

Directors' Report: Our Performance

Key Products and Specialisations

Historically Dechra's product range was entirely focused on companion animals and horses. However, the acquisition of *Eurovet* has given the Group a significant and strategically important platform in the farm animal product market. The majority of key products in both the companion animal and farm animal markets are novel or have clear marketing advantages over competitor products. Several of our branded range have market leading positions in the majority of territories in which we operate.

Dermatology

Dermatology represents approximately 20% of veterinarians' clinical time and is currently a major focus area for the industry. Best practice and management techniques look to adopt more topical products, as opposed to oral treatments, with the aim of utilising antibiotics more appropriately. Dechra's product portfolio, with its range of licensed and non-licensed topical products, is well positioned for this approach.

Canaural[®] was first licensed in 1975 and is still the leading first line treatment for otitis externa in cats and dogs in several EU territories. *Canaural*, which is now registered in 27 countries, can also be used in conjunction with our leading ear cleaning product *CleanAural*[®].

Fuciderm[®], licensed in 1995, is the only licensed product for the treatment of surface pyoderma in dogs, such as acute moist dermatitis and intertrigo. It is a key product within our dermatology range, selling into 23 countries.

Malaseb[®], was first licensed in 1996 and is still the market leading medicated shampoo for cats and dogs. It is used to treat skin diseases caused by *Malassezia* and staphylococcal infections.

Animax[®], licensed for the treatment of skin conditions in dogs and cats, is only approved in the United States. The marketing rights for this product were acquired in May 2007.

DermaPet[®], acquired in October 2010, is a range of shampoos, conditioners and ear products to treat numerous skin and ear conditions in dogs and cats. Key brands are Triz, MalAcetic and Malaket.

Ophthalmology

Ophthalmology is an area of veterinary medicine where we have a number of leading products including licensed pharmaceuticals, unlicensed care products and instruments.

Fucithalmic[®] Vet, licensed in 1993, is the only licensed product available for the treatment of conjunctivitis associated with staphylococcal infections. It is highly effective because of its unique sustained release formulation that ensures prolonged retention within the eye. It is currently licensed in 21 countries.

Additionally we market a range of ophthalmic and otic products in the USA, the long term marketing rights were acquired in May 2007. There are six products in the range, with the majority being the only veterinary licensed products in the American market.



Equine Medicine

The Group has a wide range of licensed products supporting the equine veterinarian. The leading product with the highest sales is *Equipalazone*[®] which is licensed in five major EU countries.

Equipalazone was first licensed in a sachet presentation in 1972 and subsequently in a paste and injection. It continues to be the leading non-steroidal anti-inflammatory drug (NSAID) for the treatment of musculoskeletal disorders, such as lameness arising from acute and chronic laminitis in horses.

Equidone[®] Gel was approved in 2010 for the treatment of fescue toxicity in horses. This niche product is targeted specifically at the USA market.

HY-50 is used for intra-articular and intravenous treatment of lameness in horses caused by joint dysfunction. The acquisition of this product strengthened Dechra's position in equine pain management in several major European territories.

Endocrinology

Endocrine disorders are also a key focus for the business with a number of licensed products treating a range of chronic diseases. The three leading brands are *Vetoryl*, *Forthyron*[®] and *Felimazole*[®].

Vetoryl is a novel product for the treatment of Cushing's syndrome (excess cortisol or hyperadrenocorticism) in dogs. It is marketed internationally and is the only recognised licensed efficacious veterinary product for the treatment of Cushing's syndrome around the world.

Forthyron is licensed to treat the most widely recognised endocrine disorder, canine hypothyroidism. It is the only mutually recognised levothyroxine treatment in Europe and is marketed in all the major European countries.

Felimazole was the first veterinary licensed product for the treatment of feline hyperthyroidism. Originally licensed in the UK in 2002, *Felimazole* was then licensed in the EU in 2005, the US in 2009 and has subsequently been approved in Canada.



Critical Care

Dechra has a wide range of products that support emergency medicine including licensed pharmaceuticals, wound treatments, consumables and instruments all predominantly sold in the UK. The leading range of products is the *Vetivex*[®] brand.

