



2019 annual results

- Revenue growth to €816.9 million in line with objectives
 - › Revenue of €816.9 million, a 3.5% increase
 - › Revenue of €805.6 million at constant exchange rates, up 2%
- EBITDA of €111.5 million, increasing year over year on a like-for-like basis
- Strong improvement in free cash flow to €28.3 million and net debt reduced to €280.5 million (excluding IFRS 16 impact) thanks to a significant reduction in inventories
- 2020: Continuation of the value-creation strategy initiated by the Group
 - › Significant growth in the Interventional Imaging segment
 - › Continuation of the “Cost to Win” savings plan
 - › Finalisation of gadopiclenol phase III
 - › Continuation of the inventory reduction plans
- 2020 outlook: Uncertainty related to the measures taken to combat the COVID-19 epidemic despite a minor impact on Guerbet’s activity observed to date

Villepinte, 24 March 2020 – Guerbet (FR0000032526), a global leader in medical imaging, is announcing its consolidated annual results for 2019.

On 24 March 2020, the Board of Directors approved the financial statements for the financial year ended 31 December 2019. The audit procedures have been completed, and the statutory auditors’ report is being prepared.

Press release

Both business segment growing

Reported revenue of €816.9 million was up 3.5% from 2018, including a favourable forex impact of €11.3 million. Revenue was up 2.0% at €805.6 million at constant exchange rates⁽¹⁾. Excluding the impact of the decrease in activity related to a subcontract inherited from the CMDS activities, revenue growth at constant exchange rates would have been 3.7% over the 2019 financial year.

Diagnostic Imaging sales increased to €711.0 million at constant exchange rates (+3.0%) and €719.5 million at current exchange rates.

- Sales in the MRI⁽²⁾ segment totalled €271.4 million at constant exchange rates and like-for-like period and scope (€275.0 million at current exchange rates) compared with sales of €272.0 million in 2018. In 2019, activity suffered from the planned withdrawal of Optimark[®] from the market. Excluding Optimark[®], MRI sales at constant exchange rates were up 1.6%.

- CT/Cath Lab⁽²⁾ sales grew 5.2% to €439.5 million at constant exchange rates thanks to double-digit sales growth of Optiray[®] over the period (€444.6 million at current exchange rates). This strong growth, combined with the stability of Xenetix[®] sales, illustrates Guerbet's market penetration in this segment.

Intervention Imaging now represents just over 9% of the Group's revenue. It posted revenue at constant exchange rates of €73.5 million, up 12.5% (€75.5 million at current exchange rates).

Press release

A financial year marked primarily by expenditures for future growth

IFRS 16 on the recognition of leases for consolidated financial statements entered into force on 1 January 2019. Guerbet decided to apply this standard on a simplified retrospective basis, which does not provide for restatement of the previous financial year. For comparison purposes, the 2019 figures are presented after application of IFRS 16 and then before application of IFRS 16 to make them comparable with the 2018 figures.

	2018 Published	2019 Published (With IFRS 16)	2019 (Without IFRS 16)
Revenue	789.6	816.9	
EBITDA ⁽³⁾	110.6	111.5	101.8
<i>% of revenue</i>	<i>14.0%</i>	<i>13.7%</i>	<i>12.5%</i>
Operating income	69.9	51.7	51.6
<i>% of revenue</i>	<i>8.9%</i>	<i>6.3%</i>	<i>6.3%</i>
Net income	46.8	37.3	37.6
<i>% of revenue</i>	<i>5.9%</i>	<i>4.6%</i>	<i>4.6%</i>
Net Debt	308.7	296.5	280.5

Reported EBITDA totalled €111.5 million, including €9.7 million for the elimination of rents due to the implementation of IFRS 16.

The change in EBITDA should be interpreted in the light of several specific occurrences in 2018 and 2019:

- As a reminder, the 2018 EBITDA included extraordinary gains related to the revaluation of inventories for €12.8 million, the sale of our distribution activities in Argentina for €5 million, and an €8 million expense for the destruction of obsolete inventories.
- The 2019 EBITDA includes:
 - Nearly €12 million in additional expenses related to the transition to direct distribution in Japan, the enhancement of resources required for the development of the interventional imaging activity, and the increase in costs associated with gadopichlenol phase III. The Group indicates that the phase III costs incurred in 2019 totalled approximately €7 million.
 - €9 million in extraordinary expenses related to resolutions of supplier disputes, in particular with Mallinckrodt, compensation following the CEO's departure, and the incident at the Dublin site in November. The consequences of this incident are expected to affect inventory levels and therefore sales of Optiray® in the first half of the 2020 financial year.

Press release

- Lastly, EBITDA benefited from strict cost control resulting from the implementation of the Cost to Win plan, saving an estimated €8 million. This plan to reduce expenditures is expected to start delivering its full potential in 2021.

At 31 December 2019, the operating result totalled €51.7 million.

Net income was €37.3 million compared with €46.8 million for the 2018 financial year. This figure incorporates a favourable change in the effective tax rate to 27.1%.

Sound financial structure and dividend distribution of €0.70 per share

Following the application of IFRS 16, the Group booked greater non-current assets by including the rights to use leased real estate assets for a net amount of €16 million, resulting in greater financial debt.

