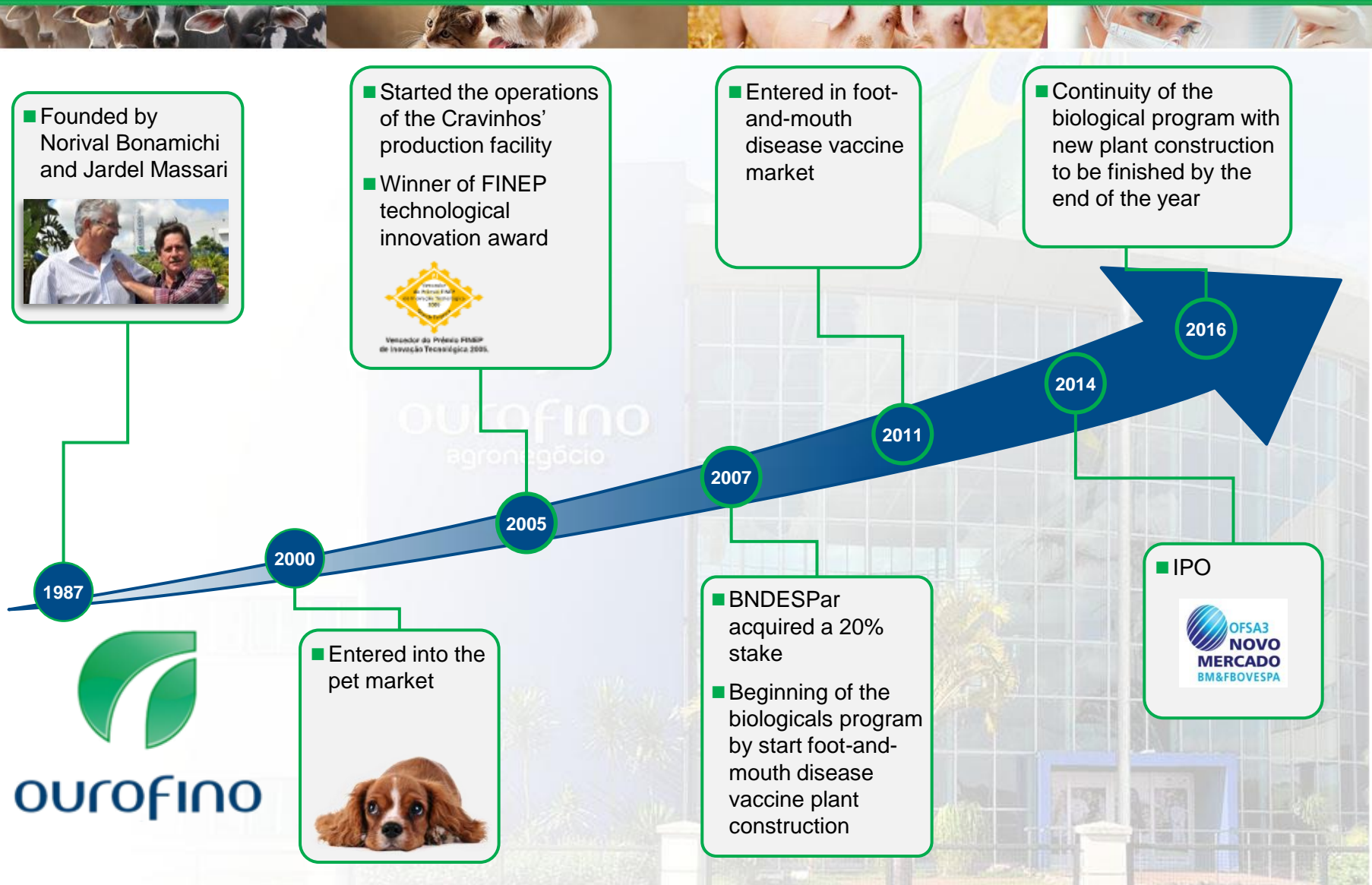






















Ouro Fino Saúde Animal  
December 2016

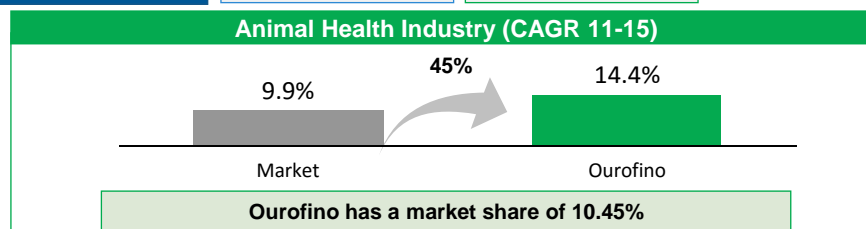
# 29 Year History



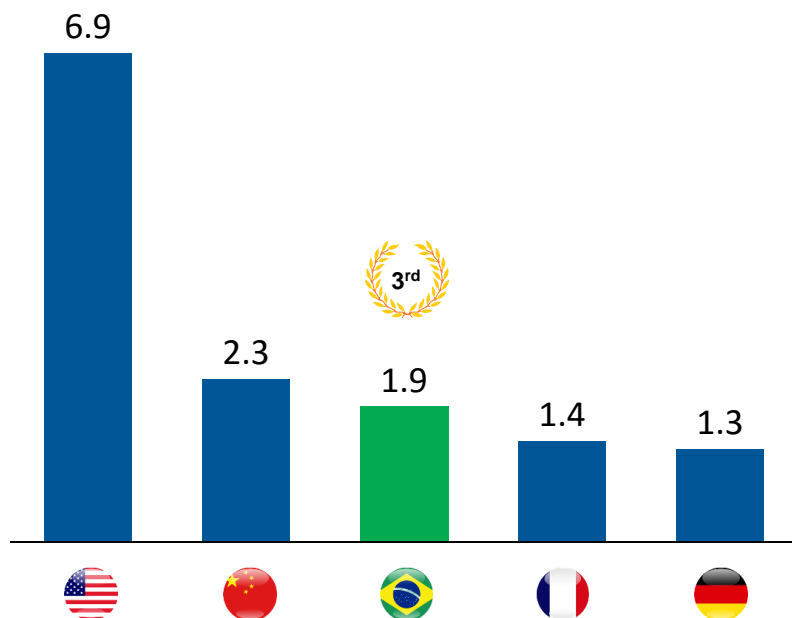
# What we do

## A veterinary pharmaceutical company

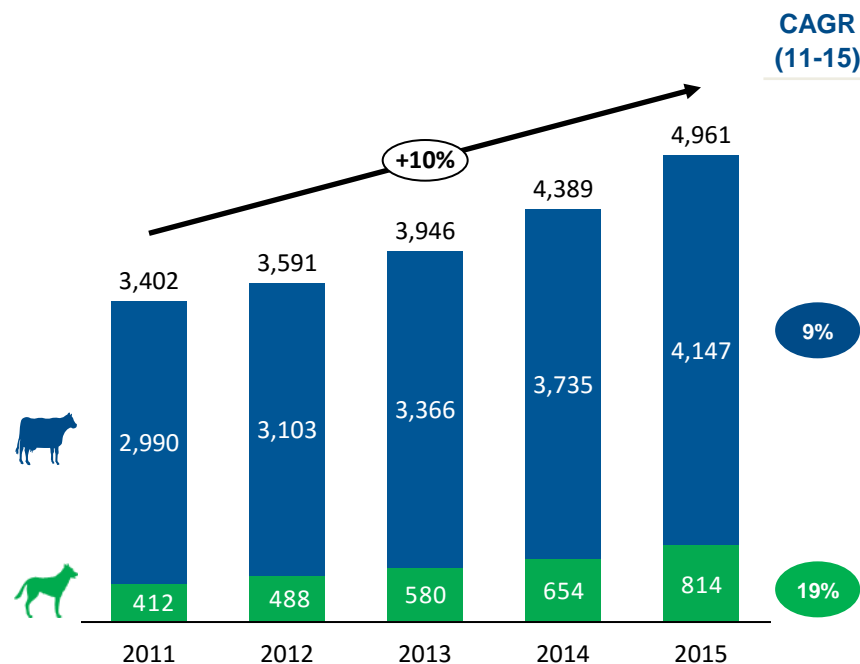
		% of net revenues	Production animals	Companion animals	International operations	Selected products
Products per Category	Vaccines	9.7% 	4	-	Ouro Fino currently exports to 14 countries throughout the world	  Ourovac Aftosa    Ourovac Clostridium
	Antiparasitics	40.0% 	24	4		  Colosso FC30    Master LP
	Antibiotics	20.3% 	20	6		  Ciprolac    Doxifin PS
	Therapeutic	16.6% 	16	13		  Sincrocio    Dermotrat
	Nutritional	3.1% 	9	9		  Enragold    Ractosuín
	Others	10.3% 	13	1		  Herbalvet    MaxicamGel
% of net revenues (2015)			81%	12%	7%	
# of products from current portfolio 2015			86	33		



