

Digital Life Sciences Conference KBC Securities

22-23 September 2020



















Together we create the future of personalized medicine

FArmaceutische GRONdstoffen was founded in 1990

Global Leader in **Personalizing Medicine**

- Favorable trends:
 - Ageing population
 - Focus on prevention and lifestyle
 - Drug shortages
 - Outsourcing by hospitals
- Strategic focus on scientific driven innovation & quality improves competitive advantage
- Listed on Euronext Brussels and Amsterdam since 2007. Market cap of € 1.5 billion

35 countries



2,847
people



58 locations



What is PersonalizING Medicine?



Fagron Global Presence 2019



- 28% of Group sales
- Turnover of € 145.9m
- +28.6% (org. +16.5% CER)
- REBITDA-margin 16.1%



- 24% of Group sales
- Tunrover of € 125.6m
- +24.4% (org. +10.4% CER)
- REBITDA-margin 20.2%





- 48% of Group sales
- Turnover of € 257.0m
- +2.8% (org. +2.1% CER)
- REBITDA-margin 26.1%

Fagron Group
Turnover of €534.7m
+13.4% (org. +7.5% CER)
REBITDA-margin 21.9%







Fagron Purpose



Together we create the future of personalized medicine.



Strategic product focus





Strategic channels





Strategic drivers





Strategic trends





Fagron Leadership Team



Rafael Padilla Chief Executive Officer / Leader Europe (e-NL)



2002



Andy Pulido Leader North America





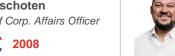
Karin de Jong Chief Financial Officer



2008



Constantijn van Rietschoten Chief Corp. Affairs Officer





Ivan Marostica Leader Latin America



2001



Marc van der Aa Global Digital Director



2020



Céline Caveye Global HR Director





Johan Verlinden Global Legal & Governmental Affairs Director



2013



Ellen van Sprundel Leader The Netherlands



2001



Savvas Koulouridas Global Innovations Director / Leader RoW





Jason McGuire Global Quality Director





Michel Izaú Global Purchasing Director



:::Fagron



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 ~50%



Personalized medicine

~\$ 2.0b

Brands/Essentials

~\$ 200m

Fagron share B&E ~50%



Personalized medicine

~\$ 4.5b

Brands/Essentials

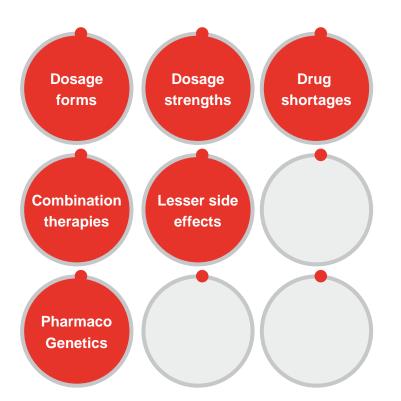
~\$ 450m

Fagron share FCS ~10%

Fagron share B&E ~15%



Key Drivers of Personalized Medicine









H1-2020 Headlines

- Strong results showing the strength of Fagron's diversity, both regionally and product-wise
 - Organic turnover growth of 7.2% CER
 - REBITDA margin improved to 80bps to 22.6%
- All regions developed strongly
- The impact of the COVID-19 pandemic remained limited in Q2-2020:
 - Shift in demand from elective care to care related to COVID-19
 - All facilities are fully operational
 - Virtually no disruptions in the supply chain
- Higher strategic inventories due to COVID-19
- Disciplined cost control in view of ongoing global uncertainty about the impact of COVID19





H1-2020 Headlines - Financial

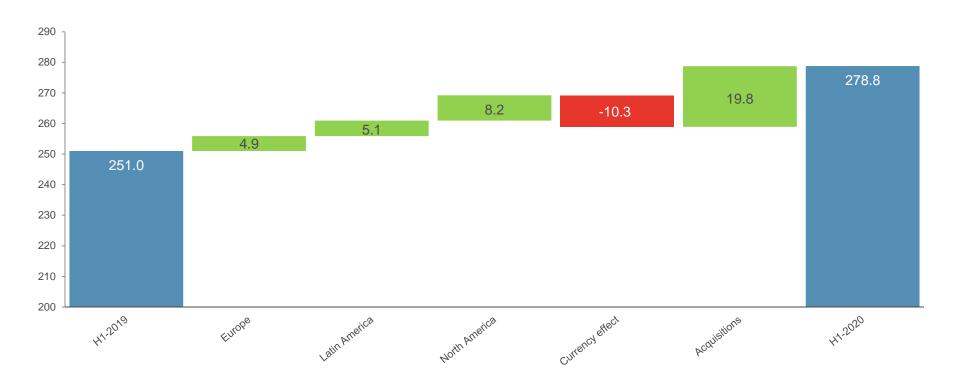
Turnover	€ 278.8m	+9.1%
REBITDA	€ 62.9m	+13.2%
EBITDA	€ 61.3m	+13.1%
Net profit*	€ 31.6m	+17.9%
Operational cash flow	€ 27.2m	-27.3%
Net debt/REBITDA ratio	2.35	

