

H1 2022 Results

4 August 2022

Rafael Padilla
CEO

Karin de Jong
CFO

 **Fagron**
personalizing
medicine



Speed of Execution

Entrepreneurship

Quality

Genomics

Creativity

Lab

Pharmaceutical Compounding

Customer is Number 1

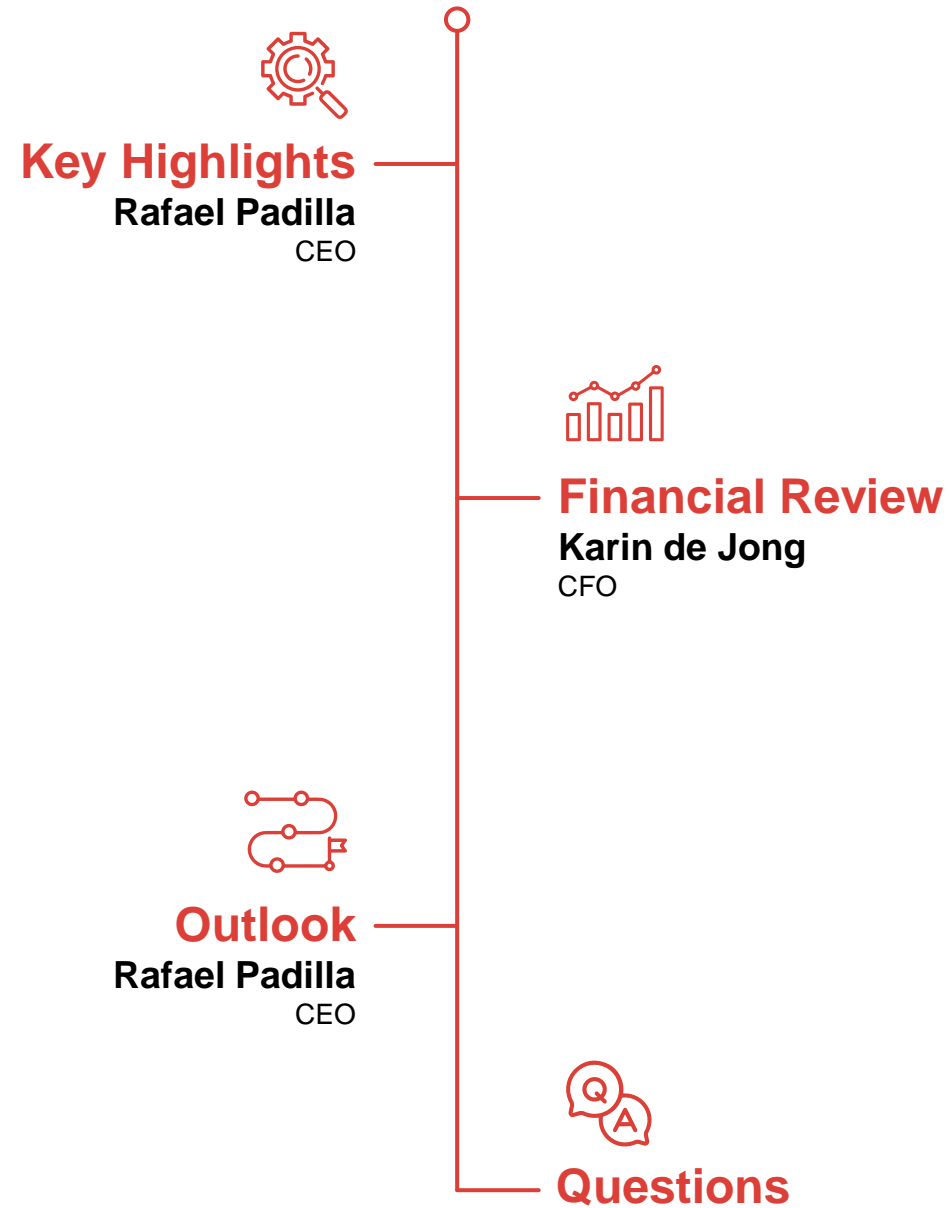
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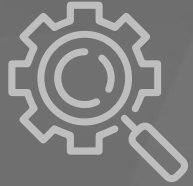
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Agenda





