



Animalcare Group plc Results Presentation

For the financial year to 30th June 2015

Investment Case

- **Animalcare is a sustainable growing business** in a growing market
- **Animalcare is cash generative** and debt-free
- **Animalcare is dividend paying** and expects to maintain its current dividend policy during its investment phase
- **Animalcare is implementing a clear strategy** to accelerate its growth over the next 3 to 5 years

Product Group Descriptions

Licensed Veterinary Medicines

- Mainly generic medicines for treatment of companion animals
- Core therapy areas
 - Fluid therapy
 - Pain relief
 - Antibacterials
 - Chronic/senior diseases



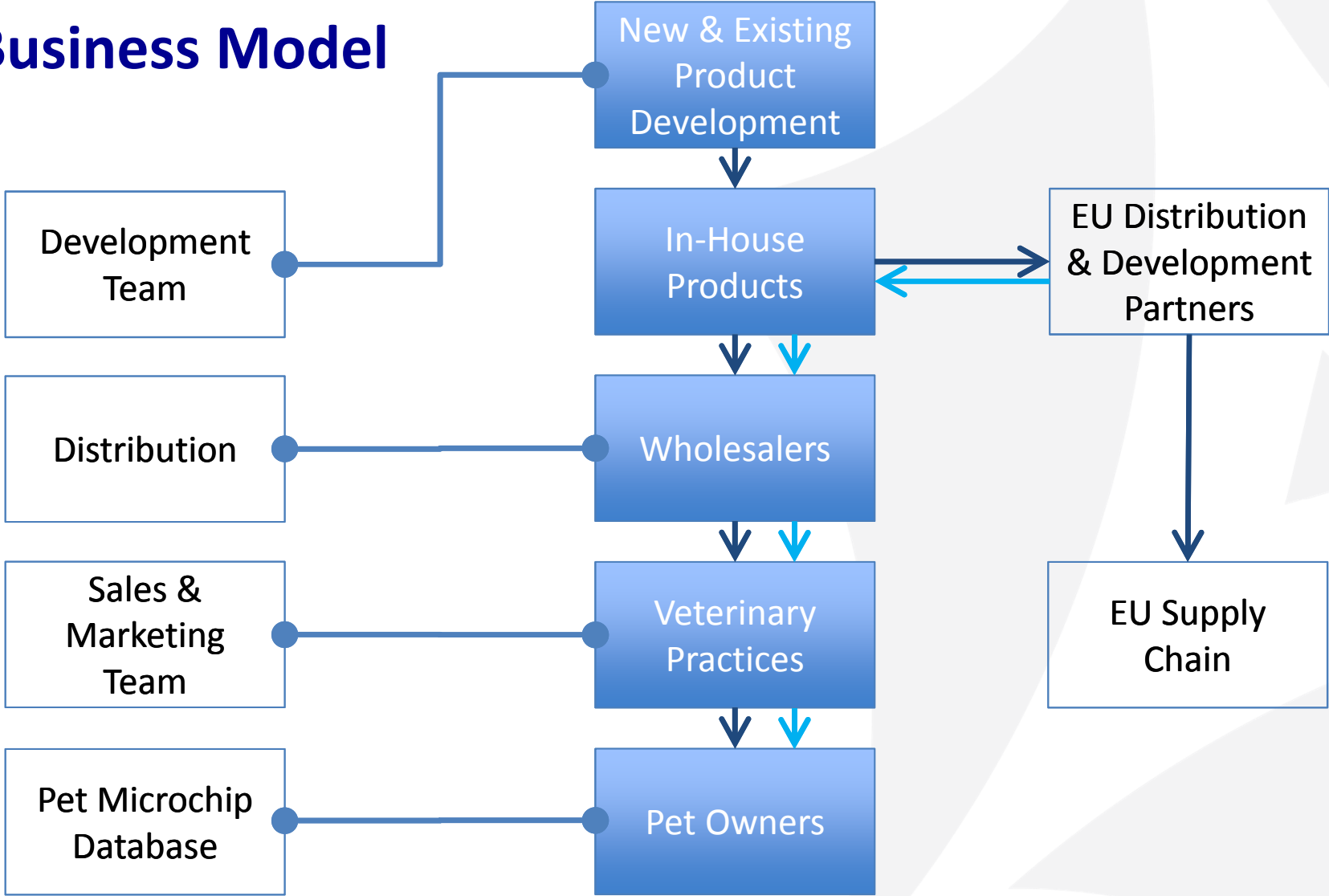
Animal Welfare Products

- Broad range of lower margin support products
- Infusion Accessories 53% of AWP group: synergy with IV fluid range
- Other unconnected products
 - Bandages, instruments, hygiene

