



Mayne Pharma Group Limited

**FY19 Results Presentation
23 August 2019**

*Scott Richards, Chief Executive Officer
Nick Freeman, Group Chief Financial Officer*



maynepharma

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.

Non-IFRS information

- 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 income and expenses. Results excluding such items are considered by the Directors to provide a meaningful basis for comparison from period to period.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) – a non-IFRS term – is considered by Directors to be a meaningful measure of the operating earnings and performance of the Group and this information may be useful for investors.
- The non-IFRS financial information has not been audited by the Group's auditors.

Forward looking statements

- This presentation contains forward-looking statements that involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to the Company. These forward looking statements use words such as 'potential', 'expect', 'anticipate', 'intend', 'plan' and 'may', and other words of similar meaning. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Subject to the Company's continuing disclosure obligations at law and under the listing rules of the Australian Securities Exchange, the Company disclaims any obligation to update or revise any forward looking statements. The factors that may affect the Company's future performance include, among others: changes in economic conditions, changes in the legal and regulatory regimes in which the Company operates, litigation or government investigations, decisions by regulatory authorities, changes in behaviour of major customers, suppliers and competitors, interruptions to manufacturing or distribution, the success of research and development activities and research collaborations and the Company's ability to protect its intellectual property.

Other

- A glossary of industry terminology is contained in the Mayne Pharma Annual Report which can be accessed at maynepharma.com/investor-relations/results-reports and product descriptions are detailed at maynepharma.com/us-products and maynepharma.com/australian-products.
- ACTICLATE®, BROMFED®, CORDRAN®, EFUDEX®, FENTORA®, KAPVAY®, LIDEX®, LOCOID®, MONODOX®, NATAZIA® and NUVARING® are registered trademarks of third parties.

Executive summary

Financial results

- Reported sales of A\$525.2m, down 1% on prior corresponding period (pcp)
 - Excluding dofetilide, sales up 14% on pcp
- Reported gross profit A\$289.9m, up 13% on pcp
- Reported EBITDA of A\$111.6m, down 4% on pcp and underlying EBITDA of A\$130.9m
- Reported net loss after tax of A\$(280.8)m driven by asset impairments
- Positive operating cash flow of A\$106.6m
- Net debt reduced by A\$18.0m in 2HFY19 with bank leverage ratio (net debt / EBITDA) of 2.0x

Operational highlights

- Launched two US NDAs: TOLSURA® (SUBA®-itraconazole) antifungal capsule to treat certain systemic fungal infections and LEXETTE™ (halobetasol) foam to treat plaque psoriasis
- Launched five US ANDAs: generic EFUDEX® cream, generic FENTORA® tablet, generic KAPVAY® tablet, generic BROMFED® DM syrup and generic butalbital/APAP capsule
- Strong growth from Specialty Brands with sales and gross profit doubling
- Established new hospital based field team to promote TOLSURA®
- Metrics Contract Services added three commercial manufacturing clients one of which received Japanese regulatory approval for its Greenville developed and manufactured product
- Mayne Pharma International benefited from SUBA®-itraconazole launches in Italy, Argentina and Mexico and the addition of new third party contract services clients

Key financials¹

A\$million	FY19	FY18	Change \$	Change %
Reported revenue	525.2	530.3	(5.1)	(1%)
Reported gross profit ²	289.9	256.5	33.4	13%
Reported EBITDA	111.6	116.8	(5.2)	(4%)
Reported Net loss	(280.8)	(133.9)	(146.9)	(110%)
R&D expense ²	27.4	14.3	13.0	91%
Marketing & distribution expenses	76.7	62.8	13.9	22%
Administration expenses ³	67.0	56.1	10.9	19%
Underlying EBITDA ⁴	130.9	163.5	(32.4)	(20%)
Cash flow from operations	106.6	121.5	(14.9)	(12%)

- Stronger reported gross profit driven by Specialty Brands and the reduction of one-offs (DORYX[®] returns and stock obsolescence) which impacted the prior period
- EBITDA impacted by greater investment in brand R&D (reduced R&D capitalisation) and commercial infrastructure for Specialty Brands

1. Attributable to members with exception of cash flow which is consolidated

2. Reported gross profit includes A\$12.7m depreciation in cost of sales (FY18: A\$7.5m) and R&D includes A\$2.7m depreciation (FY18: A\$1.8m)

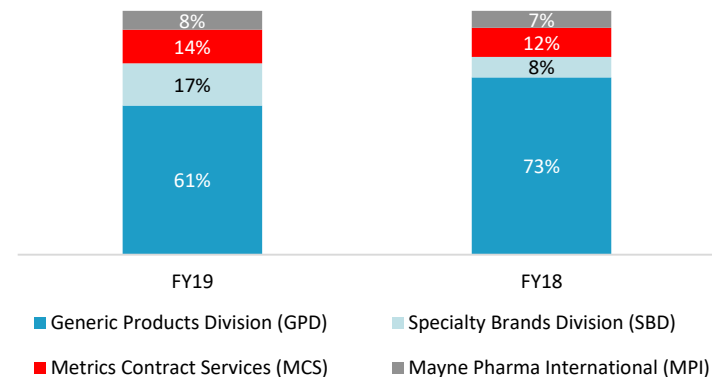
3. Excludes non cash and non operating items (refer page 23)

4. Adjustments to underlying EBITDA include A\$5.5m non-cash credit arising from an increase in the fair value of earn-out liabilities, A\$2.7m of legal costs associated with drug pricing litigation, A\$11.2m to remove HedgePath Pharmaceutical Inc. (HPPI) losses and non-cash fair value restatement of HPPI warrants

