

REFERENCE PRODUCTS UP 6.1% LIKE-FOR-LIKE IN H1 NET INCOME GROUP SHARE UP 6.5% TO €14.4 MILLION

At its meeting on July 26, 2017, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the financial statements for the first half of 2017.

Vetoquinol H1 2017 sales amounted to €175.7 million versus €172.2 million in H1 2016, up 2.0% as reported and up 0.6% like-for-like. Reference products increased by 6.9% as reported (6.1% like-for-like). Net income Group share amounted to €14.4 million, up 6.5%.

For the second quarter, the Vetoquinol Group posted sales of €89.5 million, up 3.6% as reported compared to the same period in 2016 (up 2.6% like-for-like). This growth is the result of a strong performance in the Americas and flat sales in Europe. Reference products reported 11.7% growth in Q2.

H1 2017 KEY FIGURES

Sales
€175.7m
(up 2.0%)

EBIT
€20.6m
(up 0.4%)

Net cash
€75.7m

Sales of reference products amounted to €80.8 million in the first half, up 6.9% as reported compared with H1 2016. They accounted for 46.0% of H1 2017 sales, up from 43.9% in H1 2016. It should be noted that, following an in-depth analysis of its product portfolio, the Group revised the reference product base with effect from January 1, 2017. Accordingly, for 2016 around €16.2 million of sales were reclassified from reference products to complementary products, with no impact on total Group sales. The products in question have either proved unsuitable for global marketing or are third-party products distributed by Vetoquinol.

H1 2017 sales of companion animal products rose 3.4% as reported and 2.7% like-for-like. Livestock sales edged up 0.4% (down 1.8% like-for-like), still impacted by measures aimed at restricting the use of antibiotics in animal health.

The Americas and Asia Pacific regions reported strong first-half growth of 8.4% and 12.2% respectively, while Europe reported a 5.1% decline.

Group EBIT amounted to €20.6 million in the first half, stable compared to the same period in 2016 and resulting in an EBIT margin of 11.7%. The gross margin on purchases rose 3.4%; the increase in costs was partly due to R&D expenditure, which accounted for 7.2% of sales (6.9% in H1 2016), as well as the expansion of the sales force in the USA and a step-up in marketing initiatives.

Net financial expense amounted to €1.3 million in H1 2017, compared to a €0.7 million expense in H1 2016. This increase in the net financial expense was due to negative currency impacts generated by the high volatility of financial markets.

Group EBITDA fell €1.5 million to €26.0 million, representing 14.8% of sales versus 15.9% in H1 2016.

Net income Group share amounted to €14.4 million, up 6.5%. This includes a reduction in the tax expense related to the geographical mix and fluctuating exchange rates.

As of June 30, 2017, Vetoquinol held net cash of €75.7 million, after payment of a €1.3 million outflow for the acquisition of Austrian VetCom Pharma.

Vetoquinol CEO Matthieu Frechin said: *“Given increasingly strict regulations on the use of antibiotics, we are sharpening our focus on our reference product range, which is the driver of our growth. The performances achieved in the first half of 2017 and particularly the second quarter give us confidence in our continued development.”*

Next update: Investors’ Day - September 27, 2017.

About Vetoquinol

Vetoquinol is a leading global player in the animal health sector serving both 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 2,084 people.

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



Ranked No. 1 SME (all caps) in the 2016 Gaia Index for its commitment to CSR

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Appendix

Breakdown of H1 2017 sales

€m	2017	2016	Change (reported data)	Change at constant exchange rates	Change (LFL)
Q1 sales	86.2	85.8	+0.4%	-1.4%	-1.4%
Q2 sales	89.5	86.4	+3.6%	+2.6%	+2.6%
H1 sales	175.7	172.2	+2.0%	+0.6%	+0.6%

Simplified first half income statement

€m	H1 2017	H1 2016	Change
Total sales	175.7	172.2	+2.0%
<i>of which reference products</i>	80.8	75.6	+6.9%
EBIT	20.5	20.5	+0.1%
<i>% of total sales</i>	11.7%	11.9%	
Net income - Group share	14.4	13.5	+6.5%
<i>% of total sales</i>	8.2%	7.8%	
EBITDA	25.9	27.4	-5.8%
<i>% of total sales</i>	14.7%	15.9%	

Calculation of first half EBITDA

€m	H1 2017	H1 2016
Net income excl. earnings of associates	14.4	13.5
Income tax expense	4.8	5.7
Net financial income	1.3	0.7
Provisions recorded under non-recurring operating income and expenses	0.0	0.6
Provisions and write-backs	(0.8)	0.3
Depreciation and amortization	6.2	6.6
EBITDA	25.9	27.4