ourofino
saúde animal

# 36th Annual J.P. Morgan Healthcare Conference

# 30 Year History


1987

Founded by Norival Bonamichi and Jardel Massari.

2000

Entered into the pet market.

Vencedor do Prêmio FINEP de Inovação Tecnológica 2005 Grande Empresa

2005

Started the operations of the Cravinhos' production facility.

Winner of FINEP technological innovation award.

2007

Beginning of the biologicals program by start foot-and-mouth disease vaccine plant construction.

2011

Entered in foot-and-mouth disease vaccine market.

OFSA3 NOVO MERCADO BM&FBOVESPA

2014

IPO

2017

Continuity of the biological program with new plant.

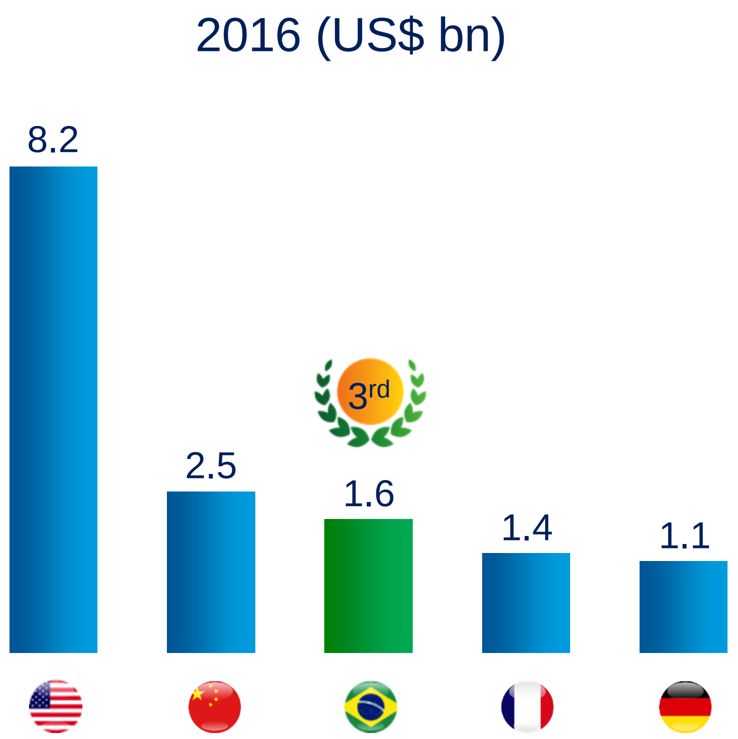
# Our portfolio

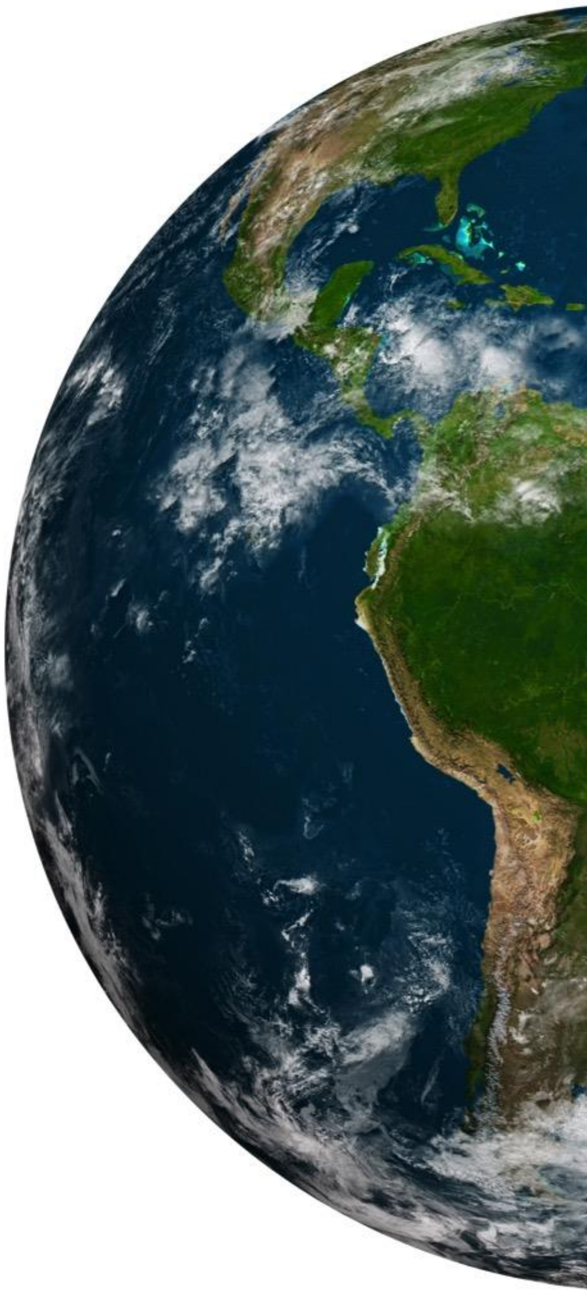
## Products per Category

| | % of net revenues | Production animals | Companion animals | International operations | Selected products |
|---|---|---|---|---|---|
| Vaccines | 6.6% | 4 | - | | Ourovac Aftosa, Ourovac Clostridium |
| Antiparasitics | 40.0% | 21 | 4 | | Colosso FC30, Master LP |
| Antibiotics | 19.6% | 18 | 6 | Ourofino currently exports to 14 countries throughout the world | 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 | | |