Free cash flow was up significantly in 2019, resulting especially from the Group's inventory reduction initiatives and leading to a decrease in net debt of approximately €28 million for the 2019 financial year (excluding IFRS 16 impact). Net debt totalled €296.5 million including IFRS 16 impact (€279.2 million excluding IFRS 16 impact).

As a reminder, Guerbet signed a five-year €500 million credit agreement on 13 February 2019 to refinance its existing debt. As of the end of December 2019, the net debt/EBITDA ratio was 2.75 (excluding IFRS 16 impact). The Group therefore has a solid balance sheet and sufficient bank credit lines to cover its liquidity requirements even in an environment with little visibility.

Considering the quality of the results but also in the context of the sanitary and economical crisis related to the pandemic of Covid-19, the Board of Directors will propose a dividend of €0.70 per share to the shareholders at the General Meeting on 29 May 2020.

2020 outlook

The measures taken to combat the COVID-19 epidemic and their impact on the economy make the 2020 financial year uncertain, although Guerbet has so far seen only a minor impact on its activity. The Group's top priority remains the health of its employees. With this in mind, Guerbet has put in place plans to promote business continuity and maintain all critical activities while ensuring employee safety.

Guerbet is focusing all its efforts on the continuity of supply of its speciality products to the market, some of which are identified as medicinal products of major therapeutic interest, while continuing to prioritise employee safety. While the impact in China is expected to be limited, the effects of COVID-19 on the supply chain in Europe is still very uncertain and highly dependent on the duration of the pandemic response. However, the current inventory levels of critical raw materials are sufficient to ensure production over the coming weeks. To date, all of the Group's production sites around the world are operating normally, and all the distribution centres are continuing to ship orders to all customers wherever they are.

Press release

Regardless of the COVID-19 situation, Guerbet anticipates its revenue growth to benefit from the good performance of:

- Lipiodol®;
- consumables for contrast agent injections;
- digital solutions and after-sales services; and
- the gradual acceleration of sales of Accurate microcatheters.

Conversely, certain sources of uncertainty are likely to weigh on revenue growth:

- The introduction of a generic in the United States, which will slow the growth of Dotarem®, even though this will be partially offset by growth opportunities for Dotarem® in Europe and Asia;
- The coming into force of two measures in France. The first concerns article 66 of the social security finance law for 2019, which provides that insured individuals are now reimbursed exclusively on the basis of the price of the generic. The second concerns the introduction of a reduction in the public price for iodinated agents.

Given the uncertainty associated with the fight against COVID-19 and its effects, Guerbet will communicate more precisely on its 2020 outlook at a later stage when the Group has more visibility on the duration and scale of the implemented response measures, particularly in Europe.

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

(2) As a reminder, MRI and CT / Cath Lab segments now include the sales of injection systems and consumables.

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

Upcoming events:

Publication of first-quarter 2020 revenue
23 April 2020, after trading

Press release

About Guerbet

Guerbet is a leader in medical imaging worldwide, offering a wide range of pharmaceutical products, medical devices, digital and AI solutions for diagnostic and interventional imaging, to improve the diagnosis and treatment of patients. A pioneer since more than 90 years in the field of contrast media with over 2,800 people globally, Guerbet is continuously innovating with 9% of revenue dedicated to Research & Development and four centers in France, Israel and the United States. Guerbet (GBT) is listed on Euronext Paris (segment B – mid caps) and generated €817 million in revenue in 2019. For more information about Guerbet, please visit www.guerbet.com.

Forward-looking statements

Certain information contained in this press release does not reflect historical data but constitutes forward-looking statements. These forward-looking statements are based on estimates, forecasts, and assumptions, including but not limited to assumptions about the current and future strategy of the Group and the economic environment in which the Group operates. They involve known and unknown risks, uncertainties, and other factors that may result in a significant difference between the Group's actual performance and results and those presented explicitly or implicitly by these forward-looking statements.

These forward-looking statements are valid only as of the date of this press release, and the Group expressly disclaims any obligation or commitment to publish an update or revision of the forward-looking statements contained in this press release to reflect changes in their underlying assumptions, events, conditions, or circumstances. The forward-looking statements contained in this press release are for illustrative purposes only. Forward-looking statements and information are not guarantees of future performance and are subject to risks and uncertainties that are difficult to predict and are generally beyond the Group's control. These risks and uncertainties include but are not limited to the uncertainties inherent in research and development, future clinical data and analyses (including after a marketing authorisation is granted), decisions by regulatory authorities (such as the US Food and Drug Administration or the European Medicines Agency) regarding whether and when to approve any application for a drug, process, or biological product filed for any such product candidates, as well as their decisions regarding labelling and other factors that may affect the availability or commercial potential of such product candidates. A detailed description of the risks and uncertainties related to the Group's businesses can be found in Chapter 4.4 "Risk Factors" of the Group's Registration Document filed with the French Financial Markets Authority (AMF) under number D-18-0387 on 25 April 2018, available on the Group's website (www.guerbet.com).

For more information about Guerbet, please visit www.guerbet.com

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