

First quarter 2017 sales down, strongly impacted by stock effects in the distribution in the United States



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Virbac consolidated sales in the first quarter amounted to 199.7 M€, down -5.5% compared to the same period in 2016, despite a favorable impact of the exchange rates. At constant parities, the decrease would be of -8.3%, mainly due to the sharp decline in activity at the beginning of the year in the United States and to a lesser extent in Chile.

In the United States, activity was down in the first quarter by -41.6% (-43.5% at constant exchange rates), this impact which was expected, is related to the destocking by distributors of the products sold by the Group at the end of 2016, such as Iverhart Max. These products will have to be sold before the restocking orders take momentum. Sentinel and the other ranges (dentals, dermatologicals...) also declined in the first quarter, due to high orders from distributors at the end of 2016, in anticipation of January 1st price increases. In 2016, these increases had taken place on February 1st.

It should be noted, however, that US sales of Virbac ex-distributors' products to veterinary clinics were up 11% on average in the first quarter of 2017 compared to the first quarter of 2016, confirming the recovery of market shares of Virbac products in clinics even if it is slower than expected.

In Chile, the aquaculture market remains disrupted as a result of the sanitary crisis in 2016. First quarter activity declined due to the anticipated lower sales of antibiotics, compared to a first quarter of 2016 that had remained high. This decrease in antibiotics is partially offset by a rebound in sales of injectable vaccines.

In Europe, where the turnover is practically stable, performances are mixed: the United Kingdom, France, Poland, Benelux and Switzerland show good contributions, although they do not compensate for the OTC activity (Over-the-counter). Moreover the region is impacted by a problem of availability of dog vaccines that should fade during the year.

In Latin America, the Group had a good start to the year. Activity increased by +12.3% (+5.4% at constant exchange rates), thanks in particular to the contribution of Mexico and Brazil, which also benefited from the appreciation of the real. In the Asia-Pacific region, growth was again strong in emerging countries, notably in China, Korea, South Africa and the Philippines. On the other hand, Australia and New Zealand suffered from a slower start at the beginning of the year, partially offset by a favorable impact of exchange rates.

In terms of species, sales in the companion animals segment declined by -14.9% (-16.2% at constant exchange rates), mainly affected by the situation in the United States, notably on the endectocides and internal parasiticides ranges, as well as by the temporary reduction of the production capacity of dog vaccines.

In the food producing animals segment growth was +8.4%, of which +3.6% excluding currency effects. The performance is mainly driven by the ruminant sector, which is showing good growth in the parasiticides and antibiotics ranges.

Aquaculture is lagging behind in particular as a result of lower sales of antibiotics.

Key figures

NET REVENUE
1st quarter 2017

199.7 M€

TOTAL GROWTH

-5.5%

GROWTH AT
CONSTANT EXCHANGE
RATES

-8.3%

GROWTH AT CONSTANT
SCOPE

-8.3%

Of which :
COMPANION ANIMALS

-16.2%

FOOD PRODUCING ANIMALS

+3.6%