



2016 Annual Results

Analyst & Investor Presentation

March 23, 2017

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www.vetoquinol.com

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Vetoquinol makes no commitment or guarantee that it will meet its targets, or any aim that it may state in its business plans.

While Vetoquinol believes that its targets are reasonable, readers are reminded that these objectives are subject to risks and uncertainties, including those described in the "Risk factors" section of the annual Registration Document.

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1.

2016 highlights



2016 key figures

Group sales
€350.4m
up 2.3%
up 4.3% LFL

Reference
products
€170.9m
up 3.6%
up 5.5% LFL

EBIT
€42.1m
up 7.6%

EBITDA
€56.1m
up 10.2%

Net cash
€78.1m
up €25.3m

2016 highlights

- › Strong business growth in the USA
 - No. 1 Group market
 - Expansion of sales force
 - Operational R&D

- › First year of the Japanese joint venture

- › Industrial optimization
 - Transfer of Belleville (Canada) and Pullman (USA) operations to Princeville (Canada)
 - Closure of Australian site

Continued launch of new products



UpCard®
Treatment of congestive heart failure in dogs

Domain

Cardio-nephrology
(Companion animals)



Tylucyl®
Treatment of mastitis and respiratory infections in cattle and pigs

Domain

Anti-infectives
(Livestock)



PerMacyl®
Treatment of mastitis in dairy cows

Domain

Anti-infectives
(Livestock)



Cefaseptin®
Treatment of bacterial skin infections in dogs

Domain

Dermatology
(Companion animals)



Calf-Lyte®
Supplementary nutrient source for calves

Domain

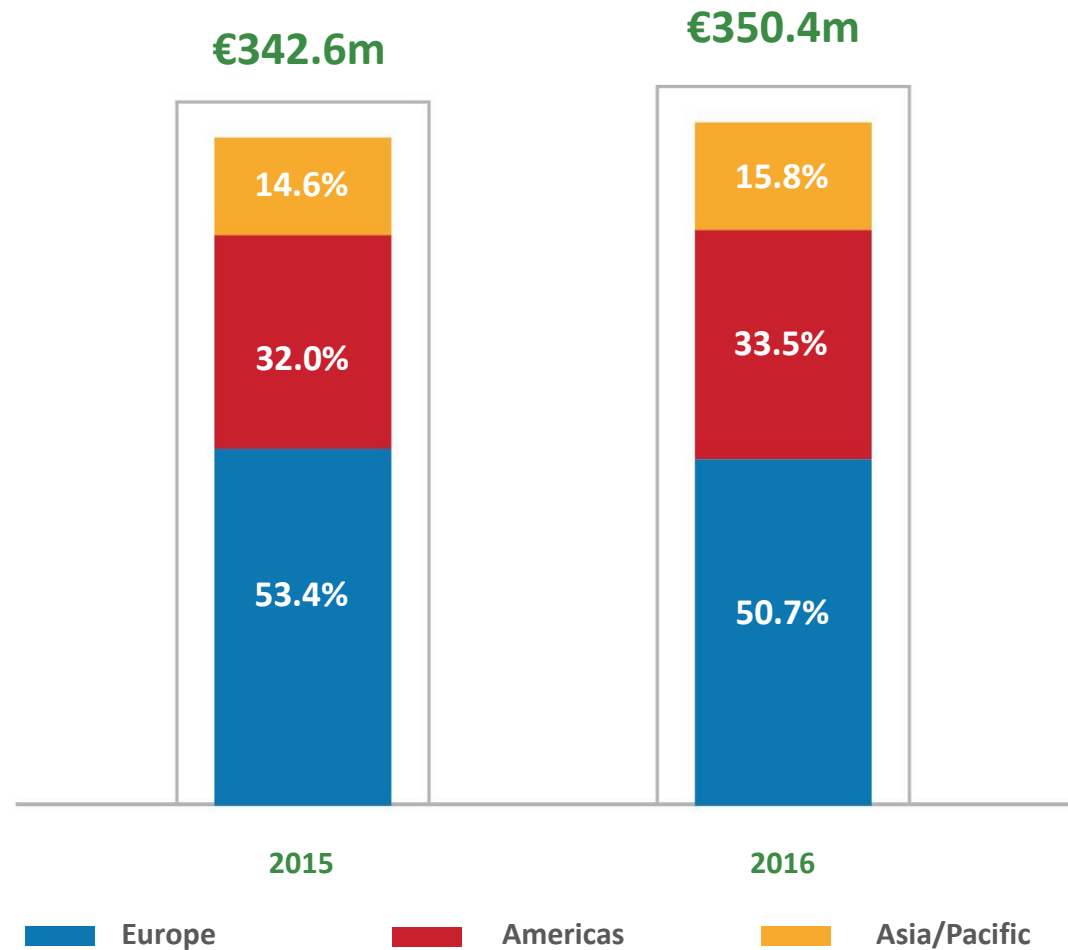
Digestive
(Livestock)

2.

