

Press release

Regulated information | Trading update 3rd quarter 2014

YEAR TO DATE GROWTH OF 34.4% OF WHICH 12.9% ORGANIC AGAIN A VERY STRONG QUARTER FOR FAGRON MANAGEMENT CONFIRMS EXPECTATIONS FOR 2014

Waregem (Belgium) / Rotterdam (The Netherlands)¹, 8 October 2014 –In the third quarter of 2014, the consolidated turnover of Arseus increased by 34.1% (33.9% at constant exchange rates) to € 110.9 million. Organic growth amounted to 10.5% (10.3%). In the first nine months of 2014, consolidated turnover increased by 30.5% (34.4%) to € 320.0 million. Organic growth amounted to 9.5% (12.9%).

The evolution of turnover² per division is as follows:

x 1,000 euros	Q3 2014	Q3 2013	Total growth	Tot. growth constant*	Org. growth	Org. growth constant**
Fagron	109,055	81,100	34.5%	34.3%	10.4%	10.3%
HL Technology	1,845	1,623	13.7%	11.2%	13.7%	11.2%
Total	110,900	82,723	34.1%	33.9%	10.5%	10.3%

x 1,000 euros	9M 2014	9M 2013	Total growth	Tot. growth constant*	Org. growth	Org. growth constant**
Fagron	313,185	239,257	30.9%	35.0%	9.4%	12.9%
HL Technology	6,863	6,032	13.8%	12.5%	13.8%	12.5%
Total	320,048	245,289	30.5%	34.4%	9.5%	12.9%

* Total growth at constant exchange rates ** Organic growth at constant exchange rates

Ger van Jeveren, CEO of Arseus: “Arseus, once again, reported strong growth in the third quarter of 2014 with total turnover growth of 33.9%. Fagron generated organic growth of 12.9% at constant exchange rates in the first nine months of 2014. Fagron’s healthy organic growth is evidence of its successful strategy of innovating and optimising pharmaceutical compounding with the aim of providing optimal tailor-made pharmaceutical patient care. Turnover growth is driven by increased volumes in Fagron Compounding Services and the successful global cross-selling of innovative concepts, such as the Fagron Advanced Derma and SyrSpend® SF. Consequently, we are confirming our earlier expectations for 2014 to achieve turnover of at least € 435 million³, with a REBITDA⁴ margin of 26%.”

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

² Unaudited management figures.

³ Based on continuing operations (Fagron and HL Technology) and on constant exchange rates (EUR/US dollar 1.324 and EUR/BRL 3.112).

⁴ EBITDA after corporate costs and before non-recurrent result.

Fagron

Fagron reported healthy results over the first nine months of 2014. Turnover increased by 30.9% (35.0% at constant exchange rates) to € 313.2 million. Organic turnover growth amounted to 12.9% at constant exchange rates. Fagron's turnover increased by 34.5% (34.3%) in the third quarter of 2014. Organic turnover growth in the third quarter was 10.4% (10.3%). Fagron's robust organic growth is the result of the successful optimisation and innovation of pharmaceutical compounding to fulfil the worldwide growing need for tailor-made medication. Pharmaceutical compounding is the only solution for the increasing number of drug shortages and the discontinuation of medicines. Fagron develops innovative tailor-made pharmaceutical formulations, solutions and concepts which are improving the quality of life of patients worldwide every day.

Fagron Europe (48% of sales in Q3, 51% YTD)

Fagron Europe performed very well in the third quarter with an organic growth of 8.4% (8.3%). Year to date the organic growth amounts to 2.7% (2.9%). The strong growth in the third quarter is driven by the successful introduction of Fagron Advanced Derma and SyrSpend® SF Concept. Fagron Compounding Services (FCS) saw an increasing demand for tailor-made pharmaceutical solutions and services. Besides that, the new FCS compounding facility in Belgium has started operations in September and the high demand confirms the need for a professional partner for high quality sterile, aseptic and high-risk pharmaceutical compounding for Belgian hospitals. Fagron Europe will increase the capacity of its sterile compounding services by building a new state-of-the-art sterile compounding facility and a new antibiotic compounding facility in the Netherlands. Management expects the positive trend in Europe to continue in the fourth quarter.

Fagron North America (31% of sales in Q3, 29% YTD)

Fagron North America reported a total growth of 141.2% (142.3%) and a solid organic growth of 12.9% (13.4%) in the third quarter. Year to date the organic growth is 34.1% (38.0%). Sales of API's, equipment, supplies, education and Fagron global concepts remained strong. The sterile compounding facilities of Fagron showed impressive growth in the third quarter, thanks to an higher demand and the extension of the sales teams. The number of prescriptions in the non-sterile compounding facilities continued to grow. Fagron North America will increase the capacity of its sterile compounding services by building a 5,000 m² state-of-the-art sterile compounding facility and will expand its existing facility. With these investments, Fagron is able to serve the growing demand for sterile compounding in the US. All these facilities will be FDA registered and PCAB accredited. Management expects a solid fourth quarter for Fagron North America.

