

## 3Q 2005 Financial Results

Analyst Meeting 15 November 2005



## Forward looking statement

*Any statement contained in this presentation that refers to Actavis' estimated or anticipated future results or future activities are forward-looking statements which reflect the Company's current analysis of existing trends, information and plans. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially depending on factors such as the availability of resources, the timing and effect of regulatory actions, the success of new products, the strength of competition, the success of research and development issues, unexpected contract breaches or terminations, exposure to product liability and other lawsuits, the effect of currency fluctuations and other factors. Actavis does not undertake the obligation to update or alter these forward-looking statements beyond its duties as an issuer of listed securities on the Iceland Stock Exchange.*

## Today's speakers



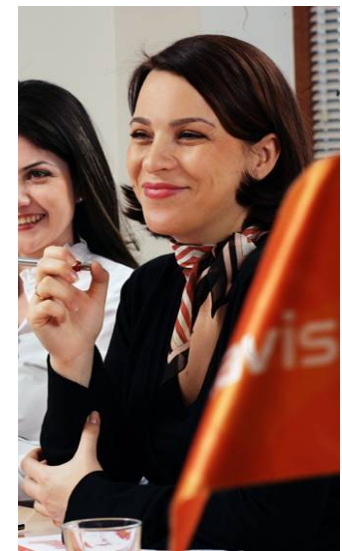
Robert Wessman  
President & CEO



Mark Keatley  
Chief Executive of Finance

## Agenda

1. Financial highlights
2. Sales performance
  - Own-label
  - Third-party
  - North America
4. Outlook
5. Q&A





## 3Q 2005 Highlights

- Record profits and EBITDA margins
- Strong contribution from all revenue divisions
  - Own-Label sales slightly above expectations
  - Third-party sales showing significant improvement from 2Q as anticipated
  - North America division delivering strong results and continued high margins
- Recent acquisitions:
  - Keri Pharma (Hungary)
  - Higia (Bulgaria)
  - Human generic business of Alpharma
  - Ophtha (Denmark)
- Acquisition of Alpharma places Actavis among the world's five largest generics companies
- Group refinancing secured through US\$1.27 billion senior debt facility and US\$425 million preference share issue

## Key Financials 3Q

	3Q 2005	3Q 2004	% Change
Operating revenues.....	160,938	104,903	53.4%
Total operating expenses.....	(124,386)	(84,005)	48.1%
EBITDA.....	48,302	26,952	79.2%
EBIT.....	36,553	20,898	74.9%
Profit before tax.....	27,069	17,853	51.6%
Taxes.....	(3,864)	(3,628)	6.5%
Net profit.....	23,204	14,225	63.1%
Underlying Growth.....	24.3%	5.8%	18.5%
Earnings per share (EPS).....	0.00679	0.00465	45.8%

## 9M 2005 Highlights

- Performance in line with expectations
- Eight strategic acquisitions completed:
  - Biovena (Poland)
  - Lotus laboratories (India)
  - Pharma Avalanche (Czech & Slovakia)
  - Amide (USA)
  - Higia (Bulgaria)
  - Keri Pharma (Hungary)
  - Alpharma's generic business
  - Ophtha (Denmark)
- Strong performance throughout the year in key Own-label markets

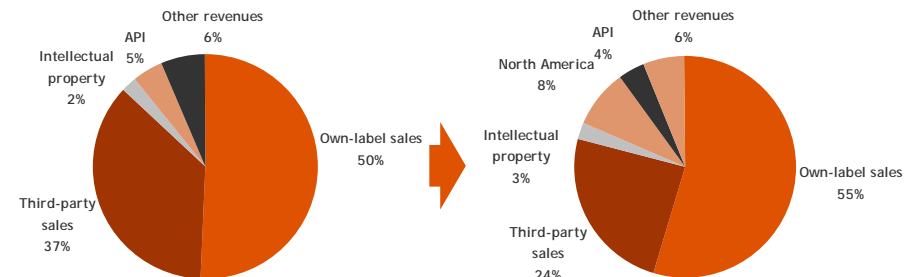
## Key Financials 9M

	9M 2005	9M 2004	% Change
Operating revenues.....	384,717	340,784	12.9%
Total operating expenses.....	(312,714)	(269,939)	15.8%
EBITDA.....	96,312	86,754	11.0%
EBIT.....	72,003	70,845	1.6%
Profit before tax.....	54,833	57,720	-5.0%
Taxes.....	(9,245)	(11,618)	-20.4%
Net profit.....	45,587	46,102	-1.1%
Underlying Growth.....	4.0%	12.5%	-8.5%
Earnings per share (EPS).....	0.01464	0.01575	-7.0%

