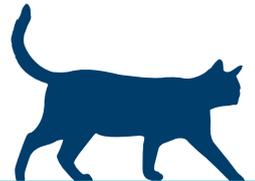




STRENGTHENING OUR POSITION WITHIN
THE GLOBAL ANIMAL HEALTH MARKET

www.dechra.com



Annual Results

Year ended 30 June 2014

Clear Strategic Focus



- Solid financial results for the year
- Progress across all four growth drivers
 - Pipeline delivery with *Osphos*® approval in UK and US
 - Positive momentum with core portfolio in H2
 - New subsidiary established in Italy
 - Acquisition of assets of PSPC Inc.

Solid Financial Results

'Margin improvement drives higher profitability'

<i>Continuing operations</i> ⁽¹⁾	Year ended 30 June		Reported Currency	Constant Currency
	2014 £m	2013 £m		
Revenue	193.6	189.2	2.3%	1.6%
Gross profit	107.7	100.7	7.0%	6.5%
<i>Gross profit %</i>	55.6%	53.2%		
Underlying operating profit	42.2	39.1	7.9%	7.2%
<i>EBIT %</i>	21.8%	20.7%		
Underlying profit before tax	39.9	33.5	19.1%	17.9%
Underlying EBITDA	46.2	42.8	7.9%	7.2%
Underlying diluted EPS (p)	36.32p	29.07p	24.9%	23.9%
Dividend per share (p)	15.40p	14.00p	10.0%	10.0%

(1) Underlying results for continuing operations exclude Services following divestment in August 2013

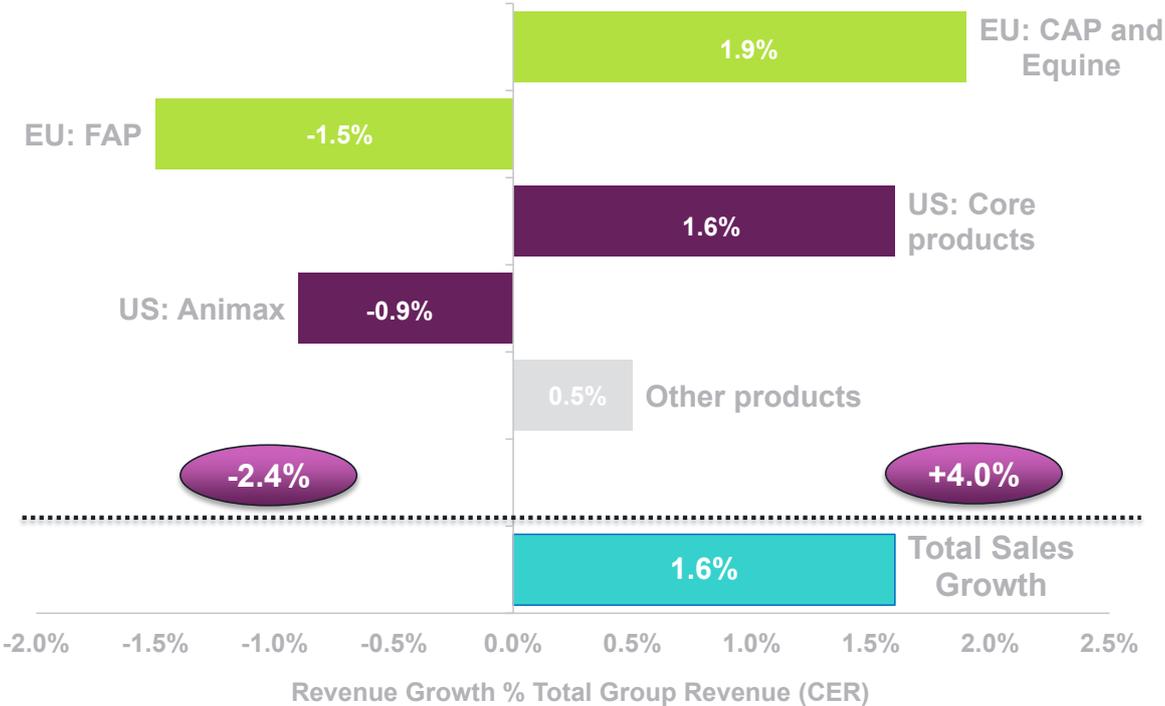
Sales by Categories

'CAP and Equine growth offset by FAP decline'

	Revenue 2014 £m	Growth (CER)
Companion Animal Products	98.7	3.7%
Equine	12.6	13.6%
Food producing Animal Products	35.8	-7.3%
<i>Sub-Total Pharmaceuticals</i>	147.1	1.5%
Diets	28.4	0.7%
Third Party Manufacturing	18.1	4.0%
Total	193.6	1.6%

