



# Investor Presentation

Chicago/New York, 26-27 September 2018

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Chief Communications Officer





**F**armaceutische **GRON**dstoffen

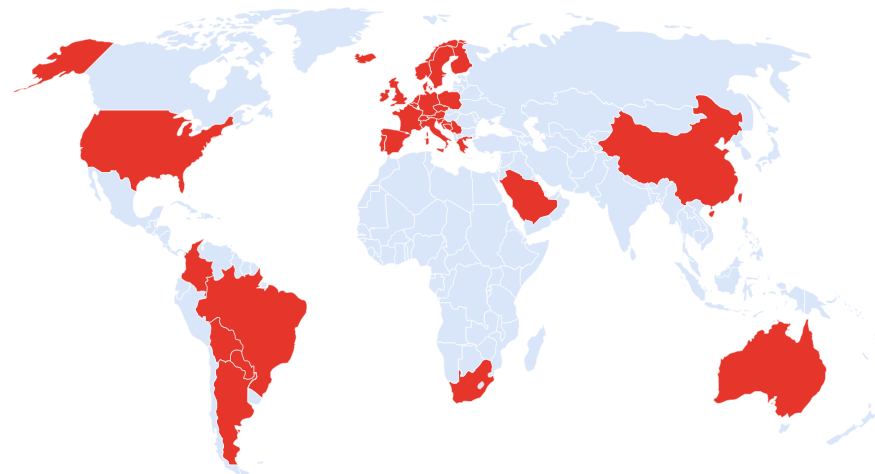
Founded in 1990

Leading global player in personalized medicine

Complying with highest quality standards