## Revenue by segments

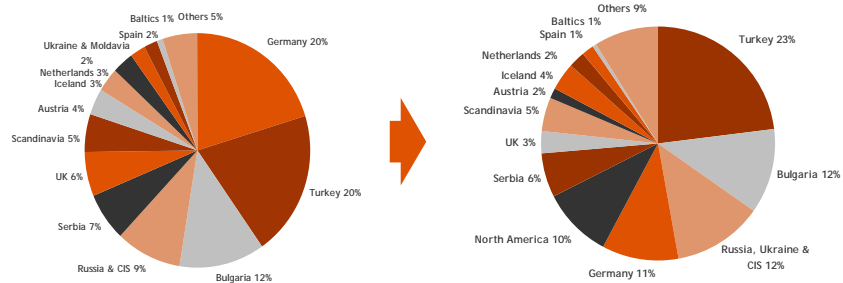
9M 2004

9M 2005

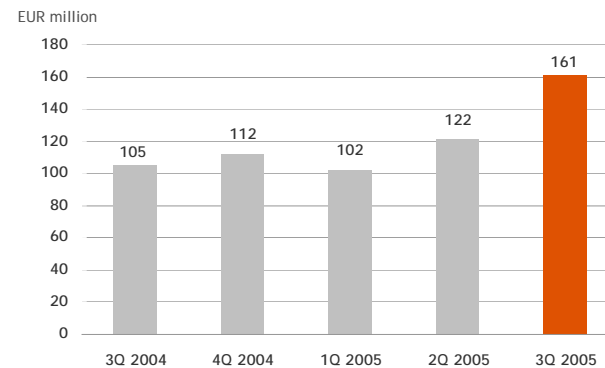


# Financial highlights 9M

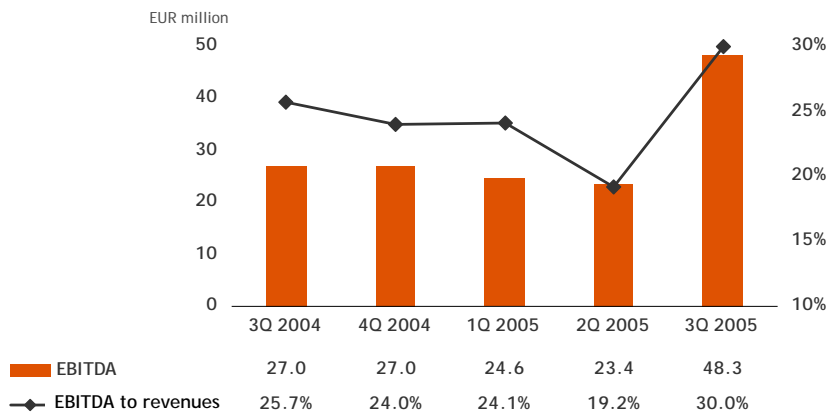
## Sales by geographic region 9M 2004 9M 2005



