Fagron H1 2021 Results

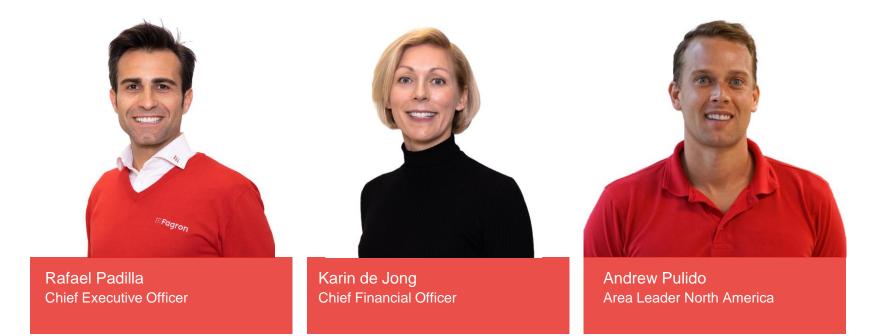
Rafael Padilla, CEO Karin de Jong, CFO Andrew Pulido, Area Leader North America

August 5, 2021

Together we create the future of personalizing medicine.



Fagron Team



H1 2021 Highlights - Financial

- Turnover decreased 0.8% to € 276.6m (+5.9% CER)
- Gross margin decreased 140 bps to 58.4% due to temporary COVID-related impact
- REBITDA decreased 11.0% to € 56.0m
- Operating cash flow increased 15.1% to € 31.3m
- Net financial debt /REBITDA ratio of 2.18 at 30 June 2021
- Outlook for 2021: Further turnover growth with REBITDA of € 118-124 million



::: Fagron

H1 2021 Highlights - Operational

FSS in Wichita - USA

- Run rate of USD 70m in June
- 15 new SKUs launched
- Ramping up to two shifts in anticipation of growth acceleration
- Acquisition of compounding activities of US Compounding
- Turnover target raised to USD
 125m run rate in 2022



H1 2021 Highlights - Operational

GMP repackaging facility in Poland

- Transition to new repackaging facility started in April 2021
- Completion expected by end-2021
- Structural annual margin improvement of € 2 million will be realized as from 2022



H1 2021 Highlights - Operational

GMP compounding facility in Israel

- Tamar Pharma was acquired in August 2020
- Full-service provider in the Israeli compounding market
- New GMP sterile compounding facility in Tel Aviv, operational in June 2021



H1 2021 Highlights - Management



Rafael Padilla

2002



Karin de Jong CFO



Johan Verlinden Head of Legal & M&A





Andy Pulido Area Leader North America

2014



Ivan Marostica Area Leader Latin America

2001

2008



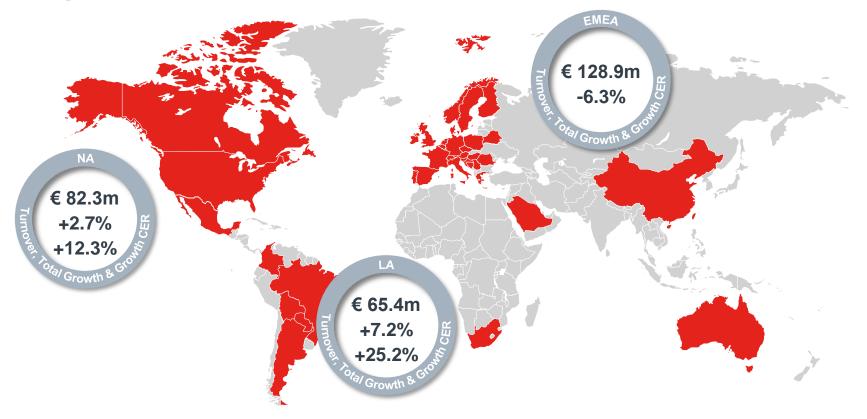
Constantijn van Rietschoten *Area Leader EMEA*

2008





Geographical Breakdown



Fagron EMEA

(x € 1,000)	H1 2021	H1 2020	Δ
Turnover	128,866	137,549	-6.3%
REBITDA	28,623	33,448	-14.4%
REBITDA margin	22.2%	24.3%	

- Turnover decreased 6.3% (organic: -10.0% CER)
 - Lockdowns and other restrictive COVID-19-related measures negatively impacted demand for Essentials and non-sterile Compounding Services
 - Number of prescriptions (1st dispensations) recovered in NL in Q2 2021
 - Compounding Services decreased 3.9% in Q2 2021 compared to a decline of 18.8% in Q1 2021 and 12.0% in H1 2021
 - Brands and sterile Compounding Services sustained strong performance
 - Demand for specific COVID-19-related products almost absent in H1 2021
- REBITDA down 14.4% to € 28.6m

