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THE MARKET ABUSE REGULATION (EU) NO.596/2014.

Friday, 19 October 2018

Dechra® Pharmaceuticals PLC
(Dechra, Group, Company)

Acquisition

Dechra secures access to rapidly growing South American markets

The Board of Dechra announces the acquisition of the entire share capital of Laboratorios Vencofarma do Brasil Ltda (Venco, acquisition), a company based in Londrina, Brazil for a total consideration of R\$185m (£37.8m)¹ on a cash free / debt free basis. Revenue in the year to 31 December 2017 was R\$65.0 million (£11.6 million)¹. The acquisition will be financed from the Group's existing cash and borrowing facilities. Completion is expected in November following the satisfaction of a number of customary conditions precedent.

Venco has a large portfolio of Vaccines and other Food producing Animal Products (FAP) which it sells predominantly within Brazil, and also in other South American and international markets. It also has a small range of Companion Animal Products (CAP) vaccines and pharmaceuticals, which are sold mainly on the Brazilian market. Overall it has over 200 current product registrations. Brazil is the fourth biggest FAP market in the world, and Vaccines is the fastest growing therapeutic area within FAP globally.

The acquisition provides Dechra with a strategically significant presence within the rapidly growing Brazilian and South American markets. The Londrina site, in the state of Parana, houses all the Venco business functions, including product development, manufacturing operations, sales and marketing and regulatory affairs. The site has enjoyed a period of recent significant investment in manufacturing operations, which has materially upgraded the facilities which have achieved regulatory licenses to operate.

Dechra will invest significantly over the next 2 to 3 years to develop the business and its presence in South America, will continue to develop the existing Venco pipeline and registrations, register relevant Dechra products and establish the Dechra brand in the region.

Venco will be managed by Dechra's International business, and reported within EU Pharmaceuticals. The majority of the existing management team will remain with the business and will continue the day to day management of the business. A project management team comprising local contract employees and existing Dechra staff will support the integration work streams over the coming months as Dechra standards are applied throughout the company.

Ian Page, Dechra's Chief Executive Officer commented, "We are delighted to acquire the Venco business, and to be able to establish a footprint in the rapidly expanding South American markets, with a broad portfolio of animal health products. Whilst the Venco business is performing and growing well, like the Brovel acquisition in 2016, we will invest to expand and further upgrade the business over the next 2 to 3 years to create increased value to Dechra and its stakeholders."

Separately, Dechra issues a trading update this morning ahead of its Annual General Meeting later today.

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Note

1) Translated at R\$4.8997: GBP 1.0000 (closing rate on 17 October 2018)

About Dechra

Dechra is an international specialist veterinary pharmaceuticals and related products business. Our expertise is in the development, manufacture and sales and marketing of high quality products exclusively for veterinarians worldwide. Dechra's business is unique as the majority of its products are used to treat medical conditions for which there is no other effective solution or have a clinical or dosing advantage over competitor products.

For more information, please visit: www.dechra.com

Stock Code: Full Listing (Pharmaceuticals): DPH

LEI: 213800J4UVB5OWG8VX82

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Forward Looking Statement

This document may contain certain forward-looking statements. The forward-looking statements reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involve a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.

Market Abuse Regulation (MAR)

The information contained within this announcement may contain inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.