

# Catalent Pharma Solutions FY 2010 Q1 Conference Call

Matthew Walsh  
Chief Financial Officer  
Catalent Pharma Solutions

November 12, 2009

Reliable Solutions. Inspired Results.™



# Disclaimer Statement

## Forward Looking Statements

This presentation and release contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally can be identified by the use of statements that include phrases such as “believe,” “expect,” “anticipate”, “intend”, “estimate”, “plan”, “project”, “foresee”, “likely”, “may”, “will”, “would” or other words or phrases with similar meanings. Similarly, statements that describe our objectives, plans or goals are, or may be, forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from Catalent Pharma Solutions’ expectations and projections. Some of the factors that could cause actual results to differ include, but are not limited to, the following: general industry conditions and competition; product or other liability risk inherent in the design, development, manufacture and marketing of our offerings; inability to enhance our existing or introduce new technology or services in a timely manner; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; and our substantial debt and debt service requirements that restrict our operating and financial flexibility and impose significant interest and financial costs. For a more detailed discussion of these and other factors, see the information under the caption “Risk Factors” in our most recent Annual Report on Form 10-K and our other reports filed with the Securities and Exchange Commission on September 28, 2009. All forward-looking statements speak only as of the date of this release or as of the date they are made, and Catalent Pharma Solutions does not undertake to update any forward- looking statements as a result of new information or future events or developments unless required by law.

# 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. 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 may be made with the SEC than as presented in this presentation and release, or not be presented at all. The most directly comparable US GAAP measure to EBITDA and Adjusted EBITDA is income/(loss) from continuing operations. Included in this release is a reconciliation of income/(loss) from continuing operations to EBITDA and to Adjusted EBITDA.

# Agenda

---

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

# First Quarter Highlights

- **Financial performance significantly ahead of Q1-FY'09. At constant currency:**
  - Revenue up 4.6%
  - Gross margin up 22%
  - Adjusted EBITDA of \$70.3 million, up 30%
  - All segments reporting EBITDA ahead of Q1-FY'09
  
- **Lower manufacturing indirect/overhead costs and SG&A – down 3.4% vs. prior year**
  
- **New reporting segment: Development and Clinical Services**
  - Number of reporting segments expanded from three to four
  
- **\$244 million non-cash goodwill and other asset impairments**
  
- **Continued upgrade of senior management team**

# Business Update – Oral Technologies

- **Continued strong demand for Rx softgel products and development services**
- **Significant improvement in overall customer service and quality metrics for key customers**
- **Sales of nutritional and certain other consumer health softgel products remains weak due to low consumer demand in most markets**
- **Zydis new capacity successfully validated; promising pipelines and new business opportunities**
- **Expansion of softgel capacity in Argentina on schedule and on-budget**

# Business Update – Sterile Technologies

## **Blow-Fill-Seal:**

- **First quarter performance down significantly versus prior year due to product mix shift to lower margin generic products and continued quality/operational issues**
- **Continuation of business resizing efforts**
- **BFS pipeline still looks viable, projections have been tempered**

## **Sterile Injectables:**

- **Profitability continues to incrementally improve due to existing products and pipeline strengthening**
- **Price increases related to seasonal flu vaccines contribute to top line growth**

# Business Update – Packaging Services

## Commercial Packaging:

- EBITDA up 40% vs. prior year due to lower fixed manufacturing and SG&A expenses
- Secured 4 new product launches in Q1
- Corby UK facility commended for lean implementation – 2009 Best Factory Award recognition for work for GlaxoSmithKline

## US Printed Components:

- Continued work on aligning capacity to existing volumes
- Pennsauken closure and Moorestown expansion completed on-time and on-budget

# Business Update – Development & Clinical Services

- **Clinical services volumes up in Europe, offsetting weaker demand in the US; EBITDA up 46% vs. Q1-FY'09**
- **Analytical service volumes relatively flat to Q1-FY'09, but significant EBITDA improvement driven by cost reductions**
- **Operating cost reduction for total business unit of nearly 11% as compared to Q1-FY'09**
- **New segment president; industry veteran**

