

# Annual General Meeting 2010



# Annual General Meeting

## 2010

## CEO Presentation

**Dennis Bastas**  
CEO & Managing Director





**Australia**







**Asia**



# Ascent Pharmahealth Ltd (APH)

## Highlights for financial year ending 31 December 2009:

-  Net sales increased by 43% against the previous corresponding period
-  Profitability improved in a competitive generic pharmaceutical market with an EBITDA-Sales ratio of 13.3%, an increase of 10% on the pcp
-  Completion of Green Cross Pharma acquisition to make DHA the leading generic company in Singapore
-  Partnership with Pfizer Australia to provide exclusive sales programs with the Pfizer Established Products range of branded and generic medicines



# Financial Results – 2009

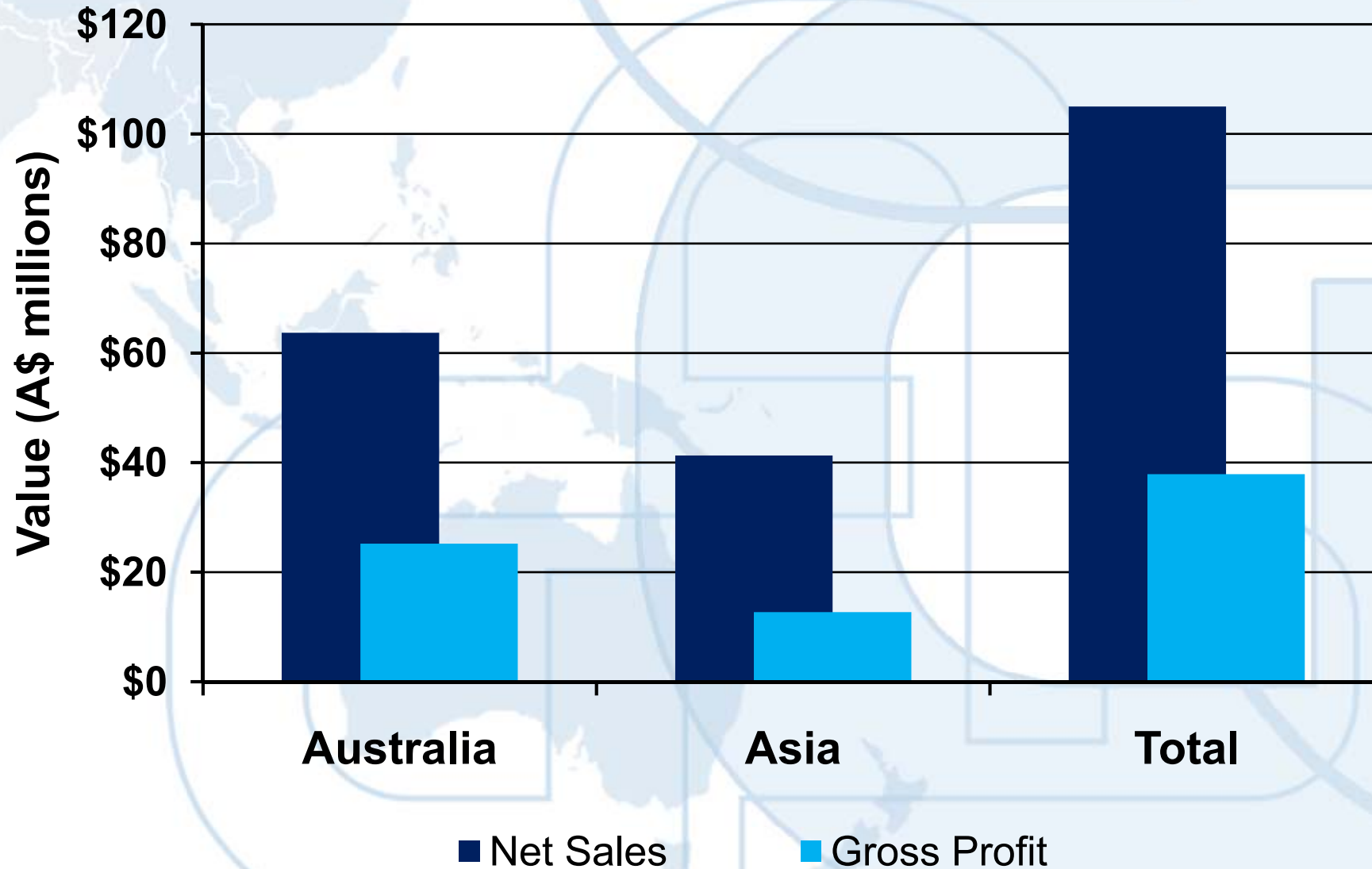
A\$ millions	Reported FY Results 31 Dec 2009	Proforma FY Results 31 Dec 2008 (Unaudited)	Proforma % Growth
<b>Net Sales</b>	<b>\$105.1</b>	<b>\$ 73.6</b>	<b>43%</b>
Cost of Sales	(\$ 67.1)	(\$ 45.0)	
<b>Gross Profit</b>	<b>\$ 37.9</b>	<b>\$ 28.6</b>	<b>33%</b>
Other Revenue	\$ 1.8	\$ 0.2	
Operating Expenses	(\$ 25.7)	(\$ 19.9)	29%
<b>EBITDA</b>	<b>\$ 14.0</b>	<b>\$ 8.9</b>	<b>57%</b>
<i>% EBITDA/Sales</i>	<i>13.3%</i>	<i>12.1%</i>	
Dep'n & Amortisation	(\$ 3.1)	(\$ 2.5)	
<b>EBIT</b>	<b>\$ 10.9</b>	<b>\$ 6.4</b>	<b>70%</b>
Net Interest	(\$ 0.6)	(\$ 0.9)	
Forex loss on Loan	\$ 0.8	(\$ 0.2)	
<b>NPBT</b>	<b>\$ 11.1</b>	<b>\$ 5.3</b>	<b>109%</b>
Tax	(\$ 1.9)	(\$ 0.9)	
<b>NPAT</b>	<b>\$ 9.2</b>	<b>\$ 4.4</b>	<b>109%</b>



