

Fagron realises organic turnover growth of 6.8%

Key points

- **Organic turnover growth in Europe, South America and North America.**
- **Europe: Structural solution to limited availability of pharmaceutical raw materials**
- **South America: Innovation-driven growth of Brands**
- **North America:**
 - **Wichita facility receives licence California**
 - **Complementary acquisition of the American company Humco**
 - **Settlement with former owners of JCB Laboratories**
- **Further growth in turnover and profitability expected in 2018**

Rafael Padilla, CEO of Fagron: “Fagron reported strong results in the first quarter of 2018. The comparable turnover at constant exchange rates increased by 6.8%. Turnover growth was supported by all regions we are active in. Although turnover growth in Europe was still affected by limited product availability of pharmaceutical raw materials in the first quarter, this problem has now largely been solved. We expect that with the structural solution, turnover development will no longer be negatively affected in the current quarter.

The focus on the development and introduction of innovative products, and particularly the introduction of lifestyle-related prescription products in Brazil, has led to significant growth at Brands in the first quarter of 2018.

In North America, the compounding facility in Wichita (Kansas) has been operational now for a full year. I’m pleased to announce that we received a licence for California, the most important state for our sterile products, in March 2018. This 49th licence means that the only two licences we still need to obtain, are those for Indiana and North Dakota. We expect to receive these later this year.

Besides the organic growth we realised, the in April announced acquisition of Humco - a leading developer, manufacturer and supplier of patented pharmaceutical delivery vehicles and pharmaceutical branded products - significantly and strategically strengthens our strategic position in the United States. Fagron’s leading market positions combined with the acquisition of Humco give us an excellent proposition for further growth of turnover as well as profitability in 2018.”

Turnover (x € 1,000)	Q1 2018	Q1 2017 ¹	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron Europe	63,524	62,210	2.1%	1.5%	4.3%	3.7%
Fagron South America	23,846	25,111	-5.0%	13.1%	-9.8%	7.4%
Fagron North America	19,972	19,995	-0.1%	15.3%	-0.1%	15.3%
Fagron (excl. HL Technology)	107,342	107,317	0.0%	6.8%	0.0%	6.8%
HL Technology	1,729	1,723	0.4%	9.4%	0.4%	9.4%
Fagron Group	109,071	109,040	0.0%	6.8%	0.0%	6.8%

CER = constant exchange rates

¹ Turnover of 2017 is revised for IFRS 15.



Fagron (excluding HL Technology)

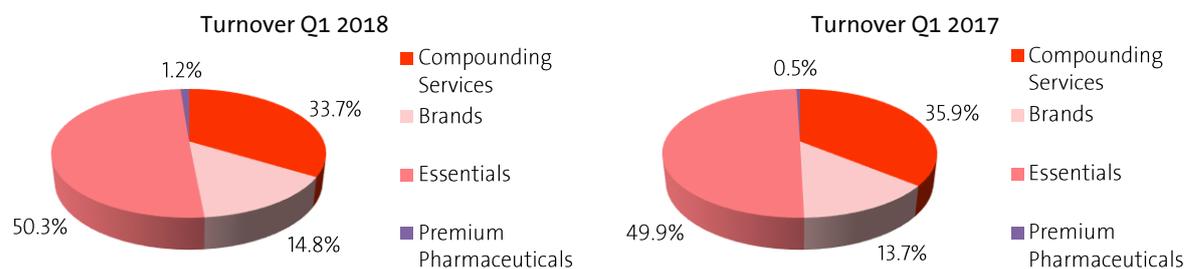
(x € 1,000)	Q1 2018	Q1 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	107,342	107,317	0.0%	6.8%	0.0%	6.8%

Fagron generated organic turnover growth at constant exchange rates of 6.8% in the first quarter of 2018. Turnover developed positively in all regions in which Fagron is active. In North America (+15.3%) and South America (+7.4%) particularly, strong organic growth was realised. The weakening of the Brazilian real and the US dollar had a negative impact on the turnover in euros.

The table below summarises the turnover development and currency effects of Fagron in the first quarter of 2018 compared to the same period last year.

