



# Investor Presentation

Barcelona, 4 September 2018

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Constantijn van Rietschoten





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

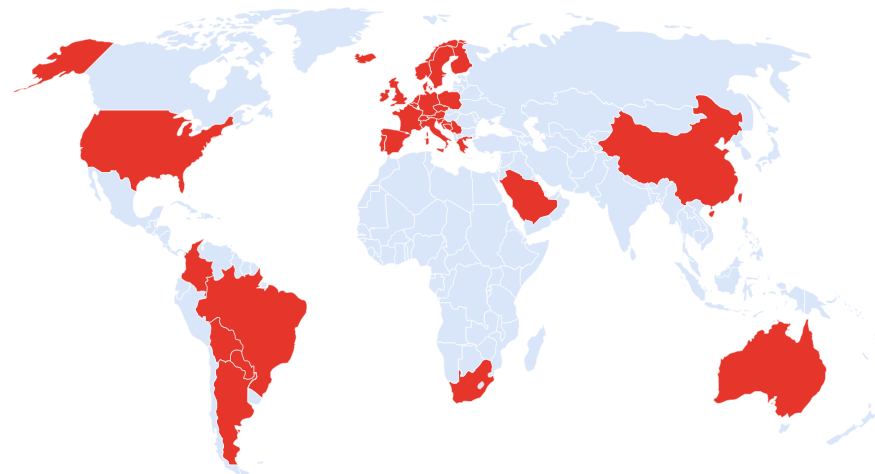
Founded in 1990

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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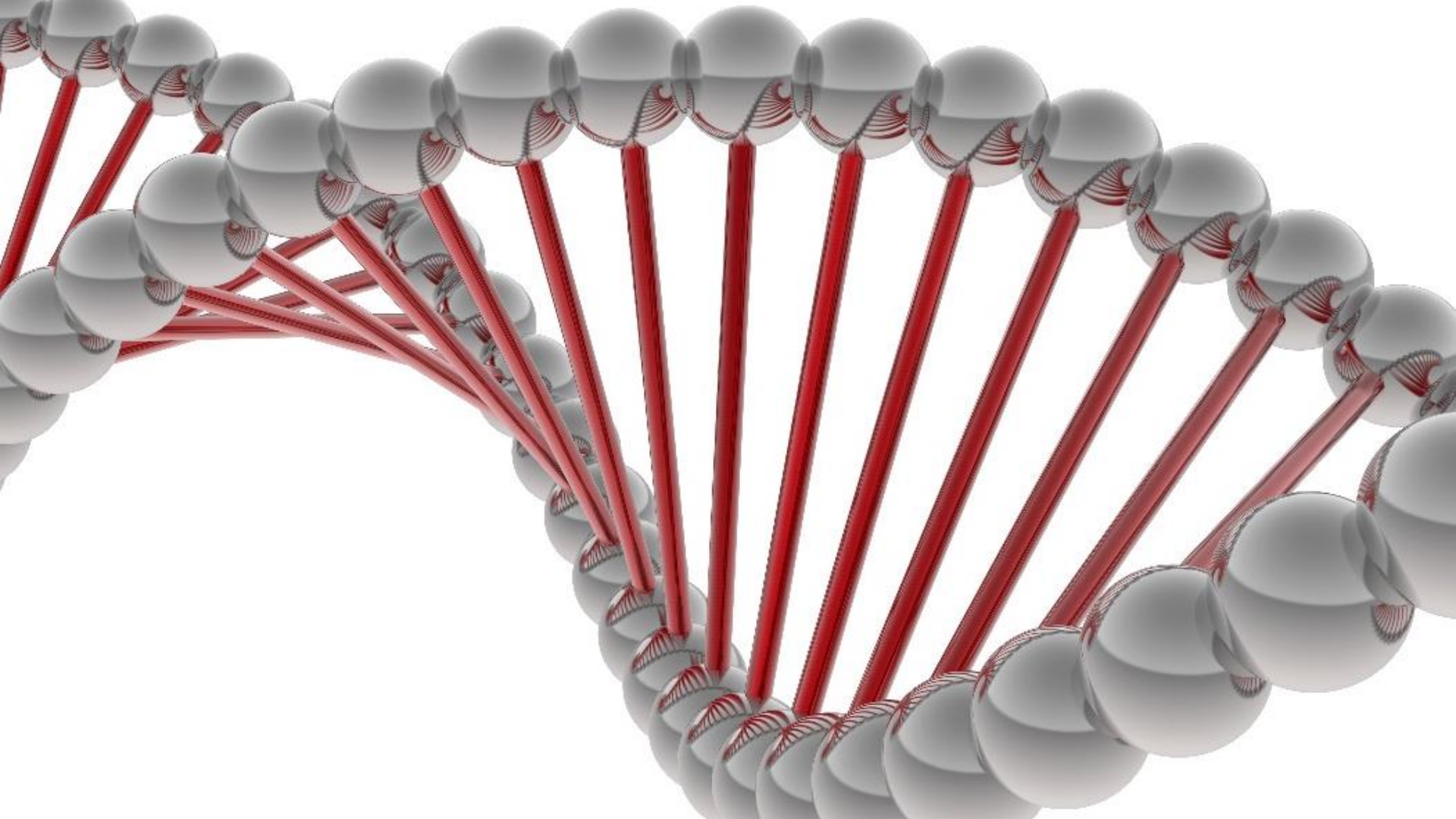
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Everyone is Unique









