






2007 annual earnings Vétoquinol





Outline

-  **Operating highlights for 2007**
-  **Consolidated financial statements for the year ended December 31, 2007**
-  **Strategy and outlook**



> Operating highlights
for 2007



> Operating highlights for 2007

2007, a good year

Revenues
233.4 M euros

+10.3%

**Cash earnings from
operations/REV**

12.5%

Net income (group share)
18.6 M euros

+17.7%

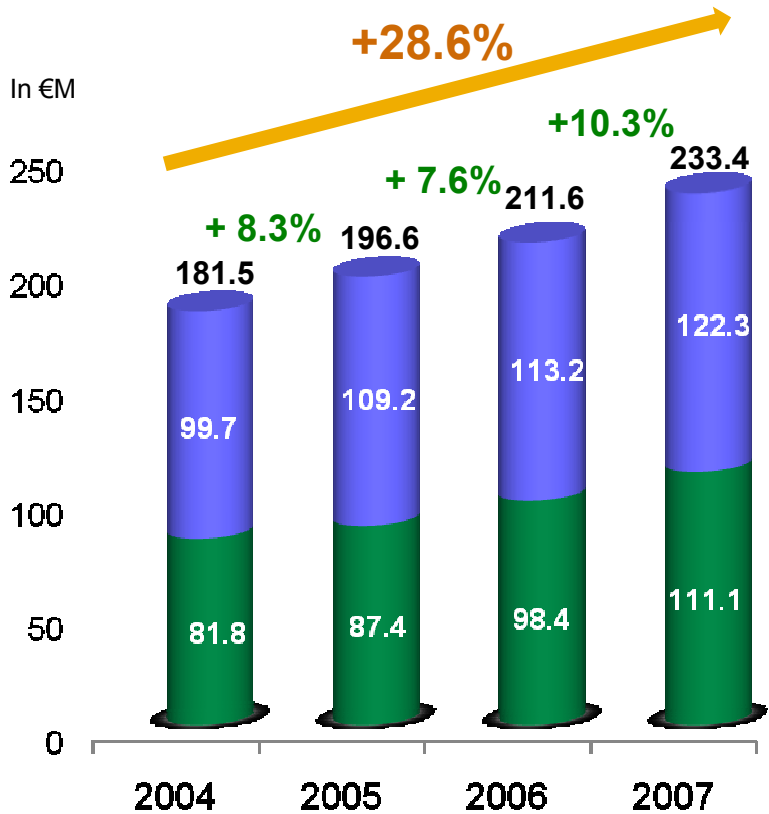
Gearing

0%



> Operating highlights for 2007

Pursuit of sustained growth



⊗ Increase on a constant scope basis: **+7.6%**

- 2nd half
- 1st half



> Operating highlights for 2007

Vétoquinol: number 3 in terms of global growth in 2007

Data in USD

 Global market growth strong: +11.4%

	Current scope		Constant scope	
1	Schering-Plough	+37.5%	Boehringer Ingelheim	+ 19.0%
2	CEVA	+24.2%	Schering-Plough	+ 17.4%
3	Vétoquinol	+20.3%	Vétoquinol	+ 15.9%
4	Virbac	+19.3%	CEVA	+15.6%
5	Boehringer Ingelheim	+19.0%	Bayer	+15.6%

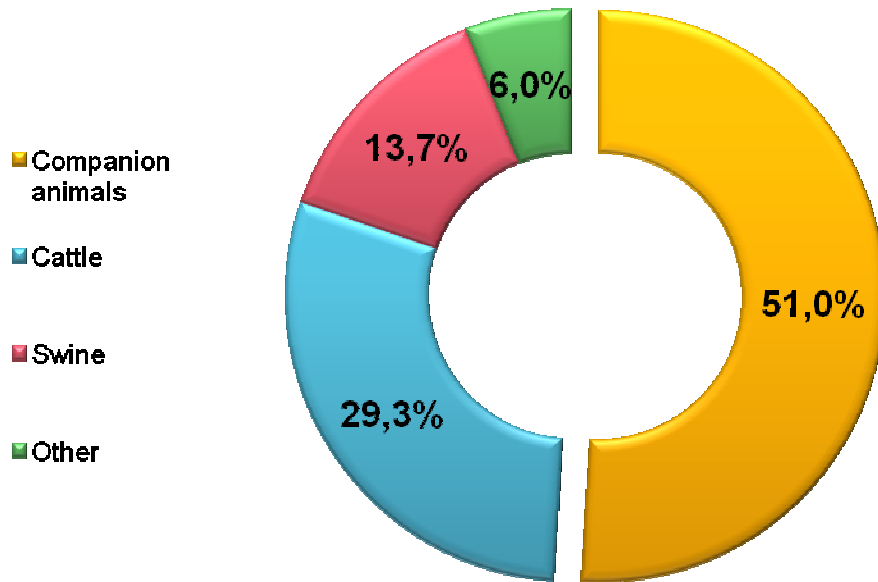
Source: Vetnosis – March 2008 – Preliminary results



