

Fagron: Turnover growth supported by key regions Europe, South America and North America

Key points

- **Turnover increases to € 103.6 million**
- **Organic turnover growth at constant exchange rates of 2.4%**
- **Active buy-and-build strategy:**
 - **Acquisition of Croatian Kemig in August**
 - **Acquisition of Brazilian All Chemistry in October**

Hans Stols, CEO of Fagron: “Fagron reported solid results in the third quarter of 2017. The comparable turnover at constant exchange rates from our activities increased by 2.4%. Our activities in Europe showed good results in the third quarter. This growth was reduced, however, by the backlog at external laboratories that analyse the raw materials Fagron purchases. Limited product availability resulting from this delay in the analysis process caused delays in the supply of raw materials to our customers. Those involved are working hard on a solution and we expect the backlog in delivery to be largely cleared in the first quarter of 2018. Our activities in South America realised turnover growth at constant exchange rates of 3.4%, while our activities in North America achieved turnover growth of 4.1%. The sterile activities in the United States grew by 17.6%.

As part of its active buy-and-build strategy, Fagron is constantly in talks with various parties to consolidate our leading positions in our keys regions, Europe and North and South America. Over the past several months, we expanded our activities with two acquisitions. We finalised the acquisition of Kemig at the beginning of August, further consolidating our leading position in Europe. Kemig is a leading supplier of pharmaceutical raw materials and packaging materials to pharmacies and wholesalers in Croatia and Bosnia and Herzegovina. At the beginning of October we announced the acquisition of Brazil-based All Chemistry, a renowned supplier of pharmaceutical raw materials for compounding pharmacies.

We remain positive about the growth opportunities we see in the various markets in which we are active.”

Turnover (x € 1,000)	Q3 2017	Q3 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	101,783	101,862	-0.1%	+0.9%	+1.1%	+2.1%
HL Technology	1,802	1,538	+17.2%	+21.5%	+17.2%	+21.5%
Fagron Group	103,585	103,401	+0.2%	+1.2%	+1.3%	+2.4%
Turnover (x € 1,000)	9M 2017	9M 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	320,048	307,540	+4.1%	+1.2%	+4.8%	+1.9%
HL Technology	5,263	6,097	-13.7%	-13.6%	-13.7%	-13.6%
Fagron Group	325,311	313,637	+3.7%	+0.9%	+4.4%	+1.6%

CER = constant exchange rates

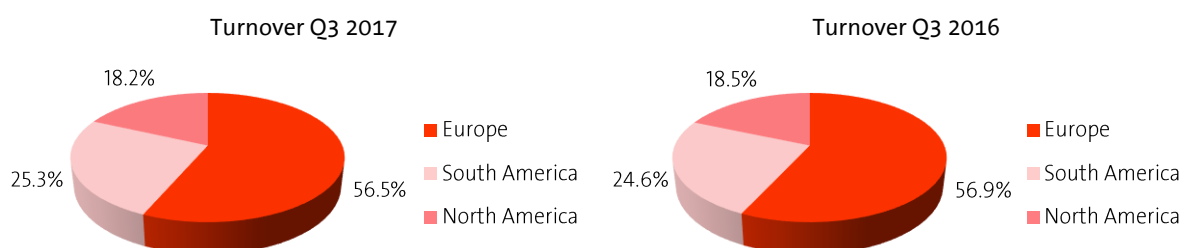
¹ This press release was sent out by Fagron NV and Fagron BV.



Fagron press release – Trading update, third quarter 2017

Fagron (excluding HL Technology)

(x € 1,000)	Q3 2017	Q3 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	101,783	101,862	-0.1%	+0.9%	+1.1%	+2.1%
(x € 1,000)	9M 2017	9M 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	320,048	307,540	+4.1%	+1.2%	+4.8%	+1.9%



Fagron's turnover decreased by 0.1% in the third quarter of 2017 (+0.9% at constant exchange rates), to € 101.8 million. Organic turnover growth amounted to 1.1% (+2.1% at constant exchange rates). The table below summarises the turnover development and currency effects of Fagron in the third quarter of 2017 compared to the third quarter of 2016.

(x € 1,000)	Impact
Turnover in Q3 2016	101,862
Turnover growth Europe	468
Turnover growth South America	859
Turnover growth North America	767
Currency effect BRL/Euro	-142
Currency effect USD/Euro	-1,039
Currency effect other	182
Contribution of disposals	-2,245
Contribution of acquisitions	1,071
Turnover in Q3 2017	101,783

Europe²

(x € 1,000)	Q3 2017	Q3 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	57,465	57,954	-0.8%	-1.2%	+1.2%	+0.8%
(x € 1,000)	9M 2017	9M 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	186,352	183,300	+1.7%	+1.3%	+2.9%	+2.5%

² The Europe segment comprises Fagron's activities in Europe, South Africa and Australia.



The turnover of the segment Europe decreased by 0.8% (-1.2% at constant exchange rates), from € 58.0 million in the third quarter of 2016 to € 57.5 million in the third quarter of 2017. Corrected for the acquisition of Kemig (Croatia) and the sale of the compounding facility in Paris (France), the organic turnover growth was 1.2% (+0.8% at constant exchange rates). The organic growth was curbed by the backlog at external laboratories that analyse the raw materials Fagron purchases and provide a certificate of analysis, which is needed to continuously guarantee the quality level. Because of this backlog, the availability of Fagron's raw materials in Europe decreased and a delay arose in the supply to customers. The backlog is expected to be largely cleared in the first quarter of 2018.

