Mayne Pharma Group Limited

FY16 Results Presentation
26 August 2016

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

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Glossary

- A glossary of industry terminology is contained in the Mayne Pharma Annual Report which can be accessed at www.maynepharma.com and product descriptions are detailed at www.maynepharma.com/us-products and www.maynepharma.com/australian-products.

Key highlights

Strong financial results

- Revenue and reported EBITDA up 89% and 146% respectively on the prior corresponding period (pcp)
- All segments contributed to growth year on year
- Gross margin percentage of 63% driven by full year inclusion of high margin Doryx®
- Doryx® acquisition achieved EBITDA guidance of US$2.7m / month over FY16
- Net operating cashflow increased 139% to A$53.5m

Operational highlights

- Announced transformational US generic product portfolio acquisition from Teva Pharmaceutical Industries Ltd and its affiliates (Teva)
- Dofetilide capsules approved and launched in the US and awarded 180 days of market exclusivity as first-to-file paragraph IV ANDA
- Launched BAC tablet and authorised generic 50mg and 200mg Doryx® tablets in the US
- Patent-protected Doryx® MPC tablets approved and recently launched in the US
- Commenced construction of new solid dose oral manufacturing facility in Greenville, North Carolina
- Acquired 100% of Liothyronine ANDA from Perrigo
- Extended debt facility and completed A$888m capital raising to fund recent acquisitions

Strong growth in all key financial metrics[1]

Reported basis
Revenue
A$267.3m,
+89%

Underlying basis
EBITDA[2]
↑ A$88.5m, **+143%**

Reported basis
NPAT
↑ A$37.4m, **+379%**

Reported basis
Net operating cashflow after tax and interest
↑ A$53.5m, **+139%**

Reported basis
EPS
↑ 4.62cents, **+302%**

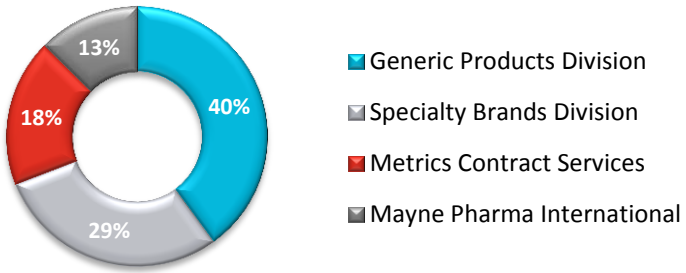
Excluding US Doryx®, revenue up 53% and EBITDA up 88% on pcp

(1) EBITDA and NPAT is profit attributable to members of the Company and reconciliation of underlying NPAT is detailed in the Appendix
(2) Adjustments to EBITDA in FY16 include a A$5.2m non-cash credit resulting from the decrease in the fair value of earn-out liabilities; A$6.7m payment to settle a dispute with a former distributor; A$6.8m of transaction and other related costs in relation to the acquisition of the US generic product portfolio in the US; A$1.3m of legal costs associated with US Department of Justice (DOJ) subpoena and A$2.0m negative P&L impact of HedgePath Pharmaceuticals attributable to members of the Company.

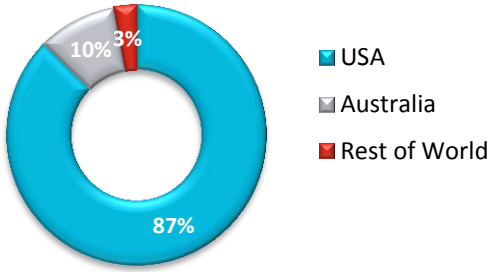
Mayne Pharma segment structure

	US Business Units			Rest of world
	Generic Products (GPD)	**Specialty Brands (SBD)**	**Metrics Contract Services (MCS)**	**Mayne Pharma International (MPI)**
Description	Develops, manufactures, markets and distributes generic products in the US	Markets and distributes specialty branded products in the US	Provides contract pharmaceutical development and analytical services to third party customers globally	Develops, manufactures, markets and distributes branded and generic products globally (excl. US)
Key products & services	• BAC • Carbidopa / Levodopa • Clonidine • Dextroamphetamine • Dofetilide • Liothyronine • Methamphetamine • Methylphenidate • Oxycodone • Range of oral contraceptives	• Doryx® • Doryx® MPC • Fabior® • Sorilux®	• Analytical services (method development, quality control testing, trace metal analysis, microbiology testing) • Formulation Development (inc clinical trials manufacturing)	• Astrix® • Doryx® • Eryc® • Lozanoc® / Itragerm® • Kapanol® / Kadian® • Luxiq® • Magnoplasm® • Olux-E® • Range of injectable products

