

- Description: The agreement to acquire material assets and ensure the continued employment of 16 employees of CFP Packing gave Dermapharm access to machinery and expertise in the field of special packaging of powder and liquid sticks as well as access to customers based on long-term supply agreements

Acquisition of 30% of the remaining stake of fitvia (interest in fitvia increased to 100%): 2020

- Consolidated 01.07.2020
- Description: Operating activities discontinued as of 31.12.2022

Acquisition of Allergopharma from Merck: 2020

- Consolidated 31.03.2020
- Description: Allergopharma specializes in the subcutaneous hyposensitization treatment of allergies and offers a wide range of high-dose, hypoallergenic preparations, known as allergoids, and a large selection of allergens for diagnostic testing. The acquisition also provided for the acquisition of Allergopharmas Spanish and Chinese sales and distribution business.
- Price: EUR 70.220m (EUR 66.346m for the companies in Germany, Austria and Switzerland, EUR 2.029m for the Spanish sales and distribution business and EUR 1.845m for the Chinese sales and distribution business)
- Annualized estimated revenue contribution FY20: EUR 57.324m
- Annualized estimated EBITDA contribution FY20: EUR 6.485m

Acquisition of 24.9% equity interest in CORAT Therapeutics: 2021

- Description: The company holds patents for antibodies used to treat infectious disease in humans. Through the acquisition Dermapharm gains access to immunotherapies against COVID 19 and other infectious disease.
- Price: EUR 22.753m

Acquisition of Cernelle: 2021

- Consolidated 01.07.2021

- Description: Cernelle is specialised in researching, developing and manufacturing pharmaceuticals derived from high-quality pollen extracts to treat urinary tract symptoms. The acquisition expands Dermapharm's value chain while allowing the group to tap new distribution channels in Asia and Europe.
- Price: The preliminary purchase price for all the shares of Cernelle amounted to EUR 13.095m. Includes the assumption of a cash pooling receivable of EUR 1.354m of the former owner against the acquired company

- Annualized estimated revenue contribution FY21: EUR 7.131m
- Annualized estimated positive EBITDA contribution FY21: EUR 0.556m

Acquisition of Candoro ethics (formally C3-Group): 2022

- Consolidated 31.01.2022
- Description: The C3 Group, now Candoro ethics, develops, produces and distributes natural and synthetic cannabinoids. It is the market leader for Dronabinol in Germany and Austria, an active ingredient that is used for pain treatment and in palliative care and for oncology and neurology
- Price: EUR 94.884m
- Annualized estimated revenue contribution FY22: EUR 18.375m
- Annualized estimated positive EBITDA contribution FY22: EUR 1.134m

Acquisition of 15.18% of Wellster Healthtech Group increasing equity interest to 45%: 2022

- Description: Wellster is a German provider of all-in-one platforms in the field of digital health and combines telemedicine, medicinal therapies and digital therapies. The acquisition enables Dermapharm to gain a foothold in the market for telemedicine
- Dermapharm AG and Wellster Healthtech Group entered into an agreement on 27 October 2022 concerning the purchase of an additional 15.18% of shares in Wellster. Due to a preceding purchase of 29.82% of shares in 2021, Dermapharm thus holds a 45% equity interest in Wellster

Acquisition of Arkopharma: 2023

- Consolidated 05.01.2023
- Description: Arkopharma specializes in pyrotherapy and offers OTC herbal products and food supplements in France and other European countries. It is the market leader for natural OTC products and food supplements in France
- Price: a purchase price EUR 449.8m was paid and financial liabilities of EUR 216.5m were paid off
- Revenue contribution FY23: EUR 216.7m
- Positive EBITDA contribution FY 23, adjusted for effect of the purchase price adjustment: EUR 48.285m

Acquisition of 53.5% of Montavit: 2023

- Consolidated 01.07.2023
- Description: Located in Absam, Austria, Montavit engages in the research, development, and production of treatments in urology, gynaecology, allergology, and herbal remedies. Its core competencies include the production of sterile gels and coal tablets. In Austria, Montavit holds over 90% of the catheter gel market share with its product Catrhejell. In addition to its products, Montavit offers contract manufacturing services, leveraging expertise gained from a broad product portfolio and diverse facilities to ensure reliability and quality in developing and producing new products.

Montavit is highly internationalized, distributing its products in over 80 countries worldwide

- Price: initial purchase price was EUR 2.1m
- Annualized estimated revenue contribution FY23: EUR 32.032m
- Annualized estimated positive EBITDA contribution FY23: EUR 0.948m

## Peer Group

**EurimPharm Arzneimittel (parallel import business):** EurimPharm Arzneimittel GmbH operates in Germany's pharmaceutical industry, offering cost-effective alternatives to domestically available products. The company capitalizes on price differences within the EU to provide healthcare products at reduced costs. Its portfolio includes imported prescription pharmaceuticals, OTC medications, and specialized medical devices. EurimPharm has a broad reach, collaborating with nearly all of Germany's 18,000 pharmacies and pharmaceutical wholesalers.

