



ANIMAL
HEALTH PARTNER
SINCE 1933

H1 2020 RESULTS

Conference Call

July 30, 2020

—
www.vetoquinol.com

Disclaimer

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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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H1 2020 key financial indicators

Group sales
€196.1m
up +7.5%
(constant FX rates)

Essentials
products
€99.2m
up +10.7%
(constant FX rates)

EBIT
before depr. of
acq. assets
€28.0m
14.3% of sales

Net income
Group share
€15.1m
up €2.1m vs 2019

Net
cash
€91.3m

1.

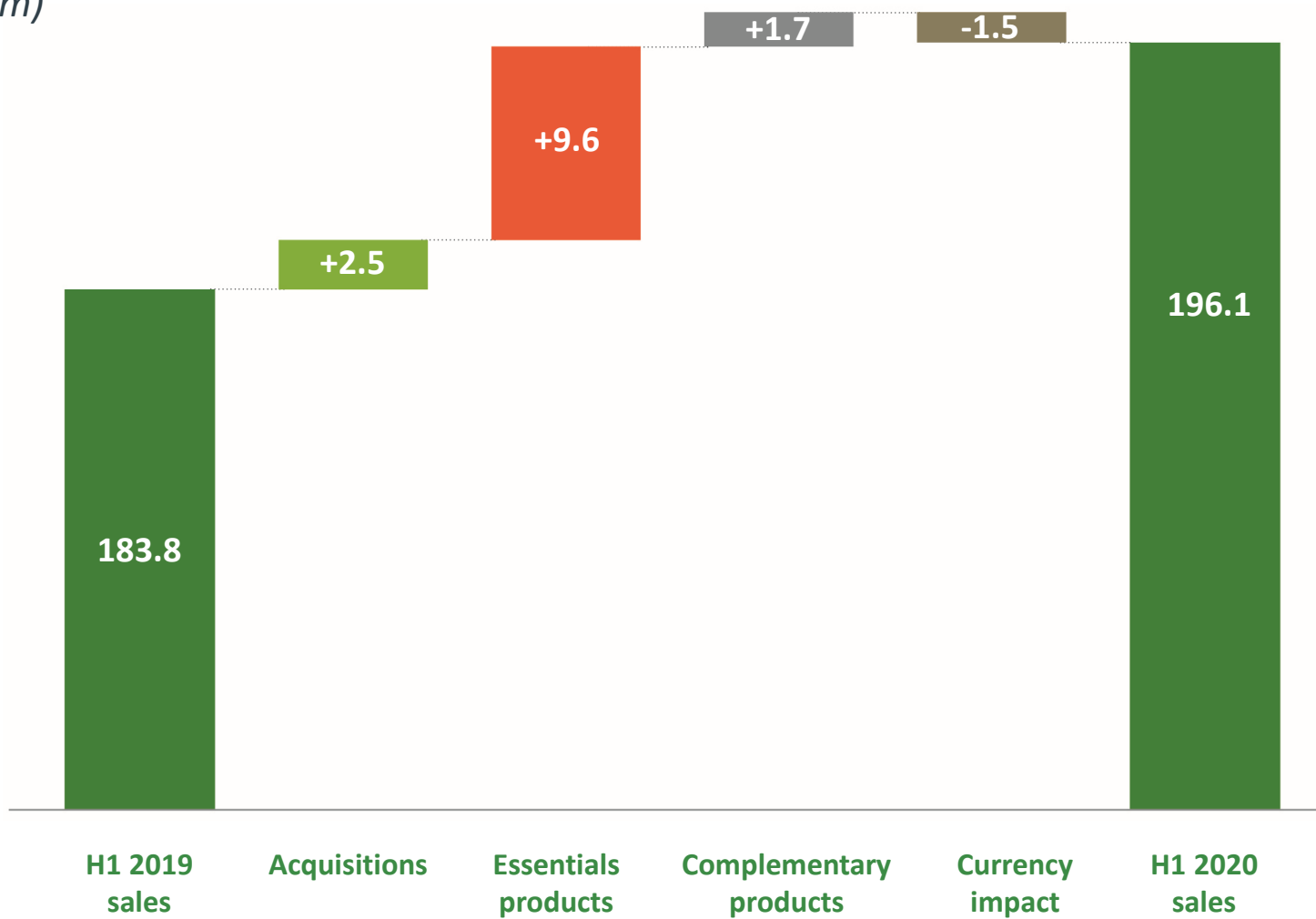
H1 2020 highlights



First half activity

Growth driven by Essentiels

Sales (€m)