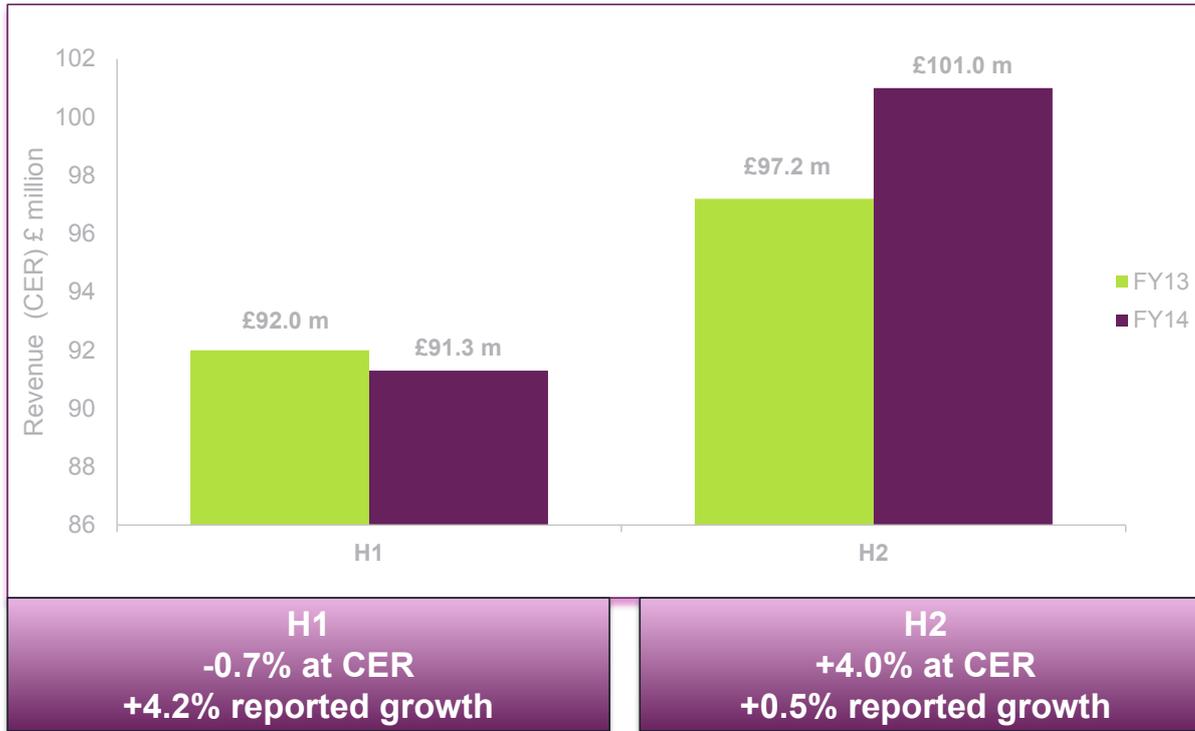
Revenue Growth Analysis

'Growth in our core brands'



Revenue Analysis

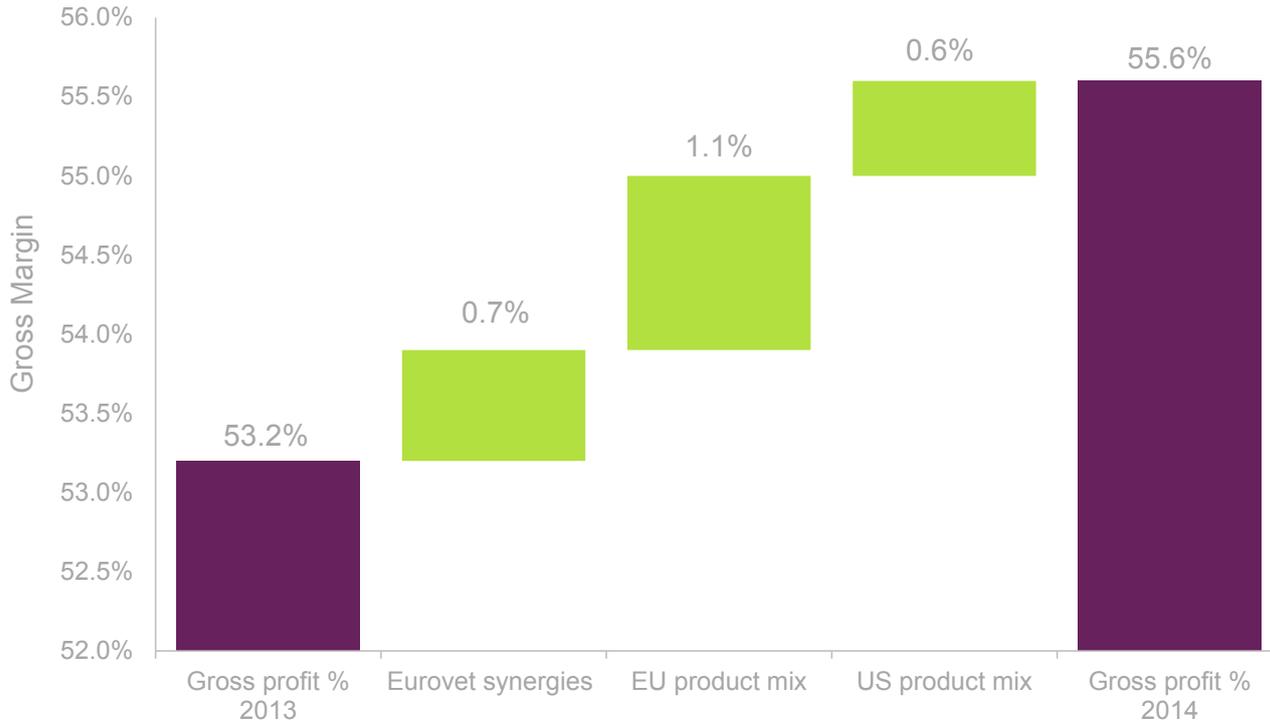
'Positive growth momentum in second half'



