



adcock ingram

INVESTOR PRESENTATION



Group Financial Results

for the year ended 30 September 2010

www.adcock.com

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AT A GLANCE

120 Ways to Add Value to Life



adcock ingram



Group Financial Results

For the year ended 30 September 2010

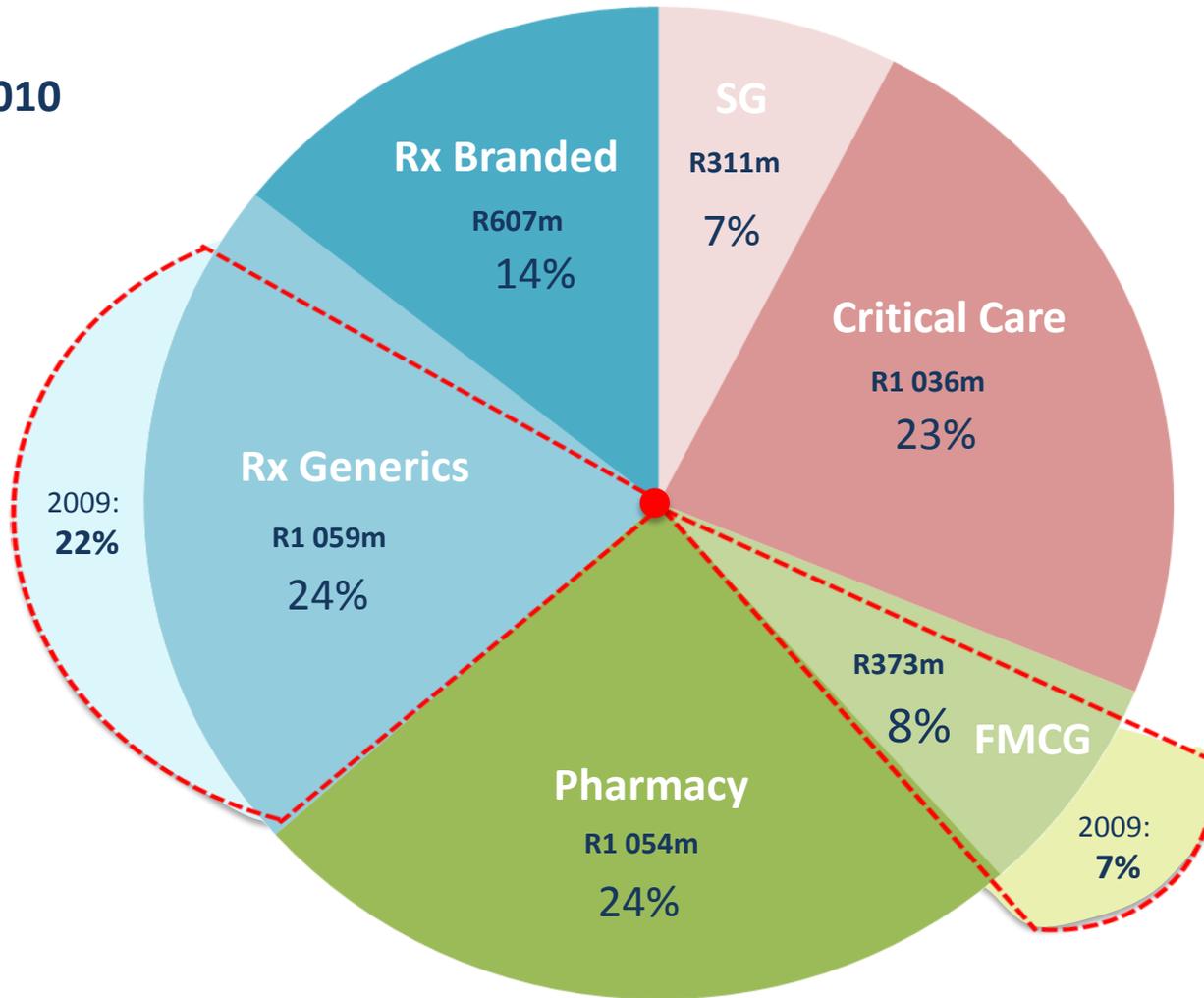
Turnover		10.9% to R4.4 billion
PBIT & Abnormal*		14.9% to R1.2 billion
Normalised** HEPS		15.2% to 518.2 cents
Cash on hand		R1.4 billion
Dividend per share		27.5% to 102 cents

