



# focus27

Operation roadmap and update on financing:  
setting the foundations for future profitable  
growth

26 June 2024

# open possibilities

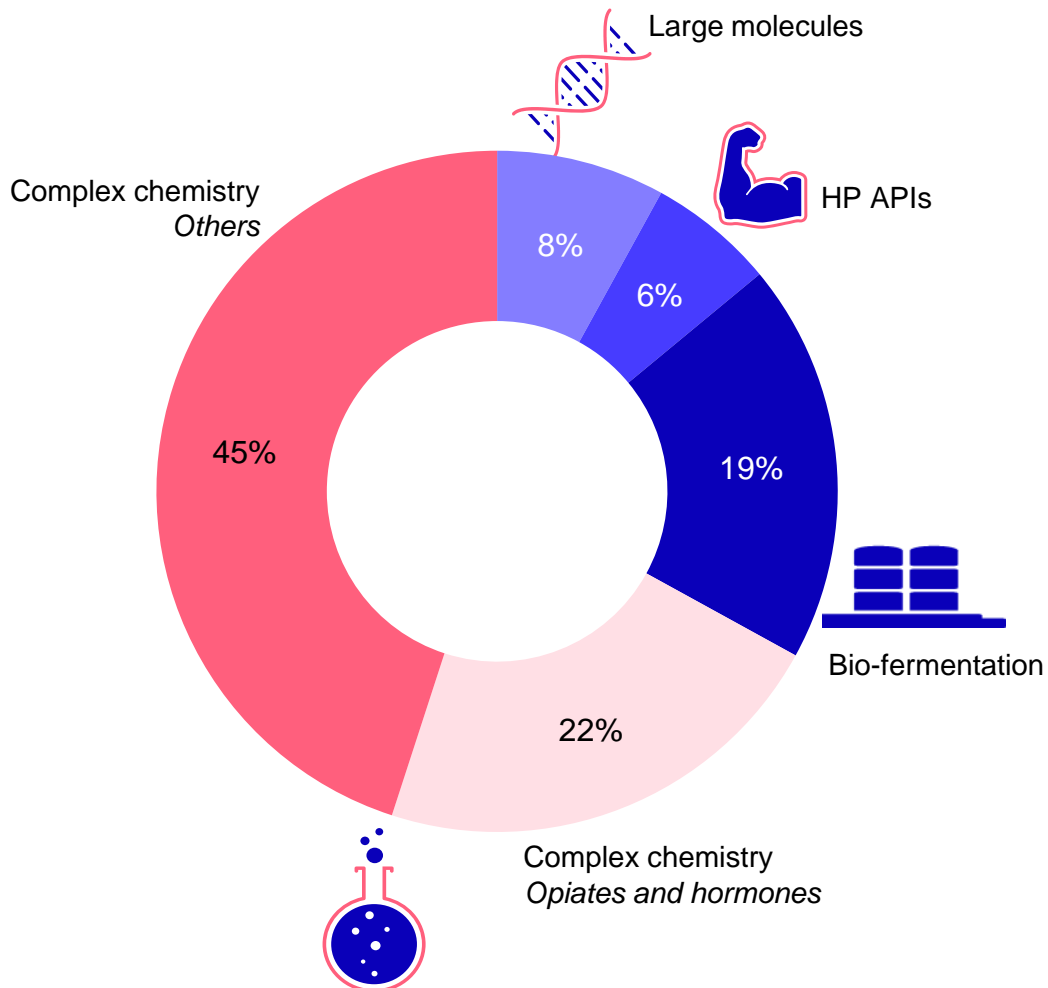
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# Our strengths

## A unique API and CDMO offer

### 2023 Net Sales by types of molecules



### Underlying markets trends

#### Highly Potent molecules

Market growth: +9.0%

First worldwide manufacturer of prostaglandin

#### Bio-fermentation

Market growth: +6,5%

First european manufacturer of vitamin B12

#### Non-narcotic opioids and opiates

Market growth: +3.5%

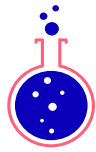
First worldwide manufacturer of non-narcotic opioids