Revenue by segment (FY16)



Revenue by geography (FY16)



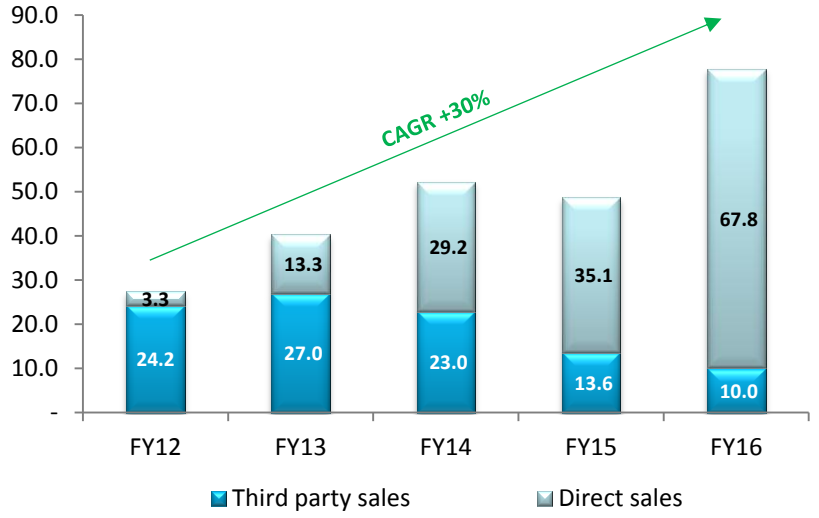
In FY17, GPD expected to represent >70% of revenue following US product acquisitions

Generic Products Division (GPD)

- GPD revenue up 60% on pcp to US$77.8m
- Directly distributed products now represent 87% of GPD revenue and grew 93% on pcp to US$67.8m driven by the launch of BAC tablet and dofetilide and further market penetration of oxycodone, hydrocodone and methamphetamine
- 8 of the top 10 molecules grew sales versus pcp
  - BAC cap, dofetilide cap, methamphetamine tab, erythromycin ER tab, liothyronine, doxycycline DR tab, have #1 or #2 market position by volume
  - Nystatin declined reflecting more competitive market dynamics
- Gross profit % declined reflecting changing portfolio mix (reduced royalties and greater contribution from dofetilide which is a 50:50 profit share product and oxycodone and hydrocodone)
- Enhanced Commercial Effectiveness – attracted top talent, implemented new customer relationship management solution and launched a customer segmentation sales strategy

A$million	FY16	FY15	Change FY16 v FY15
Revenue	106.8	58.2	83.6%
Gross Profit	60.8	38.5	57.9%
Gross Profit %	56.9%	66.2%	

GPD sales by distribution channel (US$m)



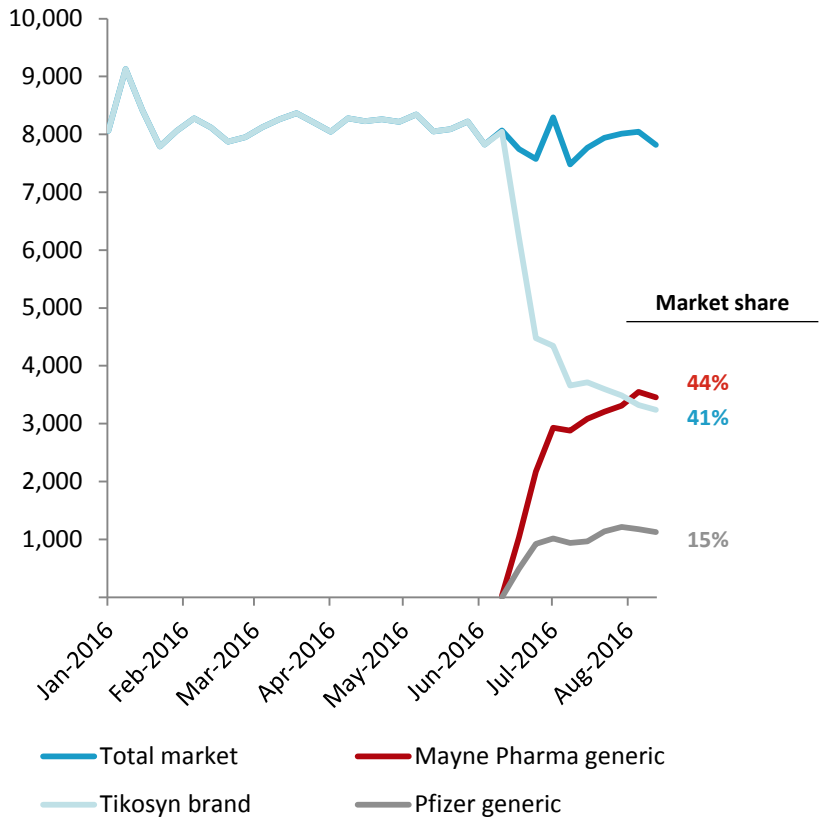
US generic product acquisition from Teva has been successfully transitioned

