



Animalcare Group plc

Creating a pan-European leader in the Animal Health market



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Introduction

- **Animalcare is the UK AIM listed veterinary sales, marketing and product development company**
- **Animalcare turnover in year to June 2016: £14.7m**
- **To acquire Ecuphar the Belgium based animal healthcare company to create enlarged group with a turnover of c.£84m⁽¹⁾**
- **Following the reverse transaction, the enlarged group will remain listed on AIM as Animalcare Group plc**
- **Consideration for Ecuphar to be satisfied by issue of new ordinary shares and a cash consideration through a placing of new ordinary shares to raise c.£30m together with a further £4m from existing cash resources**

Presenting Today

Iain Menneer

Current CEO of Animalcare Group plc



- CEO of Animalcare since January 2013
- Joined Animalcare in 2003
- Previously held a number of sales, marketing and business development roles
- Instrumental in Animalcare's NPD process
- Promoted to the Board in July 2011 as Director of Marketing and became Managing Director in March 2012

Enlarged Group: COO

Chris Cardon

Current CEO of Ecuphar NV



- Founder and CEO of Ecuphar
- Strong entrepreneurial background in human OTC product development
- Established Mooss Pharma in 1996, sold to Omega Pharma in 2001, €12m
- Founded Ecuphar in 2002 after identifying a similar market opportunity in the animal health market

Enlarged Group: CEO

Walter Beyers

Current CFO of Ecuphar NV



- CFO of Ecuphar
- Joined Ecuphar mid 2016
- Significant experience in senior financial positions, in both listed and privately owned companies, a.o. related to integration of acquisitions, restructuring and creating shared service centres
- Most recent previous positions: CFO of Ecover, and VP Finance Europe at USG People

Enlarged Group: CFO

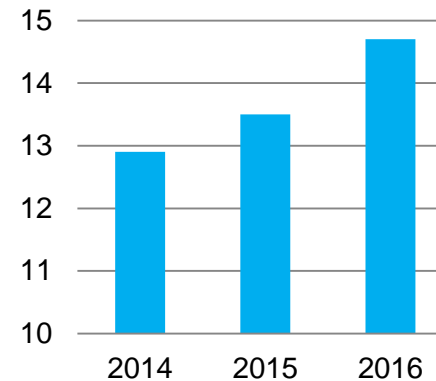
Introduction to Animalcare



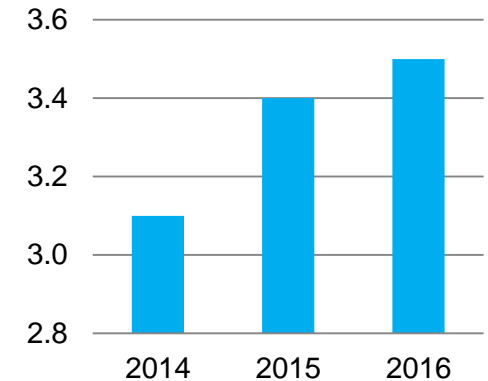
Introduction to Animalcare

- Animalcare is an animal health company selling companion animal veterinary products
- 91% of revenues from UK
- Export sales growing strongly in Europe and RoW
- Significant investment in new, robust product development program

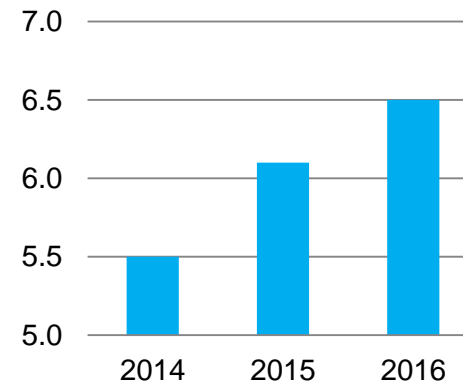
Revenue (£m)



EBITDA (£m)



Dividend per share (p)



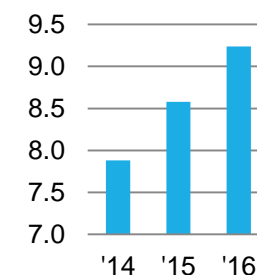
Animalcare Products and Sales

Revenue (£m)

