Catalent®

4Q'19 Earnings Call Presentation

August 27, 2019

DEVELOPMENT DELIVERY SUPPLY

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Agenda

John Chiminski, Chair & Chief Executive Officer

- 4Q'19 Highlights

Wetteny Joseph, Senior VP & Chief Financial Officer

- Business Update by Segment
- 4Q'19 and YTD Segment Financial Performance
- EBITDA & Adjusted EBITDA
- Adjusted Net Income and Adjusted Net Income per Share
- Capitalization Highlights
- FY'20 Financial Guidance

Question & Answer Session

Disclaimer Statement

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. 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: 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, which may restrict our operating and financial flexibility and impose significant interest and financial costs; risks associated with timely and successfully completing, and correctly anticipating the future demand predicted for, capital expansion projects at our existing facilities, or difficulty in completing acquisitions or integrating them into our existing business, thereby reducing or eliminating their anticipated benefits. 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, 2019 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 operations before interest expense, expense/ (benefit) for income taxes and depreciation and amortization (“EBITDA from operations”). EBITDA from 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.

Disclaimer Statement - Continued

We believe that the presentation of EBITDA from 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 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, to service debt and to undertake capital expenditures because it eliminates depreciation and amortization expense. We present EBITDA from 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 operations may not be the same as similarly titled measures used by other companies.

As changes in exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a constant currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information compares results between periods, as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. In this release, we calculate constant currency by calculating current-year results using prior-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant currency basis as excluding the impact of foreign exchange translation. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with GAAP.
In addition, the Company evaluates the performance of its segments based on segment earnings before 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 the 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.

Disclaimer Statement - Continued

Management also measures operating performance based on Adjusted Net Income/(loss) and Adjusted Net Income 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. For example, Adjusted Net Income does not reflect the impact on earnings resulting from certain non-recurring items.

We believe that the presentation of Adjusted Net Income/(loss) and Adjusted Net Income per Share 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. We define Adjusted Net Income/(loss) as net earnings/(loss) adjusted for cash and non-cash items, partially offset by our estimate of the tax effect as a result of such cash and non-cash items. We believe that Adjusted Net Income/(loss) and Adjusted Net Income per Share will provide investors with useful tools for assessing the comparability between periods of our ability to generate cash from operations available to our stockholders.
We present Adjusted Net Income/(loss) and Adjusted Net Income per Share 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 Adjusted Net Income/(loss) may not be the same as similarly titled measures used by 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.

Business Highlights

Financial Highlights

- 4Q'19 revenue of $726M, increased 6% vs. PY as reported or 8% in constant currency; negatively impacted by the ASC 606 revenue recognition change; 11% constant-currency growth excluding accounting change; organic revenue growth of 4% in constant currency
- Full fiscal year 2019 revenue of $2.518B, an increase of 2% as-reported or 5% in constant currency; excluding impact of accounting change, up 9%; 2% organic growth
- 4Q'19 segment EBITDA growth across all four reporting segments
- 4Q'19 Adjusted EBITDA of $199M, 11% growth vs. PY in constant currency
- 4Q'19 Adjusted Net Income of $103M; Adjusted EPS of $0.70 per diluted share

Operational Highlights

- Closed the acquisition of biologics gene therapy CDMO Paragon Bioservices; supplemented it with certain Novovax manufacturing assets and capabilities
- Announced agreement to purchase Bristol-Myers Squibb's oral solid, biologics, and sterile product manufacturing facility in Anagni, Italy
- Significantly expanded the capacity of our global spray drying operations through an agreement with Sanofi Active Ingredient Solutions

Softgel Technologies

Strong recovery in 4Q'19 with revenue and EBITDA nicely above PY

- Ibuprofen supply stabilized, strong production levels of ibuprofen products in North America and Latin America during 4Q'19; partially offsets the headwind experienced through the first nine-months
- Solid growth for prescription and consumer health products in North America and Europe; revenue and EBITDA above prior-year levels
- Fiscal 2019 revenue growth in-line with prior year excluding impact of Asia Pacific divestitures; organic revenue growth of nearly 2% after adjusting for ibuprofen impact

	Three Months Ended		As Reported Inc. / (Dec.)		Constant Currency Inc. / (Dec.)	
(USD M)	June 30, 2019	June 30, 2018	$	%	$	%
Softgel Technologies						
Net Revenue	244.7	241.0	3.7	2%	13.0	5%
Segment EBITDA	65.3	59.0	6.3	11%	8.2	14%