- August 2016 completed the acquisition of a portfolio of 42 products from Teva
- All major accounts have supported Mayne Pharma with the transfer of business
- Supply chain focused on quality and reliability of supply
  - All on-market products in warehouse and available for sale from day 1
  - 1,700 pallets in warehouse across 84 skus
  - In first week 195 batches released for sale
- 64% of SKU's in Mayne Pharma labelling with the remainder expected by end of September
- Implemented customer marketing plan – new product catalogue, website updates, visits to major customers, ongoing digital marketing campaigns
- Commenced activities to tech transfer 11 products to Mayne Pharma's facilities in Salisbury and Greenville and 15 oral contraceptives to strategic CMOs
- Focused on efficient commercial integration of acquired products

Dofetilide capsules – 180 days market exclusivity

- Successful launch of dofetilide capsules in the US – first generic approval to Pfizer's US$216m Tikosyn® brand[1]
- Dofetilide is an antiarrhythmic agent to prevent irregular heartbeats such as atrial fibrillation and atrial flutter
- Awarded 180-days of market exclusivity as the first company to file a substantially complete ANDA containing a Paragraph IV certification
- Achieved 100% return on investment in first week
- In latest week of available prescription data[2]
  - 59% of dofetilide market now generic and Mayne Pharma's dofetilide has 75% share of the generic market
  - Mayne Pharma's dofetilide represents more than half of all new patient prescriptions (NRx) and 44% share of total prescriptions (TRx)
- Partnership with Johnson Matthey (API supplier) to share profits equally from the sale of this product
- Expected to be Mayne Pharma's largest selling generic product in FY17

Dofetilide market weekly TRx(2)



(1) IMS Health, MAT June 2016
(2) IMS Health, US weekly dofetilide prescription volume, data up to week ending 12 Aug 2016

Specialty Brands Division (SBD)

- SBD revenue was US$56.7m for FY16
- Monthly Doryx® EBITDA achieved the US$2.7m guidance given in February 2015
- Since completion of the US$50m Doryx® acquisition in February 2015, this franchise has contributed more than US$45m in EBITDA
- In June and July, Mayne Pharma's branded and generic products constitute more than 80% of the doxycycline hyclate delayed-release 50mg and 200mg market[1]
- Doryx® MPC tablets approved by FDA in May 2016 and launched in August 2016
  - Orange Book listed patents: 1 expires Oct 2034
  - New formulation incorporates a modified polymer coat designed to further retard the release of doxycycline in the acidic environment of the stomach

A$million	FY16	FY15	Change FY16 v FY15
Revenue	77.8	17.6	342.3%
Gross Profit	73.4	17.1	328.4%
Gross Profit %	94.3%	97.3%	

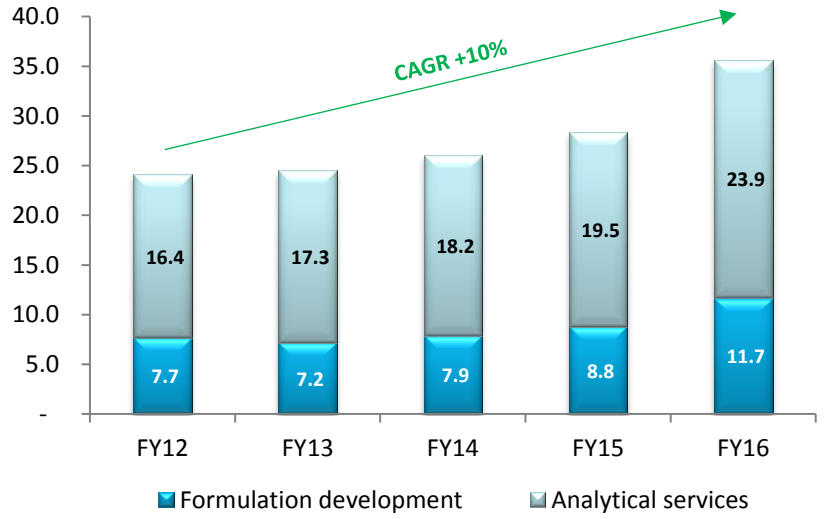
(1) IMS Health, weekly prescription volume

