

Developing
Focusing
Delivering



®
Dechra
Pharmaceuticals PLC

Annual Results – year ended June 2013

- ✓ Developing...
- ✓ Focusing...
- ✓ Delivering...

2013: A momentous year

- Transforming the business
 - Integration of *Eurovet*
 - Divestment of Services
- Clear strategic focus as a specialist veterinary pharmaceuticals business

✓ Developing...

✓ Focusing...

✓ Delivering...

Eurovet Animal Health

'Successful integration'

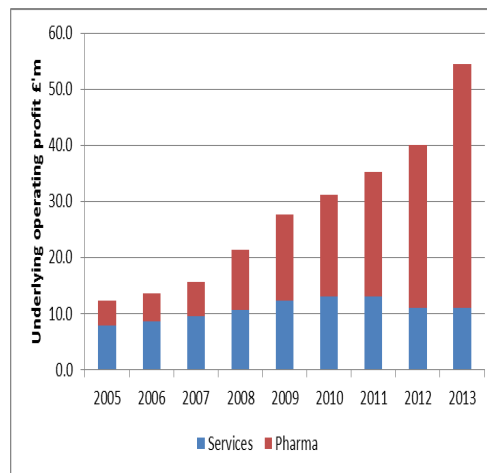
- Expectations met
 - ✓ extended geographical coverage, especially in Germany
 - ✓ enhanced manufacturing capabilities
 - ✓ complementary products to *Dechra's* CAP portfolio
 - ✓ entrance into FAP market
- Anticipated synergies delivered
- Integration of sales, manufacturing and R&D functions
- Further revenue synergies expected

Delivering...

Divestment of Services Segment

'Creating a specialist veterinary pharmaceuticals business'

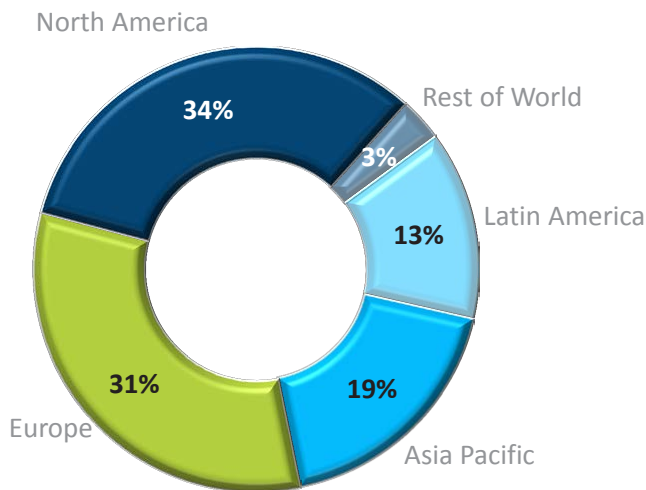
- Strategic transformation
 - ✓ creates a specialist veterinary pharmaceuticals business
 - ✓ focused on higher margin products
- Sale of Services to Patterson Inc.
 - ✓ completed 16 August 2013
- Proceeds of £87.5 million
 - ✓ applied to repay fixed term loan and part of our revolving credit facility
- Strong balance sheet
 - ✓ to capture future opportunities



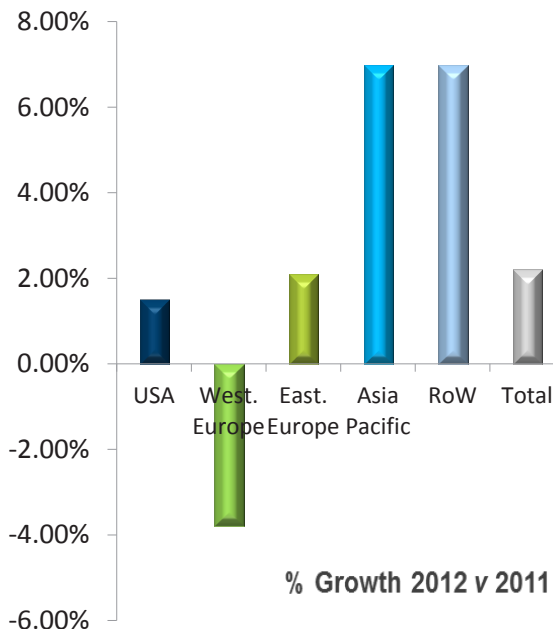
Focusing...

