



## Presentation of 2009 interim results



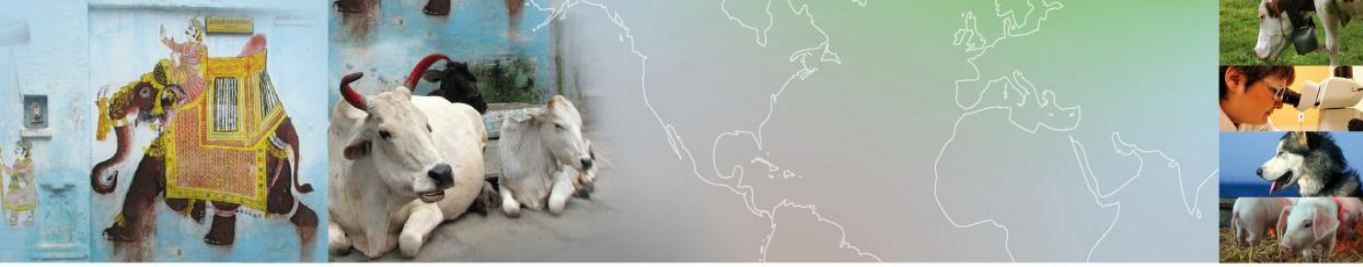
**August 20, 2009:** Vétoquinol acquires the animal health business of Wockhardt in India and becomes the 6<sup>th</sup> largest animal health company in India.

**Our business: animals. Our advantage: people**



## SUMMARY

- 1. Resilient sales during the half year**
- 2. A dynamic product innovation**
- 3. Operating profit in line with our objectives**
- 4. Active pursuit of opportunities for external growth**



## Key figures for the first half of 2009

<p><b>Revenues</b> 119.9 M€</p> <p><b>+2.7%</b></p>	<p><b>OPCO / Revenues</b></p> <p><b>11.5%</b></p>
<p><b>Net income (group share)</b> 9.3 M€</p> <p><b>+1.6%</b></p>	<p><b>Gearing</b></p> <p><b>2.4%</b></p>



## 1. RESILIENT SALES

Despite the crisis that has been weighing on the market for the past year, Vétoquinol posted resilient results, which were masked by unfavourable exchange rates and base effects.



# A world market marked by the crisis

*Compared with the first half of 2008, expressed in nominal \$*

- The global market contracted by 9.4%
- Only 2 of the world's 11 largest animal health companies recorded sales growth
- Sales fell in all geographic markets, particularly in Europe, where the decline was magnified by the dollar effect
- All species and all therapeutic classes were affected

*Source: Vetnosis-August 2009*



# Resilient sales

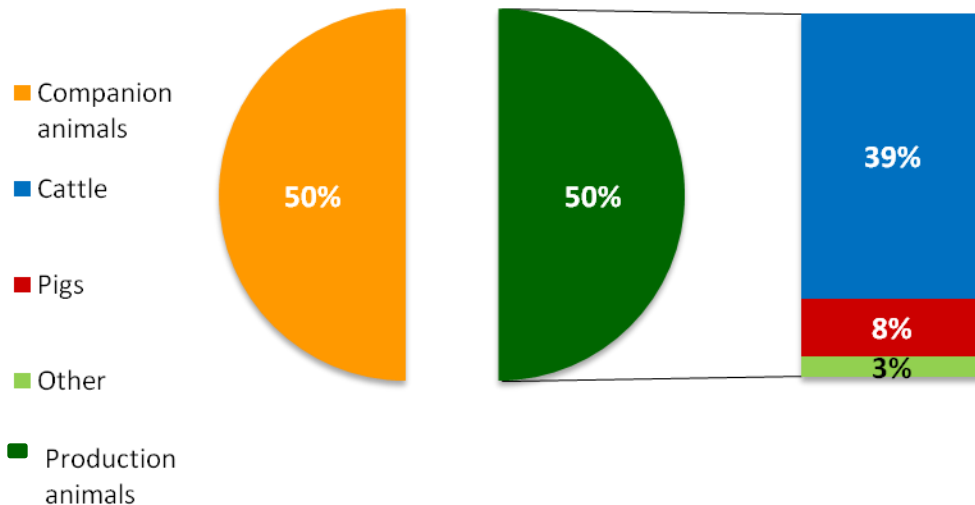
Revenues In € million	June 2009	June 2008	Δ 2009/08	Δ 2008/07
Nominal	119.9	116.7	+2.7%	+5.0%
Constant exchange rates	122.9	116.7	<b>+5.4%</b>	<b>+7.2%</b>
Constant exchange rates and business scope	112.9	116.7	-3.2%	+6.6%

