



Mayne Pharma Group Limited

1HFY17 Results Presentation
24 February 2017

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- The information provided is general in nature and is in summary form only. It is not complete and should be read in conjunction with the company's audited Financial Statements and market disclosures. This material is not intended to be relied upon as advice to investors or potential investors.

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- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the audited Financial Statements. Throughout this document some non-IFRS financial information is stated excluding certain specified expenses. Results excluding such expenses are considered by the Directors to provide a meaningful basis for comparison from period to period.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) is considered by Directors to be a meaningful measure of the operating earnings and performance of the Group and that this information maybe useful for investors and is a non-IFRS term.
- The non-IFRS financial information has not been audited by the Group's auditors.

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Glossary

- A glossary of industry terminology is contained in the Mayne Pharma Annual Report which can be accessed at www.maynepharma.com/investor-relations/results-reports and product descriptions are detailed at www.maynepharma.com/us-products and www.maynepharma.com/australian-products.

Key highlights

Strong financial results

- Exceptionally strong half with revenue and reported EBITDA up 132% and 217% respectively on the prior corresponding period (pcp) driven by Generic Products, Metrics Contract Services and Mayne Pharma International
- Specialty Brands business performed well despite generic competition in the 50mg and 200mg Doryx® products and is well positioned for growth in the second half
- Teva Pharmaceutical Industries Ltd (Teva) portfolio acquisition tracking ahead of revenue and margin assumptions
- Solid financial position with low leverage following recent capital raisings and extension of debt facility
- Group well positioned to deliver stronger results in the second half driven by recent acquisitions and product launches
- Positive operating cash flow expected in the second half following significant one-off working capital injection in the first half for the Teva portfolio

Operational highlights

- Completed transformational US generic portfolio acquisition from Teva
- Dofetilide capsules became Mayne Pharma's largest generic product by revenue and captured >50% of the total dofetilide prescription market
- Launched Doryx® MPC tablets, budesonide capsules, morphine sulfate extended-release tablets and temozolomide capsules
- Completed acquisition of US dermatology foam assets with Fabior® and Sorilux® launched in January through Specialty Brands
- Continued strong R&D investment of A\$15.6m reflecting commitment to expand both branded and generic pipeline

1HFY17 key financial metrics¹

Reported basis
Revenue
A\$294.8m,
+132%

Reported basis
EBITDA

↑ A\$129.2m, **+217%**

Reported basis
NPAT

↑ A\$72.7m, **+278%**

Underlying basis
EBITDA²

↑ A\$108.5m, **+158%**

Reported basis
EPS

↑ 5.2 cents, **+109%**

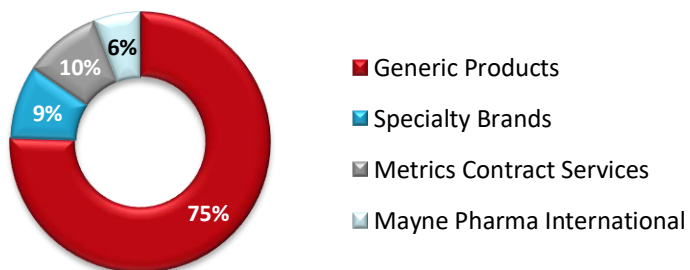
All key performance indicators trending strongly

(1) EBITDA and NPAT is profit attributable to members of the Company and includes the Company's share of HedgePath Pharmaceuticals losses for the period
 (2) Adjustments to underlying EBITDA in 1HFY17 include A\$26.2m gain from settlement of patent litigation; A\$4.6m of transaction and other related costs and A\$0.9m of legal costs associated with US Department of Justice (DOJ) investigation.

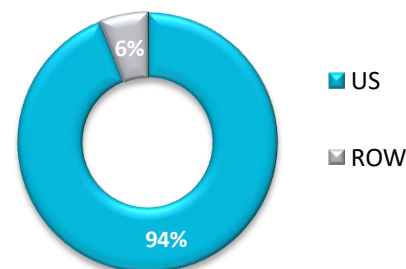
Mayne Pharma business units

| | US Business Units | | | Rest of World |
|-------------------------|---|--|--|---|
| | Generic Products Division (GPD) | Specialty Brands Division (SBD) | Metrics Contract Services (MCS) | Mayne Pharma International (MPI) |
| OVERVIEW | <ul style="list-style-type: none"> Develops, markets and distributes generic products in the US | <ul style="list-style-type: none"> Develops, markets and distributes specialty branded products in the US | <ul style="list-style-type: none"> Provides contract pharmaceutical development and analytical services to third party customers globally | <ul style="list-style-type: none"> Develops, markets and distributes branded and generic products globally (excl. US) |
| KEY PRODUCTS & SERVICES | <ul style="list-style-type: none"> Potent compounds (dofetilide, liothyronine) Controlled substances (morphine, oxycodone, hydrocodone) Modified-release products (doxycycline, erythromycin) Hormonals (oral contraceptives) | <ul style="list-style-type: none"> Doryx® Doryx® MPC Fabior® Sorilux® | <ul style="list-style-type: none"> Oral solid dose development through to commercial supply, including potent handling First-in-human CTM, PI, PII, PIII Method development & validation Stability and ongoing release | <ul style="list-style-type: none"> Kapanol® Lozanoc® Injectable franchise Astrix® Doryx® Magnoplasm® Oxycodone |

