

# Fagron: 2017 Results



RAFAEL PADILLA, CEO  
KARIN DE JONG, CFO

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FAGRÓN GENOMICS  
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# Headlines 2017

## 📊 Financial

- Turnover increased 3.6% to € 436.9 million
- REBITDA<sup>1</sup> increased 5.7% to € 95.7 million or 21.9% of turnover
- EBIT increased 317.2% to € 74.6 million or 17.1% of turnover
- Strong operational cash flow of € 84.2 million
- Net financial debt/REBITDA ratio declined from 3.18 to 2.48

## 📊 Strategic and operational

- **Active buy-and-build strategy**
  - Acquisition of Croatian Kemig in August
  - Acquisition of Brazilian All Chemistry in October

# Headlines 2017

## 📑 Strategic and operational

### • Appointments

- Rafael Padilla appointed to Chief Executive Officer and co-opted as member of the Board of Directors
- Ivan Marostica succeeded Rafael Padilla as Area General Manager of Fagron South America
- Blake Keller succeeded Rita Hoke as President of Fagron North America
- Marcello Bergamini appointed Area General Manager of Fagron Europe (excl. Benelux)

# Operational review 2017



Leading the future  
of Compounding



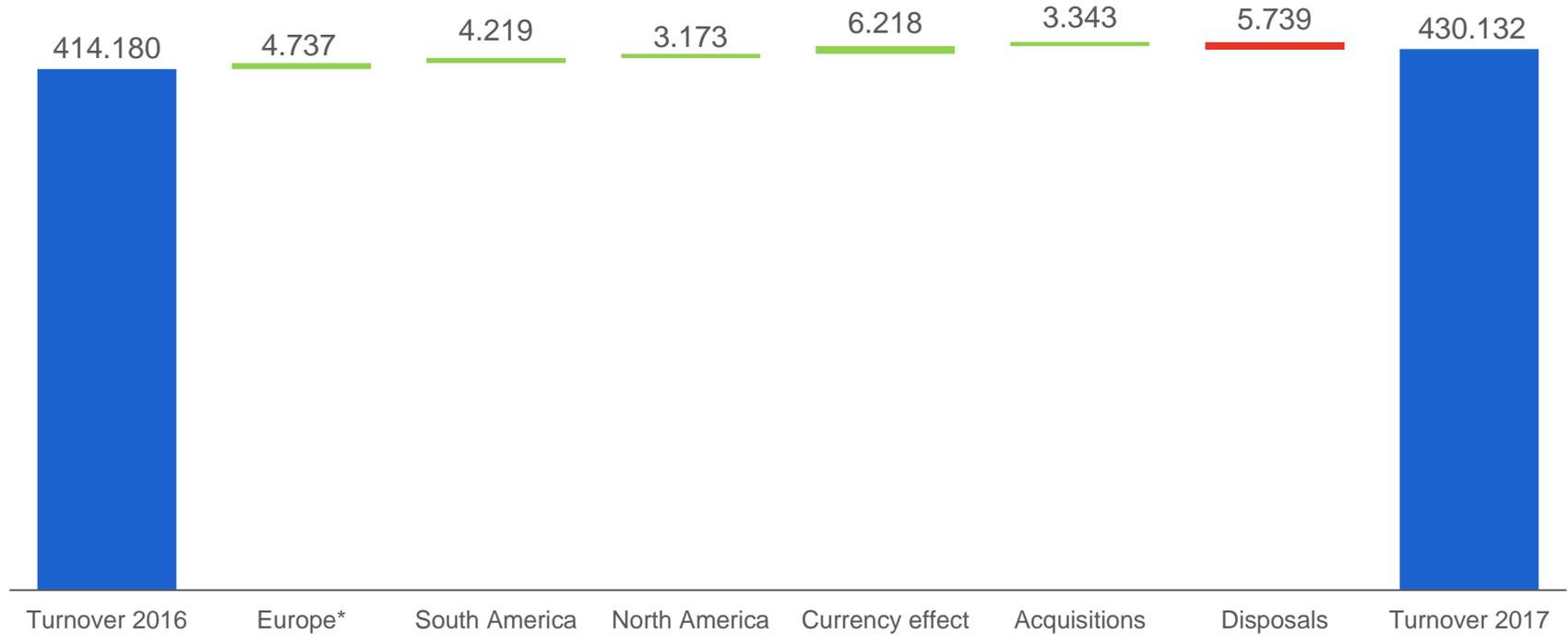
# Consolidated turnover

(x € 1,000)	2017	2016	Total growth	Total growth CER	Organic growth	Organic growth CER
<b>Fagron</b>	430,132	414,180	+3.9%	+2.4%	+4.5%	+2.9%
<b>HL Technology</b>	6,802	7,659	-11.2%	-9.5%	-11.2%	-9.5%
<b>Total</b>	<b>436,934</b>	<b>421,839</b>	<b>+3.6%</b>	<b>+2.1%</b>	<b>+4.2%</b>	<b>+2.7%</b>

- Organic turnover growth of 4.2% (+2.7% CER)
- Growth driven by positive turnover developments in Europe, North- and South America

# Turnover development

Excluding HL Technology (in € 1,000)



\* The Europe segment consists of the operations of Fagron in Europe, South Africa and Australia.

