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Zur Rose Group

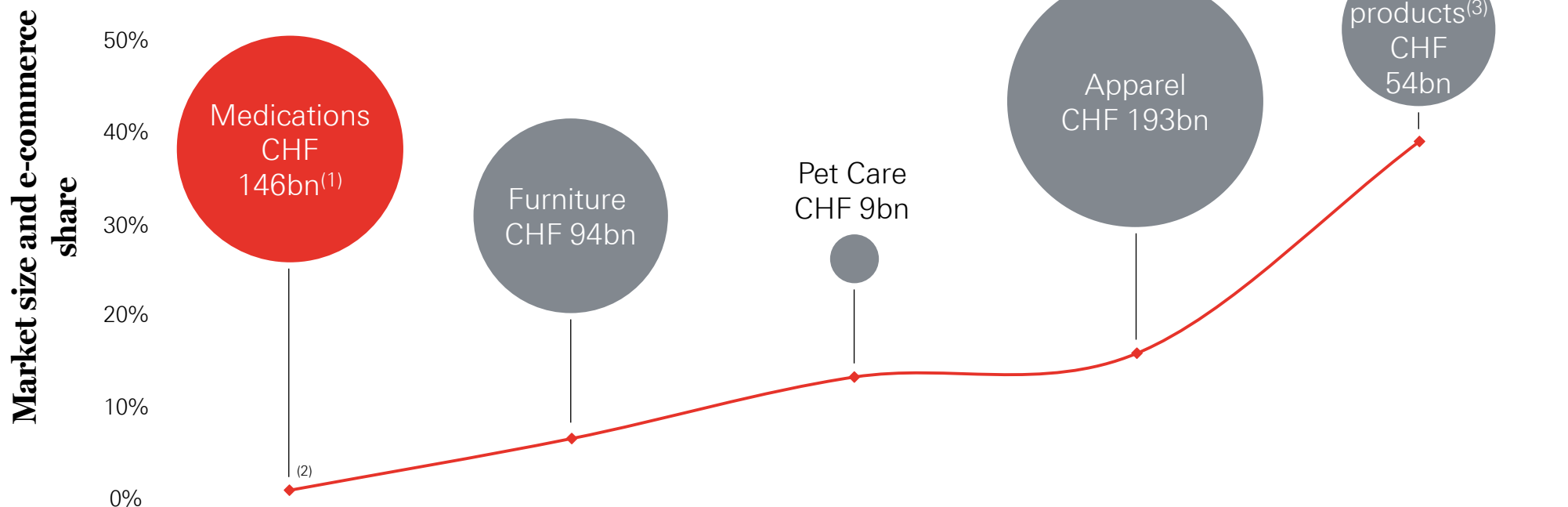
The Game Changer — E-Commerce Pharmacy

September 2017

The Game Changer – E-Commerce Pharmacy

Large addressable market ripe for digital disruption

Key
online
players



Key
offline
players



Sources: Euromonitor, Market sizes for 2016, includes CH, DE, ES, FR, IT, UK

Notes: 1 medications include Rx and OTC & BPC, 2015, excl. VAT, 2015 CHF/EUR = 0.92346 | 2 Online penetration for Rx in Germany | 3 Media products include music, films and books

Pharmacy Ripe for Disruption

ECJ taking out bricks in the wall, which seal pharmacy off competition

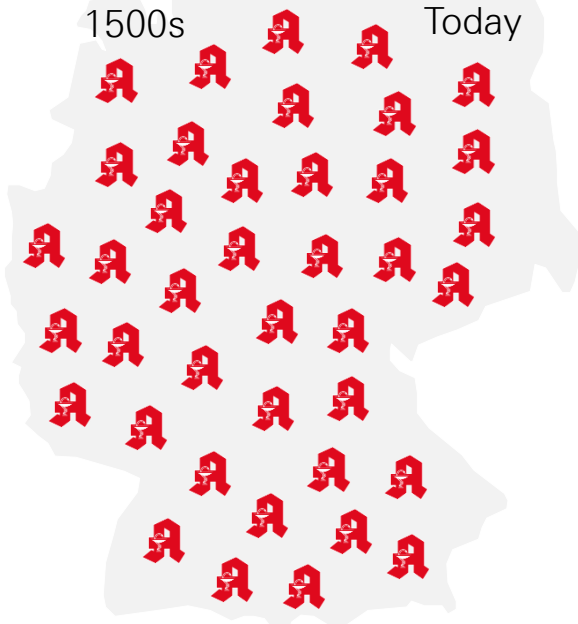
Pharmacists have benefited from an unchanged retail model for 500 years...



1500s



Today



...and now a window of opportunity for disruption has opened



2003

ECJ **allows** EU-wide **OTC medication** delivery via **mail-order**

OTC mail-order
all over Europe



2009

ECJ continues to **allow prohibition of foreign ownership** for pharmacies ruled by German government

Fragmented
market



October
2016

ECJ rules that **foreign** pharmacies in the EU are **not bound** to local **fixed price systems**

Competition
from abroad

DocMorris

Optimal setup and timing to further disrupt
the fragmented brick and mortar market

