

## Turnover from continued operations increased by 0.9% to € 103.6 million

## Fagron decides to close Bellevue Pharmacy

Fagron's consolidated turnover from continued operations increased by 0.9% (+7.2% at constant exchange rates) to € 103.6 million during the first quarter of 2016. Organic turnover growth from continued operations amounted to -6.0% (-0.1% at constant exchange rates).

After the change in the reimbursement system for non-sterile compounding in the United States in 2015, Bellevue Pharmacy (part of Fagron Specialty Pharma Services) became loss-making in the first quarter of 2016. The Board of Directors has therefore decided to close Bellevue Pharmacy. The production of non-sterile compounding at Bellevue Pharmacy was stopped in March 2016 and the majority of the employees have been made redundant. Due to this decision, the turnover of Bellevue Pharmacy is reported in this press release under discontinued operations.

Turnover (x € 1,000)	Q1 2016	Q1 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Fagron Specialty Pharma Services	37,809	27,631	+36.8%	+36.9%	+12.7%	+12.8%
Fagron Trademarks	11,814	11,594	+1.9%	+17.3%	+1.9%	+17.3%
Fagron Essentials	51,962	60,543	-14.2%	-6.5%	-16.4%	-8.9%
HL Technology	1,978	2,848	-30.5%	-29.0%	-30.5%	-29.0%
<b>Fagron Group (continued operations)</b>	<b>103,563</b>	<b>102,616</b>	<b>+0.9%</b>	<b>+7.2%</b>	<b>-6.0%</b>	<b>-0.1%</b>
Discontinued operations	4,210	15,185	-72.3%	-72.9%	-72.3%	-72.9%
<b>Total</b>	<b>107,774</b>	<b>117,800</b>	<b>-8.5%</b>	<b>-3.1%</b>	<b>-14.0%</b>	<b>-8.9%</b>

CER = constant exchange rates

**Hans Stols, CEO of Fagron:** "Fagron's turnover from continued operations increased by 0.9% in the first quarter of 2016, to € 103.6 million. At constant exchange rates, the turnover from continued operations in the first quarter of 2016 developed positively everywhere, except in the United States. During the first quarter of 2016, the sterile FSPS activities in the United States continued the strong growth from 2015. The change in May 2015 to the reimbursement system for non-sterile compounding unfortunately had a negative impact on the sale of pharmaceutical raw materials in the United States during the first quarter of 2016 as well.

The changed reimbursement system in the United States also had a major impact on the turnover and profitability of Bellevue Pharmacy. After the impairment on Bellevue Pharmacy at the end of 2015 and the losses in the first quarter of 2016, we decided to close Bellevue Pharmacy.

The refinancing of Fagron required a great deal of attention over the past few months. The extension of the waiver until the end of June 2016 for the financial covenants concerning the revolving credit facility and the US private placement gives Fagron time to focus on reaching an agreement on adjusting its current financing and the proposed capital increase for a total amount of € 220 million to safeguard its financial situation for the longer term."

<sup>1</sup> This press release was sent out by Fagron NV and Fagron BV.



## Fagron (excluding HL Technology)

(x € 1,000)	Q1 2016	Q1 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover <sup>2</sup>	101,585	99,768	+1.8%	+8.3%	-5.3%	+0.7%

Fagron's turnover from continued operations increased by 1.8% (+8.3% at constant exchange rates) in the first quarter of 2016, to € 101.6 million. Organic turnover growth from continued operations amounted to -5.3% (+0.7% at constant exchange rates).

At constant exchange rates, Fagron's turnover from continued operations in the first quarter of 2016 developed positively in Europe, South America and the Rest of World. We also saw strong organic growth in Brazil, but the weakening of the Brazilian real had a negative impact on the turnover in euros. During the first quarter of 2016, the sterile FSPS activities in the United States continued the strong organic growth from 2015. The decision in May 2015 to change the reimbursement system for non-sterile compounding had a negative impact on the sale of pharmaceutical raw materials (Fagron Essentials) in the United States during the first quarter of 2016 as well.

