

Developing
Focusing
Delivering



[®]
Dechra
Pharmaceuticals PLC
www.dechra.com

Half-Yearly Results

Six months to 31 December 2013

Our refined strategy

'Focus on four strategic growth levers'



Financial summary

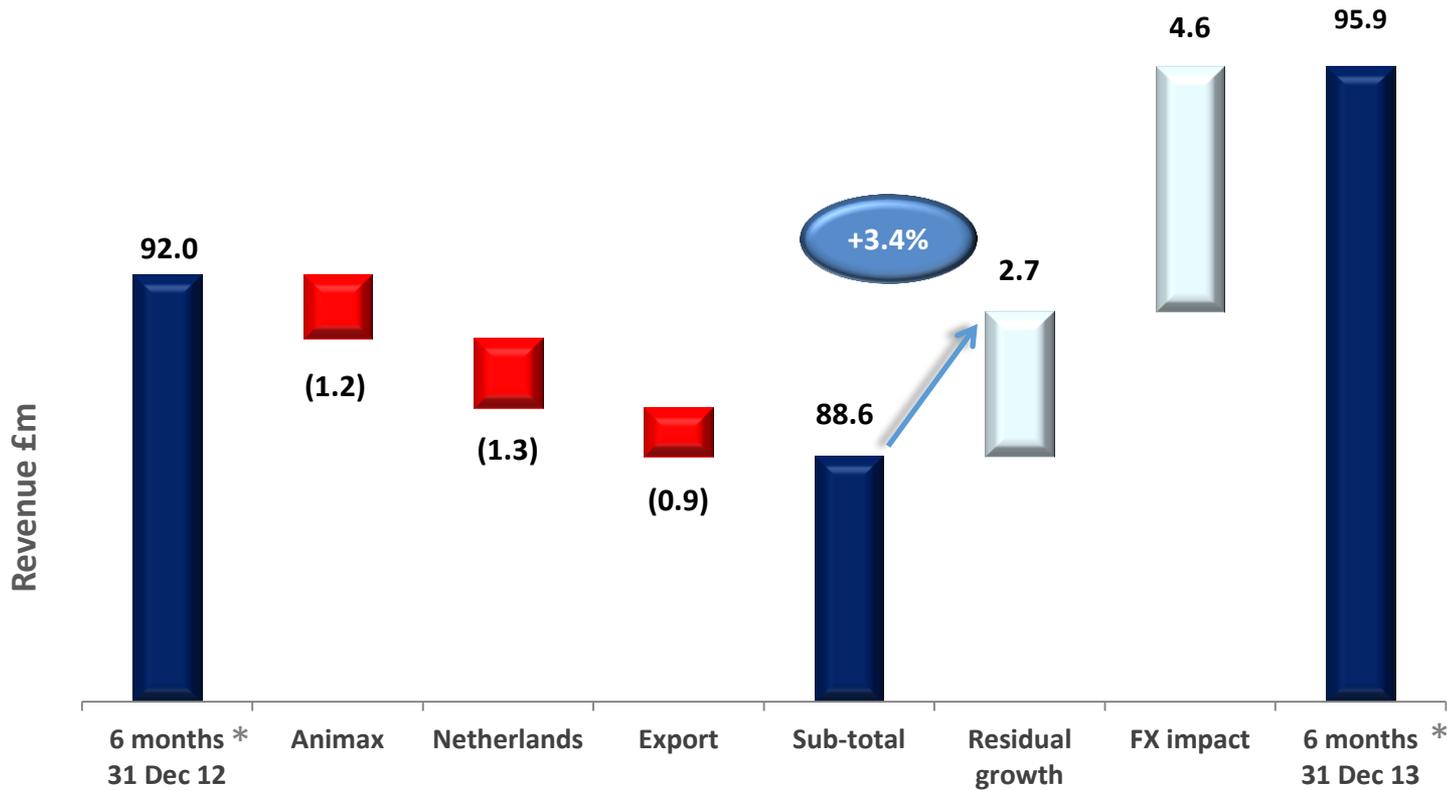
'14% underlying operating profit growth at CER'

