



Notes:



Notes:

- Overview
- Building Competitive Advantage
- Baxter Call Option Update
- Financial Results
- Divisional Performance
 - Pharmaceuticals (*OTC and prescription*)
 - Hospital (*critical care and scientific group*)
- Outlook

Agenda

Notes:

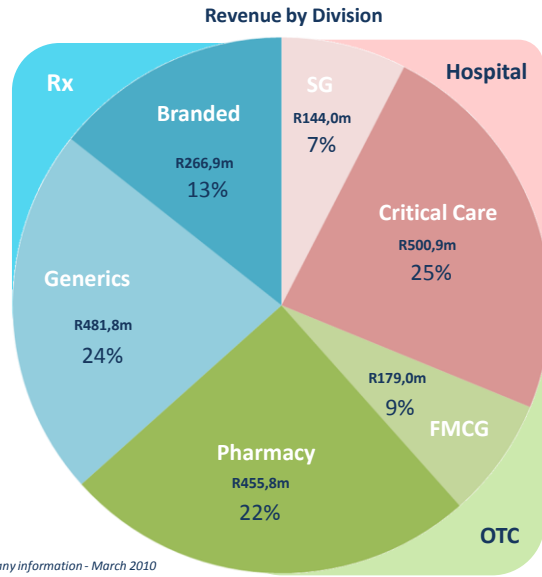
- ↻ Turnover ↑ 7% to R2.0 billion
- ↻ NPAT ↑ 11% to R398.7 million
- ↻ HEPS ↑ 11% to 226.5 cents
- ↻ Cash on hand ↑ R918 million
- ↻ Dividend per share ↑ 11% to 78 cents

Cash generation continues

Salient Financial Features

Notes:

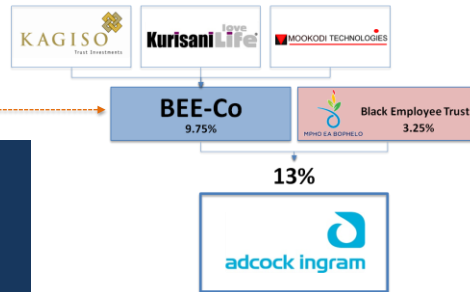
- Leading SA healthcare company with a quality diversified portfolio
- Leader in OTC
- Leader in cough & colds, and pain in pharmacy
- Leading supplier of hospital products, blood systems, renal dialysis products and accessories



Business Overview

Notes:

- Shareholders voted overwhelmingly in favour of the R1,3bn broad-based BEE transaction
- Adcock Ingram has achieved a Level 4 broad based BEE contributor status
- Strategic partners collectively participate through a single investment vehicle
- % of Adcock Ingram's enlarged issued share capital:
 - Kagiso Trust: 6.13%
 - Kurisani: 2.60%
 - Mookodi: 1.02%
 - **Employees: 3.25%**



Significant New Tenders won

- RT 299 Fluids Tender = R 250million
- Pharma Tablets Tender up by 43% vs. LY
- Well positioned for the next ARV Tender

**Building Competitive Advantage
BBBEE + Growing Public Sector Business**

Notes:

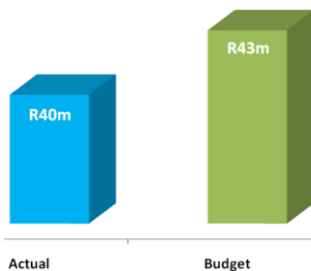


Notes:

- Service levels at 97%
- Brings us closer to our customers
- Adcock Ingram has critical mass (20% of Pharmaceutical Sector Volume)
- Looking for efficiencies in cost
- Attracting Multinational Partners
 - Norgine



Distribution CAPEX



Notes:

- **Multinational Partner of choice in AFRICA**
 - **NCE's** - Eli Lilly, Novartis
 - **BIOTECH** - Amgen, Celltrion
 - **GENERICS** - First to market with Low Cost Generics, ARV's
- **Contract Manufacturing in South Africa and India**

Therapeutic Categories	F2010		F2011		F2012		F2013		F2014		AI Total no of dossiers	AI IMS R'm value
	No of dossiers	IMS R'm value	No of dossiers	IMS R'm value	No of dossiers	IMS R'm value	No of dossiers	IMS R'm value	No of dossiers	IMS R'm value		
Central Nervous System	10	R 17.4	49	R 427.5			20	R 124.0			79	R 568.8
Cardiovascular	13	R 496.6	10	R 175.8	6	R 82.3	12	R 115.5	4	R 158.1	45	R 1 028.2
Respiratory	4	R 4.1	10	R 119.1			2	R 21.9			16	R 145.1
Gastrointestinal tract	5	R 93.2	2	R 7.5			1	R 17.0	2	R 269.5	10	R 387.1
Metabolic/Endocrine			3	R 2.8	8	R 119.5	4	R 267.1			15	R 389.4
Dermatological	2	R 32.0	1	R 5.0							3	R 37.0
Anti-infectives	4	R 81.2	7	R 72.8	1	R 7.2	3	R 15.5	1	R 29.3	16	R 205.5
Urogenital	1	R 28.8	2	R 42.0							3	R 70.8
Chemotherapy /Anti-neoplastics	2	R 31.2	2	R 46.3	1	R 8.0					5	R 85.4
Systemic hormones			3	R 102.7			8	R 79.6			11	R 181.7
Musculo-skeletal			6	R 22.2	1	R 84.3					7	R 186.5
Analgesia	2	R 11.4	1	R 100.9	1	R 22.8	7	R 144.7			11	R 278.9
Anti-inflammatory			1	R 5.6							1	R 5.0
Blood and renal	7	R 18.9									7	R 18.9
Immunomodulators (ARV's)	13	R 262.0	7	R 19.9							20	R 281.9
Gynaecological	2	R 26.4									2	R 26.4
Other			1	R 18.1							1	R 18.1
Pharma (Total)	65	R 1 103.0	105	R 1 166.5	18	R 324.1	57	R 784.6	7	R 456.9	252	R 3 835.1
AICC	21	R 293.2	7	R 120.2	20	R 349.4	17	R 349.3	4	R 137.7	69	R 1 249.8



Building Competitive Advantage
Partnerships + Pipeline

Notes:

- **Growth into Adjacent Categories to support Core Business**
 - Tender Loving Care (TLC)
 - Unique Formulations
 - Indigenous Systems
- **Growth into Africa to support Core Business**
 - Ghana - Ayrtion, acquired 65.59% of shares
 - Kenya - Dawanol
- **Future acquisitions to focus on developing a strong new product pipeline to leverage into other markets off an internationally accredited supply chain base**



Building Competitive Advantage
Acquisitions

Notes:

