



# focus<sup>27</sup>

**Improve competitiveness  
and unlock sustainable & profitable growth**

29 February 2024

# open possibilities

# Forward looking statements

europi

*Certain information contained in this press release 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, including social risks, 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 (which are both available at [www.euroapi.com](http://www.euroapi.com)). 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."*

# Introduction

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## Viviane Monges

Chair of the Board and  
Chief Executive Officer

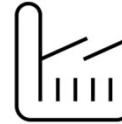




Streamlined value-added portfolio, focused on highly differentiated profitable products



Focused CDMO offer leveraging our recognized capabilities and technology platforms



Rationalized industrial footprint prioritizing high-return CAPEX



Organizational transformation and more efficient ways of working

Revised commercial contractual terms with Sanofi



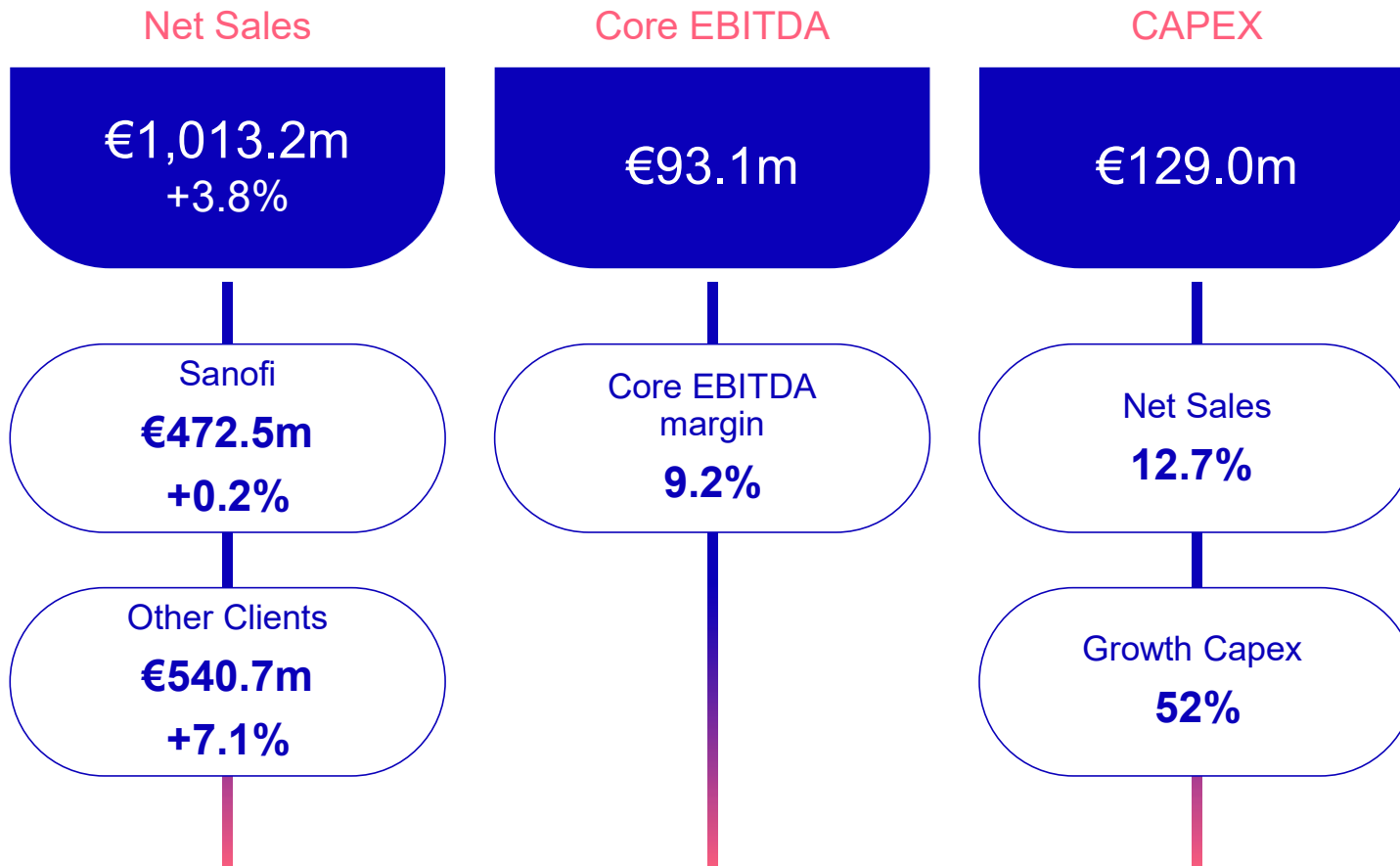
On-going discussions with our key stakeholders to finalize the implementation and the financing of the project Sanofi and EPIC BpiFrance, EUROAPI's main shareholders, have agreed to extend their lock-up until December 2025

# Full-year 2023 Results

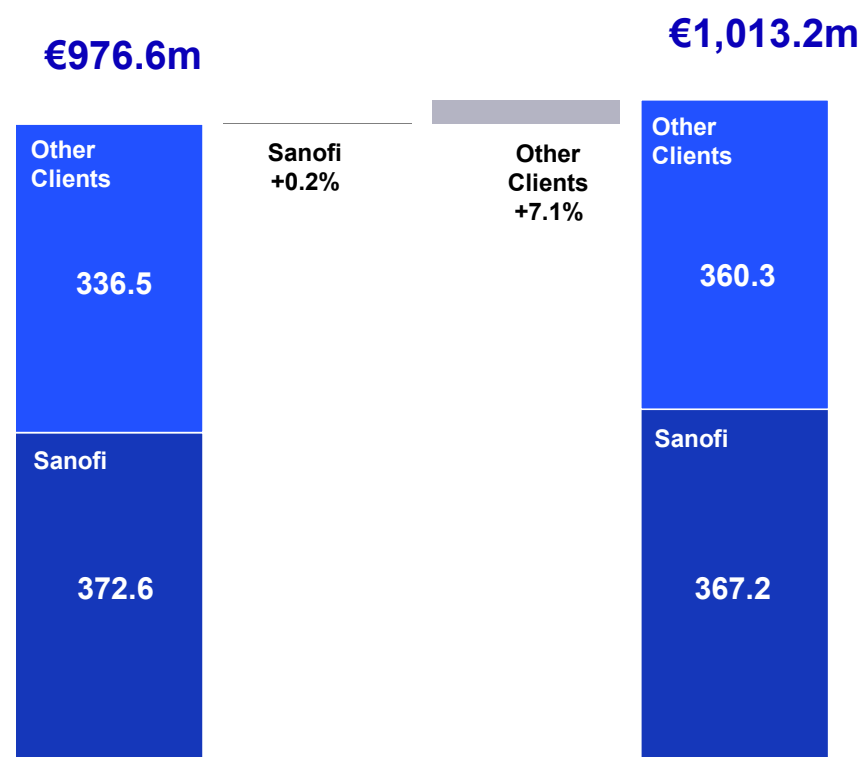
**Antoine Delcour**  
Chief Financial Officer



## 2023 key operational figures



## 2023 Results Full-year set sales



### API Solutions

#### Other clients: +7.1%

- 46 new clients added in 2023
- Acceleration of the cross-selling strategy (~7% of API sales to other clients)
- Product mix and positive price adjustments
- Year-end destocking programs initiated by certain customers

#### Sanofi: -1.5%

- Decreasing demand
- MSA raw material pass-through and energy compensation
- €12m incentives granted by Sanofi.

### CDMO

#### Other clients: +7.2%

- Increased sales from commercial products
- Weaker sales from early-stage projects
- Completion of a COVID-19-related commercial project in 2022

#### Sanofi: +6.3%

- Good performance of commercial product
- Discontinuation of two late-stage programs at the end of 2022

## 2023 Results From Net Sales to Core EBITDA

In € millions

	FY-2023	FY-2022
<b>Net sales</b>	<b>1,013.2</b>	<b>976.6</b>
Gross profit	164.6	176.9
<i>Gross profit margin</i>	<i>16.2%</i>	<i>18.1%</i>
Core EBITDA	93.1	120.0
<b>Core EBITDA margin</b>	<b>9.2%</b>	<b>12.3%</b>
Non-recurring items	24.5	26.3
EBITDA	68.6	93.7

Gross Profit impacted by decreasing volumes and higher energy and raw materials prices

Core EBITDA includes a €2.5 m provision reversal from the “pharma tax” in Hungary accrued in FY22 accounts, and a €3.5 million negative one-off impact related to the Executive Committee's reorganization

- €12.3 m: costs related to the value creation plan announced in March 2023
- €11.5 m: employee share plan, free share plans and forfeited share expenses



