

# HALF-YEARLY FINANCIAL REPORT

AT JUNE 30, 2016

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# Activity report

## Comments on activity in the first half of 2016

The published half-year revenue stands at €376.7 million, up 65.7% on the revenue published in 2015. At constant exchange rates, the Group recorded sales of €388.6 million (excluding the €11.9 million negative exchange rate effect), resulting in a change in pro forma revenue of -2.3%.

The double-digit growth in sales of Dotarem® and continued strong sales in the IRT segment offset the Group's negative growth in the X-Ray and Imaging Solutions and Services (ISS) segments.

At the end of this first half-year, the consolidated sales trend is in keeping with the Group's target of stabilizing the new structure's activity at +/-3% of the full-year 2015 pro forma revenue, excluding exchange rate effects.

For the record, CMDS sales dropped by 20% on a full-year basis before the acquisition.

The measures taken in order to quickly benefit from synergies have started to yield results, industrially and in commercial and organizational terms.

The increase in production capacities and the improvements to production procedures have, for instance, demonstrated the Group's ability to rally and reallocate the resources at its disposal.

Commercially, significant progress has been made in the optimization of the distribution network and the simplification of the product portfolio. At the same time, Guerbet is introducing a "best-in-class" organizational structure, by starting to converge the IT systems and to set up shared service centers.

Despite considerable integration costs, the synergies created have enabled the Group to generate an increase in EBITDA to €55.3 million, representing 14.7% of the first half-year revenue, compared with a pro forma figure of €53.5 million (13.4% of the revenue) for 2015.

Operating income amounts to €31.3 million, versus €30.1 million in the 1st half of 2015.

The acquisition of CMDS has led to an increase in financial expenses to €3.0 million, and in foreign exchange losses to -€2.8 million. Net income comes to €17.3 million, however, versus €20.5 million for the same period last year.

On June 30, 2016, the Group's shareholders' equity stands at €297.0 million, compared with €274.3 million on June 30, 2015. Net debt, which includes the financing of the CMDS acquisition, amounts to €297.6 million. The net debt/shareholders' equity and net debt/EBITDA ratios are as planned, at 1 and 2.69 respectively.

In the second half-year, the industrial integration in progress will temporarily affect the performance of the intermediate product production sites. The projected EBITDA should therefore be no higher than in the first half-year.

Guerbet confirms its target for the full year of generating revenue within a range of +/-3% of 2015 pro forma sales at constant exchange rates.

### **Main risks and uncertainties for the six remaining months of the year**

Readers can refer to the 2015 Registration Document deposited with the French Financial Markets Authority (AMF) on April 21, 2016, number D.16-0378. It can be downloaded from the AMF and Guerbet websites (<http://www.guerbet.com>). We also inform readers that no major uncertainties or risks have appeared since this date concerning the last six months of the year.

### **Main transactions between related parties recorded in the first months of the year**

Readers can refer to note 25 of the notes to the consolidated financial statements and note 31 (describing the list of stakes held by the parent company) of the 2015 Registration Document deposited with the French Financial Markets Authority (AMF) on April 21, 2016, number D.16-0378, which can be downloaded from the AMF and Guerbet websites (<http://www.guerbet.com>). We also inform readers that no major transactions between related parties have occurred since this date regarding the first six months of the year.

## Key figures

In thousands of euros - IFRS	June 30, 2016	June 30, 2015
Revenue	376,739	227,338
EBITDA <sup>1</sup>	55,341	46,585
Current operating income	31,248	30,122
Net income	17,300	20,491
Net earnings per share	€1.40	€1.68
Shareholders' equity	297,022	274,283
Net financial debt	297,550	53,412
Leverage <sup>2</sup>	2.7	0.57
Gearing	1.0	0.19

## Guerbet share

	Month	Highest price in a trading session (in euros)	Lowest price in a trading session (in euros)	Number of shares traded	Turnover (in millions of €)
<b>2015</b>	January	35.00	31.01	288,373	9.47
	February	38.75	33.00	363,784	12.92
	March	40.75	35.01	480,486	18.08
	April	38.30	35.15	191,299	7.02
	May	40.60	36.60	166,074	6.46
	June	41.99	36.36	199,134	7.79
	July	58.95	37.50	420,581	20.35
	August	64.79	54.72	367,083	22.61
	September	65.99	59.55	209,598	13.05
	October	63.57	57.27	246,167	14.78
	November	63.00	57.50	191,251	11.59
	December	65.00	56.98	200,788	12.12
<b>2016</b>	January	76.97	61.80	454,540	32.26
	February	76.00	62.00	442,920	31.26
	March	75.87	65.71	246,692	17.76
	April	73.97	57.40	367,592	22.94
	May	61.44	53.86	245,939	14.12
	June	61.50	47.50	219,197	12.16

<sup>1</sup> EBITDA refers to current operating income, with the allowance for amortization, depreciation, and provisions added back in.

