

SALES GROWTH OF 3.6% IN THE FIRST QUARTER

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Virbac consolidated sales in the first quarter amounted to 182.8 M€, a +3.6% growth compared to the same period of last year and +5.6% excluding the unfavourable impact of exchange rates.

At constant scope the evolution is slightly negative, -2.3%. Such low start this year is due in particular to a bad performance in March and has been observed on both the companion animal and the food producing animal segments.

In the companion animal sector, sales decreased by -2.2% at constant exchange rates and perimeter but such evolution is mostly explained by the high basis for comparison set early 2012 in Europe and in the United States.

In Europe, a major event in 2012 had been the launch of the CaniLeish vaccine in Southern Europe. This year, sales of CaniLeish are decreasing due to the built-in impact of the vaccination protocol, which needs three injections in the first year and then one repeat injection as from the second year. Concurrently, adoption of the vaccine by new dog owners is slow due to the difficult economic situation prevailing in the countries around the Mediterranean Sea, main markets for this product. Lastly and from a more general standpoint business in Europe is suffering from the weakness of consumption – in particular in Southern Europe and in France – and from unfavourable weather conditions.

In the US, sales are stable compared to 2012 as Virbac had benefited last year from a strong growth of the internal parasiticide Iverhart linked to the withdrawal of a competitor from the market.

In the rest of the world Virbac sales growth has been satisfactory.

In the food producing animal segment sales decreased by -3.2% at constant scope.

As markets remain sluggish in Europe, Group revenues have been decreasing slightly in the bovine sector but more significantly in the industrial sector (swine and poultry) which suffers from the competition of emerging countries. In the other regions trends have been contrasted: growth remains high in Brazil and India, although a bit lower than these past years; conversely large markets such as Australia, South Africa or Mexico recorded a decrease for more temporary reasons, partially due to the weather conditions.

The contribution of businesses acquired in 2012 is in line with Group's plans. In particular Centrovét sales, in Chile, amounted to 16.2 million Euros during the first quarter.

NET SALES
1st quarter 2013
182.8 M€

TOTAL GROWTH
+3.6%

GROWTH AT CONSTANT
EXCHANGE RATES
+5.6%

GROWTH AT CONSTANT
SCOPE
-2.3%

Of which:
COMPANION ANIMALS
-2.2%

FOOD PRODUCING
ANIMALS
-3.2%

Recent event and 2013 perspectives

Beginning of April Virbac's US affiliate announced to its distributors that the supplying of its internal parasiticide Iverhart Plus is being stopped temporarily, due to the fact that certain lots manufactured recently were or might be below specification in the potency level of one of the actives before the expiry date of the product. Lots in stock have been voluntarily withdrawn from distributors and for some of them, recalled from veterinary practices.

To overcome this interruption of supply and replace the products withdrawn, Virbac US is offering Iverhart Max to its customers, for a period of 6 months, at the current price of Iverhart Plus. Iverhart Max, which is not affected by this situation, combines a third active ingredient to those contained in Iverhart Plus, which provides a wider protection to dogs as it is active against tapeworm in addition to protecting against heartworm.

This event and the low activity of the first quarter will make it more difficult to achieve the ambition, announced with the Group's 2012 financials, of a 5 to 7% organic growth and an increase by half a point of operating profitability. Yet with the acquisitions made in 2012, the growth potential of products recently launched and of emerging countries, the Group remains confident in its capacity to deliver an overall double digit growth of its revenues and operating profit.