First-half activity

Strong momentum in Essentials

Solid performance of Essentialaels products

- › Companion animal products **up 11%** and livestock products **up 9%** (as reported)
- › Good performances in **dermatology** and **reproduction**



M&A transactions

Targeting the Top 10 in Brazil

- › Complex economic environment and health situation
- › Strong foothold in parasiticides
- › Ready to expand on the world's 3rd largest animal health market
- › Consolidation of manufacturing operations underway
- › Targeted synergies to execute



M&A transactions

Position significantly strengthened in parasiticides

- › Purchase of 2 leading product families (closing August 3*)

Drontal®



Profender®



- › De-wormers for cats and dogs available as oral liquids, tablets and spot-on treatment
- › Registered patents and other IP rights covering Europe and the UK.

* Subject to Elanco / Bayer closing

M&A transactions

Critical mass deal* for Vetoquinol

- › European deworming market worth some **\$200m**
 - Deworming is recommended for animal wellbeing and for the protection of owners
 - dogs should be dewormed 3 to 4 times a year

- › **230 MAs** acquired and related pipeline assets in 31 European countries, generating **€40m+** full-year sales

- › Transaction details
 - Bank financing enhanced by the Group's cash position
 - Debt/EBITDA ratio < 1 post closing



* Subject to Elanco / Bayer closing

M&A transactions

Parasiticides at the core of Vetoquinol's strategy

- › **Product diversification** by expanding Essentials products range
- › Increase in **parasiticide** market share
- › **Boosted** presence in European region and in the pet market
- › **Earnings-raising transaction**



* Subject to Elanco / Bayer closing

Covid-19 update

Resilience of the company during the health crisis



- › Vetoquinol has **guaranteed the safety** of its employees
 - Working at home for all operations, where possible
 - Distribution of masks and hand sanitizer
 - Social distancing measures

- › Vetoquinol has **prepared for the Company's future** during the crisis
 - Business continuity in the 3 strategic territories
 - Preparation for future launches
 - Finalization of the Elanco deal
 - Governance reorganization

Covid-19 news

Key risk chart at July 30, 2020

Business

- Limited global impact in H1 2020
- Q2 sales stable Group-wide
- Sales down in the Americas in Q2 (-6.3%)*

Supplies

- Over 3 months inventory for main products
- Supplier and customer sourcing assured
- Situation under control

Production/ distribution

- All production plants are working
- Finished goods inventory at all subsidiaries

Drontal® and Profender® closing

- Closing August 3, 2020
- Launch of operations from August 4

* at constant exchange rate

Covid-19 update

Situation at July 30, 2020 by strategic territory



> Europe

- Monitoring in continental Europe



> Americas

- Health and economic concerns in Brazil
- Complex situation in the United States



> Asia Pacific

- Strong business momentum in China
- Limited visibility in India



Covid-19 update

Health crisis takeaways

Solidity of the Vetoquinol laboratory

- › **Strategic choices:** focus on territories and Essentials product portfolio
- › **Vetoquinol teams fully dedicated** to our customers need and service
- › **A resilient animal health** sector
- › **An operational laboratory** to overcome the crisis

