

Actavis Group's ownership structure and history of international expansion

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History

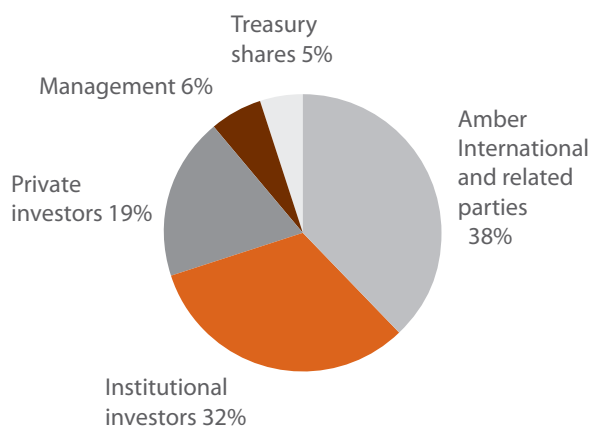
Actavis Group, headquartered in Reykjavik, was founded in 1956 as a local purchasing alliance under the name of Pharmaco. The Company started producing pharmaceuticals for the local market in 1972 and by the time Pharmaco went public on the Icelandic Stock Exchange (ICEX) in 1997, it was the largest domestic pharmaceutical company with around 150 employees.

In 1999, Actavis undertook the first step to expand its business internationally with the acquisition of the Bulgarian pharmaceutical manufacturer Balkanpharma. Since then, the Company has acquired more than 25 companies worldwide and today has over 11,000 employees in more than 30 countries.

Market capitalisation and ownership

Actavis' market capitalisation (based on total issued Class A shares) was EUR3.0 billion (US\$3.8 billion) as of April 2007, making it one of the largest companies quoted on the OMX stock exchange in Iceland.

Actavis' 20 largest shareholders control approximately 75% of the Company (taking into account the treasury stock held by the Company) as outlined in Appendix A. The ownership of Class A shares as of March 1, 2007, breaks down as follows:



Key shareholders include Actavis' Chairman, Thor Bjorgolfsson who owns a 38.5% stake through the investment vehicles Amber International (34.9%) and Givenshire (3.5%); Robert Wessman, President and CEO holds 4.1% along with other senior management who have total ownership of around 2.7%. Icelandic-based investors make up the vast majority of shareholders and together they own approximately 95% of Class A shares.

Class B shares were issued in December 2005 in conjunction with the acquisition of the Human Generics Business of Alpharma. The B-shares total value is approximately EUR413 million as of December 2006. These shares, which don't have voting rights and are not publicly traded, are held by Icelandic banks Glitnir bank and Landsbanki. The Class B shares were originally issued to yield 11%, with the dividend yield increasing by 1% (or 100 basis points) each year. From May 2011 onwards, the Class B shares will be convertible into Actavis Class A shares.

Key Actavis shareholders

• Thor Bjorgolfsson – Chairman of the Board of Directors

Thor Bjorgolfsson, the largest shareholder in Actavis, has been a Board member since 1999 and Chairman since 2000. He is an entrepreneur and investor with significant interests in pharmaceuticals, telecommunications and financial services. Mr Bjorgolfsson began his investment activities in Russia, where he was the co-founder of the Bravo brewery in St Petersburg. After nearly ten years of expansion, Bravo was sold to Heineken NV in 2002.

Mr Bjorgolfsson acquired Balkanpharma (now Actavis Bulgaria) along with Deutsche Bank and Pharmaco in privatization in June 1999 through his joint investment fund Amber International and sold it to Pharmaco later in August 2000 in exchange for shares, making Amber the largest shareholder in Actavis.

Mr Bjorgolfsson sits on the Boards of various organisations: he serves as the Chairman of Icelandic Straumur-Burdaras Investment Bank and of Samson ehf. He is also the founder of Novator, a London based investment firm. Mr. Bjorgolfsson is a Member of the Board of the East West Institute, an organization that is critical to international peace and security, and Young Global Leaders, a unique, multi-stakeholder community of the world's most extraordinary leaders who are 40 years old or younger and who are ready to dedicate a part of their time and energy to jointly work towards a better future.

Thor Bjorgolfsson has acquired his initial holding in Actavis of in March 2000 when Amber bought 15% of the company through the stock exchange and then when Actavis bought Balkanpharma, Amber received shares. After these transactions Amber had 715,136,665 shares and has since added to his stake buying 35,000,000 shares in December 2000, and by getting 75,932,790 in September 2002, when Pharmaco and Delta merged, by acquiring 99,500,000 shares in April 2003, 161,767,195 shares in November 2003 and 211,043,171 shares in June 2005 as the company issued new shares to finance the Amide acquisition, all financed through Mr. Bjorgolfsson's investment activities.

• Robert Wessman – President & CEO

Robert Wessman is a business graduate and former lecturer at the University of Iceland. He began his career at the Icelandic transportation company Samskip, advancing to the post of CEO in Germany. In 1999, he became CEO of Icelandic pharmaceuticals company Delta, which merged with Actavis in 2002, and subsequently President and CEO of the combined company.

Mr Wessman total ownership is approximately 4.1% of issued ordinary shares. He does not hold any stock options in Actavis. Mr Wessman is the third largest individual shareholder in Actavis.

Market reputation

Actavis' strong and consistent business performance has established a solid reputation for the Group among institutional investors both in the domestic market and internationally. Today, sell-side research analysts from, Credit Suisse, Merrill Lynch Cazenove and ABN Amro regularly report on the Company. Actavis' stock has been covered in Iceland by Glitnir bank, Kaupthing bank and Landsbanki since going public in 1997.

