



REGISTRATION  
DOCUMENT

**2015**

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# An interview with

Marie-Claire Janailhac-Fritsch, Chairman of the Board of Directors  
and Yves L'Épine, Chief Executive Officer



## 2015, or the year of the acquisition

### — In what way is the acquisition of CMDS a landmark event for Guerbet?

**Marie-Claire Janailhac-Fritsch:** By acquiring Mallinckrodt's CMDS ("contrast media and delivery systems") business, Guerbet has managed to grow in size while maintaining its identity, its ownership structure and the factors that makes it unique. The Group acquired CMDS for \$270 million, fully financed by a loan, enabling it to maintain the same shareholding structure. Its shares rose 85% during 2015.

This means that Guerbet's Shareholders will feel the full benefit of the synergies between the two structures' activities. The acquisition was therefore a strategic decision that lays a strong foundation for the future and bolsters Guerbet's intention to become one of the Top 3 in the contrast media and delivery systems sector.

### — Did Guerbet's ownership structure play a role in the acquisition of CMDS?

**Marie-Claire Janailhac-Fritsch:** We're a listed company in which one family holds a majority position of the shareholding structure; this was a key factor in our investment decision. This structure allows us to reconcile a focus on short-term business and financial targets with the strategic vision required to conduct major industrial investments to foster long-term growth.

### — How does the acquisition of CMDS create value for Guerbet?

**Yves L'Épine:** The acquisition of CMDS completely changes the Group's prospects: it nearly doubles its size, consolidates its presence in North America and Asia, significantly increases its production capacities and bolsters its "CT Imaging/Cath Lab" and "delivery systems" businesses. All of the efforts made to improve the Group's profitability and competitiveness since 2011 have paid off and enabled this transaction to go ahead. The Group now has healthy fundamentals: we're growing faster than our benchmark market (12.7% at a constant scope of business, *versus* around 3% for the market) and are generating operating profitability (EBITDA/revenue) of 17%, up significantly over the last two years compared with the two years before that. This means that the 14% target set in 2012 for our five-year plan has been reached one year early.

### — Will the new acquisition change the growth strategy in the company's different product segments?

**Yves L'Épine:** This acquisition is completely in line with the Group's strategy, which was to contribute to the consolidation of the

"contrast media and delivery systems for medical imaging" sector to create, from France, a new global leader in the sector. It will enable us to accelerate our growth, which will continue to draw on our four segments (X-ray imaging, magnetic resonance imaging, Interventional Radiology & Theranostics and Delivery Solutions & Services). We identified areas where the businesses of Guerbet and CMDS complemented one another in terms of sales – both product-wise and geographically –, industrial activities and technology. For example, Guerbet did not have a flagship product in X-ray imaging or a range of injectors on the world's top two markets, the US and Japan, where we were only present through our MRI (Dotarem®) and interventional radiology (Lipiodol®) products. With this acquisition, Guerbet will be able to offer a comprehensive range of products and solutions in all of our medical imaging segments and in all of the world's largest markets. We've also now reached critical mass on an industrial level and will be able to better amortize our fixed production costs. The segment in which we identified the fewest synergies, interventional radiology, is where the strongest organic growth is taking place (more than 40% in 2015) thanks to the global boom in outpatient care and minimally invasive surgery. This diversification in our business, which began in 2012, is necessary for the Group's growth, now more than ever before, and will continue to be a core component of the company's strategy.

### — What are the main challenges the company now faces?

**Yves L'Épine:** Like all companies in the medical sector, Guerbet is having to contend with measures taken by the health authorities, welfare systems and insurance providers to cut health spending. In many countries, these measures are resulting in price pressure and a fiercer competitive environment, which could squeeze the company's future margins, particularly at a time when Dotarem® copies are reaching the market. The Group will be defending its intellectual property rights, which some copies don't seem to be observing. What's more, from an industrial and logistics viewpoint, the sustained growth in our products is creating a pressing need to ramp up production rates for nearly all of our main products, which can put pressure on the company's supplies. Our ability to adapt our production facilities to our new size will be crucial in securing our future success.

### — What actions have you put in place to address these challenges?

**Yves L'Épine:** We're going to adapt our industrial facilities and run them at full

capacity to help amortize their fixed costs. We'll be transferring some of the production of the active ingredients of loversol® (the main product of CMDS) from a Mallinckrodt site that is not in the scope of business acquired with CMDS to a Guerbet site. What's more, thanks to our four finished product sterile filling centers, we'll be able to bring filling closer to the end customer, thereby reducing the logistics costs. At the same time, Guerbet is continuing its productivity efforts, particularly in the development of new manufacturing procedures that enable us to cut the industrial cost and therefore enhance our competitiveness. We're also working on the synergy of our contrast media range, including optimized delivery methods to offer our customers integrated, ready-to-use solutions that save them time and therefore enable them to perform more examinations. You'll also notice that the geographical spread of our sales allows us to be less dependent on the Europe region, a very mature market, and more present in Asia and South America, two regions that show strong growth potential.

### — What are your targets for 2016?

**Yves L'Épine:** We've set three priority targets. First of all, successfully turn around the CMDS business, where revenue has declined significantly (down around 20% per year for the last two years) and stabilize it in 2016/2017 before relaunching it. Next, improve our production efficiency, as at the end of 2015 we had supply problems with several Group products. Lastly, successfully reach all of the key milestones concerning the integration of CMDS employees, assets and processes. Our ambition with this acquisition is to work together on building a new medical imaging leader whose efforts will be completely focused on radiologists and their patients to offer them ground-breaking solutions and products. As far as innovation is concerned, in 2016 we'll be continuing to develop our new and very promising contrast medium for magnetic resonance imaging (P03277), as well as solutions that improve the use of Lipiodol® in interventional radiology, particularly in the treatment of hepatocellular carcinoma. Now more than ever, medical imaging is a central component of quality medical care, enabling practitioners to make the right diagnosis earlier on, then choose the most suitable therapeutic strategy for each person and check the effectiveness of the selected protocol. It is therefore helping to improve the prognosis and quality of life of millions of patients, and we're happy and proud to serve them.

# KEY FIGURES

(at December 31, 2015)

488.7

**CONSOLIDATED  
NET REVENUE**  
(in € million)

84.4

**EBITDA<sup>(1)</sup>**  
(in € million)

56.2

**CURRENT  
OPERATING  
INCOME**  
(in € million)

3.27

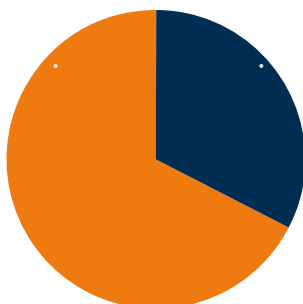
**NET INCOME  
PER SHARE**  
(in €)

286.0

**INVESTMENTS<sup>(2)</sup>**  
(in € million)

## REVENUE BY GEOGRAPHIC REGION

Europe  
66.8%



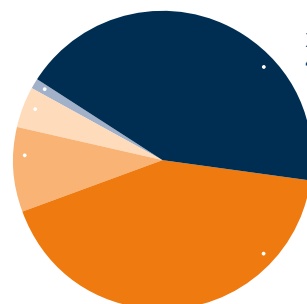
Other markets  
33.2%

## REVENUE BY PRODUCT RANGE

Others  
0.9%

Medical  
devices  
4.4%

Interventional  
Radiology  
and Theranostics  
9.3%



X-ray  
43.1%




MRI  
42.3%

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

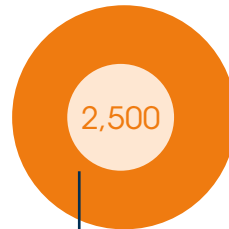
(2) Of which €253.2 million to acquire Mallinckrodt's CMDS business.



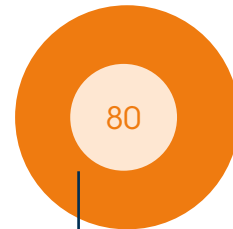
## Guerbet's industrial platform

-  3 API\* sites
-  4 Fill & Finish sites
-  2 Imaging Solutions sites

\* Active Pharmaceutical Ingredients



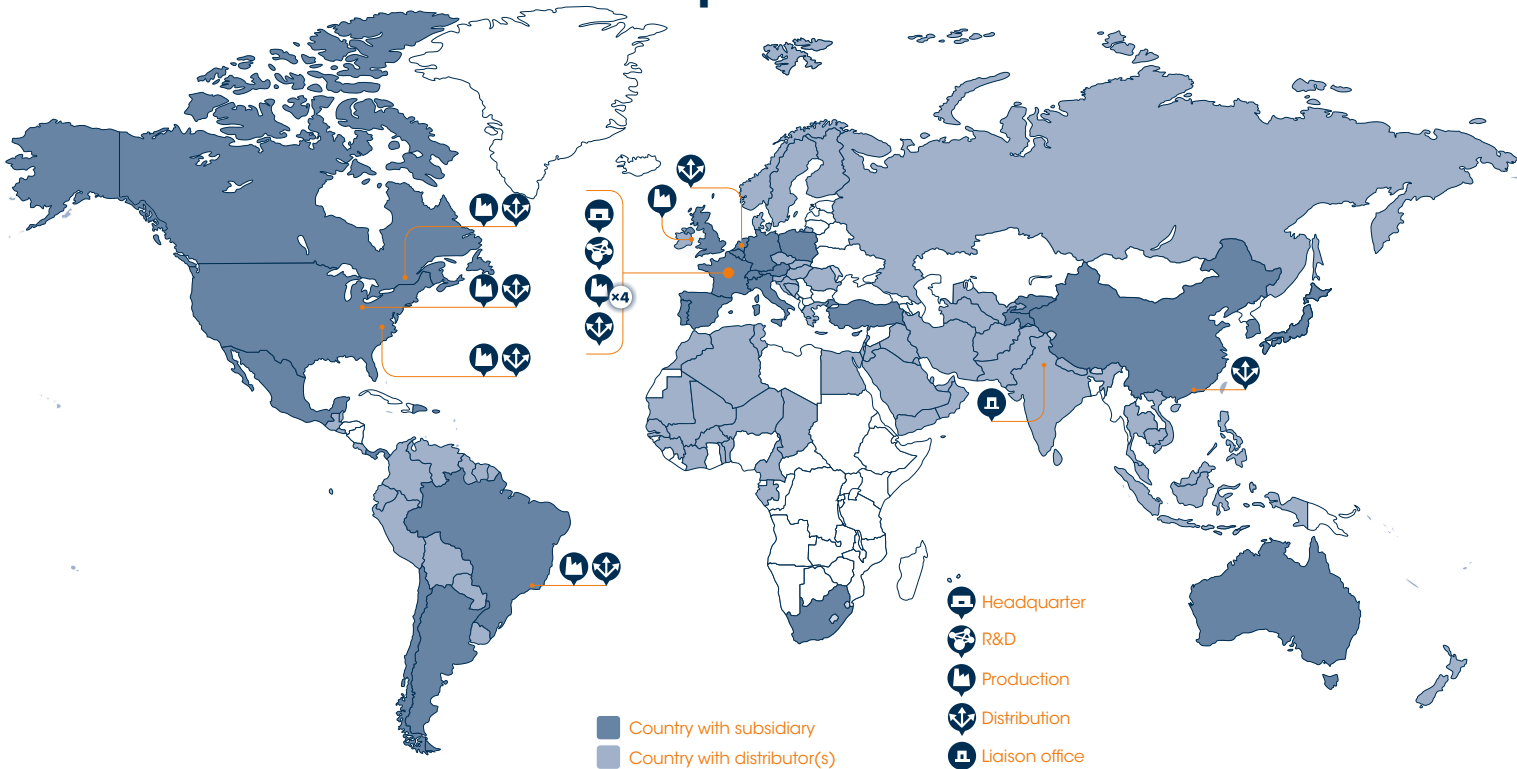
EMPLOYEES, INCLUDING MORE THAN 1,500 OUTSIDE FRANCE





COUNTRIES IN WHICH WE OPERATE THROUGH A NETWORK OF SUBSIDIARIES <sup>(1)</sup> AND DISTRIBUTORS

<sup>(1)</sup> Sales subsidiaries.

## Guerbet's sales presence



-  Country with subsidiary
-  Country with distributor(s)

-  Headquarter
-  R&D
-  Production
-  Distribution
-  Liaison office





# 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. We provide them with contrast media, delivery systems, medical devices and related solutions adapted to their needs.

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

Since being 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:

- ◆ Contrast media for X-ray imaging: Xenetix®, Optiray™, Optiject™.
- ◆ Contrast media for magnetic resonance imaging: Dotarem®, Optimark™.
- ◆ Interventional Radiology and Theranostics (IRT) products: Lipiodol®, Patent Blue V.
- ◆ Delivery Solutions and Services: FlowSens®, Manyfill®, Linkfill®, OptiVantage™, OptiStar™ Elite, OptiOne™, Angiomat™ Illumena™.

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

### Key dates in Guerbet's history



#### 1901

Discovery of Lipiodol®

#### 1926

Creation of Laboratoires André Guerbet

#### 1986

Stock market flotation (IPO)

#### 1987

Acquisition of Simafex (fine chemicals)

#### 1989

Launch of Dotarem®

#### 1995

Launch of Xenetix®

#### 2004

Acquisition of Medex (production of injectors for contrast media)

#### 2006

Launch of ScanBag® by Xenetix®

#### 2008

Launch of the Iseult program financed by Bpifrance, a public investment bank formerly known as Oséo Innovation

#### 2011

Direct takeover of Lipiodol® sales in the US

#### 2012

Launch of a comprehensive range of "Linkfill CT®" medical devices (range of extension lines suitable for medical imaging)

#### 2013

Marketing authorization and commercial launch of Dotarem® in the US

#### 2014

Launch of the FlowSens® injector and associated medical devices

#### 2015

Acquisition of the "contrast media and delivery systems" (CMDS) business of Mallinckrodt

## 1.2 Mission and ambition

### 1.2.1 Our mission

Guerbet's staff 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.

By focusing our energies on combining performance, quality and sustainable development, Guerbet strives every day to advance diagnostic techniques and the efficacy of increasingly targeted

treatments. The precision delivered by the techniques and products provided by Guerbet creates better patient care and safer treatment conditions.

### 1.2.2 Our ambition

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

## 1.3 Acquisition of Mallinckrodt's "contrast media and delivery systems" (CMDS) business

To accelerate its growth, Guerbet acquired Mallinckrodt's "contrast media and delivery systems" (CMDS) business in 2015. This transaction has enabled the Group to create a leader in medical imaging, bolstering its business both in terms of its geographical positioning and its product portfolio in each of its segments.

The acquisition covers the companies with their production sites, intellectual property rights and distribution subsidiaries in the various geographical regions.

It propels Guerbet to critical mass in each segment and geographical region, the goal being to enter the world Top 3.

The new entity will rapidly benefit from the complementary characteristics of Guerbet and CMDS:

- ◆ In contrast media, CMDS is in a strong position with Optiray® and Optiject® (Europe)/Ultraject® (United States) in X-rays, while Guerbet is positioned well in MRI with Dotarem®.
- ◆ In imaging solutions and services, this acquisition will make it possible to take advantage of technological synergies, with CMDS's command of syringe-based injection systems and Guerbet's innovative hydraulic injection technique for softbags.
- ◆ There is a similar geographical synergy, with CMDS positioned strongly in the United States and Guerbet in Europe. The acquisition will allow Guerbet to ramp up the commercial success of Dotarem® in the United States and consider a much faster global launch for the Group's new products. Guerbet will also strengthen its presence on markets with high growth potential, particularly in Asia, Russia, Turkey and Latin America.

## 1.4 Main consolidated data

### 1.4.1 Revenue

(in €'000s – IFRS)	2015	2014
Revenue	488,738	408,957

Breakdown of revenue by geographic region	2015	2014
Europe	67.3%	70.7%
Other markets	32.7%	29.3%

Breakdown of revenue by product range	2015	2014
X-ray	43.1%	45.9%
MRI	42.3%	41.1%
Interventional Radiology and Theranostics	9.3%	7.8%
Medical devices	4.4%	4.2%
Other	0.9%	1.0%

### 1.4.2 Main consolidated data

(in €'000s – IFRS)	2015	2014
EBITDA <sup>(1)</sup>	84,357	67,650
Current operating income	56,215	38,391
Net income	39,923	26,127
Net income per share (in €)	3.27	2.14
Dividend per share (in €) <sup>(2)</sup>	0.65	0.50
Cash flow	70,896	55,193
Shareholders' equity	283,851	259,104
Net financial debt	287,844	60,808
Investments	286,076	31,759
Net financial debt/EBITDA	-	0.90
Pro forma net financial debt/EBITDA <sup>(3) (4)</sup>	2.5	-

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

(2) Amount that will be proposed at the Annual General Meeting concerning the 2015 financial year.

(3) This ratio refers to the engagement made under the syndicated contract drawn up for the acquisition of Mallinckrodt's contrast media and delivery systems (CMDS) business. The maximum value of this ratio at December 31, 2015 was set at 3.5.

(4) Unaudited data.

## 1.5 Overview of activities

### 1.5.1 Definitions

#### 1.5.1.1 Medical imaging



##### X-RAY

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



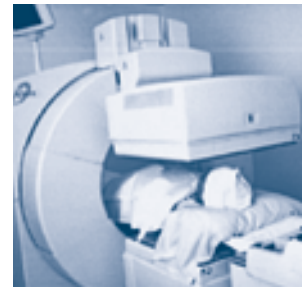
##### MRI

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 radiology, image capture guides a medical or surgical procedure.

These methods and the associated procedures play a role at different stages of patient diagnosis and treatment:

- ◆ Diagnostic support.
- ◆ Assessing the severity of an illness.
- ◆ Intervention support.
- ◆ Treatment and therapeutic monitoring support.
- ◆ The 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 both in terms of 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 about the human body.

#### 1.5.1.2 Contrast media

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

- ◆ The agent 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 seen and told apart from surrounding tissues. These agents play a crucial role in assessing the functioning of organs (such as kidneys) or tissues (as in the case of myocardial perfusions).

The diagnostic performance 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 accuracy is now a central 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 local authorities' economic imperative of reducing healthcare costs.

### 1.5.1.3 Interventional radiology and theranostics

Interventional radiology 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.

Theranostics 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

## 1.5.2 Guerbet's products

The range of contrast media sold by Guerbet covers the Magnetic Resonance Imaging (MRI), X-ray (XR) and Interventional Radiology and Theranostics (IRT) techniques.

The main Group products resulting from the merger of the product portfolios are listed below:

	X-ray	MRI	IRT	ISS (Imaging Solutions and Services)
Guerbet	Xenetix®	Dotarem®	Lipiodol®	FlowSens®
	Telebrix®	Artirem®	Patent Blue V	Manyfill®
	Hexabrix®			Secufill®
	+	+		+
CMDS	Optiray™	Optimark™		OptiVantage™
	Conray™			Angiomat™ Illumena™
	MD Gastroview™			OptiStar™ Elite
				OptiOne™

### 1.5.2.1 X-ray

Xenetix® is a second-generation low osmolar iodinated agent or non-ionic LOCM (Low Osmolar Contrast Medium). It was released for sale in 1995.

Xenetix® was initially contained in vials, but a new presentation in polypropylene bags has been available since 2006 (ScanBag® by Xenetix®). This original and innovative packaging preserves Xenetix® properties while making it simpler to use, enhancing the safety of patients and medical staff and representing a large stride forward in waste management. This packaging is one of Guerbet's solutions for sustainable development challenges.

Xenetix® is available in three iodine concentrations: 250, 300 and 350 mg of iodine/ml. It is conventionally accepted that 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).

Hexabrix® is an ionic LOCM agent whose physicochemical properties prevent the risk of arterial thrombosis during interventional radiology procedures. This substance is used by radiologists, interventional cardiologists and vascular surgeons for cardiovascular examinations.

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.

### 1.5.1.4 Medical devices

Technological advances, especially in X-ray and MRI examinations, require control over contrast medium injection speeds, volumes and flow rates. Data collection, which is vital for diagnosis, depends on this control to adapt to the necessary acquisition times. To improve data accuracy and reproducibility, the injection protocols, which are defined by the needs to investigate the illness, sometimes require automation by means of a programmable injector actuated remotely or in the patient's proximity. This injector is connected to the patient using appropriate consumable devices that meet safety and sterility requirements. These delivery solutions allow work to be done effectively while ensuring the patient's safety.

Telebrix® belongs to the HOCMs class, which have gradually been replaced by LOCMs. This product is also preferred in certain situations because of its drinkable format, Telebrix® Gastro®, especially useful for investigating digestive disorders, and particularly for colorectal cancer screening through virtual colonoscopies.

Optiray™. Following the acquisition of Mallinckrodt's "contrast media and delivery systems" (CMDS) business, Guerbet now sells Optiray™, a non-ionic LOCM contrast medium, across the world. There are four concentrations: 240, 300, 320 and 350, a profile that is especially suited to arterial examinations (Cath Lab).

Conray™ and MD™. Following the acquisition of Mallinckrodt's "contrast media and delivery systems" (CMDS) business, Guerbet now sells Conray™ and MD™ (MD76™ and MD Gastroview™), which belong to the HOCMs class, in certain regions of the world.

### 1.5.2.2 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.

Dotarem® was released in 1989 and became the European market leader in 2008 when serious side effects were noted linked to the injection of certain MRI contrast media. Nephrogenic Systemic Fibrosis, or NSF, is a potentially fatal condition occurring in some patients suffering from acute kidney failure after the use of gadolinium-based contrast media. The European health authorities have divided Dotarem® and its competitors into three categories of risk of occurrence of this condition (high, medium or low risk). They have issued recommendations on the precautions to be taken when using the three categories of agents and contraindicated high-risk agents for some groups of patients suffering from kidney failure.

As it has not in itself produced any cases of NSF, Dotarem® has been identified as a low-risk agent and this recommendation has resulted in strong growth for Dotarem®. Dotarem® has now been administered to over 58 million patients in more than 70 countries in Europe, Asia, Africa, the Americas and the Middle East. Dotarem® received marketing authorization for the United States in early 2013 and was then released for sale on the American market the following July.

Guerbet has also been issued with a patent in certain countries for a pharmaceutical industrial process connected with Dotarem®. This process is designed to produce a formulation that eliminates the risk of presence of free chelate-forming entities or free gadolinium to prevent any risk of toxicity.

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

**Optimark™**, another contrast medium for MRI, has also been sold by Guerbet since the acquisition of Mallinckrodt's "contrast media and delivery systems" (CMDS) business.

### 1.5.2.3 Interventional Radiology and Theranostics (IRT)

**Lipiodol® Ultra-Fluid** (ethyl esters of iodinated fatty acids of poppy seed oil) was initially developed for diagnostic radiology, including the diagnosis of liver lesions, lymphography and hysterosalpingography. It was then used in interventional radiology 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 and 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 view 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". In 2015, this indication was authorized in other countries.

In endocrinology, Lipiodol®, now called Oriodol®, in softgel capsule format is used worldwide 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.

**Patent Blue V** is an injectable agent containing a dye. It is used for the 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 and Switzerland, is important as it offers a response to 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.

### 1.5.2.4 Imaging Solutions and Services (ISS)

Medical devices	Trademarks	MRI	X-ray	IRT
<b>Injectors</b>	<b>Addix</b> Medium- and high-pressure single-syringe injector		3	3
	<b>SBI</b> Softbag CT injector, compatible with ScanBag® by Xenetix®		3	
	<b>FlowSens®</b> Softbag CT injector, compatible with ScanBag® by Xenetix® and other receptacles			3
	<b>OptiVantage™</b> X-ray injector			3
	<b>OptiStar™ Elite</b> MRI injector	3		
	<b>Angiomat™ Illumina™</b> Cath Lab injector			3
<b>Consumables for every type of injector</b>	<b>Linkfill®</b> Extension line available in six lengths (25, 50, 100, 150, 160, 180 cm)	3	3	
	<b>Secufill®</b> Patient-side connector with secure double check valve	3	3	
	<b>Manyfill®</b> Filling system for every type of syringe injector (use on multiple patients)	3	3	
	<b>CMDS consumables</b>	3	3	
<b>Data Management</b>	<b>OptiSync™</b> Patient dose management software	3	3	

In imaging services and solutions, the acquisition of Mallinckrodt's contrast media and delivery systems (CMDS) business enables Guerbet to take advantage of technology synergies, with CMDS's command of syringe-based injection systems and Guerbet's innovative hydraulic injection technique for softbag.

Delivery Solutions and Services are the fourth-largest growth driver. **FlowSens®**, the dual softbag injector for scanner examinations launched in 2014, had new functionalities added in 2015 and has received various awards, including the Red Dot Award Product Design 2015, the most prestigious international design competition, as well as the Frost & Sullivan Award. With FlowSens®, Guerbet proved its product-design excellence during a top-flight design competition. FlowSens® received its award on the basis of the following criteria: degree of innovation, functionality, durability, symbolic and emotional content, product periphery, self-explanatory quality and ecological compatibility.

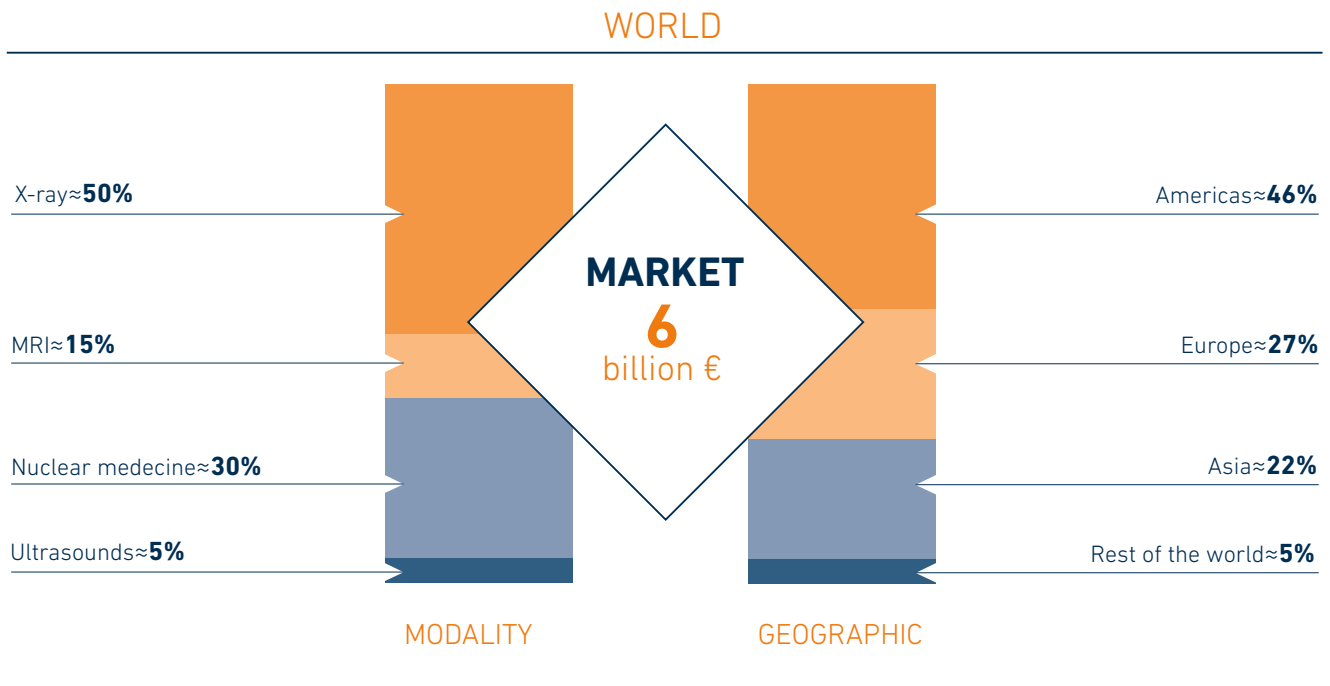
The FlowSens® solution, which is comprised of a softbag injector, consumables and a comprehensive range of associated services, is the only solution on the market to combine a syringe-free hydraulic injection technique with procedure safety at every stage of the injection process. FlowSens® is compatible with ScanBag® and all the X-ray contrast media available on the market.

**OptiVantage™** is an injector for CT scanners.

**OptiStar™** is an injector for MRI.

### 1.5.3 Market

The contrast medium and radiopharmaceutical market is worth an estimated €6 billion and breaks down as follows, by type of imaging and geographic region:



The ISS market is worth an estimated €1 billion and includes injectors, consumables, equipment maintenance and imaging software.

Sources: PMT 2015, Market&Market study "Radiation Dose Management Market. Forecasts to 2020".

#### 1.5.3.1 MRI and X-ray

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

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

#### 1.5.3.2 Interventional Radiology and Theranostics

This segment is growing strongly. It covers different types of procedures, such as invasive diagnostics (image-guided biopsies), treatment of malign or benign tumors through embolization, treatment of vascular stenoses or aneurysms, and imaging of the lymphatic system for intraoperative sentinel lymph node mapping in breast cancer surgery.

#### 1.5.3.3 Medical devices for the injection of contrast media

The medical device market is driven by:

- ◆ the increase in the number of examinations involving injections;
- ◆ growth in XR 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.

### 1.5.4 Main competitors

Guerbet has a portfolio of solutions comprising MRI and X-ray contrast media, dedicated Interventional Radiology and Theranostics products, and Medical Devices (injectors and associated devices).

Company	Contrast media		IRT	Imaging solutions
	MRI	X-ray		
Guerbet	✓	✓	✓	✓
Bayer HealthCare	✓	✓		✓ Medrad
GE HealthCare	✓	✓		✓
Bracco	✓	✓		✓ Acist SwissMedical Care Ezem
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-ray
Guerbet	France	Dotarem® Artirem® Optimark™	Optiray™ Xenetix® Hexabrix® Telebrix® Gastroview™ Conray™
Bayer HealthCare	Germany	Gadovist® Magnevist® Primovist®	Ultravist® Radioselectan®
GE HealthCare	United States	Omniscan™	Visipaque™ Omnipaque™
Bracco	Italy	Multihance® Prohance®	Iomeron® Iopamiron®

Generic versions of Dotarem® have also been registered in several European countries by Agfa HealthCare, Sanochemia and Bayer HealthCare, as well as in South Korea by DongKook.

## 1.6 Industrial and logistics activity

With the acquisition of Mallinckrodt's "contrast media and delivery solutions" (CMDS) business, Guerbet has strengthened its industrial platform which now comprises:

- ◆ three chemical plants: Lanester, Marans and Dublin;
- ◆ four pharmaceutical plants: Aulnay, Raleigh, Montreal and Rio de Janeiro. The Aulnay plant fills vials and softbags, the Raleigh and Montreal plants fill vials and syringes, and the Rio site fills vials;
- ◆ two plants for producing injectors and medical devices for injection: Cincinnati and Saint-Priest;
- ◆ platforms for distributing our products in over 20 countries.

Guerbet also works with subcontractors for its chemical and pharmaceutical activities.

Guerbet is continuing its program of industrial investments to modernize its sites, increase its production capacities and boost its competitiveness.

They ensure more reliable supplies of active ingredients and pharmaceutical finished products by improving productivity and cycle times. This program is also intended to make our industrial plants more environmentally friendly. Focus on quality, compliance with the most stringent standards of good manufacturing practice, strengthening safety and reducing our environmental footprint are an integral part of the Group's industrial policy.

## 1.7 Research and development

### 1.7.1 Research and innovation

#### 1.7.1.1 Contrast media

Guerbet's research ambition is to offer radiology professionals and patients safe and innovative contrast media that cater for their needs.

The research teams' work is focused on two main medical imaging segments:

- ◆ MRI – Magnetic Resonance Imaging;
- ◆ Interventional Radiology and Theranostics (IRT).

New contrast media are developed in accordance with a strict procedure:

- ◆ Identification of a medical need;
- ◆ Defining the biological target for which imaging is required;
- ◆ Designing a contrast medium that can be used for imaging of that target;
- ◆ Validating the new agent through experimental imaging.

For this purpose, the Research team comprises experts in various scientific fields. These experts are organized in clusters, which investigate and then validate lines of research:

- ◆ Chemical research;
- ◆ Physicochemical formulation;
- ◆ Mass spectrometry – bioanalysis;
- ◆ Biology and pharmacology laboratory;
- ◆ Imaging;
- ◆ Optimization at the interface between research and development.

If a prototype meets the defined specifications, the teams define the pre-industrializable synthesis procedure and ensure the active ingredient's stability for the manufacture of batches on a larger scale.

Current projects are focused on oncology and neurological conditions.

Guerbet's Research and Innovation teams also conduct extensive research and optimization work on the contrast media already on sale, notably concerning the study of mechanisms of action.

This work has produced significant advances in:

- ◆ Improving the arterial chemoembolization technique using Lipiodol®;
- ◆ Knowledge of the mechanism behind nephrogenic systemic fibrosis. Research work on the physiopathological mechanisms of this serious side effect of certain categories of gadolinium complexes has prompted Guerbet to carry out extensive preclinical and clinical work to document the differentiated safety profile of Dotarem® and to allow for this concern when designing future molecules.

This work is supplemented by mechanistic studies concerning the analysis of cerebral hyperintensities observed after repeated injections of gadolinium linear chelates.

#### 1.7.1.2 Perfecting and developing medical devices

Capitalizing on its expertise in the injection of contrast media, Guerbet has developed an Imaging Solutions and Services division to expand its services offer in the X-ray, MRI and Interventional Radiology fields.

Guerbet designs, develops and manufactures medical devices for use in medical imaging. Its teams are doing research and development work to devise new functionalities for the injectors and new services and solutions.

The devices developed and sold by Guerbet must meet the requirements that are applicable to them in the countries where they are sold. Demanding health and safety targets must be met to comply with these safety and performance requirements for devices. Medex is ISO 13485-certified.

## 1.7.2 Development

### 1.7.2.1 Organization

Guerbet's Development team is organized in three main areas:

- ◆ **Clinical development:** all of the activities involved in conducting clinical studies, from designing the protocol to writing the final research report, including publication of the results by scientific journals.
- ◆ **Regulatory affairs:** all of the activities involved in managing the portfolio of product registrations for every country.
- ◆ **Drug safety monitoring:** all of the activities involved in collecting data on side effects and writing periodic summary reports on the risk/benefit analysis to be submitted to the regulatory authorities.

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

Guerbet has focused its work on four key medical imaging segments: Magnetic Resonance Imaging (MRI), X-ray imaging and now mainly CT scans, Interventional Radiology and Theranostics (IRT) and Imaging Solutions and Services (ISS).

### 1.7.2.2 Therapeutic areas

These four types of imaging are researched in the three main disease areas of oncology, cardiology and neurology.

- ◆ **In oncology,** the incidence of the most common forms of cancer (lung, breast, prostate, colorectal and liver) is constantly growing. 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 recognized risk factors, such as smoking, unhealthy eating, stress and environmental risks. This is resulting in a greater number of diagnostic examinations at increasingly early stages aimed at improving the patient's care, monitoring their treatment and ultimately their prognosis and their survival with an optimum quality of life. 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. European data indicate that more than 40 million women aged over 50 should benefit from systematic radiographic screening. This procedure allows 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, interventional radiology 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 disorders 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 7 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 rate at which the blood is flowing in order 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 radiology allows imaging of the narrowed part of blood vessels that needs medical attention, guiding of endovascular procedures and an immediate check on the effectiveness of the resulting dilation by injecting a contrast medium. This type of treatment, which is less invasive for the patient and less costly for the local authorities 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 available drugs intended to stop their development are still inadequate. They are therefore a major public health issue due to population ageing, longer life expectancies and the high cost of caring for these dependent patients. Interventional radiology can also be used to successfully treat a large number of cerebral arteriovenous malformations without surgery.

### 1.7.2.3 New Chemical Entities (NCE)

New contrast media or new chemical entities (NCE) 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.

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 in 2014. Activities to implement phase IIb began in September 2015.

Guerbet is also working on interventional radiology programs in the oncology field.

### 1.7.2.4 Life Cycle Management (LCM)

The main objective of the 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, and securing new registrations in new geographic regions.

For instance, 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. This approval was granted in other European countries and South Korea in 2015.

**The Clinical Development and Regulatory Affairs** Department is also continuing with major work on contrast media already on sale in the three main medical imaging segments in which the Group operates, *i.e.* MRI, X-ray and IRT.

- ◆ 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 is planned for submission to the FDA in 2016. Furthermore, in response to requests from the US and European authorities, Guerbet has provided all of the available preclinical and clinical data on Dotarem® regarding the potential risk for brain deposits with repeated use of gadolinium. Deposits have been reported with gadolinium linear chelates, but far less so or not at all with gadolinium macrocyclic chelates like Dotarem®.
- ◆ In the **X-ray** segment, the research on Xenetix® is intended to document its diagnostic effectiveness when used for cardiac CT scans compared with other products. Following the acquisition of Mallinckrodt's CMDS products, Guerbet has integrated iodinated contrast media, including Optiray®, into its product portfolio and is continuing talks with the FDA on setting up observational studies in children.
- ◆ In the **IRT** segment, represented by Lipiodol®, the focus of activity is to continue developing recognition by the regulatory authorities in Europe, Asia and Latin America of the product's properties as an interventional radiology contrast medium for the treatment of patients suffering from an intermediate-stage inoperable hepatocellular carcinoma.

In the area of **chemical and pharmaceutical development**, LCM has worked on developing new processes, particularly with a view to improving our environmental footprint and industrial production costs.

## 1.7.4 Research and development costs

The table below presents the research and development costs incurred by the Guerbet Group over the last two years.

	2015	2014
Research and development costs (in € million)	37,934	35,300
Research and development costs (in % of revenue)	7.8%	8.6%

## 1.7.3 Partnerships

To meet its research and development targets, Guerbet is building a strategy of partnership and collaboration agreements. This outward-looking operating method enables it to benefit from global scientific expertise. Medical imaging is a multi-disciplinary field where expertise in chemistry, physics, computing, image processing, electronics, biology and medicine are required.

