

# Annual General Meeting 2009



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**Roger Aston**  
Chairman



# Annual General Meeting 2009

**Dennis Bastas**  
CEO & Managing Director





The logo for Ascent PharmaHealth features a blue circular icon with a white stylized cross or plus sign. To the right of the icon, the word "ascent" is written in a large, bold, dark grey sans-serif font. Below "ascent", the words "PHARMAHEALTH" are written in a smaller, blue, all-caps sans-serif font. A thick blue horizontal line is positioned below the text.

# ascent

PHARMAHEALTH



# Ascent Pharmahealth Ltd (APH)

- ⊕ **Ascent Pharmahealth Ltd received approval in Nov-08 from ASIC to change its financial year from a July-June period to a January-December period**
- ⊕ **The half-year period to 31 Dec 2008 was the first reporting period that included sales from the new Asian operations of the Company subsequent to the Strides Asia acquisition which was completed on 1 August 2008**
- ⊕ **Reported results for the six-month period to align the company with the new reporting period were:**
  - ⊕ **25% increase in Net Sales over previous corresponding six-month period**
  - ⊕ **61% increase in EBITDA over previous corresponding six-month period**
  - ⊕ **14% increase in NPAT over previous corresponding six-month period**
- ⊕ **Ascent now operates in eight South East Asian countries with over 400 registered health products.**



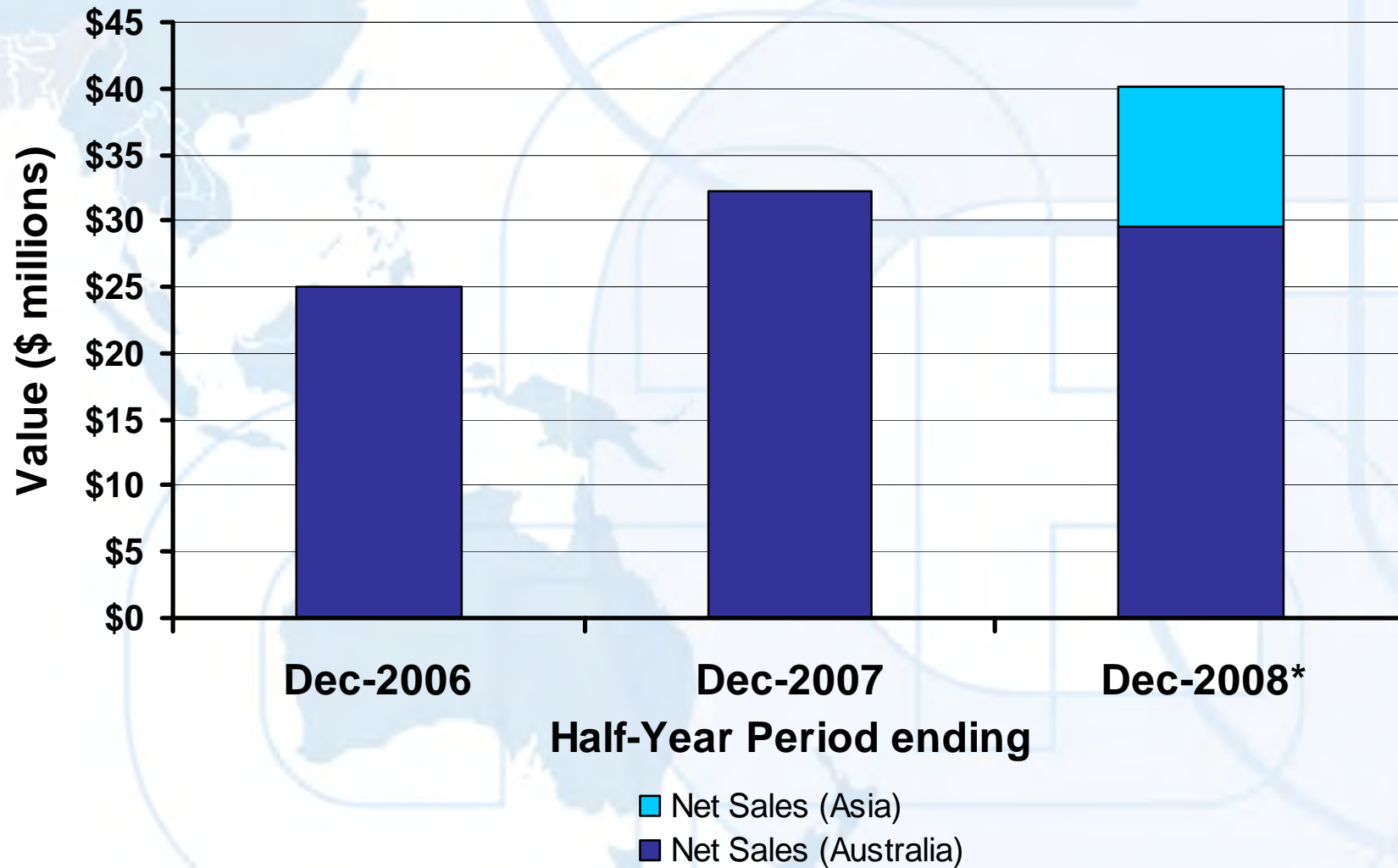
# Financial Results – HY 2008

A\$'000	Reported HY Results 31 Dec 2008	* Proforma HY Results 31 Dec 2008 (before NRI's)	HY Results 31 Dec 2007 (before NRI's)	* Proforma % Growth
Net Sales	\$40,192	\$42,008	\$32,174	31%
Cost of Sales	(\$24,502)	(\$25,491)	(\$20,305)	
<b>Gross Profit</b>	<b>\$15,690</b>	<b>\$16,517</b>	<b>\$11,869</b>	<b>39%</b>
Other Revenue	\$ 191	\$ 191	\$ 134	
Operating Expenses	(\$11,758)	(\$11,948)	(\$ 9,450)	26%
<b>EBITDA</b>	<b>\$ 4,123</b>	<b>\$ 4,760</b>	<b>\$ 2,553</b>	<b>86%</b>
<i>% EBITDA/Sales</i>	<i>10%</i>	<i>11%</i>	<i>8%</i>	
Dep'n & Amortisation	(\$ 1,849)	(\$ 2,049)	(\$ 839)	
<b>EBIT</b>	<b>\$ 2,274</b>	<b>\$ 2,711</b>	<b>\$ 1,714</b>	<b>58%</b>
Net Interest	(\$ 460)	(\$ 480)	(\$ 342)	
Forex loss on Loan	(\$ 248)	-	-	
<b>NPBT</b>	<b>\$ 1,566</b>	<b>\$ 2,231</b>	<b>\$ 1,372</b>	<b>63%</b>
Tax	(\$ 34)	(\$ 45)	(\$ 29)	
<b>NPAT</b>	<b>\$ 1,532</b>	<b>\$ 2,186</b>	<b>\$ 1,343</b>	<b>63%</b>

\* Proforma results include Strides Asia businesses for the full six-month period. Reported results only account for Asia businesses for the five-month period from the acquisition completion date of 1 August 2008.