- Masked by
  - an unfavourable base effect
  - the depreciation of the Polish Zloty and the Pound Sterling



# A balanced portfolio in terms of species

June 2009 revenues  
119.9 M€

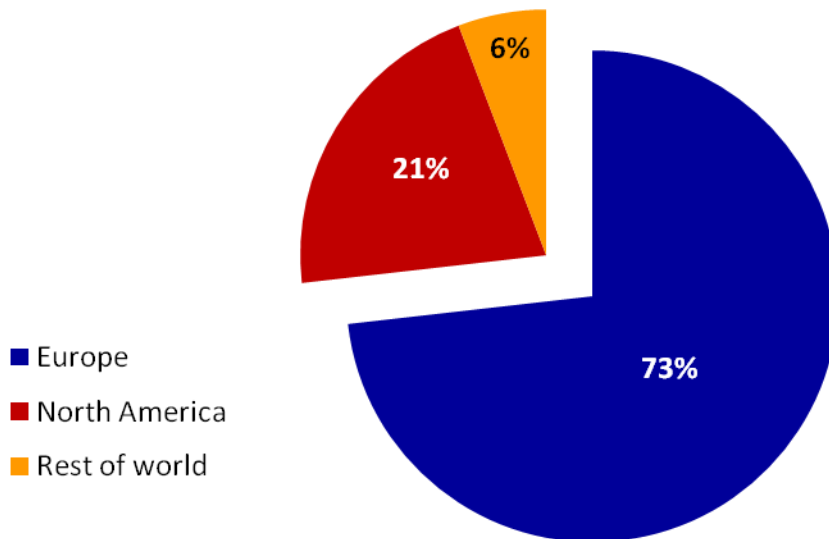


- Good performance in the companion animal sector
- Strong contribution of Italy in sales for livestock



## Resilient sales in mature markets

June 2009 revenues  
119.9 M€

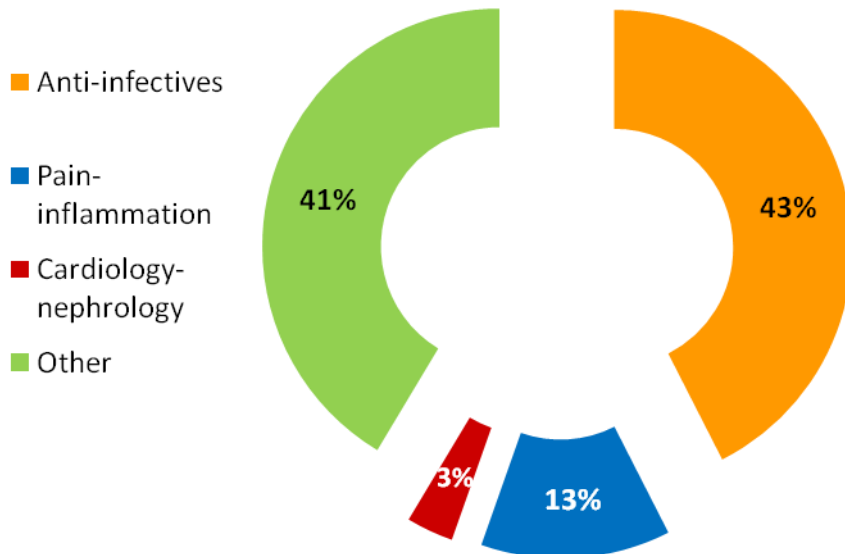


- Strong contribution of Italy (Ascor) in Europe
- Recovery in Poland and Canada
- More difficult business conditions in France, which suffered from the base effect, and in Spain (economic weakness)
- Stable sales in the USA