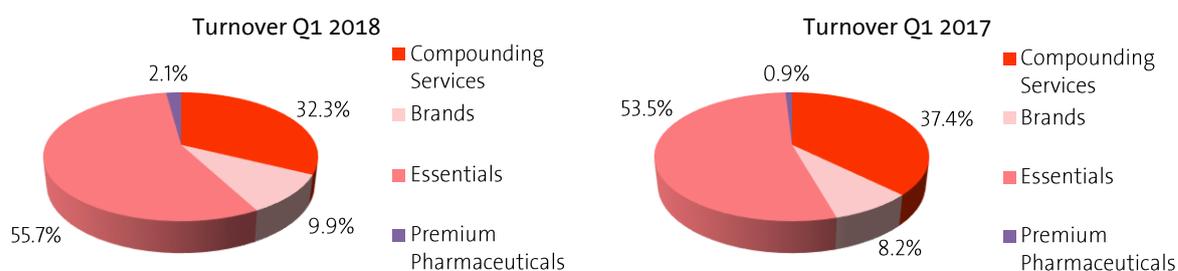
(x € 1,000)	Impact
Turnover in Q1 2017	107,317
Development Europe	2,273
Development South America	1,967
Development North America	3,059
Currency effect BRL/Euro	-4,487
Currency effect USD/Euro	-3,083
Currency effect other	302
Contribution of acquisitions	2,618
Contribution of disposals	-2,624
Turnover in Q1 2018	107,342

In 2017, Fagron took the strategic decision to register a limited number of non-sterile compounds that are delivered to pharmacies in the Netherlands. The turnover generated from these registrations will be reported under Premium Pharmaceuticals.



Europe²

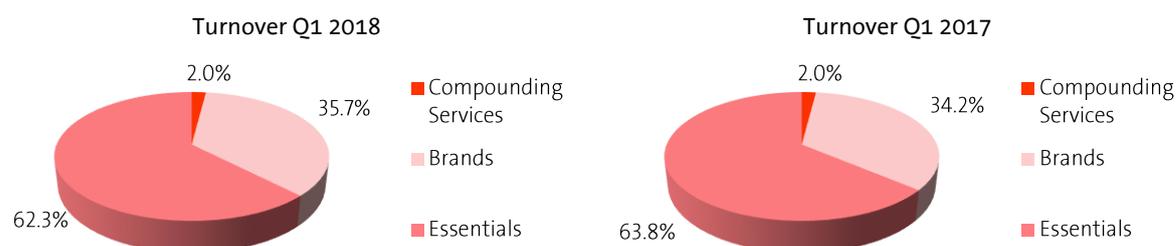
(x € 1,000)	Q1 2018	Q1 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	63,524	62,210	2.1%	1.5%	4.3%	3.7%



The Europe segment generated organic growth at constant exchange rates of 3.7% in the first quarter of 2018 compared to the same period last year. The turnover growth in the first quarter of 2018 was still restricted by the limited availability of pharmaceutical raw materials (Essentials). The problems concerning the product availability of Essentials were largely resolved in the first quarter and are not expected to have a material effect on turnover in the second quarter of 2018. The strategic focus on the development and introduction of distinctive innovative products resulted in strong turnover growth of Brands in the first quarter of 2018. The decrease in turnover in the compounding activities (Compounding Services) was the result of the divestment of a compounding facility in France in 2017 and the strategic decision to register a limited number of non-sterile compounds in the Netherlands. The turnover generated from these registrations will be reported under Premium Pharmaceuticals.

South America³

(x € 1,000)	Q1 2018	Q1 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	23,846	25,111	-5.0%	13.1%	-9.8%	7.4%



The South America segment realised turnover growth at constant exchange rates of 7.4% in the first quarter of 2018 compared to the first quarter of last year. The strong growth in South America was mainly driven by the innovation-focused organisation which is committed to the development and introduction of prescription products for the lifestyle-driven Brazilian market. This resulted in strong growth of Brands in the first quarter of 2018.

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

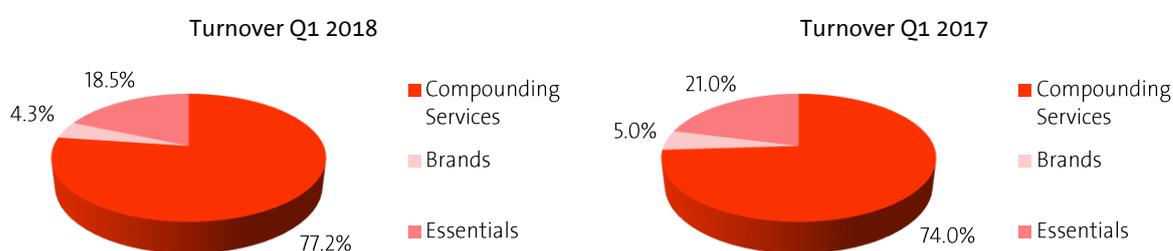
³ The South America segment encompasses Fagron's activities in Brazil (approximately 98% of the turnover) and Colombia (approximately 2% of the turnover).



