

REGISTRATION DOCUMENT 2017



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Registration Document **2017**

Including the Annual Financial Report



Unofficial translation of the French language "Document de Référence 2017" of Guerbet, for information purposes only.

This Registration Document was filed with the *Autorité des marchés financiers* or AMF (French Financial Markets Authority) on April 25, 2018, in compliance with Article 212-13 of its General Regulation. It can be used in connection with a financial transaction if it is accompanied by a securities note approved by the AMF. This Document was prepared by the issuer, and its signatories are liable for its content.

In accordance with article 28 of European Regulation 809/2004 of April 29, 2004, readers are invited to refer to previous Registration Documents regarding certain information:

1. the Management Report of the Board of Directors, the consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2016, included in the Registration Document filed with the AMF on April 5, 2017 under number D.17-0323;
2. the Management Report of the Board of Directors, the consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2015, included in the Registration Document filed with the AMF on April 21, 2016, under number D.16-0378.



A French Limited Company (*société anonyme*) governed by a Board of Directors with a share capital of €12,563,358
Registered Office: 15, rue des Vanesses 93420 Villepinte
Bobigny Trade and Companies Register No. 308 491 521

Interview with

Yves L'Épine, Chief Executive Officer



2017 confirmed the importance of Interventional Imaging for the Group's development, alongside Diagnostic Imaging

Yves L'Épine
Chief Executive Officer

■ Two years after the acquisition of CMDS, what synergies are already visible?

CMDS was acquired barely two and a half years ago, and its integration into Guerbet has fundamentally changed our Group. It has strengthened it by adding to its range of contrast media, now well balanced with strong brands in slide X-ray imaging (Optiray®, Xenetix®) and MRI (Dotarem®), by allowing it to significantly expand its range of injectors and associated medical devices, by increasing its commercial footprint through several new affiliates and by providing it with plants in the United States and Ireland complementing its own production facilities to meet global demand.

We were facing a difficult integration due to a combination of several failure risk factors: acquisition of a company of similar size to ours, with declining assets, with a very different culture from ours, all to be handled by teams that had never been involved in an integration process. The result is very satisfying: we are ahead of our value creation roadmap. Our aim was to capture more than 80% of synergies over three years, and we are already close. This shows the strong commitment of the employees, and I wish to pay tribute to them. The Group is now resolutely international (its sales outside France represent more than 80% of total business), and this development has further strengthened the Group worldwide, including in France. We have succeeded in establishing a new common culture around our primary mission of improving patient prognosis thanks to earlier, more precise diagnosis (Diagnostic Imaging unit) and the

progress made with image-guided *in situ* treatments (Interventional Imaging unit). The Group's attractiveness for new talent has improved significantly on the international scene; through this successful integration, Guerbet has shown that it can combine organic growth and growth via acquisitions.

■ How is Guerbet positioned in an MRI market marked by the arrival of new generics?

The MRI segment, where Guerbet is world number 2, saw many events in 2017. This year, it will need to keep navigating between tailwinds and headwinds.

Since 2017, we have seen the introduction of a new generic in the market. While Dotarem® has already faced local generic competition for several years now, limited to a few countries in Europe and Asia, a new generic product was registered in 2017 in most European Union countries and several Asian countries. Most of them began marketing the generic in 2017, with no significant impact on the first half of the year but with a slowdown in Dotarem® sales over the second half. Despite this, our growth remains strong: above 10% this year.

Tailwinds are driving our flagship product, as several health agencies – in Europe, Japan, the United States and Canada – are recommending that, within gadolinium-based contrast media, radiologists distinguish between linear products and macrocyclic products according to their safety profile, with a preference for macrocyclic products. Our

Dotarem® product, remains, nevertheless, the leader in macrocyclic products, considered to be the most stable. At the European level, following the decision of the EMA⁽¹⁾, the European Commission decided to suspend the use of non-specific linear products in human body imaging. In Japan, the PMDA⁽²⁾ issued an order recommending the use of secondary linear products when macrocyclic products are not suitable or available. Lastly, in the United States, the FDA⁽³⁾ issued new safety measures in favor of macrocyclic products, forcing companies selling MRI contrast media in the US market to change their labeling from the start of 2018.

■ What will be the consequence of these two trends for Guerbet?

The long-term result of these two trends is not clear yet, but they are not preventing our double-digit growth in this segment for now. We have prepared an industrial plan to significantly increase our Dotarem® production starting in 2018 to guarantee a continuity of supply worldwide.

■ What are Guerbet's growth prospects?

In 2018, Diagnostic Imaging will remain a major pillar of Guerbet's growth. We have built an ecosystem around our core business, contrast media, and we now offer radiologists comprehensive, integrated solutions around this product to achieve the highest-quality image possible. In this mature market where growth prospects remain stable, driven by population growth and aging as well as the increased number of technical imaging platforms worldwide, there is a search for productivity and cost cutting. Guerbet meets these expectations thanks to its integrated offering but also its range of specific injectors, accompanied by appropriate medical devices, software that can be interfaced with hospital information systems and a maintenance service contract offering.

Through our innovations, we seek to give more value to our products and to optimize delivery to improve image and diagnosis quality. For example, in the RSNA⁽⁴⁾ we launched a new digital solution, Contrast&Care®. There is a constant stream of innovation in this segment, to enable our customers to optimize their practices and make them safer.

In addition, the development of our new product, P03277, is continuing, and we should know the phase IIb results in early 2018. They are keenly awaited, because this MRI imaging product is expected to have better diagnostic efficacy than all existing products, without jeopardizing patient safety due to the risk of gadolinium release, since it is a product with a macrocyclic chemical structure.

■ How is Guerbet positioned with regard to digital development in radiology?

Digital technology and artificial intelligence will transform medical imaging profoundly by allowing quantitative data to be interpreted for better characterization of tissues and pathologies. Guerbet is particularly attentive to these developments and recruited a Chief Digital Officer in September 2017. We are exploiting all our strengths to seize any new opportunities that arise and to confirm our status as a medical imaging expert.

■ And how important is Interventional Imaging's role?

Very important! Our strategy to strengthen Interventional Imaging has already been in place for several years and is continuing. Our Lipiodol® and Patent Blue V products are recognized as gold standards: the first in transarterial chemoembolization of liver cancers and the second in the detection of sentinel nodes in breast cancer. For example, this year we launched a new medical device, Vectorio®, which will be used to optimize the delivery of the Lipiodol®-chemotherapy emulsion to the center of tumors. In addition, the development of Lipiodol® will involve the development of new indications, which we are continuing to research.

In 2017, Guerbet also signed a deal to acquire a stake in the BioMedTech FPCI⁽⁵⁾ fund managed by Truffle Capital. We aim to accelerate our growth via external operations, through the contribution of digital technology in radiology and by disruptive technologies in Interventional Imaging. We will take part in the creation of a start-up, in most cases medtech but also potentially biotech, with the aim of unveiling this breakthrough innovation in five to seven years.

Finally, the acquisition of Accurate Medical Therapeutics in early 2018 will accelerate our growth in Interventional Imaging. This start-up will bring us expertise in microcatheters, used to navigate the human body to make contact with tumors for better destruction. Their unique anti-reflux technology can increase the dose of chemotherapy released downstream to the tumor while sparing upstream reflux to adjacent healthy tissue.

2017 therefore confirmed the importance of Interventional Imaging for the Group's development, alongside Diagnostic Imaging.

(1) EMA: European Medicines Agency.

(2) PMDA: Pharmaceuticals and Medical Devices Agency.

(3) FDA: Food & Drug Administration.

(4) RSNA: Radiological Society of North America.

(5) FPCI: Professional Private Equity Fund.

History



1901

DISCOVERY OF LIPIODOL® BY MARCEL GUERBET (1861-1938) LIPIODOL®, THE FIRST IODINATED CONTRAST AGENT.

The international scientific community contributes to the success of Lipiodol®: it is used as a therapeutic product (in the form of sugar-coated pills, capsules, slabs of chocolate, etc.) and as a contrast agent for diagnostic purposes to make cavities like the lungs opaque.



The 1930s

1930

MARGUERITE BUISSON, THE COMPANY'S FIRST MEDICAL REPRESENTATIVE

Based in Marseille, Miss Buisson travels throughout Southern France with her samples and documentation. During the war, she safekeeps Guerbet products at her home to be able to meet the demand abroad.



The 1950s

1955 ORABILIX®, FOR THE GALLBLADDER AND BILE DUCTS

A study published in June 1959 in *The American Journal of Digestive Diseases* concludes that this product has "all the features of an ideal contrast agent."

1926



FOUNDING OF LABORATOIRE ANDRÉ GUERBET

At the age of 25, André Guerbet becomes its general manager. He opens a chemical and pharmaceutical manufacturing plant in Saint-Ouen.

The 1940s

1944

SAINT-OUEN IS BOMBED

The plant is bombed twice: the damage is minor, and there are no victims. However, there is no gas, no electricity, and no coal. There are labor disruptions due to the air raid warnings and products are manufactured at night due to the lack of electricity during the day. The scarcity of iodine disrupts Guerbet's industrial activity throughout the war.

The 2010s

2013
REGISTRATION OF DOTAREM® IN THE U.S.
 The world's global market in medical imaging.

2014
LAUNCH OF FLOWSENS®
 New-generation injection solution for X-ray imaging.

2015
ACQUISITION OF MALLINCKRODT'S "CONTRAST MEDIA AND DELIVERY SYSTEMS" BUSINESS
 Guerbet takes on a new international dimension and increases its product portfolio. The workforce increases from 1,500 to more than 2,500 employees.

2017
VECTORIO® AND CONTRAST&CARE®
 Launches of Vectorio® for Interventional Imaging and Contrast&Care® for digital services.



The 1970s

1970
TELEBRIX®, FOR (VENOUS AND ARTERIAL) ANGIOGRAPHIES AND INTRAVENOUS UROGRAPHY

1972
THE FIRST INTERNATIONAL AFFILIATE IN BRAZIL
 Guerbet kicks off its international expansion in a suburb in Rio with a commercial affiliate. The pharmaceutical production site will be opened in 1991.

1977
LABORATOIRE ANDRÉ GUERBET BECOMES GUERBET S.A.

1978
AFFILIATE IN JAPAN
 The Company expands into Asia with an affiliate in Japan to stock up on iodine.

1979/1981
LAUNCH OF HEXABRIX® AND CREATION OF THE LANESTER SITE
 Hexabrix®, the first ionic, low-osmolality contrast agent, is launched in France in 1979 and, to meet the market demand, the Lanester site starts its production in 1981. In 1985, Hexabrix® would be launched in the United States by Mallinckrodt and in Japan with Eiken.



The 1990s

1992 AND 1994
AN AFFILIATE IN GERMANY, AND THEN IN THE UK AND TURKEY

1994/1995
LUMIREM® TO EXPLORE THE GASTROINTESTINAL TRACT, ENDOREM® FOR THE LIVER, AND XENETIX®, A NEW PRODUCT FOR X-RAYS

1996
AFFILIATES IN AUSTRIA AND SPAIN AND FIRST GUERBET BOOTH AT THE RSNA

1998/1999
SOUTH KOREA AND TAIWAN, TWO NEW AFFILIATES IN ASIA



The 1980s

1980
LIPIODOL® IN INTERVENTIONAL IMAGING
 The first chemoembolizations are performed in Japan with Lipiodol® Ultra Fluid.

1982
THE FIRST AFFILIATE IN EUROPE
 The first European affiliate is created in Belgium.

1986
AFFILIATE IN PORTUGAL, AND GUERBET IS LISTED ON THE PARIS STOCK EXCHANGE TO SUPPORT ITS DEVELOPMENT

1987
AFFILIATE IN SWITZERLAND
ACQUISITION OF SIMAFEX, A FINE CHEMICALS PLANT
 This new industrial investment is primarily intended for the manufacture of Dotarem® but it also used today for the production of Lipiodol®.

1988
AFFILIATE IN THE NETHERLANDS
HEADQUARTERS ESTABLISHED AT VILLEPINTE AND DISTRIBUTION OF OPTIRAY® STARTED IN BELGIUM, FRANCE AND SWITZERLAND
 Guerbet undertakes the development and then the pharmaceutical production of Optiray® on the Aulnay-sous-Bois site and markets it in France, Belgium and Switzerland.

1989
DOTAREM® IS LAUNCHED IN FRANCE
 Dotarem®, launched by Guerbet, is the only macrocyclic and ionic contrast agent.

The 1960s

1963
CONTRIX®, THE FIRST MALLINCKRODT LICENSE FOR GUERBET
 Guerbet will manufacture and distribute Mallinckrodt's Conray®, under the brand name Contrix®, in France, Switzerland and Belgium. The new, better tolerated contrast agent for renal angiography, replaces Vasurix®.

1968
MOVE TO THE AULNAY-SOUS-BOIS SITE
 150 employees move to this new site dedicated to chemical and pharmaceutical production.

The 2000s

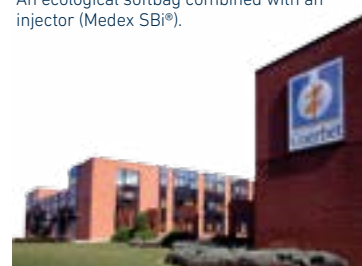
2000 AND 2001
AFFILIATES IN ITALY AND HONG KONG, FOLLOWED BY AN AFFILIATE IN MEXICO

2002
AN AFFILIATE IN THE UNITED STATES
 Guerbet starts an affiliate in the United States to commercialize Oxilan®.

2002-2005
OPTISTAR® ELITE, OPTIVANTAGE® AND ANGIOMAT ILLUMENA®
 These three injectors by Mallinckrodt are marketed by Guerbet in France, Belgium and Switzerland.

2004
ACQUISITION OF MEDEX
 A company specialized in the design, production and distribution of medical devices.

2006
GUERBET LAUNCHES SCANBAG® BY XENETIX®
 An ecological softbag combined with an injector (Medex SBi®).



Key figures

(at December 31, 2017)

807.1

**CONSOLIDATED
NET REVENUE**
(in M€)

130.0

EBITDA ⁽¹⁾
(in € million)

79.2

OPERATING INCOME
(in € million)

46.2

NET INCOME
(in € million)

3.69

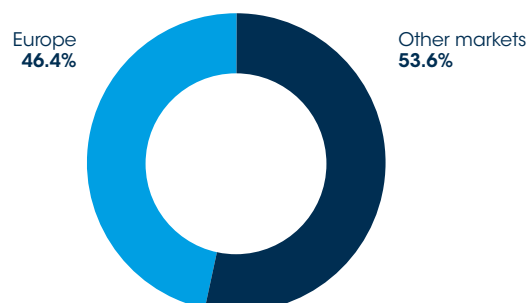
**NET INCOME
PER SHARE**
(in €)

43.8

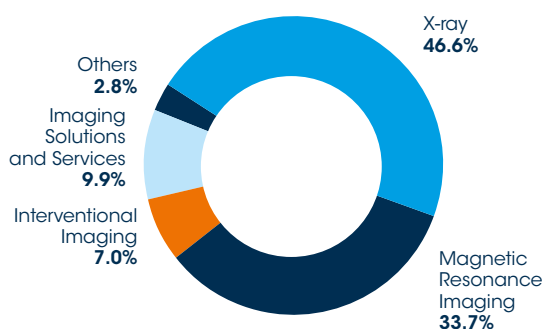
GROSS INVESTMENTS
(in € million)

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

**Revenue
by geographic region**



**Revenue
by product range**





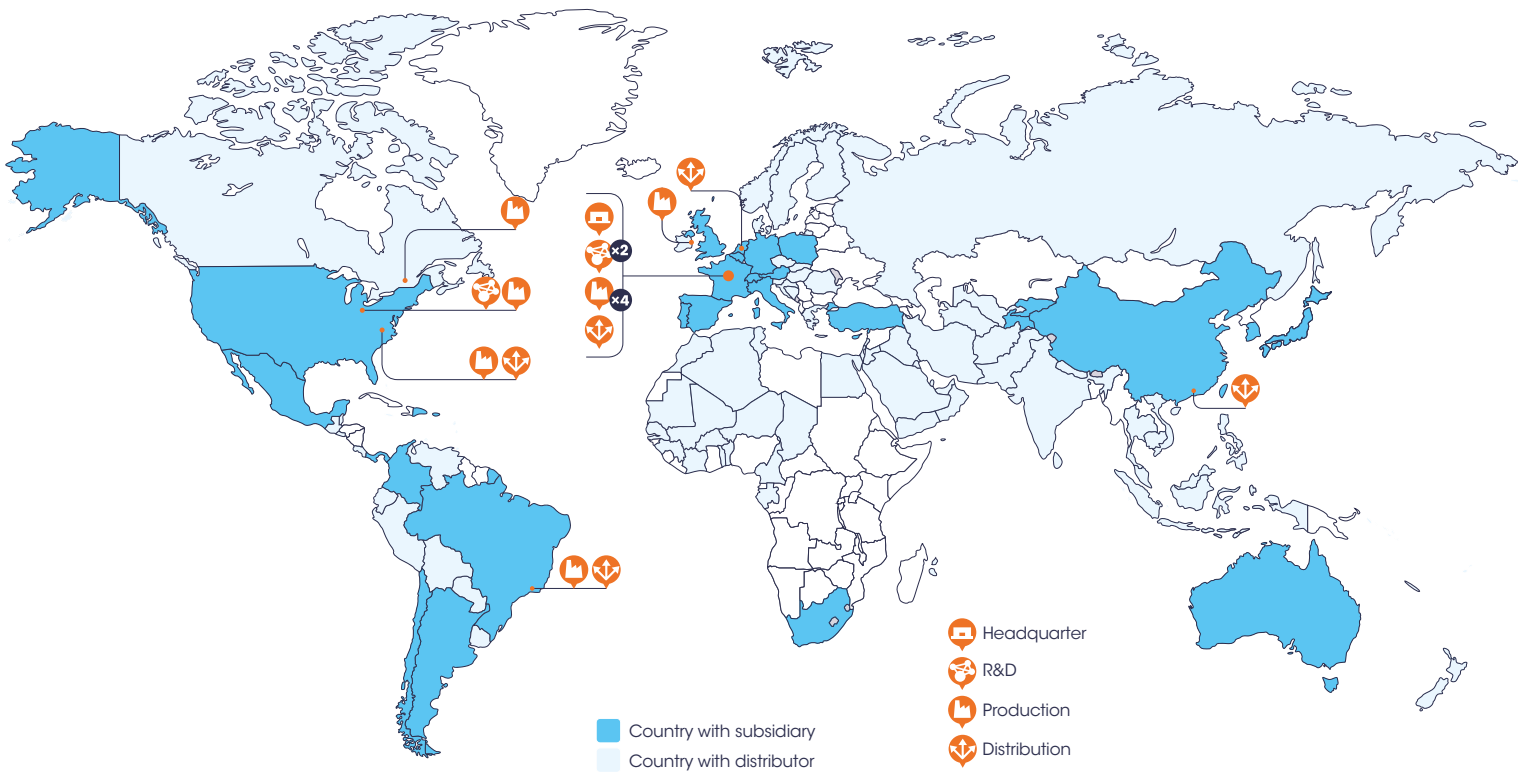
2,750

EMPLOYEES, INCLUDING MORE THAN 1,550 OUTSIDE FRANCE

+80

COUNTRIES IN WHICH GUERBET OPERATES THROUGH A NETWORK OF SALES SUBSIDIARIES AND DISTRIBUTORS

Guerbet's sales presence





The Guerbet group

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1.1 History of the Company

Guerbet is a French pharmaceutical group that has been supporting healthcare professionals specialized in Diagnostic and Interventional Medical Imaging since 1926. Guerbet provides them with contrast media, delivery systems, medical devices and related solutions adapted to their needs.

Guerbet is listed in Euronext Segment B, and a majority of its shares are owned by the Guerbet family. The Company originated with Marcel Guerbet's discovery of the first iodinated organic contrast medium in 1901.

Since it was founded by André Guerbet, the Company has expanded significantly, thanks to regular innovations that have left their mark on medical imaging technologies and the contrast media associated with them. Guerbet now sells a comprehensive range of products suitable for X-Ray and Magnetic Resonance Imaging.

The Group's main products are:

- ◆ Diagnostic Imaging Products:
 - Contrast media for X-Ray Imaging: Optiray®, Optiject®, Xenetix®,
 - Contrast media for Magnetic Resonance Imaging: Dotarem®, Artirem®, Optimark®;
- ◆ Delivery Systems and Services: OptiVantage®, Illumena® Néo, OptiOne®, OptiStar® Elite, FlowSens®, Manyfill®, Secufill®, Linkfill®;
- ◆ Interventional Imaging Products: Lipiodol®, Patent Blue V, Vectorio®.

Thanks to the products provided by Guerbet group, images are used to guide radiologists when administering treatments, give insight into the functioning of organs, speed up diagnoses, assess the severity of an illness and enable early validation of the efficacy of treatments.

Guerbet recently launched a strategic initiative to develop a new business based on digital technologies and artificial intelligence with two objectives: first, to improve the productivity of radiologists, e.g. with diagnostic assistance tools, and second, to obtain a tumor tissue characterization through imaging to better guide treatments or even eventually replace a biopsy.

1.2 Mission and ambition

1.2.1 Our mission

Guerbet's employees are committed to providing healthcare professionals with the contrast media, medical devices and innovative solutions that are vital for Diagnostic and Interventional Imaging, to improve patient prognosis and quality of life.

Driven by our passion for our work, every day we strive to combine performance, quality and sustainable development.

1.2.2 Our ambition

We aim to build a new world leader in medical imaging in order to improve diagnosis, prognosis and quality of life for patients.

1.3 Main consolidated data

1.3.1 Revenue

(in € thousands – IFRS)	2017	2016
Revenue	807,119	775,773

Breakdown of revenue by geographic region	2017	2016
Europe	46.4%	48.1%
Other markets	53.6%	51.9%

Breakdown of revenue by product range	2017	2016
X-Ray products	46.6%	48.4%
MRI	33.7%	31.8%
Delivery Systems and Services	9.9%	9.9%
TOTAL DIAGNOSTIC IMAGING	90.2%	90.1%
INTERVENTIONAL IMAGING	7.0%	7.1%
OTHER	2.8%	2.8%

1.3.2 Main consolidated data

(in € thousands – IFRS)	2017	2016
EBITDA ⁽¹⁾	130,033	106,276
Operating Income	79,219	54,594
Net income	46,219	28,930
Net income per share (in €)	3.69	2.33
Dividend per share (in €) ⁽²⁾	0.85	0.85
Cash flow	97,093	81,797
Shareholders' equity	342,141	314,801
Net financial debt	278,407	301,843
Gross Investments	43,811	52,285
Net financial debt/EBITDA ⁽³⁾	2.1	2.8

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

(2) Amount that will be proposed to the General Meeting of Shareholders for the 2017 fiscal year.

(3) This ratio refers to the covenant agreed under the current financing arrangements. The maximum value of this ratio at December 31, 2016, was set at 3.7, and 3.0 at December 31, 2017.

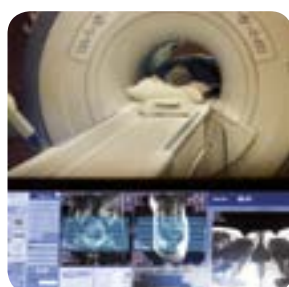
1.4 Overview of activities

1.4.1 Medical imaging techniques



X-Ray

An irradiating imaging technique to examine the anatomy of the human body and the functioning of organs.



MRI

A non-irradiating imaging technique to examine the anatomy and functioning of organs.



Ultrasound

(Echography)

A non-irradiating first-line technique to examine the anatomy and functioning of organs.



Nuclear medicine

(Scintigraphy)

An irradiating imaging technique to examine the functioning of organs.

Medical imaging is a medical specialty that aims to orientate or confirm a diagnosis and/or guide treatment. It explores the inside of the human body using four techniques: X-Rays, Magnetic Resonance Imaging (MRI), ultrasound and nuclear medicine. X-Ray radiography, discovered in 1885, is its oldest form, whose development was revolutionized by the invention of CT (computerized tomography) scanners. In Interventional Imaging, image capture guides a medical or surgical procedure.

These methods and the associated products play a role at various stages of patient diagnosis and treatment:

- ◆ Diagnostic support;
- ◆ Assessing the severity of an illness;
- ◆ Intervention support;
- ◆ Treatment and therapeutic monitoring support;
- ◆ Advancement of knowledge by research teams.

By encompassing all of the techniques used in medicine for the diagnosis and treatment of a large number of illnesses, medical imaging has revolutionized medicine and provided immediate and reliable access to information that was previously “invisible” to clinical diagnostics, revealing new anatomical characteristics in terms of both the metabolism and the actual functioning of organs.

Medical imaging techniques no longer just provide a “snapshot” of the tissue or organ being examined. They give a visual representation based on specific physical or chemical characteristics. These explorations have been made possible by the innovative products adapted to imaging techniques and devices that are pushing back the boundaries of knowledge concerning the human body.

Technological and IT developments at the start of the 21st century have ushered in a new era for medical imaging.

Rapid scanning, high-definition images and the advent of big data are factors that are further improving early detection and therapeutic monitoring, helping to expand the field of application of contrast media.

We are currently witnessing what looks like the start of a revolution in radiologists’ practice thanks to the introduction of artificial intelligence products. This revolution has been made possible by, among other things, advances in the field of deep learning. These products should help radiologists by improving their productivity and the quality of diagnoses. Examples of potential applications include: automatic segmentation and reset tools, patient prioritization tools based on algorithm-assessed severity, automatic second-reading tools, decision tools to guide treatment, and tumor tissue characterization tools to avoid biopsies. This revolution will not occur overnight and will probably take ten to fifteen years, but the significant level of current investments and first product announcements at conferences indicate that it is underway.

1.4.1.1 Diagnostic Imaging

A) Contrast media

Contrast media are drugs that are suited to the imaging techniques used, due to their nature and method of action.

- ◆ The medium of choice for X-Ray Imaging is iodine, due to its ability to absorb this radiation.
- ◆ Gadolinium is used in Magnetic Resonance Imaging (MRI) for its paramagnetic properties. The injection of a gadolinium complex in response to a radiofrequency wave in a magnetic field speeds up the paramagnetic relaxation of the protons in water molecules, enhancing the contrast of the signal observed through MRI.

- ◆ The contrast media used for ultrasound scans consist of microbubbles of gas that interact with the ultrasound waves and boost the ultrasound signal.
- ◆ In nuclear medicine, the radioactive agent or tracer is the radiation source.

These products are used to reveal the invisible. They are useful for medical purposes, as they increase the contrast so that an anatomical structure can be viewed separately from the surrounding tissues. These agents play a crucial role in assessing the functioning of organs (such as the kidneys) or tissues (as in the case of myocardial perfusions).

The diagnostic efficacy sought by radiologists and clinicians is therefore very closely linked to the suitability of the information received as a result of the contrast medium’s enhancing properties and its development over time after injection. This translates into high-quality static or dynamic images that provide data about the anatomy and functioning of organs, the structure of arterial and venous blood vessels, and perfusion parameters. Diagnostic quality is now a key factor in clinicians’ decisions regarding treatment and surgery.

These rapid advances also have a direct impact on patients’ quality of life. Because they result in earlier diagnoses and improved selection of treatment options suited to each patient’s profile, these drugs now play a decisive role in the development of personalized medicine while meeting the economic imperative of reducing healthcare costs to the community.

B) Injectors and contrast media delivery systems

Injection devices are divided into two main categories: injectors, which are permanent devices connected to a power source that enable the completely safe programming, management and monitoring of injections, and the associated consumables. These are mostly single-use sterile devices that deliver the contrast agent from the source receptacles to the patient.

Both injectors and the associated consumables are vital to the daily work of radiology technicians and must be easy, intuitive, quick and safe to handle. There are also considerable economic challenges for imaging plates, and this is leading Guerbet to innovate by offering competitive solutions.

Iodinated contrast media injectors are now essential devices. Scanners now have such high computing power that they can produce images of the whole body in just a few seconds. These rapid scanning sequences therefore require a highly accurate injection rate that can only be provided by electromechanical devices. The use of injectors also protects radiology technicians from the ionizing radiation emitted during examinations using X-ray scanner imaging. Lastly, high injection rates very often generate significant viscous friction resulting in high injection pressures, requiring mechanical forces that only a machine can provide.

Consumable medical devices are used in combination with contrast media injectors. These devices come in various forms: single-use or multiple-use and devices dedicated to a specific injector or compatible with a series of injectors.

Guerbet now offers a complete range of consumable medical devices for the injection of opacifiers permitting safer practices and easier medical procedures. These sterile devices require rigorous approval in an environment constrained by imaging centers’ operating costs.

1.4.1.2 Interventional Imaging

Interventional Imaging covers any invasive medical procedure whose purpose is to diagnose and/or treat a disease. The process is guided and controlled using imaging (X-ray, ultrasound or MRI). It is used in innovative ways for many indications.

It is a combination of diagnosis and treatment in a single procedure. Radiology speeds up this new discipline by allowing the use of images

to guide interventional procedures. These are minimally invasive and are often carried out instead of surgery, as they shorten hospitalization times and limit post-procedure complications. The best-known of these therapies are vascular dilation, embolization and tumor ablations using physical or chemical agents (such as thermal or radiofrequency agents or *in situ* chemoembolization or radioembolization respectively). Contrast media are used to guide procedures or trace the active substances used in them.

1.4.2 Guerbet's products

The range of contrast media sold by Guerbet covers Diagnostic Imaging (X-Rays – CT/Cath Lab and MRI) and Interventional Imaging techniques.

The main Group products are:

CT/Cath Lab	MRI	DSS (Delivery Systems and Services)	Interventional Imaging
Optiray®	Dotarem®	OptiVantage®	Lipiodol®
Xenetix®	Artirem®	Illumena® Néo	Vectorio®
Telebrix®	Optimark®	OptiOne®	Patent Blue V
Conray®		FlowSens®	
Hexabrix®		OptiStar® Elite	
MD®		Dedicated consumables for injectors	
		Secufill®	

1.4.2.1 CT/Cath Lab

Guerbet's CT/Cath Lab range includes:

- ◆ **Optiray®**, a non-ionic LOCM (Low Osmolar Contrast Medium). It is available in four concentrations: 240, 300, 320 and 350 mg of iodine/ml. It comes in vials and pre-filled syringes, a form of packaging that is especially appropriate for single-patient injections. The product is used in CT examinations, and its profile is especially suited to arterial investigations (Cath Lab).
- ◆ **Xenetix®**, a second-generation low-osmolar iodinated agent or non-ionic LOCM. This was released for sale in 1995. Xenetix®, which was initially contained in vials, has also been available in polypropylene bags since 2006 (ScanBag® by Xenetix®). This original and innovative packaging preserves the properties of Xenetix® while making it simpler to use, enhancing the safety of patients and medical staff and representing a major step forward in waste management. This packaging is one of Guerbet's solutions to sustainable development challenges. Xenetix® is available in three iodine concentrations: 250, 300 and 350 mg of iodine/ml. The 350 mg/ml concentration should preferably be used for cardiovascular disorders, and the 300 mg/ml concentration for the investigation of parenchymal conditions (e.g. diseases of the liver or kidneys).
- ◆ **Telebrix®**, which belongs to the HOCCM (High Osmolar Contrast Medium) class, gradually being replaced by LOCCMs. This product is preferred in certain situations because of its drinkable format, Telebrix® Gastro®, which is especially useful for investigating digestive disorders, and particularly for colorectal cancer screening through virtual colonoscopies.
- ◆ **Conray®** and **MD®** (mainly MD Gastroview®), which belong to the HOCCM class. They are sold only in certain regions of the world.

- ◆ **Hexabrix®**, an ionic LOCCM agent whose physicochemical properties prevent the risk of arterial thrombosis during Interventional Imaging procedures. This substance is used by radiologists, interventional cardiologists and vascular surgeons for cardiovascular examinations. As part of the streamlining of the CT/Cath Lab range, the decision was made to stop selling Hexabrix® by the end of 2019 in order to focus on the sale of Optiray®.

1.4.2.2 MRI

Dotarem®, a non-specific gadolinium-based contrast medium, is the European market leader by volume. Thanks to its physicochemical properties and its safety profile, it is the benchmark MRI agent. Dotarem® is used to investigate many diseases, particularly conditions affecting the central nervous system as well as abdominal, bone and joint and vascular disorders.

Artirem®, an MRI medium specifically used for bone and joint examinations, was first launched in 2002 in France and is now available in nine countries, mostly in Europe. This is the first medium indicated for such conditions that can be injected directly into the joints. It expands Guerbet's MRI range and sets it apart from the competition.

Optimark®, another MRI contrast medium, has also been sold by Guerbet since the acquisition of Mallinckrodt's "Contrast Media and Delivery Systems" (CMDS) business. The decision has been made to stop selling Optimark®. The product has been no longer on sale in EU countries since July 26, 2017. For other countries, the plan to discontinue sales by 2019 is being implemented according to a schedule established country by country to ensure a gradual transition with Dotarem® and a continuity of supply.

1.4.2.3 Interventional Imaging

Lipiodol® Ultra-Fluid (ethyl esters of iodinated fatty acids of poppy seed oil) was initially developed for Diagnostic Imaging, including the diagnosis of liver lesions, lymphography and hysterosalpingography. It was then used in Interventional Imaging for classic transarterial chemoembolization (cTACE) in the treatment of hepatocellular carcinoma (HCC), where Lipiodol® Ultra-Fluid is used as a visualizer (contrast medium), drug carrier (medium for the antineoplastic agent) and embolic agent. cTACE was then established under guidelines by numerous scientific societies as the standard of care for the treatment of patients suffering from intermediate-stage HCC in Europe, Japan, China and the United States.

Guerbet recently initiated a global registration process. The indications of Lipiodol® Ultra-Fluid in the treatment of HCC are as follows:

- ◆ In September 2013, the Japanese Ministry of Health, Labor and Welfare approved a new indication for Lipiodol® Ultra-Fluid in the transarterial chemoembolization of HCC in combination with drugs and medical devices.
- ◆ In April 2014, Lipiodol® Ultra-Fluid obtained approval from the FDA (Food & Drug Administration) in the United States for selective hepatic intra-arterial use to visualize tumors in adults suffering from known HCC.
- ◆ On August 7, 2014, the French National Agency for Medicine and Health Product Safety (ANSM) approved the indication for "Visualization,

location and vectorization during transarterial chemoembolization of intermediate-stage hepatocellular carcinoma in adults."

- ◆ Since 2015, indication extensions have been granted in Mongolia, South Korea, Thailand, Vietnam, Taiwan, Cambodia, Mexico, Argentina, Peru, Brazil, Austria, Hungary, the Czech Republic, Turkey, the Netherlands and Germany (imaging of HCC).

In endocrinology, Lipiodol®, now called Oriodol®, is used worldwide in softgel capsule format for the prevention and treatment of iodine deficiency in adults and children. This is why iodinated oil is included in the World Health Organization's list of essential drugs.

Vectorio®, cTACE Mixing & Injection System, specifically developed for Lipiodol® as part of cTACE, obtained the CE marking in September 2017.

Patent Blue V is an injectable medium containing a dye. It is used for imaging of the lymphatic system, and particularly for intraoperative sentinel lymph node mapping in breast cancer surgery.

This indication, which has already been authorized in several countries, including France, Germany, Switzerland, Belgium, the Netherlands, Israel, Peru and Thailand, is important as it can answer the question of whether or not to perform aggressive surgery in the form of lymph node dissection.

Marketing authorization applications for this indication are in progress in several countries.

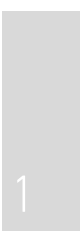
1.4.2.4 Delivery Systems and Services (DSS)

Medical Devices	Trademarks	MRI	X-Rays	Interventional Imaging
Injectors	OptiVantage® Dual-head X-Ray injector		✓	
	Illumena® Néo Cath Lab injector (new Néo version)		✓	✓
	OptiOne® Single-head X-Ray injector		✓	
	FlowSens® / SBi CT injector compatible with ScanBag® by Xenetix® and other receptacles			✓
	OptiStar® Elite MRI injector	✓		✓
Consumables for all types of injectors	Complete range of extension lines	✓	✓	
	Secufill® Patient-side connector with secure double-check valve	✓	✓	
	Dedicated consumables for injectors Filling system for all types of syringe injectors (use on multiple patients)	✓	✓	
Digital Services	Contrast&Care® Patient data management software	✓	✓	

Guerbet has a portfolio of syringe and softbag injectors. Delivery Systems and Services are an important driver of growth.

OptiVantage® is an injector for X-Ray scanners.

FlowSens®, the dual softbag injector for scanner examinations, is recognized for its innovative design and has received various awards, including the Red Dot Award and the Frost & Sullivan Award.



Guerbet proved its product-design excellence with this product. FlowSens® has received awards for the following criteria: degree of innovation, functionality, durability, symbolic and emotional content, product periphery, self-explanatory quality and ecological compatibility. The FlowSens® solution, which consists of a softbag injector, consumables and a comprehensive range of associated services, is the only solution on the market to combine a syringe-free hydraulic injection technique with procedure safety at every stage of the injection process.

FlowSens® is compatible with ScanBag® and all the X-Ray contrast media available on the market.

OptiStar® is a dedicated injector for MRI.

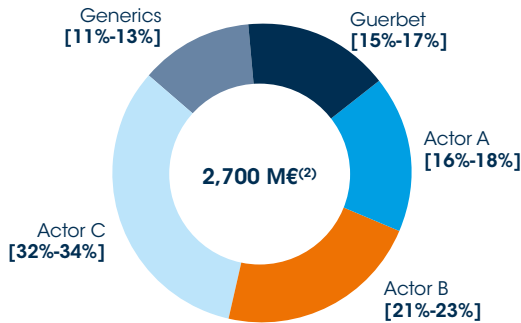
Contrast&Care® is an integrated computing solution to store all injected examination information (contrast medium, injection protocol, patient data, etc.) and to interface with the information systems used in radiology, such as RIS (Radiology Information System) or PACS (Picture Archiving and Communication System).

1.4.3 Markets

1.4.3.1 Contrast medium market

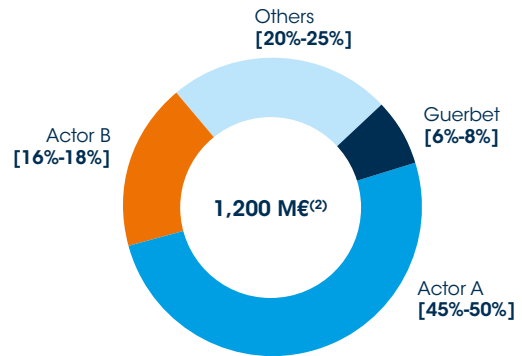
The market breaks down as follows:

X-Ray imaging market shares⁽¹⁾

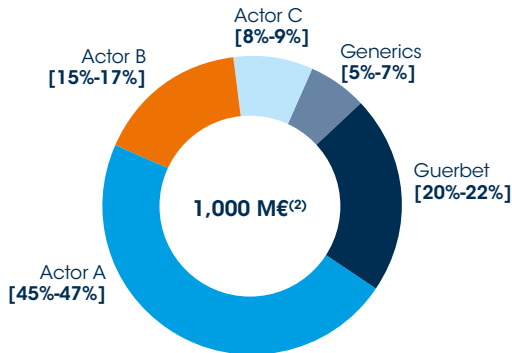


1.4.3.2 The market for injectors and contrast media delivery systems

Market shares for injectors and medical injection devices⁽¹⁾



MRI imaging market shares⁽¹⁾



Guerbet is world **number 3** in the **injector** market.

This market is driven by:

- ◆ the increase in the number of examinations involving injections;
- ◆ growth in CT and MRI equipment.

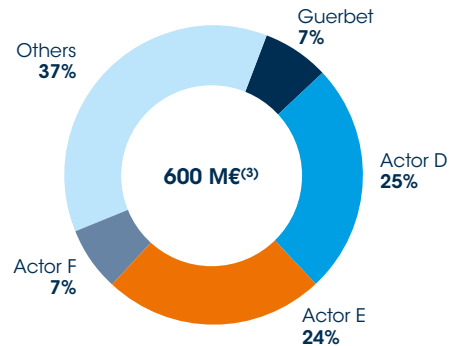
The following trends have been identified:

- ◆ the volume of contrast media injected is likely to remain stable or decline;
- ◆ the number of scanners is likely to increase;
- ◆ the amount of MRI equipment is likely to increase.

The services market is burgeoning due to the development of digital technologies.

1.4.3.3 Interventional Imaging market

Transarterial Embolization market shares⁽¹⁾



Guerbet is world **number 4** in **X-ray imaging** contrast media and world **number 2** in **MRI** contrast media.

This market's estimated volume growth worldwide is between 2% and 4% for X-Ray and between 4% and 6% for MRI, depending on the continent or geographic region (internal data as a percentage of CAGR).

Apart from volume growth, more than 36 million imaging examinations are conducted in Europe each year, of which 60% are carried out by CT scan and 16% through MRI. Cardiovascular diseases, cancers and central nervous system disorders alone account for 21.1 million X-Ray and MRI examinations.

(1) Sources: Financial reports and specific market studies.
 (2) Estimated market value +/-5%.
 (3) Estimated market value +/-10%.

This segment is growing strongly. It covers various types of procedures, such as the treatment of malign and benign tumors through embolization, the treatment of vascular stenoses and aneurysms, imaging of the

lymphatic system for intraoperative sentinel lymph node mapping in breast cancer surgery, and medical devices such as microcatheters, embolization particles, coils and plugs.

1.4.4 Main competitors

Guerbet's portfolio consists of:

- ◆ MRI and X-Ray contrast media for Diagnostic Imaging;
- ◆ Media for Interventional Imaging;
- ◆ Delivery Systems and Services.

Company	Contrast media		Interventional Imaging	Delivery Systems and Services
	MRI	X-Rays		
Guerbet	✓	✓	✓	✓
Bayer HealthCare	✓	✓		✓ Medrad
GE HealthCare	✓	✓		✓
Bracco	✓	✓		✓ Acist Swiss Medical Care e-z-em
Nemoto				✓
Medtron				✓
Ulrich Medical				✓
BTG			✓	
Merit Medical			✓	
Sirtex			✓	
Terumo			✓	
Boston Scientific			✓	

The leading companies selling X-Ray and MRI contrast media worldwide are Guerbet, Bayer HealthCare, General Electric Healthcare and Bracco.

Company	Nationality	MRI	X-Rays
Guerbet	France	Dotarem® Artirem® Optimark®	Optiray® Xenetix® Telebrix® Conray® Hexabrix® Gastroview®
Bayer HealthCare	Germany	Gadovist® Magnevist® Primovist® Generic of Dotarem®	Ultravist® Radioselectan®
GE HealthCare	United States	Omniscan™ Generic of Dotarem®	Visipaque® Omnipaque®
Bracco	Italy	Multihance® Prohance®	Iomeron® Iopamiron®

Generic versions of Dotarem® have also been registered in several European countries by GE HealthCare, Sanochemia, and Bayer HealthCare, and in South Korea by DongKook Pharmaceutical and China by Jiangsu Hengrui Medicine.

The analysis of generic risks is provided in Section 4.4.2 "Risk Factors."

1.5 Industrial and logistics activity

This activity is under the responsibility of the Technical Operations Department, which manages the entire supply chain, from raw materials to delivery to end customers, so as to optimize turnaround times and costs while guaranteeing the highest quality from one end of the chain to the other.

1.5.1 An integrated network of plants

Guerbet develops, industrializes and manufactures its products in its integrated network of specialized plants.

The active ingredients used as raw materials in contrast media are mainly produced in Europe in the Group's three specialized chemical plants:

- ◆ Lanester and Dublin, which are plants specialized in the production of active ingredients for CT/Cath Lab with a common goal of reducing manufacturing costs through a policy of continuous improvement of industrial performance and synthesis processes. In 2017, Lanester finalized the industrialization of a new process improving the performance of the synthesis of lobitridol, the active substance of Xenetix®.
- ◆ The Marans plant produces the active ingredients of Dotarem® and Lipiodol®. This plant's strategy was refocused in 2015 to concentrate on these two strategic active substances while phasing out the custom production of active substances for other producers in the sector. This refocusing, now complete, has improved the security of supply for Dotarem® while significantly increasing the available capacities.

Active ingredient formulation and filling activities take place at the Group's four pharmaceutical plants, located on three continents, with the support of outside partners for some targeted production requirements:

- ◆ The Aulnay-sous-Bois plant (in France), Guerbet's long-standing filling site for CT/Cath Lab media and Dotarem®, mainly serves the European and Asian markets and handles the increase in volumes of both Dotarem® and Xenetix® in softbags.
- ◆ The Rio de Janeiro plant (in Brazil), specialized in CT/Cath Lab media and Dotarem® for Latin American markets.
- ◆ The Raleigh plant in North Carolina (in the United States), the filling plant for CT/Cath Lab media for the North and South American markets. This plant is also preparing to produce Dotarem®, for the North American market in particular.
- ◆ The Montreal plant (in Canada), whose specialty is filling CT/Cath Lab media for the European and Asian markets, while filling syringes with saline solutions for third parties, a contract inherited from the Mallinckrodt business.

The Dotarem® in pre-filled syringes business and Lipiodol® filling are entrusted to a network of specialized external partners in Europe for all markets.

Injectors and the associated medical devices are produced mainly in the Cincinnati plant (in the United States), the birthplace of the Liebel Flarsheim brand, and the Guerbet plant in Lyon (in France). These plants perform design and assembly, while the production of components and consumables is subcontracted to specialized partners.

1.5.2 A regionalized logistics platform

In 2017, the acquisition of CMDS, doubling the volumes to be transported to customers, also enabled Guerbet to reach a sufficient critical mass, in all regions and globally, to capture significant transport and storage synergies. These synergies were made possible by revamping our

distribution and transport network, completed in 2017 in all regions. This revamping was synchronized with the implementation of our new ERP⁽¹⁾.

1.5.3 Development based on investment and continuous improvement

Guerbet is continuing with its program of industrial investments and expansion of its network in order to ensure:

- ◆ the safety and compliance of operations by harmonizing the production and quality management systems;
- ◆ a high-quality service and reliable supplies by increasing capacity, and by improving plant reliability and supply chain planning;

- ◆ the competitiveness of our industrial platform, and especially its environmental performance, by modernizing plants and improving production processes.

This investment program was reinforced by a global Operational Excellence program aimed at rolling out best practices from the Group or external benchmarks in all the plants and strengthening the Group's continuous improvement culture.

(1) ERP: Enterprise Resource Planning.

1.6 Research and Development

Guerbet's research ambition is to offer radiology professionals and patients safe and innovative solutions, whether drugs or medical devices (including "software" solutions), that meet their needs.

Guerbet's work is focused on two key medical imaging segments: **Diagnostic Imaging** – including Magnetic Resonance Imaging (MRI), X-ray Imaging (CT & Cath Lab) and Imaging Solutions and Services (ISS) – and **Interventional Imaging**.

1.6.1 Organization

The Research & Innovation team involved in the Diagnostic Imaging and Interventional Imaging activities comprises experts in various scientific fields. These experts are organized in clusters, which investigate and then validate areas of research:

- ◆ Chemical research;
- ◆ Physicochemical formulation;
- ◆ Mass spectrometry – bioanalysis;
- ◆ Biology and pharmacology laboratory;
- ◆ Experimental imaging;
- ◆ Optimization of products and manufacturing and formulation processes at the interface between Research and Development;
- ◆ Specialized engineering in the development of medical devices (plastics, mechanics, electronics, software and health IT);
- ◆ Patent portfolio;
- ◆ Public and/or private partnerships.

Development is organized in three main sections:

- ◆ Clinical development: all the activities involved in conducting clinical studies for Medical Devices and drugs, from phase I to phase IV, from designing the protocol to writing the final research report, including publication of the results by scientific journals;
- ◆ Regulatory affairs: all the activities involved in managing the portfolio of product registrations for every country;
- ◆ Drug and medical device safety monitoring: all the activities involved in collecting side effects and/or post-marketing data and writing periodic summary reports (or PMS for Medical Devices) on risk/benefit analysis, to be submitted (for drugs) to the regulatory authorities.

This head-office organization is backed up by a Quality Assurance Department and regional structures in Europe, North America, Latin America and the Asia-Pacific region to allow faster response times in order to meet the local demands of patients, radiologists or the authorities.

1.6.2 Therapeutic areas

The two radiology activities, Diagnostic Imaging and Interventional Imaging, are researched in the three main therapeutic areas of oncology, cardiology and neurology.

In oncology, the incidence of the most common forms of cancer (lung, breast, prostate, colorectal and liver cancers) is constantly increasing. For example, injections with contrast media are used in more than 14 million examinations each year in the five largest European countries. This increase is due to a combination of longer life expectancy and known risk factors, such as smoking, unhealthy eating habits, stress, environmental risks, etc. This is resulting in a greater number of diagnostic examinations at increasingly early stages aimed at improving patient care and quality of life and the monitoring of patient treatment. The trend in the treatment of breast cancer is a perfect example of the role played by the various types of medical imaging, as MRI plays a vital role in screening for and/or monitoring the disease.

The discovery of a new product, whether in Diagnostic Imaging or Interventional Imaging, follows a precise procedure:

- ◆ identification and analysis of a medical need;
- ◆ defining the product(s) meeting the need;
- ◆ developing and validating a prototype (formulation and characterization);
- ◆ developing and validating the product's manufacturing processes;
- ◆ validating the concept in preclinical experimentation;
- ◆ validating the technical solution with the end user;
- ◆ developing the product in clinical experimentation according to the regulatory guidelines.

New contrast media or new chemical entities (NCEs) are developed in several successive phases, in the same way as drugs:

- ◆ Phase I to study the clinical and biological tolerance in healthy volunteers and the pharmacokinetics (how the product is distributed, metabolized and eliminated within the organism) of increasing doses of the product, and thereby determine the maximum tolerated dose;
- ◆ Phase II to compare the diagnostic effectiveness on patients of several doses of the product with the effectiveness of a placebo and usually with a leading product on the market;
- ◆ Phase III to confirm, for a large cohort of patients, the diagnostic effectiveness and tolerance profile of the product compared with a leading product or technique.

The main objective of Life Cycle Management (LCM) activities is to manage the life cycle of products that are already on sale. Typical LCM activities include obtaining approval for new indications, the development of new formulations or presentations, securing new registrations in new geographic regions, and the clinical studies that take place in the final phase (phase IV).

European data indicate that more than 40 million women aged over 50 should benefit from systematic radiographic screening. This procedure speeds up earlier diagnosis, radically changing the treatment strategy and allowing disease-free remission from the condition. Furthermore, sentinel lymph node mapping can be used in this same disease to limit surgical intervention to what is strictly necessary.

