



GEAR 2023 strategic plan

Villepinte, April 18, 2018 – Guerbet (the “Company”), a global specialist in contrast agents and solutions for medical imaging, has released today its GEAR 2023 strategic plan.

About Guerbet

Guerbet is a leading global medical imaging player. The Company engages in the research, production and distribution of contrast media, as well as complementary medical devices and services. Guerbet’s products are used for diagnostic purposes and increasingly for interventional purposes. Its activities are organized around two franchises: Diagnostic Imaging and Interventional Imaging.

In Diagnostic Imaging, Guerbet has operated a successful consolidation of its markets over the past few years. It estimates that it is now the world #2 player in Magnetic Resonance (“MR”) imaging contrast media, the world #4 in Computed Tomography (“CT”) and Catheterization Laboratory (“Cath Lab”) contrast media and the world #3 in contrast media medical devices and services. During the same period, Guerbet has successfully diversified into Interventional Imaging, and it has a robust R&D pipeline that is balanced across both franchises.

Guerbet reported 2017 revenue of €807.1m, representing a 4.7% growth at constant exchange rates, and an EBITDA of €130.0m, continuing its track-record of profitable growth.

GEAR 2023 strategic plan

Guerbet has decided to implement an ambitious strategic plan to better capture growth opportunities in a context of evolving trends in its markets.

In Diagnostic Imaging, the MR contrast media market, which is estimated to represent c. €1.0bn, is expected to face slower growth perspectives in value with the threat of generic penetration and associated pricing pressure that may offset the growth in volume. The CT & Cath Lab contrast media market, which is estimated to represent c. €2.7bn, is expected to grow sustainably at a low single-digit rate. At the same time, Guerbet believes that there are significant growth opportunities in medical devices and services for diagnostic contrast media, a market with an estimated size of c. €1.2bn.

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The Interventional Imaging underlying markets are underpinned by a strong drive toward minimally invasive surgical procedures, which require the use of contrast media. Guerbet believes that it can address targeted market segments with an estimated combined value in excess of c. €1.6bn, leveraging its products portfolio and expertise. Such market segments, including interventional oncology, interventional radiology embolization and interventional radiology delivery, would represent significant growth opportunities for Guerbet.

In order to capture growth opportunities, the GEAR 2023 strategic plan is built on four key pillars:

- **Grow** our existing products;
- **Expand** into adjacencies;
- **Acquire** new technologies; and
- **Return** to shareholders.

The GEAR 2023 strategic plan combines “Internal Boost” initiatives, aimed at accelerating organic growth based on targeted investments in the current business where there are markets opportunities, together with “External Boost” initiatives, consisting of the pursuit of acquisition opportunities in order to compound organic growth and generate profitability accretion.

In Diagnostic Imaging, Guerbet has identified several Internal Boost and External Boost initiatives:

- **Internal Boost:**
 - P03277: targeted launch in 2022 of a new contrast media currently in development and which is showing best-in-class potential in the Phase II B;
 - Go-direct in Japan: building of own distribution platform in 2018 to accelerate penetration in the world’s 2nd largest contrast media market for MR and CT & Cath Lab, currently addressed through a distributor;
 - Capture growth opportunities in key geographies either by accelerating in countries recently launched after the CMDS acquisition (Poland, South Africa and Australia) or by strengthening our presence in large markets where we can seize further growth opportunities (the US and mainland China); and
 - Digital offering: continued development of a modular software offering based on a Software as a Service (Saas) business model aimed at improving operational and clinical outcomes.
- **External Boost:**
 - Medical devices and services: strengthen the complementarity of Guerbet’s product offering by adding new medical devices and services; and
 - Augmented Intelligence: develop an offering to address a strong market opportunity leveraging on Guerbet’s network and relationships with radiologists.

In Interventional Imaging, Internal Boost initiatives will consist of the development of new indications for Lipiodol® and the development and acceleration of Accurate Medical Therapeutics’ products, which Guerbet has acquired in 2018.

In terms of External Boost initiatives in Interventional Imaging, Guerbet intends to build a unique portfolio through bolt-on acquisitions of mainly start-up players (replicating the Accurate Medical Therapeutics model). The Company targets to generate €100m to €150m of revenue in 2023 from companies acquired over 2018-2023 in Interventional Imaging. The Company believes it benefits from strong competitive advantages to seize acquisition opportunities, including its R&D expertise to

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identify and evaluate innovative technologies from start-up companies, its commercial footprint to launch and accelerate their market penetration and its fast decision making for acquisition. Guerbet has identified a pipeline of realistic targets and has the ambition to sign two acquisitions before end of 2018.

As part of GEAR 2023, Guerbet will implement a plan across its businesses to reduce costs and working capital requirements.

Outlook and targets

For 2018, the Company expects revenue in-line with 2017 at constant exchange rates. The EBITDA margin is expected down by c. 2 percentage points of revenue compared to 2017, due to the full year impact of generic competition on Dotarem®, but excluding one-off impacts. One-off impacts related to the integration of Accurate Medical Therapeutics and the transition to an own distribution platform in Japan are expected to decrease EBITDA by c. €10m in 2018. The Company expects to proceed with net capital expenditure in the range of c. €50m and to have a neutral to slightly positive change in net working capital, despite one-off impacts. In 2018, the Company will pay the upfront consideration of €19.5m associated with the Accurate Medical Therapeutics acquisition, as well as part of the up to €37.5m earn-out consideration, which is to be paid in several installments over 2018-2020, subject to performance conditions.

For 2020, and taking into account Internal Boost initiatives only, the Company targets revenue between €850m and €900m at constant exchange rates and an EBITDA margin above 16.5%. The Company targets net capital expenditure of c. €50m with an additional one-off impact of c. €10m in 2020 and 2021, consisting of the roll-out of the Group's ERP across CMDS businesses. Regarding working capital, the Company targets to decrease requirements as percentage of revenue back to pre-CMDS acquisition level.

For 2023, and taking into account Internal Boost initiatives only, the Company targets revenue of around c. €1.0bn at constant exchange rates and an EBITDA margin above 20%. The Company targets net capital expenditure of c. €50m.

External Boost initiatives to be achieved over 2018-2023 are targeted to contribute an additional €150m to €250m of revenue by 2023 and to have an overall positive impact on EBITDA margin.

Regarding the financial policy over 2018-2023, the Company intends to maintain its net debt to EBITDA ratio below 3.5x at all times, to maintain its dividend distribution policy with a pay-out ratio target in the range of 25% to 35% and to optimize shareholders' return.

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This press release contains statistics, data and other information relating to markets, market sizes, market shares, market growth, market positions and other industry data pertaining to the Company's business and markets. Such information is based on the Company's analysis of multiple internal and third party sources, including information extracted from market research, governmental and other publicly available information, independent industry publications and information and reports. The Company, its affiliates, shareholders, directors, officers, advisors, employees and representatives have not independently verified the accuracy of any such market data and industry forecasts. Such data and forecasts are included in this press release for information purposes only.

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