Most of Fagron Brazil's purchasing occurs in US dollars, which, due to the current weakening of the Brazilian real against the US dollar (-3.3% for the period), has resulted in higher purchase prices. As usual, this negative currency exchange effect is fully passed on to customers. Therefore, there is a direct connection between the weakening of the Brazilian real versus the US dollar in terms of percentage and Fagron Brazil's growth in US dollars.

North America⁴

(x € 1,000)	Q1 2018	Q1 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	19,972	19,995	-0.1%	15.3%	-0.1%	15.3%



The North America segment realised turnover growth at constant exchange rates of 15.3% compared to the first quarter of 2017.

The sterile compounding activities generated turnover growth at constant exchange rates of 20.3%. Growth at the 503B-facilities is driven by an increase in the number of customers and the expansion of the product offering (both mainly in Wichita) and the increased monitoring of 503B-facilities on compliance with requirements by the regulatory authorities. Fagron's facilities in Wichita differentiate from competition by industry-leading and robust quality control systems and strict cGMP-compliance. The development of the sterile compounding activities is in line with management's expectations. In March 2018, the new facility in Wichita received a licence by the state of California (an important state), which brings the number of received licenses to 49. The remaining licences for Indiana and North Dakota are expected to be obtained during 2018.

The sale of pharmaceutical raw materials (Essentials) and pharmaceutical branded products (Brands) for compounding increased by 1.1% compared to the first quarter of 2017, after twelve consecutive quarters of sales decrease.

Humco

On 3 April 2018, Fagron announced the acquisition of the American company Humco, a leading developer, manufacturer and supplier of innovative patented pharmaceutical delivery vehicles (including topical and transdermal creams, syrups and suspensions) and pharmaceutical branded products that are cash-paid by the customer (not covered by insurers). In 2016 Humco added a limited portfolio of pharmaceutical raw materials to its product range. Humco supplies more than 45,000 pharmacies in the US, predominantly indirectly via chains of pharmacists and wholesalers. Humco, established in 1872, realised turnover of approximately US\$ 32 million (approx. € 26 million).

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



In the United States, Humco and Fagron operate in adjacent markets with only limited customer overlap. This means that there is interesting growth potential, in the United States as well as Europe and South America. Humco's customers can benefit from Fagron's excellent assortment of more than 1,600 high-quality pharmaceutical raw materials while the pharmaceutical delivery vehicles and pharmaceutical branded products of Humco complement Fagron's assortment significantly.

The acquisition price for Humco amounts to US\$ 47.5 million (approximately € 38.6 million) in cash, with the potential for a performance linked earn-out of up to US\$ 22.5 million (approximately € 18.3 million) in cash over a two-year period.

Settlement with the former owners of JCB Laboratories

In 2016, the former owners of JCB Laboratories ('JCB') sued Fagron for the full earn-out payment for 2015, to which they state they were entitled. Fagron contested this allegation and lodged a counter claim. In the first quarter of 2018, Fagron and the former owners of JCB reached a settlement. The confidential settlement agreement includes a payment by Fagron that is considerably lower than the amount of US\$ 6 million initially claimed.

HL Technology

(x € 1,000)	Q1 2018	Q1 2017	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover	1,729	1,723	0.4%	9.4%	0.4%	9.4%

HL Technology, the segment active in the development and introduction of innovative precision components for the dental and medical orthopaedic industry, achieved turnover growth at constant exchange rates of 9.4% in the first quarter of 2018. This growth was mainly driven by the optimisation of the production process and the strengthening of the underlying markets.

Conference Call

Rafael Padilla (CEO) and Karin de Jong (CFO) will provide further information on the trading update for the first quarter of 2018 in a conference call today. The conference call starts at 09:30 CET. From 5 to 10 minutes before, you will be able to call in using the numbers and confirmation code below:

The Netherlands: +31 (0)20 721 92 51

Belgium/Europe: +32 (0)2 404 06 59

United States: +1 323 794 2551

United Kingdom: +44 (0)330 336 9105

Confirmation code: 1460569

The presentation that will be used during the conference call will be available at <http://investors.fagron.com> from 09:00 CET. From Friday, 13 April 2018, the conference call can be listened to on Fagron's corporate website.

Financial calendar 2018

14 May General Shareholders' Meeting

3 August Half-year results 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 (0)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 personalized 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.