For some types of cancer, such as hepatocellular carcinoma (HCC), Interventional Imaging is of great benefit as it enables the precise imaging and mapping of hepatic lesions and even the administering of anti-cancer drugs within these tumor lesions through transarterial chemoembolization, usually as an outpatient procedure.

In cardiology, the assessment of cardiovascular diseases through imaging by injecting contrast media is vital for investigating the consequences of serious diseases for patients who are symptomatic and/or present associated risk factors (such as obesity, diabetes, high cholesterol, stress, high blood pressure and smoking).

More than seven million examinations are carried out worldwide to analyze the condition of blood vessels (detecting significant narrowing of vessels due to arterial plaque) and the impact on the blood flow rate needed to adequately supply essential tissues such as the heart (risk of a heart attack) or the brain (risk of stroke).

Effective diagnosis allows patients to be categorized according to their risk profile and the presence or absence of clinical signs to determine the most appropriate treatment options: preventive monitoring, choice of one drug alone or several drugs in combination, or a strategy of major or interventional surgery. In this specialty, for example, Interventional Imaging provides a view of the narrowed part of blood vessels that needs medical attention, guides endovascular procedures and provides an immediate check on the effectiveness of the resulting dilation

1.6.3 Diagnostic Imaging

In the MRI segment, the aim of the research on Dotarem® is to confirm its diagnostic effectiveness compared with other products, to confirm its safety profile and to document its pharmacokinetic profile for children under the age of 2 (at the FDA's request). An application to extend the indication for children under the age of 2 was approved in August 2017 by the FDA. At the same time, in response to requests from the U.S., Japanese and European authorities, Guerbet has provided all of the available preclinical and clinical data on Dotarem® regarding the potential risk of brain deposits with repeated use of gadolinium. Deposits have been reported with linear gadolinium chelates such as Optimark®, but far less so or not at all with macrocyclic gadolinium chelates like Dotarem®. In 2016, the EMA began interim proceedings (Article 31) that will lead to a reassessment of the risk/benefit analysis for all gadolinium chelates. In November 2017, the European Commission confirmed the EMA's decision to suspend non-specific linear gadolinium chelates, to restrict MultiHance and Primovist to liver imaging only and to maintain gadolinium macrocycle chelates in all their indications. Also in November 2017, the authorities in Japan decided to maintain first-line gadolinium macrocycle chelates and to restrict the use of second-line linear products. In December 2017, the FDA officially recognized that linear gadolinium chelates cause greater gadolinium deposits than macrocycles and requested changes to the legal notices for all products. In December, Guerbet LLC received a request from the FDA to conduct two preclinical studies and a clinical study for Dotarem®, currently marketed in the United States (approval obtained in 2013).

1.6.4 Interventional Imaging

Guerbet was granted approval for the use of Lipiodol® for the transarterial chemoembolization of HCC in combination with drugs and medical devices in Japan in September 2013. Guerbet was also granted approval for the use of Lipiodol® for selective hepatic intra-arterial injection in tumor imaging in adults suffering from HCC in the United States in April 2014, and approval for visualization, location and vectorization during the chemoembolization of tumors in adults suffering from intermediate-stage HCC in France in August 2014.

by injecting a contrast medium. This type of treatment, which is less invasive for the patient and less costly for the community in terms of hospitalization time and patient monitoring, has replaced surgery in many cases.

In neurology, MRI has proven its worth through central nervous system (CNS) imaging, by making it possible, for the first time, to diagnose lesions that cannot be seen using an X-Ray scanner. Injections of contrast media during CNS imaging allow the investigation of tumor diseases (primary brain tumors or brain metastases linked to a primary cancer), inflammatory diseases (such as multiple sclerosis), degenerative conditions (such as Alzheimer's disease), vascular disorders (such as strokes), and infectious diseases (such as brain abscesses).

For most of these chronic disorders, the drugs available to stop their development are still inadequate. They are therefore a major public health issue due to population aging, longer life expectancy and the high cost of caring for these dependent patients. Interventional Imaging can also be used to successfully treat a large number of cerebral arteriovenous malformations without surgery.

Guerbet is continuing to develop NCE P03277, a gadolinium chelate-based molecule for use in MRI. As preclinical studies have shown, this particularly effective product is suitable for high magnetic fields. Phase I was completed in 2014, and phase IIa was completed in June 2015. The development plan for phases IIb and III was discussed with the regulatory authorities for the first time in 2014. Patient recruiting for phase IIb ended in September 2017. Studies in specific populations such as renal failure have begun and studies in children are under preparation.

In CT & Cath Lab with Optiray®, discussions with the FDA for the implementation of observational studies in children are continuing. The research on Xenetix® is intended to document its diagnostic effectiveness when used for cardiac CT scans compared with other products.

With regard to Delivery Systems and Services, the Research and Development engineers are currently focusing on three strategic areas:

- ◆ connecting injectors to imaging equipment;
- ◆ developing solutions for the tracing of injected doses;
- ◆ ensuring the safety of medical procedures through innovative devices, whether single-use or for safer multi-use practices.

Guerbet presented a new software solution called Contrast&Care® at the end of November 2017 at the US RSNA Radiology Congress. This innovative platform allows practitioners to manage the traceability of doses injected per patient. Contrast&Care® is a first in the Group's history, being part of the digital transformation demanded by imaging centers.

Approval for this use continues to be granted in other European countries and Asia. An application has been submitted in China.

With Lipiodol®, activity is aimed at obtaining greater recognition, by regulatory authorities in Europe, Asia and Latin America, of the product's properties as an interventional imaging contrast medium for the treatment of patients suffering from an intermediate-stage inoperable hepatocellular carcinoma.

In 2017, Vectorio®, an innovative medical device in the form of a kit allowing preparation and injection of a Lipiodol®-cytotoxic emulsion, was launched at the European level.

1.6.5 Partnerships

To meet its Research and Development targets, Guerbet is building a strategy of partnership and collaboration agreements. Thanks to this outward-looking approach, it is able to benefit from international scientific expertise. Medical imaging is a multi-disciplinary field requiring expertise in chemistry, physics, computing, image processing, electronics, biology and medicine.

Several collaborative research programs are being conducted. The largest of these is the Iseult project, financed by Bpifrance (a public investment bank formerly known as Oséo Innovation). The goal of this project, conducted in collaboration with the Neurospin center of the Atomic Energy Commission (CEA), is to make progress in MRI by using very high magnetic fields. The expected benefit of these new technologies is improved sensitivity in the detection of small brain lesions that cannot be detected using standard techniques.

Guerbet is also a partner in the HECAM project, a research project that aims to develop tools to screen for, diagnose and treat hepatocellular

Other work is underway to develop further innovative therapeutic solutions combining adapted formulas of Lipiodol® with specific medical devices that will facilitate professional procedures.

carcinoma (HCC). This project is being carried out as part of the Medicen Paris Region global competitiveness cluster, which brings together the leading biomedical innovators in the Paris region.

Some collaborative research partnerships involve two types of financial clauses:

- ◆ repayment of advances if product sales are successful;
- ◆ payment of a share of the profits based on the revenue and/or operating profit generated by the products resulting from these projects.

In 2017, Guerbet invested in the BioMedTech FPCI fund managed by Truffle Capital, a specialist investor in start-ups developing breakthrough technologies and products in the life sciences sector. This investment is part of the Group's innovation strategy and also illustrates its diversification strategy to seek growth beyond contrast media, by linking up with high-potential French MedTech or BioTech start-ups, in the field of interventional medicine.

1.6.6 Research and Development costs

The table below presents the Research and Development costs incurred by Guerbet group over the last two years.

	2017 *	2016 *
Research and Development costs (in € thousands)	67,703	53,377
Research and Development costs (as % of revenue)	8.4%	6.9%

* Excluding research tax credits.

Guerbet is stepping up its investments in Diagnostic Imaging, particularly with the finalization of phase IIb of R&D project P03277, and in Interventional Imaging, with the launch of Vectorio®.

1.6.7 Research and Development portfolio

GROWTH DRIVERS	EARLY DEVELOPMENT	LATE DEVELOPMENT	REGISTRATION	LAUNCH FIRST TWO YEARS
MRI	NC	P03277 phase 2b	Dotarem® (0-2 years) Canada	Dotarem® (0-2 years) United States Dotarem® Canada, Poland, South Africa, Puerto Rico
Imaging Solutions and Services	OptiVantage® upgrades FlowSens® upgrades	Optistar® upgrades Urology Imaging Systems upgrades	OptiOne® CT Argentina, China, Indonesia, Peru, Russia, etc. Illumena® Néo China FlowSens® and consumables China	Contrast&Care®
Interventional Imaging	NC	NC	Lipiodol® TACE Belgium, China, Ireland, Portugal, New Zealand Vectorio® Czech Republic, Netherlands, Turkey Patent Blue V SLND Canada	Lipiodol® TACE Mexico, Netherlands, Peru, Argentina, Taiwan, Thailand, Vietnam, Brazil, Cambodia, etc. Vectorio® France, Austria, Hungary Lipiodol® imaging of HCC United States, Germany, Canada Patent Blue V SLND Mexico

NC: Not communicated.
TACE: Trans Arterial Chemo Embolization.
SLND: Sentinel Lymph Node Detection.

1.6.8 Intellectual property

Intellectual property is vital in the drug industry, as it compensates for part of the time and cost involved in innovation, while allowing companies to reap the benefits of researchers' work. The patent has a term of twenty years from the date on which the application is submitted. In practice, product development times are such that the exclusivity period is often considerably reduced. The expiration of a patent may lead to the emergence of very strong competition due to the arrival of generic products (see Section 4.4.2 "Risk factors").

In some cases, patents may be extended through an additional protection certificate, known as a "Patent Term Extension" in the United States.

Products may also be protected by other patents during the development and/or marketing phase. Guerbet has a portfolio of patents covering active ingredients, new pharmaceutical formulations, formulation and manufacturing processes, delivery systems and medical devices.

Guerbet has 565 patents and patents pending, 1,126 trademarks registered or pending registration and 28 industrial models. The portfolio of trademarks and industrial models is part of the Group's assets and strengthens its position in the growing market for contrast media combined with medical devices.

1.6.9 Clinical data protection

Clinical data protection is a complement to protection by patent. This is a period of exclusivity during which a regulatory administrative authority will refuse:

- ◆ either submissions of marketing authorization applications;

- ◆ or the granting of marketing authorization for generics developed on the basis of the clinical data covered by this protection relating to an originator drug.

In the United States, Dotarem® is covered by clinical data protection until March 20, 2018.

1.7 The Group's governance structure at December 31, 2017

1.7.1 Executive Committee



from left to right, from top to bottom

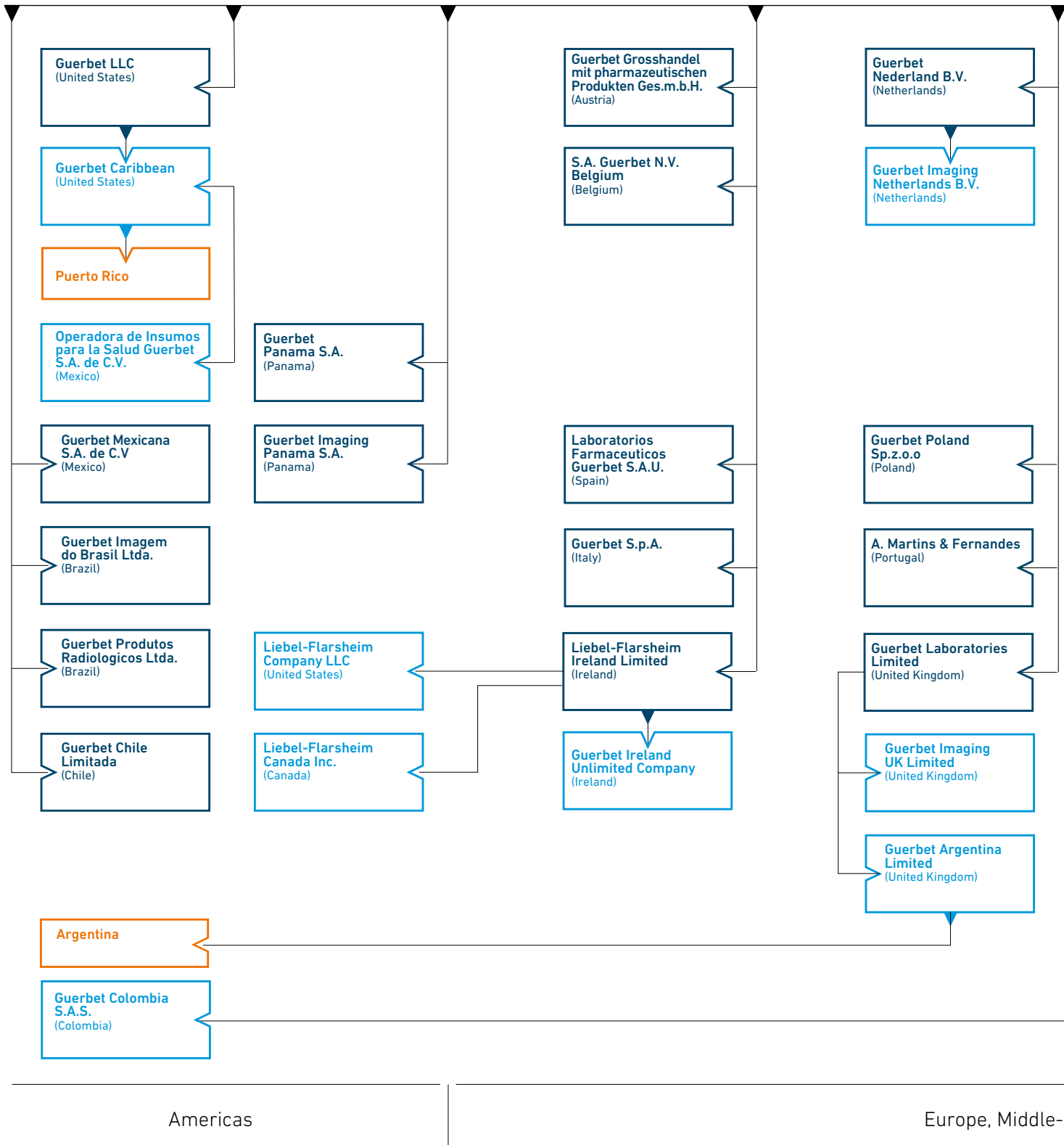
Jean-François Blanc	VP, Technical Operations
Pierre Desché	SVP, Development, Medical and Regulatory Affairs
François Nicolas	Chief Digital Officer
Jean-Rémy Touze	SVP, Human Resources
Jean-François Le Martret	SVP, Chief Financial Officer
Virginie Beck	VP, Strategic Projects and Corporate Secretary
Yves L'Épine	Chief Executive Officer and interim VP, Commercial Operations
Claire Corot	SVP, Research, Innovation and Licensing Business Development

1.7.2 Board of Directors

Marie-Claire Janailhac-Fritsch	Chairman of the Board of Directors Chairman of the Strategy and Innovation Committee Member of the Audit Committee Member of the Appointment and Compensation Committee Member of the Ethics and Governance Committee
Marion Barbier	Director Chairman of the Ethics and Governance Committee Member of the Appointment and Compensation Committee
Mark Fouquet	Director Member of the Audit Committee Member of the Strategy and Innovation Committee
Éric Guerbet	Director
Didier Izabel	Director Chairman of the Audit Committee Member of the Appointment and Compensation Committee Member of the Strategy and Innovation Committee
Claire Jouault-Massiot	Director Chairman of the Appointment and Compensation Committee Member of the Strategy and Innovation Committee
Céline Lamort	Director Member of the Audit Committee
Yves L'Épine	Director CEO
Nicolas Louvet	Director Member of the Ethics and Governance Committee Member of the Strategy and Innovation Committee
Isabelle Raynal	Employee Director
Thibault Viort	Director Member of the Appointment and Compensation Committee Member of the Strategy and Innovation Committee

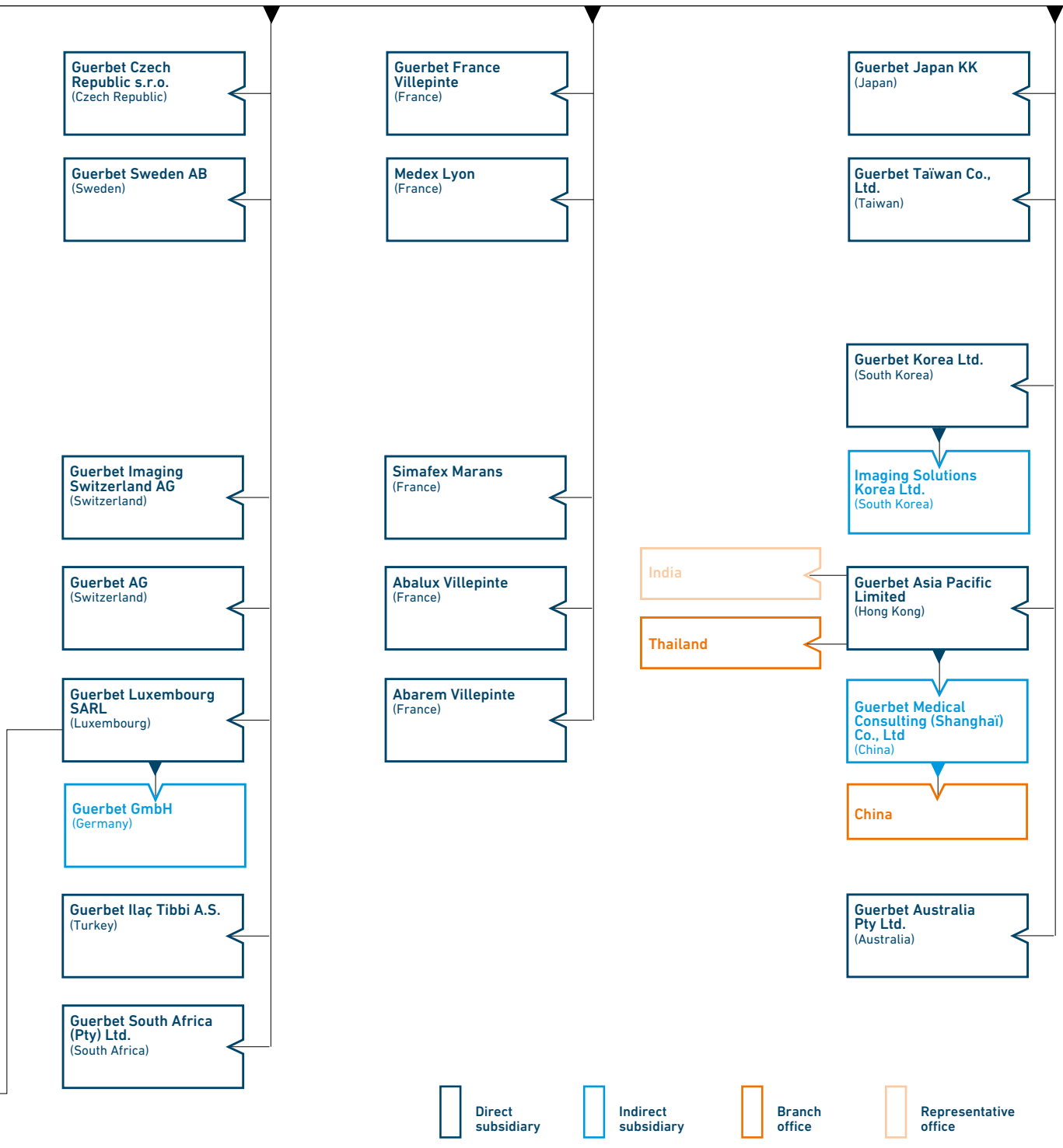
1.7.3 A global presence

GUERBET



GUERBET

1



East, Africa

Pacific Asia

1.7.4 Property owned

Country	Town/City	Address
Brazil	Rio de Janeiro	Rua André Rocha – 3000 – Jacarepaguá – CEP 22710 – 568 – Rio de Janeiro
Canada	Pointe Claire	7500 Trans Canada Highway – Pointe Claire – Quebec H9R 5H8
United States	Cincinnati	2111 E Galbraith Road, Cincinnati – Ohio 45237
	Raleigh	8800 Durant Road, Raleigh, North Carolina 27616
France	Aulnay-sous-Bois	16/24, rue Jean-Chaptal and 1, rue Nicéphore-Niepce – 93600 Aulnay-sous-Bois
	Marans	16, rue des Fours-à-Chaux – 17320 Marans
	Lanester	ZI de Kerpont – 705, rue Denis-Papin – 56600 Lanester
	Villepinte	15, rue des Vanesses – 93420 Villepinte
Ireland	Dublin	Damastown Mulhuddart – Dublin 15
Portugal	Lisbon	Rua Raul Mesnier – Ponsard 4B 1750 Lisboa

1.7.5 Distribution

Guerbet distributes its products in almost 80 countries on all continents.

The Group sells its products via several channels:

- ◆ directly through its sales structure;
- ◆ through distributors;
- ◆ through license-holders.

Direct operations

The Group has direct operations in more than 20 countries in Europe, Asia and Oceania, North America and Latin America through distribution affiliates.

Distribution agreements

For markets in which Guerbet does not have direct operations or a licensing agreement, it has agreements with more than 70 distributors. The main agreements cover Scandinavia, Eastern Europe, Greece, Africa

and the Middle East, Canada and several countries in South America, Asia and Oceania. These distributors are now joined by a network of companies dedicated to providing after-sales services for injectors.

Customer types

Guerbet's local customer structure in each of its national markets, excluding distributors and licensees, differs from one country to the next. There are two factors common to most countries, however:

- ◆ a large proportion of sales are made to hospitals, clinics, radiology centers and purchasing pools.
In the vast majority of cases, such sales are based on negotiated contracts or calls for tenders;
- ◆ a second major category of customers consists of wholesale distributors that in turn supply pharmacies.

Corporate governance

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2.1 Report of the Board of Directors on corporate governance

In accordance with Article L. 225-37, paragraph 6 of the French Commercial Code, we are pleased to present to you the report of the Board of Directors on Guerbet's corporate governance. In particular, this report gives an account of the composition, conditions for preparation and organization of the Board's work, the organization of the General Management, as well as the principles and rules for determining the compensation and benefits of any kind granted to the company officers. This report was approved by the Directors on March 27, 2018.

Guerbet has adopted the Corporate Governance Code published by Afep-Medef (French Association of Private Sector Companies/French Business Confederation). Any deviations from this Code relating in particular to the composition of the Board of Directors and the Committees are referred to in the summary table at the end of this report. This Code can be consulted on the website www.code-afepmedef.com.

Guerbet is a French public limited company (*société anonyme*) with a Board of Directors and a separate Chairman of the Board and CEO.

2.2 Board of Directors

In 2017, the Board of Directors met eight times with an average 98% attendance rate. The following people participated in these meetings:



- ◆ The Directors;
- ◆ The Secretary of the Board;
- ◆ Four representatives of the Group's employees, in a non-voting capacity.

Since the start of 2018, the Board of Directors has met once and examined the annual financial statements for the 2017 fiscal year.

The Board of Directors has Internal Regulations that clarify and supplement the procedures governing its operation and the operation of its Committees, as provided for by the articles of association and the law. They are available on the Guerbet group's website (under Investors – Corporate Governance section).

2.2.1 Board members

As of December 31, 2017, the Board of Directors consisted of the following members.

 <p>Date of birth: July 3, 1955</p> <p>Professional address: Guerbet 15, rue des Vanesses 93420 Villepinte</p>	<p>Marie-Claire Janailhac-Fritsch Chairman of the Board of Directors</p> <p>Career history: Consultant in the cosmetics sector at Hellébore since 2003 Professional activity within the cosmetics industry since 1987; creation, development and sale of start-ups in this field Positions held in the pharmaceutical industry at Euroga and Smith Kline from 1978 to 1987 Member of the <i>Institut français des administrateurs</i> (French Institute of Directors) since 2007</p> <p>Education: Marie-Claire Janailhac-Fritsch is a graduate of the <i>École des hautes études commerciales de Paris</i> (HEC Paris)</p> <p>First appointment to the Board: May 27, 2011 Date of most recent reappointment: May 19, 2017 Expiration of term of office: 2023 General Meeting</p>	<p>◆ Independent</p> <p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Chairman of the Board of Directors ◆ Chairman of the Strategy and Innovation Committee ◆ Member of the Audit Committee ◆ Member of the Appointment and Compensation Committee ◆ Member of the Ethics and Governance Committee <p>2017 Board meeting attendance rate: 100%</p> <p>Current terms of office held in French and foreign companies:</p> <ul style="list-style-type: none"> ◆ Chairman of Hellébore SAS ◆ Director of Biophytis (listed on Euronext Growth) ◆ Director of Biom'up (listed on Euronext)
 <p>Date of birth: October 14, 1958</p> <p>Professional address: Guerbet 15, rue des Vanesses 93420 Villepinte</p>	<p>Marion Barbier Non-Independent Director</p> <p>Career history: Partner in the law firm Bird & Bird since 2000 Lawyer at the law firm Jeantet & Associés from 1984 to 2000</p> <p>Education: Graduate of Panthéon-Sorbonne University in international law and member of the Paris bar</p> <p>First appointment to the Board: July 27, 2011 Date of most recent reappointment: May 19, 2017 Expiration of term of office: 2023 General Meeting</p>	<p>◆ Non-independent: member of the Guerbet family</p> <p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Director ◆ Chairman of the Ethics and Governance Committee ◆ Member of the Appointment and Compensation Committee <p>2017 Board meeting attendance rate: 100%</p> <p>Current terms of office held in French and foreign companies: N/A</p>



Date of birth:
July 6, 1959

Professional address:
Guerbet
15, rue des Vanesses
93420 Villepinte

<p>Mark Fouquet Non-Independent Director</p>		<p>◆ Non-independent: member of the Guerbet family</p>
<p>Career history: Corporate Secretary, assisting with and arranging industrial and financial partnerships at MGF Easybike from 2011 to 2016 Financial engineering key account manager for Paris and Abidjan at Maréchal & Associés Finance, from 2010 to 2011 CEO and Partner, consultant in financial engineering and arranging financial deals at FG Partner SAS from 2007 to 2010 Consultant in financial engineering and arranging financial deals at Simpl-Fi from 2003 to 2007 Seller of French and European equities to institutional clients and IPO financing at KBC Securities France from 1999 to 2003</p>		<p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Director ◆ Member of the Audit Committee ◆ Member of the Strategy and Innovation Committee <p>2017 Board meeting attendance rate: 90%</p>
<p>Education: European Business School</p>		<p>Current terms of office held in French and foreign companies:</p> <ul style="list-style-type: none"> ◆ Director of Lucibel SA (listed on Euronext Growth, Paris) ◆ CEO of SIMPL-FI
<p>First appointment to the Board: May 23, 2014 Date of most recent reappointment: Not applicable Expiration of term of office: 2020 General Meeting</p>		



Date of birth:
August 4, 1976

Professional address:
Guerbet
15, rue des Vanesses
93420 Villepinte

<p>Éric Guerbet Non-Independent Director</p>		<p>◆ Non-independent: member of the Guerbet family</p>
<p>Career history: IT Program Manager at BNP Paribas – Corporate & Institutional Banking – Global Markets (Paris) since 2010 IT Project Manager at BNP Paribas (London) from 2003 to 2009 IT Project Manager at BNP Paribas (Singapore) from 2000 to 2003</p>		<p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Director <p>2017 Board meeting attendance rate: 100% since appointment</p>
<p>Education: Information Systems Engineer (ESME engineering school)</p>		<p>Current terms of office held in French and foreign companies: N/A</p>
<p>First appointment to the Board: May 19, 2017 Date of most recent reappointment: Not applicable Expiration of term of office: 2023 General Meeting</p>		



Date of birth:

December 6, 1955

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

Didier Izabel
Independent Director

Career history:

Senior Partner at Axys Finance since 2009
Managing Director at Group Banca Leonardo (2006-2009)
Partner at *Toulouse & Associés* (2003-2006)
Head of Mergers and Acquisitions at *Compagnie Financière Edmond de Rothschild* (1994-2003)
Head of the Financial Engineering Department at Banexi (BNP Group) (1989-1994)

Ministry for Industry:

General Directorate for Industry, in charge of the Pharmaceutical Industry (1985-1989)
Provence-Alpes-Côte d'Azur Region DRIR (Regional Directorate for Industry and Research), in charge of the Industrial Environment (1982-1985)

Education:

École polytechnique (1976)
École nationale des mines de Paris (1981)
Member of the *Corps des mines*

◆ Independent

Current terms of office and positions held within Guerbet:

- ◆ Director
- ◆ Chairman of the Audit Committee
- ◆ Member of the Appointment and Compensation Committee
- ◆ Member of the Strategy and Innovation Committee

2017 Board meeting attendance rate: 100%

Current terms of office held in French and foreign companies:

- ◆ CEO of Axys Finance since March 2009
- ◆ CEO of SARL LMP 07

First appointment to the Board: May 23, 2014

Date of most recent reappointment: Not applicable

Expiration of term of office: 2020 General Meeting



Date of birth:

August 27, 1961

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

Claire Jouault-Massiot
Non-Independent Director

Career history:

Head of Operational Excellence and Lean Manufacturing at Sanofi R&D since 2016
Head of Clinical and Medical Quality at Sanofi R&D (2010-2015)
Quality assurance/good clinical practices and drug safety monitoring at Sanofi R&D (1992-2010)
Biotech research at Advanced Magnetics, Cambridge, the United States (1990-1991)

Clinical research, Glaxo Laboratories (1989-1990)

Hospital pharmacy intern within the *Assistance publique des hôpitaux de Paris* (Paris Public Hospital Authority) (1985-1989)

Education:

Advanced diploma in hospital pharmacy – Paris V
Master's degree in biological and medical sciences – Paris VI
PhD in pharmacy – René-Descartes University – Paris V

◆ Non-independent: member of the Guerbet family

Current terms of office and positions held within Guerbet:

- ◆ Director
- ◆ Chairman of the Appointment and Compensation Committee
- ◆ Member of the Strategy and Innovation Committee

2017 Board meeting attendance rate: 100%


Current terms of office held in French and foreign companies:

- ◆ Manager of non-commercial partnership RFDC

First appointment to the Board: May 24, 2013

Date of most recent reappointment: Not applicable


Expiration of term of office: 2019 General Meeting



Date of birth:
March 30, 1982

Professional address:
Guerbet
15, rue des Vanesses
93420 Villepinte

Céline Lamort Non-Independent Director	<ul style="list-style-type: none"> ◆ Non-independent: member of the Guerbet family
<p>Career history: Head of strategic projects at Barry Callebaut since 2016 Head of Operations in the Food and Crop Protection division of Royal DSM N.V. from 2013 to 2016 Head of Supply Chain in the Food and Crop Protection division of Royal DSM N.V. from 2011 to 2013 Head of Logistics at Royal DSM N.V. in 2011 Head of continuous improvement/operational excellence projects at Royal DSM N.V. from 2008 to 2011 Process Engineer at Royal DSM N.V. from 2006 to 2008</p> <p>Education: IFA/Science-Po Paris – Company Director Certificate Unitech International Program <i>École nationale supérieure de chimie de Paris (ENSCP)</i></p>	<p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Director ◆ Member of the Audit Committee <p>2017 Board meeting attendance rate: 100%</p> <p>Current terms of office held in French and foreign companies: N/A</p>
<p>First appointment to the Board: May 29, 2015 Date of most recent reappointment: Not applicable Expiration of term of office: 2021 General Meeting</p>	



Date of birth:
October 24, 1959

Professional address:
Guerbet
15, rue des Vanesses
93420 Villepinte

Yves L'Épine CEO and Director	<ul style="list-style-type: none"> ◆ Non-independent because of role as CEO
<p>Career history: Vice-President Europe of the Abbott group's Established Products division from 2010 to 2011 Chairman and CEO of the French subsidiary of the Takeda group from 1999 to 2010 Management positions within the Sandoz group (then Novartis) in France and abroad from 1990 to 1999 Paris Hospitals intern from 1985 to 1989</p> <p>Education: MBA from the Insead business school in 1990 PhD in medicine and cardiology, René-Descartes Medical School – Paris V</p>	<p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Director and CEO ◆ Yves L'Épine was appointed CEO of Guerbet on November 23, 2011 ◆ Chairman of Abarem – Subsidiary of Guerbet ◆ Chairman of Abalux – Subsidiary of Guerbet <p>2017 Board meeting attendance rate: 100%</p> <p>Current terms of office held in French and foreign companies:</p> <ul style="list-style-type: none"> ◆ Member of the Supervisory Board of CM CIC Investissement
<p>First appointment to the Board: May 24, 2013 Date of most recent reappointment: Not applicable Expiration of term of office: 2019 General Meeting</p>	



Date of birth:
June 27, 1976

Professional address:
Guerbet
15, rue des Vanesses
93420 Villepinte

Nicolas Louvet
Non-Independent Director

Career history:

Head of the BU improvement plan at Yazaki Europe Limited since 2013
Head of component key accounts at Yazaki Europe Limited from 2012 to 2015
Head of Strategic Projects at Yazaki Europe Limited from 2007 to 2012
Project Manager at Valeo Éclairage et Signalisation from 2005 to 2007
Engineer, then R&D Project Manager at Valeo Éclairage et Signalisation from 2001 to 2005

Education:

Graduate of the UTC (*Université de technologie de Compiègne*)

◆ **Non-independent: member of the Guerbet family**

Current terms of office and positions held within Guerbet:

- ◆ Director
- ◆ Member of the Ethics and Governance Committee
- ◆ Member of the Strategy and Innovation Committee

2017 Board meeting attendance rate: 100%

Current terms of office held in French and foreign companies:

N/A

First appointment to the Board: May 27, 2016

Date of most recent reappointment: Not applicable

Expiration of term of office: 2022 General Meeting



Date of birth:
May 3, 1968

Professional address:
Guerbet
15, rue des Vanesses
93420 Villepinte

Isabelle Raynal
Employee Director

Career history:

Portfolio Manager and Project Manager in Strategic Projects at Guerbet since 2011
Head of Field (CNS, Oncology) and Analytical Chemistry Specialist in Research/Innovation at Guerbet (1995-2011)
Engineer and PhD student in life sciences at CEA Saclay (1992-1994)

Education:

PhD in pharmaco-chemistry (Faculty of Pharmacy – Paris V)
ESPCI-Paris Tech engineering degree

◆ **Non-independent: Guerbet employee**

Current terms of office and positions held within Guerbet:

- ◆ Employee Director
- 2017 Board meeting attendance rate: 100% since appointment**


Current terms of office held in French and foreign companies:

N/A

First election to the Board: November 25, 2017

Date of most recent reappointment: Not applicable

Expiration of term of office: November 25, 2023

 <p>Date of birth: September 24, 1972</p> <p>Professional address: Guerbet 15, rue des Vanesses 93420 Villepinte</p>	<p>Thibault Viort Independent Director</p>	<p>◆ Independent</p>
	<p>Career history: Chief Disruption and Growth Officer and member of the Extended Executive Committee of AccorHotels since 2016 Takeover of Cityvox in 2013 and sale in 2014 CEO, then Chairman and CEO of Boonty from 2007 to 2010 Creation and development of the services marketing consultancy Abileo from 2002 to 2006 Creation, development and IPO of the information systems and internet consulting firm Cross Systems Intégration from 1996 to 1999</p> <p>Education: Information Systems Engineer (EPITA)</p>	<p>Current terms of office and positions held within Guerbet:</p> <ul style="list-style-type: none"> ◆ Director ◆ Member of the Appointment and Compensation Committee ◆ Member of the Strategy and Innovation Committee <p>2017 Board meeting attendance rate: 100% since appointment</p> <p>Current terms of office held in French and foreign companies:</p> <ul style="list-style-type: none"> ◆ Chairman, FASAB ◆ Chairman, SMACH ◆ Chairman, LATEAM AI ◆ Director, CodingGame ◆ Offices held at AccorHotels (listed on Euronext): <ul style="list-style-type: none"> – Chairman of the Board of Directors of Concierge Holding Company Limited (incorporated under English law) – Chairman of the Board of Directors of NDH SAS – Chairman of the Board of Directors of Hotel Homes SAS – Chairman of the Supervisory Board of Verychic SAS
<p>First appointment to the Board: May 19, 2017 Date of most recent reappointment: Not applicable Expiration of term of office: 2023 General Meeting</p>		

2.2.1.1 Director Declarations

None of these Directors has been convicted of fraud or is subject to government proceedings or involved in bankruptcy, receivership or liquidation proceedings.

The Board of Directors was not informed of any investigations of potential conflicts of interest in 2017. Declarations of non-conflict of interest are made in writing and signed by each Director each year, in accordance with the conflict of interest management procedure validated by the Board of Directors.

2.2.2 Principles and rules of organization of the Board of Directors and the Committees

2.2.2.1 Appointment and composition of the Board of Directors

The Board of Directors had eleven members, including one Employee Director, at December 31, 2017:

- ◆ Marie-Claire Janailhac-Fritsch, Chairman of the Board;
- ◆ Marion Barbier;
- ◆ Mark Fouquet;
- ◆ Éric Guerbet;
- ◆ Didier Izabel;
- ◆ Claire Jouault-Massiot;
- ◆ Céline Lamort;
- ◆ Yves L'Épine, CEO;
- ◆ Nicolas Louvet;
- ◆ Isabelle Raynal;
- ◆ Thibault Viort.

Marie-Claire Janailhac-Fritsch has chaired the Board since September 30, 2013.

Note that Doctor Michel Guerbet is honorary Company Chairman.

Board members, whether they are individuals or legal entities, are appointed by the General Meeting, upon the proposal of the Board of Directors following approval by the Appointment and Compensation Committee, for a term of six (6) years. Each Board member, with the exception of the Employee Director, must own at least 200 Company shares (as provided for in article 9.b of the articles of association). If, on the day of their appointment, a Board member does not own the requisite number of shares, or if, during their term of office, they cease to own them, they are automatically deemed to have resigned if they have not rectified the situation within three (3) months.

The number of Board members who have reached the age of 70 may not be greater than one-third of the current members of said Board. If this limit is exceeded, the oldest Board member is automatically deemed to have resigned after the Ordinary General Meeting called to approve the financial statements for the fiscal year in which the limit was exceeded.

Board members are reappointed, resign, are co-opted if a vacancy arises and are dismissed under the conditions provided for by law.

In view of its reference shareholding structure, the Board of Directors has a majority proportion of Directors representing the Shareholder Agreement. The composition of the Board of Directors reflects the desire for balanced representation in terms of gender, age and diversity of skills to best meet its needs and conduct its work. Marion Barbier contributes her expertise in law, being a partner in the law firm Bird & Bird; Mark Fouquet was appointed for his financial and business knowledge; Éric Guerbet was chosen for his experience in financial information systems; Didier Izabel brings his financial experience, especially in growth operations; Claire Jouault-Massiot is an expert in the pharmaceutical sector; Céline Lamort contributes her international supply chain expertise; Nicolas Louvet was appointed for his experience in the industrial sector; Thibaut Viort offers experience and skills in digital technology.

The members of the Board have been appointed for a six-year term, in accordance with law and with the articles of association. Note that the Afep-Medef Code's recommendation that Directors' terms of office should be four years has not been adopted. The Company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and operating procedures. However, due to the Company's size, its capital-intensive nature and the Board's desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.

Given that the 12-year term taken into consideration by the Afep-Medef Code corresponds to three successive terms of office (which run for four years under the code) and the term of office of Guerbet Directors is six years, the Board felt that the appropriate term for Independent Directors could be extended to 18 years. A decision was made to extend these terms to take into account the specific length of development cycles in the pharmaceutical industry.

2.2.2.2 Independent Directors

At December 31, 2017, the Board of Directors had three independent members, namely Marie-Claire Janailhac-Fritsch, Didier Izabel and Thibault Viort, representing three-tenths of the total (the Director

2.2.3 Powers of the Board of Directors

The Board of Directors sets the guidelines for the Company's business and oversees their implementation. Within the powers expressly granted by law to General Meetings of Shareholders and within the limits of the Company's purpose, it deals with all issues affecting the Company's operations and regulates the Company's affairs.

It performs the controls and verifications it deems appropriate.

Each Director receives all the information necessary to carry out his or her assignment and can obtain the documents he or she considers useful for accomplishing this assignment.

representing the employees is not included in the calculation of these percentages). The Afep-Medef Code recommendation, setting the minimum number of independent members at one-third, was therefore not followed. For reasons of efficiency and good organization of its work, the Board has chosen to limit the number of its members to 11, including the Chief Executive Officer, and an Employee Director. The appointment of the Employee Director contributes to the diversification of the Board of Directors and the enhancement of its competencies.

The Independent Directors meet the conditions set by the Afep-Medef Code:

- ◆ they are not members of the Guerbet family or signatories to the Shareholder Agreement;
- ◆ they do not have any particular business ties or relations with the Company or one of its subsidiaries;
- ◆ they do not hold a management position within the Company;
- ◆ they do not own a significant number of Company shares;
- ◆ they do not have an employment contract with the Company or one of its subsidiaries.

2.2.2.3 Changes to the Board of Directors during the 2017 fiscal year

The Board of Directors underwent the following changes in 2017:

- ◆ Appointment of Thibault Viort as Independent Director by the General Meeting of May 19, 2017;
- ◆ Appointment of Éric Guerbet as Director by the General Meeting of May 19, 2017;
- ◆ Election of Isabelle Raynal as Employee Director following the vote of employees of Guerbet and its French subsidiaries (Guerbet France, Simafex and Medex) on November 24, 2017. The election of an Employee Director was authorized following the adoption of resolution No. 16 by the General Meeting of May 19, 2017, pursuant to Article L. 225-27 of the French Commercial Code. The Employee Director's term is six years.

The terms of two Directors were renewed in 2017: Marie-Claire Janailhac-Fritsch, also returned to office as Chairman of the Board, and Marion Barbier.

The Board of Directors grants the authorizations provided for by law (particularly those foreseen under the provisions of Article L. 225-38 of the French Commercial Code).

The Board of Directors can decide to create committees. It determines the composition and duties of such committees that carry out their activity under its responsibility, although without delegating to said committees the powers that are assigned to the Board of Directors itself by law or the articles of association and without reducing or limiting the powers of the Board of Directors.

The Board of Directors can grant special mandates to one or several of its members for one or more specific purposes.

2.2.4 Organization of the work of the Board of Directors and the Committees

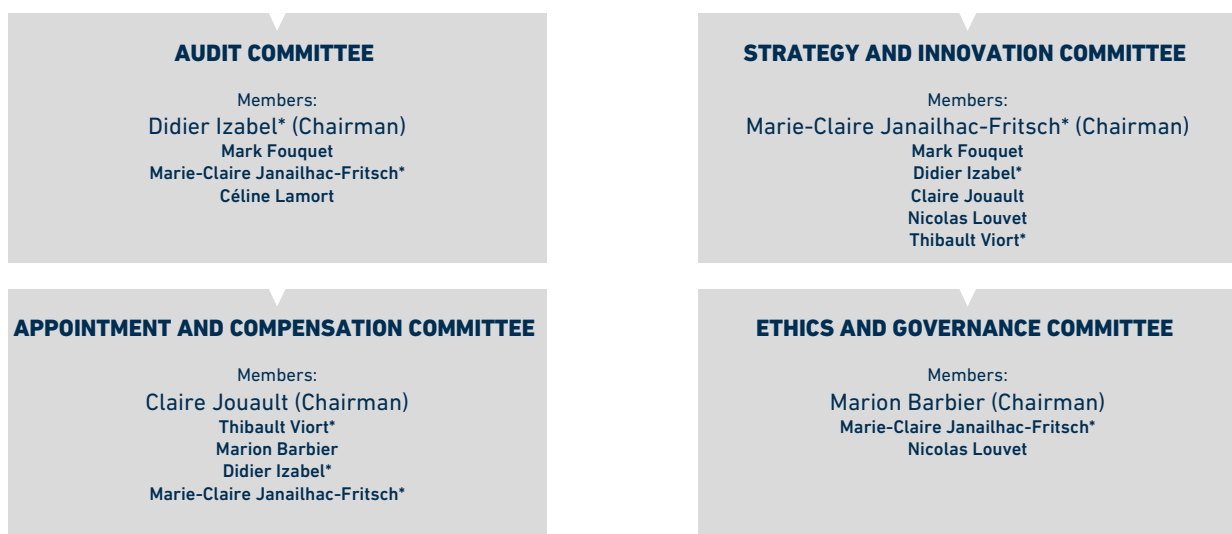
The Board of Directors has four Committees: the Strategy and Innovation Committee, the Appointment and Compensation Committee, the Audit Committee and the Ethics and Governance Committee.

The Committees are forums for analysis and reflection. They issue opinions and proposals but do not make decisions. They report on their work at each meeting of the Board of Directors.

Guerbet's Internal Regulations provide that Yves L'Épine, in his capacity as Chief Executive Officer, is not a member of any Committee.

The Directors have a digital platform allowing them to consult the documents necessary to perform their duties.

COMPOSITION OF THE COMMITTEES OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2017



* Independent Directors.

2.2.4.1 Audit Committee

The Committee met eight times in 2017. It is chaired by Didier Izabel.

The Board of Directors' Internal Regulations set the minimum number of Independent Directors on the Committee and provide that the Chairman of the Audit Committee must be an Independent Director. Note that the Afep-Medef Code's recommendation providing that at least two-thirds of the Committee's members should be Independent Directors was therefore not followed. This Committee composition rule was introduced due to the significant proportion of members representing the Shareholder Agreement on the Board. The Chairman of the Audit Committee is an Independent Director.

In accordance with Article L. 823-19 of the French Commercial Code, the Audit Committee, under the sole collective responsibility of the Board's members, oversees issues relating to (i) the preparation and examination of the parent company financial statements and, where applicable, the consolidated financial statements; (ii) the independence and objectiveness of the Statutory Auditors and (iii) the effectiveness of the internal control and risk management systems. The Committee questions the CEO, the CFO and the Statutory Auditors. It also heard the from the Head of Internal Control and the Head of Internal Audit.

In 2017, the Committee devoted its meetings in particular to:

- ◆ examination of the accounts and the budget;

- ◆ examination of the medium-term plan (2018-2020);
- ◆ the internal audit system: validation of the internal audit charter, review of the previous year's audit, and positive recommendation on the 2018 audit plan;
- ◆ the internal control process;
- ◆ risk analysis (special attention was paid to examining cybersecurity and corruption risks).

2.2.4.2 Strategy and Innovation Committee

This Committee met four times in 2017. It is chaired by Marie-Claire Janailhac-Fritsch, the Chairman of the Board of Directors.

The role of the Strategy and Innovation Committee is to prepare the work of the Board of Directors in areas of significant strategic interest.

The agendas notably included:

- ◆ follow-up on strategic decisions related to the action plan for integration of Mallinckrodt's "contrast media and delivery systems" (CMDS) business activities;
- ◆ the Business Development plans;
- ◆ the industrial strategy;
- ◆ the future of medical imaging;
- ◆ projects under development.

2.2.4.3 Appointment and Compensation Committee

The Committee met four times in 2017. It is chaired by Claire Jouault.

The Board of Directors' Internal Regulations set the minimum number of Independent Directors on the Committee at one-third. The Afep-Medef Code's recommendation providing for a majority of Independent Directors on this Board was therefore not followed. This Committee composition rule was introduced due to the significant proportion of members representing the Shareholder Agreement on the Board. However, the current proportion of Independent Directors on this Committee is half of its members.

The Appointment and Compensation Committee is chaired by Claire Jouault. This deviates from the Afep-Medef Code's recommendation that this position should be entrusted to an Independent Director. However, the Board of Directors believes that the position of Chairman of the Appointment and Compensation Committee may be entrusted to Claire Jouault, as she holds no other positions within the Company.

The role of the Appointment and Compensation Committee is to put the Board of Directors in the best position to:

- ◆ select new Directors, propose to the Board the appointment of the CEO and, on the advice of the CEO, propose the appointment of the Deputy CEOs;
- ◆ ensure the successful integration of new Directors;
- ◆ review the compensation policy applied within the Group;
- ◆ propose the executive company officers' compensation and benefits with a view to their adoption by the Board;
- ◆ look particularly at issues relating to succession planning for senior executives and people holding key positions within the Group.

The Committee specifically:

- ◆ compared the governance choices adopted by Guerbet with the Afep-Medef reference standard;
- ◆ prepared for the election of the Employee Director;
- ◆ discussed the training plan for new Directors;

2.2.5 Assessment of the operation and work of the Board of Directors

The Internal Regulations provide that the Board of Directors must conduct a self-assessment of its operating procedures and verify that issues affecting the efficient operation of the Company are suitably examined and discussed.

In accordance with these provisions, the Board of Directors, at its meeting on December 19, 2017, conducted an assessment of the operation of the Board and its work during 2017. This assessment was conducted through a written questionnaire sent to the members of the Board by the Board's Corporate Secretary. This was a detailed questionnaire with closed-ended and open-ended questions so that each of the Board's members could clarify their replies. In addition, a formal assessment, as planned every three years, was conducted in 2017 by an external company and specifically related to the time devoted by each Director, individually and collectively, to the various duties of the Board of Directors.

This assessment was an opportunity to:

- ◆ assess the operation of the Board and its effectiveness;
- ◆ verify whether important issues are suitably prepared and discussed;
- ◆ assess each member's actual contribution;

- ◆ followed up on human resources projects implemented as part of the integration process;
- ◆ analyzed and approved fixed and variable compensation policies for the short term (bonuses) and the medium term (free share plan): choice of performance criteria, duties, etc.
- ◆ examined the organization and succession plans of certain departments and the main issues and challenges they face.

2.2.4.4 Ethics and Governance Committee

The Committee met four times in 2017. It is chaired by Marion Barbier.

The Ethics and Governance Committee prepares the work of the Board of Directors with regard to ethics and governance within the Group. As such, the Committee handles and monitors all issues relating to:

- ◆ compliance of the Company's values, actions and projects with social, legal and regulatory standards;
- ◆ management integrity;
- ◆ the definition of and compliance with good governance rules;
- ◆ prevention of corruption and fraud;
- ◆ the Company's Articles of Association and the Board of Directors' Internal Regulations;
- ◆ qualification as Independent Director.

The Committee also ensures that the Board and the Board's Committees are operating effectively.