# Strong performance in key therapeutic areas

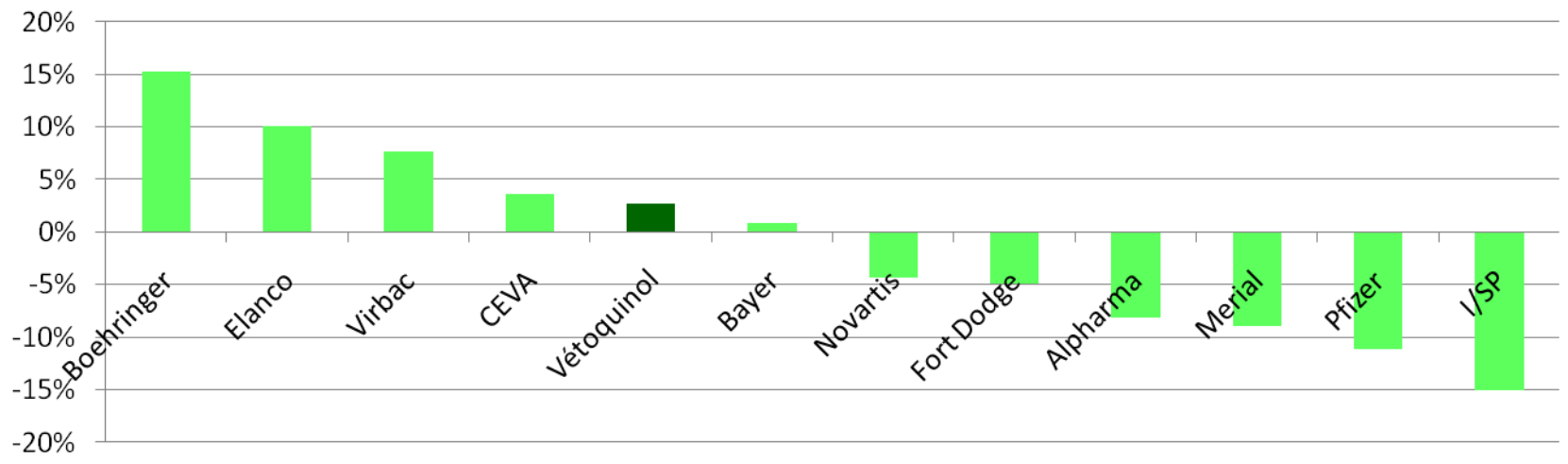


- Absence of major infectious diseases
- Trends by area
  - Anti-infectives: +7.4%
  - Pain-inflammation: +17.5%
  - Cardiology-nephrology: +27.2%
  - Other: -6.4 %



# Vétoquinol in the top 5

Sales trends in local currency



Source : Vetnosis-August 2009



## 2. A DYNAMIC PRODUCT INNOVATION

Vétoquinol pursued an active strategy of product innovation aimed at renewing and extending its range of more than 700 products.



# A rich portfolio of innovations

Time to market ← **>5 years**      **4 years**      **2 years**      **2009**

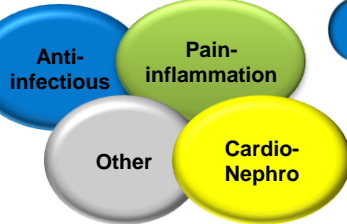
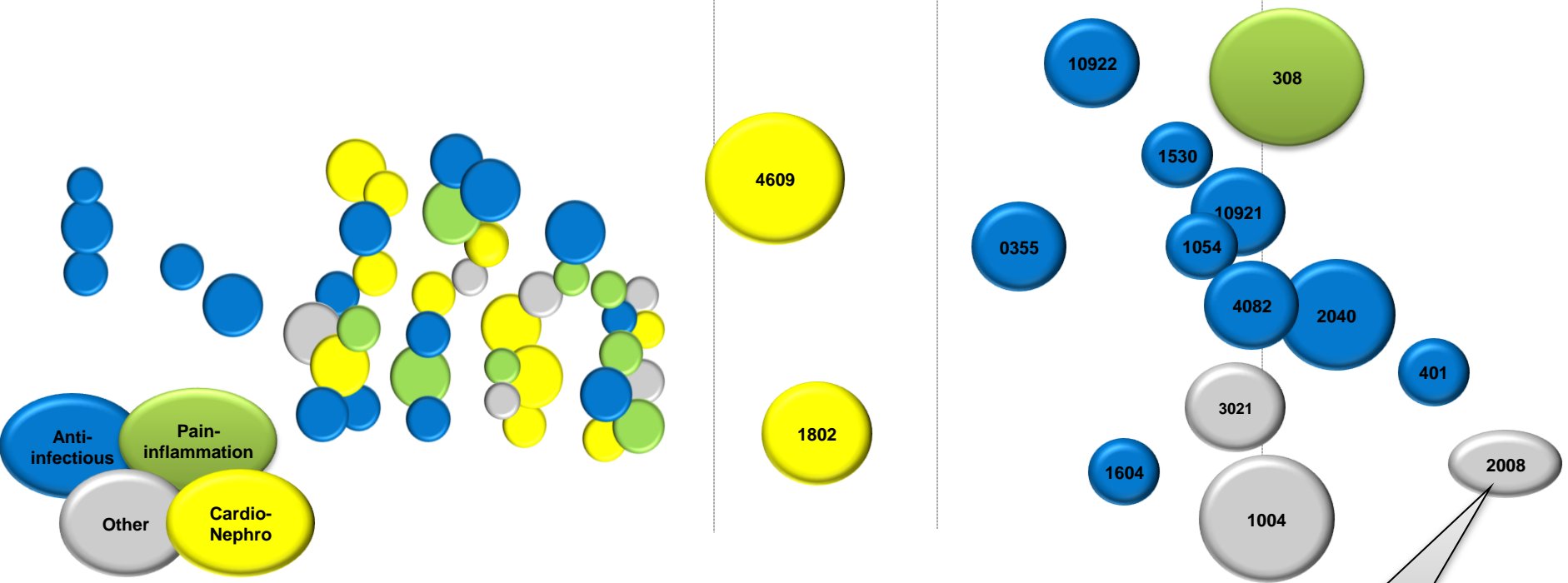
## Screening