> Operating highlights for 2007

A balanced portfolio, species wise

2007 revenue: 233.4 M€



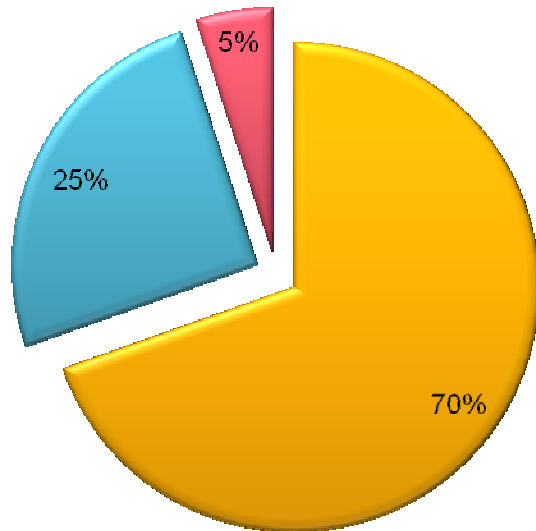
- Strong growth in companion animal line: **+18%**
- Cattle line growth: **+7%**



> Operating highlights for 2007

Diversified geographic presence

2007 revenues: 233.4 M €



■ Europe

■ North America

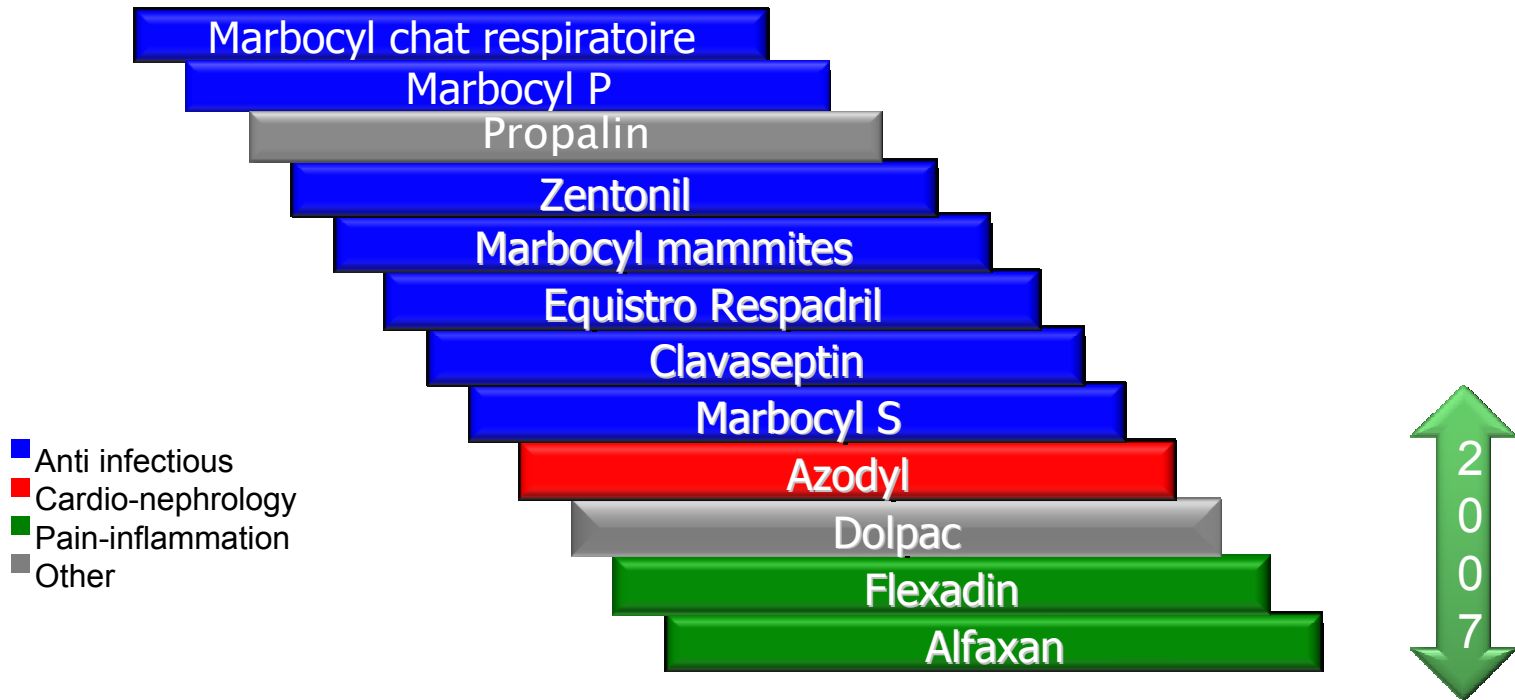
■ Other

- Strong growth in North America: **+19.4%**
- Europe: **+8.1%**



> Operating highlights for 2007

Our approach is one of continuous product innovation



2.4 new products launched each year, 2003-2007



Vétoquinol
Signe de Passion

> Operating highlights for 2007

New

Your patients trust you to know about...

A new injectable general anaesthetic

- Licensed for sedation and anaesthesia of equines
- Licensed for dogs and cats
- Smooth induction, reliable anaesthesia
- Excellent quality of recovery
- Good cardiovascular and respiratory stability
- Wide safety margin

Get a step closer to ideal anaesthesia

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Éliminer l'inflammation respiratoire. Marbocyl S module l'efficacité du premier coup. Avec une résolution clinique en un délai d'attente le plus réduit possible. Il agit sur l'inflammation au niveau de la muqueuse et permet de combattre l'infection.

Couper court à l'infection respiratoire

Nous l'éradiquons du premier coup par injection unique.

Marbocyl S

Recherche Limitée
www.marbocyl.fr

Give your pet's ailing kidneys a reason to celebrate!

Give kidneys a chance!

Hang in there, folks and Rover!

Long live cats and dogs!

Kidney disease and your pet

Vétoquinol