<sup>2</sup> This ratio corresponds to the covenant contractually agreed upon between Guerbet and its banks. It must be less than 3.70 in 2016.

# **CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2016**

On September 27, 2016, the Board of Directors approved the publication of the condensed half-year consolidated financial statements for GUERBET for the period from January 1 to June 30, 2016.

The condensed half-year consolidated financial statements at June 30, 2016 are to be read as a supplement to the consolidated financial statements for the fiscal year ended December 31, 2015, as indicated in the Registration Document deposited with the French Financial Markets Authority (AMF) on April 21, 2016, number D.16-0378.

▪ Consolidated balance sheet

<b>ASSETS (net)</b> In thousands of €	Note	June 30, 2016	June 30, 2015	Dec 31, 2015
Intangible fixed assets	1	125,505	49,240	116,177
Tangible fixed assets	1	240,705	190,054	244,532
Non-current financial assets		2,920	1,492	2,989
Deferred taxes	2	39,470	10,647	31,995
<b>Total non-current assets</b>		<b>408,600</b>	<b>251,433</b>	<b>395,693</b>
Inventories	3	244,843	114,234	216,663
Trade receivables		163,327	87,923	160,384
Assets held for sale		-	-	-
Other current financial assets		63,121	26,203	71,703
Cash and cash equivalents		71,241	14,266	54,379
<b>Total current assets</b>		<b>542,532</b>	<b>242,626</b>	<b>503,129</b>
<b>TOTAL ASSETS</b>		<b>951,132</b>	<b>494,059</b>	<b>898,822</b>

<b>LIABILITIES (net)</b> In thousands of €	Note	June 30, 2016	June 30, 2015	Dec 31, 2015
Share capital	4	12,438	12,208	12,343
Other reserves		282,412	242,293	246,596
Consolidated income		17,300	20,491	39,923
Translation adjustment		(15,128)	(709)	(15,011)
<b>Shareholders' equity</b>		<b>297,022</b>	<b>274,283</b>	<b>283,851</b>
of which Group share		297,022	274,283	283,851
Non-current financial debt	6	264,032	33,984	301,228
Other non-current financial liabilities		0	615	0
Deferred taxes	2	20,694	14,082	16,974
Provisions	5	31,224	24,425	30,451
<b>Total non-current liabilities</b>		<b>315,950</b>	<b>73,106</b>	<b>348,653</b>
Trade accounts payable		88,629	46,657	78,842
Current financial debt	6	104,759	33,694	40,995
Other financial liabilities		96,785	39,174	109,064
Current tax payable		42,554	22,995	29,885
Provisions	5	5,432	4,150	7,532
<b>Total current liabilities</b>		<b>338,159</b>	<b>146,670</b>	<b>266,318</b>
<b>TOTAL LIABILITIES</b>		<b>951,132</b>	<b>494,059</b>	<b>898,822</b>

## ▪ Consolidated income statement

In thousands of €	June 30, 2016	June 30, 2015	Dec 31, 2015
	(6 months)	(6 months)	(12 months)
<b>Revenue</b>	<b>376,739</b>	<b>227,338</b>	<b>488,738</b>
Royalties	12	17	32
Other operating income and change in inventories	3,414	1,021	1,519
Purchases consumed	(107,476)	(43,504)	(103,452)
Staff-related costs	(79,168)	(61,034)	(125,594)
External charges	(119,847)	(68,670)	(155,909)
Taxes and duties	(16,137)	(8,102)	(18,144)
Depreciation and amortization	(18,529)	(12,531)	(26,798)
Net allocations to provisions	(5,509)	(3,932)	(1,344)
Other operating income and expenses	(2,196)	(678)	(2,833)
<b>Operating income</b>	<b>31,303</b>	<b>29,925</b>	<b>56,215</b>
Income from cash and cash equivalents	16	98	135
Gross finance costs	(2,955)	(531)	(1,249)
<b>Net finance costs</b>	<b>(2,939)</b>	<b>(433)</b>	<b>(1,114)</b>
Currency gains and losses	(2,889)	63	2,677
Other financial income and expenses	64	712	707
Income taxes	(8,240)	(9,776)	(18,435)
<b>Consolidated net income</b>	<b>17,300</b>	<b>20,491</b>	<b>39,923</b>
of which Group share	17,300	20,491	39,923
Net earnings per share with a face value of €1 (in €)	1.40	1.68	3.27
Diluted net earnings per share with a face value of €1 (in €)	1.38	1.62	3.19

## ▪ Net income and gains and losses recognized directly in equity

In thousands of €	June 30, 2016	June 30, 2015	Dec 31, 2015
	(6 months)	(6 months)	(12 months)
<b>Net income</b>	<b>17,300</b>	<b>20,491</b>	<b>39,923</b>
<b>Gains and losses recognized directly in equity</b>			
Actuarial gains and losses relating to IAS 19 obligations			(523)
Impact of the IFRIC 21 Standard regarding Levies			352
Net investment hedge: conversion of Borrowing into USD			2,622
Change in translation adjustment	(117)	240	(14,062)
<b>Net income and gains and losses recognized directly in equity</b>	<b>17,183</b>	<b>20,731</b>	<b>28,312</b>

