ASX Announcement

ANNUAL GENERAL MEETING

MINTER ELLISON
LEVEL 23, 525 COLLINS ST, MELBOURNE VIC 3000
AT 10.30 AM ON 27 NOVEMBER, 2014

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen, I'm Roger Corbett, the Chairman of your company and I would like to welcome you all to the 2014 Mayne Pharma Annual General Meeting.

I have confirmed with the Company Secretary that we have a quorum present.

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 and Ron Best. We are joined by Professor Bruce Robinson, Dean of the Sydney Medical School, who recently joined the Board this year and is up for election today; 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 Ernst and Young.

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 business and our key strategic priorities; 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 Company had another strong year both financially and operationally. Revenue, gross profit and earnings were all up significantly on the prior corresponding year driven by organic growth in the business and product and enterprise acquisitions.

Revenue increased 72% to $143million and gross profit was up 92% to $75million. Reported earnings before interest, tax, depreciation and amortization (EBITDA) was $43.1million and

adjusted EBITDA was $40.4million, up 120%. The reported net profit after tax was $21.3million, up from a reported loss in the prior period.

Operationally, the Company has strengthened its management team both here and in the US; it has materially increased its portfolio of both marketed products and its pipeline of products under development; and our geographic footprint has expanded through a number of licensing deals for Lozanoc™ in Italy, Spain, Portugal, Austria and China.

The Company now has more customers and more distribution channels than ever before and is certainly more diversified than 2 years ago when the largest product, US Doryx™, represented 40% of sales. In FY14, this product accounted for just 16% of group revenue.

The Metrics and Libertas businesses have both performed well and I am confident these acquisitions will continue to deliver solid earnings growth for the group over the coming years.

In terms of the business segments, all 3 segments recorded an increase in revenue on the prior year and the two US-based segments, Metrics Contract Services and US Products, both grew in USD terms after adjusting the prior year to include a full 12 month contribution from the Metrics acquisition.

Metrics Contract Services, our fee-for-service business delivered a solid result with its sales up 6% in USD terms when compared with a full 12 month period in the prior year. The new management team and our investment in new facilities and equipment have helped drive this segment over the year.

The other key segment in the US, the US Products segment, also had a solid year with sales up 30% in USD terms adjusting for a full 12-month contribution of Metrics in the prior year. This growth came from various sources including the Libertas acquisition, the branded product acquisitions of ZEBUTAL™, ESGIC™ AND LORCET™, further market penetration of directly distributed products and generic launches of products that were developed here in Australia.

The launch of generic Doryx™ tablets and generic Eryc™ capsules were the first revenue synergies to materialise from the Metrics acquisition and delivered almost US$5m of sales or 9% of US Products' revenue last year. We expect more products, developed by our R&D team based here in Australia, to be launched in the US in due course.

The final segment is the Australian-based business, Mayne Pharma International, which rebounded strongly over the year with sales up 38% to $61 million driven by our key branded franchises - Doryx™, Kapanol™ and Astrix™ and licensing fee income.

Sales of US Doryx™ had a very strong year with sales up 60% to US$21 million following the launch of the 200mg strength tablet. As Scott will mention in his speech, the US Doryx™ franchise remains our number one strategic priority and is facing some headwinds this year due to declining prescriptions written by dermatologists following significant changes made to the US sales team by Actavis after its acquisition of Warner Chilcott.

The business continues to invest heavily in research and development and spent almost

$20million in the last financial year up 82% from the prior year. This investment was directed towards both generic and proprietary programs and we expect to more than double the number of molecules the company markets globally in the next 3 years.

By the end of FY14, the Company marketed 27 molecules globally and had a pipeline of more than 60 products of which 17 were pending approval at the US FDA and 16 were pending approval at the Australian TGA.

This time last year we had just 7 products filed with the FDA and 2 years ago we had just 2 products filed with the FDA. What is more remarkable is the addressable market that these products are targeting. In terms of the US filed pipeline the addressable market has grown from US$35 million two years ago to more than US$1.8 billion today.

One of the key reasons for acquiring Metrics 2 years ago was gaining direct access to the world's largest pharmaceutical market. The generic industry in the US is experiencing solid growth with sales up 15% last year to over US$60 billion. Generics are increasing in demand due to an aging population, increase in life expectancy, increasing incidence of chronic disease and patent expiry.

Your Board believes that continued investment in R&D to expand and progress this pipeline to commercialisation will deliver improved returns to shareholders. Our strategy for the US pipeline is to have a diversified product portfolio including some difficult to formulate products, some controlled substances that cannot be imported into the United States, and a number of paragraph IV products which may be the first generic to market. By targeting products with these and other differentiating characteristics, we expect the level of competitive intensity to be lower which should lead to above average returns.

One continuing frustration for the Company has been the lack of FDA approvals. This is an industry wide issue, which we expect will improve over time. We do not believe this is a function of the quality of our product filings, but rather the limited resources available at the FDA to review the backlog of applications. We did however receive our first FDA approval in June since acquiring Metrics, which was a generic Oxycodone Hydrochloride oral solution.

One major milestone for the Company that occurred last financial year was the first sales of Lozanoc™, our improved formulation of Itraconazole to our distribution partner ISDIN in Spain. This is certainly a tremendous achievement for the Company as this product had been under development for many years. It is pleasing that several European regulators, and now the TGA, have approved this product.

During the last year there were many other highlights that I'd like to quickly mention:

- We had US FDA inspections at both of our manufacturing sites in Salisbury and Greenville and both have been successfully completed. The Company has an excellent track record in Quality and Compliance and continues to invest heavily in this area;
- Approval of our first injectable product which has since been launched in Australia;

- We in-licensed 12 products from a number of specialty pharmaceutical companies to launch in Australia. These products are targeting the hospital injectable channel and further opioid pain products to complement Kapanol™;
- We signed a memorandum of understanding to in-license the oral anti-cancer agent Temozolomide for the US market from IDT Australia;
- We out-licensed intellectual property to HedgePath Pharmaceuticals whereby we granted an exclusive US license and supply agreement for use of SUBA™-Itraconazole in cancer in return for a 41.5% equity stake, a board seat and 2 positions on the joint development committee. HedgePath will pursue the clinical development, registration and commercialisation of the Company's patented formulation of Itraconazole for the treatment of a variety of cancers in the US; and finally
- We acquired the rest of world rights for Kapanol™, our sustained release morphine product from GSK.

So, in summary I am very pleased with the results that the business has been able to achieve over the last year.

Moving to the current financial year, the Company is facing headwinds with its US Doryx™ franchise as previously foreshadowed back in August. Despite these headwinds which Scott will now outline in more detail, the directors are very confident that we have the strategies, resources and operational plans in place that should leave our Company in a much stronger position in the second half and beyond.

Before handing over to Scott I would like to take a moment to acknowledge and thank the hard work and dedication of our management team and staff around the world led by Scott and Mark. I would also like to thank my fellow directors for their guidance and valuable input as well. Finally, I wanted to thank you, our shareholders for your continued support and interest in the Group.

I will now invite Scott to provide an update on the business, following which I will return to complete the more formal part of the meeting.

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