



# H1-2023 results

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August 1<sup>st</sup>, 2023

# Open possibilities

## Forward looking statements

Certain information contained in this presentation is forward looking and not historical data. These forward-looking statements are based on opinions, projections and current assumptions including, but not limited to, assumptions concerning the Group's current and future strategy, financial and non-financial future results and the environment in which the Group operates, as well as events, operations, future services or product development and potential. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans" and similar expressions. Forward looking statements and information do not constitute guarantees of future performances, and are subject to known or unknown risks, uncertainties and other factors, a large number of which are difficult to predict and generally outside the control of the Group, which could cause actual results, performances or achievements, or the results of the sector or other events, to differ materially from those described or suggested by these forward-looking statements. These risks and uncertainties include those that are indicated and detailed in Chapter 3 "Risk factors" of the Universal Registration Document approved by the French Financial Markets Authority (Autorité des marchés financiers, AMF) on April 14, 2023, under number R.23-009 and the Amendment to Universal Registration Document approved by the AMF on April 25, 2023 under number R.23-015. These forward-looking statements are given only as of the date of this press release and the Group expressly declines any obligation or commitment to publish updates or corrections of the forward-looking statements included in this press release in order to reflect any change affecting the forecasts or events, conditions or circumstances on which these forward-looking statements are based.

Presenting today

europaPI



**Karl Rotthier**  
Chief Executive Officer



**Antoine Delcour**  
Chief Financial Officer



**Cécile Maupas**  
Chief CDMO Officer

# Agenda

- 1 - Highlights**
- 2 - Financial performance**
- 3 - CDMO**
- 4 - 2023 outlook and mid-term perspectives**
- Q&A session



# 1

## Highlights

Karl Rotthier – Chief Executive Officer

# Solid results, driven by the execution of the strategic roadmap



**Continued commercial execution**

**Negative impact of the suspension of prostaglandin production over the period**



**Price increases, product mix, and operational efficiencies almost compensated inflation headwinds**



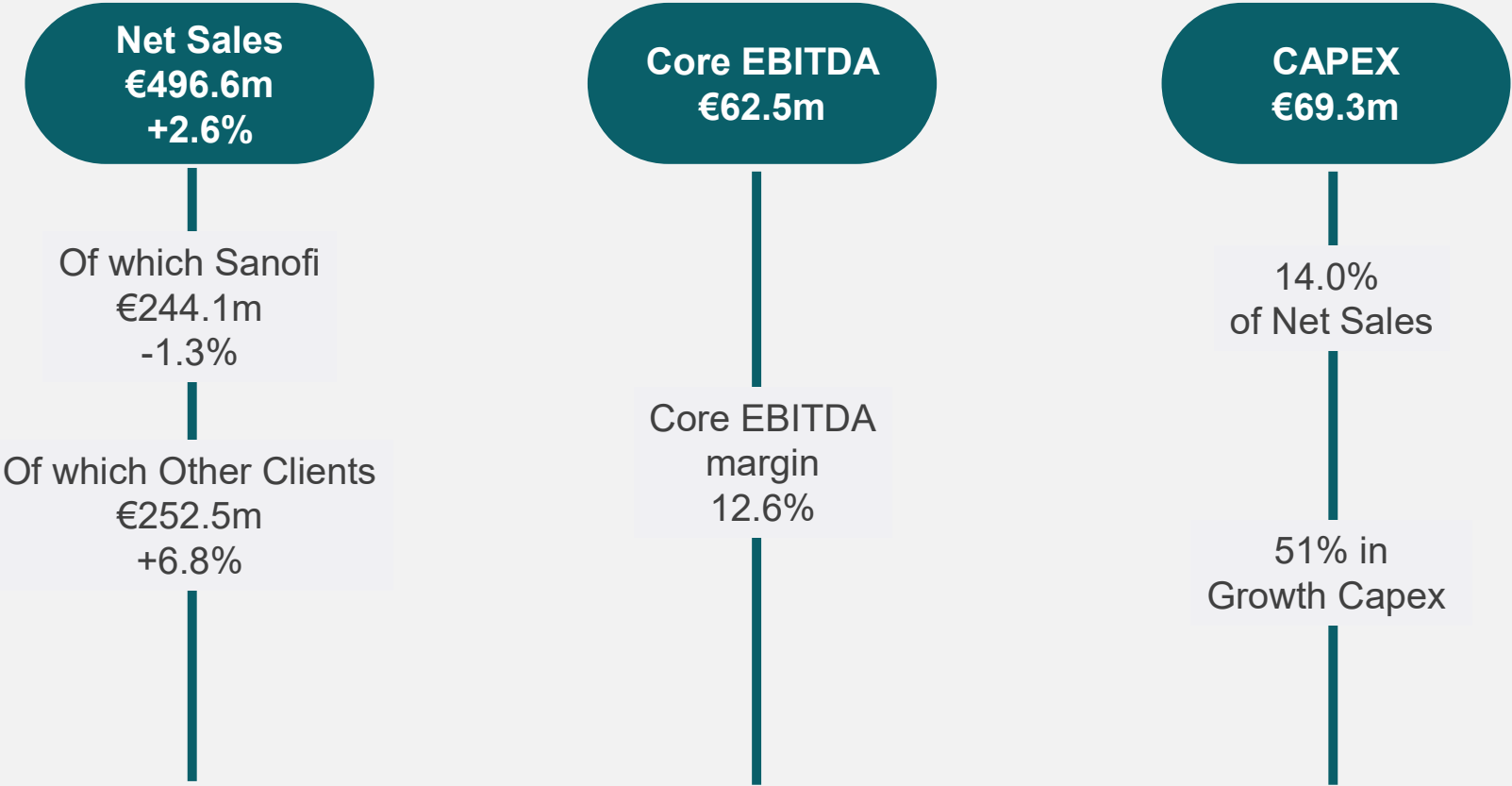
**Launch of key initiatives to sustain future profitable growth**



