2019 first half-year revenue grew by +6.6% at constant exchange rates

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KEY FIGURES			
1st half-year 2019 revenue - Provisional	**Total growth**	**Growth at constant exchange rates**	**Growth at constant exchange rates and scope** [1]
€463.6 m	**+7.8%**	**+6.6%**	**+6.6%,** of which **companion animals +9.3% (+6.0% outside of the USA)** **food producing animals +2.2%**

[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

Group revenue reached €246.1 million in the second quarter, an increase of +4.1% at real rates and +3.0%, adjusted for favorable exchange rates. The quarterly growth is driven by Asia, particularly China and Japan, Latin America buoyed by sustained activity in Mexico, Brazil and Chile and lastly by the United States.
In the United States, activity shows an increase of +9% at real rates (+4.6% at constant exchange rates), which is a good performance in view of the high basis of comparison linked to strong Sentinel range sales in the second quarter of 2018. Ex-Virbac sales of Iverhart, antibiotic and dental ranges also continue to show very significant growth, offsetting the decline in sales of external parasiticide ranges. Outside of the United States, the Group shows quarterly growth of +3.0% at real rates, or +2.7% at constant rates. After a first quarter that saw major restocking in anticipation of Brexit, and due to temporary backorders on certain products, Europe is showing a very slight decline in the second quarter, largely offset by the momentum of other geographies which are showing growths of between +5% and +9% at constant exchange rates. It should be noted that in terms of ranges, growth is driven in part by companion animal products such as petfood, specialties, the dental range, and by those of the food producing animal segment, particularly injectable vaccines for salmon and products for bovines (parasiticides and vaccines).

Cumulative revenue at the end of June

Throughout the first half-year, revenue reached €463.6 million versus €430.0 million over the same period in 2018, for an overall change of +7.8%. Adjusted for the favorable impact of exchange rates, revenue shows growth of +6.6%.

Similar to the situation at the end of March, all zones continue to show growth over the half-year compared to the same period in 2018. In the United States, first half-year activity shows a marked increase of +27.9% at real rates (+20.9% at constant exchange rates). It benefits from a major base effect related to 2018 first half-year distribution inventory reductions, which impacted ex-Virbac sales (excluding the destocking effect, the increase is around +7%). Ex-distributor sales in the United States of Virbac's products to veterinary clinics continue to grow compared to the same period in 2018. Heartworm products show a slight decline compared to 2018, with strong double digit growth of the Iverhart range that partially offset the erosion of sales of Sentinel, which is evolving within market trend, itself shrinking due to unfavorable climatic conditions. Other ranges continue their double-digit growth driven by the dynamism of dental products, specialties and antibiotics.

Outside of the United States, the Group is growing at +4.8% at real rates, or +4.4% at constant rates. In Europe, revenue is growing at +2.2% at real rates (+2.0% at constant rates). The key contributors to this performance are Spain, Germany, Benelux, Poland, Scandinavia and Portugal, boosted by a high level of activity in companion animal product ranges (particularly petfood, vaccines and specialties), offsetting the decline in OTC (Over-the-counter) sales in the area and to a lesser degree in the United Kingdom and Italy. In Latin America, excluding Chile, the Group had a good start to the year. Activity continued to grow by +9.1% at real rates (+7.7% at constant exchange rates), thanks to contributions from Brazil, Mexico and Colombia, which offset the temporary decline in export sales for the area. In Asia-Pacific, growth at real rates is +5.5% (+4.9% at constant exchange rates), very strong in China, Japan and Taiwan, which offset the more modest growth in India and Australia as well as New Zealand's delay. Lastly, in Chile, first half-year activity remains strong and shows growth of +14.0% at real rates (+10.6% at constant rates), driven primarily by sales of injectable vaccines and parasiticides for aquaculture.

In terms of species, revenue in the companion animal segment is rising overall by +11.2% at real rates (+9.3% at constant exchange rates and +6.0% outside the USA), mainly driven by the solid performance of internal and external parasiticide ranges, the petfood range, dermatology and specialties (particularly reproduction products).
The food producing animal segment shows more moderate growth of +2.6% at real rates (+2.2% at constant rates).

Aquaculture continues the first quarter trend, with segment growth rising to +10.7% at constant rates, thanks to the momentum in sales of injectable vaccines for salmon. The Industrial farming sector (swine and poultry) shows slight growth of +1.5% at constant rates, and lastly, the ruminants sector is stable when compared to the same period in 2018, growth in sales of vaccines and bovine parasiticides offsetting the decline in antibiotics.

Outlook

First half-year activity supports the outlook announced by the Group for 2019 with annual revenue growth at constant rates between 4% and 6% compared to 2018, and “operating profit from ordinary activities before depreciation of assets arising from acquisitions” to “revenue” ratio growing by around 1 point compared to 2018 at constant exchange rates. From a financial standpoint, tight control of invested capital should allow debt relief, which is expected to hover between €40 and €50 million at constant rates for the year. This improvement compared to the forecast at the beginning of the year is related in particular to the sale of a real estate asset in the United States and the optimization of disbursements on investments.

Furthermore, the ratio (net debt/Ebitda) should be below 4.25 at the end of June 2019 and below 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, 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.

CONSOLIDATED DATA Unaudited – in million euros	2019	2018	% change	Evolution at constant exchange rates[1]	Evolution at constant exchange rates and scope[1]
Net revenue – 1st quarter	217.5	193.5	+12.4%	+10.9%	+10.9%
Net revenue – 2nd quarter	246.1	236.5	+4.1%	+3.0%	+3.0%
Net revenue – 1st half	**463.6**	**430.0**	**+7.8%**	**+6.6%**	**+6.6%**

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.