# Net Sales Growth



# Sales by Territory



# Financial Results 2009

FY ending 31 December 2009

A\$millions	Australia 2009	Asia 2009	Corporate (Unallocated)	TOTAL 2009
<b>Net Sales</b>	<b>\$63.8</b>	<b>\$41.3</b>	-	<b>\$105.1</b>
Cost of Sales	(\$38.3)	(\$28.8)	-	(\$ 67.1)
<b>Gross Profit</b>	<b>\$25.5</b>	<b>\$12.5</b>	-	<b>\$ 37.9</b>
Other Revenue	\$ 1.5	\$ 0.3	-	\$ 1.8
Operating Expenses	(\$18.2)	(\$ 4.0)	(\$ 3.5)	(\$ 25.7)
<b>EBITDA</b>	<b>\$ 8.8</b>	<b>\$ 8.8</b>	<b>(\$ 3.5)</b>	<b>\$ 14.0</b>
<i>% EBITDA/Sales</i>	<i>14%</i>	<i>21%</i>		<i>13%</i>



# Banking and Cashflow

- ⊕ **Debt facilities at 31 December 2009**
  - ⊕ AUD Term Loan A\$6.0 million
  - ⊕ Commercial Advance A\$3.0 million (\$3.0 million unused)
  - ⊕ Overdraft facility A\$2.0 million (A\$2.0 million unused)
  - ⊕ Foreign currency term loan US\$5.5 million
- ⊕ **Interest cover in excess of 20 times in CY2009**
- ⊕ **Net positive operating cashflow of \$9.8 million for full-year period to 31 December 2009**
  - ⊕ Positive operating cashflow of \$6.7 million for CY2008





