Q&A with Tony Griffin

Tony Griffin
Managing Director — DVP EU

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

A In the previous financial year, one of the main priorities for DVP EU was ensuring the smooth integration of *Eurovet* into the Dechra organisation and the realisation of the potential synergies which were identified prior to the acquisition in May 2012.

In the financial year just ended, while continuing to deliver the expected synergies, one of the most significant achievements was the creation of a new strategic plan for the enlarged European business, ensuring focus for the coming years. With the enlarged product portfolio, additional geographic spread and combination of CAP and FAP businesses, it was essential to set priorities within the business.

The plan was completed in 2013 and was created over a 12 months period involving input from the Country Managers and senior marketing executives within DVP EU. The most important outputs of this plan were the setting of long term objectives for the team, the redefining of our focus therapy areas and the identification of short to medium term action plans which should enhance the growth of the business.

One of the key drivers in Dechra's strategy is continued geographic expansion. In March of 2014 we successfully set up our own sales organisation in Italy. Based in Turin our small, but professional team has been busy relaunching our extensive portfolio of both CAP and FAP products, which were previously marketed by distribution partners.

Our most important key therapy area in the CAP business is endocrinology. In 2013 we were faced with the introduction of a generic version of our key product *Felimazole*. As part of our defence strategy, our central marketing team created a new positioning for this product with award winning supporting materials, which all markets have used in order to retain our market leadership position within this segment.

We also launched an additional tablet strength of 1.25mg, to differentiate further our offering from that of the generic. Despite the aggressive pricing strategy from this generic entrant, we were able to maintain market share in most markets and have grown sales revenues by 2.0% during the fiscal year.

In recent years our Diets business has suffered due to supply issues. During 2013 we completed an extensive search for an alternative source for our dry diets range and since quarter one 2014 the process has been started to transfer the production of these key products to this new source. Alongside ensuring continuity of supply, cooperation with this new partner has already delivered product quality enhancements which will help to drive future growth of this business.

In summary, after a relatively challenging start to the year, we have seen sales performance improve in the second half and are pleased to note that growth in constant currency in the 13 markets where we now have our own sales teams was 1% with only the Netherlands continuing to decline. Our fastest growing product was *Cardisure* at 32%, which is rapidly approaching the status of a top five product for DVP EU, and our fastest growing key focus therapy area was our equine range which grew by 11% driven by a second half recovery of *Equipalazone* and a strong growth in sales of *HY50*.

Q What makes DVP EU unique?

A I believe there are a number of factors which make us stand out from the competition; however, I am convinced that most important are the people that work in Dechra and the overriding culture of entrepreneurial spirit and agility. In a recent survey carried out among European veterinarians we received feedback, consistent across all markets, that they appreciated Dechra as we were seen as a company which is close to our customers, that listens carefully and acts quickly.

The veterinarians in Europe find senior managers within Dechra approachable and available, something they do not often experience among the larger companies. We are a Company which wants employees to take responsibility and to play an important part in supporting the growth of the business. This is reflected in the quality of the people we have been able to attract to the business and the professional output which is achieved using very often the more limited resources we can make available as a mid-size company compared to our much larger competitors. Combine this quality team of people with the Dechra culture and excellent products and then you can understand why we are unique.

Q What is your view of the continuing impact of the antimicrobial prescribing pressure on the DVP EU markets?

A I fully support the focus on ensuring prudent use of antibiotics in all sectors including in the veterinary business. Increasing antibiotic resistance is a major concern for all of us and we have to work together, politicians, regulators, manufacturers, prescribers and sellers to ensure that we have these essential pharmaceuticals available for many years to come in order effectively to treat infectious diseases. I believe that the focus worldwide on the reduction of antibiotic use in food producing animals is the strongest in the EU and that this will continue and will have an effect on sales of these products in the years to come.

The Netherlands and Denmark have been leading the way in Europe in recent years. However, recent legislation in Germany and Belgium is pushing down usage in these markets, while the French authorities have set reduction targets for the next three years. In Southern Europe we have not yet seen any significant measures being taken; however, it would be prudent to assume that here too we will see authorities taking steps to reduce overall use. While we have to assume that the total market for therapeutic antibiotics in Europe will decline, we strongly believe that we have both products and a strategy which can minimize the effects of these developments on our business.

Currently Dechra's sales of antibiotics are mainly in Northern Europe, and apart from the Netherlands we have been able to realise growth in some key markets in recent years. However, overall FAP sales have declined in 2014. We are only now starting to introduce our key products in the major swine and poultry markets of France, Italy and Spain. It is a challenging market; however, thanks to our *Solustab* technology which supports prudent use and the potential to grow in certain markets despite the pressure to reduce usage, we are confident that we can maintain a healthy business in this important product segment.

Q How is Italy performing?

A It is early days yet; however, Riccardo Data, our Italian Country Manager, and his team have delivered the sales and operating profit targets we had set for the first months of operation since 1 March 2014. The setting up of our Italian operation was an excellent team effort, with people from across Europe and from different departments working to get the legal entity established with all regulatory matters taken care of and the logistics and IT support in place. All of this was completed on time to market our products as they came back from several different distribution partners as the various contracts expired. In the coming months the team in Italy will continue to re-launch our wide portfolio of products and by the end of 2014 we will have 21 products on the Italian market being sold by our own sales organisation.

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

A The animal health business has always traditionally been seen as recession proof. This has generally held true and especially when the recession period was shorter than that which we have experienced in recent years. Having said this, Dechra has continued to grow in every year since 2008, despite the fact that the European animal health markets have seen moderately low growth in the past two years. A conservative return to economic growth in the coming period will help footfall in veterinary practices and should have a positive effect on our business moving forward.