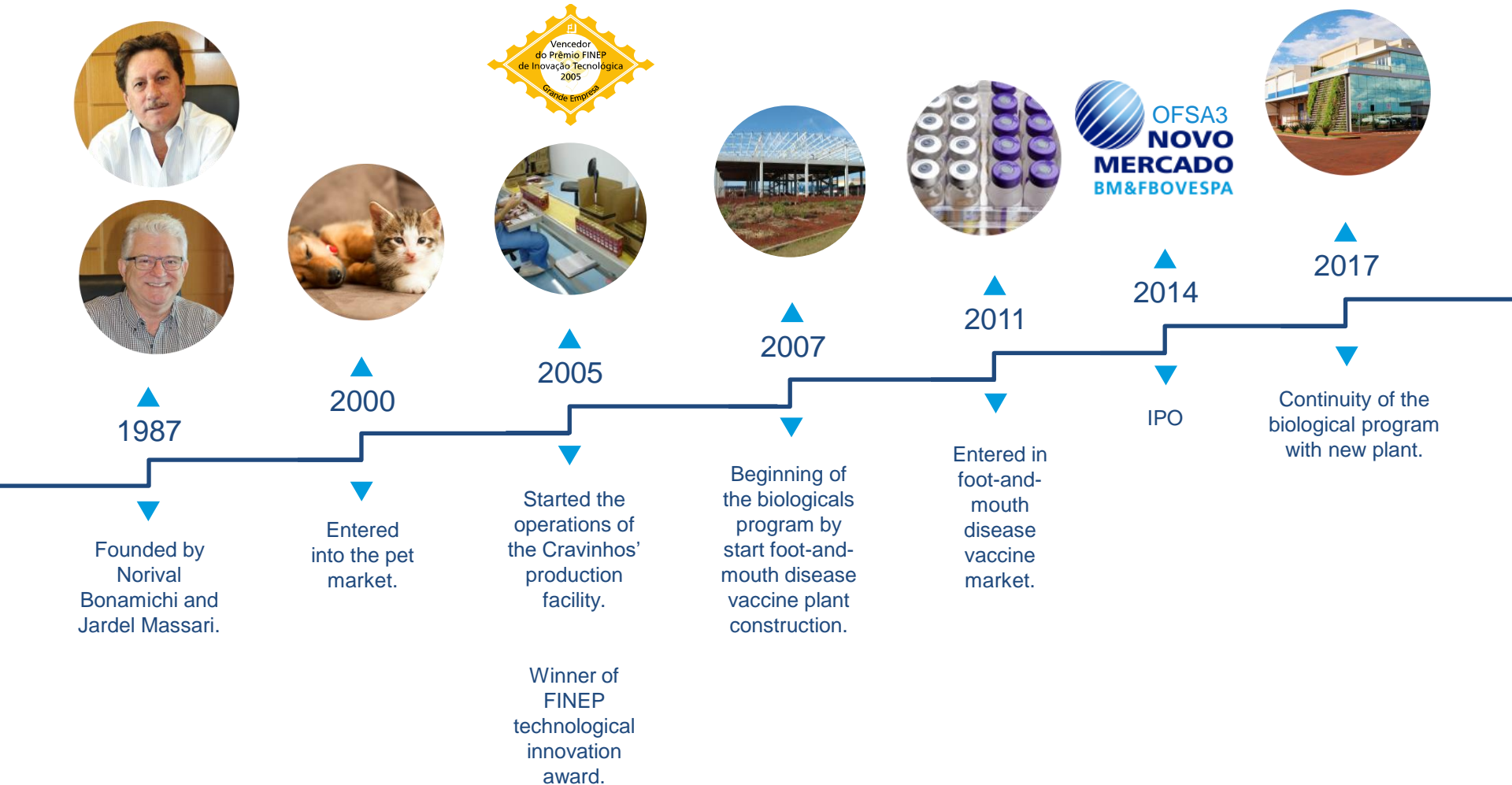


# JPM | 11<sup>th</sup> Annual Brazil Consumer & Healthcare Check-up





















# 30 Year History

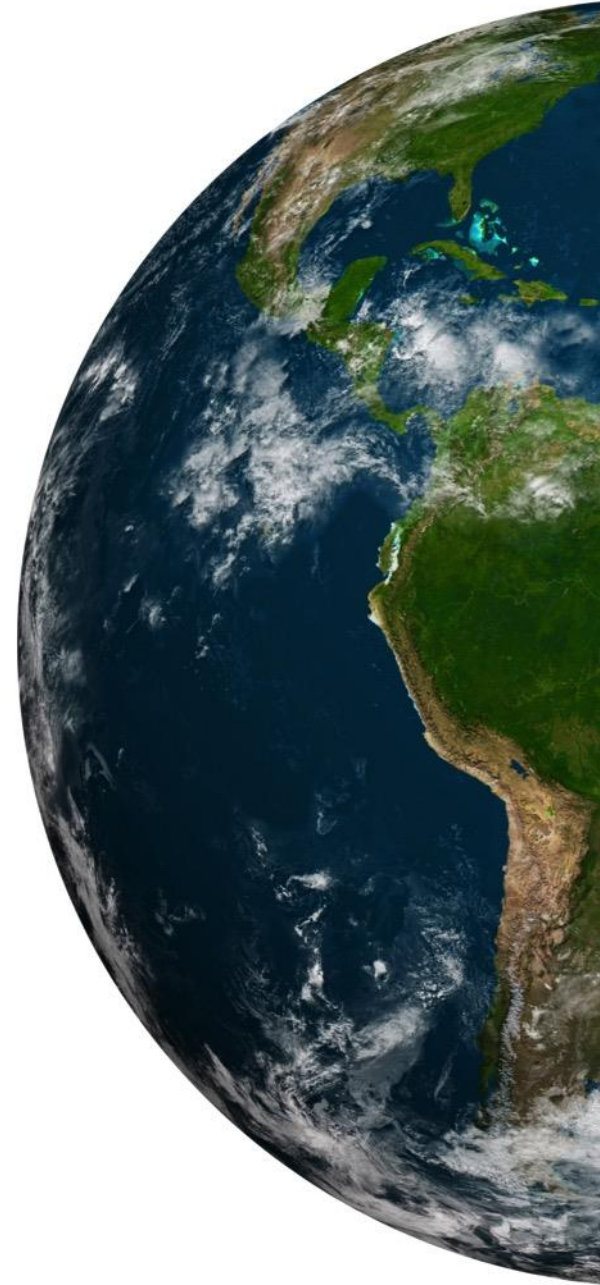
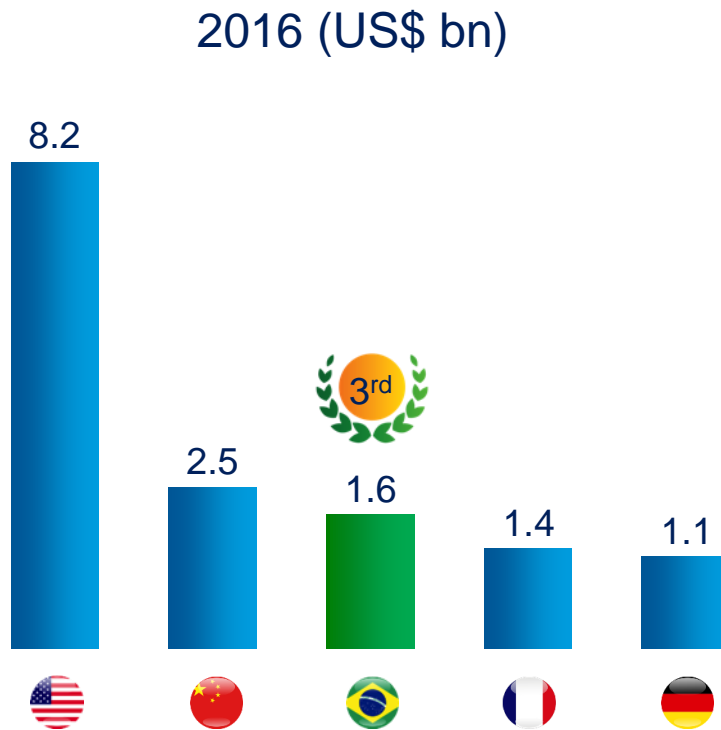