**Enhanced operational performance**

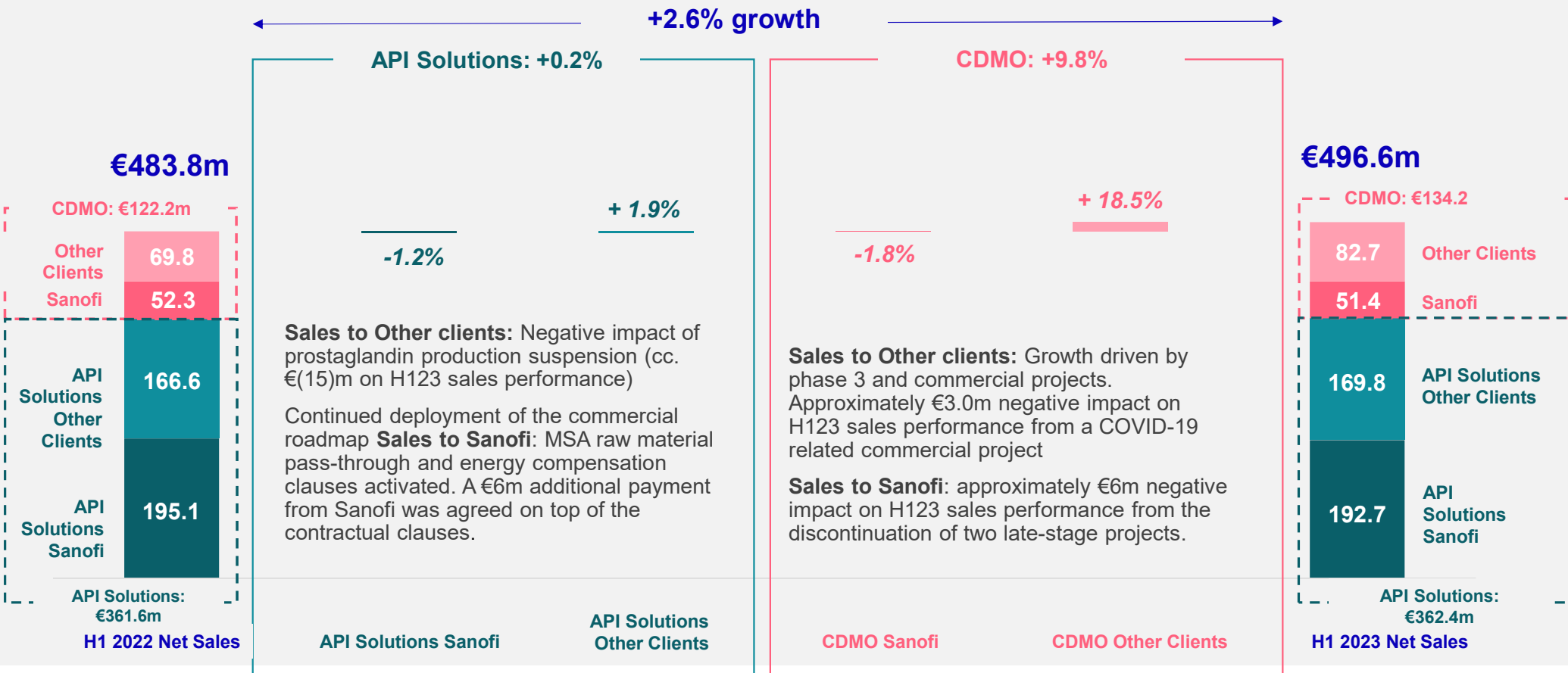
**Gradual ramp-up of the €50m value creation program**

# H1 2023 key operational figures







# Net Sales growth driven by sales to Other Clients, and impacted by the suspension of prostaglandin production over the period

In Million euros and annual growth



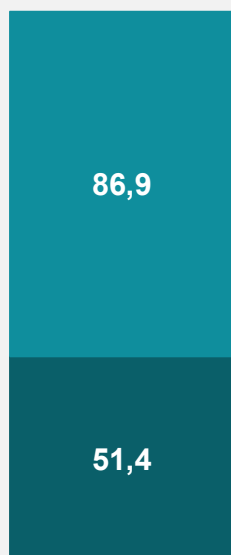


## Net sales per molecules

Per type of molecule	H1 2023	Δ% vs H122	Key drivers
 <p>Large molecules</p>	€35.0m	-26.9%	Discontinuation of a CDMO phase 3 project with Sanofi, and phasing impact
 <p>Highly potent molecules</p>	€43.7m	-7.3%	Negatively impacted by the suspension of prostaglandin production (cc. €(15)m on H123 sales performance). Production fully resumed in mid-April
 <p>Biochemistry molecules derived from fermentation</p>	€85.5m	+30.7%	Favorable comparable base (one-off industrial process issue in H1 2022 for vitamin B12). Positive impact of price increases, stock replenishment of certain anti-infective products by Sanofi in Elbeuf
 <p>Complex chemical synthesis molecules</p>	€332.4m	+2.8%	Positive impact of price adjustments partially offset by the discontinuation of a phase 3 CDMO project with Sanofi, and the completion of a COVID-19 related project

