

## MAYNE PHARMA ANNOUNCES TRANSFORMATIONAL AND IMMEDIATELY ACCRETIVE ACQUISITIONS OF DORYX® AND US GENERIC PRODUCTS

---

10 February 2015, Melbourne Australia

- Mayne Pharma has entered into an agreement to acquire the Doryx® brand and related assets from Actavis plc for US\$50 million in the United States with closing expected to occur on or around 26 February 2015
- Establishment of US Specialty Brands Division to be staffed with a field sales team of 66 professionals operational from May 2015 to support the sales and marketing of Doryx®
- New leadership talent on board to drive and grow the US Specialty Brands Division including the former Vice President of Warner Chilcott's US Commercial Operations, Mr Andy McClenaghan
- Mayne Pharma has also entered into agreements to secure 100% ownership and control of two key existing generic products, namely the Butalbital / acetaminophen / caffeine (BAC) capsule ANDA and the methamphetamine tablet ANDA for up to US\$15.7m
- Transactions expected to be immediately and materially EPS accretive
  - Implied Doryx® acquisition multiple of 0.8x Actavis' Net Sales for calendar year 2014
  - Estimated combined monthly EBITDA contribution of US\$3.0m per month on average from July 2015
- Mayne Pharma will fund these acquisitions via a fully underwritten ~A\$115.0 million equity raising comprising:
  - an accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise approximately A\$105.0 million; and
  - an institutional placement ("Placement") to raise approximately A\$10.0 million

---

### Acquisition of Doryx® brand from Actavis plc (Actavis)

Today, Mayne Pharma has signed an agreement to acquire the Doryx® brand and related assets in the United States from its distribution partner, Actavis. Under the terms of the agreement, Mayne Pharma will acquire the Doryx® trademark, marketing materials, select product inventory and related medical and technical data.

Consideration for the acquisition is US\$50 million, payable at completion anticipated to be on or around 26 February 2015. Following completion, there will be a transition period of approximately two-months to support the transfer of the business to Mayne Pharma. During this period, Actavis will continue to package, distribute and actively promote the product.

Doryx® is a delayed-release oral tablet formulation of doxycycline hyclate used as an adjunctive therapy for severe acne and as a treatment for certain bacterial infections. Actavis reported Doryx® net revenues of US\$60.1 million in the twelve months ending 31 December 2014. Following this acquisition, Mayne Pharma expects the Doryx® product to contribute an average of US\$2.7 million EBITDA<sup>1</sup> per month from July 2015.

Doryx® competes in the US oral antibiotic acne market. The addressable doxycycline market – representing the use of any doxycycline product by dermatologists in the treatment of acne - is over 2.7 million prescriptions annually. Doryx® currently holds a 10% share of the total addressable market including generics<sup>2</sup>.

Mayne Pharma's CEO, Mr Scott Richards said, "The Doryx® acquisition transforms the current US business platform into a diversified and integrated pharmaceutical business with exciting growth platforms in generics, contract services and now, specialty brands. Mayne Pharma will now market and distribute the Doryx® product in addition to manufacturing it. We know the Doryx® product well and have been manufacturing different formulations of the product for the past 30 years. The Company continues to invest in the development of new and effective formulations of Doryx® and expects to bring new innovations to market over the coming years."

"We are very attracted to the underlying fundamentals of the dermatology market and the acquisition of the Doryx® brand will enable us to accelerate the establishment of a specialty brands division and further diversify our portfolio. We believe acquiring the Doryx® brand is the most attractive option for optimising our doxycycline franchise. Furthermore we believe we can reinvigorate the Doryx® brand, improve market share and the contribution of this franchise to the Company through renewed leadership focus and on-going patient-centric innovation."

## Expanded leadership team supporting new US Specialty Brands Division

Mayne Pharma has secured a number of world-class industry leaders to drive the growth of the US Specialty Brands Division. Andy McClenaghan, previously leader of Warner Chilcott's US Commercial Operations has joined the team. Whilst at Warner Chilcott, Andy was responsible for US\$2 billion in sales, a 700 member sales team and key brands including Doryx® until its acquisition by Actavis in October 2013. Andy has more than 25 years experience in the pharmaceutical industry working across general management, marketing, sales, managed care, operations and regulatory affairs.

Anne Marie Carullo has joined the team as Senior Sales Director, Specialty Brands. Previously, Anne Marie was Sales Director in the Dermatology and Women's Health Care divisions of Warner Chilcott. She has extensive experience in leading diverse sales teams, new product launches, recruitment and talent development and brand management.

Whilst at Warner Chilcott, both Andy and Anne Marie were integral in managing Doryx®, including the successful launch of the 200mg dose tablet in mid-2013.