Key Highlights

Rafael Padilla
CEO



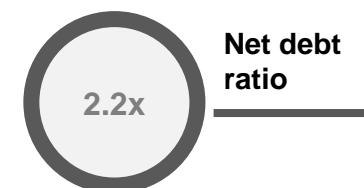
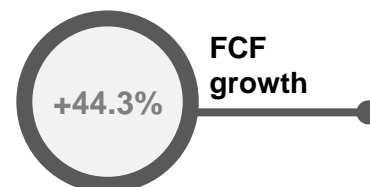
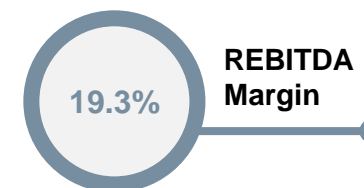
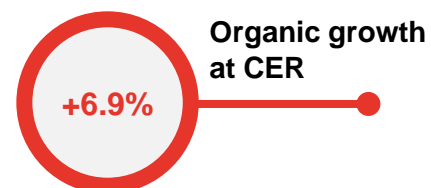
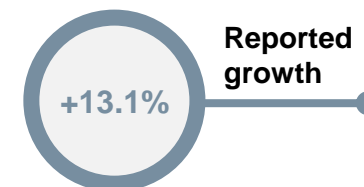
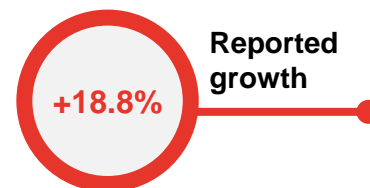
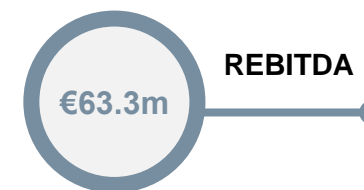
Resilient results in a challenging operating environment

Strong revenue & REBITDA growth across all regions in an increasingly uncertain operating environment

Decline in REBITDA margin due to supply chain disruptions and inflationary impact

Continued roll out of disciplined acquisition strategy with five acquisitions completed in 2022 to date

Continued strong cash generation provides solid platform for growth and supports disciplined expansion



Clear focus on driving operational excellence

Global

Vera Bakker
appointed as
COO

Maarten Pouw
appointed as EMEA
Area Lead

Dedicated
procurement team
focused on cost
optimisation

Global launch of
Dilucap

21.5% reduction in carbon
footprint intensity versus
2019

EMEA

- Return to growth following remedial action plan
- Improving performance in NL further supported by contract renewals in July 2022
- Increasing exposure to high growth markets
- Materializing benefits of Polish GMP facility

Latin America

- Temporary softness in the end market
- Increased competition driven by weaker operating environment
- Centralization in Mexico & Colombia completed

North America

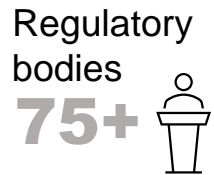
- Wichita run-rate on track despite syringe shortage
- New warehouse fully functional at Wichita
- Wichita third shift and automated labelling in H2 2022 whilst visual inspection moved to H1 2023

Focus on quality remains key competitive strength; Remedial actions submitted to FDA regarding St. Paul facility

