

MAYNE PHARMA ANNOUNCES ACQUISITION OF US GENERIC PRODUCT PORTFOLIO FROM TEVA AND ALLERGAN

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

28 June 2016, Adelaide, South Australia

- Mayne Pharma Group Limited ("Mayne Pharma") has entered into an agreement to acquire 37 approved and 5 FDA filed products from Teva Pharmaceutical Industries Limited ("Teva") and Allergan plc ("Allergan") for cash consideration of US\$652m. The acquisition price represents less than 6 times projected FY17 EBITDA for the acquired portfolio¹
- The acquisition significantly transforms the scope and breadth of Mayne Pharma's US generics division and is expected to propel Mayne Pharma into the top 25 retail generic pharmaceutical companies and the top 2 in the generic oral contraceptives market in the United States²
- The acquisition substantially increases and diversifies Mayne Pharma's earnings across more products, therapeutic areas, dosage forms and complex technologies, and builds upon Mayne Pharma's expertise in modified-release, potent compounds and controlled substances
- The acquired portfolio is expected to contribute sales of US\$237m in FY17 with gross margins greater than 50%
- Expected to be very significantly accretive to reported and cash earnings per share (pre synergies) in FY17³
- Mayne Pharma will fund the acquisition via an extension of its existing debt facility, and a fully underwritten A\$601m 1-for-1.725 accelerated non-renounceable entitlement offer and A\$287m placement

Acquisition of US generic product portfolio from Teva

Mayne Pharma is pleased to announce that it has entered into a binding agreement to acquire a portfolio of US generic products ("Portfolio") from Teva and Allergan for cash consideration of US\$652m. The Portfolio consists of 37 approved products and 5 FDA filed products in attractive markets with limited competition, across a range of therapeutic areas.

¹ Price excludes transaction costs and additional investment of A\$120m required for capital expenditure, technology transfer and working capital.

² IMS Health MAT gross sales April 2016, adjusted for recent acquisitions.

³ Excludes transaction costs. Cash EPS excludes the impact of the amortisation associated with identified intangibles recognised at the acquisition date as well as other certain non-cash adjustments.

The Portfolio aligns strongly with Mayne Pharma's core competency in complex pharmaceutical formulations and includes difficult to manufacture modified-release tablets and capsules, soft-gel capsules and transdermal patches.

The divestiture by Teva has been mandated by the US Federal Trade Commission ("FTC") in connection with Teva's proposed acquisition of Allergan's generic drug business. Completion of Mayne Pharma's acquisition is expected to be concurrent with the closing of Teva's acquisition and is subject to the FTC approving that transaction and Mayne Pharma's acquisition of the Portfolio.

Rationale for the acquisition

Mayne Pharma's CEO, Mr Scott Richards, said "The acquisition transforms Mayne Pharma's Generic Products Division into a top 25 player in the US retail generics market, diversifying Mayne Pharma's earnings across a broad range of products, therapeutic areas and technologies. This attractive Portfolio spans multiple dosage forms and complements our expertise in higher-value, niche and differentiated products. The on-market products have strong shares in stable, mature markets, while the pipeline products are expected to deliver additional growth in attractive markets as they are launched over the next couple of years."

The transaction is expected to create multiple opportunities for further growth through leveraging existing relationships with customers and suppliers. Stronger and deeper relationships with customers will drive incremental portfolio selling opportunities for existing marketed products. The expanded supply chain network of active pharmaceutical ingredient ("API") providers and contract manufacturing organisations ("CMOs") is also expected to unlock new portfolio and pipeline opportunities.

This Portfolio will strongly complement Mayne Pharma's existing generic portfolio and lead to greater operational efficiencies due to economies of scale. Up to eleven of the acquired products will be transferred into Mayne Pharma's commercial manufacturing facilities in Greenville, North Carolina and Salisbury, South Australia. This will accelerate the utilisation of existing and previously announced expansions to manufacturing capacity, and enable additional margin to be captured over time, improving overhead recovery and the return on recent capital invested to expand these facilities.

The acquired Portfolio is expected to add more than US\$237m to Mayne Pharma's FY17 net sales with gross margins greater than 50%. The transaction is expected to be very significantly accretive to earnings per share (on both a cash and reported basis, excluding synergies) in FY17.

Mayne Pharma has been working closely with Teva and the FTC since December 2015 and has established supply agreements with Teva for the manufacture of certain products not currently outsourced to CMOs for up to five years. Following completion, execution risk will be mitigated by the FTC's on-going monitoring of compliance with a public Consent Order issued by the FTC, which aims to ensure market competitiveness. Typical obligations in a Consent Order include requirements for the seller to prioritise the supply of products to Mayne Pharma over products for its own use, provide certain transitional services and take all necessary actions to maintain economic viability and marketability of the divested products until they are transferred.

Funding the acquisition

Mayne Pharma will fund the acquisition via:

- a fully underwritten approximately A\$888m equity raising comprising:
 - an accelerated non-renounceable entitlement offer (“Entitlement Offer”) to raise approximately A\$601m
 - a placement (“Placement”) to raise approximately A\$287m; and
- an extension of Mayne Pharma’s existing debt facilities secured in June 2015. The facility is a flexible dual currency facility which is used to fund Mayne Pharma’s global operations and comprises:
 - US\$150m, 3 year amortising facility
 - US\$250m, 5 year “bullet” facility
 - A\$10m and US\$20m working capital facility

The proceeds of the capital raising and debt facility will be used to fund:

- the acquisition of the Portfolio
- costs associated with the transfer of products to Mayne Pharma facilities as well as to new CMOs
- capital expenditure required to purchase additional equipment and support in-house manufacturing at Salisbury and Greenville
- injection of working capital as no finished good inventory is acquired as part of the transaction
- transaction costs

Shares offered under the Entitlement Offer (“New Shares”) will be issued at a price of A\$1.28 per New Share⁴ (“Offer Price”), representing a 9.2% discount to the theoretical ex-raising price (“TERP”) based on the closing price of Mayne Pharma’s shares on 27 June 2016.⁵ Shares issued under the Placement will be issued at \$1.50 per New Share.