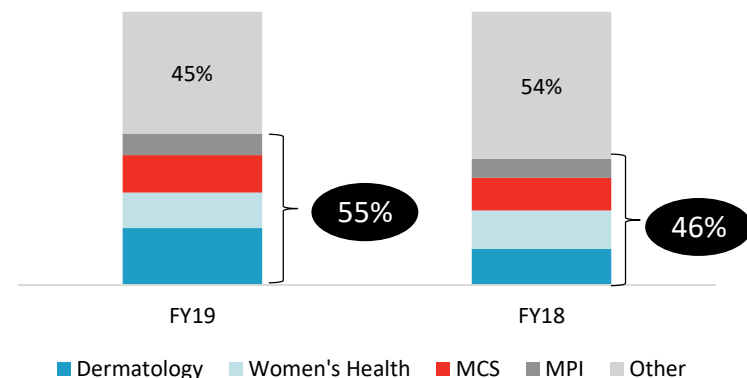
Segment performance

A\$million	FY19	FY18	Change FY19 v FY18
SBD	91.6	44.7	105%
GPD	320.8	385.7	(17%)
MCS	72.2	63.1	14%
MPI	40.7	36.8	10%
Reported revenue	525.2	530.3	(1%)
SBD	79.8	37.5	113%
GPD	164.5	177.4	(7%)
MCS	35.5	33.7	6%
MPI	10.0	8.0	25%
Reported gross profit	289.9	256.5	13%
SBD	87%	84%	
GPD	51%	46%	
MCS	49%	53%	
MPI	25%	22%	
Gross profit %	55%	48%	

Revenue by segment (A\$m)



Revenue by type (A\$m)



Actively rebalancing the portfolio towards sustainable therapeutic areas and channels

Strategic priorities aligned to create a durable pharma business

**Therapeutically
focused
expansion of
product
portfolio**

- Best-in-class product selection and sourcing to improve patient impact in core therapeutic areas (dermatology, women's health, infectious disease)
 - Broadening medical benefits through label extensions
 - Targeting indications with high unmet need
 - Leverage brand and generic product model to maximise diversified distribution platform

**High quality
development
supported by
reliable supply**

- Concept-to-commercialisation MCS client offering
- Emphasis on cost efficiency and flexibility
- Sourcing and supply chain activities aligned to key product markets
- Uninterrupted product supply
- Strong external network of technical partners

*Positioning
Mayne Pharma
for sustainable
long term
growth*

**Multi-channel,
agile
commercial
approach**

- Maximise value of on market products
- Develop infrastructure and commercial activities to move closer to the patient
- Alternative business models
- Utilise commercial engine to optimise new product selection
- Globalise key strategic franchises



Channel strategy built around leveraging commercial infrastructure to create a more seamless 'prescription to patient' experience

Patient

- ✓ Convenience
- ✓ Right product
- ✓ Price transparency

Prescriber

- ✓ Reduced administration
- ✓ Improved patient outcomes
- ✓ Price certainty for patient

Pharmacy partners

- ✓ Drive additional volumes
- ✓ Improved economics
- ✓ Better product offering

Manufacturer / Supplier

- ✓ Improved cash flow
- ✓ Improved profitability
- ✓ More sustainable business
- ✓ Brand equity



- Blended promotional team (in-field, tele-sales)
- Broad product portfolio
- Broad pharmacy network

- Focused prescriber base
- Aligned managed care coverage
- Multi-channel fulfilment



US generic dermatology and women's health portfolio delivering growth

- US generic dermatology and women's health portfolio represents >20% of group gross margin and grew 24% on pcp in USD terms¹
- Retained strong shares in select dermatology and women's health product markets
- Expecting significant annual cost savings across the women's health portfolio through product transfers to new contract manufacturers
- Opportunity to capture further market share in women's health through improving COGS and expanding channels to market

Select Gx products	Indication	Market share (June 2019 quarter) ²	No. of Gx approvals
Gx ACTICLATE®	Acne	41%	4
Gx DORYX®	Acne	38%	4
Gx EFUDEX®	Actinic keratosis	28%	2
LOW-OGESTREL®	Contraceptive	37%	3
TILIA® FE	Contraceptive	38%	3
CAMILA®	Contraceptive	26%	8
MICROGESTIN® 1.5/30	Contraceptive	28%	7



1. Gross margin excludes depreciation

2. IQVIA, TRx, June 2019



Expanding portfolio and capability in dermatology and women's health portfolio

Dermatology portfolio

Skin disease	Marketed brands	Marketed generics	Pipeline
Actinic keratosis		Gx EFUDEX®	
Acne		Gx DORYX® Gx ACTICLATE® Gx MONODOX®	
Dermatitis		Gx LIDEX®	Gx LOCOID® Gx CORDRAN®
Psoriasis			Gx oral solid
Rare disease			Trifarotene (Congenital ichthyosis) SUBA®-itraconazole (BCCNS ¹)

Women's health Portfolio




Type of contraceptive	Marketed branded generics	Pipeline
Monophasic (same hormone throughout cycle)	LEVORA®, LOW-OGESTREL®, LUTERA®, MICROGESTIN®, MICROGESTIN® FE, NECON®, SRONYX®, ZARAH®, ZOVIA®	
Multiphasic (different level of hormones throughout cycle)	CAZIAN®*, TRIVORA®, LEENA®, TILIA® FE	Gx NATAZIA®
Extended cycle (limit period to every 3 months)	AMETHIA®, AMETHIA® LO	
Shortened hormone-free interval	AZURETTE®	Gx oral solid
Progestin only	CAMILA®, ERRIN®	
Ring		Gx NUVARING®

- Mayne Pharma added four dermatology products to its portfolio:
 - Acquisition of LEXETTE™ (halobetasol) foam to treat psoriasis
 - Acquisition of generic EFUDEX® (fluorouracil) cream to treat actinic keratosis
 - Licensed two approved dermatology products: generic LOCOID® (hydrocortisone) lotion and generic CORDRAN® (flurandrenolide) ointment both due to launch in FY20
- Established small scale women's health direct sales team in the US
- Women's health pipeline targeting markets with IQVIA sales of US\$1.1b and includes the largest contraceptive sold in the US\$5.5b US contraceptive market with no generic equivalents today²
- Acquisition and licensing activity actively targeting complementary women's health and dermatology products