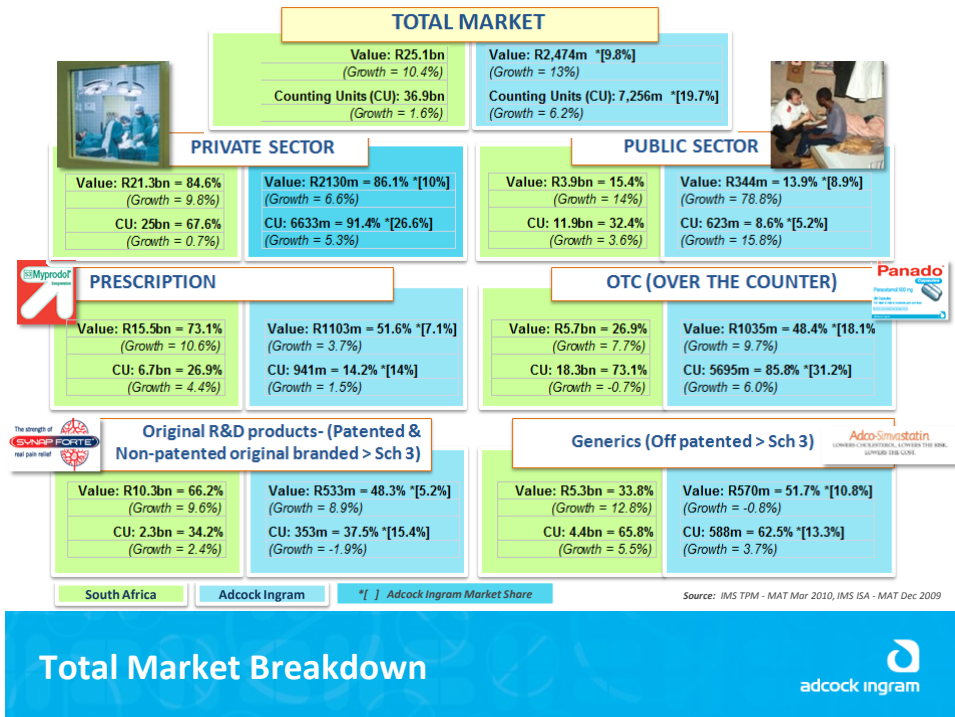
- Single Exit Price (SEP) increase of **7.4%** granted on 01 April
- April Government Gazette: For 2011 SEP increase the Minister of Health wants input on:
 - Should PPI (Producer Price Index) replace CPI?
 - Are the weightings truly reflective of the cost structure of pharmaceutical manufacturers?
 - Role of any international component in any of these calculations for setting SEP in SA?
- A response to the above is being prepared by PIASA and is to be submitted to the Minister of Health in June 2010
- Capping of logistics fees is still under discussion
- Ongoing structural changes at the Medicines Control Council (MCC) welcomed
- Consumer Protection Act

Regulatory environment remains a challenge

Healthcare Environment



Notes:



Notes:

FMCG Market Shares	Volume Growth			Value Share	Market Size	Value Growth		
	Market	Adcock Ingram				Market	Adcock Ingram	
Analgesics	-12.3%	-10%	↑	29.8%	R 964m	0.5%	-2.1%	↓
Vitamins, Minerals, Supplements & Tonics	20.6%	* 79%	↑	8.6%	R 857m	19.8%	* 35.7%	↑
		118%					129.8%	
Digestive / Stomach / Urinary Remedies	-4.5%	3%	↑	12.5%	R 398m	3.4%	1.4%	↓
Cough Drops & Lozenge	-14.5%	-3%	↑	3.3%	R 288m	-8.6%	5.8%	↑
TOTAL Healthcare	-10.6%	-9%	↑	16.8%	R 2 509m	5.6%	9.6%	↑

* TLC and Unique included in the base

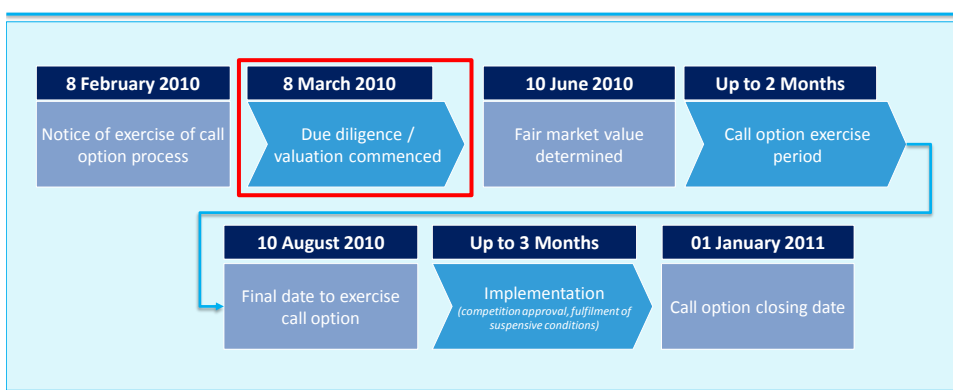
Source: AC Nielsen - March 2010

Strong volume performance in tough market. Adcock now number 1 in VMS

FMCG Market Shares

Notes:

Baxter Call Option



The call option closing date triggers a 4 month period during which Adcock Ingram may elect to dispose of its remaining, minority shareholding to Baxter at the fair value of those shares. The process envisaged for this disposal is similar to that for the Call Option Process.

Notes:

Financial Review

Andy HALL

Chief Financial Officer



Notes:

	6 months 2010 R'm	6 months 2009 R'm	VAR %
Turnover	2,028.4	1,896.6	6.9
Gross Profit	1,050.4	935.0	12.3
Gross Profit %	52%	49%	
Operating Income	534.5	502.2	6.4
Income from Investments	6.4	9.5	
Net Finance Income/(Cost)	5.3	(9.9)	
Profit before Tax	546.2	501.8	8.8
Income Tax Expense	(147.5)	(142.8)	3.2
Profit After Tax	398.7	359.0	11.1
Minority Interest	(5.0)	(4.1)	
Net Profit	393.7	354.9	10.9
EPS (cents)	226.6	204.9	10.6
HEPS (cents)	226.5	204.8	10.6

Income Statements



Notes:

		6 months 2010 R'm	± %	6 months 2009 R'm
OTC	Turnover	634.8	+7.2	592.0*
	Gross Profit GP%	378.7 59.7%	+13.5	333.8 56.4%
	Operating profit OP%	207.9 32.8%	+9.8	189.4 32.0%
PRESCRIPTION	Turnover	748.7	+6.9	700.3
	Gross Profit GP%	423.0 56.5%	+15.4	366.6 52.3%
	Operating profit OP%	203.8 27.2%	+0.5	202.8 29.0%
HOSPITAL	Turnover	644.9	+6.7	604.3
	Gross Profit GP%	248.7 38.6%	+6.0	234.6 38.8%
	Operating profit OP%	122.8 19.0%	+11.6	110.0 18.2%