Note: Reported sales for H1 14 were £95.9 m and £97.7 m for H2 14

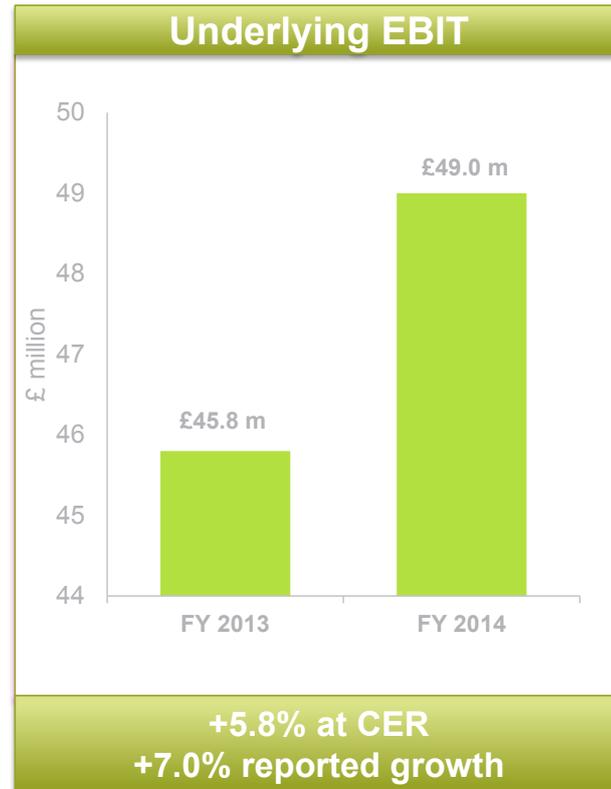
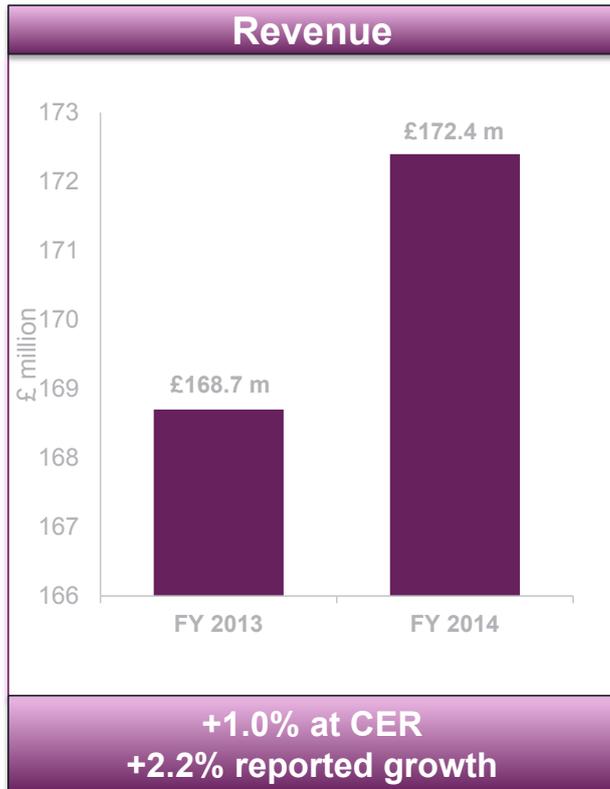
Gross Margins

'Synergies and product mix contribute to margin uplift'