#### Large molecules

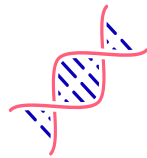
Market growth: +10%

Emerging player in peptides and oligonucleotides

## State-of-the-art innovative technologies



Complex chemistry



Large molecules



Solid state

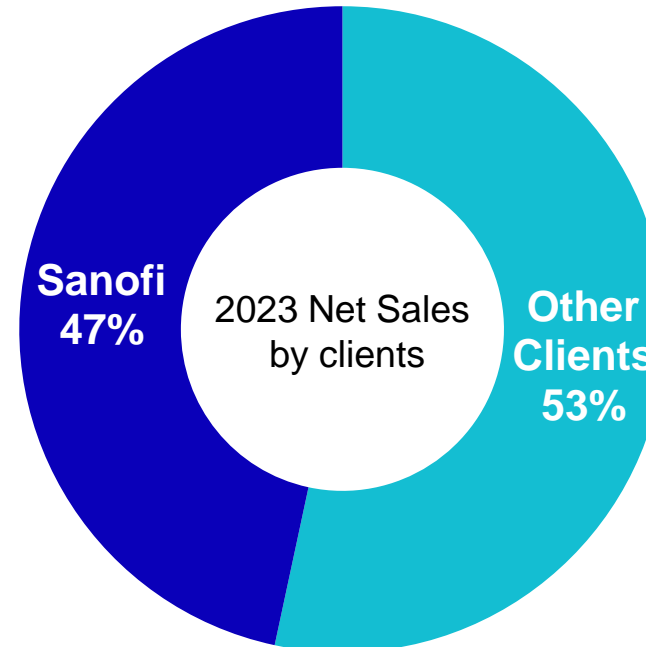


Bio-fermentation



Highly Potent molecules

