



# Strategy in Action: Strategic Enablers

## Manufacturing and Supply Chain

**Our Objective: To deliver consistently outstanding value, quality and service to every customer via a safe, efficient, integrated supply chain.**

### Key Facts:

- In excess of 36 million packs produced in the 2017 financial year;
- 27,000 order lines delivered per month from our warehouse hub in Denmark for the European and International Supply Chains;
- Delivery to customers speaking 40 different languages;
- Over 4,157 Stock Keeping Units (SKUs);
- We spend more than £35.0 million on raw materials across the Group.

### Dechra's Internal Manufacturing Network:

Dechra currently operates six manufacturing sites:

- Sydney, Australia: 25 employees, produces tablets and liquids.
- Zagreb, Croatia: 152 employees, primary focus on vaccines development and produces oral liquids, solid forms, care products and nutrition supplements for long standing third party customer.
- Bladel, Netherlands: 122 employees, centre for new product introductions and aseptic filling. Additionally capability for pre-mixed powder production and terminal sterilisation.
- Brovel, Mexico: 41 employees, produces tablets, liquids, sterile products all for local markets.
- Skipton, UK: 233 employees, centre of excellence in solid forms for tablets and capsules, liquids, creams, ointment products and terminal sterilisation.
- Florida, USA: 15 employees, centre of excellence in manufacturing chewable tablets.



Manufacturing facility at Zagreb, Croatia

### External Manufacturing Network:

We also manage an external network of 42 contract manufacturing organisations (CMOs). Together, the internal and external network produce in excess of 36 million packs of products per year. The volume is currently split approximately 50% from the internal network and 50% from the external network. Our CMO footprint is predominately balanced across North America and Europe, where the majority of the Group revenue is generated. This is complemented with additional CMOs in Australasia and Asia.

### Our Supply Chain:

Our internal and external manufacturing sites deliver a range of different finished product dose forms including solid doses, liquids and sterile injectables. These finished goods are stored and delivered to customers via modern warehouses located in Denmark for DVP EU and Dechra Veterinary Products International supply chains and Kansas City for the DVP NA supply chain. There are multiple transport solutions available to move products around the globe efficiently.

Following on from the successful implementation of a global Sales and Operations Planning process in DVP EU our priority now is to roll out the plan across the organisation to integrate fully with the DVP NA business.

### Our Strategy:

Manufacturing and Supply Chain has created a new and detailed five year strategic plan.

To implement the strategy we have accelerated growth in our talent pipeline, utilising both internal and external people and have created a team able to challenge the status quo to support all the Dechra strategic aims. This has included the following key appointments: four Site Directors, a CMO Relationship Manager, a Global Procurement Manager, and a Head of HR for Manufacturing and Supply.

Our objectives include:

- Simplify the Dechra internal and external network by creating dose form centres of excellence in each manufacturing site and consolidate the CMO network.
- Reduce risk and establish a robust security of supply by protecting our largest revenue streams via second sourcing and CMO strategic relationships to reduce complications in the supply chain.
- Leverage procurement opportunities across the Group and focus on a culture of constant improvements to realise efficiencies and enhance ways of working.
- Make full use of our low cost geographical locations and maximise opportunities in all locations.

Our Group Manufacturing and Supply Chain strategy will simplify our network and by creating centres of excellence the sites will improve efficiency and technical expertise in their specific dose forms. Additionally, by working with fewer CMOs, and creating true partnerships, we can strengthen the supply chain and deliver a sustainable service over the long term.