

Our Products

Our products can be divided into four categories: Companion Animal Products (CAP), Food producing Animal Products (FAP), Equine, and Nutrition and Diets. All are targeted at providing veterinary professionals with solutions for their customers' needs:

CAP

This is the basis upon which Dechra established its market position and continues to be our strongest sector, representing 62.3% of revenue. The majority of products in our portfolio are Prescription Only Medicines (POMs), prescribed, administered and dispensed by veterinarians working in companion animal practices. We also have a range of associated non-prescription products that complement the licensed pharmaceuticals, such as ear cleaners, dermatologically active shampoos and other topical and nutritional supplements.

Key therapeutic sectors:

Endocrinology, dermatology, analgesia and anaesthesia, cardiovascular and critical care.

Species:

Dogs and cats.

Market dynamics:

The principal driver of growth in companion animal markets is the pet owners' compassion for their animals. The market has historically been orientated around developed countries such as Western Europe, North America, Australia and Japan. However, with increasing wealth in several developing regions, the companion animal market is now also emerging. Expenditure on companion animals continues to grow due to increasing pet ownership, advances in nutrition, increased competence in complex conditions by veterinarians, preventative healthcare and wellness and by increasing availability of more specialist pharmaceuticals. Dechra has developed a strong position in providing specialist and clinically necessary novel products. We also supply a range of products which complement these products in key therapeutic sectors where we are seen as the company of choice by many veterinarians.

FAP

Dechra entered the FAP sector through the acquisition of Eurovet in 2012; it currently represents 13.2% of revenue. However, as over 60% of all global animal health sales are FAP, Dechra is underweight relative to the market and our competitors and it is an increasing area of focus, especially in our plans for geographical expansion. Our products are entirely POMs that are prescribed by veterinarians who work in either specialist veterinary practices or professional farming units.

Key therapeutic sectors:

Water soluble antibiotics, poultry vaccines, locomotion (lameness) and pain management.

Species:

Poultry, pigs and an increasing presence in cattle.

Market dynamics:

The key driver for growth in this sector is a huge increase in the global demand for high quality animal protein and dairy products. Vaccines are the biggest growth sector of the veterinary market and are anticipated to continue to outgrow therapeutic treatments. The majority of our sales are currently antibiotics which are sold mainly into Western Europe. Western Europe has been extremely proactive over the last five years in reducing antibiotic use due to concerns over antimicrobial resistance and 'super bugs'. Dechra's portfolio is positioned

to match current best practice prescribing habits; additionally, our recent move into poultry vaccines should provide growth opportunities in future years as we seek global registrations.

Equine

This is a sector in which few animal health companies specialise due to the relatively small number of horses in the world and the fact that in the majority of European countries the horse is classed as a food producing species which adds complexity to the licensing process. Equine veterinarians are specialised in the species and operate out of either mixed practices or, increasingly, specialist equine centres.

Key therapeutic sectors:

Lameness and pain management.

Species:

Horses and ponies.

Market dynamics:

The horse is classed as a minor species as there are very few, even in major countries such as the US where current estimates are only eight million and the UK at approximately one million. Although there is a big overlap, the market can be divided roughly into high performance sports horses and leisure horses and ponies. The market is variable and can be linked to the economy; however, high value sports horses will be treated at almost any cost. Dechra has developed a strong position in lameness and pain management with unique products that have superior efficacy compared to historic treatments.

Nutrition and Diets (Nutrition)

Our range of pet foods is predominantly focused on high quality nutrition to support therapeutic conditions in dogs and cats such as allergies, obesity, heart and kidney disease. They are sold through veterinary practices under the recommendation of either veterinarians or veterinary nurses and are recommended to support therapeutic recovery following diagnosis by a veterinarian of specific conditions.

Key therapeutic sectors:

Our pet diets are available to support the well being of animals with numerous therapeutic conditions. The ability to offer our wide range of products, branded *Specific*, is necessary to remain competitive in this sector.

Species:

Dogs and cats.

Market dynamics:

The global pet food market is huge and dwarfs the animal health pharmaceuticals market. The veterinary recommendation is respected by pet owners which allows them to take a small but significant part of this diet market. Dechra's focus is predominantly therapeutic diets which are not available for self-selection through supermarkets and require advice from the veterinarian. There are very few competitors in this specialist sector of the pet food market and although we compete with huge global multinational companies, we are able to differentiate our position through the use of higher quality ingredients and through innovation.