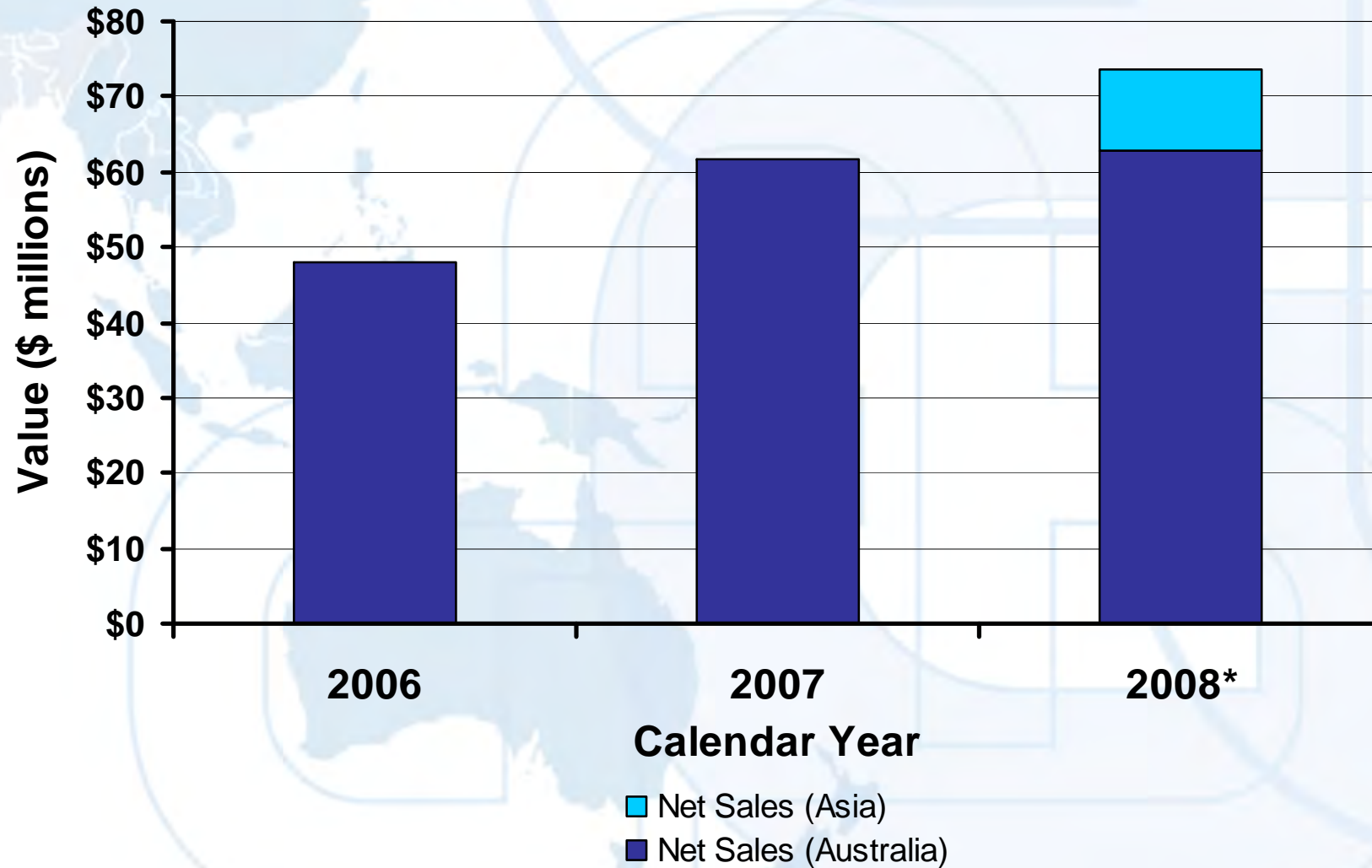
# Sales Growth – by Half-Year



\* Asia Net Sales for five-month period only



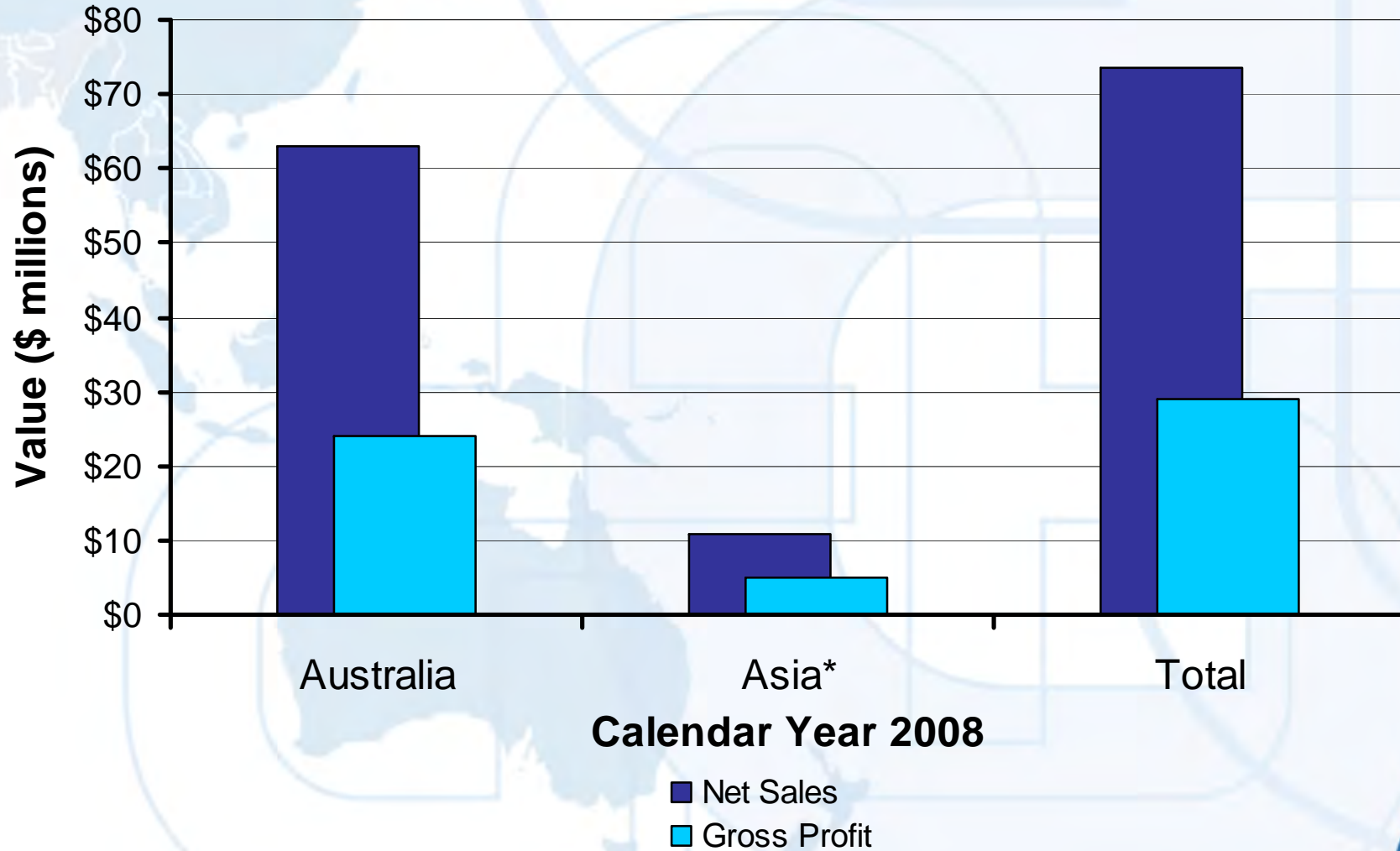
# Sales Growth – by Full-Year



\* Asia Net Sales for five-month period only



# Financial Results 2008



\* Asia Net Sales and Gross Profit for five-month period only



# Financial Results 2008

## Calendar Year 2008 Results

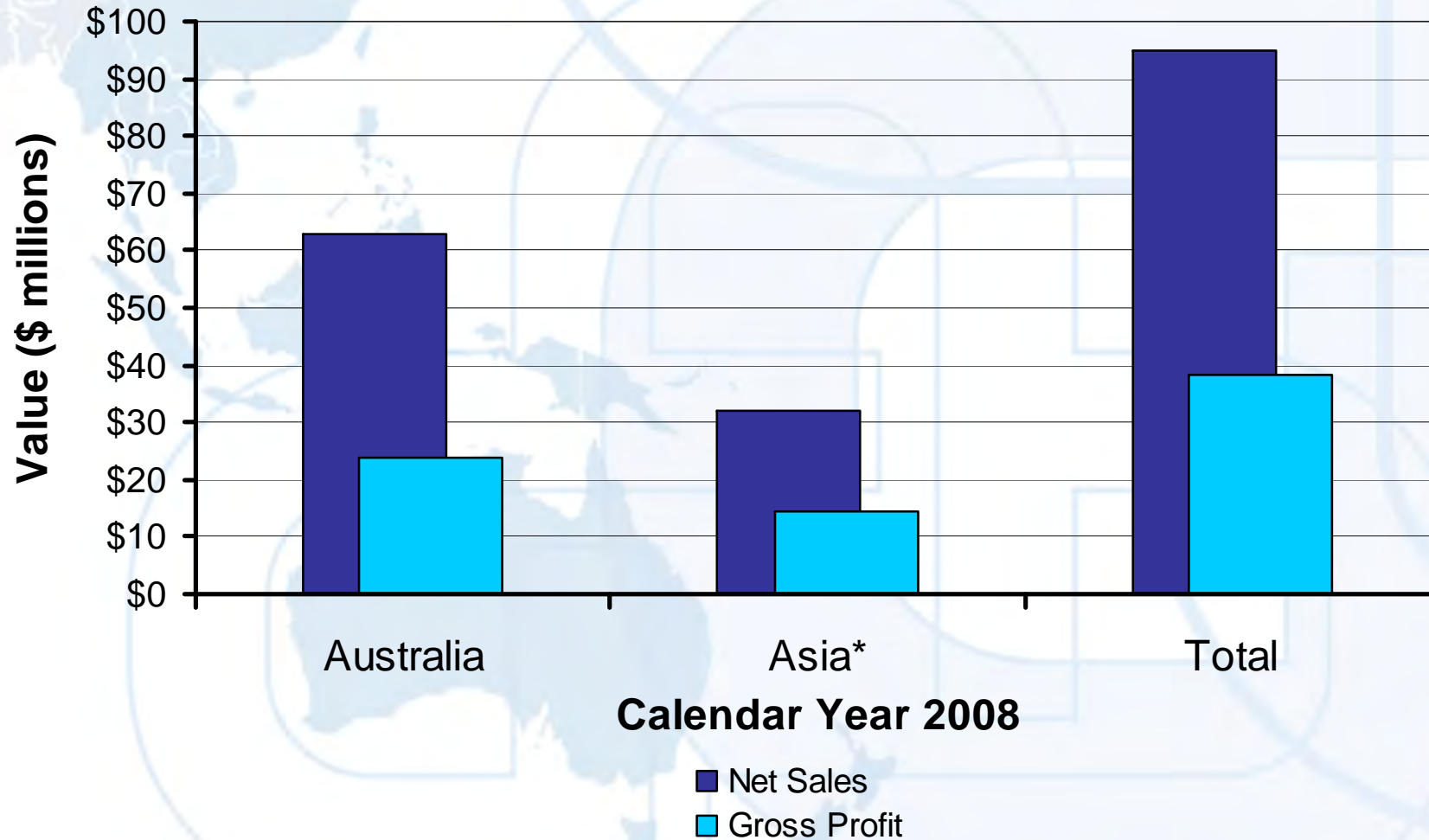
A\$'000	Australia 2008	Asia* 2008	Corporate (Unallocated)	TOTAL 2008
<b>Net Sales</b>	<b>\$62,869</b>	<b>\$10,714</b>	-	<b>\$73,583</b>
Cost of Sales	(\$38,866)	(\$ 5,817)	-	(\$44,683)
<b>Gross Profit</b>	<b>\$24,003</b>	<b>\$ 4,897</b>	-	<b>\$28,900</b>
Other Revenue	\$ 8	\$ 191	-	\$ 199
Operating Expenses	(\$15,400)	(\$ 1,533)	(\$ 2,932)	(\$19,865)
<b>EBITDA</b>	<b>\$ 8,611</b>	<b>\$ 3,555</b>	<b>(\$ 2,932)</b>	<b>\$ 9,234</b>
<i>% EBITDA/Sales</i>	<i>14%</i>	<i>33%</i>		<i>13%</i>

\* Asia Net Sales and Gross Profit for five-month period only






# Financial Results 2008

## Calendar Year 2008 Results (Proforma)



# Banking and Cashflow

## **Debt facilities at 31 December 2008**

-  Commercial advance \$10.0 million (\$1.0m unused)
-  Overdraft facility \$2.0 million (\$1.6m unused)
-  Foreign currency term loan US\$3.4 million
-  Additional funding for Green Cross acquisition via foreign currency term loan extension of US\$2.6 million in March 2009