# Fagron Europe

(x € 1,000)	H2-2017	H2-2016	Δ	2017	2016	Δ
Turnover	120,195	121,558	-1.1%	249,082	246,904	+0.9%
REBITDA	30,577	32,218	-5.1%	63,301	63,138	+0.3%
REBITDA margin	25.4%	26.5%		25.4%	25.6%	

- Organic turnover growth of 2.4% (+1.9% CER)
- REBITDA increases 0.3%; margin decreases 20bps to 25.4%
- Growth in H2-2017 curbed by limited product availability and delivery delays
- Backlog expected to be largely cleared in April 2018
- Marcello Bergamini appointed Area General Manager Fagron Europe (excl. Benelux)

# Fagron South America

(x € 1,000)	H2-2017	H2-2016	Δ	2017	2016	Δ
Turnover	53,784	48,896	+10.0%	103,282	91,130	+13.3%
REBITDA	10,761	9,331	+15.3%	20,815	18,072	+15.2%
REBITDA margin	20.0%	19.1%		20.2%	19.8%	

- Organic turnover growth of 11.9% (+4.6% CER)
- REBITDA increases 15.2%; margin increases 40bps to 20.2%
- Strong volume growth in 2017:
  - Majority of raw materials purchases are in US-dollar
  - Lower purchase prices, due to strengthening BRL/USD, fully passed on to customers
  - Decrease of prices in BRL had a negative impact on turnover growth at CER
- Ivan Marostica appointed Area General Manager Fagron South America

# Fagron North America

(x € 1,000)	H2-2017	H2-2016	Δ	2017	2016	Δ
Turnover	37,888	38,049	-0.4%	77,769	76,147	+2.1%
REBITDA	6,009	3,867	+55.4%	11,461	8,912	+28.6%
REBITDA margin	15.9%	10.2%		14.7%	11.7%	

- Organic turnover growth of 2.1% (+4.2% CER)
- REBITDA increases 28.6%; margin increases 300bps to 14.7%
- Sterile activities are performing in line with expectations
  - Turnover growth of 15.5% (+17.8% CER)
  - Wichita facility obtained 48 licenses
- Raw materials activities
  - Turnover decline of 24.3% (-22.8% CER)
  - Turnover decline of 7.1% CER in Q4-17; stable compared to previous quarters in 2017
- Blake Keller appointed President Fagron North America