Licensed Veterinary Medicines

63% of revenue

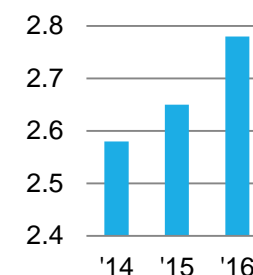
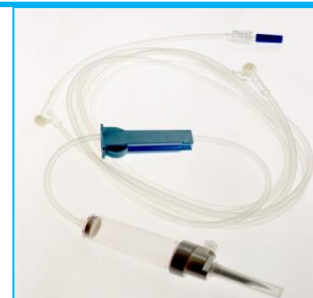
- Mainly generic medicines for treatment of companion animals
- Core therapy areas: Fluid therapy, pain relief, antibacterials, chronic/senior diseases
- Mix of in-house and distributor products manufactured in mainland EU



Animal Welfare Products

19% of revenue

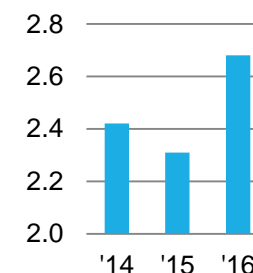
- Broad range of lower margin support products
- Infusion Accessories 61% of AWP group: Synergy with I.V. fluid therapy
- Other unconnected products: Bandages, instruments, hygiene/cleaning solutions



Companion Animal Identification

18% of revenue

- Identichip branded microchips
- Revenue from insurance, premium services & administration fees
- Identibase pet database: over 5m registered pets and their owners



Animalcare Growth and Opportunities

Investment in building strong platform for growth since 2013, notably:

- High calibre senior management team; training and development; new product development; restructured, multi-channel sales team and export opportunities

Has delivered:

- 6.7% CAGR since 2013
- EU and ROW opportunities, now 12 territories, with 14 new distribution contracts and letters of understanding

Future opportunities will be delivered through:

- New, owned products
- Wider network for distribution of products in UK
- More licensed-in novel products
- Capability to anticipate changing market dynamics



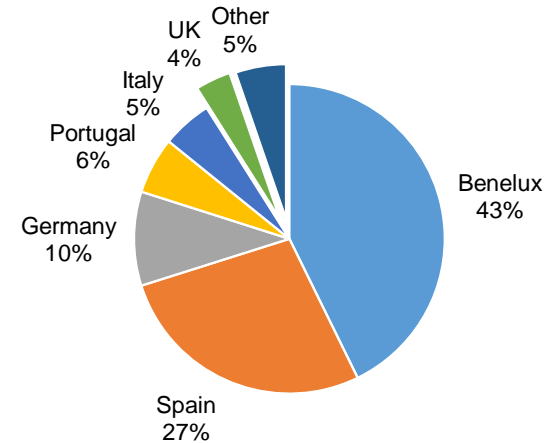
Introduction to ecuphar[®]



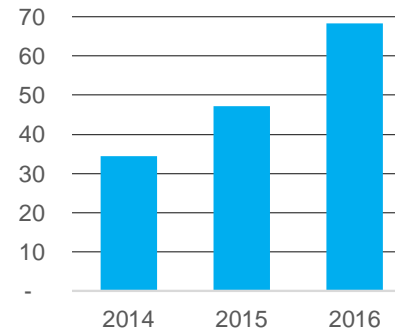
Ecuphar is a Leading European Animal Health Company

- Development and sale of veterinary pharmaceutical products for companion animals, horses and production animals
- HQ in Belgium and own sales teams in six countries, export to 37 countries
- Strong NPD pipeline with focus on both life cycle extension and new products

