

Fagron realizes turnover growth of 3.5% for 3rd quarter of 2015

Update on indications of interest

Fagron's consolidated turnover increased by 2.4% (3.5% at constant exchange rates) to € 113.5 million during the third quarter of 2015. In organic terms, the turnover decreased by 3.8% (-2.7% at constant exchange rates).

Turnover (x € 1,000)	Q3 2015	Q3 2014	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	111,720	109,055	2.4%	3.8%	-3.8%	-2.5%
HL Technology	1,818	1,845	-1.5%	-12.1%	-1.5%	-12.1%
Total	113,538	110,900	2.4%	3.5%	-3.8%	-2.7%

Turnover (x € 1,000)	9M 2015	9M 2014	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron	349,988	313,185	11.8%	8.3%	4.2%	1.0%
HL Technology	7,317	6,863	6.6%	-7.0%	6.6%	-7.0%
Total	357,305	320,048	11.6%	8.0%	4.2%	0.8%

CER = constant exchange rates

Ger van Jeveren, CEO of Fagron: "This was a challenging quarter for Fagron. In Europe, our biggest market, good organic growth was achieved in all segments in which we are active. We also saw strong organic growth in Brazil, but the further weakening of the Brazilian real had a negative impact on the turnover in euros. We also experienced a setback in the United States because of the change in the reimbursement system for non-sterile preparations, which came into effect in May of this year. The effect of this change on the turnover of the third quarter was approximately € 17 million. The sterile FSPS activities in the United States have shown strong organic growth, mainly driven by growing demand from hospitals to outsource sterile preparations.

The change in the reimbursement system and continuing effects of this and the weakening of the Brazilian real have resulted in an adjustment of the outlook for 2015. As already announced last week, we expect to achieve turnover of between € 470 and € 480 million² in 2015 with REBITDA³ of between € 105 and € 115 million⁴. The consequences of the revised REBITDA expectation for the full year of 2015 for the financing of Fagron are being addressed."

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

² Based on constant exchange rates (euro/US dollar 1.114 and euro/Brazilian real 3.524).

³ EBITDA before non-recurrent result.

⁴ Based on constant exchange rates (euro/US dollar 1.114 and euro/Brazilian real 3.524).



Fagron

Turnover (x € 1,000)	Q3 2015	Q3 2014	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron Specialty Pharma Services	45,905	37,856	21.3%	12.7%	5.4%	-2.1%
Fagron Trademarks	12,424	11,229	10.7%	23.2%	10.7%	23.2%
Fagron Essentials	53,391	59,970	-11.0%	-5.4%	-13.0%	-7.6%
Total	111,720	109,055	2.4%	3.8%	-3.8%	-2.5%

Turnover (x € 1,000)	9M 2015	9M 2014	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron Specialty Pharma Services	138,072	95,210	45.0%	33.5%	17.9%	8.5%
Fagron Trademarks	37,976	33,907	12.0%	15.1%	12.0%	15.1%
Fagron Essentials	173,940	184,068	-5.5%	-6.0%	-5.9%	-6.4%
Total	349,988	313,185	11.8%	8.3%	4.2%	1.0%

CER = constant exchange rates

The turnover of Fagron, at constant exchange rates, has shown a positive development in the third quarter in all continents in which Fagron is active, except for the United States. Several initiatives are launched to counter the negative consequences of the change in the reimbursement system for non-sterile preparations in the United States. New concepts and trademarks are launched, mainly focused on the cash market, in the non-sterile segment. In the sterile segment, Fagron is investing in the expansion of an integrated national Sales team to fully use the capacity of the new sterile GMP compounding facility in Wichita that will open in the fourth quarter. Fagron also initiated a cost-saving program for the whole Group, with the objective to structurally decrease the costs by € 10 million on an annual basis.