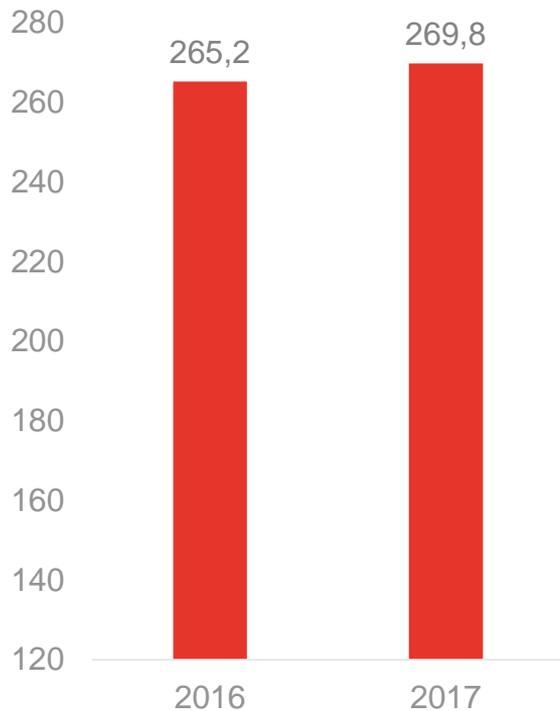
# Financial review 2017



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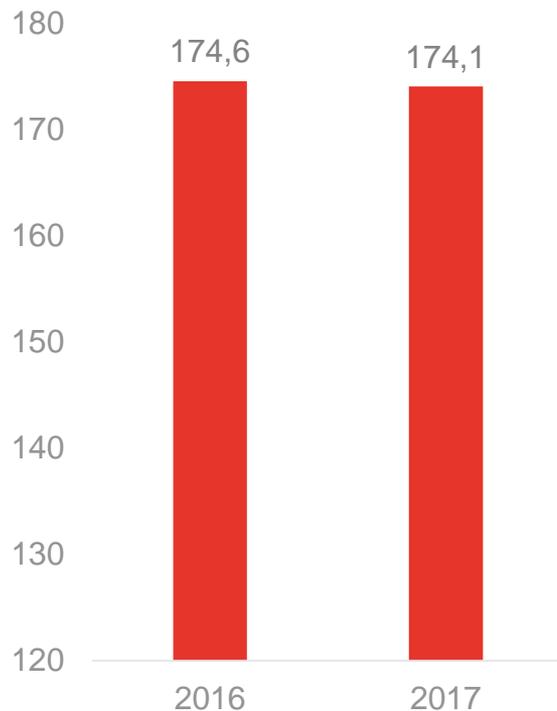
# Consolidated - Gross margin



■ Gross margin increases by € 4.7 million (+1.8%)

■ Gross margin as percentage of turnover decreases by 110bps to 61.8% compared to 2016