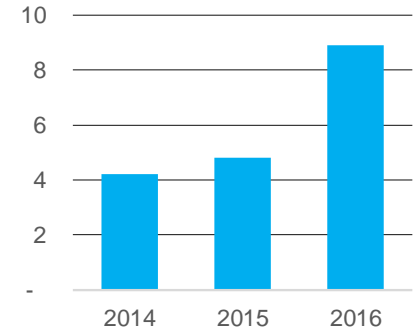
Ecuphar 2016 revenue per country



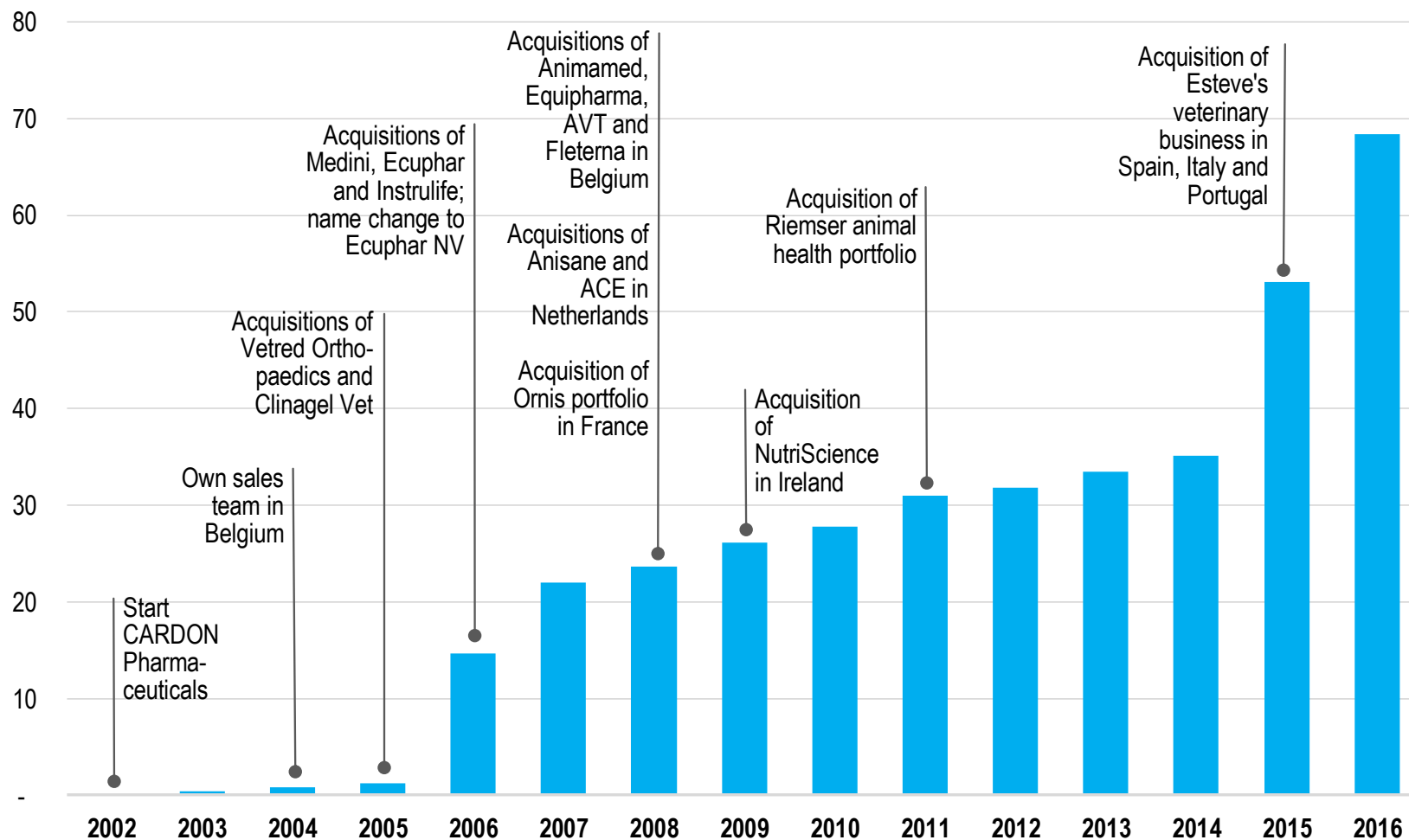
Revenue (£m)