## ▪ Consolidated statement of cash flows

In thousands of €	June 30, 2016 (6 months)	June 30, 2015 (6 months)	Dec 31, 2015 (12 months)
<b>Net income</b>	<b>17,300</b>	<b>20,491</b>	<b>39,923</b>
Allowances and reversals of depreciation and provisions for fixed assets	18,400	12,536	27,343
Allowances and reversals of provisions for risks	(1,220)	1,689	2,263
Change in fair value of hedging instruments	(281)	(328)	(395)
Stock option costs	0	194	409
Income from sales of fixed assets and other adjustments	(42)	85	1,353
<b>Cash flow after net finance costs and taxes</b>	<b>34,157</b>	<b>34,667</b>	<b>70,896</b>
Net finance costs	2,939	433	1,114
Tax expenses (including deferred taxes)	8,240	9,776	18,435
<b>Cash flow before net finance costs and taxes</b>	<b>45,336</b>	<b>44,876</b>	<b>90,445</b>
Taxes paid	(11,150)	308	(6,617)
<b>Change in working capital needs linked to activity (including debt linked to employee benefits)</b>	<b>(16,258)</b>	<b>(15,658)</b>	<b>(9,488)</b>
(Increase) / decrease in inventory	(27,931)	(14,276)	(19,660)
(Increase) / decrease in trade receivables	(7,653)	(10,452)	(4,625)
Increase / (decrease) in trade payables	2,321	10,378	12,107
(Increase) / decrease in other assets	16,012	(2,693)	(13,001)
Increase / (decrease) in other liabilities	993	1,385	15,691
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>17,928</b>	<b>29,526</b>	<b>74,340</b>
<b>Investments</b>	<b>(21,300)</b>	<b>(12,059)</b>	<b>(286,076)</b>
in intangible fixed assets	(9,305)	(6,132)	(12,487)
in tangible fixed assets	(11,738)	(5,912)	(20,858)
in financial fixed assets	(257)	(15)	(253,179)
Impact of changes in scope	2,620		448
Sales of fixed assets	423	159	370
Increase / (decrease) in debt on fixed assets	(1,043)	(3,675)	(2,967)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>	<b>(19,300)</b>	<b>(15,575)</b>	<b>(288,673)</b>
Dividends paid	(8,010)	(6,094)	(6,094)
Increase in equity	1,463	0	2,085
New borrowing	40,403	662	276,190
Loan repayment	(9,365)	(20,607)	(21,913)
Net financing interest paid (including finance lease agreements)	(2,876)	(454)	(588)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>21,615</b>	<b>(26,493)</b>	<b>249,680</b>
Effect of exchange rate fluctuations (D)	1,143	(28)	(10,202)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)</b>	<b>21,386</b>	<b>(12,570)</b>	<b>25,145</b>
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>31,351</b>	<b>6,206</b>	<b>6,206</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>52,737</b>	<b>(6,364)</b>	<b>31,351</b>

▪ **Statement of changes in Shareholders' equity**

In thousands of €	Share capital	Consolidated reserves	Result	Change in translation adjustment	Total
<b>Position at December 31, 2014</b>	<b>12,208</b>	<b>221,718</b>	<b>26,127</b>	<b>(949)</b>	<b>259,104</b>
Incorporation of 2014 income		26,127	(26,127)		-
Stock options		409			409
Dividend payments		(6,094)			(6,094)
Consolidated 2015 income			39,923		39,923
Actuarial gains and losses		(523)			(523)
Translation adjustment				(14,062)	(14,062)
Capital increase	135	1,951			2,086
Other changes		3,008			3,008
<b>Position at December 31, 2015</b>	<b>12,343</b>	<b>246,596</b>	<b>39,923</b>	<b>(15,011)</b>	<b>283,851</b>
Incorporation of 2015 income		39,923	(39,923)		0
Stock options					0
Dividend payments		(8,010)			(8,010)
Consolidated income for 1st half 2016			17,300		17,300
Actuarial gains and losses		1,432			1,432
Translation adjustment				(117)	(117)
Capital increase	95	1,368			1,463
Other changes		1,103			1,103
<b>Position at June 30, 2016</b>	<b>12,438</b>	<b>282,412</b>	<b>17,300</b>	<b>(15,128)</b>	<b>297,022</b>

Existing net consolidated position at June 30, 2015 (IAS 34):

In thousands of €	Share capital	Consolidated reserves	Result	Change in translation adjustment	Total
<b>Position at December 31, 2014</b>	<b>12,208</b>	<b>221,718</b>	<b>26,127</b>	<b>(949)</b>	<b>259,104</b>
Incorporation of 2014 consolidated income		26,127	(26,127)		-
Share capital increase					-
Stock options		194			194
Dividend payments		(6,094)			(6,094)
Consolidated income for 1st half 2015			20,491		20,491
Implementation of IFRIC 21		352			352
Translation adjustment				240	240
Other changes		(4)			(4)
<b>Position at June 30, 2015</b>	<b>12,208</b>	<b>242,293</b>	<b>20,491</b>	<b>(709)</b>	<b>274,283</b>

# NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2016

In thousands of euros (€'000)

## **I) Accounting methods and rules**

The accounting principles applied in preparing the condensed consolidated financial statements at June 30, 2016 are the same as those used in the consolidated financial statements drawn up at December 31, 2015 (which can be seen on the Group website: [www.guerbet.com](http://www.guerbet.com)).