**kohlpharma (parallel import business):** Kohl Medical AG, founded in 1992, is a leading German player in the pharmaceutical and healthcare sector. Through its subsidiary Kohlpharma, the company specializes in parallel import pharmaceuticals and the distribution of medical products. The AVIE pharmacy cooperation network, another subsidiary, offers tailored marketing concepts, strategic purchasing partnerships, and consulting services for independent pharmacies.

**Deutsche Pharma Holding:** Deutsche Pharma Holding GmbH is a German holding company with interests in the pharmaceutical industry. The private company is based in Munich, Germany and has subsidiaries in Germany and Peru.

**Orifarm Group (parallel import, medicine development, OTC sales, dietary supplements):** Orifarm Group is headquartered in Odense, Denmark. The company is a European leader in parallel imported pharmaceuticals and a supplier of affordable healthcare products. In its parallel import business, Orifarm capitalizes on price differences between European countries to supply pharmaceuticals at lower costs. The generics segment focuses on the development of generic medicines, offering affordable alternatives to branded products. Orifarm's consumer health division offers a wide range of OTC products and dietary supplements tailored to meet daily healthcare needs.

**GSK (Vaccines, general medicine and medicine development):** GSK (GlaxoSmithKline) is a UK biopharma company with a portfolio focusing on three core areas: vaccines, specialty medicines, and general medicines. GSK is a world leader in vaccine development and production, addressing diseases such as respiratory infections, meningitis, and shingles. The company aims to target high-burden diseases while advancing technologies such as mRNA. The specialty medicines segment involves the development of therapies in infectious diseases, HIV, oncology, and immunology (high R&D). GSK's general medicines portfolio includes key respiratory therapies and treatments for a range of chronic and acute conditions.

**Teva Pharmaceutical Industries (General, specialty pharma and OTC products):** Teva Pharmaceutical Industries Ltd is a global leader in generic and specialty medicines, headquartered in Tel Aviv, Israel. Its diverse portfolio focuses on generic medicines, specialty pharmaceuticals OTC products. Teva is one of the largest providers of generic

drugs worldwide, offering a range of treatments, including in cardiovascular, central nervous system, respiratory, and oncology. Teva also develops innovative specialty treatments for complex and chronic conditions. Key focus areas include neurology, immunology, respiratory diseases, and oncology. Notable products include therapies for multiple sclerosis, migraine prevention, and asthma/COPD management. Lastly, Teva also offers a variety of OTC products, addressing common health concerns such as pain relief, cold and flu symptoms, and allergies. In-house: the company operates state-of-the-art production facilities globally, ensuring quality and efficiency across its supply chain.

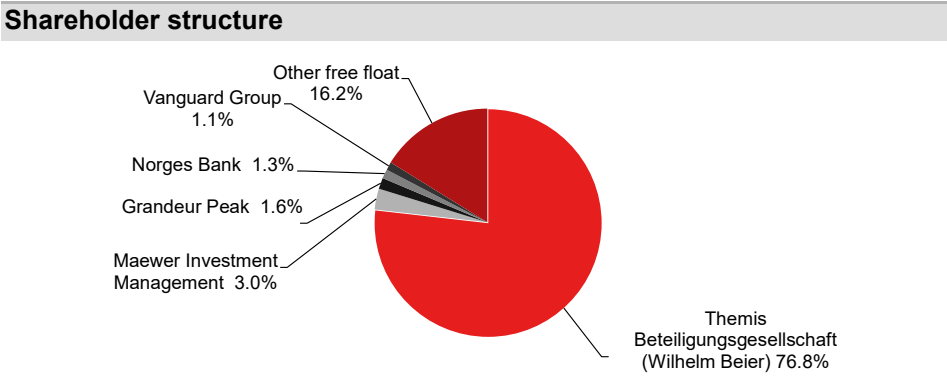
**Maria Clementine Martin Klosterfrau (OTC pharmaceuticals development and sales, healthcare products, supplements):** Maria Clementine Martin Klosterfrau Vertriebsgesellschaft mbH was founded in 1826 and is based in Cologne, Germany. It is one of the leading developers, manufacturers, and suppliers of OTC pharmaceuticals, healthcare products, and dietary supplements in Germany and France. Klosterfrau's portfolio includes a wide range of OTC medicines for cold and flu, respiratory health, digestive health, and pain relief, as well as dietary supplements and herbal remedies. Klosterfrau Healthcare Group operates multiple well-known brands, including Taxofit (nutritional supplements), Contramutan (cold and flu remedies), and Neo-angin (sore throat). The group emphasizes the development of herbal-based solutions and natural therapies alongside scientifically advanced formulations. The company distributes its products in over 50 countries, with a strong focus on European markets. In-house: state-of-the-art research and production facilities.

**STADA:** STADA is a global generic medicine manufacturer with long-standing heritage in the healthcare sector. Their portfolio includes prescription and OTC consumer healthcare products, generics and specialty pharmaceuticals, with a particular emphasis on consumer healthcare. The company offers a wide range of products in therapeutic areas such as dermatology, cardiology, and pain management. STADA is committed to innovation and sustainability, is continuously expanding its global presence and striving to make healthcare accessible to more people worldwide.

