

Fagron realises turnover of € 103.4 million

Developments new facility in Wichita in line with expectations

During the third quarter of 2016, Fagron Group realised a consolidated turnover from continued operations of € 103.4 million, a decrease of 1.1% (-2.7% at constant exchange rates) compared to the third quarter of 2015. In the first nine months of 2016, the consolidated turnover from continued operations decreased by 2.5% (+0.6% at constant exchange rates) to € 313.6 million. Organic turnover from continued operations showed a decline of 5.2% (-2.2% at constant exchange rates).

Turnover (x € 1,000)	Q3 2016	Q3 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	101,862	102,719	-0.8%	-2.5%	-0.8%	-2.5%
HL Technology	1,538	1,818	-15.4%	-14.7%	-15.4%	-14.7%
Fagron Group (continued operations)	103,401	104,537	-1.1%	-2.7%	-1.1%	-2.7%
Discontinued operations	-1	9,001	-100%	-99.9%	-100%	-99.9%
Total	103,400	113,538	-8.9%	-10.4%	-8.9%	-10.4%

Turnover (x € 1,000)	9M 2016	9M 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	307,540	314,216	-2.1%	1.0%	-4.9%	-1.9%
HL Technology	6,097	7,317	-16.7%	-14.2%	-16.7%	-14.2%
Fagron Group (continued operations)	313,637	321,534	-2.5%	0.6%	-5.2%	-2.2%
Discontinued operations	4,158	35,772	-88.4%	-88.4%	-88.4%	-88.4%
Total	317,795	357,305	-11.1%	-8.3%	-13.3%	-10.6%

CER = constant exchange rates

Hans Stols, CEO Fagron: “The sterile activities of Fagron Specialty Pharma Services (FSPS) in the United States and the activities in South America and Rest of World have developed positively in the last quarter. Turnover in Europe remained below the level of the unusually strong third quarter of 2015.

In the US, turnover of Fagron Essentials and Fagron Trademarks have been negatively impacted as a result of both the changed reimbursement system and the initiated process to integrate Freedom Pharmaceuticals and Fagron Inc., to be centralised in Minneapolis.

In the period under review we have made good progress with the expansion of the FSPS sales team in the United States, which is now practically fully deployable. Validation of the products for the new Wichita facility is proceeding as planned. It is expected that the facility will have received all required licences and will have completed the validation processes early 2017.

Recently the Board of Directors has initiated the process to explore strategic options for HL Technology. After completion of their findings, we will inform the market.”



Fagron press release – Trading update, third quarter 2016

Fagron (excluding HL Technology)

(x € 1,000)	Q3 2016	Q3 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ¹	101,862	102,719	-0.8%	-2.5%	-0.8%	-2.5%
(x € 1,000)	9M 2016	9M 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ¹	307,540	314,216	-2.1%	1.0%	-4.9%	-1.9%

Developments Q3 2016

In the period under review, Fagron's turnover from continued operations decreased by 0.8% (-2.5% at constant exchange rates) to € 101.9 million.

The positive turnover developments of the sterile FSPS activities in the United States and the activities in South America and Rest of World were again negatively impacted by the changed reimbursement system for non-sterile compounding in the United States. It has resulted in a declining market for pharmaceutical raw materials (Fagron Essentials) and for administration vehicles developed by Fagron (Fagron Trademarks), whereby competition among the various providers has increased. Turnover in Europe was below the level of the unusually strong third quarter of 2015.

The following table summarises the turnover development and currency effects of Fagron (excluding HL Technology) in the third quarter of 2016 in comparison to the third quarter of 2015.

(x € 1,000)	Impact
Turnover from continued operations in Q3 2015	102,719
Development Europe ²	-2,181
Development South America	1,858
Development Rest of World	107
Development North America	-2,337
Currency effect BRL/Euro	2,095
Currency effect USD/Euro	-87
Currency effect other	-312
Contribution of acquisitions 2015	-
Turnover from continued operations in Q3 2016	101,862

¹ Turnover from continued operations.

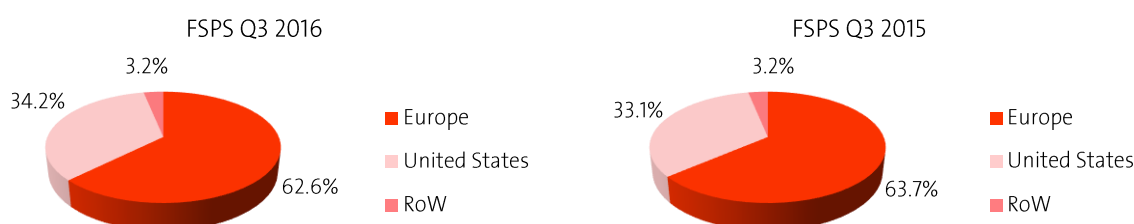
² The selloff of a small compounding pharmacy in Marseille (France) had a negative impact of € 1 million on turnover of the Fagron activities in Europe in the third quarter of 2016.