The application of new standards and interpretations that became mandatory on January 1, 2016 did not have a significant effect on the financial statements prepared at June 30, 2016.

The new interpretations and standards that were optional before June 30, 2016 were not early adopted.

The condensed consolidated financial statements at June 30, 2016 were prepared in accordance with IAS 34, "Interim Financial Reporting," which allows for the presenting of a selection of notes in an appendix. The condensed consolidated financial statements must be read along with the consolidated annual financial statements for the fiscal year 2015.

The Group's condensed consolidated financial statements are in thousands of euros, unless otherwise indicated. They were approved on September 27, 2016 by the Board of Directors.

## **II) ACQUISITION OF MALLINCKRODT'S CONTRAST MEDIA AND DELIVERY SYSTEM BUSINESS**

In accordance with the agreement signed on July 27, 2015 with MALLINCKRODT plc, Guerbet acquired exclusive control of this group's CMDS business on November 27, 2015.

It paid €288 million for this acquisition, which was entirely financed by a syndicated bank loan whose lead arranger is BNP Paribas. This price is provisional. It will be permanently set after its cash position, working capital need and debt components have undergone validation. This process is still under way. Guerbet believes that it will not have to pay out additional sums.

The acquisition costs (€11.6 million) have been recognized in expenses.

The assets and liabilities are summarized below:

• Tangible fixed assets	: 57,240
• Intangible fixed assets	: 26,911
• Other non-current assets – net	: 2,616
• Working capital needs	: 139,208
• Cash position	: 34,839
• Other non-current liabilities	: (9,132)
• Goodwill	: 36,914

As the acquisition date was very close to the end of the fiscal year 2015, the amounts recognized for this acquisition have been provisionally approved in order to prepare the consolidated annual financial statements at December 31, 2015. On the date when these financial statements were presented at the end of June 2016, the market valuations and other calculations required had not yet been completed, as in some countries the tax bases for the transaction have not yet been defined. In the meantime, goodwill has been recognized with an exchange value of €36,296,000, to be allocated before November 27, 2016.

On November 27, 2015, all the entities within the CMDS business were transferred to Guerbet, except Colombia, for which the prior authorization of the competition authorities in this country was only obtained on May 27, 2016. The assets and liabilities thus acquired were valued as part of the total price paid on November 27, 2015, triggering the provisional recognition of additional goodwill of €1,564,000.

The table below presents the pro forma information at June 30, 2016 and at June 30, 2015 as if these acquisitions became effective on January 1, 2015. The group's Management believes that these pro forma data give an approximate idea of the group's return on investment and should not be used as points of reference for the results for future periods.

In €M	Revenue	EBITDA <sup>1</sup>	Finance costs
Consolidated GUERBET Group - 1st half-year 2016	376.7	55.3	3.4
Colombia business - first 5 months of 2016 <sup>2</sup>	1.6	0.5	
Eliminations:			
- Internal CMDS sales to Colombia up to May 27, 2016	0.1	-	
Consolidated GUERBET Group - 1st half-year 2016 pro forma	378.4	55.8	3.4
Consolidated GUERBET Group - 1st half-year 2015	227.3	46.6	0.5
CMDS business including Colombia - 1st half-year 2015 <sup>2</sup>	175.6	6.9	0.4
Eliminations:			
- CMDS sales to Guerbet - 1st half-year 2015	2.3		
Additional financial borrowing costs as from 1/1/2015			2.1
Consolidated GUERBET Group - 1st half-year 2015 pro forma	400.6	53.5	3.0

To determine this pro forma information as if CMDS, including Colombia, was acquired on January 1, 2015, the existing transactions between Guerbet and CMDS were eliminated from CMDS activities in 2015 before the acquisition date, and the transactions between CMDS and Colombia before the acquisition date were also eliminated. The gross finance costs were recalculated as if the loan had been taken out on January 1, 2015 under the conditions prevailing on this date.

## **II) Seasonality**

There is no significant seasonal aspect to the activity.

## **III) Dividend payments**

In the 1st half of 2016, a dividend of €0.65 per share was paid to shareholders.

<sup>1</sup> \* EBITDA = Current operating income + allowance for amortization, depreciation, and provisions

<sup>2</sup> Unaudited data

## **IV) Management of financial risk**

In accordance with its risk hedging policy, Guerbet hedges the main accounting risks on the balance sheet and does not have any open market positions not tied to accounting risks.

