

## CHAIRMAN'S STATEMENT



*“We believe we have created a platform for strong future growth”*

JAN BOONE

NON EXECUTIVE CHAIRMAN

2017 was a transformational year for Animalcare Group plc. Whilst characterised by continued organic growth, the most dominant factor during the year was the reverse acquisition of Ecuphar NV (“Ecuphar”). The transaction completed on 13<sup>th</sup> July 2017 and our statutory results for the year ended December 2017 reflect a full 12 months contribution from Ecuphar and five and a half months of Animalcare Group plc (“Animalcare”), as previously constituted. 2016 comparatives are only for the Ecuphar business.

### Financial Trading

Group revenue increased by 22.4% to £83.7m (2016: £68.4m) with 11.3% organic growth within the Ecuphar business which contributed £76.1m to overall Group revenues and £7.6m from the original Animalcare business. Underlying EBITDA (which excludes fair value adjustments on acquired inventory, amortisation of acquired intangibles and acquisition and integration costs) increased by 11.9% to £10.0m (2016: £8.9m) with £1.6m contributed by the Animalcare business. This performance primarily reflects the impact of lower gross margins, investments to support future growth and the disposal of Nutriscience which Ecuphar sold in October 2016. Including non-underlying items, the Group’s profit before tax decreased to £0.5m (2016: £5.1m). The Group generated £2.6m (2016: £9.3m) net cash from operations which included a cash outflow from non-underlying items totalling £3.8m.

Further details on business performance can be found in the CEO Review and CFO Review respectively.

### Board

Following the acquisition, the executive Directors comprised Chris Cardon, who took on the role of Chief Executive Officer for the enlarged group, supported by Iain Menneer as Chief Operating Officer and Walter Beyers as Chief Financial Officer. In September 2017 Chris Brewster, who at the time of the acquisition stood down as a Board Director but remained within the business, was reappointed to the Board as Chief Financial Officer, replacing Walter Beyers who resigned

to pursue other interests. More recently Iain Menneer stood down as Chief Operating Officer. I would like to take the opportunity to recognise both Iain’s and Walter’s contributions and we wish them well for the future.

### Dividend

The Board is proposing a final dividend of 2.0 pence per share, which when added to the second interim dividend of 4.7 pence per shares gives a total dividend of 6.7 pence per share since the reverse acquisition. This final dividend is subject to shareholder approval at the Annual General Meeting on 27<sup>th</sup> June 2018 and will be paid on 6<sup>th</sup> July 2018 to shareholders on the register at the close of business on 8<sup>th</sup> June 2018.

### Product Development


A key strategy for growth remains the continued cultivation of a strong new product development pipeline. In 2017 we launched Acecare, a sedative, from Animalcare’s original UK pipeline and sales have performed in line with internal forecasts. We have deliberately focused the development team on 17 active projects and we have a steady flow of products that are going through registration and are expected to launch in 2018 and 2019.

### Summary and Outlook

Having brought together two highly complementary businesses, in particular with regard to our respective geographic markets, product portfolios and product development pipelines, we are growing a successful pan-European animal health business. We have the opportunity to continue this growth through further strategic acquisitions, but also through organic growth focused on existing products and our product development pipeline, as well as the synergies and benefits of cross-selling which we expect to see impacting our Q4 2018 performance and more meaningfully in 2019. We believe we have created a platform for strong future growth and I look forward to updating on our progress.

JAN BOONE  
NON-EXECUTIVE CHAIRMAN

 READ ABOUT OUR GROUP AT A GLANCE ON PAGES 04 AND 05

 READ ABOUT OUR CORPORATE GOVERNANCE ON PAGES 28 TO 31