## A broad customer base other than Sanofi



~275 PHARMA COMPANIES

~20 BIOTECH

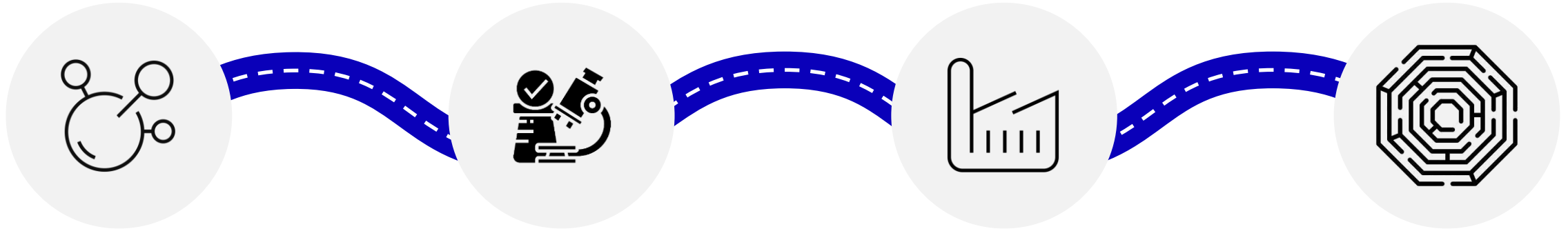
~5 FOOD & COSMETICS

~45 GENERIC COMPANIES

~165 CONSUMER HEALTHCARE

~20 CDMO & RETAILERS

~15 ANIMAL HEALTH



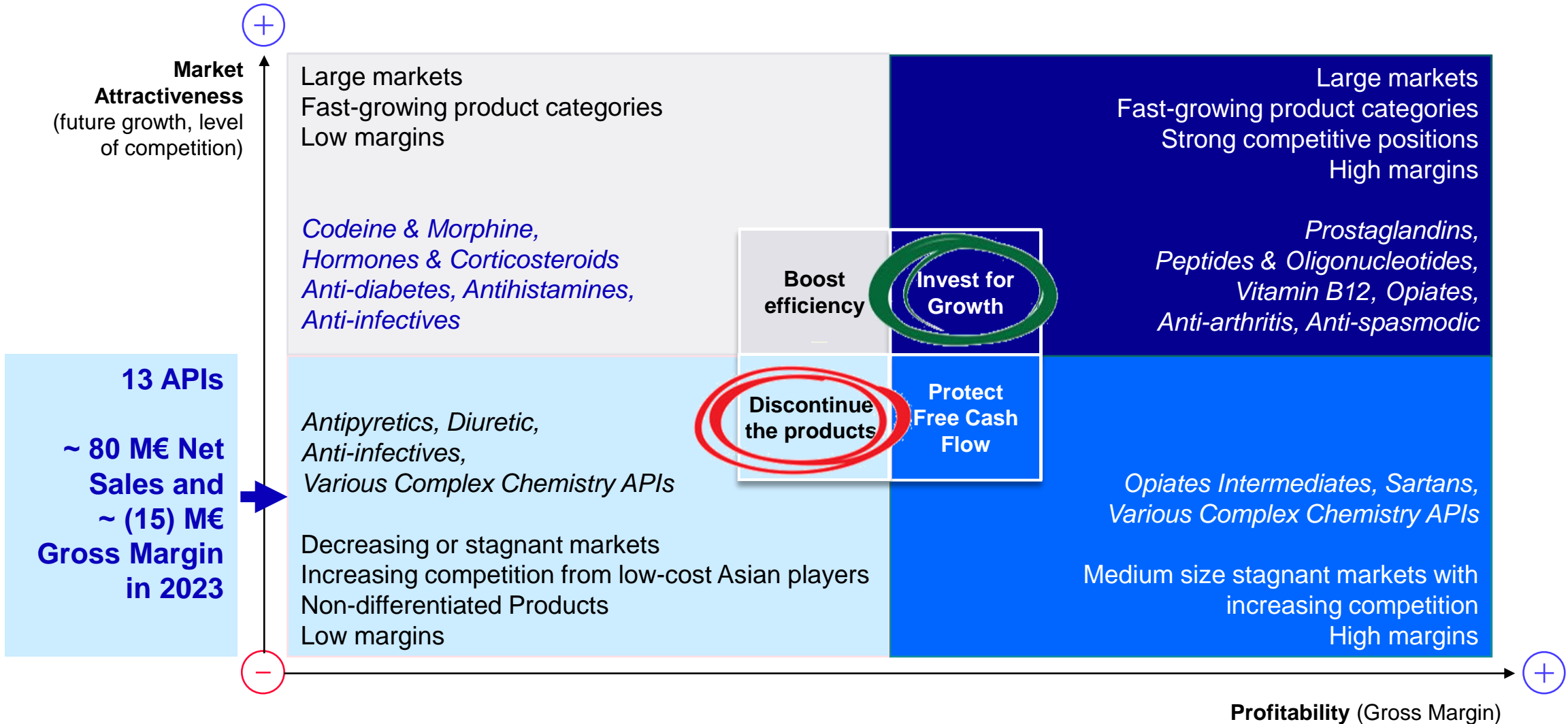
Streamlined value-added portfolio, focused on highly differentiated profitable products

