



2010 Interim Results

SFAF meeting
August 31, 2010



Vétoquinol
Signe de Passion

SUMMARY

1. 'Hybrid' growth
2. Strong interim results
3. Focus on two strategic pillars:
 - Innovation through R&D
 - Potential for external growth
4. Questions and answers

Vétoquinol
Signe de Passion



Highlights of the 1st half of 2010

- Expanding world market
- Hybrid growth
 - Internal growth
 - External growth



Continued growth in the animal health market

- According to Vetnosis, in first half 2010 the animal health market grew by 10.4% over the previous period

By species*	Companion animals	Cattle	Pigs
Global trend for the first half	+8.0%	+9.7%	+15.6%

By therapeutic area*	Anti-infective	Other
Global trend for the first half	+10.0%	+17.0%

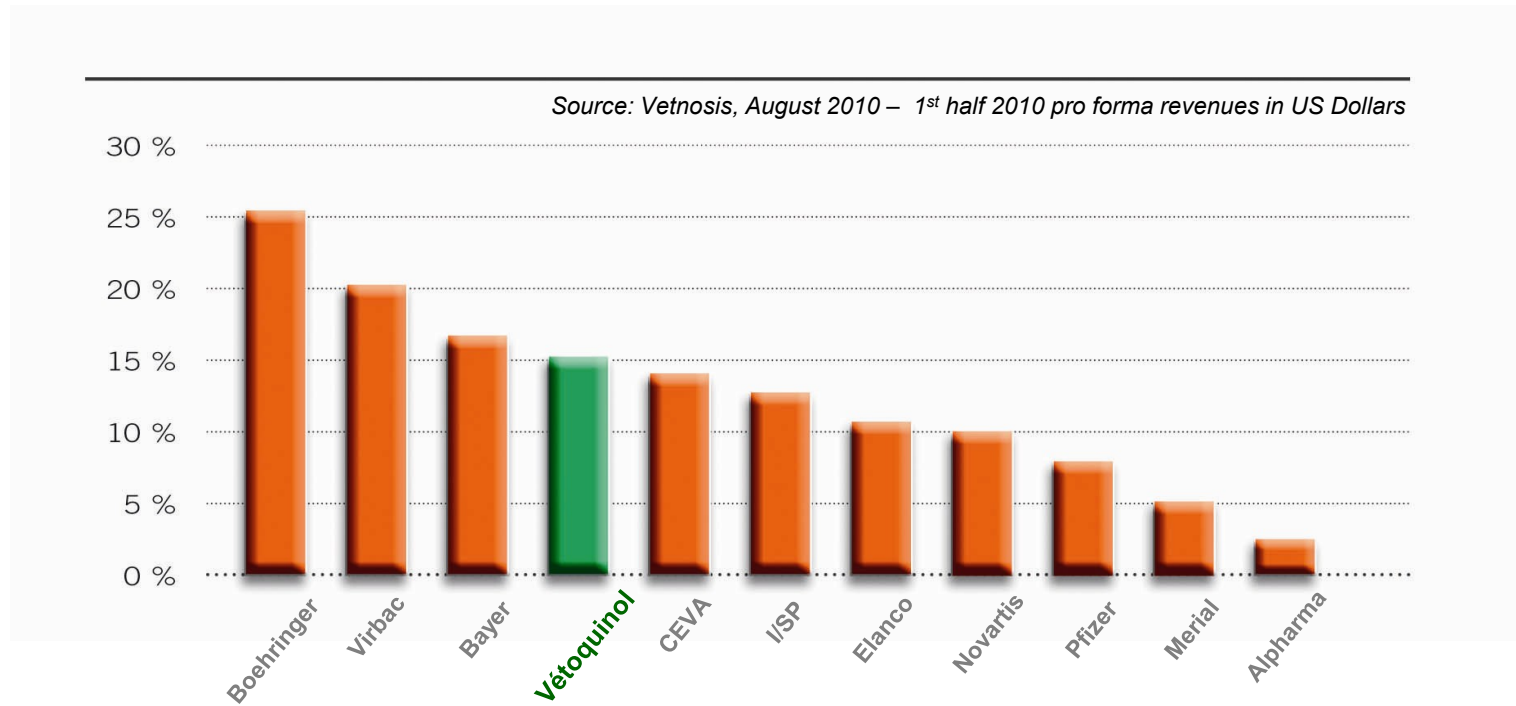
By geographical region*	North America	Western Europe	Asia/Pacific
Global trend for the first half	+9.5%	+7.1%	+15.3%