Signe de Passion

FLEXADIN®, le seul chondro-protecteur COMPLET, qui protège ET soulage !

Vétoquinol
Signe de Passion

INCREASING QUALITY OF LIFE AND LONGEVITY DESPITE CRP

MISSION ACCOMPLISHED, DAY AFTER DAY, THANKS TO IPAKITINE'S SPECIALISTS IN INCREASED PROTECTION.

CHITOSAN SPECIAL AGENT. ALIAS: THE KIDNEY PROTECTOR

CALCIUM CARBONATE AGENT. ALIAS: THE PROFOUND ELIMINATOR

IPAKITINE

HIGH LEVEL KIDNEY PROTECTION

The reduction of phosphorus in the serum allows CRP treatment. Controls the release of pro-inflammatory cytokines and reduces the production of inflammatory mediators. Controls the release of pro-inflammatory cytokines and reduces the production of inflammatory mediators. Controls the release of pro-inflammatory cytokines and reduces the production of inflammatory mediators.

www.ipakitine.com

Vétoquinol
Signe de Passion

Des liens étroits unissent parfois l'homme et l'animal - et l'importance d'une vermifugation efficace. Pour une protection globale, rien n'égalé le Programme Dolpac. Grâce à son large spectre d'action, chiens et humains sont protégés. Le nouveau Programme de vermifugation Dolpac, ce n'est pas que les chiens que MOUS protègeants

PROTEGES

dolpac
PROGRAMME



> Operating highlights for 2007

A proactive geographic expansion policy

- Acquisition of Vet Solutions (US)
 - Increase in number of reps in the United States
 - Strong revenue growth: **+12%** (in US\$)

- Establishment of a subsidiary in Portugal (April 2007)
 - Increase in business and profit margin

- Acquisition of our distributor in Scandinavia (December 2007)
 - Region covered: Denmark, Sweden, Norway

