

ALLERGAN INC
Form 425
May 28, 2014

The Valeant Approach
An Enduring Engine for Growth
May 28, 2014
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to Rule 14a-12 under the Securities Exchange Act of 1934

Subject Company: Allergan, Inc.

Commission File No.: 001-10269

The following is the presentation used during Valeant's
Investor Presentation on May 28, 2014:

1

Forward-looking Statements

Forward-looking Statements

This communication may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements regarding Valeant Pharmaceuticals International, Inc. (Valeant), Allergan, Inc. (Allergan), its financing of the proposed transaction, its expected future performance (including expected results of operations) and the combined company's future financial condition, operating results, strategy and plans. Forward-looking statements may not be realized as anticipated,

expects,
intends,
plans,
should,
could,
would,
may,
will,
believes,
estimates,
potential,
target,
opportunity,
tentative,
positioning,
designed,
create,
predict,
project,
seek,
ongoing,
upside,
increases

or continue

and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to numerous assumptions, risks and uncertainties that change and results to differ materially from those described in the forward-looking statements. These assumptions, risks and uncertainties are the same as the assumptions, risks and uncertainties discussed in the company's most recent annual or quarterly report filed with the Securities and Exchange Commission (the "SEC") and the Canadian Securities Administrators (the "CSA") and assumptions, risks and uncertainties relating to the proposed merger of Valeant's filings with the SEC and the CSA, which factors are incorporated herein by reference. Important factors that could affect the forward-looking statements we make in this communication are set forth in other reports or documents that we file

from
time
to
time
with
the
SEC
and
the

CSA, and include, but are not limited to:

The ultimate outcome of any possible transaction between Valeant and Allergan including the possibilities that Valeant will not pursue a transaction with Allergan and that Allergan will reject a transaction with Valeant;

If
a
transaction
between
Valeant
and
Allergan
were
to
occur,
the
ultimate
outcome
and
results
of
integrating
the
operations
of
Valeant
and
Allergan,
the

ultimate outcome of Valeant's pricing and operating strategy applied to Allergan and the ultimate ability to realize synergies;

The
effects
of
the
business
combination
of
Valeant
and
Allergan,
including
the

combined
company's
future
financial
condition,
operating
results,
strategy
and
plans;

The effects of governmental regulation on our business or potential business combination transaction;

Ability

to
obtain
regulatory
approvals
and
meet
other
closing
conditions

to
the
transaction,
including
all
necessary
stockholder
approvals,
on
a
timely
basis;

Our ability to sustain and grow revenues and cash flow from operations in our markets and to maintain and grow our customer

and the related capital expenditures and the unpredictable economic conditions in the United States and other markets;

The impact of competition from other market participants;

The development and commercialization of new products;

The availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our

capital expenditures, either through (i) cash on hand, (ii) free

cash flow, or (iii) access to the capital or credit markets;

Our ability to comply with all covenants in our indentures and credit facilities, any violation of which, if not cured in a timely manner,

our other obligations under cross-default provisions; and

The
risks
and
uncertainties
detailed

by
Allergan
with

respect
to
its
business
as
described
in
its
reports
and
documents
filed
with
the
SEC.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by statement. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this communication or to reflect actual outcomes

2
More Information
Additional Information
ADDITIONAL
INFORMATION
This
communication
does

not
constitute
an
offer
to
buy
or
solicitation
of
an
offer
to
sell
any
securities.
This
communication
relates
to
a
proposal
which
Valeant
Pharmaceuticals
International,
Inc.
(Valeant)
has
made
for
a
business
combination
transaction
with
Allergan,
Inc.
(Allergan).
In
furtherance
of
this
proposal
and
subject
to
future
developments,
Valeant
and

Pershing
Square
Capital
Management,
L.P.
(Pershing
Square)
(and,
if
a
negotiated
transaction
is
agreed,
Allergan)
may
file
one
or
more
registration
statements,
proxy
statements
or
other
documents
with
the
SEC.
This
communication
is
not
a
substitute
for
any
proxy
statement,
registration
statement,
prospectus
or
other
document
Valeant,
Pershing
Square
and/or

Allergan
may
file
with
the
SEC
in
connection
with
the
proposed
transaction.

INVESTORS
AND
SECURITY
HOLDERS
OF
VALEANT
AND
ALLERGAN
ARE
URGED
TO
READ
THE
PROXY
STATEMENT(s),
REGISTRATION
STATEMENT,
PROSPECTUS
AND
OTHER
DOCUMENTS
FILED
WITH
THE
SEC
CAREFULLY
IN
THEIR
ENTIRETY
IF
AND
WHEN
THEY
BECOME
AVAILABLE
AS
THEY
WILL

CONTAIN
IMPORTANT
INFORMATION
ABOUT
THE
PROPOSED
TRANSACTION.

Any
definitive
proxy
statement(s)
(if
and
when
available)
will
be
mailed
to
stockholders
of
Allergan
and/or
Valeant,
as
applicable.
Investors
and
security
holders
will
be
able
to
obtain
free
copies
of
these
documents
(if
and
when
available)
and
other
documents
filed
with
the

SEC
by
Valeant
and/or
Pershing
Square
through
the
web
site
maintained
by
the
SEC
at
<http://www.sec.gov>.
Information
regarding
the
names
and
interests
in
Allergan
and
Valeant
of
Valeant
and
persons
related
to
Valeant
who
may
be
deemed
participants
in
any
solicitation
of
Allergan
or
Valeant
shareholders
in
respect
of
a

Valeant
proposal
for
a
business
combination
with
Allergan
is
available
in
the
additional
definitive
proxy
soliciting
materials
in
respect
of
Allergan
filed
with
the
SEC
by
Valeant
on
April
21,
2014
and
May
28,
2014.
Information
regarding
the
names
and
interests
in
Allergan
and
Valeant
of
Pershing
Square
and
persons

related
to
Pershing
Square
who
may
be
deemed
participants
in
any
solicitation
of
Allergan
or
Valeant
shareholders
in
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Pershing
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The
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paragraph
can
be
obtained
free
of
charge
from
the
sources
indicated
above.
Non-GAAP
Information
To
supplement
the
financial
measures
prepared
in
accordance
with
generally
accepted
accounting
principles
(GAAP),
the
Company
uses
non-GAAP
financial
measures
that
exclude
certain
items.
Management
uses
non-GAAP
financial

measures internally for strategic decision making, forecasting future results and evaluating current performance.

By disclosing non-GAAP financial measures, management intends to provide investors with a meaningful, consistent comparison of the Company's core operating results and trends for the periods presented.

Non-GAAP financial measures are not prepared in accordance with GAAP;

therefore,
the
information
is
not
necessarily
comparable
to
other
companies
and
should
be
considered
as
a
supplement
to,
not
a
substitute
for,
or
superior
to,
the
corresponding
measures
calculated
in
accordance
with
GAAP.
The
Company
has
provided
preliminary
results
and
guidance
with
respect
to
cash
earnings
per
share,
adjusted
cash

flows
from
operations
and
organic
product
growth
rates,
which
are
non-GAAP
financial
measures.
The
Company
has
not
provided
a
reconciliation
of
these
preliminary
and
forward-looking
non-GAAP
financial
measures
due
to
the
difficulty
in
forecasting
and
quantifying
the
exact
amount
of
the
items
excluded
from
the
non-GAAP
financial
measures
that
will

be
included
in
the
comparable
GAAP
financial
measures.
Reconciliations
of
historical
non-GAAP
financials
can
be
found
at
www.valeant.com.

Note 1: The guidance in this presentation is only effective as of the date given, May 28, 2014, and will not be updated or affirmed unless and until the Company publicly announces updated or affirmed guidance.

3

What We Will Show Today

Our extremely talented, hard-working business leaders, working in a decentralized model, are relentlessly focused on and delivering organic growth

We have maintained / accelerated revenue growth for nearly every platform asset we have acquired

Bausch + Lomb's organic growth has accelerated from 4%

to 10%+ since acquisition, almost exclusively through volume growth. We remain on track to over-achieve our original cost synergy targets

Our output-driven R&D approach has delivered more launches than most competitors, as evidenced by 19 US launches in 2014

4

What We Will Show Today (continued)

We have a rich late-stage product pipeline. We will continue to augment this pipeline with late stage product in-licensing, partnerships and acquisitions to bring additional innovation to the marketplace

We would deliver on Allergan's post-approval requirements at lower cost and would also continue to invest in expansion of indications,

(e.g., Botox), but in a leaner R&D model

Our strong track record of smart and disciplined capital deployment has generated superior cash-on-cash returns on our acquisitions. In aggregate, we are significantly ahead of our original deal models in cash flow generation

Our operating model will substantially accelerate Allergan's growth in emerging markets

5
30 Years Healthcare Experience

Pharma

Consumer

Medical devices

Payors

Strategy

Commercial

Organization

R&D

Operations

23+ years at McKinsey working with leading companies

Worked on a broad range of topics

Last 6+ years building Valeant

6

Observations on the Pharma Industry Looking Back

Industry of great people working to do good things for patients and doctors

Worked when R&D productivity was high, pricing was free, intellectual property was honored, managed care was weak, reimbursement challenges were limited as was regulatory oversight on promotional activities

Spend as much as company can afford on R&D; maximize shots on goal

(which worked when productivity was high)

Rely

on

intellectual

property

to

create

enduring

17

year

assets

Divest products as they near expiry (so they won't hit patent cliff)

Focus on largest therapeutic areas to create blockbusters drugs

Build centralized global functions (e.g., sales, marketing, operations,

R&D) to support blockbuster

strategy

Create global infrastructure (e.g., IT, systems, regulatory) to enable

all products to be sold in all markets

Most companies followed the same formula:

7

My Perspective on What Matters Going Forward

Eliminate bureaucracy and slow decision-making

Become superior allocators of capital

Drive R&D decisions on value of output, not on target spending levels

Take advantage of overcapacity in manufacturing and R&D by buying outside at variable cost

Challenge traditional bias that in-house resources are always superior and cheaper

Focus on small products with attractive margins

Deliver transformational, not marginal, cost reduction efforts

Recognize that the next generation of durable assets will not depend on patents, but will resemble consumer products

Like many industries (e.g., autos, steel, airlines) business model innovation must come from the outside

8

Valeant's Strategy and Operating Model

Committed to R&D, focused on outputs
not inputs

Lean cost structure

Decentralized organization

International
not global

Durable products

High-growth markets

Smaller assets

Therapeutic areas/geographies where physician relationships matter

Capital allocation decisions through shareholder filter

Great people who care about patients and doctors and also work
hard and wear multiple hats

A different operating model:

Relentless focus on organic growth and creating shareholder value

9

Valeant's Approach to Capital Allocation

Deliver consistent shareholder returns over the medium and long term

Find durable assets (~85% of Valeant sales) -

e.g., OTCs,

branded generics -

and accelerate growth

Continue to buy shorter-lived assets where we can generate exceptional short-term financial returns, essentially risk free (~15% of Valeant sales) -

e.g., Targretin, Retin-A Micro, Elidel -

even though they may mask true underlying organic growth in some years

Take advantage of short term opportunities in pricing, but focus primarily on unit growth

Focus on products relevant to each local market

Require exceptional short-

and long-term returns for all deals

and recognize there is a walk away price no matter how strategic

10

Today's Meeting

You will hear directly from Valeant's management team

We are confident this will demonstrate our strategy and
operating model

and reveal the excitement and commitment our people bring
to serving patients and health professionals and as
shareholders

11
Our Presenters
Today's
speakers
manage
~85% of
sales and
will cover

75% of our
business

Gaelle Waltinger

VP, Western Europe

John Connolly

VP, Russia and CIS,

General Manager Russia

Steve Sembler

President, OraPharma,

Sr. VP, Neuro / Other

Howard Schiller

Executive VP, CFO

Dr. Pavel Mirovsky

President and General

Manager, Europe

Theo Melas-Kyriazi

12 year Valeant Board Member

Member of Audit & Transaction

Committees

Joe Gordon

General Manager, Consumer

Health Care

Dr. Leszek Wojtowicz

VP and General Manager,

Poland

Tom Appio

VP, North Asia / Japan

Tracy Valorie

VP, Marketing Pharmaceutical

Ophthalmology

Dr. Tage Ramakrishna

Chief Medical Officer, Head

of R&D and Quality, U.S.