## Development

Formulation

Pre-clinical/clinical

Registration



**Zentonil Advanced**  
 Worldwide launch  
 2<sup>nd</sup> half of 2009



# Strong R&D activity during the half year

- 1** registration application submitted for a livestock medication
  - 3** new applications being prepared for submission by the end of the year
- Advanced stage of negotiations** with a partner for promising products



## Enriching our product line

- Product launches in the USA, Canada and Europe
  - New formulations: Zentonyl and Oridermyl
  - Extensions: Rubéнал, Enisyl, Dolpac, ...
  - Numerous local products to complement our product line



### **3. OPERATING PROFIT IN LINE WITH OUR OBJECTIVES**

Thanks to rigorous and responsive management, Vétoquinol demonstrated its ability to maintain high operating profit and strong cash-generating capacity in a difficult economic environment.



# Income statement for 1<sup>st</sup> half 2009

In € million	June 2009	% of revenues	June 2008	% of revenues	Δ %
Revenues	119.9		116.7		2.7%
Gross margin	80.6	67.2%	79.7	68.3%	1.1%
External charges	(26.1)	(21.8%)	(25.8)	(22.1%)	1.2%
Personnel costs	(35.4)	(29.5%)	(34.6)	(29.6%)	2.1%
Taxes and duties	(2.1)	(1.8%)	(2.1)	(1.8%)	-0.3%
Other income and expenses	2.2	1.8%	1.9	1.6%	15.7%
Depreciation, amortisation and provisions	(5.4)	(4.5%)	(5.7)	(4.9%)	-5.2%
<b>Operating profit from continuing operations</b>	<b>13.8</b>	<b>11.5%</b>	<b>13.4</b>	<b>11.5%</b>	<b>3.1%</b>

- Impact of the integration of Italy in 2009, and of the favourable base effect on non-recurring 2008 items
- Strict controls on expenses and personnel costs





## Income statement for 1<sup>st</sup> half 2009 (cont'd)

In € million	June 2009	% of revenues	June 2008	% of revenues	Δ %
Operating profit	13.8	11.5%	13.4	11.5%	3.1%
Financial income	(1.7)	(1.4%)	(1.7)	(1.5%)	(2.7%)
Pre-tax profit	12.2	10.2%	11.7	10.0%	4.0%
Income tax	(2.9)	(2.4%)	(2.6)	(2.2%)	(12.5%)
<b>Net profit attributable to parent company shareholders</b>	<b>9.3</b>	<b>7.8%</b>	<b>9.1</b>	<b>7.8%</b>	<b>1.6%</b>
<b>Net cash flows provided (used) by operating activities</b>	<b>16.3</b>	<b>13.6%</b>	<b>16.5</b>	<b>14.1%</b>	<b>(1.2%)</b>