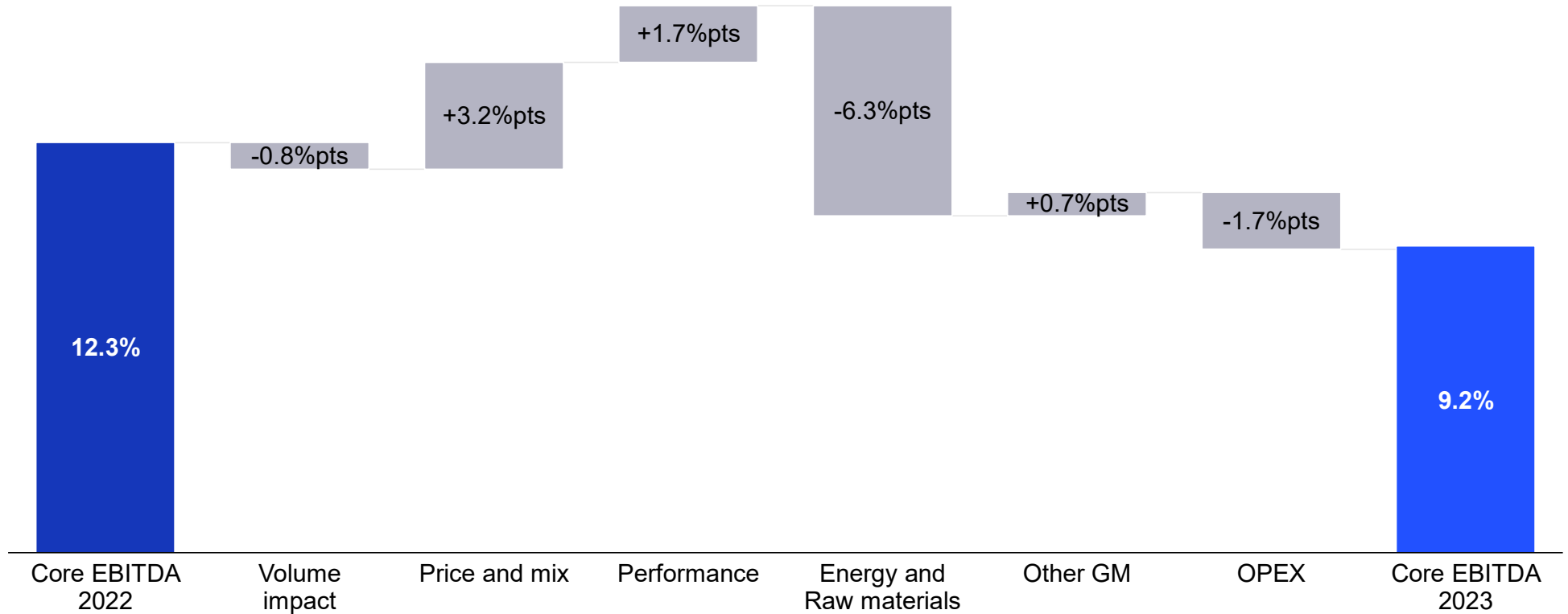
## 2023 Results

### Core EBITDA - Price increases and operational efficiencies partially offset higher energy and raw materials costs

euROAPI

Rounded figures

→ cc. 80% of FY 2024 energy costs hedged at the end of December 2023



## 2023 Results From EBITDA to Net Income and EPS

In € millions

	FY-2023	FY-2022
EBITDA	68.6	93.7
Depreciation and Amortization	76.5	94.5
Impairment of Assets	(226.4)	(21.8)
Operating Income	(234.3)	(0.8)
Financial Result	(8.5)	4.0
Income before Tax	(242.8)	3.1
Income Tax expenses	53.0	(18.2)
<b>Net Income</b>	<b>(189.7)</b>	<b>(15.0)</b>
Number of shares outstanding	94.2	93.7
<b>Basic EPS</b>	<b>(2.02)</b>	<b>(0.16)</b>
Diluted EPS	(1.98)	(0.16)

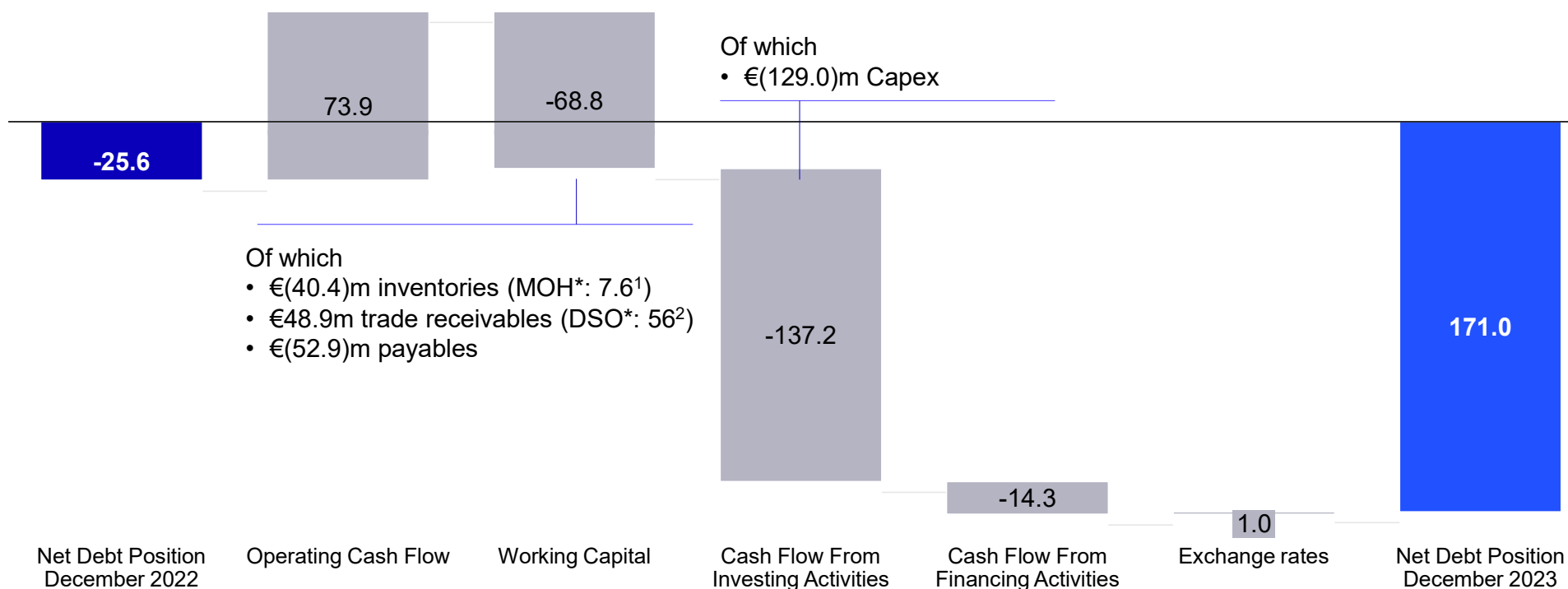
Reflecting the deterioration of future Cash Flow compared to previous plan and the increase in WACC from 7.1% to 8.3%\*

Including €42.0m deferred tax assets derived from the revaluation of EUROAPI Hungary assets

\*: See details in the 28<sup>th</sup> February Press Release

## 2023 Results Net Debt evolution

€ millions, rounded figures



**€(82.0)m Core Free Cash-Flow compared to €(54.2)m in 2022**

**Net Debt on Core EBITDA end of 2023\*: 1.98x**

1. MOH: Months on Hands-Inventories in value on Net Sales  
2. DSO: Receivables in Day of Sales

\*As per RCF covenant definition – See glossary

**2023 Results**  
**On track to deliver our ESG roadmap**

Accelerate innovation for environmental sustainability	Create a safe and multicultural workplace	Uphold best-in-class corporate governance
100% sites ISO14001/50001 certification by 2023 > <b>100%</b>	30% women in a leadership position by 2025 > <b>Achieved</b>	100% completion of code of conduct and compliance training (incl. corruption) in 2022 > <b>95%</b>
~ 100% sites with electricity from renewable sources by 2025 > <b>83%</b>	Lost Time Injury to 1.5 by 2025 > <b>2.1</b>	
~ -30% of CO2 emissions (vs. 2020) by 2030 (scope 1 & 2) > <b>20%</b>	Total Recordable Injury to 2.5 > <b>2.8</b>	

# Core strengths and current challenges

**Viviane Monges**

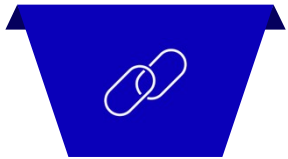
Chair of the Board and  
Chief Executive Officer



## Core strengths

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euROAPI



Strong market momentum



One of the broadest CDMO portfolio, and leading positions in fast-growing APIs



State-of-the-art innovative technologies



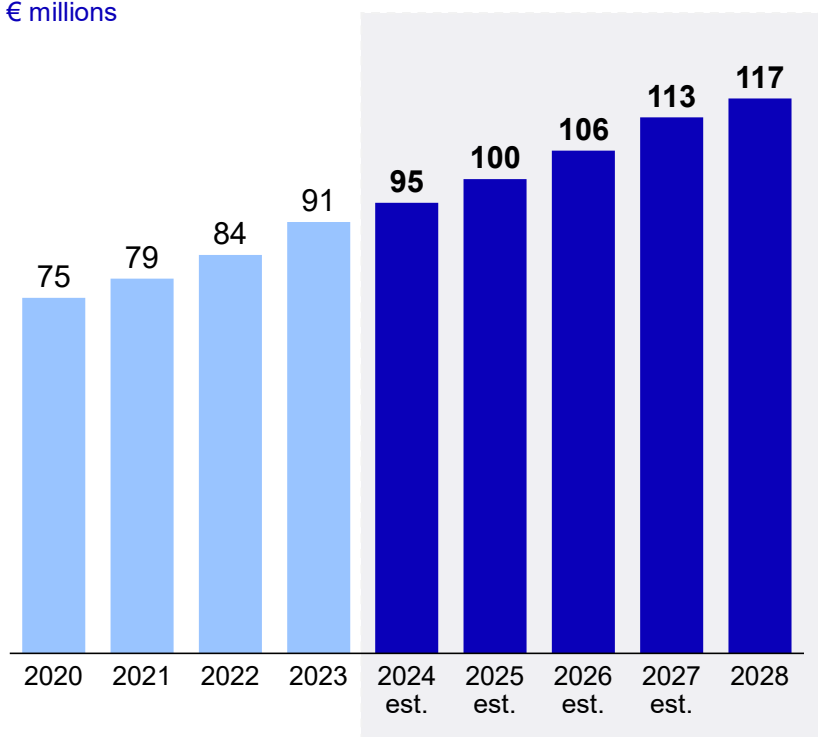
A broad customer base other than Sanofi

## Core strengths

Continued solid growth of the API Global market, driven by volume and mix

### Cc. +6-8% CAGR (2024-2028)

€ millions



### Growth drivers

#### Pharmaceutical market Volumes

Aging population,  
Increased access to healthcare  
New drug development and technological innovation

**+2% to +3%**

#### Product Mix

Increased in high-value medicines (large molecules, HP-API)  
Growing demand for targeted therapies

**+2% to +3%**

#### Outsourcing from Pharma Companies

Increased Generic product penetration  
Drug development increasingly outsourced  
Continued divestments of API activities

**+0% to +1%**

#### Price

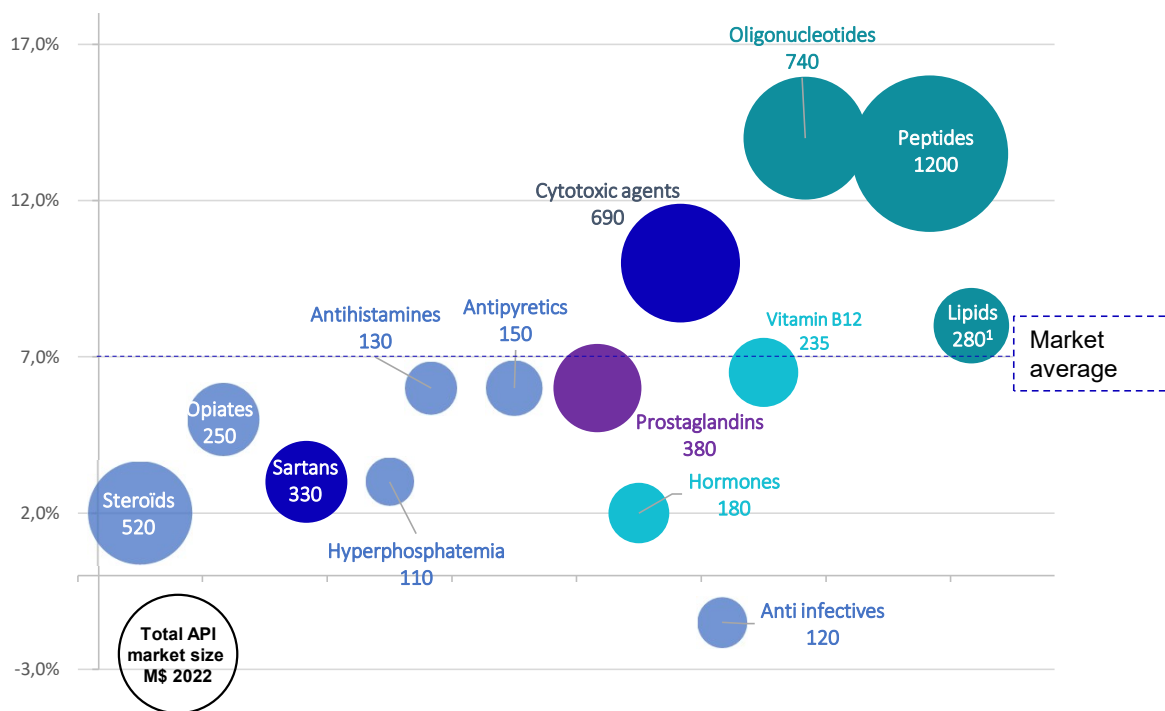
Moderate price increases driven by differentiated APIs  
Ongoing price pressure for commodity APIs due to increased competition from Asian players

