Quarterly Report as of March 31, 2014

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

No significant event has occurred in the first quarter.

2. Significant event after the closing date

No significant event has occurred after the closing date of March 31st, 2014.

3. General overview of Virbac financial situation and profits

3.1. Activity:

Virbac consolidated sales in the first quarter amounted to **180.5 M€** compared to 182.8 M€ last year, a -1.2% evolution still significantly impacted by the level of exchange rates in comparison to the same period last year.

But apart from such factor, growth at constant parities has reached +5.1% overall, of which +4.3% organically – i.e. excluding sales from Santa Elena in Uruguay, consolidated only since last September -.

Virbac enjoyed a good start of the year and a significant growth in all geographies with the exception of the US. Emerging countries in general, with a double digit increase, still generated the highest level of growth; but the business in developed markets also benefited from a certain rebound compared to last year and Virbac revenues increased nicely in Europe, Japan, Australia.

Consolidated figures (Millions €uros)	1st Quarter
2013 Net Sales	182.8
2014 Provisional Net Sales	**180.5**
Change	**- 1.2%**
Change at constant exchange rate	**+ 5.1%**
Change at constant scope and exchange rate	**+ 4.3%**

3.2. Turn-over breakdown per activity:

Consolidated figures	Change 3 months cumulative (Actual rates & scope)	Change 3 months cumulative (Constant rates and scope)
Companion Animals	- 1.9%	+ 1.6%
Food Producing Animals	- 0.8%	+ 7.1%
Other businesses	+ 11.2%	+ 21.7%
TOTAL	**- 1.2%**	**+ 4.3%**

- **Companion animals**

Business in the companion animals segment increased moderately, +1.6% due to the comparison basis on Iverhart in the United States : the product, which is expected to be re-introduced in the second half this year, had been withdrawn from the market early April last year but sales were significant in the first quarter.

Excluding such factor, sales in companion animals increased by more than 5%.

- **Food Producing Animals**

Growth in the food producing animals segment reached +7.1% with a good performance in the two main sectors: ruminants and industrial breeding (swine and poultry), and a moderate evolution in aquaculture after the strong growth, above 11%, recorded by Centrovet in Chile in 2013 following the outbreak of diseases in salmon farms last year.

- **Other businesses**

These activities, which represent less than 2% of revenues for the three months remained steady. They correspond to the markets of lesser strategic importance for the Group and mainly include contract manufacturing in the United States and Australia.

3.3. Perspectives:

Growth of the markets should be closer to the trends observed in a recent past. Asia, Pacific and Latin America regions will remain the drivers of highest growth for Virbac, while growth in the Northern Hemisphere should still be relatively moderate in 2014 before accelerating in 2015. The Group is actually preparing the launch of a wave of important new products in Europe, which should however have a rather limited impact in 2014 as they are essentially planned in the second part of the year. In the United States, with the re-introduction of Iverhart Plus on the market being expected in the second semester, growth of the business globally should remain modest and then rebound in 2015. Overall these evolutions should generate an organic growth of about 4 to 6%, with a stable level of operating profitability at constant exchange rates given the double digit planned increase of R&D expenses.

3.4. Debt:

As of March 31, 2014, the Group's net debt amounted to 223.5 M€, growing by + 45.4 M€ compared to December 2013. This evolution is mainly due to the seasonal increase of working capital generated by the payment in France of most of 2013 year-end rebates.