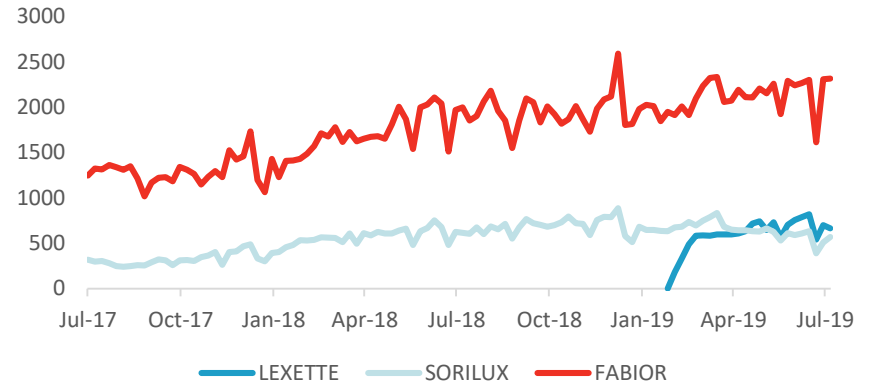
1. Basal Cell Carcinoma Nevus Syndrome
2. IQVIA, MAT Sales, June 2019



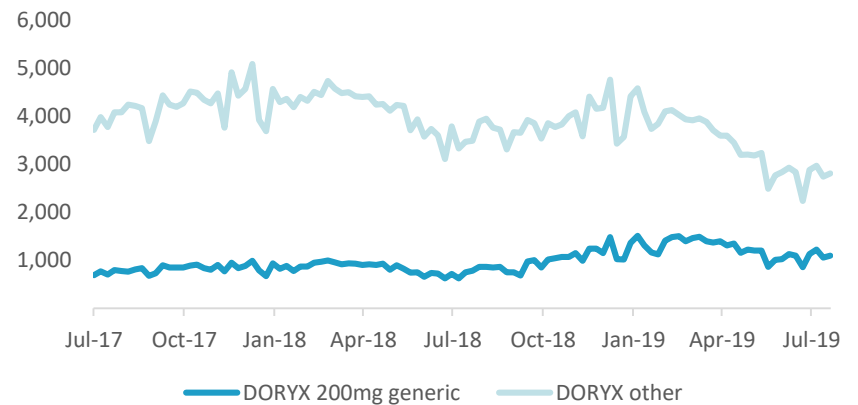
Dermatology sales teams continuing to drive prescription growth led by FABIOR[®] and LEXETTE[™]

Ave Weekly TRx	FY19	FY18	FY19 v FY18
 FABIOR (tazarotene) Foam, 0.1%	2,021	1,483	36%
 Sorilux (calcipotriene) Foam, 0.005%	670	441	52%
 LEXETTE (halobetasol propionate) Topical Foam, 0.05%	612	-	Nm
DORYX 200mg AG	1,103	840	31%
DORYX other	2,583	3,386	(24%)
Total TRx	6,989	6,150	14%

Foam weekly prescriptions (TRx)



DORYX[®] franchise weekly prescriptions (TRx)



DORYX[®] franchise outperformed in FY19 driven by favourable product sales mix

Source: IQVIA weekly TRx, includes all dose strengths of DORYX and AGs

SUBA-itraconazole in BCCNS/Gorlin Syndrome

- Rare disease (Orphan Drug Designation granted in US and EU)
- Phase IIb clinical trial concluded 2018 showed majority of target lesions decreased in size and SUBA-itraconazole was well tolerated
- Gained US commercial rights during FY19
- Phase III trial in moderate-to-severe BCCNS patients expected to commence FY20
- Global market potential US\$300m¹



Trifarotene, a novel retinoid for congenital ichthyosis

- Rare disease that begins at birth (Orphan Drug Designation granted in US and EU)
- Current treatments: emollients with body wraps, topical and oral retinoids (off label)
- Phase II study in ~120 patients with autosomal recessive ichthyosis with lamellar scale has commenced
 - Randomised, multi-center, double-blind, placebo controlled study
 - Across ~10 countries
- Global market potential US\$200m¹

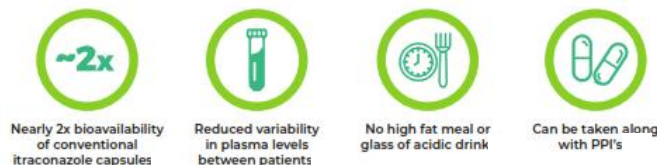


Significant future earnings potential from TOLSURA[®] (SUBA[®]-itraconazole) capsule

- TOLSURA[®] approved in the US in December 2018 and launched January 2019
- 15-person hospital field team in place
- TOLSURA now on formulary at several major IDN¹/hospital networks and under active formulary review by 24 major IDN/hospital networks
- Immediate addressable market: US\$300m² including endemic mycoses and select other indications including chronic pulmonary aspergillosis
- Expect to broaden the therapeutic use of SUBA[®]-itraconazole through further clinical programs
 - Phase IIb study in 80 patients with endemic mycoses (eg. histoplasmosis, coccidioidomycosis) due to complete FY20
 - Strong evidence of a clinical benefit in high risk patients, eg. SUBA[®]-itraconazole has been deemed a safe first-line agent for the prevention of invasive fungal infections in stem cell transplant or haematological malignancy patients³



Compared to conventional itraconazole, TOLSURA:



Targeting 25% itraconazole US TRx market share by end FY22

1. Integrated Delivery Network

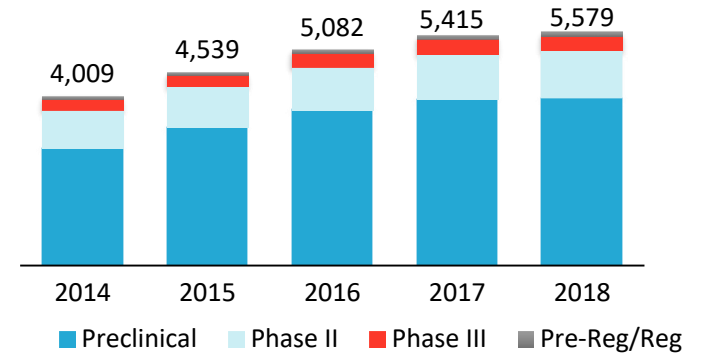
2. Company estimate based on target patient population, gross pricing and current healthcare costs to treat patient population

3. B Nield, SR Larsen, S van Hal. *J Antimicrob Chemother*, 2019; doi:10.1093/jac/dkz303

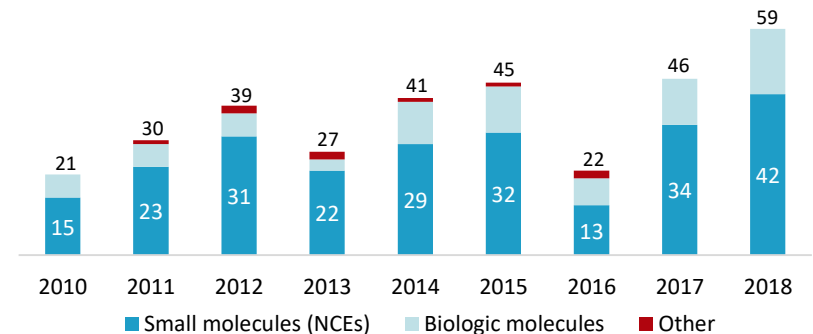
Global CDMO market dynamics

- CDMO¹ market valued at US\$40b and growing 5-7% per annum
- Continued increase in outsourcing of development and manufacturing activity
 - Small molecule outsourcing as Big Pharma rationalise manufacturing sites
 - Access to CDMO technologies
- Highly potent manufacturing expected to grow at a faster rate (~9%) due to the growth of oncology drugs
- Growing number of small molecules in clinical phases
- Strong approval rates of small molecules (NCEs)
 - 42 FDA approvals in 2018 (highest rate since 1996)
- Limited CDMOs with potent and/or modified release capabilities, capacity and scale

Small molecule pipeline (Pre-clinical to Phase III)



FDA new drug approvals (number)



Large and growing CDMO market for small molecules

Metrics Contract Services and Greenville manufacturing are poised for strong growth

- Attractive CDMO market dynamics
- Expansion of formulator/chemist team in FY20 to accelerate growth and support pipeline of committed business
- MCS is one of a few potent solid oral dose CDMOs with a single site for early stage development through to commercialisation
- Diverse and high quality client base
 - ~100 active customers
 - MCS currently supports 7 of the top 15 global pharma companies¹
- MCS builds technical capability in the workforce and is highly synergistic with the products business
- Growing pipeline of commercial manufacturing revenues
 - Four active manufacturing clients in FY19 up from 1 in FY18
 - 15 late stage development projects (eg. phase III or pending at regulatory agencies)
 - Expecting MCS manufacturing sales to more than double in FY20



- Greenville factory faced anticipated start up challenges in FY19 with performance improving over the year
 - Monthly average commercial batch throughput increased from 27 in FY18 to 46 in FY19 and expected to increase to 69 in FY20
 - 11 product transfers completed into the new Greenville factory in FY19 and a further 10 expected in FY20
 - Targeted initiatives throughout the year improved output and financial performance
- Greenville site successfully audited by US FDA and Japanese PMDA during FY19

- Specialty Brands expected to benefit from FY19 product launches of TOLSURA® and LEXETTE®
- Metrics Contract Services expected to accelerate growth in FY20 benefiting from expansion of technical team, expanded manufacturing and testing footprint in Greenville and delivery of the pipeline of committed business
- Generic Products performance will depend on many factors including timing of FDA approvals and competitor launches or withdrawals on key products
 - Notwithstanding these external factors, Generic Products is expected to benefit from portfolio optimisation and cost savings from optimising the supply network over time
 - Targeting 8 new product launches by the end of CY20 of which 2 are already approved and 3 have no generic equivalents today
- Various initiatives at the Company's manufacturing sites are expected to drive greater operational efficiencies and improved financial performance
- Operating expenses expected to be lower in FY20 versus FY19 on a constant currency basis through more controlled spending

Continue to assess business development opportunities where they are complementary to existing portfolio and operations and can deliver shareholder value

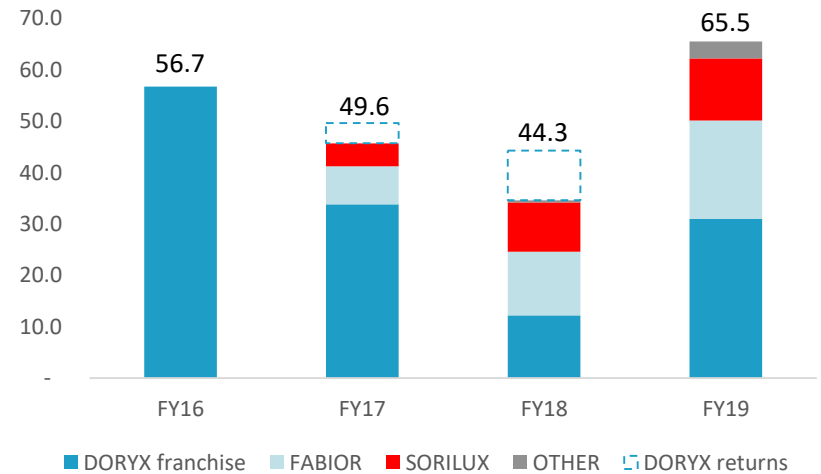


FY19 segment and financial information

- In USD terms, SBD revenue was US\$65.5m, up 89% on FY18
- DORYX® franchise, FABIOR® and SORILUX® revenue up 153%, 54% and 26% respectively versus pcp
 - Excluding returns, DORYX® franchise sales up 42%
- Launched two patent protected brands in 2HFY19 following FDA approval in 2018
 - TOLSURA® (SUBA®-itraconazole) capsules to treat certain systemic fungal infections
 - LEXETTE™ (halobetasol) foam to treat plaque psoriasis
- LEXETTE™ outperformed business case capturing 5% of the halobetasol TRx market¹
- Established new 15 person hospital-based field team to market TOLSURA®