Companion Animal Identification

- Identichip branded microchips
- Anibase pet database
 - 4.2m registered pet owners
- Revenue from insurance, premium services and database admin fees

Business Model

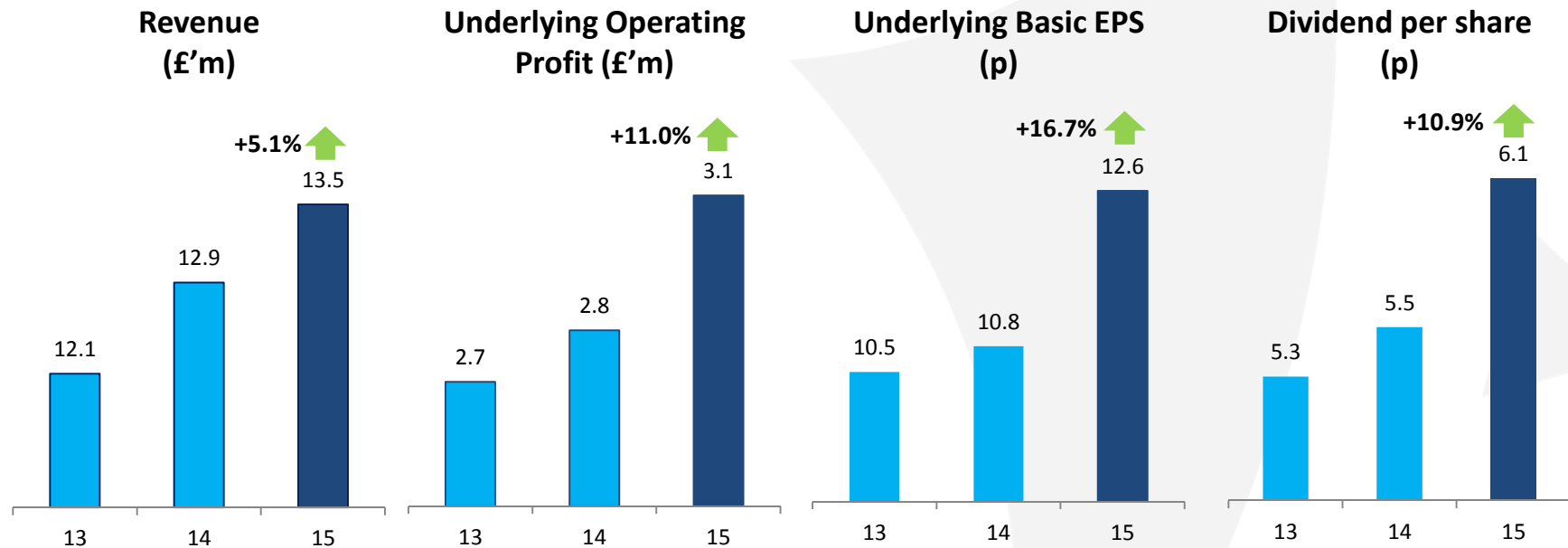


Market Review

- Pet medicines market £332m +1.1% MAT to March 2015 (NOAH)
- Dog and cat population has declined between 2013 & 15 (PFMA)
 - Dogs: -4.7% to 8.5m; cats: -6.8% to 7.4m
 - Animalcare protected from decline in numbers due to product mix
- Opportunities from within consolidating customer base
 - Successfully working to increase profile with key accounts
- Less merger and acquisition activity in 2015 YTD
- Product acquisition or in-licensing opportunities still available

