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# Full year results 2020

**Jenny Winter**, Chief Executive Officer  
**Chris Brewster**, Chief Financial Officer

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# Strategic progress in extraordinarily challenging year



## Strong finances

Financial sustainability through revenue growth, cash conversion, EPS growth and EBITDA margin growth

- ✓ Cash conversion 102.9%
- ✓ Net debt further reduced to £13.6m



## Key leadership

Organisation for success; leadership strength and core capabilities

- ✓ 11% improvement in engagement
- ✓ New structure focused on growth



## Growth portfolio

Focused portfolio in key therapy areas in growing market segments

- ✓ Top 40 account for 71% of sales
- ✓ Portfolio streamlined to c200 brands



## Business development

Work with partners to build a pipeline of products that meet our criteria for growth

- ✓ STEM deal targets biofilm diseases
- ✓ Strengthened BD capability



## Innovative pipeline

Launch new products and develop differentiated and innovative pipeline of products for the future

- ✓ CVMP positive opinion for Daxocox
- ✓ Pipeline projects initiated

2020

# Financial highlights 2020



## Revenue

£70.5m

↓0.9%

Down 2.0% at CER

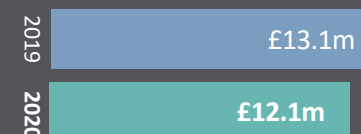


## Underlying\* EBITDA

£12.1m

↓8.0%

Underlying EBITDA margin 17.2%; 18.5% for prior year



## Underlying cash conversion

↓102.9%

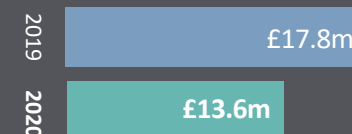


## Net debt

£13.6m

↓£4.2m

Underlying EBITDA leverage ratio at 1.1 times

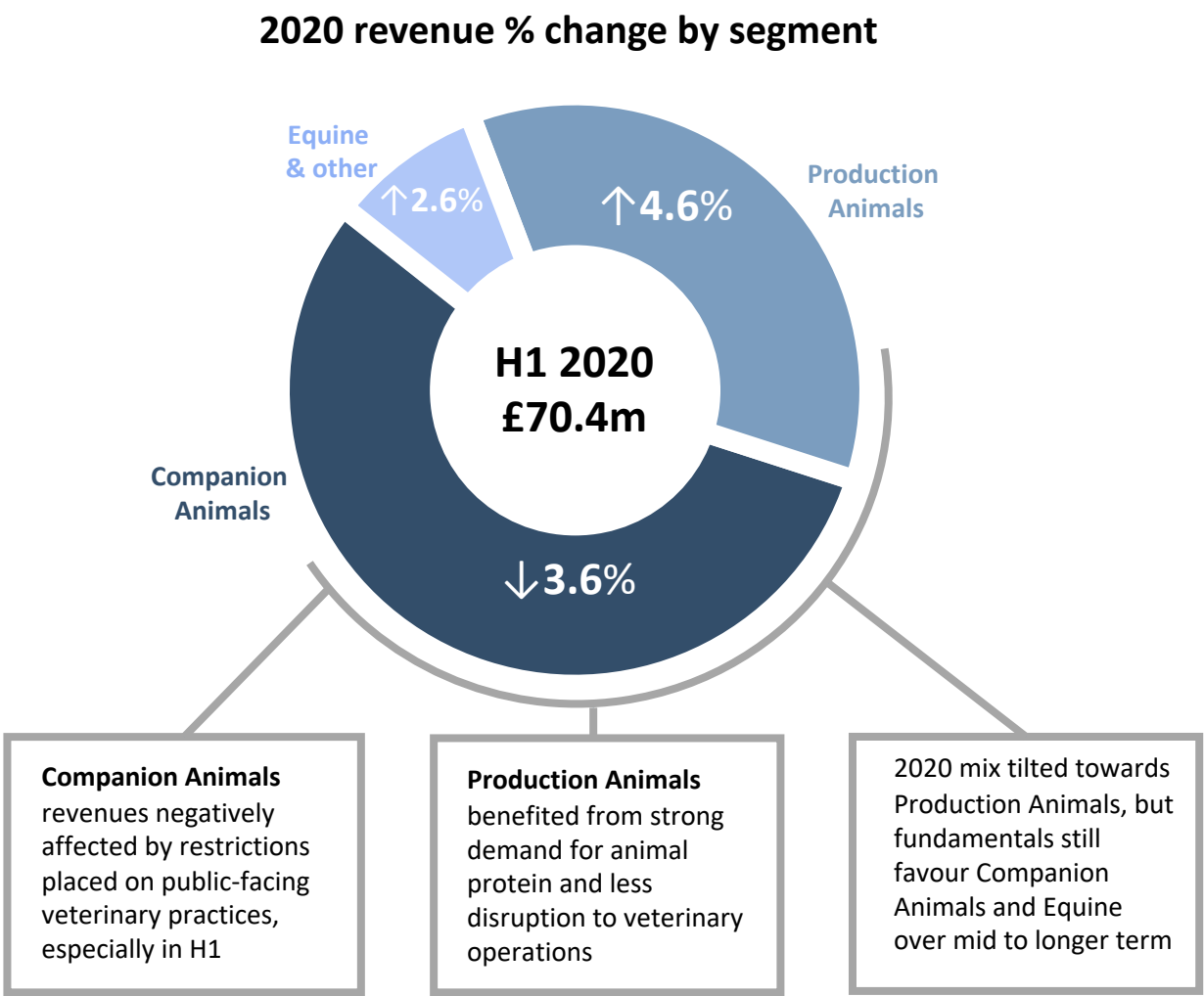
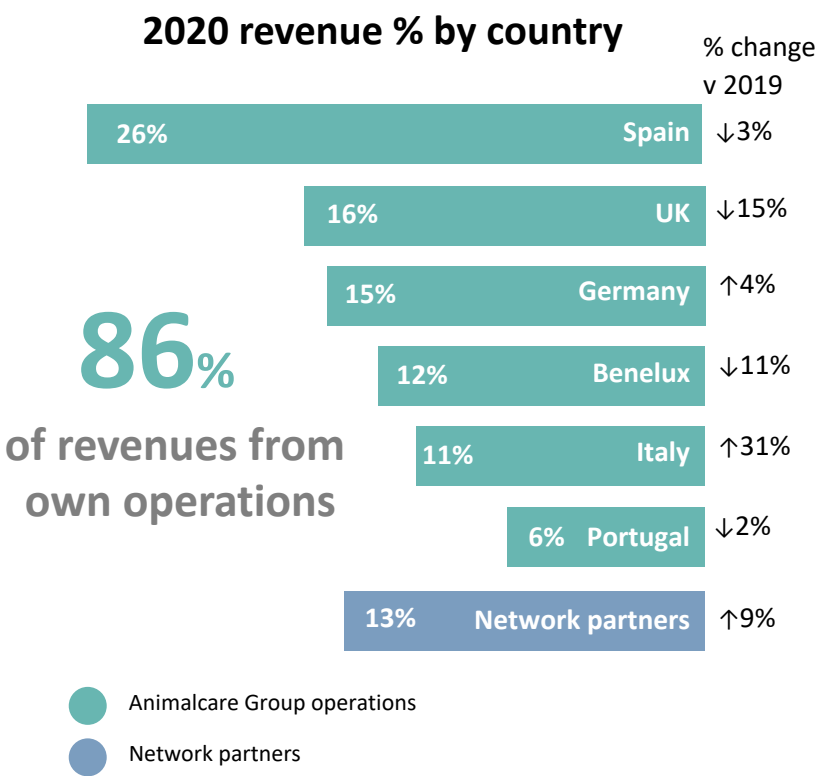


## 2020 final dividend

Board proposes 2.0 pence per share dividend payment reflecting trading resilience, financial strength and confident outlook

