

Turnover increased 5.8% to € 473.0 million

REBITDA decreased by 10.0% to € 106.5 million

Exclusive negotiations with cornerstone investor concerning Fagron's financing

Highlights:

- Turnover increased 5.8% to € 473.0 million in line with outlook; organic decline in turnover of 1.0%
- REBITDA² decreased by 10.0% to € 106.5 million; REBITDA margin of 22.5%
- Impairment of € 225.6 million on American Bellevue Pharmacy and Freedom Pharmaceuticals due to lower profitability resulting from changes in the reimbursement system
- Negative net result due to non-recurring costs, depreciation and amortisation
- Exclusive negotiations with a cornerstone investor and other investors concerning a private capital injection in combination with a public share issue are at an advanced stage; total capital increase of € 220 million
- Proposal not to pay out a dividend over 2015

Hans Stols, CEO Fagron: "2015 was a difficult year for Fagron. Although our turnover increased across the entire line and a number of our operations performed well, we also had some disappointments this year. Not only did the further weakening of the Brazilian real negatively impact turnover and EBITDA in 2015, especially the change in the reimbursement system for non-sterile compounding in the United States had a negative impact. This change reduced the profitability of our American operation, which also resulted in an impairment and a net loss. To turn this situation around, we have initiated a cost reduction programme with the objective of structurally reducing the costs by € 10 million per annum over time. We will have to direct our operations with a clear focus over the coming period to ensure we remain successful under these changed market conditions.

The lower EBITDA for this year also affected the company's financing. Following constructive discussions with our financing banks, we received a waiver at the end of December 2015, concerning the covenants on the revolving credit facility and the US private placement. This waiver gives Fagron time until the end of March to work on a solution. At the present time we are at an advanced stage in developing a solution and we are conducting exclusive negotiations with a cornerstone investor and other investors concerning a capital injection to achieve a sustainable solution to Fagron's financing. The Board of Directors will propose to not pay dividend over 2015 to enable the company to give priority to reducing the financial debt and to further strengthen Fagron's balance sheet. We realise that this has taken a long time, but we are now close to a solution. We are confident about the operational state of affairs and the dedicated efforts of our 2,184 employees throughout the world, giving us a strong foundation for the future."

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

²EBITDA before non-recurring result.



2015 company performance

In 2015, the trend in Fagron's turnover, at constant exchange rates, was positive on all continents on which Fagron operates, except in the United States. Hospitals are increasingly deciding to outsource their sterile compounding to Fagron Specialty Pharma Services (FSPS). FSPS' activities in Europe, Colombia and South Africa, and FSPS' sterile activities in the United States consequently grew significantly in 2015, while Fagron Essentials and the non-sterile FSPS-activities in the United States experienced a decline in turnover. In 2015, Fagron invested in the construction of a new sterile GMP 503B registered compounding facility in Wichita (Kansas, United States) and an antibiotics compounding facility in Hoogeveen (the Netherlands). In addition, during the year, Fagron strengthened its market leadership in pharmaceutical compounding through the acquisition of AnazaoHealth in the United States and ABC Chemicals in Belgium.

The profitability of the sale of pharmaceutical raw materials (Fagron Essentials) and non-sterile compounding (FSPS) in the United States decreased, forcing the company to take an impairment of € 225.6 million as at the end of December 2015.

Financing and management actions

The full scope of the impact of the changed reimbursement system became clear in the third quarter of 2015. The REBITDA projections for the year were adjusted accordingly. In addition to the measures taken to improve the profitability of the activities in the United States, such as a very stringent cost reduction programme, investments are also being made in a new sales team and we plan to introduce new concepts and trademarks. In addition, a great deal of effort went into getting the company's financial situation into shape. In the second half of 2015, discussions were held with a number of parties about a potential acquisition of the company. After the Board of Directors' decision in December to no longer give this priority, efforts were fully dedicated to negotiations with banks and a possible public or private capital increase. This also resulted in a change to the Board of Directors, whereby Hans Stols, an independent director at the time, succeeded Ger van Jeveren as Fagron's CEO.

The constructive negotiations held with banks have resulted in a waiver of the covenants up to the end of March 2016. The Board of Directors currently is conducting exclusive negotiations with a cornerstone investor and a number of other investors concerning a private capital injection in combination with a public share issue. These negotiations are in an advanced stage but are not yet final. In total, Fagron wants to raise € 220 million. The current intention is that parties in the private capital injection will participate at the share price average of the 30 days prior to the Extraordinary General Meeting of Shareholders, which must approve the capital increase, on the condition that it does not exceed € 7 per share. This principle, the details and time lines will be further worked out over the coming period. Fagron intends to reduce its bank debts with these proceeds to such an extent that the company once again operates within the bank covenants and that it will have a sustainable financing structure.