The agendas covered:

- ◆ deployment of the Ethics Charter. The Ethics Charter is available on the Company's website;
- ◆ compliance with the provisions of the Sapin II law;
- ◆ compliance with the new General Data Protection Regulation (GDPR);
- ◆ disclosure of the agreements and benefits granted to healthcare professionals;
- ◆ qualification as Independent Director;
- ◆ review of Internal Regulations.

- ◆ verify whether the Board's current composition still corresponds to what is best for the Company;
- ◆ bring new impetus to the Board by identifying areas for change and progress.

The report was positive overall, as it showed that the Directors have a good perception of their Board's operation.

The following points emerged from discussions of this assessment of the Board's operation:

- ◆ the Chairman diligently organizes and oversees the Board's work;
- ◆ the schedule of meetings is drawn up for the year for the Board and its Committees;
- ◆ the documents relating to the Board and its Committees are made available through a digital platform;
- ◆ the Directors participate in the Board's collective work and decisions in a completely independent manner and are fully committed to their duties;
- ◆ the procedure for managing and preventing conflicts of interest, approved in 2016, has been fully applied.

The Board's Committees have been particularly active and effective. The strategic vision is refined continually via meetings and visits organized to the Group's plants (Marans in 2017), and conferences, such as the JFR (*Journées Francophones de la Radiologie*) conference, which allow the Board members to meet radiologists and exchange views with them. Specific presentations were made on the themes of digital transformation, trends in Interventional Imaging and the Group's industrial strategy for the coming years. Risk analysis is performed in detail at Audit Committee meetings.

The Board also identified the following areas for improvement and points to watch:

- ◆ continued work on the succession plan for Executive Committee members;

- ◆ more detailed information for the Board on the competitive environment and its potential consequences;
- ◆ stronger monitoring of the Group's main risks;
- ◆ provision of a strategic management dashboard for more visual monitoring of the Company's performance, with greater focus on strategy execution;
- ◆ sending of preparatory documents as early as possible before Board of Directors' meetings are held.

The Board expressed its desire to repeat the plant visits and customer visits.

2.2.6 Compensation of members of the Board of Directors

The Appointment and Compensation Committee is tasked by the Board of Directors with reviewing compensation and preparing the Board's decisions on related issues.

2.2.6.1 Board members

At the General Meeting planned for May 25, 2018, the Shareholders will be asked to approve the award of Directors' attendance fees for the 2017 fiscal year for a maximum total amount of €270,000, composed of a fixed portion and a variable portion calculated according to the participation of each member in Committee meetings.

The Chairmen of each of the Committees receive an additional variable portion.

Yves L'Épine only receives the fixed portion of the attendance fees in his capacity as Director.

Isabelle Raynal, Employee Director, does not receive attendance fees.

To ensure fair treatment of all Directors, and due to their almost continual participation in the Board's decision-making meetings, the Board does not wish to adopt the Afep-Medef Code's recommendation that the variable portion of the attendance fees should make up the largest share.

The following attendance fees will be presented for a vote at the General Meeting on May 25, 2018:

Director	Fixed portion	Variable portion	Net total	Gross total
Marie-Claire Janailhac-Fritsch	€20,000.00	€16,000.00	€36,000.00	€45,870.00
Marion Barbier	€20,000.00	€6,000.00	€26,000.00	€26,000.00
Mark Fouquet	€20,000.00	€6,000.00	€26,000.00	€26,000.00
Éric Guerbet	€11,667.00	-	€11,667.00	€11,667.00
Didier Izabel	€20,000.00	€20,000.00	€40,000.00	€40,000.00
Claire Jouault-Massiot	€20,000.00	€7,000.00	€27,000.00	€27,000.00
Céline Lamort	€20,000.00	€4,000.00	€24,000.00	€24,000.00
Yves L'Épine	€20,000.00	-	€20,000.00	€21,990.00
Nicolas Louvet	€20,000.00	€2,500.00	€22,500.00	€22,500.00
Isabelle Raynal	-	-	-	-
Thibault Viort	€11,667.00	€2,500.00	€14,167.00	€14,167.00
TOTAL	€183,334.00	€64,000.00	€247,334.00	€259,194.00

2.2.6.2 The Chairman of the Board of Directors

The compensation awarded to the Chairman of the Board of Directors, Marie-Claire Janailhac-Fritsch, for the 2017 fiscal year was set at a net amount of €60,000.

2.3 General Management

2.3.1 Chief Executive Officer

Yves L'Épine was appointed as Chief Executive Officer, a position separate from Chairman of the Board of Directors, on November 23, 2011.

In accordance with the provisions of the French Commercial Code and the Company's articles of association, Guerbet's Chief Executive Officer is appointed by the Board of Directors on the proposal of the Appointments and Compensation Committee. This officer may be dismissed at any time by the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties and, subject to legal limitations, has the broadest powers to act in all circumstances on behalf of the Company.

The provisions relating to the Chief Executive Officer's compensation, detailing the rules and principles for determining the CEO's compensation, and the compensation paid and awarded during the 2017 fiscal year, are specified in Section 2.4 of this report.

2.3.2 Deputy CEO and Chief Pharmacist

On the proposal of the CEO, the Board of Directors may appoint a Deputy CEO to assist the CEO in performing his (her) duties. Pursuant to Articles L. 5124-2 and R. 5124-34 of the French Public Health Code, the Company has a Deputy CEO with the role of Chief Pharmacist, whose duties are performed with the same authority as the CEO with respect to third parties.

This officer may be dismissed at any time by the Board of Directors.

Pierre André was appointed as Deputy CEO and Chief Pharmacist on June 1, 2016.

The Deputy CEO receives compensation for performing the duties of Chief Pharmacist. Pierre André has an employment contract for which he receives compensation as Group Head of Quality, Technical Operations.

The provisions relating to the Deputy CEO's compensation, detailing the rules and principles for determining the Deputy CEO's compensation, and the compensation paid and awarded during the 2017 fiscal year, are specified in Section 2.4 of this report.

2.4 Compensation of company officers

2.4.1 Company officer compensation policy

The principles for determining the compensation of executive and non-executive company officers are proposed by the Appointment and Compensation Committee and approved by the Board of Directors.

The principles for determining the compensation paid to the Chairman, the Chief Executive Officer and the Deputy CEO are established based on the Afep-Medef Code, which the Company has adopted. The compensation of company officers depends on their responsibilities, the results achieved and the work completed. It may also depend, particularly for the Chief Executive Officer and the Deputy CEO, on the type of duties entrusted to them or exceptional situations.

The compensation of executive company officers obeys the principle of Balance, to ensure a fair proportion between the various components. To make sure that the compensation is competitive, the principle of Comparability is also applied, so that the compensation awarded can be compared with the reference market. Finally, special attention is paid to the Consistency and Intelligibility of the rules for the compensation of company officers, which are necessary to understand the compensation paid to other company executives and employees.

2.4.1.1 Compensation of the Chairman of the Board of Directors

The Chairman of the Board of Directors receives a total compensation composed of a fixed amount, equal to three times the fixed portion of the attendance fees awarded to Directors, received for the office of Chairman, as well as the attendance fees received for the duties of Director.

In accordance with the Afep-Medef Code's recommendations, the Chairman does not receive variable compensation in cash or securities or any other compensation based on the performance of the Company or Group.

Since 2015, the Chairman has health coverage and a welfare insurance policy taken out by Guerbet in the same conditions as for Guerbet employees.

In 2017, the Chairman of the Board of Directors was not covered by Guerbet SA's funded supplemental pension plan. After approval by the Board of Directors on March 27, 2018, the Chairman of the Board of Directors will be covered by Guerbet SA's funded supplemental pension plan in 2018.

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Board of Directors shall submit for approval by the General Meeting of May 25, 2018, under resolution 7 appearing in Section 7.2 "Draft resolutions", the principles applicable for determining, distributing and allocating the components of the total compensation that may be awarded to Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors, for the performance of her duties for the 2017 fiscal year and constituting the compensation policy concerning her.

In accordance with Article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles shall be submitted to the Shareholders for approval at the General Meeting of May 25, 2018, under resolution 10 in Section 7.2 "Draft resolutions". In the event of a negative vote at the General Meeting, the Board of Directors, on the advice of the Appointment and Compensation Committee, shall deliberate on the subject and publish a press release

on the Company's website indicating the response that it intends to give to the wishes expressed by the Shareholders at the General Meeting.

As a reminder, the payment of variable and exceptional compensation components is subject to the approval of the General Meeting.

2.4.1.2 Chief Executive Officer and Deputy CEO compensation policy

The policy on compensation of the Chief Executive Officer and the Deputy CEO is a variation of the Group's compensation policy and is summarized below.

General principles

Guerbet's compensation policy strives for consistency with market practices and the industry to ensure competitive compensation levels. This policy includes a strong link with the Company's performance and a balance maintained between short-term and medium/long-term performance.

The compensation of the Chief Executive Officer and the Deputy CEO is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee in consideration of the compensation of international leaders of the French healthcare industry. This consistency with market practices is fundamental to attracting and retaining the talent necessary for the Group's success.

Since 2016, the Board of Directors has introduced the awarding of performance shares in the Group's compensation policy. This share-based compensation is a component necessary for Guerbet's attractiveness as an employer worldwide, in order to strengthen dedication to the Group and align the interests of employees with those of Shareholders.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors fixes the performance conditions attached to share-based compensation for all beneficiaries of Guerbet and its affiliates throughout the world. Failure to meet the performance conditions over the assessment period results in the loss of all or part of the initial award.

Awards are also subject to a condition of presence in the Group during the vesting period and entail an obligation to retain these shares for the Chief Executive Officer and the Deputy CEO.

Welcome compensation

Welcome compensation may be granted to a new Chief Executive Officer or Deputy CEO arriving from a company outside the Group. This is intended to compensate for the loss of benefits previously enjoyed. This compensation and its payment are disclosed in the Company's annual report.

It may take several forms. It may be awarded particularly in the form of stock options or shares.

Compensation in office

A) Compensation structure

The Chief Executive Officer and the Deputy CEO receive a compensation composed of a fixed amount and a variable portion based on quantitative and qualitative criteria relating to the Company's commercial and industrial performance and the implementation of its strategy.

Since 2016, long-term compensation in the form of performance shares, subject to attendance and performance criteria, has been awarded in addition to this compensation. A percentage of the shares awarded must be retained until the end of the executive officers' terms of office.

Exceptional compensation may also be awarded in exceptional circumstances.

The Deputy CEO is the Guerbet group's Chief Pharmacist and, as such, receives an annual bonus paid in two installments.

B) Variable compensation

The Chief Executive Officer's annual variable compensation is between 0% and 100% of the fixed compensation. It is established according to quantifiable and qualitative criteria.

The Deputy CEO's annual variable compensation is between 0% and 50% of the fixed compensation. It is established according to quantitative and qualitative criteria.

C) Share-based compensation

Compensation of the Executive Officer and the Deputy CEO in the form of performance shares is set by the Board of Directors, on the proposal of the Appointment and Compensation Committee, based on market research and the performance required for the Group. Share-based compensation is subject to meeting performance and attendance conditions. Each award granted takes into account previous awards and total compensation.

In the event of retirement upon reaching the legal retirement age before the end of the performance share vesting period, the Chief Executive Officer and the Deputy CEO continue to benefit from the performance shares initially awarded but remain subject to the other conditions of the Plan, including performance conditions. In the event of a departure from the Group for reasons other than retirement, the Chief Executive Officer and the Deputy CEO lose the benefit of their performance shares.

D) Attendance fees

The Chief Executive Officer receives attendance fees for the duties of Director.

The Deputy CEO does not receive attendance fees.

Termination compensation

The Chief Executive Officer and the Deputy CEO do not receive any commitment from the Company regarding compensation or benefits owed due to the termination of their term of office or a change therein.

Pension commitments

The Chief Executive Officer and the Deputy CEO are covered by a pension scheme offered pursuant to Article 83 of the French General Tax Code. This is a mandatory Group insurance policy for the executive category, governed by the French Insurance Code and in particular Article L. 141-1 *et seq.*

It is a retirement savings policy in accordance with Article 107 of Act No. 2010-1330 of November 9, 2010. Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social Security bracket C. The contribution rate is exclusively employer-based. The employer contributions of 4.5% are monthly. There are no tax charges associated with the policies.

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Board of Directors shall submit for approval by the General Meeting of May 25, 2018, under resolutions 8 and 9 appearing in Section 7.2 "Draft resolutions", the principles and criteria applicable for determining, distributing and allocating the fixed and variable components of the total compensation and benefits of any kind that may be awarded to Yves L'Épine as Chief Executive Officer and to Pierre André as Deputy CEO, for the performance of their duties for the 2017 fiscal year and constituting the compensation policy concerning them.

In accordance with Article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria will be submitted to the Shareholders for approval at the General Meeting of May 25, 2018, under resolutions 11 and 12 in Section 7.2 "Draft resolutions". In the event of a negative vote at the General Meeting, the Board of Directors, on the advice of the Appointment and Compensation

Committee, shall deliberate on the subject and publish a press release on the Company's website indicating the response that it intends to give to the wishes expressed by the Shareholders at the General Meeting. As a reminder, the payment of variable and exceptional compensation components is subject to the approval of the General Meeting.

2.4.2 Compensation of the Chairman of the Board of Directors, Marie-Claire Janailhac-Fritsch

2.4.2.1 Summary table of the compensation awarded to Marie-Claire Janailhac-Fritsch, Chairman of the Board of Directors

(in € gross)	2017	2016
Compensation due for the year	75,804	76,853
Value of stock options awarded during the year		
Value of performance shares awarded during the year		
Attendance fees due for the office of Director	45,870	46,053
TOTAL	121,674⁽¹⁾	122,906⁽²⁾

(1) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 25, 2018, equal to a net amount of €96,000.

(2) Estimated gross amount approved at the General Meeting of Shareholders of May 19, 2017, equal to a net amount of €97,000.

2.4.2.2 Detailed table of the compensation awarded to Marie-Claire Janailhac-Fritsch, Chairman of the Board of Directors

(in € gross)	Amounts due for the year (in € gross)		Amounts paid during the year	
	2017	2016	2017	2016
Fixed compensation, of which:				
as Chairman of the Board of Directors	75,804	76,853	75,804	76,853
Variable compensation				
Exceptional compensation				
Attendance fees	45,870	46,053	46,053	34,368
Benefits in kind				
TOTAL	121,674⁽¹⁾	122,906⁽²⁾	121,857	111,221

(1) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 25, 2018, equal to a net amount of €96,000.

(2) Estimated gross amount approved at the General Meeting of Shareholders of May 19, 2017, equal to a net amount of €97,000.

Marie-Claire Janailhac-Fritsch has health coverage and a welfare insurance policy taken out by Guerbet in the same conditions as for Guerbet employees. The contributions paid by Guerbet totalled €2,441.80

in 2017, of which €1,370.67 for welfare insurance and €1,071.13 for mutual health insurance.

2.4.3 Compensation of the Chief Executive Officer, Yves L'Épine

2.4.3.1 Summary table of the compensation awarded to Yves L'Épine, Chief Executive Officer

(in € gross)	2017	2016
Compensation due for the year	739,752 ⁽¹⁾	755,236
Value of stock options awarded during the year	0	
Value of outstanding performance share awards	0	458,573 ⁽²⁾
Attendance fees due for the office of Director	21,990 ⁽³⁾	21,990 ⁽⁴⁾
TOTAL	761,742	1,235,799

(1) Including variable compensation that will be subject to a vote at the General Meeting of Shareholders of May 25, 2018.

(2) Value of the performance shares on their awarding as determined in accordance with the application of IFRS 2.

(3) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 25, 2018.

(4) Gross amount approved at the General Meeting of Shareholders of May 19, 2017.

2.4.3.2 Detailed table of the compensation awarded to Yves L'Épine, Chief Executive Officer

(in € gross)	Amounts due for the year		Amounts paid during the year	
	2017	2016	2017	2016
Fixed compensation	445,000	445,000	445,000	445,000
Variable compensation	289,250 ⁽¹⁾	304,825	304,825	264,000
Exceptional compensation				198,000
Long-term compensation (value of performance shares awarded during the year)	0	458,573 ⁽²⁾	0	
Attendance fees paid	21,990 ⁽³⁾	21,990 ⁽⁴⁾	21,990 ⁽⁵⁾	21,990
Benefits in kind	5,502	5,411	5,502	5,411
TOTAL	761,742	1,235,799	777,317	934,401

(1) Gross amount subject to a vote at the General Meeting of Shareholders of May 25, 2018.

(2) Value of the performance shares on their awarding as determined in accordance with the application of IFRS 2.

(3) Estimated gross amount subject to a vote at the General Meeting of Shareholders of May 25, 2018.

(4) Amount approved at the General Meeting of Shareholders of May 19, 2017.

(5) Gross amount due for 2017 of €21,990 paid twice, for a total gross amount of €43,980. The excess payment will be rectified no later than June 30, 2018.

Compensation for 2017

On the proposal of the Compensation Committee, the Board of Directors, at its meeting on March 28, 2017, approved the components of Yves L'Épine's compensation for the 2017 fiscal year.

His annual compensation for 2017 consisted of gross annual fixed compensation of €445,000 and variable compensation, subject to both quantitative and qualitative objectives and capped at 100% of the fixed annual compensation.

His variable compensation for 2017 was based on quantitative criteria (standard cost margin, EBITDA, leverage ratio) and qualitative criteria (progress on projects related to the integration of acquisitions, and progress on business development and licensing projects).

The performance criteria applied to both the variable portion of the compensation and the final vesting of the performance shares correspond to the Company's objectives.

For confidentiality reasons, the level of achievement required for the quantifiable criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed.

On the proposal of the Board of Directors, the General Meeting of Shareholders of May 25, 2018 shall approve the Chief Executive Officer's compensation (fixed and variable). Yves L'Épine's variable compensation for 2017 will be paid in 2018.

Yves L'Épine is covered by the same system of supplementary health and death insurance and the same pension and healthcare cost plan as the Group's employees in France, plans to which he is subject and contributes. The contributions paid by Guerbet totalled €5,609.25 in 2017, of which €4,216.92 for welfare insurance and €1,392.33 for mutual health insurance.

The benefits in kind received in 2017 totaling €5,502 correspond to the Company car.

Performance shares that became fully vested in 2017

No performance shares became fully vested.

Award of performance shares in 2017

No performance shares were awarded.

Compensation for 2018

On the proposal of the Compensation Committee, the Board of Directors' meeting of March 27, 2018, decided, for 2018, to keep the fixed annual compensation level, which was unchanged for two years, at the gross amount of €445,000 and to set a variable compensation, capped at 150% of the annual compensation.

The CEO's variable compensation for 2018 is based on quantitative criteria (gross margin, EBITDA, inventory level) and qualitative criteria (progress on projects related to the integration of acquisitions, and progress on business development and licensing projects).

Obligation for the Chief Executive Officer to hold and maintain performance shares

The Chief Executive Officer is subject to the holding requirements set out in the performance share award plan for all employees. He is also subject to the obligation to maintain in registered form, until the termination of his duties, 20% of his Company shares that are fully vested.

Pension commitments

Yves L'Épine is covered by the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category.

Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social

Security bracket C. The monthly contribution rate is exclusively employer-based and is equal to 4.5% of the monthly compensation. There are no tax charges associated with the policies. The total funded pension amount paid into Yves L'Épine's individual pension account was €14,122.20 in 2017.

2.4.4 Compensation of the Deputy CEO, Pierre André

2.4.4.1 Summary table of the compensation awarded to Pierre André, Deputy CEO

(in € gross)	2017	2016
Compensation due during the year	232,136	212,744
Value of stock options awarded during the year		
Value of outstanding performance share awards		47,143 ⁽¹⁾
TOTAL	232,136	259,887

(1) Value of the performance shares on their awarding as determined in accordance with the application of IFRS 2.

2.4.4.2 Detailed table of the compensation awarded to Pierre André, Deputy CEO

(in € gross)	Amounts due for the year		Amounts paid during the year	
	2017	2016	2017	2016
Fixed compensation	165,006	134,136 ⁽¹⁾	165,006	134,136
Variable compensation (including for duties as Deputy CEO)	63,195	46,325	63,908 ⁽²⁾	
Exceptional compensation		30,000		30,000
Long-term compensation (value of outstanding performance share awards) ⁽²⁾		47,143 ⁽³⁾		
Attendance fees				
Benefits in kind	3,935	2,283	3,935	2,283
TOTAL	232,136	259,887	232,849	166,419

(1) In proportion to length of presence. The contract start date was February 29, 2016. Pierre André was appointed Deputy CEO on June 1, 2016.

(2) Including €11,500 as a "Chief Pharmacist" bonus for 2016 paid in January 2017 and €11,500 as a "Chief Pharmacist" bonus for 2017, paid in two installments in June and December 2017.

(3) Value of the performance shares on their awarding as determined in accordance with the application of IFRS 2.

Compensation for 2017

On the proposal of the Compensation Committee, the Board of Directors, at its meeting on March 28, 2017, approved the components of Pierre André's compensation for the 2017 fiscal year.

His annual compensation for 2017, under his employment contract as Group Head of Quality, Technical Operations, consisted of gross annual fixed compensation of €165,006 and variable compensation, subject to both quantifiable and qualitative objectives and capped at 50% of the fixed annual compensation.

His variable compensation for 2017, under his employment contract as Group Head of Quality, Technical Operations, was determined according to quantitative and qualitative criteria related to his function as Group Head of Quality, Technical Operations, based on collective objectives and specific individual objectives (quality, safety, costs of non-quality, compliance, key projects related to the function).

The performance criteria applied to both the variable portion of the compensation and the final vesting of the performance shares correspond to the Company's objectives.

For confidentiality reasons, the level of achievement required for the quantifiable criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed.

Given his role as Deputy CEO, the compensation required for Pierre André's performance of his duties as Chief Pharmacist consists of a fixed annual compensation of €11,500. On the proposal of the Board of Directors, the General Meeting of Shareholders of May 25, 2018 shall approve Pierre André's compensation for his duties as Deputy CEO. Pierre André's variable compensation for 2017 will be paid in 2018.

Pierre André is covered by the same system of supplementary health and death insurance and the same pension and healthcare cost plan as the Group's employees in France, plans to which he is subject and contributes. The contributions paid by Guerbet totalled €4,351.81 in 2017, of which €2,959.48 for welfare insurance and €1,392.33 for mutual health insurance.

The benefits in kind received in 2017 totaling €3,935 correspond to the Company car.

Performance shares that became fully vested in 2017

No shares became fully vested.

Award of performance shares in 2017

No performance shares were awarded.

Compensation for 2018

On the proposal of the Compensation Committee, the Board of Directors' meeting on March 27, 2018 decided to adjust the value of his gross fixed annual compensation for 2018 to €169,956.

His variable compensation for 2018 was established on the basis of quantitative criteria and is linked to his role as Group Head of Quality. These criteria are based on specific individual and collective objectives and include quality and safety in particular. His compensation due for his position as Deputy CEO and Chief Pharmacist is unchanged (€11,500).

Obligation for the Deputy CEO to hold and maintain performance shares

The Deputy CEO is subject to the holding requirements set out in the performance share award plan for all employees. He is also subject to the obligation to maintain in registered form, until the termination of his duties, 5% of his Company shares that are fully vested.

Pension commitments

Pierre André is covered by the "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category.

Contributions are based on the annual gross compensation of policyholders for the insurance period in question, limited to Social Security bracket C. The monthly contribution rate is exclusively employer-based and is equal to 4.5% of the monthly compensation. There are no tax charges associated with the policies. The total funded pension amount paid into Pierre André's individual pension account was €9,266.14 in 2017.

2.4.5 Attendance fees

The rules and details on the awarding of attendance fees are presented in Section 2.2.6.1 of this report.

2.4.6 Commitments made to company officers on assuming, changing or termination of their duties

Not applicable.

2.4.7 Stock option and performance share plans for company officers

2.4.7.1 Options awarded in 2017

N/A.

2.4.7.2 Options exercised in 2017

Yves L'Épine exercised 16,600 stock options in 2017.

2.4.7.3 Options not exercised at December 31, 2017

Yves L'Épine no longer holds any stock options.

2.4.7.4 Performance shares awarded in 2017

Details of the performance shares awarded to executive company officers

2017

None awarded

2016

Date of General Meeting	May 27, 2016	May 27, 2016
Date of Board of Directors' meeting	September 27, 2016	November 8, 2016
Total number of performance shares awarded to company officers under each of the plans:		
Yves L'Épine	25 ⁽¹⁾	8,000 ⁽¹⁾
Pierre André	25 ⁽¹⁾	800 ⁽¹⁾
Share award date	September 28, 2016	December 1, 2016
Vesting period end date	September 28, 2018	November 30, 2018

(1) Subject to certain conditions being met.

2.5 Agreements referred to in Article L. 225-37-4-2° of the French Commercial Code

N/A.

2.6 Provisions in the articles of association relating to General Meetings of Shareholders

There are no specific statutory provisions in relation to the participation of Shareholders in General Meetings. General Meetings are convened and held and resolutions are adopted in accordance with the conditions set by law. However, a double voting right is granted to shares that have been held in registered form for at least two years.

The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, has sole authority to decide on amendments to the articles of association.

The Company's articles pertaining to General Meetings are as follows:

Article 19 – NOTICES OF MEETINGS – MEETINGS – ACCESS TO GENERAL MEETINGS

Shareholders' Meetings are called under the conditions set by law.

They are held at the registered office or in any other location indicated in the notice of meeting.

Any Shareholder who can prove their capacity as such is entitled, regardless of the number of shares that they own, to attend Meetings and participate in the deliberations, in person or by proxy, or to vote by post, under the applicable legal and regulatory conditions.

To exercise this right, however, either the shares must be held in a registered account, by the Shareholder or a registered intermediary, as referred to by Article L. 228-1 of the French Commercial Code, or a certificate of registration in the account of an authorized financial intermediary attesting to the unavailability of shares held in bearer form must be deposited, at the locations indicated in the notice of meeting, at least three (3) days before the General Meeting.

Note that any Shareholder may also participate in General Meetings by videoconference call or using electronic telecommunication or remote transmission media, subject to the qualifications and conditions set by the current laws and regulations, if this is permitted by the Board of Directors when the General Meeting in question is called. Such a Shareholder shall be deemed to be present at this Meeting for the calculation of the quorum and the majority.

Article 20 – VOTING RIGHT

The voting rights attached to shares are proportional to the percentage of the share capital that they represent, except in cases where shares are disqualified for voting purposes as provided for by law. However, a double voting right shall be awarded to Shareholders for all fully paid-up shares that they have held registered in their name for at least two years, on presentation of proof.

In the event of a capital increase through the capitalization of reserves, profits or issue premiums, this double voting right shall be granted upon issuance of the new free shares to Shareholders based on the existing shares for which they already enjoy this right.

The voting right belongs to the beneficial owner in ordinary general meetings and to the bare owner in extraordinary general meetings, with the exception of shares that are the subject of a collective holding commitment subscribed for the application of Article 787-B of the French General Tax Code and are a gift with beneficial ownership. In that case, the beneficial owner's voting right is limited to decisions concerning the allocation of profits.

Article 21 – COMPETENCE – QUORUM – MAJORITY OF GENERAL MEETINGS

The competence of the ordinary and extraordinary general meetings is the competence provided for by law.

The Ordinary General Meeting deliberates validly only if the Shareholders present or represented or having voted by post hold at least, as of the first notice of meeting, one-fifth of the shares having a voting right; on the second notice of meeting, no quorum is required.

The Extraordinary General Meeting deliberates validly only if the Shareholders present or represented or having voted by post hold at least, as of the first notice of meeting, one-fourth or, as of the second notice of meeting, one-fifth of the shares having a voting right.

The Ordinary General Meeting rules by a majority of the votes of the Shareholders present, represented or having voted by post.

The Extraordinary General Meeting rules by a two-thirds majority of the votes of the Shareholders present, represented or having voted by post.

2.7 Deviations from the recommendations for the composition of the Board of Directors and the Committees

In accordance with Article L. 225-37, paragraph 7, of the French Commercial Code, the table below lists the Afep-Medef Code's provisions that have not been adopted and the reasons why.

Theme	Afep-Medef Code	Guerbet situation/Comments
Proportion of Independent Directors on the Board	One-third required Art. 8.3 of the Afep-Medef Code	Currently, 30% of the members of Guerbet's Board of Directors are independent. The Afep-Medef Code's recommendation has therefore not been followed. The Board has chosen, for reasons of efficiency and good organization of its work, to limit the number of its members to eleven, including the Chief Executive Officer, and an Employee Director, while maintaining a majority proportion of Directors representing the Shareholder Agreement. The presence of an Employee Director contributes to the diversification of its members and the enhancement of its competencies.
Directors' terms of office	Limiting of the Directors' terms of office, as defined in the articles of association, to four years Art. 13 of the Afep-Medef Code	The members of the Board have been appointed for a six-year term, in accordance with law and with the articles of association. Note that the Afep-Medef Code's recommendation that Directors' terms of office should last for four years has not been adopted. The Company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and operating procedures. However, due to the Company's size, its capital-intensive nature and the Board's desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.
Independent Directors' terms of office	Limiting of Independent Directors' terms of office to 12 years Art. 8 of the Afep-Medef Code	The Board's Internal Regulations set Independent Directors' maximum terms of office at 18 years to take into account the specific length of development cycles in the pharmaceutical industry.
Composition of the Appointment and Compensation Committee	Position of Chairman of the Committee should be held by an independent member Art. 16 and 17 of the Afep-Medef Code	Note that the Afep-Medef Code's recommendation that the Chairman of the Appointment and Compensation Committee should be an Independent Director has not been adopted. The Board of Directors believes that the position of Chairman of the Appointment and Compensation Committee may be entrusted to Claire Jouault, as she holds no other positions within the Company.
	The majority of the Board's members should be independent Art. 16 and 17 of the Afep-Medef Code	Note that the Board of Directors' Internal Regulations, setting the minimum number of independent members of the Appointment and Compensation Committee at one-third, deviate from the Afep-Medef Code's recommendation that at least half of the Committee members should be Independent Directors. This Committee composition rule was introduced due to the majority proportion of members representing the Shareholder Agreement on the Board.
Composition of the Audit Committee	Two-thirds of the Board's members should be independent Art. 15 of the Afep-Medef Code	Note that the Board of Directors' Internal Regulations, setting the minimum number of independent members of the Audit Committee at one-half, deviate from the Afep-Medef Code's recommendation that at least two-thirds of the Committee members should be Independent Directors. This Committee composition rule was introduced due to the majority proportion of members representing the Shareholder Agreement on the Board.
Directors' Compensation	The variable portion of Directors' compensation should make up the largest share Art. 20 of the Afep-Medef Code	To ensure fair treatment of all of the Directors, and due to their almost continual participation in the Board's decision-making meetings, an exception has been made to the Afep-Medef Code's recommendation that the variable portion of the attendance fees should make up the largest share.

Marie-Claire Janailhac-Fritsch
Chairman of the Board of Directors

2.8 Other information from the corporate governance report contained in other sections of the Registration Document

Apart from the information already presented in this chapter, the Guerbet group discloses other information that must be included in the corporate governance report in accordance with the French Commercial Code. The table below indicates the section that readers should refer to, for each type of information.

Type of information	Relevant section of the Registration Document
Information of potential relevance in the event of a takeover bid, as mentioned in Article L. 225-37-5 of the French Commercial Code, not appearing in Section 2	
<ul style="list-style-type: none"> ■ Share ownership structure ■ Shareholder Agreement and collective share lock-in commitments ■ Control mechanisms foreseen in a possible employee shareholding system ■ Threshold crossings ■ The Board of Directors' powers to issue and buy back shares ■ Summary of granted authorizations that may potentially impact the share capital 	<ul style="list-style-type: none"> Guerbet and its Shareholders – 3.3 Guerbet and its Shareholders – 3.4 Guerbet and its Shareholders – 3.5 Guerbet and its Shareholders – 3.6 Guerbet and its Shareholders – 3.10 Guerbet and its Shareholders – 3.11

Guerbet and its Shareholders

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3.1 Guerbet shares

Guerbet shares are listed on Euronext Paris – Segment B under ISIN code FR0000032526.

Based on the closing price of €79.30 at December 29, 2017, Guerbet's market capitalization is €996 million.

Share price performance in 2017*



* Based on daily closing prices.

Share price data for 2017	Highest price in a trading session (in €)	Lowest price in a trading session (in €)	Number of shares traded	Turnover (in € million)
January	84.98	70.32	387,361	30.34
February	87.45	77.80	311,567	25.65
March	90.64	76.15	408,723	34.21
April	80.00	71.50	327,279	24.74
May	86.34	78.01	216,841	17.77
June	84.99	77.65	160,995	13.06
July	83.00	72.59	245,066	19.32
August	78.00	69.09	140,832	10.48
September	78.83	68.98	113,447	8.38
October	87.65	75.55	238,477	19.70
November	78.64	67.00	158,883	11.77
December	79.88	70.40	130,459	9.83

3.2 Dividend paid over three years

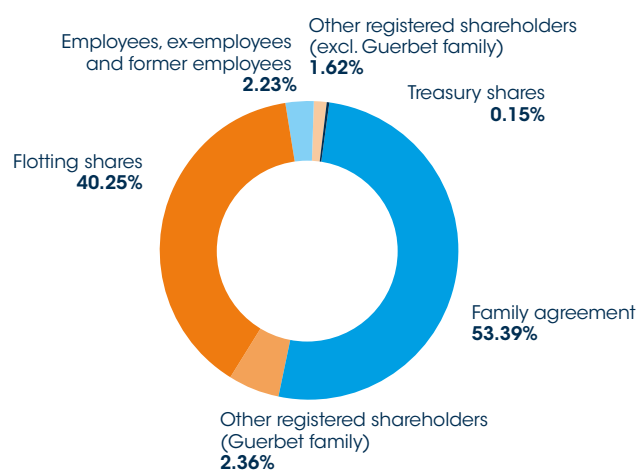
Fiscal year (in €)	Amount distributed	Gross dividend per share
2014	6,104,092.00	0.50
2015	8,023,258.10	0.65
2016	10,625,975.80	0.85

3.3 Share ownership structure

3.3.1 Position at December 31, 2017

At December 31, 2017, the share capital amounted to €12,563,358 divided into 12,563,358 fully paid-up shares with a par value of €1 each. Of these 12,563,358 shares, none is pledged.

Taking into account registered shares, the share capital breaks down as follows:



3.3.2 Change in the breakdown of the share capital and voting rights over the last three years

The breakdown of the share capital presented below corresponds to the shares and voting rights for Ordinary General Meetings.

There is little difference compared with the breakdown of the share capital for Extraordinary General Meetings. This difference is due to divisions of ownership resulting from the gifting of shares within the Guerbet family whose beneficial owners and bare owners do not belong to the same category of Shareholders.

Number of shares	December 31, 2017			December 31, 2016			December 31, 2015		
	Number of shares	% of share capital	% of voting rights ⁽¹⁾	Number of shares	% of share capital	% of voting rights ⁽¹⁾	Number of shares	% of share capital	% of voting rights ⁽¹⁾
Guerbet family agreement	6,707,884	53.39	67.24	6,119,133	48.95	61.51	6,572,039	53.24	66.29
Other registered Shareholders – Guerbet family	296,325	2.36	2.96	843,242	6.75	8.51	501,747	4.06	5.08
Employees, former employees and mutual fund (FCP)	279,677	2.23	2.46	311,091	2.49	2.66	327,325	2.65	3.18
Other registered Shareholders – excluding Guerbet family	203,743	1.62	1.91	235,712	1.89	2.24	107,307	0.87	1.07
Treasury shares ⁽²⁾	19,428	0.15	-	20,428	0.16	-	20,428	0.17	-
Floating shares	5,056,301	40.25	25.42	4,971,542	39.77	25.07	4,814,628	39.01	24.38
TOTAL	12,563,358	100	100	12,501,148	100	100	12,343,474	100	100

(1) The breakdown of the voting rights is presented in terms of effective voting rights. The number of theoretical voting rights was 19,908,208 at December 31, 2017, 19,847,705 at December 31, 2016 and 19,768,063 at December 31, 2015, assuming that each treasury share grants entitlement to one voting right.

(2) These treasury shares are shares bought on the market for the stock option plan of July 26, 2005 that expired on July 25, 2012. During the 2017 fiscal year, in accordance with the decision of the Board of Directors of May 5, 2017, 1,000 treasury shares were granted to a Guerbet employee on the basis of Article L. 225-209 of the French Commercial Code.

3.4 Shareholder Agreement and collective share lock-in commitments

3.4.1 Shareholder Agreement

An agreement mainly binding family Shareholders was signed on November 16, 2002. This agreement was published by the *Conseil du marché financier* or CMF (French Financial Market Council) on December 13, 2002 under number 202C1653. It was updated in September 2013, notably to take into account Guerbet's current form of governance (French public limited company with a Board of Directors). The updated version of the agreement was duly transmitted to the *Autorité des marchés financiers* or AMF (French Financial Markets Authority). Its purpose is principally "to act as market-maker for the group of Shareholders, who are mainly of family origin, to organize trading of the Guerbet shares that each of the members owns and may own in the future and to ensure the cohesion and representativeness of the group that they form within the framework of the current laws and regulations," and also to "involve the signatories to the agreement in the Company's development plans, coordinate sales of shares, actively participate in the selection of any new Guerbet partners and suggest the appointment of new members of Guerbet's Board of Directors."

3.4.2 Share lock-in commitments through a "Dutrel" agreement

The collective share lock-in commitments within the scope of Article 787-B of the French General Tax Code⁽¹⁾ are as follows⁽²⁾:

Registration date	Type of collective share lock-in commitment	Duration
December 21, 2010	ISF wealth tax (100%)	5 years and 6 months, then tacit renewal for an indefinite duration
December 21, 2010	ISF wealth tax (80%)	5 years and 6 months, then tacit renewal for an indefinite duration
December 21, 2010	Inheritance	2 years, then tacit renewal for an indefinite duration
January 31, 2013	Inheritance	2 years, then tacit renewal for an indefinite duration
December 30, 2015	ISF wealth tax	5 years and 6 months
December 30, 2015	Inheritance	2 years, then tacit renewal for an indefinite duration

(1) Article 787-B of the French General Tax Code provides that "the shares of companies having industrial operations benefit from a 75% inheritance tax exemption if the shares are covered by a collective lock-in commitment."

(2) The share lock-in commitments pertain to a minimum of 20% of the percentage of the share capital covered by the agreement on its signature date and a minimum of 20% of the percentage of voting rights covered on its signature date.

3.5 Control mechanisms provided for in a potential employee shareholding system, when control rights are not exercised by the employees

N/A.

3.6 Threshold crossings

There were no threshold crossings during the period.

To the best of the Company's knowledge, four of the registered Shareholders crossed the thresholds set by law for the number of shares and/or voting rights held.

Shareholder	Ordinary General Meeting		Extraordinary General Meeting	
	Shares	Voting rights	Shares	Voting rights
SC Guerbet Fron	5.74%	7.17%	5.74%	7.17%
Brigitte Lamort	4.57%	5.60%	2.66%	3.26%

3.7 Transactions performed by executive officers and similar individuals

Transactions were carried out on the Company's shares in 2017 by one person referred to in Article L. 621-18-2⁽¹⁾ of the French Monetary and Financial Code:

Type of transaction	Name – Position	Amount (in €)
Exercise of stock options	Yves L'Épine – CEO and Director	1,244,367

(1) Within the Guerbet group this means the CEO, the Deputy CEO, the members of the Board of Directors and people with personal ties to them, as defined by Article R. 621-43-1 of the French Monetary and Financial Code.

3.8 Transactions performed by employees excluding company officers

3.8.1 Options awarded to employees excluding company officers in 2017

N/A.

3.8.2 Options exercised by employees excluding company officers in 2017

45,610 stock options were exercised in 2017.

3.8.3 Options not exercised by employees excluding company officers at December 31, 2017

102,186 stock options were not exercised in 2017.

3.8.4 Performance share plans

Two plans were set up, covering 65,000 and 61,000 shares respectively. The stock option and performance share award plans are described in detail in the notes to the consolidated and parent company financial statements (see "Financial statements and related notes" section). As of December 31, 2017, two performance share plans are in effect, in accordance with the authorization of the Company's Extraordinary General Meeting of May 27, 2016.

1. The Board of Directors adopted a performance share award plan on September 27, 2016, intended for all employees and officers of the Company and its French and foreign subsidiaries (Plan 1). Each beneficiary received an award of 25 shares on September 28, 2016, including corporate officers Yves L'Épine (Chief Executive Officer) and Pierre André (Deputy CEO).

Plan 1 – Decision of the Board of Directors of September 27, 2016

2017

No shares were awarded under Plan 1 during the 2017 fiscal year.

PLAN 1 SUMMARY

Date of the Extraordinary General Meeting:	May 27, 2016
Board meeting date:	September 27, 2016
Vesting period/conditions:	Award period of two years from September 28, 2016. Vesting of the awarded shares is subject to a condition of presence at the end of the award period and the fulfillment of collective performance criteria. The acquired shares shall be available without any vesting period. However, the Chief Executive Officer and the Deputy Chief Executive Officer must hold respectively 20% and 5% of their acquired shares until the end of their duties within the Company.

TOTAL NUMBER OF OUTSTANDING SHARE AWARDS AT DECEMBER 31, 2017: 52,625 SHARES

2. On November 8, 2016, the Board of Directors approved a performance share award plan for certain employees and officers of the Company and its French and foreign subsidiaries (Plan 2).

Plan 2 – Decision of the Board of Directors of November 8, 2016

2017

Awards decided in 2017 by the Board:	20,512 shares
■ Of which actually awarded as of December 31, 2017:	11,897 shares
■ Of which awarded to company officers:	0 shares
■ Of which awarded to the Group's top 10 non-officer beneficiary employees:	8,285 shares
Valuation of shares awarded in 2017 at December 31, 2017:	€955,000

PLAN 2 SUMMARY

Date of the Extraordinary General Meeting:	May 27, 2016
Board meeting date:	November 8, 2016
Vesting period/conditions:	Award period of two years from December 1, 2016. Vesting of the awarded shares is subject to a condition of presence at the end of the award period and the fulfillment of collective performance criteria. The acquired shares shall be available without any vesting period. However, the Chief Executive Officer and the Deputy Chief Executive Officer must hold respectively 20% and 5% of their acquired shares until the end of their duties within the Company.

TOTAL NUMBER OF OUTSTANDING SHARE AWARDS AT DECEMBER 31, 2017: 52,585 SHARES⁽¹⁾

(1) Including 40,688 awarded shares decided by the Board of Directors on November 8, 2016.

3.8.5 Stock option plans for the 2017 fiscal year

See Note 21 to the annual financial statements.

3.9 Limiting the risk of undue control by the majority Shareholder

The Company has taken measures to limit the risk of undue control by the majority Shareholder by separating the positions of Chairman of the Board of Directors and Chief Executive Officer, and by ensuring that these positions are held by people from outside the Guerbet family.

3.10 The Board of Directors' powers to issue and buy back shares

At the General Meeting of May 19, 2017, the Board of Directors was authorized, for an eighteen-month period, to set up a share buyback program involving up to 5% of the share capital, corresponding to 625,057 shares with a par value of €625,057.

3.11 Summary of granted authorizations that may potentially impact the share capital

Current authorizations granted to the Board of Directors by decision of the Annual General Meeting	Use in 2017
Authorization to buy back shares granted on May 27, 2016 for thirty-eight (38) months	Award in 2017 of 20,512 performance shares decided by the Board of Directors on November 8, 2016

3.12 Provisions in the articles of association relating to the shares

3.12.1 Identifiable bearer shares (Article 8)

The Company is entitled, at any time, to ask the organization responsible for clearing the securities, under the conditions and according to the legal procedures in force, for information concerning the identity of holders of securities that immediately or ultimately grant a right to vote

at its Shareholder Meetings and the quantity of securities that each of them holds and, where appropriate, any restrictions to which the securities may be subject.

3.12.2 Declaration of threshold crossings

The Company's articles of association do not provide for any additional disclosure obligations if the fraction of the share capital or the voting rights held by a Shareholder represents less than one-twentieth of

the total, as mentioned in Article L. 233-7, paragraph 1 of the French Commercial Code.

3.12.3 Actions necessary to change Shareholders' rights

The Group has not laid down any provisions that are stricter than those imposed by the law.

4

Management report

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4.1 Analysis of the Group's activity and results

4.1.1 Presentation of revenue

Breakdown of revenue by product range	2017	2016
X-Ray	46.6%	48.4%
MRI	33.7%	31.8%
Delivery Systems and Services	9.9%	9.9%
TOTAL DIAGNOSTIC IMAGING	90.2%	90.1%
INTERVENTIONAL IMAGING	7.0%	7.1%
OTHER	2.8%	2.8%

Breakdown of revenue by geographic region	2017	2016
Europe	46.4%	48.1%
Other markets	53.6%	51.9%

4.1.2 Revenue analysis

Revenue totalled €807.1 million, up 4.0% at current exchange rates. This growth includes a negative exchange rate effect of €5.3 million over the year. At constant exchange rates, revenue therefore rose by 4.7% to €812.4 million, beating the target of 3% to 4% announced on September 30.

The year was marked by two events on the MRI market: the arrival of a Dotarem® generic in Europe, with impacts on Guerbet mainly in the last quarter in the form of price pressure, and conversely the positive effects of the recommendation of the PRAC (Pharmacovigilance and Risk Assessment Committee) of the European Medicines Agency to suspend the marketing authorization of certain products belonging to the class of linear products.

4.1.3 Results

IFRS (in € thousands)	2017		2016	
		% of revenue		% of revenue
+ Revenue	807,119	100.0	775,773	100.0
+ Other operating income	2,157	0.3	831	0.1
- Purchases consumed and change in inventories	(187,142)	(23.2)	(184,576)	(23.8)
- External expenses	(254,827)	(31.6)	(251,461)	(32.4)
- Staff-related costs	(222,151)	(27.5)	(204,464)	(26.4)
+/- Other operating income and expenses	2,587	0.3	(2,546)	(0.3)
- Taxes and duties	(17,710)	(2.2)	(27,281)	(3.5)
EBITDA⁽¹⁾	130,033	16.1	106,276	13.7
- Depreciation, amortization and provisions	(50,814)	(6.2)	(51,682)	(6.7)
OPERATING INCOME	79,219	9.8	54,594	7.0
+/- Other operating income and expenses				
- Net financial expenses	(6,050)	(0.7)	(6,548)	(0.8)
+/- Foreign exchange gains or losses and other financial income/expenses	(6,359)	(0.8)	(985)	(0.1)
+/- Tax expense	(20,591)	(2.6)	(18,131)	(2.3)
NET INCOME	46,219	5.7	28,930	3.7

(1) EBITDA = Operating Income + Allowance for amortization, depreciation and provisions.

4.1.4 Analysis of the results

2017 benefited from streamlining of the product range and the overhaul of sales structures as well as the efforts made in previous years on structural costs. As anticipated, the Group benefited from the realization of new industrial and logistics synergies and from integration costs cut by more than half. Accordingly, EBITDA amounted to €130.0 million, up more than 22%.

After the allowance for amortization, depreciation and provisions, Operating Income totalled €79.2 million, compared with €54.6 million in 2016, a 45% improvement.

Net income increased by nearly 60% to €46.2 million, thanks to a controlled level of interest expenses and an effective tax rate down 8 points.

4.1.5 Financial position

IFRS (in € thousands)	2017	2016
CASH FLOW AFTER FINANCE COSTS AND TAXES	97,093	81,797
Change in working capital requirements, of which:		
Change in inventories	(43,657)	(38,241)
Change in trade receivables and related accounts	(23,714)	(44,979)
Change in trade payables and related accounts	193	(13,436)
Change in other assets and liabilities	6,351	14,346
Investments	(26,487)	5,828
Dividends	(43,811)	(52,285)
Other ⁽¹⁾	(10,745)	(8,010)
Other ⁽¹⁾	24,556	2,726
FREE CASH FLOW⁽²⁾	23,436	(14,013)
NET DEBT⁽³⁾	278,407	301,843

(1) Mainly consisting of tax, the impact of changes in exchange rates, sales of fixed assets and the capital increases presented in detail in the consolidated cash flow statement.

(2) The free cash flow is equal to the difference between the surplus operating cash flow and investment expenditure. It explains any increase or decrease in the net debt.

(3) The net debt is calculated by adding up current and non-current financial debts and subtracting cash and cash equivalents.

4.1.6 Analysis of the financial position

With Shareholders' equity amounting to €342.1 million, an increase of €27.3 million compared with 2016, cash flow of more than €126 million, and a debt level reduced by €23.4 million, Guerbet has a solid financial position. The financial leverage ratio (net debt/EBITDA) decreased to 2.1

from 2.8 in 2016, again demonstrating the Group's ability to reduce its debt.

The Board of Directors will propose a dividend of €0.85 per share at the General Meeting on May 25, 2018.

4.1.7 Outlook

The GEAR 2023 strategic plan and the outlook were presented on April 18, 2018, on Capital Markets Day.

GEAR 2023 strategic plan

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

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

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

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

- ◆ **G:** Grow our existing products;
- ◆ **E:** Expand into adjacencies;
- ◆ **A:** Acquire new technologies; and
- ◆ **R:** Return to shareholders.

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

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

- ◆ Internal Boost:
 - P03277: targeted launch in 2022 of a new contrast media currently in development and which is showing best-in-class potential in the phase II B;
 - Go-direct in Japan: building of own distribution platform in 2018 to accelerate penetration in the world's 2nd largest contrast media market for MR and CT & Cath Lab, currently addressed through a distributor;
 - Capture growth opportunities in key geographies either by accelerating in countries recently launched after the CMDS acquisition (Poland, South Africa and Australia) or by strengthening our presence in large markets where we can seize further growth opportunities (the US and mainland China), and

- Digital offering: continued development of a modular software offering based on a Software as a Service (Saas) business model aimed at improving operational and clinical outcomes;
- ◆ External Boost:
 - Medical devices and services: strengthen the complementarity of Guerbet's product offering by adding new medical devices and services, and
 - Augmented Intelligence: develop an offering to address a strong market opportunity leveraging on Guerbet's network and relationships with radiologists.

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

In terms of External Boost initiatives in Interventional Imaging, Guerbet intends to build a unique portfolio through bolt-on acquisitions of mainly start-up players (replicating the Accurate Medical Therapeutics model). The Company targets to generate €100 million to €150 million of revenue in 2023 from companies acquired over 2018-2023 in Interventional Imaging. The Company believes it benefits from strong competitive advantages to seize acquisition opportunities, including its research and development expertise to identify and evaluate innovative technologies from start-up companies, its commercial footprint to launch and accelerate their market penetration and its fast decision making for acquisition. Guerbet has identified a pipeline of realistic targets and has the ambition to sign two acquisitions before end of 2018.

