

A man and a woman are sitting outdoors on a wooden deck, smiling and looking at a large, fluffy white dog. The dog is sitting and looking up with its mouth open, showing its teeth. The background is a blurred green lawn and trees.

2021 results & perspectives

March 23, 2022

Shaping the future
of animal health

Virbac

Disclaimer

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.

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corporate.virbac.com

AGENDA

2021 financial highlights

Strategy execution & perspectives

Appendix : 2022 agenda



Strong sales organic growth of **18.4%** @ constant rates

- Driven by very solid performance in all areas and good market dynamics
- Strong momentum in all the ranges growing double-digit except aquaculture
- Contribution of new products launches (Clomicalm, Itrafungol, Stelfonta, Tulissin, Cydectin etc.)

Strong increase of Ebit adjusted (Ebita¹) **+43.7 M€** @ constant exchange rates leading to **15.9%** of EBITA ratio (**16.3%** at real rates)

- Strong gross margin contribution of all regions driven by sales growth and positive product mix
- Higher level of expenses (rebound on staff expenses linked to the activity level, commercial expenses to support new launches and RDL project acceleration)
- One-off positive impacts: ~€5.1 million (representing 0.5pt of additional EBITA)
 - €2.7 million for the reversal of provisions relating to disputes
 - €2.4 million linked to Elanco's transaction²

Forex impact

- Unfavorable on sales (-9.1 M€)
- Favorable on Ebita (+2.5 M€)

¹ Ebita: current operating profit before depreciation of assets arising from acquisitions

² Elanco's compensation net of 2021 development costs on transferred projects & additional margin linked to the Clomicalm/Itrafungol stock transferred for free

FINANCIALS – SUMMARY (2/5)

2021

Average rates	USD	GBP	JPY	MXN	AUD	ZAR	BRL	INR	CHF	CLP
A 2020	1.13	0.89	122	24.4	1.66	18.7	5.92	84.7	1.07	903
A 2021	1.18	0.86	130	24.0	1.57	17.5	6.37	87.6	1.08	898
Variance A21/A20	-4.7%	2.7%	-6.4%	1.9%	5.6%	7.0%	-7.1%	-3.3%	-0.9%	0.5%

Average rates	NZD	COP	CRC	PHP	THB	VND	TWD	CNY	KRW	DKK
A 2020	1.76	4 186	668	56.6	35.7	26 643	33.6	7.90	1 347	7.45
A 2021	1.68	4 428	735	58.3	37.8	27 015	32.9	7.62	1 354	7.44
Variance A21/A20	5.2%	-5.5%	-9.1%	-2.8%	-5.5%	-1.4%	2.1%	3.7%	-0.5%	0.2%




- **Net recurring profit : 117.8 M€ (vs. 76.9 M€ in 2020 restated¹) @ real rates impacted by:**
 - + Higher level of sales and related EBIT adjusted increase
 - + Decrease of the net cost of financing pursuant to the Sentinel divestment
 - - Unfavorable variance vs. last year on CLP exchange rate vs. US\$ and €
- **Net profit : 115.7 M€ (vs. 140.3 M€ in 2020 restated¹) @ real rates essentially impacted by:**
 - Lower non recurring profit due to 2020 Sentinel divestment
- **Increase of total positive cash situation by 10.4 M€ after acquisitions (increase by 54.3 M€ @ constant exchange rate & scope)**
 - Free cash-flow (before acquisitions) @ 79.1 M€
 - Positive cash situation @ 73.8 M€ vs. 63.4 M€ at year end 2020
- **Co. fully deleveraged: Net debt on Ebitda ratio @ -0.36² at end of December 2021**

¹ IFRIC update related to the configuration and customisation costs in a cloud computing arrangement

² Covenant calculated as per the RCF contract

2021 FINANCIALS – SUMMARY (4/5)

2021 Actuals aligned with guidance

	Guidance 2021	Actuals 2021
• Sales growth @constant rates and scope ¹	16% - 18%	+18.4% 
• EBIT Adj. ² ratio to revenue @ constant rates	~16.0%	15.9 
• Net Debt evolution @ constant rates & scope	~-60 M€	-54.3 M€ 

¹ At constant scope i.e excluding sales of Sentinel, a product that was sold on July 1, 2020

² Ebit Adj.: current operating profit before depreciations of assets arising from acquisitions

CONSOLIDATED SALES (5/5)

2021

Million euros	2021	2020	Var.%
Consolidated sales	1 064.0	934.2	+13.9%
- Exchange rate impact vs. 2020	9.1		
Consolidated sales at constant rates	1 073.1	934.2	+14.9%
- change in perimeter	-8.0	-34.7	
Consolidated sales, pro-forma at constant exchange rates	1 065.1	899.5	+18.4%

SALES EVOLUTION

2021



SALES GROWTH BY REGION

2021

At constant rates

North America

130.4 M€

+7.4% (+41.2% w/o Sentinel)