Source: Company information

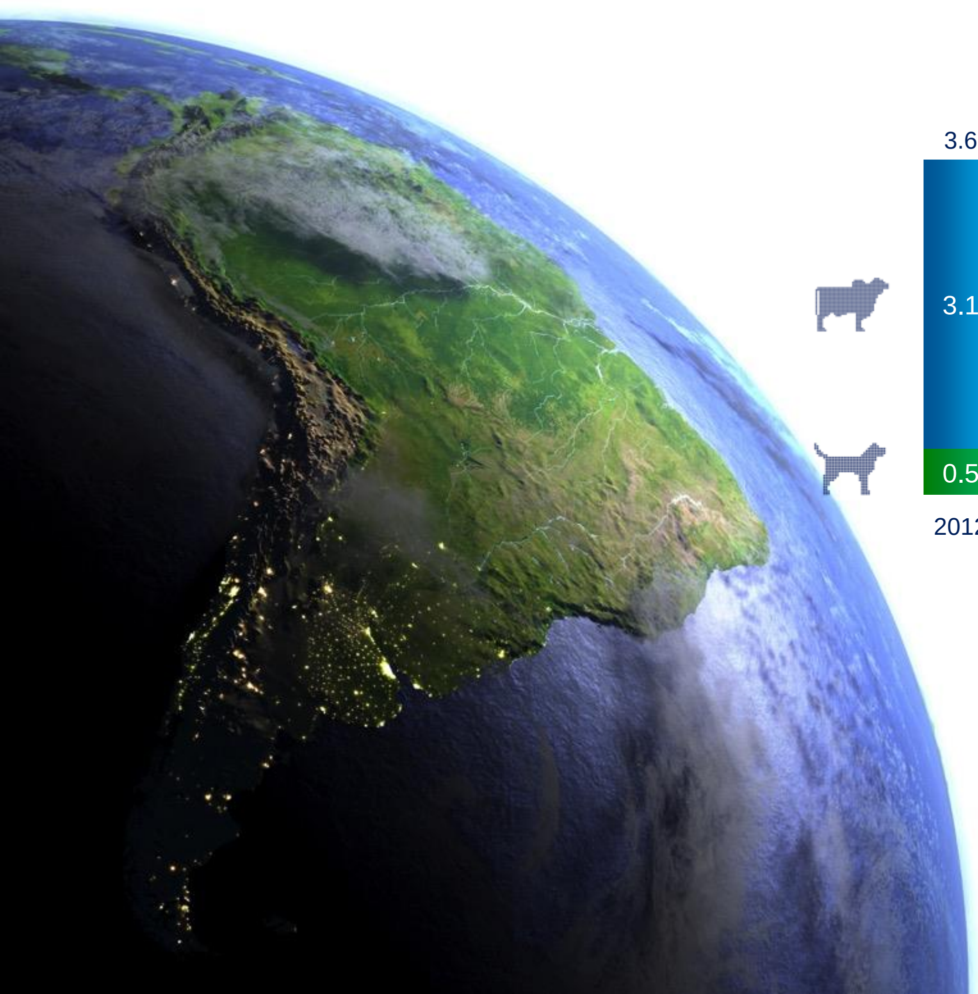
# Animal health global market



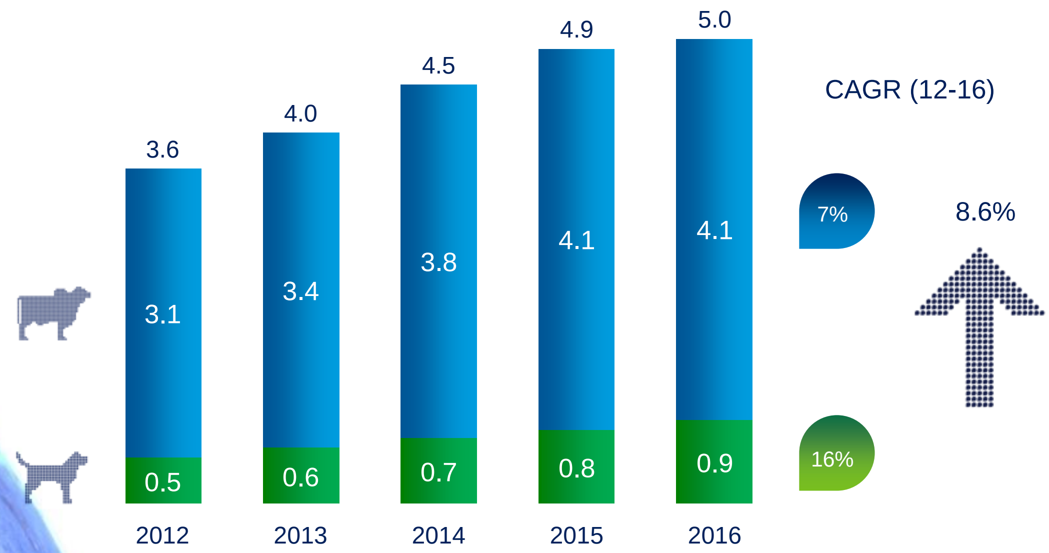



Source: Company information and SINDAN

# Animal health in Brazil



Market (R$ bn)




Source: SINDAN

# Highlights

Brazil as the 3rd 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

Source: Company Information, FAOstat

# 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

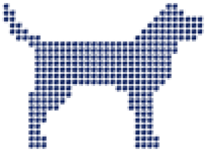
Source: Company information, FAOstat, ABIEC

# Growth Drivers

Aging and growth of income driving demand for pets

Humanization of pets

Pets living longer



## Companion Animals

**Gap**

| | Pet population (million) | Total Pet Market (US$ Bi) |
|---|---|---|
| USA | 144 | 66,7 |
| Brazil | 74 | 5,5 |

+12x

Source: Company information, IBGE (PNS - 2013), Abinpet 2016, APPA's annual report - 2016

# High Entry Barriers

| Entry Barriers in the Sector | Ourofino's Main Strengths |
|---|---|
| **Regulatory Framework for Manufacturing Process**<br>Guidance for the inspection of veterinary products and manufacturers' facilities | • Plants that meet Brazilian authorities' regulatory requirements and are also fully compliant with international standards |
| **Product Registration**<br>Need operating plant to apply for a new registration<br>4 years, on average, to have a new product registered | • Fully operational plant<br>• 111 people in R&D<br>• 40 products launched in the last 5 years |

Source: Company information

# High Entry Barriers

| Entry Barriers in the Sector | Ourofino's Main Strengths |
|---|---|
| **Products**<br>• Complete portfolio of products<br>• Products customized for Brazil | • Approximately 100 products Flexibility to produce different types of formulas, dosages and application methods |
| **Distribution / Sales**<br>• Nationwide and efficient distribution network<br>• Well trained sales force with a solid network of clients | • Presence in all Brazilian states<br>• More than 4,500 clients across Brazil and internationally |
| **Brand**<br>• Track record<br>• Customer loyalty | • 30 years track record |

Source: Company information

# Leading Position and Proven Ability to Gain Market Share

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

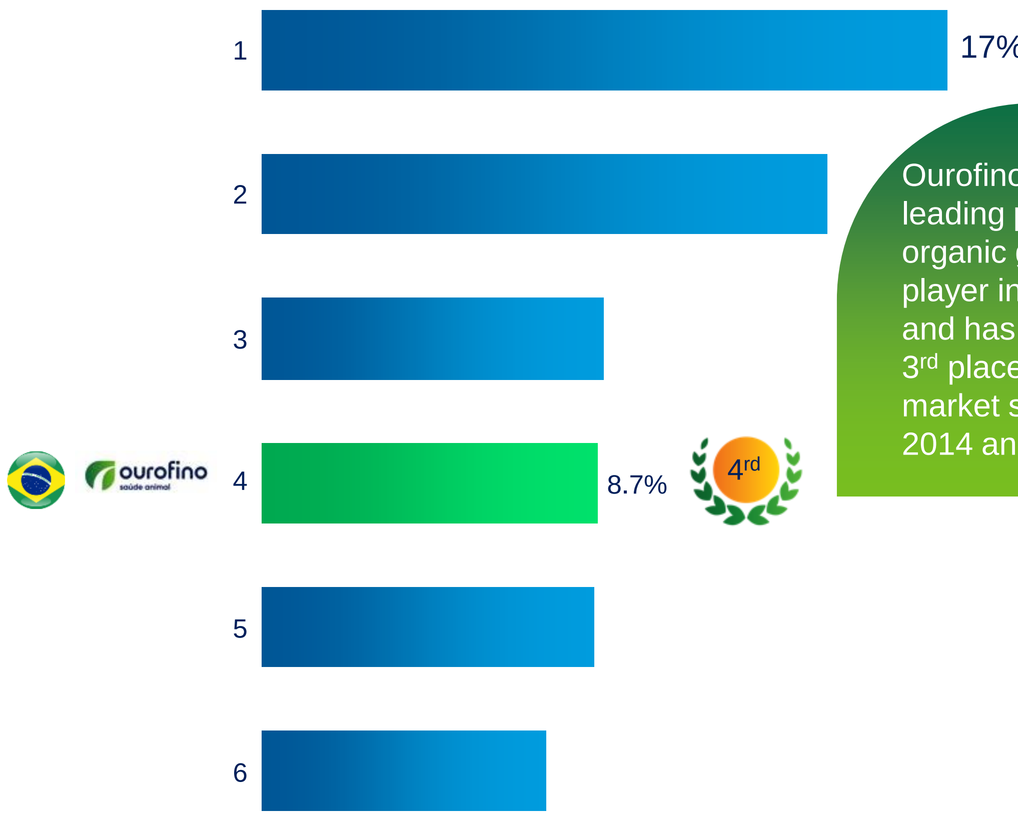
## Highlights

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[1]




Ourofino is the leading pure organic growth player in Brazil and has been the 3rd place in market share in 2014 and 2015

