

Fagron

2021 FY Results

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Karin de Jong, CFO

February 10, 2022





Together we create the future of personalizing medicine.



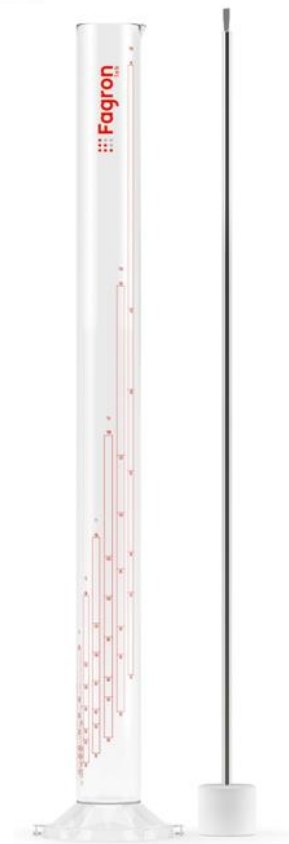
2021 Expectations

- Turnover growth with REBITDA on lower end of bandwidth of between €118m - €124m
- Focus on improving EMEA performance
- Continued strong performance in Latin America and North America
- Active and disciplined acquisition strategy focused at EMEA and North America



Financial highlights 2021

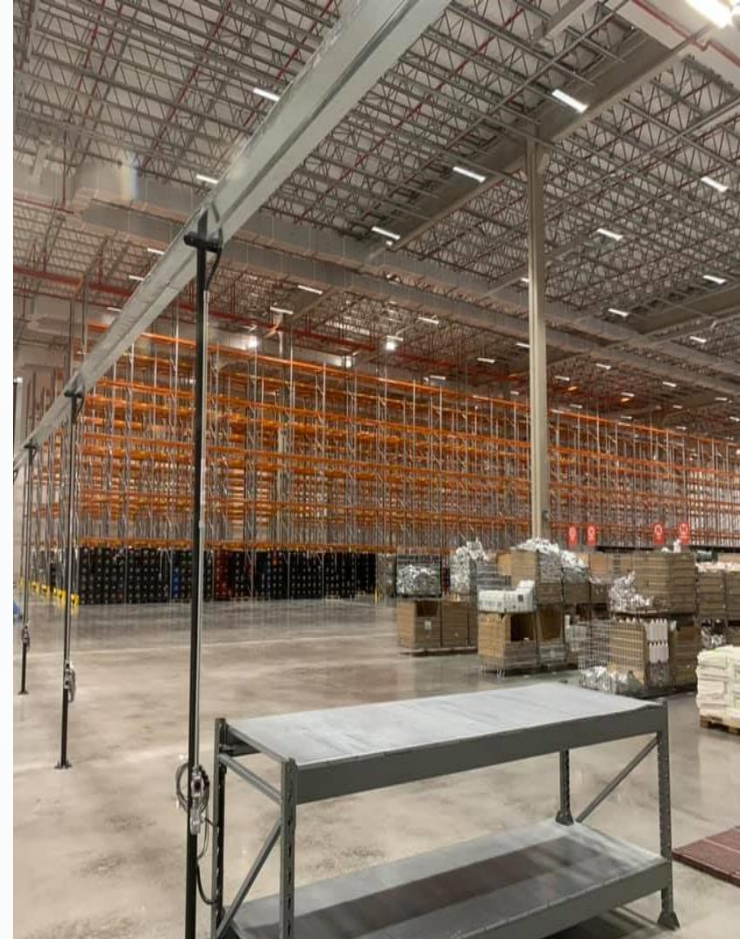
- Turnover of €573.8m (▲ 3.2%)
- REBITDA of €118.3m (▼ 4.5%)
- Net profit of €61.4m (▲ 2.2%)
- Operating cash flow of €78.4m (▼ 15.6%)
- Net financial debt /REBITDA ratio of 2.11 per 31 December 2021
- Dividend proposal €0.20 (▲ 11.1%)



Operational highlights

Significant steps to strengthen operational excellence

- Polish GMP repackaging facility fully operational for **EMEA** and GMP auditing finalized
- **FSS Wichita**: 2nd shift to facilitate growth in sterile outsourcing in North America fully operational
- Centralizing distribution **Brazil**: in 2021 part of distribution moved to state-of-the-art distribution center, remaining transition planned for 2022.
- Centralizing all **Mexican** activities to one location: finalized Q2 2022
- Centralizing all **Colombian** activities at one location: finalized Q1 2022
- **Global** dedicated procurement team to ensure availability and manage cost prices