## **Interest cover in excess of 9 times in CY2008**

## **Net positive operating cashflow of \$2.7 million for half-year period**

-  Positive operating cashflow of \$6.7 million for CY2008

## **Initial dividend paid in December 2008 of \$0.7 million**



# genepharma

## Overview

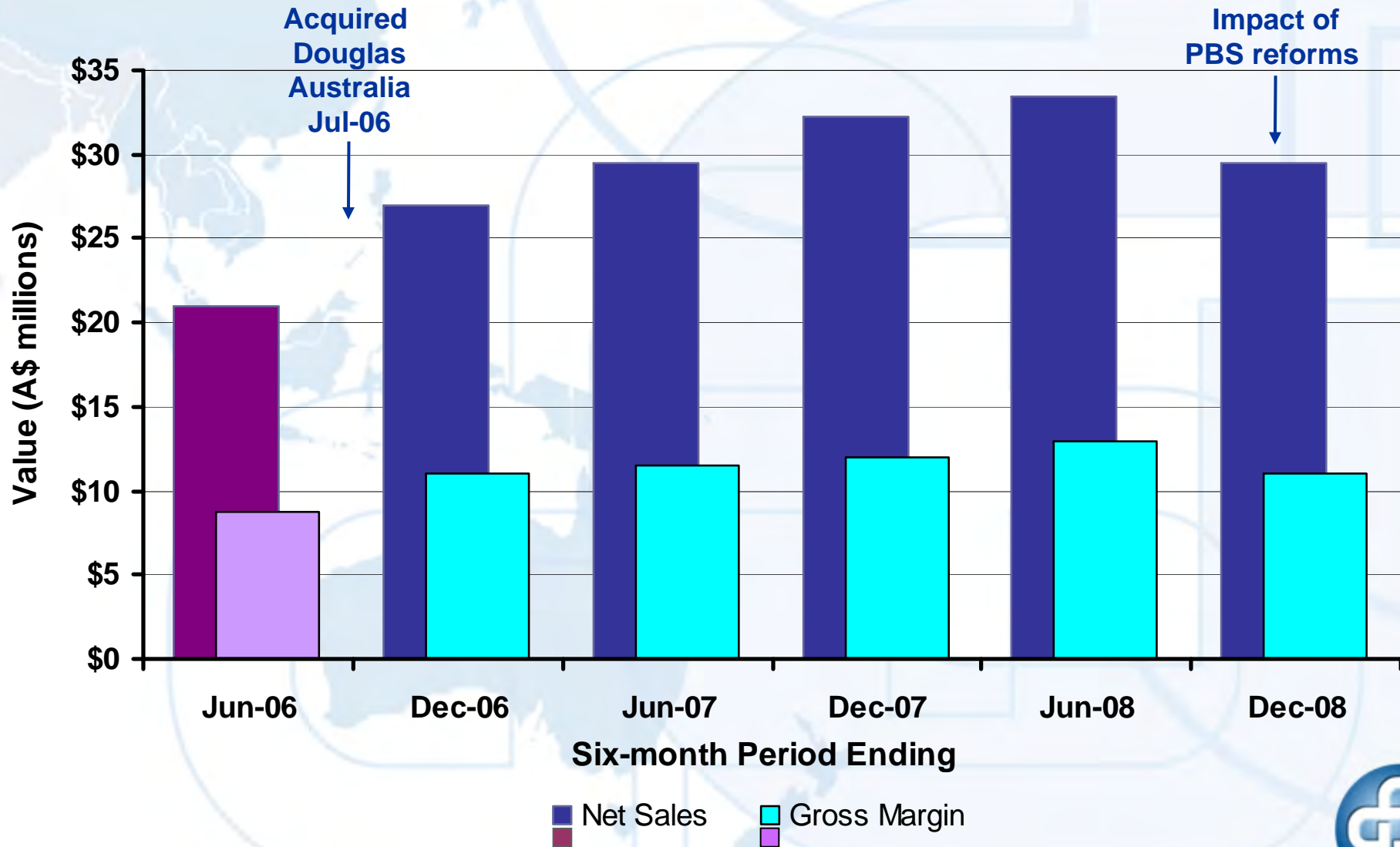


# Genepharma (Australia)

- ⊕ **Genepharma is the operating brand for Company's the Australian business**
- ⊕ **Reported results for the six-month period to 31 December 2008 which include the initial impact of PBS reforms which took effect 1 August 2008:**
  - ⊕ 8% decrease in Net Sales over previous corresponding six-month period
  - ⊕ 6% decrease in EBITDA over previous corresponding six-month period
- ⊕ **Reported results for the full calendar year period to 31 December 2008 against the previous full calendar year period for 2007:**
  - ⊕ 2% increase in Net Sales over previous corresponding full-year period
  - ⊕ 5% increase in EBITDA over previous corresponding full-year period
- ⊕ **Genepharma now has active monthly accounts with around 2,000 pharmacies**
- ⊕ **Genepharma launched a number of new generic drugs during the half-year period including an equal first-to-market generic of the blockbuster PBS drug Risperidone in December 2008**