# Our portfolio

## Products per Category

	% of net revenues	Production animals	Companion animals	International operations	Selected products	
Vaccines	 6.6%	4	-	Ourofino currently exports to 14 countries throughout the world	 Ourovac Aftosa	 Ourovac Clostridium
Antiparasitics	 40.0%	21	4		 Colosso FC30	 Master LP
Antibiotics	 19.6%	18	6		 Ciprolac	 Doxifin PS
Therapeutic	 20.9%	16	11		 Sincrocio	 Dermotrat
Nutritional	 2.9%	8	3		 Enragold	 Ractosuin
Others	 9.9%	12	2		 Herbalvet	 Maxicam Gel
% of net revenues (2016)		79%	12%	9%		
# of products from current portfolio 2017		79	26			

# Animal health global market

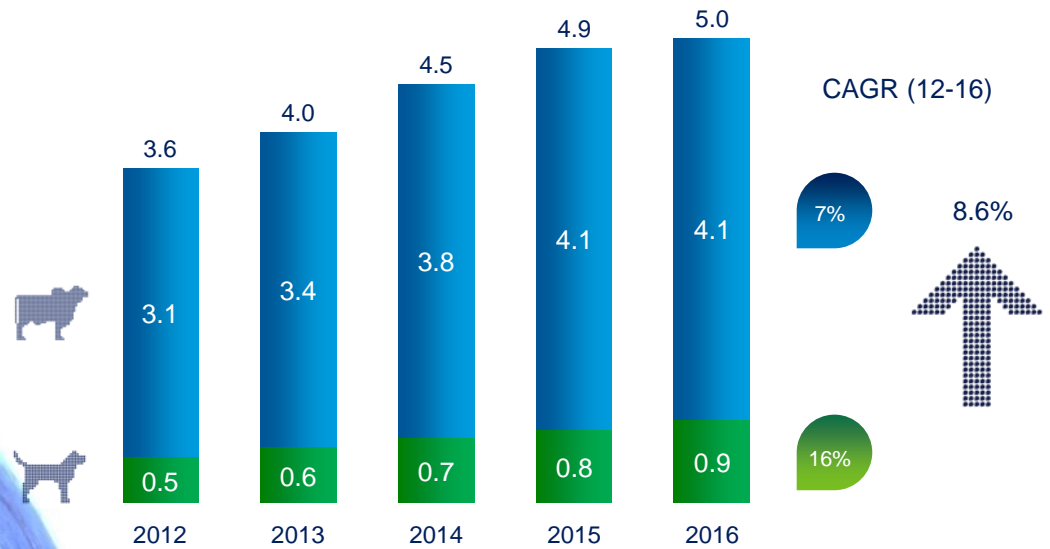


Source: Company information and SINDAN



# Animal health in Brazil

Market (R\$ mm)



Source: SINDAN



# Growth Drivers

Population and income growth drive demand for meat and dairy

Lower availability of land puts pressure to increase productivity



Production Animals

Gap		
	Animal age at slaughter (months)	Carcass weight (kg)
	18	371
	36	240

↑ +1.5x

# Growth Drivers

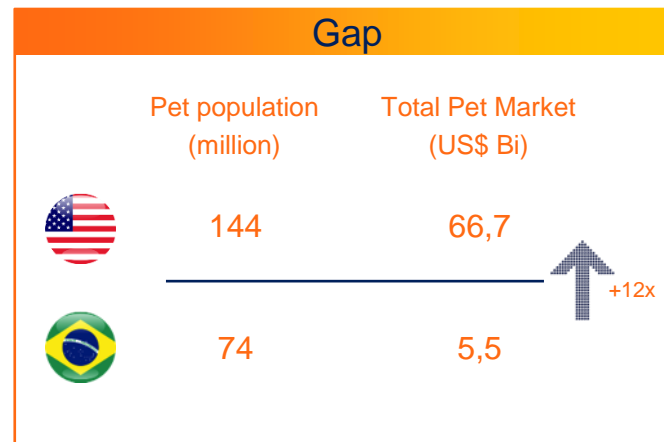
Aging and  
growth of  
income  
driving  
demand for  
pets

Humanization  
of pets

Pets living  
longer



Companion Animals



# Leading Position and Proven Ability to Gain Market Share

Ourofino plays a key role in the animal health market, being the largest local player.

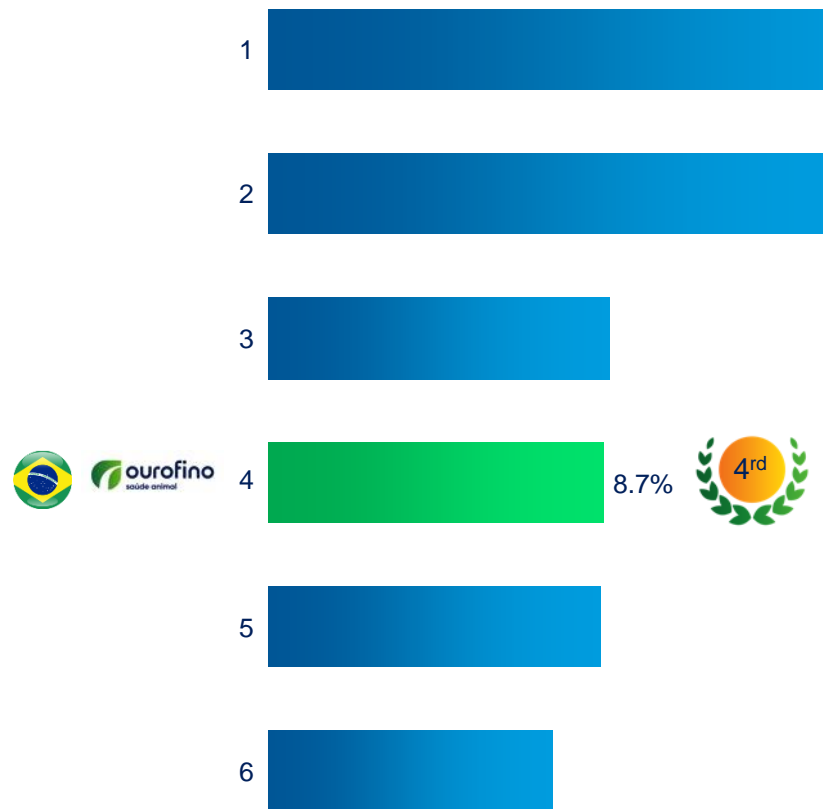
## Highlights

Closer relationship with clients

- Direct sale to resellers in production animals
- Technical sales and educational programs