**Novartis:** Novartis is a leading global pharmaceutical company, in prescription medications across many therapeutic areas, including oncology, cardiology, and neurology. Their portfolio includes well-known drugs like Gleevec, Voltaren, and Tegretol.

Shareholder structure

Dermapharm’s ownership structure reflects high insider ownership, as the founder and supervisory board chairman, Wilhelm Beier, is the main shareholder. Institutional investors hold 15.65% of the company, with the top 10 institutions collectively owning 11.17%. The largest institutional shareholder is Maewer Investment Management, a Canadian investment firm.



Source: Company data, Warburg Research

## Management board



### **Dr. Hans-Georg Feldmeier, Chief Executive Officer**

Dr. Hans-Georg Feldmeier was appointed CEO of Dermapharm Holding SE in 2009. He also holds the position of Chief Production and Development Officer. Initially, Dr. Feldmeier joined the Group in 2003 to oversee the development of its production facility in Sandersdorf-Brehna. He began his career at Berlin-Chemie AG in 1987, where he played a key role in the modernization of the company after the reunification of Germany. Before joining Dermapharm, he also held the position of Supply Center Head at Schering AG



### **Christof Dreibholz: Chief Financial and Compliance Officer**

Christof Dreibholz was appointed Chief Financial Officer and Chief Compliance Officer at Dermapharm Holding SE since 2022. He is a qualified auditor and tax advisor with extensive professional certifications in auditing and tax consulting. Before joining Dermapharm, he began his career at Deloitte in 2002 and worked as a partner from 2008-2022, leading financial due diligence projects and advising transactions.



### **Dr. Andreas Eberhorn: Chief Marketing Officer**

Dr. Andreas Eberhorn became Chief Marketing Officer at Dermapharm in 2022. He holds a doctorate in biology and has extensive experience in the pharmaceutical industry. Before joining Dermapharm, he was a board member at Hexal AG from 2014 to 2018 and was responsible for the specialty business segment. From 2018 to 2022 he was Country Head of Austria and Head of Retail Cluster II (Rx & OTC) for Europe at Sandoz, leading market strategies and managing regional retail strategies across Europe.



## Supervisory board

### **Wilhelm Beier: Chairman of the Supervisory Board**

Wilhelm Beier founded Dermapharm in 1991 and served as the CEO of Dermapharm AG. In 2017, he was appointed Chairman of the Supervisory Board. Wilhelm Beier and his and his family hold the majority of Dermapharm's shares through Themis Beteiligungs AG.

### **Lothar Maximilian Lanz: Member of the Supervisory Board**

Lothar Maximilian Lanz was appointed to the supervisory board of Dermapharm Holding SE in 2018. Before his appointment, he joined Bayerische Hypotheken- und Wechselbank in 1977 and served as branch manager from 1983 to 1990. In 1991, he became a member of the board at H.S.B. HYPO Service-Bank. Later, he joined Nassauische Sparkasse in 1996 as a board member. From 1996 to 2008 he served as CFO at ProSieben Media after which he became CFO and COO at Axel Springer from 2009 to 2014. He also held the position of board member at Axel Springer and was Chairman of Zalando until 2019. Today, Mr. Lanz also serves as Chairman of the Supervisory Board of Home24 and SMG Swiss Marketplace Group and is also a Member of the Boards of TAG Immobilien and Bauwert.

### **Dr. Erwin Kern**

Dr. Erwin Kern was appointed to the supervisory board of Dermapharm Holding SE in 2017. He holds a PhD in Economics from Paderborn University and began his career in 1986 as Managing Director of HBK.Handel und Beteiligungen Kern. Before joining Dermapharm, Mr. Kern held executive positions at Kies und Beton Baden-Baden, where he has been Chairman of the Management Board since 2007. Since 2003, Dr. Kern has been President of the German Concrete Industry Association (BTB) and previously held leadership roles in Construction Products Europe (CPE) from 2008 to 2013.

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e	
Sales	1,181.9	1,234.0	1,276.9	1,321.3	1,367.3	1,414.8	1,464.0	1,514.9	1,567.6	1,622.1	1,678.5	1,736.9	1,771.6	2.0 %
Sales change	0.1 %	4.4 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	2.0 %	
EBIT	227.6	246.0	261.4	270.5	279.9	289.7	299.7	310.2	320.9	332.1	343.6	355.6	362.7	20.5 %
EBIT-margin	19.3 %	19.9 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	20.5 %	
Tax rate (EBT)	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	234
NOPAT	147.9	159.9	169.9	175.8	181.9	188.3	194.8	201.6	208.6	215.9	223.4	231.1	235.8	
Depreciation	94.6	98.7	102.2	105.7	109.4	113.2	117.1	121.2	125.4	129.8	134.3	138.9	141.7	44.90 %
in % of Sales	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	
Changes in provisions	0.0	0.0	0.0	4.2	4.3	4.5	4.6	4.8	4.9	5.1	5.3	5.5	3.3	234
Change in Liquidity from														
- Working Capital	-5.7	11.1	12.4	12.8	13.2	13.7	14.2	14.6	15.2	15.7	16.2	16.8	10.0	234
- Capex	47.3	49.4	51.1	52.9	54.7	56.6	58.6	75.7	94.1	113.5	134.3	138.9	141.7	
Capex in % of Sales	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	5.0 %	6.0 %	7.0 %	8.0 %	8.0 %	8.0 %	234
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	200.9	198.2	208.6	220.1	227.7	235.6	243.8	237.2	229.7	221.5	212.4	219.8	229.0	234
PV of FCF	193.3	176.4	171.9	167.8	160.7	153.9	147.4	132.7	119.0	106.2	94.2	90.3	87.0	
share of PVs	16.57 %			38.53 %										44.90 %

### Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	35.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.20
Market return	8.25 %	Cyclicality	1.20
Risk free rate	2.75 %	Transparency	1.50
		Others	1.50
<b>WACC</b>	<b>8.05 %</b>	<b>Beta</b>	<b>1.34</b>

### Valuation (m)

Present values 2037e	1,801		
Terminal Value	1,468		
Financial liabilities	1,054		
Pension liabilities	120		
Hybrid capital	0		
Minority interest	4		
Market val. of investments	0		
Liquidity	121	No. of shares (m)	53.8
<b>Equity Value</b>	<b>2,213</b>	<b>Value per share (EUR)</b>	<b>41.10</b>

### Sensitivity Value per Share (EUR)

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.62	9.0 %	31.02	31.65	32.31	33.03	33.79	34.62	35.51	1.62	9.0 %	29.46	30.65	31.84	33.03	34.22	35.41	36.60
1.48	8.5 %	34.31	35.07	35.88	36.76	37.70	38.72	39.83	1.48	8.5 %	32.91	34.19	35.48	36.76	38.04	39.32	40.60
1.41	8.3 %	36.13	36.97	37.87	38.84	39.89	41.03	42.28	1.41	8.3 %	34.84	36.18	37.51	38.84	40.17	41.51	42.84
1.34	8.0 %	38.09	39.01	40.01	41.10	42.27	43.55	44.95	1.34	8.0 %	36.93	38.32	39.71	41.10	42.48	43.87	45.26
1.27	7.8 %	40.19	41.22	42.33	43.54	44.86	46.30	47.89	1.27	7.8 %	39.20	40.65	42.09	43.54	44.99	46.44	47.89
1.20	7.5 %	42.46	43.60	44.85	46.21	47.69	49.33	51.13	1.20	7.5 %	41.67	43.18	44.69	46.21	47.72	49.23	50.75
1.06	7.0 %	47.58	49.01	50.59	52.32	54.23	56.35	58.72	1.06	7.0 %	47.33	48.99	50.66	52.32	53.99	55.65	57.32

■ ...

Valuation	2021	2022	2023	2024	2025e	2026e	2027e
Price / Book	7.8 x	5.2 x	4.2 x	3.2 x	3.0 x	2.6 x	2.4 x
Book value per share ex intangibles	-1.16	-0.83	-10.85	-8.99	-8.19	-7.18	-6.07
EV / Sales	4.7 x	3.2 x	3.0 x	2.5 x	2.5 x	2.3 x	2.1 x
EV / EBITDA	12.6 x	9.5 x	11.7 x	9.7 x	9.1 x	8.1 x	7.4 x
EV / EBIT	15.0 x	13.5 x	18.5 x	13.7 x	12.8 x	11.4 x	10.2 x
EV / EBIT adj.*	15.0 x	13.5 x	18.5 x	13.7 x	12.8 x	11.4 x	10.2 x
P / FCF	20.5 x	11.1 x	12.6 x	11.7 x	11.8 x	11.7 x	10.9 x
P / E	17.4 x	18.6 x	39.6 x	17.3 x	17.2 x	15.2 x	13.8 x
P / E adj.*	17.4 x	18.6 x	39.6 x	17.3 x	17.2 x	15.2 x	13.8 x
Dividend Yield	3.0 %	2.0 %	2.1 %	2.5 %	2.6 %	3.0 %	3.3 %
FCF Potential Yield (on market EV)	6.0 %	8.0 %	7.2 %	8.4 %	8.9 %	9.8 %	10.7 %
*Adjustments made for: -							