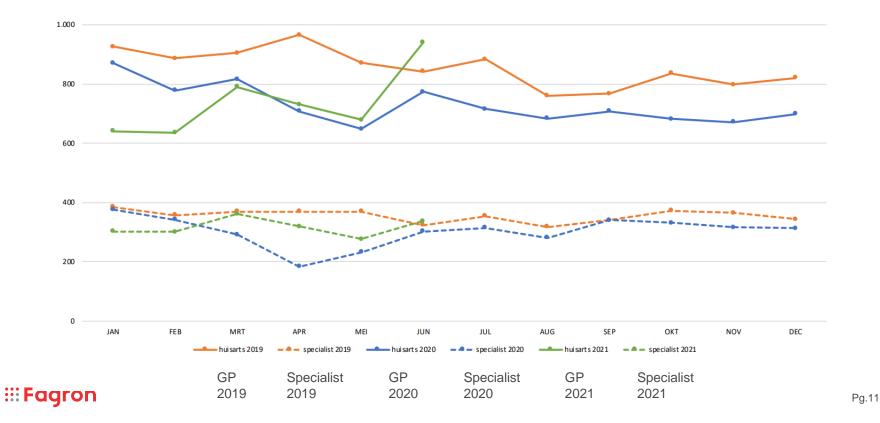
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- REBITDA margin decreased 210bps to 22.2%
- Temporary impact on gross margin due to CV19-related issues
- Temporary increase in costs related to new facility in Poland



Dutch Market: Average Number of Prescriptions (first issue) per Month

Source: KNMP Monitor Coronavirus; 19 July 2021 - download here



Fagron Latin America

(x € 1,000)	H1 2021	H1 2020	Δ
Turnover	65,428	61,045	+7.2%
REBITDA	13,005	12,758	+1.9%
REBITDA margin	19.9%	20.9%	

- Turnover up 7.2% (+25.2% CER)
 - Number of doctor's visits and prescriptions increasing in H1 2021
 - Strengthening market leadership with good turnover growth of Brands and Essentials
 - Strong turnover growth of 52.1% CER of Compounding Services in Colombia
- REBITDA up 1.9% to € 13.0m
 - REBITDA margin dropped 100bps to 19.9%
 - Temporary impact on gross margin due to CV19-related issues



Fagron North America

(x € 1,000)	H1 2021	H1 2020	Δ
Turnover	82,293	80,156	+2.7%
REBITDA	14,378	16,729	-14.1%
REBITDA margin	17.5%	20.9%	

- Turnover up 2.7% (+12.3% CER); impacted by weakening USD vs. EUR
 - Brands & Essentials: -11.1% (-2.7% CER)
 - Demand for CV19-related products almost absent in H1 2021
 - FSS: +21.0% (+32.3% CER)
 - Run rate of US\$ 70m in June 2021
 - Growth acceleration expected in H2 2021
 - Target raised to US\$ 125m following acquisition of assets of USC
 - Anazao: +6.8% (+16.8% CER)
 - Clinics largely reopening again in Q2 2021
- REBITDA down 14.1% to € 14.4m

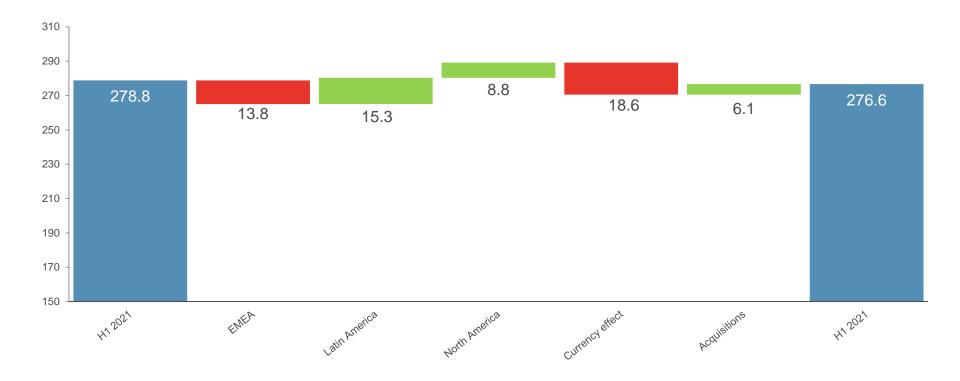
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- Temporary impact on gross margin due to COVID-19-related issues
- Ramping up to two shifts at FSS in anticipation of growth acceleration (60 FTE hired)





Turnover Development



Financial Review

Gross Margin -3.0% to € 161.6m H1 21: 58.4% of sales (-140bps) Temporary pandemic-related impact Operating costs (excl. € 1.8m subs. rights costs) +0.7% to € 103.8m H1 21: 37.5% of sales (+50bps)

REBITDA

-11.0% to € 56.0m H1 21: 20.2% of sales (-240bps)



Financial Review

Non-recurrent result

-€ 0.7m

Restructuring costs and a release of contingent liabilities (M&A LatAm) EBITDA -9.8% to € 55.3m H1 21: 20.0% of sales (-200bps) DA -3.3% to € 14.6m

Financial Review

Financial result Improved 15.0% to -€ 6.1m Taxes

Effective tax rate of 22.2% Effective cash tax rate of 27.4% Net profit -14.6% to € 26.9m

2021 Expectations

 Further turnover growth with REBITDA of € 118-124 million

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- Further streamlining EMEA-region
- Leveraging customers & SKUs at FSS US
- Strong R&D-pipeline
 - Products aimed at Prevention
 - Sterile compounds
 - Global roll-out of Fagron Genomics
- Active and disciplined acquisition strategy focused at EMEA and North America



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