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

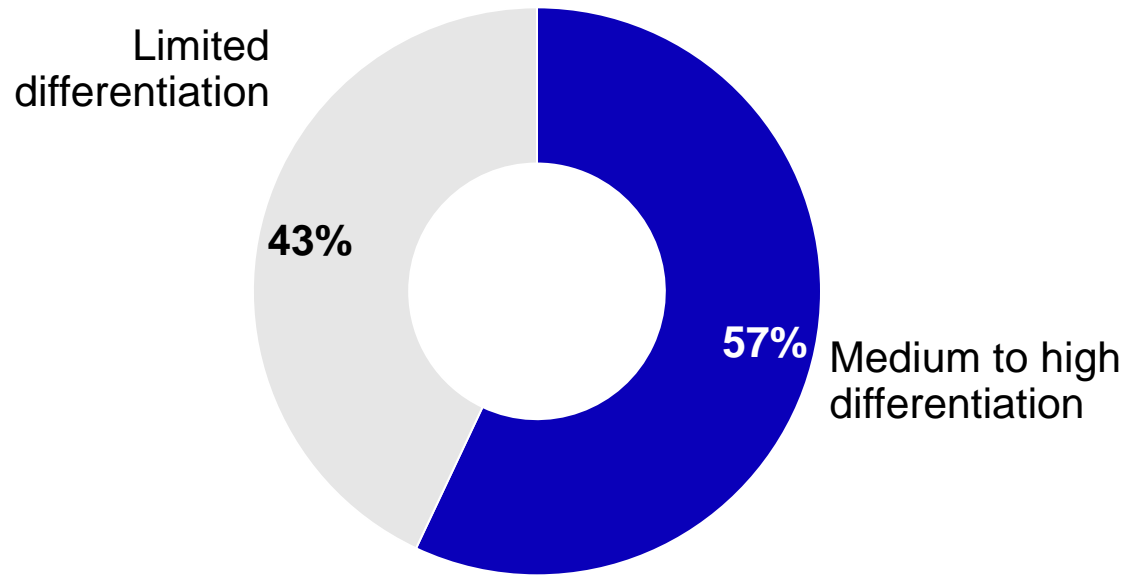


# API Portfolio optimization

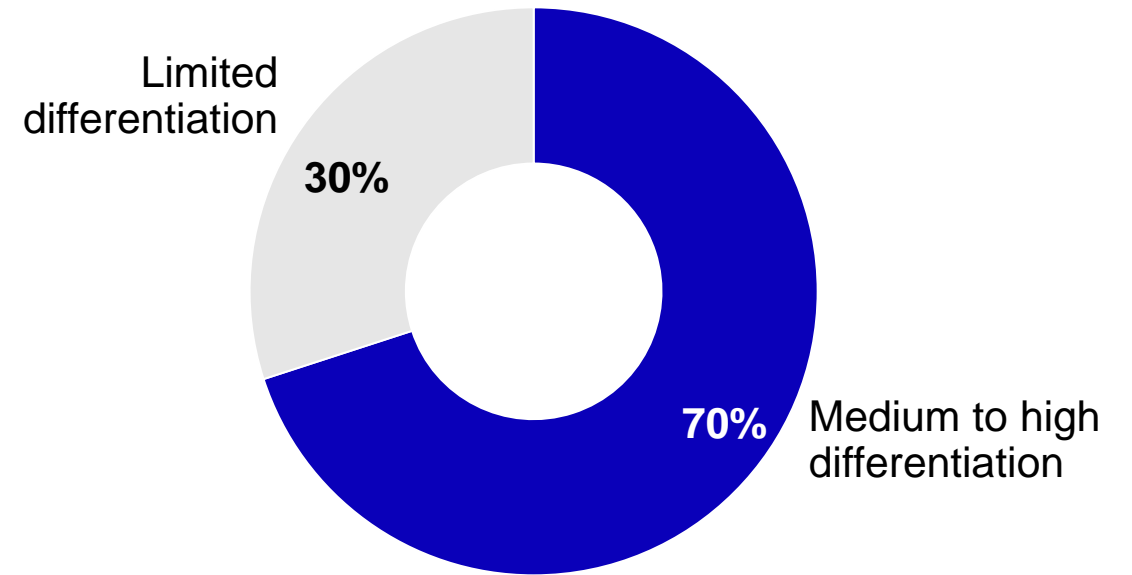
## Discontinuation of 13 APIs



2023 catalog sales per differentiation level



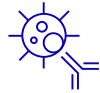
2027 estimated catalog sales per differentiation level



# Focused CDMO

Leverage EUROAPI unique platform capabilities to accelerate the sales trajectory

## Customers



### Large established Biotech

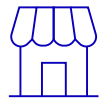
Targeted prospection towards late-stage drugs and high-value projects driven by innovative complex chemistry



### Big Pharma

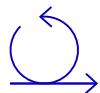
RSM & API re-shoring trends  
Need of marketed products (dual-sourcing)