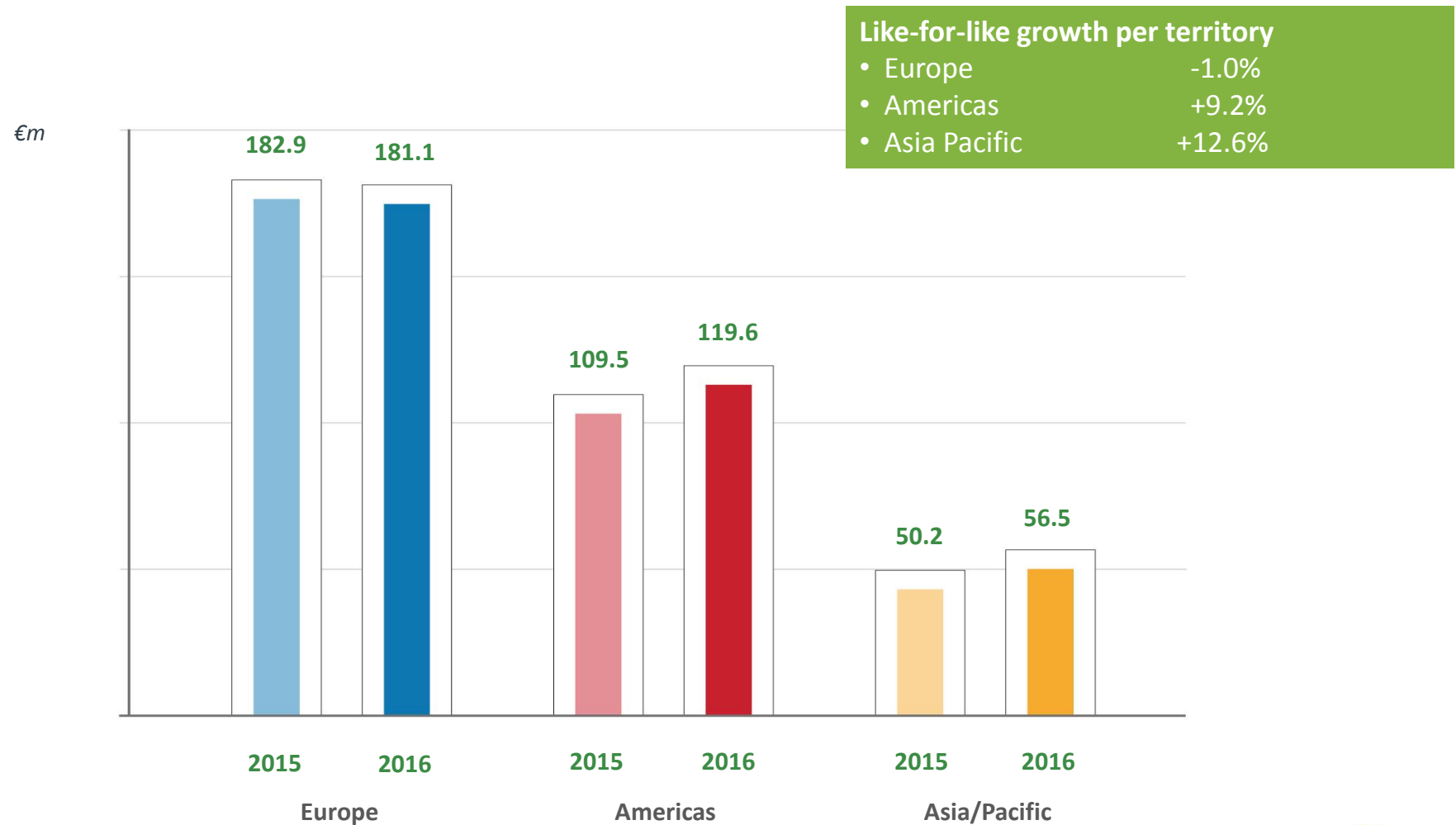
2016 financial statements



Reported 2016 sales: €350.4m



2016 sales at constant exchange rates: €357.2m



Income statement

€m	2016	% of sales	2015	% of sales	Change
Sales	350.4		342.6		+2.3%
Gross margin	234.1	66.8	222.3	64.9	+5.3%
External expenses	(72.8)	(20.8)	(67.4)	(19.7)	+8.0%
Personnel expenses	(105.4)	(30.1)	(103.1)	(30.1)	+2.2%
Taxes and duties	(4.8)	(1.4)	(4.9)	(1.4)	-1.0%
Other income and expenses	5.4	1.5	4.2	1.2	+28.6%
Depreciation, amortization and provisions	(14.5)	(4.1)	(11.9)	(3.5)	+21.8%
EBIT	42.1	12.0	39.1	11.4	+7.6%
Operating income	40.0	11.4	34.3	10.0	+16.7%
Net financial income/(expense)	(0.2)	(0.1)	2.2	0.6	n/a
Pre-tax income	39.8	11.4	36.5	10.6	+9.0%
Income tax	(11.8)	(3.4)	(12.3)	(3.6)	-4.0%
Earnings/(loss) of associates	(0.1)	n/a	-	-	n/a
Net income - Group share	27.8	7.9	24.2	7.1	+15.2%
EBITDA	56.1	16.0	50.9	14.9	+10.2%

Calculation of EBITDA

€m	2016	2015
Net income excl. earnings of associates	27.9	24.2
Income tax expense	11.8	12.3
Net financial income/(expense)	0.2	(2.2)
Provisions recorded under non-recurring operating income and expenses	1.7	4.7
Provisions and write-backs	1.0	(1.6)
Depreciation and amortization	13.5	13.6
EBITDA	56.1	50.9