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

Outlook and targets

For 2018, the Company expects revenue in-line with 2017 at constant exchange rates. The EBITDA margin is expected down by circa

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

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

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

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

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

4.2 Major events since the start of 2018

On February 8, 2018, Guerbet acquired the Israeli company Accurate Medical Therapeutics ("Accurate"), specialized in the development of microcatheters used in Interventional Imaging.

Accurate has developed a range of microcatheters for embolization procedures on tumors and vascular aneurysms. These products are currently being registered with U.S. and European health authorities. This new technology makes it possible to administer more embolization microspheres to the targeted treatment area while also preventing them from refluxing up-stream to arteries irrigating healthy issues: non-targeted areas are therefore unaffected.

The Company has paid the initial acquisition price of €19.5 million for Accurate Medical Therapeutics. The price supplement of €37.5 million will be paid in installments over the period 2018-2020, subject to performance conditions.

On April 18, 2018, Guerbet reported revenue of €183.2 million for the first quarter 2018, down 9.8% at current exchange rates and down 3.2% at constant exchange rates compared with the first quarter of 2017.

The change in activity in the first quarter 2018 can be explained in particular by:

- ◆ a negative currency effect of €13.3 million, compared with a positive currency effect of €5.8 million in the same period of 2017;
- ◆ an unfavorable base effect compared with the first quarter of 2017, a period of 10.5% growth;
- ◆ an effect from destocking of Optiray® at the end of the previous fiscal year.

These negative effects were partially offset by sales of Dotarem®, which grew strongly outside Europe.

On April 18, 2018, Guerbet presented and published the "GEAR 2023 Strategic Plan" (see Section 4.1.7).

4.3 Information about internal control

The Group views the internal control and risk management systems as a set of policies intended to provide reasonable assurance that its operational targets are being met, its financial information is reliable and it is not in breach of any laws or regulations.

These functions rely on:

- ◆ the organization and operation of the Company's management bodies, as described above;
- ◆ a quality management system with audit activities, key performance indicators and risk assessment;

- ◆ procedures and an organizational structure for the preparation of financial and accounting information.

The Group's Internal Control Department, which covers the Compliance, Internal Control and Internal Audit functions, is responsible for analyzing, enhancing and assessing the risk control measures taken within the Group. This Department reports to the CEO and has direct access to the Board of Directors. It coordinates its work with the operational and functional divisions, covering all of the Group's activities. Since its appointment creation, it has also coordinated the roll-out of the Ethics Charter and reinforced the initiatives taken to prevent fraud and corruption risks.

4.3.1 Internal control procedures relating to the preparation and processing of financial and accounting information

The internal control system relating to the processing of financial and accounting information aims to ensure the compliance of Guerbet group's accounting and financial information with the laws and regulations. The internal control system is also intended to verify the application of the instructions and guidelines laid down by the General Management.

The Group's General Management and Financial and Management Control activities are centralized by the Guerbet parent company. Most of the Group's subsidiaries also have administrative and finance departments.

Guerbet has introduced a procedure for monitoring off-balance-sheet commitments, and particular sureties and guarantees and market instruments, which are periodically reviewed by the Audit Committee and the Board of Directors.

The Group's Finance Department has established an accounting charter and procedures applicable by all of the Group's entities.

These procedures concern accounting standards and information reporting.

The Group's consolidated financial statements are prepared by the parent company's teams. Consolidated financial statements, restated to meet the standards laid down by the Group, are produced for each consolidated subsidiary using the accounting data from the local information systems.

In 2017, a proposal for changes to the internal control system was submitted by the Internal Control Department to the Audit Committee. The objective is to strengthen the system so that it enhances performance and supports decision-making, in particular by providing a more cross-cutting view of the functioning of the Group's key processes, the associated major risks, and their level of control.

At the same time, the revision of major procedures was coordinated with the Operational Departments and the Finance Department as part of the CMDS business integration plan, and the deployment of the external commitments delegation system (DOA) within the Group continued with its transposition into the existing information systems or those recently established in the Group (ERP).

4.3.2 Control activities and internal assessments

Within the Group, audits may be conducted by the business lines, in particular in Quality and Pharmacovigilance, and by Internal Audit, which provides an independent and objective assessment of the effectiveness of the control systems in place in relation to the main risks identified within the Group.

The governance of Internal Audit was defined in 2017 in an Internal Audit Charter approved by the Chief Executive Officer and the Audit Committee. This charter specifies the duties, areas of operation and responsibilities of Internal Audit, and the methodologies used to carry out internal audit tasks.

The internal audit plan is presented each year to the Audit Committee, which reviews it, adjusts it if necessary and recommends it to the Board of Directors. This annual internal audit plan is based on the risks identified at the Group level and on various information gathered during

interviews with members of the Executive Committee or the Group's business experts. The internal audit plan for 2018 was approved by the Board of Directors on December 19, 2017.

Audit reports detailing the recommendations specific to each mission are drafted and circulated to the individuals concerned and to the Executive Committee members responsible for the audited activities. Internal audit reports are also made available to the members of the Audit Committee. An internal audit activity review is also presented each year to the Audit Committee.

At the end of 2017, the Audit Committee decided to have the Head of Internal Control report on subjects under his responsibility, including internal control and internal audit, at each Audit Committee meeting. In 2017, he participated in three Audit Committee meetings.

4.4 Risk management and risk factors

4.4.1 Risk management

The risks to which the Company is exposed are identified, assessed and ranked. This ranking is examined by the Audit Committee.

Each process, project and business conducts a regular analysis of its risks, so that prevention and mitigation actions can be introduced.

The actions introduced are monitored in continuous improvement plans.

4.4.2 Risk factors

4.4.2.1 Risks related to Guerbet's products

Product quality and safety

Customer satisfaction and patients' health are our priorities. Risks may result in the Company being liable for the harm caused by its products (drugs or medical devices) and may have financial consequences (loss of revenue), legal consequences (lawsuits brought by patients or class actions in particular) or reputational consequences (damage to the Company's image in the eyes of customers).

The Group develops and provides its customers with products and medical devices whose effectiveness and safety have been proven by rigorous tests in accordance with current laws and good practices.

The Group constantly checks, examines and assesses the entire production and distribution chain. It has a drug and medical device safety monitoring system that enables it to watch out for, monitor and report to the health authorities any side effects arising when its products are used so that their effectiveness can be compared against any risk.

Guerbet's production and/or distribution facilities are regularly inspected by the health authorities.

The Aulnay-sous-Bois, Dublin, Marans, Montreal, Raleigh and Lyon facilities were inspected in 2017.

Guerbet provides its customers with reliable, balanced and objective information about its products and makes sure that customers' questions and complaints are handled as quickly as possible by the centralized customer complaint management unit. This unit works closely with the drug and medical device safety departments.

The Guerbet group is introducing a risk management policy based on international standards, such as the ICH Q9 guidelines, to identify and categorize risks so that risk reduction plans can be implemented.

In addition, a more specific "Risk Register" approach is being applied in all the industrial facilities to further optimize the control and mitigation of identified risks.

Generic risks

The Group has to face competition from generic products, whose arrival on the market is creating a tougher competitive environment. This could have a twofold impact on market shares (generic products sometimes sold as substitutes for Guerbet products) and selling prices.

In countries where drug prices are regulated, price reduction measures may be applied to originator products when generic products are launched. In addition, in markets where the purchase of contrast media is based on competitive tenders, the arrival of new competitors may put downward pressure on prices.

The Risk Manager, who is responsible for promoting and developing risk management skills, transmits his know-how and expertise while providing methodological support to operational management. He also optimizes the cost of risk by transferring it to insurance companies, where appropriate.

Since 2013, Guerbet has faced competition in South Korea from a generic version of Dotarem[®], which had an immediate impact in the form of a regulatory reduction in the selling price.

In Europe, several Dotarem[®] generics received Marketing Authorizations, particularly in Germany, Austria, Belgium and the UK in 2014 and 2015. More recently, in 2017, GE HealthCare obtained this authorization and registered its generic product in most EU countries, including France, Germany, Belgium, Spain, Italy and Switzerland. As of the end of 2017, it was on sale in most European countries. In France, this resulted in a 20% reduction in the producer's price before taxes, on November 2, 2017, in accordance with the provisions of the framework agreement between the Economic Committee for Health Products and the drug manufacturers' association LEEM on this subject. In Asia, the product was also registered in Taiwan and South Korea.

Lastly, in China, Jiangsu Hengrui Medicine has been marketing a generic Dotarem[®] for several years.

The Intellectual Property Department and the Legal Division are organized so as to actively monitor this issue and strictly ensure that there are no infringements of the Group's portfolio of Dotarem[®] patents and trademarks.

Risks related to product prices and reimbursements

Generally speaking, the Group faces uncertainties regarding product price setting, which are directly due to the strong pressure on prices of all healthcare products. This pressure is due to several factors, such as the determination of governments, healthcare establishments and insurers to exercise greater control over rising healthcare spending, and the appearance of competing generic products on the markets.

In countries where prices are regulated, this trend can be seen, for example, in the introduction of mechanisms designed to encourage the substitution of generic products for originator products, regulatory reductions in drug prices, more frequent competitive tendering in purchasing procedures, and the pooling of purchases by healthcare establishments.

As mentioned in the previous paragraph, Dotarem[®] generics are on sale in several countries.

The Group is doing everything in its power to bring down its costs (and particularly its production costs through the development of new, more efficient processes) and enhance the value of its products through constant innovation (LCM) to demonstrate very precisely their added value and their benefit for patients. In addition, the Intellectual Property Department and the Legal Division perform active monitoring and take the necessary actions to ensure strict compliance with the trademarks and patents of Guerbet products.

4.4.2.2 Industrial and environmental risks

Production and supply chain

The Group's sales of certain products may be affected by production and distribution problems. This situation may reduce its revenue and affect its profitability.

To bring this risk under control, the Group dynamically applies and adjusts a number of measures according to the timeframe and product:

- ◆ a policy of maintaining a reserve inventory at various levels of the production chain (raw materials, active ingredients and semi-finished and finished products) that is adjusted by product family and takes into account life cycles and performance histories. This policy is combined with efforts to optimize the number of products and presentations in order to limit the financial implications of reserve inventories;
- ◆ a policy of diversifying suppliers of raw materials and critical components:
 - policy of having back-up production lines and plants that may involve external partnerships,
 - a substitute sales policy made more feasible by the expansion of the product range following the acquisition of CMDS,
 - a better integration of scheduling processes such as S&OP between sales and industrial operations,
 - more generally, a policy of continuous improvement of our production plants, and the production plants of our partners, to ensure the reliability of our operations.

Environment and safety

The production of active chemical ingredients for contrast media entails various safety and environmental risks. These risks, and especially the risks of fire and environmental pollution, are due to the dangers inherent in the use of certain raw materials, solvents and reagents, the use of industrial processes to transform them into active ingredients, and the treatment of production waste.

Guerbet's production activity is carried out in nine different plants. The three active ingredient production plants are classified as Seveso high threshold and are therefore subject to the European Union's Seveso directive. If these operating risks materialized, they could harm people and property, pollute the environment, lead to plant shutdowns and, in some cases, make the Group liable for civil and/or criminal penalties and the payment of damages.

To control these risks, the Group applies a Health, Safety and Environment policy and defines HSE objectives for all of its industrial plants. Considerable human and material resources have been deployed to achieve the objectives of this policy. At each plant the Plant Director, who is responsible for implementing the health, safety and environment policy, appoints a Health, Safety and Environment Manager. The administrative authorities define the environmental performance targets to be met. The Group introduces measures to ensure that the targets are reached. If the production plants do not comply with these measures, they may be served formal notice to take remedial action.

Risk analyses and audits are performed to define the resources required to continuously improve the safety of operations. These resources are documented in regularly monitored action plans, and Health, Safety and Environment training programs are provided for all relevant staff.

The occupational health, safety and environmental conditions at Guerbet's production and distribution facilities are regularly inspected by the authorities.

Risks related to changes in the regulations

As a designer, manufacturer and distributor of drugs and medical devices, Guerbet is subject to numerous regulatory requirements in all its markets.

For the production of its products' active substances, the Group is subject to the following European regulations:

- ◆ Seveso (identification of industrial plants that use hazardous substances and therefore present risks of major accidents);
- ◆ REACH (Registration, Evaluation and Authorization of CHemical substances);
- ◆ IED (industrial emissions directive).

These regulations result in regular inspections by the DREALs⁽¹⁾ (Regional Directorates for the Environment, Town Planning and Housing) in France and the EPA (Environmental Protection Agency) in Ireland.

Guerbet manufactures and inspects its products in accordance with the conditions defined and approved by the health authorities within the framework of the Marketing Authorizations (MAs), and their production is subject to good manufacturing practices for drugs for human use. Any changes in these French or foreign regulations may significantly affect the Group's activity. It cannot guarantee that such changes, particularly in the main markets where it operates, will not have a negative effect on its activity and its operating results.

Compliance with the regulations is a part of Guerbet's Quality, Safety and Environment policy, which is applicable to all of its entities. Its regulatory monitoring systems allow it to change its practices and anticipate changes so that it remains in compliance with the regulations.

4.4.2.3 Market risks

The Group's Administrative and Finance Department provides centralized management of liquidity, foreign exchange and interest rate risks and the associated counterparty risks.

The Chief Financial Officer is regularly informed of changes in the markets and the Group's exposure to liquidity, foreign exchange and interest rate risks by reports, which also provide a detailed description of hedging operations and their valuation.

Liquidity risk

In order to acquire the financial resources necessary for its development, and particularly given the projected growth of the "Interventional Imaging" activity, Guerbet negotiated a bridge loan for a maximum of €100 million in December 2017. This loan, initially for 12 months, is extendable for six months.

The main source of funding remains the US\$430 million amortizing syndicated loan taken out for a five-year period when Guerbet acquired Mallinckrodt's "contrast media and delivery systems" (CMDS) business.

The Group's cash management is centralized. In other words, the subsidiaries' cash surpluses and borrowing requirements are centralized, where permitted by local laws, and are invested or financed by the parent company, Guerbet.

(1) DREAL : "Direction Régionale de l'Environnement, de l'Aménagement et du Logement" in France.

The Group has performed a specific review of its liquidity risk and believes that it is able to meet its upcoming repayment commitments over the next 12 months.

Exchange rate risk

Operating exchange rate risk

The Group's entities (the subsidiaries and the parent company) are exposed to a transaction risk whenever they make a purchase or sale in a currency other than their operating currency.

In order to reduce the exposure of its operating income to exchange rate fluctuations, Guerbet sets up hedges using traditional hedging instruments (forward purchase and sale contracts and forex swaps), based on its exposure to exchange rate risk, which it regularly assesses.

Financial exchange rate risk

The centralization of the cash surpluses and borrowing requirements of non-euro-zone foreign subsidiaries generates exposure to a financial risk (risk related to changes in the value of financial debts or receivables denominated in currencies other than the currency of the borrowing or lending entity).

The Group finances its non-euro-zone subsidiaries in their own currencies and covers itself against the resulting exchange rate risk.

→ *The Group's sensitivity to exchange rate risk and its hedges related to the fiscal year may be consulted in the notes to the consolidated financial statements (see 6.1, Consolidated financial statements and notes).*

Interest rate risk

The degree of interest rate risk depends on the breakdown of the Group's debts and investments between fixed rate and variable rate.

The variable rate portion of the Group's debt exposes it to interest rate hikes.

The interest rate risk management policy consists of minimizing the cost of borrowing while protecting the Group against adverse interest rate movements. The risk is hedged by using traditional hedging instruments (interest rate swaps and caps and floors).

→ *The Group's sensitivity to interest rate risk and its hedges related to the fiscal year may be consulted in the notes to the consolidated financial statements (see 6.1, Consolidated financial statements and notes).*

Bank counterparty risk

Bank counterparty risk concerns financing, investment and hedging transactions (exchange rates and interest rates) carried out through banks.

All of the Group's transactions are conducted with high-quality bank counterparties.

Customer counterparty risk

Guerbet is exposed to the risk of default by its customers, who are mainly wholesalers, distributors, pharmacies, hospitals and clinics.

The Group closely monitors its trade receivables. A Credit Management policy has also been established within the Group to improve customer risk monitoring and management.

→ *The age of the Group's trade receivables and its provisions for doubtful debts are presented in the notes to the consolidated financial statements (see 6.1, Consolidated financial statements and notes).*

4.4.2.4 Other risks

Legal risks

Guerbet is involved in various lawsuits and disputes in the normal course of its business. To the best of the Group's knowledge, there are no exceptional events or disputes that could substantially affect its business or earnings.

The following disputes should be noted, however:

- ◆ a subsidiary company of the Guerbet group could not meet a minimum purchase volume commitment with one of its suppliers. The consequences of contractual default were covered by a provision for risk of €1,820,000.

Counterfeiting risk

A procedure has been established describing the measures to be taken in the event of suspected counterfeiting so as to inform the relevant authorities as quickly as possible and initiate the appropriate measures (seizure, recall or search for the potential source).

Risks related to international operations

The globalization of the Group's activity exposes it to safety and security risks and geopolitical risks.

Risks related to information systems

The Group is exposed to the risk of failure of its information systems due to malfunction, malice, or cyberattack. If this risk were to materialize, it could result in the loss or corruption of sensitive data, such as product information, customer information, or financial data. Such a risk may also result in partial or total unavailability of certain systems, disrupting the processes involved. In order to protect itself against this risk, the Group is implementing a series of measures to ensure the protection of sensitive data, including business continuity plans for its information systems and vulnerability audits. Protecting the personal data of our customers and employees is part of these efforts.

Risks related to Group acquisitions

Guerbet's integration of Mallinckrodt's "Contrast Media and Delivery Systems" (CMDS) business is ongoing. Guerbet does not anticipate any major difficulties and/or delays in the defined integration plan, given the positive results obtained two years after the acquisition, and the management systems put in place.

In addition, a specific organization has been put in place to ensure that future integrations are successful and to minimize the risks of not achieving the expected results.

4.4.2.5 Insurance and risk cover

Guerbet has a centralized global insurance program to ensure consistency of the cover obtained, allowance for interdependencies and optimized protection of the Group's assets against any significant risks that may affect them. Centrally, the Group negotiates international insurance programs to cover the main risks to which it is exposed depending on the policies available. Locally, the subsidiaries take out integrated policies to comply with local regulatory obligations and purchase cover complementary to the international programs for their specific risk exposures.

The Group has adopted a policy of deductibles allowing it to absorb lower-cost claims (in particular for "Comprehensive and Liability" policies) to favor the implementation of cover limits adapted to the level of risks likely to have a significant impact on the Group.

Insurance is taken out with the assistance of an international insurance broker specialized in covering major risks, with leading insurance companies, and the Group does not have a captive insurer.

The choice of program is reviewed once a year.

The main centralized programs taken out by Guerbet cover in particular:

- ◆ property damage and operating losses. The Group's total cover is sufficient to insure it against the Maximum Foreseeable Loss (MFL) assessed in terms of property damage and operating losses following an interruption of activity and taking into account the prevention and protection measures in place. This assessment is liable to change. The current program incorporates preventive provisions that include

the introduction of yearly specialized inspections of the main plants. These inspections serve to review maintenance systems and to check fire detection and protection systems, the back-up plans implemented to cope with major events, and the training of rapid response teams;

- ◆ civil liability: liability for products, clinical trials, environmental damage and general corporate civil liability. This program takes into account the specific risks relating to the products and activities within the Group, in accordance with local regulations and practices;
- ◆ civil liability of company officers: protects all of the Group's legal entities and their executive officers;
- ◆ national and international transport of property and goods.

Other risks require local management, such as those relating to construction risks, car fleets and workplace accidents, to meet specific needs and to comply with local practices or regulations by taking out local insurance.

4.5 Other legal information

4.5.1 Guerbet's results for the last five fiscal years

(in €)	2017	2016	2015	2014	2013
CAPITAL AT YEAR-END					
Share capital	12,563,358	12,501,148	12,343,474	12,208,184	12,200,184
Number of existing ordinary shares	12,563,358	12,501,148	12,343,474	12,208,184	3,050,046
Number of existing preferred (non-voting) shares	-	-	-	-	-
Maximum number of future shares to be created					
■ By bond conversion	-	-	-	-	-
■ By exercising subscription rights	62,210	166,076	324,350	487,520	129,670
OPERATIONS AND RESULTS OF THE YEAR					
Revenue excluding taxes and including the supply of services and other products	466,919,909	371,463,674	334,021,519	299,838,564	299,807,469
Income before tax, employee profit-sharing, depreciation and amortization, and provisions	41,913,947	41,833,925	36,942,408	38,245,184	39,281,322
Income tax	(5,160,407)	(4,102,679)	5,656,704	1,613,840	2,809,395
Employee profit-sharing due for the year	804,657	1,089,354	1,291,122	388,622	450,614
Income after tax, employee profit-sharing, depreciation and amortization, and provisions	258,067	15,142,017	(746,575)	13,645,016	15,322,737
Income distributed	10,678,854 ⁽¹⁾	10,625,976	8,023,258	6,104,092	6,100,092
EARNINGS PER SHARE					
Income after tax and employee profit-sharing but before depreciation and amortization and provisions ⁽²⁾	3.68	3.59	2.43	2.97	11.81
Income after tax, employee profit-sharing, depreciation and amortization and provisions ⁽²⁾	0.02	1.22	(0.06)	1.12	5.02
Diluted net income	0.02	1.20	(0.06)	1.08	4.84
Net dividend per share	0.85	0.85	0.65	0.50 ⁽³⁾	2.00
PERSONNEL					
Number of employees at December 31	985	949	883	817	827
Total wages	55,526,153	53,712,515	47,769,357	44,189,290	46,096,362
Total social security charges	25,573,767	24,487,942	22,313,262	21,350,698	20,603,779

(1) This amount will be subject to the approval of Shareholders at the General Meeting of May 25, 2018 approving the 2017 financial statements.

(2) Per share, the number of shares having been multiplied by four by the share split on January 23, 2014.

(3) The dividend actually paid in 2014 in respect of 2013 was €0.50 per share given the share split on January 23, 2014.

4.5.2 Information regarding the breakdown of Guerbet's trade payables and trade receivables by due date

4.5.2.1 Breakdown of trade payables by due date

The French Law for the Modernization of the Economy introduced a limit on payment times of 60 days from the date of issue of the invoice (or forty-five days end of the month), effective from January 1, 2009.

At December 31, 2017, the trade payables on the balance sheet of Guerbet's parent company statements broke down as follows:

(in € thousands)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Not due	Total
Suppliers of Goods and Services in France	312	51	295	10,017	10,675
Suppliers of Goods and Services outside France	1,617	836	25,420	3,237	31,110
SUPPLIERS OF GOODS AND SERVICES	1,929	887	25,715	13,254	41,785
Suppliers of Fixed Assets in France	84	190	30	2,911	3,215
Suppliers of Fixed Assets outside France	-	-	-	46	46
Payments outstanding on equity securities	72	-	-	-	72
SUPPLIERS OF FIXED ASSETS	156	190	30	2,957	3,333
TOTAL	2,085	1,077	25,745	16,211	45,118

Invoices not yet received represented €31,233,000 in Guerbet's accounts at December 31, 2017.

At December 31, 2016, the trade payables on the balance sheet of Guerbet's parent company statements broke down as follows:

(in € thousands)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Not due	Total
Suppliers of Goods and Services in France	59	157	1,775	10,047	12,038
Suppliers of Goods and Services outside France	208	351	1,259	10,377	12,195
SUPPLIERS OF GOODS AND SERVICES	267	508	3,034	20,424	24,233
Suppliers of Fixed Assets in France	133	23	1,152	5,978	7,286
Suppliers of Fixed Assets outside France	-	-	9	11	20
Payments outstanding on equity securities	72	-	-	-	72
SUPPLIERS OF FIXED ASSETS	205	23	1,161	5,989	7,378
TOTAL	472	531	4,195	26,413	31,611

Invoices not yet received represented €23,763,000 in Guerbet's accounts at December 31, 2017.

4.5.2.2 Breakdown of trade receivables by due date

At December 31, 2017, the non-Group trade receivables on the balance sheet of Guerbet's parent company statements broke down as follows:

Non-Group trade receivables

	Article D. 441-I-2°: Invoices <i>issued</i> and unpaid at the end of the year and in arrears					
	0 days (411 accounts)	1 to 30 days	31 to 60 days	61 to 90 days	91 or more days	Total (1 day and more)
LATE PAYMENT RANGES						
Number of invoices concerned	81					145
Total amount including taxes of the invoices concerned (in € thousands)	15,924	572	91	(7)	31	687
Percentage of revenue including taxes for the year (tax return: FL)						
INVOICES RELATING TO DISPUTED RECEIVABLES OR BAD DEBTS						
Number of invoices excluded						7
Total amount excluding taxes of excluded invoices (in € thousands)						47
REFERENCE PAYMENT PERIODS USED (CONTRACTUAL OR STATUTORY PERIOD – ART. L. 441-6 OR ART. L. 443-1 OF THE FRENCH COMMERCIAL CODE)						
Payment periods used to calculate late payments	A vast majority of the payment periods used to calculate late payments are contractual periods.					

4.5.3 Information concerning the acquisition of participating and controlling interests (Article L. 233-6 of the French Commercial Code)

N/A.

4.5.4 Information concerning regulated agreements (Article L. 225-38 of the French Commercial Code)

1. Entered into during the fiscal year ended December 31, 2017

N/A.

2. Agreements and commitments from prior years not submitted for approval to a previous General Meeting

Guerbet/Yves L'Épine (Chief Executive Officer)

Group insurance policy:

Yves L'Épine is covered by an "Article 83" funded pension plan, a mandatory Group insurance policy for the executive category. This agreement was previously authorized by the Board of Directors on October 17, 2011.

The amount of contributions paid into Yves L'Épine's individual pension account was €14,122.20 in 2017.

Health and welfare insurance policy:

Yves L'Épine has a mutual health insurance and a welfare insurance policy (disability, illness, death), taken out by Guerbet, under the same conditions as for Guerbet employees. These agreements were previously authorized by the Board of Directors on October 17, 2011.

The contributions paid by Guerbet totalled €5,609.25 in 2017, of which €4,216.92 for the welfare insurance and €1,392.33 for the mutual health insurance.

These three agreements were authorized by the Board of Directors on October 17, 2011 but were not approved at the General Meeting. To meet the conditions of Articles L. 225-38 and L. 225-42-1 of the French Commercial Code, these agreements will be submitted for approval at Guerbet's General Meeting on May 25, 2018.

3. Entered into previously but whose effects continued to run during the fiscal year ended

Guerbet/Marie-Claire Janailhac-Fritsch (Chairman of the Board of Directors)

Health and welfare insurance policy:

Marie-Claire Janailhac-Fritsch has a mutual health insurance and a welfare insurance policy (disability, illness, death), taken out by Guerbet, under the same conditions as for Guerbet employees. These agreements were previously authorized by the Board of Directors on March 11, 2015.

The contributions paid by Guerbet totalled €2,441.80 in 2017, of which €1,370.67 for welfare insurance and €1,071.13 for mutual health insurance.

4.5.5 Other information from the management report contained in other sections of the Registration Document

Apart from the information already presented in this chapter, the Guerbet group discloses other information that must be included in the management report in accordance with the French Commercial Code. The table below indicates the Section that readers should refer to, for each type of information.

Type of information	Relevant section of the Registration Document
Research and Development activity	The Guerbet group – pages 18 to 21
Award of performance shares and stock options to corporate officers	Corporate governance – page 44
Award of performance shares and stock options	Guerbet and its Shareholders – page 53
Shareholdings acquired during the year	The Guerbet group – pages 24 to 25
Compensation of company officers: ■ Information concerning compensation ■ Information concerning pension commitments	Corporate governance – pages 38 to 43
Holders of capital and voting rights	Guerbet and its Shareholders – pages 50 and 51
Employee shareholdings	Guerbet and its Shareholders – pages 50 and 51
Total dividends paid for the last three fiscal years	Guerbet and its Shareholders – page 50
Total non-deductible expenses as referred to by Art. 39-4 of the French General Tax Code	Financial statements and related notes – page 137
Employee, environmental and social information	Corporate social responsibility – pages 69 to 81

Corporate social responsibility

5.1	Employee information	70
5.2	Environmental information	76
5.3	Social information	80
5.4	Report by one of the Statutory Auditors, designated as an independent third-party, on the consolidated human resources, environmental and social information included in the management report	82

This chapter is an integral part of the management report, in accordance with Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code relating to companies' employee, environmental and social transparency obligations. The information provided for by the decree of April 24, 2012 is published here as part of a continuous improvement program, based on internal reporting.

This chapter has been verified by an independent third-party organization whose report, comprising a certificate of the information's availability and an opinion as to its fairness, is presented in Section 5.4.

The Group's CSR (Corporate Social Responsibility) policy is focused on four areas: people, the environment, ethics and products and services.

It is in keeping with the Group's values: ACHIEVE, COOPERATE, CARE and INNOVATE.

Guerbet sees products and services as a focus of its CSR policy, reflecting its commitment to providing healthcare professionals with the

contrast media, medical devices and innovative solutions that are vital for Diagnostic and Interventional Imaging. This focus helps to improve patient prognosis and quality of life.

Information regarding products and services can be found in the following sections of the Document:

- ◆ innovative and effective services so that healthcare professionals can do their work in optimum conditions for themselves and their patients (see 1.4 "Overview of activities");
- ◆ contribution to progress in the diagnosis of major diseases (see 1.6 "Research and Development");
- ◆ quality of products and services (see 4.4.2.1 "Risks related to Guerbet's products", in the "Product quality and safety" section).

The reporting scope for corporate social responsibility is the Group. The quantitative environmental indicators concern the Group's industrial sites.

5.1 Employee information

Guerbet applies a corporate social responsibility policy based on the fundamental principles of Balance, Fairness and Ethics, structured around the following five main themes: Diversity, Prevention, Recognition, Commitment and Responsibility.

5.1.1 Employment, forward-looking management of jobs and skills, training and HR development

Guerbet asserts its rights while maintaining ongoing, transparent respect and concern for the people, organizations, laws and environment in its operations. It strives to guarantee its employees' rights while ensuring their daily commitment to their duties. Guerbet has adopted a sustainable development approach and tries to maintain a balance between the interests of all the stakeholders in its economic, ecological and operational development, both inside and outside the Group.

5.1.1.1 Employment

At December 31, 2017, the Guerbet group had 2,763 employees worldwide, up 3% from 2016.

In 2017, Guerbet's workforce grew especially in Latin America and Asia-Pacific.

Breakdown of workforce by region

	Workforce	%
France	1,210	43.8%
Other European countries	395	14.3%
North America	771	27.9%
Latin America	234	8.5%
Asia-Pacific	153	5.5%
TOTAL	2,763	100%

At December 31, 2017, the Group had 1,210 employees, of which 1,113 are permanent and 97 are temporary.

Breakdown by company in France

	Total workforce	Permanent	Temporary
Guerbet	986	898	88
Simafex	106	105	1
Guerbet France	76	70	6
Medex	42	40	2
TOTAL	1,210	1,113	97

Breakdown by geographic region in France

	Total workforce
Paris region	854
Lanester (Morbihan)	208
Marans (Charente-Maritime)	106
Lyon (Rhône)	42
TOTAL	1,210

5.1.1.2 An ambitious job and skills management policy to support the Company's development

Guerbet has a Human Resources (HR) management policy that ensures responsible development.

The induction of new employees to support the Group's global expansion

In 2017, Guerbet group hired 353 people on open-ended contracts, of which 112 people in France and 269 people in its international subsidiaries. Guerbet prefers to hire employees on open-ended contracts, in line with its long-term vision of its strategy.

In 2017, four collective induction days were organized for new hires (managers and non-management employees) to increase their awareness of the Company's environment, operation, products and activities. These events are organized at the Company's head office in Villepinte by the Human Resources Department. They are a way for new employees to meet people from the departments based in the head office and to increase their knowledge of the Group's culture and values. Many themes are explored, such as Guerbet's values and objectives, its organizational structure, its activities, pharmaceutical responsibilities and the quality policy, Human Resources, the HSE (Health, Safety and Environment) policy and internal communication.

An HR policy promoting the development of our employees through professional mobility

As part of the Group's internationalization, a new HR policy, promoting team diversity and the development of employee skills, was developed in 2017. An internal mobility development policy was defined and implemented, encouraging all of the teams to consider career prospects from a global perspective. In 2017, 220 employees (nearly 8% of the Group's workforce) benefited from internal mobility. Employees who had taken international mobility opportunities in 2017 shared their experience with other employees through articles on the Group's intranet and also spoke about what they gained from this experience on both the professional and cultural levels.

A new Human Resources Information System (HRIS) called MyHR was launched in February 2017 to manage all of the Group's HR policies: Recruitment, Compensation, Talent Management (Succession Plans, Career Development Committees), and Performance Evaluation.

In addition, the Talent identification and monitoring policy put in place since 2016 continues. Career Development Committees are organized throughout the Group to identify employee potential and define the associated development plans.

To improve Human Resources Management, a new evaluation policy has been put in place with the aim of making the performance evaluation strategy more uniform for all employees throughout the Group on the basis of new standards.

The Awards policy was rolled out throughout the Group starting in the first quarter of 2017. The Awards recognize outstanding performance and exemplary employee behaviors in two categories: "Best Performer" and "Value Ambassador." Each year, the "CEO Award" distinguishes the employee or team whose work creates the highest value.

Guerbet also rewards the loyalty and long-time service of its employees through Service Awards every five years such as in its U.S. facilities.

Personnel turnover is low. In France, there were 29 resignations and 12 dismissals in 2017 out of a total of 1,113 permanent employees. Across the entire Group, there were 157 resignations and 90 dismissals during the year.

5.1.1.3 Training to support the Company's expansion and its employees' expertise

Guerbet group applies a training policy in France and abroad to promote and support the development of its employees.

Regular training sessions are organized for the sales network to consolidate their knowledge of our products and their environment, particularly in the drug safety monitoring field. E-learning courses concerning the products have been developed, and foreign language training is offered to Group employees. New managers undergo a dedicated training program. With the Group's internationalization, modules to better understand intercultural exchanges were rolled out in 2017 to facilitate the work of the teams, now multicultural and working in different countries. 33,227 hours of training were provided in the Group's French entities. In 2017, 1,216 permanent and temporary employees in France completed at least one course.

Worldwide, 770 people (Guerbet employees, interns and outside providers) benefited from 1,890 awareness-raising sessions and training courses (internal and external training, e-learning courses, appropriation of procedures, etc.)⁽¹⁾.

(1) Staff training cannot be separated from awareness raising because of the way in which information is reported by the international subsidiaries.

5.1.2 Compensation policy

The Group's compensation policy supports the Company's strategy and growth. Guerbet's goal is to attract, motivate and retain employees, particularly by offering them a pay package that is competitive and in line with market practices.

Our compensation policy is designed to be motivating, transparent and fair. It is based on the principles of internal fairness, external competitiveness and recognition of individual and collective achievements. The policy is also intended to foster adoption of the Company's values and of conduct that will help Guerbet to succeed.

In 2017, Guerbet upgraded its employee assessment system, moving from an annual development interview with the assessment of annual objectives (for employees receiving variable compensation) to the implementation of an overall assessment of performance consisting of individual and/or collective annual objectives and individual objectives based on our values. The result of the overall assessment therefore has an impact on both the base salary and the individual variable compensation (for employees who receive it).

The pay packages of Guerbet employees comprise the following components:

- ◆ the fixed compensation is their base salary. This is determined based on the employee's job grade and to be consistent with market practices. It changes according to the result of the overall assessment and the wage positioning in the reference market;

- ◆ individual variable compensation (bonus) as a reward for achieving targets set in accordance with the Company's strategy. It is determined according to the result of the overall assessment;
- ◆ collective variable compensation to give employees a stake in the corporate results through incentive and profit-sharing schemes;
- ◆ long-term variable compensation: the Group aims to give its employees a stake in the Company's growth and development, particularly by granting stock options or shares. To that end, the General Meeting of Shareholders decided to set up performance share plans in 2016. The first plan involves the pre-award of performance shares to the 2,600 Group employees, who will therefore be able to become Shareholders in 2018. This plan is subject to presence and performance conditions. Performance is based on three criteria including "CSR and economic and industrial performance". A second performance share plan awards employees identified as key talents of the Company.

At December 31, 2017, 1.97% of the share capital was held by the Group's employees.

In France, several schemes have also been introduced to allow employees to build up savings over the long and medium term through a Pension Saving Plan and a Group Saving Plan.

In France⁽¹⁾, the average gross salary of the permanent workforce had increased by 2.79% at December 31, 2017.

5.1.3 Labor relations and work organization

Organization of labor relations

The following objectives are pursued:

- ◆ promoting understanding between all of the Company's constituent parts and adopting a comprehensive approach to labor relations, in order to achieve an overall improvement in relations between social partners⁽²⁾ and the Management, managers and their teams, and the various sectors;
- ◆ preventing conflict by encouraging free expression and being receptive, dealing early with any signs of dispute, giving consideration to working conditions and gathering proposals for improvements.

Pursuing the goal of involving employees in the Company's general policy, Guerbet's General Meeting of Shareholders of May 19, 2017 decided to include an "Employee Director" on its Board of Directors. Isabelle Raynal and her alternate Olivier Fougère were elected for a six-year term by the voting employees of the Group's French companies. This election allowed Guerbet's employees to take a greater interest in the Company's governance and to better understand the role and tasks of the Board of Directors. The participation rate of 49% reflects the employees' interest in this election.

Review of collective agreements

The Group's corporate social responsibility policy is reflected in the signing of agreements, in France⁽²⁾, to promote diversity, improve working-time arrangements and working conditions, and foster job creation and employee savings.

In 2017, 42 agreements were in place covering the Group's companies in France. They concern the Generation Contract, gender equality, employment of disabled workers, quality of life at work, forward-looking job and skills management, work time and work organization, employee savings and social welfare. 11 agreements were signed over the year.

Organization of working hours

Collective working-time arrangements have been introduced in the production sectors, such as shift work, continuous work, semi-continuous work and on-call duty, in order to meet operating needs:

- ◆ the chemical plants in Lanester, Marans and Dublin operate continuously;
- ◆ the pharmaceutical plants in Rio de Janeiro, Raleigh and Aulnay-sous-Bois operate in shifts so that the workshops are open longer each day;
- ◆ the Raleigh plant also has a weekend shift;
- ◆ part of the Aulnay-sous-Bois plant is open non-stop 24 hours a day, from 6 a.m. on Monday to 2.15 p.m. on Saturday.

⁽¹⁾ Information on compensation growth is not consolidated for the international operations.

⁽²⁾ Trade unions, Works Councils and Health, Safety and Working Conditions Committees.

5.1.4 Health, safety and working conditions

5.1.4.1 Occupational health measures

In 2017, Guerbet continued with its occupational health policy by taking preventive action, improving working conditions and conducting appropriate medical monitoring, to preserve the physical and mental integrity of its employees.

A dedicated organizational structure

Each plant has an organizational structure dedicated to HSE that reports to the local Management Committee. This structure supports and coordinates all of the measures to safeguard occupational health. There are also local health and safety bodies, such as the Safety Committee at the Montreal plant, the Internal Accident Prevention Committee in Rio, and the CHSCTs (Health, Safety and Working Condition Committees) in France, depending on the country and its laws. These all have the same occupational health objective and define measures and a framework conducive to good working conditions for employees. At the French plants, discussions with trade unions and CHSCTs contribute to this objective. Several company-wide agreements take the "working conditions" aspect into account at the French plants (Guerbet and Simafex Continuous Work, Semi-Continuous Work and Generation Contract agreements, Quality of Life at Work).

"Occupational health" support is provided at our industrial plants by industrial nurses and/or doctors to monitor employees. At the industrial plants, prevention programs are implemented in conjunction with the occupational medicine service, e.g. hearing and vision tests, conducted according to the identified risks.

Many information and awareness-raising initiatives were carried out in 2017 to safeguard occupational health. At regular team meetings, employee health and safety are always discussed. Specific risk awareness-raising campaigns have also been implemented.

More broadly, the Group strives to promote practices conducive to occupational health. Examples include the Internal Occupational Injury Prevention Week (SIPAT) in Brazil, the "Get Healthy Get Happy" program in Dublin consisting of awareness-raising sessions on the risks of occupational diseases, nutrition and exercise recommendations and safety workshops, especially regarding fire safety.

Prevention of hardship

A consultancy firm was commissioned to measure the exposure of employees at the French plants to the 10 physical strain factors listed by the labor regulations. Only two factors (night work and successive shift work) appear to concern Guerbet.

Guerbet is continuing to develop measures to limit exposure to physical strain factors where these risks are identified.

Quality of life at work

Psychosocial risks are taken into account in the action plan associated with the Company's development strategy. For instance, a change management plan is introduced for all major projects that have an impact

on jobs and skills. Guerbet has embarked on a specific psychosocial risk prevention program since 2016, given the major changes arising from the integration of CMDS. A practical action plan has therefore been rolled out in the French plants, encompassing manager training and the creation and training of an internal liaison group, followed by the co-development of this group. In 2017, management training sessions continued. They were supplemented with training in objectification of the workload and co-development sessions. The relays also attended a co-development session.

To promote the health and safety of independent executives whose contracts are based on a fixed number of working days, each year a specific review is made of workloads, length of working days, the organization and implementation of the right to rest, and the balance between work and personal and family life.

The Cincinnati, Dublin, Montreal and Raleigh plants also offer their employees an employee assistance program designed to help staff with personal problems and/or work-related problems. In Cincinnati and Montreal, employees can call a dedicated number to ask for specific advice for each situation.

Every year, the Montreal plant organizes an open house for employees' families.

A Quality of Life at Work agreement has been signed in several of the Group's French companies. In particular, it covers the topics of work/life balance, the right to disconnect, employee services, life in the Company, prevention of psychosocial risks and employee expression.

As part of this, a simple "internal survey" of around 15 questions was put in place in 2017, initially within the Guerbet SA scope. The objective is to measure the level of understanding and acceptance by employees of the changes underway.

Social welfare

Guerbet ensures that all of its employees receive social welfare benefits. In France, Guerbet offers a specific contract, in addition to the industry-wide contract, that covers most healthcare costs.

The insurance benefits scheme put in place for the Group's French companies allows employees to maintain their income level in the event of a long-term illness. It also pays a death benefit.

In 2016, the Group also launched a program outside France to harmonize social welfare in every country, starting with the U.S. entities, as part of the integration process.

Workstation ergonomics

Through appropriate medical monitoring, Guerbet is able to anticipate employees' unfitness for work and offer solutions in the form of adapted workstations or working-time arrangements. Where appropriate, Guerbet looks for personalized job reclassification solutions, with the help of its disability committees, to try to keep employees in the workplace.

5.1.4.2 HSE policy

Through its HSE policy, reviewed in 2017, Guerbet shows its commitment to giving top priority to the safety of people and to implementing solutions for the conservation of the environment.

Our Health, Safety and Environment management system is based on:

- ◆ **a continuous improvement** approach based on the Guerbet Operational Excellence Program and continuous measurement of performance;
- ◆ **employees respectful of the Guerbet Values (CARE), involved in and responsible** for their own safety and that of their colleagues;
- ◆ **responsible management** to maintain an environment conducive to the prevention of incidents and accidents;
- ◆ **fundamental safety principles** clearly defined and shared across all Group entities;
- ◆ **a stronger presence in the field** to identify any risk situation in order to build and maintain the defenses necessary for accident prevention;
- ◆ **maintaining an effective dialogue** with our stakeholders.

Guerbet's HSE policy includes an Operational Excellence Program, objectives and key safety practices. These practices have been shared with the industrial plant managers for deployment:

- 1) **Field safety inspections by managers** promote observation and discussions on risks and the identification of areas for improvement of employee safety.
- 2) **Programs for reporting suggestions for the improvement** of health and safety by employees, to involve the entire staff.
- 3) **Deployment of the "Major Risks" action plans** continued in the plants, with the implementation of prevention and protection measures.
- 4) **Inter-plant feedback** to promote the good practices and actions implemented under the "Major Risks" action plans.

Safety is a priority for Guerbet group, and its improvement is a key annual objective for all employees. The reduction in the number of accidents, monitored on a monthly basis, is a criterion for calculating compensation for employees receiving variable compensation in the form of an annual bonus, and incentive payments for Guerbet SA employees in France.

Safety practices, deployed at all industrial plants, undergo a quarterly management review.

A new set of standards, the "10 Fundamentals of Safety," has been deployed across the Group. Accompanied by visuals and prepared on the basis of internal and external feedback, it illustrates the good safety practices to be adopted in all Group plants and subsidiaries. Its aim is to facilitate the understanding of risks and to reinforce accident prevention, allowing each person to be a player in the continuous improvement of safety.

2017 safety results

There were 26 lost-time injuries Group-wide. The occupational injury frequency rate⁽¹⁾ was 5.9 for the Group as a whole, down 12% from 2016.

The occupational injury severity rate⁽²⁾ was 0.20 for the Group as a whole, stable compared with 2016.

Change in frequency and severity rates

The Group also tracks injuries without lost time at all French and industrial plants as well as minor injuries and near-miss incidents.

The Cincinnati site received a special safety award from the city's safety council for achieving more than 500,000 hours of work without a lost-time injury. The last lost-time injury in the plant occurred in June 2011.

Occupational diseases

In 2017, two occupational diseases were recognized within the Group.

No occupational diseases were reported for the Group's other entities.

Absenteeism

Since 2013, regular reporting of internal absenteeism figures has reinforced the appropriation and sharing of issues for which preventive action may be taken.

The measures taken by Guerbet to safeguard the health and safety of employees help to limit absenteeism.

In 2017, the rate of absenteeism⁽³⁾ for all of the Group's facilities in France was 4.03%. This corresponds to an average of 8.9 days of absence per employee per year. As a comparison, for the pharmaceutical industry, the LEEM consolidates an average of 14.3 days of absence per employee per year.

(1) Number of lost-time injuries over a 12-month period per million theoretical hours worked. The theoretical hours worked have been calculated based on the Group's workforce at the end of December and the annual legal working time in France.

(2) Number of days lost following an occupational injury over a 12-month period per 1,000 theoretical hours worked. The days lost may relate to accidents that occurred in the current year or during previous years. The theoretical hours worked have been calculated based on the Group's workforce at the end of December and the annual legal working time in France.

(3) Number of hours' absence due to an occupational disease or injury, expressed as a percentage of the number of hours worked, over 12 months. For the international subsidiaries, hours worked = (full-time equivalent workforce x working days x locally applicable monthly working hours) – paid holidays – public holidays.

5.1.5 Diversity and equal opportunities and treatment

Guerbet group applies a diversity and non-discrimination policy through its Human Resources policy. Recruitment and compensation decisions are made based on objective criteria of competence, know-how and interpersonal skills, regardless of gender, age, family situation, sexual orientation, disability or national or ethnic origin.

Guerbet has made major diversity commitments by signing agreements in France on the following themes:

- ◆ employment of young people and seniors promoted by “generation contracts”;

- ◆ employment of disabled workers;
- ◆ gender equality in the workplace.

Guerbet has established an international network of Human Resources Managers, known as Human Resources Business Partners, located at every industrial plant, and in every region (six HRBPs) for the sales entities and shared service centers: United States, Latin America, Asia-Pacific, Southern Europe and Northern Europe. The HR community works to promote diversity on a daily basis. The Talent Management HR process and the recruitment process both help to guarantee diversity.

The average age of permanent and temporary employees is 44 years and 4 months. The breakdown by age is as follows:

	2017 *	%
Under 30	280	10.2
30 to 50 years	1,625	59.3
More than 50 years	837	30.5

* The age of 21 employees was not provided.

5.1.5.1 Measures taken to promote access to employment for younger people and to keep older workers employed

The “generation contract” or “Quality of Life at Work” agreements signed in the Group’s French companies contain commitments to promote young people’s access to long-term job opportunities, the employment of older workers and the transfer of skills. The rate of permanent employment of younger and older workers is measured each year. Measures have also been introduced to promote the integration of young people. For older workers, end-of-career arrangements are made.

Guerbet contributes to the training of young people by regularly receiving interns of all levels and in all fields in all of the Company’s business areas and in all its plants.

Internationally, the Group employed 49 apprentices as of the end of 2017, representing 1.8% of the workforce.

Some of the industrial plants have partnerships with local universities, such as the Cincinnati plant, which has received students in its R&D Department.

Guerbet also supports young graduates from modest social backgrounds through mentoring by executives as they look for work, in partnership with the NQT association⁽¹⁾.

Guerbet participates in job forums designed to assist young people in their search for their first job.

5.1.5.2 Measures taken to promote the employment and integration of disabled workers

The Group has committed itself to a policy for the employment of disabled workers.

4.23% of Guerbet’s employees in France are disabled workers. The Company helps them to remain employed and cooperates with the sheltered employment sector⁽²⁾ and the disability-friendly employment sector⁽³⁾.

In 2017, Guerbet signed an agreement with ARPEJEH⁽⁴⁾ and organized a first workshop to learn about different jobs, in collaboration with “Nos Quartiers ont des Talents.”

The employment and disability policy is coordinated in France by a Disability correspondent as well as by the Human Resources Managers and disability committees in each plant. This policy has been reflected in practical initiatives for several years, such as:

- ◆ the use of assisted employment centers and ESATs for certain services (collection and sorting of waste, maintenance of green spaces and roads, mailing, packaging activities, etc.);
- ◆ the participation of Guerbet employees in sports events and the organization of awareness campaigns and video testimonials of employees on the theme of disability in partnership with Handi-EM;
- ◆ in 2017, two plays featuring actors with and without disabilities as well as two Christmas markets coordinated by “assisted employment centers”⁽³⁾. These initiatives are meant to change perceptions of disability and show people that being different is not a disability but can in fact create synergies.

Initiatives are also deployed internationally. In particular, the Rio plant was a sponsor of the “Paralympic talent identification” project.

(1) The NQT association, created in Seine-Saint-Denis under the name “Nos Quartiers ont des Talents,” provides effective support individually tailored to the requirements of young graduates looking for work, while aligning itself with the social policy of its sponsor companies and the commitment of its public partners.

(2) Établissements de services d’aide par le travail or ESAT (organizations to help disabled people through work) form the sheltered sector, which allows people with severe disabilities to work in adapted working conditions.

(3) Assisted employment centers have a workforce of at least 80% people with disabilities.

