



ANIMAL  
HEALTH PARTNER  
SINCE 1933

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# H1 2018 RESULTS

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Conference Call

July 26, 2018

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[www.vetoquinol.com](http://www.vetoquinol.com)

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# H1 2018 key financial indicators



\* The increase in sales takes into account the impact of the adjustment related to the application of IFRS 15 as of 1/1/2018.

# 1.

## H1 2018 highlights



# H1 2018 highlights

- › Strong growth in Essentials products: **up 10.1%** like-for-like
- › Negative currency impact on H1 2018 sales: **4.6%**
- › Strong performances across all strategic territories
- › Completion of the Folltropin industrial transfer from Belleville to Princeville (Canada)
- › Step-up in investment in R&D: **7.8% of sales** in H1 2018 (7.2% in H1 2017)
- › Anti-infective sales stable compared to H1 2017

# Strong growth in Essentials products, up 10.1%

- › Amid in a growing global market\*\*

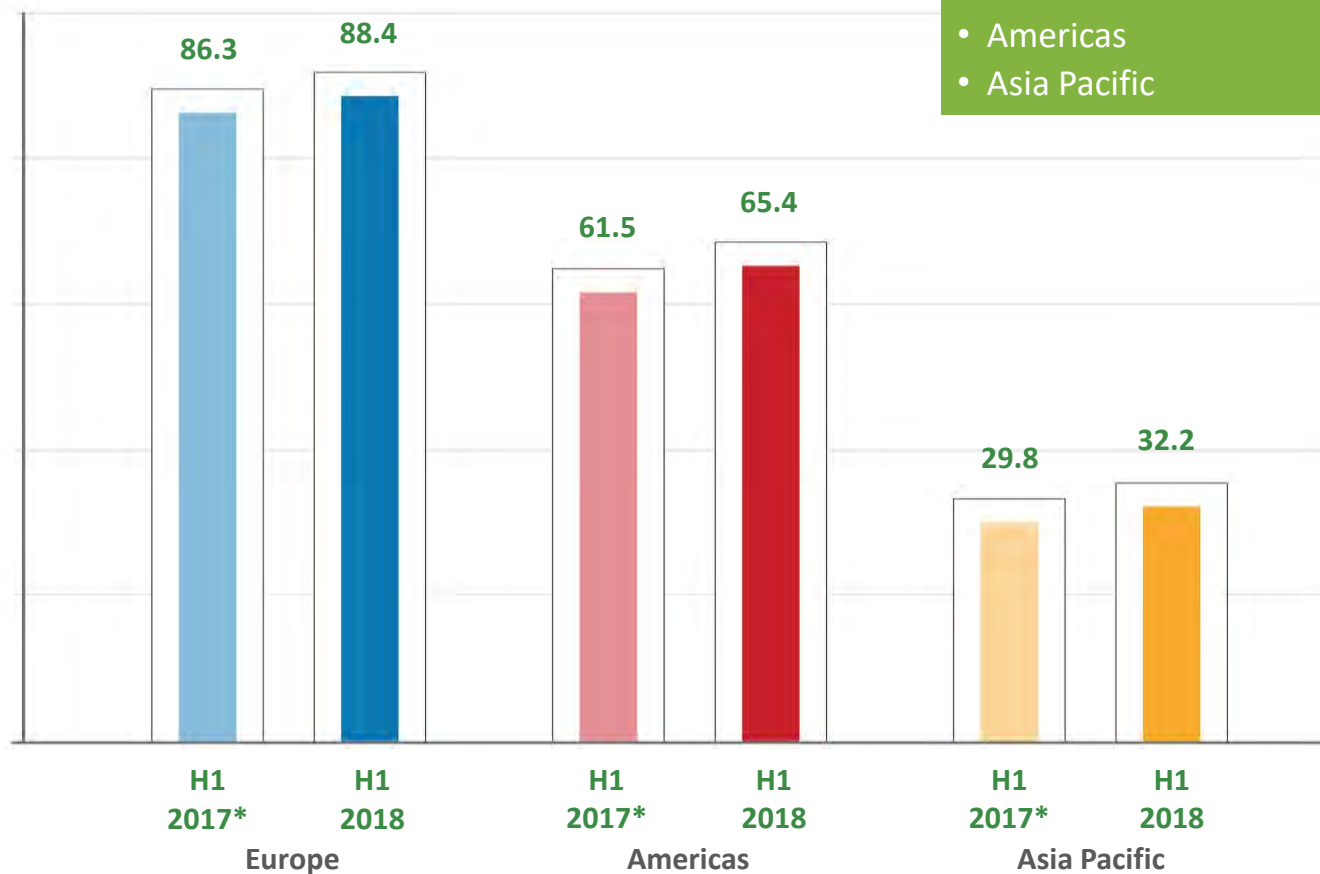


\* Sales adjusted for the impact of the application of the IFRS 15 standard

\*\* Vetoquinol estimates Q1 2018 MAT

# H1 2018 sales at constant exchange rates: €186.0m

Sales (€m)



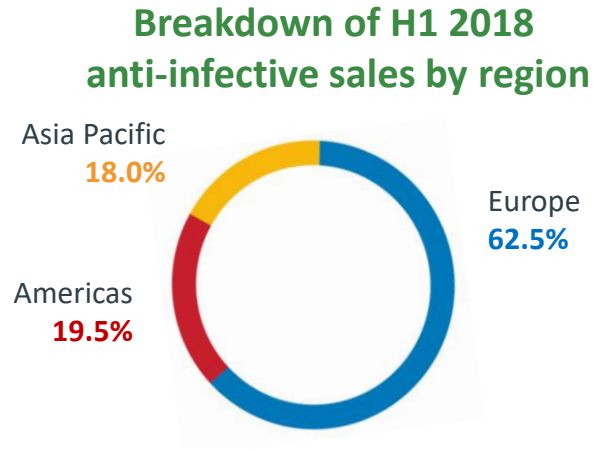
## Like-for-like growth per territory

- Europe +2.4%
- Americas +6.3%
- Asia Pacific +8.0%

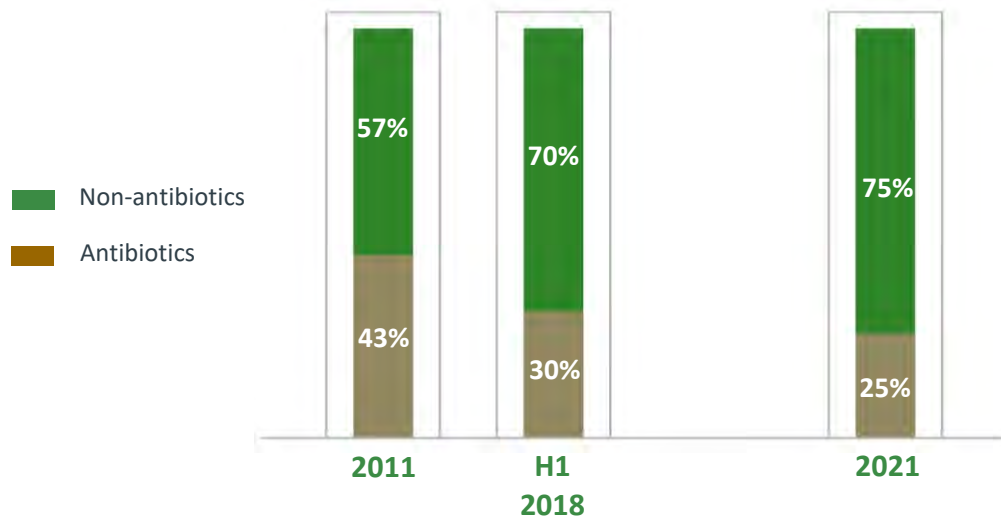
\* Sales adjusted for the impact of the application of the IFRS 15 standard



# Anti-infective sales stable in H1 2018



## Change in weight of anti-infective



## The Group's area of expertise

- First-line antibiotics prioritized over critical antibiotics
- Prevention of infections
- Alternative treatments to antibiotics

# S1 2018: R&D up and product launches

- › Increasing our investments in R&D
  - **up €1.2m** in H1 2018 (7.8% of sales)
- › Pipeline of 80 “pre-projects” and projects
- › 2 new Essentials products
  - **Sonotix: European launch**
- **Zylkene Chews: launch of a new palatable formula**



