

Catalent Pharma Solutions FY 2010 Q4 Conference Call

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September 17, 2010

Reliable Solutions. Inspired Results.™



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Agenda

- **Fourth Quarter Highlights**
- **Business Update**
- **Q4 Financial Performance**
- **Full-Year Financial Performance**
- **Adjusted EBITDA**
- **Cash Flow**
- **Q&A**

Fourth Quarter Highlights

- **Net Revenue up 3% vs. prior year; profitability significantly ahead of Q4-FY'09:**
 - **Gross Margin up 17%; Op Ex focus**
 - **Operating earnings up 6%**
 - **Adjusted EBITDA of \$86.5 million, up 11%**
- **Three of four segments reported EBITDA ahead of Q4-FY'09; led by Oral Technologies**
- **Improved operating performance, lower working capital and PIK election drove higher cash flow**
- **Continued progress optimizing business structure**
 - **Packaging and Sterile Tech: realizing synergies**
 - **Oral Tech: focused on innovation**

Business Update – Oral Technologies

- **Continued strong demand for Rx softgel products and development services**
- **Sales of nutritional and other consumer health softgel products slightly ahead of prior year as future outlook looks more promising**
- **Zydis® capacity utilization significantly improved, Q4 revenue up 16% over prior year**
- **Expansion of softgel capacity in Argentina complete, validation underway; anticipated commercial production by Q3 FY'11**

Business Update – Sterile Technologies

Sterile Injectables:

- **Revenue and profitability essentially flat to prior year levels; timing of annual plant maintenance activity drove reported Q4 EBITDA shortfall vs. prior year**

Blow-Fill-Seal:

- **Fourth quarter performance down 20% versus prior year due to ongoing product mix shift to lower margin generic products 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 4% versus prior year on lower demand in North America**
- **Disciplined focus on direct and indirect costs drove profitability increase of 20%**
- **New potents handling capacity at Schorndorf for oral dose form production, over-encapsulation and packaging; Potential for strategic redirection; value creation**

Printed Components:

- **Revenue increased 10% with profitability essentially flat to prior year**
- **Continues to be a challenging market; currently aligning capacity and footprint to expected volumes**

Business Update – Development & Clinical Services

- **Clinical Services revenue down 14% vs. prior year, but profitability up 15% due to favorable product mix**
- **Quoting and new business pipeline remains healthy; strong signings being delivered**
- **Analytical / Biotech quote volume improving; revenue up 14% vs. prior year; Profitability more than doubled vs. prior year driven by higher demand and lower operating costs**
- **Recently announced the technology transfer of the Optiform™ compound optimization platform from GSK to Catalent**

FY2010 Q4 by Segment

(\$ millions)	Three Months	Three Months	Increase/(Decrease)		Excluding FX	
	Ended	Ended			Increase/(Decrease)	
	June 30, 2010	June 30, 2009	\$	%	\$	%
Oral Technologies						
Net Revenue	269.5	253.5	16.0	6%	20.5	8%
Segment EBITDA	74.4	61.4	13.0	21%	14.7	24%
Sterile Technologies						
Net Revenue	45.1	46.1	(1.0)	-2%	0.1	0%
Segment EBITDA	1.0	3.8	(2.8)	-74%	(2.8)	-74%
Packaging Services						
Net Revenue	79.0	80.1	(1.1)	-1%	0.6	1%
Segment EBITDA	3.0	2.3	0.7	30%	1.0	44%
Development & Clinical Services						
Net Revenue	37.9	41.2	(3.3)	-8%	(2.7)	-7%
Segment EBITDA	6.8	4.5	2.3	51%	2.5	57%
Revenue Elimination	(9.1)	(11.0)	1.9	-17%	1.8	-16%
Other EBITDA	(2.1)	11.5	(13.6)	*	2.9	*
Combined Total						
Net Revenue	422.4	409.9	12.5	3%	20.3	5%
EBITDA	83.1	83.5	(0.4)	0%	18.3	22%

