Adding Value to Life

Unaudited financial results presentation

for the six-month period ended 31 March 2012

Heritage | Quality | Integrity

adcock ingram

Financial Results

Andy Hall

Heritage | Quality | Integrity

adcock ingram

Salient Financial Features

Turnover	↑	**5% to R2,25 billion**
EBITDA	↓	**15% to R490.4 million**
HEPS	↓	**10% to 198.7 cents**
Distribution per share	↑	**6% to 86 cents**
Cash on hand	:	**R568 million**

adcock ingram

FINANCIAL RESULTS

Statement of comprehensive income

	March 2012 R'm	March 2011 R'm	Var %
Turnover	**2,251.4**	**2,152.3**	4.6
Gross profit	1,050.5	1,059.0	(0.8)
Gross profit %	*46.7%*	*49.2%*	
Selling, marketing and distribution expenses	397.2	341.4	16.3
Contribution after marketing expenses (CAM)	653.3	717.6	(9.0)
CAM %	*29.0%*	*33.3%*	
Other operating expenses	218.0	191.4	13.9
Operating profit	435.3	526.2	(17.3)
Operating margin %	*19.3%*	*24.4%*	
Net finance (costs)/income	(2.9)	20.4	
Dividend income	17.2	7.5	
Profit before tax	**449.6**	**554.1**	(18.9)
Taxation	(107.9)	(165.7)	
Profit after tax	**341.7**	**388.4**	(12.0)
Loss after taxation for the period from a discontinued operation	-	(28.2)	
Non-controlling interests	(6.4)	(6.9)	
Net profit	**335.3**	**353.4**	(5.1)
HEPS (cents) – continuing operations	198.7	221.3	(10.2)

FINANCIAL RESULTS

Statement of comprehensive income - Turnover

	March 2012 R'm	March 2011 R'm	Var %
Turnover	2,251.4	2,152.3	4.6
Southern Africa	2,161.9	2,070.6	4.4
Rest of Africa & India	144.1	125.6	14.7

Segment detail excludes intercompany eliminations of R54.6m (2011: R43.9m)

adcock ingram

FINANCIAL RESULTS

Statement of comprehensive income – Gross profit

	March 2012 R'm	March 2011 R'm	Var %
Turnover	2,251.4	2,152.3	4.6
Gross profit	1,050.5	1,059.0	(0.8)
Gross profit %	*46.7%*	*49.2%*	

Southern Africa	997.5	1,011.3	(1.4)
Gross profit %	*46.1%*	*48.8%*	
Rest of Africa & India	55.5	47.7	16.4
Gross profit %	*38.5%*	*38.0%*	

Segment detail excludes intercompany eliminations of R2.5m (2011: Nil)

adcock ingram

Statement of comprehensive income - CAM

	March 2012 R'm	March 2011 R'm	Var %
Turnover	2,251.4	2,152.3	4.6
Gross profit	1,050.5	1,059.0	(0.8)
Gross profit %	*46.7%*	*49.2%*	
Contribution after marketing expenses (CAM)	653.3	717.6	(9.0)
CAM %	*29.0%*	*33.3%*	

Southern Africa	620.6	685.6	(9.5)
CAM %	*28.7%*	*33.1%*	
Rest of Africa & India	35.1	32.0	9.7
CAM %	*24.4%*	*25.5%*	

Segment detail excludes intercompany eliminations of R2.4m (2011: Nil)

FINANCIAL RESULTS

Segmentals

	March 2012 R'm	March 2011 R'm	Var %
Turnover	**2,251.4**	**2,152.3**	**4.6**
Southern Africa	2,161.9	2,070.6	4.4
Rest of Africa & India	144.1	125.6	14.7
Less: Intercompany elimination	(54.6)	(43.9)	
Gross profit	**1,050.5**	**1,059.0**	**(0.8)**
Southern Africa	997.5	1,011.3	(1.4)
Rest of Africa & India	55.5	47.7	16.4
Less: Intercompany elimination	(2.5)	-	
Gross profit %	*46.7%*	*49.2%*	
Contribution after Marketing Expenses (CAM)	**653.3**	**717.6**	**(9.0)**
Southern Africa	620.6	685.6	(9.5)
Rest of Africa & India	35.1	32.0	9.7
Less: Intercompany elimination	(2.4)	-	
CAM %	29.0%	33.3%	

adcock ingram

FINANCIAL RESULTS

Headline Earnings

	March 2012 R'm	March 2011 R'm	Var %
Earnings from continuing operations	335.3	381.8	(12.2)
Loss/(Profit) on disposal of plant & equipment	0.5	(0.1)	
Headline earnings	335.8	381.7	(12.0)
HEPS (cents)	198.7	221.3	(10.2)

adcock ingram

FINANCIAL RESULTS

Statement of Financial Position

	March 2012 R'm	Sept 2011 R'm
ASSETS		
Non-current assets	**2,241**	**2,034**
Property, plant & equipment	1,377	1,162
Intangible assets	720	728
Other financial assets	139	140
Deferred taxation	5	4
Current assets	**2,732**	**3,201**
Inventories	819	864
Trade receivables	1,172	993
Other receivables	141	210
Cash and cash equivalents	568	1,104
Taxation receivable	32	30
TOTAL ASSETS	**4,973**	**5,235**

adcock ingram

Statement of Financial Position

	March 2012 R'm	Sept 2011 R'm
EQUITY AND LIABILITIES		
Capital and reserves	**3,182**	**3,085**
Share capital and premium	578	782
Non-distributable reserves	338	371
Retained income	2,266	1,932
Non-controlling interests	131	138
TOTAL EQUITY	**3,313**	**3,223**
Non-current liabilities	**406**	**455**
Long-term borrowings	322	347
Deferred tax	69	94
Post-retirement medical liability	15	14
Current liabilities	**1,254**	**1,557**
Short-term borrowings	419	496
Trade accounts payable	440	583
Other payables and provisions	395	478
TOTAL EQUITY AND LIABILITIES	**4,973**	**5,235**

FINANCIAL RESULTS

Statement of cash flows

	March 2012 R'm	March 2011 R'm
Profit before taxation	**450**	**554**
Adjusted for:		
Depreciation and amortisation	55	57
Non cash flow items	(8)	(73)
Cash operating profit	**497**	**538**
Working capital changes	**(316)**	**(274)**
Cash generated from operations	**181**	**264**
Working capital changes	**(316)**	**(274)**
Inventory	40	(75)
Accounts receivable	(117)	(95)
Accounts payable	(239)	(104)

adcock ingram

Statement of cash flows

	March 2012 R'm	March 2011 R'm
Profit before taxation	**450**	**554**
Adjusted for:		
Depreciation and amortisation	55	57
Non cash flow items	(8)	(73)
Cash operating profit	**497**	**538**
Working capital changes	**(316)**	**(274)**
Cash generated from operations	**181**	**264**
Net finance (costs)/ income	(3)	20
Dividend income	17	7
Dividends paid	(1)	(198)
Taxation paid	(129)	(171)
Net cash inflow/(outflow) from operating activities	**65**	**(78)**
Cash flows from investing activities	**(286)**	**(131)**
Cash flows from financing activities	**(314)**	**(111)**
Net decrease in cash and cash equivalents	**(535)**	**(320)**

FINANCIAL RESULTS

Capex Programme

CAPITAL EXPENDITURE R'm								
	F2009	**F2010**	**F2011**	**F2012**	**F2013**	**F2014**	**F2015**	**TOTAL CAPEX**
Aeroton	50.1	127.5	119.6	14.7	25.7	9.5	20.2	**367.3**
Bangalore	13.0	9.0	2.2	8.7	6.9	4.4	3.7	**47.9**
Clayville	31.8	117.8	192.0	231.9	50.5	35.0	26.6	**685.6**
Wadeville	67.2	42.5	22.4	34.0	68.6	16.2	22.1	**273.0**
Distribution & other	66.5	36.2	96.8	116.7	6.8	5.0	5.0	**333.0**
TOTAL	**228.6**	**333.0**	**433.0**	**406.0**	**158.5**	**70.1**	**77.6**	**1,706.8**

AEROTON

BANGALORE

CLAYVILLE

WADEVILLE

Operating Environment & Strategy

Dr Jonathan Louw

Heritage | Quality | Integrity

adcock ingram

Operating Environment

Economic	• Inflationary pressure • Low growth environment continues • Margin compression due to mix, factory upgrades and utilisation • Rand weakness
Facilities	• Aeroton and Wadeville completed • Clayville will be completed later in 2012 • International accreditation • Direct to customer distribution capability
Raw materials	• Prices of caffeine and ascorbic acid favourable • Most API prices stable • Global shortage of Codeine
Customers	• Down trading persists • Brand market share maintained • Move to wellbeing continues • Debt collection from independent pharmacies remains robust

Regulatory Environment

Single Exit Price (SEP)	• A 2.14% SEP increase was approved by the Department of Health (DoH) for 2012	• Implemented in April 2012
International Benchmark Pricing (IBP)	• Engagement with DoH continues through the industry body • Focus on branded products under patent	• Uncertain implementation timeline
Logistics Fees	• Discussions with DoH continue • Fees based on low-priced products remain problematic	• Concerns raised from wholesalers and distributors – process prolonged for this reason

Product Registration	• Medicines Control Council (MCC) delays continue	• DoH plans to establish SAHPRA as the replacement body of the MCC are underway
Complementary and Alternative Medicines Regulation (CAMS)	• Proposed regulations more onerous in terms of adherence to GMP • Expected to have significant impact on smaller manufacturers	• Will assist in aligning with international standards and compliance with the Consumer Protection Act and the Marketing Code
National Health Insurance (NHI)	• National Health Insurance (NHI) pilots launched • Service benefits will be designed	• Grant provided in the 2012 Budget

Unaudited financial results presentation

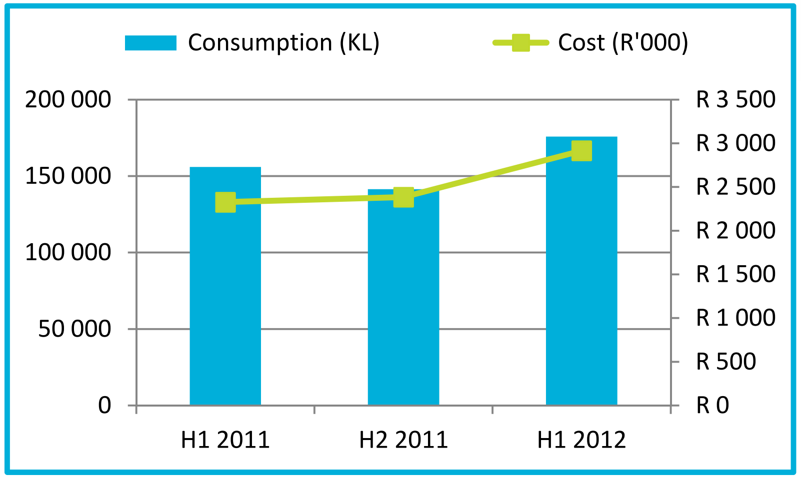
for the six-month period ended 31 March 2012

Heritage | Quality | Integrity

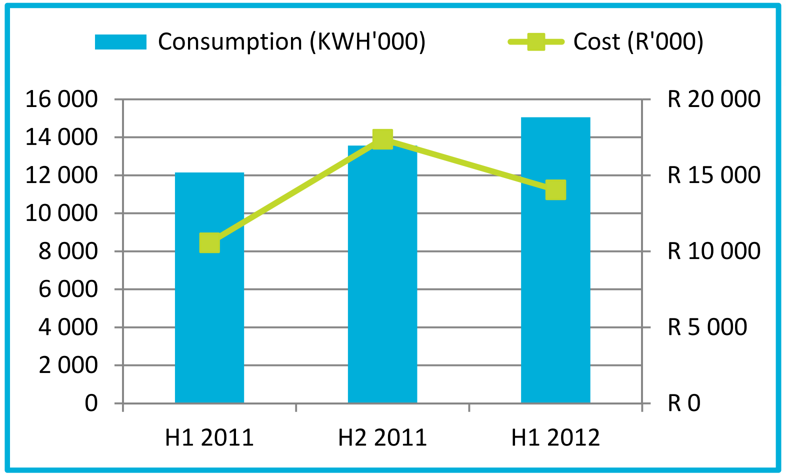
adcock ingram

Environment

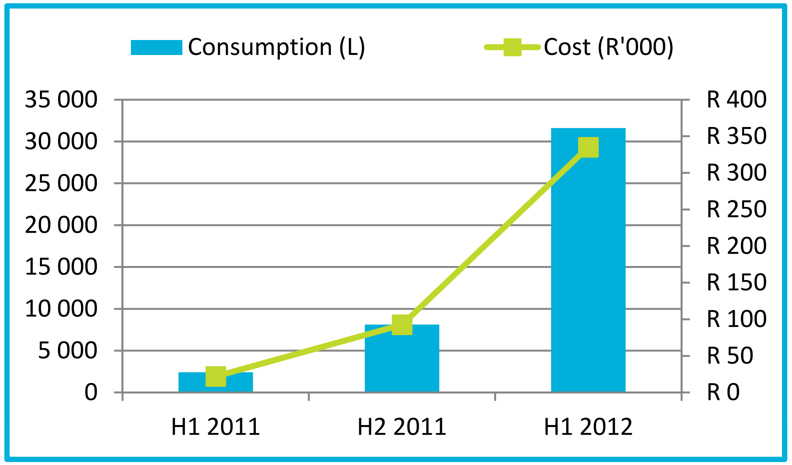
Water



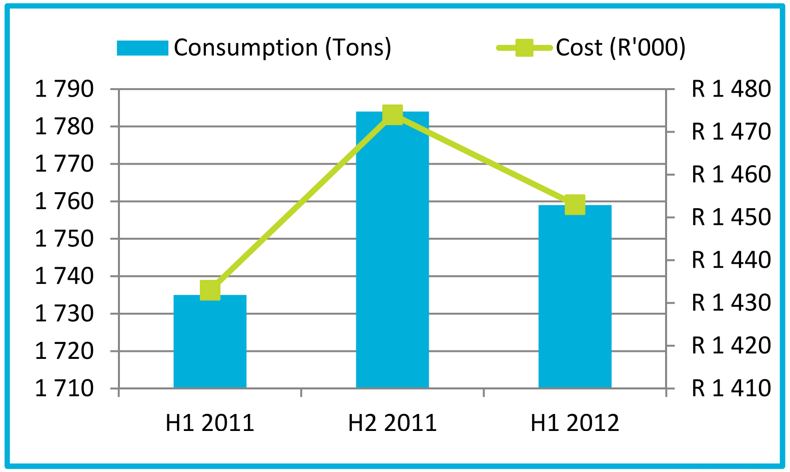
Electricity



Diesel



Coal



adcock ingram

Driving sustainability a key focus area

Preferential Procurement Policy Framework Act (PPPFA)