A\$million	FY19	FY18	Change FY19 v FY18
Revenue	91.6	44.7	105%
Gross Profit	79.8	37.5	113%
Gross Profit %	87%	84%	

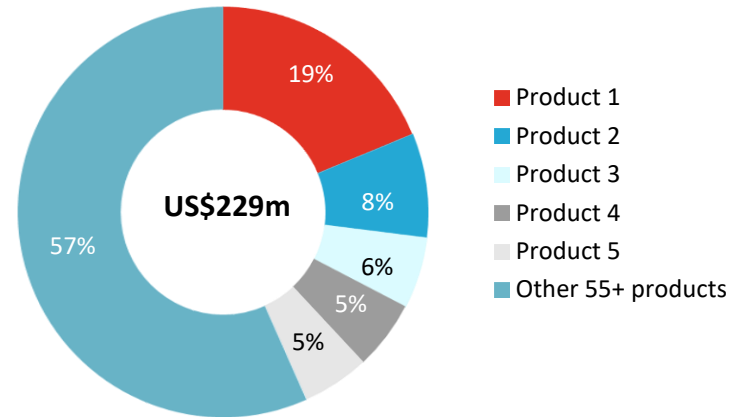
SBD adjusted revenue by product (US\$m)



- GPD revenue was US\$229.4m down 23% on pcp impacted largely by new generic competition on key products
 - Dofetilide sales fell by US\$54m to US\$13m and accounted for >75% of the GPD sales decline year on year
 - FY19 liothyronine sales of US\$43m – with 2HFY19 sales down 42% versus 1HFY19 due to new generic competition
- 5 new product launches during the period – gEFUDEX® cream, gFENTORA® tablet, gKAPVAY® tablet, gBROMFED® DM syrup and generic butalbital/APAP capsule
- One-off failure to supply and shelf stock adjustments impacted gross margins by US\$4m in 2HFY19

A\$million	FY19	FY18	Change FY19 v FY18
Revenue	320.8	385.7	(17%)
Gross Profit	164.5	177.4	(7%)
Gross Profit %	51%	46%	

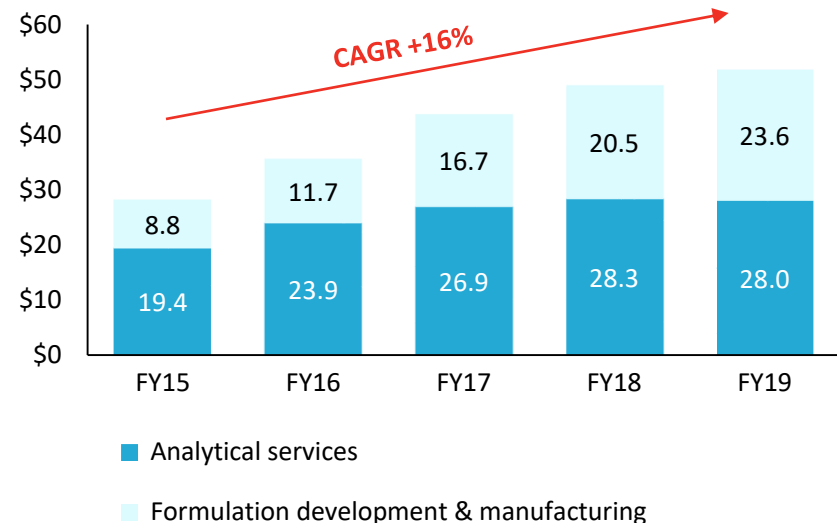
GPD FY19 sales by product (US\$m)



- In USD terms, MCS revenue was US\$51.6m, up 6% on pcp
- Softer gross margin impacted by business mix and higher depreciation
- Commercial manufacturing represented 5% of MCS sales in FY19
- Added 12 new clients and 18 new programs in FY19
- 3 new commercial manufacturing clients up from just 1 in the prior period
 - 1 client gained Japanese (PDMA) approval for a Greenville developed and manufactured product in June, which is the first international drug approval for site. This product is due to launch in 1QFY20 with the same product recently approved in the US and pending at 6 other regulatory agencies around the world
 - 2 clients transferring FDA approved products into Greenville
- 20+ commercial manufacturing quotes with peak unit demand >200m doses

A\$million	FY19	FY18	Change FY19 v FY18
Revenue	72.2	63.1	14%
Gross Profit	35.5	33.7	6%
Gross Profit %	49%	53%	

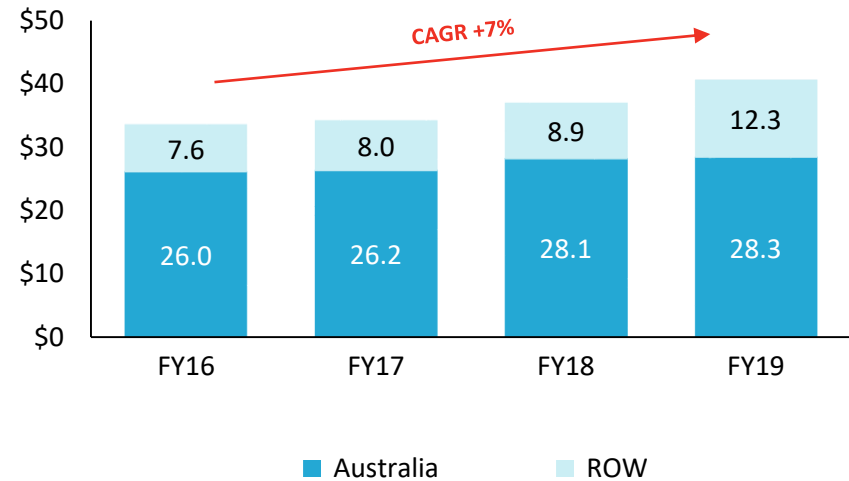
MCS sales by service area (US\$m)