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 has invested in the **Spinelject** project financed by the *Fonds universel interministériel* or *FUI* (French Interministerial Research Fund), in partnership with the Graftys company and academic teams developing calcium-phosphate cements that offer an alternative to biological bone grafts in the spine. This is Guerbet's first collaborative research partnership in the interventional field with a view to creating a cement containing a radio-opaque contrast medium to check the effective implanting and bioresorption of the cement.

Guerbet is also a partner of the **HECAM** project, a research project that aims to develop tools to screen for, diagnose and treat hepatocellular carcinoma (HCC). This project is 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 profits based on the revenue and/or operating profit made from the products resulting from these projects.

### 1.7.5 Research and development portfolio

GROWTH DRIVERS	DISCOVERY	EARLY DEVELOPMENT	LATE DEVELOPMENT	REGISTRATION	LAUNCH FIRST TWO YEARS
MRI			Dotarem® other indications <i>United States</i>  P03277 phase 2b	Dotarem® <i>Canada</i>	Dotarem® 11-13 ml <i>Japan</i>  Dotarem® Kit <i>France</i>
IRT	3 new Interventional Radiology programs		Lipiodol® Solution for chemo embolization	Lipiodol® chemo embolization <i>Canada, Europe, Asia</i>  Patent Blue V New markets	Lipiodol® Liver Tumor visualization <i>United States</i>  Lipiodol® TACE <i>France, Czech Republic, Turkey, Peru, Hungary...</i>
Imaging Solutions and Services		New features for injectors, including connectivity		OptiOne® <i>United States, Asia</i>	OptiOne® <i>Europe</i> FlowSens® and consumables
CT/Cath Lab				Xenetix® and FlowSens® Kit <i>France</i>  NaCl in bags and pre-filled syringes	Xenetix® and OptiVantage™ Kit <i>France</i>

### 1.7.6 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. Patent terms are limited to twenty years from the date on which the application is filed. In practice, product development times are such that the exclusivity period is often considerably reduced. The expiry of a patent may lead to the emergence of very strong competition due to the arrival of generic products (see Generic Risks in the Risk Factors section). 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 granted during the development process, such as formulation and manufacturing patents, and during product Life Cycle Management activities. Guerbet has a portfolio of patents covering active ingredients, new pharmaceutical formulations, formulation and manufacturing processes, injection systems and medical devices. Guerbet also has a portfolio of trademarks and industrial models. Worldwide, Guerbet has 720 patents and patents pending, 940 trademarks registered or pending registration and around

20 models that contribute to the Group's valuation and consolidate its position on the lucrative market of contrast media combined with medical devices. Following the acquisition of Mallinckrodt's CMDS products, Guerbet has integrated a portfolio of patents covering various delivery systems and consumables, as well as contrast medium manufacturing processes.

#### 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.

## 1.8 The Group's governance structure at December 31, 2015

### 1.8.1 Executive Committee

<b>Yves L'Épine</b>	Chief Executive Officer
<b>Virginie Beck</b>	VP, Strategic Projects and Corporate Secretary
<b>Jean-François Blanc</b>	Industrial Director
<b>Bruno Bonnemain</b>	SVP, Scientific Advisor and Chief Operating Officer
<b>Claire Corot</b>	SVP, Research, Innovation and Business Development
<b>Pierre Desche</b>	VP, Development, Medical and Regulatory Affairs
<b>Brigitte Gayet</b>	VP, Chief Pharmacist, Deputy CEO and Head of Industrial Quality
<b>Jean-François Le Martret</b>	Chief Financial Officer
<b>Marie-Claire Taine</b>	VP, Commercial Operations
<b>Jean-Rémy Touze</b>	SVP, Human Resources
<b>Olivier Vallet</b>	VP, Supply Chain

### 1.8.2 Board of Directors

<b>Marie-Claire Janailhac-Fritsch</b>	Chairman of the Board of Directors Chairman of the Strategy and Innovation Committee Member of the Audit Committee Member of the Appointment Committee
<b>Marion Barbier</b>	Director Chairman of the Ethics and Governance Committee Member of the Strategy and Innovation Committee Member of the Appointment and Compensation Committee
<b>Jean-Jacques Bertrand</b>	Director Member of the Strategy and Innovation Committee Member of the Appointment and Compensation Committee Member of the Ethics and Governance Committee
<b>Mark Fouquet</b>	Director Member of the Strategy and Innovation Committee Member of the Audit Committee
<b>Didier Izabel</b>	Director Chairman of the Audit Committee Member of the Strategy and Innovation Committee Member of the Appointment and Compensation Committee
<b>Claire Jouault-Massiot</b>	Director Member of the Strategy and Innovation Committee Member of the Ethics and Governance Committee
<b>Céline Lamort</b>	Director Member of the Strategy and Innovation Committee
<b>Yves L'Épine</b>	Director and CEO Member of the Strategy and Innovation Committee
<b>Christian Louvet</b>	Director Chairman of the Appointment and Compensation Committee Member of the Strategy and Innovation Committee

### 1.8.3 A global footprint



## 1.8.4 Property owned

Establishment	Address
<b>Villepinte</b>	15, rue des Vanesses – 93420 Villepinte – France
<b>Aulnay-sous-Bois</b>	16/24, rue Jean-Chaptal – 93600 Aulnay-sous-Bois – France
<b>Lanester</b>	705, rue Denis-Papin – 56607 Lanester – France
<b>Marans</b>	16, rue des Fours-à-Chaux – 17320 Marans – France
<b>Rio de Janeiro</b>	Rua André Rocha – 3000 – Jacarepagua – CEP 22710 – 561 – Rio de Janeiro – Brazil
<b>Germany</b>	Otto Volger-Strasse 11-65843 – Sulzbach/Taunus – Germany
<b>Belgium</b>	31, avenue Henri-Dunant – 1140 Brussels – Belgium
<b>Portugal</b>	Rua Raul Mesnier – Ponsard 4B 1750 Lisboa – Portugal
<b>Montreal</b>	7500 Trans Canada Highway – Pointe Claire – Canada
<b>Dublin</b>	Damastown Mulhuddart – Dublin 15 – Ireland
<b>Cincinnati</b>	2111 E Galbraith Road, Cincinnati – Ohio – United States
<b>Raleigh</b>	8800 Durant Road, Raleigh, North Carolina 27616 – United States

## 1.8.5 Distribution

In 2015, Guerbet distributed its products in almost eighty countries on the five continents.

The Group sells its products *via* several channels:

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

The acquisition of CMDS on November 27, 2015 increases the number of direct subsidiaries and strengthens the distribution network worldwide.

### Direct operations

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

### Distribution agreements

For markets in which Guerbet does not have direct operations or a licensing agreement, agreements have been signed with around sixty distributors. This number has increased following the acquisition of CMDS. The main agreements cover Scandinavia, Eastern Europe, Greece, Africa and the Middle East and some 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.

Guerbet is also continuing its growth strategy on two key markets in Asia.

By signing an agreement with Fuji Pharma on October 2, 2015, Guerbet has accelerated sales of its range of contrast media for X-ray imaging,

MRI and interventional radiology in Japan to grow sales of Magnescape, the Japanese form of Dotarem<sup>®</sup>, the leading contrast medium in Europe, of Hexabrix 320 for X-ray imaging and Lipiodol<sup>®</sup> for interventional radiology. The Japanese contrast media market is worth €650 million for X-ray imaging and MRI. With a population of 127 million, 8,500 hospitals and twice as many medical devices as Europe, Japan is a market with significant growth potential for Guerbet.

In September 2015, Guerbet signed an agreement with Kyuan on the promotion and distribution of Lipiodol<sup>®</sup> in China, where this product is already registered for its two standard indications, lymphography and the treatment of iodine deficiency. This agreement with Beijing Kyuan Pharmaceutical Co. Ltd, one of the leading drug distributors and importers on the Chinese market, boosts the distribution and sale of Lipiodol<sup>®</sup> Ultra-Fluid on the Chinese hospital market. This new contract gives Guerbet's flagship product in Interventional Radiology the benefit of Kyuan's extensive experience in pharmaceutical distribution in this hospital market.

### Customer types

Guerbet's local customer structure in each of its national markets, excluding distributors and licensees, differs from one country to another. There are two common factors in 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 The Board of Directors

### 2.1.1 Board Member



**Date of birth:**

July 3, 1955

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 27, 2011

**Date of most recent reappointment:**

not applicable

**Expiry of term of office:**

2017 General Meeting

#### MS MARIE-CLAIRE JANAILHAC-FRITSCH – Chairman of the Board of Directors

- ◆ **Current terms of office and positions held within Guerbet: Chairman of the Board of Directors**
- ◆ **Independent**
- ◆ **Chairman of the Strategy and Innovation Committee**
- ◆ **Member of the Audit Committee**
- ◆ **Member of the Appointment Committee**

**Career history:**

Consultant in the cosmetics sector at Hellébore since 2003

Professional activity in the cosmetics industry since 1987; participation in the 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 *Institut Français des Administrateurs* (French Institute of Directors) since 2007

**Education:**

HEC Paris business school

**Current terms of office held in French and foreign companies:**

Chairman of the company Hellébore SAS

Director of Biophytis



**Date of birth:**

October 14, 1958

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** July 27, 2011

**Date of most recent reappointment:**  
not applicable

**Expiry of term of office:**

2017 General Meeting

**MS MARION BARBIER – Non-Independent Director**

- ◆ Current terms of office and positions held within Guerbet: Director
- ◆ Non-independent because she is a member of the Guerbet family
- ◆ Chairman of the Ethics and Governance Committee
- ◆ Member of the Appointment and Compensation Committee
- ◆ Member of the Strategy and Innovation Committee

**Career history:**

Partner in the law firm Bird & Bird since 2000

Lawyer at the law firm Jeantet & Associés from 1984 to 2000

**Education:**

Graduate of Panthéon-Sorbonne University in international law and member of the Paris bar

**Current terms of office held in French and foreign companies:**

N/A



**Date of birth:**

May 20, 1939

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 25, 2002

**Date of most recent reappointment:**  
May 21, 2010

**Expiry of term of office:**

2016 General Meeting

**MR JEAN-JACQUES BERTRAND – Independent Director**

- ◆ Current terms of office and positions held within Guerbet: Director
- ◆ Independent
- ◆ Member of the Appointment and Compensation Committee
- ◆ Member of the Ethics and Governance Committee
- ◆ Member of the Strategy and Innovation Committee

**Career history:**

Chairman and CEO of Pasteur Mérieux Connaught (Aventis Pasteur in 2000) from 1994 until the end of 2002

Member of Rhône-Poulenc's Executive Committee in 1999 and Deputy CEO of Aventis Pharma CEO of Rhône-Poulenc Rorer in 1990

Chief Pharmaceutical Operations Officer of Rhône-Poulenc Santé in France in 1985

**Education:**

HEC Paris business school

**Current terms of office held in French and foreign companies:**

Chairman of the Board of Pierre Fabre Laboratoire

Chairman of the Board of Neovacs (biotech company)

Director of the *Fondation pour la Recherche Médicale* (Foundation for Medical Research)

Director of Abivax SA

Honorary Chairman of the LEEM (French Association of Drug Companies)



**Date of birth:**

July 6, 1959

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 23, 2014

**Date of most recent reappointment:**  
not applicable

**Expiry of term of office:**

2020 General Meeting

**MR MARK FOUQUET – Non-Independent Director**

- ◆ **Current terms of office and positions held within Guerbet: Director**
- ◆ **Non-independent because he is a member of the Guerbet family**
- ◆ **Member of the Audit Committee**
- ◆ **Member of the Strategy and Innovation Committee**

**Career history:**

Corporate Secretary, assisting with and arranging industrial and financial partnerships at MGF Easybike since 2011

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

**Education:**

European Business School

**Current terms of office and positions held in French and foreign companies:**

Chairman of the Supervisory Board of Terranere – Ixow

Director of Lucibel SA

CEO of SIMPL-FI

Chairman of Calenzane

Chairman of SAS Xelos



**Date of birth:**

December 6, 1955

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 23, 2014

**Date of most recent reappointment:**  
not applicable

**Expiry of term of office:**

2020 General Meeting

**MR DIDIER IZABEL – Independent Director**

- ◆ **Current terms of office and positions held within Guerbet: Director**
- ◆ **Independent**
- ◆ **Chairman of the Audit Committee**
- ◆ **Member of the Appointment and Compensation Committee**
- ◆ **Member of the Strategy and Innovation Committee**

**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, responsible for the Pharmaceutical Industry (1985-1989)

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

**Education:**

École Polytechnique (1976)

École Nationale des Mines de Paris (1981)

Member of the *Corps des Mines*

**Current terms of office and positions held in French and foreign companies:**

CEO of Axys Finance since March 2009

CEO of SARL Financière des Pins

CEO of SARL LMP 07



**Date of birth:**

August 27, 1961

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 24, 2013

**Date of most recent appointment:**  
not applicable

**Expiry of term of office:**

2019 General Meeting

**MS CLAIRE JOUVAULT-MASSIOT – Non-Independent Director**

- ◆ **Current terms of office and positions held within Guerbet: Director**
- ◆ **Non-independent because she is a member of the Guerbet family**
- ◆ **Member of the Ethics and Governance Committee**
- ◆ **Member of the Strategy and Innovation Committee**

**Career history:**

Head of Clinical and Medical Quality at Sanofi R&D since 2010  
Quality assurance/good clinical practices and drug safety monitoring at Sanofi R&D from 1992 to 2010

Biotech research at Advanced Magnetics, Cambridge, United States, in 1991

Clinical research at Glaxo Laboratories in 1990

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

**Education:**

Advanced diploma in hospital pharmacy – Paris V

Master's degree in biological and medical sciences – Paris VI

State doctorate in pharmacy – University René-Descartes – Paris V

**Current terms of office held in French and foreign companies:**

Manager of non-commercial partnership RFDC



**Date of birth:**

March 30, 1982

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 29, 2015

**Date of most recent reappointment:**  
not applicable

**Expiry of term of office:**

2021 General Meeting

**MS CÉLINE LAMORT – Non-Independent Director**

- ◆ **Current terms of office and positions held within Guerbet: Director**
- ◆ **Non-independent because she is a member of the Guerbet family**
- ◆ **Member of the Strategy and Innovation Committee**

**Career history:**

Head of Operations in the Food and Crop Protection division of Royal DSM N.V. since 2013

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

**Education:**

IFA/Science-Po Paris – Company Director Certificate

Unitech International Program

École Nationale Supérieure de Chimie de Paris (ENSCP)

**Current terms of office held in French and foreign companies:**

N/A



**Date of birth:**

October 24, 1959

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 24, 2013

**Date of most recent reappointment:**  
not applicable

**Expiry of term of office:**

2019 General Meeting

**MR YVES L'ÉPINE – CEO and Non-Independent Director**

- ◆ **Current terms of office and positions held within Guerbet: Director and CEO**
- ◆ **Non-independent because of his capacity as CEO**
- ◆ **Mr Yves L'Épine was appointed CEO of Guerbet on October 17, 2011**
- ◆ **Member of the Strategy and Innovation Committee**
- ◆ **Chairman of Abarem – Subsidiary of Guerbet**
- ◆ **Chairman of Abalux – Subsidiary of Guerbet**

**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  
Marketing and sales positions within the Sandoz group (then Novartis) from 1990 to 1999  
Paris Hospitals intern from 1985 to 1989

**Education:**

MBA from the Insead business school in 1990  
Doctorate in medicine and cardiology, René-Descartes Medical School – Paris V

**Current terms of office held in French and foreign companies:**

N/A



**Date of birth:**

September 20, 1939

**Professional address:**

Guerbet  
15, rue des Vanesses  
93420 Villepinte

**First appointment to the Board:** May 15, 1993

**Date of most recent reappointment:**  
May 21, 2010

**Expiry of term of office:**

2016 General Meeting

**MR CHRISTIAN LOUVET – Non-Independent Director**

- ◆ **Current terms of office and positions held within Guerbet: Director**
- ◆ **Non-independent because he is a member of the Guerbet family**
- ◆ **Chairman of the Appointment and Compensation Committee**
- ◆ **Member of the Strategy and Innovation Committee**

**Career history:**

Management positions held in the Essilor group from 1979 to 2002

**Education:**

Qualified optician/optometrist and hearing care professional  
Graduate of the IFG management school

**Current terms of office held in French and foreign companies:**

N/A

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

**2.1.2 Conflicts of interest**

To the best of the Group's knowledge, there are no factors likely to create conflicts of interest between the duties of the Board members with regard to the company and their private interests.

No arrangements or agreements have been entered into with customers, suppliers or anyone else by virtue of which one of the persons referred to above has been selected.

## 2.2 Compensation of company officers

### 2.2.1 Compensation of executive company officers

Variable compensation is based on quantitative and qualitative criteria relating to the company's economic performance and strategy. For confidentiality reasons, these criteria cannot be disclosed in this document.

The tables below present the gross compensation of each of the executive company officers for the financial year 2015. The executive company officers are Ms Marie-Claire Janailhac-Fritsch, in her capacity as Chairman of the Board of Directors, Mr Yves L'Épine, in his capacity as CEO, and Ms Brigitte Gayet, in her capacity as Deputy CEO (Chief Pharmacist).

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

(in € gross)	2015	2014
Compensation due for the year	49,358	48,729
Value of share options awarded during the year		
Value of performance shares awarded during the year		
Attendance fees due for her position as Director	37,050 <sup>(1)</sup>	34,450
<b>TOTAL</b>	<b>86,408</b>	<b>83,179</b>

(1) Subject to a vote at the General Meeting of Shareholders of May 27, 2016.

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

(in € gross)	Amounts due for the year		Amounts paid during the year	
	2015	2014	2015	2014
Fixed compensation, of which:				
as Chairman of the Board of Directors	49,358	48,729	49,358	48,729
Variable compensation				
Exceptional compensation				
Attendance fees	37,050 <sup>(1)</sup>	34,450	34,450	27,958
Benefits in kind				
<b>TOTAL</b>	<b>86,408</b>	<b>83,179</b>	<b>83,808</b>	<b>76,687</b>

(1) Subject to a vote at the General Meeting of Shareholders of May 27, 2016.

#### Summary table of the compensation awarded to Mr Yves L'Épine, CEO

(in € gross)	2015	2014
Compensation due for the year	863,136	578,268
Value of share options awarded during the year		
Value of performance shares awarded during the year		
Attendance fees due for his position as Director	21,990 <sup>(1)</sup>	21,990
<b>TOTAL</b>	<b>885,126</b>	<b>600,258</b>

(1) Subject to a vote at the General Meeting of Shareholders of May 27, 2016.

### Detailed table of the compensation awarded to Mr Yves L'Épine, CEO

(in € gross)	Amounts due for the year		Amounts paid during the year	
	2015	2014	2015	2014
Fixed compensation	396,000	381,924	396,000	381,924
Variable compensation	264,000	190,962	190,962	157,870
Exceptional compensation	198,000			
Attendance fees	21,990 <sup>(1)</sup>	21,990	21,990	12,155
Benefits in kind	5,136	5,382	5,136	5,382
<b>TOTAL</b>	<b>885,126</b>	<b>600,258</b>	<b>614,088</b>	<b>557,331</b>

(1) Subject to a vote at the General Meeting of Shareholders of May 27, 2016.

### Summary table of the compensation awarded to Ms Brigitte Gayet, Deputy CEO

(in € gross)	2015	2014
Compensation due during the year	188,856	189,174
Value of share options awarded during the year		
Value of performance shares awarded during the year		
<b>TOTAL</b>	<b>188,856</b>	<b>189,174</b>

### Detailed table of the compensation awarded to Ms Brigitte Gayet, Deputy CEO

(in € gross)	Amounts due for the year		Amounts paid during the year	
	2015	2014	2015	2014
Fixed compensation	140,010	130,000	140,010	130,000
Variable compensation	35,002	45,500	45,500	43,944
Exceptional compensation	11,500	11,500	11,500	11,500
Attendance fees				
Benefits in kind	2,344	2,174	2,344	2,174
<b>TOTAL</b>	<b>188,856</b>	<b>189,174</b>	<b>199,354</b>	<b>187,618</b>

The table below presents other information closely related to the future compensation of the executive company officers:

	Employment contract		Supplementary pension plan		Compensation or benefits due or liable to be due following a termination or change of duties		Compensation due under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Ms Marie-Claire Janailhac-Fritsch		x		x		x		x
Mr Yves L'Épine		x	x			x		x
Ms Brigitte Gayet	x		x			x		x

In 2015, two executive company officers, like other Guerbet executives, benefited from an individual supplementary pension plan paid into by Guerbet. The total funded pension amount paid into the individual pension plans came to €22,042 in 2015, which breaks down as follows €13,964 for Mr Yves L'Épine and €8,347 for Ms Brigitte Gayet. No performance shares, loans or guarantees were awarded to the three executive company officers in 2015.

Since 2015, Ms Marie-Claire Janailhac-Fritsch has had health insurance and a welfare insurance policy, taken out by Guerbet under the same conditions as those granted to Guerbet employees. Contributions paid by Guerbet totaled €1,690.71 in 2015.

### Pension commitments made to company officers

The estimated annuity that Mr Yves L'Épine would receive if he retired on January 1, 2016 would be €2,044.69. This figure was assessed solely on the basis of employer contributions paid by Guerbet into the individual supplementary pension plan and on the assumption that the annuity would be paid in the form of an increased annuity, given that Mr Yves L'Épine can also choose to receive payment in the form of reversionary annuities, guaranteed annuities or annuities with a dependency guarantee.

The estimated annuity that Ms Brigitte Gaye would receive if she retired on January 1, 2016 would be €1,204.01. This figure was assessed solely on the basis of employer contributions paid by Guerbet into the individual supplementary pension plan and on the assumption that the annuity would be paid in the form of an increased annuity, given that Ms Brigitte Gaye can also choose to receive payment in the form

of reversionary annuities, guaranteed annuities or annuities with a dependency guarantee.

#### Article D. 225-104-1 – established by decree No. 2016-182 of February 23, 2016 – Article 1

The proposed pension scheme is a mandatory Group insurance policy for the executive category pursuant to Article 83 of the French General Tax Code, governed by the French Insurance Code and in particular Article L. 141-1 *et seq.* This policy is a retirement savings policy in accordance with Article 107 of Act No. 2010-1330 of November 9, 2010. The basis of the contributions is 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 policy takes effect on the first day of the month. The employer contributions of 4.5% are monthly. There are no tax charges associated with the policies.

## 2.2.2 Attendance fees

(in € gross) Director	Subject to a vote at the General Meeting of Shareholders of May 27, 2016	Paid in 2015 as authorized at the General Meeting of May 29, 2015	Paid in 2014 as authorized at the General Meeting of May 23, 2014
Marie-Claire Janailhac-Fritsch	37,050	34,450	27,958
Marion Barbier	23,500	25,000	20,963
Jean-Jacques Bertrand	22,500	23,000	22,463
Mark Fouquet	22,000	22,000	1,580
Didier Izabel	29,500	21,667	-
Claire Jouault-Massiot	21,000	22,000	12,061
Céline Lamort	20,000	4,000	-
Yves L'Épine	21,990	21,990	12,155
Christian Louvet	23,000	22,000	19,963

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

Not applicable.

## 2.2.4 Share option plans

#### 2.2.4.1 Options awarded to executive company officers in 2015

No executive company officer received share options or free shares in 2015.

#### 2.2.4.2 Options exercised by executive company officers in 2015

3,400 share options were exercised by Mr Yves L'Épine in 2015.

#### 2.2.4.3 Options not exercised by executive company officers at December 31, 2015

Mr Yves L'Épine and Ms Brigitte Gaye held 44,600 and 1,480 share options respectively that had not been exercised at December 31, 2015.

#### 2.2.4.4 Options granted to employees excluding company officers in 2015

N/A.

#### 2.2.4.5 Share option plans outstanding at December 31, 2015

The share option plans are presented in detail in the notes to the consolidated and parent company financial statements (see section entitled "Financial statements and related notes").

#### 2.2.4.6 Options exercised by employees excluding company officers in 2015

131,890 share options were exercised in 2015.

## 2.3 Report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles governing the compensation of the company officers

In accordance with Article L. 225-37, paragraph 6 of the French Commercial Code, we are pleased to report to you on the composition of the Board, the preparation and organization of its work, the principles and rules defined by it for determining the compensation and benefits of any kind granted to the company officers, and the internal control and risk management procedures introduced by your company. This report was approved by the Directors on April 13, 2016.

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-afep-medef.com](http://www.code-afep-medef.com).

### 2.3.1 Information about corporate governance

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

The Board of Directors had nine members at December 31, 2015:

- ◆ Ms Marie-Claire Janailhac-Fritsch, Chairman of the Board
- ◆ Ms Marion Barbier
- ◆ Mr Jean-Jacques Bertrand
- ◆ Mr Mark Fouquet
- ◆ Mr Didier Izabel
- ◆ Ms Claire Jouault-Massiot
- ◆ Ms Céline Lamort
- ◆ Mr Yves L'Épine, CEO
- ◆ Mr Christian Louvet

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

Note that Doctor Michel Guerbet is honorary company Chairman.

At December 31, 2015, the Board of Directors had three independent members, namely Ms Marie-Claire Janailhac-Fritsch, Mr Jean-Jacques Bertrand and Mr Didier Izabel, representing a third of the total, in accordance with the Afep-Medef Code's recommendations.

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

- ◆ they are not members of the Guerbet family;
- ◆ 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.

Also note that:

- ◆ Mr Yves L'Épine is Guerbet's Chief Executive Officer. The position of CEO is separate from the position of Chairman of the Board of Directors. Mr Yves L'Épine is not a member of any Committees, except the Strategy and Innovation Committee, of which all the Directors are members.
- ◆ Ms Brigitte Gayet is Deputy CEO given her position as Head Pharmacist.

The provisional appointments of Ms Céline Lamort, decided at the Board meeting of November 5, 2014, was confirmed at the General Meeting of May 29, 2015, in accordance with Article L. 225-24 of the French Commercial Code. Her term of office will last for six years and will end after the General Meeting to be held in 2021 to approve the financial statements for the financial year ended December 31, 2020.

The members of the Board have been appointed for a six-year term, in accordance with the law and 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 way of operating. 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 in the code) and the term of office of Guerbet Directors is six years, the Board therefore felt that the appropriate term for Independent Directors could be extended to 18 years.

In 2015, the Board of Directors met seven times with an average 95% attendance rate. Since the start of 2016, the Board of Directors has met twice to examine the annual financial statements for the financial year 2015.

The Board of Directors has Rules of Procedure 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).

## 2.3.1.1 Organization of the work of the Board of Directors and the Committees

### Assessment

The Rules of Procedure 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 February 9, 2016, conducted its assessment of the operation of the Board and its work during 2015. This assessment was conducted through a written questionnaire sent to the members of the Board by the company's 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. This year, this procedure was supplemented by individual interviews with four members of the Board.

This assessment was used to:

- ◆ assess the operation of the Board and its effectiveness;
- ◆ verify whether important issues are thoroughly prepared and discussed adequately;
- ◆ assess each member's actual contribution;
- ◆ verify whether the Board's current composition still matches the desirable composition for the company;
- ◆ bring new impetus to the Board by identifying areas for change and progress.

It emerged from this assessment and the Board's deliberations that:

- ◆ the Board's current composition is balanced and matches the desired composition for the company;
- ◆ the Board Committees are very active and effective. They were well-structured and their roles were clear;
- ◆ 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 Directors exercise fully independent judgment, which enables them to participate completely independently in the Board's collective work and decisions;
- ◆ the induction and support of new Directors is a key success factor;
- ◆ risk mapping is analyzed at Audit Committee meetings;
- ◆ the shared strategic vision is a strong factor in achieving cohesion.

The members of the Board also identified a progress action plan on:

- ◆ revising the Rules of Procedure;
- ◆ writing a procedure on Director conflicts of interest;
- ◆ updating the induction system for new Directors;
- ◆ the annual planning of exceptional work for each of the Board's Committees;
- ◆ site visits for the members of the Board.

The way discussions are conducted and their high quality also allow each of the Board's members to express their opinion and foster collective decision-making.

The proportion of Independent Directors was considered to be satisfactory. These Directors have retained their capacity as Independent Directors as they have no ties of any kind to the company, its subsidiaries or its Management that might compromise the independent exercising of their judgment.

The maximum term of the position of Independent Director is, contrary to the Governance Code published by Afep-Medef, set at 18 years. A decision was made to increase the term of these positions to take into account the particular length of development cycles in the pharmaceutical industry.

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 to the Board of Directors.

### Strategy and Innovation Committee

All of the Directors participate in this Committee, which met five times in 2015. It is chaired by Ms 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 covered:

- ◆ the medium-term plan: assumptions and strategic focuses;
- ◆ the acquisition of CMDS and medical imaging activities from Mallinckrodt;
- ◆ the industrial strategy.

### Appointment and Compensation Committee

The Committee is composed of Ms Marie-Claire Janailhac-Fritsch (except when compensation is being discussed), Ms Marion Barbier, Mr Christian Louvet (Chairman), Mr Jean-Jacques Bertrand and Mr Didier Izabel. The Independent Directors on this Committee account for more than half of its members. Note that the Afep-Medef Code's recommendation providing for a majority of Independent Directors on this Board has been met.

However, the Board of Directors' Rules of Procedure set the minimum number of Independent Directors on the Committee at one third. This Committee composition rule was introduced due to the significant proportion of members representing the Guerbet family on the Board.

The presence of Ms Marie-Claire Janailhac-Fritsch on the Appointment and Compensation Committee represents a deviation from the Afep-Medef Code's provisions, according to which the Chairman of the Board should not be a member of this Committee. The Board of Directors notes, however, that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Appointment and Compensation Committee. Furthermore, the fact that the company has separated the positions of CEO and Chairman and that she abstained from voting on decisions regarding compensation means that Ms Marie-Claire Janailhac-Fritsch is able to be a member of the Appointment and Compensation Committee.

The Committee met three times in 2015.

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 latter, 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.

### Audit Committee

At December 31, 2015, the Committee was composed of Ms Marie-Claire Janailhac-Fritsch, Mr Didier Izabel (Chairman) and Mr Mark Fouquet. This Committee has three members, two of whom are Independent Directors. Note that the Afep-Medef Code's recommendation providing that at least two thirds of the Committee's members must be Independent Directors has been met.

However, the Board of Directors' Rules of Procedure sets the minimum number of Independent Directors on the Committee at one half. This Committee composition rule was introduced due to the significant proportion of members representing the Guerbet family on the Board.

The presence of Ms Marie-Claire Janailhac-Fritsch on the Audit Committee represents a deviation from the Afep-Medef Code's provisions according to which the Chairman of the Board should not be a member of this Committee. The Board of Directors notes, however, that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Audit Committee and to benefit from her management and financial expertise. Ms Marie-Claire Janailhac-Fritsch also holds no other positions within the company, which means that she is able to be a member of the Audit Committee.

The Committee met four times in 2015.

In accordance with Article L. 823-19 of the French Commercial Code, the Audit Committee 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 efficiency of the internal control and risk management systems, under the sole and joint responsibility of the members of the company's Board of Directors.

This Committee hears from the CEO, the CFO and the Statutory Auditors, who participate in the Committee's work.

### **Ethics and Governance Committee**

The Committee is composed of Ms Marion Barbier (Chairman), Ms Claire Jouault-Massiot and Mr Jean-Jacques Bertrand.

The Committee met twice in 2015.

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:

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

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

The agendas covered:

- ◆ the method for assessing how the Board operates and its work;
- ◆ the disclosure of agreements and benefits granted to healthcare professionals;
- ◆ monitoring of the deployment of the Ethics Charter and the internal control mechanism;
- ◆ the review of the Board's Rules Of Procedure (due to be finalized in the first half of 2016);
- ◆ the writing of a procedure concerning Director conflicts of interest (due to be finalized in the first half of 2016).

#### **2.3.1.2 Principles and rules for determining the compensation and benefits granted to company officers**

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

## **The Board of Directors**

### **1) Board members**

At the General Meeting planned for May 27, 2016, the Shareholders will be asked to approve the awarding of Directors' attendance fees for a maximum total amount of €224,550, composed of a fixed portion and a variable portion calculated according to the participation of each member in Audit Committee, Appointment and Compensation Committee and Ethics and Governance Committee meetings. The Chairmen of each of the Committees, including the Strategy and Innovation Committee, receive an additional variable portion.

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 largest share of the attendance fees be allocated to the variable portion.

### **2) The Chairman of the Board of Directors**

The compensation awarded to the Chairman of the Board of Directors, Ms Marie-Claire Janailhac-Fritsch, for 2015, was set at a net amount of €40,000.

## **The Management**

The Chief Executive Officer, Mr Yves L'Épine, receives compensation for his office. He does not have an employment contract but is granted the same benefits as Guerbet's senior executives. The Chief Executive Officer's compensation consists of a fixed portion and a variable portion. Variable compensation is based on quantitative and qualitative criteria relating to the company's economic performance and strategy. For confidentiality reasons, these criteria cannot be disclosed in this document. He is also entitled to the reimbursement of the expenses incurred in the performance of his duties and particularly the reimbursement of representation and travel expenses.

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

Ms Brigitte Gayet, who is Chief Pharmacist and therefore Deputy CEO of Guerbet, receives compensation for the performance of this office. She has an employment contract for which she receives compensation as Head of Industrial Quality.

#### **2.3.1.3 Information about the changes to the Board of Directors**

The Board of Directors underwent the following change in 2015:

- ◆ Confirmation of the provisional appointment of Ms Céline Lamort as Director at the General Meeting of May 29, 2015 (provisional appointment on November 5, 2014).

#### **2.3.1.4 Participation in General Meetings**

The terms and conditions for the participation of Shareholders in General Meetings and, particularly, the conditions for the awarding of double voting rights to holders of registered shares, are defined in Articles 19 and 20 of the articles of association.

#### **2.3.1.5 Information of potential relevance in the event of a takeover bid**

The information of potential relevance in the event of a takeover bid referred to in Article L. 225-100-3 of the French Commercial Code is presented in the management report by the company's Board of Directors.

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.

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

Theme	Afep-Medef Code	Comments
Directors' terms of office	Limiting of the Directors' terms of office, as defined in the articles of association, to four years Art. 14 of the Afep-Medef Code	The members of the Board have been appointed for a six-year term, in accordance with the law and 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 way of operating. 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' term of office	Limitation of Independent Directors' term of office to 12 years Art. 9 of the Afep-Medef Code	The Board's Rules of Procedure set Independent Directors' maximum term of office at 18 years to take into account the particular length of development cycles in the pharmaceutical industry.
Composition of the Appointment and Compensation Committee	Exclusion of the Chairman of the Board of Directors Art. 17 and 18 of the Afep-Medef Code	Note that the Afep-Medef Code's recommendation that executive company officers should not sit on the Appointment and Compensation Committee has not been adopted. Regarding the deviation from the recommendation that there should be no executive company officers on the Committee, the Board of Directors notes that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Appointment and Compensation Committee. Furthermore, the fact that the company has separated the positions of CEO and Chairman and that she abstains from voting on decisions regarding compensation means that Ms Marie-Claire Janailhac-Fritsch is able to be a member of the Appointment and Compensation Committee.
Composition of the Appointment and Compensation Committee	A majority of the Board's members are independent Art. 17 and 18 of the Afep-Medef Code	Note that the Rules of Procedure of the Board of Directors, setting the minimum number of independent members of the Appointment and Compensation Committee at one third, is an exception to the recommendation in the Afep-Medef Code for at least half of the Committee members to be Independent Directors. This Committee composition rule was introduced due to the significant proportion of members representing the Guerbet family on the Board.
Composition of the Audit Committee	Exclusion of the Chairman of the Board of Directors Art. 16 of the Afep-Medef Code	Note that the Afep-Medef Code's recommendation that executive company officers should not sit on the Audit Committee has not been adopted. Regarding the deviation from the recommendation that there should be no executive company officers on the Committee, the Board of Directors notes that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Audit Committee and benefit from her management and financial expertise. The fact that she holds no other positions within the company also means that Ms Marie-Claire Janailhac-Fritsch is able to be a member of the Audit Committee.
Composition of the Audit Committee	A majority of the Board's members are independent Art. 17 and 18 of the Afep-Medef Code	Note that the Rules of Procedure of the Board of Directors, setting the minimum number of independent members of the Audit Committee at one half, is an exception to the recommendation in the Afep-Medef Code for at least two thirds of the Committee members to be Independent Directors. This Committee composition rule was introduced due to the significant proportion of members representing the Guerbet family on the Board.
Compensation of the Directors	Compensation of the Directors Art. 21 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 recommendation of allocating the largest share of the attendance fees to the variable portion.

## 2.3.2 Information about the internal control and risk management systems

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" system including control activities, indicators and risk assessments;
- ◆ procedures and an organizational structure for the preparation of financial and accounting information.

The Head of Internal Control is responsible for analyzing, enhancing and assessing the risk control measures taken within the Group. The Head of Internal Control reports to the CEO and has direct access to the Board of Directors. He coordinates his work with the operational and functional divisions, covering all of the Group's activities. Since his appointment, he has also coordinated the roll-out of the Ethics Charter and reinforced the initiatives taken to prevent the risk of fraud.

### 2.3.2.1 Guerbet's quality system

The company has continued with its quality measures regarding the professional standards concerning its activities, and particularly the pharmaceutical standards, most notably to meet the challenges posed by the increasingly tough regulations applicable to the manufacture and sale of its products in Europe and on the African, American and Asian continents.

Through all of its subsidiaries, the Guerbet Group is committed to a continuous improvement program designed to promote each person's responsibility for:

- ◆ the health and safety of the people who contribute to its activities;
- ◆ ensuring the dependability of its industrial facilities and their impact on the environment, particularly in terms of emissions, effluents and waste, so as to preserve the natural environment;
- ◆ compliance with the quality, safety and environmental laws and regulations applicable to the Group wherever it operates;
- ◆ maintaining relationships based on transparency and communication with stakeholders.