- First wave of pharmaceutical designation products signed
- Joint announcement by the DTI and the DoH
- Special terms and conditions of tender
- 70% award by volume to favour domestic production
- 30% by volume is open to both domestic producers and importers
- Discussions between the DoH and the DTI on other pharmaceutical tenders to be designated continue
- Reference pricing is aggressive

Liquids

Tablets & Capsules

ARV's

Large & Small Volume Parenterals

adcock ingram

Well-positioned as a low-cost local manufacturer for NHI

Unaudited financial results presentation

for the six-month period ended 31 March 2012

Heritage | Quality | Integrity

adcock ingram

Owner Driver Scheme – Enterprise Development

Benefits of the scheme

- Drivers:
  - Empowerment and financial self sustainability
  - Performance linked to income
  - Asset ownership
  - Knowledge transfer
- Customers:
  - Improved service
  - Better delivery accuracy
  - Product quality
- Company:
  - Improved BEE rating
  - Business efficiencies
  - Upgraded transport infrastructure and systems

Next Steps	Jun-12	Jul-12	Aug-12	Sep-12
Funds and Company Registrations				
Owner Driver Appointments				
Supply of Vehicles				
Go Live CAPE TOWN				
Go Live MIDRAND				
Go Live BLOEMFONTEIN				
BEE verification				

adcock ingram

Further empowerment through an owner driver scheme

Critical Care Factory

- Unique manufacturing facility
- Combines medical grade plastics and pharmaceuticals
- Produces essential life saving products to global standards

March - Aug 2009
- Baxter visit and Board approval
- Tender awarded and construction commences

April 2010
- Air compresser systems completed
- Construction commences for new water treatment plant

May 2010
- Construction starts on Dispensary and Warehouse

June 2010
- Upgrade complete in generic injectable area and change rooms

August 2010
- Blood collection bag packing area complete

September 2010
- Blood collection bag filling area complete
- Construction starts on IV fluid filling and plastic sheeting area

December 2010
- Dispensary complete

February 2011
- Imported product from Baxter
- Service issues

April 2011
- Warehouse complete

December 2011
- Completion of upgrade

March 2012
- Baxter audit
- Stock levels normalise

May 2012
- New Factory opened

June - Sep 2012
- Improved factory efficiencies

Oct - Dec 2012
- Final validation for key areas in line with 12 month review post completion of PIC/s

January 2013
- Commence WHO & FDA accreditation

LEVEL OF DISRUPTION

Quality of product and supply to market essential

Clayville High-Volume Liquid (HVL) Facility

- Building commenced June 2009
- Target practical completion date June 2012
- Commissioning and validation April – August 2012
- FDA and WHO accreditation planned

- Environmentally friendly technologies deployed:
  - Geothermal air-conditioning
  - Heat exchangers on all air handling units
  - Recovery of reverse osmosis water
  - Effluent treatment and energy efficient lighting

adcock ingram

HVL: Key Technical Features

- Initially, five manufacturing suites
- 50 000 litres of liquid product daily
- Five packaging lines
- 300 000 units of packed bottles daily
- 80 laboratory analysts
- Fully automated manufacturing process
- 10 000 pallet warehouse space
- 89 new jobs created and 16 Quality Assurance staff

adcock ingram

Contract Manufacturing / Insource

Dosage Form	2012 Capacity	Current Production	Insourcing	Contract Manufacturing	2013 Capacity	Potential Future Capacity
Tablets/capsules (b)	5,5	3,8	0,1	0,3	5,5	7,0
Liquids (L/m)	8	8	0,5	0,4	14	20
Creams/ointments (Kg '000)	100	100	13	53	100	500
Effervescent tablets (m)	28	16,8	N/A	1,3	28	100
Effervescent granules (Kg '000)	543	337	69	45	543	1 000
Large Volume Parenterals (Viaflex) (m)	28,5	28,5	–	–	31,5	32,5
Small Volume Parenterals (m)	25	25	–	–	28	31,5

adcock ingram

Capacity utilisation from sustainable contract manufacturing

Midrand Distribution Centre Upgrade

- Manage greater complexity
- Better service to customers with improved lead times
- Improved security by reducing touch points
- Enhanced picking & packing accuracy
- Increased throughput with marginal on cost
- Attracts more multinational partners

Capacity	Current	Future
Bulk Pallet Locators	7 100	7 650
Case locators	1 750	1 600
Fine Locators	900	6 000
Other storage (returns, samples etc)	230	230
Total Locators	**9 980**	**15 480**
Throughput	**Current**	**Future**
Number of Sku's (Active)	900	1500
Hours required per day for picking	16	12
Fine Pick rate/hour (tasks)	43	250
Case Pick rate/hour (units)	38	300
Staff complement	**140**	**96**

adcock ingram

India

- New administrative office in Bangalore, India since December 2011
- Supports key functions:
  - Drug & Medical Department
  - Procurement
  - Information Technology
- 35 employees - to be scaled up to 51 employees by end June 2012

adcock ingram

Business Performance

Southern Africa

Heritage | Quality | Integrity

adcock ingram

Total Pharmacy Market – IMS March 2012 MAT

South Africa
Adcock Ingram
CU = Counting Units

Total Market

South Africa	Adcock Ingram
Value: R30.3bn (Growth = 6.1%)	Value: R2 588m *[8.5%] (Growth = -4.7%)
(CU): 46.9bn (Growth = 2.6%)	(CU): 9 576m *[20.4%] (Growth = 8.2%)

Private Sector

South Africa	Adcock Ingram
Value: R25.7bn = 84.7% (Growth = 9%)	Value: R2 433m = 94% *[9.5%] (Growth = 2.7%)
CU: 28.3bn = 60.4% (Growth = 7.4%)	CU: 8 389m = 87.6% *[29.6%] (Growth = 4.5%)

Public Sector

South Africa	Adcock Ingram
Value: R4.6bn = 15.3% (Growth = -7.7%)	Value: R155m = 6% *[3.4%] (Growth = -55.1%)
CU: 18.6bn = 39.6% (Growth = -4%)	CU: 1 188m = 12.4% *[6.4%] (Growth = 44.8%)

Prescription

South Africa	Adcock Ingram
Value: R18.4bn = 71.6% (Growth = 6.4%)	Value: R1 071m = 44% *[5.8%] (Growth = -7.9%)
CU: 7.6bn = 27% (Growth = 4.6%)	CU: 1 238m = 14.8% *[16.2%] (Growth = 3.9%)

OTC (Over The Counter)

South Africa	Adcock Ingram
Value: R7.3bn = 28.4% (Growth = 16.2%)	Value: R1 362m = 56% *[18.6%] (Growth = 12.9%)
CU: 20.7bn = 73% (Growth = 8.5%)	CU: 7 151m = 85.2% *[34.6%] (Growth = 4.6%)

Original R&D products- (Patented and Non-patented original branded > Sch 3)

South Africa	Adcock Ingram
Value: R11.7bn = 63.8% (Growth = 3.2%)	Value: R462m = 43.1% *[3.9%] (Growth = -22%)
CU: 2.5bn = 32.9% (Growth = 1.2%)	CU: 419m = 33.8% *[16.6%] (Growth = -6.7%)

Generics (Off patented > Sch 3)

South Africa	Adcock Ingram
Value: R6.7bn = 36.2% (Growth = 12.6%)	Value: R609m = 56.9% *[9.2%] (Growth = 6.8%)
CU: 5.1bn = 67.1% (Growth = 6.3%)	CU: 819m = 66.2% *[16%] (Growth = 10.4%)

**[ ] Adcock Ingram Market Share | Source: IMS TPM – MAT March 2012, IMS ISA – MAT Mar 2012*

Total Pharmacy Market – IMS March 2012 MAT excluding DPP

South Africa
Adcock Ingram
CU = Counting Units

NOTE: Excludes DPP

Total Market

Value: R30.3bn (Growth = 6.7%)	Value: R2 558m *[8.5%] (Growth = 1.2%)
(CU): 46.9bn (Growth = 2.7%)	(CU): 9 562m *[20.4%] (Growth = 8.9%)

Private Sector

Value: R25.6bn = 84.7% (Growth = 9.8%)	Value: R2 403m = 93.9% *[9.4%] (Growth = 10.1%)
CU: 28.3bn = 60.4% (Growth = 7.6%)	CU: 8 374m = 87.6% *[29.6%] (Growth = 5.1%)

Public Sector

Value: R4.6bn = 15.3% (Growth = -7.7%)	Value: R155m = 6.1% *[3.4%] (Growth = -55%)
CU: 18.6bn = 39.6% (Growth = -4%)	CU: 1 188m = 12.4% *[6.4%] (Growth = 45.3%)

Prescription

Value: R18.3bn = 71.5% (Growth = 7.4%)	Value: R1 041m = 43.3% *[5.7%] (Growth = 6.6%)
CU: 7.6bn = 27% (Growth = 5.3%)	CU: 1 224m = 14.6% *[16%] (Growth = 8.3%)

OTC (Over The Counter)

Value: R7.3bn = 28.5% (Growth = 16.2%)	Value: R1 362m = 56.7% *[18.6%] (Growth = 12.9%)
CU: 20.7bn = 73% (Growth = 8.5%)	CU: 7 151m = 85.4% *[34.6%] (Growth = 4.6%)

Original R&D products- (Patented and Non-patented original branded > Sch 3)

Value: R11.7bn = 63.7% (Growth = 4.6%)	Value: R432m = 41.5% *[3.7%] (Growth = 6.4%)
CU: 2.5bn = 32.8% (Growth = 3.2%)	CU: 405m = 33.1% *[16.1%] (Growth = 4.3%)

Generics (Off patented > Sch 3)

Value: R6.7bn = 36.3% (Growth = 12.7%)	Value: R609m = 58.5% *[9.2%] (Growth = 6.8%)
CU: 5.1bn = 67.2 (Growth = 6.4%)	CU: 819m = 66.9% *[16%] (Growth = 10.4%)

**[ ] Adcock Ingram Market Share | Source: IMS TPM – MAT March 2012, IMS ISA – MAT Mar 2012*

Campbell Belman Perception Study 2012

Relative perception score of Adcock Ingram vs. pharmaceutical industry

GP's	All Co's				Local and Generic			
Position	2009	2010	2011	2012	2009	2010	2011	2012
TOTAL	**14th**	**13th**	**12th**	**9th**	**1st**	**1st**	**2nd**	**1st**

Pharmacy	All Co's				Local and Generic			
Position	2009	2010	2011	2012	2009	2010	2011	2012
TOTAL OTC IN PHARMACY	**2nd**	**1st**	**1st**	**1st**	**2nd**	**1st**	**1st**	**1st**

Source: Campbell Belman 2012

adcock ingram

Healthcare Professional Summits pay-off

OTC

Business Overview

- Business performance impacted by 4 key considerations:
  - Acquisition of NutriLida
  - Under recoveries in local factories
  - Consumer pressure
  - Aggressive competitor activity
- The acquisition of NutriLida entrenches Adcock Ingram as number 1 in the VMS category in FMCG
- Umbrella branding continues to extract growth in key brands
- Stock availability & visibility on shelf remains critical

