

23 July 2019

**Animalcare Group plc
(the "Group" or the "Company")**

Trading Update & Notice of Results

23 July 2019. Animalcare Group plc (AIM: ANCR), the international animal health business, today provides the following unaudited trading update for the six months ended 30 June 2019 (the "Period") ahead of publishing its interim results on 24 September 2019.

Trading overview

Current trading is in line with market expectations and we are delivering against all our five key objectives, with cash conversion improving significantly as a result.

For the period to 30 June 2019, revenue from our continuing Pharmaceuticals segment was in line with prior year (c.0.9% increase on a constant currency basis) at £36.1m (2018: £36.1m).

The small revenue improvement on a constant currency basis was noteworthy, given the previously reported supply challenges from a third-party manufacturer. These expected one-off challenges within Companion Animals impacted sales by £1.1m during the period. We are on track to resolve the supply issues during the current financial year which is anticipated to be reflected in sales during the second half. Underlying revenue growth during the period has been driven primarily by the launch of seven new products and annualised growth of products launched in 2018.

We have maintained our focus on operating costs and cash generation. The Board expects underlying EBITDA for the period to be in line with 2018, before a c.£0.5m benefit following the adoption of IFRS 16, which has no impact on profit before tax for the Group.

At the end of 2018, we committed to reducing our net debt and improving cash conversion. In line with these aims, we have significantly improved our cash generation vs the first half of 2018 and remain on track to improve on the 80% achieved for the full year 2018. Net debt was around £21.0m as at 30 June 2019 (31 December 2018: £23.6m; 30 June 2018: £26.0m), the reduction since the 2018 year end largely driven by lower working capital including an inventory reduction of c.£1.5m.

Operational update

The Group continues to execute upon its five strategic priorities to deliver short and long term sustainable, profitable growth. During the first half of 2019 we have accelerated the pace of integration to drive simplification and improve efficiency, delivered against these priorities, as follows:

1) Build a strong financial basis through revenue growth, cash conversion, EPS growth and EBITDA margin growth

As outlined above we are trading in line with expectations and cash conversion has been strong. We have streamlined supply across Southern Europe, delivering inventory reduction ahead of plan. Investment in SAP ERP will commence in H2 to drive further efficiencies during 2020.

We completed the R&D and Technical & Regulatory centralisation during Q2 2019, which will drive efficiencies and integrate management. We have therefore completed our planned headcount reduction of nine employees in the UK and Spain, for which around £1.4m one-off

costs were incurred in the period.

2) Grow the business through a focussed portfolio of existing products and build a robust future pipeline in five key therapy areas in the companion animal and equine markets

Phase 1 of the project to create a focussed range of higher margin and growth brands that support our primary portfolio areas is nearing completion. 25% of brands that are insubstantial in terms of revenue and insignificant in terms of EBITDA contribution are expected to be delisted or divested by the end of the year with a further c20% reduction during 2020.

3) Build on existing customer relationships with vets and other stakeholders to deliver trusted products and services

We continue to strengthen our relationships with key stakeholders including our international partners and will be launching our first products with our partner in China in Q3.

4) Business development focus with partners to in license and acquire innovative products

The product development pipeline has progressed in line with expectations during the first half, with approval granted for three new products. All three will be launched as planned during H2 and we expect two further approvals by the end of 2019.

5) Organisation for success, building leadership strength and attract, retain and develop talent for the future

We implemented an LTIP for Senior Leaders and rolled out performance-based bonus plans. We have strengthened our Country Manager team with the recruitment of Sara Maddens in Belgium.

Animalcare's Chief Executive Officer, Jenny Winter, commented: *"We have a clear strategy to become a leading international veterinary pharmaceutical business and we have made good progress towards this goal during the first half of 2019. We have strengthened the Group's finances with greater cash conversion and made significant strides in streamlining our product portfolio which is critical to enhancing our profitability. Greater focus on integration has also begun to impact with further simplification leading to efficiency improvements. I am pleased that the growth platform that we have been focused on building is coming to fruition and I look forward to updating the market further on our progress."*

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

For further information, please contact:

Animalcare Group plc
Jenny Winter, Chief Executive Officer
Chris Brewster, Chief Financial Officer

Tel: 01904 487 687

Panmure Gordon (Nominated Adviser & Broker)

Corporate Finance

Freddy Crossley / Emma Earl

Corporate Broking

James Stearns

Tel: 020 7886 2500

Consilium Strategic Communications

animalcare@consilium-comms.com

Amber Fennell/Angela Gray/Olivia Manser

About Animalcare (www.animalcaregroup.com)

Animalcare Group plc is a UK AIM listed veterinary sales and marketing organisation resulting from the merger of Animalcare and Ecuphar NV in July 2017. Animalcare operates in seven countries and exports to approximately 32 countries in Europe and a further 16 worldwide. The company is focused on bringing new and innovative products to market through its own development pipeline, partnerships and via acquisition.