2017 results & perspectives

March 2018
2017: results
  • Financial results
  • Focus US

Perspectives

Appendix: 2018 agenda
• **Solid organic growth outside USA**
  - Sales growth 3.6%
  - Margin growth 5.6%

• **Too slow ramp up in the USA**
  - Sales decrease in 2017 compared to 2016 due to a stocking effect in distribution in 2016 (~25 M$) and lower than expected sales ex-distributors (+4%)

• **Slight decrease of Ebit adjusted¹ (Ebita) @ constant exchange rate**
  - (-2.3 M€ / -2.8%)
  - Increased R&D spending (+5.6 M€ at constant rate) at 8.4%² vs. sales
  - Good contribution of all regions outside USA

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¹. Current operating profit before depreciations of assets arising from acquisitions
². Excluding benefit of French R&D tax credit
• Net profit: 1.8 M€ vs 37.9 M€ in 2016 impacted by:
  • Non-recurring expenses in 2017:
    • 6.3 M€ - Impairment on CaniLeish and restructuring cost in the USA (vs. -2.6 M€ profit in 2016 linked to IFRS principles related to purchase price allocations in acquisitions)
  • Taxes: 39.2 M€ in 2017 (17.8 M€ excl. non current tax expenses) and 15.0 M€ in 2016
  • 21.4 M€ - Depreciation of 2015, 2016 and 2017 deferred tax in the USA

• Positive net profit from ordinary activities: 29.5 M€ vs. 35.2 M€

• Decrease of total debt by 87 M€
  • Net debt @ 460 M€ vs. 547 M€ in 2016
  • Positive exchange rate impact of ~40 M€
  • Optimization of working capital

• On-going deleverage of the company (Net debt on Ebitda ratio)
  • From 7.3 in June 2015 to 4.3 in December 2017
### 2017 last perspectives vs actuals:

<table>
<thead>
<tr>
<th>Perspectives 2017</th>
<th>Actuals 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>~2016@est rate</td>
</tr>
<tr>
<td>Ebit adj.(^1) ratio @ constant rate</td>
<td>~9.5%</td>
</tr>
<tr>
<td>Net debt reduction</td>
<td>~30/50 M€</td>
</tr>
</tbody>
</table>

1. *Ebit adjusted: current operating profit before depreciations of assets arising from acquisitions*
### CONSOLIDATED SALES

<table>
<thead>
<tr>
<th>Million €</th>
<th>2017</th>
<th>2016</th>
<th>Var.%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated sales</td>
<td>861.9</td>
<td>871.8</td>
<td>-1.1%</td>
</tr>
<tr>
<td>- Exchange rate impact vs. 2016</td>
<td>5.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated sales at constant rates</td>
<td>867.2</td>
<td>871.8</td>
<td>-0.5%</td>
</tr>
<tr>
<td>- Change in perimeter</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated sales, <em>pro-forma at constant exchange rates</em></td>
<td>867.2</td>
<td>871.8</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>
SALES EVOLUTION

M€

A 2016 | Europe | ROW | US | Exchange rates | A 2017

871.8

4.4  1.3%

21.7  5.6%

-30.8  -20.2%

-5.3

-9.9 M€ (-1.1%) at actual rates
-4.7 M€ (-0.5%) at constant rates
SALES GROWTH BY REGION

- **North America**: 121.1 M€, -20.2%
- **Latin America**: 146.6 M€, +7.0%
- **Europe**: 340.9 M€, +1.3%
- **Africa & Middle East**: 29.3 M€, +0.2%
- **Asia**: 145.6 M€, +10.8%
- **Pacific**: 83.7 M€, -2.6%