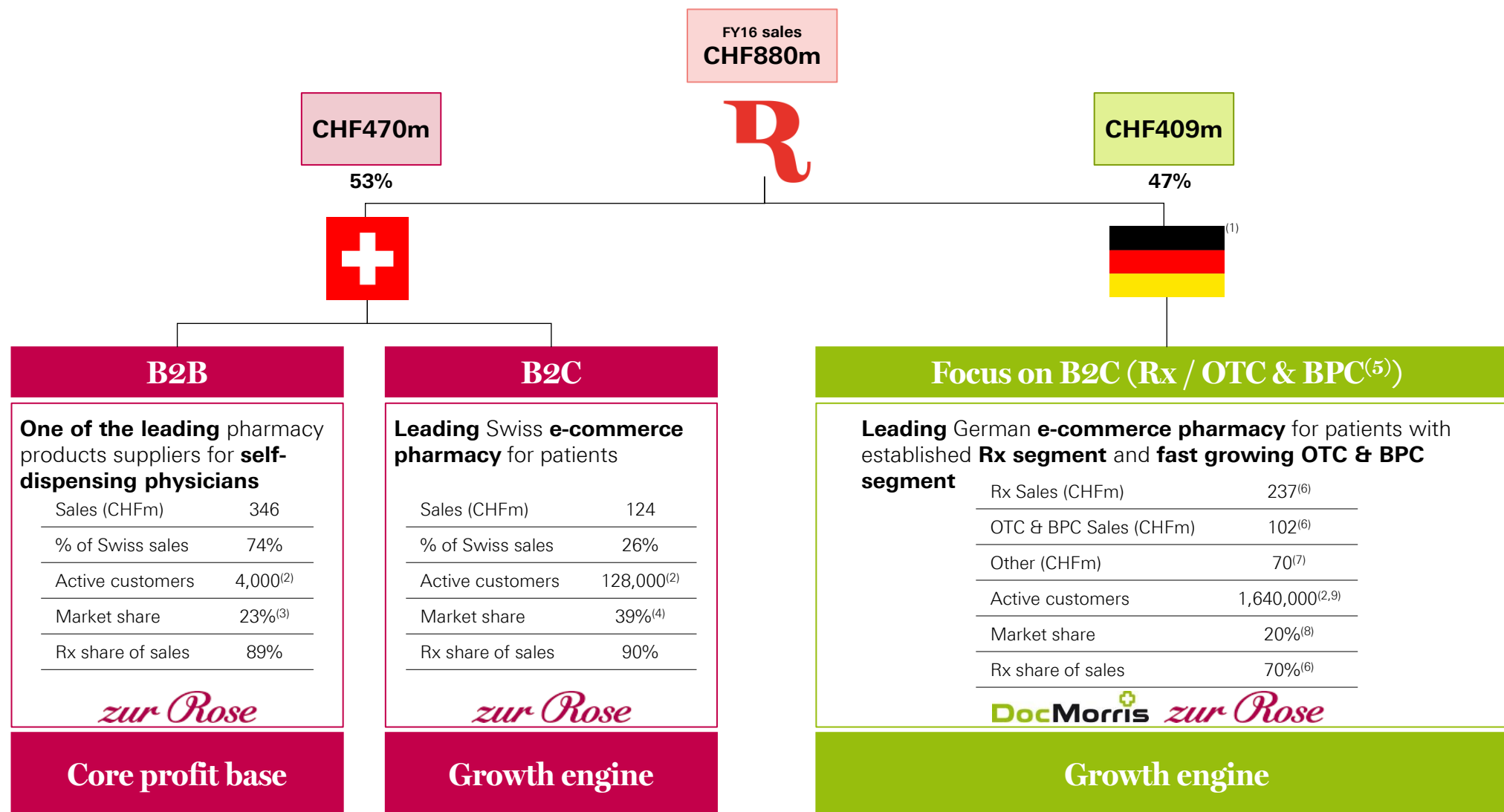
Business Model

Generating savings and allocating these to different stakeholders



Zur Rose Group at a Glance

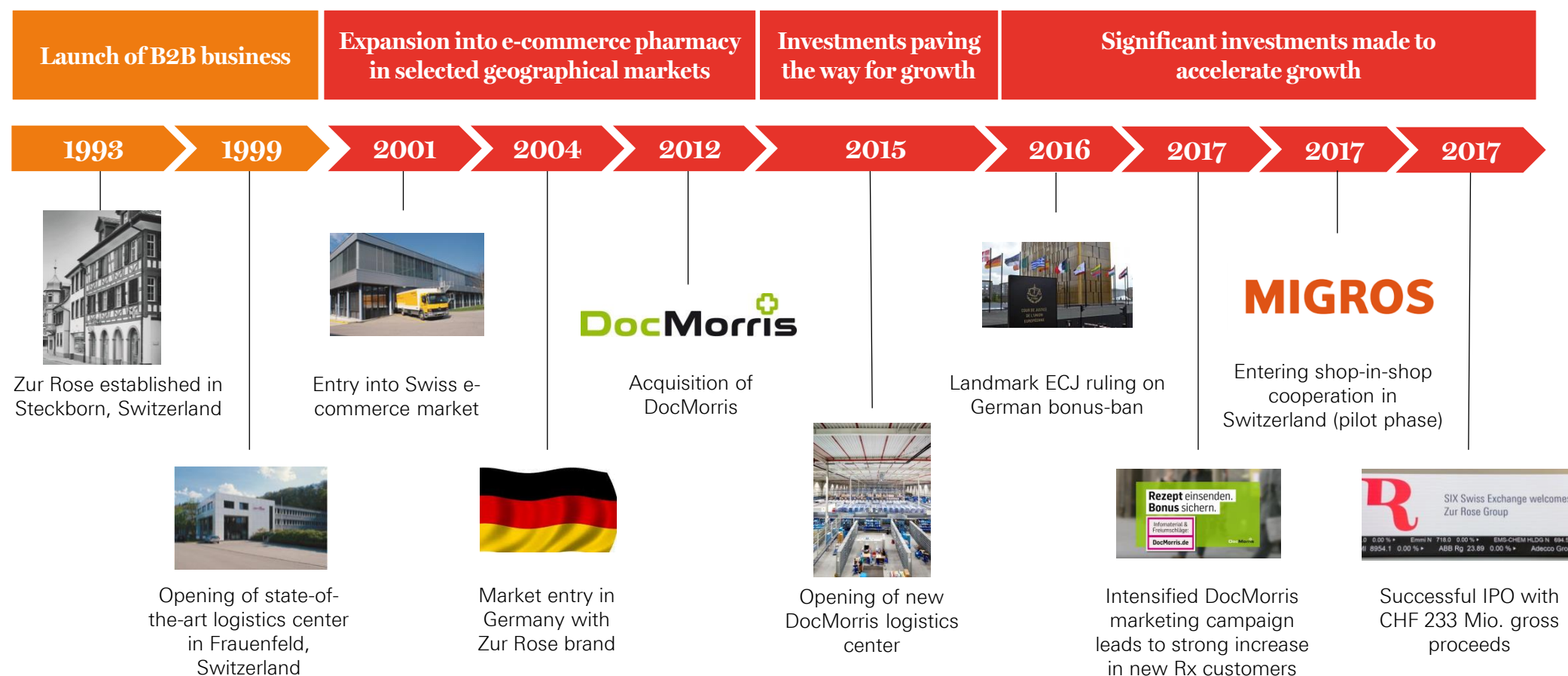
Leading e-commerce pharmacy in Europe



Notes: **1** Includes Austria exposure | **2** Active customers are defined as individual customers who have placed at least one order in the preceding 12 months | **3** Of the physician supply market; source: IMS Health | **4** Of the e-commerce pharmacy market; source: IMS Health | **5** Beauty and Personal care | **6** DocMorris N.V. only | **7** Referring to Zur Rose Germany and wholesale sales | **8** Based on Sempora estimates of German e-commerce Rx and non-Rx market in 2016; sales exclude wholesale sales | **9** Includes end customers of Zur Rose Germany of 240,000 (end customers are defined as beneficiaries of Zur Rose services) | All numbers relate to 2016

