

A 15.8% NET PROFIT INCREASE in 2012

Public release – March 11, 2013

Sales growth of +11.6% in 2012. Primarily generated by an 8.2% organic growth, this performance was driven by both segments: companion animals (+10.4%) with in particular the launch of CaniLeish - vaccine against canine Leishmaniosis - in Europe and the expansion of Virbac ranges in the US market; food producing animals (+5.1%) thanks to the continued development of emerging markets. Growth has been further increased by two factors: a significant exchange rate impact of around 2.7% and the integration of acquisitions - Stockguard in New Zealand as from July and Centrovét in Chile as from December - altogether adding 8.6 M€ of sales.

Strong increase of consolidated results. Current operating profit and net profit also increased strongly, +14.4% and +15.8% respectively. This very positive evolution has been due on one side to the improvement of gross margin, leveraged by a favourable mix of higher margin business and countries (companion animals; USA). On the other side, operating expenses have been controlled and as a whole increased less than sales with the exception of R&D expenses. Commercial investments have been further increased in a selective set of countries, in particular in the United States and Brazil.

As previously announced, human and financial resources allocated to innovation continued to be reinforced. The outcome is a new increase of Research and Development expense, more than 22% in 2012 or 0.6 point as a percentage of sales, after an increase of 15% and 0.3 point in 2011.

This investment for the long term competitiveness could be offset by the significant improvement of profitability before R&D. As a result, the current operating profit increased by +14.4% and reached 14.1% of sales, a 0.3 point improvement versus 2011. Stockguard and Centrovét contribution to the current operating profit are in line with expectations and represented 2.7 M€.

After deduction of interest and tax, net profit – Group share amounts to 66.6 M€, a +15.8% increase compared to 2011.

High generation of cash and sound financial structure. This good economic performance produced a substantial cash-flow increase. Combined with a tight control of working capital needs, it resulted in an increased cash generation and a debt reduction of around 40 million Euros excluding acquisitions. Cash payments on acquisitions - essentially Stockguard and Centrovét - represented 92 million Euros. Altogether the consolidated debt increased moderately and Virbac's financial structure remains very sound, with a rather low level of net debt, 39% of shareholders equity.

2013 perspectives

2013 will be a year of consolidation of recent products in companion animals and sustained growth in emerging markets in food producing animals. This should lead to a 5 to 7% organic growth; in addition, Virbac will benefit from the full year impact of the recent acquisitions, primarily Centrovét which accounted for only one month in 2012. Overall at current exchange rates, sales should come close to 800 Million Euros in 2013 and Virbac's ambition is a further 0.5 point

NET SALES
695.2 M€

+11.6%

CURRENT
OPERATING
PROFIT

98.1 M€

+14.4%

NET PROFIT
Group share

66.6 M€

+15.8%

improvement of operating profitability. The net profit should also increase, but to a lesser extent given minority interests in Centrovet and the interest expense on acquisitions.

A dividend of 1.90 euro per share, as compared to 1.75 euro last year, shall be proposed at the next Annual Shareholders Meeting and payable on June 26, 2013.

Consolidated numbers as of December 31 in millions €	2012	2011	% change 2012 / 2011
Revenue from ordinary activities	695.2	623.1	+11.6%
<i>Growth at constant exchange rates</i>			<i>+8.9%</i>
<i>Pro-forma growth at constant exchange rates</i>			<i>+8.2%</i>
Current operating profit	98.1	85.7	+14.4%
As a % of sales	14.1%	13.8%	
Other non operating income and expenses	0.1	0.5	
Operating profit	98.2	86.2	+13.9%
Profit before tax	95.5	83.5	+14.3%
Net profit – Group share	66.6	57.5	+15.8%
Shareholders' equity	346.2	311.4	+11.2%
Net financial debt	133.9	69.7	+92%
Operating cash flow before interest and tax	123.5	107.2	+15.2%

*The financial statements have been audited; issuance of the auditors' report is ongoing.
Financial statements are available on www.virbac.com*