# Cash flow statement

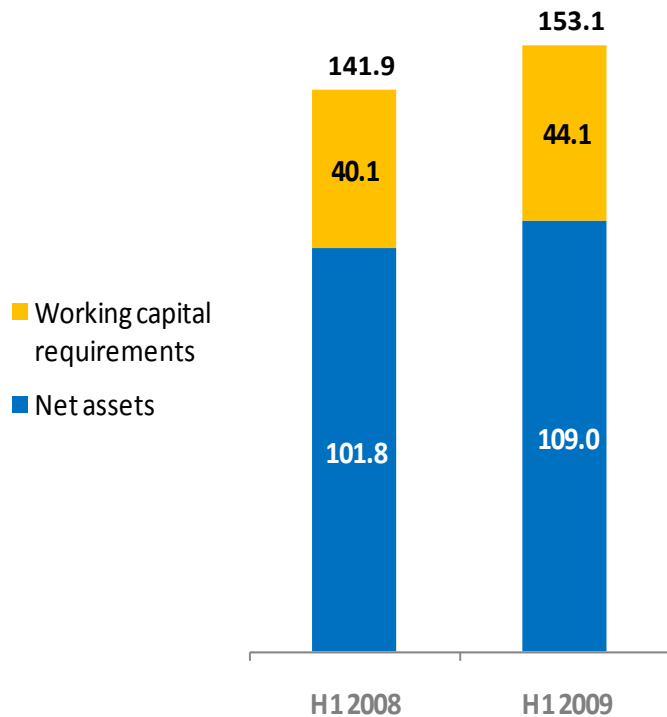
In € million	June 2009	June 2008
Cash flow from by operating activities	18.4	6.1
Cash flow used by investment activities	(5.1)	(6.8)
Cash flow used by financing activities	20.3	(6.6)
Impact of changes in exchange rates	0.3	(0.2)
<b>Change in cash and cash equivalents</b>	<b>33.9</b>	<b>(7.5)</b>

- Borrowing of 25 M€ in January 2009 to finance external growth
- Sound management of working capital requirements

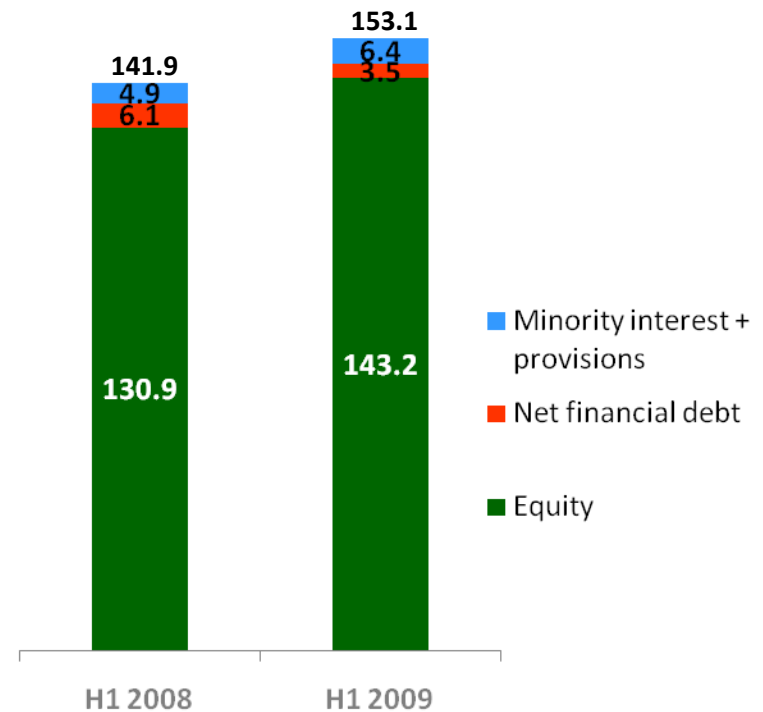


# Sound financial structure

Assets (in M€)



Liabilities (in M€)