# H1-2023 CAPEX – Investing in growth projects

FY 22  
€138.3 m



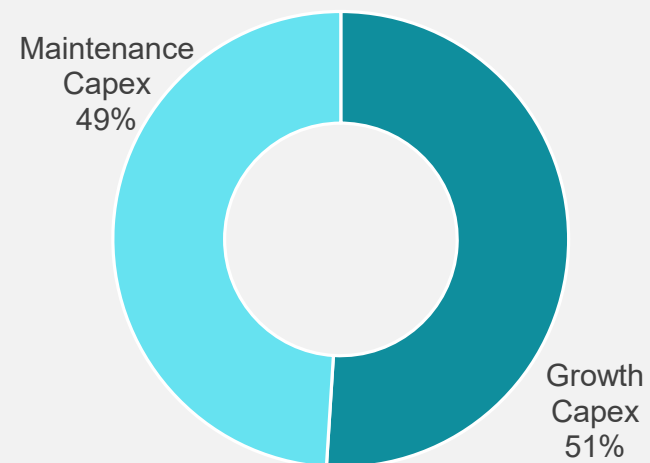
2022

*FY 23 target*  
*€120 m to €130 m*



2023

■ H1 ■ H2



## Key initiatives to sustain future profitable growth

euROAPI



**€50 million capex** investment dedicated to the installation of a new state-of-the-art production plant at the Budapest site that will more than **double the overall prostaglandin capacity of the site by 2027**



Enhanced **R&D organization** with the creation of technology platforms to support CDMO operations



R&D investments in Vertolaye site, to **increase the productivity of the production of morphine** and its derivatives by 2027. **Submission of innovative projects** to help cover the need for currently imported critical medicines



IPCEI



Enhanced **offer** in **Regulatory Starting Materials (RSM)** and **Intermediates**

# 2

## Financial performance

Antoine Delcour – Chief Financial Officer

## From Net Sales to Core EBITDA

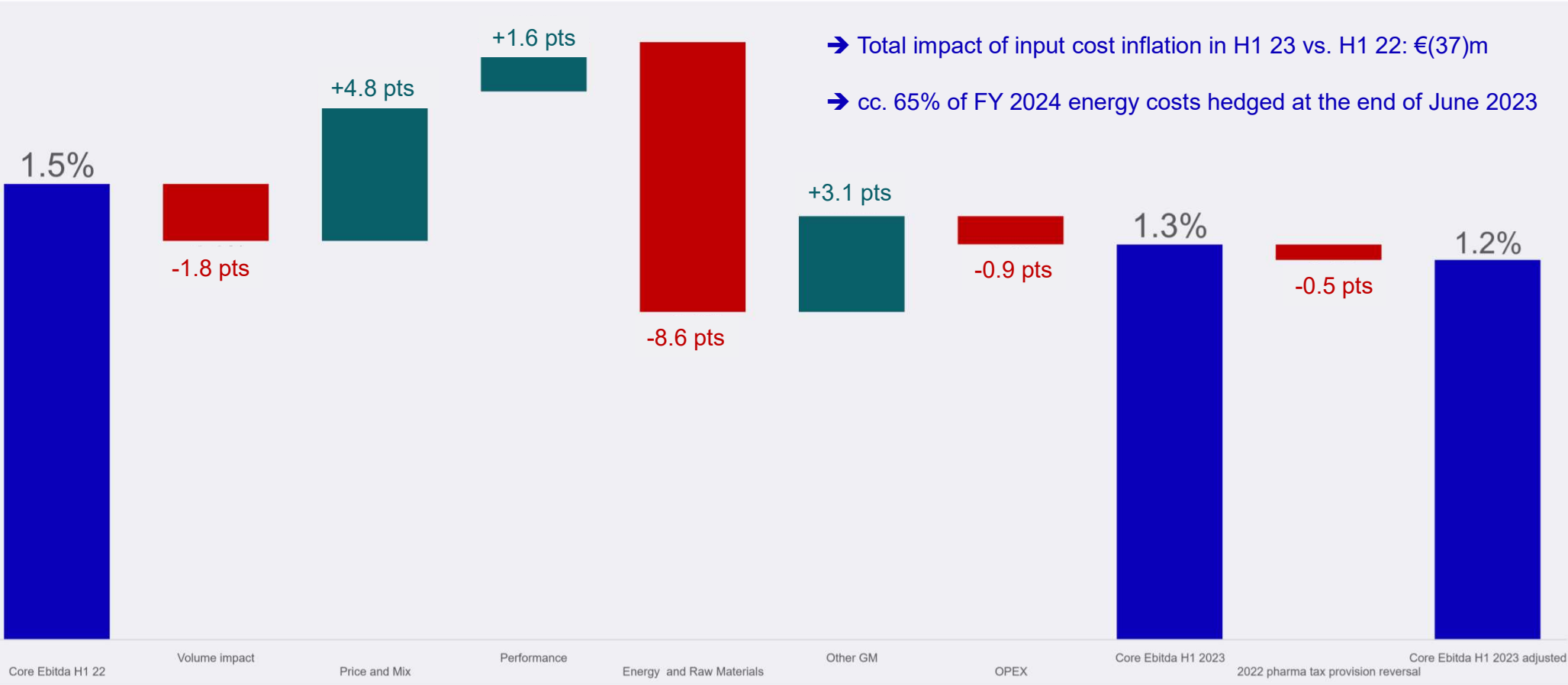
In € millions	H1-2023	H1-2022
<b>Net sales</b>	<b>496.6</b>	<b>483.8</b>
Gross profit	97.0	97.7
<i>Gross profit margin</i>	19.5%	20.2%
Core EBITDA	62.5	70.3
<b>Core EBITDA margin</b>	<b>12.6%</b>	<b>14.5%</b>
Non-recurring items	10.4	9.6
EBITDA	52.1	60.8