Actavis has built strong relationships with its banking partners over the years, which has helped finance further expansion. In recent years, the Company has worked with a number of international and Icelandic banks. As an example, the financing for the US\$2.5 billion bid for PLIVA in 2006 was underwritten by HSBC, JP Morgan, Landsbanki and UBS, and the Group's current loan facility of US\$1,27 billion was underwritten by UBS and syndicated to over 20 international banks.

Company performance

Actavis' performance has been driven by both acquisitions and organic growth, resulting in substantial value creation for the Company's shareholders. On February 28, 2007, the Company reported full year revenue of EUR1,380 million (an increase of 138%), EBITDA of EUR287 million (+93%) and net profit of EUR103 million (+27%). The underlying business (excluding acquisitions closed during 2006) showed

revenue growth of over 9% and net income growth of 27%. Cash flow generation was strong with free cash flows from operations of EUR162 million in 2006 (compared to EUR103 million for 2005). Since 1999, Actavis shares have risen on average (CAGR) by over 50% a year.

Acquisition financing

Since 1999, Actavis has made strategic acquisitions amounting to approximately EUR1,9 billion, helping the Company achieve annual sales growth (CAGR) of over 57% during this time frame. Funding for these acquisitions has been sourced both internally (through free cash flow generation of the underlying business), as well as external

As a result of the Company's rapid expansion, Actavis' net debt have risen to EUR1,141 million (3.92x 2006 EBITDA) by December 2006.

financing. Since 1999, Actavis has raised EUR546 million of equity and EUR1,850 billion through syndicated debt facilities. (Please refer to Appendix B for an overview of key acquisitions).

In February 2007, Actavis secured shareholder approval to increase its Class A share capital by up to 1.2 billion of new shares, representing over EUR1 billion, based on current market price (April 2007) to fund further acquisitions.

Appendix

A. Overview of top 20 shareholders — 10 May 2007

Name	Shares	% of issued shares
Amber International Ltd	1,177,532,098	34.95%
Landsbanki Luxembourg S.A.	231,091,697	6.86%
Actavis Group hf	168,864,509	5.01%
GLB Hedge	139,423,242	4.14%
Straumur-Burðarás Fjárf	127,830,348	3.79%
Landsbanki Íslands hf	121,591,342	3.61%
LI-Hedge	106,998,885	3.18%
Aceway Crop	103,491,015	3.07%
Gildi - lífeyrissjóður	85,981,702	2.55%
Lífeyrissjóður verslunarm	67,779,414	2.01%
Lífeyrissjóðir Bankastræti	61,412,565	1.82%
Ólöf Vigdís Baldvinsdóttir	47,990,385	1.42%
Arion safnreikningur	45,398,277	1.35%
Jón Zimsen	31,531,044	0.94%
Morgan Stanley & CO.Intl	29,315,000	0.87%
Fjárfestingasjóður Ís-15	27,627,869	0.82%
Jón Halldórsson	27,561,045	0.82%
Guðbjörg Edda Eggertsd	24,757,285	0.73%
Vilhelm Róbert Wessman	24,372,363	0.72%
Ívar Daniélsson	20,177,795	0.60%
Total top 20	2,670,727,880	79.26%
Total shares	3,369,435,093	

B. Overview of key acquisitions

Announcement date	Company	Deal value (mm)	Strategic rationale and transaction financing
Nov-06	Abrika Pharmaceuticals Inc., USA	US\$110	<ul style="list-style-type: none"> Gain access to controlled release market Financed with short term loans by Landsbanki and Glitnir
Nov-06	ZIO Zdorovje, Russia (51% holding)	US\$60	<ul style="list-style-type: none"> Enhance prospects in the Russian market Financed with short term loans by Landsbanki and Glitnir
Mar-06	Sindan, Romania	EUR147	<ul style="list-style-type: none"> Entry into the fast growing oncology market Financed through existing revolving credit facility
Oct-05	Alpharma Human Generics, USA	US\$810	<ul style="list-style-type: none"> Expansion of US and European presence and product portfolio US\$1,270 million Syndicated Loan Facility split into a US\$970 million five-year facility and a US\$300 million revolving credit facility. Underwritten by UBS and ABN Amro, Bank of America, BNP Paribas, HSBC and WestLB. Issuance of Class B shares (US\$425 million) Underwritten by Glitnir and Landsbanki
May-05	Amide, USA	US\$600 ¹	<ul style="list-style-type: none"> Entry into US market US\$600 million Syndicated Loan Facility with ABN Amro, Bank of America and WestLB as MLA's Issuance of EUR250 million of equity
Jan-04	FAKO, Turkey (90% holding) ²	US\$63	<ul style="list-style-type: none"> Access to Turkey and Southern Europe Financed through short term bank loan from Glitnir
Sep-02	Delta	EUR197	<ul style="list-style-type: none"> Access to Western European markets Issuance of shares to Delta shareholders July 4th 2004 EUR185 million Syndicated Loan Facility lead by Glitnir, Landsbanki and WestLB. Purpose was to restructure funding into one loan facility.
1999	Balkanpharma, Bulgaria	EUR43	<ul style="list-style-type: none"> Entry into the fast growing Central and Eastern European markets Financing through Deutsche Bank and investment vehicles of Thor Bjorgolfsson

1 Includes US\$100 million of earn-out payments, which have been paid

2 Remaining 10% have been acquired in 2006