---

<sup>1</sup> Includes the manufacturing margin that Mayne Pharma earns currently

<sup>2</sup> As at 2 January 2015. Source: IMS Health

In addition, Tom Cummings has been appointed as Vice President, Commercial Operations. Tom is a strategic marketing professional with over 20 years of pharmaceutical experience across brand development, commercial analytics, business development, sales management and operations. He previously worked at URL Pharma and Johnson & Johnson and has contributed to the success of many brands in the dermatology and pain field.

## US generic products transactions

Mayne Pharma has also entered into agreements to acquire the BAC capsule ANDA and full ownership of the Methamphetamine tablet ANDA for combined consideration of up to US\$15.7m. Methamphetamine tablets are indicated for the treatment of attention deficit disorder and BAC capsules are used to treat tension headaches (migraines).

Both products are currently sold by Mayne Pharma and had legacy profit share arrangements with third parties – which for BAC has been amended and for Methamphetamine has been terminated. The effect of these transactions is to increase the economic benefit that flows to Mayne Pharma giving the Company maximum control over these products and full residual rights to the profits generated.

The markets for these products are attractive with limited generic competition. The Methamphetamine market is valued at US\$9m per annum and the BAC capsule market is valued at US\$4.4m per annum for the dose strength in question. Mayne Pharma's products have the number one share in both markets.

The two transactions are expected to deliver an additional US\$0.3m in earnings per month on average from FY16, representing an implied acquisition multiple of 4.4x EBITDA.

## Equity raising to fund the acquisition

Mayne Pharma will fund these acquisitions via a fully underwritten ~A\$115.0 million equity raising comprising:

- an accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise approximately A\$105.0 million; and
- an institutional placement ("Placement") to raise approximately A\$10.0 million.

The balance of the proceeds of the equity raising will be used to fund the start up costs of the Specialty Brands Division and for incremental working capital and general corporate purposes, including accelerating the development, registration and marketing of Mayne Pharma's existing product pipeline and further potential product acquisitions.

All shares offered under the Entitlement Offer will be offered at a price of A\$0.61 per new share ("Offer Price"), representing a 10.2% discount to the theoretical ex-raising price ("TERP") based on the closing price of Mayne Pharma's shares on 9 February 2015.

The Placement will be conducted via a variable price bookbuild with an underwritten floor price of \$0.64 per new ordinary share. The final issue price will be determined via the bookbuild ("Bookbuild Price").



## ASX Announcement

The new ordinary shares will rank equally with existing ordinary shares.

Mayne Pharma's shares will remain in trading halt until 12 February 2015. Settlement of the Institutional Entitlement Offer and Placement is expected to occur on 19 February 2014 with quotation of the new shares expected on 20 February 2014. Settlement of the Retail Entitlement Offer is expected on 10 March 2015, with quotation of the new shares expected the following day.

All Mayne Pharma Directors have committed to participate in the Entitlement Offer.

Under the Retail Entitlement Offer all eligible Mayne Pharma shareholders are entitled to subscribe for:

- (i) up to their 1-for-3.45 entitlement; and
- (ii) additional new shares through the Top Up Offer, with such over-subscriptions to be satisfied out of shortfall shares, subject to a 50% maximum per entitlement and Board discretion.

The Entitlement Offer and Placement are underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch. Credit Suisse Emerging Companies (Australia) Pty Limited is financial advisor to Mayne Pharma on the acquisition of the Doryx® brand.

Further detail on the Offer is included in Appendix A.

Shareholders are advised to refer to the "Acquisition of Doryx and selected generic product transactions" presentation released to the ASX this morning for further details of the acquisition and the Offer.

### For further information contact:

Scott Richards	+61 3 8614 7777
Mark Cansdale	+61 3 8614 7777
Lisa Pendlebury	+61 419 548 434, <a href="mailto:lisa.pendlebury@maynepharma.com">lisa.pendlebury@maynepharma.com</a>



# ASX Announcement

## Appendix A The Entitlement Offer

The ~A\$115m equity raising includes an underwritten 1-for-3.45 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$105m.

The Offer Price of A\$0.61 per New Share represents a 10.2% discount to the theoretical ex-raising price ("TERP") based on the closing price of Mayne Pharma's shares on 9 February 2015.

Each new share issued under the Offer will rank equally with existing Mayne Pharma shares in all respects.

Eligible shareholders are invited to subscribe for one new Mayne Pharma fully paid ordinary share ("New Shares") for every 3.45 existing Mayne Pharma fully paid ordinary shares held as at 7pm (Melbourne time) on Friday 13 February 2015 ("Record Date"), at an Offer Price of A\$0.61 per New Share.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full entitlement will not receive any payment or value in respect of entitlements they do not take up and their percentage equity interest in Mayne Pharma will be diluted.