# ascent

PHARMACEUTICALS



# Ascent Pharmaceuticals

- ⊕ **Ascent Pharmaceuticals is now the operating brand for the Company's Australian business (previously Genepharma Australia)**
- ⊕ **Results for Australia for the 12-month period to 31 December 2009:**
  - ⊕ Net Sales of \$63.8 million, a 2% increase in Net Sales over the previous corresponding 12-month period
  - ⊕ 8% increase in Gross Profit over pcp
  - ⊕ EBITDA of \$8.8 million, a 9% increase in EBITDA over pcp
- ⊕ **17% Increase in operating expenses was largely due to sales team expansion and increased marketing expenditure in skincare and OTC businesses**



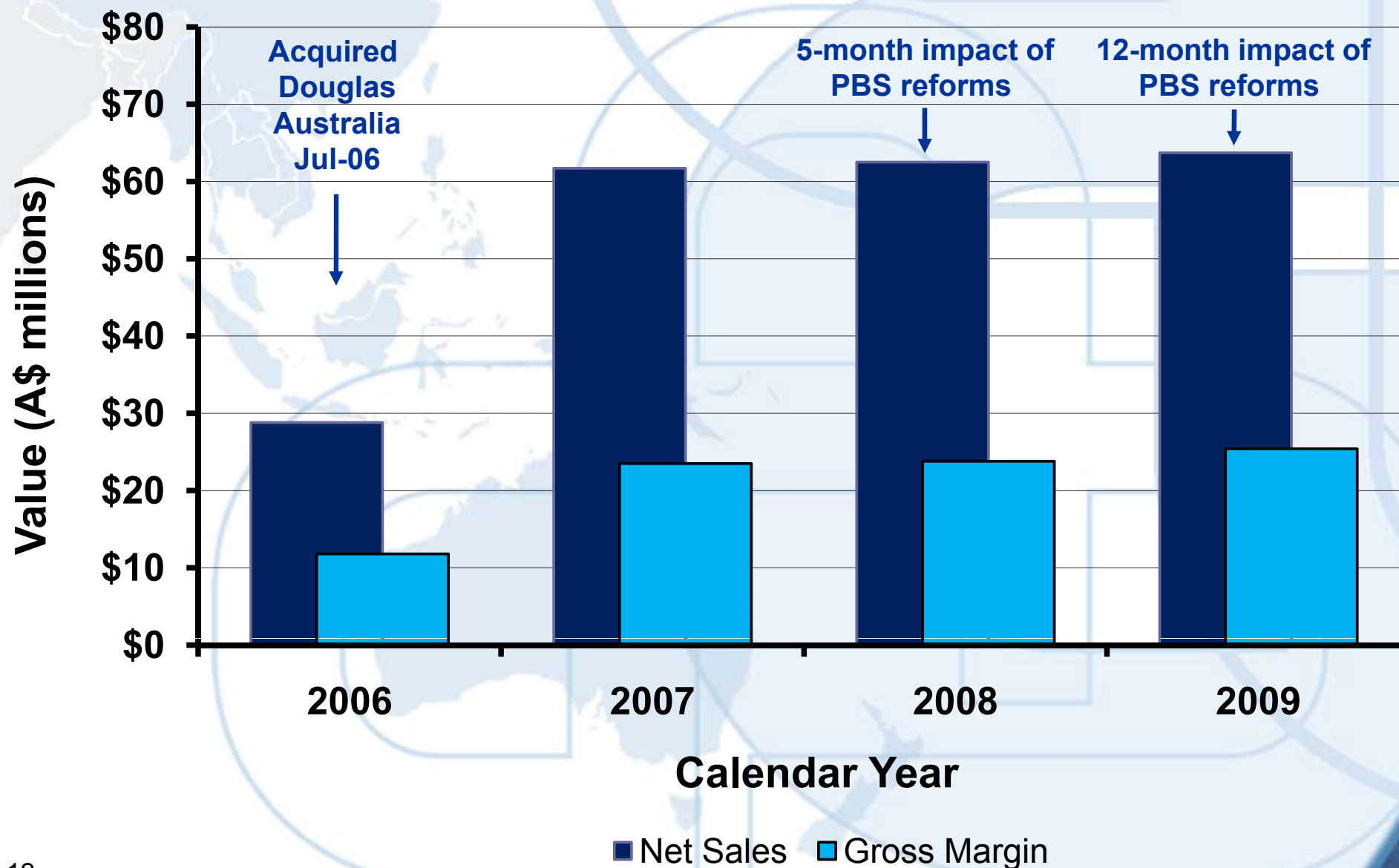
# Australia Results 2009

## Calendar Year 2009 Results

A\$millions	Australia 2009	Australia 2008 (Unaudited)	% Change
<b>Net Sales</b>	<b>\$63.8</b>	<b>\$62.5</b>	<b>+2%</b>