*Source: Vetnosis, August 2010



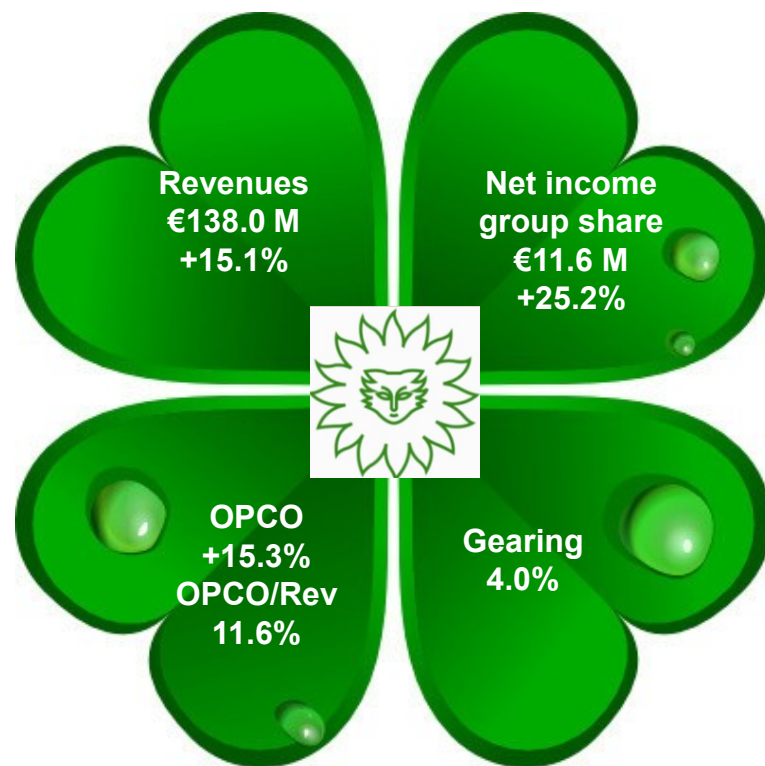
Vétoquinol ranks 4th worldwide in terms of growth in USD