 **Global (US\$ bn) – 2014E**



 **Brazil (R\$ mm)**



## Highlights

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

**Major animal protein producer**

**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**





## Production Animals



Market Size (%)  
World Brazil

Brazil  
Growth  
(11-15)

## Companion Animals



- Population and income growth drive demand for meat and dairy
- Lower availability of land puts pressure to increase productivity

- Aging and growth of income driving demand for pets
- Humanization of pets driving growth in average spending
- Also the pets themselves are living longer

Gap

Gap

Herd  
Turnover

Annual Spend  
per Head (US\$)



36.7%

21

+3.5x



25.1%

6

59%

41%

84%

16%

9%

19%

Pet population  
(million)

Total Pet  
Market (US\$ Bi)



144

60.3

+11x

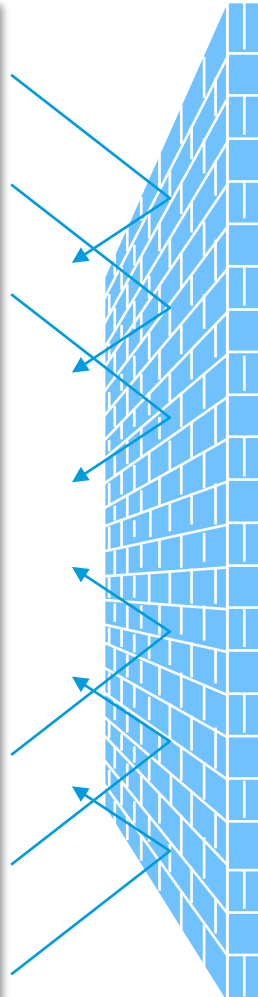


74

5.4



## Barriers to Entry



### 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



#### 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

- Fully operational plant
- 115 people in R&D
- 39 products launched in the last 5 years

- 29 years track record

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

- Approximately 120 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

# Leading Position and Proven Ability to Gain Market Share

Ouro Fino plays a key role in the animal health market, being the largest local player