### **A) FOREIGN EXCHANGE RISK**

GUERBET centralizes its management of foreign exchange risk.

#### **a. Hedging portfolio**

At June 30, 2016, the exchange value, in euros, of the hedging portfolio, is €9.75 million.

#### **b. Exposure to foreign exchange risk of the 10 representative currencies**

(€ million)	USD	EUR*	MXN	RUB	BRL	ZAR	JPY	COP	HKD	CLP
Total position outside group (a)	9.44	4.09	-0.01	11.24	0.00	0.00	2.36	0.00	0.51	0.00
Total position within group (b)	23.59	12.12	4.14	0.00	9.69	8.59	-0.30	5.57	0.00	1.90
Total financial exposure (c)	-257.20	0.02	-17.34	0.00	0.00	0.00	6.98	0.07	4.23	2.48
<b>Total position before hedging (d=a+b+c)</b>	<b>-224.17</b>	<b>16.23</b>	<b>-13.21</b>	<b>11.24</b>	<b>9.69</b>	<b>8.59</b>	<b>9.04</b>	<b>5.57</b>	<b>4.74</b>	<b>4.38</b>
Total hedges outstanding (e)	0.00	0.00	0.00	0.00	0.00	0.00	-3.28	0.00	0.00	0.00
<b>Net foreign exchange position (d-e)</b>	<b>-224.17</b>	<b>16.23</b>	<b>-13.21</b>	<b>11.24</b>	<b>9.69</b>	<b>8.59</b>	<b>5.76</b>	<b>5.57</b>	<b>4.74</b>	<b>4.38</b>

The accounting risk includes all assets and liabilities.

- It consists of the exposure of some of our subsidiaries (Hong Kong – Brazil – USA – Canada) to fluctuations in the euro.

The group's financial exposure in USD of €257.2 million includes €135.11 million of loans taken out for the acquisition of CMDS, comprising the net investment hedge for the acquisition of companies whose operating currency is the USD.

#### **c. Sensitivity of financial income to foreign exchange risk for the main currencies**

This calculation is made based on the existing unhedged balances at June 30, 2016.

The table below shows the impact on financial income of a 10% change in the main currencies against the euro:

In thousands of €	June 30, 2016	June 30, 2015
USD	8,906	585
MXN	1,321	1,085
RUB	1,123	0

### **B) INTEREST RATE RISK**

Debt is nearly exclusively variable rate. The debt breakdown between fixed and variable rates is determined by the Group's Management and periodically reviewed according to foreseeable changes in interest rates.

## a. Hedging portfolio

Six new contracts have been signed to hedge 65% of the tranche of the syndicated loan intended to finance the acquisition of the CMDS business. Overall, the portfolio consists of 10 contracts, with a euro exchange value of €161.04 million, the details of which are given in the chart below:

Bank	Date implemented	Maturity date	Type of contract	GUERBET's Position	Premium	Indices	Contract rate	Currency	Notional residual amount In foreign currency	Notional residual amount Exchange value in €
Natixis	06/30/2011	07/04/2016	Swap	Buy		EUR3M	2.295%	€	250,000	250,000
Natixis	11/04/2011	11/08/2016	Swap	Buy		EUR3M	1.435%	€	1,000 000	1,000 000
Natixis	11/10/2011	11/14/2016	Swap	Buy		EUR3M	1.4525%	€	1,000 000	1,000 000
Crédit Agricole CIB	12/09/2009	12/12/2016	Cap	Buy	0.68%	EUR3M	2.53%	€	714,286	714,286
BNP Paribas	03/29/2016	03/27/2019	Swap	Buy		Libor USD 3 Months	1.15%	USD	50,614,200	45,590,164
CMCIC	03/29/2016	03/27/2019	Swap	Buy		Libor USD 3 Months	0.9420%	USD	35,608,950	32,074,356
HSBC	03/29/2016	03/27/2019	Swap	Buy		Libor USD 3 Months	1.05%	USD	29,992,950	27,015,808
Société Générale	03/29/2016	03/27/2019	Swap	Buy		Libor USD 3 Months	0.9390%	USD	23,674 950	21,324 941
CA CIB	03/29/2016	03/27/2019	Swap	Buy		Libor USD 3 Months	0.9750%	USD	18,269,550	16,456,089
CA IDF	03/29/2016	03/27/2019	Swap	Buy		Libor USD 3 Months	0.95%	USD	17,339,400	15,618,267

## b. Exposure to interest rate changes at June 30, 2016

In thousands of €	Less than one year <sup>1</sup>	More than one year	Total
Fixed-rate financial liabilities	(1,091)	(7,110)	(8,201)
Variable-rate financial liabilities	(106,134)	(254,456)	(360,590)
Fixed-rate financial assets	3,500	0	3,500
Variable-rate financial assets	67,741	0	67,741
Net position before management <sup>2</sup> :			
- fixed-rate	2,409	(7,110)	(4,701)
- variable-rate	(38,393)	(254,456)	(292,849)
Off-balance sheet <sup>3</sup>	(34,552)	(126,492)	(161,044)
Net position after management:			
- fixed-rate	(32,143)	(133,602)	(165,745)
- variable-rate	(3,841)	(127,964)	(131,805)