Buy-and-build strategy creating synergies and cross-selling opportunities

Scientific driven product innovations



35



51



2,354

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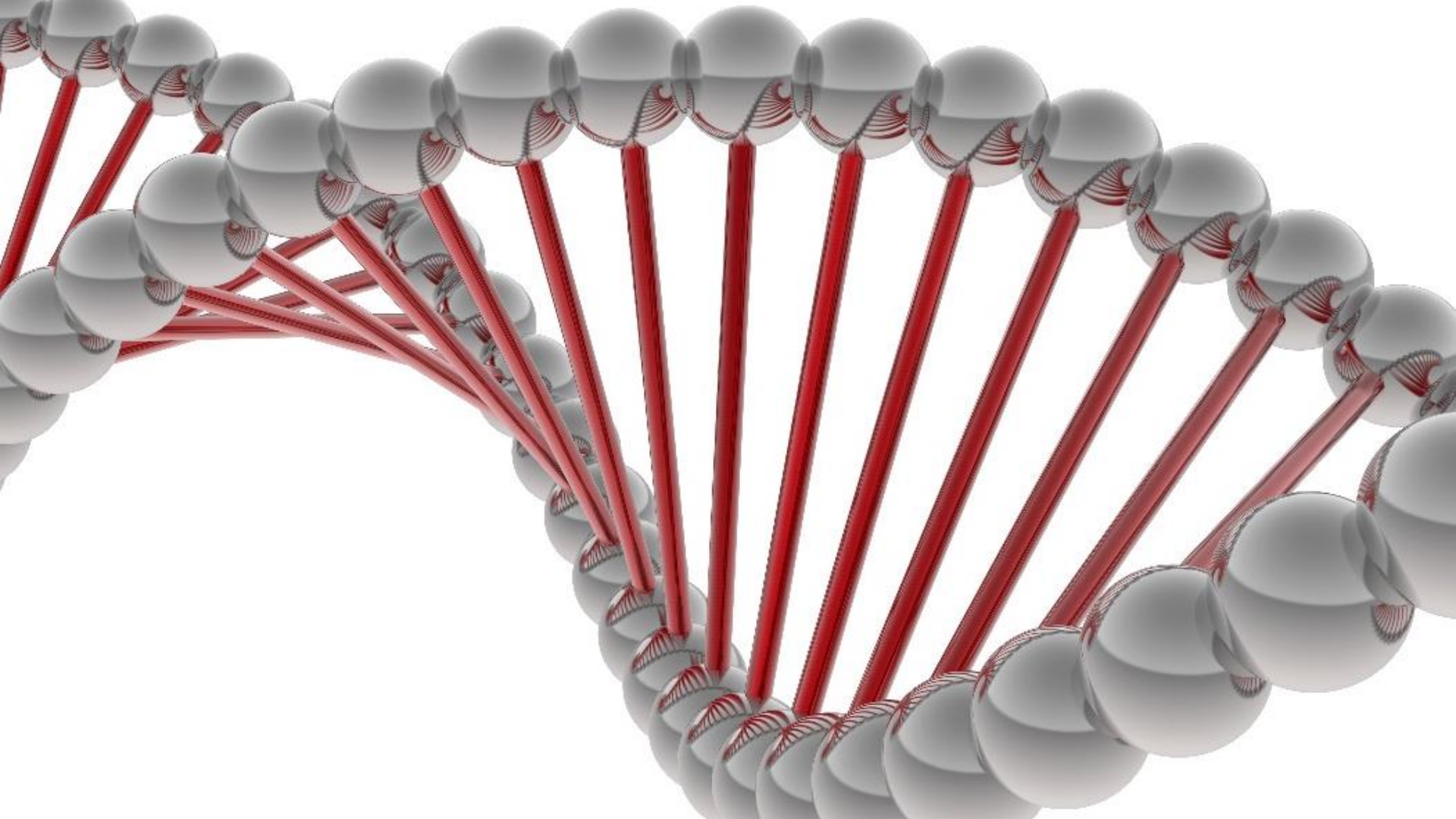
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Everyone is Unique