	Continuing Operations		Reported Results %	Constant Currency %
	6 months to 31 Dec 2013 £m	6 months to 31 Dec 2012 £m		
Revenue	95.9	92.0	4.3	(0.7)
Gross profit	54.2	47.9	13.2	8.3
Gross profit %	56.5%	52.1%		
Underlying operating profit	22.3	18.6	20.0	14.1
Underlying profit before tax	20.0	15.3	31.1	23.3
Underlying EBITDA	24.0	20.8	17.9	12.2
Underlying diluted EPS (p)	16.94	13.09	29.4	22.3
Dividend per share (p)	4.75	4.34	9.4	9.4
Profit after tax from discontinued operations (1)	39.6	4.3	831.0	831.0
Underlying operating profit excluding one-off release	21.3	18.6	14.9	9.0
Underlying diluted EPS (p) excluding one-off release	16.13	13.09	23.3	16.3

(1) £38.7m profit on disposal of Services Segment, completed 16 August 2013

Group reported revenue

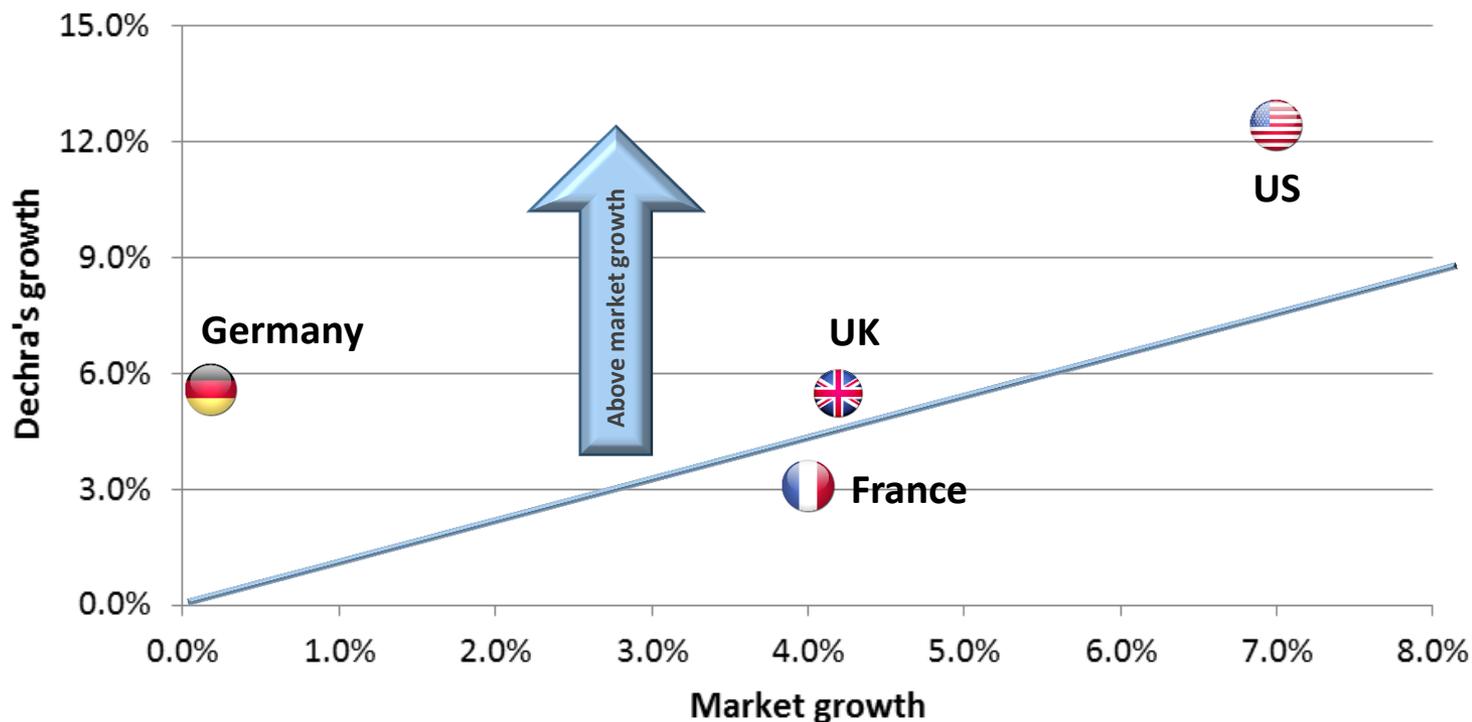
'Residual sales growth > 3%'



* At reported rate

Dechra vs. the market

'Major subsidiaries' growth in line with or faster than market'