<sup>1</sup> All the maturities of the variable-rate financial assets and liabilities, and fixed-rate financial assets and liabilities with maturities of less than one year

<sup>2</sup> Sum of differences (asset - liability) at fixed rates and (asset - liability) at variable rates

<sup>3</sup> Caps and Swaps to protect the balance sheet liabilities if interest rates are raised

### c. Sensitivity of financial income to changes in interest rates

Change in interest rates of	1%
Change in financial income of	€1,318,050

## V) Segment data

All the Group's business is carried out in a single area of activity, namely research, development and the production and sale of contrast products for medical imaging.

The Group therefore presents segment-specific information by geographical region that corresponds to the internal reporting data used by the Group for management purposes.

The geographical regions are presented below according to the risk and profitability analysis in two subsets, corresponding to the Group's internal organizational structure and Guerbet's different growth models in these markets:

- The main European markets where the Guerbet Group has been able to build sustainable customer relationships, and has a strong position thanks to its own networks of pharmaceutical sales representatives,
- The other markets.

Additional information on the revenue by product range (X-Ray, MRI, IRT, MD and others) is provided for reference purposes.

### 1. Geographical information

Segment information is provided according to the geographical location of the companies with additional information on the share of revenue per market.

The "European Companies" are the European countries where the Group is present through its own networks of pharmaceutical sales representatives, namely: Germany, Austria, Belgium, Spain, France, the United Kingdom, the Netherlands, Italy, Portugal, Switzerland, and Turkey.

The non-attributed portion of operating income corresponds to head-office administrative costs, research and development costs, and indirect industrial costs not attributable to products, which are components that can only be attributed on an arbitrary basis to the various segments.

The Group's support functions and research and development costs are centralized in France.

June 30, 2016	Guerbet			Total	*Of which CMDS		
	European companies in their markets	Other	Not Attributed		European companies in their markets	Other	Not Attributed
Revenue							
European markets	189,763			189,763	23,236		
Other markets		186,976		186,976		111,135	
<b>Total</b>	<b>189,763</b>	<b>186,976</b>		<b>376,739</b>	<b>23,236</b>	<b>111,135</b>	
Allowances for depreciation	(1,529)	(874)	(16,126)	(18,529)	(104)	(586)	(4,259)
Other expenses without cash equivalents	(424)	183	(5,268)	(5,509)	(644)	(427)	(3,556)
<b>Operating income</b>				<b>31,303</b>			
<b>Net income</b>				<b>17,300</b>			
Segment assets	580,495	370,637		951,132	132,900	277,716	
- of which fixed assets	271,280	97,850		369,130	42,427	75,321	
Segment liabilities other than borrowing	270,886	85,513		356,399	53,211	62,514	
Borrowing	342,727	0		342,727	0	0	
Segment investments							
- intangible	9,283	22		9,305	0	21	
- tangible	9,013	2,725		11,738	705	1,991	

June 30, 2015	European companies (in their markets)	Other	Not attributed	Total
<b>Revenue</b>				
European markets	152,679	6,086		158,765
Other markets		68,573		68,573
<b>Total revenue</b>	<b>152,679</b>	<b>74,659</b>		<b>227,338</b>
<b>Current operating income</b>	<b>63,418</b>	<b>19,367</b>	<b>(52,662)</b>	<b>30,122</b>
Other operating income and expenses				(197)
<b>Operating income</b>				<b>29,925</b>
Net finance costs				(433)
Other financial income and expenses				775
Taxes				(9,776)
<b>Net income</b>				<b>20,491</b>
- of which amortization and depreciation	(1,441)	(907)	(10,182)	(12,531)
- of which other expenses without cash equivalents	366	(846)	(3,452)	(3,932)
Segment assets	408,375	85,684		494,059
- of which fixed assets	218,564	22,222		240,786
Segment liabilities other than borrowing	157,309	15,668		172,977
Borrowing	41,285	5,514		46,799
Shareholders' equity			274,283	274,283
Segment investments				
- of which intangible	6,116	17		6,133
- of which tangible	5,175	737		5,912

## 2 – Breakdown of revenue by product range

In thousands of €	June 30, 2016	June 30, 2015
X-Ray	52.2%	43.0%
MRI	31.9%	42.9%
IRT	6.7%	9.4%
MD	8.8%	4.0%
Other	0.4%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## VI) Descriptive notes (in thousands of euros)

### Note 1 - Tangible and intangible fixed assets

In the first half of 2016, the Group invested:

- €11.7 million in tangible fixed assets, mainly in France. These investments were made in IT and in arrangements relating to the change of ERP, and in increasing the capacities of the Lanester, Aulnay, Dublin and Raleigh plants,
- €9.3 million in intangible fixed assets, principally in connection with the group ERP roll-out project and the ERP's improvement.