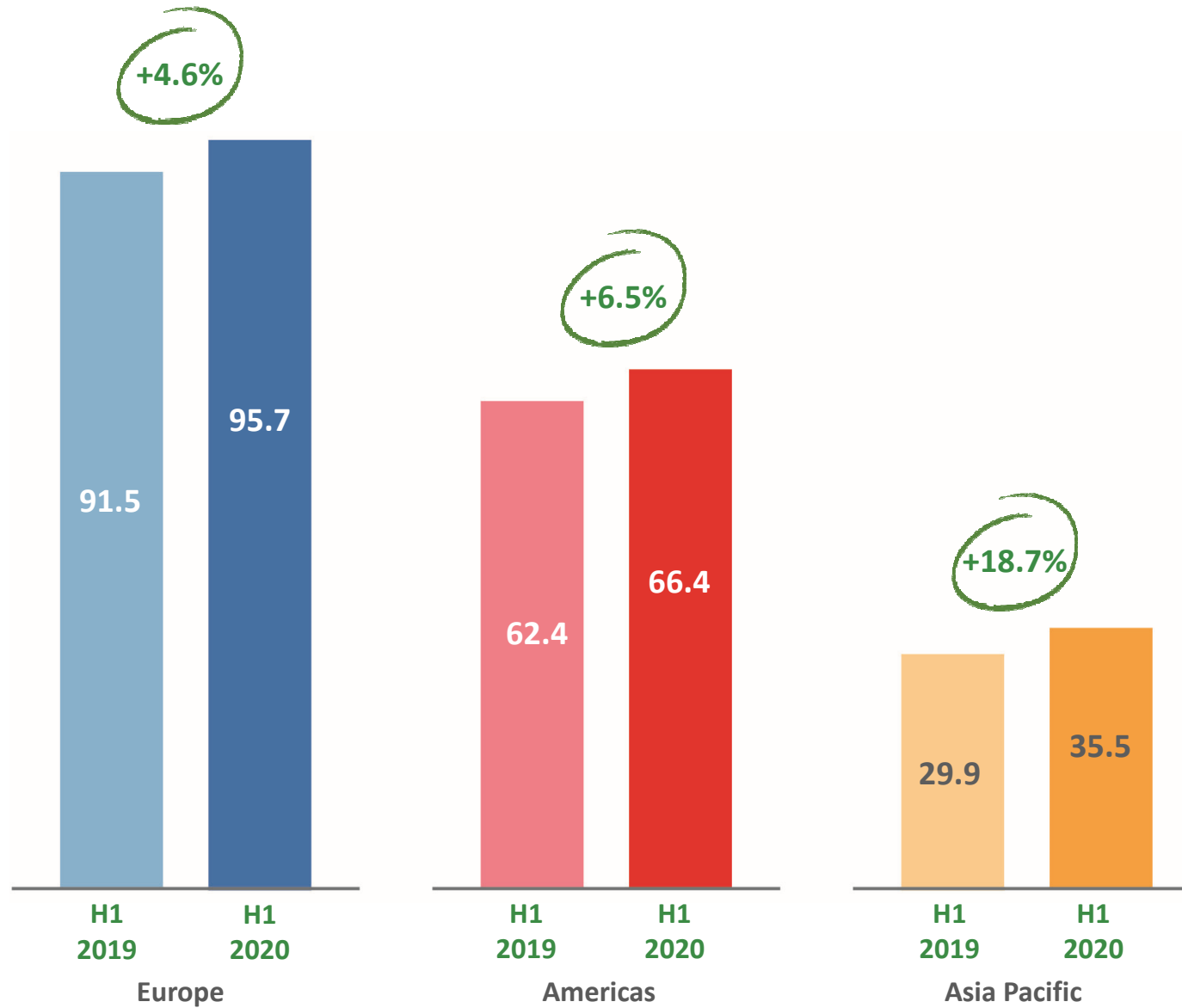
This unprecedented health crisis has highlighted Vetoquinol's agility and flexibility

2.