ADCO-DOL allergex Dilinct Panado Corenza-C

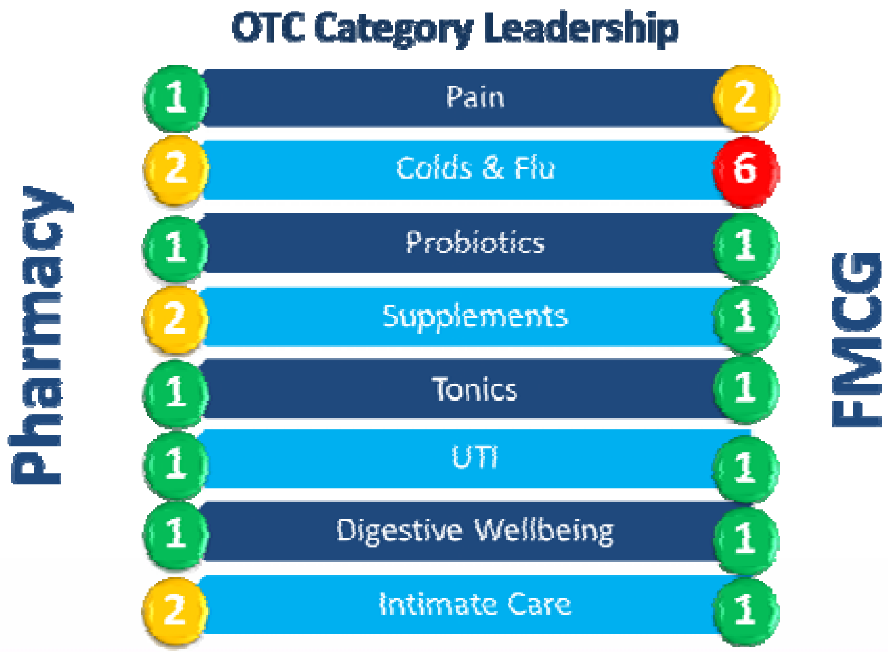
adcock ingram

Nutrilida acquisition bedded down

OTC

Performance

- Category Leadership in core categories
- Continued growth across channels
  - 12.9% in pharmacy
  - 3.5% in FMCG
- Top 10 brands show growth



TOP 10 OTC BRANDS	PHARMACY (IMS) Value Growth %	PHARMACY (IMS) Evolution Index	FMCG (Nielsens) Value Growth %
Panado	23	111	1
Adco Dol	9	99	-
Corenza	16	104	-
Bioplus	16	89	17
Citro Soda	15	102	12
Allergex	10	100	-
Betapyn	0	92	-
Compral	-	-	2
Alcophyllex	5	96	-
Vita-thion	15	76	22

Source: Aztech Synovate Mar 2012, IMS MAT Mar 2012,

adcock ingram

Core brands sustain OTC performance

FMCG Market Performance
Nielsen

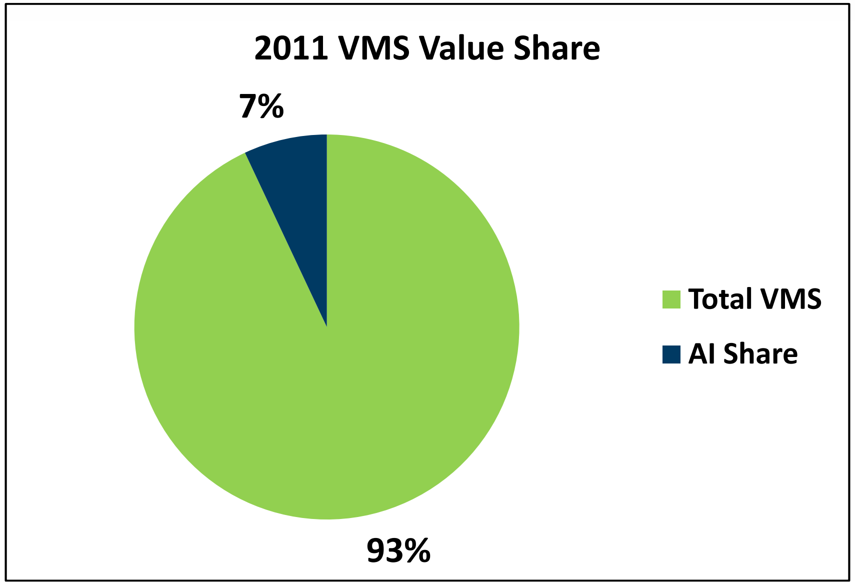
FMCG Performance	Market		Adcock Ingram			Market		Adcock Ingram		
	Volume '000	Volume Growth %	Volume Share %	Vol Share Change		Value R'000	Value Growth %	Value Share %	Value Share Change	
Analgesics Panado Compral	173 776	-9.9	32.9	1.7	↑	1 072 075	-1.2	30.4	0.8	↑
VMS & Tonics Bioplus & vita-thion Gummyvites Unique, Natrodale, Bestum ADDvance Guard range	16 086	10.8	21.2	7.7	↑	999 198	9.4	14.3	5.5	↑
Dsurs Citro-soda	50 237	-4.5	9.2	1.1	↑	493 178	4.8	14.0	0.9	↑
Cough Drop & Loz Cepacol	28 750	-8.4	1.5	0.1	↑	281 472	-4.2	3.9	0.5	↑
LCCIRS LCC Expigen	18 858	-3.4	7.1	-0.2	↓	412 535	2.2	6.6	-0.4	↓
Total Healthcare (All categories)	287 707	-8.1	23.3	1.1	↑	3 258 458	2.8	17.7	0.1	↑

Source: Nielsen MAT March 2012

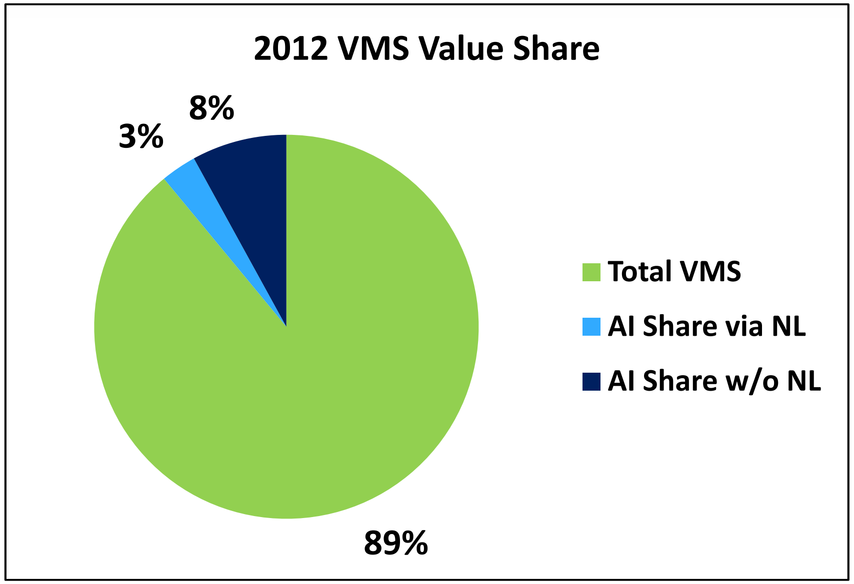
adcock ingram

Share gains in a tough trading environment

Wellbeing acquisitions - VMS



Excludes Probiotics

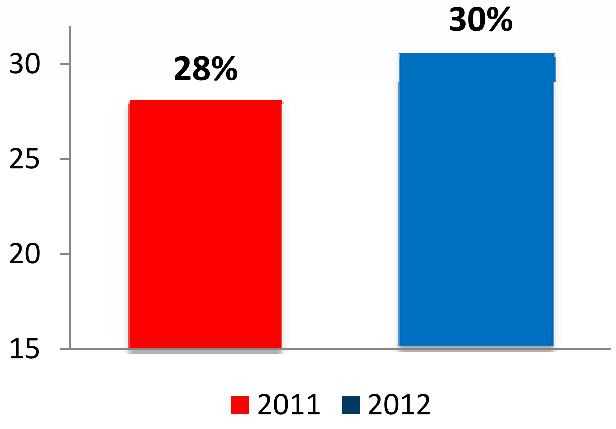


NL: NutriLida

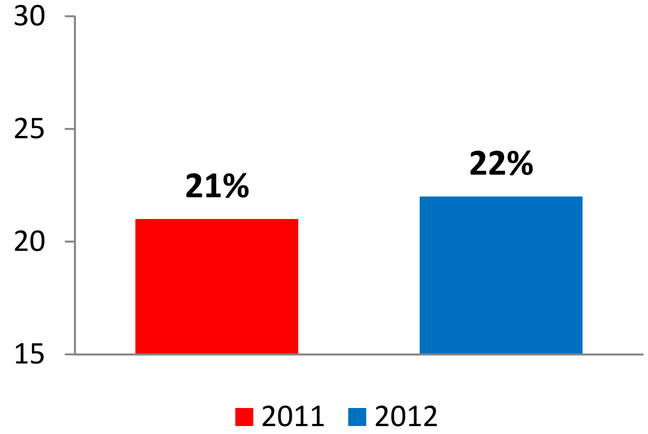
Source: Azetch Synovate March 2012 MAT, IMS March 2012 MAT