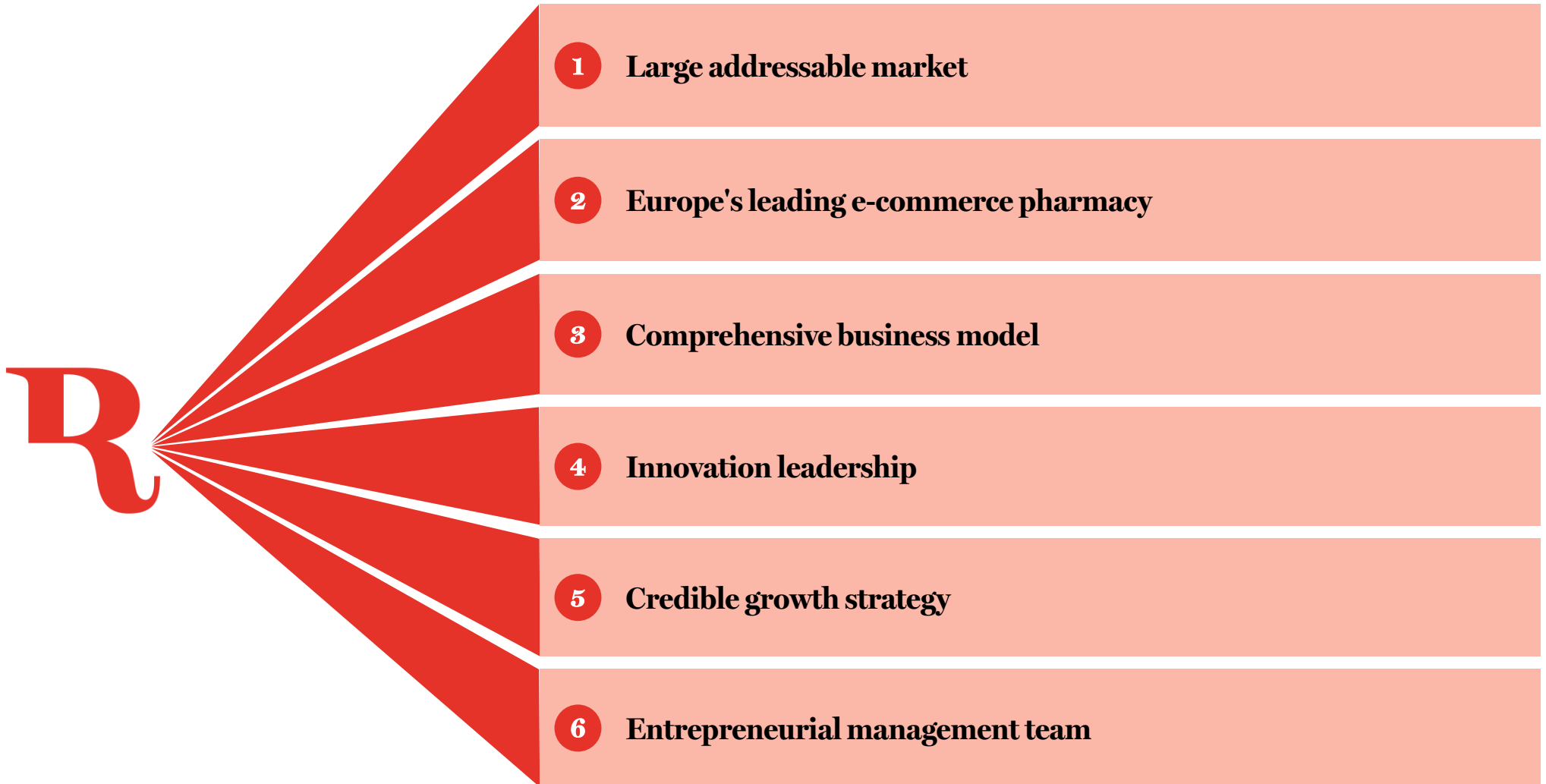
Milestones

Proven track record of disrupting the medication supply business



Highlights

Perfectly positioned to capitalise on rapidly growing e-commerce pharmacy market

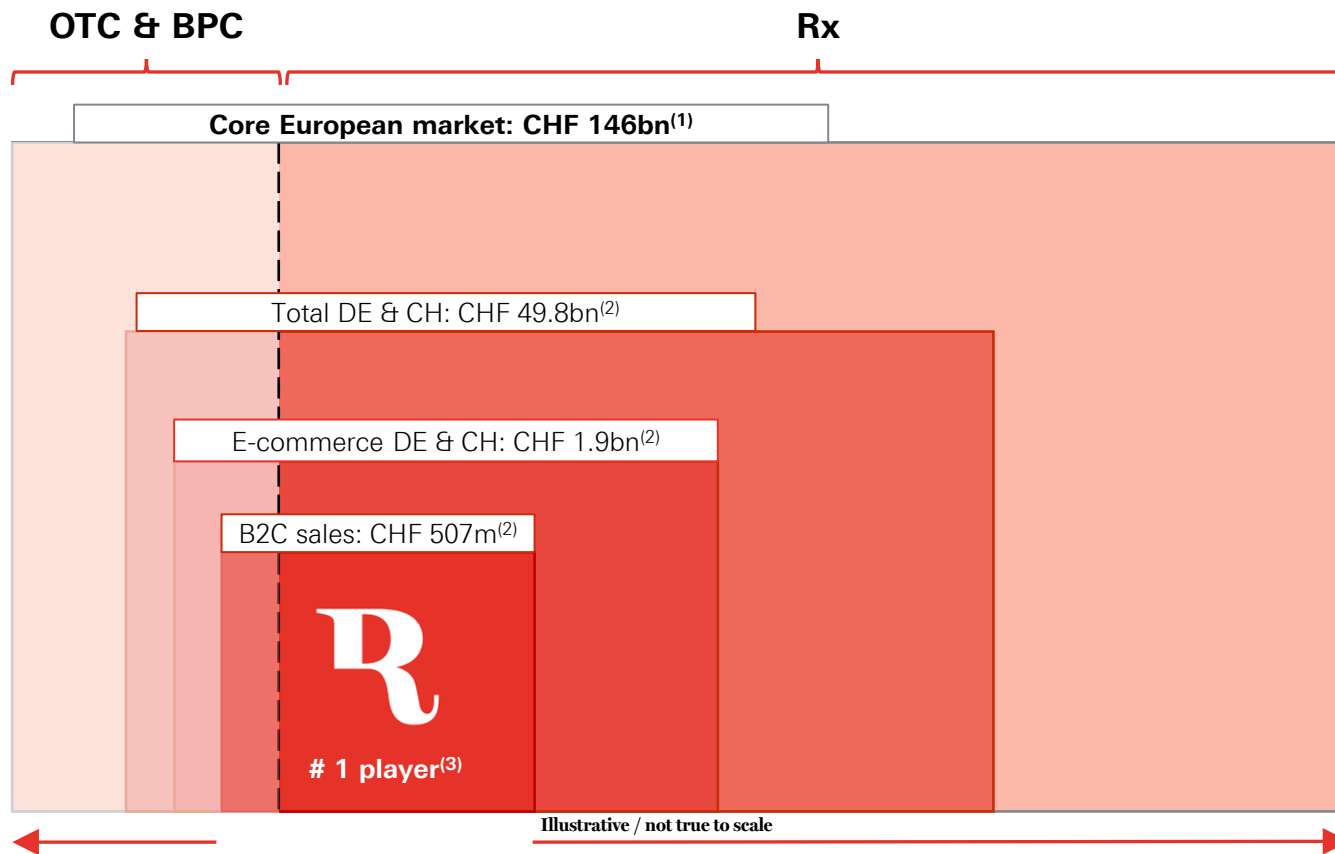


① Large Addressable Market

Highly attractive and fragmented CHF 146bn market with favourable long-term fundamentals

Attractive pharmaceutical market...

... driven by underlying structural growth trends



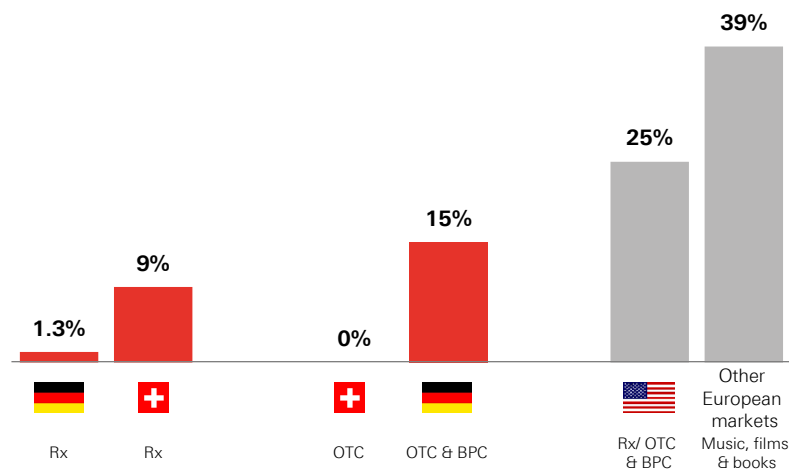
- Increasing health awareness through changing lifestyles
- Trend towards self-medication
- Polypharmacy
- Medical progress

Source: IMS Health 2016, Sempora market study, 2017 | **1** 2015, core European market consists of CH, DE, ES, FR, IT, UK, excl. VAT, 2015 CHF/EUR = 0.92346 | **2** 2016 | **3** According to James Dudley Management: Mail Order and Internet Pharmacy in Europe 2017, p. 13

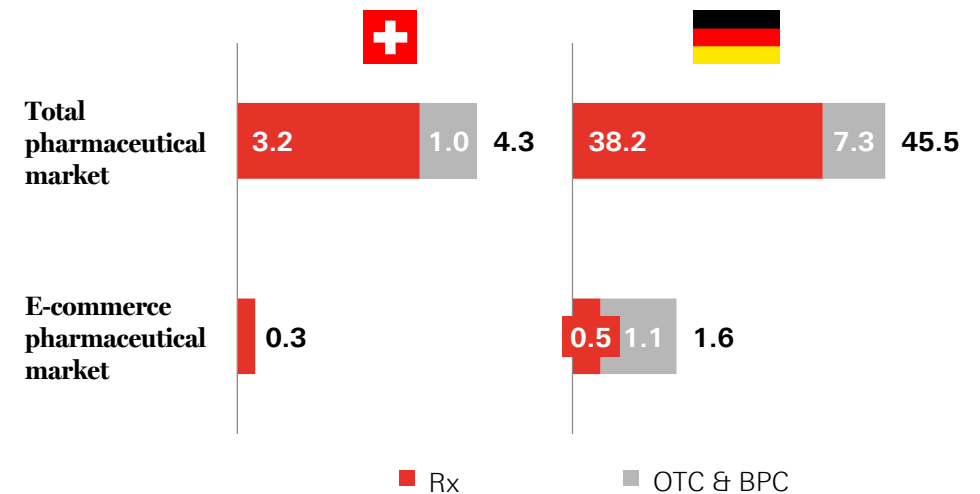
1 Accelerating Online Penetration

European pharmaceutical market on the brink of digital disruption

Relatively low online penetration compared to other verticals leaves ample room for growth⁽¹⁾...