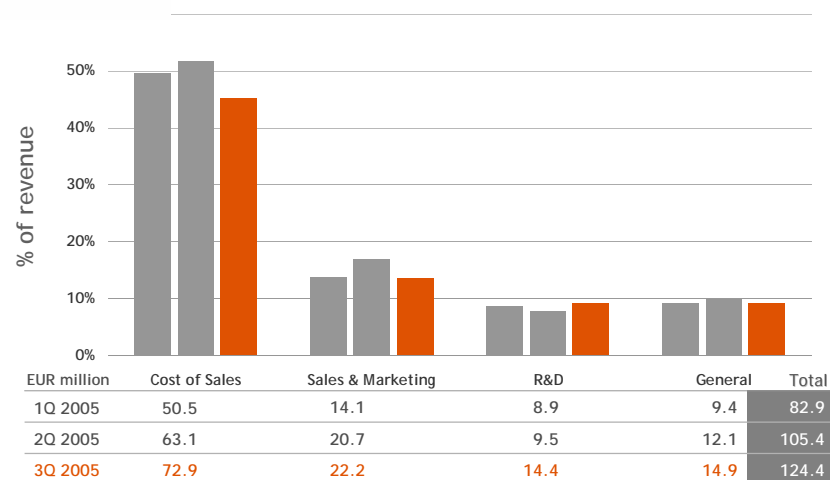
# Revenue by quarter



# EBITDA to revenues

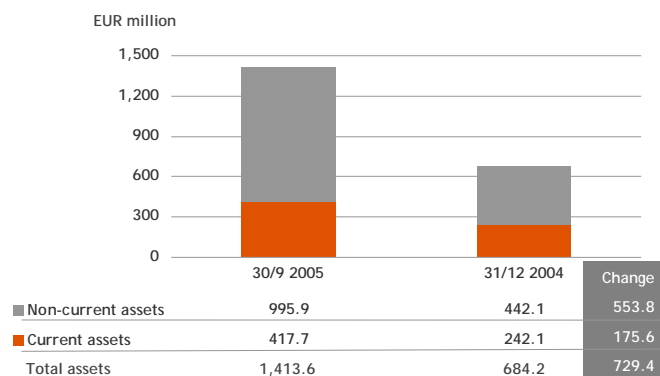


# Cost ratio development EUR million



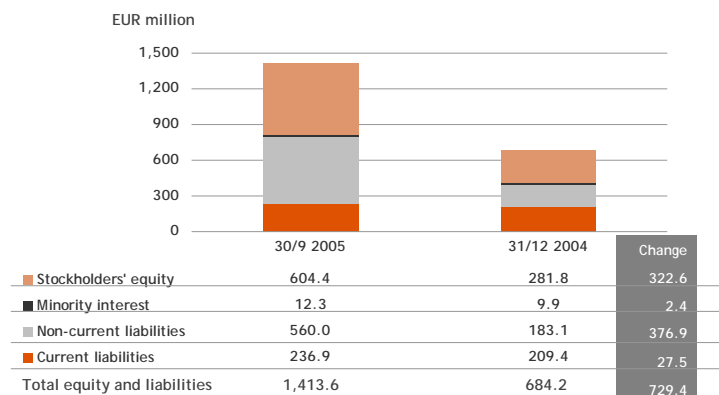
•Amortization of goodwill of new companies (mainly derived from Amide) amounted to 5.1m in 3Q, increasing R&D cost in the quarter  
 •Cost of sales decreasing as a ratio of revenue, due to increased production from Maltese site and higher margin products from Amide (North-America division)  
 •Sales & marketing cost down as a result of lower marketing cost in key branded markets, including Turkey, Russia and Bulgaria

## Balance sheet Assets



- The change in non-current assets was mostly due to the acquisition of Amide and other acquisitions.
- The change in current assets could largely be explained by the acquisition of Amide and increase in cash and cash equivalents.

## Balance sheet Equity & liabilities



- The change in stockholders' equity was mostly due to the offering of new shares effective in July 2005
- The change in non-current liabilities was mostly related to the financing of the acquisition of Amide that took effect in July 2005

## Cash Flow

EUR '000

	9M 2005	9M 2004
Working capital from operating activities	81,146	65,061
Net Cash provided by operating activities	78,127	12,225
Investing activities	-397,918	-43,472
Financing activities	382,876	22,593
Net change in cash and cash equivalents	63,084	-8,653
Effects of foreign exchange adjustments	4,450	-1,103
Cash and cash equivalents at beginning of period	17,325	29,968
Cash and cash equivalents at end of period	84,859	20,212

## Sales performance



## Divisional overview

- Sales & Marketing, International (Own-label)
  - Own-label products developed by Actavis or in-licensed from other companies, but in Actavis livery
  - Key markets include Turkey, Bulgaria, Russia, Serbia and Scandinavia

### Sales & Marketing, Third-party Global

- Sales of products developed by Actavis to third-parties
- Key markets include Germany, UK, Austria, the Netherlands, Spain and France

### North America Division

- Affects Actavis' results from beginning of July
- Sale of Own-label products



## Sales development EUR209.9 million

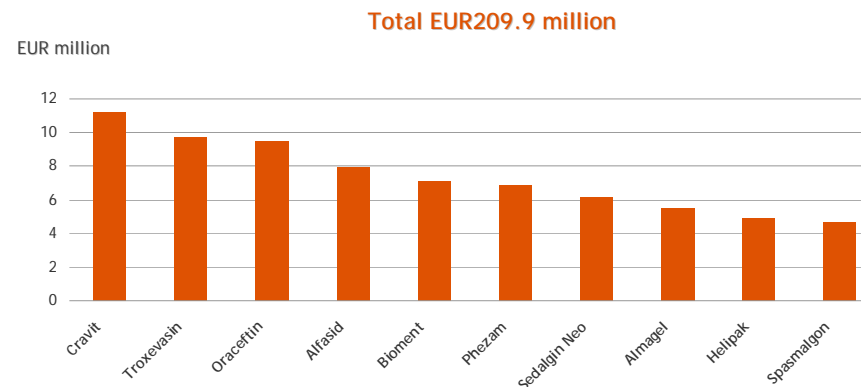
### Own-label sales by quarters

	1Q 2005	2Q 2005	3Q 2005	3Q 2004	9M 2005	9M 2004
Sales .....	64.2	73.2	72.5	58.8	209.9	171.6
% of Group Revenues .....	63.0%	60.0%	45.1%	55.9%	54.6%	50.5%
Underlying Growth .....	14.0%	26.6%	19.7%	0.2%	20.1%	-0.9%