**Abnormal item R269 million - BBBEE Transaction*

*** Adjusted for abnormal item*

Revenue by Division

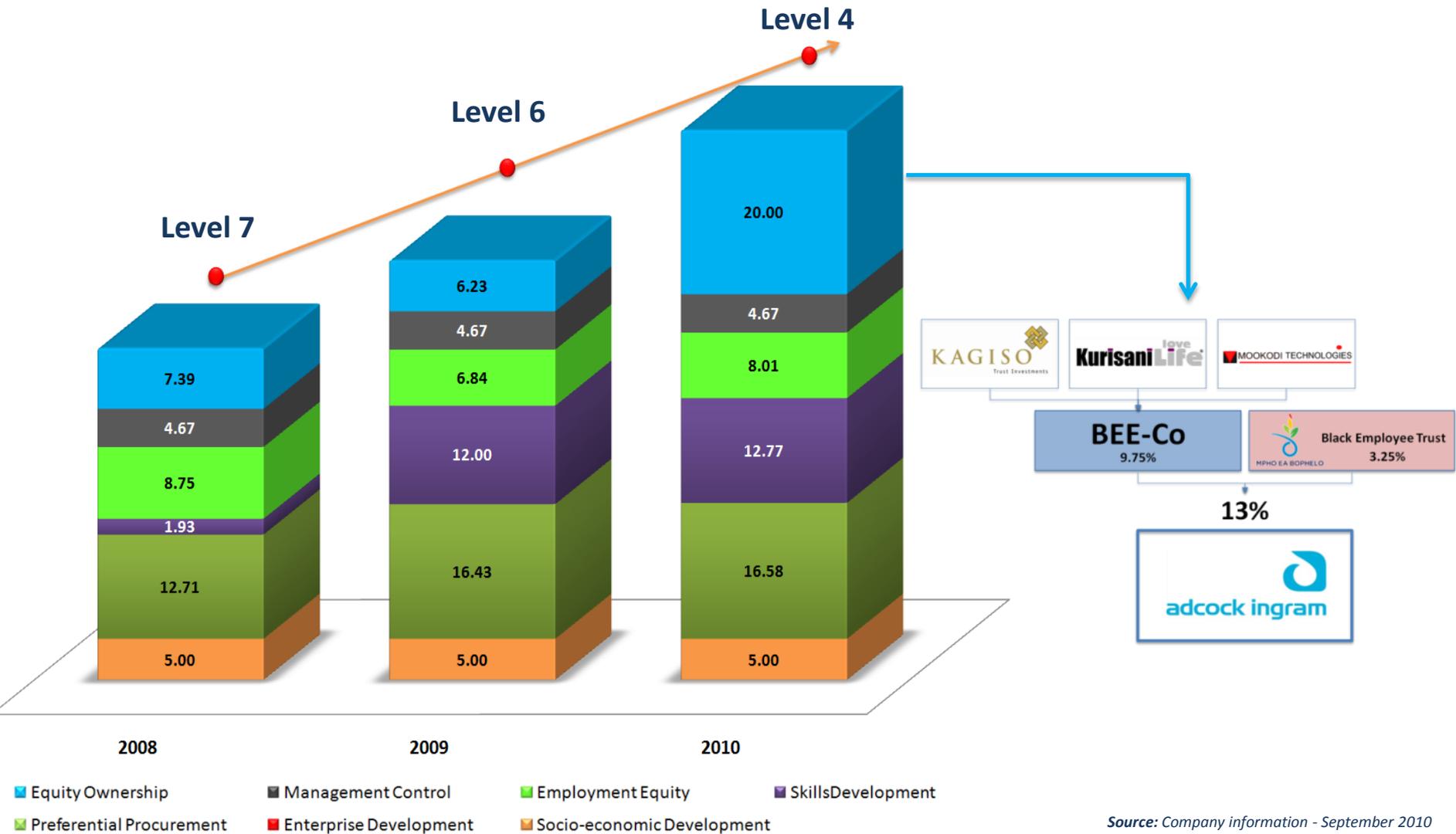
September 2010



Source: Company Information - September 2010

- In February 2010 Baxter announced its intention to invoke the Call Option
- Parties agreed to arbitration to resolve the independent valuation dispute
- Subsequently, without going to arbitration, Baxter decided NOT to proceed with its Call Option and the agreement was cancelled
- Adcock Ingram has a 15-year licence agreement with Baxter
- Adcock Ingram Critical Care will remain within Adcock Ingram
- This gives certainty to the business and cements an ongoing partnership with Baxter

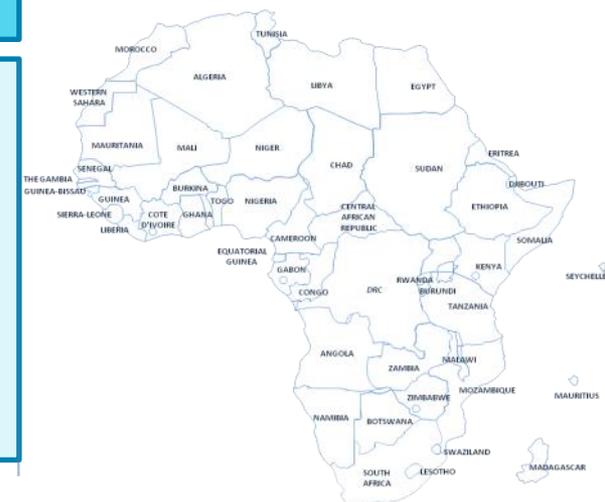
Critical Care certainty and positioned for further growth and efficiencies



Source: Company information - September 2010

Product Pipeline for rest of Africa: 2011 - 2015

Current Registrations	183
Registrations anticipated in 2011	59
Projected Registrations by 2015	500



1. Collaboration with MSD adds to the above product mix
2. Distribution agreement with Leo Pharma during 2010 adds a Dermatology range of products for Adcock Ingram East Africa

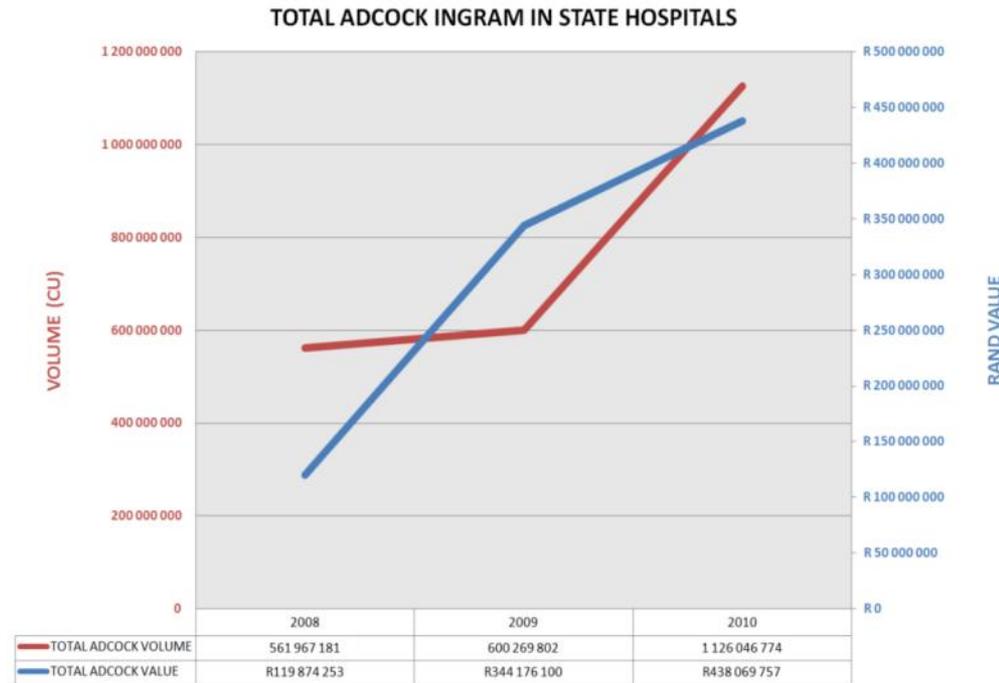
CAPEX Programme

CAPITAL EXPENDITURE R'm

	F2009	F2010	F2011	F2012	F2013	F2014	F2015	TOTAL CAPEX
Aeroton	50.1	127.5	99.2	20.0	16.1	10.6	20.2	343.7
Bangalore	13.0	9.0	11.6	5.8	4.5	5.3	8.3	57.5
Clayville	31.8	117.8	493.8	41.1	19.1	21.1	22.6	747.3
Wadeville	67.2	42.5	49.1	60.0	14.6	12.2	22.5	268.1
Distribution and Other	66.5	36.2	10.0	6.0	3.5	16.7	5.0	143.9
TOTAL	228.6	333.0	663.7	132.9	57.8	65.9	78.6	1 560.5