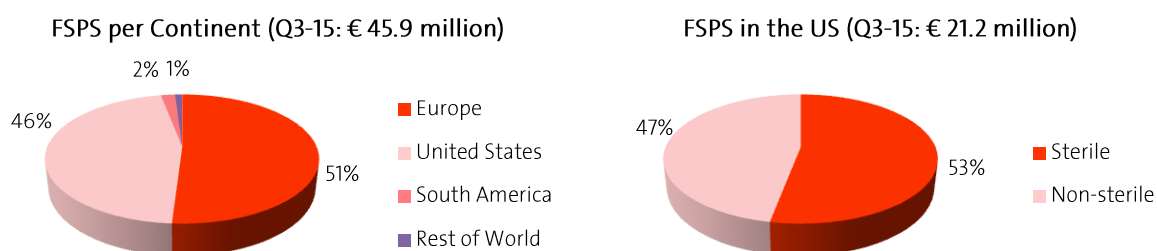
The table below gives an overview of the turnover development and currency effects in the third quarter (in comparison with the third quarter of 2014).

(x € 1,000)	Impact
Turnover Q3 2014	€ 109,055
Development Europe	+€ 6,173
Development South America	+€ 5,034
Development Rest of World	+€ 465
Development United States- Essentials and FSPS non-sterile	-€ 17,042
Development United States - FSPS sterile	+€ 2,420
Currency effect BRL/euro	-€ 6,145
Currency effect US\$/euro	+€ 4,746
Currency effects other	-€ 95
Contribution acquisitions	+€ 7,109
Turnover Q3 2015	€ 111,720



Fagron Specialty Pharma Services

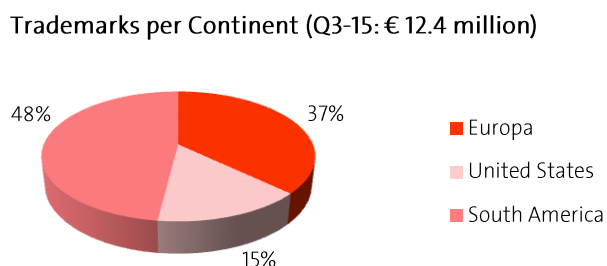
The turnover of Fagron Specialty Pharma Services ('FSPS') increased by 21.3% (12.7% at constant exchange rates) from € 37.9 million in the third quarter of 2014 to € 45.9 million in the third quarter of 2015. Organic turnover growth amounted to 5.4% (-2.1% at constant exchange rates).



Major investments are being made in the sterile segment to meet the growing demand from hospitals to outsource sterile preparations to Fagron Specialty Pharma Services. The antibiotics compounding facility in Hoogeveen (the Netherlands) will be operational in October 2015. The new 5,000 m² sterile GMP and FDA 503B-registered compounding facility in Wichita (Kansas, United States) will become operational in November 2015. The construction of a new sterile GMP compounding facility in Johannesburg (South Africa) is on the agenda for 2016; the facility is expected to become operational in August 2016.

Fagron Trademarks

The turnover at Fagron Trademarks increased by 10.7% (23.2% at constant exchange rates) to € 12.4 million during the third quarter of 2015.



Innovation is the driving force behind the growth of Fagron Trademarks. Fagron's R&D team of 45 researchers and more than 300 pharmacists work closely with pharmacists, physicians and universities worldwide to develop new and innovative vehicles, concepts and formulations to fulfil the growing need for customized patient care.

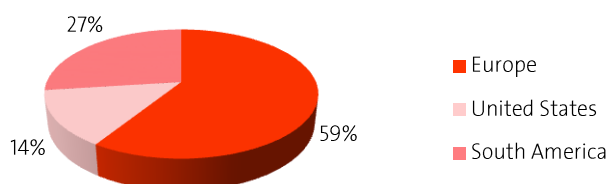
In addition to the Fagron Trademarks already enjoying global success, such as SyrSpend® SF, Pentravan® and Fagron Advanced Derma, Fagron has a well-filled and growing pipeline of innovations which will be brought to market in the coming years.



