



# 2019 HALF-YEAR RESULTS

SEPTEMBER 26, 2019



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# Welcome



**Yves L'Epine**  
Chief executive officer



**Jérôme Estampes**  
Chief financial officer

# Guerbet



## 2019 HALF-YEAR RESULTS

SEPTEMBER 26, 2019



# Summary

1. H1 2019 – key highlights
2. Financial results
3. Outlook

# Moderate revenue growth and further implementation of GEAR 2023

## H1 2019

### Revenue

- ✓ €400.6 m; +2.8%
- ✓ €396.5 m at CER; +1.8%

### EBITDA

- ✓ €61.6 m ; 15.4% of Sales

### Net income

- ✓ €19.0 m ; 4.8% of Sales



on going execution

### Successful development of our internal growth initiatives

- ✓ Early commercial success of our Japanese affiliate
- ✓ Fast development of gadopichlenol (Phase 3 are ongoing)
- ✓ Accurate catheters well positioned, Interventional SF force in place

### Progress on our external growth opportunities

- ✓ Interventional imaging : Intensive investigation of potential targets
- ✓ Artificial Intelligence : acceleration of our partnership with IBM Watson

### Implementation of our cost discipline project

- ✓ First effects in 2019, full effects in 2021

# Revenue growth on our 2 franchises (€385.7m\* ; +3.3% at CER)

## DIAGNOSTIC IMAGING (DI)

## INTERVENTIONAL IMAGING (II)

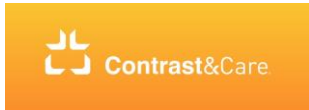
At CER  
 € 351.9m  
 +2.2 %



At CER  
 € 33.8m  
 +15.9%



Digital Solutions



Dotarem®



OptiStar Elite®



Optiray®



Xenetix®



OptiVantage®



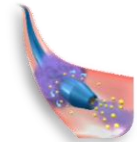
Illumena Neo®



FlowSens®



Lipiodol® Ultra-Fluid



Microcatheters  
 SeQure® and DraKon™



Patent Blue V



Vectorio®



\* Excluding Revenue from third party : €10.8m at CER (-33.2%)

# All core segments<sup>(2)</sup> are growing (€385.7m ; +3.3% at CER)



**Total revenue at CER on H1 2019<sup>(2)</sup>**  
**€385.7m ; +3.3%**

(1) : Including Digital, Technical Maintenance Services and other Diagnostic Imaging

(2) : Excluding revenues from third party

# Our interconnected solutions in MR & CT imaging



## SMART INJECTIONS SOLUTIONS : FOR SAFE AND EFFICIENT INJECTIONS

- Large, flexible range of injectors and consumables, including OptiVantage®, Illumena® Neo, FlowSens® and OptiStar® Elite
- Can be tailored to practice and/or patients' needs
- Technical support services recognized for their expertise and reliability

## INNOVATIVE DIGITAL SOLUTIONS FOR HEIGHTENED PATIENT SAFETY AND PRODUCTIVITY

- **Software Dose&Care®**
  - Radiation dose monitoring and tracking
- **Software Contrast&Care®**
  - Patient injection data and contrast media monitoring and tracking

# MRI: continuous growth (+1.8%) despite Dotarem<sup>®</sup> generics & Optimark<sup>®</sup> withdrawal



## Dotarem<sup>®</sup> strong resilience

### ■ Europe

- Sales have stabilized despite generics competition
- Strong growth in Turkey after linears ban decided end of 2018
- Moderate sales erosion in France, Germany (volume and/or price impact)

### ■ US

- Solid Dotarem<sup>®</sup> growth (Generic has not entered the US market)
- Optimark<sup>®</sup> withdrawal almost completed

### ■ South America & Asia

- Contribution of Japan
- New MA in Porto Rico, Nicaragua, Honduras, Brunei, Sri Lanka

	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019	COMMENT
<b>Vol.</b>	Base 100	104	114	123	125	Market sh. gain vs linears, but some substitution to Gx
<b>Price</b>	Base 100	98	91	91	88	Price decrease tends to slow down
<b>Sales (at CER)</b>	Base 100	102	104	112	110	Growing Sales