Europe

448.6 M€

+16.2%

Asia

194.1 M€

+16.5%

Latin America

172.1 M€

+15.8%

**Africa/Middle
East**

38.7 M€

+24.1%

Pacific

89.2 M€

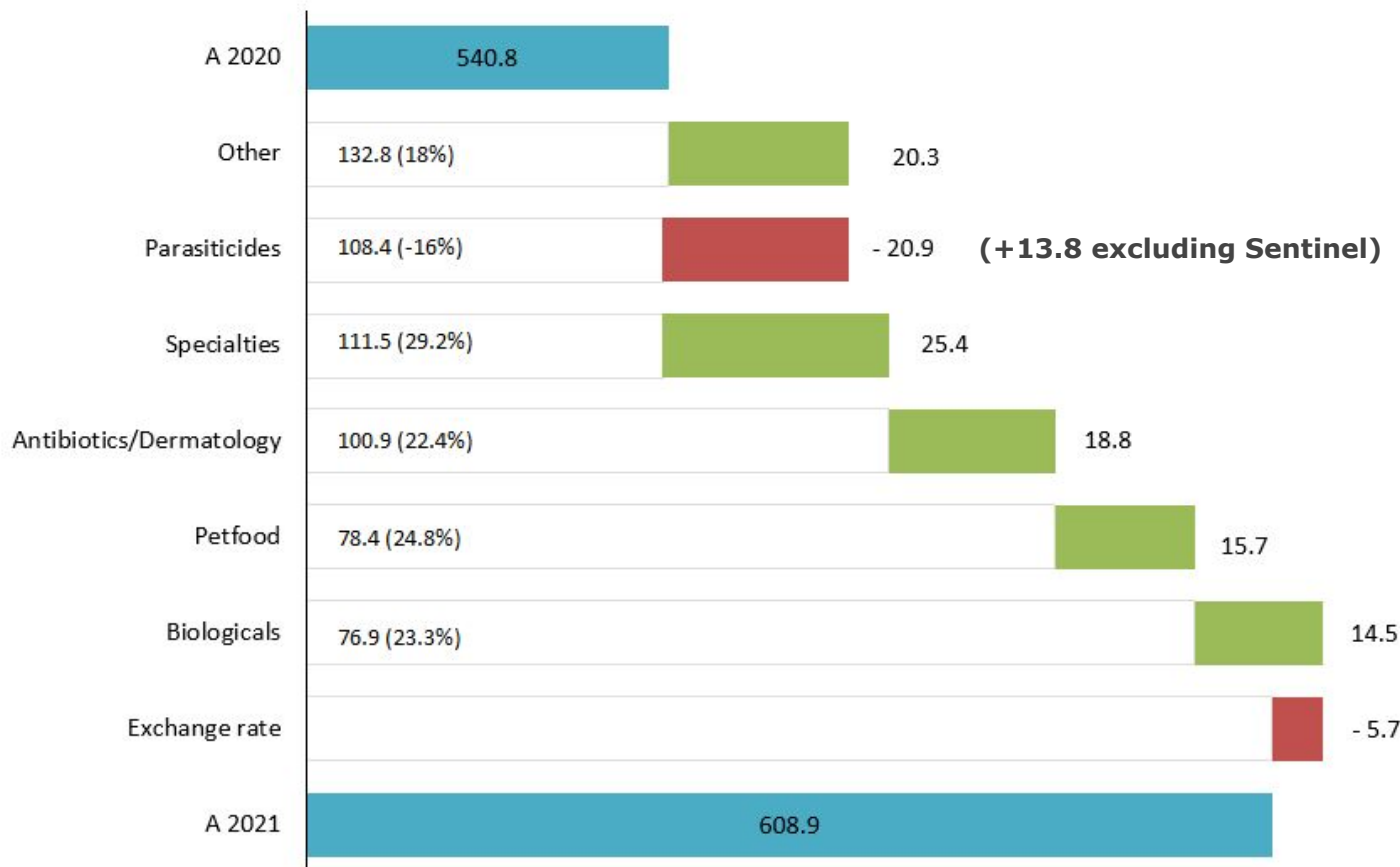
+11.1%

SALES GROWTH BY SEGMENT - COMPANION ANIMALS

2021

M€

At constant rates



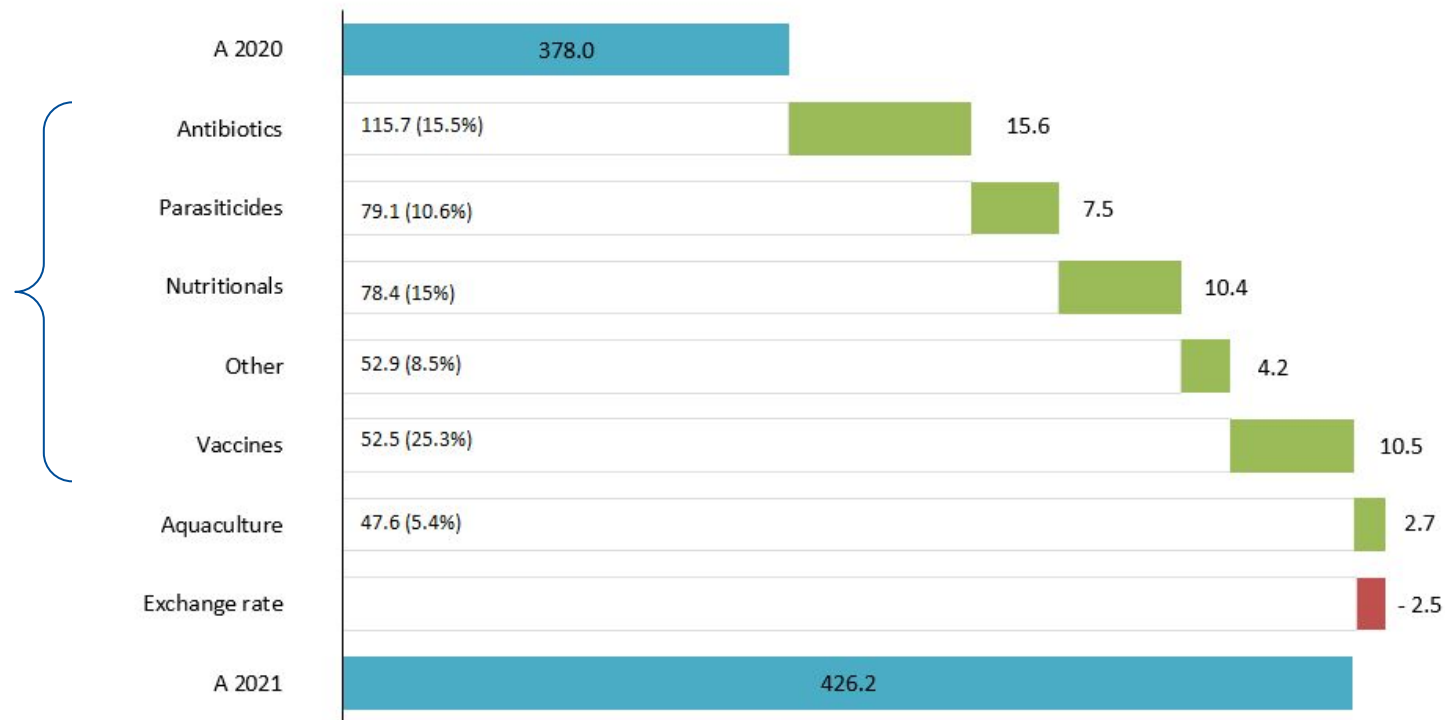
SALES GROWTH BY SEGMENT - FOOD PRODUCING ANIMALS

2021

M€

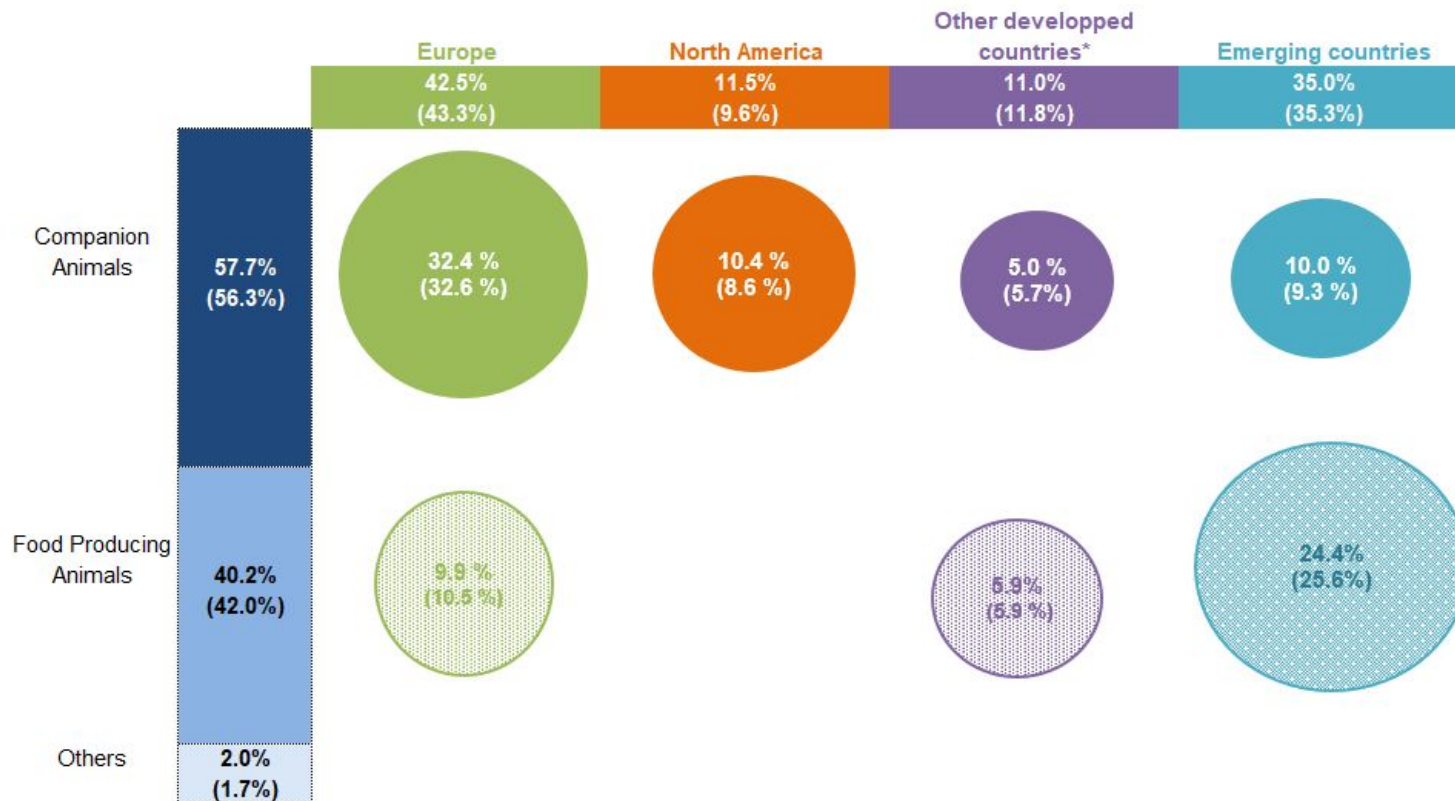
At constant rates

Bovine,
Swine &
Poultry



SALES BREAKDOWN BY REGION AND BUSINESS (w/o Sentinel)

2021



() : 2020

* Australia. New Zealand. Japan. Korea

PROFIT & LOSS STATEMENT AT REAL RATES

2021

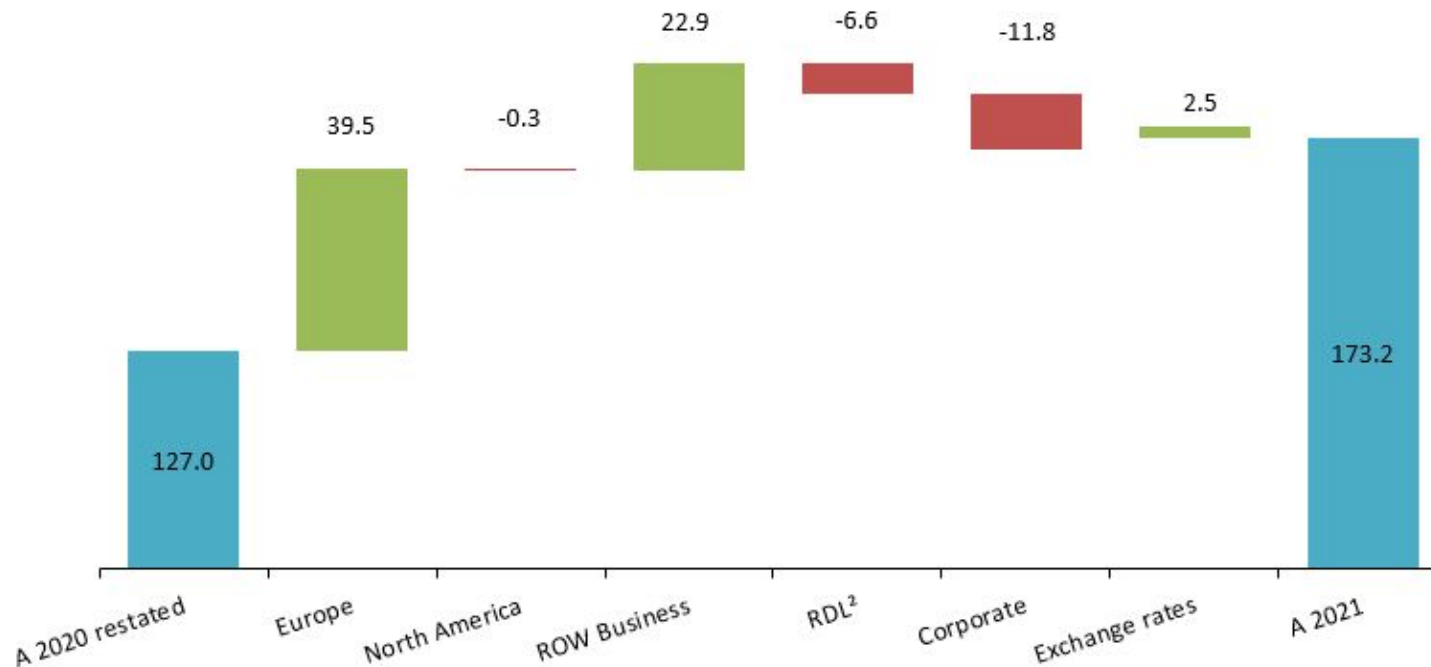
<i>in M€</i>	2021	%	2020 restated ¹	%	2020	%
Net sales	1 064.0	100.0	934.2	100.0	934.2	100.0
Gross margin on material cost	712.9	67.0	617.6	66.1	617.6	66.1
Net expenses	503.3	47.3	450.4	48.2	448.4	48.0
Amortizations, depreciations and provisions	36.4	3.4	40.2	4.3	40.2	4.3
Current operating profit before depreciation of assets arising from acquisitions	173.2	16.3	127.0	13.6	128.9	13.8
Amortization of intangible assets arising from acquisitions	4.3	0.4	8.4	0.9	8.4	0.9
Operating profit from ordinary activities	168.9	15.9	118.6	12.7	120.5	12.9
Profit (loss) on disposal of subsidiaries	-					
Other non-current income & expenses	1.2		-65.2		-65.2	
Operating profit	167.6	15.8	183.7	19.7	185.7	19.9
Net financial expenses	8.5	0.8	10.4	1.1	10.4	1.1
Profit before tax	159.1	15.0	173.3	18.6	175.2	18.8
Income tax expense	43.6		33.3		33.8	
<i>Including non-current tax expense (income)</i>	0.9		1.7		1.7	
Share in earnings - Equity method	-0.2		-0.3		-0.3	
Net result from ordinary activities of consolidated entities	117.8	11.1	76.9	8.2	78.3	8.4
Net result of consolidated entities	115.7	10.9	140.3	15.0	141.8	15.2
Non-controlling interests	2.5		4.3		4.3	
Net result - Group's share	113.2	10.6	136.0	14.6	137.5	14.7

¹ Net opening balance restated as a consequence of the IFRIC update related to the configuration and customisation costs in a cloud computing arrangement, which led to a change in accounting policy with a retrospective effect as of January 1, 2020 (net impact of the restatement of -1.4 M€ in the 2020 financial results of the parent company)