* inclusive of contract manufacturing revenue

Segmental Analysis



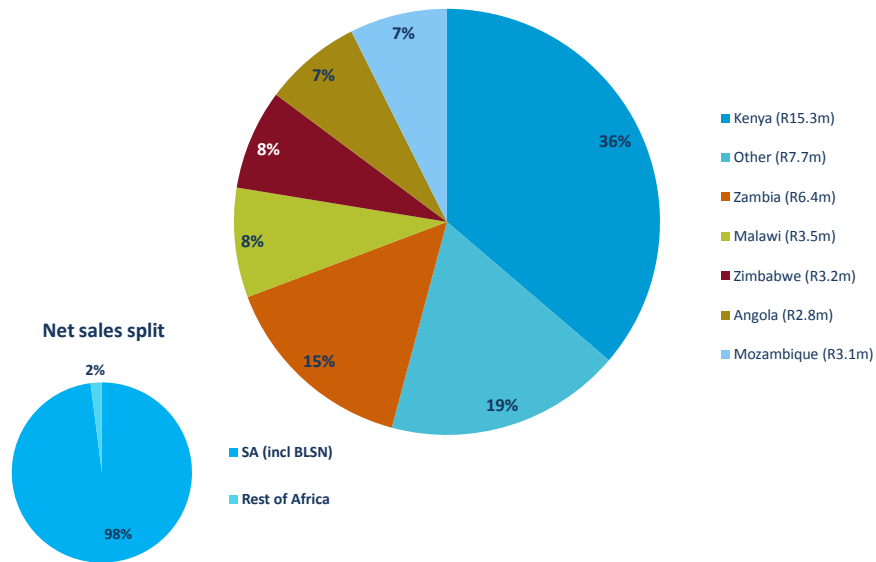
Notes:

	OTC	Rx
	R'm	R'm
Increase	26.4	55.4
	18%	34%
Less IFRS 2 increase	(5.3)	(6.3)
	21.1	49.1
	15%	31%
Less acquisitions' operating expenses	(22.7)	(1.3)
Base operations change	(1.6)	47.8
	-1%	30%
Represented by:		
Fixed and administration costs	(9.0)	3.0
Marketing spend		20.3
Distribution costs	7.4	24.5

Operating Expenses



Notes:



Geographical Sales adcock ingram

Notes:

	Mar 2010	Sept 2009
	R'm	R'm
ASSETS		
<i>Property, plant & equipment</i>	1,183	1,074
<i>Goodwill and intangibles</i>	679	600
Investments	335	304
Investment in Associate	138	138
Deferred taxation	12	12
	19	20
CURRENT ASSETS	2,518	2,314
<i>Inventories</i>	553	584
<i>Trade receivables</i>	956	938
Other receivables	91	99
Cash and cash equivalents	918	693
CURRENT LIABILITIES	882	924
<i>Short term borrowings</i>	216	194
<i>Trade accounts payable</i>	281	320
Other payables	364	380
Taxation	21	30
NET CURRENT ASSETS	1,636	1,390
	2,819	2,464

Statement of Financial Position adcock ingram

Notes:

	Mar 2010	Sept 2009
	R'm	R'm
EQUITY AND LIABILITIES		
Share capital and share premium	1,224	1,221
Non-distributable reserves	81	78
Retained income	1,257	1,002
Total shareholders' interest	2,562	2,301
Minority interests	29	25
Equity	2,591	2,326
Long term borrowings	206	117
Deferred taxation	7	7
Provision for PRMA	15	14
	2,819	2,464

Statement of Financial Position *continued ...*



Notes:

	6 Months 2010 R'm	6 Months 2009 R'm
Operating profit before interest	534	502
Adjusted for:		
Depreciation and amortisation	44	42
Non cash flow items	(29)	15
Cash operating profit	549	559
Working capital changes	1	(233)
Cash generated from operations	550	326
Net finance Income/(costs)	6	(10)
Dividends Received	6	9
Taxation Paid	(155)	(111)
Dividends Paid	(140)	(5)
Net cash inflow from operating activities	267	209
Cash flows from investing activities	(153)	(125)
Cash flows from financing activities	111	(48)
Net increase in cash and cash equivalents	225	36

Statement of Cash Flows



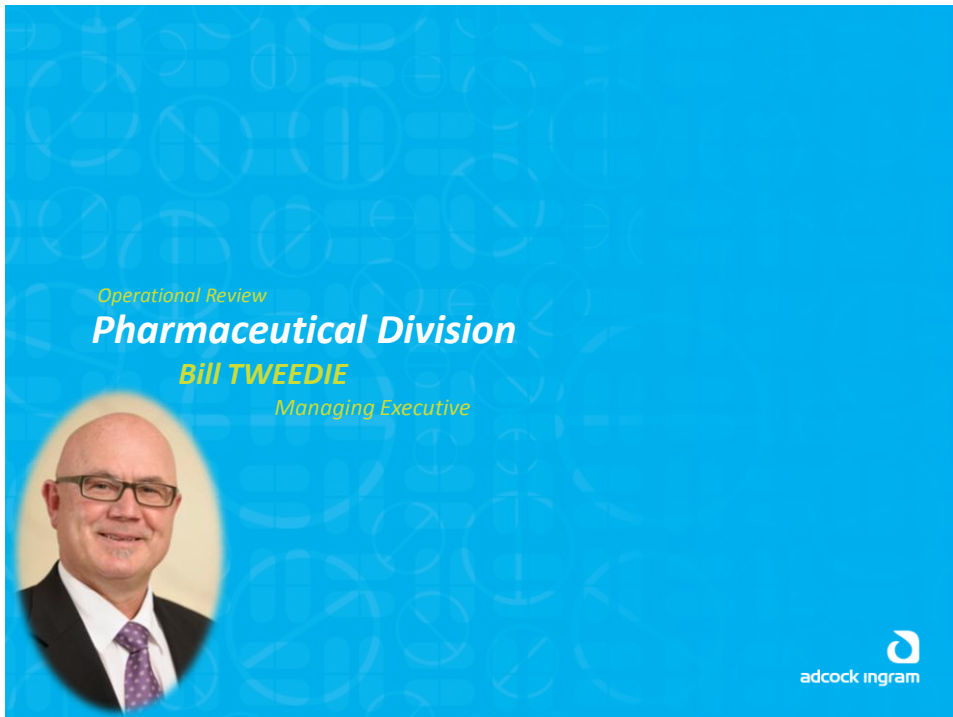
Notes:

	Mar 2010	Sept 2009	Mar 2009
Operating Margin (%)	26.4%	26.1%	26.5%
Gross Margin (%)	52%	51%	49%
Effective tax rate	27.0%	23.8%	28.5%
Shares in issue ('m)	173.8	173.6	173.3
NAV / Share (cents)	1,490.3	1,339.4	1,161.0
NTAV / Share (cents)	1,297.6	1,164.2	1,035.8
Working Capital per R1 Turnover (cents)	30.3	30.0	33.1
Stock days	103	105	112
Debtors days	58	62	62
Creditors days	47	60	45
Current ratio	2.8	2.5	2.7
Gross cash position (R m)	918	693	427
Net cash (R m)	496	382	42



