



PARTENAIRE
DE LA SANTÉ ANIMALE
DEPUIS 1933

2018 RESULTS

Investors and Analysts

March 21, 2019

—
www.vetoquinol.com

Disclaimer

This document was prepared by the Vetoquinol Group for the sole purpose of presenting the 2018 annual results on March 21, 2019.

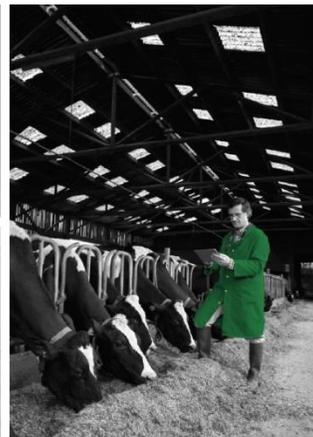
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Vetoquinol makes no commitment or guarantee that it will meet its targets or any aim that it may state in its business plans.

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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Improvement in all indicators in 2018

Group sales*
€367.9m
up 5.8% (LFL)
up 3.2% (reported)

Essentials
products*
€179.4m
up 9.1% (LFL)
up 7.3% (reported)

EBIT
€48.4m
13.2% of sales

Net income
Group share
€36.3m
up 4.0%

Net cash
up **€111m**

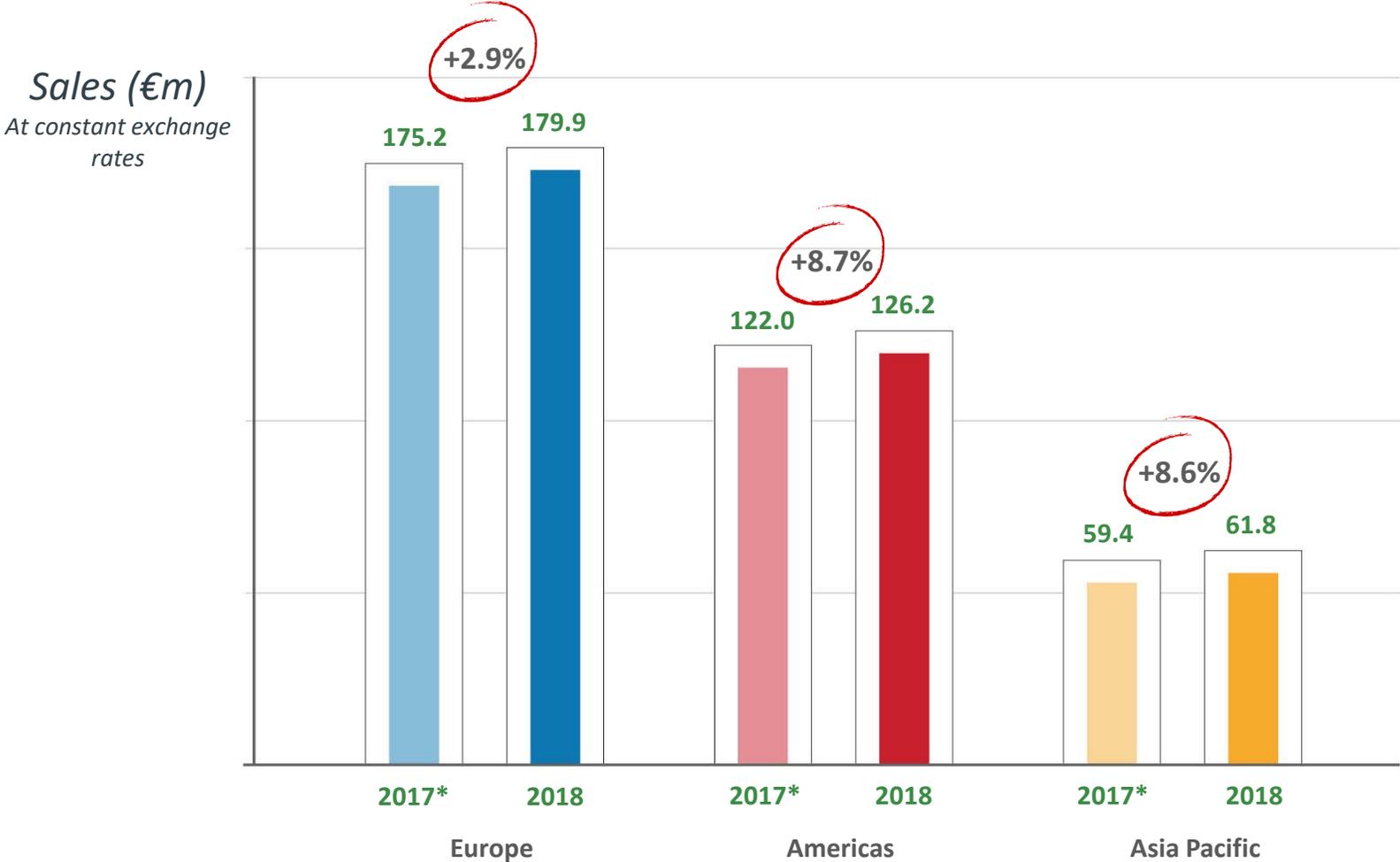
* The increase in sales takes into account the impact of the restatement related to the application of IFRS 15 as of 1/1/2018.