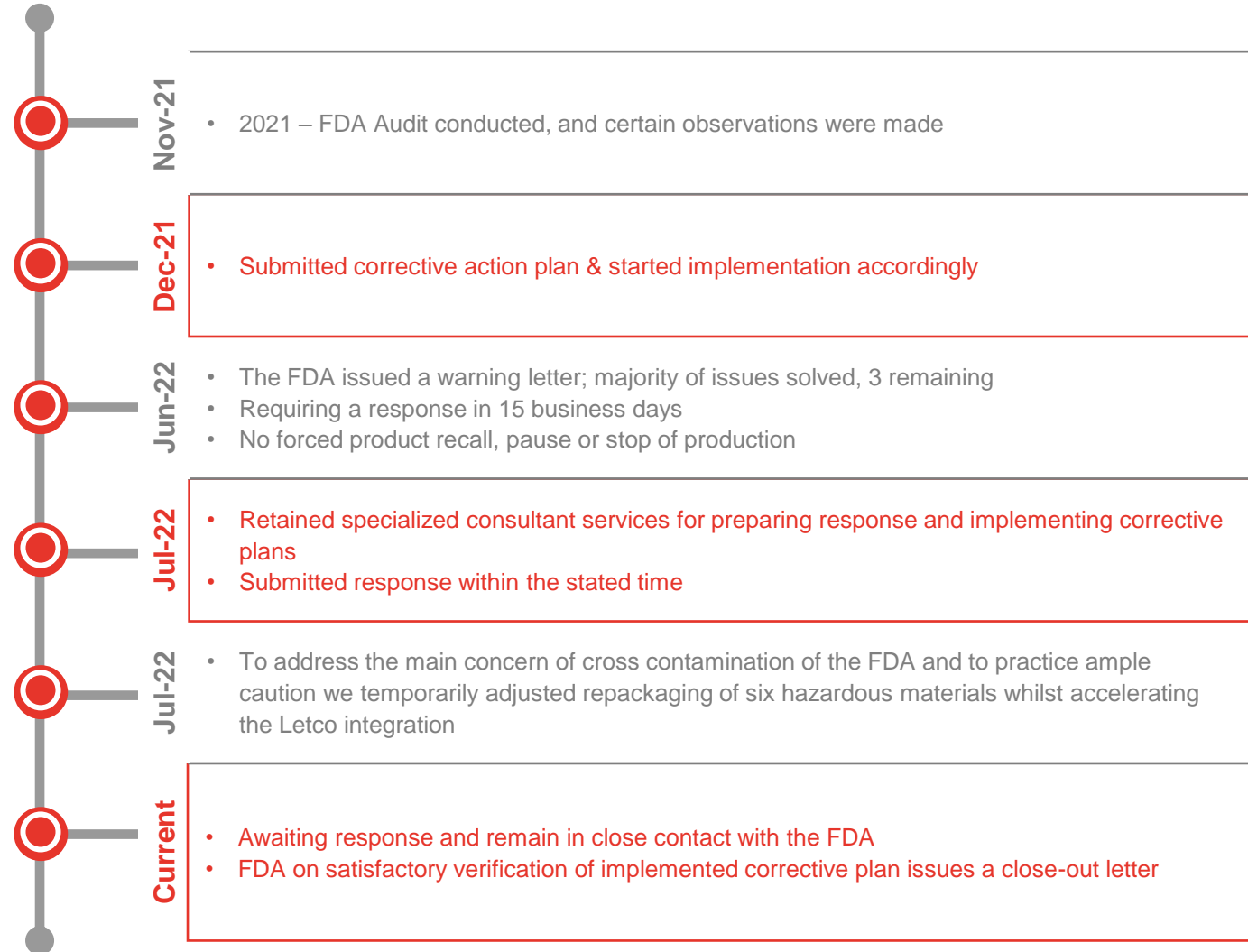
Global quality KPIs*



Annual no. of audits per site



St. Paul's facility timeline



Continued momentum in the execution of our M&A strategy



Segment: Brands and Essentials

Region: North America

Acquired in: February 2022

Strategic Rationale: Strengthen US B&E operations



Segment: Brands and Essentials

Region: Belgium

Acquired in: February 2022

Strategic Rationale: Reinforce position in Benelux



Segment: Compounding Services

Region: Netherlands

Acquired in: February 2022

Strategic Rationale: Support Compounding Services in NL



Segment: Brands and Essentials

Region: Germany

Acquired in: April 2022

Strategic Rationale: Add capabilities & enhance positioning



Segment: Compounding Services

Region: North America

Acquired in: July 2022

Strategic Rationale: Futureproofing US business

503B Boston facility to play a key role in mid-term success

State of art facility

Modern 503B facility will be a key enabler to maintain very high standards

Footprint expansion

East coast facility to compliment Wichita and increase client access

Revenue generating

The facility is generating revenue with one customer

Acquired at an attractive price

Though loss making, the facility is acquired at an attractive price

Supportive market dynamics

Continuously increasing demand for outsourced compounding

50k
sq ft

80
employees



10
state licenses

1 customer

Expand licenses

Increase number of licenses to serve more states, in particular Florida, Texas and California