At constant rates
# Sales Growth by Segment - Companion Animals

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parasiticides</td>
<td>153.5 (-16.1%)</td>
<td>- 30.0</td>
</tr>
<tr>
<td>Other</td>
<td>90.2 (-1.2%)</td>
<td>- 1.1</td>
</tr>
<tr>
<td>Antibiotics/Dermat</td>
<td>70.2 (2.1%)</td>
<td>1.5</td>
</tr>
<tr>
<td>Biologicals</td>
<td>69.8 (-6.2%)</td>
<td>- 4.7</td>
</tr>
<tr>
<td>Specialties</td>
<td>59.5 (12.8%)</td>
<td>6.8</td>
</tr>
<tr>
<td>Petfood</td>
<td>32.1 (5.6%)</td>
<td>1.7</td>
</tr>
<tr>
<td>Exchange rate</td>
<td></td>
<td>- 6.4</td>
</tr>
<tr>
<td><strong>Year</strong></td>
<td><strong>475.4</strong></td>
<td><strong>507.6</strong></td>
</tr>
</tbody>
</table>

At constant rates
### Sales Growth by Segment - Companion Animals Excl. USA

<table>
<thead>
<tr>
<th>Segment</th>
<th>A 2016</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parasiticides</td>
<td>76 (-1.6%)</td>
<td>-1,3</td>
<td></td>
</tr>
<tr>
<td>Biologicals</td>
<td>69,8 (-6.2%)</td>
<td>-4,7</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>68,9 (4.1%)</td>
<td>2,7</td>
<td></td>
</tr>
<tr>
<td>Antibiotics/Dermatology</td>
<td>59,9 (3.7%)</td>
<td>2,1</td>
<td></td>
</tr>
<tr>
<td>Specialties</td>
<td>53,2 (11.9%)</td>
<td>5,7</td>
<td></td>
</tr>
<tr>
<td>Petfood</td>
<td>32,1 (5.6%)</td>
<td>1,7</td>
<td></td>
</tr>
<tr>
<td>Exchange rate</td>
<td></td>
<td>-2,8</td>
<td></td>
</tr>
<tr>
<td>A 2016</td>
<td>356,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A 2017</td>
<td>359,9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*At constant rates*

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**Legend:**
- **A 2016**: Sales growth in 2016
- **A 2017**: Sales growth in 2017
- **Parasiticides**: Sales growth in the Parasiticides category
- **Biologicals**: Sales growth in the Biologicals category
- **Other**: Sales growth in the Other category
- **Antibiotics/Dermatology**: Sales growth in the Antibiotics/Dermatology category
- **Specialties**: Sales growth in the Specialties category
- **Petfood**: Sales growth in the Petfood category
- **Exchange rate**: Sales growth in the Exchange rate category
SALES GROWTH BY SEGMENT - FOOD PRODUCING ANIMALS

At constant rates

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>355.2</td>
<td>375.2</td>
</tr>
<tr>
<td>Other bovine products</td>
<td>130 (8.4%)</td>
<td>9.9</td>
</tr>
<tr>
<td>Bovine antibiotics</td>
<td>69.1 (-0.5%)</td>
<td>-0.3</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>56.5 (8.6%)</td>
<td>4.6</td>
</tr>
<tr>
<td>Bovine parasiticides</td>
<td>51.9 (8.8%)</td>
<td>4.1</td>
</tr>
<tr>
<td>Antibiotics swine/poultry</td>
<td>42.8 (0.2%)</td>
<td>0.1</td>
</tr>
<tr>
<td>Other swine/poultry</td>
<td>25 (2.3%)</td>
<td>0.6</td>
</tr>
<tr>
<td>Exchange rate</td>
<td></td>
<td>1.0</td>
</tr>
</tbody>
</table>