Panado – *the GP's Choice*

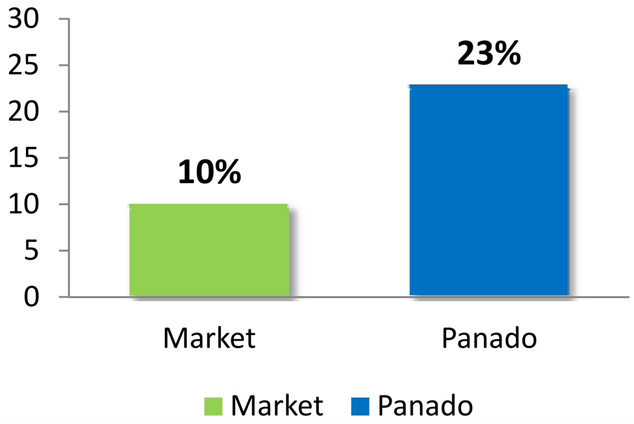
Pharmacy value share



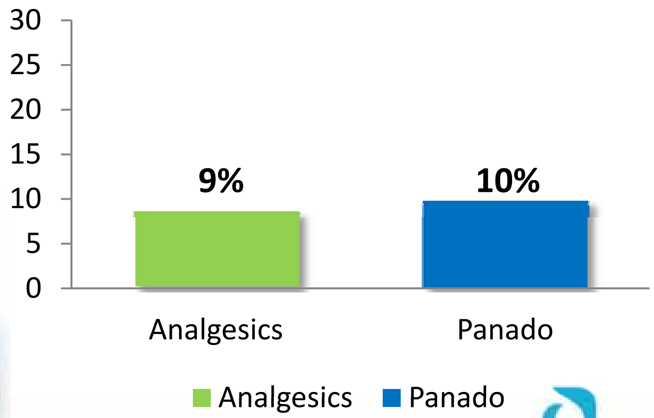
FMCG value share



Pharmacy Value Growth



FMCG Value Growth

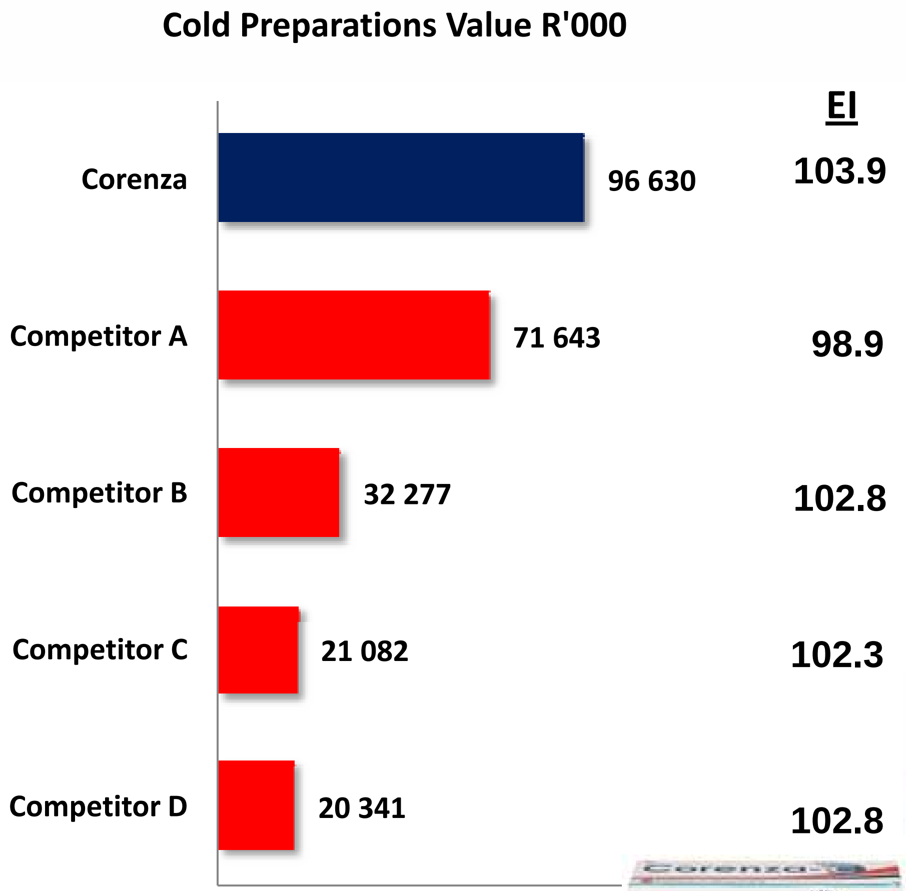


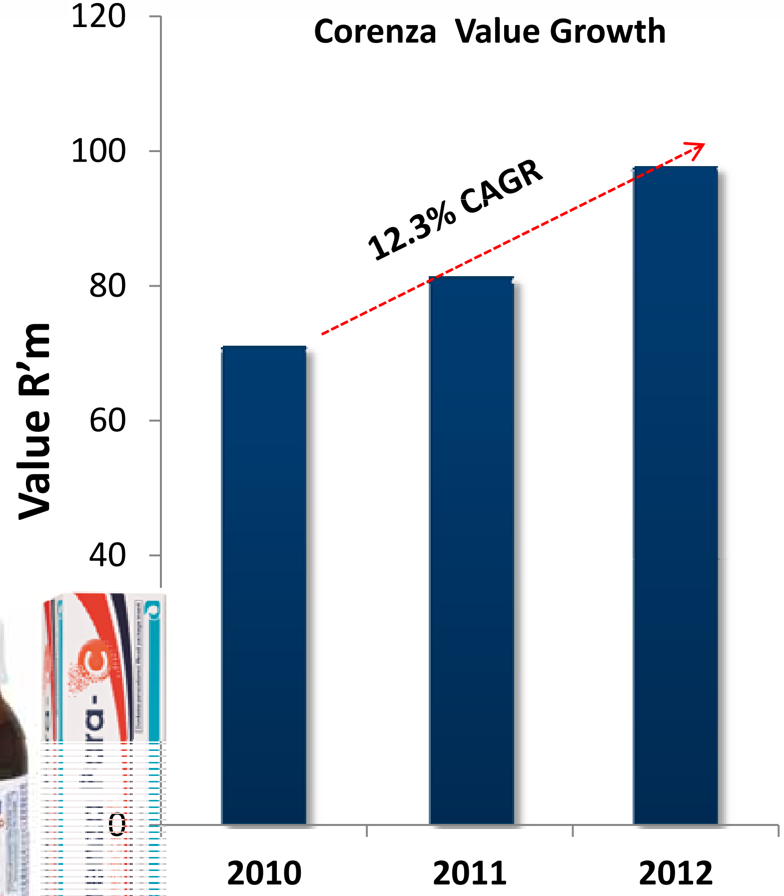
adcock ingram

Source: IMS March 2012 MAT, Synovate March 2012 MAT

Panado sustains market growth despite strong competition

Corenza



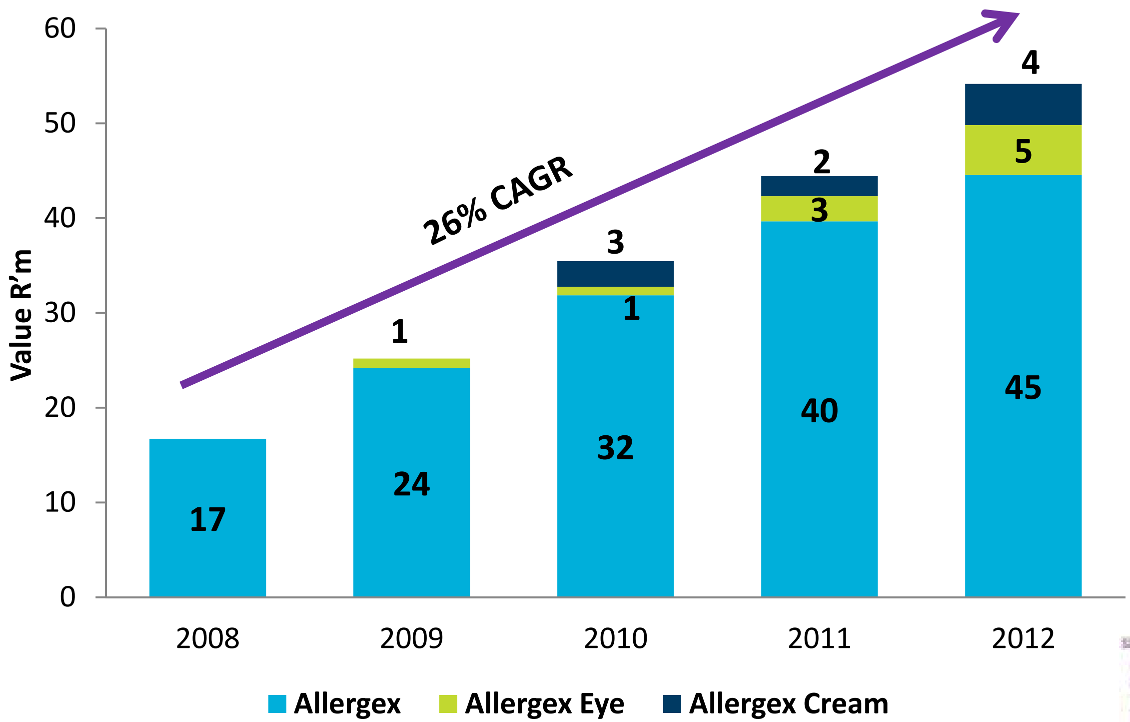


Source: IMS TPM March 2012 MAT

adcock ingram

Corenza innovation drives brand growth in a highly competitive category

Allergex



Source: IMS MAT March 2012

Umbrella branding drives growth

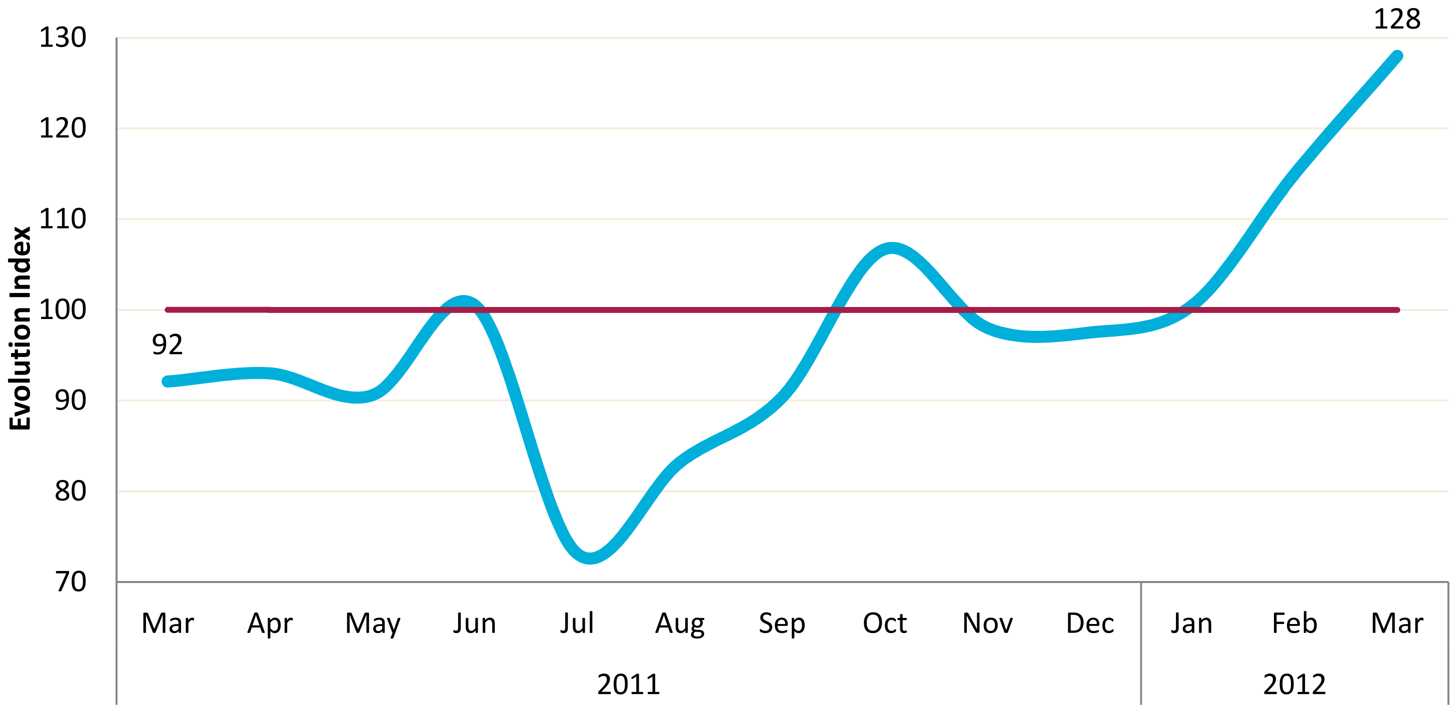
Prescription

Business Overview and Performance

- Performance impacted by 3 key considerations:
  - withdrawal of DPP in December 2011
  - loss of significant portion of ARV tender
  - repatriation of Organon brands
- MNC strategy expected to continue to deliver on new partners, increased pipeline and on-going product innovation
  - Novo Nordisk effective January 2012
  - Lundbeck effective Q4 2012
- Leadership positions established in therapeutic categories – Hormone Therapy , Combination Analgesics , Dermatology , Respiratory and Urology
- Generics continue to gain traction – volume growth and new product introductions
- Tender business lagging expectations