Revenue by segment (1HFY17)



Revenue by geography (1HFY17)

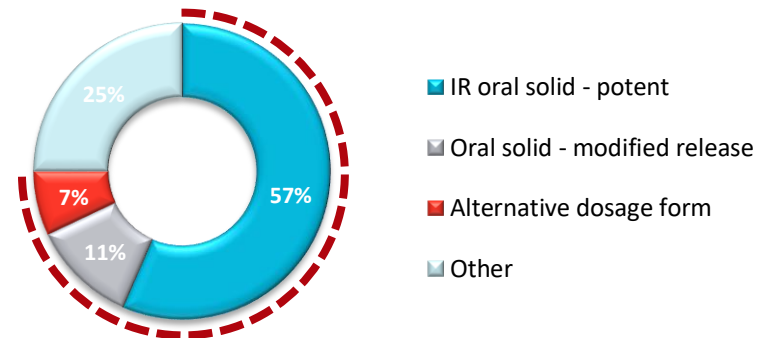


Generic Products Division (GPD)

- GPD revenue up 420% on pcp to US\$167.8m
 - Acquired Teva products contributed US\$100.5m in revenue with gross profit margin exceeding 50%
 - GPD revenue (excl. acquired Teva products) grew 108% to US\$67.3m driven by dofetilide, BAC, hydrocodone and methamphetamine
- Dofetilide became Mayne Pharma's largest selling generic product
 - Represented 17% of GPD 1H FY17 revenue
 - Now the market leader by volume
 - 180-days of marketing exclusivity now ended and further generic competition could enter the market
- 3 new products launched in 1H FY17 – budesonide, morphine sulfate, temozolomide
- Top 9 product families have either #1 or #2 market position by volume
- 50% of products have 2 or less generic competitors
- Gross profit margin declined reflecting lower average margin profile of the Teva portfolio and dofetilide, which has a profit-share arrangement

| A\$million | 1H FY17 | 1H FY16 | Change 1H FY17 v 1H FY16 |
|----------------|---------|---------|--------------------------------|
| Revenue | 222.6 | 44.6 | 399% |
| Gross Profit | 125.8 | 26.4 | 377% |
| Gross Profit % | 57% | 59% | |

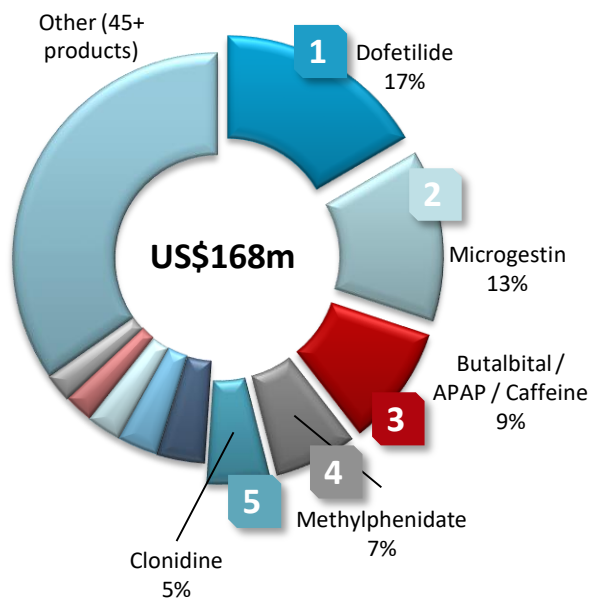
1H17 GPD sales by formulation



Complex formulations represented 75% of GPD revenue in 1H17

Top 5 generic products performance

1HFY17 GPD revenue by family



Top 5 product families

| | 1 | 2 | 3 | 4 | 5 |
|---|-----------------|-----------------------------------|---|-----------------------|-----------------------|
| Family | Dofetilide | Microgestin® / Microgestin® Fe | BAC | Methylphenidate | Clonidine |
| Indication | Arrhythmia | Contraceptive | Pain | ADHD | Hypertension |
| Form | Capsule | Tablet | Capsule & Tablet | Capsule | Patch |
| Manufacturing | Greenville, USA | 3 rd party | 3 rd party | 3 rd party | 3 rd party |
| Market size ¹ (US\$) | \$210m | \$240m | Capsule – \$10m Tablet – \$100m | \$90m | \$120m |
| Market share position (volume) ² | #1 of 2 Gx | #1 of 7 Gx | Capsule – #1 of 1 Gx Tablet – #3 of 7 Gx | #1 of 2 Gx | #2 of 3 Gx |
| Market growth yoy (value) ¹ | 17.8% | 5.1% | Capsule – 17.4% Tablet – (7.2%) | (4.5%) | (10.2%) |
| Market growth yoy (volume) ¹ | (1.3%) | 11.3% | Capsule – 28.7% Tablet – (15.1%) | 3.6% | 2.2% |