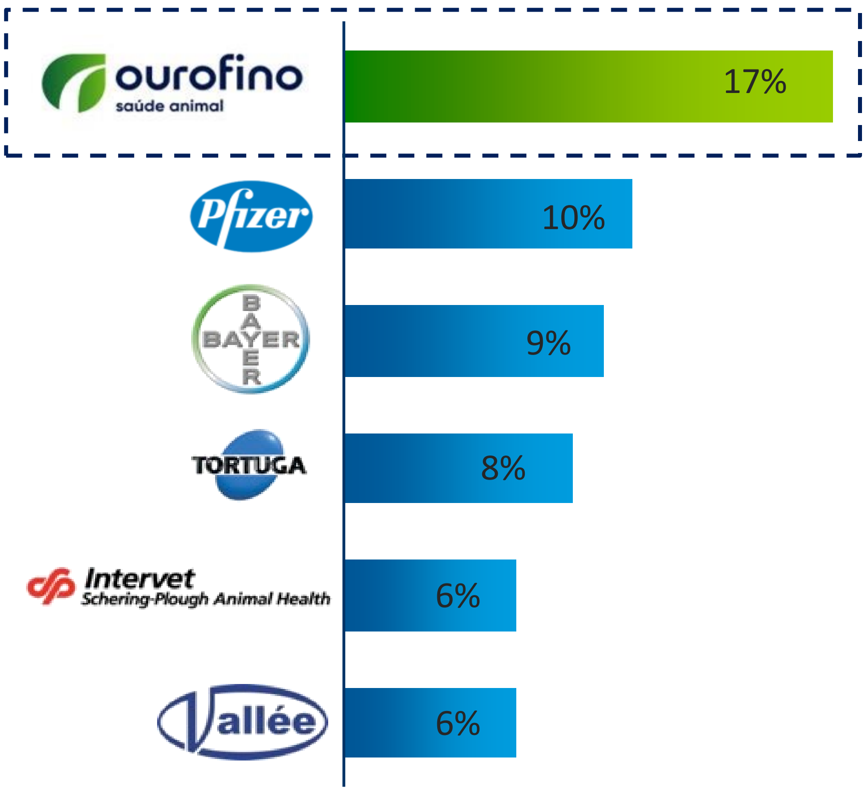
Source: SINDAN

[1] Based on revenues as of year 2016

# Widely recognized brand

## “Top-of-mind” brand in the market

### Most admired company in the veterinary segment




ANIMAL PHARM
AWARD WINNER 2015

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

Source: Carta Capital magazine as of 2010

# Widely recognized brand

## Highly awarded company

### Company achievements

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

Anpei award for innovative approach

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

FINEP technology innovation award

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

Ernst & Young award for the top entrepeneur of the year

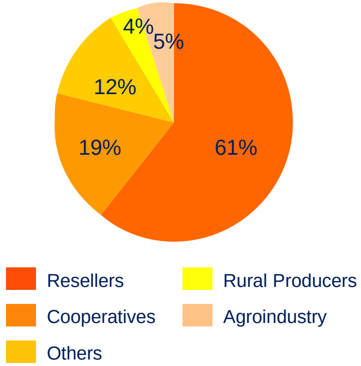
# Diversified client base and broad distribution network

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

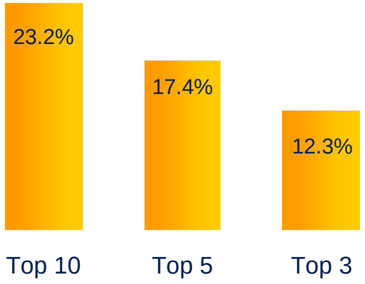
# Production animals

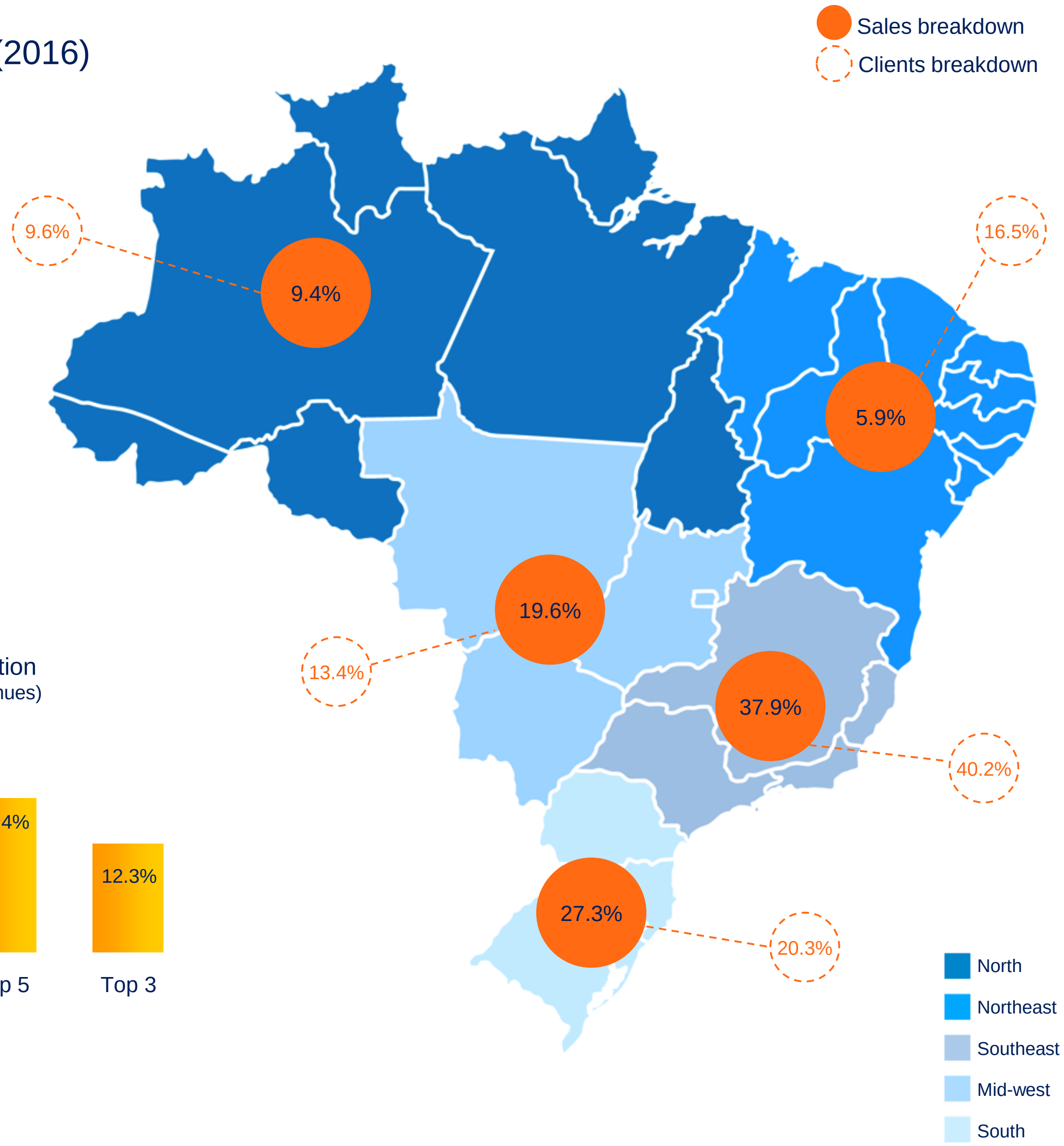
## Sales and clients breakdown in Brazil (2016)