MNC Strategy delivering new partners and increased pipeline to Adcock Ingram

Solphyllex



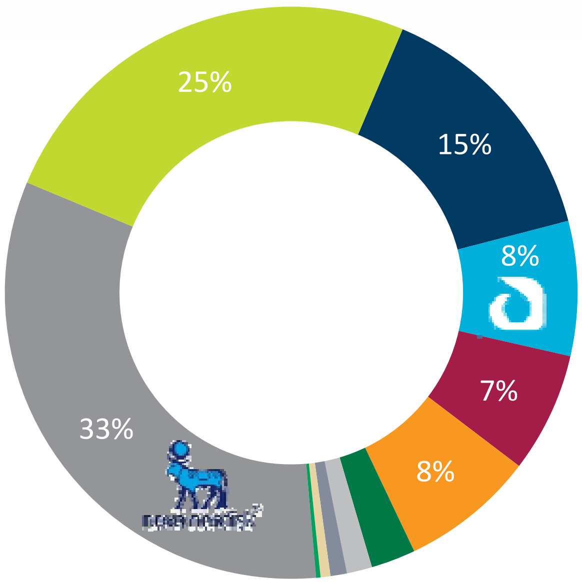
Source: IMS TPM March 2012

Selling the brand – aggressive detailing: GPs and Pharmacy

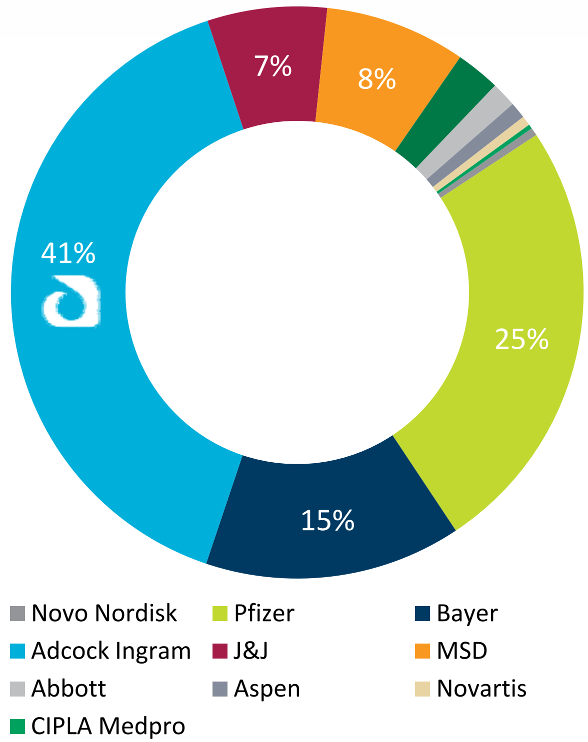
adcock ingram

Novo Nordisk Collaboration

Pre-collaboration HRT market by corporation



Post collaboration HRT market by corporation

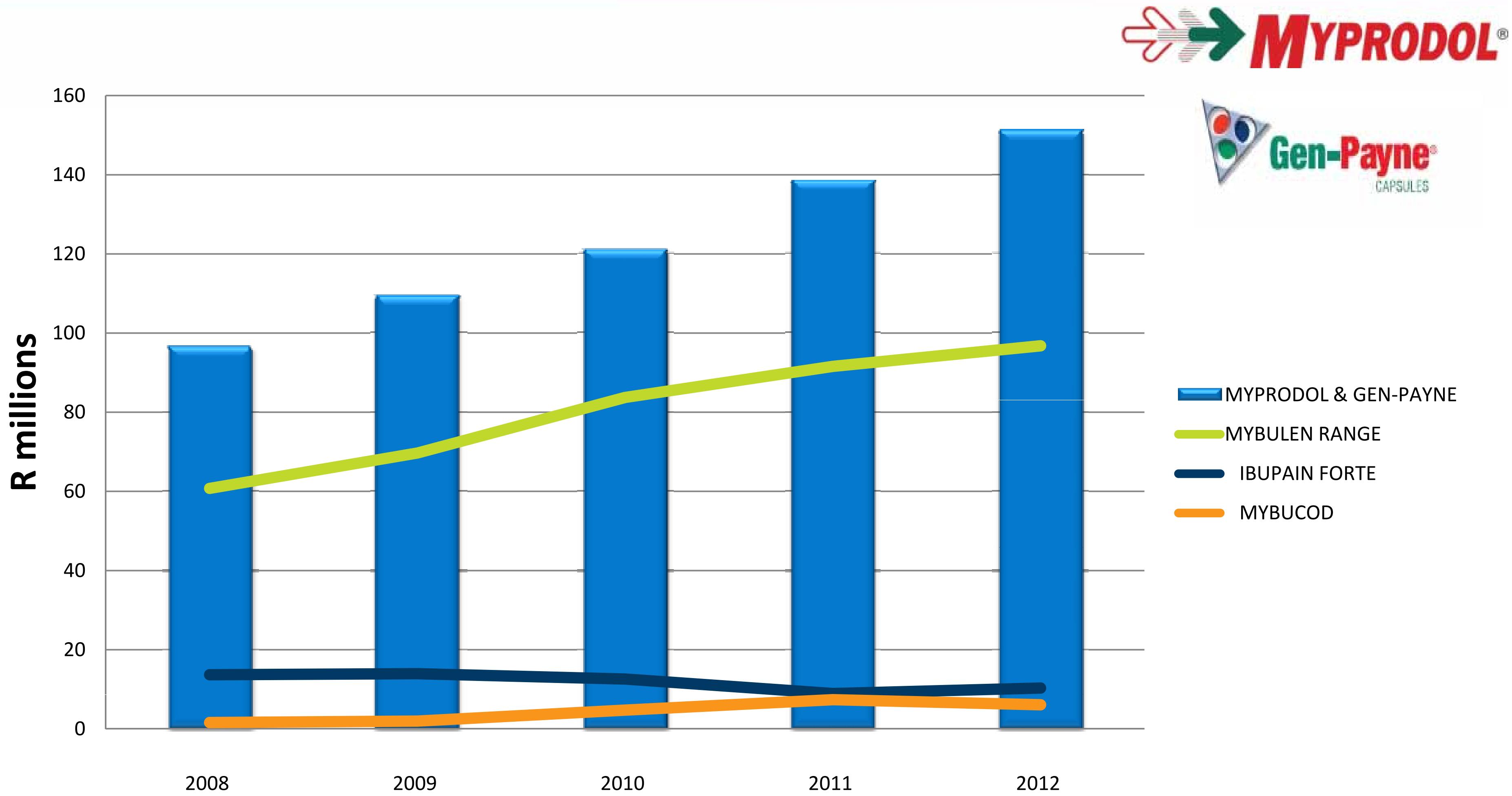


Adcock Ingram offers a complete basket of hormone replacement therapy to the healthcare professional and consumer

Source: IMS March 2012 MAT

Adcock Ingram now the leader in Hormone Replacement Therapy market

Maintaining brand equity

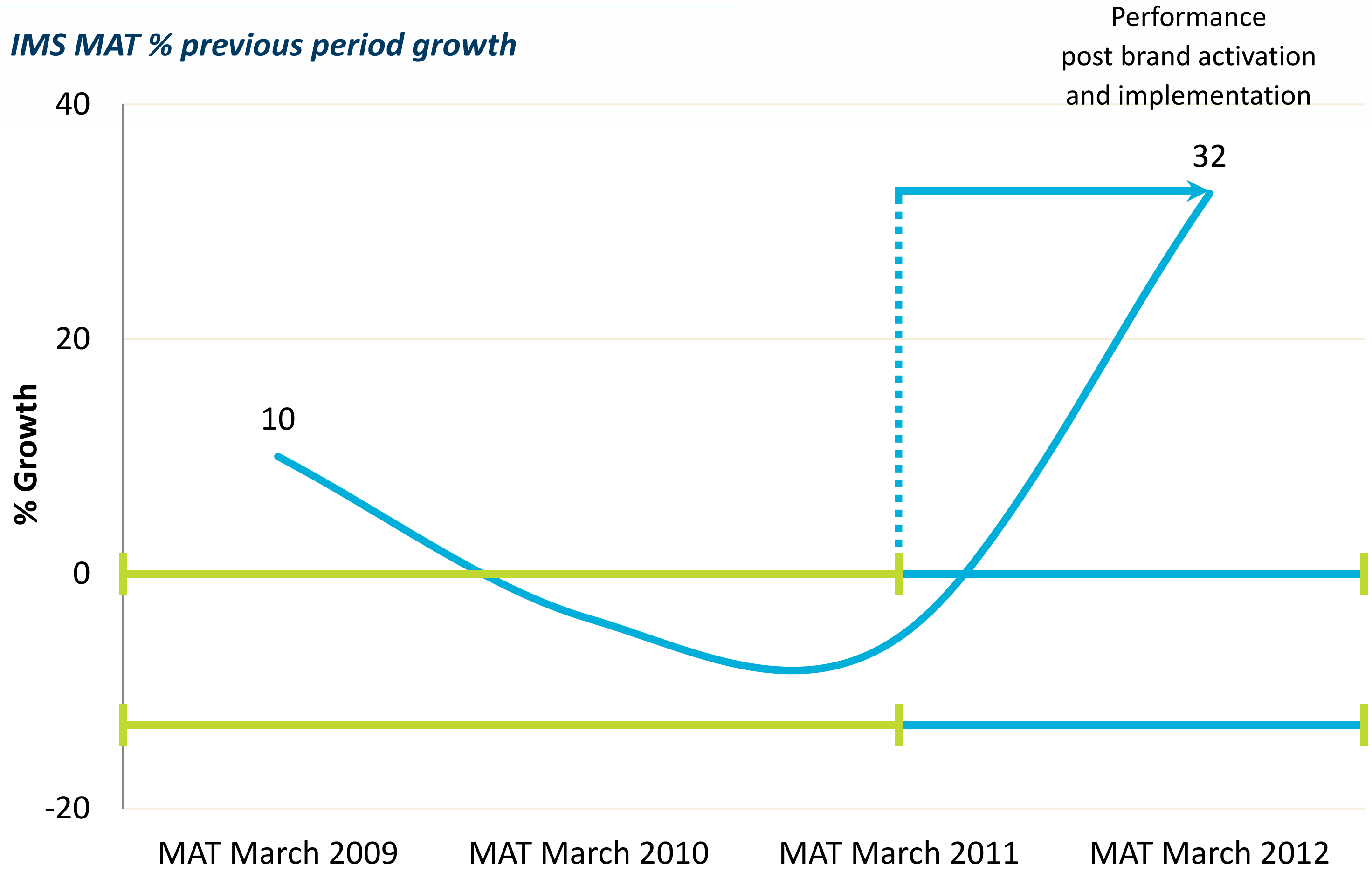


Source: IMS data, MAT March 2012

adcock ingram

Demand for Myprodol and Gen-Payne significantly higher than competitors

Competence: Reviving and growing mature brands



IMS historical MAT % previous period growth: March 2009-March 2011

Activation of brand strategy: April 2012

Source: IMS MAT March 2012

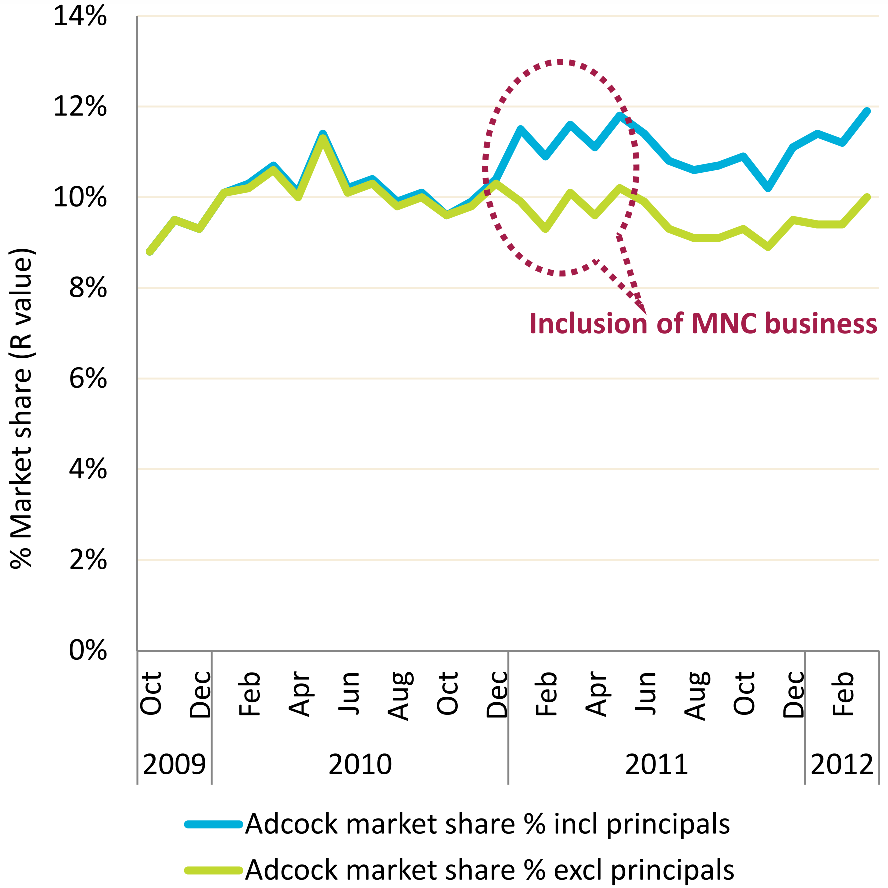
Selling the Brand: aggressive detailing

High visibility campaigns

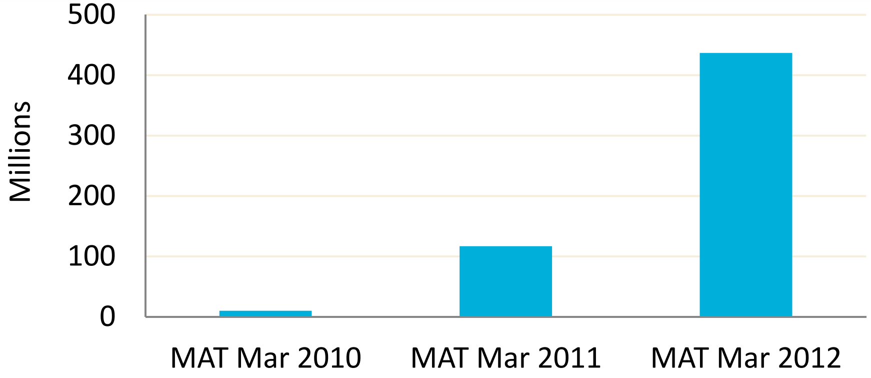
CMEs

Successfully halts the in-market decline of Mature Brands and is now showing growth