Operational highlights

Product introductions and innovations

- Introduction of IV bags by **FSS North America**
- Introduction of new Nutrigen test and launch of improved Trichotest (**Genomics**)
- 30% of **FagronLab sales** realized by new products, such as ION-e, eliminating operational and quality issues related to electrostatic charges during powder handling (pictured)
- **1,125 new product launches** in 2021, 985 in **Brands & Essentials** and 140 in **Compounding Services**



Operational highlights

Fagron academy



- Fagron Academy is **the** learning tool to enable doctors and pharmacists to improve their knowledge and skills on prevention and personalization of treatment. **Sharing** technical and scientific information about Fagron products
- **Global** platform - organized **locally** - university partnerships
- Knowledge **database** (e-Formulary, books, and articles)
- **Trainings** (e-learning (pre-recorded and live), in person, congresses)
- Example: in 2021, **Fagron Academy Poland** organized
 - **38 webinars** for Prescribers & Pharmacists (regular & personalized)
 - Workshops and lectures at 5 largest dermatologists **conferences**
 - Multiple **articles** in reputable magazines
 - In person and e-learning **trainings** (for pharmacists & sales reps)
 - Compounding **helpline** (for pharmacists & prescribers)

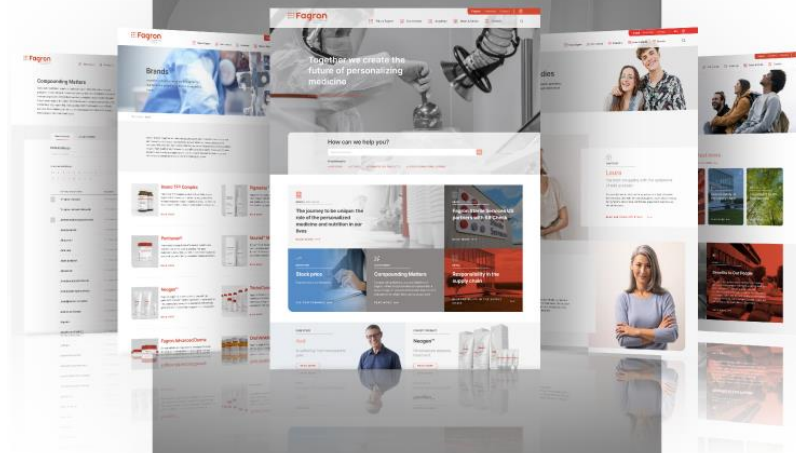




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Progress buy and build strategy focused at EMEA ...

Reinforcing our position in attractive Belgian market

- **February '22:** acquisition Pharma-Pack, Belgium (Essentials & Brands)
 - ~€6 m turnover and 13% EBITDA margin
 - Supplier of packaging, supplies and laboratory equipment
- **February '22:** Minority stake HeW Pharma, Belgium (Essentials & Brands)
 - 20% minority stake
 - Producer of high-quality raw materials
 - Supporting development and quality of personalized medicine



... and North America

Improving market position B&E and expanding base Compounding Services

- **August '21:** acquisition book of business US Compounding, USA
 - ~US\$6.5m turnover
 - Expanding product portfolio and access to new customers
- **February '22:** acquisition Letco Medical, USA
 - ~US\$40m turnover and 11% EBITDA margin
 - Acquisition price US\$34m
 - Strengthens position in Brands & Essentials in North America
- **February '22:** divestment US CMO activities, USA
 - ~US\$20m annual sales
 - Acquisition price US\$6m plus US\$4m milestone payments
 - Focus on core activities



2021 Highlights - ESG

- Carbon footprint intensity **reduced by 20%** in comparison to 2019 (target -10%) *
- **2788 solar panels** installed at 5 locations: Fagron NL (Capelle), Fagron Belgium (Nazareth), Fagron Services Brazil (Anapolis, 2 locations), Fagron South-Africa (Johannesburg). 6 more locations in Q1 2022
- Number of **women in management positions** increased to 40.7% (from 37.4% in 2020).
- Significant **reduction** in number of **recalls** of products
- Number of annual performance and development reviews of our employees **increased to 85%** (target 80%)
- Updated 2022 ESG targets and ambitions published

* Preliminary results, carbon footprint 2021 is still under review. Final numbers will be available in the Annual Report.