The Animal Health Market

Global market value: circa US\$22.5bn.....



Source: Vetnosis



..... and grew by 2.2% in 2012

Developing...

2013 Financial summary

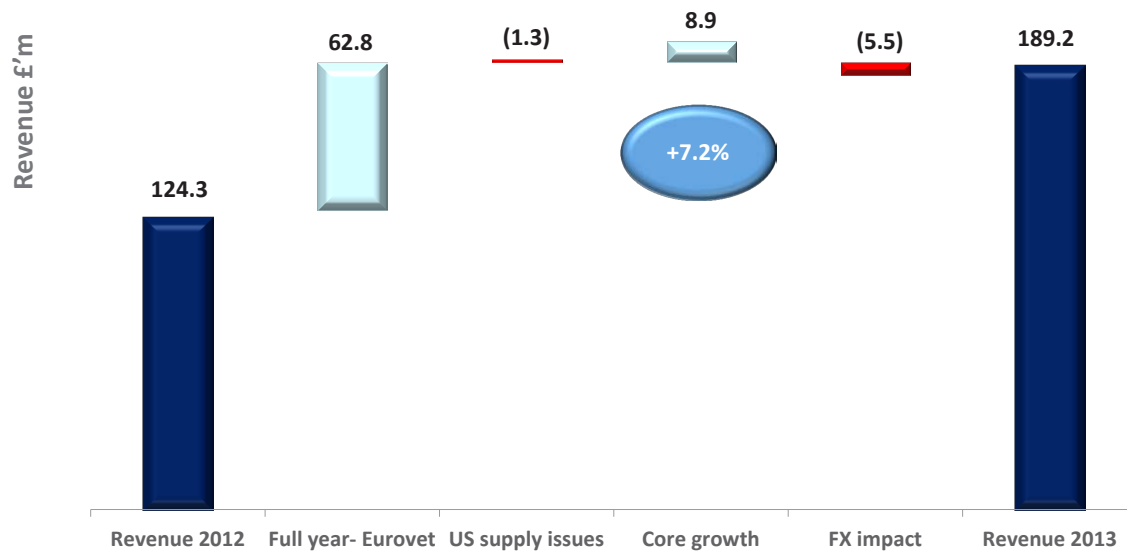
'Revenue and underlying profit growth > 56%'

	2013			2012			Continuing Operations	
	Continuing Operations £'m	Discontinued Operations £'m	Total £'m	Continuing Operations £'m	Discontinued Operations £'m	Total £'m	Reported Results %	Constant Currency %
Revenue	189.2	333.2	522.4	124.3	315.7	440.0	52.2	56.6
Gross profit	100.7	29.8	130.5	71.1	28.2	99.3	41.6	45.6
Gross profit %	53.2%	9.0%	25.0%	57.2%	8.9%	22.6%		
Underlying operating profit	39.1	11.1	50.2	25.6	11.1	36.7	53.1	58.2
Underlying profit before tax	33.5	11.1	44.6	21.8	11.1	32.9	53.7	59.7
EBITDA	42.8	11.8	54.6	28.4	11.3	39.7	51.0	55.6
Underlying diluted EPS (p)	29.07	9.64	38.71	21.28	10.99	32.27	36.6	42.2
Dividend per share (p)			14.00			12.27	14.1	14.1

Delivering...