Multinational partnership rationale

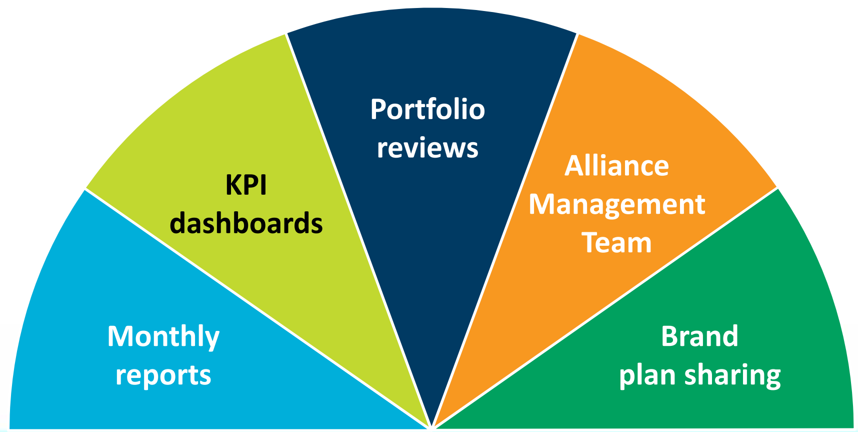


IMS Mar 2012: Prescription Ethicals Business incl. MNC



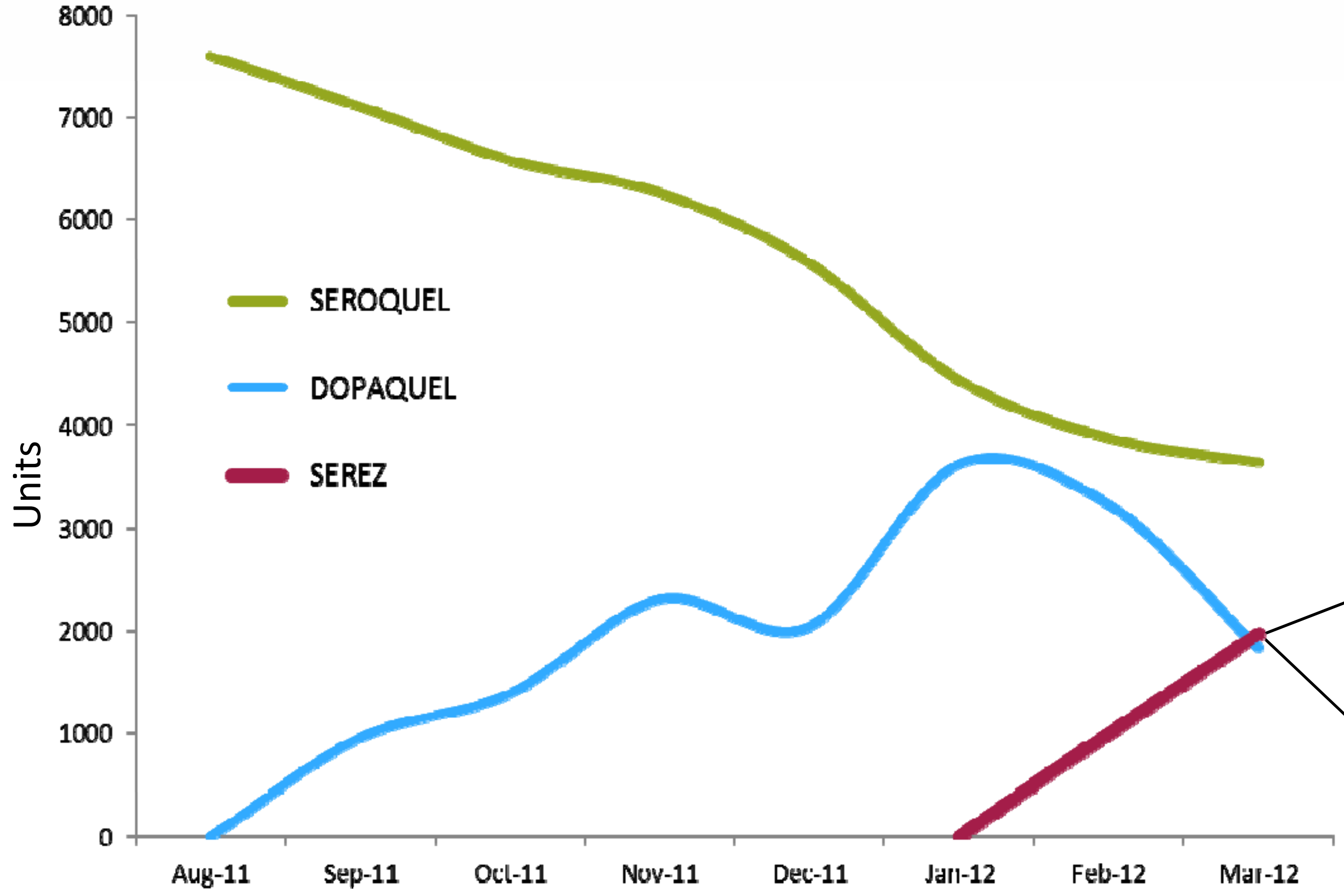
(values as reflected in IMS, TPM, Mar 2012)

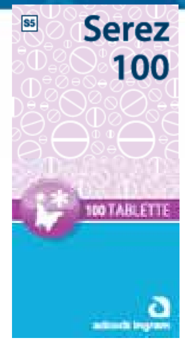
Sophisticated Alliance Management model ensures partner satisfaction



Collaborations offset loss in top line due to DPP

Serez
Generics innovation pipeline now delivering



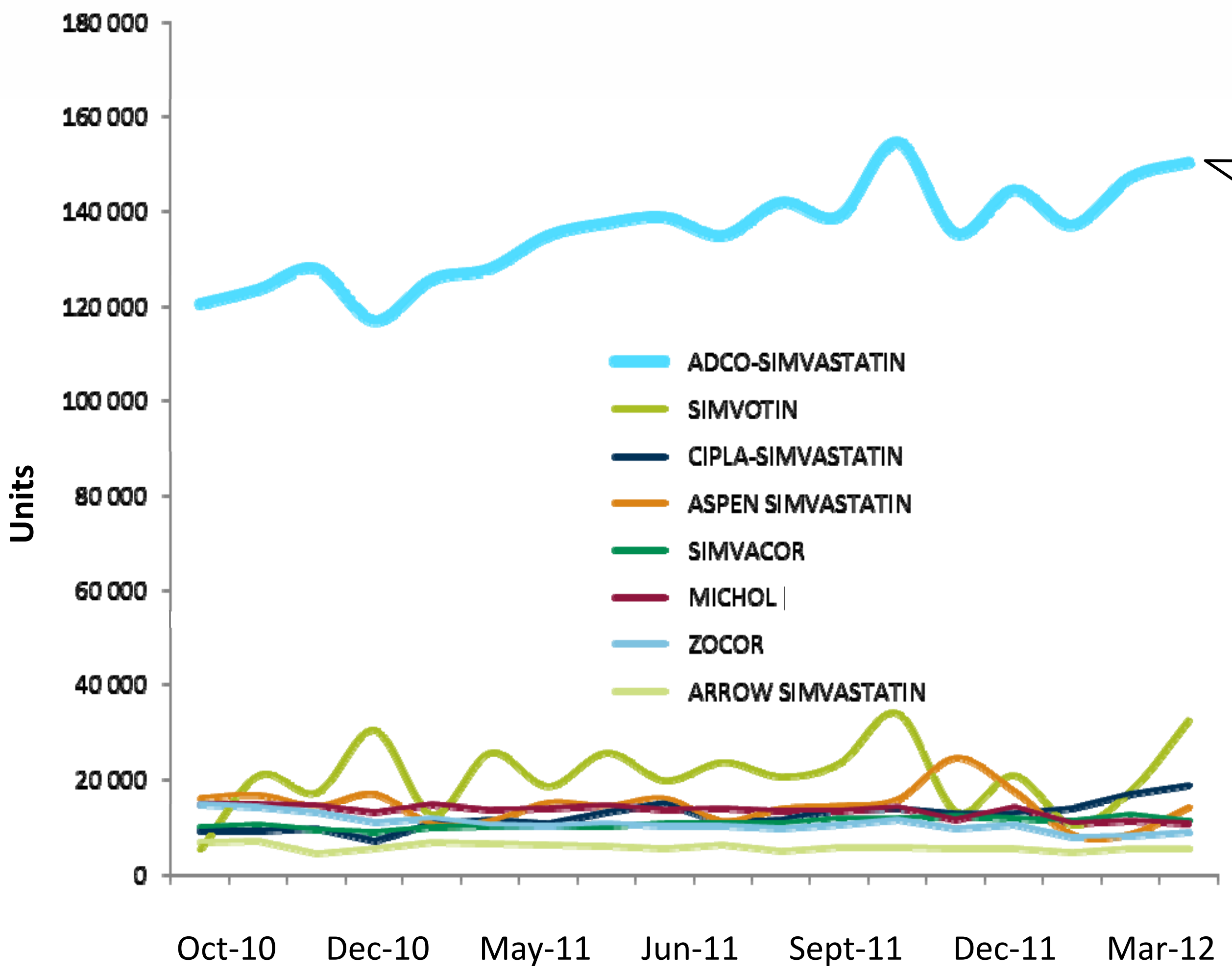


- *Entered the market against a dominant originator and one entrenched generic*
- *4 further generics launched post Serez*
- *Significant share reached within launch month*

Source: IMS TPM UNITS Monthly data , March 2012

Successful new product launch

Adco-Simvastatin
Maintain market leadership in commoditised markets



61% market share and still showing continuous growth despite the aggressive market pressures from numerous competitors

Source: IMS TPM UNITS Monthly data , March 2012

Adco-Simvastatin's product strategy continuously creates barrier to entry

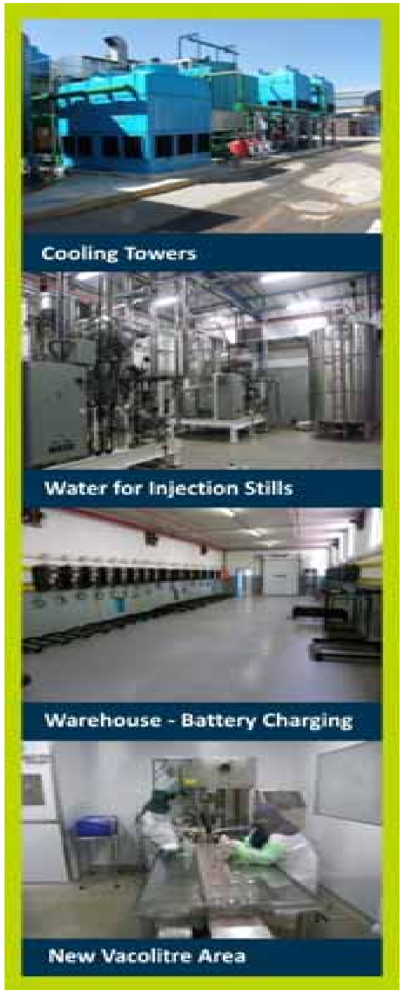
Hospital

Business Overview

- Final factory shutdown to complete upgrade December 2011
- Upgrade completed January 2012
- Last imported IV fluid product from Baxter received September 2011
- No further shutdowns planned for remainder of the financial year
- Official opening of new factory took place on 3 May 2012
- Focus on working capital management

Performance

- Unit growth of 2% on IV fluids
- 14% price deflation in the generic injectable products
- Renal division revenue growth of 15% over prior year
- NRC revenue growth of 14%
- 8% increase in blood collection bags to SANBS



adcock ingram

Factory upgrade complete

Intravenous Fluids

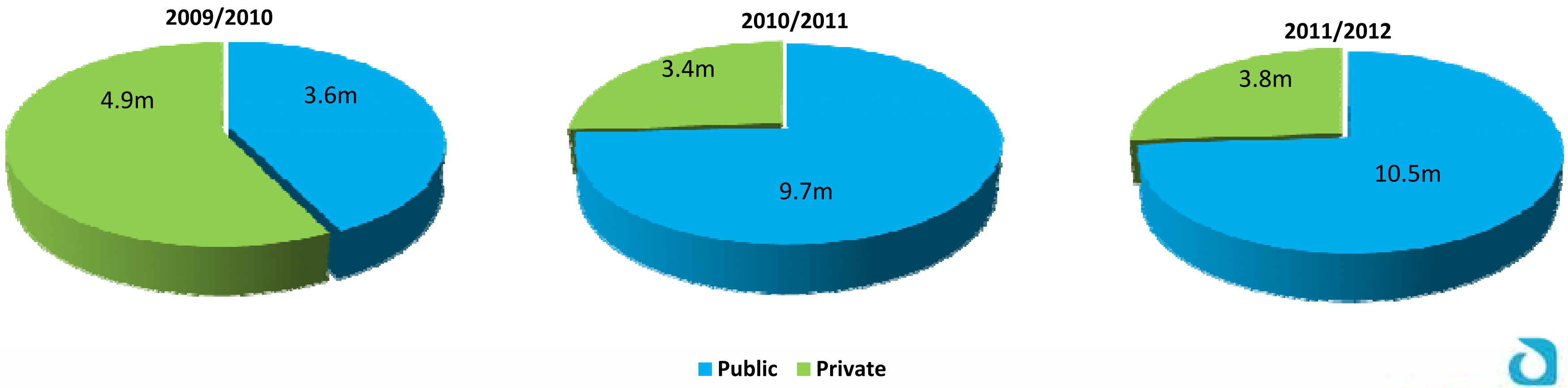
Public sector

- Tender extended until 30 September 2012
- Pricing unchanged for tender extension
- Key codes namely resuscitation fluids, exceeded tender estimates by as much as 48%
- Overall total purchases in line with 24 month tender estimates

IV Fluid (Glass, viaflex and pour bottles)

Private sector

- Imported stock on key lines ensured continuity of supply
- Volume growth on all lines as stock levels improve
- Margin pressure from competitive set



Source: Company Data, March 2012

Unit Sales (Millions) Oct to March

adcock ingram

Good volume growth

Unaudited financial results presentation

for the six-month period ended 31 March 2012

Heritage | Quality | Integrity

adcock ingram

Renal

- Market penetration in acute ICU hospital dialysis
- Market growth of 7% in Peritoneal Dialysis
- Future expansion into transplant products in H2

Haemodialysis

Peritoneal Dialysis

National Renal Care

- National footprint with 62 units – 55% of the private market
- Network of dialysis therapy centres
- Treats in excess of 2 000 patients monthly
- Overnight dialysis introduced in 2011/2012 in 3 units
- Allows patients more flexibility during the day
- Only service provider to do nocturnal dialysis
- Healthy Start Clinic educates patients with early renal disease

NATIONAL RENAL CARE

adcock ingram

Diverse product portfolio for renal disease

Business Performance

Rest of Africa

Heritage | Quality | Integrity

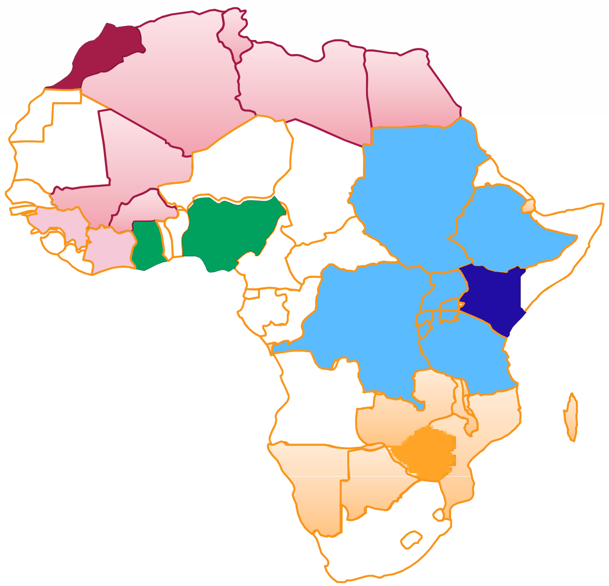
adcock ingram

Operating Environment

Political	• Countries relatively stable politically although elections in Ghana and Kenya may be a concern • Coalition government in Zimbabwe brought political stability
Economic	• Economies growing at an average of 5% in GDP terms • Discovery of natural resources (Ghana, Kenya, Zimbabwe, Mozambique) • Improving ease of doing business is leading to FDI • Currency stability in many territories
Social	• Increasing number of households with growing purchasing power • On average 60% of population are in the middle class
Technological	• Infrastructural development still a major concern in Africa (transport & communication, warehousing & storage, plant and equipment) • On average US$91 billion is spend on infrastructure in Africa compared to the required US$ 147 billion • Upgrade of Ghanaian facility underway
Regulatory	• Harmonisation of regulatory environment in East Africa community has begun • Preference given to local manufacturers

adcock ingram

Development of Regional Hubs in Africa



Establish Footprint In Africa → **Build Supply Chain & Market Development Capability** → **Drive Partnerships**