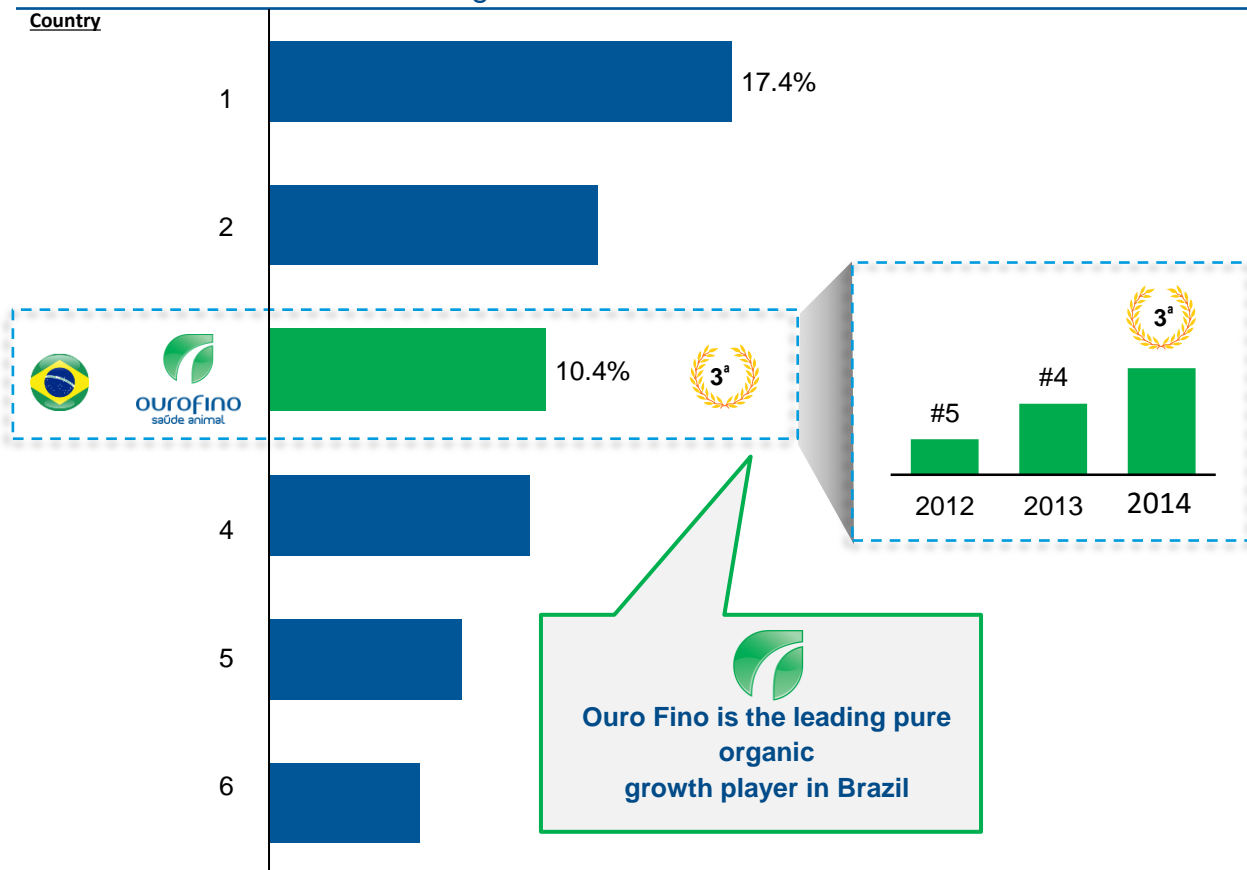
## Highlights

### 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>

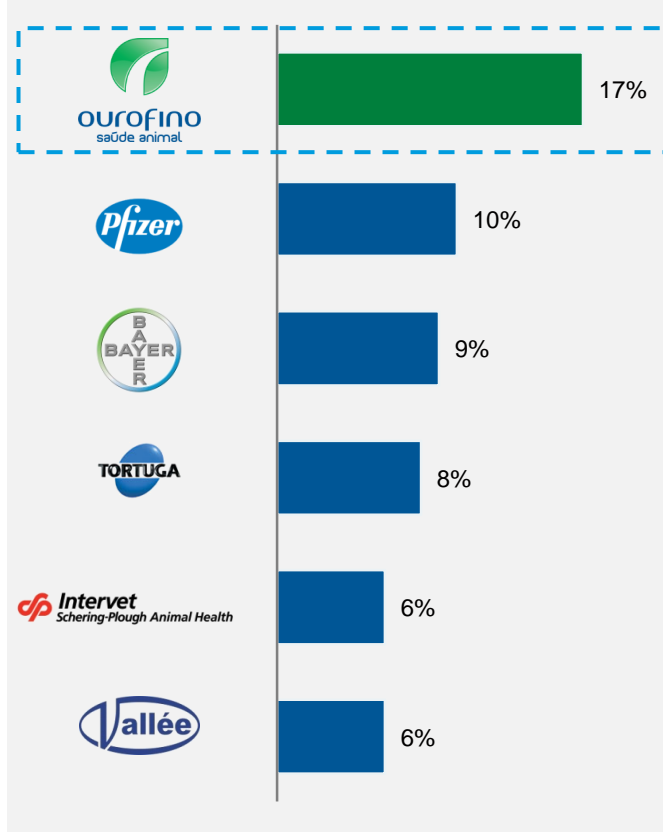


# Widely recognized brand

**“Top-of-mind” brand in the market, widely recognized by customers, competitors and suppliers and a highly awarded company**

Brand recognition in the Brazilian Animal Health sector

## Most admired company in the veterinary segment



Source: Carta Capital magazine as of 2010

## Recent company achievements



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



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



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

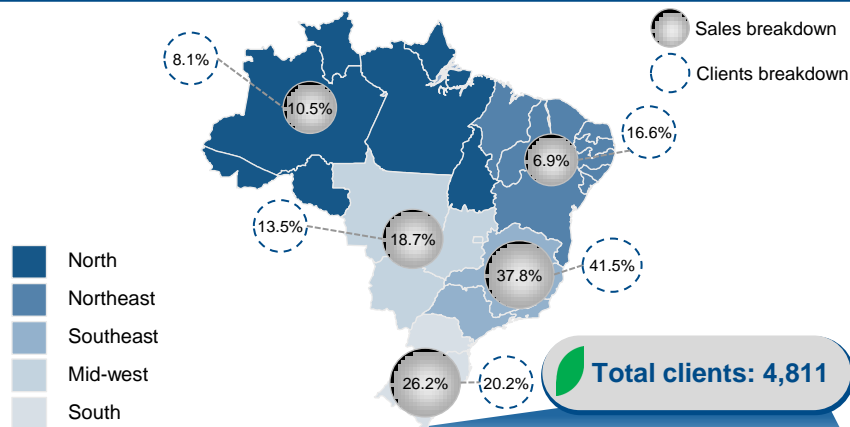


# Diversified client base and broad distribution network

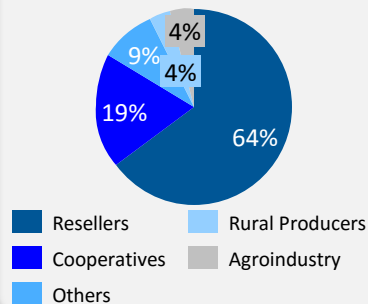
Scope of product portfolio coupled with strong customer relationships leads to one stop shopping for customers

