

Guerbet | 

2022
Half-year results

September 22, 2022

Guerbet | 





WELCOME



VALERIE BRISSART
*Senior Vice President
Diagnostic Imaging*



DAVID HALE
Chief Executive Officer



JÉRÔME ESTAMPES
*Senior Vice President
Business Development &
Licensing &
Chief Financial Officer*

Focusing on patient
outcomes on a
worldwide scale

30 million+

patients depend on our
solutions each year

60 000+

healthcare professionals counting on
our solutions & support worldwide

DOTAREM®

140 million doses
injected worldwide over 30 years

LIPIODOL®

1 procedure performed every 1.5
minutes in the world with Lipiodol®, i.e
> 300 000 procedures per year

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XENETIX® & OPTIRAY®

Almost 2 million liters
injected in 2021

AT GUERBET,
WE BUILD LASTING
RELATIONSHIPS SO THAT
WE ENABLE PEOPLE
TO LIVE BETTER

By focusing
on patient
outcomes

By daring
to make bold
choices

By caring
for people

By continuously
providing
innovative
solutions

By advancing
through
knowledge-sharing

THIS IS OUR PURPOSE

Guerbet | 

Three business franchises in Guerbet to drive the development of the Group underpinned by our Corporate Social Responsibility Pillars

DIAGNOSTIC IMAGING

Products → solutions
Launch gadopichlenol
Actively manage costs
Expand Asia Pacific
Adapt our go-to-market

GENERATE CASH

INTERVENTIONAL

Open new markets
Expand Indications
Add inorganic bolt-ons
Built dedicated commercial teams

DRIVE GROWTH

DIGITAL & AI

Grow our IT skill sets...
Sales, Marketing, Development
Drive service operational & commercial excellence

BUILD A BUSINESS



CORPORATE SOCIAL RESPONSIBILITY PILLARS
SAFETY, ENVIRONMENT, PEOPLE, GOVERNANCE & ETHICS

A first half of 2022 in line with our goals



ACTIVITY: slight increase

- H1 sales up +2.2% (-1.3% at CER)
- Tensions in the US labor market (Raleigh site)

PROFITABILITY: margins maintained

- EBITDA in line with objectives (excluding exceptional costs related to the optimization of the Group's operating plan & the go-direct in China)
- Cost control offset inflationary pressures

STRATEGY: progress in China and expansion of the Interventional Imaging products portfolio

- Continue implementation of the go-direct in China
- Launch of microcatheters range extension

2023: Ready to accelerate with new flagship products in all our divisions

DIAGNOSTIC
IMAGING



LAUNCH OF
ELUCIREM™¹

¹ : Elucirem™ (gadopiclenol) injection is registered in USA. Elucirem™ (gadopiclenol) is under evaluation in Europe by EMA (European Medicines Agency)