The *Vetivex* range of infusion fluids are licensed for the treatment of dehydration. They are widely used to meet normal fluid and electrolyte requirements when fluids cannot be given orally, such as during surgery.

Sedation and analgesia are major sub-groups of critical care. Dechra, enhanced by the *Eurovet* acquisition, markets one of the largest ranges of products in this sector. The range covers a wide number of species, different degrees of pain intensity management and duration of effect. Within the range there are a number of unique licenses, *Intra Epicaine*[®], a local anaesthetic recommended for infiltration, nerve block, intra-articular and epidural anaesthesia in horses, *Comfortan*[®], the only licensed methadone hydrochloride for analgesia in dogs and *Fentadon*[®], the only licensed fentanyl for intra-operative analgesia and post-operative pain management.

Libromide[®] was approved in 2010 for the UK and mutually recognised in 11 additional territories in 2011/2012. It is the only licensed product of its type which is used in combination with other pharmaceuticals for the management of canine epilepsy.

Generics

Several generic products are registered within the United Kingdom; this basket of products is marketed under the *Dechra Veterinary Essentials*[®] brand. A number of products are also registered in Europe; we are in the process of in-licensing and registering additional products to extend our branded generic range within this territory. The acquisition of *Eurovet* has significantly strengthened this basket of products with the first differentiated generic of the active principle ingredient, pimobendan, branded *Cardisure*[®]. *Cardisure* is a leading treatment for canine congestive heart failure and is marketed throughout Europe.

Care

The Care range comprises unlicensed products which complement our pharmaceutical range. They are available over the counter within veterinary practices. The three key products are *CleanAural*, a non-irritant cleaner suitable for frequent use in ears producing excess wax, *Neutrale*[™], a range of specialist shampoos for skin conditions in dogs, and *Lubrithal*[®], an eye lubricant for cats and dogs.



Farm Animal Antimicrobials

A superior range of antimicrobial treatment products for swine and poultry has been added to the Dechra portfolio through the acquisition of *Eurovet*. In a market where there is increased emphasis on reducing the usage of antibiotics in the farm animal sector, it is essential that reliable and effective products are available to veterinarians to support them in the prudent use of antibiotics. The *Solustab*[®] range has been specifically developed to meet this need and is renowned for its high level of solubility leading to a reliable and stable product when added to drinking water. This reduces the need for additional enhancing agents widely used by competitor products.

Octacillin[®], marketed since 2003 in the Netherlands, is sold in 15 European countries following approval in 2006 and 2011. *Octacillin* is a highly soluble and stable antibiotic powder containing amoxicillin which is added to drinking water in the treatment of diseases in swine and poultry.

Soludox[®], marketed in Benelux since 2002, is a highly soluble antibiotic powder for administration via drinking water and is being sold in 16 European Member States as a result of approval for swine and chickens, completed in 2010. The active ingredient is doxycycline.

Methoxasol[®], is a ready to use liquid medication, which can be easily added to the drinking water of swine and poultry, it has been marketed in the Netherlands since the mid 1990's. Thanks to successful European procedures in 2000, 2009 and most recently in 2012, this highly soluble liquid is marketed in 15 Member States. The active ingredients are sulphamethoxazol and trimethoprim, a proven synergistic combination for antimicrobial effectiveness.

Cyclospray[®] is the leading antibiotic spray treatment in Europe for claw/hoof infections, interdigital dermatitis (foot rot) in sheep and digital dermatitis in cattle. It is widely used in the prevention of infection of superficial traumatic or surgical wounds in cattle, sheep and pigs. *Cyclospray* has been marketed since 2000 in 12 European Member States. The active ingredient is chlortetracycline.

Pet Diets

Dechra has two main cat and dog diet product ranges, both branded *Specific*, which are sold exclusively through veterinary practices. Therapeutic diets, which represent 70% of overall diet sales, provide optimum levels of nutrition in areas such as diabetes, arthritis and urinary, kidney, liver and heart problems. Life stage diets, which represent 30% of diet sales, provide premium quality daily nutrition for healthy dogs and cats.

