



Catalent Pharma Solutions
14 Schoolhouse Road
Somerset NJ 08873 USA

T (732) 537 6200
F (732) 537 6480
www.catalent.com

Press release

Contact:

Media:
Cornell Stamoran
(732) 537 6408
cornell.stamoran@catalent.com

Investors:
Catalent Investor Relations
(732) 537 6325
investors@catalent.com

FOR IMMEDIATE RELEASE

CATALENT PHARMA SOLUTIONS REPORTS FISCAL 2008 FIRST QUARTER RESULTS

Somerset, NJ – November 13, 2007 – Catalent Pharma Solutions, Inc., one of the leading providers of advanced technologies and outsourced services to the global pharmaceutical, biotechnology and consumer health industry announced its financial results for the first quarter ended September 30, 2007. Catalent recognized net revenue for the three months then ended of \$438.0 million, and EBITDA from continuing operations of \$57.8 million for the same period after giving effect to the Acquisition and related purchase method of accounting adjustments. Adjusted EBITDA as detailed in the attached schedules for the twelve months ended September 30, 2007 was \$339.1 million. EBITDA and adjusted EBITDA are defined below under "Non-GAAP Financial Matters".

Catalent's President and Chief Executive Officer, John Lowry, said, "Catalent's achievements over the past seven months since our acquisition by an affiliate of the Blackstone Group have been remarkable. Our separation activities continue ahead of schedule, the reorganization into three business units has clarified accountability and improved performance, and the appointments of Sam Khichi as General Counsel and Tracy Tsuetaki as Group President of our global Packaging Services business have brought outstanding new talent to my already strong executive team. Catalent's employees are excited by the opportunity to operate as an independent company, and this has contributed to the strong performance reflected in the first quarter results for fiscal 2008."

David Eatwell, Catalent's Chief Financial Officer stated, "All three operating segments reported impressive EBITDA growth for the first quarter. The EBITDA growth was led by Sterile Technologies,



which benefited from improved utilization at all of their manufacturing facilities. The strong performance for the quarter resulted in an increase to adjusted EBITDA for the twelve months ending September 30, 2007 of \$339.1 million."

A description of adjusted EBITDA, which excludes costs related to the separation of Catalent from Cardinal Health, Inc. and costs related to The Blackstone Group's acquisition of Catalent, among other items, and a reconciliation of adjusted EBITDA to GAAP results are included in this press release.

Results of Operations – First Fiscal Quarter Ended September 30, 2007

Net revenue for the three months ended September 30, 2007, was \$438.0 million, an increase of \$39.5 million, or 9.9%, compared to \$398.5 million in the same period for 2006. The increase was primarily due to strong demand for Oral Technologies pharmaceutical products and increased volumes and throughput within our Sterile Technologies segment, including increased output from our new sterile facilities. The weaker U.S. dollar favorably impacted the Company's revenue growth by approximately 5 percentage points.

Gross margin for the three months ended September 30, 2007, was \$105.0 million, including the impact of purchase accounting adjustments. Excluding purchase accounting adjustments, gross margin was \$107.1 million, an increase of \$20.5 million, or 23.7%, compared to \$86.6 million in the same period for 2006. The increase in gross margin was primarily due to increased revenues and improved utilization at our sterile facilities. In addition our operational excellence program continued to improve throughput and increase operational efficiencies, which particularly benefited our Zydys® operation.

Selling, general and administrative expenses for the three months ended September 30, 2007, were \$74.3 million, including the impact of purchase accounting adjustments. Excluding purchase accounting adjustments, SG&A was \$64.0 million, a decrease of \$10.3 million, or 13.9%, compared to \$74.3 million in the same period for 2006. The decrease was primarily due to the savings achieved as a standalone company in comparison to the allocation of costs from Cardinal Health for the same period in 2006, lower equity compensation charges and lower salary costs as a result of the reduction in force that was completed in the quarter ending June 30, 2007.

EBITDA from continuing operations for the three months ended September 30, 2007, was \$57.8 million, an increase of \$26.4 million or 84.1% compared to the same period in 2006. Sterile Technologies increased EBITDA by \$11.2 million to \$6.1 million, due to increased volumes and



improved utilization of facilities, including the ramp-up of their new facilities in Brussels and North Carolina. The EBITDA for Oral Technologies increased by \$7.3 million, primarily due to strong demand for pharmaceutical products and increased throughput of Zydis® products as a result of improved cycle times. The EBITDA for Packaging Services increased by \$3.8 million, or 22.4% to \$20.8 million, primarily due to increased European volumes and growth in clinical services.

