

## PRESS PACK

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Note: all data in this press pack are 2009 ones (except if specified differently)



## Who is Vétoquinol?

11<sup>th</sup> largest laboratory in the world, dedicated to animal health

Founded in 1933, Vétoquinol is an independent pharmaceutical veterinary laboratory. Its activity is voluntarily well-balanced between livestock and companion animals.

An all-round player, it is involved in the development, manufacturing and marketing of medicinal products and nutraceuticals for veterinary use. Vétoquinol has extensive expertise in three major therapeutic fields: **anti-infectives**, **pain management** and **cardiology-nephrology**.

Vétoquinol now distributes its products in around a hundred countries (Europe, North America and Asia), thanks to its subsidiaries in **23 countries**, supported by a network of 140 distributors. The group employs more than **1550 people** world-wide. It has set up its main Research and Development centre and its largest manufacturing plant in the same location as its head office in Lure, France. There are three more manufacturing sites in Canada, Poland and France.

Its turnover in 2009 totalled **252.2 million euros**, an increase by 29 % over the last four years. Vétoquinol is one of the most active animal health companies in term of acquisitions (source: Vetnosis).

The President and Chairman of the Board of Vétoquinol is Étienne Frechin, son of the founder.

Vétoquinol is quoted on Paris stock exchange (Euronext Paris - FR0004186856).

**11<sup>th</sup> largest laboratory in the world and 3<sup>rd</sup> largest laboratory dedicated exclusively to animal health**

**9 % share of antimicrobial injectables market in Western Europe**

**No.2 in oral anti-infectives for companion animals in Europe**

**No.3 in injectable anti-infectives for large animals in Europe**

**No.2 in Poland // No.3 in Canada // No.5 in France // No.10 in Italy**



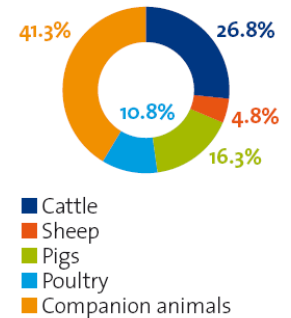
## The animal health market

A market worth almost \$19 billion in 2008

### A FRAGMENTED MARKET

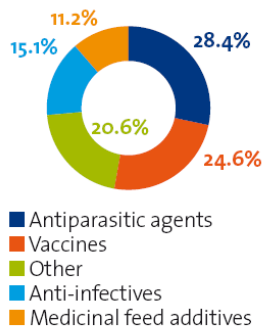
- **Animal species** are divided between livestock (cattle, pigs, poultry and sheep) and pets (cats, dogs, horses, new companion animals). These two sectors operate along different lines.
  - The livestock sector (60% of the global market) is a high-volume market guided by economic concerns (profitability for the breeder) that has to meet the growing demand for protein in mature and developing countries.
  - The companion animals (40% of the global market) is characterised by strong growth and greater added value. Guided by owners' feelings, it is also linked, in some countries, to changes in their purchasing power.

**World market by species**



Source: Vetnosis, March 2009

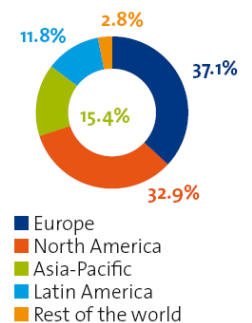
**World market by therapeutic category**



Source: Vetnosis, March 2009

- **Two lines of treatment:** preventive (vaccines, supplements, anti-parasitic agents) which applies mainly to bulk treatments and curative (anti-infectives, other anti-parasitic agents, anti-inflammatories, cardiology, nephrology, hygiene...) geared more towards treatment of individual animals.
- **Two types of market** with contrasting requirements:
  - the mature markets: Western Europe and North America (2/3 of the global market), where there is growing demand, particularly in the companion animals sector.
  - the developing markets: Eastern Europe, Asia and South America, characterised by the growing demand for animal protein and the emerging companion animals market.

**World market by geographic area**



Source: Vetnosis, March 2009

### A GROWING MARKET

In 2008, the worldwide animal health market increased by 2.8% in volume. In 2009, Vetnosis plans a rise of 1.5%, still in volume. As a yearly average on the 2008-2012 period, the expected growth - in March 2008 - was 2.2% in volume (same source).