- Pursuit of negotiations in China



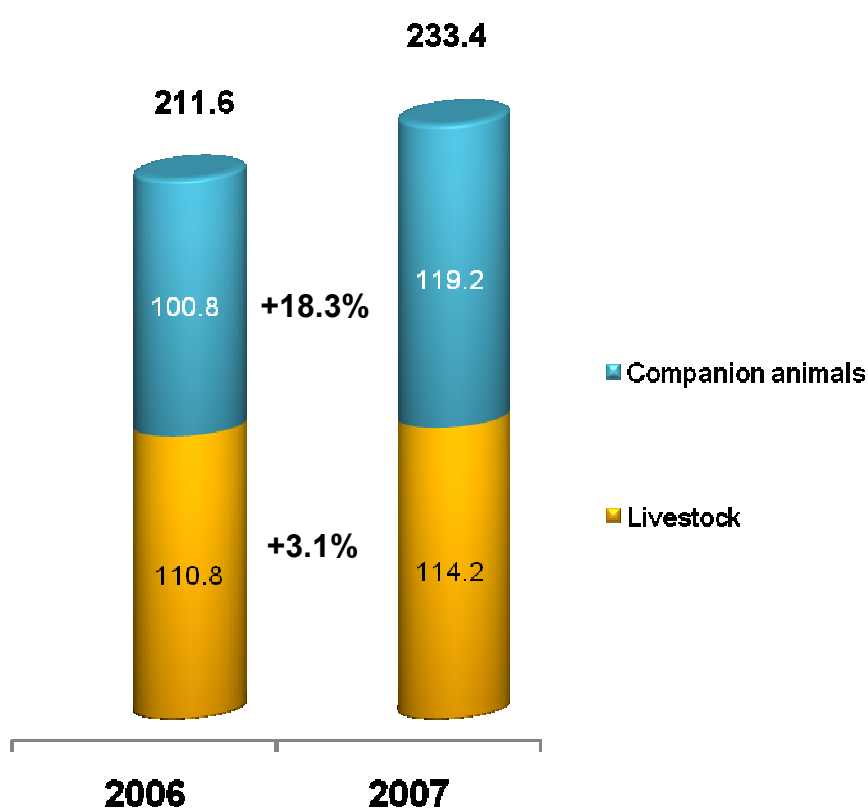
> Consolidated financial statements (year ended December 31, 2007)



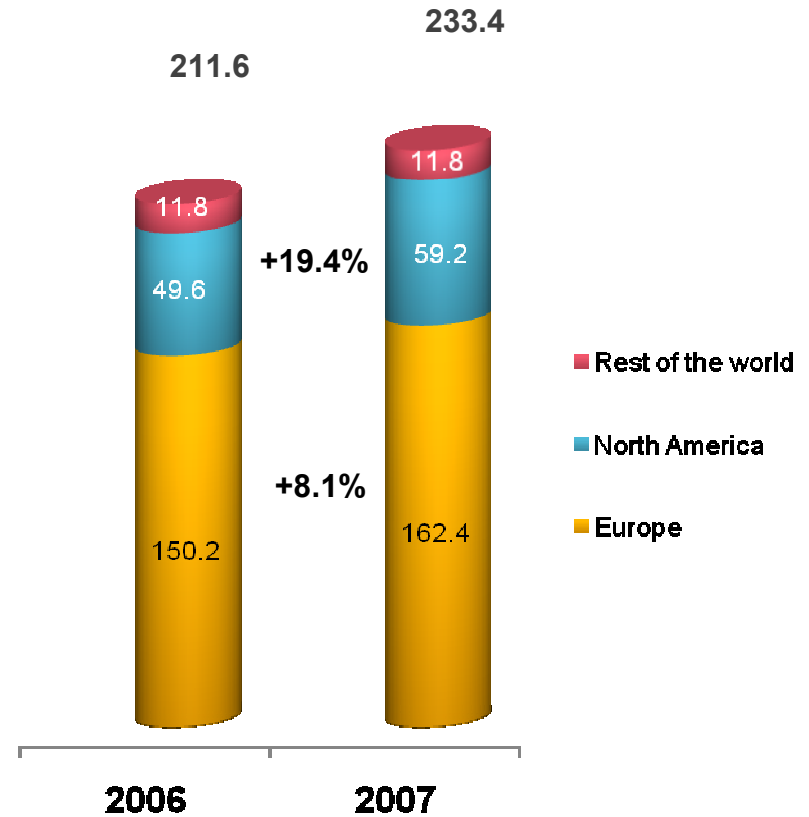
> 2007 consolidated financial statements

2007 revenue up by 10.3%

By species (in €M)



By region (in €M)





> 2007 consolidated financial statements

2007 Income statement

In €M	12/31/2007	% of REV	12/31/2006	% of REV	% change
Revenue	233.4		211.6		+10.3%
Gross profit	156.0	66.8	138.7	65.5	+12.5%
External purchases and expenses	(52.5)	22.5	(45.9)	21.7	+14.4%
Personnel costs	(62.1)	26.6	(55.4)	26,2	+12.1%
Taxes on income and similar levies	(4.3)	1.8	(3.6)	1.7	+19.4%
Other operating income and expenses	0.8	0.3	0.3	0.2	NS
D&A and provisions	(8.7)	3.7	(8.5)	4.0	+2.4%
Cash earnings from operations	29.2	12.5	25.6	12.1	+13.9%



> 2007 consolidated financial statements

2007 income statement (cont'd.)

