



*Abridged Audited Group Results
Presentation*

for the year ended 30 September 2009

Investor presentation

24 November 2009

Group Results

for the year ended 30 September 2009



Notes:

agenda



- rebuilding Adcock Ingram Video
- overview
- BBBEE - Mpho ea Bophelo
- financial results
- divisional performance
 - pharmaceuticals (OTC and prescription)
 - hospital (critical care and scientific group)
- outlook

Notes:

salient financial features

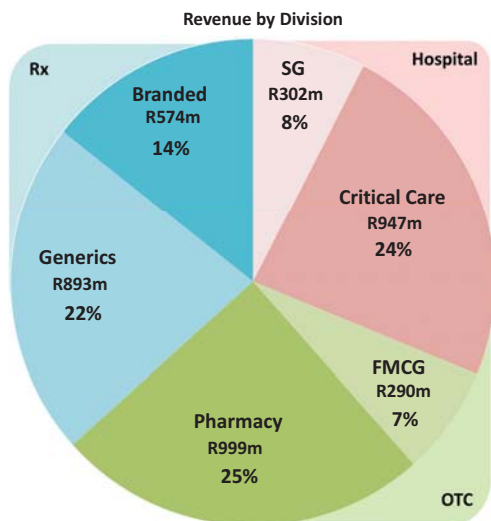
- ↻ **Turnover** ↑ **21.3% to R4.0 billion**
- ↻ **NPAT** ↑ **19.1% to R789.9 million**
- ↻ **HEPS** ↑ **16.1% to 450.0 cents**
- ↻ **Cash on hand** ↑ **R693 million**
- ↻ **Net cash** ↑ **R381 million**

Notes:

business overview

- Leading SA healthcare company with a quality diversified portfolio
- Leader in OTC
- Leader in cough & colds, and pain in pharmacy
- Second largest SA generics company
- Leading supplier of hospital products, blood systems, renal dialysis products and accessories

Source: Company information - September 2009



Notes:

implementation of growth strategy: 2009



1. Organic Growth

- Existing agencies and licenses bedded down
- Strong volume growth in hospital and prescription business
- ARV tender on track
- Brands held up well in OTC
- Adjacent categories through new products pipeline
 - Biotech (Amgen)
 - Plasma Expanders
 - Oncology

2. Acquisitive Growth

- Tender Loving Care (TLC)
 - Unique Formulations
- } **bolster FMCG presence, leverage pipeline**

Supported by:

- Real progress in Supply Chain upgrades
- World-class systems and processes
- Strong balance sheet

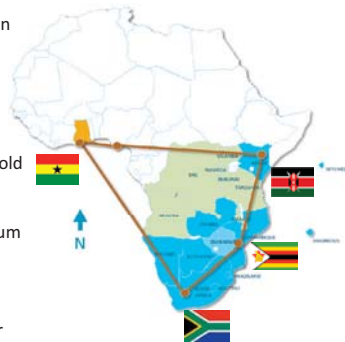


Notes:



our growth story: Africa

- Adcock Ingram's current expansion strategy focuses on establishing 3 strategic hubs to service the continent
 - South Africa / Zimbabwe (Southern Africa)
 - Kenya (East Africa)
 - Ghana (West Africa)
- Opportunity for Adcock Ingram to gain a strong foothold into the Ghanaian Pharmaceutical Market
- Adcock Ingram has made an offer to acquire a minimum 51% of the entire issued share capital of Ayrton Drug Manufacturing Limited which is listed on the GSE
- A strong sales and marketing front end into Ghana for Adcock Ingram via this transaction will enable the successful commercialisation of Adcock Ingram products



Building platform for growth in Africa

Notes:

BEE transaction: principles



Adcock Ingram's guiding principles in structuring the BEE transaction



- position Adcock Ingram as South Africa's leading empowered healthcare company
- support Adcock Ingram's market position and growth strategies (public versus private sector)
- enhance Adcock Ingram's commitment to broad-based empowerment and transformation
- enhance healthcare in South Africa
- maximise equity ownership scorecard
- satisfy regulatory requirements

Transaction underscores Adcock Ingram's commitment to achieving sustainable, broad-based BEE ownership

Notes:



BEE commitment across Adcock Ingram

Resultant BEE scorecard

- Adcock Ingram's current BEE score of 51.01 (level 6) points, places it favourably amongst the top companies in South Africa
- Following the conclusion of the BEE transaction, Adcock Ingram expects to achieve a BEE score of 68.34 points (level 4), emphasising its commitment to broad-based black economic empowerment

Participants	Weighting	Current Sept 2009	Target 2010*
Ownership	20	7.39	20.29
Management control	10	4.67	6.00
Employment equity	15	11.04	11.04
Skills development	15	7.90	10.00
Preferential procurement	20	15.01	15.01
Enterprise development	15	0.00	1.00
Social development	5	5.00	5.00
Total	100	51.01	68.34



Following the transaction, Adcock Ingram will improve from a Level 6 to a Level 4 BEE contributor status

* Target 2010 represents both the proforma ownership score and company targets on other elements of the scorecard

Notes:

BEE transaction: overview



- 13% broad-based BEE ownership at the JSE listed Adcock Ingram Holdings level, valued at R1.3 billion
- In the spirit of uplifting historically disadvantaged South Africans, 25% of the transaction (R330 million) has been set aside for Black South African employees
- The inclusion of employees is intended to spread a significant portion of the benefits of the BEE transaction amongst Adcock Ingram's qualifying employees
- Employee participation will be through an employee trust



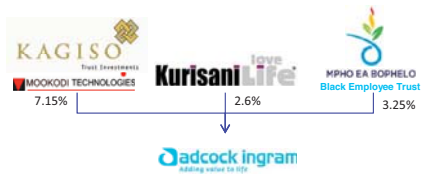
Notes:

BEE transaction: participants



Transaction participants

- R1.3 billion BBBEE transaction - a landmark BEE transaction in the healthcare industry
- 13% equity interest in Adcock Ingram at the listed level
- True broad-based empowerment:
 - Strategic partners (75%)
 - Adcock Ingram employees (25%)
- National reach through Kagiso Trust and Kurisani/loveLife



Participants	% of total	Transaction value (Rm)	Equity provided (Rm)
Employees	25.0	330	-
Strategic partners	75.0	991	94
Kagiso Health Consortium	55.0	727	69
Kurisani / loveLife	20.0	264	25
Total	100.0	1,321	94

Notes:

BEE transaction: strategic partners



Adcock Ingram selected 2 strategic partner groups following a thorough and robust selection process

▪ Kagiso Health Consortium (55% of total transaction value)



- Consists of Kagiso Trust Investments (KTI) (85.7%), and Mookodi Technologies (14.3%)
- Kagiso Trust (which controls KTI) is a leading black led non-governmental organisation established to finance and manage community development grass roots projects
- Mookodi Technologies a 100% Black-owned company that focuses on emerging business opportunities in the healthcare industry

▪ Kurisani / loveLife (20% of total transaction value)



- Kurisani Youth Development Trust ("Kurisani") is the BEE investment arm of loveLife, set-up to benefit the HDSA youth passing through loveLife's programmes
- loveLife is South Africa's national HIV/AIDS prevention campaign for young people and provides country wide services and outreach programmes in order to protect and develop young people

More than 850,000 beneficiaries are expected to benefit from the transaction



Notes:

BEE transaction: employee participation



Adcock Ingram's black employees will participate in the BEE transaction

▪ Key features of the employee participation:

- 25% of the transaction (3.25% of Adcock Ingram)
- 7-year scheme
- full notional vendor finance by Adcock Ingram
- 20% annual vesting
- all qualifying employees will receive equal allocation, i.e. not skewed towards seniority in Adcock or length of service

▪ Adcock Ingram currently engaged in the design and implementation of the employee participation scheme

▪ Aimed at broadening ownership amongst Adcock Ingram employees



Notes:

BEE transaction: benefits to BEE participants



- **Economic benefits:**
 - Dividends payable from year one, subject to availability of distributable profits
 - Strategic partners: 85% of dividends received used to re-invest in Adcock Ingram ordinary shares; 15% of dividends trickle to strategic partners over the life of the transaction (10 years)
 - Employees: 100% of dividends used to re-invest in Adcock Ingram ordinary shares over the life of the transaction (7 years)
 - These dividend re-investments into Adcock Ingram shares will increase BEE ownership in Adcock Ingram and provide multiple entry points for the BEE participants
 - After settlement of notional vendor finance, residual shares held by BEE participants will be freely tradable
- **Full voting rights in Adcock Ingram from day 1 of the transaction**
- **A-shares convert into Adcock Ingram ordinary shares at end of transaction term**