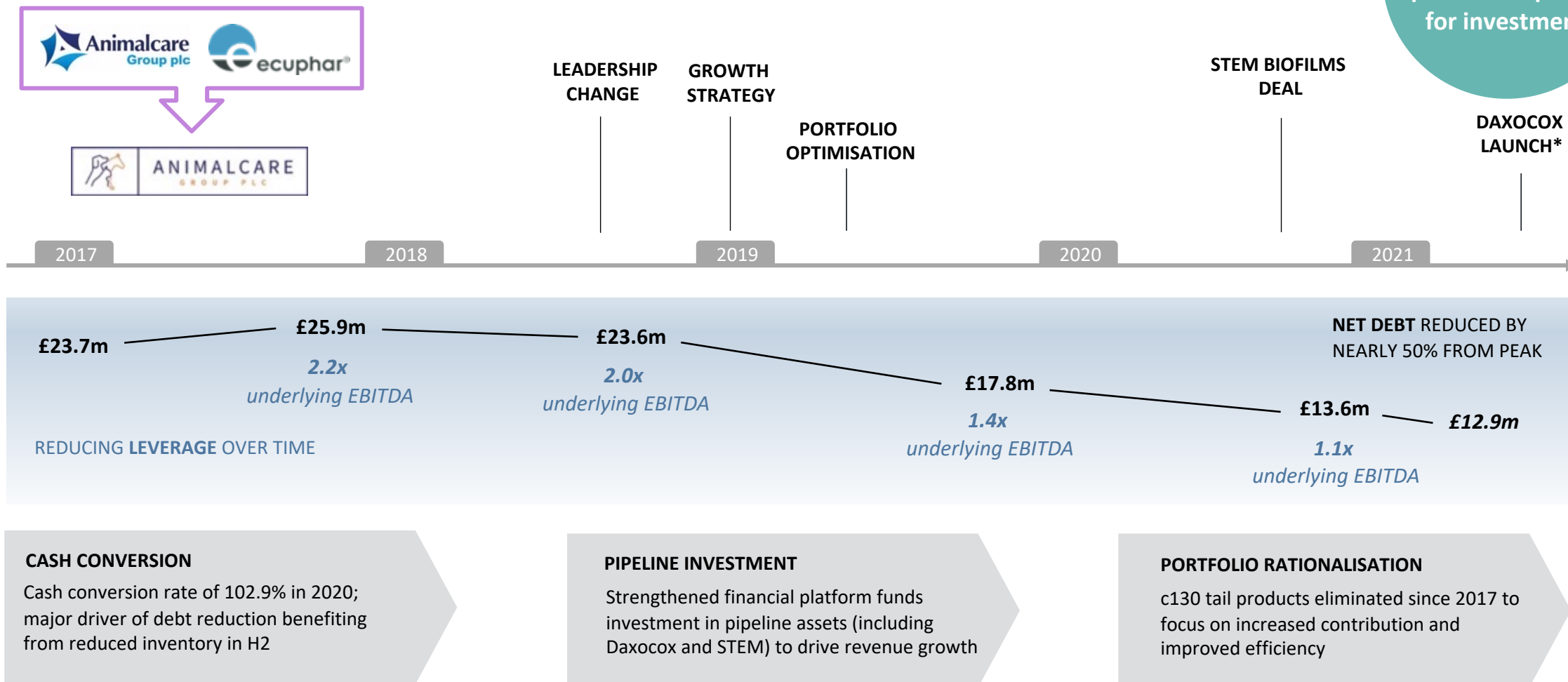
\* Underlying measures are before the effect of non-underlying items which excludes fair value adjustments on acquired inventory, amortisation of acquired intangibles and acquisition and integration costs.

# Variable market dynamics during 2020



# Financial platform enables growth strategy

Strengthening balance sheet provides capacity for investment



\* Subject to regulatory approval



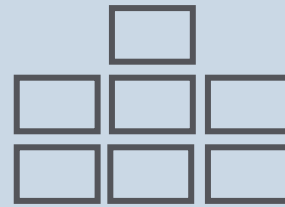
# Advancing leadership agenda



↑11%

GALLUP

- Double-digit improvement in employee engagement
- Upper percentile rank of the Gallup Q12 participants database
- Increased participation – 89% of employee population



- New organisation structure implemented in February 2021
- Increased focus/accountability on delivery of growth strategy
- Streamlined, highly experienced Senior Leadership Team