...in Zur Rose Group's core e-commerce markets
(in CHFbn)⁽²⁾

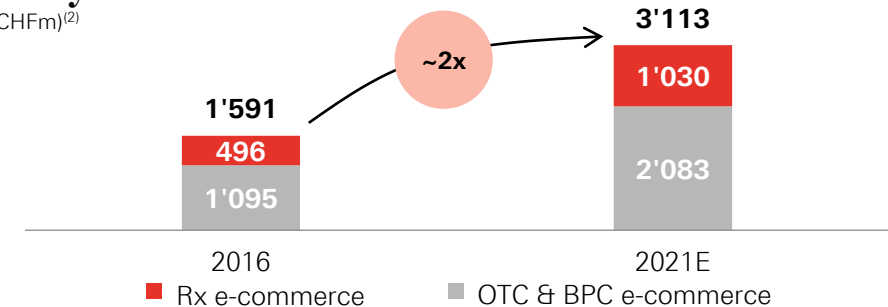


Pharmaceutical market well suited for e-commerce consumerisation

- Highly attractive customer lifetime value with 11%⁽³⁾ conversion rate
- Works well for e-commerce due to small size and weight
- Return rate of 0.5%⁽⁴⁾ very low compared to other verticals
- 25-30% lower error rate than brick and mortar pharmacies

German e-commerce expected to double within 5 years already in base case scenario

(in CHFm)⁽²⁾



Source: 1 IMS PharmaScope, 2017, Helsana, 2015, Sempora market study, 2017, Euromonitor (as of 03-Apr-2017), online penetration calculated by dividing the internet retailing market size across Europe by the total market size for each vertical, DE and US 2015, CH 2016, other European markets including France, Germany, Italy, Spain, United Kingdom, Switzerland, 2016 | 2 IMS Health 2017, Sempora market study, 2017, CHF/EUR = 0.94 | 3 OTC & BPC DocMorris 2017YTD, conversion rate equals % of webshop visitors placing an order | 4 DocMorris 2016

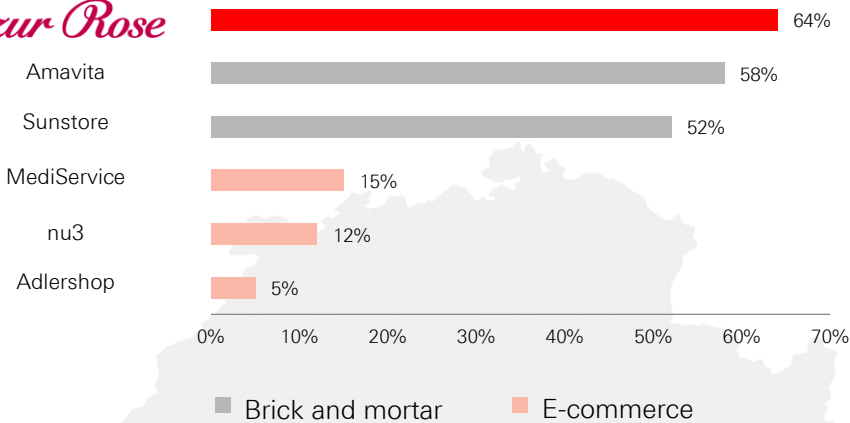
2 Leading E-Commerce Pharmacy

Most established brands as guarantor for future growth



Most established pharmacy brand in Switzerland⁽¹⁾

zur Rose

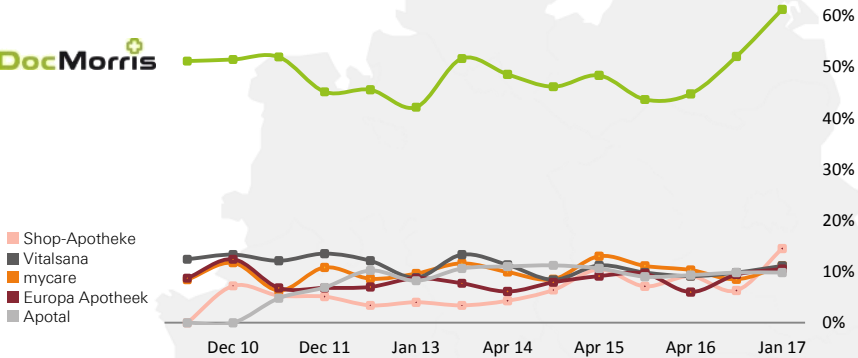


Largest e-commerce pharmacy in Switzerland
(Market share in %, 2016)⁽²⁾



Most established e-commerce pharmacy brand in Germany⁽¹⁾

DocMorris



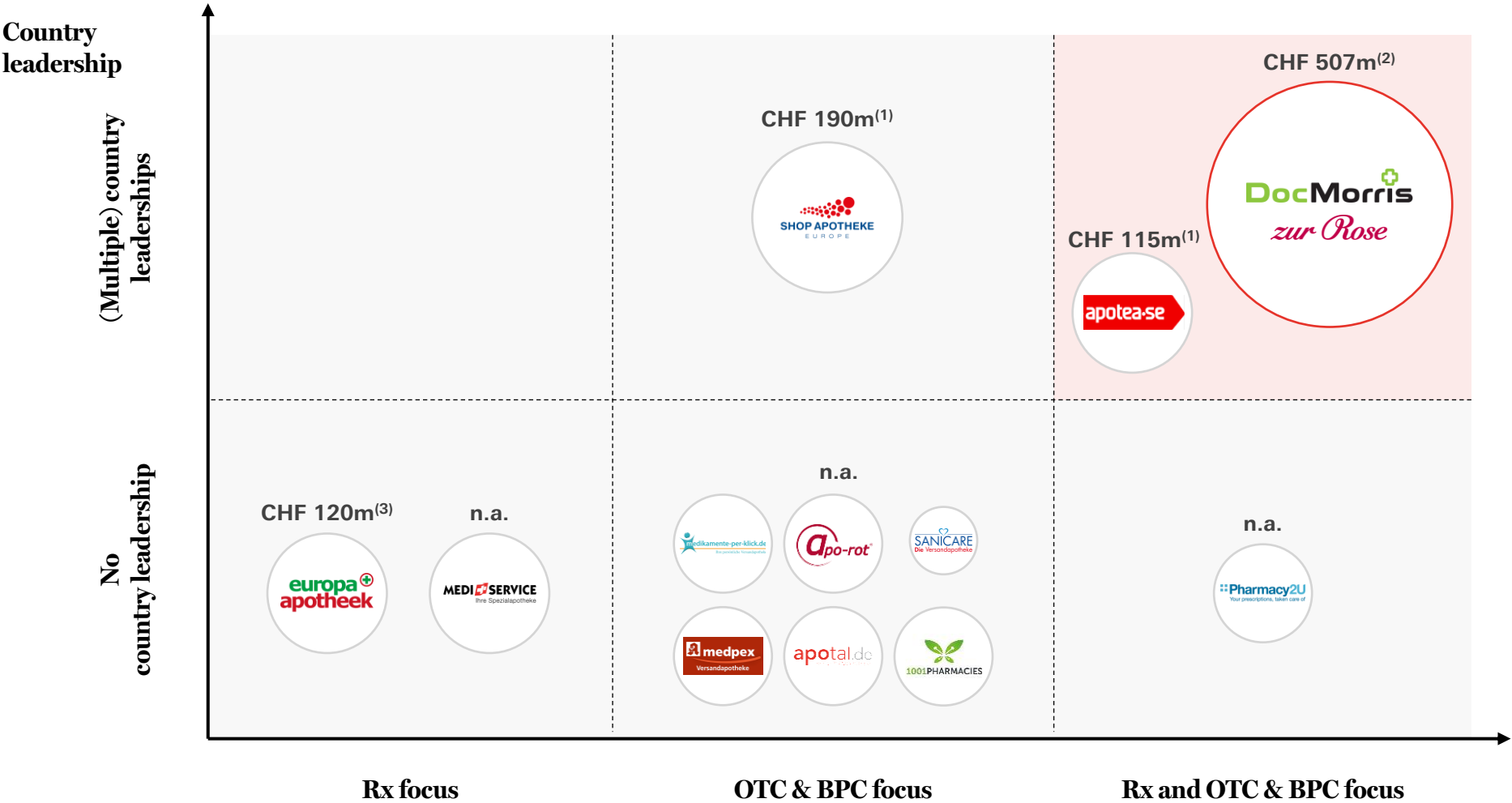
Largest e-commerce pharmacy in Germany
(Sales multiplier vs. Shop Apotheke, 2016)⁽³⁾



Source: 1 Aided brand awareness based on GfK, 2015 (Zur Rose) / 2017 (DocMorris) | 2 IMS Health, market share by sales | 3 Sales based on FY2016 financials

2 Overview of the Competitive Positioning

E-commerce competitors in Zur Rose Group's focus markets



Source: Company information, Sempora Market Study, 2017
Notes: 1 2016 CHF/EUR = 0.93115 | 2 B2C e-commerce sales, 2016 | 3 Sempora Market Study, 2017, only Rx sales, 2016 CHF/EUR = 0.93115

