



Quarterly report as of September 30, 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).

I – Key events of the quarter

Virbac acquired on July 2nd, 2012, through its affiliate Virbac New Zealand Ltd, all of the shares of Stockguard Animal Health Ltd and Stockguard laboratories Ltd, located in Hamilton, New-Zealand. This acquisition amounted to NZ \$37.15 million, paid on closing date, July 2nd, 2012. The agreement includes an earn out clause, which amount will depend on the level of gross margin reached over the next twelve months following the date of acquisition.

Created in 1987, STOCKGUARD has built up a strong expertise in developing, manufacturing and marketing a range of products for the dairy cattle and sheep markets in New Zealand, in which it enjoys solid leadership positions in intramammaries, injectable antibacterials, reproduction, and vitamin and trace elements. Its current portfolio of new products in development will complement the existing range and further reinforce the company's position in the market. STOCKGUARD's business amounts to around €5,8 million in sales with a good profitability.

Virbac is already present in New Zealand through its affiliate, Virbac New Zealand Ltd. This acquisition is very complementary to its existing business in New Zealand and will consolidate Virbac's number 5 ranking in the country. It will allow a strategic strengthening of Virbac's position on the important dairy cattle market in New Zealand and will also open further opportunities for future expansion in this segment in the other regions of the world.

Through this transaction, Virbac has acquired all business and assets of STOCKGUARD, including its manufacturing equipment, with an option to further buy the land and buildings currently owned by a separate entity controlled by STOCKGUARD's owners.

The transaction being closed on July 2nd, 2012, it has not been accounted for in the consolidated financial statements as of June 30, 2012.

II – General overview of Virbac financial situation and profits

Consolidated figures (Millions Euros)	3 rd quarter	9 months cumulative
2012 Provisional Net Sales	179.0	528.4
2011 Net Sales	161.0	475.5
Change	+ 11,2%	+ 11,1%
Change at constant exchange rate	+ 6,8%	+ 8,2%
Change at constant scope and exchange rate	+ 6,1%	+ 8,2%

VIRBAC: Passionate about animal health

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

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- **Activity:**

Virbac's growth during this quarter has been quite similar to the first half of the year in almost all regions: a high level of growth in the US, in Latin America and Asia; a positive trend in Australia after the low start of the year; a very dynamic activity in the UK and stability in other countries of Northern Europe. On the opposite, two factors unfavourably impacted the overall quarterly performance: on one hand growth has been modest this quarter in Southern Europe, a region which benefited in the first half from the very high positive impact of the launch of CaniLeish; on the other hand sales in France decreased compared to last year, essentially due to the new commercial policy aiming at splitting deliveries to wholesalers over a certain period to avoid peaks linked to the anticipation of tariff increases in October.

Such measures had an impact of a few million Euros on the quarter. Sales from the Stockguard acquisition in New Zealand have been recorded as from July and amounted to 2.9 M€ in this quarter, perfectly in line with expectations.

- **Perspectives:**

With the good performance recorded since the beginning of the year, the Group confirms the perspective announced earlier this year, to reach an estimated organic growth of 7 to 9%.

- **Debt:**

As of September 30, 2012, the Group's net debt amounted to 74.5 M€ vs 69.7 M€ at the end of December 2011. This increase is mainly due to the financing of the acquisitions, and to ongoing industrial major capital expenditure in Carros, France, such as the new manufacturing unit for injectables.

III – Turnover breakdown per activity

Consolidated figures	2012 Provisional Net Sales 9 Months Cumulative (Millions Euros)	Change 9 months cumulative (Constant rate & scope)	Change 9 months cumulative (Constant rate)
Companion Animals	326.2	+ 11,9%	+ 11,0%
Food Producing Animals	192.8	+ 3,0%	+ 4,6%
Other businesses	9.4	- 4,3%	- 4,3%
TOTAL	528.4	+ 8,2%	+ 8,2%

- **Companion Animals**

The companion animals segment enjoys a high level of organic growth, +11.9%, firstly driven by the United States with the strong increase of Iverhart but also the entire range, and by Southern Europe with the launch of CaniLeish.

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- **Food Producing Animals**

The growth in the food producing animals segment reaches +3.0%, again thanks to a high level of activity in the emerging countries, partially offset by a decrease in Europe in a sluggish market.

- **Other businesses**

These activities, which represent 1.8% of the cumulative sales correspond to specific and non strategic 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 and in Australia.

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