Cash flow

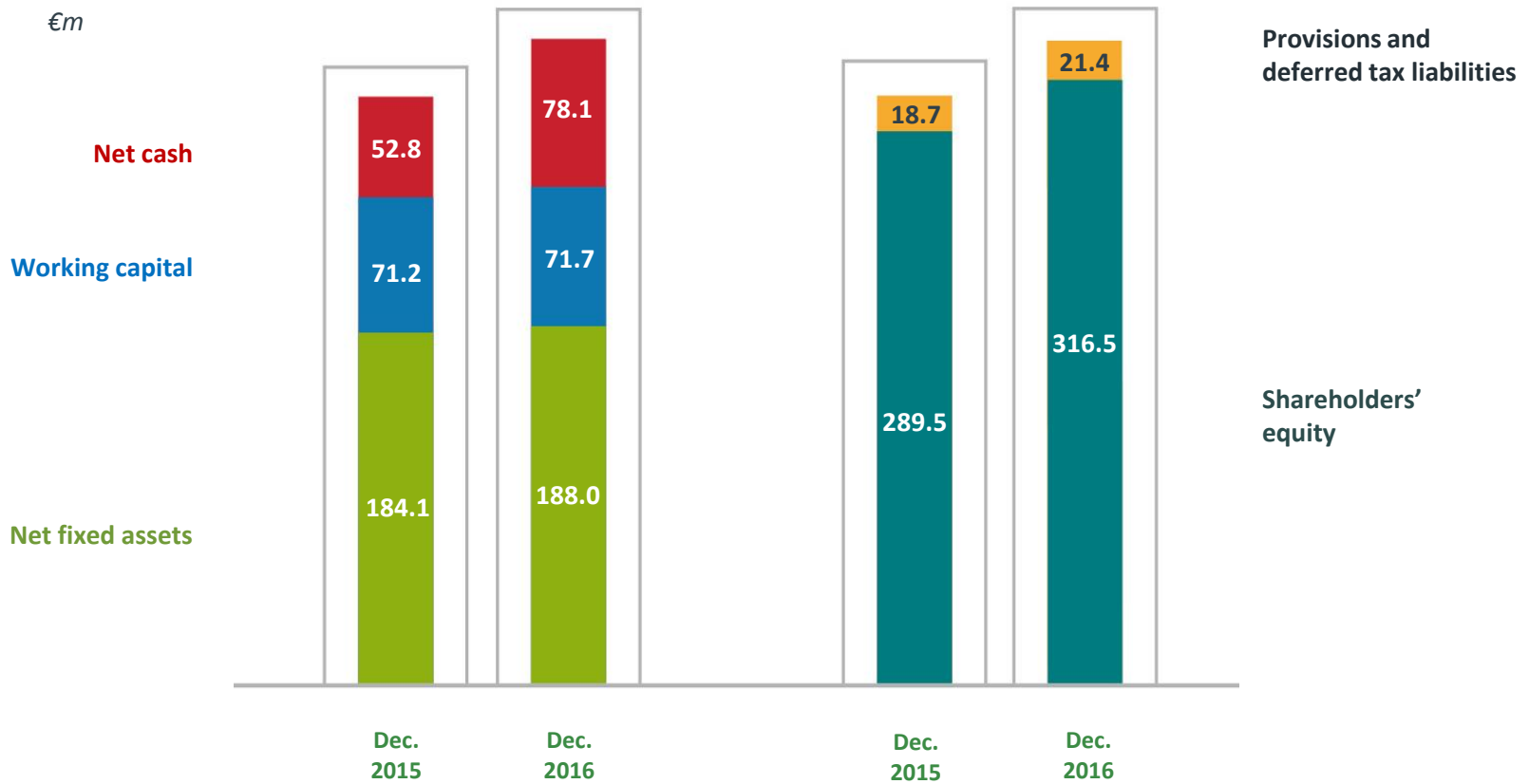
€m	2016	2015
Net income - Group share	27.8	24.2
Free cash flow before net cost of debt and tax	54.9	53.2
Cash flow from operating activities	43.2	38.9
Cash flow used by investing activities	(13.4)	(15.3)
Cash flow used by financing activities	(13.7)	(23.0)
Change in cash and cash equivalents	16.2	0.9

Working capital

€m	12/31/2016	12/31/2015
Inventories	69.4	68.4
Trade and other receivables	74.0	66.5
Trade and other payables	(72.8)	(68.6)
Other working capital	1.1	4.9
Working capital	71.7	71.2

	12/31/2016	12/31/2015
In number of days (by due date)	68.6	69.8

Financial structure



Strong fundamentals

- › Strong cash flow generation
 - EBITDA of **€56.1m**, up €5.2m

- › A sound financial structure
 - Shareholders' equity of **€316.5m**, up €27.0m
 - Net cash of **€78.1m**, up €25.3m

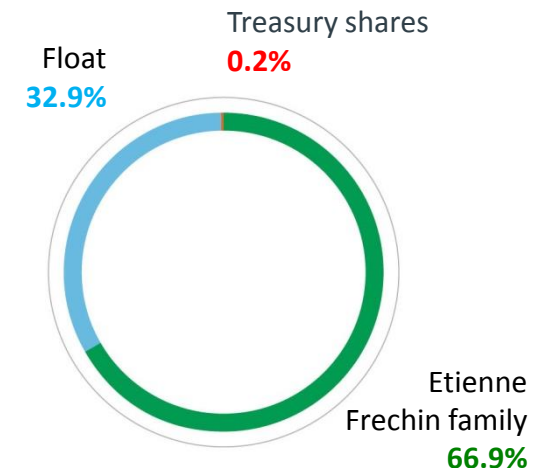
- › Large borrowing capacity
 - Targeted acquisition program
 - Ambitions confirmed
 - Financial partners engaged

Vetoquinol, an independent family-owned Group

- › **10-year** listing on NYSE Euronext Paris
- › Share price growth in 2016: **up 15.6%**



Shareholders at December 31, 2016



- › Share included in new NYSE Euronext “Family Business” index
- › Dividend of **€0.43** per share (up 4.9%) to be proposed to the May 30, 2017 shareholders’ general meeting, i.e. a payout ratio of **18.3%**