Adcock Ingram is proud of this transaction - it represents the culmination of our commitment to transformation

Notes:

regulatory environment



- National Health Amendment Bill (*still in draft form*)
 - National Health Insurance (NHI)
 - Appointment of the Ministerial Advisory Committee on NHI;
- Single Exit Price (SEP) increase for 2010 - Government Gazette issued
 - AICC - SEP increase
 - 2010 price increase
- Medicine and Related Substance Act 101 22G (2) (b)
 - Appropriate dispensing fees to be charged by a pharmacist (*Regulation 10*)

Single Exit Price	Dispensing Fee
1. < R100	Max R6 plus 36% of SEP
2. > or = R100 < R250	Max R32 plus 10% of SEP
3. > or = R250 < R1000	Max R45 plus 5% of SEP
4. > or = R1000	Max R65 plus 3% of SEP

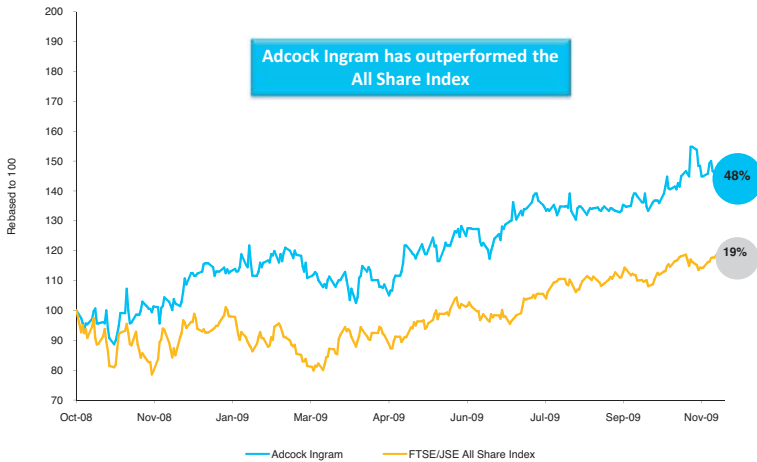
Adcock Ingram has a significant portfolio with SEP below R100

- Ongoing structural changes at the Medicines Control Council (MCC) welcomed

Regulatory environment remains a challenge

Notes:

share price performance



Source: Deutsche Securities (SA) (Pty) Ltd - November 2009

Notes:

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Adding value to life

Financial Results



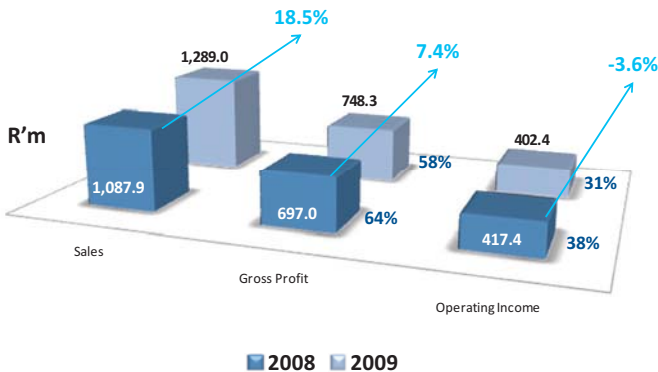
Notes:

income statements

Income Statements	2009	2008	VAR %
	R'm	R'm	
Turnover	4,005.1	3,300.9	21.3
Gross Profit	2,036.9	1,822.8	11.7
Gross Profit %	51%	55%	
Operating Income	1,044.8	1,004.6	4.0
Abnormal Items	-	(71.3)	-
Results of Operating Activities	1,044.8	933.3	12.0
Income from Investments	9.6	10.7	
Net Financing Cost	(17.7)	(36.6)	
Net Profit before Tax	1,036.7	907.4	14.3
Income Tax Expense	(246.8)	(244.0)	
Net Profit After Tax	789.9	663.4	19.1
Minority Interest	(7.5)	(10.3)	
Net Profit	782.4	653.1	19.8
EPS (cents)	451.7	378.5	19.3
HEPS (cents)	450.0	387.6	16.1

