Mayne Pharma Group Limited

1HFY18 Results Presentation
23 February 2018

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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.
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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.

Executive summary

Financial results

- Reported EBITDA of A$23m and adjusted EBITDA of A$70 million
- Reported net loss after tax of A$174m driven by asset impairments, abnormal Doryx® returns and stock obsolescence, restructuring expenses and restatement of deferred tax assets and liabilities following the US tax rate change
- Positive operating cash flow of A$48m following the significant working capital injection in the prior corresponding period (pcp)
- Significantly improved trading in 2QFY18 with adjusted group gross profit up 42%

Operational highlights

- US generic market appears to be stabilising and competitor disruptions creating opportunities
- Metrics Contract Services and Mayne Pharma International delivered solid revenue and margin growth
- Specialty Brands franchise expanded dermatology sales reps to 120 by end of December which is expected to drive strong growth
- Continued investment in research and development to advance and expand product pipeline
  - added 2 products to US pipeline, filed 3 products with FDA and received FDA approval for 3 generic products
  - Monurol® granules approved and launched in Australia
  - Favourable Phase IIb study results for SUBA®-Itraconazole in BCCNS
- New Greenville manufacturing facility to begin production in the next month which enhances internal capabilities and improves product margins

Outlook

- Improved trading in 2QFY18 has further strengthened into January
- Group well positioned for a stronger second half driven by stabilising generic market, new product launches, the expanded dermatology sales team, contract services committed business pipeline and cost benefits from the organisational restructure

2018 half-year results

1HFY18 results (attributable to members)

	Reported results		Adjusted results[1]	
A$million	1HFY18	1HFY17[2]	1HFY18	1HFY17[2]
Revenue	243.3	294.8	255.6	294.8
Gross Profit	95.9	171.2	128.7	171.2
Gross Profit %	39%	58%	50%	58%
EBITDA	23.0	129.2	70.2	109.9
Net income/(loss)	(174.2)	72.7	16.1	59.5

- Reduced revenue and gross profit reflects GPD price deflation and a number of abnormal one-off items including extraordinary stock obsolescence, abnormal Doryx® returns and restructuring costs
- Underlying adjustments to EBITDA and NPAT of A$47m and A$190m respectively (refer to page 5 for details)
- Positive operating cash flow following significant working capital injection in the prior period for the Teva portfolio acquisition
- Continued investment in facilities and pipeline to drive future growth

1HFY18 cash flow items

A$million	1HFY18	1HFY17
Cash flow from operations	48.0	(67.1)
R&D spend	23.2	15.6
Capex	39.5	47.9

(1) Excludes asset impairment, abnormal stock adjustments and Doryx® returns, restructuring expenses and US tax items
(2) 1HFY17 restated to exclude HPPI losses attributable to members

Adjustments to earnings[1] – 1HFY18

A$million	EBITDA adjustments	NPAT adjustments	Comments
Earnings post adjustments	**23.0**	**(174.2)**	
Impairment	-	139.8	Intangible asset impairments (A$184m pre-tax) relating to the change in the market dynamics for the US generic portfolio (GPD goodwill A$38m, GPD Women's Health A$87m, GPD other A$37m and pipeline products A$22m).
SBD – abnormal Doryx® returns	13.3	9.2	Represents the abnormal level of Doryx® product returns and sample write-offs due to the loss of exclusivity on Doryx® 50mg and 200mg tablets in May 2016. Includes A$1.3m provision for future returns.
GPD – abnormal stock adjustments	17.3	12.0	Represents the abnormal amount of inventory obsolescence, writedowns and sell through of short dated stock below cost to mitigate the full obsolescence risk emanating from the Teva portfolio acquisition. Abnormal obsolescence is calculated as the amount above standard industry rates of obsolescence. Includes A$5m provision for net realisable value.
Restructuring expenses	14.0	11.9	Represents the expense relating to the cancellation of specific employee loan shares (A$7.4m non cash), onerous supplier contracts and other expense management initiatives to lower the cost base and drive benefits of up to A$7m on an annual basis by FY20. An additional restructuring charge of A$2.6m will be incurred in 2HFY18.
HPPI losses	2.6	0.3	Mayne Pharma's share of HPPI losses (A$1.1m) plus the fair value loss on restatement of the value of Mayne Pharma's HPPI warrants (A$1.5m) after a fair value gain in 2H17.
US tax	-	17.0	Restatement of deferred tax assets and deferred tax liabilities associated with the new US tax legislation (A$13.7m) and tax losses associated with a US subsidiary (A$3.3m).
Total adjustments	47.2	190.3	
Reported earnings	**70.2**	**16.1**	

(1) Attributable to members

Q1 and Q2 performance

	Reported			Adjusted[1]		
A$million	1QFY18	2QFY18	Change (%)	1QFY18	2QFY18	Change (%)
GPD	78.6	102.3	30%	78.6	102.3	30%
MCS	14.2	15.5	10%	14.2	15.5	10%
SBD	9.6	4.3	(55%)	10.5	15.7	49%
MPI	9.4	9.3	(1%)	9.4	9.3	(1%)
Revenue	**111.8**	**131.4**	**18%**	**112.8**	**142.8**	**27%**
GPD	27.1	36.5	34%	34.0	50.1	47%
MCS	7.4	8.3	12%	7.4	8.3	12%
SBD	8.6	2.9	(66%)	9.6	14.3	49%
MPI	2.2	2.8	24%	2.2	2.8	24%
Gross profit	**45.4**	**50.5**	**11%**	**53.2**	**75.5**	**42%**
GPD	*34%*	*36%*		*43%*	*49%*	
MCS	*52%*	*54%*		*52%*	*54%*	
SBD	*90%*	*68%*		*91%*	*91%*	
MPI	*23%*	*30%*		*23%*	*30%*	
Gross profit %	*41%*	*38%*		*47%*	*53%*	