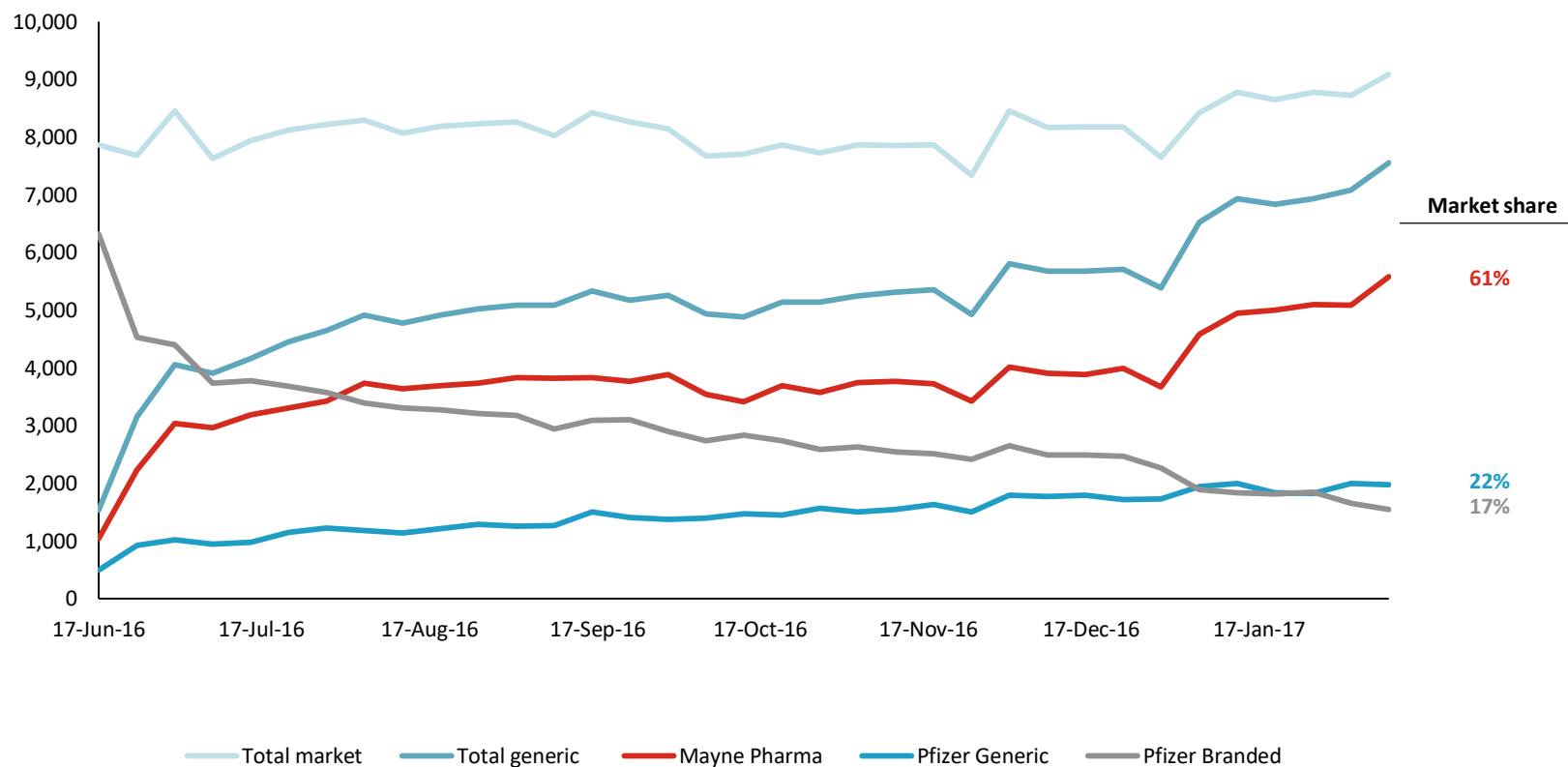
Gx – Generic competitor

(1) IMS Health, MAT gross sales and NSP units as at Dec-16

(2) Based on IMS Health NSP units for Dec-16 quarter

Dofetilide performance since launch

Dofetilide weekly prescriptions (TRx)¹



(1) IMS Health, data up to week ending 10 Feb 17

Teva generic portfolio acquisition update

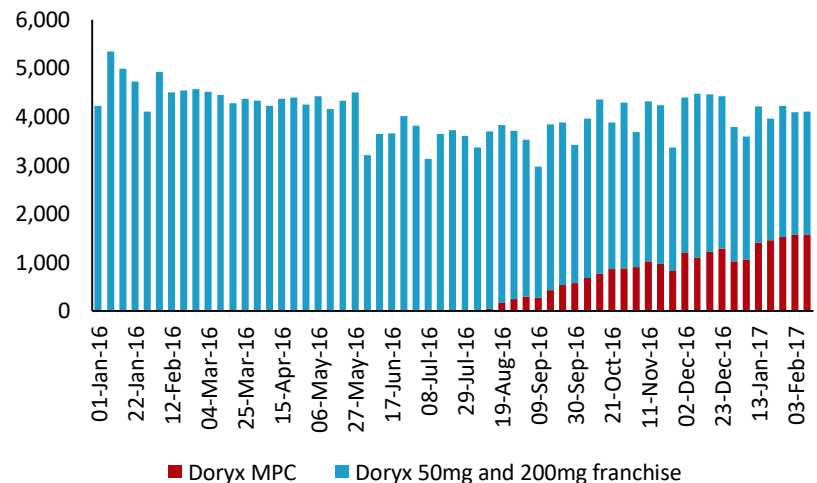
- Successful transition of the acquired portfolio
 - No supply chain disruptions or material loss of business outside normal market competition
 - 99% of products SKU's now in Mayne Pharma labelling
 - Positive feedback from customers and Federal Trade Commission (FTC)
- Budesonide extended-release capsules (generic Entocort® EC) launched on time in October
- New government channel for existing Mayne Pharma products (dofetilide, erythromycin, oxycodone/APAP and doxycycline)
- Oral contraceptive portfolio providing platform for future growth
- On track to achieve the revenue and earnings guidance announced at the time of the acquisition
- Future: extraction of synergies
 - Cost synergies from moving products to CMOs and in-house manufacture
 - Expanded customer base creating new selling opportunities for the base generics business
 - New in-licensing / product opportunities from leveraging expanded network of API/CMO suppliers

