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Together we create the future of personalized medicine



Fagron – Personalizing medicine

- Unique player in a highly fragmented niche market
- Leading market positions
- Favorable market trends offering high single-digit growth opportunities
- Strong barriers to entry
- Strong cash generation
- Scalable business model
 - Disciplined buy-and-build strategy

FArmaceutische GRONdstoffen was founded in 1990

Global leader in personalizing medicine

- Favorable trends: Ageing population, focus on prevention and lifestyle, drug shortages and outsourcing by hospitals
- Scientific driven product innovations
- Strategic focus on innovation & quality improves competitive advantage
- Listed on Euronext Brussels and Amsterdam since 5 October 2007
- Market cap of €1.2 billion

:::Fagron

35 countries



51 locations

2,354 people



Fagron Global Presence 2018



- 25% of Group sales
- Sales of €113.5m
- +45.9% (org. +25.1% CER)
- REBITDA-margin 13.1%



- 22% of Group sales
- Sales of €100.9m
- -2.2% (org. +12.7% CER)
- REBITDA-margin 19.9%





- 53% of Group sales
- Sales of €250.1m
- +1.8% (org. +2.7% CER)
- REBITDA-margin 25.3%

Fagron Group
Sales of €471.7m
+8.8% (org. +9.3% CER)
REBITDA-margin 21.0%







Fagron Purpose



Together we create the future of personalized medicine.



















Fagron Leadership Team

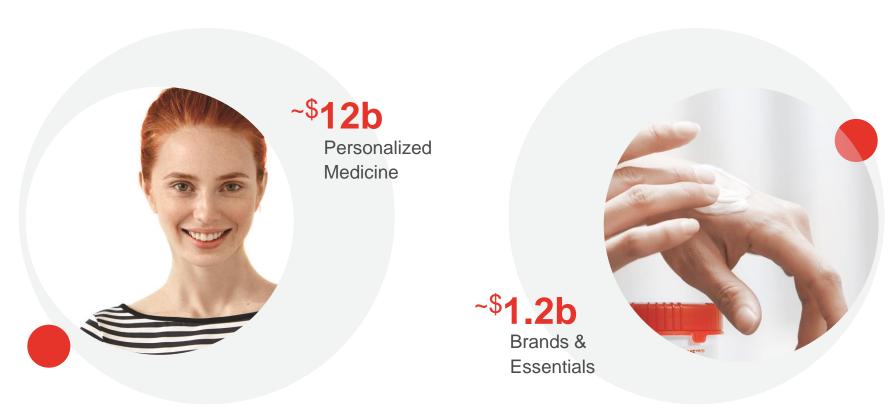
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Global Market for Personalized Medicine





Market Shares of Fagron



Personalized medicine ~\$ 3.0b

Brands/Essentials

~\$ 300m

Fagron share FCS NL ~50% Fagron share B&E ~45%



Personalized medicine

~\$ 1.8b

Brands/Essentials

~\$ 180m

Fagron share B&E ~50%



Personalized medicine

~\$ 4.5b

Brands/Essentials

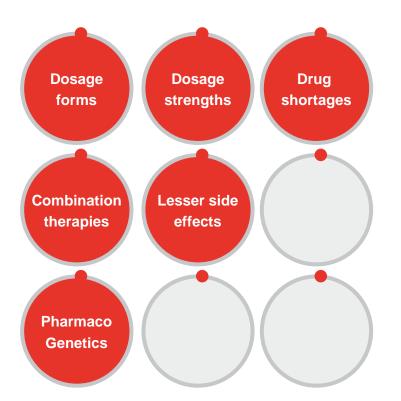
~\$ 450m

Fagron share FCS ~7%

Fagron share B&E ~12%



Key Drivers of Personalized Medicine





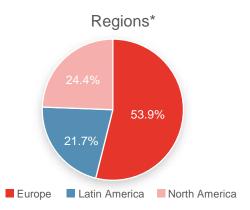


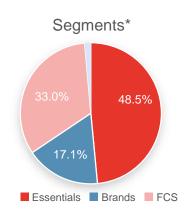


Consolidated Turnover

(x € 1,000)	2018	2017	Δ
Fagron	464,504	426,728	+8.9%
HL Technology	7,174	6,802	+5.5%
Total	471,679	433,529	+8.8%

- Turnover +14.5% at CER
- Organic turnover growth of 3.9% (+9.3% CER)