Biologics and Specialty Drug Delivery

4Q'19 performance led by Paragon acquisition and biologics drug product

- Paragon acquisition contributes 15 and 17 percentage points to the segment's revenue and EBITDA growth, respectively
- Strong biologic drug product and drug substance volumes in North America
- European specialty drug product revenue declines and unfavorable product mix; partially driven by timing of maintenance shutdown
- Drug substance volume in North America negatively impacted by end of limited-duration customer contract in 4Q'19, customer built in-house capability
- Respiratory and ophthalmic: 4Q'19 results in-line with prior year

	Three Months Ended		As Reported Inc. / (Dec.)		Constant Currency Inc. / (Dec.)	
(USD M)	June 30, 2019	June 30, 2018	$	%	$	%
Biologics and Specialty Drug Delivery						
Net Revenue	231.1	195.5	35.6	18%	37.4	19%
Segment EBITDA	61.3	60.4	0.9	1%	1.0	2%

Oral Drug Delivery

4Q'19 strong results led by Juniper acquisition and analytical services

- Juniper acquisition continues to exceed expectations, contributing 10 and 13 percentage points to the segment's revenue and EBITDA growth, respectively
- ODD organic growth: 6% revenue increase, 17% Segment EBITDA increase; driven by growth within commercial oral delivery, as well as development and analytical services; favorable product mix drives strong EBITDA pull-through
- Commercial pipeline in U.S. and Europe remains robust

	Three Months Ended		As Reported Inc. / (Dec.)		Constant Currency Inc. / (Dec.)	
(USD M)	June 30, 2019	June 30, 2018	$	%	$	%
Oral Drug Delivery						
Net Revenue	174.1	153.7	20.4	13%	24.5	16%
Segment EBITDA	63.6	50.0	13.6	27%	15.2	30%

Clinical Supply Services

4Q’19 performance nicely above PY Segment EBITDA +10%, driven by M&P

- Revenue negatively impacted by ASC 606 treatment of comparator sourcing on a net basis, compared to gross in the prior year; impact of the change to revenue was 16 percentage points
- Excluding ASC 606 change, revenue down 3% vs. PY; Segment EBITDA growth driven by favorable mix to manufacturing and packaging services and improved capacity utilization across the network
- Backlog of $366M as of June 30, 2019 increased 6% from the prior quarter; LTM book-to-bill ratio of 1.2x; net new business wins of $94M decreased 6% vs. the prior-year period; backlog and ratio figures adjusted for ASC 606 revenue recognition change

	Three Months Ended		As Reported Inc. / (Dec.)		Constant Currency Inc. / (Dec.)	
(USD M)	June 30, 2019	June 30, 2018	$	%	$	%
Clinical Supply Services						
Net Revenue	85.1	107.6	(22.5)	(21%)	(20.2)	(19%)
Segment EBITDA	22.9	21.7	1.2	6%	2.1	10%

4Q'19 by Business Segment

($ millions)	Three Months Ended Jun. 30, 2019	Three Months Ended Jun. 30, 2018	Increase/(Decrease) $	Increase/(Decrease) %	Excluding FX Increase/(Decrease) $	Excluding FX Increase/(Decrease) %
Softgel Technologies						
Net Revenue	244.7	241.0	3.7	2%	**13.0**	**5%**
Segment EBITDA	65.3	59.0	6.3	11%	**8.2**	**14%**
Biologics and Specialty Drug Delivery						
Net Revenue	231.1	195.5	35.6	18%	**37.4**	**19%**
Segment EBITDA	61.3	60.4	0.9	1%	**1.0**	**2%**
Oral Drug Delivery						
Net Revenue	174.1	153.7	20.4	13%	**24.5**	**16%**
Segment EBITDA	63.6	50.0	13.6	27%	**15.2**	**30%**
Clinical Supply Services						
Net Revenue	85.1	107.6	(22.5)	-21%	**(20.2)**	**-19%**
Segment EBITDA	22.9	21.7	1.2	6%	**2.1**	**10%**
Revenue Elimination	(9.3)	(12.5)	3.2	*	2.7	*
Other EBITDA	(47.7)	(19.1)	(28.6)	*	(29.2)	*
Combined Total						
Net Revenue	725.7	685.3	40.4	6%	57.4	8%
EBITDA	165.4	172.0	(6.6)	-4%	(2.7)	-2%