1.

2018 highlights



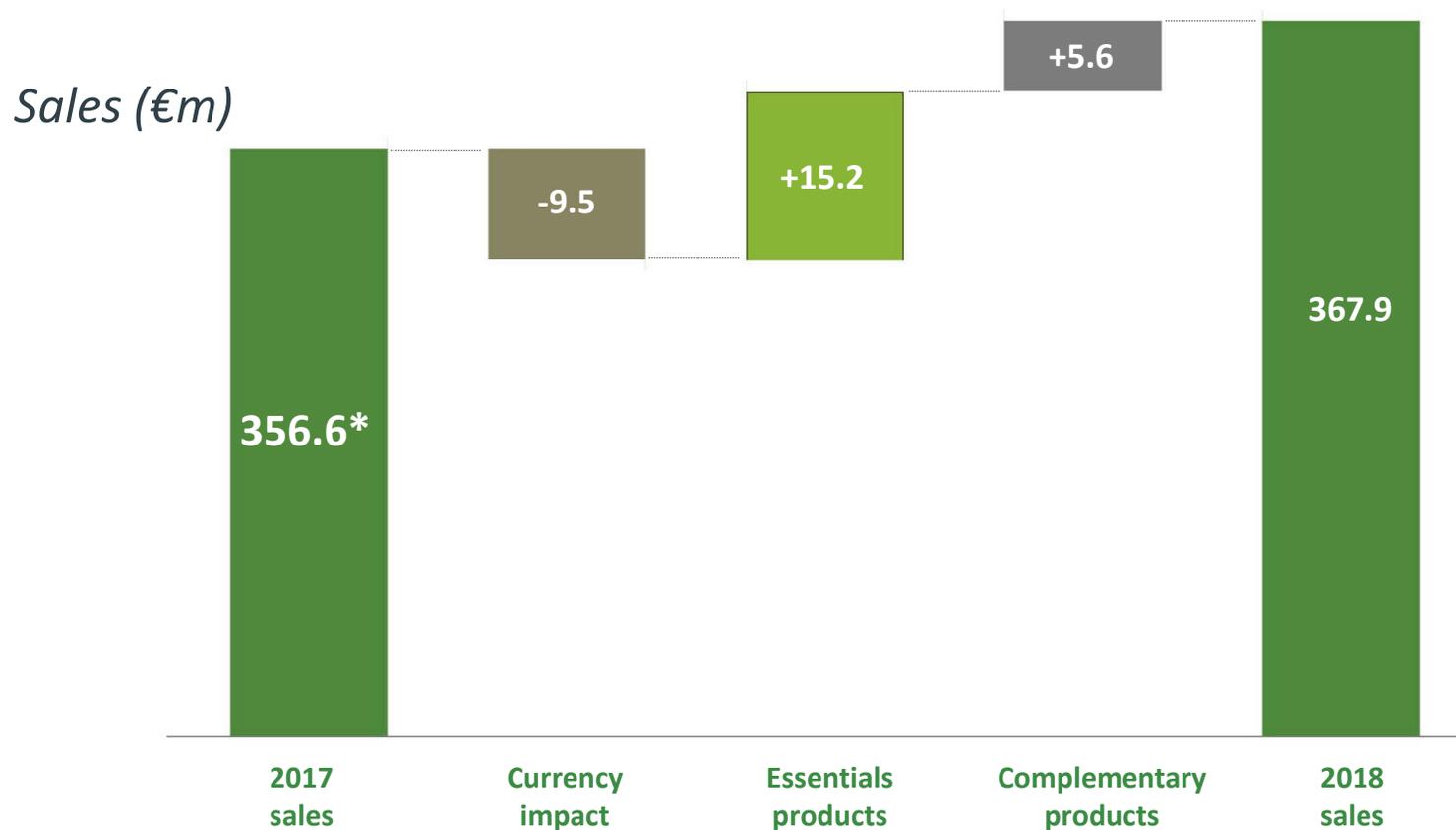
2018 sales show growth across all territories