## Consolidated profit & loss

In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
<b>Sales</b>	<b>942.9</b>	<b>1,024.8</b>	<b>1,135.4</b>	<b>1,180.8</b>	<b>1,181.9</b>	<b>1,234.0</b>	<b>1,276.9</b>
Change Sales yoy	18.8 %	8.7 %	10.8 %	4.0 %	0.1 %	4.4 %	3.5 %
Increase / decrease in inventory	-5.3	-6.0	3.8	6.5	6.5	6.5	6.5
Own work capitalised	16.7	15.5	15.0	13.9	13.9	13.9	13.9
<b>Total Sales</b>	<b>954.3</b>	<b>1,034.3</b>	<b>1,154.1</b>	<b>1,201.2</b>	<b>1,202.3</b>	<b>1,254.4</b>	<b>1,297.3</b>
Material expenses	333.6	373.5	434.9	434.1	430.0	444.4	456.2
<b>Gross profit</b>	<b>620.7</b>	<b>660.8</b>	<b>719.2</b>	<b>767.1</b>	<b>772.3</b>	<b>810.0</b>	<b>841.1</b>
<b>Gross profit margin</b>	<b>65.8 %</b>	<b>64.5 %</b>	<b>63.3 %</b>	<b>65.0 %</b>	<b>65.3 %</b>	<b>65.6 %</b>	<b>65.9 %</b>
Personnel expenses	164.7	184.1	264.5	279.8	277.2	286.5	294.0
Other operating income	27.2	20.1	43.5	30.6	30.6	30.6	30.6
Other operating expenses	129.1	152.0	210.7	210.5	203.6	209.4	214.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA adj.</b>	<b>354.1</b>	<b>372.1</b>	<b>317.4</b>	<b>314.0</b>	<b>329.1</b>	<b>351.7</b>	<b>370.6</b>
<b>Margin</b>	<b>37.6 %</b>	<b>36.3 %</b>	<b>28.0 %</b>	<b>26.6 %</b>	<b>27.8 %</b>	<b>28.5 %</b>	<b>29.0 %</b>
Depreciation of fixed assets	55.6	101.2	104.6	90.5	94.6	98.7	102.2
<b>EBITA</b>	<b>298.5</b>	<b>243.7</b>	<b>182.9</b>	<b>216.9</b>	<b>227.6</b>	<b>246.0</b>	<b>261.4</b>
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>298.5</b>	<b>243.7</b>	<b>182.9</b>	<b>216.9</b>	<b>227.6</b>	<b>246.0</b>	<b>261.4</b>
<b>Margin</b>	<b>31.7 %</b>	<b>23.8 %</b>	<b>16.1 %</b>	<b>18.4 %</b>	<b>19.3 %</b>	<b>19.9 %</b>	<b>20.5 %</b>
<b>EBIT adj.</b>	<b>298.5</b>	<b>243.7</b>	<b>182.9</b>	<b>216.9</b>	<b>227.6</b>	<b>246.0</b>	<b>261.4</b>
Interest income	4.2	0.7	3.2	16.9	5.0	5.0	5.0
Interest expenses	10.0	14.5	73.0	63.4	55.0	50.0	45.0
Other financial income (loss)	0.3	-13.5	-7.2	1.5	0.0	0.0	0.0
<b>EBT</b>	<b>293.0</b>	<b>216.3</b>	<b>106.0</b>	<b>172.0</b>	<b>177.6</b>	<b>201.0</b>	<b>221.4</b>
<b>Margin</b>	<b>31.1 %</b>	<b>21.1 %</b>	<b>9.3 %</b>	<b>14.6 %</b>	<b>15.0 %</b>	<b>16.3 %</b>	<b>17.3 %</b>
Total taxes	84.1	83.7	45.5	60.3	62.2	70.4	77.5
<b>Net income from continuing operations</b>	<b>208.9</b>	<b>132.6</b>	<b>60.5</b>	<b>111.7</b>	<b>115.4</b>	<b>130.7</b>	<b>143.9</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>223.4</b>	<b>149.5</b>	<b>56.3</b>	<b>111.0</b>	<b>115.4</b>	<b>130.7</b>	<b>143.9</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>223.4</b>	<b>149.5</b>	<b>56.3</b>	<b>111.0</b>	<b>115.4</b>	<b>130.7</b>	<b>143.9</b>
<b>Margin</b>	<b>23.7 %</b>	<b>14.6 %</b>	<b>5.0 %</b>	<b>9.4 %</b>	<b>9.8 %</b>	<b>10.6 %</b>	<b>11.3 %</b>
Number of shares, average	53.8	53.8	53.8	53.8	53.8	53.8	53.8
<b>EPS</b>	<b>4.15</b>	<b>2.78</b>	<b>1.05</b>	<b>2.06</b>	<b>2.14</b>	<b>2.43</b>	<b>2.67</b>
EPS adj.	4.15	2.78	1.05	2.06	2.14	2.43	2.67

\*Adjustments made for:

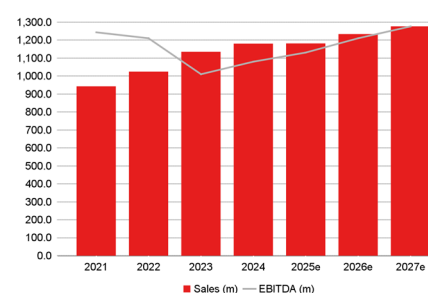
**Guidance: Sales EUR 1.16bn - 1.2bn; adj. EBITDA EUR 322-332m**

## Financial Ratios

	2021	2022	2023	2024	2025e	2026e	2027e
Total Operating Costs / Sales	63.7 %	67.3 %	76.3 %	75.7 %	74.5 %	73.7 %	73.1 %
Operating Leverage	-3.3 x	-2.1 x	-2.3 x	4.7 x	51.9 x	1.8 x	1.8 x
EBITDA / Interest expenses	35.3 x	23.7 x	3.9 x	4.8 x	5.9 x	6.9 x	8.1 x
Tax rate (EBT)	28.7 %	38.7 %	42.9 %	35.0 %	35.0 %	35.0 %	35.0 %
Dividend Payout Ratio	55.9 %	42.6 %	78.3 %	43.4 %	44.8 %	44.9 %	44.9 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