Positive trading momentum has continued into January with revenue up 13% on the average monthly 2QFY18 reported result

(1) Adjusted results exclude abnormal Doryx® returns and stock adjustments and restructuring expenses

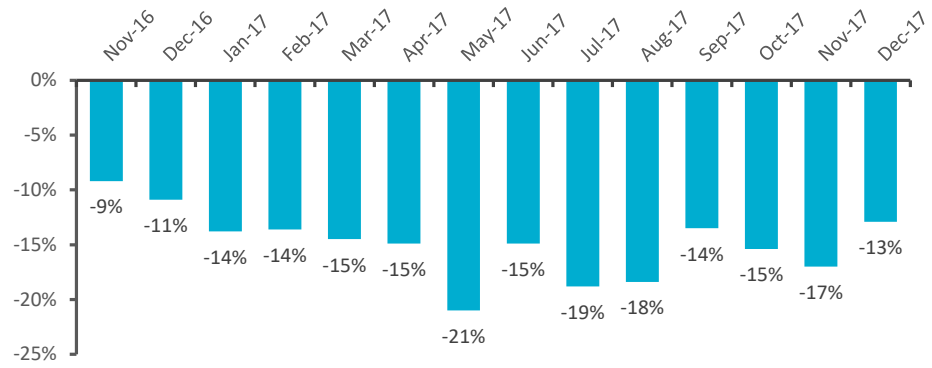
Mayne Pharma business units

	US Business Units			Rest of World
	Generic Products Division (GPD)	**Specialty Brands Division (SBD)**	**Metrics Contract Services (MCS)**	**Mayne Pharma International (MPI)**
OVERVIEW	• Develops, markets and distributes generic products in the US • Focused on developing and bringing to market complex generic products	• Develops, markets and distributes specialty branded products in the US • Focused on clinically differentiated products with therapeutic value in dermatology, infectious diseases and rare diseases	• Provides contract pharmaceutical development, manufacturing and analytical services to third party customers globally • Focused on niche and scientifically challenging areas	• Develops, markets and distributes branded products globally (excl. US) • Focused on in-licensing and out-licensing specialty brands
KEY PRODUCTS & SERVICES	• Potent compounds (dofetilide, liothyronine) • Modified-release products (budesonide, doxycycline, erythromycin) • Hormonals (oral contraceptives) • Controlled substances	• Doryx® • Doryx® MPC • Fabior® • Sorilux®	• 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	• Monurol® • Urorec® • Astrix® • Doryx® • Kapanol® • Lozanoc® • Select OTC range
KEY DRIVERS OF SUCCESS	**Commercial execution** **Multichannel strategy** **Supply chain excellence**	**Commercial execution** **Product differentiation for patients/prescribers** **Intellectual property expertise**	**Scientific excellence** **Potent handling capability** **Concept to commercialisation pathway**	**Commercial execution** **Targeted in-licensing** **Broaden global footprint through out-licensing**

US generic industry dynamics update

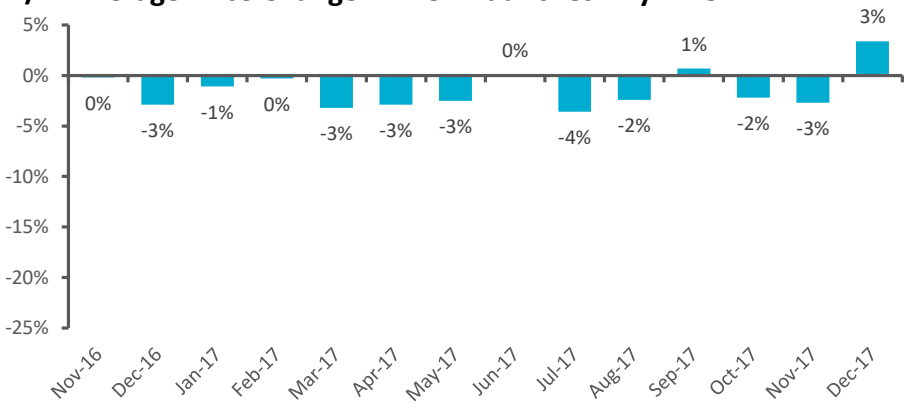
- US generic market appears to be stabilising
  - Barclays research shows 13% deflation year on year and in increase of 3% month on month in December 2017
  - Mayne Pharma price deflation low single digits in 1HFY18 versus low double digits in 2HFY17
- Competitor disruptions creating business opportunities
- Acceleration of generic approvals by FDA
- Consolidation of customers and payers stabilised
- US generic market expected to grow at mid single digits CAGR to 2020[1] driven by
  - Aging population and increasing incidence of chronic disease
  - Increased demand for generics to lower healthcare costs
  - Brand loss of exclusivity of US$70b over the next 5 years

Y/Y Average Price Change Ex New Launches - By NDC



Source: Barclays Research

M/M Average Price Change Ex New Launches - By NDC



Source: Barclays Research

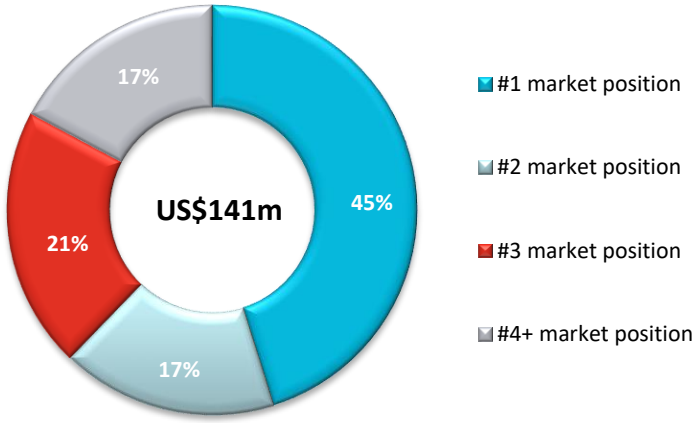
(1) IQVIA, McKinsey

Generic Products Division (GPD)