## ■ Optiray®

- Ongoing COGS reduction
- Contribution of Japan (direct sales), USA (competitor's shortage)
- Direct sales in Turkey after termination of distributor agreement

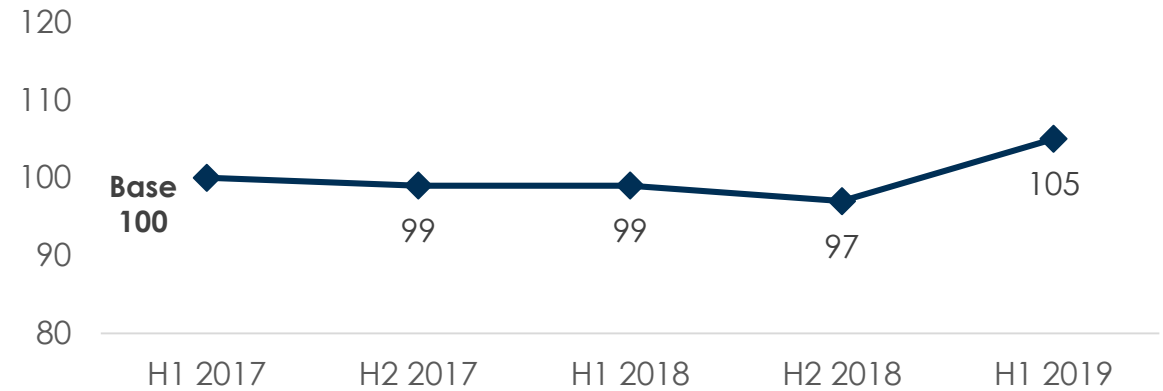
## ■ Xenetix®

- H1 / H2 cut-off for orders in APAC
- Robust presence in its historical markets

## ■ Injectors & MD

- Less injectors sold in China
- H2: launch of the multi-patient OptiVantage® solution in some countries of APAC & EMEA
- H2: COGS reduction for our disposables (new supplier)

Optiray® & Xenetix®  
Global - Sales Evolution (base 100) at CER



# Interventional Imaging : +15.9% growth at CER



## ■ Lipiodol®

- Double digit growth on most markets
- Registration of chemo-embolization of liver cancers indication (TACE) in new countries: Switzerland and Denmark
- Vectorio® kit: initial sales in EMEA, APAC

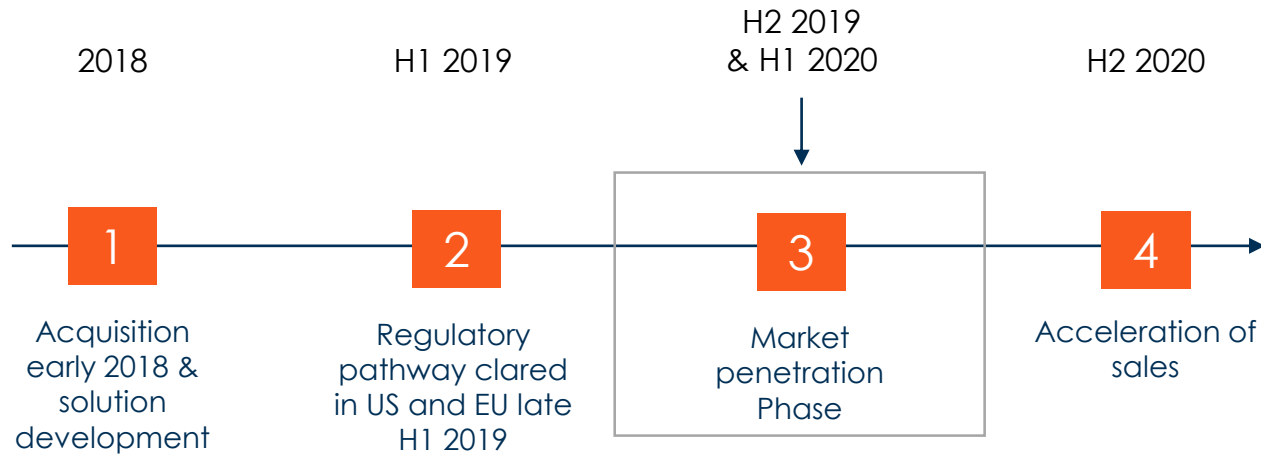


## ■ Bleu Patenté V

- Double digit growth



# Accurate microcatheters (Drakon<sup>®</sup>, SeQure<sup>®</sup>): progressive ramp-up



- Numerous presentations of SeQure<sup>®</sup> antireflux in congresses: mechanism is appreciated and medical need is confirmed
- Increasing numbers of first trials, first orders & reorders
- A progressive market penetration facing well established competitors

