

Virbac : annual sales growth of 10.2%, driven by exchange rates and acquisitions

Public release - January 14th, 2016

Virbac consolidated revenue in the fourth quarter reached 206.2 M€, a +1.0% growth compared to the same period of last year and a -10.3% decrease at constant scope.

Total 2015 annual sales reached 852.2 M€ compared to 773.1 M€ last year, a +10.2% overall growth, of which +3.9% excluding favorable exchange rates impact and -5.4% at constant scope. The contributions are highly contrasted between the United States and the rest of the world.

In the United States: sales in the fourth quarter reached 36.4 M\$, a decline of -3.6% compared to last year and a +9.6% increase compared to the third quarter. This slight improvement arises from the legacy range, notably with the first batches of Iverhart Plus returning to the market in December.

For the full year, the growth in the United States reached +9.3% in USD. At constant scope, the legacy business is decreasing strongly (-60%) following the interruption of the manufacturing and deliveries from the Saint Louis facility. This business achieved 55 M\$ of sales, right in the middle of the range initially estimated in September (50 to 60 M\$), due to the release process of the Iverhart Plus manufactured batches being longer than expected. The Sentinel range, acquired in the early stage of the year, achieved a very good performance with more than 94 M\$ sales.

Outside of the United States: fourth quarter sales reached 172.8 M€. The organic evolution, -1.4%, is strongly impacted by the apparent decline of the activity in France (one off increase at the end of 2014 due to distributors building up stocks of antibiotics products). Excluding France, the organic growth would have reached +1.4%.

Total 2015 sales excluding the United States amounts to 717.2 M€ compared to 669.6 M€ last year, an overall growth of +7.1%, of which +3.0% organic growth.

All geographies have contributed positively to this growth, with the exception of France

(decrease in the antibiotics sales as previously mentioned).

Excluding France, organic growth has reached +5.4%, of which +4.2% in Europe and +6.3% in the rest of the world.

In terms of species, revenue in the companion animals segment outside of the United States increased by +6.4% at constant parities thanks to a sustained activity in Europe (+5.3%) as well as in the rest of the world (+9.0%). This good performance is due to the ramp-up of new products launched recently in Europe, mainly the parasiticides for companion animals Effitix and Milpro, and to the new pet-food range introduced recently. The dermatology and reproduction ranges are contributing to this steady growth as well.

The food producing animals segment shows a low evolution: -0.1% at constant scope. Growth remained mainly driven by the emerging countries as well as the large markets (Australia, New Zealand), while the business in Europe declined in both the bovine and industrial sectors (swine and poultry) due to the decrease of sales of antibiotics in France.

Perspectives

The contribution of the United States to the Group operating profit will be lower than anticipated with the release of the first half results, due to a slower than expected decrease in non-recurring remediation costs. Consequently, the second-half consolidated operating profit-adjusted should not increase substantially but rather remain close to the first-half result.

On another side, at the end of the year, the U.S. affiliate finally received a warning letter from the FDA. This letter does not highlight any new facts compared to the inspection report received one year earlier. It recognizes the efforts undertaken since one year to improve the performance in the quality process at the St. Louis facility, but in the meantime underlines the necessity for Virbac to ensure their sustainability. All the resources dedicated since one year are geared towards

achieving this objective. The compliance status of the St. Louis facility to the good manufacturing practices (cGMP) remains dependent on a new inspection by the FDA, as previously mentioned. The current status does not preclude manufacturing and release of products, but it puts on hold any variations on existing registration files as well as the approval of new registrations.

Key figures

2015 NET REVENUE

Provisional

852.2 M€

TOTAL GROWTH

+10.2%

GROWTH AT
CONSTANT EXCHANGE RATES

+3.9%

GROWTH AT CONSTANT SCOPE

-5.4%
(+3.0% excl. the U.S.)

Of which :
COMPANION ANIMALS

-9.2%
(+6.4% excl. the U.S.)

FOOD PRODUCING ANIMALS

-0.1%

CONSOLIDATED DATA Unaudited - in million Euros	2015	2014	% change	Evolution at constant exchange rates	Evolution at constant scope
Net revenue - 1 st quarter	211.4	180.5	+17.1%	+7.0%	-6.1%
Net revenue - 2 nd quarter	220.9	185.8	+18.9%	+9.0%	+2.2%
Net revenue - 3 rd quarter	213.7	202.7	+5.5%	+1.8%	-6.8%
Net revenue - 4 th quarter	206.2	204.1	+1.0%	-1.5%	-10.3%
Net annual revenue	852.2	773.1	+10.2%	+3.9%	-5.4%