

Our Strategy

Our strategy is to develop our position as an international, high margin, cash generative, specialist veterinary pharmaceuticals and related products business with a clear focus on key therapeutic areas: dermatology, ophthalmology, equine medicine, anaesthesia and analgesia, endocrinology, cardiovascular disease, food producing animal antimicrobials and pet diets through:





Pipeline Delivery

Strategic Priorities

- Deliver existing pipeline projects to schedule.
- Work effectively with regulators.
- Continuously refill the pipeline by identifying and evaluating new ideas.

Strategy Description

As a pure pharma player, we must deliver our pipeline on time, at the right costs and with the expected returns. As well as progressing our existing pipeline it is important that we refill the pipeline so that we get a constant flow of novel products in future years.

Objective

We want to innovate and generate sustainable profit growth through our pipeline delivery.

Focus in 2015 Financial Year

- Identify new development candidates.
- Achieve at least one new product approval.
- Launch *Osphos* successfully in the US and UK.



Geographical Expansion

Strategic Priorities

- Grow the US business and invest steadily in the infrastructure as pipeline delivers.
- Short term: establish subsidiaries in new territories with existing critical mass.
- Medium term: build critical mass or enter via acquisition.
- Long term: build a presence, initially through partnerships, where barriers to entry are high.

Strategy Description

The animal health market in emerging countries is growing rapidly due to the demand for high quality protein and the increase in pet ownership. We have identified a number of markets that present both volume and profit opportunities in the medium to long term and we are considering various entry strategies. In the US, we will grow the business organically in the short term with the launch of new products, including *Osphos*.

Objective

We want to seize growth opportunities in new markets through geographical expansion.

Focus in 2015 Financial Year

- Commence trading in Canada.
- Plan further new territory launch.
- Strengthen distributor relationships in identified growth markets.



Portfolio Focus

Strategic Priorities

- Maximise revenue and profit from existing CAP portfolio by focusing on clearly defined therapeutic sectors.
- Develop and grow critical mass of FAP portfolio.

Strategy Description

We are a specialist veterinary pharmaceuticals business focused on Companion Animal, Equine and Food producing Animal Products. Our portfolio is well positioned in our therapeutic focus sectors to ensure we maximise returns. We have recognised that we are underweight in FAP which represents 18% of our revenue. However, there is a clear opportunity to gain critical mass in FAP by extending our geographical reach.

Objective

We want to maintain market leadership in defined therapeutic areas and improve returns through our portfolio focus.

Focus in 2015 Financial Year

- Launch the new *Vetoryl* marketing campaign to grow sales.
- Promote the new Dechra Academy to support veterinarians.
- Increase market share in equine and dermatology sectors.



Acquisition

Strategic Priorities

- Target strategic acquisitions that will expand our geographical footprint and/or enhance product portfolio.

Strategy Description

While our strategy aims to deliver organic growth, acquisitions could accelerate our expansion by providing entry into new geographies, enhancing our portfolio or giving access to new technologies. We have established well-defined criteria through which potential acquisition targets can be screened.

Objective

We want to deliver incremental sales and earnings growth through strategic acquisitions that enhance shareholder value.

Focus in 2015 Financial Year

- Continue to develop relationships with potential targets.
- Improve knowledge of animal health markets in emerging markets.

Our Strategy continued



Manufacturing

Strategic Enablers

- Maintain efficient and effective in-house operations.
- Retain competitive advantage through flexible manufacturing capabilities (wide range of scale and dosage forms).
- Extend FDA approval to new dosage forms.
- Improve supply chain capabilities.

Enablers Description

Our current in-house manufacturing capabilities are extensive. Our flexibility in product dosage forms and scale capabilities combined with our ability to prioritise the supply of our own products make manufacturing integral to the Group strategy. We are focused on running the operations efficiently and to high standards to maintain or improve gross margins.

Objective

We want to maintain a flexible manufacturing capability to deliver small volumes at a competitive price and at the right quality.

Focus in 2015 Financial Year

- Improve supply chain effectiveness.
- Continue to drive quality and efficiency.
- Achieve FDA approval for new pipeline products.



Technology

Strategic Enablers

- Improve operating efficiency and processes through the Group-wide implementation of Oracle and other applicable systems.
- Maximise and exploit new technologies wherever possible.

Enablers Description

We are implementing a strong technology platform to ensure we operate efficiently and are exploring how IT can provide a source of competitive advantage.

Objective

We want our IT strategy to improve our communication, financial and operational capabilities.

Focus in 2015 Financial Year

- Continue roll out of Oracle with Group Finance consolidation and DVP EU implementation.



People

Strategic Enablers

- Strengthen the Dechra culture and ensure our Values encompass our business ethics and our standards.
- Attract, retain and develop talent.
- Develop effective succession plans to ensure business continuity.

Enablers Description

Our people strategy underpins everything we do in the business. Following the appointment of a new Group HR Director, we have a well-defined plan to develop and build talent, develop people and strengthen the Dechra culture.

Objective

We want to continue to be a high performing business driven by highly skilled and committed teams.

Focus in 2015 Financial Year

- Develop the succession plans for the leadership team and the next tier of management.
- Continue roll out of Performance Development Review.



Find out more about People, Culture and Values on pages 32 to 34.



View further content on our website: www.dechra.com