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Merz Delivers Double-Digit Growth in Strategic Business Areas

In fiscal year 2017/18, Aesthetics and Specialty Neurology grew by 19 percent

Frankfurt, Germany – 30 October 2018 – Merz, a global leader in aesthetics and neurotoxins, showed substantial growth across both of its strategic focus areas at the end of its most recently completed fiscal year 2017/18. Merz's aesthetics and specialty neurology businesses both increased by 19 percent versus prior year, excluding foreign exchange impact. Together, these two areas now account for 67 percent of the company's healthcare revenue.

"Merz has continued to strengthen its position as a leader in the fields of medical aesthetics and neurotoxin therapy. A combination of focused investment in these core business areas, along with a clear global strategy and excellent execution across all regions, has enabled Merz to compensate for the anticipated decrease in licensing income and to successfully transform our business for growth in the years to come," said Philip Burchard, Chief Executive Officer of Merz Group.

The Frankfurt-based company reported total revenue of EUR 1,024 million in fiscal year 2017/18 (previous year: EUR 1,023 million). Merz's healthcare revenue increased 12 percent – excluding foreign exchange impact – to EUR 902 million (previous year: EUR 862 million), and the shift toward core business areas continues, in line with the company's strategy. The regional structure of Merz's business continues to generate strong performance across all geographies. EMEA (Europe, Middle East and Africa) and North America remain Merz's largest regions in terms of revenue contribution, with the strongest growth rates coming from the emerging market economies of Asia Pacific and Latin America.

Merz reported earnings before interest and tax (EBIT) of EUR 93 million for fiscal year 2017/18. As anticipated, this number represents a decrease of 6 percent versus the prior year figure of EUR 99 million, due to the loss of licensing income from Merz's Alzheimer's disease drug memantine. As forecasted, overall licensing income from memantine continued to fall due to expiration of patent protection in a majority of markets worldwide, including the U.S. Licensing income declined to EUR 122 million (previous year: EUR 162 million) and accounted for only 12 percent of Merz's overall revenue in fiscal year 2017/18.

As of June 30, 2018, Merz had a total workforce of 3,151 employees (prior year: 2,997), the majority of which are employed in Germany and the United States.

Research and development activities

In fiscal year 2017/18, Merz invested EUR 128 million in research and development activities, which represented 13 percent of the company's total annual revenue and a slight decrease from the prior year's expenditures of EUR 147 million.

110 years of innovation, commitment and trust

In March 2018, Merz celebrated the 110-year anniversary of the company's founding in Frankfurt by German pharmacist and chemist Friedrich Merz. The company has remained family-owned since its founding in 1908 and continues to benefit from the long-term perspective and full support of its Shareholders' Council and Supervisory Board, which include members of the fourth-generation of the Merz family.



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Michael von Truchseß has announced that he is retiring from his position as Member of the Supervisory Board and the Shareholders' Council of Merz Pharma GmbH & Co. KGaA. Effective October 18, 2018, Dr. Christian Holzherr, already member of the Supervisory Board, will also become a member the Shareholders' Council. Dr. Holzherr is a highly experienced finance executive with a track record of CEO and CFO positions in the pharmaceutical and medical device industries. "We would like to take this opportunity to sincerely thank Mr. von Truchseß for his many years of service and counsel to Merz, and to wish him well in his retirement," said Andreas Krebs, Chairman of the Supervisory Board and the Shareholders' Council.

Outlook for fiscal year 2018/19

On July 3, 2018, Merz's neurotoxin Xeomin[®] (incobotulinumtoxinA) received approval for the treatment of sialorrhea in adult patients from the US Food and Drug Administration (FDA), making Xeomin[®] (incobotulinumtoxinA) the first neurotoxin globally to receive an approval for this indication. European marketing authorization approval for this indication is anticipated in the first half of 2019.

As of September 2018, Merz has combined its business in North America and Latin America to create a new Americas Region, under the leadership of Bob Rhatigan as CEO – Americas. This fiscal year, Merz expects to strengthen its presence in both geographies, which are home to some of the world's top aesthetics markets and represent more than half of the total aesthetic procedures performed globally each year.¹

"Although we plan for increased competition in the aesthetics injectables space in fiscal year 2018/19 due to additional market entrants in Europe and the US, Merz expects to see profitable growth and strong financial performance in the coming year across all regions," said Philip Burchard.

About Merz

Merz is a global, family-owned aesthetics and neurotoxin company based in Frankfurt, Germany. Privately-held for 110 years, the company is distinguished by its commitment to innovation, long-term perspective and focus on profitable growth. In addition to its comprehensive portfolio of medical aesthetic products across the device, injectable and skincare categories, Merz also develops neurotoxin therapy to treat neurologically-induced movement disorders. In fiscal year 2017/18, Merz generated revenue of EUR 1.024,4 million; the company has a total workforce of 3,151 employees worldwide and a direct presence in 28 countries. More information is available at www.merz.com.

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¹ Source: Global market research data on file