Group revenue

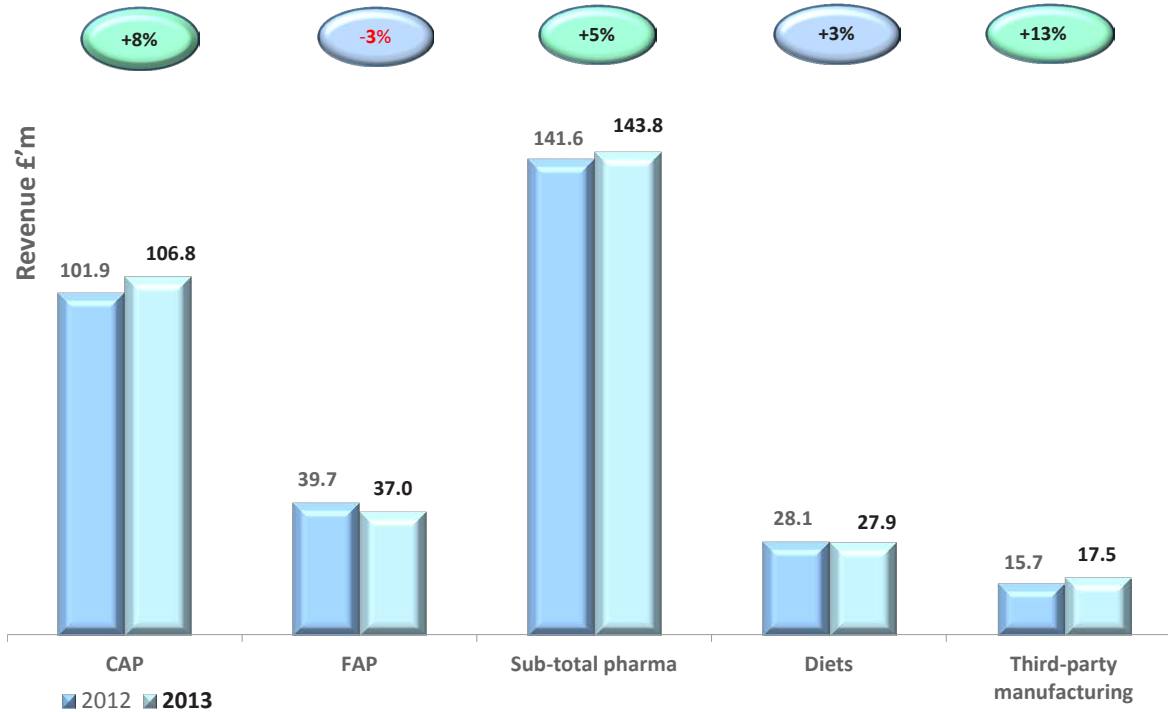
'Strong core growth > 7%'



Delivering...