- Mergers
- Acquisitions
- Branded OTC medicine and affordable generics

- GMP compliant supply chain
- Broaden therapeutic area focus
- Address product affordability points
- Build distribution capability

- Export Adcock Ingram competence into the rest of Africa
- Leverage existing multinational relationships
- Build scale

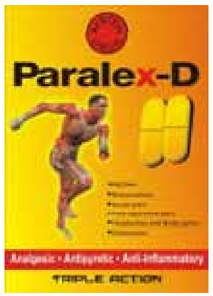
adcock ingram

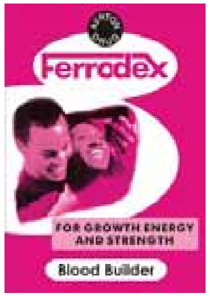
Expanding geographical footprint into Africa

Ayrton Drug - Ghana

- Integrate Adcock Ingram products into Ayrton distribution
- Diversify into new therapeutic classes
- 20% increase in Ayrton sales due to improved distribution
- 60% increase in Adcock sales due to improved product availability

- Construction underway to remove production bottlenecks
- Factory upgrade underway
- Core Ayrton business up



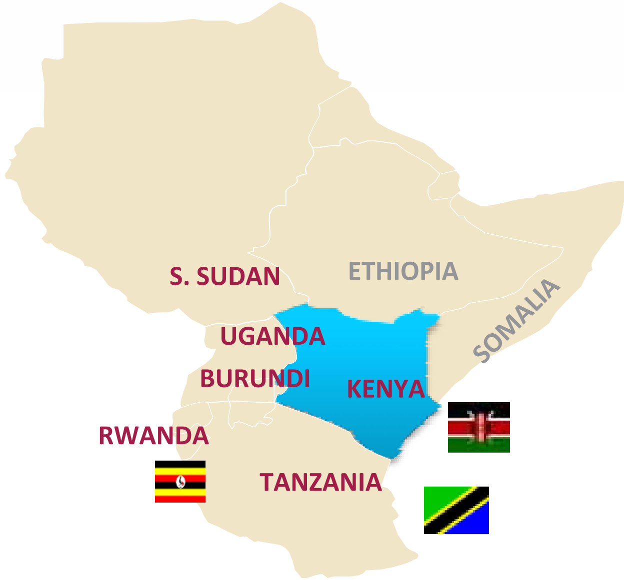


adcock ingram

Successful acquisition delivering results

Adcock Ingram East Africa

- Geographic footprint expanded into South Sudan with further expansions planned in Ethiopia
- Distribution infrastructure improved
- Optimizing prescription pharmaceutical portfolio by replicating success in pain segment across other therapeutic areas
- Expansion of OTC portfolio into other therapeutic areas
- Dawanol re-launched
- Counterfeit drugs and parallel importers remains a major threat
- Suspension of Lotem and Locaine and negative media publicity



adcock ingram

Operational challenges

Outlook

Dr Jonathan Louw

Heritage | Quality | Integrity

adcock ingram

Outlook

- Upgraded facilities to bolster growth and service levels
- MNC partner of choice strategy to continue
- Further generic launches planned
- Innovation remains MCC dependent
- Acquisition opportunities in high growth emerging markets
- Current economic climate concerning
- Price increase will help to mitigate cost push
- Rand weakness will continue to impact margins

THANK YOU

Heritage | Quality | Integrity

adcock ingram

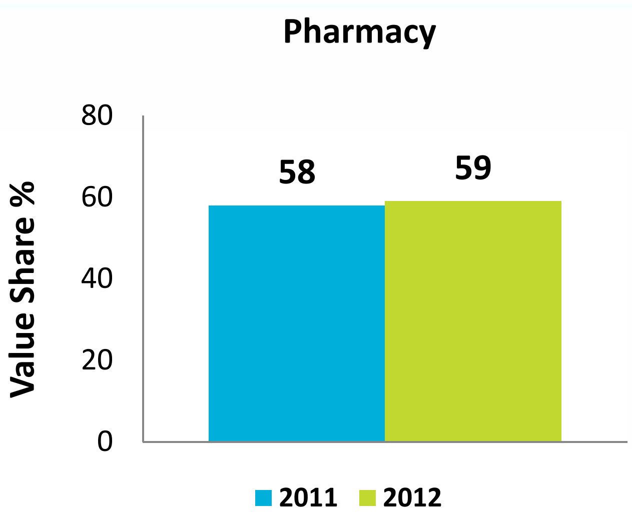
Appendix

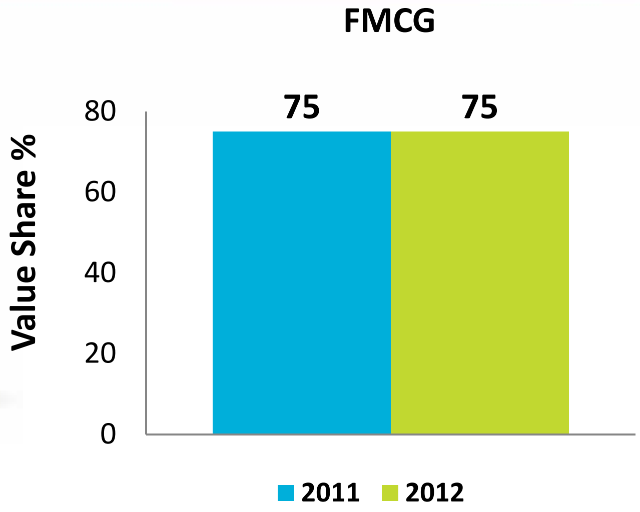
Case Studies

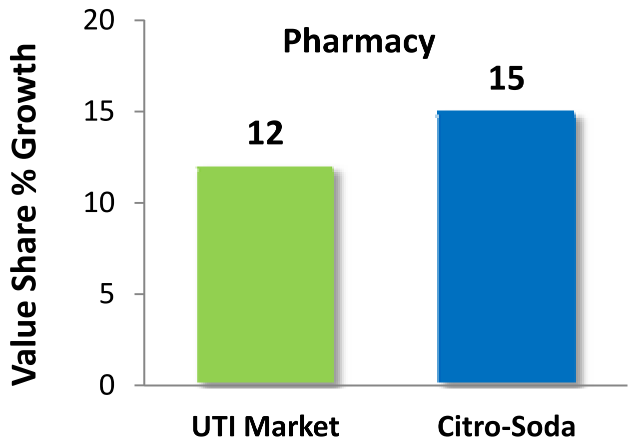
Heritage | Quality | Integrity

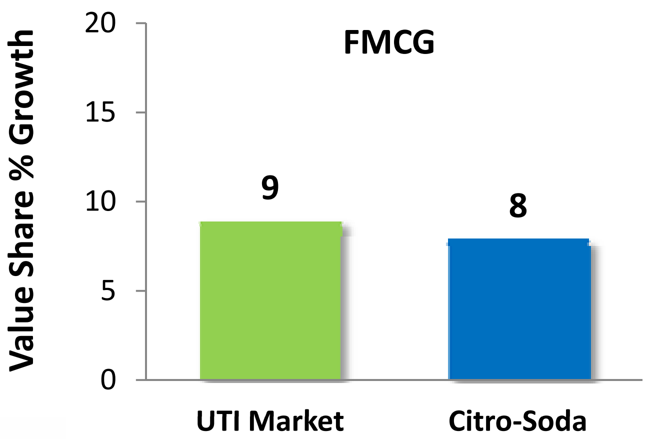
adcock ingram

Citro-Soda





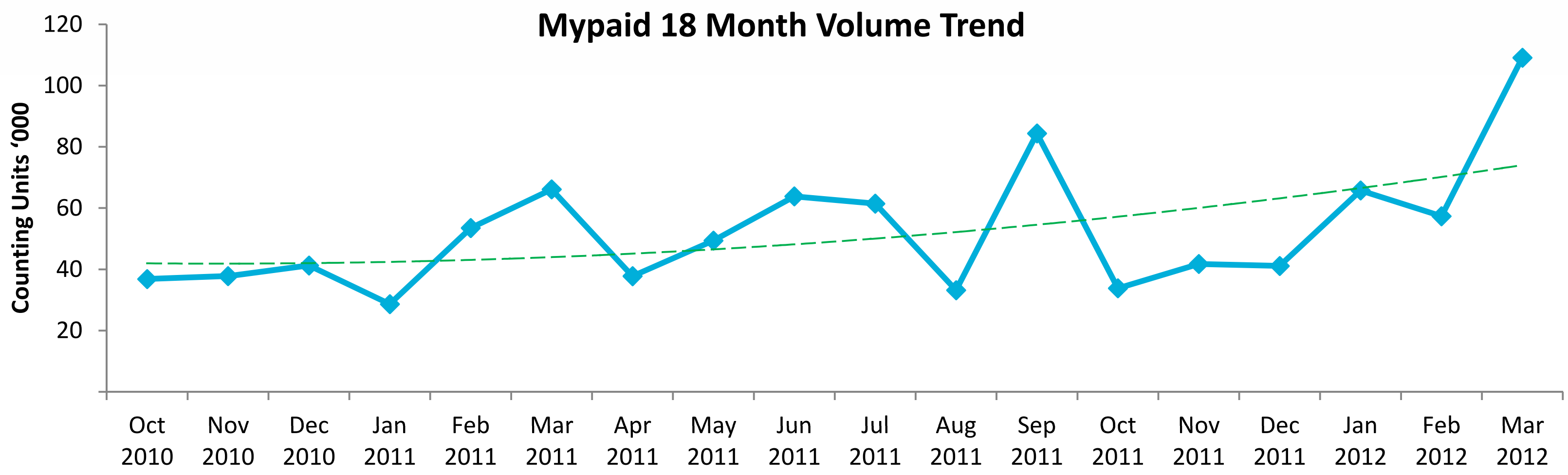


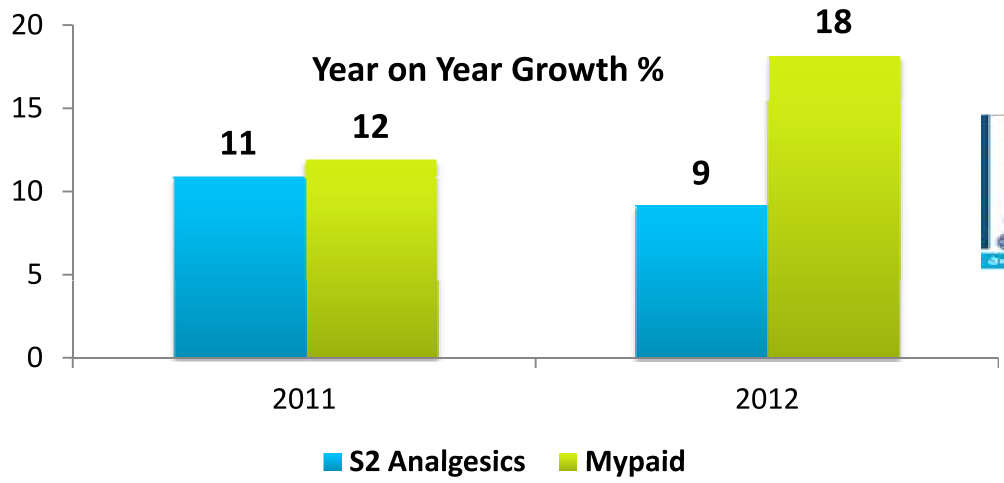


Source: IMS March 2012 MAT, Synovate March 2012 MAT

Innovation sustains brand in the face of strong competition

Mypaid





Old pack

New pack

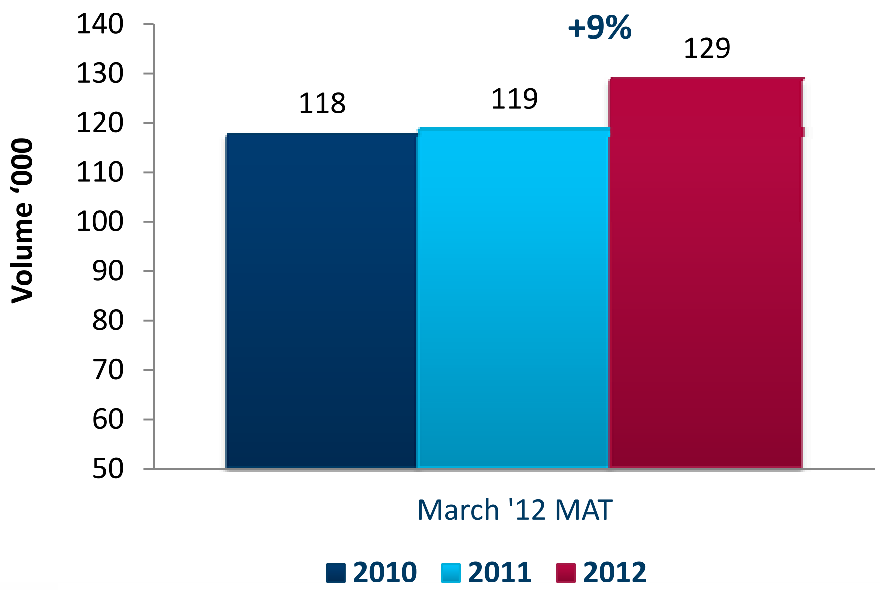
Source: IMS MAT March 2012

adcock ingram

Brand re-launch drives growth ahead of the category

Fastum

- Encourage correct diagnosis and treatment choice at the point of purchase
- Grow sales and market share within corporate pharmacy