Deb Jorn

VP, Marketing Dermatology

12
Agenda
The First 3 Years
Topic
Update
on
Bausch
+

Lomb
Growth
and
Value
Creation
(Blueprint
for
Allergan)
Developing New Market Platforms
Creating Leadership Positions in Emerging Markets
Unique Innovation Model and Future Pipeline
Presenter
Revised Bid for Allergan and Next Steps
Track Record in Capital Allocation
Our Response to Yesterday's Allergan Release
Coria
Dow
Aton
Biovail
OraPharma
Dermatology
EMEA
Poland
Russia
US B+L businesses: Rx, Lens, and Surgical
US B+L Consumer
B+L Western Europe
B+L China
Review of past deals
Review Bausch + Lomb
Mike Pearson
Steve Sembler
Deb Jorn
Dr. Pavel Mirovsky
Dr. Leszek Wojtowicz
John Connolly
Tracy Valorie
Joe Gordon
Gaelle Waltinger
Tom Appio
Dr.
Tage
Ramakrishna
Howard Schiller
Howard Schiller
Mike Pearson

13
Speakers
The First Three Years

14
Key Elements of Legacy Valeant Turnaround

Divested Western Europe, Asia, Argentina

Invested in Canada and Poland/CEE

Turned around Mexico and Australia

Eliminated internal fixed costs

Partnered out Retigabine and Taribavirin

Only maintained core R&D spend (e.g., pharmacovigilance)

Repurchased shares, converts, senior notes (~\$2.2B)

Began making acquisitions in priority businesses

Replaced the entire executive management team

In the US, de-emphasized Neurology, emphasized Dermatology

Refocused ex-US geographic footprint based on growth prospects and strength of management

Significantly reduced R&D spend

Redeployed cash to create shareholder value

What We Accomplished in My First Two Years

2007

2009

\$ 618M

Revenue

1

\$ 847M

68

Number of Countries

8

1%

Growth

20%

8%

Operating Margin %

28%

\$93M

Cashflow from Operations

\$226M

US: Retigabine, Taribavirin & Diastat NS

ROW: Minimal

Pipeline

US: Retigabine, Taribavirin, IDP 107,

108, 113 & 115

Canada & Australia: BEMA Fentanyl,

Sublinox, Ziana

Branded Generics Europe: >30 projects

Branded Generics Latam: >30 projects

\$718M

(Maturity 2010, 2011 & 2013)

Debt

\$601M

(Maturity 2010, 2013 & 2016)

\$309M (Dec 31, 2007)

Cash

\$68M (Dec 31, 2009)

94M (Dec 31, 2007)

Shares

84M (Dec 31, 2009)

~2,000

Number of SKU s

~1,000

1 Constant USD

15

16
Early Acquisitions
22
21

15

14

27%

12%

33%

(0.6%)

Quarters owned

Organic Growth Since

Acquisition PY

through 2013

(CAGR)

Coria s Organic Growth Since Acquisition

23

2014E

62

2012

129

2010

2009

2011

44

79

2013

31

103

2008

(acquired

Oct 16)

24

2007

Coria products revenues¹

USD Millions

Key growth drivers

CeraVe

Atralin

1 Excludes Cloderm sales

27% CAGR

26%

CAGR

Key products

Invested in CeraVe, promoting

OTC with Derm sales force

Promoted Atralin with an

increased Derm sales force of

~180

Increased CeraVe SKUs from

4 to 18 through internal

development

Beginning international

CeraVe expansion in Mexico,

Brazil, Canada, and China

Divested Cloderm for 6x sales

18

Dow Acquisition Provided an R&D Platform

x

US Peak sales

Products launched

Pipeline

\$300-800M

\$200-300M

IDP-118

Psoriasis

\$36M

\$50-75M

Extensions

Onexton

\$70M

R&D capabilities:

2014 expected launches

\$5-60M

IDP-120

Acne

\$20-30M

RAM .08%

Expertise / specialization: formulation development, analytical sciences, QA, RA, toxicology, and clinical development

Facilities and equipment: formulators and clean rooms

19

Aton Delivered New Platforms in Orphan Drugs
and Ophthalmology

Aton sales performance pre-
vs. post-acquisition

USD Million Revenues

Ophthalmology

Neurology

Accelerated growth by:

Direct promotional
partners

Patient assistance
programs

59

78

96

148

206

19

27

33

37

53

60

105

2012

259

185

2013

2014E

130

2011

2010

(acquired

in May)

78

2009

33% CAGR

37%

CAGR

Building infrastructure
for orphan assets

Investing in

Ophthalmology sales

force, MSLS, and

reimbursement

services

20
Overview of Biovail Merger
Merged with Biovail on September 28
th
, 2010

Zovirax
from \$146M in 2009 to ~\$251M in 2012

Wellbutrin XL

from \$162M in 2009 to \$173M in 2012

1 In constant USD

Global sales of ~\$820M in 2009

A US business of tail assets that have been managed for value until loss of exclusivity

A Canadian business that we have grown; ~\$87M

1

in

revenues in 2009 to ~\$118M

1

in 2013 (8% CAGR)

A new corporate structure (effective tax rate from 36% in 2009 to 3.1% in 2013)

21
EBITA Generation and Tax Savings from Biovail Merger
1 As of Q1 2014
Valeant cash tax rate under new
corporate structure
Cash tax rate, Percent
2,636
2,429

2,503
Cumulative EBITA
1
~5,000
Cumulative
returns
Biovail value
at merger
announcement
Purchase price and returns
USD Millions
3.1
2013
2009
36.0
Est. Corporate
structure benefits

22
Speakers
Developing New Market Platforms

23

Speakers

Steven Sembler

President, OraPharma, Sr. VP Neurology / Other Products

24

Steven Sembler

President, OraPharma, Sr. VP Neurology / Other Products

Background

Chief Commercial Officer, OraPharma

Sr. VP, Chief Commercial Officer, Eisai

Sr. VP, Oncology and Hospital Businesses

VP, All Specialty Care Businesses

VP and Business Unit Head for Oncology

Executive management roles in Oncology and
Hospital businesses

Education

30 years in Pharma and Healthcare industry

OraPharma

(2
years)

Eisai

Pharmaceuticals

(2
years)

Roche Laboratories

(5 years)

GlaxoSmithKline

(3
years)

Bristol-Myers Squibb

(16 years)

B.A., Psychology and Sociology, University of Missouri

25

Why We Acquired a Dental Platform:

Dental is an attractive market that fits
Valeant's focused investment criteria
\$20B US market growing at ~6% per
year

Primarily cash-pay

Doctor-dispensed

Relationship-driven physician model
Big Pharma is not present
Opportunity to expand this platform
outside the US

26

How We Optimized the OraPharma Commercial Model

Increased specialty dental sales force from 100 to 150 reps in Q1 2014 (largest in industry)

Expanded Rx Access program

Developed relationships with specialty pharmacies

Established key relationships with Dental Group Practices

Continued investment in R&D to grow the pipeline

Aligned SG&A resources to support business needs

Eliminated Low Return on Investment
initiatives for marketing
spend

Rationalized OPEX spend to align revenue and profit growth
objectives

Increased investment in commercial and customer facing
activities

Streamlined costs

27
Substantial Organic Growth Under Valeant Model
120
108
42
86
85
80

82
54
+11%
+1%
+9%
-3%
2014E
2013
2H 12
96
1H 12
2011
2010
2009
2008
x
CAGR
J&J ownership
PE ownership
Valeant ownership
OraPharma Arestin revenues
USD Millions
Strong sales growth
primarily driven by
increased volume
(TRx up 10% from
2012-2013)
Increased operating
margins from 28%
to 49% from 2012-
2013

28

Bone regeneration expansion

Oral hygiene care products

(e.g.,

oral products to treat

xerostomia / dry mouth)

Gum disease products to

supplement Arestin

Enamel strengthening products,
specialized toothpaste / gels to
help prevent cavities from
occurring

Significant expansion
opportunities outside of the US

Launches and re-launches

Significant business development &
R&D opportunities

2016+

Titanium

Reinforced

2015

Peri-implantitis
(two phase III
trials underway)

Bone, Soft

2014

2013

Robust Future Pipeline and Growth Prospects

29

My Personal Reflections . . .

I joined Valeant through the OraPharma acquisition

I have found the independence provided to me as a business unit head via the decentralized approach allows me to set the strategies that will grow my businesses

I am able to determine the assets to be placed into my business portfolio and have responsibility for identifying and

negotiating terms for acquisition targets

Valeant has demonstrated a commitment and willingness to invest in business platforms (mine and others) that offer growth potential

There is no doubt in my mind that OraPharma is much further ahead today than where it would have been without Valeant's operating model in terms of its future growth prospects and continued expansion of the dental platform

30
Speakers
Deb Jorn
Vice President Marketing Dermatology

31

Deb Jorn

Vice President Marketing Dermatology

Background

VP for Women's Healthcare and Fertility

VP for Allergy, Respiratory, and Urology

VP for Internal Medicine

VP for Detrol / Detrusitol and Urology

Executive Director, Worldwide Human Health Marketing;
Respiratory Products; senior marketing roles

Education

30+ years in Pharma industry

Bausch + Lomb;

VP and CMO (3 years)

Schering-Plough

(5+ years)

J&J

(2 years)

Pharmacia Corporation

(2 years)

Merck

(20 years)

M.B.A., NYU Stern Graduate School of Business

Administration

B.A., Rutgers University

32

Why We Continue to Invest in Medical Dermatology

Aesthetics:

Similar doctors and call-
points

Consumer:

Physician detailing of
CeraVe and other brands
1 Excluding oral antibiotics, biologics and aesthetics
Large, growing US market with \$7.1+B
1
in
sales and a 6-7% growth rate
Doctors drive decision-making and prefer
trusted manufacturer brands
Relationships with physicians critical to
prescription choice
Market is largely commercial and
cash-pay
Complementary to existing Valeant
platforms

33

1 Excludes biologics and aesthetics

Source: PHAST Integrated Monthly Month Ending March, 2014

Valeant Is the Leader in the \$7.1 Billion US Medical

Dermatology Market

1

Dermatological, Ethical MAT Dollar Sales

USD Millions

34

Source: PHAST Integrated Monthly Month Ending March, 2014
Valeant Is Ranked #1 in the Two Largest Sub-Classes of
the Dermatology Category
Sales Contribution of Dermatological Subclasses

35

Retin A Micro

Zovirax

Vanos

Benzaclin

In 2013, We Faced Challenges

4 of our top 10 products across all of Valeant lost

exclusivity in 2013; all in Medical Dermatology.