**+1% to +2%**

Sources: Company's estimate based on third-party market research ( Global API Market by FutureWise ) and using the annual reports published by the main industrial players in the API Sector

## Core strengths Growth above market for highly-differentiated APIs

### 2021-2027 estimated market growth



**+10.0%  
CAGR**

Tides (Peptides and Oligonucleotides)

**+9.0%  
CAGR**

Highly Potent (HP) APIs

**+6.5%  
CAGR**

Biochemistry - Fermentation

**+2%  
CAGR**

Other Small Molecules

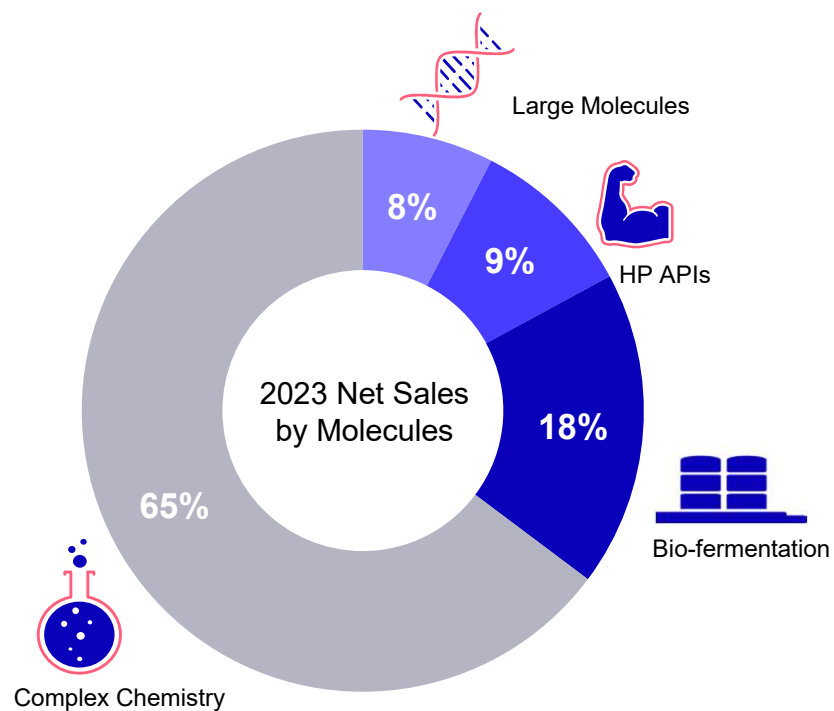
1. Excluding lipid encapsulation market for LNP, liposomes

Sources: BCC – Active Pharmaceutical Ingredients: Global Markets, January 2021; Technavio – Global Active Pharmaceutical Ingredients Market, 2017-2021; Mordor Intelligence – Global Active Pharmaceutical Ingredients (API) market CPA 2022; Mordor Intelligence – Global Active Pharmaceutical Ingredients (API) market (2019 – 2024), 2018..



## Core strengths One of the broadest API and CDMO offer

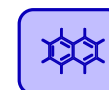
### One of the broadest portfolios in CDMO



### Leading Position in high-growth APIs



Prostaglandins  
#1 worldwide position



Opiates  
#1 worldwide position

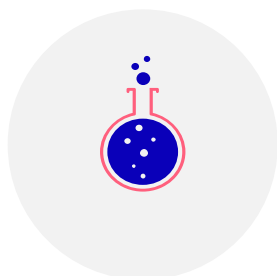


Vitamin B12  
# 1 European position



Peptides & Oligonucleotides  
Emerging player

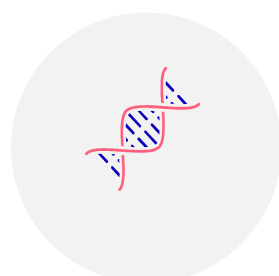
**Core strengths**  
**State-of-the-art innovative technologies**



**Complex Chemistry**



Complex  
Chemical  
synthesis  
molecules



**Large Molecules**



Peptides  
Oligonucleotides  
Lipids



**Biochemistry derived  
from Fermentation**



Anti-infective  
Vitamin B12



**Highly Potent  
(HP-APIs)**



Prostaglandins  
Cytotoxic Payloads  
Linkers



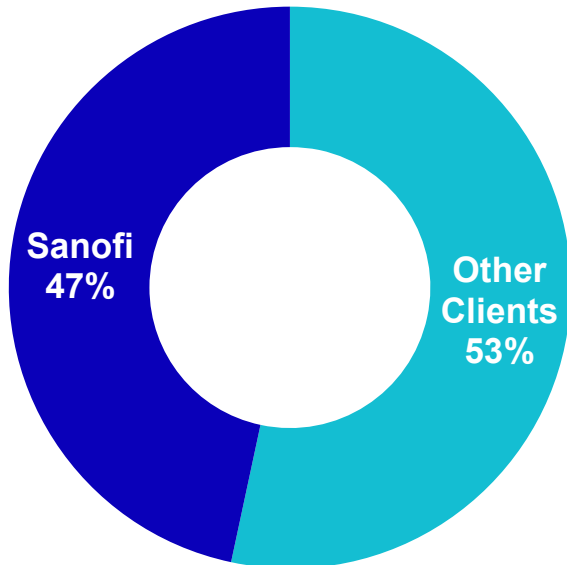
**Solid state**



Particle  
Engineering

**Core strengths**  
A broad customer base other than Sanofi

**2023 Net Sales by clients**



**From large Pharma, and Biotech to Animal Health, Food and Cosmetics**

PHARMA COMPANIES

~275

CONSUMER HEALTHCARE

~165

GENERIC COMPANIES

~45

BIOTECH

~20

CDMO & RETAILERS

~20

ANIMAL HEALTH

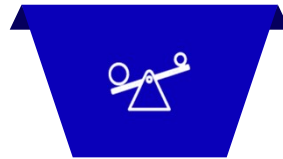
~15

FOOD & COSMETICS

~5



API portfolio



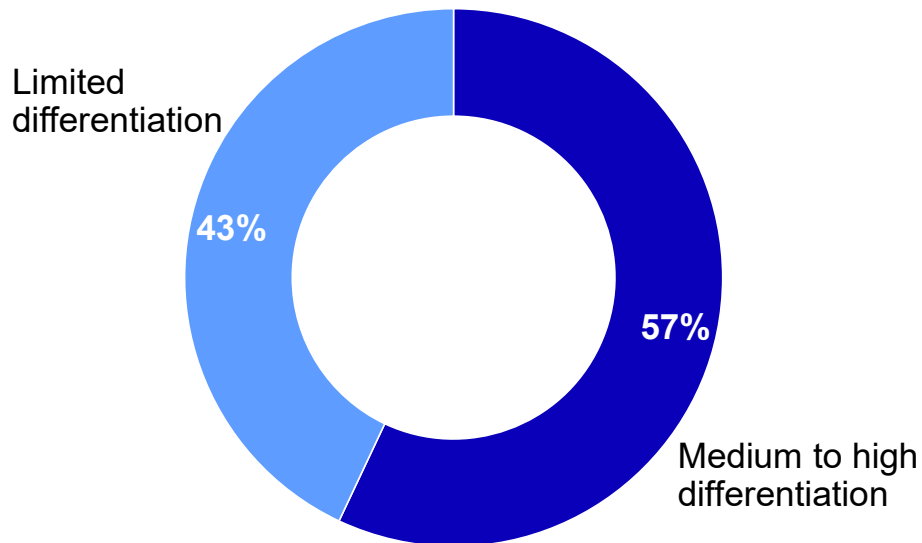
Suboptimal capacity utilization



Complex organization  
Outsized cost structure

## Level of differentiation

2023 catalog sales per differentiation level\*



Non-differentiated and generic products are increasingly exposed to Asian competition

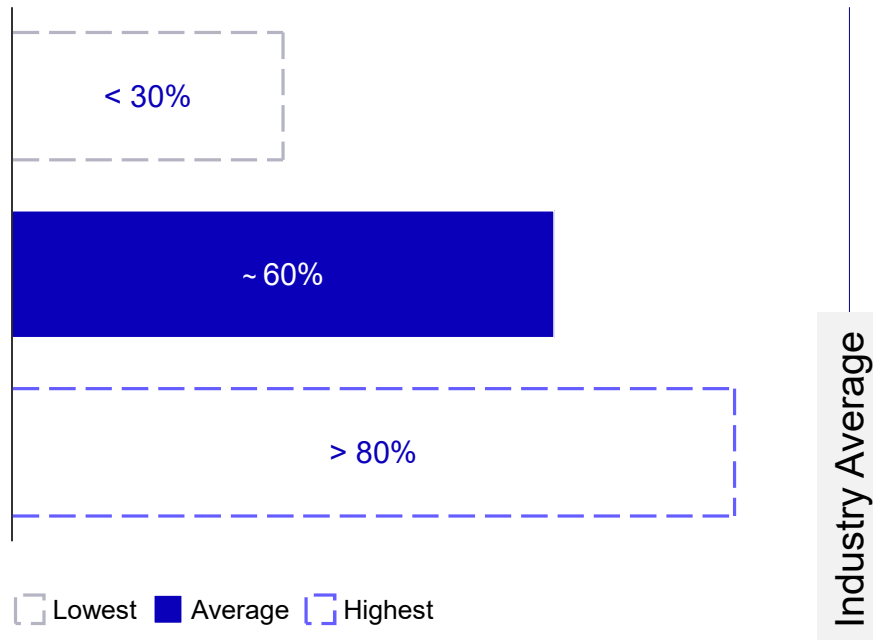


Some APIs sales remain heavily dependent on Sanofi's demand (Sevelamer, Metamizol, Spiramycin)