- GPD USD revenue was US$141m down 16% on pcp and down 5% on 2HFY17
- Gross profit margin impacted by A$20m of one–off abnormal stock adjustments and restructuring costs
  - Adjusted GM of 46% excluding one-off items
- Dofetilide grew revenue 19% on pcp to US$33m reflecting increased market share
  - >60% market share of the total dofetilide prescription market
- Doxycycline, budesonide and carbidopa/levodopa grew, offset by increased competitiveness in the oral contraceptive portfolio
- #1 or #2 position in 60% of the portfolio
- 18% of revenue in non-retail segment (government, institutional, specialty pharmacy) up from 8% in pcp
- 2QFY18 revenue and adjusted gross profit up 30% and 47% respectively on 1QFY18
- 2HFY18 to benefit from stabilising generic market, portfolio optimisation and new product launch

A$million	1HFY18	1HFY17	Change 1HFY18 v 1HFY17
Revenue	180.9	222.6	(19%)
Gross Profit	63.6	125.8	(49%)
Gross Profit %	35%	57%	
Adj Gross Profit[1]	84.0	125.8	(33%)
Adj Gross Profit[1] %	46%	57%	

1HFY18 GPD revenue by market position
(IQVIA units, Dec 17 quarter share)



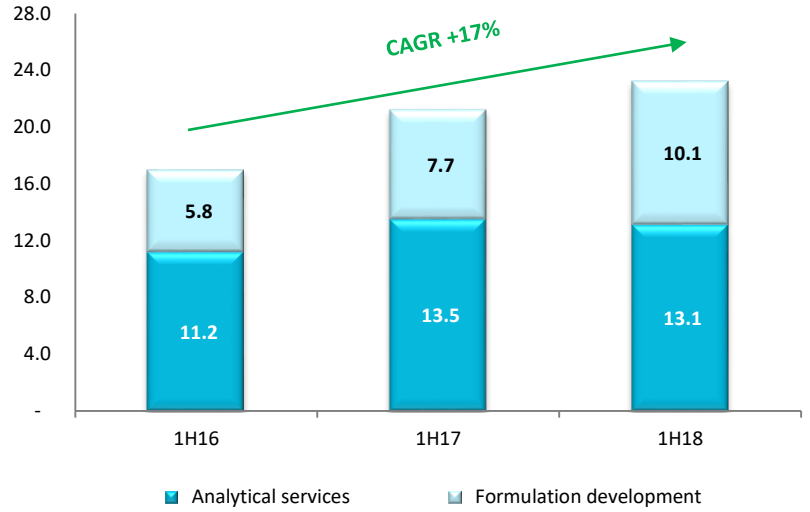
(1) Adjusted gross profit excludes A$17.3m of one-off abnormal stock adjustments including stock obsolescence provisions, net realisable adjustments and writedowns and A$3.1m restructuring costs to exit onerous supply chain contracts to reduce COGS

Metrics Contract Services (MCS)

- MCS revenue was US$23.2m, up 9% 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 production equipment is attracting new business
- Added 7 new clients and 13 new projects over the half
- Supported registration batch manufacture for 3 programs in 1HFY18 and completed manufacturing process validation for the first full service MCS program which is now awaiting FDA approval and launch in 2018
- Key performance indicators trending favourably
  - Committed business pipeline up 30% from 12 months ago[1]
  - Quotes dollars won up 45% in 1HFY18 versus 1HFY17
- Growing commercial manufacturing pipeline with 18 potential products and peak aggregate annual unit demand of 200m units

A$million	1HFY18	1HFY17	Change 1HFY18 v 1HFY17
Revenue	29.7	28.1	6%
Gross Profit	15.8	15.4	2%
Gross Profit %	53%	55%	

MCS sales by service area (US$m)



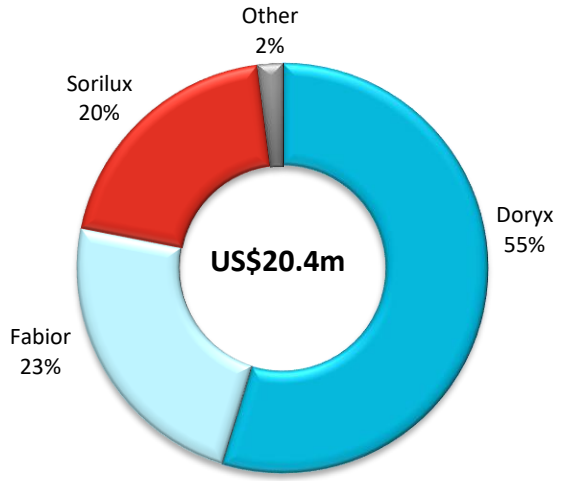
(1) Committed business pipeline is the next 6 months of signed purchase orders / statements of work

Specialty Brands Division (SBD)