Fagron Essentials

The turnover at Fagron Essentials decreased by 11.0% (-5.4% at constant exchange rates) to € 53.4 million during the third quarter of 2015. Organically the turnover decreased by 13.0% (-7.6% at constant exchange rates).

Essentials per Continent (Q3-15: € 53.4 million)



The project to optimize the product portfolio and production process that was started in the second quarter also impacted turnover in the third quarter. € 2 million of turnover in non-strategic, low margin products was phased out.

Fagron further consolidated its market leadership in the sale of pharmaceutical raw materials in the third quarter of 2015 with the acquisition of Belgian ABC Chemicals. ABC Chemicals is expected to generate turnover of € 5 million on an annual basis in 2015 and has an EBITDA margin comparable to that of the Fagron Group. This acquisition was concluded in July and will be consolidated from 1 July 2015.

HL Technology

HL Technology, the division focused on developing and introducing innovative precision components for the dental and orthopaedic industry, achieved turnover of € 1.8 million during the third quarter of 2015, a decrease of 1.5% (-12.1% at constant exchange rates) compared to the third quarter of 2014.

Update on indications of interest

Further to our press release of last week, we can confirm that Fagron has received a number of indications of interest in the form of non-binding offers in respect of the potential acquisition of Fagron.

After due consideration, taking into account the interests of all Fagron shareholders, as well as the interest of other stakeholders, the Board of Directors has decided to explore the possibility of a sale of the company. In this respect the Board of Directors has allowed a selected number of potential buyers to perform confirmatory due diligence on the company, with a view to preparing a binding offer, subject to customary conditions, for the company.

The Board has taken into consideration a number of factors, including, but not limited to price, reputation of the bidder, experience of the bidder in the sector or ancillary sectors, its knowledge of Fagron, its ability to add value to Fagron, its ability to finance a transaction and its ability and commitment to perform due diligence in a timely manner with minimum disruption to Fagron. All parties in the process are respected, credible and reputable international organisations.

The Board of Directors will carefully evaluate any binding offers, if and when made, consistent with its fiduciary duties taking into full consideration the interests of all its shareholders and other relevant stakeholders.

Further announcements will be made if and when circumstances so require.



Outlook

Based on the current portfolio, Fagron expects to achieve turnover of between € 470 and € 480 million⁵ in 2015 with REBITDA⁶ of between € 105 and € 115 million⁷. The consequences of the revised REBITDA expectation for the full year of 2015 for the financing of Fagron are being addressed.

Conference call

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the trading update for the third quarter of 2015 during a conference call scheduled for today. The conference call begins 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)20 721 9158
Belgium/Europe: +32 (0)2 404 0662
North America: +1 212 444 0481
Confirmation code: 9494638

The presentation is as from publication of this press release available on <http://investors.fagron.com/>.

From 10:30 CET, the conference call can be heard on:

The Netherlands: +31 (0)20 708 5013
Belgium/Europe: +32 (0)2 789 7487
North America: +1 347 366 9565
Code to listen to the call: 9494638

From 10 October the conference call may be listened to or downloaded from Fagron's corporate website (<http://investors.fagron.com/>).

Financial calendar 2016

5 February Publication of results for the 2015 financial year

Results and trading updates are published at 7:00 CET.

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

Fagron profile

Fagron is a scientific pharmaceutical R&D business focused on optimising and innovating personalised pharmaceutical care. Fagron provides Fagron Specialty Pharma Services, Fagron Trademarks and Fagron Essentials to pharmacies, clinics and hospitals in 32 countries worldwide.

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

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⁶ EBITDA before non-recurrent result.

⁷ Based on constant exchange rates (euro/US dollar 1.114 and euro/Brazilian real 3.524).



Important information about forward-looking statements

Certain statements in this press release may be considered “forward-looking”. Such forward-looking statements are based on current expectations, and, accordingly, entail and are influenced by various risks and uncertainties. The Company therefore cannot provide any assurance that such forward-looking statements will materialize and does not assume an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

This press release does not constitute an offer or invitation for the sale or purchase of securities or assets of Fagron in any jurisdiction.