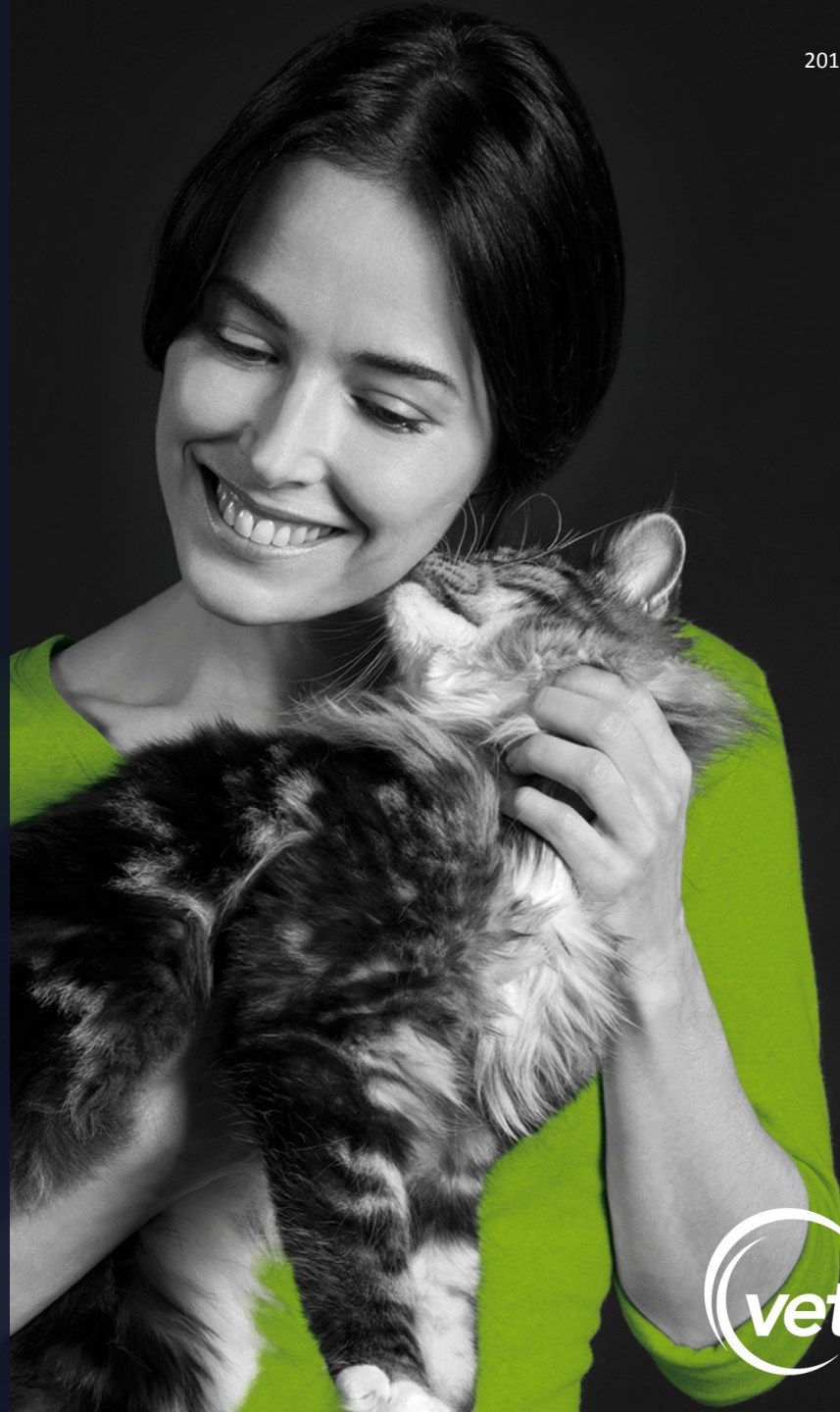
Vetoquinol, a responsible Group

- › Vetoquinol ranked **No. 1 listed SME** for CSR commitment in the 2016 Gaia Index
- › Confirmed eligibility for the **PEA-PME** personal equity plan



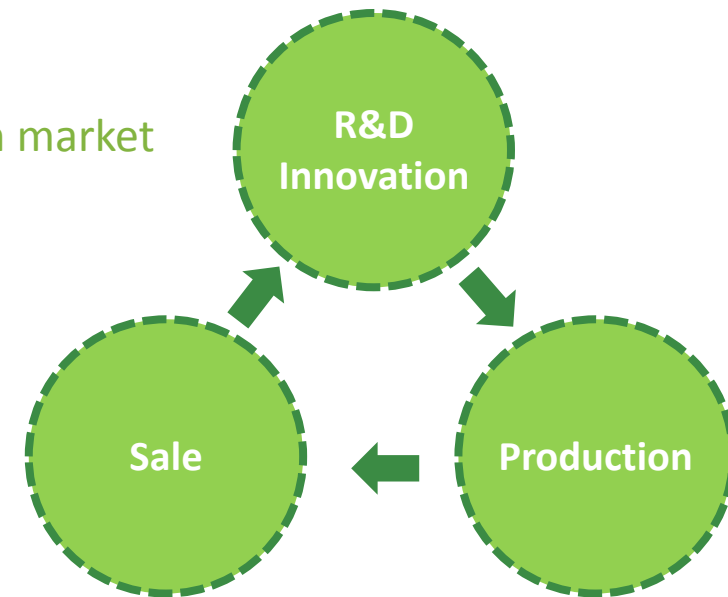
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Completion of
2012-2016
plan