# Consolidated - Operating costs

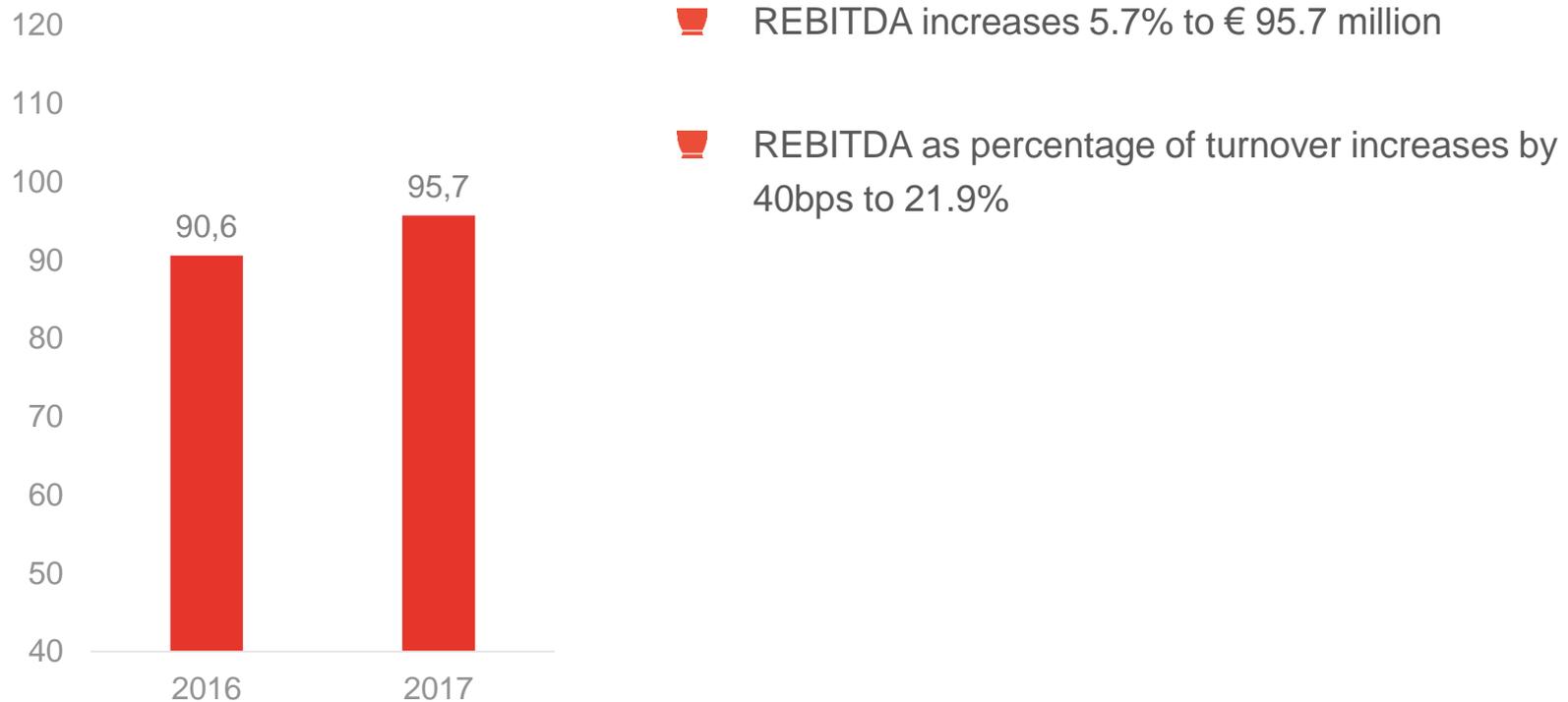


Operating costs decrease 0.3% to € 174.1 million

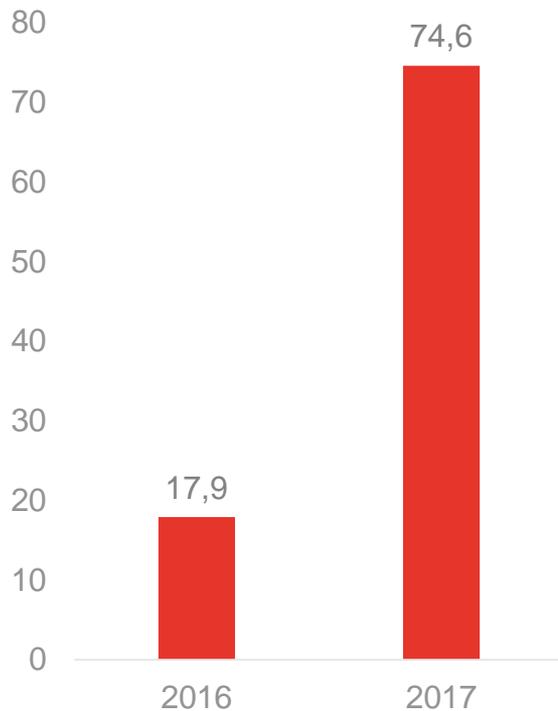
Operating costs as percentage of turnover decrease by 150bps to 39.8%

Operating costs in H2-2017 decreased by 3.5%, mainly due to cost savings in Europe and in the raw materials activities in the US and to the sale of the facility in France

