

UNITED DRUG
International Healthcare Services



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United Drug | International Healthcare Services

- ❑ International provider of services to healthcare manufacturers and pharmaceutical retailers
- ❑ Strong positions in wholesale and pre-wholesale business with strong cash generation – UK and Ireland
- ❑ Range of services to meet healthcare manufacturers growing outsourcing requirements:
 - Medical & Scientific
 - Contract Sales & Marketing
 - Contract Packaging
 - Speciality Distribution
 - Homecare

in Europe and US

- ❑ Annual turnover over €1.65 billion
- ❑ Over 4,500 employees

TRADING HIGHLIGHTS

- ❑ Strengthened wholesale positions
- ❑ Reduced consumer and government spending impacting on consumer products and Medical & Scientific businesses
- ❑ Strong performance in Contract Sales & Marketing
- ❑ Delays in customer decision making impacting on packaging business
- ❑ Revised divisional structure to improve offering and drive efficiencies on track to deliver €7-8 million annualised savings
- ❑ Fall in value of sterling reduces reported revenues and profits

2009 H1 Financial Review

	2009	2008	% Inc / (Dec)	Constant Currency % Inc / (Dec)
	€mn	€mn		
Revenue	850.9	845.1	1	6
EBITDA*	41.9	41.8	-	7
EBIT**	35.0	36.6	(4)	5
PBT**	30.0	33.3	(10)	-
EPS** (cent)	10.63	12.13	(13)	(3)
Dividend per share	2.23	2.23	-	-

*before exceptional item

**before exceptional item and intangible amortisation

2009 H1 Financial Review

	2009 €mn	2008 €mn	% Inc / (Dec)	Constant Currency % Inc / (Dec)
Revenue				
HSC	717.5	756.4	(5.1)	(1.2)
CSMS	76.7	56.5	35.8	56.9
P&S	56.7	32.2	75.7	74.3
	<u>850.9</u>	<u>845.1</u>	<u>0.7</u>	<u>5.6</u>
EBIT*				
HSC	26.6	27.7	(4.0)	3.3
CSMS	6.9	5.2	31.1	51.6
P&S	2.4	4.3	(43.0)	(39.5)
	<u>35.9</u>	<u>37.2</u>	<u>(3.6)</u>	<u>5.2</u>
Stock option expense	(0.9)	(0.6)		
	<u>35.0</u>	<u>36.6</u>	<u>(4.3)</u>	<u>4.7</u>

HSC Healthcare Supply Chain
 CSMS Contract Sales & Marketing Services
 P&S Packaging & Speciality

*before amortisation and exceptional item

2009 H1 Financial Review

Balance Sheet

	31.3.09	30.9.08	31.3.08
	€mn	€mn	€mn
Net Debt	209.0	159.1	82.7
Interest Cover (times)			
EBITA	7.0	10.2	11.0
EBITDA	8.3	11.5	12.6
Net Debt/EBITDA (times)	2.24	1.65	0.99

Debt: €200mn bank facilities; \$100mn private placement.
First maturity (\$40mn) mid 2011

Acquisition History

Year of acquisition	Investment €mn	% return after 3 years	% return after 5 years
2000	20.0	12%	20%
2002	24.1	15%	23%
2002/3	15.8	23%	20%
2005	15.8	14%	-
2005	11.7	14%	-
2005	3.7	5%	
	<u>91.1</u>		

Note: % Return is EBIT/Initial Investment

Healthcare Supply Chain

Logistics based services for healthcare manufacturers and retail pharmacies in Ireland and UK

- ❑ Market leader in wholesale ROI and NI
- ❑ Market leader in pre-wholesale UK and Ireland
- ❑ Major medical equipment and device sales, distribution and technical support outsourced provider in UK and Ireland. Value added sales and after technical support attract higher margins
- ❑ Major manufacturer and distributor of specials medicines in UK

H1 2009	Revenue €mn	EBIT €mn	Drivers
Wholesale	507.2	12.5	Volume ↑ price ↓
Pre-Wholesale	153.9	5.5	Volume ↓ cost -
Medical & Scientific	40.7	5.0	Volume ↓ cost -
Specials	15.6	3.6	Volume ↑
	<u>717.5</u>	<u>26.6</u>	

2009 H1 Financial Analysis

HSC

	H1 '08	Organic	Acquisitions	Currency	H1 '09
	€mn	€mn	€mn	€mn	€mn
Revenue	756.4	(16.5)	7.3	(29.7)	717.5
<i>% Inc / (Dec)</i>		(2.2)	1.0	(3.9)	(5.1)
EBIT	27.7	(1.4)	2.3	(2.0)	26.6
<i>% Inc / (Dec)</i>		(5.1)	8.3	(7.2)	(4.0)
EBIT Margin	3.66%				3.70%