A 2017
SALES BREAKDOWN BY REGION AND BUSINESS

<table>
<thead>
<tr>
<th>Region</th>
<th>Companion Animals</th>
<th>Food Producing Animals</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>39.8% (39.4%)</td>
<td>10.7% (10.4%)</td>
<td>1.3% (2016)</td>
</tr>
<tr>
<td>North America</td>
<td>13.6% (17.4%)</td>
<td>5.7% (6.5%)</td>
<td></td>
</tr>
<tr>
<td>Other developed countries*</td>
<td>12.0% (12.2%)</td>
<td>5.1% (5.4%)</td>
<td></td>
</tr>
<tr>
<td>Emerging countries</td>
<td>34.5% (31.0%)</td>
<td>7.9% (6.8%)</td>
<td></td>
</tr>
</tbody>
</table>

* Australia, New Zealand, Japan, Korea
<table>
<thead>
<tr>
<th>in M€</th>
<th>31/12/2017</th>
<th>%</th>
<th>31/12/2016</th>
<th>%</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>861,9</td>
<td>100,0</td>
<td>871,8</td>
<td>100,0</td>
<td>-1,1%</td>
</tr>
<tr>
<td><strong>Gross margin on material cost</strong></td>
<td>558,4</td>
<td>64,8</td>
<td>571,7</td>
<td>65,6</td>
<td>-2,3%</td>
</tr>
<tr>
<td>External expenses</td>
<td>179,0</td>
<td>20,8</td>
<td>181,9</td>
<td>20,9</td>
<td>-1,6%</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>263,1</td>
<td>30,5</td>
<td>269,7</td>
<td>30,9</td>
<td>-2,4%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>9,4</td>
<td>1,1</td>
<td>10,2</td>
<td>1,2</td>
<td>-7,2%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>26,8</td>
<td>3,1</td>
<td>26,7</td>
<td>3,1</td>
<td>0,5%</td>
</tr>
<tr>
<td>Net provisions (excluding inventories)</td>
<td>-0,3</td>
<td>0,0</td>
<td>0,3</td>
<td>0,0</td>
<td>-189,5%</td>
</tr>
<tr>
<td><strong>Current operating profit before depreciation of assets arising from acquisitions</strong></td>
<td>80,3</td>
<td>9,3</td>
<td>82,9</td>
<td>9,5</td>
<td>-3,0%</td>
</tr>
<tr>
<td>Amortization of intangible assets arising from acquisitions</td>
<td>15,9</td>
<td>1,9</td>
<td>16,5</td>
<td>1,9</td>
<td>-3,2%</td>
</tr>
<tr>
<td><strong>Operating profit from ordinary activities</strong></td>
<td>64,4</td>
<td>7,5</td>
<td>66,4</td>
<td>7,6</td>
<td>-3,0%</td>
</tr>
<tr>
<td>Other non-current income and expenses</td>
<td>6,3</td>
<td>-2,6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>58,0</td>
<td>6,7</td>
<td>69,0</td>
<td>7,9</td>
<td>-15,9%</td>
</tr>
<tr>
<td>Net financial expenses</td>
<td>17,8</td>
<td>2,1</td>
<td>16,5</td>
<td>1,9</td>
<td>8,3%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>40,2</td>
<td>4,7</td>
<td>52,6</td>
<td>6,0</td>
<td>-23,4%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>39,2</td>
<td></td>
<td>15,0</td>
<td></td>
<td>161,8%</td>
</tr>
<tr>
<td><em>Including non-current tax expense</em></td>
<td>21,4</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share in earnings - Equity method</td>
<td>-0,8</td>
<td></td>
<td>-0,3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net result of consolidated entities from ordinary activities</strong></td>
<td>29,5</td>
<td>3,4</td>
<td>35,2</td>
<td>4,0</td>
<td>-16,3%</td>
</tr>
<tr>
<td><strong>Net result of consolidated entities</strong></td>
<td>1,8</td>
<td>0,2</td>
<td>37,9</td>
<td>4,3</td>
<td>-95,4%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>4,3</td>
<td></td>
<td>3,2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net result - Group’s share</strong></td>
<td>-2,6</td>
<td>-0,3</td>
<td>34,6</td>
<td>4,0</td>
<td>-107,4%</td>
</tr>
</tbody>
</table>
BREAKDOWN OF EBIT ADJUSTED\(^1\) EVOLUTION