- Growth in excess of 30% in the Public Sector
- Adcock Ingram won new non-ARV tenders for 2009/2011 of 43% more than 2007/2009
- The next ARV tender will be announced soon - Adcock Ingram has offered 16 new products in line with the Government treatment guidelines
- Renal and Intravenous Fluids tender volumes in line with public sector estimates
- The Scientific Group supplies kits and related technologies for diagnosis and monitoring of patients affected by HIV and AIDS



Source: IMS Hospital September 2010

- Single Exit Price (SEP) increase of 7.4% granted on April 01, 2010
- Pharmacists dispensing fee issue resolved
- National Health Insurance firmly on the agenda
- Disruptive public sector strikes
- Elective procedures delayed in public hospitals during the World Cup
- Strength of the Rand benefited the business
- Low inflationary environment
- Robust competition across all sectors
- FMCG healthcare categories under pressure
- MCC delays in registrations and factory accreditations continues

Challenging environment

TOTAL MARKET

Value: R27.3bn (Growth = 12.8%)	Value: R2687m *[9.9%] (Growth = 11.3%)
Counting Units (CU): 41bn (Growth = 12.9%)	Counting Units (CU): 8544m *[20.8%] (Growth = 25%)

PRIVATE SECTOR

Value: R22.2bn = 81.5% (Growth = 8%)	Value: R2253m = 83.8% *[10.1%] (Growth = 8.8%)
CU: 25.2bn = 61.6% (Growth = 1.7%)	CU: 7429m = 86.9% *[29.4%] (Growth = 19.2%)

PUBLIC SECTOR

Value: R5bn = 18.5% (Growth = 40.3%)	Value: R435m = 16.2% *[8.6%] (Growth = 26.3%)
CU: 15.7bn = 38.4% (Growth = 37%)	CU: 1115m = 13.1% *[7.1%] (Growth = 85.8%)

PRESCRIPTION



Value: R16.3bn = 73.3% (Growth = 8.8%)	Value: R1140m = 50.6% *[7%] (Growth = 6.5%)
CU: 6.9bn = 27.4% (Growth = 6.5%)	CU: 945m = 12.7% *[13.7%] (Growth = 8.1%)

OTC (OVER THE COUNTER)



Value: R5.9bn = 26.7% (Growth = 5.8%)	Value: R1113m = 49.4% *[18.8%] (Growth = 11.2%)
CU: 18.3bn = 72.6% (Growth = 0%)	CU: 6483m = 87.3% *[35.4%] (Growth = 21%)

Prescription Branded



Value: R10.7bn = 65.6% (Growth = 7.2%)	Value: R572m = 50.2% *[5.3%] (Growth = 10.2%)
CU: 2.4bn = 34.2% (Growth = 4.1%)	CU: 372m = 39.3% *[15.7%] (Growth = 4.1%)

Prescription Generics



Value: R5.6bn = 34.4% (Growth = 12%)	Value: R568m = 49.8% *[10.1%] (Growth = 3.1%)
CU: 4.6bn = 65.8% (Growth = 7.8%)	CU: 573m = 60.7% *[12.6%] (Growth = 10.8%)

South Africa

Adcock Ingram

*[] Adcock Ingram Market Share

Source: IMS TPM - MAT Sept 2010, IMS ISA - MAT Sep 2010

FMCG Market Performance

FMCG Performance	Volume Growth		Adcock Ingram Volume Share		Value R'm	Value Growth			
	Market	Adcock Ingram				Market	Adcock Ingram	Adcock Value Share	
Analgesics	-1.8%	-3.9%	25.6%		R 1 065	4.4%	3.0%	28.5%	
Vitamins, Minerals, Supplements & Tonics	18.1%	163.4%	27.3%		R 910	12.2%	132.9%	9.4%	
Digestive / Stomach / Urinary Remedies	-1.7%	3.1%	7.6%		R 439	8.2%	10.2%	13.1%	
Cough Drops & Lozenges	-4.4%	-0.5%	1.4%		R 285	3.5%	5.1%	3.4%	
LCCIR's	-3.2%	53.8%	7.8%		R 390	2.5%	71.2%	7.1%	
TOTAL Healthcare	-1.5%	-2.1%	21.3%		R 3 089	7.3%	9.1%	15.6%	

Continued market share gains

Source: AC Nielsen - September 2010

Financial Results

Andy HALL

	2010	2009	VAR %
	R'm	R'm	
Turnover	4,440.6	4,005.1	10.9
Gross Profit	2,334.8	2,036.9	14.6
Gross Profit %	53%	51%	
Operating Income	1,200.3	1,044.8	14.9
Abnormal Item	(269.0)	-	
Results of Operating Activities	931.3	1,044.8	
Income from Investments	10.6	9.6	
Net Financing Income/(Cost)	18.8	(17.7)	
Net Profit before Tax	960.7	1,036.7	(7.3)
Income Tax Expense	(317.5)	(246.8)	
Net Profit After Tax	643.2	789.9	(18.6)
Non-controlling interests	(11.8)	(7.5)	
Net Profit	631.4	782.4	(19.3)
HEPS (cents)	363.4	450.0	(19.2)
Normalised HEPS (cents)	518.2	450.0	15.2

		2010 R'm	+%	2009 R'm
OTC	Turnover	1 427.3	10.7	1 289.0
	Gross Profit GP%	835.3 58.5%	11.6	748.3 58.1%
	Operating profit OP%	407.1 28.5%	1.2	402.4 31.2%
PRESCRIPTION	Turnover	1 666.4	13.6	1 466.7
	Gross Profit GP%	969.9 58.2%	22.6	790.9 53.9%
	Operating profit OP%	540.4 32.4%	28.1	421.8 28.8%
HOSPITAL	Turnover	1 347.0	7.8	1 249.4
	Gross Profit GP%	529.6 39.3%	6.4	497.6 39.8%
	Operating profit OP%	252.8 18.8%	14.6	220.6 17.7%

Headline Earnings

	2010	±	2009
	R'm	%	R'm
Earnings as reported	631.4	(19.3)	782.4
Profit on disposal of Plant & Equipment	(0.2)		(3.1)
Headline earnings reported	631.2		779.3
Abnormal Items	269.0		0
Normalised Headline Earnings	900.2	15.5	779.3
HEPS (cents)	363.4	(19.2)	450.0
Normalised HEPS (cents)	518.2	15.2	450.0

Statements of cash flow

Operating profit after abnormal item

Adjusted for:

Depreciation and amortisation

Profit on sale of Plant and Equipment

Abnormal item

Other

Cash operating profit

Working capital changes

Cash generated from operations

Net Financing Income/(Cost)