INTERVENTIONAL



INTERVENTIONAL IMAGING
SOLUTIONS PLATFORM

DIGITAL &
AI



RELEASE OF OUR
1ST AI SOLUTION



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01

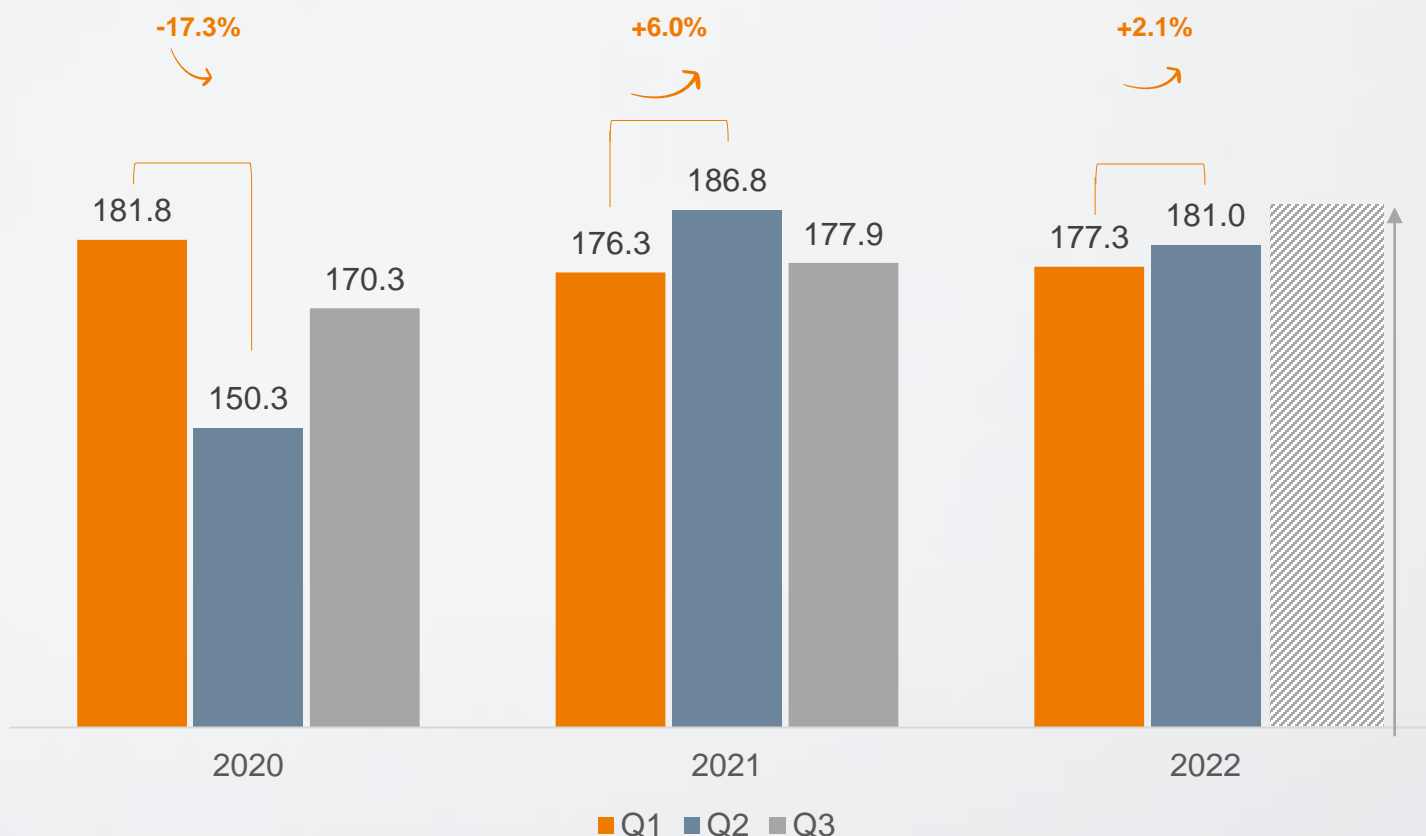
H1 highlights

| • | 02 Financial results | 03 Elucirem™ Launch

Heading for growth over full year despite significant base effect in Q2

Stable volumes and slight price erosion

Quarterly change in revenue at constant exchange rates (2021 rate)
(in millions of euros and variation in%)



H1 2022 evolution

- H1 2022 growth at CER is -1.3% vs H1 2021
- Slight growth in Q2 2022 vs. Q1 (+2.1%)
- A strong unfavorable base effect in Q2 **after rebound throughout Q2 2021 (+25.1% at CER vs. Q2 2020)**
- Favorable sales during summer for a rising **Q3 2022**

Raleigh – actions implemented to address new local labor market dynamics

Competition for talents & expertise



LOCAL LABOR ENVIRONMENT

Challenges throughout the US Golden Triangle in North Carolina (Charlotte, Raleigh, Durham) affecting Raleigh production

1. High turnover of qualified staff
2. High absenteeism rates related to COVID situation in the local environment



MEASURES IMPLEMENTED

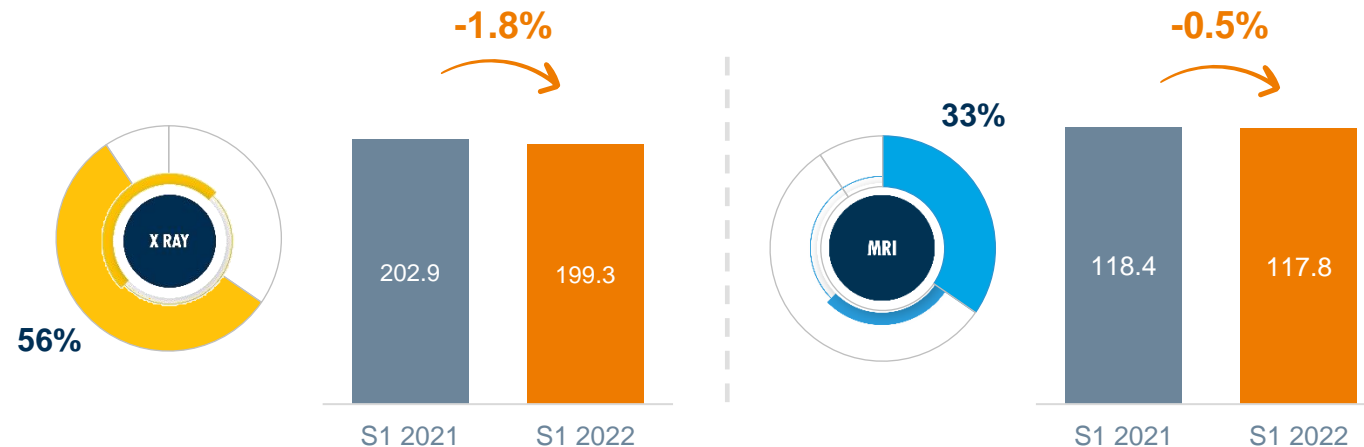
1. Adjusted local compensations & sign-on bonuses to local practices
2. Adapted shift structures to be more competitive
3. Adding production capacity
4. New managing staff