Each division, site or subsidiary head is responsible for introducing and following up on quality, safety and environmental programs in their field of activity, making sure that all employees are kept informed and actively contribute.

Guerbet's quality system guarantees:

- ◆ the formalization of activities within a documentation system defining methods and responsibilities;
- ◆ regular staff training;
- ◆ upstream and downstream traceability of all product batches;
- ◆ the performance of internal audits;
- ◆ the introduction of corrective actions to rectify any non-compliances detected and meet any activity improvement needs.

This quality system is regularly inspected by the French Ministry for Health, foreign drug authorities and the Group's French and foreign customers and industrial and commercial partners.

### 2.3.2.2 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 the Guerbet Group's accounting and financial information with laws and regulations. The internal control system is also intended to verify the application of the instructions and guidelines set 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 financial departments.

The Guerbet Group has introduced a procedure for monitoring off-balance sheet commitments, and particularly 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 subsidiaries have also undertaken to apply the main general procedures (particularly the Group's financial policy) through charters agreed upon by them and the parent company.

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.

Finally, the Group organizes internal audits to check the degree of compliance with current policies and procedures.

### 2.3.2.3 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.

The Group's safety and environment policy focuses on two main goals:

- ◆ safeguarding everyone's health and safety in our plants;
- ◆ controlling the environmental footprint of our operations.

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.

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

## 2.4 Statutory Auditors' report, produced in accordance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors

To the Shareholders,

In our capacity as Statutory Auditors of Guerbet and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we hereby present to you our report on the report produced by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended December 31, 2015.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report on the internal control and risk management procedures implemented by the company that also provides the other information required by Article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- ◆ report on any observations regarding the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- ◆ certify that the report also includes the other information required by Article L. 225-37 of the French Commercial Code. Note that our role is not to verify the accuracy of this other information.

We conducted our work in accordance with the professional standards applicable in France.

### Information regarding the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the due diligence necessary to assess the accuracy of the information regarding the internal control and risk management procedures relating to preparation and processing of the accounting and financial information provided in the Chairman's report. This due diligence consists mainly of:

- ◆ becoming acquainted with the internal control and risk management procedures relating to preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- ◆ becoming acquainted with the work involved in the preparation of this information and the existing documentation;
- ◆ determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we have noted in the course of our analyses are properly disclosed in the Chairman's report.

Based on our analyses, we have no observations to make on the information regarding the company's internal control and risk management procedures relating to preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

### Other information

We hereby certify that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, April 21, 2016

The Statutory Auditors

**HAF Audit & Conseil**

**Member of Crowe Horwath International**

Olivier Grivillers

**Deloitte & Associés**

Frédéric Souliard

# 3

## Guerbet and its Shareholders

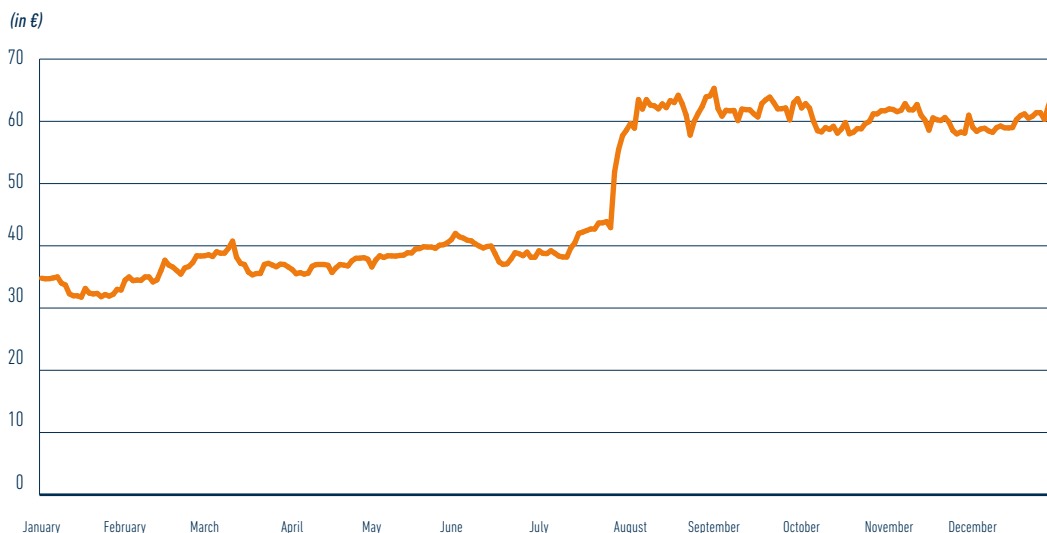
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### 3.1 Guerbet shares

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

Based on the closing price at December 31, 2014, Guerbet's market capitalization is €800 million.

#### Share price performance in 2015



	Highest price in a trading session (in €)	Lowest price in a trading session (in €)	Number of shares traded	Turnover (in € million)
January 2015	35.00	31.01	288,373	9.47
February 2015	38.75	33.00	363,784	12.92
March 2015	40.75	35.01	480,486	18.08
April 2015	38.30	35.15	191,299	7.02
May 2015	40.60	36.60	166,074	6.46
June 2015	41.99	36.36	199,134	7.79
July 2015	58.95	37.50	420,581	20.35
August 2015	64.79	54.72	367,083	22.61
September 2015	65.99	59.55	209,598	13.05
October 2015	63.57	57.27	246,167	14.78
November 2015	63.00	57.50	191,251	11.59
December 2015	65.00	56.98	200,788	12.12

## 3.2 Dividend paid over three years

Financial year (in €)	Amount distributed	Gross dividend per share <sup>(1)</sup>
2012	6,100,092.00	2.00
2013	6,100,092.00	0.50
2014	6,104,092.00	0.50

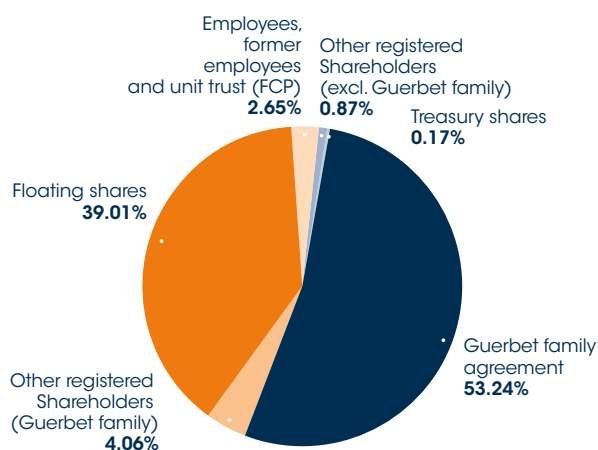
(1) The change in gross dividend per share is a result of the four-for-one stock split on January 23, 2014.

## 3.3 Shareholding

### 3.3.1 Position at December 31, 2015

At December 31, 2015, the share capital amounted to €12,343,474 divided into 12,343,474 fully paid-up shares with a par value of €1 each. Of these 12,343,474 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 owner and bare owner do not belong to the same category of Shareholders.

	December 31, 2015			December 31, 2014			December 31, 2013		
	Number of shares	% of the share capital	% of the voting rights <sup>(1)</sup>	Number of shares <sup>(2)</sup>	% of the share capital	% of the voting rights <sup>(1)</sup>	Number of shares	% of the share capital	% of the voting rights <sup>(1)</sup>
Guerbet family agreement	6,572,039	53.24	66.29	6,693,782	54.83	66.83	1,695,096	55.58	67.39
Other registered Shareholders – Guerbet family	501,747	4.06	5.08	475,007	3.89	4.77	111,335	3.65	4.43
Employees, former employees and unit trust (FCP)	327,325	2.65	3.18	344,463	2.82	3.44	99,747	3.27	3.93
Other registered Shareholders (excl. Guerbet family)	107,307	0.87	1.07	301,309	2.47	3.02	80,068	2.63	3.18
Treasury shares <sup>(3)</sup>	20,428	0.17	-	20,428	0.17	-	5,107	0.17	-
Floating shares	4,814,628	39.01	24.38	4,373,195	35.82	21.94	1,058,693	34.70	21.07
<b>TOTAL</b>	<b>12,343,474</b>	<b>100.00</b>	<b>100.00</b>	<b>12,208,184</b>	<b>100.00</b>	<b>100.00</b>	<b>3,050,046</b>	<b>100.00</b>	<b>100.00</b>

(1) The breakdown of the voting rights is presented in terms of effective voting rights. The number of theoretical voting rights was 19,768,063 at December 31, 2015, 19,948,067 at December 31, 2014 and 5,029,354 at December 31, 2013, assuming that each treasury share grants entitlement to one voting right.

(2) A much larger number of shares is recorded at December 31, 2014 than at December 31, 2013 due to the four-for-one share split on January 23, 2014.

(3) These treasury shares are shares bought on the market for the share option plan of July 26, 2005 that expired on July 25, 2012.

To the company's knowledge, four of the registered Shareholders have crossed the thresholds set by law for the number of shares and/or voting rights held. These threshold crossings are not linked to this financial year.

Shareholders	Ordinary General Meeting		Extraordinary General Meeting	
	Shares	Voting rights	Shares	Voting rights
Michel Guerbet	5.43%	6.79%	2.51%	3.11%
SC Guerbet Fron	5.74%	7.17%	5.74%	7.17%
Brigitte Lamort	4.77%	5.85%	3.19%	3.91%
Annie Guerbet	3.41%	4.17%	4.10%	5.03%

### 3.4 Transactions performed by executive officers and similar individuals

A transaction was carried out on the company's shares in 2015 by a person referred to in Article L. 621-18-2 <sup>(1)</sup> of the French Monetary and Financial Code:

Type of transaction	Name – Position	Amount
Exercise of stock options	Mr Yves L'Épine – CEO and Director	€54,655.00

(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.

## 3.5 Threshold crossings

Not applicable.

## 3.6 Shareholder Agreement and collective share retention commitments

### 3.6.1 Shareholder Agreement

An agreement binding the family Shareholders was signed on November 16, 2002. This agreement was published by the *Conseil des marchés financiers* (CMF or French Financial Markets Council) on December 13, 2002 under number 202C1653. It was updated in September 2013, particularly 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* (AMF or French Financial Markets Authority). Its purpose is principally to "guide the group of Shareholders,

who are mainly of family origin, organize the management of the Guerbet shares that each of the members owns and may own in the future and ensure the cohesiveness and representativeness of the group that they form within the framework of the current laws and regulations", and also to "give the signatories to the agreement a stake 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".

### 3.6.2 Share retention commitments through a "Dutreil" agreement

Two collective share retention commitments were entered into on December 30, 2015 by a number of Guerbet Shareholders, and particularly Shareholders from the Guerbet family, in accordance

with Article 787-B of the French General Tax Code <sup>(1)</sup>. They covered 5,694,459 shares, *i.e.* 46.1% of the share capital, at December 31, 2015.

### 3.6.3 Limiting the risk of wrongful 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.

### 3.6.4 Rules applicable to the appointment and replacement of members of the Board of Directors

Board members, whether they are individuals or legal entities, are appointed by the Ordinary General Meeting of Shareholders for a term of six (6) years, expiring after the Ordinary General Meeting of Shareholders called to approve the financial statements for the previous financial year and held in the year in which the term of office expires.

Each Board member must own at least one (1) company share. If, on the day of his or her appointment, a Board member does not own the requisite number of shares, or if, during his or her term of office, he or she ceases to own them, he or she is automatically deemed to have resigned if he or she has not rectified the situation within three (3) months.

The number of Board members who have reached the age of 70 may not exceed one third of the 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 financial 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.

<sup>(1)</sup> 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 retention commitment".

## 3.7 Board of Directors' powers to issue and buy back shares

At the General Meeting of May 29, 2015, 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 610,409 shares with a par value of €610,409.

## 3.8 Summary of authorizations granted that may have an impact on the share capital

Current authorizations granted to the Board of Directors by decision of the General Meeting

Use in 2015

Authorization to buy back shares granted on May 29, 2015 for eighteen months

-

## 3.9 Provisions in the articles of association relating to share capital

### 3.9.1 Double voting rights (Article 19)

The voting rights attached to shares are proportional to the percentage of the share capital that they represent, except in cases of deprivation of voting rights 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 existing shares for which they already enjoy this right.

### 3.9.2 General Meetings (Article 18)

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 his or her capacity as such is entitled, regardless of the number of shares that he or her owns, to attend Meetings and participate in the voting, in person or by proxy, or to vote by post, under the applicable legal and regulatory conditions. To exercise this right, however, either the Shareholders' 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 days before the General Meeting. Note that any Shareholder may also participate in General Meetings by conference 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.

### 3.9.3 Identifiable bearer shares (Article 8)

The company is entitled, at any time, to request information about 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, from the organization responsible for clearing the securities, under the conditions and according to the legal procedures in force.

### 3.9.4 Declaration of threshold crossing

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 referred to by Article L. 233-7, paragraph 1 of the French Commercial Code.

### 3.9.5 Actions necessary to change Shareholders' rights

The Group has not laid down any provisions that are more stringent than those of the law.





# 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	2015	2014
X-ray	43.1%	45.9%
MRI	42.3%	41.1%
Interventional Radiology and Theranostics	9.3%	7.8%
Medical devices	4.4%	4.2%
Other	0.9%	1.0%

Breakdown of revenue by geographic region	2015	2014
Europe	66.8%	70.7%
Other markets	33.2%	29.3%

### 4.1.2 Revenue analysis

The annual revenue stands at €488.7 million, up by 19.5%, €27.9 million of which was generated by the CMDS business included in the Group's consolidated scope since November 27, 2015.

At a constant scope, revenue stands at €460.8 million, up by 12.7%.

At a constant scope and exchange rates, revenue grew by 10.0% to €449.4 million.

The four business segments registered growth again, including a strong rise in Dotarem© and Lipiodol© sales.

Nearly all countries contributed to the growth. The increase in the Europe region stands at 9.0% at constant exchange rates, while other geographic

regions also registered strong growth (up by 14.5% at constant exchange rates), primarily due to good sales at subsidiaries in the United States and Korea, and due to distributors, notably in Latin America.

A key event in the 2015 financial year was the acquisition of Mallinckrodt's "contrast media and delivery systems" (CMDS) business, which was completed on November 27. This transaction enables Guerbet to reach critical mass in each of its business segments, the goal being to enter the world Top 3.

If the acquisition had taken place on January 1, 2015, the Group's pro forma revenue, including CMDS pro forma data, would have been €789 million <sup>(1)</sup>.

(1) Unaudited data.

### 4.1.3 Results

IFRS (in €'000s)	2015		2014	
		% of revenue		% of revenue
+ Revenue	488,738	100.0	408,957	100.0
+ Other operating income <sup>(1)</sup>	1,551	0.3	711	0.2
- Consumed purchases and change in inventories	(103,452)	(21.2)	(90,394)	(22.1)
- External expenses	(155,909)	(31.9)	(123,441)	(30.2)
- Staff-related costs	(125,594)	(25.7)	(113,306)	(27.7)
+/- Other operating income and expenses	(2,833)	(0.6)	(709)	(0.2)
- Taxes and duties	(18,144)	(3.7)	(14,168)	(3.5)
<b>EBITDA <sup>(2)</sup></b>	<b>84,357</b>	<b>17.3</b>	<b>67,650</b>	<b>16.5</b>
- Depreciation, amortization and provisions	(28,142)	(5.6)	(29,259)	(7.2)
<b>CURRENT OPERATING INCOME</b>	<b>56,215</b>	<b>11.6</b>	<b>38,391</b>	<b>9.4</b>
+/- Other operating income and expenses	(127)	(0.1)	365	0.1
- Net financial expenses	(1,114)	(0.2)	(1,688)	(0.4)
+/- Foreign exchange gains or losses and other financial income/expenses	3,384	0.7	(816)	(0.2)
+/- Tax expense	(18,435)	(3.8)	(10,125)	(2.5)
<b>NET INCOME</b>	<b>39,923</b>	<b>8.2</b>	<b>26,127</b>	<b>6.4</b>

(1) Includes operating subsidies, capitalized production, sales of services and royalties.

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

### 4.1.4 Results analysis

The positive development in the product/country mix in favor of the highest-contributing segments and the good control of purchases and costs resulted in an EBITDA of €84.4 million, up by 24.7%, despite the inclusion of acquisition-linked costs totaling €13.3 million.

Current operating income was up significantly to €56.2 million, representing 11.5% of revenue for the financial year.

The pro forma financial statements of Guerbet and CMDS, including CMDS pro forma figures, resulted in an EBITDA of €113 million <sup>(1)</sup>.

Financial income was up by €0.6 million. Lastly, net income increased by 52.8% to €39.9 million, compared with €26.1 million at December 31, 2014.

### 4.1.5 Financial position

IFRS (in €'000s)	2015	2014
<b>CASH FLOW</b>	<b>70,896</b>	<b>55,193</b>
Change in working capital requirements, of which:	(9,488)	1,721
Change in inventories	(19,660)	(2,653)
Change in trade receivables	(4,625)	(2,313)
Change in trade payables	12,107	919
Change in other assets and liabilities	2,690	5,768
Investments	(286,076)	(31,759)
Dividends	(6,094)	(6,100)
Other <sup>(1)</sup>	3,726	2,621
<b>FREE CASH FLOW <sup>(2)</sup></b>	<b>(227,036)</b>	<b>21,676</b>
<b>NET DEBT <sup>(3)</sup></b>	<b>287,844</b>	<b>60,808</b>

(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.

(1) Unaudited data.

### 4.1.6 Analysis of the financial position

At December 31, 2015, the Group's financial position still demonstrated very solid fundamentals. The Group's Shareholders' equity now stands at €283.9 million, compared with €259.1 million at December 31, 2014.

Financial debts, including the debt concerning the transaction, total €287.8 million. The ratio of net debt to Shareholders' equity is 1.01.

### 4.1.7 Outlook

One of the key developments in 2016 will be the integration of the "CMDS" business.

To ensure successful integration as quickly as possible, the Group has chosen to overhaul its sales structures and reposition its product

offering. Beyond the commercial challenge, activity in 2016 will be marked by the Group's efforts necessary to quickly integrate the "CMDS" employees, align the company cultures and information systems, and redefine the industrial and operational strategies in order to deliver the expected synergies.

## 4.2 Major events since the start of 2016

Not applicable.

## 4.3 Risk factors

The company has conducted a review of risks that could have a significant negative impact on its business, its financial position or its earnings (or its ability to meet its targets) and believes that there are no significant risks other than those described.

### 4.3.1 Risks related to Guerbet's business

#### 4.3.1.1 Product quality and safety

Customer satisfaction and patients' health are our priorities. Pharmaceutical 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 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 sites are regularly inspected by the health authorities.

The GPR site in Rio de Janeiro was inspected by the ANSM at the end of 2015. The action plan concerning the renewal of the BPF certificate is under way. A follow-up audit was conducted at the Medex site by LNE-GMED in 2015 for the renewal of the ISO 13485 certification. The other pharmaceutical/chemical certificates were still valid in 2015.

The table below shows inspections carried out in 2015:

Site	Standards	Organization	Date	Result
GPR/Rio de Janeiro	BPF/GMP	ANSM (France)	September 2015	Final response, discussions under way
Medex/Saint-Priest	CE mark, ISO 13485 standard	LNE-GMED	February and September 2015	Retaining of CE certificate

There was no drug safety monitoring inspection at the head office in 2015. There was, however, an inspection in the United States in February 2015, which did not result in the authorities issuing any remarks. In Belgium, an inspection took place in December 2015: the deviations mentioned in the report are being resolved, the action plan having been approved by the Belgian agency.

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.

### 4.3.1.2 Generic risks

The Group has to face competition from generic products whose arrival on the market is creating a tougher competitive environment for Dotarem®. This may affect both the Group's market share (generic products sometimes sold as substitutes for Dotarem®) and selling prices.

Indeed, in countries where drug prices are regulated, price reduction measures may be applied to originator products when generic products are launched. In markets where the purchase of contrast media is subject to calls for tenders, the arrival of new competitors may lead to downward pressure on prices. 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, a Dotarem® generic received marketing authorization from the UK and German authorities in 2014 and in other European countries in 2015. This generic was released in Germany in 2015. Applications for marketing authorization of other Dotarem® generics were approved in a few European countries. There were no significant sales of these products in Europe in 2015, although their competition is now a factor.

## 4.3.2 Industrial and environmental risks

### 4.3.2.1 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.

The Group has adopted an industrial partnership policy to ensure that, whenever possible, it has access to alternative subcontractors and can build up reserve inventories.

### 4.3.2.2 Environment and safety

The production of active chemical ingredients for contrast media entails various safety and environmental risks. These risks, 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, three of which (two Guerbet plants and one CMDs plant) 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.

The Intellectual Property Department is organized so as to actively monitor this issue and strictly ensure that there are no infringements of its portfolio of patents in this field.

### 4.3.1.3 Risks related to product prices and reimbursements

Generally speaking, the Group is exposed to uncertainties regarding product price setting, which is directly related to the strong pressure on the prices of all healthcare products. This drive by governments, healthcare establishments and insurers is motivated by the desire to exercise greater control over increases in healthcare spending. This trend can be seen in the introduction of control mechanisms designed to encourage the substitution of generic products for originator products, regulatory reductions in drug prices and the pooling of purchases by healthcare establishments.

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 innovation (LCM) to very specifically demonstrate their added value and their benefit for patients.

### 4.3.1.4 Risk of dependence on patents and industrial licenses

Guerbet has been able to develop technologies *via* licensing agreements (see current agreement in the table below).

Product	Company holding the license in 2015
Dotarem®	Bayer <sup>(1)</sup>

(1) The Schering (now Bayer) pioneer patent has expired in Europe and the United States.

To control these risks, the Group applies a Health, Safety and Environment policy and defines HSE objectives for all its industrial plants. Considerable human and material resources have been deployed to meet the commitments under this policy. A Health, Safety and Environment manager is appointed at each plant. 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 they may be served formal notice to take remedial action.

Risk analyses and audits are performed to define the resources required to ensure operating security. These resources are documented and Health, Safety and Environment training programs are provided for all of the relevant staff.

→ This risk is managed thanks to the Group's safety and environment policy. This is described at greater length in the Environmental information section of the CSR chapter and in the report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles for determining the compensation of company officers.

#### 4.3.2.3 Supply risks

The sale of the Group's products may be affected by a disruption of supplies due to quality, regulatory or technical problems, for instance.

Reserve inventories have been built up at strategic points throughout the production and distribution chain to cover the majority of these unforeseeable events.

The Group has also developed a policy to diversify its internal and external supply sources, the aim being to limit its dependence and strengthen its ability to respond to these specific events. Long-term supply contracts are arranged where necessary.

Lastly, checks are conducted on all critical suppliers, particularly suppliers of raw materials declared in pharmaceutical applications, which must meet strict production standards (cGMP and BPF). They may be inspected by the health authorities at any time.

#### 4.3.2.4 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 throughout its markets. In France, for example, the Group is obliged to apply the French Public Health Code and the good practices stipulated by the Ministry of Health for laboratory work, clinical trials, the manufacture and distribution of pharmaceutical products, customer information and drug safety monitoring.

### 4.3.3 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 with their valuation.

#### 4.3.3.1 Liquidity risk

To prepare for the acquisition of Mallinckrodt's contrast media and delivery systems (CMDS) business, which took place on November 27, 2015, the Group arranged a syndicated reducing loan of US\$430 million on July 27, 2015. It is comprised of different tranches aimed at financing the acquisition price, refinancing a part of the existing debt, and financing investments and working capital requirements. The goal of this syndicated loan is to enable the Group to meet its financial commitments over the coming years.

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

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.

In order to produce active chemical ingredients, the Group is subject to the following European regulations:

- ◆ Seveso (identification of industrial sites that use hazardous substances and therefore present risks of major accidents);
- ◆ REACH (Registration, Evaluation and Authorization of CHemical substances);
- ◆ IED (industrial emissions directive) resulting in France in regular inspections by the DREALs (Regional Directorates for the Environment, Town Planning and Housing).

Guerbet manufactures and inspects its products in accordance with conditions defined and approved by the health authorities in their Marketing Authorizations (AMM), and their production is subject to good manufacturing practices for raw materials for pharmaceutical 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 income.

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 so that it remains in compliance with the regulations.

#### 4.3.3.2 Foreign exchange risk

##### Operating foreign exchange risk

The Group's entities, *i.e.* its 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 foreign exchange risk, it assesses regularly.

##### Financial foreign exchange 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 foreign exchange risk.

→ *The Group's sensitivity to foreign exchange risk and its hedges related to the financial year may be consulted in the notes to the consolidated financial statements.*

### 4.3.3.3 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 changes in interest rates. 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 financial year may be consulted in the notes to the consolidated financial statements.*

### 4.3.4 Other risks

#### 4.3.4.1 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 are worthy of note, however:

- ◆ Technip and Guerbet brought an end to their dispute by common agreement.
- ◆ Through a decision dated July 27, 2013, the Commercial Court of Lyon rejected all of Mr J.-P. Lacroix's claims and ordered the immediate transfer of the 1,800 shares that were still in his possession. As this decision was binding, Guerbet thus became the sole Shareholder of Medex. Mr Lacroix has appealed against this ruling, which was upheld by the Lyon court of appeal in a ruling dated July 29, 2015. Mr Lacroix has challenged this decision.

#### 4.3.4.2 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).

#### 4.3.4.3 Risks related to international operations

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

#### 4.3.3.4 Bank counterparty risk

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

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

#### 4.3.3.5 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.*

#### 4.3.4.4 Risks related to information systems

A malfunction in the information systems may significantly disrupt key activities such as production, sales and internal data interchange and access, interrupting activity and causing critical data to be lost or damaged. The Group may also be a victim of malicious acts (theft or corruption of data). Such incidents could result in financial losses for the Group.

The IT risks have been mapped and a Business Recovery Plan is implemented each year to check the company's ability to rebuild its infrastructure and restart all of the critical applications that support the Group's activities should an IT center experience a major crisis.

Furthermore, in 2015 the new ERP system was put in place at various Group entities and will continue to be deployed. This presents operational and organizational risks that are inherent in its implementation. The Group is following a structured procedure in order to minimize them.

#### 4.3.4.5 Risks related to Group acquisitions

While integrating Mallinckrodt's contrast media and delivery systems (CMDS) business, Guerbet could encounter difficulties and/or experience delays in the integration of the operations acquired. This could affect its ability to achieve its financial objectives. To limit this risk, an integration mechanism has been set up together with a dedicated team and the support of consultants (Fast Integration Team) in charge of planning, monitoring and creating synergies.

### 4.3.5 Insurance and risk cover

The aim of the insurance policy is to protect the Group's assets against any significant risks that may affect them. This policy is applied at two levels. Centrally, the Group negotiates international insurance programs to cover the main risks to which it is exposed according to the available offer. Locally, the subsidiaries take out insurance policies to comply with local regulatory obligations and purchase cover complementary to the international programs for their specific risk exposures.

The insurance policies are bought on the traditional insurance market from leading insurance companies and the Group does not have a captive insurer. The choice of program is reviewed once a year.

The main policies taken out by Guerbet cover:

- ◆ 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 and the safeguard 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 our products and activities across the Group's scope, 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 insurance policies are taken out as required, including building insurance and contractor's all-risk insurance for our biggest construction projects.

## 4.4 Other legal information

### 4.4.1 Guerbet's results for the last five financial years

(in €)	2015	2014	2013	2012	2011
<b>CAPITAL AT YEAR-END</b>					
Share capital	12,343,474	12,208,184	12,200,184	12,200,184	12,200,184
Number of existing ordinary shares	12,343,474	12,208,184	3,050,046	3,050,046	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	324,350	487,520	129,670	135,300	210,937
Revenue excluding taxes and including the supplying of services and other products	334,021,519	299,838,564	299,807,469	308,289,068	294,780,554
Income before tax, employee profit-sharing, depreciation and amortization net of reversals, and provisions	36,942,408	38,245,184	39,281,322	28,355,887	27,566,026
Income tax	5,656,704	1,613,840	2,809,395	1,767,779	(1,778,280)
Employee profit-share due for the year	1,291,122	388,622	450,614	785,164	258,632
Income after tax, employee profit-sharing, depreciation and amortization and provisions	(746,575)	13,645,016	15,322,737	6,682,783	300,397
<b>INCOME DISTRIBUTED</b>	<b>8,023,258</b>	<b>6,104,092</b>	<b>6,100,092</b>	<b>6,100,092</b>	<b>5,490,083</b>
Income after tax and employee profit-sharing but before depreciation and amortization and provisions <sup>(1)</sup>	2.43	2.97	11.81	8.46	9.54
Income after tax, employee profit-sharing, depreciation and amortization and provisions <sup>(1)</sup>	(0.06)	1.12	5.02	2.19	0.10
Diluted net income <sup>(1)</sup>	(0.06)	1.08	4.84	2.13	0.15
<b>NET DIVIDEND PER SHARE</b>	<b>0.65</b>	<b>0.50</b>	<b>2.00 <sup>(2)</sup></b>	<b>2.00</b>	<b>1.80</b>
Workforce at December 31, (open-ended and fixed-term contracts)	883	817	827	877	891
Total wages	47,769,357	44,189,290	46,096,362	46,607,820	44,422,299
Total social security charges	22,313,262	21,350,698	20,603,779	21,064,783	20,156,661

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

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

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

### 4.4.2.1 Breakdown of trade payables by due date

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

At December 31, 2015, the trade payables on Guerbet's balance sheet as it appears in its financial statements were broken down as follows:

(in €'000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Not due	Invoices not yet received	Total
Suppliers of Goods and Services in France	124	71	4,774	14,183	-	19,137
Suppliers of Goods and Services outside France	225	10	371	2,892	-	3,498
<b>SUPPLIERS OF GOODS AND SERVICES</b>	<b>349</b>	<b>81</b>	<b>5,145</b>	<b>17,075</b>	<b>18,930</b>	<b>41,580</b>
Suppliers of Fixed Assets in France	-	85	441	1,574	-	2,100
Suppliers of Fixed Assets outside France	-	-	1	-	-	1
Payments outstanding on equity securities	72	-	-	-	-	72
<b>SUPPLIERS OF FIXED ASSETS</b>	<b>72</b>	<b>85</b>	<b>442</b>	<b>1,574</b>	<b>-</b>	<b>2,173</b>
<b>TOTAL</b>	<b>421</b>	<b>166</b>	<b>5,587</b>	<b>18,649</b>	<b>18,930</b>	<b>43,753</b>

At December 31, 2014, the trade payables on Guerbet's balance sheet as it appears in its financial statements were broken down as follows:

(in €'000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices not yet received	Total
Suppliers of Goods and Services in France	69	912	10,040	-	11,021
Suppliers of Goods and Services outside France	174	457	3,645	-	4,276
<b>SUPPLIERS OF GOODS AND SERVICES</b>	<b>243</b>	<b>1,369</b>	<b>13,685</b>	<b>12,360</b>	<b>27,657</b>
Suppliers of Fixed Assets in France	337	391	4,376	-	5,104
Suppliers of Fixed Assets outside France	312	-	62	-	374
Payments outstanding on equity securities	72	-	-	-	72
<b>SUPPLIERS OF FIXED ASSETS</b>	<b>721</b>	<b>391</b>	<b>4,438</b>	<b>-</b>	<b>5,550</b>
<b>TOTAL</b>	<b>964</b>	<b>1,760</b>	<b>18,123</b>	<b>12,360</b>	<b>33,207</b>

### 4.4.2.2 Breakdown of trade receivables by invoice issuance date

At December 31, 2015, the trade receivables on Guerbet's balance sheet as it appears in its financial statements were broken down as follows:

(in €'000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices to be issued	Total
Customers in France	372	258	(15)	-	615
Customers outside France	1,072	1,347	6,084	1,741	10,244
<b>TOTAL</b>	<b>1,444</b>	<b>1,605</b>	<b>6,069</b>	<b>1,741</b>	<b>10,859</b>

At December 31, 2014, the trade receivables on Guerbet's balance sheet as it appears in its financial statements were broken down as follows:

(in €'000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices to be issued	Total
Customers in France	314	1,112	20,522	-	21,948
Customers outside France	261	3,691	4,346	-	8,298
<b>TOTAL</b>	<b>575</b>	<b>4,803</b>	<b>24,868</b>	<b>-</b>	<b>30,246</b>

### 4.4.3 Information concerning the acquisition of participating and controlling interests (Article L. 223-6 of the French Commercial Code)

Guerbet France SAS, a subsidiary of Guerbet SA, acquired 100% of Mallinckrodt Imaging SARL on November 27, 2015.

### 4.4.4 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 further 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
List of offices and positions held in any company by each of the company officers during the year	Corporate governance – pages 21 to 25
Shareholdings acquired during the year	The Guerbet Group – page 19
Compensation of company officers:	Corporate governance – pages 26 to 28
■ Information concerning compensation	
■ Information concerning pension commitments	
Employee shareholding	Guerbet and its Shareholders – pages 36 and 37
Total dividends paid for the last three financial years	Guerbet and its Shareholders – page 36
Total non-deductible expenses as referred to by Art. 39-4 of the French General Tax Code	Financial statements and related notes – page 115
Employee, environmental and social information	Corporate social responsibility – pages 51 to 62



# 5

## Corporate social responsibility

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<b>5.4</b>	Report by one of the Statutory Auditors, designated as an independent third-party organization, on the consolidated employee, environmental and social information contained in the management report	63

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 continual 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 on page 63.

The Guerbet Group's CSR policy is maintained and extended to the new CMDS entities.

**The reporting scope for corporate social responsibility is the six French companies and the 17 international subsidiaries of the Guerbet Group in its configuration prior to the acquisition of Mallinckrodt's CMDS business.**

### 5.1 Employee information

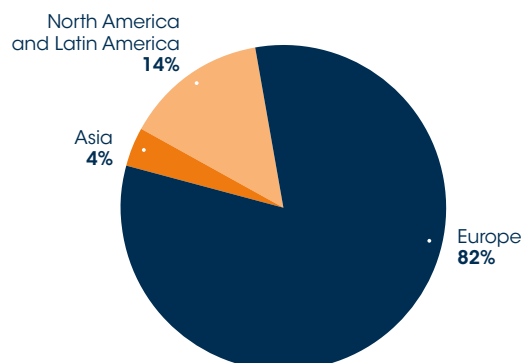
Guerbet applies a corporate social responsibility policy based on the fundamental principles of Balance, Fairness and Ethics, structured around the following five main themes: Diversity, Prevention, Recognition, Commitment and Responsibility. Guerbet asserts its rights while maintaining a constant, completely transparent concern for respect for people, organizations, laws and its environment in its

operations. It strives to guarantee its employees' rights while daily ensuring their 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.

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

At December 31, 2015, the Guerbet Group (excluding the CMDS scope) had 1,559 employees worldwide, including 1,465 on open-ended contracts and 94 on fixed-term contracts. This workforce breaks down as follows:

- ◆ 1,273 employees in Europe;
- ◆ 217 employees at North American and Latin American subsidiaries;
- ◆ 69 employees in Asia.



In France, the Guerbet Group employs a total of 1,105 people, including 1,028 on open-ended contracts and 77 on fixed-term contracts.

The breakdown by company is as follows:

- ◆ Guerbet, 883 people, including 68 on fixed-term contracts;
- ◆ Simafex, 96 people, including two on fixed-term contracts;
- ◆ Guerbet France, 81 people, including two on fixed-term contracts;
- ◆ Medex, 45 people, including five on fixed-term contracts.

The geographic breakdown is as follows:

- ◆ 749 in the Paris region;
- ◆ 215 in Lanester (Morbihan);
- ◆ 96 in Marans (Charente-Maritime);
- ◆ 45 in Saint-Priest (Rhône).

At December 31, 2015, the average age of open-ended and fixed-term contract employees, for the French scope, was 42 years and 3 months. The average age of the international subsidiaries' employees is 43 years and 6 months.

## An ambitious forward-looking job and skills management policy to keep pace with the company's development

Guerbet prefers to hire employees on open-ended contracts, in line with its long-term vision of its needs. Its annual recruitment plans show a steady increase in the number of employees on open-ended contracts.

The use of additional staff is strictly limited to temporary needs created by exceptional activity surge, employee absences or specific projects. Guerbet has formalized its good practices on temporary staff use in a procedure sent to every manager.

The policy for the replacement of employees who leave the company is defined as part of a forward-looking job and skills management policy and aims to meet the priority objectives set for the company through medium-term plans and annual budgets.

Guerbet has an ambitious forward-looking job and skills management policy in order to anticipate the changes that the company will need. The early identification of potential employee transfers and preparation

for them allow faster and more effective internal employee transfers as opportunities arise. The forward-looking job and skills management policy enables it to assist and empower its employees to succeed in their careers.

In 2015, the Guerbet Group hired a total of 155 people on open-ended contracts, including 89 in France and 66 in its international subsidiaries.

In the French scope, staff turnover was 5.45% of the open-ended contract workforce, including less than 1% on the grounds of dismissal, amounting to 10 dismissals during the year out of a total of 1,028 employees on open-ended contracts.

Worldwide, employee departures due to dismissal account for 1.30% of the workforce on open-ended contracts, amounting to 19 dismissals during the year out of a total of 1,465 people on open-ended contracts.

## Training to bolster the company's development and its employees' expertise

The Guerbet Group applies a training policy in France and abroad. It is continuing with its management training program for all managers. Regular training sessions are organized for the networks of pharmaceutical sales representatives to consolidate their knowledge of our products and their environment, particularly in the drug safety monitoring field. E-learning training courses are provided on the Group's products.

To ease the introduction of SAP, Guerbet has set up an extensive training program to provide 10,800 hours of training to 677 employees <sup>(1)</sup>.

In 2015, four collective induction days were organized for new hires of all categories, based in France and abroad, to give them a better

understanding of the company's environment, its operation and its products, amongst other things.

Guerbet is also continuing to offer training in foreign languages, office automation software and safety.

31,063 hours of training were given to employees on open-ended contracts in 2015 within the Group's French entities. At the end of December, 97% of open-ended contract employees had completed at least one training course.