(4) ARPEJEH (Accompagner la Réalisation des Projets d’Études de Jeunes Élèves et Étudiants Handicapés – Supporting the educational plans of young students and students with disabilities) is a general-interest association founded in 2008, governed by the law of July 1, 1901, bringing together companies and public players from all sectors, engaged in an active policy for the employment of people with disabilities, equal opportunities and diversity.

5.1.5.3 Measures taken to promote gender equality in the workplace

At December 31, 2017, 43.5% of Guerbet group's employees were women, on both open-ended and fixed-term contracts. Note that 45.1% of the international subsidiaries' employees are women, compared with 41.4% for the French entities. These proportions are similar to 2016.

The agreements and action plans signed in all of the Group's companies in France⁽¹⁾ are based on a goal of zero discrimination within the Company, a goal shared by management and the social partners⁽²⁾. They refer to results particularly in terms of recruitment, qualifications, training and compensation. They define provisions aimed at maintaining gender equality in the workplace with regard to recruitment, compensation, training and career development.

5.1.5.4 Promotion of and compliance with the fundamental conventions of the International Labor Organization (ILO)

Guerbet group undertakes to comply with all the provisions of these conventions in all of its entities, namely:

- ◆ the recognition of free association and collective bargaining rights;
- ◆ the elimination of discrimination in respect of employment and occupation;
- ◆ the elimination of forced or compulsory labor;
- ◆ the effective abolition of child labor.

5.2 Environmental information

5.2.1 General policy

Through its HSE policy, Guerbet is committed to putting in place solutions aimed at preserving the environment, by reducing its environmental impacts, optimizing the use of natural resources and controlling the processes for treating wastewater and waste for all its activities.

The quantitative environmental indicators presented in this report include the data for the industrial facilities, and not the administrative facilities, whose impact is immaterial.

Initiatives to promote responsible consumption are also carried out at these facilities and in the sales subsidiaries, however.

5.2.2 Safety of the industrial plants

The production of active chemical ingredients for contrast media entails safety and environmental risks. These risks are inherent in the hazards involved in the manufacture, transport, use and disposal of raw materials, solvents, reactants, synthetic intermediates and other products used.

The Lanester, Marans and Dublin plants (classified as Seveso high threshold) are subject to special requirements. They regularly conduct and revise hazard studies, resulting in the introduction and maintenance of risk control measures to limit the probability and potential impact of accidents on their surroundings, during both normal and non-optimal operations. They regularly organize full-scale emergency management drills, in cooperation with the local authorities, to continuously improve the ability of staff to respond appropriately in crisis situations.

For the Marans and Lanester plants, the technological risk prevention plans (PPRT) control urban development within perimeters defined according to the risks. Internal measures and investments to reduce the likelihood and consequences of accidents have been added to regulatory requirements for greater protection of local inhabitants. For example, Guerbet has signed a funding agreement to support the installation of containment facilities for individuals or companies located close to the Lanester site.

The Seveso plants in Dublin, Lanester and Marans conduct drills for serious risks likely to lead to a major accident: Internal Operation Plan (POI) and Emergency Response Plan (PPI).

Internal procedures and staff training help to allow for regulatory changes and maintain skills for managing specific risks, such as the transport of hazardous materials and the handling of chemical products, and ensure that abnormal situations can be managed so as to control and mitigate their impact.

Industrial and environmental risks

Industrial and environmental risks are presented in 4.4.2.2 "Industrial and environmental risks".

Information specific to drug safety monitoring is provided in 4.4.2.1 "Risks related to Guerbet's products", in the section "Product quality and safety" and 4.4.2.2 "Industrial and environmental risks", in the section "Risks related to changes in the regulations".

(1) There are no international agreements, but collective bargaining is mandatory in France.

(2) Trade unions and Works Councils.

Environmental risk guarantees

The risks entailed in accident situations (pollution, fires, etc.) are managed locally, with the corporate structure providing assistance if necessary. They are covered by accident prevention and management procedures, as well as procedures for handling specific complaints. Guerbet allocates provisions for environmental financial guarantees to meet the requirements of the French Environmental Code for the

Lanester and Marans plants, and Irish environmental laws for the Dublin plant. These guarantees are set aside for any action that needs to be taken if an accident occurs, before or after closure, as well as for rehabilitation after closure.

At December 31, 2017, these guarantees totalled €6.9 million.

Guerbet was not involved in any environmental disputes requiring the activation of bonds for the 2017 fiscal year.

5.2.3 Pollution and waste management

The Group's HSE policy outlines its commitment to controlling its environmental footprint, particularly in terms of managing the effluent and waste treatment processes, so as to protect the natural environment.

The active ingredient production plants in Dublin, Lanester and Marans are the largest contributors of effluent and waste.

Of the waste treated externally, 77% is hazardous waste, and 23% is non-hazardous waste.

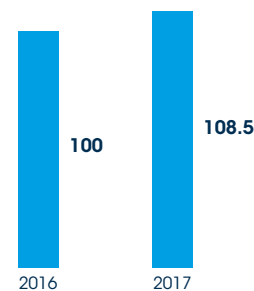
Effluent management

Effluent treatment process optimization programs are in place at the chemical production plants:

- ◆ in Dublin, a purification station monitoring and optimization program has been set up;
- ◆ in Lanester, there is an effluent and energy master plan aimed at optimizing the environmental system's operation. The plant prioritizes the internal treatment of effluents, using biological treatment for non-hazardous waste and incineration for hazardous waste. This ensures the recovery of energy from effluents with a high calorific value. An iodine recovery plant also enables recycling;
- ◆ in Marans, actions are continuing to optimize the operation of the effluent treatment line.

The discharge standards applicable to industrial plants, and particularly the Seveso plants in Lanester, Marans and Dublin, require numerous measurements of parameters covering atmospheric emissions (volatile organic compounds, NO_x⁽¹⁾, dust, etc.), liquid discharges and soil monitoring. All these results are used for operational management of the plants, with alert thresholds that allow any anomalies to be detected and resolved. The results of this monitoring are reported to the local authorities for the Seveso plants, in periodic reports or specific studies such as the solvent management plan or annual environmental review.

Change in amounts of waste treated externally (reference year 2016 = 100 *)



* 2016 = 100: the indices of subsequent years are obtained through a proportional calculation.

All industrial plants have programs for optimizing and recovering waste, either internally or externally. More than 50% of the industrial plants' waste treated externally is recovered. Waste sorting and recovery programs are also in place at the head office and in some affiliates, e.g. in Prague.

The Dublin and Lanester plants have in-house iodine recovery facilities (see "Process innovation" section below for more information).

European Waste Reduction Week, November 18 to 26, resulted in a number of initiatives in the industrial plants, the head office and the sales subsidiaries. For example, the marketing and sales teams took initiatives in volunteering hospitals to promote, softbags rather than vials for Xenetix®. Scanbag® by Xenetix®. This phthalate-free, PVC-free and bisphenol A-free polypropylene softbag offers a significant improvement in waste management (gain in weight and volume). This packaging is also one of Guerbet's solutions to sustainable development challenges. During this week, the volunteer hospitals were able to assess the volume and weight reduction of Scanbag® by Xenetix® waste compared with vials.

Combating food waste is not a material theme for Guerbet.

Waste management

In 2017, the total waste generated by the Group's industrial plants and treated externally was 8,860 metric tons, up 8.5%. This increase is notably due to a two-week shutdown on the internal treatment line at the Lanester plant.

(1) NO_x: Nitrogen oxide.

5.2.4 Sustainable use of resources

Water

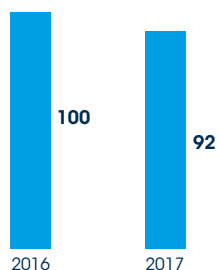
The industrial plants have programs to control water consumption. Here are some illustrations of actions taken in 2017:

- ◆ The Dublin plant conducted plant water use mapping in 2017 to identify an action plan to reduce water consumption.
- ◆ The Raleigh and Rio plants have implemented water recovery measures.
- ◆ The Aulnay plant has put in place a closed-circuit glycol water cooling system, replacing cooling with city water.

Water consumption was 997,630 cubic meters, almost 8% less than in 2016.

Change in water consumption

(reference year 2016 = 100 *)



* 2016 = 100: the indices of subsequent years are obtained through a proportional calculation.

Energy

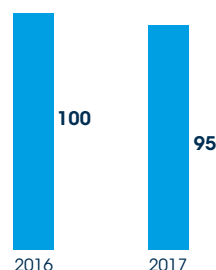
The industrial plants, the head office and the sales subsidiaries are rolling out energy consumption control programs. Here are some actions taken in 2017:

- ◆ installation of a condensing boiler at the Aulnay plant and reuse of steam condensates in Rio: the reuse of hot condensates can lead to considerable savings in terms of energy and water resources;
- ◆ actions on lighting at several of our industrial plants, at the head office and in certain sales subsidiaries;
- ◆ replacement of air compressors in Montreal and Dublin with new compressors that have greater air production capacity for the same amount of electrical power and can reduce electricity consumption.

The energy consumed by the industrial plants (electricity, gas and fuel oil⁽¹⁾) was 210,342 MWh, nearly 5% less than in 2016.

Change in energy consumption

(reference year 2016 = 100 *)



* 2016 = 100: the indices of subsequent years are obtained through a proportional calculation.

Other measures

Process innovation

A few years ago, the Group embarked on process innovation through the use of solvents resulting from regeneration, the recycling of iodine in processes, and the replacement of solvents with others that are less harmful to the environment.

The recovery of iodine at the Dublin and Lanester plants illustrates our approach to sustainable development and the circular economy, since this recycling makes it possible to combine competitiveness and mitigation of the environmental impact (preservation of the global iodine resource, circular economy by recycling and reuse internally).

Protection of biodiversity

The program undertaken since the implementation of the REACH Regulation in the European Union resulted in the registration of all relevant substances with the ECHA⁽²⁾ by the REACH deadline of May 31, 2013. This European regulation applies to manufacturers importing and using chemical substances within the European Union and is intended to reinforce companies' intrinsic knowledge of the hazard that they represent for health and the environment.

In 2017, the Group continued its work to prepare for the 2018 REACH deadline and to register substances produced or imported for amounts of less than one metric ton per year. The steps that Guerbet is taking to improve active ingredient manufacturing processes reduce the number of substances to be registered under REACH.

The discharge thresholds were defined in consultation with the local authorities on the basis of receiving environment acceptability studies. These studies also improve knowledge of the environments into which effluents are discharged and make it possible to measure environmental impacts in terms of ecotoxicity or bioaccumulation.

Land use is not a material theme for Guerbet.

Noise pollution

The industrial plants take the necessary measures to meet the regulatory requirements defining noise pollution limits.

(1) The fuel oil consumption of handling machines is not included as it is negligible.

(2) European Chemicals Agency.

5.2.5 Combating global warming

The Group analyzes its greenhouse gas (GHG) emissions.

In 2017, with the help of an outside firm, Guerbet conducted a carbon analysis for all its activities in 2016 on the items illustrated below.

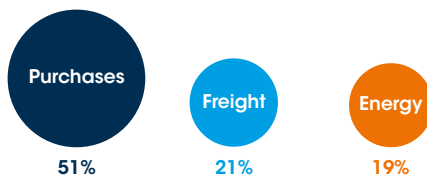
Carbon analysis



This study, which is based on certain assumptions, identified the significant items, namely purchases, freight and energy. These three items represent more than 90% of the Group's GHG emissions.

Breakdown of significant contributions to GHG emissions

(%)



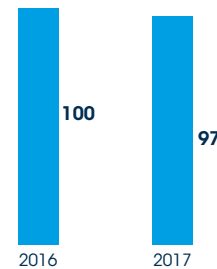
Following this carbon analysis, Guerbet identified key actions to be deployed:

- ◆ the launch of a continuous improvement initiative with suppliers that have the greatest carbon footprint. This action was initiated by incorporating an environmental criterion into the supplier selection grid, in addition to existing CSR criteria;
- ◆ continued use of sea transport rather than air transport for shipping our finished products to customers;
- ◆ continuation of the existing energy consumption reduction programs in the industrial plants (see Section 5.2.3 "Sustainable use of resources/energy").

Since 2016, GHG emissions from energy consumption by the industrial plants have amounted to 41,447 metric tons of CO₂ equivalent, down by nearly 3%.

Change in GHG emissions from energy consumption in the industrial plants

(reference year 2016 = 100 *)



* 2016 = 100: the indices of subsequent years are obtained through a proportional calculation.

The Dublin plant has a permit for GHG emissions, which sets an annual limit on the quantity of carbon that it is allowed to emit. Diesel, acetylene and gas use are monitored and converted into CO₂ emissions, then reported to the local EPA (Environmental Protection Agency). The data are audited and the limit set is revised each year.

Commuting

The Group's travel policy includes measures to reduce the carbon impact of business-related travel by promoting the use of alternatives to traveling.

The Group encourages the use of remote communication facilities, public transport and rail transport. To reduce commuting, various measures have been implemented in recent years: parking spaces equipped with electric charging stations, car-sharing service, and telecommuting for managers and non-managers outside production plants.

5.3 Social information

5.3.1 Territorial, economic and social impact

Guerbet is present in more than 80 countries, either directly or through its network of distributors. In addition to its strong presence in Europe and particularly in France, the Group has a strong presence in Asia and North and South America.

Guerbet is a major provider of jobs for its local communities. In France, Guerbet employs more than 1,200 people, including 853 in the northern suburbs of Paris, Seine-Saint-Denis and Val-d'Oise, where the Group's head office (Villepinte), the pharmaceutical plant and research laboratories (Aulnay-sous-Bois) and the logistics hub (Gonesse) are located.

Guerbet also has a strong presence in the United States, with the Raleigh and Cincinnati plants, the Princeton commercial head office and the St. Louis support structure, employing more than 500 people.

Guerbet is one of the leaders in innovation to improve the prognosis and quality of life of patients through its Research and Development program (see Section 1.6 "Research and Development"). Guerbet also develops Research and Development through partnerships (see Section 1.6.5 "Partnerships"). Guerbet is a member of Medicen Paris Region, the Paris healthcare competitiveness cluster, alongside other industrial companies, start-ups, university hospitals and academic laboratories. Guerbet is a member of professional associations such as G5 Santé and MedTech in France. Guerbet is also a member of LEEM in France, a member of IBEC in Ireland (Business and Employer Association) and a member of Sindusfarma (Union of pharmaceutical industries). In addition, Guerbet is a sponsor of Innov Connect, a global program for accelerating and connecting start-ups. Each start-up is sponsored by a large company, a BNP Paribas customer, to co-innovate on a proof of concept decided at the start of the program.

5.3.2 Relations with stakeholders

Guerbet supports various organizations and associations with a stake in the Group's expansion and activity. The fields covered include assistance with occupational integration, general education and organizations with a link to Guerbet's areas of activity.

Regulatory authorities

Guerbet attaches particular importance to the quality of its communication with the public authorities and undertakes to work in a transparent and responsible way.

Relations with the Group entities' local communities

Guerbet develops relationships locally to promote the economic development of the territories in which it is established. In Marans, the CSSs⁽¹⁾, composed of five groups (state authorities, local authorities, the operator, local inhabitants or environmental associations and the operator's employees), provide a framework for discussions and exchanges of information with a view to preventing environmental risks, monitoring the activity of safety-classed sites and promoting public information.

The Dublin, Lanester and Rio plants have partnerships with local high schools and universities.

The Cincinnati and Raleigh plants participate in local activities and meetings to develop the economy and improve the quality of life of the community.

Combating discrimination and promoting equal opportunities

Employees in the French plants are mobilized for diversity through the partnership with the NQT association (*Nos Quartiers ont des Talents*) and devote some of their working time to mentoring young graduates from priority neighborhoods or from disadvantaged social backgrounds in the Paris region. The mentors' role is to help young people define their career plan and improve their job search tools, help them adapt to corporate culture, boost their confidence, help them prepare for job interviews and give them access to their professional network. This partnership is managed by an internal Guerbet coordinator.

Events are organized regularly: workshops for learning about different jobs, lunches for exchanges of good practices between mentors, and a speed coaching workshop.

Guerbet had 29 mentors at the end of December 2017. 77 young people have been mentored since the start of the partnership with NQT, including mentorships in progress, and 44 of them have found jobs or undertaken training.

Guerbet's HR Department sponsors the initiative and is one of NQT's Directors.

In addition, Guerbet has signed an agreement with "Article 1", an association whose objective is to encourage students in technological and professional fields to pursue higher education. Six Guerbet employees have committed to being a mentor.

Other concrete initiatives show the commitment of Guerbet's plants and employees to promoting diversity through their participation in sports events, internal charity committees and fundraising efforts.

Promotion of health, ecology and solidarity

The Group's mission is to provide healthcare professionals with the contrast media, medical devices and innovative solutions that are vital for diagnostic and interventional imaging, to improve patient prognosis and quality of life. Every day, Guerbet mobilizes to combine performance, quality and sustainable development. Beyond this daily commitment, Guerbet employees mobilize for health, ecology and solidarity through actions supporting local associations by participating in sporting events and fundraising efforts.

(1) CSS: Commissions de Suivi de Sites (Plant Monitoring Committees).

5.3.3 Subcontracting and suppliers

In 2017, Guerbet implemented an ethical purchasing charter for all Group buyers. This charter has three components: a reminder of the Group's ethical charter, purchasing values, and rules of behavior.

Guerbet's choice of partners and suppliers has a major impact on the quality and durability of our products and services. The Group therefore attaches particular importance to choosing the right suppliers and the quality of the relations that it has with them. It selects suppliers through open and fair competition, ensuring the effectiveness of the process, which is based on the following rules:

- ◆ free access to calls for tenders;
- ◆ equal treatment of applicants;
- ◆ transparent, traceable procedures;
- ◆ consideration of the total cost.

The Purchasing policy also has a socially responsible aspect in the form of purchasing practices based on integrity and honesty. The Guerbet group undertakes to only work with suppliers who comply with international standards and social and environmental laws and regulations. Suppliers must therefore not use forced labor, child labor or illegal workers under any circumstances and must also ensure

safe and healthy working conditions. Guerbet is committed to treating suppliers respectfully in all circumstances.

The Guerbet group is a signatory to the Responsible Supplier Relations Charter. This Charter, published by the *Médiation du crédit* credit mediation agency and the CDAF⁽¹⁾, requires that signatories set up an improvement process with regard to their suppliers and particularly small- and medium-sized enterprises (SMEs). The Charter's commitments cover the ethical, economic and environmental aspects of relations between signatory companies and their suppliers.

Guerbet's attitude as a supplier was acknowledged for the fourth year running through the award of an A+ green rating by the CAHPP⁽²⁾ at the start of 2017, in the Pharmaceutical purchasing segments. This green rating is a "positive" label designed to incentivize the suppliers listed by this purchasing pool. The A+ rating⁽³⁾ is awarded for action taken in six areas: Management engagement, purchasing policy, products/ecodesign, mitigation of impact in customer plants, waste management, ordering and distribution. For Guerbet, this rating system is a valuable addition to the tools that it uses to assess its socially responsible practices.

5.3.4 Business ethics

Fairness of Group Ethics Charter practices

Guerbet's commitment to strict ethical requirements has been enshrined in the Group's Ethics Charter. The full text of this charter is available on the Guerbet website.

This charter has eight chapters, one for each of Guerbet's stakeholders (patients and our customers, the Company, our competitors, suppliers, the public authorities, our employees, our Shareholders and the environment).

As indicated in Section 5.3.3 "Subcontracting and suppliers", Guerbet implemented an ethical purchasing charter in 2017 to supplement the Group's Ethics Charter.

Prevention of corruption and conflicts of interest

As stated in the Group's Ethics Charter, the Guerbet group's financial policy brings an ethical aspect to its operations, particularly by imposing an absolute ban on bribery. The Group is committed to abstaining from any acts of active or passive bribery and to preventing conflicts of interest.

To manage this risk, Guerbet has an Internal Control Department that reports directly to the General Management and an Ethics and Governance Committee within the Board of Directors⁽⁴⁾.

Training and awareness campaigns on the risks of corruption are deployed among employees most at risk.

A Due Diligence process for assessing our commercial partners has been implemented.

In our relations with players in healthcare, Guerbet's teams must act with integrity, loyalty and transparency.

The ethical purchasing charter also incorporates elements of prevention of corruption in purchasing.

(1) *Compagnie des Dirigeants et Acheteurs de France (French Association of Purchasing Managers).*

(2) *CAHPP: Centrale d'achats de l'hospitalisation privée et publique (Private and Public Hospital Purchasing Pool).*

(3) *A+ rating on a scale of four possible ratings: no label, A, A+ and A++.*

(4) *The Ethics and Governance Committee covers the whole Group scope.*

5.4 Report by one of the Statutory Auditors, designated as an independent third-party, on the consolidated human resources, environmental and social information included in the management report

Year ended December 31, 2017

This is a free English translation of the Statutory Auditors' report issued in French and it 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 standards applicable in France.

To the Shareholders,

In our capacity as one of Guerbet's Statutory Auditors, designated as an independent third-party and certified by COFRAC (French Accreditation Board) under number 3-1048⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2017 (hereinafter the "CSR Information"), included in the management report in accordance with Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code, in accordance with the Guidelines adopted by the Company (hereinafter the "Guidelines"), summarized in the management report and available on request at the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics (*Code de déontologie*) and Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with ethical requirements, French professional standards and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- ◆ attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- ◆ express a limited assurance conclusion that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is not our responsibility to provide any conclusion on the compliance with other applicable legal provisions where appropriate, in particular those provided for by law No. 2016-1691 of December 9, 2016, known as "Sapin II" (fight against corruption).

Our work was performed by a team of six people over a period of around eight weeks between February and April 2018. We were assisted in our audit by CSR experts.

We performed the procedures described below in accordance with the order of May 13, 2013 defining the conditions under which the independent third-party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000⁽²⁾ concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them..

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3, of the French Commercial Code.

⁽¹⁾ Whose scope is available on the website www.cofrac.fr.

⁽²⁾ ISAE 3000 – Assurance Engagements other than audits or reviews of historical financial information.

We verified that the CSR Information covers the scope of consolidation scope, *i.e.*, the Company, its subsidiaries as defined by Article L. 233-1, and the controlled entities as defined by Article L. 233-3 of the French Commercial Code, within the limitations set out in the methodological notes contained in the footnotes to the CSR section of the management report.

Conclusion

Based on the work performed, and given the limitations referred to above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on of the fairness of CSR Information

Nature and scope of our work

We conducted around twenty or so interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedure, in order to:

- ◆ assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- ◆ verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the Company's characteristics, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

We considered the most important CSR information to be⁽³⁾:

- ◆ We consulted the documentary sources available from the consolidating entity and conducted interviews to corroborate the qualitative information (organization, policies and actions). We performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report.
- ◆ Using a representative sample of entities that we selected⁽⁴⁾ according to their activity, their contribution to the consolidated indicators, the location of their operations and a risk analysis, we conducted interviews to verify the correct application of the procedures and performed detailed tests, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents between 11% and 31% of the quantitative employee information and between 17% and 75% of the quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency based on our understanding of the Company.

Finally, we also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and the sample sizes we have used, based on our professional judgment are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, April 11, 2018

One of the Statutory Auditors

Deloitte & Associés

Frédéric Souliard
Partner, Audit

Éric Dugelay
Partner, Sustainable Development

⁽³⁾ *Quantitative information:*

Human resources: total workforce at the year-end, number of new employees hired on open-ended contracts and number of employees dismissed, occupational injury frequency rate, occupational injury severity rate, number of hours' training given in the French entities, percentage of women in the workforce at the year-end.

Environmental: waste generated by the industrial plants and treated externally, water consumption of the industrial plants, energy consumption of the industrial plants, and GHG emissions related to energy consumption.

Qualitative information:

Human resources: quality of life at work agreement, internal survey, workstation ergonomics.

Environmental: prevention of industrial risks, effluent management in the industrial plants, greenhouse gas assessment, and biodiversity initiatives.

Human resources: responsible suppliers charter, A+ green rating from CAHPP, ethics charter.

⁽⁴⁾ Guerbet head office in Villepinte and industrial plants in Lanester (Guerbet) and Marans (Simafex).

6

Financial statements and related notes

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6.1 Consolidated financial statements and notes

6.1.1 Consolidated financial statements

6.1.1.1. Consolidated balance sheet

Assets (net)

(in € thousands)	Note	2017	2016
Intangible fixed assets	5	108,622	106,069
Tangible fixed assets	6	258,787	269,407
Non-current financial assets	1 and 7	10,480	4,739
Deferred tax assets	8	17,565	26,425
TOTAL NON-CURRENT ASSETS		395,454	406,640
Inventories	9	270,479	261,891
Trade receivables and related accounts	1, 10, and 1.1	150,433	168,443
Assets held for sale		0	0
Other current financial assets	1 and 1.1	61,841	94,632
Cash and cash equivalents	1 and 1.2	75,386	96,547
TOTAL CURRENT ASSETS		558,139	621,513
TOTAL ASSETS		953,592	1,028,153

Liabilities (net)

(in € thousands)	Note	2017	2016
Capital		12,563	12,501
Other reserves		314,772	277,093
Consolidated income		46,219	28,930
Translation adjustment		(31,413)	(3,724)
SHAREHOLDERS' EQUITY	11	342,141	314,800
of which Group share		342,141	314,800
Non-current financial debt	1 and 2.1	287,433	331,419
Other non-current financial liabilities	1 and 2.0	8,612	0
Deferred tax liabilities	8	17,549	23,382
Provisions	12	34,780	33,194
TOTAL NON-CURRENT LIABILITIES		348,374	387,995
Trade payables and related accounts	13	78,702	122,783
Current financial debt	1 and 2.1	66,360	66,971
Other financial liabilities	1 and 2.6	70,311	93,321
Current taxes payable		38,898	34,429
Provisions	12	8,806	7,854
TOTAL CURRENT LIABILITIES		263,077	325,358
TOTAL LIABILITIES		953,592	1,028,153

6.1.1.2. Consolidated income statement

(in € thousands)	Note	2017	2016
REVENUE	4	807,119	775,773
Royalties		0	37
Other operating revenue	14	2,157	794
Purchases consumed and change in inventories		(187,142)	(184,576)
Staff-related costs	15	(222,151)	(204,464)
External charges	16	(254,827)	(251,461)
Taxes and duties	17	(17,710)	(27,281)
Depreciation and amortization	18	(39,449)	(49,213)
Net allocations to provisions		(11,365)	(2,469)
Other operating income and expenses	19	2,587	(2,546)
OPERATING INCOME		79,219	54,594
Income from cash and cash equivalents		45	30
Gross finance costs	20	(6,096)	(6,578)
NET FINANCE COSTS		(6,050)	(6,548)
Currency gains/losses		(5,766)	(1,202)
Other financial income and expenses		(593)	217
Income taxes	21	(20,591)	(18,131)
CONSOLIDATED NET INCOME		46,219	28,930
of which Group share		46,219	28,930
Net earnings per share of par value €1 (in €)		3.69	2.33
Diluted net earnings per share of par value €1 (in €)	27	3.67	2.29

Restatements of the consolidated income statement of December 31, 2017

The appropriation of the entries relating to the reallocation and revaluation of assets and liabilities, as part of the acquisition of the CMDS group, was conducted by the various local finance teams of Guerbet (USA, Canada and Ireland). The direct result of this work is a

refinement of the amortization and depreciation to be applied to each of the revalued assets at the time of acquisition. In application of IAS 8, the impact of this new estimate of the amortization and depreciation plan resulting from the experience gained from this additional work is recognized prospectively, starting from the first half of 2017. The impact on 2017 was a decrease of €4.6 million in amortization and depreciation expense under the newly defined amortization and depreciation plan.

6.1.1.3. Statement of net income and gains and losses recognized directly in equity

(in € thousands)	2017	2016
NET INCOME FOR THE YEAR	46,219	28,930
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
Actuarial gains and losses for IAS 19 obligations	1,803	(1,445)
Actuarial gains and losses for IFRS 2 obligations	1,972	0
Net investment hedge: translation of borrowing into US dollars	9,897	(2,659)
Change in translation adjustment	(27,688)	12,008
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	32,203	36,834

6.1.1.4. Consolidated statement of cash flows

(in € thousands)	Note	2017	2016
NET INCOME		46,219	28,930
Allowances and reversals of depreciation and provisions for fixed assets		42,847	49,213
Allowances and reversals of provisions for liabilities and charges	12.1	2,834	2,929
Changes in fair value of hedging instruments		610	(1,520)
Stock option costs		2,990	833
Income from sale of fixed assets and other adjustments		1,594	1,412
CASH FLOW AFTER NET FINANCE COSTS AND TAXES		97,093	81,797
Gross finance costs		6,397	6,548
Tax expenses (including deferred taxes)	21	20,691	18,131
CASH FLOW BEFORE NET FINANCE COSTS AND TAXES		124,080	106,476
Taxes paid		(24,369)	(29,548)
<i>(Increase) decrease in inventory</i>	9	(23,714)	(44,979)
<i>(Increase) decrease in trade receivables and related accounts</i>		193	(13,436)
<i>Increase (decrease) in trade payables and related accounts</i>		6,351	14,346
<i>(Increase) decrease in other assets</i>		(13,021)	16,813
<i>Increase (decrease) in other liabilities</i>		(13,466)	(10,986)
CHANGE IN WORKING CAPITAL REQUIREMENTS		(43,657)	(38,241)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		56,054	38,687
Investments		(43,811)	(52,285)
◆ <i>intangible fixed assets</i>	5	(16,152)	(16,152)
◆ <i>tangible fixed assets</i>	6	(26,383)	(33,630)
◆ <i>financial fixed assets</i>		(1,276)	(2,503)
Sales of fixed assets		7,692	1,771
Increase (decrease) in amounts payable on fixed assets		(3,957)	5,124
Acquisition of CMDS net of cash on the takeover date			2,620
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)		(40,076)	(42,770)
Dividends paid		(10,745)	(8,010)
Capital increases		969	2,447
New long-term borrowing		37,179	199,083
Loan repayments		(38,047)	(140,432)
Buyback and resale of treasury shares		0	0
Net financing interest paid (including finance lease agreements)		(8,627)	(6,863)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		(21,049)	46,225
Effect of exchange rate changes (D)		(4,609)	2,188
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)		(9,681)	44,328
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		75,688	31,360
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	1.2 and 2.5	66,007	75,688

6.1.1.5. Statement of changes in shareholders' equity

(in € thousands)	Capital	Consolidated reserves	Result	Change in translation adjustment	Total
AT 12/31/2015 RESTATED	12,343	246,596	39,232	(15,732)	282,439
Appropriation of 2015 earnings	0	39,232	(39,232)	0	0
Stock options	0	16	0	0	16
Dividend distribution	0	(8,010)	0	0	(8,010)
Consolidated 2016 income	0	0	28,930	0	28,930
Actuarial gains and losses	0	(1,445)	0	0	(1,445)
Translation adjustment	0	0	0	12,008	12,008
Capital increase	158	2,289	0	0	2,447
Other changes	0	(1,585)	0	0	(1,585)
AT 12/31/2016	12,501	277,093	28,930	(3,724)	314,800
Appropriation of 2016 earnings	0	28,930	(28,930)	0	0
Dividend distribution	0	(10,609)	0	0	(10,609)
Consolidated 2017 income	0	0	46,219	0	46,219
Actuarial gains and losses	0	3,775	0	0	3,775
Net investment hedge	0	9,897	0	0	9,897
Translation adjustment	0	0	0	(27,688)	(27,688)
Capital increase	62	907	0	0	969
Impact of IAS 8 (International Accounting Standards Board)	0	5,086	0	0	5,086
Other changes	0	(308)	0	0	(308)
AT 12/31/2017	12,563	314,771	46,219	(31,412)	342,141

6.1.2 Notes to the consolidated financial statements

The figures presented in these notes are expressed in thousands of euros, unless otherwise indicated.

1) Accounting methods and rules

a) Basis of presentation and statement

The main accounting methods applied when preparing the consolidated financial statements are described below. Unless otherwise indicated, these methods were applied consistently to all of the periods presented.

In accordance with Regulation 1606/2002 enacted on July 19, 2002 by the European Parliament and the European Council, the consolidated financial statements of Guerbet have been established since January 1, 2005 in accordance with IFRS (International Financial Reporting Standards), as approved by the European Union on the date the financial statements were prepared. The IFRS as adopted by the European Union differ in some respects from the IFRS published by the IASB. However, the Group has ensured that the financial information for the periods presented would not have been materially different if it had applied the IFRS as published by the IASB.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and the

following interpretations: SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee).

All the texts adopted by the European Union are available on the European Commission's website: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en.

Main options adopted for the transition to IFRS

1. The office property at Villepinte was reassessed at its fair value at January 1, 2004, based on an estimate from an independent appraiser. The reassessment was made for €8 million, including €6.5 million allocated to buildings and €1.5 million allocated to land.
2. Intangible assets with an indefinite useful life are not amortized, in accordance with the IAS 38 standard. The amortization previously applied in statements using French standards was maintained at its cumulative value at January 1, 2004.
3. The translation adjustments as of January 1, 2004 were carried over to "Other reserves".

For the other items related to 2005, we invite readers to refer to our Registration Document submitted to the *Autorité des marchés financiers* (French Financial Markets Authority) under number D.06-0221, which can be viewed on the AMF website.

Changes in standards and interpretations applicable to 2017 consolidated financial statements

Standards, amendments, and interpretations adopted by the European Union, permitting early adoption in the fiscal year but not early adopted by the Group:

◆ **IFRS 15** "Revenue from Contracts with Customers" (effective January 1, 2018): the standard modifies the revenue recognition requirements and introduces new disclosure principles for the nature, amount, maturity and uncertainty related to revenue and cash flows. This new standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" as well as the corresponding interpretations. In 2017, a "dedicated project team" launched the analysis process with a view to the entry into force of the new IFRS 15 rules on revenue recognition, combining quantitative and qualitative analysis, based on matrices and contract analyses.

Guerbet will adopt IFRS 15 starting from the fiscal year beginning on January 1, 2018 and decided to apply the modified retrospective method that requires the cumulative effect of the application of the standard to be recognized as an adjustment to opening equity at January 1, 2018 without restatement of comparative periods.

The approach consisted of collecting the contracts entered into with customers from all the local entities and analyzing them. To do this, the revenue was broken down by major category in order to better identify the contractual specifics relating to the indications of the new standard.

In view of all the new concepts introduced by IFRS 15, only "the allocation of the price of the transaction to performance bonds" calls for comment. Out of all the identified revenue categories, only two types of contracts are impacted:

- specific contracts with the provision of injectors and the sale of consumables;
- contracts for the sale of injectors with warranties.

To meet the requirements of IFRS 15, the adjustments that should be made are:

- the recognition of rental revenue for injectors in specific contracts;
- the recognition of revenue on warranties of more than one year.

Following analyses, Guerbet group considers that the impact on the accounts is not significant.

Lastly, given that most of the Group's revenue is generated from the traditional sale of goods at a given moment, the conclusion of the analyses is that the initial application of IFRS 15 has no significant impact on the Group's net assets, financial position and operating income at December 31, 2017 and therefore at January 1, 2018.

◆ **IFRS 9** "Financial Instruments" (effective January 1, 2018): the Group does not expect any significant impact from the transition to IFRS 9 for its mandatory application as of January 1, 2018.

Financial assets and liabilities: IFRS 9 maintains the principle of valuation of debt at amortized cost. Regarding the treatment of currency hedging instruments, the standard does not result in a change in the treatment of the NIH. Regarding interest rate hedging instruments, the Group is currently considering the definition of a new methodology for testing the effectiveness of its instruments. However, given the level of effectiveness structurally found on its hedging instruments, the Group does not anticipate their disqualification in the hedge accounting. Note that the Group plans to maintain quantitative methods for testing the effectiveness of its hedging instruments, given their level of complexity.

Impairment of trade receivables: The standard proposes a simplified approach to the valuation of Expected Credit Losses (ECLs). The Guerbet group conducted a review of the history of trade receivables, including a provision matrix based on historical default rates for the expected life of trade receivables and adjusted for forward-looking

estimates. Following analyses, Guerbet group considers that the impact on the accounts is not significant. Lastly, the Group opted for the publication of limited retrospective information, without restatement of comparative information in its 2018 financial statements.

◆ **IFRS 16** "Leases" (effective January 1, 2019): the Group does not anticipate the early application of the standard. Published by the IASB in January 2016, the standard requires lessees to recognize all leases on the balance sheet. IFRS 16 discontinues the classification of leases as operating leases or finance leases, treating all contracts as finance leases.

b) Estimates and judgments

To establish financial statements in accordance with IFRS standards, the Group makes estimates and assumptions that impact the book value of items in the assets and liabilities, income and expenses, and the information given in certain related notes.

Management evaluates these estimates and assessments continually based on past experience and on various other factors judged to be reasonable, which constitute the basis for these assessments.

The main significant estimates made by the Group Management concern the valuation of Goodwill and intangible fixed assets with an indefinite life, impairment of inventory, provisions, legal disputes with third parties, and deferred taxes.

c) Consolidation method

Subsidiaries are consolidated according to the control exercised by the parent company. Guerbet consolidates as follows:

- ◆ through the full consolidation method, for companies in which the parent company exercises exclusive control, directly or indirectly;
- ◆ through the equity method, for companies in which the Group exercises significant influence directly or indirectly, without providing management.

All inter-company transactions are eliminated.

d) Business combinations

Business combinations are recognized using the acquisition method. The assets and liabilities acquired and the contingent liabilities assumed are recognized at their fair value on the acquisition date.

The residual difference between the acquisition cost and the purchaser's share of the net assets measured at their fair value is recognized as Goodwill.

If this difference is positive, it is recognized as an asset, in the Goodwill category. If it is negative, it is immediately recognized as income.

e) Translation methods

Accounting for currency transactions in statements of consolidated companies

Transactions denominated in foreign currencies are converted by subsidiaries into their working currencies at the rate applying on the day of the transaction.

Monetary balance sheet items are restated on the balance sheet at their closing exchange value at the end of the year. Gains or losses resulting from this valuation are recognized in the income statement in "Other financial income and expenses".

Income from currency option trading is recognized at the option's strike date to the extent that the options hedge commercial transactions after the end of the year. The premium paid is recognized as an asset on the balance sheet until the option expires.

Currency translation of statements of foreign subsidiaries outside the euro zone

Shareholders' equity is converted at historic rates. Other items on the balance sheet are converted at the official year-end exchange rates, and items on the income statement at the average exchange rate for the year. The gain or loss resulting from the use of these different rates is carried over into shareholders' equity, under "Translation adjustments".

f) Intangible fixed assets

Intangible fixed assets are recorded at acquisition cost.

Trademarks recognized in the assets of the balance sheet relate only to acquired brands that are supported by promotional spending.

Intangible fixed assets are amortized over their useful lifespan expected by the Group. This period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

As a general rule:

- ◆ no amortization is applied to brands;
- ◆ acquired patents are amortized on a straight-line basis for periods not exceeding their duration of protection;
- ◆ amortization of computer software is applied over a 3- to 10-year duration using the straight-line method.

g) Research and Development costs

Research costs are recorded as expenses in the period in which they were incurred.

Development costs are only recognized as intangible fixed assets if the Group can demonstrate all of the following criteria:

- ◆ there is the technical and financial capacity and intent to take the development project through to completion;
- ◆ there is a probability that the future economic benefits attributable to the development expenses will revert to the Group;
- ◆ the cost of the asset can be reliably assessed.

Because of the risks and uncertainties linked to regulatory authorizations, the Group considers that costs incurred before obtaining Marketing Authorization (MA) do not meet the above criteria. Development costs are therefore recorded as expenses in the year in which they are incurred. Furthermore, costs incurred after obtaining MA are generally sales costs that cannot be capitalized.

Research tax credits are recognized as a deduction from "Other operating income and expenses" on the income statement.

h) Tangible fixed assets

Tangible fixed assets are recorded at their historic purchase or production cost. Exceptionally, using the option available under IFRS 1 in the initial IFRS version adopted, the Villepinte plant was recognized at its fair value as of January 1, 2004.

Costs that can be allocated directly and that are necessary for the start-up of investments, from engineering drafts (summary and detailed) through to costs for validation and qualification of facilities, are fixed costs.

Borrowing costs are included in the value of fixed assets for strategic investment projects that extend over several months of production and that began after January 1, 2009.

Equipment subsidies received are not deducted from the value of the fixed assets but are presented at their amortized value as deferred income.

Amortizations are calculated on a straight-line basis according to the useful lifespan of assets on the basis of their purchase or production cost, possibly reappraised, less any residual value, where applicable. Amortization periods are calculated according to the useful lives that are generally established within the following limits:

- | | |
|--|-----------------|
| ◆ Buildings: | 20 to 50 years; |
| ◆ Improvements, fittings: | 10 to 20 years; |
| ◆ Technical facilities, equipment and tooling: | 5 to 10 years; |
| ◆ Other tangible fixed assets: | 5 to 10 years. |

i) Impairment of fixed assets

Nature of tested assets

Goodwill and intangible fixed assets with an indefinite useful life

Goodwill and intangible fixed assets with an indefinite useful life are subject to an impairment test in accordance with the provisions of IAS 36, "Impairment of Assets", at least once each year or more frequently if there is evidence of impairment. Indications of loss of value may be related in particular to the success of successive phases of clinical development, drug safety monitoring, patent protection, the arrival of competing products and/or generics or the change in actual revenue compared with the forecasts.

Other fixed assets

Other fixed assets, including tangible and financial fixed assets, are also subject to an individual impairment test whenever events or changes in circumstances indicate that book value may not be recoverable. In addition, all tangible fixed assets as well as current assets included in the definition of working capital requirements are tested each year within the cash-generating units as an item that cannot generate cash inflows largely independent of the other groups of assets attached to the cash-generating units.

Impairment tests – methods adopted by the Group

The impairment tests involve comparing the net book value of the asset or the cash-generating unit with its recoverable value, which is the higher of either its fair value minus the cost of sale or its value in use.

For Goodwill and intangible fixed assets with indefinite useful lives, the Group determines the recoverable value of cash-generating units according to their value in use, which is based on the discounting of related estimated future cash flows. These cash flows are based on short- and medium-term forecasts prepared by the Group's management. The estimated cash flows are discounted using the weighted average cost of capital determined for each cash-generating unit. For each cash-generating unit, an impairment loss is recorded on a separate line in the income statement for the differential. Any identified impairment loss on a cash-generating unit is allocated primarily to Goodwill. Impairment losses that are recognized for Goodwill are non-reversible. The key methods and assumptions used in the asset impairment tests performed for the year ended December 31, 2017 are presented for intangible fixed assets with indefinite useful lives and Goodwill respectively in note 5.3.

j) Lease agreements

Finance lease

Goods acquired by finance lease are considered to be fixed assets when lease agreements have the effect of transferring to the Group the quasi-

totality of the risks and benefits inherent to having ownership of those goods. The criteria for valuing these agreements are notably based on:

- ◆ the relationship between the lease duration of the assets and their lifespan;
- ◆ the total of future payments in relation to the fair value of the financed asset;
- ◆ whether or not there is a transfer of property at the end of the lease agreement;
- ◆ whether or not there is a favorable purchasing option;
- ◆ the specific nature of the asset leased.

Goods that are leased are therefore recognized as fixed assets, and a financial debt of an equivalent amount is recognized. Each payment made is broken down between an interest expense and the repayment of the financial debt.

Assets held using finance lease agreements are amortized over their useful lives, or, if shorter, the duration of the corresponding lease agreement.

Basic lease

Lease agreements that do not have the characteristics of a finance lease agreement are recognized as operating lease agreements, and only the payments are recognized in the income statement.

k) Financial assets

Financial assets are recognized and valued by the Group in accordance with IAS 39, starting from the date of the transition to IFRS (IFRS option 1). Financial assets, except for cash and derivatives, are categorized according to one of the following four categories:

- ◆ assets held for trading;
- ◆ loans and receivables;
- ◆ assets held to maturity;
- ◆ assets available for sale.

The Group determines the classification of financial assets at the time of initial recognition, according to the reason for which they were purchased.

Assets held for trading

These are financial assets bought in order to be resold in the very near term, held in order to make a short-term profit, or voluntarily placed in this category. These assets are measured at fair value, and all changes are recognized in the income statement.

Loans and receivables

Loans and receivables are valued using the historical cost method (amortized cost – effective interest rate). Their value on the balance sheet comprises capital remaining due plus accrued interest. They are subject to impairment tests, conducted as soon as signs appear that their fair value is less than their value on the balance sheet. At a minimum, these tests shall take place at each accounting close. When the recoverable value is lower than the book value, an impairment loss is recognized on the income statement.

Assets held to maturity

Assets held to maturity are financial assets that the Group has the intention and capability of holding until maturity. These assets are recognized at amortized cost using the effective interest rate method. They are subject to impairment tests if there is an indication of loss of value. An impairment loss is recognized if the book value is higher than the estimated recoverable value.

Assets available for sale

Assets available for sale are non-derivative financial assets that are not included in the categories mentioned above. Unrealized gains or losses recognized are booked in shareholders' equity until their sale,

with the exception of impairment losses, which are recognized in income as soon as they are determined. Exchange losses and gains for assets denominated in foreign currencies are recognized in income for monetary assets and in shareholders' equity for non-monetary assets. Fair value, for listed securities, corresponds to market price, and for non-listed securities, to a reference to recent transactions, or a technical assessment based on reliable and objective indicators with estimates used by other market players. However, when it is impossible to reasonably estimate the fair value of a security, it is measured at its historical cost. These assets are then subject to impairment tests to assess their recoverability. This category primarily comprises non-consolidated equity investments and marketable securities that do not meet other definitions of financial assets. They are classified in other assets, current or non-current, and cash.

l) Inventories

Inventories of raw materials and other supplies are measured, like finished products and products in progress, at the standard price. At the end of the period, differences between the standard costs and the actual manufacturing costs are analyzed for possible capitalization. Inventory can also be impaired according to turnover rates. Inventories of products in progress and finished products are measured at cost including direct and indirect production costs, and excluding administrative, financial and sales costs. An impairment provision is created according to inventory turnover rates, use-by dates, and any quality problems.

m) Trade receivables and related accounts

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery, evaluated on a case-by-case basis, except in the case of a specific economic context.

Debt securitization consists in selling trade receivables to an entity funding the acquisition of these receivables by selling securities on capital markets. If guarantees granted to that entity mean that real risk cannot be considered as having been transferred to the transferee, the receivables are kept as assets and a loan is recognized in liabilities for the financing amount provided by the entity.

n) Non-current assets held for sale

A non-current asset, or group of assets and liabilities, is held for sale when its accounting value will be primarily recovered through sale and not through continuous use. For this to be the case, the sale must be highly probable. For the sale to be highly probable, a sales plan for the asset (or for the group to be sold) must have been initiated by an appropriate level of management, and an active program to find a buyer and finalize the plan must have been initiated.

o) Cash and cash equivalents

This item comprises liquid assets in bank current accounts. Investment securities and deposits that can be liquidated or sold, whose duration is less than three months, are classified as cash equivalents if they are easily convertible into cash and are exposed to a limited risk of change in value. Investment securities are recognized at fair value in the income statement.

p) Provisions

Provisions correspond to liabilities meeting the following criteria:

- ◆ the amount or the maturity date is not set precisely;
- ◆ the economic impact is negative for the Group. This liability is therefore analyzed as an obligation of the Group to a third party, which will probably or certainly lead to an outflow of resources to said third party, with no compensation at least equivalent expected in return.

q) Commitment to employees

The Group participates in defined contribution and defined benefit plans, according to the laws and customs of the countries where the Group operates. Measurement of defined-benefit pension plan obligations is in compliance with the revised IAS 19 standard. The costs of benefits are estimated using the projected unit credit method. This consists of basing the calculation on the compensation that will be paid to employees, taking into account age structure, staff turnover rate, and survival rate using official tables by age group. The amounts obtained are adjusted according to inflation and promotion scenarios and are updated to take into account the date on which these benefits will actually be paid. When actuarial assumptions are reviewed, any resulting actuarial gains and losses are carried over into shareholders' equity. These valuations are made once a year, for all pension plans.

r) Derivative financial instruments

The Group trades in derivative financial instruments in order to manage and reduce its exposure to risks of fluctuation of interest rates and exchange rates. These instruments are traded with leading financial institutions.

The implementation of hedge accounting requires, according to IAS 39, showing and documenting the effectiveness of the hedging relationship during its implementation and throughout its life.

The effectiveness of the hedge in accounting terms is verified by the relationship between changes in the value of the derivative and of the underlying hedge. This ratio must remain in a range between 80% and 125%. Derivatives are recognized on the balance sheet at their market value, known as fair value, on the closing date. This is determined both by financial institutions and by an independent company.

Changes in the fair value of these derivatives are recognized according to the following principles:

- ◆ for documented future cash flow hedges, changes in fair value are recognized in shareholders' equity for the effective portion. The ineffective portion is recognized in income;
- ◆ for documented fair value hedge instruments, and non-documented instruments, changes in fair value are recorded in the income statement.

s) Financial debts

Borrowings are initially recognized at fair value. They are then measured at their amortized cost using the effective interest rate method that consists in recording in the income statement, over the lifetime of the borrowing, any difference between the income from the borrowing net of transaction costs and the redemption value. Borrowings are considered to be current liabilities, except if the Group has an unconditional right to defer repayment of the liability for more than 12 months after closing.

t) Revenue

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods. It is presented net of payment discounts granted.

u) Public subsidies

Investment subsidies are not recorded as a reduction in the purchasing cost of fixed assets but instead under deferred income. Their amount is

recognized in other operating income at the same rate as amortizations of subsidized fixed assets. Innovation and employment grants received are recorded under "Other operating income" in the period in which they become definitively earned.

v) Share-based payments

Share-based payments relate to option plans granted to employees. The Group applies IFRS 2 for share options granted after November 7, 2002. The binomial model is used to measure the fair value of the options granted. The fair value of the options is recognized in staff costs extending over the time the options are unavailable, with a reverse entry under shareholders' equity.

w) Income tax

Income tax expense corresponds to the tax due for each consolidated fiscal entity, adjusted for deferred taxes. The latter are calculated on all the temporary differences between the tax base and the consolidated base of assets and liabilities, in accordance with a balance-sheet-based approach, with variable deferrals applied and based on reliable repayment scheduling. The tax rate and fiscal rules used are those set out in the tax legislation in force and which will be applicable when the transactions in question are completed. Deferred taxes on tax losses will be recognized if they are recoverable in the near future. Deferred taxes, whether assets or liabilities, are offset against one another at the level of each fiscal entity and are carried over in their net amount to liabilities or assets. In France, Guerbet, Guerbet France, Medex, and Simafex are consolidated for tax purposes in accordance with article 223-A of the French General Tax Code.

x) Earnings per share

Earnings per share are calculated by dividing net income by the average number of outstanding shares during the year. Diluted net earnings per share are calculated based on all the shares that could potentially be created and any savings, net of taxes, that would result from converting these instruments giving deferred access to the share capital. At the end of the year, the potential shares were made up entirely of stock options.

y) Cash flow

Cash flow after net finance costs and taxes is calculated by adding:

- ◆ net income;
- ◆ income and expenses recognized directly in shareholders' equity;
- ◆ calculated expenses (depreciation allowances, provisions, etc.), minus calculated expense reversals;
- ◆ income from the sale of fixed assets and non-current financial assets; and

by subtracting:

- ◆ the portion of investment subsidies recognized on the income statement.

ii) Scope of consolidation

All of the companies are fully consolidated, with ownership interests of 100% (see list of companies in note 31).