# Consolidated - REBITDA



# Consolidated - EBIT

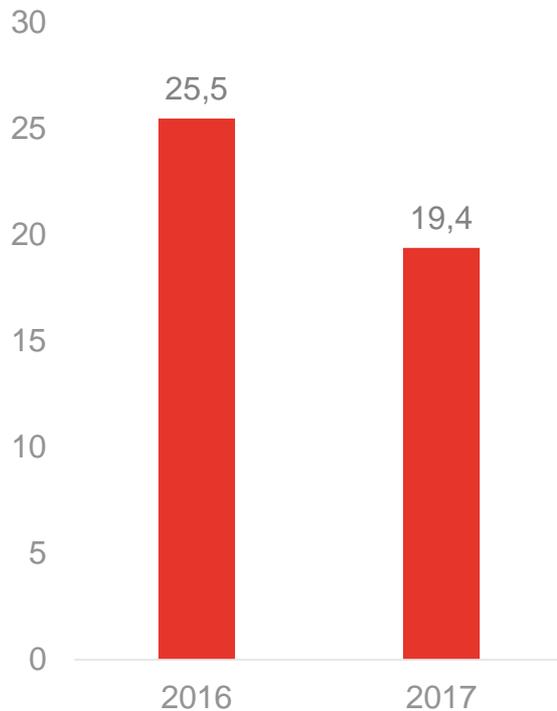


EBIT increases 317.2% to € 74.6 million



The increase was largely caused by the recognition of an impairment of € 48.4 million in 2016