### A MARKET OF PROFESSIONALS, SUBJECT TO MORE AND MORE CONTROLS

The market is closely linked to the protection of human health, resulting in legislation and regulations (manufacturing, scientific and environmental) which are becoming ever more complex. 80 % of the international market belongs to 11 international groups, the most important being laboratories involved in both human and animal health. The remaining 20 % belongs to numerous local companies who are looking to make alliances, now or in the future, due to the increasingly heavy investment required. The trend will reinforce the role of veterinarians who are pivotal in the prescription process.



## Vétoquinol: a story without end

From a great idea to a great laboratory

*Founded in 1933, Vétoquinol is a pioneer in animal health. It has been involved in this market for many years so it has exceptional experience and knowledge of the market, and an international outlook. The company has been growing in a sustained, controlled way since it came into being, due to successive acquisitions, regular launches of products and concentration on profitable segments.*

- 1933** • First quinoline-based veterinary product, Vétoquinol, developed by Joseph Frechin, Doctor of Pharmacology
- 1962** • Founding of Vétoquinol SA, devoted to animal health  
• Arrival of Etienne Frechin, son of Joseph Frechin, and current President
- 1977** • First foreign abroad, in the Netherlands
- 1980** • Research & Development centre opened
- 1984** • Creation of Galvet Ltd in Ireland
- 1987** • Tolfedine®, first marketed (anti-inflammatory)  
• Acquisition of Psyphac in Belgium
- 1990** • Acquisition of Univet, in Great Britain  
• Creation of Vétoquinol North America, in Canada, which is acquiring Multivet and MVE.
- 1991** • Acquisition d'Antibioticos Pharma Vet, in Spain
- 1992** • Creation of Vétoquinol Mexico.  
• Acquisition of Austin and Dispar in Canada.
- 1995** • European launch of Marbocyl® (anti-infective)
- 1999** • Acquisition of J.Webster in Canada - 40 employees
- 2001** • Acquisition of Swiss-based group Chassot and subsidiaries in Europe (401 employees)
- 2002** • Evsco and Tomlyn ranges bought from IGI Inc in the USA  
• Prilium® launched (canine cardiology)
- 2003** • New premises in Lure double the amount of space for Research & Development
- 2004** • Choice to concentrate exclusively on the development of curative products  
• Sales office opened in Shanghai, China, for Asia-South Pacific
- 2005** • Launch of Clavaseptin® (anti-infective)
- 2006** • Lure manufacturing site modernised and production capacity increased  
• Acquisition of Semyung Vet in South Korea and Vet Solutions in the USA  
• Listed on Paris stock market  
• Launch of Marbocyl® S (antibiotic), Dolpac® (antiparasitic) and Flexadin® (chondroprotective agent)
- 2007** • Subsidiary established in Portugal  
• Launch of Alfaxan® (anaesthetic)
- 2008** • Development unit established in Canada  
• Acquisition of Viavet in Scandinavia  
• Launch of Vetprofen™ (anti-inflammatory)  
• Acquisition of Ascor Chimici in Italy
- 2009** • Acquisition of Wockhardt Animal Health in India  
• Launch of Zentonil® Plus and Zentonil® Advanced  
• Creation of the Asia-Pacific Division  
• Acquisition of Wockhardt animal health and creation of Vétoquinol India  
• Launching of Request, a group of European experts in anti-infectives  
• Launching of the 3D communication campaign, that values the three therapeutic fields of the Group

**In 2009, Vétoquinol has subsidiaries in 23 countries**

**It employs over 1550 people world-wide**

**It has a network of 140 distributors**

**The group's products are distributed in 100 countries**



## An all-rounder in animal health

3 BUSINESSES: total control of the process, from development to marketing.

### DEVELOPMENT

#### Pragmatic, effective R&D

Set up in 1980, Vétoquinol research & development concentrates on four areas of development:

- new substances,
- suitable pharmaceutical formulations,
- new indications and species,
- nutraceuticals.

About one hundred world-class researchers work in the specialist centre in Lure. With their expertise, a budget amounting to 7% of turnover, as well as strict management, world-class products can be developed.

The R&D portfolio is brimming with projects (about twenty to date) focusing in particular on innovative pharmaceutical formulations and substances which have yet to be used in animal health.

A new pharmaceutical development unit, set up in 2008 in Canada, maintains the existing range of medicinal products and improves its performance. The work undertaken focuses on developing pharmaceutical forms or packaging which are more convenient for the end user or on improving palatability.

