Catalent

Catalent to Acquire Paragon Bioservices

April 2019

Forward- Looking Statements

This presentation contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate", "intend", "estimate", "plan", "project", "foresee", "likely", "may", "will", "would" or other words or phrases with similar meanings and include the statements regarding the 2019 revenues of Paragon Bioservices, Inc. ("Paragon") and the future growth rates of Paragon or the combined businesses. Similarly, statements that describe our objectives, plans or goals are, or may be, forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Some of the factors that could cause actual results to differ include, but are not limited to, the following: any delay or failure to conclude the acquisition of Paragon or the related financings on the terms previously agreed or difficulty in integrating the acquisition if closed or realizing on the anticipated benefits of the acquisition, including the anticipated deleveraging following the acquisition; general industry conditions and competition; product or other liability risk inherent in the design, development, manufacture and marketing of our offerings; inability to enhance our existing or introduce new technology or services in a timely manner; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; and our substantial debt and debt service requirements that restrict our operating and financial flexibility and impose significant interest and financial costs; or difficulty in integrating other acquisitions into our existing business, thereby reducing or eliminating the anticipated benefits of the acquisition. For a more detailed discussion of these and other factors, see the information under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018 filed with the Securities and Exchange Commission. All forward-looking statements in this presentation speak only as of the date of this presentation or as of the date they are made, and we do not undertake to update any forward-looking statement as a result of new information or future events or developments unless and to the extent required by law.

Non-GAAP Financial Measures

Management measures operating performance based on consolidated earnings from continuing operations before interest expense, expense/ (benefit) for income taxes and depreciation and amortization and is adjusted for the income or loss attributable to non-controlling interest ("EBITDA from continuing operations"). EBITDA from continuing operations is not defined under U.S. GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP and is subject to important limitations. Management believes these non-GAAP financial measures provide useful supplemental information for its investors' evaluation of the Company's business performance and are useful for period-over-period comparisons of the performance of the Company's business.

We believe that the presentation of EBITDA from continuing operations enhances an investor's understanding of our financial performance. We believe this measure is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business and we use this measure for business planning purposes. In addition, given the significant investments that we have made in the past in property, plant and equipment, depreciation and amortization expenses represent a meaningful portion of our cost structure. We believe that EBITDA from continuing operations will provide investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, service debt and undertake capital expenditures because it eliminates depreciation and amortization. We present EBITDA from continuing operations in order to provide supplemental information that we consider relevant for the readers of our financial statements, and such information is not meant to replace or supersede U.S. GAAP measures. Our definition of EBITDA from continuing operations may differ from similarly titled measures used by other companies.

Management also measures operating performance based on Adjusted Net Income/(Loss) and Adjusted Net Income/(Loss) per share. Adjusted Net Income/(Loss) is not defined under U.S. GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP and is subject to important limitations. The Company believes that the presentation of Adjusted Net Income/(Loss) and Adjusted Net Income/(Loss) per share enhances an investor's understanding of its financial performance. The Company believes this measure is a useful financial metric to assess its operating performance from period to period by excluding certain items that it believes are not representative of its core business and the Company uses this measure for business planning purposes. The Company defines Adjusted Net Income/(Loss) as net earnings/(loss) adjusted for amortization attributable to purchase accounting and adjustments for other cash and non-cash items included in the table below, partially offset by its estimate of the tax effects as a result of such cash and non-cash items. The Company believes that Adjusted Net Income/(Loss) and Adjusted Net Income/(Loss) per share will provide investors with a useful tool for assessing the comparability between periods of its ability to generate cash from operations available to its stockholders. The Company's definition of Adjusted Net Income/(Loss) may not be the same as similarly titled measures used by other companies.

The most directly comparable GAAP measure to EBITDA from operations and Adjusted EBITDA is earnings/(loss) from operations. The most directly comparable GAAP measure to Adjusted Net Income/(Loss) is net earnings/(loss).

In addition, the Company evaluates the performance of its segments based on segment earnings before non-controlling interest, other (income) expense, impairments, restructuring costs, interest expense, income tax (benefit)/expense, and depreciation and amortization ("Segment EBITDA").
Under our credit agreement, our ability to engage in certain activities, such as incurring certain additional indebtedness, making certain investments and paying certain dividends is tied to ratios based on Adjusted EBITDA (which is defined as "Consolidated EBITDA" in our senior secured credit agreement). Adjusted EBITDA is based on the definitions in our credit agreement, is not defined under U.S. GAAP, and is subject to important limitations. We have included the calculations of Adjusted EBITDA for the periods presented. Adjusted EBITDA is the covenant compliance measure used in certain covenants under our credit agreement, particularly those governing debt incurrence and restricted payments. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The Company does not provide a reconciliation of forward-looking non-GAAP financial measures to their comparable GAAP financial measures because it could not do so without unreasonable effort due to the unavailability of the information needed to calculate reconciling items and due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP financial measures in future periods. When planning, forecasting and analyzing future periods, the Company does so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for various cash and non-cash reconciling items that would be difficult to predict with reasonable accuracy. For example, equity compensation expense would be difficult to estimate because it depends on the company's future hiring and retention needs, as well as the future fair market value of the company's common stock, all of which are difficult to predict and subject to constant change. It is equally difficult to anticipate the need for or magnitude of a presently unforeseen one-time restructuring expense or the values of end-of-period foreign currency exchange rates. As a result, the Company does not believe that a GAAP reconciliation would provide meaningful supplemental information about the Company's outlook.