Fagron press release – Results for the financial year 2015

Income Statement (x € 1,000)	H2 2015	H2 2014	2015	2014	Change
Net turnover	229,229	237,908	472,996	447,056	5.8%
Gross margin	148,250	155,268	309,512	288,213	7.4%
<i>As a % of net turnover</i>	64.7%	65.3%	65.4%	64.5%	
Operating costs	-107,339	-92,488	-202,966	-169,763	19.6%
<i>As a % of net turnover</i>	46.8%	38.8%	42.9%	38.0%	
EBITDA before non-recurring result	40,911	62,780	106,546	118,450	-10.0%
<i>As a % of net turnover</i>	17.8%	26.4%	22.5%	26.5%	
Non-recurring result	-5,183	-2,573	-7,701	-5,089	51.3%
EBITDA	35,728	60,207	98,845	113,361	-12.8%
<i>As a % of net turnover</i>	15.6%	25.3%	20.9%	25.4%	
Depreciation and amortisation	-11,942	-11,859	-23,619	-19,025	24.1%
Impairment	-225,564		-225,564		
EBIT	-201,778	48,348	-150,338	94,336	-259.4%
<i>As a % of net turnover</i>	-88.0%	20.3%	-31.8%	21.1%	
Financial result, excluding revaluation of financial derivatives	-31,057	-14,062	-45,857	-24,085	90.4%
Revaluation of financial derivatives	371	214	866	-399	-317.1%
Profit before taxes	-232,464	34,501	-195,329	69,852	-379.6%
Taxes	5,166	-15,799	-6,954	-26,662	-73.9%
Net result	-227,298	18,702	-202,283	43,190	-568.4%
Result from discontinued operations	-2,312	-9,154	270	-27,033	-101.0%
Recurring net profit ³	18,177	20,113	44,249	46,688	-5.2%
Net profit per share (€)	-7.02	0.61	-6.23	1.41	
Recurring net profit per share (€)	0.57	0.65	1.41	1.52	
Average number of shares	31,697,689	30,844,715	31,303,765	30,758,685	

Balance sheet (x € 1,000)	31-12-2015	31-12-2014
Intangible non-current assets	410,601	575,252
Property, plant and equipment	71,133	59,969
Deferred taxes	13,942	22,363
Other non-current assets	5,859	5,065
Operating working capital	38,298	44,078
Other working capital	-56,111	-139,744
Assets/liabilities held for sale		62,595
Equity	-64,772	156,948
Long-term provisions	21,133	14,944
Financial instruments	1,996	2,862
Deferred tax liabilities	1,519	6,162
Net financial debt	523,846	448,663

³ Recurring net profit is defined as the profit before non-recurring items and the revaluation of financial derivatives, adjusted for taxation.



Income statement

The **consolidated turnover** over 2015 amounted to € 473.0 million, an increase of 5.8% (3.7% at constant exchange rates) compared to 2014. Organic turnover growth amounted to -1.0% (-2.9% at constant exchange rates). The turnover development per segment in 2015 is set out in more detail in the section 'Key Figures per Segment'.

The **gross margin** increased 7.4% to € 309.5 million. The gross margin as a percentage of turnover increased by 90 base points to 65.4%.

The **operating expenses** as a percentage of turnover increased by 490 base points to 42.9% in 2015. In the second half of 2015, in response to the changed market conditions in the United States, Fagron initiated a cost reduction programme with the objective of structurally reducing costs by € 10 million per annum. The cost reduction programme resulted in a decrease in the number of FTEs by 9.5% to 2,184, adjusted for acquisitions, in 2015. The impact of this will primarily become visible in 2016.

The **EBITDA before non-recurring result** (REBITDA) declined by 10.0% to € 106.5 million. This represents 22.5% of the turnover.

The **non-recurring result** amounted to -€ 7.7 million. The non-recurring result consists of the one-time costs related to dismissals, acquisitions and advisor fees, mainly for the financing of the company, partially offset by the release of an earn-out related to the acquisition of JCB Pharmaceuticals.

The **EBITDA** declined by 12.8% to € 98.8 million in 2015. The operating margin (EBITDA as a percentage of turnover) decreased from 25.4% in 2014 to 20.9% in 2015.

