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>> H1 2007 results

Presentation of Vétoquinol's results for the first half of 2007

The year is off to a good start

Tuesday, September 25, 2007





Contents

- I Highlights from the first half of 2007**
- II Financials in H1 2007**
- III Current momentum and outlook**





Key figures for H1 2007

➔ Revenue	€111.1m	+12.9%
➔ Profit from ordinary activities	€13.6m	+66.4%
➔ Net profit	€ 7.9m	+95.3%

In H1 2007, Vétoquinol posted the strongest growth in the industry, according to Wood Mackenzie





I Highlights of H1 2007

Business is brisk

- ➔ A market trending upward
- ➔ Sustained company growth momentum

Further global expansion

- ➔ Positions in Europe consolidated
- ➔ Working towards critical mass in the US





Business brisk in the animal health market

- ➔ **A market still trending upwards**
 - > **10.2%** growth in dollar terms at June 30

- ➔ **A particularly buoyant European market**
 - > **16.6%** growth in value terms (after dollar impact)

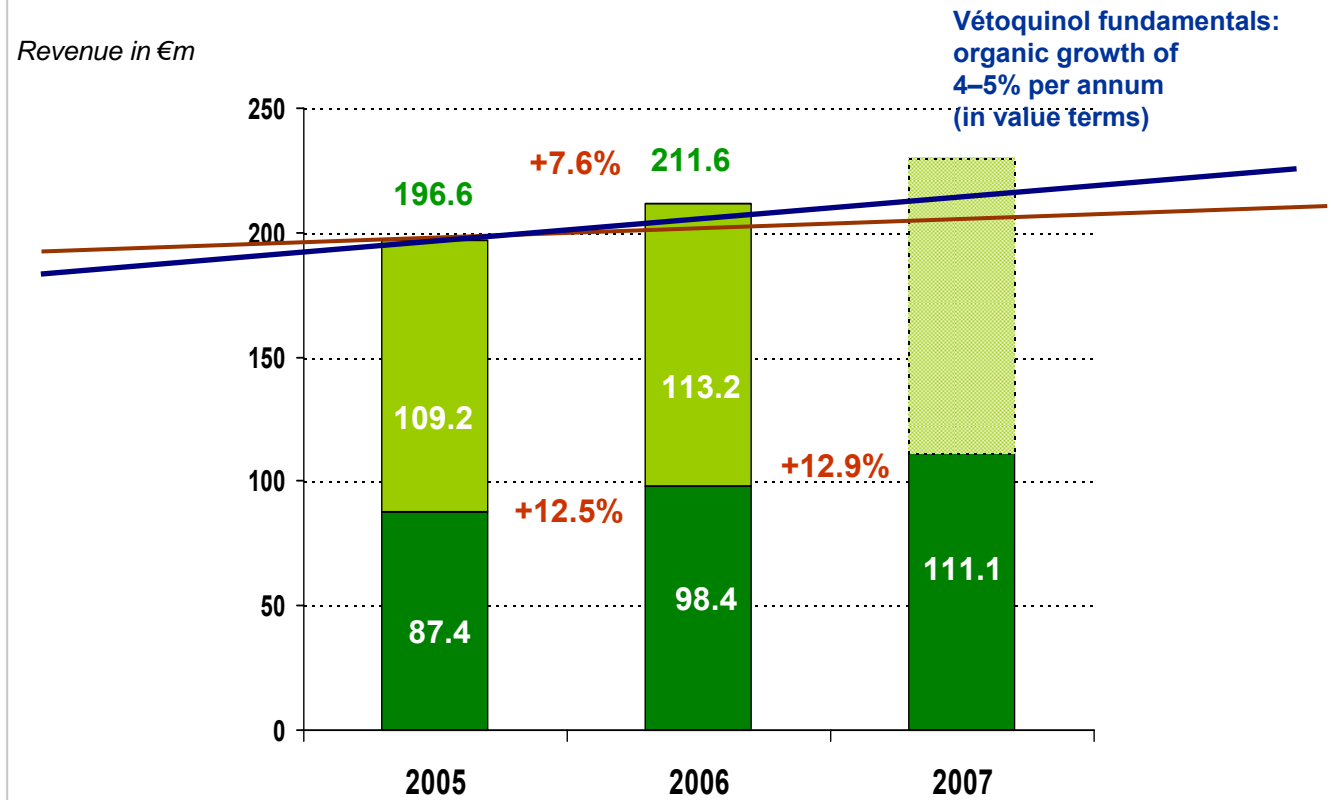
- ➔ **Higher growth in all species in H1**
 - > Companion animals **+12.2%**
 - > Cattle **+7.6%**
 - > Swine **+10.4%**