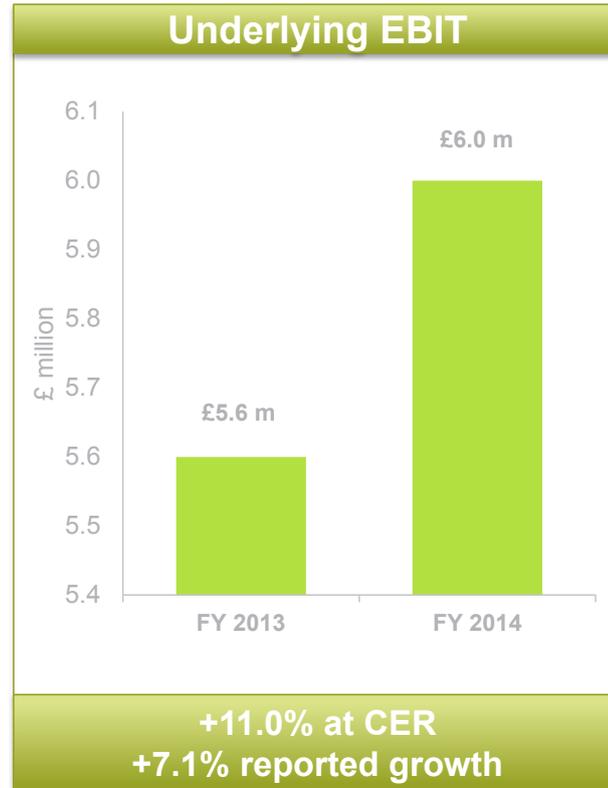
EU Segment Performance

'Profit growth through margin improvement'



US Segment Performance

'Historic investments drive performance'



Selling, General & Admin Expenses

'Investments to support our ambitions'