# Pharmaceutical Art





FSBA  
Hoogeveen, NL



FCS Belgium  
Bornem, BE



Pharmaline  
Oldenzaal, NL



Fagron Greece  
Trikala, GR



Infinity Pharma  
Campinas, BR



EMERGENCY USE ONLY  
NO OTHER

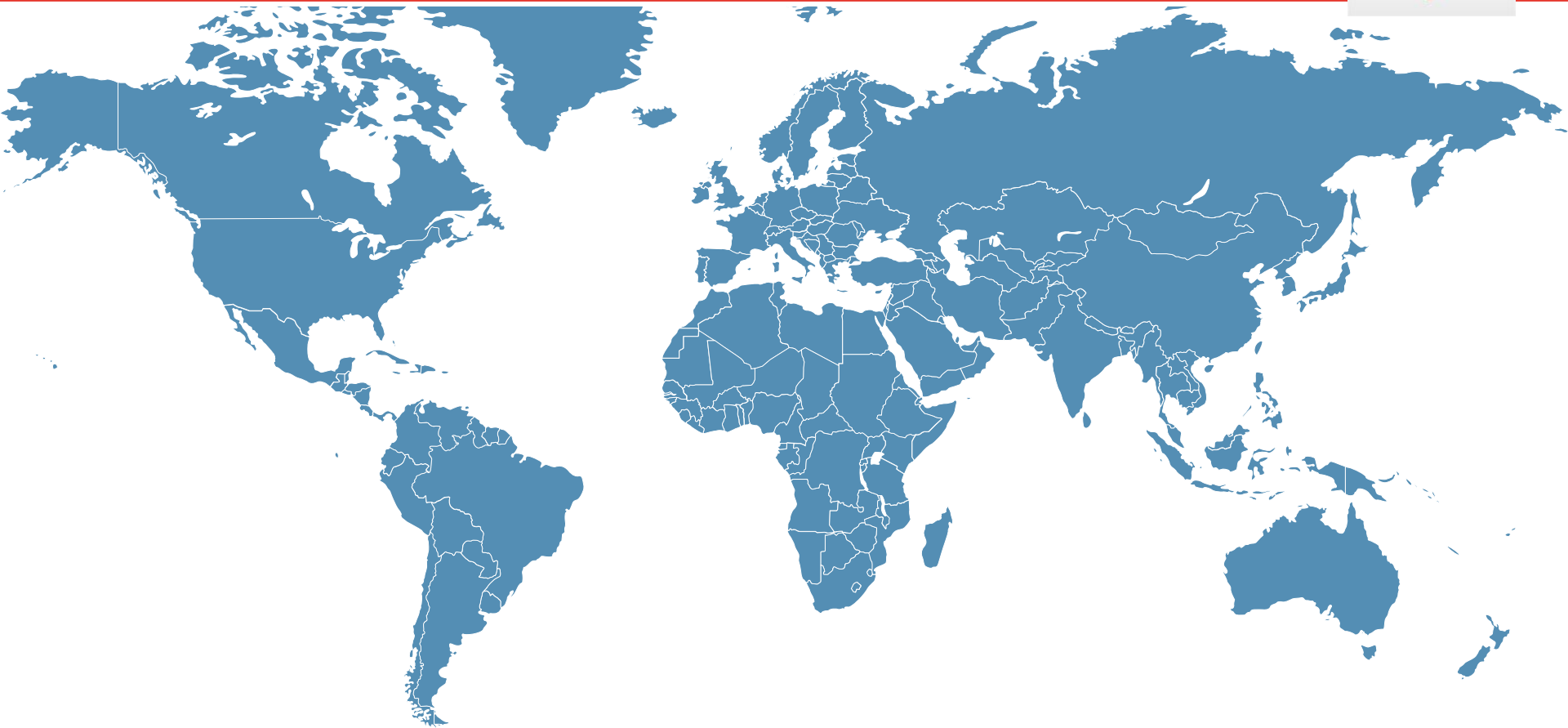
Fagron Sterile Services  
Wichita, US

## Fagron South Africa Johannesburg - South Africa

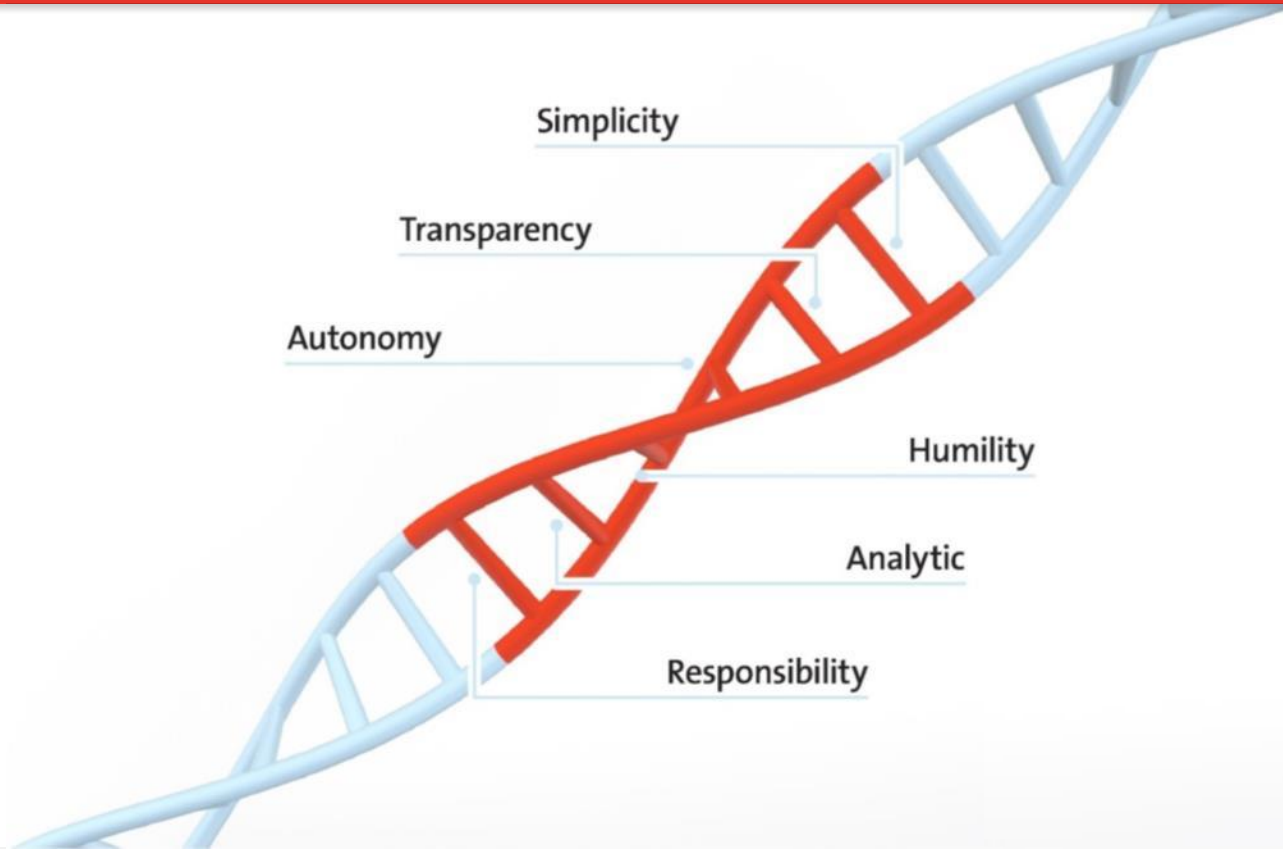