Depreciation and amortisation was -€ 23.6 million; an increase of 24.1% compared to 2014.

As a result of the changed reimbursement system for non-sterile compounding in the United States and the consequences on the profitability of Bellevue Pharmacy, as well as Freedom Pharmaceuticals, Fagron recognised an **impairment** of € 225.6 million in 2015.

The **EBIT** amounts to -€ 150.3 million. The EBIT before impairment amounts to € 75.2 million; a decrease of 20.3% in comparison to 2014.

Excluding the revaluation of the financial derivatives, the **financial result** amounted to -€ 45.9 million. The increase compared to 2014 was in part due to an increase in the net financial debt, higher exchange rate differences, fees related to the waiver granted on 31 December 2015 and the consequences of the revaluation of the financial debt from non-current to current.

The **revaluation of the financial derivatives** amounted to € 0.9 million. This revaluation was the result of an upward trend in the interest rate. This interest rate hedge does not qualify for hedge accounting according to IAS 39. As a non-cash item, it has been deducted from the financial result and is recognised separately in the income statement.



The **effective tax rate** as a percentage of the profit before taxes and before impairment was 23.0%. Taxes in 2015 decreased to € 7.0 million from € 26.7 million in 2014. This is primarily due to the decline in profitability from the activities in the United States.

Due to the impairment the **net loss** amounted to € 202.0 million. The recurring net profit amounted to € 44.2 million; a decrease of 5.2% compared to the recurring net profit of € 46.7 million in 2014.

Balance sheet

The main changes at balance-sheet level can be summarised as follows.

The **intangible non-current assets** decreased by € 164.7 million in 2015. The decrease in intangible non-current assets was primarily due to the impairment of Bellevue Pharmacy and Freedom Pharmaceuticals. This is offset by the recognition of goodwill and other intangible non-current assets as a result of the acquisition of AnazaoHealth (€ 42.2 million) in the United States, ABC Chemicals (€ 11.5 million) in Belgium, and some smaller acquisitions.

The **intangible non-current assets** increased by € 11.2 million. This increase was due to the takeover of assets as part of acquisitions and the construction of new compounding facilities in the Netherlands and the United States.

Equity declined by € 221.7 million to -€ 64.8 million. The decline in equity is primarily due to the net loss in 2015 (€ 202.0 million), exchange rate differences (€ 26.3 million), the dividend payment (€ 31.2 million) and the result on treasury shares (€ 3.4 million). An increase in capital (€ 26.1 million), share-based payments (€ 9.2 million) and the purchase of treasury shares (€ 4.8 million) had a positive effect on equity.

The **operating working capital** decreased by 13.1% to € 38.3 million in 2015. The operating working capital as a percentage of turnover decreased from 9.1% in 2014 to 7.9% in 2015.

The **net financial debt** increased by € 75.2 million to € 523.8 million in 2015. This increase can largely be explained by the payment of acquisitions and earn-outs, and investments in R&D, automation and new compounding facilities in the United States and the Netherlands. On 31 December 2015, Fagron received a waiver from its financiers concerning the financial covenants on the revolving credit facility and the US private placement. This waiver is valid to the end of March 2016. During this period, Fagron will not be required to fulfil the financial covenants applying to the loans.

The **net operational capex** of Fagron and HL Technology came to € 22.1 million (4.7% of the turnover). The capex includes investments in R&D and automation, and the investment in the new compounding facilities in the United States and the Netherlands.



Fagron press release – Results for the financial year 2015

KEY FIGURES PER SEGMENT

Fagron (exclusive of HL Technology)

(X € 1,000)	H2 2015	H2 2014	Change	2015	2014	Change
Turnover	225,181	234,348	-3.9%	463,449	438,479	5.7%
REBITDA ⁴	40,801	62,867	-35.1%	105,353	117,748	-10.5%
REBITDA margin	18.1%	26.8%		22.7%	26.9%	

Fagron's turnover increased 5.7% (3.9% at constant exchange rates) to € 463.4 million in 2015. Organic turnover growth amounted to -1.2% (-2.9% at constant exchange rates). REBITDA decreased by 10.5% to € 105.4 million. The REBITDA as a percentage of turnover decreased to 22.7%.

In 2015, the trend in Fagron's turnover, at constant exchange rates, was positive on all continents on which Fagron operates, except in the United States. The decision in May 2015, to change the reimbursement system for non-sterile compounding had a negative impact on turnover and the profitability of the sale of pharmaceutical raw materials (Fagron Essentials) and of non-sterile compounding (Fagron Specialty Pharma Services) in the United States.