**IMPROVING INDICATORS SINCE JULY:
TURNOVER RATE DIVIDED BY 3
TWO MONTHS IN A ROW OF LOWEST TURNOVER FOR ALL OF 2022**

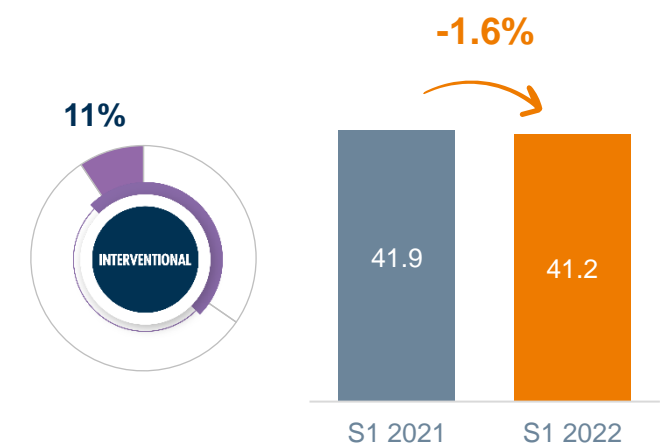
One-off impacts on H1 2022, activity rebound expected on H2 in a dynamic market

At current exchange rates €371.1m ; +2.2% / At CER €358.3m ; -1.3%

DIAGNOSTIC IMAGING (DI)¹ (€317 m at CER ; -1.3%)



INTERVENTIONAL IMAGING (II) (at CER)

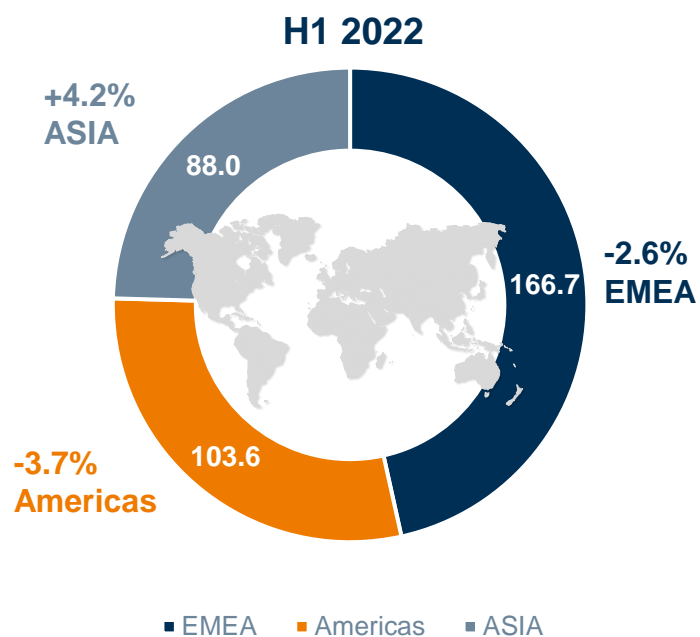


- Overall dynamic market sustained by high volumes
- Solid growth in Xenetix® sales volumes and positive price effect
- Decline in sales of Optiray® (Raleigh)
- MRI: Overall higher volumes almost compensating from price pressures & Raleigh USA

- Lipiodol:
 - Unfavorable price effect in Q1 related to the exceptional contract (One-off)
 - Good recovery: +7.3% in Q2 2022 vs Q2 2021
- Double-digit growth in microcatheters (+21.5%)

Solid performance in Asia

Split of sales & evolution by zone
(m€ at CER and evolution in %)



Americas: strong demand

- Raleigh supply impacted strong demand for Optiray® & Dotarem® in US
- One-off effect along with the contract on Lipiodol® on Q1 sales; recovery in Q2 (+7.3% vs Q2 2021)

EMEA: overall stable volumes

- Slight decline in sales reflects continued price erosion

Asia: solid performance thanks to China

- H1 sales growth (+4.2% CER) driven by China (+12.5%) following the introduction of go-direct in Q2 and despite lockdowns