Highlights of H1 2007

Global market growth
of 1.9% per annum
(in volume terms)

Sustained momentum





Vétoquinol—the strongest growth in the industry

Comparative performances: Vétoquinol and its main rivals/H1 2007

Company	Sales		Sales growth	
	Millions, local currency	Millions, USD	Local currency	USD
Vétoquinol	111	148	13,0%	22,1%
Virbac (3)	209	278	12,7%	21,9%
Merial	1314	1314	12,1%	12,1%
Pfizer	1218	1218	11,3%	11,3%
Schering Plough	496	496	11,0%	11,0%
Intervet	606	806	7,8%	16,6%
Elanco	430	430	7,6%	7,6%
Boehringer Ingelheim Vetmedica	195	259	7,1%	15,9%
Ceva (4)	159	211	7,1%	15,8%
Fort Dodge	554	554	6,5%	6,5%
Alpharma	174	174	6,1%	6,1%
Bayer (1)	496	659	5,1%	13,6%
Novartis(2)	515	515	3,2%	3,2%

Source: WMK Monitor no. 84 (August 2007)

*Wood Mackenzie estimates

(1) Included: dietary supplements: Estimates Q2 2006 €8 M, Q2 2007 €8 M and environmental products: Estimates Q2 2006 €7 M, Q2 2007 €7 M.

(2) Environmental products included. Estimates Q2 2006 \$27 M ; Q2 2007 \$30 M.