UNE NOUVELLE DIMENSION EN OTOLOGIE

**Sonotix**  
Nettoyant auriculaire rééquilibrant pour chiens et chats

FORMULE TRIPLE ACTION  
Solution unique testée cliniquement

DEUX CHOIX DE CANULE  
Adapté à tous les conduits

**vetoquinol**  
ACHIEVE MORE TOGETHER

# 2.

## H1 2018 consolidated figures

# Income statement

€m	6/30/2018	% of sales	6/30/2017*	% of sales	Change
<b>Sales</b>	<b>177.9</b>		<b>177.7</b>		<b>+0.1%</b>
<b>Gross margin on purchases</b>	<b>125.3</b>	<b>70.4</b>	<b>122.8</b>	<b>69.1</b>	<b>+2.0%</b>
External expenses	(39.4)	(22.2)	(38.6)	(21.7)	+2.2%
Personnel expenses	(57.9)	(32.6)	(57.7)	(32.5)	+0.4%
Taxes and duties	(2.8)	(1.6)	(2.8)	(1.6)	+0.8%
Other income and expenses	2.8	1.6	2.6	1.4	+9.8%
Depreciation, amortization and provisions	(7.5)	(4.2)	(5.7)	(3.2)	+31.4%
<b>EBIT</b>	<b>20.4</b>	<b>11.5</b>	<b>20.6</b>	<b>11.6</b>	<b>-0.8%</b>
Operating income	20.4	11.4	20.6	11.6	-1.1%
Net financial income/(expense)	0.3	0.2	(1.3)	(0.7)	+121.6%
Income before tax	20.6	11.6	19.3	10.9	+7.0%
Income tax	(4.7)	(2.7)	(4.8)	(2.7)	-1.6%
Earnings/(loss) of associates	(0.1)	n/a	(0.1)	n/a	n/a
<b>Net income - Group share</b>	<b>15.8</b>	<b>8.9</b>	<b>14.4</b>	<b>8.2</b>	<b>+9.7%</b>
<b>EBITDA</b>	<b>27.4</b>	<b>15.4</b>	<b>26.0</b>	<b>14.6</b>	<b>+5.4%</b>

\* Sales adjusted for the impact of the application of the IFRS 15 standard

## EBITDA, ongoing value creation

€m	6/30/2018	6/30/2017
Net income excl. earnings of associates	15.9	14.5
Income tax expense	4.7	4.8
Net financial items	(0.3)	1.3
Provisions recorded under non-recurring operating income and expenses	(0.5)	(0.3)
Provisions and write-backs	1.1	(0.5)
Depreciation and amortization	6.4	6.2
<b>EBITDA</b>	<b>27.4</b>	<b>26.0</b>



# Contractual

€m	6/30/2018	12/31/2017	6/30/2017
Net income - Group share	15.8	34.8	14.4
Free cash flow before net cost of debt and tax	27.3	55.3	25.1
Cash flow from operating activities	5.9	41.2	11.0
Cash flow used by investing activities	(4.4)	(15.7)	(7.7)
Cash flow used by financing activities	(10.1)	(14.6)	(9.6)
<b>Change in cash and cash equivalents</b>	<b>(9.1)</b>	<b>9.7</b>	<b>(7.0)</b>

