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2016 first half results

Thursday July 28, 2016



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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.

2016 - a dynamic first half



2016 first half key figures

Group sales
€172.2m
up 3.0%

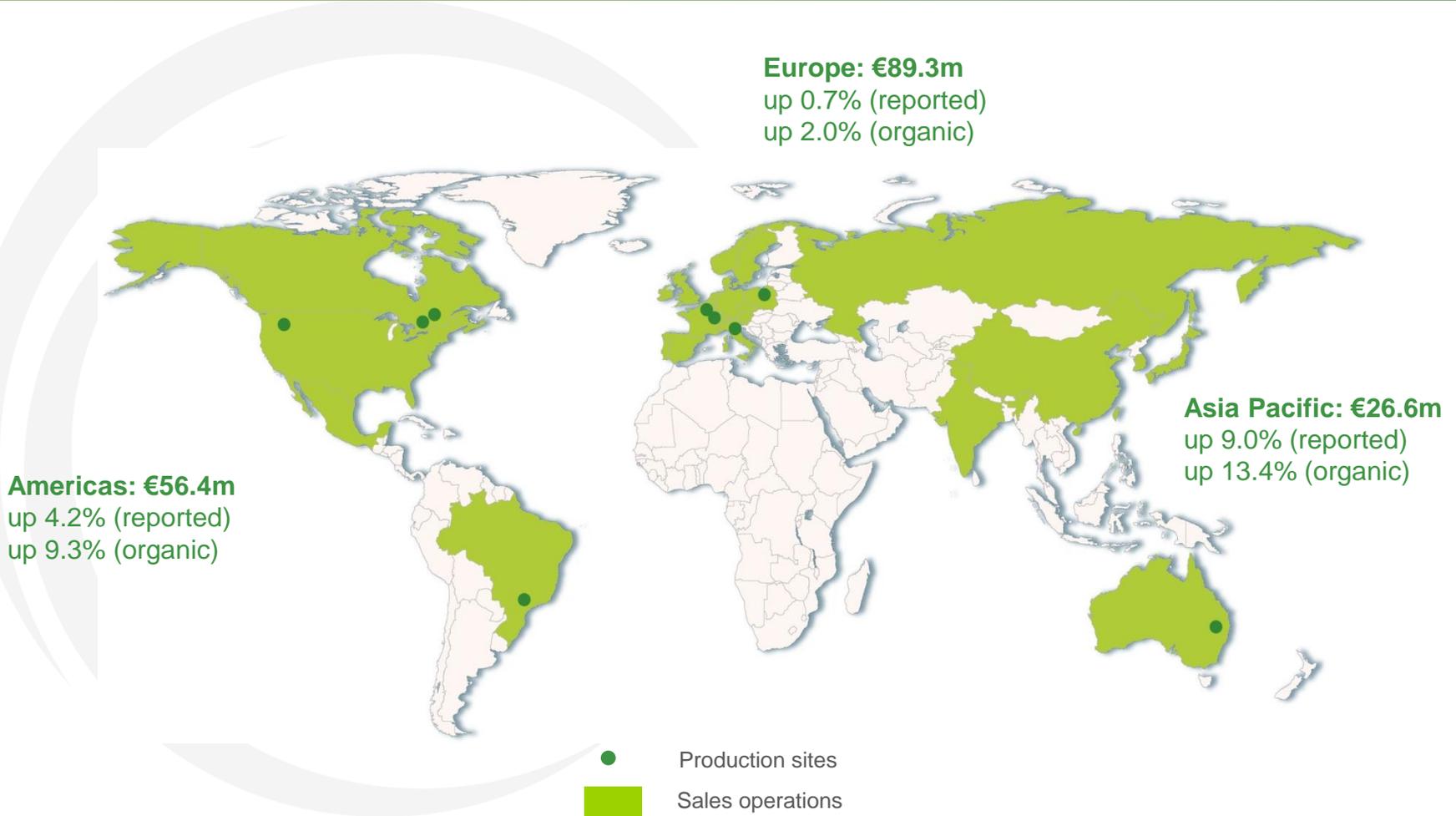
Reference
products
€83.4m
up 5.0%

EBIT
€20.5m
up 27.4%

EBITDA
€27.4m
up 20.2%

Net cash
€53.7m
up €0.9m

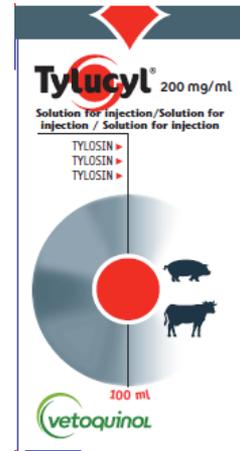
Sales growth across all territories



Various trends in Europe



- Innovative molecule
→ **UpCard[®]**
- Strong performance by the pain/inflammation range
→ **Flexadin[®]**
- Range of treatments for mastitis
→ **Tylucyl[®] + Permacyl[®] + Forcyl[®]**
- Tightened regulations on second-line antibiotics



Strong momentum in the Americas



