Product Market Dynamics
Our products can be divided into four categories: Companion Animal Products (CAP), Food producing Animal Products (FAP), Equine, and Nutrition. All are targeted at providing veterinary professionals with solutions for their customers’ needs.

**CAP**

**Species:** Dogs and cats.

**Key therapeutic sectors:** Endocrinology, dermatology, analgesia and anaesthesia and cardiovascular and critical care.

**Products:** The majority of products in our portfolio are Prescription Only Medicines (POMs) prescribed, administered and dispensed by veterinarians working in companion animal practices. We also have a range of associated non-prescription products which complement the licensed pharmaceuticals, such as ear cleaners, dermatologically active shampoos and other topical and nutritional supplements.

**Market Description:** The principal driver of growth in companion animal markets is the pet owners’ compassion for their animals. The market has historically been orientated around developed countries such as Western Europe, North America, Australia and Japan. However, with increasing wealth in several developing regions, the companion animal market is now also emerging, particularly in South America and Eastern Europe.

Key Trends Shaping Our Markets: Expenditure on companion animals continues to grow due to increasing pet ownership, advances in nutrition, increased competence in managing complex conditions by veterinarians, preventative healthcare and wellness and by increasing availability of more specialist pharmaceuticals.

**Our Market Position:** This is the basis upon which Dechra established its market position and continues to be our strongest sector. Dechra has developed a strong reputation in providing specialist and clinically necessary novel products. We also supply a range of products which complement these products in key therapeutic sectors where we are seen as the company of choice by many veterinarians.

**FAP**

**Species:** Poultry, pigs and an increasing presence in cattle.

**Key therapeutic sectors:** Water soluble antibiotics, poultry vaccines, the treatment of mastitis, lameness and pain management.

**Products:** Our products are predominantly POMs that are prescribed by veterinarians who work in either specialist veterinary practices or professional farming units.

**Market Description:** As over 60% of all global animal health sales are FAP, Dechra is underweight relative to the market and our competitors and it is an increasing area of focus.

**Key Trends Shaping Our Markets:** The key driver for growth in this sector is a huge increase in the global demand for high quality animal protein and dairy products. Vaccines are the biggest growth sector of the veterinary market and are anticipated to continue to outgrow therapeutic treatments. There is also a growing awareness of the need for better animal welfare standards, including pain control during procedures such as pig castration and tail docking in sheep.

**Our Market Position:** Dechra entered the FAP sector through the acquisition of Eurovet in 2012; it currently represents 14.5% of revenue. The majority of our sales are currently antibiotics which are sold mainly into Europe. Western Europe has been extremely proactive over the last five years in reducing antibiotic use due to concerns over antimicrobial resistance and “super bugs”. Dechra’s portfolio is positioned to match current best practice prescribing habits. Additionally, our Brazilian vaccines business and Croatian poultry vaccines are providing growth and are anticipated to continue to provide growth opportunities in future years as we seek global registrations.
**Equine**

**Species:** Horses and ponies.

**Key therapeutic sectors:** Lameness and pain management.

**Products:** Dechra offers a wide range of products supporting the equine veterinarian, from pain management to products for anaesthesia, dermatology, critical care, reproduction and euthanasia.

**Market Description:** Veterinarians that specialise in horses operate out of either mixed practices or, increasingly, specialist equine centres. There are approximately seven million horses in the USA, approximately one million horses in France and Germany and less than one million in the UK. As such the market potential is limited. The market can be divided roughly into high performance sports horses, leisure horses and ponies.

**Key Trends Shaping Our Markets:** The market is variable and can be linked to the economy; however, high value, insured, sports horses will be treated at almost any cost.

**Our Market Position:** This is a sector in which few animal health companies specialise due to the relatively small number of horses in the world and the fact that in the majority of European countries the horse is classed as a food producing species which adds complexity to the licensing process.

Dechra has developed a strong position in lameness and pain management with unique products that have superior efficacy compared to historic treatments.

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**Nutrition**

**Species:** Dogs and cats.

**Key therapeutic sectors:** Our pet diets are available to support the wellbeing of animals with numerous therapeutic conditions.

**Products:** Our range of pet foods is predominantly focused on high quality nutrition to support therapeutic conditions in dogs and cats such as allergies, obesity, heart disease and kidney disease.

**Market Description:** The global pet food market is huge and dwarfs the animal health pharmaceuticals market. The veterinarian’s recommendation is respected by pet owners which allows them to take a small but significant part of this nutrition market.

**Key Trends Shaping Our Markets:** Expenditure on companion animals continues to grow due to increasing pet ownership, advances in nutrition and increased competence in managing complex conditions in dogs and cats such as allergies, joint disorders, obesity, heart disease and kidney disease.

**Our Market Position:** Dechra’s focus is predominantly therapeutic diets which are not available for self-selection through supermarkets and require advice from the veterinarian. There are very few competitors in this specialist sector of the pet food market and although we compete with huge global multinational companies, we are able to differentiate our position through the use of higher quality ingredients and through innovation. The ability to offer our wide range of products, branded Specific®, is necessary to remain competitive in this sector.