Specialty Brands Division (SBD)

- SBD revenue was US\$20.2m, down 36% on pcp impacted by the loss of exclusivity on Doryx® 50mg and 200mg in May 2016
 - 2QFY17 revenue was US\$12.7m up 68% on 1QFY17 benefiting from the launch of Doryx® MPC tablets and improving trade sales of Doryx® 50mg and 200mg franchise
- Doryx® MPC is a new formulation incorporating Mayne Pharma's multi-particulate drug delivery technology, launched in August
 - Now represents more than 35% of Mayne Pharma's Doryx® franchise weekly prescriptions¹
 - Doryx® MPC has 3 orange book listed patents expiring in 2034
- Internalised the 60-person dermatology sales team from a third party contract sales organisation which is expected to provide improved sales force effectiveness and cost savings

| A\$million | 1HFY17 | 1HFY16 | Change 1HFY17 v 1HFY16 |
|----------------|--------|--------|------------------------------|
| Revenue | 26.8 | 43.4 | (38%) |
| Gross Profit | 26.1 | 38.1 | (31%) |
| Gross Profit % | 97% | 88% | |

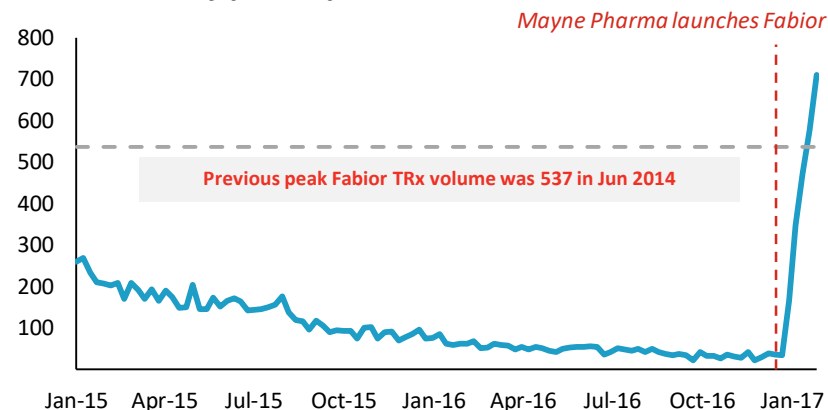
Doryx® franchise weekly prescriptions (TRx)¹
(50mg, 120mg and 200mg)



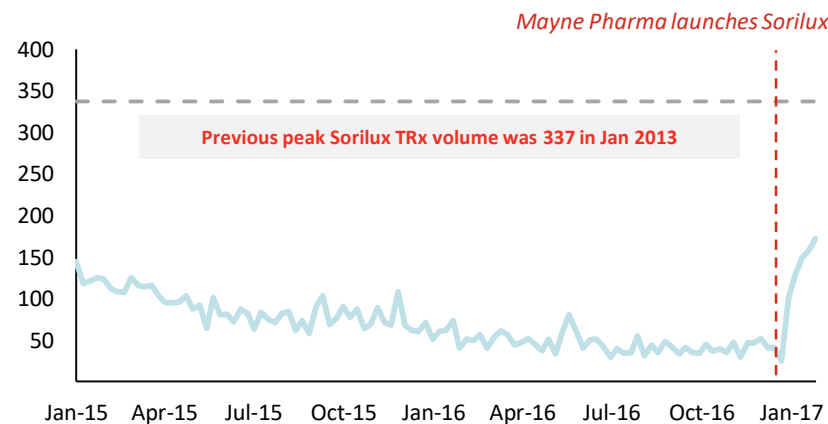
Foam asset acquisition update

- Fabior® and Sorilux® foam products launched as planned in Jan 2017 following acquisition in August
- Fabior® is a patent-protected foam product indicated for the topical treatment of acne, the most prevalent skin disease in the United States, affecting as many as 50 million people of all ages¹
- Sorilux® is a patent-protected foam product indicated for the topical treatment of plaque psoriasis of the scalp and body, affecting up to 6 million Americans each year¹
- Latest TRx data showing both products responding well to promotion following several years where promotion had ceased under GSK²
 - Fabior® weekly TRx of 710 – exceeded previous peak volume under former brand owners
 - Sorilux® weekly TRx of 172
- Acquired foam filling line which will be used to manufacture current and future pipeline foam products
- Multiple complex and generic product development programs identified to leverage this new drug delivery platform

Fabior weekly prescriptions (TRx)



Sorilux weekly prescriptions (TRx)

