EASTPHARMA LTD.

London, 13 August 2018 - EastPharma (EAST LI) announces that it is releasing its reviewed financial statements for the period 30 June 2018 and a review of its main subsidiary DEVA Holding’s financial statements for the related period.

Management comment on the financial performance of EastPharma is provided in the attachment, and a presentation of the results will be available on the EastPharma website www.eastpharma.com on 14 August 2018.

A conference call to review the financial performance for the period ended 30 June 2018 will be hosted by the management of EastPharma at 11:00am London time on 14 August 2018 (06:00am New York time / 12:00-noon Zurich time / 01:00pm Istanbul time). The dial-in details are provided below.

Conference call:

Dial-in Number (UK): +44 (0) 2071 928501
Dial-in Number (US): 19177200181
Dial-in Number (Switzerland): 0445806085
Dial-in Number (Germany): 030221533116

Conference ID: 8859999

For further information, please contact:
Investor Relations:
email: ir@eastpharma.com

MANAGEMENT COMMENTS ON EASTPHARMA’s FINANCIAL PERFORMANCE IN 6M 2018 (IFRS):

According to IFRS results, revenue in 6M 2018 was USD 132.1mn, up 16.1% from the same period in 2017 (USD 113.8mn). In Turkish Lira terms, revenue increased by 30.5% in the same period (Net sales in H1 2018 were TRY 539.6mn vs TRY 413.6mn net sales in H1 2017).

The average US Dollar exchange rate strengthened by 12.4% against the Turkish Lira to 4.0860 in H1 2018, which compares with an average rate of 3.6356 in H1 2017. The USD/TRY exchange rate was 4.5607 on 30 June 2018, while it was 3.7719 on 31 December 2017, which corresponds to an increase of 20.9%.

EastPharma’s sales increase in US dollar terms was mainly due to both increased volumes at human pharma and veterinary businesses and price increase which was effective as of 20 February 2018. In H1 2018 versus H1 2017, Human Pharma revenues in US dollar terms increased by 16.8% (from USD 104.7mn to USD 122.3mn). Veterinary products revenues in US dollar terms increased by 9.6% (from USD 7.39mn to USD 8.10mn).
Deva’s Capital Markets Board (CMB) results show revenue in H1 2018 was TRY 504.6mn, up 20.4% from the same period in 2017 (TRY 419.1mn).

Deva's sales increase was mainly achieved by both increased volumes at human pharma and veterinary businesses and price increase which was effective as of 20 February 2018. In H1 2018 versus H1 2017, Human Pharma revenue increased by 20.2 % (from TRY 386.2mn to TRY 464.3mn). Veterinary business revenue increased by 23.2% compared to the H1 2017 (from TRY 26.88mn to TRY 33.11mn).

EastPharma's gross profit in H1 2018 was USD 69.1mn, up from USD 54.9mn in H1 2017. The gross profit margin in H1 2018 was 52% vs 48% in H1 2017.

EBITDA in H1 2018 was USD 38.5mn vs USD 27.6mn in H1 2017 representing an EBITDA margin of 29.1% vs 24.3% in H1 2017.

Operating expenses in H1 2018 increased by 9.2%, from USD 31.86mn to USD 34.80mn. The ratio of operating expenses to revenues decreased to 26.3% from 28.0% compared to H1 2017. Sales and marketing expenses in H1 2018 were 12.7% of revenues; general administrative expenses were 10.2% of revenues; research and development expenses were 3.5% of revenues. These expenses were 13.5%, 10.5% and 4.0% in H1 2017, respectively.

Finance cost increased by USD 6.81mn, from USD 15.62mn to USD 22.43mn in H1 2018 compared to H1 2017. Foreign exchange losses on borrowings and loss on derivatives increased by USD 0.56mn, bank loan and bond issued interests increased by USD 2.82mn, amortization of discount on receivables increased by USD 3.51mn and other interest expenses decreased by USD 0.08mn. Average TRY interest rate increased to 15.5% in H1 2018 from 11.8% in H1 2017.

Receivable days at 30 June 2018 were 100 days, compared to 100 days as at 31 December 2017.

Philipp Haas, EastPharma's Chairman and CEO, stated;

‘The first half results are optically very good, especially in terms of gross profit margins and show continued progress is being made in improving our product mix from low margin commodity products to higher margin, high value added products. The current TL weakness is extremely negative for our business. However, due to the fact that the management team has foreseen this currency weakness and has prepared the company for this event with record high inventory levels and with a good asset and liability structure, the effects of the TL weakness on the margins can only be seen in the accounts towards the 2018 year end. We are already now feeling the negative impact of higher interest rates, which are a direct result of the Turkish Lira weakness. We can see the impact of higher interest rates on our net financial position, as our net debt is moving steadily up, despite the visual improvement in margins and a generally good development of the business in local currency terms. Once we have used up our currently high raw material stocks, which have been purchased at much more favorable currency rates than current ones, we will see a marked margin contraction and, in combination with higher interest rates, a strong deterioration of results.’

EastPharma Ltd - a company active in the manufacturing and marketing of pharmaceutical products in Turkey and in other regional markets; for further information please visit
www.eastpharma.com