



FINANCIAL REPORT

FIRST HALF 2020



AT JUNE 30, 2020

CONTENTS

ACTIVITY REPORT	4
Comments on activity in the first half of 2020	4
Main risks and uncertainties for the remaining six months of the year	6
Main related-party transactions recorded in the first months of the year	6
KEY FIGURES	7
GUERBET STOCK	8
CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS	9
1. Summary statements	10
1.1 Consolidated balance sheet	10
1.2 Consolidated income statement	11
1.3 Statement of net income and gains and losses recognized directly in equity	12
1.4 Consolidated statement of cash flows	13
1.5 Statement of changes in shareholders' equity	14
2. Accounting methods and rules	15
3. Highlights of the first half of 2020	15
4. Seasonality	16
5. Dividend payment	16
6. Management of financial risk	16
6.1 Currency risk	17
6.1.1 Foreign exchange risk exposure and hedging at June 30, 2020	17
6.1.2 Analysis of sensitivity of the financial result to accounting currency risk at June 30, 2020	17
6.2 Interest rate risk	18
6.2.1 Interest rate risk exposure and hedging at June 30, 2020	18
6.2.2 Analysis of sensitivity of the financial result to interest rate risk at June 30, 2020	18

7. Additional information	19
8. Descriptive notes (in thousands of euros).....	20
Note 1 – Tangible and intangible fixed assets	20
Note 2 – Inventories	20
Note 3 – Capital	20
Note 4 – Provisions	21
Note 5 – Borrowing	21
Note 6 – Other contingent assets and liabilities	21
Note 7 – Other assets held for sale	21
Note 8 – Staff-related costs.....	22
8.1 – Stock options	22
8.2 – Free shares	23
Note 9 – Income tax	23
Note 10 – Related-party disclosures	23
10.1 – Relationships with non-consolidated companies.....	23
10.2 – Remuneration and benefits granted by the Group to the main directors and board members	24
Note 11 – Post-closing events.....	24
Report by the statutory auditors on the half-year financial information.....	25
Statement from the person responsible for the half-year financial report.....	27

ACTIVITY REPORT

Comments on activity in the first half of 2020

Europe and the Americas impacted by the health crisis, good sales in Asia

The health crisis had a major impact on the first half of the year. Since the crisis began, Guerbet has taken swift action to ensure employee safety and business continuity. All of the Group's production plants and logistics centers around the world continued to operate.

The postponement of non-essential radiological examinations and procedures by radiologists, combined with spontaneous cancellations by certain patients and the increase in longer disinfection and protection measures due to SARS-Cov-2, impacted activity, especially MRI but also CT/Cath Lab.

The development of artificial intelligence solutions and digital solutions continued without any impact on project progress or on their actual market release date. Regarding Gadopiclenol, the recruitment of phase IIIb patients was logically slowed down during the lockdown, delaying the process in progress accordingly. The market release is still planned for the first part of 2023.

Revenue was €363.7 million at June 30, down 9.2% compared with the first half of 2019, including an unfavorable forex impact of €3.4 million (€367.1 at constant exchange rates). This decrease at constant exchange rates was driven by sales drop of 21.2% in Europe and 13.6% in the Americas. In Asia, the implementation of Go-Direct in Japan and good sales in China led to 9% increase.

Diagnostic Imaging revenue was €308.4 million, compared with €354.6 million in the first half of 2019, down 13.0% (-11.9% at CER). The main reason was the impact of the health crisis following the lockdown in most countries.

- **MRI** sales decreased 18.7% (identical at constant exchange rates) to €110.9 million;
- **CT/Cath Lab** revenue was down 9.7% at €196.0 million with reduced volumes across all products in the range except for Xenetix® used in some countries for the diagnostic of the most serious Covid cases (At CER, revenue for the half-year period was €199.9 million, down -7.9%).

Interventional Imaging continued to be driven by Lipiodol® sales. Its revenue totaled €36 million, up 3.1% (+1.9% at CER) from €34.9 million in the same period last year.

Satisfactory results under unprecedented health conditions

In millions of euros Consolidated financial statements (IFRS)	H1 2019	H1 2020
Revenue	400.6	363.7
EBITDA (2)	61.6	53.3
% of revenue	15.4%	14.7%
Operating income	22.3	25.4
% of revenue	5.6%	7.0%
Net income	19.0	8.2
% of revenue	4.8%	2.3%
Net Debt	358.1	269.3

The financial statements for the first half of 2020, approved by the Board of Directors on 23 September 2020, underwent a limited review by the statutory auditors. The statutory auditors' report is currently being drawn up.

EBITDA stood at €53.3 million compared with €61.6 million in the first half of 2019. However, it represents 14.7% of revenue for the period, which was a satisfactory performance for the Group given the significant drop in activity.

