

# Half-year results 2015



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**Yves L'Epine**  
Chief Executive Officer



**Jean-François Le Martret**  
Chief Financial Officer

## Guerbet in brief

- €409 million in revenue for 2014
- 70% of revenue from international markets
- 1,500 employees, including 400 abroad and 200 in R&D
- €35 million spent on R&D during 2014

# → A year marked by good performance and a structuring acquisition



## Good sales performance

- Revenue for the 1<sup>st</sup> half: €227.3 million; +12.2%



## Strong earnings growth and increased margins

- EBITDA: €46.6 million; +44%; 20.5% of revenue
- Net debt down sharply: €53.4 million; -36%



## 2015 Objectives

- Expected revenue: €445 million (+/- 2%) excluding acquisition
- Target current operating profitability (COI/revenue): 11% (+/- 1 point) excluding acquisition-related costs



## Acquisition of Mallinckrodt's CMDS business: a new global leader in medical imaging

- A unique opportunity to build a global leader
- An acquisition with strong levers for development

## Sharp increase in activity and financial performance

- Progress in 4 growth drivers
- A year of financial performance
- Revenue and operating profitability targets for 2015

## A unique opportunity to build a global leader

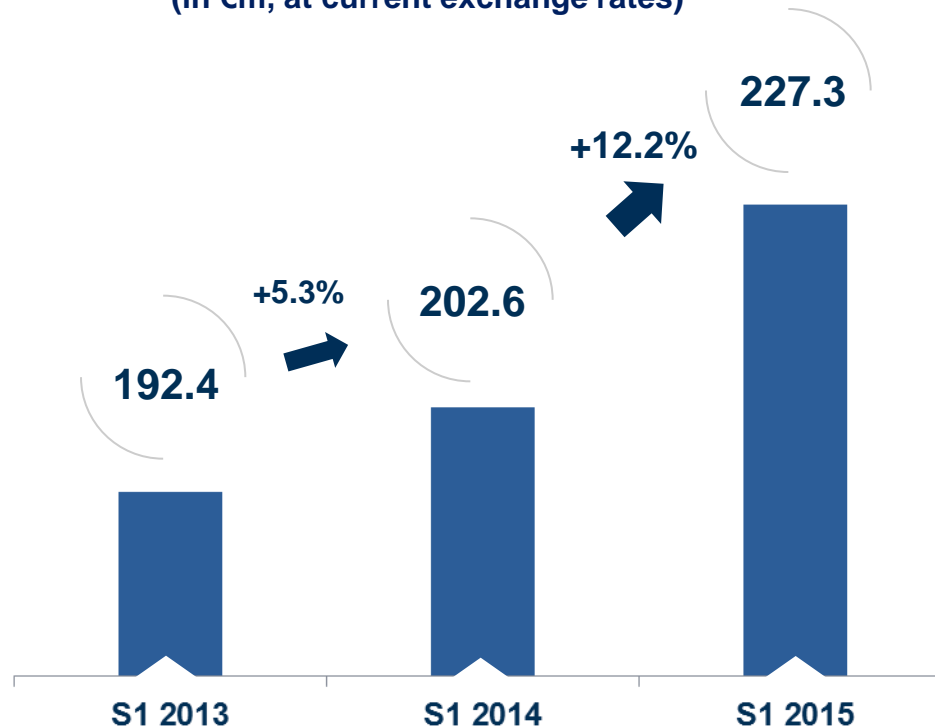
- Revenue multiplied by 2
- Reinforcement of geographic and industrial coverage
- An identical business
- A common history
- A new global leader

## An acquisition with strong levers for development

- Sales
- Manufacturing
- Numerous synergies
- Acquisition modalities
- A cash-generating business plan

# → Sharp increase in half-year revenue

**Change in half-year revenue**  
(in €m, at current exchange rates)

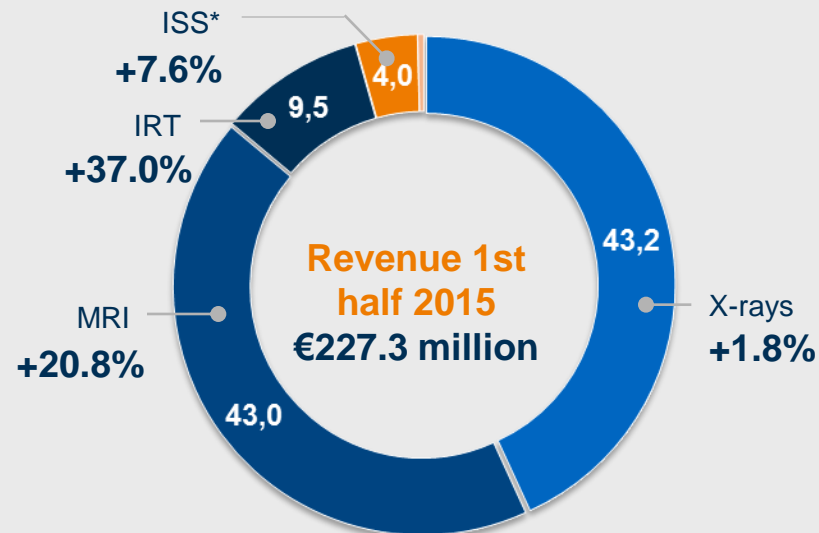
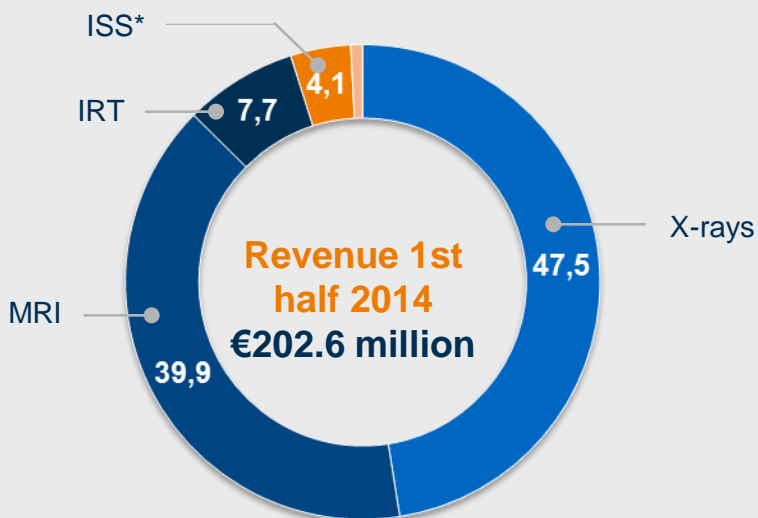