## Example of clinical use

### Uterine artery embolization

Aaron Rohr, MD, MS

Associate Professor, Vascular-Interventional Radiology  
University of Kansas, Kansas City, KS

#### Discussion

The SeQure<sup>®</sup> catheter was designed to assist with, and limit reflux during, flow-directed embolization procedures. In this case, the microcatheter was employed to deliver embolic agents to the bilateral uterine arteries in the setting of symptomatic fibroids.<sup>2</sup> Specifically, the microcatheter was able to isolate the right uterine artery and completely exclude the accessory cystic artery without requiring additional interventions, such as balloon occlusion or others. This case demonstrates additional use of a microcatheter for excluding unwanted, nontargeted embolization in the appropriate clinical setting.

The SeQure<sup>®</sup> catheter provided excellent tracking ability through the uterine arteries in a well-controlled fashion without causing spasm of the associated artery.

# Partnership with IBM Watson develops quickly (in line with goals) and has been expanded

## Care Advisor for Liver - 1<sup>st</sup> co-development

Guerbet |   IBM Watson Health



- Liver Cancer 4<sup>th</sup> leading cause of cancer death worldwide (>750,000/year)
- Early detection matters: 5 years survival only 11% if cancer has spread to surrounding tissues or lymph nodes
- AI solution to help radiologists and clinicians in detection, staging, therapy prediction and monitoring of therapy response of primary and secondary liver cancer
- Agreement signed in July 2018, **Development on track for first release in 2020**

## Patient Synopsis - 1<sup>st</sup> distribution partnership

Guerbet |   IBM Watson Health



- AI solution that extracts relevant patient information (from medical files mostly unstructured) and summarizes it into concise dashboard at time of read
- Distribution partnership for the USA
- Commercial launch done in June 2019

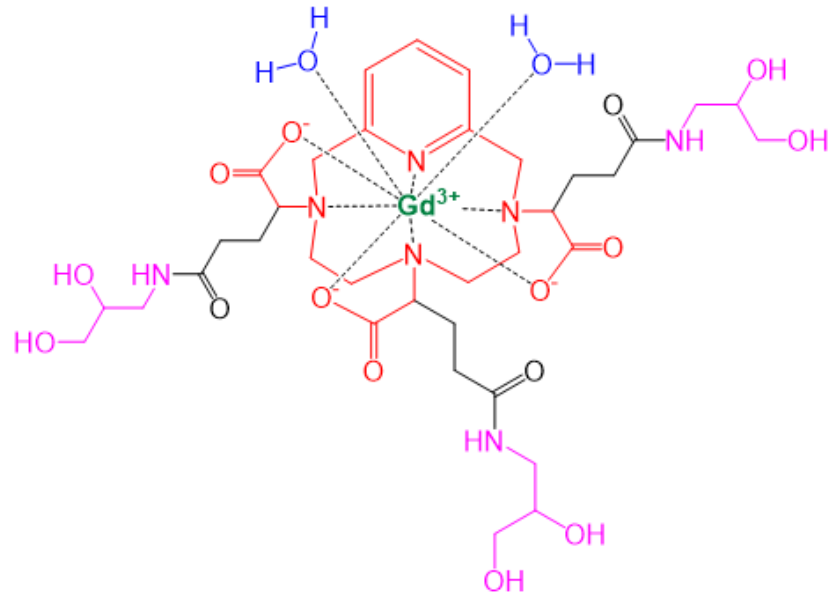
# Guerbet - IBM Watson: 2<sup>nd</sup> AI Co-Development project signed