Ratio Analysis



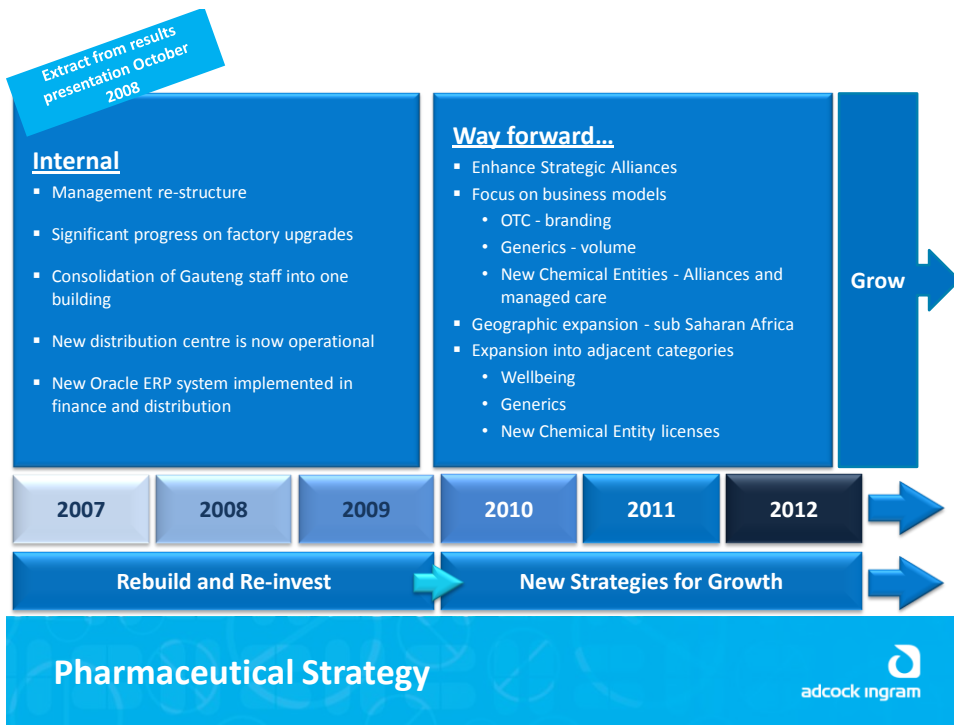
Notes:



Operational Review
Pharmaceutical Division
Bill TWEEDIE
Managing Executive

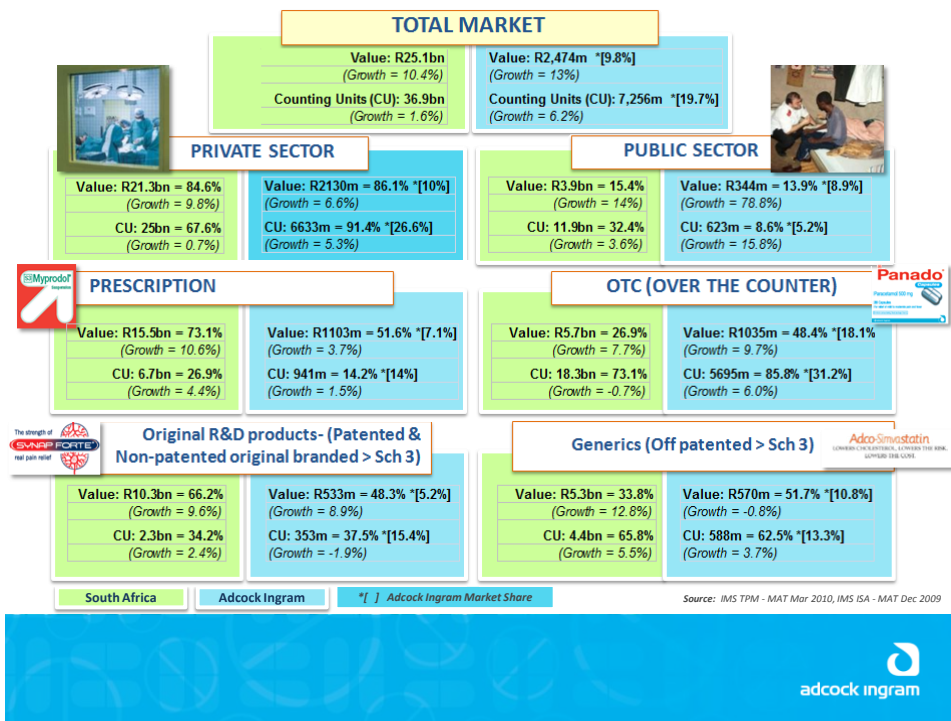
Notes:



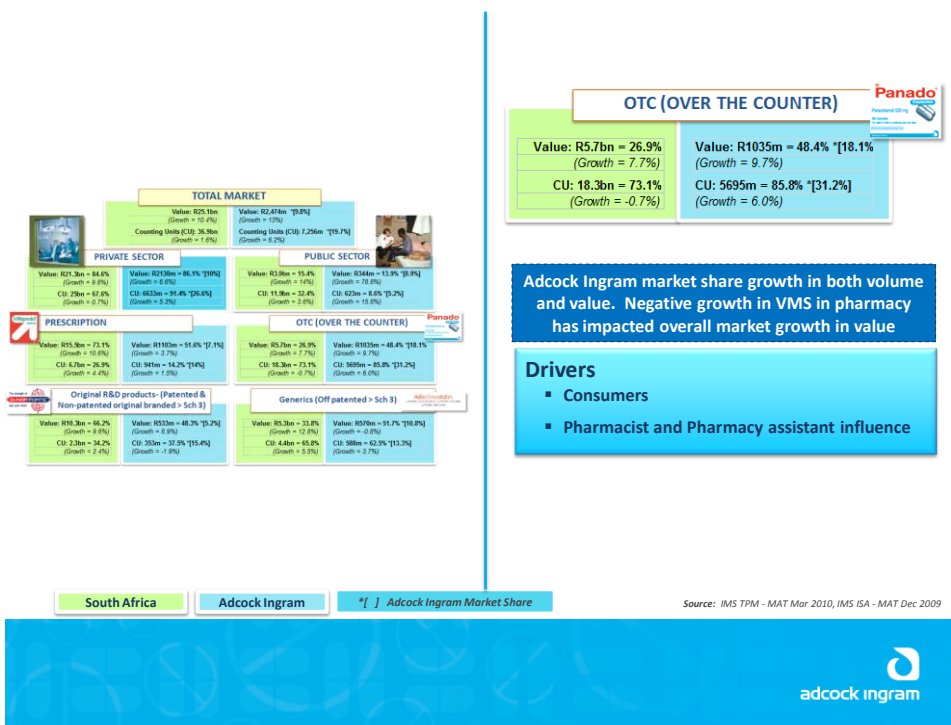
Notes:



Notes:



Notes:



Notes:

CHALLENGES

- Consumer under economic pressure and down trading
- Ingrams Camphor Cream manufacture cancelled, resulting in under-recoveries at Clayville
- Take on of new acquisitions - TLC and Unique
- MCC delays in registrations impacts umbrella branding strategy and further Clayville utilisation

OUTLOOK

- Margin improvement - FMCG price increases taken March to May
- Brands continue to perform well as investment continues
- Stock issues around low priced products mostly resolved
- Temporary liquids plant in Clayville - awaiting MCC
- Major campaigns planned for H2
- Innovation helps to maintain and grow market share
- FMCG market share grows in line with strategy (30%)
- Dawanol exports into Uganda

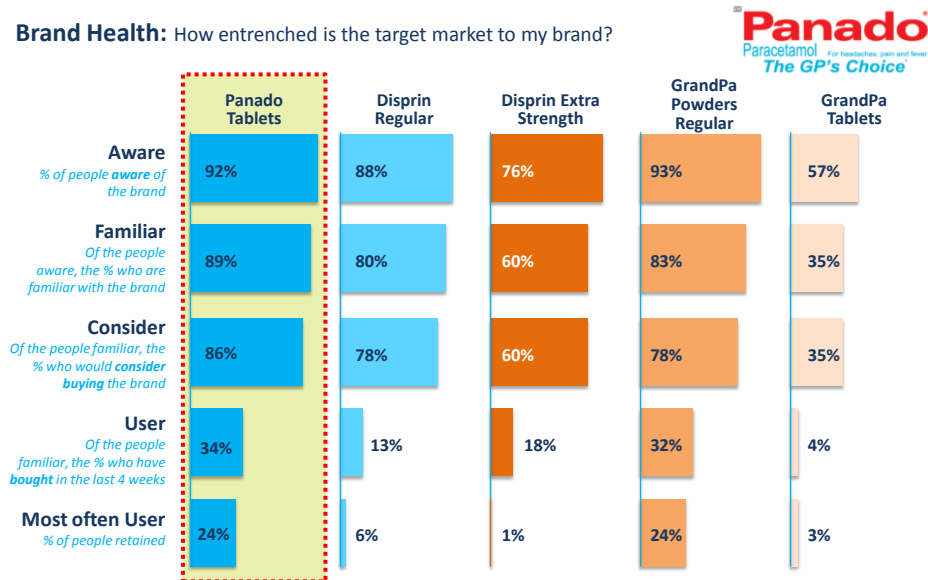


Brands continue to perform despite pressure on consumer

Over-The-Counter (OTC)

Notes:

Brand Health: How entrenched is the target market to my brand?

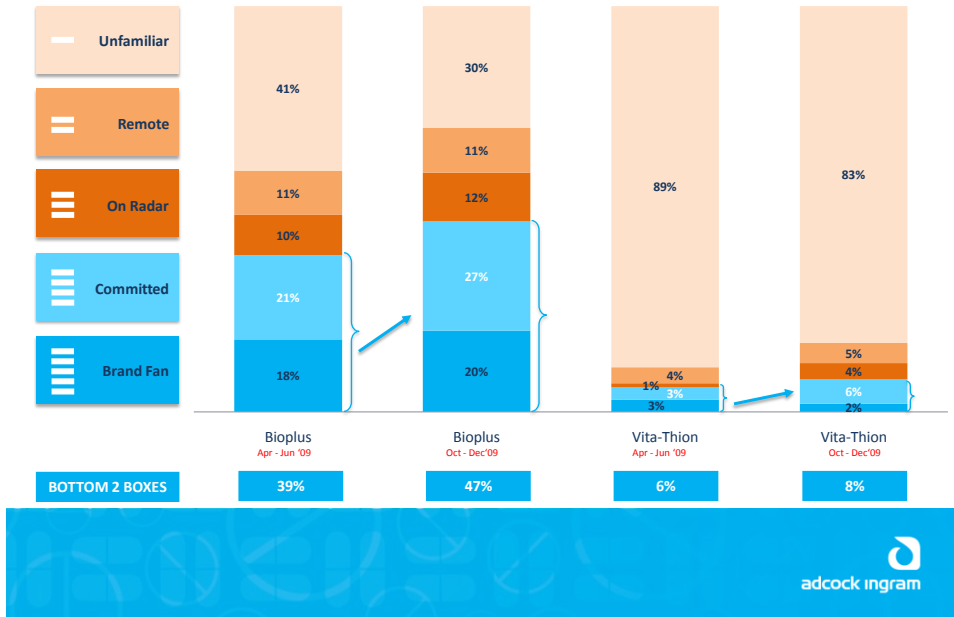


Continued investment in key brands secures top of mind with consumers

Notes:

Brand Health

How entrenched is the target market to my brand?



Notes:

Corenza Cold and Flu Syrup for Children

Corenza cold and flu syrup for children effectively relieves pain, fever, runny noses and congestion because it provides Multi-Action flu fighting ingredients that help them bounce back to their happy selves



Launch Date: April 2010

Cepacol 8's Throat Lozenges

Cepacol Lozenges stops a sore throat in its tracks so one can get on with everyday life



Launch Date: May 2010

Innovation - OTC

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Notes:

Bioplus Strawberry Syrup

Bioplus Strawberry Syrup for physical energy and mental vitality. The strawberry variant offers more variety and has resulted in 68% growth with no cannibalisation on the original flavour



Launch date: Aug 2009

Bioplus Can

Bioplus drinks are now available in a can to cater for physical energy and mental vitality on the move! The range includes 2 new sugar-free flavours



Launch date: Feb 2010

Innovation - OTC



Notes:

Allergex Brand Leverage

Tried and trusted Allergex brand extended into new formats to meet consumers' needs in the OTC Allergy category. Strategy will assist in increase brand presence in-store and an improved ROI.

Existing



Extensions



Launch date: Aug 2010

Panado "Spartan" Pack

Panado – The GP's Choice - now offers an innovative and unique 'spartan' pack with improved safety closure (tamper proof & child resistant). The new pack offers a better on-shelf presence and has a new fold out PI label on-pack.



Launch Date : Oct 2009

Innovation - OTC



Notes:

Year 1

- Rationalising the range
- Identifying strategic priorities
- Integrating the business

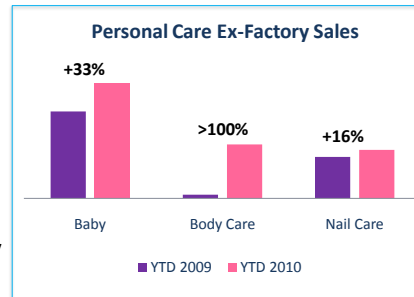
New innovation is starting to gain a foothold in the market with high investment in F2010 with returns in 2011-2013

WINTER 2010 PLAN

- Promotion to enable **trial** for camphor cream and baby ranges
- Investment in trade **listing gaps** which will generate returns in F2011

CAMPHOR CREAM

- R300m market
- 3 brands account for 98% value share
- >60% of sales in retail channel
- **High investment** is required in retail, shopper & consumer to break through the clutter
- Short term investment for **long term returns**



Integration nearing completion, investment continues ...

