



Very strong growth in revenue in the first quarter of 2021 at +22.6% at comparable exchange rates and scope (+12.3% at constant rates), driven by very solid performance in all areas

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KEY FIGURES			
Revenue 1 st quarter 2021	Growth at constant exchange rates and scope ¹	Growth at constant exchange rates	Total growth
€266.5 million	+22.6% of which companion animals +25.1% food-producing animals +19.2%	+12.3%	+7.6% +17.5% excl. Sentinel

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, and by excluding sales of Sentinel for the two financial years in question.

Quarterly consolidated revenue

Our revenue in the first quarter amounted to €266.5 million, with a substantial increase of +17.5% excluding Sentinel (+7.6% in real terms) compared to the same period in 2020, despite an unfavorable base effect linked to advance purchases recorded in the first quarter of 2020 before the various lockdowns. At constant exchange rates and scope, growth was +22.6%, driven by the dynamism of the animal health market (increase in visits to veterinarians), except for Chile, and the successful execution of our strategy in all geographical areas. Our actual performance was significantly impacted by the impairment of certain currencies, particularly the US dollar, the Indian rupee, the Brazilian real and finally, the Mexican peso.

Our growth in the first quarter was driven mainly by the performance of Asia-Pacific, Europe and the United States (excluding Sentinel). In Asia-Pacific, real-rate growth is +29.3% (+32.8% at constant exchange rates). India continues to drive growth in the area, accounting for more than half of it; Australia, China, Thailand and Vietnam also contribute to strong area growth. In Europe, revenue grew +12.4% at real rates (+13.0% at constant rates). The main contributors to this performance were France, Italy, Spain, Benelux and the area's Export and OTC activities, driven by strong momentum in the companion animal ranges (in particular specialty ranges, internal parasiticides and petfood) as well as products for ruminants. In the United States, first-quarter activity excluding Sentinel showed a marked increase of +67.9% (+84.7% at constant exchange rates). It benefited from sustained sales across all ranges, with a rebound in the dental range in particular, which had been severely impacted at the same time last year by the health situation, which led to a drop in clinic visits. It should also be noted that this range benefited, in addition to sales in clinics, from strong growth in online sales. Specialty products, dermatology and recently launched products (Senegy and Stelfonta) are also supporting American growth. In Latin America, excluding Chile, the Group had an excellent start to the year. Activity grew by +9.8% at real rates (+30.2% at constant exchange rates), due in particular to contributions by Brazil and Mexico. Finally, in Chile, activity in the first quarter is down, as anticipated, by -20.7% at real rates (-15.9% at constant rates), due to the drop in salmon smolts placed in the water last year following the health crisis and the closure of restaurants.

In terms of species, companion animal activity grew overall by +4.3% at constant exchange rates and +25.1% excluding Sentinel (+0.7% at actual exchange rates and scope), mainly driven by very good double-digit growth in the specialty, dental, parasiticide, dermatology and petfood ranges. The cat and dog vaccine range is slightly down compared to the first quarter of 2020, due to our production and stock-out problems in the second half of 2020. The return to normal in terms of supply for this range is taking place gradually and should continue over the year. The food-producing animals segment also showed strong growth of +19.2% at constant rates (+13.2% at actual exchange rates and scope), mainly driven by the ruminants sector (+29.5% at constant rates); whereas the aquaculture sector is, as previously explained, significantly down (-15.9% at constant exchange rates) compared to the same period in 2020.

Outlook

The animal health sector has shown very good resilience in 2020 and very good momentum in the first quarter of 2021. A number of indicators, such as visits to veterinarians, companion animal adoptions, etc., seem to be trending very positively and should support the growth of the animal health market in 2021 at a much higher level than initially anticipated.

In this context, we are revising our annual outlook. We currently anticipate revenue growth at constant rates and scope of between 6% and 10% (i.e. between 3% and 7% at constant rates and real perimeter), as well as a ratio of "current operating profit, before depreciation of assets arising from acquisitions" over "revenue" which should be between 12% and 14% at constant exchange rates. Furthermore, we anticipate an unfavorable impact of exchange rates on revenue of approximately €15 million linked to the strong impairment of currencies.



For the coming months, and although the fundamentals of our industry remain solid, depending on the duration, geographical expansion and the resulting economic and social consequences, the health crisis could impact our business, particularly in terms of supplies (supply of certain consumables for the production of vaccines, etc.). As explained previously, we have implemented a set of measures and daily monitoring to prevent and limit potential impacts (crisis management system, supply chain and inventory management policies, readjustment of the targets of our safety stocks, business continuity plans for industrial sites, sourcing diversification policies and strengthening relationships with our strategic suppliers, etc.). In addition, our global presence in terms of geographic areas and species, our highly diversified product portfolio, our different distribution channels, the very strong responsiveness and adaptability of our teams through our organizational model, as well as the robustness of our financial situation are assets that will enable us to face the financial consequences of this pandemic. However, we remain vigilant to developments in the situation in the coming months, and are mobilized to address them.

Focusing on animal health, from the beginning

At Virbac, we provide innovative solutions to veterinarians, farmers and animal owners in more than 100 countries around the world. Covering more than 50 species, our range of products and services enables to diagnose, prevent and treat the majority of pathologies. Every day, we are committed to improving animals' quality of life and to shaping together the future of animal health.