FY’19 by Business Segment

($ millions)	Twelve Months Ended Jun. 30, 2019	Twelve Months Ended Jun. 30, 2018	Increase/(Decrease) $	Increase/(Decrease) %	Excluding FX Increase/(Decrease) $	Excluding FX Increase/(Decrease) %
Softgel Technologies						
Net Revenue	872.1	917.3	(45.2)	-5%	**(10.3)**	**-1%**
Segment EBITDA	191.2	196.4	(5.2)	-3%	**2.1**	**1%**
Biologics and Specialty Drug Delivery						
Net Revenue	742.1	601.9	140.2	23%	**146.7**	**24%**
Segment EBITDA	180.4	146.8	33.6	23%	**35.0**	**24%**
Oral Drug Delivery						
Net Revenue	619.9	573.9	46.0	8%	**56.7**	**10%**
Segment EBITDA	186.7	172.9	13.8	8%	**17.5**	**10%**
Clinical Supply Services						
Net Revenue	321.4	430.4	(109.0)	-25%	**(102.7)**	**-24%**
Segment EBITDA	84.4	76.2	8.2	11%	**10.9**	**14%**
Revenue Elimination	(37.5)	(60.1)	22.6	*	21.2	*
Other EBITDA	(142.9)	(138.8)	(4.1)	*	(8.4)	*
Combined Total						
Net Revenue	2,518.0	2,463.4	54.6	2%	111.6	5%
EBITDA	499.8	453.5	46.3	10%	57.1	13%

Net Earnings to EBITDA from Operations

(USD M)	Quarter Ended Jun 30, 2018	Twelve Months Ended Jun 30, 2018	Quarter Ended Sep 30, 2018	Quarter Ended Dec 31, 2018	Quarter Ended Mar 31, 2019	Quarter Ended Jun 30, 2019	Twelve Months Ended Jun 30, 2019
Net earnings/(loss)	82.7	83.6	(14.4)	49.0	31.7	71.1	137.4
Interest expense, net	30.0	111.4	28.1	25.5	26.4	30.9	110.9
Income tax expense / (benefit)	6.7	68.4	1.0	2.3	10.9	8.7	22.9
Depreciation and amortization	52.6	190.1	52.9	54.6	66.4	54.7	228.6
EBITDA from operations	172.0	453.5	67.6	131.4	135.4	165.4	499.8

Adjusted EBITDA

(USD M)	Quarter Ended Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019
EBITDA from operations	102.0	114.3	172.0	67.6	131.4	135.4	165.4
Stock-based compensation	8.5	5.6	6.1	10.0	7.5	6.6	9.2
Impairment charges, loss on sale of assets	4.2	0.2	4.3	2.9	(0.1)	(0.1)	2.4
Financing-related expenses	11.8	-	-	4.2	-	-	11.7
US GAAP restructuring	0.1	1.4	7.5	9.7	0.1	3.1	1.2
Acquisition, integration, other special items	11.8	9.1	12.2	3.6	5.6	13.1	21.3
Unrealized foreign exchange (gain)/loss, non cash	0.6	8.4	(20.5)	2.0	1.0	(3.7)	1.2
Other (non-cash)	0.3	-	(0.1)	(0.1)	0.5	(0.1)	(13.0)
Adjusted EBITDA *	139.3	139.0	181.5	99.9	146.0	154.3	199.4
Financial statement FX translation (unfavorable)			-				(2.2)
Adjusted EBITDA - constant currency			181.5				201.6

	Twelve Months Ended Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019
Net earnings	83.6	65.4	136.3	149.0	136.3
EBITDA from operations	453.5	455.9	485.3	506.4	499.8
Adjustments	97.2	103.8	81.1	75.3	99.8
Adjusted EBITDA *	550.7	559.7	566.4	581.7	599.6
Financial statement FX translation (unfavorable)	-				(10.2)
Adjusted EBITDA - constant currency	550.7				609.8

* In its earnings releases for the quarters ended September 30, 2018, December 31, 2018, and March 31, 2019, the Company included an adjustment in the three months ended September 30, 2018 relating to a cumulative effect of change in accounting for ASC 606. The Company is no longer making this adjustment in its presentation of Adjusted EBITDA.