# FY2010 Q1 by Segment

(\$ millions)	Three Months	Three Months	Increase/(Decrease)		Excluding FX		
	Ended	Ended			Increase/(Decrease)		
	Sep. 30, 2009	Sep. 30, 2008	\$	%	\$	%	
<b>Oral Technologies</b>							
Net Revenue	234.5	237.2	(2.7)	-1.1%	10.9	4.6%	
Segment EBITDA	47.6	44.1	3.5	7.9%	6.0	13.7%	
<b>Sterile Technologies</b>							
Net Revenue	61.5	58.7	2.8	4.7%	4.5	7.6%	
Segment EBITDA	10.5	10.2	0.3	2.7%	0.9	8.6%	
<b>Packaging Services</b>							
Net Revenue	89.2	95.2	(6.0)	-6.4%	(2.9)	-3.1%	
Segment EBITDA	5.6	4.1	1.5	37.0%	2.0	47.7%	
<b>Development &amp; Clinical Services</b>							
Net Revenue	40.4	37.6	2.9	7.6%	5.4	14.4%	
Segment EBITDA	5.8	2.0	3.8	*	4.5	*	
Revenue Elimination	(10.0)	(11.6)	1.6	-13.5%	1.2	-10.5%	
Other EBITDA	(277.8)	40.6	(318.4)	*	(321.6)	*	
<b>Combined Total</b>							
Net Revenue	415.6	417.1	(1.5)	-0.4%	19.1	4.6%	
EBITDA	(208.3)	101.0	(309.3)	*	(308.3)	*	

(from continuing operations)

\* % not meaningful

# Operating Earnings to EBITDA

(\$ Millions)	Quarters Ended				LTM	Quarter Ended	LTM
	Sep 30, 2008	Dec 31, 2008	Mar 31, 2009	Jun 30, 2009	Jun 30, 2009	Sep 30, 2009	Sep 30, 2009
Income / (Loss) from continuing operations	21.8	(96.2)	(193.9)	(4.6)	(272.9)	(270.7)	(565.4)
Interest Expense, net	48.3	49.9	42.0	41.4	181.6	40.6	173.9
Income tax benefit	(7.3)	6.9	3.8	13.4	16.8	(10.6)	13.5
Depreciation and Amortization	38.2	37.8	28.1	33.3	137.4	32.4	131.6
EBITDA	101.0	(1.6)	(120.0)	83.5	62.9	(208.3)	(246.4)

# LTM EBITDA Adjustments

(\$ millions)	Quarters Ended				LTM	Quarter Ended	LTM
	Sep 30, 2008	Dec 31, 2008	Mar 31, 2009	Jun 30, 2009	Jun 30, 2009	Sep 30, 2009	Sep 30, 2009
EBITDA	101.0	(1.6)	(120.0)	83.5	62.9	(208.3)	(246.4)
FAS 123R Equity Expense	1.4	1.0	0.3	(2.9)	(0.3)	(1.1)	(2.8)
Impairment charges and (gain)/loss on sale of assets	0.1	(0.1)	192.6	2.7	195.2	244.0	439.1
Restructuring and other special items	2.6	1.9	7.7	8.0	20.2	2.6	20.2
Other non-recurring/one time items (Sterile Facility Start Up, non cash adjustments)	3.5	1.1	2.0	0.6	7.2	0.1	3.8
Unrealized fx loss (included in other,net)	(59.2)	63.9	(11.6)	(11.8)	(18.7)	31.1	71.6
Other (Minority interest expense, Sponsor's fee, severance, franchise taxes)	4.6	2.2	6.2	(2.2)	10.8	1.9	8.1
Subtotal	54.0	68.4	77.2	77.7	277.4	70.3	293.7
Estimated cost savings					-		-
Adjusted EBITDA					277.4		293.7

# FY2010 Q1 Cash Flow

(\$ millions)	<u>Continuing</u>	<u>Discontinued</u>	<u>Total</u>
Net cash provided by/(used in) operations	48.5	(0.2)	48.3
Additions PP&E, net	(21.1)	-	(21.1)
Financing activities			(22.4)
FX on net cash			1.3
Increase/(Decrease) in cash			<u>6.1</u>
Cash at beginning of period			63.9
Cash at end of period			70.0
<b>Items of note:</b>			
Net cash cycle working capital decrease/(increase)			1.0
Cash interest			(17.4)
Cash taxes			-
Revolver at 9/30/09 (\$350 million facility)			21.0
Net Debt at 9/30/09			2,284.4

Catalent®

The logo graphic consists of three overlapping, upward-pointing arrow-like shapes. The top-most shape is dark blue, the middle one is a lighter blue, and the bottom one is purple. They are positioned to the right of the word 'Catalent'.

Reliable Solutions. Inspired Results.™

At the bottom of the slide, there are two horizontal lines. The top one is a solid dark blue line. Below it is a purple line that starts from the left edge and slopes upward towards the right edge.