- SBD revenue negatively impacted by A$12m of abnormal Doryx® returns including provision for future returns
- Adjusted 2QFY18 revenue and gross profit up 49% on 1QFY18
- Softer 1QFY18 sales reflect seasonality of the products through the summer months, a price rise on Fabior® which drove strong sales in June 2017 and additional loyalty card costs due to a one-off promotional offer
- Expanded Specialty Brands dermatology sales force to 120 representatives
  - Expect to drive improved market share and contribution from Doryx® MPC, Fabior® and Sorilux® in the second half
- Focused on improving market access for brand products and increasing prescriber / patient awareness of reimbursement options
- Go to market planning for the launch of SUBA®-Itraconazole in FY19 through a dedicated SBD infectious disease sales team

A$million	1HFY18	1HFY17	Change 1HFY18 v 1HFY17
Revenue	13.8	26.8	(48%)
Adj Revenue[1]	26.2	26.8	(2%)
Gross Profit	11.6	26.1	(56%)
Gross Profit %	83%	97%	
Adj Gross Profit[1]	23.9	26.1	(8%)
Adj Gross Profit[1] %	91%	97%	

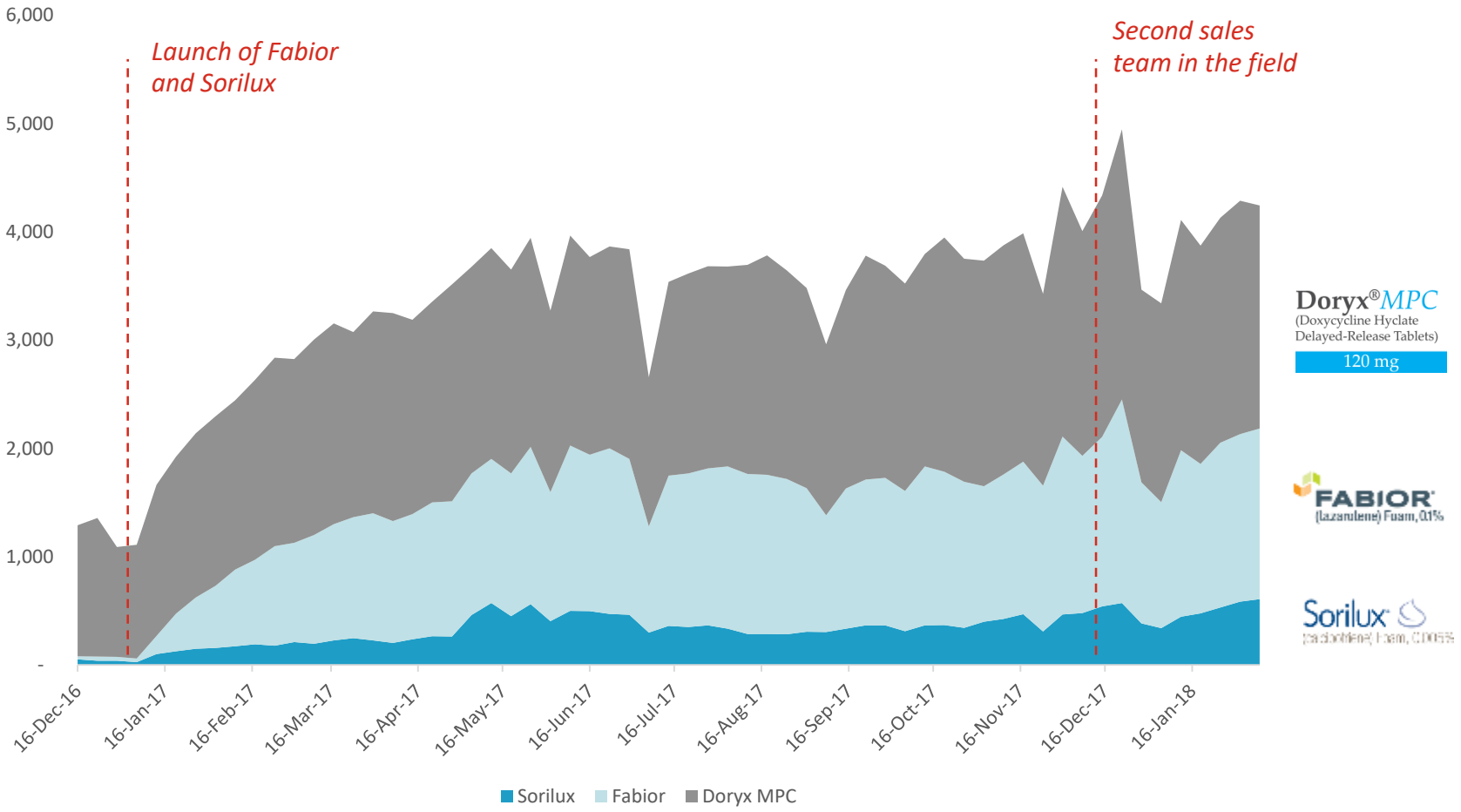
1HFY18 SBD adjusted revenue by family



(1) Adjusted revenue and gross profit excludes A$12.4m of one-off Doryx returns emanating from the generic event on legacy Doryx 50mg and 200mg tablets

Expanded sales team expected to drive prescription demand growth

Weekly prescriptions (TRx)