US sales & marketing: +£0.8m

Strategic projects: +£0.7m



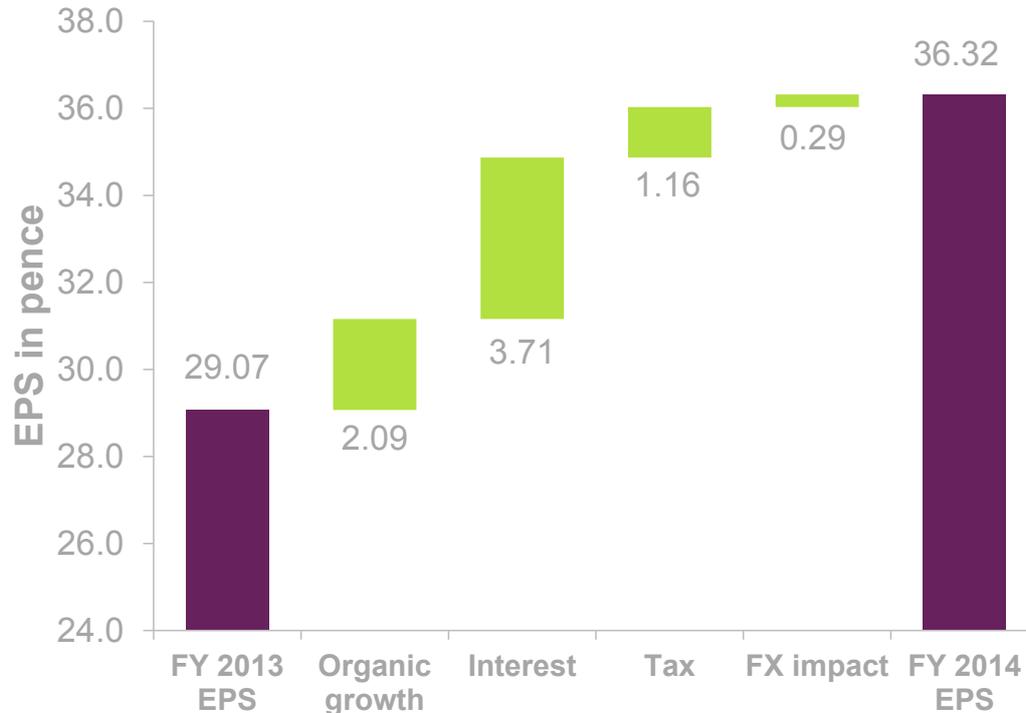
US profit growth: +11.0% ⁽¹⁾

2.5% decrease in ETR

(1) At CER

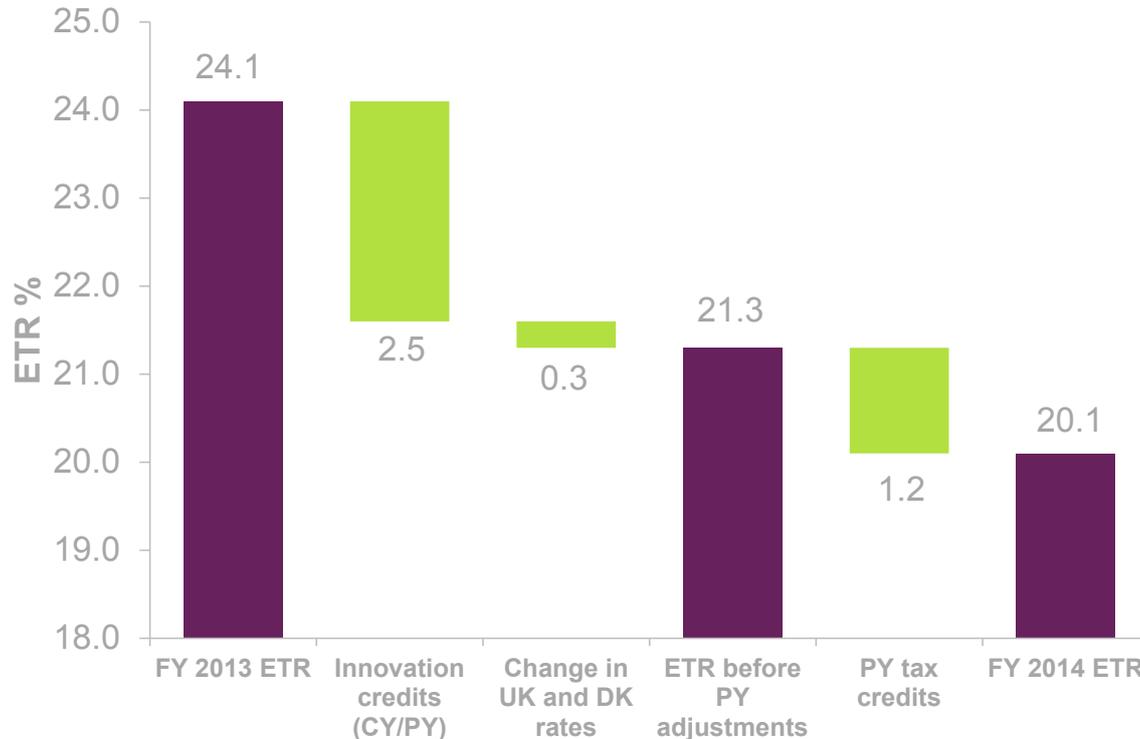
EPS Analysis

‘Solid operating performance enhanced by lower interest and tax charge’



Effective Tax Rate

'Rate benefits from innovation tax incentives'



Note: ETR on continuing underlying operations

Net Debt

'Cash positive before US acquisition'

	£m
Net Debt - FY 2013	(80.8)
Repayment of loan	81.5
Loan fees write-off	(1.6)
Increase in operating cash	3.6
Net Cash Pre-Acquisition	2.7
Phycox acquisition (including building)	(7.7)
Net Debt - FY 2014	(5.0)

**Strength of balance sheet bolstered
by refinancing in September**

Working Capital

'Impact of structural changes offset by favourable exchange rates'

£m	FY 2013	Structural changes ⁽¹⁾	Other movements ⁽²⁾	FX Rates	FY 2014
Inventory	29.2	2.3		(1.8)	29.7
Trade Receivables	25.3	2.0	2.6	(1.6)	28.3
Trade Payables	(11.9)		(1.5)	0.5	(12.9)
Trade Working capital	42.6	4.3	1.1	(2.9)	45.1
Non-Trade Working Capital	(14.2)	0.6		0.7	(12.9)
Total Working Capital	28.4	4.9	1.1	(2.2)	32.2

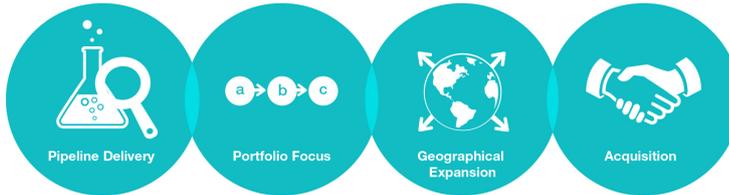
(1) This includes the impact of bringing in-house third party sales, divesting from Services and acquiring PSPC

(2) This includes the receivables from higher Export sales in May/June and movements in accruals

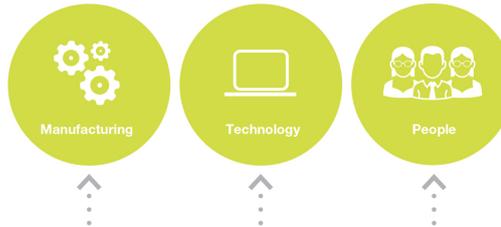
Generate long term value for shareholders