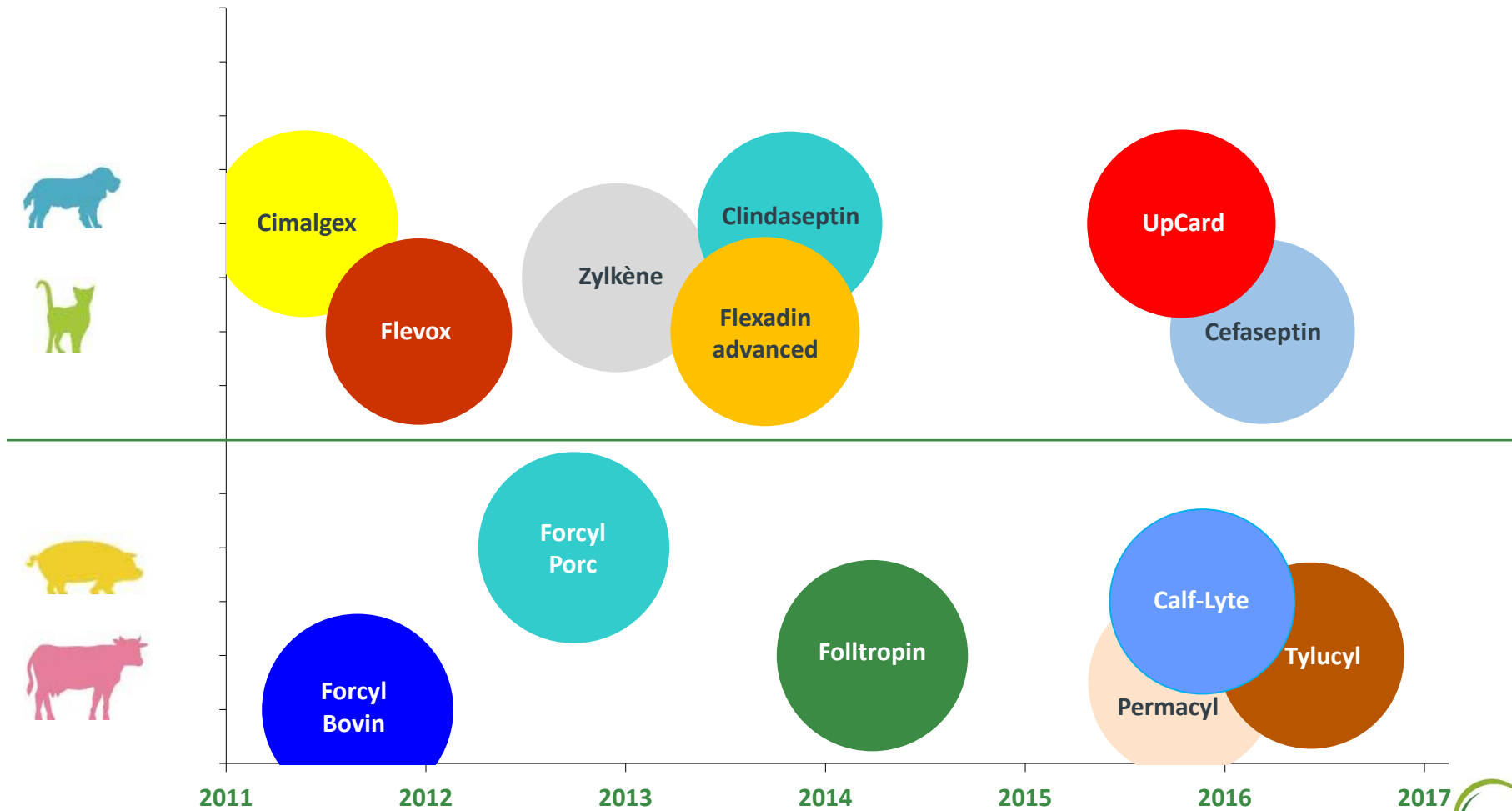
Recap of 2012-2016 plan targets

- › Focus on a range of key products
 - Target portfolio of reference products
 - 4 species: dogs, cats, cattle and pigs
 - Main therapeutic domains:
infectious diseases, reproduction, pain/inflammation and cardio-nephrology
- › 16 strategic countries
 - Operate in the main countries of the world animal health market
- › Operational excellence
 - Improve the product mix
 - Operational and industrial optimization
- › To serve our customers
 - Vets, breeders and pet owners



Our achievements 13 new products in 6 years

Colors correspond to therapeutic domains



Our achievements

Targeted acquisition strategy

Targeted acquisitions



2012 - Orsco (France)

- **Zylkène®**
- Behavior treatment
- Companion animals
- 2013 launch in USA
- Double-digit market growth



2014 - Bioniche (Canada)

- **Folltropin®**
- Reproduction
- Livestock
- Operations in USA and Canada
- Australia: a new strategic country

Our achievements

Partnership strategy

Strategic partnerships



2015 - Partnership with Orion (Europe)

- Exclusive European distribution agreement
- Range of sedatives
- Expansion of Vetoquinol's complementary product range



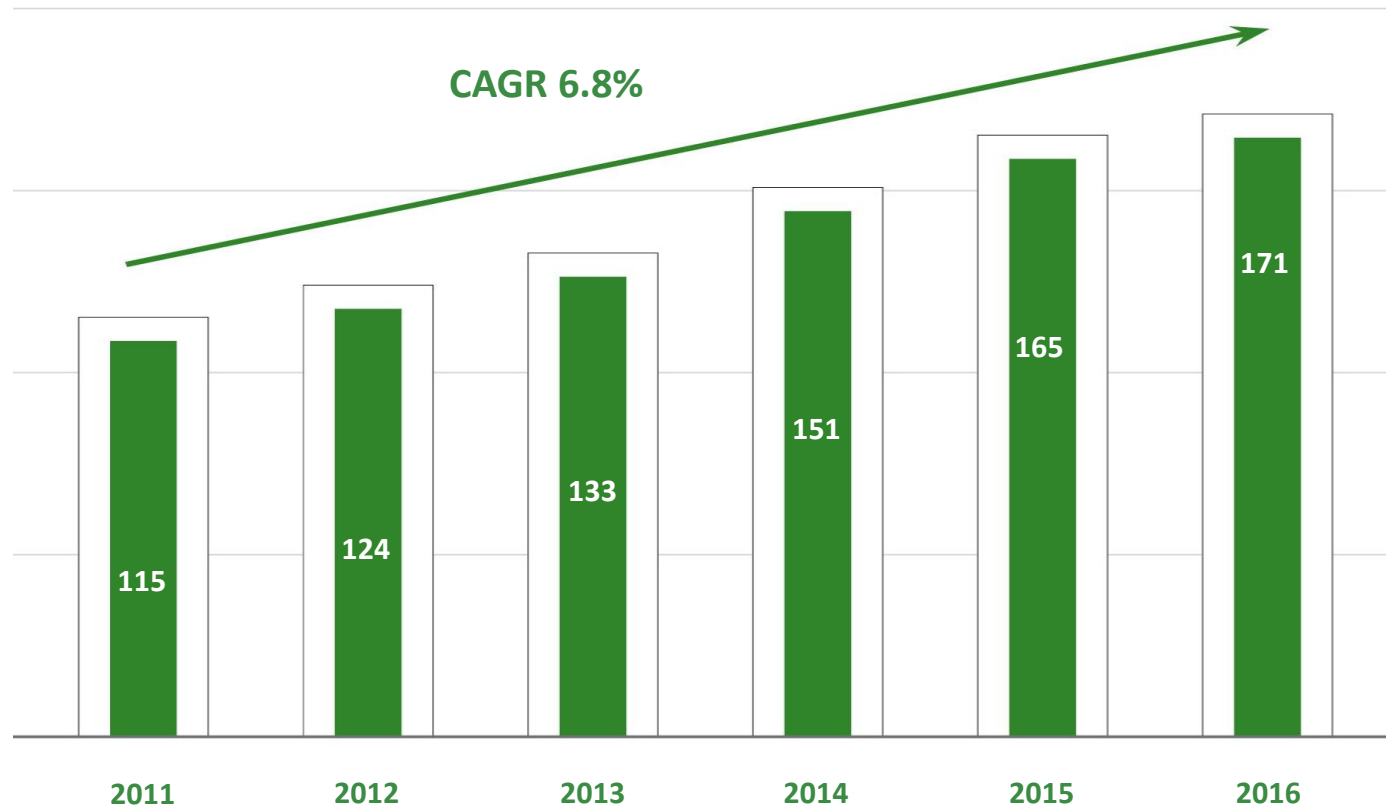
2016 - Joint venture with Nippon Zenyaku Kogyo (Japan)