Customization via molecule combination and application methods

## Brazilian Animal Health Ranking<sup>1</sup>



Source: SINDAN

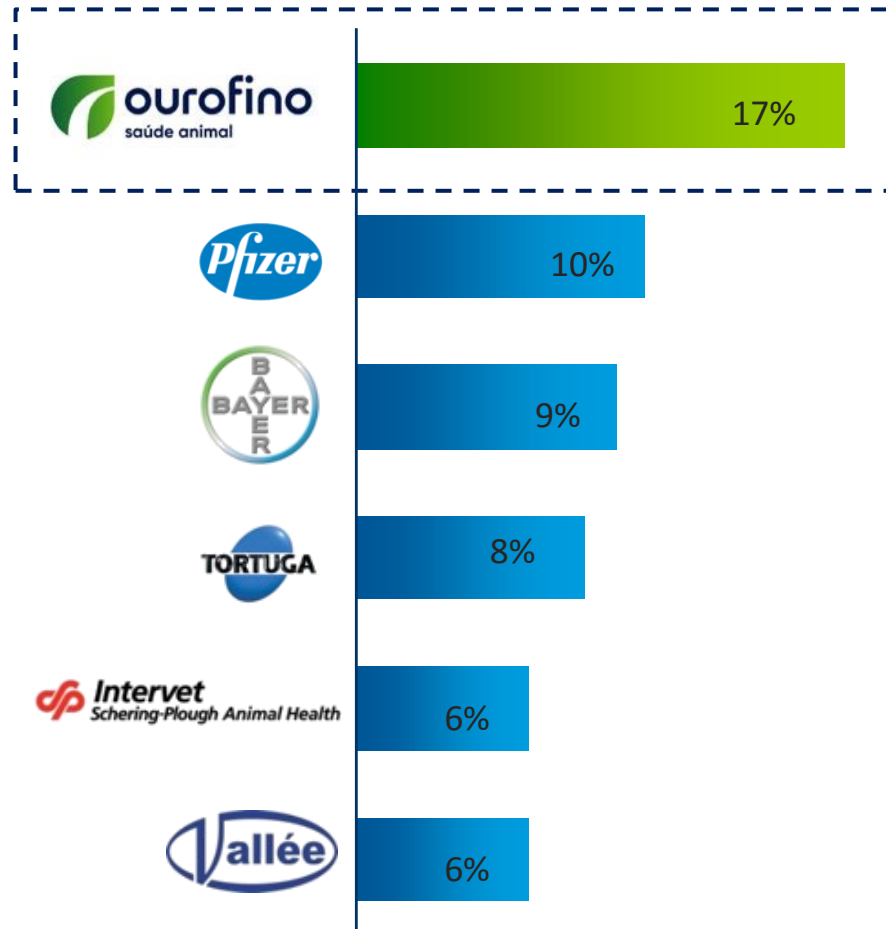
<sup>1</sup> Based on revenues as of year 2016



# Widely recognized brand

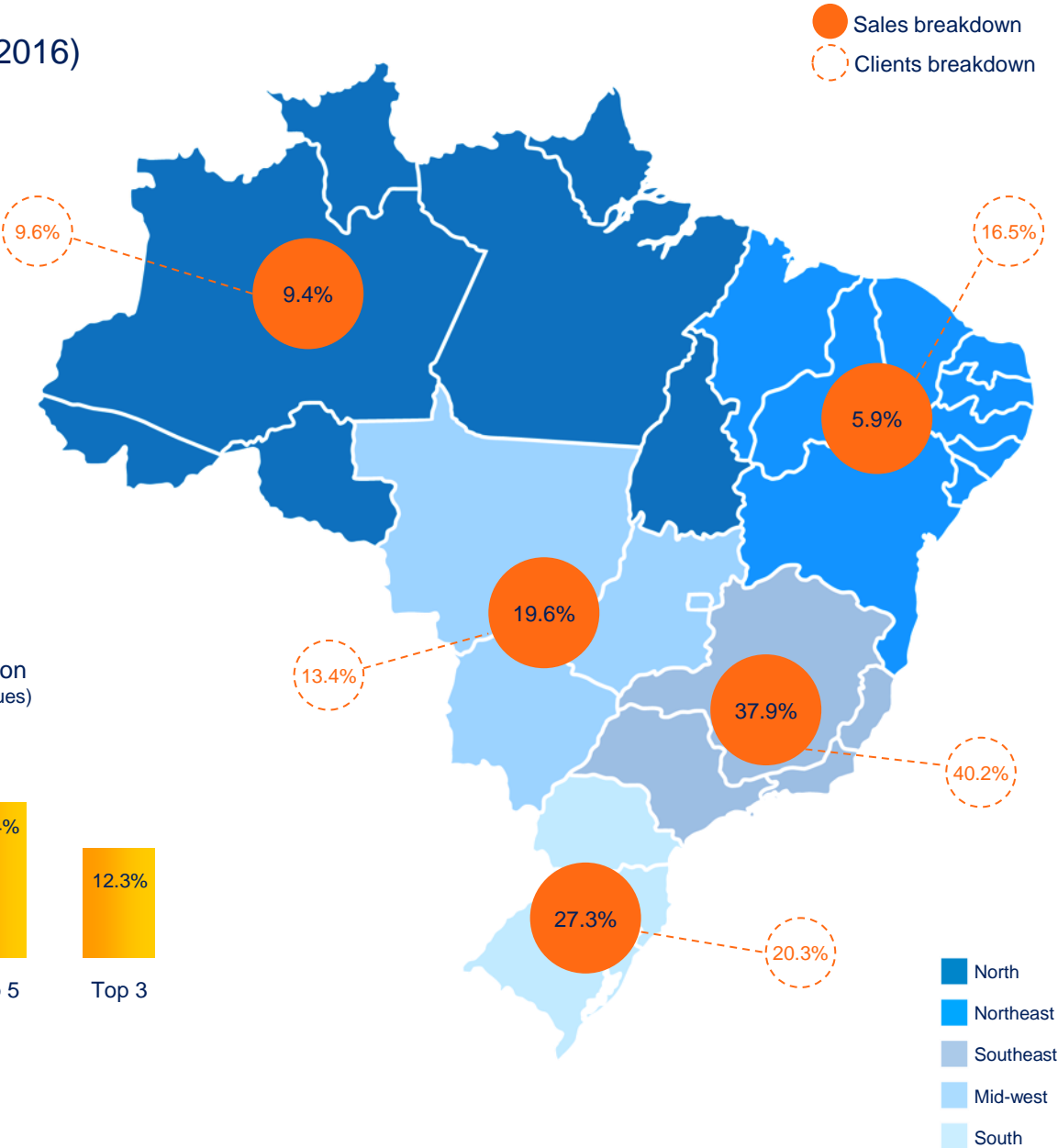
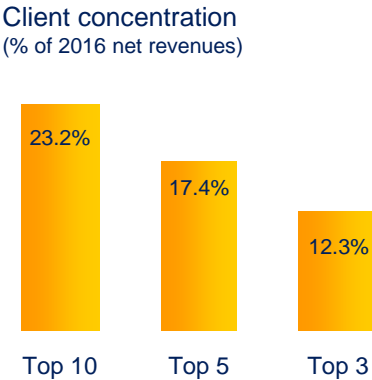
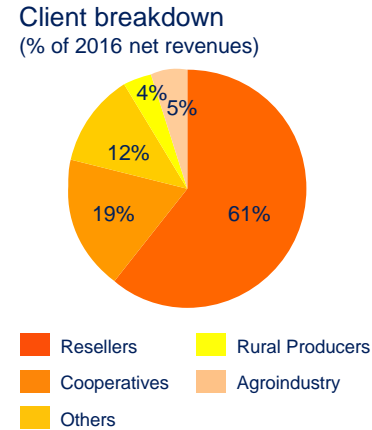
“Top-of-mind” brand in the market