## Care Advisor for Prostate - 2<sup>nd</sup> co-development

Guerbet |   IBM Watson Health



- Prostate cancer: 2<sup>nd</sup> most common cancer in men globally, 1<sup>st</sup> most common in the US
- # Prostate MRI exams growing at 15%-20% CAGR
- Prostate MRI difficult to read, hence great opportunity for AI to help radiologists
- Difficult interpretation can generate false positive diagnostics (leading to unjustified biopsies), or false negative (leading to undiagnosed cancers)
- Recent studies demonstrated that multiparametric MRI can significantly reduce false negative and false positive, thus reducing unjustified biopsies by >25% while increasing detection of existing cancers by >18%
- AI will help radiologists for a better initial diagnosis and has potential to reduce need for biopsies for patient surveillance



## REMINDER ON GADOPICLENOL

- Like Dotarem<sup>®</sup>, gadopiclenuol is a macrocyclic GBCA with high stability (excellent safety profile)
- Its differentiating feature is its high relaxivity (contrasting power), superior to all other macrocyclic and linear agents
- Potential to capture a leading market share within 5 years post launch (target launch date: late 2022/2023)

## PHASE III - GADOPICLENOL

- Recruitment started in June 2019
- 500 patients to be recruited in Europe, Americas and Asia
- Results to be published in Q1 2021
- Phase III full costs: 90% in 2019 & 2020

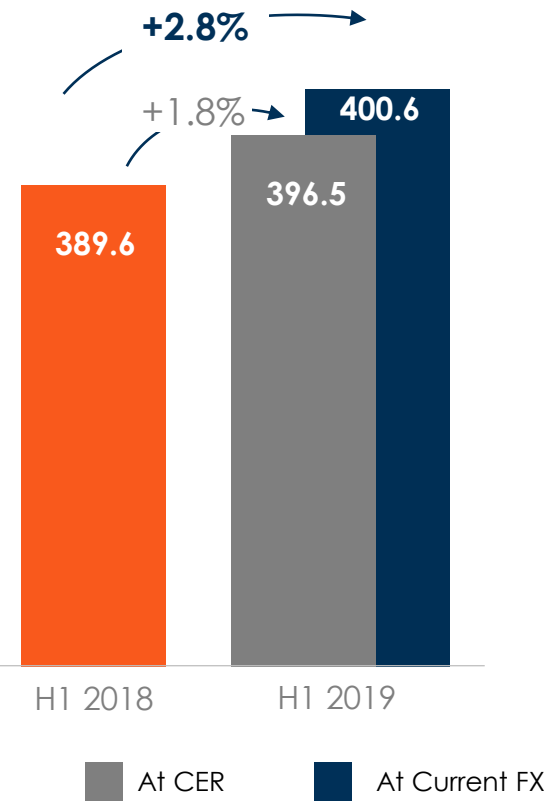


# Summary

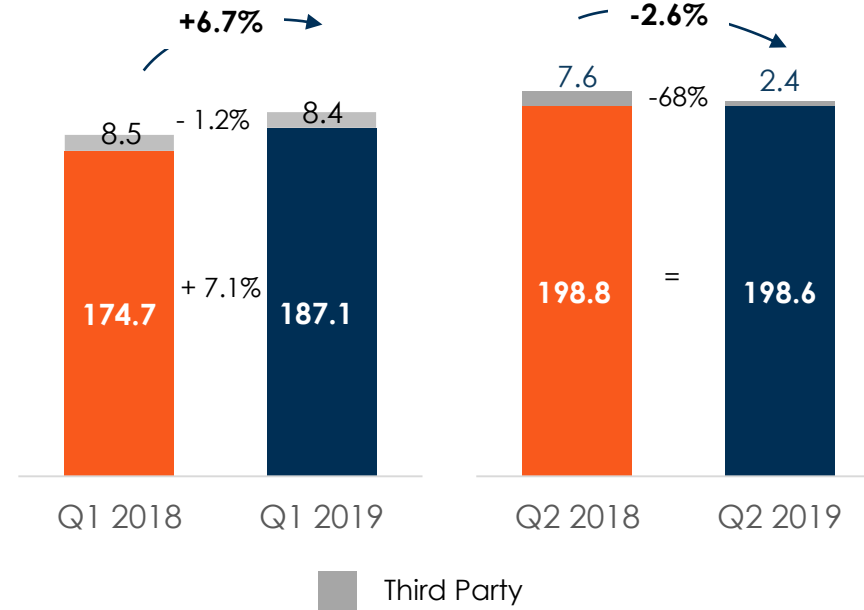
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# Slight increase on H1 2019