# Fagron: Global Leader in Personalized Medicine



# Fagron Family Rules



# Fagron Values



Customer  
is number 1



Speed of  
execution



Entrepreneurship



Creativity



Quality

# Fagron Strategy



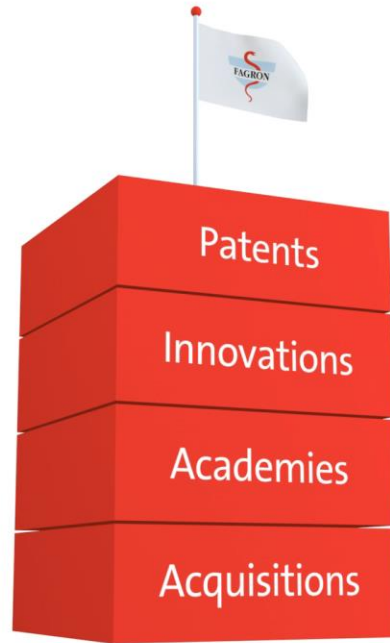
# Fagron Strategy



# Fagron Strategy



# Fagron Strategy







# Fagron Leadership Team



# Market Size and Position



## Fagron Hellas

Trikala - Greece



# Market Size



\* 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

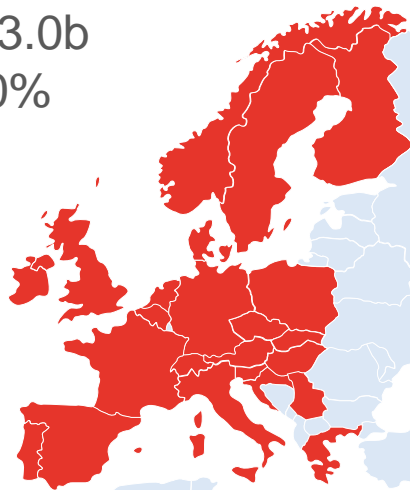


~12%

## Market Size

Personalized medicine ~\$ 3.0b

Essentials & Brands ~10%



## Market Position FCS NL



~50%

## Market Position E&B



~45%



