



Revenue grew +6.8% at constant exchange rates and scope at the end of September 2020 (+5.6% at constant rates) thanks to solid third quarter performance

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KEY FIGURES			
Revenue Year-to-date September 2020	Total growth	Growth at constant exchange rates	Growth at constant exchange rates and scope ¹
€713.9 million	+2.4% (+3.3% excl. Sentinel)	+5.6%	+6.8% including companion animals +3.6% (+6.1% excluding Sentinel) food-producing animals +8.2%

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

Revenue reached €235.6 million in the third quarter, an increase of +0.9% compared to the same period in 2019. At constant exchange rates, the third quarter registered a solid performance of +6.8% (+11.1% excluding Sentinel), as the strong depreciation of certain currencies, particularly the Brazilian real, Mexican peso, South African rand and the rupee, weighed heavily on performance.

Excluding the impact of the divestment of Sentinel in the United States, all regions are experiencing growth against the same period in 2019. This growth was led by the Asia-Pacific region and Europe, thanks to excellent performances by India and China, which posted strong double-digit growth over the period. France, Benelux, Spain and Italy thus reabsorbed some of the lag observed in the first half of the year. The United States posted double-digit growth excluding Sentinel, thanks in particular to products from the specialty range. Latin America achieved quarterly growth mainly driven by Mexico and Brazil, while Chile was down. In terms of species, the food-producing animals segment saw double-digit growth, driven in particular by the ruminant business and the industrial sector (swine and poultry). The companion animals segment is also growing sharply, despite lower vaccine sales following supply disruptions related to the shutdown of our global dog and cat vaccine production site in Carros, France.

Cumulative consolidated revenue at the end of September

Over the first half of the year as a whole, revenue amounted to €713.9 million compared to €697.3 million for the same period in 2019, representing an overall increase of +2.4% (+3.3% excluding Sentinel). Revenue increased by +5.6% (+6.8% excluding Sentinel) excluding the unfavorable impact of exchange rates.

This very good third quarter performance reinforces the growth observed in the first half of the year, reflecting the resilience of the sector, and the constant mobilization of Virbac teams. These have allowed us to achieve growth in all regions (excluding the impact of the divestment of Sentinel), despite vaccine shortages. Europe and the Asia-Pacific region led the growth up until the end of September at +5.7% (+5.6% at constant exchange rates) and +4.0% (+7.8% at constant exchange rates) respectively, although some countries were more affected by the health crisis (United Kingdom and Italy). Latin America evolved by -1.8% (+9.3% at constant rates), carried by the dynamism of Brazil and Mexico over the period. Lastly, the United States achieved an evolution of -2.1% (-2.6% at constant rates and +4.5% excluding Sentinel), thanks in particular to sales of the dermatology and nutraceutical ranges, which compensated for the withdrawal of the dental and antibiotic ranges.

In terms of species, the companion animals business grew generally by +2.2% at actual rates (+3.6% at constant rates and +6.1% excluding Sentinel), essentially driven by growth in the specialty, pet food, dermatology and hygiene ranges, which compensated for the withdrawal of the vaccines and antibiotics ranges. The food-producing animals segment also recorded strong growth of +2.5% (+8.2% at constant rates), driven by the ruminant sector (+11.2% at constant rates) and the industrial farming sector (+3.0% at constant rates), while aquaculture fell slightly (-0.3% at constant rates) compared to the same period in 2019.

Outlook

The animal health sector has demonstrated strong resilience in recent months, which helped to limit the impact on our business at the end of September, and leads us to raise our outlook for the year. We are now anticipating revenue that might range between 0% and 3% for the year 2020 at actual scope (after the disposal of Sentinel) and at constant rates. Furthermore, we anticipate an unfavorable exchange rate impact on revenue of approximately €30 million related to the sharp depreciation of currencies in the Latin America and Asia-Pacific regions. The 'current operating profit before depreciation of assets arising from acquisitions' to 'revenue' ratio should benefit from the favorable impact of the activity mentioned above as well as the non-recurring impact related to the sharp reduction in expenditure. This means it should fall between 13% and 15% at actual scope and at constant rates for the year 2020.



Finally, the early July divestment of the Sentinel brands (for which we will continue to manufacture the Sentinel Spectrum formulation at our US site in Bridgeton), is expected to result in revenue decrease of approximately US\$55 million and a decrease in the *EBITA*² to revenue ratio of approximately 3 points on a pro forma full-year basis. Across 2020, the impact on the *EBITA* to revenue ratio should be limited to around 1 point, given good Sentinel sales, which represented revenue of US\$39 million in the first half of the year.

From a financial standpoint, the divestment of Sentinel for a total of US\$410 million resulted in negative net debt. Lines of credit drawn in US dollars were repaid, and most of our financing, which essentially matures in 2022, was retained to cover potential working capital requirements, external growth operations or other projects.

CONSOLIDATED DATA Unaudited figures - in millions of euros	2020	2019	Growth	Growth at constant exchange rates ¹	Growth at constant exchange rates and scope ¹
Revenue for 1 st quarter	247.7	217.5	+13.9%	+14.3%	+14.3%
Revenue for 2 nd quarter	230.6	246.2	-6.4%	-3.3%	-3.3%
Revenue for 3 rd quarter	235.6	233.5	+0.9%	+6.8%	+11.1%
Revenue at the end of September	713.9	697.3	+2.4%	+5,6%	+6.8%
Revenue excluding Sentinel	676.6	654.8	+3.3%	+6.8%	+6.8%

²EBITA: Current operating profit before depreciations of assets arising from acquisitions.

A lifelong commitment to animal health

Virbac offers veterinarians, farmers and pet owners in more than 100 countries a practical range of products and services for diagnosing, preventing and treating the majority of diseases while improving quality of life for animals. With these innovative solutions covering more than 50 species, Virbac contributes day after day to shaping the future of animal health.