Revenue: on a like-for-like basis

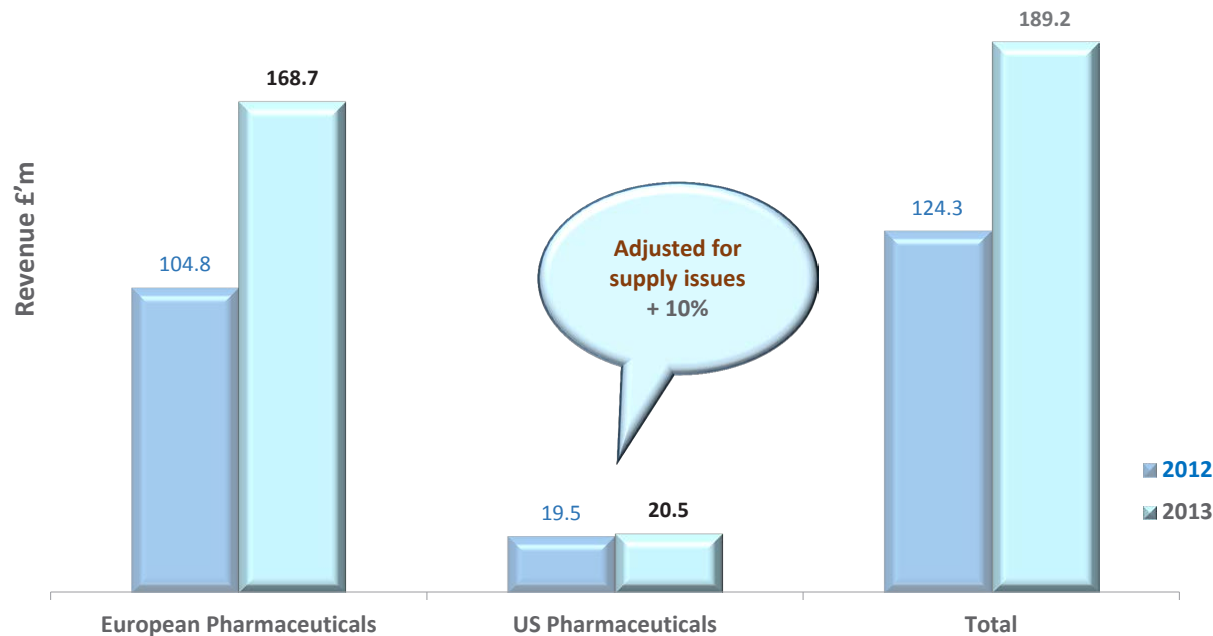
'CAP continue to perform well; FAP compete in a challenging environment'



Delivering...

Pharmaceuticals revenue

'European revenue + 66%; US performance impacted by supply issues'



Delivering...

Underlying operating profit – Segmental analysis

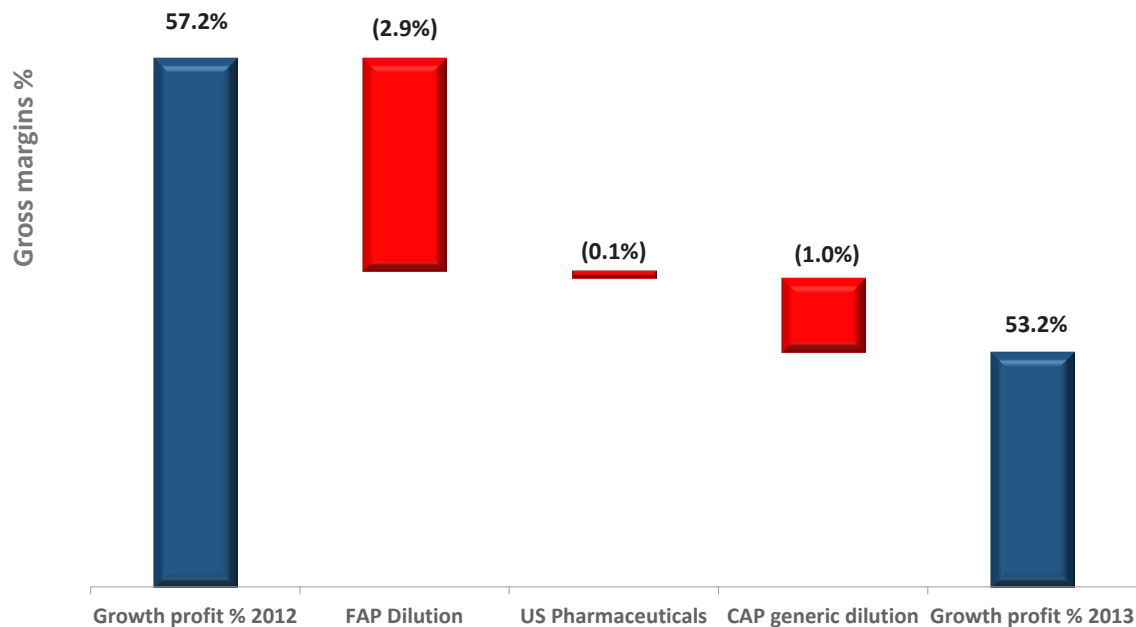
‘Pharmaceuticals Segment performance’

Continuing operations	2013 £'m	2012 £'m	Reported results %	Constant currency %
European Pharmaceuticals	45.8	28.9	58.5	63.3
US Pharmaceuticals	5.6	5.8	(4.7)	(4.7)
Research & Development	(8.0)	(5.7)	38.8	40.1
<i>Total segmental underlying operating profit</i>	43.4	29.0	49.6	54.2
Central and Corporate costs	(4.3)	(3.5)	24.3	24.3
Underlying operating profit	39.1	25.5	53.1	58.2

Delivering...

