

Regulated information

Nazareth (Belgium)/Rotterdam (the Netherlands), 11 October 2019 – 07:00 a.m. CEST

## Strong turnover growth of 19.7% to €137.5 million

## Organic turnover growth accelerates to 12.4%

### Highlights

- Organic turnover growth of 12.4% (9.9% CER<sup>1</sup>)
- Strong turnover growth in North America and Latin America, clear growth acceleration in Europe
- Brands increased organically by 21.1% CER and represents 19.3% of the turnover
- Agreement to sell HL Technology

**Rafael Padilla, CEO of Fagron:** *The strong turnover growth in the third quarter reflects the success of our strategy. We are very pleased that all our regions have contributed to this turnover development.*

*The European operations showed a clear acceleration of turnover growth. Compounding Services benefited from the fully up and running compounding facility in the Netherlands. Brands also demonstrated a strong performance due to, among other things, the successful introduction of innovative solutions developed in-house. Fagron Genomics was able to maintain its promising start and has sold 5,000 DNA tests in the first nine months of 2019.*

*In Latin America, Fagron benefited from its leading market position, partly as a result of recent acquisitions, and continued with the strong organic growth momentum. Fagron made a good appearance at the Consulfarma, the most important trade fair for the sector in Latin America. In the third quarter, the first steps were taken to integrate the recent acquisitions in Brazil and Mexico.*

*Fagron also continued to perform strongly across the board in North America. Based on the current turnover development of the sterile compounding facilities in Wichita, we are heading for a run-rate of US\$50 million in turnover (annualised) by the end of 2019, which means we are on track to achieve our previously stated turnover target by 2022 at the latest. The activities of Humco, which was acquired last year, are fully integrated, giving Fagron an even stronger platform and product portfolio, which is a key driver for future growth.*

*Furthermore, recently an agreement was reached on the sale of HL Technology. The transaction, that is anticipated to be completed before the end of the year, is expected to result in a small book profit.*

*This performance, and the underlying developments on which it is based, allow us to be confident that we will also be able to achieve further turnover growth in the fourth quarter.”*

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<sup>1</sup> CER = Constant Exchange Rates



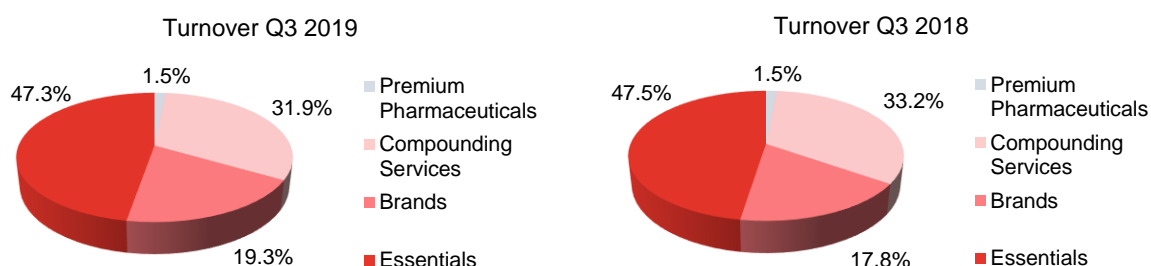
(x €1,000)	Q3 2019	Q3 2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Fagron	135,644	113,176	+19.9%	+17.3%	+12.4%	+9.9%
HL Technology	1,853	1,686	+9.9%	+5.1%	+9.9%	+5.1%
<b>Fagron Group</b>	<b>137,497</b>	<b>114,861</b>	<b>+19.7%</b>	<b>+17.1%</b>	<b>+12.4%</b>	<b>+9.9%</b>

(x €1,000)	9M 2019	9M 2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Fagron	386,663	340,461	+13.6%	+12.2%	+8.8%	+7.6%
HL Technology	6,233	5,324	+17.1%	+12.7%	+17.1%	+12.7%
<b>Fagron Group</b>	<b>392,896</b>	<b>345,785</b>	<b>+13.6%</b>	<b>+12.2%</b>	<b>+8.9%</b>	<b>+7.7%</b>

