



OUR MARKETPLACE

We monitor the market trends in order to understand the opportunities for Animalcare. We are focused on the therapeutic areas with good growth potential such as pain, disease prevention and dermatology.

Therapeutic markets

Pain

With improving health management and better access to veterinary medicines, companion animals are living longer than ever before. Chronic conditions such as Osteoarthritis affect up to a quarter of dogs¹ creating the need for novel medical solutions supported by non-prescription supplements.

Disease Prevention

Disease prevention promotes the health and wellbeing of animals. The decrease in sales of antibiotics has been partially replaced by an increase in vaccines and other prophylaxes alongside improved diagnostics.

Surgery

A core staple of all veterinary practices and key area of expertise and focus for the group.

Internal Medicine

Allergy and immunology, cardiology, endocrinology, haematology, gastroenterology, nephrology and oncology are specialist areas in a veterinary practice that require specialist products.

Dermatology

The canine atopic dermatitis market is forecast to have an impressive CAGR of 12.5% between 2019 and 2029 primarily driven by the growth of JAK inhibitors, new monoclonal antibody products and improved awareness and diagnoses².

Dental

Dental disease is very common in companion animals and it is estimated that 80% of dogs and 70% of cats develop gum disease by the age of three³.

Our Competitive position

Animalcare is focused on providing an extensive range of trusted, high quality products in target therapeutic areas with high potential for growth in our home markets and through our international partners.

1. American College of Veterinary Surgeons
2. Canine Atopic Dermatitis Treatment Market – Future Market insights
3. Pet Oral Care products market – growth, trends and forecast (2020 – 2025), Mordor Intelligence

MARKET TRENDS

1.

The market for animal health is growing rapidly

We are focusing on the high growth areas of the market including dermatology, dental and disease prevention and moving away from declining and low margin areas.

Geographically we continue to expand our international partners network to take our products to new markets where we do not have the infrastructure or the brands to successfully enter the markets ourselves.

2.

Veterinary practice is changing and new stakeholders are becoming increasingly important

We continue to work closely with our key customer, the vet, to understand their environment and be responsive to the changes. Corporate accounts continue to expand across the continent and we leverage our strong European presence to offer European-wide solutions.

We have in-house experts such as specialist Equine vets, Key Account managers and experienced Animal health marketeers to align with the corporate structures and requirements while still focusing on and understanding the importance of the individual vet, especially in countries with low corporate account penetration such as Germany.

3.

Pet ownership is increasingly focused on pet health and wellbeing and new technologies are becoming available that prolong and increase quality of life

We continue to build on our heritage in the areas of surgery, dermatology and pain by adding the fast-growing area of disease prevention as one of our core focus areas. We expanded our existing pet health range by adding a novel gastrointestinal product to the portfolio that already includes dental and joint supplements and continue to work on future developments or partnerships in this key area.



65.5 million
Number of dogs
in the EU



19.4 million
Number of
small mammals
in the EU



75.3 million
Number of cats
in the EU



10.6 million
Number of Equines
in the EU

Geographic market

Europe is the second largest animal medicines market in the world and represents around one-third of the global market with a market value in 2019 estimated at just over €6.6bn, a 10% increase on 2018. While the total value of the industry is growing rapidly, the trends in the market remain constant.

80 million households in the EU are estimated to own at least one pet with 23% of households owning a cat and 25% owning a dog. There are more pet cats than dogs (75.3m versus 65.5m) with both cat and dog numbers stable.

Vaccines and parasiticides dominate the market and account for 61% of sales although parasiticides as a percentage of the total market have declined for the last five years while vaccines have increased over the same time period and are now the largest area of the

market. The market share of antibiotics continues to drop as governments and consumers continued pressure to cut their use and find alternative solutions.

Pan European corporate vet practices continue to expand geographically acquiring practices in new countries including Belgium, France, Ireland and Italy in 2019. Wholesalers are consolidating or changing their business models with some repositioning themselves as technology companies while others are introducing larger ranges of own label products and competing with their historical customer base.



Read about our **Business Model** on [page 08](#)

4.

Diagnostic and digital technology are increasing

We are experienced in the use of technology for pet reunification through our Microchip and Identibase business in the UK and are continuing to develop this in line with the new technologies and to look for opportunities to expand in other countries and fully utilise our database.

The diagnostic market is forecast to grow at 8.8% compound annual growth rate (CAGR) from now until 2023 creating a \$4bn market. The integration of internet of things (IoT) in pet wearables is expected to have a significant effect on medical treatments and diagnosis of medical problems and contribute to a forecast CAGR of 14.3% for pet wearables up until 2027.

5.

Changes in the use of antibiotics

Sales of antibiotics have dropped from 17.0% of the total European market in 2012 to just 12.2% in 2019 and we have reduced our focus on our antibiotics range accordingly.