Field force disruption as a result of integrating multiple
companies and re-structuring

Increased managed care pressure

36
2014
Return to Growth

37

We Turned Around Solodyn

It Continues as the

Leader in Oral Antibiotics and has Returned to Growth

Source: PHAST Prescription Weekly & AF Data

Solodyn Branded TRx Market Share Among Dermatologists

38

Acanya is the Market Leader in the Branded
Clindamycin / BPO Segment Among Dermatologists
Source: PHAST Prescription Weekly & AF Data
Acanya Branded TRx Market Share Among Dermatologists

39

Elidel is Gaining Share in the TCI Market

Source: PHAST Prescription Weekly & AF Data

40

Onset Products Will Expand Valeant's Portfolio in
Atopic Dermatitis and Acne (Pending FTC Approval)

Locoid is the #1 prescribed branded mid-potency steroid

Hylatopic is the #1 prescribed 510(k) product for dermatitis in the US

Aurstat is currently the #1 prescribed non-steroid / non-antihistamine anti-itch gel

Clindagel is the #1 prescribed topical branded clindamycin

41

Highlights of New Dermatology Launches

Brand (US peak sales)

Jublia

(\$300-800M)

New azole antifungal with low surface tension allowing for unsurpassed absorption into the nail bed for the treatment of Onychomycosis; pending FDA

approval

Luzu (\$50-75M)

Only topical azole antifungal approved to treat interdigital tinea pedis in 2 weeks with once-daily dosing and efficacy demonstrated at 4 weeks post-treatment

Onexton

(\$50-75M)

New topical clindamycin / BPO combination product for the treatment of acne; pending FDA approval

RAM 0.08%

(\$20-30M)

0.08% formulation, new topical option for acne with a new strength

Bensal HP

(\$25-75M)

Topical ointment indicated for inflammation and irritation associated with many common forms of dermatitis

42

Luzu Case Study:
Unlocking the Potential
Introducing Luzu; video animation
of running man accompanied by
music was inserted at this
point of the presentation

Marketing Launch Strategy Focused On Differentiation
vs. Competition
Interdigital Tinea Pedis
Tinea Cruris / Corporis
43

44

LUZU Launch Campaign:
Multi-Faceted Physician Surround Sound
Visual Aid
iBook
Sales Aid
Annotated PI
Flashcard

Shelf Talker
Waiting Room
Brochure
Patient
Tear Sheet
Pharmacy
Sell Sheet

45

Professional Medical Education

Significant Booth Presence

Building Advocacy: Major Presence

at DERM & Podiatry Meetings

January

April

March

June
June
November

46

LuzuRx.com

Journal Ads

DermTube

Banner Ads

eBlasts

Targeted Non-Manpower Promotion

Supports Rapid Awareness and Prescribing

47

In Just 5 Weeks, LUZU Captured 5% Share of the
Branded Topical Antifungal Market

Weekly TRx Weekly Market Share

Source: WK Pharmaceutical Audit

Luzu

5%

5%

4%

3%

2%

1%

0%

28-Mar

4-Apr

11-Apr

18-Apr

25-Apr

2-May

48

Large market: 35M patients in US
suffer from onychomycosis
3.5M prescriptions are written annually
for these patients
Derms and Podiatrists are the
most productive specialties
JUBLIA is designed to penetrate the

toenail and kill the fungus where it lives
JUBLIA for Onychomycosis: Approved in Canada; US
approval pending FDA Review (June 20
th
)

49

High Energy, Dynamic Organization

Strong Bent Toward Action

Relentless Pursuit of New, Innovative Approaches

Non-Hierarchical, Flat Organization

Rapid Decision Making

Autonomy with High Accountability

My Personal Perspective on Valeant Versus Other

Pharmaceutical Companies
Based on 30+ Years in the Industry,
Valeant is the Antithesis
of Big Pharma

50
Speakers
Creating Leadership Positions in Emerging Markets

51
Speakers
Dr. Pavel Mirovsky
President & General Manager, EMEA

52

Dr. Pavel Mirovsky

President & General Manager, EMEA

20+ years in Pharma / Medical industry with international
background

PharmaSwiss

(2

years)

CEO
IMS
Health
(4
years)

Vice President
Polpharma
(3
years)

President and CEO
Aventis
(5
years)

Regional GM Poland & Baltics, VP NE / ME
RPR
(5
years)

Country Manager, GM, Country representative
M.D., PhD, Faculty of Medicine at Charles University
M.B.A.,
The
French-Czech
Institute
of
Management
(IFTG)
Background
Education

53
EMEA Overview
Developed
EMEA
42
58
Emerging
EMEA

Revenue breakdown
Percent, 2014 = \$2.2B
1 Constant USD

Western Europe

Poland

Russia and CIS

Turkey and MENA

CEE, Baltics, Balkans and Adriatics

Poland, Turkey, Middle East
and contact lenses

5 regions:

Prioritized strategic markets:

Russia,

Focused

on

branded

generics,

OTCs,

1

54
394
2007
2006
2010
2009
2008
119

112
2012
101
2011
604
1,263
150
172
826
2013
2014E
Revenues
Constant USD Millions
EMEA Emerging markets: 8% Organic Same Store
Sales Growth
Acquisitions
Organic same store
sales growth (08-13):
+8%
Organic same store
sales growth (13-14E):
+13%

55

Our Strategy in European Emerging Markets

Non-reimbursement dependent products and segments

Targeting high-growth markets:

ophthalmology, dermatology, aesthetic medicine,

OTC and branded RX generics (rich pipeline built for at least 5 years)

Very active BD:

tuck-in opportunities sourced by local line management

Maximizing returns by shifting resources in line with market trends

Investment increase in high growth markets (Turkey, Russia, CIS, Middle East)

The GM is king or queen

this allows speed, customer focus, and local product portfolios

Focus on durable businesses

Investment strategy (geographies)

Business development

Decentralization

56
Current Level of Organic Growth Expected for the Next
Decade
Geo-expansion

~\$80M
opportunity
to

launch
existing
products
into
new
markets leveraging in-house production
Rich
pipeline

~300
new
product
launches
each
year
across
70+
countries
with peak 3-year turnover of ~\$150M
In-house
development

smart
galenic
formulations
Growth
of
current
portfolio

continue
focused
promotion
to
gain
share
and
capture pricing upsides

57

EMEA doubled in size with the Bausch + Lomb integration; this also gave us a platform for Turkey, Middle East and Western Europe
We . . .

- . . . integrated and simplified all the structures
- . . . kept and on-boarded the best people
- . . . grew our combined business

. . . delivered or exceeded sales and EBITA targets and expect to exceed synergy capture targets of \$198M (vs. \$178M planned). We captured a 40% run-rate by the end of 2013 and are ahead of plan to capture 97% by the end of Q3 2014

We

are

ready

for

another

M&A

including

Allergan

and

will

do

exactly

the same, perhaps more efficiently with the gained experience

Overview of the Bausch + Lomb EMEA Integration

58

My Personal Reflections . . .

We are running a highly profitable business, improving our gross margin and EBITA every year

We are achieving double digit organic growth in 2014 and keeping extremely lean through our decentralized structure with emphasis on entrepreneurship and the General Manager role

We have a clear and aligned strategic agenda in place for each region and each VP, and are on track to execute it
We are learning from each acquisition, big and small, and are ready for the next challenge

59

Speakers

Dr. Leszek Wójtowicz

Vice President and General Manager, Poland

60

Dr. Leszek Wójtowicz
Vice President and General Manager, Poland
Background

GM, Poland

Sales and Marketing Director, Central Europe

Sales and Marketing Director, Poland
various sales and marketing positions (10 years)

Education

20 years in Pharma industry

Valeant

(10

years)

Upjohn,

Pharmacia

&

Upjohn,

Pharmacia,

Pfizer

in

M.D., Medical University of Silesia

M.B.A., University of Minnesota

61

Poland Overview

Market grew at ~4% between 2008 and 2013; Valeant grew at ~9% organic same stores sales growth

No. 2 BGx company in Poland

80% of products are non-government reimbursed (OTC and BGx)

Sustainable leading branded generic and OTC portfolio

Bisocard \$27M sales; #1 product in Poland (in volume)

In 2012, moved from government reimbursement list to cash-pay given strength of brand

14% growth in 2013

Other top products:

Corhydron (#1 in market)

Hydroxyzinum (#1)

Diosminex (#1)

Dexaven (#2)

62
Poland: 9% Organic Same Store Sales Growth
308
13
262
12
213
11

174

10

128

09

119

08

90

07

83

06

75

2005

2014E

71

Revenues

Constant USD Millions

Organic same store sales

growth (08-13):

+9%

Organic same store sales

growth (13-14E):

+9%

63
Poland: Key Product Launches
Year of launch
2008
Adipine
Finanorm
Tamsunorm
2009

Anastralan
Donectil
Maxibiotic
Presartan
Quentapil
2010
Letralan
Ristidic
Tetrix
2011
Citaxin
Lacillus
Momederm
Taliximun
2012
Aneptinex
Defibrotide
Exbol
Grypolek 24
Halaven
Moviprep
Mycofenolate
Prazolacid
Relamax
Sachol sol.
Silectus
Tasectan
Trimepect
Zanacodar
Zopridoxin
2014
4Flex Silver
Acelec
Aspulmo
Bimatoprost
Chlorigardin
Clarderin
Diosminex max
Eplerenon
Esomeprazol
Fastgrip
Falvit Beauty
Kefort
Relamax Stres
Venzel
Vitaral junior
2013
Aqua slim
Appetite Control
Crosvovo

Escitalopram

Lamifortan

Levetiracetam

Lioven max

Neoxen

Ropinirol

Timolol

Vitalar cardio

40+ new launches between 2008 and 2013 and 15 new launches expected in 2014

Sales from new products expected to reach ~\$43M in 2014

64

Robust Future Pipeline in Poland

Ophthalmology

portfolio

Bimatoprost PFO3

Dorzolamide PF

Dorzolamide+Timolol PF

Levocabastine PFMD

Brimonidine+ Timolol
Cefuroxime
Besivance
Matoprost+Timolol
Travoprost PF
Travoprost+Timolol PF
Dermatology
portfolio
FaceLine
Tacrolimus
Bodyline
Tretinoin cream
OTC portfolio
Paracetamol/Pheniramine/Ascorbic acid
Caphosol
Utipro
Other branded
generics
portfolio
Aripiprazole
Aripiprazole ODT
Betamethasone inj.
Bortezomib
Rivastigmine patch
Erwinase
Kidrolase
Oxycoden LF
\$13.4M
\$14.6M
2016
2015
2017-2019
Total peak sale
revenues (estimate)
1
Additional
products
under
negotiation,
peak
sales
not
included
in
current
estimate
for
2017
\$14.0M+

Vision Care /
Surgical portfolio
Biotrue ONEday
OCD
Zeus
Lancement teneo
Lancement nouvelle
generation Victus 3.2
Endolaser
High speed vitreotome
Victus extensions
Ongoing negotiations in
key
categories:
Ophthalmology
Dermatology
Aesthetics
Podiatry
OTC
Allergy/ pulmonology
1

65

Valeant is Investing in DTC for Core OTC Brands

Major OTC Products with on-going

DTC

Diosminex, Systemic antivaricose

Chlorchinaldin, Sore throat remedies

4Flex, Joint care

Falvit, Multivitamins

Others

2013 TV, radio, and
other media spend

~\$ 1.8M

~\$ 1.5M

~\$ 1.3M

~\$ 0.9M

~\$ 3.8M

DTC spend is ~25%
of listed products

revenues

Total

~\$ 9.3M

66
Overview of Poland Organization
General
Manager
Poland
(1532 FTEs)
R&D
(57 FTEs)

Sales
(411 FTEs)
Marketing
(32 FTEs)
Regulatory /
Supply chain
(13 FTEs)
G&A
(21 FTEs)
Manufactu-
ring
(997 FTEs)

67
Built
brand
loyalty
and
market
leading
positions

(e.g.,
4
of
top
5
brands
are
#1)
and
above
market
growth

Focused on building branded generics loyalty

Optimized customer coverage with ~400 sales reps (fifth largest in Poland)

Wide
distribution
channel
coverage
across
Poland,
e.g.,
pharmacy
chains, DTC distribution

Valeant
is
a
well-recognized
player
in
Poland
Focus
on
building
platforms
independent
from
national
payers

Invested in self-pay Rx and OTC portfolio, including small targeted acquisitions (e.g., Croma)

Highly
experienced
local
management
with
backgrounds

in
multinational
companies

Confident

in

our

ability

to

maintain

/

accelerate

current

growth

trajectory

Valeant Has Achieved Sustainable Growth

68

Four separate BUs combined into one: Bausch + Lomb

Pharma, Bausch + Lomb

Vision Care, Bausch + Lomb

Surgery, Valeant Ophthalmology

Eliminated unnecessary layers

90% of field force successfully integrated in Valeant team

Achieved back-office synergies of 95%

Integration completed by September 2013, with full team in
place and field force working together
Overview of Poland Bausch + Lomb Integration

69

My Personal Reflections . . .