- ❑ Wholesale revenues impacted by slower market growth, price reductions and DTP
- ❑ Consumer product revenues down on lower consumer spending
- ❑ Medical & Scientific revenues down on lower capital equipment spend and agency loss
- ❑ Strong performance from specials business, including TSL acquisition

Contract Sales & Marketing Services

Provide flexibility for Pharma sales and marketing efforts

- ❑ Market leader in contract sales in UK and Ireland (sales force > 1,000) built on flexibility and quality recruitment, training and administration
- ❑ Emerging US contract sales business
- ❑ Value added sales solutions through sales force effectiveness and training support
- ❑ Developing international marketing service complement sales offering

H1 2009 By Geography	Revenue €mn	EBIT €mn	Drivers
UK	65.1	5.5	
US	7.6	0.7	Outsourcing ↑
Irl.	4.0	0.7	
	<u>76.7</u>	<u>6.9</u>	

2009 H1 Financial Analysis

CSMS

	H1 '08	Organic	Acquisitions	Currency	H1 '09
	€mn	€mn	€mn	€mn	€mn
Revenue	56.5	9.9	22.1	(11.8)	76.7
<i>% Inc / (Dec)</i>		17.5	39.1	(20.9)	35.8
EBIT	5.2	1.6	1.1	(1.0)	6.9
<i>% Inc / (Dec)</i>		30.3	21.1	(20.4)	31.1
EBIT Margin %	9.26%				8.95%

- ❑ Strong growth in core CSO business in UK, US and Ireland
- ❑ Good performance from merged UniversalProcon in UK and US
- ❑ Growth in US business

Packaging & Speciality

- ❑ Leading international Pharma packaging outsourced provider in US and Europe. Provide manufacturers with alternative to investing in high fixed cost, non-core, activity
- ❑ Major UK vaccine supply chain solutions provider for manufacturers, payors and patients
- ❑ Developing homecare business in UK and Ireland

H1 2009 By Geography	Revenue €mn	EBIT €mn	Drivers
US	28.9	0.6	Volume ↓ Fixed costs
UK	13.8	0.9	Volume ↓ Fixed costs
C. Europe	13.9	1.0	Volume -
	<u>56.7</u>	<u>2.4</u>	

2009 H1 Financial Analysis

P&S

	H1 '08	Organic	Acquisitions	Currency	H1 '09
	€mn	€mn	€mn	€mn	€mn
Revenue	32.2	(4.9)	28.9	0.5	56.7
<i>% Inc / (Dec)</i>		(15.2)	89.7	1.3	75.5
EBIT	4.3	(2.3)	0.6	(0.2)	2.4
<i>% Inc / (Dec)</i>		(52.3)	12.9	(3.6)	(43.0)
EBIT Margin %	13.28%				4.30%

- ❑ Contract delays resulting in poor performance from US packaging acquisition
- ❑ Key client restructuring impacting UK packaging business
- ❑ Excess capacity driving down margins in packaging
- ❑ Good progress in speciality business but sales mix hits margin

Business Risks And Opportunities

Risks

- Government intervention on prices/margins or changes in spending
- M&A activity amongst outsourcing clients
- Contract cancellations or delays in outsourcing businesses
- FX movements

Opportunities

- Strong position in defensive, cash generative, wholesale and pre-wholesale
- Increasing outsourcing trends amongst healthcare manufacturers.
- Restructuring driving efficiencies
- M&A opportunities in fragmented key strategic areas
- Balance sheet

Summary

- ❑ Strong positions in defensive wholesale and pre-wholesale markets
- ❑ Positioned to benefit from increased outsourcing trend
- ❑ Continued diversification by geography and business sector
- ❑ Infrastructure and Balance Sheet to support growth objectives