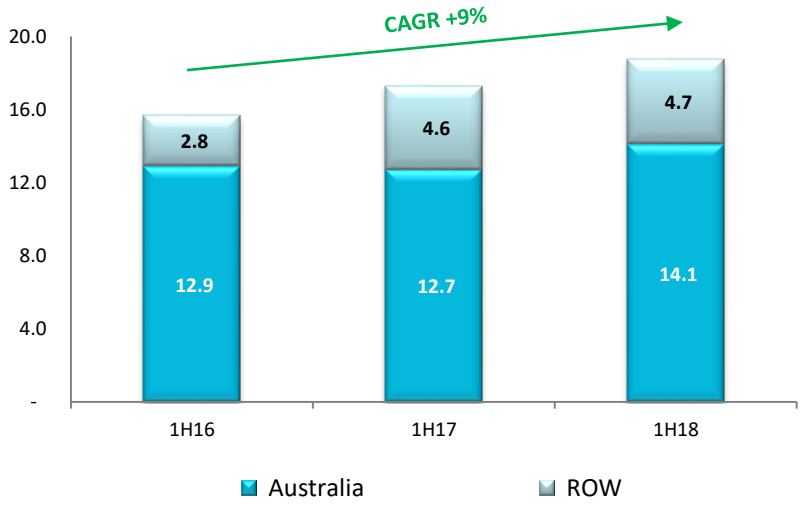
Source: IQVIA, weekly TRx as at 9 February 2018

Mayne Pharma International (MPI)

- Aspirin, itraconazole and the injectables portfolio grew strongly
- Stronger gross profit reflects improving business mix and renegotiation of supply contracts
- Monurol® (fosfomycin) granules and Urorec® (silodosin) capsules launched in Australia in 1HFY18 and performing well
- Australian operations focused on promotion responsive products in dermatology, infectious disease, urology and women's health

A$million	1HFY18	1HFY17	Change 1HFY18 v 1HFY17
Revenue	18.8	17.3	8%
Gross Profit	5.0	3.8	31%
Gross Profit %	27%	22%	

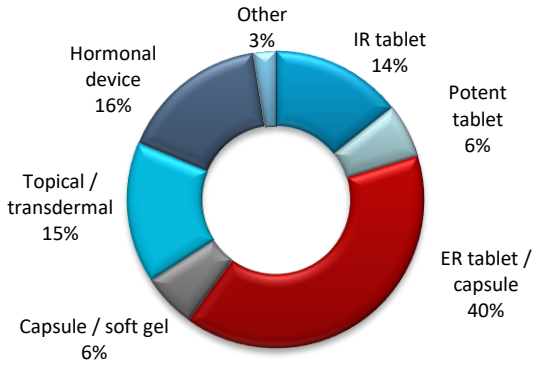
MPI sales by region (A$m)



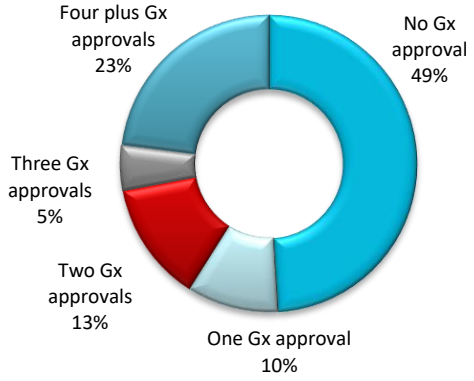
R&D update

- R&D spend was A$23.2m as the Company focused on higher value and differentiated product opportunities in the US
- A$22m impairment of pipeline assets
  - A$135m R&D spend since acquisition of Metrics in Nov 2012 of which 21% has been impaired
  - Cumulative gross profit from internally developed generic programs exceeds the capital invested driven by the launch of dofetilide capsules and doxycycline IR tablets which both delivered >1000% returns on R&D/PIV litigation costs
- 30+ pipeline products in the US targeting markets with sales of US$5bn of which 13 products pending with FDA targeting markets >US$1b[1]
- 4 products approved in 1HFY18 - doxycycline capsules, clozapine 50mg and 200mg tablets and amiodarone tablets in the US and Monurol® granules in Australia
- US pipeline contains high-value product opportunities such as generic NuvaRing® (US$820m)
- Favourable interim data from HedgePath Pharmaceuticals' Phase IIb study using SUBA®-itraconazole in basal cell carcinoma nevus syndrome (BCCNS), commonly referred to as Gorlin Syndrome
- Supporting further investigator initiated trials with SUBA®-Itraconazole

Pipeline – filed and development by dosage form
(IQVIA US$ market size)



Pipeline – filed and development by number of Gx approvals
(IQVIA US$ market size)



77% of US pipeline has 3 or less Gx approvals (low competition products)

(1) IQVIA, MAT December 2017

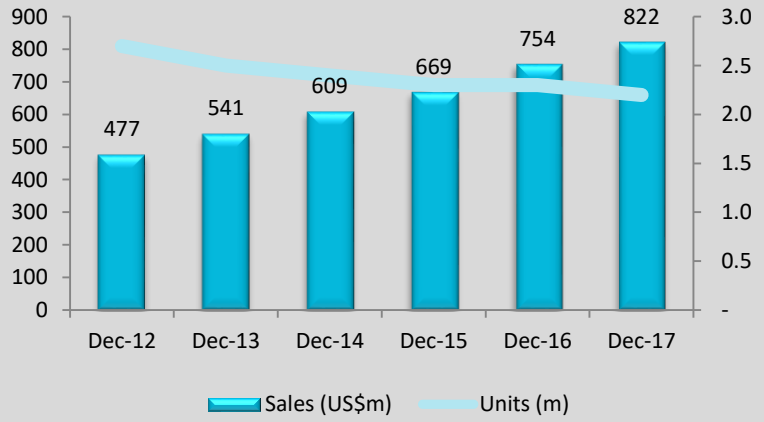
Multiple generic opportunities to drive future growth