Best-in-Class Platform to Accelerate New Treatment Paradigm in Gene Therapy

Catalent® + PARAGON BIOSERVICES

1. **Provides new expertise and capabilities in one of the fastest-growing areas of healthcare**
2. **Reinforces Catalent's leadership position across biologics category**
3. **Enhances end-to-end integrated biopharmaceutical solutions for customers**
4. **Capitalizes on tremendous industry tailwinds in gene therapy, where demand is exceeding quality supply**
5. **Drives step change in Catalent's revenue and EBITDA growth**
6. **Delivers highly compelling value to Catalent shareholders**

Transaction Overview

Overview	▪ $1.2bn purchase price ▪ Calendar Year 2019 revenue of ~$200mm, adjusted EBITDA of ~$56mm
Financing	▪ $650mm committed debt financing led by JPMorgan Chase Bank ▪ $650mm equity investment from funds managed by Leonard Green & Partners (“LGP”) ▪ Includes $100mm to support continued growth of the business
LGP Investment	▪ LGP funds to invest in $650mm PIPE security with 5% annual coupon ▪ Peter Zippelius, LGP Partner, to join Catalent Board of Directors ▪ Demonstrates belief in the opportunity and our ability to execute ▪ Marks the beginning of a long-term strategic partnership
Paragon Management	▪ Senior management team to join Catalent
Closing	▪ Subject to customary closing provisions and regulatory approvals ▪ Expected to close within the current fiscal quarter

Paragon is a Leading Partner in Gene Therapies

Leader in vector supply with deep expertise across predominant vector types – differentiated by significant Adeno-Associated Virus (AAV) technical capabilities

Best-in-class, flexible, end-to-end platform with **difficult-to-replicate capabilities** in development, process sciences and technical transfer

Expertise across gene therapy, next-gen vaccines and other biologics

Superior batch quality and gene expression– unmatched scientific expertise and **process know-how**

Committed client base under long-term contracts comprising the world's leading gene therapy companies with significant investment in Paragon's capabilities

World's premier gene therapy manufacturing facilities –~325k sq. ft., including significant expansion planned to increase commercial capacity

~90% CY '16–'18A revenue CAGR with over $100mm of 2018 revenue – significant expected future growth supported by ~90% contracted revenues for '19E

Why Paragon is Right For Catalent

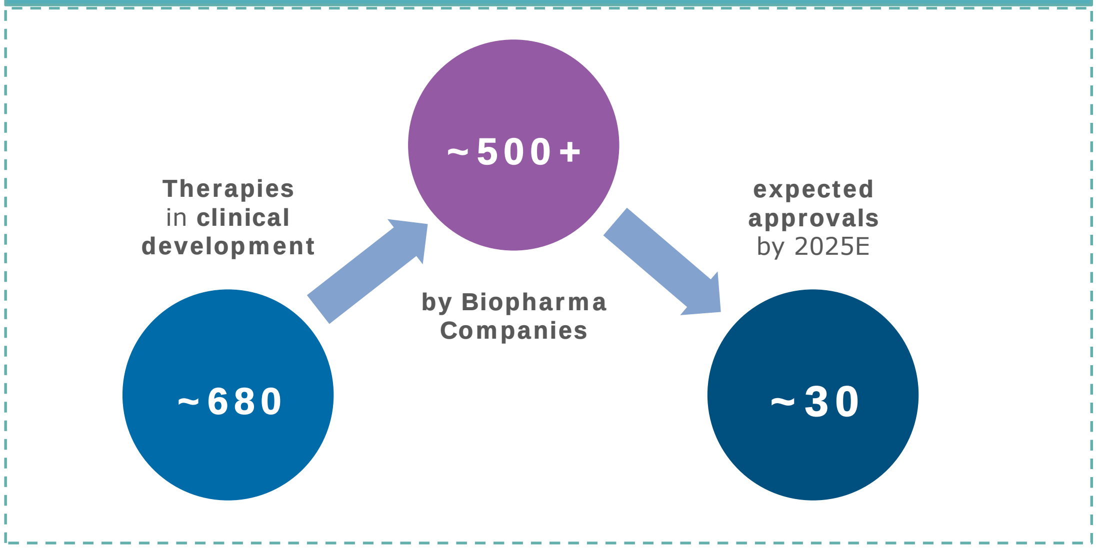
Combination Advances Catalent's Strategic Priorities