Geographic proximity

Increased proximity to better serve existing and potential customers on the East Coast

Diversification of customer base

Grow number of customers served from this facility

Product portfolio

Add API to sterile compounding capability and align product offering

Expertise

Utilize Fagron and acquired team's expertise to unlock potential of asset



Financial Review

Karin de Jong
CFO



H1 2022 financial highlights

Underlying revenue growth seen across all regions with a currency tailwind

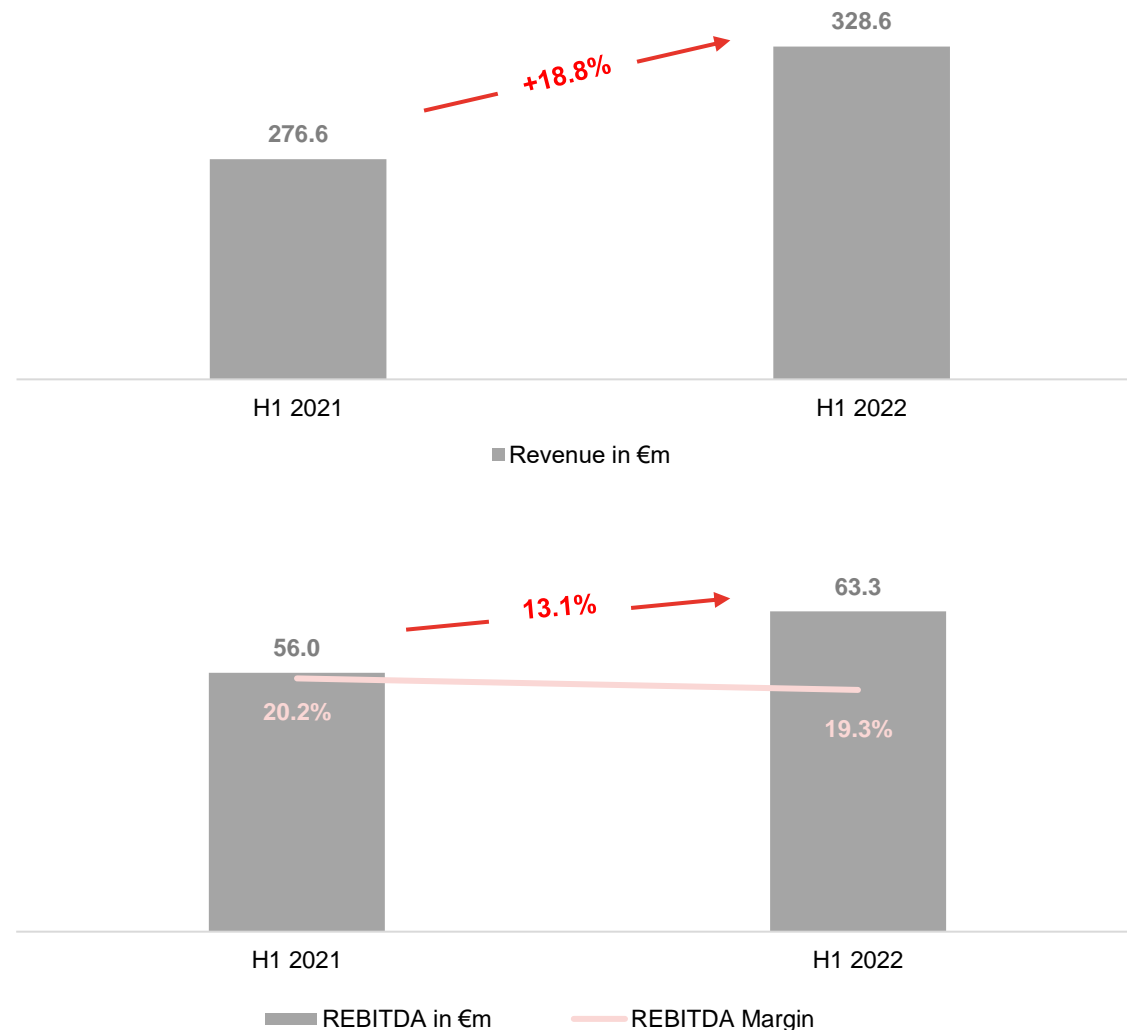
Operating costs under pressure due to inflation increases and supply chain disruptions