Most admired  
company in the  
veterinary segment



# Production animals

Sales and clients breakdown in Brazil (2016)



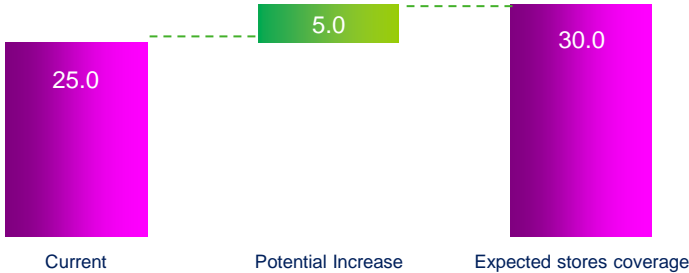
Source: Company information

# Companion animals

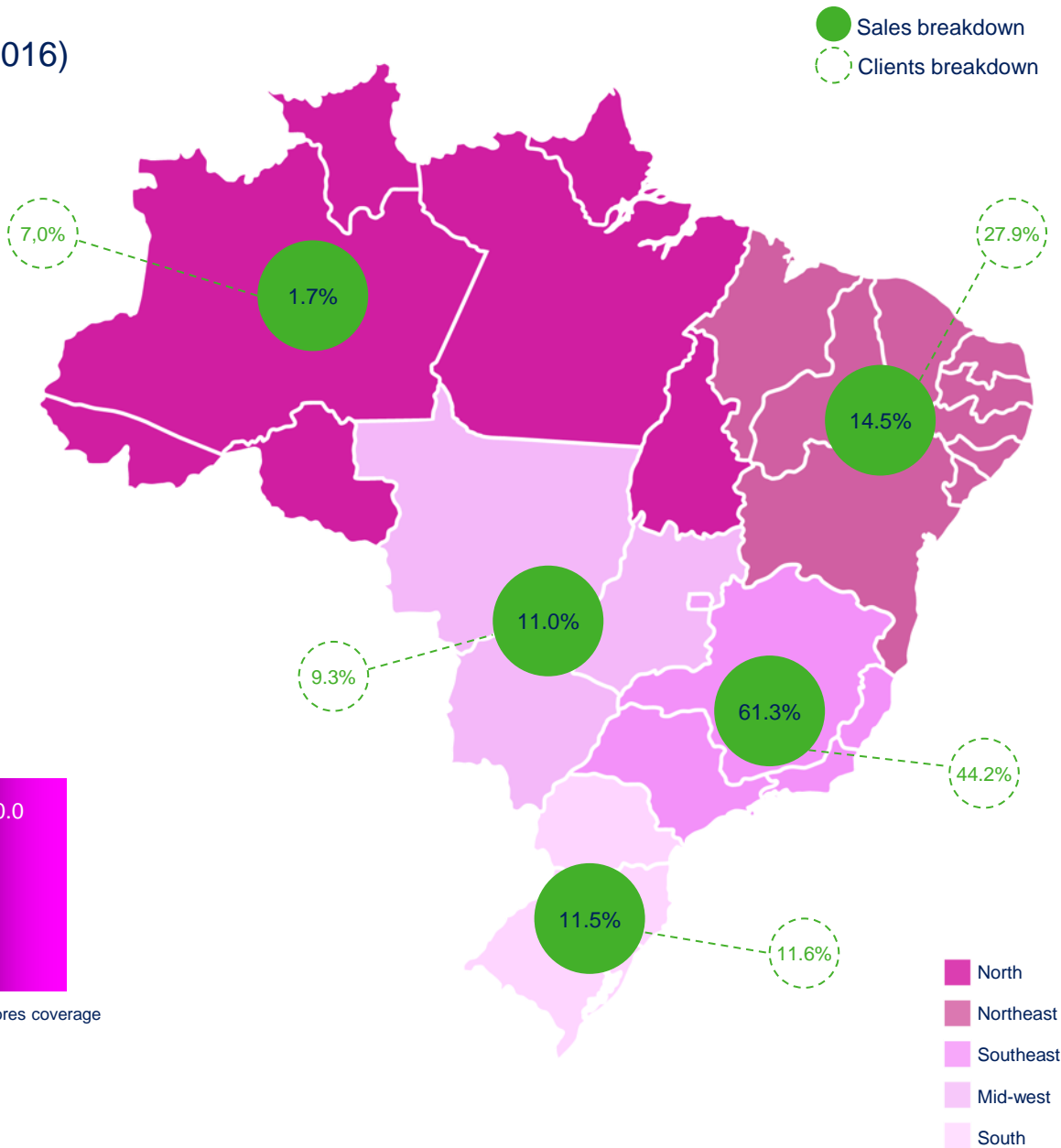
Sales and client breakdown in Brazil (2016)



# of Pet stores covered ('000 stores)  
(As of Dec 2016)



Source: Company information



# State-of-the-art production facilities

The largest production facility of animal health products in Brazil

Highway Anhanguera, 298km  
Cravinhos (SP)