To absorb the negative impact of the changed reimbursement system in the United States, Fagron has implemented the following measures:

- In the last quarter of 2015, a cost reduction programme was initiated that resulted in a reduction of the number of FTEs in the United States by 22.0% to 475 in 2015 (compared to 2014). The impact of this will primarily become visible in 2016.
- On 1 January 2016, the Fagron national sales team became operational in the United States. The sales team's priorities are as follows:
 - Exploit the capacity that will become available in March 2016 in Wichita, due to the opening of the new sterile GMP compounding facility, to the maximum possible extent. By year-end 2015, Fagron had already concluded agreements with three GPOs (group purchase organisations).
 - The sale of Fagron Trademarks (such as SyrSpend®, Pentravan® and Fagron Advanced Derma) directly to hospitals.
- In 2016, new concepts and trademarks will be introduced in the non-sterile FSPS segment, primarily focused on the cash market.

⁴ EBITDA before non-recurring result.



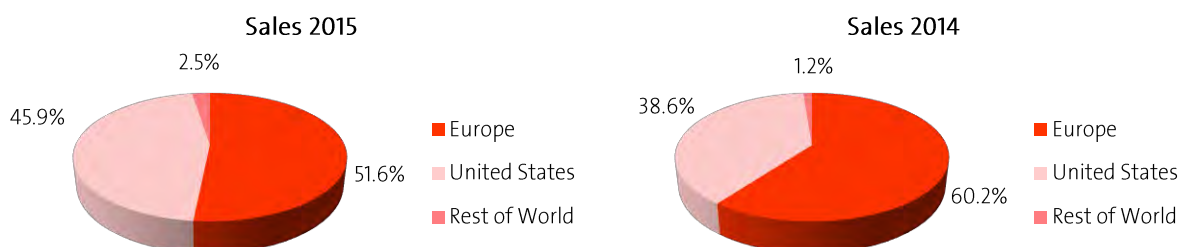
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The following table summarises the turnover development and currency effects of Fagron (exclusive of HL Technology) in 2015.

(x € 1,000)	Impact
Turnover 2014	438,479
Development Europe	10,754
Development South America	14,357
Development Rest of World	1,623
Development North America - Essentials and FSPS non-sterile	-49,076
Development North America - FSPS sterile	8,719
Currency effect BRL/Euro	-14,635
Currency effect USD/Euro	22,720
Currency effect other	-38
Contribution of acquisitions	30,546
Turnover 2015	463,449

Fagron Specialty Pharma Services

(x € 1,000)	H2 2015	H2 2014	Change	2015	2014	Change
Turnover	95,727	90,426	5.9%	187,894	147,780	27.1%
REBITDA ⁵	15,458	27,209	-43.2%	41,110	43,343	-5.2%
REBITDA margin	16.1%	30.1%		21.9%	29.3%	



In 2015, the turnover of Fagron Specialty Pharma Services (FSPS) increased by 27.1% (17.8% at constant exchange rates) to € 187.9 million. Organic turnover growth amounted to 7.0% (-0.8% at constant exchange rates). In 2015, REBITDA decreased 5.2% to € 41.1 million or 21.9% of turnover.

Fagron's FSPS activities in Europe, Colombia and South Africa, and Fagron's FSPS sterile activities in the United States experienced strong growth in 2015. In 2015, there was a 24.6% (-37.0% at constant exchange rates) decrease in the turnover of Bellevue Pharmacy in the United States due to the changed reimbursement system for non-sterile compounding.

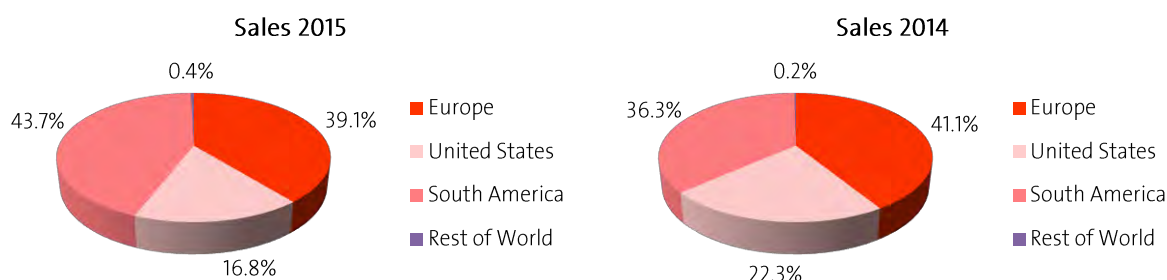
⁵EBITDA before non-recurring result.