Cost of Sales	(\$38.3)	(\$39.0)	
<b>Gross Profit</b>	<b>\$25.5</b>	<b>\$23.6</b>	<b>+8%</b>
Other Revenue	\$ 1.5	\$ 0	
Operating Expenses	(\$18.2)	(\$15.5)	+17%
<b>EBITDA</b>	<b>\$ 8.8</b>	<b>\$ 8.1</b>	<b>+9%</b>
<i>% EBITDA/Sales</i>	<i>14%</i>	<i>13%</i>	



# Australia Sales Growth



# Pfizer Collaboration

- ⊕ **Ascent will Promote, Sell and Distribute Pfizer's Established Product Range of branded medicines**
  - **46 - Branded "Off-Patent" products**
  - **10 - Licensed generic products**



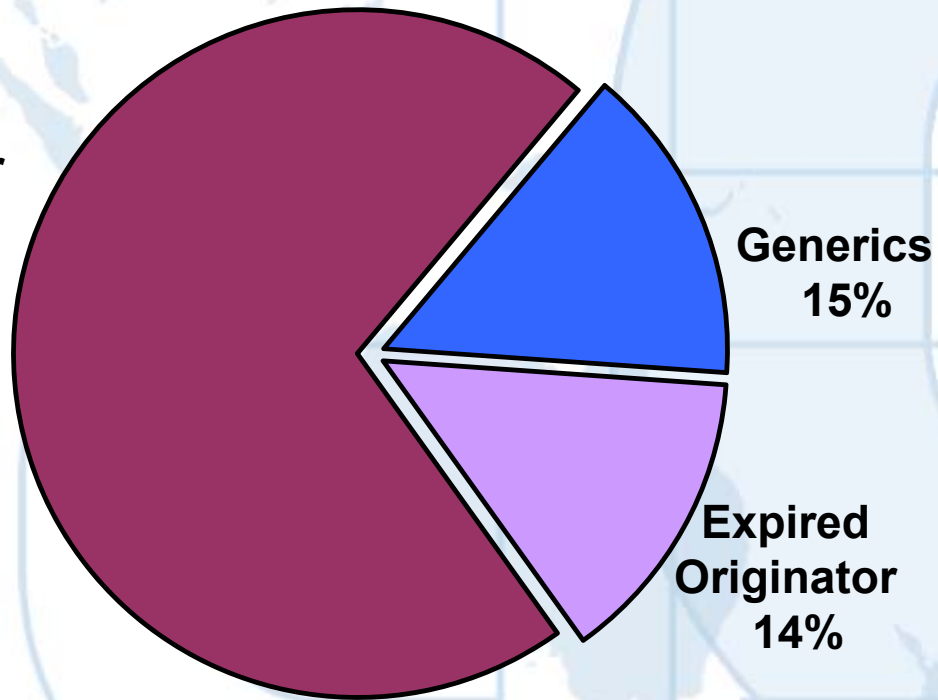
# **Australian Market Outlook**



# Australian Pharma Market

**Pharmaceuticals Market  
A\$7 billion**

**Protected  
Originator  
71%**



⊕ **Generics represent over 30% market share by volume**

⊕ **Over 50% of prescriptions for patent expired medicines will have a generic substituted**