Personal Care



Notes:

Year 1

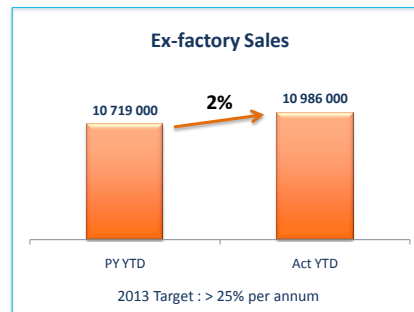
- Integration issues delayed some activities
- Out of stocks of key volume drivers
- Delays in listings on new innovation

BRAND STRATEGY

- R1.6bn market
- **Innovation** to grow penetration and usage
- Distribution - listings
- Brand support
- Consumer & customer education
- In-store impact through POP management

WINTER 2010 PLAN

- Extensive through the line marketing campaign will be flighted May/June & Aug/Sep
- Includes: radio, online, in-store
- **29 new SKU's listings from June**

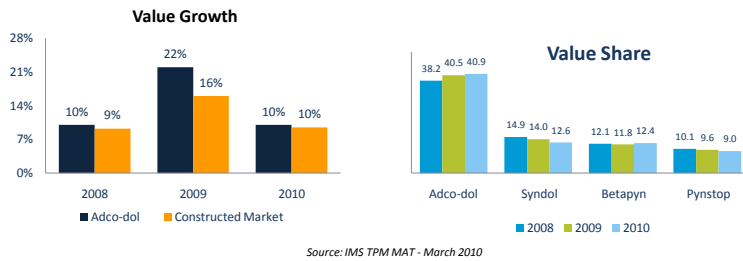


Building presence through innovation

Vitamins, Minerals, Supplements



Notes:



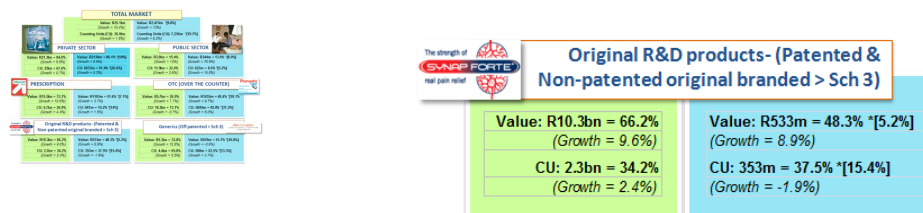
- Market is growing at 10% in value and 3% in volume with the total category valued at R276,451,730 - March 2010
- Adco-Dol is the market leader with 41% value and volume share
- Competitors are taking price reductions in order to gain volume share
- Syndol and Pynstop are the most affected by the down trading
- Betapyn continues to enjoy strong brand support

Wide range brands, protect market share

SCHEDULE 2 Analgesics

adcock ingram

Notes:



Adcock Ingram lags market growth due to the fact that it does not compete with NCE's in the largest and faster growing therapeutic classes

Drivers

- Usage origination - **patient** suffering from disease, illness or condition
- Evaluation/Diagnosis by **Healthcare professional** that leads to a treatment choice
- Treatment choice made by **Healthcare professional** which includes pharmacotherapy or other
- Brand choice when pharmacotherapy is elected - choice in hands of **Prescriber**
- Fulfillment - in hands of **dispenser**, mandatory to fill prescription as prescribed above unless product unavailable
- Compliance - responsibility of **patient**. Greater the compliance, better health outcome together with increased demand impacted by funder

- Usage Origination ✓
- Evaluation/ Diagnosis ✓
- Treatment Choice ✓
- Brand Choice ✓
- Fulfillment ✓
- Compliance/ Persistence ✓

South Africa
Adcock Ingram
* [] Adcock Ingram Market Share

Source: IMS TPM - MAT Mar 2010, IMS ISA - MAT Dec 2009

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Notes:

CHALLENGES

- Slow burn to change prescriber habits
- Mature products
- Competing with multinational originator companies

OUTLOOK

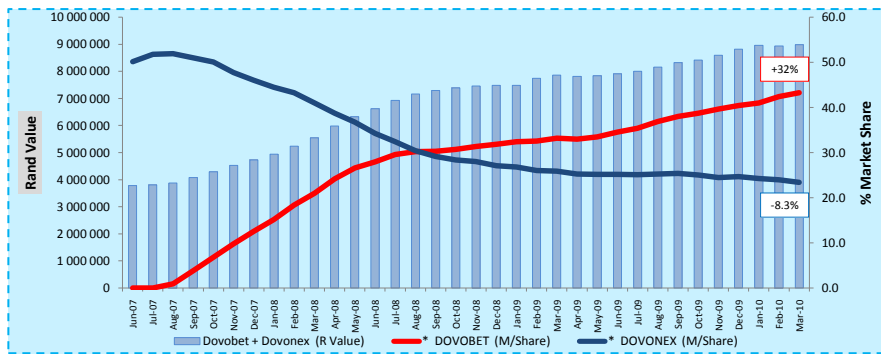
- Margin improvements
- Successful thought leader development programmes
- Share of scripts continues to grow
- New products from existing principals
- Attract new principals
- Medical aid beneficiary growth of 2% mainly coming from GEMS



New principal brands launched and strategies gaining traction

Rx Branded

Notes:



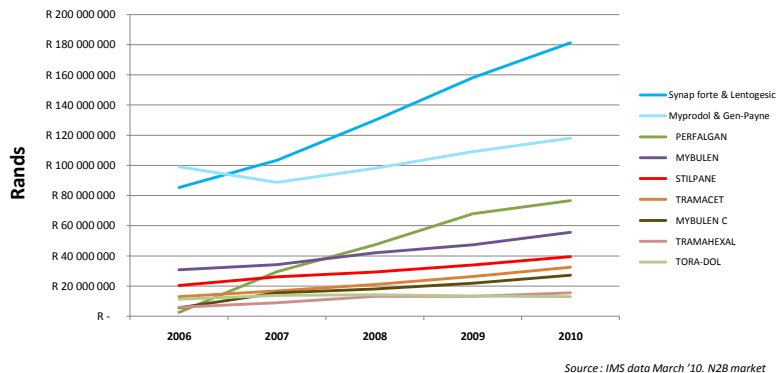
Source: IMS, TPM, rolling MAT & MAT previous period growth, March 2010

Comments:

- Adcock Ingram market share (Dovonex and Dovobet) grew from 50.1 % (R 3.7 mil) in 2007 to 66.7 % (R 8.9 mil) in 2010
- Dovobet is showing MAT growth of 32 % vs. previous period last year, Dovonex is declining at 8.3 % as planned
- Market growth achieved by reaching the untreated psoriasis patients

Topical Anti-Psoriasis Market - Dovobet / Dovonex
(Rolling MAT / Value Market Share)

Notes:



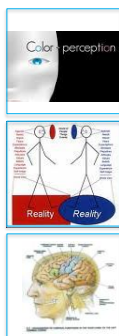
Adcock Ingram combination analgesics has a 54% market share of the top 10 products in this market.