Steps are being taken to ensure reliable escalation of information regarding the international subsidiaries. Internationally, 13,126 hours of training, provided to employees on open-ended contracts, were counted <sup>(2)</sup>.

## A compensation policy that rewards employees for their achievements

The Group's compensation policy supports the company's strategy and development. 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.

The pay packages of Guerbet employees comprise the following components:

- ◆ Fixed compensation consisting of their base salary. This is determined based on the employee's job grade and the development of their skills. These skills are assessed each year during the annual appraisal and development interview;
- ◆ Individual variable compensation (bonus) as a reward for achieving targets set in accordance with the company's strategy;
- ◆ Collective variable compensation to give employees a stake in the company's results through incentive and profit-sharing schemes.

<sup>(1)</sup> This training was provided to employees of the French, British and Portuguese plants.

<sup>(2)</sup> Steps are being taken to ensure reliable escalation of information regarding the international subsidiaries. This data does not include the British subsidiary's training hours, which are not reliable to date. The US subsidiary's training hours have been estimated at 7,105 hours based on a number of training courses and an average duration of 30 minutes per course.

The Group aims to give its employees a stake in the company's growth and development, particularly by granting share options. Several plans are currently outstanding, including the plan issued on October 17, 2011, which benefits a large percentage of the Group's employees.

At December 31, 2015, 1.82% of the share capital was held by employees.

## Equal treatment and diversity

The Guerbet Group applies a diversity and non-discrimination policy through its human resources policy.

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

- ◆ "Generation contract" agreements to promote the employment of young people and older workers;
- ◆ Agreement to promote the employment of disabled workers;
- ◆ Agreements on gender equality in the workplace.

### Measures taken to promote the employment and integration of young people and older workers

The "generation contract" agreements signed at Group companies contain commitments to promote young people's access to long-term job opportunities, the employment of older workers and actions regarding skill transfers. Quantified targets have been set for recruitment on open-ended contracts and the employment rate, both of young people and older workers. Measures have also been taken to promote the integration of young people, access to training and the improvement of working conditions for all employees, as well as measures for older workers concerning the end of working life.

In 2015, five employees over the age of 50 and 37 employees aged 30 and under were hired by the Group's companies on open-ended contracts.

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 (38 trainees in France in 2015) and by increasing the proportion of employees under work-study contracts to 2.5% of its workforce in France.

Guerbet helps young students from underprivileged areas of Seine-Saint-Denis looking for jobs, in partnership with the "Nos Quartiers ont des Talents" association. Guerbet participates in job forums designed to assist young people in their search for their first job.

### 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.

3.98% of Guerbet's employees in France are disabled workers. The company helps them to remain employed and cooperates with the sheltered employment sector.

Several schemes have also been introduced to allow employees to build up savings over the long and medium term through:

- ◆ Pension Saving Plans;
- ◆ a Group Saving Plan.

In France <sup>(1)</sup>, at December 31, 2015, the average annual salary of the permanent workforce on open-ended contracts rose by 1.07%.

This policy is reflected in practical initiatives:

- ◆ Organization of awareness-raising campaigns for the last four years on the topic of disability ("*Être actif et en situation de handicap*" (Being active and disabled)), in partnership with Handi-EM <sup>(2)</sup>. In 2015, Guerbet launched a six-week competition during the European disability week. This initiative helps to raise employees' awareness of the fact that "being different is not a disability" and to change perceptions of disability;
- ◆ Retention in employment for the employees in question;
- ◆ Cooperation with an *Établissement de services d'aide par le travail* or ESAT (an organization to help disabled people through work) that performs packaging operations in the company. Other services (gardening, road maintenance, mail service, etc.) are subcontracted to similar organizations.
- ◆ Subcontracting of packaging operations to a suitable company <sup>(3)</sup>.

At the Brazilian plant, the disabled workers employment rate is 3.33% of the workforce. Data is not available for the other countries <sup>(4)</sup>.

### Measures taken to promote gender equality in the workplace

At December 31, 2015, 43% of the Guerbet Group's employees were women, on both open-ended and fixed-term contracts. Note that 48% of the international subsidiaries' employees are women, compared with 41% for the French entities. These proportions are similar to 2014. The agreements and action plans signed in all the Group's companies in France <sup>(5)</sup> are based on a goal shared by management and social partners <sup>(6)</sup> of zero discrimination within the company.

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.

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

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

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

(1) Information on compensation increases are not consolidated for the international scope.

(2) Non-profit joint association created in May 2010 with the support of the LEEM (French Association of Drug Companies) and its corporate partners to implement the industry-wide agreement on promoting the recruitment of disabled workers and their retention in employment.

(3) A company that mostly employs disabled workers.

(4) Information not consolidated.

(5) There is no international agreement; negotiations are mandatory in France.

(6) Trade unions and works councils.

## Labor relations and work organization

### Organization of labor relations

The aim is to promote understanding between all of the company's constituent parts and to adopt a comprehensive approach to labor relations, in order to achieve an overall improvement in relations between social partners <sup>(1)</sup> and the Management, managers and their teams, and sectors. Labor relations are employee-focused, fostering direct and collective expression by employees, the goal being to deal with early signs of conflict and prevent them from escalating, to give consideration to working conditions and to gather proposals for improvements through expression and listening.

### Review of collective agreements

The Group's corporate social responsibility policy is reflected in the signing of agreements, in France <sup>(2)</sup>, to promote diversity, improve working-time arrangements and working conditions, and foster job creation and employee savings. In 2015, 45 agreements were in place, 14 of which were signed during the year. They concern Group companies in France, covering the Generation Contract, gender equality, the employment of disabled workers, forward-looking job and skills management, the organization of work, annual negotiations, employee savings and social protection.

## Health, safety and working conditions

### Occupational health measures

Guerbet strives to safeguard its employees' health.

Guerbet takes preventive action relating to working conditions, safety and appropriate medical monitoring in order to safeguard the physical and mental integrity of its employees throughout their working life. Guerbet also gives its employees social protection guarantees.

Several company-wide agreements take this aspect into account at the French plants (Guerbet and Simafex Continuous Work, Semi-Continuous Work and Generation Contract agreements and Simafex Physical Strain Prevention agreement).

In Brazil, the CIPA <sup>(3)</sup>, which collaborates with the management and the safety team, is designed to prevent accidents at work and occupational illnesses. Every year, the CIPA holds an Internal Occupational Accident Prevention Week, known under the French acronym SIPAT. Over the course of the week, employees take part in activities aimed at promoting health and safety. In 2015, events such as chair massages and conferences on spinal injuries and nutrition were held during the SIPAT.

Guerbet offers organizational solutions to ensure adequate physical recovery times so as to limit exposure to factors inducing physical strain. Guerbet's ambition is to give each of the employees concerned the knowledge they need to assess the risks involved in their activity, mitigate the risks and suggest improvements, by providing training in occupational risk prevention.

### Organization of working hours

The Guerbet Group complies with the local laws on working hours. Employees of the international subsidiaries work an average of 39 hours a week. Guerbet has introduced collective working-time arrangements (shift work, continuous work, semi-continuous work and on-call duty) to meet its operating needs.

At the production workshop in the Brazilian plant, two shifts enable the workshop to be open from 6 a.m. to 11:30 p.m. and work 40 hours per week, either from 7 a.m. to 4 p.m. or from 2 p.m. to 11 p.m.

The chemical plant in Lanester and the chemical plant in Marans operate continuously 24-hour a day, seven days a week and have a six-shift arrangement to cover this. Two types of arrangement are in place at the pharmaceutical plant in Aulnay: a four-shift arrangement enabling continuous operation from Monday to Saturday, with a day off on Sunday, and a two-shift arrangement enabling the workshop to be open from 6 a.m. to 8 p.m. The aim of these arrangements is to strike a balance between rewards and constraints, working life and personal life.

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. Meetings are organized to give every employee the opportunity to express their opinions, particularly about working conditions.

To promote the health and safety of independent executives working a fixed number of days, a specific section on workload, the duration of working days, the organization and implementation of their right to rest, as well as the balance between work and personal and family life, is included in their annual appraisal and development interview. Executives working a fixed number of days may also request a meeting with their manager or human resources at any time to discuss their workload.

The Management Charter and the management skill standards set out the expected management style, in accordance with the company's values. "Personal development" training courses are offered. Mediation may be used to discuss difficulties and find solutions where psychosocial risks are involved.

In terms of social protection, Guerbet offers a specific agreement in France, in addition to the industry-wide agreement, that covers most healthcare costs. Employees on long-term sick leave have their salaries paid by Guerbet for three months. After that, employees receive their full salary for as long as they are ill thanks to a welfare insurance policy. If an employee dies, their beneficiaries receive a lump sum to grant them some financial security.

(1) Trade unions and works councils.

(2) There is no international agreement; negotiations are mandatory in France.

(3) CIPA: Internal Accident Prevention Committee.

## Guerbet strives to improve 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 place.

The Lanester plant has continued organizing training sessions for production personnel with a physiotherapy practice (training began in 2014). These sessions are organized, based on a personal check-up, by a physiotherapist followed by theoretical and practical training sessions. In addition, instructions on warming up before beginning work were disseminated in 2015. Training was also offered to people carrying out screen work, and office spaces were reorganized after a test period.

Training on controlling high-risk behaviors was devised and conducted at the Lanester plant, then carried over to the Aulnay plant.

In Villepinte, training on screen work was also provided in 2015.

Since 2014, the head office has provided defibrillator training to teach employees what to do if they encounter a cardiac arrest situation either at work or in their private life. This training is offered to all employees, apart from "SST" <sup>(1)</sup> representatives, who receive special training.

## Occupational injury prevention systems

HSE <sup>(2)</sup> management systems support the Group's policies aimed at safeguarding the health and safety of all the people who contribute to its activities (see "Environmental information" section). The Group's QSE <sup>(3)</sup> policy is available on Guerbet's website.

The occupational injury indicators below include all of Guerbet's activities prior to the acquisition of Mallinckrodt's CMDS business. In addition to the French scope and the Brazilian industrial site, Guerbet established reliable reporting on the international subsidiaries in 2015 to cover the entirety of the Group's salaried workforce.

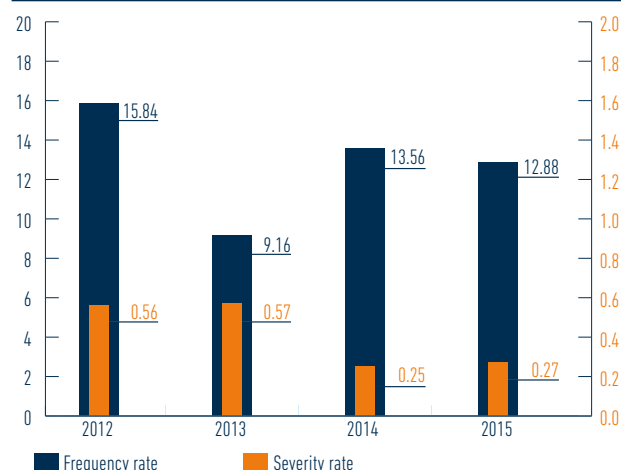
In 2015, the occupational accident frequency rate <sup>(4)</sup> was 12.88 <sup>(5)</sup>. The Lanester plant significantly reduced the number of accidents by implementing a working group and an ambitious program focused on activities including escalating safety improvements, the conduct of Field Safety Inspections by managers and deploying safety culture training. A similar action plan is being deployed at the Aulnay plant.

The occupational injury severity rate <sup>(6)</sup> increased slightly between 2014 and 2015, standing at 0.27. In the French and Brazilian scope, the severity rate rose slightly, primarily due to the increase in the number of injuries. Meanwhile, the average length of injury-related time off work has risen slightly. However, it is still significantly below the levels of 2012 and 2013.

A group-wide HSE survey was circulated to employees at the French plants. This anonymous survey allowed participating employees to express their views on safety and suggest improvements. This survey resulted in the introduction of improvement actions and the organization of a three-month safety challenge to foster employee participation. This

challenge enabled technical and organizational progress actions to be identified and carried out.

## Change in injury frequency and severity rates at the French and Brazilian plants <sup>(7)</sup>



Health promotion and safety days were held in 2013 and 2014 at the Villepinte head office and in 2014 in Aulnay. During these events, employees were educated in road risks, in partnership with the departments of the Seine-Saint-Denis prefecture, with the aid of driving simulators and other instructional tools. The aim of these events was to give the participants a better understanding of the situations that they may face as drivers when traveling for work or commuting, but also for private travel. This event was due to be repeated at the head office in November 2015, but was canceled on the advice of local police in the context of the terrorist attacks.

## Occupational diseases

In 2015, three employees were recognized as suffering from occupational diseases. This indicator only covers France. No occupational disease was reported in the rest of the scope.

## Absenteeism

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

In 2015, the rate of absenteeism <sup>(8)</sup> for all of the Group's facilities in France was 3.73%, down 14% compared with 2014.

	2015	2014	2013
Absenteeism	3.73%	4.35%	3.85%

(1) SST: Sauveteur Secouriste du Travail (workplace first aid representative).

(2) HSE: Health, Safety and Environment.

(3) QSE: Quality, Safety and Environment.

(4) Number of lost-time accidents over a 12-month period per million hours worked.

(5) The scope was expanded in 2015 to include the Group's industrial operations (France and Brazil) and commercial operations (France and international).

(6) Number of days lost following an occupational injury, over a 12-month period, per 1,000 hours worked. Lost days may relate to injuries that occurred in the current year or in previous years.

(7) The frequency rate for 2014 was corrected to include an injury without lost time in 2014 that ultimately resulted in lost time in January 2015, increasing the frequency rate from 12.99 to 13.56.

(8) Number of hours' absence due to an occupational injury or disease 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.

## 5.2 Environmental information

### General policy

Guerbet has embarked on a continuous improvement program, encompassing all of its subsidiaries, aimed at combining efficiency with sustainable development while meeting high environmental protection standards, among other criteria.

The Group's Quality, Safety and Environment (QSE) policy, supported by the General Management, reflects Guerbet's commitment to controlling its environmental footprint, particularly in terms of effluent emissions, waste and natural resources, in order to preserve the environment surrounding its industrial plants. The safety and environment policy established by the Group is applied to its industrial plants through a Health, Safety and Environment (HSE) management system.

This HSE management system is based on a risk assessment in order to prevent events that have an impact on people, property and the environment (including by identifying major accident scenarios). The organizational and technical resources for safety and environmental management implemented in the plants are described in HSE manuals.

The HSE management systems in place in the plants enable control of:

- ◆ the meeting of objectives and the associated performance indicators;
- ◆ the conduct and monitoring of line personnel training plans based on identified needs;
- ◆ management of feedback by analyzing incidents and near-misses inside or outside the plants (e.g. use of the BARPI <sup>(1)</sup> database that collects data on industrial accidents) and by introducing the necessary corrective actions;
- ◆ inspections and audits;
- ◆ regulatory compliance.

Performance reviews of these HSE management systems are regularly conducted by the plants' management.

HSE audits have been conducted in the industrial plants since 2010. They are based on international HSE standards such as OHSAS 18001, ISO 14001 and SGS <sup>(2)</sup>. The progress made in the industrial plants was able to be measured following audits performed in 2015. Priority areas for improvement are covered by the plants' annual action plans, as part of a continuous improvement program, contributing to a sustainable level of performance.

The industrial and environmental risks are presented in the chapter Risk factors – Industrial and environmental risks.

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

The Lanester and Marans plants (classified as Seveso high threshold) are subject to special requirements officially documented in a prefectural order. They regularly conduct and review hazard studies, which result in the introduction and maintenance of risk control measures to limit the impacts of operations on its surroundings, both during normal and non-optimal operations. They organize full-scale emergency management drills, in cooperation with the local authorities. The POI <sup>(3)</sup> and PPI <sup>(4)</sup> are tested through these drills and allow continuous improvement of the teams' ability to respond appropriately to crises, both internally and in their interaction with external emergency responders.

For the Marans and Lanester plants, the PPRT <sup>(5)</sup>, which became a compulsory requirement at the end of 2012, control urban development within defined perimeters around these sites. Internal measures and investments to reduce the likelihood and consequences of accidents have been accompanied by regulatory requirements for greater protection of local inhabitants. For example, Guerbet has signed a funding agreement to support the containment facilities installation for individuals or companies located close to the Lanester site.

The quantitative environmental indicators presented in this report only cover the industrial plants. Figures are not reported for the administrative facilities as their impact is not significant.

However, measures are also put in place at the administrative sites. For example, at the end of the COP21 conference, employees from the French plants were invited to take part in a quiz on Social Responsibility knowledge and to highlight pro-environment measures. This CSR quiz concerned sustainable development in the broad sense and CSR issues connected with Guerbet actions, results and data.

In 2015, to mark the COP21, an awareness-raising campaign was deployed at the head office, the Saint-Priest plant and the French sales subsidiary. Employees at these sites received one email per day to raise awareness of best practices in reducing the consumption of resources in everyday life, including managing energy, water and paper use, energy savings during travel, the rational use of information and communication technologies, and waste sorting.

### Environmental risk provisions and guarantees

Risks entailed in accidental situations (pollution, fires, etc.) are locally managed, 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. An accident reporting tool has been deployed and is used to identify the nature of these accidents precisely and build knowledge in order to share feedback.

Guerbet records provisions for environmental risks for the Seveso-classified plants producing active ingredients and located in Lanester and Marans, France <sup>(6)</sup>. At December 31, 2015, these provisions stood at €1.7 million.

Guerbet was not the subject of any environmental litigation that resulted in compensation and did not grant any specific environmental guarantee for the 2015 financial year.

(1) BARPI: Bureau d'analyse des risques et pollutions industrielles (Office for Industrial Risk and Pollution Analysis).

(2) SGS: Système de Gestion de la Sécurité (Safety Management System for Seveso sites in France).

(3) POI: Plan d'Opération Interne (Internal Operation Plan).

(4) PPI: Plan Particulier d'Intervention (Emergency Response Plan).

(5) PPRT: plans de prévention des risques technologiques (Technological Risk Prevention Plans).

(6) Concerns France only, as in 2015, Guerbet only had Seveso plants in France.

## Pollution and waste management

The Group's HSE policy outlines the commitment to controlling the environmental footprint, particularly in terms of reducing effluent emissions and waste generation, so as to preserve the natural environment.

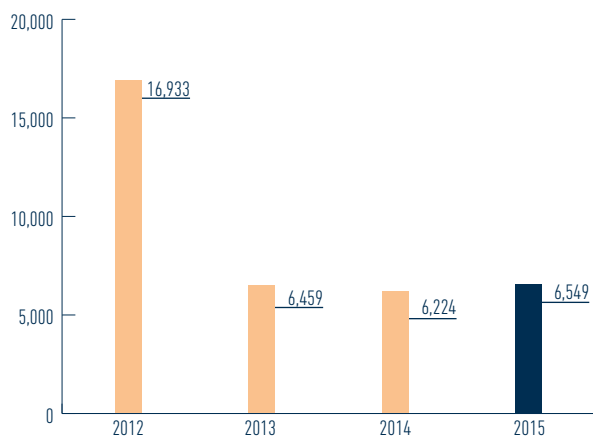
The active ingredient production plants at Lanester and Marans are the largest contributors of effluent emissions and waste generation, which is why significant investments have been made at these facilities. The same policy of controlling the Group's environmental impact can be seen in its other plants, in measures that include selective paper sorting.

Procedures for reducing waste generation and conducting monitoring have been put in place at all production plants. These are adapted according to the specific characteristics of the waste, such as the DASRI <sup>(1)</sup> produced by the research operations at Aulnay.

In 2015, further steps were taken to raise awareness of environmentally responsible behavior, for example through communication on selective paper sorting. To mark the COP21, an awareness-raising campaign primarily concerning waste reduction and recycling was deployed at the head office, the Saint-Priest plant and the French sales subsidiary.

The investments made in 2013 in wastewater treatment processes in the Lanester and Marans plants continued to have a significant impact on the quantities of hazardous waste treated externally. These two plants account for more than 95% of the waste generated by the Group. Such waste can be recycled in various forms, including solvent regeneration and the recovery of energy from effluents with a high calorific value.

### Change in the quantity of hazardous waste treated outside the industrial plants (in tonnes)

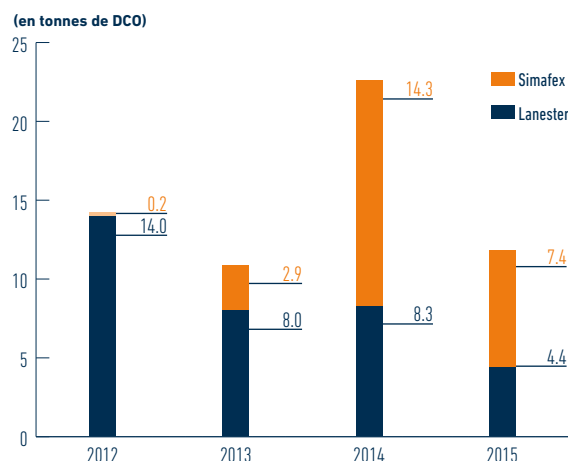


The quantities of hazardous waste from the Marans, Lanester and Aulnay plants treated externally is up by 5% compared with 2014, although the quantities are far below those of 2012. The increase

compared with 2014 should be put in perspective given the increase in production at the industrial plants.

The quantity of hazardous waste treated externally by the Rio plant is not significant. This indicator is excluded from the reporting.

### Change in the quantity of COD <sup>(2)</sup> emitted (in tonnes)



The active ingredient production plants at Lanester and Marans monitor the quantities of COD <sup>(2)</sup> emitted. In 2015, these two plants emitted a total of 11.8 tonnes of COD, down 48.1% compared with 2014. Thanks to the investments made in 2013 in the wastewater treatment processes at Marans, the plant has been able to continue to treat effluents from previous years. The decrease at the Lanester plant is linked to a significant improvement in the performances of the biological processes, achieved by "lean" procedures initiated in 2015 regarding effluents and the operators' improved proficiency in the new biological treatment tool.

The discharge standards applicable to industrial plants, and particularly the Seveso plants in Lanester and Marans, require numerous measurements of atmospheric emission parameters (volatile organic compounds, NOx, 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 DREALs (Regional Directorates for the Environment, Town Planning and Housing) for the Seveso plants, in periodic reports or specific studies such as the solvent management plan or annual environmental review.

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 mitigate their impact.

(1) DASRI: Déchets d'Activités de Soins à Risques Infectieux (infectious clinical waste).

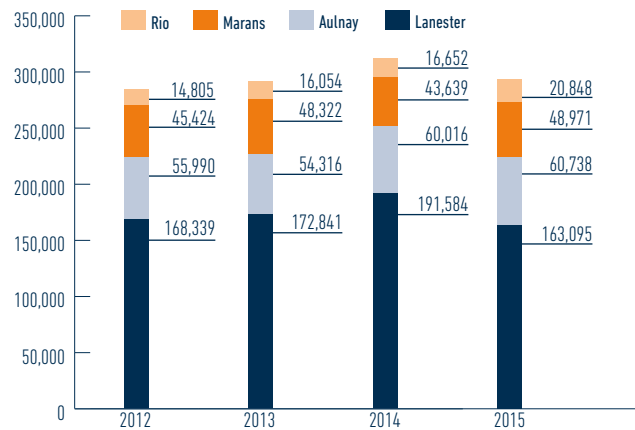
(2) COD: Chemical Oxygen Demand.

## Sustainable use of resources

### Limiting water consumption

In 2015, the industrial sites consumed 293,652 m<sup>3</sup> of water, representing a 5.8% increase compared with 2014 and more than 20% compared with 2007.

#### Water consumption trend for the industrial plants (in m<sup>3</sup>)



Total relative water consumption has fallen significantly compared with 2014. This decrease has been significantly impacted by the plants in Aulnay, Rio and in particular Lanester, the Group's highest consumer.

### Limiting energy consumption

The total energy consumed by the industrial plants (electricity, gas and fuel oil) stood at 102,760 MWh, down by 1.7% compared with 2014 despite the Group-wide increase in total quantities manufactured in 2015. On this basis, relative consumption continued to decline in 2015 compared with 2014. This improvement is connected with the decrease observed at the plants in Aulnay, Rio and in particular Lanester, which accounts for 60% of the Group's energy consumption.

At Lanester, this decrease is mainly attributable to the optimization of incinerator operation and more generally to the energy efficiency results achieved. The EELAN<sup>(1)</sup> procedure was enhanced at the end of January 2015 by the creation of an operational working group headed by the plant's maintenance manager. This group has completed several projects aimed at producing more ecologically and economically, such as balancing the coolant water network, deploying a variable-speed compressor and fitting a speed controller. Organizational initiatives were also put in place, such as introducing monthly monitoring and analysis of consumption, creating a reporting tool to facilitate consumption analyses and behavioral initiatives involving raising employee awareness during "shift worker" days.

In 2015, an energy audit was conducted at the Lanester plant, which is the Group's highest energy consumer. This audit measured the progress made since the last audit conducted in 2010. It confirmed the effectiveness of the actions put in place in recent years at the plant and the plant's contribution to Guerbet's commitment to its energy management and reducing its greenhouse gas emissions (see the section entitled "Contribution to combating global warming").

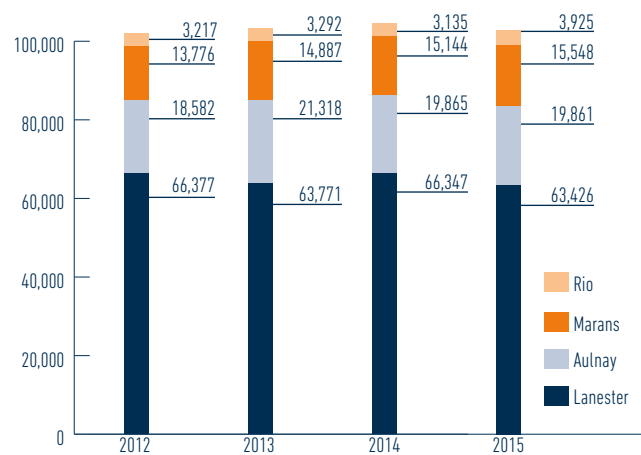
The Aulnay plant, the Group's second-highest consumer, was also the subject of an energy audit and actions were carried out, including the installation of insulating blankets on the steam systems. In total, 144 singular points were insulated and audits were conducted on the drainers and compressed air.

(1) EELAN: Économie d'Énergie LANester (Lanester Energy Savings).

In Villepinte, awareness-raising campaigns were organized to reduce environmental impact, including an induction message for new recruits and displaying recommendations to reduce the impacts caused by lighting, heating and air conditioning, paper consumption, waste, including plastic cups in drinks dispensers, travel and the use of information technologies. These messages were also repeated as part of the awareness-raising initiatives carried out during the COP21 conference at the head office, the Saint-Priest plants and our French sales subsidiary.

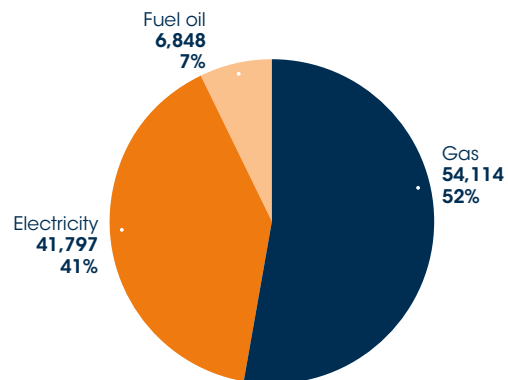
Initiatives have also been conducted at our international sales subsidiaries, including the replacement of halogen bulbs with LEDs at the Austrian subsidiary.

#### Energy consumption trend for the industrial plants (in MWh)



The consumption of the various sources of energy breaks down as follows:

#### Breakdown of the various sources of energy for the industrial plants (in MWh)



## Consumption of raw materials

Our process innovations continued in 2015.

There was a continued ramp-up of the iodine recovery procedure for internal recycling in our products; the quantities recovered surpassed the 2014 figure and the targets set for 2015. This is an excellent example of sustainable development, as this recycling improves competitiveness, while reducing environmental impact (preservation of global iodine resources) and enabling social development through the internalization of new skills and the recruitment of *ad hoc* employees.

Xenetix® was initially contained in vials, but a new presentation in polypropylene bags has been available since 2006 (ScanBag® by Xenetix®). This original and innovative packaging preserves Xenetix® properties while making it simpler to use, enhancing the safety of patients and medical staff and representing a large stride forward in waste management. This packaging is one of Guerbet's solutions for sustainable development challenges and was the subject of a Life-Cycle Analysis, which demonstrated its positive impact on the environment compared with the vial format.

## Contribution to the fight against global warming

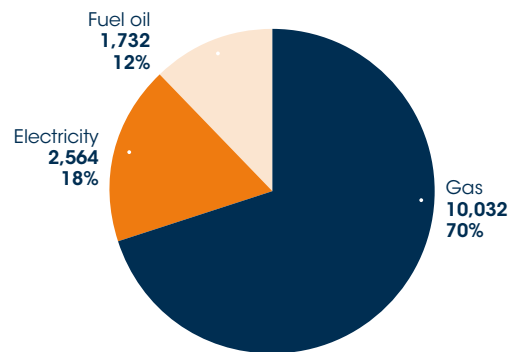
The Group began to analyze its GHG <sup>(1)</sup> emissions in 2010, using a carbon footprint measurement tool (CarbonEM) provided by the LEEM. Guerbet again took part in the CarbonEM working group in 2015.

Analysis of the Group's greenhouse gas (GHG) emissions <sup>(2)</sup> based on the data for 2011 revealed that they are mainly generated by the energy consumed by the industrial plants (around 70% of total GHG emissions). Guerbet has therefore set a target of reducing these GHG emissions by 20% (compared with 2011 emissions) per unit produced by its industrial plants in its energy plan for 2016 <sup>(3)</sup>. To meet this target, Guerbet is continuing with its measures to control energy consumption in its industrial plants (see section entitled "Sustainable use of resources").

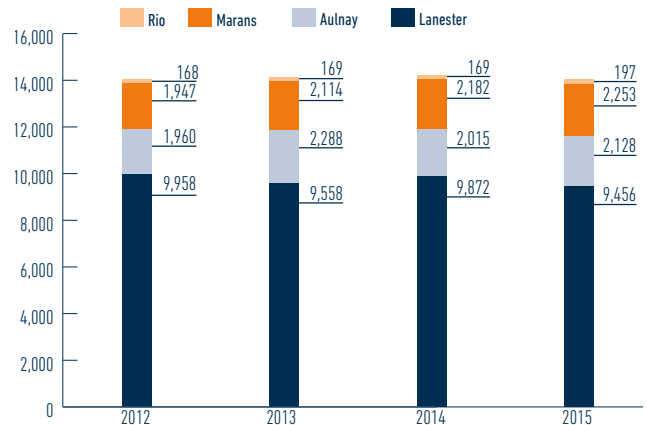
In 2015, GHG emissions from the energy consumed by the Group's four industrial plants <sup>(4)</sup> amounted to 14,328 tonnes of CO<sub>2</sub> equivalent, falling by 1.4% compared with 2014. This Group-wide decrease is a particularly noteworthy improvement because the total quantities manufactured in 2015 increased compared with 2014. Relative GHG emissions were lower in 2015 than in 2014. This change stems from the energy-saving measures introduced at the Lanester and Aulnay plants, stated in the section "Limiting energy consumption". In energy, these two plants account for more than 80% of the Group's GHG emissions.

In 2015, the Group's travel policy was revised to include economic, social and environmental aspects. Noteworthy additions to this policy include measures aimed at optimizing business-related travel by promoting the use of travel alternatives: many Group plants and subsidiaries use videoconferencing to limit travel and a priority is placed on rail rather than air travel when destinations can be reached by train in less than four hours. For reference purposes, carbon emissions are also provided to compare journeys by train, car and plane.

### Industrial plants' contribution to GHG emissions by type of energy (in tCO<sub>2</sub>eq)



### Absolute GHG emissions trend for the industrial plants (in tCO<sub>2</sub>eq)



The emission factors used have been taken from the "CarbonEM" tool. These factors take into account the types of energy consumed and their geographic origins. They were revised in 2015 and taken into account to calculate GHG emissions in 2015 and previous years.

(1) GHG: Greenhouse Gases.

(2) Scope: the Group's four industrial plants, the distribution center in Gonesse and the head office in Villepinte.

(3) Emissions resulting from energy consumption at the Villepinte and Gonesse plants were not included in the 2016 target, as these two plants combined account for less than 2% of GHG emissions from energy, which is not significant (figure updated in 2014).

(4) Greenhouse gas emissions from the energy consumed by the Group's industrial plants, expressed in tonnes of CO<sub>2</sub> equivalent. The seventeen sales subsidiaries, the head office in Villepinte, the distribution center in Gonesse and the company Medex are not included.

## Protection of biodiversity

The program undertaken since the implementation of the REACH Regulation in the European Union resulted in the registration of all substances concerned by the REACH deadline of May 31, 2013 with the ECHA <sup>(1)</sup>. 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 2013, the Lanester and Marans plants conducted receiving environment acceptability studies to gain better knowledge of the environments into which their effluents are discharged and their sensitivity, and to demonstrate that the environmental impact is being adequately controlled from ecotoxicity and bioaccumulation viewpoints. The conclusions of these studies have been applied at both plants to

make changes to effluent treatment processes and certain discharge thresholds.

In 2015, a working group was assembled to prepare for the REACH 2018 deadline on the registration of substances produced or imported in amounts of 1 to 100 tonnes per year. The procedures that Guerbet has undertaken to improve active ingredient manufacturing processes have the effect of reducing the number of substances to register in REACH.

When Xenetix® in softbag packaging (ScanBag®) was launched in South Korea, Guerbet employees took part in a voluntary tree-planting initiative. This type of ecological action is extremely important for the Korean population, which has been working on reforestation in the country since the beginning of the 1960s. Through this type of initiative, Guerbet Korea aims to promote the ecological aspect of this innovative packaging.

## Noise pollution

The industrial plants take the necessary measures to meet the regulatory requirements defining noise pollution limits. No material pollution of this type is generated by the Group's other activities.

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## 5.3 Social information

### Territorial, economic and social impact

As a responsible economic player in the regions where it operates, Guerbet is keen to modernize its industrial infrastructure and develop more environmentally-friendly solutions. The vast majority of jobs created are local or regional. For instance, Guerbet employs more than 600 people in the northern suburbs of Paris, in Seine-Saint-Denis and Val-d'Oise, where the Group's head office, the Aulnay-sous-Bois pharmaceutical plant and the logistics hub in Gonesse are located. In France, in addition to creating jobs, Guerbet works with the national and regional authorities to promote the economic development of the

regions where it operates. This cooperation may take the form of one-off initiatives, but first and foremost it entails active participation in the local industrial and scientific ecosystems.

For example, Guerbet is a member of Medicen Paris Region, the Paris healthcare competitiveness cluster, alongside other industrial companies, start-ups, university hospitals and academic laboratories. Within this cluster Guerbet has launched the HECAM <sup>(2)</sup> project aimed at building an industrial network to meet the needs for hepatocellular carcinoma screening, diagnosis and treatment.

### 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.

#### Conditions governing dialogue with stakeholders

In 2015, the Lanester site held open house events for high school pupils and students. These visits are an opportunity for the Group to teach participants about production tools, create lasting relationships between schools and the company, and explain the issues involved in managing operations in plants subject to very high quality safety and environmental requirements.

<sup>(1)</sup> European Chemical Agency.

<sup>(2)</sup> HECAM: HEpatoCellular CArcinoma Multitechnological.

In Lanester, another open house day for employees' families was also held and was attended by around 180 people, with some 40 employees volunteering. The workshop visits gave the participants an insight into Guerbet's commitment to safer, more ecological and more sustainable chemicals.

In Marans, the CSS<sup>(1)</sup> replaced the CLIC<sup>(2)</sup> in 2013. These committees, composed of five groups (government authorities, local authorities, the operator, local inhabitants or environmental associations and the operator's employees), provide a framework for discussions and information sharing with a view to preventing environmental risks, monitoring the activity of safety-classified plants and promoting public information. The Technology Risk Prevention Plan associated with the plant was approved in 2015.

As indicated in the QSE policy, the Guerbet Group is committed through all of its subsidiaries to a continuous improvement procedure whose aims include maintaining relationships based on transparency and communication with stakeholders.

## Subcontracting, suppliers and fair practices

In July 2013, Guerbet signed the Responsible Supplier Relations Charter, out of a wish to develop its responsible approach in the economic field. This Charter (which was initially named the Inter-company Relations Charter) was published by the *Médiation du crédit* credit mediation agency and the CDAF<sup>(4)</sup> in 2010. It 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 ethical, economic and environmental aspects of relations between signatory companies and their suppliers.

The Group therefore attaches particular importance to choosing the right suppliers and to the quality of the relations that it has with them. It selects suppliers through open and fair competition, which ensures the effectiveness of the process, based on the following rules:

- ◆ free access to calls for tenders;
- ◆ equal treatment of applicants;
- ◆ transparent, traceable procedures;
- ◆ consideration of the total cost.

## Partnership and sponsorship initiatives

The partnership with the association NQT<sup>(3)</sup> continued in 2015. Guerbet employees give up a few hours of their time to mentor young graduates from priority districts or underprivileged social backgrounds in the Paris region. The mentors' role is to help young people define their career plan and improve their job search tools, to help them adapt to the corporate culture, to boost their confidence, to help them prepare for job interviews and give them access to their professional network.

In 2015, around 20 female employees from the Lanester plant took part in the *Lorientaise*, a charity race in support of breast cancer. 28 employees from the Group's Paris sites took part in a Special Olympics event in support of disabled individuals.

Initiatives also took place at our international sales subsidiaries, including the Swiss subsidiary's donations to a sports day for disabled children and for children at a hospital in Vietnam.

Guerbet also operates in accordance with the French Public Procurement Code and the regulations applicable to the promotion of pharmaceutical products and strives to present its products in an honest way. The Group is committed to not engaging in any acts of active or passive corruption and to preventing conflicts of interests. Its goal is to operate transparently and responsibly and abstain from funding any political activities.