### Client breakdown
(% of 2016 net revenues)




### Client concentration
(% of 2016 net revenues)



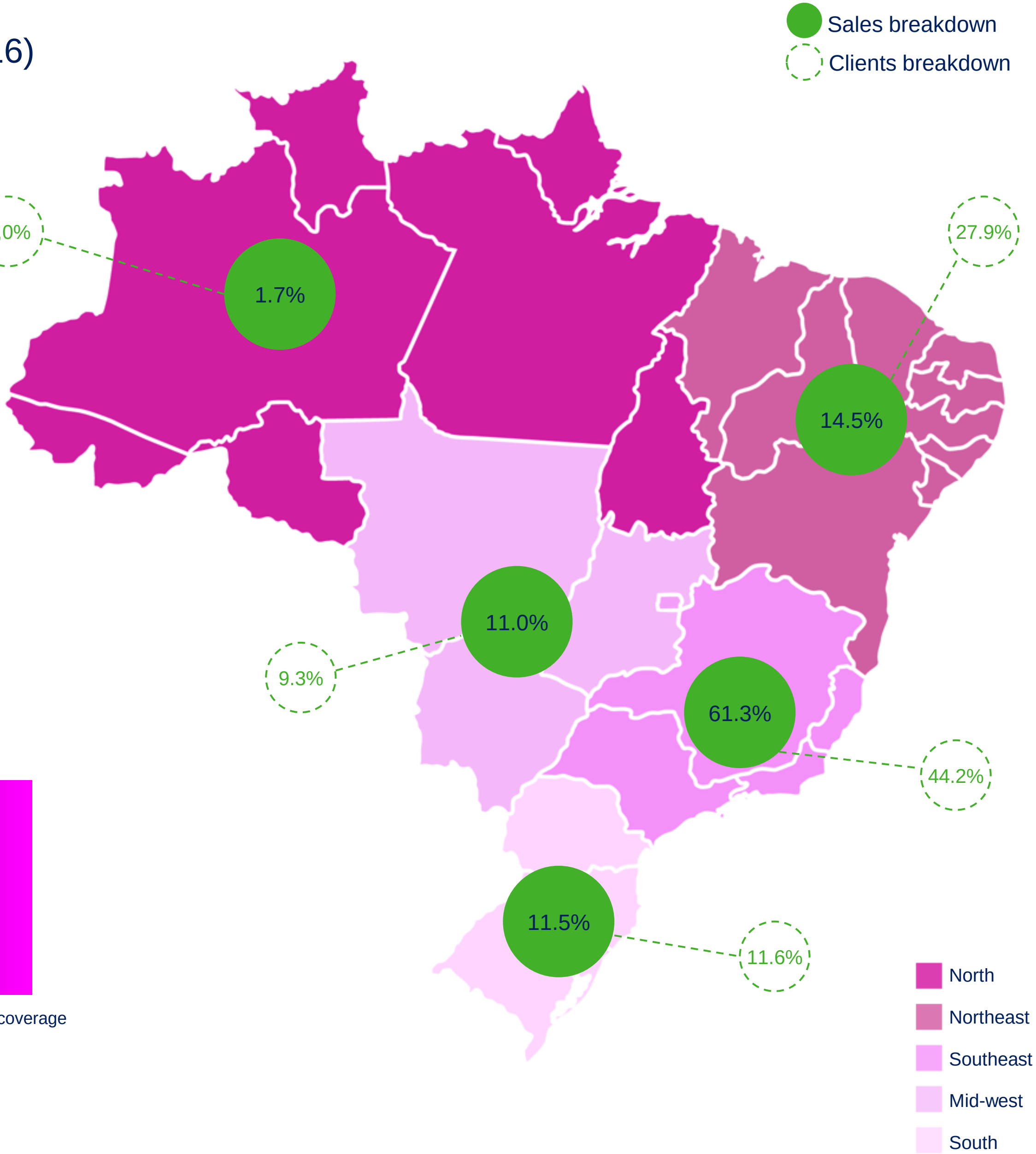




Source: Company information

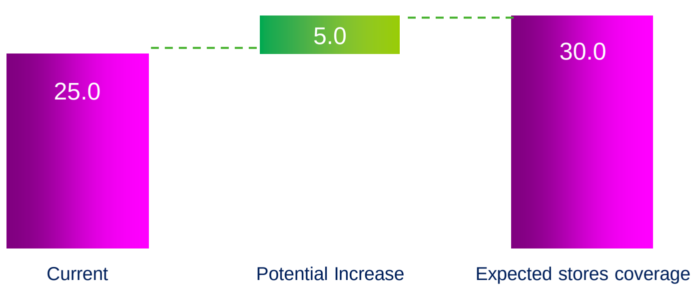
# Companion animals

## Sales and client breakdown in Brazil (2016)

Total distributors:
42




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

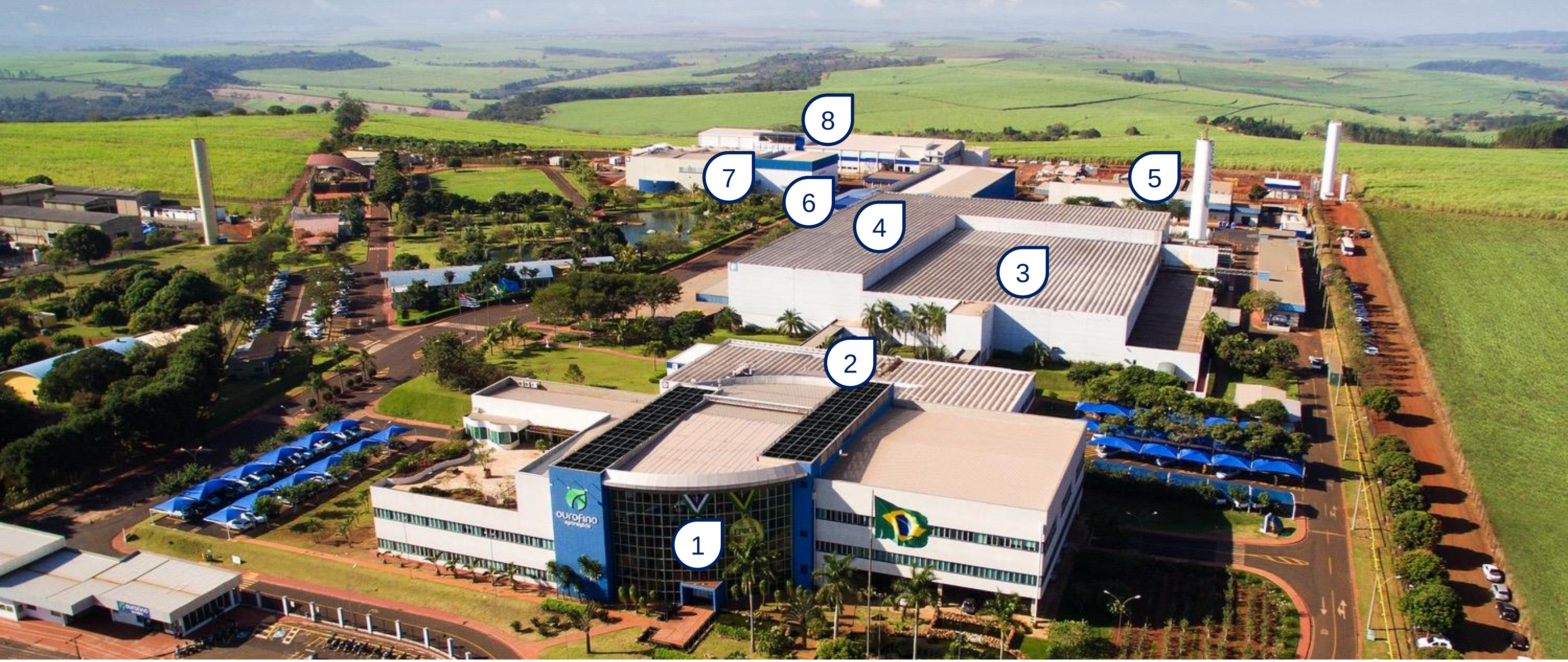



Source: Company information

# State-of-the-art production facilities

The largest production facility of animal health products in Brazil

Highway Anhanguera, 298km
Cravinhos (SP)