2021 Highlights - ESG



Solar panels, Fagron Services Brazil (Anapolis)

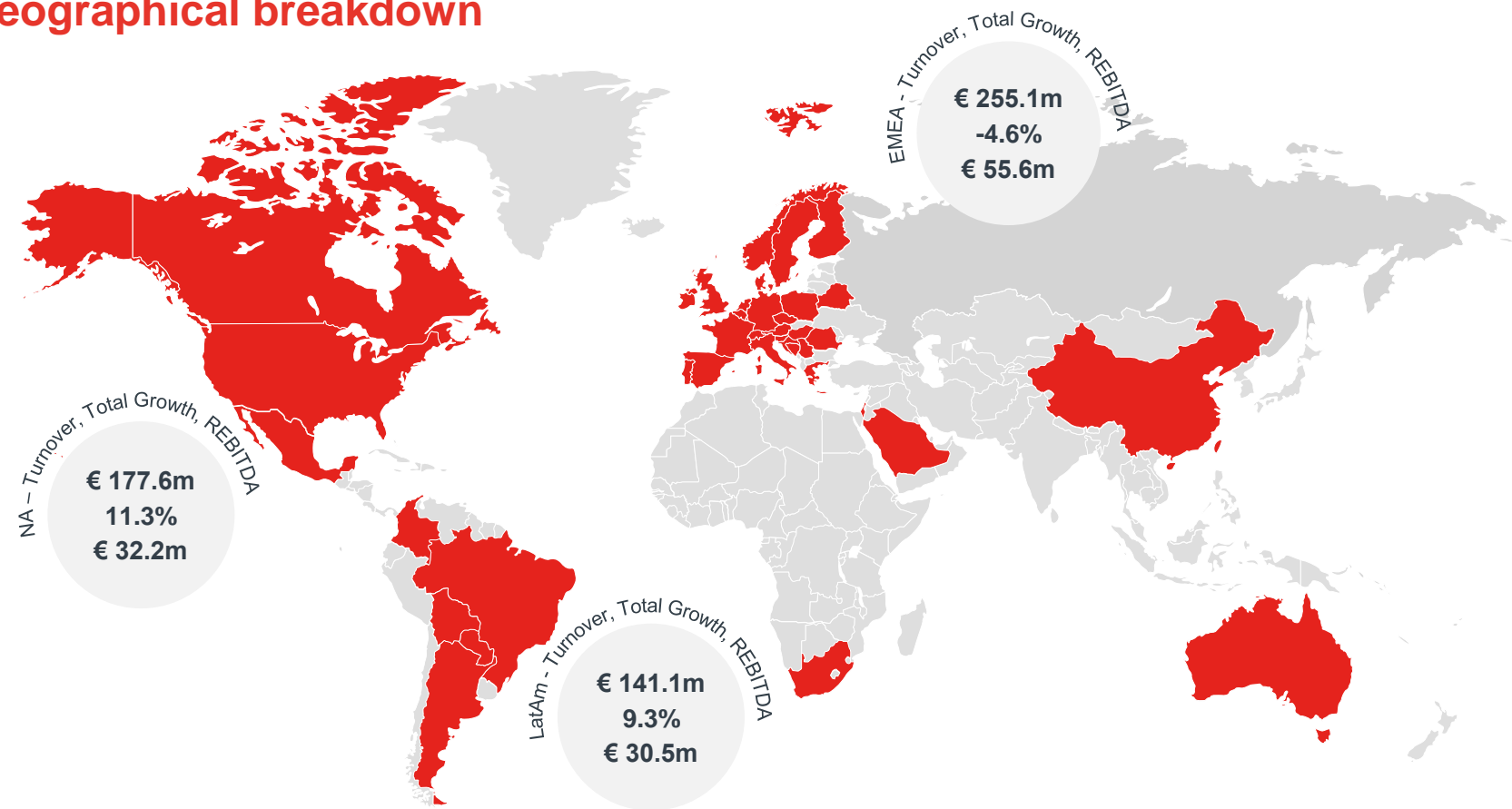


Solar panels, Fagron Belgium (Nazareth)