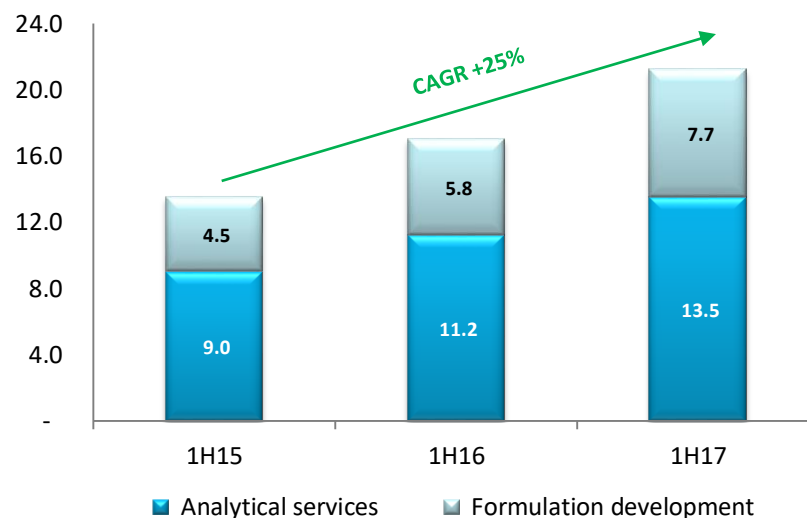


Metrics Contract Services (MCS)

- MCS revenue was US\$21.2m, up 25% on pcp
- Growth in revenue and gross profit has been driven by repeat business with existing clients and increased late-stage development work
- Facility expansion and investment in new technical equipment is attracting higher value business
 - Enhanced capabilities and capacity to handle highly potent products
 - Fluid bed spray coater being qualified in development area, with commercial unit under construction in new Greenville manufacturing facility
- Analytical services revenue per employee increased 20% since implementing a laboratory efficiency program in the second half of FY16

| A\$million | 1HFY17 | 1HFY16 | Change 1HFY17 v 1HFY16 |
|----------------|--------|--------|------------------------------|
| Revenue | 28.1 | 23.5 | 20% |
| Gross Profit | 15.4 | 12.4 | 25% |
| Gross Profit % | 55% | 53% | |

MCS sales by service area (US\$m)

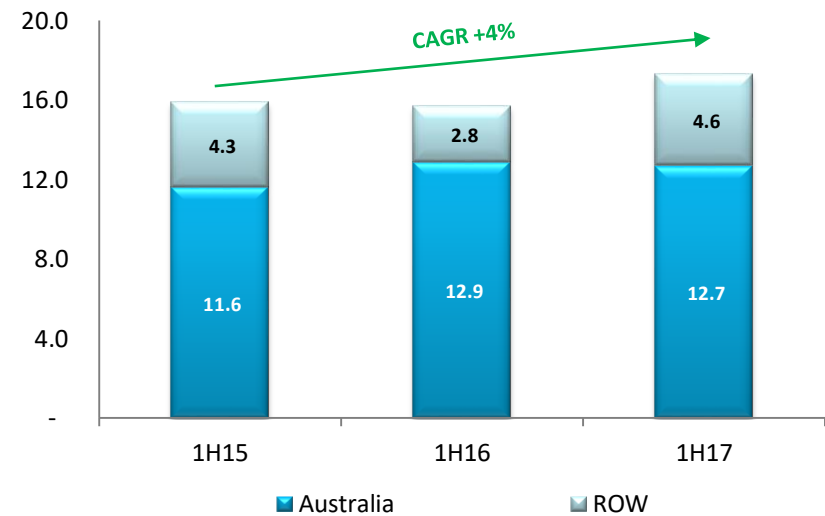


Mayne Pharma International (MPI)

- Australia - Lozanoc® and generic oxycodone grew offset by softer Kapanol® sales
- Rest of world (ROW) - benefited from sales growth in Astrix® and Lozanoc® partner sales
- Linezolid and Tropisetron injectable products launched in 1HFY17 and Myxazole® cream (clotrimazole / hydrocortisone) launched in Jan 2017
- Focusing the Australian operations on promotion responsive products
- ROW focused on out-licensing specialty branded products in key markets to broaden global footprint

| A\$million | 1HFY17 | 1HFY16 | Change 1HFY17 v 1HFY16 |
|----------------|--------|--------|------------------------------|
| Revenue | 17.3 | 15.8 | 10% |
| Gross Profit | 3.8 | 3.5 | 6% |
| Gross Profit % | 22% | 22% | |

MPI sales by region (A\$m)



- R&D spend was A\$15.6m as the Company focused on higher value and differentiated product opportunities in the US
- 40+ pipeline products in the US targeting markets with IMS Health sales >US\$6bn¹
 - includes 19 products pending with FDA targeting markets >US\$1.3b¹
 - 11 alternate dosage forms, 8 potent products, 7 modified-release products
- 9 pipeline products in Australia targeting markets with sales >A\$100m²
- Expanded network of strategic alliance partners
- Positive interim data from HedgePath Pharmaceuticals' Phase IIb study using SUBA®-itraconazole in basal cell carcinoma nevus syndrome (BCCNS), commonly referred to as Gorlin Syndrome