Gross margins

'Margins changing with the product mix post-Eurovet acquisition'



Delivering...

Selling, General & Admin expenses

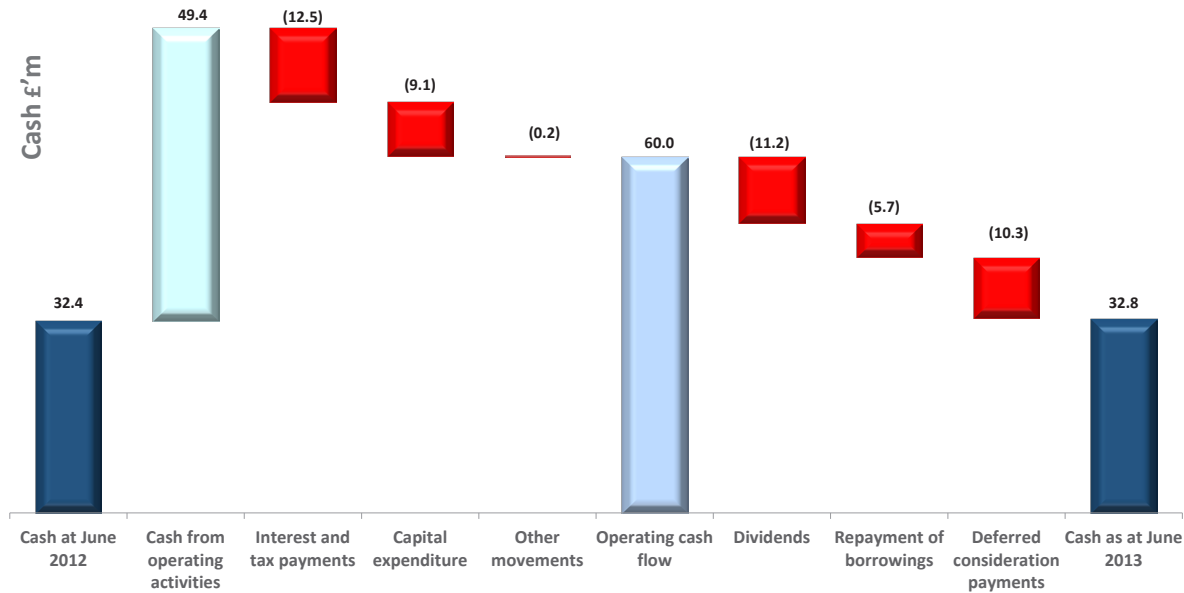
'Costs are well controlled'

	£'m	£'m
2012 Reported spend		39.8
<i>Eurovet</i> headcount	15.0	
Other costs increase / inflation	2.8	
Cost synergies	(2.5)	
FX impact	(1.5)	
2013 Reported spend		53.6

Delivering...

Cash flow

'Operating cash flow has increased'



Note: Capital expenditure includes capitalised Research & Development costs; additions to property, plant and equipment and other tangible assets; and additions to intangible assets.

Delivering...

Group borrowings

'Net position has improved'

	2013 £'m	2012 £'m
Cash	32.8	32.4
Borrowings < 1year	(9.8)	(5.1)
Borrowings >1year	(103.8)	(114.0)
Net debt	(80.8)	(86.7)

Covenants at June 2013	Actual	Requirements
CFADS	3.14	> 1.25
Interest cover	5.46	> 4.00
Leverage	1.51	< 2.75
Consolidated net worth (£'m)	175	> 120



*Post year-end:
after the receipt of the
divestment proceeds,
our net cash position at
the end of August is c.£7m*

Delivering...