In 2017, all the entities had the same fiscal year duration, 12 months, and closed their fiscal years on December 31.

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Note 1 Financial assets

2017	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total balance
Non-current tax obligations	0	0	0	0
Other non-current financial assets	949	9,531	0	10,480
Trade and other receivables	0	150,433	0	150,433
Other current financial assets	0	61,841	0	61,841
Cash and cash equivalents	0	0	75,386	75,386
TOTAL	949	221,805	75,386	298,140

2016	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total balance
Non-current tax obligations	0	19	0	19
Other non-current financial assets	205	4,515	0	4,720
Trade and other receivables	0	168,443	0	168,443
Other current financial assets	0	94,632	0	94,632
Cash and cash equivalents	0	0	96,547	96,547
TOTAL	205	267,609	96,547	364,361

Change in impairment of financial assets

	12/31/2016	Allowances	Reversals	Translation adjustments and other	12/31/2017
Trade and other receivables	3,985	2,608	(1,591)	(109)	4,893
Other current financial assets	29	0	(29)	0	0
TOTAL	4,014	2,608	(1,620)	(109)	4,893

	12/31/2015 Restated	Allowances	Reversals	Translation adjustment	12/31/2016
Trade and other receivables	3,738	2,482	(2,210)	(24)	3,985
Other current financial assets	1,548	0	(1,696)	177	29
TOTAL	5,286	2,482	(3,906)	153	4,014

1.1 Loans and receivables at amortized cost

	2017			2016		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-current tax obligations	0	0	0	19	0	19
Other non-current financial assets	10,649	(169)	10,480	4,686	(171)	4,515
Trade and other receivables	155,326	(4,893)	150,433	172,428	(3,985)	168,443
Other current financial assets	61,841	0	61,841	94,661	(29)	94,632
TOTAL	227,816	(5,062)	222,754	271,794	(4,185)	267,609

Other current financial assets at amortized cost	2017	2016
Advance payments made to suppliers	1,778	3,611
State and local authorities	46,879	44,475
Trade payables	0	21,259
Staff and social security	213	1,033
Receivable royalties	0	0
Receivable subsidies	0	(29)
Other current assets	3,338	13,900
Prepaid expenses	9,633	10,383
TOTAL	61,841	94,632

Aged trade receivables as of December 31, 2017	Gross value
Non-mature debt	128,343
Receivables less than 3 months past due	20,563
Receivables less than 6 months past due	3,248
Receivables less than 1 year past due	1,952
Receivables less than 2 years past due	1,121
Receivables more than 2 years past due	99
TOTAL	155,326

Outstanding trade receivables at December 31, 2017 are reduced by sales of non-recourse receivables in Italy in December 2017 for €2,635,000.

Aged trade receivables as of December 31, 2016	Gross value
Non-mature debt	142,360
Receivables less than 3 months past due	20,596
Receivables less than 6 months past due	3,367
Receivables less than 1 year past due	2,864
Receivables less than 2 years past due	1,860
Receivables more than 2 years past due	1,382
TOTAL	172,429

Outstanding trade receivables at December 31, 2016 are reduced by sales of non-recourse receivables in Italy in December 2016 for €2,226,000.

1.2 Financial assets at fair value through profit or loss

	2017	2016
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS EXCEPT DERIVATIVES, OF WHICH	75,386	96,547
Investment securities	0	0
Cash and cash equivalents	75,386	96,547
TOTAL	75,386	96,547

Note 2 Financial liabilities

2.0 Details of financial liabilities with distinction of the non-current portion of said liabilities

	2017			2016
	Current	Non-current	Total	Total
Financial debt (note 2.1)	66,360	287,433	353,793	398,390
Trade payables	78,702	0	78,702	122,783
Other financial liabilities (note 2.6), of which	70,311	0	70,311	93,321
Derivatives (note 3) and other financial instruments	0	8,612	8,612	0
TOTAL	215,373	296,045	511,418	614,494

2.1 Details of financial debts with distinction of the non-current part of said debts

	2017	2016
NON-CURRENT DEBTS, OF WHICH	287,433	331,419
Special investment reserve (frozen current accounts)	17	1,047
Finance leases	2,742	1,819
Other borrowing	284,674	328,553
CURRENT DEBTS, OF WHICH	66,360	66,971
Finance leases	1,156	1,156
Other borrowing and current profit-sharing reserves	55,825	44,956
Bank facilities	9,379	20,859
TOTAL FINANCIAL DEBT	353,793	398,390

The interest paid on this debt is mostly variable-rate interest:

	2017	2016
Portion of debt at variable rate (before hedging)	97%	98%
Portion of debt at fixed rate	3%	2%

2.2 Details of financial debts by currency

Currency	2017			2016		
	Closing price	Amount	%	Closing price	Amount	%
US dollar	1.1993	216,493	61%	1.0453	184,429	46%
Euro	1	129,314	36%	-	202,400	51%
Won	1,279.61	5,627	2%	1,264.25	4,747	1%
Yen	135.01	0	0%	122.04	6,484	2%
Miscellaneous	-	2,359	1%	-	330	-
TOTAL	-	353,793	100%	-	398,390	100%

2.3 Details of financial debts by maturity

These financial debts have the following maturity dates:

	2017	2016
Maturity in less than 6 months	51,027	61,607
Maturity in 6 months to 1 year	15,333	5,364
Maturity in 1 year to 5 years	284,848	326,322
Maturity in more than 5 years	2,585	5,097
TOTAL	353,793	398,390

2.4 Finance leases

Of these financial debts, finance lease maturities are as follows:

	2017	2016
Maturity in less than 1 year	1,156	1,156
Maturity in 1 year to 5 years	2,742	1,819
Maturity in more than 5 years	0	0
TOTAL	3,898	2,975

2.5 Change in financial indebtedness

Net financial debt changed as follows during the year:

	2017	2016
Cash and cash equivalents	75,386	96,547
Bank loans and bank credit balances	(9,379)	(20,859)
NET CASH	66,007	75,688
Gross financial debt other than bank credit	(344,414)	(377,531)
NET FINANCIAL DEBT	(278,407)	(301,843)

Borrowings include a clause providing for a maximum value of the "net financial debt/EBITDA" ratio, which varies according to the year.

The maximum value of this ratio was set at 3.7 at December 31, 2016, and 3.0 at December 31, 2017. This covenant was complied with at December 31, 2017, with a ratio of 2.2.

2.6 Other current financial liabilities

	2017	2016
Social liabilities	48,316	47,525
Debt on fixed assets	4,261	8,149
Miscellaneous debt	17,734	37,647
TOTAL	70,311	93,321

Note 3 Management of financial risk

In accordance with its risk hedging policy, Guerbet hedges its foreign exchange and interest rate risks. As of December 31, 2017, the valuation of hedging instruments is negative by approximately €8.731 million. A provision appears on the income statement for the foreign exchange position, and its amount corresponds to the offsetting item of the change on the balance sheet of debt in US dollar.

3.1 Foreign exchange risk

3.1.1 Foreign exchange risk exposure and hedging at December 31, 2017

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

(in € millions)	USD	BRL	TRY	RUB	HKD	CLP	MXN
Accounting risk ⁽¹⁾	(148.83)	6.66	2.06	3.89	14.99	6.88	(12.68)
Positions before hedging	(148.83)	6.66	2.06	3.89	14.99	6.88	(12.68)
Hedges outstanding	88.5						
Net foreign exchange position	(60.33)	6.66	2.06	3.89	14.99	6.88	(12.68)

(1) Accounting risk includes all asset and liability items in currencies outside the euro zone.

The Group has opted for a net investment hedge accounting treatment for 50% of the US dollar debt.

In addition, cross-currency swaps implemented in 2016 represent 36% of the US dollar debt.

3.1.2 Analysis of sensitivity of the financial result to exchange rate accounting risk at December 31, 2017

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

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

(in € thousands)	2017	2016
USD	6,033	12,903
HKD	1,499	0
MXN	1,268	1,093

3.2 Interest rate risk

3.2.1 Exposure and hedging of interest rate risk

Before hedging, a significant portion (97.5%) of the debt (financial liabilities) was variable-rate.

In order to protect the Group against a rise in interest rates in the United States, interest rate hedging instruments have been put in place with

the aim of converting the US dollar debt (syndicated loan) from variable-rate to fixed-rate.

As a result, at December 31, 2017, 95% of the outstanding syndicated loan, on tranches A and B, is at a fixed rate. Tranches C and D are not hedged because they are denominated in euros.

Relative to the Group's total debt:

- ◆ 64% is at a fixed rate;
- ◆ 36% is at a variable rate.

	Less than 1 year ⁽¹⁾	More than 1 year	Total
Fixed-rate financial liabilities	(943)	(7,974)	(8,917)
Variable-rate financial liabilities	(65,417)	(279,459)	(344,876)
Fixed-rate financial assets	3,500	0	3,500
Variable-rate financial assets	71,886	0	71,886
Net position before management⁽²⁾			
◆ fixed-rate	2,557	(7,974)	(5,417)
◆ variable-rate	6,469	(279,459)	(272,990)
Off-balance-sheet ⁽³⁾	(31,972)	(183,838)	(215,810)
Net position after management			
◆ fixed-rate	(29,415)	(191,812)	(221,227)
◆ variable-rate	38,441	(95,621)	(57,180)

(1) All maturities for variable-rate financial liabilities and assets, and maturities of less than one year for fixed-rate financial assets and liabilities.

(2) Sum of (asset – liability) differences at fixed rates and (asset – liability) differences at variable rates.

(3) Rate swaps and cross-currency swaps (receiving variable rates and paying fixed rates).

3.2.2 Analysis of sensitivity of the financial result to interest rate risk at December 31, 2017

Sensitivity is calculated on the unhedged gross debt balance.

93% of this debt is denominated in EUR. As a result, the sensitivity calculated in this note relates only to EUR debt.

On a 3-month EURIBOR basis, a rise/fall of 100 basis points would lead to an increase/decrease in the EUR debt of approximately €1.595 million.

Gross debt in EUR (in € thousands)	EURIBOR 3M +100 bp	EURIBOR 3M -100 bp
119,926	121,521	118,331

3.3 Liquidity risk

In July 2015, the Group took out a five-year syndicated loan of US\$430 million. This syndicated loan, a significant portion of which was used to finance the acquisition of Mallinckrodt's Contrast Media and Delivery Systems (CMD5) business, should enable the Group to meet its financial commitments over the coming years.

Note 4 Additional information (formerly operating segment)

Readers should note that all of the Group's business is carried out in a unique area of activity, which is the research, development, production and sale of contrast products for medical imaging. As a result, the Group does not present operating segment information within the meaning of IFRS 8. However, to provide a detailed analysis of its activity, the Group presents in this paragraph a breakdown of its activity by geographic region. This information corresponds to the internal reporting statements used by Management to run the Group. For reference purposes, additional information is provided on revenue by product range (X-Ray, MRI, IRT, MD and other).

4.1 Geographic information

The geographical information is identified 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 representatives;

- ◆ other markets.

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

The non-allocated portion of operating income corresponds to head-office administrative costs, research and development costs, and indirect industrial costs not attributable to the products, components which 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.

2017	European companies	Other	Non-allocated	Total
Revenue				
European markets	374,709			374,709
Other markets	52,413	379,997		432,410
TOTAL	427,121	379,997		807,119
Amortization and depreciation			39,449	39,449
Other expenses without cash equivalents			11,365	11,365
OPERATING INCOME				79,219
NET INCOME				46,219
Sector assets	878,036	75,556		953,592
◆ of which fixed assets	278,973	88,436		367,409
Sector liabilities other than borrowing	526,553	73,246		599,799
Financial debts			353,793	353,793
Sector investments				
◆ intangible	13,826	2,325		16,152
◆ tangible	21,732	8,608		30,340

2016	European companies	Other	Non-allocated	Total
Revenue				
European markets	372,844			372,844
Other markets	32,006	370,923		402,929
TOTAL	404,850	370,923		775,773
Amortization and depreciation			49,213	49,213
Other expenses without cash counterpart			2,469	2,469
OPERATING INCOME				54,594
NET INCOME				28,930
Sector assets	633,743	394,409		1,028,153
◆ of which fixed assets	280,973	99,242		380,215
Sector liabilities other than borrowing	212,641	102,322		314,963
Financial debts	398,390			398,390
Sector investments				
◆ intangible	16,097	55		16,152
◆ tangible	31,904	1,725		33,630

4.2 Breakdown of revenue by product range

(in %)	2017	2016
X-Ray	46.6%	48.4%
MRI	33.7%	31.8%
IRT	7.0%	7.2%
DSS	9.9%	9.9%
Other	2.8%	2.8%
TOTAL	100.0%	100.0%

Note 5 Intangible fixed assets

5.1 Gross values

	12/31/2016	Increase	Decrease	Translation adjustment and other changes	12/31/2017
Trademarks	11,252	0	0	(504)	10,748
Patents and technologies	29,452	0	0	(2157)	27,295
Marketing Authorizations (MA)	7,052	0	0	(640)	6,412
Sales relationships	5,617	0	0	(720)	4,897
Goodwill	27,361	0	0	0	27,361
Software	48,792	2,449	(506)	22,787	73,522
Intangibles in progress	12,402	13,703	0	(14,076)	12,029
GROSS VALUES	141,928	16,152	(506)	4,690	162,264

	12/31/2015 restated	Increase	Decrease	Acquisition of CMDS COLOMBIA	Translation adjustment and other changes	12/31/2016
Trademarks	11,041	0	0	0	210	11,252
Patents and technologies	28,617	31	0	0	803	29,452
Marketing Authorizations (MA)	6,566	0	0	0	486	7,052
Sales relationships	5,347	0	0	0	270	5,617
Goodwill	24,600	0	0	1,731	1,030	27,361
Software	41,751	2,149	(102)	0	4,994	48,792
Intangibles in progress	2,512	13,972	(1,117)	0	(2,965)	12,402
GROSS VALUES	120,434	16,152	(1,219)	1,731	4,829	141,928

5.2 Amortization and depreciation by category of fixed asset

	12/31/2016	Allowances	Reversals	Translation adjustment and other changes	12/31/2017
Patents and technologies	13,129	1,506	0	(325)	14,310
Marketing Authorizations (MA)	1,360	0	0	(131)	1,229
Sales relationships	608	520	0	1,384	2,512
Goodwill	0	-	0	0	0
Software	20,763	7,115	(455)	8,167	35,590
TOTAL	35,860	9,141	(455)	9,095	53,641

	12/31/2015 restated	Allowances	Reversals	Translation adjustment and other changes	12/31/2016
Patents and technologies	11,486	1,538	0	105	13,129
Marketing Authorizations (MA)	1,266	0	0	94	1,360
Sales relationships	62	514	0	32	608
Goodwill	0	0	0	0	0
Software	15,675	5,023	(102)	167	20,763
TOTAL	28,489	7,075	(102)	398	35,860

5.3 Additional information on main intangible fixed assets

Estimates of recoverable values of cash-generating units including Goodwill or intangible fixed assets with indefinite useful lives

During the 2017 fiscal year, the Group considered the definition of new cash-generating units in order to meet the requirements of IAS 36 – Impairment of Assets – even more precisely, while ensuring comprehensive hedging of the risks to which the Group's assets are exposed.

Four cash-generating units were defined (EMEA, LATAM, APAC and NAM) according to the architecture adopted by the Group's management for the analysis of its performance as well as in the medium-term planning of its activity.

The book value of each cash-generating unit was determined according to specific allocation scales, particularly on the basis of the geographical destination of the plants' manufacturing output. In accordance with IAS 36, Goodwill is not allocated to any cash-generating unit (as it does not generate cash flows that are sufficiently independent of other Group assets); it is tested via a "consolidated" business plan.

Net book value at December 31, 2017 (in € millions)	Global	EMEA	NAM	APAC	LATAM
Goodwill	27.4	0.0	0.0	0.0	0.0
Intangible fixed assets with an indefinite useful life	9.6	0.0	2.2	7.4	0.0
Productive assets (manufacturing)	234.2	94.0	62.0	41.7	36.5
Other support assets	389.2	199.7	127.5	35.6	26.4
TOTAL	660.4	293.7	191.7	84.7	62.9
<i>Growth rate to infinity</i>	2.5%	2.4%	2.3%	3.4%	3.8%
<i>Discount rate</i>	10.1%	10.4%	9.1%	12.9%	13.2%

The discount rate used for each cash-generating unit is determined according to a risk premium specific to the geographic region in question. Weighting results in an overall discount rate of 10.1% (compared with 8% in the tests conducted as of December 31, 2016).

At December 31, 2017, the value tests were based on discounted cash flows determined on the basis of the best-known estimates at December 31, 2017. In particular, they come from the Medium-Term Plan determined by the Group's management over a three-year horizon. The last two years of tests were extrapolated by considering a level of normative activity for each region. The main assumptions are presented below:

Change in revenue	EMEA	NAM	APAC	LATAM
2018	-16.6%	23.0%	28.7%	2.2%
2019	-1.7%	0.5%	7.7%	-2.9%
2020	0.0%	1.7%	7.1%	2.8%
2021	0.0%	1.7%	7.1%	2.8%
2022	2.4%	2.3%	3.4%	3.8%

Change in working capital requirements (in € millions)	EMEA	NAM	APAC	LATAM
2018	-26.8	-18.2	-4.7	-1.0
2019	-26.3	-3.7	-5.0	-1.0
2020	-26.3	-5.6	-5.4	-1.9
2021	-26.3	-5.8	-5.8	-2.0
2022	-9.0	-8.7	-6.4	-0.6

For each of these cash-generating units, the present value exceeds the net book value. As a result, no impairment is considered as a result of these tests as of December 31, 2017. In terms of sensitivity, an increase

of one percentage point in the discount rate used would not lead to the recognition of an impairment loss. Similarly, a 10% deterioration in revenue projections would not lead to a recognition of impairment.

Capitalization of preclinical studies required by the US Food and Drug Administration

In December 2017, Guerbet LLC received a request from the FDA (Food and Drug Administration) to conduct two preclinical studies and a clinical study for Dotarem®, currently marketed in the United States (approval obtained in 2013).

These studies are part of the Postmarketing Requirements (PMRs) governed by section 505(o) of the FDCA (Federal Food, Drug and Cosmetic Act). They are mandatory, but the result does not call into question the

product's sale in the US market. According to the FDA, "the results from completed studies provide additional information that can lead to safety labeling changes, support expanded use of a drug, or alleviate concerns about a potential drug risk".

Under the Group rules and after analysis of IAS 38, the costs related to preclinical and clinical studies, occurring after an authorization is obtained, meet the criteria for recognition as capital assets. As of December 31, 2017, no cost has been incurred. Accordingly, no intangible fixed assets were recognized.

Note 6 Tangible fixed assets

6.1 Analysis of items by category

	12/31/2016	Increase	Decrease	Translation adjustment and other changes	12/31/2017
Land	18,803	84	(1,651)	(295)	16,941
◆ of which finance lease	2	0	0	(2)	0
Buildings	158,193	761	(5,199)	34,238	187,993
◆ of which finance lease	2,501	372	(1,096)	13,347	15,424
Technical facilities, equipment and tooling	307,874	1,458	(1,781)	83,401	390,953
◆ of which finance lease	7,436	0	0	(7,436)	0
Other tangible fixed assets	96,803	7,444	(5,866)	(9,766)	88,615
◆ of which finance lease	6,258	2,285	(1,064)	612	8,091
Fixed assets under construction	22,991	23,138	0	(25,073)	21,056
Advance payments	30	0	0	(30)	0
GROSS VALUES	604,694	32,885	(14,496)	82,475	705,558
Amortization and depreciation	(334,606)	(35,745)	9,639	(85,338)	(446,051)
Impairments	(681)	0	3,208	(3,247)	(720)
NET VALUES	269,407	(2,860)	(1,649)	(6,110)	258,787

	12/31/2015 restated	Increase	Decrease	Acquisition of CMDS COLOMBIA	Translation adjustment and other changes	12/31/2016
Land	18,394	0	0	0	409	18,803
◆ of which finance lease	2	0	0	0	0	2
Buildings	149,709	183	(1,246)	0	9,547	158,193
◆ of which finance lease	2,501	0	0	0	0	2,501
Technical facilities, equipment and tooling	295,322	3,460	(7,976)	0	17,068	307,874
◆ of which finance lease	7,996	0	(560)	0	0	7,436
Other tangible fixed assets	90,674	5,839	(3,922)	25	4,186	96,803
◆ of which finance lease	5,844	1,236	(861)	0	39	6,258
Fixed assets under construction	20,432	24,171	(154)	0	(21,458)	22,991
Advance payments	161	15	0	0	(146)	30
GROSS VALUES	574,692	33,668	(13,299)	25	9,607	604,694
Amortization and depreciation	(296,115)	(42,138)	11,172	0	(7,525)	(334,606)
Impairments	(539)	0	0	0	(142)	(681)
NET VALUES	278,038	(8,470)	(2,126)	25	1,939	269,407

6.2 Breakdown of net tangible fixed assets by currency area

Currency	2017		2016	
	Closing price	Amount	Closing price	Amount
Euro		206,027		213,580
USD	1.20	38,250	1.04	42,208
Real	3.97	6,576	3.42	8,296
Other currencies	N/A	7,934	N/A	5,323
TOTAL		258,787		269,407

6.3 Reappraisals

The Villepinte office complex was reappraised to its fair value on January 1, 2004 using the option allowed by IFRS 1 upon initial adoption of the IFRS. This reappraisal was based on the estimation of an independent appraiser. The value of the buildings was estimated at €11.3 million by applying the following two approaches:

- ◆ capitalization of potential revenue that could potentially be generated by rental;

- ◆ comparison with the market, referring to transactions recently conducted for premises of the same type situated nearby.

Given the net book value of these buildings on January 1, 2004, namely €3.3 million, they were reappraised at €8 million, of which €6.5 million was assigned to the buildings and €1.5 million to the land.

A second estimation by an independent appraiser was performed in 2008. The value of the buildings was estimated at €12.6 million, which confirmed there was no loss in value to be recognized.

Note 7 Non-current financial assets

	2017			2016
	Gross	Provisions	Net	Net
Guarantees and deposits	2,616	(169)	2,447	2,488
PIDR Germany reinsurance asset	5,643	0	5,643	0
Loans to staff	0	0	0	49
Other non-current financial assets	2,390	0	2,390	2,202
TOTAL	10,649	(169)	10,480	4,739

Note 8 Deferred tax assets and liabilities

	2016	Changes in income	Changes in shareholders' equity	Translation adjustment and other	2017
Deferred tax assets	26,425				17,565
Deferred tax liabilities	(23,382)				(17,549)
TOTAL	3,043	3,664	(6,756)	65	16
Of which deferred taxes resulting from:					
Capitalization of tax losses	6,216	0	0	0	6,216
Temporary timing differences	18,833	(6,613)	0	0	12,220
Restatement of regulated provisions	(29,021)	5,472	0	0	(23,549)
Reassessment of tangible fixed assets	(16,707)	5,070	(1,419)	0	(13,056)
Difference in valuation of intangible fixed assets	(24,757)	0	0	0	(24,757)
Restatement of margins on inventories	33,850	3,268	0	(965)	36,153
Restatement of provisions on subsidiary risk	(315)	3,520	0	0	3,205
Finance leases	(148)	0	0	0	(148)
Restatement of injectors	286	(610)	0	218	(107)
Restatement of financial instruments	0	0	(5,194)	0	(5,194)
Restatement of borrowing costs	0	0	0	0	0
Other	14,806	(6,443)	(143)	812	9,032

	2015 restated	Changes in income	Changes in shareholders' equity	Translation adjustment and other	2016
Deferred tax assets	19,314				26,425
Deferred tax liabilities	(21,470)				(23,382)
TOTAL	(2,156)	1,540	2,047	1,613	3,043
Of which deferred taxes resulting from:					
Capitalization of tax losses	8,917	(9,285)	6,039	545	6,216
Temporary timing differences	12,858	2,809	2,530	636	18,833
Restatement of regulated provisions	(21,207)	(1,125)	(6,690)	0	(29,021)
Reassessment of tangible fixed assets	(15,945)	2,550	(2,746)	(566)	(16,707)
Difference in valuation of intangible fixed assets	(24,545)	929	(172)	(970)	(24,757)
Restatement of margins on inventories	23,881	4,688	3,784	1,497	33,850
Restatement of provisions on subsidiary risk	(1,024)	624	87	(2)	(315)
Finance leases	(159)	0	11	0	(148)
Restatement of injectors	36	234	0	16	286
Restatement of financial instruments	0	0	0	0	0
Restatement of borrowing costs	0	0	0	0	0
Other	15,031	113	(797)	459	14,806

Note 9 Inventories

	2017	2016
Raw materials and spare parts	95,012	76,308
Intermediate and finished products, work in progress and goods	203,212	209,233
GROSS VALUE	298,223	285,542
Provisions	(27,744)	(23,650)
NET VALUE	270,479	261,891

Note 10 Trade receivables and related accounts

	2017	2016
GROSS VALUE	155,326	172,429
Provisions	(4,893)	(3,985)
NET VALUE	150,433	168,443

Receivables sold under securitization contracts are kept as assets on the balance sheet if the risks and benefits are not fully transferred. For more information about maturities and transfers of receivables, see note 1.1.

Note 11 Shareholders' equity

11.1 Change in number of shares of the parent company

At December 31, 2016, the capital of the parent company was made up of 12,501,148 shares at €1 par value.

The changes in Guerbet shares are as follows:

	2017
NUMBER OF SHARES AT THE BEGINNING OF THE YEAR	12,501,148
Creation of shares through exercise of stock options	62,210
NUMBER OF SHARES AT THE END OF THE YEAR	12,563,358

The Group held 20,428 treasury shares at December 31, 2017, unchanged from 2016.

11.2 Details of shareholders' equity

	2017	2016
Guerbet share capital	12,563	12,501
Issue, merger and conversion premiums for Guerbet convertible bonds	10,654	9,918
Guerbet legal reserves	1,250	1,221
Consolidated reserves	234,801	189,455
Treasury shares	(170)	(170)
Guerbet retained earnings	68,236	76,669
Consolidated income	46,219	28,930
Translation adjustment	(31,412)	(3,724)
TOTAL	342,141	314,800

Note 12 Provisions

12.1 Changes

	2016	Allocation	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2017
NON-CURRENT	33,194	1,583	(130)	(2,068)	5,181	(2,980)	34,780
Of which deferred staff benefits (note 12.2)	33,194	1,583	(130)	(2,068)	5,181	(2,980)	34,780
Current							
Tax disputes	804	200	0	(70)	(116)	0	818
Commercial disputes	401	2,073	0	0	(166)	0	2,308
Miscellaneous risks	6,649	5,761	(1,647)	(2,868)	(2,216)	0	5,679
TOTAL CURRENT PROVISIONS	7,854	8,034	(1,647)	(2,938)	(2,498)	0	8,806
TOTAL PROVISIONS	41,048	9,617	(1,777)	(5,006)	2,683	(2,980)	43,586

	2015 Re-stated	Allocation	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2016
NON-CURRENT	30,451	1,242	(114)	(524)	(12)	2,152	33,194
Of which deferred staff benefits (note 12.2)	30,451	1,242	(114)	(524)	(12)	2,152	33,194
Current							
Tax disputes	987	252	(385)	(191)	141	0	804
Commercial disputes	471	104	(144)		(30)	0	401
Miscellaneous risks	6,074	3,334	(1,306)	(67)	(1,387)	0	6,649
TOTAL CURRENT PROVISIONS	7,532	3,690	(1,835)	(258)	(1,277)	0	7,854
TOTAL PROVISIONS	37,983	4,932	(1,949)	(782)	(1,288)	2,152	41,048

12.2 Deferred staff benefits

a) Description

Group employees have post-employment benefits in the form of:

- ◆ retirement benefits or end-of-career benefits (France, Italy, Austria, Korea, Japan, Turkey and Ireland);
- ◆ supplementary defined-benefit retirement schemes (Germany) or early retirement benefits for persons aged 58 to 60 (Belgium).

Provisions have been made for these commitments.

The Group has no scheme to cover the medical expenses of its former employees.

Commitments for supplemental retirement benefits to be paid to German workers are covered by financial assets corresponding to

funds invested with third parties (the scheme's assets). All of these investments are made with insurance companies, judged to be risk-free. These assets are assessed each year, frequently enough so that the amounts recognized do not differ significantly from the assets and liabilities at close. They are valued at €5,643,000 at December 31, 2017. Premiums paid for defined-contribution retirement schemes are spread over the year.

b) Assessment and recognition

The Group's obligations are calculated using the assumptions in effect in the countries in question.

Actuarial gains and losses are recognized directly in shareholders' equity as authorized by revised IAS 19.

c) Actuarial assumptions applied for France and Germany representing 98% of provisions and 100% of the scheme's assets

	France		Germany	
	2017	2016	2017	2016
Discount rate	1.60%	C	2.00%	2.20%
Average expected return of scheme assets	N/A	N/A	N/A	2.31%
Wage growth	2.50%	2.50%	2.30%	2.75%
Average revision rate applied to annuities	N/A	N/A	1.75%	1.75%
Mortality assumptions	T	T	T	T
Staff turnover rate	S	S	S	S
Retirement age	E	E	65	65
Social security charge rate	50.21%	50.21%	V	V

C = Bloomberg rate curve (discount rate for first-tier companies).

E = Estimated retirement age based on an average start-of-career age by category of employees, and annuities required by regulations.

S = Rate tables established from statistics and according to analysis axes such as status, sex and age of employee, according to their relevance.

T = The tables used are adjusted tables TH 00-02 and TF 00-02 for mainland France and Dr. Klaus Heubeck's table (RT 2005 G) for Germany.

V = Variable according to remuneration.

The following information is not provided in detail (N/A):

– Average expected returns from scheme assets for French companies, since French schemes do not have assets.

– The average revision rate for annuities since French schemes correspond to retirement benefits and not annuities.

– The average rate of growth in medical expenses, because none of the schemes cover medical expenses.

Liabilities on the balance sheet	2017	2016
Present value of funded liabilities	36,033	39,712
Fair value of scheme assets	(1,253)	(6,518)
BALANCE OF LIABILITIES	34,780	33,194
Amounts accounted for on balance sheet		
Provisions for deferred staff benefits	34,780	33,194
Non-current financial assets (accounting)	0	0
NET BALANCE OF BALANCE SHEET: NET LIABILITIES (ASSETS)	34,780	33,194

Expenses on the income statement	2017	2016
Cost of services for the year	2,269	2,511
Finance costs	385	515
Other impacts including actuarial gains and losses	13	(1,824)
NET TOTAL OF SCHEME COSTS	2,667	1,202

Change in liabilities over the year	2017	2016
LIABILITIES AT START OF PERIOD	33,194	30,451
Cost of services for the year	2,269	2,511
Finance costs	385	515
Other impacts including actuarial gains and losses	13	(60)
Employer payments to funding assets	(33)	(360)
Benefits paid	(1,552)	(1,404)
Actuarial gains and losses	(3,977)	2,214
Translation adjustments	(15)	4
Other	4,496	(677)
LIABILITIES AT END OF PERIOD	34,780	33,194

Note 13 Trade payables and related accounts

	2017	2016
Trade payables and related accounts	78,702	122,783
TOTAL	78,702	122,783

The balance for the item shows a significant decrease by €44 million between the two years. This decrease affects most of the Group's major entities.

Among the items explaining this decrease are the following:

- ◆ launch of a major payment campaign at the end of 2017 to prepare for the shutdown of the SAP computing tool during the first days of 2018;

- ◆ favorable effect of the euro/US dollar exchange rate, which led to a decrease in third-party trade payables denominated in US dollars;
- ◆ more accurate calculation of return provisions, which led to a reduction in trade payables in the US.

Note 14 Other operating revenue

	2017	2016
Sales of services	1,511	659
Operating subsidy	646	135
TOTAL	2,157	794

Note 15 Staff costs

15.1 Details of staff costs

	2017	2016
Salaries and wages	(167,244)	(157,997)
Social security charges	(53,779)	(43,691)
Employee profit sharing	(1,128)	(1,377)
Amortization of share-based payment	0	(1,400)
TOTAL	(222,151)	(204,464)

Staff costs increased by €17.7 million between 2016 and 2017.

This increase, slightly greater than the increase in revenue, is explained in particular by the following items:

- ◆ discontinuation of Mallinckrodt IT outsourcing in 2016, entailing a recruitment of IT specialists at the St. Louis facility;

- ◆ increased sales costs in the United States and France;
- ◆ awarding of free shares in 2016, which had a full-year impact in 2017 (see note 15.3).

15.2 Main characteristics and parameters for valuing the share-based payment benefit granted by the Group

The binomial options pricing model is used to assess the fair value of stock options granted. It can value options that can be exercised at any point during their life. The value of the option thus defined is reduced by the cost of carry, generated by the rule against selling the shares if options are exercised less than four years after the beginning of the plan. This implied cost is estimated by the price of a risk-free strategy that would allow the employee to have the security when they exercise the option. This strategy consists in purchasing the security in the cash market by borrowing the necessary funds, offset by forward selling of the security. The cost of this strategy is a financial cost corresponding to the borrowing cost minus the dividends.

15.2.1 Characteristics of share-based payments for plans in effect on December 31, 2017

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

15.2.2 Breakdown of benefit by fiscal year for plans in progress in 2017

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

15.2.3 Impact on balance sheet

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

15.3 Free share allocation plan

During the fiscal year ended December 31, 2016, acting in accordance with the authorization granted by the company's Extraordinary General Meeting of May 27, 2016, the Board of Directors adopted a free share allocation plan on September 27, 2016 intended for all employees and officers of the company and its French and foreign subsidiaries. On November 8, 2016, the Board of Directors, also pursuant to this decision, approved a second free share allocation plan for certain employees and officers of the company and its French and foreign subsidiaries. The total commitment (€5,959,000) of these plans was valued using the Monte Carlo model with the Black & Scholes formula.

Pursuant to these plans, an expense of €2,990,000 was recognized with an offsetting increase in shareholders' equity.

15.4 Average number of staff during the year

	2017	2016
Europe	1,492	1,501
America	924	950
Asia	130	128
TOTAL	2,546	2,579

15.5 Geographic breakdown of workforce snapshot at December 31

	2017	2016
Europe	1,604	1,565
America	1,005	979
Asia	153	135
TOTAL	2,762	2,679

Note 16 External charges

	2017	2016
Industrial subcontracting	(27,374)	(17,489)
Non-stocked supplies and materials	(28,097)	(31,504)
Rentals and rental expenses	(17,033)	(12,773)
Maintenance and repairs	(25,522)	(24,946)
Insurance	(2,942)	(3,396)
Studies and research	(18,981)	(8,023)
Outside staff	(6,056)	(7,234)
Commissions and fees	(51,070)	(46,023)
Advertising and public relations	(10,558)	(10,686)
Transport	(11,746)	(11,160)
Travel and entertainment	(16,676)	(13,374)
Postage and telecommunications fees	(4,474)	(3,992)
Miscellaneous	(34,298)	(60,861)
TOTAL	(254,827)	(251,461)

Note 17 Taxes and duties

	2017	2016
Payroll tax	(1,489)	(12,276)
Regional Economic Contribution (<i>France: contribution économique territoriale</i>)	(5,140)	(4,687)
Inami Tax (Belgium)	(1,849)	(1,763)
Other taxes and duties	(9,232)	(8,555)
TOTAL	(17,710)	(27,281)

The decrease in "Payroll taxes" in 2017 is due to a reallocation of these expenses to the "Social security charges" line within the "Staff costs" group (note 15).

Note 18 Depreciation and amortization

	2017	2016
On intangible fixed assets	(9,142)	(7,075)
On tangible fixed assets	(30,307)	(42,138)
TOTAL	(39,449)	(49,213)

Note 19 Other operating income and expenses

	2017	2016
Royalties paid	(2,233)	(2,346)
Research tax credit ⁽¹⁾	6,073	4,343
Income from sale of fixed assets	(1,795)	(1,412)
Investment subsidies	0	72
Miscellaneous other income and expenses	542	(3,203)
TOTAL	2,587	(2,546)

(1) The research tax credit previously presented as a deduction from the tax expense is now recognized in "Other income and expenses." This reclassification is consistent with IAS 20 and local practices.

Note 20 Gross finance costs

	2017	2016
Finance lease	(36)	(33)
Interest on borrowing and bank credit	(6,353)	(6,839)
Interest swaps	293	294
TOTAL	(6,096)	(6,578)

Note 21 Income tax

21.1 Details of tax expenses

	2017	2016
Current taxes	(24,255)	(21,686)
Deferred taxes	3,664	3,555
TOTAL	(20,591)	(18,131)

21.2 Analysis of tax expenses

	2017	2016
Theoretical tax charge at the prevailing rate for the consolidating company ⁽¹⁾	(23,003)	(16,214)
Impact of differences in tax rates	8,552	5,045
Impact of expenses that are definitively non-deductible or non-taxable	(1,570)	(2,172)
Impact of tax credits	485	373
Impact of deferred taxes on unrecognized losses and miscellaneous	(5,055)	(5,163)
TOTAL	(20,591)	(18,131)
Effective tax rate (%)	30.8%	38.5%
(1) Tax rate.	34.43%	34.43%

Note 22 Research and Development costs

The amounts below are booked as expenses:

	2017	2016
Direct costs	65,681	52,036
Indirect costs	2,022	1,341
OVERALL RESEARCH AND DEVELOPMENT EFFORT	67,703	53,377

The definition of the Research and Development scope and the method for allocating indirect costs include costs of supplies and consumables, external costs, staff costs and depreciation.

Note 23 Public subsidies

The following subsidies were recognized in the income statement:

Accounting category	Type	2017	2016
Other operating revenue	Innovation aid	367	0
Other operating revenue	Employment aid	54	61
Other operating revenue	Miscellaneous aid	192	195
TOTAL		256	613

In 2017, Guerbet's income statement for 2017 shows an innovation grant of €367,000 for Key Stage 1 of the HECAM R&D project.

The various aids mainly consist of the following subsidies:

- ◆ in 2017, electricity consumption tax (TIFCE) refund of €175,000;
- ◆ in 2017, €14,000 in assistance for specific effluent treatment by nanofiltration;
- ◆ in 2016, €164,000 in aid for the establishment of an incineration-process energy recovery investment by EDF;
- ◆ in 2016, €21,000 in aid for definition of the environmental master plan by the water agency of Brittany-Pays-de-la-Loire.

In December 2008, the request for aid for the French-German "Iseult" research project, filed with OSEO, 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. An amendment signed with BPI France

extends the duration of the project by two years and modifies the conditions of financial return if a product resulting from the project is placed on sale.

At December 31, 2017, this aid agreement included the following items:

On the balance sheet:

- ◆ €2.3 million in subsidies paid in advance upon signature of the contract in December 2008, and recognized in "Deferred income";
- ◆ €7.7 million in repayable advances received from 2008 to 2017 and recognized in "Non-current financial debts".

There was no impact recognized in the 2017 income statement.

June 2015 saw the approval of the request for aid for the collaborative research and development project named "Hecam," filed with BPI France. At December 31, 2016, under this consortium agreement, €1.03 million was recognized: €0.66 million in "Non-current financial debts" and €0.37 million in "Other current financial liabilities".

Note 24 Information on stock option operations

The staff of the company and its subsidiaries benefit from stock options until October 17, 2021. At December 31, 2017, staff could subscribe to 102,186 shares at a weighted average price of €15.46. If all of the stock options are exercised, the total number of shares would be 12,665,544 for a nominal amount of €12,665,544. These new shares would represent an increase in shareholders' equity of €1,573,620. Potential dilution of shareholders' equity is 1.11%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, come in at €3.65 for the 2017 fiscal year.

Summary statement of stock option plans:

Grant date	10/17/2011	11/23/2011	02/20/2012
Date of tax availability	10/17/2015	11/23/2015	02/20/2016
Date of the Board of Directors' meeting when it was decided to grant options	10/17/2015	11/23/2015	02/20/2016
Number of options granted:	530,840	48,000	6,800
of which Yves L'Épine	0	48,000	0
Subscription or purchase price	€15.40	€16.08	€15.38
Plan expiration date	10/16/2021	11/22/2021	02/20/2022
Number of options exercised at 12/31/2016	261,364	31,400	0
Number of options exercised in 2017	43,010	16,600	2,600
Number of options canceled	126,480	0	2,000
NUMBER OF OPTIONS REMAINING	99,986	0	2,200

Note 25 Related-party disclosures

25.1 Relationships with non-consolidated companies

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

25.2 Compensation and benefits granted by the Group to top executives

The top executives are people with the authority and responsibility for planning, managing, and controlling operations, directly or indirectly, including Directors (executives or not). Those who were present at December 31, 2017 received compensation and the following benefits:

Short-term benefits	2,122
Fixed share of total gross compensation (not including benefits in kind)	1,467
Variable share of compensation	629
Benefits in kind	26
Post-employment benefit plans	605
Of which funded supplemental pension contributions	75
Of which provisions for retirement benefits	530
Other long-term benefits	N/A
Termination benefits	N/A
Payment in shares	N/A

Note 26 Off-balance-sheet commitments

Commitments given:	2017	2016
Sureties, deposits, and other commitments given to third parties on behalf of related companies	21,076	20,428
Sureties and deposits given to third parties and other commitments	16,453	12,388
TOTAL	37,529	32,817

Commitments received:	2017	2016
Sureties, deposits and other commitments received from third parties on behalf of related companies	0	0
Sureties and deposits received from third parties and other commitments	100,000	0
TOTAL	100,000	0

As at December 31, 2017, Guerbet has a commitment to a subscription in the Truffle Capital innovation investment fund for a maximum of €15 million, of which €750,000 was paid at the end of 2017.

On December 22, 2017, Guerbet obtained a bridge term loan of €100 million from BNP Paribas, with no drawdowns as of the end of December 2017. The loan has a financial covenant to be respected (net financial debt/EBITDA < or = 3).

Note 27 Earnings per share and diluted earnings per share

	2017	2016
Consolidated net income, Group share	46,219	28,930
Weighted average number of shares in the fiscal year	12,525,383	12,442,957
NET EARNINGS PER SHARE	3.69	2.33

	2017	2016
Consolidated net income, Group share	46,219	28,930
Consolidated net income after dilution	46,229	28,959
Current and future number of shares	12,665,544	12,667,224
DILUTED NET EARNINGS PER SHARE	3.65	2.29

Note 28 Post-closing events

Pursuant to the agreement signed on January 8, 2018, Guerbet acquired on February 8, 2018 the Israeli company Accurate Medical Therapeutics, specializing in the development of microcatheters used in interventional radiology.

The initial payment of €19.5 million was financed by a bridge loan obtained from BNP Paribas.

Additional payments, subject to achieving regulatory and commercial objectives, are spread over several years.

The total acquisition amount cannot exceed €57 million.

Note 29 Appropriation of 2017 earnings

The Board of Directors approved the consolidated financial statements at December 31, 2017 during its March 27, 2018 meeting. These accounts will not be considered final until approved by the Annual

General Meeting. The Board of Directors will propose distribution of a net dividend of €0.85 per share. The total amount of dividends to be paid will be €10,679,000.

Note 30 Fees paid to Statutory Auditors

2017	Deloitte & Associés				Crowe Horwath-HAF Audit & Conseil			
	Statutory Auditor (Deloitte & Associés)		Network		Statutory Auditor		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of individual and consolidated financial statements								
◆ Issuer	149	23%	n/a		149	27%	n/a	
◆ Fully consolidated subsidiaries	35	5%	438	68%	32	6%	379	68%
SUBTOTAL	184	29%	438	68%	181	32%	379	68%
Services other than certification of the financial statements								
◆ Issuer (CSR work)	22	3%						
◆ Fully consolidated subsidiaries								
SUBTOTAL	22				0			
TOTAL	206	32%	438	68%	181	32%	379	68%

2016	Deloitte & Associés				Crowe Horwath-HAF Audit & Conseil			
	Statutory Auditor (Deloitte & Associés)		Network		Statutory Auditor		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of individual and consolidated financial statements								
◆ Issuer	157	22%	n/a		177	33%	n/a	
◆ Fully consolidated subsidiaries	35	5%	501	69%			335	62%
SUBTOTAL	192	22%	501	69%	177	33%	335	62%
Services other than certification of the financial statements								
◆ Issuer (CSR work)	22	3%						
◆ Fully consolidated subsidiaries			11	1%			32	6%
SUBTOTAL	22		11		0		32	
TOTAL	214	29%	512	71%	177	33%	367	67%

Note 31 List of consolidated companies

Business registration number (Siren)	Parent company	Head office	2017 % held % controlled	2016 % held % controlled
308,491,521	Guerbet SA	France	Parent company	Parent company
308,412,434	Simafex SAS	France	100%	100%
340,598,978	Medex SAS	France	100%	100%
789,526,555	Guerbet France	France	100%	100%
	Guerbet GmbH	Germany	100%	100%
	Mallinckrodt Medical Argentina Ltd	United Kingdom	100%	100%
	Mallinckrodt Medical Argentina branch	Argentina	100%	100%
	Guerbet Ges.m.b.H	Austria	100%	100%
	Guerbet Colombia SAS	Colombia	100%	100%
	Guerbet Czech Republic S.r.o.	Czech Republic	100%	0%
	SA Guerbet NV	Belgium	100%	100%
	Laboratorios Farmaceuticos Guerbet S.A.U.	Spain	100%	100%
	Guerbet Laboratories Ltd	United Kingdom	100%	100%
	Guerbet Imaging UK Ltd	United Kingdom	100%	100%
	Guerbet Nederland BV	Netherlands	100%	100%
	Guerbet Imaging Nederland BV	Netherlands	100%	100%
	Guerbet Ireland Unlimited Co.	Ireland	100%	100%
	Liebel-Flarsheim Ireland Limited	Ireland	100%	100%
	Guerbet SpA	Italy	100%	100%
	Guerbet Luxembourg S.A.R.L.	Luxembourg	100%	100%
	Guerbet Poland SP. Z.O.O.	Poland	100%	100%
	A. Martins & Fernandes S.A.R.L.	Portugal	100%	100%
	Guerbet South Africa Pty Ltd	South Africa	100%	100%
	Guerbet Sweden AB	Sweden	100%	100%
	Guerbet AG	Switzerland	100%	100%
	Guerbet Imaging Switzerland AG	Switzerland	100%	100%
	Guerbet Ilac Tibbi AS	Turkey	100%	100%
	Guerbet Produtos Radiologicos Ltda	Brazil	100%	100%
	Guerbet Imagem do Brasil Ltda	Brazil	100%	100%
	Liebel Flarsheim Canada Inc.	Canada	100%	100%
	Guerbet Chile Ltda	Chile	100%	100%
	Guerbet Mexicana, S.A. de C.V.	Mexico	100%	100%
	Operadora de Insumos para la Salud Guerbet, S.A. de C.V.	Mexico	100%	100%
	Guerbet Panama S.A.	Panama	100%	100%
	Guerbet Imaging Panama S.A.	Panama	100%	100%
	Guerbet Caribbean, Inc.	USA	100%	100%
	Guerbet LLC	USA	100%	100%
	Liebel Flarsheim Company LLC	USA	100%	100%
	Guerbet Australia Pty Ltd	Australia	100%	100%
	Guerbet Medical Consulting (Shanghai) Co. Ltd	China	100%	100%
	Guerbet Korea Ltd	Korea	100%	100%
	Imaging Solutions Korea Ltd	Korea	100%	100%

Business registration number (Siren)	Parent company	Head office	2017 % held % controlled	2016 % held % controlled
	Mallinckrodt Hong Kong Ltd, Thailand branch	Thailand	100%	100%
	Guerbet Asia Pacific Ltd	Hong Kong	100%	100%
	Guerbet Japan K.K.	Japan	100%	100%
	Guerbet Taiwan Co. Ltd	Taiwan	100%	100%

List of entities acquired during the 2017 fiscal year

Acquired company	Head office	Acquiring company
Guerbet GmbH	Germany	Guerbet GmbH (formerly MNK Deutschland)
Guerbet Imaging Saglik Anonim Sirketi	Turkey	Guerbet Ilac Tibbi AS
Mallinckrodt Hong Kong Ltd	Hong Kong	Guerbet Asia Pacific Ltd
Guerbet Imaging Spain S.L.	Spain	Laboratorios Farmaceuticos Guerbet S.A.U.
Guerbet Imaging Italy S.r.l.	Italy	Guerbet SpA

6.2 Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2017

To the Guerbet Annual General Meeting

This is a translation into English of the Statutory Auditor's report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditor's report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to Shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Guerbet for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report, and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Furthermore, we provided the following non-audit services to your Company and its controlled undertakings during the fiscal year:

- ◆ verification of the consolidated employee, environmental and social information set forth in Article L. 225-102-1 of the French Commercial Code was carried out during the year by Deloitte & Associés;
- ◆ a certification of the expenses incurred for the financing of a research and development project was prepared during the year by HAF Audit & Conseil.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of the audit of the consolidated financial statements, as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of intangible assets with an indefinite life and goodwill – impairment tests

Note i) of the accounting methods and rules and Note 5.3 to the consolidated financial statements

Risk identified

As part of its development, the Group carried out external growth operations, notably taking over the "contrast media and delivery systems" (CMDS) division of the Mallinckrodt group acquired on November 27, 2015, and recognized goodwill, manufacturing assets and intangible assets and assets related to intellectual property following the acquisition price allocation process. This goodwill, which in this case corresponds to the difference between the price paid and the fair value of the assets, is not allocated to any CGU and is tested through a consolidated business plan. The other assets are allocated to four groups of cash-generating units (CGUs), defined according to the geographic region where the Group is established, namely France and EMEA (Europe Middle East & Africa), LATAM (Latin America), APAC (Asia-Pacific) and NAM (North America) (see Note 5.3 to the consolidated financial statements).