## Production animals

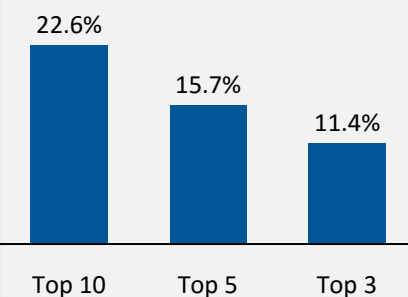
Sales and clients breakdown in Brazil (2015)



Client breakdown  
(% of 2015A net revenues)

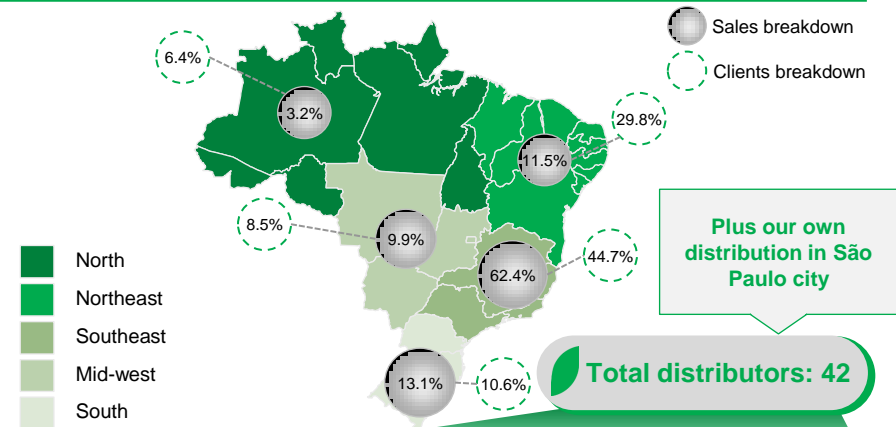


Client concentration  
(% of 2015A net revenues)

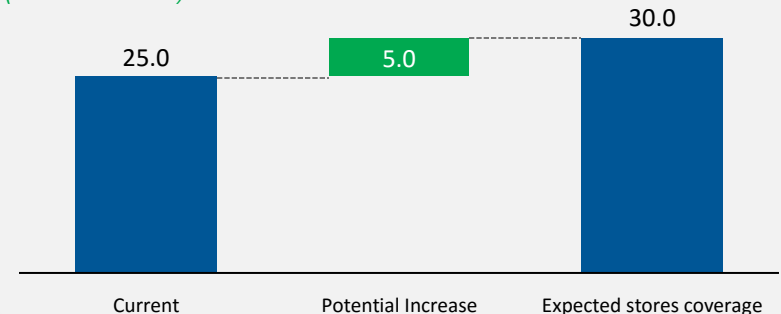


## Companion animals

Sales and client breakdown in Brazil (2015)



# of PET stores covered ('000 stores)  
(As of Dec 2015)



# 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 facilities
- 4 Warehouse / shipping facilities
- 5 Animal defensives production facilities
- 6 Hormones production facilities
- 7 Foot-and-mouth vaccine production facilities
- 8 Biological QC and future general vaccines production facilities

One of the most modern plants in the veterinary segment

Compliance with top national and international standards for quality certification: US FDA, MAPA, GMP and EM

Advanced IT system (SAP) implemented

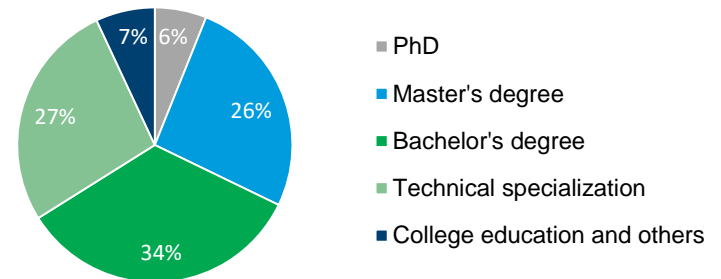
# Expertise in product development with best-in-class R&D practices

