








DELIVERING OUR STRATEGY

We are pursuing a clear strategy to deliver our goal of above market growth in three to five years and become a leading player in the European animal health market. During 2019 we have made significant progress in all areas, delivering our short-term goals and building our organisation for the future.

Key Goals	Key Initiatives	Progress	2020 Priorities
 Strong finances Financial sustainability through revenue growth, cash conversion, EBITDA margin and EPS growth			
Revenue growth	<ul style="list-style-type: none"> Focus on therapeutic areas with highest potential Leverage strengths across all markets in which we operate Maximise opportunities in high growth markets through partnerships or selective acquisition 	<ul style="list-style-type: none"> New product sales of £1.8m which partly compensated supply issues that lead to the overall revenue decline Double digit growth in key brands such as Danilon and Orozyme Tail products identified and actions in place 	<ul style="list-style-type: none"> Scale up of small, fast-growing operations Spain and UK return to growth Plan for key 2021 launches including novel pain product Active BD programme to develop robust and balanced portfolio
Cash conversion and net debt	<ul style="list-style-type: none"> Optimise inventory Tax efficiency Debt reduction 	<ul style="list-style-type: none"> Significant increase in underlying cash conversion to 118.4% Net debt to underlying EBITDA leverage ratio reduced to 1.4 times 	<ul style="list-style-type: none"> Maintain strong cash focus to provide investment for revenue growth Maintain EBITDA leverage ratio in the range of 1 to 2 times
Underlying EBITDA margin and EPS growth	<ul style="list-style-type: none"> Focus on higher margin products Operating efficiency and leverage 	<ul style="list-style-type: none"> Tail products identified and actions in place Adjusted EBITDA margin 16.9% EPS growth of 2.6% 	<ul style="list-style-type: none"> Maintain SG&A costs as a % of sales in line with 2019 – reinvesting efficiency gains for growth
 Key Leadership Organisation for success; the right people, capabilities and behaviours			
Attract, retain and develop talented people	<ul style="list-style-type: none"> Build leadership capabilities Align reward to performance Unified culture Drive effective communication and collaboration Improve diversity 	<ul style="list-style-type: none"> Established Values and Behaviours Strengthened our Business Development and Sales and Marketing capabilities Second group-wide employee engagement survey complete New bonus structure and LTIP for Leadership Team 	<ul style="list-style-type: none"> Implement actions from employee engagement surveys Regular leadership development Build Talent Management programme



Key Goals	Key Initiatives	Progress	2020 Priorities
 Growth portfolio Focussed portfolio in key therapy areas in growing markets			
Focus on existing core brands that generate sustainable growth and margin	<ul style="list-style-type: none"> 80% of revenue from the top 20 products Build on capabilities in core therapeutic areas 	<ul style="list-style-type: none"> Tail products identified and actions in place Strengthened our Sales and Marketing capabilities Double digit growth in key brands such as Danilon and Orozyme New product sales of £1.8m 	<ul style="list-style-type: none"> Focus on growth in companion animals and equine, while maintaining our existing presence in the production animal segment Life cycle management of key brands including potential manufacturing transfers Develop international partners strategy and plan New product launch excellence
 Business development Work with partners to build a portfolio and pipeline of products that meet our criteria for growth			
In-licence or acquire products and develop network partnerships	<ul style="list-style-type: none"> In-licence and acquire innovative products Be selected partner for companies selling into Europe Build ongoing partnerships in growing market globally 	<ul style="list-style-type: none"> Two new contracts signed to relaunch Adequan in Europe and distribution of Procanicare 	Focus on developing leads in three categories: <ul style="list-style-type: none"> Near Term – products which will be accretive in the next 12-18 months. These are likely to be distribution deals which complement our existing portfolio Medium Term – more innovative products which may require some further development Long Term – new products we will develop and launch as our own which will have the largest sales potential and geographic coverage Identibase optimisation Continue to build Business Development and in-licensing capabilities
 Innovative pipeline Building a pipeline of novel and differentiated products			
Launch new products on time and develop differentiated and innovative products for the future	<ul style="list-style-type: none"> Prioritise and accelerate in-house R&D to deliver a flow of new products in future years 	<ul style="list-style-type: none"> Four new products launched during 2019- Cortacare, Butazocare, Doxycare and Metrocare Defined new R&D investment criteria – ceasing projects that did not meet these criteria 	<ul style="list-style-type: none"> Regulatory filing of novel pain product (submitted January 2020) Planned regulatory approval for one new product – completing the roll out of the branded generics pipeline Initiate new pipeline projects for future growth from any source Portfolio prioritisation established to drive robust short, mid and longer-term pipeline