Globally, it is becoming more and more difficult for hospitals to meet the increasingly stringent quality requirements for the production of sterile medicines. They increasingly decide to outsource their sterile compounding to FSPS. In 2015, Fagron invested in the construction of a new sterile GMP 503B registered compounding facility in Wichita (Kansas, United States) and an antibiotics compounding facility in Hoogeveen (the Netherlands). The new compounding facility in Wichita is operational and, after completing the last validation processes, will deliver the first products to its customers in March. The new antibiotics compounding facility is expected to be able to meet the needs of the Dutch market starting at the beginning of June.

Fagron Trademarks

(x € 1,000)	H2 2015	H2 2014	Change	2015	2014	Change
Turnover	24,792	22,974	7.9%	50,343	45,652	10.3%
REBITDA ⁶	6,530	7,305	-10.6%	15,639	14,414	8.5%
REBITDA margin	26.3%	31.8%		31.1%	31.6%	



In 2015, the turnover of Fagron Trademarks increased by 10.3% (16.1% at constant exchange rates) to € 50.3 million. The REBITDA increased 8.5% to € 15.6 million or 31.1% of turnover in 2015.

Innovation is the driving force behind the steady growth of Fagron Trademarks. In close cooperation with pharmacists, physicians and universities, locally as well as globally, new and innovative products and concepts are being developed to satisfy the growing demand for individualised patient care.

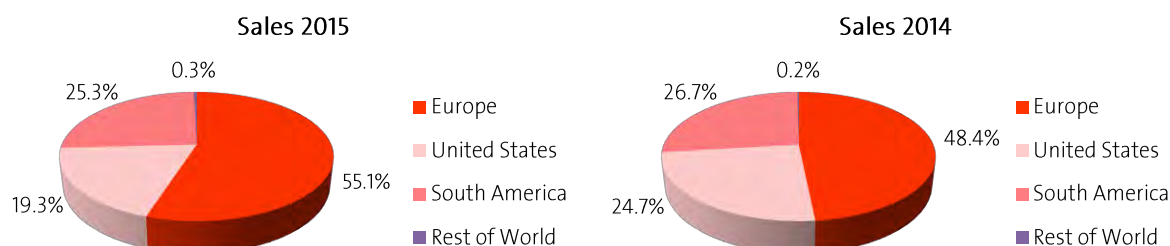
In addition to the successful global Fagron Trademarks, such as SyrSpend® SF, Pentravan® and CapsiCards® System, the global rollout of EPIfactor® and the Alopecia concept was initiated as part of Fagron Advanced Derma during the second semester of 2015.

⁶ EBITDA before non-recurring result.

Fagron press release – Results for the financial year 2015

Fagron Essentials

(x € 1,000)	H2 2015	H2 2014	Change	2015	2014	Change
Turnover	104,663	120,949	-13.5%	225,212	245,047	-8.1%
REBITDA ⁷	18,813	28,352	-33.6%	48,604	59,991	-19.0%
REBITDA margin	18.0%	23.4%		21.6%	24.5%	



The turnover of Fagron Essentials decreased by 8.1% (-6.8% at constant exchange rates) to € 225.2 million in 2015. Organic turnover growth amounted to -9.1% (-7.9% at constant exchange rates). In 2015, REBITDA decreased 19.0% to € 48.6 million or 21.6% of turnover.

The decision in May 2015, to change the reimbursement system for non-sterile compounding resulted in a decrease in the sale of pharmaceutical raw materials (Fagron Essentials). This decrease in particular had a major impact on the turnover and profitability of Freedom Pharmaceuticals.

Acquisitions in 2015

In 2015, Fagron further strengthened its position as global market leader in pharmaceutical compounding with acquisitions in the United States and Belgium.

- In May 2015, Fagron acquired AnazaoHealth in the United States. AnazaoHealth is a cGMP and FDA 503B registered compounding facility that specialises in nuclear medicine, pain medication and intrathecal forms of administration.
- In July 2015, Fagron acquired the Belgian company ABC Chemicals. ABC Chemicals is a supplier of pharmaceutical raw materials to pharmacies in Belgium.

The press releases dated 11 May 2015 and 9 October 2015, respectively, contain elaborate information about these acquisitions. These press releases can be viewed at <http://investors.fagron.com/>.