* sales adjusted for the impact of the application of IFRS 15

Strong development of Essentials products

- › Essentials products record **9.1%** organic growth in a developing global market**



* sales adjusted for the impact of the application of IFRS 15

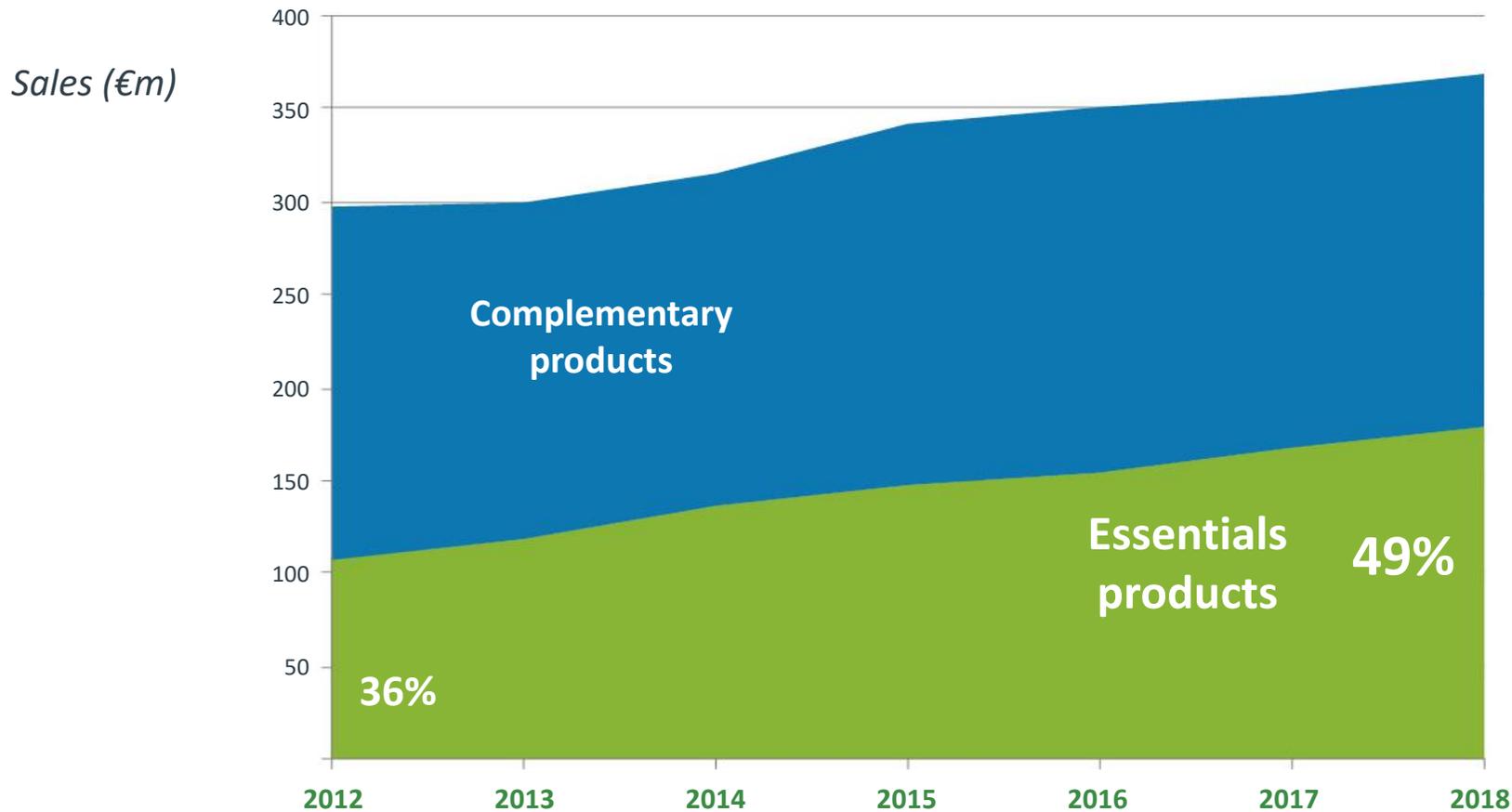
** Vetoquinol estimate

Continuing momentum for Essentials products

Essentials
products

Sales (€m)

