

## Fagron continues strong turnover growth of first semester in the third quarter of 2018

## Fagron realises organic turnover growth of 10.1%

### Key points

- Turnover increases by 11.8% to € 114.9 million
- Europe: Innovation-driven growth of Brands
- North America: Very strong growth at all activities
- South America: Solid growth of Brands and Essentials

**Rafael Padilla, CEO of Fagron:** “In the third quarter of 2018, Fagron once again showed a strong performance. Turnover at constant exchange rates increased organically by 10.1% in the third quarter, mainly driven by our operations in North America and South America.

In North America and South America, all activities showed a very strong turnover growth. Europe contributed solidly as well. In all, we are satisfied with these developments. Strategically, we also made good progress. We see that the strategic focus on Brands, which was started in all regions this year, has also led to substantial turnover growth in the third quarter. The development in the Wichita facility remained strong. In the third quarter, good progress was made with the integration of Humco in North America, which was acquired in April of 2018. We also invested in one of the compounding facilities in the Netherlands, which will temporarily decrease capacity and turnover, but which will greatly improve the quality of both the facility and the processes.

The coming years, we will continue to expand our leading market positions in Europe, North America and South America through innovation-driven organic growth and strategic acquisitions. We are convinced that our strategic focus will offer significant value to our shareholders and other stakeholders.

With confidence we look towards the last months of the year. Fagron is expected to end the year 2018 well and is excellently positioned for further growth in 2019.”

Turnover (x € 1,000)	Q3 2018	Q3 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	113,176	100,960	+12.1%	+18.0%	+4.8%	+10.4%
HL Technology	1,686	1,802	-6.5%	-6.0%	-6.5%	-6.0%
<b>Fagron Group</b>	<b>114,861</b>	<b>102,762</b>	<b>+11.8%</b>	<b>+17.6%</b>	<b>+4.6%</b>	<b>+10.1%</b>
Turnover (x € 1,000)	9M 2018	9M 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	340,461	317,510	+7.2%	+14.0%	+2.7%	+9.0%
HL Technology	5,324	5,263	+1.2%	+7.3%	+1.2%	+7.3%
<b>Fagron Group</b>	<b>345,785</b>	<b>322,773</b>	<b>+7.1%</b>	<b>+13.9%</b>	<b>+2.7%</b>	<b>+9.0%</b>

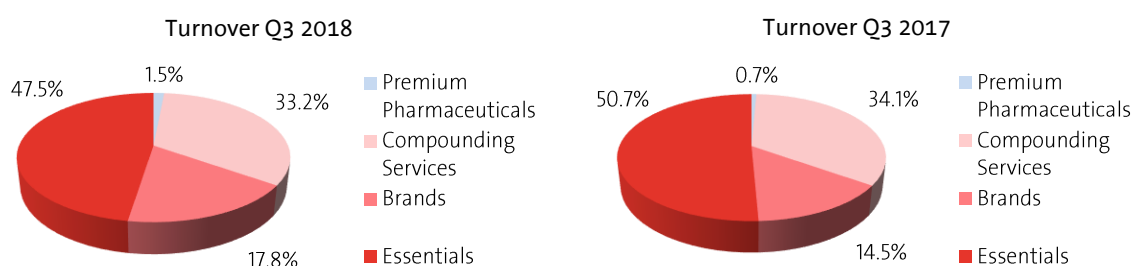
CER = Constant Exchange Rates



# Fagron press release - Trading update third quarter 2018

Fagron (excluding HL Technology)

(x € 1,000)	Q3 2018	Q3 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	113,176	100,960	+12.1%	+18.0%	+4.8%	+10.4%
(x € 1,000)	9M 2018	9M 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	340,461	317,510	+7.2%	+14.0%	+2.7%	+9.0%



The turnover of Fagron increased by 12.1% (+18.0% at constant exchange rates) to € 113.2 million in the third quarter of 2018. The organic turnover growth was 4.8% (+10.4% at constant exchange rates).

The turnover at constant exchange rates showed a positive development in the third quarter of 2018 in all regions in which Fagron is active. The operations in North America and South America have continued the second quarter's strong organic growth in the third quarter of 2018. However, the further weakening of the Brazilian Real had a negative impact on the turnover in Euros. Organic growth in Europe was impacted by the decision to temporarily reduce capacity at one of the compounding facilities in the Netherlands in order to be able to invest in further improving the quality of the facility.

The following table summarises the turnover development and currency effects of Fagron in the third quarter of 2018 compared to the third quarter of 2017.

