



Dechra

Pharmaceuticals PLC



Interim results for the six months
ended 31 December 2006

Overview

- Strong organic growth in revenue and pre-tax profit
- EU revenues beginning to materialise
- Further strategic progress with the product development programme
- Significant increase in dividend
- Good reduction in net borrowings compared to same period last year

Interim Results

Six months ended 31 December

2006

2005

Revenue	£125.9m	£116.1m	+ 8.5%
Operating profit	£6.5m	£5.8m	+ 12.0%
Profit before taxation	£5.9m	£5.2m	+ 14.2%
Basic earnings per share	7.84p	6.99p	+12.2%
Interim dividend	2.50p	1.91p	+30.9%
Net borrowings	£5.4m	£10.2m	
Dividend cover	3.1 times	3.6 times	

Financials

Pharmaceuticals Division

	2006 £'000	2005	
		£'000	
Revenue	11,983	11,179	+ 7.2%
Operating profit			
UK	2,770	2,204	+ 25.7%
USA	(170)	(157)	
	-----	-----	
	2,600	2,047	+ 27.0%
	=====	=====	

- Own pharmaceutical revenue grew strongly – up 15.3% to £6.7 million
- Further efficiency improvements achieved at Dales

Financials

Services Division

	2006	2005	
	£'000	£'000	
Revenue	117,436	108,101	+ 8.6%
Operating profit	4,738	4,275	+ 10.8%

- Revenue increased above market MAT growth of 5.5% (source: GFK data)
- Operating margin improvements achieved at NVS
- Laboratories operating profit impacted by infrastructure investment

Financials

Group Balance Sheet

	2006 £'000	2005 £'000
Balance Sheet		
Non-current assets - intangibles	8,549	7,027
- property, plant and equipment	5,646	5,431
- deferred taxes	-	540
	-----	-----
	14,195	12,998
Net working capital	19,648	19,905
Current and deferred tax liabilities	(2,182)	(2,535)
Net borrowings	(5,401)	(10,241)
	-----	-----
Net assets	26,260	20,127
	-----	-----
Inventory days	55	58
Receivable days	46	46
Payable days	64	65

Financials

Group Cash Flow

	2006 £'000	2005 £'000
Cash Flow		
Cash flow from operations	(559)	(1,470)
Capital expenditure		
- Intangible assets	674	56
- Property, plant and equipment	541	916
	-----	-----
	1,215	972
Depreciation and amortisation	526	499

- Cash flow impacted by seasonal increase in inventory levels

Pharmaceutical Division

- DVP remains fastest growing UK veterinary pharma company
 - Top brands all showing growth
 - Vetoryl® 34%
 - Felimazole® 30%
 - Vetivex® 16%
 - Equipalazone® 3%
- Dales efficiency improvements continue
 - New £1 million contract commenced
 - Oracle IT implementation imminent

Pharmaceutical Division

- DVP EU penetration increased

- Vetoryl® launched in:

- France
- Germany
- Spain
- Italy
- Portugal
- Benelux
- Czech Republic
- Austria
- Nordics
- Ireland



EU total revenue £535,000

- Felimazole® marketed in:

- France
- Germany
- Spain
- Italy
- Portugal
- Benelux
- Czech Republic
- Austria
- Nordics
- Ireland
- Greece
- Hungary
- Slovakia
- Switzerland



EU total revenue £138,000

- Equipalazone® marketed in:

- France
- Germany
- Switzerland
- Denmark

Services Division

- NVS hold market share
 - Realignment of terms progressing to plan
 - Sales team increased; improved territory coverage
- Warehouse development complete
 - Efficiency and capacity benefits
- New laboratory established in South East
 - Two regional representatives appointed
 - Market share gains achieved

Product Development

- Vetoryl® USA
 - CMC and safety submitted
 - Enrolment of dogs on efficacy trial completed
 - Launch date on target
- Felimazole® USA
 - Safety section submitted
 - CMC submission due third quarter of financial year
 - Enrolment for efficacy trial almost complete
 - Launch date on target

Product Development

- Equidone USA
 - I.P. acquired December 2006
 - Development progressing well
 - Launch for primary indication expected in 2008
 - Studies planned to explore further indications
- Generics UK
 - Four new generic products secured
 - First equine product launch in March
 - Canine and feline products launches prior to December 2007

Prospects

- Core businesses continue to perform well
- USA product development on track
- New UK generic launches imminent
- New opportunities identified
- No impact from bird flu expected
- Current trading in line with management expectations

APPENDIX

Divisional Summary

	2006 £'000	2005 £'000
Revenue		
Pharmaceuticals	11,983	11,179
Services	117,436	108,101
Inter-division	(3,511)	(3,192)
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	125,908	116,088
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Operating profit		
Pharmaceuticals	2,600	2,047
Services	4,738	4,275
Central costs	(834)	(513)
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	6,504	5,809
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Dechra

Pharmaceuticals PLC

Dechra House
Jamage Industrial Estate
Talke Pits Stoke-on-Trent ST7 1XW
Staffordshire England
t: +44 (0)1782 771100
f: +44 (0)1782 773366
e: corporate.enquiries@dechra.com

www.dechra.com