③ Unique Value Proposition

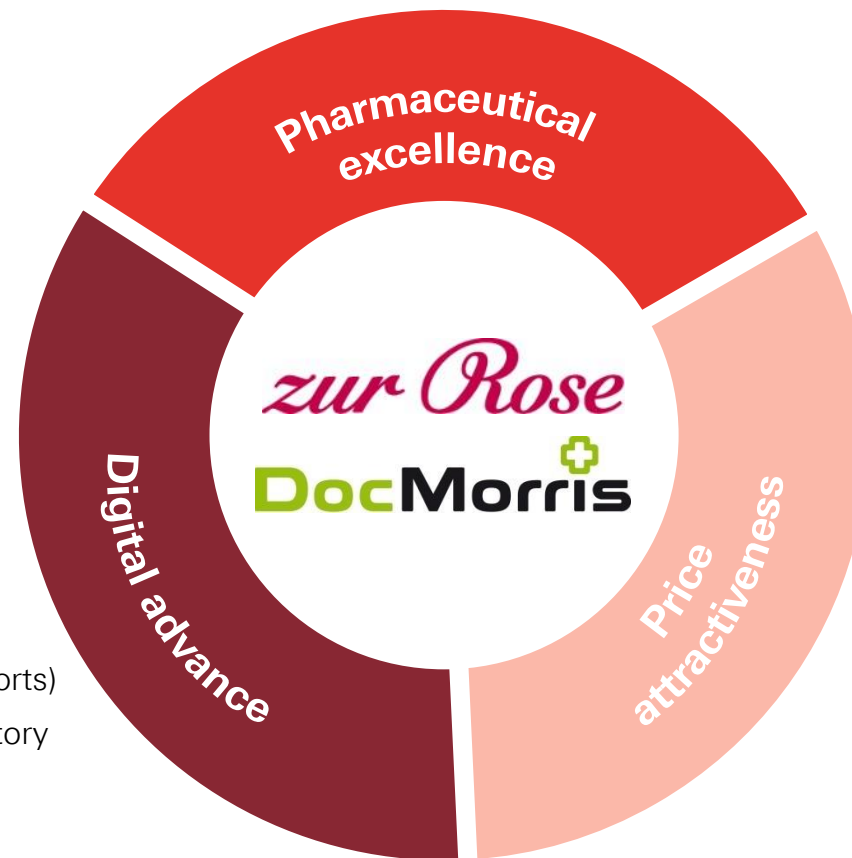
Value-add for all stakeholders in healthcare industry

Patients

- Convenience 24/7
- Affordability
- Confidentiality
- Omni-channel strategy
- Personalised services

Physicians

- Adherence support (patient reports)
- Process optimisation e.g. inventory management
- Trusted partner
- Technical expertise



Insurance companies

- Reduction of admin / logistics costs as per regulation
- Data analysis / reports on patients
- Improve patient convenience
- Lower cost from increased compliance

Pharmaceuticals manufacturers

- Big Data pool
- Adherence support
- Feedback loops
- Specialty Care (ensuring correct usage, storage, continuous check-up)

③ A Leading Swiss Pharmaceutical Supplier

Attractive business model responds to different regulatory environments

Non-self-dispensing cantons (grey)

- Physicians **not allowed to dispense** medication to patients

Frauenfeld, Switzerland



Self-dispensing cantons (red)

- Physicians operate **small pharmacies within their practices**
- Dispensing licence** required

Retail business model



Retail (B2C)⁽⁴⁾

128,000
active customers

1.8m
Pces/year

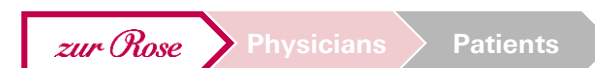
17,000
SKUs sold

90%
Rx share⁽⁵⁾

7,000
sqm warehouse

c.250
FTEs

Wholesale business model



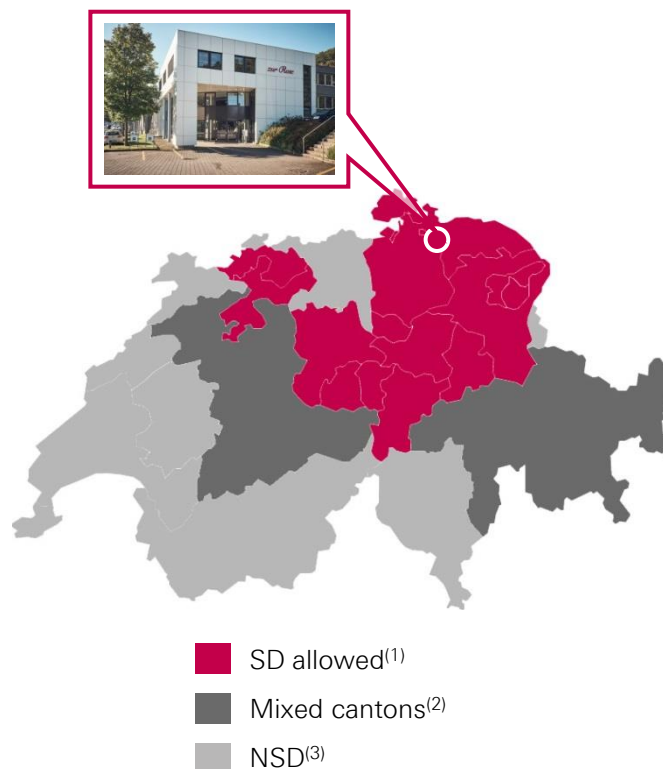
Physicians wholesale (B2B)⁽⁴⁾

4,000
active customers

12.5m
Pces/year

28,000
SKUs sold

89%
Rx share⁽⁵⁾






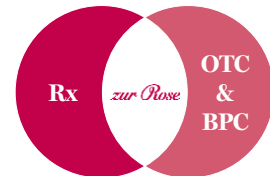


Source: IMS Health

Notes: 1 SD: Self dispensing by physicians allowed; City of Schaffhausen will switch to SD as of January 1st, 2018 | 2 Mixed cantons: cantons with areas of self dispensing and areas of non-self dispensing (Canton of Berne NSD: self dispensing of primary submission (first medication in the smallest unit only) by physicians allowed) | 3 NSD: Non-self dispensing/Self dispensing by physicians not allowed | 4 2016 | 5 Based on ex-factory prices

③ Vertically Covered Value Chain

Zur Rose's business units covering all B2B and B2C customers

| Business unit | Highlights | Growth initiatives |
|----------------------------|---|--|
| Physician Wholesale | <ul style="list-style-type: none"> Wholesale business mainly to self-dispensing physicians Primary & specialty care medication, original and generic drugs Value-added services: quality assurance, inventory management, smart order tool | medBASE |
| Primary Care | <ul style="list-style-type: none"> Full range of Rx medication Estimated 70% of patients with chronic diseases and polypharmacy DailyMed as high margin service for polypharmacy patients | Helsana   <small>Illustrative selection</small> |
| Specialty Care | <ul style="list-style-type: none"> High value specialty care pharmaceuticals Offer assistance and education by certified nurses Cooperation with pharmaceutical companies and physicians |    <small>Illustrative selection</small> |
| Retail Pharmacy | <ul style="list-style-type: none"> Extensions of e-commerce pharmacy (Omni-channel strategy) via flagship and shop-in-shop concept Chronic and acute patients | MIGROS Shop-in-shop (pilot phase) |
| Consumer Health | <ul style="list-style-type: none"> Pharmacy-exclusive and -non-exclusive products Direct and indirect access to the Zur Rose webshop |  Cross-selling |

Note: 1 2016 | 2 Number of customers in B2C segment not cumulative, customers may be included in multiple business units