(National Office of Animal Health, www.noah.co.uk ; Pet Food Manufacturers' Association, www.pfma.co.uk)

Financial Results – FY15



- Board recommending increase in final dividend to 4.3p per share – total dividend up 10.9% to 6.1p per share, in line with underlying earnings
- Very strong net cash generation in the year with cash balances at £5.8m (30th June 2014: £3.8m)

Underlying measures are before the effect of exceptional costs and other items

Product Group Performance

Licensed Veterinary Medicines

- FY15 revenues: £8.6m
- +8.8% vs FY14
- Lfl +5.5%: strong contribution from higher margin mature products, including c£0.2m non-recurring H1 benefit from Buprecare sales
- Balance of growth from five new distribution products including Pet Remedy and Synthadon
- Growing ahead of market

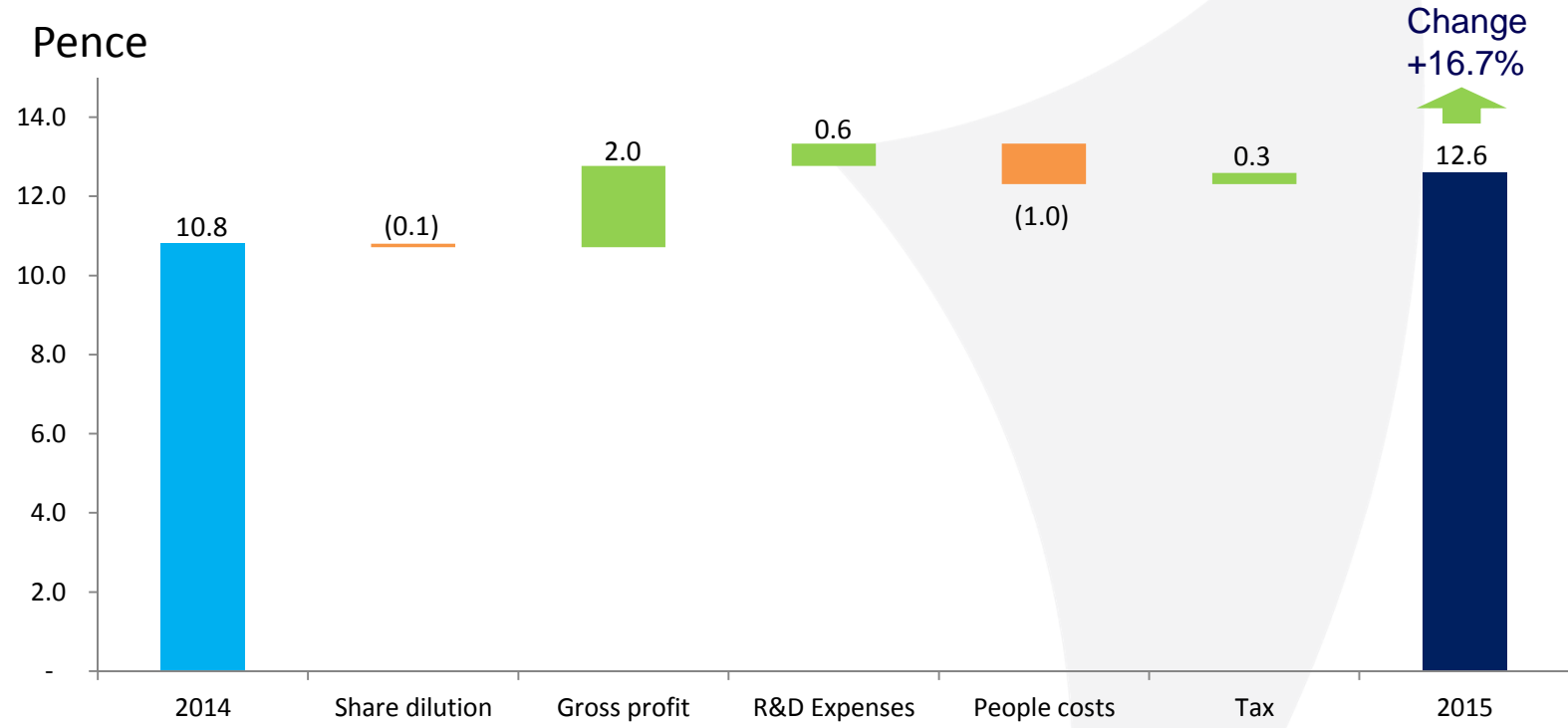
Companion Animal Identification

- FY15 revenues: £2.3m
- -4.5% vs FY14
- Equine export phasing impact on revenues -4.0%
- +1.7% growth in standard chip volumes offset by fall in average price – driven by market competition
- Sale of follow on services +1.8%. Focus on pet insurance offering

Animal Welfare Products

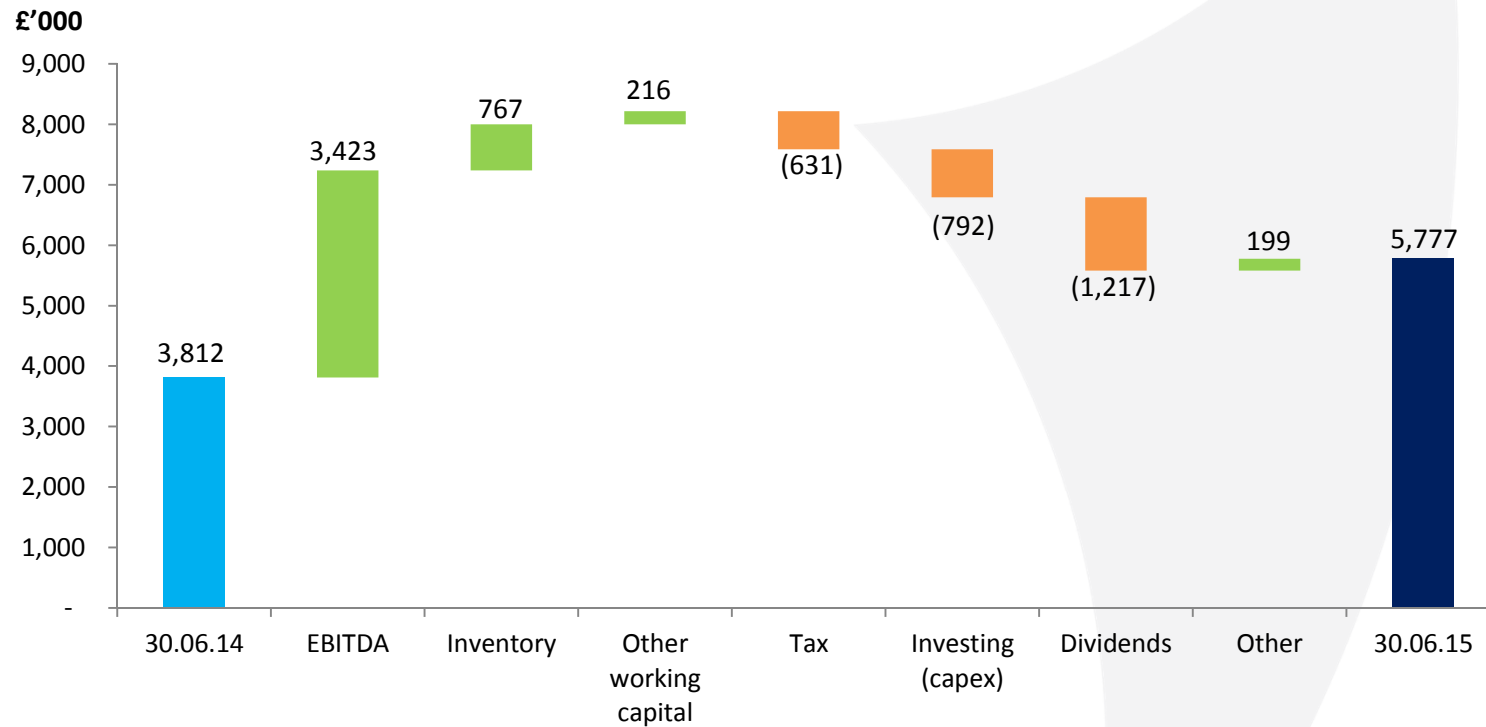
- FY15 revenues: £2.6m
- +2.6% vs FY14
- Infusion Accessories growing +5.3% and now 53% of AWP group
- Continue to rationalise older lower margin lines

