



## VÉTOQUINOL POSTS RESILIENT RESULTS IN THE FIRST HALF OF 2009 AND CONTINUES TO PURSUE ITS INTERNATIONAL GROWTH

August 31, 2009 – (Lure, France) – The Board of Directors of Vétoquinol, meeting on August 27, reviewed the group's business and approved the group's interim 2009 financial statements.

<i>In millions of euros</i>	<b>1<sup>st</sup> half 2009</b>	<b>1<sup>st</sup> half 2008</b>	<b>Change</b>
Revenues	<b>119.9</b>	116.7	<b>+2.7%</b>
<i>Constant exchange rate and scope</i>			<b>-3.3%</b>
Operating profit	<b>13.8</b>	13.4	<b>+3.1%</b>
<i>As a % of revenues</i>	<b>11.5%</b>	11.5%	
Net income (group share)	<b>9.25</b>	9.1	<b>+1.6%</b>

### Resilient sales despite the weak market

Figures published in August 2009 by the research firm Vetnosis confirm the downturn in the world market for animal health products during the first half of 2009. This downturn has been manifest in all geographic regions, for all types of species, and in all therapeutic classes. During this period, sales in the eleven largest laboratories worldwide, representing 80% of global sales, have contracted by 9.4% in constant dollars.

Despite this difficult environment, whose impact was magnified by unfavourable exchange rates and base effects, Vétoquinol's sales reached EUR 119.9 million euros, an increase of 2.7%, or 5.4% when exchange rates are held constant. In the first half of 2009, Vétoquinol was the world's fifth-ranking laboratory in terms of sales growth measured in local currency.

This resilience in sales is explained by Vétoquinol's balanced portfolio in terms of species, by the recovery in the Polish and Canadian markets, and by the contribution of external growth during 2008.

### Product innovation

During the first half, Vétoquinol launched or expanded the commercialisation of ten products in different countries, including three products in Italy through its Ascor subsidiary, which Vétoquinol acquired in December 2008. Ten more product launches or extensions are programmed for the second half of 2009.

### Operating profit remained strong (11.5% of revenues)

Operating profit totalled EUR 13.8 million, or 11.5% of total revenues, in line with the figure for the previous year, thanks to strict controls on operating expenses and personnel costs. Earnings were maintained without reducing R&D expenditures, which represented 7.4% of revenues.

## Targetting international growth: Vétoquinol India, the 6<sup>th</sup> largest animal health company in the Indian market

On August 20, Vétoquinol completed the acquisition of the Animal Health Division of Wockhardt Limited, based in Mumbai, India. Vétoquinol India is the sixth largest animal health company in India, with annual sales of EUR 12 million and a market share approaching 5 percent. Vétoquinol India employs 137 persons, including 124 sales representatives, serving more than 27,000 customers throughout India. Its line of 70 products is firmly established in the market, and a dozen more products are under development and will be introduced over the next two years. Vétoquinol India is a dynamic company, with sales growth averaging 10% and strong profitability.

The Indian market is a key element of Vétoquinol's plans to diversify in Asia, one of three strategic regions targeted by the group. The Indian market is estimated at USD 350 million and is growing by more than 8% annually. More than half of the market is devoted to cattle, one of Vétoquinol's three key species. India is the world's largest producer of milk.

This acquisition opens up numerous synergies with Vétoquinol's product lines, which Vétoquinol should be able to begin marketing in India within the next three years, once the necessary authorisations have been obtained. Exports – mainly to Africa and the Middle East – represent 15% of Vétoquinol India's sales.

## Vétoquinol's financial structure is sound, with a gearing ratio of less than 3%

On June 30, 2009, the net financial debt of the group stood at EUR 3.5 million. Vetoquinol's low gearing ratio – 2.4% as of June 30 – will make it possible for Vétoquinol to finance its Indian acquisition in the third quarter while continuing to pursue opportunities for external growth.

## Outlook for 2009: improvement in the second half

While the animal health market is likely to remain weak in the second half, the group will benefit from a more favourable base effect and from the contribution of external growth. (Vétoquinol's Italian acquisition will be reflected in revenues for the entire year, while its Indian acquisition will affect the last four months of 2009.) As a result, annual revenues for 2009 should increase relative to the preceding year.

At the same time, strong costs controls will permit the group to maintain cash earnings from operations at a level in line with the objectives of the group.

Upcoming events:      October 14, 2009 – Third quarter 2009 revenues

### About Vétoquinol

*Vétoquinol is an independent veterinary pharmaceutical laboratory serving both the companion and production animal markets. This family-owned group specialized exclusively in animal health is the 11<sup>th</sup> largest laboratory in the world, and more than 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 23 different countries and a network of 140 distributor partners. The Company has more than 1,550 employees worldwide.*

**For more information:** [www.vetoquinol.com](http://www.vetoquinol.com).

## OUR BUSINESS: ANIMALS. OUR ADVANTAGE: PEOPLE.

For more information, contact:

### VETOQUINOL

Finance department  
Pierre KONAREFF  
Tel: 03 84 62 59 88  
[relations.investisseurs@vetoquinol.com](mailto:relations.investisseurs@vetoquinol.com)

### KEIMA COMMUNICATION

Investor relations  
Emmanuel DOVERGNE  
Tel: 01 56 43 44 63  
[emmanuel.dovergne@keima.fr](mailto:emmanuel.dovergne@keima.fr)

### Media relations

Alix HÉRIARD DUBREUIL  
Tel: 01 56 43 44 62  
[alix.heriard@keima.fr](mailto:alix.heriard@keima.fr)