H1 2020 consolidated figures

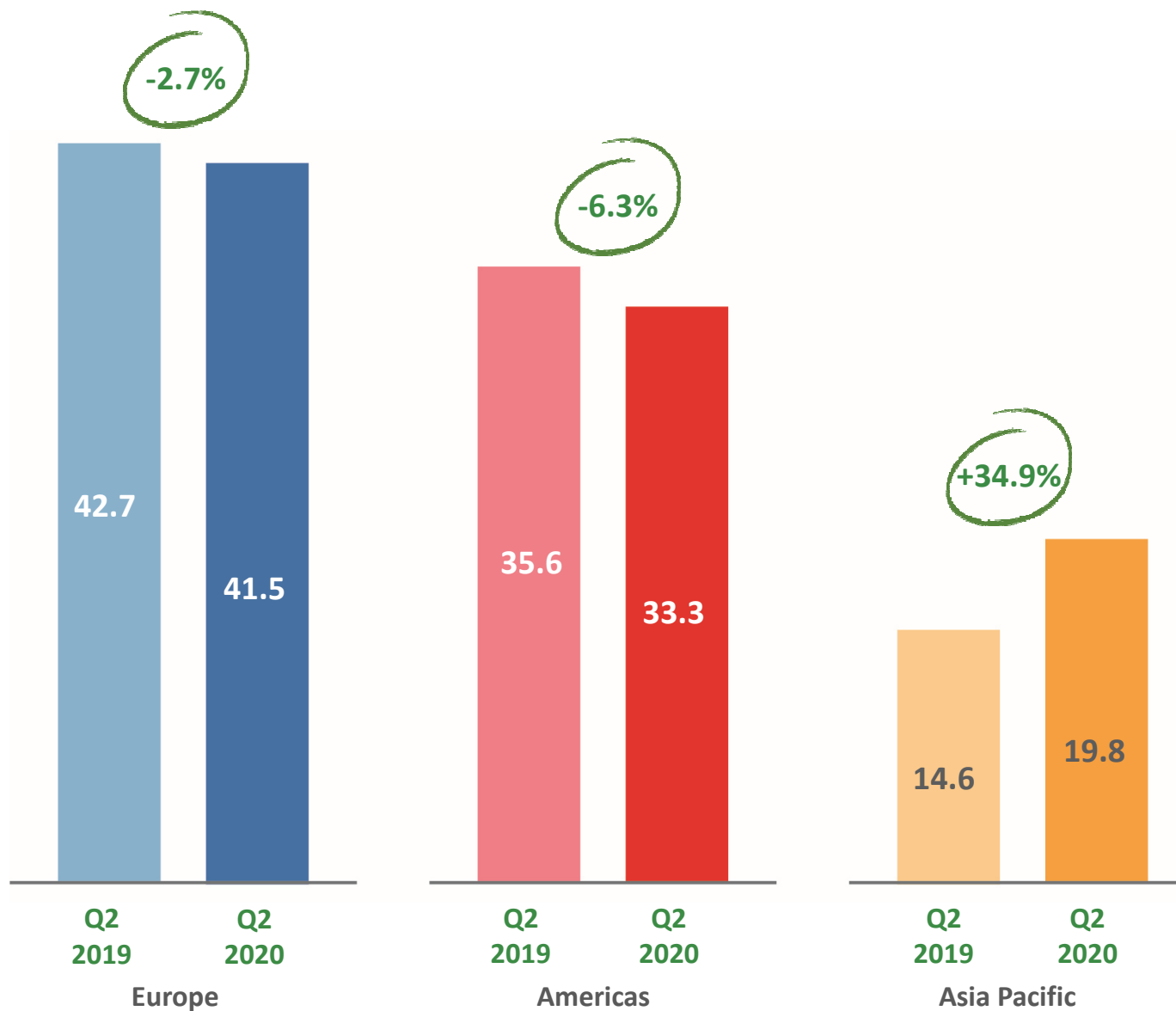
H1 2020 sales

Sales (€m)
At constant exchange
rates



Modest growth in Q2, after a strong Q1

Sales (€m)
At constant exchange
rates



Income statement

€m	06/30/2020	% of sales	06/30/2019	% of sales	Change
Sales	196.1		183.8		+6.7%
Gross margin on purchases	141.6	72.2	127.5	69.4	+11.1%
External expenses	(37.1)	(18.9)	(39.6)	(21.5)	(6.3%)
Personnel expenses	(65.4)	(33.4)	(61.5)	(33.4)	+6.5%
Taxes and duties	(3.4)	(1.7)	(3.1)	(1.7)	+10.6%
Other income and expenses	1.6	0.8	3.0	1.6	n/a
Depreciation, amortization and provisions	(9.3)	(4.7)	(7.1)	(4.6)	+30.1%
EBIT before depreciation of assets arising from acquisitions	28.0	14.3	19.2	10.4	+46.1%
Amortization of intangible assets arising from acquisitions	(3.7)	(1.9)	(1.3)	n/a	n/a
EBIT	24.4	12.4	17.9	9.7	+36.0%