1 Headquarters

2 Laboratory for quality control and R&D

3 Pharmaceuticals production facilitiy

4 Warehouse / shipping facilitiy

5 Animal defensives production facility

6 Hormones production facilities

7 Foot-and-mouth vaccine production facilities

8 Biological QC and general vaccines production facility

# 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

R&D team with 111 highly capacitated employees

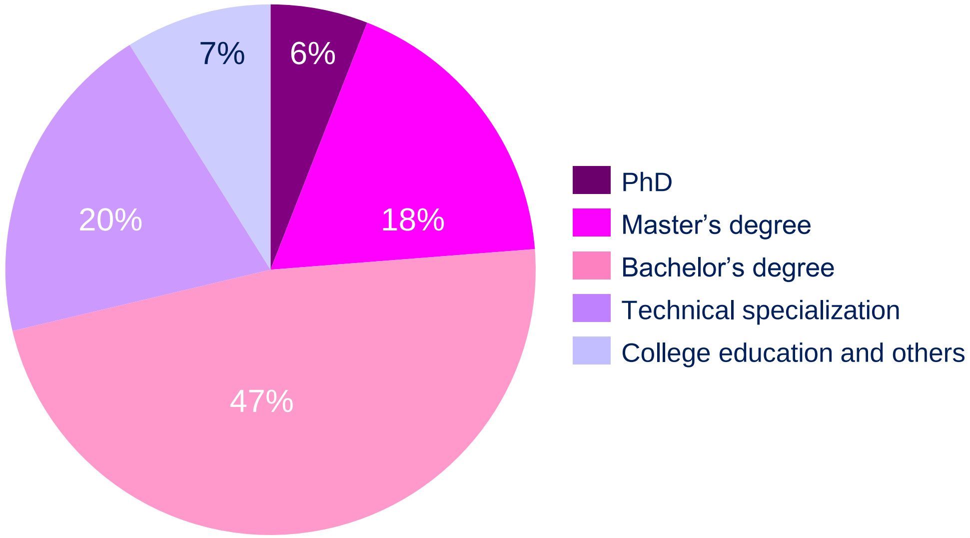
Ourofino has its own internal research center to lead clinical studies and field experiments established in our farm

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

# 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




Source: Company information

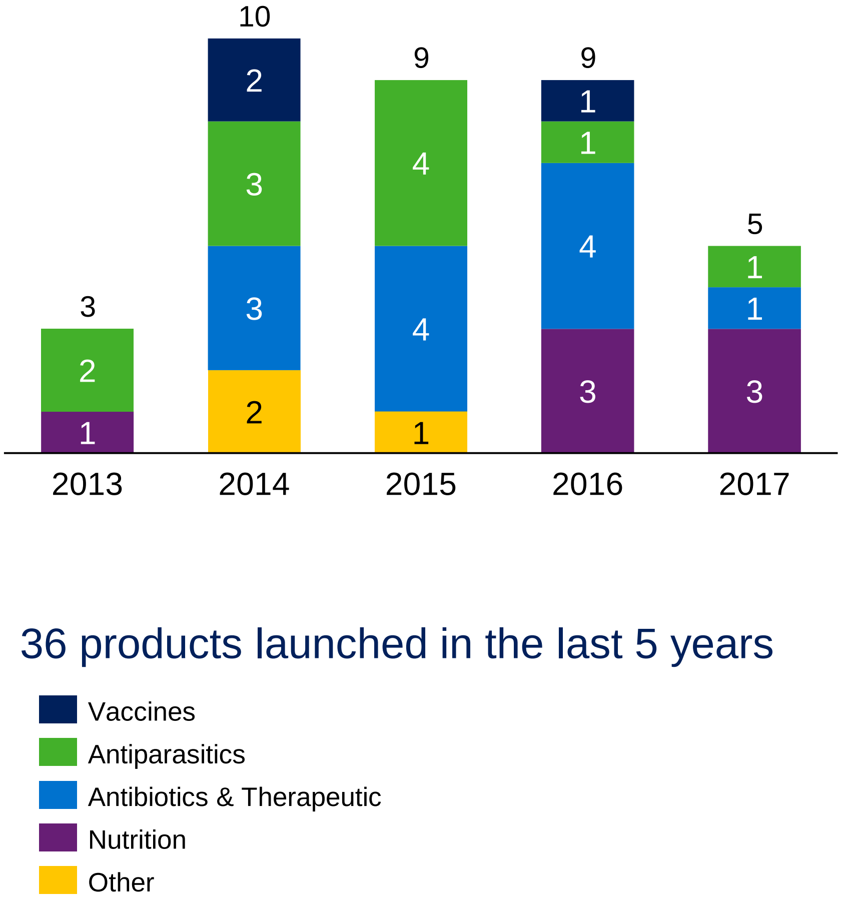
# Expertise in product development coupled with relationships drive