- › Essentials products even more buoyant and profitable



2 new companion animal products

› Sonotix

- Ear cleaner for dogs with an original formula



› Zylkene Chews

- Lifecycle management of this pet behavior market leader



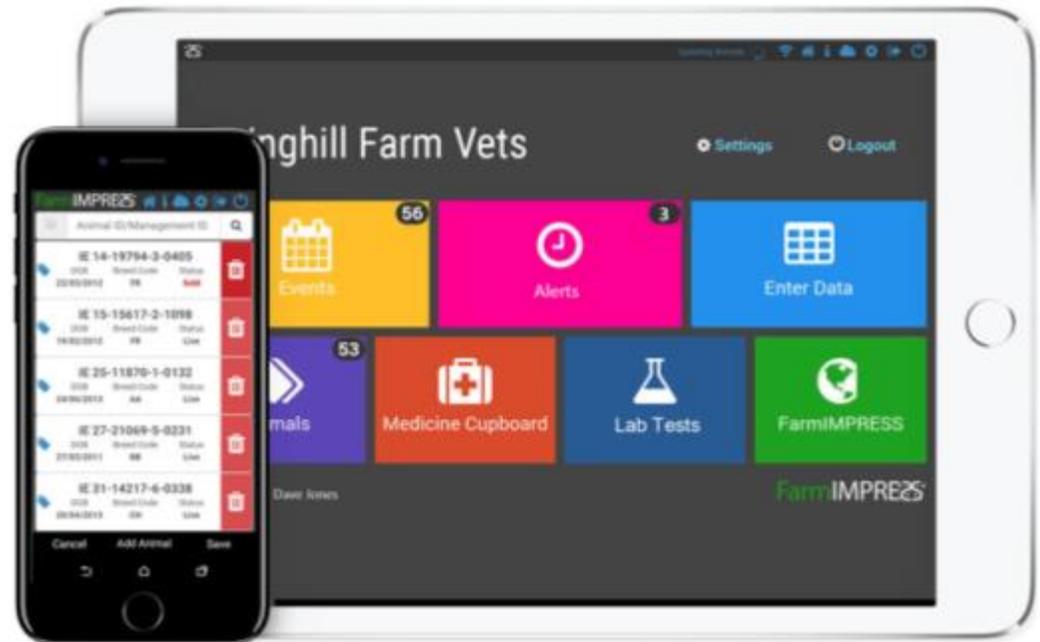
Scientific support highly valued by veterinary customers