We empower people in the Valeant way: best decisions made by local managers, fast implementation, energetic, powerful and highly competitive organization

We have a lean cost structure with high involvement of the local management; our fast paced and effective implementation of changes makes a difference in the market and makes Valeant

highly competitive vs. other pharma companies

Our entrepreneurial environment develops employees, empowers them and leads to the success of individuals and the Company

Our organic growth since 2008 has outgrown the market significantly. Profitability has grown even quicker (>30% a year

on

average since 2008)

70
Speakers
John Connolly
Vice President, Russia and CIS; General Manager,
Russia

71

John Connolly

Vice President, Russia and CIS, General Manager Russia

Background

23 years in Pharma industry

PharmaSwiss

(4 years)

Regional GM South East Europe
Wyeth
(5 years)

Commercial Director Central Eastern Europe

Country Manager Romania & Southern Balkans

Country Manager Russia
Eli
Lilly
(11
years)

BD Manager Central Eastern Europe

Area Manager Russia and CIS

Marketing Manager Russia and CIS

National Sales Manager Russia

Country Manager Kazakhstan, Central Asia, Ukraine
Education
B.Sc. (Mgmt.) Trinity College Dublin, Ireland
M.B.A., Fuqua School of Business, Duke University

72

Since entry Valeant has consistently outgrown the market:

Market grew 5% from 2011-2013

Valeant grew 16% (same store organic growth) from 2011-2013

B+L business grew 14% YoY in first 6 months of Valeant ownership

85% of Valeant products have free pricing, 94% of Valeant sales are OTC or self-pay Rx products

Strong OTC, Ophthalmology, Cardio / Neuro, Derma platforms

Acquisitions of Sanitas, Natur Produkt, Gerot Lannach assets;

significant additional opportunities in tuck-in business development

Market leaders

2013 revenue growth

Thrombo ASS (Low dose aspirin)

13%

Neuromultivit (Multi-vitamin)

33%

ReNu (Lens solution)

5%

Naturino (Children's aspirin)

15%

Sage (Herbal throat remedy)

15%

Cholisal (Ulcerative gingivitis)

14%

Ocuvite (Eye vitamin)

26%

Antigrippin (Anti-flu)

17%

Valeant key brands

Russia Overview

73

Russia: 16% Organic Same Store Sales Growth

Acquisitions

Product Sales

Constant USD Millions

Organic same store sales

growth (13-14E):

+19%

2010

2011

2013

2012

2014E

329

76

194

0

9

Organic same store sales

growth (11-13):

+16%

74
Overview of Russia Organization
General
Manager
Russia, VP
Russia and CIS
(633 FTEs)
Regulatory

Affairs
(10 FTEs)
Sales
(517 FTEs)
Marketing
(29 FTEs)
Supply
chain
(13 FTEs)
G&A
(62 FTEs)

75

My Reflections on the Current Russia Environment

Russia is the No. 9 pharmaceutical market globally. It will continue to grow and Valeant will seize the opportunities that are here. Locally, we are already working on

this

Russian

consumers

want

quality
pharmaceutical
brands.
Brands
are
resilient
and
most
consumers
are
happy
to
see
Made
in
Austria,
Germany,
Poland
on
a
pack.

Our
brands are well known and trusted

What is happening in Russia has impacted us primarily through currency devaluation. However, we work in the non-reimbursed / non-premium segments of the market thus mitigating risk

There is a market slowdown, driven by macroeconomics. However, we will continue to grow by focusing on disciplined execution and leveraging our excellent umbrella brands such as Bausch + Lomb and Natur Produkt (Brilliant at the Basics)

The Eurasian Customs Union and the planned (2015) Eurasian Economic Union should make doing business easier in the next few years in this Region. Our entire CIS business will benefit

76

July 2013:

Pre-integration meetings with Russia and CIS GMs and B+L Russia leadership team
Developed detailed Plan for integration incl. communication and Town Hall meetings
to begin execution from Day 1 (August 7
)

September 2013:

Integrated sales conference with full attendance from B+L sales team

October 2013:

Physically moved B+L employees to the Valeant office

By end of December 2013:

Integrated B+L sales and marketing structures to Valeant model and transferred employees to Valeant legal entity Russia

92% of field force successfully integrated in Valeant team

Overall

Integrated Supply Chain, Finance, Regulatory from August to December 2013

Simultaneously integrating another acquisition (Natur Produkt), allowing us to go through organizational change once, with minimal business interruption

Tracked execution weekly initially, then bi-weekly; included elements in 2014 KPI s

Overview of Russia s Bausch + Lomb Integration

th

77

My Personal Reflections . . .

Valeant is a nuts and bolts

company, focusing on results and having the

best people in the right roles in the organization.

Trust is normally earned. This is earned through results at Valeant. Once you have that trust it makes work easier.

Our entrepreneurial culture and apprenticeship model creates career

opportunities and empowers people to take ownership of their business.

Building a business from the ground up is extremely challenging and personally rewarding. It is not for everybody but it is for me.

I have grown professionally and am a good example of the Valeant model

of empowerment. It is something I push downwards also. Personally, I am ready for the next challenge and so is my team.

In 2011 I was invited to a leadership meeting in the USA. We met with

Mike, other senior leaders and members of the Board of Directors. I was pleasantly surprised at Board members

involvement and this is what

makes Valeant different.

78

Speakers

Update on Bausch + Lomb Growth and Value Creation
(Blueprint for Allergan)

79
Speakers
Tracy Valorie
VP, Marketing Pharmaceutical Ophthalmology

80

Tracy Valorie

VP, Marketing Pharmaceutical Ophthalmology

Background

20+ years in Pharma industry

Bausch + Lomb

Vice President of Pharmaceutical Marketing

Former Global Head of Glaucoma
Pfizer

Global Commercial Lead of Ophthalmology
(Xalabrands and Macugen), mid-stage development
portfolio, and long-range planning
Experience in discovery, clinical development, commercial
assessment, marketing and strategic planning
Previous board membership The Glaucoma Foundation
and ARVO Foundation for Eye Research (AFER)
Education

M.B.A., Rensselaer Polytechnic Institute
B.S. Molecular Biology, University of Connecticut

81

Evolution of US Bausch + Lomb Professional Business

B+L Legacy: 3 Distinct Global BUs with
siloed operating model

Siloed business units

Minimal communications

Inefficient resource allocation across
businesses

Global

Rx

Global

Vision

Care

Global

Surgical

Valeant operating model: 3 Units rolling up
into decentralized US Eye Care business

Greater communication across Units

Leverage institutional knowledge to
support overall business

Improve operational efficiencies; share
resources

Bausch + Lomb

US Eyecare

Global

Mktg

BU

Director

US Sales

Global

Mktg

BU

Director

US Sales

Global

Mktg

BU

Director

US

Sales

US Lens

US Surgical

US Rx

82

US Rx Pharma: Where We Started
Strongest of the three US B+L businesses

Robust product line covering numerous
therapeutic categories

Established relationships with Eye Care

Professionals and experienced Sales
Professionals

Effective lifecycle management
programs (e.g., Bromday
Prolensa)
Inefficiencies in operating model

Duplicative global and US marketing

Unfocused and fragmented marketing
spend

Overstaffed central commercial
operations support

83

US Rx Pharma: Continued Momentum Under
Valeant Operating Model

Applied Valeant operating model:

Did not disrupt customer-facing organization

Removed duplicate marketing organizations

Leaned out commercial support functions

Eliminated management layers

Invested behind priority growth brands and promoted products

Executed Bausch + Lomb integration decisions

Separated US Rx business from OTC / Vitamins / Generics

Accelerated non-personal promotion for remaining portfolio

Continued focus on successful launches of Prolensa and Lotemax Gel

Maintained investment in late-stage pipeline (e.g., Latanoprostene bunod) and key lifecycle projects (e.g., next generation Lotemax Gel)

TRx Thousands

831

880

1Q 2014

1Q 2013

+6% p.a.

US Rx Pharma Prescription Trends

84

US Lens: Where We Started

Aging, non-competitive, declining, and unprofitable business

Despite inventing the category, Bausch + Lomb suffered sustained share loss due to lack of innovation and focus

Poor performance masked by combining
results with profitable LensCare business

High management turnover; frequent changes
in strategic direction
Bloated cost structure

Duplicative global and regional management
and marketing

Ineffective and competing channel strategies

Complex sales model with numerous (40+)
and unaligned incentive plans

85

US Lens: Performance Turnaround
Applied Valeant operating model and
returned to profitability:

Replaced entire senior management team
and removed two layers

Transferred LensCare to Consumer
(natural owner), exposing under-
performance of Lens business

Developed tailored channel and pricing
strategies for independents and retail

Aligned incentive compensation to deliver
short and long-term performance

Launched Ultra and PureVision 2 MF

Increased and accelerated investment in
pipeline products (e.g., Ultra MF / Toric,
Biotrue ONEday Toric)

Total US Lens Product Sales

USD Millions

2008

10

09

12

11

2014E

13

-5%

+15%

86

Our Launch Brands: Delivering Long-term Value

Ultra

Transformative SiHy FRP lens that provides
unsurpassed comfort and vision all day

Novel launch strategy ensuring strong uptake
by eye-care professionals

Biotrue ONEday

High water, mid oxygen, non-silicone
hydrogel daily disposable lens
Designed to work like the eyes to provide
comfortable vision throughout the day
PureVision 2 Multifocal
Multi-focal product launched in Q3 2013
Redesigned MF lens to address comfort
issues
Strongest pipeline in industry for the next decade

87

US Surgical: Where We Started
Underperforming, marginally profitable
surgical business losing share to major
competitors

Ineffective senior management team

Dysfunctional selling model with multiple sales forces selling against each other

Complex customer contracting process and terms

Never integrated TPV after acquisition
Bloated overhead structure

Multiple layers of leadership

Scattered commercial operations centers across the country

Unclear portfolio prioritization for commercial investments
Stellaris

US Surgical: Performance Turnaround Under
Valeant Operating Model
Replaced top management team and
removed unproductive costs
Redesigned go-to-market approach

Simplified and standardized
contracting and selling process

Realigned rep incentives

Prioritized marketing and sales spend
behind growth products

Developed tailored channel strategies
(e.g., ASCs, hospitals)

Invested in new products (e.g., Cirle
navigation) and surgical platform
extensions (e.g., StellarisPC)

Total US Surgical Product Sales

USD Millions

2014E

2013

88

89

Promising Surgical Late-stage Pipeline

Fragmentation Needle

StellarisPC Integrated Laser

Stellaris / StellarisPC Upgrades

Stellaris Advanced Cataract Procedures

Light Fibers

Circle 3D Surgical Navigation

StellarisPC Pack Enhancements
Envista Toric
New Vitreo-Retinal Devices

90

My Personal Reflections

Empowered to own / run the business

Empowered business development philosophy

Entrepreneurial business model (forward-thinking culture)