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

# 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




Source: Company information

# 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

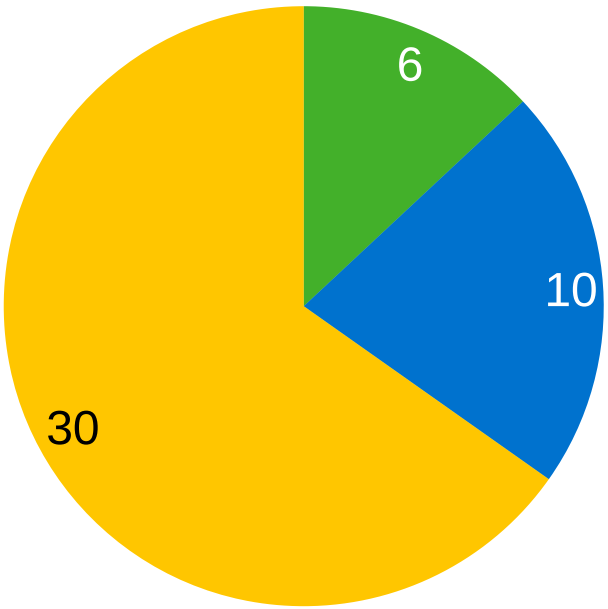

## Resolutor

Antibiotic prescribed for the quick treatment of respiratory diseases in animals

# 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




46 products to be launched in the next years

- 2018
- 2019
- from 2020 on

Significant room for growth of biologicals

Source: Company information

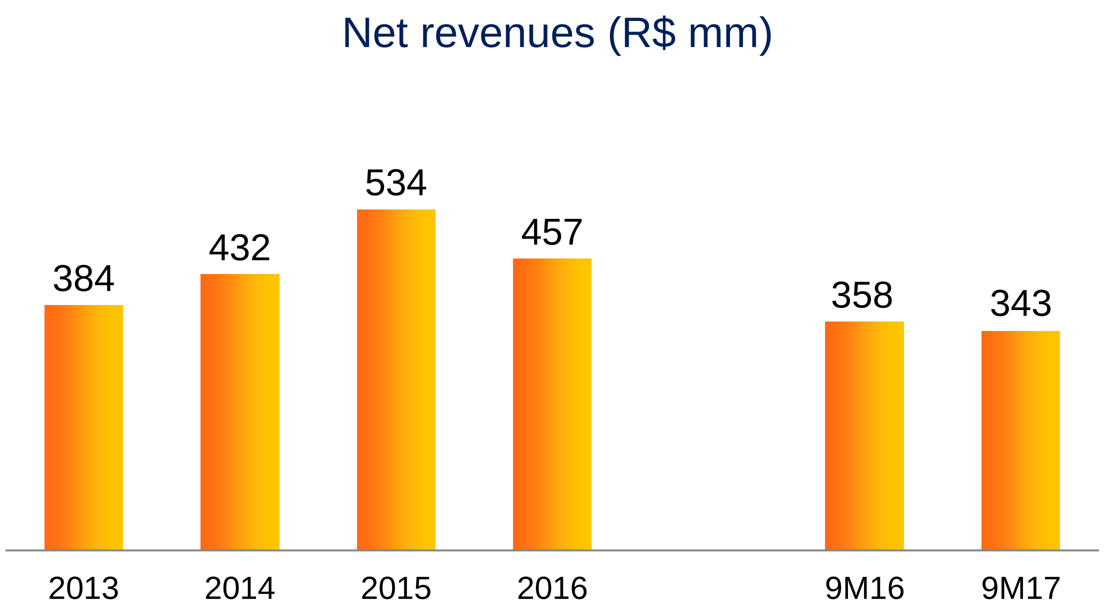
# New biological plant

Development and register of products are being carried out

July/2014

December/2016

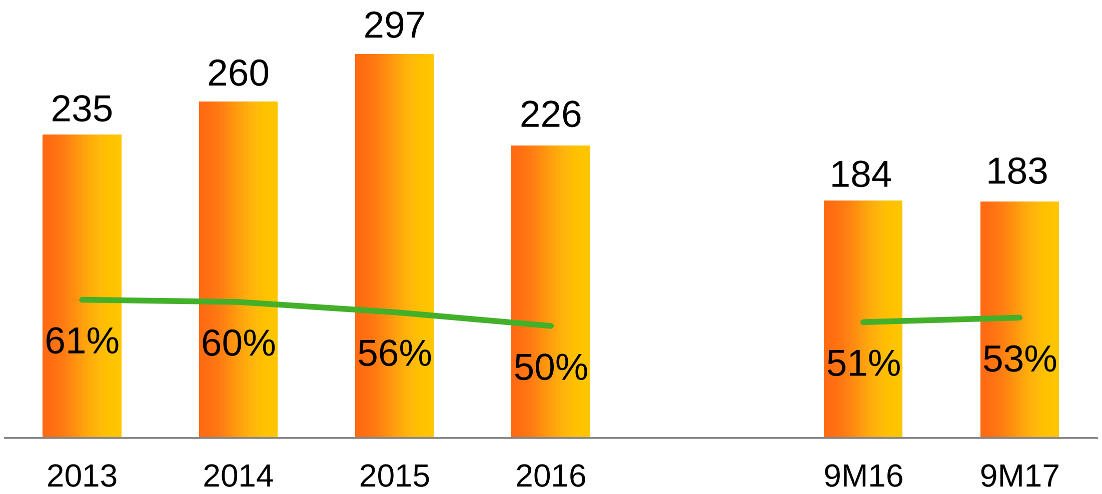
# Financial Highlights




Source: Company information

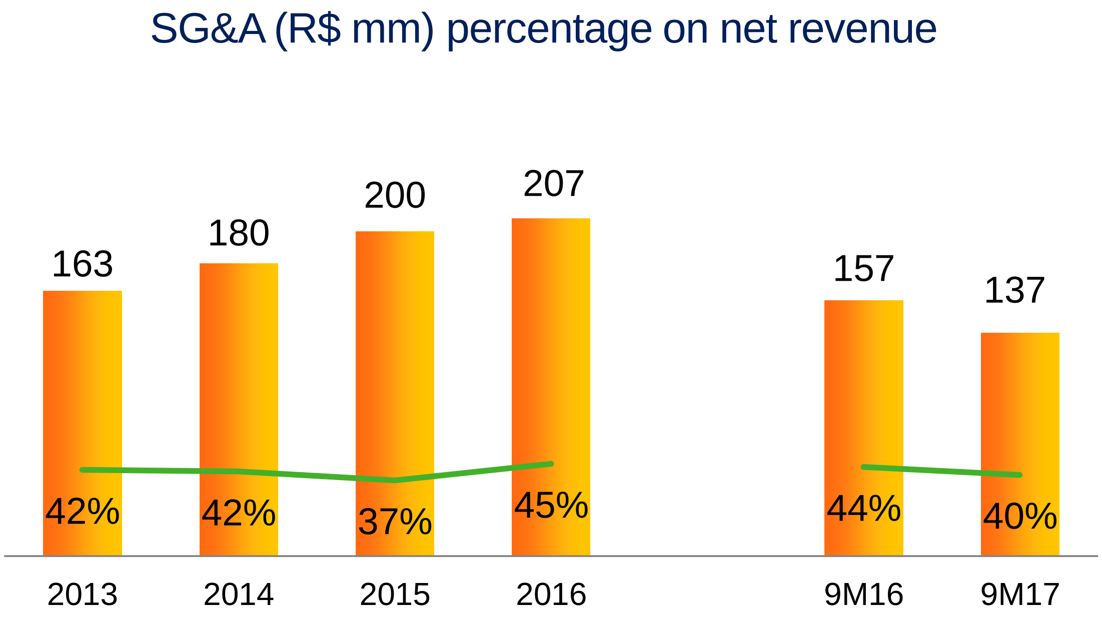
# Financial Highlights

Gross profit (R$ mm) and margin




Source: Company information

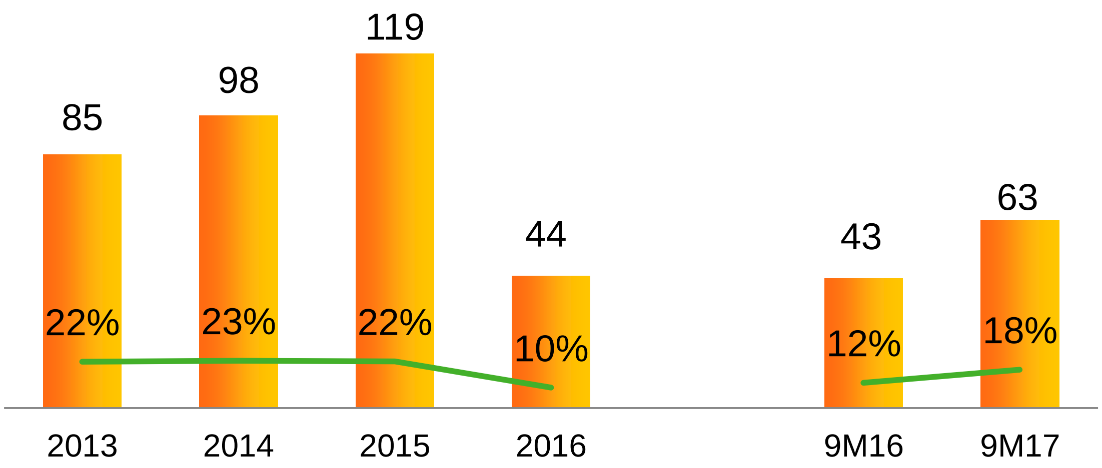
# Financial Highlights




Source: Company information

# Financial Highlights

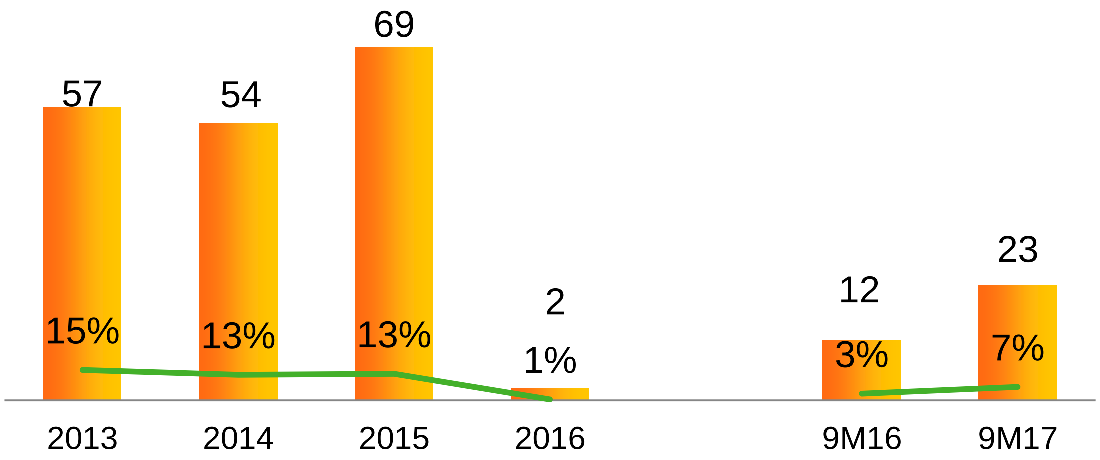
EBITDA (R$ mm) and EBITDA margin




Source: Company information

# Financial Highlights

Net profit (R$ mm) and margin

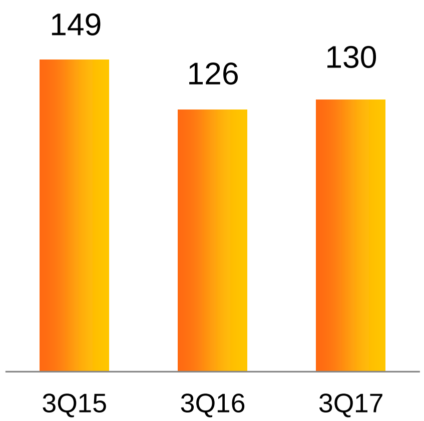



Source: Company information

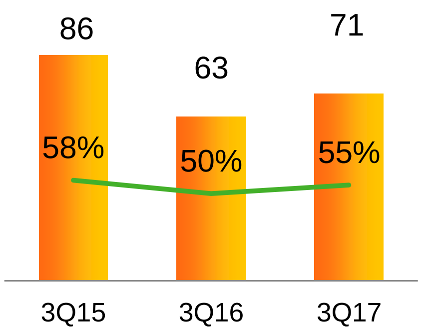
# Financial Highlights for 3rd quarters

(R$ mm and percentages over net revenue)