1st half 2014 vs 1st half 2013: +7.5% at constant exchange rates

1st half 2015 vs 1st half 2014: +8.1% at constant exchange rates

# → Growth in activities with high added value: MRI and IRT

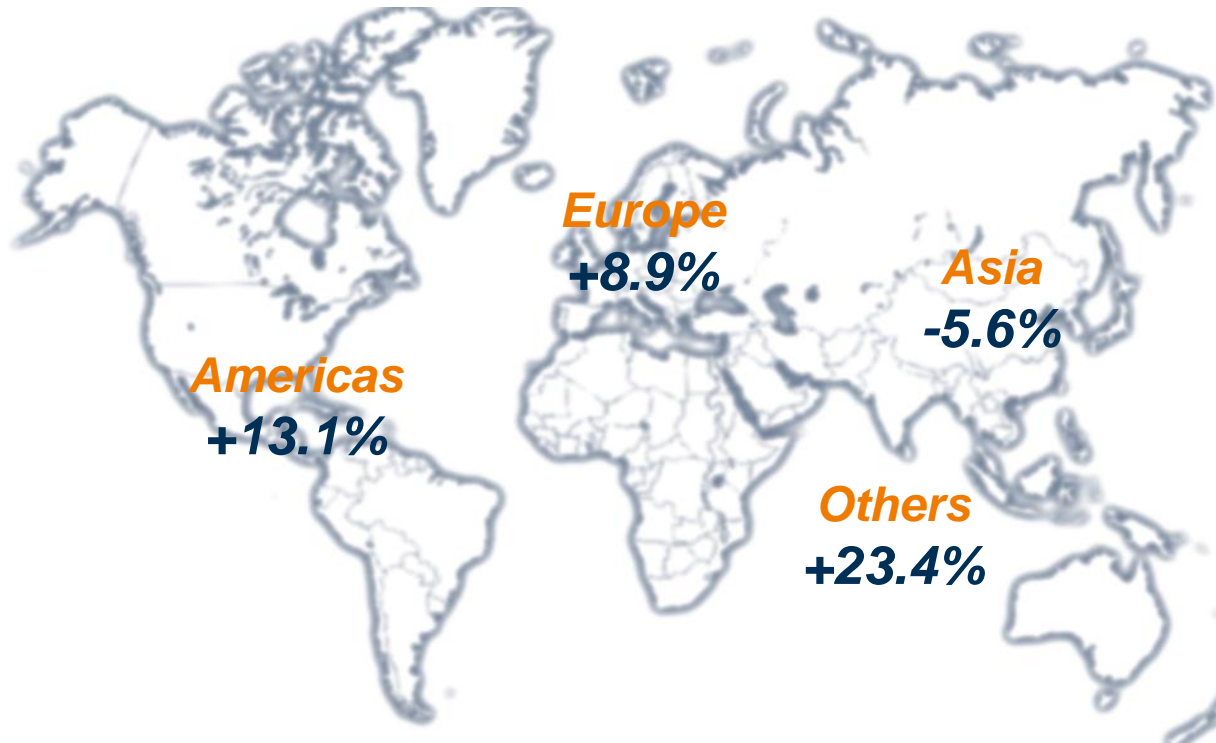
## Distribution of revenue by product range (As % of revenue)



\*ISS: Imaging Solutions and Services

# → Strong growth in Europe and the United States

Growth in half-year revenue by geographic region  
(as %, at constant exchange rates)



## Principal impacts of exchange rates on revenue

 +€2.2 million

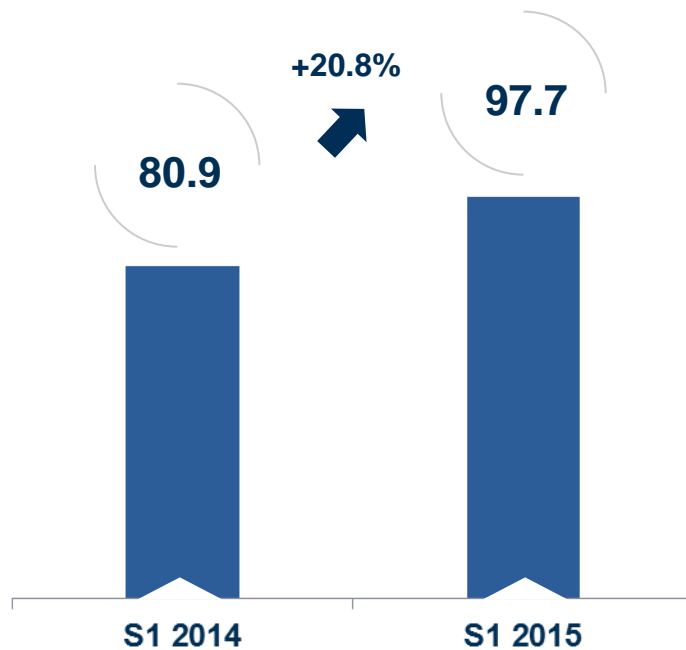
 +€1.7 million

 +€1.5 million

Overall exchange rate effect at 30 June 2015  
**+€8.3 million**

# → MRI: a year off to a very good start

## Growth in MRI revenue in €m



### ○ Strong growth in the USA

- Market share gains
- Referencing in the largest GPOs (Novation, Premier, MedAssets)
- Less than 2 years after the launch of Dotarem®, the US subsidiary is profitable

### ○ Further growth in Europe

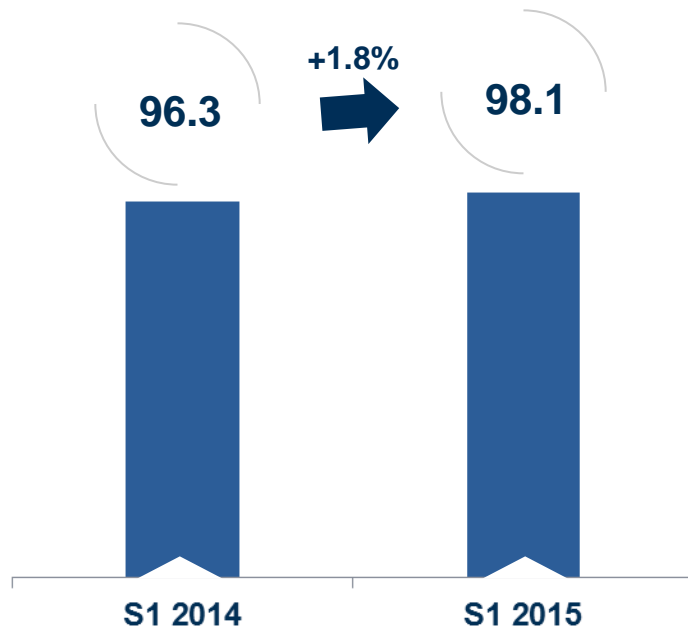
- Continuation of market share gains

### ○ Other markets

- Favourable price effect
- Distribution agreement in Japan, starting 1 October 2015, with Fuji Pharma, already Mallinckrodt's distributor of **Optiray**®
- Low exposure in China

## → X-rays: segment growth driven by sales of Xenetix

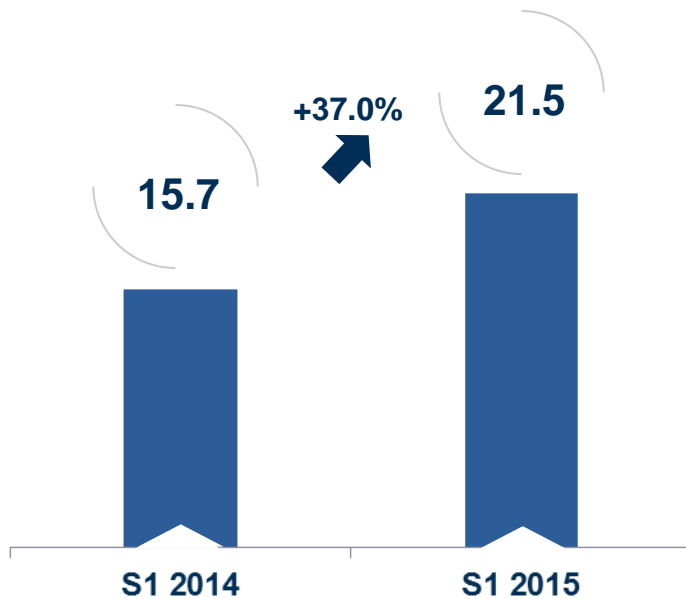
*Growth in X-rays revenue in €m*



- On Xenetix<sup>®</sup>: favourable volume effect
- ScanBag<sup>®</sup> line: gradual control of the industrial process