3 German Market Leader

German e-commerce pharmacy leader in scale and quality

One-stop-shop for Rx and OTC & BPC⁽¹⁾



Key statistics⁽¹⁾

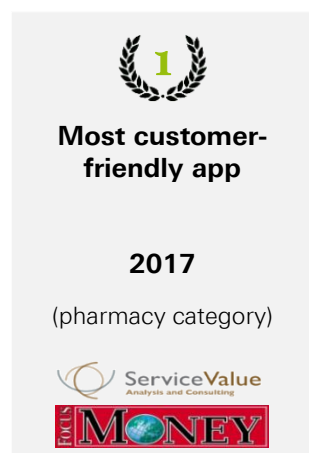
4.4m
orders

1.4m
active customers

EUR 72
Ø basket size⁽²⁾

~50%
OTC & BPC sales
growth '16

Recent awards

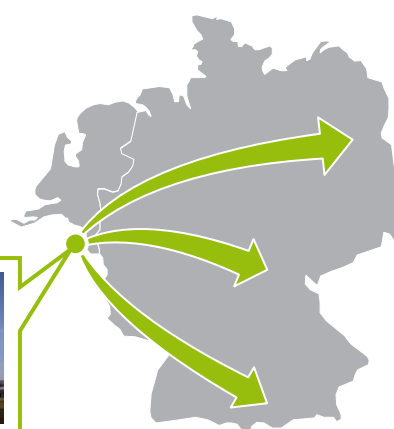


Advantageous location to serve the German market⁽¹⁾

9,500
sqm warehouse

~530
FTEs⁽⁴⁾

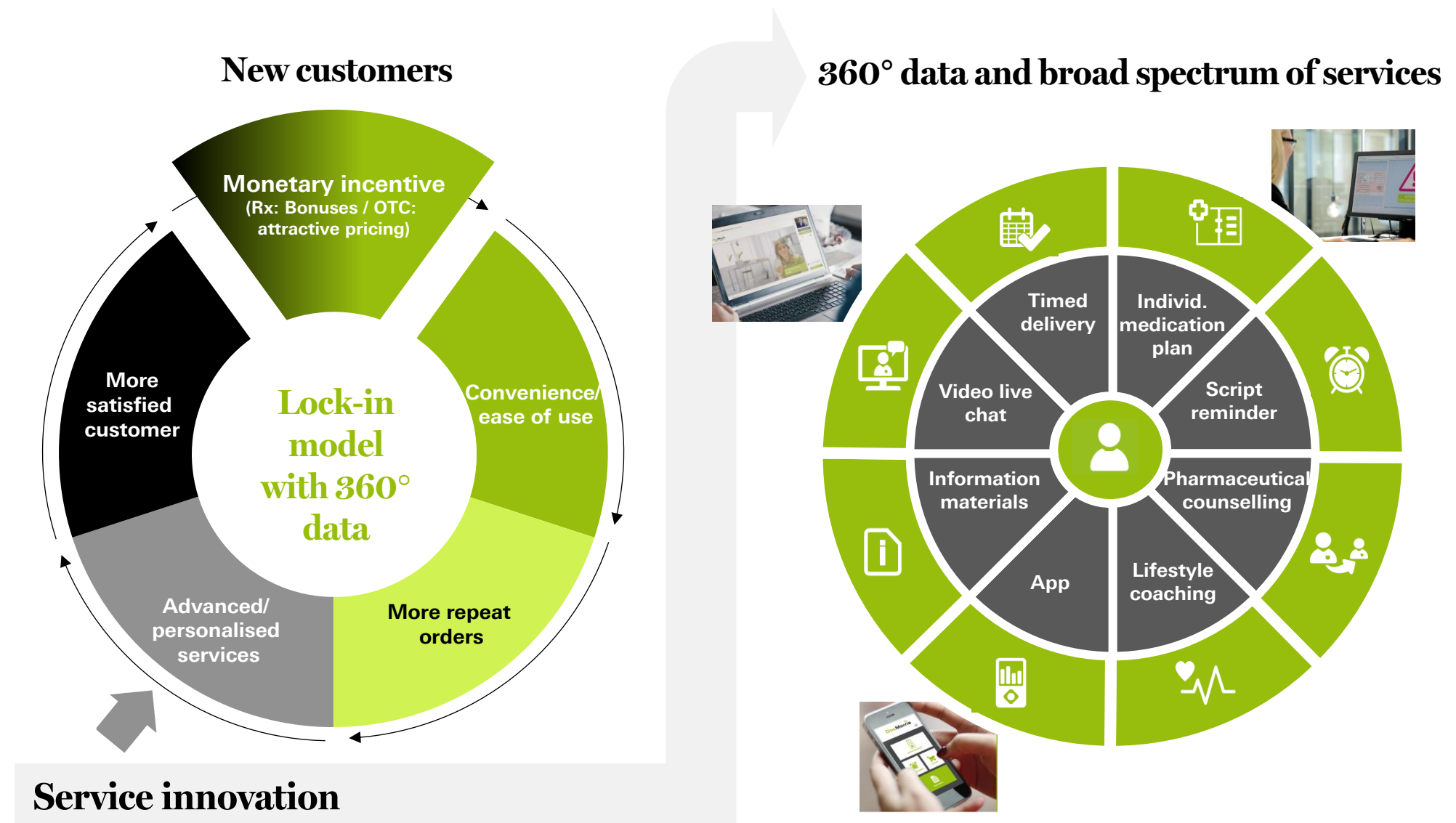
**Heerlen,
Netherlands**



Source: 1 DocMorris, as of 2016 | 2 Basket size means the average value of the purchase per order | 3 DocMorris 2017YTD | 4 Including temporary staff

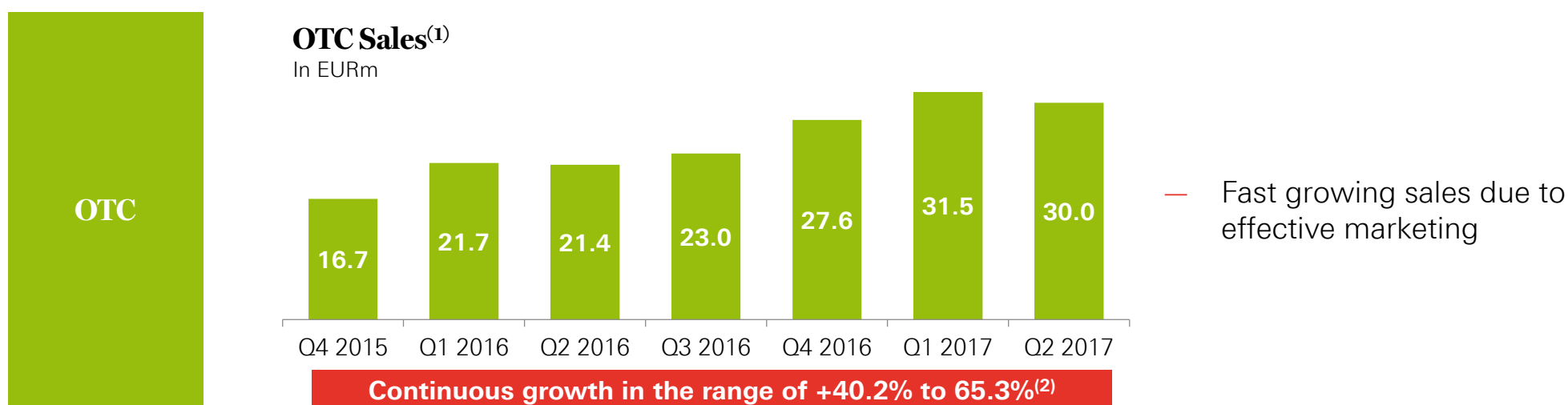
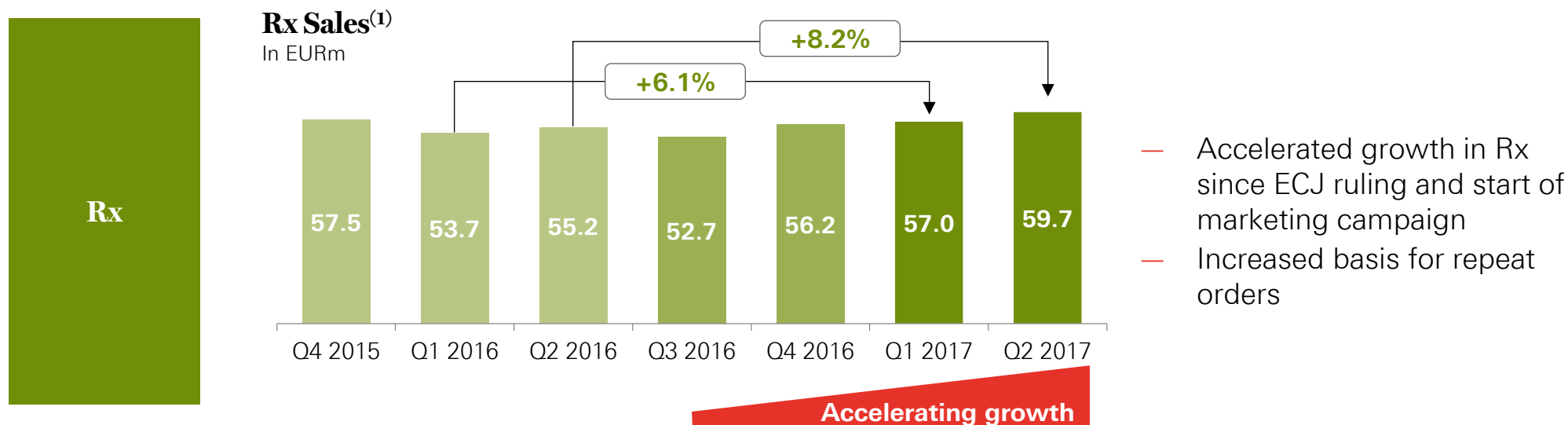
3 Lock-In Model as a Growth Driver

