

Our business: animals.  
Our advantage: people.

# 2011 ANNUAL RESULTS

SFAF meeting  
April 4, 2012

April 4, 2012

**Vétoquinol**  
 *Signe de Passion*



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# Presentation of the management team



**Matthieu Frechin**  
Chief Executive Officer



**Jacques du Puy**  
Managing Director



**Régis Vimal du Monteil**  
Finance and Legal Director



# 2011, a year of transition

- > **Growing market except in Europe**
- > **Arrival of generics for Marbocyl®**
- > **New presence in Brazil, 2<sup>nd</sup> largest animal health market worldwide**
- > **New product launches**





# 2011 Key figures

> Sales

€284.1m  
+0.7%

> Net income

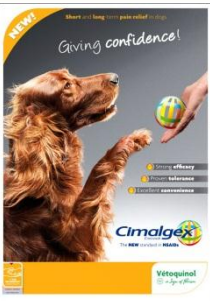
€22.7m  
+2.0%

> Shareholder's equity

€211.3m

> Net cash on hand

€25m





April 4, 2012

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# 2011 Highlights

A year of transition

The market

Marbocyl®

Brazil operation

New products

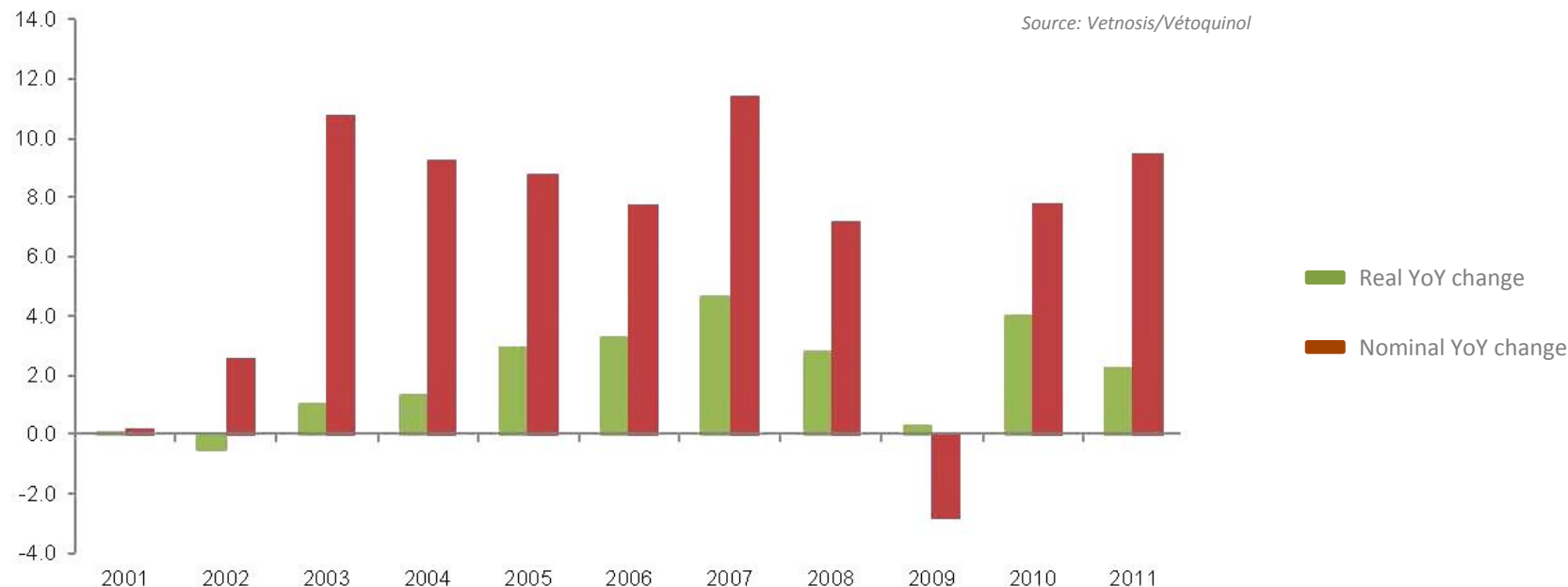
2011 business

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# Animal health world market