During each fiscal year, Management ensures that the carrying value of these assets, shown on the balance sheet for €37 million, including €27 million in goodwill, is not greater than their recoverable amount and does not present a risk of impairment loss.

The methods of the implemented impairment tests and the details of the assumptions used are described in Note 5.3 to the consolidated financial statements. The recoverable amount was determined by reference to the value in use calculated using the present value of the expected cash flows from the asset groups forming the four CGUs.

The determination of the recoverable amount of these assets, which represent a significant amount, requires Management to exercise its judgment, particularly with regard to the growth rate used for the cash flow projections and the discount rate applied to them. We therefore considered the valuation of assets to be a key audit matter.

Our response

We verified that the methodology and calculation models applied by the Group were consistent with the accounting standards in force, relying on the expertise of our valuation specialists.

We also conducted a critical review of how this methodology was implemented. In particular, we:

- ◆ verified the completeness of the components of the carrying amount of the groups of CGUs and the consistency of the determination of this value with the way in which the cash flow projections were prepared to estimate the value in use;
- ◆ verified the consistency of the cash flow projections with the latest management estimates, as presented to the Board of Directors as part of the budgeting processes;
- ◆ assessed the discount rate used by Management by comparing it with our own estimate of this rate, prepared with the help of our valuation specialists and by analyzing the various constituent parameters to be applied;
- ◆ verified the arithmetical accuracy of the impairment tests performed;
- ◆ assessed whether the information provided in Note 5.3 to the consolidated financial statements, particularly with regard to key assumptions and sensitivity analyses, is appropriately presented.

Valuation of provisions related to inventories

Note 1) of the accounting methods and rules and Note 9 to the consolidated financial statements

Identified risk

Inventories appear on the balance sheet at December 31, 2017 for €270 million, or 28% of total consolidated assets. They mainly consist of:

- ◆ raw materials valued at the purchase price; and
- ◆ intermediate and finished products measured at cost including direct and indirect production costs, and excluding administrative, financial and selling costs.

They are depreciated according to their turnover rate, their use-by date and any quality problems. The amount of the related provisions is €28 million.

The Group is updating its production tool and product range to adapt to regulatory and commercial developments. Provisions for possible impairment of inventories are based mainly on the valuation of future sales.

The determination of their realizable value, which represents a significant amount, requires Management to make judgments. We therefore considered the valuation of provisions related to inventories to be a key audit matter.

Our response

Our work consisted of assessing the data and assumptions used by Management to determine the net realizable value and to identify the items that must be recognized at this value.

We:

- ◆ reviewed the internal control procedures put in place to identify slow-moving items;
- ◆ used sampling to compare the cost of items in inventory with the net selling price in order to confirm the amount of impairment recognized in the accounts;
- ◆ used computer queries to identify slow-moving items and verified their correct valuation at the net realizable value when this is lower than their cost;
- ◆ analyzed the inventory sales forecasts estimated by the Group in light of historical figures and recent budgets in order to corroborate the resulting impairment amounts. Where appropriate, we examined the assumptions used by the Group for the recognition of specific provisions, particularly regarding commitments to purchase raw materials.

Verification of the information pertaining to the Group presented in the management report

As required by law, we have also verified, in accordance with professional standards applicable in France, the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Guerbet by the Annual General Meeting held on May 21, 1987 for Deloitte & Associés and on May 23, 2008 for HAF Audit & Conseil.

As of December 31, 2017, Deloitte & Associés was in the 31st year of total uninterrupted engagement and HAF Audit & Conseil was in the 10th year of total uninterrupted engagement.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- ◆ identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◆ obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- ◆ evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- ◆ assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- ◆ evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Neuilly-sur-Seine, April 11, 2018

The Statutory Auditors

HAF Audit & Conseil

Member of Crowe Horwath International

Marc de Prémare

Deloitte & Associés

Frédéric Souliard

6.3 Annual financial statements and notes

6.3.1 Annual financial statements

6.3.1.1. Balance sheet

Assets (in € thousands)	Note	2017			2016
		Gross amounts	Depreciation, amortization and provisions	Net amounts	Net amounts
Patents, trademarks, and similar rights		3		3	3
Other intangible fixed assets		64,056	20,810	43,246	33,871
Advance payments		12	0	12	
TOTAL INTANGIBLE FIXED ASSETS	1	64,071	20,810	43,261	33,874
Land		1,554		1,554	1,554
Buildings		98,158	54,239	43,919	44,173
Technical facilities				0	0
Industrial tooling and equipment		170,662	103,185	67,477	70,178
Other tangible fixed assets		19,802	14,455	5,347	3,933
Fixed assets under construction		9,257		9,257	14,192
Advance payments		0		0	15
TOTAL TANGIBLE FIXED ASSETS	2	299,433	171,879	127,554	134,045
Controlled entities	3	318,179	11,467	306,712	335,434
Receivables from controlled entities	6	0		0	0
Loans	4 and 6	43		43	49
Other financial fixed assets	6	555	168	387	410
TOTAL FINANCIAL FIXED ASSETS		318,777	11,635	307,142	335,893
TOTAL FIXED ASSETS		682,281	204,324	477,957	503,812
INVENTORIES	5	125,320	12,909	112,411	98,324
Advance payments		757		757	535
Trade receivables and related accounts	6	38,787	72	38,715	12,813
Other operating receivables	6	226,942	0	226,942	194,357
TOTAL OPERATING RECEIVABLES		266,486	72	266,414	207,705
Investment securities and cash	7	12,826		12,826	7,544
TOTAL CURRENT ASSETS		404,632	12,981	391,651	313,573
Prepaid expenses	6	922		922	1,648
Expenses to be spread over several years				0	0
Translation adjustment		6,788		6,788	3,562
TOTAL ASSETS		1,094,623	217,305	877,318	822,595

Equity and liabilities (in € thousands)	Note	2017	2016
Share capital		12,563	12,501
Issue premiums		10,825	9,918
Statutory reserve		1,250	1,221
Other reserves		52,015	52,015
Retained earnings		68,236	63,732
FISCAL YEAR INCOME		258	15,142
NET POSITION		145,147	154,529
Regulated provisions	9	86,097	73,713
TOTAL SHAREHOLDERS' EQUITY	8	231,244	228,242
PROVISIONS FOR LIABILITIES AND CHARGES	10	26,208	24,697
Contingent advances		8,332	5,747
OTHER EQUITY		8,332	5747
Loans and borrowing from credit institutions other than current banking facilities		333,403	363,783
Current banking facilities and credit balances		14,808	20,005
Miscellaneous other financial debt and borrowing		1,284	1133
TOTAL FINANCIAL DEBT		349,495	384,921
Trade payables and related accounts		71,847	47,997
Tax and employment-related liabilities		27,689	26,077
Debt on fixed assets and related accounts		3,333	7,379
Other debt		136,843	89,417
TOTAL OPERATING DEBT AND MISCELLANEOUS		239,712	170,870
TOTAL DEBT	11	589,207	555,791
Deferred income	11	2,714	3,297
Translation adjustment		19,613	4,821
TOTAL LIABILITIES		877,318	822,595

6.3.1.2. Income statement

(in € thousands)	Note	2017	2016
Products sold in France		111,354	105,093
Products sold in countries other than France		346,894	242,807
REVENUE FROM PRODUCTS	13	458,248	347,900
Various products and services		8,671	23,535
Rights and royalties		26	29
Capitalized production		1,016	986
Reversals of provisions and expense transfers		2,487	3,094
Expense transfers		0	0
Operating subsidies		631	243
Other income	14	441	0
TOTAL OPERATING INCOME		471,520	375,787
Purchases of merchandise, raw materials, and other supplies held in inventory		(220,503)	(128,151)
+ Beginning inventories		(103,144)	(91,546)
- Ending inventories		125,320	103,144
CONSUMED DURING THE YEAR		(198,327)	(116,553)
Purchases not held in inventory, other services and external expenses		(144,870)	(125,683)
Taxes and similar payments		(8,917)	(8,083)
Staff-related costs	14	(81,100)	(78,200)
Amortization and depreciation		(19,630)	(17,790)
Provisions		(9,488)	(3,797)
TOTAL OPERATING EXPENSES		(462,332)	(350,106)
OPERATING RESULT		9,188	25,681
Reversals of provisions and expense transfers		6,907	12,452
Interest and similar income		32,828	12,803
Foreign exchange gains		2,814	9,422
TOTAL FINANCIAL INCOME		42,549	34,677
Depreciation, amortization and provisions		(13,904)	(5,951)
Interest and similar expenses		(6,870)	(6,340)
Foreign exchange losses		(2,463)	(11,267)
TOTAL FINANCE COSTS		(23,237)	(23,558)
FINANCIAL RESULT	15	19,312	11,119
CURRENT RESULT BEFORE TAXES		28,500	36,800
Non-recurring income from non-capital transactions		159	23
Non-recurring income from capital transactions		0	1,245
Reversals of depreciation, amortization and provisions		6,824	5,100
TOTAL NON-RECURRING INCOME		6,983	6,368
Expenses on non-capital transactions		(7)	(24)
Expenses on capital transactions		(20,365)	(8,203)
Depreciation, amortization and provisions		(19,208)	(22,813)
TOTAL NON-RECURRING EXPENSES		(39,580)	(31,040)
NON-RECURRING RESULT	16	(32,597)	(24,672)
Employee profit sharing		(805)	(1,089)
Income tax	17	5,160	4,103
FISCAL YEAR RESULT		258	15,142

6.3.1.3. Statement of cash flows

(in € millions)	2017	2016
Gross cash flow	66.64	55.95
(Increase) decrease in inventory	(22.18)	(11.60)
(Increase) decrease in trade receivables and related accounts	(20.34)	(1.90)
Increase (decrease) in trade payables and related accounts	24.66	5.03
Increase (decrease) in other short-term assets and liabilities	17.52	(58.27)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	66.31	(10.79)
Investments related to operations	(23.11)	(29.66)
Sales of fixed assets for operations	0.18	1.25
Decrease (increase) in financial fixed assets	4.38	(16.41)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(18.55)	(44.83)
Capital increase	0.97	2.45
Merger losses	-	-
Decrease in retained earnings	-	-
Dividends paid	(10.61)	(8.01)
New long-term borrowing	13.89	68.31
Loan repayment	(41.53)	(8.37)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(37.28)	54.38
NET CHANGE IN CASH SITUATION (A) + (B) + (C)	10.48	(1.25)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(12.46)	(11.21)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	(1.98)	(12.46)

6.3.2 Notes to the annual financial statements

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The figures presented in these notes are expressed in thousands of euros.

Introduction

The balance sheet is drawn up before appropriation of earnings. Therefore, the dividends proposed at the General Meeting do not appear as debts.

Significant events

a) Election of an Employee Director

The amended articles of association were approved by the Combined General Meeting on May 19, 2017, allowing the election of an Employee Director as of 2017 under article L. 225-27 of the French Commercial Code. Isabelle Raynal was elected on November 25, 2017.

b) Launch of Contrast&Care®

Contrast&Care® is an integrated computing solution to store all injected examination information (contrast medium, injection protocol, patient data, etc.) and to interface with information systems used in radiology, such as RIS (Radiology Information System) and PACS (Picture Archiving and Communication System).

c) Implementation of the SAP integrated information system in the EMEA and APAC subsidiaries

The Guerbet group subsidiaries in Europe and Asia-Pacific have switched their information system to the SAP integrated management software suite.

With this new integrated information system for the entire Group, Guerbet has three objectives: to better manage the business (cost transparency), to be more responsive to its markets (anticipation, better sharing of reference information to make the right decisions), and to simplify its procedures by aligning them with the best standards.

Accounting methods and rules

The statements have been prepared in accordance with the accounting principles set out by recommendation ANC 2016-07 of the Board of the French accounting standards authority (*Autorité des normes comptables*).

a) Change in accounting method

Starting on January 1, 2017, Guerbet has applied ANC Regulation No. 2015-05 of July 2, 2015 relating to financial futures and hedging transactions ("ANC 2015-05"), to transactions existing as at that date. The methods and the impact of implementation of the provisions of ANC Regulation 2015-05 are indicated in notes j) and k).

b) Estimates and judgments

When preparing its financial statements, the Company must make estimates and assumptions which affect the book value of items in assets and liabilities, income and expenses, and the information provided in certain appended notes.

Management evaluates these estimates and assessments continually based on past experience and on various other factors judged to be reasonable, which constitute the basis for these assessments.

Actual future results may differ significantly from these estimates according to different conditions or assumptions.

The main significant estimates made by Guerbet's Management relate primarily to valuation of equity interests.

c) Intangible fixed assets

Patents and Marketing Authorizations (MA)

Patents are recognized at their acquisition cost. Expenses related to patents and MAs are recognized as expenses. Patents are amortized on a straight-line basis over their useful lives.

Trademarks

Trademarks acquired are recognized at their acquisition cost. In accordance with the ANC 2016-07 recommendation, expenses for filing and renewing trademarks are recognized as expenses for the year in which they are incurred. No amortization is applied to trademarks.

Research and development costs

Research costs are recognized as expenses for the year in which they are incurred.

Development costs are only recognized as intangible fixed assets if all of the following criteria can be demonstrated:

- ◆ there is the technical and financial capacity and intent to take the development project through to completion;
- ◆ there is a probability that the future economic benefits attributable to the development expenses will revert to the company;
- ◆ the cost of the asset can be reliably assessed.

As these criteria are currently not all met, development costs are recognized as expenses for the year in which they are incurred.

Other intangible fixed assets

Other intangible fixed assets mainly consist of software. Software is amortized over three years. With the possibility of amortization over 12 months offered by the tax legislation for software, accelerated amortization was recognized. This represents the share of additional amortization compared to accounting amortization.

However, the SAP integrated management software must be distinguished from other software. The company has decided to capitalize the internal staff costs directly associated with the project. The software will be amortized over a 10-year period. Amortization over 12 months is also possible.

d) Tangible fixed assets

These assets are recognized at their acquisition cost. Depreciation is calculated over their useful lifespan using the straight-line method, which on average corresponds to the following durations:

- ◆ Buildings: 10 to 20 years;
- ◆ Improvements, fittings: 10 years;
- ◆ Technical facilities, equipment and tooling: 5 to 10 years;
- ◆ Other tangible fixed assets: 3 to 15 years.

For all prior acquisitions up to December 31, 1997, and starting again from January 1, 2002, all of the possibilities provided for by the tax legislation in terms of declining balance and exceptional depreciation are used. The declining balance method is considered to be accelerated compared to straight-line depreciation. Tangible fixed assets may be subject to impairment charges depending on how they are used by Guerbet.

e) Financial fixed assets

Equity securities are accounted for at their acquisition cost and may be written down according to the share of the net situation of subsidiaries under IFRS after restatement of their intangible assets.

The acquisition costs of equity securities are recognized directly in the income statement.

Other financial fixed assets are listed on the balance sheet at their acquisition cost or at their inventory value if that is lower.

f) Inventories and work in progress

Inventories of raw materials and other supplies are measured using the weighted average cost method. Provisions are also made for inventory that has a low turnover rate. Inventories of in-process products and finished products are measured at cost including direct and indirect production costs, and excluding administrative, financial and sales costs. An impairment provision is created according to inventory turnover rates, use-by dates, and any quality problems.

g) Trade receivables and related accounts

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery.

h) Investment securities

Investment securities are valued at their acquisition cost. When the inventory value of these securities, determined on the basis of their likely sale value, *i.e.* their liquidation value at the end of the year, is lower than their acquisition cost, a provision for impairment is set aside for the amount of the difference.

i) Borrowing

Borrowing costs are recognized directly in the income statement. The company has not opted to spread out the costs.

j) Financial instruments

Premiums paid in relation to interest rate options are recognized in the assets section of the balance sheet upon acquisition of the option and carried over to the income statement *pro rata temporis* over the life of the contract. Provisions are made for any costs of interest rate fluctuations. To manage its exposure to interest-rate and exchange-rate risk due to its industrial and commercial activity, Guerbet uses financial instruments that are listed on organized markets. Guerbet's policy is to never trade on markets for speculative purposes.

The initial application of ANC regulation 2015-05 as of January 1, 2017 had no impact on the 2017 financial statements.

k) Conversion of items in foreign currency

Guerbet centralizes management of foreign exchange risk for its French subsidiaries. Debts and receivables listed in currencies outside of the euro zone are converted at the rates prevailing at December 31. Unrealized foreign exchange gains or losses arising from this are booked on the balance sheet as translation adjustments. Guerbet hedges its foreign exchange risks with forward exchange contracts or forex options. Any provisions for foreign exchange loss take these hedges into account. Income from currency option trading is recognized at the option's strike date to the extent that the options hedge commercial operations after the end of the year. The premium paid is recognized as an asset on the balance sheet until the option expires.

Principles applied for the preparation of the annual financial statements for the 2017 fiscal year

As part of the initial application of ANC Regulation 2015-05 on January 1, 2017, a distinction is made between commercial transactions and financial transactions in foreign currencies.

The foreign exchange result of commercial transactions is presented in operating income under "Other expenses."

l) Regulated provisions

According to statutory requirements, regulated provisions include provisions for accelerated depreciation.

Accelerated depreciation and amortization are calculated according to the methods detailed in b) and in c) for intangible and tangible fixed assets.

m) Provisions for liabilities and charges

Provisions for liabilities and charges recognized correspond to liabilities meeting the following criteria:

- ◆ the amount or the maturity date is not set precisely;
- ◆ the economic impact is negative for the company. This means that this liability is analyzed as an obligation of the company to a third party, which will probably or certainly lead to an outflow of resources to said third party, with no compensation at least equivalent expected in return.

n) Pension benefit obligations

Pension benefit obligations are recognized in provisions for liabilities. For defined-benefit pension schemes, the cost of benefits is estimated using the projected unit credit method. This consists of basing the calculation on the benefits that will be paid to employees at the likely time of their retirement, taking into account the age structure, the staff turnover rate, and the survival rate determined using official tables by age group. The amounts obtained are revalued according to inflation and promotion scenarios and are updated to take into account the date on which these benefits will actually be paid. When calculation assumptions are reviewed, any actuarial gains and losses that result are fully carried over into income. These valuations are made once a year for all pension plans.

o) Revenue

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods.

p) Operating subsidies

Guerbet recognizes a subsidy in its financial statements as accrued income upon obtaining approval from the funding agency.

Note 1 Intangible fixed assets

1.1 Gross values

	2017	2016
INTANGIBLE FIXED ASSETS AT JANUARY 1	49,547	35,412
Increases ⁽¹⁾	14,577	15,272
Decreases	(53)	(1,137)
INTANGIBLE FIXED ASSETS AT DECEMBER 31	64,071	49,547

(1) The increases are mainly explained by the deployment of the SAP integrated management software in the subsidiaries.

1.2 Amortization and provisions

	2017	2016
AMORTIZATION AND PROVISIONS FOR INTANGIBLE FIXED ASSETS AT JANUARY 1	15,673	12,244
Allowances	5,164	3,449
Reversals	(27)	(20)
AMORTIZATION AND PROVISIONS FOR INTANGIBLE FIXED ASSETS AT DECEMBER 31	20,810	15,673

Note 2 Tangible fixed assets

	12/31/2016	2017 Increases	2017 Decreases	12/31/2017
Land	1,554	-	-	1,554
Buildings	94,447	3,779	(68)	98,158
Technical facilities, equipment and tooling	164,867	6,821	(1,026)	170,662
Other tangible fixed assets	17,217	2,596	(11)	19,802
Fixed assets under construction	14,192	(4,829)	(106)	9,257
Advance payments	15		(15)	0
GROSS VALUES	292,292	8,367	(1,226)	299,433
Amortization and depreciation	(158,247)	(14,467)	835	(171,879)
Impairments				
NET VALUES	134,045	(6,100)	(391)	127,554

	12/31/2015	2016 Increases	2016 Decreases	12/31/2016
Land	1,554	-	-	1,554
Buildings	93,100	2,130	(783)	94,447
Technical facilities, equipment and tooling	165,447	4,975	(5,555)	164,867
Other tangible fixed assets	16,284	933		17,217
Fixed assets under construction	7,965	6,355	(128)	14,192
Advance payments	15	15	(15)	15
GROSS VALUES	284,365	14,408	(6,481)	292,292
Amortization and depreciation	(148,937)	(14,341)	5,031	(158,247)
Impairments				
NET VALUES	135,428	67	(1,450)	134,045

Investments of €8 million in 2017 and €15 million in 2016 (gross values) are mainly attributable to the introduction of new processes, investment in industrial safety and people, replacement of production equipment in the Lanester and Aulnay-sous-Bois plants, and property work at the Villepinte and Aulnay-sous-Bois plants.

Note 3 Investments

	2017	2016
GROSS VALUE OF EQUITY INVESTMENTS	318,179	342,494
Provisions for impairment of equity investments	(11,467)	(7,060)
NET VALUE OF EQUITY INVESTMENTS	306,712	335,434

These amounts correspond to investments held as of December 31. Financial information for each subsidiary and other controlled entities is listed in detail in the table "List of subsidiaries and controlled entities" on page 142.

The change can be explained by the following items:

- ◆ cancellation of Guerbet GMBH shares for €19,962,000 related to the merger of the two German entities;

- ◆ decrease in the purchase price of the Mallinckrodt CMDS business at the end of November 2015, for €5,432,000;
- ◆ capital increase of the Czech affiliate for €329,000;
- ◆ FCPI investment.

Note 4 Loans

	2017	2016
Loans to staff	43	49

Note 5 Inventories

	2017	2016
RAW MATERIALS AND SUPPLIES		
Gross amount	31,981	20,154
Provisions	(1,765)	(990)
NET AMOUNT	30,216	19,164
INTERMEDIATE AND FINISHED PRODUCTS		
Gross amount	71,269	81,380
Provisions	(10,832)	(3,222)
NET AMOUNT	60,437	78,158
GOODS		
Gross amount	22,070	1,610
Provisions	(312)	(608)
NET AMOUNT	21,758	1,002
TOTAL NET AMOUNT	112,411	98,324

Note 6 Receivables by maturity

	2017			2016
	Gross amounts	1 year maximum	More than 1 year	
Receivables from controlled entities	-	-	-	-
Loans	43	0	43	49
Other financial fixed assets	555	0	555	578
Bad or doubtful debts	48	48	0	87
Other trade receivables	38,740	38,740	0	12,807
Bills in course of collection	0	0	0	0
Staff costs and related payables	20	20	0	12
Social security and related payables	59	59	0	274
State income tax ⁽¹⁾	6,957	6,957	0	8,846
State value added tax	4,146	4,146	0	3,127
Other state taxes and duties	55	55	0	0
Miscellaneous state receivables	741	741	0	40
Group and associates	118,493	118,493	0	94,506
Miscellaneous debtors	96,507	96,507	0	87,551
Prepaid expenses	922	922	0	1,648
TOTAL	267,286	266,688	598	209,525

(1) This mainly consists of a corporate tax receivable of €6.9 million (including the research tax credit for €5.8 million).

Note 7 Cash and investment securities

Investment securities comprise 20,428 treasury shares for a gross value of €170,000. No changes in treasury shares were recognized in 2017. Guerbet shares had a market value of €79.30 at December 31, 2017, equivalent to an overall market valuation of €1,620,000.

Note 8 Shareholders' equity

	2017	2016
SHAREHOLDERS' EQUITY AT THE BEGINNING OF THE FISCAL YEAR	228,242	200,948
Dividends paid	(10,626)	(8,022)
Dividends carried over to retained earnings	17	13
Increase in share capital and issue and merger premiums	969	2448
Fiscal year result	258	15,142
Regulated provisions	12,384	17,713
SHAREHOLDERS' EQUITY AT THE END OF THE FISCAL YEAR	231,244	228,242

The following changes have occurred for Guerbet shares:

	2017
NUMBER OF SHARES AT THE BEGINNING OF THE YEAR	12,501,148
Creation of shares through exercise of stock options ⁽¹⁾	62,210
NUMBER OF SHARES AT THE END OF THE YEAR	12,563,358

(1) Refer to note 22.

Note 9 Regulated provisions

	12/31/2015	2016 provisions	2016 reversals	12/31/2016	2017 provisions	2017 reversals	12/31/2017
Provisions for accelerated depreciation	56,000	22,813	5,100	73,713	19,208	6,824	86,097
TOTAL	56,000	22,813	5,100	73,713	19,208	6,824	86,097

Note 10 Provisions for liabilities and charges

	12/31/2015	2016 provisions	2016 reversals (provision used/ reclassified)	2016 reversals (provision not used)	12/31/2016	2017 provisions	2017 reversals (provision used/ reclassified)	2017 reversals (provision not used)	12/31/2017
Pension benefits ⁽¹⁾	18,582	1,828			20,410			1,970	18,440
Foreign exchange risk ⁽²⁾	4,423	3,562	4,423		3,562	6,788	3,562		6,788
Other	686	296	257		725	401	146		980
TOTAL	23,691	5,686	4,680	0	24,697	7,189	5,678	0	26,208

(1) Pension benefits:

The company has no obligations in terms of pensions, supplementary pensions or similar benefits, with the exception of a commitment in terms of supplementary pensions for its officers. The calculation of the provision for pension benefits assumes that all retirements will be voluntary. The pension benefit provision did not cover company officers at December 31, 2017.

The main actuarial assumptions applied to assess the provision for pension benefits are as follows:

Discount rate:

Application of the Mercer Yield Curve at December 5, 2017 for an estimated average duration of 12 years.

Turnover rate:

The turnover rate is based on a Mercer table adapted to an average exit rate of 2.05% with the actual data of 2017.

Wage growth rate:

The wage growth rate used to calculate the liability at December 31, 2017 is 2.5%.

Mortality rate:

The tables used for mainland France are adjusted tables TH 00-02 and TF 00-02.

(2) Foreign exchange risk:

In accordance with regulation 2015-05, the provision for foreign exchange loss distinguishes between commercial transactions and financial transactions in foreign currencies.

Commercial transactions: €636,000.

Financial transactions: €6,152,000.

Note 11 Payables by due date

	2017				2016
	Gross amount	1 year maximum	Between 1 and 5 years	More than 5 years	Gross amount
Borrowing and debts for 1 year maximum at outset	14,808	14,808	0	0	20,005
Borrowing and debts for more than 1 year at outset	333,403	48,513	284,890	0	363,782
Miscellaneous financial debt and borrowing	1,284	1,284	0	0	1,133
Trade payables and related accounts	71,848	71,848	0	0	47,997
Staff costs and related payables	19,318	18,496	0	821	18,856
Social security and related payables	7,710	7,710	0	0	6,991
State: income tax	26	26	0	0	33
State: VAT	559	559	0	0	0
State: other taxes and similar payments	76	76	0	0	195
Debt on fixed assets and related accounts	3,333	3,333	0	0	7,379
Group and associates	111,723	111,723	0	0	76,651
Other debt	25,157	25,157	0	0	12,767
Deferred income	2,714	2,714	0	0	3,297
TOTAL	591,959	306,247	284,890	821	559,086

Note 12 Accrued income and expenses

	2017	2016
ACCRUED INCOME		
Receivables from controlled entities	-	-
Trade receivables and related accounts	3,504	806
Other receivables	96,506	83,994
Banks and financial institutions	6	4
TOTAL	100,016	84,804
ACCRUED EXPENSES		
Financial debt and borrowing	84	166
Trade payables and related accounts	30,062	23,763
Debt on fixed assets	-	-
Tax and employment-related liabilities	21,702	21,044
Other debt	23,766	12,332
Accrued overdraft interest	39	110
TOTAL	75,653	57,415

Note 13 Revenue by geographic region

	2017	2016
France and overseas departments and territories	111,354	105,093
Europe (except France)	154,082	140,669
EUROPE INCLUDING FRANCE	265,436	245,762
Asia	104,424	51,561
Latin America	17,198	12,925
North America	47,109	19,140
Other countries	24,081	18,512
TOTAL	458,248	347,900

Note 14 Staff costs

	2017	2016
Salaries and wages	(55,526)	(53,712)
Social security charges	(25,574)	(24,488)
TOTAL	(81,100)	(78,200)

Note 15 Financial income

	2017	2016
Dividends	28,196	12,501
Interest	(2,238)	(6,038)
Net currency gains/losses	351	(1,845)
Net provision for equity investments	(4,407)	1,575
Other	(2,590)	4,926
TOTAL	19,312	11,119

In 2017, in accordance with ANC regulation 2015-05, the foreign exchange result of commercial transactions is presented in operating income under "Purchases not held in inventory, other services and external expenses" for the amount of (1,547).

Note 16 Non-recurring income

	2017	2016
Net charge for regulated provisions	(12,384)	(17,713)
Net income on disposal of fixed assets ⁽¹⁾	(20,365)	(6,958)
Other	152	(1)
TOTAL	(32,597)	(24,672)

(1) The variation is mainly due to the cancellation of the Guerbet GmbH shares for €19,962,000 related to the merger of the two German entities.

Note 17 Income tax

The Group has opted for tax consolidation since 1988. The following companies have historically been included in the scope of tax consolidation: Guerbet SA (parent company and head of the tax consolidation group) and Simafex. Starting in the 2014 fiscal year, Medex and Guerbet France entered the scope of tax consolidation. In accounting terms, tax expenses are borne by the consolidated companies (subsidiaries and parent company) as they would be without tax consolidation. Loss-related income from taxes is kept by the parent company. Savings made by the tax consolidation group that are not linked to losses (corrections related to certain intra-Group transactions) are kept by the parent company and recognized as

income. Tax credits for research, apprenticeships, family benefits and employment competitiveness are reallocated to the companies that generated them. Tax savings resulting from tax losses of subsidiaries will be reallocated to them and applied against future taxable income. Overall taxable income at the normal rate for the tax consolidation group comes to €22.4 million in 2017. The tax expense for the tax consolidation group comes to €2.65 million after allocation of tax credits, including the 2017 research tax credit of €4.2 million. As this tax credit due by the tax consolidation group is below the amount of tax prepayments and tax credits, the receivable from the state is recognized in "Other operating receivables" for €6.9 million.

The tax expense or income appearing on the income statement breaks down as follows:

	2017	2016
Group tax income (or expense)	(3,438)	(2,142)
Tax expense from consolidated subsidiaries	6,820	6,720
Tax savings reallocated to consolidated subsidiaries	(532)	(573)
Other tax expenses	2,310	98
TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY	5,160	4,103

Tax income or expense from the Group parent company breaks down as follows:

	2017	2016
Corporate tax on current income	593	(2,668)
Corporate tax on non-recurring income	4,211	6,340
Other tax expenses	357	431
TAX INCOME (OR EXPENSE) FOR THE GROUP PARENT COMPANY	5,160	4,103

Non-deductible charges referred to in article 39-4 of the French General Tax Code

Charges of this type borne by Guerbet in 2017 correspond to depreciation of passenger cars for an amount of €187,000.

Note 18 Deferred tax position

Guerbet's deferred tax position was calculated on the basis of tax consolidation starting in the 1988 fiscal year. Due to this, prepaid taxes were determined for all of the fiscally consolidated companies. These resulted from the difference between recognition of certain income and expenses and their incorporation into taxable income, and taxes due on shareholders' equity items (regulated provisions).

	2017	2016
Net deferred taxes from temporary differences (prepaid taxes)	15,204	13,396
Deferred taxes on shareholders' equity (taxes due)	25,968	27,907

These deferred taxes were calculated at forecast future rates based on the 2018 finance act, increased by the social contribution.

Note 19 Impact of the application of tax statutes on the fiscal-year result

In order to take advantage of certain tax provisions, the company must recognize some entries on the income statement (non-recurring result) that do not have the status of accounting income or expenses.

	2017	2016
Pre-tax income	(4,902)	11,039
Allowance or reversal net of regulated provisions and accelerated depreciation	(12,384)	(17,713)
Adjusted pre-tax income	7,482	28,752

Note 20 Associated companies

All transactions of significant size with related parties and liable to come within the scope of article R. 123-198 of the French Commercial Code relate to fully-owned subsidiaries.

	2017	2016
FINANCIAL FIXED ASSETS		
Controlled entities	318,179	342,494
Receivables from controlled entities	-	-
RECEIVABLES		
Customers	18,756	6,447
Other receivables	76,606	70,610
Financial current accounts	117,913	94,506
DEBT		
Miscellaneous financial debt and borrowing	-	-
Trade payables	34,201	13,187
Debt on fixed assets	-	-
Other debt	-	-
Financial current accounts	111,143	76,651
Deferred income	0	0
OPERATING INCOME		
Sale of goods	383,770	309,912
Services	6,090	15,931
Other income	25	0
OPERATING EXPENSES		
Purchases of goods and raw materials	(160,769)	(76,444)
Purchases of materials not held in inventory, other services	(36,017)	(4,028)
Taxes and duties	-	-
FINANCIAL INCOME		
Dividends	28,186	12,481
Other interest and similar income	2,913	255
Reversals of provisions and expense transfers	-	-
Foreign exchange gains	-	-
FINANCIAL EXPENSES		
Depreciation, amortization and provisions	-	-
Interest and similar expenses	(310)	(153)
Write-offs	-	-
Foreign exchange losses	-	-
NON-RECURRING EXPENSES		
Depreciation, amortization and provisions	-	-
Write-offs	-	-

Write-offs granted to related companies and implemented during the 2017 fiscal year

N/A.

Note 21 Stock purchase and subscription options

The staff of the company and its subsidiaries benefit from stock options until October 17, 2021. At December 31, 2017, staff could subscribe to 102,186 shares at a weighted average price of €15.46. If all of the stock options are exercised, the total number of shares would be 12,665,544 for a nominal amount of €12,665,544. These new shares would represent an increase in shareholders' equity of €1,573,620. Potential dilution of shareholders' equity is 1.1%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, are €3.65 for the 2017 fiscal year.

Summary statement of stock option plans

Grant date	10/17/2011	11/23/2011	02/20/2012
Date of tax availability	10/17/2015	11/23/2015	02/20/2016
Date of the Board of Directors' meeting when it was decided to grant options	10/17/2015	11/23/2015	02/20/2016
Number of options granted:	530,840	48,000	6,800
of which Yves L'Épine	-	48,000	-
Subscription or purchase price	€15.40	€16.08	€15.38
Plan expiration date	10/16/2021	11/22/2021	02/20/2022
Number of options exercised at 12/31/2016	261,364	31,400	-
Number of options exercised in 2017	43,010	16,600	2,600
Number of options canceled	126,480	-	2,000
NUMBER OF OPTIONS REMAINING	99,986	-	2,200

Note 22 Items that could generate market risk

Interest rate risk

Guerbet SA set up cross-currency swaps in 2016 to hedge its syndicated debt denominated in US dollar. These instruments cover 36% of the US dollar debt.

Interest rate risk

Interest rate exposure and hedging

Before hedging, a significant portion (97.5%) of the debt was variable-rate.

In order to protect the Group against a rise in interest rates in the United States, interest rate hedging instruments have been put in place with the aim of converting the US dollar debt (syndicated loan) from variable-rate to fixed-rate.

As a result, as of December 31, the entire syndicated loan was fixed-rate.

Analysis of sensitivity of the financial result to exchange rate accounting risk at December 31, 2017

Sensitivity is calculated on the unhedged gross debt balance.

93% of this debt is denominated in EUR. As a result, the sensitivity calculated in this note relates only to EUR debt.

On a 3-month EURIBOR basis, a rise/fall of 100 basis points would lead to an increase/decrease in the EUR debt of approximately €1.595 million.

Gross debt in EUR (in € thousands)	EURIBOR 3M +100 bp	EURIBOR 3M -100 bp
119,926	121,521	118,331

Note 23 Compensation allocated to company officers

	2017	2016
Compensation allocated to company officers	786	1,006

This is compensation paid for their role as company officers, and for their salaried job.

Note 24 Average workforce during the year

	2017	2016
Blue-collar workers and office workers	222	208
Technicians and supervisors	434	431
Executives	318	280
TOTAL AVERAGE WORKFORCE	974	919

Note 25 Off-balance-sheet commitments

	2017	2016
Sureties, deposits, and other commitments given to third parties on behalf of related companies	21,076	20,428
Sureties and deposits given to third parties and other commitments	2,203	12,389
Property and equipment leasing commitments, of which lease payments:	705	-
♦ at less than one year	217	-
♦ between 1 and 5 years	488	-
♦ at more than 5 years	-	-
Outstanding secured debt	-	-
TOTAL	23,984	32,817

	Lease-financing payments made in 2017	Lease-financing payments made in 2016
On property leases	-	-
On equipment leases	163	119
TOTAL	163	119

Financial items related to leased property and equipment are as follows:

	2017	2016
Value of property and equipment	1,508	588
Provisions for depreciation if the assets had been acquired by the company	219	64
Residual value of assets at the end of the contract	52	-

For 2017, the details of these lease financing assets by type breaks down as follows:

	Acquisition cost	Fiscal year allowances for depreciation	Cumulative allowances for depreciation	Net value
Technical facilities, equipment and tooling	588	56	418	170
Other tangible fixed assets	920	163	163	757
TOTAL	1,508	219	581	927

As at December 31, 2017, Guerbet has a commitment to a subscription in the Truffle Capital innovation investment fund for a maximum of €15 million, including €750,000 at the end of 2017.

On December 22, 2017, Guerbet obtained a bridge term loan of €100 million from BNP Paribas, with no drawdowns at the end of December 2017. The loan has a financial covenant to be respected.

Note 26 Other information

1. The tax credit for competitiveness and employment (*crédit d'impôt pour la compétitivité et l'emploi*), which represented a receivable of €750,000 at December 31, 2016, was fully used when the 2016 corporate tax was paid in 2017.

For 2017, its amount is equal to 7% of compensation not exceeding 2.5 times the minimum wage.

It was recognized as a deduction from staff expenses.

It should be possible to use the sums acquired in respect of the 2017 fiscal year, i.e. €878,000, to pay corporate tax in 2018.

The purpose of the tax credit is to finance improvements in companies' competitiveness.

The company used the funds in 2017 particularly for spending on investment, research and training.

2. Statutory Auditors' fees incurred by Guerbet for the 2017 fiscal year totalled €351,000.

Note 27 Post-closing events

Pursuant to the agreement signed on January 8, 2018, Guerbet acquired on February 8, 2018 the Israeli company Accurate Medical Therapeutics, specializing in the development of microcatheters used in interventional radiology.

The initial payment is €19.5 million, and additional payments are expected, subject to achieving regulatory and commercial objectives, and spread over several years.

The total acquisition amount cannot exceed €57 million.

List of subsidiaries and controlled entities

Detailed information on each subsidiary and controlled entity (in € thousands)	Capital	Shareholders' equity except for share capital and income	Share of equity held in %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue from products	Dividends	Income from last fiscal year ended
A – SECURITIES OF GROSS VALUE EXCEEDING 1% OF GUERBET'S SHARE CAPITAL										
SUBSIDIARIES										
Simafex (France)	1,280	23,339	100	1,224	1,224		234	24,182		269
Medex (France)	180	4,426	100	3,000	3,000			15,230		1,140
Guerbet SPA (Italy)	8,000	15,245	99.9	8,743	8,743	374	2,000	16,843		335
SA Guerbet N.V. (Belgium)	541	6,484	99.78	379	379			19,835		348
Martins & Fernandes (Portugal)	410	760	100	1,224	761	3,616	10	3,527		753
Laboratorios Farmaceuticos Guerbet (Spain)	781	5,566	100	790	790	939		10,129		2025
Guerbet Austria G.M.B.H. (Austria)	73	3,049	100	146	146			4,425		498
Guerbet A.G. (Switzerland)	427	10,358	100	304	304			27,862	259	1,833
Guerbet A.S. (Turkey)	2,640	3,469	99.99	4,503	3,469		3,680	14,636		366
Guerbet Korea LTD (Korea)	6,552	2,610	100	8,202	6,299		8,049	28,331		(1,187)
Guerbet Taiwan (Taiwan)	197	1,421	100	191	191	534	1,547	7,307		(127)
Guerbet Japan KK (Japan)	2,444	1,048	100	1,951	1,048	22,960		18,681		222
Guerbet LLC (USA)	20,706	22,937	100	22,838	22,838	29,008	546	49,006		(114)
Guerbet Mexicana (Mexico)	2,480	2,394	100	3,600	2,395		7	7,367		(12)
Guerbet Produtos Radiologicos (Brazil)	7,616	24,151	100	11,197	11,197			38,390		1,548
Liebel-Flarsheim Ireland Limited (Ireland)	3	417,787	100	219,443	219,443		4,743	0		(16)
Guerbet Luxembourg S.A.R.L. (Luxembourg)	13	3,241	100	189	189	19,043		0		(765)
Mallinckrodt do Brasil, Ltda. (Brazil)	3,861	8,989	100	4,966	4,966			28,772		2,753
Guerbet Australia Pty Ltd (Australia)	1,108	983	100	1,577	983			9,160		(749)
Comercializadora Mallinckrodt Chile Limitada (Chile)	0	605	100	416	416			7,808		(211)
Guerbet Sweden AB (Sweden)	5	1,245	100	1,145	1,145			824		137
Guerbet South Africa Pty Ltd (South Africa)	238	1,001	100	777	777			6,692		(411)
Guerbet Imaging Switzerland AG (Switzerland)	83	8,542	100	13,370	8,542	8,584		28,520	8,584	952
Guerbet Panama S.A. (Panama)	0	544	100	1,009	544			1,583		(283)
Guerbet Czech Republic s.r.o. (Czech Republic)	339	330	100	329	329	197		0		(9)
Guerbet Laboratories Ltd (England)	4,910	8,520	100	5,643	5,643		37	14,386		812

With a view to consistency, shareholders' equity and income from subsidiaries are presented in IFRS standards. For subsidiaries outside the euro zone, capital and shareholders' equity were converted at the closing rate, and the result was converted at the average rate at December 31, 2017.

Detailed information on each subsidiary and controlled entity (in € thousands)	Capital	Shareholders' equity except for share capital and income	Share of equity held in %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue from products	Dividends	Income from last fiscal year ended
B – SECURITIES OF GROSS VALUE NOT EXCEEDING 1% OF GUERBET'S SHARE CAPITAL										
SUBSIDIARIES										
Abarem (France)	1		100	1	0					0
Abalux (France)	1		100	1	0					0
Guerbet France (France)	2	14,920	100	2	2		23	153,395		3,362
Guerbet Nederland B.V. (Netherlands)	91	3,892	100	92	92	216		11,798		267
Guerbet Asia Pacific (Hong Kong)	0	12,942	100	N.S.	N.S.	11,090		62,818		1,029
Guerbet Poland SP. Z O.O. (Poland)	8	(140)	100	70	0			1,223		(305)
Guerbet Imaging Panama S.A. (Panama)	0	(4,284)	100	NS	NS			7,357		(185)
CONTROLLED ENTITIES										
Investments in French companies	N/A			108	108				10	N.S.
Truffle				750	750					

General information on all subsidiaries and controlled entities (in € thousands)	Subsidiaries		Controlled entities	
	French	Foreign	French	Foreign
Book value of securities held:				
◆ gross:	4,228	313,094	108	750
◆ net:	4,226	301,629	108	750
Amount of loans and advances granted	0	96,561	-	
Amount of deposits and sureties granted	257	15,876	-	
Amount of dividends received	0	8,843	10	

6.4 Statutory Auditors' report on the financial statements

Year ended December 31, 2017

To the Guerbet Annual General Meeting

This is a translation into English of the Statutory Auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditor's report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to Shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Guerbet for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' responsibilities for the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report, and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Furthermore, we provided the following non-audit services to your Company and its controlled undertakings during the fiscal year:

- ◆ verification of the consolidated employee, environmental and social information set forth in Article L. 225-102-1 of the French Commercial Code was carried out during the year by Deloitte & Associés;
- ◆ a certification of the expenses incurred for the financing of a research and development project was prepared during the year by HAF Audit & Conseil.

Emphasis of matter

We draw your attention to Notes a), j) and k) of the accounting methods and rules and Notes 10 and 15 to the annual financial statements, which set out the consequences of application of the new ANC Regulation 2015-05 on forward financial instruments and hedging transactions. Our opinion is not modified in respect of this matter.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of the audit of the financial statements, as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments

Note e) of the accounting methods and rules and Note 3 to the financial statements

Identified risk

Equity investments appear on the balance sheet at December 31, 2017 for a net amount of €307 million, or 35% of total assets. They are recognized at their acquisition cost and may be written down according to the share of the net position of the entities concerned under IFRS at the end of the fiscal year, after restatement of their intangible assets.

The determination of their value in use, which represents a particularly significant amount, requires Management to make judgments. We therefore considered the valuation of these assets to be a key audit matter.

Our response

We assessed the reasonableness of the estimated value of the equity investments. We verified that Management's estimate of these values is based on an appropriate justification of the valuation method applied and the quantified data used and, depending on the securities concerned, that the Shareholders' equity is consistent with the entity's IFRS financial statements having undergone an audit or analytical procedures. We also verified that any adjustments made to this Shareholders' equity are based on supporting documentation.

In addition to assessing the value in use of equity investments, our work also consisted of:

- ◆ assessing the recoverability of the related receivables in view of the analyses of equity investments;
- ◆ verifying the recognition of a provision for liabilities in cases where the Company is obliged to bear the losses of a subsidiary that has negative equity.

Verification of the information in the management report and other documents provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law.

Information given in the management report and other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Corporate governance report

We attest the existence of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*) in the Board of Directors' corporate governance report.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified its compliance with the source documents communicated to us. Based on this work, we have no comments to make on this information.

Other information

In accordance with French law, we have verified that the required information regarding the identity of Shareholders and holders of voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed Statutory Auditors of Guerbet by the Annual General Meeting held on May 21, 1987, for Deloitte & Associés and on May 23, 2008, for HAF Audit & Conseil.

As of December 31, 2017, Deloitte & Associés was in the 31st year of total uninterrupted engagement and HAF Audit & Conseil was in its 10th year of total uninterrupted engagement.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- ◆ identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◆ obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- ◆ evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;
- ◆ assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- ◆ evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Neuilly-sur-Seine, April 11, 2018

The Statutory Auditors

HAF Audit & Conseil

Member of Crowe Horwath International

Marc de Prémare

Deloitte & Associés

Frédéric Souliard

6.5 Statutory Auditors' special report on regulated commitments and agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in the French language and it is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Guerbet Annual General Meeting

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

Agreements and commitments authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized and entered into during the previous year that must be submitted for the approval of the Annual General Meeting in accordance with the provisions of Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements and commitments from prior years not submitted for approval to a previous Annual General Meeting

We were advised of the following agreements and commitments authorized and entered into during fiscal year 2011 that were not submitted for approval to the Annual General Meeting held to approve the financial statements for fiscal year 2011.

Agreements signed with Yves L'Épine, Chief Executive Officer

Type and purpose: Compulsory Group insurance policy for the executive category ("Article 83" funded pension scheme), health insurance (mutual insurance) and welfare insurance policy (disability, illness, death) taken out by your Company for Yves L'Épine.

These agreements were authorized previously by your Board of Directors, at its meeting on October 17, 2011.

Terms: This Group insurance policy for the funded pension scheme, the health insurance and the welfare insurance policy are the same as those covering Guerbet's employees and were taken out under the same conditions in terms of both the benefits offered and the financial terms.

Amounts: The contributions paid in this respect by your Company during the 2017 fiscal year totalled €14,122.20 for the Group insurance policy under the funded pension scheme, €1,392.33 for health insurance and €4,216.92 for the welfare insurance policy.

Agreements and commitments already approved at the Annual General Meeting

Agreements and commitments approved in previous years with continuing effect during the year

In accordance with Article L. 225-30 of the French Commercial Code (*Code de commerce*), we have been informed that the following agreements and commitments, already approved by Annual General Meetings in previous years, have remained in force during the year.

Agreements signed with Marie-Claire Janailhac-Fritsch, Chairman of the Board of Directors

Type and purpose: Health insurance (mutual) and welfare insurance policy (disability, illness and death) taken out by your Company for Marie-Claire Janailhac-Fritsch.

These agreements were authorized previously by your Board of Directors, at its meeting on March 11, 2015.

Terms: This health insurance and this welfare insurance policy are the same as those covering Guerbet's employees and were taken out under the same conditions in terms of both the benefits offered and the financial terms.

Amounts: The contributions paid by your Company in this respect in the 2017 fiscal year totalled €1,071.13 for health insurance and €1,370.67 for the welfare insurance policy.

Paris and Neuilly-sur-Seine, April 11, 2018

The Statutory Auditors

HAF Audit & Conseil

Member of Crowe Horwath International

Marc de Prémare

Deloitte & Associés

Frédéric Souliard

General Meeting of May 25, 2018

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7.1 Agenda

Ordinary agenda

1. Approval of the Company's parent-company financial statements for the year ended December 31, 2017;
2. Approval of the Company's consolidated financial statements for the year ended December 31, 2017;
3. Appropriation of earnings for the fiscal year ended December 31, 2017 and determination of the dividend amount;
4. Special report of the Statutory Auditors on the regulated agreements and commitments referred to in Articles L. 225-38 *et seq.* of the French Commercial Code;
5. Approval, pursuant to Article L. 225-42-1 of the French Commercial Code, of pension, health and welfare insurance commitments for Yves L'Épine, Chief Executive Officer;
6. Determination of the annual amount of attendance fees allocated to members of the Board of Directors;
7. Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Marie-Claire Janailhac-Fritsch in her capacity as Chairman of the Board of Directors;
8. Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Yves L'Épine in his capacity as Chief Executive Officer;
9. Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Pierre André in his capacity as Deputy Chief Executive Officer;
10. Approval of the components of the compensation paid or allocated for the year ended December 31, 2017 to Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors;
11. Approval of the components of the compensation paid or allocated for the year ended December 31, 2017 to Yves L'Épine as Chief Executive Officer;
12. Approval of the components of the compensation paid or allocated for the year ended December 31, 2017 to Pierre André as Deputy Chief Executive Officer;
13. Authorization for the Board of Directors to act on the Company's shares;

Extraordinary resolutions

14. Authorization for the Board of Directors to reduce the Company's share capital by canceling treasury shares;
15. Delegation of authority to the Board of Directors to increase the share capital by capitalization of reserves, profits or premiums or any other sum whose capitalization is permitted;
16. Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or debt securities giving access to new shares;
17. Delegation of authority to the Board of Directors to increase the share capital by issuing, with cancellation of preferential subscription rights, shares and/or debt securities giving access to new shares as part of public offerings;
18. Delegation of authority to the Board of Directors to increase the share capital by issuing, with cancellation of preferential subscription rights, shares and/or debt securities giving access to new shares, through private placements referred to in Article L. 411-2-II of the French Monetary and Financial Code;
19. Authorization for the Board of Directors, in the event of an issue with cancellation of preferential subscription rights through public offerings or private placements referred to in Article L. 411-2-II of the French Monetary and Financial Code, to fix the issue price according to the terms established by the General Meeting, within the limit of 10% of the capital per year;
20. Authorization for the Board of Directors to increase the amount of issuance with or without preferential subscription rights;
21. Delegation of authority to the Board of Directors to increase the share capital by issuing shares in consideration of contributions in kind within the limit of 10% of the share capital;
22. Delegation of authority to the Board of Directors to increase the share capital with cancellation of the preferential subscription right by issuing shares of the Company reserved for members of a Company savings plan;
23. Authorization granted to the Board of Directors to allocate performance shares freely to certain employees and corporate officers of the Company and its affiliates;
24. Powers to carry out formalities.