## → IRT: rise in activity

*Growth in IRT revenue in €m*



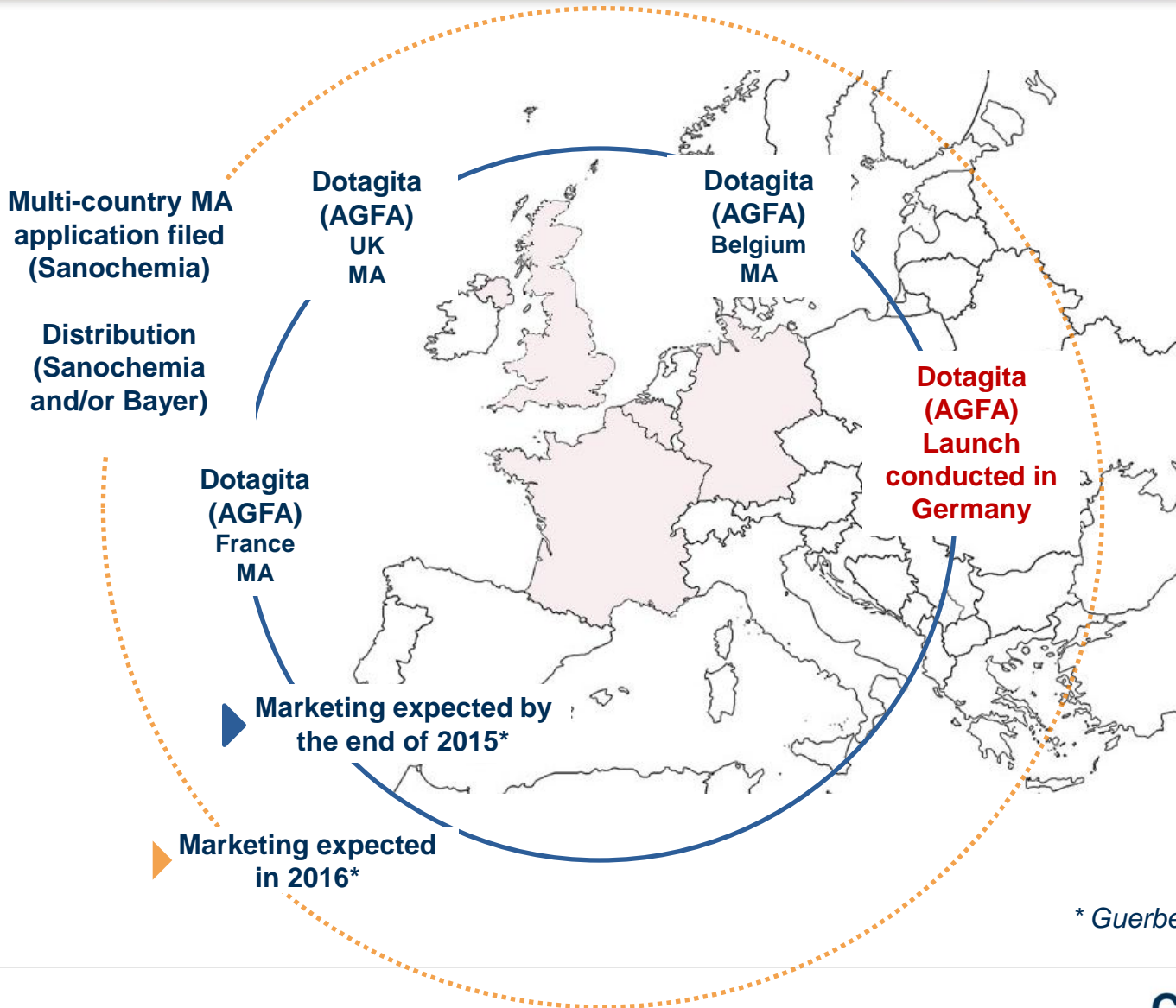
- Gradual extension of the use of Lipiodol® and Patent Blue V in interventional radiology
- Lipiodol®: Distribution agreement with Beijing Kyuan Pharmaceuticals Co. Ltd., one of the leading importers of pharmaceutical products in China

## (Imaging Solutions and Services range)

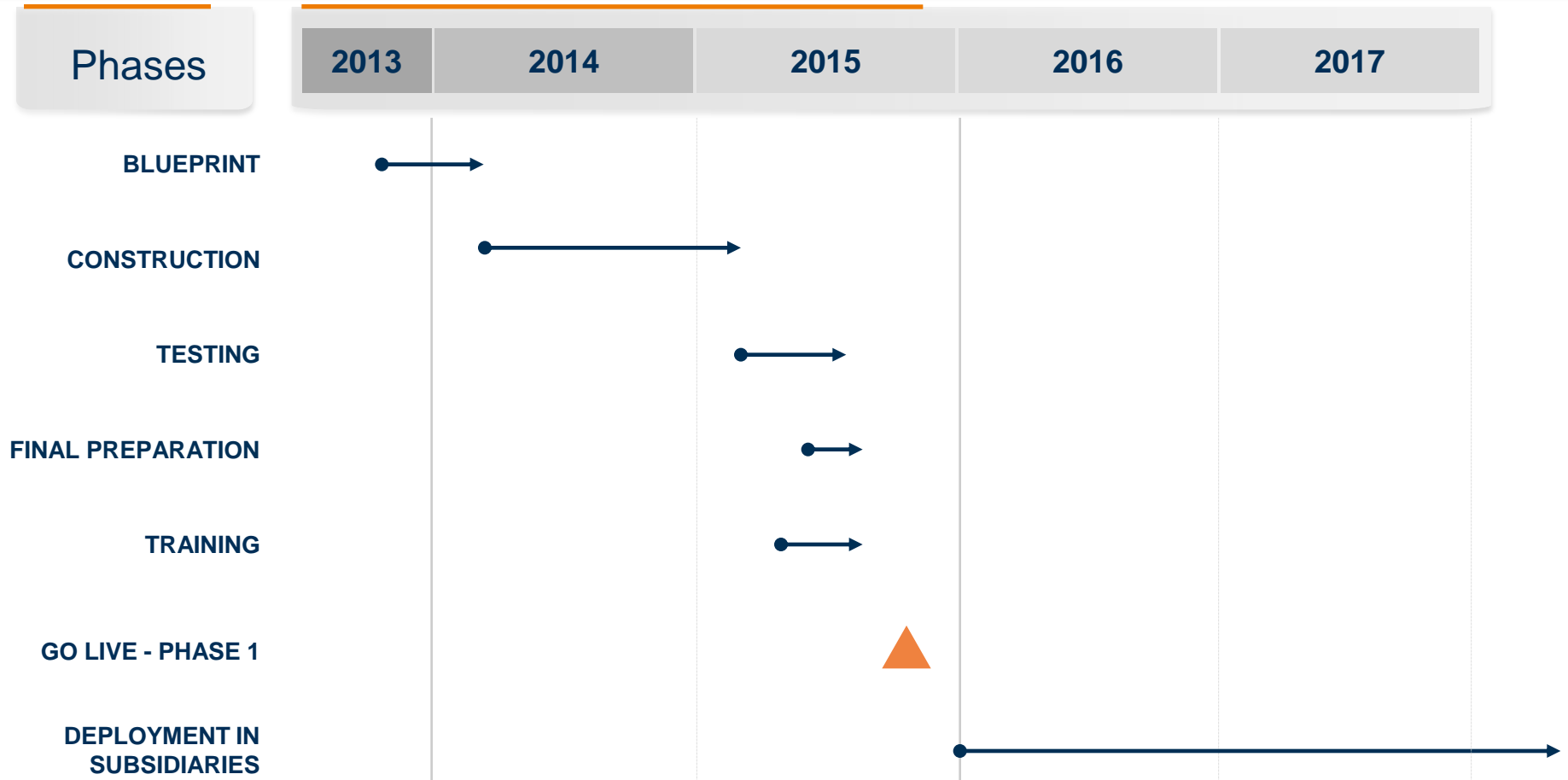
- Good growth in Guerbet products (Medex) with a gradual reduction in non-Guerbet medical devices
- Continued commercial deployment of FlowSens<sup>®</sup>, temporarily slowed by limited bag supplies