The EBITDA margin rate was maintained thanks to strict budgetary discipline. It concerned sales and marketing costs and the acceleration of the "Cost to Win" plan. The total reduction of expenditures over the first half of the year was around €20 million.

As of June 30, 2020, operating income totaled €25.4 million and represented 7.0% of revenue. Net income was €8.2 million compared with €19.0 million at June 30, 2019. This decrease between the two periods is primarily explained by significant favorable forex gains in 2019 as well as the write-down of the Canadian subsidiary's assets in June 2020 for €5.7 million in anticipation of the sale of the Montreal production plant on July 15, 2020, associated with the agreed sale price.

Sound financial structure

As of June 30, 2020, shareholders' equity amounted to €374.9 million compared with €367.9 million for the same period last year. The Group has reduced its debt dramatically. At the end of June, the net debt/EBITDA ratio was 2.61 compared with 3.06 at June 30, 2019. This improvement brought net debt to €269.3 million at June 30, 2020, compared with €358.1 million at the end of the first half of 2019.

Stronger governance

To accelerate its transformation and achieve its strategic ambitions, the Group recently announced the reinforcement of its Executive Committee with four new functions dedicated to Diagnostic Imaging and Interventional Imaging franchises and its Asia-Pacific, Americas, and EMEA regions.

2020 outlook

The future of the health situation remains uncertain, and the gradual upturn in activity is still inconsistent. July benefited from a restocking effect, but activity fell in August.

In the coming months, the Group's activity is expected to be affected by the initial sales of the generic of Dotarem® in the United States. The Group believes that the change in Dotarem® volumes and prices should be comparable with Europe, where the generic has already been available for more than two years. Moreover, Guerbet should continue to benefit from the good performance of Lipiodol® and the strength of Xenetix® and Optiray®.

Given the impact of the generic and against the backdrop of a stabilized health crisis with normal operation of the healthcare system, the Group expects second-half revenue to be largely comparable with the first-half revenue, down 12% compared with 2019 at constant exchange rates. On this basis, the Group expects EBITDA for the 2020 financial year to be around 14% of revenue.

Lastly, the Group is confident that it can lower its level of structural costs for the long term with expectations of a very favorable impact on profitability once business is back to normal.

(1) At constant exchange rates: amounts and rates of growth are calculated by canceling out the exchange rate effect, which is defined as the difference between the indicator's value for period N, converted at the exchange rate for period N-1, and the indicator's value for period N-1.

(2) EBITDA refers to operating income with the net allowance for amortization, depreciation, and provisions added back in.

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

Readers can refer to the 2019 Universal Registration Document filed with the French financial markets authority (AMF) on April 28, 2020, under number D.20-0369. It can be viewed directly on the websites of the AMF and Guerbet (<http://www.guerbet.com>).

Since the beginning of 2020, the Guerbet group has faced the global COVID-19 health crisis. Detailed information is presented in chapter 3 "Highlights of the first half of 2020" of this document.

Main related-party transactions recorded in the first months of the year

Readers can refer to note 25 to the consolidated financial statements and note 31 (describing the list of stakes held by the parent company) of the 2019 Universal Registration Document filed with the French financial markets authority (AMF) on April 28, 2020, under number D.20-0369, which can be viewed directly on the websites of the AMF and Guerbet (<http://www.guerbet.com>).

KEY FIGURES

In thousands of euros – IFRS	June 30, 2020	June 30, 2019
Revenue	363,651	400,566
EBITDA ¹	53,288	61,635
Current operating income	25,400	22,268
Net income	8,199	19,031
Net earnings per share	€0.65	€1.51
Shareholders' equity	374,880	367,882
Net financial debt	269,312	358,054
Net financial debt/EBITDA ²	2.61	3.06
Net financial debt/Shareholders' equity	0.72	0.97

¹ EBITDA refers to operating income plus amortization, depreciation, and provisions.

² Calculation of rolling EBITDA based on the last 12 months and on net financial debt, including debt and amortization and depreciation expenses (IFRS 16).

GUERBET STOCK

	Month	Highest price in a trading session (in €)	Lowest price in a trading session (in €)	Number of shares traded	Trading volume (in € million)
2019	January	58.1	49.6	112,584	6.04
	February	56.3	50.1	73,794	3.84
	March	54.9	47.0	86,425	4.42
	April	57.2	52.4	59,606	3.28
	May	55.1	46.0	60,477	3.03
	June	49.8	46.2	73,756	3.49
	July	56.4	47.3	136,857	3.84
	August	56.0	48.8	119,681	6.13
	September	52.0	45.3	82,728	6.87
	October	51.3	45.6	117,376	5.54
	November	53.0	49.9	79,761	4.15
	December	54.0	41.0	229,950	10.46
2020	January	44.1	34.1	287,090	11.46
	February	37.7	31.7	176,790	6.25
	March	34.4	26.2	197,622	5.84
	April	30.9	26.0	135,074	3.91
	May	35.0	27.8	127,008	4.00
	June	38.0	33.3	103,677	3.68

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2020

In thousands of euros (€K)

On September 23, 2020, the Board of Directors approved the publication of Guerbet's condensed consolidated half-year financial statements for the period from January 1 to June 30, 2020.