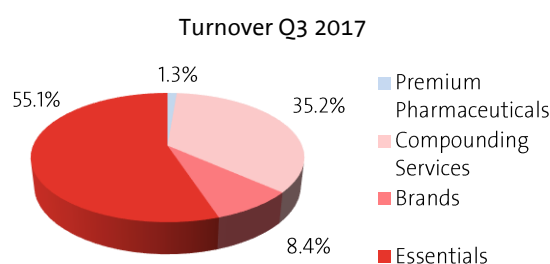
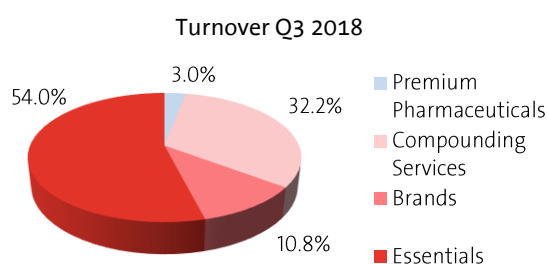
(x €1,000)	Impact
<b>Turnover in Q3 2017</b>	<b>100,960</b>
Development Europe	+767
Development South America	+4,344
Development North America	+5,347
Currency effect Brazilian Real/Euro	-5,690
Currency effect US Dollar/Euro	+205
Currency effect other	-106
Contribution of acquisitions	+7,350
<b>Turnover in Q3 2018</b>	<b>113,176</b>



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## Fagron Europe<sup>2</sup>

(x € 1,000)	Q3 2018	Q3 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	57,316	56,664	+1.2%	+1.4%	+1.2%	+1.4%
(x € 1,000)	9M 2018	9M 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	184,852	183,884	+0.5%	+0.4%	+1.8%	+1.7%

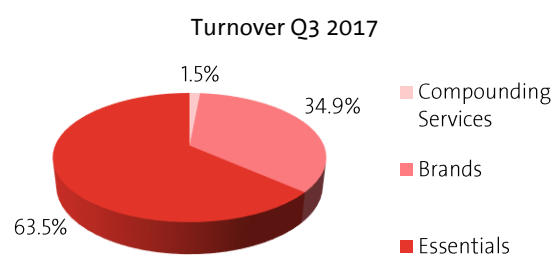
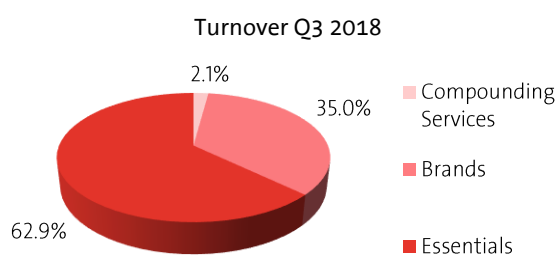


Fagron Europe's turnover increased by 1.2% (+1.4% at constant exchange rates), from € 56.7 million in the third quarter of 2017 to € 57.3 million in the third quarter of 2018. The strategic focus on Brands, which was started early 2018, also led to major turnover growth in this segment in the third quarter of 2018.

Organic growth in the third quarter of 2018 was impacted by the decision to temporarily reduce capacity at one of the compounding facilities in the Netherlands in order to be able to invest in further improving the quality of both the facility and the processes. The negative impact on the turnover in the third quarter was € 1.5 million.

## South America<sup>3</sup>

(x € 1,000)	Q3 2018	Q3 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	25,467	25,753	-1.1%	+21.9%	-5.2%	+16.9%
(x € 1,000)	9M 2018	9M 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	74,348	75,203	-1.1%	+19.8%	-5.5%	+14.5%



<sup>2</sup> The Europe segment includes the Fagron activities in Europe, South Africa and Australia.

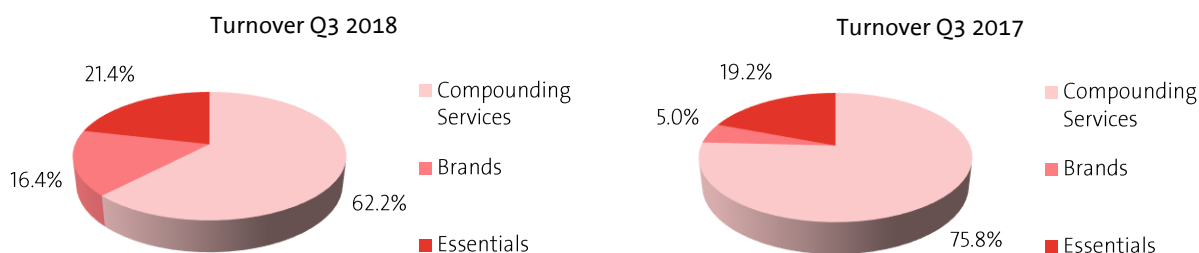
<sup>3</sup> The South America segment comprises Fagron's operations in Brazil (approximately 98% of turnover) and Colombia (approximately 2% of turnover).