# Pharmaceutical Art





FSBA  
Hoogeveen, NL



FCS Belgium  
Bornem, BE



Pharmaline  
Oldenzaal, NL



Fagron Greece  
Trikala, GR



Pharma  
Analisa

Infinity Pharma  
Campinas, BR



EMERGENCY USE ONLY  
NO KEYS

Fagron Sterile Services  
Wichita, US

## Fagron South Africa Johannesburg - South Africa

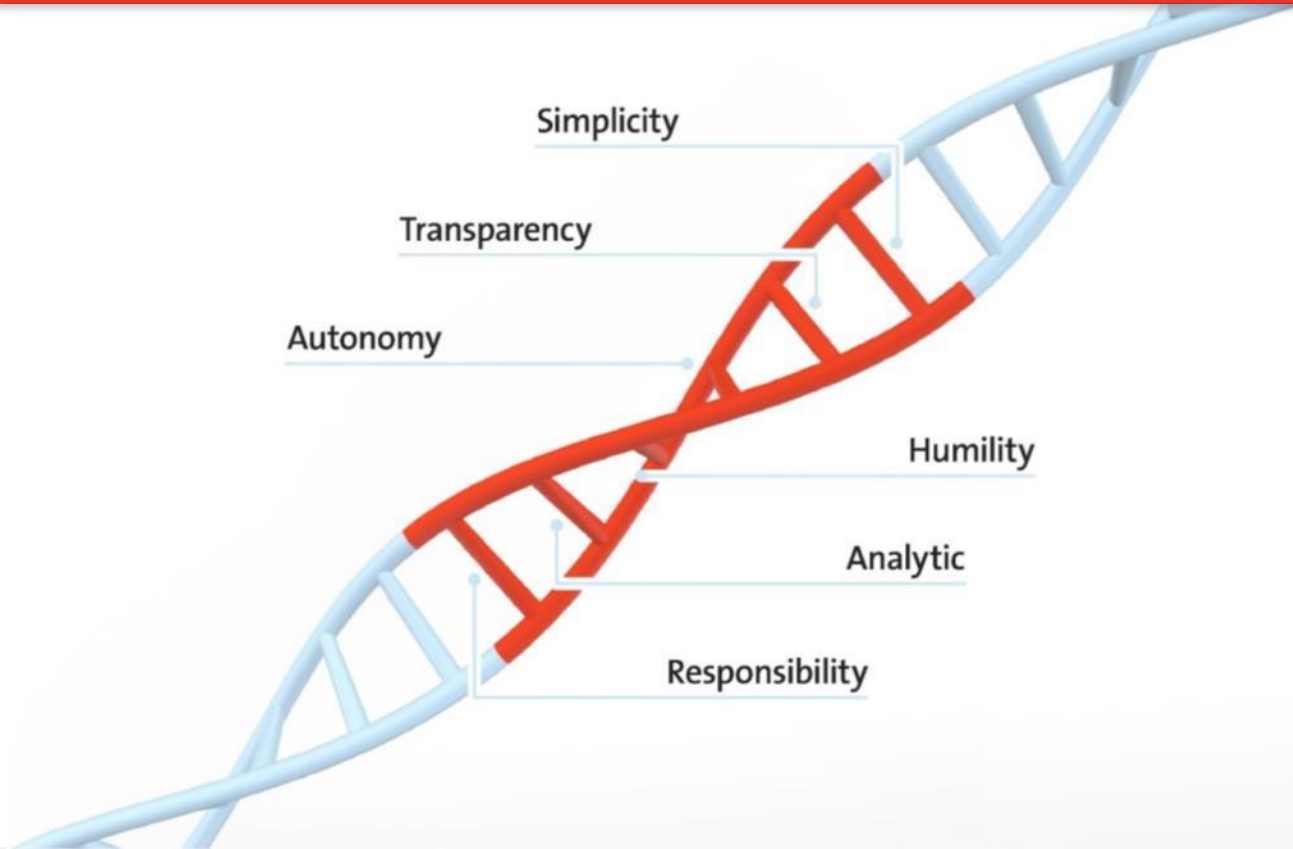




# Fagron: Global Leader in Personalized Medicine



# Fagron Family Rules



# Fagron Values



Customer  
is number 1



Speed of  
execution



Entrepreneurship



Creativity



Quality

# Fagron Strategy



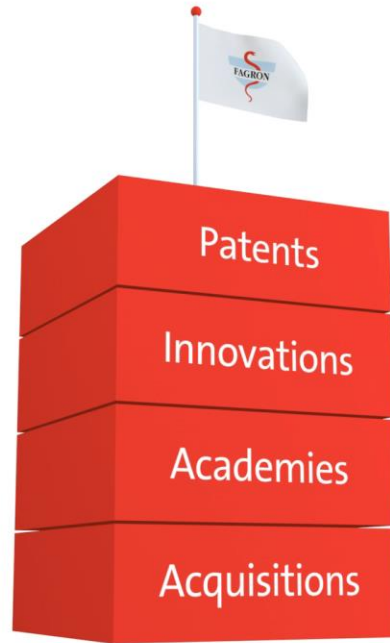
# Fagron Strategy



# Fagron Strategy



# Fagron Strategy



# Fagron Strategy





# Fagron Leadership Team



# Market Size and Position



## Fagron Hellas

Trikala - Greece



# Market Size



## Global Market Size\*

Personalized medicine ~\$ 12b

Essentials & Brands ~10%

\* All estimates on market size and market position in this presentation are company estimates