(3) Pet food excluded

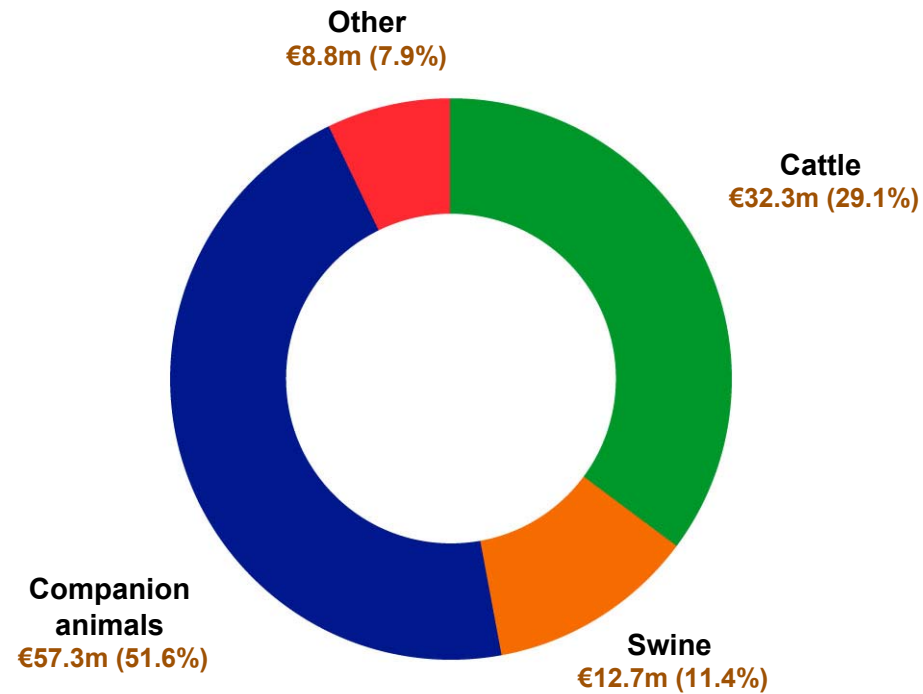
(4) Dietary supplements included





Vétoquinol—growth balanced between species

H1 revenue: €111.1m





Highlights of H1 2007

Further global expansion

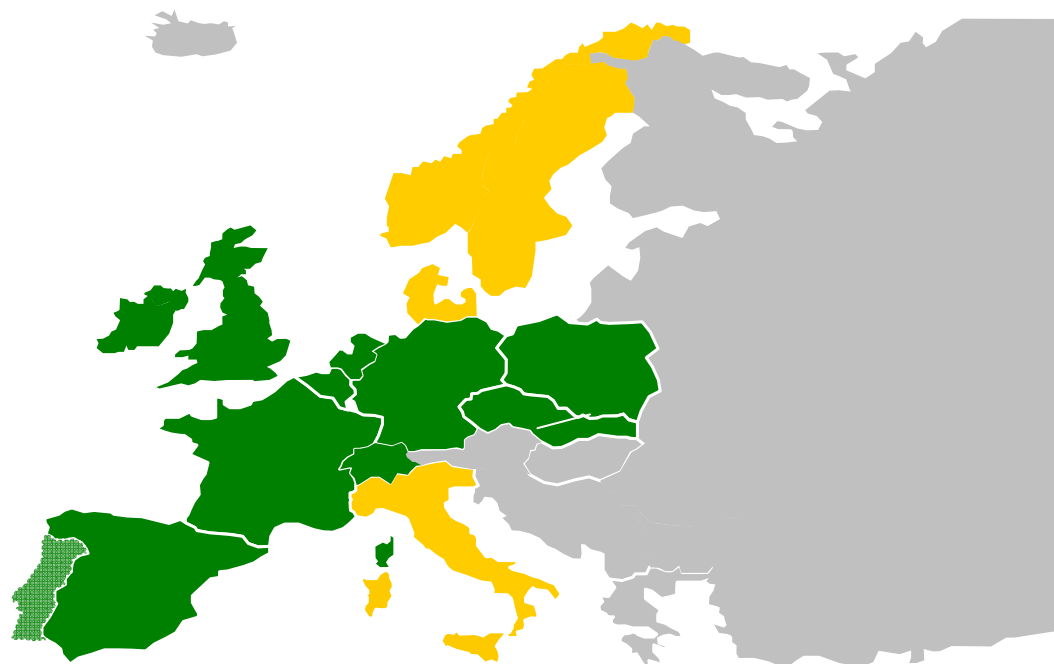
- ➔ Direct operations in Europe extended
- ➔ Working towards critical mass in the US





Highlights of H1 2007

Operations in Europe consolidated



Our objective:

Establish a presence in Europe's 10 leading markets





Highlights of H1 2007

Operations in Europe consolidated
New subsidiary in Portugal

- **10th largest market in Europe (€90m), with 1,500 working veterinarians**
- **Distribution of Marbocyl[®], Longamox[®], Tolfedine[®], etc., rollout of new products for smaller animals, e.g. Dolpac[®], Ipakitine[®], Zentonil[®]**
- **First sales in May; growth of over 20% a year anticipated**
- **Organizational synergies between Spain and Portugal**





Highlights of H1 2007

Operations in Europe consolidated **Negotiations under way**

- ➔ **An LOI signed with a Scandinavian lab covering**
 - > Denmark
 - > Sweden
 - > Norway

- ➔ **Contacts in Italy**
 - > Objective: open a sales subsidiary





Highlights of H1 2007

Working towards critical mass in the US



Our objective:

40 reps in the US within 3 years





Working towards critical mass in the US
Integration with Vet Solutions

➔ **Integration completed**

- > Acquisition in late 2006
- > Sales teams and networks integrated
- > Logistics centralized in Texas

➔ **Changes under way**

- > Streamlined subcontracting
- > Further active monitoring to identify other external growth opportunities