Other financial highlights

'Return to Shareholders'

Continuing operations	2013	2012	% Reported growth
Underlying EPS (continuing operations)	29.07p	21.28p	36.6
Dividend per share	14.00p	12.27p	14.1
Dividend cover	2.8x	2.3x	
Underlying effective tax rate	24.1%	26.5%	

Delivering...

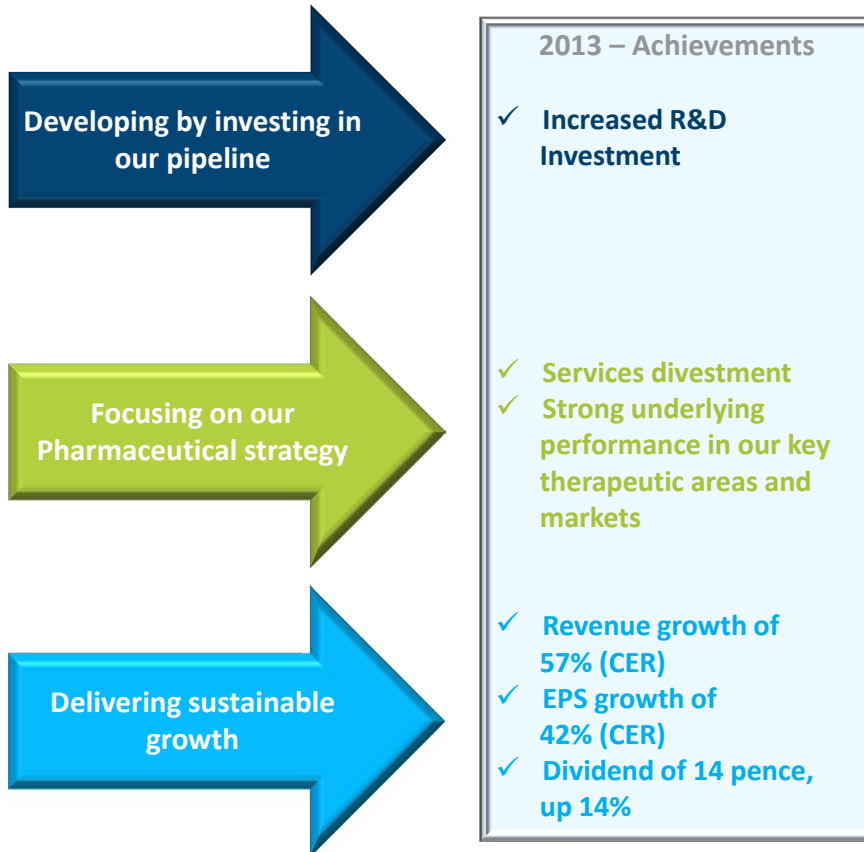
Modelling considerations

- Increase in R&D investment
- Allocation of central costs post-divestment
- EPS impacted by
 - ✓ effective tax rate expected to go up by 2% to 3%
 - ✓ interest benefits following divestment
- Supply issues in US to continue into 2014
 - ✓ Ophthalmics later in financial year 2014
 - ✓ *Animax* in financial year 2015
 - ✗ launch of US generics delayed
- Novel product pipeline to start delivering in financial year 2015
- Cash conversion > 100%

Delivering...

Achievements

'Building a cash generative veterinary pharmaceuticals business'



Research & Development

'Nine successful approvals in 2013'

New territories	<i>Felimazole</i>	<i>Libromide</i>	<i>Vetoryl</i>
Line extension	<i>Soludox</i>	<i>Felimazole 1.25mg</i>	<i>Comfortan cat</i>
New products	<i>Methoxasol</i>	<i>Buprenodale</i>	<i>Anesketin</i>

Developing...