- R&D center established in the USA
- Strengthened marketing and sales team



- Transfer of **Folltropin**[®] production to our main site



- Launch of **Cimalgex**[®]



Strong performance in Asia Pacific



- Sustained sales growth based on local business model



- Initial launches slated for H2 2016



- Launches of **Marbocyl[®] P** and **Tolfedine[®]**



- Takeover of direct distribution of Vetoquinol products

R&D, the future of Vetoquinol



- Jean Deleforge appointed Chief Scientific Officer
- Step-up of Group R&D operations
 - Focus on innovation
 - Globalizing developments
 - Enhancing expertise in new sectors
- R&D center established in the USA

Continued growth of reference products

Reported sales of reference products (€m)



Reference products accounted for 48.4% of Group sales, compared to 47.5% in H1 2015

2016 first half Income statement

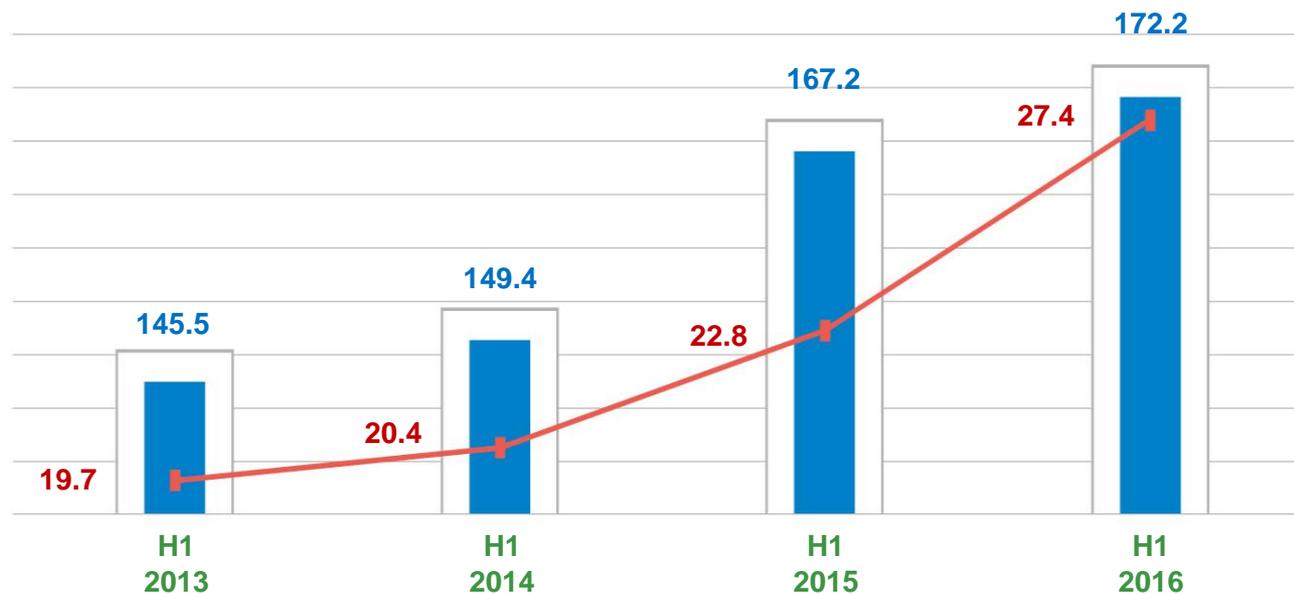
€m	H1 2016	% sales	H1 2015	% sales	Change
Sales	172.2		167.2		+3.0%
Gross margin on purchases	116.8	67.8	109.7	65.6	+6.5%
External expenses	(34.5)	(20.1)	(33.8)	(20.2)	+2.1%
Personnel expenses	(54.9)	(31.8)	(52.4)	(31.4)	+4.7%
Taxes and duties	(2.8)	(1.6)	(2.9)	(1.7)	-3.7%
Other income and expenses	2.8	1.6	2.4	1.4	+19.3%
Depreciation, amortization and provisions	(6.9)	(4.0)	(6.8)	(4.1)	+1.2%
EBIT	20.5	11.9	16.1	9.6	+27.4%
Operating income	19.9	11.6	16.0	9.6	+24.7%
Net financial income/(expense)	(0.7)	(0.4)	1.9	1.1	-136.0%
Pre-tax income	19.3	11.2	17.9	10.7	+7.8%
Income tax	(5.7)	(3.3)	(5.5)	(3.3)	+4.1%
Earnings/(loss) of JV	(0.1)	(0.0)	-	-	-
Net income - Group share	13.5	7.8	12.4	7.4	+8.8%
EBITDA	27.4	15.9	22.8	13.7	+20.2%