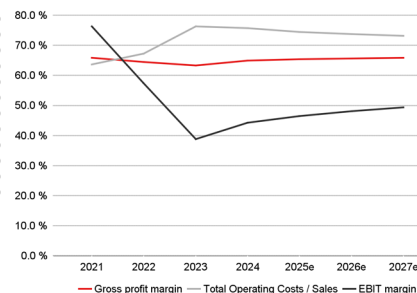
### Sales, EBITDA

in EUR m

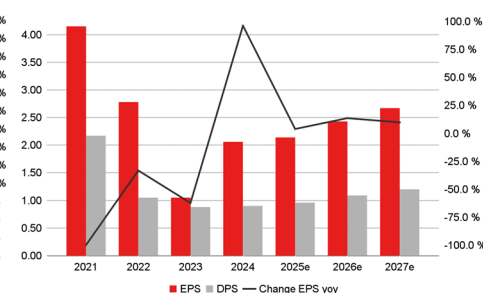


### Operating Performance

in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

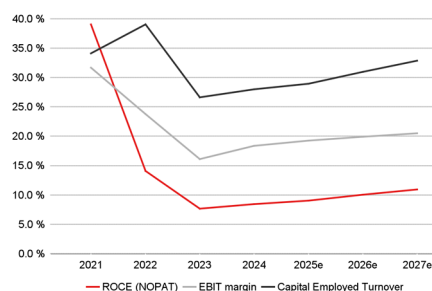
## Consolidated balance sheet

In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
<b>Assets</b>							
Goodwill and other intangible assets	559.6	576.4	1,123.4	1,088.7	1,112.3	1,137.0	1,162.6
thereof other intangible assets	294.8	305.0	544.9	512.3	536.0	560.6	586.2
thereof Goodwill	264.7	271.3	578.5	576.4	576.4	576.4	576.4
Property, plant and equipment	222.3	225.7	330.8	315.0	244.1	170.1	93.5
Financial assets	54.2	35.4	23.6	20.7	20.7	20.7	20.7
Other long-term assets	51.7	41.5	52.4	62.1	62.1	62.1	62.1
<b>Fixed assets</b>	<b>887.7</b>	<b>878.9</b>	<b>1,530.2</b>	<b>1,486.5</b>	<b>1,439.2</b>	<b>1,389.9</b>	<b>1,338.8</b>
Inventories	243.6	255.7	320.8	343.4	337.7	352.6	364.8
Accounts receivable	72.5	96.7	90.9	100.9	101.0	101.4	105.0
Liquid assets	161.4	151.0	158.7	121.3	141.3	158.5	182.4
Other short-term assets	41.7	30.5	60.1	27.9	27.9	27.9	27.9
<b>Current assets</b>	<b>519.2</b>	<b>533.9</b>	<b>630.5</b>	<b>593.5</b>	<b>607.9</b>	<b>640.4</b>	<b>680.1</b>
<b>Total Assets</b>	<b>1,407.0</b>	<b>1,412.8</b>	<b>2,160.7</b>	<b>2,080.0</b>	<b>2,047.1</b>	<b>2,030.3</b>	<b>2,018.9</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	53.8	53.8	53.8	53.8	53.8	53.8	53.8
Capital reserve	100.8	100.8	100.8	100.8	100.8	100.8	100.8
Retained earnings	338.0	355.4	367.2	433.2	500.2	579.1	664.4
Other equity components	4.7	21.6	17.4	16.6	16.6	16.6	16.6
Shareholders' equity	497.3	531.6	539.2	604.4	671.4	750.4	835.6
Minority interest	2.5	0.9	5.8	3.9	3.9	3.9	3.9
<b>Total equity</b>	<b>499.8</b>	<b>532.5</b>	<b>545.0</b>	<b>608.3</b>	<b>675.3</b>	<b>754.2</b>	<b>839.5</b>
Provisions	232.4	261.1	338.7	313.6	313.6	313.6	313.6
thereof provisions for pensions and similar obligations	128.9	89.3	117.2	119.6	119.6	119.6	119.6
Financial liabilities (total)	622.6	563.2	1,177.0	1,054.0	954.0	854.0	754.0
Short-term financial liabilities	6.4	7.2	118.2	91.7	91.7	91.7	91.7
Accounts payable	52.1	56.1	86.6	94.8	94.9	99.1	102.5
Other liabilities	0.0	0.0	13.2	9.4	9.4	9.4	9.4
<b>Liabilities</b>	<b>907.1</b>	<b>880.3</b>	<b>1,615.6</b>	<b>1,471.7</b>	<b>1,371.8</b>	<b>1,276.0</b>	<b>1,179.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,407.0</b>	<b>1,412.8</b>	<b>2,160.7</b>	<b>2,080.0</b>	<b>2,047.1</b>	<b>2,030.3</b>	<b>2,018.9</b>