The Acquisition

On April 10, 2007, an entity controlled by affiliates of The Blackstone Group acquired from Cardinal Health, Inc. ("Cardinal") certain businesses of the Pharmaceutical Technologies and Services segment of Cardinal, which now constitute the Company, for an aggregate purchase price of approximately \$3.3 billion (the "Acquisition"). The Company has performed an evaluation of the fair values of the real and personal property, inventory and certain identifiable intangible assets in connection with the purchase price allocation related to the Acquisition. The valuation study resulted in a fair value step-up to real and personal property, inventory and certain identifiable intangible assets. Catalent is in the process of finalizing its purchase accounting information. In connection with the Acquisition, Catalent entered into a senior secured credit facility, consisting of an approximate \$1.4 billion aggregate principal term loan, a \$350.0 million revolving credit facility, and issued \$565.0 million of 9 ½%/ 10 ¼% Senior PIK-Election Notes due 2015 and EUR 225.0 million of 9 ¾% euro-denominated (\$300.3 million dollar equivalent) Senior Subordinated Notes due 2017.

Non-GAAP Financial Matters

In addition to disclosing financial results that are determined in accordance with US GAAP, Catalent discloses EBITDA and Adjusted EBITDA, which are non-GAAP measures. You should not consider EBITDA or Adjusted EBITDA 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.

The Company's credit facilities and the indentures governing the outstanding notes have certain covenants that use ratios utilizing a measure referred to as Adjusted EBITDA ("Adjusted EBITDA"). The supplementary adjustments to EBITDA to derive Adjusted EBITDA may not be in accordance with current SEC practices or the rules and regulations adopted by the SEC that apply to periodic reports filed under the Securities Exchange Act of 1934. Accordingly, the SEC may require that Adjusted



EBITDA be presented differently in filings that will be made with the SEC than as presented in this release, or not be presented at all. The most directly comparable GAAP measure to EBITDA and Adjusted EBITDA is net earnings (loss). Included in this release is a reconciliation of net earnings (loss) to EBITDA and to Adjusted EBITDA.

Conference Call/ Webcast

The Company has scheduled a webcast on November 13th beginning at 10:30 a.m. (EST) to review the results. To access the call and slide presentation, go to the Investor Center at www.catalent.com. A replay and transcript will also be available from the Investor Center at www.catalent.com following the call.

About Catalent

Headquartered in Somerset, New Jersey, Catalent is one of the leading providers of advanced technologies, and development, manufacturing and packaging services for pharmaceutical, biotechnology and consumer healthcare companies in nearly 100 countries. The company applies its local market expertise and technical creativity to advance treatments, change markets and enhance patient outcomes. Catalent employs approximately 10,000 people at more than 30 facilities worldwide and generates more than \$1.7 billion in annual revenue. For more information, visit www.catalent.com.



Catalent Pharma Solutions
Condensed Statements of Earnings
(unaudited, in millions)

	<u>Successor</u>	<u>Predecessor</u>	<u>Change</u>	
	<u>Three Months Ended September 30, 2007</u>	<u>Three Months Ended September 30, 2006</u>	<u>\$</u>	<u>%</u>
Net revenue	\$ 438.0	\$ 398.5	\$ 39.5	9.9%
Cost of products sold	333.0	311.9	21.1	6.8%
Gross margin	105.0	86.6	18.4	21.2%
Selling, general and administrative expenses	74.3	74.3	-	0.0%
Impairment charges and (gain)/ loss on sale of asset	0.4	2.2	(1.8)	-81.8%
Restructuring and other special items	4.3	2.1	2.2	104.8%
Operating (loss)/ earnings	26.0	8.0	18.0	225.0%
Interest expense, net	49.3	1.6	47.7	N.M.
Other, net	9.2	0.2	9.0	N.M.
Earnings/(loss) before income taxes	(32.5)	6.2	(38.7)	N.M.
Income tax (benefit) expense	(24.4)	0.3	(24.7)	N.M.
Minority interest (income)/expense, net of tax expense	(0.3)	0.2	(0.5)	N.M.
(Loss)/ earnings from continuing operations	(7.8)	5.7	(13.5)	N.M.
Loss from discontinued operations, net of tax	(3.5)	(4.6)	1.1	-23.9%
Net (loss)/ earnings	\$ (11.3)	\$ 1.1	\$ (12.4)	N.M.

N.M. - percentage not meaningful.