Accountable for both short and long-term numbers

Accessible executive leadership

Recognition of need to maintain visible customer-facing

investments in eye care space

91
Speakers
Joseph Gordon
General Manager, Consumer Health Care

Joseph Gordon
General Manager, Consumer Health Care
27 years in OTC Health Care
Bausch
+
Lomb
(2.5
years)

Worldwide Consumer

Wyeth

(19

years)

VP, Sales

VP, Marketing, Advil

GM, Nutritionals Business Unit

GSK

(5

years)

B.A. Economics, Rutgers University

92

Education

Background

Valeant Consumer: Healthcare Integration

Rolled out the integration as smoothly as possible, with minimal customer disruption (e.g., visited top customers within 2 weeks)

Combined 3 separate groups (Valeant skin care, B+L Lens Care, and B+L Vitamins / Drops) into one Consumer organization

Leveraged existing top talent

Leveraged our increased scale (across all brands) to accelerate top-line growth

Greatly improved selling model (e.g., professional sales force that details OTCs to medical professionals)

Improved retailer relationships (e.g., category management and logistics)

Increased ability to allocate funds to highest value opportunities

Maintained financial discipline and improved bottom line margin

Consolidated brokers / agencies and renegotiated rates

Achieved numerous cost of goods reductions

Consolidated distribution centers

93

Valeant Consumer HealthCare is a Top 15
Health &
Beauty Care Manufacturer in the US
Lens solutions
Top brands: BioTrue,
Renu, Boston
Segment growth: -1%
Valeant growth: 8%

Vitamins/Eye drops

Top brands: Preservision,
OcuVite, Opcon-A, Alaway

Segment growth: Flat

Valeant growth: 9%

Skin Care

Top brands: CeraVe,
AcneFree, Ambi

Segment growth: 1%

Valeant growth: 10%

94

Year-to-date Consumption +25%

Overall category -1%

Biotrue Challenge

Consumer Engagement / Trial Program

Eye care physician share of
recommendations

+9%

16% to 25% share vs. 1 year ago

Professional sales force detailing
160 Eye health reps serving optometrists
Biotrue's Growth has been Supported by Consistent
Investment in Eye Care Physicians and Consumer
Promotions
95

96

CERAVE

®

is the Fastest Growing Skin Care Brand

Top 10 Manufacturers Latest 52 Weeks 3-23-14

\$ % Change vs prior year

Detailed by 153 Dermatology reps reaching ~5000

Dermatologists and skin care professionals

#1 Derm Recommended

Moisturizer Brand for:

-2.1%

JERGENS

NATURAL GLOW

GOLD BOND

ULTIMATE

CETAPHIL

JERGENS

VASELINE TOTAL

MOISTURE

AVEENO ACTIVE

NATURALS DAILY

MOISTURIZING

LUBRIDERM DAILY

MOISTURE

JERGENS ULTRA

HEALING

PRIVATE LABEL

23.0%

18.7%

17.1%

8.1%

6.7%

5.2%

4.8%

4.7%

-5.3%

96

Facial Moisturizer

Skincare for Eczema

Body Moisturizer

NOTE: Does not include all channels

Source: IRI Market Advantage; 52 WE 03/23/14

97

Eye Vitamins Strategy

Two Distinct Brands

People with Age-related Macular

Degeneration

AREDS Study 1 & 2

ECP & Patient

Adults 45+ to Help Protect

Eye Health

Consumer Focus

Growth vs. PY:

Category:

+10%

-2%

Growth vs. PY:

Category:

+13%

-2%

Market

leader

Market

leader

98
3 of the 10 Top Selling SKUs in the Vitamins Aisle
Rank
Description
\$ Sales
(000s)
1
Mega Red Omega-3 60ct

\$32,941

2

Ocuvite Adult 50+ 50ct

\$30,487

3

Emergen-C 1000mg 30ct

\$29,485

4

Centrum Silver Ultra Women s 100ct

\$28,716

5

Align Probiotic 28ct

\$28,183

6

Align Probiotic 42ct

\$27,498

7

Airborne 10ct

\$26,646

8

PreserVision AREDS SG 120ct

\$25,401

9

PreserVision AREDS 2 120ct

\$25,331

10

VitaFusion MultiVites 150ct

\$25,046

Nielsen XAOC Calendar Year 2013

\$81,219

Total Valeant brands

Help Protect Your Eye Health

Ocuvite

®

360 Marketing Spend >\$20M in 2014

99

100
Robust Future Pipeline in Consumer Products
PeroxiClear
CeraVe

Baby

Eye Cream

Foot Cream

Stretch

AcneFree formula
upgrade / Body Spray
/ Energizing

Soothe XP

2014

2015

2016+

Preservision AREDS 2
line extensions

Ocuvite gummies

CeraVe

Cleansing bar

Hydrating cleanser
(Shower)

Ambi natural line

AcneFree cleansing
brush

Luminesse

Next gen multi-
purpose solution

CeraVe Therapeutic
(Rosacea, Psoriasis)

AcneFree Overnight
strips

Valeant US Consumer: 10% Organic Growth
Consumer Health products revenues
USD Million
590
535
2013
2014E
+10%

102

My Personal Reflections

The outside perception of Valeant is much harsher than the actual environment

The best people get the job. The best ideas get the funding

There is a true sense of empowerment and encouragement to lead

Own your business, invest like it is your own money

Gather facts, analyze, take action

Move very quickly

Unlike Big Pharma, we are not a powerpoint heavy company -
marketers don't spend half their week creating presentations to
management

Don't have to worry about the consequences of failing

all in it

together

attitude

103
Speakers
Gaelle Waltinger
Vice President, Western Europe

104
Gaelle Waltinger
Vice President, Western Europe
Background
16 years in Pharma and Healthcare
Bausch
+
Lomb

(5
years)

General Manager Germany, Austria, and Switzerland

Novartis

Pharma

(6
years)

Marketing and Sales management roles in France,
Switzerland, and Hungary

PwC

(5 years)

Healthcare and pharma

Education

Master's Degree in International Law and Finance,

Master's Degree in Quality and Organizations

Management, ESCP Europe

105

Organic same
store sales
growth (13-14E):

Organic same
store sales
growth (08-13):

Western Europe: Above-Market Sales Growth Post-

B+L Acquisition and Even Stronger EBITA Growth

+6%

Revenues

Constant USD Millions

+2%

891

804

784

751

735

744

753

2009

2008

2013

2014

2012

2011

2010

5% growth in Q1

YOY from 2013-

2014

Increased EBITA
margin from 28% to
42% through new
Valeant operating
structure

Strong post
acquisition growth

Valeant's Western European Product Portfolio

8

OTC

24

14

Rx reimbursed

Gx reimbursed

3

RX free pricing

Vision Care

Surgical

25

1 In constant USD; excludes BD revenues and Solta

~85%

of

portfolio

is

not

subject

to

price

control,

reimbursement

or

patent

expiry

~60%

of

pharma

portfolio

is

free

pricing

and

growing

+10%

year-on-year

Percent of sales

100% = \$ 854M

1

26

106

U.K. and Ireland
\$114M sales,
+4% YoY
~99 employees
Nordics
\$39M
sales
+14% YoY

~39 employees

DACH

\$231M sales,

+7% YoY

~247 employees

Italy

\$105M sales,

+11% YoY

~109 employees

Iberia

\$102M sales,

+16% YoY

~125 employees

France / Benelux

\$263M sales,

+7% YoY

~295 employees

R&D

Munich (surgical) 58

Berlin (pharma) 35

1 All sales in constant USD

Western Europe: Each Cluster Is Independent

107

1

OTC / Pharma
Bold Moves, using Valeant's Mode of Operation
Vision Care
Surgical
108
Diversifying
from
eye

only
into
OTC,
thus
gaining
more
critical
mass
Geo
Expansion:
Investing
in
the
Derma
/
Aesthetic
field
with
Obagi
and
Solta:
sales
forecast
\$20M
in
2015
Local
cross-promotion
partnerships
with
global
players
Launching
superior
new
products
Biotrue
ONEday
and
Purevision2HD
winning in high growth segments
Exploiting
growing
Private
Label
segment
opportunities
across
all
franchises, across Western Europe

Winning
with
Key
Accounts:
Optic
2000,
Fielmann,
Specsavers
Leveraging
equipment
share
(25%)
through
portfolio
selling
approach
Focusing
on
key
drivers,
align
R&D
and
BD
with
customers
expectations
Acquiring
new
IOLs
product
ranges
giving
Valeant
access
to
70%
of
the
market we could not participate with B+L existing portfolio
Simplified
approval
process
for
Equipment
sales
and
clear
guidance
for

the field force on margins requirements

3

year

sales

est.:

\$19M

from

Valeant

portfolio,

\$11M

from

B+L

portfolio

70

launches

by

end

of

2014,

80

launches

in

2015-16

Robust Future Pipeline in Western Europe
2014
2016-2017+
Ophthalmology
portfolio
Bimatoprost PFO3
Conineff
Dorzolamide PF

Dorzolamide+Timolol PF
Levocabastine PFMD
Timolol PF
Eyefill C.
Eyefill D.C.
Eyefill H.D.
Eyefill M.B.
Eyefill S.C.
Brimonidine+Timolol
Moxifloxacin PF
Netildex
Ceforuxim (optha-
use)
Besivance
Bimatoprost PF
Bimatoprost+TimoIol
Latanoprost PF
Latanoprost+Timolol PF
Travoprost
Travoprost PF
Travoprost+Timolol PF
Dermatology
portfolio
Betamethasone/Salicylic
Luliconazole
Mupirocin ointment
Tretinoin cream
Obagi
Vision Care /
Surgical
portfolio
New Si-Hi Monthly
Contact Lens
Victus extension indication
New Peroxide
High speed
vitreotome
Biotrue ONEday
Teneo
Victus 3.2
Stellaris PC endolaser
Ambroxol syrup
Paracetamol/Pheniramine
Hemorrhoids
cream
CinqsurCinq
Clens
Cetirizine
Ibuprofen/
Pseudoephedrine

Pelargonium

OTC

portfolio

\$ 144M

\$ 117M+

Estimated peak sale

revenues

GEO-expansion

80 launches

70 launches

2015

\$ 59M

Ongoing

negotiations in key

categories

1

:

Over 300M

peak sales

Covers the

entire

spectrum of

selling

categories

High

likelihood to

be delivered

109

Pain/ ortho

OTC

Dermatology

Ophthalmology

1 Additional products under negotiation, peak sales not included in current estimate for 2016-2017+

110

The challenge for WE was to quickly apply the new model and thinking of Valeant as there were no Valeant people based in W Europe. What we did:

Decentralized structure:

we eliminated interference with corporate and adapted to local realities

Combined
3
B+L
business
units
into
one
company
with
1
GM
holding
the
decision making power

Newly
promoted
management:
investing
in
hungry
talent
and
offer
them
an
opportunity to demonstrate what they can do
People: headcount
reduction of 28%, shared G&A resources
Costs reduced by \$67M (annualized run rate realized end 1Q14)

Fast
execution
of
social
plans
in
all
countries
completed
by
end
of
2013

COGS
optimisation
by
bringing
manufacturing

in
house
and
/
or
in
Europe
for
products manufactured by third-parties or in U.S. (e.g., Biotrue, Ocuville)

Margin
improvement
by
taking
back
the
Valeant
business
in
Western
Europe
(~\$20M) previously managed by distributors
HR and Finance get much more responsibilities and are real change agents,
supporting the mindset turnaround
Overview of Western Europe s Bausch + Lomb
integration

111

My Personal Reflections . . .

There aren't many healthcare companies where you find a 42 year old female running a \$1 billion business. That is possible at Valeant. We bet on management, not on science. We give more opportunities to our

people to demonstrate what they can

Rules are very clear: only your performance and ethics count.

