Passionate
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2011 RESULTS :

SOUND GROWTH OF CURRENT EARNINGS

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Consolidated numbers *in million €*	2011	2010	% change 2011/2010
Revenue from ordinary activities	**623.1**	**572.8**	**+ 8.8 %**
Growth at constant exchange rates			+ 9.6 %
Pro-forma growth at constant exchange rates			+ 8.7 %
Current operating profit	**85.7**	**77.6**	**+ 10.4 %**
As a % of sales	13.8 %	13.6 %	
Other non recurring income and expenses	0.5	10.1	
Operating profit	**86.2**	**87.7**	**-1.7%**
Profit before tax	**83.5**	**86.1**	**- 3.1 %**
Net profit – Group share	**57.5**	**63.4**	**- 9.3 %**
Shareholders' Equity	**311.4**	**300.1**	**+ 3.8 %**
Net financial debt	**69.7**	**3.1**	
EBITDA	**107.6**	**96.5**	**+ 11.5%**

The financial statements have been audited. They are available on www.virbac.com

Virbac recorded once again an excellent sales growth in 2011 : +8.7% organically and +8.8% in total. Both market segments contributed to this performance : companion animals with +8.9% organic growth and food producing animals with +11.1%, while non core low margin activities (contract manufacturing, rabies tenders) decreased. The additional growth generated by newly acquired businesses (Colombia in 2011 and full year impact of the 2010 acquisition in Australia) was offset by the weakening of several currencies against the euro.

The current operating profit also records a significant increase : +10.4%, a 0.2 point improvement of the operating profitability ratio which reaches 13.8%. Major factors explaining this performance are :

- a positive evolution of gross margin rates in major markets generally : this translates only into a slight improvement at consolidated level due to the increased weight in 2011 of Virbac's activity in the food producing animals segment and in emerging markets, which generate lower margin rates;
- a good control of operating costs, which most important increase have been devoted to 1/ strengthen Virbac's commercial presence in order to support its growth potential and ambitions in selected countries, in particular in the US, the UK and Brazil, and 2/ raise the investment in innovation, especially from the second part of the year, to

support and optimize the portfolio of both current and new projects. As a consequence, the total Research and Development spending in 2011 increased by 15% or 0.3 point as a percentage on sales.

In terms of net profit, 2010 had been significantly impacted by an exceptional profit of 11.8 million Euros -included in the non recurring income and expenses in the financial statements- related to the acquisition made in Australia, which under IFRS rules generated a profit resulting from the excess of the fair value of assets acquired over the transaction price. This exceptional 2010 item explains the -9.3% decrease of net profit in 2011.

From a financial perspective, Virbac enjoys a very solid financial structure with a debt-to equity ratio under 23%. Total debt increased around 67 million euros in 2011, mainly as a result of the following factors :

- the important capital expenditure programs initiated in 2010 have been implemented, in particular in France the increase of manufacturing capacities for vaccines, the new production unit for injectable products and the new unit dedicated to manufacturing of CaniLeish®, Virbac's new vaccine against canine Leishmaniosis. Total capital expenditure in 2011 reached around 43 million Euros;
- Virbac initiated in 2011 a buy back program by which 256 352 shares have been acquired by the company and then cancelled, representing 2.94% of its capital. The total cost of such program amounted to around 30 million Euros;
- several acquisitions have been completed in 2011 : a veterinary business in Colombia; product rights and technologies in Australia and South Africa; a new joint-venture in food producing animals vaccines in Asia. Lastly, the remaining balance of the acquisition linked to the Leishmaniosis vaccine Research project was paid. Overall all these items amounted to around 36 million Euros.

2012 perspectives

With new product launches being prepared in the US, the introduction of CaniLeish® in Spain, Greece and Italy and the growth potential of emerging markets, a 7 to 9% organic growth can be expected for 2012, leading to an increase of profit. Excluding Research and Development spending, the operating profitability ratio should improve further, while it is expected that R&D investments will continue to rise faster than sales.

A dividend of 1.75 euro per share, as compared to 1.50 euro last year, shall be proposed at the next Annual Shareholders Meeting.