## 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

**Objective: more than 1/3 of Group net sales by 2027**

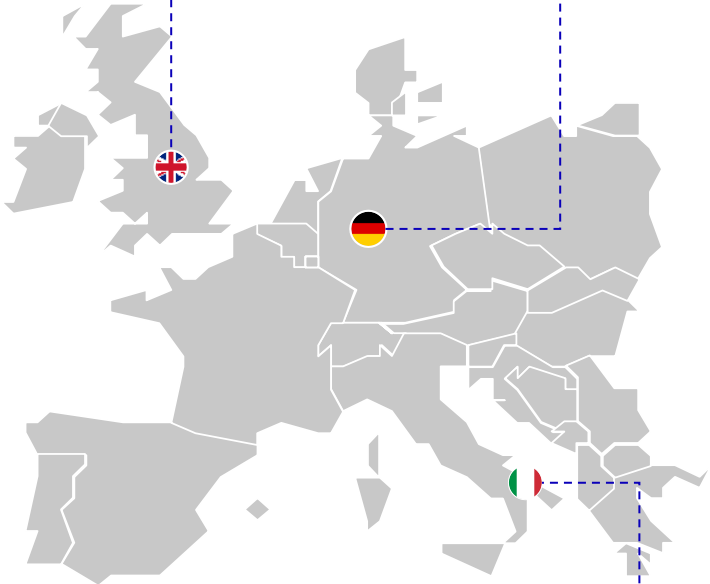


# Rationalized industrial footprint

## Divesting and rightsizing

**Haverhill**  
Highly dependent on Sanofi's demand and mono-product  
**Largest spray dryer in the world**

**Frankfurt**  
Mothballing of two Small Complex Chemistry workshops



**Haverhill and Brindisi will be divested before the end 2027**

**Brindisi**  
Highly dependent on Sanofi's anti-infectives  
**Bio-fermentation platform**

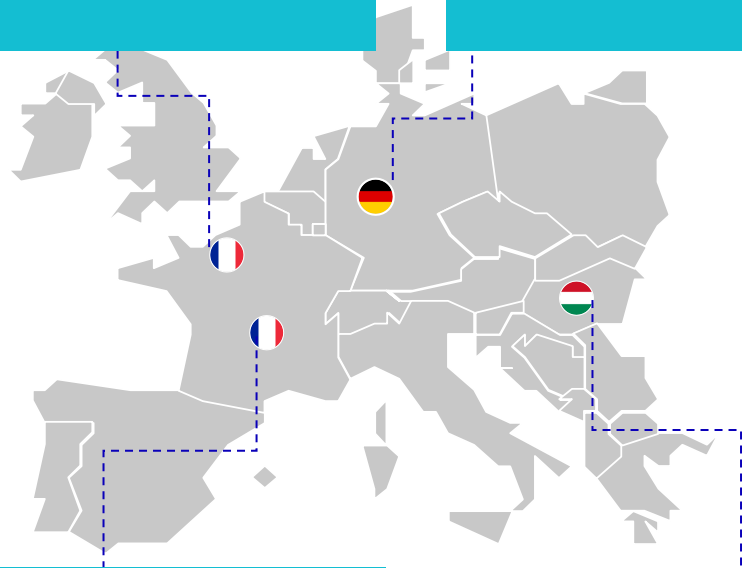
# Rationalized industrial footprint

## Focusing and investing for growth

### Focus on 4 core sites

**Elbeuf**  
Leverage a unique European bio-fermentation platform

**Frankfurt**  
Invest in Peptides and Oligonucleotides capacities  
Synergies with BIANOGmp

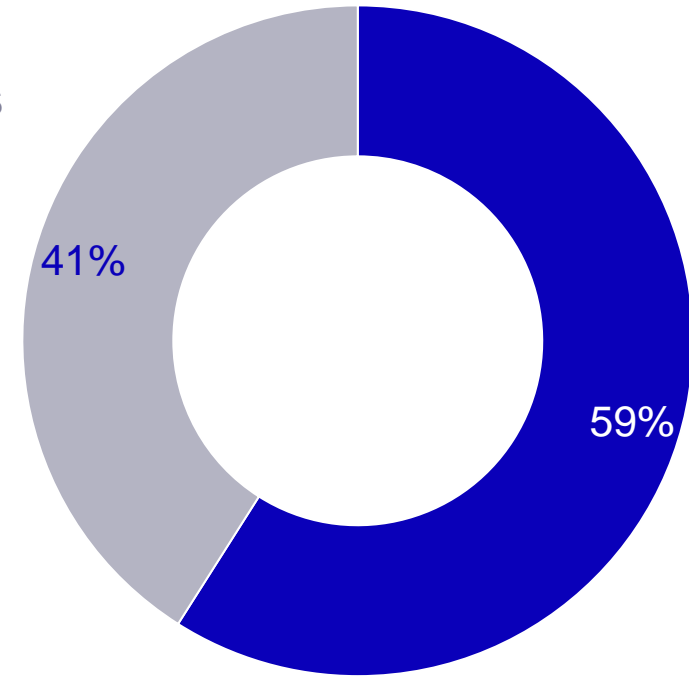


**Vertolaye**  
Enhance Corticosteroids and Hormones capabilities through innovative processes  
Support the CDMO projects' roadmap