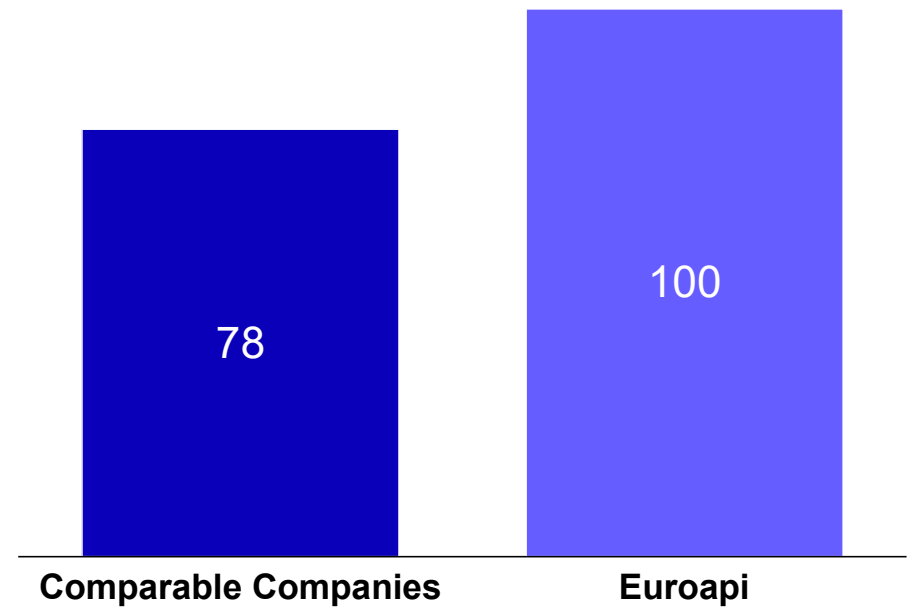
\*Excluding CDMO projects - Estimated level of differentiation of the APIs based on chemical complexity, value chain integration and niche markets characteristics

## Current challenges Underutilized industrial footprint and out-sized organization

### 2023 capacity utilization rate



### Outsized Organization – Headcount excluding Industrial Operations<sup>1</sup>



1. Full Time Equivalent
2. Comparable companies (sales, activity,...)

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Build on our strengths to refocus on high-value and growing market segments, improve competitiveness, and unlock EUROAPI sustainable and profitable growth potential

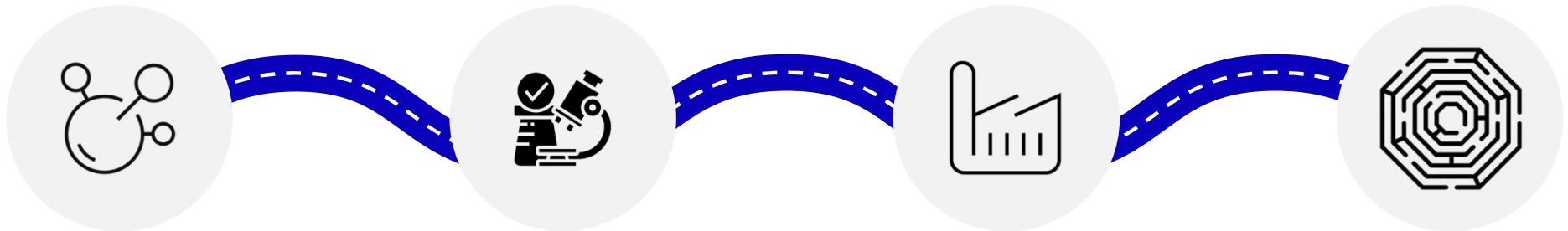
## Viviane Monges

Chair of the Board and  
Chief Executive Officer

## Ludwig de Mot

EVP, Chief Trans-  
formation Officer





Streamlined value-added portfolio, focused on highly differentiated profitable products

Focused CDMO offer leveraging our recognized capabilities and technology platforms

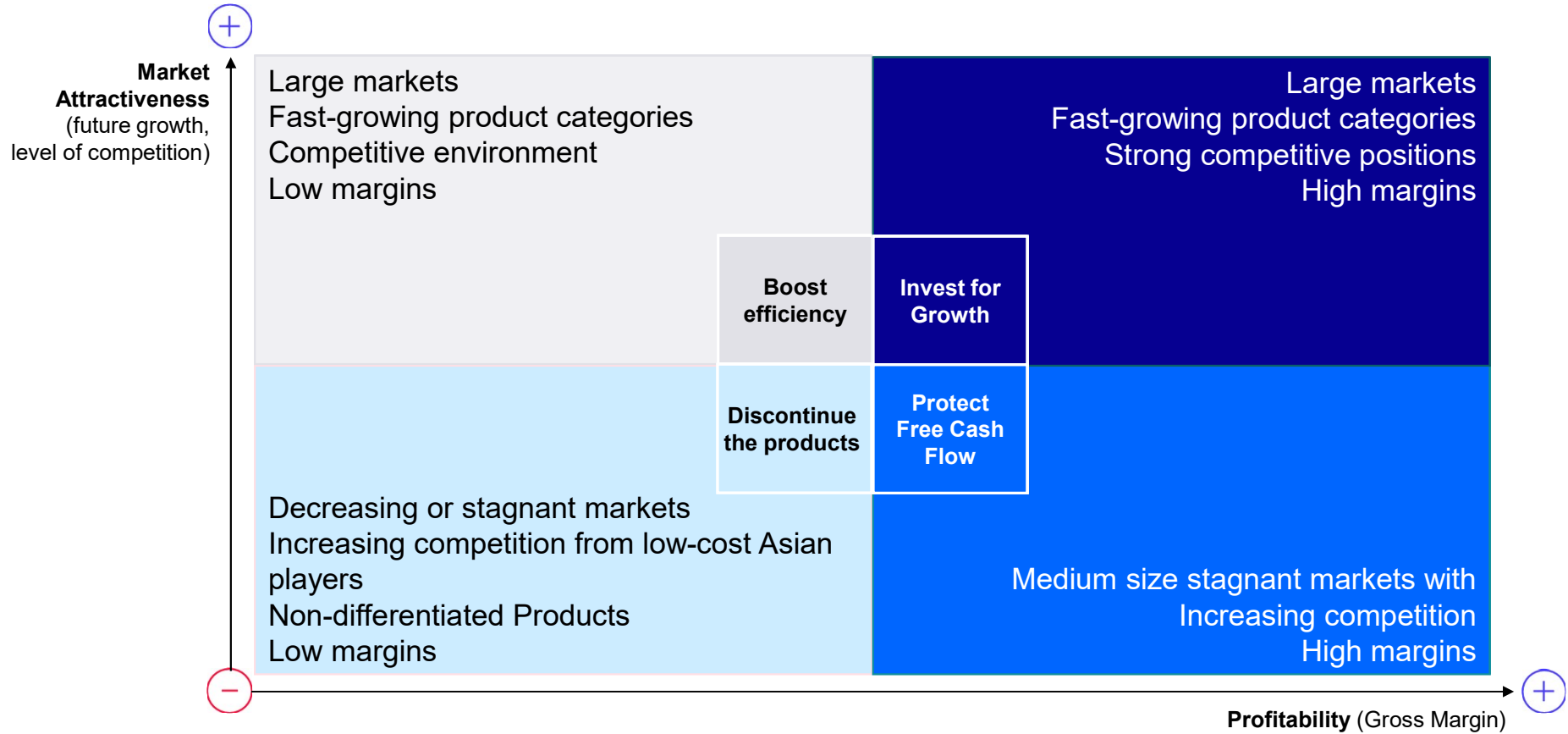
Rationalized industrial footprint prioritizing high-return CAPEX

