



Fagron 2015 Results

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Headlines 2015

- ☐ Turnover increased with 5.8% to € 473.0 million, in line with revised outlook, decline of organic turnover of 1.0%
- ☐ REBITDA decrease of 10.0% to € 106.5 million, REBITDA margin of 22.5%
- ☐ Impairment of € 225.6 million related to Bellevue Pharmacy and Freedom Pharmaceuticals in the United States. This is a result of a change in the reimbursement system of non-sterile compounding
- ☐ Negative net result due to one-offs, depreciation and amortisation
- ☐ Exclusive negotiations with cornerstone investor and other investors about financing. Total capital increase of € 220 million
- ☐ Board of directors will propose not to distribute dividend over 2015

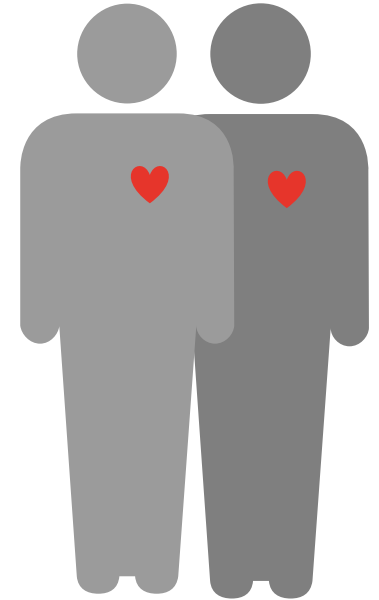
Capital increase

- ❏ Fagron announced on 31 December 2015 that it has been granted a waiver by its financiers in respect of the financial covenants on the revolving credit facility and the US private placement. This waiver is valid till the end of March 2016
- ❏ Exclusive negotiations with cornerstone investor and other investors on a capital increase of € 220 million
- ❏ The capital increase is a sustainable solution for Fagron's long term financing needs



Review 2015

- Positive turnover developments in local currency in Europe, Brazil, RoW and for the sterile FSPS-activities in the United States
- Changes in the reimbursement system for non-sterile compounding in United States had a major impact on the non-sterile FSPS and Essentials activities in the United States
- Investment in two new sterile FSPS-facilities (Wichita and Hoogeveen)
- Acquisition of AnazaoHealth and ABC Chemicals
- Change in Board of Directors



Operational review



Consolidated turnover 2015

(x € 1,000)	2015	2014	Total growth	Total growth CER	Organic growth	Organic growth CER
Fagron	463,449	438,479	5.7%	3.9%	-1.2%	-2.9%
HL Technology	9,547	8,577	11.3%	-2.1%	11.3%	-2.1%
Total	472,996	447,056	5.8%	3.7%	-1.0%	-2.9%

CER = constant exchange rates

- ☐ Total turnover growth of 5.8% and organic turnover decline of 1.0%
- ☐ Impact of changed reimbursement system for Essentials and non-sterile compounding in the US of approx. € 49 million in 2015
- ☐ Implementation of cost saving programme

Turnover development in 2015

Excluding HL Technology (in € 1,000)



Fagron Specialty Pharma Services

(x € 1,000)	H2 2015	H2 2014	Evolution	2015	2014	Evolution
Turnover	95,727	90,426	5.9%	187,894	147,780	27.1%
REBITDA	15,458	27,209	-43.2%	41,110	43,343	-5.2%
REBITDA-margin	16,1%	30.1%		21.9%	29.3%	

- Turnover growth of 27.1% (organic growth of 7.0%)
- REBITDA-margin decreases to 21.9% of turnover
- Strong turnover growth in Europe, Colombia, South-Africa and the sterile activities in the US
- Negative effect of changed reimbursement system in US on non-sterile activities (Bellevue Pharmacy)
- Increasing demand for sterile compounding
- New sterile facility in US opens in March 2016 and new antibiotic facility in NL opens in June 2016

Fagron Trademarks

(x € 1,000)	H2 2015	H2 2014	Evolution	2015	2014	Evolution
Turnover	24,792	22,974	7.9%	50,343	45,652	10.3%
REBITDA	6,530	7,305	-10.6%	15,639	14,414	8.5%
REBITDA-margin	26.3%	31.8%		31.1%	31.6%	

- ☐ Turnover growth of 10.3%
- ☐ REBITDA-margin decreases to 31.1% of turnover due to weakening of Brazilian real
- ☐ Growth driven by SyrSpend® SF, Pentravan® and CapsiCards® System
- ☐ EPIfactor® and Alopecia concept were launched globally in H2-2015
- ☐ Strong and extensive R&D pipeline
- ☐ Global presence boosts cross selling and innovation

