

Virbac announces the closing of the SENTINEL® brands family acquisition in the United States

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Virbac announces the successful closing on January 2nd of its agreement with Eli Lilly and Company to acquire two major parasiticides for dogs in the United States: SENTINEL® Flavor Tabs® and SENTINEL® SPECTRUM®, marketed up to now by Novartis Animal Health.

As announced late October 2014, Lilly agreed to divest these U.S. assets as a result of the U.S. Federal Trade Commission's review of Lilly's acquisition of Novartis Animal Health worldwide. The completion of the transaction with Virbac was subject to approval by the Federal Trade Commission, which was received on December 19, 2014.

The consideration paid for this transaction amounted to 410 million U.S. dollars, settled in cash upon closing.

Under the terms of the agreement, Virbac has acquired a combination of rights and titles for the United States on Sentinel Flavor Tabs and Sentinel Spectrum. In relation with the transaction, Virbac also offered employment to a number of the staff, predominantly commercial teams, involved in the U.S. companion animal business of Novartis Animal Health. This will allow Virbac to almost double the size of its commercial organization in the United States.

For Virbac this transaction is a major opportunity to transform its business and become one of the leading players in the U.S. companion animal veterinary market. Sentinel Flavor Tabs and Sentinel Spectrum generated total revenues of more than 90 million U.S. dollars in the United States in 2014. The addition of these strong brands to Virbac's current portfolio of products, together with a twice as large sales and marketing organization, will be key factors for Virbac to better reach and serve the needs of the veterinary clinics and pet owners in the U.S. companion animal veterinary market. This will both strengthen Virbac's position in a major market segment, parasiticides used for companion animals, and leverage Virbac's growth potential in other specialties through increased direct contact with the veterinary practitioners.

The contribution of this acquisition to Virbac's revenues and operating profit before depreciation ("EBITDA") is expected to be very positive as of 2015 and will largely exceed the cost of financing. It should then increase steadily thereafter, driven by the forecasted commercial synergies. From an accounting standpoint, the transaction will be recorded in accordance with IFRS 3 "business combinations", which will trigger amortization expense based on the allocation to be done of the purchase price on different asset classes.

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Shaping the future of animal health