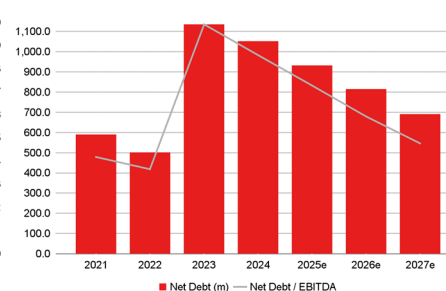
## Financial Ratios

	2021	2022	2023	2024	2025e	2026e	2027e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	1.9 x	2.0 x	1.7 x	1.8 x	2.0 x	2.4 x	2.8 x
Capital Employed Turnover	0.9 x	1.0 x	0.7 x	0.7 x	0.7 x	0.8 x	0.8 x
ROA	25.2 %	17.0 %	3.7 %	7.5 %	8.0 %	9.4 %	10.8 %
<b>Return on Capital</b>							
ROCE (NOPAT)	39.1 %	14.1 %	7.7 %	8.4 %	9.1 %	10.1 %	11.0 %
ROE	89.8 %	29.1 %	10.5 %	19.4 %	18.1 %	18.4 %	18.1 %
Adj. ROE	89.8 %	29.1 %	10.5 %	19.4 %	18.1 %	18.4 %	18.1 %
<b>Balance sheet quality</b>							
Net Debt	590.1	501.4	1,135.5	1,052.3	932.4	815.1	691.2
Net Financial Debt	461.2	412.1	1,018.3	932.7	812.7	695.5	571.6
Net Gearing	118.1 %	94.2 %	208.3 %	173.0 %	138.1 %	108.1 %	82.3 %
Net Fin. Debt / EBITDA	130.3 %	119.5 %	354.2 %	303.4 %	252.3 %	201.7 %	157.2 %
Book Value / Share	9.2	9.9	10.0	11.2	12.5	13.9	15.5
Book value per share ex intangibles	-1.2	-0.8	-10.9	-9.0	-8.2	-7.2	-6.1

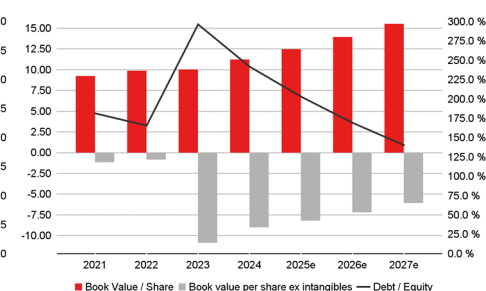
### ROCE Development



### Net debt in EUR m



### Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

## Consolidated cash flow statement

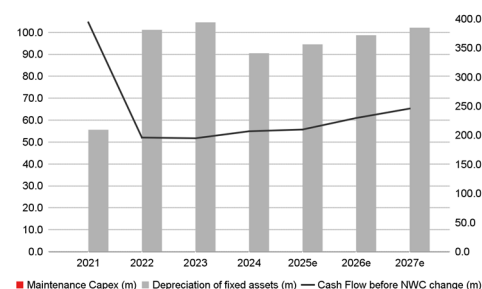
In EUR m	2021	2022	2023	2024	2025e	2026e	2027e
Net income	209.6	134.2	62.4	113.8	115.4	130.7	143.9
Depreciation of fixed assets	55.6	101.2	104.6	90.5	94.6	98.7	102.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	128.9	-39.6	27.9	2.4	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>394.1</b>	<b>195.8</b>	<b>194.9</b>	<b>206.7</b>	<b>210.0</b>	<b>229.4</b>	<b>246.1</b>
Increase / decrease in inventory	-243.6	-12.1	-65.0	-22.6	5.7	-14.9	-12.2
Increase / decrease in accounts receivable	-72.5	-24.2	5.8	-10.0	-0.1	-0.4	-3.6
Increase / decrease in accounts payable	52.1	4.0	30.5	8.1	0.1	4.2	3.4
Increase / decrease in other working capital positions	120.4	125.0	53.2	19.2	0.0	0.0	0.0
Increase / decrease in working capital (total)	-143.6	92.7	24.5	-5.2	5.7	-11.1	-12.4
<b>Net cash provided by operating activities [1]</b>	<b>250.4</b>	<b>288.5</b>	<b>219.4</b>	<b>201.4</b>	<b>215.7</b>	<b>218.3</b>	<b>233.7</b>
Investments in intangible assets	-30.6	-19.5	-20.9	-19.1	-23.6	-24.7	-25.5
Investments in property, plant and equipment	-30.6	-19.5	-20.9	-19.1	-23.6	-24.7	-25.5
Payments for acquisitions	-12.5	-69.8	-389.4	0.0	0.0	0.0	0.0
Financial investments	-48.3	-6.1	0.0	-0.4	0.0	0.0	0.0
Income from asset disposals	-7.3	15.9	15.9	9.0	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-129.3</b>	<b>-99.0</b>	<b>-415.4</b>	<b>-29.6</b>	<b>-47.3</b>	<b>-49.4</b>	<b>-51.1</b>
Change in financial liabilities	-21.5	-67.0	300.8	-101.4	-100.0	-100.0	-100.0
Dividends paid	-47.4	-116.8	-56.5	-47.4	-48.5	-51.7	-58.7
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-12.1	-16.0	-39.8	-60.4	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>-81.0</b>	<b>-199.8</b>	<b>204.5</b>	<b>-209.2</b>	<b>-148.5</b>	<b>-151.7</b>	<b>-158.7</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>40.2</b>	<b>-10.3</b>	<b>8.5</b>	<b>-37.4</b>	<b>19.9</b>	<b>17.2</b>	<b>23.9</b>
Effects of exchange-rate changes on cash	0.9	0.0	-0.8	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	161.4	151.1	158.7	121.3	141.3	158.5	182.4