1 Headquarters

4 Warehouse / shipping facility

7 Foot-and-mouth vaccine production facilities

2 Laboratory for quality control and R&D

5 Animal defensives production facility

8 Biological QC and general vaccines production facility

3 Pharmaceuticals production facility

6 Hormones production facilities

# State-of-the-art production facilities



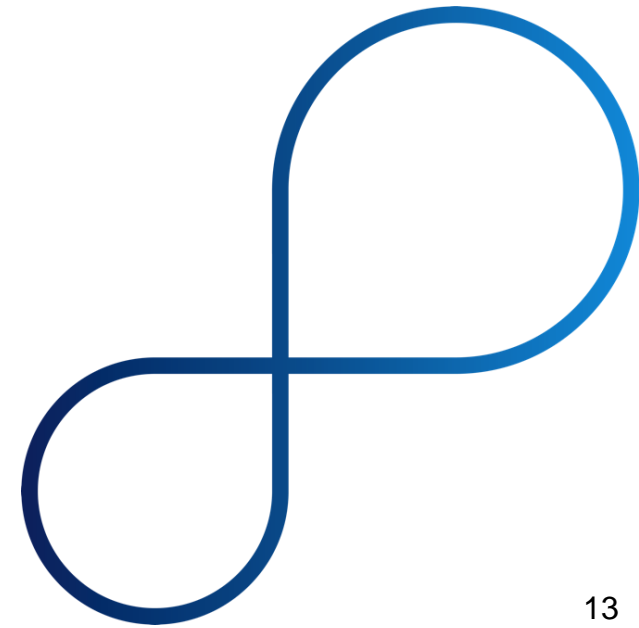
One of the most modern plants in the veterinary segment



Designed to be able to comply with top international standards for quality certification: US FDA, GMP and EMEA



Advanced IT system (SAP) implemented





# Expertise in product development with best-in-class R&D practices



R\$ 95 mm of R&D  
investments in the last 3  
years, an average of  
6.7% of net revenues  
invested every year

Open innovation model:  
transformation of ideas into  
products and having strong  
relationships with innovation  
powerhouses

Ourofino has its own  
internal research center  
to lead clinical studies  
and field experiments  
established in our farm

R&D team with 111 highly  
capacitated employees

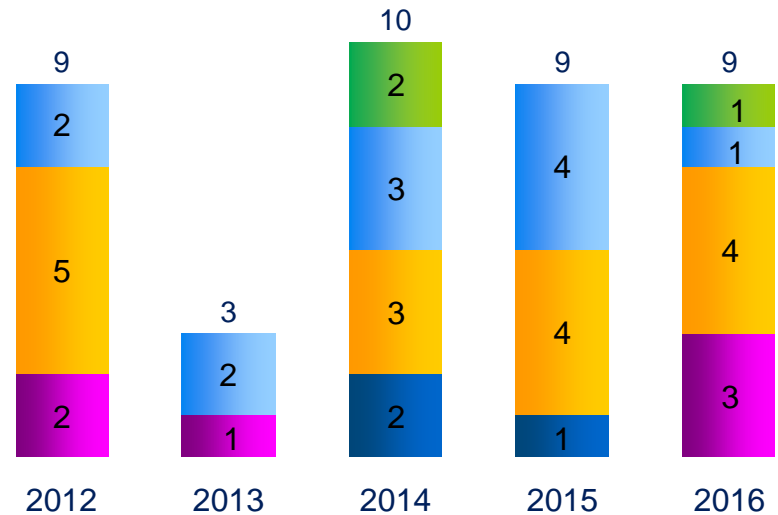
R&D and Marketing teams mapping  
the trends in the animal health  
industry



# Expertise in product development with best-in-class R&D practices

With an extensive portfolio due to its R&D efforts, Ourofino is well positioned to continue its accelerated growth path

## Products launched



40 products launched in the last 5 years



# New biological plant

Development and register of products are being carried out



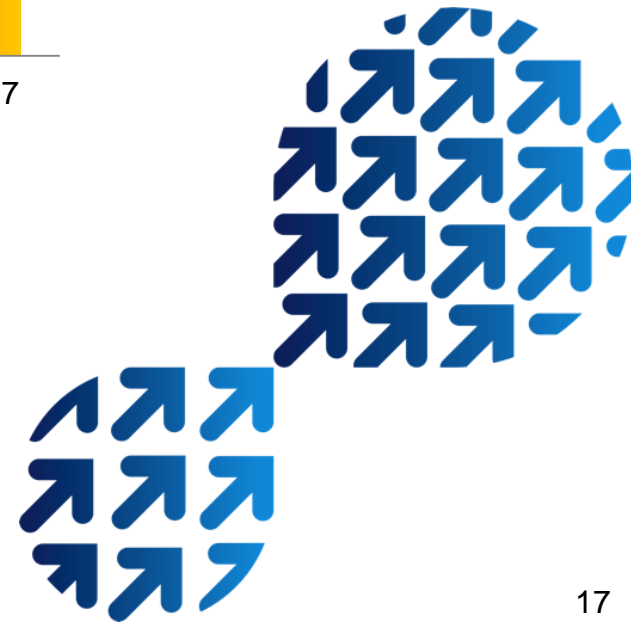
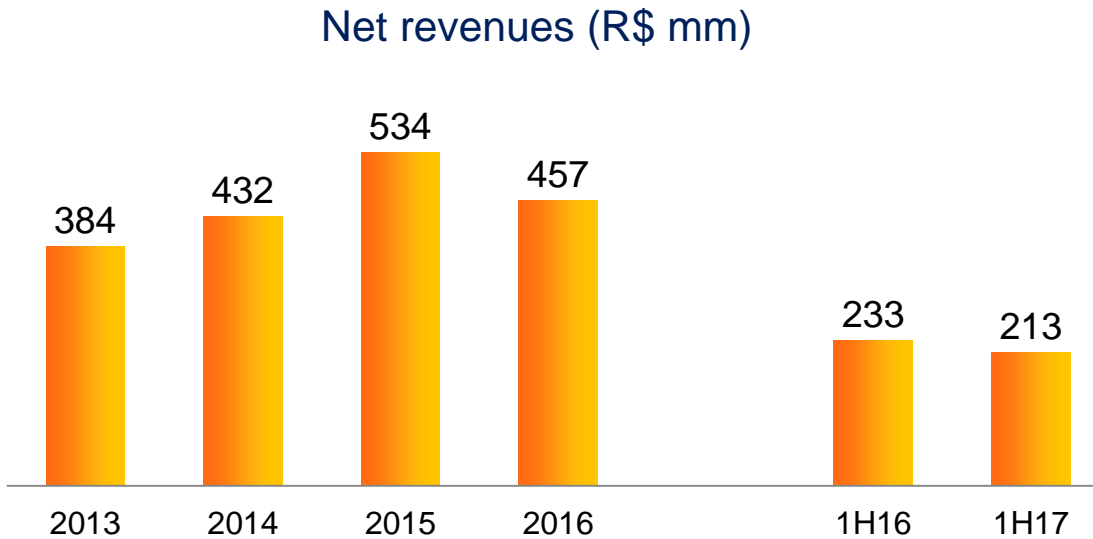
July/2014