Sales evolution at constant & current exchange rates (in €m)



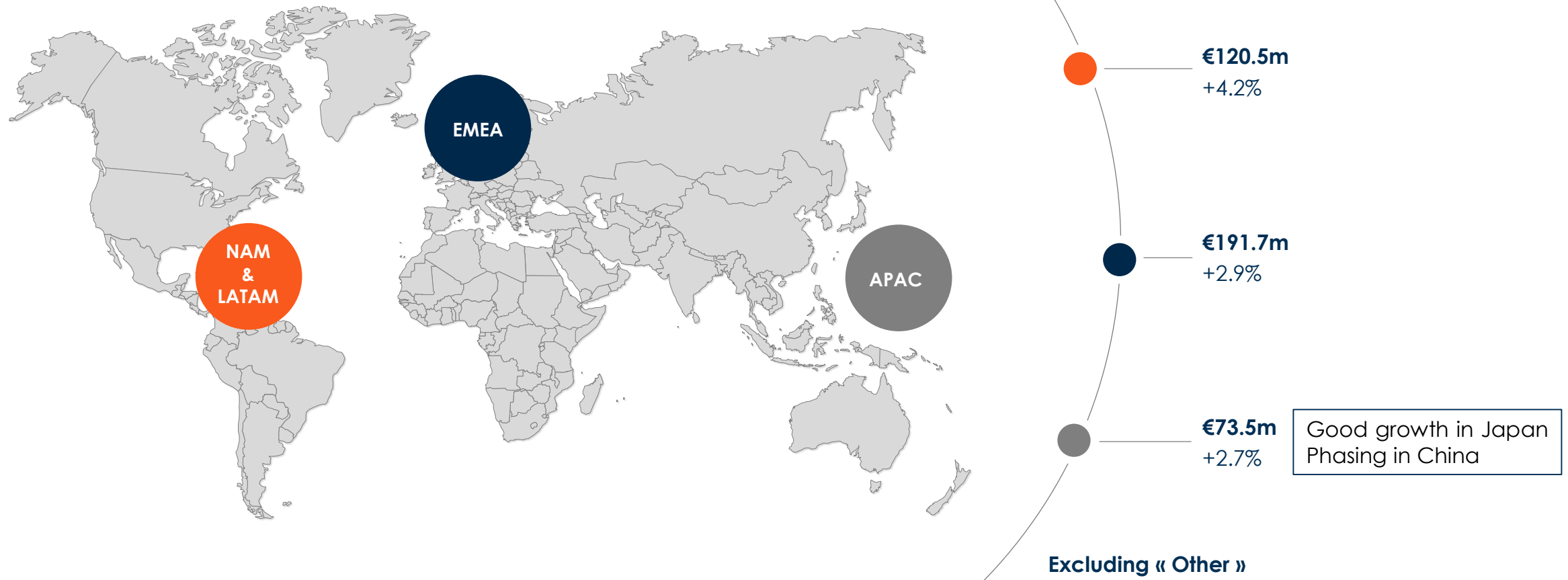
Quarterly change in revenue at constant exchange rates (CER) (in €m)



- **H1 2019 Growth:**
- On track with 2019 guidance
- 3.3% growth (at CER) excluding Third party

# Favorable dynamics in all of our areas of development

Evolution of H1 2019 sales by geographical area  
(in % at CER)



# IFRS 16 impacts

Income statement	Impact	Amount
<b>EBITDA</b>	<i>Favourable impact thanks to decline in lease payments</i>	<b>+€4.5m</b>
<b>Depreciation and amortisation</b>	<i>Percentage of rents paid booked to depreciation and amortisation</i>	<b>-€4.4m</b>
<b>Financial result</b>	<i>Part of lease payments recorded as a financial cost</i>	<b>-€0.2m</b>

Balance sheet	Impact	Amount
<b>Non-current assets</b>	<i>Right-of-use assets booked as non-current assets</i>	<b>+€18.0m</b>
<b>Financial liabilities (ST &amp; LT)</b>	<i>Offset by the recognition of future lease payments as a liability (non-cash)</i>	<b>+18.2m</b>