- Vétoquinol, again one of the five fastest growing laboratories





Vétoquinol: key figures for the first half of 2010

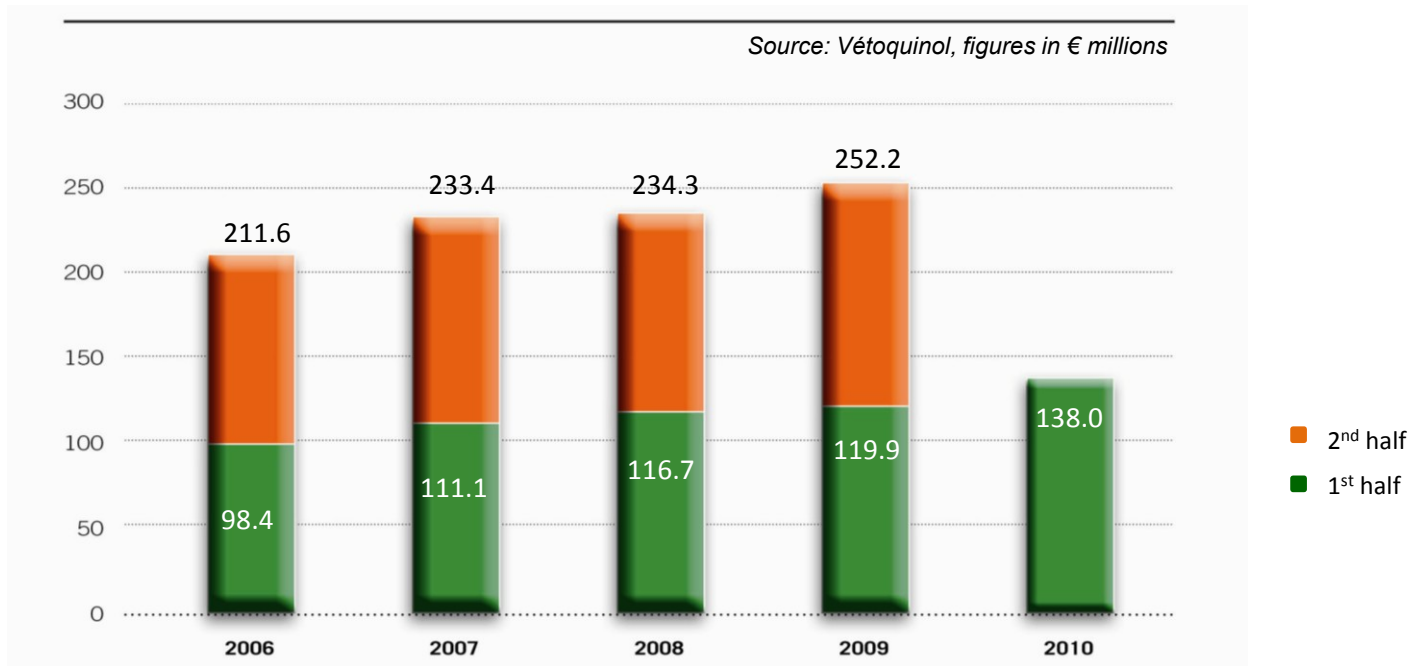


Activity in the 1st half of 2010



Pursuit of 'hybrid' growth in business

Activity in the 1st half of 2010

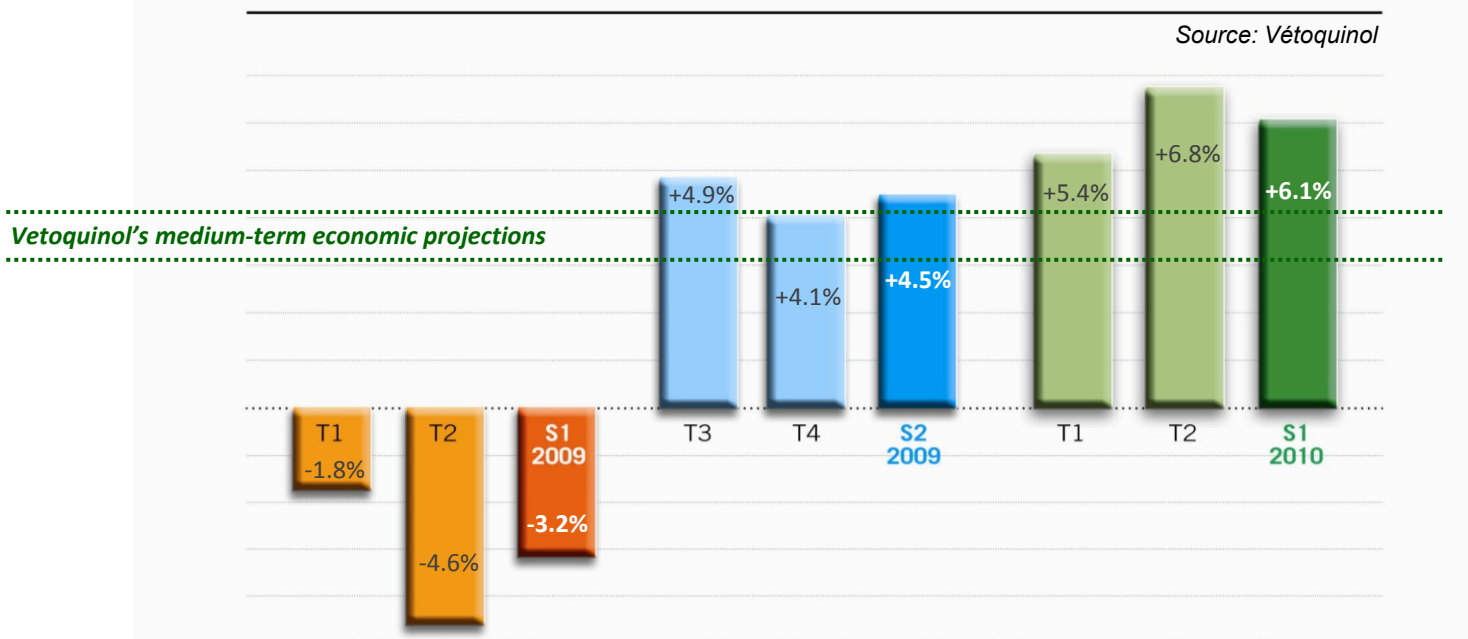


- **15.1% revenues growth for the 1st half**



Increased organic growth

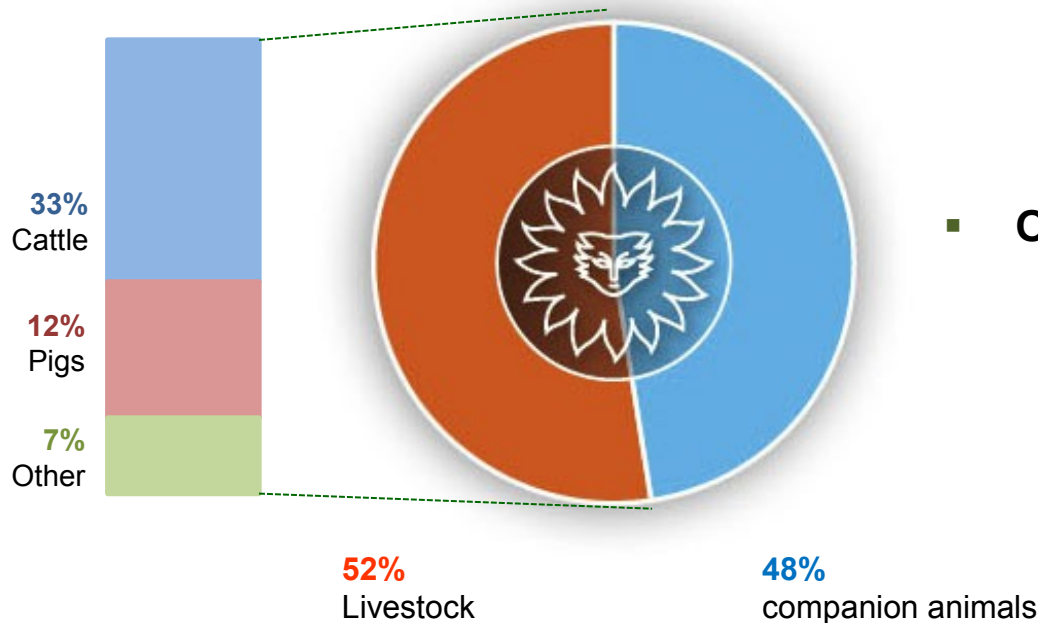
- Organic growth between 4 and 5%, exceeding our economic model's projections





Our portfolio remains well balanced

Activity in the 1st half of 2010



■ Trends by species

- Companion animals: +11.0%
- Livestock: +19.1%
 - Cattle: +16.0%
 - Pigs: +16.5%