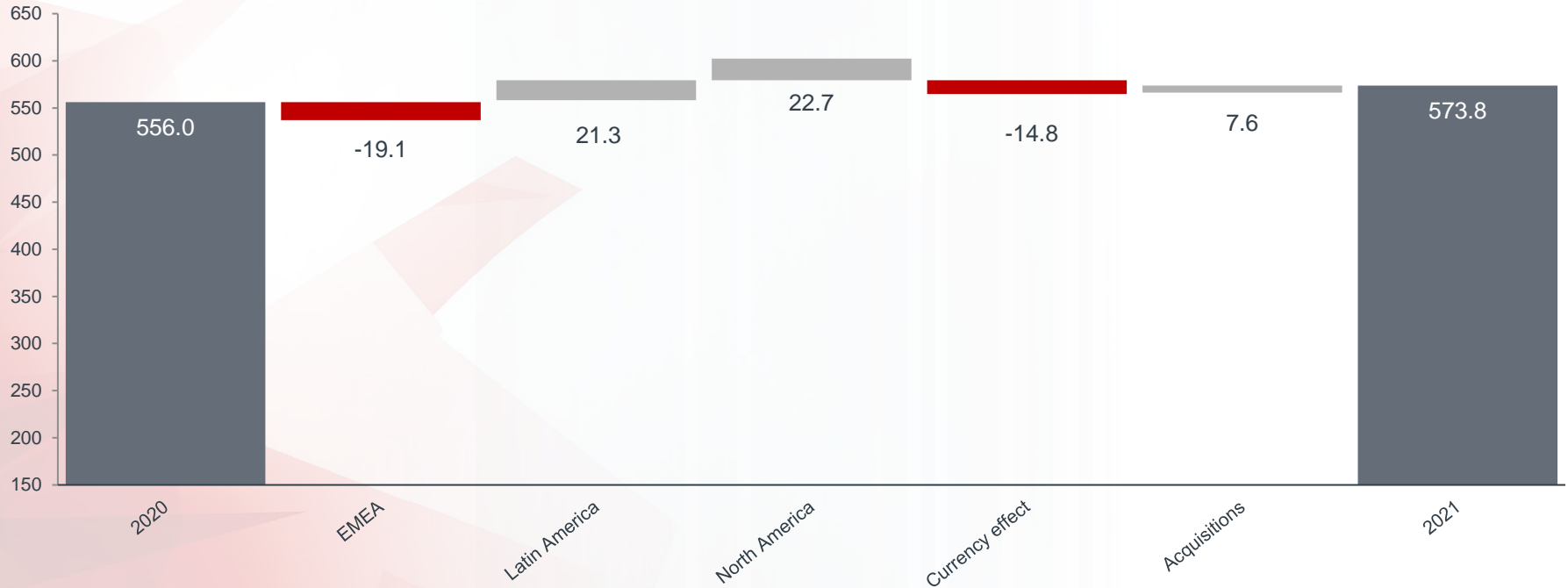
2021

**Results per
Segment**

Geographical breakdown



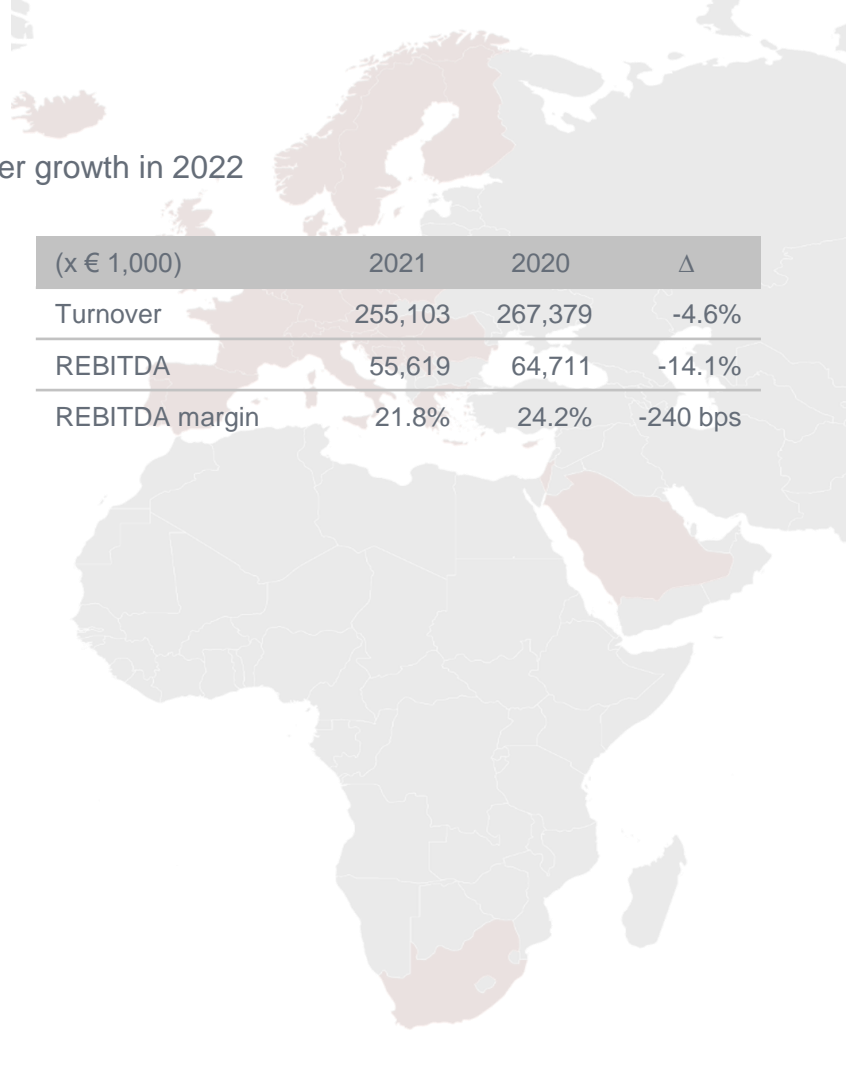
Turnover Development



Fagron EMEA

Initial signs of reversed trend visible – expected to translate into turnover growth in 2022

- Turnover decreased 4.9% CER (organic: -7.1% CER)
 - Demand for COVID-19 related products almost absent in 2021 resulting in decrease in FY turnover Essentials – in Q4 2021 increased demand for COVID 19 tests (~€4.7m)
 - Continued pressure on elective care due to infection waves combined with impact of registration of non-sterile compounds by third parties resulted in decreasing turnover Compounding Services (-9.5% CER organic) in FY 2021 - flattening visible in Q4 2021 (-5.5% CER organic)
 - Brands, Premium Pharmaceuticals and sterile Compounding Services realized turnover growth
- REBITDA down 14.1% to €55.6m
 - REBITDA margin decreased 240bps to 21.8%
 - REBITDA impacted by double cost GMP repackaging facilities NL and Poland, delay in passing on price inflation and product mix

A faint, light gray map of the EMEA (Europe, Middle East, and Africa) region serves as a background for the right side of the slide. The map shows the outlines of continents and countries in the region, with a slightly darker shade of gray highlighting the landmasses.

(x € 1,000)	2021	2020	Δ
Turnover	255,103	267,379	-4.6%
REBITDA	55,619	64,711	-14.1%
REBITDA margin	21.8%	24.2%	-240 bps

Fagron Latin America

Strong turnover growth and margin improvement

- Turnover increased 9.3% (16.6% CER)
 - Continued trend of decreasing infection rates and increasing vaccination rates supported sales in 2021