China, a go-direct strategy perfectly in line with the plan



CHINA : IMPLEMENTATION OF GO-DIRECT

Next steps in 2022

- *Medical devices : Go direct already full effective – 1st sale in September 2021*
- *Contrast Media transitioning throughout 2022*
 - *Optiray®: 76% at end of June ; 100% in August*
 - *Dotarem®: < 10% at end of June ; > 50% in August ; 100% by November*
 - *Xenetix®: < 10% at end of June ; > 50% in August ; 100% by end of the year*

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02

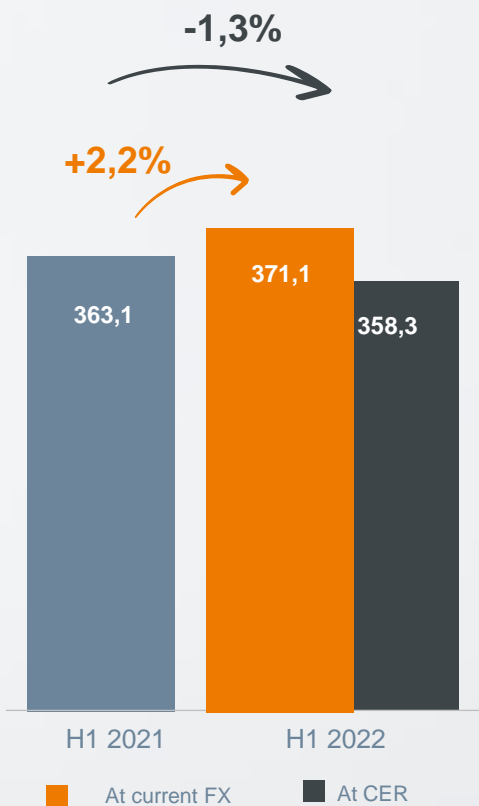
Financial results

01 H1 Highlights | ● | 03 Elucirem™ launch |

Slight growth in activity



Sales evolution (in €m)

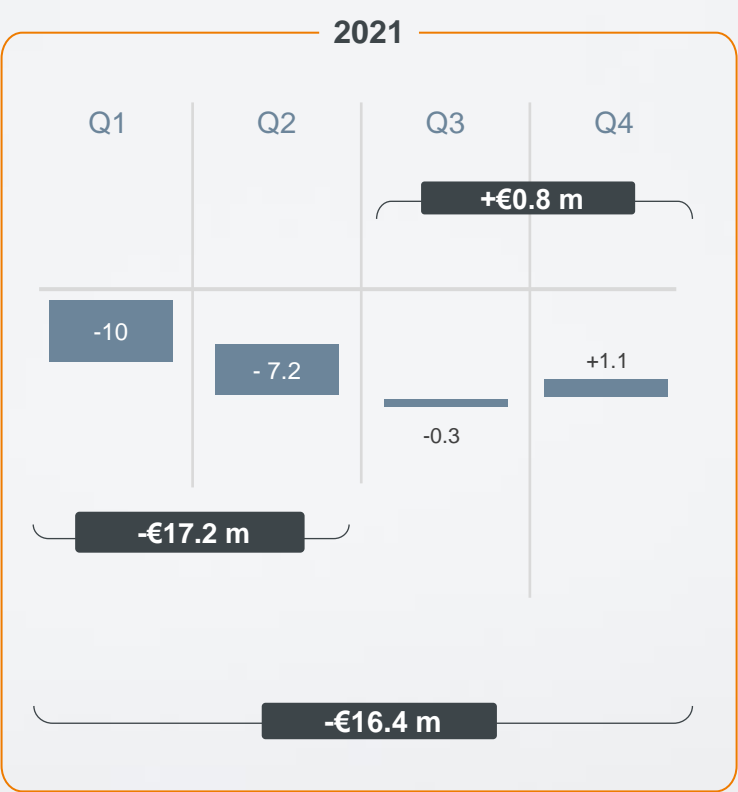


H1 2022 sales evolution with

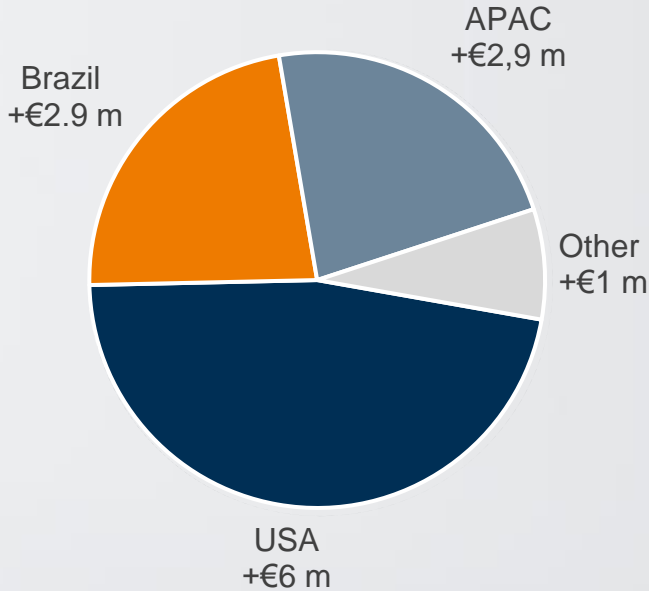
- A favourable currency impact for the first half: +€12.8 m
- €358.3 m in sales at constant exchange rates in the first half, down slightly by 1.3%