- Highlights for 3Q and 9M

- Sales up 23.4% in 3Q, 22.3% for 9M
- Own-label represented 54.6% of the Group's revenue in 9M
- Strong growth in all markets result of new product and market launches during the year
- Continued pressure on prices in Turkey

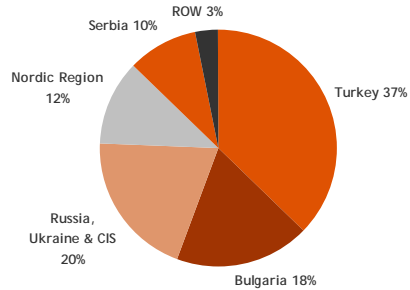
## Own-label sales - 9M Top 10 products



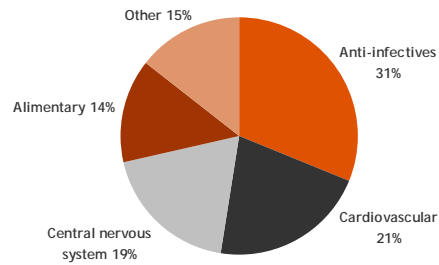
Top 10 products account for 35% of Own-label sales

## Sales by therapeutic classes and markets - 9M

Own-label sales by markets  
9M 2005



Own-label sales by therapeutic classes  
9M 2005



## Own-label - key markets

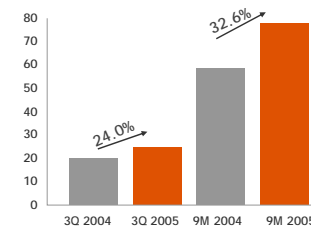
### Turkey - 37% of division sales

- Strong growth from 2004, sales up 24.0% in 3Q and up 32.6% for 9M
- Government imposed price decreases - pressure on margins
- Underlying growth was 15%, after excluding the exchange effects.

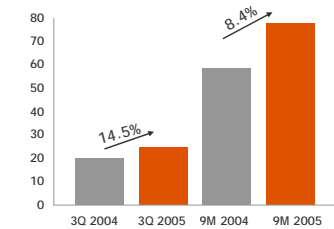
### Bulgaria - 18% of division sales

- Sales up 14.5% in 3Q and up 8.4% in 9M
- Strengthened our position in the wholesaler market by acquiring the largest distributor, Higia

EUR million 3Q & 9M 2005



EUR million 3Q & 9M 2005

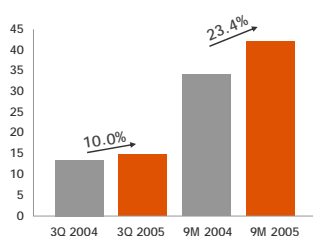


## Own-label - key markets

### Russia, Ukraine & CIS - 20% of division sales

- Growth from 2004 of 10.0% in 3Q and up 23.4% in 9M
- Very strong sales performance in Ukraine, as a result of a good cooperation with main distributors

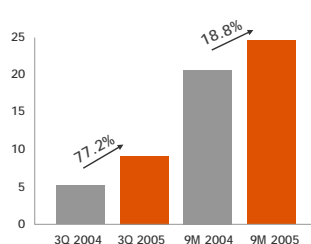
EUR million 3Q & 9M 2005



### North Europe - 12% of division sales

- Excellent growth of 77.2% from 2004 in 3Q and 18.8% in 9M
- Denmark had good sales in 3Q thanks to the contribution of Lamotrigine and Paraghurt

EUR million 3Q & 9M 2005



## Third-party sales



# Sales development

EUR103.7 million

## Third-party sales by quarters - highlights

	1Q 2005	2Q 2005	3Q 2005	3Q 2004	9M 2005	9M 2004
Sales .....	26.8	33.3	43.6	33.8	103.7	131.4
% of Group Revenues .....	26.3%	27.3%	27.1%	32.1%	27.0%	38.7%
Underlying Growth .....	-54.6%	-13.8%	26.2%	18.5%	-21.9%	34.7%