Guerbet's attitude as a supplier was acknowledged for the third year running by an A+ green rating awarded by the CAHPP<sup>(5)</sup> at the start of 2015, in the Pharmaceutical and Medical Devices purchasing segment. This green rating is a "positive" label designed to incentivize rather than penalize the suppliers listed by this purchasing pool. The A+ rating<sup>(6)</sup> is awarded for action taken in six areas: Management's commitment, 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 and provides input for its action plans.

Guerbet does not select suppliers that would use forced labor, child labor or illegal workers. The chosen suppliers must provide their workforce with safe and healthy working conditions.

(1) CSS: *Commissions de Suivi de Sites* (Site Monitoring Committees).

(2) CLIC: *Comités Locaux d'Information et de Concertation* (Local Information and Consultation Committees).

(3) The NQT (*Nos Quartiers ont des Talents*) association provides effective support, individually tailored to the requirements of young graduates looking for work by aligning itself with the social policy of its sponsor companies and the commitment of its public partners.

(4) *Compagnie des Dirigeants et Acheteurs de France* (French Association of Purchasing Managers).

(5) CAHPP: *Centrale d'achats de l'hospitalisation privée et publique* (Private and Public Hospital Purchasing Pool).

(6) A+ rating on a scale of four possible ratings: no label, A, A+ and A++.

## Corruption risk

To manage this risk, Guerbet has an Ethics and Governance Committee <sup>(1)</sup> and an Internal Control Department that reports directly to the General Management. The Ethics Charter established in 2014 was rolled out during 2015 and includes the corruption risk.

## Relations with healthcare professionals and patient care

Guerbet contributes to the quality of care provided for patients and to the satisfaction of healthcare professionals:

- ◆ by providing healthcare professionals with highly effective products and medical devices whose safety is guaranteed; see chapter Risk factors – Product quality and safety;
- ◆ by initiating "Master Class" type meetings and discussions between professionals that help to develop their radiology expertise;
- ◆ by following lines of research aimed at achieving advances in medical imaging and therapeutic intervention techniques.

## Ethics Charter

The Ethics Charter produced in 2014 was rolled out at the start of 2015 within the Guerbet Group scope. This charter is comprised of eight chapters structured around Guerbet's stakeholders. The charter is available in 10 languages. Each employee has been given a personal copy to read and share. A quiz was held at the French plants to allow employees to test their knowledge of this charter.

*(1) The Ethics and Governance Committee's scope of action concerns the Group scope.*

## 5.4 Report by one of the Statutory Auditors, designated as an independent third-party organization, on the consolidated employee, environmental and social information contained in the management report

To the Shareholders,

In our capacity as one of Guerbet's Statutory Auditors, designated as an independent third-party organization and accredited by the COFRAC (French Accreditation Board) under number 3-1048 <sup>(1)</sup>, we hereby present our report on the consolidated employee, environmental and social information for the financial year ended December 31, 2015 (hereinafter the "CSR Information"), presented in the management report in accordance with Article L. 225-102-1 of the French Commercial Code.

### Corporate responsibility

The Board of Directors is responsible for producing a management report containing the CSR information provided for by Article R. 225-105-1 of the French Commercial Code, in accordance with the standards adopted by the company (hereinafter the "Standards"), a summary of which can be found in the management report and is available at the company's head office on request.

### Independence and quality control

Our independence is defined by the regulations, the profession's Code of Ethics and Article L. 822-11 of the French Commercial Code. We have also introduced a quality control system that consists of documented policies and procedures intended to ensure compliance with ethical rules, professional standards and the applicable laws and regulations.

### Responsibility of the Statutory Auditor

It is our responsibility, based on our analyses:

- ◆ to certify that the requisite CSR information is present in the management report or, if information is omitted, that an explanation has been given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of presence of CSR Information);
- ◆ to express a conclusion of moderate assurance that the CSR information, taken as a whole, is presented, in all its significant aspects, fairly and in accordance with the Standards (Substantiated opinion on the fairness of the CSR Information).

Our analyses were performed by a team of six people over the period of around three weeks between February and April 2016. We were assisted in our audit by CSR experts.

We performed the procedures described below in accordance with the professional standards applicable in France, and with the order of May 13, 2013 determining the procedures for assurance engagements by independent third-party organizations and, for the substantiated opinion on fairness, in line with international standard ISAE 3000 <sup>(2)</sup>.

#### 1. Certification of presence of CSR Information

##### Nature and scope of the analyses

Through meetings with the relevant Department heads, we learned about the sustainable development guidelines established according to the social and environmental consequences of the company's activity and its social commitments and, where appropriate, the resulting initiatives or programs.

We compared the CSR Information presented in the management report against the list provided for by Article R. 225-105-1 of the French Commercial Code.

Where certain consolidated information was missing, we checked that explanations were given in accordance with Article R. 225-105, paragraph 3, of the French Commercial Code.

We checked that the CSR Information covered the consolidated scope, namely the company and its subsidiaries as defined by Article L. 233-1, and the companies that it controls as defined by Article L. 233-3 of the French Commercial Code, including the limitation stated in the methodological notes contained in the footnotes to the CSR section of the management report.

<sup>(1)</sup> Whose scope is available on the website [www.cofrac.fr](http://www.cofrac.fr).

<sup>(2)</sup> ISAE 3000 – Assurance Engagements other than audits or reviews of historical financial information.

## Conclusion

Based on these verifications, and given the limitations referred to above, we hereby certify that the requisite CSR Information is present in the management report.

## 2. Substantiated opinion of the fairness of the CSR Information

### Nature and scope of the analyses

We conducted around fifteen interviews with the people responsible for preparing CSR information within the Departments in charge of the information gathering processes and, where appropriate, with internal control and risk management procedure managers, in order to:

- ◆ assess the appropriateness of the Standards in terms of their relevance, comprehensiveness, reliability, neutrality and understandability, taking into account good practices in the sector where appropriate;
- ◆ check for the existence of an information gathering, compilation, processing and monitoring process aimed at ensuring the comprehensiveness and consistency of the CSR information and learn about the internal control and risk management procedures relating to the preparation of CSR information.

We determined the nature and scope of our tests and checks according to the nature and importance of the CSR Information in view of the company's characteristics, the social and environmental issues at stake in its activities, its sustainable development policies and good practices within the sector.

We considered the most important CSR information to be <sup>(1)</sup>:

- ◆ We consulted the documentary sources available from the consolidating entity and conducted interviews to corroborate the qualitative information (organization, policies and initiatives). We performed analytical procedures on the quantitative information and used spot checks to check the calculations and consolidation of the data and we checked their consistency and correlation with the other information contained in the management report;
- ◆ Using a representative sample of entities that we selected <sup>(2)</sup> 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 through sampling consisting of checking the calculations carried out and matching the data with the supporting documents. The sample thus selected represents an average of between 47% and 95% of the quantitative social information presented and between 49% and 100% of the quantitative environmental information presented.

For the other consolidated CSR information, we assessed its consistency with our knowledge of the company.

Finally, we assessed the relevance of the explanations given, where appropriate, for the complete or partial absence of certain information.

We believe that the sampling methods and the sample sizes that we used in accordance with our professional judgment are sufficient for us to express a conclusion of moderate assurance; a higher level of assurance would have required a more extensive audit. Due to the use of sampling techniques and the other limitations inherent in any information and internal control system, the risk that a material misstatement in the CSR information has not been detected cannot be completely ruled out.

## Conclusion

Based on our analyses and given our conclusion regarding the certification of presence, we did not identify any material misstatements liable to call into doubt the fact that the CSR information, taken as a whole, is presented fairly and in accordance with the Standards.

Neuilly-sur-Seine, April 21, 2016

One of the Statutory Auditors

**Deloitte & Associés**

**Frédéric Souliard**

Partner, Audit

**Julien Rivals**

Partner, Sustainability Services

### (1) Quantitative information:

*Employee information:* workforce (employees on fixed-term and open-ended contracts) at December 31; number of new employees hired on open-ended contracts and number of employees dismissed; number of theoretical hours worked; occupational injury frequency rate; occupational injury severity rate; number of hours' training given over the year; percentage of women in the workforce at December 31;

*Environmental information:* hazardous waste treated externally; water consumption in m<sup>3</sup>; energy consumption (MWh); electricity consumption (MWh); gas consumption (MWh); fuel oil consumption (MWh); absolute GHG emissions (in tCO<sub>2</sub>e) generated from electricity, gas and fuel oil consumption and total energy consumption;

### Qualitative information:

*Employee information:* number of collective agreements signed; fair treatment and diversity; occupational health and safety conditions;

*Environmental information:* consumption of raw materials and efficiency in their use;

*Social information:* territorial, economic and social impact; deployment of the ethics charter; relations with healthcare professionals and patient care; Responsible Supplier Relations Charter and award of the A+ green rating by the CAHPP.

- (2) Head office of Guerbet France in Villepinte; industrial plant in Lanester (France); industrial plant in Marans (France) remotely and for fuel oil only; industrial plant in Rio (Brazil) remotely and for the environment only.



# Financial statements and 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 €'000s)	Note	2015	2014
Intangible fixed assets	5	116,177	43,505
Tangible fixed assets	6	244,532	196,162
Non-current financial assets	7	2,989	2,381
Deferred taxes	8	31,995	9,851
<b>TOTAL NON-CURRENT ASSETS</b>		<b>395,693</b>	<b>251,899</b>
Inventories	9	216,663	99,958
Trade receivables	10 and 1.1	160,384	78,984
Assets held for sale		-	-
Other current financial assets	1.1	71,703	24,394
Cash and cash equivalents	1.2	54,379	20,399
<b>TOTAL CURRENT ASSETS</b>		<b>503,129</b>	<b>223,735</b>
<b>TOTAL ASSETS</b>		<b>898,822</b>	<b>475,634</b>

##### Liabilities (net)

(in €'000s)	Note	2015	2014
Share capital		12,343	12,208
Other reserves		246,596	221,718
Consolidated income		39,923	26,127
Translation adjustment		(15,011)	(949)
<b>SHAREHOLDERS' EQUITY</b>		<b>283,851</b>	<b>259,104</b>
of which Group share	11	283,851	259,104
Non-current financial debt	2.1	301,228	44,678
Other non-current financial liabilities	2.0		943
Deferred taxes	8	16,974	14,105
Provisions	12	30,451	23,467
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>348,653</b>	<b>83,193</b>
Trade payables		78,842	35,964
Current financial debt	2.1	40,995	36,529
Other financial liabilities	2.6	109,064	46,811
Current taxes payable		29,885	10,614
Provisions	12	7,532	3,419
<b>TOTAL CURRENT LIABILITIES</b>		<b>266,318</b>	<b>133,337</b>
<b>TOTAL LIABILITIES</b>		<b>898,822</b>	<b>475,634</b>

### 6.1.1.2 Consolidated income statement

(in €'000s)	Note	2015	2014
<b>REVENUE</b>	<b>4</b>	<b>488,738</b>	<b>408,957</b>
Royalties		32	28
Other operating revenue	13	1,519	683
Purchases consumed and change in inventories		(103,452)	(90,394)
Staff-related costs	14.1	(125,594)	(113,306)
External charges	15	(155,909)	(123,441)
Taxes and duties	16	(18,144)	(14,168)
Depreciation and amortization	17	(26,798)	(24,782)
Net allocations to provisions		(1,344)	(4,477)
Other operating income and expenses	18	(2,833)	(709)
<b>CURRENT OPERATING INCOME</b>		<b>56,215</b>	<b>38,391</b>
Other operating income and expenses	19	(127)	365
<b>OPERATING INCOME</b>		<b>56,088</b>	<b>38,756</b>
Income from cash and cash equivalents		135	199
Gross finance costs	20	(1,249)	(1,887)
<b>NET FINANCE COSTS</b>		<b>(1,114)</b>	<b>(1,688)</b>
Currency gains/losses		2,677	(59)
Other financial income and expenses		707	(757)
Income taxes	21	(18,435)	(10,125)
<b>CONSOLIDATED NET INCOME</b>		<b>39,923</b>	<b>26,127</b>
Of which Group share		39,923	26,127
Net earnings per share of par value €1 (in €)	27	3.27	2.14
Diluted net earnings per share of par value €1 (in €)	27	3.19	2.07

### 6.1.1.3 Statement of net income and gains and losses recognized directly in equity

(in €'000s)	2015	2014
<b>NET INCOME FOR THE YEAR</b>	<b>39,923</b>	<b>26,127</b>
<b>Income and expenses recognized directly in equity</b>		
Actuarial gains and losses for IAS 19 obligations	(523)	(1,440)
Impact of IFRIC 21: Taxes and duties	352	
Net investment hedge: translation of the borrowing into US dollars	2,622	
Change in translation adjustment	(14,062)	1,623
<b>NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY</b>	<b>28,312</b>	<b>26,310</b>

#### 6.1.1.4 Consolidated statement of cash flows

(in €'000s)	Note	2015	2014
<b>NET INCOME</b>		<b>39,923</b>	<b>26,127</b>
Allowances and reversals of depreciation and provisions for fixed assets		27,343	25,469
Allowances and reversals of provisions for liabilities and charges	12.1	2,263	2,891
Changes in fair value of hedging instruments		(395)	(129)
Stock option costs		409	404
Income from sale of fixed assets and other adjustments		1,353	431
<b>CASH FLOW AFTER NET FINANCE COSTS AND TAXES</b>		<b>70,896</b>	<b>55,193</b>
Net finance costs		1,114	1,688
Tax expenses (including deferred taxes)	21	18,435	10,125
<b>CASH FLOW BEFORE NET FINANCE COSTS AND TAXES</b>		<b>90,445</b>	<b>67,006</b>
Taxes paid		(6,617)	(8,751)
<i>(Increase), decrease in inventory</i>	9	(19,660)	(2,653)
<i>(Increase), decrease in trade receivables</i>		(4,625)	(2,313)
<i>Increase, (decrease) in trade payables</i>		12,107	919
<i>(Increase), decrease in other assets</i>		(13,001)	3,158
<i>Increase, (decrease) in other liabilities</i>		15,691	2,610
<b>CHANGE IN WORKING CAPITAL</b>		<b>(9,488)</b>	<b>1,721</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>		<b>74,340</b>	<b>59,976</b>
Investments		(286,076)	(31,759)
– <i>intangible fixed assets</i>	5	(12,487)	(9,460)
– <i>tangible fixed assets</i>	6	(20,858)	(21,482)
– <i>acquisition of CMDS net of cash on the takeover date</i>		(253,179)	
– <i>financial fixed assets</i>		448	(817)
Sales of fixed assets		370	351
Increase, (decrease) in amounts payable on fixed assets		(2,967)	(212)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>		<b>(288,673)</b>	<b>(31,620)</b>
Dividends paid		(6,094)	(6,100)
Increase in equity		2,085	225
New long-term borrowing		276,190	3,384
Loan repayments		(21,913)	(19,495)
Buyback and resale of treasury shares		-	-
Net financing interest paid (including finance lease agreements)		(588)	(1,740)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>		<b>249,680</b>	<b>(23,726)</b>
Effect of exchange rate changes (D)		(10,202)	883
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)</b>	<b>2.5</b>	<b>25,145</b>	<b>5,513</b>
<b>NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>6,206</b>	<b>693</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1.2 AND 2.1</b>	<b>31,351</b>	<b>6,206</b>

### 6.1.1.5 Statement of changes in Shareholders' equity

(in €'000s)	Share capital	Consolidated reserves	Result	Translation adjustment	Total
<b>AT DECEMBER 31, 2013</b>	<b>12,200</b>	<b>208,141</b>	<b>20,489</b>	<b>(2,572)</b>	<b>238,258</b>
Appropriation of 2013 earnings		20,489	(20,489)		-
Stock options		404			404
Dividend distribution		(6,100)			(6,100)
Consolidated 2014 income			26,127		26,127
Actuarial gains and losses		(1,440)			(1,440)
Translation adjustment				1,623	1,623
Capital increase	8	216			224
Other changes		8			8
<b>AT DECEMBER 31, 2014</b>	<b>12,208</b>	<b>221,718</b>	<b>26,127</b>	<b>(949)</b>	<b>259,104</b>
Appropriation of 2014 earnings		26,127	(26,127)		-
Stock options		409			409
Dividend distribution		(6,094)			(6,094)
Consolidated 2015 income			39,923		39,923
Actuarial gains and losses		(523)			(523)
Translation adjustment				(14,062)	(14,062)
Capital increase	135	1,951			2,086
Other changes				3,008*	3,008
<b>AT DECEMBER 31, 2015</b>	<b>12,343</b>	<b>246,596</b>	<b>39,923</b>	<b>(15,011)</b>	<b>283,851</b>

\* Of which net investment hedge: portion of the revaluation of the CMDS borrowing in reserves amounting to €2,622,000 and impact of the application of IFRIC 21 amounting to €352,000.

## 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 of compliance

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. Nevertheless, the Group has ensured that the financial information for the periods presented would not have been materially different if the IFRS published by the IASB had been applied.

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 of the texts adopted by the European Union are available on the European Commission website: [http://ec.europa.eu/finance/accounting/ias/index\\_en.htm](http://ec.europa.eu/finance/accounting/ias/index_en.htm).

#### 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, of which €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 and viewable on the AMF website.

## Changes in standards and interpretations applicable to 2015 consolidated financial statements

### Standards, amendments, and interpretations that must be applied starting in 2015

These do not need to be applied in the Group or do not have a significant impact on the year's consolidated financial statements. They are:

- ◆ IFRIC 21: Levies: this interpretation relates to the recognition of a liability for a levy if the liability is within the scope of application of standard 37 – Provisions, contingent liabilities and contingent assets. It also concerns the recognition of a liability for a levy whose due date and amount are certain. The activity that resulted in the levy leads to the recognition of a liability for a levy payable in accordance with the law. This interpretation states that the economic need for the entity to continue with its activities in a future period does not create an implicit obligation to pay the levy. This interpretation has not had a significant impact on the Group's financial position, however.

### Standards, amendments and interpretations adopted by the European Union, permitting early adoption in the fiscal year and not early adopted by the Group

- ◆ Amendment to IAS 19: Employee benefits (effective for annual periods beginning on or after February 1, 2015). If the amount of contributions does not depend on the number of years of service, contributions may (but do not have to) be recognized as a reduction in the past service cost in the period during which the corresponding services were rendered, instead of contributions being attributed to periods of service. If the amount of contributions depends on the number of years of service, contributions must be recognized as a reduction in the past service cost using the same method as for gross benefits, in other words according to the plan's contribution calculation formula or on a straight-line basis. There is no significant impact.
- ◆ Amendments to IAS 16 and IAS 38 (effective for annual periods beginning on or after January 1, 2016): these two standards establish the principle that the depreciation/amortization and impairment base matches the consumption of an asset's future economic benefits. These amendments state that the use of a depreciation method based on revenue is not appropriate for tangible assets, as the revenue generated by an activity that includes the use of an asset usually reflects factors other than the consumption of the economic benefits arising from this asset. It is also assumed that the revenue method is usually inappropriate for measuring the consumption of the future economic benefits of an intangible asset. This assumption may be disputed, however, in certain restricted circumstances. The Group is not expecting to be affected by these amendments.
- ◆ IFRS 15: Revenue from contracts with customers (effective for annual periods beginning on or after January 1, 2018). This standard states how and when to recognize revenue. It suggests a five-step method that applies to all customer contracts. Although the Group is only just starting to determine the impact, it is not expecting it to be significant at this stage.
- ◆ IFRS 9: Financial instruments (effective for annual periods beginning on or after January 1, 2018). This standard, published on July 24, 2014 to replace standard IAS 39: Financial instruments: recognition and measurement, presents the rules applicable to the recognition and derecognition, classification, impairment and measurement of financial instruments, and to hedge accounting. It introduces a unique approach to the measurement of financial assets' value that reflects the economic model according to which they are managed and their contractual cash flows. Although the Group is only just starting to determine the impact, it is not expecting it to be significant at this stage.

## b) Estimates and judgments

To establish financial statements in accordance with IFRS standards, the Group must make estimates and assumptions that impact the book value of items in the assets and liabilities, income and expenses, and the information given in certain notes of the appendix.

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 intangible fixed assets, impairment of inventory, provisions, legal disputes with third parties, and deferred taxes.

## c) Consolidation method

In applying the new IFRS standards 10, 11 and 12, the Group has updated its definition of control.

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 fair values of the acquisition cost and the share of the purchaser in the net assets is accounted for 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 in income.

## e) Translation methods

### 1. 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 maturity of the option 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.

### 2. 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, items from the income statement at the average exchange rates of 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 prove all of the following criteria:

- ◆ technical and financial capacity and intent to take the development project through to completion;
- ◆ probability that the future economic benefits attributable to the development expenses will go to the Group;
- ◆ cost of the asset that 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 thus recorded as expenses in the year in which they were incurred. Furthermore, costs incurred after obtaining MA are sales costs that cannot be capitalized.

## 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 are directly attributable and necessary to the start-up of investments, starting with 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, potentially 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 and 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

Goodwill and intangible fixed assets with an indefinite useful life are subject to an impairment test at least once each year or more frequently if there is evidence of impairment. The annual tests are conducted in the fourth quarter.

Other fixed assets are also subject to an impairment test whenever events or changes in circumstances indicate that book value may not be recoverable.

The impairment test consists in comparing the net book value of the asset to its recoverable value, which is the higher of either its fair value minus the cost of sale, or its value in use.

The value in use is obtained by adding the discounted cash flow expected from using the asset (or group of assets) and its ultimate disposal. The discount rate is the pre-tax rate that reflects current assessments of the time value of money and the risks specific to the asset. It is the rate of return that investors would require if they had to choose an investment whose amount, maturity, and risks were equivalent to those of the asset in question.

Fair value minus disposal costs corresponds to the amount that could be obtained from the sale of the asset (or group of assets), in an arm's-length transaction, minus the costs directly linked to the sale.

When tests undertaken show an impairment loss, a provision is established so that the net book value of these assets does not exceed their recoverable value.

Tangible fixed assets are subject to an impairment test as soon as there is an indication of an impairment loss. For this test, fixed assets are grouped together in cash generating units (CGUs). CGUs are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows generated by other asset groups. The value in use of these units is determined using the discounted cash flow method. When the recoverable value is lower than the net book value of the asset (or group of assets), an impairment loss equal to the difference is recognized in income, and allocated first to Goodwill. Impairment losses that are recognized for Goodwill are non-reversible.

## 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 income.

## k) Financial assets

Financial assets are accounted for and evaluated 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 until 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 until maturity

Assets held until 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 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 process, at the industrial production cost. When the inventory value is lower than this cost, a provision for impairment is recognized for the difference. 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 when there is a risk that the products will not be sold before the use-by date, or will be sold below cost price, taking into account distribution and marketing expenses still to be incurred.

## m) Trade receivables

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 case of 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 classed as cash equivalents if they are easily convertible into cash and are exposed to a limited risk of a 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 means that this liability is analyzed like an obligation of the Group to a third party, where chances are that it will lead to resources outflow to the benefit of this 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 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 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 recognized in the income statement, in "Exchange gains and losses" for currency derivatives, and in "Gross finance costs" for interest rate derivatives.

### s) Financial debt

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 of 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. As such, they constitute a single fiscal entity.

### x) Earnings per share

Earnings per share are calculated by dividing net income by the average number of shares in circulation 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 share 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;
- Minus:
- ◆ the portion of investment subsidies recognized on the income statement.

### ii) Scope of consolidation

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

€288 million have been paid out for this acquisition, which was fully financed by a syndicated bank loan led by BNP Paribas. This price is provisional. It will be permanently set after validation of the cash, working capital requirement and debt elements of which it is composed. Guerbet does not believe that it will have to pay out additional sums.

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

The assets and liabilities acquired are summarized below:

- ◆ tangible fixed assets: 57,240;
- ◆ intangible fixed assets: 26,911;
- ◆ other non-current assets – net: 2,616;
- ◆ working capital requirements: 139,208;
- ◆ cash: 34,839;
- ◆ other non-current liabilities: (9,132);
- ◆ Goodwill: 36,914.

Given that the acquisition date is very close to the end of the fiscal year, the values recognized in connection with this acquisition have been established on a provisional basis for the purposes of preparing the consolidated annual financial statements at December 31, 2015. On the date of presentation of these financial statements, the market valuations and other calculations required were not yet complete, and in some countries the tax bases for the transaction have not yet been defined. Goodwill with an exchange value of €36,296,000 has been recognized in the meantime.

As the acquisition was carried out on November 27, the consolidated income for the fiscal year includes €1,016,000 attributable to the activity of the CMDS entities and the revenue for the fiscal year includes €30,621,000 contributed by these same companies for the month of December 2015.

If this acquisition had been effective on January 1, 2015, the Group's consolidated revenue would have been €789.3 million and its EBITDA would have been €113.2 million, as shown in the table below. The Group's Management believes that these pro forma figures give an approximate idea of the Group's return and should not be used as indicators of the results in future periods.

(in € million)	Revenue	EBITDA <sup>(1)</sup>	Finance costs
<b>Consolidated Guerbet figures</b>	<b>488.7</b>	<b>84.4</b>	<b>1.2</b>
<b>CMDS business, first 11 months of 2015 <sup>(2)</sup></b>	<b>317.2</b>	<b>16.4</b>	
Eliminations:			
◆ CMDS sales to Guerbet until November 2015	(16.6)		
◆ Elimination of Mallinckrodt management fees		12.5	
Additional financial expenses for 11 months:			
◆ 11 months of CMDS financial expenses			2.9
◆ Additional financial expenses arising from the borrowing as of January 1, 2015			3.9
<b>PRO FORMA CONSOLIDATED GUERBET FIGURES</b>	<b>789.3</b>	<b>113.3</b>	<b>8.0</b>

(1) EBITDA corresponds to current operating income plus depreciation, amortization and provisions.

(2) Unaudited data.

To determine this pro forma information as if CMDS had been acquired as of January 1, 2015, the existing transactions between Guerbet and CMDS were eliminated from the CMDS activities in 2015 but before the acquisition date, as were the management fees charged by Mallinckrodt. The gross finance costs were recalculated as if the borrowing had been entered into on January 1, 2015 under the conditions prevailing at this date.

All the companies are consolidated through full integration, with a percentage interest of 100% (see list of companies in note 31).

All the companies within the scope, except the CMDS entities, have a fiscal year lasting 12 months and close their statements at December 31. For CMDS, the majority of whose entities close their statements at the end of September, the statements were prepared at the end of December under the same conditions as for the end of a fiscal year. Procedures are under way to align all of these entities with the calendar fiscal year.

### III) Notes to the statements

<b>Note 1</b>	Financial assets	76	<b>Note 17</b>	Depreciation and amortization	95
<b>Note 2</b>	Financial liabilities	78	<b>Note 18</b>	Other operating income and expenses	95
<b>Note 3</b>	Management of financial risk	80	<b>Note 19</b>	Other operating income and expenses	95
<b>Note 4</b>	Sectoral data	81	<b>Note 20</b>	Gross finance costs	96
<b>Note 5</b>	Intangible fixed assets	83	<b>Note 21</b>	Income tax	96
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<b>Note 9</b>	Inventories	89	<b>Note 25</b>	Related party disclosures	98
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<b>Note 11</b>	Shareholders' equity	89	<b>Note 27</b>	Earnings per share and diluted earnings per share	99
<b>Note 12</b>	Provisions	90	<b>Note 28</b>	Post-closing events	99
<b>Note 13</b>	Other operating revenue	93	<b>Note 29</b>	Appropriation of 2015 earnings	99
<b>Note 14</b>	Staff costs	93	<b>Note 30</b>	Fees paid to Statutory Auditors	99
<b>Note 15</b>	External charges	94	<b>Note 31</b>	List of consolidated companies	100
<b>Note 16</b>	Taxes and duties	95			

## Note 1 Financial assets

2015	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total Balance*	* Of which CMDS
Non-current tax obligations		43		43	
Other non-current financial assets	201	2,745		2,946	1,468
Trade and other receivables		160,384		160,384	72,331
Other current financial assets		71,703		71,703	35,460
Cash and cash equivalents			54,379	54,379	45,770
<b>TOTAL</b>	<b>201</b>	<b>234,875</b>	<b>54,379</b>	<b>289,455</b>	<b>155,029</b>

2014	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total Balance
Non-current tax obligations		805		805
Other non-current financial assets	118	1,458		1,576
Trade and other receivables		78,984		78,984
Other current financial assets		24,394		24,394
Cash and cash equivalents			20,399	20,399
<b>TOTAL</b>	<b>118</b>	<b>105,641</b>	<b>20,399</b>	<b>126,158</b>

### Changes in impairment of financial assets

	12/31/2014	CMDS	Allowances	Reversals	Translation adjustment	12/31/2015
Trade and other receivables	1,147	2,811	1,408	(1,425)	(203)	3,738
Other current financial assets	2,525		649	(1,626)	-	1,548
<b>TOTAL</b>	<b>3,672</b>	<b>2,811</b>	<b>2,057</b>	<b>(3,051)</b>	<b>(203)</b>	<b>5,286</b>

	12/31/2015	Allowances	Reversals	Translation adjustment	12/31/2014
Trade and other receivables	1,419	263	(578)	43	1,147
Other current financial assets	1,155	1,399	-	(29)	2,525
<b>TOTAL</b>	<b>2,574</b>	<b>1,662</b>	<b>(578)</b>	<b>14</b>	<b>3,672</b>

### 1.1 Loans and receivables at amortized cost

	2015			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-current tax obligations	43		43	805		805
Other non-current financial assets	2,914	(169)	2,745	2,152	(694)	1,458
Trade and other receivables	164,122	(3,738)	160,384	80,131	(1,147)	78,984
Other current financial assets	73,251	(1,548)	71,703	26,919	(2,525)	24,394
<b>TOTAL*</b>	<b>240,330</b>	<b>(5,455)</b>	<b>234,875</b>	<b>110,007</b>	<b>(4,366)</b>	<b>105,641</b>

\* Of which CMDS

112,095 (2,836) 109,259

Other current financial assets at amortized cost	2015	2014
Advance payments made to suppliers	1,572	1,405
State and local authorities	39,192	19,546
Trade payables	3,200	-
Staff and social security	975	361
Receivable royalties	8	8
Receivable subsidies	977	130
Other current assets	16,964	430
Prepaid expenses	8,815	2,514
<b>TOTAL*</b>	<b>71,703*</b>	<b>24,394</b>

\* Of which CMDS (35,404).

Aged trade receivables as of December 31, 2015	Gross value	Impairment	Net value
Non-mature debt	127,140	(350)	126,790
Receivables less than 3 months past due	25,599	(411)	25,188
Receivables less than 6 months past due	6,263	(96)	6,166
Receivables less than 1 year past due	2,415	(735)	1,680
Receivables less than 2 years past due	1,535	(1,110)	425
Receivables more than 2 years past due	1,170	(1,036)	135
<b>TOTAL</b>	<b>164,122</b>	<b>(3,738)</b>	<b>160,384*</b>

\* Of which CMDS (72,332).

Outstanding trade receivables at December 31, 2015 are reduced by sales of receivables without recourse in Italy in December 2014 for €3,656,000.

Aged trade receivables as of December 31, 2014	Gross value	Impairment	Net value
Non-mature debt	67,177	(218)	66,959
Receivables less than 3 months past due	9,451	(44)	9,407
Receivables less than 6 months past due	1,373	(2)	1,371
Receivables less than 1 year past due	1,099	(186)	913
Receivables less than 2 years past due	338	(254)	84
Receivables more than 2 years past due	693	(443)	250
<b>TOTAL</b>	<b>80,131</b>	<b>(1,147)</b>	<b>78,984</b>

Outstanding trade receivables at December 31, 2014 are reduced by sales of receivables without recourse in Italy in December 2014 for €1,975,000.

## 1.2 Financial assets at fair value through profit or loss

	2015	2014
<b>Financial assets at fair value through profit or loss except derivatives, of which</b>	<b>54,379</b>	<b>20,399</b>
Investment securities	-	-
Cash and cash equivalents	54,379*	20,399
<b>TOTAL</b>	<b>54,379</b>	<b>20,399</b>

\* Of which CMDS 45,770.

## Note 2 Financial liabilities

### 2.0 Details of financial liabilities with distinction of the non-current portion of these liabilities

	2015			2014
	Current	Non-current	Total	Total
Financial debt (note 2.1)	40,995	301,228	342,223	81,207
Trade payables	78,842	0	78,842	35,964
Other financial liabilities (note 2.6), of which	109,064	0	109,064	47,754
Derivatives (see notes 3.4, 3.5 and 26)	0	0	0	943
<b>TOTAL</b>	<b>228,901</b>	<b>301,228</b>	<b>530,129*</b>	<b>164,925</b>

\* Of which CMDS 89,171.

### 2.1 Details of financial debts with distinction of the non-current part of these debts

(in €'000s)	2015	2014
<b>NON-CURRENT DEBTS, OF WHICH</b>	<b>301,228</b>	<b>44,678</b>
Special investment reserve (frozen current accounts)	762	720
Finance leases	1,226	1,723
Medium-term loans		7,104
Other borrowing	299,240	35,131
<b>CURRENT DEBTS, OF WHICH</b>	<b>40,995</b>	<b>36,529</b>
Finance leases	1,076	898
Medium-term loans (maturing in less than 1 year)		6,961
Other borrowing and current investment reserve	16,891	14,477
Bank debt	23,028*	14,193
<b>TOTAL FINANCIAL DEBT</b>	<b>342,223</b>	<b>81,207</b>

\* Of which CMDS 5,961.

This debt mostly entails payment of variable-rate interest:

	2015	2014
Portion of debt at variable rate (before hedging)	95%	90%
Portion of debt at fixed rate	5%	10%

### 2.2 Details of financial debts by currency

Currencies	2015			2014		
	Closing price	Amount	%	Closing price	Amount	%
USD	1.0887	272,757	80%	1.2141	1,897	2%
Euro		53,564	16%		59,761	74%
Won	1,280.78	6,910	2%	1,324.8	6,680	8%
Yen	131.07	6,867	2%	145.23	10,429	13%
Miscellaneous		2,125	1%		2,440	3%
<b>TOTAL</b>	<b>-</b>	<b>342,223</b>	<b>100%</b>	<b>-</b>	<b>81,207</b>	<b>100%</b>

### 2.3 Details of financial debts by maturity

These financial debts have the following maturity dates:

	2015	2014
Maturity in less than 6 months	35,754	18,147
Maturity in 6 months to 1 year	5,241	18,382
Maturity in 1 year to 5 years	293,762	32,881
Maturity in more than 5 years	7,466	11,797
<b>TOTAL</b>	<b>342,223</b>	<b>81,207</b>

### 2.4 Finance leases

Of these financial debts, finance lease maturities are as follows:

	2015	2014
Maturity in less than 1 year	1,076	898
Maturity in 1 year to 5 years	1,226	1,723
Maturity in more than 5 years	-	-
<b>TOTAL</b>	<b>2,302</b>	<b>2,621</b>

### 2.5 Change in financial indebtedness

Net financial debt changed as follows during the year:

	2015	Of which CMDS	2014
Cash and cash equivalents	54,379	45,770	20,399
Bank loans and bank credit balances	(23,028)	(5,961)	(14,193)
<b>NET CASH</b>	<b>31,351</b>	<b>39,809</b>	<b>6,206</b>
Gross financial debt other than bank credit	(319,195)	-	(67,014)
<b>NET FINANCIAL DEBT</b>	<b>(287,844)</b>	<b>39,809</b>	<b>(60,808)</b>

The loan taken out with the bank syndicate led by BNP Paribas includes a contractual clause providing that the consolidated net debt must not exceed an EBITDA multiple varying, depending on the year, between 3.5 (based on the pro forma statements) in 2015; 3.7 in 2016; 3 in 2017 and 2.75 after January 1, 2018. This clause was complied with at December 31, 2015, with a ratio of 2.5.

### 2.6 Other current financial liabilities

	2015	2014
Social liabilities	45,933	32,837
Debt on fixed assets	3,012	5,992
Subsidies and other deferred income <sup>(1)</sup>	5,569	3,861
Trade payables	25,347	2,232
Royalties	569	13
Commissions	1,223	970
Miscellaneous debt	27,411	906
<b>TOTAL</b>	<b>109,064*</b>	<b>46,811</b>

(1) Of which €2,352,000 in advances received for the Iseult contract (see note 23).

\* Of which CMDS (55,758).

### Note 3 Management of financial risk

In accordance with its risk hedging policy, Guerbet covers the main accounting risks of the balance sheet, and centralizes management of foreign exchange risk. However, as the CMDS activities were incorporated at year-end, they will not be included in centralized foreign exchange management until 2016.

#### 3.1 Foreign exchange risk hedging positions taken by Guerbet in 2015

During the year, Guerbet implemented 55 forward exchange contracts, notably in US Dollar, Japanese Yen and British Pound. At December 31, 2015, three contracts were in effect with an equivalent value of €13.69 million.

#### 3.2 Analysis of exposure to exchange rate risk at December 31, 2015

The table below summarizes the Group's main risks, centralized with Guerbet:

(in € million)	USD	BRL	JPY	TRY	CHF	HKD	GBP	MXN	Total*
Accounting risk**	(266.67)	2.06	5.75	3.40	(0.74)	(0.49)	4.46	(1.59)	285.16
Positions before hedging	(266.67)	2.06	5.75	3.40	(0.74)	(0.49)	4.46	(1.59)	285.16
Hedges outstanding			0.88				0.82		1.70
Net foreign exchange position	(266.67)	2.06	6.63	3.40	(0.74)	(0.49)	5.28	(1.59)	286.86

\* Total in absolute terms.

\*\* Accounting risk includes all asset and liability items in currencies outside the euro zone.

Hedges outstanding include a €136.3 million portion of the loan taken out for the acquisition of CMDS classed as the net investment hedge.