Generic name	Brand	US market size[1]	Potential launch	Comments
Doxycycline monohydrate capsule	Monodox®	US$30m	2H18	Approved 1H18 – launch imminent
Levonorgestrel / ethinyl estradiol tablets	Quartette®	US$10m	2H18	Approved 1H18 – launch imminent
Liothyronine tablets	Cytomel®	US$55m	2H18	Distributed by Mayne Pharma from 1 January 2018
Amiodarone tablet	Pacerone®	US$50m	2H18	Approved 1H18 and brought in house manufacturing
Etonogestrel / ethinyl estradiol vaginal ring	NuvaRing®	US$820m	FY19	Successful completion of bioequivalence study
Ranolazine	Ranexa®	US$900m	FY19	Near term filing with market formation date expected 2HFY19

NuvaRing® Product Overview

- Patent expires April 2018
- 2 other known generic filers
- Mayne Pharma expects FDA approval of its generic NuvaRing® in FY19

NuvaRing® MAT sales and units[1] (US$m)



(1) IQVIA, MAT December 2017

Branded portfolio expansion through internal development, co-development and acquisition

Dermatology
Doryx®
Doryx® MPC
Fabior®
Sorilux®
Trifarotene
Foam products

Infectious diseases
SUBA®-Itraconazole

Oncology
Eg. BCCNS[1]

Product	Therapeutic Area	US market size[1]	Status
Doryx® MPC	Acne	US$700m (oral antibiotics)	Marketed
Fabior®	Acne	US$1.3b (topical retinoids)	Marketed
Sorilux®	Psoriasis	US$300m (topical Vitamin D)	Marketed
Trifarotene	Congenital Ichthyosis	US$150m	Phase II dose finding study planned in CY18
Foams (x2)	Dermatology	US$240m	Feasibility and pre-clinical
SUBA® – Itraconazole	Anti-fungal	US$200m	Near term filing – expected launch FY19
SUBA® – Itraconazole	BCCNS – Gorlin's Syndrome	US$300m	Completed Phase IIb trial enrolment

(1) Total addressable market size based on IQVIA data (MAT 31 Dec 17) for acne and psoriasis products. Target patient population, pricing and current healthcare costs to treat patient population used to determine other market sizes.

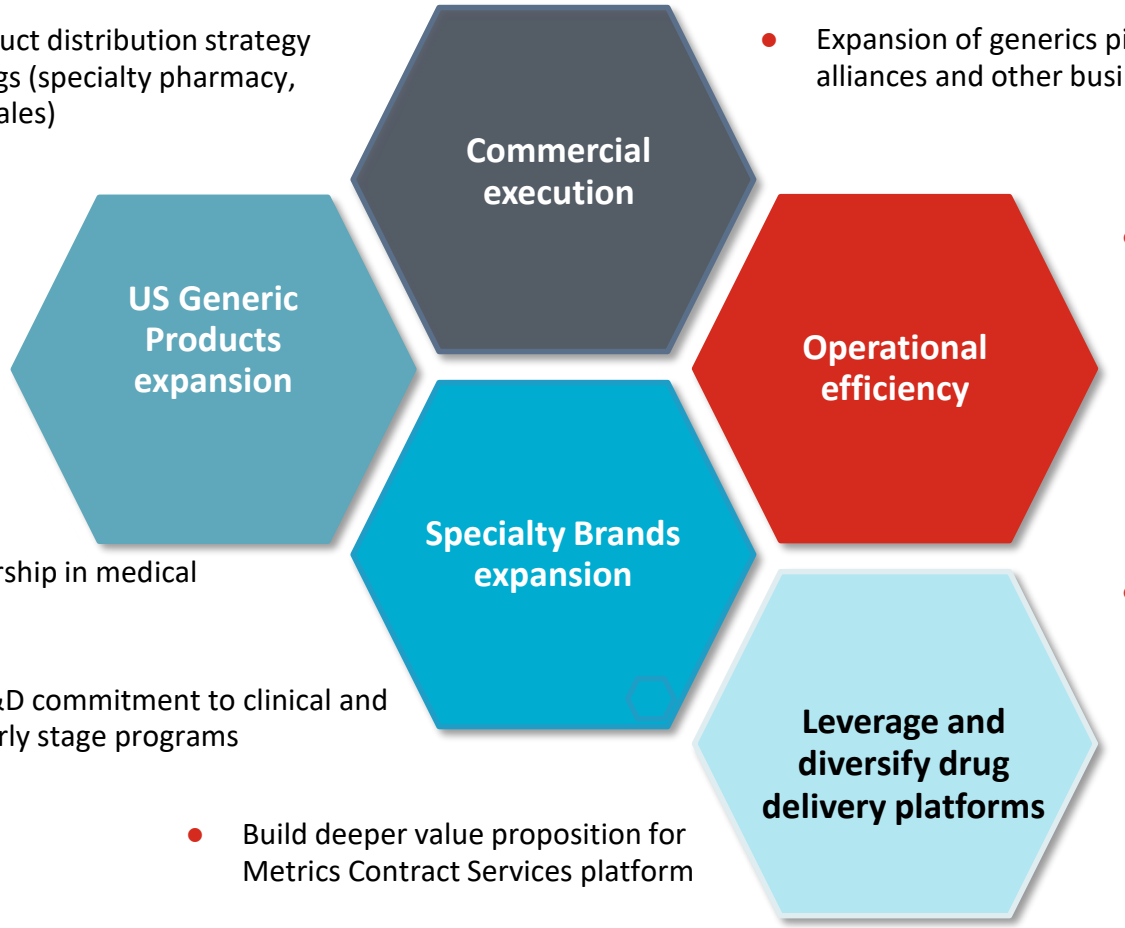
New Greenville facility to begin production in next month






Committed to key strategic priorities

- Multichannel product distribution strategy to diversify earnings (specialty pharmacy, government, telesales)
- Expansion of generics pipeline through strategic alliances and other business development



