

2010 RESULTS :

Historic growth of sales and net earnings

Public release – March 14th, 2011

Consolidated numbers in million €	2010	2009	% change 2010/2009
Revenue from ordinary activities	572.8	467.4	+ 22.6 %
<i>Growth at constant exchange rates</i>			+ 15.4 %
<i>Pro-forma growth at constant exchange rates</i>			+ 10.8 %
Current operating result	77.6	58.3	+ 33.2 %
<i>As a % of sales</i>	13.6 %	12.5 %	
Other non recurring income and expenses	10.1	-	
Operating result	87.7	58.3	+ 50.5 %
Result before tax	86.1	56.4	+ 52.8 %
Net result – Group share	63.4	38.8	+ 63.4 %
Equity – Group share	300.1	233.6	+ 28.4 %
Net financial debt	3.1	33.8	- 90.8 %

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

Virbac recorded an excellent sales growth in 2010, coming on one hand from a solid organic growth : +10.8% (+13.4% in companion animals and +5.2% in food producing animals), and on the other hand from external growth with the acquisition of assets from Pfizer in Australia early in the year (4.6 points of growth). Besides, the weakening of the Euro against the other currencies had a very favourable impact this year, roughly 7.2 points of additional growth.

The current operating profit also records a strong increase : +33.2%, a 1.1 point improvement of the operating profitability ratio which reaches 13.6%. Such a performance is coming from three factors :

- **the positive evolution of gross margin**, due to the increasing weight of the most recent products as well as of the companion animals business ;
- **a controlled increase of operating costs**, which in 2010 have been mostly devoted to commercial expenses, with in particular an increase of investments in the second half intended to strengthen Virbac's commercial presence and visibility in major European markets and in the United States as well as in certain emerging countries, where the Group's growth potential and ambitions for the coming years are high ;

- **the favourable impact of exchange rates**, which added to the good performance of affiliates in particular in the southern hemisphere.

The acquisition made in Australia early 2010 has been recorded in accordance with IFRS 3 "business combinations" and generated one-time impacts, which are shown as "non recurring income and expenses". They include an exceptional profit amounting to 11.8 million Euros, resulting from the excess of the fair value of assets acquired over the transaction price; certain exceptional expenses related to this acquisition also have been classified in this line, resulting in a net impact of +10.1 million Euros.

Including such non recurring profit and after deduction of interest expenses and income tax, the net profit – Group share has increased by more than 63%.

From a financial standpoint, the major capital expenditure programs planned by the Group have been launched, in particular in France the increase of manufacturing capacities for vaccines, a new production unit for injectable products as well as the new unit dedicated to manufacturing the future vaccine against Leishmaniasis. The timing of such important programs, a bit slower than forecasted, coupled with a very moderate evolution of working capital requirements despite the strong growth in business, allowed for an acceleration in debt reduction. With a net consolidated debt of virtually zero at year-end 2010, Virbac's financial situation and its financing capacities for external growth opportunities are even stronger.

A dividend of 1.50 euro per share, as compared to 1.32 euro last year, shall be proposed at the next Annual Shareholders Meeting.

2011 perspectives

With the product launches being prepared and the positive market evolutions anticipated in the major countries, it can be expected for 2011 a moderate growth in Europe and a more dynamic growth in the other regions of the world. Virbac's activity in companion animals should again record a nice growth, based on innovation and the commercial expansion of the US affiliate; in the food producing animals segment, emerging countries will continue to drive growth. Consequently Virbac could enjoy a 5 to 7% growth in sales in 2011, coupled with a new improvement in operating profitability.

