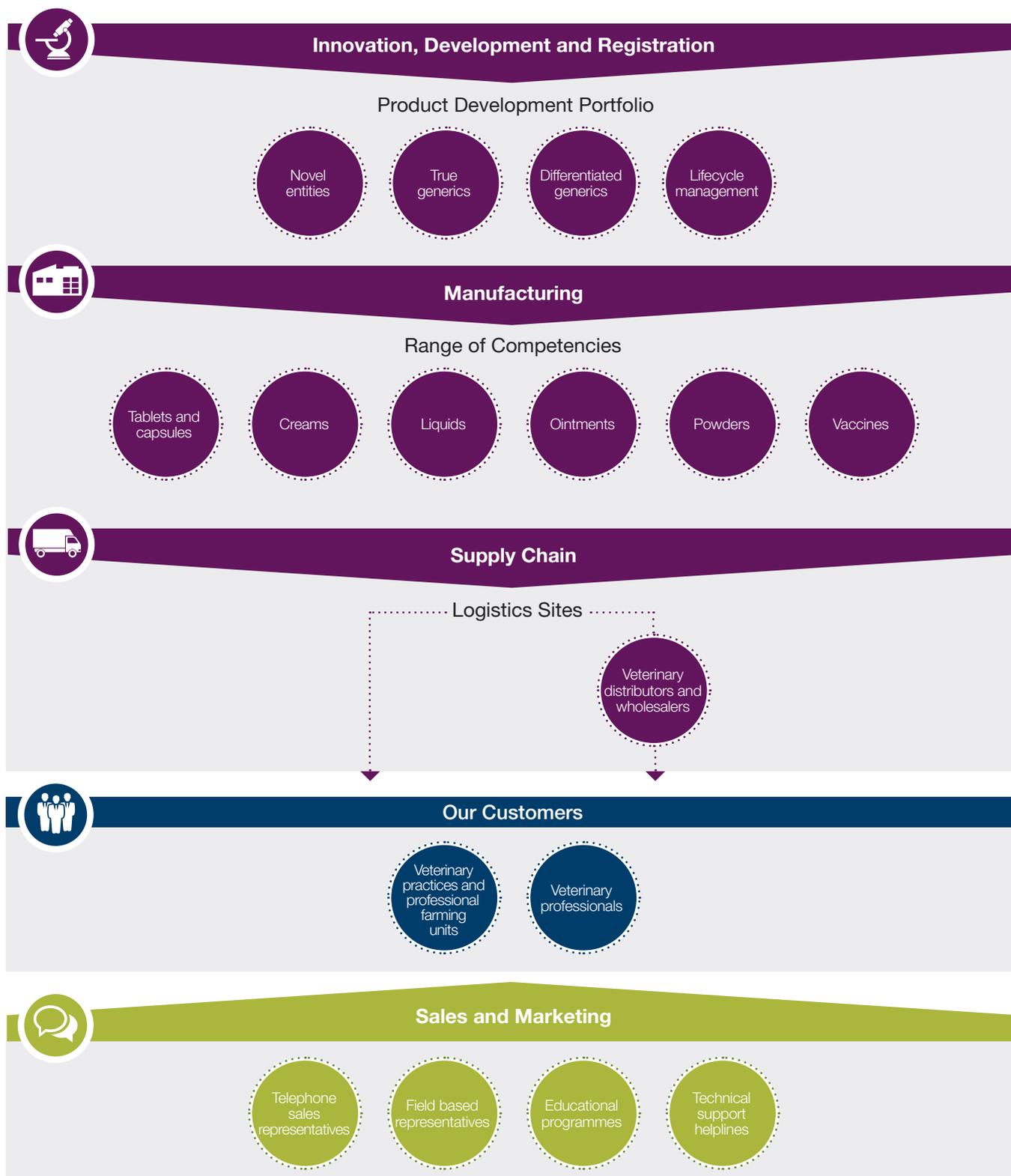




Open the flap
to view Our Business
Model Explained

Our Business Model

Our objectives are to innovate, develop, register, manufacture, supply and market high quality products to the veterinary profession worldwide. We also offer high levels of service, technical support and educational training to support the Dechra brand and to develop a strong relationship and be recognised as an important partner to veterinarians.