- Optimise manufacturing network to drive cost efficiencies and supply chain flexibility
- US category leadership in medical dermatology
- R&D commitment to clinical and early stage programs
- Invest in relevant therapeutic areas – infectious disease, rare diseases
- Build deeper value proposition for Metrics Contract Services platform
- Continued investment in drug delivery capabilities and expertise

Outlook

Generic Products	• Positive trading momentum in 2QFY18 which has continued into January 2018 • Growth in the 2HFY18 driven by product launches, expanding channels to market, portfolio optimisation and market share gains • US$12m of expected cost savings from optimising supply network by FY20 with up to 50% in FY19
Specialty Brands	• Expanded sales team in place to accelerate growth, market share and contribution of the dermatology brands as well as supporting any future brands that are added to the dermatology portfolio • FY19 planned launch of SUBA®-Itraconazole capsules to treat certain fungal infections
Metrics Contract Services	• Key performance indicators such as the value of quotes issued and the committed business pipeline trending favourably (committed business pipeline up 30% from twelve months ago and quote dollars won up 45% in 1HFY18 versus 1HFY17) • First commercial manufacturing revenues expected 2H18
Mayne Pharma International	• MPI continues to focus on key brand franchises of Astrix® (aspirin), Lozanoc® (itraconazole), Monurol® (fosfomycin) and Urorec® (silodosin) • Facility expansion on schedule for completion in 2HFY18 supporting Teva acquired product transfers

1HFY18 financial information

Reported to adjusted reconciliation attributable to members

SALES AND PROFIT (A$M)	REPORTED ATTRIBUTABLE TO MEMBERS DEC 2017	SBD – ABNORMAL DORYX RETURNS (1)	GPD – ABNORMAL STOCK ADJUSTMENTS (2)	RESTRUCTURING EXPENSES (3)	ASSET IMPAIRMENTS (4)	HPPI – MAYNE'S SHARE (5)	US TAX ITEMS(6)	ADJUSTED DEC 2017
GPD	180.9	-	-	-	-	-	-	180.9
MCS	29.7	-	-	-	-	-	-	29.7
SBD	13.8	12.4	-	-	-	-	-	26.2
MPI	18.8	-	-	-	-	-	-	18.8
Revenue	**243.3**	12.4	-	-	-	-	-	**255.6**
GPD	63.6	-	17.3	3.1	-	-	-	84.0
MCS	15.8	-	-	-	-	-	-	15.8
SBD	11.6	12.4	-	-	-	-	-	23.9
MPI	5.0	-	-	-	-	-	-	5.0
Gross profit	**95.9**	12.4	17.3	3.1	-	-	-	**128.7**
Gross profit %	*39%*							*50%*
EBITDA	**23.0**	13.3	17.3	14.0	-	2.6	-	**70.2**
Depreciation / Amortisation	(40.8)	-	-	-	-	0.2	-	(40.6)
Asset impairments	(183.5)	-	-	-	183.5	-	-	-
PBIT	(201.3)	13.3	17.3	14.0	183.5	2.8	-	**29.6**
Net Interest	(8.4)	-	-	-	-	-	-	(8.4)
PBT	(209.7)	13.3	17.3	14.0	183.5	2.8	-	**21.2**
Income tax	35.5	(4.1)	(5.3)	(2.0)	(43.7)	(2.5)	17.0	**(5.1)**
PAT	**(174.2)**	9.2	12.0	12.0	139.8	0.3	17.0	**16.1**

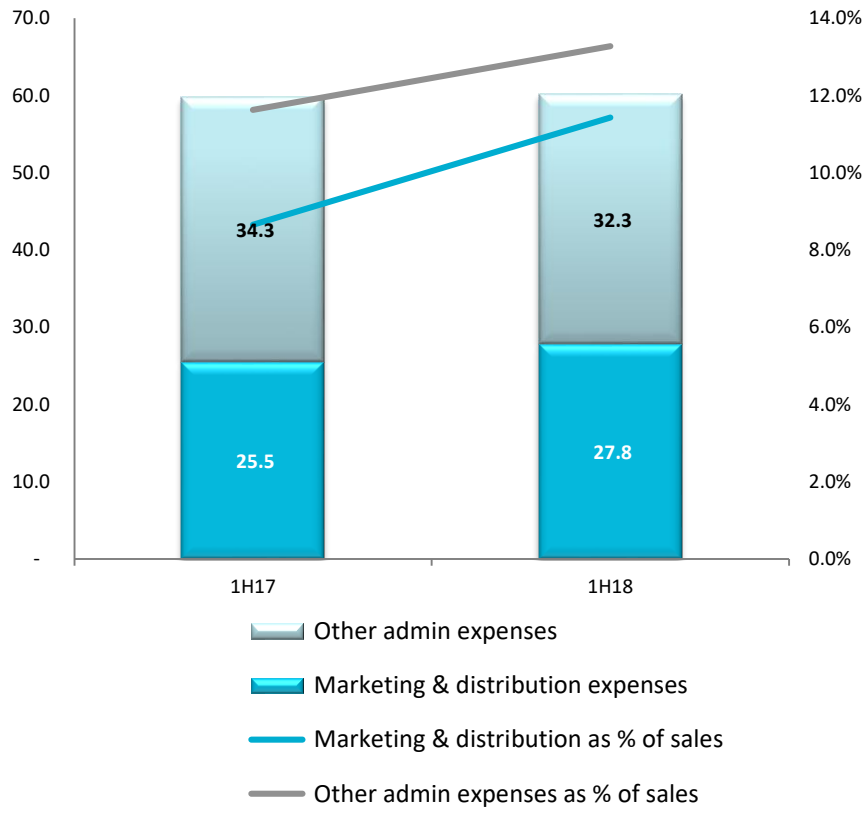
1. The values in the above table are values attributable to members of Mayne Pharma and hence include only Mayne Pharma's share of HPPI.
2. SBD – Doryx returns – represents the abnormal level of Doryx product returns (A$12.4m) and sample write-offs (A$0.9m marketing expense) due to the loss of exclusivity on Doryx 50mg and 200mg tablets in May 2016.
3. GPD – stock adjustments – represents the abnormal amount of inventory obsolescence, writedowns and sell through of short dated stock below cost.
4. Restructuring expenses – represents expense relating to the cancellation of specific employee shares (A$7.4m), onerous supply contracts and other expense management initiatives to lower the cost base.
5. Asset impairments – intangible asset impairments relating to the change in the current and projected market dynamics for generic products.
6. HPPI – Mayne Pharma's share of HPPI's EBITDA loss (A$1.1m) plus the fair value loss on restatement of the value of Mayne Pharma's HPPI warrants (A$1.5m) after recording a fair value gain in 2H17
7. US tax items includes A$13.7m for restatement of US related DTAs and DTLs due to the US corporate tax rate changes and A$3.3m for tax losses for a US subsidiary not recognised as a deferred tax asset.