➔ **Revenue in H1 2007: \$14.7m (+76%)**





II Financials in H1 2007

➔ **Outperforming the fundamentals**



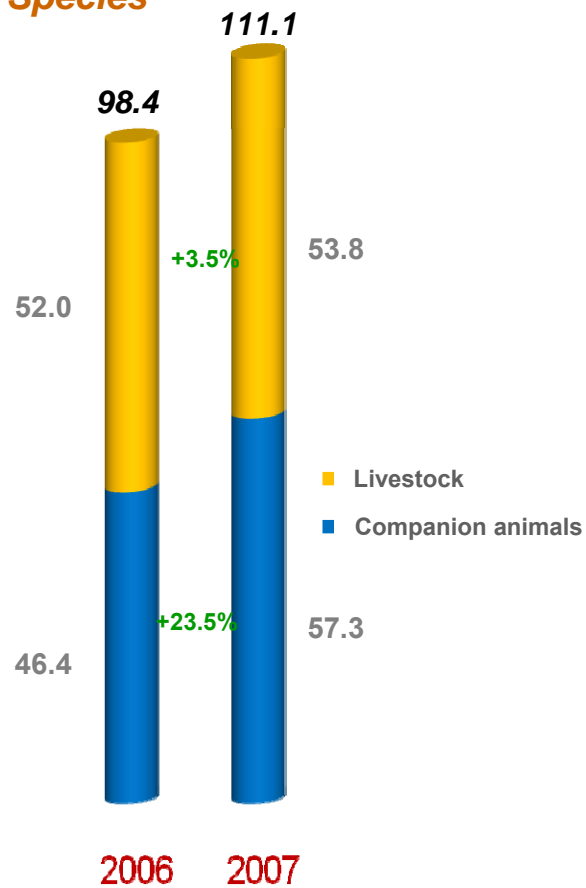


H1 financials

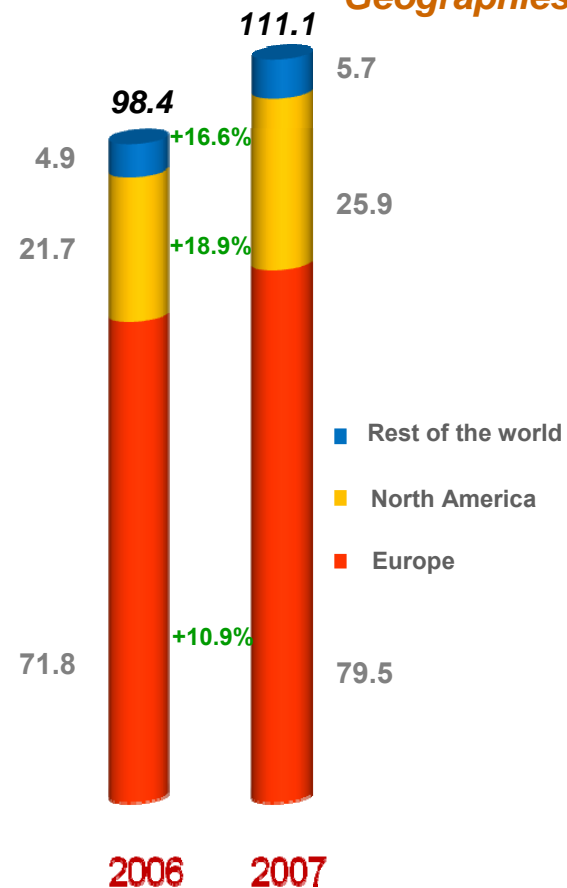
In millions of euros

12.9% growth in H1

Species



Geographies





Income statement

<i>In millions of euros</i>	June 2007	% of rev.	June 2006	% of rev	Δ %
Revenue	111.1		98.4		+12.9
Gross profit	75.5	67.9	64.1	65.2	+17.8
External purchases & expenses	(24.1)	21.7	(21.0)	21.3	+15.0
Personnel costs	(30.8)	27.7	(29.2)	29.7	+5.6
Taxes on income & other similar levies	(2.2)	1.9	(1.5)	1.6	+38.0
Other operating income and expenses	0.4	(0.4)	(0.1)	0.1	-
D&A and provisions	(5.2)	4.7	(4.1)	4.2	+26.2
Profit from ordinary activities	13.6	12.3	8.2	8.3	+66.4





Income statement (cont.)

<i>In millions of euros</i>	June 2007	% of rev.	June 2006	% of rev.	Δ %
Profit from ordinary activities	13.6	12.3	8.2	8.3	+66.4
Profit from operations	12.7	11.4	8.1	8.3	+55.7
Net finance costs	(1.9)	(1.7)	(2.2)	(2.2)	-14.0
Profit before income taxes	10.7	9.6	5.9	6.0	+81.6
Net profit	7.9	7.1	4.0	4.1	+95.3
Free cash flow*	16.0		10.4		

* Profit from ordinary activities – Income taxes + Net D&A and provisions





Cash flow statement

<i>In millions of euros</i>	June 2007	June 2006
Cash flow from operating activities	10.3	9.4
Cash flow from investing activities	(4.6)	(7.8)
Cash flow from financing activities	(4.6)	(5.8)
Effect of changes in exchange rates	(0.3)	0.1
Change in cash & cash equivalents	0.8	(4.1)