Metrics Contract Services (MCS)

- MCS revenue was US$35.6m up 26% on pcp
- Stronger gross profit margin reflects operating efficiencies, optimisation of pricing and later stage, higher margin development work
- Implementation of a new analytical laboratory efficiency program in the 2H16 delivered faster turnaround times for clients and added capacity through productivity improvements
- Facility expansion and new investment in technical equipment also attracting higher value, later stage work
- Key performance measures trending favourably:
  - Committed business pipeline grew 30% during FY16[1]
  - Introduced 18 new clients in FY16
  - Average value of quote dollars signed up 44% on pcp

A$million	FY16	FY15	Change FY16 v FY15
Revenue	48.9	33.8	44.7%
Gross Profit	26.4	17.0	55.0%
Gross Profit %	54.0%	50.4%	

MCS sales by distribution channel (US$m)



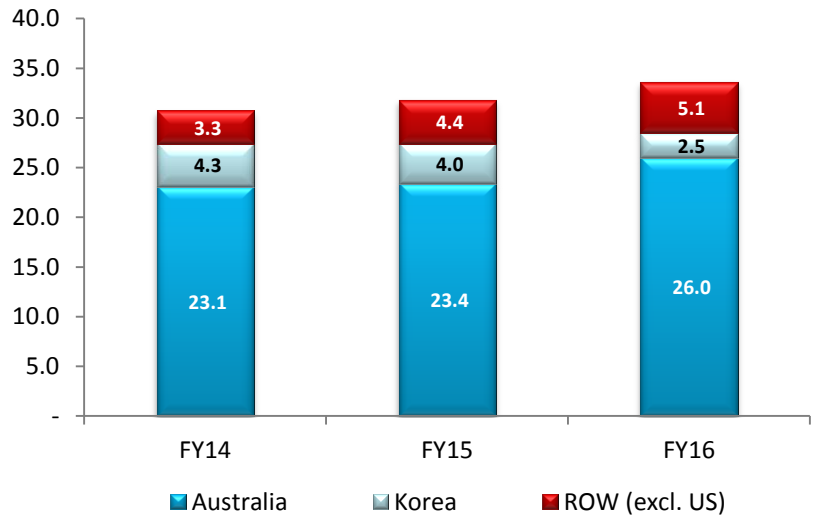
(1) Committed business pipeline is the next 6 months of signed purchase orders / statements of work

Mayne Pharma International (MPI)

- Australian sales up 11% to A$26.0m and international sales were down 10% to A$7.6m
- Australian sales growth was driven by:
  - Launch of oxycodone tablet – the first independent generic to Endone®
  - Launch of a number of injectable products including noradrenaline the first generic competitor to Levophed®
- Rest of world (ROW) benefited from sales growth in the morphine and itraconazole but were offset by lower aspirin sales in Korea due to challenging market conditions in the first half which have since reversed in the second half
- Lozanoc® (improved formulation of itraconazole) received PBS pricing reimbursement in Australia in April 2016 and was launched in Germany in May 2016

A$million	FY16	FY15	Change FY16 v FY15
Revenue	33.7	31.8	6.0%
Gross Profit	7.8	7.3	6.9%
Gross Profit %	23.1%	22.9%	

MPI sales by region (A$m)