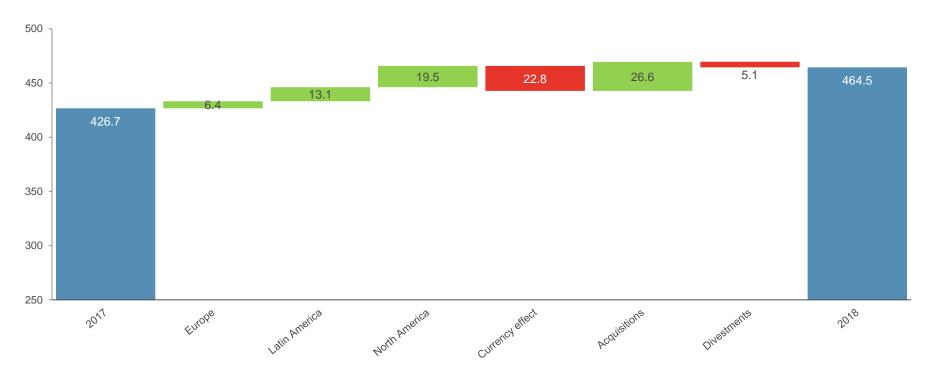




* Based on turnover, excluding HL Technology

Turnover Development

Excluding HL Technology





Fagron Europe

(x € 1,000)	2018	2017	Δ
Turnover	250,086	245,769	+1.8%
REBITDA	63,313	63,301	0.0%
REBITDA margin	25.3%	25.8%	

- Organic turnover growth of 2.7% (+2.7% CER)
 - Acceleration in S2 to 3.5% (S1: 1.9%)
 - € 4m negative impact on turnover due to reduction of capacity in Dutch facility
- FSBA-facility in NL received GMP-status
- Launch of Fagron Genomics in Spain
- REBITDA margin decreased by 50bps to 25.3%





Fagron Latin America

(x € 1,000)	2018	2017	Δ
Turnover	100,930	103,190	-2.2%
REBITDA	20,107	20,815	-3.4%
REBITDA margin	19.9%	20.2%	

- Organic turnover growth of -5.4% (+12.7% CER)
- Growth in CER driven by:
 - Strong growth of Brazilian compounding market
 - Good product availability
 - Focus on Brands (36% of turnover)
 - Strong growth in Colombia (+14.4% CER)
- REBITDA margin decreased by 30bps to 19.9%, but increased from 19.8% in S1 to 20.0% in S2





Fagron North America

(x € 1,000)	2018	2017	Δ
Turnover	113,488	77,769	+45.9%
REBITDA	14,847	11,461	+29.5%
REBITDA margin	13.1%	14.7%	

- Organic turnover growth of 19.5% (+25.1% CER)
- FCS performing in-line with expectations
 - Organic growth of 30.0% at CER
 - Acceleration in S2 to 32.6% (H1: 27.5%)
 - Wichita facilities grow 72.8% in 2018
- Brands & Essentials
 - Acceleration in S2 to 13.9% (H1: 7.6%)
 - Integration of Humco on-track
- REBITDA margin decreased by 160bps to 13.1%, but increases from 11.0% in S1 to 14.8% in S2







2018 Highlights

Highlights - Financial

- Turnover amounted to €471.7 million in 2018, an increase of 14.5% CER
- Organic turnover growth accelerated to 10.1% CER in S2-2018
- REBITDA increased to €99.1 million (+8.8% CER)
- Strong operational cash flow of €73.3 million
- Net financial debt/REBITDA ratio of 2.63 at the end of 2018
- Dividend proposal of €0.12 per share
- Further growth of turnover and profitability expected in 2019

Strategic - Operational

- Strategic focus on innovation and quality provides competitive advantage
- Fagron Sterile Compounding Facility in NL received GMP-certification
- Launch of Fagron Genomics start-up of NGS laboratory in Spain
- Focus on Brands led to an organic turnover growth of 23.4% CER
- All activities in the US showed very strong growth





Financial Review 2018

Gross Margin

+9.1% to €290.7m

FY-18: 61.6% (+10bps)

H2-18: 61.8% (+110bps)

Operating costs

+12.3% to €191.7m due to acquisition/ integration of

Humco & FTE increase Wichita

REBITDA

+3.5% (+8.8% CER) to €99.1m Margin decreases to 21.0%



Financial Review 2018

Non-recurrent result

Amounts to -€6.0m

Consists of settlement with former owners JCB, dismissal costs and acquisition costs