Mistakes

are allowed, underperformance is not. This way you save a lot of time,

have sole focus on business while taking risks to try new things

It is scary from the outside because it is challenging all the conventions. It is THE exception in the healthcare world. But it makes

so much sense once you live it

You must like entrepreneurship, speed and autonomy+++. There is no one to tell you how to position your brand, no one to review your KPIs.

But we are all in it together and it s a lot of fun

112
Speakers
Thomas J. Appio
Vice President, North Asia / Japan

113

Thomas J. Appio

Vice President, North Asia / Japan

Background

27 years in Pharma/Healthcare (15 years in Asia Pacific)

Bausch

+

Lomb

(4
years)

VP North Asia / Japan

Managing Director Greater China
Schering-Plough
(23 years)

General Manager Korea and Hong Kong

Global Integration Planning Lead

General Manager Hong Kong

Director New Zealand

Director of Operations and Administration Venezuela

Director of Operations Asia-Pacific and South Africa

Senior Auditor and Compliance

Education

B.S. Accounting, Arizona State University, W.P. Carey
School of Business

113

114

North Asia Overview

B+L creating platform for
growth in fast growing markets

(e.g., China, Korea)

2014E Sales:

\$663M

2014E EBITA:

>30%

Strength across segments,
lens, lens care, aesthetics,
pharmaceuticals & surgical
2 manufacturing sites in China;
1 Distribution Center in Hong

Kong

2,051 colleagues

China

\$236M sales

2 manufacturing sites

(Pharma and vision care)

Hong Kong

\$35M sales

1 Distribution Center

Taiwan

\$41M sales

Japan

\$293 M sales

Korea

\$59M sales

* 2014 estimated sales & EBITA in constant dollars

B+L Created Growth Platform for Valeant in China

Beijing

Shanghai

Jinan

1.3 billion people

Growing affluence & consumerism

Elevating interest in health & beauty

Developed

Developing
Underdeveloped
Not developed
Valeant business status
Sales force deployment
Pharmacies
Hospitals
Optical stores
Distributors / wholesalers
Shanghai
115

116
Valeant China Market Snapshot
Vision Care
China vision care market \$481M in
2013 with 13% growth
Valeant growth of 19%
with 24%
market share; #2 in contact lenses

Broad
portfolio
addresses
consumer
vision care needs across segments
& city tiers
Strong distribution network
Capitalizing on fast growing
cosmetic lens segment
Rich
pipeline
of
future
lens
launches
Best selling clear lens SKU in China
Multiple offerings to meet different consumer needs
Fashion trend with cosmetic lens
#1 vision care brand in China & most recognized by Chinese consumers

117
Launch Experience in China
2014
2013
2012
SofLens Daily
Disposable Toric
LACELLE Daily

LACELLE Color Daily
NATURELLE Daily
Black
PureVision2
NATURELLE Daily Brown
RENU Fresh
BIOTRUE
LACELLE
Half yearly & yearly
LACELLE Color
Half yearly & yearly
PureVision
Bandage Lens
(Vision Care)

Valeant China Market Snapshot
OTC/
Pharmaceuticals
Eye drop market \$500M in 2013 with 11% growth
Valeant growth of 23%, with 16% market share
#1 OTC eye drop
brand -
Mioclear &

Moisten

Iviz

Levsaxin -

Antibiotics

Future growth

through local

development

#1 Viscoelastic

Continue to gain

share in eye drop

steroid market

Lotemax

First China FDA

approved & #1

bandage lens

#1 eye drop company in China with strong pharmacy & hospital coverage

PureVision

118

119
Valeant China Market Snapshot
Medical Devices
First China FDA
approved femtosecond
platform for Cataract &
Refractive Procedure
Cataract & Retinal

machine installed
over 1,000 units

The fastest
growing

monofocal IOL

Leverage existing
infrastructure, network &
knowledge entering into
aesthetic market

Rich experience in medical device & grow consumables by equipment placement

Strong synergy between pharmaceutical & medical device team

Intraocular Lens IOL

Surgical market size \$200M in 2013 with 12% growth

Valeant market share 16%, beat market growth by 4%

Launch Experience in China
2014
2012
CeraVe
Single Dose
Kids
New
size

HA
single-dose
Fraxel
B+L brand
Zylet
enVista
2013
Crystalens
OTC / Pharmaceuticals
Stellaris PC
120
Medical Devices

Overview of Valeant China Team
Head of
China
(1585 FTEs)
R&D
(43)
Sales
(602)

Marketing
(26)
Manufac-
turing (730)
G&A
(76)
Other
Commercial
(108)
121

China: Post-acquisition Valeant Growth

Accelerates to 21%

+2%

+21%

Vision

Care

2014E

Surgical

OTC/

Pharma

236

2013

194

2012

191

Total Revenues

Constant USD Millions

92

110

80

65

84

38

42

31

80

122

21% growth in Q4 YOY
from 2012-2013

44% growth in Q1

YOY from 2013-2014

Increased EBITA by 50%

through new Valeant

operating structure

Strong post acquisition

growth

My Personal Reflections
Ethics
(Strong & Supportive
Compliance Mindset)
Results
(Challenges Thinking &
Status Quo)

Speed

(Drives Commitment &
Conviction)

Candor

(Stimulates Thought & Reflection)

Entrepreneurship

(Generates Energy & Efficiency)

Trust

(Motivates &

Creates Ownership)

124
Unique Innovation Model and Future Pipeline

125

Speakers

Dr. Tage Ramakrishna

Chief Medical Officer; Head of R&D and Quality, U.S.

126
Dr. Tage Ramakrishna
Chief Medical Officer; Head of R&D and Quality, U.S.
Background
Progenics
Pharmaceuticals
(4
years)

VP Clinical Research
Nycomed
(formerly
Altana)
(5
years)

Corporate VP International Drug Safety
Insmmed Inc.

Medical Director
Degge Group

Pharmacovigilance Consultant
Education
B.A. in Biology, Rutgers University
M.D., Karol Marcinkowski University of Medicine
Medical College of Virginia

127

1. Products developed in our labs
 2. Lifecycle management programs
 4. Late-stage product in-licensing
 5. Late-stage / pre-launch product acquisition
 3. Branded Generics development
- We Build a Robust Pipeline Drawn from Internal and

External Sources

Our output-driven R&D approach has delivered more launches than most competitors

Our approach to R&D is lower cost and lower risk without sacrificing quality or likelihood of approval

We have a robust internal pipeline, which is supplemented with aggressive business development

128

Focusing on R&D Output Rather than Input

Traditional Big Pharma input-driven
approach

Focus on shots on goal

Higher spend levels assumed to
generate more new products

Incentives linked to investment levels

Valeant's output focused approach

Focus on productivity

outputs

measured against inputs

Lower risk projects

Decentralization helps ensure right

products for right markets

Focus on line extensions and new

indications

Portfolio prioritization via rigorous,

unbiased peer scientific review

With overall industry R&D

productivity steadily declining,

traditional bets on R&D are unlikely

to pay off

129

We Leverage a Variable vs. Fixed Cost Model

Discovery

Pre-clinical

PK / PD

Formulation

Clinical /medical

strategy

Clinical operations
Regulatory
Safety /
pharmacovigilance
Very limited (e.g., Dow scientists)
Limited to 3 FTEs
Fully outsourced
In-house capabilities through Dow and Bausch + Lomb
4 FTEs for protocol design, trial design, etc.
Fully outsourced
Substantial outsourcing, small team focused on strategy
Largely outsourced, have roughly 25% as many FTEs as
similar companies
Traditional R&D functions
Valeant approach
Big Pharma traditionally
staffs all functions with
hundreds of FTEs and
uses selective outsourcing
We staff only the high value-add functions
Our model
Is not focused on staffing for peak capacity
Allows maximum resource flexibility and efficiency

130
Valeant Has Lean Decentralized R&D Capabilities Across
the Globe
Valeant presence
Seoul
Tokyo
China
Singapore

Berlin
Munich
Waterford
Irvine
Clearwater
Rochester
St. Louis
Tampa
Sydney
Poland
Brazil
Mexico City
Bridgewater
Petaluma
Bothell
Long Beach
Hong Kong
Montreal
Bothell
Montreal
St. Louis
China

2014 expected launches
Pipeline Products
1. Products
developed in
our labs
~60 launches,
including:

Ambi Naturals Line (US)

AcneFree Drying Lotion (US)

Biotrue ONEday presbyopia (Canada)

CeraVe Restoring Serum and Cream (US)

CeraVe cream, lotion, cleanser, PM facial cream
(China)

Jublia (Canada, US)

Obagi 360 range and hydrate luxe (Hong Kong)

Ocuvite + Lutein (Japan)

Pilexil anti-dandruff and new formulation (Brazil)

Preservision line extensions (US, Canada)

Regenica (Australia, Canada)

Soothe XP (US)

Trulign toric (Canada)

~60 projects,
including:

Artelac Care (EU)

Biotrue ONEday multifocal and toric (US, Canada,
Japan, Korea)

BLIS IOL inserter (US)

Envista Toric (US, Canada, Korea)

IDP-118 for Psoriasis (US)

Neoface and Neohair (Brazil)

Netildex (EU)

Obagi Clenziderm, Regenica, Gentle Rejuvenation
ranges (Hong Kong)

Ocuvite gummy, 50+ and other extensions (US, EU)

Ultra multifocal and toric (US, Canada)

Victus 3.2 OCT (Canada)

2. Lifecycle
management
programs
~5 launches,
including:

Onexton (US)

RAM 0.08% (US)

Stellaris next generation (Australia)

~10 projects,
including:

Arestin for peri-implantitis (US)

Lotemax next generation (US, Canada)

Thermage

Cheetah (US, Korea)

Diffiam line extensions (NZ)

3. Branded

Generics

development

~300 launches in 2014 across LatAM, Asia, EMEA,
including:

Captopril (RU / CIS)

Levsaxin (China)

Yurelax (Mexico)

~150 projects, including:

Bortezomib (Poland)

Brinzolamide (Canada)

Latanoprost (Brazil, MENA, Western Europe, CEE,
Korea)

Zolendronic acid (Mexico)

Overview of Efforts that Fuel Product Development (1/2)

131

Overview of Efforts that Fuel Product Development (2/2)

132

2014 expected launches

Pipeline Products

4. Late stage

product in-

licensing

~20

launches,
including:
~60
projects,
including:
5. Late
stage/pre-
launch
product
acquisition
~20
launches,
including:
~20
projects,
including:

Emerade (US, ANZ)

Ideal Implants (US)

Lacelle line extensions (Hong Kong, China, Korea)

Lodalis (Canada)

Macugen (Japan)

Neotensil (Canada, Hong Kong, Australia)

Ortho K lens (China)

Recrexina (Brazil)

317 Eximer (Korea)

Cefuroxime (EU)

Circle 3D navigation (US)

Latanoprostene bunod (US, Canada)

MIM-D3 (US, Canada)

Ocular redness therapy (US, Canada)

Ossix plus (US)

Traser (US)

BV Metrogel (US)

Eyefill (Western Europe, MENA)

Peroxiclear (US, Canada)

Luzu (US)

Arucom (Brazil)

Besivance (EU)

Dexagel (CEE)

Peroxiclear (ANZ)

Prolensa (Canada)

133

Case Example: Jublia North America

PDUFA

date

June

20 ,

2014

Developed a NCE on a very limited development budget of

\$35M

1

1 Total cost since 2006 (Valeant acquired in 2008)

2 \$1.2B as per PhRMA profile 2013

Expected

peak sales of

\$300-800M in

2018

th

Substantially lower cost than typical estimates of drug

development of approximately \$1.2B per NCE²

Utilized **distinctive development** expertise where it matters

Internal

team

focused

on

critical

activities

(e.g.,

study

design / management, regulatory interactions)

Leveraged DOW team for formulation expertise

All other activities via **vendors / CROs**

Made technical leads responsible for all functions related to

their

area

lean

startup

model

Lean project team of 7 FTEs

134

Allergan Claims the Proposed Valeant R&D Spend Would Only
Cover the Cost of Post-Approval Requirements

Our lean and productive R&D model enables us to fulfill post-approval
requirements at lower cost

Allergan originally asserted they expect to spend ~\$200M per year on post-
approval requirements, now updated to be on post-approval requirements and
maintenance

We estimate it would cost us ~\$100M per year to complete Allergan's current post-approval requirements and maintain products, based on 11 ongoing clinical trials posted by Allergan as of May 27th, 2014

135

Allergan Claims Valeant Would Not Have Invested in Products

Such as Botox to Grow the Market

Our R&D model delivers successful line extensions and new indications at lower cost

Allergan stated they spent ~\$2.2B on Botox, Alphagan / Combigan, and

Juvederm extensions

In preparation for our April 22

nd

presentation, we estimated it would cost us ~\$1B

to develop the full set of Allergan line extensions and new indications; we then

conservatively added another \$1B for a total of approximately \$2B

We believe we can fund the development of Allergan's late stage programs to the next milestone with our stated \$300M+ of R&D spend

136

Held a joint pipeline / portfolio meeting with R&D, Commercial, and Senior Management to review status and scientific / commercial rationale for all projects

Utilized a scientific peer review process for all projects

All essential staff were identified and retained to ensure knowledge of programs and relationships were maintained

Only projects deemed high risk, duplicative, and with low commercial value by the joint team were terminated

Most programs were kept and are currently ongoing, or they have achieved development milestones, such as Ultra Contact Lenses and brimonidine.