### MANUFACTURING

#### Strict adherence to standards

With ever tighter controls throughout the world, Vétoquinol's manufacturing facilities have been designed in accordance with extremely strict standards.

In Europe, Vétoquinol follows Good Manufacturing Practice (GMP) recommendations and in Canada those of the Food and Drug Administration (FDA).

Vétoquinol allocates significant resources to quality management: in the manufacturing area, one employee over three deals with quality.

#### A flexible manufacturing structure

Vétoquinol's great strength is in knowing and demonstrating its flexibility and ability to adjust production according to the demands of the market. The group has the capacity to produce medium and even small batches of medicines.

#### Proximity to markets

As it expands into other countries, the group ensures that its markets are well supplied.

Production is based in four sites; the largest, Lure, has the capacity to produce for the entire global market and make changes to the packaging when required. The other sites cover a specific geographic area for medium-sized batches of products.

5 manufacturing sites (2 in France, 1 in Poland, 1 in Italy and 1 in Canada)

>24 million boxes produced in 2008

>5,000 tonnes of products

252.2 million Euros of sales in 2009



## MARKETING

Vétoquinol distributes over 24 million boxes a year to around a hundred countries, through its 23 sales subsidiaries (Europe, North America, and Asia) and its distribution network in 80 countries.

### A sales network familiar with its markets

Most of the foreign subsidiaries are the result of buy-outs. Vétoquinol chooses its associates first and foremost on the basis of their expertise. This is why the group's policy is to retain existing teams. They know their field intimately. They know how best to succeed and have the necessary means to remain autonomous. The same goes for the distributors who are carefully chosen.

### The main customer and partner: the veterinarian

One of Vétoquinol's great assets has been its determination and efforts to build a special relationship with the veterinarian from the outset. Its daily commitment to its customers - something which sets Vétoquinol apart - has been an important asset as it has grown.

Vétoquinol wants to give customers what they want and has a worldwide sales force of more than 300 people.

<p><b>100 countries</b></p> <p><b>Subsidiaries in 23 countries</b></p> <p><b>140 distributors</b></p>
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## Strategic products developed by Vétoquinol

<b>Anti-infectives</b>	<p><b>Marbocyl®</b> - Antibiotic, group's leading range, among the five most sold anti-infective agents in Europe</p> <p><b>Aurizon®</b> - Otitis externa in dogs: first and only triple-action treatment for single daily use. One of the leaders in the European market.</p> <p><b>Clavaseptin®</b> - Antibiotic. Tablets of amoxicillin – clavulanic acid; palatability, size, formulation and weight have been improved for dogs and cats by Vétoquinol.</p>
<b>Pain</b>	<p><b>Tolfédine®/Tolfine®</b> - Non steroidal anti-inflammatory drug (NSAID). Treatment of inflammatory locomotor or painful conditions in dogs and cats; treatment of respiratory disease in cattle.</p>
<b>Cardio-nephro</b>	<p><b>Prilium®</b> - First and only liquid ACE inhibitor to treat heart failure in dogs.</p> <p><b>Ipakitine®</b> - To slow down the progress of renal chronic failure</p>
<b>Others</b>	<p><b>Propalin®</b> - Treatment of urinary incontinence in bitches which have had an ovariectomy. 1st product registered for this indication in Great Britain. Pioneering syrup in its market.</p> <p><b>Dolpac®</b> - A broad spectrum, single-dose anthelmintic for treating the main types of worms affecting dogs.</p>



## A well-balanced player Selective spheres of activity

*Vétoquinol has chosen to position itself as a key player in buoyant market segments.*

### DISEASES

Vétoquinol has identified three areas of curative treatment where its experience can make a difference and where the company hopes to become the recognised standard:

- **anti-infectives**, the group's strong point for many years.

Vétoquinol develops different families of antibiotics, with protocols adapted for different species. This approach combines effective treatments and respect for the environment and the consumer. In the European market, Vétoquinol is no. 1 in the segment of topical ear products for companion animals, no. 2 in oral anti-infectives for companion animals and no. 3 in injectable anti-infectives for large animals.

- Launched in 1995 and source of successive innovations, Marbocyl® - the Group's flagship product - is one of the five most popular brands of anti-infectives in Europe. This antibiotic with numerous indications treats livestock and companion animals.
- Aurizon® and Oridermyl®, prescribed for treating otitis in dogs and cats, are also among the market leaders in Europe. Launched more recently, other brands such as Clavaseptin® and Enisyl®-f make a considerable contribution to the Group's growth in the anti-infective sector.