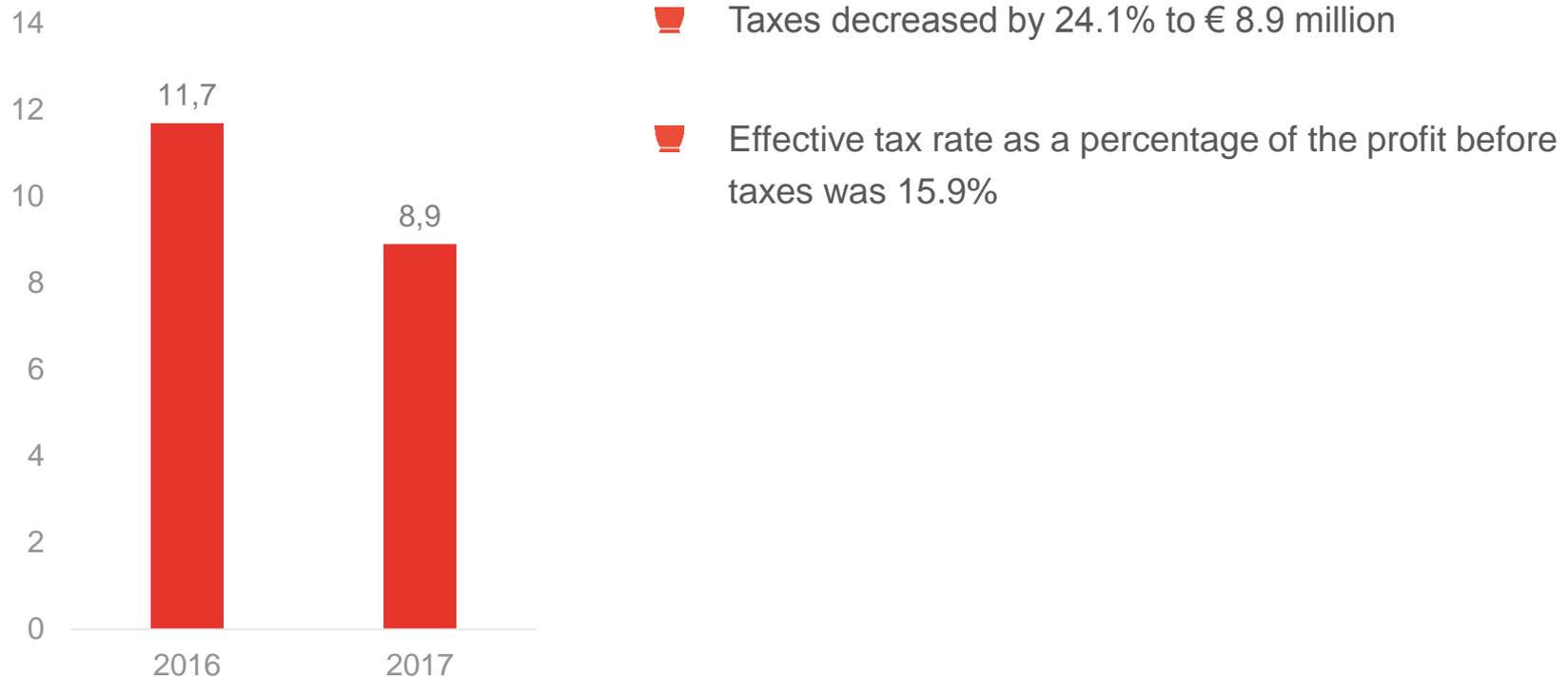
# Consolidated - Financial result



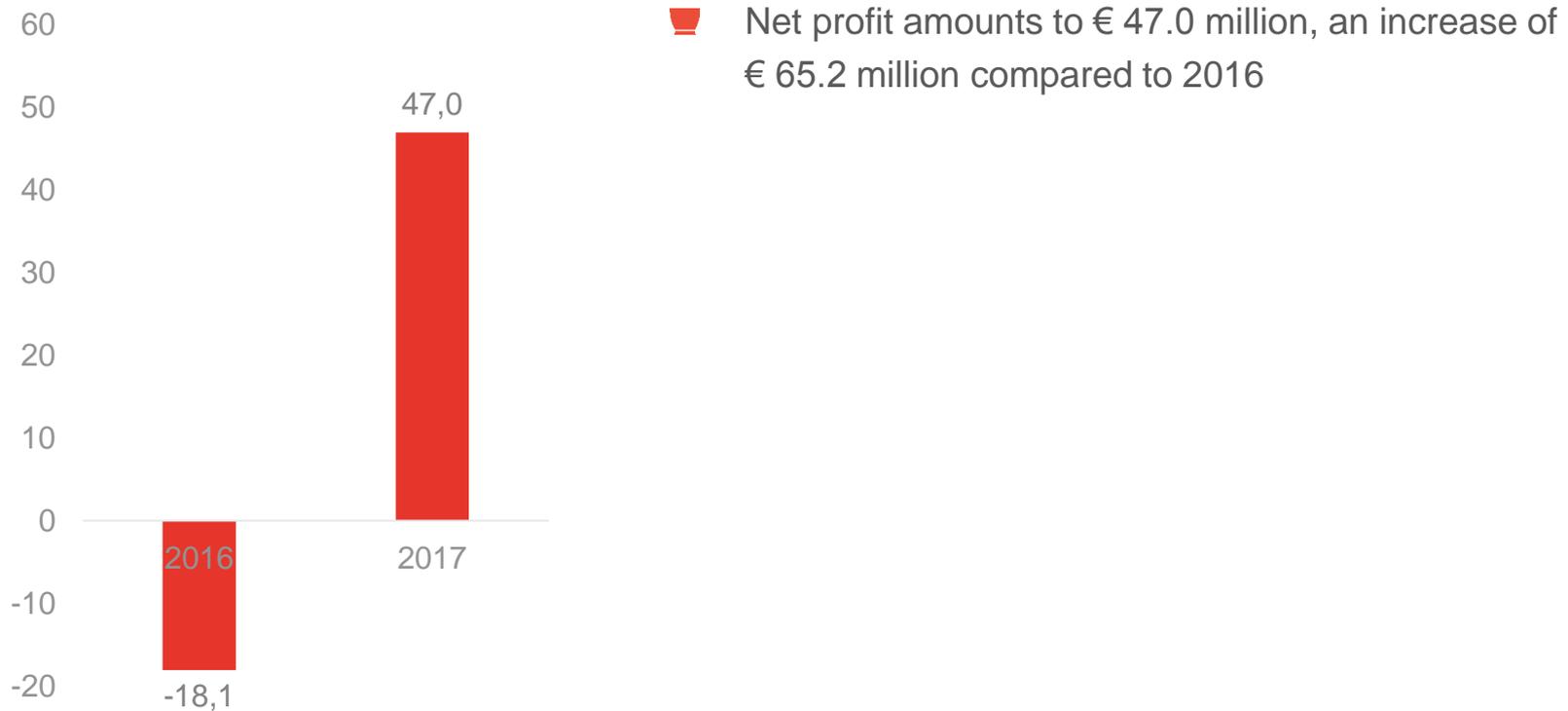
Financial results amount to € 19.4 million, an improvement of 24.2%

- Financial costs decrease by € 15.4 million due to lower interest expenses and non-recurring costs in 2016 related to the refinancing
- The financial income decreases by € 9.3 million due to the non-recurring recognition of an income item in 2016 as a result of the received waivers