Catalent Priority	Paragon Addition / Capability
Follow-the-Molecule	✓ Unmatched scientific capabilities in fastest-growing category of molecules
Patient First Mindset	✓ Innovation for curative therapies in areas of high unmet need with focus on safety, impact and outcomes
Operational Excellence	✓ Customized development, clinical and commercial manufacturing with world-class expertise
Relentless Focus on Customers	✓ Commitment to offering significant breadth of flexible solutions with the highest quality, fastest speed and most robust compliance
Investing for Growth	✓ Biologics and Specialty Drug Delivery (including Paragon) to account for nearly half of revenue by FY'23E

Paragon Serves One of the Most Exciting Growth Areas in Healthcare

Gene Therapy Growth Outlook

Transformational, **potentially curative treatments** in conditions with **high unmet need**



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Expected **~$40bn** market

Capacity constraints driving need for **Paragon's innovative outsourced solutions** for **developers**

Source: Evaluate Pharma, Wall Street research.
Includes both gene and cell therapy.

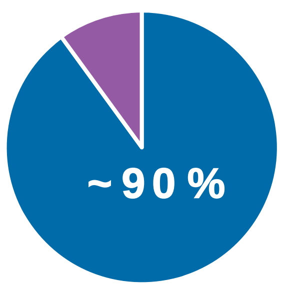
Long-Duration, High-Velocity Growth Trajectory With Significant Runway

Highly Visible Revenue Base

% of Revenues Booked by Year at Contracted Minimums

Average contract length

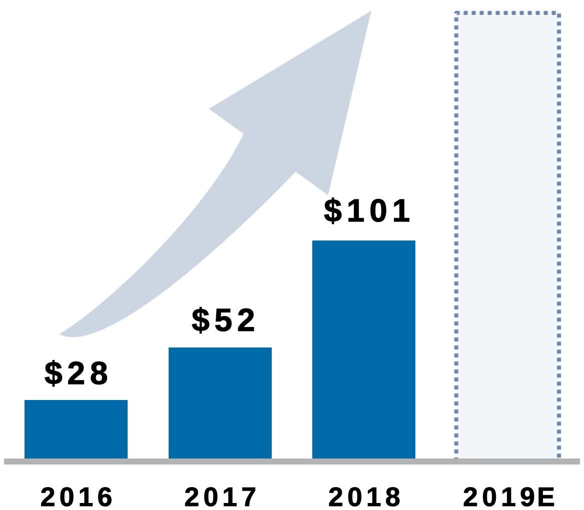
~3-5 years



2019E

Significant Revenue Growth

YoY growth: **~85%** **~94%** **100%+**



Opportunistic Long-Term Potential Expansion

Opportunity to Expand Complementary Manufacturing Initiatives

- Production of GMP plasmids
- Expansion of lentivirus capabilities
- Vertical integration into cell therapy products

Substantial Potential Long-Term Opportunities Beyond the Core Business

Source: Paragon', CTLT analysis. Paragon's fiscal year ending December 31.

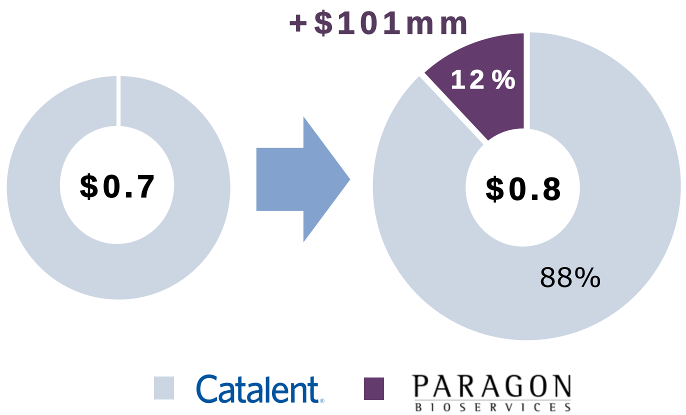
Paragon's Portfolio Amplifies Catalent's Strengths

	From… Catalent standalone	…to Catalent + PARAGON BIOSERVICES
Drives Step Change in Revenue and EBITDA Growth	Long-term revenue growth of 4–6%	✓ **~6-8% long-term revenue growth** ✓ **~8-11% long-term EBITDA growth**
Meaningfully Increases Innovative Technologies and Capacity	World-class manufacturing & supply network with significant global scale	✓ **Adds ~325k sq. ft. by mid-2020 across 2 facilities and 10 suites in Maryland** ✓ **Expertise in AAV-based therapies and next-generation vaccines**
Adds Complementary Capabilities	The leading global provider of advanced dosage delivery technologies and drug development solutions	✓ **Increases exposure to synergistic customer base, including leading biotechs** ✓ **Cultural alignment with unwavering commitment to customers and to bringing innovative medicines to patients globally**
Becomes A Leader in Complex Molecule Manufacturing	Leader in biologics manufacturing	✓ **Leader in biologics manufacturing** ✓ **Leader in Gene/Cell Therapy manufacturing**

