



An International Veterinary  
Pharmaceutical Business





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**AGM Presentation – November 2010**

# Preliminary Results

Year ended 30 June  
**2010**                      2009

Revenue	<b>£369.4m</b>	£350.0m	+5.5%
Adjusted operating profit*	<b>£28.2m</b>	£25.0m	+12.9%
Operating profit	<b>£19.9m</b>	£17.7m	+12.4%
Adjusted pre-tax profit*	<b>£26.1m</b>	£23.4m	+11.3%
Pre-tax profit	<b>£17.7m</b>	£16.1m	+10.1%
Adjusted earnings per share*	<b>29.50p</b>	25.61p	+15.2%
Earnings per share	<b>19.97p</b>	17.27p	+15.6%
Full year dividend	<b>10.50p</b>	9.10p	+15.4%

\* Before amortisation of acquired intangibles and exceptional costs

# Financial Highlights

	2010 £000	2009 £000
Product development	5,621	4,218
Net finance expense	2,134	1,565
Net assets	86,228	80,686
Capital expenditure	2,721	2,454
Effective tax rate	25.8%	29.8%
Cash flow	100.8%	112.5%
Net borrowings	£6.7m	£15.5m

# Financial Highlights

	2010 £000	2009 £000	
<b>Revenue</b>			
US pharmaceuticals	<b>10,634</b>	7,779	+36.7%
EU pharmaceuticals	<b>84,637</b>	77,411	+9.3%
Services	<b>285,670</b>	276,141	+3.5%
<b>Adjusted operating profit</b>			
US pharmaceuticals	<b>1,311</b>	815	+60.9%
EU pharmaceuticals	<b>21,412</b>	17,964	+19.2%
Services	<b>13,103</b>	12,334	+6.2%

# Pharmaceutical Product Development

## - Achievements

- EU approval of *Malaseb*<sup>®</sup> in 17 countries
- EU approval of *Urilin*<sup>®</sup> in 20 countries
- UK generic *Clavudale*<sup>®</sup> approved
- Canadian approval of *Felimazole*
- Two in-licensed generics for EU
- Marketing agreement for *Ovuplant*<sup>®</sup> extended into the USA and Canada
- *Vetoryl* approved in Japan
- *Equidone*<sup>®</sup> approved in the USA

# Pharmaceutical Product Development

## - Pipeline

- Significant progress with a major novel equine product
- Novel feline product identified
  - Replacing terminated equine respiratory project
- Licensing agreement to develop novel soft chew
- Generic programme delivering new products
- New opportunities being continually evaluated

# Specialist Pet Diet Development

## - Achievements and Pipeline

- Two new best in class diets launched
- Canine diets transferred to new manufacturer
- Product range launched in Germany
- Numerous quality, palatability and packaging improvements implemented
- Feline range being developed for re-launch in 2011
- Two novel products at an advanced stage of development
- Organic range launch imminent



# DermaPet Acquisition

- Significant acquisition of US dermatology business
- Maximum consideration US\$64m
- Excellent strategic fit
- Growth opportunity in Europe
- Accelerates presence and scale of our US operation
- Materially earnings enhancing in the first full year

# Strategic Objectives Year Ending 2011

- Continue to increase market penetration of key products into major markets
- Integrate DermaPet into the Group
- Implement new ERP system at *NVS*<sup>®</sup>
- Prepare for re-launch of *Vetoryl* in Europe
- Achieve FDA approval at Dales
- Gain maximum market penetration of Fuji chemistry analyser through NWL

# Prospects

- General economic weakness resulting in competitive markets
- Consumer passion for their animals remains strong
- Product development pipeline strong
- Earnings growth from DermaPet integration
- International pharmaceutical and diets businesses delivering good growth
- Strategic opportunities for growth identified and being delivered
- Confidence in our future growth prospects as we continue to build a leading international animal health company

# Malcolm Diamond, MBE

- First appointed NED at FTSE Listing in 2000
- Ten years continuous service
- Retires from the role today

**Good Luck  
and  
Thank You**



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## **Forward-Looking Statements**

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.



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