

Pharmaceutical Intermediates

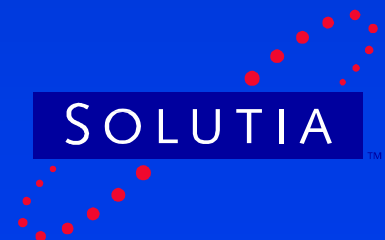
Custom Manufacturing for the
Pharmaceutical Industry

What are we trying to do?

Establish a leading and high margin contract manufacturing \ pharmaceutical intermediates business supporting ethical pharmaceuticals based on long-term supply agreements.

We Have Aggressive Goals

- \$500 million division within 3 - 5 years
- Gross Profit > 40%
- Expertise in at least two fields of chemistry
- Strong drug development alliances with key pharmaceutical companies.
 - Target is at least 2 new chemical entity's in phase II/yr. (110 last year)
- 3 - 5 contracts with the top 20 Pharma Companies
- Global (N.A and Europe)
- Multiple acquisitions
- Foundation for growth and P/E multiplier



Why Contract Manufacturing of Pharma Intermediates is attractive:

- **Strong growth rates (c.15%) in ethical pharma and outsourcing.**
 - » *Pharma Intermediates sales growing at 12-15% cagr over 3 years.*
 - » *Ethical pharmaceuticals sales growing 7-8% cagr over 10 years.*
- **Reduced exposure to economic cycles:**
 - » *10 year cagr of 7% for pharma.*
- **High gross margin potential:**
 - » *40-75% at full scale production of intermediates.*
 - » *EBIT margins of 25-35% normal*
- **High technical service component.**
 - » *Excellent fit with “Applied Chemistry, Creative Solutions”*
 - » *Strategic Fit for Specialty Chemicals aspirations*