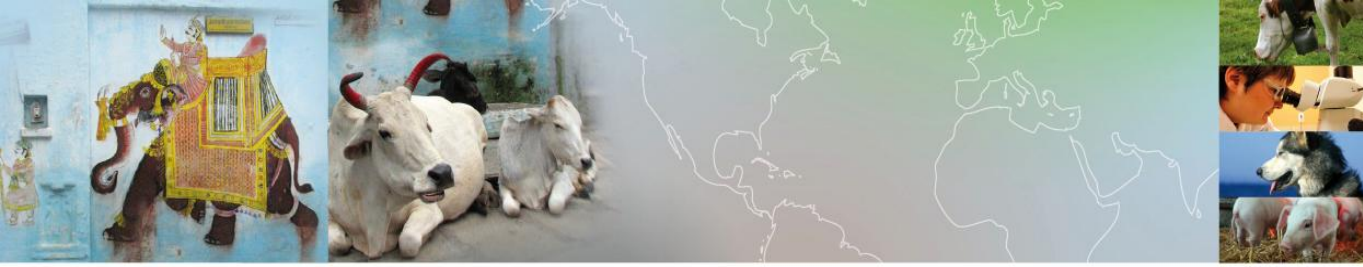
- Gearing ratio below 3% on June 30, 2009 and 25% following Vetoquinol's Indian acquisition



# Strong management of working capital requirements

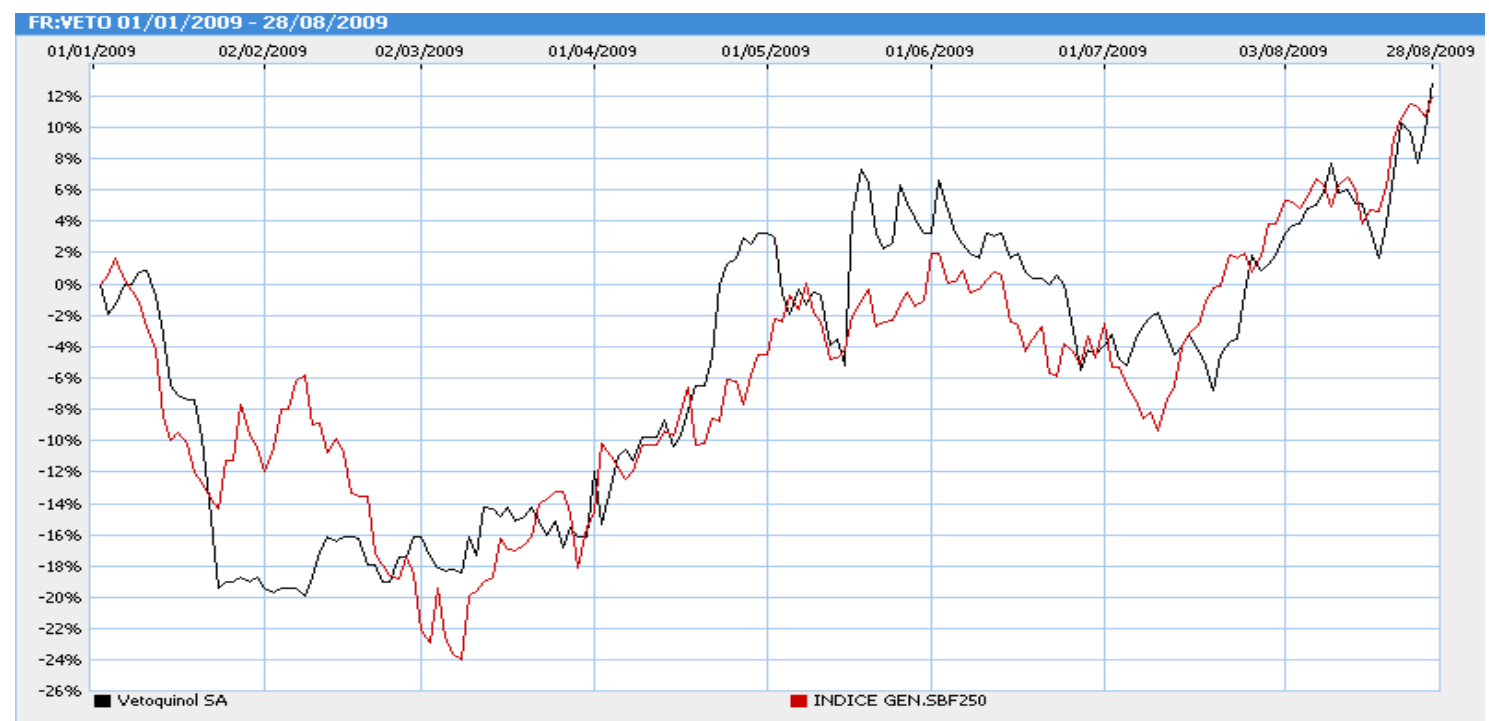
In € million	June 2009 Constant business scope	June 2008
Inventories	40.2	44.1
Receivables	34.5	38.9
Payables	41.0	44.0
Other elements of WCR	1.6	1.1
<b>Working capital requirements</b>	<b>35.3</b>	<b>40.1</b>