In €M	12/31/2007	% of REV	12/31/2006	% of REV	% change
Cash earnings from operations	29.2	12.5	25.6	12.1	+13.9%
Operating earnings	28.1	12.0	24.8	11.7	+13.3%
Pre-tax earnings	23.6	10.1	20.0	9.4	+18.0%
Net income (group share)	18.6	8.0	15.8	7.5	+17.7%

Free cash flow from operations*	33.0	29.9
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* Cash earnings from operations – corporate income tax + net D1A and provisions



> 2007 consolidated financial statements

Cash flow statement

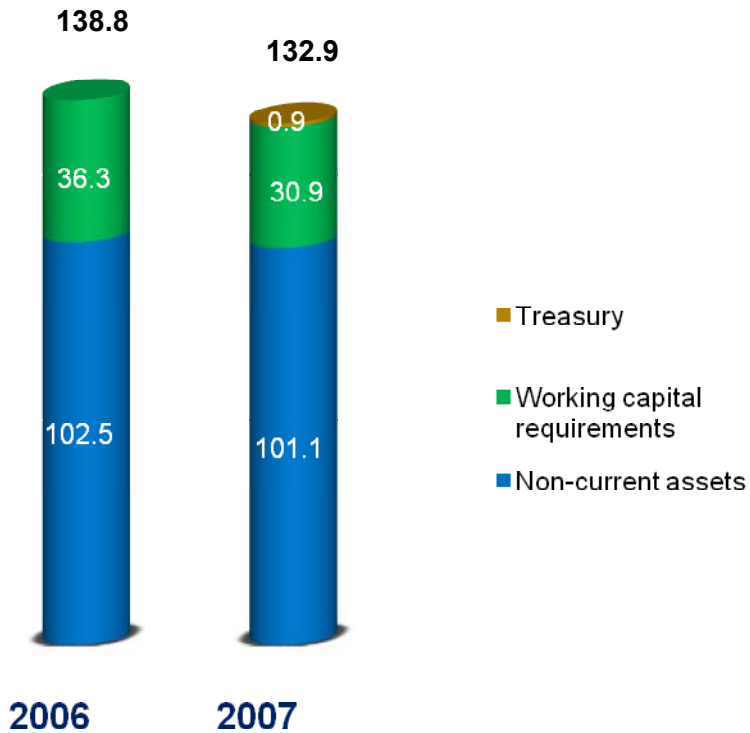
In €M	12/31/2007	12/31/2006
Cash flow from operating activities	37.2	23.3
Cash flow from investment activities	(8.7)	(29.5)
Cash flow from financing activities	(6.5)	3.0
Impact of changes in exchange rates	(0.9)	0,2
Change in cash and cash equivalents	21.1	(3.0)



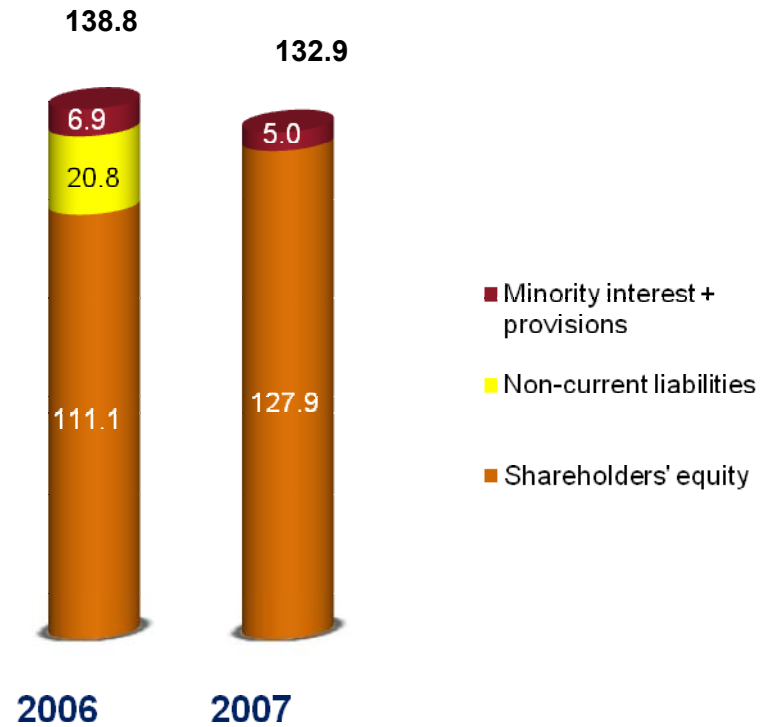
>2007 consolidated financial statements

Balance sheet structure

Assets (in €M)



Liabilities (in €M)