Underlying EBITDA (£m)



Strong Growth, Both Organically and Through Acquisitions



Ecuphar revenue in £m, constant FX rate

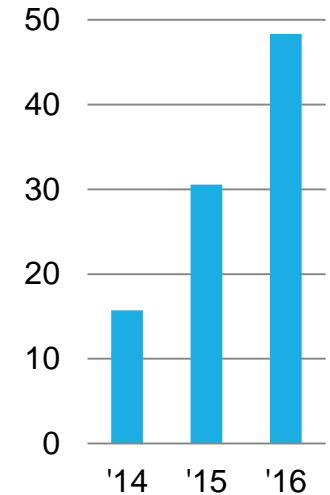
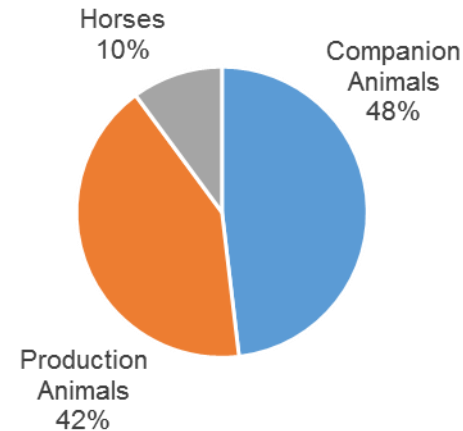
Ecuphar has Two Business Segments

Revenue (£m)⁽¹⁾

Pharmaceuticals

69% of revenue
95% of Underlying EBITDA

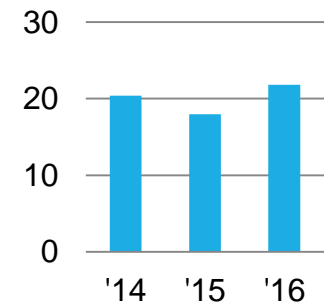
- Development and marketing of veterinary pharmaceutical products
- Broad portfolio of over 300 veterinary products covering pharmaceuticals, vaccines, biocides and nutraceuticals
- Focus on niche markets incl. odontology, dermatology, surgery / anaesthesia and otology



Wholesale

31% of revenue
5% of Underlying EBITDA

- Wholesale of veterinary pharmaceuticals, supplies and instruments to Belgian vet practices
- Stable business



Pharmaceuticals Segment Products

Broad portfolio of over 300 veterinary products, of which own products include 29 licenced drugs, 8 vaccines and over 100 care and nutraceutical products

	Companion Animal Products	Production Animal Products	Equine Products
Revenue ⁽¹⁾	£22.7m	£19.8m	£4.7m
Product range	<ul style="list-style-type: none"> Pharmaceuticals, food supplements and care products Focus on odontology, dermatology, incontinence, behaviour and anaesthesia 	<ul style="list-style-type: none"> Injectables, oral powders, premixes and intra-mammary tubes Feed supplements and dietary complementary feed 	<ul style="list-style-type: none"> Pharmaceuticals, supplements and specific care products Specific focus on anti-inflammatories
Growth drivers	<ul style="list-style-type: none"> Increasing number of pets Higher life expectancy of pets Increasing disposable income of pet owners 	<ul style="list-style-type: none"> Increasing demand for protein Increasing industrialisation of meat and milk production Food safety concerns encouraging more prevention 	<ul style="list-style-type: none"> Equine customers demand increasingly specialised services Increasing demand for medical care for horses Increasing disposable income of horse owners

Pharmaceuticals Segment Top Products

Top 10 products accounted for £20.3m of revenue in 2016

Product ⁽¹⁾	Market ⁽²⁾	Indication	Type
Aivlosin	FAP	Antibiotic	Distribution
Conofite	CAP	Otology	License
Danilon	Equine	Anti-inflammatory	Own
Dinalgen	FAP	Anti-inflammatory	Own
Dokamox	FAP	Antibiotic	License
Flubenol	FAP & CAP	Antiparasitic	License
IsoFlo	CAP	Anaesthesia	Distribution
Leisguard	CAP	Antiparasitic	Own
Orozyme	CAP	Odontology	Own
Seponver	FAP	Antiparasitic	License