The new ordinary shares will rank equally with existing ordinary shares. New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Further details on the Entitlement Offer are included in Appendix A.

Further information

Shareholders are advised to refer to the “Acquisition of U.S. generic product portfolio from Teva and Allergan” presentation released to the ASX this morning (28 June 2016) for further detail on the acquisition of the Portfolio, the Entitlement Offer and an update on Mayne Pharma’s current trading.

⁴ Entitlements not taken up in the Institutional Entitlement Offer will be offered for sale at the Placement price in a bookbuild.

⁵ The closing price on 27 June 2016 was \$1.485 per share. TERP is the theoretical price at which shares in Mayne Pharma should trade immediately after the ex-date of the Entitlement Offer and reflects shares issued under the Entitlement Offer. The actual price at which Mayne Pharma shares trade will depend on many factors and may not be equal to TERP.



ASX Announcement

For further information contact:

Scott Richards

+61 3 8614 7777

Mark Cansdale

+61 3 8614 7777

Lisa Pendlebury

+61 419 548 434 lisa.pendlebury@maynepharma.com

Appendix A

The Entitlement Offer

The equity raising includes a fully underwritten pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$601m, comprised of an offer to eligible institutional shareholders ("Institutional Entitlement Offer") and an offer to eligible retail shareholders ("Retail Entitlement Offer"). Eligible shareholders are invited to subscribe for 1 new Mayne Pharma fully paid ordinary share for every 1.725 existing Mayne Pharma fully paid ordinary shares held as at 7pm (Melbourne time) on 30 June 2016 ("Record Date").

All shares offered under the Entitlement Offer will be issued at a price of A\$1.28 per New Share⁶, representing a 9.2% discount to TERP based on the closing price of Mayne Pharma's shares on 27 June 2016.

Each New Share issued under the Entitlement Offer will rank equally with existing Mayne Pharma shares. New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

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.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer. The Institutional Entitlement Offer will open today, 28 June 2016.

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.

Retail Entitlement Offer

Every Mayne Pharma retail shareholder 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 4 July 2016 and close at 5.00 pm (Melbourne time) on 15 July 2016.

⁶ Entitlements not taken up in the Institutional Entitlement Offer will be offered for sale at the Placement price in a bookbuild.

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") capped at 50% of their entitlement. 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. Mayne Pharma retains final discretion regarding allocations under the Top Up Offer.

The Retail Offer Document (including the "Acquisition of U.S. generic product portfolio from Teva and Allergan" presentation) is to be lodged with ASX on 30 June 2016 and dispatched to Eligible Retail Shareholders on 5 July 2016. 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 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 the Company's share registry, 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 4 July 2016 and 15 July 2016 or go to Mayne Pharma's website.

Placement

All shares offered under the Placement will be issued at a price of A\$1.50 per New Share. Each New Share issued under the Placement will rank equally with existing Mayne Pharma shares in all respects. New Shares issued under the Placement do not have rights in the Entitlement Offer.



ASX Announcement

Summary of Key Dates⁷

| | |
|--|------------------|
| Trading halt and announcement of acquisition and Entitlement Offer | Tue, 28 Jun 2016 |
| Institutional Entitlement Offer opens | Tue, 28 Jun 2016 |
| Institutional Entitlement Offer ⁸ closes and bookbuild for Placement shares and institutional shortfall | Wed, 29 Jun 2016 |
| Mayne Pharma shares recommence trading | Thu, 30 Jun 2016 |
| Entitlement Offer record date (7pm Melbourne time) | Thu, 30 Jun 2016 |
| Retail Entitlement Offer opens | Mon, 04 Jul 2016 |
| Retail Offer Booklet and Application and Entitlement Forms dispatched to Eligible Retail Shareholders | Tue, 05 Jul 2016 |
| Settlement of New Shares issued under Institutional Entitlement Offer and Placement | Wed, 06 Jul 2016 |
| Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer and Placement | Thu, 07 Jul 2016 |
| Retail Entitlement Offer closes (5pm Melbourne time) | Fri, 15 Jul 2016 |
| Settlement of New Shares issued under the Retail Entitlement Offer | Thu, 21 Jul 2016 |
| Allotment of New Shares issued under the Retail Entitlement Offer | Fri, 22 Jul 2016 |

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, South Australia, Australia and Greenville, North Carolina, USA with expertise in formulating complex oral dose forms including highly potent compounds, controlled substances, modified release products and inherently unstable compounds.

⁷ 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 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.

⁸ Shareholding declaration for Australian, New Zealand and Asian institutional holders due 4pm Melbourne time on 28 June 2016, shareholding declarations due for other offshore institutional holders due 7am Melbourne time on 29 June 2016.

Underwriters and legal advisors

The Entitlement Offer and Placement are fully underwritten. Legal advisors were K&L Gates LLP in New York (M&A and FTC) and Minter Ellison in Melbourne (equity, finance and local counsel).

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement 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, the registration of the US Securities Act and applicable US state securities laws.

Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward looking words such as “believe”, “expect”, “estimate”, “will”, “may”, “target” and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the acquisition of products from Teva and Allergan. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Mayne Pharma and cannot be predicted by Mayne Pharma and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Mayne Pharma operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of Mayne Pharma or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.