



mayne**pharma**

Acquisition of FDA-approved halobetasol foam

Mayne Pharma Group
Limited

26 October 2018





Transaction overview

- Mayne Pharma has acquired US and Australian rights to halobetasol foam and related assets for an investment of:
 - Up to US\$32.0m comprising:
 - An upfront cash payment of US\$10.0m;
 - US\$5.0m at commercial launch expected in 1Q CY19;
 - Up to US\$17.0m of contingent payments based on reaching cumulative net sales targets, patent issuance and potential capital spend to support the project; plus
 - An earn-out payable annually based on sales performance over the 10 years following commercial launch
- Halobetasol foam is a highly complementary dermatology product treating plaque psoriasis that will be marketed in the US through Mayne Pharma's existing Specialty Brands Division (SBD) sales team
- Compelling strategic rationale underpins the acquisition which is in line with Mayne Pharma's stated growth strategy that leverages existing commercial operations
- The acquisition will be funded from cash and undrawn debt
- The acquisition is expected to be accretive to earnings in its first full financial year (FY20) following commercial launch with further growth expected in subsequent years

Halobetasol foam acquisition overview

Mayne Pharma has acquired US and Australian rights to halobetasol foam and related assets

Overview of product

- Halobetasol foam, 0.05% is a potent corticosteroid for the treatment of plaque psoriasis in patients aged 18+ years old
- Clinically differentiated product with intellectual property (IP) protection and technically challenging to develop and manufacture
 - Approved by US FDA in May 2018
 - Marketing exclusivity until May 2021
 - Four pending patents
 - Only halobetasol corticosteroid in a foam dosage form
 - Two phase 3 studies were conducted in 560 patients with moderate to severe plaque psoriasis
- Mayne Pharma expects to launch halobetasol foam in the US in early calendar 2019 following sales team training, finalisation of marketing materials and pre-launch market activities including product coverage and reimbursement
- Brand name under review with the FDA

Complementary to Specialty Brands Division

- Highly complementary to Sorilux® (also treats plaque psoriasis) leveraging the existing SBD commercial infrastructure
- Significant overlap of Sorilux® and halobetasol prescriber base
- Further diversification of SBD portfolio
- Further strengthens Mayne Pharma's presence in the US dermatology market

Attractive market fundamentals

- Estimated US patient population of >7.5 million for plaque psoriasis
- Psoriasis potent corticosteroid market valued at US\$600m with 10m units per annum¹
- Halobetasol market valued at US\$64m and growing 10% per annum in volume terms¹

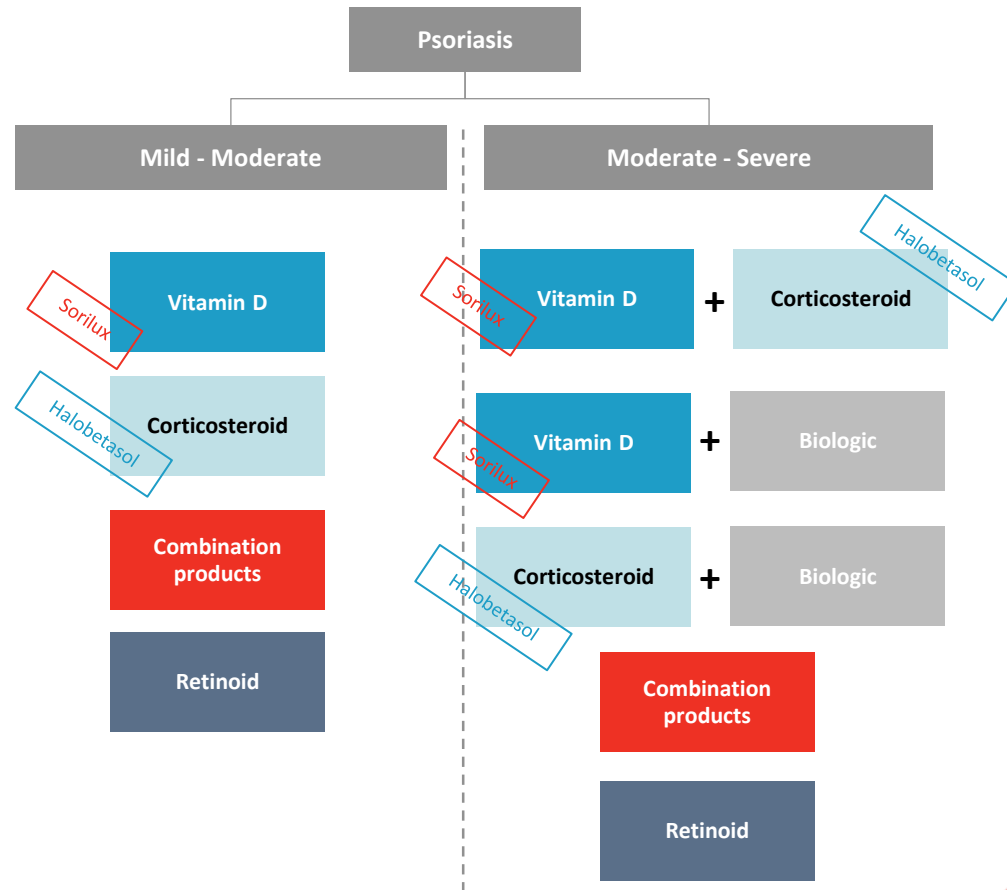
Financially attractive deal

- A significant portion of the acquisition price is based on future sales performance
- Attractive revenue growth potential for the product through promotion by Mayne Pharma's SBD alongside Sorilux®
- Expected to be accretive to earnings in its first full financial year post launch (FY20)
 - Approximately US\$4m in operating expenses in FY19
- Peak sales potential >US\$25m with strong margin profile due to limited additional operating expense