Transitioned to our lean R&D model, including strategic outsourcing and creating a flat organization

Overview of our Approach to Bausch + Lomb Integration

My Personal Reflections

Our lean and decentralized operating model works extremely well in R&D. It allows projects to be developed quicker due to the lack of multiple layers and unnecessary global obligations

The
lack
of
multiple

layers
of
management,
as
seen
in

Big
Pharma,
allows
quick development decisions to be made

We work much harder than others

There are no politics between therapeutic areas, common in most pharma
companies

The Valeant model allows me to offer our R&D staff development and scientific
opportunities that they cannot find in any other company

I have grown professionally by having responsibility for R&D on such an
intimate, hands on level, which would not be possible in the typical pharma
model

137

138
Track Record in Capital Allocation

139
Speakers
Howard Schiller
Executive Vice President and Chief Financial Officer

Valeant Business Development
Deal activity since 2008
100+ acquisitions / licenses / co-promotes
\$19B+ in capital deployed
Disciplined approach and objectives
IRRs of at least 20%
Statutory tax rates
Payback periods with 6 years or less

Deal types

7 Platform investments

Tuck-ins to supplement existing platforms

Declining assets at attractive prices generating superior returns

140

141
Growth Achieved in Platform Deals
Coria
Dow
Aton
Pharmaswiss
Sanitas
OraPharma

Medicis

Bausch + Lomb

22

21

15

12

10

7

5

2

-4%

N/A

30%

1%

4%

3%

3%

4%

27%

12%

33%

5%

5%

9%

4%

10%

1 From first year of acquisition

2 From first year of acquisition to most recent forecast

1)

2)

3)

4a)

4b)

5)

6)

7)

Quarters

Owned

Growth Year

before Acquisition

Deal

Organic Growth Since

Acquisition PY to 2013

(CAGR)

1

2

Returns On All Deals From 2008-2013
Achieved
Deal Models
Achieved
Deal Models
Cumulative EBITA
USD Millions
Cumulative Net Income

USD Millions (includes corporate
tax structure)

6,092

4,846

5,750

3,781

Four deals fully paid back to date: Coria, Aton,
Elidel, Biovail (Dow expected in 2014)

142

+26%

+52%

143

An iconic company that had fallen on hard times

Stalled as a public company due to underinvestment and weak leadership

Began turnaround under Private Equity ownership

A stable of valuable assets in need of disciplined leadership

Strong brand recognition in a market where brand is important

Strong portfolio of durable products and rich late-stage pipeline

Significant presence in all major segments of eye health

Prescription drugs

Surgical products

Consumer / OTC products

Highly complementary with Valeant

Businesses with attractive fundamentals

Fast growing categories

Largely cash-pay and private insurance

Strong brands

Durable products

Strong combined portfolio in emerging markets

Offered an at-scale entry into China; introduction into Turkey and the Middle East

144
Bausch + Lomb Was A More Complex Integration
Than Allergan Would Be
Number of
employees
13,000
11,400
Manufacturing

plants (primary)

14

6

Revenues in

North America

41%

66%

Revenues in

Emerging Markets

~25%

~17%

SKUs

200,000

Far fewer

145

How We Integrated Bausch + Lomb

Not one, but 50+ decentralized integrations

Targets built from the bottom-up, with disciplined cost
synergy tracking

Fast, fair and best-of-the-best *team*

talent selection

Moved quickly to minimize disruption and course corrected

where needed

Folded into decentralized Valeant operating model

Maintained flexibility where necessary (e.g., global contact lens manufacturing)

Protected customer facing activities: no changes to US B+L sales force; minimal impact on ex-US B+L sales force

How We Integrated Bausch + Lomb (continued)
Focus on stabilizing (and accelerating) acquired
business assets first
Reduced duplicative / oversized G&A functions
Eliminated global BU and regional structures and
overhead
Rationalized regional facilities footprints, including US
HQ in NJ

Switched to zero-based budgeting process

146

Most Reductions (40%) Were to B+L s Bloated G&A

B+L CEO

% Reduction

to B+L personnel

US Commercial

9%

Consolidated and leaned parallel commercial teams (Pharma, Surgical, Vision Care)

and large Commercial Operations staff (6%)

Reduced marketing management (3%)

Europe

19%

Consolidated commercial teams (10%)

Eliminated redundant regional HQ and country-level G&A (6%)

Consolidated country-level Ops and R&D (3%)

Latin America

33%

Consolidated commercial teams (14%)

Eliminated redundant G&A (10%)

Consolidated country-level functional leaders in Ops and R&D (9%)

Asia

6%

Eliminated redundant G&A

Canada

14%

Consolidated commercial teams (10%)

Eliminated duplicate G&A and functional leaders (4%)

Global Supply

Chain

3%

Eliminated

global

infrastructure

creating

one

size

fits

all

policies

and

pushing

all

products to all markets

Global R&D +

Quality

23%

Eliminated high-risk projects, increased use of outsourcing, and eliminated redundant leadership in 3 parallel R&D organizations (17%)

Consolidated country-level personnel (6%)

Corporate

Center

Leaned bloated Finance, IT, Legal, HR, Global Marketing and Corporate

Communications teams (60%)

Consolidated G&A from parallel global BUs (Pharma, Surgical, Vision Care) (6%)

66%

Actions taken

147

Bausch + Lomb 2014 Run Rate Savings
Combined
baseline
Target
synergies
(% of
baseline)

Q1 2014
run-rate
savings
Team
2014 exit run
rate as a
percent of
target
US Corporate
US Commercial
LatAm
Canada
Asia
Europe
Global R&D
Quality
Ops / Supply Chain
Total
339
727
187
100
352
611
309
39
2,226
4,890
159 (47%)
155 (21%)
51 (27%)
21 (21%)
81 (23%)
178 (29%)
178 (58%)
5 (13%)
30 (1%)
857 (18%)
125
122
42
16
62
140
126
5
20
657
91%
99%

118%
106%
105%
111%
99%
96%
198%
105%
\$ Millions
2014 exit
run-rate
savings
145
154
60
23
85
198
176
5
59
904
148

Bausch + Lomb's Global Organic Growth Rates
Bausch + Lomb
businesses
Growth since
acquisition
1
US

14%
ROW Developed markets
4%
Emerging markets
16%
Total
10%
1 Through Q1 2014
Volume / mix: >9%
Price: <1%
Volume / mix: 13%
Price: 1%
149

150
Valeant Has Increased Bausch + Lomb's Growth
Global sales
USD millions
2012
2014E
2013
+3%

+10%
3,038
3,130
3,435

151

Our Experience With Bausch + Lomb Provides

An Excellent Blueprint for Allergan

Significant performance improvement to be gained by
decentralizing and eliminating global / regional leadership layers
Valeant GMs are well versed in rapidly identifying and capturing
synergies, while keeping the business growing

Complementary product portfolios can be leveraged by existing

sales forces from Day 1

Valeant R&D is very experienced bringing discipline to R&D teams that have grown up with Big Pharma thinking

Potential to improve capacity utilization (over time) across operational footprints, given product similarities

Untapped leadership potential often exists 2 or 3 layers below top management

152
Revised Bid for Allergan and Next Steps

153
Proposed Transaction Review -
consideration
Cash/Share
1
\$58.30
+ Exchange Ratio
0.83

Allergan Ownership

1

43%

Improved Proposal

Offers a substantial

premium to unaffected \$116.63 share

price as of April 10

th

, 2014 the day before Pershing Square

crossed the 5% Schedule 13D ownership level and

commenced its rapid accumulation program

DARPin CVR provides value of up to ~\$25.00 per share

2

1. Financing commitments for \$18.9B from Barclays, RBC Capital Markets, The Bank of Tokyo- Mitsubishi UJF, Ltd., Deutsche Bank AG, DNB Bank ASA, and HSBC. Based off of diluted shares of 310.9M.

2. Based on Allergan's assumptions in its May 12, 2014 presentation.

154

Value of an Allergan Share:

Key Assumptions

1. Source for analyst consensus: FactSet
2. Based on Allergan's assumptions in its May 12, 2014 presentation

2014 non-GAAP EPS Guidance: \$5.64 to \$5.73

Unaffected share price of \$116.63 as of April 10, 2014 the day before Pershing Square crossed the 5% Schedule 13D ownership level and commenced its rapid accumulation

program
Unaffected

2014

P/E

multiple

of

21.3x

as

of

April

10,

2014

based

on

consensus

1

2014 Cash EPS Guidance: \$8.55 to \$8.80

Unaffected

2014

P/E

multiple

of

14.2x

as

of

April

10,

2014

based

on

consensus

1

Unaffected

2014

P/E

blended

multiple

of

16.8x

as

of

April

10,

2014

based

on

consensus

1

Assumes the transaction closed and full synergies realized on January 1, 2014

Cash EPS Accretion relative to standalone Valeant: 25% to 30%

CVR
provides
value
of
up
to
approximately
\$25.00
per
share
2
Allergan Standalone
Valeant Standalone
Weighted Average Blended Multiple for Valeant / Allergan
New Valeant Pro Forma Cash EPS
Pro Forma Cash EPS of \$10.90 to \$11.22 assuming 27.5% accretion (midpoint)
CVR

155

Proposed DARPIn CVR Structure

1 Based on Allergan's assumptions in its May 12, 2014 presentation.

Stand-alone entity

Current Allergan employees will continue to work on DARPIn

Five member independent advisory board will be established to oversee the clinical development and regulatory processes

Allergan will propose eight members, of which five will be

chosen by Valeant (combination of business people and scientists)

CVR

holders

are

entitled

to

40%

of

net

sales

for

10

years

1

in

excess of the \$400M

1

invested in R&D

Based

on

Allergan's

estimated

of

up

to

\$20B

1

in

net

sales

over

10 years

1

, the CVR provides value of up to approximately

\$25.00 per share

Valeant

will

invest

up

to

\$400M

1

to

develop

DARPin

Value of an Allergan Share:
Allergan stand-alone vs. Valeant proposal
Stand-alone Allergan
\$120.13
to
\$122.05
per

share
based
on
21.3x
2014
P/E
multiple
to
recently
revised
EPS
guidance

Premium to unaffected price: 3.0% to 4.6%

Valeant Proposal

1. For Allergan shareholders to receive value of \$180 to \$200 per share (excludes CVR)

New Valeant would need to trade at a 2014 P/E multiple of 13.1-15.7x or \$146.63 to \$170.72 per share