Key products in pipeline

'Eight novel projects and three differentiated generics'

	Therapeutic categories	Species	Territory	Manufacturing	Pre-clinical	Clinical	File	Expected launch
1	Endocrinology	Dogs	International	In-house		*		2015
2	Endocrinology	Cats	International	Outsourced		*		2017
3	Endocrinology	Dogs	EU	Outsourced			*	2014 (UK) 2016 (EU)
4	Equine	Horses	International	Outsourced		*	*	2014 (UK)
5	Dermatology	Dogs	International	In-house	*			2017
6	Dermatology	Dogs	International	In-house	*			2017
7	Ophthalmology	Dogs	International	Outsourced	*			2017-2018
8	Cardiovascular	Dogs	EU	In-house	*			2017
9	Antimicrobials	Cattle	EU	In-house		*		2016
10	Antimicrobials	Several	EU	In-house			*	2015
11	Antimicrobials	Poultry	EU	In-house			*	2016

Developing...

Pipeline progress update

'Material progress to report'

- **Osphos**
 - ✓ submission to UK, Canada and Australia imminent
 - ✓ submission of the final section of the US file is dependent on FDA inspection of third party manufacturing site
 - ✓ submission in rest of Europe once Maximum Residue Level studies are completed
- **Canine endocrine disorder**
 - ✓ investment in in-house manufacturing capabilities completed
 - ✓ clinical trial is advanced with all dogs enrolled
- **Three on-going clinical trials**

Developing...

Future value







'Delivering organic growth'

- Key products will deliver c. £35m at maturity
- Additional projects
 - + exploratory
 - + line extensions
 - + territory expansions
 - + life cycle management
 - + on-going programmes for *Specific* range of pet diets

Developing...

Pipeline focus areas

'Enhancing our market positioning'

Growth Dechra \ Market*	Endocrinology	Dermatology	Ophthalmology	Cardiovascular	Equine	FAP Antibiotics
	 +18%	 +5%	 +28%	 +86%	 -3%	 0%
	In-market	In-market	In-market	In-market	In-market	In-market
	Vetoryl Felimazole Forthyron	Canaural Fuciderm Malaseb Cleanaural	Fucithalmic Vetropolycin** Vetropolycin HC** Vetrochloreycin**	Cardisure	Equipalazone HY-50 Domidine	Soludox Octacilline Cyclo spray
Pipeline	Project 1 Project 2 Project 3	Project 5 Project 6	Project 7	Project 8	Project 4	Project 9 Project 10 Project 11

* Market estimates for 2012 – Dechra's growth for key products

** US re-launch expected in 2014 financial year

Developing...

Group operational changes

'Strengthening our model in 2013'



Focusing...

Prospects

'Building a cash generative veterinary pharmaceuticals business'



Appendices

- ✓ Developing...
- ✓ Focusing...
- ✓ Delivering...