The condensed consolidated half-year financial statements at June 30, 2020, are to be read in conjunction with the consolidated financial statements for the financial year ended December 31, 2019, as indicated in the Universal Registration Document filed with the French financial market authority (AMF) on April 28, 2020, under number D.20-0369.

1. Summary statements

1.1 Consolidated balance sheet

ASSETS (net)	Notes	6/30/2020	12/31/2019
(in thousands of €)			
Intangible assets	1	193,166	189,754
Tangible assets	1	259,435	272,779
Other non-current financial assets		16,208	15,933
Deferred tax assets		15,041	15,171
Total non-current assets		483,850	493,636
Inventories	2	220,956	236,593
Trade receivables		118,518	140,344
Assets held for sale	7 & 11	12,871	0
Other current financial assets		51,150	56,874
Cash and cash equivalents		77,490	81,420
Total current assets		480,984	515,231
TOTAL ASSETS		964,834	1,008,868

EQUITY & LIABILITIES (net)	Notes	6/30/2020	12/31/2019
(in thousands of €)			
Capital	3	12,599	12,596
Other reserves		403,777	375,743
Net income		8,199	37,328
Translation adjustment		(49,694)	(36,474)
Equity, group share		374,880	389,192
of which Group share		374,880	389,192
Non-current financial debt (*)	5	314,899	340,655
Other non-current financial liabilities		(1)	1,913
Deferred tax liabilities		18,207	21,876
Non-current provisions	4	39,605	39,303
Non-current liabilities		372,710	403,747
Trade and other payables		67,168	67,758
Current financial debt	5	31,903	37,252
Other current liabilities		100,298	98,051
Tax liabilities payable		10,178	8,746
Other short-term provisions	4	3,765	4,122
Liabilities associated with assets held for sale	7 & 11	3,931	0
Total current liabilities		217,243	215,929
TOTAL EQUITY & LIABILITIES		964,834	1,008,868

(*) IFRS 5 impact of the sale of the Canadian subsidiary – see notes 7 and 11.

1.2 Consolidated income statement

(in thousands of €)	6/30/2020 (6 months)	6/30/2019 (6 months)
Revenue	363,651	400,566
Royalties	0	0
Other operating revenue	5,288	2,161
Purchases consumed and change in inventories	(85,679)	(79,376)
Staff-related costs	(123,852)	(123,119)
External charges	(100,270)	(129,832)
Taxes and duties	(9,881)	(10,248)
Depreciation and amortization	(30,711)	(29,580)
Net allowances for provisions	2,823	(9,788)
Other operating income and expenses	4,031	1,484
Current operating income	25,400	22,268
of which equity interests	(421)	(674)
Income from cash and cash equivalents	32	10
Gross finance costs	(4,477)	(5,235)
Net finance costs	(4,446)	(5,226)
Currency gains/losses	(4,847)	7,874
Other financial income and expenses (*)	(5,123)	(195)
Income taxes	(2,785)	(5,691)
Consolidated net income	8,199	19,031
of which group share	8,199	19,031
Net earnings per share with €1 face value (in euros)	0.65	1.51
Diluted net earnings per share with €1 face value (in euros)	0.65	1.50

(*) Including €(5,202) K related to the IFRS 5 impact of the sale of the Canadian subsidiary – see notes 7 and 11.

1.3 Statement of net income and gains and losses recognized directly in equity

(in thousands of €)	6/30/2020	6/30/2019
Consolidated net income for the period	8,199	19,031
Income and expenses recognized directly in equity		
<u>Non-recyclable</u>		
Actuarial gains and losses on IAS 19 liabilities	759	0
Actuarial gains and losses on IFRS 2 liabilities	(1,251)	209
<u>Recyclable</u>		
Hedging instruments	(1,011)	(1,013)
Change in translation adjustment	(13,227)	1,571
Net income and gains and losses recognized directly in equity	(6,531)	19,798