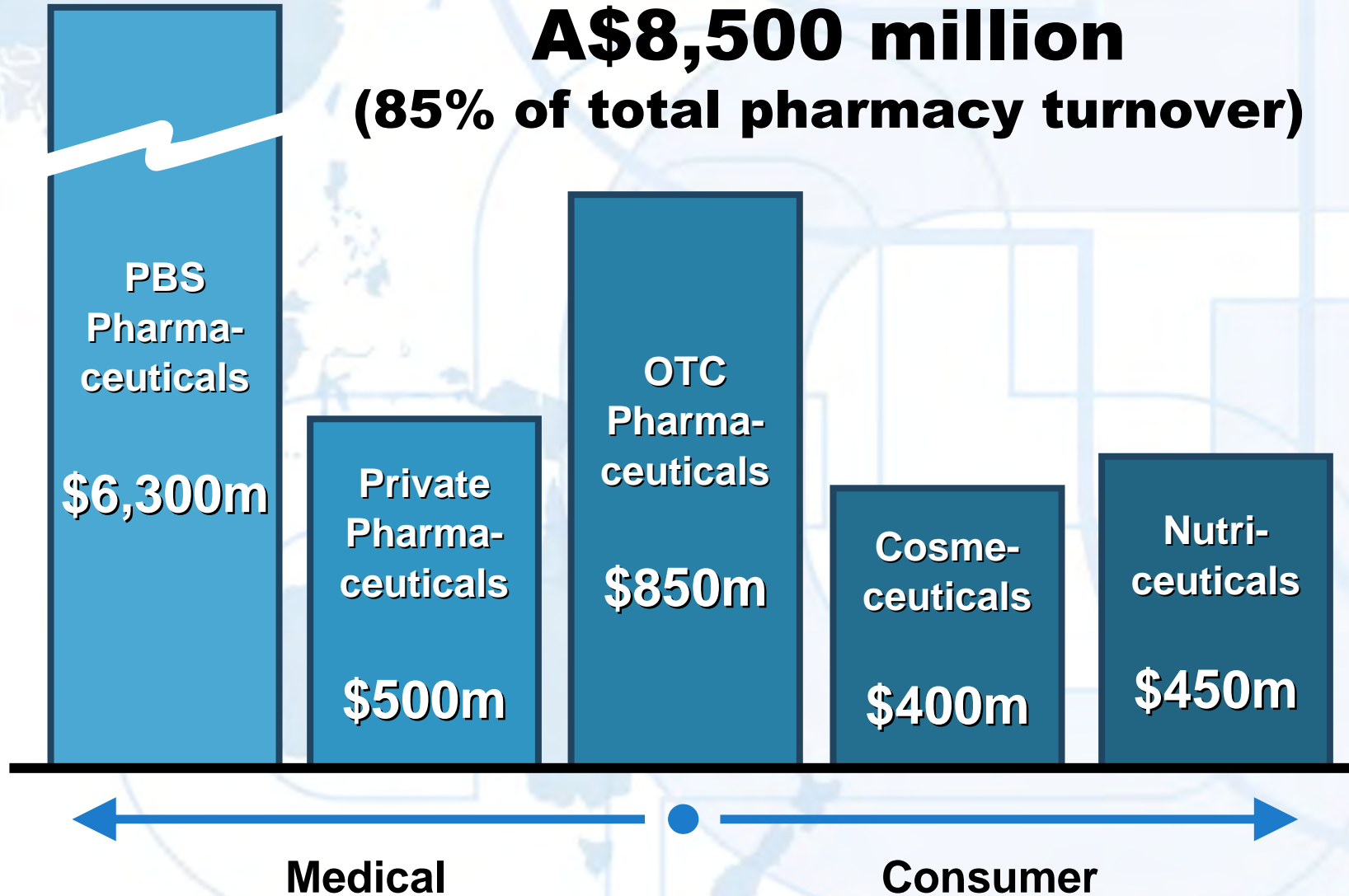


# Australia Sales Growth

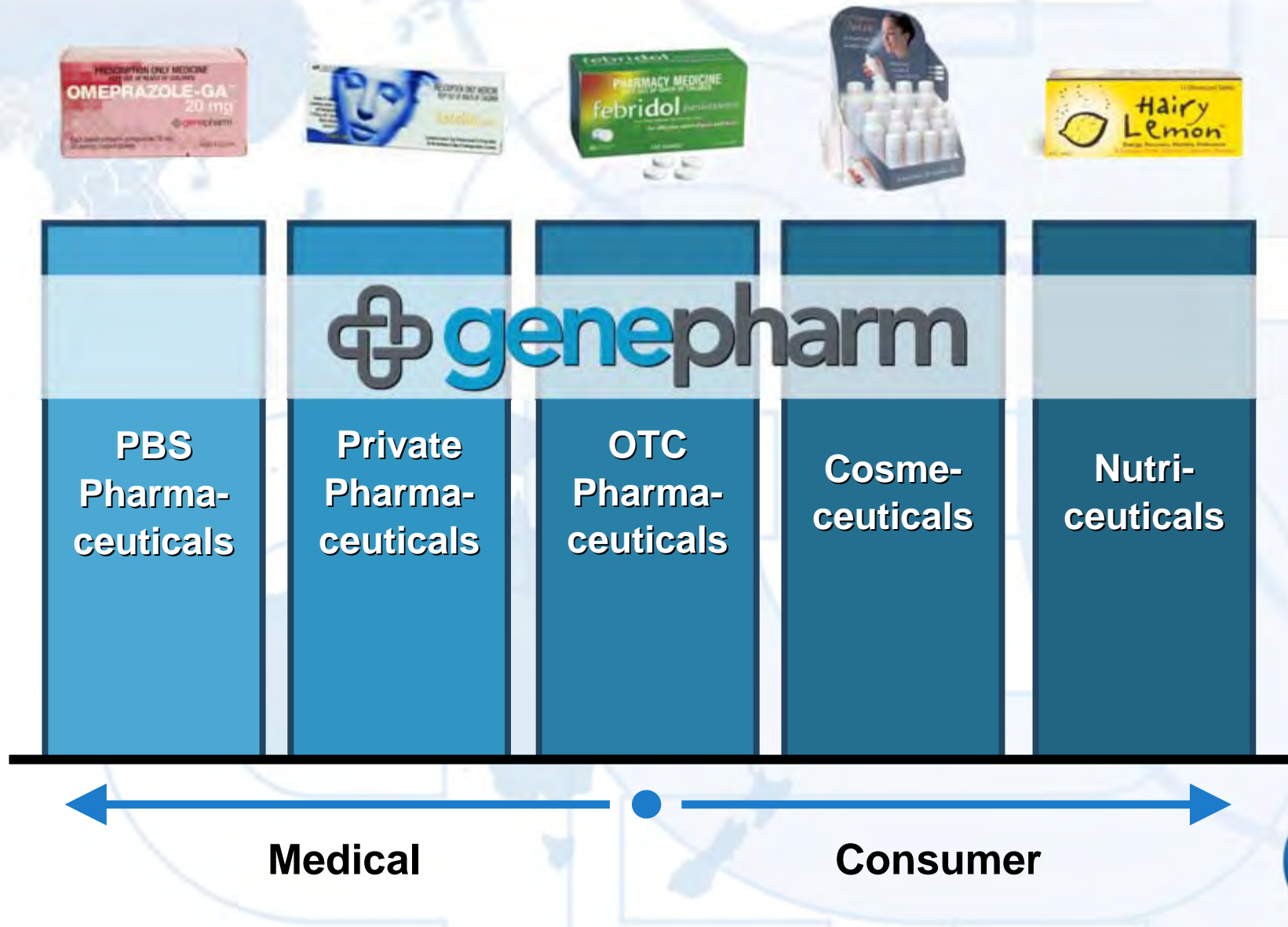


# Australian Pharmacy Offer

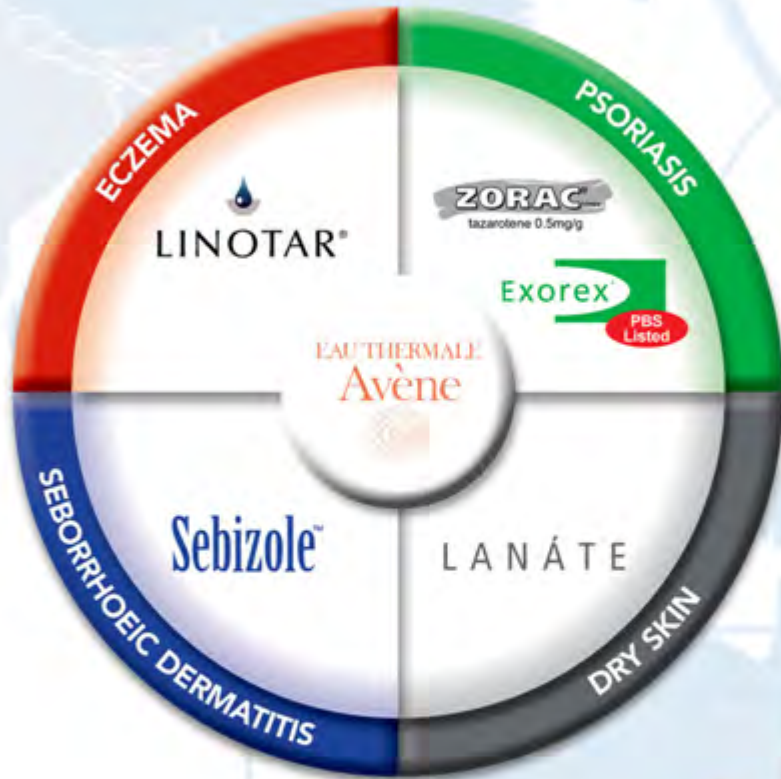
**A\$8,500 million**  
**(85% of total pharmacy turnover)**



# A Diversified Range



# Dermatology Range



# Value Proposition



- ⊕ **98% of all Generic Medicines to pharmacy supplied by 5 companies**
- ⊕ **Full range provides pharmacy with convenience and value**
- ⊕ **Consistent quality assurance and supply**
- ⊕ **Play substantial role in education of pharmacy and substitution management**
- ⊕ **Data reporting and review**

