

Solid +8.4% growth in revenue at constant exchange rates at the end of September, 2019

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KEY FIGURES

Revenue Year-to-date September 2019	Total growth	Growth at constant exchange rates	Growth at constant exchange rates and scope ¹
€697.3 million	+9.9%	+8.4%	+8.4% of which companion animals +12.8% food producing animals +2.5%

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 €233.6 million in the third quarter, an increase of +14.3% at real rates and +12.2%, adjusted for favorable exchange rates. All areas showed solid performances, particularly Europe, the United States and Asia Pacific, which drove the quarter's growth. In the United States, activity grew by +45.4% at real rates (+38.3% at constant rates) thanks to the dental, Iverhart and antibiotic ranges, with a favorable base effect for the quarter. Sales of the Sentinel range remained stable compared to the same period in 2018. Outside the United States, growth reached +10.8% at real rates (+9.3% at constant rates), reflecting Europe's momentum buoyed by excellent performances, particularly in the United Kingdom and Germany and by the area's export activity. In the same way, Asia Pacific and Latin America continued contributing positively to growth driven respectively by India, Australia, Japan and China, as well as Brazil. In terms of ranges, growth originated primarily from companion animal products, such as the dental range, parasiticides, petfood and specialty products. Furthermore, products for bovines, such as vaccines and food supplements, and aquaculture parasiticide products, played a role in the quarter's performance.

Cumulative revenue at the end of September

Revenue reached €697.3 million versus €634.3 million over the same period in 2018, recording a total growth of +9.9%. Adjusted for the favorable impact of exchange rates, particularly the American dollar, the Mexican peso and the yen, revenue showed growth of +8.4%.

All areas continued to show sustained growth at the end of September compared to the same period in 2018, thus, the Group has seen eight consecutive quarters of growth at constant rates. In the United States, activity continued to grow by +32.2% at real rates (+25.2% at constant exchange rates) over the period. However, this growth was bolstered by a significant base effect noted at the end of June, related to inventory reductions in distribution during the first half of 2018, which had impacted ex-Virbac sales. Ex-distributor sales in the United States of Virbac products to veterinary clinics are stable overall compared to the same period in 2018. Heartworm products were down compared to 2018, with strong, double-digit growth in the Iverhart range that partially offset the erosion of Sentinel sales. Other ranges, like sales in additional distribution channels, continued their double-digit growth, driven by the momentum of dental, specialty and antibiotic products.

Outside of the United States, the Group showed significant growth of +6.8% at real rates, or +6.0% at constant rates. In Europe, revenue surged thanks to an excellent third quarter (+4.8% at real rates and +4.7% at constant rates). The main contributors to this performance were Northern European countries (including the United Kingdom and Germany), Spain, which offset the drop in Italy; and France, which is down very slightly in a market itself in decline. In Asia Pacific, growth at real rates was +7.5% (+6.1% at constant exchange rates). Growth was very strong in China and Japan, India benefited from improved growth at the end of September, and New Zealand's delay was offset by Australia. In Latin America, excluding Chile, the Group confirms the good trend of the start of the year. Activity continued to grow by +11.5% at real rates (+9.9% at constant exchange rates), thanks to strong contributions by Brazil and Mexico. Lastly, in Chile, activity showed strong growth of +10.4% at real rates (+7.2% at constant rates), driven primarily by sales of injectable vaccines and parasiticides for aquaculture.

In terms of species, revenue in the companion animal segment grew overall by +14.8% at real rates (+12.8% at constant rates), buoyed by strong performances in all ranges (parasiticides, petfood, dental and specialties). The food producing animal segment showed more moderate growth of +3.4% at real rates (+2.5% at constant rates). Aquaculture grew by +10.3% at constant rates, thanks primarily to momentum in sales of injectable vaccines and parasiticides for salmon. The bovine sector grew by +2.0% at constant rates, thanks to sales of vaccines and nutritionals, offsetting the decline in antibiotics, and lastly, the industrial sector (swine and poultry) showed a slight downturn of -0.7% at constant rates, impacted by new regulations on the prescribing of antibiotics in Italy.

Outlook

Following the very good performance of the third quarter, the Group raises its annual revenue growth outlook at constant rates between 5% and 7% compared to 2018. The ratio of “current operating profit, before depreciation of assets arising from acquisitions” to “revenue” should now grow by around 2.5 points compared to 2018 at constant exchange rates. From a financial standpoint, tight control of invested capital should allow further debt relief of about €60 million at constant rates for the year.

Furthermore, in 2019, the financial ratio (net debt/EBITDA) is once again based on the original banking contract, and must therefore be below 3.75 by the end of December, 2019. 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	Evolution	Evolution at constant exchange rates ¹	Evolution at constant exchange rates and scope ¹
1 st quarter revenue	217.5	193.5	+12.4%	+10.9%	+10.9%
2 nd quarter revenue	246.2	236.5	+4.1%	+3.1%	+3.1%
3 rd quarter revenue	233.6	204.3	+14.3%	+12.2%	+12.2%
Revenue at the end of September	697.3	634.3	+9.9%	+8.4%	+8.4%

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**

58%
COMPANION
ANIMALS



**REVENUE
2018**

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

42%
FOOD
PRODUCING
ANIMALS



**PRODUCTION
FACILITIES IN
10 COUNTRIES**



**4,900
EMPLOYEES**

up 1.4% from 2017