## Market Size

Personalized medicine ~\$ 4.5b

Essentials & Brands ~10%

## Market Position FCS-sterile



~7%

## Market Position E&B

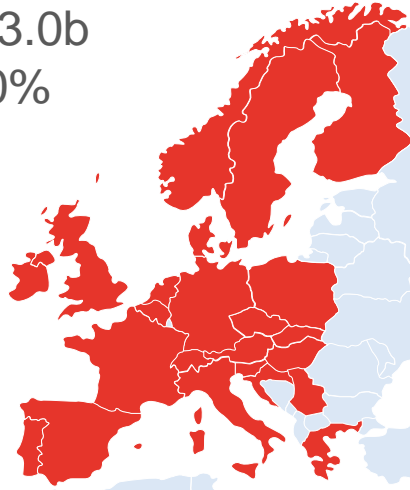


~12%

## Market Size

Personalized medicine ~\$ 3.0b

Essentials & Brands ~10%



## Market Position FCS NL



~50%

## Market Position E&B



~45%



## Market Position E&B



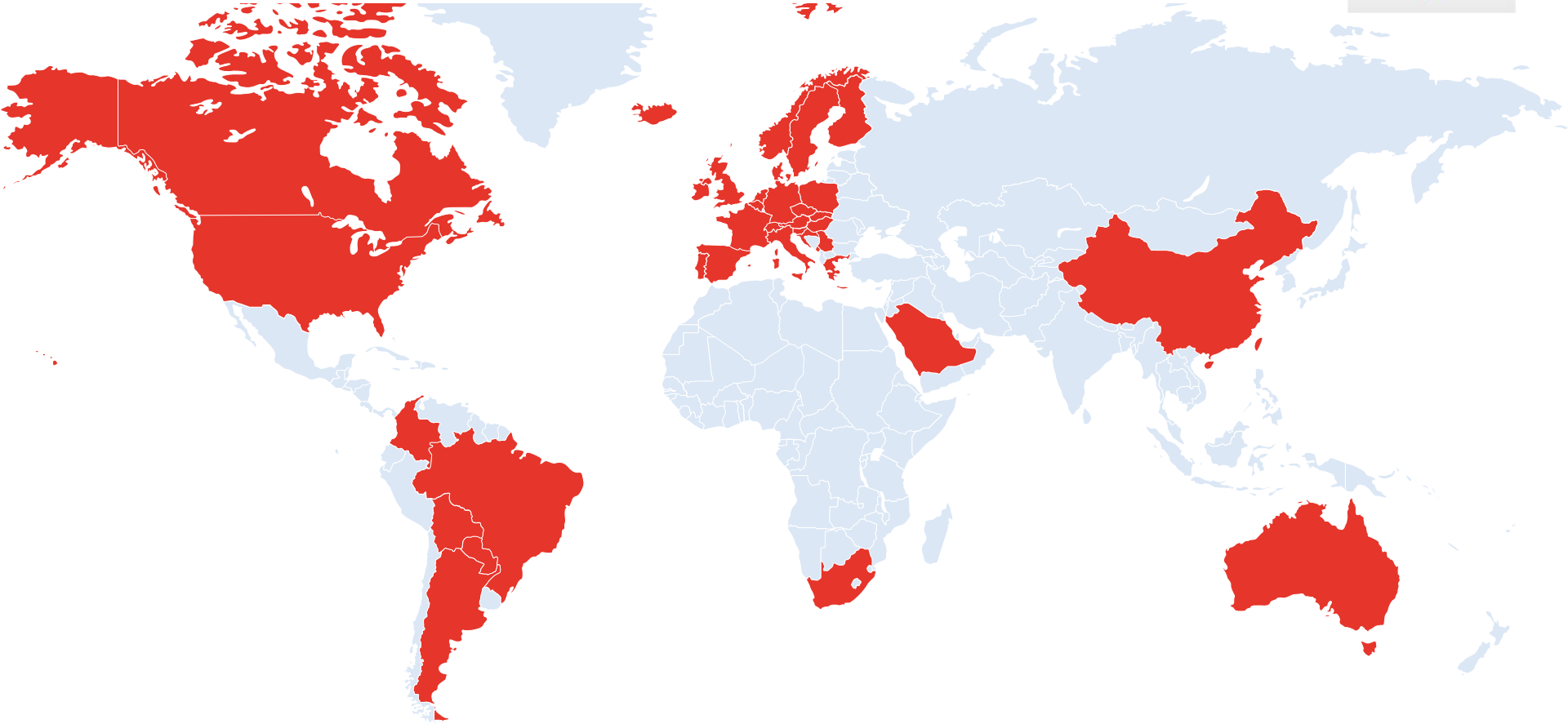
~50%



## Market Size

Personalized medicine ~\$ 1.8b

Essentials & Brands ~10%



# Fagron Innovations



## Fagron Technologies Jundiai - Brazil





- Digital solutions for compounding pharmacies
- Market leader in Brazil (>50%)
- Launch in US scheduled for 2019



Prescriber



Customer



Pharmacy



## Phyto**complex** that promotes relaxation

A 3D illustration of a human brain, split vertically. The left half is a solid, reddish-pink color, while the right half is a transparent, wireframe mesh. Four red circular markers with white numbers are placed on the right side of the brain, corresponding to the list items.