Group pro-forma profit & loss

PRO FORMA PROFIT AND LOSS	2013			2012				
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Reported results	Constant currency
	£'m	£'m	£'m	£'m	£'m	£'m		
Revenue	189.2	333.2	522.4	124.3	315.7	440.0	+18.7%	+20.0%
Cost of sales	(88.5)	(303.4)	(391.9)	(53.2)	(287.5)	(340.7)	+15.0%	+15.8%
Gross profit	100.7	29.8	130.5	71.1	28.2	99.3	+31.5%	+34.4%
Gross profit %	53.2%	9.0%	25.0%	57.2%	8.9%	22.6%		
Selling, General & Administration expenses	(53.6)	(18.7)	(72.3)	(39.8)	(17.1)	(56.9)	+27.1%	+29.8%
Research & Development expenses	(8.0)	-	(8.0)	(5.7)	-	(5.7)	+38.8%	+38.9%
Underlying operating profit	39.1	11.1	50.2	25.6	11.1	36.7	+37.3%	+40.8%
Underlying operating profit %	20.7%	3.3%	9.6%	20.5%	3.5%	8.3%		
Net finance costs	(5.6)	-	(5.6)	(3.8)	-	(3.8)	+53.0%	+53.5%
Underlying profit before tax	33.5	11.1	44.6	21.8	11.1	32.9	+35.6%	+39.4%
Taxation	(8.0)	(2.7)	(10.7)	(5.8)	(2.9)	(8.7)	+23.4%	+27.0%
Tax rate %	24.1%	23.9%	24.1%	26.5%	25.8%	26.3%		
Underlying profit after tax	25.5	8.4	33.9	16.0	8.2	24.2	+40.0%	+43.8%
Non-underlying items	(21.1)	(1.5)	(22.6)	(15.7)	(0.4)	(16.1)	+39.8%	+40.5%
Tax on non-underlying items	6.5	0.1	6.6	3.6	-	3.6	+83.0%	+83.6%
Total non-underlying items	(14.6)	(1.4)	(16.0)	(12.1)	(0.4)	(12.5)	+27.5%	+28.2%
Reported profit for the period	10.9	7.1	17.9	3.9	7.8	11.7	+53.4%	+60.5%
Reported diluted EPS (pence)	12.39	8.06	20.45	5.18	10.42	15.60	+31.1%	+38.0%
Underlying diluted EPS (pence)	29.07	9.64	38.71	21.28	10.99	32.27	+20.0%	+23.6%

Group pro-forma balance sheet

	2013	2012	2013	2012
	Reported	Restated	Restated	Reported
	£'m	£'m	£'m	£'m
Assets				
Intangibles	219.6	221.9	223.3	225.9
Property, plant and equipment	16.1	15.2	17.7	16.7
Total non-current assets	235.7	237.1	241.0	242.6
Inventories	29.2	29.7	57.5	57.3
Trade and other receivables	27.6	24.8	83.8	72.1
Cash and cash equivalents	32.8	32.4	32.8	32.4
Total current assets (excluding held for sale assets)	89.6	86.9	174.1	161.8
Assets held for sale	89.8	80.4	-	-
Total assets	415.1	404.4	415.1	404.4
Liabilities				
Borrowings	(9.8)	(4.9)	(9.8)	(5.1)
Trade and other payables	(28.4)	(24.8)	(82.4)	(79.8)
Deferred and contingent consideration	(0.9)	(10.3)	(0.9)	(10.3)
Current tax	(10.4)	(8.2)	(10.4)	(8.2)
Total current liabilities (excluding held for sale liabilities)	(49.5)	(48.2)	(103.5)	(103.4)
Borrowings	(103.8)	(114.0)	(103.8)	(114.0)
Deferred and contingent consideration	(5.0)	(3.6)	(5.0)	(3.6)
Employee benefit obligations	(1.0)	(0.4)	(1.0)	(0.4)
Deferred tax	(27.2)	(29.3)	(27.2)	(29.3)
Total non-current liabilities	(137.0)	(147.3)	(137.0)	(147.3)
Liabilities held for sale	(54.0)	(55.2)	-	-
Total liabilities	(240.5)	(250.7)	(240.5)	(250.7)
Total net assets	174.6	153.7	174.6	153.7

Non-underlying items

	2013 £'m	2012 £'m
Amortisation of intangible acquired as a result of acquisitions	18.2	10.8
Rationalisation costs	2.6	2.1
Expenses of acquisition of <i>Eurovet</i> Animal Health B.V.	-	2.3
	20.8	15.2

Glossary

- CAP: Companion animal products
- FAP: Food Producing animal products
- Underlying results: exclude acquired intangibles and other one-off items such as restructuring
- FX: foreign exchange
- CER: Constant exchange rate
- CFADS: cashflow available for debt servicing

Trademarks

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

About Dechra

Dechra is an international veterinary pharmaceutical 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

Forward – Looking Statement

This document contains certain forward-looking statements.

The forward-looking statements 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.

3 September 2013



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