#### 3.3 Analysis of sensitivity of the financial result to foreign exchange accounting risk at December 31, 2015

The sensitivity analysis is carried out on the net non-hedged 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 € million)	2015	2014
USD	26,667	117
JPY	663	108
GBP	528	3

#### 3.4 Risk of variation in interest rates

At December 31, 2015, debt was primarily variable-rate.

The debt breakdown between fixed and variable rates is determined by the Group's Management and periodically reviewed according to foreseeable changes in interest rates. After closing, a partial, three-year hedge of the \$270 million tranche of the syndicated loan intended to finance the acquisition was entered into, covering 65% of the amount.

#### 3.5 Interest rate hedging positions taken by Guerbet in 2015

No interest rate hedging contracts were taken out in 2015. At December 31, 2015, the Group's gross debt was €342.2 million. The hedge ratio for gross variable-rate debt was 8.2%. The average weighted hedge ratio shows a fixed rate of 1.46%.

### 3.6 Analysis of exposure to changes in interest rates at December 31, 2015

(in €'000s)	Less than 1 year <sup>(1)</sup>	More than 1 year	Total
Fixed-rate financial liabilities	(8,548)	(8,394)	(16,942)
Variable-rate financial liabilities	(32,447)	(292,834)	(325,281)
Fixed-rate financial assets	3,500		3,500
Variable-rate financial assets	50,879		50,879
Net position before management <sup>(2)</sup> :			
◆ Fixed-rate	(5,048)	(8,394)	(13,442)
◆ Variable-rate	18,432	(292,834)	(274,402)
Off-balance-sheet <sup>(3)</sup>	(18,463)	(9,739)	(28,202)
Net position after management			
◆ Fixed-rate	(23,511)	(18,133)	(41,644)
◆ Variable-rate	36,895	(283,095)	(246,200)

(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 differences (asset – liability) at fixed rates and (asset – liability) at variable rates.

(3) Rate swaps (receive variable rates and pay fixed rates).

### 3.7 Analysis of the financial result sensitivity to interest-rate risk after hedging at December 31, 2015

At December 31, 2015, the Group's net debt was €287.8 million. The hedge ratio for net variable-rate debt was 10%.

Variation in interest rates of	1%
Sensitivity to interest-rate risk	€2,462,000

### 3.8 Liquidity risk

On July 27, 2015, the Group took out a five-year, repayable syndicated loan of \$430 million. This is composed of a number of tranches intended to refinance part of the existing debt, finance the acquisition of Mallinckrodt's Contrast Media and Delivery Systems (CMDs) activities, and finance investments and working capital requirements.

The goal of this syndicated loan is to enable the Group to meet its financial commitments over the coming years.

## Note 4 Sectoral data

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

Due to this, the Group presents sector-specific information by geographic region that corresponds to the internal reporting data used by the Group for management purposes.

The geographical regions were identified according to risk and profitability analysis in two subsets, corresponding to the Group's internal organization and Guerbet's different growth models in these markets:

- ◆ the main European markets where the Guerbet Group has been able to build sustainable customer relationships, and has a strong position thanks to its own networks of pharmaceutical sales representatives;
- ◆ other markets, where the Group is only directly present with sales subsidiaries in a few countries (Brazil, Korea, China, the United States, etc.). The majority of revenue there is generated through licensing and distribution agreements.

### 4.1 Geographic information

Sector information is provided by geographic location of companies with additional information on the share of revenue by market. The "European companies" are 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, Poland 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 that can only be allocated on an arbitrary basis to the various sectors. The Group's support functions and research and development costs are centralized in France.

2015	Guerbet				Of which CMDS		
	European companies in their markets	Other	Not attributed	Total	European companies in their markets	Other	Not attributed
<b>Revenue</b>							
European markets	308,371	18,205		326,576	1,837	6,274	
Other markets		162,162		162,162		19,854	
<b>TOTAL</b>	<b>308,371</b>	<b>180,367</b>		<b>488,738</b>	<b>1,837</b>	<b>26,128</b>	
Amortization and depreciation	(2,384)	(633)	(23,788)	(26,798)	(16)	(70)	(797)
Other expenses without cash equivalents	74	1,825	3,243	(1,344)	48	(901)	(487)
<b>CURRENT OPERATING INCOME</b>				<b>56,215</b>			
<b>NET INCOME</b>				<b>39,923</b>			
Sector assets	563,209	334,782		897,991	135,100	253,390	
◆ Of which fixed assets	266,332	96,562		362,894	42,643	75,860	
Segment liabilities other than borrowing	217,718	77,386		295,104	52,641	61,171	
Borrowing	312,087	6,994		319,081	0	0	
Sector investments							
◆ Intangible	12,430	57		12,487	5	0	
◆ Tangible	18,555	2,302		20,857	13	80	

2014	European companies in their markets	Other	Not attributed	Total
<b>Revenue</b>				
European markets	278,601	10,680		289,280
Other markets		119,677		119,677
<b>TOTAL</b>	<b>278,601</b>	<b>130,356</b>	<b>0</b>	<b>408,957</b>
<b>CURRENT OPERATING INCOME</b>	<b>114,692</b>	<b>20,844</b>	<b>(97,146)</b>	<b>38,391</b>
Other operating income and expenses				365
<b>OPERATING INCOME</b>				<b>38,756</b>
Net financing cost				(1,887)
Other financial income and expenses				(617)
Taxes				(10,125)
<b>NET INCOME</b>				<b>26,127</b>
◆ Of which amortization and depreciation		(2,672)	(1,584)	(20,526)
◆ Of which other expenses without cash equivalents		(1,110)	92	(3,459)
Sector assets	395,908	79,726		475,634
◆ Of which fixed assets	218,669	22,574		241,243
Segment liabilities other than borrowing	137,186	12,365		149,551
Borrowing	59,895	7,084		66,979
Shareholders' equity				259,104
Sector investments				
◆ Intangible	9,298	162		9,460
◆ Tangible	19,662	1,819		21,481

## 4.2 Breakdown of revenue by product range

(as % before rebates)	2015	2014
X-rays	43.1%	45.9%
MRI	42.3%	41.1%
IRT	9.3%	7.8%
MD	4.4%	4.2%
Other	0.9%	1.0%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

## Note 5 Intangible fixed assets

### 5.1 Gross values

	12/31/2014	Increase	Decrease	Acquisition of CMDS	Translation adjustment and other changes	12/31/2015
Brands	8,516				112	8,628
Patents	13,102			125,998	(3,588)	135,511
Marketing Authorizations (MA)	5,926				640	6,566
Sales relationships	153					153
Goodwill	10,466			131,036	(2,983)	138,519
Software	18,717	21,566	(416)	3,490	(224)	43,133
Intangibles in progress	11,599		(9,087)			2,512
<b>GROSS VALUES</b>	<b>68,479</b>	<b>21,566</b>	<b>(9,503)</b>	<b>260,524</b>	<b>(6,043)</b>	<b>335,023</b>

	12/31/2013	Increase	Decrease	Other changes	Translation adjustment	12/31/2014
Brands	8,521				(5)	8,516
Patents	13,097				5	13,102
Marketing Authorizations (MA)	5,947				(21)	5,926
Sales relationships	153					153
Goodwill	10,024				442	10,466
Software	16,297	2,239		40	141	18,717
Intangibles in progress	4,377	7,221		1		11,599
<b>GROSS VALUES</b>	<b>58,416</b>	<b>9,460</b>	<b>-</b>	<b>41</b>	<b>562</b>	<b>68,479</b>

## 5.2 Amortization and depreciation by category of fixed asset

	12/31/2014	Allowances	Reversals	Acquisition of CMDS	Translation adjustment and other changes	12/31/2014
Patents	11,357			99,969	(2,847)	108,479
Marketing Authorizations (MA)	1,143				123	1,266
Sales relationships	19					19
Goodwill				94,122	(2,680)	91,442
Software	12,455	2,878	(56)	2,608	(244)	17,641
<b>TOTAL</b>	<b>24,974</b>	<b>2,878</b>	<b>(56)</b>	<b>196,699</b>	<b>(5,648)</b>	<b>218,847</b>

	12/31/2013	Allowances	Reversals	Other changes	Translation adjustment	12/31/2014
Patents	10,937	418			2	11,357
Marketing Authorizations (MA)	1,150				(7)	1,143
Sales relationships	19					19
Software	10,094	2,281		42	38	12,455
<b>TOTAL</b>	<b>22,200</b>	<b>2,699</b>	<b>-</b>	<b>42</b>	<b>33</b>	<b>24,974</b>

The increase in software is connected with the commissioning of the SAP project within the France, UK and Portugal scope, costing a total of €19.6 million.

### 5.3 Additional information on main intangible fixed assets

As indicated in the note on the consolidation scope, for the acquisition of CMDS, the market valuations and other calculations required have not yet been completed. Goodwill of €36.9 million has been recognized in the meantime.

The brands acquired consist mainly of the Baryum range worldwide in 1992, for €7,476,000, and Magnescope for Japan in 2006, for 151 million yen in present value terms (€1,149,000 after currency translation at the 2015 closing rate).

Patents related to the Baryum range were acquired by the Group in 1992 for €7,476,000. In June 2004, the patents filed by Medex were revalued at €5,623,000 at the time of the acquisition of that company. They were written down by €1,245,000 in 2013.

In 2005, the Group acquired marketing authorizations for Japan for Imagenil, Magnescope, and Hexabrix, for a total amount of 861 million yen (or €6,566,000 after currency translation at the 2015 closing rate). The book value of the MAs for Imagenil and Hexabrix was completely written off at December 31, 2010. The net book value of €5,300,000 represents the MA value of Magnescope in Japan.

In 2005, for 593 million yen in present value terms, the Group acquired various intangible items from the previous distributor of Imagenil (Oxilan) in Japan, making it possible to preserve existing sales relationships with Japanese customers upon transfer of distribution to Terumo. The net book value after amortization was completely written off at December 31, 2010. These intangibles were removed from assets in 2012.

Intangible business assets (classified as Goodwill) were acquired from former Group distributors upon the establishment of sales subsidiaries in various countries. These intangible business assets were amortized over 20 years until December 31, 2003, the date of the transition to IFRS. Since the useful lives of all these assets are currently considered indefinite, no amortization has been applied since January 1, 2004.

Software is amortized over its useful life, which is often approximately three years.

### Estimates of recoverable values of cash generating units including Goodwill or intangible fixed assets with indefinite useful lives, with significant value

The cash generating units (CGUs) are as follows:

Cash generating unit	Goodwill and intangible fixed assets	Net book value
Japan	Brands (Magnescope)	1,149
	Marketing Authorizations	5,300
	Patents	1,745
Germany	Brands (Baryum)	7,476
	Goodwill	990
Korea	Goodwill	4,668
Italy	Goodwill	3,796

At December 31, 2015, the impairment tests were based on discounted cash flows determined on the basis of the best known estimates at December 31, 2015. A discount rate of 3.4% was applied to all assets.

Main assumptions adopted:

Change in revenue	Japan	Germany	Korea	Italy
2016	(11.9%)	(13.7%)	4.9%	2.6%
2017	14.1%	5.6%	8.7%	1.0%
2018	7.5%	3.8%	13.3%	1.0%

Change in working capital requirements (in €'000s)	Japan	Germany	Korea	Italy
2016	(470)	1,249	849	201
2017	491	(445)	1,410	86
2018	299	(313)	(1,212)	243

For each of these CGUs, the value of discounted cash flows exceeds net book value. In terms of sensitivity, an interest-rate differential of one percentage point would not have caused any impairment to be recognized.

As explained in note II) Consolidation scope, provisional Goodwill of an equivalent value of €36,296,000 was recognized, in connection with the acquisition of the CMDS business.

## Note 6 Tangible fixed assets

### 6.1 Analysis of items by category

	12/31/2014	Increase	Decrease	Acquisition of CMDS	Translation adjustment and other changes	12/31/2015
Land	6,179			11,666	(209)	17,636
◆ Of which finance leases	2					2
Buildings	127,917	4,202	(3)	25,012	(2,466)	154,662
◆ Of which finance leases	2,501					2,501
Technical facilities, equipment and tooling	207,530	11,640	(242)	121,076	(4,155)	335,849
◆ Of which finance leases	7,996					7,996
Other tangible fixed assets	60,405	4,905	(2,329)	33,255	(3,191)	93,045
◆ Of which finance leases	5,456	704	(316)			5,844
Fixed assets under construction	15,030	335	(1,360)	7,381	(990)	20,396
Advance payments	373		(213)		1	161
<b>GROSS VALUES</b>	<b>417,434</b>	<b>21,082</b>	<b>(4,147)</b>	<b>198,390</b>	<b>(11,010)</b>	<b>621,749</b>
Amortization	(221,272)	(23,920)	2,101	(141,156)	7,569	(376,678)
Impairments	-	(539)				(539)
<b>NET VALUES</b>	<b>196,162</b>	<b>(3,377)</b>	<b>(2,046)</b>	<b>57,234</b>	<b>(3,441)</b>	<b>244,532</b>

	12/31/2013	Increase	Decrease	Other changes	Translation adjustment	12/31/2014
Land	6,191			(14)	2	6,179
◆ Of which finance leases	2					2
Buildings	116,855	11,019		13	30	127,917
◆ Of which finance leases	2,501					2,501
Technical facilities, equipment and tooling	171,532	36,231	(281)	(2)	50	207,530
◆ Of which finance leases	7,996					7,996
Other tangible fixed assets	52,583	8,823	(1,182)	(119)	300	60,405
◆ Of which finance leases	4,895	1,231	(670)			5,456
Fixed assets under construction	50,016	(34,643)	(372)	(2)	31	15,030
Advance payments	321	51		(2)	3	373
<b>GROSS VALUES</b>	<b>397,498</b>	<b>21,481</b>	<b>(1,835)</b>	<b>(126)</b>	<b>416</b>	<b>417,434</b>
Amortization	(200,140)	(22,070)	1,050	103	(215)	(221,272)
Impairments	-					-
<b>NET VALUES</b>	<b>197,358</b>	<b>(589)</b>	<b>(785)</b>	<b>(23)</b>	<b>201</b>	<b>196,162</b>

In 2014 the Group completed its main construction projects intended to expand the industrial capacities of its production facilities in France. Investments made during the fiscal year had the following objectives:

- ◆ maintenance of production tools;
- ◆ compliance with HS obligations.

## 6.2 Breakdown of net tangible fixed assets by currency area

Currencies	2015		2014	
	Closing price	Amount	Closing price	Amount
Euro		205,032		186,125
USD	1.10	25,330		
Real	4.27	6,868	3.22	8,421
Other currencies		7,302		1,616
<b>TOTAL</b>		<b>244,532</b>		<b>196,162</b>

## 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 revaluation 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, €3.3 million, they were reappraised at €8 million, of which €6.5 million was assigned to the buildings and €1.5 million to 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

	2015			2014
	Gross	Provisions	Net	Net
Guarantees and deposits	2,712	(169)	2,543	1,387
Research Tax Credit	0		0	805
Loans to staff	201		201	57
Other non-current financial assets	245		245	132
<b>TOTAL</b>	<b>3,158</b>	<b>(169)</b>	<b>2,989*</b>	<b>2,381</b>

\* Of which CMDS (1,468).

## Note 8 Assets and liabilities from deferred taxes

	12/31/2014	Acquisition of CMDS	Changes in income	Changes in Shareholders' equity	Translation adjustment and other	12/31/2015
Deferred tax assets	9,851					31,995
Deferred tax liabilities	(14,105)					(16,974)
<b>TOTAL</b>	<b>(4,254)</b>	<b>22,217</b>	<b>(769)</b>	<b>(1,132)</b>	<b>(1,041)</b>	<b>15,021</b>
Of which deferred taxes resulting from:						
Capitalization of tax losses	5,800	2,217	566		237	8,821
Temporary timing differences	13,476	13,885	3,018	456	(2,106)	28,729
Restatement of regulated provisions	(18,855)		(2,270)			(21,125)
Reassessment of tangible fixed assets	(2,802)	5,577	307		(399)	2,682
Differences in valuation of intangible fixed assets	(7,175)	406	292		(278)	(6,754)
Restatement of margins on inventories	4,751	(779)	(321)		353	4,004
Restatement of provisions on subsidiary risk	(1,368)	221	(197)		(10)	(1,354)
Finance leases	(128)		(31)			(159)
Restatement of injectors	66	117	33		(8)	206
Restatement of financial instruments				(1,376)		(1,376)
Restatement of borrowing costs			(945)			(945)
Other	1,981	573	(1,222)	(212)	1,172	2,292

	12/31/2013	Changes in income	Changes in Shareholders' equity	Translation adjustment and other	12/31/2014
Deferred tax assets	8,326				9,851
Deferred tax liabilities	(10,758)				(14,105)
<b>TOTAL</b>	<b>(2,432)</b>	<b>(2,361)</b>	<b>537</b>	<b>2</b>	<b>(4,254)</b>
Of which deferred taxes resulting from:					
Capitalization of tax losses	6,182	(378)		(4)	5,800
Temporary timing differences	9,630	3,331	535	(20)	13,476
Restatement of regulated provisions	(15,018)	(3,837)			(18,855)
Reassessment of tangible fixed assets	(2,584)	(216)		(1)	(2,802)
Differences in valuation of intangible fixed assets	(7,152)	113		(136)	(7,175)
Restatement of margins on inventories	5,507	(893)		138	4,751
Restatement of provisions on subsidiary risk	(1,464)	96			(1,368)
Finance leases	(106)	(27)		5	(128)
Restatement of Medex injectors	74	(11)	2	1	66
Other	2,499	(539)		25	1,985

## Note 9 Inventories

	2015	2014
Raw materials and spare parts	65,498	16,841
Of which CMDS	25,133	
Intermediate and finished products, work in progress and goods	172,706	91,587
Of which CMDS	81,641	
<b>GROSS VALUE</b>	<b>238,204</b>	<b>108,427</b>
Provisions	(21,541)	(8,471)
Of which CMDS	(12,745)	
<b>NET VALUE</b>	<b>216,663</b>	<b>99,956</b>

## Note 10 Trade receivables

	2015	2014
<b>GROSS VALUE</b>	<b>164,122</b>	<b>80,131</b>
Provisions	(3,738)	(1,147)
<b>NET VALUE</b>	<b>160,384*</b>	<b>78,984</b>

\* Of which CMDS (72,332).

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, 2014, the capital of the parent company was made up of 12,208,184 shares of par value €1.

The changes in Guerbet shares are as follows:

	2015
<b>Number of shares at the beginning of the year</b>	<b>12,208,184</b>
Creation of shares through exercise of stock options	135,290
<b>NUMBER OF SHARES AT THE END OF THE YEAR</b>	<b>12,343,474</b>

The Group held 20,428 treasury shares at December 31, 2015, unchanged from 2014.

## 11.2 Details of Shareholders' equity

	2015	2014
Guerbet Share Capital	12,343	12,208
Issue, merger and conversion premiums for Guerbet convertible bonds	7,628	5,679
Guerbet legal reserves	1,221	1,220
Consolidated reserves	165,081	149,705
Treasury shares	178	178
Guerbet retained earnings	72,488	64,936
Consolidated income	39,923	26,127
Translation adjustment	(15,011)	(949)
<b>TOTAL</b>	<b>283,851</b>	<b>259,104</b>

## Note 12 Provisions

### 12.1 Changes

	2014	Allocation	Reversals (provision used)	Reversals (provision not used)	Acquisition of CMDS	Translation adjustments and reclassifications	Change in actuarial assumptions	2015
<b>Non-current</b>	<b>23,467</b>	<b>1,909</b>	<b>(314)</b>	<b>(28)</b>	<b>4,255</b>	<b>12</b>	<b>1,150</b>	<b>30,451</b>
Of which deferred staff benefits (see 12.2)	23,467	1,909	(314)	(28)	4,255	12	1,150	30,451
<b>Current</b>								
Obligation to conduct a pediatric study	-							-
Tax disputes <sup>(1)</sup>	802	414	(90)			(139)		987
Commercial disputes	489	150		(400)		232		471
Foreseeable losses on purchasing commitment	1		(1)					-
Miscellaneous risks	2,127	3,026	(1,332)	(1,191)	3,599	(155)		6,074
<b>Total current provisions</b>	<b>3,418</b>	<b>3,590</b>	<b>(1,422)</b>	<b>(1,592)</b>	<b>3,599</b>	<b>(62)</b>	<b>-</b>	<b>7,532</b>
<b>TOTAL PROVISIONS</b>	<b>26,885</b>	<b>5,499</b>	<b>(1,736)</b>	<b>(1,620)</b>	<b>7,854</b>	<b>(51)</b>	<b>1,150</b>	<b>37,982</b>

(1) Tax disputes relate notably to various fiscal and customs disputes in Brazil and Italy, for an amount of €0.8 million at December 31, 2014 and €1.0 million at December 31, 2015.

	2013	Allocation	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Change in actuarial assumptions	2014
<b>Non-current</b>	<b>20,358</b>	<b>1,800</b>	<b>(678)</b>	<b>(4)</b>	<b>56</b>	<b>1,935</b>	<b>23,467</b>
Of which deferred staff benefits (see 12.2)	20,358	1,800	(678)	(4)	56	1,935	23,467
<b>Current</b>							
Obligation to conduct a pediatric study	-						-
Tax disputes <sup>(1)</sup>	629	279	(113)		7		802
Commercial disputes	144	835		(490)			489
Foreseeable losses on purchasing commitment	35		(34)				1
Miscellaneous risks	879	1,618	(290)	(59)	(21)		2,127
<b>Total current provisions</b>	<b>1,687</b>	<b>2,732</b>	<b>(437)</b>	<b>(549)</b>	<b>(14)</b>		<b>3,418</b>
<b>TOTAL PROVISIONS</b>	<b>22,045</b>	<b>4,532</b>	<b>(1,116)</b>	<b>(553)</b>	<b>42</b>	<b>1,935</b>	<b>26,885</b>

(1) Tax disputes relate notably to various fiscal and customs disputes in Brazil and Italy, for an amount of €0.8 million at December 31, 2014 and €1.0 million at December 31, 2015.

## 12.2 Deferred staff benefits

### a) Description

Group employees have post-employment benefits in the form of:

- ◆ retirement benefits or career-end benefits (France, Italy, Austria, Korea, Japan, Turkey);
- ◆ supplementary defined-benefit retirement schemes (Germany) or early retirement benefits for persons aged 58-60 (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 (scheme 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 were valued at €6,112,000 at December 31, 2015, of which €1,281,000 connected with Mallinckrodt Deutschland GmbH, acquired on November 27, 2015.

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 IAS 19.

### c) Actuarial assumptions applied for France and Germany representing 94% of provisions and 100% of scheme assets

	France		Germany	
	2015	2014	2015	2014
Discount rate (Guerbet history)	C	C	2.20%	2.50%
Average expected return on scheme assets	N/A	N/A	2.31%	3.49%
Wage growth (including inflation)	2.50%	2.50%	2.75%	3.00%
Average revision rate applied to annuities	N/A	N/A	1.75%	2.00%
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%	51.33%	V	V

C = Bloomberg rate curve (discount rate for first-tier companies).

E = Estimated retirement age based on an average career start age by category of employee, 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 to annuities.

- The average growth rate of medical expenses, because none of the schemes cover medical expenses.

Commitments on the balance sheet	2015	2014
Present value of funded liabilities	11,808	8,156
Of which present value of liabilities funded by CMDS	3,361	
Present value of unfunded liabilities	22,571	20,038
<b>SUBTOTAL: PRESENT VALUE OF LIABILITIES</b>	<b>34,379</b>	<b>28,194</b>
Fair value of scheme assets	(6,112)	(4,727)
Of which present value of liabilities funded by CMDS	(1,281)	
<b>BALANCE OF LIABILITIES</b>	<b>28,267</b>	<b>23,467</b>
<b>AMOUNTS ACCOUNTED FOR ON BALANCE SHEET</b>		
Provisions for deferred staff benefits	28,267	23,467
Non-current financial assets (accounting)	-	-
<b>NET BALANCE OF BALANCE SHEET: NET LIABILITIES (ASSETS)</b>	<b>28,267</b>	<b>23,467</b>

Expenses on the income statement (including CMDS)	2015	2014
Cost of services for the year	1,979	1,860
Financing costs	459	602
Expected return on scheme assets	(29)	(46)
Employer contributions to funding assets	(178)	(189)
Benefits paid	(465)	(1,335)
<b>NET TOTAL OF SCHEME COSTS</b>	<b>1,766</b>	<b>892</b>

Change in liabilities over the year	2015	2014
<b>LIABILITIES AT START OF PERIOD</b>	<b>23,467</b>	<b>20,358</b>
Liabilities arising from the acquisition of CMDS on November 27, 2015	2,171	
Cost of services for the year	1,979	1,860
Financing costs	459	602
Expected return on scheme assets	(29)	(46)
Employer payments to financing assets	(178)	(189)
Benefits paid	(465)	(1,336)
Actuarial gains and losses	873	2,161
Translation adjustments	32	55
Other	(41)	2
<b>LIABILITIES AT END OF PERIOD</b>	<b>28,267</b>	<b>23,467</b>

Change in coverage assets	2015	2014
<b>MARKET VALUE OF FUNDS INVESTED AS OF JANUARY 1</b>	<b>4,727</b>	<b>4,630</b>
<b>MARKET VALUE OF FUNDS INVESTED BY CMDS AT NOVEMBER 27, 2015</b>	<b>1,278</b>	
Expected return on funds	32	47
Actuarial gains and losses	12	129
Employer contributions	178	189
Benefits paid	(114)	(268)
<b>MARKET VALUE OF FUNDS INVESTED AT DECEMBER 31</b>	<b>6,113</b>	<b>4,727</b>

## Note 13 Other operating revenue

	2015	2014
Sales of services	1,144	523
Operating subsidy	375	160
<b>TOTAL</b>	<b>1,519*</b>	<b>683</b>

\* Of which CMDS (346).

## Note 14 Staff costs

### 14.1 Details of staff costs

	2015	2014
Salaries and wages	(87,315)	(79,805)
Social security charges	(35,501)	(32,382)
Employee profit sharing	(1,600)	(488)
Amortization of share-based payment	(532)	(631)
<b>TOTAL</b>	<b>(125,594)*</b>	<b>(113,306)</b>

\* Of which CMDS (1,594).

### 14.2 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 share options granted. It allows valuing of options that can be used at any point over their lifespan. 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 at the time of exercising 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.

#### 14.2.1 Characteristics of share-based payments for plans in effect on 12/31/2015

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

#### 14.2.2 Breakdown of benefit by fiscal year for plans in progress in 2015

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

#### 14.2.3 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.

### 14.3 Average number of staff during the year

Given the date when CMDS was acquired, the Group's average number of staff has only been calculated for the historic scope, as CMDS's contribution over one month is considered to be immaterial.

The average number of staff of the Guerbet Group (historic scope) was 1,542 employees in 2015. The two tables below show how this workforce is distributed in relation to the category of position held, and to the operation to which they are linked, over the last three years.

Year	Executives	Technicians/Workers Supervisors/ Pharmaceutical sales representatives	Workers	Total
2015	513	709	320	1,542
2014	381	753	340	1,474

Year	Supply Chain	Sales	Research and Development	Support roles	Total
2015	702	360	165	315	1,542
2014	652	341	168	312	1,474

### 14.4 Geographical breakdown of workforce, snapshot at December 31

	2015	Of which CMDS	2014
Europe	1,456	183	1,241
America	928	711	185
Asia	137	68	64
<b>TOTAL</b>	<b>2,521</b>	<b>962</b>	<b>1,490</b>

## Note 15 External charges

	2015	2014
Studies and services provided	(19,249)	(17,812)
Non-stocked supplies and materials	(15,326)	(12,977)
Rentals and rental expenses	(7,824)	(6,835)
Maintenance and repairs	(9,826)	(8,475)
Insurance	(1,808)	(1,545)
Studies and research	(9,266)	(6,636)
Outside staff	(4,026)	(2,952)
Commissions and fees	(31,153)	(19,015)
Advertising and public relations	(9,136)	(7,905)
Transport	(7,500)	(5,534)
Travel and entertainment	(9,680)	(7,589)
Postage and telecommunications fees	(2,065)	(1,985)
Miscellaneous	(29,050)	(24,181)
<b>TOTAL*</b>	<b>(155,909)</b>	<b>(123,441)</b>

\* Of which CMDS (5,423).

## Note 16 Taxes and duties

	2015	2014
Payroll tax	(2,136)	(1,591)
Regional Economic Contribution (France: <i>contribution économique territoriale</i> )	(4,085)	(4,281)
Inami Tax (Belgium)	(1,805)	(1,511)
Other taxes and duties	(10,118)	(6,785)
<b>TOTAL</b>	<b>(18,144) *</b>	<b>(14,168)</b>

\* Of which CMDS (978).

## Note 17 Depreciation and amortization

	2015	2014
On intangible fixed assets	(2,878)	(2,700)
On tangible fixed assets	(23,920)	(22,082)
<b>TOTAL</b>	<b>(26,798) *</b>	<b>(24,782)</b>

\* Of which CMDS (883).

## Note 18 Other operating income and expenses

	2015	2014
Royalties paid	(269)	(31)
Miscellaneous other income and expenses	(1,211)	(247)
Income from sale of fixed assets	(1,353)	(431)
<b>TOTAL</b>	<b>(2,833) *</b>	<b>(709)</b>

\* Of which CMDS (269).

## Note 19 Other operating income and expenses

	2015	2014
Investment subsidies	98	-
Miscellaneous other income and expenses	(225)	365
<b>TOTAL</b>	<b>(127) *</b>	<b>365</b>

\* Of which CMDS (235).

## Note 20 Gross finance costs

	2015	2014
Finance leases	(355)	(76)
Securitization	-	-
Interest on borrowing and bank credit	(811)	(1,378)
Interest swaps	(83)	(433)
<b>TOTAL</b>	<b>(1,249)*</b>	<b>(1,887)</b>

\* Of which CMDS (0).

## Note 21 Income tax

### 21.1 Details of tax expenses

	2015	2014
Current taxes	(17,992)	(8,005)
Deferred taxes	(443)	(2,120)
<b>TOTAL</b>	<b>(18,435)</b>	<b>(10,125)</b>

### 21.2 Analysis of tax expenses

	2015	2014
Theoretical tax charge at the prevailing rate for the consolidated company <sup>(1)</sup>	(22,127)	(13,776)
Impact of differences in tax rates	1,687	1,965
Impact of expenses that are definitively non-deductible or non-taxable	(2,595)	(1,343)
Impact of tax credits	4,035	4,265
Impact of deferred taxes on unrecognized losses and miscellaneous	565	(1,236)
<b>TOTAL</b>	<b>(18,435)</b>	<b>(10,125)</b>

(1) The tax rate applied is 34.43% for 2015 and 38% for 2014.

## Note 22 Research and development costs

The amounts below are booked as expenses:

	2015	2014
Direct costs	35,576	33,439
Indirect costs	2,358	1,861
<b>TOTAL</b>	<b>37,934*</b>	<b>35,300</b>

\* Of which CMDS (180).

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	2015	2014
Other operating revenue	Innovation aid	246	17
Other operating revenue	Water protection aids	0	(11)
Other operating revenue	Employment aids	54	63
Other operating revenue	Miscellaneous aids	73	29
Other operating income	Investment aids	0	62
<b>TOTAL</b>		<b>373</b>	<b>160</b>

The 2015 innovation aid amounting to €246,000 corresponds to the closing of the Gallimed project.

In December 2008, the request for aid for the French-German "Iseult" research project, filed with Oséo, was approved by the European Commission. The aid agreement foresees financing of half of the expenses incurred, including 39% in the form of repayable advances, and 61% in the form of a grant. An amendment signed with BPI France extends the duration of the project and modifies the conditions of financial return if a product resulting from the project is marketed.

At December 31, 2015, 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 "Other current financial liabilities";

- ◆ €5.1 million in repayable advances received from 2008-2014 and recognized in "Non-current financial debts".

There was no impact recognized in the 2015 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, 2015, under this consortium agreement, €1.03 million of repayable advances were received and recognized, €0.65 million in "Non-current financial debts" and €0.38 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. At December 31, 2015, staff could subscribe to 324,350 shares at a weighted average price of €15.49. The portion for company officers represents 46,080 shares at a weighted average price of €16.05. If all of the stock options are exercised, the total number of shares would

be 12,667,824 for a nominal amount of €12,667,824. These new shares would represent an increase in Shareholders' equity of €7,540,352. Potential dilution of Shareholder's equity is thus 2.56%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, are €2.07 for the 2015 fiscal year.

### Summary statement of stock option plans

Grant date	10/17/2011	11/23/2011	02/20/2012
Date of the Board of Directors' meeting when it was decided to grant options	10/17/2011	07/27/2011	10/17/2011
Date of tax availability	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	-
◆ Of which Brigitte Gayet	1,480	-	-
Subscription or purchase price	€15.40	€16.08	€15.38
Plan expiry date	10/16/2021	11/22/2021	02/20/2022
Number of options exercised	131,890	3,400	-
Number of options cancelled	124,000	-	2,000
Number of options remaining	274,950	44,600	4,800

## 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 on December 31, 2015 received compensation and the following benefits:

<b>Short-term benefits</b>	<b>3,440</b>
Fixed share of total gross compensation (not including benefits in kind)	2,839
Variable share of compensation	564
Benefits in kind	37
<b>Post-employment benefit plans</b>	<b>233</b>
Including funded supplemental pension contributions	100
Including provisions for retirement benefits	133
<b>Other long-term benefits</b>	<b>N/A</b>
<b>Termination benefits</b>	<b>N/A</b>
<b>PAYMENT IN SHARES</b>	<b>N/A</b>

## Note 26 Off-balance-sheet commitments

### Commitments given

	2015	2014
Sureties, deposits, and other commitments given to third parties on behalf of related companies	18,237	9,450
Sureties and deposits given to third parties and other commitments	46,794	3,969
Debts transferred <i>via</i> securitization	-	-
<b>TOTAL</b>	<b>65,031</b>	<b>13,419</b>

The fair value of cash flow instruments is -€124,000 for currency hedging and -€424,000 for interest rate hedging.

Concerning foreign exchange risk management, Guerbet implemented 55 forward foreign exchange contracts over the year, notably in US Dollar, Japanese Yen and British Pound. At December 31, 2015, the following three contracts were in effect with an equivalent value of €13.69 million.

Date of establishment	Date of expiry	Type	Spot rate	Hedging rate	Amount (in €)	Amount (in foreign currency)	Fair value
12/02/2015	03/04/2016	JPY Swap buy	130.885	130.895	6,875,740.10	900,000,000	(10,871.60)
12/16/2015	01/28/2016	JPY Swap sell	133.44	133.437	5,995,338.62	800,000,000	(107,937.65)
12/16/2015	01/28/2016	GBP Swap buy	0.7286	0.7294	822,593.91	600,000.00	(5,512.76)

Concerning interest rate risk management, there were six contracts in effect at December 31, with a total value of €28.20 million:

Date of establishment	Date of expiry	Contract type	Guerbet position	Benchmark indices	Contract rate	Fair value (in €)	Notional amount (in €)
03/29/2011	03/29/2018	Swap	Buy	3-month Euribor	2.7750%	(255,922.09)	6,910,714.29
06/30/2011	07/04/2016	Swap	Buy	3-month Euribor	2.2950%	(9,056.76)	750,000.00
11/04/2011	11/08/2016	Swap	Buy	3-month Euribor	1.435%	(19,758.94)	2,000,000.00
11/10/2011	11/14/2016	Swap	Buy	3-month Euribor	1.4525%	(20,022.25)	2,000,000.00
12/09/2009	12/12/2016	Cap	Buy	3-month Euribor	2.53%	(6,200.97)	1,428,571.43

## Note 27 Earnings per share and diluted earnings per share

	2015	2014
Consolidated net income, Group share (in €)	39,923,000	26,127,000
Weighted average number of shares in the fiscal year	12,218,671	12,208,184
<b>NET EARNINGS PER SHARE</b>	<b>3.27</b>	<b>2.14</b>

	2015	2014
Consolidated net income, Group share (in €)	39,923,000	26,127,000
Annual savings in financial costs net of taxes, valued at market rates and resulting from the exercise of stock options	53,901	117,690
Consolidated net income after dilution (in €)	39,976,901	26,244,690
Current and future number of shares	12,543,021	12,695,704
<b>DILUTED NET EARNINGS PER SHARE</b>	<b>3.19</b>	<b>2.07</b>

## Note 28 Post-closing events

No significant events occurred after December 31, 2015.

## Note 29 Appropriation of 2015 earnings

The Board of Directors approved the consolidated financial statements at December 31, 2015 during its April 13, 2016 session. 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 €0.65 per share. The total amount of dividends to be paid will be €8,023,000.