Slight decrease in Gross Profit due to the impact of the suspension of prostaglandin production over the period, and inflation headwinds, partially offset by price increases, product mix, and operational efficiencies

€2.5 m provision reversal from the “pharma tax” in Hungary accrued in FY22 accounts, as EUROAPI did not fall into the scope in 2022. Excluding this impact, Core EBITDA margin would have been 12.1%

- €4.3 m: restructuring costs and similar items
- €6.3 m: employee share plan, free share plans and forfeited share expenses in connection with the initial listing

# Price increases, product mix, and operational efficiencies almost compensated inflation headwinds



Rounded figures

## From EBITDA to Net Income and EPS

In € millions	H1-2023	H1-2022
EBITDA	52.1	60.8
Depreciation and Amortization	36.1	34.7
Operating Income	16.0	26.1
Financial Result	(3.3)	(2.3)
Income before Tax	12.6	23.8
Income Tax expenses	50.1	(7.0)
<b>Net Income</b>	<b>62.8</b>	<b>16.7</b>
Number of shares outstanding	93.9	92.8
<b>Basic EPS</b>	<b>0.67</b>	<b>0.18</b>
Diluted EPS	0.66	0.18

Including €46.8m deferred tax assets derived from the revaluation of EUROAPI Hungary assets\*

\*: appendix page 29

## Working capital

In € millions	June 2023	December 2022	June 2022
<b>Working Capital</b>	<b>741.0</b>	<b>639.3</b>	<b>659.7</b>
<i>Of which inventories</i>	667.8	594.7	590.0
<i>Of which trade receivables</i>	238.0	264.2	266.6
<i>Of which trade payables</i>	(164.8)	(219.6)	(196.9)