2016 first half Income statement notes

- EBIT: **€20.5m**
 - Increase in gross margin on purchases: sales price and product mix
- Operating income: **€19.9m**
 - Costs of transferring Folltropin[®] production
- Net financial expense: **€0.7m**
 - Unrealized currency losses of €1m
- EBITDA: **€27.4m**
 - Up 20.2%

2016 first half Sustained EBITDA growth

Sales and EBITDA (€m)



 Sales

 EBITDA

2016 first half Calculation of EBITDA

€m	H1 2016	H1 2015
Net income - Group share	13.5	12.4
Income tax expense	5.7	5.5
Net financial income/(expense)	0.7	(1.9)
Provisions recorded under non-recurring operating income and expenses	0.6	-
Provisions and write-backs	0.3	(0.1)
Depreciation and amortization	6.6	6.9
EBITDA	27.4	22.8

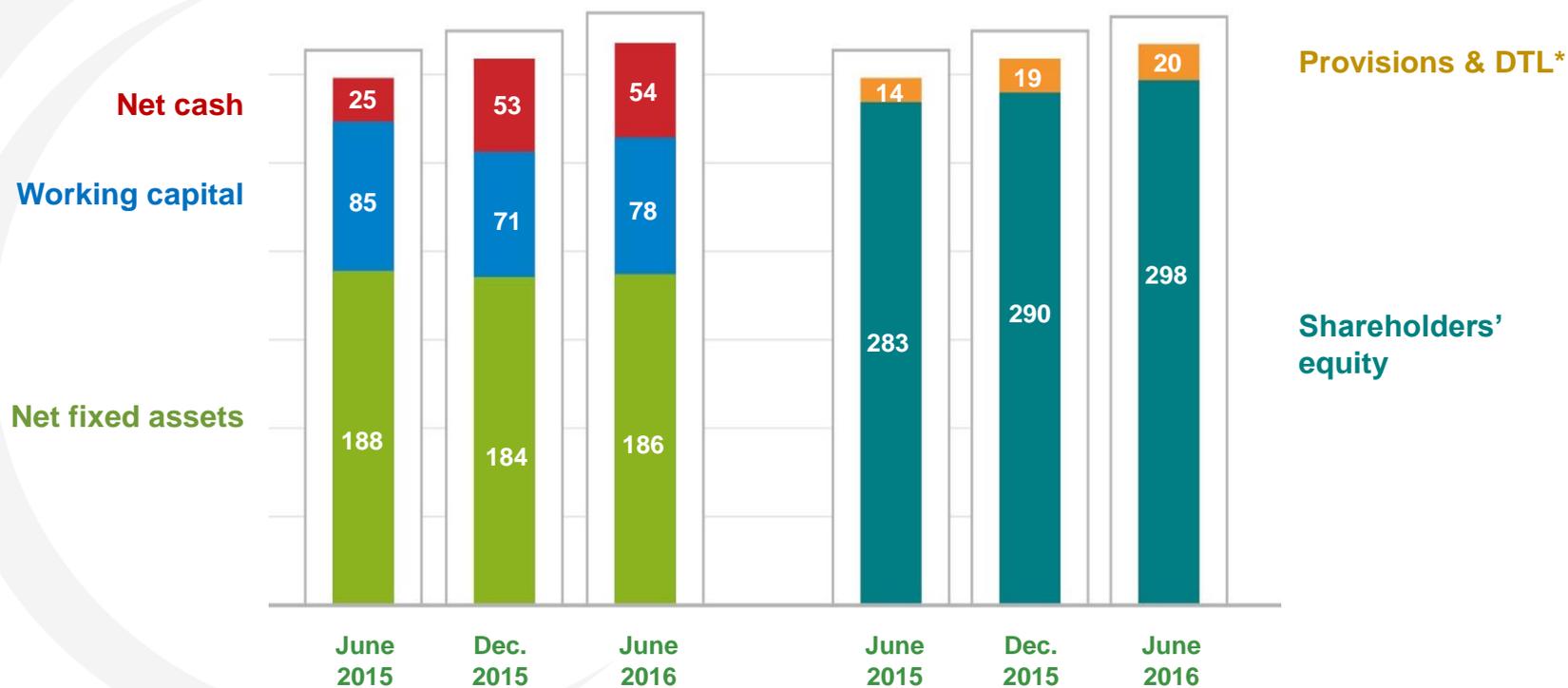
2016 first half Cash flow statement

€m	H1 2016	H1 2015
Net income	13.5	12.4
Free cash flow before net cost of debt and tax	26.7	24.4
Cash flow from operating activities	14.1	4.1
Cash flow used by investing activities	(7.8)	(8.9)
Cash flow used by financing activities	(9.5)	(14.0)
Change in cash and cash equivalents	(3.6)	(17.6)

2016 first half Working capital

€m	6/30/2016	6/30/2015
Inventories	72.1	77.7
Trade and other receivables	61.8	66.5
Trade and other payables	(63.3)	(64.2)
Other working capital	7.2	5.0
Working capital	77.8	84.9
In number of days (by due date)	6/30/2016	6/30/2015
Working capital	82.6	90.0