UpLife, an ambitious cardiology training program

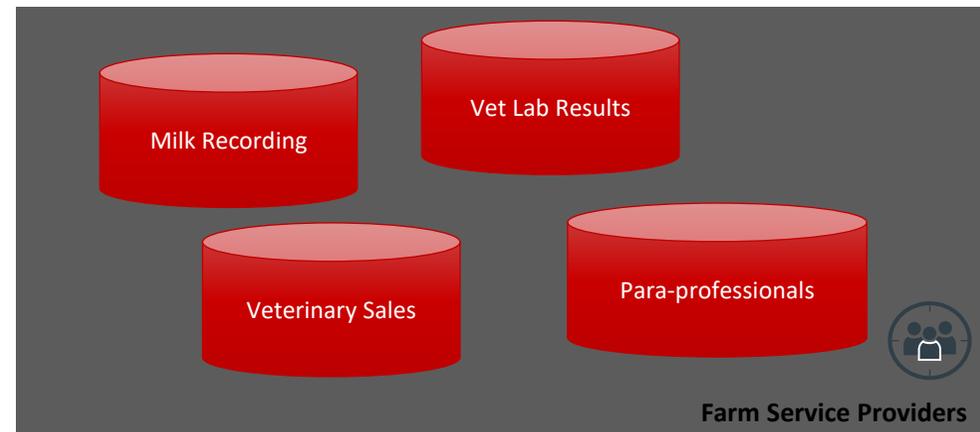
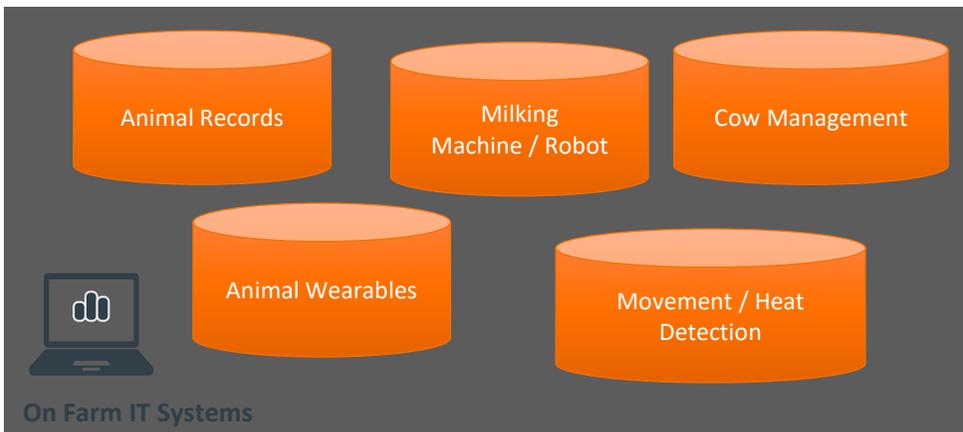
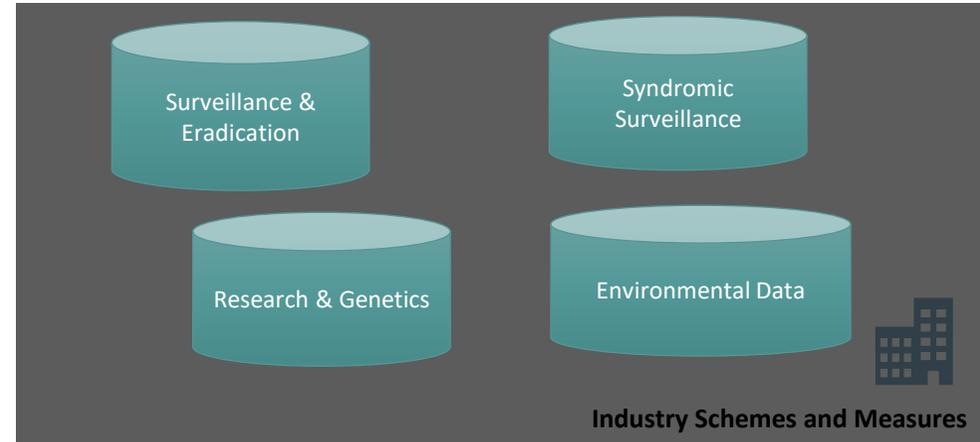
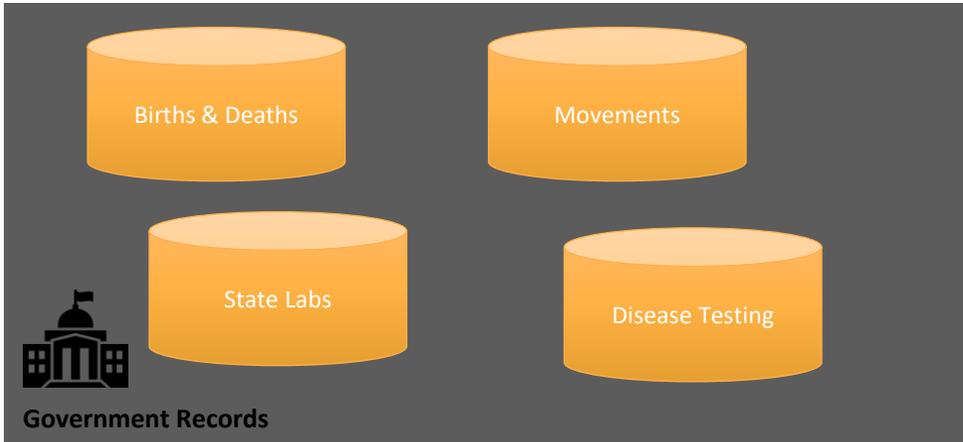


Acquisition of Farmvet Systems Ltd

- › Start-up based in Northern Ireland
- › Digital solutions for vets
- › Enhancing veterinarian advisory services for cattle farmers
- › Bringing new solutions to herd management