BREAKDOWN OF EBIT ADJUSTED¹ EVOLUTION

2021

M€



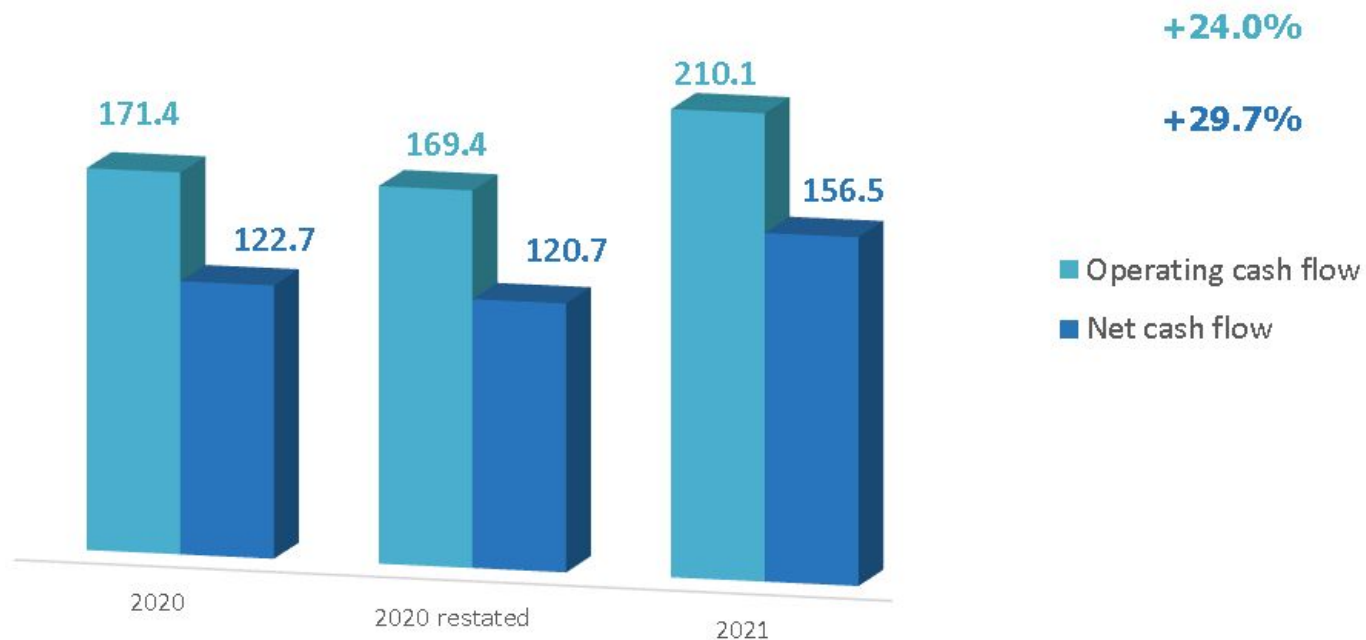
¹ Ebit adjusted : current operating profit before depreciation of assets arising from acquisitions