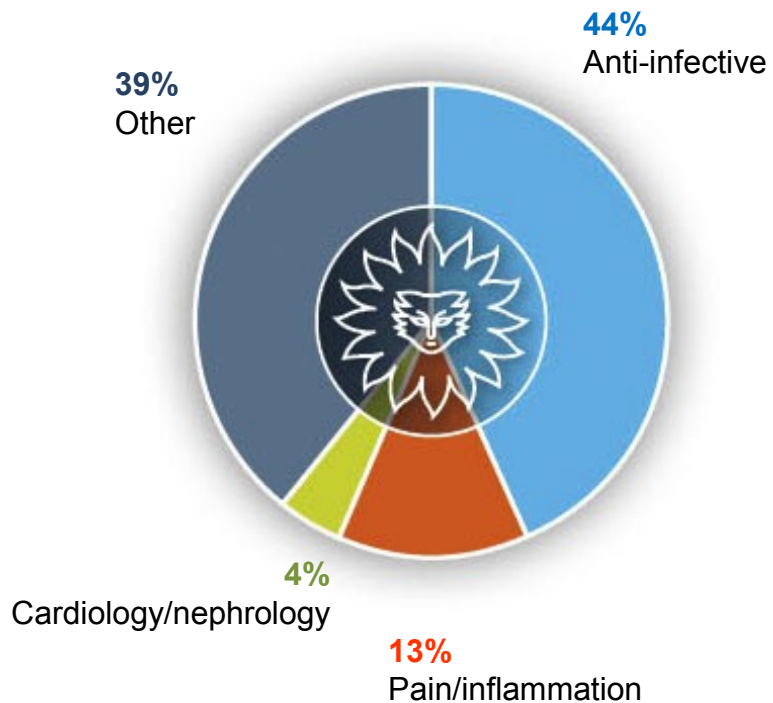
■ Observations

- Strong performance for companion animals
- Improved position in livestock following acquisitions in Italy and India



Growth in strategic areas

Activity in the 1st half of 2010



■ Trends by therapeutic area

- Anti-infective: +14.5%
- Pain and inflammation : +7.9%
- Cardiology/nephrology: +14.9%
- Other: +18.6%

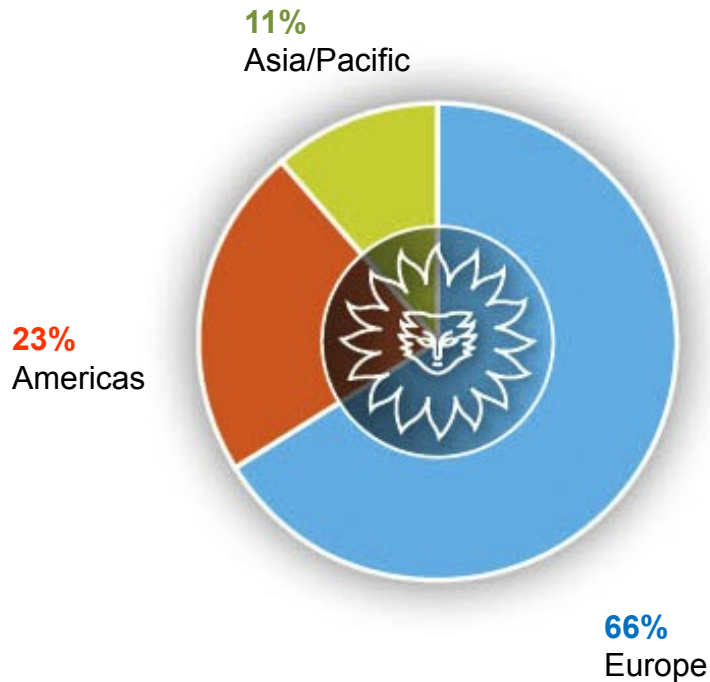
■ Observations

- Strong performance in all three strategic areas
- Gradual re-balancing of strategic therapeutic areas



Strong progress in new territories

Activity in the 1st half of 2010



Regional trends

- Europe: +4.2%
- Americas: +22.9%
- Asia/Pacific: +125.5%

Observations

- Strong growth in Asia/Pacific and the Americas
- Large contribution in Italy
- Steady sales growth in India



Update on recent acquisitions

- **Italy**
 - Acquired in December 2008
 - Now reaping the initial fruits of the acquisition
- **India**
 - Acquired in August 2009
 - Integration completed in June 2010
 - Renewal of distribution contracts
 - Physical separation of relations with Wockhardt





Dynamic 1st half of 2010

- **Launch of Surolan® in the United States**
 - Anti-infective agent for the treatment of external otitis in dogs
 - Well received by American animal health professionals
- **Preparations for new product launches in 2011**
 - Product registrations under way
 - Marketing and sales efforts
- **Exclusive distribution contract: Zylkene®**
 - First contract for the distribution of Zylkene in the Americas (United States, Canada and Mexico)
 - An innovative product in a promising market segment
- **Boreve-d project**
 - Vétoquinol is participating in a project organised by the SIMV to raise awareness of the need to treat pain in cattle
 - Vétoquinol sells three related products: Tolfine®, Lurocaïne® and Calmagine®



A glass pipette is shown dispensing a drop of liquid into a glass beaker. The background is a soft, out-of-focus gradient of light colors.

Consolidated financial statements for 06/30/2010

- Income statement
- Cash flow statement
- Financial structure
- Working capital requirements



2010 interim income statement

In € million	06/30/2010	% of revenues	06/30/2009	% of revenues	Δ %
Revenues	138.0		119.9		+15.1%
Margin on purchases consumed	91.0	65.9	80.6	67.2	+12.9%
External costs	(30.1)	(21.8)	(26.1)	(21.8)	+15.2%
Personnel costs	(40.2)	(29.1)	(35.4)	(29.5)	+13.6%
Taxes and duties	(1.9)	(1.3)	(2.1)	(1.7)	-9.7%
Other income and expenses	2.0	1.5	2.2	1.8	-7.4%
Depreciation, amortisation and provisions	(5.0)	(3.6)	(5.4)	(4.5)	-8.2%
Operating profit from current operations	15.9	11.6	13.8	11.5	+15.3%

Income statement



2010 interim income statement (continued)

Income statement	in € million	30/06/2010	% of revenues	30/06/2009	% of revenues	Δ %
	Operating profit from current operations	15.9	11.6	13.8	11.5	+15.3%
	Operating profit	15.9	11.6	13.8	11.5	+15.3%
	Financial income	0.5	0.4	(1.7)	(1.4)	NS
	Income before taxes	16.5	11.9	12.2	10.1	+35.4%
	Income tax expenses	(4.9)	(3.5)	(2.9)	(2.4)	NS
	Net profit attributable to parent company shareholders	11.6	8.4	9.3	7.7	+25.2%
	Net cash flows provided (used) by operating activities	16.0		16.3		-1.8%

* Operating profit + depreciation, amortisation and provisions – income tax expenses



Cash flow statement

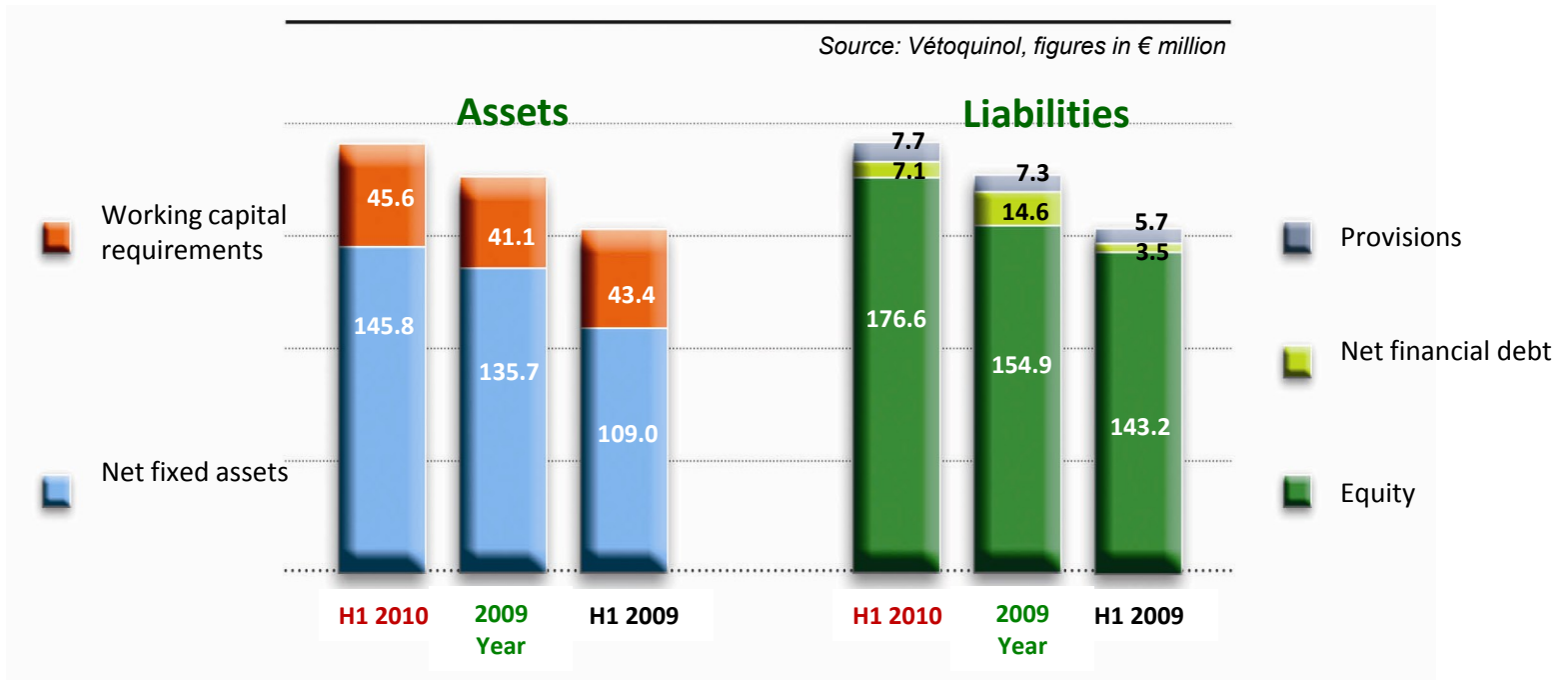
Cash flow statement

in € million	06/30/2010	06/30/2009
Cash flow generated by operating activities	15.1	18.4
Cash flow used by investment	(3.3)	(5.1)
Cash flow used by financing	(24.6)	20.3
Impact of changes in exchange rates	0.8	0.3
Change in cash and cash equivalents	(12.0)	33.9
Cash flow before cost of net financial debt and income tax	24.3	19.4



Sound financial structure

Source: Vétquinol, figures in € million



	06/30/2010	12/31/2009	06/30/2009
Gearing	4.0%	9.5%	2.4%



Working capital requirements

Working capital requirements

in € million	06/30/2010	06/30/2009
Inventories	47.4	43.9
Trade receivables and related accounts	52.8	42.6
Trade payables and related accounts	(52.9)	(44.0)
Other elements of WCR	(1.7)	0.9
Working capital requirements	45.6	43.4



Working capital requirements

holding business scope and exchange rates constant

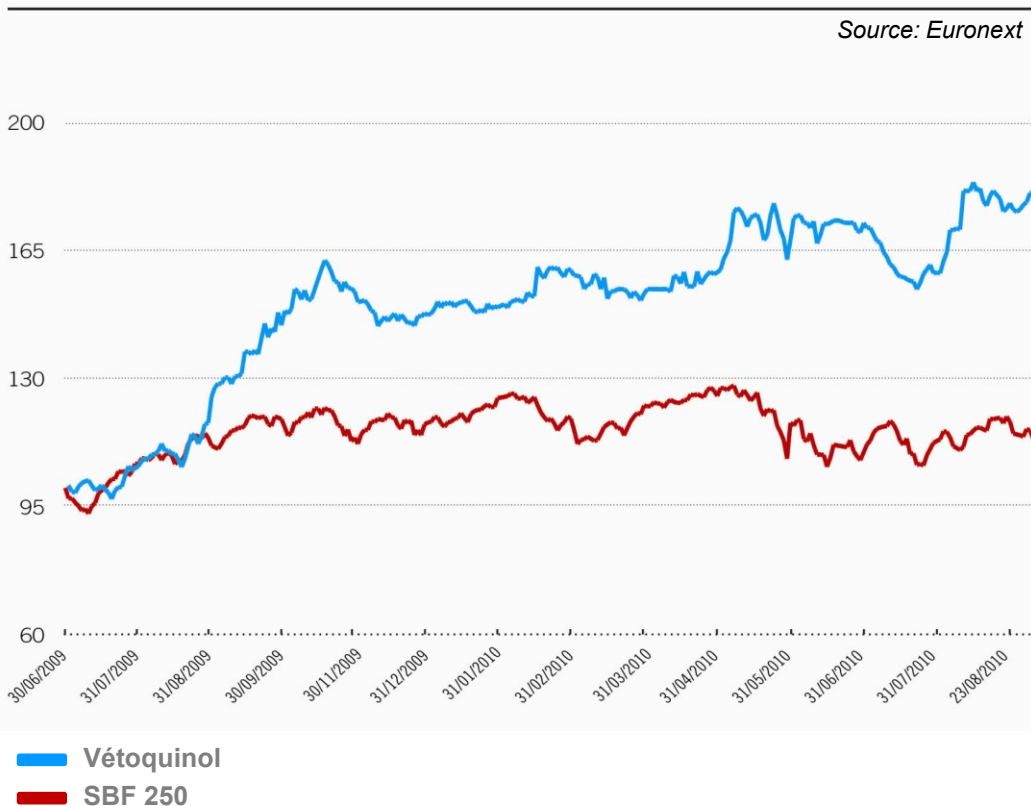
Working capital requirements

in € million	06/30/2010 at constant scope and exchange rates	06/30/2009
Inventories	42.7	43.9
Trade receivables and related accounts	44.2	42.6
Trade payables and related accounts	(45.3)	(44.0)
Other elements of WCR	(1.6)	0.9
Working capital requirements	40.0	43.4

- **Effective control of WCR**



Share price trends



■ Vétoquinol shares

- Market capitalisation: **€310 million**
- Share price up by **23.3%** in the first 8 months of the year



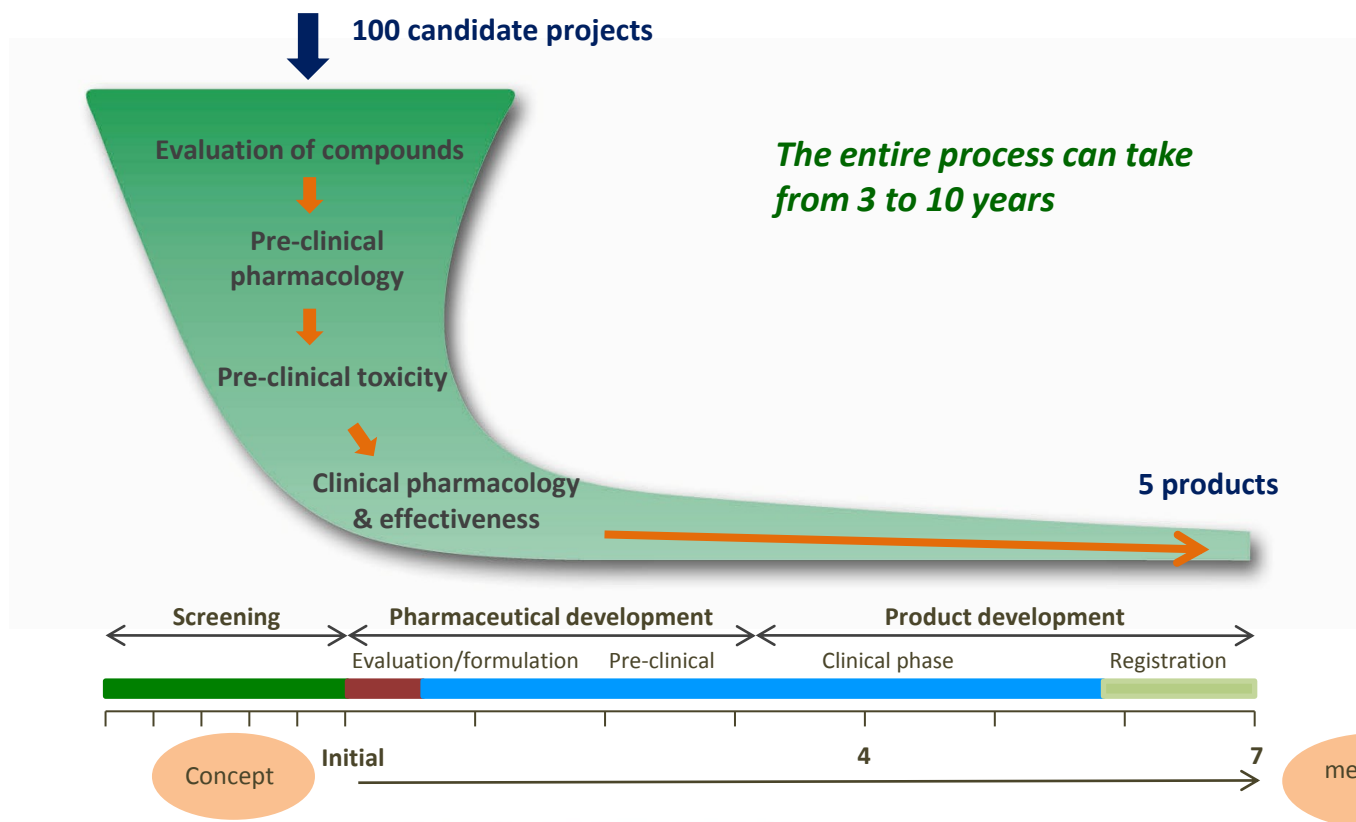
Strategy and outlook

- Innovative R&D
- Strong potential for external growth



R&D

Developing a new medication: a long and unpredictable process...





... and averages 7 years

R&D



Objective

Identification of new molecules or substances capable of preventing, curing or relieving a disease

Research to improve the properties and action of the molecules identified by the research

Testing the new molecule on animals

Obtain administrative approval from the health authorities to market the medication

Molecules

Selection of the most active molecules Selection of the molecules with the best effectiveness to tolerance

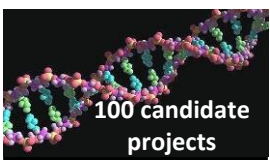
Selection of the most active molecules Selection of the best molecules for animal testing

Decision to file a registration request

Authorisation to place the product on the market (AMM)

AMM, 3 parts:

- > Quality
- > Safety
- > Effectiveness





R&D

A team of experts in the development of medications

Drug safety monitoring: the collection and registration of information on possible side-effects



Product marketing

Obtaining approval to place the product on the market (AMM)

Manufacturing: production of the pharmaceutical form

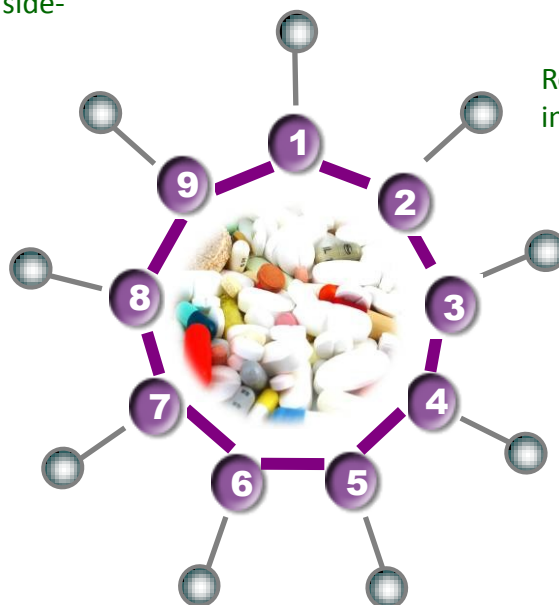
Conception: choice of targets and diseases and research into new therapeutic avenues

Research on the active ingredient (*molecule*)