Adjusted Net Income and ANI per Share

(USD M)	Quarter Ended Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019
Net earnings/(loss)	(21.9)	19.0	82.7	(14.4)	49.0	31.7	71.1
Amortization	16.1	17.6	17.5	18.2	19.5	31.4	19.1
Stock-based compensation	8.5	5.6	6.1	10.0	7.5	6.6	9.2
Impairment charges: loss on sale of assets	4.2	0.2	4.3	2.9	(0.1)	(0.1)	2.4
Financing-related expenses	11.8	-	-	4.2	-	-	11.7
US GAAP restructuring	0.1	1.4	7.5	9.7	0.1	3.1	1.2
Acquisition, integration, other special items	11.8	9.1	12.2	3.6	5.6	13.1	21.3
Foreign exchange (gain)/loss	0.6	8.4	(20.5)	2.0	1.0	(3.7)	1.2
Other (non-cash)	0.3	-	(0.1)	(0.1)	0.5	(0.1)	(13.0)
Discrete tax items	(2.8)	(0.1)	(3.9)	(0.1)	(3.3)	(2.8)	(8.3)
Estimated tax effect of adjustments	(14.0)	(11.6)	(6.7)	(10.6)	(7.6)	(11.3)	(13.0)
Tax law changes provision	46.0	5.6	(9.1)	-	(6.8)	3.3	-
Adjusted Net Income *	60.7	55.2	90.0	25.4	65.4	71.2	102.9
Diluted shares outstanding (000's)			135.1				147.2
Adjusted Net Income per diluted share			0.67				0.70

	Twelve Months Ended Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019
Net earnings	83.6	65.4	136.3	149.0	137.4
Adjustments	149.4	165.9	99.7	103.0	127.5
Adjusted Net Income *	233.0	231.3	236.0	252.0	264.9
Diluted shares outstanding (000's)	133.2				146.0
Adjusted Net Income per diluted share	1.75				1.81

* In its earnings releases for the quarters ended September 30, 2018, December 31, 2018, and March 31, 2019, the Company included an adjustment in the three months ended September 30, 2018 relating to a cumulative effect of change in accounting for ASC 606. The Company is no longer making this adjustment in its presentation of Adjusted Net Income.

Debt and Capital Allocation

Debt Structure

- Covenant-light structure for all senior debt, with attractive cost of capital and maturity profile
  - No significant maturity until 2024
  - In 4Q‘19, net of payoffs, added $164M to TL balance and extended maturity to 2026
  - Issued new USD senior notes at an attractive coupon rate of 5%
  - Proceeds of new debt, net of payoffs, used to fund part of Paragon acquisition cost

Capital Allocation

- Capital expenditures increasing to ~11-12% of sales beginning in FY’20, substantially driven by our investments in biologics, including gene therapy
- Ongoing capital allocation will be focused on:
  - Capex to drive organic growth
  - M&A to supplement organic growth
  - Share repurchase or debt reduction

(USD M)	4Q'18	3Q'19	4Q'19
Revolver, due 202	-	-	-
Term Loan, due 2024 (USD)	1,228	772	-
Incremental Term Loan, due 2026 (USD)	-	-	936
Term Loan, due 2024 (EUR)	359	344	347
Total Secured Debt	1,587	1,117	1,283
Senior Notes, due 2024 (EUR), 4.750%	438	424	428
Senior Notes, due 2026 (USD), 4.875%	444	444	445
Senior Notes, due 2027 (USD), 5.000%	-	-	492
Capital Leases / Other	63	59	167
Deferred Purchase Price	189	143	144
Total Unsecured Debt	1,134	1,070	1,676
Total Debt	2,721	2,187	2,959
Cash Equivalents	410	228	345
Total Net Debt	2,311	1,959	2,614
LTM Adjusted EBITDA	551	597	600
Net Sr. Secured Debt / Adj. EBITDA	**2.1x**	**1.5x**	**1.6x**
Net Debt / Adj. EBITDA	**4.2x**	**3.3x**	**4.4x**
Net Debt / Adj. EBITDA Pro Forma			**4.2x**

Total net leverage ratio of 4.2x PF for Paragon acquisition; below the PF total leverage ratio of 4.5x at the time of deal announcement