EBITDA

+1.0% to €93.0m

H2: +9.1% to €49.1m

DA

+11.5% to €19.6m

Increase mainly driven by amortization of the Humco brand



Financial Review 2018

Financial result
Unchanged at -€18.6m

Taxes

Effective tax rate of 21.1% Effective cash tax rate of 21.8%

Net profit

-8.8% to €42.9m

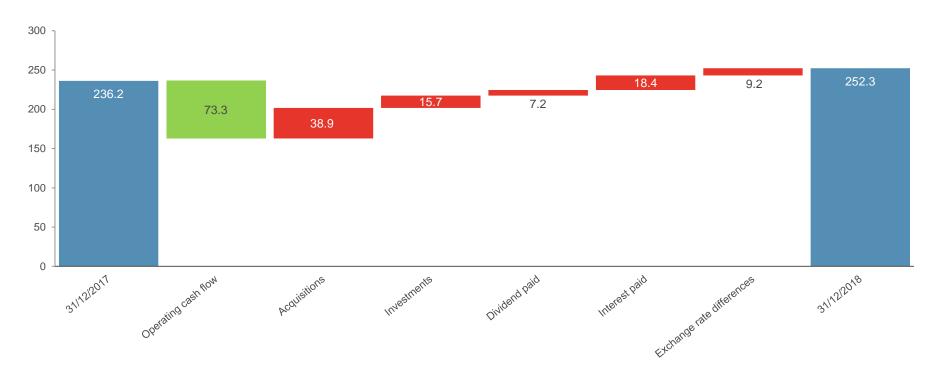
Recurrent net profit increases by

0.9% to €49.5m



Net Financial Debt

Consolidated







Summary & Outlook 2019

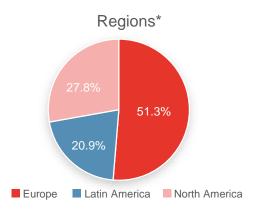
- New Brand Identity & Purpose
- Turnover growth driven by all areas
- Growth acceleration in S2-2018
- Focus remains on:
 - strong organic growth, and
 - targeted acquisitions
- Strategic focus on innovation and quality improves competitive advantage
- Dividend proposal of €0.12 p/s
- Further growth of turnover and profitability expected in 2019

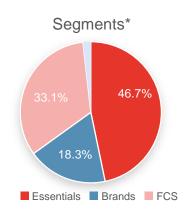


Consolidated Turnover

(x € 1,000)	S1-2019	S1-2018	Δ
Fagron	251,019	227,285	+10.4%
HL Technology	4,380	3,638	+20.4%
Total	255,399	230,923	+10.6%

- Turnover +9.8% at CER
- Organic turnover growth of 7.2% (+6.6% CER)





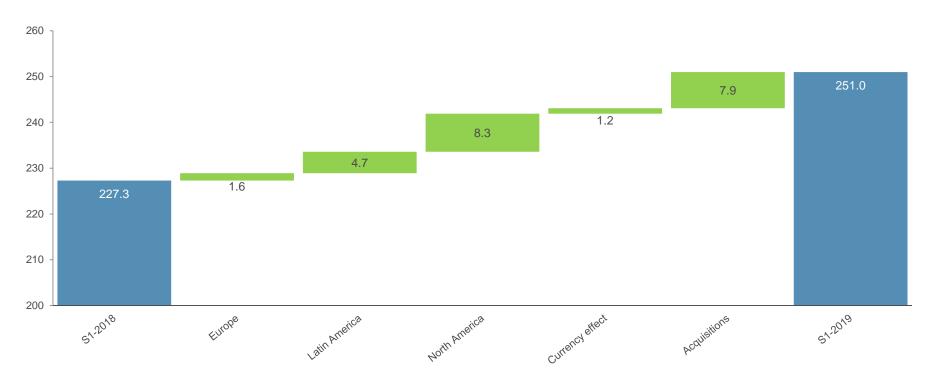


* Based on turnover, excluding HL Technology



Turnover Development

Excluding HL Technology





Fagron Europe

(x € 1,000)	S1-2019	S1-2018	Δ
Turnover	128,677	127,536	+0.9%
REBITDA	34,591	34,417	+0.5%
REBITDA margin	26.9%	27.0%	

- Organic turnover growth of 1.2% CER
- Brands represented 12.7% of turnover
- Promising start of Fagron Genomics 2,200 tests sold in Q2-19
- € 2.0m negative turnover impact due to the temporary reduction of the capacity at a Dutch compounding facility – facility audited and GMP certified in June and fully operational since July
- Acquisition of Dr. Kulich Pharma in Czech Republic in July 2019
 - sales of €5.1m and an EBITDA-margin of 17.8% in 2018