^{*} Net profit from continued operations





Turnover Development





Fagron Europe (incl. RoW)

(x € 1,000)	H1-2020	H1-2019	Δ
Turnover	137,549	128,677	+6.9%
REBITDA	33,448	34,591	-3.3%
REBITDA margin	24.3%	26.9%	

- Turnover growth of 6.9% (+7.6% CER)
- Organic turnover growth of 3.8% CER
- Strong growth for Brands & Essentials, driven by increased demand for COVID-19 related products
- Sharp decline for Compounding Services delay of elective care was partly offset by strong demand for sterile preparations used in intensive and palliative care
- Acquisition of Gako in Germany
- REBITDA margin decreases by 260bps to 24.3%





Fagron North America

(x € 1,000)	H1-2020	H1-2019	Δ
Turnover	80,156	69,924	+14.6%
REBITDA	16,729	9,801	+70.7%
REBITDA margin	20.9%	14.0%	

- Turnover growth of 14.6% (+11.8% CER)
- FCS decrease of 5.7% CER due to:
 - the (temporary) closure of clinics, the postponement of elective care, and a decline in doctor's visits due to COVID-19
 - the product focus implemented at Anazao in Q4-2019
- Brands & Essentials growth of 40.0% CER
 - Strong performance across the board, fuelled by further utilizing commercial synergies & benefits of scale of Humco
 - Increased demand for a number of COVID-19 related products
- REBITDA margin increases by 690bps to 20.9% as result of cost control, product rationalization and the utilization of synergies





Fagron Latin America

(x € 1,000)	H1-2020	H1-2019	Δ
Turnover	61,045	52,417	+16.5%
REBITDA	12,758	10,385	+22.8%
REBITDA margin	20.9%	19.8%	

- Turnover growth of 16.5% (+42.3% CER)
- Organic turnover growth of 9.7% CER
- Strong growth of Essentials:
 - Organic growth, partly driven by increased demand for COVID-19 related products
 - Strong contribution of companies acquired in 2019
- Brands reported organic turnover growth despite a lower level of activity among prescribers
- REBITDA margin increases by 110bps to 20.9%, mainly due to well-managed operating costs







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





Shareholder Structure

	Number of shares	% of voting rights
Alychlo NV / Marc Coucke	10,749,267	14.96%
The Capital Group Companies	7,553,899	10.47%
NN Group NV	7,248,055	10.04%

- 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 72,178,904. The total number of voting rights (denominator) is 72,178,904





2019 Highlights - Financial

Turnover	€ 534.7m	+13.4%
REBITDA	€ 117.0m	+9.9%
EBITDA	€ 113.7m	+13.2%
Net profit*	€ 55.7m	+30.3%
Operational cash flow	€ 98.8m	+34.8%
Dividend	€ 0.08 p/s	