# EBITDA

IFRS €m	H1 2018 As published	% revenue	H1 2019 As published Incl. IFRS 16 <sup>(1)</sup>	% revenue	H1 2019 Comparable without IFRS 16	% revenue
Net sales	389.6	100.0%	400.6	100.0%	400.6	100.0%
Other revenue	1.1	0.3%	2.1	0.5%	2.1	0.5%
Supplies used in operations	(76.5)	(19.6)%	(79.4)	(19.8)%	(79.4)	(19.8)%
Staff costs	(118.5)	(30.4)%	(123.1)	(30.7)%	(123.1)	(30.7)%
External expenses	(122.4)	(31.4)%	(129.8)	(32.4)%	(134.3)	(33.5)%
Taxes other than on income	(10.1)	(2.6)%	(10.3)	(2.6)%	(10.3)	(2.6)%
Other operating income and expenses	(3.6)	(0.9)%	1.5	0.4%	1.5	0.4%
<b>EBITDA</b>	<b>59.6</b>	<b>15.3%</b>	<b>61.6</b>	<b>15.4%</b>	<b>57.1</b>	<b>14.3%</b>

EBITDA variation analysis must integrate one-time effects of 2018 and 2019:

In H1 2018: **+€10.4m** linked to stock reevaluation

(1) The Guerbet group chose an application of IFRS 16 as of January 1, 2019 without a restatement of the comparative periods as per the modified retrospective method.

In the above table, the "H1 2018 As published" information are related to the published information in the financial report for the half-year ended June 30, 2018 without IFRS 16 impacts and the "H1 2019 Comparable without IFRS 16" information are restated with the IFRS 16 impacts in the first semester 2019.

# Operating Income

IFRS €m	H1 2018 As published	% revenue	H1 2019 As published Incl. IFRS 16 <sup>(1)</sup>	% revenue	H1 2019 Comparable without IFRS 16	% revenue
<b>EBITDA</b>	<b>59.6</b>	15.3%	<b>61.6</b>	15.4%	<b>57.1</b>	14.3%
<b>Allowances for depreciation</b>	<b>(21.0)</b>	(5.4)%	<b>(29.6)</b>	(7.4)%	<b>(25.1)</b>	(6.3)%
<b>Provisions</b>	<b>(2.0)</b>	(0.5)%	<b>(9.8)</b>	(2.4)%	<b>(9.8)</b>	(2.4)%
<b>Operating Income</b>	<b>36.6</b>	9.4%	<b>22.3</b>	5.6%	<b>22.2</b>	5.5%

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# Excluding one time litigation accruals , H1 operating income in line with our expectations

- Excluding PY one-time inventory effect, Gross Margin increases close to 70bps
- Ongoing Opex Cost control to fund Japan subsidiary implementation and II sales force
- Additional spending in R&D to support gadopicalenol development
- H1 2019 includes €8M Euros accruals for litigation with suppliers following sourcing strategy changes.

# Stable Net Income

IFRS €m	H1 2018 As published	% revenue	H1 2019 As published Incl. IFRS 16 <sup>(1)</sup>	% revenue	H1 2019 Comparable without IFRS 16	% revenue
Operating Income	36.6	9.4%	22.3	5.6%	22.2	5.5%
Net interest expense	(3.2)	(0.8)%	(5.4)	(1.4)%	(5.2)	(1.3)%
Net currency gains/losses	(1.1)	(0.3)%	7.9	2.0%	7.9	2.0%
Income tax	(9.9)	(2.5)%	(5.7)	(1.4)%	(5.7)	(1.4)%
<b>Net Income</b>	<b>22.4</b>	<b>5.8%</b>	<b>19.0</b>	<b>4.8%</b>	<b>19.2</b>	<b>4.8%</b>

