2021 operating profit from ordinary activities showed very strong growth, reflecting the excellent dynamism of our business in a rapidly growing market

Public release on March 22, 2022 after market close

CONSOLIDATED FIGURES AS OF DECEMBER 31 in millions of €	2021	2020 adjusted [6]	2021/2020 Change
Revenue	**1,064.0**	**934.2**	**+13.9%**
Change at constant exchange rates			*+14.9%*
Change at constant exchange rates and scope [1]			*+18.4%*
Current operating profit, before depreciation of assets arising from acquisitions [2]	**173.2**	**127.0**	**+36.4%**
as a % of revenue	*16.3%*	*13.6%*	
as a % of revenue at constant rates	*15.9%*		
Depreciation of intangible assets from acquisitions	4.3	8.4	
Operating profit from ordinary activities	**168.9**	**118.6**	**+42.4%**
Non-recurring income and (expenses)	-1.20	65.2	
Operating profit	**167.6**	**183.7**	**-8.8%**
Current net profit [3]	**117.8**	**76.9**	**+53.3%**
Consolidated net profit	**115.7**	**140.3**	**-17.6%**
Including net profit - Group share	113.2	136.0	
Shareholders' equity - Group Share	**724.9**	**621.0**	**+16.7%**
Net debt [4]	**-73.8**	**-63.4**	**-16.4%**
Operating cash flow before interest and taxes [5]	**210.1**	**169.4**	**+24.0%**

[1] Change at constant exchange rates and scope corresponds to organic growth of sales, excluding exchange rate variations, calculating the indicator for the financial year in question and the indicator for the previous financial year on the basis of identical exchange rates (the exchange rate used is the previous financial year's), and excluding change in scope, calculating the indicator for the financial year in question on the basis of the scope of consolidation for the previous year, and excluding sales of Sentinel, a product divested on July 1, 2020, over the two financial years in question.
[2] Current operating profit, before depreciation of assets arising from acquisitions, reflects current profit adjusted for the impact of allowance for depreciation of intangible assets resulting from acquisition transactions.
[3] Current net profit corresponds to consolidated net profit adjusted for non-recurring expenses and income (- €1.2 million), and for non-current tax (- €0.9 million).
[4] Net debt corresponds to current (€46.5 million) and non-current (€14.0 million) financial liabilities as well as a lease obligation related to the application of IFRS 16 (€38.5 million), less the cash position and cash equivalents (€172.8 million) as published in the statement of financial position.
[5] Operating cash flow corresponds to operating profit (€167.6 million) adjusted for items having no impact on the cash position and impacts related to divestments. The following items are adjusted: fixed asset impairment (€41.7 million), provision for risks and charges (- €1.7 million), provisions related to employee benefits (- €1.1 million), and the other expenses and income without any impact on cash position (€0.6 million), and the impacts related to divestments (+ €3.0 million).
[6] Including the impacts of the final decision of the IFRS IC of March 2021 on the configuration and customization costs of software used as part of an SaaS-type contract as described in the accounting principles and methods (net impact - €1.4 million).

The accounts were audited by the statutory auditors and examined by the board of directors on March 18, 2022. The report of the statutory auditors is in the process of being issued. The statements and detailed presentation of annual profits are available on the corporate site at corporate.virbac.com.

Thanks to the constant mobilization of the Virbac teams for animal health, in a particularly dynamic market, we posted annual revenue of €1.064 billion, an increase of +17.4% over 2020 excluding Sentinel (+13.9% at real scope) compared to the same period in 2020. Excluding the negative effect of exchange rates, revenue rose by +18.4% excluding Sentinel (+14.9% at real scope). All areas had double-digit organic growth, reflecting both the sector's momentum and the successful execution of our strategic plan. In Europe, the main contributors to this performance were France, area Export activities, the United Kingdom, Germany, Benelux, Italy and Spain, driven by strong growth in the companion animal range. In Asia-Pacific, India continues to drive the area's growth, accounting for approximately 45% of it; Australia, New Zealand, South Africa, Vietnam, and China also contribute to the area's very strong growth. The United States benefited from sustained growth across all product lines, including specialty products, the dental and dermatology ranges, recently launched products (Clomicalm, Itrafungol, Senergy and Stelfonta) and, lastly, the manufacturing of Sentinel Spectrum for Merck. In Latin America, Brazil and Mexico drove growth. Lastly, in Chile, the strong second half-year performance helped us achieve organic growth over the year. In terms of species, the companion animal business was essentially driven by the remarkable double-digit growth of the specialty ranges (including Clomicalm, Movoflex, Stelfonta), petfood, parasiticides, dermatology and dental products, and by the rebound of the vaccine range for dogs and cats, compared to the same period in 2020. It should be noted that sales of Clomicalm and Itrafungol, products acquired in March 2021, and the US petfood range iVet, acquired in July 2021, represented approximately €14 million in sales (or 1.6 percentage points of revenue growth) over the period. The food producing animals segment also showed significant growth due in particular to the ruminant sector.