Fagron finalised the acquisition of Kemig in August 2017. Kemig is a leading supplier of pharmaceutical raw materials and packaging materials to pharmacies and wholesalers in Croatia and Bosnia and Herzegovina. Kemig, based in Zagreb (Croatia), achieved a turnover of approximately € 4 million in 2016 and an EBITDA margin below the average of Fagron Europe. Kemig's results have been fully consolidated with effect from 1 July 2017.

South America³

(x € 1,000)	Q3 2017	Q3 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	25,775	25,093	+2.7%	+3.4%	+2.7%	+3.4%
(x € 1,000)	9M 2017	9M 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	75,273	67,327	+11.8%	-0.1%	+11.8%	-0.1%

The turnover from the segment South America increased by 2.7% (+3.4% at constant exchange rates) to € 25.8 million in the third quarter of 2017. The majority of Fagron Brazil's purchases is in US dollars. The strengthening of the Brazilian real relative to the US dollar (+2.6%) resulted in lower purchase prices. It is common practice that this positive currency effect is fully passed on to Fagron's customers via lower sales prices in Brazilian real. There is a direct correlation between the strengthening in percentage of the Brazilian real relative to the US dollar and the growth of Fagron Brazil in US dollar. The decrease in sales prices in Brazilian real and the unfavourable effect of this on turnover growth at constant exchange rates was offset by a strong growth in volume, enabling Fagron Brazil to further strengthen its position as market leader in Brazil in the period under review.

Fagron announced the acquisition of All Chemistry on 5 October 2017. All Chemistry is a renowned supplier of pharmaceutical raw materials to compounding pharmacies in Brazil. In 2016, All Chemistry realised a turnover of approximately 17 million Brazilian real (€ 4.5 million) and an EBITDA margin in line with Fagron's activities in Brazil. All Chemistry's results are fully consolidated with effect from 1 October 2017.

³ The South America segment comprises Fagron's activities in Brazil (approximately 98% of the turnover) and Colombia (approximately 2% of the turnover).



North America⁴

(x € 1,000)	Q3 2017	Q3 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	18,543	18,815	-1.4%	+4.1%	-1.4%	+4.1%
(x € 1,000)	9M 2017	9M 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	58,423	56,913	+2.7%	+2.4%	+2.7%	+2.4%

Turnover realised in the segment North America decreased by 1.4% (+4.1% at constant exchange rates) to € 18.5 million in the third quarter of 2017. Fagron's sterile compounding activities in the United States realised turnover growth of 11.4% in the third quarter of 2017 (+17.6% at constant exchange rates). The new facility in Wichita is currently licensed in 46 states, including the important states of New York, Florida and Texas. The sale of pharmaceutical raw materials and concepts for compounding decreased by 27.4% in the third quarter of 2017 (-23.1% at constant exchange rates) compared to the third quarter in 2016, but stabilised compared to the first and second quarter of 2017.

HL Technology

(x € 1,000)	Q3 2017	Q3 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	1,802	1,538	+17.2%	+21.5%	+17.2%	+21.5%
(x € 1,000)	9M 2017	9M 2016	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	5,263	6,097	-13.7%	-13.6%	-13.7%	-13.6%

The turnover of HL Technology, the division focused on developing and introducing innovative precision components for the dental and medical orthopaedic industry, increased by 17.2% (+21.5% at constant exchange rates) in the third quarter of 2017 to € 1.8 million. Despite the strong growth compared to the third quarter of 2016, it is too early to anticipate a structural recovery.

Change in composition of the Executive Committee

Mr Kalman Petro (Area General Manager Northern and Central Europe) has decided to resign as member of the Executive Committee and continue his career outside Fagron. The Board of Directors highly appreciates Mr Petro's efforts and dedication to Fagron and wishes him every success in the future. As of 12 October 2017, Mr Petro's responsibilities will be temporarily taken up by Mr Hans Stols, Chief Executive Officer. The process of filling this vacancy on a permanent basis has already started.

From 12 October, the composition of Fagron's Executive Committee is as follows:

Hans Stols	Chief Executive Officer
Karin de Jong	Chief Financial Officer
Constantijn van Rietschoten	Chief Communications Officer
Rafael Padilla	Area General Manager, South America and Southern Europe
Rita Hoke	President, North America

⁴ The North America segment comprises Fagron's activities in the United States.



Conference Call

Hans Stols (CEO) and Karin de Jong (CFO) will provide further information on the trading update for the third quarter of 2017 in a conference call today. The conference call starts at 9:30 CET. From 5 to 10 minutes in advance, you will be able to call in using the numbers and confirmation code below:

The Netherlands: +31 (0)20 703 8261
Belgium/Europe: +32 (0)2 400 6926
United States: +1 719 457 1036
United Kingdom: +44 (0)330 336 9411
Confirmation code: 4285267

The presentation that will be used during the conference call will be available at <http://investors.fagron.com> from 9:00 CET. From Monday, 16 October 2017, the conference call can be listened to on Fagron's corporate website (<http://investors.fagron.com>).

Financial calendar 2018

7 February	Annual figures 2017
12 April	Trading update, first quarter 2018
14 May	General Shareholders' Meeting
3 August	Half-year figures 2018
11 October	Trading update, third quarter 2018

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

For more information:

Constantijn van Rietschoten
Chief Communications Officer
Tel. +31 6 53 69 15 85
constantijn.van.rietschoten@fagron.com

Fagron profile

Fagron is a leading global company active in pharmaceutical compounding and focused on delivering customized pharmaceutical care to hospitals, pharmacies, clinics and patients in 34 countries around the world.

The Belgian company Fagron NV is located in Nazareth 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.

