Press Release
Lure, July 30, 2020

2020 FIRST HALF RESULTS

CONSOLIDATED SALES: €196.1M (UP 7.5% AT CONSTANT EXCHANGE RATES)

NET INCOME GROUP SHARE: €15.1M (7.7% OF SALES)

At its meeting on July 29, 2020, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the first half 2020 financial statements. The auditors have completed their audit of the financial statements and will shortly issue their report thereon.

Vetoquinol H1 2020 sales amounted to €196.1 million, up from €183.8 million in H1 2019, up 6.7% as reported and up 6.2% like-for-like. Changes in exchange rates had a negative impact of 0.8% on business in the first half, mainly due to the BRICS currencies and more specifically the sharp decline in the Brazilian real, partly offset by the US dollar.

H1 2020 KEY FIGURES

Total sales
€196.1m
+7.5% at constant exchange rates

Total Essentials sales
€99.2m
+10.7% at constant exchange rates

EBIT before depreciation of acquired assets
€28.0m

Net income - Group share
€15.1m (up €2.1m)

Net cash
€91.3m

Sales growth in the first half of 2020 was driven by Essentials products, which posted organic growth of 10.7%. Essentials products accounted for 50.6% of Vetoquinol's sales in the first half of 2020, up from 49.4% in H1 2019.

Sales of companion animal products came to €114.0 million and accounted for 58.1% of total Vetoquinol sales, up 6.8% at constant exchange rates. Sales of livestock products came to €82.1 million, up 8.5% at constant exchange rates. The purchase of Clarion Biociencias in Brazil on April 15, 2019 contributed €2.5m to H1 2020 growth.

At constant exchange rates, all of the Vetoquinol Group's strategic territories posted growth in the first half: the Americas recorded an increase of 6.5%, while growth of 4.6% in Europe was mainly driven by France and Spain. Asia-Pacific and export territories posted growth of 18.7%, driven by the launch of Essential Boarbetter® in China, offset by a decline in sales in India due to the challenges presented by the health crisis.

The Vetoquinol Group posted Q2 2020 sales of €92.7m, stable compared to the reported figure Q2 2019, with organic growth of 1.9%. Europe and the Americas fell 3.3% and 9.5% respectively, as reported. Sales in Brazil and the US also declined in the second quarter, reflecting the impact of Covid-19. Asia-Pacific remains on an upward trajectory, posting solid growth of 31.7% driven by export markets and China.

The gross margin on purchases came to 72.2%, up 2.8 percentage points compared to H1 2019 (69.4%) due to an increase in production in the first half of 2020 compared to usual levels, and a favorable 2019 comparison reference.

External expenses fell €2.5m, primarily due to a decrease in costs relating to Covid-19 (reduction in marketing and advertising costs, travel expenses, etc.). Personnel expenses rose 6.5% (€4m), due to a change in consolidation scope (creation of a subsidiary in New Zealand and acquisition of Clarion in Brazil), an increase in wages and the provision for profit-sharing and incentive schemes.

EBIT before depreciation of acquired assets, a new Vetoquinol Group performance indicator, amounted to €28.0m in the first half of 2020, up from €19.2m in the same period in 2019, resulting in a 4 points increase. Depreciation of acquired assets amounted to €3.7m, compared to €1.3m in H1 2019. H1 2020 depreciation includes a €2.2m depreciation charge as from April 15, 2019 on fixed assets, a consequence of the purchase price allocation of Clarion.

Vetoquinol Group's EBIT rose to €24.4m, up from €17.9m in H1 2019.

In H1 2020, Vetoquinol recorded a net € 1.4m non-recurring expenses related to goodwill impairment of the FarmVet Systems CGU (€2.2m), partially offset by a reduction in liabilities owed to minority shareholders, (non-recurring income of €0.8m).

The apparent tax rate was 33.8% (vs 27.6% in H1 2019) due to the negative effects recorded in the first half of 2020, primarily due to an adjustment on India tax carried forward losses, and a reversal of FarmVet Systems deferred tax assets as well as country mix effect. The increase of this tax rate combined with the growth of the EBIT before tax triggers an additional €2.7m income tax charge.

Vetoquinol posted an €11.8m increase in EBITDA year-on-year in the first half at €38.0m, resulting from the increase in sales and gross margin, as well as a reduction in expenses during Covid-19. H1 2020 EBITDA expressed as a percentage of sales amounted to 19.4% versus 14.3% in H1 2019.

After non-recurring expenses, **Vetoquinol net income amounted to €15.1m**, up from €13.0m in H1 2019.

Total Group net cash stood at €91.3m at June 30, 2020.

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 health crisis. The Vetoquinol Group was free of financial debt as of June 30, 2020.

Covid-19
The Group has ensured its staff stay healthy and safe, while delivering on its production, distribution and service commitments. The Vetoquinol Group has also introduced a number of measures as issued by the World Health Organization and governments in countries where it operates.

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

Acquisition of Profender® and Drontal®

The acquisition in Europe and the United Kingdom of these two de-wormers for cats and dogs is expected to be finalized on Monday August 3, following the acquisition of Bayer's animal health division by Elanco Animal Health.

Vetoquinol CEO Matthieu Frechin said: *"The performances recorded in the first half of 2020 reflect the merits of our development strategy, which is based on a balance between our strategic territories and concentrating our efforts on our portfolio of Essentials products. Since the lockdown at the start of the year, our top priority has been to ensure the health and safety of our staff. Our teams are hard at work supporting our vet and breeder customers, ensuring that the most hygienic conditions possible are in place wherever we operate. This unprecedented health crisis has also highlighted the agility and flexibility of our laboratory. Our portfolio of Essentials products, solid financial structure and expert teams are what will ensure we overcome this challenging period. Finally, we are delighted to be finalizing the acquisition of Profender® and Drontal® next week, which is entirely in line with our strategy."*

The analyst presentation is scheduled for Thursday, July 30, 2020 and its recording will be available on the Company's website.

Next update: Q3 2020 sales, October 15, 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 June 30th 2020, Vetoquinol employs 2,401 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

ANNEX

Summary income statement

€m	06/30/2020	06/30/2019	Change
Total sales	**196.1**	**183.8**	***+6.7%***
of which Essentials	*99.2*	*89.9*	*+10.3%*
EBIT before depreciation of assets arising from acquisitions	**28.0**	**19.2**	***+46.1%***
% of total sales	*14.3%*	*10.4%*	
Net income Group share	**15.1**	**13.0**	***+15.8%***
% of total sales	*7.7%*	*7.1%*	
EBITDA	**38.0**	**26.2**	***+44.9%***
% of total sales	*19.4%*	*14.3%*	

Calculation of EBITDA

€m	06/30/2020	06/30/2019
Net income before equity method	**14.8**	**12.8**
Income tax expense	**7.6**	**4.9**
Net financial income/(expense)	**0.5**	**0.3**
Provisions recorded under non-recurring operating income and expenses	**2.1**	**(0.2)**
Provisions and write-backs	**0.3**	**(0.3)**
Depreciation	**10.2**	**6.7**
Depreciation - IFRS	**2.4**	**2.1**
EBITDA	**38.0**	**26.2**

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.