



Quarterly report as of March 31, 2012

This report is prepared in narrative form under the terms of implementation of article L451-1-2 of the Monetary and Financial Code issued by the French financial markets authority (AMF).

1. Key events of the quarter

After Portugal and France in 2011, CaniLeish[®], the Virbac's vaccine against canine Leishmaniosis, has been successfully launched in Spain and Greece early 2012 and in Italy by the end of this quarter. No major event in relation with assets or companies acquisition or transfer occurred during the first quarter of 2012.

2. General overview of Virbac financial situation and profits

Consolidated figures (Millions euros)	1 st quarter
2011 Provisional Net Sales	176,4
2010 Net Sales	159,9
Change	+ 10,3%
Change at constant exchange rate	+ 8,8%
Change at constant scope and exchange rate	+ 8,6%

2.1. Activity:

Virbac consolidated sales in the first quarter reached 176.4 M€, a +10.3% change compared to the same period of 2011. Sales increased by +8.8% excluding favourable exchange rates impacts and +8.6% at constant scope.

Growth by geographies has been contrasted. Virbac recorded a very good performance with double digit growth rates in the following areas:

- ✓ Southern Europe, with the launch of CaniLeish,
- ✓ United States, with a strong increase of all product ranges,
- ✓ Latin America, with continued commercial investments in Brazil,
- ✓ And Asia thanks to the positive trend of emerging markets and a rebound in Japan.

VIRBAC: Passionate about animal health

NYSE Euronext - Compartiment A - code ISIN: FR0000031577 / MNEMO: VIRP

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Conversely, sales declined in South Africa due to less favourable weather conditions; in France because of a new commercial policy encouraging wholesalers to level out their orders when tariffs increase; and in Australia due to the high comparison basis set by the exceptionally strong first quarter of 2011.

2.2. Perspectives:

The main market trends observed in 2011 should continue in 2012. There was robust growth in the companion animal segment and strong – though uneven – growth in the food producing animal segment (rapid expansion in emerging countries but stagnation in Europe), and faster growth in vaccines than in pharmaceutical products.

In this environment, Virbac will continue targeting market share gains in a number of areas: firstly, in the companion animal market, through the introduction of CaniLeish in Southern Europe and the launch of several new products in the United States; and secondly, in the food producing animal market, thanks to growth in the major markets of Latin America and Asia, which remains strong. This relatively ambitious growth is unlikely to lead to a further improvement in operating profitability in 2012 percentagewise. This is because the Group plans to accelerate its commercial investments in higher growth countries where its market presence remains modest (United States, Brazil). It is also looking to substantially increase its R&D budgets to ensure that future vaccine projects for food producing animals come to fruition, and more generally, to strengthen innovation capacity, which is essential to maintaining high levels of organic growth in the medium term.

2.3. Debt:

The Group's net debt in the first quarter stands at 94.4 M€, an increase of 24.7 M€ compared to December 2011.

This increase is mainly due to the timely payment in France of part of 2011 year-end rebates on sales.

3. Turnover breakdown per activity

Consolidated figures (Millions euros)	Change at actual rates & scope	Change at constant rates & scope
Companion Animals	+ 15,7%	+ 13,1%
Food Producing Animals	+ 2,2%	+ 1,8%
Other businesses	+ 13,5%	+ 9,7%
TOTAL	+ 10,3%	+ 8,6%

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3.1. Companion Animals

The companion animals segment enjoyed a +13.1% organic growth, driven by the performance:

- ✓ in the US, with strong sales on whole of the ranges, the launch of Easotic (dermatology) and strong Iverhart sales, partially linked to the distributors' expectations of the impact of the temporary closure of a competitor's manufacturing site.
- ✓ in Southern Europe thanks to the launch of the CaniLeish vaccine in Spain and Greece at the beginning of this year, and in Italy by the end of this quarter.

3.2. Food Producing Animals

The food producing animals segment increased by only +1.8%, the high level of activity in the emerging countries being offset by the low start in both South Africa and Australia, and a market which remains sluggish in Europe.

3.3. Other businesses

These activities, which represent 1% of this quarter sales, correspond to specific activities that cannot be treated as companion animals and food producing animals. These include mainly contract manufacturing performed for third parties in the United States.

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