Notes:

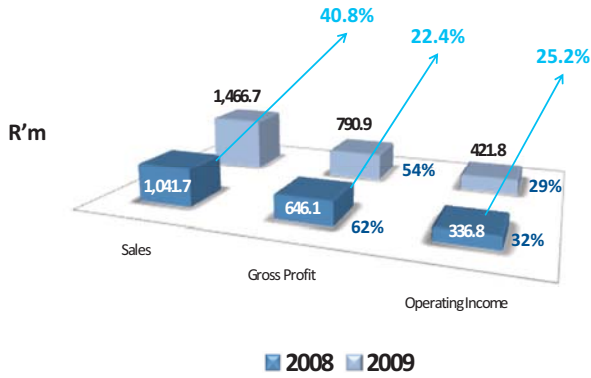
over-the-counter (OTC)



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Notes:

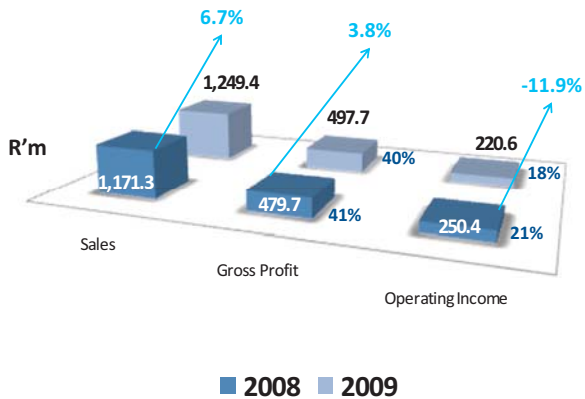
prescription



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Notes:

hospital



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Notes:

headline earnings

Headline Earnings	2009	±	2008
	R'm	%	R'm
Earnings as reported	782.4	19.8	653.1
Pharma intangible impairments	-		11.6
Hospital intangible impairments	-		6.2
Profit on disposal of Property, Plant & Equipment	(3.1)		(2.0)
Headline earnings reported	779.3	16.5	668.9
HEPS (cents)	450.0	16.1	387.6

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Notes:

cash flow statements

Cash Flow Statements	2009	2008
	R'm	R'm
Operating profit before interest	1,044.8	1,004.6
Adjusted for:		
Depreciation and amortisation	82.8	68.6
Profit on sale of Plant and Equipment	(3.1)	(2.0)
Cash related abnormal items	-	(53.5)
Other	51.8	0.5
Cash operating profit	1,176.3	1,018.2
Working capital changes	(46.1)	(276.7)
Cash generated from operations	1,130.2	741.5
Net Financing Cost	(17.8)	(36.7)
Dividends Received	9.6	10.7
Taxation Paid	(242.6)	(233.7)
Dividends Paid	(125.7)	(42.7)
Net cash inflow from operating activities	753.7	439.1
Cash flows from investing activities	(326.7)	(280.1)
Cash flows from financing activities	(128.7)	998.4
Net increase in cash and cash equivalents	298.3	1,157.4

Notes:

balance sheets



Balance Sheets	2009	2008
	R'm	R'm
ASSETS		
Property, Plant & Equipment	600	452
Goodwill and intangibles	304	222
Investments	138	138
Investment in associate	12	-
Deferred Taxation	20	12
CURRENT ASSETS	2,314	1,889
Inventories	584	567
Trade Receivables	938	690
Other Receivables	99	226
Cash and Cash Equivalents	693	406
CURRENT LIABILITIES	924	766
Short Term Borrowings	194	161
Bank Overdraft	-	11
Trade accounts payable	320	332
Other Payables and Provisions	380	242
Taxation	30	20
NET CURRENT ASSETS	1,390	1,123
TOTAL ASSETS	2,464	1,947

Notes:

balance sheets continued ...