1.4 Consolidated statement of cash flows

(in thousands of €)	6/30/2020 (6 months)	6/30/2019 (6 months)
Net income	8,199	19,031
Change in amortization/depreciation and provisions on fixed assets and other current assets	26,988	31,237
Allowances and reversals of provisions for liabilities and charges	900	8,531
Change in fair value of assets held for sale	5,202	0
Changes in fair value of hedging instruments	1,321	1,750
Costs of stock options and bonus shares	(1,251)	209
Income from sale of fixed assets and other adjustments	23	(94)
Cash flow after net finance costs and taxes	41,382	60,664
Net finance costs	2,508	3,486
Tax expenses (including deferred taxes)	2,785	5,691
Cash flow before net finance costs and taxes	46,676	69,841
Taxes paid	1,656	(7,875)
(Increase) / decrease in inventories	5,152	(5,503)
(Increase) / decrease in trade receivables	12,634	(842)
Increase (decrease) in trade payables and related accounts	4,104	(8,767)
(Increase) / decrease in other assets	(8,578)	(435)
Increase (decrease) in other liabilities	(962)	(17,362)
Change in operating WCR	12,351	(32,907)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	60,683	29,060
Investments	(23,733)	(29,051)
intangible assets	(10,460)	(12,779)
tangible assets	(13,628)	(16,309)
financial fixed assets	354	37
Sales	1,081	310
intangible assets	736	(485)
tangible assets	344	795
financial fixed assets	0	0
Increase (decrease) in payables to fixed assets suppliers	(2,522)	(4,889)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES (B)	(25,175)	(33,630)
Dividends paid	48	(10,686)
Capital increase	50	39
Loan issues	345	353,152
Loan repayments	(33,234)	(400,475)
Net financing interest paid (including finance lease agreements)	(2,543)	(3,367)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	(35,334)	(61,337)
Effect of exchange rate changes (D)	(3,466)	1,500
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	(3,292)	(64,407)
STARTING CASH	80,481	85,556
ENDING CASH	77,190	21,149
NET CASH	6/30/2020	6/30/2019
Bank credit facilities	300	54,704
Cash and cash equivalents	77,490	75,853

Total	77,190	21,149
--------------	---------------	---------------

1.5 Statement of changes in shareholders' equity

(in thousands of €)	Capital	Consolidated reserves	Result	Change in translation adjustment	Total
At 12/31/2018	12,581	347,030	46,820	(39,669)	366,761
Appropriation of 2018 earnings		46,819	(46,819)		0
Stock options					
Dividend distribution		(10,680)			(10,680)
2019 consolidated income			37,328		37,328
Actuarial gains and losses		(1,356)			(1,356)
Net investment hedge		(6,174)			(6,174)
Translation adjustments				3,192	3,192
Capital increase	15	215			230
Other changes		(109)			(109)
At 12/31/2019	12,596	375,746	37,328	(36,477)	389,192
Appropriation of 2019 earnings		37,328	(37,328)		0
Stock options					
Dividend distribution		(8,818)			(8,818)
2020 consolidated income			8,199		8,199
Actuarial gains and losses		(492)			(492)
Net investment hedge		(6)			(6)
Translation adjustments				(13,227)	(13,227)
Capital increase	3	47			50
Other changes		(18)			(18)
At 6/30/2020	12,599	403,787	8,199	(49,704)	374,880

2. Accounting methods and rules

The accounting principles applied in preparing the condensed consolidated financial statements at June 30, 2020, are the same as those used in the consolidated financial statements at December 31, 2019 (which can be viewed on the Group's website: www.guerbet.com).

The Group is not affected by the amendment issued by the IASB on May 28, 2020, to IFRS 16 *Leases* on COVID-19-related rent concessions given that no temporary rent reductions or payment deferrals have been recorded.

The condensed consolidated half-year financial statements at June 30, 2020, were prepared in accordance with IAS 34 *Interim Financial Reporting*, which allows a selection of appended notes to be presented. The condensed consolidated financial statements must be read in conjunction with the annual consolidated financial statements for the 2019 financial year.

3. Highlights of the first half of 2020

Since February 2020, the Guerbet group has faced the global COVID-19 health crisis. In response, the Group deployed and implemented action plans primarily to ensure and maintain the appropriate level of security for all staff as well as business continuity amid this major uncertainty.

The Group's defined health safety measures resulted in the implementation of a strict health protocol at all production plants as well as the large-scale use of teleworking for all office functions. Relying on suitable tools, the organization in place has allowed the group to ensure that it can fulfill its public health mission on essential products (such as Optiray and Xenetix) and medicinal products of major therapeutic interest (such as Lipiodol and Dotarem) without any disruption of operations.

Lockdown measures are currently being lifted at all Group sites with a gradual return of employees to the headquarters. The number of COVID-19 cases to date within Guerbet remains very low.

Plants maintained their normal production levels throughout the first half of 2020, including during the lockdown periods throughout certain countries.

Supplies of raw materials were not disrupted over this period, which helped maintain the level of activity.

Revenue for the first half of 2020 was down -9% compared with 2019. All regions were affected, except Asia (driven by Japan and Taiwan). Diagnostic Imaging was the most heavily impacted business segment (-13% compared with 2019), while Interventional Imaging increased by +3%. Sales growth was robust in the first quarter of 2020 (up +1%), but it started to slow down in April due to the crisis, with year-on-year decreases in sales of -27% in April and -30% in May. However, growth returned in June, up +2% from 2019, allowing the second quarter of 2020, although down -19%, to end on a positive note.