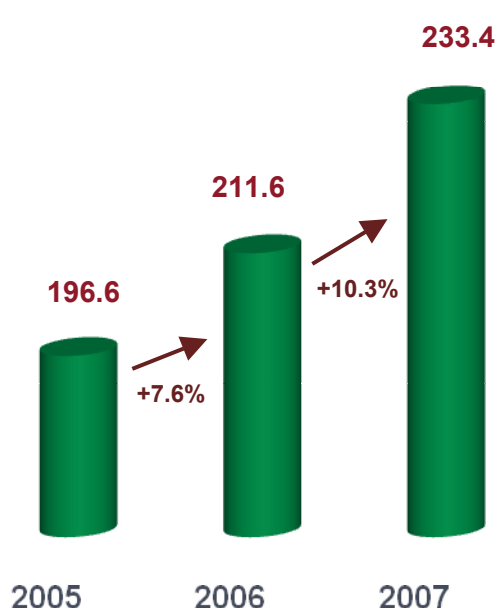




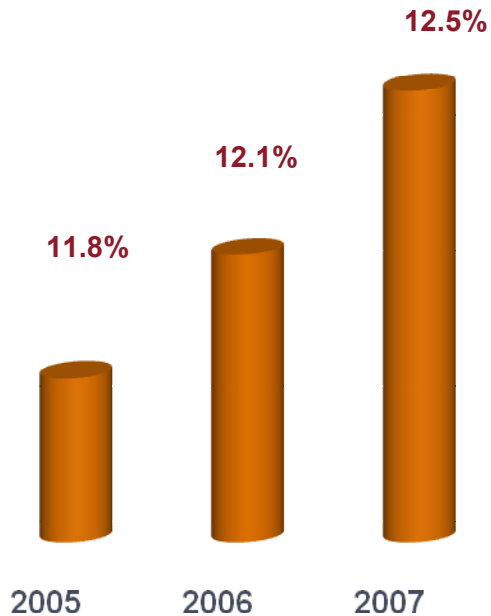
> 2007 consolidated financial statements

Key performances in line with our business model

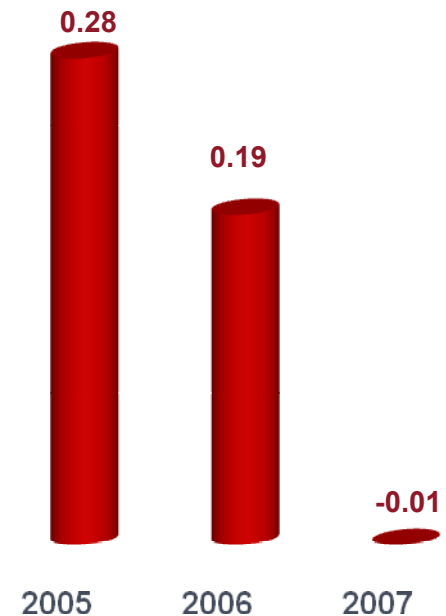
Continuous revenue growth



... with an improvement of the profitability



... and a net financing debt negative



Medium-term objectives of the model

Organic growth
 between 4 and 5%

Cash earnings from operations /
 REV between 11 and 12%

* Net debt / equity (group share)




> 2007 consolidated financial statements

Stock price trend





Dividend

-  The Board of Directors will recommend that, at their meeting on May 19, 2008, the shareholders decide on
 - > A dividend of **0.27 €** per share
 - > Which is an increase of **18%** compared with the dividend paid in respect of 2006
 - > A dividend payout ratio of **16.4%**



> **Strategy and outlook**



> Strategy and outlook

Vétoquinol, the strategic focus of a pure player in animal health

 A controlled growth model, based on:

- **3 animal species**
Bovine, porcine and companion animals
- **3 therapeutic domains**
Anti-infectious, pain and inflammation, cardio-nephrology
- **3 regions**
Europe, North America and Asia



> Strategy and outlook

A promising growth market valued at 13.1 billion euros

Around 2012	Average annual rate of growth
Western Europe	4.7%
North America	4.8%
Central Europe	3.0%
Asia-Pacific	2.0%
Rest of the World	2.0%
Latin America	4.0%
TOTAL	4.1%

Source: Vétoquinol estimate



Talents 2012: 2008-2012 strategic plan

- **2003-2007 plan: strengthen core fundamentals**
- **Accentuate efforts on Europe**
 - Vétoquinol's top market with identified development potential
- **Evolve innovation process**
 - Bringing innovation ever closer to the market
- **Relevant external growth efforts**
 - Projects always in the pipeline
- **And always, continuous improvement**