## Market Position E&B



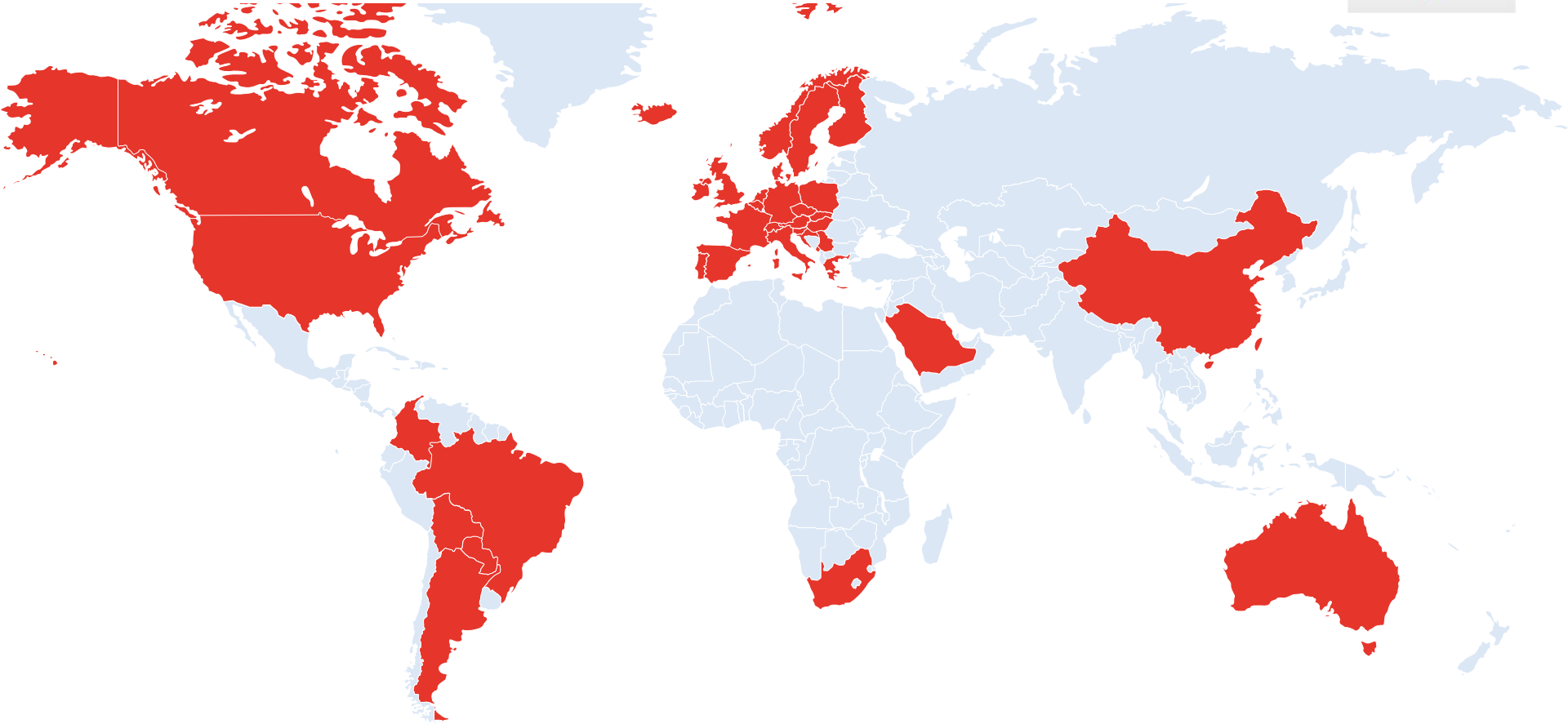
~50%



## 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



mobyPharma



**Phyto**complex that  
promotes relaxation

1

Improves quality of sleep

2

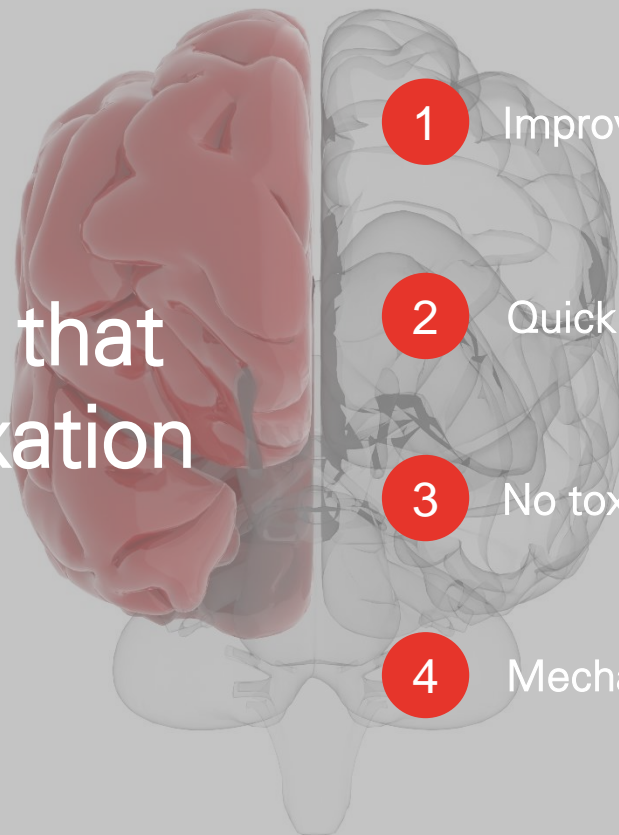
Quick effect

3

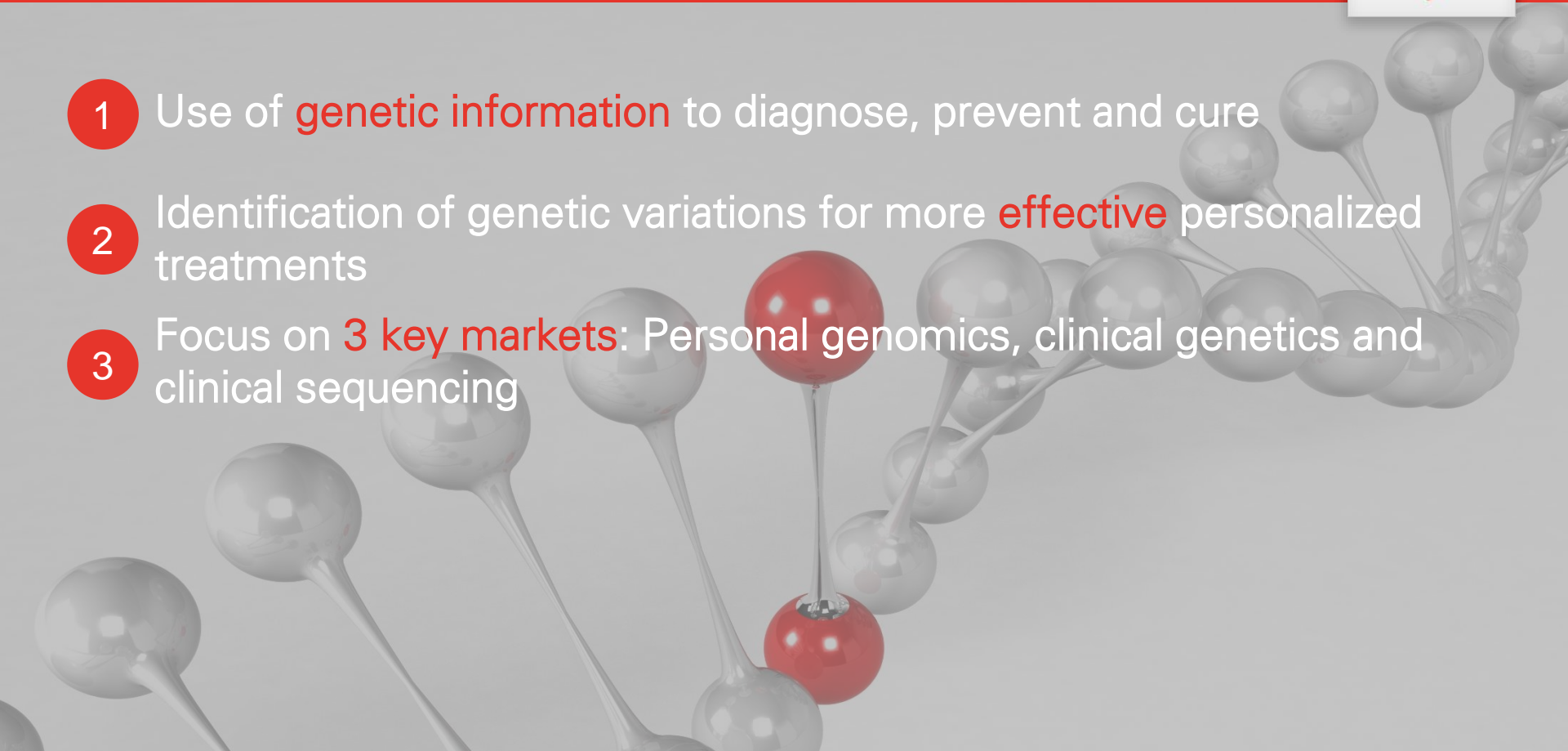
No toxicity

4

