

2019 first quarter revenue rose by +10.9% at comparable exchange rates

Public release - April 11, 2019

KEY FIGURES			
Revenue 1 st quarter 2019	Total growth	Growth at constant exchange rates	Growth at constant exchange rates and scope ¹
€217.5 million	+12.4%	+10.9%	+10.9% of which companion animals +17.6% (+9.3% outside of the USA) food producing animals +1.8%

¹ Growth at constant exchange rates and scope is the organic growth of sales, excluding the impact of exchange rate changes, by calculating the indicator for the financial year in question and that for the previous financial year on the basis of identical exchange rates (the exchange rate used is that in effect for the previous financial year), and excluding the impact of changes in scope, by calculating the indicator for the financial year in question on the basis of the scope of consolidation for the previous financial year.

Quarterly consolidated revenue

Virbac's revenue reached €217.5 million in the first quarter, an increase of +12.4% when compared to the same period in 2018, positively impacted by exchange rates, particularly the stronger US dollar. At constant rates, growth of +10.9% is driven by sustained activity from the beginning of the year in all regions, with a particularly strong contribution from the United States.

All areas show growth compared to the same period last year. In the United States, first quarter activity shows a marked increase of +81.5% (+67.2% at constant exchange rates). It benefited from a positive base effect related to 2018 first quarter distribution inventory reductions of Sentinel, which had strongly impacted Virbac sales over the period. Like the Sentinel range, the Iverhart range shows strong growth, due in particular to the Iverhart Max Soft Chew, launched in May of 2018. Ex-Virbac sales of specialty, dermatology and dental ranges also continue to grow significantly. It should be noted that ex-distributor sales in the United States of Virbac products to veterinary clinics showed overall growth of +9% compared to the same period in 2018 (+38% excluding heartworm products, which show a slight decline in market trend due to unfavorable climatic conditions at the beginning of the year).

Outside of the United States, the Group is growing at +6.6% at real rates, or +6.2% at constant rates. In Europe, revenue is growing at +5.2% at real rates (+5.0% at constant rates). The key contributors to this performance are the United Kingdom (major restocking of products in anticipation of Brexit), Spain, Germany and Scandinavia, buoyed by the high level of activity in companion animal ranges (parasiticides, petfood, vaccines and dermatology), offsetting weaker sales in France, essentially due to a calendar effect following a price increase. In Latin America excluding Chile, the Group had a good start to the year. Activity grew by +7.4% at real rates (+6.7% at constant exchange rates), thanks to contributions from Brazil, Mexico and Colombia, which offset the temporary decline in export sales for the area. Asia-Pacific is progressing at real rates of +5.2% (+4.7% at constant exchange rates), sustained in particular by Australia, Taiwan and Vietnam. Lastly, Chile's first quarter shows strong growth of +18.5% at real rates (+12.7% at constant exchange rates), driven by sales of injectable vaccines in aquaculture, companion animal ranges and products for swine and poultry.

In terms of species, revenue in the companion animal sector is rising overall by +20.1% at real rates (+17.6% at constant exchange rates and +9.3% outside the USA), mainly driven by the solid performance of internal and external parasiticide ranges, dermatology and specialties (particularly nutraceutical and reproduction products) and the petfood range.

The food producing animals segment shows growth of +2.0% (+1.8% at constant rates). However, performance is mixed. Aquaculture drives the segment's growth at +9.5% at constant rates, thanks to the momentum created in sales of injectable vaccines for salmon, which offsets slower sales of products for crustaceans in India. The Industrial sector (swine and poultry) shows slight growth of +2.6% at constant rates, and lastly, the ruminants sector is stable when compared to the same period in 2018.

Outlook

Thanks to performance that the Group predicts will be strong in all other regions, revenue at constant rates is expected to rise from 4% to 6% in 2019 compared with 2018.

For the entire year, the Group anticipates the ratio of "operating profit from ordinary activities before depreciation of assets arising from acquisitions" to "revenue" to increase by around 1 point compared to 2018 at constant exchange rates.

From a financial standpoint, tight control of invested capital should allow further debt relief, which is expected to hover around €30 million, at constant rates, for the year.



Furthermore, the ratio (net debt/Ebitda) for 2019 should be below 4.25 at the end of June 2019 and 3.75 at the end of December 2019. This will mark a return to the financial ratio in the initial contract with the original financing conditions. The Group's financing is ensured primarily through an RCF (Revolving credit facility) line of 420 million euros, maturing in April 2022, as well as through bilateral bank loans, financing by the EIB (European Investment Bank) and *Schuldschein* disintermediated contracts, whose terms are between four and ten years.

Focusing on animal health from the beginning

Virbac offers veterinarians, farmers and pet owners in more than 100 countries a practical range of products and services for diagnosing, preventing and treating the majority of diseases while improving quality of life for animals. With these innovative solutions covering more than 50 species, Virbac contributes day after day to shaping the future of animal health.



**R&D
CENTERS ON
5 CONTINENTS**



**SALES
SUBSIDIARIES IN
33 COUNTRIES**



**REVENUE
2018**
up 4.5% at constant exchange rates and scope, compared to 2017



**PRODUCTION
FACILITIES IN
10 COUNTRIES**



**4,900
EMPLOYEES**
up 1.4% from 2017