Balance Sheets	2009	2008
	R'm	R'm
EQUITY AND NON-CURRENT LIABILITIES		
Share Capital and Premium	1,221	1,211
Non-Distributable Reserves	78	77
Retained Income	1,002	340
Total Shareholders' Interest	2,301	1,628
Minority Interests	25	23
Equity	2,326	1,651
Long term Borrowings	117	278
Deferred Taxation	7	4
Provision for PRMA	14	14
TOTAL EQUITY AND LIABILITIES	2,464	1,947

Notes:

Pharmaceutical Division



Notes:

overview: pharmaceuticals



Industry overview

- Strong demand continued in pharmacy and support of brands was evident
- Economic pressures see consumers search for value offering
- Increased competition
- Regulatory environment remains a challenge
- Generic pricing under further pressure
- Growth in ARV's (Private 31%, Public 30%)

Business overview

- 2009 was a difficult year operationally
- Turn around in 2nd 6 months with stock and distribution issues largely overcome
- Price war on generics intensifies (Simvastatin)
- Core brands continue to grow
- Re-entry into personal care and Vitamins/Minerals/Supplements (VMS)
- Adco Efavirenz becomes the biggest product in the public sector
- Roll out of Africa strategy

Source: IMS - September 2009 (Value)

Supply chain issues largely resolved and strategic traction progresses

Notes:

over-the-counter (OTC)

- Consumers search for value in their purchase
- Slow down in FMCG market
- Discretionary spend products under pressure
- Adco Dol breaks R100m and becomes number 11 in pharmacy
- Panado breaks the R200m in Pharmacy and FMCG combined
- Adcock has 7 of the top 20 OTC brands in Pharmacy

WHAT NOW?

- Continued investment in brands
- Focus strategies on driving a richer mix
- Acquisitions allow business to compete in adjacent OTC categories
- Leverage competence across channels and grow FMCG sales
- Umbrella branding & new product launches to help drive growth


Source: IMS - September 2009

Source: AC Nielsen - August 2009

Value Growth

	21%
	25%
	11%
	22%
	32%
	36%
	9%
	18%

Source: IMS - September 2009 (Value)

	9%
	10%

Source: AC Nielsen - August 2009 (Value)

Acquisition of new businesses facilitates entry into adjacent categories

Notes:



- Acquired Tender Loving Care (TLC) on 2nd April 2009
- Market size - R12.2bn
- Strategic Focus
 - Increase FMCG presence by growing in adjacent OTC categories
 - Strategy is for incremental growth and not market leadership
 - Targeted innovation
 - Distribute into Africa via Adcock infrastructure
 - Target mid to upper LSM's with a well priced quality product
- Newly Launched
 - TLC Camphor Cream in Sep '09
 - TLC Naturals (baby personal care products) in Oct '09

Strategy to increase FMCG presence and grow business through innovation

Notes:



- Acquired Unique Formulations in November 2009
- VMS Market size - R1.3bn
- Strategic Focus
 - Increase penetration and participation in the profitable vitamin and mineral supplements category
 - Increase FMCG presence
 - Differentiation strategy
 - Targeted innovation
 - Satisfy consumer needs with a high quality yet affordable offering
 - Products meet complementary legislation requirements
 - Grow business to No. 2 in VMS

Increases FMCG presence and opens door to growing VMS market

Notes:

OTC Pharmacy market shares



Pharmacy Market shares	Volume growth		Value share	Value growth			
	Market	AI		Market	AI		
Analgesics	1.1%	9.9%	↑	65.1%	13.5%	17.3%	↑
* Cold Preparations	2.6%	-37.0%		23.0%	33.7%	12.0%	
Expectorants	7.4%	10.7%	↑	56.7%	20.0%	20.0%	
Antihistamines	13.1%	21.4%	↑	15.3%	19.0%	29.2%	↑
Cough Sedatives	1.8%	6.5%	↑	26.9%	13.9%	19.5%	↑

* Stock rationalisation impacts on bottom end cold preparations

Source: IMS, TPM MAT September 2009

Turn around in 2nd 6 months restores market share in pharmacy

Notes:

FMCG market shares

FMCG Market shares	Volume growths			Value share	Value growths	
	Market	AI			Market	AI
Analgesics	-8.4%	-7.3%	↑	30.5%	7.2%	8.4%
Vits & Supplements	9.3%	42.1%	↑	4.6%	12.3%	44.9%
Digestive/Stomach/Urinary remedies	-2.9%	5.8%	↑	21.7%	20.4%	4.6%
Liquid Cough & Cold	13.7%	14.2%	↑	8.9%	15.7%	10.7%
Cough & throat drops	-0.5%	7.4%	↑	3.0%	1.3%	6.5%
Cold preparations	8.0%	98.1%	↑	6.3%	15.2%	74.1%

Source: AC Nielsen - August 2009 (Value)

Tough FMCG market but Adcock performs well in comparison

Notes:

Rx Branded

- Adcock own developed and principal brands performing well
- Secured existing principal business post unbundling - pipeline
- Secured Africa business with existing principals
- Synap Forte becomes 5th biggest Pharmaceutical brand



WHAT NOW?

- Attract new principals in South Africa
- Drive strategy of partner of choice in Africa
- Aggressively promote branded products
- Thought leader development

Source: IMS - September 2009

Value Growth: Principal

Fucidin [®] <small>fusidic acid</small>	19%
STRESAM	24%
Estradot [®]	54%
Dovobet	34%
Mercilon	23%

Source: IMS - September 2009 (Value)

Value Growth: Own developed

The strength of SYNAP FORTIS new pain relief	29%
Myprodol [®]	7%
lentoaesic [®]	19%
Solphyllex	24%

Source: IMS - September 2009 (Value)

Strong performance attracts new business

Notes:

Rx Generics

- Major boost from Adco Efavirenz tender award: No 1 in the public sector
- Private sector has started to see major price competition
- Adcock's private sector business negatively impacted by the reliance on top 5 generics
- Despite pressure on Adco Simvastatin, Adcock remains number 2 player in private sector market in volume

WHAT NOW?

- Addressed structure to focus on cost and availability
- Focus on range, existing products and new pipeline
- Invest in single corporate brand in pharmacy and consumer media
- We currently have 244 dossiers in the product pipeline

Value Growth

Adco-Simvastatin (26%)

Gen-Payne 55%

adco-zolpidem (17%)

adco-amoclav 5%

Adco Efavirenz 45%

Adco-Zildem 18%

Source: IMS TPM - September 2009 (Value)

Strong ARV performance while price erosion impacts private sector

Notes:

Rx market shares

Rx Market shares	Volume growth		Value share	Value growth	
	Market	AI		Market	AI
HIV Antivirals	6.2%	25.6% ↑	3.2%	31.3%	38.2% ↑
Analgesics - Branded	9.0%	-2.5%	81.6%	14.7%	15.5% ↑
Analgesics - Generics	7.1%	-2.2%	24.8%	19.7%	20.2% ↑
Anti depressants	-0.8%	-11.3%	6.1%	9.6%	2.4%
Cholesterol	7.4%	-22.7%	13.4%	6.0%	-26.0%
Broad spectrum penicillins	-8.6%	19.2% ↑	6.4%	19.0%	7.5%
Hormonal Contraceptives	-3.1%	4.0% ↑	5.9%	7.4%	17.7% ↑
Oestrogens	-6.2%	5.7% ↑	11.2%	4.8%	9.3% ↑
Local anaesthetics	0.3%	7.8% ↑	67.2%	15.5%	21.0% ↑

Source: IMS, TPM MAT September 2009

Branded Rx and principal brands drive value growth

Notes:

customer interventions



- The only General Practitioner Summit in the country;
- Attended by more than 300 General Practitioners;
- Nine presentations by experts in their fields;
- Continuous Professional Development accreditation.

- Training pharmacy personnel for 4 years;
- Disease states, Customer Service, and Marketing and Merchandising your Pharmacy have been trained ;
- Over 2000 pharmacy personnel/year. 12000 to date;
- 20 pharmacy assistant bursaries awarded;
- In this way Adcock Ingram gives further value to customers through education.

