

Catalent Pharma Solutions FY 2011 Q1 Conference Call

Matthew Walsh
Chief Financial Officer
Catalent Pharma Solutions

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In addition to disclosing financial results that are determined in accordance with US GAAP, Catalent discloses EBITDA from continuing operations and Adjusted EBITDA, which are non-GAAP measures. You should not consider these measures as an alternative to operating or net earnings, determined in accordance with US GAAP, as an indicator of Catalent's operating performance, or as an alternative to cash flows from operating activities, determined in accordance with US GAAP, as an indicator of cash flows, or as a measure of liquidity. EBITDA is calculated by the sum of earnings before interest, taxes, depreciation and amortization.

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Agenda

- **First Quarter Highlights**
- **Business Update**
- **Q1 Financial Performance**
- **Full-Year Financial Performance**
- **Adjusted EBITDA**
- **Cash Flow**
- **Q&A**

First Quarter Highlights

- **At constant currency, Q1 results level with Q1-FY'10:**
 - Revenue up 1%
 - Gross margin up 6%; Op Ex and Lean focus
 - “Core” operating income level with prior year
 - Adjusted EBITDA of \$67.8 million; also level with PY
- **Strong EBITDA performance by Oral Technologies and Dev-Clin Services; ongoing challenges in Sterile/BFS**
- **Continued progress optimizing business structure**
 - Significant additions to sales and marketing personnel
 - New Growth & Innovation staffing in place

Business Update – Oral Technologies

- Continued strong demand for Rx softgel products and development services
- Sales of nutritional and other consumer health softgel products flat to prior year; trend appears flat-to-up
- Zydis® sales down 4% vs. prior year due to declines in customer safety stock and certain product forecasts
- Expansion of softgel capacity in Argentina complete, validation and testing underway; full commercial production expected to begin in Q3 FY'11
- Strategically moved Schorndorf facility from Packaging Services to Oral Technologies; site now has new potents handling capacity for oral dose form production, over-encapsulation and packaging

Business Update – Sterile Technologies

Sterile Injectables:

- Revenue and profitability behind prior year levels; reduced flu campaign volumes drive 28% EBITDA declines compared to prior year, which was impacted by H1N1 pandemic

Blow-Fill-Seal:

- First quarter performance significantly down vs. prior year due to ongoing product mix shift to lower margin generic products, slow new business development activity and high manufacturing variances due to operating inefficiencies
- Continued 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:

- Revenue down 12% versus prior year on lower demand in North America; H1N1 pandemic impact in prior year
- Disciplined focus on direct and indirect costs helped offset top-line declines

Printed Components:

- Revenue increased 14% with profitability up 30%; strong focus on direct and indirect cost containment
- Continues to be a challenging market; currently aligning capacity and footprint to expected volumes

Business Update – Development & Clinical Services

- **Clinical Services revenue up 12% vs. prior year with profitability up 26% due to favorable product mix**
- **Quoting and new business pipeline remains healthy; strong signings being delivered**
- **Analytical / Biotech quote volume remains strong; revenue up 13% vs. prior year with profitability up 45%, driven by higher demand and lower operating costs**
- **Officially finalized the technology transfer of the Optiform™ compound optimization platform from GSK to Catalent during Q1**

FY2010 Q1 by Segment

| (\$ millions) | Three Months | Three Months | Increase/(Decrease) | | Excluding FX | |
|--|---------------|---------------|---------------------|------|---------------------|-------------|
| | Ended | Ended | | | Increase/(Decrease) | |
| | Sep. 30, 2010 | Sep. 30, 2009 | \$ | % | \$ | % |
| Oral Technologies | | | | | | |
| Net Revenue | 244.0 | 247.1 | (3.1) | -1% | 6.1 | 2% |
| Segment EBITDA | 52.2 | 49.7 | 2.5 | 5% | 4.5 | 9% |
| Sterile Technologies | | | | | | |
| Net Revenue | 53.7 | 61.5 | (7.8) | -13% | (4.1) | -7% |
| Segment EBITDA | 5.2 | 10.5 | (5.3) | -50% | (4.4) | -42% |
| Packaging Services | | | | | | |
| Net Revenue | 68.3 | 72.4 | (4.1) | -6% | (2.6) | -4% |
| Segment EBITDA | 3.1 | 3.5 | (0.4) | -11% | (0.2) | -6% |
| Development & Clinical Services | | | | | | |
| Net Revenue | 43.4 | 40.4 | 3.0 | 7% | 4.7 | 12% |
| Segment EBITDA | 8.9 | 5.8 | 3.1 | 53% | 3.8 | 64% |
| Revenue Elimination | (7.3) | (5.8) | (1.5) | 26% | (1.6) | 28% |
| Other EBITDA | (25.3) | (277.9) | 252.6 | * | 250.6 | * |
| Combined Total | | | | | | |
| Net Revenue | 402.1 | 415.6 | (13.5) | -3% | 2.5 | 1% |
| EBITDA | 44.1 | (208.4) | 252.5 | * | 254.3 | * |