Dividends Received

Taxation Paid

Dividends Paid

Net cash inflow from operating activities**Cash flows from investing activities****Cash flows from financing activities****Net increase in cash and cash equivalents**

	2010	2009
	R'm	R'm
	931.3	1,044.8
	101.6	82.8
	(0.2)	(3.1)
	269.0	-
	20.3	51.7
	1,322.0	1,176.2
	115.4	(46.1)
	1,437.4	1,130.1
	18.8	(17.7)
	10.6	9.6
	(324.8)	(242.6)
	(279.9)	(125.7)
	862.1	753.7
	(470.7)	(326.7)
	348.2	(128.7)
	739.6	298.3

	2010	2009
	R'm	R'm
NON-CURRENT ASSETS	1,456	1,074
Property, Plant & Equipment	857	600
Intangible assets	424	304
Investments	139	138
Investment in associate	12	12
Deferred Taxation	24	20
CURRENT ASSETS	3,301	2,314
Inventories	719	584
Trade Receivables	1,005	938
Other Receivables	146	99
Cash and cash Equivalents	1,431	693
CURRENT LIABILITIES	1,189	924
Short-term Borrowings	127	194
Trade accounts payable	412	320
Other Payables and Provisions	629	380
Taxation	21	30
NET CURRENT ASSETS	2,112	1,390
TOTAL	3,568	2,464

	2010	2009
	R'm	R'm
EQUITY AND NON-CURRENT LIABILITIES		
Share Capital and Premium	1,208	1,221
Non-distributable Reserves	349	78
Retained Income	1,358	1,002
Total Shareholders' funds	2,915	2,301
Non-controlling interests	159	25
Total equity	3,074	2,326
Long-term borrowings	454	117
Deferred Tax	24	7
Post-retirement medical liability	16	14
TOTAL EQUITY AND LIABILITIES	3,568	2,464

Operational Review

Business Performance

Pharmaceuticals

Bill TWEEDIE

Overview: Pharmaceuticals

- Shift to cheaper brands continues to be evident
- Cold & Flu season disappointing - impacted on OTC business
- MNC partner of choice strategy continues to gain traction evidenced by the collaboration with MSD, Novartis, Lilly and Roche
- Successful thought leader programmes
- Continuous improvement and a strong Rand drives margins
- Overall market share gains
- MCC delays result in under-utilisation of Clayville factory resulting in under-recoveries in OTC business
- Strong Generics volume growth - mix improvement will result in value growth in time

Supply chain issues largely resolved and strategic progress

Over-The-Counter

CHALLENGES

- Consumer under pressure and down trading
- Growth in economy brands
- Integration of acquisitive categories - TLC and Unique
- Disappointing flu season

OUTLOOK

- First Pharmacist Summit held on 13th November 2010
- Acquisitions fully integrated and aligned, focus on growing sales
- Brand investment behind core brands continues to drive performance
- New capacity at Clayville Manufacturing Plant
- Focus on Digestive Wellbeing basket during summer months
- Continued innovation in core brands helps to maintain and grow market share
- Sound Dawanol performance in Kenya and Uganda
- FMCG grew by 30%