Fagron South America (21% of sales in Q3, 20% YTD)

Fagron Brazil realised organic growth of 10.8% (9.5%) in the third quarter, despite the negative effect of the FIFA world cup on the number of working days as well as the uncertain economic environment. Year to date organic growth is -1.1% and 9.9% at constant exchange rates. The sales in the pharmacy channel showed double digit organic growth in the third quarter. This is the result of the introduction of a number of new and innovative Fagron concepts. Fagron continues in 2014 to phase out low margin industry sales in Brazil. Recently, Fagron Brazil has centralized four production facilities to one central production center in Anapolis, creating a significant improvement of efficiency. The compounding facilities in Colombia showed double digit turnover growth in the third quarter. Management expects a good fourth quarter.

Research & Development

Tailor-made care recognises that each patient is unique. In close collaboration with pharmacists, prescribers determine the best dosage form, dosage strength, administration route, combination and duration of the treatment. Matching the most optimal tailor-made medication with the patient's needs is the essence of pharmaceutical compounding. Compounding by a pharmacist is essential in providing the patient with unique tailor-made medication.

Thanks to our 45 researchers and over 200 pharmacists located on three continents, extensive experience, state-of-the-art technologies and full focus on pharmaceutical compounding, Fagron is leading in discovering and developing innovative pharmaceutical compounding concepts to treat patients. Fagron develops innovative administration vehicles, such as creams, ointments and transdermal bases, ready-to-use compounding kits and other pharmaceutical solutions and concepts that are used by prescribers, pharmacists and patients worldwide.

Key to the approach of Fagron is the close cooperation with other innovators in pharmaceutical compounding, such as academic centers and universities. Prescribers have a very important role in providing us with the needs and ideas to help them to treat their patients with tailor-made pharmaceutical care. It is because of this approach, that Fagron has a strong and extensive R&D pipeline.

Chronic pain affects millions of people worldwide. Fagron's R&D department focuses on developing a concept aimed at pain management which will be introduced worldwide in the first semester of 2015. This total concept enables pharmacists and prescribers to offer patients individualised care in controlling pain. Central to this concept is innovative transdermal pharmaceutical compounding, which can provide localised pain treatment, thus limiting the side effects that frequently occur with the medication currently used, which is usually systemic.

HL Technology

HL Technology focuses on the development and production of innovative precision components and orthopaedic tools for dental and medical specialists. In 2014 HL Technology achieved an organic growth of 13.7% (11.2%) in the third quarter. In the first nine months of 2014 HL Technology achieved turnover of € 6.9 million, an increase of 13.8% (12.5%) compared to the same period in the previous year.

Conference call and webcast

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the trading update for the third quarter of 2014 today during a conference call. The conference call will start at 09:30 CET. You can join from 09:15 CET onwards by calling +31 (0)10 713 72 95 (the Netherlands) or +32 (0)2404 04 03 34 (Belgium). You can listen to the call through real-time audio webcast. The link is http://player.companywebcast.com/arceus/20141008_1/en/Player. A replay of the presentation and the Q&A will be available on our website by the end of the day.

Financial calendar

The annual results of 2014 will be published at 07:00 CET on 6 February 2015. Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the full year results in a webcast on 6 February 2015, starting at 09:30 CET.

In the event of any discrepancy between the English translation and the original Dutch version of this press release, the latter shall prevail.

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Arseus profile

Arseus is an innovative scientific pharmaceutical R&D company that is focused on optimising and innovating pharmaceutical compounding worldwide. Arseus consists of two divisions: Fagron and HL Technology. Fagron supplies pharmaceutical raw materials, equipment & supplies, concepts and pharmaceutical compounding to pharmacies and hospital pharmacies in 30 countries.

Pharmaceutical compounding is an essential part of pharmaceutical care that enables pharmacists to fulfil the worldwide growing need for tailor-made medication. Fagron's own R&D organization consists of 200 pharmacists who are working continually on developing new formulations for specific patients and patient groups. HL Technology develops and produces innovative precision components and orthopaedic tools for dental and medical professionals.

The Belgian company Arseus NV is located in Waregem and is listed on NYSE Euronext Brussels and NYSE Euronext Amsterdam. The operational activities of the Arseus group are driven by the Dutch company Arseus BV. The head office of Arseus BV is located in Rotterdam.