² RDL : Research, Development & Licensing

EVOLUTION OF CASH FLOW

2021

M€

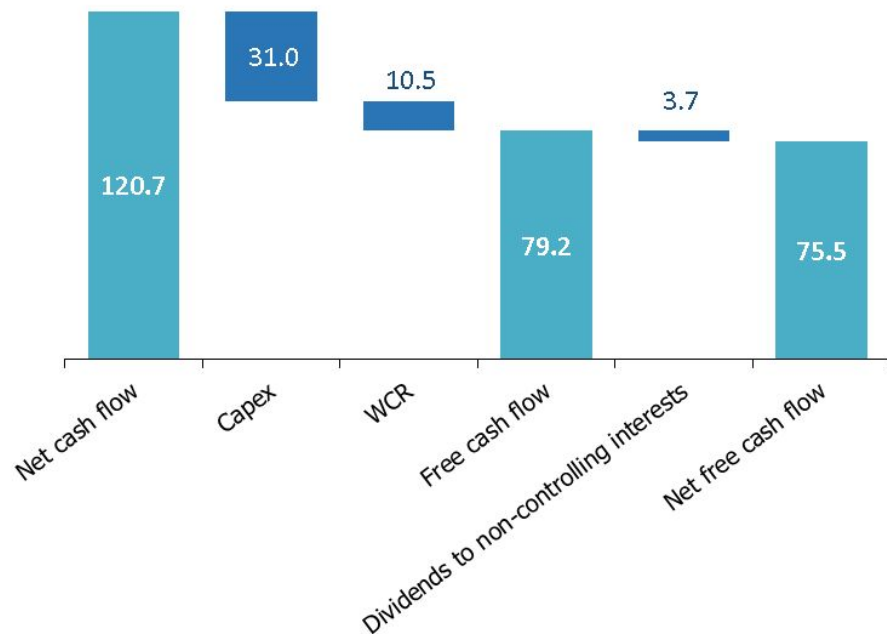


EVOLUTION OF FREE CASH-FLOW

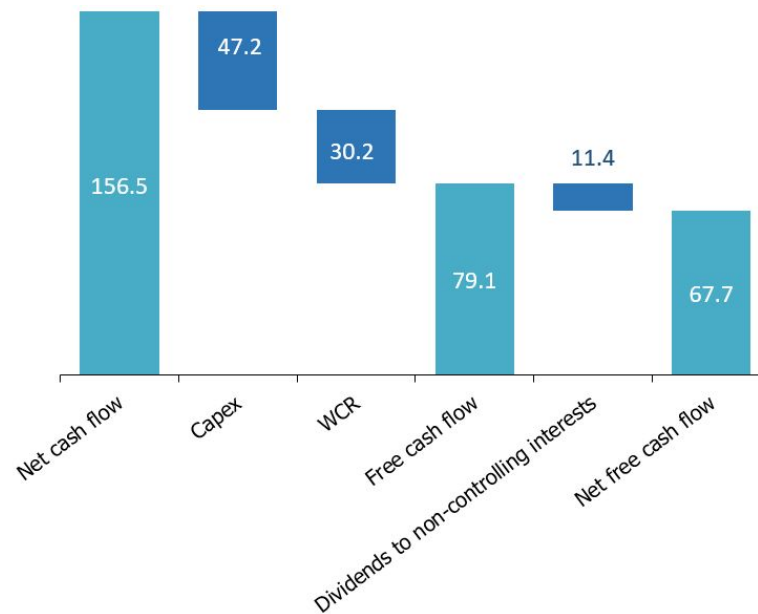
2021

M€

2020.12 restated



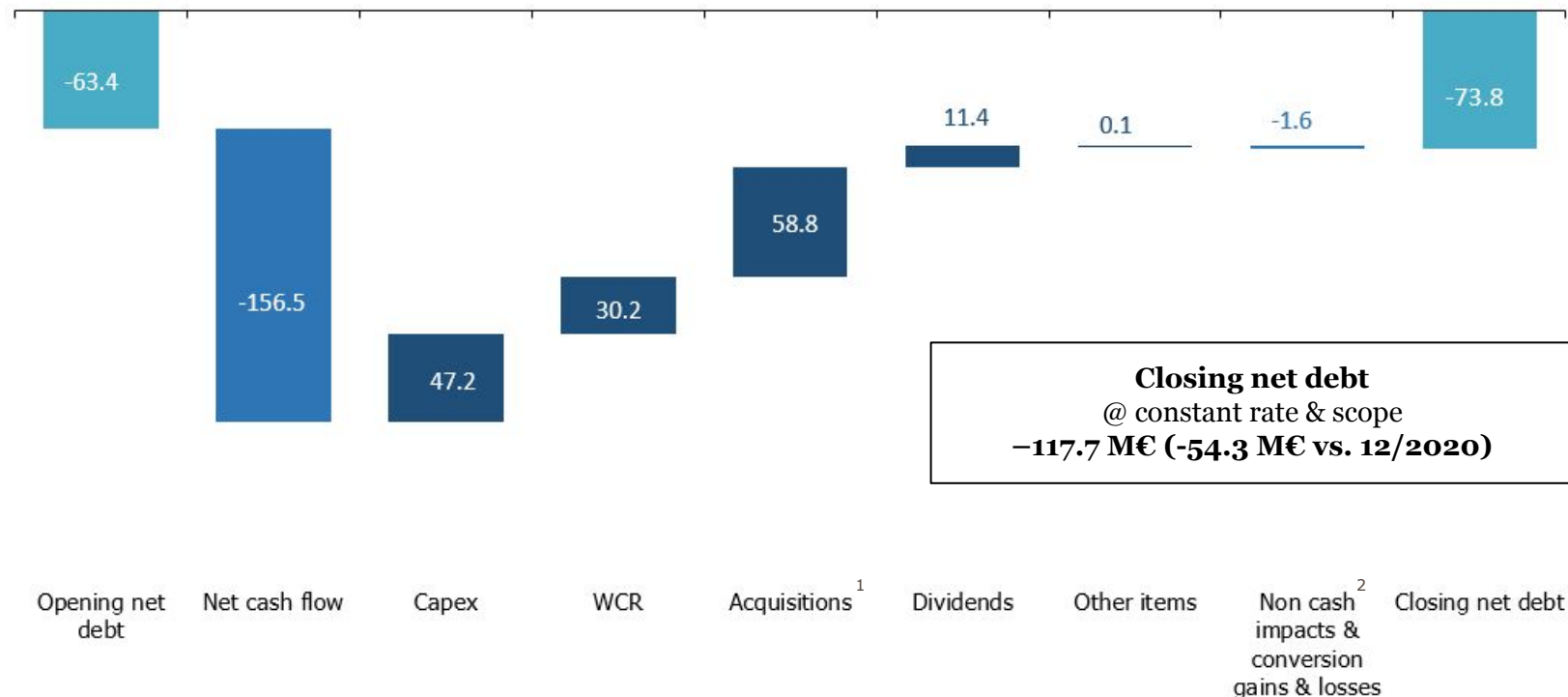
2021.12



EVOLUTION OF NET DEBT

2021

M€



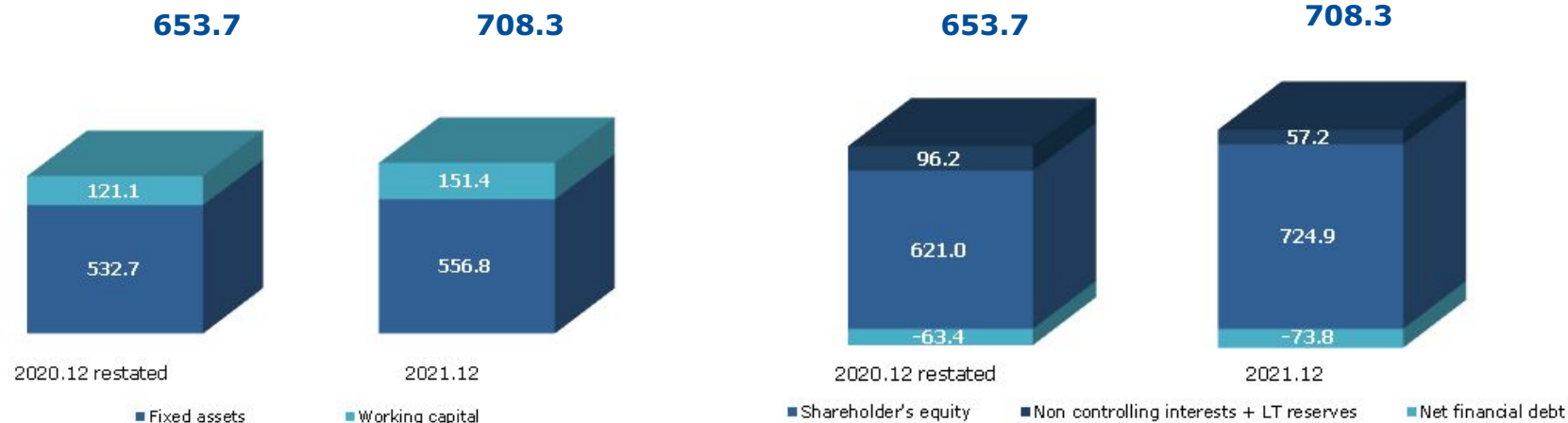
¹ The acquisition of the CTV minority interests for 55 M€ in 2021 presented under "Acquisitions". This transaction is however presented under "Other items" in our Annual Report, where "Acquisitions" only include acquisitions in subsidiaries categorised as investing activities in the Statement of change in cash position (Centrovet transaction classified as a financing operation, in line with IAS 7 that requires to account for "changes in ownership interests in a subsidiary that do not result in a loss of control, as cash flows from financing activities").

² Includes non cash IFRS 16 variations (+13.2 M€)

BALANCE SHEET ANALYSIS

2021

M€

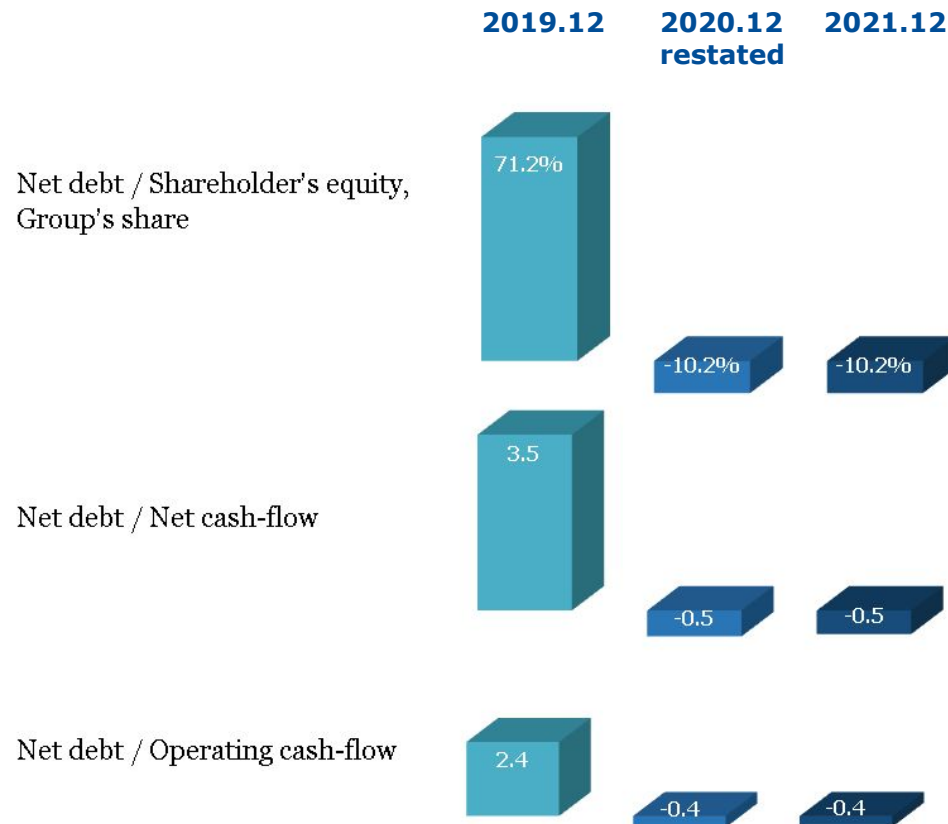


- **Financing (October 2021): new RCF¹ of €200 million** with a bullet repayment in 5 years, option to (i) increase by 150 million € (->350 million €), and to (ii) extend by 2 years
- **Covenant** : < 3.75 at end of December
- **Cost of financing**: variable upwards or downwards, depending on the financial covenant and the achievement of objectives on CSR indicators