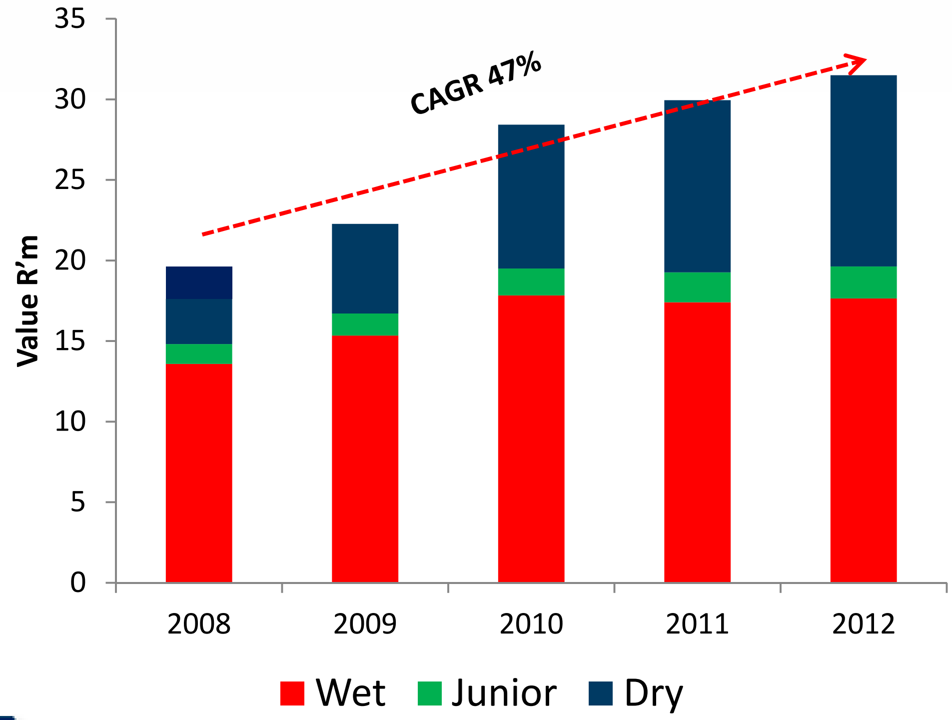


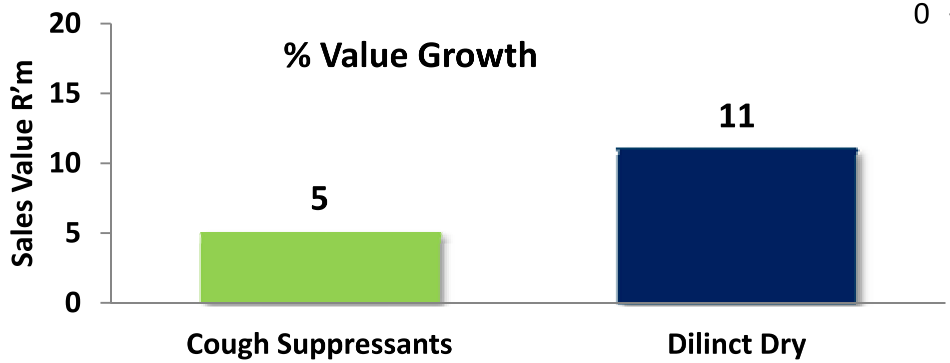
Source: March 2012 IMS MAT

adcock ingram

Front-shop assistant education helps drive brand growth

Dilinct

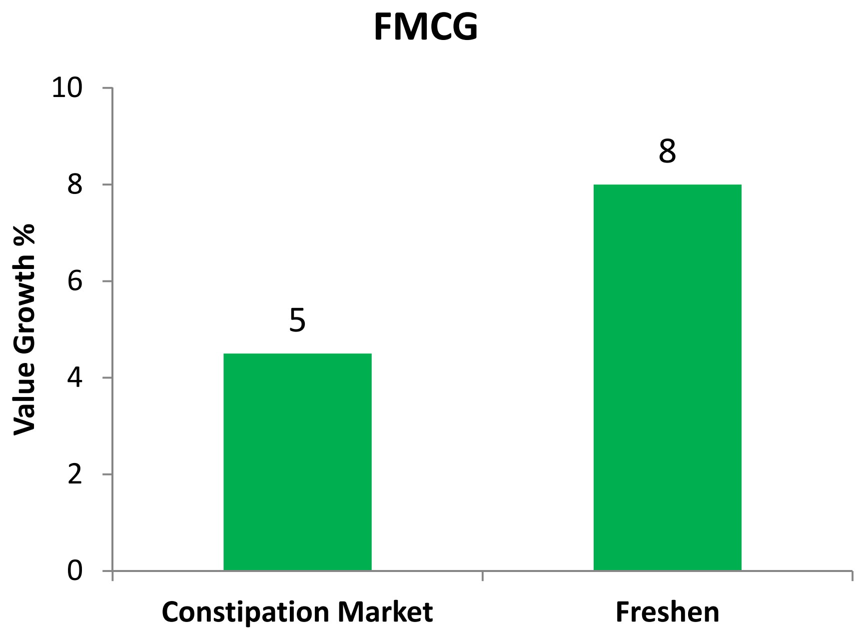




Sources: IMS March 2012

Umbrella branding sustains brand growth

FRESHEN

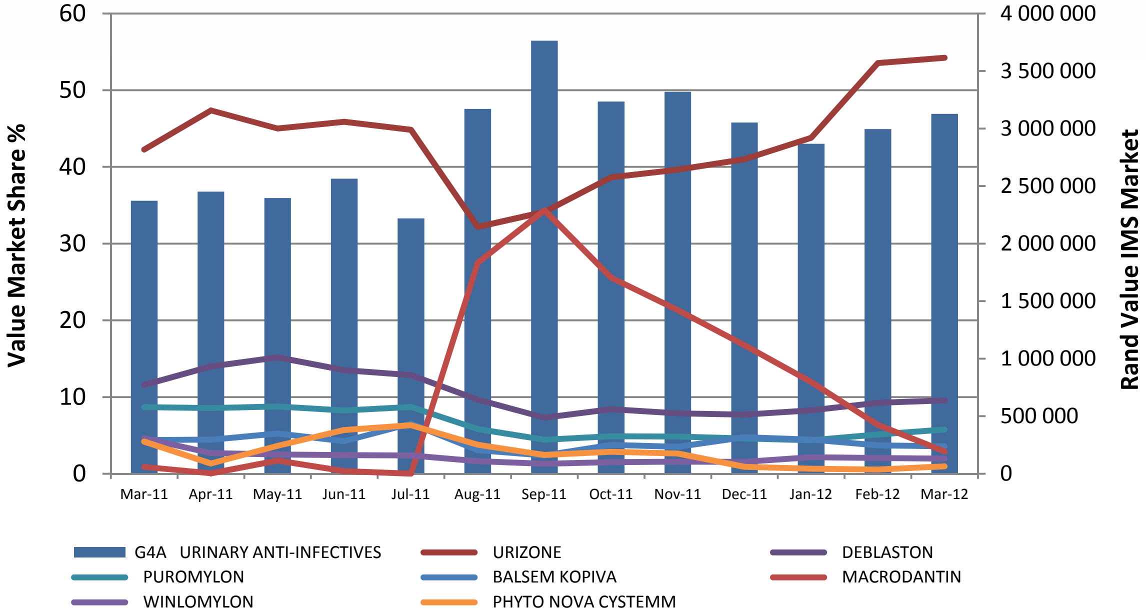


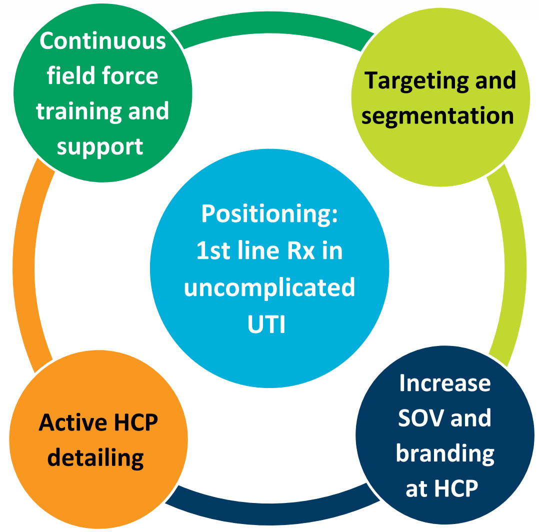
Source: Azetch Synovate Mar 2012 MAT

adcock ingram

Urizone: Revival of mature brand

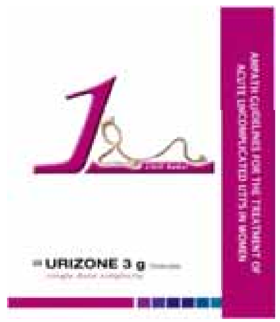
Focused campaigns resulting in increased market shares





Accelerated growth and sustained since 2011

- Strong value and unit growth maintained since implementation of new campaigns
- Brand gained endorsement and loyalty from Pathologists and Gynaecologists



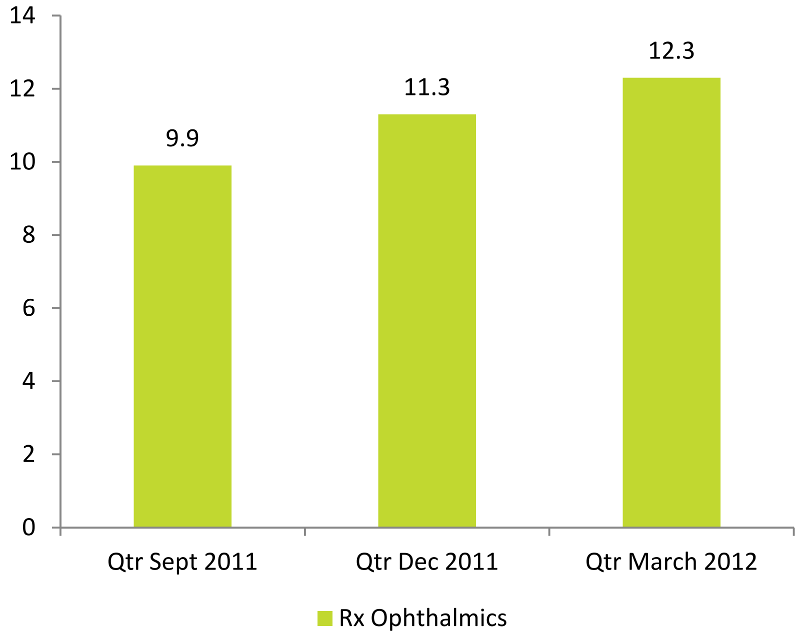
Source: IMS March 2012

adcock ingram

Own brands also benefit from multinational collaboration

Ophthalmics: Growth of mature brands

Increasing market share

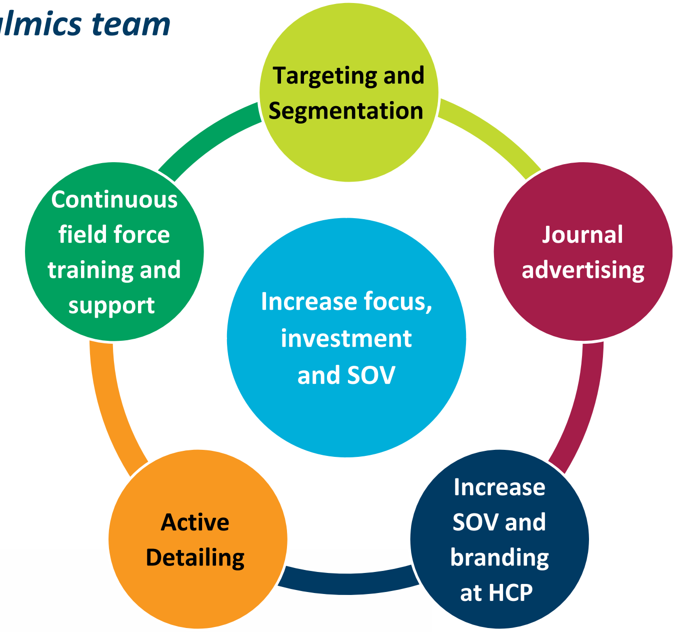


Source: IMS TPM March 2012

Gaining market share on total ophthalmology market as a result of:

- Increase investment
- Increased share of voice
- Increased focus
- Accurate targeting and segmentation

Focus on investment and SOV with dedicated Ophthalmics team



Ophthalmics division demonstrates expertise in mature markets