There was no increase in payment defaults over the period, and payment deferment requests were limited. As of June 30, 2020, delays and extension requests represented a value of approximately €1.9 million out of a total of €118 million in trade receivables. The overall average duration of extensions is approximately 2 months. The impact was especially dramatic in the LATAM region, accounting for nearly 70% of late payments and payment extensions. However, the current situation has no negative effect on the rate of impairment of trade receivables as defined by the Group pursuant to IFRS 9.

The Group has adjusted the management of its operations to this extraordinary situation. As part of the action plans implemented since the crisis began, Guerbet has prioritized cost management and control. Expenditures were cut by around €25 million (excluding non-recurring items) in the first half of 2020 compared with last year, including postponement of certain non-critical projects, reduction of marketing and sales costs (such as conferences, seminars, and travel), and control of support function costs. These decreases add to the savings plans that had already been underway

before the crisis. Generally speaking, this sharp reduction in costs kept EBITDA at €53.3 million (14.7%), slightly below last year's level. At €25.4 million (7%), EBIT exceeded the 2019 level.

This cost control, coupled with close management of working capital requirements, especially inventories, as well as strict control of investments, with the postponement of non-priority projects, was reflected in the positive free cash flow (FCF) of +€27 million. This visibly improved net debt, totaling €269 million as of June 30, 2020, and allowed Guerbet's financial covenants to be respected. Guerbet has €150 million in unused additional confirmed lines of credit.

The Group has not made significant use of the various government assistance measures in France or abroad. It opted not to resort to partial unemployment in France. Only four of the Group's subsidiaries outside France received government assistance for a total of less than €300 K. Non-recurring expenditures to promote health measures totaled around €2 million.

The Group did not renegotiate its leases or other contracts, such as financing contracts, amid the COVID-19 crisis.

Given the Group's ability to cope with the crisis, the search for indications of impairment losses did not reveal any situations of potential impairment of assets that would trigger impairment tests as of June 30, 2020.

4. Seasonality

There is no significant seasonal aspect to the activity.

5. Dividend payment

A dividend of €0.70 per share was paid to shareholders in July 2020.

6. Management of financial risk

In accordance with its risk hedging policy, the Guerbet group hedges its foreign exchange and interest rate risks on borrowing. On March 27, 2019, the Group negotiated a five-year variable-rate syndicated loan of €500 million. The Group is therefore no longer exposed to foreign exchange risk on this loan, but its exposure to interest rate risk remains.

6.1 Currency risk

6.1.1 Foreign exchange risk exposure and hedging at June 30, 2020

The table below summarizes the Group's main foreign exchange risks:

In millions of €	USD	JPY	KRW	HKD	CLP	CAD	GBP	TRY	CNY	AUD
Third-party accounting risk ⁽¹⁾	3,359							1,747		
Intragroup accounting risk ⁽¹⁾	40,088	39,747	12,314	16,601	3,386	(3,579)	(2,973)		1,572	1,643
Positions before hedging	43,447	39,747	12,314	16,601	3,386	(3,579)	(2,973)	1,747	1,572	1,643
Hedges outstanding	(16,665)	(24,863)		(4,609)						
Net foreign exchange position	28,565	14,883	12,314	11,992	3,386	(3,579)	(2,973)	1,747	1,572	1,643

(1) Accounting risk includes all assets and liabilities in non-EUR currencies.

Since June 30, 2019:

- The position before hedging in USD decreased from €64 million to €43 million following the reduction of short-term debt in dollars. After a foreign exchange risk hedge was established in April 2020, the net foreign exchange position is €29 million. This hedge is a tunnel of vanilla options for USD 16.7 million with value dates of 6/30/2020 and 12/31/2020 and an impact of €0.269 million as of 6/30 (MtM).
- The foreign exchange position before hedging in Japanese yen (JPY) decreased from €48 million to €40 million due to repayments on financing granted by Guerbet to its Japanese subsidiary. With the establishment of a foreign exchange risk hedge in April 2020, the net foreign exchange position is €15 million. This hedge is a tunnel of vanilla options for JPY 3,000 million with value dates as of 6/30/2020 and 12/30/2020 and an impact of €0.302 million as of 6/30 (MtM).
- The foreign exchange position before hedging in Hong Kong dollars (HKD) decreased from €27 million to €17 million, and a foreign exchange risk hedge in April 2020 reduced the net foreign exchange position to €12 million. This hedge is a tunnel of vanilla options for HKD 40 million with value dates of 6/30/2020 and 12/31/2020 and an impact of €0.076 million as of 6/30 (MtM).

