PRESS
RELEASE

Lure
July 29th, 2021

2021 FIRST HALF RESULTS
STRONG PERFORMANCE ACROSS THE BOARD

First half sales: €255m (up 33.5% at constant exchange rates)
Essentials sales: €143m (up 45.2% at constant exchange rates)
EBIT before depreciation of acquired assets: €57m (22.3% of sales)
Net income - Group share: €36m

Vetoquinol CEO Matthieu Frechin said: *"The strong performance recorded in the first half of 2021 is a direct result of the major transformation program undertaken as part of our two most recent strategic plans. Our company has changed significantly as a result. Our portfolio now includes more high value-added products, Essentials products, and has been diversified to reduce our reliance on anti-infectives, without sacrificing our proven expertise in this strategic segment. This development dynamic gives us confidence in the coming months, and we expect to see double-digit growth in sales and EBIT in 2021."*

At its meeting on July 28th, 2021, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the first half 2021 financial statements. A limited review has been completed and the relevant report has been issued by the Auditors.

In a buoyant animal health world market that grew by around 5% in the first half of 2021 (company estimates), Vetoquinol posted sales of €255 million, up 30.2% as reported and up 33.5% at constant exchange rates.

Strong business growth in the first half was the result of strong momentum in Essentials products, up by €45 million at constant exchange rates in H1 2021, thanks to the successful integration of the Drontal® and Profender® product range acquired on August 1st, 2020 and organic growth of 13.4%. The company also recorded an increase in Complementary products, with organic growth of 21.5% in the first half of 2021. Essentials products accounted for 55.9% of Group sales in the first half of 2021, up from 50.6% for the same period in 2020.

Sales of pet products totaled €167 million, representing 65% of Vetoquinol sales and organic growth of 22%. Sales of livestock products came to €88 million, representing organic growth of 12%.

All strategic territories posted growth in H1 2021 at constant exchange rates: 38.3% in Europe, 33.6% in the Americas and 20.0% in Asia/Pacific.

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In the first half of 2021, the Group recorded a negative currency impact of €6 million (down 3.3%) on sales, reflecting a decline in the Brazilian real, Indian rupee and US dollar.

Gross margin on purchases remained stable at 72.0% (down 0.2 pp) compared to the same period in 2020. This reflects sustained production, the impact of the Drontal® and Profender® purchases and negative currency impacts.

Other purchases and external expenses rose €5.6 million, mainly due to an increase in marketing and advertising costs, recruitment and sales transport costs to cope with the increase in business; this was partly offset by a decrease in business travel, assignments and entertainment expenses related to Covid-19.

Personnel expenses were up 10.4%, i.e. €6.8 million, due to a change in consolidation scope (integration of Drontal® and Profender® businesses), and an increase in wages and the provision for profit-sharing and incentive schemes.

Depreciation and amortization charges related to the application of IFRS 16 came to €2.6 million, compared to €2.4 million at the end of June 2020.

EBIT before depreciation of acquired intangible assets, **a leading performance indicator for the Vetoquinol Group, posted a sharp €28.9 million increase to €56.9 million,** up from €28 million in H1 2020. This sharp increase was driven by strong growth in sales and the gross margin on purchases, the growing share of Essentials products in the product mix and decreased costs due to the health context.

Depreciation of acquired assets amounted to €6.5 million, compared to €3.7 million in H1 2020, Expenses in the first half of 2021 included amortization of €4.5 million in relation to Drontal® and Profender®, versus no amortization in the first half of 2020, given that these products were acquired in August 2020.

Group EBIT came to €50.4 million, up €26.0 million from €24.4 million in the first half of 2020.

The apparent tax rate is 28.3% compared to 33.8% for the first half of 2020.

EBITDA increased €29.5 million to €67.5 million in H1 2021, driven by strong sales and improved operating profitability.

Vetoquinol's net income amounted to €36.2 million, up from €15.0 million in H1 2020.

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Cash flow from operating activities in the first half of 2021 totaled €31.7 million. This strong cash generation enabled Vetoquinol to repay the €110 million loan taken out in July 2020 to finance the purchase of Drontal® and Profender®. The Group's net cash position stood at €16.2 million at June 30th, 2021, after taking into account IFRS 16 liabilities of €12.6 million.

Covid-19 health situation as of July 29th, 2021

The Group continues to ensure its staff stay healthy and safe, while delivering on its production, distribution and service commitments. To date, it has noted a limited impact of Covid-19 on its first half sales, however is keeping a close eye on how the health crisis evolves.

The analyst and investor presentation scheduled for July 29th, 2021 and its recording will be available on the Company's website.

Next update: Q3 2021 sales, October 14th, 2021 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.

Vetoquinol employed 2,525 people as of June 30th, 2021.

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

The Vetoquinol share is eligible for the French PEA and PEA-PME personal equity plans.

ANNEX

SALES

€m	**2021**	**2020**	***Change (reported data)***	*Change (constant exchange rates)*	*Organic growth*
Q1 sales	**127.9**	**103.4**	*+23.8%*	*+28.3%*	*+11.7%*
Q2 sales	**127.4**	**92.7**	*+37.3%*	*+39.2%*	*+23.8%*
H1 sales	**255.3**	**196.1**	*+30.2%*	*+33.5%*	*+17.4%*

SUMMARY INCOME STATEMENT

€m	**06/30/2021**	**06/30/2020**	*Change*
Total sales	**255.3**	**196.1**	*+30.2%*
of which Essentials	*142.8*	*99.2*	*+44.0%*
EBIT before depreciation of acquired assets	**56.9**	**28.0**	*+102.9%*
% of total sales	*22.3*	*14.3*	
Net income Group share	**36.2**	**15.1**	*+140.5%*
% of total sales	*14.2*	*7.6*	
EBITDA	**67.5**	**38.0**	*+77.6%*
% of total sales	*26.4*	*19.4*	

CALCULATION OF EBITDA

€m	**06/30/2021**	**06/30/2020**
Net income before equity method	**36.2**	**14.8**
Income tax expense	**14.4**	7.6
Net financial income/expense	**(0.3)**	0.5
Provisions recorded under non-recurring operating income and expenses	**0.1**	2.1
Provisions and write-backs	**0.7**	0.3
Depreciation and amortization	**13.9**	10.2
Depreciation - IFRS	**2.6**	2.4
EBITDA	**67.5**	**38.0**

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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 (LFL) growth: Year-on-year sales growth in terms of volume and/or price at constant consolidation scope and exchange rates.

EBIT before amortization of acquired assets: This KPI isolates the non-cash impact of depreciation charges on intangible assets arising from mergers and acquisitions.

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

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