Operating Earnings to EBITDA

| (\$ Millions) | Quarters Ended | | | | LTM | Quarter Ended | LTM |
|--------------------------------|----------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | Sep 30, 2009 | Dec 31, 2009 | Mar 31, 2010 | Jun 30, 2010 | Jun 30, 2010 | Sep 30, 2010 | Sep 30, 2010 |
| Income / (Loss) | (270.7) | (16.4) | (4.0) | 7.8 | (283.3) | (27.3) | (39.9) |
| Interest Expense, net | 40.6 | 44.1 | 37.3 | 38.8 | 160.8 | 40.6 | 160.8 |
| Income tax expense / (benefit) | (10.6) | 18.4 | 7.3 | 5.0 | 20.1 | 1.4 | 32.1 |
| Depreciation and Amortization | 32.4 | 31.5 | 31.0 | 31.5 | 126.4 | 29.4 | 123.4 |
| EBITDA | (208.3) | 77.6 | 71.6 | 83.1 | 24.0 | 44.1 | 276.4 |

LTM EBITDA Adjustments

| (\$ millions) | Quarters Ended | | | | LTM | Quarter Ended | LTM |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Sep 30, 2009 | Dec 31, 2009 | Mar 31, 2010 | Jun 30, 2010 | Jun 30, 2010 | Sep 30, 2010 | Sep 30, 2010 |
| EBITDA | (208.3) | 77.6 | 71.6 | 83.1 | 24.0 | 44.1 | 276.4 |
| FAS 123R Equity Expense | (1.1) | 1.3 | 1.0 | 1.4 | 2.6 | 1.4 | 5.1 |
| Impairment charges and (gain)/loss on sale of assets | 244.0 | 0.2 | (0.7) | 5.1 | 248.6 | 0.6 | 5.2 |
| Restructuring and other special items | 2.5 | 8.4 | 13.1 | 14.6 | 38.6 | 8.2 | 44.3 |
| Unrealized fx loss (included in other,net) | 31.1 | (13.1) | 0.1 | (21.9) | (3.8) | 10.6 | (24.3) |
| Other (Minority interest expense, Sponsor's fee, severance, franchise taxes) | 2.1 | 3.2 | 3.3 | 4.2 | 12.8 | 2.9 | 13.6 |
| Subtotal | 70.3 | 77.6 | 88.4 | 86.5 | 322.8 | 67.8 | 320.3 |
| Estimated cost savings | | | | | - | | - |
| Adjusted EBITDA | | | | | 322.8 | | 320.3 |

FY2011 Q1 Cash Flow

| (\$ millions) | <u>Continuing</u> | <u>Discontinued</u> | <u>Total</u> |
|--|-------------------|---------------------|---------------|
| Net cash provided by/(used in) operations | 0.1 | - | 0.1 |
| Additions PP&E, net | (14.1) | - | (14.1) |
| Financing activities | | | (5.7) |
| FX on net cash | | | 7.9 |
| Increase/(Decrease) in cash | | | <u>(11.8)</u> |
| Cash at beginning of period | | | 164.0 |
| Cash at end of period | | | 152.2 |
| Items of note: | | | |
| Net cash cycle working capital decrease/(increase) | | | (1.9) |
| Cash interest | | | 17.4 |
| Cash taxes | | | 11.7 |
| Revolver at 9/30/10 (\$350 million facility) | | | - |
| Net Debt at 9/30/10 | | | 2,165.2 |