The table below presents an overview of the turnover development and currency effects of Fagron (excluding HL Technology) during the first quarter of 2016 compared to the first quarter of 2015.

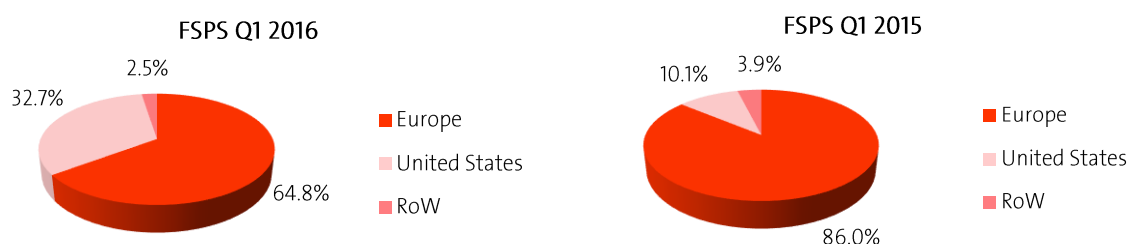
(x € 1,000)	Impact
<b>Turnover from continued operations in Q1 2015</b>	<b>99,768</b>
Development in Europe	1,920
Development in South America	5,811
Development in Rest of World	157
Development in North America	-7,145
Currency effect BRL/euro	-6,370
Currency effect USD/euro	429
Other currency effect	-507
Contribution of acquisitions in 2015	7,522
<b>Turnover from continued operations in Q1 2016</b>	<b>101,585</b>

<sup>2</sup> Turnover from continued operations



## Fagron Specialty Pharma Services

(x € 1,000)	Q1 2016	Q1 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover <sup>3</sup>	37,809	27,631	+36.8%	+36.9%	+12.7%	+12.8%



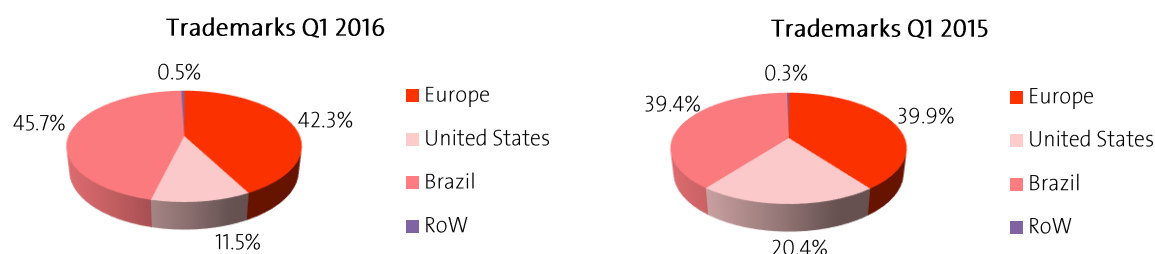
The turnover of Fagron Specialty Pharma Services (FSPS) from continued operations increased by 36.8% (+36.9% at constant exchange rates) from € 27.6 million in the first quarter of 2015 to € 37.8 million in the first quarter of 2016. Organic turnover growth from continued operations amounted to 12.7% (+12.8% at constant exchange rates).

FSPS provides tailor-made medication prepared at 20 sterile and non-sterile compounding facilities in Europe, the United States, Colombia and South Africa. FSPS offers a complete range of ready-to-use sterile, non-sterile and nuclear medications primarily to pharmacies and hospitals.

It is becoming increasingly difficult for hospitals worldwide to meet the ever more stringent legislation and regulations and more demanding quality requirements for the production of sterile medications. General awareness of quality in the preparation of medications has also increased significantly over the past few years. In the quest for better quality, hospitals are increasingly opting to outsource their sterile compounding to Fagron. The new FDA-registered 503B compounding facility in Wichita (Kansas, United States) supplied its first products to customers in March 2016. Commercial production at the new antibiotics compounding facility in Hoogeveen (The Netherlands) is expected to start up in June 2016.

