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CURRENT OPERATING PROFIT increases by 6.9% in 2013

Public release – March 19th, 2013

Consolidated numbers as of December 31st *in million Euros*	2013	2012	% change 2013 / 2012
Revenue from ordinary activities	**736.1**	**695.2**	**+5.9%**
Growth at constant exchange rates			+10.5%
Growth at constant scope and exchange rates			+2.1%
Current operating profit	**104.9**	**98.1**	**+6.9%**
As a % of sales	14.2%	14.1%	
Net consolidated profit	**69.0**	**67.2**	**+2.7%**
Of which net profit – Group share	**60.5**	**66.6**	**-9.2%**
Shareholders' equity	**360.9**	**346.2**	**+4.3%**
Net financial debt	**178.1**	**133.9**	**+33%**
Operating cash flow before interest and tax	**135.0**	**123.5**	**+9.3%**

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

Revenue grew by +5.9%. Virbac sales growth has been largely weakened in 2013 by the unfavourable evolution of foreign exchange rates as sales would have increased by +10.5% at constant parities. To a large extent this evolution came from the acquisitions made in 2012 in Chile and New Zealand while organic growth, which had been nearly nil during the first half of the year, has been stronger during the second half and finally reached +2.1% on the whole year basis. This rather weak growth has been due to market trends being quite unfavourable from a climatic and economic standpoint, to a lack of significant new products launches this year and to factors of slow down specific to the Group in Europe and in the United States.

Current operating profit increased by +6.9%. While also significantly impacted by the evolution of exchange rates, the current operating profit was close to 105 M€, a nice increase in particular during the second half of the year, and a slight improvement as a percentage of sales: 14.2% compared to 14.1% in 2012. Such evolution is resulting from the addition of several factors which have compensated:

- on one side, excluding acquisitions, the Group's operating profitability has been negatively impacted by the low sales evolution in markets and activities which generate the highest profit contribution (Europe, the United States, companion animals) and by the costs related to the temporary withdrawal of Iverhart Plus in the US. However these negative factors could be partially offset by a strict control of the evolution of operating expenses;
- at the same time, Virbac continued to strengthen structures and increase investments in Research and Development, which are dedicated to both innovation and meeting increasing regulatory requirements with regard to the portfolio of existing products. Research and Development expenses have grown by more than 10% at constant perimeter and exchange rates, a 0.8 point increase as a percentage of sales;

- conversely, acquisitions made in 2012, particularly in Chile (Centrovet) but also in New Zealand (Stockguard) have brought, as expected, a high contribution to the operating profit, compensating for the factors of decrease described here above.

Net profit - Group share decreased by -9.2%. The Net after tax profit – Group share reached 60.5 M€, a -9.2% decrease compared to 2012 taking into account the increase of interest expense due to incremental debt necessary to finance acquisitions, and the deduction of profit attributable to the minority interests in Centrovet.

Financial structure remains solid. From the financial point of view 2013 has been characterized by an increase of working capital needs driven by the supply chain, as well as high level of capital expenditure, nearly 55 M€ dedicated to major industrial projects implemented to meet the Group's needs in terms of modernization and capacity, primarily in France and in Mexico, and to the extension of Centrovet facilities in Chile. At the same time 34 M€ have been needed to finance external growth, consisting in the payment of price adjustment provisions on the Centrovet acquisition, as well as the acquisition, last September, of a 100% ownership in Santa Elena (Uruguay) in which Virbac already owned a 30% interest. As a result of these needs, the consolidated net debt has increased but the Group's financial structure remains very sound with the debt to equity ratio remaining below 50%.

2014 perspectives. Growth of the markets should be closer to the trends observed in a recent past. Asia, Pacific and Latin America regions will remain the drivers of highest growth for Virbac, while growth in the Northern Hemisphere should still be relatively moderate in 2014 before accelerating in 2015. The Group is actually preparing the launch of a wave of important new products in Europe, which should however have a rather limited impact in 2014 as they are essentially planned in the second part of the year. In the United States, with the re-introduction of Iverhart Plus on the market being expected in the second semester, growth of the business globally should remain modest and then rebound in 2015. Overall these evolutions should generate an organic growth of about 4 to 6%, with a stable level of operating profitability at constant exchange rates given the double digit planned increase of R&D expenses.
A dividend of 1.90 euro per share, constant compared to last year, shall be proposed at the next Annual Shareholders Meeting, payable on June 25, 2014.