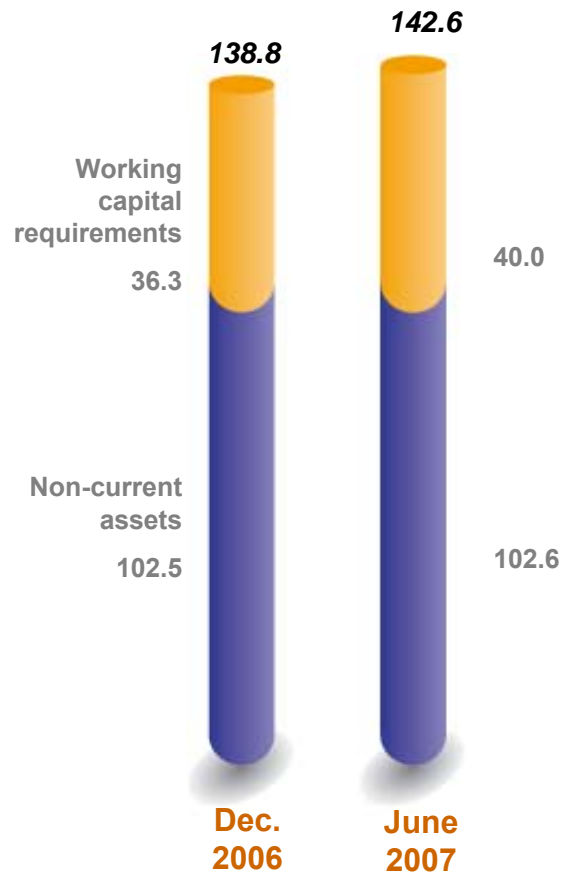


H1 financials

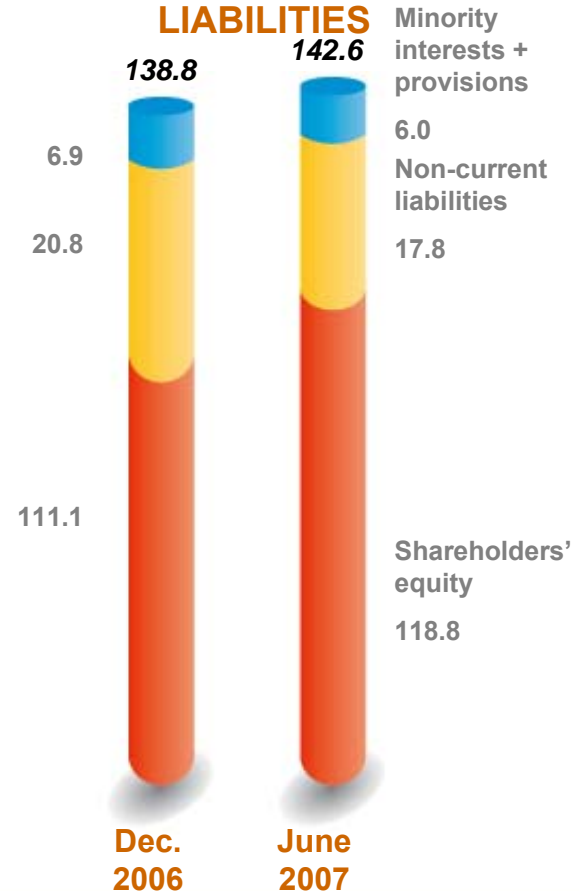
In millions of euros

Balance sheet

ASSETS



EQUITY & LIABILITIES





Vétoquinol on the stock market

IPO date

- > November 21, 2006

➔ Listing

- > Eurolist by Euronext Paris, Compartment B

➔ At Sept. 21, 2007

- > Market capitalization of **€287.6m**
- > +21.4% since the IPO
- > **+11.8% since the beginning of the year**





III Current momentum and outlook

- ➔ Review of fundamentals
- ➔ Continuous industrial process improvement
- ➔ Satisfy our clients—vets
- ➔ Outlook through 2007





Our business model: profitable and managed growth

- ➔ Organic growth of between **4 and 5%**
- ➔ Determined pursuit of external growth
- ➔ ROC / REV between **11 and 12%**
- ➔ Cash flow generation

Growth-centered business model





Three main drivers of growth for Vétoquinol

- ➔ Product innovation strategy
- ➔ Continuous improvement of industrial process
- ➔ Close to clients, focused on their satisfaction





Product innovation strategy

➔ Launch and ramp-up of new products

- > Anti-parasitic: Dolpac®
- > Pain and inflammation: anesthetic and another launch around end of year
- > Anti-infectious: launches planned in Europe for small and large animals
- > Cardio-nephro: a launch around end of year