#### Key figures per segment

##### Fagron (excluding HL Technology)

(x €1,000)	2019	2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Turnover Q3	135,644	113,176	+19.9%	+17.3%	+12.4%	+9.9%
Turnover 9M	386,663	340,461	+13.6%	+12.2%	+8.8%	+7.6%



Fagron's turnover (excluding HL Technology) increased by 19.9% (+17.3% at constant exchange rates) in the third quarter of 2019 to €135.6 million. The organic turnover growth was 12.4% (+9.9% at constant exchange rates).

The turnover at constant exchange rates has shown a positive development in the third quarter of 2019 in all regions where Fagron operates. In the activities in Europe, we saw a clear growth acceleration in the third quarter of 2019 while the strong organic turnover growth in the first half of 2019 in North America and Latin America continued in the third quarter of 2019. Brands' turnover at constant exchange rates increased by 21.1% in the third quarter of 2019 and now represents 19.3% of the total turnover (S1 2019 18.3%).

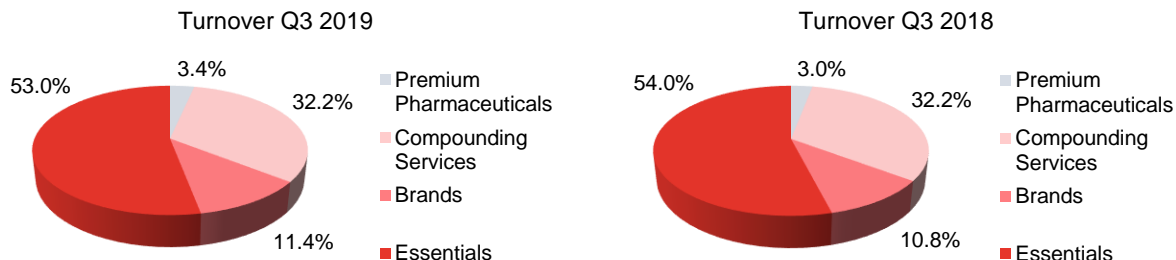


The table below summarises the turnover development and currency effects for Fagron (excluding HL Technology) in the third quarter of 2019.

(x €1,000)	Impact
<b>Turnover in Q3 2018</b>	<b>113,176</b>
Development Europe <sup>2</sup>	+3,148
Development in Latin America	+2,186
Development in North America	+5,920
Currency effect BRL/Euro	+1,131
Currency effect USD/Euro	+1,748
Currency effect other	-75
Contribution of acquisitions	+8,411
<b>Turnover in Q3 2019</b>	<b>135,644</b>

### **Fagron Europe<sup>3</sup>**

(x €1,000)	2019	2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Turnover Q3	61,274	57,316	+6.9%	+7.0%	+5.4%	+5.5%
Turnover 9M	189,951	184,852	+2.8%	+3.0%	+2.3%	+2.5%



Fagron Europe's turnover increased by 6.9% (+7.0% at constant exchange rates), from €57.3 million in the third quarter of 2018 to €61.3 million in the third quarter of 2019, which is a clear acceleration compared to the 0.9% turnover growth in the first semester of 2019. The organic turnover growth was 5.4% (+5.5% at constant exchange rates).

The focus on Brands also led to strong turnover growth in this segment in the third quarter of 2019. Brands' turnover at constant exchange rates increased by 12.1% in the third quarter of 2019. This growth is mainly driven by the introduction of innovative solutions developed in-house for vulnerable groups of patients, such as children or the elderly. The promising start of Fagron Genomics, with 5,000 DNA tests sold in the first nine months of 2019, contributed to this strong development. End of October, Fagron Genomics will introduce the NutriGen DNA test for weight management in Europe, South Africa and Mexico.