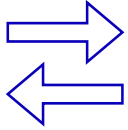
**Budapest**  
Invest to boost Prostaglandin capacities

### €350 to 400 million Investments

Others



**Growth**



## Commercial

Redesign the Commercial teams to increase synergies, and efficiencies



## Procurement

Accelerate direct procurement transformation

Deploy on a new indirect procurement strategy



## R&D

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

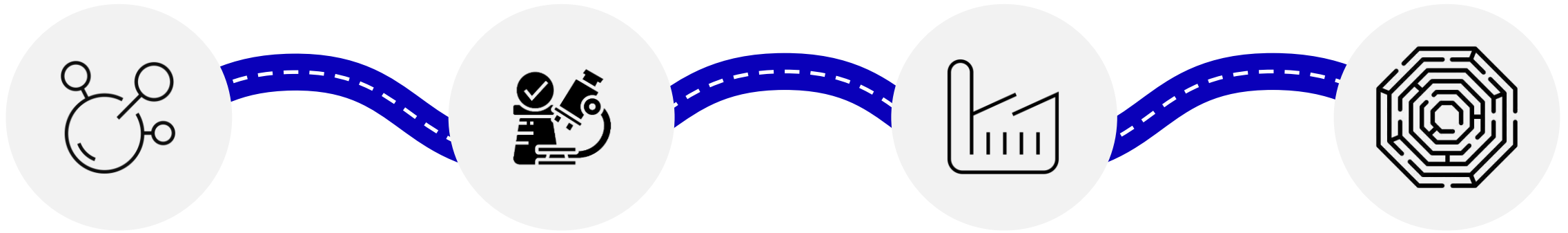


## Supply Chain

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



cc. 550\* total headcounts reduction throughout the plan