## Partnerships to advance research programs and drive new business opportunities

- ✓ R\$ 86 mm of R&D investments in the last 3 years, an average of 6% of net revenues invested every year
- ✓ Grupo Ouro Fino has its own internal research center to lead clinical studies and field experiments
- ✓ R&D team with over 115 highly capacitated employees
- ✓ Open innovation model: transformation of ideas into products
- ✓ R&D and Marketing teams mapping the trends in the animal health industry



### Education profile of the R&D team



### Strong relationship with innovation powerhouses



### Dedicated farm for product experiments



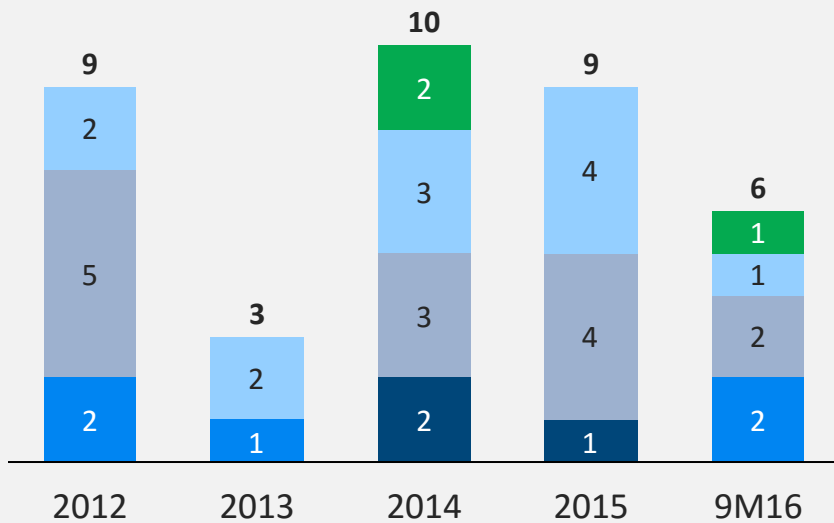


# Expertise in product development with best-in-class R&D practices

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

## Products launched

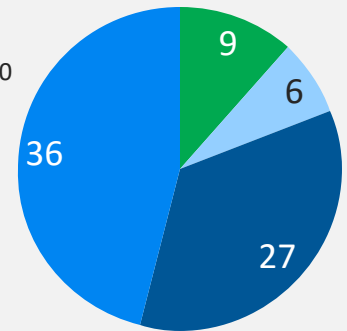
Vaccines Antiparasitics Antibiotics & Therapeutic Nutrition Other



37 products launched in the last 5 years

## Expected launching schedule

Launched in 2015  
Launched in 9M16  
To be launched until 2019  
To be launched starting 2020



63 products to be launched in the next years



**Significant room for growth**

**of biologicals**

# Launched Products in 2016

## 4 products launched in 2016

### 3rd quarter



#### Mgold 20

20% of monensin, safely and effectively prevents coccidiosis in broilers and replacement pullets, with zero-day withdrawal time.

#### Category

**Nutritional**  
(Production animals)



#### Mgold 40

Prevents coccidiosis in broilers and replacement pullets and maximizes the zootechnical performance of poultry and zero-day withdrawal time.

