



## Quarterly report as of September 30, 2011

This report is prepared in narrative form under the terms of implementation of article L451-1-2 of the Monetary and Financial Code issued by the French financial markets authority (AMF).

### I – Key events of the quarter

Virbac signed on August 9, 2011 a joint venture agreement with a Taiwanese company specialized in the development of viral and bacterial vaccines for swine, poultry and aquaculture species. This alliance will be completed during the fourth quarter and will allow Virbac to build a basis for development and production of vaccines for food producing animals, mainly pigs and poultry species but also aquaculture, and to enter into these markets segments.

After Portugal in May, CaniLeish®, the new Virbac's vaccine against canine Leishmaniasis, has been successfully launched in France in late September.

### II – General overview of Virbac financial situation and profits

Consolidated figures (Millions euros)	3 <sup>rd</sup> quarter	9 months cumulative
2011 Provisional Net Sales	161.0	475.5
2010 Net Sales	154.0	438.1
<b>Change</b>	<b>4.5%</b>	<b>8.5%</b>
<b>Change at constant exchange rate</b>	<b>6.7%</b>	<b>9.1%</b>
<b>Change at constant scope and exchange rate</b>	<b>6.0%</b>	<b>8.1%</b>

#### Activity :

The positive evolution of the third semester Group activity is similar to the performance recorded in the second quarter, in spite of the high comparison basis set by the strong same quarters of last year.

Regionally, Latin America, Asia and Pacific markets have continued to enjoy double digit growth, driven in particular by Brazil, Mexico, India, Australia and South Africa; Europe has also been performing well and in line with the trend observed in the first half. Only the US have experienced a decline this quarter, essentially due to inventory build-ups by distributors in the third quarter 2010.

With total year-to-date sales of 475.5 M€ compared to 438.1 M€ last year, the business trend remains steady with a total increase of +8.5% globally. It is slightly higher (+9.1%) at constant exchange rates.

**VIRBAC : Passionate about animal health**

NYSE Euronext - Compartiment B - code ISIN : FR0000031577 / MNEMO : VIRP

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Excluding the impact of recent acquisitions (in Colombia as from early 2011 and in Australia partly in 2010), organic growth accounts for +8.1% for this nine months period.

**Perspectives :**

The good performance recorded in the end of September confirmed the perspective of an organic growth exceeding the 5 to 7% estimate announced earlier this year.

**Debt :**

The Group's net debt in the third quarter has risen sharply and stand at 81,3 M€ compared to 28.5 M€ in the third quarter 2010, i.e. an increase of 52.8M€.

This increase is mainly due to the working capital needs generated by the growth of the business, and to ongoing major capital expenditure projects, in particular in France : increase of capacities for vaccines, new manufacturing units for injectable products and for the vaccine against canine Leishmaniosis.

Besides, several acquisitions have been completed during this first half : property rights and technologies related to products already distributed by Virbac acquired in South Africa and in Australia; veterinary business of Synthesis acquired in Colombia. Lastly, the balance due with regards to the acquisition in 2003 of BVT, the company which originated the canine Leishmaniosis vaccine Research project, has been settled following the marketing approval obtained early 2011 for this new vaccine.

The Group has also launched a buyback program of its own shares, in order to cancel these shares, to a maximum of 3% of capital and as such had purchased 158,822 shares on September 30 for a total of 18.4M€.

**III – Turnover breakdown per activity**

Consolidated figures (Millions euros)	Change 9 months cumulative (Constant rate & scope)	Change 9 months cumulative (Constant rate)
Companion Animals	6.7%	7.1%
Food Producing Animals	13.2%	15.4%
Other businesses	-36.5%	-36.5%
<b>TOTAL</b>	<b>8.1%</b>	<b>9.1%</b>

- **Companion Animals**

The companion animals segment records a +6.7% organic growth with a good performance in all product ranges.

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- **Food Producing Animals**

The food producing animals segment, driven by the dynamics in emerging markets, remains a significant growth contributor with an organic growth of +13.2%, mostly in product categories for bovine (+14.5%) but also to a lesser extent in the industrial sector (swine and poultry: + 7.7%).

- **Other businesses**

These activities, which represent 1.2% of the quarter sales correspond to specific activities that cannot be treated as companion animals and food producing animals. These include mainly contract manufacturing performed for third parties in the United States.

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