Organic turnover at constant exchange rates increased by 16.9% in the third quarter of 2018. This increase is driven by strong growth of Essentials and Brands in Brazil and of the compounding activities (Compounding Services) in Colombia. In the third quarter, Fagron was able to clearly distinguish itself in Brazil with a high product availability at Essentials and the launch of innovative Brands, such as Miodestin® (endometriosis). A clear strategy, strong leadership and a focus on innovations led to the turnover growth in Colombia.

## North America<sup>4</sup>

(x € 1,000)	Q3 2018	Q3 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	30,392	18,543	+63.9%	+63.5%	+29.9%	+28.8%
(x € 1,000)	9M 2018	9M 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	81,261	58,423	+39.1%	+49.3%	+15.9%	+24.4%



Fagron North America's turnover increased by 63.9% (+63.5% at constant exchange rates) to € 30.4 million in the third quarter of 2018. Organic growth was 29.9% (+28.8% at constant exchange rates).

Fagron's sterile compounding activities in the United States realised a turnover increase of 34.5% in the third quarter of 2018 (33.5% at constant exchange rates). The turnover growth of Fagron's Wichita facilities amounted to 84.9% (84.2% at constant exchange rates). The strong growth of the 503B facilities in Wichita is driven by an increase in the number of customers and the product range.

In the third quarter of 2018, the sales of Essentials and Brands increased by 155.9% (+157.6% at constant exchange rates) compared to the third quarter of 2017. Organic growth was 15.6% (14.2% at constant exchange rates). Both Fagron and B&B Pharmaceuticals have closed the third quarter on a strong note, with significant growth at Brands and Essentials. In the third quarter, good progress was made with the integration of Humco, which was acquired in April of 2018.

<sup>4</sup> The North American segment comprises Fagron's activities in the United States and Canada.

## HL Technology

(x € 1,000)	Q3 2018	Q3 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	1,686	1,802	-6.5%	-6.0%	-6.5%	-6.0%
(x € 1,000)	9M 2018	9M 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	5,324	5,263	+1.2%	+7.3%	+1.2%	+7.3%

Turnover of HL Technology, the segment focusing on the development and introduction of innovative precision components for the dental and medical orthopaedic industry, decreased by 6.5% (-6.0% at constant exchange rates) to € 1.7 million in the third quarter of 2018. Despite the weaker quarter, management is positive about the 7.3% growth in the first nine months of 2018 and HL Technology's prospects.

## Conference call

Rafael Padilla (CEO) and Karin de Jong (CFO) will offer a further explanation on the 2018 third quarter trading update in a conference call today. The conference call will commence at 9:30 a.m. CET. From 5 to 10 minutes in advance, you will be able to dial in using the numbers and confirmation code below:

Netherlands: +31 (0)20 721 9251  
 Belgium/Europe: +32 (0)2 404 0659  
 Germany: +49 (0)69 2222 13420  
 Spain: +34 91 114 7293  
 United States: +1 323 794 2093  
 United Kingdom: +44 (0)330 336 9105  
 Confirmation code: 4786191

The presentation to be used during the conference call will be available from 9:00 a.m. CET at <http://investors.fagron.com>. From Friday 12 October 2018 onwards, the conference call can be listened to on the corporate website.

*In case of differences between the English translation and the Dutch original of this press release, the latter will prevail.*

## For more information:

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## Fagron profile

Fagron is a leading global company active in pharmaceutical compounding and focused on delivering personalized pharmaceutical care to hospitals, pharmacies, clinics and patients in 35 countries worldwide.

The Belgian company Fagron NV is located in Nazareth and is listed on Euronext Brussels and Euronext Amsterdam (stock market code 'FAGR'). The operational activities of Fagron are driven by the Dutch company Fagron BV. The head office of Fagron BV is located in Rotterdam.



### Important information regarding future-oriented statements

Certain statements in this press release might be considered to be future-oriented. Such future-oriented statements are based on current expectations and are influenced by various risks and uncertainties. The Company therefore cannot guarantee that such future-oriented statements will materialise and does not accept any obligation to update or revise any future-oriented statement, whether as a result of new information, future events or any other reason.

