2008 ANNUAL EARNINGS

March 31, 2009 – (Lure, France) – The Vétoquinol Board of Directors, meeting on March 20, 2009, reviewed the group's business and approved the group's 2008 financial statements.

In millions of euros	**2008**	**2007***	**Change**
Revenue	**234.4**	233.4	+0.4%
Constant exchange rate and scope			*+1.4%*
Cash earnings from operations	**27.6**	30.7	-10.1%
As a % of revenue	***11.8%***	*13.2%*	
Adjusted earnings from operations, after non-recurring items	**27.6**	29.6	-6.8%
Net income (group share)	**18.6**	18.6	-

**Reclassification of the Research Tax Credit: the figures for 2007 were adjusted to make them comparable with the figures for 2008.*

Modest increase in 2008 revenues, in a market that weakened in the fourth quarter

Mirroring the overall market for animal health, Vétoquinol's sales were uneven in 2008, with strong growth (+5%) in the first half and weaker performance in the second half, particularly in October and November.
The slowdown in the fourth quarter was due primarily to reductions in the inventories of certain wholesalers in France and Canada and the crisis in the pig market in Spain and Poland.
Revenues for the year were nevertheless 0.4% higher than in the previous year, despite the impact of the sharp decline in the pound sterling and the weakening of the U.S. and Canadian dollars. With exchange rates held constant, the growth in annual revenues was 2.9%.
In the course of the year, Vétoquinol increased its market share in Europe and the United States.
The acquisitions made during the year – the Scandinavian company Viavet in January, assets of Vetcom 1979 Inc. in Canada in July, and the Italian company Ascor Chimici in December – accounted for 1.5 percentage points of the growth in revenues.

In terms of major geographical region, with the scope of business and exchange rates held constant, revenues in Western Europe and North America grew by approximately 4%, while revenues in Eastern Europe declined by 10% due to problems in the Polish market.

In terms of species, revenues for companion animals increased by 2.2% and revenues for cattle increased by 9%, while revenues for pigs declined by 37%.

External growth and product development

In 2008, Vétoquinol actively pursued its strategy of external growth and product innovation.
The year was marked by two acquisitions in Europe – the Italian laboratory Ascor Chimici and the Scandinavian company Viavet – and by the acquisition of the companion animal product line of Vetcom 1979 Inc. in Canada

The acquisition in early December of Ascor Chimici, which ranks 10th in Italy with 2008 revenues of 20.1 million euros, gives Vétoquinol a strategic position in the fifth largest European market.

In Scandinavia, the acquisition of Viavet, with revenues of 1.4 million euros in 2008, enables Vétoquinol to market its products directly in the Scandinavian markets for companion animals, cattle, and pigs.

In Canada, the acquisition in July 2008 of the companion animal assets of Vetcom 1979 Inc., representing annual revenues of approximately 1.5 million Canadian dollars, enables the group to strengthen its offerings in this strategic segment of the North American market while at the same time improving the utilisation of its production capacity.

Negotiations to establish a facility in China, while taking longer than originally planned, are being actively pursued and should be finalised in 2009.

Vétoquinol has intensified its commitment to product innovation, increasing the amount of resources devoted to R&D and marketing, and reinvesting the entire increase in the Research Tax Credit. R&D expenditures represented 6.7% of total revenues in 2008. This investment has yielded numerous introductions (expansion in geographic markets and new products), most of which are the result of innovation by Vétoquinol.

Cash earnings from operations consistent with forecasts: 11.8% of revenues

Despite the sales decline in the second half of the year, the impact of the fall in the pound Sterling (1.5 million euros), and non-recurring costs associated with changes in management (1.2 million euros), cash earnings from operations totalled 27.6 million euros, or 11.8% of revenues. This was 3.1 million euros less than the previous year.

Steady net earnings and dividends

The improvement in financial earnings and in the effective tax rate made it possible to maintain net earnings at 18.6 million euros, or 7.9% of revenues.

The Board of Directors will recommend to the shareholders, when they assemble for their annual meeting on May 12, 2009, that the dividend be maintained at 0.27 € per share, for a payout of 16.4%.

Strong financial structure, with a gearing ratio below 8%

After financing external growth in 2008 (19.0 million euros), the net financial debt of the group totalled 10.8 million euros at the end of the year. The gearing ratio stands at 8%, and the group remains well below all of the triggers of its loan covenants, after having obtained medium-term financing of 25 million euros in January 2009.

This balance sheet strength enables Vétoquinol to continue pursuing its strategy of external growth.

Outlook for 2009: Vétoquinol, a pro-active group

The fundamentals of the animal health market remain strong, supported by expanding consumption of animal proteins in the food-producing animal sector, and by a combination of expanding markets in emerging countries and the growing sophistication of veterinary care for companion animals in developed countries. However, the industry is not completely immune to the economic crisis, as its performance at the end of 2008 has shown. In all likelihood, the beginning of 2009 will be marked by a decline in revenues (with scope and exchange rates held constant) compared to the beginning of 2008, although the trend will be more favourable than at the end of last year.

For immediate release

In the light of these trends, Vétoquinol took steps at the end of 2008 to reduce its costs, without however reducing its strategic expenditures on marketing and R&D. The right-sizing and adaptability of its production capacity enables Vétoquinol to re-internalise some production processes that had been outsourced to meet high demand, and this will automatically improve corresponding margins. These steps will permit Vétoquinol to remain close to meeting its medium-term profitability objectives.

Vétoquinol will continue to pursue R&D actively in 2009, with the goal of intensifying the introduction of new products, including the introduction every four or five years of a major product capable of generating 10 million euros in annual revenues. Two projects of this type are currently being developed (a pain/inflammation product and a cardiology/nephrology product), and should be placed on the market in the period 2010-2014.

The consolidation of major firms in the human and animal health sectors creates acquisition opportunities for medium-size firms like Vétoquinol. The group intends to use its strong financial structure to pursue these opportunities actively, consistent with its strategic objectives. At present, the group is studying or actively examining several opportunities in Asia, the United States, and Latin America. This strategy will of course be guided by the principles of strategic interest, prudent valuation and profitability, on which Vétoquinol has built its reputation.

Upcoming events: April 9, 2009, First quarter 2009 revenues
May 12, 2009, Annual meeting of shareholders
July 16, 2009, First half 2009 revenues

About Vétoquinol
Vétoquinol is an independent veterinary pharmaceutical laboratory serving both the companion animal and livestock markets. This family-owned group specialized exclusively in animal health is the 11th largest laboratory in the world, and nearly 80% of Vétoquinol's revenues come from outside France.
Vétoquinol engages in the research and development, production and marketing of medical and nutraceutical products. Vétoquinol has positioned itself in the curative sector, and has developed expertise in three therapeutic fields: anti-infectives, pain management and anti-inflammatories, and cardiology and nephrology.
The Group currently distributes its products in one hundred countries throughout Europe, North America and Asia, with subsidiaries in 22 different countries and a network of 140 distributor partners. The Company has more than 1,400 employees worldwide.

More information: www.vetoquinol.com.

OUR BUSINESS: ANIMALS. OUR ADVANTAGE: PEOPLE.

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