1. Current operating profit before depreciations of assets arising from acquisitions
2. RDL: Research, Development & Licensing
EVOLUTION OF CASH-FLOW

-3.6%

Operating cash flow
Net cash flow

-12.9%

110.7       106.8

71.8       62.5

12.9%
EVOLUTION OF NET DEBT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt opening</td>
<td>547.1</td>
<td>460.0</td>
</tr>
<tr>
<td>Net Cash flow</td>
<td>-62.5</td>
<td>-42.6</td>
</tr>
<tr>
<td>CAPEX</td>
<td>38.2</td>
<td>5.2</td>
</tr>
<tr>
<td>Working Capital</td>
<td>-25.4</td>
<td>-42.6</td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt closing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## DEBT SITUATION – IMPROVED LIQUIDITY AND EASING OF COVENANT IN 2018

### Situation early 2017

**Financing available:** ~530 M€
- Banking pool (RCF\(^1\)) : ~420 M€
- Schuldschein : ~30 M€
- Bi-lateral : ~80 M€

**Covenant\(^2\):**
- 30.06.17 : 5.50
- 31.12.17 : 4.75
- 30.06.18 : 4.25
- 31.12.18 : 3.75
- 30.06.19 : 4.25
- 31.12.19 : 3.75

### Situation early 2018

**Financing available:** ~620 M€
- Banking pool (RCF\(^1\)) : ~420 M€
- BEI : ~90 M€
- Schuldschein : ~30 M€\(^3\)
- Bi-lateral : ~95 M€

**Additional financing obtained from BEI (90 M$)**

**Relaxation of financial covenant (net debt/Ebitda) for 2018**

**Covenant\(^2\):**
- 30.06.17 : 5.50
- 31.12.17 : 4.75
- 30.06.18 : 5.00
- 31.12.18 : 4.25
- 30.06.19 : 4.25
- 31.12.19 : 3.75

---

1. Revolving credit facility
2. Net debt on Ebitda
3. Relaxation will be requested in Q1 2018
### BALANCE SHEET – FINANCIAL RATIOS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt Shareholder’s equity Group’s share</td>
<td>138.0 %</td>
<td>115.5 %</td>
<td>105.4 %</td>
</tr>
<tr>
<td>Net debt/Net cash-flow</td>
<td>10.7</td>
<td>7.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Net debt/Operating cash-flow</td>
<td>7.0</td>
<td>4.9</td>
<td>4.3</td>
</tr>
</tbody>
</table>
Number of shares: 8,458,000

**In Shares**
- Dick Family: 65.8%
- Employees savings plan: 1.1%
- Public: 33.1%
- Treasury shares: 0.0%

**In Voting Rights**
- Dick Family: 49.7%
- Employees savings plan: 0.8%
- Public: 49.1%
- Treasury shares: 0.4%
**2017: results**

- Financial results
- Focus US

**Perspectives**

**Appendix: 2018 agenda**
# US IN-MARKET PERFORMANCE AT CLINIC LEVEL

## Sales from Virbac to distrib.¹

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sentinel</td>
<td>88.7</td>
<td>80.7</td>
<td>-9%</td>
</tr>
<tr>
<td>Iverhart</td>
<td>19.8</td>
<td>3.6</td>
<td>-81%</td>
</tr>
<tr>
<td>Others</td>
<td>60.5</td>
<td>52.1</td>
<td>-14%</td>
</tr>
<tr>
<td>Total</td>
<td>169.1</td>
<td>136.5</td>
<td>-19%</td>
</tr>
</tbody>
</table>