⁷ EBITDA before non-recurring result.



HL Technology

(x € 1,000)	H2 2015	H2 2014	Change	2015	2014	Change
Turnover	4,048	3,559	13.7%	9,547	8,577	11.3%
REBITDA ⁸	110	-87	227.9%	1,193	701	70.2%
REBITDA margin	2.7%	-2.4%		12.5%	8.2%	

In 2015, HL Technology, the segment that focuses on the development, production and introduction of innovative precision components and orthopaedic tools for the dental and medical industry, achieved a turnover of € 9.5 million; an increase of 11.3% (-2.1% at constant exchange rates) in comparison to 2014. The REBITDA increased by 70.2% from € 0.7 million in 2014 to € 1.2 million in 2015.

Changes in the Board of Directors

Mr Jacob Jackson (President Fagron North America) has indicated that, with immediate effect, he is relinquishing his mandate for health reasons. Mr Hans Stols (CEO) will assume his responsibilities until a successor to Mr Jackson has been appointed.

Development of treasury shares in 2015

As at 31 December 2015, Fagron held 327,760 treasury shares; a decrease of 249,719 in comparison to 31 December 2014. In 2015, Fagron purchased 54,000 treasury shares. In addition, 289,625 shares were transferred in relation to the exercise of share options and 14,094 shares were transferred to the management of Freedom relating to the payment of the earn-out.

Dividend

Fagron's Board of Directors will propose to the General Meeting of Shareholders of 9 May 2016 to not pay a dividend over the 2015 financial year and to give priority to reducing the financial debt and to strengthening Fagron's balance sheet.

Statement by the Statutory Auditor

The statutory auditor, PwC Bedrijfsrevisoren BCVBA, represented by Peter Van den Eynde, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows. Without qualifying this confirmation, the statutory auditor draws attention to note 'Basis of preparation and Going concern' in the press release, in which the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern is described. Furthermore, the statutory auditor confirms that the accounting data reported in the press release is consistent, in all material respects, with the draft consolidated income statement, consolidated statement of comprehensive income, consolidated

⁸EBITDA before non-recurring result.

statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows from which it has been derived.

Conference call

Hans Stols (CEO) and Jan Peeters (CFO) will provide further details on the results for 2015 today in a conference call. 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)20 713 2790
Belgium/Europe: +32 (0)2 789 2126
United States: +1 212 444 0481
United Kingdom: +44 (0)20 3427 1907
Confirmation code: 5119479

The presentation will be posted on <http://investors.fagron.com> at 9:00 CET.

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
United States: +1 347 366 9565
United Kingdom: +44 (0)20 3427 0598
Code to listen to the call: 5119479

Effective from 8 February 2016, the conference call can be heard or downloaded from Fagron's corporate website (<http://investors.fagron.com/>).

Financial calendar 2016

12 April	Trading update, first quarter 2016
9 May	General Meeting of Shareholders
5 August	Half-year figures 2016
12 October	Trading update, third quarter 2016

The 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.

Additional information

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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.



Fagron press release – Results for the financial year 2015

Consolidated income statement

(x € 1,000)	2015	2014
Operating income	481,664	450,409
Turnover	472,996	447,056
Other operating income	8,668	3,353
Operating expenses	632,002	356,073
Trade goods	164,166	158,843
Services and other goods	88,957	76,067
Employee benefit expenses	125,385	101,642
Depreciation and amortisation	23,620	19,025
Impairment	225,563	
Other operating expenses	4,311	496
Operating profit	(150,338)	94,336
Financial income	2,013	731
Financial expenses	(47,004)	(25,215)
Profit before income tax	(195,329)	69,852
Taxes	6,954	26,663
Profit for the year from continuing operations	(202,283)	43,190
Profit (loss) for the year from discontinued operations (attributable to equity owners of the company)	270	(27,033)
Profit (loss) for the year	(202,012)	16,156
Profit (loss) attributable to:		
Equity holders of the company (net result)	(195,103)	16,226
Non-controlling interest	(6,910)	(70)
Earnings per share from continuing and discontinued operations: attributable to owners of the parent during the year		
Profit (loss) for the year per share (in euros)	(6.23)	0.53
From continuing operations	(6.24)	1.41
From discontinued operations	0.01	(0.88)
Diluted profit for the year per share (in euros)	(6.21)	0.52
From continuing operations	(6.22)	1.39
From discontinued operations	0.01	(0.87)