Focus on FX change

Focus on Currency FX evolution
(in €m)



FX impact by region
(in €m)



Profitability maintained despite the inflationary context



Cristaux d'iode

- ✓ Good resilience of EBITDA with a margin at 13,9% of revenues excluding exceptional costs related to the optimization of the Group's operating plan and the go-direct in China
- ✓ Increase in operating WCR of +18% vs December 2021: linked to stock increases to prepare Elucirem™ launch and to ensure supply continuity in a tense market

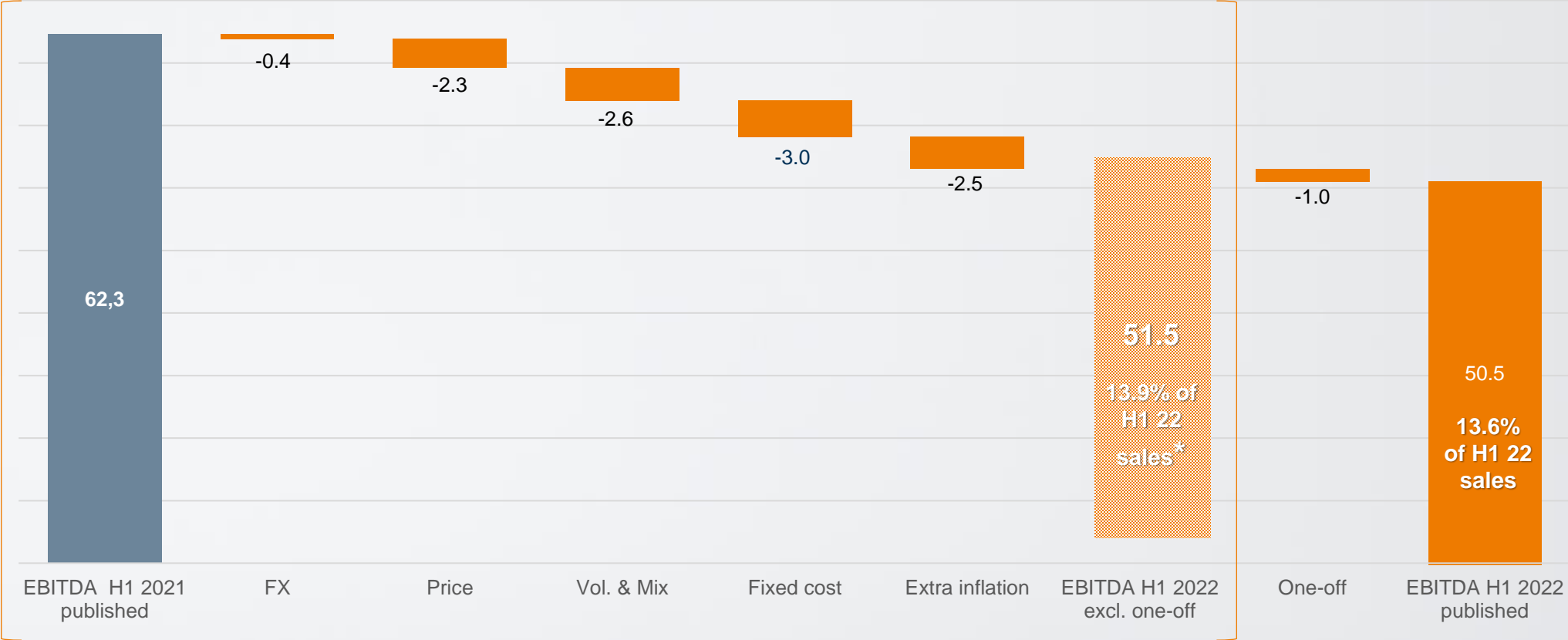
EBITDA

IFRS €m	H1 2021 As published	% revenue	H1 2022 As published	% revenue	Var.
Net sales	363.1	100.0%	371.1	100.0%	+2.2%
Other revenue	1.5	0.4%	3.1	0.8%	+110%
Supplies used in operations	(90.2)	(24.9)%	(93.3)	(25.1)%	+3.4%
Staff costs	(117.5)	(32.4)%	(121.4)	(32.7)%	+3.3%
External expenses	(88.4)	(24.4)%	(104.1)	(28.0)%	+17.7%
Taxes other than on income	(6.7)	(1.9)%	(8.2)	(2.2)%	+22.4%
Other operating income and expenses	0.6	0.2%	3.3	0.9%	+488.9%
EBITDA	62.3	17.1%	50.5	13.6%	-18.8%