## Sales from distrib. to clinics² (Extended sales)

<table>
<thead>
<tr>
<th></th>
<th>2017 vs. 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sentinel</td>
<td>-2%</td>
</tr>
<tr>
<td>Iverhart</td>
<td>+ 50%</td>
</tr>
<tr>
<td>Others</td>
<td>+ 13%</td>
</tr>
<tr>
<td>Total</td>
<td>+ 4%</td>
</tr>
</tbody>
</table>

¹ Net sales ex-Virbac. Does not include Gross to Net adjustments not allocated by product (~2-3 M$)
² Sales from distributors to clinics @ standard price. Does not cover 100% of distribution and does not cover alternate channels (such as web platforms)
### THE 2016-2017 US «RUBBER BAND» EFFECT

<table>
<thead>
<tr>
<th>Year</th>
<th>Virbac sales</th>
<th>Distributor sales</th>
<th>Virbac sales</th>
<th>Distributor sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>169 M$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>137 M$</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$\sim+$25 M$\uparrow$

$\sim$9 M$\uparrow$

1. Virbac estimates based on Stock-in-Trade information
2. Net sales ex-Virbac. Does not include Gross to Net adjustments not allocated by product (~$2-3 M)
2017 US ACHIEVEMENTS & PROGRESS

Industrial
- Successful transfer of Sentinel Spectrum & management of Humacao hurricane related issues
- 13 products «return to commerce» (RTC)
  - delays on some return to commerce products
- 3 year shelf-life extension for Iverhart Plus
- FDA approval for new Iverhart Max Soft Chew
- Reduction of in-house inventories

Commercial
- Defense of Sentinel products
- Progressive in-market ramp-up of Iverhart
- In-market growth of other ranges (dermatology, dental, and specialty products)
- Review of sales force coverage and incentive plan following change in management
- Review of marketing programs, prices increases, reduction of couponing
- Strengthening of distributor relations
- Development of alternative channels, especially for dentals
**US CURRENT AND FUTURE STATUS OF LEGACY PRODUCTS MANUFACTURED IN THE ST. LOUIS PLANT**

Number of products sourced from St. Louis, sold in 2014

<table>
<thead>
<tr>
<th>Products Sourced</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discontinued</td>
<td>57</td>
</tr>
<tr>
<td>RTC* to be confirmed</td>
<td>21</td>
</tr>
<tr>
<td>RTC* as of December 31, 2017</td>
<td>26</td>
</tr>
</tbody>
</table>

Share of ex St. Louis 2014 net sales

<table>
<thead>
<tr>
<th>Net Sales Share</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discontinued</td>
<td>6%</td>
</tr>
<tr>
<td>RTC* to be confirmed</td>
<td>7%</td>
</tr>
<tr>
<td>2018/2019- Expected RTC*</td>
<td>14%</td>
</tr>
<tr>
<td>RTC* as of December 31, 2017</td>
<td>73%</td>
</tr>
</tbody>
</table>

* Return to commerce
Ivermectine

≈115 millions of doses dispensed per year

US HEARTWORM MARKET (CANINE ONLY)

Virbac 35%

Competitor 3

Virbac 4%

Competitor 2

66 M doses

49 M doses

Competitor 1

Virbac

Competitor

Source: Kynetec
US MARKET SHARES INTERNAL PARASITICIDES FOR DOGS

Dispensed $ MAT

Source: Kynetec
CONTRIBUITION OF THE US OPERATIONS TO THE EBIT ADJUSTED

Adjustment of the US structure done in Q4 2017

1. Current operating profit before depreciations of assets arising from acquisitions
2017 results

Perspectives

Appendix : 2018 agenda
STRATEGY – AREAS OF FOCUS

• Geographies
  ▪ USA
  ▪ Emerging countries

• Species & segments
  ▪ Companion animals
  ▪ Ruminants
  ▪ Aquaculture
  ▪ Swine

• Value Chain
  ▪ Innovation
  ▪ Manufacturing
  ▪ Commercial
32 (+1) subsidiaries
Presence in 100+ countries