➔ Creation of a Corporate Innovation Office

- > To improve detection of unmet medical needs
- > To generate and collect ideas for new products
- > **To steadily improve our ability to satisfy the needs of the market**





Continuous improvement of industrial process

- ➔ Production
- ➔ Procurement
- ➔ Supply chain
- ➔ Quality





Continuous improvement of industrial process

Production

➔ Analyze the production process for all products:

- > Produce in-house or outsource
- > Optimize management of sub-contractors
- > Improve performance levels of production plants



Polish production unit: Vétoquinol Biowet





Continuous improvement of industrial process

Procurement

- ➡ **The action plan for procurement is designed to achieve the following objectives:**
 - > pursue gains on stocked purchases
 - > strengthen management of non-stocked purchases
 - > gradually cover the entire scope of non-stocked purchases





Operation Nénuphar, Lure

Continuous improvement of industrial process

Supply chain

➡ Reorganize information and product flows:

- > Improve service rate (from 90 to 95%)
- > Improve sales forecasts
- > Streamline the product range to continuously manage the product portfolio
- > Optimize costs and distribution channels
- > Via the Nénuphar project, ensure:
 - Support as Vétoquinol grows
 - Direct distribution of several European countries
- > Combine the two US warehouses
 - Impact on 2nd half of 2007





Continuous improvement of industrial process

Quality

➡ **Improve and harmonize the quality performances of production plants, sub-contractors and suppliers**

- > Diminish the Cost of Obtaining Quality
- > Diminish the costs of non-quality (batch refusals, etc.)





Vétoquinol is truly focused on vets...

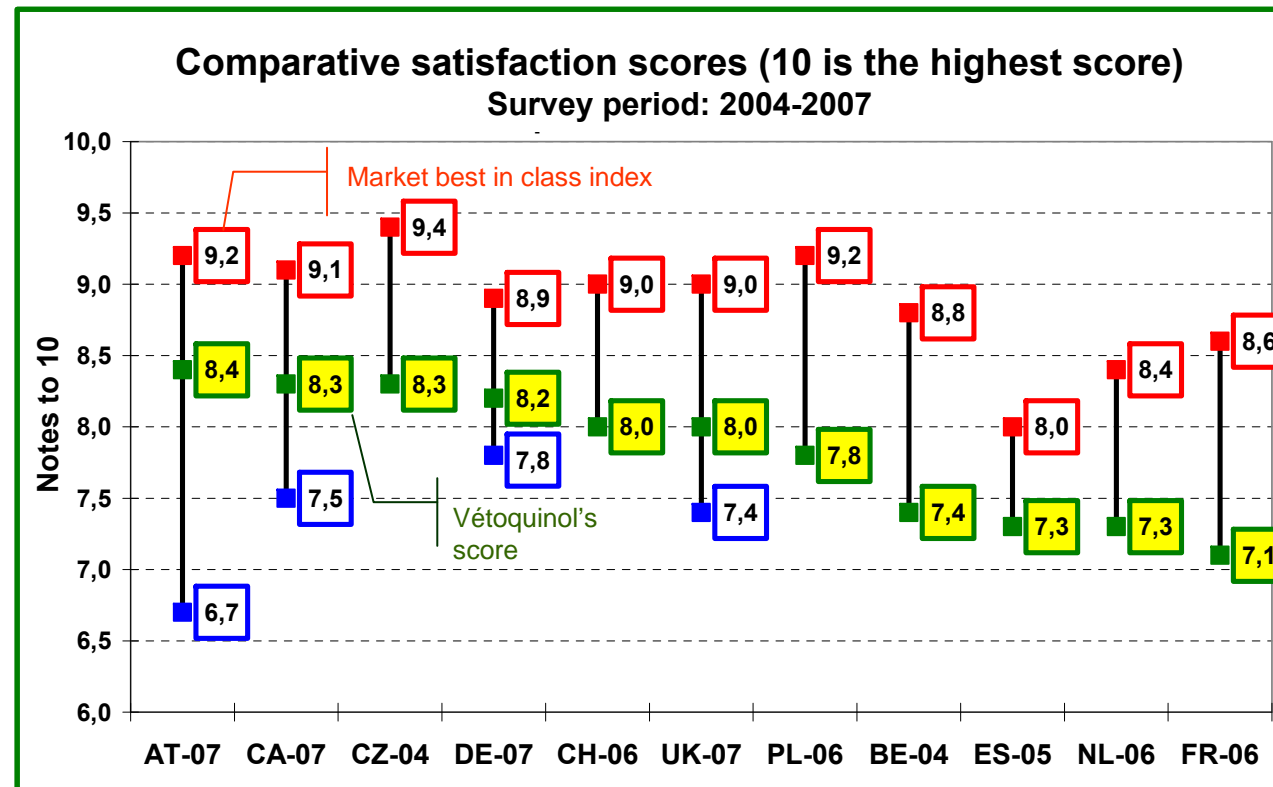
➔ Client satisfaction = an ongoing objective