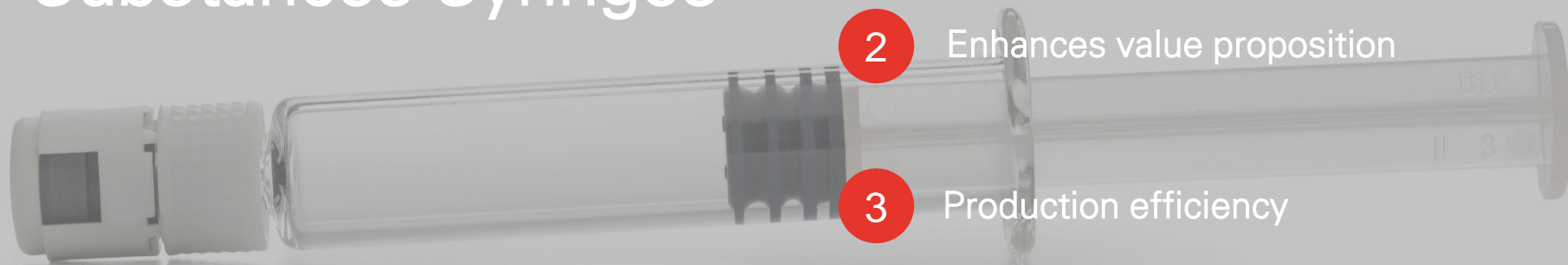
Mechanism of action



- 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



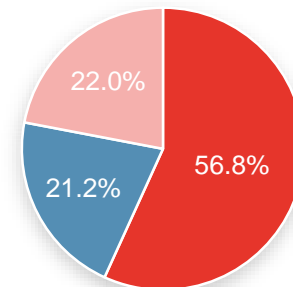
# H1-2018 Headlines



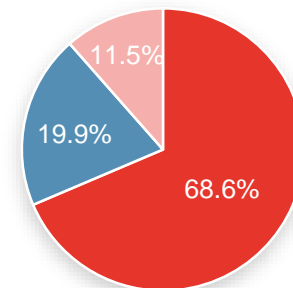
## Financial

- 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



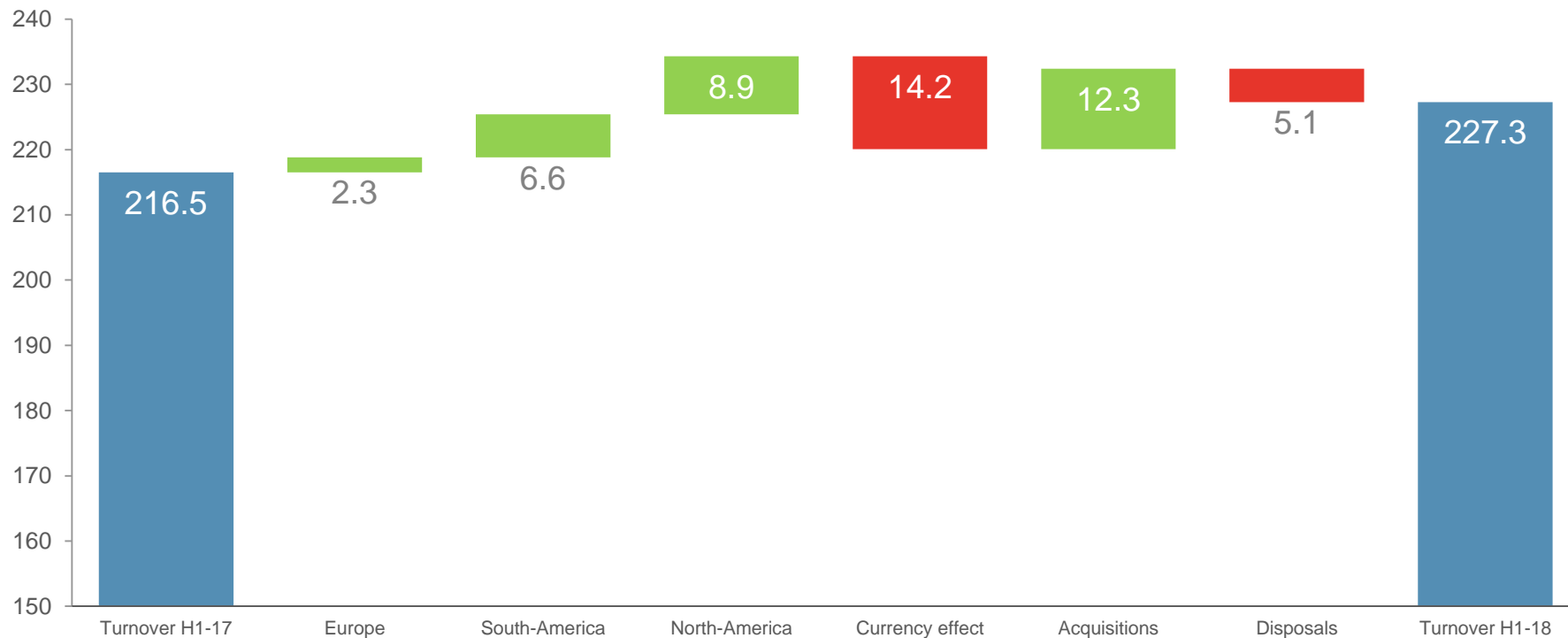
(x € 1,000)	<b>H1-2018</b>	H1-2017	Total growth	Total growth CER	Organic growth	Organic growth CER
<b>Fagron</b>	227,285	216,551	+5.0%	+12.1%	+1.7%	+8.4%
<b>HL Technology</b>	3,638	3,461	+5.1%	+14.2%	+5.1%	+14.2%
<b>Total</b>	<b>230,923</b>	<b>220,012</b>	<b>+5.0%</b>	<b>+12.1%</b>	<b>+1.7%</b>	<b>+8.5%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