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# Balance sheet

ASSETS	June 30, 2018 As published	June 30, 2019 As published Incl. IFRS 16 <sup>(1)</sup>	June 30, 2019 Comparable without IFRS 16	December 31 2018 As published	EQUITY & LIABILITIES	June 30, 2018 As published	June 30, 2019 As published Incl. IFRS 16 <sup>(1)</sup>	June 30, 2019 Comparable without IFRS 16	December 31 2018 As published
<b>Non-current assets</b>	<b>456.8</b>	<b>494.8</b>	<b>476.8</b>	<b>474.3</b>	<b>Shareholders' equity</b>	<b>346.4</b>	<b>367.9</b>	<b>368.1</b>	<b>366.8</b>
<i>of which fixed assets</i>	<i>(421.3)</i>	<i>(454.8)</i>	<i>(436.8)</i>	<i>(437.8)</i>	<b>Non-current liabilities</b>	<b>309.7</b>	<b>412.0</b>	<b>402.4</b>	<b>264.5</b>
<b>Inventories</b>	<b>280.6</b>	<b>287.1</b>	<b>287.1</b>	<b>280.8</b>	<i>of which financial debt</i>	<i>(249.8)</i>	<i>(340.2)</i>	<i>(330.6)</i>	<i>(192.6)</i>
<b>Trade receivables</b>	<b>148.8</b>	<b>144.7</b>	<b>144.7</b>	<b>145.9</b>	<b>Trade payables</b>	<b>74.7</b>	<b>69.1</b>	<b>69.1</b>	<b>81.8</b>
<b>Other current assets</b>	<b>147.8</b>	<b>141.8</b>	<b>141.8</b>	<b>179.8</b>	<b>Other current liabilities</b>	<b>303.2</b>	<b>219.4</b>	<b>210.8</b>	<b>367.7</b>
<i>of which CCE</i>	<i>(89.6)</i>	<i>(75.9)</i>	<i>(75.9)</i>	<i>(106.8)</i>	<i>of which financial debt</i>	<i>(168.8)</i>	<i>(93.7)</i>	<i>(85.1)</i>	<i>(222.8)</i>
<b>Total Balance sheet</b>	<b>1 034.1</b>	<b>1 068.4</b>	<b>1 050.4</b>	<b>1 080.8</b>	<b>Total Balance sheet</b>	<b>1 034.1</b>	<b>1 068.4</b>	<b>1 050.4</b>	<b>1 080.8</b>

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# Cash flow statement

IFRS €m	H1 2018	H1 2019 As published (incl. IFRS 16)
Cash flow from operations	65.7	62.3
Change in WCR	(32.6)	(32.9)
Net capital expenditure	(14.0)	(28.6)
Change in fixed assets trade payables	(0.7)	(0.9)
Investment in intangible assets (acquisitions)	(31.0)	(4.0)
Dividends	(10.7)	(10.7)
Capital increase	0.1	-
Interests paid	(4.7)	(3.5)
Income tax paid	(11.7)	(7.9)
Exchange	(11.0)	(6.8)
<b>Free Cash Flow</b>	<b>(50.6)</b>	<b>(33.0)</b>

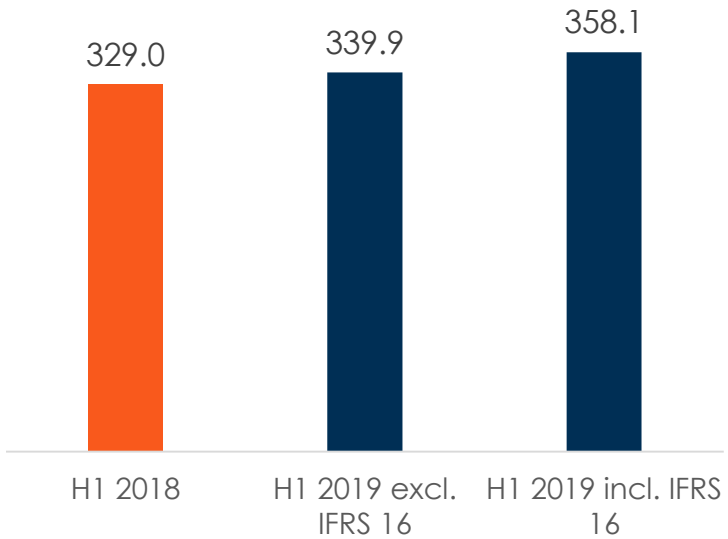
- Stockage effect on H1 to secure industrial transfers
- Expected to improve in H2