## Note 30 Fees paid to Statutory Auditors

(in €'000s)	Deloitte & Associés				Crowe Horwath-HAF Audit & Conseil			
	Amount		%		Amount		%	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Audit</b>								
Statutory audit, certification and review of individual and consolidated financial statements:								
◆ Issuer	187	97	40%	37%	192	97	43%	39%
◆ Fully consolidated subsidiaries	277	162	58%	62%	229	108	52%	43%
Other work and services directly related to the statutory audit:								
◆ Issuer	4		1%		2	20	1%	16%
◆ Fully consolidated subsidiaries	5	2	1%	1%		4	5%	2%
<b>SUBTOTAL</b>	<b>473</b>	<b>261</b>	<b>100%</b>	<b>100%</b>	<b>423</b>	<b>229</b>	<b>100%</b>	<b>100%</b>
Other work and services	22	22						
<b>TOTAL</b>	<b>495</b>	<b>283</b>			<b>423</b>	<b>229</b>		

## Note 31 List of consolidated companies

Business registration number (Siren)	Parent company	Head office	% held % controlled
308,491,521	Guerbet SA	France	Parent company
308,412,434	Simafex SAS	France	100%
340,598,978	Medex SAS	France	100%
789,526,555	Guerbet France	France	100%
809,030,042	Mallinckrodt Imaging France	France	100%
	Guerbet GmbH	Germany	100%
	Mallinckrodt Deutschland GmbH	Germany	100%
	Mallinckrodt Deutschland Holdings GmbH	Germany	100%
	Guerbet Ges.m.b.H.	Austria	100%
	SA Guerbet NV	Belgium	100%
	Laboratorios Farmacéuticos Guerbet SA	Spain	100%
	Mallinckrodt Spain, S.L.	Spain	100%
	Guerbet Laboratories Ltd	United Kingdom	100%
	Mallinckrodt UK Commercial Ltd	United Kingdom	100%
	Mallinckrodt Medical Argentina Ltd	United Kingdom	100%
	Guerbet Nederland BV	Netherlands	100%
	Mallinckrodt Nederland BV	Netherlands	100%
	Mallinckrodt Ireland Ltd	Ireland	100%
	Mallinckrodt Medical Imaging Ireland	Ireland	100%
	Guerbet SpA	Italy	100%
	Mallinckrodt Italia SpA	Italy	100%
	Liebel Flarsheim Sarl	Luxembourg	100%
	Mallinckrodt sp. z.o.o.	Poland	100%
	Martins & Fernandes	Portugal	100%
	Mallinckrodt Pty Ltd	South Africa	100%
	Mallinckrodt Sverige AB	Sweden	100%
	Guerbet AG	Switzerland	100%
	Mallinckrodt AG	Switzerland	100%
	Guerbet Ilac Tibbi AS	Turkey	100%
	Mallinckrodt Saglik AS	Turkey	100%
	Guerbet Produtos Radiologicos	Brazil	100%
	Mallinckrodt do Brasil Ltda.	Brazil	100%
	Liebel Flarsheim Canada Inc.	Canada	100%
	Comercializadora Mallinckrodt Chile Ltda.	Chile	100%
	Guerbet Mexicana	Mexico	100%
	Mallinckrodt Medical S.A. de C.V.	Mexico	100%
	Mallinckrodt Panama SA	Panama	100%
	Mallinckrodt Panama Distribucion SA	Panama	100%
	Mallinckrodt Caribbean, Inc.	Puerto Rico	100%
	Guerbet LLC	United States	100%
	Liebel Flarsheim Company LLC	United States	100%
	Mallinckrodt Australia Pty Ltd	Australia	100%
	Mallinckrodt Medical Consulting Co. Ltd	China	100%
	Guerbet Korea	Korea	100%
	Mallinckrodt Korea Inc.	Korea	100%
	Guerbet Asia Pacific Ltd	Hong Kong	100%
	Mallinckrodt Hong Kong Ltd	Hong Kong	100%
	Guerbet Japan	Japan	100%
	Guerbet Taiwan Co. Ltd	Taiwan	100%

## 6.2 Statutory Auditors' report on consolidated financial statements

To the Shareholders,

Under the terms of the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended December 31, 2015, concerning:

- ◆ the audit of the consolidated financial statements of Guerbet, which are attached to this report;
- ◆ the justification of our assessments;
- ◆ the specific verification provided for by the law.

The consolidated financial statements were approved by the Board of Directors. It is our responsibility to express an opinion on these statements on the basis of our audit.

### I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with professional standards applicable in France. These standards require that we carry out the necessary procedures in order to obtain reasonable assurance that the consolidated financial statements contain no significant anomalies. An audit involves examining, through spot checks or other selection methods, the evidence that supports the amounts and disclosures in the consolidated financial statements. It also consists of assessing the accounting principles used, the significant estimates adopted, and the overall presentation of the statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

We hereby certify that the consolidated financial statements, in accordance with the IFRS standards as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position and the results of all persons and entities included in the consolidation.

### II. Justification of assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby draw your attention to the following information:

- ◆ Note II) Consolidation scope of the notes to the consolidated financial statements explains the terms of the takeover in 2015 of the Mallinckrodt group's CMDS activities, and its impact on the consolidated financial statements, and states that the allocation of the acquisition price in accordance with revised standard IFRS 3 had not been finalized at December 31, 2015. Our work notably included checking the correct accounting treatment of this acquisition in accordance with the procedures described in note I. d) Business combinations and the appropriateness of the information presented in this regard in note II) Consolidation scope.
- ◆ Upon each accounting close, the company performs an impairment test on its assets with an indefinite life, and also checks for any signs of impairment of long-term assets, according to the procedures explained in note I. i) to the financial statements entitled Impairment of fixed assets. We have examined the procedures for implementing this impairment test as well as the cash flow projections and assumptions used for the tests, and we have verified that note 5 of the notes to the financial statements provides appropriate information.
- ◆ The company recognizes deferred taxes on losses according to the procedures presented in note I. w) to the financial statements entitled Income tax. Our work has consisted in evaluating the data and assumptions on which these estimates are based, in reviewing the calculations made by the company, and in reviewing the procedure for Management approval of these estimates. On this basis, we proceeded to assess the reasonable nature of these estimates, and we have verified that note 8 of the notes to the financial statements provides appropriate information.

The assessments thus made are part of our audit approach for the consolidated financial statements taken as a whole, and have thus contributed to forming our opinion expressed in the first part of this report.

### III. Specific verification

We have also, in accordance with professional standards applicable in France, performed specific verification of the Group-related information given in the management report, as required by law. We have no remarks to make concerning its fairness and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, April 21, 2016

The Statutory Auditors

**HAF Audit & Conseil**

**Member of Crowe Horwath International**

Olivier Grivillers

**Deloitte & Associés**

Frédéric Souliard

## 6.3 Annual financial statements and notes

### 6.3.1 Annual statements

#### 6.3.1.1 Balance sheet

##### Assets

(in €'000s)	Note	2015			2014
		Gross amounts	Depreciation & Provisions	Net amounts	Net amounts
Patents, trademarks, and similar rights		3		3	3
Other intangible fixed assets		35,409	12,244	23,165	14,709
<b>TOTAL INTANGIBLE FIXED ASSETS</b>	<b>1</b>	<b>35,412</b>	<b>12,244</b>	<b>23,168</b>	<b>14,712</b>
Land		1,554		1,554	1,554
Buildings		93,100	46,767	46,333	47,765
Technical facilities				0	
Industrial tooling and equipment		165,447	89,979	75,468	76,758
Other tangible fixed assets		16,284	12,191	4,093	7,156
Fixed assets under construction		7,965		7,965	10,488
Advance payments		15		15	10
<b>TOTAL TANGIBLE FIXED ASSETS</b>	<b>2</b>	<b>284,365</b>	<b>148,937</b>	<b>135,428</b>	<b>143,731</b>
Controlled entities	3	326,128	8,635	317,493	45,950
Receivables from controlled entities	6	0		0	
Loans	4/6	53		53	57
Other financial fixed assets	6	572	168	404	369
<b>TOTAL FINANCIAL FIXED ASSETS</b>		<b>326,753</b>	<b>8,803</b>	<b>317,950</b>	<b>46,376</b>
<b>TOTAL FIXED ASSETS</b>		<b>646,530</b>	<b>169,984</b>	<b>476,546</b>	<b>204,819</b>
Inventories	5	91,546	5,956	85,590	70,242
Advance payments		318		318	566
Trade receivables	6	11,009	110	10,899	30,144
Other operating receivables	6	94,995	4,064	90,931	51,651
<b>TOTAL OPERATING RECEIVABLES</b>		<b>106,322</b>	<b>4,174</b>	<b>102,148</b>	<b>82,361</b>
Cash and investment securities	7	5,987		5,987	17,340
<b>TOTAL CURRENT ASSETS</b>		<b>203,855</b>	<b>10,130</b>	<b>193,725</b>	<b>169,943</b>
Prepaid expenses	6	1,592		1,592	1,145
Expenses to be spread over several years				0	
Translation adjustment		4,424		4,424	4,680
<b>TOTAL ASSETS</b>		<b>856,401</b>	<b>180,114</b>	<b>676,287</b>	<b>380,588</b>

## Equity and Liabilities

(in €'000s)	Note	2015	2014
Share capital		12,343	12,208
Issue premiums		7,628	5,678
Legal reserve		1,221	1,220
Other reserves		52,015	52,015
Retained earnings		72,488	64,938
<b>Fiscal year income</b>		<b>(747)</b>	<b>13,645</b>
<b>Net position</b>		<b>144,948</b>	<b>149,704</b>
Regulated provisions	9	56,000	45,100
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8</b>	<b>200,948</b>	<b>194,804</b>
<b>Provisions for liabilities and charges</b>	<b>10</b>	<b>23,691</b>	<b>21,273</b>
Contingent advances	14	5,766	5,362
<b>Other equity</b>		<b>5,766</b>	<b>5,362</b>
Loans and borrowing from credit institutions other than current banking facilities		304,110	48,818
Current banking facilities and credit balances		17,193	14,177
Miscellaneous other financial debt and borrowing		844	878
<b>TOTAL FINANCIAL DEBT</b>		<b>322,147</b>	<b>63,873</b>
Trade payables		42,016	27,900
Tax and employment-related liabilities		25,971	22,759
Debt on fixed assets and related accounts		2,173	5,551
Other debt		41,028	33,694
<b>Total Operating Debt and Miscellaneous</b>		<b>111,188</b>	<b>89,904</b>
<b>TOTAL DEBT</b>	<b>11</b>	<b>433,335</b>	<b>153,777</b>
Deferred income	11	3,319	4,175
Translation adjustment		9,228	1,197
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>676,287</b>	<b>380,588</b>

### 6.3.1.2 Income statement

(in €'000s)	Note	2015	2014
Products sold in France		107,003	122,038
Products sold in countries other than France		193,900	165,167
<b>REVENUE FROM PRODUCTS</b>	<b>13</b>	<b>300,903</b>	<b>287,205</b>
Various products and services		9,585	8,322
Rights and royalties		23,534	4,312
Capitalized production		2,729	2,233
Reversals of provisions and expense transfers		2,735	993
Expense transfers		0	-
Operating subsidies	14	373	95
Other income	15	-	-
<b>TOTAL OPERATING INCOME</b>		<b>339,859</b>	<b>303,160</b>
Purchases of merchandise, raw materials, and other supplies held in inventory		(122,476)	(96,799)
+ Inventories beginning		(73,349)	(67,194)
- Inventories end		91,546	73,349
<b>CONSUMED DURING THE YEAR</b>		<b>(104,279)</b>	<b>(90,644)</b>
Purchases not held in inventory, other services and external expenses		(114,213)	(100,167)
Taxes and similar payments		(11,822)	(9,802)
Staff-related costs	16	(70,083)	(65,540)
Amortization and depreciation		(16,788)	(15,445)
Provisions		(7,517)	(3,717)
<b>TOTAL OPERATING EXPENSES</b>		<b>(324,702)</b>	<b>(285,315)</b>
<b>OPERATING INCOME</b>		<b>15,157</b>	<b>17,845</b>
Reversals of provisions and expense transfers		7,266	6,869
Interest and similar income		4,024	3,695
Foreign exchange gains		5,609	3,333
<b>TOTAL FINANCIAL INCOME</b>		<b>16,899</b>	<b>13,897</b>
Depreciation and provisions		(5,538)	(5,393)
Interest and similar expenses		(1,566)	(1,688)
Foreign exchange losses		(6,503)	(2,766)
<b>TOTAL FINANCE COSTS</b>		<b>(13,607)</b>	<b>(9,847)</b>
<b>FINANCIAL INCOME</b>	<b>17</b>	<b>3,292</b>	<b>4,050</b>
<b>CURRENT RESULT BEFORE TAXES</b>		<b>18,449</b>	<b>21,895</b>
Non-recurring income from non-capital transactions		11	99
Non-recurring income from capital transactions		5,155	1,134
Reversals of depreciation and provisions		4,646	3,801
<b>TOTAL NON-RECURRING INCOME</b>		<b>9,812</b>	<b>5,034</b>
Expenses on non-capital transactions		(22)	(14)
Expenses on capital transactions		(6,492)	(1,563)
Depreciation, amortization and provisions		(15,546)	(9,705)
<b>TOTAL NON-RECURRING EXPENSES</b>		<b>(22,060)</b>	<b>(11,282)</b>
<b>NON-RECURRING INCOME</b>	<b>18</b>	<b>(12,248)</b>	<b>(6,248)</b>
Employee profit sharing		(1,291)	(388)
Income tax	19	(5,657)	(1,614)
<b>FISCAL YEAR INCOME</b>		<b>(747)</b>	<b>13,645</b>

### 6.3.1.3 Statement of cash flows

(in €'000s)	2015	2014
Gross cash flow	31.61	36.13
(Increase), decrease in inventory	(18.20)	(6.16)
(Increase), decrease in trade receivables	19.37	5.58
Increase or (decrease) in trade payables	13.78	2.15
Increase or decrease in other short-term assets and liabilities	(24.67)	13.83
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>21.89</b>	<b>51.53</b>
Investments related to operations	(23.43)	(22.04)
Sales of fixed assets for operations	5.16	1.13
Decrease or (increase) in financial fixed assets	(269.64)	0.02
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(287.92)</b>	<b>(20.89)</b>
Share capital increase	2.09	0.22
Merger losses	-	-
Decrease in retained earnings	-	-
Dividends paid	(6.10)	(6.09)
New long-term borrowing	286.68	1.71
Loan repayment	(31.02)	(19.81)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>251.64</b>	<b>(23.97)</b>
<b>NET CHANGE IN CASH SITUATION (A) + (B) + (C)</b>	<b>(14.38)</b>	<b>6.68</b>
<b>Net cash and cash equivalents at beginning of year</b>	<b>3.17</b>	<b>(3.51)</b>
<b>Net cash and cash equivalents at end of year</b>	<b>(11.21)</b>	<b>3.17</b>

## 6.3.2 Notes to the annual financial statements

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The figures presented in these notes are in thousands of euros.

### Introduction

The balance sheet is drawn up before appropriation of earnings. Therefore, the dividends proposed at the Shareholders' Meeting do not appear as debts.

### Significant events

#### a) Acquisition of the CMDS business

On November 27, 2015, Guerbet announced that it had completed the acquisition of Mallinckrodt's "Contrast Media and Delivery Systems" (CMDS) business.

This acquisition, amounting to \$270 million, was mainly financed through debt.

The costs of this acquisition, totaling €11.6 million, have been fully recognized in the income statement.

This integration will profoundly transform the Group, by doubling its revenue (to nearly €800 million), extending its geographic coverage (particularly in the United States and Asia), and strengthening its positions in both contrast media and imaging solutions and services.

With CMDS, Guerbet intends to benefit from:

- ◆ an efficient industrial and commercial platform, through four production sites in Ireland and North America, and a global distribution network covering around 65 countries;

- ◆ a comprehensive range of X-ray, cardiovascular imaging and MRI injection systems;
- ◆ a large portfolio of patents and intellectual property rights.

#### b) Launching of the SAP integrated information system

On October 5, 2015, Guerbet migrated from its existing Qualiact information system to the integrated management software SAP.

With this new, Group-wide integrated information system, Guerbet is meeting a three-fold objective of more effectively managing operations (truthful picture of costs); responding better in its markets (anticipation and better sharing of key information to make the right decisions); and simplifying its operating methods by aligning them with the highest standard.

#### c) Guerbet France's independence

At the beginning of the fourth quarter of 2015, the subsidiary Guerbet France was awarded pharmaceutical operator status.

This new status means Guerbet France is fully able to carry out its activity of advertising and selling Guerbet products in France. Guerbet France therefore took over responsibility from Guerbet SA for direct sales in France in the fourth quarter of 2015.

## Accounting methods and rules

The statements have been prepared in accordance with the accounting principles set out by recommendation ANC 2014-03 of the Board of the French accounting standards authority (*Autorité des normes comptables*).

### a) Estimates and judgments

When preparing its financial statements, the company must make estimates and assumptions that 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.

### b) 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 recommendation ANC 2014-03, expenses for depositing 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 during the year in which they are incurred.

Development costs are only recognized as intangible fixed assets if all of the following criteria can be proven:

- ◆ 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 in the expenses for the year in which they are incurred.

#### Other intangible fixed assets

Other intangible fixed assets mainly include software. This software is amortized over three years. With the possibility of amortization over 12 months offered by fiscal legislation for software, accelerated amortization was recognized. This represents the share of additional amortization compared to accounting amortization.

A distinction must be made between the SAP integrated management software and other software, however. 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.

### c) Tangible fixed assets

They are recognized at their acquisition cost. Depreciation is calculated over useful lifespan using the straight-line method, which on average corresponds to the following durations:

- ◆ Buildings: 10 to 20 years;
- ◆ Improvements and fittings: 10 years;
- ◆ Technical facilities, equipment and tooling: 5 to 10 years;
- ◆ Other tangible fixed assets: 3 to 15 years.

For all acquisitions up to and until December 31, 1997, and starting again from January 1, 2002, all of the possibilities provided for by fiscal 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 depreciation depending on how they are used by Guerbet.

### d) 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 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.

### e) Inventories and work in progress

Inventories of raw materials and other supplies are measured using the weighted average cost method. When the inventory value is lower than this cost, a provision for impairment is recognized for the difference. Provisions are also made for inventory that has a low turnover rate. 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. A provision for impairment is created according to the turnover rate of inventory and when products are at risk of not selling before their use-by date, or of being sold at a loss.

### f) Trade receivables

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery.

### g) 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, which is to say their liquidation value at the end of the year, is lower than their acquisition cost, a provision for impairment is created in the amount of the difference.

### h) Borrowing

Borrowing costs are recognized directly in the income statement. The company has not opted to spread out the costs.

## i) 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 *prorata temporis* over the life of the contract. Provisions are made for any expenses for 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.

## j) 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 maturity of the option 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.

## k) Regulated provisions

According to statutory requirements, regulated provisions include:

- ◆ provisions for investments (in conjunction with employee profit sharing);
- ◆ 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.

## l) 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 like an obligation of the company to a third party, where it is probable or certain that it will lead to an outflow of resources to the benefit of this third party, with no compensation at least equivalent expected in return.

## m) 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 in 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 be actually 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.

## n) Revenue

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods.

## o) Investment subsidies

According to the option made available by the French General Chart of Accounts (*Plan Comptable Général* – PCG), the reversal of an investment subsidy that finances a depreciable fixed asset is carried out over the same duration and at the same rate as depreciation of the value of the asset acquired or created with the subsidy.

## Note 1 Intangible fixed assets

### 1.1 Gross values

	2015	2014
<b>Intangible fixed assets at January 1</b>	<b>24,721</b>	<b>16,647</b>
Increases <sup>(1)</sup>	11,079	9,208
Decreases	(388)	(1,134)
<b>INTANGIBLE FIXED ASSETS AT DECEMBER 31</b>	<b>35,412</b>	<b>24,721</b>

(1) The increases are mainly due to the introduction of the SAP integrated management software.

### 1.2 Amortization and provisions

	2015	2014
<b>Amortization and provisions for intangible fixed assets at January 1</b>	<b>10,009</b>	<b>8,160</b>
Provisions	2,245	1,849
Reversals	(10)	-
<b>AMORTIZATION AND PROVISIONS FOR INTANGIBLE FIXED ASSETS AT DECEMBER 31</b>	<b>12,244</b>	<b>10,009</b>

## Note 2 Tangible fixed assets

	12/31/2014	2015 Increases	2015 Decreases	12/31/2015
Land	1,554	-	-	1,554
Buildings	90,484	2,616	-	93,100
Technical facilities, equipment and tooling	157,572	7,875	-	165,447
Other tangible fixed assets	20,508	1,519	(5,743)	16,284
Fixed assets under construction	10,489	338	(2,862)	7,965
Advance payments	10	5	-	15
<b>GROSS VALUES</b>	<b>280,617</b>	<b>12,353</b>	<b>(8,605)</b>	<b>284,365</b>
Amortization and depreciation	(136,885)	(14,543)	2,491	(148,937)
Impairments				
<b>NET VALUES</b>	<b>143,731</b>	<b>(2,190)</b>	<b>(6,114)</b>	<b>135,428</b>

The migration to SAP software on October 5, 2015 changed the recognition of fixed assets under construction. Invoices not yet received may now be recognized in fixed assets under construction.

	12/31/2013	2014 Increases	2014 Decreases	12/31/2014
Land	1,554	-	-	1,554
Buildings	80,601	9,883	-	90,484
Technical facilities, equipment and tooling	123,920	33,935	(283)	157,572
Other tangible fixed assets	16,415	4,093	-	20,508
Fixed assets under construction	45,821	(34,960)	(372)	10,489
Advance payments	126	(116)	-	10
<b>GROSS VALUES</b>	<b>268,437</b>	<b>12,835</b>	<b>(655)</b>	<b>280,617</b>
Amortization and depreciation	(123,515)	(13,596)	226	(136,885)
Impairments	-			
<b>NET VALUES</b>	<b>144,921</b>	<b>(761)</b>	<b>(429)</b>	<b>143,731</b>

Gross investments of €12 million in 2015 and €13 million in 2014 correspond mainly to projects to increase capacity in our Aulnay and Lanester plants and the renewal of our production equipment.

## Note 3 Investments

	2015	2014
<b>Gross value of equity investments</b>	<b>326,128</b>	<b>56,520</b>
Provisions for impairment of equity investments	(8,635)	(10,570)
<b>NET VALUE OF EQUITY INVESTMENTS</b>	<b>317,493</b>	<b>45,950</b>

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 120.

The change is due to the acquisition of Mallinckrodt's CMDS business at the end of November 2015.

## Note 4 Loans

	2015	2014
Loans to staff	53	57

## Note 5 Inventories

	2015	2014
<b>RAW MATERIALS AND SUPPLIES</b>		
Gross amount	27,681	17,715
Provisions	(1,104)	(310)
<b>NET AMOUNT</b>	<b>26,577</b>	<b>17,405</b>
<b>INTERMEDIATE AND FINISHED PRODUCTS</b>		
Gross amount	52,519	49,792
Provisions	(4,058)	(985)
<b>NET AMOUNT</b>	<b>48,461</b>	<b>48,807</b>
<b>GOODS</b>		
Gross amount	11,346	5,843
Provisions	(794)	(1,813)
<b>NET AMOUNT</b>	<b>10,552</b>	<b>4,030</b>
<b>TOTAL NET AMOUNT</b>	<b>85,590</b>	<b>70,242</b>

## Note 6 Receivables by maturity

	2015			2014
	Gross amounts	1 year maximum	More than 1 year	
Receivables from controlled entities	-			-
Loans	53	0	53	57
Other financial fixed assets	572	0	572	537
Bad or doubtful debts	124	124	0	116
Other trade receivables	10,885	10,885	0	21,696
Bills in course of collection	0	0	0	8,434
Staff costs and related payables	15	15	0	46
Social security and related liabilities	219	219	0	17
State income tax <sup>(1)</sup>	2,876	2,876	0	6,409
State value added tax	8,312	8,312	0	4,372
Other state taxes and duties	0	0	0	-
Miscellaneous state receivables	861	861	0	638
Group and associates	58,288	58,288	0	40,874
Various debtors	24,425	24,425	0	3,645
Prepaid expenses	1,592	1,463	128	1,145
<b>TOTAL</b>	<b>108,222</b>	<b>107,468</b>	<b>753</b>	<b>87,986</b>

(1) This mainly consists of a €2,832,000 corporate tax receivable.

## Note 7 Cash and investment securities

Cash and investment securities include 20,428 treasury shares for a gross value of €170,000. No changes in treasury shares were recognized in 2015. Guerbet shares had a market value of €64.80 at December 31, 2015, equivalent to an overall market valuation of €1,324,000.

## Note 8 Shareholders' equity

	2015	2014
<b>Shareholders' equity at the beginning of the fiscal year</b>	<b>194,804</b>	<b>181,119</b>
Dividends paid	(6,104)	(6,100)
Dividends carried over to retained earnings	10	10
Increase in share capital and issue and merger premiums	2,085	225
Decrease in retained earnings		
Fiscal year result	(747)	13,645
Regulated provisions	10,900	5,905
<b>SHAREHOLDERS' EQUITY AT THE END OF THE FISCAL YEAR</b>	<b>200,948</b>	<b>194,804</b>

The following changes have occurred for Guerbet shares:

	2015
<b>Number of shares at the beginning of the year</b>	<b>12,208,184</b>
Creation of shares through exercise of stock options <sup>(1)</sup>	135,290
<b>NUMBER OF SHARES AT THE END OF THE YEAR</b>	<b>12,343,474</b>

(1) Refer to note 23.

## Note 9 Regulated provisions

	12/31/2013	2014 Provisions	2014 Reversals	12/31/2014	2015 Provisions	2015 Reversals	12/31/2015
Investment provisions	60			60		60	0
Provisions for accelerated depreciation	39,135	9,705	3,801	45,039	15,547	4,586	56,000
<b>TOTAL</b>	<b>39,195</b>	<b>9,705</b>	<b>3,801</b>	<b>45,099</b>	<b>15,547</b>	<b>4,646</b>	<b>56,000</b>

## Note 10 Provisions for liabilities and charges

	12/31/2013	2014 provisions	2014 reversals (provision used/ reclassified)	2014 reversals (provision not used)	12/31/2014	2015 provisions	2015 reversals (provision used/ reclassified)	2015 reversals (provision not used)	12/31/2015
Pension benefits <sup>(1)</sup>	14,381	1,863			16,244	2,338			18,582
Foreign exchange risk	5,166	4,680	5,165		4,681	4,423	4,681		4,423
Other	616	562	312	518	348	384	46		686
<b>TOTAL</b>	<b>20,163</b>	<b>7,105</b>	<b>5,477</b>	<b>518</b>	<b>21,273</b>	<b>7,145</b>	<b>4,727</b>	<b>0</b>	<b>23,691</b>

(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, 2015.

The main actuarial assumptions applied to assess the provision for pension benefits are as follows:

Discount rate

Starting in 2010, the Bloomberg rate curve is applied, using the discount rate for "first-tier" companies.

Turnover rate

Rate tables applied are established from internal statistical data from recent years, using the following analysis axes: status and age of employee.

Wage growth rate

The wage growth rate used to calculate the liability at December 31, 2015 is 2.5%.

Mortality rate

The tables used for mainland France are adjusted tables TH 00-02 and TF 00-02.

## Note 11 Payables by due date

	2015				2014
	Gross amount	1 year maximum	Between 1-5 years	More than 5 years	Gross amount
Borrowing and debts for 1 year maximum at outset	17,193	17,193	0	0	14,177
Borrowing and debts for more than 1 year at outset <sup>(1)</sup>	304,110	8,522	293,888	1,700	48,819
Miscellaneous financial debt and borrowing	844	844	0	0	878
Trade payables	42,016	42,016	0	0	27,900
Staff costs and related payables	17,365	16,087	0	1,278	15,384
Social security and related liabilities	8,461	8,461	0	0	7,300
State: Income tax	10	10	0	0	53
State: VAT	0	0	0	0	-
State: other taxes and similar payments	135	135	0	0	22
Debt on fixed assets and related accounts	2,173	2,173	0	0	5,551
Group and associates	39,880	39,880	0	0	31,852
Other debt	1,148	1,148	0	0	1,841
Deferred income	3,319	967	0	2,352	4,175
<b>TOTAL</b>	<b>436,654</b>	<b>137,436</b>	<b>293,888</b>	<b>5,330</b>	<b>157,952</b>

(1) The acquisition of Mallinckrodt's CMDS business was financed by debt.

## Note 12 Accrued income and expenses

	2015	2014
<b>ACCRUED INCOME</b>		
Receivables from controlled entities	-	-
Trade receivables	1,741	-
Other receivables	22,784	4,281
Banks and financial institutions	19	51
<b>TOTAL</b>	<b>24,544</b>	<b>4,332</b>
<b>EXPENSES PAYABLE</b>		
Financial debt and borrowing	410	31
Trade accounts payable	18,930	12,605
Debt on fixed assets	-	-
Tax and employment-related liabilities	20,336	17,593
Other debt	723	1,565
Accrued overdraft interest	127	60
<b>TOTAL</b>	<b>40,526</b>	<b>31,854</b>

## Note 13 Revenue by geographic region

	2015	2014
France and overseas departments and territories	110,219	126,066
Europe (except France)	110,202	96,416
<b>EUROPE INCLUDING FRANCE</b>	<b>220,422</b>	<b>222,482</b>
Asia	31,715	29,821
Latin America	18,084	15,827
North America	12,564	6,989
Other countries	18,119	12,086
<b>TOTAL</b>	<b>300,903</b>	<b>287,205</b>

## Note 14 Operating subsidies

The 2015 innovation aid amounting to €246,000 corresponds to the closing of the Gallimed project.

In December 2008, the aid request for the French-German "Iseult" research project, filed with Oséo, was approved by the European Commission. The aid agreement foresees financing of half of the expenses incurred, including 39% in the form of repayable advances, and 61% in the form of a grant. An amendment signed with Oséo extends the duration of the project by two years and modifies the conditions of financial return if a product resulting from the project is marketed.

At December 31, 2015, 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 "Other current financial liabilities";

- ◆ €5.1 million in repayable advances received from 2008-2015 and recognized in "Non-current financial debts".

There was no impact recognized in the 2015 income statement.

June 2015 saw the approval of the aid request for the collaborative research and development project named "Hecam", filed with BPI France.

At December 31, 2015, the following were recognized in connection with this consortium agreement:

- ◆ €381,000 in subsidies paid in advance upon signature of the contract in June 2015, and recognized in "Other current financial liabilities";
- ◆ €650,000 of repayable advances received upon signature of the contract in June 2015 and recognized in "Non-current financial debts".

There was no impact recognized in the 2015 income statement.

## Note 15 Other income

N/A.

## Note 16 Staff costs

	2015	2014
Salaries and wages	(47,770)	(44,189)
Social security charges	(22,313)	(21,351)
<b>TOTAL</b>	<b>(70,083)</b>	<b>(65,540)</b>

## Note 17 Financial income

	2015	2014
Dividends	3,595	3,232
Interest	(1,137)	(1,225)
Net currency gains/losses	(894)	567
Net provision for equity investments	1,935	908
Other	(207)	568
<b>TOTAL</b>	<b>3,292</b>	<b>4,050</b>

## Note 18 Non-recurring income

	2015	2014
Net charge for regulated provisions	(10,900)	(5,905)
Net income on disposal of fixed assets	(1,337)	(429)
Other	(11)	86
<b>TOTAL</b>	<b>(12,248)</b>	<b>(6,248)</b>

## Note 19 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 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 €28.35 million in 2015. The tax expense for the tax consolidation group comes to €7.15 million after allocation of tax credits, including the research tax credit of €3.54 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 €2.8 million.

The tax expense or income appearing on the income statement breaks down as follows:

	2015	2014
Group tax income or (expense)	(7,150)	(1,957)
Tax expense from consolidated subsidiaries	2,259	1,034
Tax savings reallocated to consolidated subsidiaries	(648)	(438)
Other tax expenses	(118)	(253)
<b>TAX INCOME OR (EXPENSE) FOR THE GROUP PARENT COMPANY</b>	<b>(5,657)</b>	<b>(1,614)</b>

Tax income or expense from the Group parent company breaks down as follows:

	2015	2014
Corporate tax on current income <sup>(1)</sup>	(10,460)	(4,180)
Corporate tax on non-recurring income	4,654	2,374
Other tax expenses	149	192
<b>TAX INCOME OR (EXPENSE) FOR THE GROUP PARENT COMPANY</b>	<b>(5,657)</b>	<b>(1,614)</b>

(1) Including Research Tax Credit of €2.89 million.

## Non-deductible charges referred to in Article 39-4 of the French General Tax Code

Charges of this type incurred by Guerbet in 2015 correspond to depreciation of passenger cars in the amount of €137,000.

### Note 20 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).

	2015	2014
Net deferred taxes from temporary differences (prepaid taxes)	14,897	8,275
Deferred taxes on Shareholders' equity (taxes due)	21,213	18,882

These deferred taxes were calculated at a rate of 33 1/3% increased by the social contribution. In 2014, an exceptional contribution was added to this rate.

### Note 21 Impact of the application of tax statutes on income for the fiscal year

In order to take advantage of certain tax provisions, the company must recognize some entries on the income statement (non-recurring income) that do not have the status of accounting income or expenses.

	2015	2014
Pre-tax income	4,910	15,259
Allowance or reversal net of regulated provisions and accelerated depreciation	(10,900)	(5,904)
Adjusted income before taxes	15,810	21,163

## Note 22 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.

	2015	2014
<b>FINANCIAL FIXED ASSETS</b>		
Investments	326,128	56,412
Receivables from controlled entities	-	-
<b>CUSTOMERS</b>	<b>5,127</b>	<b>3,910</b>
<b>RECEIVABLES</b>		
Other receivables	20,402	2,766
Financial current accounts	58,289	40,874
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>-</b>	<b>-</b>
<b>DEBT</b>		
Miscellaneous financial debt and borrowing	-	-
Trade payables	1,132	3,185
Debt on fixed assets	-	-
Other debt	-	-
Financial current accounts	39,880	31,852
Deferred income	0	270
<b>OPERATING INCOME</b>		
Sale of goods	166,126	133,686
Services	6,365	6,798
Other income	23,499	4,269
<b>OPERATING EXPENSES</b>		
Purchases of goods and raw materials	(39,182)	(31,996)
Purchases of materials not held in inventory, other services	(17,053)	(27,290)
Taxes and duties	-	-
<b>FINANCIAL INCOME</b>		
Dividends	3,575	3,212
Other interest and similar income	240	259
Provision reversals and expense transfers	-	-
Foreign exchange gains	-	-
<b>FINANCIAL EXPENSES</b>		
Amortization and provisions	-	-
Interest and similar expenses	(172)	(154)
Write-offs	-	-
Foreign exchange losses	-	-
<b>NON-RECURRING EXPENSES</b>		
Depreciation, amortization and provisions	-	(1)
Write-offs	-	-

### Write-offs granted to related companies and implemented during the 2015 fiscal year

N/A.

## Note 23 Stock purchase and subscription options

The staff of the company and its subsidiaries benefit from stock options. At December 31, 2015, staff could subscribe to 324,350 shares at a weighted average price of €15.49. The portion for company officers represents 46,080 shares at a weighted average price of €16.05. If all of the stock options are exercised, the total number of shares would be 12,667,824 for a nominal amount of €12,667,824. These new shares would represent an increase in Shareholders' equity of €7,540,352. Potential dilution of Shareholder's equity is thus 2.56%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, are €2.07 for the 2015 fiscal year.

### Summary statement of stock option plans

Grant date	Plan of 10/17/2011	Plan of 11/23/2011	Plan of 02/20/2012
Date of tax availability	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	-
◆ Of which Brigitte Gayet	1,480	-	-
Subscription or purchase price	€15.40	€16.08	€15.38
Plan expiry date	10/16/2021	11/22/2021	02/20/2022
Number of options exercised	131,890	3,400	-
Number of options cancelled	124,000	-	2,000
Number of options remaining	274,950	44,600	4,800

## Note 24 Items that could generate market risk

The fair value of cash instruments is -€124,000 for currency hedging and -€424,000 for interest rate hedging.

Concerning foreign exchange risk management, Guerbet implemented 55 forward foreign exchange contracts over the year, notably in US Dollar, Japanese Yen and British Pound. At December 31, 2015, the following three contracts were in effect with an equivalent value of €13.69 million.

Date of establishment	Date of expiry	Type	Spot rate	Hedging rate	Amount (in €)	Amount (in foreign currency)	Fair value
12/02/2015	03/04/2016	JPY Swap buy	130.885	130.895	6,875,740	900,000,000	(10,872)
12/16/2015	01/28/2016	JPY Swap sell	133.44	133.437	5,995,338	800,000,000	(107,938)
12/16/2015	01/28/2016	GBP Swap buy	0.7286	0.7294	822,593	600,000	(5,513)

Concerning interest rate risk management, there were six contracts in effect at December 31, 2015, with a total value of €28.20 million:

Date of establishment	Date of expiry	Contract type	Guerbet position	Benchmark indexes	Contract rate	Fair value (in €)	Notional amount (in €)
03/29/2011	03/29/2018	Swap	Buy	3-month Euribor	2.7750%	(255,922)	6,910,714
07/09/2014	06/30/2017	Swap	Buy	3-month Euribor	0.7250%	(113,273)	15,112,500
11/04/2011	11/08/2016	Swap	Buy	3-month Euribor	1.435%	(19,759)	2,000,000
11/10/2011	11/14/2016	Swap	Buy	3-month Euribor	1.4525%	(20,022)	2,000,000
06/30/2011	07/04/2016	Swap	Buy	3-month Euribor	2.2950%	(9,057)	750,000
12/09/2009	12/12/2016	Cap	Buy	3-month Euribor	2.53%	(6,201)	1,428,571

## Note 25 Compensation allocated to company officers

	2015	2014
Compensation allocated to company officers	893	797

This is compensation paid in accordance with their role as company officers, in their salaried status.

## Note 26 Average workforce during the year

	2015	2014
Workers, employees	219	186
Technicians, supervisors	407	389
Executives	260	242
<b>TOTAL AVERAGE WORKFORCE</b>	<b>886</b>	<b>817</b>

## Note 27 Off-balance-sheet commitments

	2015	2014
Sureties, deposits, and other commitments given to third parties on behalf of related companies	18,237	9,450
Sureties and deposits given to third parties and other commitments	46,794	1,586
Debts transferred <i>via</i> securitization	-	-
Fixed and moveable leasing commitments including license fees:	119	249
♦ of less than 1 year	119	130
♦ between 1 and 5 years	-	119
♦ more than 5 years	-	-
Outstanding secured debt	-	-
<b>TOTAL</b>	<b>65,151</b>	<b>11,285</b>

	Lease-financing payments made in 2015	Lease-financing payments made in 2014
On fixed leases	-	-
On moveable leases	130	130
<b>TOTAL</b>	<b>130</b>	<b>130</b>

Financial items related to leased fixed and moveable assets are as follows:

	2015	2014
Value of fixed and moveable assets	588	588
Provisions for amortization if the assets had been acquired by the company	76	72
Residual value of assets at the end of the contract	-	-

For 2015, the details of these lease financing assets by type breaks down as follows:

	Acquisition cost	Fiscal year allowances for amortization	Cumulative allowances for amortization	Net value
Land	-	-	-	-
Buildings	-	-	-	-
Technical facilities, equipment and tooling	588	76	298	290
<b>TOTAL</b>	<b>588</b>	<b>76</b>	<b>298</b>	<b>290</b>

## Note 28 Other information

1. The Tax Credit for Competitiveness and Employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi*), which represented a receivable of €1,364,000 at December 31, 2014, was fully used when the 2014 corporate tax was paid in 2015.