US Pipeline statistics – IMS market size (US\$bn)¹



Strategic alliance partners


Johnson Matthey


douglas


Corium


Formulytica







Milkart
We Bring Your Product To Life.™

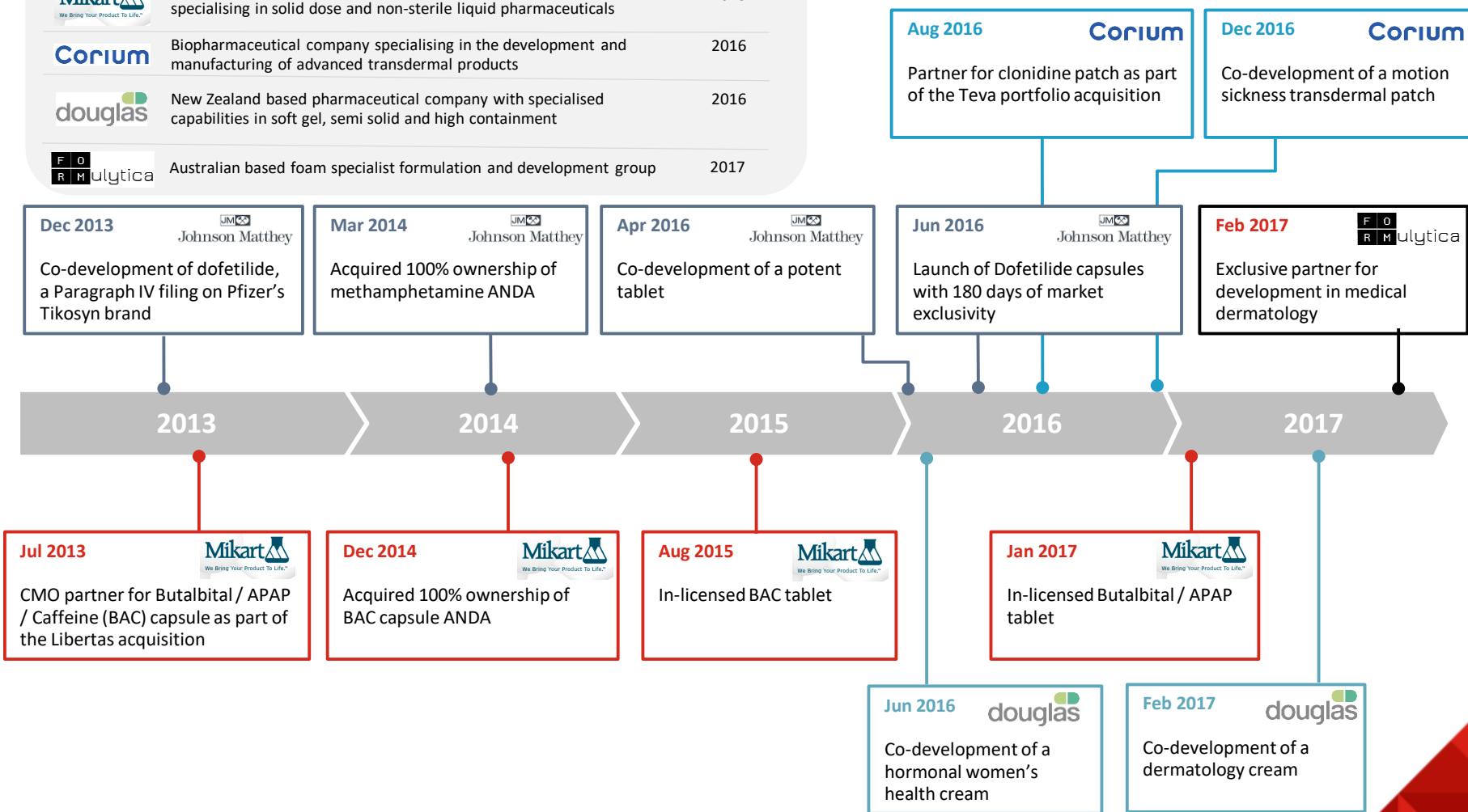
(1) IMS Health, MAT December 2016

(2) IMS Health, MAT June 2016

Strategic alliances driving future growth

*Alliance
established*

| | | |
|---|---|------|
|  | British multinational specialty chemicals and sustainable technologies company | 2008 |
|  | Contract, development and manufacturing organisation (CDMO) specialising in solid dose and non-sterile liquid pharmaceuticals | 2013 |
|  | Biopharmaceutical company specialising in the development and manufacturing of advanced transdermal products | 2016 |
|  | New Zealand based pharmaceutical company with specialised capabilities in soft gel, semi solid and high containment | 2016 |
|  | Australian based foam specialist formulation and development group | 2017 |



Greenville site expansion on track for completion in 2018



February 2017



January 2017

Leadership team has been restructured with new talent also recruited

Global



Stefan Cross
Chief Commercial Officer
Hospira, FH Faulding & Co
20+ years of industry experience
Joined Mayne Pharma Dec 2012



Andrew van Breugel
EVP, Global Operational Excellence
Medochemie, Douglas, Merck
25+ years of industry experience
Joined Mayne Pharma Jan 2016



Don Anthony
VP, Intellectual Property
Sandoz, Impax
15+ years of industry experience
Joined Mayne Pharma Feb 2017



Dennis Barnes
VP, Global Governance, Risk & Compliance
Parexel, Sanofi-Aventis, GSK
20+ years of industry experience
Joined Mayne Pharma Dec 2016