### Note 2 - Deferred tax assets and liabilities

In thousands of €	12/31/2015	Changes in income	Changes in shareholders' equity	Translation and other adjustments	06/30/2016
Deferred tax assets	31,995				39,470
Deferred tax liabilities	(16,974)				(20,694)
<b>Total</b>	<b>15,021</b>	<b>3,715</b>	<b>(695)</b>	<b>735</b>	<b>18,776</b>
Of which deferred taxes resulting from:					
Capitalization of tax losses	8,821	(1,201)		400	8,020
Temporary timing differences	28,729	591		656	29,976
Restatement of regulated provisions	(21,125)	(4,031)		0	(25,156)
Revaluation of tangible fixed assets	2,682	1,178		401	4,261
Differences in valuation of intangible fixed assets	(6,754)	87		(741)	(7,408)
Restatement of margins on inventory	4,004	2,251		(160)	6,095
Restatement of provisions for subsidiary risk	(1,354)	0		(45)	(1,399)
Finance leases	(159)	6		0	(153)
Restatement of injectors	206	443		47	696
Restatement of financial instruments	(1 376)	945		(1)	(432)
Restatement of borrowing costs	(945)	122			(823)
Other	2 292	3 324	(695)	178	5 099

### Note 3 - Inventories

In thousands of €	June 30, 2016	Dec 31, 2015
Raw materials and spare parts	72,240	65,498
- of which CMDS	28,737	25,133
Intermediate and finished products, work in progress and Goods	199,210	172,706
- of which CMDS	95,968	81,641
<b>Gross value</b>	<b>271,450</b>	<b>238,204</b>
Provisions	-26,607	-21,541
- of which CMDS	<b>-16,354</b>	<b>-12,745</b>
<b>Net value</b>	<b>244,843</b>	<b>216,663</b>

### Note 4 – Shareholders' equity

At December 31, 2015, the parent company's equity was made up of 12,343,474 shares with a face value of 1 euro. The number of Guerbet shares changed over the period from 94,852 to 12,438,326 at the end of June 2016.

The Group holds 20,428 treasury shares.

### Note 5 – Provisions

#### Changes during the period

	12/31/15	Provisions	Reversals used	Reversals not used	Translation adjustments and reclassifications	06/30/16
<b>Long-term</b>	<b>30,451</b>					<b>31,224</b>
Deferred employee benefits	30,451	875	(126)	(110)	134	31,224
<b>Short-term</b>						
Tax disputes	987				(409)	578
Commercial disputes	471		(12)		(33)	426
Various risks	6,074	375	(1,980)	(362)	322	4,429
<b>Total short-term provisions</b>	<b>7,532</b>	<b>375</b>	<b>(1,992)</b>	<b>(362)</b>	<b>(120)</b>	<b>5,432</b>
<b>Total provisions</b>	<b>37,983</b>	<b>1,251</b>	<b>(2,118)</b>	<b>(472)</b>	<b>14</b>	<b>36,656</b>

### Note 6 – Borrowing

#### 6 - 1 Analysis by type

	June 30, 2016	Dec 31, 2015
<b>Long-term borrowing (non-current liabilities) of which:</b>	<b>264,032</b>	<b>301,228</b>
Special profit-sharing reserve (blocked current accounts)	633	762
Finance leases	1,598	1,226
Other borrowing	261,801	299,240
<b>Short-term borrowing (current liabilities) of which:</b>	<b>104,759</b>	<b>40,995</b>
Finance leases	1,014	1,076
Other borrowing and current profit-sharing reserve	77,681	16,891
Bank facilities	26,064	23,028
<b>Total financial debt</b>	<b>368,791</b>	<b>342,223</b>

### Note 7 – Other potential assets and liabilities

In December 2008, the request for aid for the French-German "Iseult" research project, submitted to Oséo, was approved by the European Commission. The aid agreement provides for the financing of half of the expenses incurred, including 39% in the form of repayable advances, and 61% in the form of a grant. An amendment signed with BPI France extends the duration of the project by 2 years and modifies the financial return terms if a product that comes out of the project is marketed.

In the second half of each year, OSEO studies the research expenses incurred by GUERBET between July 1 of the previous year and June 30 of the current year, and pays an amount equal to half of the approved expenses, in the form of a grant or repayable advance.

Research expenses incurred from July 1, 2014 to June 30, 2015 will be subject to approval by OSEO in the second half of 2016 for a repayable advance to be received in the amount of €1,782,000.

No other significant potential assets or liabilities were identified.