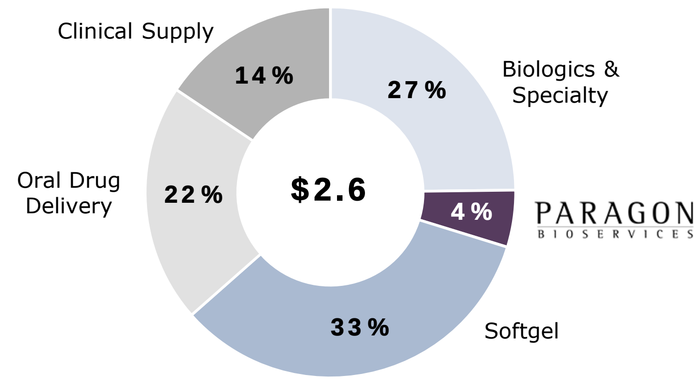
Paragon Meaningfully Extends Biologics Leadership

Paragon is Significantly Accretive to Biologics Scale and Scope

LTM(1) Biologics Revenues



LTM(1) PF Catalent Revenues



Powerful portfolio of high-growth molecules capitalizing on exponential biopharma investment

Note: Dollars in billions, unless otherwise noted. Catalent fiscal year. (1) As of December 31, 2018.

Financial Highlights

✓ **Accelerating Profitable Growth**	▪ Paragon revenue contribution of $200mm+ in CY 2019 – Expected to add 200 bps to Catalent growth trajectory ▪ Paragon EBITDA margin profile accretive to Catalent EBITDA margins today ▪ New long-term Catalent revenue growth of 6–8%, up from 4–6%
✓ **Expanding Leadership Position in Biologics**	▪ Scaled asset base established in complementary, high-growth market ▪ Paragon's clinical focus largely de-risks near-term revenue / EBITDA outlook ▪ Targeting long-term double-digit segment growth – Biologics expected to comprise nearly half of total revenues by FY'23E
✓ **Attractive ANI Accretion**	▪ Accretive to ANI per share in second full fiscal year after close – Significantly accretive thereafter
✓ **Prudent Capital Structure**	▪ $650mm preferred equity investment from Leonard Green & Partners ("LGP")- providing further external validation of the opportunity and our ability to capitalize on it ▪ ~4.0x leverage at June 30, 2019E – Deleveraging to ~3.5x within 12–18 months after close ▪ Limited impact on near-term free cash flow generation; significant benefit over long term

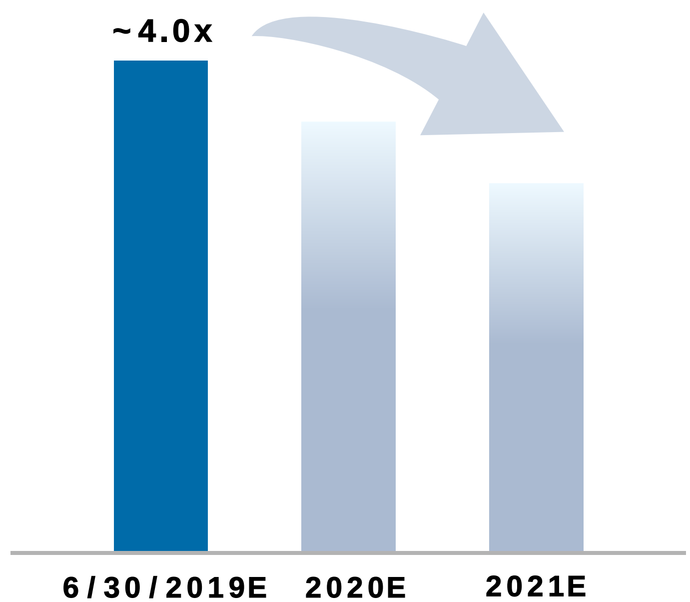
Transaction Financing and Deleveraging Profile

Financing Overview

$1.3bn in fully committed financing

- $650mm in committed incremental terms loans led by JPMorgan Chase
- $650mm convertible preferred stock PIPE with 5% coupon from Leonard Green & Partners(1)
- ~4.0x net leverage at end of FY ’19
- Raising an extra $100mm to fund capital growth projects to meet increasing demand
- Deleveraging to ~3.5x within 12–18 months of close

Rapid and Substantial Deleveraging



(1) Leonard Green & Partners commitment up to $1bn

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+
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