Ecuphar has three unique veterinary products⁽³⁾

- Danilon (suxibuzone): equine anti-inflammatory
- Hemo-141 (ethamsylate): haemostatic for production animals
- E-6087: anti-inflammatory for companion animals, currently under development

Animal Health Market and Competition

- Large and growing European animal health market, est. size of \$8bn with 5% historic CAGR
- In all major EU territories, the market is dominated by global operators that have consolidated over the past years
 - Zoetis/Abbott, Elanco/Novartis, Boehringer/Merial and MSD/Intervet
- In each market different types of players are active:
 - Local, national companies
 - Multi-national companies
 - Global organisations
- Eucuphar does not have any specific competitors because competition is dependent on product type and territory



Ecuphar Growth and Opportunities

- To date Ecuphar has been granted 10 patents
 - In-house development and regulatory affairs team of 18 people aims for life cycle extension & novel products
 - Life cycle extension
 - Novel products
- ▶ Robust pipeline under development
- A fragmented market and proven track record of internal and external growth will help Ecuphar to seize the right opportunities

Rationale for Merger



Highly Complementary Combination and Excellent Fit to Drive Revenue Growth and Efficiencies

	 Animalcare UK Animal Health	 Ecuphar European Animal Health	Enlarged Group Pan-European Animal Health
Product focus ⁽¹⁾	Pureplay CAP	48% CAP 42% FAP 10% H	59% CAP 33% FAP 8% H
No. of products	21 lic drugs + care products	29 lic drugs + 8 vaccines + care prod.	50 lic drugs + 8 vaccines + care products
No. of patents	0	10	10
NPD pipeline	18 projects	11 projects	29 projects
Customer type	veterinary clinics	veterinary clinics	veterinary clinics
Manufacturing	outsourced	outsourced	outsourced
Revenue / EBITDA ⁽²⁾	£14.7m / £3.5m	£68.4m / £8.9m	£83.9m / £12.9m
No. employees ⁽³⁾	63 (inc. 22 sales reps)	201 (inc. 76 sales reps) & 28 agents	264 (inc. 98 sales reps) & 28 agents
Direct sales	1 country	6 countries	7 countries
Export markets	12 & 14 new agreements signed	37 countries	> 50 countries