19.3% EBITDA margin versus 20.2% in H1 2021 reflective of changes in the operating environment

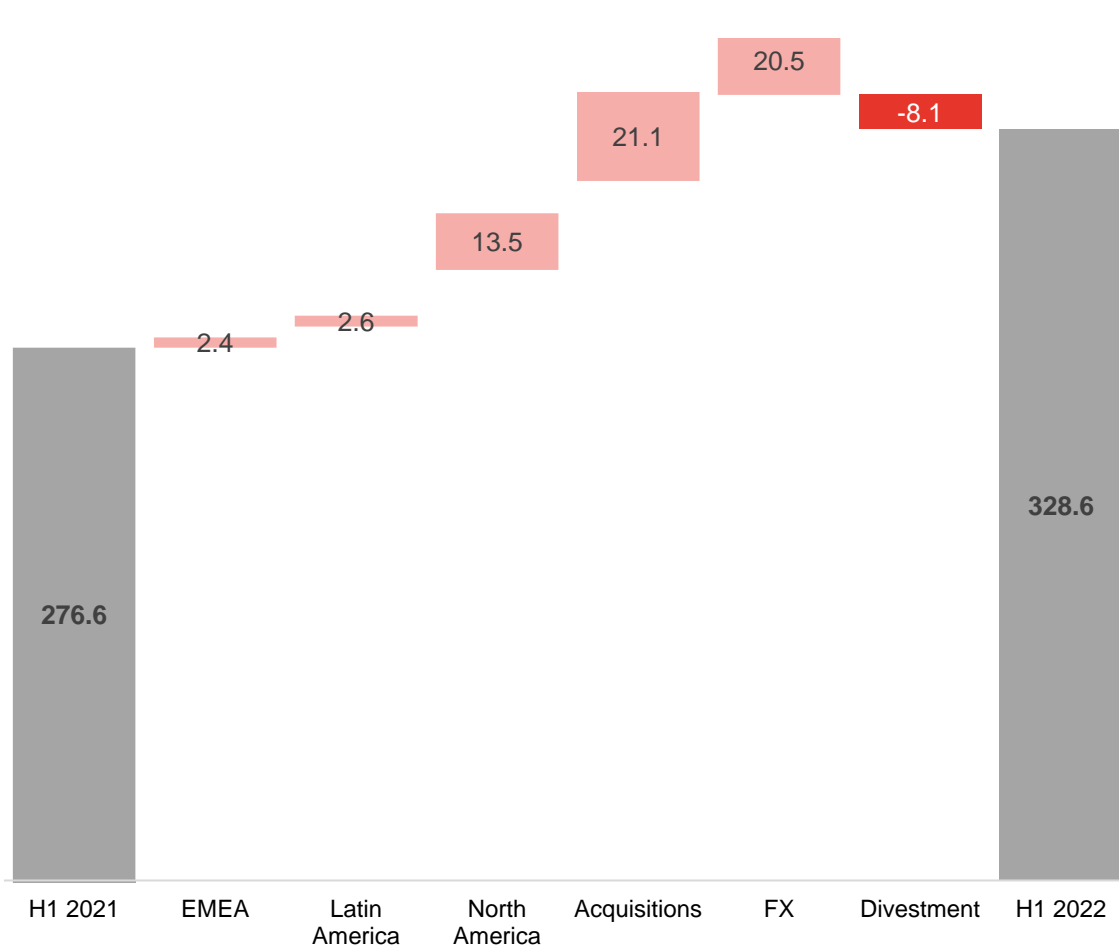
EPS growth of 29.7% YoY to €0.48 per share

