



ANNUAL GENERAL MEETING

MINTER ELLISON
LEVEL 23, 525 COLLINS ST, MELBOURNE VIC 3000
AT 11.00 AM ON 29 NOVEMBER, 2016

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen, I'm Roger Corbett, the Chairman of our company and I would like to welcome you all to the 2016 Mayne Pharma Annual General Meeting.

As we have a quorum, I now declare the annual general meeting open.

Let me start by introducing the Board members, senior executives, and the Company's auditor.

Joining me at the front of the room are my fellow non-executive directors: Bruce Mathieson, Ian Scholes, Ron Best, Professor Bruce Robinson, Nancy Dolan, our Chief Executive Officer, Scott Richards and our Group CFO and Company Secretary, Mark Cansdale. Phil Hodges sends his apologies as he is overseas.

Welcome also to Mr Ashley Butler, the Company's auditor and other representatives of EY.

I'll now outline the procedure for today's meeting. There are three items of business on today's agenda:

1. I will present my Chairman's Report, then
2. Scott will provide an update on the trading performance and the Company's growth opportunities; and
3. Then we will go into the formal part of the meeting where we will vote on the resolutions outlined in the notice of meeting. We will then conclude the meeting.

I will now move to the Chairman's report.

The 2016 financial year was another successful period for Mayne Pharma as new product launches, product acquisitions and increased market penetration of key product franchises contributed to the solid financial result. Pleasingly all operating segments contributed to the growth.

In terms of our financial results, the Company reported revenue of \$267.3m, up 89% on the prior corresponding period, (pcp) underlying EBITDA of \$88.5m, up 143% on pcp and reported NPAT of \$37.4m, up 379% on pcp. These results were driven by the full year inclusion of the Doryx® franchise, which was acquired in the prior period and strong growth in the generic products and contract service businesses.

In terms of the business segments, the Generic Product Division grew sales 84% to \$106.8m and gross profit grew 58% to \$60.8m driven by new product launches and growth in the key product franchises with eight of the top ten molecules growing sales year on year.

The Specialty Brands Division which captured the sales of the Doryx® franchise reported sales of \$77.8m and gross profit of \$73.4m.

Metrics Contract Services revenue grew 45% to \$48.9m and gross profit was up 55% to \$26.4m. The stronger margin reflected operational efficiencies, price optimisation and improvement in service mix.

The final segment, Mayne Pharma International which includes our Australian operations and export sales grew 6% to \$33.7m and gross profit grew 7% to \$7.8m.

The Company ended the year in a solid financial position with cash of \$47.5m and borrowings of \$76.8m. Mayne Pharma's balance sheet remains strong with significant financial flexibility to pursue further growth initiatives even after the recent acquisitions we completed in August.

Mayne Pharma's performance reflects the benefits delivered by the integrated operations we now have from product development and manufacturing through to distribution and marketing our products and services in the United States, the world's largest pharmaceutical market.

Our US business today has three highly complementary platforms across generic products, contract services and specialty brands. We continue to believe having these 3 direct-to-market business platforms gives us many strategic benefits.

Having both branded and generic product platforms diversifies our business model and our organisational competencies, while enabling the Company to fully leverage growth opportunities. For example, during the financial year the 50mg and 200mg

Doryx products were genericised and we were able to successfully participate in the resulting generic markets that formed.

Metrics Contract Services provides significant technical expertise for the products business and has supported in analytical chemistry and formulation development.

We have continued to strengthen our organisation over the last year through investment in research and development, facility expansions, strategic M&A and building a high calibre team of people both here in Australia and the US.

In FY16, the Company stepped up its investment in R&D to expand and accelerate the pipeline development. R&D is a core competency of Mayne Pharma and we continue to invest in creating a world-class organisation to drive sustainable future growth. Most of the R&D spend is directed towards programs that leverage the Company's capabilities in modified-release and potent compounds.

As a result of this investment in prior years, we saw several product highlights during FY16 with the approval and launch of dofetilide capsules (used to control heart arrhythmia) the Company's first generic product to be awarded 180-days of market exclusivity and Doryx MPC which is a new formulation of Doryx that incorporates a modified polymer coat designed to further delay the release of doxycycline.

Since the end of the financial year, Mayne Pharma completed two major acquisitions which transformed the scale and breadth of both the US generic product and specialty brands divisions diversifying earnings across more products, therapeutic areas, dosage forms and complex technologies.

The US\$652m acquisition of 42 generic products from Teva and Allergan moved Mayne Pharma into the top 25 US retail generic companies and to number 2 in the US generic oral contraceptive market. This acquisition has and will create multiple opportunities for further growth through the launch of pipeline products, expanding our channels to market and optimising the expanded network of suppliers and contract manufacturing organisations.

In addition, up to 11 products will be brought in-house enabling greater utilisation of Mayne Pharma's manufacturing network, improving overhead recovery and the return on capital invested to expand the Company's facilities in the United States and Australia.

The second acquisition was the US\$50m acquisition of the foam products from GSK which will strengthen our US dermatology franchise, diversify our branded earnings and create new opportunities for growth utilising the new foam delivery technology platform. The key US products of Fabior[®] (used to treat acne) and Sorilux[®] (used to treat plaque psoriasis) are highly complementary to the Doryx franchise and will be marketed through Mayne Pharma's established Specialty Brands Division, leveraging



ASX Announcement

the existing commercial infrastructure we have built across sales and marketing, customer service and compliance.

Finally, in terms of our facilities, the investments we announced last year to expand our facilities in the US and Australia are well underway and on track to be completed in 2018. These investments will bring new capacity and capability online and will support the solid pipeline of products expected to launch over the coming years as well as the products that we will bring in-house from the recent Teva acquisition.

So, in conclusion, FY16 was another successful year for Mayne Pharma. The Company, led by a talented senior executive team, has delivered improved financial results and is in a strong position to deliver sustained growth into the future.

Before handing over to Scott I would like to thank all the employees at Mayne Pharma for their highly valued contribution to the Company and also to thank all our shareholders for your continued support of Mayne Pharma.

With that, I will now hand over to Scott.