EPS Analysis



- Strong gross profit contribution from Licensed Veterinary Medicines
- Overheads excluding R&D expenses up £0.2m to £4.3m; operating margin improved by 120 basis points to 23%
- Effective tax rate at 16% vs 20% FY14 – principally R&D benefit through increased NPD

Cash Flow Analysis



- Stock levels decreased by £0.8m, ahead of plan – maintained focus on inventory optimisation
- NPD expenditure increased 400% to £0.8m – expect further growth in FY16

Enter FY16 in strong position to invest for growth

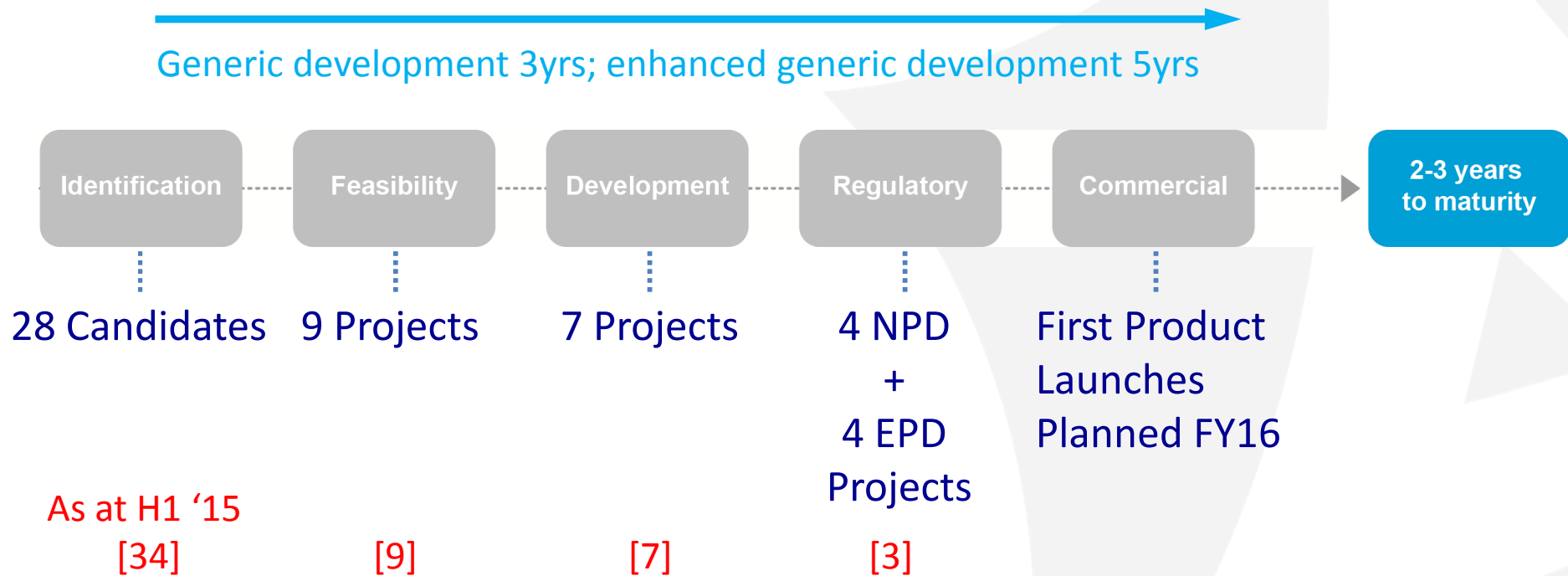
Platform For Growth

- Development of Senior Management Team now complete
 - Head of Marketing, ex-Teva head of generics, joined January 2015
 - Head of European Development joined July 2015, ex-Novartis AH leadership team
- Sales Team
 - Reorganisation now complete (regional managers; succession planning structure; telesales)
 - Key Account Manager appointed to enhance response to evolving customer base
- Technical and Product Development
 - Further recruitment in progress to ensure opportunities are fully exploited