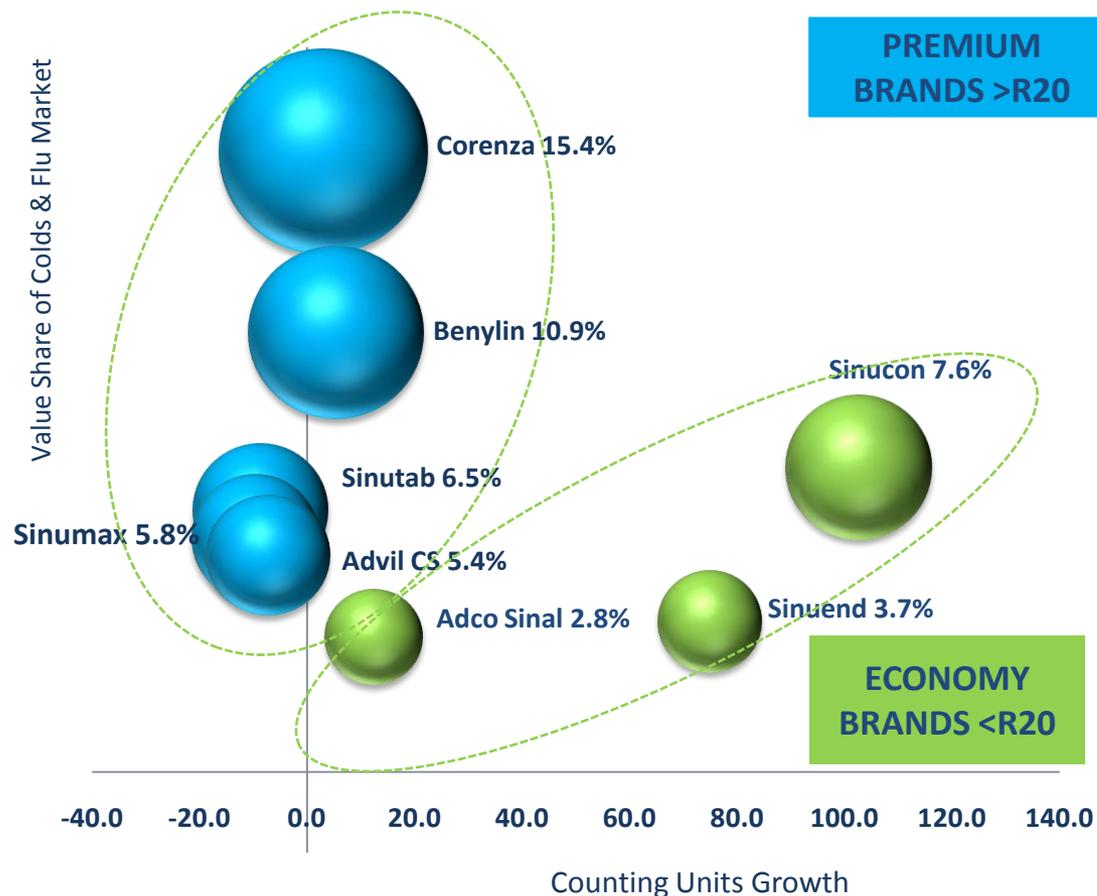


BIOPLUS



Brands continue to perform well but mix affects margins

CASE STUDY: COLDS & FLU



Market shares Source: IMS MAT, Sep 10 MAT

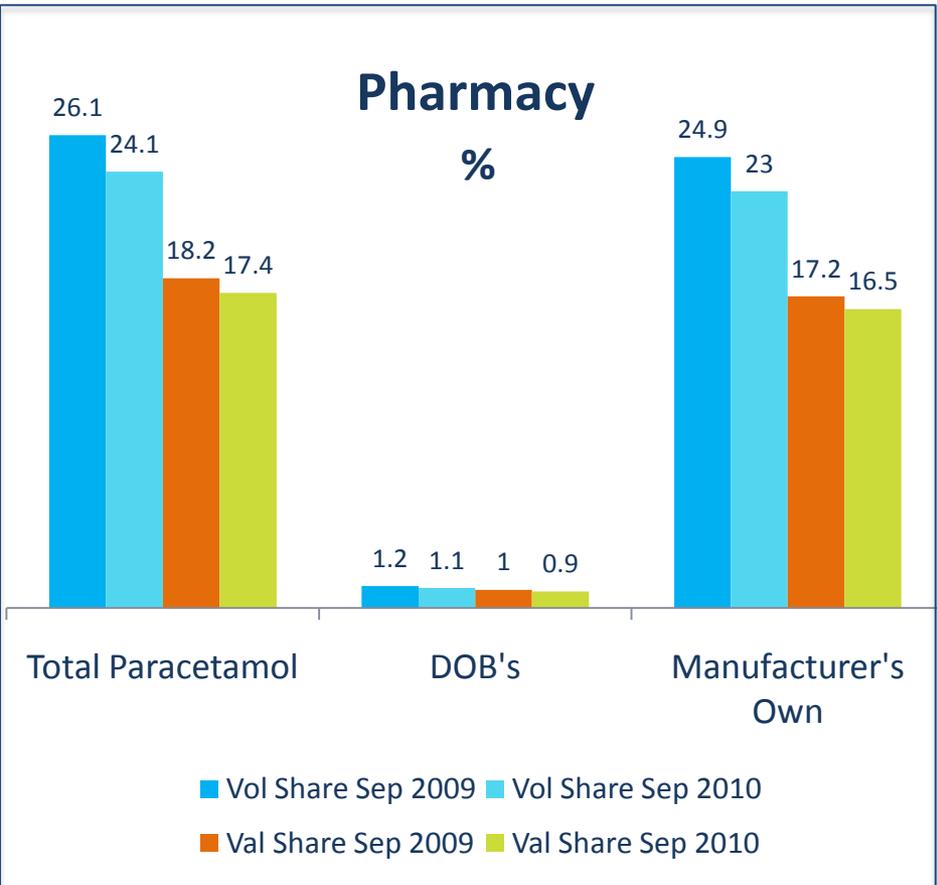
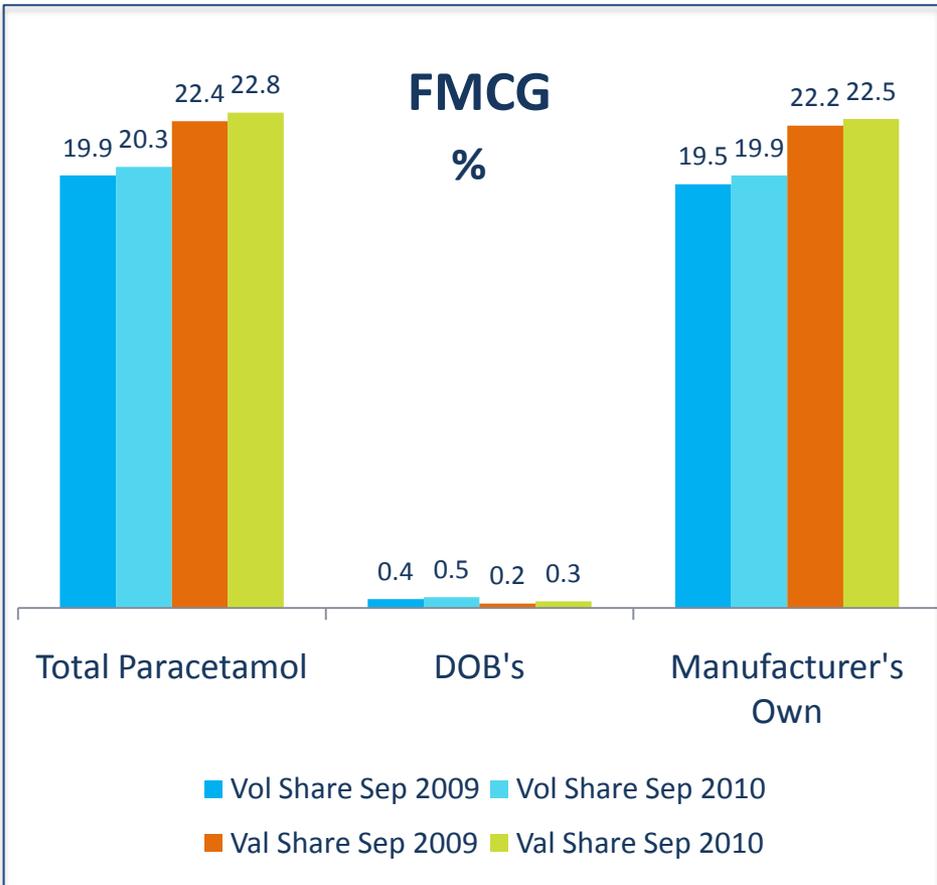
- New entrants & economy brands enjoyed high CU growth, off a relatively low base share
- Premium brands maintained their share position but experienced nominal growth

Consumers shift towards economy brands

CASE STUDY- PARACETAMOL HOUSEBRANDS vs. MANUFACTURER'S BRANDS



- Strong branding, innovation and consumer engagement will sustain brands in the long-term
- Economy brands and Housebrands will gain share and show volume growth in the short-term
- Front-shop - branding, availability, presence and promotion can influence the purchase decision, despite branded premium