1 Improves quality of sleep

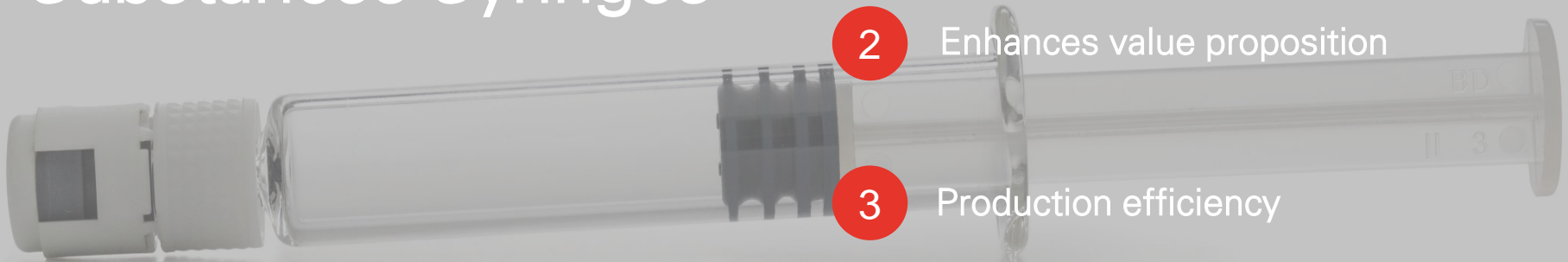
2 Quick effect

3 No toxicity

4 Mechanism of action

- 1 Use of **genetic information** to diagnose, prevent and cure
- 2 Identification of genetic variations for more **effective** personalized treatments
- 3 Focus on **3 key markets**: Personal genomics, clinical genetics and clinical sequencing

## Sterile **Controlled** Substances Syringes



1

Acceleration of top-line growth

2

Enhances value proposition

3

Production efficiency

4

Project timeline: Q1-2019

# H1-2018 Results



## Fagron US

Minneapolis - US



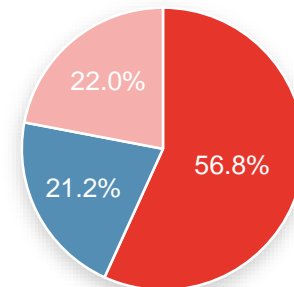
# H1-2018 Headlines



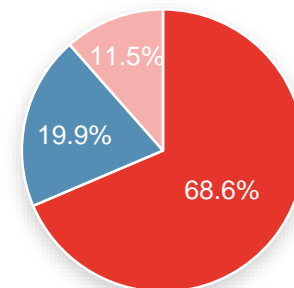
## Financial

- Turnover increased 5.0% (12.1% CER) to € 230.9m
- REBITDA increased 1.1% (6.9% CER) to € 48.7m
- Recurrent net profit increased 6.6% to € 22.3m
- Operational cash flow of € 34.4m
- Net financial debt/REBITDA ratio of 2.72

Turnover



REBITDA



■ Europe\* ■ South America ■ North America

\* Including HL Technology and Rest of the World.