Organizational transformation and more efficient ways of working

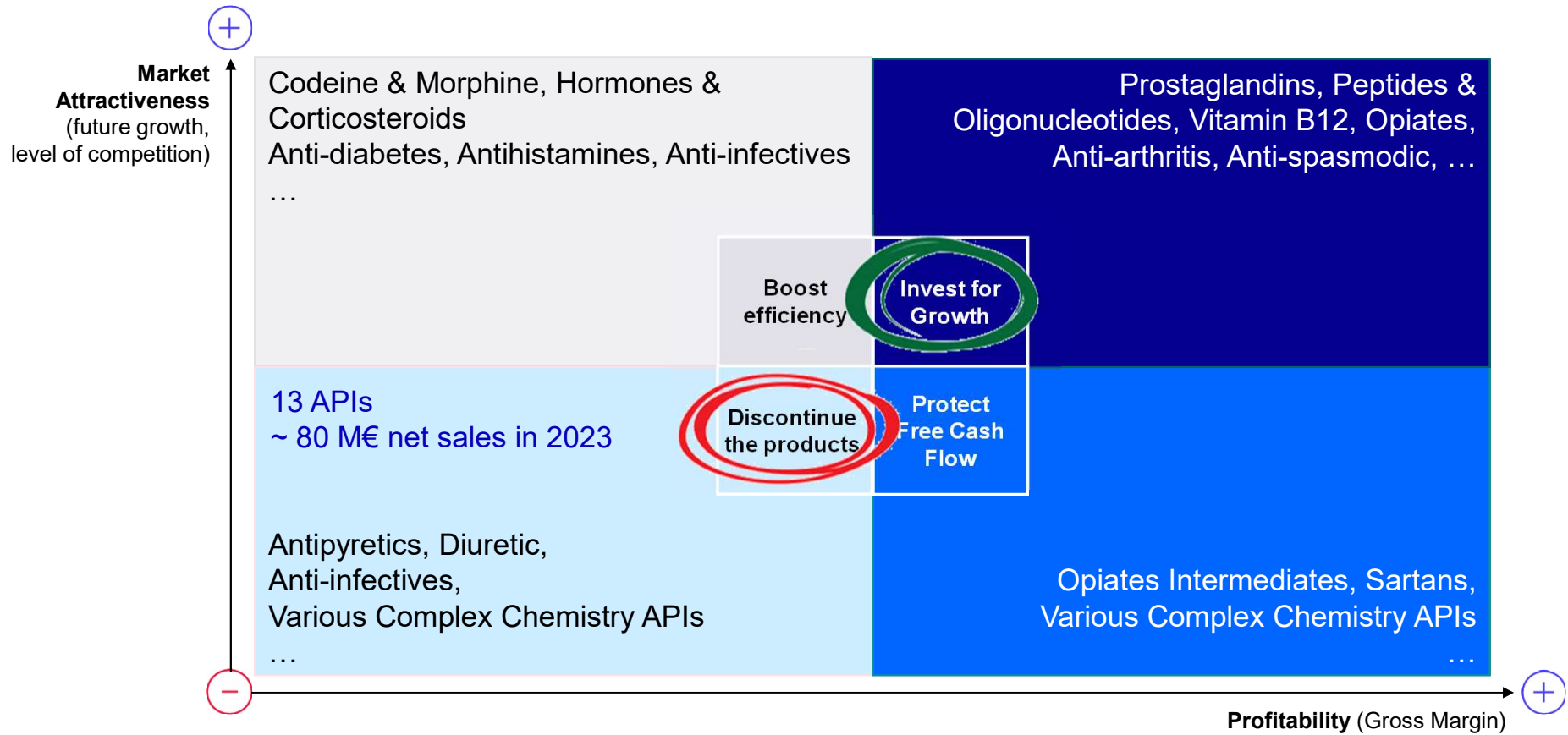


# Streamlined value-added portfolio Overall segmentation

## Overall segmentation



**Streamlined value-added portfolio**  
**Increased focus on highly-differentiated products**

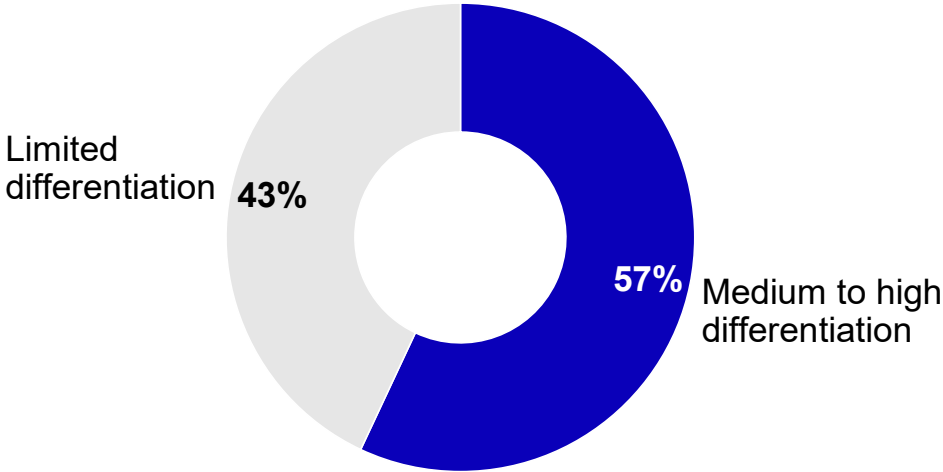


Sources: Based on FY2023 sales of APIs manufactured within EUROAPI's sites + opiates APIs

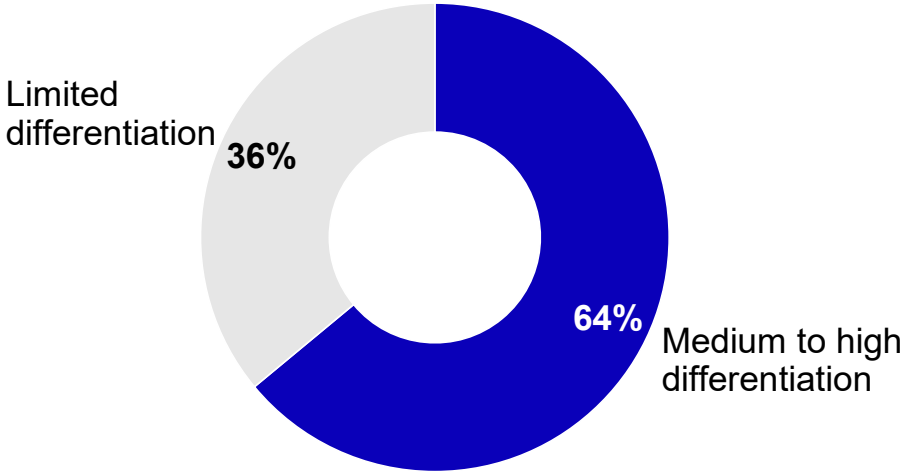
# Streamlined value-added portfolio Towards a more balanced and differentiated APIs portfolio



2023 catalog sales per differentiation level – with existing portfolio

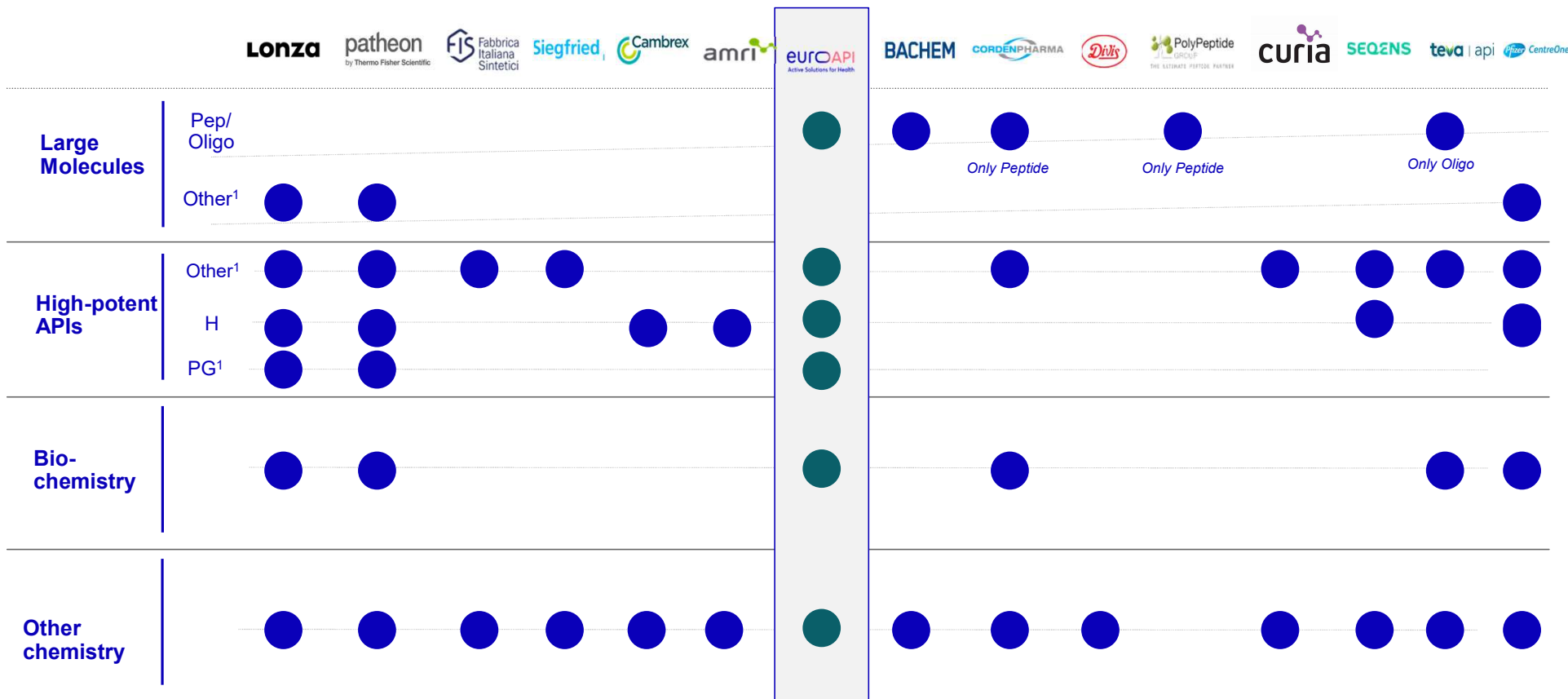


2023 catalog sales per differentiation level – including portfolio optimization<sup>1</sup>



# Focused CDMO offer

## The most diversified range of technology platforms



Sources Public company filings/communication, Industry interviews, Press releases

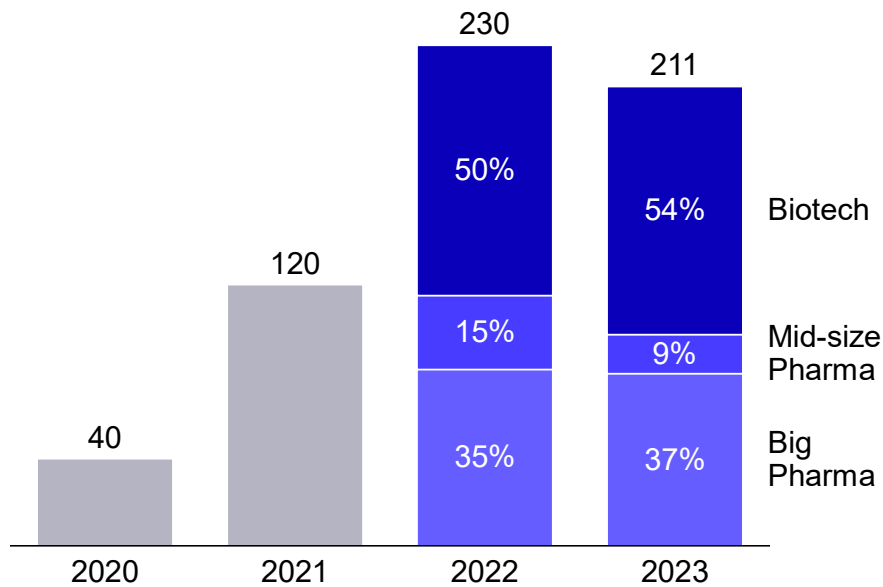
1: e.g. Large molecule: Monoclonal antibodies, cell and gene therapies, ADCs, etc

## Focused CDMO

Strengthened customer base and increase in value-added projects

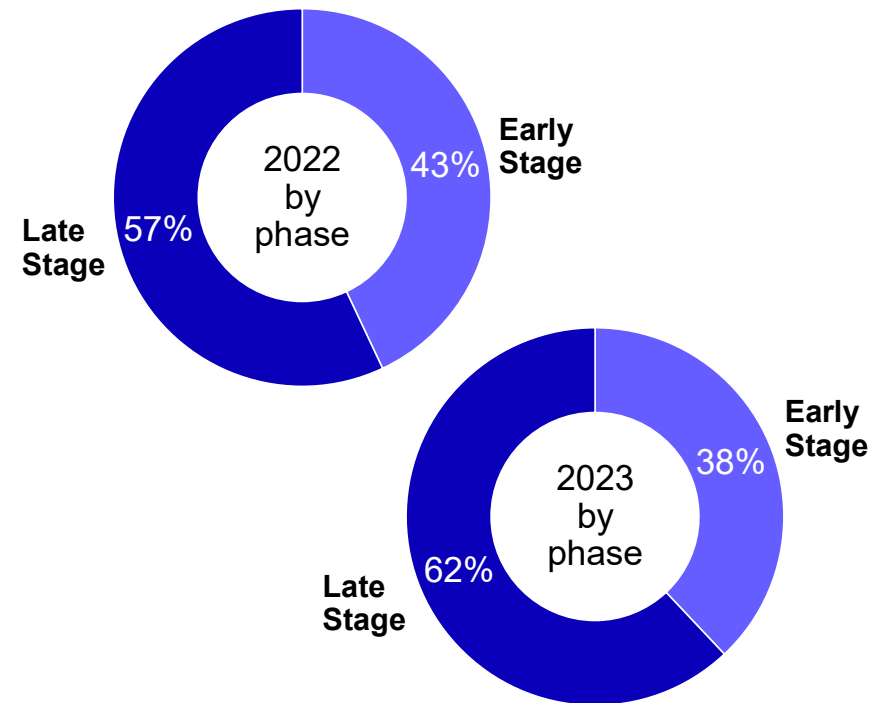
### Evolve Commercial prospection towards larger targets (Biotech & Pharma)

