



Mayne Pharma Group Limited

FY11 Results Presentation
31st August 2011



Executive summary

- Challenging 12 month period
- Although US Doryx® sales down 46% during the period, sales of other products were up 18% on the full 12 month FY10 result
- New business development initiatives expanding product mix and distribution reach
- Business restructured to improve efficiencies and increase capacity utilisation
- Debt reduced to \$1.25m at end of July and will be completely paid down by end of October 2011
- Vigorously defending Doryx® patent
- SUBACAP® on track for launch in the EU during FY12
- Phase III trial to be completed in the US following FDA meeting

- Total revenue \$50.1m
- Gross profit \$23.2m
- R&D investment \$6.0m (11.9% of sales)
- Underlying EBITDA \$9.2m
- Underlying EBITDA margin 18.4%
- Reported NPAT \$1.7m
- Reported EPS 1.1cps
- Net operating cash flow before tax of \$7.0m
- Cash on hand \$5.8m
- Net cash (cash less debt) of \$3.5m
- No final dividend declared



FY11 earnings comparison

\$ millions	FY11 reported	FY11 adjustments	FY11 underlying	FY10 ¹ reported
Total revenue	50.1		50.1	36.7
Gross profit	23.2		23.2	18.5
EBITDA	7.9	1.3	9.2	8.5
Depreciation	(1.8)		(1.8)	(1.3)
EBITA	6.1	1.3	7.4	7.2
Amortisation	(6.1)		(6.1)	(5.3)
EBIT	0.0	1.3	1.3	1.9
Net interest	(1.5)		(1.5)	(1.3)
Tax	3.2	(0.3)	2.9	2.6
NPAT	1.7	1.0	2.7	3.3
Basic EPS (cents per share)	1.1			2.6
EBITDA margin	15.8%		18.4%	23.1%

1. Includes only 8 month contribution from MPI

Key features of the financial result

- Stronger AUD resulted in unfavourable exchange rate movements reducing earnings by approximately \$3m on the full 12 month FY10 period
- \$1.5m notional non-cash interest charge, representing the unwind of the discount on the earn-out
- Adjustments
 - \$1.0m restructure of the business to improve efficiencies and increase capacity utilisation
 - \$1.1m inventory provision associated with Doryx[®] product not yet approved
 - \$0.8m credit in results representing a reduction in the earn-out valuation due to change in assumptions
- Tax benefit a combination of a number of factors including carry forward tax losses, deferred tax assets not previously brought to account (refer Note 6 in Appendix 4E)

Balance sheet position

\$ millions	As at 30/6/11	As at 31/12/10	As at 30/6/10	Change 30/6/11 over 31/12/10
Cash	5.8	13.4	19.7	(56.7%)
Inventory & receivables	12.1	14.0	12.5	(13.3%)
PP&E	21.5	21.3	21.0	0.9%
Intangibles	8.2	11.2	14.2	(27.1%)
Other assets	6.1	3.9	3.8	57.3%
Total assets	53.7	63.8	71.2	(15.8%)
Interest bearing debt	2.3	4.9	8.6	(52.0%)
Earn out liability	15.1	21.8	21.0	(30.6%)
Total liabilities	29.5	39.3	45.6	(24.9%)
Equity	24.2	24.5	25.5	(1.2%)
Net cash (cash less debt)	3.5	8.5	11.1	(59.3%)
Debt / (debt + equity)	8.8%	16.6%	25.2%	

- Cash reduction of \$13.9m due to
 - \$6.6m in earn-out instalment paid to Hospira
 - \$5.1m in loan repayments
 - \$4.5m dividend payments
 - \$2.9m in tax payments
 - \$2.1m in capital expenditure
- \$6m reduction in intangibles reflects aggressive amortisation schedule
- Earn-out reduced by \$5.9m (net) reflecting payment of earn-out instalment, increase of \$1.5m for notional non-cash interest charge reflecting the unwind of the discount and \$0.8m reduction following a change in valuation assumptions
- Deferred tax asset recognised in relation to \$2.8m of carry forward tax losses

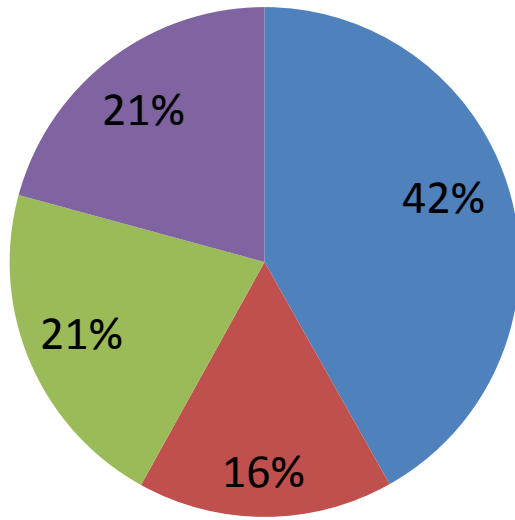


Cash flow

\$ millions	FY11	FY10
EBIT – reported	0.0	1.9
Amortisation / depreciation	7.9	6.6
Net interest paid	0.0	(0.1)
Tax paid	(2.9)	0.0
Other	(1.0)	2.0
Net operating cash flow	4.1	10.3
Capex	(2.1)	(0.4)
Acquisitions	0.0	(18.4)
Net proceeds of borrowings	(5.1)	8.0
Net proceeds from issue of shares	1.5	13.4
Dividends paid	(4.5)	0.0
Payment of earn-out liability	(6.6)	(1.1)
Net cash flow	(12.7)	11.8
FX impact on cash	(1.2)	0.0
Cash on hand at 30 June 2011	5.8	19.7