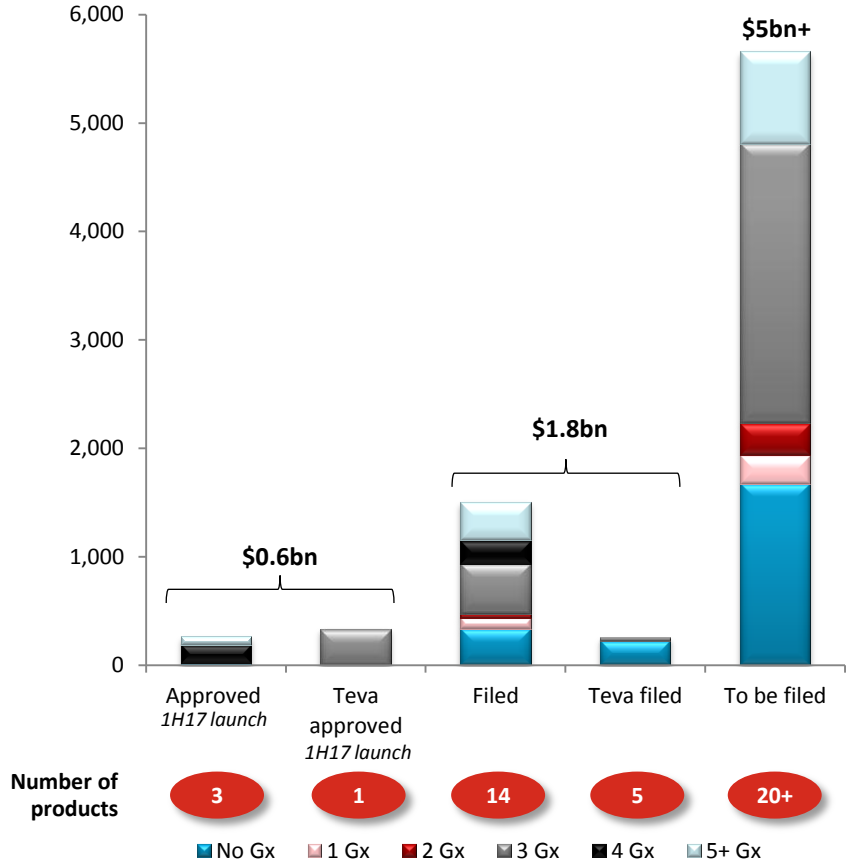
Greenville site expansion on track for completion in early 2018

Site construction as at August 2016

R&D update (includes acquired pipeline from Teva)

- R&D spend was A$28.6m up 71% as the company focused on higher value and niche product opportunities in the US
- 40+ pipeline products in the US targeting markets with IMS Health sales >US$7bn[1]
  - includes 19 products pending with FDA targeting markets >US$1.8b[1]
  - 4 products already approved expected to launch in 1HFY17 targeting markets with sales of US$600m
  - 5 products filed with the FDA during FY16
  - Added 8 new pipeline products during FY16 into development targeting markets with sales >US$1bn[1]
  - Targeting 5-7 filings in FY17
- 10+ pipeline products in Australia targeting markets with sales >A$100m[1]
- HedgePath Pharmaceuticals commenced Phase IIb study using SUBA-itraconazole in basil cell carcinoma nevus syndrome

Addressable market value of US pipeline products (US$ millions)[1]



Gx – generic competitor

(1) IMS Health, MAT June 2016

Multiple drivers of value in FY17

Generic Products Division

- Efficiently integrate recently acquired products from Teva
- Optimise market penetration of expanded product portfolio
- Commercialise filed pipeline
- Efficient and reliable product sourcing, manufacturing and supply
- In-license complementary generic products
- Leverage expanded portfolio in non-retail segments – government, universities and institutional
- Extract revenue and cost synergies from recent product acquisitions

Specialty Brands Division

- Capture value from branded and generic doxycycline franchise
- Effectively utilise sales force to re-launch Fabior® and Sorilux®
- Build new specialty therapeutic platforms that leverage the Company's commercial, R&D and manufacturing capabilities

Metrics Contract Services

- Enhance operational efficiencies and client experience
- Globalise customer base
- Introduce high value contract manufacturing services via Greenville site expansion

Mayne Pharma International

- Commercialise specialty products such as Lozanoc® through out-licensing arrangements in key markets to broaden global footprint
- Continue to build an injectable portfolio and branded specialty franchise in Australia

Investing for growth

- Pursue complementary generic and branded product or enterprise acquisitions
- Invest in further paragraph IV, complex generic programs and specialty products that leverage drug delivery expertise, commercial networks and supply chain organisations
- Development of SUBA®-itraconazole in cancer through strategic investment in US-listed HedgePath Pharmaceuticals
- Strengthen manufacturing capabilities through multi-site facility expansion programs

Appendix

Earnings comparison – attributable to members

	Full year ending		Change
A$million	**30 Jun 16**	**30 Jun 15**	**$m**
Revenue	267.3	141.4	125.9
Gross profit	168.4	80.0	88.4
Gross profit %	*63.0%*	*56.6%*	
EBITDA - underlying	88.5	36.4	52.1
EBITDA margin %	*33.1%*	*25.7%*	
Adjustments	(11.6)	(5.1)	(6.5)
EBITDA - reported	76.9	31.3	45.6
Depreciation / amortisation	(20.9)	(13.5)	(7.4)
Net interest[(1)]	(3.2)	(6.4)	3.2
Tax	(15.5)	(3.7)	(11.8)
NPAT - reported	37.4	7.8	29.6
NPAT - underlying	45.2	13.4	31.8
Average USD:AUD FX rate	0.728	0.837	