The reduction of the facility takes into account the plan for future operating cash flows and the programmatic acquisition plan

¹ Revolving credit facility

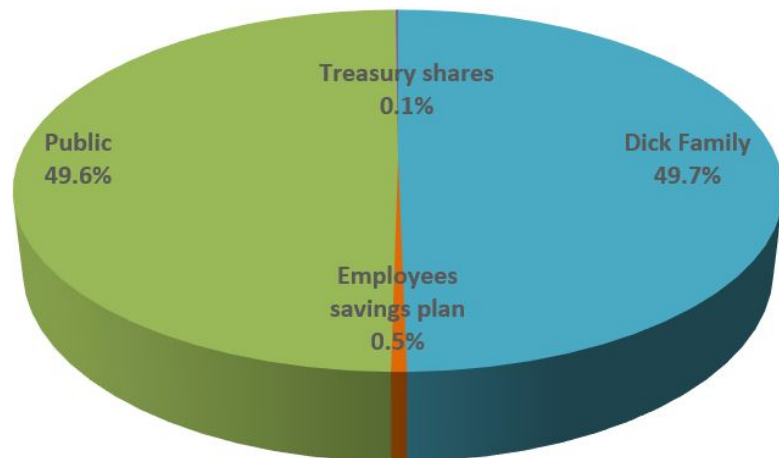
BALANCE SHEET – FINANCIAL RATIOS



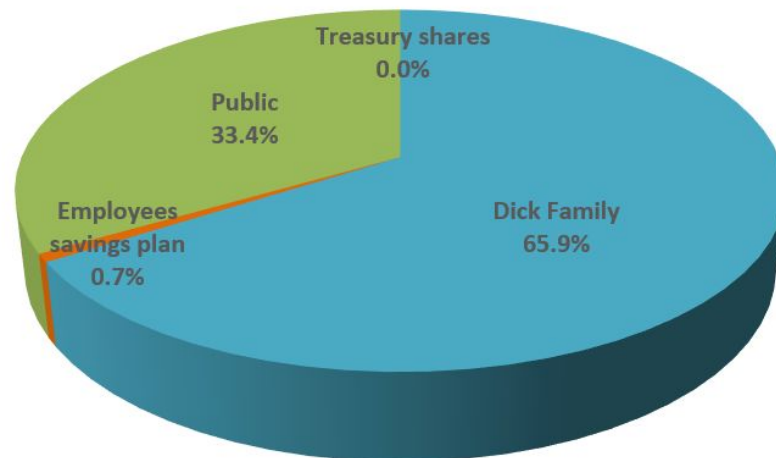
SHAREHOLDING AS OF DECEMBER 31, 2021

Number of shares: 8 458 000

In Shares



In Voting Rights



AGENDA

2021 financial highlights

Strategy execution & perspectives

Appendix : 2022 agenda



LONG TERM VISION OF VIRBAC

PEOPLE

- New governance
- Virbac 2030 “purpose”
- ESG, HSE
- GPTW
- Participative management & new normal post-covid

To have the
**BEST & MOST
ENGAGED**
people of the
industry

INVESTMENTS / SYSTEMS

- Manufacturing & Lab systems (ERP, MES, LIMS,...)
 - Key processes (HR, Finance, Purchase)
- Digital business & market access

To
**SIMPLIFY &
DIGITALIZE**

TARGET 20%¹

- Organic growth above market rate
- Boost M&A and licensing
- Focus on margin improvement
- Opex control
- Ebita growth acceleration

To generate
**ACCRETIVE
GROWTH**

To better
PREPARE the
company for
the **FUTURE**

PORTFOLIO MANAGEMENT

- Reorganization of industrial settings
- Strategic investments in Biology and Pet Food
- To accelerate R&D & to develop “BUSTERS” programs

¹ Objective of reaching ~20% of EBITA before 2030

STRATEGY VIRBAC 2030



1/ Purpose (raison d'être) and culture



2/ Where do we stand and market trends



3/ Pet Food/Pet Care



4/ Biologicals



5/ Pharmaceuticals



6/ Industrial strategy and competitiveness



7/ Differentiating Innovation



8/ Programmatic M&A



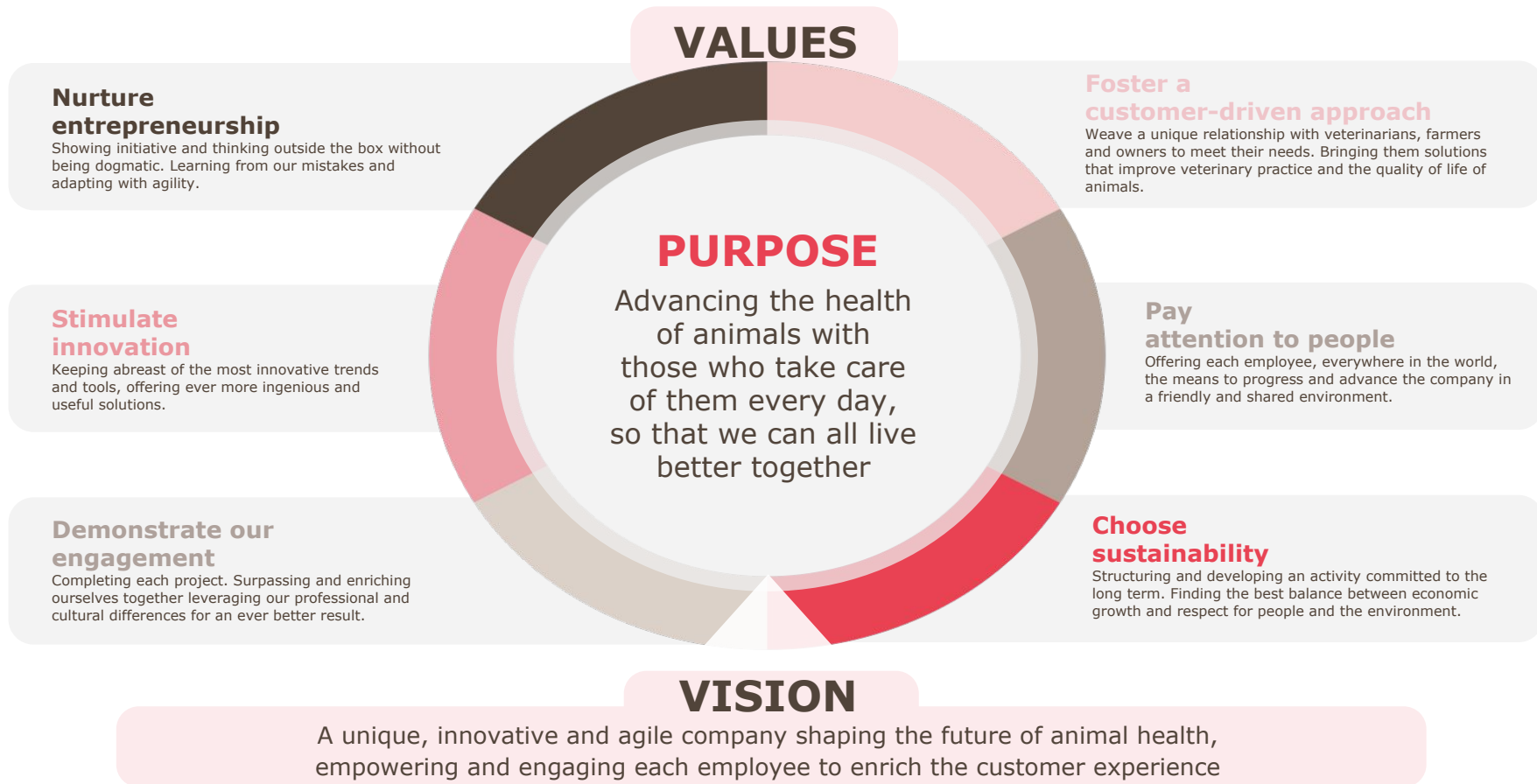
**9/ Customer & go to market strategies
value proposition**