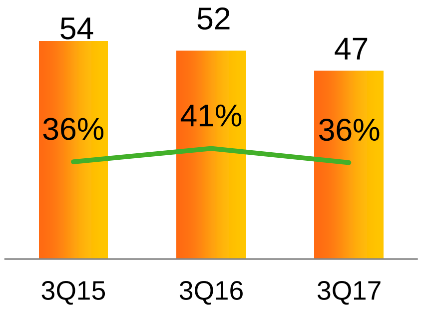
## Net revenues



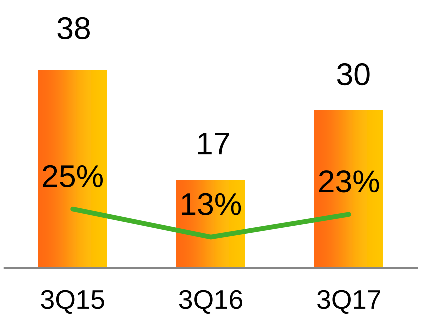

## Gross profit



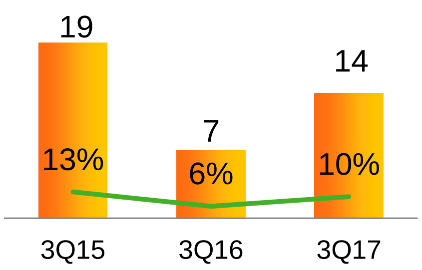

## SG&A




## EBITDA



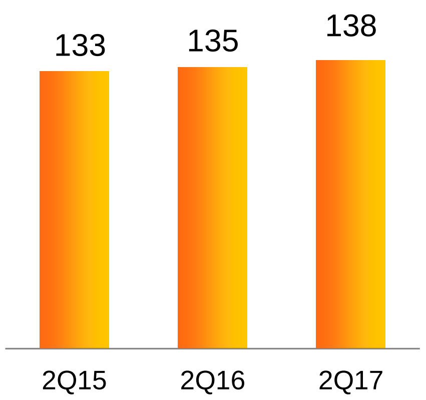

## Net profit



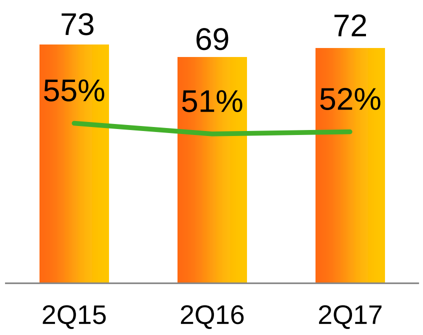

Source: Company information

# Financial Highlights for 2nd quarters
(R$ mm and percentages over net revenue)

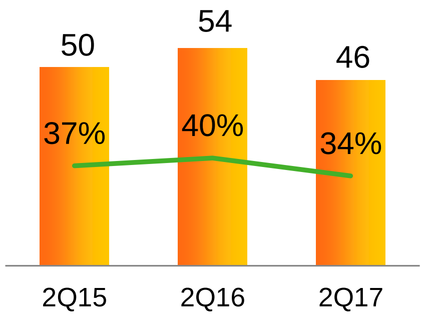
Net revenues



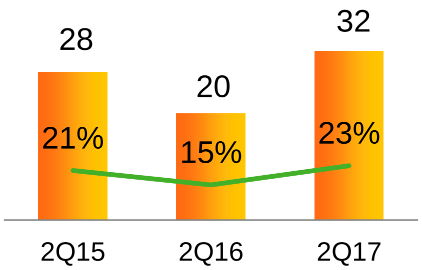

Gross profit



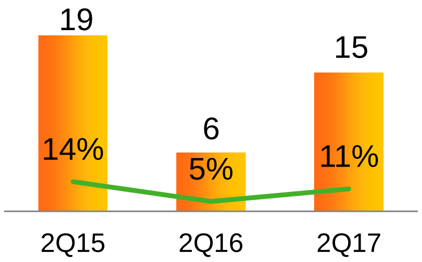

SG&A




EBITDA




Net profit

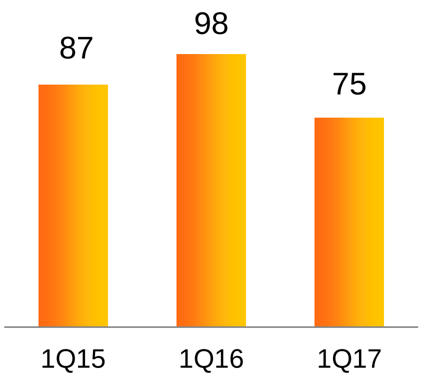



Source: Company information

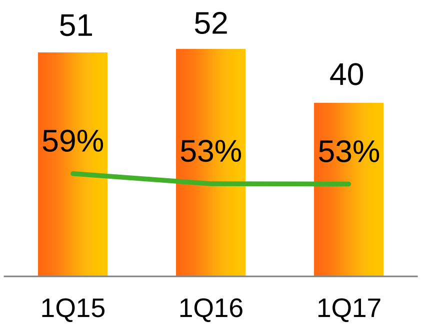
# Financial Highlights for 1st quarters

(R$ mm and percentages over net revenue)