Difficult/stretched purchasing conditions

- Double digit growth in main raw materials and other supplies indexes
- Iodine price index: +40 to 50%. Gas prices: strong pressure on international markets
- Increase of 3% to 7% in payroll according to geographies
- H1 2022 external expenses to be compared to H2 2021 after commercial and marketing investments for stimulating activity

EBITDA evolution in line with expectations



*excluding extraordinary expenses related to the optimization of the Group's operating structure and changes in the sales model in China

Operating Income

IFRS €m	H1 2021 As published	% revenue	H1 2022 As published	% revenue
EBITDA	62.3	17.1%	50.5	13.6%
Allowances for depreciation	(27.4)	(7.5%)	(29.5)	(8.0%)
Provisions	(0.1)	0.0%	(4.1)	(1.1%)
Operating Income	34.8	9.6%	16.9	4.6%

Provisions increase due to quality related litigations with component suppliers

Net Income

IFRS €m	H1 2021 As published	% revenue	H1 2022 Restated	% revenue
Operating Income	34.8	9.6%	16.9	4.6%
Net interest expense	(4.4)	(1.2%)	(1.2)	(0.3%)
Net currency gains/losses & Other Financial income/loss	(1.8)	(0.5%)	(1.2)	(0.3%)
Income tax	(5.1)	(1.4%)	(11.2)	(3%)
Net Income	23.4	6.4%	3.3	0.9%

Net interest expense: the cost decrease from €4.4 m in H1 2021 to €1.2 m in H1 2022 is mainly driven by an exceptional unfavorable effect of €3,4 m in 2021 due to the fair valuation of some financial liabilities related to a R&D project financing in accordance with IFRS 9

The group has analyzed the tax risks for all its subsidiaries and recorded an additional provision of 9,5m€ in its H1 2022 consolidated accounts in accordance with IFRIC 23, most of it impacting Income Tax

Balance sheet

ASSETS	December 31, 2021 As published	June 30, 2022 As published
Non-current assets	505	511
<i>of which fixed assets</i>	<i>463</i>	<i>468</i>
Inventories	202	239
Trade receivables	119	131
Other current assets	175	124
<i>of which CCE</i>	<i>116</i>	<i>60</i>
Total Balance sheet	1001	1006

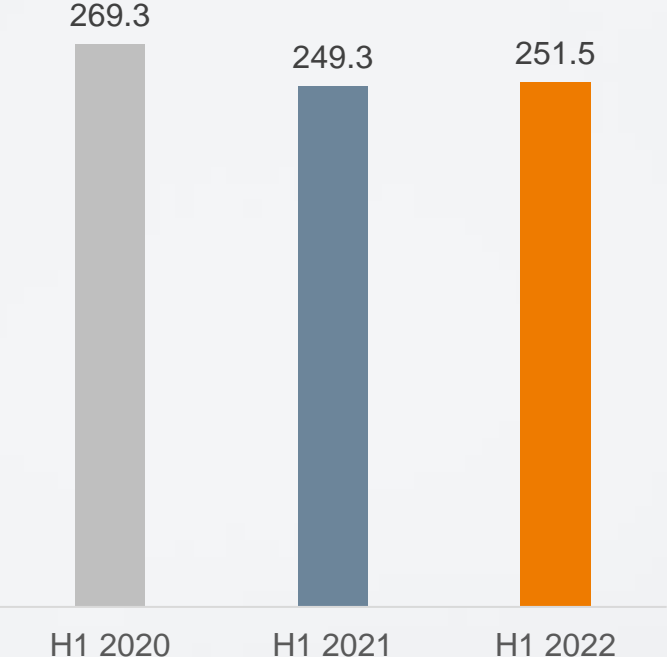
EQUITY & LIABILITIES	December 31, 2021 As published	June 30, 2022 As published
Shareholders' equity	405	429
Non-current liabilities	359	328
<i>of which financial debt</i>	<i>300</i>	<i>277</i>
Trade payables	81	86
Other current liabilities	156	163
<i>of which financial debt</i>	<i>34</i>	<i>35</i>
Total Balance sheet	1001	1006