# → Arrival of generics of Dotarem® in Europe Marketing dates still uncertain



# → Implementation of SAP: deployment in progress



**Phase 1: Deployment of all sites in France, UK, and Portugal in the final quarter of 2015**

# → Improvement of the product mix favouring MRI and IRT

## Distribution of revenue by product segment

IFRS €m	1st half 2014	% revenue	1st half 2015	% revenue
MRI	80.9	39.9%	97.7	43.0%
X-rays	96.3	47.5%	98.1	43.2%
IRT	15.7	7.7%	21.5	9.5%
ISS	8.4	4.1%	9.0	4.0%
Others	1.3	0.6%	1.0	0.4%
<b>TOTAL</b>	<b>202.6</b>	<b>100.0%</b>	<b>227.3</b>	<b>100.0%</b>

## → EBITDA greater than 20% of revenue

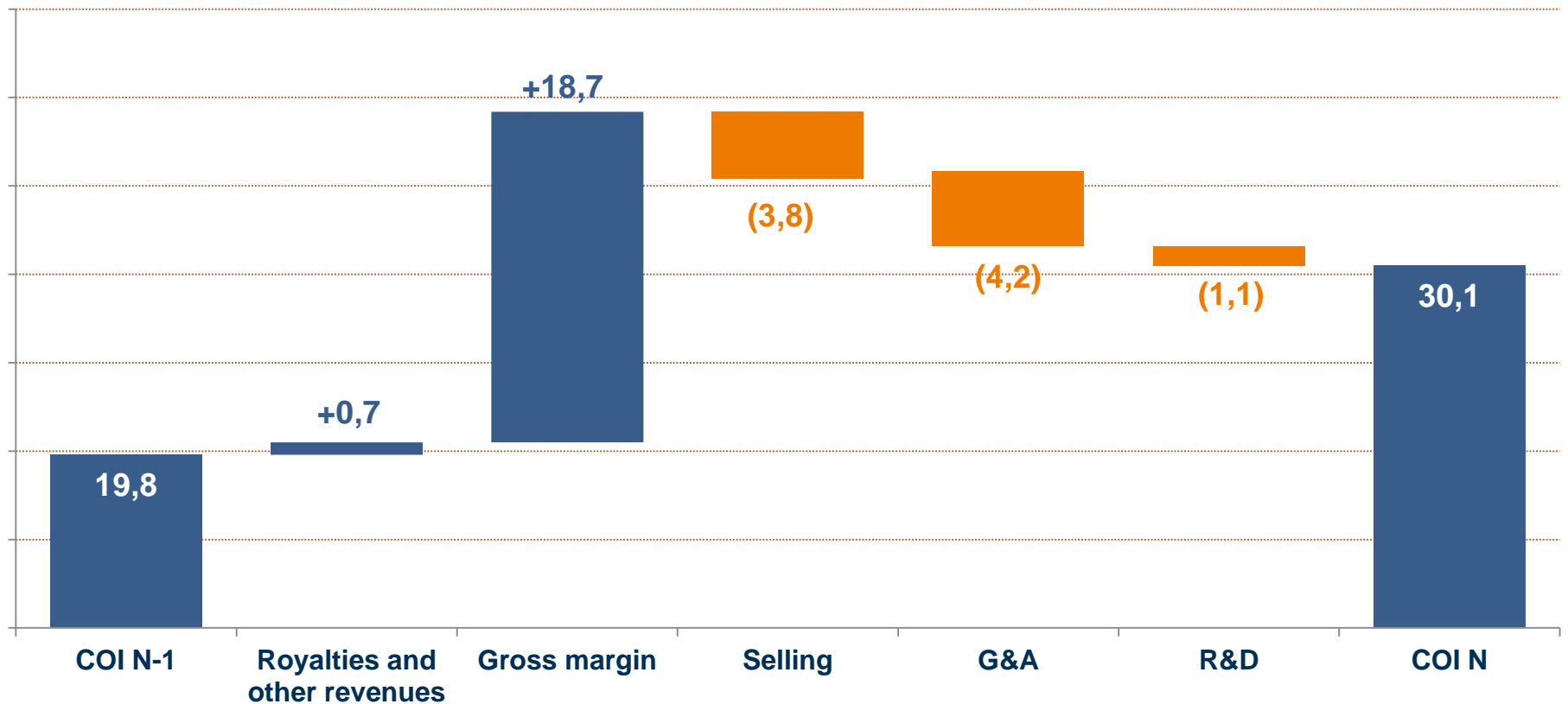
IFRS €m	1st half 2014	% revenue	1st half 2015	% revenue
Revenue	202.6	100.0	227.3	100.0
Royalties and other revenue	0.3	0.1	1.0	0.4
Supplies used in operations	(46.4)	(22.9)	(43.5)	(19.1)
Staff costs	(58.0)	(28.6)	(61.0)	(26.8)
External charges	(58.9)	(29.1)	(68.6)	(30.2)
Taxes other than on income	(6.7)	(3.3)	(8.1)	(3.6)
Other current operating income and expenses	(0.6)	(0.3)	(0.5)	(0.2)
<b>EBITDA</b>	<b>32.3</b>	<b>15.9</b>	<b>46.6</b>	<b>20.5</b>

## → Sharp growth in Current Operating Income

IFRS €m	1st half 2014	% revenue	1st half 2015	% revenue
EBITDA	32.3	15.9	46.6	20.5
Allowances for depreciation	(11.9)	(5.9)	(12.6)	(5.5)
Provisions	(0.6)	(0.3)	(3.9)	(1.7)
Current Operating Income	19.8	9.8	30.1	13.2

# → Current Operating Income variance analysis

(€m)