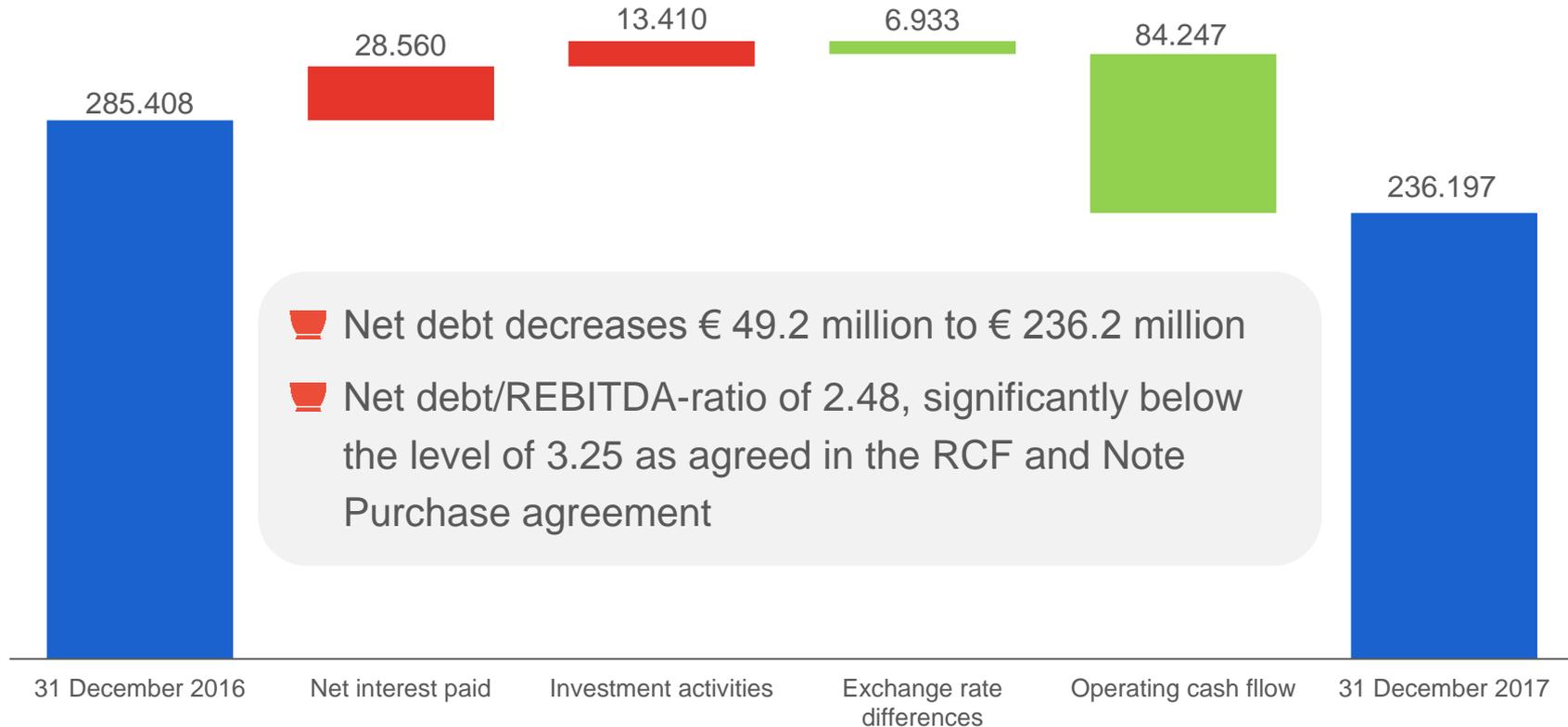
# Consolidated - Taxes



# Consolidated – Net profit



# Consolidated – Net financial debt



# Summary

- ❏ Strong results driven by growth in core countries
- ❏ Operating costs well under control
- ❏ Profitability increasing faster than turnover
- ❏ Focus remains on
  - Strong organic growth through development of innovative products and concepts
  - Targeted acquisitions in our core markets
- ❏ Further growth of turnover and profitability expected in 2018
- ❏ Dividend proposal of € 0.10 per share



Q&A