7.2 Draft resolutions

Resolutions presented to the Ordinary General Meeting

First resolution

(Approval of the Company's parent-company financial statements for the year ended December 31, 2017)

The General Meeting, deliberating according to the quorum and majority required for ordinary general meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors, approves the Company's parent-company financial statements for the fiscal year ended December 31, 2017, including the balance sheet, the income statement and the notes, as presented to it, showing a net book profit of €258,066.69, as well as the transactions reflected in these financial statements and summarized in these reports.

Second resolution

(Approval of the Company's consolidated financial statements for the year ended December 31, 2017)

The General Meeting, deliberating according to the quorum and majority required for ordinary general meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors, approves the Company's consolidated financial statements for the fiscal year ended December 31, 2017, including the balance sheet, the income statement and the notes, as presented to it, as well as the transactions reflected in these financial statements and summarized in these reports.

Third resolution

(Appropriation of earnings for the fiscal year ended December 31, 2017 and determination of the dividend amount)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors:

	(in €)
Net income	€258,066.69
Positive retained earnings	€68,235,720.92
TOTAL TO BE APPROPRIATED	€68,493,787.61
Appropriation to the statutory reserve	6,221.00
TOTAL DISTRIBUTABLE	€68,487,566.61
Statutory dividend	€753,801.48
Supplemental dividend	€9,925,052.82
TOTAL NET DIVIDEND	€10,678,854.30
BALANCE APPROPRIATED TO RETAINED EARNINGS	€57,808,712.31

The General Meeting therefore resolves to pay a dividend of €0.85 per share. The dividend will be payable beginning June 4, 2018.

Pursuant to the provisions of Article 243 *bis* of the French General Tax Code, it is specified that, under the conditions defined by the laws and regulations in force, this gross dividend will be subject to a single withholding tax at a total rate of 30% (*i.e.* 12.8% for income tax and 17.2% for social security contributions), unless the taxpayer opts for the progressive scale of income tax, which would in this case apply to all capital income received in 2018. If the progressive scale is opted for, this option will give entitlement to the 40% proportional reduction provided for in Article 158-(3)-(2) of the French General Tax Code, *i.e.* €0.34 per share. This scheme is applicable to individuals domiciled for tax purposes in France.

In accordance with Article 243 *bis* of the French General Tax Code, the distributions made for the last three fiscal years are indicated below:

Year	Total amount distributed	Gross dividend per share ⁽¹⁾	Tax rebate ⁽²⁾
2014	€6,104,092.00	€0.50	€0.20
2015	€8,023,258.10	€0.65	€0.26
2016	€10,625,975.80	€0.85	€0.34

(1) Before taxes and social security contributions.

(2) For individuals who are residents in France for tax purposes.

The General Meeting resolves that, in accordance with the provisions of Article L. 225-210 of the French Commercial Code, the amount of the dividend corresponding to the shares that the Company holds at the time of payment will be appropriated to "retained earnings."

Fourth resolution

(Special report of the Statutory Auditors on the regulated agreements and commitments referred to in Articles L. 225-38 *et seq.* of the French Commercial Code)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors presented pursuant to Article L. 225-40 of the French Commercial Code on regulated agreements and commitments referred to in Articles L. 225-38 *et seq.* of said Code, approves the terms of this report, which does not include any new agreements falling within the scope of Article L. 225-38 cited above and taking place during the fiscal year ended December 31, 2017, and duly notes that the regulated agreements and commitments entered into and previously approved by the General Meeting, referred to therein, continued during the past fiscal year.

Fifth resolution

(Approval, pursuant to Article L. 225-42-1 of the French Commercial Code, of pension, health and welfare insurance commitments for Yves L'Épine, Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the reports of the Board of Directors and the Statutory Auditors presented pursuant to Article L. 225-40 of the French Commercial Code on regulated agreements and commitments referred to in Articles L. 225-38 and L. 225-42-1 of the same Code, approves the pension, health insurance and welfare insurance commitments for Yves L'Épine, Chief Executive Officer, described therein.

Sixth resolution

(Determination of the annual amount of attendance fees allocated to members of the Board of Directors)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, resolves to set the annual amount of annual attendance fees to be allocated to the members of the Board of Directors at a maximum total of €270,000, until it decides otherwise, leaving it up to the Board of Directors to determine the distribution and the date of payment of said attendance fees.

Seventh resolution

(Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Marie-Claire Janailhac-Fritsch in her capacity as Chairman of the Board of Directors)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind presented in the aforementioned report that may be allocated to Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors.

Eighth resolution

(Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Yves L'Épine in his capacity as Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind presented in the aforementioned report that may be allocated to Yves L'Épine as Chief Executive Officer.

Ninth resolution

(Approval of the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind that may be allocated to Pierre André in his capacity as Deputy Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the fixed and variable components of the total compensation and benefits of any kind presented in the aforementioned report that may be allocated to Pierre André for his duties as Deputy Chief Executive Officer.

Tenth resolution

(Approval of the components of the compensation paid or allocated for the year ended December 31, 2017 to Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to Article L. 225-100 of the French Commercial Code, the fixed and variable components of the total remuneration and benefits of any kind paid or allocated to Marie-Claire Janailhac-Fritsch, Chairman of the Board of Directors, for the fiscal year ended December 31, 2017, as presented in Section 2 "Compensation of company officers" of the "Corporate governance" chapter of the Company's 2017 Registration Document.

Eleventh resolution

(Approval of the components of the compensation paid or allocated for the year ended December 31, 2017 to Yves L'Épine as Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to Article L. 225-100 of the French Commercial Code, the fixed and variable components of the total remuneration and benefits of any kind paid or allocated to Yves L'Épine, Chief Executive Officer, for the fiscal year ended December 31, 2017, as presented in Section 2 "Compensation of company officers" of the "Corporate governance" chapter of the Company's 2017 Registration Document.

Twelfth resolution

(Approval of the components of the compensation paid or allocated for the year ended December 31, 2017 to Pierre André as Deputy Chief Executive Officer)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, approves, pursuant to Article L. 225-100 of the French Commercial Code, the fixed and variable components of the total remuneration and benefits of any kind paid or allocated to Pierre André, Deputy Chief Executive Officer, for the fiscal year ended December 31, 2017, as presented in Section 2 "Compensation of company officers" of the "Corporate governance" chapter of the Company's 2017 Registration Document.

Thirteenth resolution

(Authorization for the Board of Directors to act on the Company's shares)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, after reviewing the report of the Board of Directors:

1. authorizes the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, in compliance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase or arrange the purchase, on one or more occasions and at the times that it deems appropriate, of a number of shares of the Company that may not exceed:
 - i. 10% of the total number of shares making up the share capital at any time whatsoever, or
 - ii. 5% of the total number of shares making up the share capital acquired by the Company in order to retain them, deliver them for payment later, or exchange them as part of a merger, demerger, or transfer.

These percentages apply to a number of shares adjusted, where appropriate, depending on the transactions that may affect the share capital after this General Meeting.

Acquisitions made by the Company may under no circumstances lead the Company to hold at any time more than 10% of the shares comprising its share capital;

2. resolves that this authorization may be used to:
 - i. ensure liquidity and stimulate the market for the Company's shares through an investment services provider, acting independently under a liquidity contract compliant with the code of ethics recognized by the AMF,
 - ii. allocate shares to the corporate officers and employees of the Company and other Group entities, and in particular in connection with (i) profit sharing, (ii) any Company stock option plan, pursuant to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, or (iii) any savings plan in accordance with Articles L. 3331-1 *et seq.* of the Labor Code or (iv) any free allocation of shares pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, and carry out any hedging operations relating to these transactions, under the conditions specified by the market authorities and at the times deemed appropriate by the Board of Directors or the person acting on the authority of the Board of Directors,
 - iii. deliver the Company's shares upon the exercise of rights attached to securities giving access, directly or indirectly, through redemption, conversion, exchange, presentation of warrants or any other means, to the allocation of the Company's shares under the regulations in force and carry out all hedging operations related to these transactions, under the conditions provided for by the market authorities and at the times deemed appropriate by the Board of Directors or by the person acting on the authority of the Board of Directors,

- iv. retain the Company's shares and subsequently tender them as payment or exchange in connection with any external growth transactions,
 - v. cancel all or part of the securities thus purchased,
 - vi. implement any market practice that may be permitted by the AMF and, more generally, carry out any transaction that complies with the regulations in force;
3. resolves that the maximum unit purchase price may not be greater than €130 per share, excluding costs. However, for operations on the Company's capital, particularly the modification of the share's nominal value, a capital increase by capitalization of reserves followed by the creation and free allocation of shares, a stock split or a reverse stock split, the Board of Directors may adjust the aforementioned maximum purchase price to take into account the impact of these operations on the value of the Company's shares;
 4. resolves that the acquisition, disposal or transfer of these shares may be done and paid for by any means authorized by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internalizer or by mutual agreement, in particular by the acquisition or sale of blocks, by the use of options or other derivatives, or warrants or, more generally, securities giving access to shares of the Company at the times deemed appropriate by the Board of Directors;
 5. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this authorization once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
 6. resolves that the Board of Directors will have full powers, with the right to subdelegate in accordance with legislative and regulatory conditions, to carry out, in compliance with the applicable laws and regulations, the allocations and, where applicable, the permitted reallocations of repurchased shares in view of one of the objectives of the program for one or more of its other objectives, or their disposal, on or off the market.

All powers are therefore conferred on the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, to implement this authorization, specify its terms if necessary, and set the procedures under the legal conditions and this resolution and, in particular, place all stock market orders, enter into any agreements, in particular for the keeping of share purchase and sale records, make any declarations to the AMF or any other competent authority, establish any document, particularly information documents, complete all formalities, and, in general, do whatever is necessary.

In accordance with the law, the Board of Directors must inform the General Meeting of the operations carried out under this authorization;

7. resolves that this authorization, which cancels and replaces the authorization granted by the fifteenth resolution of the General Meeting of May 19, 2017, is granted for a duration of eighteen (18) months from this General Meeting.

Resolutions presented to the Extraordinary General Meeting

Fourteenth resolution

(Authorization for the Board of Directors to reduce the Company's share capital by canceling treasury shares)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, after reviewing the report of the Board of Directors and the special report of the Statutory Auditors:

1. authorizes the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, to:
 - i. cancel, on its sole decisions, on one or more occasions, within the limit of 10% of the amount of the share capital existing at the date of the cancellation (*i.e.* adjusted according to the operations on the share capital since the adoption of this resolution), for a period of twenty-four (24) months, all or part of the shares acquired by the Company under a share buyback program authorized by the Shareholders,
 - ii. reduce the share capital accordingly and apply the difference between the repurchase price of the canceled shares and their nominal value to the available premiums and reserves of its choice;
2. confers all powers on the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, to determine the final amount of capital reductions within the limits set by law and this resolution, to set their terms, record their completion, and carry out all acts, formalities or declarations with a view to finalizing any capital reductions that may be made under this authorization and to amend the articles of association accordingly;
3. resolves that this authorization is granted for a period of twenty-six (26) months from this General Meeting.

Fifteenth resolution

(Delegation of authority to the Board of Directors to increase the share capital by capitalization of reserves, profits or premiums or any other sum whose capitalization is permitted)

The General Meeting, deliberating according to the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Board of Directors, and in accordance with the provisions of the French Commercial Code, particularly its Articles L. 225-129, L. 225-129-2 and L. 225-130:

1. delegates to the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, its authority to increase, on one or more occasions, in the proportions and at the times that it determines, the share capital of the Company by capitalization of reserves, profits, or issue, merger, or contribution premiums, or any other sum whose capitalization will be possible under the law or the articles of association, to be done by issuing new shares or increasing the nominal amount of the existing shares or by a combination of these two methods according to procedures that it determines;
2. resolves that the nominal amount of the capital increases that may be decided by the Board of Directors and carried out, immediately and/or in the future, under this delegation may not exceed a maximum amount of two million five hundred thousand euros (€2,500,000) (*i.e.* approximately 19.9% of the capital as of the date of this notice). This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and with any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;

3. specifies that in the event of a capital increase giving rise to the free allocation of new shares, the Board of Directors may decide that fractional rights will not be negotiable and that the corresponding shares will be sold, in accordance with the provisions of Article L. 225-130 of the French Commercial Code, and the proceeds from the sale will be allocated to the holders of the rights no later than thirty (30) days after the date of registration of the whole number of allocated shares in their account;
4. resolves that the Board of Directors shall have full powers, with the right to subdelegate in accordance with legislative and regulatory conditions, to implement this delegation, and in particular to determine the terms and conditions of authorized transactions and, generally, to do everything necessary to finalize any capital increases that may be carried out under this delegation and amend the Company's articles of association accordingly;
5. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares until the end of the offer period;
6. resolves that this delegation is granted for a period of twenty-six (26) months from this General Meeting.

Sixteenth resolution

(Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or debt securities giving access to new shares)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of the Commercial Code, particularly its Articles L. 225-129 *et seq.*, L. 225-132, L. 225-133 and L. 228-92:

1. delegates to the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, the power to decide to issue, on one or more occasions, in the proportions and at the times that it deems appropriate, both in France and in abroad, in euros, with preferential subscription rights, shares of the Company and/or debt securities giving access to new shares, which may be subscribed to either in cash, by netting with debts that are uncontested, liquid and enforceable, or, in full or in part, by capitalizing reserves, profits or premiums;
2. resolves that the total nominal amount of capital increases that may be carried out immediately and/or in the future under this delegation may not exceed a maximum amount of six million two hundred and fifty thousand euros (€6,250,000) (*i.e.* approximately 49.7% of the Company's share capital as at the date of this notice), it being specified that the nominal amount of the capital increases carried out pursuant to this resolution and the 17th to 23rd resolutions submitted to this General Meeting, shall be factored into the amount of this ceiling. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;

3. resolves that the maximum aggregate nominal amount of debt securities giving access to new shares that may be issued on the basis of this delegation may not exceed two hundred million euros (€200,000,000), it being specified that the nominal amount of issues of debt securities carried out pursuant to this resolution and the 16th to 21st resolutions submitted to this General Meeting, shall be factored into the amount of the ceiling;
4. acknowledges that this delegation entails the renunciation by the Shareholders of their preferential subscription rights to the new shares of the Company to which the debt securities issued on the basis of this delegation may give entitlement immediately or in the future;
5. resolves that the Shareholders may exercise, under the conditions provided for by law, their irrevocable preferential subscription rights for the new shares and/or debt securities giving access to new shares, whose issuance is decided by the Board of Directors under this delegation of authority. The Board of Directors may grant Shareholders the right to subscribe, in excess of their rights, to a number of new shares or debt securities greater than the number that they could subscribe to on an irrevocable basis, in proportion to the subscription rights available to them and, in any event, within the limits of their demand. If the subscriptions as of right and, where applicable, in excess of the rights have not absorbed all of the new shares and/or debt securities issued, the Board of Directors will have the option, in the order that it determines, either to limit, in accordance with the law, the issue to the amount of the subscriptions received, under the condition that it amounts to at least three-quarters of the issue that has been decided, to freely distribute all or part of the unsubscribed shares between persons of its choice, or to offer them to the public in the same way. The Board of Directors may use all the above options or only some of them;
6. further specifies that the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, may in particular:
 - i. decide and set the characteristics of the issues of shares and debt securities and, in particular, their issue price (with or without issue premium), the terms of their subscription and their ex-dividend date,
 - ii. more generally, determine the characteristics of all debt securities and, in particular, the terms and conditions for allocation of shares, the duration of debts that may be issued in the form of bonds, their subordinated or non-subordinated nature, the currency of issue, the principal repayment terms, with or without a premium, the terms and conditions of redemption and, where applicable, of purchase, exchange or early redemption, and the interest rates – fixed or variable – and the date of interest payments; the compensation may include a variable portion calculated by reference to items relating to the Company's business and earnings and a deferred payment in the absence of distributable profits,
 - iii. decide to use the shares acquired under a share buyback program authorized by the Shareholders to allocate them through the issue of debt securities issued on the basis of this delegation,
 - iv. take all measures to preserve the rights of holders of the issued securities or other rights providing access to the Company's capital required by the legislative and regulatory provisions and contractual stipulations,
 - v. if necessary, suspend the exercise of the rights attached to these securities for a fixed period in accordance with the applicable legislative and regulatory provisions and contract stipulations,
- vi. duly note the execution of all capital increases and securities issues, make the corresponding amendments to the articles of association, charge the issue costs to the premiums and, if deemed appropriate, deduct from the amount of the capital increases the sums required to bring the statutory reserve to one-tenth of the new share capital,
- vii. take all measures and complete all the formalities required for admission of the created securities to trading on a regulated market;
7. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
8. resolves that this delegation is granted for a period of twenty-six (26) months from this General Meeting.

Seventeenth resolution

(Delegation of authority to the Board of Directors to increase the share capital by issuing, with cancellation of preferential subscription rights, shares and/or debt securities giving access to new shares)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with the provisions of the Commercial Code, particularly its Articles L. 225-129 *et seq.*, L. 225-135, L. 225-136, L. 225-148 and L. 228-92:

1. delegates to the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, the power to decide to issue through a public offering, on one or more occasions, in the proportions and at the times that it deems appropriate, both in France and in abroad, in euros, with preferential subscription rights, shares of the Company and/or debt securities giving access to new shares, may be subscribed to either in cash or by netting with debts that are uncontested, liquid and enforceable. In particular, these securities may be issued for the purpose of compensating for securities contributed to the Company, as part of a public exchange offer made in France or abroad in accordance with local rules (for example, as part of a reverse merger) on securities meeting the conditions set out in Article L. 225-148 of the French Commercial Code;
2. resolves that the total nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to this delegation may not exceed a maximum amount of one million two hundred and fifty thousand euros (€1,250,000) (approximately 9.9% of the share capital as at the date of this notice), it being specified (i) that the nominal amount of the capital increases carried out pursuant to this resolution and the 18th and 19th resolutions submitted to this General Meeting, shall be factored into the amount of this ceiling and (ii) that the nominal amount of any capital increase carried out pursuant to this delegation shall be factored into the amount of the overall nominal ceiling for capital increases set out in paragraph 2 of the 16th resolution submitted to this General Meeting. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;

3. resolves to cancel the preferential subscription right of Shareholders to the shares and other debt securities giving access to new shares to be issued pursuant to this resolution;
4. resolves that with regard to issues done pursuant to this delegation, the Board of Directors may establish for the Shareholders a priority subscription period (for a minimum of three trading days), as of right or possibly in excess of their rights, not providing entitlement to the creation of negotiable rights, and consequently delegates to the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, the right to define this period together with its terms, according to the provisions of Article L. 225-135-(5) of the French Commercial Code;
5. resolves that the maximum aggregate nominal amount of debt securities giving access to new shares that may be issued on the basis of this delegation may not exceed two hundred million euros (€200,000,000), it being specified that this amount shall be factored into the amount of the overall nominal ceiling for issues of debt securities provided for in paragraph 3 of the 16th resolution submitted to this General Meeting;
6. acknowledges that this delegation entails the renunciation by the Shareholders of their preferential subscription rights to the new shares of the Company to which the debt securities issued on the basis of this delegation may give entitlement;
7. resolves that if the subscriptions as of right and, where applicable, in excess of the rights have not absorbed all of the new shares and/or debt securities issued, the Board of Directors will have the option, in the order that it will determine, either to limit the issue to the amount of the subscriptions received, under the condition that it amounts to at least three-quarters of the issue that has been decided, to freely distribute all or part of the unsubscribed shares between persons of its choice, or to offer them to the public in the same way. The Board of Directors may use all the above options or only some of them;
8. further specifies that the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, may in particular:
 - i. decide and set the characteristics of issues of shares and debt securities and, in particular, their issue price (with or without issue premium), the terms of their subscription and their ex-dividend date,
 - ii. more generally, determine the characteristics of all debt securities and, in particular, the terms and conditions for allocation of shares, the duration of debts that may be issued in the form of bonds, their subordinated or non-subordinated nature, the currency of issue, the principal repayment terms, with or without a premium, the terms and conditions of redemption and, where applicable, of purchase, exchange or early redemption, and the interest rates - fixed or variable - and the date of interest payments; the compensation may include a variable portion calculated by reference to items relating to the Company's business and earnings and a deferred payment in the absence of distributable profits,
 - iii. set the issue price of the shares or securities that may be created by virtue of the previous paragraphs such that the Company receives for each share created or awarded independently of any remuneration, regardless of the form, interest, share premium or redemption in particular, a sum at least equal to the minimum price set by the applicable legislative or regulatory provisions on the day of the issue (*i.e.*, to date, the weighted average of the Company's share price in the last three stock exchange sessions on the regulated market of Euronext Paris preceding the setting of the issue price, less a maximum discount of 5% if applicable),
 - iv. take all measures to preserve the rights of holders of the issued securities or other rights providing access to the Company's capital required by the legislative and regulatory provisions and the applicable contractual stipulations,
- v. if necessary, suspend the exercise of the rights attached to these securities for a fixed period in accordance with applicable legislative and regulatory provisions and contract stipulations,
- vi. duly note the execution of all capital increases and securities issues, make the corresponding amendments to the articles of association, charge the issue costs to the premiums and, if deemed appropriate, deduct from the amount of the capital increases the sums required to bring the statutory reserve to one-tenth of the new share capital,
- vii. take all measures and complete all the formalities required for admission of the created securities to trading on a regulated market;
9. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
10. resolves that this delegation is granted for a period of twenty-six (26) months from this General Meeting.

Eighteenth resolution

(Delegation of authority to the Board of Directors to increase the share capital by issuing, with cancellation of preferential subscription rights, shares and/or debt securities giving access to new shares, through private placements referred to in Article L. 411-2-II of the French Monetary and Financial Code)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of the Commercial Code, particularly its Articles L. 225-129 *et seq.*, L. 225-135, L. 225-136 and L. 228-92:

1. delegates to the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, the power to decide to issue, within the framework of offers referred to in Article L. 411-2 of the French Monetary and Financial Code, under the conditions and within the maximum limits provided for by the laws and regulations, on one or more occasions, in the proportions and at the times that it deems appropriate, both in France and in abroad, in euros with preferential subscription rights, shares of the Company and/or debt securities giving access to new shares, may be subscribed to either in cash or by netting with debts that are uncontested, liquid and enforceable;
2. resolves that the total amount of the capital increases likely to be carried out immediately and/or in the future pursuant to this delegation may not exceed a maximum amount of one million two hundred and fifty thousand euros (€1,250,000) (*i.e.* approximately 9.9% of the capital as of the date of this notice), it being specified (i) that the nominal amount of the capital increases carried out pursuant to 17th resolution, paragraph 2 resolution submitted to this General Meeting shall be factored into the amount of this ceiling, and (ii) that the nominal amount of any capital increase carried out pursuant to this delegation shall be factored into the amount of the overall nominal ceiling for capital increases set out in paragraph 2 of the 16th resolution submitted to this General Meeting. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;

3. resolves to cancel the preferential subscription right of Shareholders to the shares and other debt securities giving access to new shares to be issued pursuant to this resolution;
4. resolves that the maximum aggregate nominal amount of debt securities that may be issued on the basis of this delegation may not exceed two hundred million euros (€200,000,000), it being specified that this amount shall be factored into the amount of the overall nominal ceiling for issues of debt securities provided for in paragraph 3 of the 16th resolution submitted to this General Meeting;
5. acknowledges that this delegation entails the renunciation by the Shareholders of their preferential subscription rights to the new shares of the Company to which the debt securities issued on the basis of this delegation may give entitlement;
6. resolves that if the subscriptions as of right and, where applicable, in excess of the rights have not absorbed all of the new shares and/or debt securities issued, the Board of Directors will have the option, in the order that it determines, either to limit, in accordance with the law, the issue to the amount of the subscriptions received, under the condition that it amounts to at least three-quarters of the issue that has been decided, to freely distribute all or part of the unsubscribed shares between persons of its choice, or to offer them to the public in the same way. The Board of Directors may use all the above options or only some of them;
7. further specifies that the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, may in particular:
 - i. decide and set the characteristics of the issues of shares and debt securities to be issued and, in particular, their issue price (with or without issue premium), the terms of their subscription and their ex-dividend date,
 - ii. more generally, determine the characteristics of all debt securities and, in particular, the terms and conditions for allocation of shares, the duration of debts that may be issued in the form of bonds, their subordinated or non-subordinated nature, the currency of issue, the principal repayment terms, with or without a premium, the terms and conditions of redemption and, where applicable, of purchase, exchange or early redemption, and the interest rates – fixed or variable – and the date of interest payments; the compensation may include a variable portion calculated by reference to items relating to the Company's business and earnings and a deferred payment in the absence of distributable profits,
 - iii. set the issue price of the shares or securities that may be created by virtue of the previous paragraphs such that the Company receives for each share created or awarded independently of any remuneration, regardless of the form, interest, share premium or redemption in particular, a sum at least equal to the minimum price set by the applicable legislative or regulatory provisions on the day of the issue (*i.e.*, to date, the weighted average of the Company's share price in the last three stock exchange sessions on the regulated market of Euronext Paris preceding the setting of the issue price, less a maximum discount of 5% if applicable),
 - iv. decide to use the shares acquired under a share buyback program authorized by the Shareholders to allocate them through the issue of debt securities issued on the basis of this delegation,
 - v. take all measures to preserve the rights of holders of the issued securities required by the legislative and regulatory provisions and the applicable contractual stipulations,
 - vi. if necessary, suspend the exercise of the rights attached to these securities for a fixed period in accordance with applicable legislative, regulatory and contractual provisions,
 - vii. duly note the execution of all capital increases and securities issues, make the corresponding amendments to the articles of association, charge the issue costs to the premiums and, if deemed appropriate, deduct from the amount of the capital increases the sums required to bring the statutory reserve to one-tenth of the new share capital,
 - viii. take all measures and complete all the formalities required for admission of the created securities to trading on a regulated market;
8. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
9. resolves that this delegation is granted for a period of twenty-six (26) months from this General Meeting.

Nineteenth resolution

(Authorization for the Board of Directors, in the event of an issue with cancellation of preferential subscription rights through public offerings or private placements referred to in Article L. 411-2-II of the French Monetary and Financial Code, to fix the issue price according to the terms established by the General Meeting, within the limit of 10% of the capital per year)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of the French Commercial Code, particularly Article L. 225-136:

1. authorizes the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, in the event of issuance of shares and/or any other securities giving access immediately and/or in the future to the Company's capital, without preferential subscription right, through public offers or private placements referred to in L. 411-2-II of the French Monetary and Financial Code, under the conditions, particularly those pertaining to the amount, provided for in the 17th and 18th resolutions submitted to this General Meeting, to waive the price setting conditions specified by the aforementioned resolutions and to determine the issue price in accordance with the conditions below:
 - i. the share issue price shall be at least equal, at the Board of Directors' discretion, (i) to the average weighted price of the Company's share on the regulated market of Euronext Paris, on the day preceding the date for setting the issue price, less a maximum discount of 5% where applicable or (ii) the weighted average of the Company's share price on the regulated market of Euronext Paris over a maximum period of six (6) months preceding the date for setting the issue price, less a maximum discount of 5% where applicable,
 - ii. the issue price for debt securities providing access to the new shares must be such that the sum immediately collected by the Company, increased, where applicable, by the sum that may be collected by the Company in the future, is, for each share of the Company issued as a result of the issuance of these debt securities, at least equal to the amount specified above;

2. resolves that the total nominal amount of the capital increases likely to be made in the context of this resolution may not exceed 10% of the share capital per 12-month period (share capital value as of the date on which the decision to set the share price is made), it being specified that this amount shall be factored into the amount of (i) the nominal ceiling of one million two hundred and fifty thousand euros (€1,250,000) (i.e. approximately 9.9% of the capital as at the date of this notice) provided for capital increases with cancellation of preferential subscription rights in paragraph 2 of the 17th resolution submitted to this General meeting, and (ii) the overall nominal ceiling provided for capital increases in paragraph 2 of the 16th resolution submitted to this General Meeting. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;
3. resolves that the maximum aggregate nominal amount of debt securities that may be issued on the basis of this delegation may not exceed two hundred million euros (€200,000,000), it being specified that this amount shall be factored into the amount of this overall nominal ceiling for issues of debt securities provided for in paragraph 3 of the 16th resolution submitted to this General Meeting;
4. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
5. resolves that the Board of Directors shall have full powers to implement this authorization, especially to enter into any agreements to that effect, especially with a view to the successful completion of any issue, duly note its completion and make the corresponding amendments to the articles of association, and carry out all formalities and declarations and apply for any authorizations that might prove necessary for the fulfillment and completion of any issue;
6. resolves that this authorization is granted to the Board of Directors for a period of twenty-six (26) months from this General Meeting.

Twentieth resolution

(Authorization for the Board of Directors to increase the amount of issues with or without preferential subscription rights)

The General Meeting, deliberating according to the conditions required for Extraordinary General Meetings, having reviewed the special report of the Statutory Auditors and the report of the Board of Directors and subject to the adoption of the 16th, 17th and 18th resolutions of this General Meeting, in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code:

1. authorizes the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, to increase the number of securities to be issued for each of the issuances with or without preferential subscription right decided under the 16th, 17th and 18th resolutions of this General Meeting, under the conditions described by the legislative and regulatory provisions applicable on the issue date (i.e. currently, within thirty (30) days of the subscription closing, up to the limit of 15% of each issue and at the same price as adopted for the initial issue);
2. resolves that the total nominal amount of the capital increases that may be carried out under this delegation shall be factored into the

amount of the ceiling stipulated in the resolution pursuant to which the issue is decided and the total nominal ceiling stipulated for capital increases in paragraph 2 of the 16th resolution submitted to this General Meeting. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;

3. resolves that the maximum aggregate nominal amount of debt securities that may be issued on the basis of this delegation may not exceed two hundred million euros (€200,000,000), it being specified that this amount shall be factored into the amount of this overall nominal ceiling for issues of debt securities provided for in paragraph 3 of the 16th resolution submitted to this General Meeting;
4. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
5. resolves that this authorization is granted for a period of twenty-six (26) months from this General Meeting.

Twenty-first resolution

(Delegation of authority to the Board of Directors to increase the share capital by issuing shares in consideration of contributions in kind within the limit of 10% of the share capital)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of the Commercial Code, particularly its Articles L. 225-129 *et seq.*, L. 225-147 and L. 228-92:

1. delegates to the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, the authority to decide to issue, based on the report of the Statutory Auditor(s), on one or more occasions, in the proportions and at the times that it deems appropriate, both in France and abroad, in euros, shares of the Company to compensate for contributions in kind made to the Company and composed of equity securities or transferrable securities providing access to the capital, where the provisions of Article L. 225-148 of the French Commercial Code are not applicable;
2. resolves that the total nominal amount of the capital increases likely to be carried out pursuant to this delegation may not exceed, in addition to the statutory limit of 10% of the share capital (assessed on the date of the Board of Directors' decision for the issue), a maximum amount of one million two hundred and fifty thousand euros (€1,250,000) (i.e. approximately 9.9% of the capital as at the date of this notice), it being specified that the nominal amount of any capital increases carried out pursuant to this delegation shall be factored into the amount of the overall nominal ceiling provided for capital increases in paragraph 2 of the 16th resolution submitted to this General Meeting. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;
3. resolves to cancel, for the benefit of holders of shares or securities included in the contributions in kind, Shareholders' preferential right of subscription to the shares to be issued by virtue of this resolution;

4. further specifies that the Board of Directors, with the right to subdelegate in accordance with legislative and regulatory conditions, may in particular:
 - i. approve, based on the report of the Statutory Auditor(s), the valuation of the contributions and the granting of any specific benefits,
 - ii. set the characteristics of the issues of shares, and in particular their issue price (with or without issue premium), the terms of their subscription and their ex-dividend date,
 - iii. at its sole initiative, charge the costs of the increase(s) in share capital to the premiums relating to these contributions and deduct from this amount the sums required to bring the statutory reserve to one-tenth of the new capital after each increase,
 - iv. take all measures to preserve the rights of holders of the issued securities or other rights providing access to the Company's capital required by the legislative and regulatory provisions and the applicable contractual stipulations,
 - v. duly note the completion of any issues of shares, amend the articles of association as required due to the completion of any capital increase, charge the issue costs to the premium at its discretion and also bring the statutory reserve to one-tenth of the new share capital and perform all formalities and declarations and apply for any authorizations that may be necessary for implementing these contributions,
 - vi. take all measures and complete all the formalities required for admission of the created securities to trading on a regulated market;
 5. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
 6. resolves that this delegation is granted for a period of twenty-six (26) months from this General Meeting.
2. cancels, in favor of said members, the preferential subscription right of Shareholders to the shares that may be issued under this authorization and waives all rights to the shares that may be freely allocated on the basis of this resolution;
 3. resolves that the nominal amount of the capital increase that may be carried out pursuant to this delegation of authority may not exceed two hundred and fifty thousand euros (€250,000) (i.e. approximately 2% of the share capital as at the date of this notice), it being specified (i) that the nominal amount of the capital increases carried out pursuant to this resolution and the 23rd resolution submitted to this General Meeting shall be factored into the amount of this ceiling and (ii) that the nominal amount of any capital increase carried out pursuant to this delegation shall be factored into the amount of the overall nominal ceiling for capital increases set out in paragraph 2 of the 16th resolution submitted to this General Meeting. This ceiling will be increased, where appropriate, by the nominal value of the shares to be issued in order to preserve, in accordance with the laws and regulations and any applicable contractual provisions, the rights of the holders of securities or other rights giving access to the Company's capital;
 4. resolves that the price of the securities issued in application of this delegation shall be determined under the conditions provided for in Article L. 3332-19 of the French Labor Code, it being specified that the maximum discount in relation to an average of the quoted prices of the share in the last twenty trading sessions preceding the decision establishing the opening date of subscription may not exceed 20%. However, when this delegation is implemented, the Board of Directors may reduce the amount of the discount on a case-by-case basis notably due to tax, corporate or accounting restrictions applicable in the countries where the Group entities participating in the capital increases are established. The Board of Directors may also decide to freely allocate shares to subscribers of new shares, in place of the discount and/or as an additional contribution;
 5. resolves that the Board of Directors shall have all powers, with the right to subdelegate in accordance with legal and regulatory conditions, for implementing this delegation, within the limits and under the conditions specified above, in particular in order to:
 - i. establish the list of companies whose current employees, former employees and eligible corporate officers may be beneficiaries of the issue and set the conditions for beneficiaries to be eligible to subscribe, directly or through a mutual fund, to the shares that will be issued under this delegation of authority,
 - ii. set the amounts of these issues and determine the prices and subscription dates, the terms of each issue and conditions for subscription, payment and delivery of the shares issued by virtue of this delegation of authority, as well as the date, even if retroactive, from which the new shares will be entitled to dividends,
 - iii. decide, pursuant to Article L. 3332-21 of the French Labor Code, on the allocation, free of charge, of shares to be issued or already issued, as an additional contribution and/or, where appropriate, as a discount, provided that the recognition of their equivalent pecuniary value, valued at the subscription price, does not result in exceeding the limits specified in Article L. 3332-11 of the Labor Code,
 - iv. set the period granted to subscribers for payment for their shares,

Twenty-second resolution

(Delegation of authority to the Board of Directors to increase the share capital with cancellation of the preferential subscription right by issuing shares of the Company reserved for members of a Company savings plan)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code:

1. delegates, with the right to subdelegate in accordance with legislative and regulatory conditions, its authority to issue, on one or more occasions, at its sole discretion, in the proportions and at the times that it deems appropriate, both in France and abroad, new shares reserved for current employees, former employees and eligible corporate officers of the Company and/or its related companies as defined by the provisions of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code who are members of a corporate savings plan;

- v. duly note or have another party note the completion of the capital increase for the amount of the shares that will actually be subscribed to,
 - vi. at its sole initiative, charge the costs of the increase(s) in share capital to the premiums relating to these increases and deduct from this amount the sums required to bring the statutory reserve to one-tenth of the new capital after each increase,
 - vii. generally, take all measures and perform all formalities useful for issuing and listing the issued shares and following the capital increases and related amendments to the articles of association under this delegation;
6. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares until the end of the offer period;
7. resolves that this delegation, which cancels and replaces the authorization granted by the thirteenth resolution of the General Meeting of May 27, 2016, is granted for a duration of twenty-six (26) months from this General Meeting.

Twenty-third resolution

(Authorization granted to the Board of Directors to allocate performance shares freely to certain employees and corporate officers of the Company and its affiliates)

The General Meeting, deliberating according to the quorum and majority required for Extraordinary General Meetings, after reviewing the report of the Board of Directors and the special report of the Statutory Auditors:

1. authorizes the Board of Directors, pursuant to the provisions of Article L. 225-197-1 *et seq.* of the French Commercial Code, to freely allocate, on one or more occasions, existing or future shares of the Company to certain eligible employees and officers of the Company or related companies under the conditions defined in Article L. 225-197-2 of the French Commercial Code;
2. resolves that the total number of shares allocated pursuant to this authorization may not exceed 2% of the number of shares comprising the Company's share capital on the date of the Board of Directors' decision to allocate them and that, for shares to be issued, the aggregate nominal amount of the capital increases that might result therefrom shall be factored into (i) the total nominal ceiling of two hundred and fifty thousand euros (€250,000) (*i.e.* approximately 2% of the capital as at the date of this notice) provided for capital increases reserved for employees in paragraph 3 of the 22nd resolution of this General Meeting and (ii) the overall nominal ceiling for the capital increases in paragraph 2 of the 16th resolution submitted to this General Meeting;
3. resolves that the shares freely allocated to the Company's offices under this authorization may not represent more than ten percent (10%) of all the shares allocated by the Board of Directors under this authorization;
4. resolves that the final allocation of shares will be fully contingent on the achievement of performance conditions set by the Board of Directors;
5. duly notes that for eligible corporate officers, the Board of Directors must set the quantity of shares that they will be required to hold in registered form until the termination of their functions;

6. resolves that the shares shall be definitively allocated to their beneficiaries at the end of a minimum vesting period of one year and that these shares shall come with a lock-in period of at least one year from their definitive allocation and/or a minimum vesting period of two years and that these shares shall then not have any lock-in period. Beneficiaries affected by one of the cases of disability referred to in Article L. 225-197-1 of the French Commercial Code shall be fully entitled to their shares and permitted to transfer them freely;
7. duly notes that this authorization automatically implies, for the beneficiaries of freely allocated shares, an express waiver by the Shareholders of (i) their preferential subscription right to the free shares to be issued, (ii) the portion of the reserves, profits or premiums that will be incorporated in the capital in the event of the free allocation of new shares and (iii) any right to existing shares allocated freely. The corresponding capital increase shall be definitively completed by the sole fact of definitive allocation of the shares to the beneficiaries;
8. grants the Board of Directors, with the right to subdelegate, all powers, within the limits fixed above, to implement this authorization and in particular to:
 - i. determine whether the freely allocated shares are new shares or existing shares and establish the identity of the beneficiaries of the share allocations and the number of shares allocated to each of them,
 - ii. set the dates and terms for allocation of the shares, in particular the period at the end of which these allocations will become final and, where applicable, the lock-in period for each beneficiary,
 - iii. determine, where applicable, the conditions linked in particular to the performance of the Company or its Group, and the allocation criteria that will be used to allocate the shares,
 - iv. make, during the vesting period, as applicable, any adjustments in the number of shares allocated freely depending on any operations involving the Company's capital, so as to preserve the rights of beneficiaries, it being specified that the shares allocated in application of these adjustments shall be considered allocated on the same day as the initially allocated shares,
 - v. more generally, duly note the definitive allocation dates and the dates from which the shares may be freely transferrable in accordance with the legal restrictions, enter into all agreements, prepare all documents, perform all formalities and make all declarations to any organization and carry out any action that may be necessary;
9. resolves that the Board of Directors may not, without the prior authorization of the General Meeting, make use of this delegation of authority once a third party has submitted a proposed public offer for the Company's shares, until the end of the offer period;
10. resolves that this authorization, which cancels and replaces the authorization granted by the twelfth resolution of the General Meeting of May 27, 2016, is granted for a period of twenty-four (24) months from this General Meeting.

Twenty-fourth resolution

(Powers to carry out formalities)

The General Meeting, deliberating according to the quorum and majority required for extraordinary general meetings, grants full powers to the bearer of copies or extracts of these minutes to complete all legal formalities.

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8.1 Person responsible for the accuracy of the Registration Document

I affirm, having taken every reasonable measure to this effect, that the information contained in this Registration Document is, to the best of my knowledge, accurate and has no omissions that could alter its bearing.

I affirm, to the best of my knowledge, that the statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income of the Company and of all the companies included in its consolidation scope. I affirm that the management report presents an accurate view of developments in the business, the results and the financial situation of the Company and of all the companies included in

the consolidation scope, together with a description of the main risks and uncertainties that they face.

I obtained a completion letter from the Statutory Auditors of the financial statements, in which they state that they have verified the information relating to the financial situation and the statements given in the present Document and have read the entire Document.

Villepinte, April 24, 2018

Yves L'Épine
Chief Executive Officer

8.2 Statutory Auditors

8.2.1 Statutory Auditors

	First mandate	Last renewal	Expiration of mandate:
DELOITTE & ASSOCIÉS Member of the Deloitte Touche Tohmatsu network represented by Frédéric Souliard 185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	General Meeting of May 21, 1987	General Meeting of May 19, 2017	Annual General Meeting concerning the 2022 fiscal year
HAF AUDIT & CONSEIL Member of the Crowe Horwath International network represented by Marc de Prémare 15, rue de la Baume 75008 Paris	General Meeting of May 23, 2008	General Meeting of May 27, 2016	Annual General Meeting concerning the 2021 fiscal year

8.2.2 Alternate Statutory Auditors

	First mandate	Last renewal	Expiration of mandate:
ÉTOILE AUDIT & CONSEIL Independent member of Crowe Horwath International represented by Olivier Grivillers 15, rue de la Baume 75008 Paris	General Meeting of May 27, 2016	Not applicable	Annual General Meeting concerning the 2021 fiscal year

8.3 Share capital

8.3.1 History of the share capital

All capital increases correspond to exercised stock options.

Event	Date of Management Board/ Board of Directors meeting recording capital increase	Number of shares created	Number of shares making up share capital	Share capital (in €)
Capital increase	January 3, 2008	19,051	3,004,569	12,018,276
Capital increase	January 6, 2009	15,396	3,019,965	12,079,860
Capital increase	January 19, 2010	21,796	3,041,761	12,167,044
Capital increase	January 19, 2011	8,285	3,050,046	12,200,184
Four-for-one share split ⁽¹⁾	Not applicable	12,200,184	12,200,184	12,200,184
Capital increase	March 11, 2015	8,000	12,208,184	12,208,184
Capital increase	February 9, 2016	135,290	12,343,474	12,343,474
Capital increase	March 28, 2017	157,774	12,501,148	12,501,148
Capital increase	March 27, 2018	62,210	12,563,358	12,563,358

(1) Taking place on January 23, 2014.

8.3.2 Securities not giving access to the Company's capital

Not applicable.

8.4 Public access to this document

The Registration Documents are available on the Company's website, www.guerbet.com, in the "Finance" section, along with other documents related to regulated information (half-year financial reports, press releases, monthly statements on the number of shares and voting rights, etc.).

Furthermore, in accordance with legal provisions, all Shareholders can exercise their permanent right to communication and come to view the documents referred to in Article L. 225-15 of the French Commercial Code at the Company's headquarters at 15, rue des Vanesses – 93420 Villepinte.

8.5 General information about the Company

8.5.1 Legal form and corporate name

The legal name of the Company is Guerbet SA. It is organized in the form of a French public limited company (*société anonyme*) with a Board of Directors, under the rules of the French Commercial Code.

8.5.2 Date of formation

Guerbet was created on July 16, 1926 by the transformation of an undeclared partnership (*société en participation*) founded in 1901 into a limited partnership (*société en commandite simple*), then transformed into a limited liability company (*société anonyme*) on January 1, 1965. The form of a limited liability company with a Management Board and a Supervisory Board (*société anonyme à Directoire et Conseil de surveillance*)

was adopted on October 27, 2001 before its form was changed to a limited company with a Board of Directors (*société anonyme à Conseil d'administration*) at the Combined General Meeting of May 21, 2010. The Company's dissolution date is June 30, 2100, barring early dissolution or barring extension, as was the case for 99 years at the Extraordinary General Meeting held on December 8, 1998.

8.5.3 Trade and Companies Register (*Registre du Commerce et des Sociétés*)

Guerbet is listed in the Bobigny Trade and Companies Register under No. 308 491 521 with APE activity code 2120 Z – Manufacture of pharmaceutical preparations.

8.5.4 Fiscal year

Each fiscal year consists of twelve months, commencing on January 1 and ending on December 31.

8.6 Articles of association (excerpts)

8.6.1 Statutory provisions governing the management and administration bodies

8.6.1.1 Powers of the Board of Directors (Article 12)

The Board of Directors sets the guidelines for the Company's business and oversees their implementation. Within the powers expressly granted by law to General Meetings of Shareholders and within the limits of the Company's purpose, it deals with all issues affecting the Company's operations and regulates the Company's affairs.

It performs the controls and verifications it deems appropriate.

Each Director receives all the information necessary to carry out his or her assignment and can obtain the documents they consider useful for accomplishing this assignment.

The Board of Directors grants the authorizations provided for by law (particularly those foreseen under the provisions of Article L. 225-38 of the French Commercial Code) and, as an internal measure that does not apply to third parties, the authorizations mentioned in Article 14 of these articles of association.

The Board of Directors can decide to create committees. It determines the composition and duties of such committees that carry out their activity under its responsibility, although without delegating to said committees the powers that are assigned to the Board of Directors itself by law or the articles of association and without reducing or limiting the powers of the Board of Directors.

The Board of Directors can grant special mandates to one or several of its members for one or more specific purposes.

Under penalty of nullity of the contract, it shall be prohibited for Directors other than legal entities to take out loans from the Company in any form whatsoever, to have it grant them an overdraft on a current account or otherwise, or to have the Company provide guarantees or deposits for commitments to third parties. The same restriction applies to the CEO, to the Deputy CEO(s), and to permanent representatives of legal entities who are Directors, as well as to the spouses, parents and descendants of the persons above and to all intermediaries.

Directors do not take on any personal or joint obligation by virtue of their positions except those foreseen by the legal provisions in force.

8.6.1.2 Powers of the CEO (Article 14)

Subject to legal limitations, the CEO is vested with the broadest powers to act in all circumstances on the Company's behalf.

Nonetheless, under internal regulations and without extending such limitations to third parties, the Board of Directors can limit the extent of the CEO's powers.

8.6.1.3 Powers of the Deputy CEO (Article 14)

Along with the CEO, the Board of Directors determines the scope and duration of powers granted to Deputy CEOs. Nonetheless, they have the same powers in dealing with third parties as the CEO.

8.6.2 Provisions of the articles of association concerning profit distribution

8.6.2.1 Distribution of income (Article 23)

Distributable profits are made up of the profit from the fiscal year, reduced by losses from previous years, as well as amounts to carry over into reserve in application of the law or under the Company's articles of association, and increased by retained earnings.

After the accounts have been approved and the existence of a distributable profit ascertained, the necessary sum is taken from those profits to distribute an initial, non-cumulative dividend to Shareholders, equal to 6% of the paid-up and non-redeemed amount of the shares they own.

From the available surplus, the Shareholders at the Annual General Meeting take all the sums that they judge useful to assign to the allowance for any optional reserve funds or retained earnings.

The balance, if there is one, is split between all the Shareholders in proportion to the amount of shares that they own.

Shareholders at the Annual General Meeting are entitled to grant to each Shareholder, for all or part of the dividend or interim dividends distributed, a choice between payment in cash or in shares for said dividend or interim dividend.

8.6.3 Provisions of the articles of association relating to share capital

Provisions relating to share capital are listed in detail in the third part of this document, "Guerbet and its Shareholders."

8.6.4 Other provisions of the articles of association

8.6.4.1 Company purpose (Article 2)

The Company's purpose, in France and in every country, is the:

- ◆ research, development, and invention of all pharmaceutical and chemical products, and all medical devices;
- ◆ manufacture, purchase, and marketing of all pharmaceutical and chemical products, and all medical devices;
- ◆ development and marketing of services, in any form whatsoever, either directly or indirectly related to pharmaceutical and medical activities, and to healthcare activities more generally;

- ◆ all industrial, commercial and financial activities directly or indirectly related to this purpose, including research activities, and the creation, acquisition, holding, use and sale of patents, licenses, know-how and, more generally, all intellectual and industrial property rights;
- ◆ and any industrial, commercial, financial, investment or property operations that may be directly or indirectly related to the above purposes or that could facilitate their application or development.

8.7 2018 Financial calendar

Event	Date
Publication of 2017 annual revenue	February 15, 2018
Presentation of consolidated financial statements – 2017 fiscal year	March 27, 2018
Publication of first-quarter 2018 revenue	April 18, 2018
Publication of the GEAR 2023 strategic plan and presentation of this plan during Capital Markets Day ⁽¹⁾	April 18, 2018
Annual General Meeting of Shareholders for the 2017 fiscal year	May 25, 2018
Publication of second-quarter 2018 revenue	July 26, 2018
Presentation of first-half consolidated financial statements at June 30, 2018	September 25, 2018
Publication of third-quarter 2018 revenue	October 25, 2018

(1) The presentation is available on the Guerbet group's website.

Publications are released after the close of Euronext Paris, except for the publication of first-quarter 2018 revenue, which took place on April 18, before the opening of Euronext Paris.

The Guerbet group contact for financial information and investor relations is:

Jean-François Le Martret – Chief Financial Officer

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Email: jean-francois.lemartret@guerbet-group.com

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