December/2016

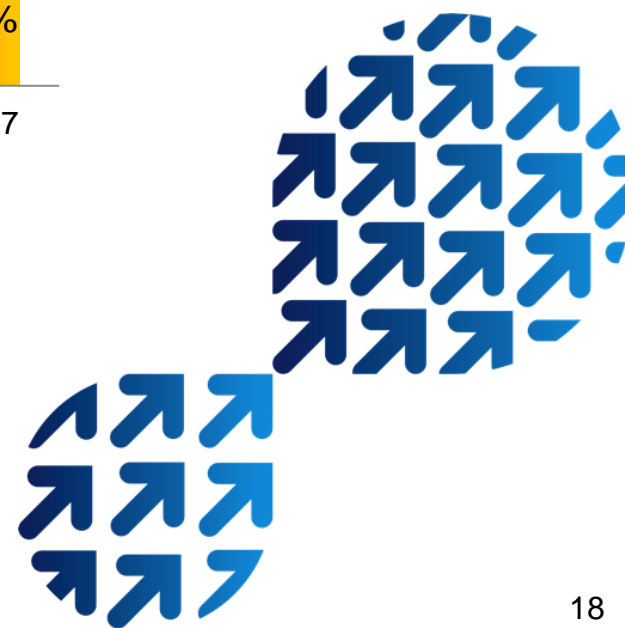
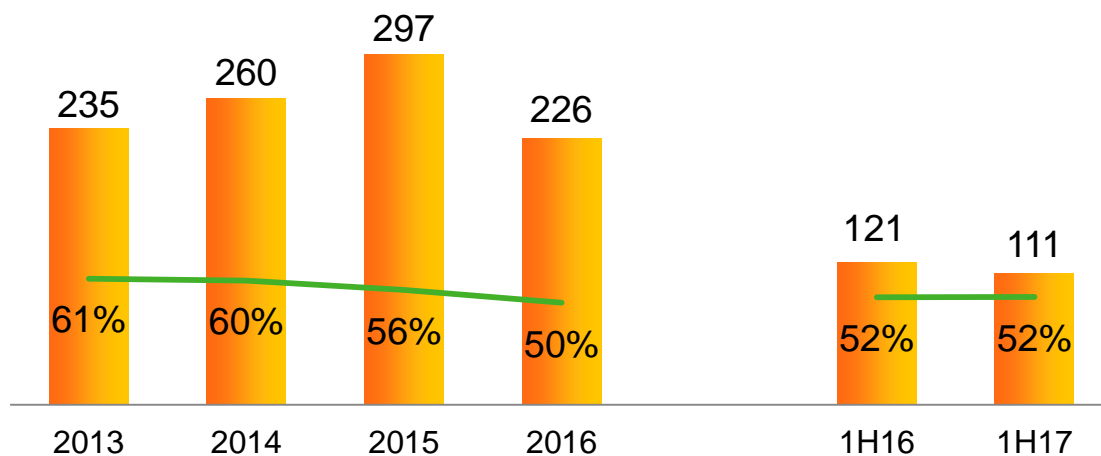


# Financial Highlights



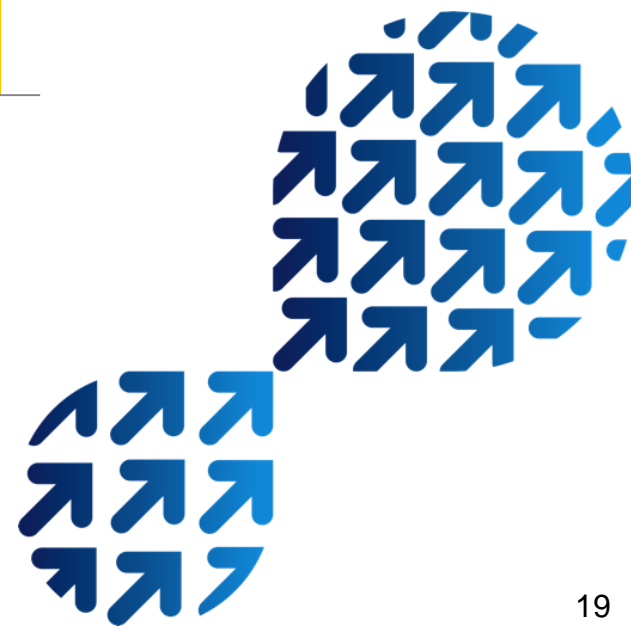
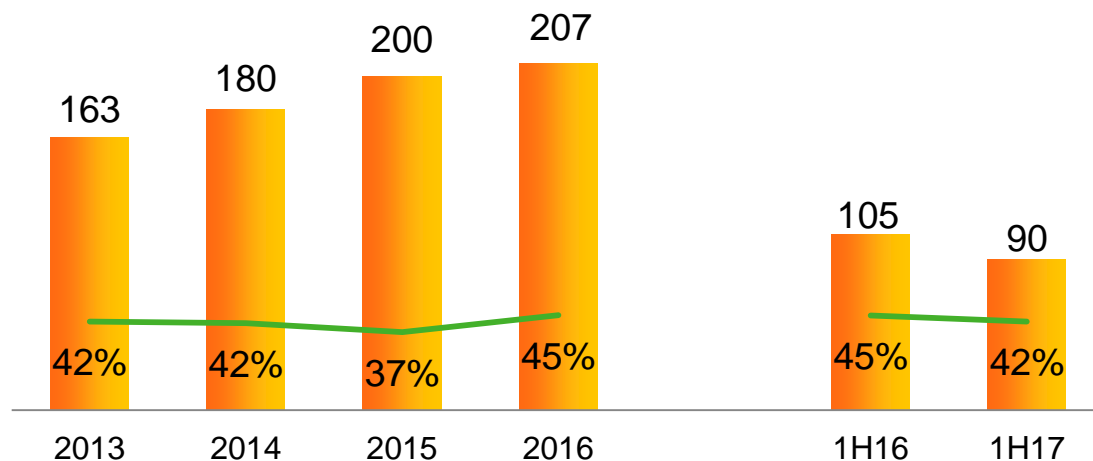
# Financial Highlights