Free cashflow increased by 44.3% to €31.9m demonstrating cash generation remains a key strength

Net Debt to EBITDA ratio at 2.2x at end of H1 2022



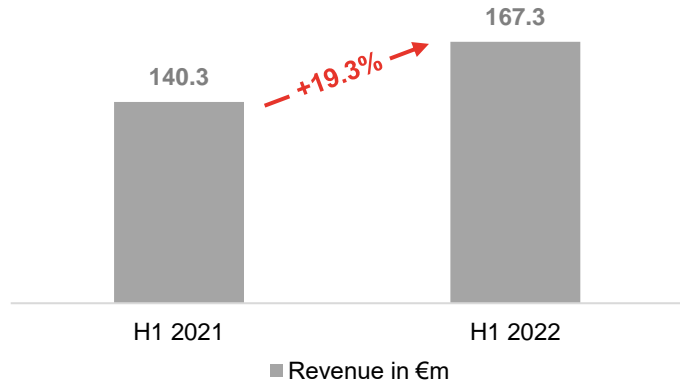
Revenue growth supported by all regions and positive FX impact



(€ m)	H1 2022	H1 2021	Δ
Net turnover	328.6	276.6	18.8%
Gross margin	190.6	161.6	17.9%
Operating costs	126.2	103.8	21.6%
Subscription rights costs	1.1	1.9	-40.7%
EBITDA before non-recurrent result	63.3	56.0	13.1%
Non-recurrent result	-0.8	-0.7	13.2%
EBITDA	62.5	55.3	13.1%
Depreciation and amortization	15.7	14.6	7.8%
EBIT	46.8	40.7	14.9%
Financial result	-2.2	-6.1	-64.1%
Profit before taxes	44.6	34.6	28.9%
Taxes	-9.3	-7.7	21.5%
Net profit	35.3	26.9	31.0%
Net profit per share (€)	0.48	0.37	29.7%
Average number of outstanding shares	72,992,654	72,430,319	

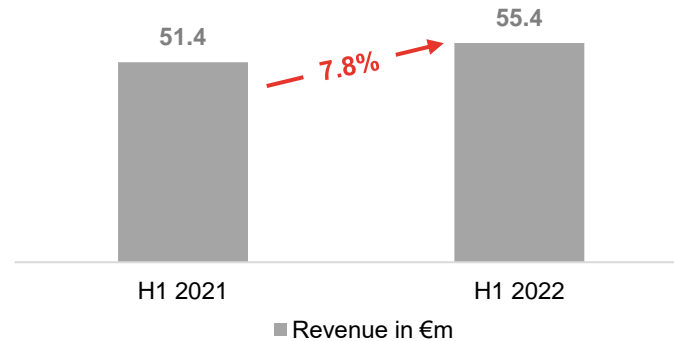
Compounding services the fastest growing segment

Essentials



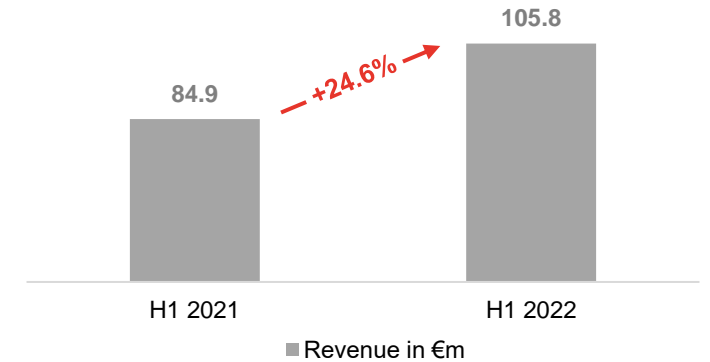
- 11.5% increase at CER
- Organic growth underpinned by North American region whilst total growth supported by Letco acquisition
- Positive momentum in EMEA with strong underlying trends