Profit and Loss – attributable to members

A$million	Half year ending 31 Dec 17	Half year ending 31 Dec 16	Change $m
Revenue	243.3	294.8	(51.5)
Gross profit	95.9	171.2	(75.3)
Gross profit %	*39%*	*58%*	
EBITDA - adjusted	70.2	109.9	(39.7)
Adjustments	(47.2)	19.3	(66.5)
EBITDA – reported	23.0	129.2	(106.2)
Depreciation / amortisation	(40.8)	(31.8)	(9.0)
Impairment	(183.5)	-	(183.5)
Net interest	(8.4)	(5.1)	(3.3)
Tax	35.5	(19.6)	55.1
Net income/(loss) - reported	(174.2)	72.7	(246.9)
Net income/(loss) - underlying	16.1	59.5	(43.4)
Average USD:AUD FX rate	0.779	0.754	

Operating expenses

Operating expenses[1] (A$m)



- Operating expenses have remained consistent 1HFY18 versus pcp with marketing expense increasing due to the expanded Specialty Brands sales team and other admin expenses decreasing largely due to reduced legal costs

(1) Consolidated operating expenses includes marketing and distribution expenses and all other administration expenses as detailed in note 4 of the half year accounts

Consolidated Balance Sheet Position

A$million	As at 31 Dec 17	As at 30 Jun 17	Change $m
Cash	56.0	63.0	(7.0)
Inventory	88.6	106.4	(17.8)
Receivables	238.0	232.7	5.3
PP&E	212.2	189.3	22.9
Intangibles & goodwill	1,018.6	1,235.4	(216.8)
Other assets	116.7	88.1	28.6
Total assets	**1,730.0**	**1,914.9**	**(184.9)**
Payables	163.7	154.5	9.2
Interest-bearing debt	359.1	340.2	18.8
Other financial liabilities	23.3	41.0	(17.7)
Other liabilities	50.8	66.8	(16.0)
Equity	**1,131.1**	**1,312.4**	**(179.3)**
Equity (attributable to shareholders)	**1,123.6**	**1,303.8**	**(180.3)**
Net debt (bank debt less cash)	303.1	277.2	25.9
USD:AUD FX rate	0.781	0.769	

Consolidated Cash Flow

A$million	Half year ending 31 Dec 17	Half year ending 31 Dec 16	Change $m
Net operating cash flow pre tax, interest, working capital and one-off items	53.8	112.7	(58.2)
WC movements[1]	8.8	(174.9)	183.7
Net interest paid	(6.9)	(4.1)	(2.8)
Net tax paid	(6.8)	(22.7)	15.9
Patent settlement	-	26.2	(26.2)
Restructuring, DOJ and transaction costs	(0.8)	(3.6)	2.8
Net operating cash flow	**48.0**	**(67.1)**	**115.1**
Capitalised R&D	(19.2)	(11.0)	(8.2)
Acquisitions	(1.9)	(935.3)	933.6
Capex	(39.5)	(47.9)	8.4
Net proceeds borrowings & shares	24.0	1,096.8	(1,072.8)
Payment of earn-out liabilities	(17.8)	(4.5)	(13.3)
Net cash flow	**(6.4)**	**31.0**	**(37.4)**

(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

Debt profile

- Dual currency debt facility
  - US$150m, 3 year bullet facility, matures July 2019
  - US$250m 5 year revolving facility, matures July 2021
  - US$20m 2 year working capital facility
  - A$10m, 2 year working capital facility
- Liquidity
  - Total liquidity A$235m
  - US$140m undrawn debt
  - Cash A$56m
- Average borrowing cost 3.9% (includes undrawn line fee)
- Key bank covenants have significant headroom
  - Leverage ratio (Net debt / EBITDA): 2.2x versus covenant <3.25x
  - Interest cover (EBITDA / Interest expense): 15x versus covenant >3x
  - Shareholder funds: A$1.1b versus covenant >A$800m

US tax reform

- US Federal Corporate tax rate will fall from 35% to 21%
  - FY18 rate dropped from 35.0% to 28.1%
  - FY19 rate will drop to 21.0%
- Rate restatement expense (net DTA) in 1H18 of A$11m (consolidated) and further adjustment expected at June 2018
- Expected underlying effective tax rate <25% by FY20