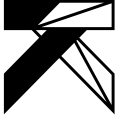




Q3 UPDATE

Investor Call
19 August 2019



Q3 UPDATE

- **Two elements contributing in equal measure to change in our outlook**
- **Continued challenging conditions in shrimp and Mediterranean sea bass and bream markets**
- **Reduced number of commercial scale trials for certain pre-license pipeline products**
- **Programme of structural and operational efficiencies ongoing including licensing of non-core animal vaccines**
- **Strong market positions, significant potential in pipeline and positive long term market fundamentals**



CHALLENGING CONDITIONS IN SHRIMP AND MEDITERRANEAN BASS/BREAM MARKETS CONTINUE

- Oversupply leading to lower pricing and drop in production levels
- Expected recovery in traditionally strong Q4 did not materialize - short production cycle for shrimp
- Maintaining tight cost control to mitigate impact
- Expect EBITDA reduction in Advanced Nutrition in the order of 15% against market expectations of £20m



DEVELOPMENTS IN COMMERCIAL SCALE TRIALS OF PRE-LICENSE PIPELINE PROJECTS

- Commercial scale trials generate revenues and equivalent EBITDA
 - Capitalization of trial costs for late stage products under accounting standards
- Two developments impact 2019 results
 - ↑ • Less treatments required in certain trials as a result of good progress towards commercialization
 - ↓ • Temporary delays in entering certain new territories
- 13%-17% reduction in Animal Health consensus revenue expectation of £20m



PROGRAMME OF STRUCTURAL EFFICIENCIES

- Programme ongoing with progress on licensing of non-core animal vaccines
- Potential to substantially offset negative variance if completed in FY 2019
- Timing/transaction risk reflected by the market

REMAIN WELL POSITIONED

- Leading market presence
- Strong opportunities for existing and pipeline products