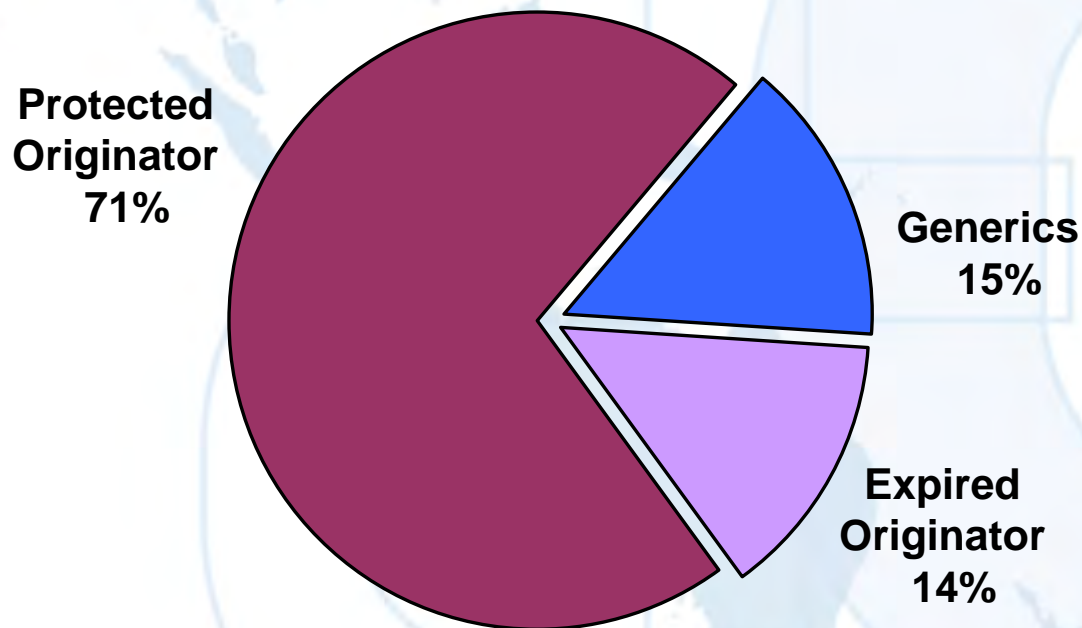


# **Australian Market Outlook**



# Australian Pharma Market

Pharmaceuticals Market, 2008  
A\$7 billion



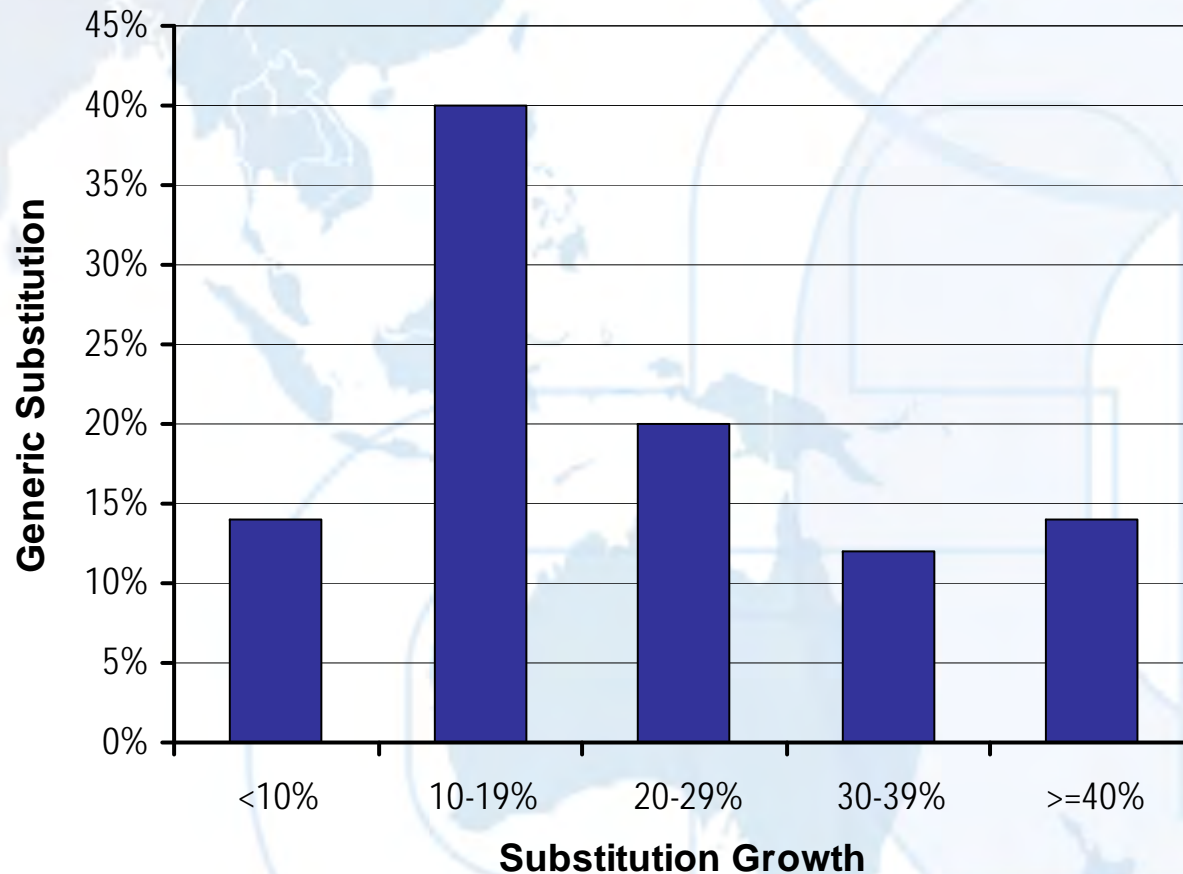
- ⊕ Generics represent over 30% market share by volume
- ⊕ Over 50% of prescriptions for patent expired medicines will have a generic substituted
- ⊕ Simvastatin is estimated to have over 70% substitution