Free cash-flow

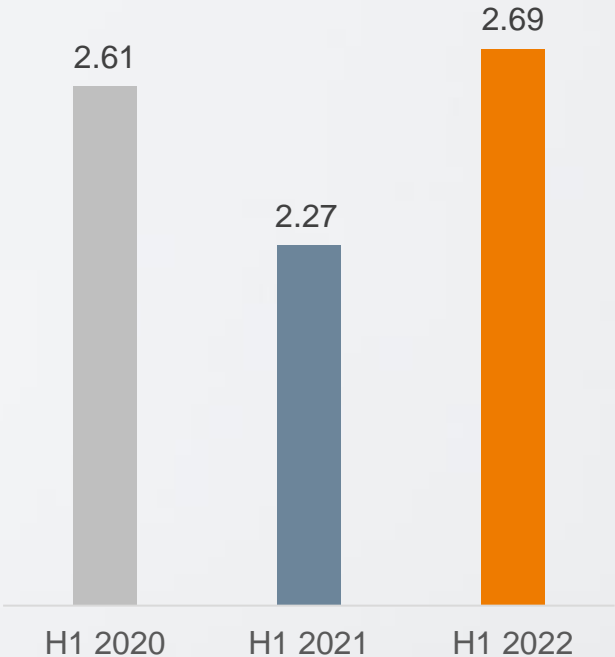
IFRS in €m	H1 2021	H1 2022
Cash-flow from operations	63.3	50.8
Change in WCR	(25.8)	(55.2)
Net capital expenditure	(31.2)	(26.3)
Dividends	0.1	0.0
Capital increase	0.1	0.0
Interests paid	(5.3)	(2.4)
Income tax paid	2.9	0.2
Exchange	3.2	(0.7)
Free cash flow	7.2	(33.7)

Net debt evolution

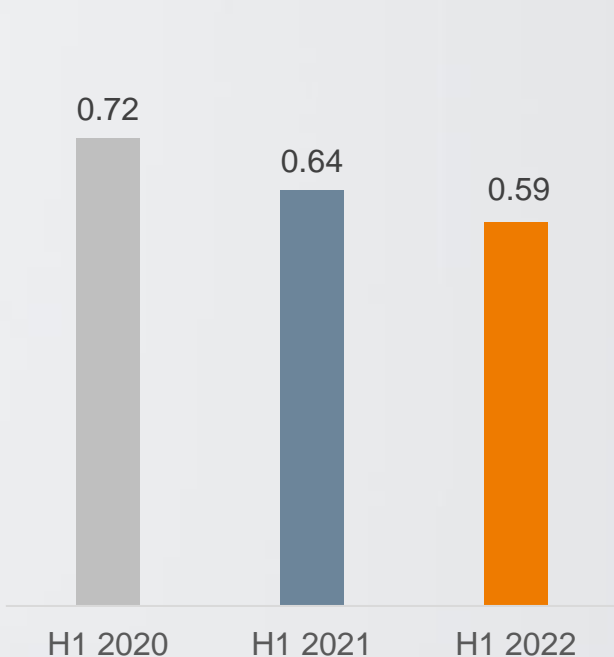
Net debt



Net debt / EBITDA



Net debt / Shareholder Equity



In 2022...



SOURCES OF RESILIENCE

- Market remains structurally dynamic
- Energy prices covered over 2022 and most of 2023
- Securing supplies and distribution
 - *Iodine*
 - *logistics chain*
 - *contract with partners*
- Optimization of cost structure still in progress

Maintaining 2022 outlook

SALES

Sales increase between 2% and 4% on a like-for-like basis and at constant exchange rates

EBITDA

EBITDA/SALES ratio at least identical to 2021 excluding exceptional costs related to the optimization of the Group's operating plan & the go-direct in China



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03

Elucirem™ launch

01 H1 Highlights | 02 Financial results | ● |



Approval of Elucirem™ :
green light from the FDA !

Guerbet | 

From the developer of the 1st
macrocyclic GBCA, we now bring you
the 1st HALF conventional dose GBCA

Elucirem™ (gadopiclenol) is registered in USA. Elucirem™ (gadopiclenol) is
under evaluation in Europe by EMA (European Medicine Agency)