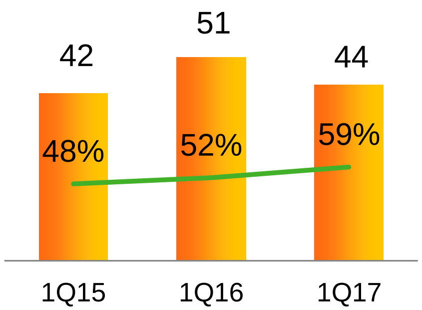
## Net revenues



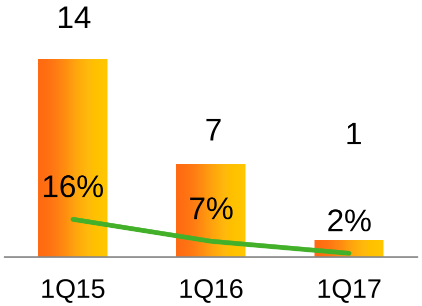

## Gross profit



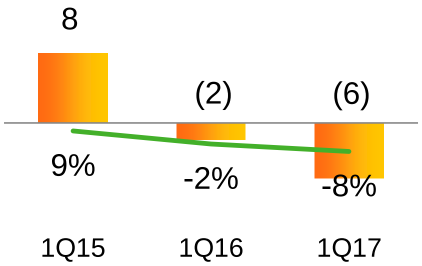

## SG&A




## EBITDA

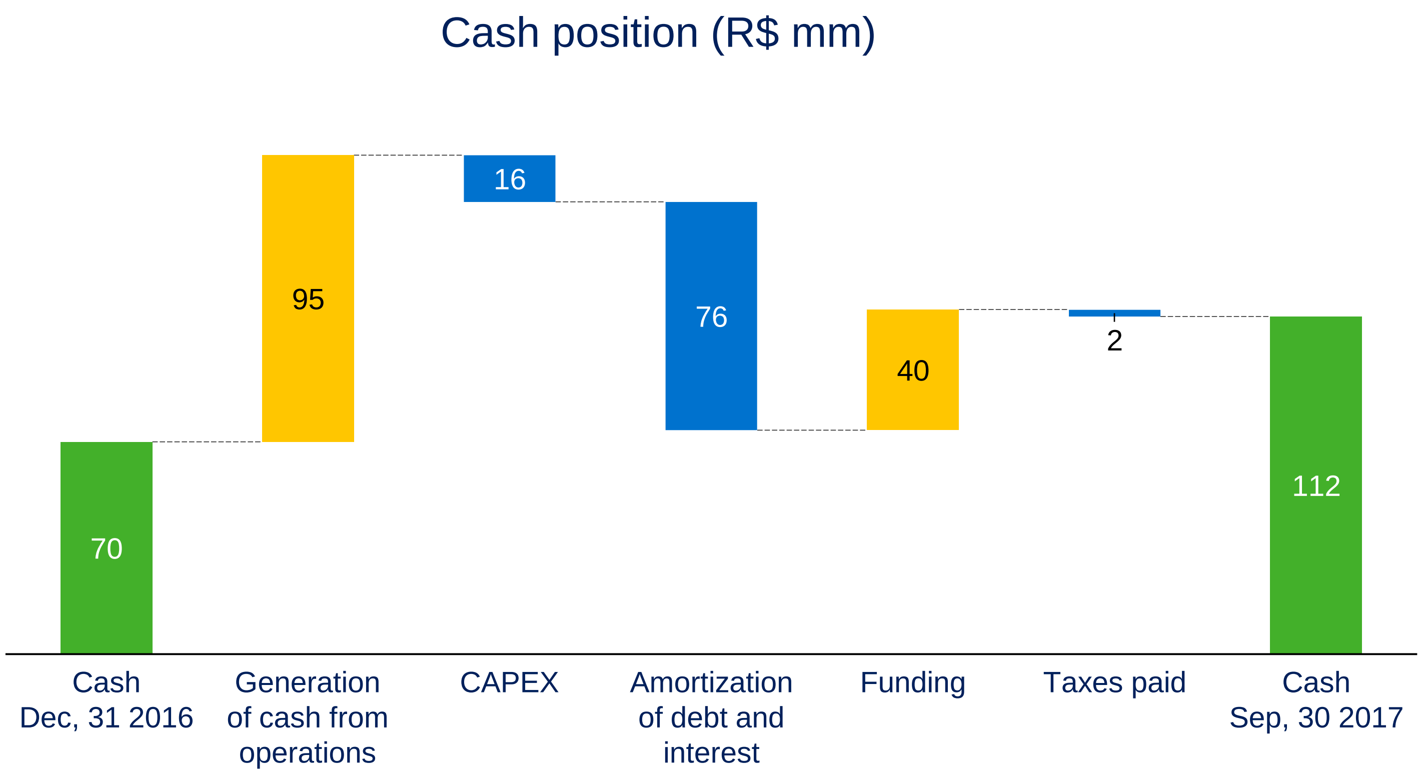



## Net profit




Source: Company information

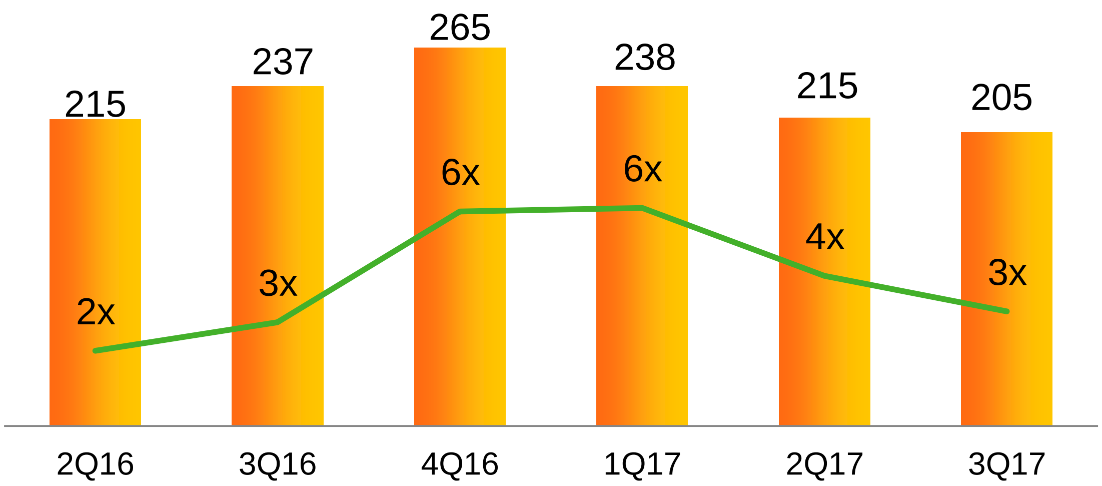
# Financial Highlights




Source: Company information

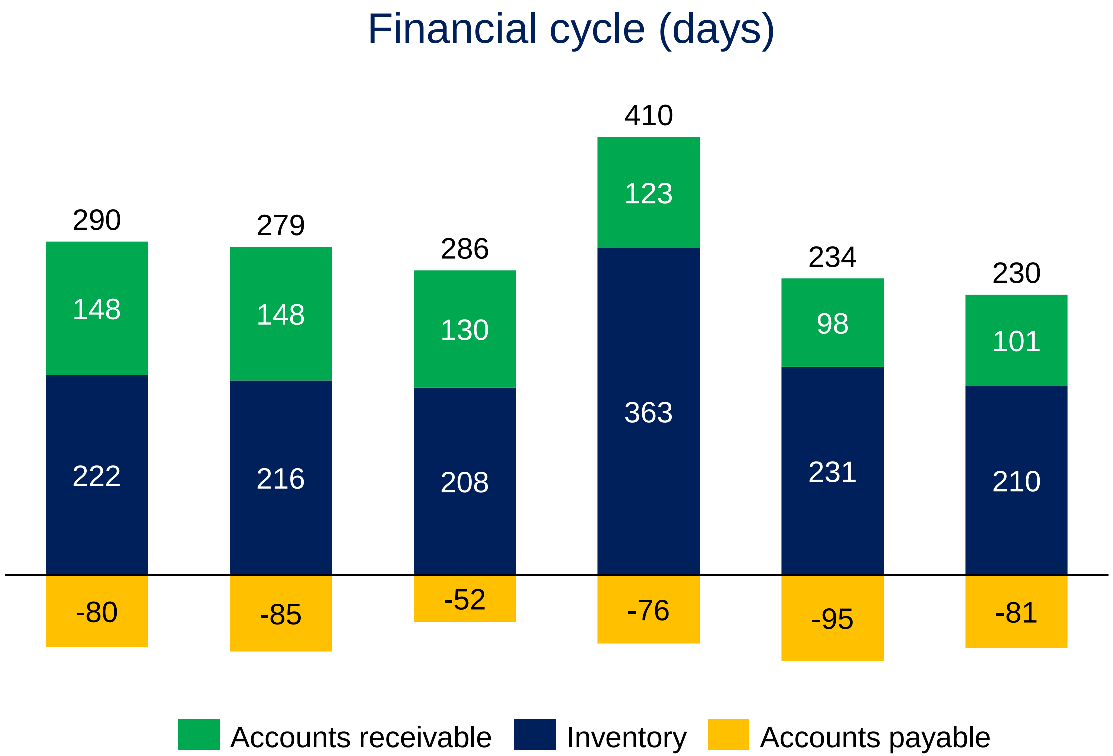
# Financial Highlights

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




Source: Company information

# Financial Highlights




Source: Company information

# Ownership Breakdown

| | |
|---|---|
| • Founder Shareholders | 56.23% |
| • General Atlantic | 16.94% |
| • BNDESPar | 12.36% |
| • Others | 14.48% |

Source: Company information

# Highlights

Leading position in the attractive Brazilian animal health market.

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

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

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

State-of-the-art production facilities.