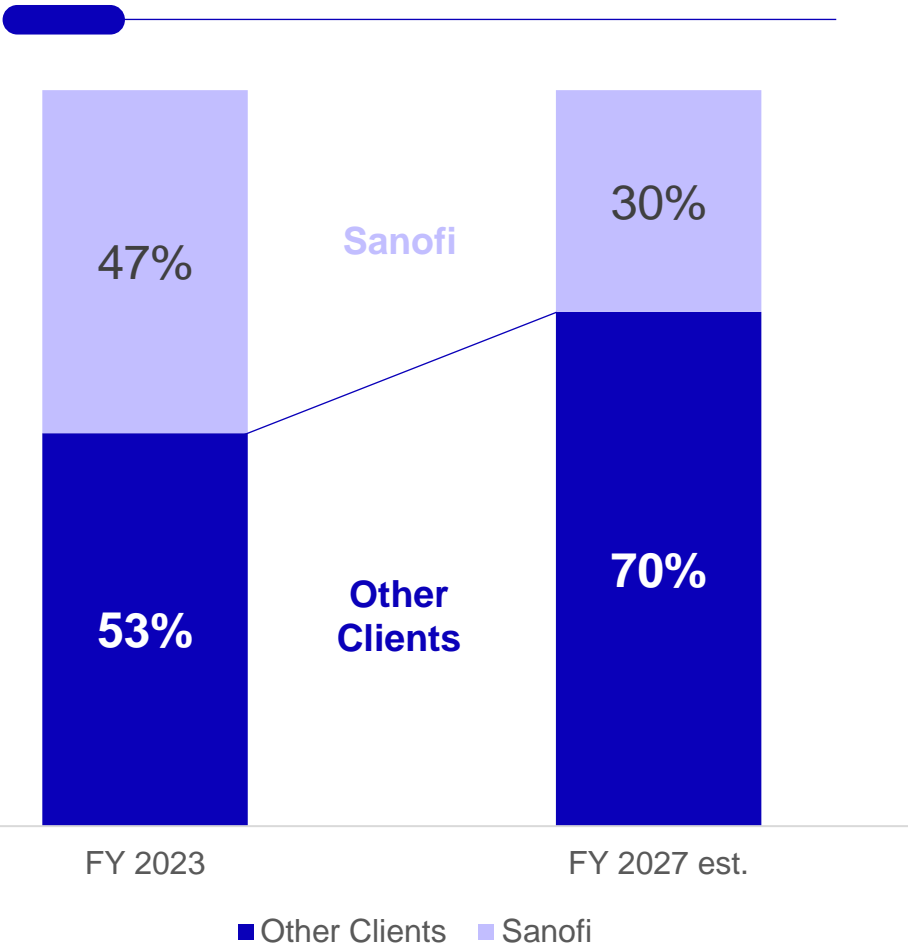


A value-added API and CDMO offering

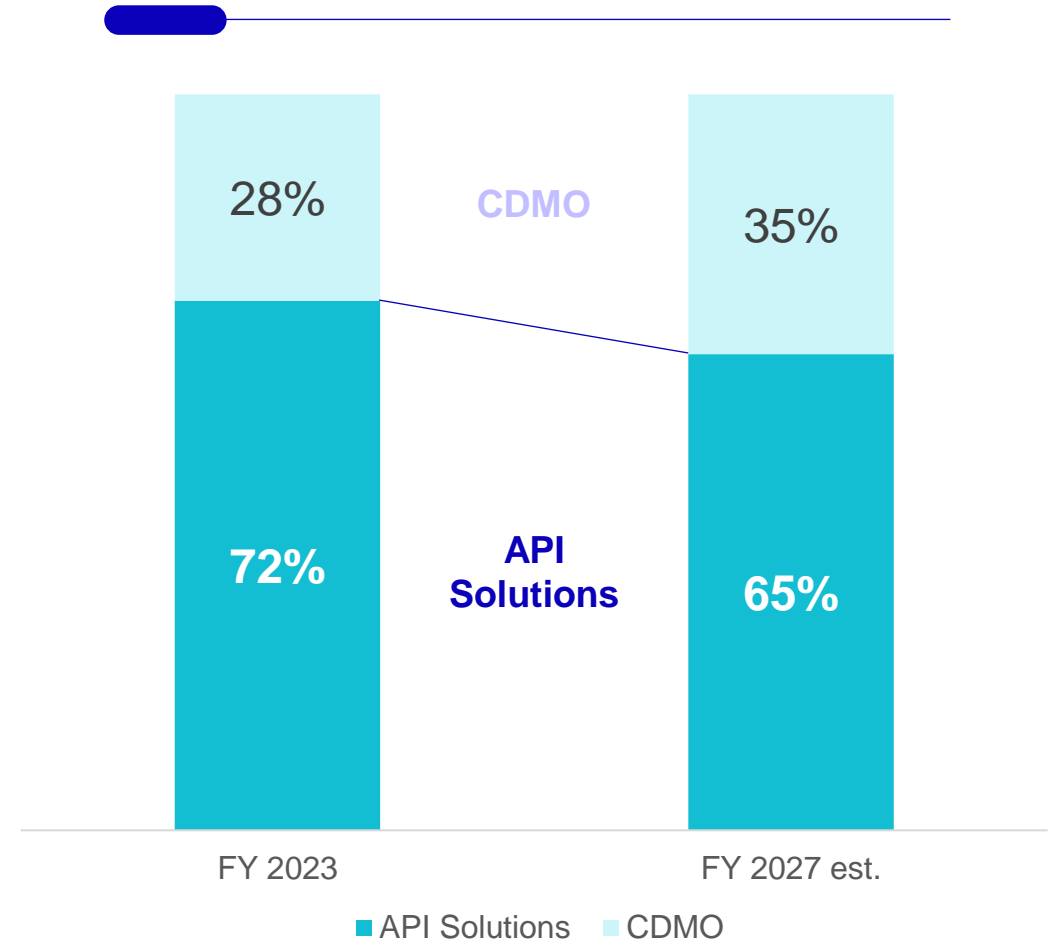
A streamlined industrial footprint

A more efficient organization

### Strong decrease of sales to Sanofi

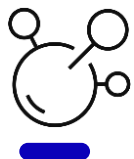


### Acceleration of the CDMO business



# FOCUS-27 increased profitability

## 75 to 80 M€ run-rate incremental EBITDA targeted by 2027\*



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



Focused CDMO offer leveraging our recognized capabilities and technology platforms