Market share
Europe ~ 6%
North America ~ 2%
Asia/Pacific/RSA ~ 7%
Latin America ~ 8%

Historical 5 years CAGR outside of USA 5.2%

Historical 3 years CAGR outside of USA 3.3%
USA

To increase profitability
Manufacturing site of St. Louis

To recover & gain market share
Companion animals

To enter the Food production animals market
Growing above world average
Markets CAGR 5 years 9.5% > 3.6%
Markets CAGR 3 years 7.0% > 3.1%

Low cost of entry
Commercial structures already in place (subsidiaries), need of more products (on average 50 products per country in emerging markets vs. 90 in developed countries)

Less consolidated markets
with the objective of generating accretive growth within markets with heterogeneous % of margin

Higher market share for Virbac
To build on strengths
EMERGING MARKETS (2/4)

• China
  - **Companion animals**
    - Well established brand & image in companion animals
    - 8% of tier-1 tier-2 families in China own pets vs. 70% in the USA
    - 10,000 pet hospitals but still 70% of them are small-scale
  - **Swine**
    - High potential > 50% of worldwide hog population (x7 times US hog population)
    - Yearly production of 52.8 M metric tons (x4.4 US production, x2.2 EU production)
    - Emerging diseases linked to production conditions
    - Taiwan base (Manufacturing & R&D capabilities)
  - **Aquaculture**
    - High potential > 60% of world aquaculture production and 30% of world fish production
    - Not yet very industrialized and consolidated / similarities with India
EMERGING MARKETS (3/4)

- **Brazil**
  - Largest beef trader with > 15% of world beef production (>210 M cattle)
    - 57% of total AH market of Brazil
  - Virbac has strongest market growth both in 2016 & 2017 in ruminants
    - Prices increases, new commercial organization, multiples business models across the country
India

- 1.3 B people, fast growing middle class
- 1st dairy producer & consumer, 300 M bovines (190 M cattle, 110 M buffaloes)
  - 160 M tons produced (growing 5% vs 2% world average), cost competitive (low input-low output)

Virbac #1 in overall Indian market
- 12% CAGR over last 10 years - 740 sales force - #1 of Virbac subsidiaries in ruminants

To shape the future of AH between Virbac & customers

August 2017 >200 customers interviewed

60 ideas
6 selected
5 Offer projects
SPECIES

Strategic Bets for the future
COMPANION ANIMALS

Virbac busters
- Higher profitability
- Less complexity
- Visibility (brand) & sustainability (product)

Petfood
- Best in class
- Recognized as such
- Few competitors
- New business models (home delivery)
- Higher ROCE

Prevention
- Vaccines
- Parasiticides

Non pharma products
- Historical ranges
- Diagnostics
VETERINARY HPM – RECOGNIZED AS BEST IN CLASS

Unique nutritional approach
High in protein, LOW in carbohydrates
Virbac not present in more than 50% of markets
- USA, Canada, China, Japan, etc.

But good product range & high market share when present
- # 1 in India and in Uruguay
- Top 3 in Australia, RSA and smaller countries
- MS% > 10% in 8 countries

Strong local footprint with local R&D & manufacturing capabilities
- Australia, New Zealand, RSA, Mexico, Uruguay

2nd largest segment of the animal health market with strong local differences

7.5 B$
10 billion people in 2050
World per capita fish consumption
9.9 kg in 1960 | 14.4 kg in 1990
> 20 kg today and > 27 kg in developed countries

No 1 source of animal protein
Most efficient protein producer
(feed conversion index, thermoregulation)

Market:
the most significant growth
with aquaculture > capture
Virbac: **top 3** worldwide player

**First in class through innovation**
- Emerging diseases
- Oral vaccines

**Warm water species**
- Innovation
- Geo-extension, species extension
- Services

**Cold water species**
- To plan entry in Norway, UK/Ireland
Focus in Asia
- > 35% of global swine market

Focus on vaccines
- > 55% of global swine market
VIRBAC VALUE CHAIN FOCUS

R&DL
- Innovation
- Geo-extension
- External Partnerships

Manufacturing
- Concentration > ROCE
- Quality & Productivity on core technologies