6.1.2 Analysis of sensitivity of the financial result to accounting currency risk at June 30, 2020

The sensitivity analysis is carried out on the non-hedged net balance (accounting risk after deducting hedges outstanding), for the main currencies.

The following table summarizes the impact on the financial result of a 10% variation in these currencies against the euro.

(in thousands of €)	2020	2019
USD	2,857	6,432
JPY	1,488	4,792
KRW	1,231	611
HKD	1,199	2,650
CNY	157	-1
AUD	164	0

6.2 Interest rate risk

6.2.1 Interest rate risk exposure and hedging at June 30, 2020

98% of debt is variable-rate.

The choice was made to hedge the syndicated loan for €225 million by establishing interest rate hedging instruments with a starting date delayed by 2 years. This decision is based on the fact that interest rates are expected to remain negative in the short term, which does not justify immediate coverage of the debt, but also by the risk of a significant rise in these rates in the long term.

Below is the breakdown of debt due within one year and in more than one year.

(in thousands of €)	Less than 1 year ⁽¹⁾	More than 1 year	Total
Fixed-rate financial liabilities	(0)	(7,682)	(7,682)
Variable-rate financial liabilities	(31,905)	(307,217)	(339,122)
Fixed-rate financial assets	32,809		32,809
Variable-rate financial assets	44,683		44,683
Net position before management ⁽²⁾			
– fixed rate	32,809	(7,682)	25,127
– variable rate	12,778	(307,217)	(294,439)
Off-balance-sheet ⁽³⁾	(0)	(225,000)	(225,000)
Net position after management			
– fixed rate	32,809	(232,682)	(199,873)
– variable rate	12,778	(82,217)	(69,439)

(1) All maturities of variable-rate financial assets and liabilities and maturities in less than one year of fixed-rate financial assets and liabilities.
(2) Sum of difference of (assets – liabilities) at fixed rates and (assets – liabilities) at variable rates.
(3) Interest rate swaps (receive variable rates and pay fixed rates).

6.2.2 Analysis of sensitivity of the financial result to interest rate risk at June 30, 2020

Sensitivity is calculated on the unhedged gross debt balance.

99% of this debt is denominated in EUR. As a result, the sensitivity calculated in this note relates only to EUR debt.

On the basis of a 3-month EURIBOR of -0.42% as of June 30, 2020, an increase of 100 basis points would result in a year-on-year increase in EUR debt of around €2 million. A decrease of 100 basis points would not result in a decrease in EUR debt given that the debt base rate has a floor of 0%.

Gross debt in thousands of euros	3M EURIBOR + 100bp	3M EURIBOR - 100bp
345,893	347,892	340,974

7. Additional information

The geographical information is presented below according to risk and profitability analysis in two subsets, corresponding to the Group's internal organization and Guerbet's various growth models in these markets:

- The main European markets where Guerbet group has been able to build sustainable customer relationships and has a strong position due to its own networks of pharmaceutical sales;
- Other markets.

Europe includes the European countries where the Group is present via its own networks of pharmaceutical sales representatives, namely: Austria, Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey, and the United Kingdom.

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

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

6/30/2020 in millions of €	European companies in their markets	Other	Total
Revenue:			
- Europe markets	138.9		138.9
- Other markets	19.2	205.6	224.8
Total revenue	158.1	205.6	363.7
Operating income	7.6	17.8	25.4

6/30/2019 in millions of €	European companies in their markets	Other	Total
Revenue:			
- Europe markets	176.1		176.1
- Other markets	12.0	212.5	224.5
Total revenue	188.1	212.5	400.6
Operating income	10.2	12.0	22.2

Breakdown of revenue by product range:

	6/30/2020	6/30/2019
X-Ray	45.0%	46.2%
MRI	29.5%	33.4%
IRT	9.9%	8.7%
MD	10.2%	8.9%
Other	5.3%	2.8%
Total	100.0%	100.0%

8. Descriptive notes (in thousands of euros)

Note 1 – Tangible and intangible fixed assets

(in thousands of €)	6/30/2020	12/31/2019	Change
Tangible fixed assets, gross	734,764	774,698	(39,934)
Depreciation	(474,949)	(505,138)	30,189
Impairment	(381)	3,220	(3,600)
Tangible fixed assets, net	259,435	272,779	(13,345)
Intangible fixed assets, gross	280,625	269,907	10,718
Amortization	(87,459)	(80,155)	(7,304)
Intangible fixed assets, net	193,166	189,754	3,412

The decrease in tangible fixed assets was mainly due to the reclassification of non-current assets in Canada to “Assets held for sale” on the balance sheet in accordance with IFRS 5 (-€5.3 million).

The €3.4 million increase in intangible fixed assets stemmed from investments in information systems.