10/ ESG

STRATEGY VIRBAC 2030

OUR PURPOSE AND CULTURE



STRATEGY VIRBAC 2030

DIFFERENTIATING INNOVATION

- **A more global R&D developing more global products**
 - **to gain in time to market** (anticipating the geo-extension programs) **and to more easily build “Key products” and “Blockbusters” products**
 - **to mutualize competences and expenses** on a global scale by working on our network of 9 local (and more specialized) R&D centers
- **More innovation and differentiation to support our long term 2030 strategy**
 - **To focus on visible, value added, profitable and sustainable differentiation** to bring more innovative projects (real value creation); **including some bets on unmet needs** (potential blockbuster products)
 - **To rebalance our R&D portfolio towards strategic segments** (including Pet Food/Pet Care and Vaccines)
- **More outsourced & outcontracted investments to boost our R&D pipeline**
 - **Decision to increase our R&D spending by 1 point of revenue from ~7.5% to ~8.5%** (before research tax credit) thanks to a **higher share of outsourcing** (CROs, partnerships, technological in-licensing,..) **in order to increase our R&D bandwidth and accelerate our time to market without increasing our fixed costs**
 - Share of Fixed/Variable R&D costs from ~60/40 in 2020 to ~50/50 in Budget 2022

VIRBAC KEEPS OVER-PERFORMING THE MARKET SINCE 2018 (1/2)

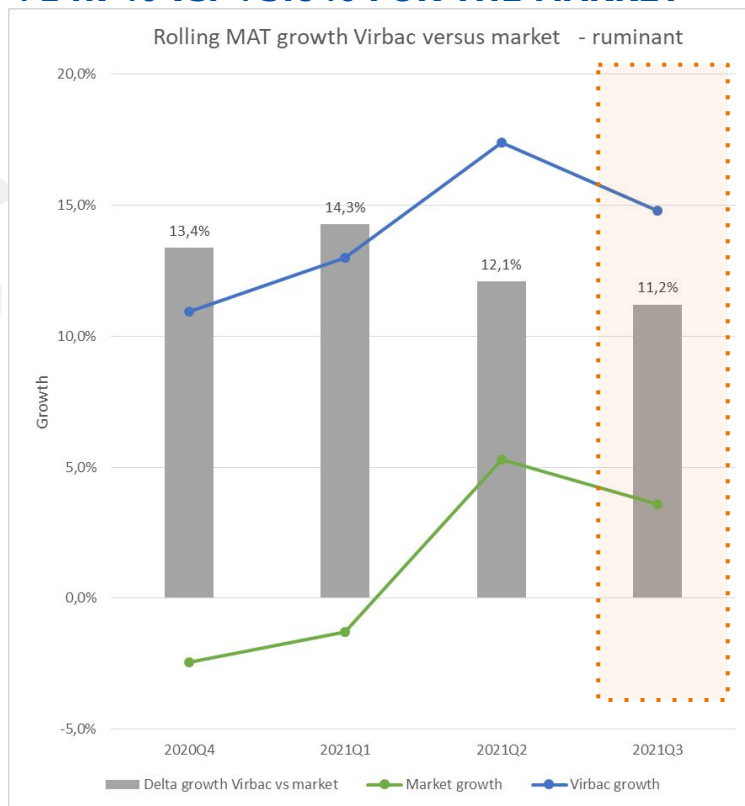
WITH +15.5% vs. +10.2% MAT Q3 2021



Source : internal estimates (Pet Food not reported in Virbac performance)

...AND WITH GOOD PERFORMANCE IN RUMINANTS (2/2)

+14.7% vs. +3.6% FOR THE MARKET



Source : internal estimates

MAIN 2021 ACHIEVEMENTS (1/2)

Another very strong performance

(18.4% at constant rates and scope and 14.9% at constant rates and real scope **despite Sentinel divestment at the end of first half of 2020**)

Gaining market share again, for three consecutive years,

Beating the market in all regions

> with overall growth 5.3 points above market over the last 12 months (MAT Q3 2021)

Ebita at 15.9% @ cst rates (+2.3 points)

Cash positive situation @ 73.8 M€

Main achievements

- **Covid-19 management:** priority given to the health and safety of people. **90%+ of employees very satisfied** with the company management
- **Operational excellence:** **rapid adaptation of our teams** to the context evolution, covid constraints, market dynamics to capture main opportunities
- **Acquisition from Elanco of the rights of an innovative parasiticide molecule currently in development**
- **Acquisition of the worldwide rights of Clomicalm and Itrafungol (an accretive business in term of margin contribution)**
- **Acquisition of iVET to speed up our entry in pet food in the USA** with a direct distribution / logistics scheme to vet clinics and pet owners
- **Divestment of the manufacturing site of Magny (antibiotics manufacturing site)**
- **Virbac 2030: 10 main streams** with focus on “our purpose”, our “Corporate Social Responsibility” & our different strategic axes
- **ESG: progress in Gaïa Index (+3 pts vs. 2020), MSCI (upgraded from “BBB” to “AA”) and ISS (Social/ Env. scores), French gender equality index at 88 (+1 pt)**
- **Awards: Gold trophy** from the Growth companies summit (*Sommet des entreprises de croissance*)
- **Great Place To Work: outstanding progress (+8/9 points).** Very good results above sectoral benchmark on all dimensions
- **Acceleration of our digital transformation** to benefit from the market trends with home delivery and auto ships programs (consistent with the iVET acquisition)

MAIN 2021 ACHIEVEMENTS (2/2)

Geographies

- **Nearly all countries growing double digit**, especially India, Brazil, Europe Export, France, Mexico, UK, Italy, Spain...