Commercial
- Virbac DNA «Closer to customers, Better through people»
- Commercial excellence

Competitiveness
### ESTIMATED PEAK SALES POTENTIAL OF MAIN R&DL PROJECTS

<table>
<thead>
<tr>
<th>Launch Year</th>
<th>Companion Animals</th>
<th>M €</th>
<th>Food Producing Animals</th>
<th>M €</th>
</tr>
</thead>
</table>
| 2019        | • Anti-infectious (USA)  
• Non pharma products (Geo-extension) | 10  | • Vaccines (ROW)  
• Parasiticides (ROW) | 10  |
| 2020        | • Parasiticides (USA/Europe)  
• Dermatology (USA)  
• Non pharma products (WW) | 20  | • Parasiticides (Europe, ROW) | 15  |
| 2021        | • Speciality (WW) | 10  | • Various (WW) | 15  |

- **11 new products in China by 2021**
- **9 new products in Brazil by 2021**
- **10 new products in India by 2021**
MANUFACTURING: 2/3 OF SALES PRODUCED IN-HOUSE (18 SITES)

5 Major sites (45% of sales)

13 other sites (22% of sales)

Third parties & CMOs (33% of sales)
<table>
<thead>
<tr>
<th>Sites</th>
<th>Technologies</th>
<th>Third parties</th>
</tr>
</thead>
</table>
| • Concentration on our 5 major sites  
  - Quality & productivity  
  - Consolidation of volumes & complexity reduction  
  - St. Louis profitability | • In-house mastery of key technologies  
  (including vaccines, extruded products)  
  • Systematic make or buy analysis for other technologies or when capex is required | • Scale effect available  
  • Leverage of CMO certifications  
  • Alliance management |
The Virbac DNA
- Innovative
- Entrepreneurship
- Engagement
- Customer driven
- Attention to people
- Long term oriented

Commercial excellence
- Closeness to customers
- Preferred & long term partner
- Key account management
- Focus on customer experience
- Virbac sales attitude
- Widest range of products & services in Companion animals
- Technical mastery
- Science based story telling
- Mastering of digital tools
- Territory and time management
2018 PERSPECTIVES – SUMMARY

• 2018 organic growth\(^1\): low single digit

• Ebit adj.\(^2\) ratio: + \~0.5\ pt @ constant rate

• Debt reduction: \~30 M€ (no dividends paid by Virbac SA)

1. At constant exchange rates and scope
2. Ebit adjusted: current operating profit before depreciations of assets arising from acquisitions
AMBITIION

1. **key objective**

   \( \sim 15\% \) of Ebita\(^1\)

   \( \sim 10\% \) of Ebita\(^1\)

2. **main levers**

   - **US infrastructure leverage**
   - **Profitable growth in other geographies**
   - **Margin optimization**

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1. Ebita: current operating profit before depreciations of assets arising from acquisitions
AGENDA

2017: results

Perspectives

Appendix: 2018 agenda
2018 AGENDA

April 12*  Q1 sales
June 20  Annual shareholders’ meeting
July 17*  Q2 – H1 sales
September 14*  Half-year financial results
October 11*  Q3 sales
January 17, 2019*  Q4 – Full year sales

* After market close
Thank you for your attention
This presentation contains forward-looking statements with respect to Virbac’s profitability and financial condition, business operations, projects and outlook. Although Virbac’s management believes that such forward-looking statements are based on reasonable assumptions, as made as of the date of this presentation, such statements do not constitute guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Virbac’s control, including but not limited to any risk described in the reports and documents regularly made available to the public and filed to the AMF. Investors and security holders may obtain a free copy of such documents at:

[corporate.virbac.com](http://corporate.virbac.com)