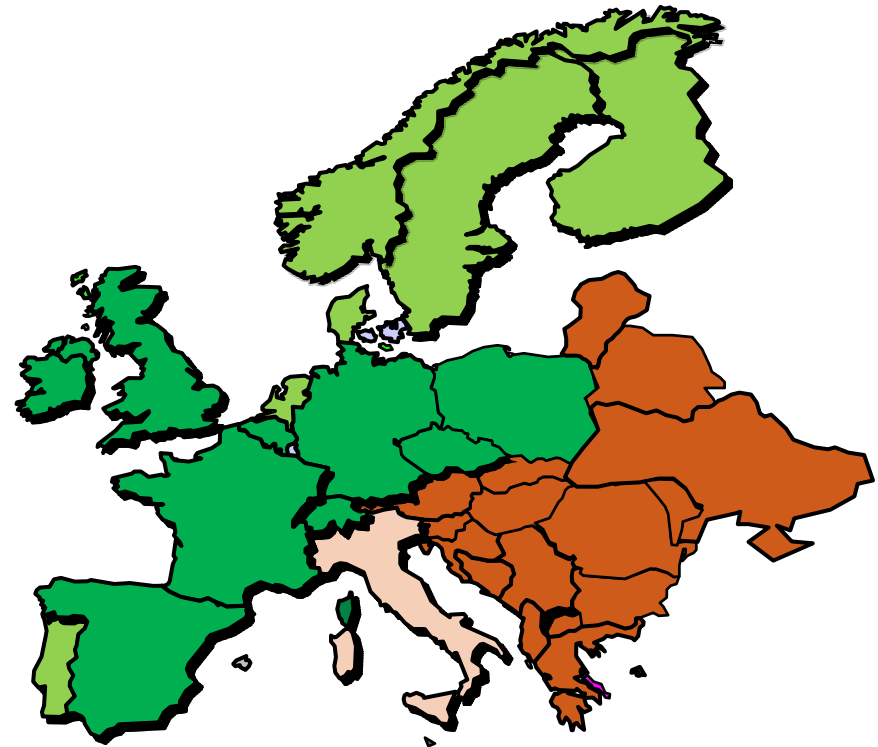
Stepped-up efforts in the European market





Stronger presence for our clients

- > Networks
- > Colloquia (Vetoquinol Academia)
- > Satisfaction surveys

External growth projects

- > Scandinavia – under way
- > Italy
- > Germany, United Kingdom and Spain



-  Established presence
-  Developing market
-  Potential market
-  No plans for now



Focus on an innovative sector

Strategic area **Cardiology – nephrology**

- > Companion animals, in particular **cats**
- > Second leading caused of cat mortality
- > A new market

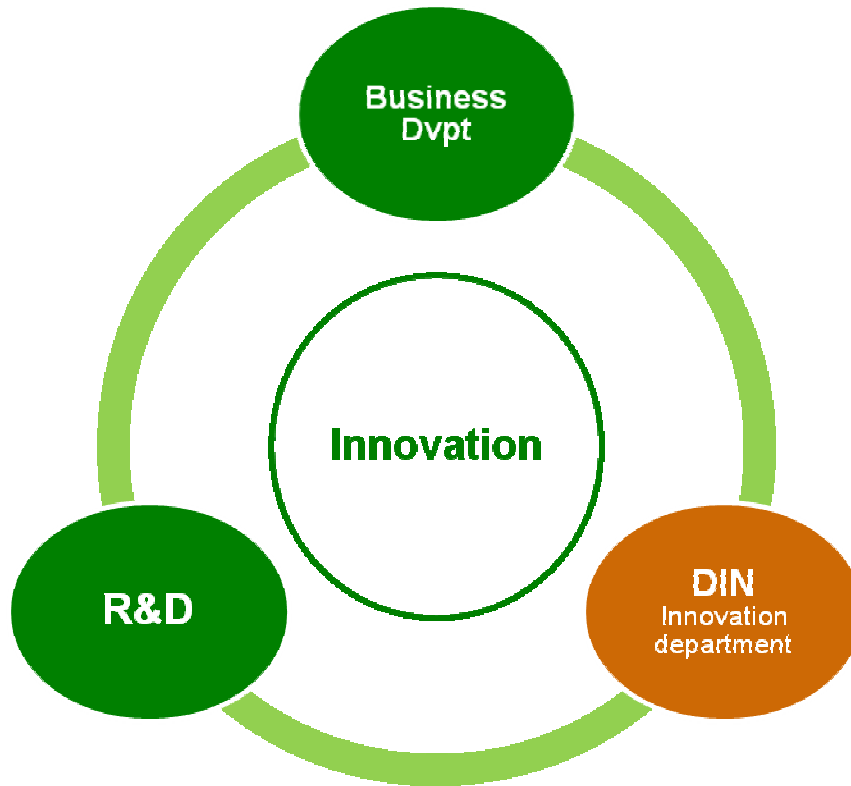
- > Vétoquinol, **a leader and an innovator**

- Product ranges acts on several different mechanisms (urea, phosphates, etc.) with the following aims:
 - Improving comfort level
 - Prolonging life
 - Ipakitine, Azodyl, Prilium, Renal K+, etc.