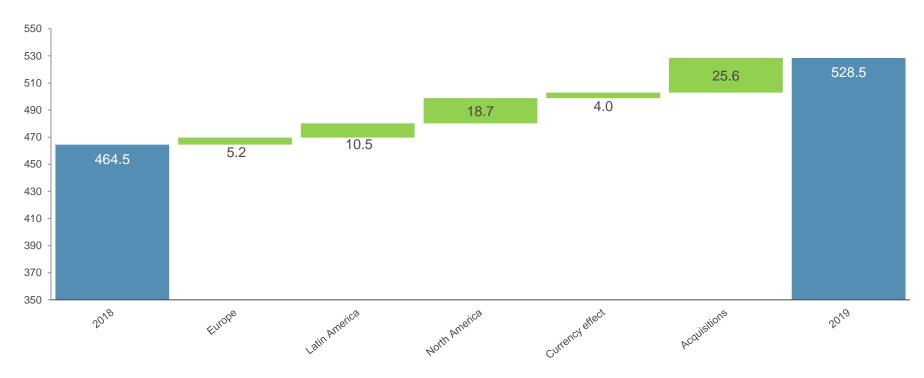


^{*} Net profit from continued operations



Turnover Development

Excluding HL Technology

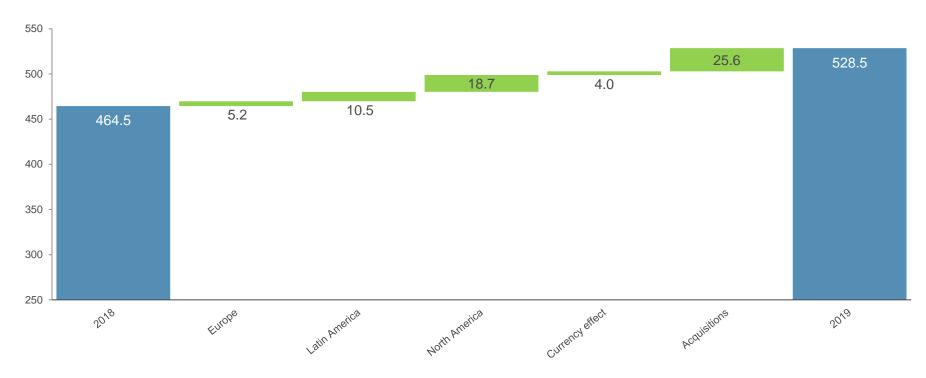






Turnover Development

Excluding HL Technology





Fagron Europe (incl. RoW)

(x € 1,000)	2019	2018	Δ
Turnover	257,001	250,086	+2.8%
REBITDA	67,133	66,708	+0.6%
REBITDA margin	26.1%	26.7%	

- Organic turnover growth of 1.9% (+2.1% CER)
 - Growth rate at Dutch GMP-compounding facility flattens in Q4-19
 - Strong start of Fagron Genomics (8,200 tests sold)
- Integration of Dr. Kulich in Czech Republic started
- REBITDA margin decreases by 60bps to 26.1%





Fagron North America

(x € 1,000)	2019	2018	Δ
Turnover	145,910	113,488	+28.6%
REBITDA	23,534	17,754	+32.6%
REBITDA margin	16.1%	15.6%	

- Organic turnover growth of 22.7% (+16.5% CER)
 - FSS: +35.8% (+28.7% CER)
 - Change in services to large customers limits growth but increases profitability
 - On-track to reach target by 2022 at the latest
 - Anazao: +12.9% (+7.0% CER)
 - Further focus in product offer (stopped with hot nuclear)
 - Brands & Essentials: +40.6% (+33.2% CER)
 - Intensive collaboration between Humco and Fagron
- REBITDA margin increases by 50bps y-o-y
 - Margin increases from 14.0% in H1 to 18.1% in H2





Fagron Latin America

(x € 1,000)	2019	2018	Δ
Turnover	125,552	100,930	+24.4%
REBITDA	25,351	21,032	+20.5%
REBITDA margin	20.2%	20.8%	

- Organic turnover growth of 7.7% (+10.4% CER)
 - Decrease (in %) of Brands fully caused by acquisitions in 2019
 - First Academies held in Mexico
 - Strong growth of 19.0% CER in Colombia
- Integration of Cedrosa, Levviale, Apace and Ortofarma started
- REBITDA margin decreases by 60bps to 20.2% due to lower contribution from acquisitions







Financial Review - Turnover

(x € 1,000)	2019	2018	Δ
Fagron	528,462	464,504	+13.8%
HL Technology	6,233	7,174	-13.1%
Total	534,695	471,679	+13.4%

- Organic turnover growth of 8.3% (+7.5% CER)
- HL Technology divested in Q4-2019 deconsolidated as from 1 October 2019





Financial Review

Gross Margin

+10.8% to € 322.0m

FY-19: 60.2% (-140bps)

Operating costs

+11.2% to € 205.0m

due to acquisitions in 2018

(Humco) and 2019

REBITDA

+9.9% to € 117.0m

H2: +13.4% to € 61.4m



Financial Review

Non-recurrent result

-€ 3.3m

Consists of settlement with former owner Anazao, dismissal costs and acquisition costs

EBITDA

+13.2% to € 113.7m

H2: +12.7% to € 59.5m

DA

+11.1% to € 29.3m



Financial Review

Financial result
Improved by 26.5% to -€ 14.5m

Taxes

Effective tax rate of 20.3% Effective cash tax rate of 22.5%

Net profit

+30.3% to € 55.7m

Recurrent net profit

+18.6% to € 58.1m













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.

