

SALES GROWTH OF 9.4% IN THE SECOND QUARTER

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Virbac consolidated sales in the second quarter reached 189.2 M€, a +9.4% growth compared to the same period of 2012 or +11.7% excluding still unfavourable exchange rates. At constant rates and scope, i.e. excluding OTC businesses divested as well as acquisitions realized in 2012, sales increased by +1.3% this quarter, a rebound after the low start of the year but yet a moderate growth.

This is partly due to market dynamics which remained rather low during this quarter, still impacted by the difficult economic environment in Europe and by weather conditions remaining unfavourable in many regions, leading to less pathology. In addition, one specific factor is affecting Virbac's growth like in the first quarter: the decrease of sales of the CaniLeish vaccine in Southern Europe due to the built-in impact of the vaccination protocol, which needs one repeat injection from the second year after three injections in the first year.

In the USA, as announced early April, stocks of the internal parasiticide Iverhart Plus have been voluntarily withdrawn from distributors due to stability reasons and sales of the product have been stopped temporarily. The vast majority of distributors and clinics have rapidly switched to the alternative specialty product offered by Virbac, Iverhart Max, which provides a wider protection to dogs and is being currently sold at the price of Iverhart Plus. Overall, sales in the US during this quarter were slightly up.

Year-to-date, first half sales amount to 372.0 M€ compared to 349.4 M€ in 2012, a +6.5% nominal growth or +8.6% at constant exchange rates. This performance is coming from recent acquisitions while organically, sales decreased slightly by -0.5%, due to the addition of both market factors (economic slow down, pathology) and more specific factors, especially the high comparison basis set last year by the launch of CaniLeish in major European markets and the strong growth of Iverhart in the US following the absence of a competitor from the market. The impact of the decline of these two brands on the organic growth in the first half is around -1.5% each.

In addition, the divestments of OTC businesses generated a -1.5% decrease. Lastly, the contribution of 2012 acquisitions is in line with expectations. In particular sales of Centrovit in Chile reached 35.5 M€ and have grown by +6% on a pro-forma basis as compared to the first half of 2012.

From a regional perspective, emerging markets (Latin America, India, Asia) enjoyed a significant growth, compensating for the slow down recorded in Europe and other developed countries (Japan, Australia). In the US, sales during this first half remained stable despite the negative impact of the Iverhart Plus withdrawal, thanks to a good substitution with Iverhart Max and the growth of other product ranges, including products recently launched.

NET SALES
FIRST HALF 2013
372.0 M€

TOTAL GROWTH
+6.5%

GROWTH AT CONSTANT
EXCHANGE RATES
+8.6%

EVOLUTION AT
CONSTANT SCOPE
-0.5%

Of which:
COMPANION ANIMALS
-0.5%

FOOD PRODUCING
ANIMALS
+0.5%

In terms of species, sales in the companion animals segment decreased slightly, -0.5%, essentially due to CaniLeish and low market trends in Europe and to the Iverhart situation in the US. Sales in the food producing animals segment increased slightly, +0.5%: the growth in the emerging countries is offset by the negative performance in Europe and in Australia. Globally, sales are progressing in the bovine sector (+1.8%) but decrease in the swine and poultry sector (-4.4%), essentially in Europe.

Consolidated numbers <i>Unaudited – in million Euros</i>	2013	2012	% change	Evolution at constant exchange rates	Evolution at constant scope and exchange rates
Net sales - 1 st quarter	182.8	176.4	+3.6%	+5.6%	-2.3%
Net sales - 2 nd quarter	189.2	173.1	+9.4%	+11.7%	+1.3%
Net sales - 1 st half	372.0	349.4	+6.5%	+8.6%	-0.5%