

**Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Cheplapharm Arzneimittel GmbH**

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11 Aug 2020

Paris, August 11, 2020 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Cheplapharm Arzneimittel GmbH and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Cheplapharm Arzneimittel GmbH's (Cheplapharm) B2 corporate family rating reflects its strong profitability, with a Moody's-adjusted EBITDA margin of 55% in 2019; its growing product, therapeutic and geographical diversity following several acquisitions in 2018 and 2019; and good track record of timely transfer of marketing authorizations from pharmaceutical companies for products acquired.

However, Cheplapharm's rating remains constrained by its small size, with about €525 million of revenue in 2019, which limits its ability to weather M&A and operating risks; its reliance on continued acquisitions to offset the structural earnings decline in its existing off-patent product portfolio; its relatively high product concentration, although recent acquisitions have somewhat reduced this proportion; and a relatively short track record of working with well-recognized pharma companies.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Pharmaceutical Industry published in June 2017. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

This announcement applies only to EU rated and EU endorsed ratings. Non EU rated and non EU endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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