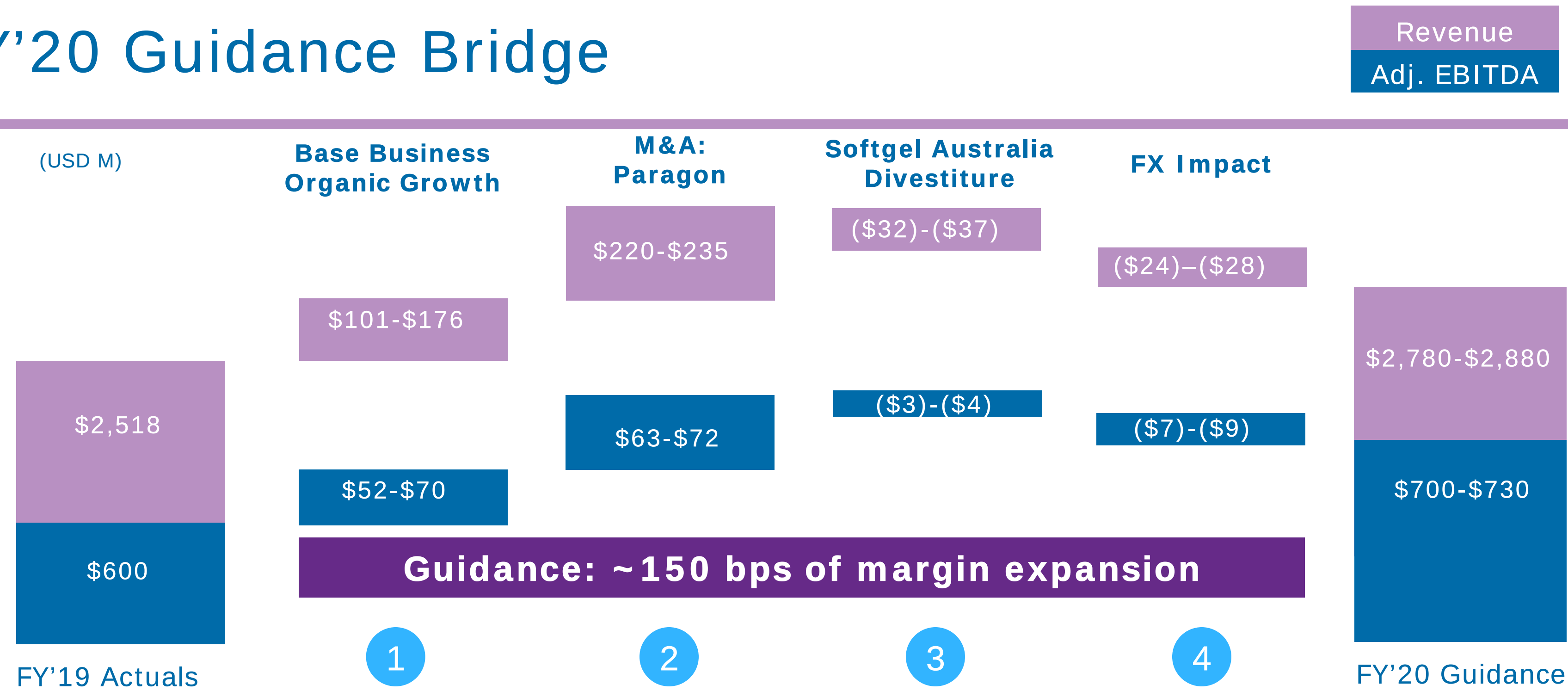
FY’20 Full-Year Guidance

(USD M)	FY'19 Actuals	FY'20 Guidance	% growth Low	% growth Mid	% growth High
Revenue	2,518	2,780-2,880	10%	12%	14%
Adjusted EBITDA	600	700-730	17%	19%	22%
Adjusted Net Income	265	300-330	13%	19%	25%
Share Count - 6/30 (1)	146	159-160	na	na	na

Note:
(1) Share count is fully diluted and represents the weighted average as of June 30; includes ~13M of as-if converted shares from the May ‘19 issuance of Series A preferred stock

- Revenue, Adjusted EBITDA, Adjusted Net Income guidance ranges reflect assumed exchange rates of: 1.22 USD/GBP, 1.12 USD/EUR
- Reflects strong projected organic growth of 4-7% revenue, 9-12% Adj. EBITDA
- Long-term organic growth outlook updated in April ‘19 to 6-8% revenue, 8-11% Adjusted EBITDA in light of Paragon transaction

FY’20 Guidance Bridge



1. **Base Business: Revenue $101M-$176M, Adjusted EBITDA $52M-$70M** represents organic, same-store revenue and Adjusted EBITDA growth across the business on a constant-currency basis; includes Paragon from mid-May 2020

2. **M&A: Revenue $220M-$235M, Adjusted EBITDA $63M-$72M** adjustment for partial-year impact of Paragon acquisition completed in 4Q’19

3. **Softgel Divestiture: Revenue ($32M)-($37M), Adjusted EBITDA ($3M)-($4M)** related to the sale of our Braeside, Australia VMS/OTC facility to Blackmores; announced in FY’18 and expected to close in October of FY’20

4. **FX impact: Revenue ($24M)-($28M), Adjusted EBITDA ($7M)-($9M)** recent USD strengthening vs. EUR and GBP; guidance assumes EUR 1.12 and GBP 1.22, down from FY’19 average rates of EUR 1.14 and GBP 1.29

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