International specialist veterinary pharmaceuticals
& related products business

Strategic Pillars



Strategic Enablers



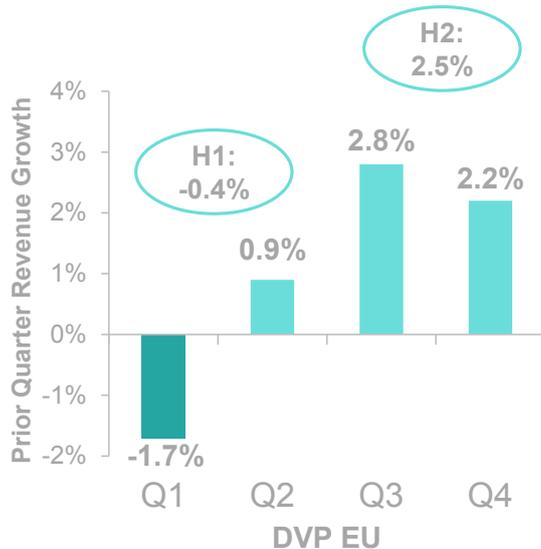
Dechra Values





Portfolio Focus

'Momentum returning in Europe'

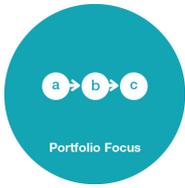


- Growth in key countries

MAT (1)	Dechra	Market
UK	+9%	+10%
Germany	+4%	+3%
France	+5%	+5%

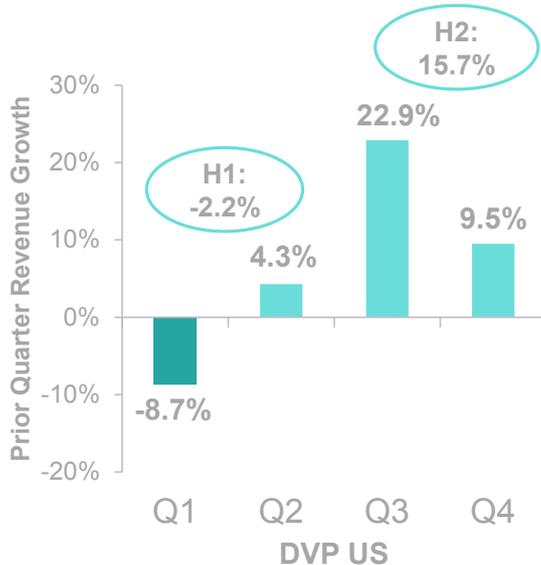
- Decline of 18% in the Netherlands due to poor performance across the portfolio
- Vetoryl* impacted by phasing of sales in Italy and shortage of the diagnostics drug

(1) In-market sales as per local market statistics - Q2 14 MAT, except Germany with Q1 14 quarterly MAT



Portfolio Focus

'US headwinds are behind us'



- Excellent performance from our key products
- Relaunch of the Ophthalmics range in May 2014
- Animax supply disruption for the full year
- Investment in people



Portfolio Focus

'FAP – evolving landscape'

Opportunities

- + Increase in global demand for quality protein
- + Expand in emerging markets
- + Grow market share in some EU countries
- + Narrow spectrum antibiotics under development

Risks

- Legislation changes in EU in 2014
 - Monitoring and guidelines in Germany since April
 - Tax on antibiotics and formulary in Belgium since June
 - Reduction targets and no discounts allowed in France since July
 - Revised reduction targets in the Netherlands
- Competitive environment in EU and price pressure

Slower rate of decline targeted



Pipeline Delivery

'Progress during the year'

Approvals

- *Osphos*
- *Vetropolycin®* and *Vetropolycin HC*

Filing

- Novel canine endocrine in EU and US
- Dossier under review for multi-species antimicrobial

Launches

- *Buprenodale®* Multi-dose
- *Felimazole®* Tabs 1.25mg
- *Miconahex+Triz™*

Other pipeline news

- Feline endocrinology drug trial suspended
- Dose titration studies ongoing for canine dermatology and ophthalmology products
- Several candidates in formulation
- Clinical study ongoing for canine endocrinology drug
- 4 new candidates added to pipeline
- Other new opportunities under review



Pipeline Delivery

‘Osphos approved in EU and US’

- *Osphos* is a new FDA and VMD approved drug to treat navicular syndrome
 - Chronic condition affecting navicular bone and associated soft tissue structures
 - One of the most common causes of forelimb lameness in horses (1 in 3 horses with chronic forelimb lameness)
- Novel product with proven efficacy and excellent safety
 - Past treatment has been directed toward management of clinical signs and palliative care
 - 74.7% efficacy at Day 56
 - Good safety profile
- Filing update
 - Maximum Residue Limit established and EU dossier submitted
 - Dossiers submitted for Canada and Australia





Pipeline Delivery

'Osphos: an innovation in equine health'

OSPPOS

A stride forward

From the innovators in equine health

- Easily administered**
via intramuscular injection
- Well tolerated**
in clinical trials
- Proven efficacy**
at 6 months post-treatment

Osphos contains the bisphosphonate Clodronic acid. It is the only UK licensed product for the control of clinical signs associated with the bone resorptive processes of navicular syndrome, lameness in 74.7% of horses improved by at least one grade 55 days after treatment. Mild transient colic was only seen following 1.4% of treatments. With Osphos the benefits are clear...