## → Net Income growth

IFRS €m	1st half 2014	% revenue	1st half 2015	% revenue
Current operating income	19.8	9.8	30.1	13.2
Other op. income and expenses	0.4	0.2	(0.2)	(0.1)
Net interest expense	(1.1)	(0.5)	(0.4)	(0.2)
Net currency gains/losses	0.1	0.0	0.8	0.4
Income tax	(6.5)	(3.2)	(9.8)	(4.3)
<b>Net Income</b>	<b>12.7</b>	<b>6.3</b>	<b>20.5</b>	<b>9.0</b>
<i>Income tax rate</i>	<b>33.7%</b>		<b>32.3%</b>	

## → A solid balance sheet

<b>ASSETS</b>	At 30 June 2014	At 30 June 2015	<b>LIABILITIES</b>	At 30 June 2014	At 30 June 2015
<b>Non-current assets</b> <i>of which fixed assets</i>	<b>246.9</b> 234.0	<b>251.4</b> 239.3	<b>Shareholders' equity</b>	<b>247.1</b>	<b>274.3</b>
<b>Inventories</b>	<b>103.5</b>	<b>114.2</b>	<b>Non-current liabilities</b> <i>of which financial debt</i>	<b>86.5</b> 53.7	<b>73.1</b> 34.0
<b>Trade receivables</b>	<b>84.5</b>	<b>87.9</b>	<b>Trade payables</b>	<b>38.9</b>	<b>46.7</b>
<b>Other current assets</b> <i>of which CCE</i>	<b>34.3</b> 11.6	<b>40.6</b> 14.3	<b>Other current liabilities</b> <i>of which financial debt</i>	<b>96.7</b> 41.2	<b>100.0</b> 33.7
<b>Total Assets</b>	<b>469.2</b>	<b>494.1</b>	<b>Total Liabilities</b>	<b>469.2</b>	<b>494.1</b>

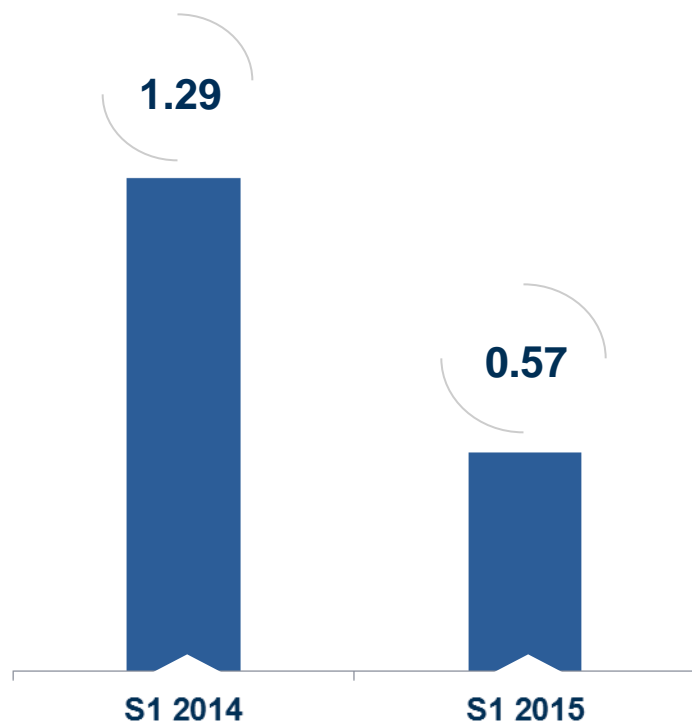
## → Ongoing debt reduction

IFRS €m	1st half 2014	1st half 2015
Cash flow from operations	26.8	34.7
Change in WCR	(10.0)	(15.7)
<i>of which change in inventories</i>		(6.2)
<i>of which change in trade receivables</i>		(9.7)
<i>of which change in trade payables</i>		2.8
<i>of which change in other assets and liabilities</i>		3.1
Net capital expenditure	(12.0)	(12.1)
Dividends	(6.1)	(6.1)
Others	0.5	6.6
Free cash flow	(0.8)	7.4
Total net debt	83.3	53.4

# → Reducing debt and strengthening the capital structure

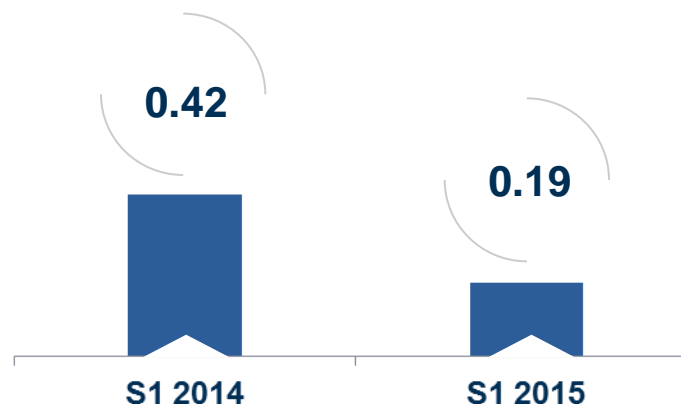
## Leverage

Net financial debt/EBITDA



## Gearing

Net financial debt/shareholders' equity



## → Half-year key figures

IFRS €m	1st half 2014	1st half 2015	15/14 change
<b>Revenue</b>	<b>202.6</b>	<b>227.3</b>	<b>+12.2%</b>
<b>EBITDA</b> <i>% of revenue</i>	<b>32.3</b> 15.9%	<b>46.6</b> 20.5%	<b>+44.4%</b>
<b>Current operating income</b> <i>% of revenue</i>	<b>19.8</b> 9.8%	<b>30.1</b> 13.2%	<b>+52.4%</b>
<b>Net income</b> <i>% of revenue</i>	<b>12.7</b> 6.3%	<b>20.5</b> 9.0%	<b>+61.2%</b>
<b>Net debt</b>	<b>83.3</b>	<b>53.4</b>	<b>(35.9)%</b>
<b>Investments</b>	<b>12.0</b>	<b>12.1</b>	<b>+0.8%</b>

## Activity

Revenue excluding acquisition

→ €445 million (+/- 2%)

## Results

Operating profitability  
excluding acquisition-related costs

→ COI/Revenue: 11% (+/- 1  
point)

## Sharp increase in activity and financial performance

- Progress in four growth drivers
- A year of financial performance
- Revenue and operating profitability targets for 2015

## A unique opportunity to build a global leader

- Revenue multiplied by 2
- Reinforcement of geographic and industrial coverage
- An identical business
- A common history
- A new global leader

## An acquisition with strong levers for development

- Sales
- Industrial
- Numerous synergies
- Acquisition teams
- A cash-generating business plan

# → Acquisition of Mallinckrodt's "Contrast Media & Delivery Systems" (CMDS) business: a unique opportunity

## An acquisition full of meaning!

1

### IN LINE WITH OUR STRATEGY

- Reinforcement of the X-Rays division and development of the Imaging Solutions & Services (ISS) division
- Acceleration in the USA and Asia
- Decreased production and operating costs