Synap Forte and Lentogesic (13% growth)
Myprodol and Gen-Payne (9% growth)



Notes:



GP monitor confidence ranking

1. Improvement by 2 positions in overall company and number 1 in local and generic companies for second year in a row

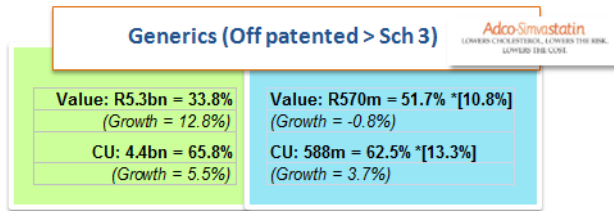
Provider monitor confidence ranking

1. Improvement by 10 positions in overall companies to 5th over 2 years. Now number 2 in local and generic companies

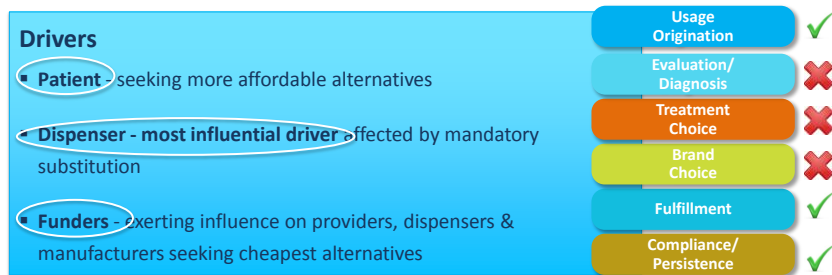
Campbell Belman
Perception Monitor: May 2010



Notes:



Adcock Ingram lagging market growth in value mainly due to Simvastatin, however revised strategy has seen Adcock Ingram outgrow the market in volume in each of the last 8 months



Notes:

CHALLENGES

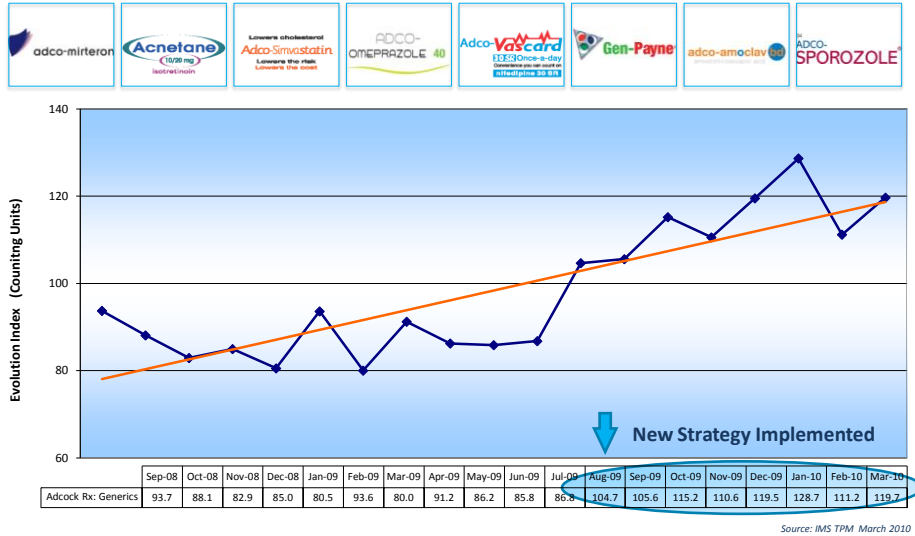
- Price war on biggest generic product impacts value share
- Playing field changes with clones introduced and more aggressive pricing
- Increased competition

OUTLOOK

- Margin improvements
- Volume share gain supports long term strategy
- Supply of ARV tender with good service levels
- Increase in non-ARV tender awards
- Increased capacity leads to availability
- Single corporate brand strategy rolling out



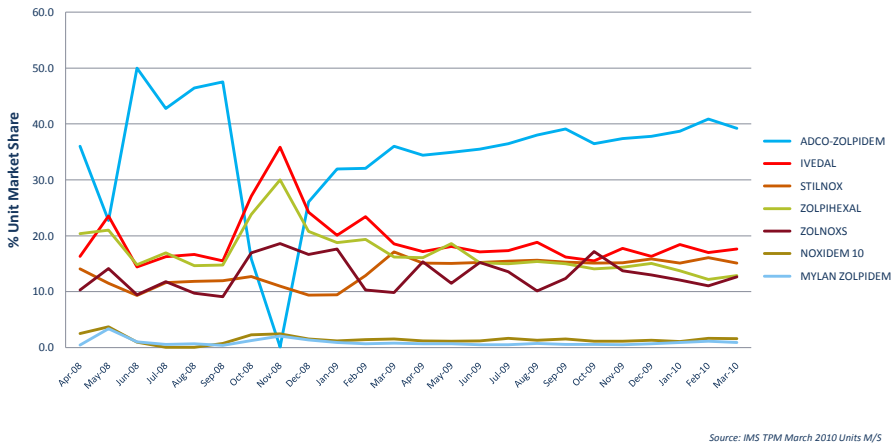
Notes:



New focus results in volume growth ahead of private market for last 8 months

Prescription Generics
AI Evolution Trend - Rx Generics (Counting Units) PRIVATE MARKET

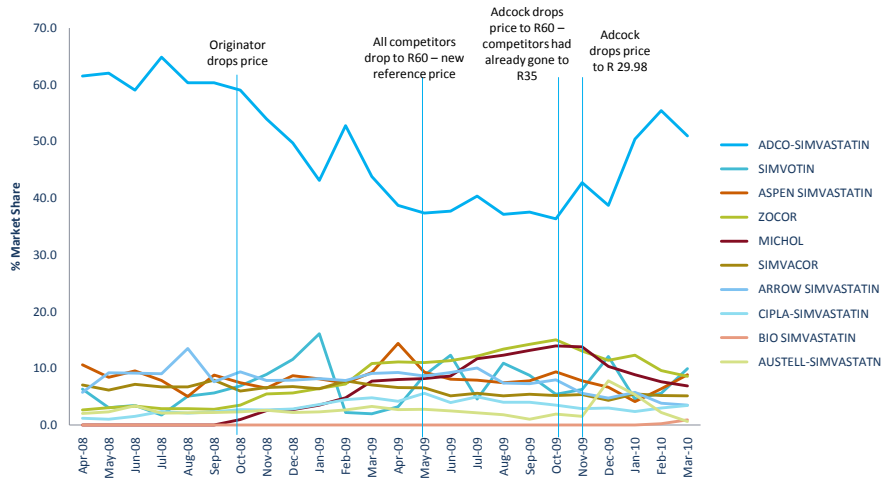
Notes:



Availability of product is key for generic strategy

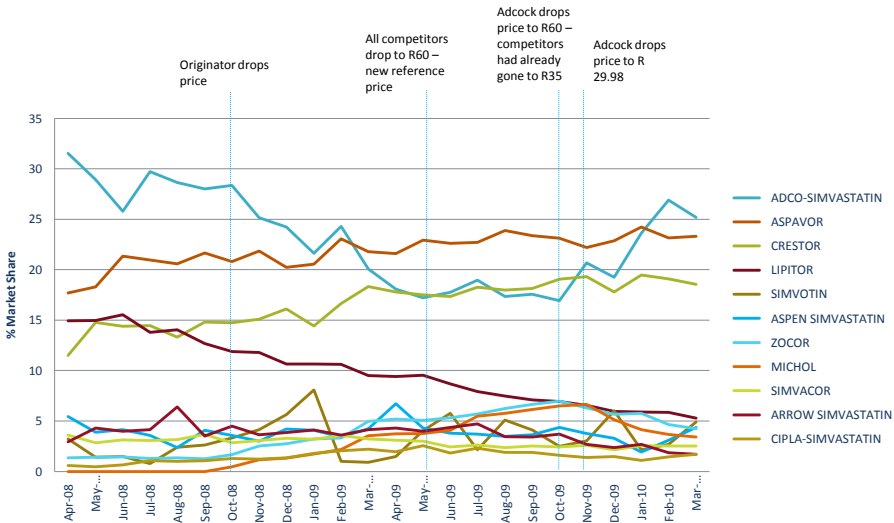
Zolpidem Molecule
(Counting Unit Market Share)

Notes:



Simvastatin Molecule
(Counting Unit Market Share)

Notes:



Statin Market
(Counting Unit Market Share)

Notes:

Operational Review
Hospital Division
Kym HAMPTON
Managing Executive




Notes:

Industry overview - private sector

- Growth in Theatre cases
- Increase of 4% in patient days



Business overview

- Strong first half in all divisions
- Increased usage of generic injectables
- One third of products subject to SEP



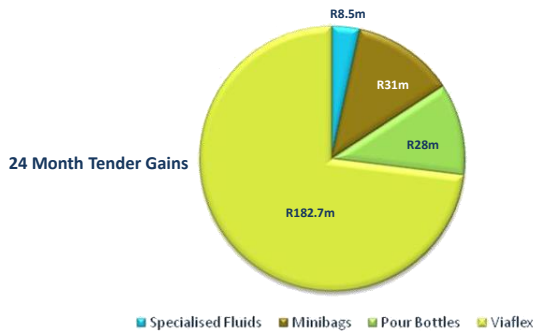
Solid performance in Private Sector

Overview: Hospital



Notes:

- 85% share of public sector tender
- 24 month tender started 01 March 2010
- Double digit growth with injectable drugs
- Line extensions will drive future growth



Plastic Bag Manufacturing area



Steriliser

Investment in core brands

medicine delivery: IV fluids & pour bottles



Notes:

- Overall volume growth of 8%
- Growth opportunities in haemodialysis due to:
 - 5 year partnership with Gambro to supply National Renal Care
 - Product enhancements for intensive care acute dialysis
- Growth in peritoneal dialysis from unique home patient delivery service

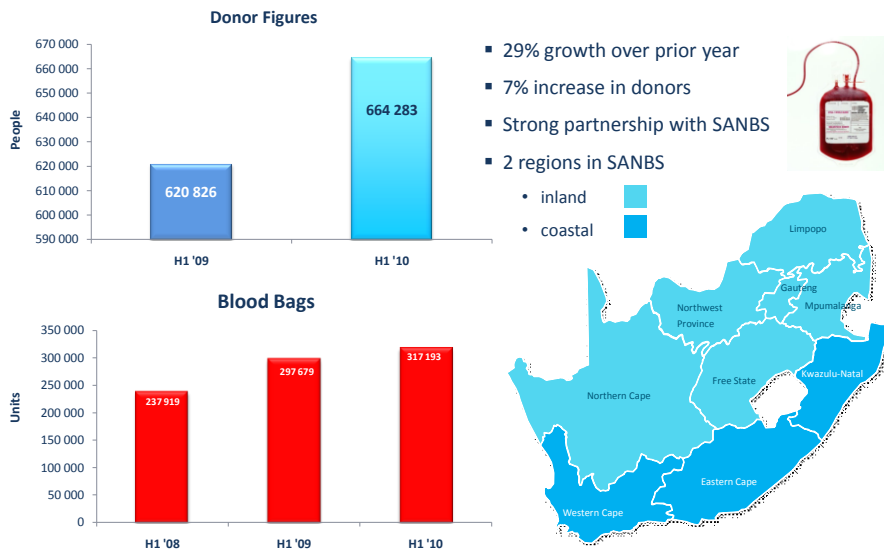


Strong growth in local market

Renal Therapies



Notes:



Single customer with dedicated products

Specialised Therapies

Notes:

- Line extensions on intravenous fluids with plasma expanders
- New products in new categories - oncology (colorectal and breast cancer)
- Access to Amgen pipeline

Product	Market Value
Plasma Expanders	R120m
Oncology	R64m
Amgen Pipeline	R110m



Innovative future growth area

New Pipeline

Notes:

- **February 2010:** Baxter invoke Call Option
Data Room set-up
Awarded 85% of National Fluid Tender
- **March 2010:** Baxter commence due diligence
Start supplying National Fluid Tender
- **April 2010:** Due diligence completed
Factory upgrade is 49% complete
- **June 2010:** Independent arbitration

**Motivated staff
and business
on track**

Ongoing staff communication

Business Processes



Notes:



- EBIT maintained through strong cost control
- Turnover negatively impacted by lower export and bioscience sales
- Acquisition of Indigenous Systems with effect from 1 April 2010
- Intent to grow our presence in medical devices



ERBE V10 300: Electro Surgery Unit



Leonhard Lang Skintact ECG



Lawton Surgical Instrument - Bi Clamp

Strategic acquisition completed

Scientific Group



Notes:



Notes:

- Cautiously optimistic about Consumer recovery
 - investment in brands continues to hold ground
- Personal Care and VMS strategies gaining traction
- Africa strategy continues to roll out with finalisation of Ayrton acquisition
- New ARV tender allocations delayed
- Baxter call-option process to be finalised
- Improved cash generation to fund new acquisitions

Increase capacity, global accreditation

Continue to build brands and partnerships

Move into adjacent categories

Move into new geographies

Second 6 months should see margin and top line improvement



Notes:
