

Q&A with Mike Eldred



Mike Eldred
President — DVP US

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Find out more about Phycox on page 61.

Q What have the key highlights for the year been for DVP US?

A This past year was an exciting period for DVP US. We experienced the full spectrum of activities you would expect from a growing animal health business, from solid growth on our core product line, acquisition of a new company, a new drug approval from the FDA to the expansion of our commercial team.

We continued to show double digit sales growth for our core products, *Vetoryl*, *Felimagazole* and dermatology. Versus previous year, *Vetoryl* sales exceeded expectations and grew 24%. We continued to focus on educating veterinarians on Cushing's syndrome and the importance of FDA approved drugs over compounded products. We held over 165 Continuous Professional Development (CPD) evening meetings and had the opportunity to educate over 5,000 veterinarians on the importance of utilising *Vetoryl* to treat this very complex disease.

Felimagazole sales also remained strong last year. Competing against low-cost human generics, the US team still achieved 19% growth over previous year. Additionally, our sales of the *DermaPet* range (now marketed as Dechra Dermatology) continued to demonstrate growth of 10.5%. We launched a new product, MiconalHex+Triz Shampoo, Spray and Wipes, which further strengthened our product line by offering veterinarians a new Miconazole combination product.

In addition to strong growth from our current portfolio, we successfully completed the acquisition of the trade and assets of PSPC Inc. – *Phycox* Animal Health. This acquisition brought Dechra our first US manufacturing facility, located in Melbourne, Florida.

This facility produces the *Phycox* line of products and will also manufacture our new endocrine product that is expected to launch the next fiscal year. *Phycox* is a patented product containing an extract of blue-green algae that historically achieved sales of \$4.5 million with no outside sales force. I am confident that our talented and expanding sales force we will be able to grow and establish *Phycox* as a leading product to support companion animal joint health.

We also received great news from the FDA last year that our site transfer was completed for two of our major veterinary-approved ophthalmics, *Vetropolycin* and *Vetropolycin HC*. We relaunched successfully in May 2014 these two products, after two years supply interruption, and look forward to further expanding our line with the approval of *Vetrochloracin* and *Vetro-gen*® in the future. A major achievement was accomplished by our Product Development team with the FDA approval of *Osphos*. *Osphos* is indicated for the treatment of the clinical signs associated with navicular syndrome in horses. This key approval is the flagship drug for our Equine team and will be a major focus for Dechra's next financial year.

Finally, we had the opportunity last year further to expand our US organisation by hiring key sales, marketing and veterinary technical services personnel who will all be critical to our future success. Additionally, we established DVP Canada as a legal entity and hired our Country Manager to build the Canadian team.

All in all, this has been an excellent year for DVP US. We have built an organisation based on great people selling great products and a culture that will allow us to continue to drive growth in the US and Canada.

Q What makes DVP US unique?

A I have worked in the veterinary industry for over 20 years. Without a doubt, the unique factor at DVP US is our culture. I continue to stress to our employees there are three driving forces to our success: great products, great people, and our ability to solve problems. All of these factors are a result of the culture we have established within Dechra. We are a non-hierarchical organisation that does not believe in politics, bureaucracy, micro-management or egos. It is the goal of the Company to work as a team to ensure we do our best to provide the ultimate level of customer service to our colleagues and external customers. We also believe that work life balance is essential to maintain a resilient and motivated workforce.

Q Do compounding pharmacies continue to impact DVP US?

A Yes, compounding pharmacies remain a challenge for many US veterinary pharmaceutical companies. With the growing impact of social media, internet pharmacies and other media forms, everyone is trying to capture a slice of the growing pet industry in the US. The key to overcoming compounding pharmacies is to continue to educate the veterinarians on the importance of FDA approved products from a safety, efficacy and product liability standpoint. There have been various negative events that have occurred as a result of compounded drugs in the US. Unfortunately, many have led to human and animal deaths. It is our job to ensure we help the veterinarians understand that compounded products are not the same as a generic drug and are not analysed by the FDA for safety, efficacy and quality.

Our continued focus on CPD evening meetings provides a venue where we can address the risks associated with compounded products and hopefully convince veterinarians to support and utilise FDA approved products.

Q How is the Phycox integration progressing?

A The integration of PSPC, Inc. has been completed and all aspects of the business are progressing as planned. We acquired the facility in Melbourne and have hired key PSPC personnel to help support the transition and drive the business forward.

Q What is the outlook for the next 12 months for the animal health market in DVP US?

A I am extremely optimistic about the next 12 months for DVP US and DVP Canada. With the launch of *Osphos*, the addition of the ophthalmics and *Phycox*, the expected growth from our base business, hiring more employees in the US and establishing our Canadian subsidiary, we will be committed to expanding Dechra's North American footprint and increasing our returns to enhance shareholder value.