2

### COMPLEMENTARY AT ALL LEVELS

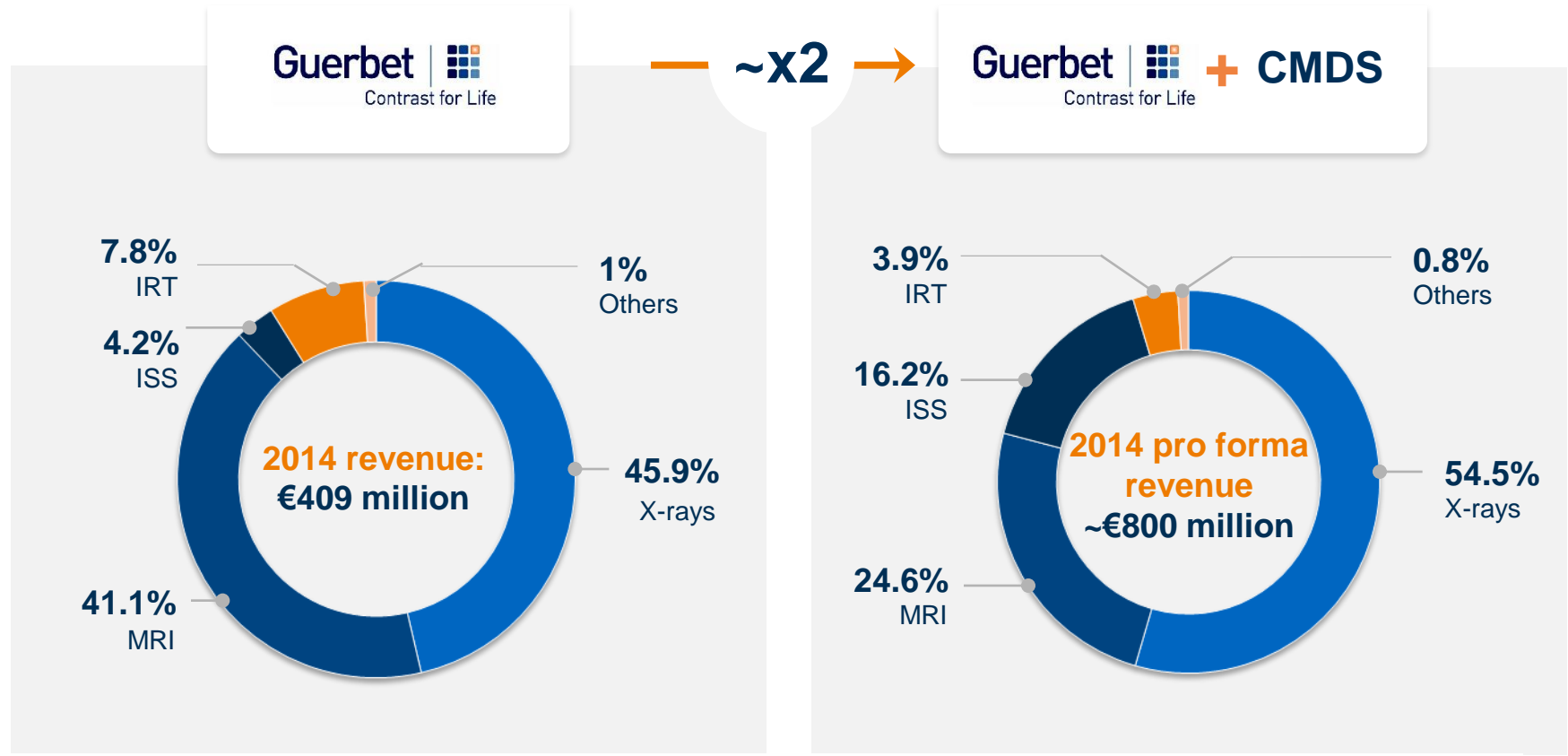
- Portfolio of products
- Geographical
- Industrial and logistical

3

### EASILY INTEGRABLE

- An identical business
- A historical relationship
- A similar size

# → Guerbet doubles in size: a player with approx. €800 million in revenue\*

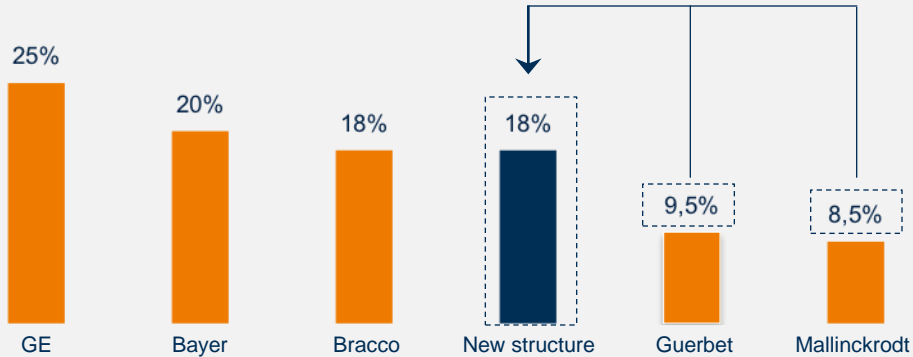


**Reinforcement of the X-ray segment and  
Rebalancing of the portfolio**

\* on the basis of the 2014 pro forma revenue

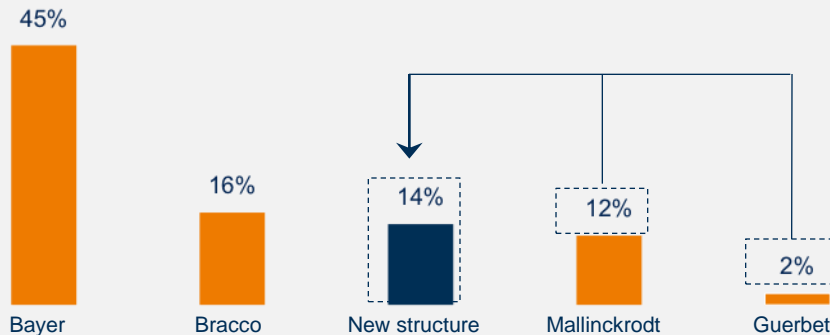
# → With a significant market share on each segment and geographic region, the Group's ambition is to join the world's top 3

## 2013 ESTIMATED\* MARKET SHARE CONTRAST MEDIA



Critical size is reached on each segment (X-ray, MRI, ISS) and geography

## 2013 ESTIMATED\* MARKET SHARE IMAGING SOLUTIONS & SERVICES

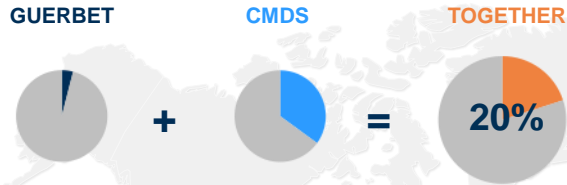


An opportunity to build new synergies between contrast media and delivery systems

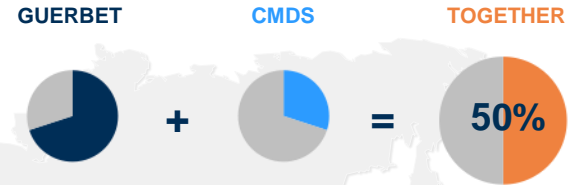
\* Source: GCMIG and ECMIG 2013 for contrast media and Management data for imaging solutions & services