Income statement

€m	06/30/2020	% of sales	06/30/2019	% of sales	Change
EBIT	24.4	12.4	17.9	9.7	+36.0%
Non-recurring operating income and expenses	(1.4)	n/a	-	n/a	
Operating income	22.9	11.7	17.9	9.7	+27.9%
Net financial income/(expense)	(0.5)	(0.3)	(0.3)	(0.1)	
Income before tax	22.4	11.4	17.6	9.6	+27.0%
Income tax	(7.6)	(3.9)	(4.9)	(2.7)	
Earnings/(loss) of associates	0.1	n/a	0.1	n/a	
Net income Group share	15.1	7.6	13.0	7.1	+15.8%
EBITDA	38.0	19.4	26.2	14.3	+44.9%

EBITDA, ongoing value creation

€m	06/30/2020	06/30/2019
Net income before equity method	14.8	12.8
Income tax expense	7.6	4.9
Net financial income/(expense)	0.5	0.3
Provisions recorded under non-recurring operating income and expenses	2.1	(0.2)
Provisions and write-backs	0.3	(0.3)
Depreciation	10.2	6.7
Depreciation - IFRS	2.4	2.1
EBITDA	38.0	26.2

- › Impact of depreciation of acquired assets (€3.7m vs €1.3m)
- › EBITDA = 19.4% of H1 2020 sales

Cash flow

€m	06/30/2020	12/31/2019	06/30/2019
Consolidated net income	15.0	28.2	12.9
Free cash flow before net cost of debt and tax	38.2	65.5	26.6
Cash flow from operating activities	30.8	52.0	5.2
Cash flow used by investing activities	(5.4)	(64.5)	(58.2)
Cash flow used by financing activities	(7.4)	(20.1)	(14.6)
Change in cash and cash equivalents	17.2	(34.0)	(68.1)