Number of RFPs received



1. Based on RFPs with a value

### De-risked project portfolio



## Focused CDMO

Leverage EUROAPI unique platform capabilities to accelerate the sales trajectory

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### Customers



#### Large established Biotech

Targeted prospection towards late-stage drugs and high-value projects driven by innovative complex chemistry



#### Big Pharma

RSM & API re-shoring trends  
Need of marketed products (dual-sourcing)

### Technology Platforms



#### One-stop-shop in Large Molecules

End-to-end offer in Oligonucleotides with BIANOGmp  
Innovative linkers development to offer conjugated complex molecules  
Complex Chemistry capabilities leveraged in development of next generation lipids and alternative processes on Peptide production



#### Biofermentation and HP APIs

From R&D to large volume production in fermentation for small complex molecules  
Development of new HP APIs, including linkers payloads for XDC and new Prostaglandins

# Rationalized industrial footprint prioritizing high-return CAPEX

## From six underutilized sites...

### Haverhill

**Technology and key APIs**

Small Complex chemistry, spray drying

**Challenges - Opportunities**

A mono-product site (Sevelamer) with a limited market growth - 98% of revenues from Sanofi in 2023

### Elbeuf

**Technology and key APIs**

Microbial fermentation  
Vitamin B12, anti-infectives

**Challenges - Opportunities**

Invest to growth the Vitamin B12 capacities

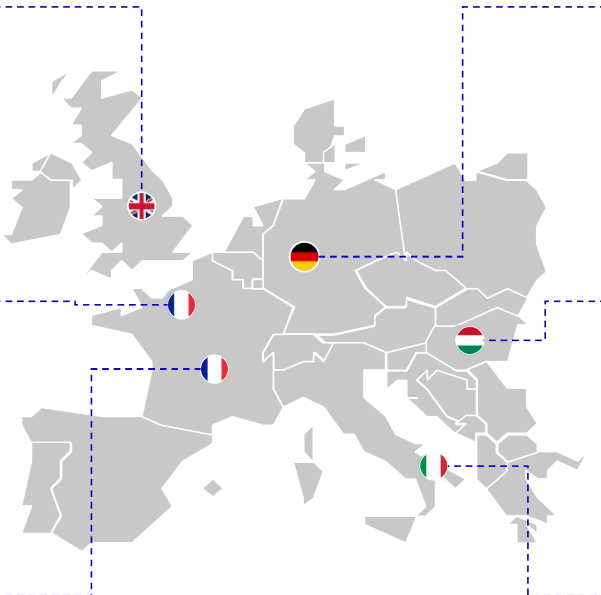
### Vertolaye

**Technology and key APIs**

Small Complex chemistry, HP-APIs

**Challenges - Opportunities**

Leverage Corticosteroid & Hormones through innovative processes and accelerate the CDMO roadmap



### Frankfurt

**Technology and key APIs**

Small Complex chemistry, solid phase for peptides & oligos, conjugation

**Challenges - Opportunities**

Right-sized the small complex molecules and invest in tides

### Budapest

**Technology and key APIs**

Small Complex Chemistry, HP APIs

**Challenges - Opportunities**

Invest to growth the Prostaglandin capacities

### Brindisi

**Technology and key APIs**

Small Complex Chemistry, Fermentation

**Challenges - Opportunities**

A site highly dependent on sales to Sanofi

## Rationalized industrial footprint prioritizing high-return CAPEX ... to a more focused and efficient manufacturing organization

euROAPI

### Haverhill

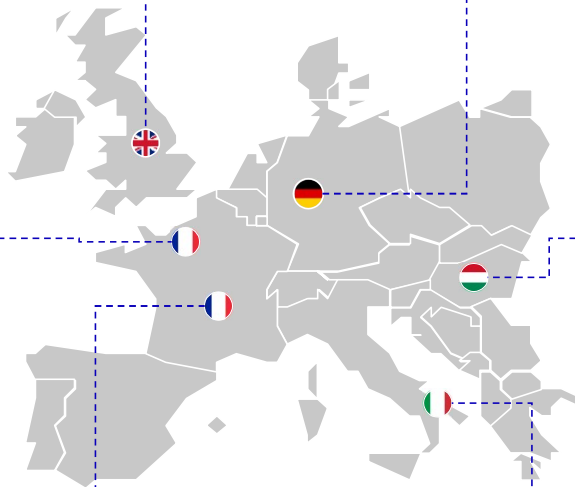
Highly dependent on Sanofi's and mono-product  
Considered for potential divestment

### Elbeuf

Unique European bio-fermentation platform  
Invest to improve productivity and increase Vitamin B12 capacities

### Vertolaye

Enhance Corticosteroids and Hormones capabilities through innovative processes  
Support the CDMO projects' roadmap



### Frankfurt

Invest in Peptides and Oligonucleotides Capacities  
Synergies with BIANOGmp  
Rightsizing of the Small  
Complex Chemistry Capacities

### Budapest

Invest to boost Prostaglandin capacities

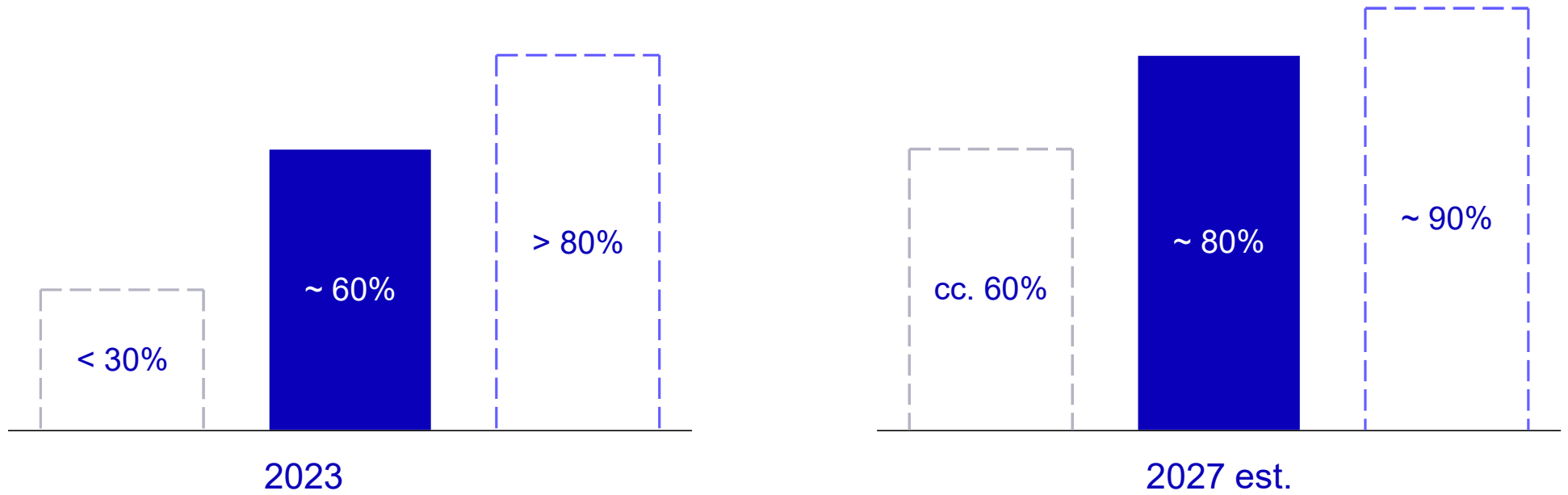
### Brindisi

Highly dependent on Sanofi's anti-infectives  
Considered for potential divestment

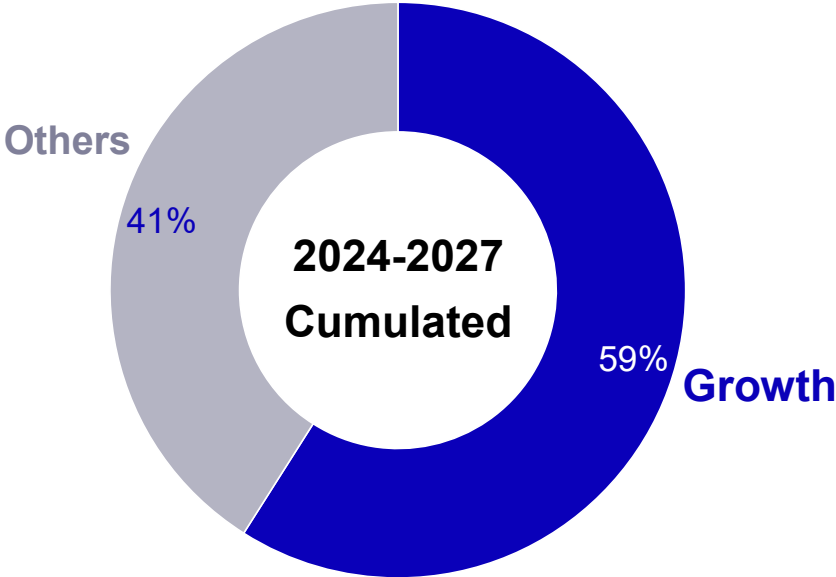


## Rationalized industrial footprint prioritizing high-return CAPEX Towards industry average capacity utilization rates

Lowest Average Highest



Cash Allocation focused on High Return Projects  
€350 to 400 million Investments between 2024 and 2027



**€25m\***  
in steam generation  
**biomass boiler**  
(Elbeuf)

**€17m**  
to increased **Peptides and  
Oligonucleotides** production  
(Frankfurt)

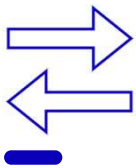
**€18m**  
to increase capacities  
for Vitamin B12  
(Elbeuf)

**€31m**  
to increase capacities in  
Prostaglandins (Budapest)

**€36m**  
to increase capacities for  
corticosteroid, hormones and  
anti-parasitic in Vertolaye

\*: €24.6m gross capex before €10.4m financial support from the French Government within the framework of *France Relance* plan operated by ADEME

## Organizational transformation A more efficient and leaner operating model



### Commercial

- Redesign the Commercial teams to increase synergies, and efficiencies



### R&D

- Focus on support to Commercial, in particular the CDMO business
- Strengthened technology platforms



### Procurement

- Accelerate direct procurement transformation
- Deploy on a new indirect procurement strategy
- Over €20 million efficiency gains expected throughout the plan



### Supply Chain

- Strengthen End-to-End processes to improve the supply chain efficiency, increase capacity, drive lead-time and inventory reductions

