Vétoquinol

a Sign of Passion

THE ROBUST PERFORMANCE OF THE GROUP IN 2009 REFLECTS THE STRENGTH OF ITS FUNDAMENTALS

March 31, 2010 – (Lure, France) – Vétoquinol's Board of Directors, meeting on March 11, 2010, reviewed the Group's business and approved its 2009 financial statements.

In millions of euros	**2009**	**2008**	**Change**
Revenue	**252.2**	234.4	+7.6%
at constant exchange rates			*+10.2%*
Cash earnings from operations	**28.9**	27.6	+4.9%
as a % of revenue	***11.5%***	*11.8%*	
Adjusted earnings from operations after non-recurring items	**28.9**	27.6	+4.9%
Net income (group share)	**18.2**	18.6	-1.9%

Sustained revenue growth in 2009: +7.6%

Despite a 2.8% decline in the global animal health market[1], Vétoquinol revenues rose to €252.2 million in 2009, an increase of 7.6% over the preceding year. With exchange rates held constant, the increase was 10.2%.

According to recent statistics published by Vetnosis, Vétoquinol ranked fifth worldwide in 2009 in terms of sales growth at current exchange rates.

Revenues increased in all three of Vétoquinol's strategic therapeutic classes, including anti-infectives, a sector in which the global market fell by 6.4%. Vétoquinol's other two strategic classes – pain/inflammation and cardiology/nephrology, which together represent 17% of total Group revenues – grew strongly.

Sales in Europe profited from the combined effects of targeted marketing campaigns, reorganisations in 2008 in countries that had been having problems, and the December 2008 acquisition of Ascor Chimici in Italy. In the North American market, Vétoquinol benefited from the growing strength of sales teams, active marketing campaigns, and management reorganisations in 2008. Revenue in the rest of the world registered strong gains following the August 2009 acquisition of the Animal Health Division of Wockhardt Ltd in India, which more than compensated for the temporary suspension of the project to enter the Chinese market, which remains under consideration.

The sustained growth recorded by Vétoquinol in 2009, despite the weakness of the market, shows the strength of its business model, which combines internal growth – which was again positive in the third and fourth quarters – with targeted external growth. This business model has enabled Vétoquinol to grow at an average annual rate of more than 6% since going public in 2006.

[1] Source : Vetnosis, March 2010

Cash earnings from operations, at 11.5%, were within our forecast range

Cash earnings from operations rose by 4.9% in 2009 to reach €28.9 million.

At 11.5%, the ratio of cash earnings from operations to revenue fell within the range of values in Vétoquinol's business plan, even after the integration of the Italian operations, whose profitability was below the average for the Group[2], and despite heavy spending on marketing/sales and on research/innovation. This strong performance was made possible by Vétoquinol's continuous improvement programme, which resulted in substantial productivity gains, purchasing economies, and supply chain cost savings.

Increased dividend: +7.4%

Net income (group share) fell slightly to €18.2 million due to an increase in financial charges associated mainly with acquisitions.

The Board of Directors is confident in the outlook for the Group, and will propose a dividend of €0.29 per share at the General Meeting of shareholders of May 7, 2010. This is an increase of 7.4% over the previous dividend: a figure in line with sales growth.

Strong financial structure

Despite the acquisitions in Italy and India, net financial debt remained very low at €14.6 million, reflecting the Group's low gearing ratio, which remained below 10%. This provides the company ample financing capacity to pursue its objective of external growth. A gearing ratio of 100% would imply €140 million in additional debt and a potential increase in revenue of nearly 30%.

Confident outlook

On assuming his official functions as CEO of Vétoquinol, Matthieu Frechin, the third generation of the Frechin family to lead the Group, stated "*The speed with which Vétoquinol has adapted to the crisis reflects the fundamental values that my father instilled in the company during the forty two years that he was at its head. During that time, Vétoquinol established itself in 23 countries, rose to be one of the world's ten leading laboratories in its field, and successfully listed the company on the stock market. I fully intend to add a chapter to that history, leading the Group to a new period of growth. We will be ready to seize opportunities for external growth that appear in the next few years, whether they are in new high-growth regions or the result of the ongoing consolidation of our sector. We also plan to intensify our research programme, laying the groundwork in 2010 for the introduction of six new medications in 2011, including five which are the fruit of our research".*

Despite a global animal health market that is still recovering from the recent crisis, the Group expects its revenues to continue to grow in 2010.

[2] Adjusted for the Italian and Indian acquisitions, the ratio of cash earnings from operations to revenue was 12.4% in 2009.

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 10th 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 non-medical products. Vétoquinol has positioned itself in the curative sector, and has developed expertise in three therapeutic fields: anti-infectives, pain/inflammation, and cardiology/nephrology.

The Group currently distributes its products in more than one hundred countries throughout Europe, Americas and Asia/Pacific, 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.

OUR BUSINESS, ANIMALS. OUR ADVANTAGE, PEOPLE.

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