Holistic and broad data-enabled services drives customer lock-in



3 Current Trading

Continued growth in Germany (DocMorris)



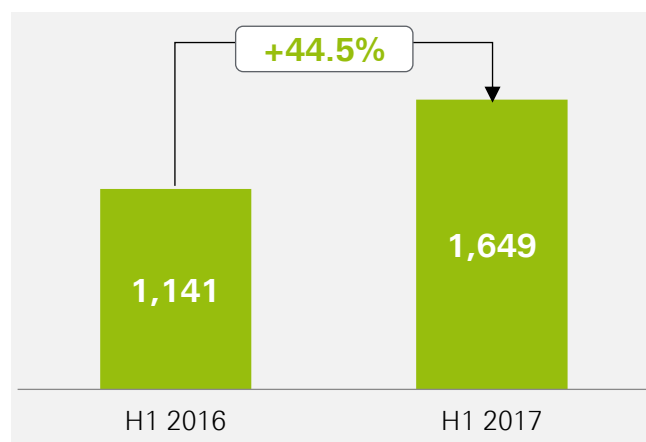
Note: 1 In local currency (EURm) | **2** YoY sales growth compared to the respective quarter

3 KPI's DocMorris

Accelerated fundamentals

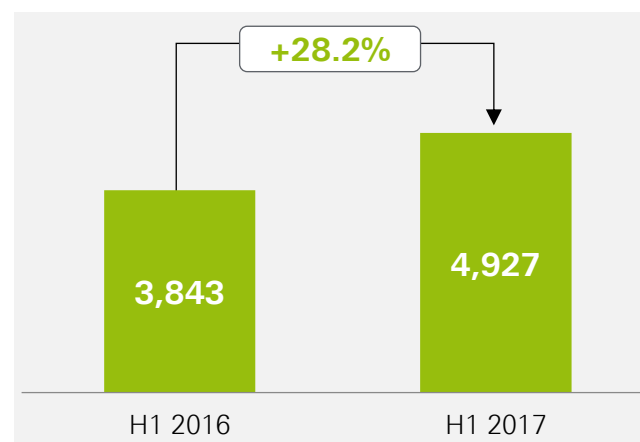
Active customers⁽¹⁾

In thousands
YoY growth (%)



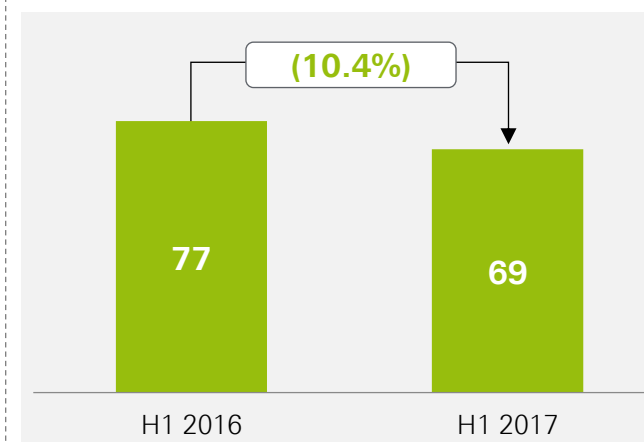
Number of orders

Last twelve months in thousands
YoY growth (%)



Basket size⁽²⁾

In EUR
YoY growth (%)



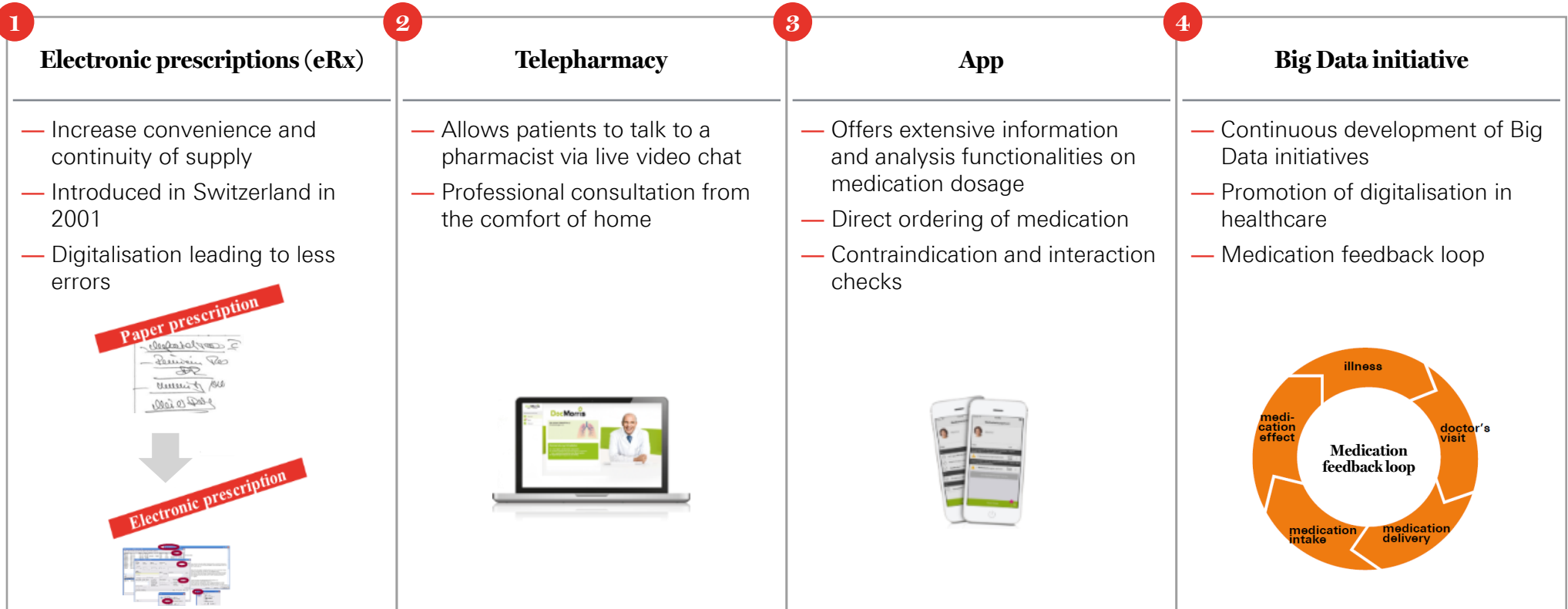
- Strong growth in active customers and number of orders
- Higher growth in OTC compared to Rx leading to declining basket size on aggregate level

Notes: 1 Last twelve months ending 30 June of the respective year | 2 Basket size equals average value of the purchase per order

4 Innovation Initiatives




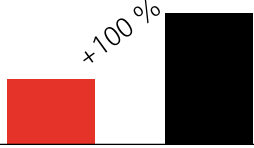




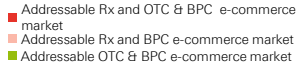




At the forefront of digitalisation in the healthcare industry

Pharmaceutical and operational excellence combined with innovation creating high barriers to entry



5 Growth Strategy

Six initiatives to capitalise on substantial upside

| Base / short-term initiatives | | | Upside / mid- to long-term initiatives | | |
|--|--|---|---|---|--|
| Give dynamic to core profit base | Lead the market in Rx | Obtain market leadership in OTC & BPC | Intensify cooperations with insurance companies | Innovate with e-health solutions | International expansion |
|   | <p>Media campaign</p>  | <p>Non-Rx e-commerce market volume DE⁽¹⁾</p>  <p>2015 2020</p> <p>+100%</p> <p>www SEO⁽²⁾/SEA⁽³⁾</p> <p>Participate in market consolidation</p> |  <p>Cooperations with German health insurance companies to be established</p> |  <p>Big Data</p> <p>eRx</p>  |  <p>Organic growth and acquisitions</p> <p>  </p> |
|  |  | |   | | New markets |

Operational excellence and economies of scale

Source: 1 Sempora

Notes: 2 Search Engine Optimization | 3 Search Engine Advertising

⑥ Proven Management Team

Entrepreneurial and highly experienced management team

Zur Rose Group — Key management team



Walter Oberhänsli
Founder, Group CEO



Marcel Ziwica
Group CFO



Walter Hess
Head Switzerland



Olaf Heinrich
Head Germany

M&A experience

Successful acquisition and integration of NKA, Ogera, VfG, DocMorris and BlueCare