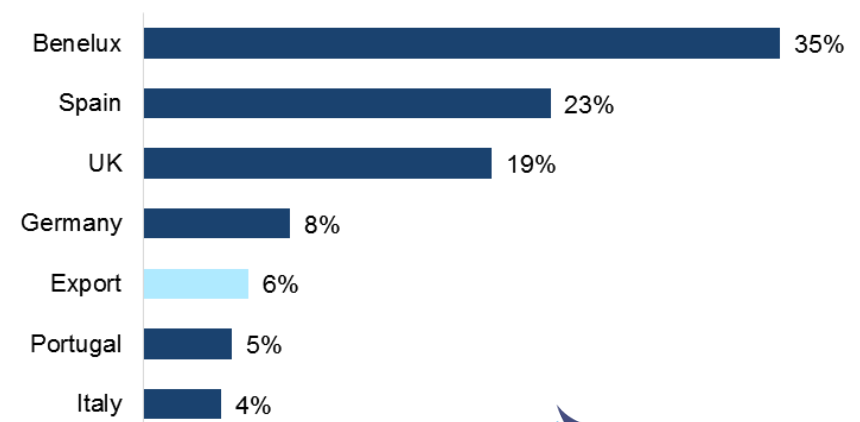
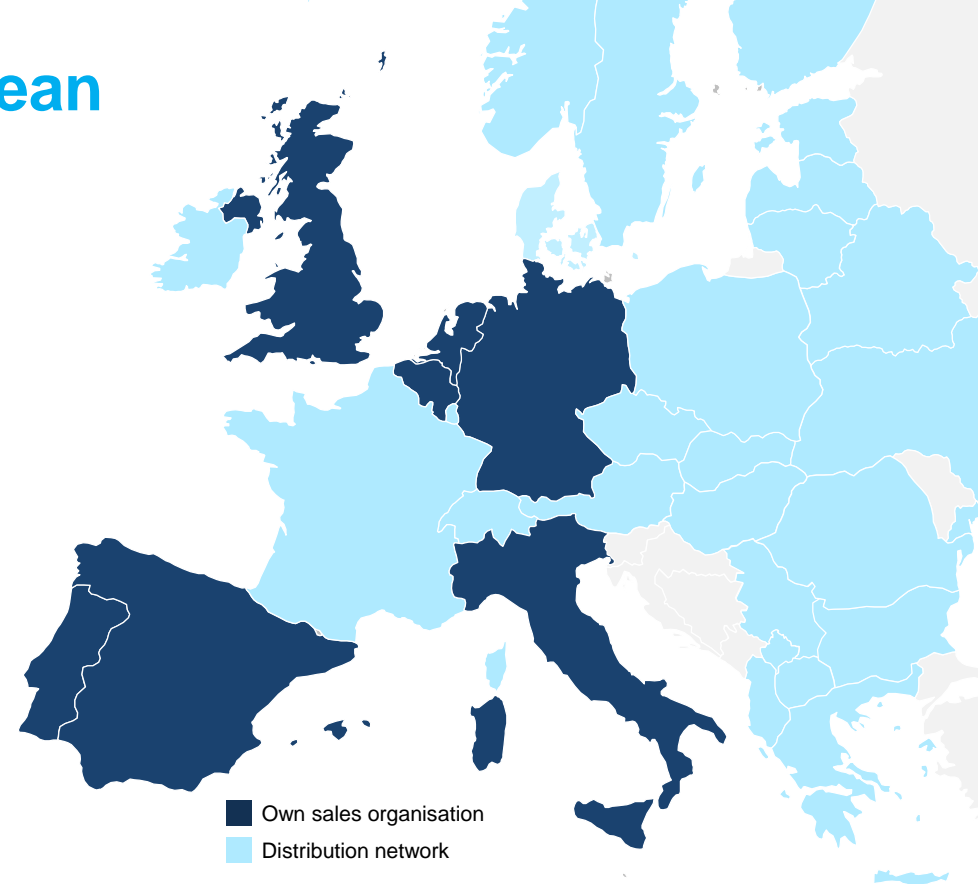
(1) CAP: Companion animal products; FAP: Farm (production) animal products, H: Horse products

(2) Animalcare (Jun-16), Ecuphar (Dec-16), pro-forma combined calendarised (Dec-16); Underlying EBITDA