# Operational Review H1-2018



## Florien

Piracicaba – Brazil



# Consolidated Turnover



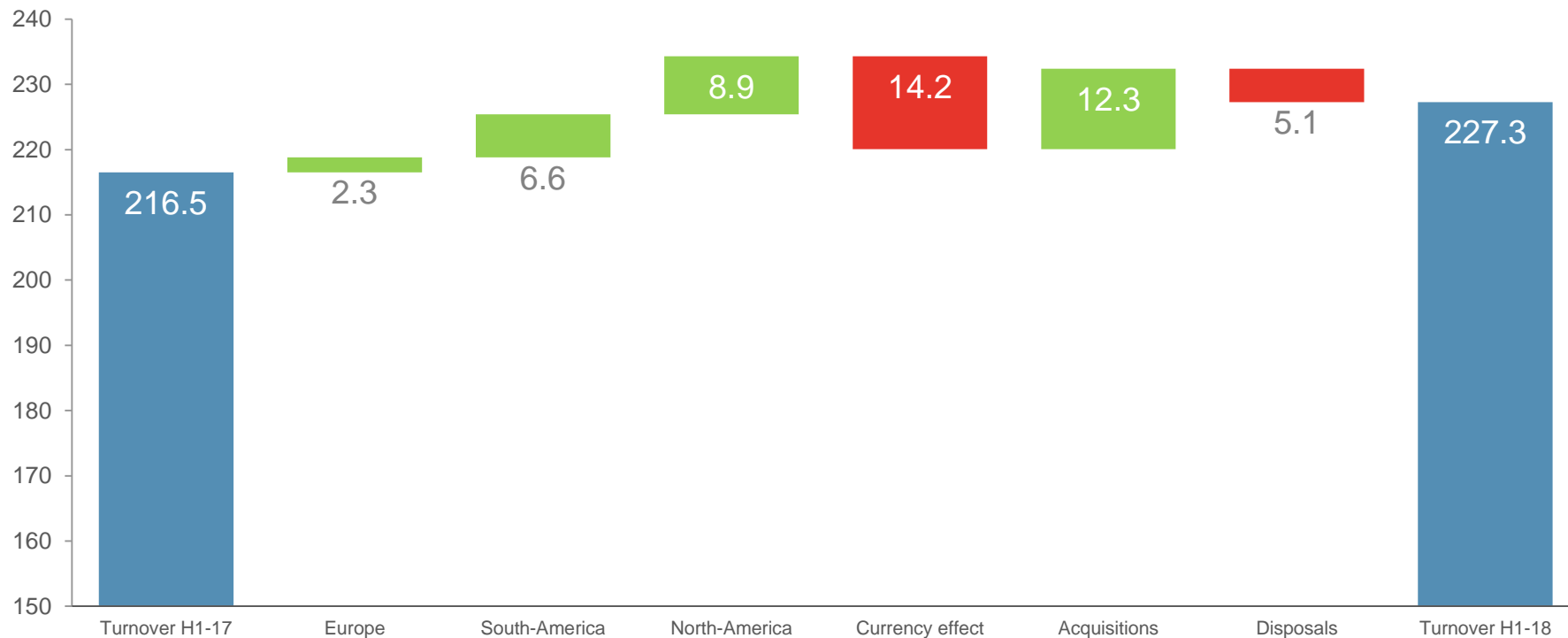
(x € 1,000)	<b>H1-2018</b>	H1-2017	Total growth	Total growth CER	Organic growth	Organic growth CER
<b>Fagron</b>	227,285	216,551	+5.0%	+12.1%	+1.7%	+8.4%
<b>HL Technology</b>	3,638	3,461	+5.1%	+14.2%	+5.1%	+14.2%
<b>Total</b>	<b>230,923</b>	<b>220,012</b>	<b>+5.0%</b>	<b>+12.1%</b>	<b>+1.7%</b>	<b>+8.5%</b>

CER = constant exchange rates

- Organic turnover growth CER of 8.5%
- Organic turnover growth CER in all regions
- Growth acceleration in North- and South-America in Q2



# Turnover Development



(x € 1,000)	H1-2018	H1-2017	Δ
<b>Turnover</b>	127,536	127,220	+0.2%
<b>REBITDA</b>	32,667	32,724	-0.2%
<b>REBITDA margin</b>	25.6%	25.7%	

CER = constant exchange rates

- Organic turnover growth CER of 1.9%
- REBITDA decreases 0.2%; margin decreases 10bps to 25.6%
- Focus on innovative products resulted in strong growth of Brands
- Temporarily reduction of capacity in one of the Dutch compounding facilities to be able to invest in further increasing the quality of the facility and processes

(x € 1,000)	H1-2018	H1-2017	Δ
<b>Turnover</b>	48,880	49,450	-1.2%
<b>REBITDA</b>	9,691	10,054	-3.6%
<b>REBITDA margin</b>	19.8%	20.3%	

CER = constant exchange rates

- Organic turnover growth CER of 13.3%
- REBITDA decreases 3.6%; margin decreases 50bps to 19.8%
- Strong turnover growth driven by:
  - Growth of underlying markets and growth in number of compounding pharmacies (+8.8% to 7,545)
  - Focus on the development and introduction of innovations and patented concepts
- 25 new innovations introduced during Consulfarma in Brazil
- All Chemistry fully integrated and rebranded to Organic Compounding