Fagron press release – Trading update, third quarter 2016

Fagron Specialty Pharma Services

(x € 1,000)	Q3 2016	Q3 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ³	36,911	36,904	0.0%	0.3%	0.0%	0.3%
(x € 1,000)	9M 2016	9M 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ³	111,102	102,300	8.6%	9.2%	2.7%	3.3%



Turnover from continued operations of Fagron Specialty Pharma Services (FSPS) in the third quarter of 2016 came in at the same level as in the same period last year. Corrected for the loss of turnover resulting from the sale of the compounding pharmacy in Marseille (France) in the second quarter of 2016 (turnover 2015: € 4 million), a modest organic turnover growth in the third quarter of 2016 was realised. All regions contributed to the organic turnover growth.

Turnover from the existing FSPS facilities in the United States grew slightly in the third quarter of 2016. Turnover from the new FDA Section 503B Wichita facility was, in line with expectations, still limited. In the period under review, the majority of the vacancies have been filled and a trained and nearly fully deployable FSPS sales team has been realised. The validation of the products for the new facility in Wichita and the receipt of licences in all 50 states of the United States is proceeding according to plan. The FDA has inspected the new Wichita facility from 29 August through 3 September. This has resulted in a limited number of findings and recommendations, which are being processed at this moment. Management expects that the FDA inspection and its results will expedite the process for obtaining licences in a number of states. It is expected that the facility will have obtained all required licences and will have completed the validation of products in the first quarter of 2017.

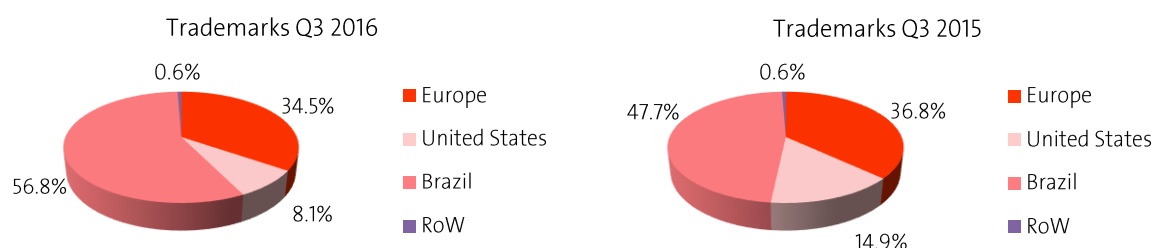
Fagron Trademarks

(x € 1,000)	Q3 2016	Q3 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ³	13,650	12,424	9.9%	5.8%	9.9%	5.8%
(x € 1,000)	9M 2016	9M 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ³	38,723	37,976	2.0%	8.4%	2.0%	8.4%

³ Turnover from continued operations.



Fagron press release – Trading update, third quarter 2016

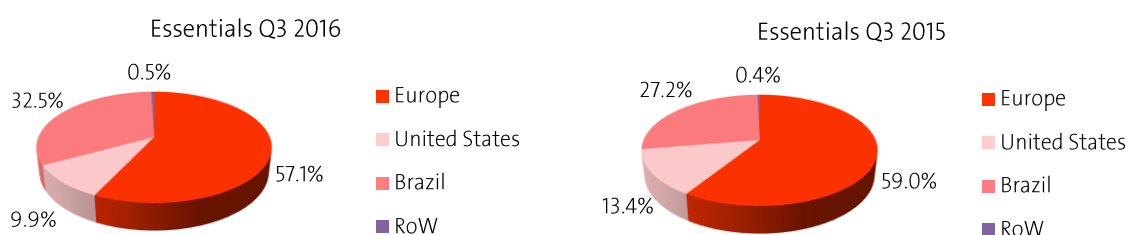


Turnover at Fagron Trademarks increased by 9.9% (+5.8% at constant exchange rates) to € 13.7 million in the third quarter of 2016.

Fagron realised strong organic growth in Brazil. Healthy organic growth was realised in Europe in the period under review. As a result of the changed reimbursement system for non-sterile compounding in the United States, the market for administration vehicles developed by Fagron has shrunk, which has resulted in increased competition among the various providers in the United States. The increased competition and the decision by Fagron to integrate and centralise the activities of Freedom Pharmaceuticals at Fagron, Inc. in Minneapolis, had a negative impact on the turnover of Fagron Trademarks in the United States in the third quarter of 2016.