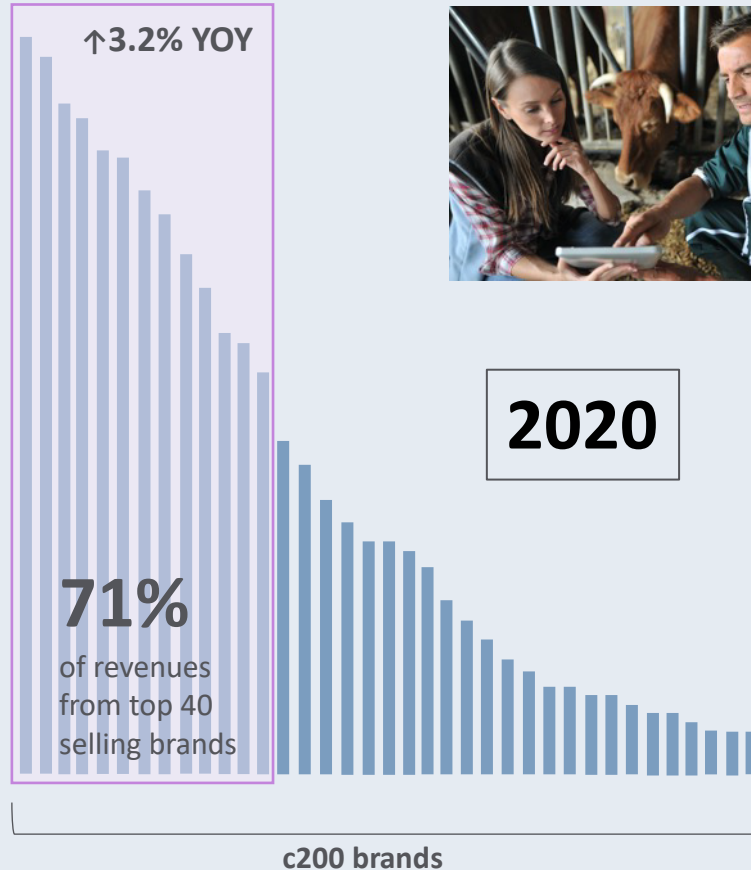
- New Animalcare branding launched in March 2021
- Pragmatic approach builds on brand equity and heritage
- Strong, consistent brand unites one international team with shared purpose



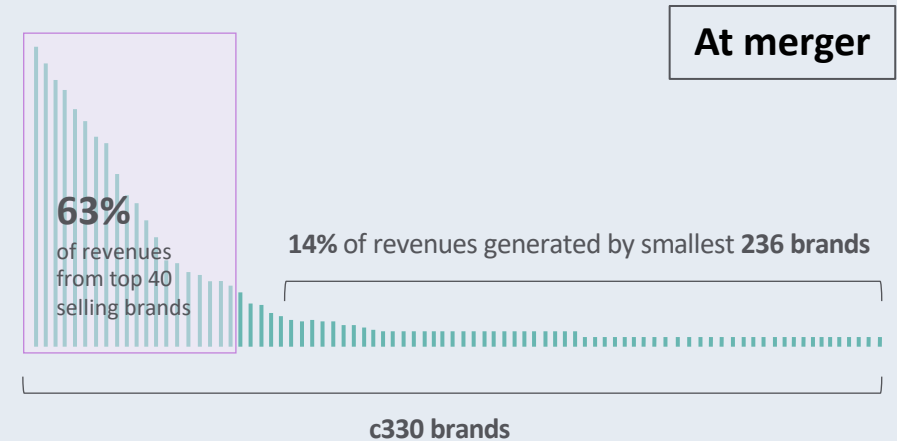




# Improving quality and shape of portfolio



**Smaller number of higher selling, higher margin** products increases management focus and impact of sales and marketing activity





# Pipeline and business development delivering



**R&D investment  
expected to double in 2022  
to deliver on pipeline  
opportunities**

**7%\***

\* Investment as  
percentage of revenues

## Daxocox

- EU Marketing authorisation expected mid-April
  - Launch planned early in second half 2021
  - Extend geographic reach through partnerships
  - Daxocox a new addition to fast-growing mixed chronic/acute pain market: £130m segment in Europe alone
  - Competing in same market as NSAIDs and future novels such as mAb products
- Pipeline life cycle management (LCM) projects initiated for additional indications, formulations and territories

## STEM

- Launch of first STEM biofilm products planned for Q4 2021 following completion of manufacturing transfer to Europe
- Biofilm pipeline projects initiated, particularly for otitis

# Summary and outlook



## Summary

- Resilient performance in face of pandemic
- Strong cash generation
- Continuing reduction in net debt
- Increased capacity to invest in growth
- Strategic and operational progress on all fronts
- Pipeline and business development delivering

## Outlook

- Encouraging Q1 revenues; well ahead of 2020
- Expect return to revenue growth for 2021
- Anticipate return to normal trading over course of year despite ongoing COVID-19 uncertainties