A wide variety of information sources in cattle farms



Strengthening the vet's role on the farm

› BEFORE



› AFTER



Enhancing R&D capacity

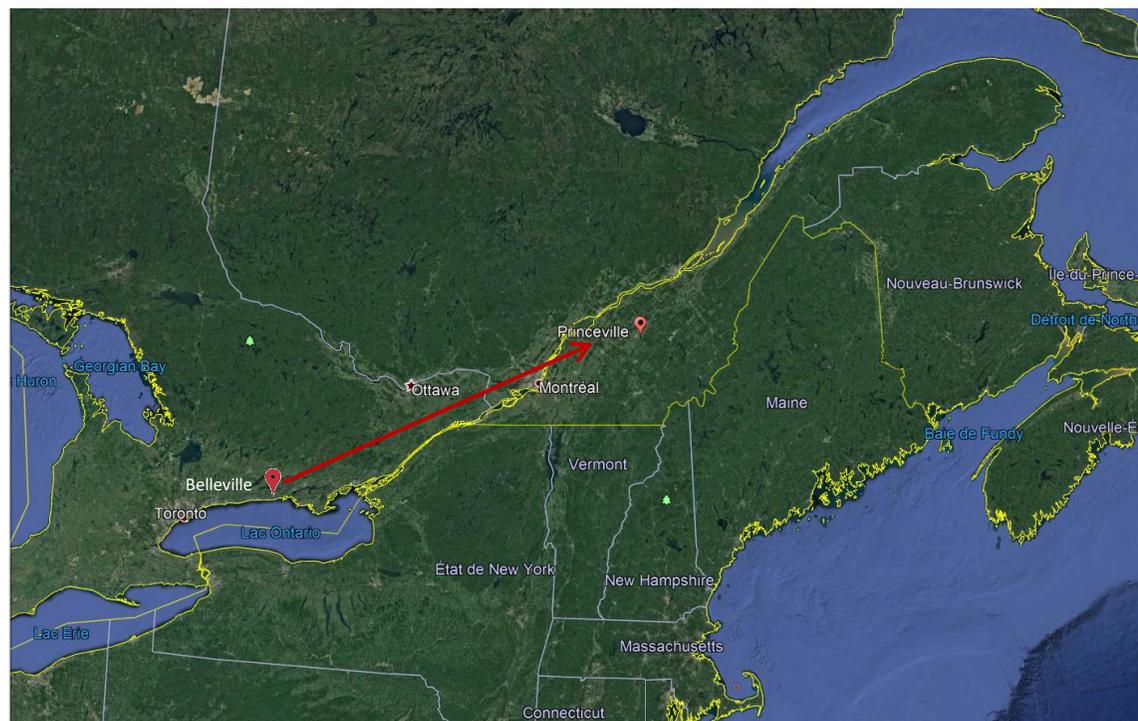


Asset purchase closed on September 1, 2018

- › Faster appraisal of research projects
- › Faster time-to-market for new products
- › More test projects launched

End of industrial transfer in Canada

- › Completion of a 4-year industrial transfer
- › Closure of the Belleville site (Ontario)
- › Consolidation of FDA approved Princeville (Quebec) site



Aucapi: continuous industrial improvement

- › Long-term industrial plan
 - €20m investment over 4 years
- › Lure site specialization
 - Sterile injectable forms
 - Capacity increase



2.

2018 consolidated figures

Improvement in EBIT margin

€m	2018	% of sales	2017*	% of sales	Change
Sales	367.9		356.6		+3.2%
Gross margin on purchases	255.1	69.3	245.0	68.7	
External expenses	(78.7)	(21.4)	(76.4)	(21.4)	
Personnel expenses	(115.3)	(31.3)	(111.0)	(31.1)	
Taxes and duties	(5.0)	(1.3)	(4.6)	(1.3)	
Other income and expenses	5.2	1.4	5.2	1.5	
Depreciation, amortization and provisions	(12.9)	(3.5)	(12.1)	(3.4)	
EBIT	48.4	13.2	46.0	12.9	+5.3%
Operating income	48.2	13.1	45.7	12.8	
Net financial items	0.4	0.1	(2.3)	(0.7)	
Income before tax	48.6	13.2	43.3	12.1	
Income tax	(12.2)	(3.3)	(8.4)	(2.3)	
Earnings/(loss) of associates	(0.2)	n/a	(0.1)	n/a	
Net income - Group share	36.3	9.9	34.8	9.8	+4.0%
EBITDA	60.4	16.4	57.4	16.1	+5.2%

* sales adjusted for the impact of the application of IFRS 15

EBITDA, ongoing value creation

€m	2018	2017
Net income before equity method	36.4	35.0
Income tax expense	12.2	8.4
Net financial items	(0.4)	2.3
Provisions recorded under non-recurring operating income and expenses	(0.8)	(0.4)
Provisions and write-backs	0.1	(0.1)
Depreciation and amortization	12.8	12.2
EBITDA	60.4	57.4

Cash flow

€m	2018	2017
Consolidated net income	36.2	34.8
Free cash flow before net cost of debt and tax	61.5	55.3
Cash flow from operating activities	37.9	41.2
Cash flow used by investing activities	(17.8)	(15.7)
Cash flow used by financing activities	(15.2)	(14.6)
Change in cash and cash equivalents	4.6	9.7