- No. 9 animal health market in the world
- Develop, register and market Vetoquinol products in Japan

Our achievements

Reference products, the drivers of our strategy

Reported sales of reference products (€m)



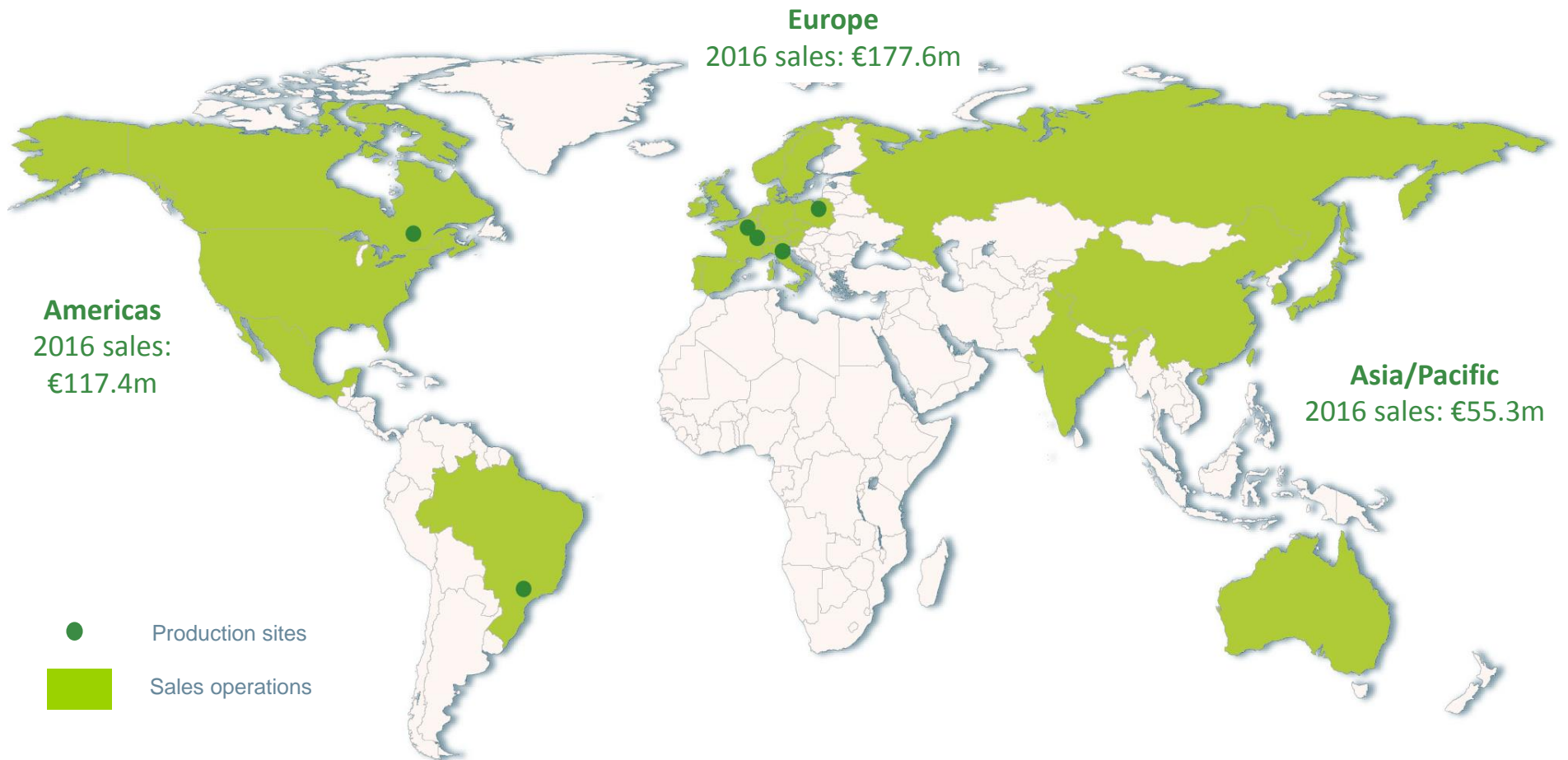
Our achievements Growth driven by reference products