Gross profit (R\$ mm) and margin



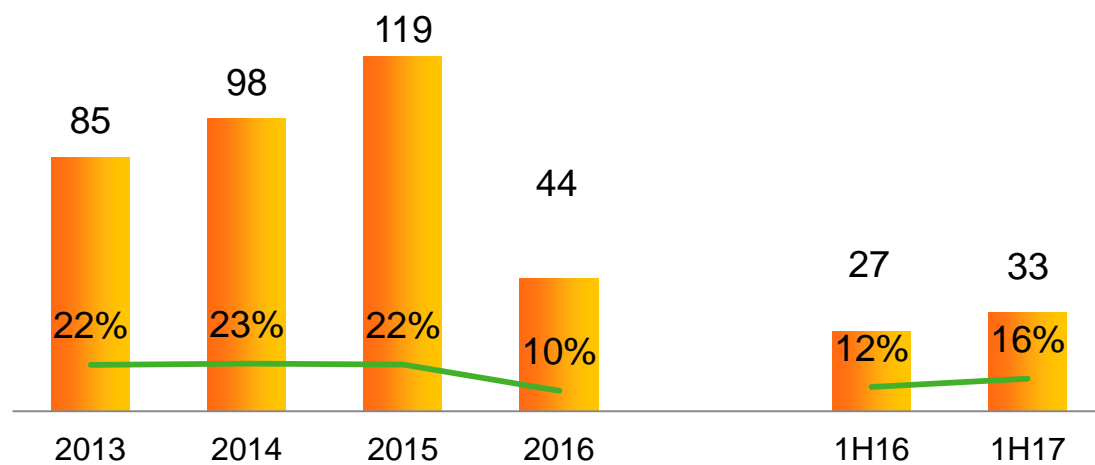
# Financial Highlights

SG&A (R\$ mm) percentage on net revenue



# Financial Highlights

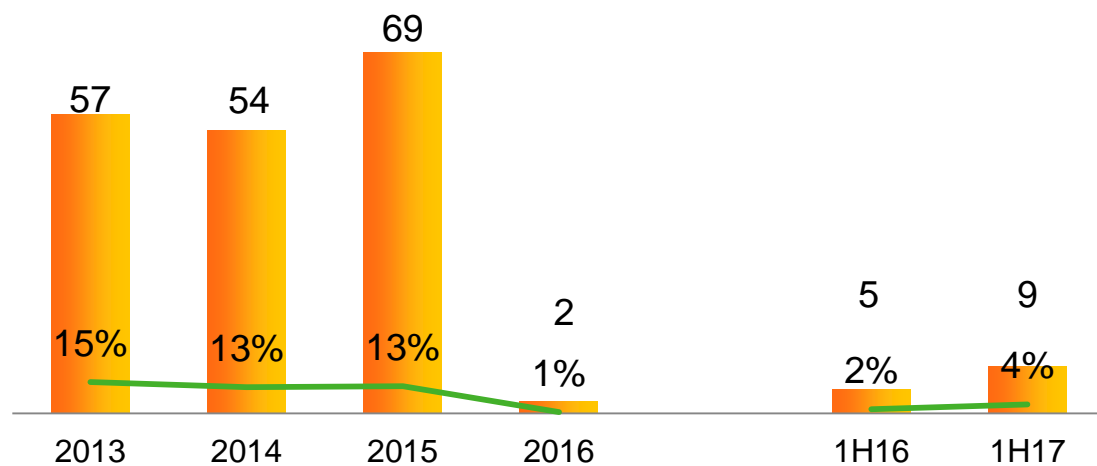
EBITDA (R\$ mm) and EBITDA margin





# Financial Highlights

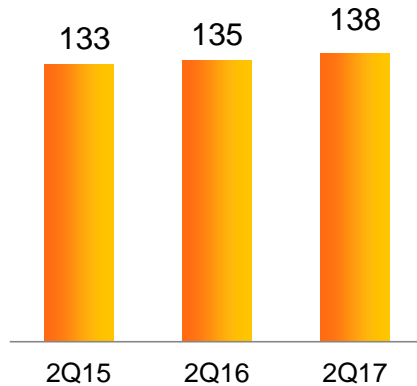
Net profit (R\$ mm) and margin



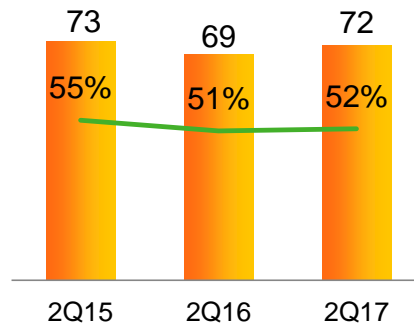
# Financial Highlights for 2<sup>nd</sup> quarters

(R\$ mm and percentages over net revenue)

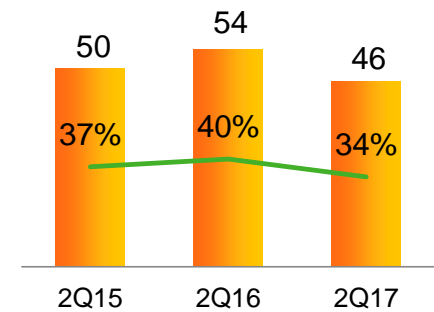
## Net revenues



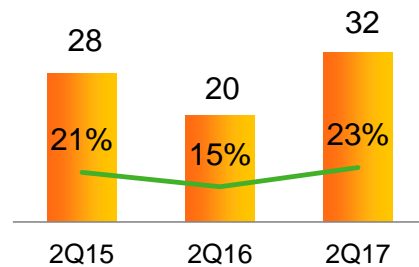
## Gross profit



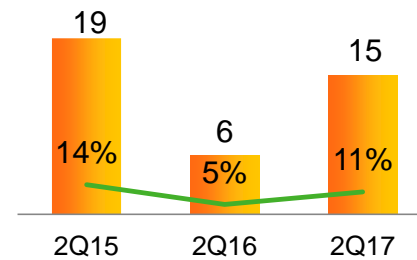
## SG&A



## EBITDA

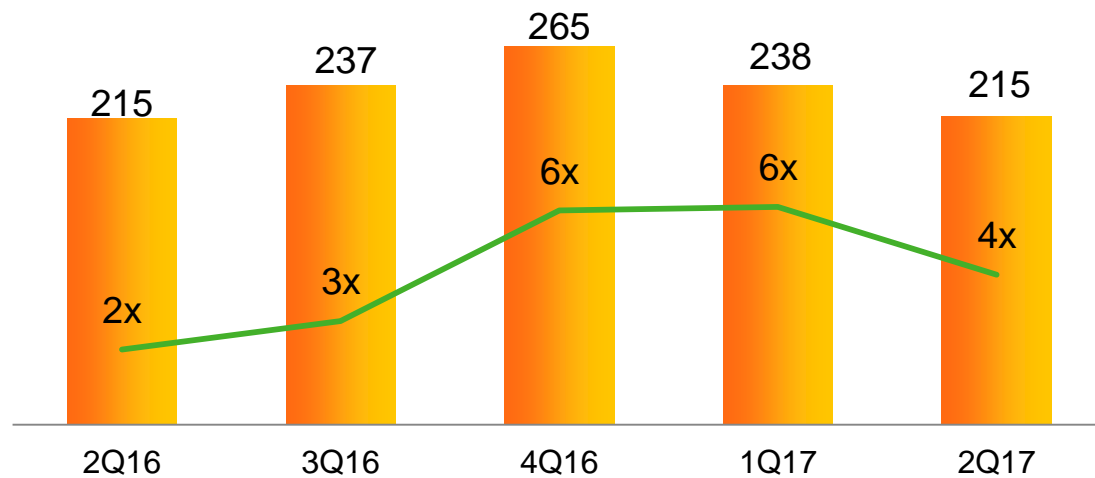


## Net profit



# Financial Highlights

Net debt (R\$ mm) and leverage (net debt/LTM EBITDA)



# Highlights

Leading position in the attractive Brazilian animal health market.