Note 2 – Inventories

(in thousands of €)	6/30/2020	12/31/2019
Raw materials and spare parts	52,746	59,076
Intermediate and finished products, work in progress, and goods	186,922	201,254
Gross value	239,668	260,330
Provisions	(18,712)	(23,737)
Net value	220,956	236,593

An inventory reduction plan was initiated by the Group in early 2019 to significantly reduce inventory levels. This 3- to 4-year action plan focuses on adjusting plant production plans, optimizing production plant lead-times, and reducing reserve inventories.

Note 3 – Capital

As of December 31, 2019, the parent company’s capital was made up of 12,596,161 shares with a par value of €1. The number of Guerbet shares increased over the period from 3,313 to 12,599,474 as of the end of June 2020.

The Group held 17,493 treasury shares as of June 30, 2020.

Note 4 – Provisions

	2019	Allowance	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Change in actuarial assumptions	2020
Non-current	39,303	1,216	(26)	(13)	(7)	(868)	39,605
Of which deferred employee benefits (note 12.2)	37,202	1,196	(26)	(13)	(7)	(868)	37,484
Current							
Tax disputes	220	0	0	0	(6)	0	213
Commercial disputes	1,261	32	0	(120)	0	0	1,173
Staff-related provisions	721	0	(202)	0	0	0	519
Miscellaneous risks	1,920	369	(135)	(221)	(74)	0	1,860
Total Current provisions	4,122	401	(337)	(341)	(80)	0	3,765
Total Provisions	43,425	1,617	(363)	(354)	(87)	(868)	43,370

Note 5 – Borrowing

(in thousands of €)	6/30/2020	12/31/2019
Non-current debts, of which	314,899	340,655
Special investment reserve (frozen current accounts)	906	1,257
IFRS 16 lease liabilities	7,814	8,480
Other borrowing	306,179	330,918
Current debts, of which	31,903	37,252
IFRS 16 lease liabilities	6,035	7,541
Other borrowing and current profit-sharing reserves	25,568	28,772
Bank facilities	300	939
Total financial debt	346,802	377,907

Note 6 – Other contingent assets and liabilities

In December 2008, the request for aid filed with OSEO for the French-German “Iseult” research project was approved by the European Commission. The aid agreement provides for funding for half of the expenses incurred, including 39% in the form of repayable advances and 61% in the form of a grant. BPI’s coverage of Guerbet’s costs is scheduled to end on 30 June 2019. An amendment to the contract was signed in June 2020 by BPI France and Guerbet to revise the conditions for reaching the final milestones and the payment of the associated aid, but also to modify the terms on financial returns in the event that a product resulting from the project is released on the market. Following the signings, Guerbet received the €344 K balance of aid relating to this partnership from BPI France.

Note 7 – Other assets held for sale

As stated in paragraph 11 “Post-closing events,” the Group sold its production entity in Canada, LIEBEL-FLARSHEIM CANADA INC, on July 15, 2020.

This entity’s assets and liabilities were therefore been presented as of June 30, 2020, on separate lines at the bottom of the balance sheet in accordance with the recommendations of IFRS 5.

All items were measured at fair value based on the probable disposal value. This resulted in a €5,202 K write-down of net assets. After taking into account the probable loss on disposal, the values reclassified as assets held for disposal represented a net total of €12,871 K, and liabilities represented €3,931 K.

Note 8 – Staff-related costs

8.1 – Stock options

Main characteristics for valuing the share-based payment benefit:

8.1.1 – Characteristics of share-based payments for plans in effect as of June 30, 2020

Grant date	Number granted	Share price on grant date	Volatility	Risk-free rate	Exercise price	Lock-in 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

8.1.2 – Breakdown of the benefit by financial year for plans in progress

Grant date	March 26, 2009	October 17, 2011	November 23, 2011	February 20, 2012	Total
2015		468	47	7	522
2016				1	1
Total	0	1,648	153	24	1,825

8.1.3 – Impact on balance sheet

The benefit above is recognized for each financial year according to the number of stock options still to be exercised.

8.2 – Free shares

Under group employee bonus share allocation plan number 2, 26,320 shares were distributed between February 16, 2020, and June 29, 2020.

The main assumptions for the plans in effect as of June 30, 2020, are as follows:

	<i>Plan 2</i>	<i>Plan 2</i>	<i>Plan 3</i>
<i>Grant date</i>	9/1/2018	12/1/2018	7/1/2019
<i>Vesting date</i>	9/1/2020	12/1/2020	7/1/2022
<i>Vesting period</i>	2 years	2 years	3 years
<i>Price on grant date</i>	55.8	58.4	47.70
<i>Expected dividend yield</i>	1.30%	1.30%	1.37%
<i>Risk-free rate</i>	N/A	N/A	N/A
<i>Volatility</i>	N/A	N/A	36%
<i>Employee turnover rate</i>	0%	2.06%	2.06%
<i>Probability of fulfilling the performance conditions</i>	96.67%	96.67%	100%

Note 9 – Income tax

The tax expense at June 30, 2020, was calculated using the full-year projected effective tax rate.