2016 first half Strong financial structure

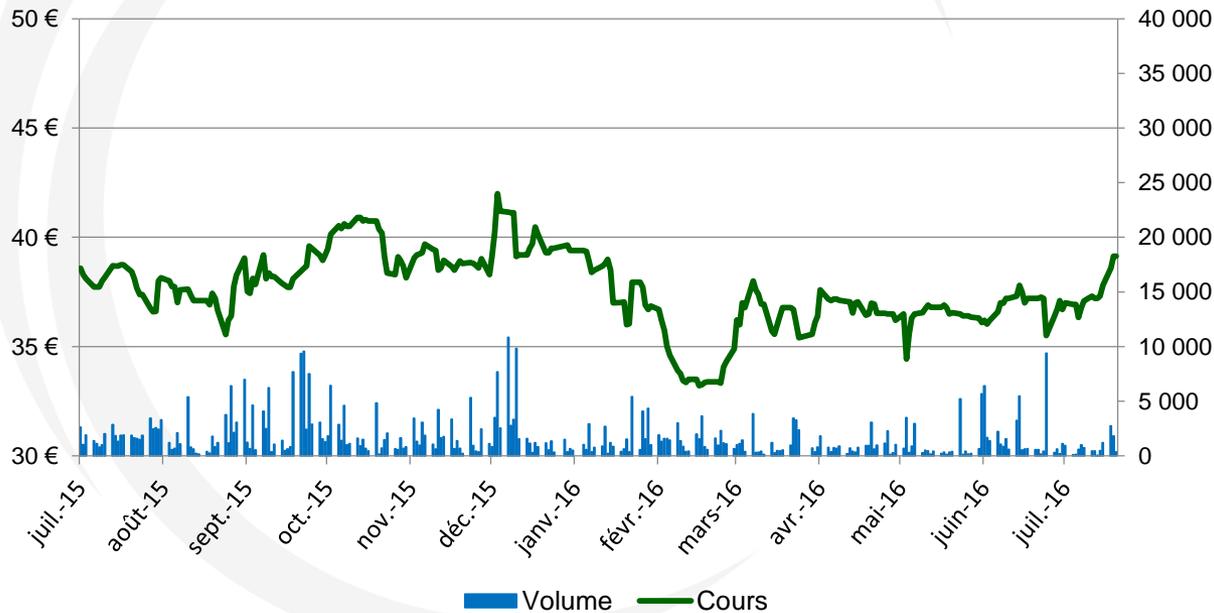


Strong fundamentals

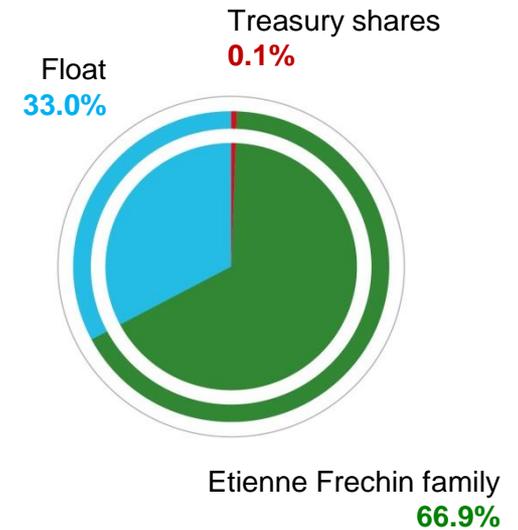
- **Solid cash flow generation**
- Shareholders' equity of **€297.7m**
- **Large borrowing capacity** for a targeted acquisition program
 - Positive net cash of **€53.7m**

Vetoquinol on the stock market

Share price



Shareholders at December 31, 2015



Vetoquinol, a responsible Group

STAFF (12/31/2015)

- **2,036 employees** incl. 46% women
- **Steady decline** in no. of lost-time industrial accidents
- Creation of an employer slogan:
“Your future, their health, our family: let’s work together to fulfill your potential”

ENVIRONMENT

- **1st pharmaceutical company** to obtain ISO 50001 certification
- **€600,000 invested** in new sewer plant at Lure

SOCIAL

- **Sponsor of the French Natural History Museum**
- **Partner of Vétérinaires Sans Frontières** [Vets without Borders]
- **Training program: 30 apprentices** trained every year

GOVERNANCE

- **Ranked 3rd** in the 2015 Gaïa Index
- **Shares eligible for PEA-PME** personal equity plan
- **3 independent directors** and **2 women** on the Vetoquinol Board

Outlook

- **Continued growth** in reference product share of sales, excl. antibiotics
 - Ramping up newly launched products
- **Year-on-year growth** in sales and profits
- **Targeted** acquisition strategy

2016 reporting timetable

- October 18, 2016 **Q3 2016 sales**
- January 26, 2017 **2016 full-year sales**

Questions and Answers