Fagron Essentials

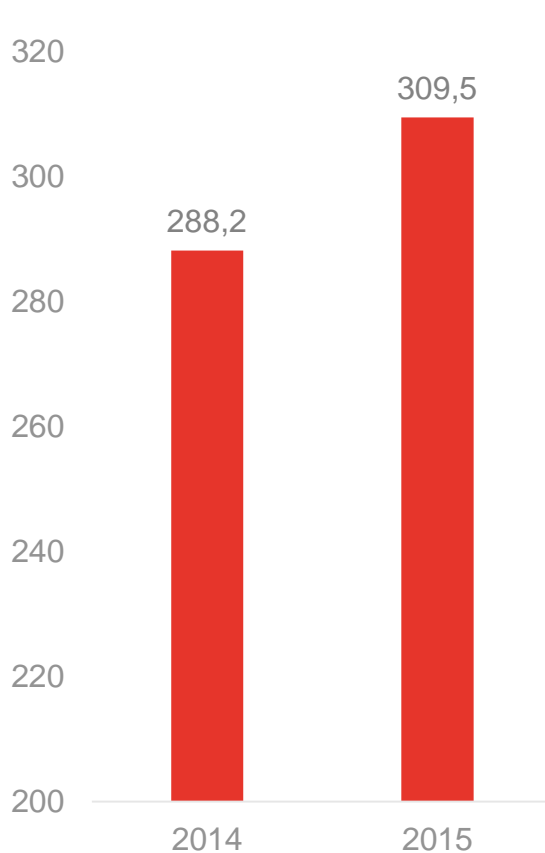
(x € 1,000)	H2 2015	H2 2014	Evolution	2015	2014	Evolution
Turnover	104,663	120,949	-13.5%	225,212	245,047	-8.1%
REBITDA	18,813	28,352	-33.6%	48,604	59,991	-19.0%
REBITDA-margin	18.0%	23.4%		21.6%	24.5%	

- ☹ Decline of turnover of 8.1% (organic decline of 9.1%)
- ☹ REBITDA-margin decreases to 21.6% of turnover
- ☹ Negative effect of changed reimbursement system in US on the sale of pharmaceutical raw materials (Freedom Pharmaceuticals)
- ☹ Acquisition of Belgian ABC Chemicals, consolidated as from 1 July 2015

Financial review



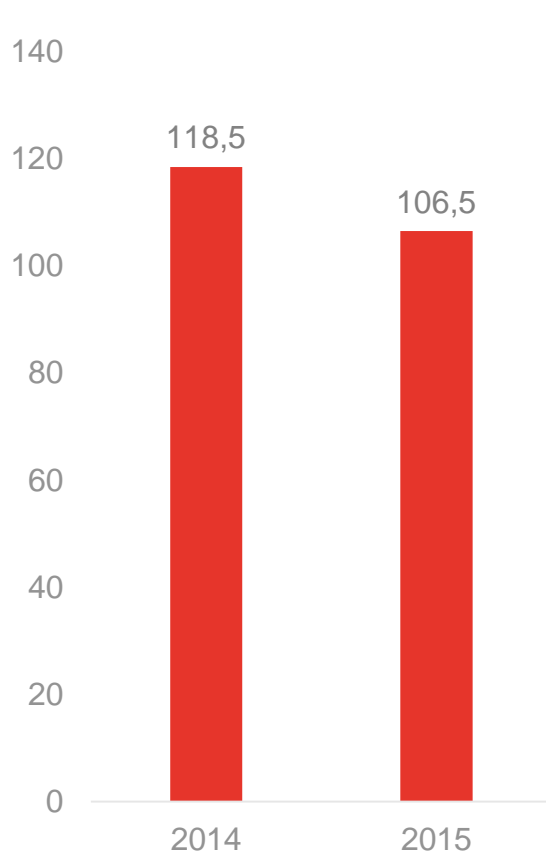
Consolidated – Gross Margin



■ Gross margin increases from € 288.2 million to € 309.5 million (+7.4%)

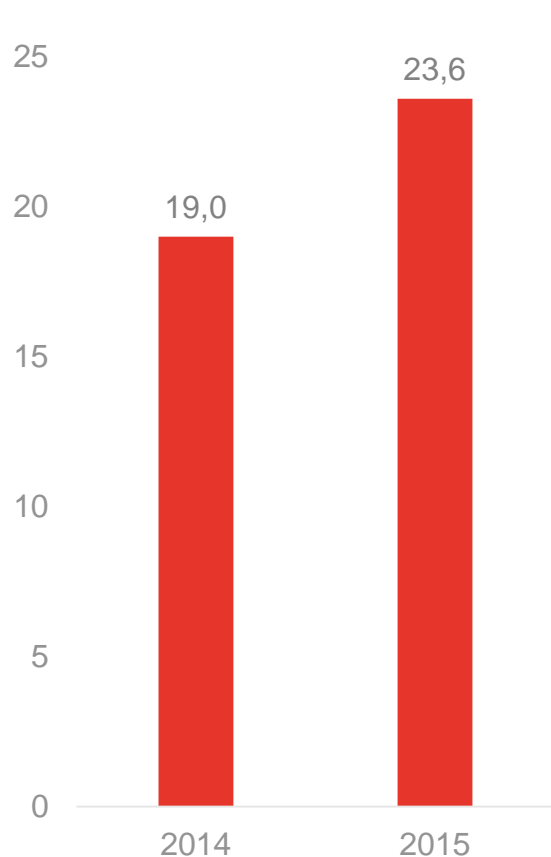
■ Gross margin as percentage of turnover increases with 90bps to 65.4%

Consolidated – REBITDA



- REBITDA decreased from € 118.5 million to € 106.5 million (-10.0%)
- The result of a steeper increase in costs than in turnover
- Operational costs increased as a result of acquisitions

Consolidated – Depreciation & Amortization



- Depreciation and amortization increased from € 19.0 million to € 23.6 million (24.1%)
- As a result of the changed reimbursement for non-sterile compounding in the United States and the effect on the profitability of Bellevue Pharmacy and Freedom Pharmaceuticals Fagron took an impairment of € 225.6 million

Consolidated – Net financial debt



Dividend

The Board of Directors of Fagron has decided to propose to the Annual General Meeting of Shareholders not to pay out a dividend for the 2015 financial year and to focus on strengthening the balance sheet and to give priority to decreasing the debt of the company

Q&A



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.