Strong corporate governance and a best-in-class management team.

Expertise in product development with best-in-class R&D practices and extensive pipeline.

Unique combination of a widely recognized brand, diversified client base and wide distribution network.

State-of-the-art production facilities.



# Appendix

## Highlights

Brazil as the 3<sup>rd</sup> largest market with strong growth opportunities

Major animal protein producer being responsible  
for 50% of LATAM meat output

Still incipient in the use of animal health products

Growing need to improve animal productivity as  
a key driver of demand for animal health products



# High Entry Barriers

## Entry Barriers in the Sector

### Product Registration

- Need operating plant to apply for a new registration
- 4 years, on average, to have a new product registered

### Brand

- Track record
- Customer loyalty

### Distribution / Sales

- Nationwide and efficient distribution network
- Well trained sales force with a solid network of clients

## Ouro Fino's Main Strengths

- Fully operational plant
- 111 people in R&D
- 40 products launched in the last 5 years

- 30 years track record

- Presence in all Brazilian states
- More than 4,500 clients across Brazil and internationally

# High Entry Barriers

## Entry Barriers in the Sector

### Products

- Complete portfolio of products
- Products customized for Brazil

### Regulatory Framework for Manufacturing Process

- Guidance for the inspection of veterinary products and manufacturers' facilities

## Ouro Fino's Main Strengths

- Approximately 100 products Flexibility to produce different types of formulas, dosages and application methods
- Plants that meet Brazilian authorities' regulatory requirements and are also fully compliant with international standards

# Widely recognized brand

## Highly awarded company

### Company achievements



Animal Pharm award for best company – Latin and South America in 2015.



Época magazine award for one of the greatest places to work in Brazil in 2005, 2008, 2009, 2010, 2011, 2012, 2013 and 2014



Exame magazine award for one of the 150 best places to work in Brazil in 2005, 2006, 2008, 2009, 2012, 2013 and 2014



Anpei award for innovative approach



FINEP technology innovation award



Ernst & Young award for the top entrepreneur of the year



Ourofino is recognized since 2000 by Fundação Abrinq as a company that supports child development

A close-up photograph of two hands shaking in a firm grip. The hands are positioned diagonally across the frame, with the left hand on the left and the right hand on the right. The skin tones are warm, and the background is a soft, out-of-focus orange-gold gradient, suggesting a sunrise or sunset. The lighting is bright and even, highlighting the texture of the skin and the fabric of the white shirts.

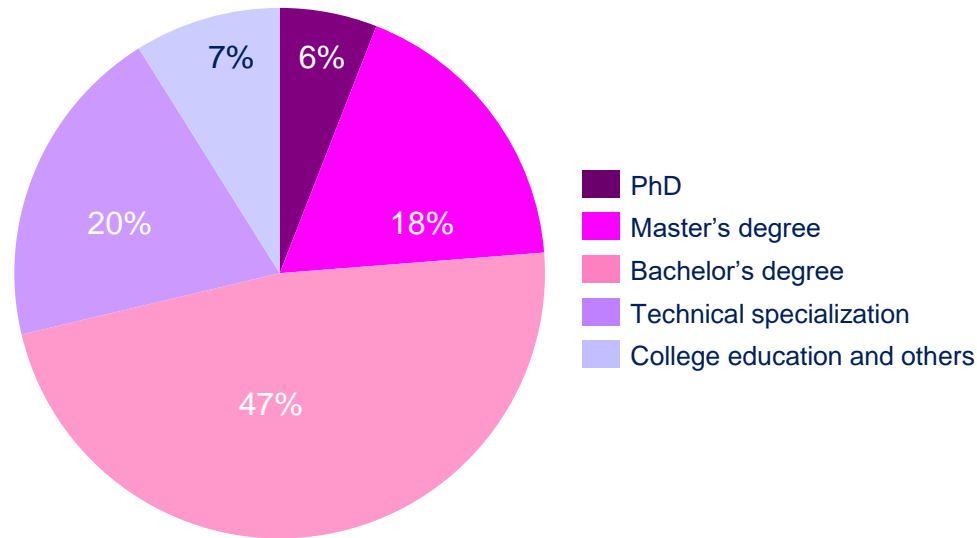
Diversified client base and  
broad distribution network

Scope of product portfolio  
coupled with strong customer  
relationships leads to one  
stop shopping for customers

# Expertise in product development with best-in-class R&D practices

Focus in education profile in order to get maximum R&D results

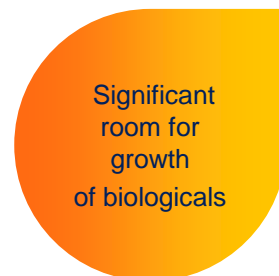
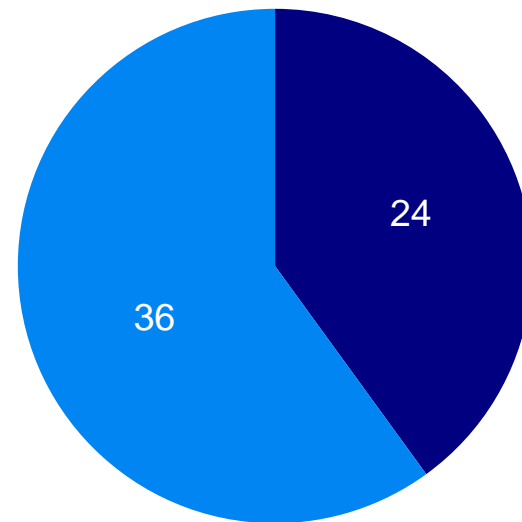
## Education profile of the R&D team



# Expertise in product development with best-in-class R&D practices

With an extensive pipeline of innovative products, Ourofino is well positioned to continue its accelerated growth path

## Expected launching schedule



60 products to be launched in the next years

■ To be launched until 2019

■ To be launched starting 2020



# Expertise in product development coupled with relationships drive

Dedicated farm for product experiments and for training on artificial insemination protocol



# Some launches



## Evol

Broad-spectrum endectocide for cattle; its formulation is based on ivermectin and albendazole sulfoxide



# Some launches



## Regepil

Treatment and healing of general, chronic and localized wounds



# Some launches



## Resolutor

Antibiotic prescribed for the quick treatment of respiratory diseases in animals

# Financial Highlights

New biological plant CAPEX finished

- Only residual disbursements expected for 2017

Cash flow is improving 2017 due to adjustments on receivables

terms since September/16

- Next step to enhance cash flow is to reduce inventory levels

## CAPEX in 2016 (R\$ mm)