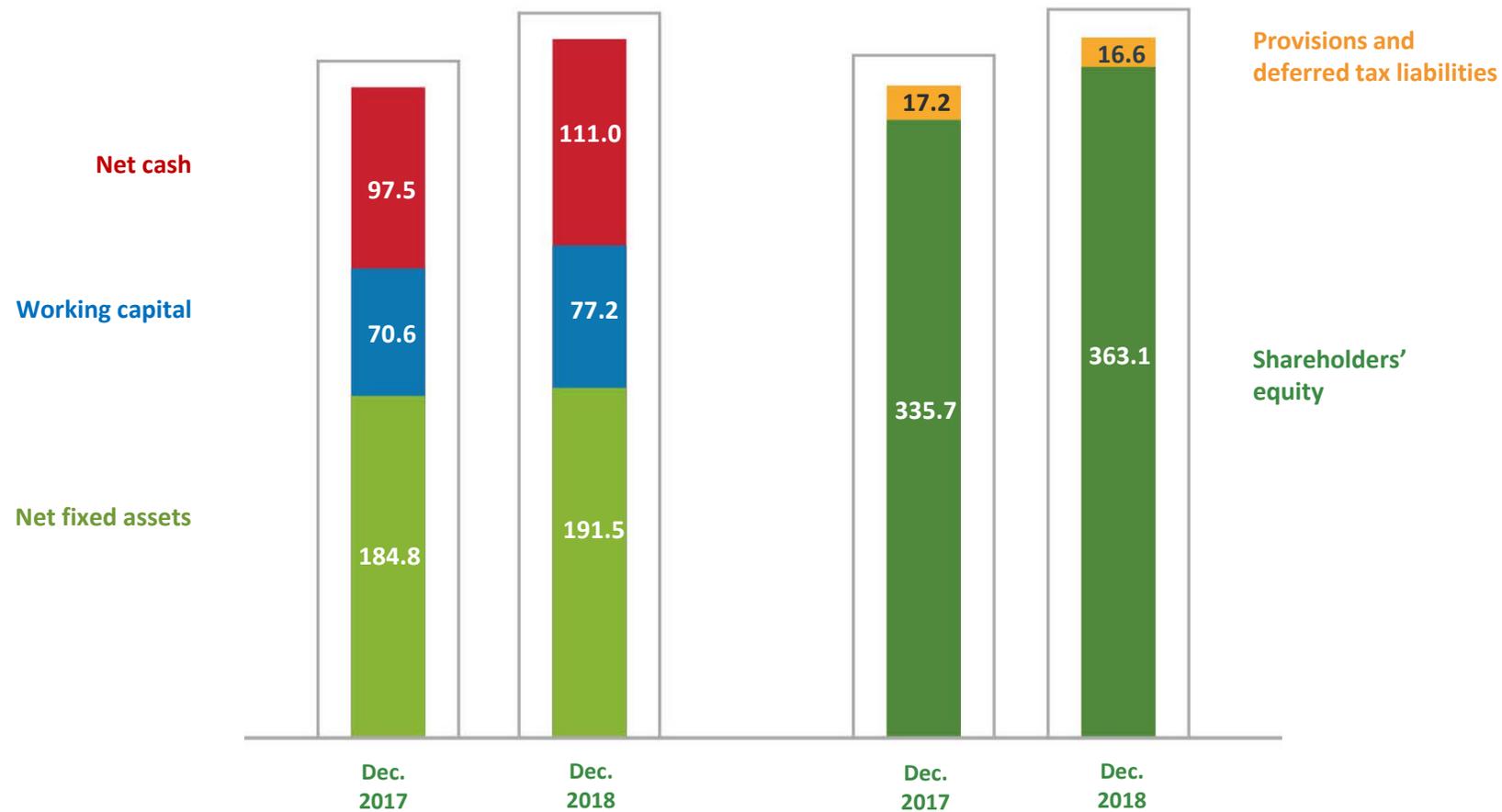
Working capital

€m	12/31/2018	12/31/2017
Inventories	77.2	69.4
Trade and other receivables	73.8	68.3
Trade and other payables	(74.5)	(72.0)
Other net working capital	0.7	4.9
Working capital	77.2	70.6

	12/31/2018	12/31/2017
In number of days (by due date)	72.1	73.7

Sound financial structure

€m

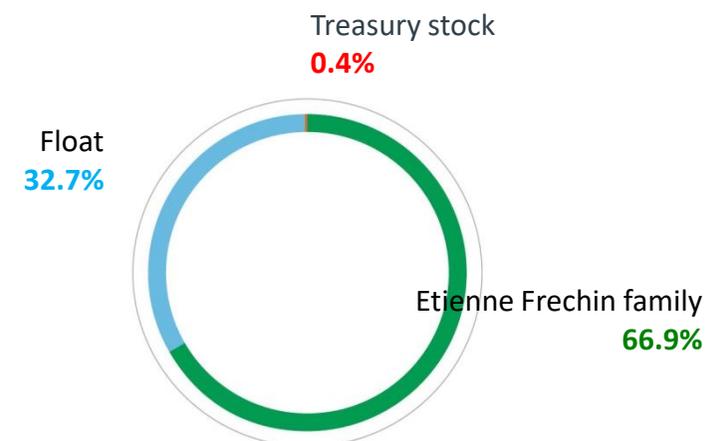


Vetoquinol, an independent family-owned group

› Share price



› Shareholders at December 31, 2018



› Draft resolution at the General Meeting scheduled for May 21, 2019

- Dividend of **€0.48** per share (up **4.3%**), i.e. a payout ratio of **15.7%**