- Significant shrinkage in inventories
- Close monitoring of customer receivables



# Stock price trend

Indexed to January 1, 2009 = 100



- Strong potential for stock price appreciation



## 4. ACTIVE PURSUIT OF OPPORTUNITIES FOR EXTERNAL GROWTH

In acquiring the 6<sup>th</sup> largest animal health company in India, Vétoquinol continues the international diversification of its business in a market that offers a strong potential for growth.

This acquisition confirms Asia as one of the three strategic regions targeted by the group.



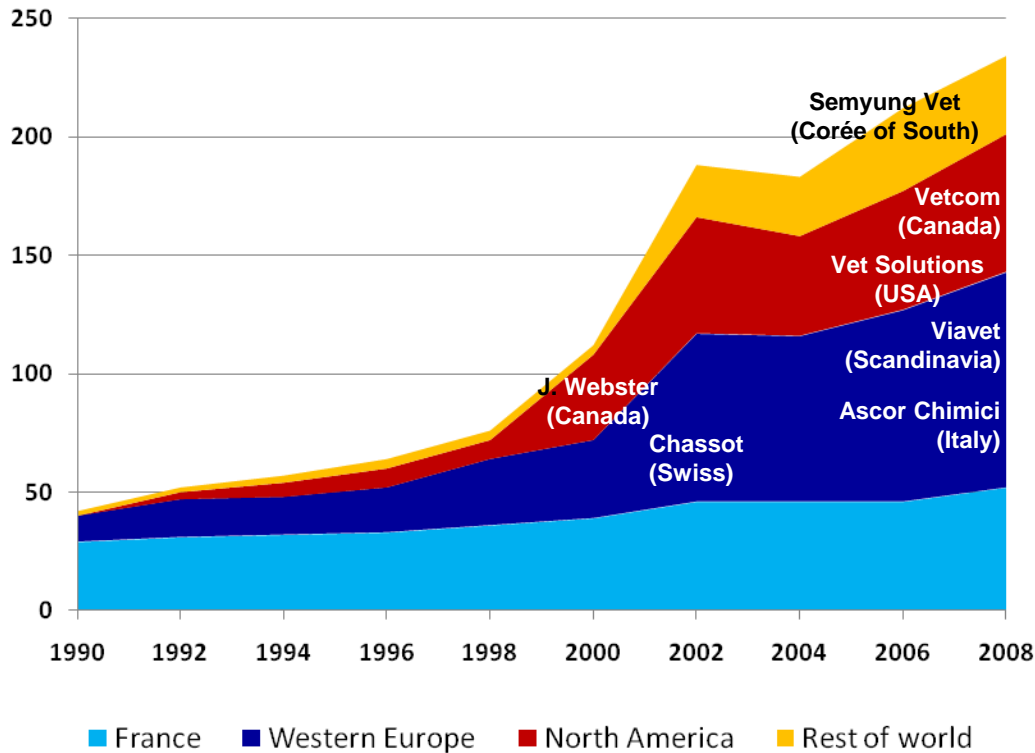
## A sector in transition

- Two major mergers in progress
  - Merck/Schering Plough - Intervet
  - Pfizer/Wyeth
- Status
  - Sanofi-Aventis to acquire 100% of Merial
  - For the rest, discussions continue
- Our analysis
  - Opportunities to acquire products “in the second round”
  - Increased competition at the top
  - Customers value service on a personal scale
  - Vétoquinol in the top 10



# Focus on internationalisation

Revenues in € million



- 3 strategic regions: Europe, North America, Asia
- Commitment to increase our sales in these regions
- 15 acquisitions in 20 years