## Fagron Trademarks

(x € 1,000)	Q1 2016	Q1 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover <sup>4</sup>	11,814	11,594	+1.9%	+17.3%	+1.9%	+17.3%



<sup>3</sup> Turnover from continued operations

<sup>4</sup> Turnover from continued operations

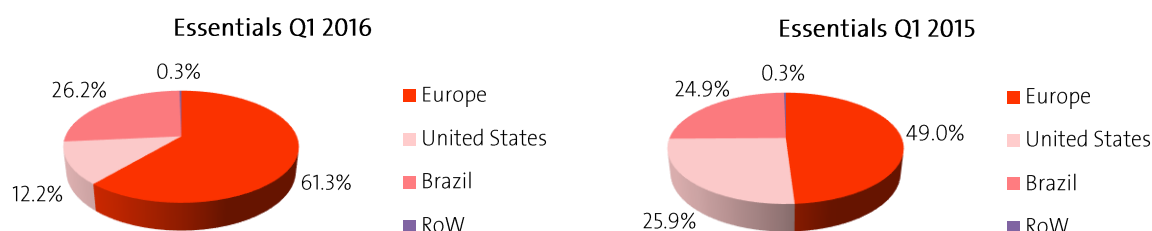


The turnover of Fagron Trademarks increased by 1.9% (+17.3% at constant exchange rates) in the first quarter of 2016, to € 11.8 million.

Innovation is the driving force behind the growth of Fagron Trademarks. In close cooperation with pharmacists, physicians and universities, locally and globally, new and innovative products and concepts are developed to meet the growing demand for individualised patient care. Fagron sees strong growth potential in Fagron Trademarks. In addition to the Fagron Trademarks already enjoying global success, such as SyrSpend®, Fagron Advanced Derma, CapsiCards® and Pentravan®, Fagron has a well-filled and growing pipeline of local and global innovations which will be brought to market in the coming years.

## Fagron Essentials

(x € 1,000)	Q1 2016	Q1 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover <sup>5</sup>	51,962	60,543	-14.2%	-6.5%	-16.4%	-8.9%



The turnover of Fagron Essentials decreased by 14.2% (-6.5% at constant exchange rates) from € 60.5 million in the first quarter of 2015 to € 52.0 million in the first quarter of 2016. Organic turnover growth amounted to -16.4% (-8.9% at constant exchange rates).

The decision in May 2015 to change the reimbursement system for non-sterile compounding in the United States prompted a decline in the sale of pharmaceutical raw materials, mainly at Freedom Pharmaceuticals, during the first quarter of 2016 as well. Healthy organic turnover growth was realised in Europe during the first quarter of 2016. Fagron saw strong organic growth in Brazil, but the weakening of the Brazilian real had a negative impact on the turnover in euros.

## HL Technology

(x € 1,000)	Q1 2016	Q1 2015	Total growth	Total growth CER	Org. growth	Org. growth CER
Turnover <sup>6</sup>	1,978	2,848	-30.5%	-29.0%	-30.5%	-29.0%

The turnover of HL Technology, the segment focused on developing and introducing innovative precision components for the dental and medical orthopaedic industry, decreased by 30.5% in the first quarter of 2016 (-29.0% at constant exchange rates), to € 2.0 million.

The decrease in turnover in the first quarter of 2016 was primarily due to low growth rates in the underlying markets (the dental and medical orthopedic industry) and increasing regulation, which is causing delays in the introduction of innovative products from HL Technology.