Strengthen ability to innovate



A new corporate department

- Centered on client needs (vets, owners, breeders)
- Multi-discipline team
- Missions
 - Unmet needs / weak signals
 - Idea assessment



> Strategy and outlook

Pursuit of external growth

 Growth that matches our ambitions

 In line with our strategic focus

- 3 animal species
- 3 therapeutic areas
- 3 regions: Europe, US and China

 With adequate resources



> Strategy and outlook





Pursuit of continuous improvement

- An organizational philosophy
- An effective avenue
- With (still more) potential



> **Strategy and outlook**

2008-2012: business model reaffirmed

-  **Organic growth between 4 and 5%**
-  **Determined pursuit of external growth**
-  **Cash earnings from operations / REV between 11 and 12%**
-  **Solid cash flow generation**



Favorable outlook for 2008

- **The animal health market is in an upward cycle (1.8% vs. 1.6%)**
- **Product launches**
 - Pain and inflammation product in the US
 - 2 nutritional products in cardio-nephrology
 - 2 products for small animals
 - Geographic extensions: Dolpac[®], Prilium[®], Marbo S[®], Flexadin[®], Alfaxan[®]
- **Benefit of the extension of the research tax credit**
- **External growth transactions expected**
 - Europe (Scandinavia, Italy)
 - Asia (China)
 - ...
- **Further continuous improvement**
- **Critical size increase for our sales networks (Europe, North America)**

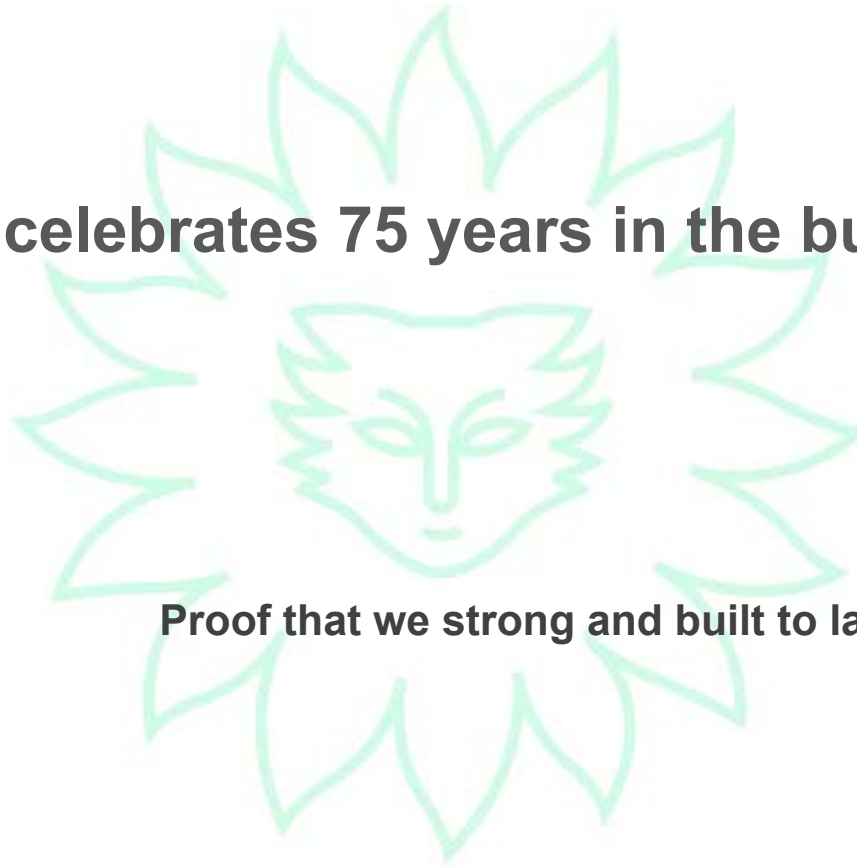
Confident for 2008



> Strategy and outlook

75 years of success

Vétoquinol celebrates 75 years in the business in 2008



Proof that we strong and built to last



> Strategy and outlook

Upcoming events and releases

- 🌿 **May 6, 2008** **2008 1st quarter revenue**
- 🌿 **May 19, 2008** **Annual meeting of the shareholders**
- 🌿 **June 10, 2008** **Dividend payment**
- 🌿 **July 22, 2008** **2008 half-year revenue**
- 🌿 **August 27, 2008** **2008 half-year earnings**
- 🌿 **November 6, 2008** **2008 3rd quarter revenue**



2007 annual earnings Vétoquinol

