

Virbac : sales grow by 3.6% at constant exchange rates in the first half

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Virbac consolidated revenue in the second quarter amounted to €218.6 million, a -1.1% decline compared to the same period of last year due to the unfavorable evolution of exchange rates. At constant parities, the growth of the quarter reached +3.9%, of which +3.7% of organic growth. As a reminder, the second quarter 2015 was the only quarter with organic growth last year. It is driven in part by strong growth in Europe and emerging countries in Asia Pacific and Latin America, and partly by a rebound in activity in the United States in the second quarter with an overall growth on this market of +8.4% excluding the effect of exchange rates. Conversely, the aquaculture sector, strongly impacted by the sanitary crisis in Chile, is down sharply.

Year-to-date, first-half sales have reached €430.0 million compared to €432.3 million in the same period of 2015, with an overall evolution of -0.5%. Excluding the unfavorable impact of exchange rates, growth would be +3.6%, of which +3.5 % of organic growth.

In the United States, sales for the first half showed a slight organic growth at + 0.7%, thanks to the gradual resumption of deliveries of Iverhart Plus and the good performance on the dermatology and dental ranges. Conversely, sales of the Sentinel range were down compared to the same period of the previous year, mainly because of the change in the commercial strategy of distribution made early 2015. The U.S. subsidiary is still waiting for the next FDA inspection of the St. Louis site, whose date is, to date, not yet known.

Outside of the United States, the Group achieved a good first half showing a +4.2% organic growth.

This positive trend is due to the ramp-up of products launched recently in Europe, in particular the parasiticides for companion animals, and to the good performance of products used for food producing animals in the emerging markets. Europe recorded a good growth: +6.7% overall at constant exchange rates, thanks to a strong activity in the UK, Southern Europe, and France (favorable base effect due to the negative impact of a new regulation "Loi d'Avenir" on antibiotic sales early 2015). In the other regions of the world, with the exception of Chile, which is in sharp decline over the period (-15 % at constant rates), organic growth continues to be strong in emerging countries, driven in particular by the dynamic countries like India, China and Brazil.

In terms of species, sales in the companion animals segment have increased globally by +4.0%, of which +6.7% at constant scope, reflecting a good overall evolution of product ranges such as dermatology, hygiene, external and internal parasiticides and dentals.

Business in the food producing animal segment recorded a -6.5% evolution in total, of which -0.6% at constant rates and perimeter. The evolution of this segment is strongly impacted by the negative effect of exchange rates of the countries in Asia Pacific and Latin America. At constant rates and perimeter, the bovine sector is growing, while that of industrial (swine and poultry) fell slightly. The aquaculture sector contracted sharply during the period, and continues to suffer from a particular sanitary situation in Chile, related to mortality of salmon caused by algae blooms, and a perception of lower efficiency of the vaccines.

Key figures

NET REVENUE
FIRST HALF 2016

Estimate

€430.0 M

TOTAL GROWTH

-0.5%

GROWTH AT CONSTANT
EXCHANGE RATES

+3.6%

GROWTH AT CONSTANT
SCOPE

+3.5%

Of which :
COMPANION ANIMALS

+6.7%

FOOD PRODUCING ANIMALS

-0.6%

CONSOLIDATED DATA Unaudited - in million Euros	2016	2015	% change	Evolution at constant exchange rates	Evolution at constant scope
Net revenue - 1 st quarter	211.4	211.4	+0.0%	+3.4%	+3.3%
Net revenue - 2 nd quarter	218.6	220.9	-1.1%	+3.9%	+3.7%
Net revenue - 1st half	430.0	432.3	-0.5%	+3.6%	+3.5%

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Shaping the future of animal health