Premium to unaffected price: 54.3% to 71.5% plus the value of the CVR

2. If New Valeant trades at a blended multiple of 16.8x

Total value per Allergan share of \$210.29 to \$214.75 (excludes CVR)

Premium to unaffected price: 80.3% to 84.1% plus the value of the CVR

156

157

Value of an Allergan Share:

Allergan stand-alone vs. Valeant proposal

Stand-alone Allergan

\$120.13-\$122.05

P/E Multiple

Premium to

unaffected price

\$210.29-\$214.75
21.3x
16.8x
3.0-4.6%
Allergan shareholders
receive value of \$180-\$200
per share
\$180.00-\$200.00
13.7-15.7x
54.3%-71.5%
plus CVR value
Allergan share price
Total value per
Allergan share
Total value per
Allergan share
Valeant Proposal
New Valeant trades at a
blended multiple of 16.8x
Blended
Implied
80.3%-84.1%
plus CVR value

Our Response to Yesterday's Allergan Release
158

Speakers
J. Michael Pearson
Chairman of the Board and Chief Executive Officer
159

Yesterday, Allergan Published an Analysis of Valeant
That Was Full of Errors

It is unfortunate that Allergan hasn't taken the time to understand our business

We have offered many times to sit down with Allergan management to:

Allergan management has refused these invitations

The numerous inaccuracies in Allergan's analysis call into question the quality of the analysis they, and their advisers, have done on the attractiveness of a deal

Our presentation so far has hopefully helped Allergan's management team, Board and stockholders better understand Valeant's robust business model

We remain confident that investors have a clear view of this deal's potential

160
Explain our business

Explore value creation potential of a combination of our businesses

Assertions Made By Allergan

Valeant's pro-forma organic revenue growth is negative for fiscal year 2013 and Q1 2014

Bausch + Lomb's Rx Ophthalmology revenue growth is driven by unsustainable price increases

Our management has no experience running large, global brands

Medicis performance has rapidly eroded

Valeant has overstated the synergy potential of a Allergan/Valeant combination

Allergan has a significantly stronger market share position in the largest, fastest growing, emerging markets

Valeant's stated combined company tax rate is neither achievable nor sustainable

Valeant's adjusted cash-flow metric is misleading

Valeant is a second Tyco

Valeant's management lacks experience in pharmaceuticals and has experienced significant turnover

161

Dissecting Organic Growth Rates

Allergan alleges:

Actuals:

8

1

N/A

-1.4

Organic Growth
Including Generic
Impact
Pro-Forma Revenue
Growth Ex-Generic
Impact
Pro-Forma Revenue
Growth Including
Generic Impact
Organic Growth Ex-
Generic Impact

Q1 2014
Revenue
Growth Rates
FY 2013
Revenue
Growth Rates

0
-0.5
10
N/A

7
4
1
8

Q1 2014
Growth
Rates

1
FY 2013
Growth
Rates

1
7
2
0
10

Allergan's analysis
had several errors
Included total
revenues which
include:

Valeant is very
transparent about
our adjustments
1 Calculated using product sales
Percent

162
Allergan's
calculations do

not adjust for the
impact of:

Royalties

Milestones

Contract
manufacturing
revenue

Currency

Divestitures

Discontinu-
ations

Our Actual Quarterly TRx Trends in US Prescription

Ophthalmology

2%

-17%

-11%

23%

28%

Lotemax

With 2 exceptions, our products
have all experienced volume
growth quarter-over-quarter

Allergan's analysis "cherry-
picked" select products and
excluded important products,
e.g.,

Lotemax Gel

Bromday franchise (including
impact of our Prolensa life-
cycle management)

TRx Trends for Q4 2013 vs. Q4 2012

Bromfenac franchise
(Prolensa/Bromday)

Allergan's view

Wolters Kluwer Data

Suspension,

Gel and

Ointment

-21%

-21%

-12%

N/A

12%

Alrex

Bepreve

Besivance

% of B&L US Rx

Business

80%

41%

Volume growth

7%

-19%

163

Every One of Our Leaders Today has Worked on Billion-Dollar-Plus Global Brands

Tracy Valorie

Joe Gordon

Gaelle Waltinger

Dr. Tage Ramakrishna

Tom Appio

164

Steve Sembler

Deb Jorn

Dr. Pavel Mirovsky

Dr. Leszek Wojtowicz

John Connolly

President, OraPharma,

Sr. VP Neuro / Other

30 years in Pharma

and Healthcare

VP Marketing

Dermatology

34 years in Pharma

President and GM,

Europe

23 years in Pharma

and Medical

VP and GM Poland

20 years in Pharma

VP Russia and CIS,

GM Russia

23 years in Pharma

VP, North Asia / Japan

27 years in Pharma /

Healthcare

Chief Medical Officer;

Head of R&D and

Quality, U.S.

10 years in Pharma

VP, Marketing

Pharmaceutical

Ophthalmology

23 years in Pharma

General manager,

Consumer Health Care

27 years in OTC health

care

VP, Western Europe

16 years in Pharma

Medicis
A Financially Compelling Transaction
Purchase price
\$703M
\$1,240M
\$1,025M
\$2,968M

Proceeds from
divestitures

1

Net investment
in Medicis

Tax-affected
cumulative EBITA
through Q1 2014

NOTE: Includes Sculptra

1 Assumes 170M taxes on proceeds

~2x effective

multiple on

2014E sales of

~\$500M

(Including cost of
restructuring and
integration)

2014 launches:

Luzu and

Metrogel,

165

166
Expected Savings Are In Line With Precedent Transactions
Combined OpEx (\$M)
Synergies (\$M)
5,800
Allergan
2,625
Medicis

Bausch
+Lomb
Biovail
667
1,099
900
2,700
300
350
n/a
36%
73%
49%
Allergan's assertion
Synergies / OpEx
~52%
~27%
~47%
~34%

167
Emerging Markets Are a Clear Strength of Valeant
Valeant 2014E
Revenues

Allergan only looked at ophthalmic Rx,
which represents **<5% of Valeant's**
emerging market revenues

Valeant sales in the four markets
Allergan isolated deliver **~75% of**
Allergan's total sales in emerging
markets
(including Japan)

Valeant's aggregate growth in
emerging markets from 2011-2013
was
49%,
Allergan's
was
11%

Valeant has made a specific **decision**
not
to
invest
in
India
due
to
market's
lack of IP protection and profitability
potential

Valeant
also
has
critical
mass
in
other
attractive
markets,
including:
Valeant Growth
2013-2014E
Russia
\$330M
63%
China
\$230M
154%
Brazil
\$210M
35%
India
\$40M

185%

Vietnam

South Africa

Mexico

Southeast Asia

Turkey / Middle East

Sustainability of Valeant's Tax Rate
Allergan's Assertions
Actual
Tax Deferral
Structures and
Audit Risk

Taxing authorities are likely to heavily scrutinize

Valeant's tax-deferral structures and transfer pricing

Valeant does not have multiple deferral structures

Valeant's tax structure is compliant with all applicable laws and undergoes the same scrutiny as any other public company

Allergan itself uses tax deferral structures to reduce its tax rate and which are subject to the same scrutiny

Undisclosed

Cash Tax Cost to

Achieve Tax

Synergies

The upfront cash tax cost of migrating IP could be substantial and take over a decade to recover

The cash tax cost could also have a significant impact on the cash flows of the combined company

Any costs are included in our estimated high single digit tax rate

Tax Treatment of

Transaction to

Shareholders

Legislators have recently proposed changes to current US tax law which could make the resulting Valeant/Allergan entity a US tax resident

The majority of shareholders are not taxpayers

We do not speculate on whether proposed legislation will be enacted

Significantly

Lower Tax Rate

vs. Re-domiciled

Pharma Peers

Valeant / Allergan tax rate expected to be high single-digit

Valeant is not a recently inverted company, so

comparisons to recently inverted companies is inappropriate

Valeant's tax structure is a well-documented advantage to shareholders

168

169

Allergan and Valeant Make the Same Adjustments to Report Non-GAAP Earnings

Inventory step-up

Other amortization and non-cash charges

Stock-based compensation step-up

Stock Based comp (excluding step up)

Contingent Consideration (accretion, adjustments)

Restructuring and other costs

Acquired in-process research and development / Milestone
Payments to Partners

Asset Impairment Charges

Acquisition-related costs

Legal settlements

Amortization of intangible assets

Amortization of deferred financing costs, debt discounts and
ASC 470-20 (FSP APB 14-1) interest

Loss on early extinguishment of debt

(Gain) loss on investments, net

Milestone Revenue

Proceeds from Outlicensing Activities + Other Non-Recurring
Revenue

Write-down of deferred financing costs

Deferred Income Taxes

Depreciation

Deferred Revenue

Excluded

Excluded

Excluded

Included

Excluded

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N/A
Excluded
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Excluded
N/A
Excluded
Included
Included

Source: SEC Filings

170

M&A Has Been An Important Part Of Many Leading
Healthcare Companies
Growth Strategies

Number of transactions with >\$50M deal value over the last 10 years

Source: Valeant actuals; all others Capital IQ

30

27

26
22
10
21

171
Both Allergan and Valeant Have Changed Segment
Reporting Under Current CEOs
2 Segments:

Specialty pharmaceuticals

Medical Devices

1 Segment:
4 Segments:

US

Europe

Asia/Pac

Other

2 Segments:

Developed markets

Emerging markets

4 Segments:

US Neuro/Other

US Derm

Canada/Australia

Emerging markets

5 Segments:

US Neuro/Other

US Derm

Canada/Australia

BGx Europe

BGx Latin America
Source: SEC Filings

3 Segments:

Specialty

BGx Europe

BGx Latin America

2000-2002

(Rev: \$1.6B)

2002-2006

(Rev: \$1.4B)

2006-2014

(Rev: \$3.1B)

2008-2010

(Rev: \$0.7B)

2011

(Rev: \$2.4B)

2012

(Rev: \$3.5B)

2013-2014

(Rev: \$5.8B)

Specialty
pharmaceuticals

172

Valeant's senior management philosophy

Valeant's business has grown dramatically over the past 3 years and we have consistently looked to expand and upgrade our senior management talent

Management and the Board assess, on an annual basis, the talent in each key role, given the rapid growth of our company

We instituted the Company Group Chairman structure to bring on a broader and stronger senior management team. Our current team includes a combination of internal promotions, leaders retained in acquisitions and top-notch external hires. Many departed executives have retired or become CEOs of other companies.

173

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Valeant's adjusted cash-flow metric is misleading

Valeant is a second Tyco

Valeant's management lacks experience in pharmaceuticals and has experienced significant turnover

174

Closing Remarks

Our decentralized model has delivered strong organic growth over six years

We have maintained / accelerated revenue growth for nearly all platform assets acquired

Bausch + Lomb organic growth has accelerated from 4% to 10%+, almost exclusively through volume

We are committed to innovation through an output-driven R&D approach that has delivered more launches than most competitors

175

Closing Remarks (continued)

We have a rich late-stage pipeline. We will continue to augment this pipeline with late stage product in-licensing, partnerships and acquisitions

We can deliver Allergan's post-approval requirements at a lower cost and continue to invest in expansion of indications within our leaner R&D model

We have generated consistent and superior cash-on-cash returns over a six year period. In aggregate we are significantly ahead of our original deal models
We have a detailed bottoms-up understanding of Allergan synergies coupled with a decentralized integration approach that proves we will deliver (or exceed) our \$2.7B synergy estimate