 - Compounding Services in Colombia realized very strong turnover growth of 40.5% CER
 - Very well positioned to benefit from increased attention for healthy lifestyle with Fagron's focus on prevention
- REBITDA up 18.4% to €30.5m
 - REBITDA margin improved 170 bps to 21.7%
 - REBITDA supported by strong 4th quarter and product mix

(x € 1,000)	2021	2020	Δ
Turnover	141,079	129,060	9.3%
REBITDA	30,549	25,800	18.4%
REBITDA margin	21.7%	20.0%	170bps

Fagron North America

Strong turnover growth – REBITDA impacted by initiating double shift at FSS

- Turnover increased 11.3% (15.3% CER)
 - Demand for COVID-19 related products almost absent in 2021 resulting in 8.2% decrease of FY turnover Brands & Essentials (-4.9% CER)
- FSS increased 38.6% (43.6% CER)
 - Supported by products introductions, client wins and integration US Compounding acquisition
 - Run rate of US\$80m in December 2021 - on target for US\$125m run rate at YE 2022
- Anazao increased 20.7% (25.0% CER)
- REBITDA decreased 3.7% to €32.2m
 - REBITDA margin decreased 280 bps to 18.1%
 - REBITDA impacted by deployment 2nd shift by FSS

(x € 1,000)	2021	2020	Δ
Turnover	177,626	159,533	11.3%
REBITDA	32,171	33,416	-3.7%
REBITDA margin	18.1%	20.9%	-280bps

2022

Expectations

2022 Expectations

- Growth in both turnover and profitability
- Turnover growth and slight improvement of profitability in EMEA
- Continued strong performance in Latin America and North America
- FSS: US\$125m run rate (annualized) by YE 2022
- Active and disciplined acquisition strategy focused at EMEA and North America



Questions