## Vétoquinol no. 10 player



- > **A \$22bn world market growing over the last 10 years**
- > **A growing market in 2011**
  - Up 2.3% in volume and up 9.5% in value (at constant dollars)

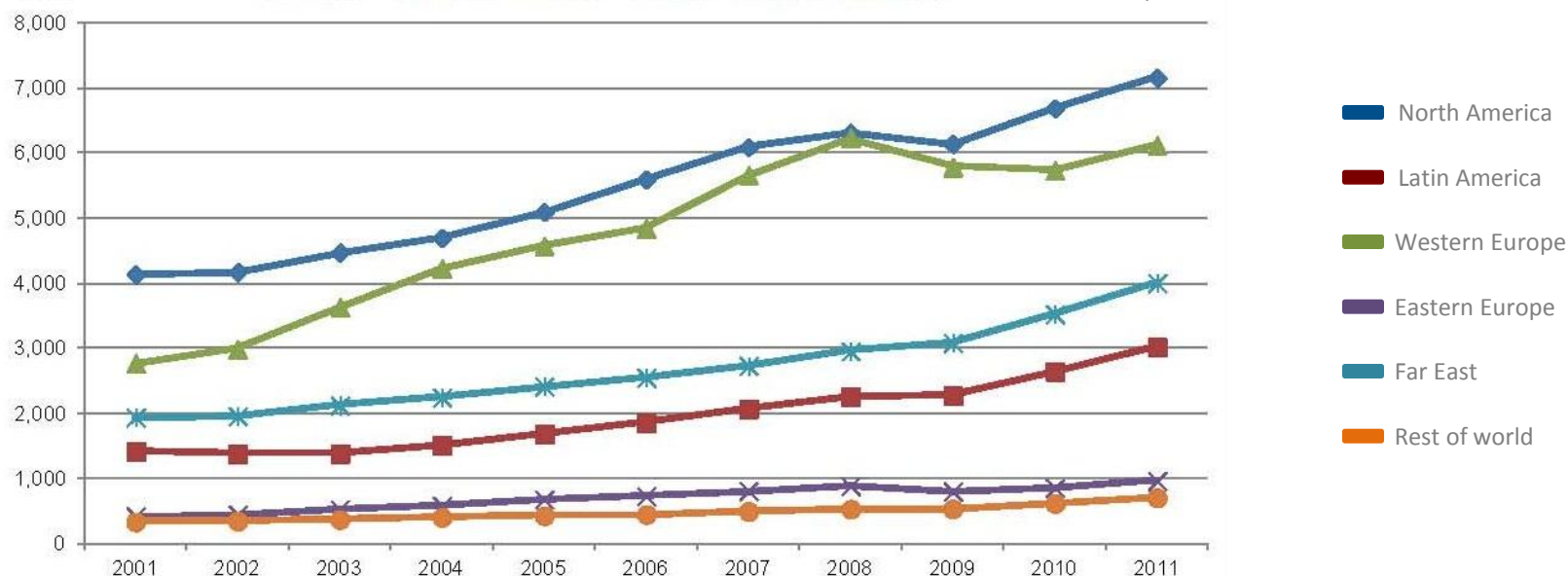


# Animal health world market

## Vétoquinol no. 10 player

World market (\$m)

Source: Vetnosis/Vétoquinol



- > North America + Europe = 2/3 of the world market
- > Growth driven by emerging markets
- > Western Europe down 0.7% in volume





# Marbocyl<sup>®</sup>, the impact of generics

## > 2011: 2 contrasting semesters

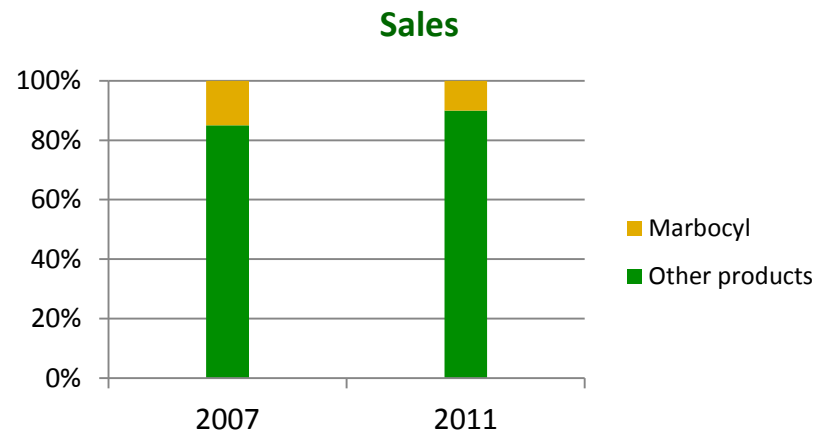
- H1: limited competition, low impact on sales of Marbocyl<sup>®</sup>
- H2: arrival of several generics; defense of market share

## > 2011 results

- Sales reduction under 20%
- Impact on margins

## > 2012 outlook

- Decreasing erosion during H1
- Stable in H2





# 2011, a new major presence outside Europe





## > Acquisition of Farmagricola in Brazil

- Market
  - 2<sup>nd</sup> largest market (7% of the world market)
  - Large numbers of cattle (185 million heads)
- Profile
  - 100 employees and 39 agents sales agents
  - One production site for injectables and solids
  - Animal species: predominantly large animals
  - Products: anti-infectives, pest control, energy products
- Integration underway
  - June 2011: acquisition of the entire capital
  - New management team and action plan





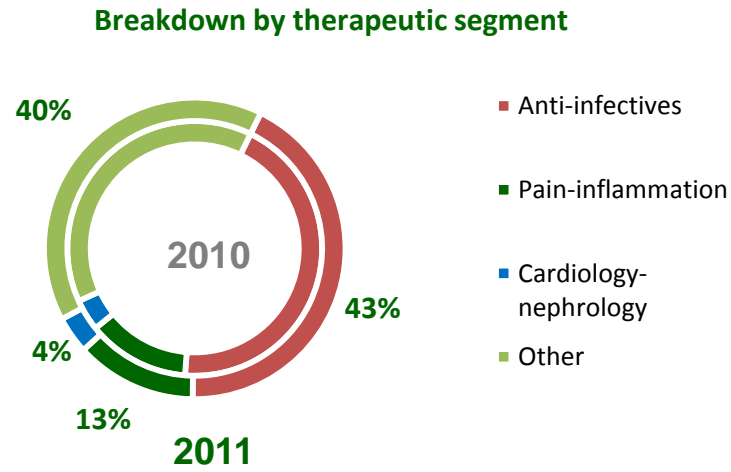
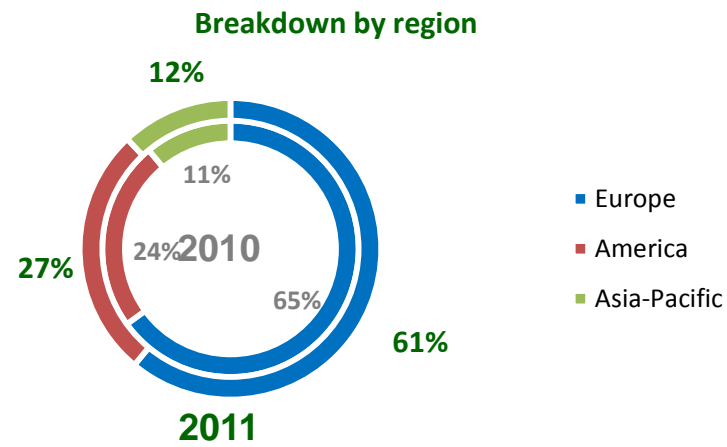
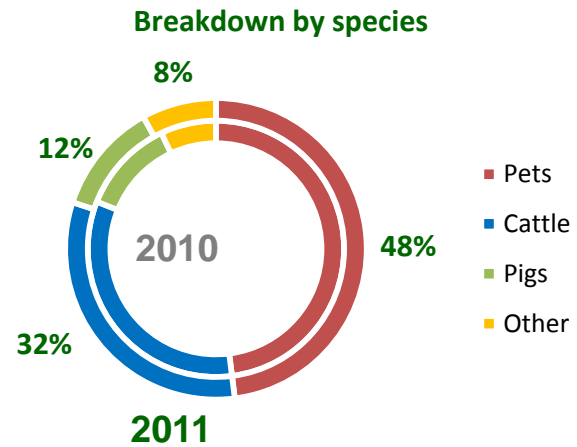
# 2011, another year of leading product launches

Product	Launch	Species	Therapeutic segment	Launch region	Potential
Cimalgex®	June 2011		Pain - inflammation	Europe	
Forcyl®	October 2011		Anti-infectives	Europe	

➔ **Product launches in line with market demand**



# Rebalancing growth of the business outside Europe



- > Balanced model between production animals and pets
- > Increase in pain - inflammation
- > Sharp rise in non-European business: +10% of which 7.8% to pcc





April 4, 2012

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## 2011 Consolidated financial statements

Income statement

Cash flow

Working capital

Financial structure

Share price and dividend



# Income statement

€m	31/12/2011	% sales	31/12/2010	% sales	change
<b>Sales</b>	<b>284.1</b>		<b>282.0</b>		<b>+0.7%</b>
<b>Gross margin</b>	<b>182.0</b>	<b>64.0</b>	<b>183.7</b>	<b>65.1</b>	<b>-0.9%</b>
External charges	(61.7)	(21.7)	(60.5)	(21.4)	+2.0%
Personnel costs	(80.9)	(28.5)	(80.1)	(28.4)	+1.0%
Taxes and duties	(4.2)	(1.5)	(3.9)	(1.4)	+8.4%
Other income and expenses	9.0	3.2	4.1	1.5	+119.5%
Depreciation, amortization and provisions	(12.4)	(4.4)	(11.2)	(4.0)	+10.8%
<b>EBIT</b>	<b>31.8</b>	<b>11.2</b>	<b>32.1</b>	<b>11.4</b>	<b>-1.8%</b>



# Restated income statement

€m	31/12/2011	% sales
<b>EBIT</b>	<b>31.8</b>	<b>11.2</b>
<b>Commercial dispute indemnity</b>	<b>(5.0)</b>	<b>(1.7)</b>
Impact on staff profit sharing and incentives	0.7	0.2
M&A costs	0.8	0.3
<b>Restated EBIT</b>	<b>28.3</b>	<b>10.0</b>



# Income statement (continued)

€m	31/12/2011	% sales	31/12/2010	% sales	change
<b>EBIT</b>	<b>31.8</b>	<b>11.2</b>	<b>32.1</b>	<b>11.4</b>	<b>-1.8%</b>
Operating income	31.8	11.2	32.1	11.4	-1.8%
Financial income/(expense)	0.2	0.1	(1.8)	(0.6)	N/A
Pre-tax profit	32.0	11.3	30.3	10.8	+5.7%
Corporate income tax	(9.3)	(3.3)	(8.1)	(2.9)	+15.9%
<b>Net income – Group share</b>	<b>22.7</b>	<b>8.0</b>	<b>22.3</b>	<b>7.9</b>	<b>+2.0%</b>
<b>Operating cash flow*</b>	<b>34.9</b>		<b>35.3</b>		

\* Operating income plus depreciation, amortization and provisions less corporate income tax





# Cash flow

€m	31/12/2011	31/12/2010
Net income	22.7	22.3
Free cash flow before cost of debt and tax	45.1	45.5
Cash flow from operating activities	30.0	34.4
Cash flow from investing activities	(21.1)	(7.9)
Cash flow from financing activities	1.0	(25.8)
<b>Change in cash</b>	<b>8.2</b>	<b>1.6</b>



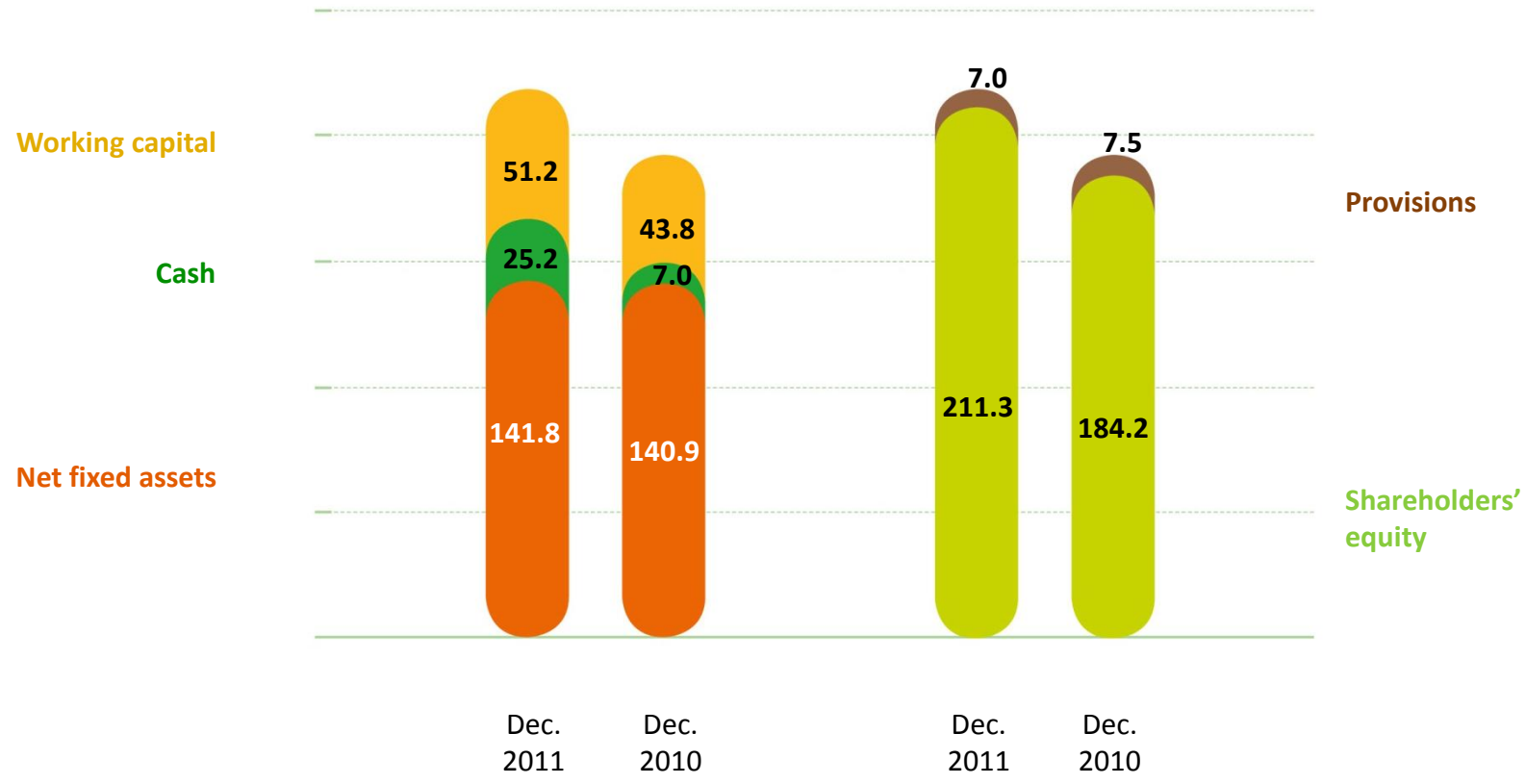
# Working capital

€m	31/12/2011	31/12/2010
Inventories	53.4	48.9
Trade and other receivables	59.5	60.2
Trade and other payables	(63.0)	(63.1)
Other working capital	1.3	(2.2)
<b>Working capital</b>	<b>51.2</b>	<b>43.8</b>

In number of days (by due date)	31/12/2011	31/12/2010
<b>Working capital</b>	<b>59.2</b>	<b>51.8</b>



# Financial structure





# Share price, shareholders and dividend



3<sup>rd</sup> prize for corporate governance issued by L'Agéfi

## ACTION VÉTOQUINOL

AU 27 MARS 2012

Place de cotation :  
Euronext Paris

Code ISIN :  
FR0004186856

Mnémonique :  
VETO

Nombre d'actions :  
11 881 902

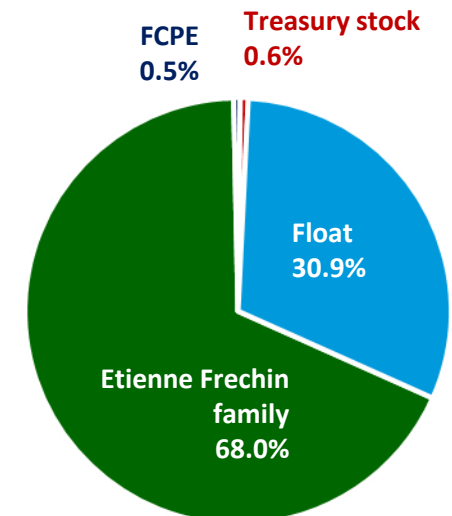
Capitalisation boursière  
au 27/03/2012 :  
277,3 M€

Cotation au 30/12/2011 :  
21,20 euros

Évolution de l'action (en base 100)



## > Shareholders at December 31, 2011



## > The Board of directors will recommend to the shareholders general meeting scheduled for May 24, 2012

- A net dividend of €0.33 per share
- A 17.3% payout





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## Outlook

**A group going places**

International development

Innovative products

strategy

Outlook

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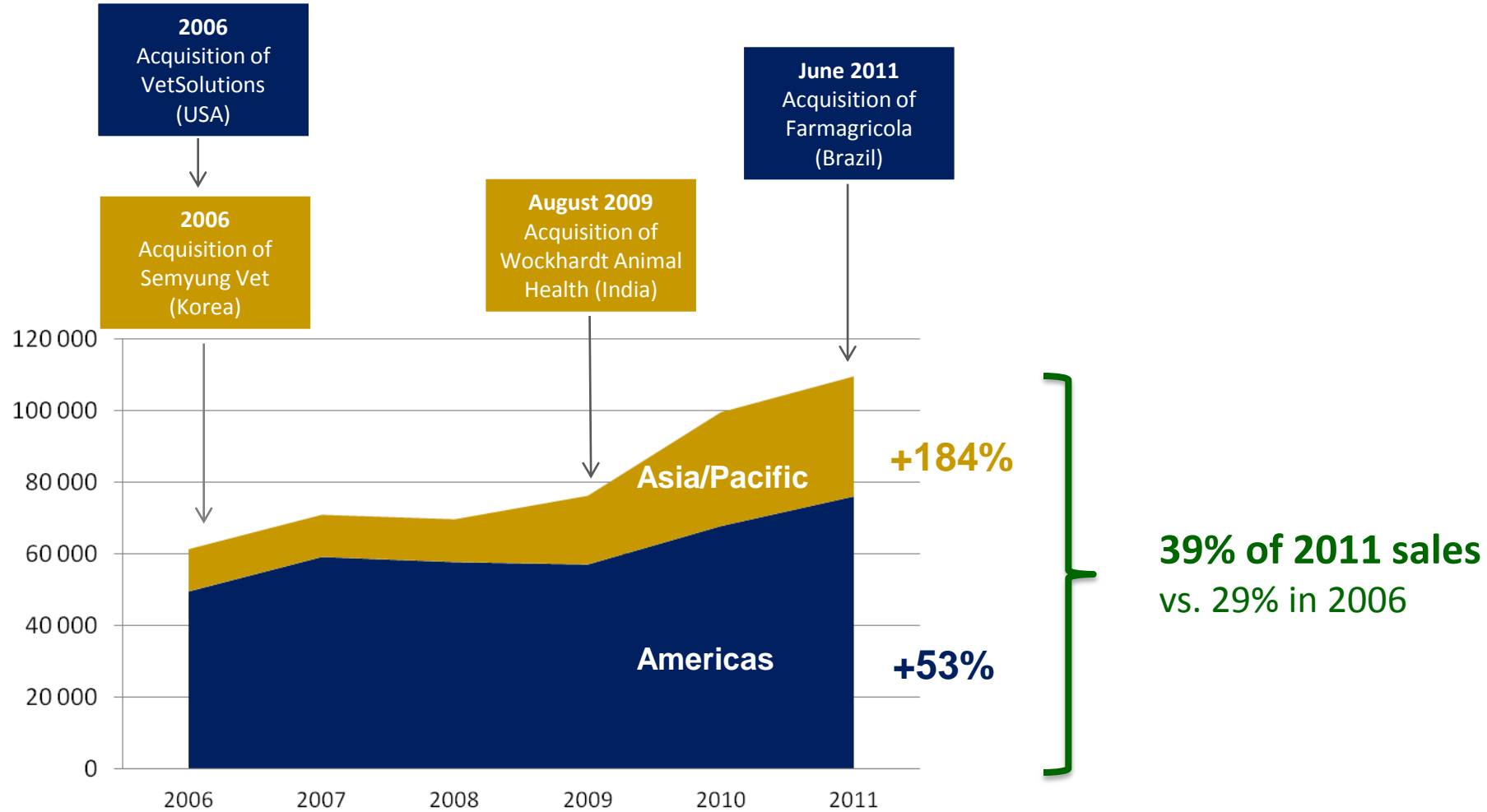


# Stepping up international development

- > **Take the Group into more booming markets**
  - Increase share of non European business
    - Emerging markets
    - North America
  
- > **Seek critical mass on each market**
  - Avoid geographical fragmentation
  - Shore up existing positions
  
- > **Set up roll out of group products on all markets**



# Growing presence outside Europe





# Innovative product strategy

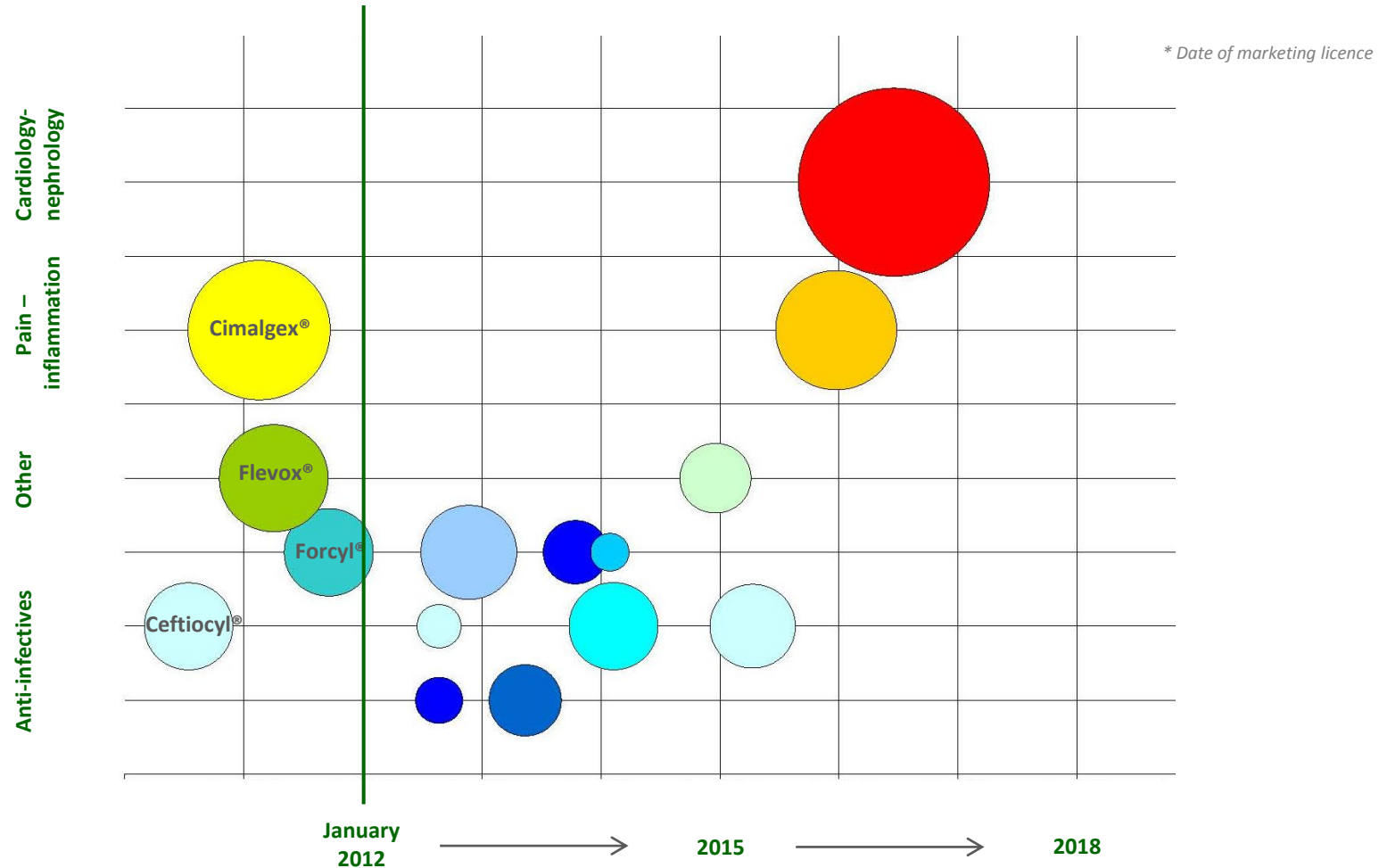
## > An ambitious research strategy to develop new products with 3 objectives

- Renew the product range
  - Innovation and product life cycle
- Restructure the product offering
  - Focus R&D and marketing resources on higher potential products
- Concentrate on products that can be launched internationally
  - Throughout Europe: Cimalgex® and Forcyl®
  - With a view to a global roll out





# R&D 5 year pipeline\*



2012, start of a new cycle focusing on high potential products



# New building dedicated to innovation in solid dosage form



## > Drug innovation

- Tablets
- Oral forms
- Taste
- Technology

## > Capacity increase

## > Bringing outsourced production in house



# 2012 outlook

- > **Return to growth in sales and EBIT in value**
  
- > **Ongoing investment**
  - Product development
  - Ongoing proactive M&A strategy



# Reporting timetable

- > **April 19, 2012**                      **Q1 2012 sales**
- > **May 24, 2012**                      **Shareholders general meeting**
- > **June 5, 2012**                      **Dividend payment**
- > **July 17, 2012**                      **H1 2012 sales**
- > **August 30, 2012**                      **H1 2012 results**



## Questions and Answers

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