Our Business Model Explained



Innovation, Development and Registration



Product development ideas are generated in numerous ways, including:

- regular cross functional meetings are held where all senior staff are encouraged to bring new ideas from their experience in the market place.
- networking with key opinion leaders, especially in our focus therapeutic areas, to identify and develop ideas.
- employing very talented veterinary scientists who extensively trawl scientific papers looking for new technologies that might have an application in our marketplace.

In addition, our profile as the only major British veterinary pharmaceutical company gives us exposure to human pharmaceutical and biotech companies that are developing technologies, usually for human medicine, but often with a veterinary application. We spread our development portfolio across novel entities, differentiated generics, true generics and lifecycle management projects across multiple species.

Our formulation and development laboratories are located at our manufacturing sites which allows us to emulate the manufacturing equipment at laboratory scale, a key expertise for in-house product development.

After opportunities have been identified we have an evaluation phase where we conduct preliminary studies to assess suitability. Once a product has been classed as suitable for development it will be allocated to an internal development team who will be responsible for taking the product all the way through feasibility and development to regulatory submission. Once all the studies are concluded, if the product reaches the required safety, efficacy and stable chemical formula, regulatory dossiers are prepared for registration and filing with the relevant regulatory authorities.



Read about **Product Development** on pages 44 and 45



Manufacturing



Manufacturing is a key competence of the Group; the prime objective is to deliver safe, efficacious, cost effective, quality products. Veterinary products come in many dosage forms, and often, batch runs for veterinary medicines are relatively small compared to human production; therefore it is often very difficult to outsource supply. We have a wide range of competencies across our six sites including tablets, creams, liquids, ointments, powders and vaccines that can be packed in a multitude of different presentations.



Read more in the **Manufacturing and Supply Chain** case study on page 40



Supply Chain



Our products are distributed through two major logistics sites. The principal objective is to deliver a customer's order on time and in full every time. Our European and International markets are serviced from our own logistics facility based in Uldum, Denmark and North America is supplied out of a third party logistics supplier in Kansas City. The majority of veterinary practices are supplied through specialised veterinary distribution companies that operate as one-stop shops. They stock the majority of items veterinary practices need and offer high levels of service, often with a next day delivery. These distributors, on the whole, are not proactive in selling product; they predominantly supply to demand where the demand is driven by Dechra's own sales activities within veterinary practices. There are a few markets where we offer direct supply, such as Germany, that are not fully supported by veterinary distributors or where legislation enforces all pharmaceuticals to be sold through pharmacies, such as Denmark, Italy, Norway and Sweden.

Our Customers



All our products and sales and marketing activities are targeted at veterinary professionals. The majority of veterinarians prescribe and dispense the drugs, although there are a few territories in the world where the veterinarian writes a prescription and the drugs are purchased by the animal owner at a pharmacy. The majority of our sales are made into veterinary practices that tend to specialise in either companion animal or food producing animal treatment; however, there are numerous practices that are classified as mixed and who service all species. There is also an increasing number of equine practices and referral hospitals that provide high levels of specialisation. The veterinary profession is going through huge change as incorporated practice groups are consolidating practices at an increasing rate. In many countries, our relationship with these groups is very important; we are increasingly focused on key account management. With the ongoing integration of professional farming units, our Food producing Animal Product sales efforts are now often focused on these major integrators; however, the integrators themselves employ veterinarians who remain responsible for the prescribing and administration of our products.

Sales and Marketing



Dechra operates its own sales force and provides in-house marketing and technical support in 24 countries, predominantly in Europe and North America. In almost all these territories we have highly skilled field based representatives who make regular calls with all major veterinary practices in their territory. The representatives' brief is to sell the product on a technical basis, outlining the beneficial aspects of our products and to provide educational support on how best to treat animals in our key therapeutic sectors.

We also provide high levels of technical support and pharmacovigilance through helplines in every country in which we operate. These helplines provide veterinarians with support on how best to use our products and with free advice on any difficult or complex cases that may be encountered.

The relationship with veterinarians is key and, to this end, we provide added value services. We offer high level educational programmes focused on the treatment of conditions in our key therapeutic sectors. We deliver this education through many channels, including major conferences, regional groups, to individual practices and increasingly through digital channels. These programmes are certified to offer veterinarians and veterinary nurses the continuing professional education points they require to maintain their professional qualification.

Our Dechra Veterinary Products International sales, into over 50 additional countries, are through marketing and distribution partners who mainly promote our product range under the Dechra brand names in their own livery, often alongside their own or other in-licensed products.



Turn the page to read about Our Products