- › Strong cash flow generation in H1

Working capital

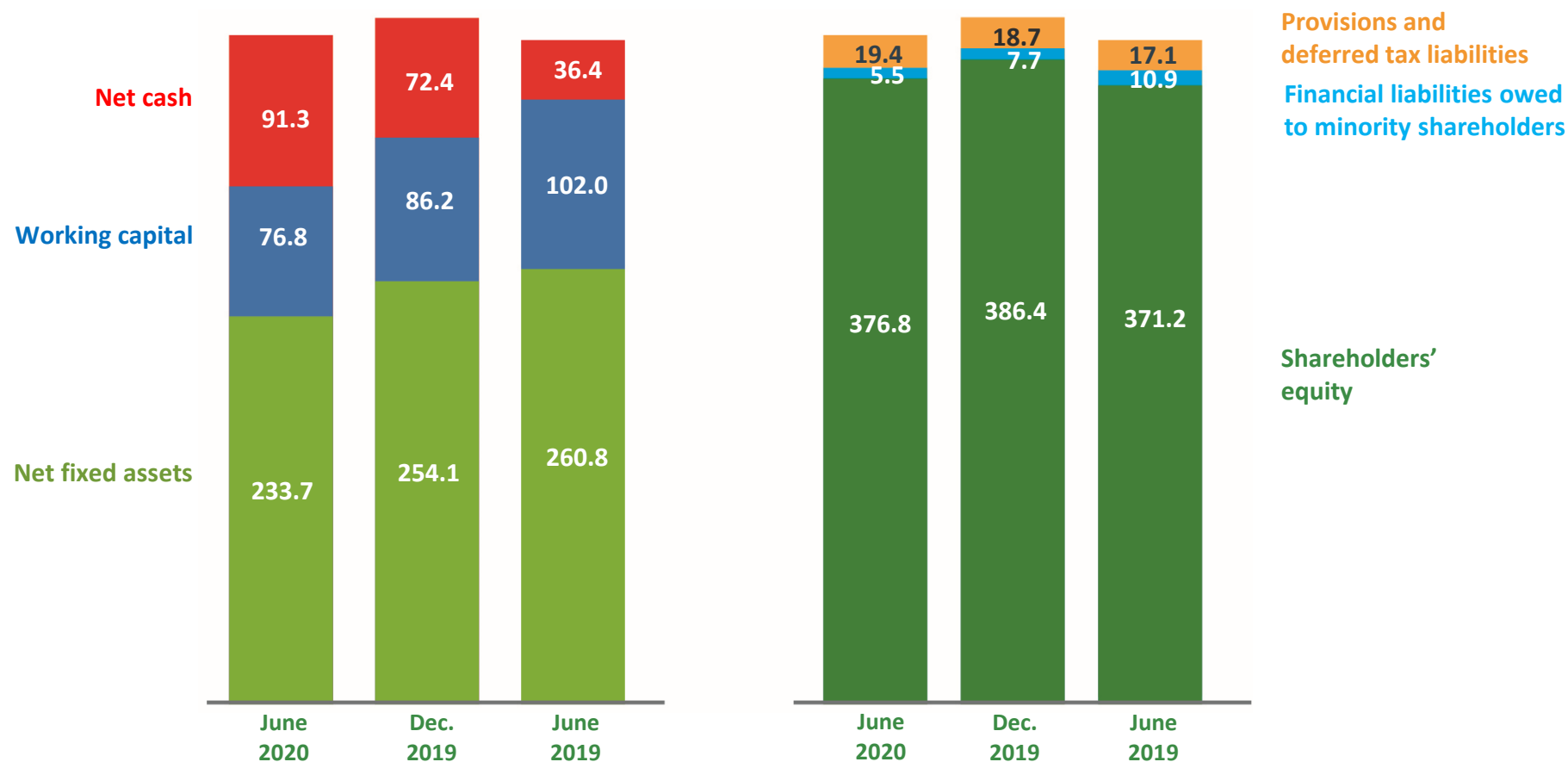
€m	06/30/2020	12/31/2019	06/30/2019
Inventories	84.2	77.4	92.7
Trade and other receivables	81.9	90.1	79.9
Trade and other payables	(88.8)	(84.5)	(72.2)
Other net working capital	(0.5)	3.3	1.5
Working capital	76.8	86.2	102.0

	06/30/2020	12/31/2019	06/30/2019
In number of days (by due date)	74.5	70.3	91.0

› Working capital under control

Robust balance sheet

€m



** After Clarion Brazil acquisition

- > No bank debt as of June 30, 2020
- > IFRS 16 liabilities at June 30, 2020: €9.1m

Non-financial value added

> Strong commitment

- Total score of 80%, ranking **Vetoquinol among the Top 10 France SMEs**
- 2019 improvement on 2018 score
- Score above peers
- Similar scores in the different sections