Strategy: 2015 to 2018

- Identify product candidates to maintain flow into and through development pipeline
- Increase efforts to license in new pharmaceutical products
- Assess opportunities to innovate and strengthen Companion Animal Identification group
- Increase our revenues from outside the UK

In-house New & Existing Product Development



As at H1 '15

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- First in-house projects in regulatory assessment for 4 years
- First successful registration of a significant EPD product in 8 years
- Significant revenue potential from projects in the pipeline

Outlook: *A strong platform for growth*

- Plans, capacity and financial resources to invest even further in product development in place, whilst maintaining dividend
- NPD pipeline momentum gathering pace and external opportunities increasing
- On target for medium-term growth as planned

Debt-free, cash generative and very well positioned for future growth through investment in product pipeline

Appendices

Appendix 1: Profit and Loss

	Year ended 30.06.15			Year ended 30.06.14		
	Underlying	Exceptionals	Total	Underlying	Exceptionals	Total
Revenue	13,536	-	13,536	12,881	-	12,881
Cost of sales	(5,963)	-	(5,963)	(5,739)	-	(5,739)
Gross Profit	7,573	-	7,573	7,142	-	7,142
Distribution costs	(279)	-	(279)	(257)	-	(257)
Research & development expenses	(143)	-	(143)	(260)	-	(260)
SG&A expenses	(4,041)	(110)	(4,151)	(3,823)	(119)	(3,942)
Operating profit/(loss)	3,110	(110)	3,000	2,802	(119)	2,683
Finance income/(expense)	27	(17)	10	27	(38)	(11)
Profit/(loss) before tax	3,137	(127)	3,010	2,829	(157)	2,672
Income tax (expense)/credit	(502)	26	(476)	(570)	35	(535)
Profit after tax	2,635	(101)	2,534	2,259	(122)	2,137
EPS						
Basic	12.6p		12.1p	10.8 p		10.3 p
Fully diluted	12.5p		12.0p	10.8 p		10.2 p

Appendix 2: Summary Balance Sheet

£'000	2015	2014
Goodwill	12,711	12,711
Other intangible assets	1,780	1,327
Property, plant and equipment	306	372
Non-current assets	14,797	14,410
Inventories	1,653	2,420
Trade and other receivables	2,247	1,883
Cash and cash equivalents	5,777	3,812
Current assets	9,677	8,115
Total assets	24,474	22,525
Trade and other payables	(2,186)	(1,606)
Current tax liabilities	(212)	(385)
Deferred income	(234)	(242)
Current liabilities	(2,632)	(2,233)
Deferred income	(724)	(730)
Deferred tax liabilities	(127)	(109)
Total liabilities	(3,483)	(3,072)
Net assets	20,991	19,453