(x € 1,000)	H1-2018	H1-2017	Δ
<b>Turnover</b>	50,869	39,880	+27.6%
<b>REBITDA</b>	5,610	5,452	+2.9%
<b>REBITDA margin</b>	11.0%	13.7%	

CER = constant exchange rates

- Organic turnover growth CER of 22.3%
- REBITDA increases 2.9%; margin decreases 270bps to 11.0%
- REBITDA margin decreased due to the FTE increase at FSS-Wichita
- FCS-sterile performing in-line with expectations
  - Organic growth CER of 27.5% (Q2-18: 34.6%)
  - FSS-Wichita CER: +76.2% (Q2-18: 90.9%)
- Essentials/Brands:
  - Organic growth CER of 7.6%, driven by all activities
  - Good progress on integration of Humco

# Financial Review H1-2018



## Pharmaline

Oldenzaal – The Netherlands



# 2017 Financial Review



Turnover  
(in € million)  
**230.9**

- Turnover increases 5.0% or 12.1% at CER
- Organic increase of 1.7% or 8.5% at CER

Gross margin  
(in € million)  
**141.9**

- Gross margin increased by € 5.0m (+3.7%)
- Gross margin as percentage of turnover decreased to 61.5% due to the renewal of contracts in H2-17 and the sale of the French pharmacy
- Gross margin increased 70bps compared to H2-17

Operating costs  
(in € million)  
**-93.3**

- Operating costs as a percentage of turnover remained unchanged and amounted to 40.4% in H1-18
- Operating costs increased by 5.1%, mainly due to the acquisition and integration of Humco and the increase of FTE at FSS in Wichita

# 2017 Financial Review



REBITDA  
(in € million)  
**48.7**

- REBITDA increased by 1.1% (+6.9% CER) to € 48.7m
- REBITDA as percentage of turnover decreased by 80bps to 21.1%

Non-recurring  
(in € million)  
**-4.7**

- Non-recurring result amounts to -€ 4.7m and consists of the settlement with the former owners of JCB Laboratories (US), dismissal costs and acquisition costs

EBITDA  
(in € million)  
**44.0**

- EBITDA decreased by 6.8% to € 44.0m due to the increase in non-recurring elements (mainly JCB settlement)

# 2017 Financial Review



DA  
(in € million)  
**-9.5**

- DA amounted to € 9.5m, an increase of 8.6% compared to H1-17, partly due to amortization of the Humco brand

EBIT  
(in € million)  
**34.5**

- EBIT decreased by 10.3% to € 34.5m

Fin. result  
(in € million)  
**-10.5**

Financial result decreased by 21.2% to € 10.5m  
The decrease was mainly due to the repayment of the bond in July 2017, offset by FX-results and higher debt due to the Humco acquisition