A tax expense of €2,579 K was calculated in real terms for the entity in Canada soon to be sold. The projected rate calculated excluding Canada is 22.45%.

The Group's overall effective tax rate was 25.38% at June 30, 2020, compared with 23.02% at June 30, 2019.

Note 10 – Related-party disclosures

10.1 – Relationships with non-consolidated companies

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

10.2 – Remuneration and benefits granted by the Group to the main directors and board members

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

Short-term benefits	
Total gross compensation	1,625
in-kind benefits	14
variable portion ¹	681
Post-employment benefits	
of which funded supplemental pension contributions	50
of which provisions for retirement benefits (on the balance sheet)	539
Share-based payments ²	
Stock options	0
Bonus shares	181

The members of the Board of Directors who are not Executive Committee members received €55 K in compensation. In addition, during the first half of 2020, the Board members received €288 K in attendance fees for the period.

Note 11 – Post-closing events

On July 15, 2020, Guerbet announced the sale of its pharmaceutical site in Montreal, Canada, to MedXL, a specialist in medical devices and sterile pre-filled syringes. The Montreal industrial facility specializes in the filling and finishing of contrast media in the very high-volume manufacture of syringes pre-filled with sterile solutions for third parties, which is not a core business for Guerbet. Guerbet will gradually transfer its contrast agent production operations previously conducted in Montreal to its pharmaceutical sites in France and the US. Guerbet is selling this plant as part of its plans to optimize the group's industrial network. This deal will make Guerbet more competitive by improving capacity utilization at its other manufacturing plants.

The Montreal plant does not represent a major entity or a main, distinct geographical region for the Group. It is also not a cash-generating unit as defined by the Guerbet Group.

Under the sale contract with the buyer, the current outsourcing agreement will be maintained for two years. It is therefore not a single, coordinated plan for the divestiture of an activity.

The Montreal plant was acquired at the same time as the other CMDS Group entities at the end of 2015. This entity was therefore not acquired to be sold.

This sale was therefore considered a divested activity and not a discontinued activity as defined by IFRS 5.

¹ For each one, the variable portion depends on achieving a 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 on the basis of the salary for December 2019.

² This is the expense recorded for the first half of 2020 (excluding social security contributions) for stock options and bonus shares granted to them (see note 7).

Report by the statutory auditors on the half-year financial information

Period from January 1 to June 30, 2020

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Guerbet S.A.,

Under the terms of the assignment entrusted to us by your general meeting, and in accordance with Article L. 451-1-2 III of the French monetary and financial code, we performed the following tasks:

- a limited review of Guerbet's condensed consolidated half-year financial statements for the period from 1 January to 30 June 2020, as attached to this report;
- verification of the information provided in the half-year report.

These condensed consolidated half-year financial statements were prepared under the responsibility of your Board of Directors on September 23, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 crisis and difficulties in assessing its impacts and future prospects. It is our responsibility to express an opinion on these statements on the basis of our limited review.

1. Opinion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review primarily consists in talking with members of the management team in charge of accounting and financial matters and in implementing analytical procedures. Such a review is less comprehensive than the investigations required for a full audit under French professional standards. As such, the assurance obtained through a limited review that the financial statements are overall free of any material anomalies represents moderate assurance, which is not as certain as the assurance obtained through an audit.

On the basis of our limited review, we did not discover any material misstatements likely to call into question the compliance of the summary consolidated half-year financial statements with IAS 34 – an IFRS standard as adopted in the European Union relating to interim financial reporting.

2. Specific verification

We also verified the information provided in the half-year activity report, dated as of September 23, 2020, commenting on the condensed consolidated half-year financial statements that were the subject of our limited review.

We have no matters to report as to their fair presentation and consistency with the condensed consolidated half-year financial statements.

Levallois-Perret et Paris-La Défense, 24 September 2020

The Statutory Auditors

Crowe HAF

Deloitte & Associés

Marc de PRÉMARE

David KHAROUBI

Jean-François VIAT

Statement from the person responsible for the half-year financial report

I certify, to the best of my knowledge, that the condensed consolidated financial statements for the past half-year period were drawn up in accordance with the applicable accounting standards and fairly present, in all material respects, the assets, liabilities, financial position, and earnings of the company and all the companies included in the consolidation scope and that the attached half-year activity report presents a fair view of any significant events occurring over the first six months of the year, their impacts on the financial statements, the main related-party transactions, and a description of the main risks and uncertainties for the remaining six months of the financial year.

Villepinte, 24 September 2020

David Hale

Chief Executive Officer