Fagron Latin America

(x € 1,000)	S1-2019	S1-2018	Δ
Turnover	52,417	48,880	+7.2%
REBITDA	10,385	10,159	+2.2%
REBITDA margin	19.8%	20.8%	

- Turnover growth of 12.5% CER
- Organic turnover growth of 4.6% (+9.7% CER)
- The Consulfarma, most important trade fair, was held in July 2019 while the trade fair was held in June 2018, significantly impacting turnover in S1-2019
- Acquisitions of Levviale, Apace and Ortofarma Laboratories in Brazil in S1-2019 – combined sales of €9.9m and an EBITDA-margin of 7.4% in 2018





Fagron North America

(x € 1,000)	S1-2019	S1-2018	Δ
Turnover	69,924	50,869	+37.5%
REBITDA	9,801	6,936	+41.3%
REBITDA margin	14.0%	13.6%	

- Turnover growth of 28.3% CER
- Organic turnover growth of 24.6% (+16.4% CER)
- FCS performing in line with expectations
 - Organic growth of 19.1% CER
 - Wichita (FSS) facilities grew 32.6% CER
 - AnazaoHealth facilities grew 11.0% CER
- Brands & Essentials
 - Turnover growth of 46.4% CER
 - Fagron and B&B grew 10.9% CER
 - Brands represent 16.7% of turnover





S1-2019 Highlights

Highlights - Financial

- Turnover increased to €255.4 million (+10.6%)
- REBITDA increased to €55.6 million (+6.4%)
- EBITDA increased to €54.2 million (+13.8%)
- Net profit increased to €26.8 million (+44.4%)
- Strong operational cash flow of €37.5 million
- Net financial debt/REBITDA ratio of 2.55 on 30 June 2019

Strategic - Operational

- Successful continuation of buy-and-build strategy with acquisitions in Brazil,
 Czech Republic and Mexico
- Start construction of new GMP repackaging facility in Poland
- Sterile GMP compounding facility in the Netherlands fully operational since July
- New sustainable credit facility of €375 million with improved terms
- Settlement in principle with US Department of Justice





Financial Review S1-2019

Gross Margin +9.9% to €155.9m

S1-19: 61.1% (-40bps)

Operating costs

+11.9% to €100.3m an increase of 50bps compared to S1-18 REBITDA

+6.4% (+6.3% CER) to €55.6m Margin decreased to 21.8%



Financial Review S1-2019

Non-recurrent result Amounted to -€1.4m Consists of restructuring costs and acquisition costs

EBITDA +13.8% to €54.2m an increase of 60bps compared to S1-18

DA

+6.6% to €13.7m



Financial Review S1-2019

Financial result
Improved by 35.9% to -€7.0m

Taxes
Effective tax rate of 20.1%

Effective cash tax rate of 25.4%

Net profit from cont. oper.

+44.4% to €26.8m

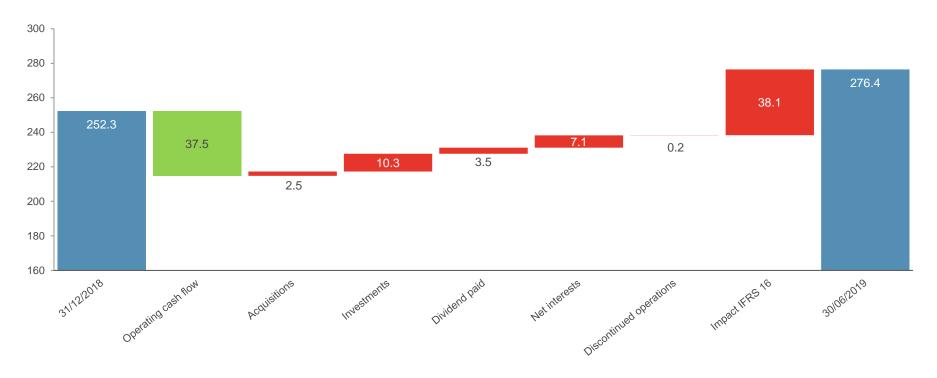
Recurrent net profit increased by

27.2% to €28.0m



Net Financial Debt

Consolidated









Shareholder Structure

	Number of shares	% of voting rights
Alychlo NV / Marc Coucke	10,749,267	14.96%
Waterland Private Equity Fund VI CV and Filiep Balcaen	9,933,274	13.83%
The Capital Group Companies	4,700,267	6.54%
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













Disclaimer

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.