€m



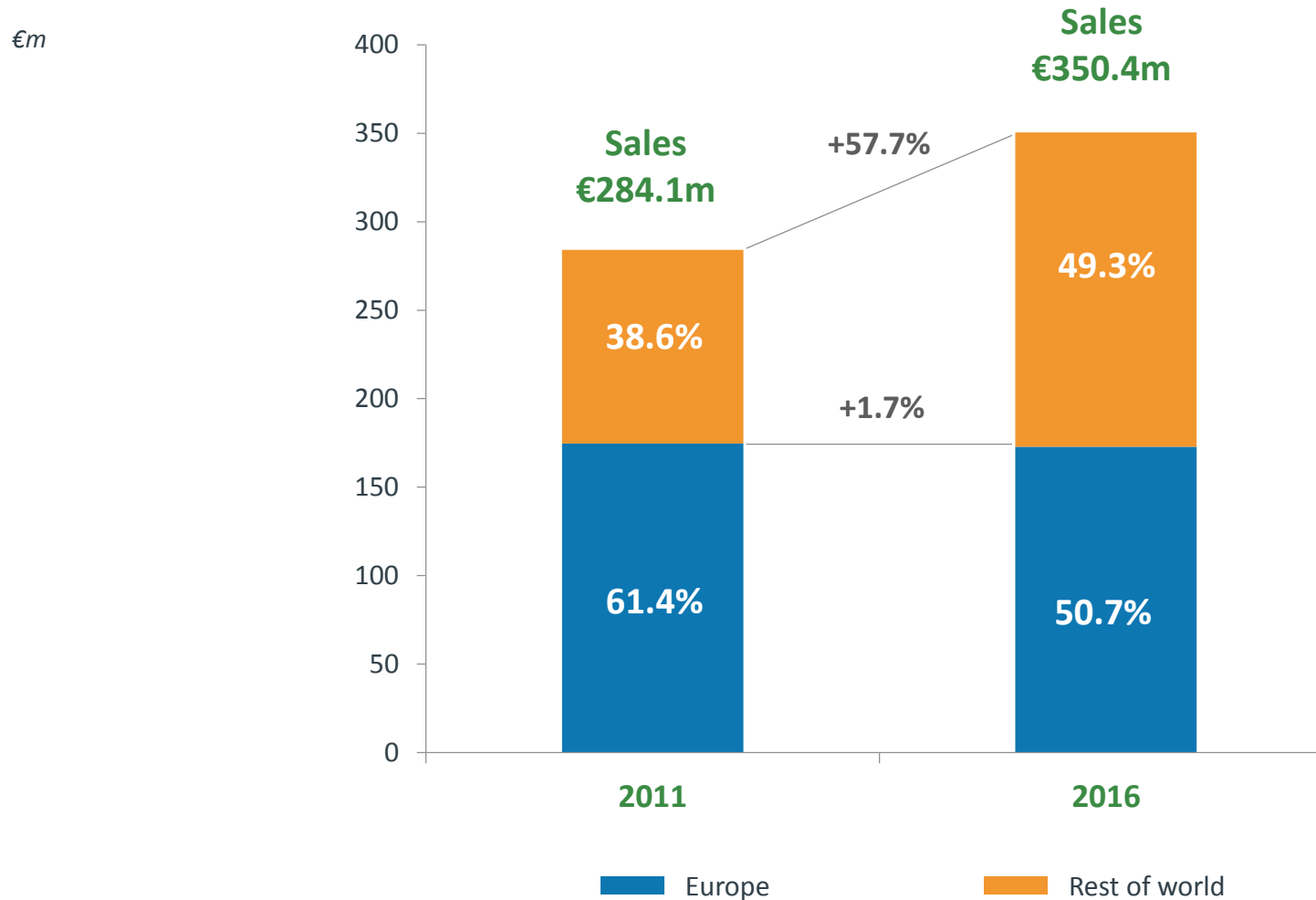
Our achievements

Focus on 18 strategic countries



Our achievements

Strong growth in the Americas and Asia/Pacific: +57.7%



Animal health: a growing world market

- › A buoyant market focused on pet and livestock products
 - World market estimated at **\$30 billion**
 - Average annual growth of **3-5%**

- › World market undergoing consolidation

- › Regulatory restrictions on the use of antibiotics

Source: Vetoquinol corporate data

Our achievements

Antibiotics - where do we stand?

- › Antibiotics
 - 30% of the world market
 - Indispensable for the treatment of bacterial infections

- › Various applications
 - Medicinal nutrients
 - Critical antibiotics
 - First-line antibiotics

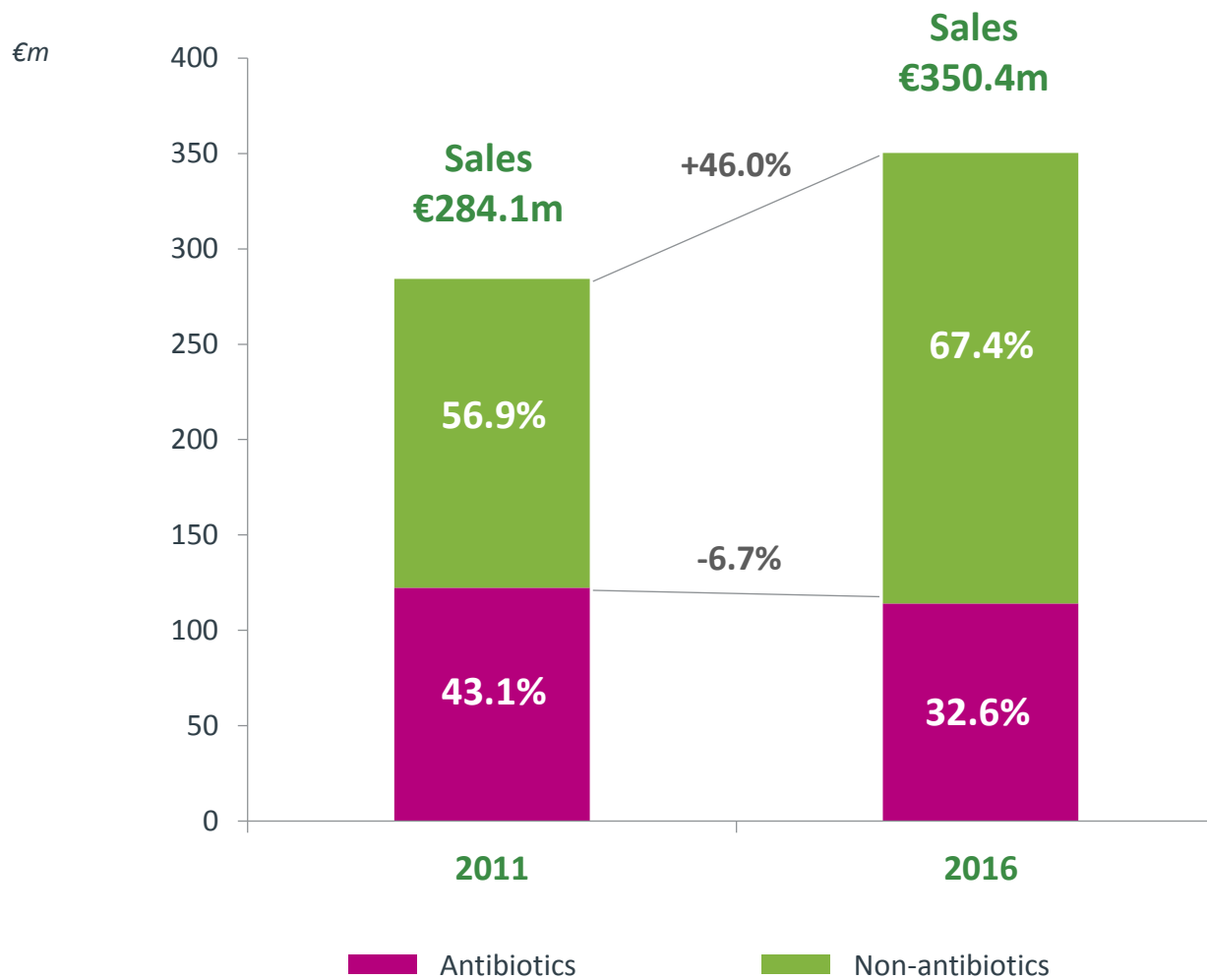
- › Research into solutions to prevent infection