- MPI sales and gross profit benefited from growth in KAPANOL® franchise and SUBA®-itraconazole globally, new contract services income and milestone payments from the out-licensing of key specialty products globally
- Signed two Chinese distribution agreements
 - Yung Shin Pharm to register and distribute ASTRIX® low dose capsules
 - Novotek Pharmaceuticals to register and distribute KAPANOL® sustained release capsules
- SUBA®-itraconazole now sold in 7 countries (US, Australia, Spain, Germany, Argentina, Mexico and Italy) up from 3 countries in FY18
- Two new contract services clients leveraging Salisbury’s oral and topical development capabilities

A\$million	FY19	FY18	Change FY19 v FY18
Revenue	40.7	36.8	10%
Gross Profit	10.0	8.0	25%
Gross Profit %	25%	22%	

MPI sales by region (A\$m)





Adjusted earnings¹

A\$million	EBITDA			Net income / (loss)		
	FY19	FY18	Change	FY19	FY18	Change
Reported result	111.6	116.8	(5.2)	(280.8)	(133.9)	(147.0)
Impairment (after tax)	-	-	-	272.7	140.5	132.2
SBD – abnormal DORYX® returns	-	13.3	(13.3)	-	9.2	(9.2)
GPD – abnormal stock adjustments	-	17.3	(17.3)	-	12.0	(12.0)
Restructuring expenses	-	16.3	(16.3)	-	13.6	(13.6)
HPPI – warrants and share of losses	11.2	0.9	10.3	11.5	(1.3)	12.8
Earn-out revaluation	5.5	(1.8)	7.3	5.5	(1.8)	7.3
Drug pricing litigation	2.7	0.7	2.0	2.2	0.5	1.7
US tax	-	-	-	3.2	19.9	(16.7)
Total adjustments	19.4	46.7	(27.3)	294.9	192.6	102.4
Underlying result	130.9	163.5	(32.5)	14.1	58.7	(44.6)

1. Attributable to members

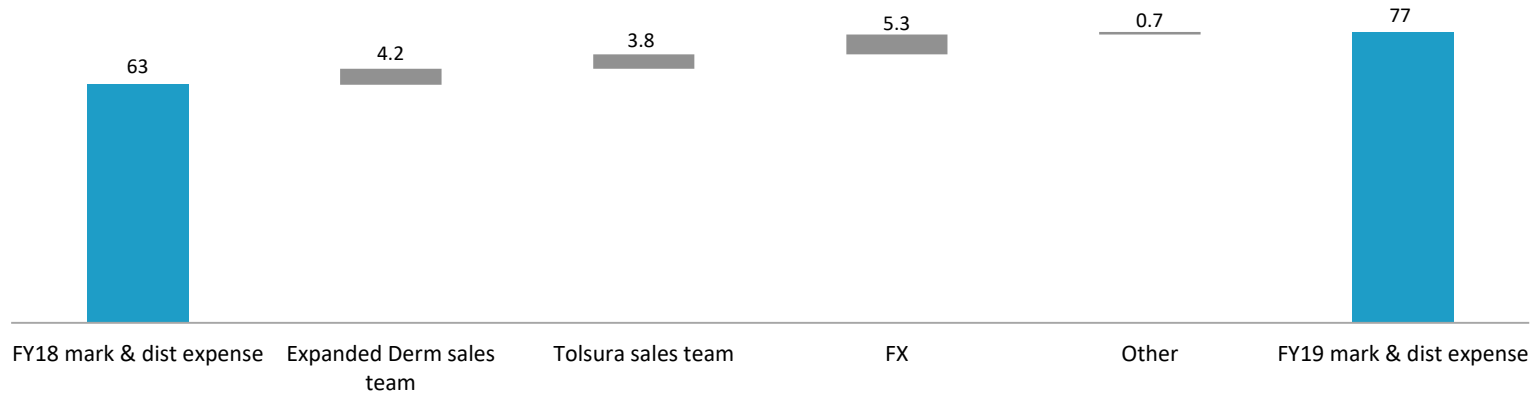
Reconciliation of HPPI

A\$million	FY19			FY18		
	Mayne (attributable to members)	HPPI (NCI)	Total	Mayne (attributable to members)	HPPI (NCI)	Total
Research and development expense	27.4	1.2	28.5	14.3	1.1	15.5
Administration and other expenses	170.5	1.4	171.9	145.2	0.9	146.1
Amortisation	(78.4)	(0.4)	(78.9)	(69.8)	(0.4)	(70.2)
Share based payments	(8.7)	(0.3)	(9.0)	(14.3)	(0.2)	(14.5)
HPPI restatement of warrants	(8.2)	-	(8.2)	-	-	-
Earn-out revaluation & FX loss	(5.5)	-	(5.5)	1.6	-	1.6
Drug pricing investigations	(2.7)	-	(2.7)	(0.7)	-	(0.7)
Restructuring expenses	-	-	-	(5.8)	-	(5.8)
Administration expenses (excl. non cash and non operating)	67.0	0.7	67.7	56.1	0.4	56.5
Reported EBITDA	111.6	(2.6)	109.0	116.8	(2.2)	114.6