- **anti-inflammatories**

Alleviating an animal's pain is: an ethical challenge, a demand from pet owners and a medical challenge. Products in this area are therefore aimed at preventing pain (surgery), reducing it and managing chronic situations by improving the animal's comfort (osteoarthritis).

Vétoquinol satisfies these various needs thanks to a complete range of products:

- for surgery, an anaesthetic specifically developed for companion animals, Alfaxan®, and the distribution of a range of surgical equipment,
- a nonsteroidal anti-inflammatory (NSAID) for the management of acute pain and inflammation, Tolfedine® for dogs and cats and Tolfine® for livestock,
- two NSAIDs for managing chronic pain, Rimifin® in Europe and Vetprofen™ in the United States,
- two ranges of chondro-protective nutraceutical supplements for managing osteoarthritis, Flexadin® and Caniviton®.

- **cardiology-nephrology**

Heart failure and renal failure are the most common chronic conditions affecting elderly dogs and cats, respectively. They affect the quality of life and life expectancy of our four-legged friends. Vétoquinol has developed innovative therapeutic solutions in cardiology-nephrology, a sector which is booming.

- Prilium®, a product for dogs with cardiac insufficiency, has an innovative galenic formulation: the only one in its category to be marketed in a liquid form. It is available in most European countries, Australia and New Zealand.
- The rest of the range is dedicated to treating renal insufficiency Rubenal®, Ipakitine®/Epakitin® and Azodyl® in Europe and North America.

### ANIMAL SPECIES

While there is an enormous range of possible treatments, Vétoquinol focuses on the fundamentals, targeting the species it knows well, striking a balance between companion animals and livestock.

#### Companion animals: dogs, cats, new companion animals

Emotions play a crucial role in this sector. Owners want treatments which are effective, quick and easy to administer for their companion animals. The animal's well-being and the quality of its relationship with humans must be taken into account. There is considerable potential in this rapidly growing market.

#### Livestock: cattle, pigs

Here, the economic aspect takes precedence: Vétoquinol is constantly coming up with faster treatments, whilst respecting the animal and the consumer. Strategically, the group is focusing on these two species to smooth out fluctuations in their respective markets and keep the high volumes.



## A tried and tested philosophy

Success based on people

### People, a key factor for growth

Being a family-owned company, Vétoquinol has always believed that people are the key to its success, namely the men and women who make up the workforce and the veterinarians with whom the group has a special relationship.

### A strategy based on a real partnership with its customers

Vétoquinol does more than share the same passion and respect for animals with its customers. It is always striving to be by their side, to help them in the daily routine of their profession. This approach can be found both in R&D and in its manufacturing and marketing methods. Vétoquinol focuses its development on products which really move things forward.

Quite apart from the product, Vétoquinol thinks carefully about the best training and information, the best tools which will help the veterinarian in his daily routine, throughout the world.

#### *Vétoquinol Academia*

This is the name given to the scientific meetings and training programmes which Vétoquinol organises all over the world. The Vétoquinol Academia seminars combine state of the art veterinary medicine and practical aspects which can be put to immediate use by practitioners. The main speaker is always an acknowledged expert in his field. These scientific, people-based events are highly valued by Vétoquinol's professional associates.

- 2002 - Prague. First international symposium on cardiology in companion animals, attended by 130 experts from 16 countries.
- 2004 - Naples. The first European summit on mastitis, attended by experts and practitioners.
- 2005 - Madrid. Symposium on the treatment of *Actinobacillus pleuropneumoniae* - a bacterium which causes respiratory diseases in pigs.
- 2006 - Paris. Symposium on "innovations in antibiotic treatment for companion animals"
- 2007 - Nice. Symposium on "state of the art in nephrology". 90 practitioners, 14 European countries.
- 2008 - Brussels. Symposium on "best practices in surgery". 150 European veterinary surgeons specialised in surgery and anaesthesia.
- 2009 - Berlin. Meeting on Heart Kidney Axis. Workshop « Practitioner course » .100 practitioners.

### A committed player, with AVSF (Agronomes et Vétérinaires sans frontières)

Vétoquinol has been supporting the work of AVSF in the long-term. After a profit-sharing campaign in 2005, it provided financial backing for the book "Histoires sans faim" in 2006 (all the proceeds of which is financing the association's projects). Now, Vétoquinol has committed itself for three years (2007-2009), supporting two animal health projects conducted by the association in Mali.