<sup>5</sup> Turnover from continued operations

<sup>6</sup> Turnover from continued operations



## Capital increase

Fagron announced on 2 March 2016 that the negotiations with a cornerstone investor and five individual investors concerning a private capital increase in combination with a public capital increase of in total € 220 million had been successfully concluded, subject to the approval of the extraordinary general meeting of shareholders of Fagron. The capital increase is divided into two tranches. The first tranche of the capital increase will be effected through a private placement with a cornerstone investor (WPEF VI Holdco III BE B.V., a holding company of which the shares are (in)directly held by Waterland Private Equity Fund VI CV and Baltisse NV) and five individual investors (Alychlo NV (an investment company controlled by Marc Coucke), Carmignac Gestion SA and Carmignac Portfolio SICAV (together 'Carmignac'), Midlin N.V., Bart Versluys and Hans Stols) for an amount of up to approximately € 131 million. The second tranche of the capital increase will be effected by means of a public capital increase through an issue with preferential subscription rights for an amount equal to the difference between € 220 million and the amount of the first tranche of the capital increase.

Investors are reminded that it remains uncertain whether or not (a) the first tranche of the proposed capital increase, i.e. the private placement of approximately € 131 million with WPEF VI Holdco BV (WPEF) and five individual investors (Alychlo NV, Carmignac, Midlin NV, Bart Versluys and Hans Stols) which will be resolved at the extraordinary shareholders meeting of 4 May will occur and (b) whether or not these investors will subscribe to the second (i.e. public) tranche of the capital increase, taking into account the fact that:

- i. the commitment of these investors to subscribe to the first tranche of the capital increase is subject to the average closing price of Fagron shares on Euronext Brussels during the 30 calendar days immediately prior to the date of the shareholders meeting (currently planned on 4 May 2016) not exceeding € 5.50 per share. Should such average closing price exceed € 5.50 per share, WPEF and consequently the other five individual investors have the right to cancel their commitment to subscribe such proposed capital increase;
- ii. the subscription commitment of WPEF to subscribe to the first tranche of the capital increase is subject to a number of additional conditions (which are set forth in the press release of 2 March 2016). One of these conditions is Fagron reaching an agreement with the financing banks and the US noteholders with regard to an amendment of existing financing arrangements. As indicated in its press release of 1 April 2016, such discussions with the financing banks and the US noteholders are still ongoing and remain uncertain, within the context of a temporary waiver and to fulfil the condition precedent agreed with WPEF. Fagron will have to reach agreement before the extraordinary shareholders meeting of 4 May; and
- iii. the commitment of these investors to subscribe the second (i.e. public) tranche of the capital increase is subject to subscription of the first tranche of the capital increase.

Should the first tranche of the capital increase not take place, Fagron intends to raise the capital by means of a public capital increase for the full amount of € 220 million, with the subscription price yet to be set.

## Extraordinary general meeting of shareholders

Based on the registrations received from shareholders for the extraordinary general meeting of shareholders scheduled for 14 April 2016, it emerges that the quorum for valid deliberations and voting has not been achieved. Fagron therefore confirms that a second meeting will be scheduled for 4 May 2016, at which this quorum will no longer be required. The capital increase, after approval by the shareholders, is expected to be concluded in June 2016.

## Conference call

Hans Stols (CEO) and Jan Peeters (CFO) will provide further details on the trading update for the first quarter of 2016 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  
United States: +1 212 444 0896  
United Kingdom: +44 (0)20 3427 1919  
Confirmation code: 6206438

The presentation that will be used during the conference call will be available at <http://investors.fagron.com> from 9:00 CET.

From Wednesday, 13 April 2016, the conference call may be listened to at Fagron's corporate website (<http://investors.fagron.com>).

## Financial calendar 2016

14 April	Extraordinary General Meeting of Shareholders ( <a href="#">link</a> to convocation notice and agenda)
4 May	Second Extraordinary General Meeting of Shareholders
9 May	Annual Meeting ( <a href="#">link</a> to convocation notice and agenda)
5 August	Half-year figures 2016
12 October	Trading update, third quarter 2016

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

## For further information:

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## 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.

## 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.

Any securities mentioned in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