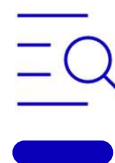
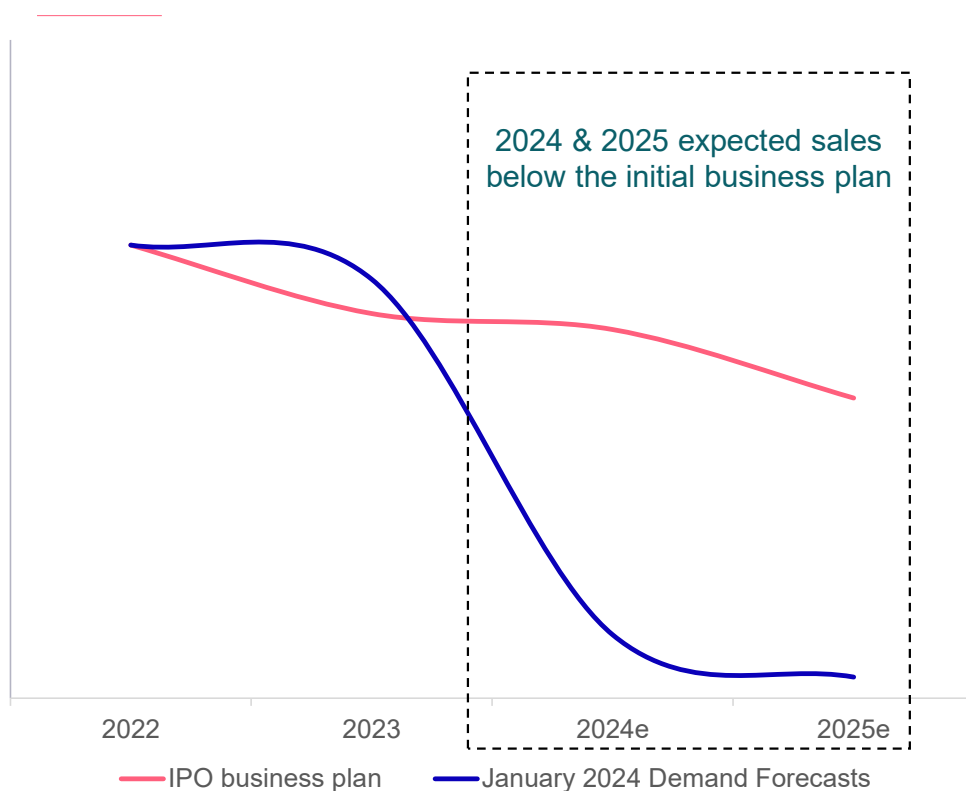
# Amended contractual Commercial Terms with Sanofi

**Viviane Monges**

Chair of the Board and  
Chief Executive Officer



## Amended contractual commercial terms with Sanofi Accelerated decline of 2024 and 2025 demand forecast compared to initial business plan



Limited visibility on the annual volume forecast  
Acceleration of dual-sourcing  
Portfolio pruning and increasingly genericized



Limited pricing power to compensate recent input costs inflation as per current MSA leading to a decrease in profitability

Main changes to the initial agreements

 **Manufacturing and Supply Agreements**

- Covers all **API manufactured by EUROAPI** and **sold to Sanofi**
- **86 APIs in scope**

- Renewable in May 2027



Cancellation of the mutual performance clause



Raw Material Pass Through revised with full compensation by Sanofi above 20% increase



Increase prices for selected APIs



Price-Volume Corridor narrowed and extended



Shortened payment terms

# 2024 Outlook

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**Viviane Monges**

Chair of the Board and  
Chief Executive Officer



# 2024 outlook

europapi



Between 4% and 7% decrease in Net Sales on a comparable basis, notably driven by a decrease in sales to Sanofi.

*The momentum of the CDMO activity will benefit from the successful acquisition of new projects, offset by the downsizing of two large historical commercial phase contracts*



Strong impact of transformation and restructuring costs

Between 6% and 9% Core EBITDA margin



Prioritized CAPEX, and a strong improvement in Working Capital, driven by a significant reduction in inventory



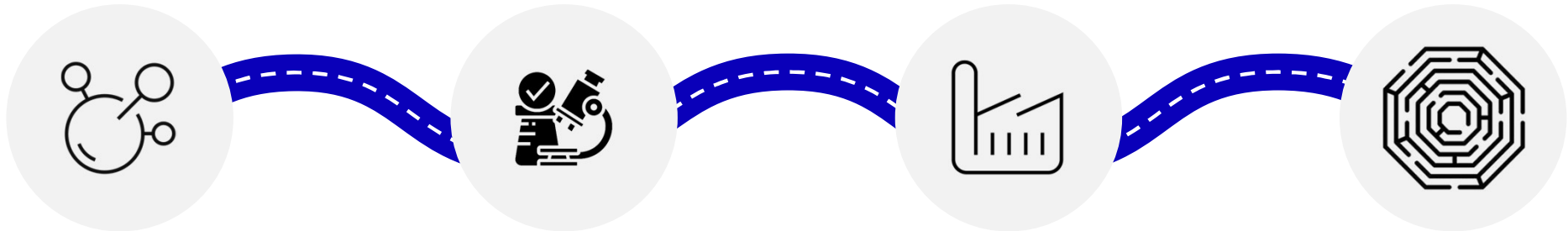
# Conclusion

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**Viviane Monges**

Chair of the Board and  
Chief Executive Officer





Streamlined value-added portfolio, focused on highly differentiated profitable products

Focused CDMO offer leveraging our recognized capabilities and technology platforms  
~ 30% of Net Sales

Rationalized industrial footprint prioritizing high-return CAPEX  
~ 80% capacity utilization

Organizational transformation and more efficient ways of working



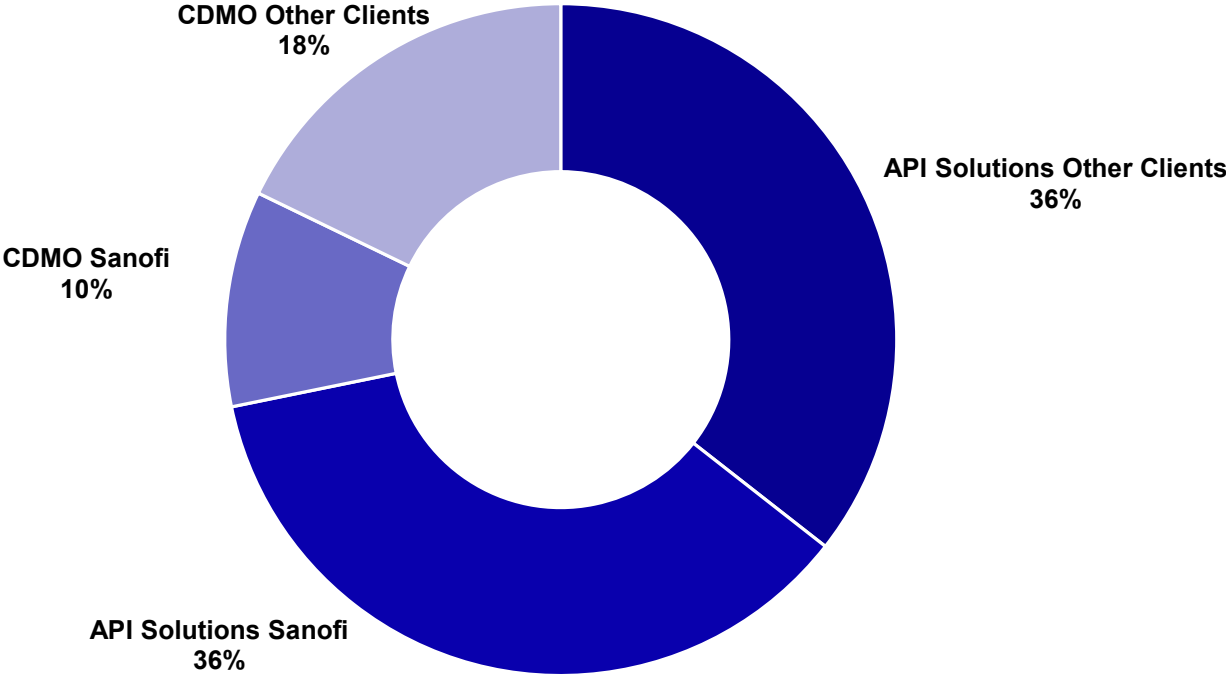
# focus<sup>27</sup>

Improve competitiveness  
and unlock sustainable & profitable growth





# open possibilities

*Appendix*

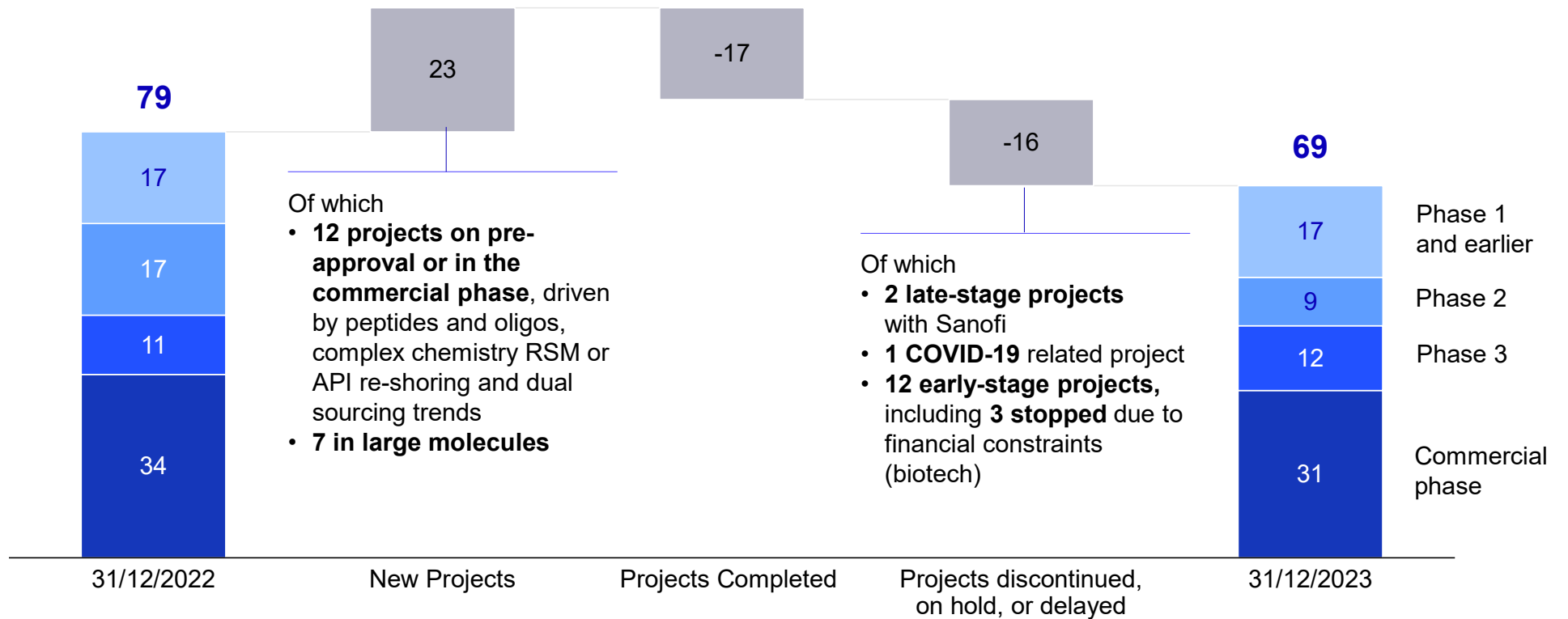
**FY-2023 Net Sales Breakdown**



## Net sales per molecules

Per type of molecule	2023	Δ% vs 2022	Key drivers
 <p>Large molecules</p>	€76.5m	-22.3%	Discontinuation of a CDMO phase 3 project with Sanofi in 2022 and progressive discontinuation of Buserelin production after its divestment by Sanofi
 <p>Highly potent molecules</p>	€96.4m	+17.2%	Good performance driven by the recovery of prostaglandins since the production resumed in mid-April 2023
 <p>Biochemistry molecules derived from fermentation</p>	€184.1m	+24.2%	Positive impact of stock replenishment of anti-infective products by Sanofi (Pristinamycin) and increase in vitamin B12 sales
 <p>Complex chemical synthesis molecules</p>	€656.2m	+1.3%	Positive impact of price adjustments and increase in volumes of a CDMO commercial product with Sanofi partially offset by the discontinuation of a phase 3 project with Sanofi in 2022, and of a COVID-19 related project