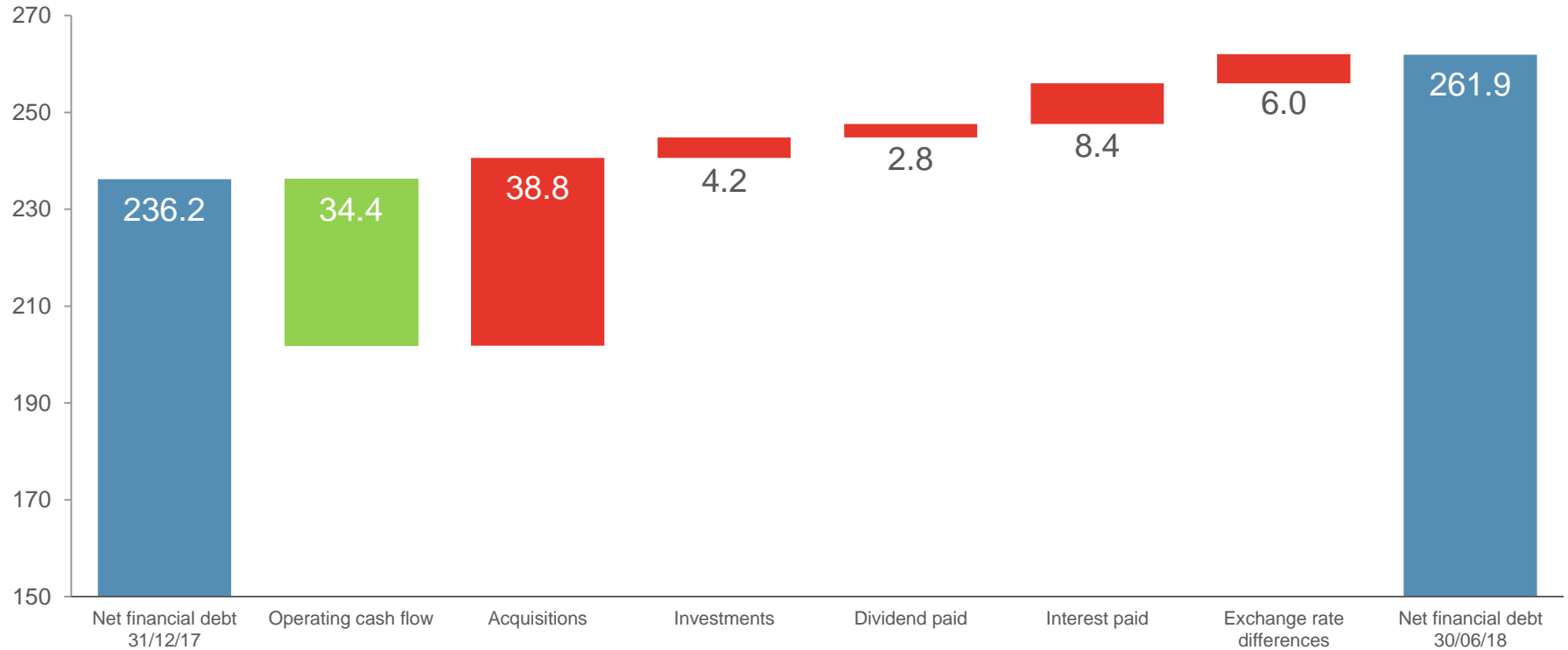
- Effective tax rate amounted to 21.8% compared to 18.6% in H1-17
- Effective cash tax rate amounted to 15.1%

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.