- › Portfolio rebalancing, including ramp-up of first-line antibiotics

Source: Vetoquinol corporate data

Our achievements

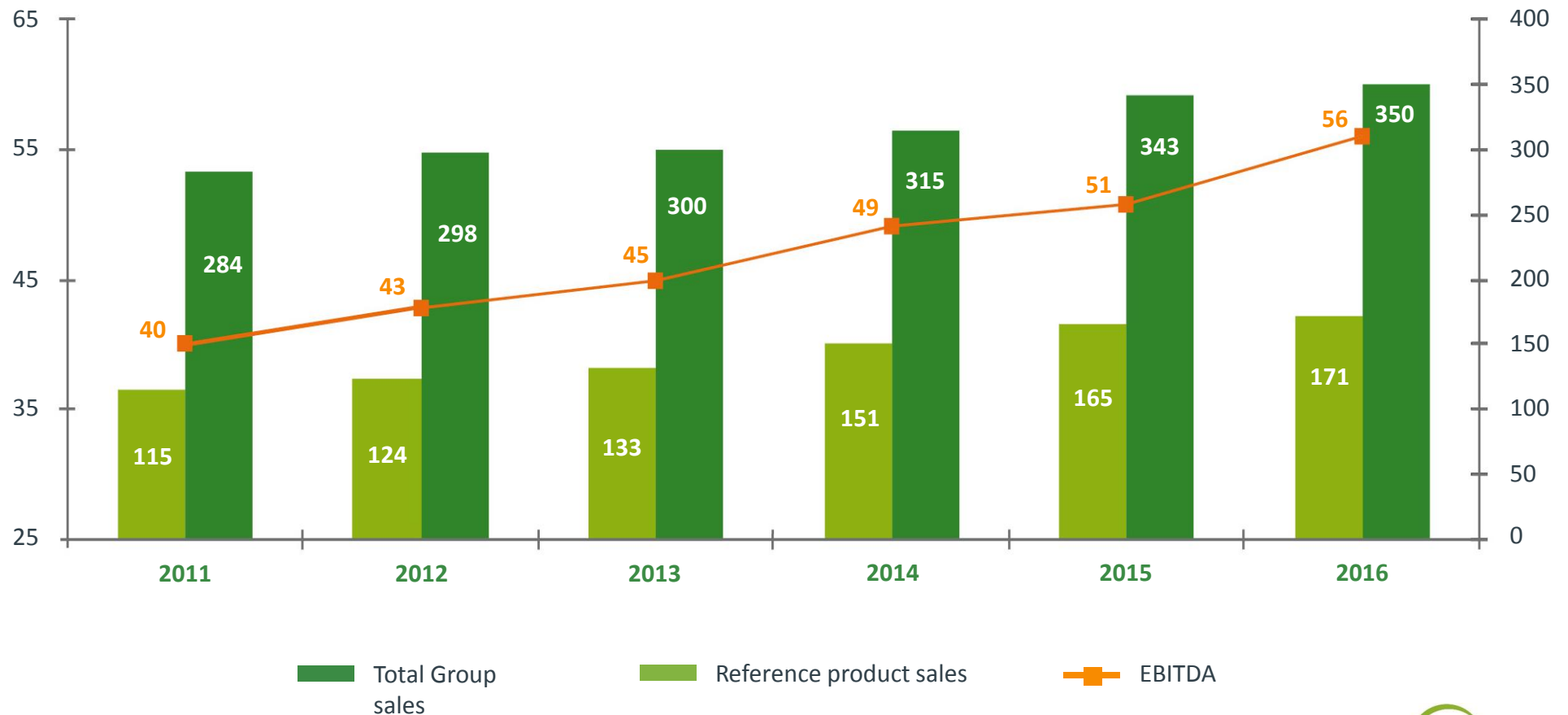
46% sales growth excluding antibiotics



2011-2016 results summary

EBITDA (€m)

Sales (€m)



Outlook

- › Ongoing investment
 - Reference products
 - USA

- › Ambitious CAPEX program

- › Sales and earnings growth

- › Continued decline of antibiotics sales in Europe

- › Proactive strategy of acquisitions and portfolio expansion

2017 reporting timetable

- › April 13, 2017 Q1 2017 sales (after market close)
- › May 30, 2017 Shareholders' general meeting
- › July 27, 2017 H1 2017 sales and results (after market close)
- › September 28, 2017 Information meeting, Paris
- › October 17, 2017 Q3 2017 sales (after market close)
- › January 23, 2018 2017 full-year sales (after market close)

4.

Questions and Answers





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POLAND | IRELAND | AUSTRIA | CZECH REPUBLIC | SWEDEN | USA | CANADA | MEXICO | BRAZIL |
INDIA | SOUTH KOREA | CHINA | AUSTRALIA | RUSSIA | JAPAN |