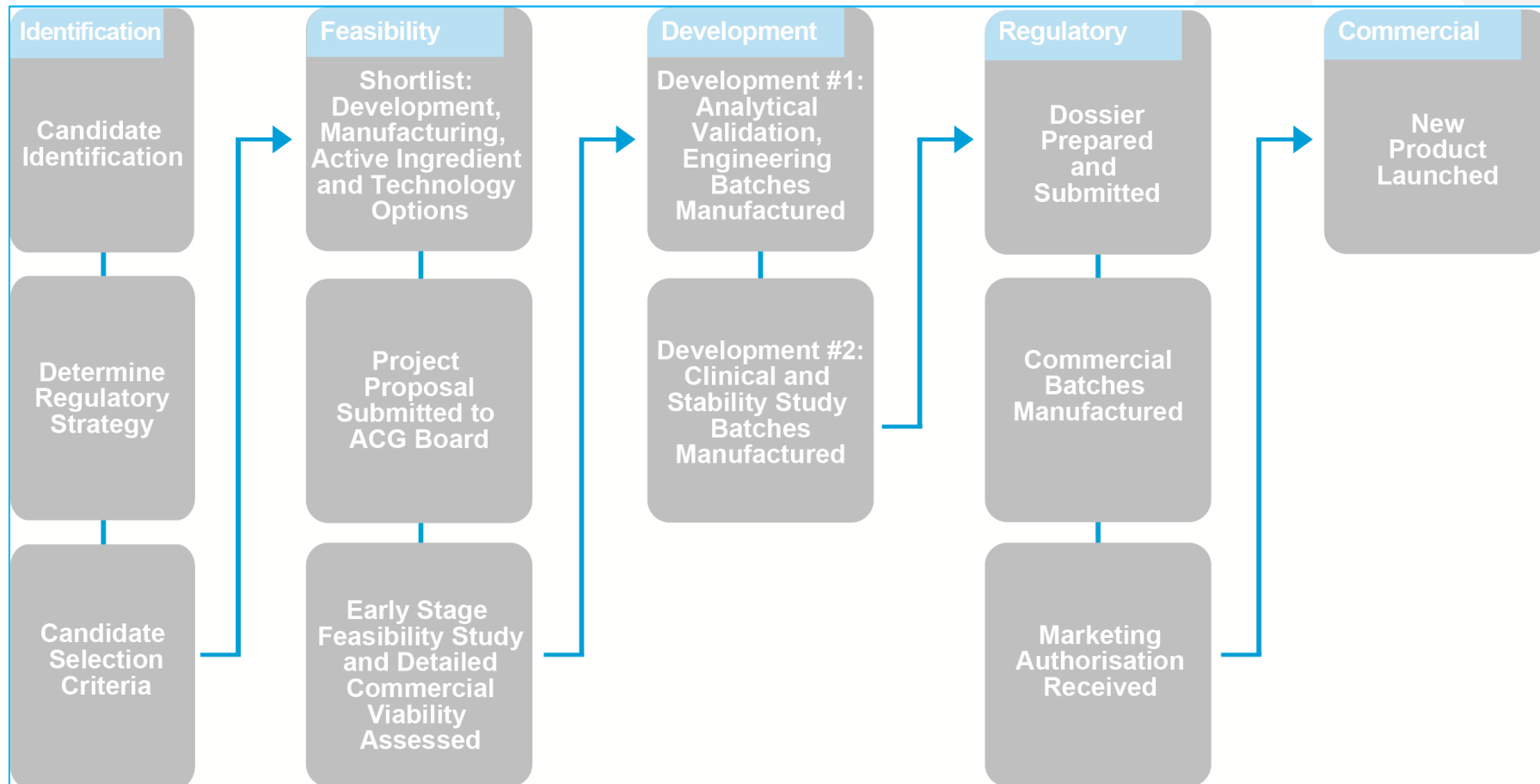
Appendix 3: Cash flow

£'000	2015	2014
Profit before tax	3,010	2,672
Depreciation & amortisation	432	479
Other non-cash movements	98	76
Operating cash flows before w/c movements	3,540	3,227
Movement in inventories	767	(1,002)
Movement in receivables	(392)	(221)
Movement in payables	608	(376)
Cash generated by operations	4,523	1,628
Income taxes paid	(631)	(561)
Net cash flow from operating activities	3,892	1,067
Investing activities	(792)	(202)
Dividends	(1,217)	(1,103)
Issue of share capital	82	305
Net increase in cash	1,965	67
Cash balances at 30th June	5,777	3,812

Appendix 4: Exceptional and other items

£'000	2015	2014
Amortisation of acquired intangibles	119	119
Supplier legal dispute	(9)	-
Interest rate swap refund	(18)	-
Fair value movements on FX hedging	35	38
	127	157

Rigorous Product Development Process



- Structured development process
- Project progress monitored against timetable and budget

Important Notice

This document contains certain forward looking statements.

Forward looking statements reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. These statements also reflect the Company's current view of the risks, uncertainties and assumptions with respect to future financial performance, strategy and future plans. Accordingly there are or will be factors that could cause the results to differ materially from those expressed or implied by those statements.

Therefore no statement in this document is intended as a profit forecast.