#### Category

**Nutritional**  
(Production animals)

### 2nd quarter



#### Evol

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

#### Category

**Endectocide**  
(Production animals)



#### Nulli

Tramadol-based oral analgesic for dogs and cats

#### Category

**Therapeutic**  
(Companion Animals)

### 1st quarter



#### Resolutor

Antibiotic prescribed for the quick treatment of respiratory diseases in animals

#### Category

**Antimicrobial**  
(Production animals)



#### Orovac Raiva

Vaccine against rabies in cattle

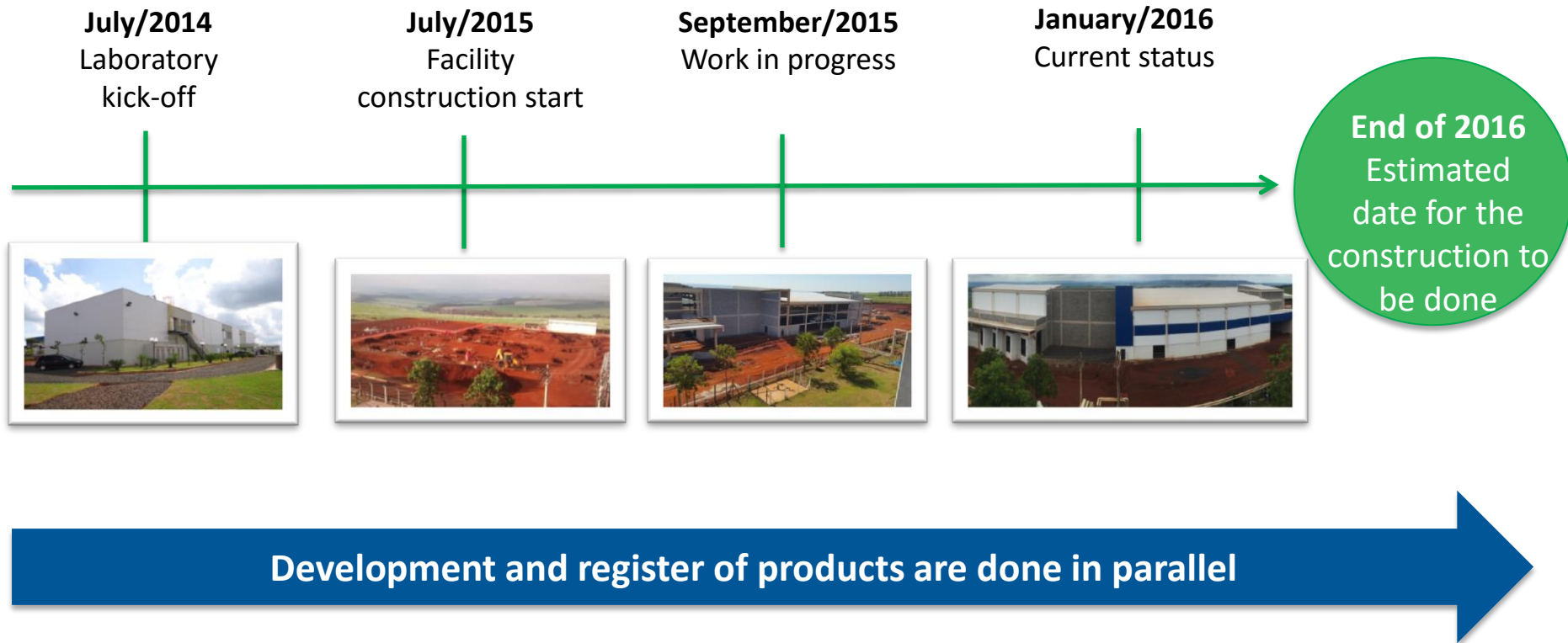
#### Category

**Biological**  
(Production animals)





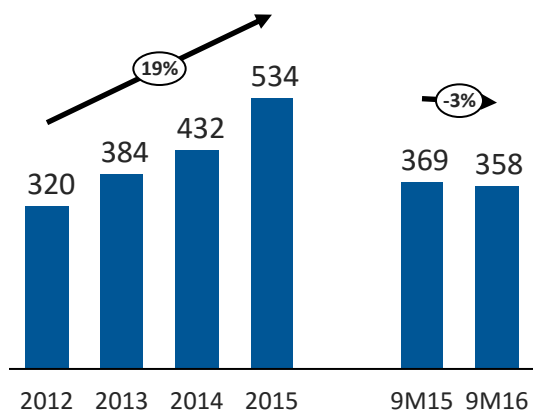
## Construction Schedule



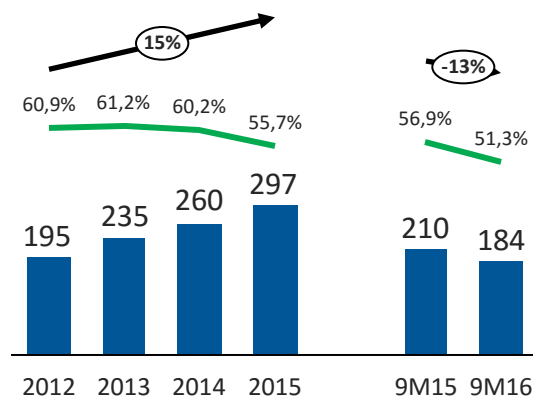
# Financial Highlights



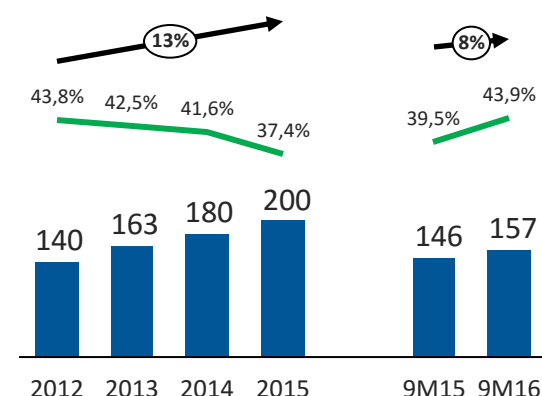
Consolidated net revenues (R\$m)