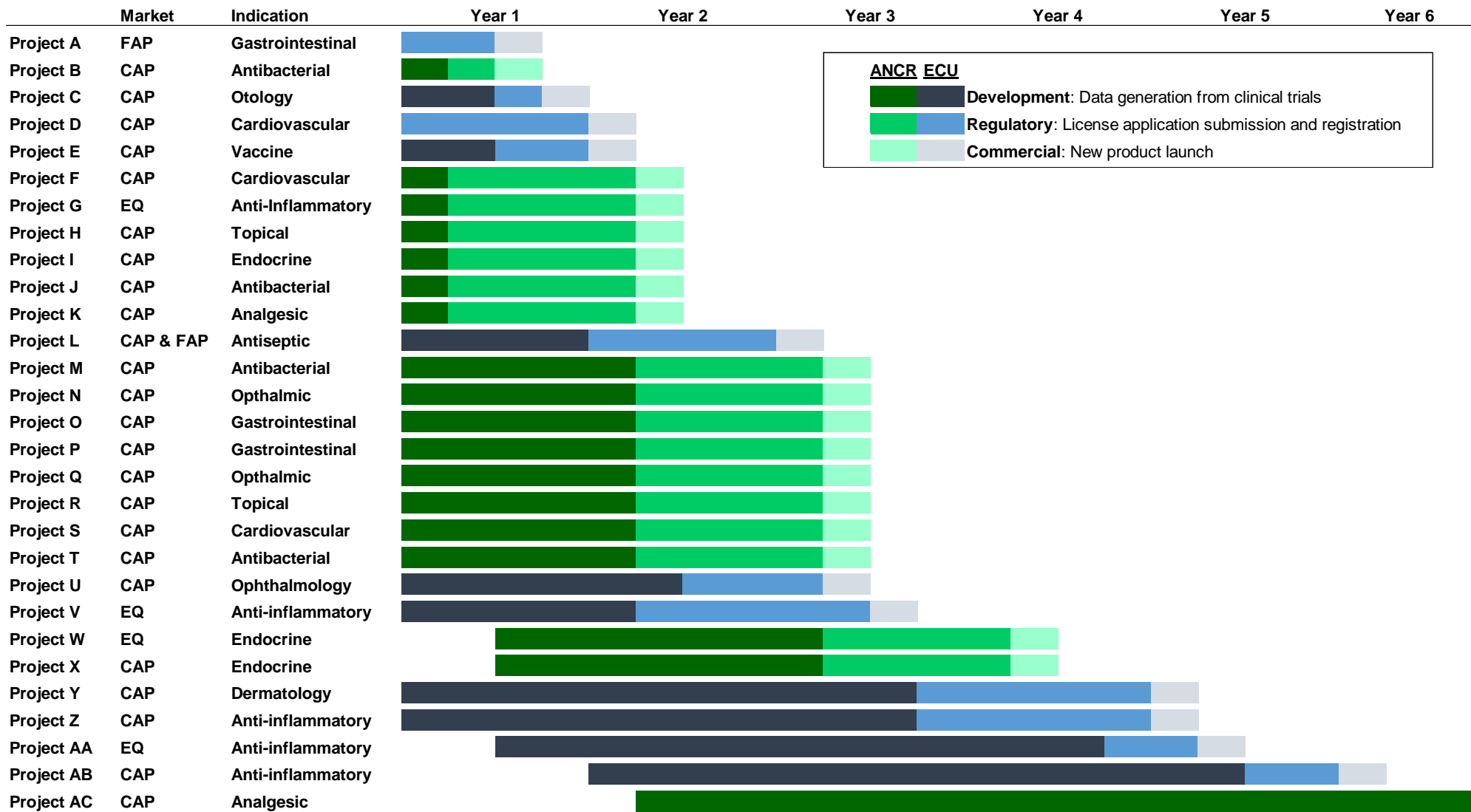
(3) Ecuphar employees including consultants

Creation of a Specialist Pan-European Animal Health Company

- **Highly complementary business model**
 - Combination of own products & licenses
 - Focus on both NPD and sales & marketing
 - Experienced and capable management enhanced
- **Geographical sales opportunities**
 - Cross-selling through higher margin own sales channels
- **Commercial advantages of gaining critical mass**
 - Critical scale in the large and growing animal health market
 - More appealing distribution partner
 - Significant operating efficiencies
 - Fragmented market



Enlarged Pipeline



Financials



Income Statement

£m	Animalcare (y/e Jun)			Ecuphar (y/e Dec)			Aggregated ⁽¹⁾
	2014	2015	2016	2014	2015	2016	2016
Revenue	12.9	13.5	14.7	34.5	47.1	68.4	83.9
<i>% change</i>		5%	9%		37%	45%	
Gross Margin	7.1	7.6	8.0	10.6	16.5	28.3	37.0
<i>% of revenue</i>	55%	56%	54%	31%	35%	41%	44%
Underlying EBITDA	3.2	3.4	3.5	4.2	4.8	8.9	12.9
<i>% of revenue</i>	25%	25%	24%	12%	10%	13%	15%
Underlying Net Earnings	2.2	2.6	2.7	1.5	1.3	4.0	7.1

⁽¹⁾ Aggregated financials are calendarised for Animalcare for the 12 months ending 31 December 2016