FY2010 Full-Year by Segment

(\$ millions)	Twelve Months	Twelve Months	Increase/(Decrease)		Excluding FX	
	Ended	Ended			Increase/(Decrease)	
	June 30, 2010	June 30, 2009	\$	%	\$	%
Oral Technologies						
Net Revenue	1,019.4	956.7	62.7	7%	50.3	5%
Segment EBITDA	254.5	214.8	39.7	18%	39.1	18%
Sterile Technologies						
Net Revenue	218.9	213.7	5.2	2%	2.4	1%
Segment EBITDA	26.8	25.3	1.5	6%	0.6	2%
Packaging Services						
Net Revenue	349.6	362.9	(13.3)	-4%	(13.8)	-4%
Segment EBITDA	27.3	15.7	11.6	74%	11.6	74%
Development & Clinical Services						
Net Revenue	160.0	155.4	4.6	3%	5.2	3%
Segment EBITDA	27.2	13.7	13.5	99%	13.5	99%
Revenue Elimination	(45.3)	(49.2)	3.9	-8%	4.0	-8%
Other EBITDA	(311.8)	(206.6)	(105.2)	*	(94.5)	*
Combined Total						
Net Revenue	1,702.6	1,639.5	63.1	4%	48.0	3%
EBITDA	24.0	62.9	(38.9)	-62%	(29.7)	-47%

Operating Earnings to EBITDA

(\$ Millions)	Quarters Ended				LTM	Quarter Ended	LTM
	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Mar 31, 2010	Jun 30, 2010	Jun 30, 2010
Income / (Loss)	(4.6)	(270.7)	(16.4)	(4.0)	(295.7)	7.8	(283.3)
Interest Expense, net	41.4	40.6	44.1	37.3	163.4	38.8	160.8
Income tax expense / (benefit)	13.4	(10.6)	18.4	7.3	28.5	5.0	20.1
Depreciation and Amortization	33.3	32.4	31.5	31.0	128.2	31.5	126.4
EBITDA	83.5	(208.3)	77.6	71.6	24.4	83.1	24.0

LTM EBITDA Adjustments

(\$ millions)	Quarters Ended				LTM	Quarter Ended	LTM
	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Mar 31, 2010	Jun 30, 2010	Jun 30, 2010
EBITDA	83.5	(208.3)	77.6	71.6	24.4	83.1	24.0
FAS 123R Equity Expense	(2.9)	(1.1)	1.3	1.0	(1.7)	1.4	2.6
Impairment charges and (gain)/loss on sale of assets	2.7	244.0	0.2	(0.7)	246.2	5.1	248.6
Restructuring and other special items	8.0	2.5	8.4	13.1	32.0	14.6	38.6
Other non-recurring items	0.6	0.1	(0.3)	(0.6)	(0.2)	-	(0.8)
Unrealized fx loss (included in other,net)	(11.8)	31.1	(13.1)	0.1	6.3	(21.9)	(3.8)
Other (Minority interest expense, Sponsor's fee, severance, franchise taxes)	(2.2)	2.0	3.5	3.9	7.2	4.2	13.6
Subtotal	77.9	70.3	77.6	88.4	314.2	86.5	322.8
Estimated cost savings					-		-
Adjusted EBITDA					314.2		322.8

FY2010 Cash Flow (twelve months)

(\$ millions)	<u>Continuing</u>	<u>Discontinued</u>	<u>Total</u>
Net cash provided by/(used in) operations	242.3	(8.5)	233.8
Additions PP&E, net	(77.2)	10.5	(66.7)
Financing activities			(56.7)
FX on net cash			(10.3)
Increase/(Decrease) in cash			<u>100.1</u>
Cash at beginning of period			63.9
Cash at end of period			164.0
Items of note:			
Net cash cycle working capital decrease/(increase)			13.9
Cash interest			98.6
Cash taxes			20.9
Revolver at 6/30/10 (\$350 million facility)			-
Net Debt at 6/30/10			2,106.0