Learn more online
[@dechra.co.uk/osphos](https://dechra.co.uk/osphos)

Call our equine team
01939 211200

For further information contact Dechra at: Technical Products Centre, Clonmel Business Park, Richard, Co. Wick, Ireland. Telephone: 01451 811111. Fax: +353 (0)1451 811111. Email: tech@dechra.co.uk. Dechra is a registered trademark of Dechra. Clodronic acid is a registered trademark of Dechra. Osphos is a registered trademark of Dechra. © 2014 Dechra. All rights reserved. The Dechra logo is a registered trademark of Dechra. The Dechra logo is a registered trademark of Dechra.

- Launch plans ready
- Launch dates
 - US: September 2014
 - UK: October 2014



Geographical Expansion

'Expanding our footprint'

- New subsidiary in Italy
- Planning at an advanced stage for Canadian entity
- Additional territory expansion planned for 2015 and 2016
- Investment in registrations for targeted countries

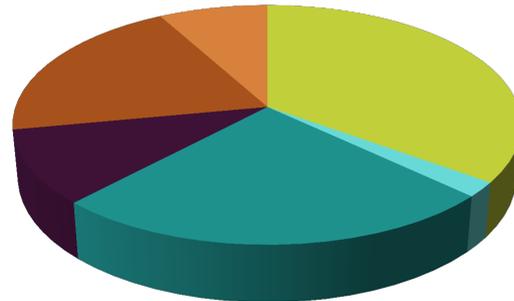


Geographical Expansion

'Own subsidiary opened in Italy'

- First greenfield start up since the US in 2004
- Started trading March 2014
- Experienced team in place
- Strong momentum
 - FAP to start H2 of FY2015
 - From 8 products currently to 21 products in FY2015
- 5th largest market in Europe

€650m Market
(latest available estimate)



■ Dogs & Cats ■ Horses ■ Bovine
■ Sheep ■ Pigs ■ Poultry



Acquisition

'Assessing strategic targets'

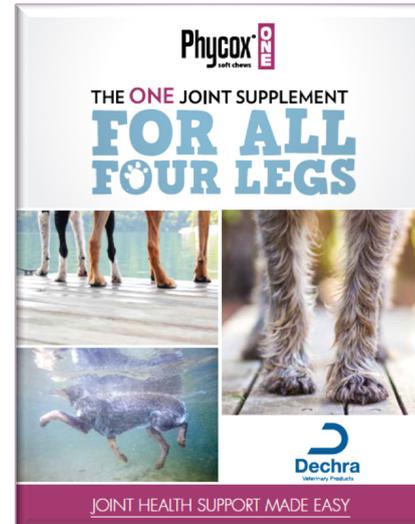
- Number of businesses screened
 - Strict criteria (IP, technologies, products or geography)
- Relationships being developed, including strategic collaborations
- High value expectations set by recent 'big pharma' deals
- New targets being assessed



Acquisition

'PSPC enhances our US portfolio'

- Consideration:
 - US\$8.5m on signing
 - 10% Royalties minimum
 - Premises purchased for US\$3m
 - Milestone for Levothyroxine of US\$1.5m paid in June 14
- Patented nutraceutical for osteoarthritis and joint health
 - US market size of US\$55m
 - Historic sales of US\$4.5m with limited sales and marketing support
- *Levocrine™* to launch in H2 of 2015 financial year
 - Chewable Levothyroxine
 - Endocrine product for canine hypothyroidism



Strategic Enablers

'Building a scalable business'



- LCO suite upgrade completed
- Expanded distribution centre in Denmark opened in November 2013
- FDA approval inspection in Skipton, UK, scheduled in September

- IT infrastructure upgrade completed
- Bladel manufacturing went live on Oracle in November 2013
- Oracle roll out continues

- New Senior Executive Team established
- Recruitment of experienced staff in new territories
- New HR strategy being rolled out to support our strategic aims

Outlook

'Executing our strategy'



- Momentum in H2 14 is a good indicator
- Current trading in line with management expectations