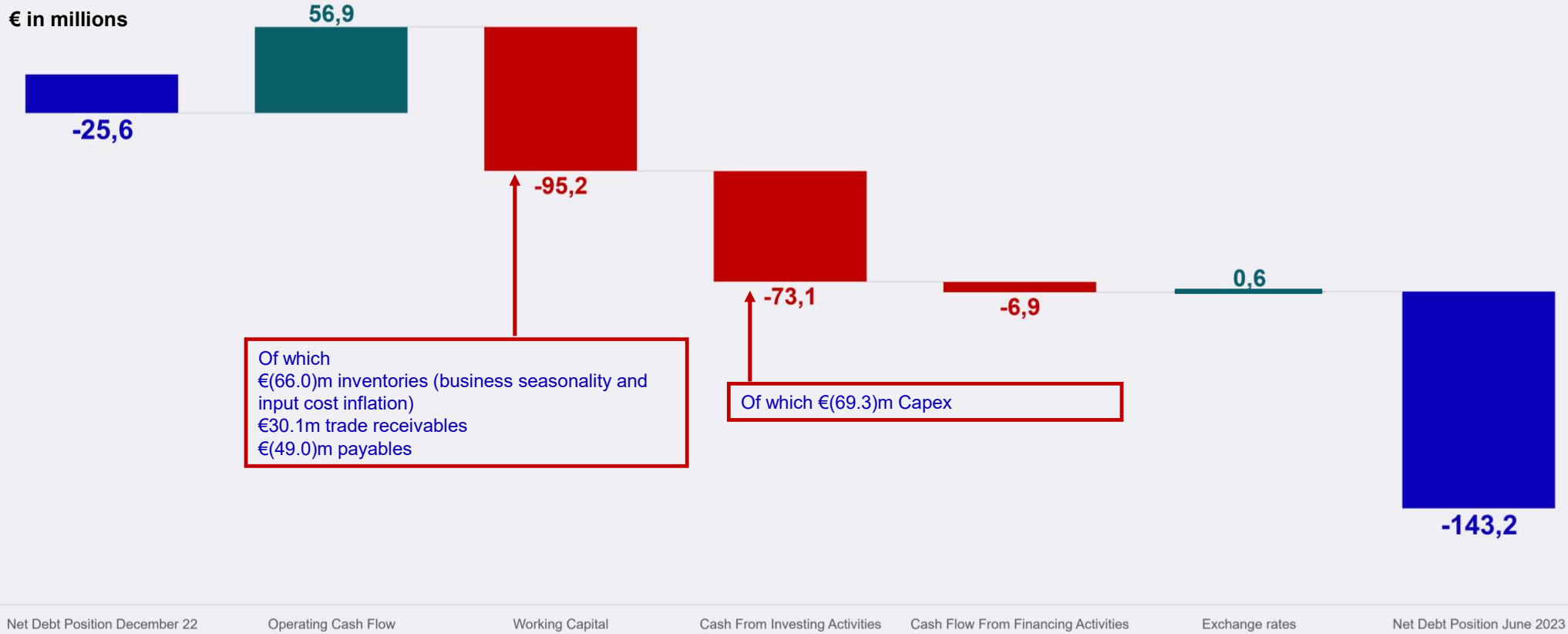
\*: Inventories in value on Net Sales

\*\* : Receivables in Day of Sales





# Net Debt evolution



**€(90.6)m Core Free Cash-Flow compared by €(40.2)m in H1 2022**

Rounded figures

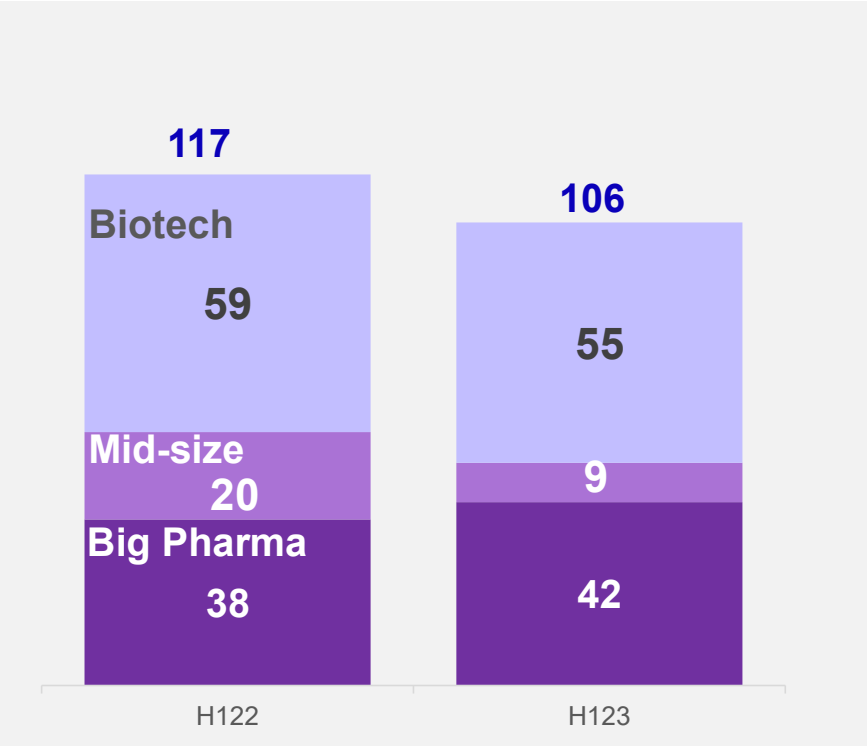
# 3

## Focus on CDMO

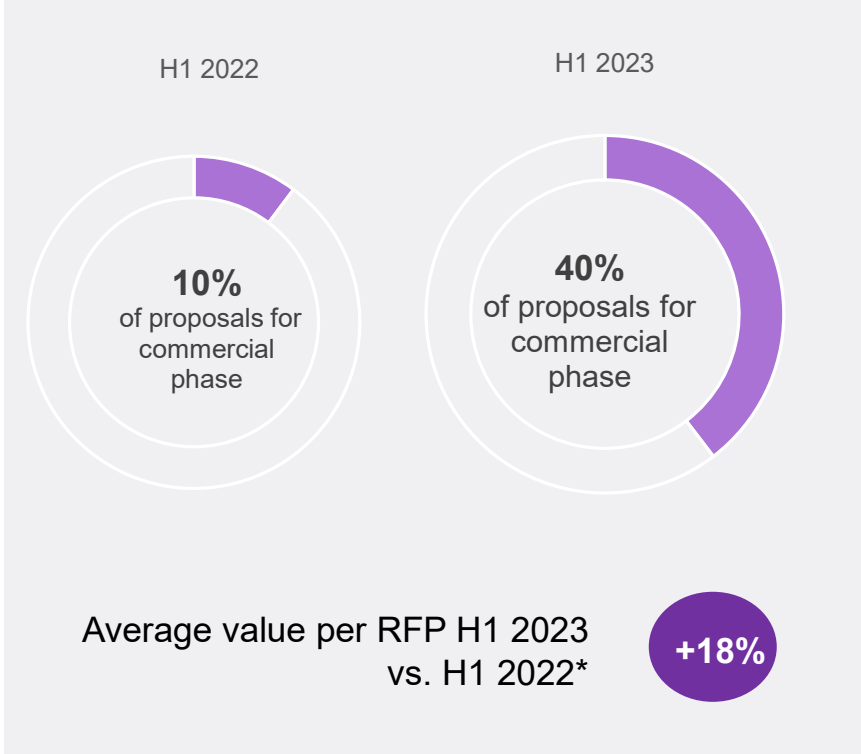
Cécile Maupas – Chief CDMO Officer

**Increased number of RFPs from « big pharma »  
Higher average value per proposal driven by increased commercial phases**