Product ranges

- **Busters commercial programs keep delivering double digit growth yoy:**
 - **Pet Food (+27%)**
 - **Veggedent (+30%)**
 - **Suprelorin (+19%)**
- **New product launches**
 - **Clomicalm/ Itrafungol** > Elanco deal
 - **Tulissin 100** (Europe & Latin America)
 - **iVet petfood** US
 - **Stelfonta** US

GEOGRAPHIES: FOCUS USA (1/5)

- **Excellent 2021 performance: +41.2% @ constant rate excluding Sentinel (+7.4% @ constant rate and actual scope) : US \$138.1 million in 2021 vs. US \$97.4 million in 2020 excluding Sentinel**
- **Major dynamics within our U.S. portfolio:**
 - Among existing products, **dentals with the Veggiedent flagship, dermatology (Easotic, EpiOtic Advance) & Movoflex** are leading the performance
 - New Products are also contributing to the growth: **Clomicalm, Itrafungol** successful commercial take over, **Cyclavance** complementing the dermatology portfolio, **iVet** Pet Food, **Senergy** and **Stelfonta**
- **Numerous launches**
 - **Tulissin** launched in January 2022 (1st product - FPA market entry)
 - **HPM Pet Food** in February 2022, while iVet sales according to plan
 - **Other products in companion animals**, including reintegration of our Zoetil (anaesthesia), an anti-inflammatory, a parasiticide...

GEOGRAPHIES: FOCUS CHILE (2/5)

- **2021 year end performance slightly above as anticipated: +1.2% at constant rates**
 - **Covid-19 impacts** on number of smolts put in the water (following the closure of restaurants and the drop in Salmon consumption), but **stocking of smolts normalizing during 2021 (+4% vs. 2020)**; However still 18% of fish mortality (algae bloom, sea lice treatments, infectious diseases, etc.). Overall 2021 production has grown 11% due to higher harvest weight by fish.
- **Successful renewal and extension of significant third party distribution agreements & DIRECTEMAR renewal of parasiticide dossiers**
- **Acquisition of 49% of additional shares** for US \$61.4 million¹ leading to an increase of our share in Centrovet from 51% to 100%
- **Continuous R&D investments** to comply with **new regulations** and **filing** of our **updated registration dossiers for existing vaccines by April 2022**

¹ Excluding Earn-out of US \$3.8 million

- **Leading the growth: +16.1 M€ (+19.6%) at constant rates**
 - **Local companies have now resumed their operations** and the Omicron wave has limited impact on market dynamics
 - The **overall demand remains stable** but the inflation is negatively impacting our costs and putting **pressure on our margin ratios**
 - **Excellent GPTW results and internal motivation remains very strong**

- **Perspectives**
 - **Unfavorable base effect linked to very strong 2021 performance**
 - **Rich pipeline** with numerous internal R&D projects and some interesting in-licensing agreements in key new segments (launches planned end of 2022/2023)
 - **Profitability ratio remains an area of attention** especially now due to the increasing level of inflation putting pressure on our costs and margins

GEOGRAPHIES: FOCUS FRANCE (4/5)

- **Gaining market shares with a growth at +16.1 M€ (+15%)**
 - **Near 18% market share in Pet Food**
 - Growth in all product categories and especially in key products (base business)
 - **Significant prices increases**
 - **New product launches: Trichoben/Bovigen T (ringworm vaccine)**, Clomicalm, Itrafungol, Tulissin, **Daxocox** (enflicoxib - once a week anti-inflammatory treatment for arthritis)...

- **Perspectives**
 - **Market trends expected to remain positive but slowing down compared to 2021**
 - Launch of **HPM WET (Pet Food) and 3 antibiotics for companion animals to complete our product range**
 - Expected **slow recovery of our companion animals vaccine business over time**
 - **Continuous consolidation** of buying groups and growth of corporate vet clinics

GEOGRAPHIES: FOCUS CHINA (5/5)

- **A significant growth opportunity in the coming years**
 - **2nd largest worldwide market (> €7 billion market)**
 - **CAGR above 20% over the last 5 years**
 - **Increase proportion of our online sales** (24% vs. 20% last year)
 - **Rich pipeline and obtention of new product registrations: Milpro, Effipro Duo,... especially in the very important parasiticides segment; vaccine registrations to come**
 - **Active M&A exploration to accelerate our development in China**

- **Perspectives**
 - **Strong investment in commercial forces in 2022-2023 (adding @50 additional headcounts over 2 years)** to speed-up our growth and market share gains
 - **Further development in the grooming segment** with a Petshop channel strategy in 2022
 - **Entry in the Pet Food market in 2023/2024**

ESTIMATED SALES POTENTIAL¹ OF MAIN R&D PROJECTS

(March, 2022)

Launch Year	Companion Animals	M €	Food Producing Animals	M €
2022	<ul style="list-style-type: none"> Petfood (USA)/Pet Care Specialities Parasiticides 	48	<ul style="list-style-type: none"> Anti-infectives Parasiticides Biologicals Nutritionals 	22
2023	<ul style="list-style-type: none"> Petfood/Pet Care Specialities 	44	<ul style="list-style-type: none"> Anti-infectives Biologicals Parasiticides Miscellaneous 	25
2024	<ul style="list-style-type: none"> Biologicals Petfood/Pet Care Parasiticides Specialities 	43	<ul style="list-style-type: none"> Anti-infectives Biologicals Miscellaneous 	33
2025 ²	<ul style="list-style-type: none"> Specialities Parasiticides Petfood /Pet Care 	43	<ul style="list-style-type: none"> Biologicals Anti-infectives 	66

¹ Estimated by convention as 3rd year sales post launch year if product is launched (R&D risk)

² Sales potential very much at risk due to high level of uncertainty of some projects, still in a very early stage of development

➤ Conflict between Ukraine and Russia

- Limited direct exposure: Virbac sales to Russia and Ukraine < 0.5% of total revenue
- No subsidiary in these two countries; only work with distributors
- Set up of an internal team to monitor the situation closely and the indirect possible consequences (i.e. gaz supply, energy / cereals costs)
- Local/regional contributions for humanitarian purposes

➤ Inflation and supply pressure

- Pressure on supply and costs of certain components, consumables and raw materials
- Logistics and utilities cost pressure

2022 PERSPECTIVES (2/2)

	2022 Guidance	Notes
Total revenue	between 5% to 8% @ cst rates and scope	assumption of a normalized market growth (around 5%) with no major event (geopolitical included) and no supply disruptions...
Ebit adjusted¹ ratio to revenue	around 15% @ cst rates	including a strategical overinvestment in R&D of around 1 percentage point of revenue compared to 2021
Net Debt evolution	Net debt decrease of ~60 M€ without dividends and @ cst rates and scope	

The payment of a dividend of €1.25 per share will be proposed to the annual shareholders' meeting

¹ Ebit adjusted: current operating profit before depreciations of assets arising from acquisitions

AGENDA

2021 financial highlights

Strategy execution & perspectives

Appendix : 2022 agenda



2022 AGENDA

April 14*	Q1 sales
June 21	Annual shareholders' meeting
July 19*	Q2 - H1 sales
September 15*	Half-year financial results
September 16	SFAF meeting - 1st half 2022 financial & strategic information
October 18*	Q3 sales
January 18, 2023*	Q4 - Full year sales

* After market close

Shaping the future of animal health