Fagron press release – Results for the financial year 2015

Consolidated statement of comprehensive income

(x € 1,000)	2015	2014
Profit for the year	(202,012)	16,156
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
- Remeasurements of post-employment benefit obligations	791	(1,906)
- Tax relating to items that not will be reclassified	264	(635)
Items that may be subsequently reclassified to profit or loss		
- Currency translation differences	(26,335)	5,973
Other comprehensive income for the year net of tax	(25,280)	3,432
Total comprehensive income for the year	(227,292)	19,588
Attributable to:		
Equity holders of the company	(220,447)	19,686
Non-controlling interest	(6,845)	(98)
Total comprehensive income for the year	(227,292)	19,588
Total comprehensive income for the year attributable to equity holders of the company:		
From continuing operations	(220,717)	46,719
From discontinued operations	270	(27,033)
Total comprehensive income for the equity holders	(220,447)	19,686



Consolidated statement of financial position

(x € 1,000)	2015	2014
Non-current assets	501,535	662,649
Intangible assets	410,601	575,252
Property, plant and equipment	71,133	59,969
Financial assets	5,859	5,064
Deferred tax assets	13,942	22,363
Current assets	187,846	228,114
Inventories	67,251	65,181
Trade receivables	34,090	36,337
Other receivables	11,031	18,043
Cash and cash equivalents	75,474	108,552
Assets held for sale	0	82,989
Total assets	689,381	973,752
Equity	(64,772)	156,948
Shareholders equity (parent)	(60,247)	154,630
Non-controlling interest	(4,525)	2,317
Non-current liabilities	27,064	575,472
Provisions	15,987	8,891
Pension obligations	5,146	6,053
Deferred tax liabilities	1,519	6,162
Borrowings	4,411	551,504
Financial instruments	0	2,862
Current liabilities	727,090	220,938
Borrowings	594,908	5,710
Trade payables	63,043	57,440
Taxes, remuneration and social security	25,282	38,668
Other current payables	41,859	119,120
Financial instruments	1,996	0
Liabilities directly associated with assets classified as held for sale	0	20,394
Total liabilities	754,154	816,804
Total equity and liabilities	689,381	973,752

Consolidated statement of changes in equity

(x €1,000)	Share capital & share premium	Other reserves	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2014	318,927	(230,499)	(21,842)	84,966	151,553	3,615	155,168
Profit for the year				16,226	16,226	(70)	16,156
Other comprehensive income for the year		3,460			3,460	(28)	3,432
Total comprehensive income for the year		3,460		16,226	19,686	(98)	19,588
Capital increase	733				733		733
Purchase of treasury shares			5,350		5,350		5,350
Result on treasury shares			(3,743)		(3,743)		(3,743)
Dividends relating to 2013 result				(22,209)	(22,209)		(22,209)
Share-based payments		2,060			2,060		2,060
Change in non-controlling interests		1,198			1,198	(1,198)	
Balance at 31 December 2014	319,660	(223,781)	(20,235)	78,983	154,628	2,319	156,948
Profit for the year				(195,103)	(195,103)	(6,910)	(202,013)
Other comprehensive income for the year		(25,344)			(25,344)	64	(25,280)
Total comprehensive income for the year		(25,344)		(195,103)	(220,447)	(6,846)	(227,293)
Capital increase	26,101				26,101		26,101
Purchase of treasury shares			4,792		4,792		4,792
Result on treasury shares			(3,380)		(3,380)		(3,380)
Dividends relating to 2014 result				(31,156)	(31,156)		(31,156)
Share-based payments		9,216			9,216		9,216
Change in non-controlling interests							
Balance at 31 December 2015	345,760	(239,909)	(18,823)	(147,276)	(60,248)	(4,525)	(64,772)