Number of RFPs received by type of Customers

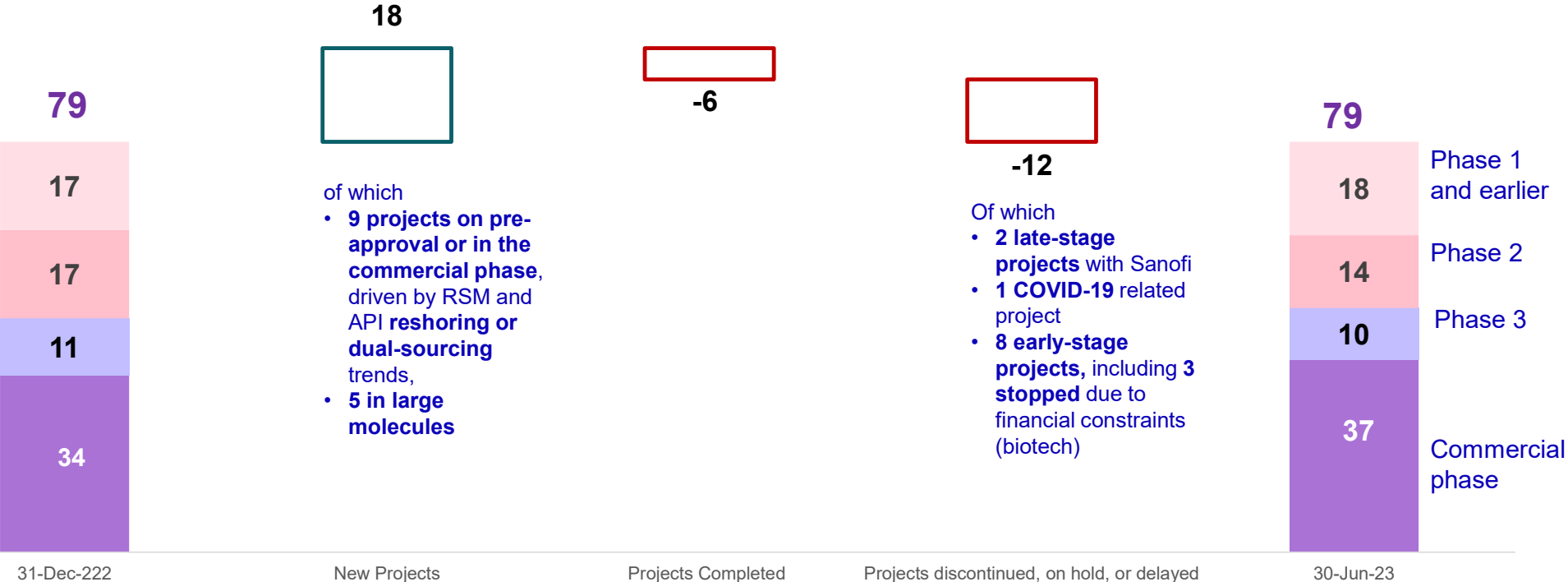


Proposals for Commercial Phase

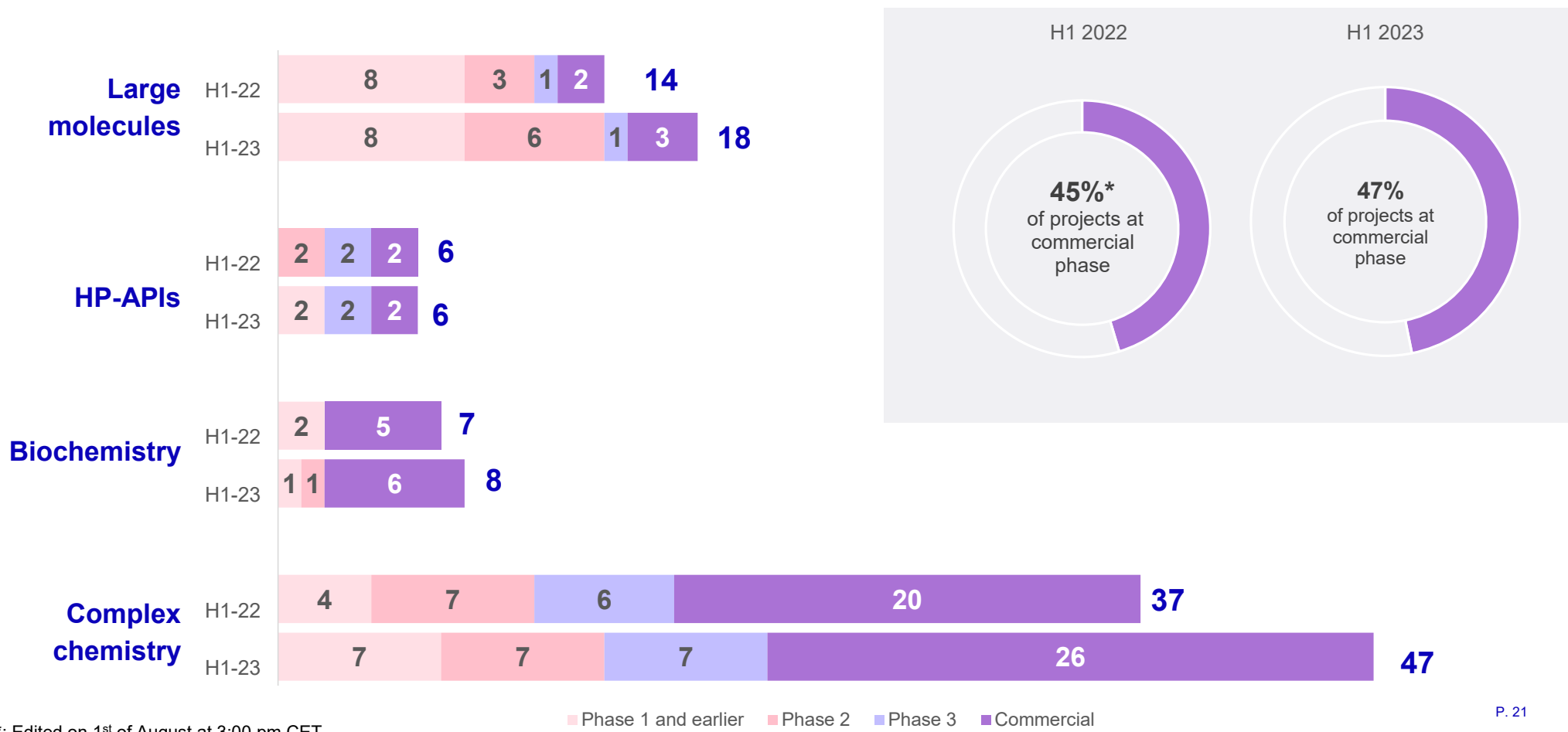


\*: based on RFPs with a value

# Increasing opportunities from reshoring and repatriation linked commercial phase projects



# Portfolio gradually de-risked towards commercial phase projects, while building the pipeline in the early-stage phases, particularly in large molecules