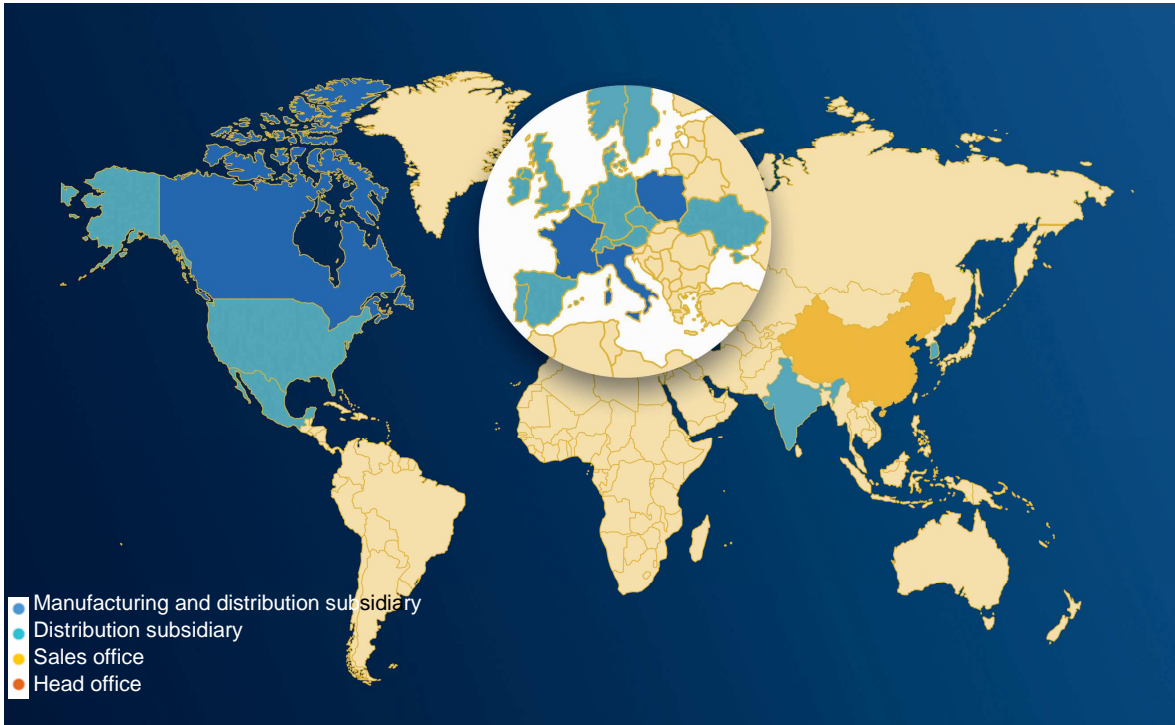
AVSF has over 20 years of experience in rural development and gives its expertise and skills to farming organisations in the South, helping them to cultivate their land and raise their cattle, for survival. AVSF has 60 projects in 20 countries, in Africa, Latin America and Asia. In these developing countries, most of the population is directly dependent on farming and breeding for their livelihood and  $\frac{3}{4}$  of those who die of hunger are small farmers.



## An international group

A strategy of controlled growth

*Founded in France, Vétoquinol very soon expanded into other countries and now holds subsidiaries in 23 countries.*



### Continued expansion

Since 1977, when its first subsidiary was established in the Netherlands, the Group's development strategy has been based mainly on external growth. Vétoquinol has shown it can absorb new companies. Its policy of targeted acquisitions favours collaboration with trade and industry, as opposed to simply increasing turnover.

The group has extended its international network, building on specific therapeutic categories, recouping its research and marketing costs, always evening out the risk.

Firmly established in Europe, the group has opened up the North American market (ranked 3<sup>rd</sup> in Canada) and then the Asian market: an office in China in 2005 and a subsidiary in South Korea in 2006. Vétoquinol has subsidiaries in 23 countries and 58% of its workforce is based outside France.

Of its five manufacturing sites, three are outside France (Poland, Canada and Italy), each one specialises in supplying their own parts of the world.

**140 distributors in 80 countries**

**Subsidiaries in 23 countries**

**5 manufacturing sites (France (2), Poland, Italy, Canada)**

**58 % of the workforce based outside France**

**78 % of sales outside France**