## Note 8 – Staff-related costs

Main characteristics of the valuation of the share-based payment benefit:

### a) Characteristics of share-based payments for plans in effect on June 30, 2016

Grant date	Number granted	Share price on grant date	Volatility	Zero-risk rate	Exercise price	Lock-up period
October 17, 2011	530,840	€16.58	35%	2.77%	€15.40	4 years
November 23, 2011	48,000	€16.80	35%	2.77%	€16.07	4 years
February 20, 2012	6,800	€15.37	35%	2.77%	€15.37	4 years

### b) Distribution of benefit by fiscal year for plans in effect

Grant date	March 26, 2009	October 17, 2011	November 23, 2011	February 20, 2012	Total
2013		590	53	8	651
2014		590	53	8	651
2015		468	47	7	522
2016				1	1
<b>Total</b>	<b>0</b>	<b>1,648</b>	<b>153</b>	<b>24</b>	<b>1,825</b>

### c) Impact on balance sheet

The benefit above is recorded for each fiscal year according to the number of options yet to be exercised in exchange for shareholders' equity.

## Note 9 – Income tax

### 9-1 - Details of tax expenses

In thousands of €	June 30, 2016	June 30, 2015
Current taxes	11,954	11,955
Deferred taxes	(3,715)	(2,179)
<b>Total</b>	<b>8,240</b>	<b>9,776</b>

## 9-2 – Analysis of tax expenses

In thousands of €	June 30, 2016	June 30, 2015
Theoretical tax charge at the prevailing rate for the consolidated company (*)	(8,793)	(11,501)
Impact of differences in tax rates	577	1,062
Impact of expenses that are permanently non-deductible or non-taxable	(690)	(823)
Impact of tax credits	1,992	1,591
Impact of deferred taxes on various unrecognized losses	(1,127)	(105)
<b>Total</b>	<b>(8,240)</b>	<b>(9,776)</b>
Effective tax rate (%)	32.26%	
(*) Income tax rate	34.43%	38.00%

## Note 10 – Related party disclosures

### 10 - 1 Relationships with non-consolidated companies

All the significant Group subsidiaries are wholly-owned and fully consolidated. Transactions between these companies are eliminated.

### 10 - 2 Compensation and benefits granted by the Group to the main directors and members of the board.

The main directors make up the Executive Committee. They received the following benefits and compensation in euros:

<b>Short-term benefits</b>	
Total gross compensation	<b>2,613</b>
of which in-kind benefits	22
and variable portion <sup>1</sup>	822
<b>Post-employment benefits</b>	
of which funded supplemental pension contributions	71
of which provisions for retirement benefits (on the balance sheet)	133
<b>Payments in shares <sup>2</sup></b>	<b>0</b>

During the 1st half-year, the members of the Board of Directors received €210,000 in attendance fees for the fiscal year 2015.

## Note 11 – Events after closing

N/A

<sup>1</sup> For each person, the variable portion depends on the achieving of a certain number of individual objectives over the course of the previous year. It is adjusted according to the performance of the Company or the Group during that same year, and is calculated based on the person's salary in December 2015.

<sup>2</sup> This is the expense recorded for the first half of 2016 for the stock options that were granted to them (see note 8).

# **Statutory Auditors' report on the 2016 half-year financial statements**

**From January 1 to June 30, 2016**

Dear Shareholders,

Under the terms of the assignment entrusted to us by your shareholders' meeting, and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code, we have undertaken:

- a limited review of GUERBET's condensed half-year consolidated financial statements, for the period running from January 1 to June 30, 2016, as attached to this report;
- the verification of the information given in the half-yearly activity report.

These condensed half-year consolidated financial statements were prepared by your Board of Directors. It is our responsibility to express an opinion of these financial statements based on our limited review.

## **I – Opinion of the financial statements**

We have conducted our limited review in accordance with the professional standards applicable in France. A limited review consists mainly of holding discussions with the senior managers in charge of accounting and finance, and carrying out analysis work. Such a review is less comprehensive than the investigations required for a full audit under French industry standards. As such, the assurance obtained through a limited review that the accounts, taken as a whole, are free from any material misstatements is a moderate assurance that is not as strong as that obtained from a full audit.

Based on our limited review, we have not identified any material misstatements likely to call into question the compliance of the condensed half-year consolidated financial statements with IAS 34, applicable under IFRS, as adopted within the European Union, relating to interim financial information.

## **II – Specific verifications**

We also verified the information provided in the half-yearly activity report commenting on the condensed half-year consolidated financial statements that were the subject of our limited review. We do not have any observations to make regarding the sincerity of this information or its consistency with the condensed half-year consolidated financial statements.

Paris and Neuilly-sur-Seine, September 27, 2016

The Statutory Auditors

HAF Audit & Conseil  
Member of Crowe Horwath International

Deloitte & Associés

Marc de Prémare

Frédéric Souliard

## **Statement from the person responsible for the half-yearly financial report**

I hereby certify that, to the best of my knowledge:

- the condensed consolidated financial statements for the half-year elapsed were drawn up in accordance with the applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and earnings of the company and all the companies included in the consolidation scope,
- the half-yearly activity report enclosed presents a fair picture of the significant events that occurred during the first six months of the year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the second half of the year.

Villepinte, September 27, 2016

Yves L'Epine

Chief Executive Officer

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