USA



John Ross
President, Mayne Pharma USA
CPL, Eli Lilly
20+ years of industry experience
Joined Mayne Pharma Dec 2013



Gadi Ben-Nissim
EVP, Generic Products
Teva
18+ years of industry experience
Joined Mayne Pharma Jan 2017



Craig Boyd
EVP, Specialty Brands
Hospira, Mylan, Novartis
20+ years of industry experience
Joined Mayne Pharma Oct 2015

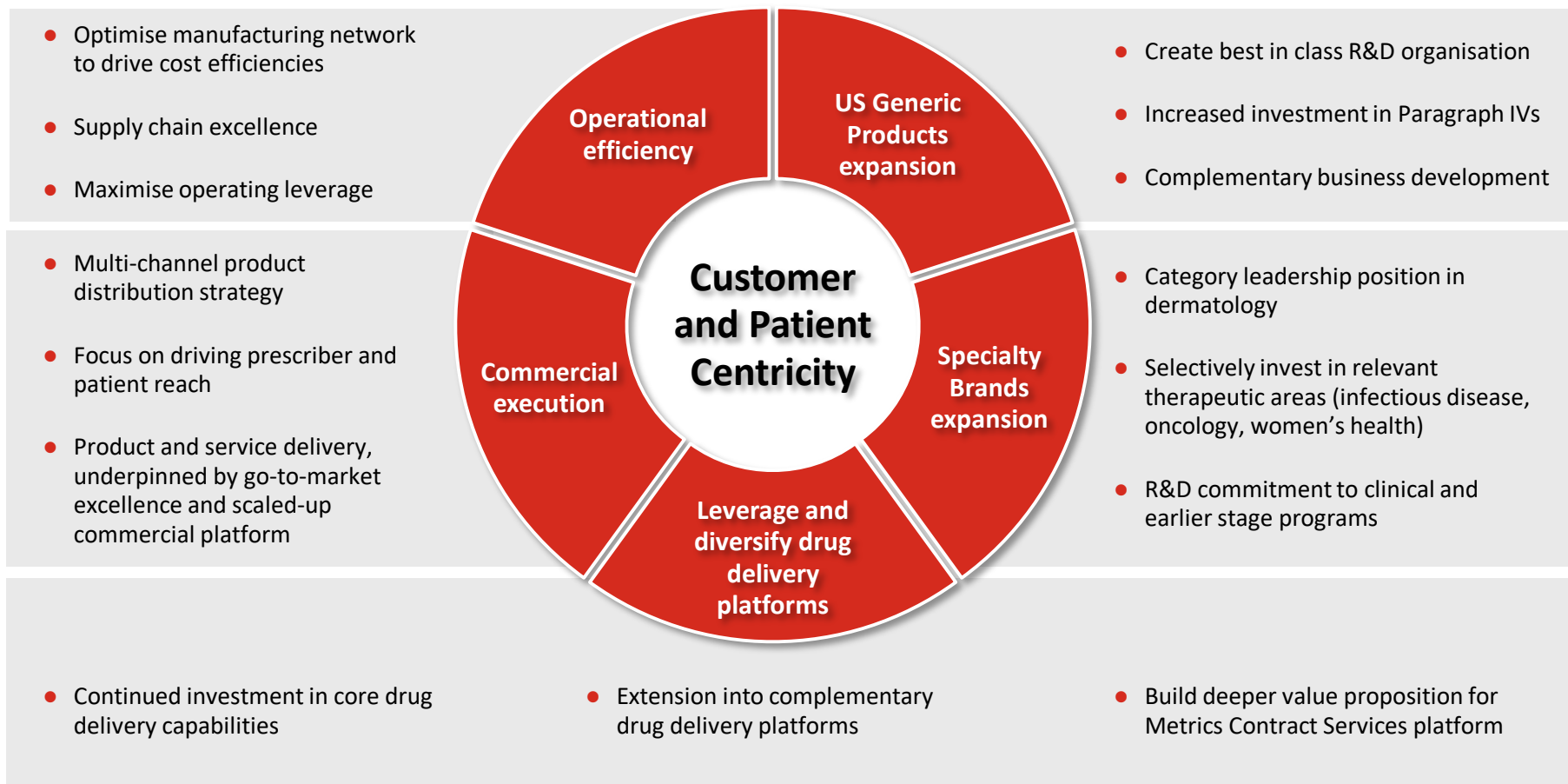


Kim McClintock
EVP, Metrics Contract Services
Alcami, Banner Pharmacaps
18+ years of industry experience
Joined Mayne Pharma Jan 2017

Capital management

- Solid financial position: ~1.0x gearing (net debt / annualised EBITDA)
- US\$400m syndicated debt facility negotiated for the Teva product acquisition
 - US\$170m of undrawn debt
 - Average borrowing cost 3.7% (includes undrawn line fee)
- Maintain flexibility in capital structure to pursue strategic, value creating acquisitions
- Positive operating cash flows expected in 2HFY17 following significant investment in working capital across 1HFY17 for recent product acquisitions