Operational excellence

Established leading position in Swiss and German e-commerce pharmaceuticals

Pioneer in e-commerce pharmacy

Financial track-record

Established financial track record of more than 20 years

Selected awards and certifications



Customer award
(2015)



Quality services
(2014)



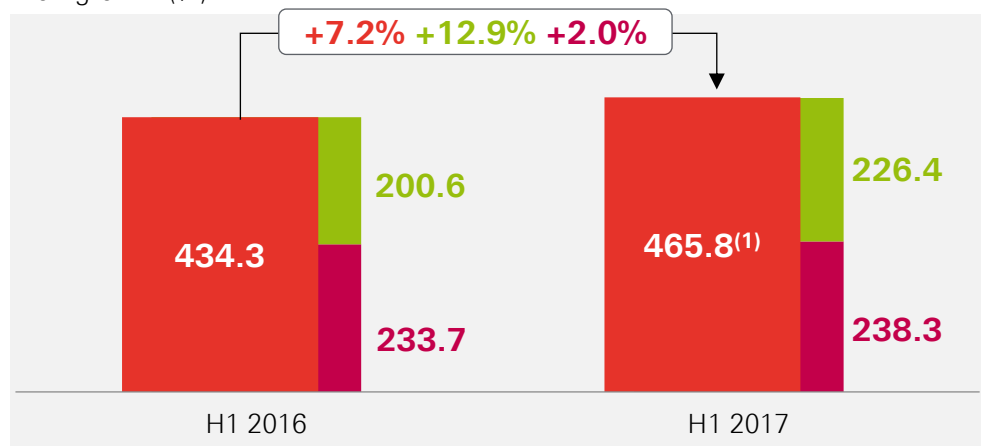
DocMorris brand
award (2015)

Zur Rose Group

Solid performance

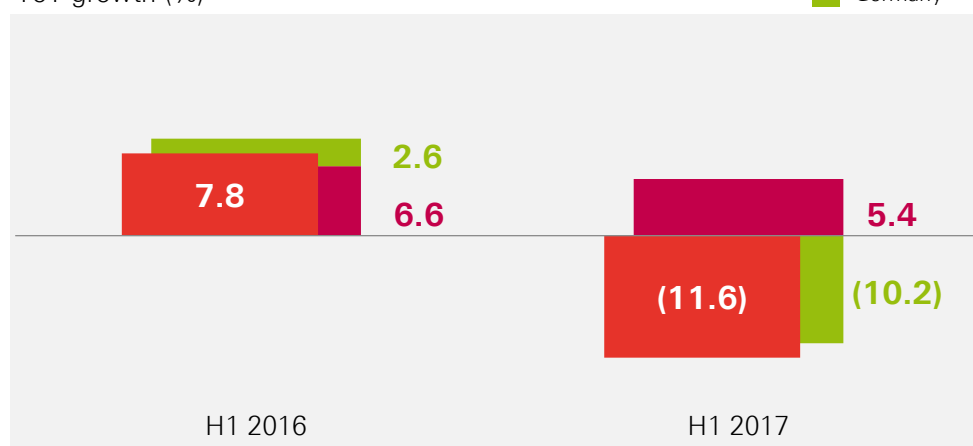
Sales

H1 2016 vs H1 2017, CHFm
YoY growth (%)



EBITDA⁽²⁾

H1 2016 vs H1 2017, CHFm
YoY growth (%)



- Strong sales pick-up in the first half year of +8.2% (in local currencies)
- Growth in both segments
- Market positions solidified
- Marketing spendings more than doubled to CHF 16.3 million
- CHF 5.3 million IPO related costs

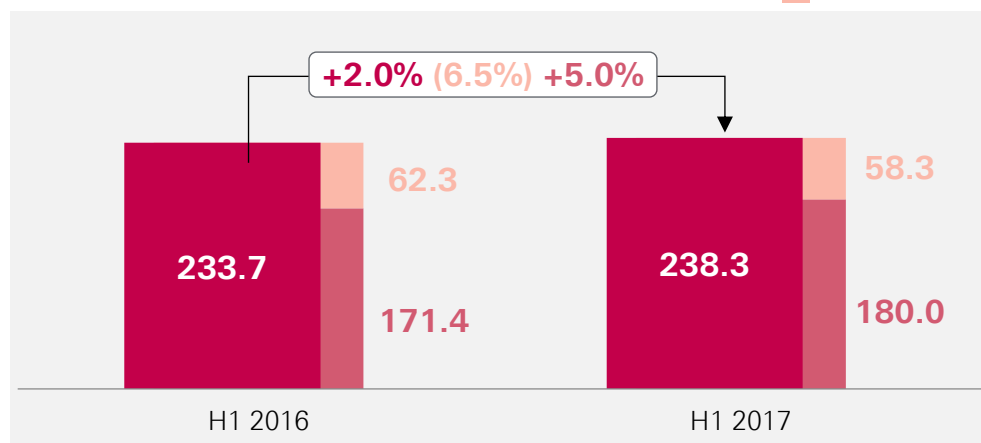
Notes: 1 Including BlueCare sales of CHFm 1.1 | 2 Difference between Group EBITDA and sum of Segment CH plus Segment DE equals EBITDA at corporate incl. intercompany eliminations

Sales by Segment

Strong pick-up in momentum

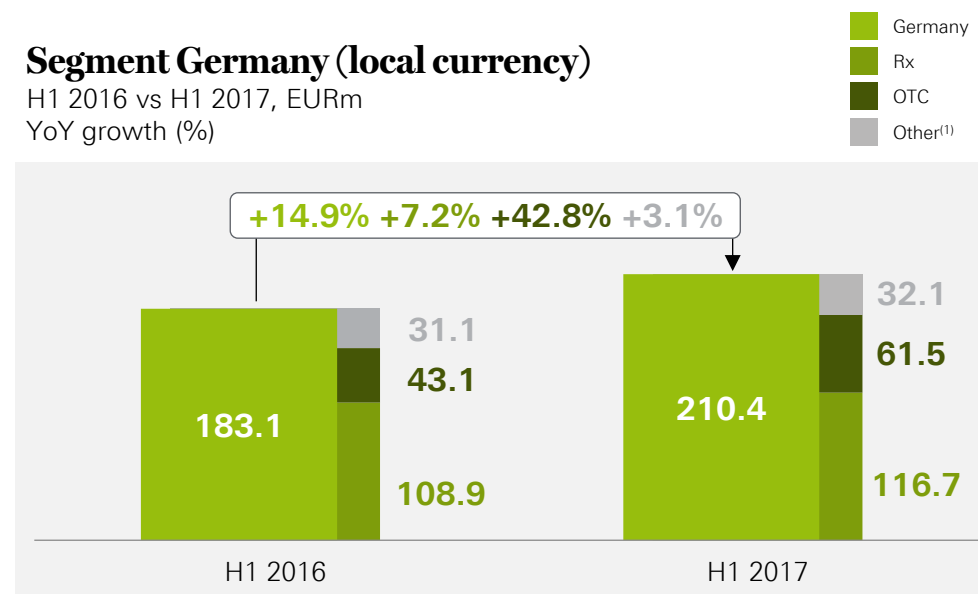
Segment Switzerland

H1 2016 vs H1 2017, CHFm
YoY growth (%)



Segment Germany (local currency)

H1 2016 vs H1 2017, EURm
YoY growth (%)



- B2B sales exhibit strong momentum (+5.0%) due to increased number of new physician customers
- B2C sales slightly down year on year due to focus on higher margin activities within Specialty Care in H2 2016
- OTC sales up +42.8% compared to H1 2016
- Rx sales growth accelerates to +7.2% compared to H1 2016

Notes: 1 Other sales include Zur Rose EU and wholesale sales

Outlook

Group outlook 2017

- Management expects further growth acceleration in second half 2017, leading to sales growth of around +10% in local currencies on group level mainly from contribution of Segment Germany
- Negative EBITDA adjusted by one-offs expected in the range of CHF 4-6 million
- Cash inflow of CHF 233 million gross proceeds resulting from IPO
- Repayment of outstanding CHF 50 million bond in December 2017
- Negotiations on German acquisition target on track

Outlook

Mid-term financial targets (2021)

Sales

- CH: Mid single-digit growth rate
- DE: Organic growth rate in the mid- to high-teens

EBITDA

- Group: Break-even by 2018 with mid-term margin target of +4-5%
- DE: Break-even in 2019

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