Appendices

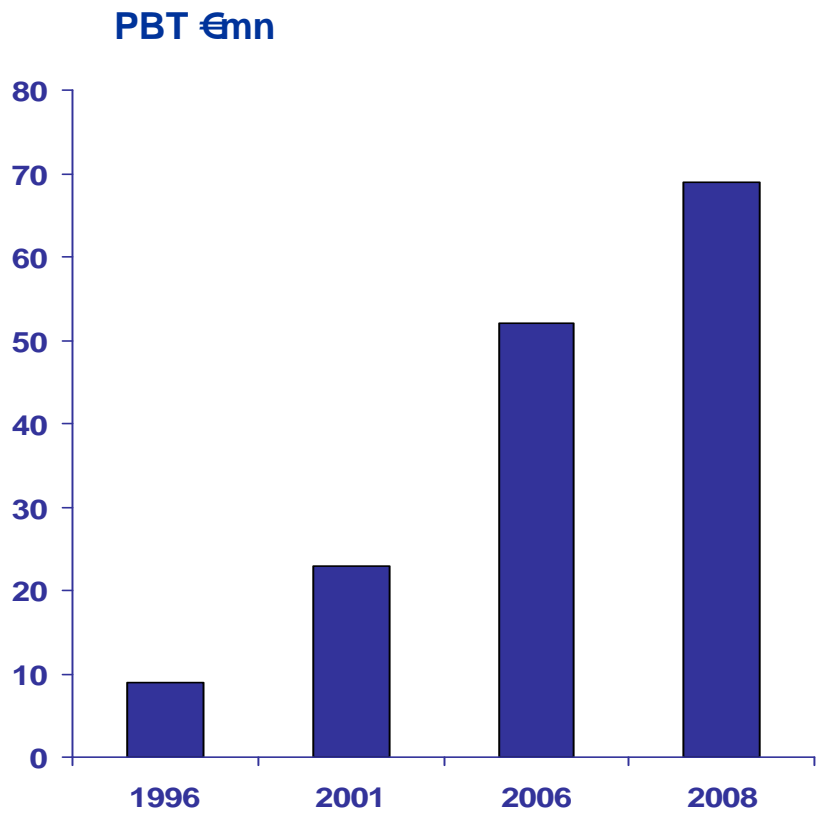
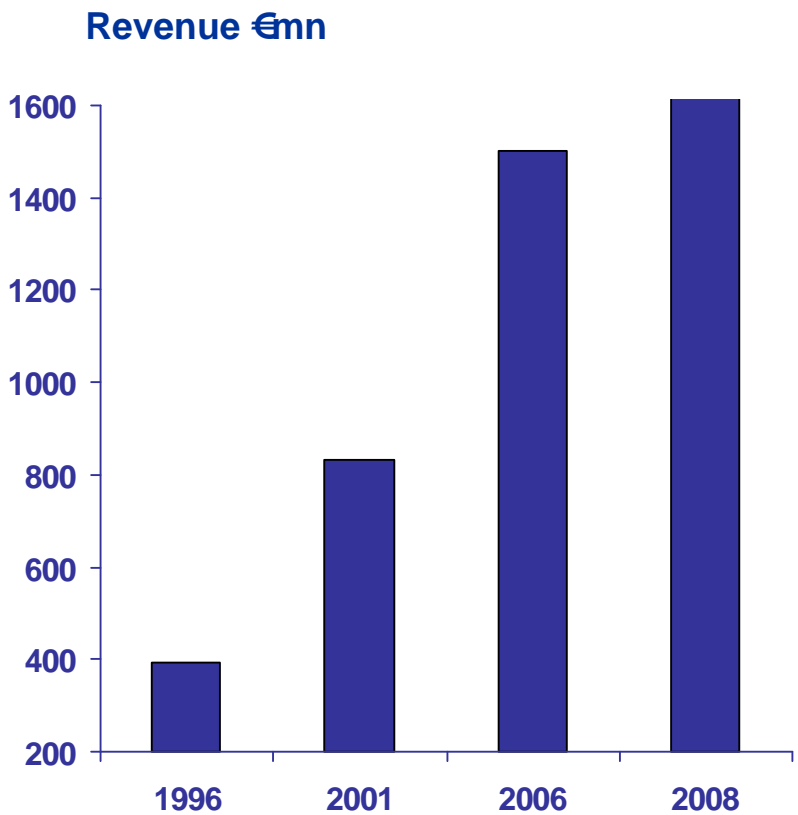


New Division Structure

RESTATEMENT OF H1 '08

H1 '08		NEW DIVISION STRUCTURE		
Revenue		HSC	CSMS	P&S
	€mn	€mn	€mn	€mn
	€mn			
PW	512.8	512.8	-	-
SCS	223.6	191.4	-	32.2
M&S	52.2	52.2		
CSMS	56.5		56.5	-
		<u>756.4</u>	<u>56.5</u>	<u>32.2</u>
EBIT				
	€mn			
PW	14.7	14.7	-	-
SCS	10.1	5.8	-	4.3
M&S	7.2	7.2	-	-
CSMS	5.2	-	5.2	-
	<u>37.2</u>	<u>27.7</u>	<u>5.2</u>	<u>4.3</u>