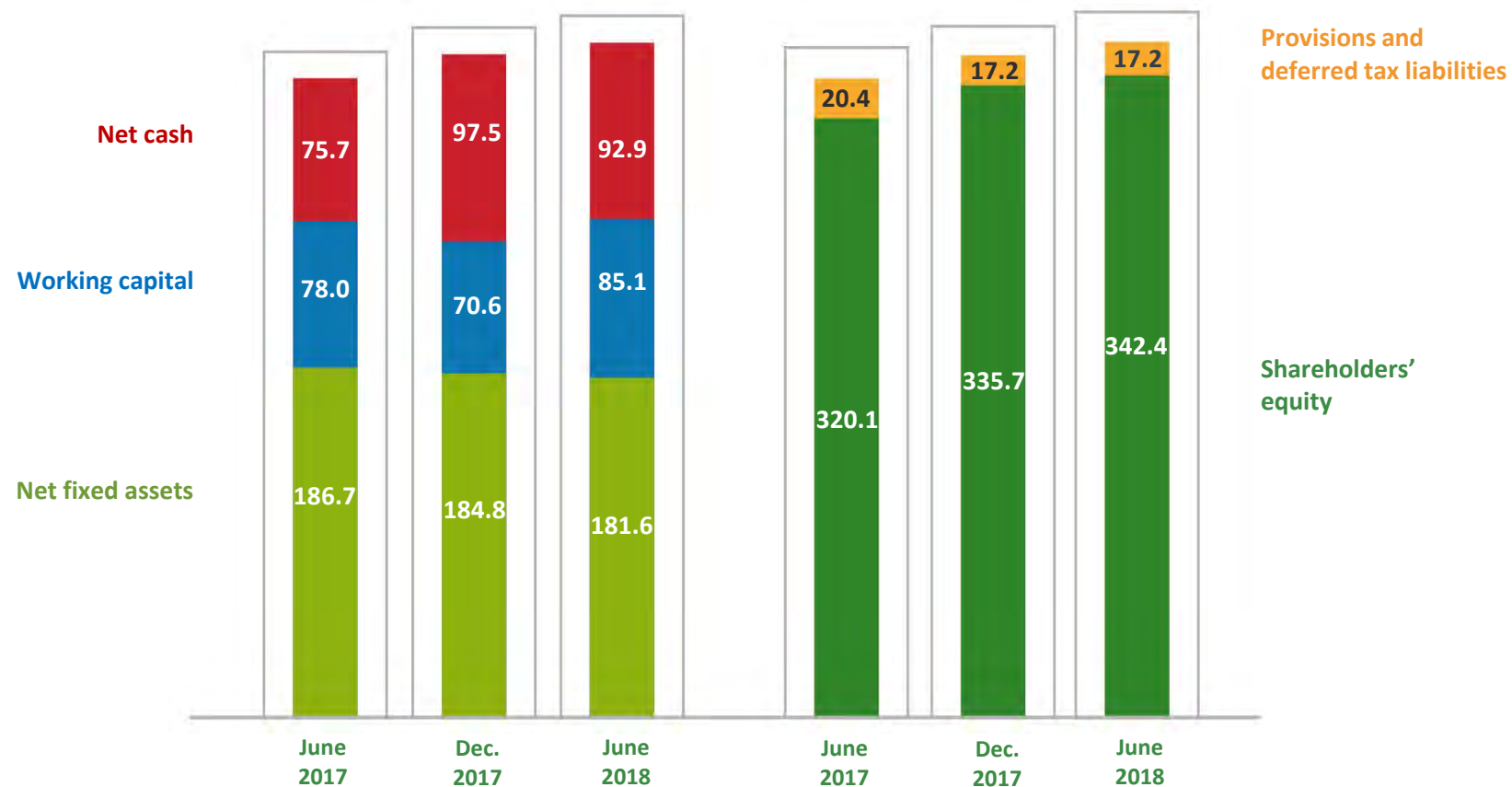
## Working capital

€m	6/30/2018	12/31/2017	6/30/2017
Inventories	78.8	69.4	73.7
Trade and other receivables	71.1	68.3	70.1
Trade and other payables	(68.5)	(72.0)	(69.8)
Other net working capital	3.6	4.9	4.1
<b>Working capital</b>	<b>85.1</b>	<b>70.6</b>	<b>78.0</b>

	6/30/2018	12/31/2017	6/30/2017
<b>In number of days (by due date)</b>	<b>85.3</b>	<b>73.7</b>	<b>78.6</b>

# Sound financial structure

€m





# Strengthening Vetoquinol's fundamentals

- › Essentials product growth outperforms the market
- › Boost in R&D investment
- › Strong cash generation
- › Sound financial structure
  - Shareholders' equity of **€342.4m**
  - Net cash of **€92.9m**
  - Large borrowing capacity

**Fundamentals in line with the In Motion strategic plan**

# 03

## Group Outlook



# Group Outlook

- › Second half business activity in line with first half figures
  - Currency impact
  
- › Ongoing investments
  - Increasing R&D activities
  - Pursuing new partnerships in innovation
  - Developing and extending the Essentials products range
  
- › Third year of the modernization program for the facility in Lure (France)
  
- › Proactive strategy of acquisitions and portfolio expansion

# Vetoquinol enriches people's lives by devoting itself to animal health and wellbeing



# Upcoming financial releases

- › October 18, 2018      **Q3 2018 sales** (after market close)
  
- › January 24, 2019      **2018 full-year sales** (after market close)





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INDIA | SOUTH KOREA | CHINA | AUSTRALIA | RUSSIA | JAPAN |