Press Release
Lure, March 26, 2020

2019 ANNUAL RESULTS

GROUP SALES €396.0M, UP 6.1% AT CONSTANT EXCHANGE RATES

NET INCOME GROUP SHARE: €28.6M (7.2% OF SALES)

At its meeting on March 24, 2020, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the 2019 financial statements. The auditors have completed their audit of the financial statements and will shortly issue their report thereon.

The Vetoquinol Group posted 2019 sales of €396.0m, up 7.6% as reported and up 6.1% at constant exchange rates.

2019 KEY FIGURES

Total sales
€396.0m
+6.1% at constant exchange rates

Essentials sales
€190.6m
+5.1% at constant exchange rates

EBIT before depreciation of assets arising from acquisitions
€48.9m (12.3% of sales)

Net income Group share
€28.6m (-€7.7m)
incl. €5m non-recurring expense

Net cash
€72.4m

2019 sales of Essential products totaled €190.6m, up 5.1% at constant exchange rates. Essential products accounted for 48.1% of Group sales in 2019.

Sales of companion animal products (€226.3m) accounted for 57.1% of total Vetoquinol sales, up 8.4% at constant exchange rates. Sales of livestock products came to €169.7m, up 3.2% at constant exchange rates; sales of recently acquired Clarion (Brazil) offset the decline in sales of reproduction products.

All Vetoquinol Group strategic territories posted growth in 2019, with the Americas up 11.3%, Europe up 3.8% and Asia Pacific up 2.0% at constant exchange rates. Growth in the Americas was boosted by Clarion sales in Brazil from April 2019.

The gross margin on purchases amounted to 68.6%, down 0.7% due to several factors including the first-time consolidation of Clarion, product write-offs, a delay with the restart of production activities in the Lure plant in the first semester, and a reduction of inventories.

External expenses rose 10.3% excluding the impact of first application of IFRS 16; nearly half of this increase was due to currency impact and acquisitions (Clarion and FarmVet Systems Ltd); R&D costs and sales support costs also had a major impact: staff costs were up 6.5% largely due to salary rise, an increase in total headcount and a perimeter effect (over €4m) due to the first-time consolidation of Clarion and FarmVet Systems Ltd; R&D costs amounted to €30.0m or 7.6% of sales (2018: 7.2%).

2019 EBIT before depreciation of assets arising from acquisitions, a new Group performance indicator, came in at €48.9m (2018: €51.2m).

Depreciation of acquired assets amounted to €3.0m (2018: €2.7m), which includes a €0.4m depreciation charge related to the acquisition of FarmVet Systems Ltd.

Vetoquinol Group's EBIT dropped 5.2% to €45.9m from €48.4m in 2018.

In 2019, the Group incurred €5.0m non-recurring expenses linked to the discontinuation of a R&D project and the reorganization of the Group's European production facilities (closing of the Italian plant).

The 2019 effective tax rate amounted to 30.6% (2018: 25.1%) due to the following factors: the Group was hit by an additional tax charge following a tax audit in France (completed in December 2019), a tax reform in India and an adverse combination of taxable income and unbooked deferred tax assets among the Group's subsidiaries.

Group EBITDA rose €5.0m year-on-year to €65.4m, of which 4.8m resulted from the implementation of IFRS 16.

After €5.0m non-recurring expenses, **Group net income amounted to €28.2m** (2018 €36.2m).

Total Group net cash stood at €72.4m at December 31, 2019.

Vetoquinol is backed by a sound financial structure to further its growth strategy and has the funds to pursue its targets for acquisitions and development as well as to face the impact of the Covid-19 crisis. The Group was free of financial debt as of December 31, 2019.

The Board will submit a draft dividend amounting to €0.48 per share to the May 26, 2020 shareholders meeting; the Board of Directors may however opt to modify this dividend prior to the annual shareholders' meeting under the Covid-19 context.

Covid-19

The Group's top priority is to ensure its staff stay healthy and safe, while delivering on its production, distribution and service commitments. The Group has introduced a number of measures as issued by the World Health Organization and governments in countries where it operates.

Group management is currently reviewing scenarios to measure how the pandemic may impact Group production and sales in the short and medium term. In view of the sharp increase in the pandemic as of the date hereto, combined with confinement rules that may last longer than one month, Group management consider that second quarter 2020 sales and results will be negatively impacted. As previously mentioned, the Group's financial structure is sound; the net cash available will be sufficient to weather this crisis.

The Group will continue to keep its stakeholders regularly informed of how Covid-19 developments impact its business.

Vetoquinol CEO Matthieu Frechin said: *"2019 featured growth in our Essentials products throughout our strategic regions and our Brazilian acquisition opened the door for us to build a big presence in the world's third largest animal health market. We also made great strides in R&D that included launching or extending new products. That said, we took on board non-recurring costs that hit our bottom line. Our February 2020 announcement that we will acquire* a leading parasiticide product family opens up new opportunities. Lastly, regarding the current health crisis, I would like to salute the great work of our people who have all met their public health and ongoing care duties."*

Vetoquinol has confirmed its eligibility for the French PEA-PME personal equity plan, in accordance with Decree no. 2014-283 of March 4, 2014 implementing Article 70 of the 2014 Finance Act no. 2013-1278 of December 29, 2013, which established the conditions for companies' eligibility for the plan.

The analysts' presentation scheduled March 26, 2020 as well as the recording shall be available on the company website.

Next update: Q1 2020 sales, Thursday, April 16, 2020 after market close

About Vetoquinol

Vetoquinol is a leading global animal health company that supplies drugs and non-medicinal products for 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. At December 31 2019 Vetoquinol employs 2,372 people.
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
Fanny Toillon
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

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* *Subject to the transaction's approval by competent authorities and release of usual pre-conditional clauses*

ANNEX

Summary income statement

€m	2019	2018	Change
Total sales	**396.0**	**367.9**	***+7.6%***
of which Essentials	*190.6*	*179.4*	*+6.2%*
EBIT before depreciation of assets arising from acquisitions	**48.9**	**51.2**	***-4.5%***
% of total sales	*12.3%*	*13,9%*	
Net income Group share	**28.6**	**36.3**	***-21.2%***
% of total sales	*7.2%*	*9.9%*	
EBITDA	**65.4**	**60.4**	***+8.4%***
% of total sales	*16.5%*	*16.4%*	

Calculation of EBITDA

€m	2019	2018
Net income before equity method	**28.2**	**36.5**
Income tax expense	**12.5**	**12.2**
Net financial items	**0.2**	**(0.4)**
Provisions recorded under non-recurring operating income and expenses	**4.4**	**(0.8)**
Provisions and write-backs	**0.9**	**0.1**
Depreciation	**19.3**	**12.8**
EBITDA	**65.4**	**60.4**

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.

EBIT before depreciation of assets arising from acquisitions: This KPI isolates the non-cash impact of amortization charges which result from merger and acquisitions operations.

Net cash: Cash and cash equivalents less bank overdrafts and borrowings, pursuant to IFRS 16.