Source: AC Nielsen, Sept 2010 MAT – share of analgesic market

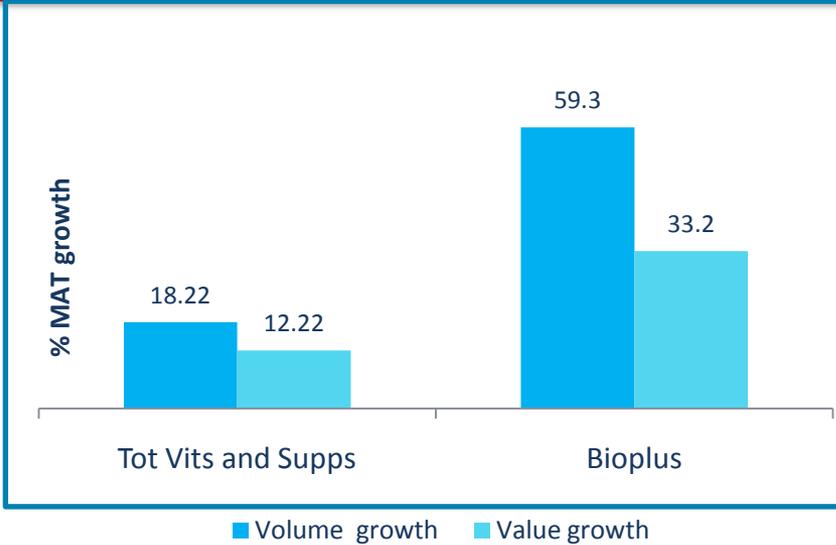
Source: IMS MAT, Sep 10 MAT

Power of the brand still evident

CASE STUDY - BIOPLUS

BIOPLUS

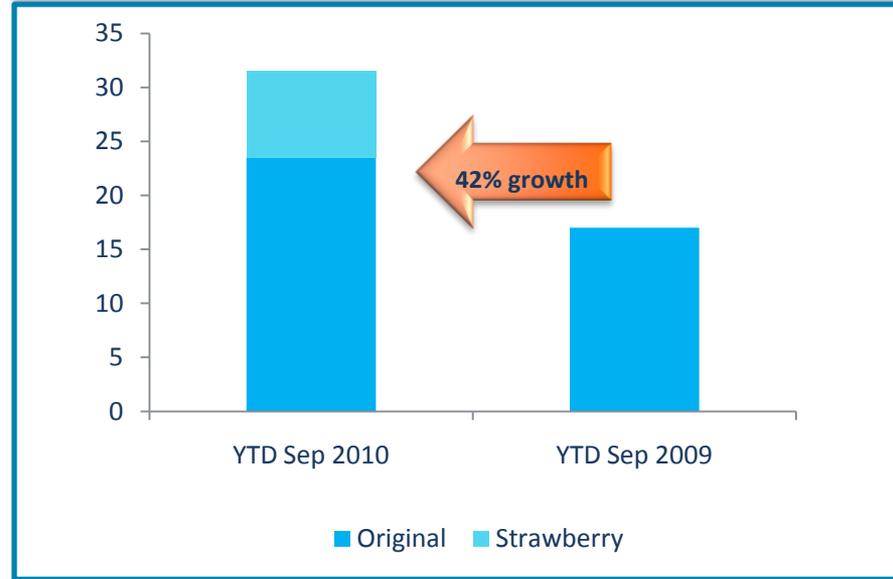
FMCG in market performance



BioPlus mother brand growing ahead of VMS category



Ex-factory sales (Syrups)



Strawberry syrup innovation driving incremental growth (R7.4m)

Successful through the line activation

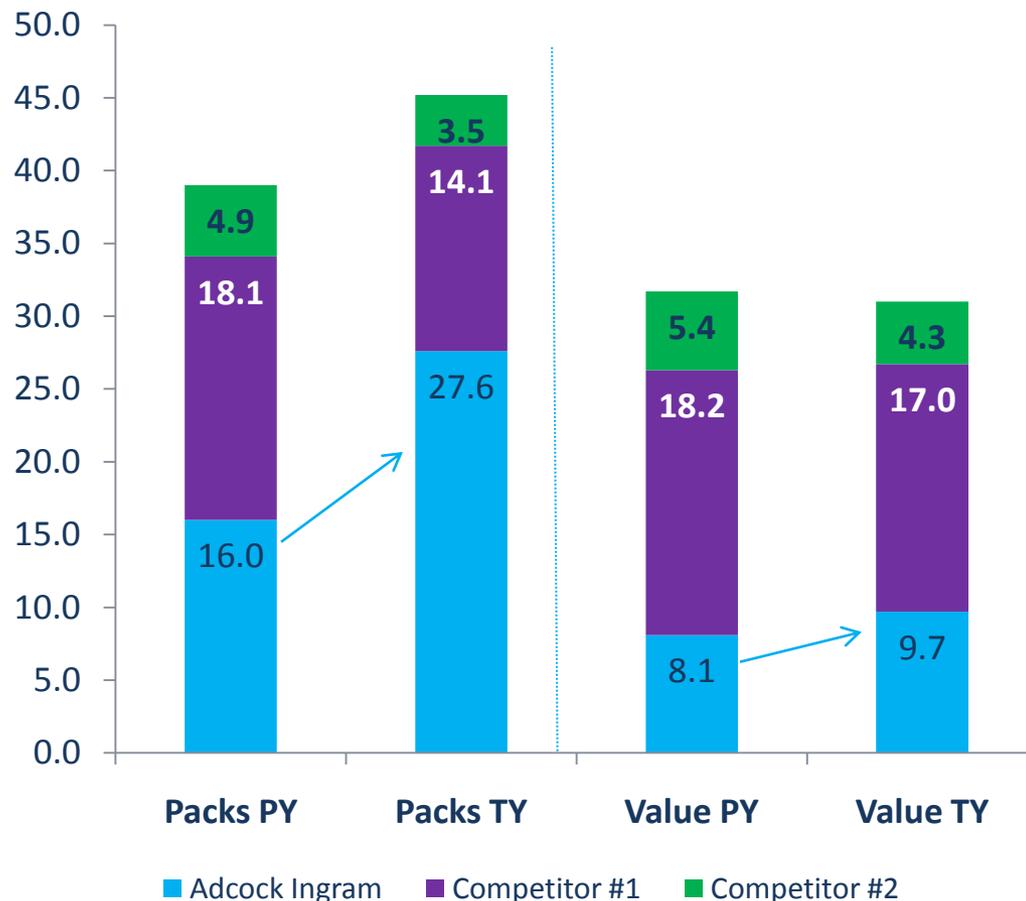


Source: AC Nielsen Sept 10 & Company Sales Sep 2010

Innovation helps to drive growth and does not cannibalise the core product

Supplements in FMCG Market

- Acquisitions and Innovation of Core brands enabled Adcock Ingram to achieve volume leadership within FMCG
- Value leadership will be unlocked via further innovation and consolidation of the portfolio under the Core brands
 - Bioplus
 - Vita-thion
 - Unique
 - Gummyvites



Source: ACNielsen Sep 2010

Wellbeing strategy to gaining traction in FMCG

CHALLENGES

- Access to NCE's and new technologies
- Prescribers mostly influenced by 1:1 interface – high cost to influence
- Generally older technologies competing with newer formats or isomers
- Competing with global multinational companies who invest heavily in latest technologies