# → Guerbet improves its geographical coverage

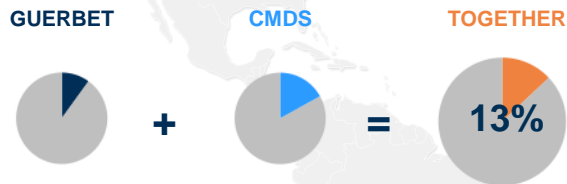
## NORTH AMERICA (% OF SALES)



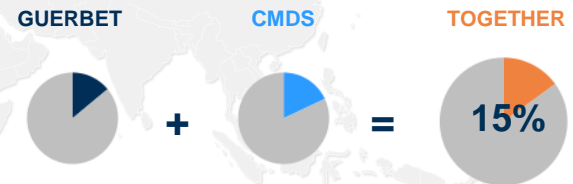
## EUROPE (% OF SALES)



## LATAM (% OF SALES)



## ASIA (% OF SALES)



**An expanded, more balanced commercial presence  
An opportunity for current and future products  
(P03277 in MRI imaging and P04084 in IRT)**

*on the basis of the 2014 pro forma revenue*

# → Guerbet is strengthening its industrial footprint and bringing its plants closer to its customers



# → A business identical to Guerbet's

A business specialising in contrast media and imaging solutions & services

## CONTRAST MEDIA (81%)



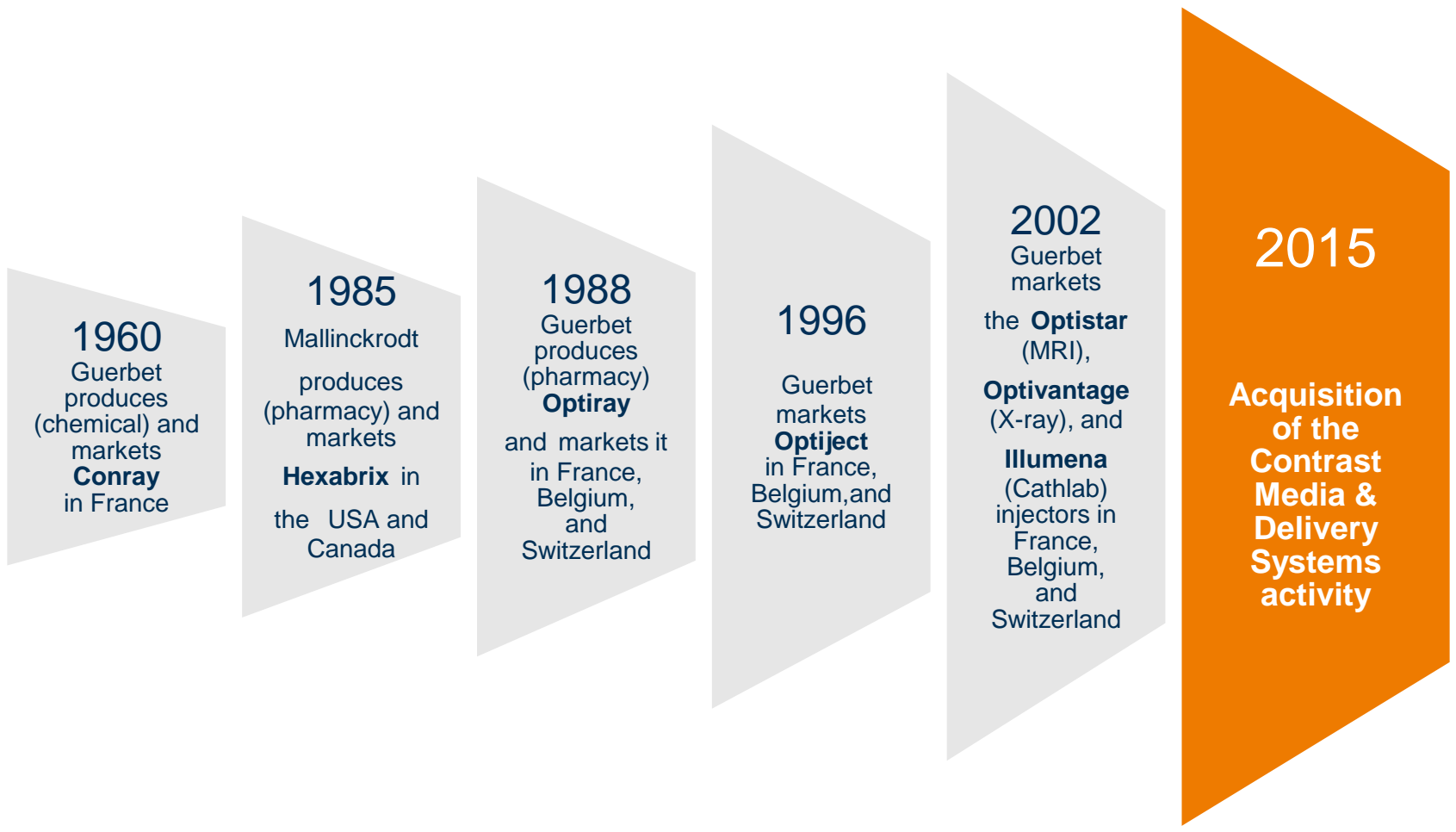
- **Optiray™**: X-ray contrast medium, in vials and pre-filled syringes
- **Optimark™**: MRI contrast medium, in vials and pre-filled syringes

## IMAGING SOLUTIONS & SERVICES (19%)



- **Optivantage™** X-ray injector
- **Illumena™** Cathlab injector
- **Optistar™** MRI injector
- Consumables
- **OptiSync™**, patient data management software

# → Guerbet & Mallinckrodt CMDS: a future to be built together on a history of partnership



# → 2 players of the same size to build a global leader

## Guerbet

2014 Revenue: **€409 million**  
2014 EBITDA: **€67.7 million**

Approximately **9.5%** market share for contrast media and **2%** market share for imaging solutions & services

Nearly **1,500 employees**

### 5 industrial sites

- Lanester: chemical
- Marans: chemical
- Aulnay: pharmacy
- Rio: pharmacy
- St Priest: imaging solutions & services

Products marketed in approximately **80 countries**



## CMDS Business

2014 Revenue: **€390 million** (\$450 million)  
2014 estimated EBITDA: **€52.7 million**

Approximately **8.5%** market share for contrast media and **12%** market share for imaging solutions & services

Nearly **1,000 employees**

### 4 industrial sites

- Dublin: chemical
- Raleigh: pharmacy
- Montreal: pharmacy
- Cincinnati: imaging solutions & services

Products marketed in approximately **65 countries**

A PERFECT SYNERGY

## Sharp increase in activity and financial performance

- Progress in 4 growth drivers
- A year of financial performance
- Revenue and operating profitability targets for 2015


















## A unique opportunity to build a global leader

- Revenue multiplied by 2
- Reinforcement of geographic and industrial coverage
- An identical business
- A common history
- A new global leader

## An acquisition with strong levers for development

- Sales
- Industrial
- Numerous synergies
- Acquisition teams
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# → An offering that meets all of the market's needs

	X-rays	MRI	IRT	ISS
GUERBET	 Xenetix	 Dotarem	 Lipiodol UF	 FlowSens
	 Telebrix	 Artirem	 Patent Blue V	 Manyfill
	 Hexabrix			 Secufill
CMDS	+	+		+
	 Optiray	 Optimark		 Optivantage
	 Conray			 Illumena
	 Gastroview			 Optistar