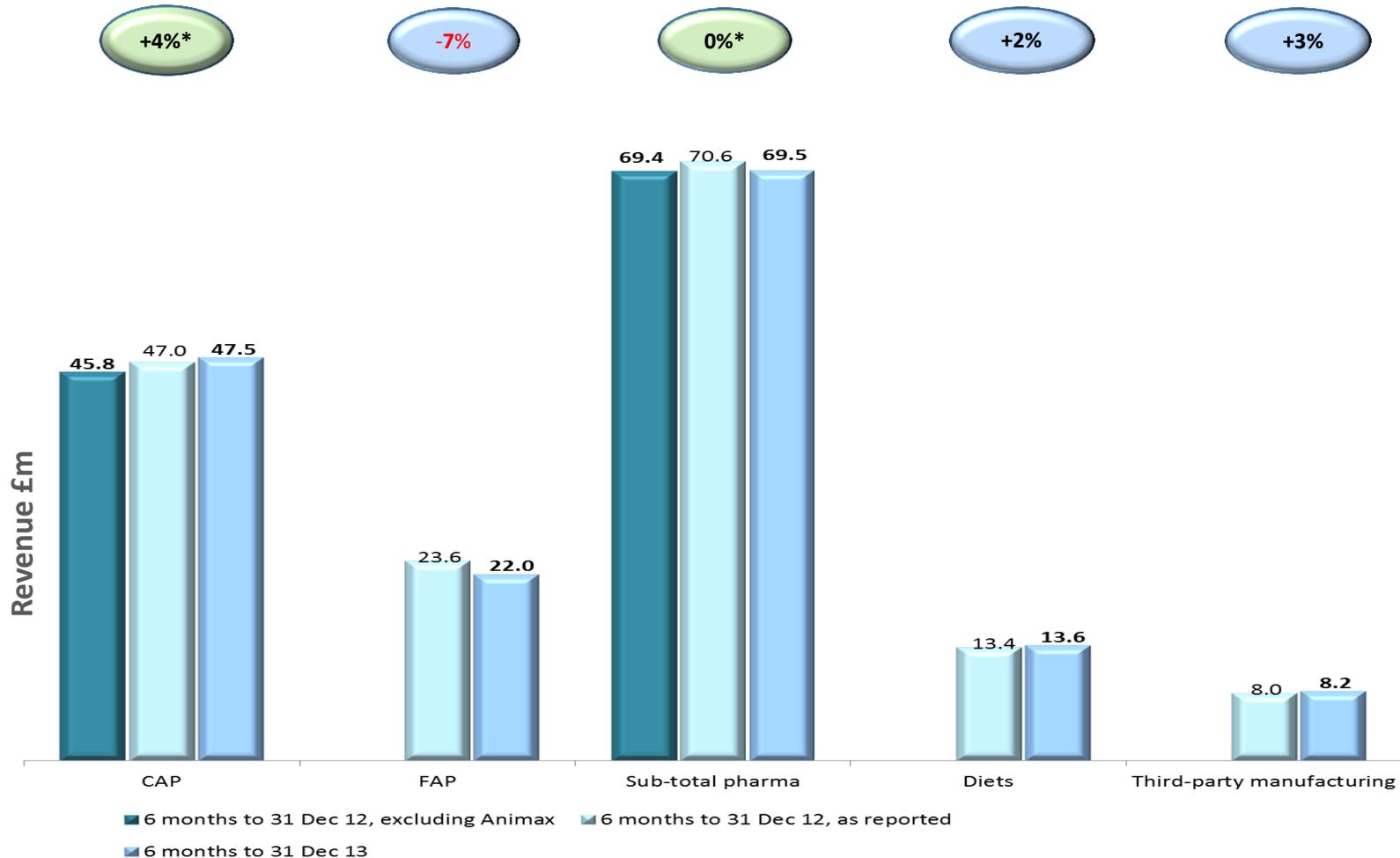
Netherlands: Antibiotics volume decline of 25%, Dechra antibiotics sales decline of 24%
(9 months to September 12/13)

(1) Market data for CAP Netherlands not representative

(2) Source: Defined markets in which Dechra operates and in-market sales – H1 12/13 data for UK (GFK) & France (AEIMV/Vetostat), Q3 for Germany (GFK), MAT Dec 13 for US (Fountain Agricounsel)

Revenue by categories

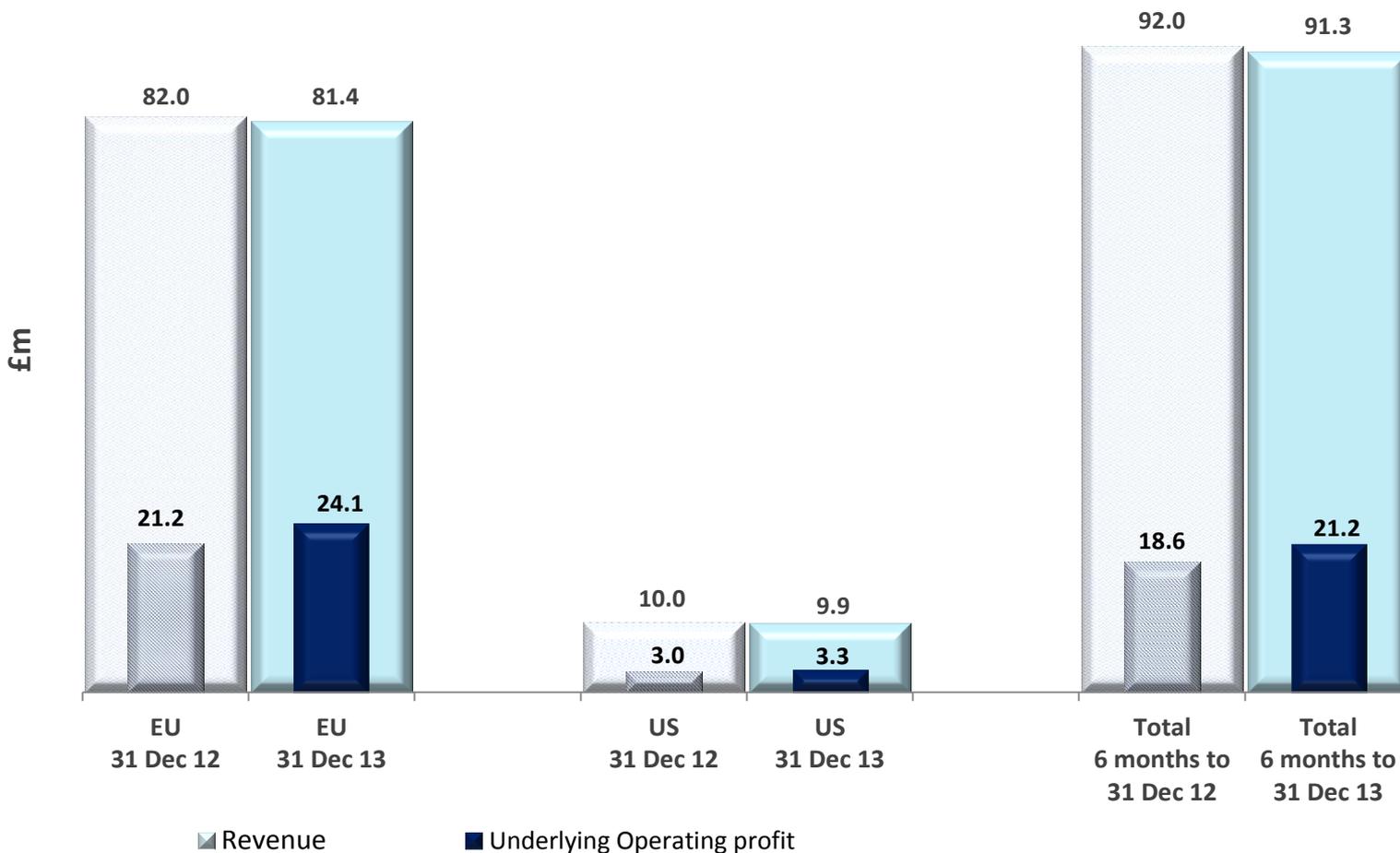
'Pressure in FAP continues'



** Growth excluding Animax supply issues - At constant exchange rate*

Segmental revenue and profit

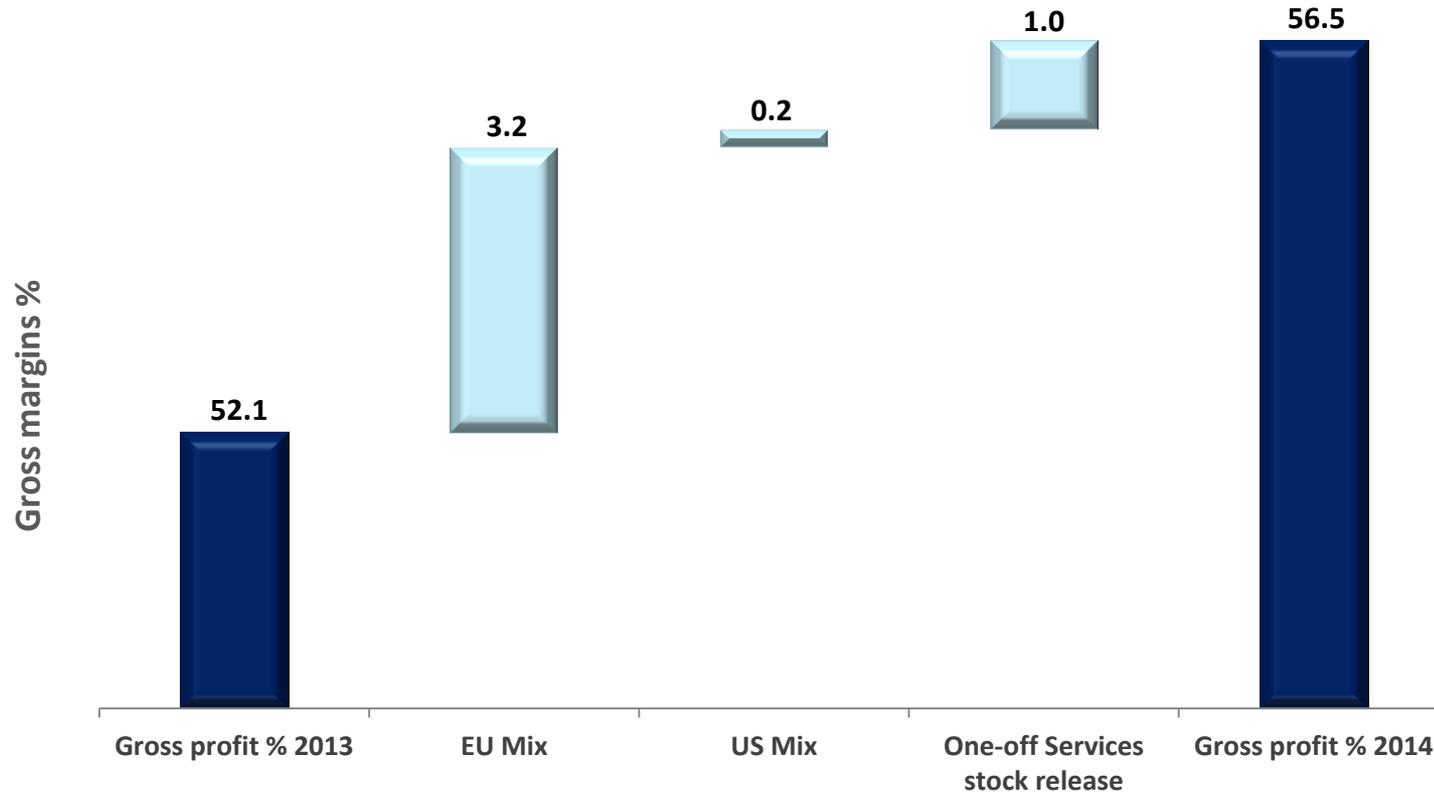
'Profit growth in EU and US despite slow trading'



At constant exchange rate

Gross margins

'4.4% margin improvement mostly due to product mix'



Selling, General & Administration expenses

'Operational costs are flat in real terms'

	£m	£m
2013 reported spend (excluding Non-underlying items)		25.9
Share-based payments charge	0.5	
Reallocation of central costs following divestment	0.1	
Inflation	0.6	
FX impact	1.2	
2014 reported spend		28.3

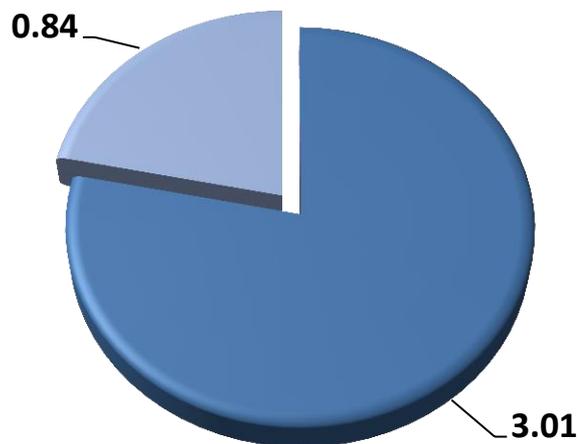


Cost increases relate to specific items

Underlying diluted EPS

'EPS growth benefits from interest savings'

Contribution to EPS growth of 3.85p



■ Underlying operating profit ■ Interest and tax

- Benefit of 0.84p per share following debt repayment
- Optimisation of tax strategy to start in H2

	2014	2013	Reported Results	Constant Currency
Underlying diluted EPS	16.94p	13.09p	29.4%	22.3%

Net debt

'£81.1m loan repayment in the period'

	31 December 2013 £m	30 June 2013 £m
Cash	22.5	32.8
Borrowings due in less than one year	(0.3)	(9.8)
Borrowings due in more than one year	(32.7)	(103.8)
Net debt	(10.5)	(80.8)

Maximising shareholder returns



Innovate and generate sustainable profit growth



Maintain market leadership in defined therapeutic areas and improve returns

Maintain strong cash generation



Seize growth opportunities in new markets



Deliver incremental sales and earnings growth



Pipeline delivery

'Solid progress being made'

Strategy

- Deliver existing pipeline to schedule
- Work effectively with regulators
- Continuously refill the pipeline



H1 progress

- Osphos filed in the UK and US
- Endocrine study completed
- Planning for Skipton development lab extension completed
- 7 new exploratory ideas under review



Portfolio focus

'Therapeutic areas strengthened'

Strategy

- ❑ Maximise revenue and profit from existing CAP portfolio
- ❑ Grow critical mass of FAP portfolio



H1 progress

- ❑ EU adjusted growth of 2.6%
- ❑ Launched Felimazole 1.25mg as part of generic defence plan
- ❑ Approvals in new territories
- ❑ In-licensed Alfaxan and Sporimune



Geographical expansion

'New subsidiary territory expansion'

Strategy

- ❑ Grow US business
- ❑ Short term: establish subsidiaries where critical mass exists
- ❑ Mid term: focus on countries where we can build critical mass or acquire
- ❑ Long term: build presence, through partnerships, where barriers to entry are high



H1 progress

- ❑ US adjusted growth of 12.5% benefiting from past investments in infrastructure
- ❑ Animax stability data under review and US Ophthalmics dossier filed with FDA
- ❑ New subsidiary in Italy ready to trade from March 2014



Acquisition

'Strong balance sheet opens opportunities'

Strategy

- ❑ Target strategic acquisitions to expand geographical footprint and/or enhance portfolio



H1 progress

- ❑ Eurovet synergies delivered
- ❑ Several targets under review

Our strategic enablers



- Maintain efficient in-house operations
- Retain competitive advantage through flexible capabilities
- Extend FDA approval
- Improve supply chain

- LCO suite upgrade started, for FDA approval

- Improve processes through Oracle ERP implementation and other systems
- Maximise use of new technologies

- Oracle 'live' in Bladel Manufacturing

- Strengthen the Dechra culture
- Attract, retain and develop talent
- Develop effective succession plans

- Appointed HR Director, Katy Clough

Looking forward



✓ Solid progress on pipeline



✓ Good underlying growth from existing portfolio
✓ Earnings in line with management expectations



✓ New territory start-ups planned



✓ Acquisition targets under review

Appendices

Profit on disposal of Services Segment

	£m	£m
Proceeds received		91.2
Costs incurred (excluding PY costs)		(0.1)
Assets disposed:		
Intangible assets (including goodwill)	(3.7)	
Property, plant and equipment	(1.7)	
Inventories	(29.3)	
Trade and other receivables	(73.3)	
Trade and other payables	55.6	
		(52.4)
Profit on disposal recognised in 2014		38.7
Less costs accrued in FY13		(1.5)
TOTAL profit on disposal		37.2

Note: Cash generated from operating activities before interest and tax payments including Services was £0.4m. Excluding Services' working capital cash outflow of £14.2m, cash generated from operations before interest and tax for the continuing operations was £14.6m

Glossary

- CAP: Companion Animal Products
- FAP: Food producing Animal Products
- Underlying results: Excludes amortisation on acquired intangibles and other one-off items such as restructuring
- LCO: Liquids, Creams and Ointments
- FX: Foreign exchange
- CER: Constant Exchange Rate

Trademarks

- Dechra and the Dechra “D” logo are registered Trademarks of Dechra Pharmaceuticals PLC

About Dechra

Dechra is an international specialist veterinary pharmaceuticals and related products business. Its expertise is in the development, manufacturing and sales and marketing of high quality products exclusively for veterinarians worldwide.

Dechra's business is unique as the majority of its products are used to treat medical conditions for which there is no other effective solution or have a clinical or dosing advantage over competitor products.

For more information please visit: www.dechra.com

Stock Code: DPH

Forward-looking Statements

This document contains certain forward-looking statements which reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.

25 February 2014