OUTLOOK

- Collaborations allow:
 - Breadth of therapeutic classes (adjacent categories)
 - Depth within each class
 - Critical mass gives ability to resource accordingly
- Further new products from existing and new partners
- Successful thought leader development programmes
- Share of scripts continues to grow



Estradot®



Dovobet®



Livifem®



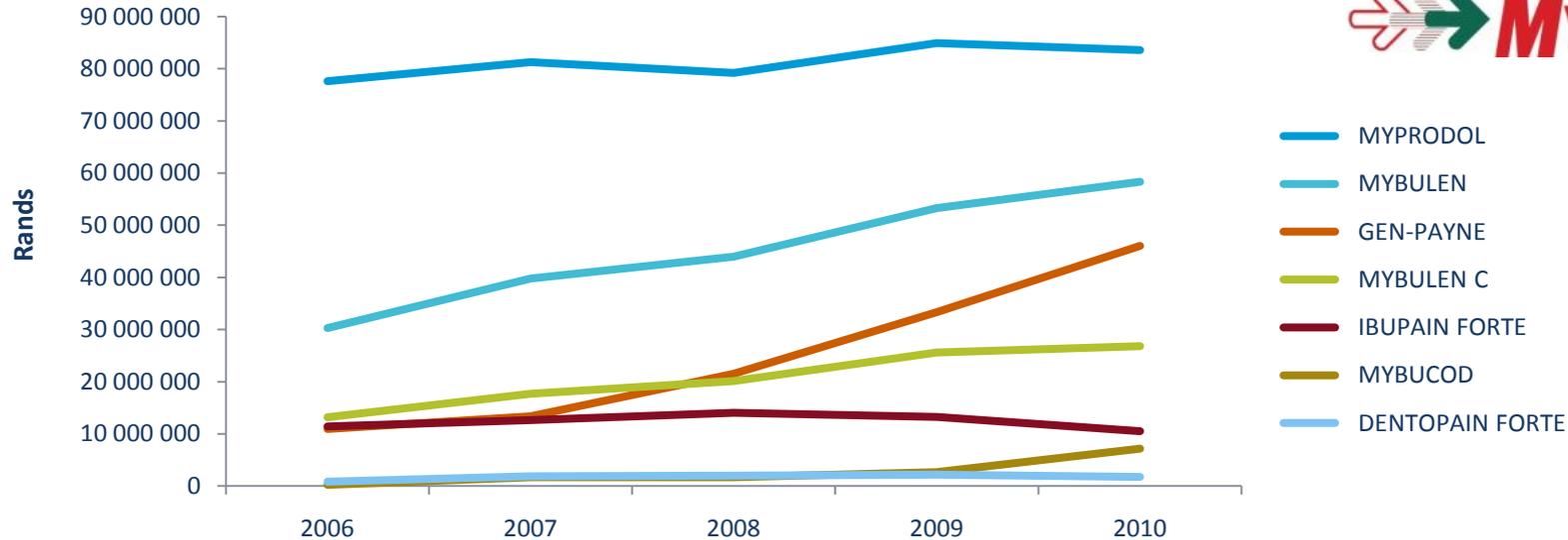
MYPRODOL®

Collaboration establishes solid position in select Therapeutic categories

								
ATC 1	G.U. System + Sex Hormones	Systemic Hormones	Dermatologicals	Nervous System / Pain	Respiratory System	Sensory Organs	Cardiovascular	Musculo-Skeletal
	<ul style="list-style-type: none"> • Livifem • Estradot • Estalis • Betadine F/H • Mercilon • Urispas • Urizone • Evista 	<ul style="list-style-type: none"> • Celestamine • Prelone • Forteo 	<ul style="list-style-type: none"> • Dovobet • Fucidin • Elidel • Elocon • QuadriDerm • LotriDerm • Dipro range • Propecia 	<ul style="list-style-type: none"> • Synap • Myprodol • Lentogesic • Macaine • Stresam • Remeron • Lantanon 	<ul style="list-style-type: none"> • Nasonex • Deselex • Uniphyll • Solphyllax 	<ul style="list-style-type: none"> • Spersadex • Voltarin • Zaditen • Teargel • Miochol – E • Covomycin • Novesin 	<ul style="list-style-type: none"> • Cozaar • Fortzaar • Xigris • Innohep • Zocor • Renitec • Nebilet 	<ul style="list-style-type: none"> • Fosavance • Fosamax • Veltex • Brexecam
Leaders - global pharma	Bayer Pfizer Lilly	GSK Sandoz Pfizer	Galderma Bayer Aspen / GSK	Lundbeck Janssen Cilag Pfizer GSK	GSK Astra Zeneca Boehringer Cipla	Alcon Allergan	Pfizer Novartis Astra Zeneca Sanofi	Pfizer Novartis
Adcock Ingram Position	4 th 3 rd	6 th 2 nd	4 th 1 st	1 st 1 st	4 th 4 th	2 nd 2 nd	16 th 9 th	9 th 3 rd



Paracetamol, Ibuprofen, Codeine combinations sales 2006-2010



- Of the ibuprofen-codeine-paracetamol combinations, Myprodol has the highest Rand value sales from 2006 to 2010
- Because Myprodol is a schedule 3 product, consumers access it through doctor prescriptions
- Myprodol remains the most prescribed pharmaceutical product in South Africa because of the prescription and consumer loyalty the brand enjoys.

Myprodol continues to have the highest value share in the combination analgesics - despite generics

CHALLENGES

- Slow down in value growth as funder pressure forces pricing downwards
- Multinationals competing in generic space with clones and aggressive pricing
- Increased competition