Consolidated cash flow statement

(x € 1,000)	2015	2014
Operating activities		
Profit before income tax	(195,329)	46,299
Paid taxes	(19,413)	(11,370)
Adjustments for financial items	44,991	26,730
Total adjustments for non-cash items	241,241	44,267
Total changes in working capital	1,820	(4,229)
Total cash flow from operating activities	73,311	101,696
Investment activities		
Capital expenditure	(22,052)	(20,656)
Investments in existing shareholdings (subsequent payments) and in new holdings	(96,674)	(196,171)
Proceeds from disposal of assets	72,450	23,042
Total cash flow from investing activities	(46,276)	(193,785)
Financing activities		
Capital increase	107	733
Sale (purchase) of treasury shares	1,412	1,339
Dividends paid	(31,366)	(22,199)
New borrowings	100,289	355,488
Reimbursement of borrowings	(100,917)	(245,703)
Interest received	2,013	842
Interest paid	(32,998)	(25,510)
Total cash flow from financing activities	(61,460)	64,990
Total net cash flow for the period	(34,426)	(27,099)
Cash and cash equivalents – start of the period	108,552	135,412
Gains or losses on exchange on liquid assets	(1,349)	(238)
Cash and cash equivalents – end of the period	75,474	108,552
Change in cash and cash equivalents	(34,426)	(27,099)
Cash flows from discontinued operations		
Cash flow from operating activities	0	11,172
Cash flow from investing activities	0	(13,322)
Cash flow from financing activities	0	3,660
Total net cash flow from discontinued operations	0	1,510



Basis of preparation and going concern

The consolidated financial statements of Fagron NV and its subsidiaries have been prepared on the going concern basis which assumes that the company will continue to be able to meet its liabilities as they fall due for the foreseeable future. Due to the change in the reimbursement system in the USA, the EBITDA of the group has dropped. This change in reimbursement system impacted the results of Fagron North America, specifically Freedom Pharmaceuticals and Bellevue Pharmacy which led to an impairment. The net result for 2015 equals -€ 202 million which results in a negative equity at 31 December 2015 of -€ 65 million. While the company remains cash generative and profitable before non-recurring items and an impairment loss, the company as of 31 December 2015 was not able to comply with certain covenant tests contained within its core bank facilities.

The loan facilities that contain cross default clauses, replicating the same covenants, are: the retail bond of € 225 million, the multicurrency credit facility of € 220 million; and the senior unsecured notes originally dated 15 April 2014, which included \$ 45.0 million 4.15% Series A Senior Notes due 15 April 2017, € 22.5 million 3.55% Series B Senior Notes due 15 April 2017, € 15.0 million 4.04% Series C Senior Notes due 15 April 2019, € 5.0 million Floating Rate Series D Senior Notes due 15 April 2019, \$ 20.0 million 5.07% Series E Senior Notes due 15 April 2019 and \$ 60.0 million 5.78% Series F Senior Notes due 15 April 2021.

On 30 December 2015, anticipating the covenant testing date, the company has been granted a waiver by the lenders in respect of the financial covenants of the multicurrency credit facility and the senior unsecured notes. The waiver postpones the covenant testing, in respect of the financial covenants, from the original testing date on 31 December 2015 to 31 March 2016. Hereby ensuring that there will be no event of default on the financial covenants at 31 December 2015 and therefore no cross default will be triggered in respect of the retail bond as well. The company will be in breach of its financial covenants on 31 March 2016 if a further amendment of the waiver is not granted by the lenders. Whilst agreement on the refinancing has not been reached yet, and there is no clear consensus regarding solutions, the lenders have confirmed to stay committed to the process and the directors believe that an agreement can be reached which is acceptable. But as a consequence the retail bond of € 225 million, the multicurrency credit facility of € 199 million and the senior unsecured notes of € 167 million are included within the current borrowings on the balance sheet at 31 December 2015.

In tandem with the discussions mentioned above, the company is exploring several options to deleverage and comply with its financial covenants. The first option is a private capital raise, as the case may be in combination with a rights issue. At the moment the company is engaged in exclusive negotiations with a cornerstone investor and other investors concerning a private capital injection combined with a public share issue (rights issue). These negotiations are in an advanced stage but not final. The company aims to raise a total of € 220 million. The current intention is that the parties in the private capital injection will participate at the share price average of the 30 days prior to the extraordinary general meeting of shareholders which must approve the capital increase, on the condition that the price does not exceed € 7 per share.

The second option is an equity capital raise based upon a standby commitment. The company is confident that the option to raise equity will be supported and underwritten by one or more reputable banks and that the proceeds are guaranteed in volume.



As the combination and timing of the above mentioned options are not entirely in control of Fagron, the directors indicate that there is an existence of material uncertainty which may cast doubt on the company's ability to continue as a going concern. Although no decision has been made yet on the described scenarios, the directors are confident that one of the options will be successfully conducted.

Consequently based on the above described options, the directors have a reasonable expectation that Fagron will have adequate resources to continue in operational existence for the foreseeable future. For this reason the company continues to adopt the going concern basis in preparing the financial information. The financial information does not include any adjustments that would result from the going concern basis of preparation being inappropriate.

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.