Balance Sheet

£m	Animalcare (31 Dec)			Ecuphar (31 Dec)			Aggregated
	2014	2015	2016	2014	2015	2016	2016
Non - current assets	14.4	15.2	16.3	10.8	30.4	33.3	49.6
Net working capital	1.4	1.0	1.1	4.4	12.9	10.8	11.9
Net cash / (debt)	5.0	6.0	7.0	(9.8)	(27.9)	(23.8)	(16.8)
Other liabilities	0.8	0.8	1.0	0.1	0.1	0.4	1.4
Equity	20.0	21.5	23.3	5.3	15.3	19.9	43.2

Cash Flow Statement

£m	Animalcare (y/e Jun)			Ecuphar (y/e Dec)		
	2014	2015	2016	2014	2015	2016
Operating cash flow before WC	3.2	3.5	3.6	4.0	3.4	8.4
Change in working capital	(1.5)	1.0	0.9	(1.3)	(4.3)	2.0
Income tax paid	(0.6)	(0.6)	(0.4)	(0.4)	(0.4)	(1.1)
Net cash flow from operating activities	1.1	3.9	4.1	2.3	(1.3)	9.3
Capex	(0.2)	(0.8)	(1.6)	(0.9)	(1.3)	(1.6)
Other investing activities	0.0	0.0	0.1	0.1	(26.0)	2.8
Net cash flow from investing activities	(0.2)	(0.8)	(1.6)	(0.8)	(27.3)	1.2
Net cash flow from financing activities	(0.8)	(1.1)	(1.2)	(1.7)	28.5	(10.4)
Net cash flow	0.1	2.0	1.3	(0.2)	(0.1)	0.1

Combined Strategy



Combined Strategy

Short term

- Initiate cross selling opportunities
- Implement business integration
 - Combine product development activities
 - Supply chain optimization

Mid term

- Develop wider network partnership opportunities
- Leverage platform with accretive opportunities
- Diversify the product portfolio into additional therapeutic areas

Longer term

- Shift towards broadening pipeline to include novel therapies

Transaction & Fundraising



Transaction Details

- Enlarged group to retain the Animalcare name
- Deal structure agreed on a consolidated group ratio of 37:63 (Animalcare: Ecuphar)
- Animalcare shares in issue prior to transaction c. 21.2 million
- £134.6m consideration for Ecuphar to be satisfied in cash and shares:
 - £30 million cash from proposed fundraising
 - £4 million cash from existing cash resources
 - 28.75 million shares
- Number of Animalcare shares at admission 59.9 million
- Holdings of Ecuphar shareholders in enlarged group
 - Chris Cardon: 23.1%⁽¹⁾
 - Marc Coucke: 23.1%
 - Other Ecuphar shareholders: 1.7%
- 12 month lock-ins / 12 month orderly markets agreed with Chris Cardon and Marc Coucke

In Conclusion



In Conclusion

- Highly complementary acquisition
- Bringing together two businesses in the most valuable territories in Europe
- Fast growing, highly cash generative, dividend paying
- Solid pipeline of new products
- Creating a platform for further growth
- Strong management and organisation to deliver value
- Acquisition believed to be enhancing to the Board's expectations of underlying earnings in first full financial year



***Transaction provides a unique opportunity to
become a leading pan-European veterinary
pharmaceutical business***

Appendix



Enlarged Group Board on Re-Admission

Non-Executive Directors

Jan Boone – Chairman

- CEO Lotus Bakeries

Ed Torr – Senior Independent

- Former Director of Product and Business Development, Dechra Pharmaceuticals PLC

James Lambert

- Chairman Animalcare Group plc

Marc Coucke

- Founder and former CEO Omega Pharma

Nick Downshire

- NED Animalcare Group plc

Executive Directors

CEO – Chris Cardon

- Founder and CEO Ecuphar

COO – Iain Menneer

- CEO Animalcare Group plc

CFO – Walter Beyers

- CFO Ecuphar

Animalcare and Ecuphar Have the Same Business Model

- Products are sourced through in-house development, as well as through product acquisitions, strategic alliances and distribution partnerships
- Vet practices are the end customers and targeted by the sales teams, although they are usually invoiced and physically supplied through wholesalers

