

Catalent Pharma Solutions FY 2010 Q2 Conference Call

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Reliable Solutions. Inspired Results.™



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Agenda

- **Second Quarter Highlights**
- **Business Update**
- **Q2 Financial Performance**
- **YTD Financial Performance**
- **Adjusted EBITDA**
- **Cash Flow**
- **Q&A**

Second Quarter Highlights

- **Financial performance significantly ahead of Q2-FY'09**
At constant currency:
 - Revenue up 4%
 - Gross margin up 18%
 - Adjusted EBITDA of \$77.6 million, up 13%
- **All segments reporting EBITDA ahead of Q2-FY'09; lower operating costs a driver...down 5.4% vs. prior year**
- **Improved operating performance and lower working capital drive significantly higher cash flow vs. prior year**
- **H1N1 volumes positively impact Sterile Technologies and Packaging Services**
- **North Raleigh divestiture completed**

Business Update – Oral Technologies

- Continued strong demand for Rx softgel products and development services
- Sales of nutritional and certain other consumer health softgel products remain weak due to low consumer demand, especially in Europe
- Zydis[®] capacity utilization significantly improved, Q2 revenue up 50+% over prior year
- Expansion of softgel capacity in Argentina remains on-schedule and on-budget
- Swindon softgel site closure announced; planning to transfer majority of business to other Catalent sites over a two-year period

Business Update – Sterile Technologies

Sterile Injectables:

- **Profitability continues to incrementally improve due to existing products and pipeline strengthening**
- **Seasonal flu vaccines, including H1N1, drive top line growth**

Blow-Fill-Seal:

- **Second quarter performance down significantly versus prior year due to ongoing product mix shift to lower margin generic products and high manufacturing variances**
- **Near-term focus on quality and operational metrics improvement**
- **Long-term market fundamentals remain attractive; new product pipeline robust... long development cycle**

Business Update – Packaging Services

Commercial Packaging:

- Profitability up 50+% vs. prior year due mainly to lower manufacturing indirect and SG&A expenses
- H1N1 and product launch volumes contribute to top line growth
- Successful FDA inspection at Schorndorf, Germany site

Printed Components:

- Lower manufacturing indirect and SG&A expenses driving Q2 profitability increases vs. prior year
- Ramping up new 10-color digital press capacity in Europe
- Planned new offering: Digitrack™ digital anti-counterfeiting system

Business Update – Development & Clinical Services

- **Operating costs across the segment reduced 20% vs prior year...drove 92% EBITDA improvement**
- **Quoting and new business pipeline remains healthy; strong signings being delivered**
- **Expanded capabilities to support in-line blister seal packaging for clinical trials**
- **New investment in fully-scaleable, advanced fine powder filling equipment to support clinical/commercial DPI manufacturing from Phase II/III onward**

FY2010 Q2 by Segment

(\$ millions)	Three Months	Three Months	Increase/(Decrease)		Excluding FX		
	Ended	Ended			Increase/(Decrease)		
	Dec. 31, 2009	Dec. 31, 2008	\$	%	\$	%	
Oral Technologies							
Net Revenue	249.3	221.6	27.7	13%	12.1	6%	
Segment EBITDA	59.1	50.5	8.6	17%	6.4	13%	
Sterile Technologies							
Net Revenue	60.8	50.8	10.0	20%	6.0	12%	
Segment EBITDA	8.0	5.3	2.7	51%	1.7	33%	
Packaging Services							
Net Revenue	94.7	94.0	0.7	1%	(2.3)	-2%	
Segment EBITDA	10.7	4.4	6.3	*	5.9	*	
Development & Clinical Services							
Net Revenue	41.9	41.1	0.8	2%	(0.6)	-1%	
Segment EBITDA	7.7	3.8	3.9	*	3.5	92%	
Revenue Elimination	(13.2)	(13.0)	(0.3)	2%	0.4	-3%	
Other EBITDA	(7.9)	(65.6)	57.7	*	55.2	*	
Combined Total							
Net Revenue	433.5	394.5	39.0	10%	15.6	4%	
EBITDA	77.6	(1.6)	79.2	*	72.7	*	