- > Strive for excellence (**best in the market**)
- > Surveys are outsourced to ensure objectivity
- > In five major domains:
 - Product range
 - Delegate
 - Services
 - Commercial terms and conditions
 - Communications





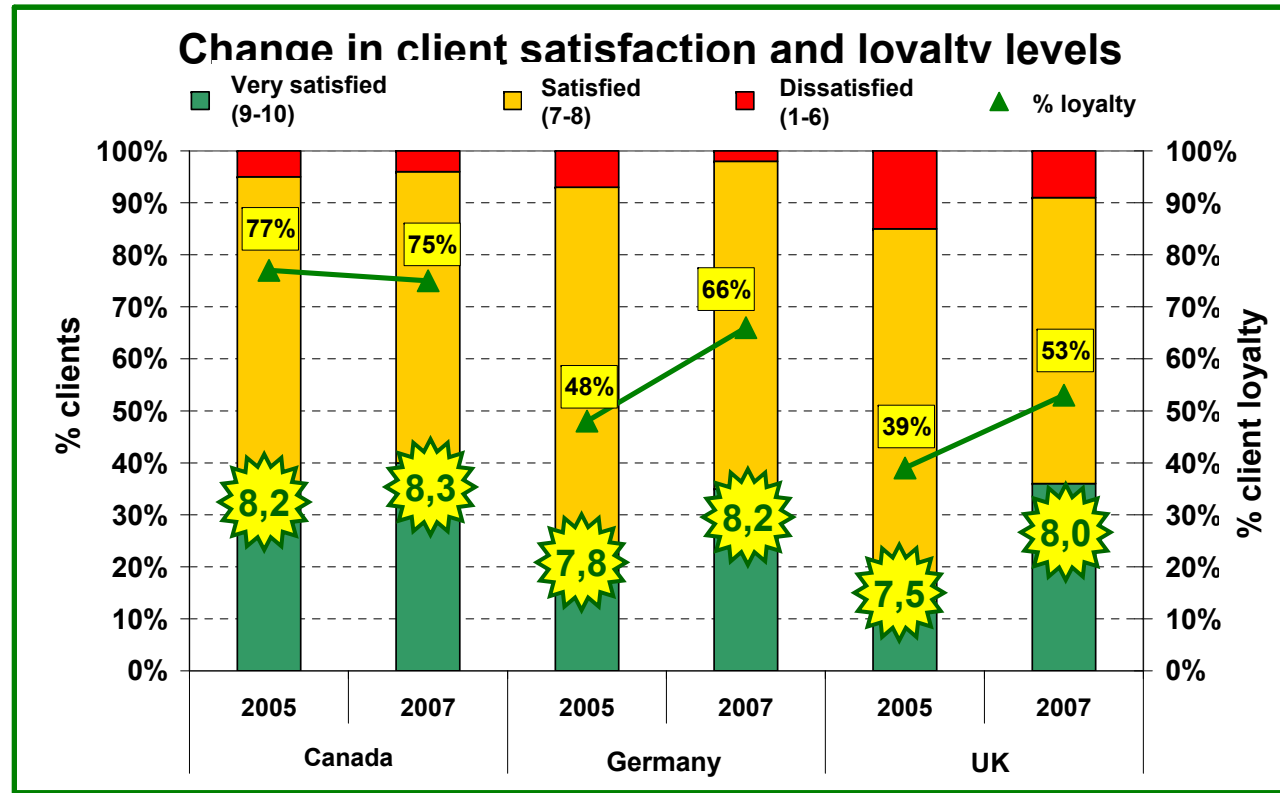
...with good satisfaction scores





Current momentum and outlook

...and ongoing efforts





Good prospects for 2007

- ➔ **Performance level will be superior to Vétoquinol's fundamentals**
- ➔ **Results will be at the upper end of the range**
 - > ROC/REV at least comparable to H1 2007