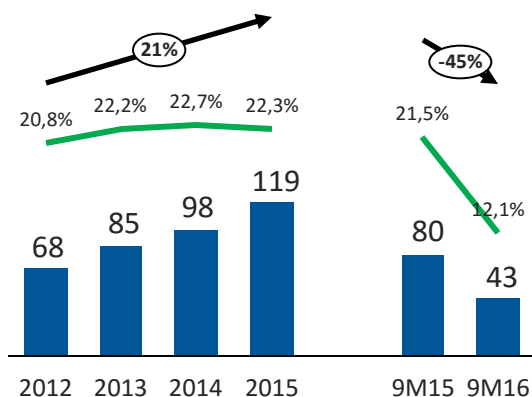
Gross profit (R\$m) and margin



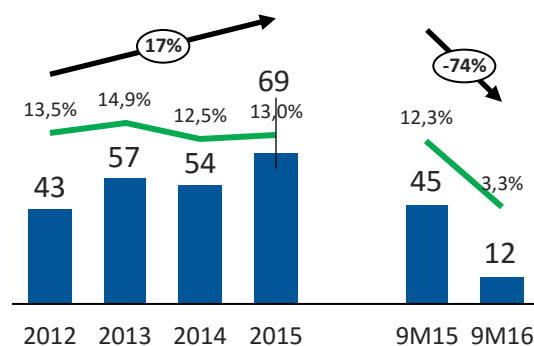
SG&A (R\$m) percentage on net revenue



EBITDA (R\$m) and margin

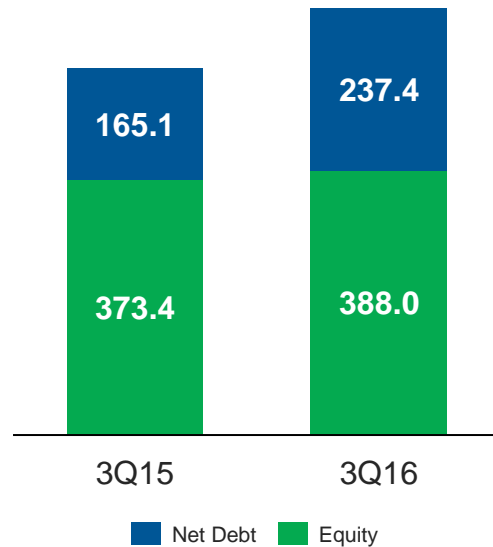


Net profit (R\$m) and margin



# Net debt and CAPEX

## Net Debt x Equity (R\$ mm)



Net Debt.<sup>1</sup> / Adjusted EBITDA

1.48x

2.95x

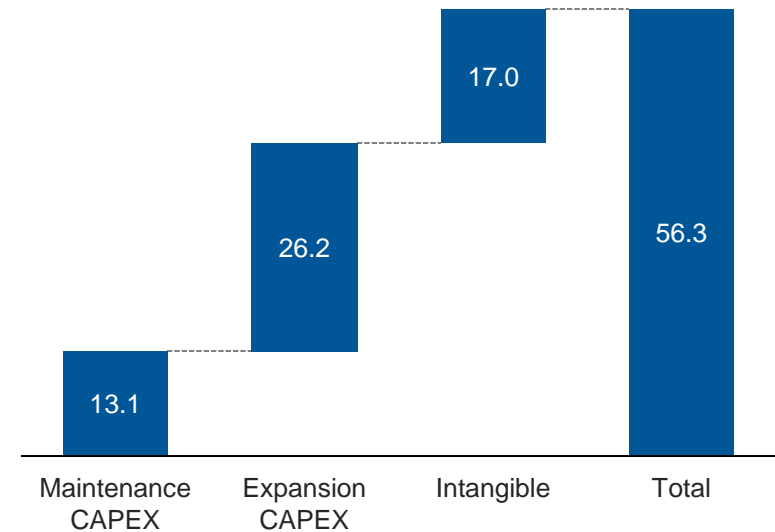
Average interest on debt in sep 30<sup>1</sup>

6.75%

9.61%

Note 1: Average cost calculated on the debt considering linked derivatives.

## CAPEX in 9M16 (R\$ mm)



- FINEP lines:

- R\$ 64 MM already disbursed
- R\$ 42 MM still available disburse within the next months
- Fixed interest rate of 4.5% per year in Brazilian Reais

- Also, we disbursed another R\$ 36 MM of BNDES/EXIM, a credit line for exporters