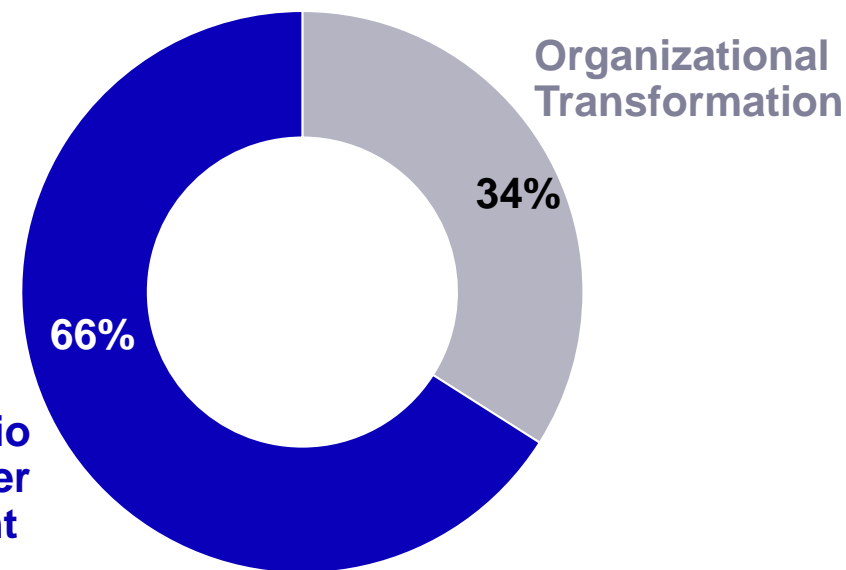
Rationalized industrial footprint prioritizing high-return CAPEX



Organizational transformation and more efficient ways of working



**Product Portfolio CDMO Focused Offer Industrial Footprint**



	Cumulated Impact	Phase one 2024 – 2025	Phase two 2026 -2027
Portfolio optimization		Preparation phase with customers	Discontinuation of the 13 APIs
Footprint rationalization & transformation costs	110M€ to 120M€	App. 25%	App. 75%
Incremental Core EBITDA	75M€ to 80M€	App. 25%	App. 75%
CAPEX plan	350 M€ to 400M€	App. 60%	App. 40%

\*: compared to 2024 current estimates

2

Advanced discussions with banks to amend the terms and extend the duration of the current RCF

451 M€ Revolving Credit Facility

3

Hybrid Bond

200 M€ Perpetual Subordinated Hybrid Bond\* subscribed by Sanofi upon the completion of the discussions on the RCF

4

Minimum available capacity reservation from Sanofi for selected product manufactured by EUROAPI

Approximately 54M€ payment over the plan

Working Capital Improvement

Approximately 140 M€ expected between 2024 and 2027

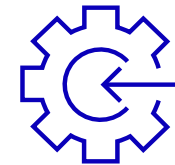
Strong reduction of inventories

## Underlying assumptions

- Downsizing of two large CMO contracts
- Strong decrease in sales to Sanofi
- Phasing impact in the CDMO business
  
- Impact of the suspension of APIs production in Brindisi
  
- A material impact of the company's transformation and early restructuring costs, including industrial under-activity resulting from the execution of the FOCUS 27 project
  
- Improvement in Working Capital, driven by a significant reduction in inventories, mainly in the second half



**Between 8% and 11% decrease in Net Sales** on a comparable basis. The second-half performance should exceed that of the first half due to phasing impact



**Between 4% and 7% Core EBITDA margin**



# EUROAPI in 2027

A refocused company...  
more independent,  
more agile,  
more efficient,  
more innovative...

...reinvented to deliver long-term profitable growth to meet the needs of customers and patients worldwide in a more sustainable way





# focus<sup>27</sup>

**Operation roadmap and update on financing:  
setting the foundations for future profitable  
growth**

# open possibilities