

FIRST HALF 2018 RESULTS

- Sales up **4.7%** like-for-like and stable at **€177.9 million** as reported
- Essentials: **€87.1 million**, organic growth of **10.1%**
- Net income - Group share: up **9.7%** to **€15.8 million**

At its meeting on July 25, 2018, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the audited first half 2018 financial statements.

Vetoquinol H1 2018 sales amounted to €177.9 million versus €177.7 million in H1 2017, up

H1 2018 KEY FIGURES

Total sales

€177.9 MILLION

up 4.7% like-for-like

Essentials sales

€87.1 million

up 10.1% like-for-like

EBIT

€20.4 million (down 0.8%)

Net income Group share

€15.8 million (up 9.7%)

0.1% as reported and up 4.7% like-for-like. The negative currency impact on sales amounted to 4.6% and affected all of the main currencies used by the Group. Reported sales in the Essentials products range rose 6.6%, up 10.1% like-for-like. Net income Group share amounted to €15.8 million, up 9.7%.

Sales growth in the first half was driven by a solid performance in the Americas and Asia Pacific region (up 6.3% and 8% like-for-like, respectively), as well as a return to growth in Europe (up 2.4% like-for-life).

The Group has applied IFRS 15 "Revenue from Contracts with Customers" since January 1, 2018. For the statements to be comparable, the Group performed an adjustment of its 2017 figures, which showed a €2 million increase in sales during first half 2017 and €4.4 million over the full year as well as a corresponding expense increase by the same amount. This restatement has no impact on the Group's EBIT in 2017 or 2018, expressed in Euros. The table provided in the Appendix shows the impacts of IFRS 15.

All of the financial data set out in this press release takes the adjustments mentioned above into account.

The Vetoquinol Group posted second quarter sales of €90.3 million, stable as reported compared to the same period in 2017 (up 3.8% like-for-like). This growth is the result of a strong performance in the Americas and Asia Pacific and a slight decline in sales in Europe. Essentials products drove growth in the second quarter, up 6.5% as reported and 9.6% like-for-like during the period.

Group EBIT amounted to €20.4 million in the first half, down 0.8% compared to the same period in 2017 and resulting in an EBIT margin of 11.5%. The gross margin on purchases rose 2.0%; the increase in costs primarily resulted from our goal to step up R&D efforts, which accounted for 7.8% of sales (7.2% in H1 2017), as well as a continued marketing expenditures in support of the Essentials product range.

Net financial income amounted to €0.3 million in H1 2018, compared to a €1.3 million expense in H1 2017. The currency impact recorded by the Group for first half 2018 was neutral on its foreign currency denominated cash on hand.

Group EBITDA rose 5.4% to €27.4 million, representing 15.4% of sales versus 14.6% in H1 2017.

Net income Group share amounted to €15.8 million, up 9.7%, representing an effective tax rate of 22.9% (H1 2017: 24.9%).

As of June 30, 2018, Vetoquinol held net cash of €92.9 million.

Vetoquinol CEO Matthieu Frechin said: *“The performances presented today by our Group attest to the success of our strategy, which was reiterated on our Investor Day in September 2017. We are continuing the expansion of Essentials products across all of our strategic regions. These regions have recorded solid growth over the first half of 2018, which supports our strategy of focusing on this range.”*

Next update: Q3 2018 sales - October 18, 2018 after market close

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 2,141 people as at June 30, 2018.

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

For further information, go to: www.vetoquinol.com.

For more information, contact:

VETOQUINOL

Investor Relations

Marie-Josée Aubry-Rota

Tel.: +33 (0)3 84 62 59 88

relations.investisseurs@vetoquinol.com

KEIMA COMMUNICATION

Investor and Media Relations

Emmanuel Dovergne

Tel.: +33 (0)1 56 43 44 63

emmanuel.dovergne@keima.fr

APPENDIX

Summary income statement

€m	H1 2018	H1 2017*	Change
Total sales	177.9	177.7	+0.1%
<i>of which Essentials</i>	87.1	81.7	+6.6%
EBIT	20.4	20.6	-0.8%
<i>% of total sales</i>	11.5%	11.6%	
Net income - Group share	15.9	14.4	+9.7%
<i>% of total sales</i>	8.9%	8.2%	
EBITDA	27.4	26.0	+5.4%
<i>% of total sales</i>	15.4%	14.6%	

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

Calculation of EBITDA

€m	H1 2018	H1 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	6.4	6.2
EBITDA	27.4	26.0

IFRS 15 adjustment

€m	2017 reported sales	2017 sales restated (IFRS 15)	IFRS 15 impact
Total sales at June 30, 2017	175.6	177.7	2.0
Total sales at December 31, 2017	352.2	356.6	4.4
Total sales at June 30, 2018	177.9	177.9	0.0

ALTERNATIVE PERFORMANCE INDICATORS

Vetoquinol Group management considers that these indicators, which are not defined by IFRS, provide additional information that is relevant for shareholders seeking to analyze underlying trends and Group performance and financial position. They are used by management for performance analysis.

Essentials products: The products referred to as “Essentials” comprise veterinary drugs and non-medical products sold by the Vetoquinol Group. They are existing or potential market-leading products designed to meet the daily requirements of vets in the companion animal or livestock sector. They are intended for sale worldwide and their scale effect improves their economic performance.

Constant exchange rates: Application of the previous period’s exchange rates to the current financial year, all other things remaining equal.

Like-for-like growth: Year-on-year sales growth in terms of volume and/or price at constant exchange rates.

Net cash: Cash and cash equivalents less bank overdrafts and borrowings.