Despite the registration of a number of non-sterile compounds, turnover at constant exchange rates at Compounding Services increased by 7.1% in the third quarter of 2019. This increase is mainly achieved

<sup>2</sup> The Europe segment is comprised of Fagron's activities in Europe, South Africa and Australia.

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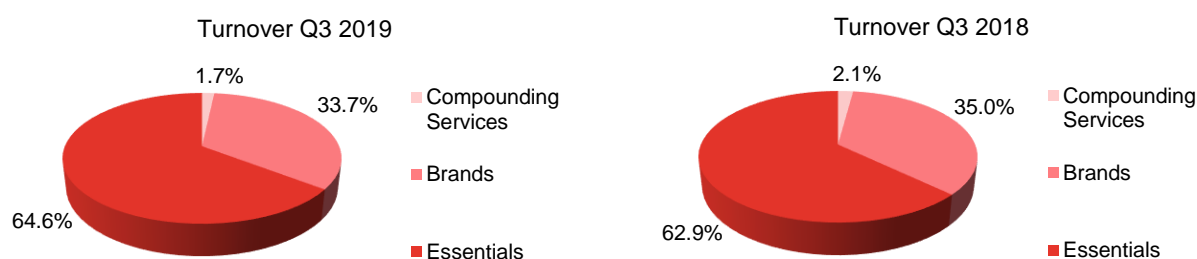


by the GMP-certified compounding facility in the Netherlands, which has been fully operational again since July 2019.

In the third quarter of 2019, Fagron completed the acquisition of Dr. Kulich Pharma in the Czech Republic. Dr. Kulich Pharma is a supplier of pharmaceutical raw materials, creams, ointments and packaging materials to compounding pharmacies in the Czech Republic. Dr. Kulich Pharma realised a turnover of approximately €5.1 million in 2018. The acquisition was consolidated from 1 August 2019.

### **Fagron Latin America**

(x €1,000)	2019	2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Turnover Q3	36,310	25,467	+42.6%	+38.0%	+12.8%	+8.6%
Turnover 9M	88,728	74,348	+19.3%	+21.2%	+7.4%	+9.3%



Turnover in the Latin America segment increased by 42.6% (+38.0% at constant exchange rates) to €36.3 million in the third quarter of 2019, mainly as a result of the acquisitions in the second quarter of 2019 with which Fagron has clearly strengthened its position in the Latin American market. The organic turnover growth was 12.8% (+8.6% at constant exchange rates).

Brands' turnover at constant exchange rates increased by 20.9% in the third quarter of 2019. This increase is driven by the focus on the development and introduction of innovative Brands and the successful Consulfarma fair that was held in July (and fell in the first semester in 2018). A video impression of the Fagron companies present at the Consulfarma can be downloaded [here](#).

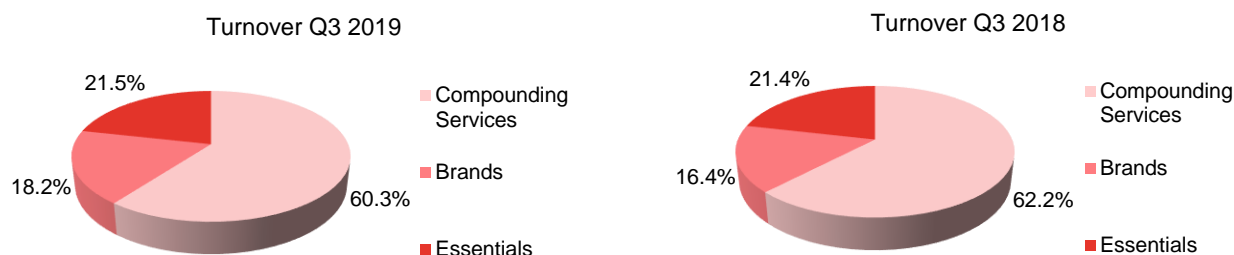
In the third quarter of 2019, the Compounding Services activities in Colombia continued the strong growth seen in 2018 and in the first semester of 2019. Turnover growth at constant exchange rates was 23.1% in the third quarter of 2019.