Delivering Consistently Superior Returns



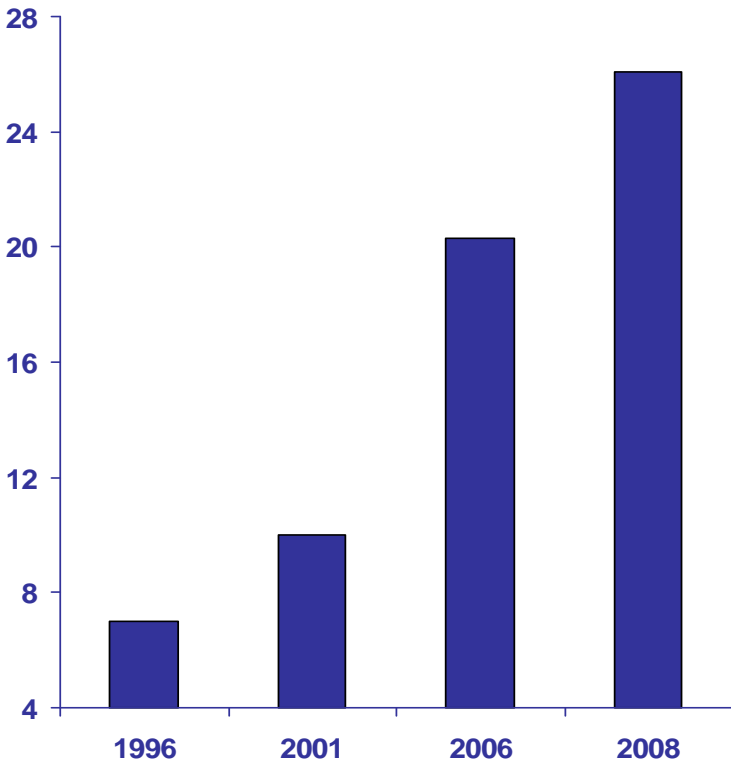
REVENUE CAGR %			
5 year	8%	15 year	20%
10 year	13%	20 year	19%

PBT CAGR %			
5 year	15%	15 year	20%
10 year	19%	20 year	20%

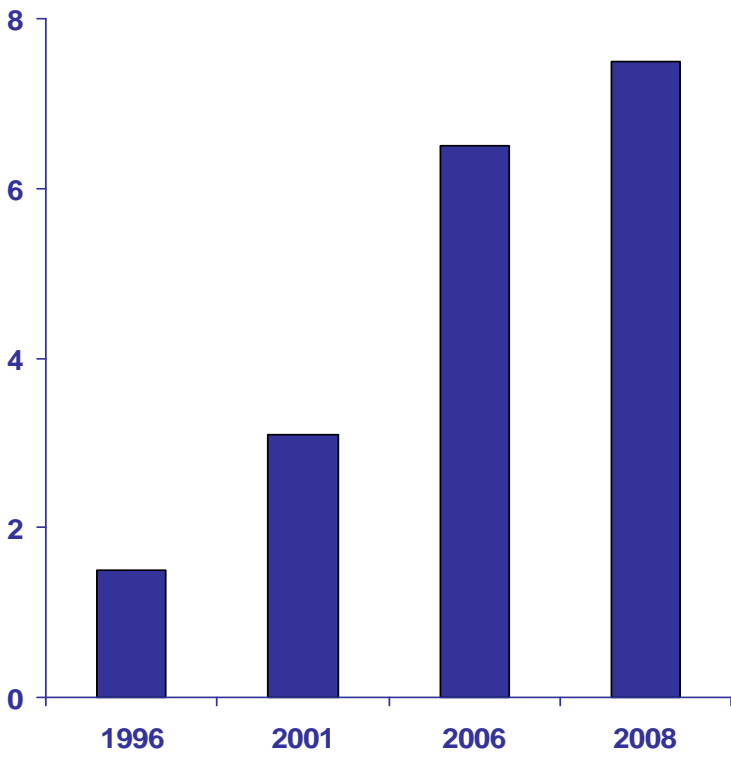
Consistent high growth over 5, 10, 15 or 20-year timeframe

Delivering Consistently Superior Returns

Diluted EPS (cent)



Dividend Per Share (cent)



FD EPS | CAGR %

5 year	14%	15 year	14%
10 year	17%	20 year	14%

DPS | CAGR %

5 year	14%	15 year	13%
10 year	15%	20 year	12%

Consistent high growth over 5, 10 or 20-year timeframe