Fagron Essentials

(x € 1,000)	Q3 2016	Q3 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ⁴	51,302	53,391	-3.9%	-6.3%	-3.9%	-6.3%
(x € 1,000)	9M 2016	9M 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ⁴	157,714	173,940	-9.3%	-5.5%	-11.0%	-7.3%



Turnover of Fagron Essentials decreased by 3.9% (-6.3% at constant exchange rates), from € 53.4 million in the third quarter of 2015 to € 51.3 million in the third quarter of 2016.

Fagron realised strong organic growth in Brazil. Turnover in Europe was below the level of the unusually strong third quarter of 2015. The changed reimbursement system for non-sterile compounding in the United States has, amongst others, resulted in increased competition among the various providers in the United States. Just as with Fagron Trademarks, turnover of Fagron Essentials in the United States was negatively

⁴ Turnover from continued operations.



impacted by the increased competition and the decision to integrate and centralise the activities of Freedom Pharmaceuticals at Fagron, Inc. in Minneapolis.

HL Technology

(x € 1,000)	Q3 2016	Q3 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ⁵	1,538	1,818	-15.4%	-14.7%	-15.4%	-14.7%
(x € 1,000)	9M 2016	9M 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover ⁵	6,097	7,317	-16.7%	-14.2%	-16.7%	-14.2%

Turnover of HL Technology, the division focused on developing and introducing innovative precision components for the dental and medical orthopaedic industry, decreased by 15.4% (-14.7% at constant exchange rates) during the third quarter of 2016 to € 1.5 million.

Recently the Board of Directors has started exploring strategic options for HL Technology. After completion of their findings, the market will be informed.

Outlook⁶

Based on the current operations, Fagron expects to realise a turnover of at least € 415 million and REBITDA⁷ of € 85 million to € 95 million for the full year 2016.

The negative impact of the changed reimbursement system on turnover and profitability of Freedom Pharmaceuticals in the United States, which was also noticeable in the third quarter of 2016, is structural and will result in a substantial goodwill write-off during the impairment test in December 2016.

Change of composition of the Executive Committee

The Board of Directors has taken note of the decision of Mr René Clavaux (Chief Information Officer) to relinquish his mandate as member of the Executive Committee. The Board of Directors is grateful of Mr Clavaux's dedication and commitment at Fagron in recent years.

The Board of Directors has appointed Mr Kalman Petro (1965) as a member of the Executive Committee and as Area General Manager of Northern Europe (the Netherlands, Germany, United Kingdom and Scandinavia). In this position, Mr Petro will report directly to Hans Stols, CEO of Fagron.

Mr Petro's most recent position was Managing Director for Fisher Farma at Mosadex Groep. As of 2007 Petro was in charge of activities in the Benelux, Germany, Austria and Switzerland as a Managing Director at Actavis. In 2012 Petro became Vice President Western Europe at Actavis and, after a sales process, was left in charge for the integration of seven countries. Prior to this Petro occupied several national and international positions at Celesio Group, including Director Corporate Purchasing Wholesale and Pharmacies. After graduating in 1989 from the University of Utrecht (the Netherlands), Kalman started his career in management & sales in the financial sector.

⁵ Turnover from continuing operations.

⁶ Based on estimated exchange rates (Euro/US dollar 1.10 and Euro/Brazilian Real 3.83).

⁷ EBITDA before non-recurrent result.



As of 12 October 2016, the Executive Committee of Fagron has the following composition:

Hans Stols	Chief Executive Officer
Karin de Jong	Chief Financial Officer
Constantijn van Rietschoten	Chief Marketing Officer
Rita Hoke	President, North America
Kalman Petro	Area General Manager, Northern Europe
Michaël Hillaert	Area General Manager, Central Europe
Rafael Padilla	Area General Manager, South America and Southern Europe

Conference call

Hans Stols (CEO) and Karin de Jong (CFO) will provide further details on the trading update of the third quarter of 2016 in a conference call today. The conference call starts at 9:30 CET. Participants will be able to call in using the following numbers and confirmation code as of 9:20 CET:

The Netherlands: +31 (0)20 703 8261
Belgium/Europe: +32 (0)2 400 6926
United States: +1 719 325 2202
United Kingdom: +44 (0)20 7026 5967
Confirmation code: 3528813

The presentation which will be discussed during the conference call will be available as of 9:00 CET on <http://investors.fagron.com>.

As of Friday 14 October 2016, the conference call can be listened to on Fagron's corporate website (<http://investors.fagron.com>).

Financial calendar 2017

7 February	Annual results 2016
13 April	Trading update, first quarter 2017
4 August	Half-year results 2017
12 October	Trading update, third quarter 2017

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

For more information:

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Fagron profile

Fagron is a leading global company active in pharmaceutical compounding and focused on delivering tailored pharmaceutical care to hospitals, pharmacies, clinics and patients in 32 countries around the world.

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



Forward-looking statements - important reservations

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. The Company consequently 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.