For 2015 and 2014 its amount is equal to 6% 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 2015 fiscal year, i.e. €706,000, to pay corporate tax in 2016.

The purpose of the tax credit is to finance improvements in companies' competitiveness.

The company used the funds in 2015 particularly for spending on investment, research and training.

2. Statutory Auditors' fees paid by Guerbet during the 2015 fiscal year appear in note 30 of the notes to the consolidated financial statements.

## Note 29 Post-closing events

N/A.

## List of subsidiaries and controlled entities

Detailed information on each subsidiary and controlled entity (in €'000s)	Share capital	Shareholders' equity except for share capital and income	Share of equity held as %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue from products	Dividends	Income from last fiscal year elapsed
<b>A – SECURITIES OF GROSS VALUE EXCEEDING 1% OF GUERBET'S SHARE CAPITAL</b>										
<b>SUBSIDIARIES</b>										
Simafex (France)	1,280	21,492	100	1,224	1,224		117	23,264	1,000	1,957
Medex (France)	180	(4,995)	100	3,000	-	11,449	703	17,594		705
Guerbet S.p.A. (Italy)	500	5,405	99.9	500	500	7,132	2,000	16,246		(5)
SA Guerbet NV (Belgium)	541	11,991	99.78	379	379			21,193		889
Martins & Fernandes (Portugal)	410	108	100	1,224	594	2,168	200	3,169		27
Guerbet GmbH (Germany)	511	22,640	100	19,962	19,962			56,876		4,137
Laboratorios Farmaceuticos Guerbet (Spain)	781	1,692	100	790	790	2,642		10,464		656
Guerbet Austria GmbH (Austria)	73	1,787	100	146	146			3,902		312
Guerbet AG (Switzerland)	370	3,954	100	304	304			25,966	2,135	2,138
Guerbet A.S. (Turkey)	1,653	(23)	99.99	2,009	1,693	2,528	2,130	8,497		479
Guerbet Korea Ltd (Korea)	5,876	(3,539)	100	8,202	6,186		8,042	22,083		(65)
Guerbet Taiwan (Taiwan)	178	312	100	191	191	20	1,534	5,220		838
Guerbet Japan KK (Japan)	1,499	(2,800)	100	1,951	-	12,300		15,825		744
Guerbet LLC (USA)	22,547	(516)	100	22,838	22,838	7,532	602	26,967		839
Guerbet Mexicana (Mexico)	3,723	(1,058)	100	3,600	2,879		39	3,119		706
Guerbet Produtos Radiologicos (Brazil)	11,228	12,121	100	11,197	11,197			36,890		4,837
Mallinckrodt Ireland Ltd (Ireland)	42,308	(14,131)	100	222,522	222,522			4,830		2,010
Liebel Flarsheim Sarl (Lux Newco) (Luxembourg)	13	127	100	368	368			0		1,049
MNK Do Brasil, Ltda. (Brazil)	353	5,378	100	6,530	6,530			1,896		(126)
MNK Australia Pty. (Australia)	1,159	543	100	1,581	1,581			490		9
Comercializadora Mallinckrodt Chile Limitada (Chile)	NS	438	100	437	437			528		38
MNK Sverige AB (Sweden)	5	1,110	100	1,250	1,250			282		19
Mallinckrodt (PTY) Ltd (South Africa)	236	724	100	787	787			364		32
Mallinckrodt AG (Switzerland)	83	11,169	100	13,791	13,791			13,398		163
Mallinckrodt Panama Distribution SA (Panama)	NS	(5,073)	100	NS	NS			807		297
MNK Panama SA (Panama)	NS	897	100	1,022	1,022			41		2
<b>CONTROLLED ENTITIES</b>	-	-	-	-	-	-	-	-	-	-

Detailed information on each subsidiary and controlled entity (in €'000s)	Share capital	Shareholders' equity except for share capital and income	Share of equity held as %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue from products	Dividends	Income from last fiscal year elapsed
<b>B – SECURITIES OF GROSS VALUE NOT EXCEEDING 1% OF GUERBET'S SHARE CAPITAL</b>										
<b>SUBSIDIARIES</b>										
Abarem (France)	1	1	100	1	1					2
Abalux (France)	1	1	100	1	1					2
Guerbet France (France)	2	439	100	2	2	7,708	23	46,547	440	1,904
Guerbet Nederland BV (Netherlands)	91	2,951	100	92	92	289		11,132		284
Guerbet Laboratories Ltd (England)	12	1,632	100	13	13	4,020	40	10,495		767
Guerbet Asia Pacific Ltd (Hong Kong)	N.S.	7,674	100	N.S.	N.S.			35,784		1,579
Mallinckrodt SP. Z.o.o. (Poland)	8	(51)	100	106	106			52		(5)
<b>CONTROLLED ENTITIES</b>										
Investments in French companies	N.A.									
		allocated to company officers		108	108				20	N.S.
		N.A.								

General information on all subsidiaries and controlled entities	Subsidiaries		Controlled entities	
	French	Foreign	French	Foreign
Book value of securities held:				
◆ Gross	4,228	321,792	108	-
◆ Net	1,228	316,158	108	-
Amount of loans and advances granted	19,157	38,631	-	-
Amount of deposits and sureties granted	843	14,587	-	-
Amount of dividends received	1,440	2,135	20	-

In the interest of consistency, Shareholders' equity and income from subsidiaries are presented in IFRS standards. For subsidiaries outside the euro zone, capital, Shareholders' equity and income were converted at the closing rate at December 31, 2015.

## 6.4 Statutory Auditors' report on the annual financial statements

To the Shareholders,

Under the terms of the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended December 31, 2015, concerning:

- ◆ the audit of the consolidated financial statements of Guerbet, as attached to the present report;
- ◆ the justification of our assessments;
- ◆ the specific information and verifications provided for by the law.

The annual statements were approved by the Board of Directors. It is our responsibility to express an opinion on these statements on the basis of our audit.

### I. Opinion on the annual statements

We have conducted our audit in accordance with professional standards applicable in France. These standards require that we carry out the necessary procedures in order to obtain reasonable assurance that the annual financial statements contain no significant anomalies. An audit involves examining, through spot checks or other selection methods, the evidence that supports the amounts and disclosures in the annual financial statements. It also consists of assessing the accounting principles used, the significant estimates adopted, and the overall presentation of the statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion. We hereby certify that the annual financial statements, in accordance with French rules and accounting principles, give a true and fair view of operating income for the past year and of the assets, liabilities and financial position of the company at the end of the year.

### II. Justification of assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby draw your attention to the following information:

- ◆ Each year, the company assesses the value in use of its investments and holdings using the method described in note d) to the annual financial statements concerning accounting methods and rules. Our work has consisted in evaluating the data on which these estimates are based, in reviewing the calculations made by the company, and in reviewing the procedure for Management approval of these estimates. On this basis we proceeded to assess the reasonableness of these estimates.

The assessments thus made are part of our audit approach for the consolidated financial statements taken as a whole, and have thus contributed to forming our opinion expressed in the first part of this report.

### III. Specific information and verifications

We have also, in accordance with professional standards applicable in France, performed the specific verifications required by law.

We have no remarks to make concerning their fairness and their consistency with the annual financial statements provided in the management report of the Board of Directors and in the documents sent to Shareholders on the financial situation and the annual statements.

Regarding the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits paid to company officers, and on commitments made in their favor, we have verified their consistency with the financial statements or with the data used to establish the statements, and, when applicable, with the information collected by your company from companies controlling or controlled by your company. On the basis of this work we affirm the accuracy and fairness of this information.

In accordance with the law, we have ensured that various information regarding the identity of capital holders and voting rights has been communicated to you in the management report.

Paris and Neuilly-sur-Seine, April 21, 2016

The Statutory Auditors

**HAF Audit & Conseil**  
Member of Crowe Horwath International

Olivier Grivillers

**Deloitte & Associés**

Frédéric Souliard

## 6.5 Special report of the Statutory Auditors on regulated commitments and agreements

To the Shareholders,

As the Statutory Auditors of your company, we hereby present to you our report on regulated commitments and agreements.

It is our duty to convey to you, on the basis of the information that was provided to us, the essential features and conditions, and the explanations of the advantages for the company, of the agreements and commitments of which we have been informed or that we may have discovered in the course of our work, without ruling on their usefulness or their justification, or seeking to identify other commitments and agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the interest in concluding these agreements and commitments with a view to their approval.

Furthermore, it is our responsibility, where applicable, to convey to you the information provided for in Article R. 225-21 of the French Commercial Code relating to the execution, during the past year, of the commitments and agreements already approved at the Annual General Meeting.

We performed the due diligence that we considered necessary in line with the professional standards of the National Audit Authority for this task. This due diligence consisted in verifying the consistency of the information that was provided to us with the source documents.

### Agreements and commitments subject to approval at the Annual General Meeting

#### Agreements and commitments authorized during the past fiscal year

In accordance with Article L. 225-38 of the French Commercial Code, we have been informed of the following commitments and agreements authorized in advance by the Board of Directors.

#### **Agreements signed with Ms Marie-Claire Janailhac-Fritsch, Chairman of the Board of Directors**

**Type and subject:** Health insurance (mutual) and welfare insurance policy (invalidity, illness and death) taken out by your company for the benefit of Ms Marie-Claire Janailhac-Fritsch.

These agreements were authorized in advance by your Board of Directors, at its meeting on March 11, 2015.

**Terms:** This health insurance and welfare insurance policy are the same as those from which Guerbet's employees benefit and have been taken out under the same conditions, in terms of both the cover offered and the financial terms.

**Amount:** The contributions paid by Guerbet in this respect in the 2015 fiscal year amount to €777.24 for the health insurance and €913.47 for the welfare insurance policy.

**Reasons why it is in the company's interests:** Your Board of Directors believed that it was in Guerbet's interests to give the Chairman of the Board of Directors the same health and welfare insurance cover as the other company officers and executives.

### Agreements and commitments already approved at the Annual General Meeting

We inform you that we were not notified of any agreements or commitments previously approved at the Annual General Meeting in prior fiscal years whose execution continued during the past year.

Paris and Neuilly-sur-Seine, April 21, 2016

The Statutory Auditors

**HAF Audit & Conseil**  
Member of Crowe Horwath International  
Olivier Grivillers

**Deloitte & Associés**  
Frédéric Souliard





# Annual General Meeting on May 27, 2016

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## 7.1 Agenda

### Ordinary agenda

1. Reports of the Board of Directors and of the Chairman of the Board of Directors.
  - Reports of the Statutory Auditors on the parent company and consolidated financial statements for 2015.
  - Approval of parent company and consolidated financial statements for 2015.
  - Report of the Statutory Auditors, established in accordance with Article L. 225-235 of the French Commercial Code, relating to the report of the Chairman of the Board of Directors, and internal control procedures and risk management procedures regarding the production and processing of financial and accounting information.
  - Discharge to the members of the Board of Directors and the Statutory Auditors regarding the fulfilment of their duties for the past year.
2. Appropriation of income and dividend distribution.
3. Special report of the Statutory Auditors on the agreements in Articles L. 225-86 and L. 225-38 of the French Commercial Code and approval of said agreements.
4. Setting of Directors' attendance fees.
5. Advisory vote: Compensation for the term of Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors.
6. Advisory vote: Compensation for the term of Yves L'Épine as CEO.
7. Advisory vote: Compensation for the term of Brigitte Gayet as Deputy CEO.
8. Appointment of Nicolas Louvet as a member of the Board.
9. Reappointment of the company HAF Audit & Conseil as co-Statutory Auditor.
10. Appointment of the company Étoile Audit & Conseil as alternate co-Statutory Auditor.
11. Authorization to be granted to the Board of Directors to buy and sell shares of the company.

### Extraordinary agenda

12. Authorization to be given to the Board of Directors to grant bonus share allotments.
13. Capital increase reserved for employees in accordance with Article L. 225-129-6 of the French Commercial Code.

### Ordinary agenda

14. Powers for formalities.

## 7.2 Resolutions

### Ordinary agenda

#### First resolution

##### Approval of the parent company and consolidated financial statements for the fiscal year ended December 31, 2015 and discharge to members of the Board and to the Statutory Auditors

The Shareholders at the Annual General Meeting, after presentation of the reports of the Board of Directors and its Chairman, and having consulted the reports of the Statutory Auditors, approve the parent company and consolidated financial statements for the 2015 fiscal year as presented.

Accordingly, the Shareholders approve the operations evidenced by these accounts or summarized in these reports and discharge the members of the Board of Directors, as well as the Statutory Auditors, for their terms of office in the past year.

#### Second resolution

##### Appropriation of income and dividend distribution

The Shareholders at the Annual General Meeting, after noting that the statements for 2015 show net income of (€746,574.61), approve the proposals of the Board of Directors for the appropriation of income and the following dividend distribution:

(in €)	
Net income	(746,574.61)
Positive retained earnings	72,488,166.45
<b>TOTAL TO BE APPROPRIATED</b>	<b>71,741,591.84</b>
Legal reserve	-
<b>TOTAL DISTRIBUTABLE</b>	<b>71,741,591.84</b>
Statutory dividend	740,608.44
Supplemental dividend	7,282,649.66
<b>TOTAL NET DIVIDEND</b>	<b>8,023,258.10</b>
<b>BALANCE APPROPRIATED TO RETAINED EARNINGS</b>	<b>63,718,333.74</b>

Accordingly, the Annual General Meeting sets the dividend for this fiscal year at €0.65 per share. The dividend will be paid from June 8, 2016 and will apply to the 12,343,474 shares making up the company's share capital.

In accordance with Article 158 of the French General Tax Code, individuals resident in France for tax purposes are eligible for a 40% tax rebate on this dividend.

It is specified that, for payment of the dividend, the company's holding of treasury shares will be taken into account if necessary, and the distributable profits, corresponding to the dividend not paid because of said treasury shares, will be appropriated to retained earnings.

As a reminder, in accordance with the law, the amounts of the dividends paid for the previous three years were as follows:

Year	Total amount distributed	Gross dividend per share <sup>(1)</sup>	Tax rebate <sup>(2)</sup>
2012	€6,100,092.00	€2.00	€0.80
2013	€6,100,092.00	€0.50	€0.20
2014	€6,104,092.00	€0.50	€0.20

(1) Before taxes and social security contributions.

(2) For individuals resident in France for tax purposes.

#### Third resolution

##### Special report of the Statutory Auditors on the agreements in Articles L. 225-86 and L. 225-38 of the French Commercial Code and approval of said agreements

The Shareholders at the Annual General Meeting, after having been read the special report of the Statutory Auditors on the agreements referred to in Articles L. 225-86 and L. 225-38 of the French Commercial Code, and giving their decision on this report, approve the agreements mentioned therein.

#### Fourth resolution

##### Setting of Directors' attendance fees

The Shareholders at the Annual General Meeting set €225,000 as the maximum total amount of Directors' attendance fees for the fiscal year ended December 31, 2015.

#### Fifth resolution

##### Advisory vote: Compensation for the term of Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, and in accordance with the provisions of paragraph 24.3 of the Afep-Medef code of corporate governance, approve the compensation due or awarded to Marie-Claire Janailhac-Fritsch for her term as Chairman of the Board of Directors for the fiscal year ended December 31, 2015.

#### Sixth resolution

##### Advisory vote: Compensation for the term of Yves L'Épine as CEO

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, and in accordance with the provisions of paragraph 24.3 of the Afep-Medef code of corporate governance, approve the compensation due or awarded to Yves L'Épine for his term as CEO for the fiscal year ended December 31, 2015.

## Seventh resolution

### Advisory vote: Compensation for the term of Brigitte Gayet as Deputy CEO

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, and in accordance with the provisions of paragraph 24.3 of the Afep-Medef code of corporate governance, approve the compensation due or awarded to Brigitte Gayet for her term as Deputy CEO for the fiscal year ended December 31, 2015.

## Eighth resolution

### Appointment of Nicolas Louvet as a member of the Board

The Shareholders at the Ordinary Annual General Meeting appoint, with immediate effect, Nicolas Louvet, residing at 15, rue Geneviève-Couturier, 92500 Rueil-Malmaison, as a Director of the company, for a six-year period that will end at the Ordinary Annual General Meeting of Shareholders to be held in 2022 to deliberate on the financial statements for the fiscal year ending December 31, 2021.

## Ninth resolution

### Reappointment of the company HAF Audit & Conseil as co-Statutory Auditor

The Shareholders at the Ordinary Annual General Meeting decide to reappoint the company HAF Audit & Conseil, whose head office is at 15, rue de la Baume, 75008 Paris, as Statutory Auditor, for six years that will end at the Ordinary Annual General Meeting of Shareholders to be held in 2022 to deliberate on the financial statements for the fiscal year ending December 31, 2021.

## Tenth resolution

### Appointment of the company Étoile Audit & Conseil as alternate co-Statutory Auditor

The Shareholders at the Ordinary Annual General Meeting decide to appoint the company Étoile Audit & Conseil, whose head office is at 15, rue de la Baume, 75008 Paris, registered with the Paris Trade and Companies Register under number 539 993 493, as alternate co-Statutory Auditor, replacing the company Becouze, whose term has expired, for a six-year period, *i.e.* until the end of the Ordinary Annual General Meeting of Shareholders to be held in 2022 to deliberate on the financial statements for the fiscal year ending December 31, 2021.

## Eleventh resolution

### Authorization to be granted to the Board of Directors to buy and sell shares of the company

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, authorizes the Board of Directors, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to have the company buy its own shares.

This authorization is granted to allow, if necessary:

- ◆ the award of shares to employees and/or executive management of the company (in the conditions and according to the procedures foreseen by law), notably for a stock option scheme, a bonus share allotment scheme, or a company savings plan;
- ◆ the purchase of shares to place in reserves for future use as payment or exchange for M&A operations as a practice accepted by the AMF (French Financial Market Authority);
- ◆ market-making or support for the share's liquidity through a market-maker under a liquidity agreement that complies with the code of ethics of the AMAFI (the French association of securities industry and financial market professionals) recognized by the AMF.

Purchases, sales, or transfers described above can be made by any means in accordance with the laws and regulations in force, including by using financial derivatives and by block purchases or sales.

These transactions can take place at any time, including during public offerings of the company's shares, provided said offering is settled in full in cash and subject to the abstention periods provided for by applicable laws and regulations.

The Shareholders at the Annual General Meeting set the maximum number of shares that can be acquired under the present resolution at 5% of the company's share capital on the date of the present Meeting, which corresponds to 617,173 shares of par value €1. It is further specified that, for the application of the present authorization, the number of treasury shares must be taken into consideration so that the company remains permanently within the limit of a number of treasury shares equal to 10% of the company's share capital at most.

The maximum purchase price is set at €85 and the minimum purchase price is set at €40. Furthermore, the Shareholders decide that the total amount dedicated to these purchases shall not exceed, on the basis of 617,173 shares, the amount of €52,459,705.

In the event of a capital increase through the capitalization of premiums, reserves, profits or other, in the form of an allotment of bonus shares during the period of validity of this authorization, as well as in case of a stock split or reverse stock split, the above prices will be adjusted based on the ratio between the number of shares issued and outstanding before the transaction and after the transaction.

The Shareholders grant to the Board of Directors, along with the ability to delegate in the conditions provided for by law, all of the necessary powers to:

- ◆ decide upon the implementation of the present authorization, in accordance with statutory provisions;
- ◆ place any stock market orders, and enter into any agreements, notably for keeping registers of share purchases and sales, in compliance with applicable financial market regulations;
- ◆ make all declarations and carry out all other formalities and, in general, do all that is necessary.

The Board of Directors will inform the Shareholders at the Ordinary Annual General Meeting of all transactions carried out under this resolution.

This authorization is given for a period of 18 months starting from the date of this Meeting. It supersedes and replaces the authorization previously given under the ninth resolution of the Annual General Meeting on May 29, 2015.

## Extraordinary agenda

### Twelfth resolution

**Authorization to be granted to the Board of Directors to allot bonus shares, in the form of existing or new shares, to employees, or some of them, and eligible company officers, or some of them, of the Guerbet Group, legally entailing, in the event of the allotment of new shares, the waiving by Shareholders of their pre-emptive right to subscribe for the new shares**

The Shareholders at the Annual General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having examined the report of the Board of Directors and the special report of the Statutory Auditors:

- ◆ authorize the Board of Directors, in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, with the right to sub-delegate under the conditions provided for by law, to allot bonus shares, in the form of existing or new company shares, on one or more occasions, to members of the salaried staff, or some of them, and eligible company officers, or some of them, of the company and the French or foreign companies that are associated with it, under the conditions referred to in Article L. 225-197-2 of the French Commercial Code;
- ◆ decide that the total number of bonus shares allotted by virtue of this authorization may not represent more than 2% of the share capital; this ceiling will be raised, where applicable, by the nominal amount of the additional shares to be issued, if there are further financial operations, to preserve, in accordance with the law or any applicable contractual stipulations, any rights held by the beneficiaries of the bonus share allotments;
- ◆ decide that any allotment may be subject to the meeting of one or more performance conditions set by the Board of Directors;
- ◆ decide that the granting of said shares to their beneficiaries will only be permanent after a minimum period of two years following the Board of Directors' decision to allot them, except in the exceptional cases determined by the Board of Directors, in which cases the shares will be permanently vested immediately.

For company officers, the Board of Directors may, under the conditions provided for by law, impose clauses banning the sale of any bonus shares allotted before the termination of their office, or set the quantity of these shares to be kept in registered form until the termination of their office;

- ◆ grant full powers to the Board of Directors within the limits above to:
  - determine whether the bonus shares allotted are new or existing shares and, where applicable, change their decision before the shares' permanent allotment,
  - draw up the list of beneficiaries, or the category or categories of beneficiaries of bonus share allotments and determine the number of shares to be allotted to each of them,
  - set the conditions for the allotment of bonus shares. These conditions may include collective and/or individual performance

criteria and, where applicable, the criteria for the allotment of shares, and especially the minimum vesting period for each beneficiary and, where applicable, the minimum lock-in period, under the conditions provided for above,

- provide for the right to temporarily suspend allotment rights,
- record the permanent vesting dates and the dates after which the shares may be freely sold, particularly bearing in mind the legal restrictions and rules set out above,
- register the bonus shares allotted in an account in the name of their holder, stating their unavailability and the length of the lock-in period, and release the shares in any circumstances in which the releasing of the shares is permitted by the applicable regulations and this resolution,
- determine and carry out any adjustments to the number of bonus shares allotted to preserve the rights of beneficiaries of allotments of bonus shares that have not yet been permanently vested, as required by any operations involving the company's share capital or Shareholders' equity, and especially in the event of a change in the share's par value, a capital increase through the capitalization of reserves, a share allotment, the issuing of new shares with a pre-emptive subscription right, a stock split or reverse stock split, the distribution of reserves, issue premiums or any other assets, a capital amortization, a change in the distribution of profits through the creation of preferred shares, or any other operation involving the share capital or Shareholders' equity. Note that shares allotted in keeping with these adjustments will be deemed to have been allotted on the same day as the shares initially allotted,
- if new shares are allotted, deduct, where applicable, from the reserves, profits or issue premiums, the sums necessary to pay for said shares, and draw from this amount the sums required to bring the legal reserve up to a tenth of the new share capital after each increase, record the carrying out of capital increases in accordance with this resolution, make the corresponding amendments to the articles of association and, generally speaking, complete all the actions and formalities necessary to ensure the permanence of any capital increases that may be carried out by virtue of this resolution permanent, and do whatever is necessary;
- ◆ note that, if new shares are allotted, as said shares are permanently vested, this authorization will entail a capital increase through the capitalization of reserves, profits or issue premiums for the benefit of the beneficiaries of said shares, and the corresponding waiving by the Shareholders, in favor of the beneficiaries of said shares, of their pre-emptive subscription right in relation to said shares and the portion of the reserves, profits or premiums that will be capitalized as a result of this allotment;
- ◆ set the validity period of this authorization, which supersedes and replaces any prior authorization with the same object, at thirty-eight (38) months from the date of this Meeting;
- ◆ note the fact that, should the Board of Directors use this authorization, the Board of Directors will report to the Ordinary Annual General Meeting on the operations carried out by virtue of the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code, under the conditions provided for by Article L. 225-197-4 of said Code.

## Thirteenth resolution

### Capital increase reserved for employees in accordance with Article L. 225-129-6 of the French Commercial Code

The Shareholders at the Annual General Meeting, deliberating under the quorum and majority conditions for Extraordinary General Meetings, having examined the report of the Board of Directors and, in accordance with the provisions of the French Commercial Code, and particularly Articles L. 225-129-6 and L. 225-138, and Articles L. 3332-18 *et seq.* of the French Labor Code:

- ◆ delegate to the Board of Directors the powers necessary to increase the share capital, on one or more occasions, at its own discretion, through share issues reserved, directly or through a company mutual fund, for members of a company savings plan open to employees of the company and the companies associated with it, under the conditions provided for by the laws in force, and that also meet any conditions set by the Board of Directors;
- ◆ therefore decide to eliminate the pre-emptive subscription right allotted to Shareholders by Article L. 225-132 of the French Commercial Code for the benefit of said beneficiaries;
- ◆ set at twenty-six (26) months the validity period of this authorization starting from the date of this Annual General Meeting;
- ◆ decide to set at €246,869 the maximum nominal amount of the shares that may be thus issued, *i.e.* 2% of the share capital;
- ◆ decide, in accordance with Article L. 3332-19 of the French Labor Code, that the price may not be either higher than the average of the prices quoted during the twenty trading sessions preceding the date of the decision setting the subscription start date, or more than 20% lower than this average;
- ◆ decide that the Board of Directors will have full powers to implement this authorization, with the right to sub-delegate, under the conditions set by law and the conditions set out above;
- ◆ grant full powers to the Board of Directors to implement this authorization, and to take any measures and complete any formalities required.

## Ordinary agenda

### Fourteenth resolution

#### Powers for formalities

The Shareholders confer all powers on the bearer of the original, an excerpt, or a copy of these minutes to accomplish all formalities including filing, publication, and others.

Your Board of Directors invites you to deliberate on the questions listed in the agenda.

**The Board of Directors**

## 7.3 Reports of the Board of Directors to the Annual General Meeting

### 7.3.1 Advisory vote on compensation for executive company officers serving in 2015: resolutions 5, 6, and 7

The Board of Directors presents to the Shareholders the details of compensation of executive company officers that, in accordance with the provisions of Article 24.3 of the Afep-Medef code of corporate governance, must be subject to an advisory vote by the Shareholders of the company.

Compensation for the executive company officers concerns:

- ◆ Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors;
- ◆ Yves L'Épine as CEO;
- ◆ Brigitte Gayet as Deputy CEO.

We invite you to familiarize yourselves with the compensation details for the company officers in question in the chapter entitled "Corporate governance" in section 2, "Compensation for company officers".

As a reminder, when the Annual General Meeting expresses a negative opinion, the Board of Directors, on the advice of the Appointment and Compensation Committee, must deliberate on the subject and publish a press release on the company website indicating the response that it intends to give to the wishes expressed by the Shareholders at the Annual General Meeting.

**The Board of Directors**

### 7.3.2 Appointment of Nicolas Louvet as a member of the Board: resolution 8

The Board of Directors, following the end of Christian Louvet's term on the Board, has decided to propose the appointment of Nicolas Louvet as a company Director to the Annual General Meeting.

The Shareholders at the Annual General Meeting are asked, in accordance with Article L. 225-18 of the French Commercial Code, to decide on the appointment of Nicolas Louvet, residing at 15, rue Geneviève-Couturier, 92500 Rueil-Malmaison, as a Director, for a term of six years, *i.e.* until

the end of the Annual General Meeting of Shareholders to be held in 2022 to deliberate on the financial statements for the fiscal year ending December 31, 2021.

Nicolas Louvet's application file is available to Shareholders to consult, in the conditions provided for by law.

**The Board of Directors**

### 7.3.3 Authorization granted to the Board of Directors to buy and sell shares of the company: resolution 11

It is requested that the Shareholders decide on authorizing the Board of Directors to buy and sell shares of the company, in accordance with Article L. 225-209 of the French Commercial Code.

This authorization will allow, if necessary:

- ◆ the award of shares to employees and/or executive management of the company (in the conditions and according to the procedures foreseen by law), notably for a stock option scheme, a bonus share allotment scheme, or a company savings plan;
- ◆ the purchase of shares to place in reserves for future use as payment or exchange for M&A operations as a practice accepted by the AMF (French Financial Market Authority);
- ◆ market-making or support for the share's liquidity through a market maker under a liquidity agreement that complies with the AMAFI code of ethics (the French association of securities industry and financial market professionals) recognized by the AMF.

The authorization would extend to a maximum number of shares corresponding to 5% of the company's share capital, which represents 617,173 shares of par value €1. It is further specified that, under this authorization, the maximum number of shares held by the company will be permanently limited to 10% of the company's share capital.

The maximum purchase price would be set at €85 and the minimum purchase price at €40. Thus, the total amount dedicated to these purchases will not exceed, on the basis of 617,173 shares, the amount of €52,459,705.

This authorization would be given for a period of 18 months starting from the day of this Meeting and would replace the authorization previously given under the 12<sup>th</sup> resolution of the Annual General Meeting on May 29, 2015.

**The Board of Directors**

### 7.3.4 Authorization given to the Board of Directors to grant bonus share allotments: resolution 12

It is requested that Shareholders decide on the authorization to be given to the Board of Directors to grant allotments of bonus shares, which may be existing shares or shares to be issued through a capital increase, to employees and executives of the Guerbet Group, in accordance with Article L. 225-197-1 of the French Commercial Code.

The total number of bonus shares allotted may not represent more than 2% of the share capital.

The bonus shares allotted will be permanently vested after a two-year period and may be subject to collective and/or individual performance criteria defined by the Board of Directors.

This authorization would be granted for a period of 38 months starting from the date of the Annual General Meeting.

Full powers would also be granted to the Board of Directors to (i) draw up the list of beneficiaries of bonus share allotments as provided for above; (ii) set the conditions for the allotment and vesting of bonus shares. These conditions may include collective and/or individual performance criteria; and (iii) complete, or ensure the completion of, all the actions and formalities necessary to guarantee the permanence of any capital increases that may be carried out by virtue of the authorization with which this resolution is concerned; amend the articles of association accordingly and, generally, do whatever is necessary.

**The Board of Directors**

### 7.3.5 Authorization granted to the Board of Directors to carry out a capital increase reserved for employees in accordance with Article L. 225-129-6 of the French Commercial Code: resolution 13

In the light of draft resolution 12, and in order to comply with the requirements of Article 225-129-6 of the French Commercial Code, the Shareholders must also decide on a proposed capital increase in favor of employees who are members of the Group Savings Plan. The authorization granted to the Board of Directors to allot bonus shares to be issued in fact entails an obligation to present to the Annual General Meeting a draft resolution allowing a possible capital increase reserved for employees under the conditions provided for by Article L. 3332-1 *et seq.* of the French Labor Code.

We therefore propose to you a draft resolution authorizing the Board of Directors to carry out a capital increase, up to a limit of 2% of the share capital, in favor of employees who are members of the Group Savings

Plan. The Shareholders' pre-emptive subscription right, which you will be asked to waive, will therefore be eliminated. This authorization would be granted for a period of 26 months. The issue price of the shares would be set in accordance with the provisions of Article L. 3332-1 *et seq.*, paragraph 2, of the French Labor Code.

Note that this draft resolution has been proposed purely in accordance with the law, and that the Board of Directors, which has given its opinion on the subject, is not in favor of this type of capital increase, in the context of the plan subject to a vote proposed in resolution 12.

**The Board of Directors**





## Additional information

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### 8.1 Statement by the person responsible for the Registration Document

I affirm, after 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 picture of the evolution of the business, the income, and the financial situation of the company and of all the companies included in the consolidation scope, as well as 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 indicate they have verified the information relative to the financial situation and the statements given in the present document, and have read the entire document.

Villepinte, April 21, 2016  
Yves L'Épine  
Chief Executive Officer

### 8.2 Statutory Auditors

#### 8.2.1 Statutory Auditors

	First mandate	Last renewal	Expiration of mandate
<b>Deloitte &amp; Associés</b> Member of the Deloitte Touche Tohmatsu network, represented by Frédéric Souliard 185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	Annual General Meeting on May 21, 1987	Annual General Meeting on May 27, 2011	Annual General Meeting concerning the 2016 fiscal year
<b>HAF Audit &amp; Conseil</b> Member of the Crowe Horwath International network represented by Olivier Grivillers 15, rue de la Baume 75008 Paris	Annual General Meeting on May 23, 2008	Annual General Meeting on May 21, 2010	Annual General Meeting concerning the 2015 fiscal year

## 8.2.2 Alternate Statutory Auditors

	First mandate	Last renewal	Expiration of mandate
<b>B.E.A.S.</b> represented by Joël Assayah 7-9, Villa Houssay 92524 Neuilly-sur-Seine Cedex	Annual General Meeting on June 3, 2005	Annual General Meeting on May 27, 2011	Annual General Meeting concerning the 2016 fiscal year
<b>Cabinet Becouze</b> Independent member of Crowe Horwath International represented by Sébastien Bertrand 1, rue de Buffon 49100 Angers	Annual General Meeting on May 24, 2013 (replacing Mr Jean- Jacques Becouze)	Not applicable	Annual General Meeting concerning the 2015 fiscal year

## 8.3 Share capital

### 8.3.1 History of the share capital

Event	Date of Management Board/ Board of Directors meeting recording capital increase	Type of capital increase	Number of shares created	Number of shares making up share capital	Share capital (in €)
Capital increase	January 4, 2007		10,199	2,985,518	11,942,072
Capital increase	January 3, 2008		19,051	3,004,569	12,018,276
Capital increase	January 6, 2009	Exercise of stock options	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 <sup>(1)</sup>	Not applicable	Not applicable	12,200,184	12,200,184	12,200,184
Capital increase	March 11, 2015	Exercise of stock options	8,000	12,208,184	12,208,184
Capital increase	February 9, 2016		135,290	12,343,474	12,343,474

(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](http://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, situated 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 Board of Directors 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*). The dissolution date of the company 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 Shareholder Meetings and within the limits of the company's purpose, it concerns itself 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 receive the documents judged useful to 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 attribution of such committees that carry out their activity under its responsibility, without however delegating to these committees the powers that are assigned to the Board of Directors itself by law or the articles of association or 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.

It shall be prohibited, under penalty of nullity of the contract, for Directors other than legal entities to take out, under any form whatsoever, loans from the company, to have it grant them a current account overdraft 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 these 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 articles of association concerning the profits 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 amount of the paid-up and non-redeemed 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 this dividend or interim dividend.

### 8.6.3 Provisions of 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 articles of association

### 8.6.4.1 Company purpose (Article 2)

The company's purpose, in France and every country, is the:

- ◆ administration, governance and management of all companies or businesses, and direct or indirect participation in all operations conducted by these companies or businesses, by all means;
- ◆ research and technical assistance for all companies, particularly in the fields of chemicals and pharmaceuticals;
- ◆ purchase, sale, production, processing and use of all chemical and parachechemical products;
- ◆ purchase, production, operation, sale and distribution of all pharmaceutical products and specialties, and all related accessories, items or services;
- ◆ pharmaceutical and clinical research, as well as production and distribution of all products for pharmacological and clinical trials;

- ◆ creation, deposit, acquisition and direct or indirect operation of all invention patents; acquisition of all licenses and their direct or indirect use;
- ◆ taking a share or interest in all industrial, commercial, financial, investment and property companies and businesses, the creation of all companies, and participation in all capital increases, mergers, splits, mergers/spin-offs and partial asset contributions;
- ◆ acquisition and management of all securities and ownership rights by all means, notably through subscription, contributions, acquisition of shares, shares of founders or beneficiaries of share rights, partnership interests or other types of ownership rights and bonds;
- ◆ and generally, 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 2016 Financial calendar

Event	Date
Publication of 2015 annual revenue	February 10, 2016
Presentation of consolidated financial statements – 2015 fiscal year	April 14, 2016
Publication of first-quarter 2016 revenue	April 27, 2016
Shareholders' Annual General Meeting for the 2015 fiscal year	May 27, 2016
Publication of second-quarter 2016 revenue	July 28, 2016
Presentation of first-half consolidated financial statements on June 30, 2016	September 28, 2016
Publication of third-quarter 2016 revenue	October 24, 2016

Publications concerning revenue are released after the close of Euronext Paris.

Publications concerning income are released before the opening of Euronext Paris.

The Guerbet Group contact for financial information and investor relations is:

**Jean-François Le Martret – Chief Financial Officer**

Telephone: +33 (0) 1 45 91 50 69

Email: [jean-francois.lemartret@guerbet-group.com](mailto:jean-francois.lemartret@guerbet-group.com)

## 8.8 Concordance tables

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## 8.8.2 Annual Financial Report

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*Unofficial translation of the French-language "Document de référence 2015" of Guerbet, for information purposes only.*

This Registration Document was filed with the *Autorité des marchés financiers* (AMF) or Financial Markets Authority on April 21, 2016, in compliance with Article 212-13 of its regulations. It can be used in connection with a financial transaction if it is accompanied by an information memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and its signatories are responsible 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, the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2014, and included in the Registration Document deposited with the AMF on April 10, 2015 under number D.15-0316;
2. the Management Report of the Board of Directors, the consolidated financial statements, the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2013, and included in the Registration Document deposited with the AMF on April 11, 2014 under number D.14-0349.





[www.guerbet.com](http://www.guerbet.com)