\*: Edited on 1<sup>st</sup> of August at 3:00 pm CET

# 2023 outlook and mid-term perspectives

Karl Rotthier - CEO

# 4

## On track to deliver FY 2023 guidance and mid-term perspectives

### In light of H1 2023 results, the Group expects in 2023:

**Net Sales** to increase between +7% and +8% (unchanged), with both API Solutions and CDMO growing double-digit in H2

**Core EBITDA margin** between 12.5% and 13.5% (vs. 12% to 14% initially communicated)

**Capex** between €120 million to €130 million (unchanged)

### Mid-term perspectives are confirmed, with:

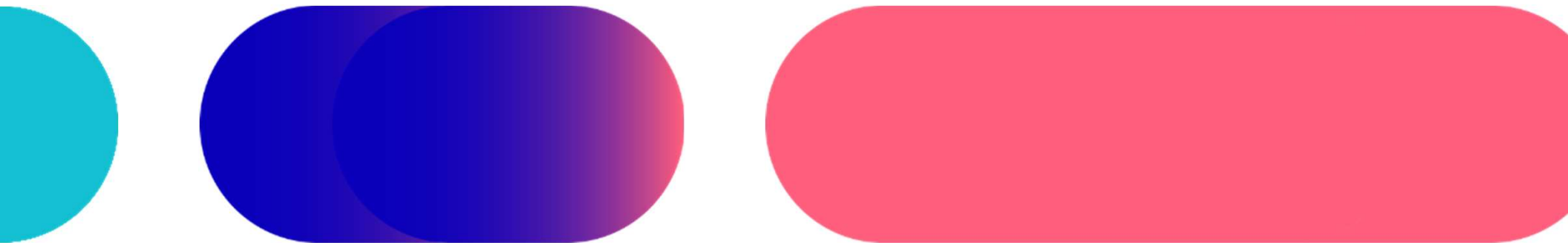
**+7% to +8% Net Sales increase on average between 2023 and 2026**, driven by double-digit growth of Sales to Other Clients (including API Solutions and CDMO)

**A Core EBITDA margin above 20% in 2026** and above 18% in 2025

**€510 million Capex** for the period 2022-2025, **50% to 53% Core Free Cash conversion** by 2025

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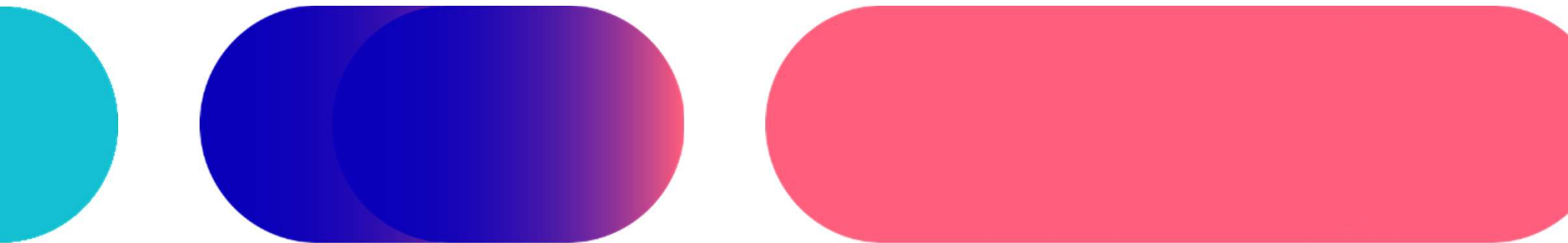
# Q&A session