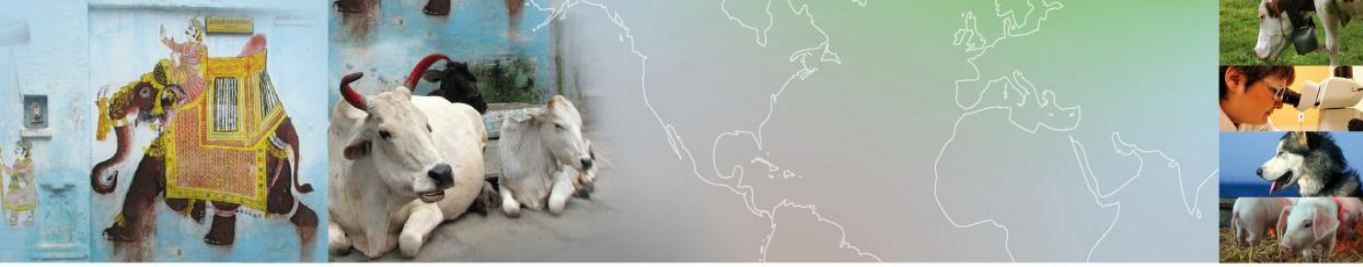
## Strengthened M&A process

- Thorough advance planning
- Demonstrated culture and know-how
- To date, 10 prospects have been analysed or are actively being watched
- Adequate financial resources
- And China?
  - Contract signed on July 17, 2008
  - Conditions precedent in the process of being satisfied



# Performance of recent acquisitions in line with expectations

- USA (Vet Solutions – December 2006)
  - Continued growth
  - Significant new products
  - Market visibility
  - Activities consolidated
  
- Italy (Ascor – December 2008)
  - Successful integration of employees
  - Sales at expected levels
  - Rising OPCO
  - Export synergies confirmed



## India, a market with great potential

- A market estimated at more than USD 350 million
- Growing by more than 8% annually
- More than 50% of the market is devoted to cattle (synergy for Vétoquinol)
- World's largest producer of milk (area of Vétoquinol expertise)
- Significant potential in the canine market

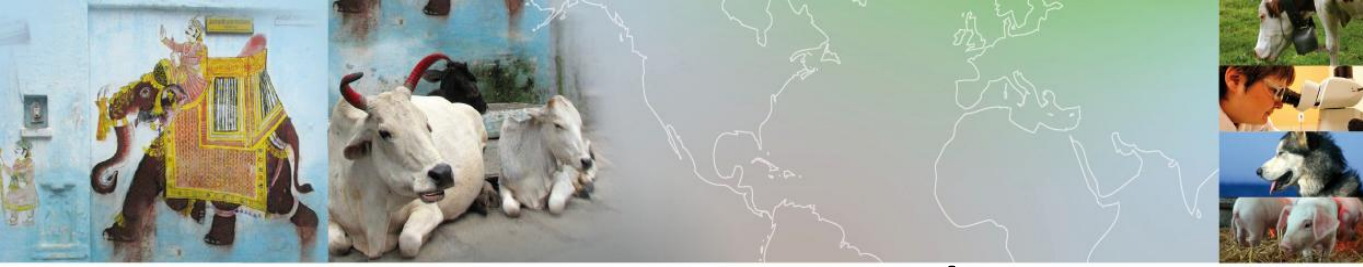




**Vétoquinol**  
*a Sign of Passion*

**August 20, 2009**  
Acquisition of Wockhardt's  
animal health business  
in India





# Vétoquinol India, the 6<sup>th</sup> largest animal health company in India

- Business established in the 1970s
- Revenues: 12 M€, including 2 M€ in exports
  - Annual sales growth in excess of 10% for the past 3 years
- Strong profitability
- 137 employees, including 124 sales representatives
- 27,000 customers
- 6<sup>th</sup> largest Indian animal health company, with 5% market share



## Vétoquinol India, a portfolio of strong brands

- More than 70 brands in the portfolio
- A solid position in anti-infectives
- Established presence in cattle and growing business in companion animals
- Significant presence in English-speaking Africa





# Vétoquinol India, products to be launched

- **15** new products to be launched **2009-2011**
- Synergy with Vétoquinol products than can be introduced in the Indian market
- ... and opportunities for out-sourcing and subcontracting



## OUTLOOK

- In terms of sales
  - The market will remain depressed
  - But:
    - The base effect will be more favourable in the 2<sup>nd</sup> half
    - External growth will contribute to sales
- Objective: OPCO/Revenues in line with the 1<sup>st</sup> half





## UPCOMING EVENTS

**October 14, 2009** - Announcement of 3<sup>rd</sup> quarter revenues



**Vétoquinol**  
*a Sign of Passion*



**Our business: animals. Our advantage: people**