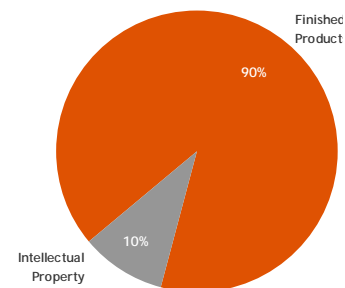
## Highlights

- Highest sales in a single quarter since the exceptional 1Q 2004
- Sales performance of products in line with expectations in 3Q 2005
- Significant increase of sale of intellectual property - important predictor for the future
- Two successful new product launches during 3Q; Terbinafine and Sertraline tablets
- Efforts being intensified in new markets and towards new clients

# Third-party - 9M

Total EUR103.7 million

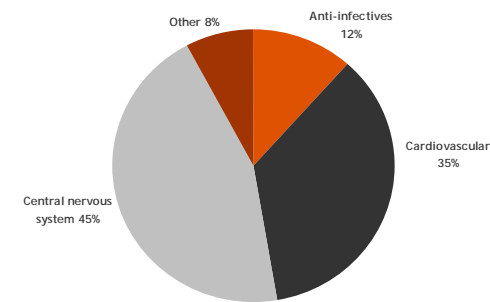
## Sales by segments



### Intellectual Property

- EUR10.2 million, up 38% from 2004
- Revenue from 42 products

## Sales by therapeutic class

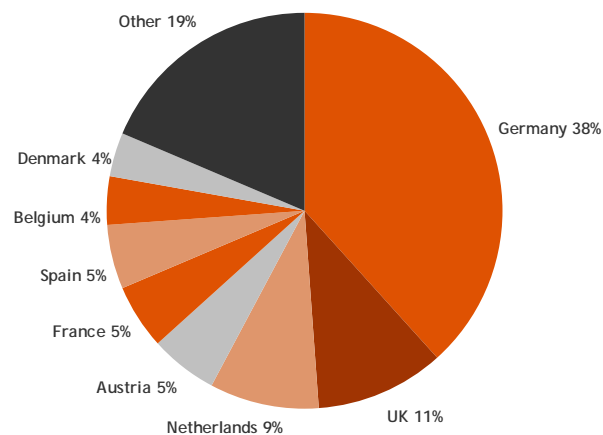


### Finished products

- EUR93.6 million, down 25% from 2004
- Revenue from 39 products

# Third-party sales by markets - 9M

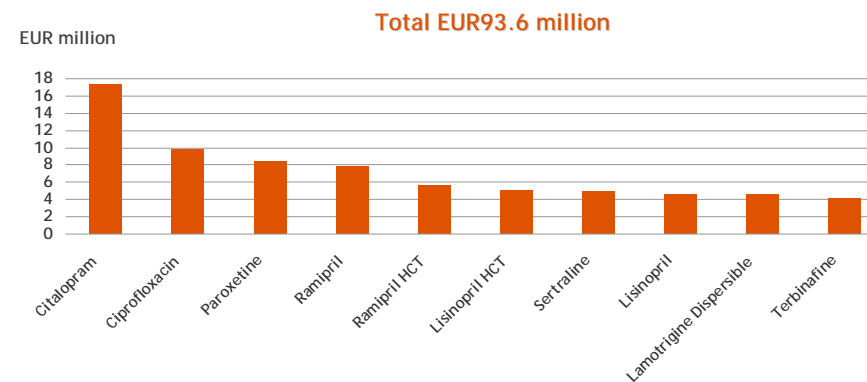
Finished products total EUR93.6 million



\*Market split excludes intellectual property

# Third-party - 9M

Top 10 products



Top 10 products account for 77% of finished products sales



## North America sales by quarters - highlights

	3Q 2005	9M 2005
Sales .....	32.5	32.5
% of Group Revenues .....	20.2%	8.4%

### Highlights:

- Amide is consolidated into the Group's accounts from 1 July 2005
- Good performance with strong margins and 65.6% revenue growth between 3Q 2005 and 3Q 2004
- Acquisition of three products from Sandoz in August
- Three new products launched in the quarter



- **Guidance for 2005 - Actavis**
  - 4Q expected to be strong in terms of sales and margins
  - Year as a whole
    - Single digit underlying growth
    - Strong EBITDA to sales margins of 26%
- **Guidance for 2006 (including Alparma)**
  - Revenue approximately EUR1.3 billion
  - EBITDA margin approximately 19 - 20%
  - Over 30 ANDA filings expected for US market
- **Guidance for 2007 (including Alparma)**
  - Revenue approximately EUR1.5 billion
  - EBITDA margin approximately 20%



# Q&A



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