







Introduction to Fagron

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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

36 countries



52 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

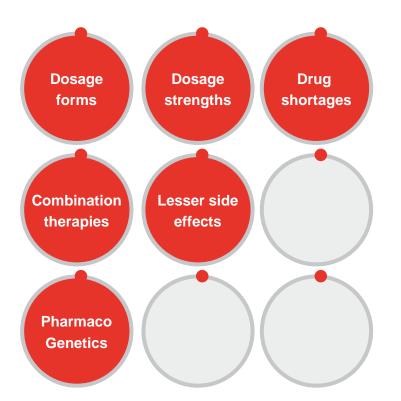
~\$ 450m

Fagron share FCS ~7%

Fagron share B&E ~12%



# **Key Drivers of Personalized Medicine**









## **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

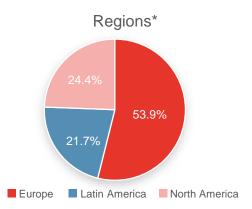


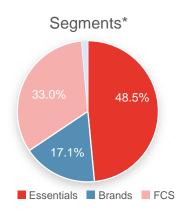


#### **Consolidated Turnover**

(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)





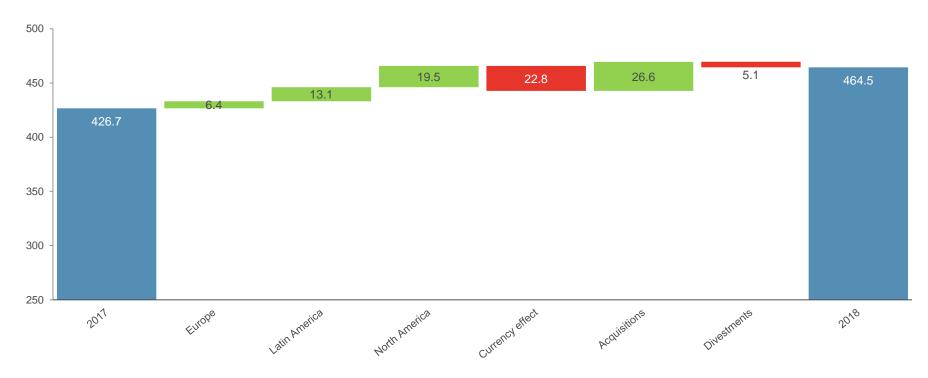




\* Based on turnover, excluding HL Technology

# **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







#### **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



## 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

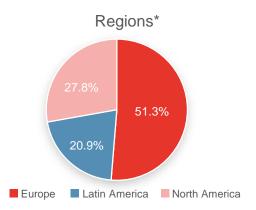


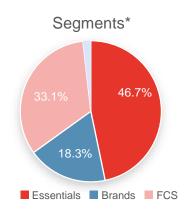


## **Consolidated Turnover**

(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)





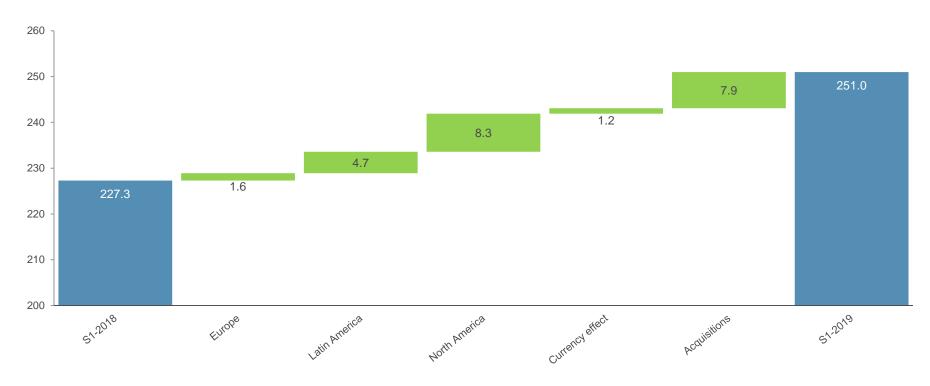


\* Based on turnover, excluding HL Technology



# **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







## Headlines Q3-2019

(x € 1,000)	Q3-2019	Q3-2018	Δ
Fagron	135,644	113,176	+19.9%
HL Technology	1,853	1,686	+9.9%
Total	137,497	114,861	+19.7%

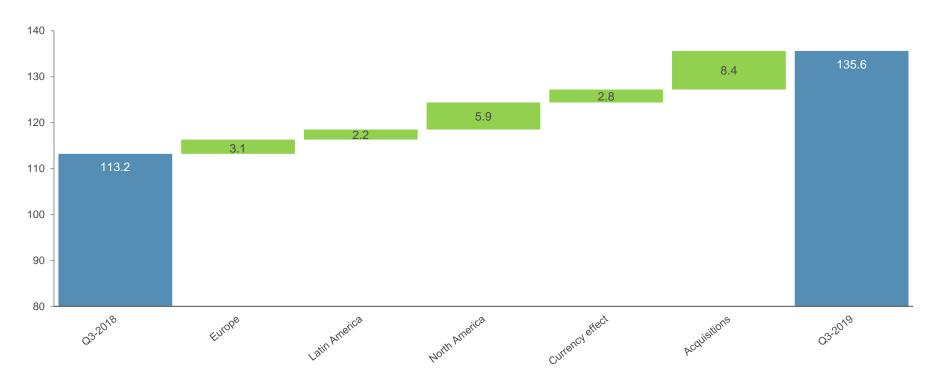
- Turnover growth of 17.1% CER
- Organic turnover growth of 9.9% CER
- Strong turnover growth in North America and Latin America
- Clear growth acceleration in Europe
- Brands increased organically by 21.1% CER and represent 19.3% of the turnover
- Agreement to sell HL Technology



## **:::Fagron**

# **Turnover Development**

#### **Excluding HL Technology**





# **Fagron Europe**

(x € 1,000)	Q3-2019	Q3-2018	Org. growth	Org. growth CER
Turnover	61,274	57,316	+5.4%	+5.5%

- Turnover growth of 6.9% (+7.0% CER)
- Organic turnover growth of +5.5% CER
- Brands represent 11.4% of turnover growth of 12.1%
- Promising start of Fagron Genomics 5,000 DNA-tests sold
- Growth of 7.1% at Compounding Services, driven by GMPcertified compounding facility in the Netherlands
- Acquisition of Dr. Kulich in Czech Republic completed in Q3-19





## **Fagron Latin America**

(x € 1,000)	Q3-2019	Q3-2018	Org. growth	Org. growth CER
Turnover	36,310	25,467	+12.8%	+8.6%

- Turnover growth of 42.6% (+38.0% CER)
- Organic turnover growth of 8.6% CER
- Brands represent 33.7% of turnover growth of 20.9% CER
- Growth of 23.1% CER at Compounding Services in Colombia
- First steps taken to integrate recent acquisitions in Mexico (Cedrosa) and Brazil (Levviale, Apace and Ortofarma)





# **Fagron North America**

(x € 1,000)	Q3-2019	Q3-2018	Org. growth	Org. growth CER
Turnover	38,060	30,392	+25.2%	+19.5%

- Organic turnover growth of 25.2% (+19.5% CER)
- Brands & Essentials
  - Organic growth of 25.5% CER
  - Brands represent 18.2% of turnover growth of 39.2%
- FCS performing in line with expectations
  - Organic growth of 15.8% CER
  - Wichita (FSS) facilities grew 30.0% CER, on-track to reach turnover target by 2022 at the latest
  - AnazaoHealth facilities grew 6.6% CER









#### **Shareholder Structure**

	Number of shares	% of voting rights
Alychlo NV / Marc Coucke	10,749,267	14.96%
Waterland Private Equity Fund VI CV and Baltisse NV1	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 <sup>2</sup>	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



<sup>&</sup>lt;sup>1</sup> Fagron NV was informed on October 11, 2019, by WPEF VI Holdco III BE B.V., jointly owned by Waterland Private Equity Fund VI C.V. and Baltisse NV, of the successful private placement of 9,326,245 existing ordinary shares of Fagron. This placement represents 12.98% of Fagron's current outstanding capital. The shares have been placed at a price of €16.20 per share

<sup>&</sup>lt;sup>2</sup> 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.