# Australian Generics Market



# Substitution Growth in Australia

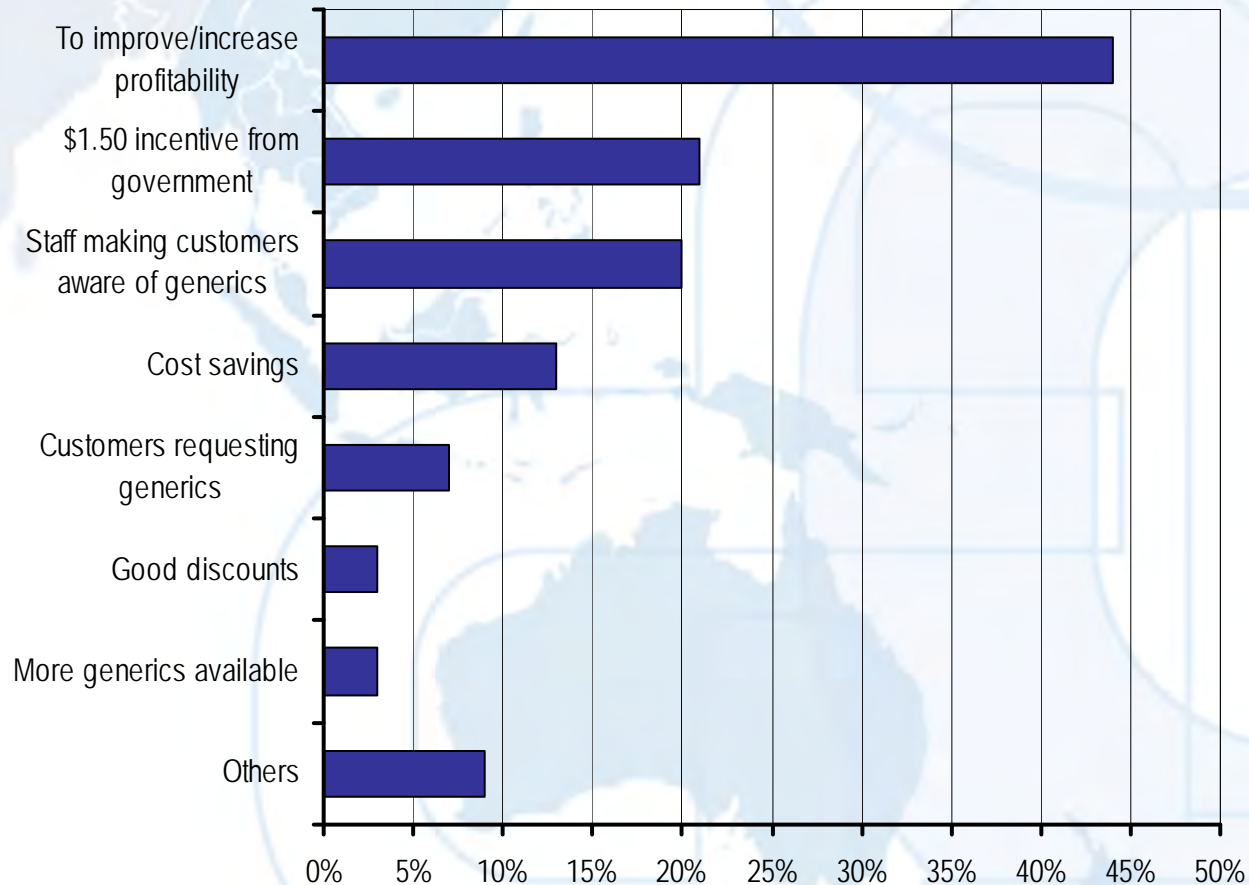


⊕ Generic substitution has risen by approximately 20% as a result of PBS reform with 79% of pharmacists increasing their substitution to some degree.



# Substitution Growth in Australia

## Reasons for substitution growth



⊕ Improving or increasing profitability rather than the government's \$1.50 benchmark price dispensing incentive was the main motivator for the highest proportion of pharmacists (44%)



# PBS Patent Expiries

## 2004

Rank	Drug	Total Cost \$
1	ATORVASTATIN	427,030,219
2	SIMVASTATIN	373,139,090
3	OMEPRAZOLE	208,523,170
4	SALMETEROL and FLUTICASONE	177,374,020
5	OLANZAPINE	149,425,509
6	PRAVASTATIN	128,718,054
7	ESOMEPRAZOLE	118,532,126
8	CLOPIDOGREL	115,058,695
9	ROFECOXIB	109,954,158
10	CELECOXIB	100,216,051
11	PANTOPRAZOLE	100,197,565
12	SERTRALINE	97,907,780
13	ALENDRONATE	96,313,566
14	IRBESARTAN	91,766,427
15	VENLAFAXINE	89,846,713
16	IRBESARTAN with HCTZ	85,458,442
17	INSULIN (HUMAN)	78,251,159
18	RAMIPRIL	73,672,277
19	CITALOPRAM	63,734,632
20	AMLODIPINE BESYLATE	62,874,829
		<b>2,747,994,482</b>

**Top 20** = 46% of PBS  
 = **2% Generic by Value**  
 = **3% Generic by Volume**

**Top 50** = 66% of PBS  
 = **8% Generic by Value**  
 = **14% Generic by Volume**

## 2008

Rank	Drug	Total Cost \$
1	ATORVASTATIN	641,525,185
2	SIMVASTATIN	343,582,567
3	ESOMEPRAZOLE	194,303,857
4	SALMETEROL and FLUTICASONE	182,525,902
5	CLOPIDOGREL	173,226,770
6	OLANZAPINE	159,247,225
7	OMEPRAZOLE	136,901,608
8	VENLAFAXINE	119,902,894
9	PANTOPRAZOLE	106,799,833
10	PRAVASTATIN	102,213,841
11	ALENDRONATE	94,958,638
12	TIOTROPIUM	86,441,011
13	PERINDOPRIL	80,455,421
14	RISPERIDONE	76,539,539
15	IRBESARTAN with HCTZ	74,636,505
16	SERTRALINE HYDROCHLORIDE	69,867,191
17	IRBESARTAN	68,119,307
18	RABEPRAZOLE SODIUM	67,256,949
19	RITUXIMAB	60,911,674
20	RAMIPRIL	57,084,713
		<b>2,896,500,630</b>

**Top 20** = 44% of PBS  
 = **33% Generic by Value**  
 = **40% Generic by Volume**

**Top 50** = 62% of PBS  
 = **36% Generic by Value**  
 = **50% Generic by Volume**



# PBS Patent Expiries

Year	Number of Generic Molecules	PBS Market Value (\$m)
2009	5	\$392
2010	5	\$200
2011	3	\$90
2012	7	\$1,011
2013	10	\$530
2014	4	\$114
2015	4	\$353
<b>Total</b>	<b>38</b>	<b>\$2,690</b>

Notes: List compiles drugs expiring from 2008 top 100 PBS drugs list only  
44 drugs from 2008 top 100 PBS drugs list currently patent expired



# PBS Reforms & Outlook

- ⊕ **PBS Reforms have eroded the net sales value of generics to pharmacy by 15% - 20% on previous year**
- ⊕ **Changes in Pharmacy buying habits have led to consolidated buying with greater compliance**
- ⊕ **Greater focus on generic substitution to receive government benefits and additional profits**
- ⊕ **Genepharma has a strong product pipeline of new generics and replacements for existing supply sources to ensure COGS are low**