Corporate brand enhanced with professional educational symposia

Notes:

outlook: pharmaceuticals



- Over 80% of Adcock's private business is out of pocket spend
- Traction on Wellbeing implementation is critical
- Successful roll out of Africa strategy
- New product introductions through principals and pipeline
- New ARV tender allocations in June 2010

Increase capacity

Move into adjacent categories

Move into new geographies

Continue to build brands

Economic outlook will impact top line, but margins should be maintained

Notes:

Hospital Products Division



Notes:

overview: hospital



Industry overview - private sector

- 3% increase in admissions
- 2% increase in bed utilisation
- Greater increase in medical versus surgical cases



Business overview

- Stronger second half of the year
- One third of products subject to SEP
- 13.2% SEP increase on fluids under discussion for per unit (millilitre) pricing

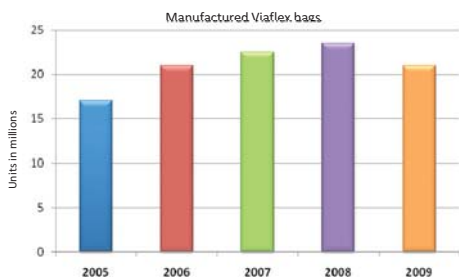


Solid performance in Private Sector

Notes:

medicine delivery: IV fluids & pour bottles

- Strong performance in private sector
- Double digit growth with injectable drugs
- Product enhancements on core products
- Line extensions will drive future growth



Investment in core brands

Notes:

renal therapies

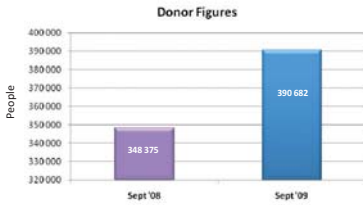


- Overall volume growth of 8%
- Growth opportunities in peritoneal dialysis due to:
 - unique home delivery service to patients to ensure compliance
 - partnership with National Renal Care in the private sector
 - investment in Sub-Saharan Africa

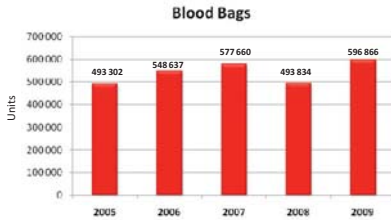
Strong growth in local market

Notes:

specialised therapies



- 27% growth over prior year
- 12% increase in donors
- Strong partnership with SANBS
- 2 regions in SANBS



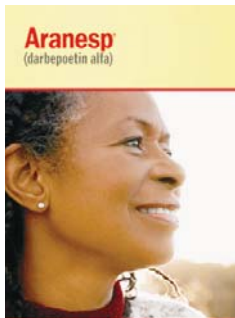
Single customer with dedicated products

Notes:

new pipeline



- Build core products with line extensions on intravenous fluids
- New products in existing categories - renal pharmaceuticals
- New products in new categories - oncology
- Access to Amgen pipeline through partnership with Batswadi Biotech



Innovative future growth area

Notes:

Baxter call option



- Announce Call Option intent 1st February 2010 - 31st July 2010
- Data room, due diligence and valuation proposal - 3 months
- Call Option - 2 months from Market Value Determination
- Set valuation formulation - 5 year DCF with terminal growth rate and discount rate to be agreed
- Suspensive condition period of not less than 2 months
- Put Option thereafter
- Restraint - 5 year period from effective date or as long as Adcock Ingram holds shares



Notes:



Scientific Group

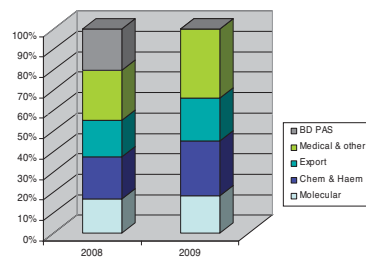
Current

- 12% sales growth over prior year (excluding loss of major agency)
- Strong growth in clinical, diagnostics and export
- Delayed capital expenditure in public sector

Future

- Acquisition of new agencies
- Drive growth in theatre and ICU with full range of equipment and consumables

Sales Analysis



Source: Company Estimates – September 2009

Solid performance of key agencies



Notes:

Outlook



Notes:



outlook

- Tough economic environment but continued volume growth anticipated
- Gross margin preservation in the context of currency stability and a relevant timeous price increase
- NHI Advisory committee outcome
- Hospital products and ARV Tenders
- Diversification of earnings beyond the borders of South Africa over the short to medium term
- We will leverage the capacity in our efficient supply chain, product pipeline and competence in brand building in such territories
- We are well placed for acquisitive growth given our surplus cash and significant debt capacity

Notes: