

Historically production of Cleanaural, one of the care products, was undertaken at our small manufacturing facility located alongside the logistics hub in Uldum, Denmark. In 2013 following the closure of this manufacturing facility, production was moved to a lower cost Contract Manufacturing Organisation (CMO) located in Florida, US. Although manufacturing was carried out in Florida, the bottles and nozzles were still supplied from Denmark, as they had been specially designed and manufactured in Denmark.

This meant a journey of over 4,600 miles one way moving empty bottles from Europe to US, the bottles being filled in the US, then transported over 4,600 miles back to the logistics hub before onward distribution into Europe. Therefore, a single bottle would have travelled more than 9,200 miles before it was distributed to the final customer.

Following the five year Dechra Manufacturing and Supply Chain strategic plan it was decided to make use of the geographical location and skilled workforce of our Zagreb manufacturing facility in Croatia. We wanted to ensure security of supply chain and the quality and cost improvements for the product. The plan was to source and produce the product in Croatia and then send to the logistics hub in Denmark, resulting in a total journey of around 1,000 miles compared to the 9,200 previously.

This transfer process has resulted in significant investment in staff training and upskilling in Croatia. In addition, the technical teams have looked at the manufacturing process and have made improvements to the production methods. The site had to seek regulatory approval for the manufacturing facility, and in December 2016 it received the GMP licence to operate from the Agency for Medicinal Products and Medicinal Devices of Croatia (HALMED).

In March 2017, we successfully achieved the technology transfer from the CMO facility in USA with the first production arriving in our Danish logistics hub in April 2017, months ahead of the original plan. The team have also undertaken a project to source bottles and caps locally in Croatia to have a tighter supply chain in place. We have been working closely with the CMO to ensure they maintain our USA supply chain and provide a dual supply source.

The result of this transfer means we can support the commercial ambition of the Group by reducing our cost of goods.

Furthermore, the 90% reduction in unnecessary movement of goods means a dramatic CO2 emission reduction.