The current operating profit before depreciation of assets arising from acquisitions amounts to €173.2 million, up significantly from 2020 (€127.0 million). This improvement in performance is mainly due to the exceptional growth in our revenue, driven by a very strong performance in all areas and good market dynamics. It is partially offset by a rebound in our expenses, in particular the staff expenses related to the high activity, the commercial expenses in anticipation of product launches, and the acceleration of our R&D investments. Note also, that this annual profit benefits from the recognition of exceptional items in the amount of €5.1 million (€2.4 million in compensation net of costs incurred in 2021, for the continuation of R&D projects acquired in the 1st quarter of 2021 from Elanco, and the additional margin on the transferred inventories of the Clomicalm and Itrafungol products that have benefited from a zero cost of sales as part of the acquisition, and €2.7 million for the reversal of provision for disputes, which have become irrelevant). All of these items represent a positive impact of 0.5 percentage point on the "current operating profit, before depreciation of assets arising from acquisitions" to "revenue" for the period.

Current net profit (net consolidated profit adjusted for non-recurring expenses and income and for non-current taxes) totaled €117.8 million, up 53.3% from 2020. This very strong improvement in our current net profit is explained by the reasons given above, in particular the excellent growth of our business and the very strong control of our costs, despite the rebound observed in 2021. It should be noted that our financial result corresponds to a charge of €8.5 million, which is significantly down from the same period in 2020 (charge of €10.4 million). This is explained by the decrease in the cost of net debt of €5.1 million resulting from the repayment of our bank financing following divestment of the Sentinel range; the latter is offset by the decrease in foreign exchange profit of €3.1 million due to the impairment of the Chilean peso against the euro and the US dollar in 2021 compared to the same period in 2020.

Net profit - Group Share amounted to €113.2 million, down from the previous year (€136.0 million), which is explained by the divestment of Sentinel in July 2020.

On the financial side, our net debt amounts to - €73.8 million at the end of December 2021, compared to - €63.4 million at the end of December 2020. This positive change in our cash position over the year is mainly due to strong cash generation, which enabled the financing of more sustained capital expenditures (current and acquisitions including the redemption of minority shares of Centrovet), higher working capital requirements in 2021 given the strong increase in our revenue, and finally the payment of dividends with respect to the 2020 profit.

Outlook

In line with our strategic plan, and in a more standardized market, in 2022 we anticipate revenue growth of between 5% and 8% at constant rates and scope. While the ratio of "current operating profit before depreciation of assets arising from acquisitions" to "revenue", as previously announced, should consolidate around 15% at constant exchange rates (with a voluntary over-investment in R&D of approximately 1 percentage point of revenue compared to 2021). Our debt relief should be around €60 million, excluding dividends, at constant scope and exchange rates. In addition, the distribution of a net dividend of €1.25 per share for the 2021 financial year will be proposed to the next general meeting of shareholders.

Covid-19 Health Crisis

We continue to face significant production, logistical and supply constraints with regard to certain intermediaries, and more recently, the impact of inflation on our costs.

Conflict between Ukraine and Russia

We are deeply touched and saddened by what is currently happening in Ukraine, and the humanitarian disaster generated by this war, and we would like to express our support for all the victims. In terms of our business, any direct exposure to this crisis situation is minimal, as our sales to Russia and Ukraine account for less than 0.5% of our total revenue. It should also be noted that we do not have a subsidiary in these two countries, instead we work with distributors. However, we remain vigilant and have formed an internal team to monitor the situation closely, and the possible indirect consequences for our Group, in particular with regard to energy costs (sharply increasing), and certain raw materials.

ANALYSTS' PRESENTATION - VIRBAC

We will hold an analysts meeting on Wednesday, March 23, 2022 at 2:30 p.m. (Paris time - *CET*) in the Edouard VII Business Center's auditorium, 23 square Edouard VII - 75 009 Paris (France).

Participants may arrive 15 minutes before the start of the meeting. Access to the meeting will be subject to the health regulations in force on that date.

You may also attend the meeting using the webcast (audio+slides), available via the link below.

Information for participants:

Webcast access link: https://bit.ly/3JNOPVn

This access link is available on the corporate.virbac.com site, under the heading "financial press releases". This link allows participants to access the live and/or archived version of the webcast.

You can ask questions via chat (text) directly during the webcast or after watching the replay at the following email address: finances@virbac.com.

A lifelong commitment to animal health
At Virbac, we make innovative solutions available 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 can diagnose, prevent and treat the majority of pathologies. Every day, we are committed to improving the quality of life of animals and to shaping the future of animal health together.

Virbac: NYSE Euronext - compartment A – ISIN code: FR0000031577 / TICKER: VIRP
Financial Affairs Department: tel. 04 92 08 71 32 - email: finances@virbac.com - Website: corporate.virbac.com