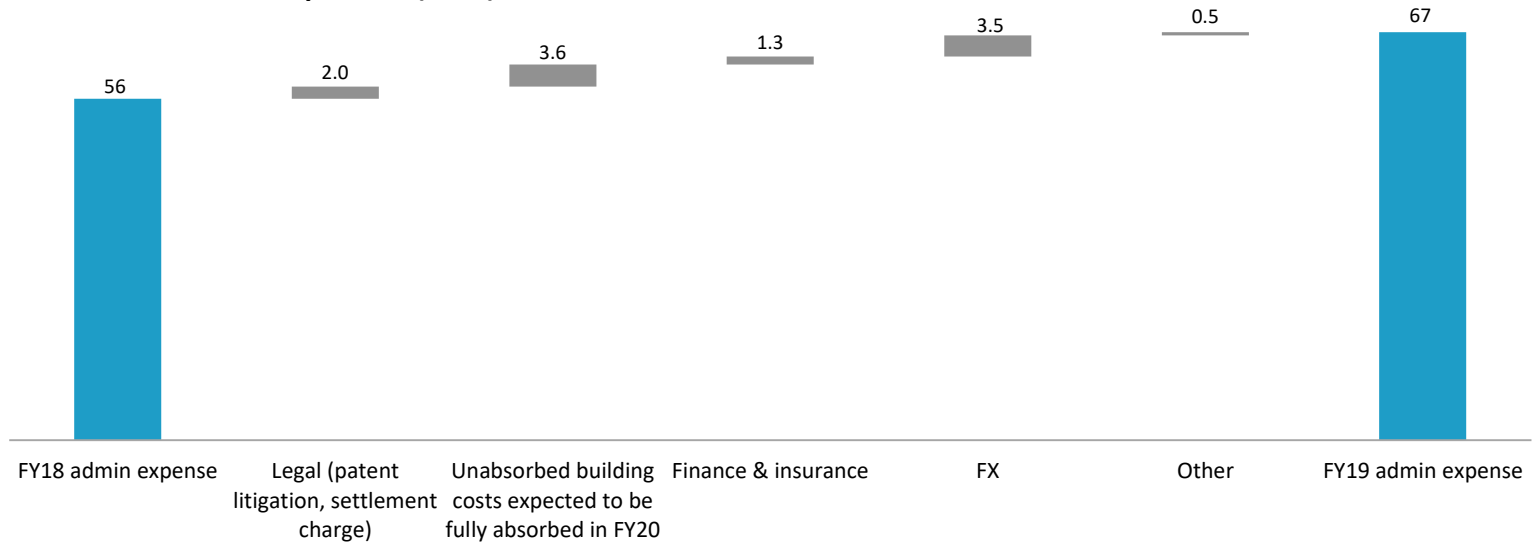


Greater investment in operating expenses to support Specialty Brands platform

Marketing and distribution (A\$m)



Administration and other expenses¹ (A\$m)

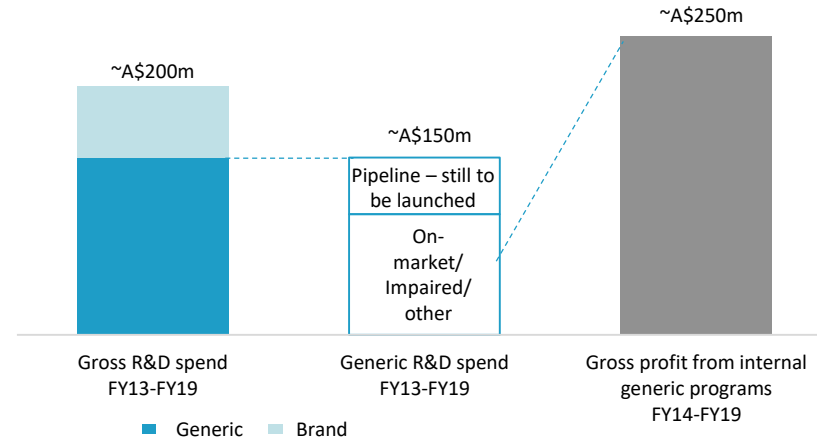


1. Attributable to members and excludes certain non-cash and non operating items as detailed in note 6 of the accounts

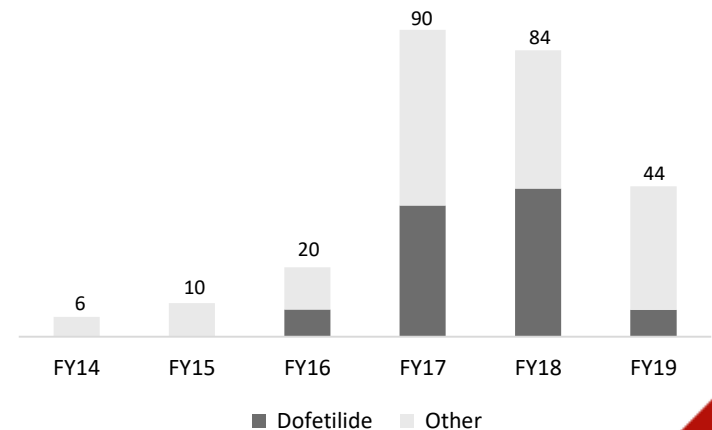
R&D / pipeline impairment

- ~75% of FY19 R&D spend directed to key therapeutic categories
- Brand R&D spend increased significantly in FY19 driven by increased clinical expenditure for SUBA®-itraconazole, trifarotene and other early stage brand projects
- R&D capitalisation rate declined to 43% (2018: 68%) as the company directed more R&D spend to brand programs, which is expected to continue to decline in FY20
- \$A38m impairment of specific generic pipeline products largely due to deterioration of market conditions with increased competition and price degradation
- Notwithstanding these generic impairments the cumulative gross profit from internally developed US generic launches is ~A\$250m since FY14 versus the R&D invested in generic programs of ~A\$150m

R&D cash spend and generic gross profit



US gross profit from internal generic programs (A\$m)



Consolidated balance sheet position

	As at	As at	As at
A\$million	30 Jun 19	31 Dec 18	30 Jun 18
Cash	89.0	96.2	87.3
Inventory	100.3	100.6	82.2
Receivables	256.6	300.8	252.7
PP&E	236.0	238.0	230.1
Intangibles & goodwill	797.6	1,178.8	1,054.5
Other assets	156.8	98.1	123.7
Total assets	1,636.3	2,012.5	1,830.5
Payables	129.9	177.8	152.6
Interest-bearing debt	369.4	394.6	374.1
Other financial liabilities	73.9	79.7	17.8
Other liabilities	49.0	62.9	50.7
Equity	1,014.1	1,297.4	1,235.2
Equity (attributable to members)	1,007.8	1,289.8	1,226.5
USD:AUD FX rate	0.7022	0.7054	0.7407



