

## **STRONG GROWTH IN ALL KEY FINANCIAL INDICATORS IN 2017**

**EBIT UP 9.4% TO €46.0 MILLION**

**NET INCOME - GROUP SHARE UP 25.2% TO €34.8 MILLION**

At its meeting on March 14, 2018, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the audited 2017 financial statements.

**EBIT amounted to €46.0 million, up 9.4%; net income Group share came to €34.8 million, up 25.2%.**

### **2017 KEY FIGURES**

**Total sales**  
**€352.2 million**  
**up 1.0% like-for-like**

**Essentials sales**  
**€165.4 million**  
**up 7.6% like-for-like**

**EBIT**  
**€46.0 million (up 9.4%)**

**Net income Group share**  
**€34.8 million (up 25.2%)**

The modest increase in 2017 sales resulted from a combination of diverging trends. Essentials products performed well, with sales up 7.6% like-for-like. These products accounted for 47.0% (€165.4 million) of 2017 full-year sales, up from 44.1% in 2016. This increase was offset by a decline in sales of complementary products and the impact of streamlining unprofitable products.

Essentials sales growth contributed to a 1.5 percentage point rise in the Group gross margin for 2017.

The Americas and Asia Pacific region performed strongly, posting respective like-for-like growth of 3.8% and 6.9%. European sales, down 2.7% like-for-like, continued to be hit by the decline in antibiotics prescriptions. Antibiotics sales accounted for 32% of total Group sales, versus 33% in 2016. Sales of companion animal products rose 1.7% like-for-like. Livestock sales showed little change, mainly due to measures aimed at restricting the use of antibiotics in the animal health sector. The breakdown of sales between the two market segments was more or less evenly balanced between 55% (companion animals) and 45% (livestock) of total Group sales.

**EBIT rose 9.4%** from €42.1 million in 2016 to €46.0 million or 13.1% of sales (up 100 basis points). The 1.5 percentage point increase in gross margin on purchases was driven by price increases applied in 2017, the positive impact of the streamlining program, currency gains on purchases and the growth in Essentials sales. Other purchases and external expenses stayed flat, while staff costs rose 5.4% mainly due to rising salaries and the expansion of the US sales force. R&D expenditure increased to €25.2 million or 7.2% of sales, versus 6.9% in 2016.

Net financial expense increased from €0.2 million in 2016 to €2.3 million due to negative currency impacts mainly related to the weakening of the US dollar and the knock-on effect on USD denominated cash on hand.

The sharp €3.4 million fall in income tax expense includes the impact of the reduction of US federal tax to 21% (€2.7 million impact in 2017).

EBITDA came to €57.4 million or 16.3% of sales.

**Net income Group share amounted to €34.8 million, up 25.2%.**

**As of December 31, 2017, Vetoquinol held net cash of €97.5 million, up €19.4 million from the previous year-end.**

The Board of Directors will propose a dividend of €0.46 per share, up from €0.43 the previous year, to the shareholders' general meeting on May 29, 2018.

Vetoquinol CEO Matthieu Frechin said: *“Our strong performance in 2017 confirms the merits of our strategy of focusing on Essentials products. As announced at our Investor Day on September 27, 2017, we are pursuing our multi-specialist strategy geared towards 4 target species and 6 therapeutic domains. Strengthened fundamentals and a robust financial structure give us the confidence to target strong growth driven by in-house innovation, acquisitions and strategic partnerships.”*

Vetoquinol has confirmed its eligibility for the French PEA-PME personal equity plan, in accordance with Decree no. 2014-283 of March 4, 2014 implementing Article 70 of the 2014 Finance Act no. 2013-1278 of December 29, 2013, which established the conditions for companies' eligibility for the plan.

**Next update:** Q1 2018 sales, April 12, 2018 after market close

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#### **About Vetoquinol**

*Vetoquinol is a leading global animal health company that supplies drugs and non-medicinal products for the livestock (cattle and pigs) and pet (dogs and cats) markets.*

*As an independent pure player, Vetoquinol designs, develops and sells veterinary drugs and non-medicinal products in Europe, the Americas and the Asia Pacific region.*

*Since its foundation in 1933, Vetoquinol has pursued a strategy combining innovation with geographical diversification. The Group's hybrid growth is driven by the reinforcement of its product portfolio coupled with acquisitions in high potential growth markets. Vetoquinol employs 2,120 people.*

*Vetoquinol has been listed on Euronext Paris since 2006 (symbol: VETO).*

**For further information, go to: [www.vetoquinol.com](http://www.vetoquinol.com).**

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## APPENDIX

### Summary income statement

€m		2017	2016	Change
Total sales		352.2	350.4	+0.5%
	<i>of which Essentials</i>	165.4	154.6	+7.0%
EBIT		46.0	42.1	+9.4%
	<i>% of total sales</i>	13.1%	12.0%	
Net income - Group share		34.8	27.8	+25.2%
	<i>% of total sales</i>	9.9%	7.9%	
EBITDA		57.4	56.1	+0.3%
	<i>% of total sales</i>	16.3%	16.0%	

### Calculation of EBITDA

€m	2017	2016
Net income excl. earnings of associates	34.9	27.9
Income tax expense	(8.4)	(11.8)
Net financial expense	(2.3)	(0.2)
Provisions recorded under non-recurring operating income and expenses	0.4	(1.7)
Provisions and write-backs	0.1	(1.0)
Depreciation and amortization	(12.2)	(13.5)
EBITDA	57.4	56.1

## ALTERNATIVE PERFORMANCE INDICATORS

Vetoquinol Group management considers that these indicators, which are not defined by IFRS, provide additional information that is relevant for shareholders seeking to analyze underlying trends and Group performance and financial position. They are used by management for performance analysis.

**Essentials products:** The products referred to as “Essentials” comprise veterinary drugs and non-medical products sold by the Vetoquinol Group. They are existing or potential market-leading products designed to meet the daily requirements of vets in the companion animal or livestock sector. They are intended for sale worldwide and their scale effect improves their economic performance.

**Constant exchange rates:** Application of the previous period’s exchange rates to the current financial year, all other things remaining equal.

**Like-for-like growth:** Year-on-year sales growth in terms of volume and/or price at constant exchange rates.

**Net cash:** Cash and cash equivalents less bank overdrafts and borrowings.