- Increased gross profit margins reflect full year inclusion of Doryx® acquisition
- Underlying adjustments made to FY16 EBITDA include:
  - A$5.2m non-cash credit resulting from the decrease in the fair value of earn-out liabilities for the MPI and methamphetamine acquisitions;
  - A$6.8m of transaction and other related costs in relation to the acquisition of the US generic product portfolio in the US;
  - A$1.3m of legal costs associated with DOJ subpoena;
  - A$6.7m payment to settle a dispute with a former distributor; and
  - A$2.0m negative P&L impact of HedgePath Pharmaceuticals during the period

(1) Includes finance expenses of $2.5m, notional non-cash interest expense of $1.1m less interest revenue of $0.5m

Balance Sheet position

	As at	As at	Change
A$million	**30 Jun 16**	**30 Jun 15**	**$m**
Cash	47.5	59.2	(11.7)
Inventory	38.9	22.4	16.5
Receivables	123.7	64.7	59.0
PP&E	84.4	59.6	24.8
Intangibles & goodwill	332.5	303.0	29.5
Teva product acquisition rights	876.1	-	876.1
Other assets	54.2	20.0	34.2
Total assets	**1,557.4**	**528.9**	**1,028.5**
Payables	144.4	60.0	84.4
Interest-bearing debt	76.8	61.8	15.0
Other financial liabilities	19.1	34.1	(15.0)
Teva product acquisition obligation	876.1	-	876.1
Other liabilities	64.7	50.9	13.8
Equity	**376.2**	**322.2**	**54.0**
Equity (attributable to shareholders)	**363.7**	**310.9**	**52.8**
Net debt (bank debt less cash)	29.4	2.6	26.8
USD:AUD FX rate	0.744	0.766	

- Growth in inventory, receivables and payables reflect the full year inclusion of Doryx® as well as the launch of new products including dofetilide in June 2016
- Net debt increased by $26.8m over the period
  - Current drawn debt is US$180m following recent product acquisitions
- Intangibles and goodwill increased $29.5m largely reflecting $22.6m capitalised development costs, $19.1m product acquisitions offset by $16.3m of amortisation

Cash flow

	Full year ending		Change
A$million	**30 Jun 16**	**30 Jun 15**	**$m**
EBITDA - underlying	88.5	36.4	52.1
WC movements & other	7.2	2.7	4.6
Net operating cash flow pre tax, interest, acquisition and other one-off items	**95.7**	**39.1**	**56.6**
Net interest paid	(1.0)	(3.9)	2.9
Net tax paid	(26.5)	(7.6)	(18.9)
Payment to settle dispute with a former distributor	(6.7)	-	(6.7)
Transaction & other one off costs	(8.1)	(5.2)	(2.9)
Net operating cashflow	**53.5**	**22.4**	**31.1**
Capitalised R&D	(22.6)	(13.5)	(9.1)
Acquisitions	(10.7)	(65.9)	55.2
Capex	(29.6)	(4.2)	(25.4)
Net proceeds borrowings & shares	18.0	115.1	(97.1)
Payment of earn-out liabilities	(21.0)	(11.9)	(9.1)
Net cash flow	**(12.3)**	**42.0**	**(54.3)**

- Net operating cash flow was A$53.5m up up 139% on FY15
- Notable cashflows during the period were
  - $28.6m in payments for R&D (expensed and capitalised)
  - $29.6m in capital expenditure
  - $21.0m in earn-out and deferred settlement payments relating to acquisitions
  - $10.7m payment for US product acquisitions
  - $8.1m for transaction and other one off costs
  - $6.7m to settle a dispute with a former distributor
  - Inflow of $18.0m representing the net proceeds from new borrowings and the issue of shares
- Increase in tax paid reflects increased assessable income and the timing of payments

Reconciliation of reported NPAT to underlying NPAT attributable to members

A$million	FY16	FY15
NPAT - Reported	37.4	7.8
Remove impact of HedgePath	2.3	(1.9)
Distributor settlement	4.7	-
Acquisition and related expenses	5.0	3.5
Impact of earn-out	(4.1)	3.0
Write off of borrowing costs	-	1.0
NPAT - Underlying	**45.2**	**13.4**