Consolidated cash flow – EBITDA to cash reconciliation

A\$million	Full Year ending	
	30 Jun 19	30 Jun 18
Reported EBITDA attributable to members ¹	111.6	116.8
Minority share of HPPI EBITDA	(2.6)	(2.2)
Consolidated EBITDA (100% HPPI)	109.0	114.6
Share based payments (non cash)	9.0	14.5
HPPI warrants fair value (non cash)	8.2	(1.6)
Movement in earn-outs (non cash)	7.3	(0.3)
Provisions (non cash)	(7.3)	11.9
Other	2.0	0.7
Operating Cash flow Before WC, interest and tax	128.2	139.7
WC movements ²	(29.1)	4.8
Net tax (paid) / received	21.0	(8.0)
Net interest paid	(13.5)	(15.0)
Net operating cash flow	106.6	121.5
Capitalised R&D	(21.8)	(32.8)
Acquisitions	(48.7)	(8.0)
Capex	(11.9)	(54.2)
Earn-out, warrant & deferred settlement payments	(9.3)	(23.4)
Free cash flow	14.9	3.1
Net proceeds borrowings & shares	(15.5)	20.2
Net cash flow	(0.6)	23.3

1. Reported EBITDA in Director's Report is attributable to members. Cash flow in the Financial Statements is on a consolidated basis and includes 100% of HPPI

2. Cash flow working capital movements based on average AUD/USD exchange rate for the period whereas the June and December balance sheet balances based on closing rates

Capital structure

- Dual currency debt facility
 - US\$150m, 3 year bullet facility, matures December 2021
 - US\$250m, 5 year revolving facility, matures December 2023
 - US\$50m, 364 days receivables financing facility (non-recourse facility), matures December 2019
 - US\$20m, 2 year working capital facility, matures November 2021
 - A\$10m, 2 year working capital facility, matures November 2021
 - >US\$200m undrawn debt
- Key bank covenants have significant headroom

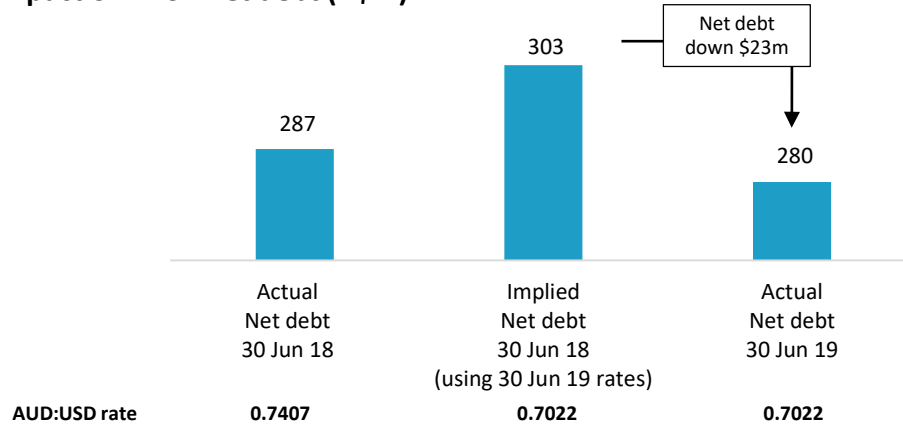
Net debt	As at 30 Jun 19	As at 30 Jun 18
AU cash A\$m	7.0	9.0
AU debt A\$m	110.0	0.0
US cash US\$m	57.6	58.0
US debt US\$m	185.7	280.0
Net debt A\$m	280.4	286.8

Financial metrics	As at 30 Jun 19	As at 30 Jun 18
Leverage ratio: Net financial debt ¹ / EBITDA Covenant <3.25x	2.0x	2.1x
Interest cover ratio: EBITDA / interest Covenant >3x	8.4x	11.2x
Shareholders funds Covenant > A\$800m	A\$1.0b	A\$1.2b

1. Leverage ratio excludes any drawn funds under receivables financing facility

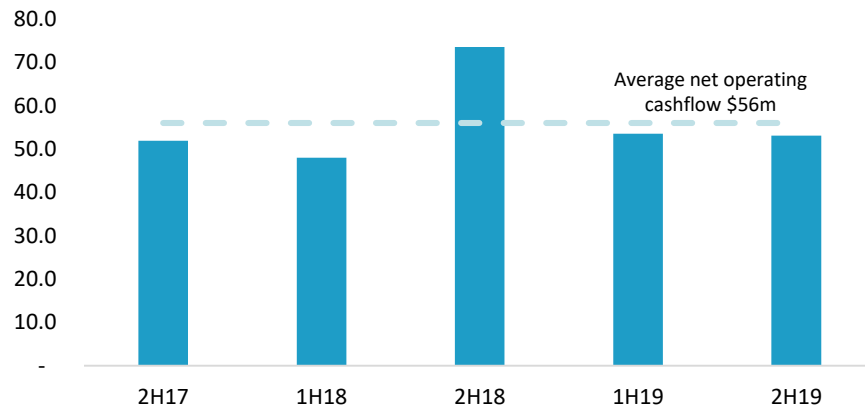
Net debt and operating cash flow

Impact of FX on net debt (A\$m)



- Net debt decreased by \$23m in FY19 on constant currency basis
- Strengthening USD is positive to Mayne Pharma's net asset value with 90% of assets and revenue in USD

Net operating cash flow (A\$m)



- 1HFY19 net operating cash flow impacted by ~A\$44m trading terms change by one of the major wholesalers
- Average operating cash flow \$56m over last five halves