**Synergies on the X-ray, MRI, and ISS segments**

# → Take advantage of MRI and X-Ray synergies with ISS to enrich our offering



Develop a new Dotarem PFS compatible with Optistar injectors



Optistar



Develop a bag form for Optiray where ScanBag by Xenetix is not registered (to be confirmed)



FlowSens



## → Synergy at the industrial level

### GUERBET

Bags

Critical mass in Europe and LatAm

Network of sub-contractors particularly for the USA

### CMDS

Pre-filled plastic syringes

Raleigh, Dublin FDA-compliant

Critical mass in the US

Imaging solutions (CT, Cath lab, MRI) and range of consumables

**Decrease in subcontracting and better absorption of fixed costs**

**Development of back-up between the new structure's sites**

**Maintaining of Guerbet's production sites**

**Reduction of logistics costs**

# → A few examples of synergies

SALES	DOTAREM	<ul style="list-style-type: none"> <li>• New pre-filled Dotarem syringe, compatible with the Optistar injector</li> <li>• Sales growth thanks to an expanded customer base</li> </ul>	★
	OPTIRAY / XENETIX	<ul style="list-style-type: none"> <li>• Possible development of Optiray in soft bag form</li> <li>• Sales growth thanks to an expanded customer base</li> </ul>	★
	INJECTORS	<ul style="list-style-type: none"> <li>• Sales growth of Mallinckrodt and FlowSens injectors thanks to an expanded customer base</li> </ul>	★
COSTS	PRODUCTION/ SUPPLY CHAIN	<ul style="list-style-type: none"> <li>• Transfer of the manufacture of the Optiray key intermediate from the St Louis site (Mallinckrodt) to Lanester</li> <li>• Increase in production of the active ingredient of Dotarem in Marans</li> <li>• Optimization of production and logistics costs</li> </ul>	★★★
	PURCHASING	<ul style="list-style-type: none"> <li>• Grouped orders for iodine, other raw materials and consumables</li> </ul>	★
	OTHERS	<ul style="list-style-type: none"> <li>• Optimization of costs with a single structure</li> </ul>	★★

# → What financing modalities for this acquisition?

**\$270 million**  
acquisition price

**No dilution of capital**



Financing  
under favourable  
**conditions**

**Exclusively in debt**  
Syndicated and arranged  
by BNP Paribas  
**Optimized leverage**

# → The financing of this operation must take into account needs of a different nature

## GLOBAL FINANCING OF

**\$430  
MILLION**

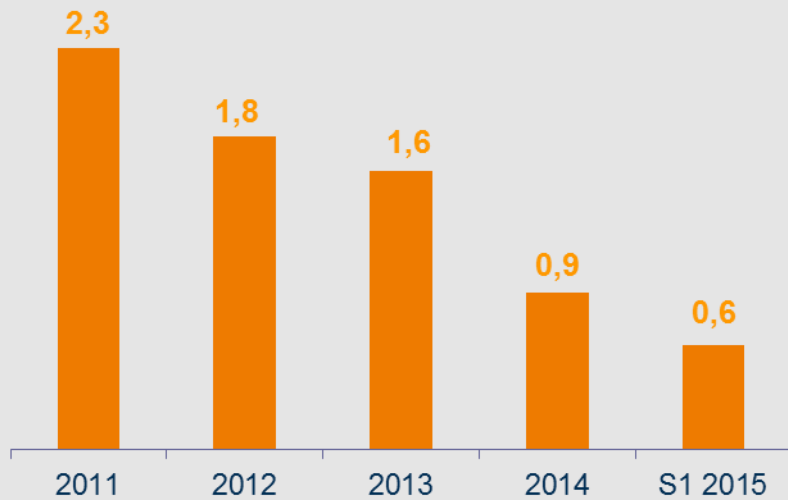
THE DEBT IS MADE UP OF  
TERM LOANS AND  
REVOLVING CREDIT



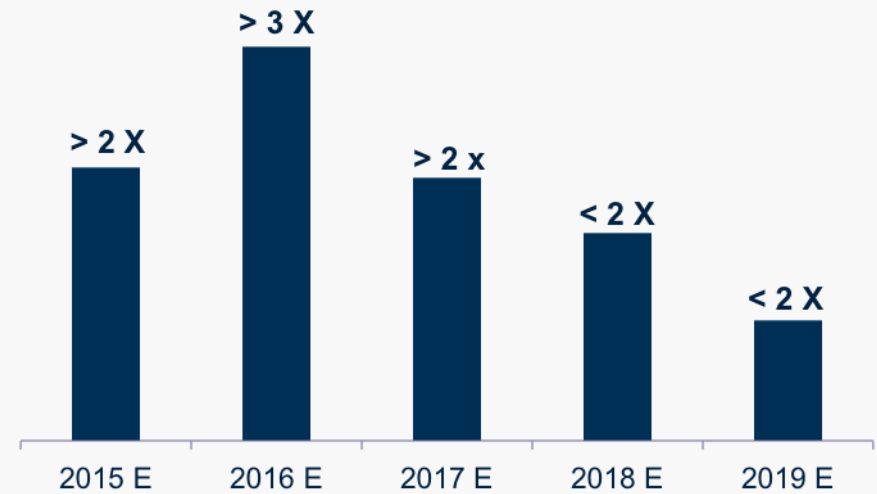
- ▶ An acquisition price for **\$270 million**
- ▶ Refinancing of Guerbet's existing debt for **\$60 million**
- ▶ Complementary investments for **\$50 million**
- ▶ Working capital requirement (*financing of the activity*) for **\$50 million**

# → A net debt/EBITDA ratio that should decrease very quickly

CHANGE GUERBET NET DEBT/EBITDA RATIO



CHANGE NET DEBT/EBITDA RATIO NEW STRUCTURE



Valuation according to the **Discounted cash flows** method: \$270 million debt free, cash free

\$270 million corresponds to less than **5 x the** pro forma 2014 **EBITDA** and **0.6 x** the 2014 pro forma **revenue** from CMDS

Reminder:

- In 2004, GE acquired Amersham for €8 billion, or 4.0 x Revenue
- In 2007, Bracco acquired E-Z-EM for €136 million, or 1.4 x Revenue and 14.6 x EBITDA

# → A clear integration process in order to be ready in a few months



\*: In anticipation of the transaction's approval by the relevant supervisory authorities

# → Conclusion

A proposed transformation  
of Guerbet in **perfect line**  
with its strategy

**Accelerated growth**,  
particularly in the USA, Asia,  
and on emerging markets

**Doubling** in size today, with the  
ambition of quickly joining  
**the world's top 3**

An acquisition at the **right time**

**Perfect** product/market/industrial  
synergy

**Favourable** financing conditions

# → An operation hailed by the market

## ○ At 24 September 2015

- Price €62.03
- Capitalization €757 million
- High since 1 January 2015 €65.99
- Low since 1 January 2015 €22.95
- Perf. since 1 January 2015 +81.9%

## ○ Indexes

- CAC Mid & Small
- CAC All-Share
- CAC Pharma & Bio

## ○ Securities trading info

- ISIN Code FR0000032526
- Symbol GBT
- Reuters Code GRBT.PA
- Bloomberg Code GBT:FP
- Number of shares 12,208,184
- Market segment Euronext B





**Guerbet** |   
Contrast for Life