⊕ **Top 5 generics have an estimated substitution of over 65%**



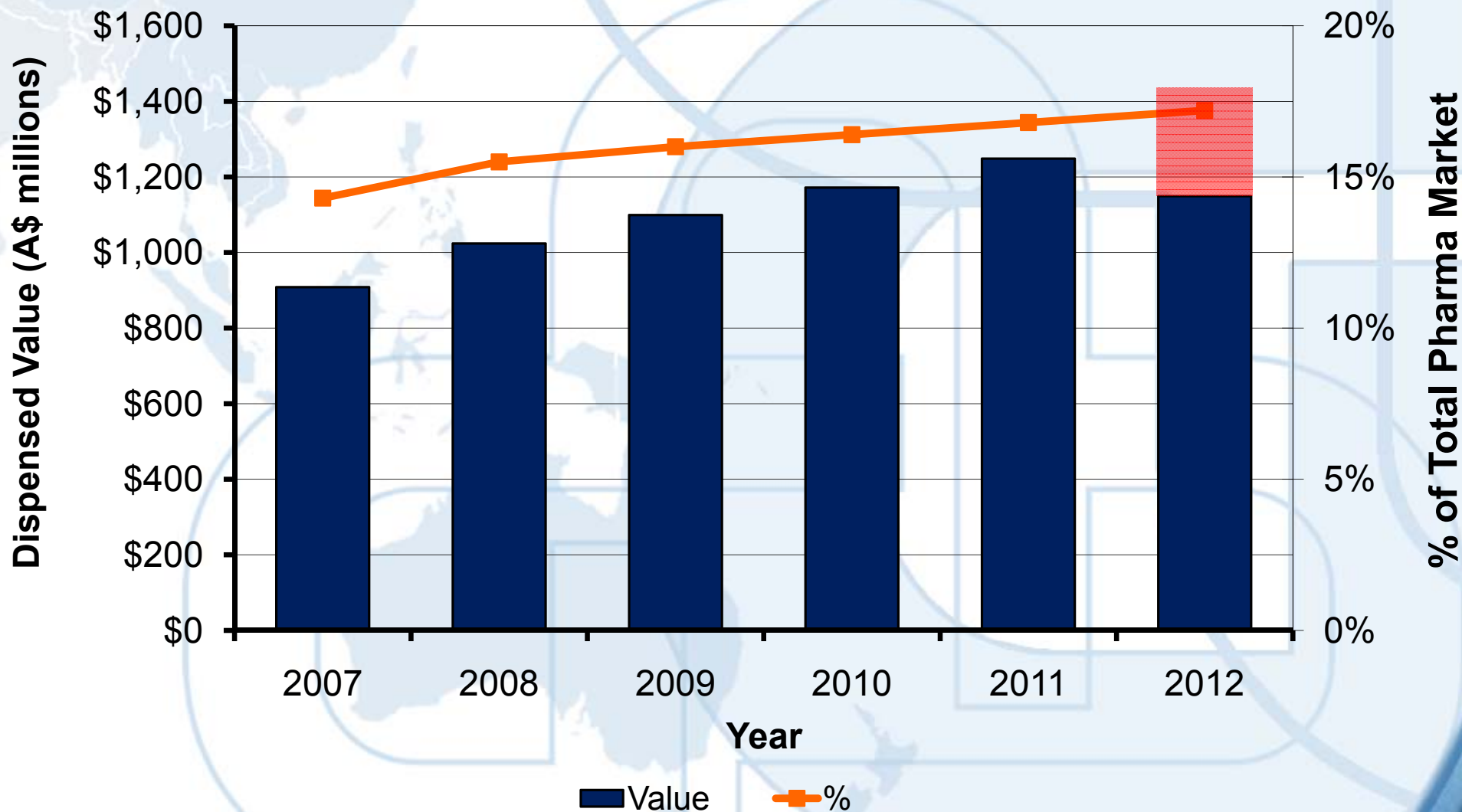
# PBS Patent Expiries



Source: Sigma Pharmaceuticals Annual Report 2010



# Australian Generics Market



Source: Business Monitor International, 2008



# PBS Reforms & Outlook

- ⊕ **New PBS reforms will impact value of generic medicines with increased government cuts announced:**
  - ⊕ 12.5% PBS price cut on generic launch increased to 16%
  - ⊕ PBS price cut of 5% on majority of generics in October 2010
  - ⊕ Mandatory disclosure of F2T range of generic drugs with minimum PBS price cut of 23% in April 2012
- ⊕ **Greater focus on generic substitution by pharmacy to make up lost profit margin**



# DJIA



# Drug Houses of Australia (DHA)

- ⊕ **DHA completed acquisition of Green Cross Pharma business in April 2010. Acquisition makes the DHA business in Singapore the country's biggest generic pharmaceuticals supplier.**
- ⊕ **Results for Asia for the 12-month period to 31 December 2009:**
  - ⊕ 5% increase in Net Sales over previous corresponding 12-month period for Singapore business before inclusion of Green Cross
  - ⊕ 64% increase in Net Sales for Singapore business with inclusion of 9-months of sales for Green Cross business
  - ⊕ 16% increase in Net Sales for the rest of the Asian businesses over previous corresponding 12-month period
- ⊕ **Increase in operating expenses due to sales team expansion in Malaysia and full-year accounting for business**