## Financial Ratios

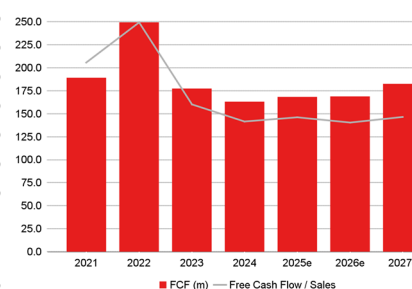
	2021	2022	2023	2024	2025e	2026e	2027e
<b>Cash Flow</b>							
FCF	189.2	249.5	177.5	163.2	168.4	168.9	182.6
Free Cash Flow / Sales	20.1 %	24.3 %	15.6 %	13.8 %	14.2 %	13.7 %	14.3 %
Free Cash Flow Potential	270.7	262.8	243.9	249.2	260.0	274.4	286.1
Free Cash Flow / Net Profit	84.7 %	166.9 %	315.4 %	147.1 %	145.9 %	129.3 %	126.9 %
Interest Received / Avg. Cash	5.2 %	0.4 %	2.1 %	12.1 %	3.8 %	3.3 %	2.9 %
Interest Paid / Avg. Debt	3.2 %	2.5 %	8.4 %	5.7 %	5.5 %	5.5 %	5.6 %
<b>Management of Funds</b>							
Investment ratio	6.5 %	3.8 %	3.7 %	3.2 %	4.0 %	4.0 %	4.0 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	110.1 %	38.6 %	40.0 %	42.3 %	50.0 %	50.0 %	50.0 %
Avg. Working Capital / Sales	14.0 %	27.3 %	27.4 %	28.6 %	29.3 %	28.3 %	28.3 %
Trade Debtors / Trade Creditors	139.2 %	172.4 %	105.0 %	106.5 %	106.4 %	102.3 %	102.4 %
Inventory Turnover	1.4 x	1.5 x	1.4 x	1.3 x	1.3 x	1.3 x	1.3 x
Receivables collection period (days)	28	34	29	31	31	30	30
Payables payment period (days)	57	55	73	80	81	81	82
Cash conversion cycle (Days)	238	230	226	240	237	238	240

## CAPEX and Cash Flow

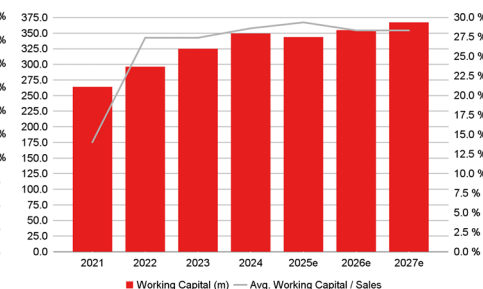
in EUR m



## Free Cash Flow Generation



## Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Dermapharm Holding	4	<a href="https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A2GS5D8.htm">https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A2GS5D8.htm</a>



## INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

## WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

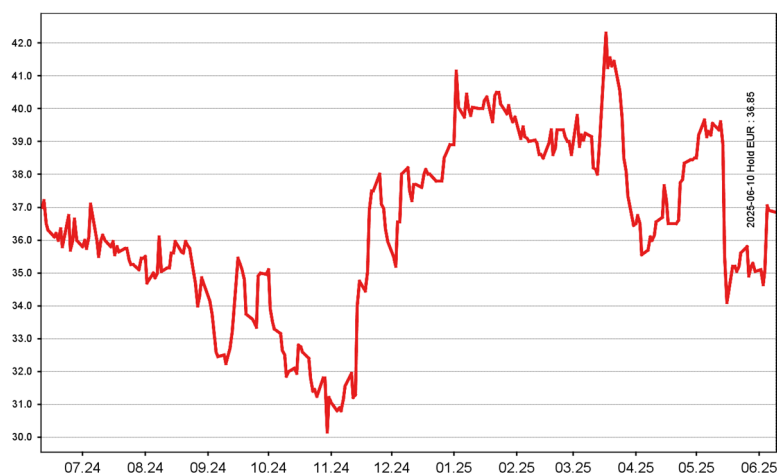
Rating	Number of stocks	% of Universe
Buy	141	71
Hold	48	24
Sell	6	3
Rating suspended	5	3
<b>Total</b>	<b>200</b>	<b>100</b>

## WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	36	72
Hold	10	20
Sell	1	2
Rating suspended	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

## PRICE AND RATING HISTORY DERMAPHARM HOLDING AS OF 10.06.2025



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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