Catalent Pharma Solutions
Reconciliation of Net Earnings/(Loss) to Adjusted EBITDA
(unaudited, in millions)

	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>	<u>Combined</u>
	<u>Three Months Ended September 30, 2007</u>	<u>April 10, 2007 to June 30, 2007</u>	<u>October 1, 2006 to April 9, 2007</u>	<u>Twelve Months Ended September 30, 2007</u>
Earnings/ (loss) from continuing operations	\$ (7.8)	\$ (147.0)	\$ 31.7	\$ (123.1)
Interest expense	49.3	44.1	7.3	100.7
Income tax (benefit) expense	(24.4)	(21.2)	(2.3)	(47.9)
Depreciation and amortization	40.7	37.2	53.8	131.7
EBITDA	\$ 57.8	\$ (86.9)	\$ 90.5	\$ 61.4
Equity compensation				30.3
Impairment charges and loss/(gain) on sale of asset				(3.3)
Purchase accounting and Restructuring related items				191.4
Cardinal allocation				6.1
Other non-recurring/ one-time items				17.2
Estimated cost savings				18.7
Other adjustments				8.6
Sponsor monitoring fee				4.7
Disposition adjustments				4.0
Adjusted EBITDA				\$ 339.1



Catalent Pharma Solutions
Selected Segment Financial Data
(unaudited, in millions)

	<u>Successor</u>	<u>Predecessor</u>	<u>Change</u>	
	<u>Three Months Ended September 30, 2007</u>	<u>Three Months Ended September 30, 2006</u>	<u>\$</u>	<u>%</u>
Oral Technologies				
Net revenue	\$ 235.2	\$ 216.4	\$ 18.8	8.7%
Segment EBITDA	49.4	42.1	7.3	17.3%
Sterile Technologies				
Net revenue	70.5	55.9	14.6	26.1%
Segment EBITDA	6.1	(5.1)	11.2	N.M.
Packaging Services				
Net revenue	141.7	137.8	3.9	2.8%
Segment EBITDA	20.8	17.0	3.8	22.4%
Intersegment Eliminations				
Net Revenue	(9.4)	(11.6)	2.2	-19.0%
Other				
Unallocated costs	(18.5)	(22.6)	4.1	-18.1%
Combined Totals				
Net revenue	438.0	398.5	39.5	9.9%
EBITDA	57.8	31.4	26.4	84.1%

N.M. - percentage not meaningful.



Catalent Pharma Solutions
Condensed Balance Sheets
(unaudited, in millions)

	<u>September 30, 2007</u>	<u>June 30, 2007</u>
ASSETS		
Current assets:		
Current assets	\$ 700.5	\$ 693.9
Assets held for sale from discontinued operations	<u>78.9</u>	<u>82.3</u>
Total current assets	779.4	776.2
Property and equipment, net	1,060.3	1,056.1
Other non-current assets, including intangible assets	<u>2,032.7</u>	<u>2,030.0</u>
Total assets	<u><u>\$ 3,872.4</u></u>	<u><u>\$ 3,862.3</u></u>
LIABILITIES and EQUITY		
Current liabilities:		
Current portion of long-term obligations and other short-term borrowings	\$ 35.0	\$ 36.4
Current liabilities	337.9	289.1
Liabilities from discontinued operations	<u>32.0</u>	<u>36.1</u>
Total current liabilities	404.9	361.6
Long-term obligations, less current portion	2,305.0	2,275.6
Other non-current liabilities	238.3	307.9
Minority interest	6.7	6.6
Commitments and contingencies		
Total equity	<u>917.5</u>	<u>910.6</u>
Total liabilities and equity	<u><u>\$ 3,872.4</u></u>	<u><u>\$ 3,862.3</u></u>



Catalent Pharma Solutions
Condensed Statements of Cash Flows
(unaudited, in millions)

	<u>Successor</u>	<u>Predecessor</u>
	<u>Three Months Ended September 30, 2007</u>	<u>Three Months Ended September 30, 2006</u>
Cash flows from operating activities		
Net cash (used in)/ provided by operating activities from continuing operations	(6.9)	41.7
Net cash (used in)/ provided by operating activities from discontinued operations	(4.6)	4.0
Net cash (used in)/ provided by operating activities	<u>(11.5)</u>	<u>45.7</u>
Cash flows from investing activities		
Divestitures of subsidiaries	-	11.5
Proceeds from sale of property and equipment	-	0.2
Additions to property and equipment	(18.4)	(16.2)
Net cash used in investing activities from continuing operations	(18.4)	(4.5)
Net cash used in investing activities from discontinued operations	(0.9)	(0.8)
Net cash used in investing activities	<u>(19.3)</u>	<u>(5.3)</u>
Cash flows from financing activities		
Net change in debt	(5.5)	3.8
Equity contribution	13.8	-
Net transfers (to)/from Cardinal Health, Inc. and affiliates and other	-	(10.8)
Net cash provided by/(used in) financing activities from continuing operations	8.3	(7.0)
Net cash used in financing activities from discontinued operations	-	-
Net cash provided by/(used in) financing activities	<u>8.3</u>	<u>(7.0)</u>
Effect of foreign currency translation on cash	3.2	(1.5)
Net (decrease)/ increase in cash and equivalents	(19.3)	31.9
Cash and equivalents at beginning of period	<u>82.7</u>	<u>133.6</u>
Cash and equivalents at end of period	<u>\$ 63.4</u>	<u>\$ 165.5</u>