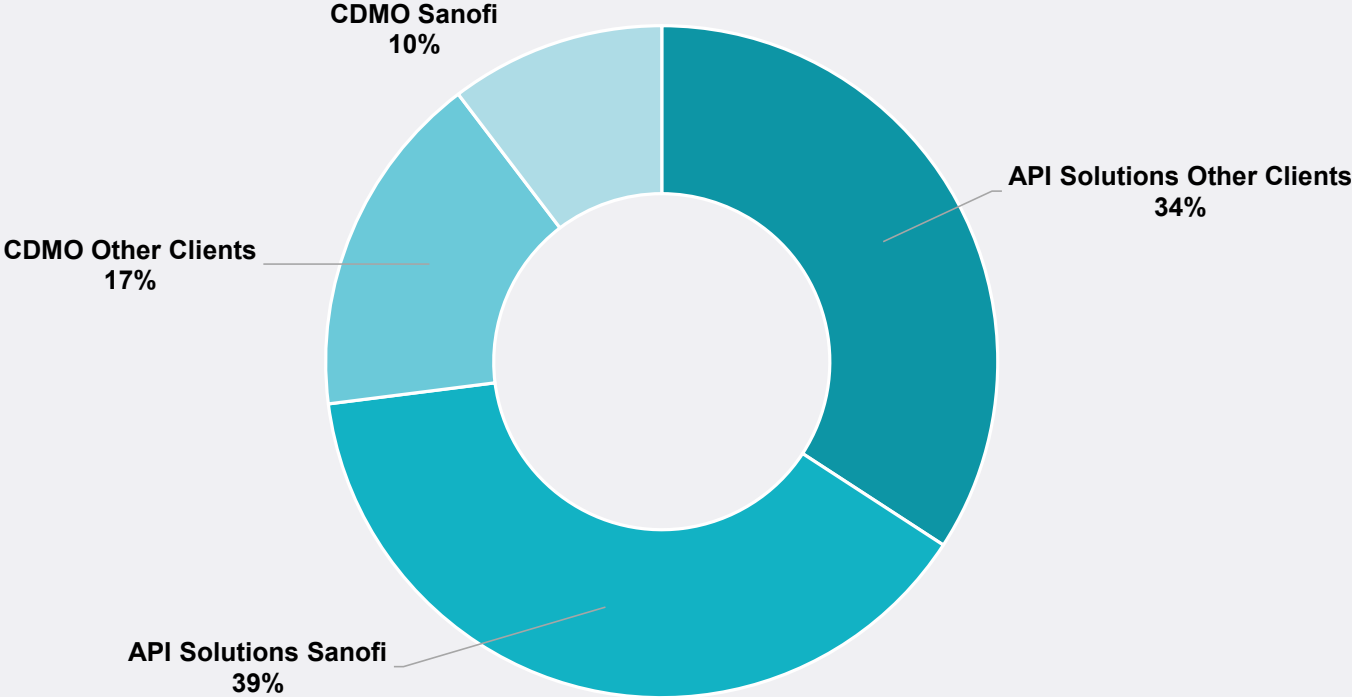


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# Appendix

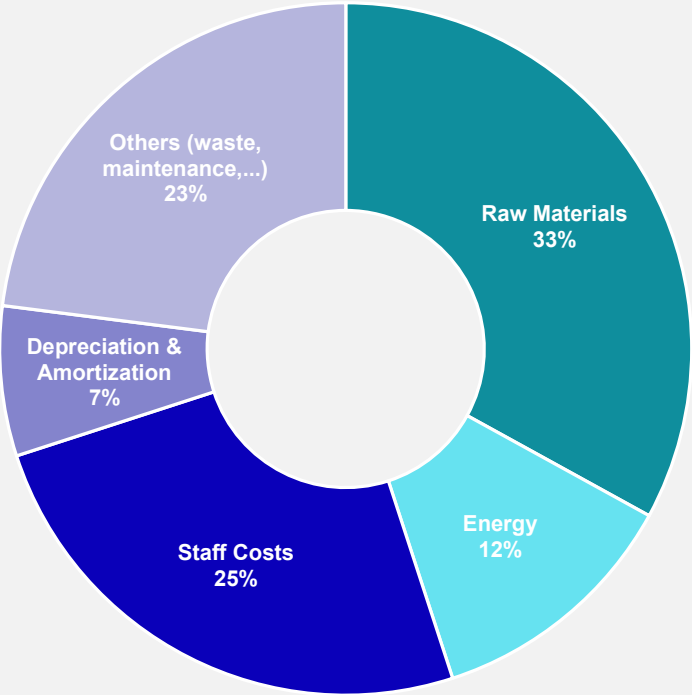


**Net sales breakdown**



FY 2022 COGs breakdown

Fixed costs / Variable costs



### **EBITDA and Core EBITDA**

EBITDA corresponds to operating income (loss) restated for depreciation and amortization and net impairment of intangible assets and property, plant and equipment.

Core EBITDA thus corresponds to EBITDA restated for restructuring costs and similar items (excluding depreciation and write-downs), allocations net of reversals of unutilized provisions for environmental risks, and other items not representative of the Group's current operating performance or related to the effects of acquisitions or disposals.

### **Core Free Cash Flow**

Core FCF conversion corresponds to the ratio between, on the one hand, (i) cash flow generated by (used in) operating activities less the "acquisitions of property, plant and equipment and intangible assets" items, and restated for the "net change in other current assets and other current liabilities", "current taxes" and cash inflows and outflows relating to Core EBITDA restatements, and on the other hand (ii) Core EBITDA.

### **Months on Hand (MOH)**

Net Inventory value at the of the period divided by Net Sales

### **Early-stage and Late-stage projects**

Early-stage: pre-clinical, phase 1, and phase 2

Late-stage: phase3, in validation, and commercial

As part of the carve-out operation in 2021, Sanofi has transferred the Hungarian business to EUROAPI Hungary. Sanofi has applied for a favorable tax treatment upon this asset transfer, i.e., the deferral of the capital gain taxation. Symmetrically, EUROAPI has maintained the historical value of the assets from a tax perspective. This treatment has been maintained by Sanofi and EUROAPI until the exit from the Sanofi group in May 2022. Upon the filing of their 2022 tax return in May 2023, Sanofi has waived this favorable tax treatment and paid the corresponding capital gain tax. As a result, and having received from Sanofi the necessary confirmations of capital gain tax payment, EUROAPI Hungary has performed a free tax step-up based on legal restructuring documentation and in the framework of the ownership change. In other words, EUROAPI would amortize tangible assets based on their FMV and would depreciate the goodwill. The step-up of the tax value of the assets results in the recognition of deferred tax assets in an amount of €46.8 million in addition to the impact of the recurring amortization of the assets for the period.

**29 February 2024**

**Full-year 2023 results**

**22 May 2024**

**Annual General Meeting**

**31 July 2024**

**First-half 2024 results**

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# Thank you!

Merci - Danke - Grazie - Köszönöm - Obrigada - Спасибо - ありがとうございます



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