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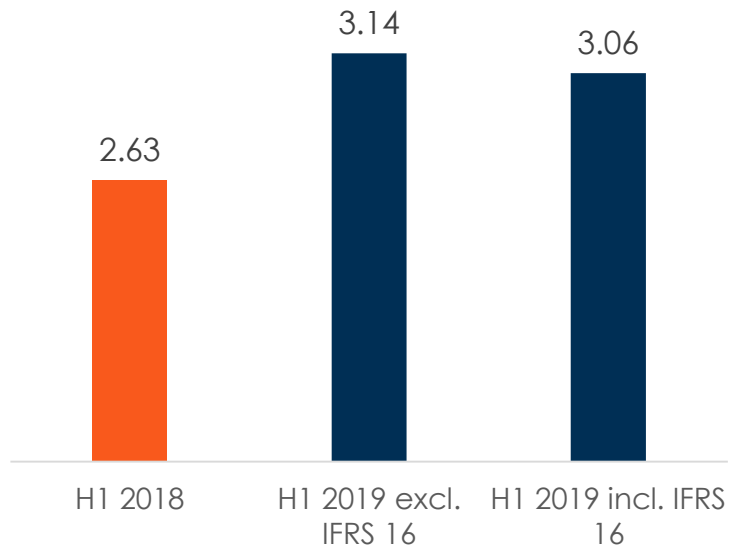
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# Net debt evolution

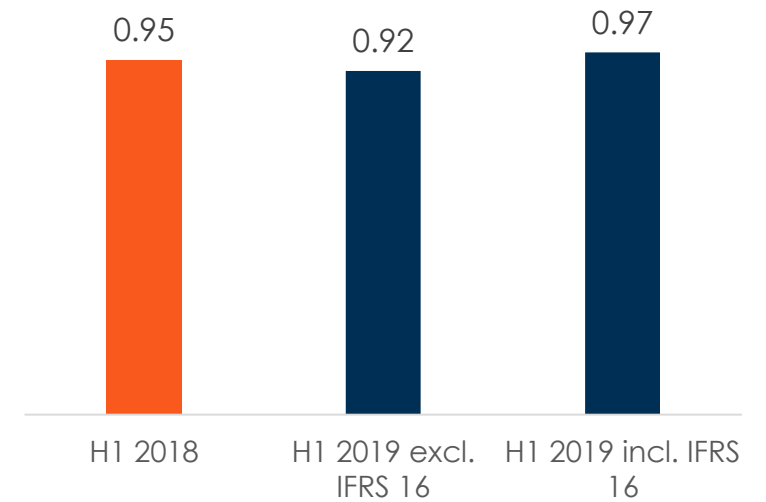
Net debt



Net debt / EBITDA\*



Net debt / Shareholder equity



\* EBITDA of the last rolling 12 months

2018 H2 EBITDA used to calculate Net Debt / EBITDA is an approximate pro forma (assumption: H2 rental charges, same as H1 2019)

# Performance of the Guerbet share

## ■ At September 20<sup>th</sup>, 2019

- Price €50.10
- Capitalization €631m
- High since January 2019 €58.1
- Low since January, 2019 €46.4
- Perf. since January 2019 + 1.11 %

## ■ Indexes

- CAC Mid & Small, CAC All-Share

## ■ Securities trading info

- Code ISIN FR0000032526
- Symbol GBT
- Reuters Code GRBT.PA
- Bloomberg Code GBT:FP
- Number of shares 12 593 544
- Market segment Euronext B

GUERBET share evolution  
since January 1<sup>st</sup>, 2019





# Summary

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# « Cost to Win » project: reducing SG&A

## OBJECTIVES OF COST TO WIN PLAN



- Initiated in 2018, deployed in 2019 and 2020



- First effects in H2 2019, increasing throughout 2020



- Full effect from 2021 and beyond



- Reduce SG&A of contrast media business by €16m (equivalent to ca +200 bps of EBITDA)



## TARGETS CONFIRMED

- Sales expected to keep growing at a moderate rate on second semester at CER
- Beginning of a sensitive and sustainable improvement of our stock levels following the launch of our industrial transfers

# Financial communication calendar

- **3<sup>rd</sup> quarter 2019 revenue: October 24, 2019 after trading**
- **2019 annual revenue: February 13, 2020 after trading**
- **2019 annual results: March 24, 2020 after trading**