- New approvals expected in 2015 and 2016
- Additional opportunities under review



- Progress with Italy trading and Canada to commence
- Plan further entrance in new territory



- Strong balance sheet
- Opportunities under review

Strengthening our position in the global animal health market

Appendices



Pipeline progress update

First Expected Launch ⁽¹⁾	Therapeutic Category	Species	Territory	Manufacturing	Pre-clinical	Clinical	File
2014	Lameness ⁽²⁾	Horse	International	Outsourced		●	● ○
2015	Anti-microbials	Several	EU	Outsourced			● ○
	Endocrinology ⁽³⁾	Dogs	International	In-house		●	○
	Anti-microbials	Poultry	EU	In-house			*
	Endocrinology	Dogs	EU	Outsourced		○	● ○
2016	Anti-microbials	Several	EU	In-house			*
	Endocrinology ⁽³⁾	Dogs	International	In-house		●	○
2017	Anti-microbials	Cattle	EU	In-house		● ○	
	Dermatology	Dogs	International	In-house	●	○	
	Anti-microbials	Poultry	EU	In-house	*		
2018+	Ophthalmology	Dogs	International	Outsourced	● ○		
	Anti-microbials	Poultry	EU	In-house			● ○
	Cardiovascular	Dogs	EU	In-house	●	○	
	Endocrinology	Cats	International	Outsourced	○	●	
	Endocrinology	Dogs	International	In-house	*		
	Dermatology	Dogs	US	In-house	● ○		

Key: ● Previous Year ○ Current Year * New

(1) Calendar year (2) Osphos (3) Identical product with first launch in EU and subsequent launch in US

The first expected launch date is a management estimate that may not be met due to regulatory, manufacturing or other issues.



Technical details



- Pharmacological category
 - Bisphosphonates bind to calcium phosphate minerals in bone and decrease osteoclast activity
- Indication
 - For the control of clinical signs associated with navicular syndrome in horses
 - Therapy is directed toward decreasing excessive bone remodeling by inhibiting bone resorption process.
- Dosage
 - Ready to use intra muscular injection 15ml; 900 mg (60mg/ml)
- Clinical results
 - 114 horses (*Ospheos* n=86, Saline n=28) included in statistical analysis
 - Improvement was apparent by Day 28, which is approximately one month sooner than reported for cases of navicular syndrome treated with IV tiludronate ¹
 - Horses treated with *Ospheos* had a significantly higher success rate than placebo horses, with at least 2/3 of horses showing at least 6 months of improvement from a one-time IM dose ²
 - Day 56, treatment success rate

Study Day	OSPHEOS	Saline	P Value*
56	74.7%	3.3%	0.0028

- Difference in success rate is significant at P=0.0028

¹ Denoix, et al. Tiludronate as a new therapeutic agent in the treatment of navicular disease: a double-blind, placebo controlled clinical trial. Equine Vet J 2003; 35(4):407-413

² Frevel, et al. Multi-centre field trial to evaluate the effectiveness of clodronic acid (as disodium clodronate) for navicular syndrome BEVA Presentation, 2014.

Summary Balance Sheet

	2014 £m	2013 £m
Total non-current assets	214.4	235.7
Working capital	32.2	28.4
Cash and cash equivalents	26.8	32.8
Borrowings	(31.8)	(113.6)
Corporate and deferred tax	(28.0)	(37.6)
Other liabilities	(8.8)	(6.9)
Net assets of disposal group held for sale	-	35.8
Total net assets	204.8	174.6

Currency

Currency exposure

Euro €

1% variation in £/€ impacts underlying diluted EPS by approximately +/- 1.0%

US\$

1% variation in £/\$ impacts underlying diluted EPS by approximately +/- 0.1%

Currency Average Rates

	FY 13	FY 14	% change
£ / €	1.214	1.198	-1.3%
£ / \$	1.569	1.626	3.6%

June year end rates were £/€ 1.2480 and £/\$ 1.6938

If these exchange rates had applied throughout the year, the underlying diluted EPS would be approximately 4% lower

Glossary

- CAP: Companion Animal Products
- FAP: Food producing Animal Products
- Underlying results: exclude acquired intangibles and other one-off items such as restructuring
- ETR: Effective tax rate
- CER: Constant exchange rate

Trademarks

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About Dechra

Dechra is an international specialist veterinary pharmaceuticals and related products business. Our expertise is in the development, manufacture, 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.

8 September 2014



Dechra Pharmaceuticals PLC

24 Cheshire Avenue,
Cheshire Business Park,
Lostock Gralam,
Northwich,
CW9 7UA

T: +44 (0) 1606 814730

F: +44 (0) 1606 814731

E: corporate.enquiries@dechra.com

www.dechra.com

Stock Code: DPH