# 2017 Financial Review



Taxes  
(in € million)  
**-5.2**

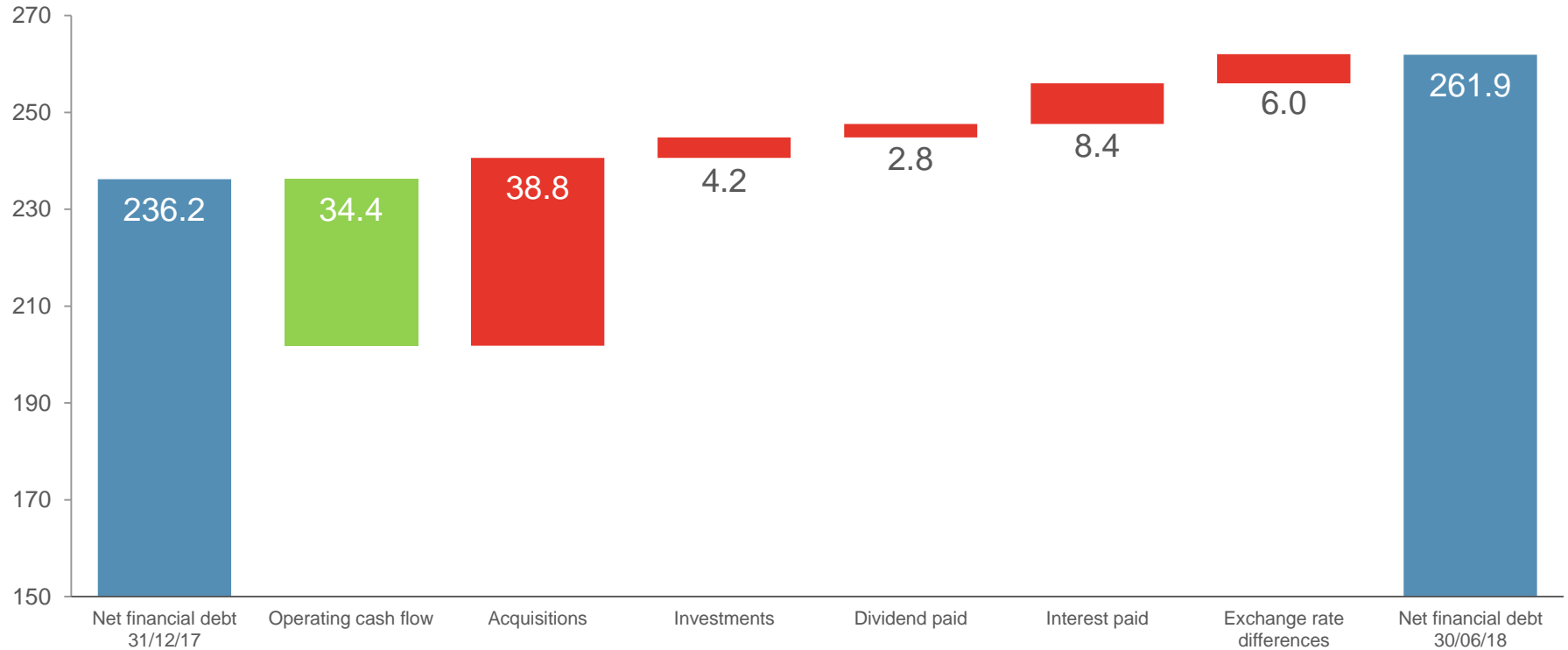
- Effective tax rate amounted to 21.8% compared to 18.6% in H1-17
- Effective cash tax rate amounted to 15.1%

Net profit  
(in € million)  
**18.8**

- Net profit amounted to € 18.8m, a decrease of 10.8% compared to H1-17
- Recurrent net profit increased by 6.6% to € 22.3m

# Net Financial Debt

consolidated



# Summary



- Turnover growth driven by all areas - Acceleration in Q2
- Good progress with integration Humco
- Investing in people, systems and product development to further accelerate growth
- Focus remains on:
  - Continued strong organic growth
  - Targeted acquisitions in our core markets
- Positive about the future and confident that the positive trend will continue in 2018



# Shareholder Structure



FSBA

Hoogeveen - The Netherlands



# Shareholder Structure



	Number of shares	% of voting rights
Waterland Private Equity Fund VI CV, Balcaen, Fagron	22,656,725	31.54%
Alychlo NV / Marc Coucke	10,749,267	14.96%
JPMorgan Asset Management Holdings Inc.	3,724,539	5.18%
Evermore Global Advisors, LCC	2,203,472	3.07%
Carmignac Gestion	1,492,006	4.65%

- Article 11 of the articles of association of the company specifies that participations must be notified as soon as a threshold of 3%, 5% and any multiple of 5% has been passed
- The number of Fagron shares with voting rights is 71,843,904. The total number of voting rights (denominator) is 71,843,904
- The notification of Carmignac Gestion was received on March 18, 2016 and is based on a denominator of 32,111,827



**FAGRON**



## Important information about forward-looking statements

Certain statements in this presentation may be considered “forward-looking”. Such forward-looking statements are based on current expectations, and, accordingly, entail and are influenced by various risks and uncertainties. The Company therefore cannot provide any assurance that such forward-looking statements will materialize and does not assume an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.