Brands



- 0.5% decrease at CER
- Steady performance in EMEA and positive performance in LatAm
- Negative growth in North America due to CMO divestment and reduction in demand for pandemic related hygiene products

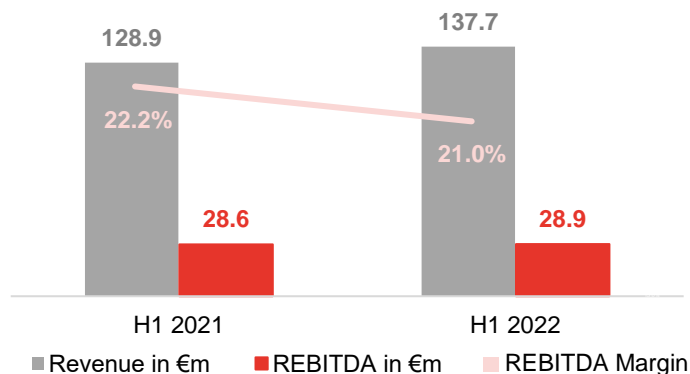
Compounding Services



- 16.7% increase at CER
- Strong growth in North America and Latin America supported by existing and new customers
- Stabilized performance in EMEA

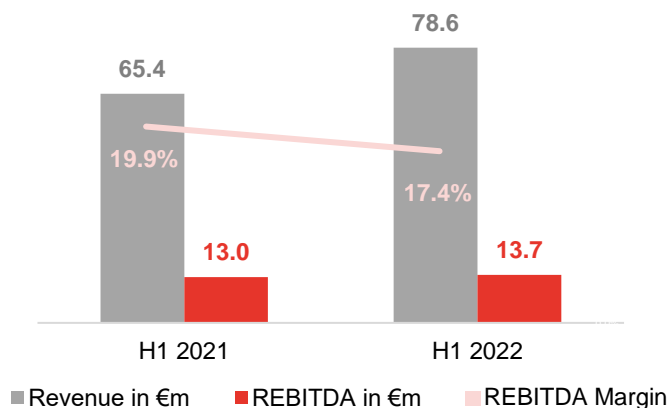
Revenue and profitability dynamics across regions

EMEA



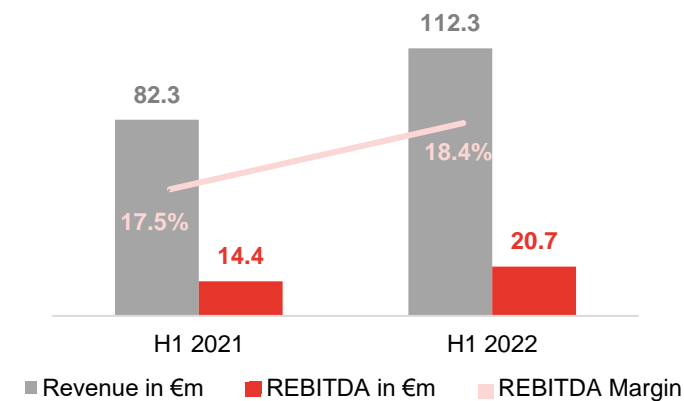
- Revenue growth supported by new product launches, better product availability, stabilizing NL market and inorganic growth
- Continued supply chain and inflationary pressure on operating costs
- Deferred passing of price increases due to longer term contracts in certain countries

Latin America



- Strong topline growth supported by currency developments and Brands performance
- REBITDA margin performance reflects end market softness linked to operating environment and negative FX impact of inventory
- Increasing competition in Brazil on the back of inflationary pressures

North America



- Solid revenue and REBITDA margin performance supported by organic and inorganic growth
- Organic revenue growth of Compounding Services of 28.4% driven by FSS US and Anazao, despite global syringe shortages

Strong free cash generation Y-o-Y

Operating working capital increased by 34.9% from end of FY 2021

Strategic decision to increase inventory position to ensure product availability

Capex down by 27% year on year to €6.7m related to timing of investments

Free cashflow increased by 44.3% to €31.9 million

Cashflow from operating activities development (€m)