Stakeholders



Staff

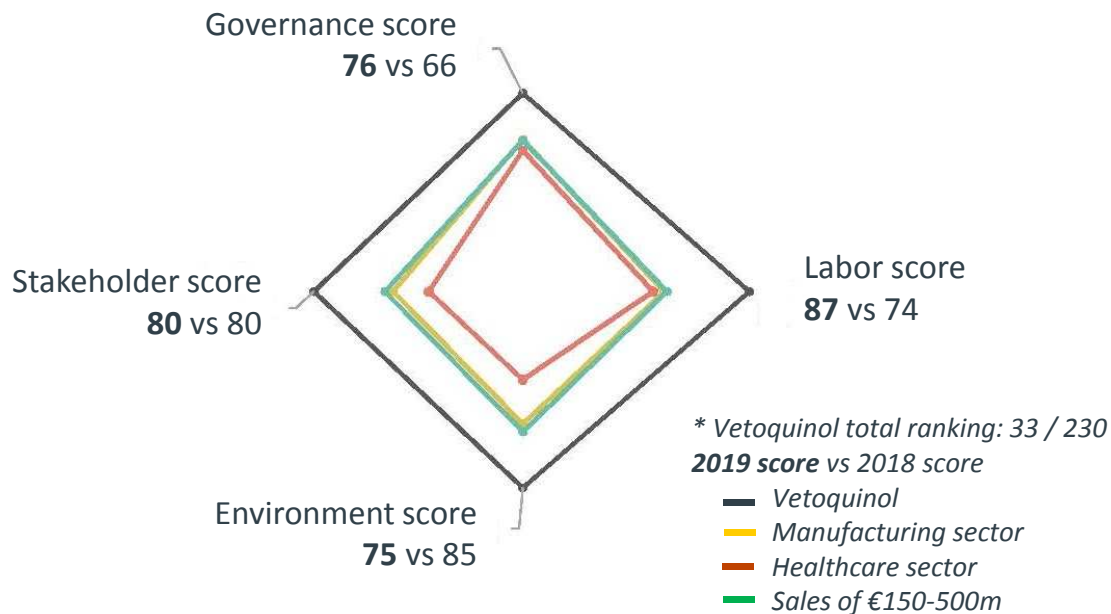


Environment



Governance

> 2019 Gaia Rating: 6*/70



Strengths

- Committed family firm
- World-class operations
- Group-wide 'In Motion' strategic plan benefits

Areas for improvement

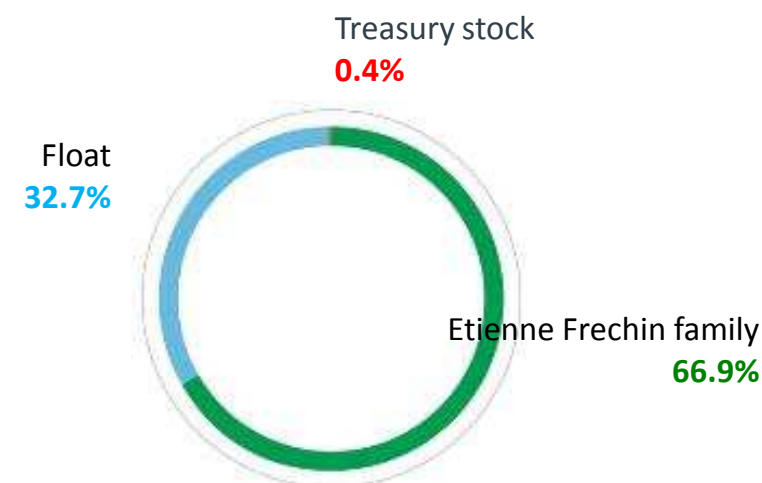
- Health and safety
- Environment

Vetoquinol, an independent family-owned listed group

› Share price



› Shareholders at June 30, 2020



› Shareholders meeting of May 26, 2020

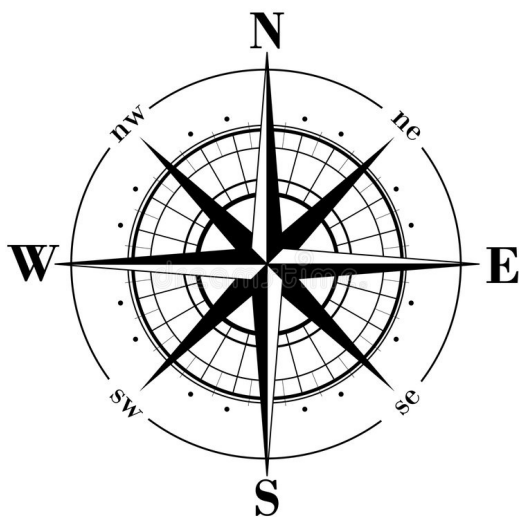
- Dividend paid in June 2020: **€0.38** per share

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Outlook



Group outlook



- › Continue **managing the impacts** of the health crisis
- › Step up **effects of synergy** in Brazil
- › Successfully **integrate** Drontal® and Profender® products in Europe
- › Prepare upcoming **Essentials product launches**
- › Beef up **R&D pipeline** via innovative projects
- › Pursue profitable **hybrid sales growth**
- › Build the **future of the laboratory**

Upcoming financial releases

- › October 15, 2020 **Q3 2020 sales** (after market close)
- › January 21, 2021 **2020 full-year sales** (after market close)



QUESTIONS

&

ANSWERS



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