Formulation of a candidate medication

Pre-clinical development: toxicological studies and demonstration of safety

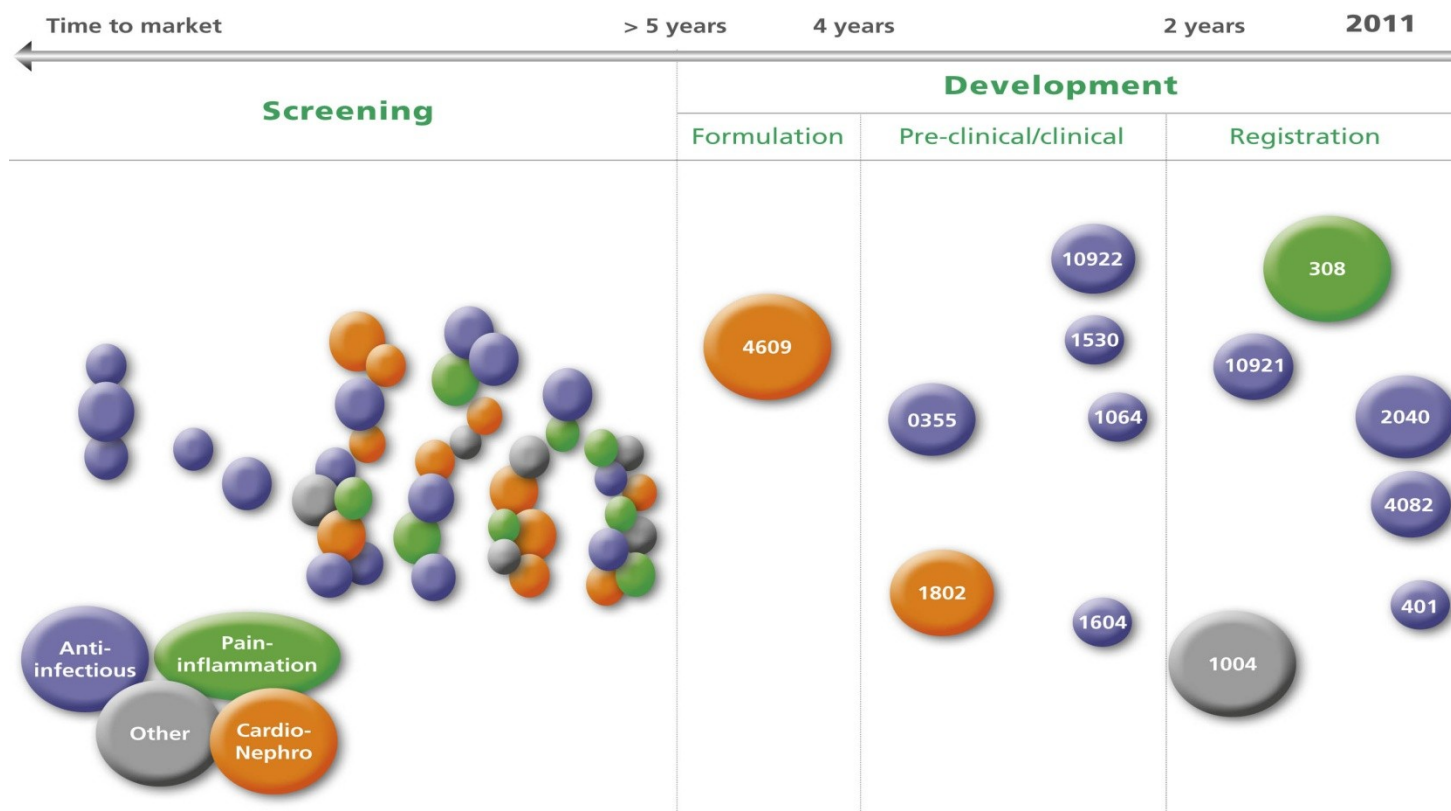
Clinical evaluation: assessment of effectiveness





R&D

Vétoquinol's R&D portfolio





An active programme of external growth

- **External growth: the other engine for growth at Vétoquinol**

- **Three areas of current interest:**
 - 'Pro-active' candidates
 - 'Reactive' candidates
 - Divestitures resulting from mega mergers



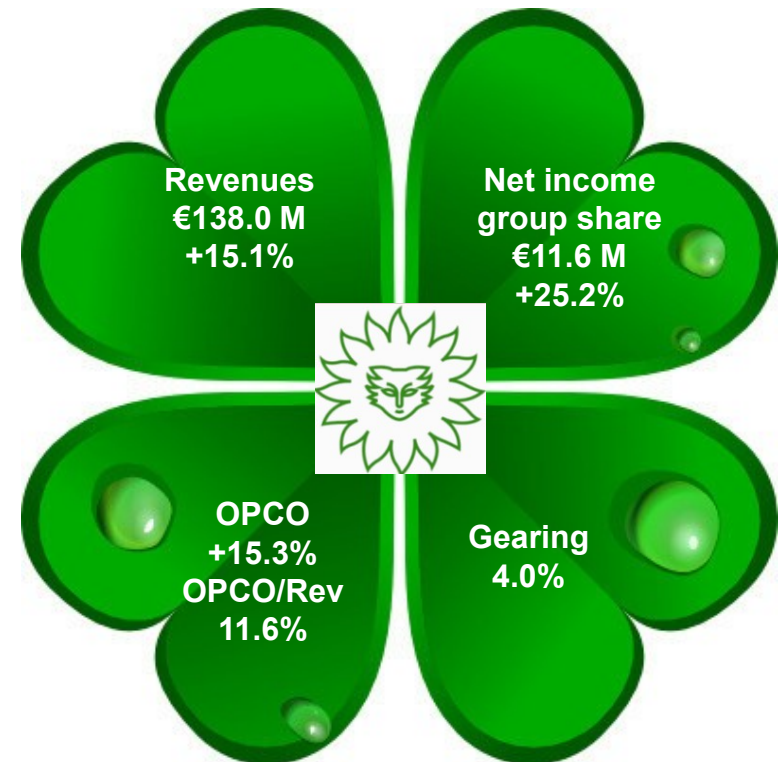
A real potential for growth

- **Priority always given to strategic targets**
- **Financing capacity of approximately €200 million**
- **Potential for revenue growth on the order of €100 million (> 30%)**



In conclusion, strong performance

- **Satisfactory 1st half**
 - Dynamic 'hybrid' growth
- **Encouraging outlook**
 - New product launches
 - Projects for external growth





Calendar

- **October 19, 2010** **3rd quarter 2010 revenues**

- **January 25, 2011** **2010 annual revenues**



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