FY2010 YTD by Segment

(\$ millions)	Six Months	Six Months	Increase/(Decrease)		Excluding FX		
	Ended	Ended			Increase/(Decrease)		
	Dec. 31, 2009	Dec. 31, 2008	\$	%	\$	%	
Oral Technologies							
Net Revenue	483.8	458.8	25.0	5%	23.0	5%	
Segment EBITDA	106.7	94.6	12.1	13%	12.5	13%	
Sterile Technologies							
Net Revenue	122.2	109.5	12.7	12%	10.5	10%	
Segment EBITDA	18.5	15.5	3.0	19%	2.6	17%	
Packaging Services							
Net Revenue	183.9	189.2	(5.3)	-3%	(5.2)	-3%	
Segment EBITDA	16.4	8.5	7.9	93%	7.8	92%	
Development & Clinical Services							
Net Revenue	82.4	78.7	3.7	5%	4.8	6%	
Segment EBITDA	13.5	5.8	7.7	*	7.9	*	
Revenue Elimination	(23.2)	(24.6)	1.4	-6%	1.6	-7%	
Other EBITDA	(285.8)	(25.0)	(260.8)	*	(266.3)	*	
Combined Total							
Net Revenue	849.1	811.6	37.5	5%	34.7	4%	
EBITDA	(130.7)	99.4	(230.1)	*	(235.5)	*	

Operating Earnings to EBITDA

(\$ Millions)	Quarters Ended				LTM	Quarter Ended	LTM
	Dec 31, 2008	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Sep 30, 2009	Dec 31, 2009	Dec 31, 2009
Income / (Loss)	(96.2)	(193.9)	(4.6)	(270.7)	(565.4)	(16.4)	(485.6)
Interest Expense, net	49.9	42.0	41.4	40.6	173.9	44.1	168.1
Income tax expense / (benefit)	6.9	3.8	13.4	(10.6)	13.5	18.4	25.0
Depreciation and Amortization	37.8	28.1	33.3	32.4	131.6	31.5	125.3
EBITDA	(1.6)	(120.0)	83.5	(208.3)	(246.4)	77.6	(167.2)

LTM EBITDA Adjustments

(\$ millions)	Quarters Ended				LTM	Quarter Ended	LTM
	Dec 31, 2008	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Sep 30, 2009	Dec 31, 2009	Dec 31, 2009
EBITDA	(1.6)	(120.0)	83.5	(208.3)	(246.4)	77.6	(167.2)
FAS 123R Equity Expense	1.0	0.3	(2.9)	(1.1)	(2.7)	1.3	(2.4)
Impairment charges and (gain)/loss on sale of assets	(0.1)	192.6	2.7	244.0	439.2	0.2	439.5
Restructuring and other special items	1.9	7.7	8.0	2.5	20.1	8.4	26.6
Other non-recurring/one time items (Sterile Facility Start Up, non cash adjustments)	1.1	2.0	0.6	0.1	3.8	(0.3)	2.4
Unrealized fx loss (included in other,net)	63.9	(11.6)	(11.8)	31.1	71.6	(13.1)	(5.4)
Other (Minority interest expense, Sponsor's fee, severance, franchise taxes)	2.2	6.2	(2.2)	2.0	8.1	3.5	9.5
Subtotal	68.4	77.2	77.9	70.3	293.7	77.6	303.0
Estimated cost savings					-		-
Adjusted EBITDA					293.7		303.0

FY2010 YTD Cash Flow (six months)

(\$ millions)	<u>Continuing</u>	<u>Discontinued</u>	<u>Total</u>
Net cash provided by/(used in) operations	112.3	(8.5)	103.8
Additions PP&E, net	(36.3)	10.5	(25.8)
Financing activities			(52.5)
FX on net cash			0.8
Increase/(Decrease) in cash			<u>26.3</u>
Cash at beginning of period			63.9
Cash at end of period			90.2
Items of note:			
Net cash cycle working capital decrease/(increase)			15.1
Cash interest			51.2
Cash taxes			8.6
Revolver at 12/31/09 (\$350 million facility)			-
Net Debt at 12/31/09			2,253.4