In the third quarter of 2019, Fagron took the first steps to integrate the recent acquisitions in Brazil (Levviale, Apace and Ortofarma Laboratories) and Mexico (Cedrosa). In 2018, the three Brazilian acquisitions achieved a joint turnover of approximately €9.9 million and an EBITDA margin of approximately 7.4%. Cedrosa in Mexico achieved a turnover of approximately €22.5 million in 2018 and an EBITDA margin of 14.5%.



### Fagron North America

(x €1,000)	2019	2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Turnover Q3	38,060	30,392	+25.2%	+19.5%	+25.2%	+19.5%
Turnover 9M	107,984	81,261	+32.9%	+25.0%	+24.8%	+17.5%



The North America segment turnover increased by 25.2% (+19.5% at constant exchange rates) to €38.1 million in the third quarter of 2019.

Compounding Services, in which Fagron is active in the United States with the Fagron Sterile Services and AnazaoHealth brands, performed according to expectation and realised turnover growth of 21.4% (+15.8% at constant exchange rates). AnazaoHealth achieved a turnover growth of 11.6% (+6.6% at constant exchange rates). The turnover growth of Fagron Sterile Services in Wichita was 36.6% (+30.0% at constant exchange rates) in the third quarter of 2019. By the end of 2019, Fagron expects to reach a run-rate of US\$50 million with the sterile compounding facilities in Wichita, which means we are on track to achieve the previously stated turnover target by 2022 at the latest.

The turnover of Brands and Essentials grew by 31.6% in the third quarter of 2019 (+25.5% at constant exchange rates) compared to the third quarter of 2018. With the full integration of Humco, which was acquired in April last year, the commercial synergies and economies of scale in these segments can be clearly leveraged.

### HL Technology

(x €1,000)	2019	2018	Total growth	Total growth CER	Organic growth	Organic growth CER
Turnover Q3	1,853	1,686	+9.9%	+5.1%	+9.9%	+5.1%
Turnover 9M	6,233	5,324	+17.1%	+12.7%	+17.1%	+12.7%

The turnover of HL Technology, the segment focused on the development, manufacturing and introduction of innovative precision components and orthopaedic tools for the dental, medical and watch industry, increased by 9.9% in the third quarter of 2019 (+5.1% at constant exchange rates) compared to the third quarter of 2018.

On 10 October Fagron signed an agreement with the management of HL Technology for the sale of the activities. The purchase price amounts to €5.2 million, which will result in a small book profit for Fagron. The transaction is expected to be completed before the end of 2019.



#### Conference call

Rafael Padilla (CEO) and Karin de Jong (CFO) will elaborate on the trading update for the third quarter of 2019 during a conference call today. The conference call will begin at 9:30 a.m. CEST. From 10 minutes in advance, you will be able to call in using the numbers and confirmation code below:

Belgium: +32 (0)2 404 0659  
Netherlands: +31 (0)20 703 8211  
Spain: +34 91 419 2307  
United Kingdom: +44 (0)330 336 9125  
United States: +1 323 994 2093  
Confirmation Code: 2789658

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#### Fagron profile

Fagron is a leading global company active in pharmaceutical compounding, focusing on delivering personalised medicine to hospitals, pharmacies, clinics and patients in 36 countries around the world.

The Belgian company Fagron NV is located in Nazareth and is listed on Euronext Brussels and Euronext Amsterdam under the ticker symbol 'FAGR'. Fagron's operational activities are driven by the Dutch company Fagron BV. Fagron BV's head office is located in Rotterdam.

#### Important information regarding forward-looking statements

Certain statements in this press release could be considered to be forward looking. Such forward-looking statements are based on current expectations and are influenced by various risks and uncertainties. Consequently, Fagron cannot provide any guarantees that such forward-looking statements will, in fact, materialise and cannot accept any obligation to update or revise any forward-looking statement as a result of new information, future events or for any other reason.

In the event of differences between the English translation and the Dutch original of this press release, the latter prevails.