Psoriasis overview

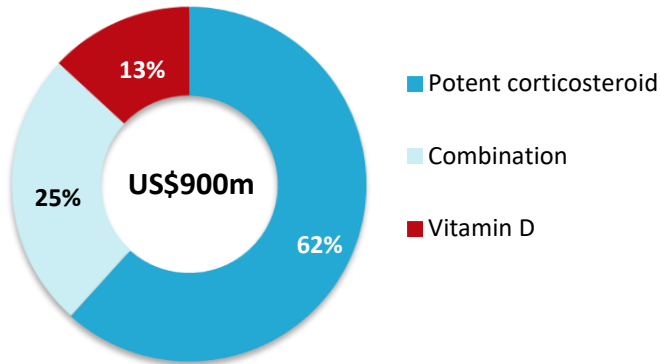
- Psoriasis is a chronic, non-contagious, inflammatory skin condition that appears as red patches covered with silvery flakes often found on the elbows, scalp and knees but can also affect other parts of the body
- Psoriasis is the most prevalent autoimmune disease in the US which affects >7.5m Americans each year
- Plaque psoriasis is the most common type of psoriasis accounting for approximately 80% of cases
- Topical corticosteroids are the cornerstone of treatment for the majority of patients
- Dermatologists often prescribe more than one product to treat plaque psoriasis and many use a combination of a corticosteroid (eg. Halobetasol) and a Vitamin D analogue (eg. Sorilux)
- Potent corticosteroids are prescribed to an average of 80% of psoriasis patients
 - The more potent the corticosteroid, the more effective it is in clearing psoriasis

Pharmaceutical psoriasis treatment

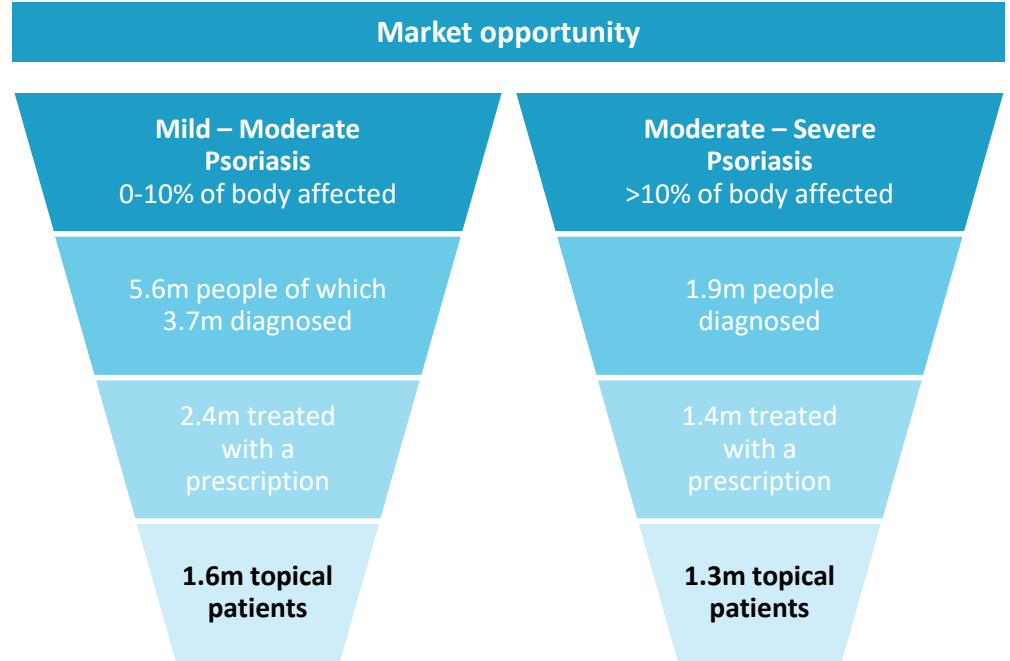
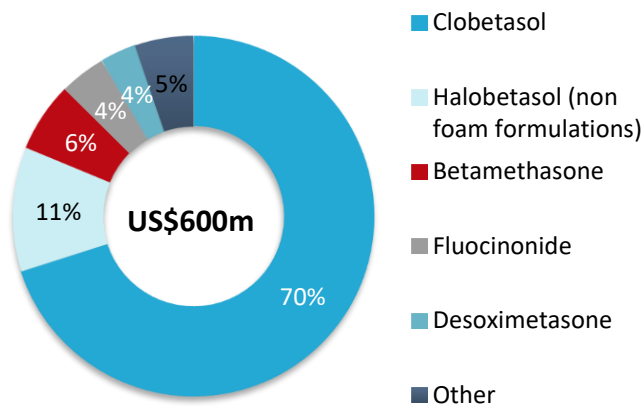


US psoriasis market overview¹

Topical psoriasis market by value²



Potent corticosteroid market by value



At least 2 million plaque psoriasis patients use a potent corticosteroid

(1) National Psoriasis Foundation; Company sponsored primary research; IQVIA MAT Aug 2018.
 (2) Excludes other topical products such as retinoids, keratolytics and emollients which are also used to treat psoriasis as well as other dermatology indications such as acne, atopic dermatitis, etc