Five strategic pillars that drive growth





Appendix



Earnings comparison – attributable to members

| | Half year ending | | Change |
|-----------------------------|------------------|---------------------|--------|
| A\$million | 31 Dec 16 | 31 Dec 15 | \$m |
| Revenue | 294.8 | 127.3 | 167.5 |
| Gross profit | 171.2 | 80.4 | 90.8 |
| <i>Gross profit %</i> | 58% | 63% | |
| EBITDA - underlying | 108.5 | 42.1 ⁽¹⁾ | 66.4 |
| Adjustments | 20.7 | (1.4) | 22.0 |
| EBITDA – reported | 129.2 | 40.7 | 88.5 |
| Depreciation / amortisation | (31.8) | (10.9) | (20.9) |
| Net interest ⁽²⁾ | (5.1) | (1.4) | (3.7) |
| Tax | (19.6) | (9.2) | (10.4) |
| NPAT - reported | 72.7 | 19.2 | 53.5 |
| NPAT - underlying | 56.6 | 19.1 | 37.5 |
| Average USD:AUD FX rate | 0.754 | 0.723 | |

- Reduced gross profit margins reflect changing portfolio mix following the Teva portfolio acquisition and greater contribution from dofetilide which has a profit share arrangement
- Increased operating leverage from recent acquisitions as operating expenses as a % of sales decreased from 32% to 20%
- Underlying adjustments to EBITDA include
 - A\$26.2m cash settlement of US patent litigation;
 - A\$4.6m of transaction and other related costs³; and
 - A\$0.9m of DOJ related costs

(1) 1HFY16 underlying EBITDA includes HedgePath Pharmaceuticals losses attributable to members so consistent with 1HFY17

(2) Includes finance expenses of \$5.3m less interest revenue of \$0.2m

(3) Includes \$2.0m share-based payment expense arising from the revaluation of options as a result of the impact of the rights issue to fund the Teva portfolio acquisition

Balance Sheet position

| | As at | As at | Change |
|--|----------------|----------------|--------------|
| A\$million | 31 Dec 16 | 30 Jun 16 | \$m |
| Cash | 80.8 | 47.5 | 33.3 |
| Inventory | 108.9 | 38.9 | 69.9 |
| Receivables | 215.0 | 92.1 | 122.9 |
| PP&E | 142.3 | 84.4 | 57.9 |
| Intangibles & goodwill | 1,296.7 | 332.5 | 964.2 |
| Teva product acquisition rights | - | 876.1 | (876.1) |
| Other assets | 104.2 | 54.2 | 50.0 |
| Total assets | 1,947.9 | 1,525.8 | 422.1 |
| Payables | 141.7 | 112.8 | 28.9 |
| Interest-bearing debt | 313.4 | 76.8 | 236.6 |
| Other financial liabilities | 15.6 | 19.1 | (3.5) |
| Teva product acquisition obligation | - | 876.1 | (876.1) |
| Other liabilities | 106.6 | 64.7 | 41.9 |
| Equity | 1,370.7 | 376.2 | 994.5 |
| Equity (attributable to shareholders) | 1,358.1 | 363.7 | 994.4 |
| Net debt (bank debt less cash) | 232.6 | 29.4 | 203.2 |
| USD:AUD FX rate | 0.723 | 0.744 | |

- Growth in inventory, receivables and payables reflect the inclusion of the Teva product portfolio
- Intangibles and goodwill increased by A\$964.2m reflecting the recent product acquisitions
- Net debt increased by \$203.2m to fund the acquisitions of the Teva portfolio and the GSK foam products as well as working capital

Cash flow

| | Half year ending | | Change |
|---|------------------|---------------|---------------|
| A\$million | 31 Dec 16 | 31 Dec 15 | \$m |
| EBITDA - underlying | 108.5 | 42.1 | 66.4 |
| Other | (0.8) | (5.9) | 4.0 |
| Net operating cash flow pre tax, interest, working capital and one-off items | 107.7 | 36.2 | 71.5 |
| WC movements | (170.6) | 8.2 | (178.8) |
| Net interest paid | (4.1) | (0.8) | (3.3) |
| Net tax paid | (22.7) | (13.1) | (9.6) |
| Patent infringement settlement | 26.2 | - | 26.2 |
| Other one-off costs | (3.6) | - | (3.6) |
| Net operating cash flow | (67.1) | 30.5 | (97.6) |
| Capitalised R&D | (11.0) | (11.4) | 0.4 |
| Acquisitions | (935.3) | (5.2) | (930.1) |
| Capex | (47.9) | (6.6) | (41.3) |
| Net proceeds borrowings & shares | 1,096.8 | 0.0 | 1,096.8 |
| Payment of earn-out liabilities | (4.5) | (17.7) | 13.2 |
| Net cash flow | 31.0 | (10.4) | 41.4 |

- A\$171m additional working capital investment driven by the Teva portfolio acquisition and growth in the base business¹
 - A\$65.7m increase in inventories
 - A\$115.4m increase in receivables before sales accruals (customer rebates / discounts)
 - A\$16.4m increase in payables
 - Working capital injection for the Teva acquisition in the 1H FY17 is 'one-off' and has now stabilised and not expected to grow further. Positive operating cash flows for the Group are expected in the second half
- Other key cashflows include
 - A\$935.3m payments for US product acquisitions
 - A\$15.6m payments for R&D
 - A\$22.7m tax payments
 - A\$47.9m in capex primarily related to facilities expansion

(1) Cash flow working capital movements based on average AUD/USD exchange rate for the period whereas the June and December balances based on closing rates