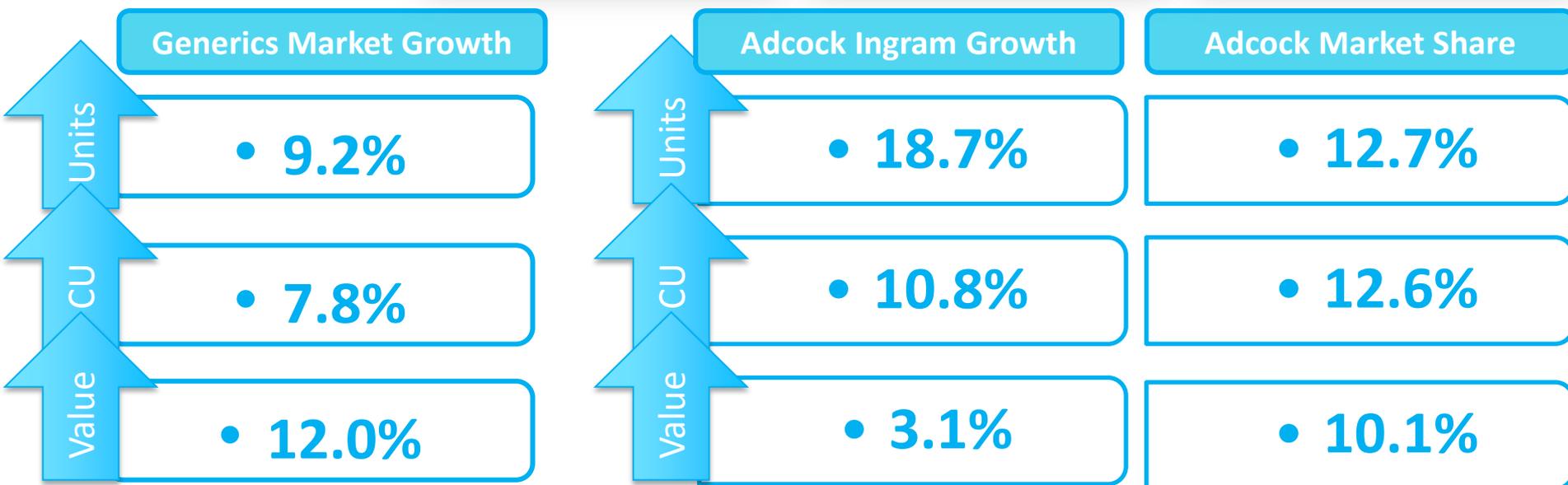
OUTLOOK

- Volume share gain supports long term strategy with value share spin-off following closely
- Anticipated increase in non-ARV tender awards
- Increased capacity leads to consistent supply and availability - service levels improve
- Multinational collaboration supports pipeline (clones)





Performance vs. Market



Generic ARVs are included in the Generics S3 - S7 market

Source: IMS Sept 2010 MAT

Operational Review

Business Performance

Hospital

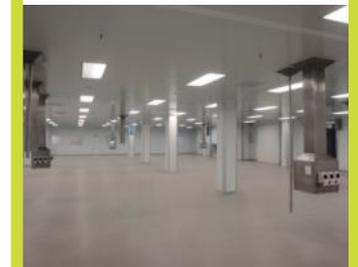
Kym HAMPTON

Industry Overview

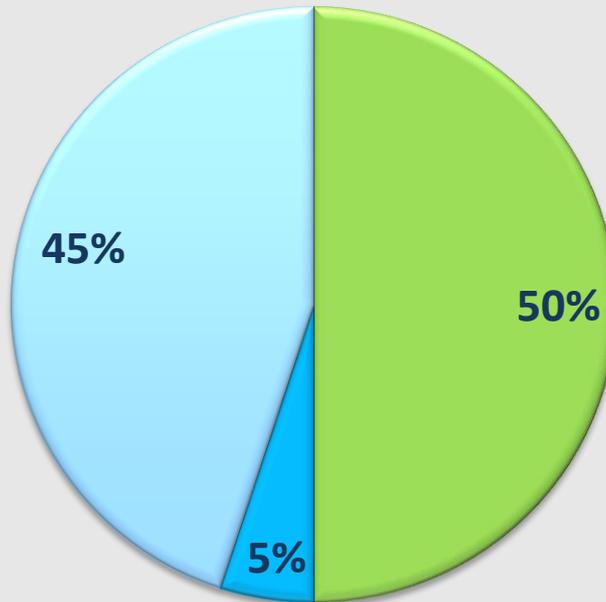
- Disruption in trade due to:
 - Soccer World Cup
 - Public Sector Strike

Business Overview

- Factory upgrade at 65% as at end September 2010
- Upgrade of small volume injectable area complete & MCC approved
- Public Sector:
 - Volume key driver
 - Solid performance on core products
- Private Sector:
 - Volume growth year on year relatively flat
 - Competitively priced reliable supply
 - 2010 SEP increase not taken on key IV fluid lines



Sales 2010



■ Baxter ■ Developed in-house ■ Other Principals

- Consistent performance on Baxter products
- Baxter call option cancelled
- 15 year licence agreement cements ongoing partnership with Baxter
- Gives certainty to the business

Baxter



Relationship with Baxter remains strong

■ **Renal Therapies**

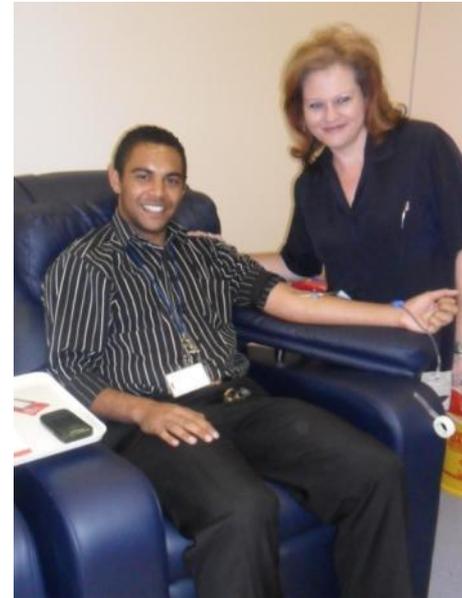
- Solid performance
- Strong growth in haemodialysis in private sector
- Investment in the rest of Africa continues
- New technology for multi organ failure will drive future growth



Increase in chronic disease

■ **Transfusion Therapies**

- Partnership with SANBS extended
- 6% growth in donor pool
- Target of 5 days for blood reserves



Donor pool drives growth



Growth through innovation

- Double digit growth in small volume injectable drugs
- Upgrade of manufacturing area complete and MCC approved
- Product innovation drives growth
- Robust pipeline in existing and new categories



Generic Injectables

Certainty will drive new licence agreements

The Scientific Group

- Turnover negatively impacted by stronger Rand & lower clinical export and bioscience sales
- Sales mix - increased contribution from higher margin medical devices
- Delayed donor funding due to global economic crisis
- Growth in medical division capital sales
- Acquisition & integration of Indigenous Systems completed
- Growth in EBIT driven through improved margins and strong cost control



Improved quality of earnings & strategic acquisition completed

Outlook

Jonathan LOUW

- Offer received for The Scientific Group
- Certainty in hospital segment will drive growth and further innovation
- Continued traction on organic growth strategy in Africa
- Economic recovery remains slow
- Continued down trading
- Price increase will be a challenge
- Low inflation increase on non-SEP
- Well positioned for ARV tender
- Foreign exchange risk remains
- Focus on value enhancing acquisitions in emerging markets in the years to come

Increase capacity, global accreditation

Continue to build brands and partnerships

Move into adjacent categories

Move into new geographies