Strengthening Vetoquinol's fundamentals

- › Essentials product growth outperforms the market

- › Strong cash generation

- › Sound financial structure
 - Shareholders' equity of **€361.1m**
 - Net cash of **€111m**
 - Large borrowing capacity

03

Strategy and outlook



Vetoquinol : an animal health pure player

- › Sustainability and independance of Vetoquinol
- › Balance between food producing animals and companion animals
- › International sales split more aligned with the potentials of the markets
- › Hybrid growth goals
- › High governance and ethical standards

Roll-out of the In Motion strategic plan

Development of strategic therapeutic domains

- › Strengthening reproduction range
 - Two new product launches

- › Development of osteoarthritis
 - 2 major life cycles
 - › Global
 - › USA

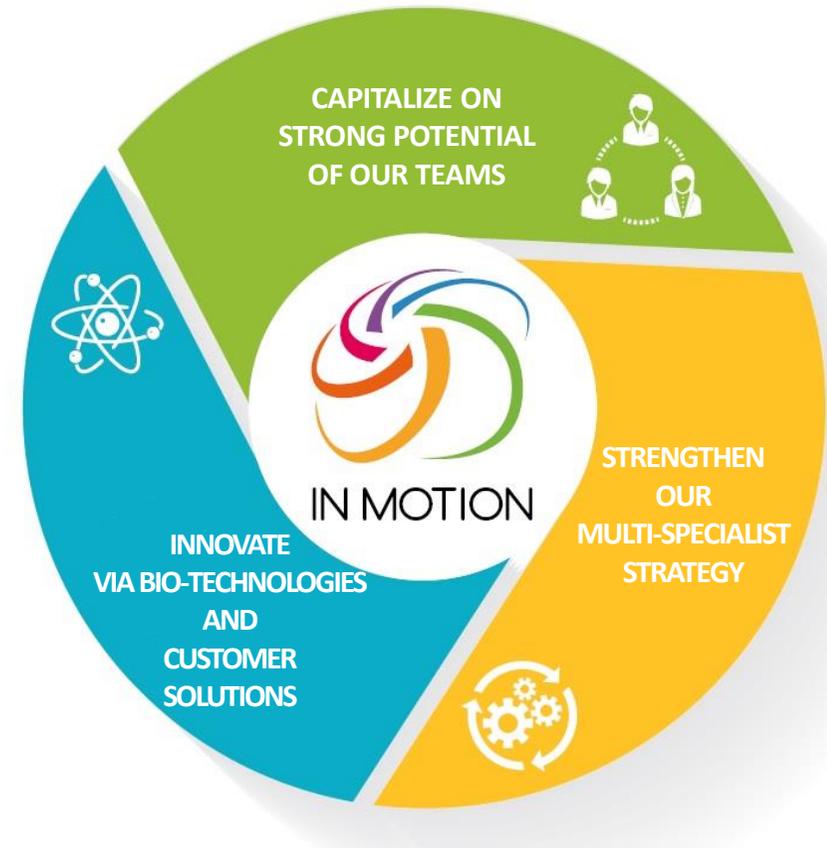
- › Territory expansion



Innovation – at the heart of the strategy

R&D: future value creation

- › 2018 R&D expenditure: **€26.4m** (7.2% of sales)
- › Acquisitions and/or project co-financing budget
- › Seeking biotechnology partnerships
- › Increasing R&D capacity



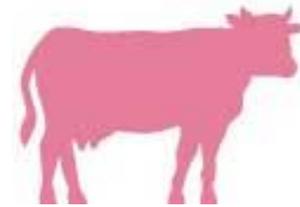
Group outlook



- › Strengthen the R&D pipeline with innovative projects, including the first fruits of our biotechnology initiatives
- › Successfully complete the roll-out of FarmVet Systems digital solutions
- › Accelerate Vetoquinol's transformation in order to better serve our customers
- › Continue a profitable hybrid growth

Upcoming financial releases

- › April 17, 2019 **Q1 2019 sales** (after market close)
- › May 21, 2019 **Shareholders' general meeting**
- › July 25, 2019 **H1 2019 sales and results** (after market close)
- › October 16, 2019 **Q3 2019 sales** (after market close)



Vetoquinol enriches the lives of people through dedication to animal health and welfare





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