# Asia Results 2009

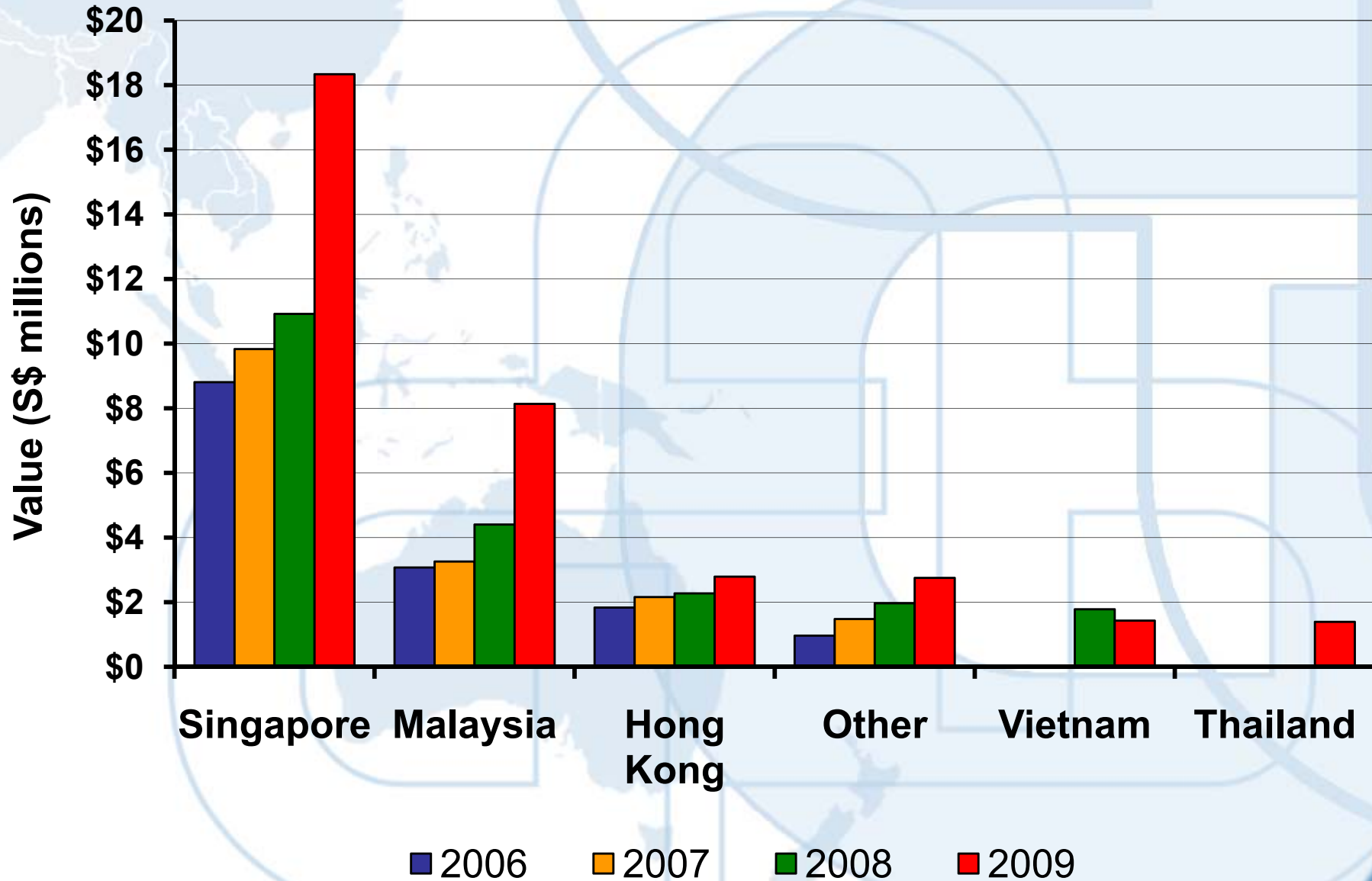
## Calendar Year 2009 Results

A\$millions	Asia 2009	Asia* 2008 (Unaudited)	% Change
<b>Net Sales</b>	<b>\$41.3</b>	<b>\$10.7</b>	<b>+286%</b>
Cost of Sales	(\$28.8)	(\$ 5.9)	
<b>Gross Profit</b>	<b>\$12.5</b>	<b>\$ 4.9</b>	<b>+156%</b>
Other Revenue	\$ 0.3	\$ 0.2	
Operating Expenses	(\$ 4.0)	(\$ 1.5)	+166%
<b>EBITDA</b>	<b>\$ 8.8</b>	<b>\$ 3.6</b>	<b>+144%</b>
<i>% EBITDA/Sales</i>	<i>21%</i>	<i>33%</i>	

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



# Asia Sales Growth



# Company Outlook



# New Products

- ⊕ **New Australian generic drug launches to continue in 2010**
  - ⊕ Launch of 8 new generic drugs for leading PBS medicines
  - ⊕ Launch of 10 new generics licensed from Pfizer
- ⊕ **New generic drug approvals expected in key Asian markets with a number of leading drugs to be launched in Singapore and Malaysia in 2010**



# IP Development

- ⊕ **Dedicated IP development team at Strides - 48 new products to 2013**
- ⊕ **Strides manufacturing creates cost benchmark and alternate site for uncompetitive supply**
- ⊕ **Other IP partner developments with flexible manufacturing contract and IP ownership to Ascent**



# Future Challenges

- ⊕ **Competition continues to be aggressive**
  - ⊕ Pricing discounts
  - ⊕ Short range competitors focus on low pricing
- ⊕ **New off-shore generic entrants**
- ⊕ **Consolidation of Pharmacy buying**
  - ⊕ Fewer customers
  - ⊕ Stronger buying power
- ⊕ **Uncertainty over the future of wholesalers**



**Questions?**





Ascent Pharmahealth Limited  
APH:AX

151-153 Clarendon Street  
South Melbourne  
Victoria 3205 Australia

Tel: +61 3 8677 6660  
Fax: +61 3 8677 6666

Web: [www.ascentpharmahealth.com](http://www.ascentpharmahealth.com)

