

Virbac : half-year results

impacted by foreign exchange and the low level of activity in the United States

Public release – August 29th, 2014

CONSOLIDATED DATA AS OF JUNE 30th in million Euros	2014	2013	% change 2014/2013
Revenue from ordinary activities	366.3	372.0	-1.5%
<i>Evolution at constant exchange rates</i>			+4.1%
<i>Evolution at constant scope and exchange rates</i>			+3.0%
Current operating profit	49.9	56.2	-11.3%
<i>As a % of sales</i>	13.6%	15.1%	
Net consolidated profit	31.7	36.3	-12.6%
Of which net profit – Group share	27.8	32.6	-14.7%
Shareholder's equity	378.6	350.8	+7.9%
Net financial debt	265.1	210.9	+25.7%
Operating cash-flow before interest and tax	65.0	71.0	-8.5%

The financial statements have been subject to a limited review by the auditors ; issuance of their report is ongoing.
They are available on www.virbac.com

In real terms, the revenue growth during the first half reached +4.1% in total and +3.0% organically, but has been hidden by weak exchange rates of most currencies against the Euro. At constant rates, sales increased significantly in all regions of the world with the exception of the United States which suffered from the absence of Iverhart Plus from the market until the end of June. Delivery of the product has now resumed since early July.

The current operating profit amounted to 49.9 M€ compared to 56.2 M€ last year, a decrease by -11.3% and -1.5 point as a percentage of sales. This evolution is partly due to exchange rates, which had a negative impact of more than 4 M€ on Virbac's operating performance. The other major factor which impacted the results during this first part of the year has been the decrease by more than 5 M€ of profit generated in the United States due to the lower level of activity. On the other hand, the evolution of results from the other regions has been positive and partially compensated the impact of the above two factors.

The net profit - Group share amounts to 27.8 M€ after deduction of interest and tax expenses, a -14.7% decrease compared to 32.6 M€ in the first half of 2013.

From a financial standpoint, the net debt increase of 54 M€ in comparison to June last year is essentially due to payments made during this period for recent acquisitions and related price adjustments: Centrovét (Chile), Stockguard (New Zealand) and Santa Elena (Uruguay). Besides these, during this first half, financing needs resulting from the capital expenditure program and the seasonal increase of working capital have been rather lower, 16 M€ less, than in the same period last year. Due to the seasonality effect, a substantial reduction of the level of debt is expected, as every year, in the second half.

2014 perspectives

With the re-introduction of Iverhart Plus on the US market early July and several new products to be launched in the second half, organic growth should accelerate during this period and meet the 4 to 6% range on a full year basis previously announced. In parallel, considering the recent trend, the impact of exchange rates on sales and results in the second half is expected to be much lighter than during the first half. All these factors should then have a positive impact on the operating profitability ratio, which on the full year basis should, as announced, stay close to the level achieved in 2013.