# DJIA

## Overview

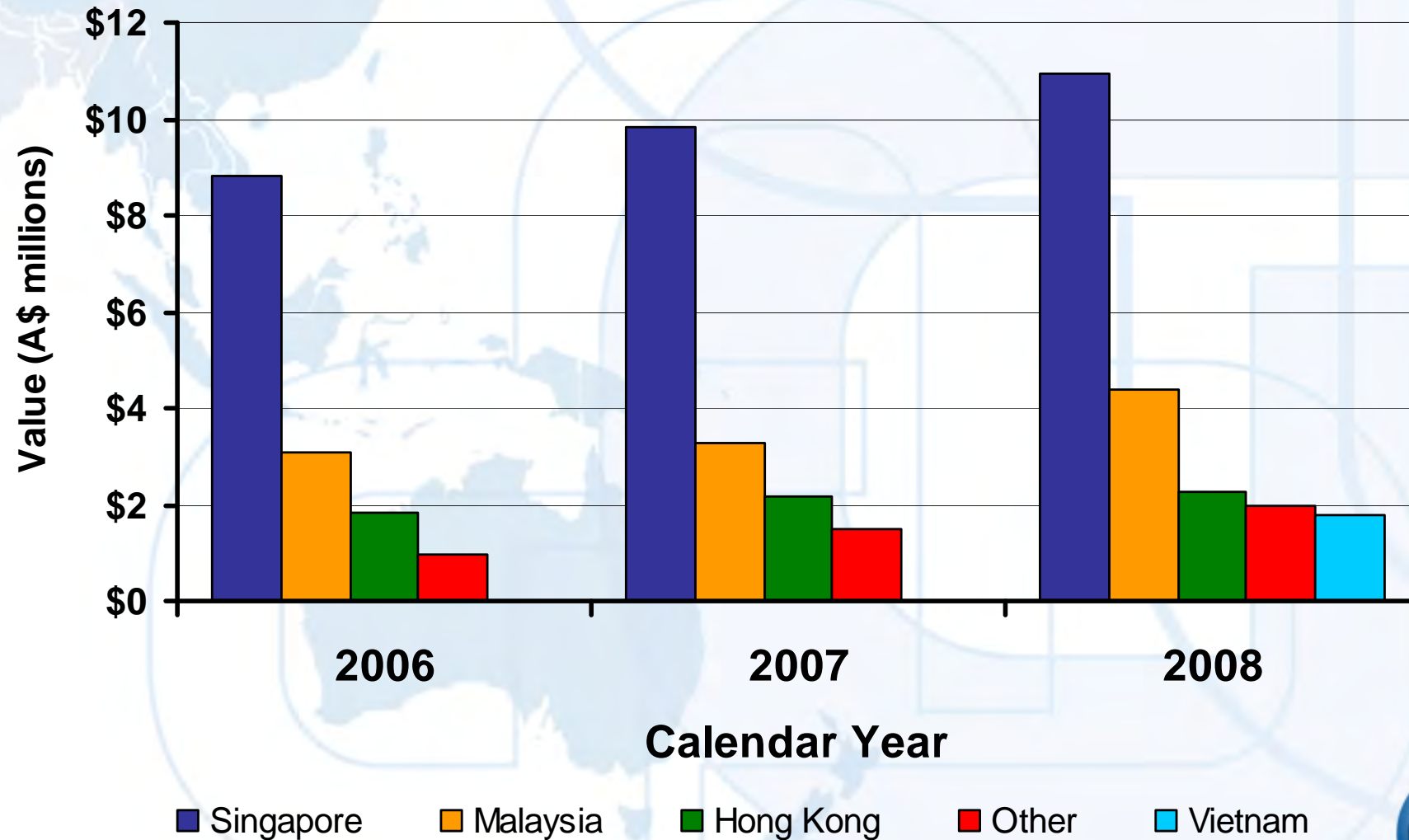


# Drug Houses of Australia (DHA)

- ⊕ **DHA acquired by Ascent 1 August 2008, reported results are for five-month period only**
- ⊕ **Established 1968 – strong Asian market position in 8 countries throughout SE Asia incl. Singapore, Malaysia, Hong Kong & Vietnam**
- ⊕ **Leading local generic manufacturer in Singapore – PICS approved manufacturing facility in Singapore**
- ⊕ **Sales growth of 17% over previous full-year period**
- ⊕ **Sales to Australian suppliers declined for the period due to PBS reforms**
- ⊕ **Acquisition of Green Cross Pharma of Singapore, a leading generic pharmaceutical supplier to Singapore government, completed 1 April 2009.**
- ⊕ **Strong sales & marketing presence and reputation for excellence.**
  - ⊕ **direct to doctors**
  - ⊕ **at pharmacy level**
  - ⊕ **and via government tenders**

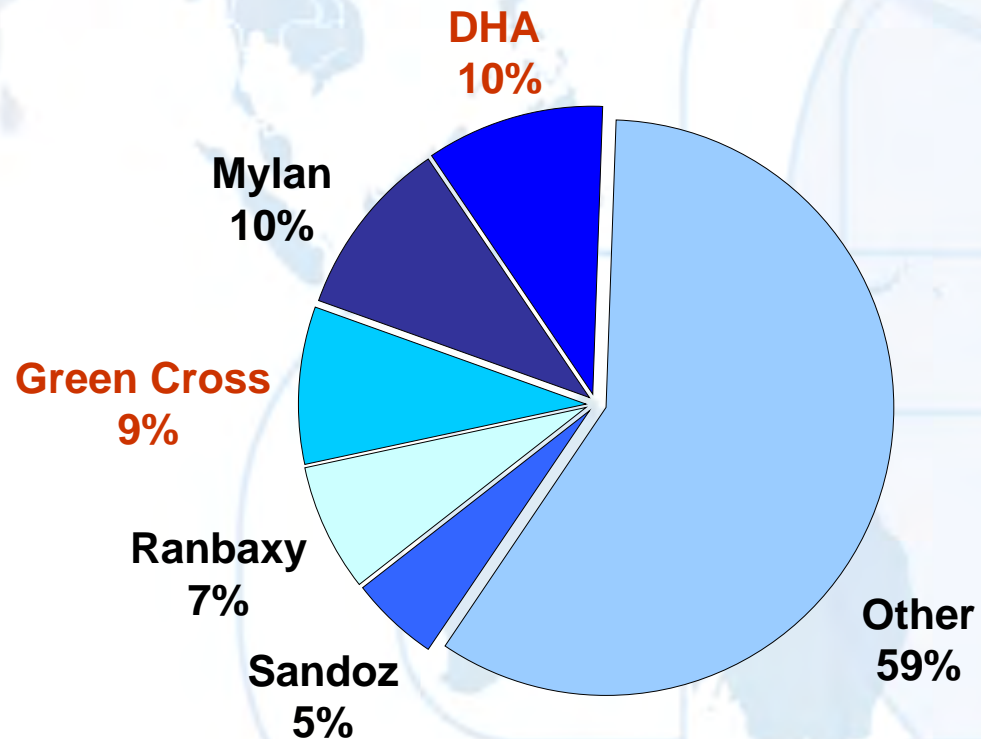


# Asia Sales Growth



# Green Cross Acquisition

## Singapore Market Share (by Value)



⊕ Green Cross acquired for S\$4 million

⊕ Financial Results for CY2008:

⊕ Sales of S\$9.6 million

⊕ EBITDA S\$1.2 million

⊕ Merger will make combined Singaporean business one of Singapore's top 10 pharmaceutical companies



# Company Outlook



# Outlook

- ⊕ **New Australian generic drug launches to continue in 2009**
  - ⊕ **Omeprazole**, new blister format will open bigger market
  - ⊕ **Alendronate with Vitamin D**, launch of an authorised generic of the patent protected combination drug from MSD
  - ⊕ Delay on **Venlafaxine** launch expected in 2009 with Wyeth seeking court injunction against all generics
- ⊕ **New generic drug approvals expected in key Asian markets with a number of leading drugs to be launched in Singapore in 2009**
- ⊕ **Dermorganics, skincare range, to be launched in major pharmacy and retail with Terry White and Priceline in 2009**
- ⊕ **New branded OTC and skincare product launches planned for 2009 in Australia and Asia**



**Questions?**



**Thank you**



# Annual General Meeting 2009





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