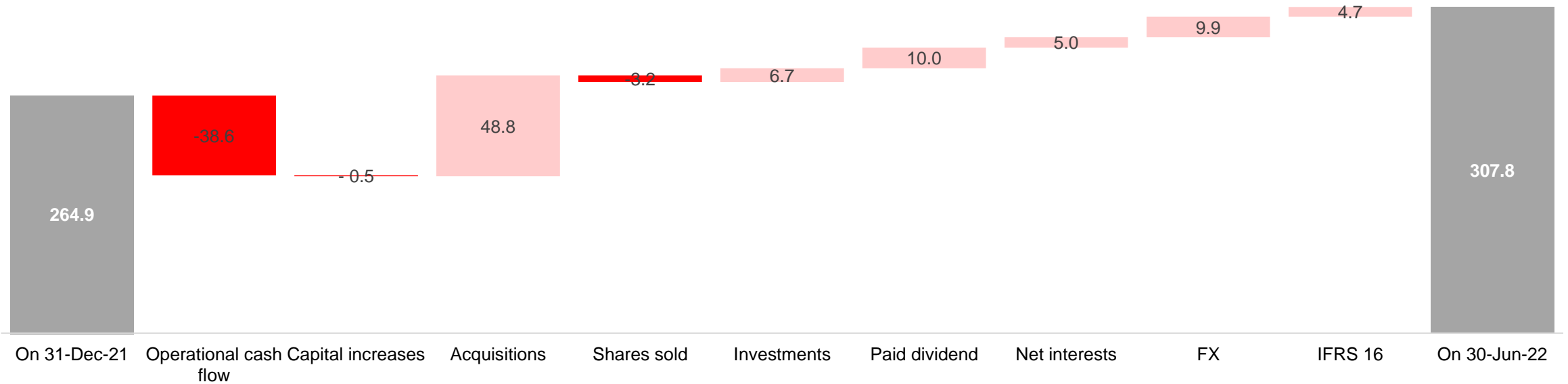


€m	H1 2022	H1 2021
EBITDA	62.5	55.3
Changes to working capital	(15.2)	(14.5)
Income tax paid	(8.7)	(9.5)
Cashflow from operating activities	38.6	31.3

Strong balance sheet and sufficient room for M&A

Net debt evolution YTD (€m)

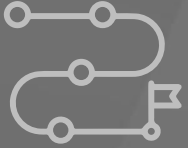
in € million



Net financial debt increased by €42.9 million to €307.8 million

Net Debt to EBITDA ratio at 2.2x versus 2.1x at end of FY 2021

Sufficient headroom to support M&A strategy given 2.8x leverage ratio



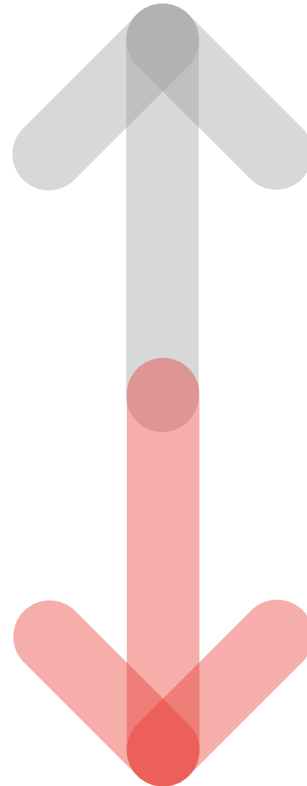
Outlook

Rafael Padilla
CEO



Full year 2022 outlook

	H1 2022	Guidance
Revenue*	€328.6m	FY 2022 €670m – €690m
REBITDA margin*	19.3%	H2 margin to be higher than H1
Capex as a % of revenue	2%	FY 2022 3 – 3.5%



Key business consideration in H2 2022

- Accelerated integration
- Pricing pass through
- Product breadth & innovation
- Operational excellence
- Regulatory dynamics

- Inflation & currency
- Supply chain disruptions
- Syringe shortages
- Increasing competition
- Geopolitical developments





Questions