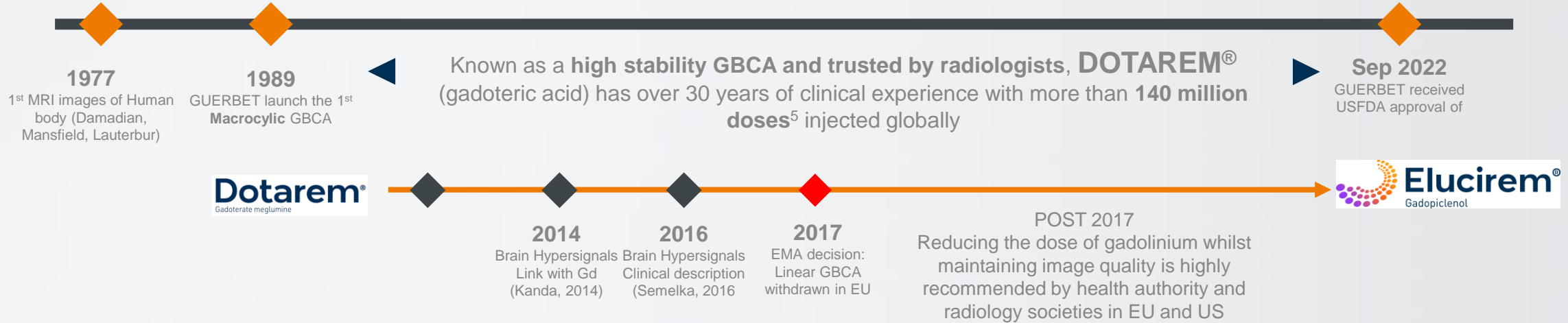
For more information, refer to US PDI

GBCA: Gadolinium-Based Contrast Agent



Elucirem™
Gadopiclenol

Guerbet - journey through innovation & excellence



POST 2017

Reducing the dose of gadolinium whilst maintaining image quality is highly recommended by health authority and radiology societies in EU and US



EMA

“ Macrocylic GBCAs can continue to be used in their current indications **but at the lowest doses for sufficient image enhancement** and only when unenhanced scans are not appropriate.”



FDA

“ Health care professionals should consider the retention characteristics of each agent when choosing a GBCA for patients who may be at higher risk for gadolinium retention.”
 “ Minimize repeated GBCA imaging when possible, particularly for frequently repeated MRI studies. However do not avoid or defer necessary GBCA MRI scans.”¹



European Society of Urogenital Radiology

ESUR

“Emergency examination: For all patients, use the **lowest dose of contrast medium consistent** with a diagnostic result.”² “ Pregnancy and lactation: When there is a very strong indication for enhanced MRI, **the smallest possible dose of a macrocyclic gadolinium** contrast agent may be given to the pregnant female”²

What is Elucirem™ ?



Gadopichlenol's (Elucirem™) unique structure maximizes the efficiency of gadolinium so **only half the conventional dose** is needed^{1,2}

- Elucirem has up to **3x** the relaxivity of approved GBCAs^{3,4}
- Elucirem has at least **4x** the kinetic stability of approved GBCAs³
- With Elucirem, we can inject less gadolinium while preserving image quality. The **TRUE** half dose-volume
- Address environmental concerns as **50%** less gadolinium released⁶

Elucirem™ (gadopichlenol) is registered in USA. Elucirem™ (gadopichlenol) is under evaluation in Europe by EMA (European Medecine Agency)
1, 2 : see p. 31

OptiStar® Elite Injectors

The Next Level Precision Injection



OptiProtect 3S™

Your Needs. Your Performance.
Our Smart Service Solutions.

After sales service

Contrast&Care®

Injection Data Management Solution

Injection Management Solution

Software

Glossary

Abbreviations

EMA: European Medicines Agency

ESUR: European Society of Urogenital Radiology

ACR: American College of Radiology

FDA: U.S. Food & Drug Administration

GBCA: Gadolinium-Based Contrast Agent

MRI: Magnetic Resonance Imaging

NSF: Nephrogenic Systemic Fibrosis

References

1. PRAC confirms restrictions on the use of linear gadolinium agents. Benefit-risk balance of certain linear gadolinium agents no longer favourable. European Medicines Agency, 2017.
2. European Society of Urogenital Radiology. ESUR Guidelines on Contrast Agents
3. Robic C, et al. Invest Radiol. 2019;54(8):475-484.
4. Toth E, et al. In The Chemistry of Contrast Agents in Medical Magnetic Resonance Imaging, 2 edn, pp 25-81. Eds A Merbach, L Helm & E Toth: John Wiley & Sons, Ltd., 2013.
5. Data on file, Guerbet internal data (2021, Q4, Global sales data). *Data based on sales estimation and annual results (1989 -2021) Link to US PDI
6. Brünjes R, Hofmann T. Water Res. 2020;182:115966. *based on simulation, assuming 50% of all MRIs use GBCAs with 1.1 g Gd per MRI scan, that Gd emissions stay consistent and that other GBCAs are replaced by EluciremTM.



Financial communication calendar

3rd quarter 2022 revenue

*October 20th, 2022
after trading*

2022 annual sales

*February 9th 2023
after trading*

2022 annual results

*March 23rd 2023
after trading*