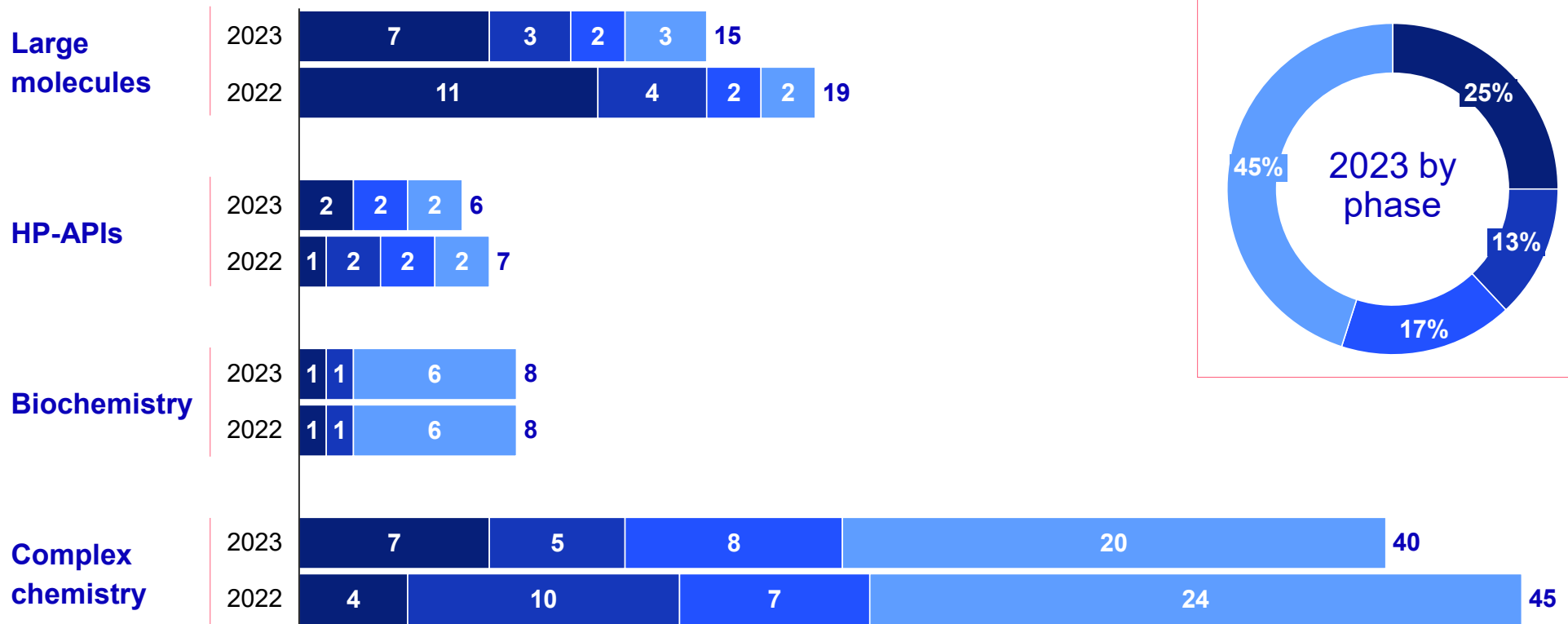
# CDMO projects portfolio in 2023



# CDMO projects portfolio in 2023

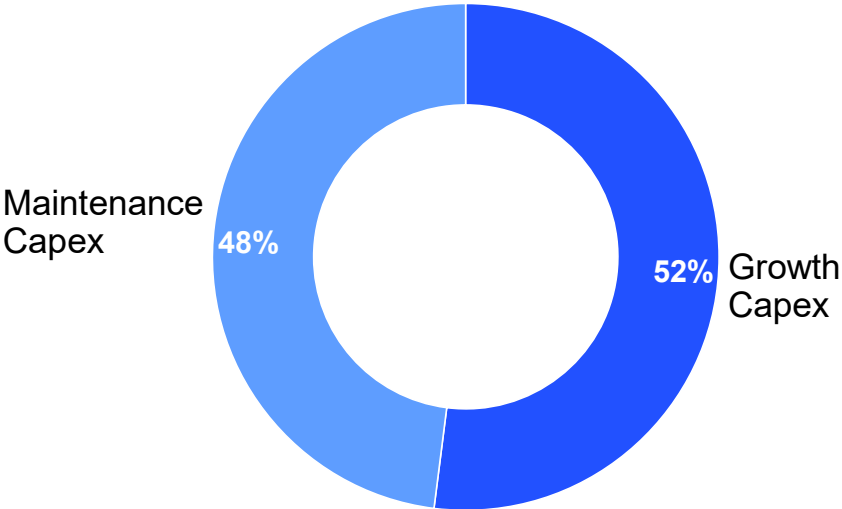
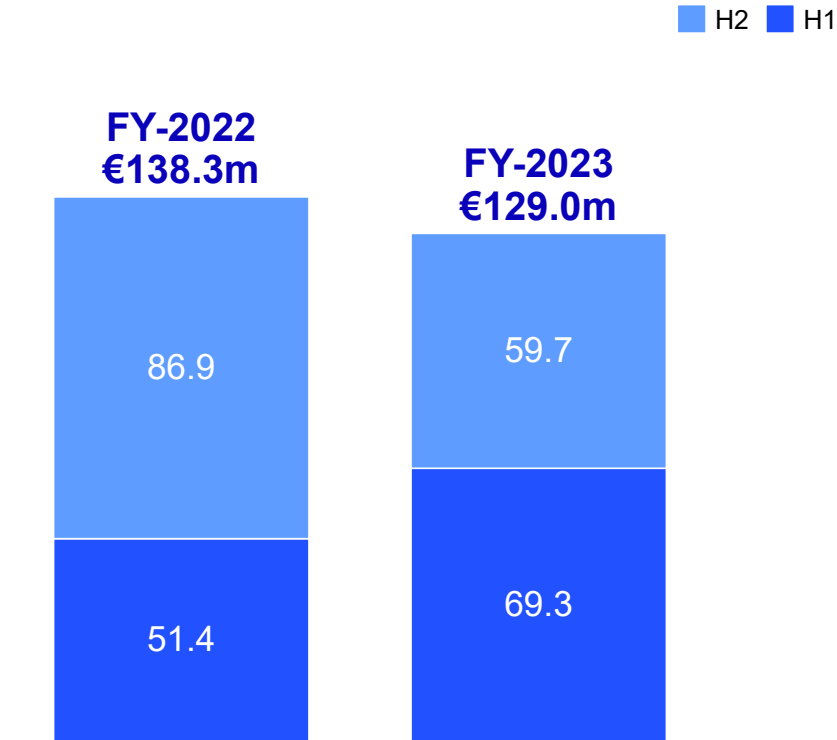
Portfolio gradually de-risked towards commercial phase projects

Phase 1 and earlier Phase 2 Phase 3 Commercial





# FY-2023 CAPEX – Investing in growth projects



## Working capital

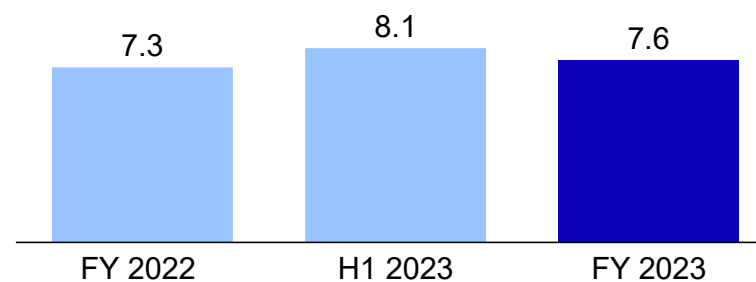
In € millions

	December 2023	December 2022
<b>Working Capital</b>	<b>701.5</b>	<b>639.3</b>
Of which inventories	644.8	594.7
Of which trade receivables	216.3	264.2
Of which trade payables	(159.6)	(219.6)

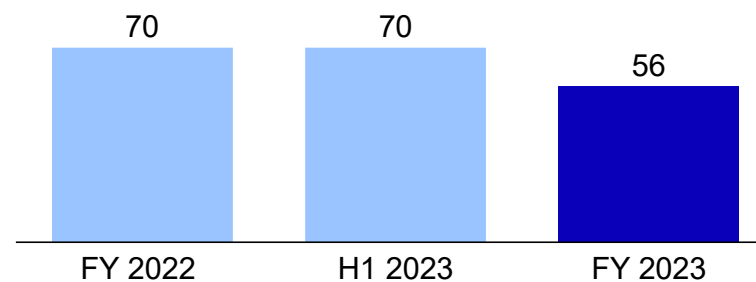
1. Inventories in value on Net Sales

2. Receivables in Day of Sales

### Inventory - Months on Hand<sup>1</sup>



### Receivables – DSO<sup>2</sup>



### **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.

### **Cash Flow before Financing activities**

Cash Flow from Operating Activities + Cash Flow from Investing Activities

### **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: phase 3, in validation, and commercial

### **RCF Covenant**

The RCF loan agreement includes a covenant stipulating that the ratio of total net debt to consolidated core EBITDA may not exceed

4.0

**22 May 2024**

**Annual General Meeting**

**In Q2**

**Further information of  
FOCUS-27**

**31 July 2024**

**First-half 2024 results**

## Contacts

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