The Entitlement Offer comprises an institutional component ("Institutional Entitlement Offer") and a retail component ("Retail Entitlement Offer").

### **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer. The Institutional Entitlement Offer will open today, 10 February 2015.

Eligible institutional shareholders can choose to take up their entitlement in whole, in part or not at all. In addition, under the Institutional Entitlement Offer, New Shares equal in number to those attributable to entitlements not taken up by eligible institutional shareholders, together with New Shares attributable to entitlements which would otherwise have been offered to institutional shareholders in ineligible jurisdictions will be offered to institutional shareholders through a bookbuild at the Bookbuild Price per New Share.

### **Retail Entitlement Offer**

Mayne Pharma retail shareholders registered as a shareholder in Australia or New Zealand on the Record Date ("Eligible Retail Shareholders") will be entitled to participate in the Retail Entitlement Offer on the terms and subject to conditions set out in the booklet to be sent to Eligible Retail Shareholders in relation to the Retail Entitlement Offer ("Retail Offer Document"). The Retail Entitlement Offer will open on Wednesday 18 February 2015 and close at 5.00 pm (Melbourne time) on Wednesday 4 March 2015.

Eligible Retail Shareholders can choose to take up their entitlements in whole, in part or not at all. Eligible Retail Shareholders who take up their entitlement in full can also apply for additional New Shares in excess of their entitlement ("Top Up Offer"). Eligible Retail Shareholders are not assured of being allocated any New Shares in excess of their entitlement under the Top Up Offer. The issue of New Shares in excess of entitlements under the Top Up Offer is dependent on the availability of renounced shares and a 50% maximum per entitlement. Mayne Pharma retains



## ASX Announcement

final discretion regarding allocations under the Top Up Offer to ensure equity for all shareholders.

The Retail Offer Document (including the “Acquisitions of Doryx® and selected generic product transactions presentation”) is to be lodged with ASX and dispatched to Eligible Retail Shareholders on Wednesday 18 February 2015 and will also be made available on Mayne Pharma’s website ([www.maynepharma.com](http://www.maynepharma.com)). Any Eligible Retail Shareholder who wishes to acquire New Shares under the Retail Entitlement Offer should review the Retail Offer Document and will then need to complete, or otherwise apply in accordance with, the personalised application and entitlement form that will be in or will accompany the Retail Offer Document.

Retail shareholders who have questions regarding the Retail Entitlement Offer should read the Retail Offer Document in full and if they require further information, call Computershare Investor Services Pty Limited on 1300 850 505 (local call cost within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 8:30am to 5:00pm (Melbourne time) Monday to Friday during the offer period between Wednesday 18 February and Wednesday 4 March or go to Mayne Pharma’s website.

### Summary of Key Dates<sup>3</sup>

Institutional Entitlement Offer opens	10 February 2015
Institutional Entitlement Offer closes and bookbuild for Placement shares and institutional shortfall	11 February 2015
MYX shares recommence trading	12 February 2015
Entitlement Offer Record Date (7pm Melbourne time)	13 February 2015
Retail Offer Document and application and entitlement forms dispatched to Eligible Retail Shareholders	18 February 2015
Retail Entitlement Offer opens	18 February 2015
Settlement of the Institutional Entitlement Offer and Placement	19 February 2015
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer and Placement	20 February 2015
Retail Entitlement Offer closes (5pm Melbourne time)	4 March 2015
Settlement of the Retail Entitlement Offer	10 March 2015
Allotment of New Shares issued under the Retail Entitlement Offer	11 March 2015
Anticipated completion of Doryx® acquisition	26 February 2015

<sup>3</sup> These dates are indicative only and subject to change. All times and dates refer to Melbourne, Australia time. Mayne Pharma reserves the right to amend the timetable, including, in consultation with the Joint Underwriters, to extend the closing date for the Retail Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of New Shares and/or to accept late applications either generally or in specific cases.



## ASX Announcement

### About Mayne Pharma

*Mayne Pharma is an ASX-listed specialty pharmaceutical company that develops and manufactures branded and generic product globally - either directly or through distribution partners, while applying its drug delivery expertise for contract development and manufacturing services.*

*Mayne Pharma has a 30-year track record of innovation and success in developing new oral drug delivery systems and these technologies have been successfully commercialised in numerous products that have been marketed around the world.*

*Mayne Pharma has two drug development and manufacturing facilities based in Salisbury, Australia and Greenville, NC, USA with expertise in formulating complex oral dose forms including highly potent compounds, controlled substances, modified release products and inherently unstable compounds.*

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.