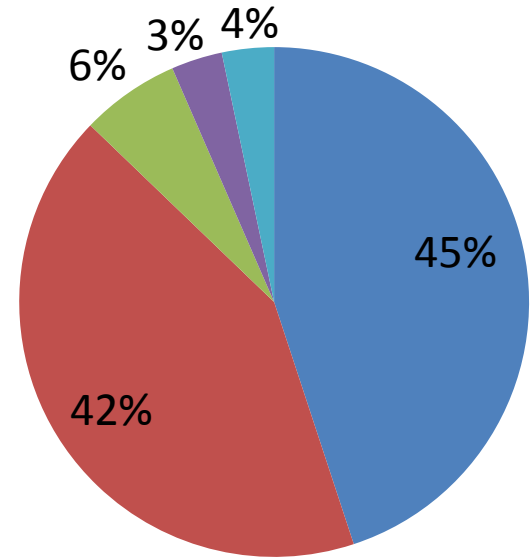
Group sales breakdown

Product sales



- Doryx
- Astrix
- Contract manufacturing
- Other

Regional sales



- Australia
- USA
- Korea
- Canada
- Other



Doryx[®]



- Doryx[®] our key proprietary product represents 42% of revenue
- Doryx[®] revenue fallen 46% on prior 12 month corresponding year
 - Continued strength in AUD reduced earnings by approximately \$3m year on year
 - Warner Chilcott reduced its pipeline inventories in anticipation of a new Doryx[®] dosage form being approved and made changes to Doryx[®] customer loyalty card
- Continuing to vigorously defend the Doryx[®] patent and take legal action against any companies seeking to infringe patent with generic products



Astrix®



- Astrix® represents 16% of revenue and up 27% on prior 12 month corresponding year
- HealthOne partnership has increased pharmacy representation from 630 stores to over 2,000 stores now stocking the product
- Initiated marketing to GPs for the first time in many years
- Korean partner, Boryung continues to actively market Astrix® and grow sales



Contract manufacturing

- Contract manufacturing of liquids and creams represents 21% of sales and up 11% on prior 12 month corresponding year
- New grocery lines introduced by customers
- Expanding effort in FY12 with new resources allocated to growing the customer base



SUBACAP® – Regulatory update

Europe

- Marketing authorisation application lodged in FY11
- Launch FY12 subject to appointment of marketing and distribution partner

US

- Successful Phase II onychomycosis study completed
- Phase III trial to be completed

Australia

- Seek meeting with TGA in FY12

Rest of world

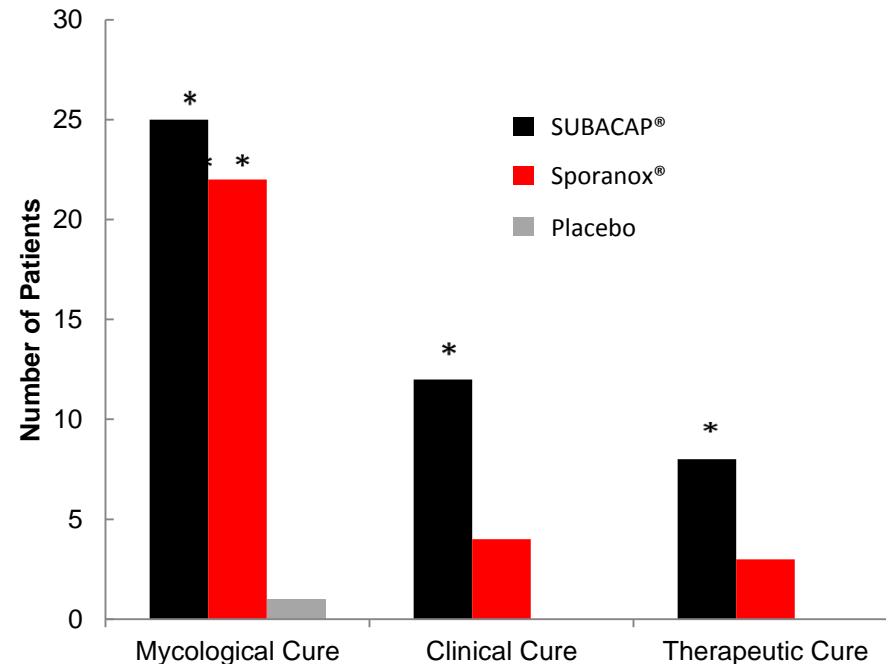
- Once EU approval granted, dossier used to support regulatory process in select Asian and South American countries

SUBACAP[®] – Phase II study

- Significantly improved formulation of itraconazole based on SUBA[®] technology
- SUBACAP[®] significantly superior to placebo at both efficacy endpoints
- SPORONOX[®] not significantly different to placebo
- Placebo had no cures

All cures at Week 24

* Significantly superior to placebo



Mycological cure - negative stain and culture

Clinical cure – nail rating score of 0 (<10% of the nail is missing, no thickening and no discoloration)

Therapeutic cure – clinical cure and mycological cure

Source: Company data on file



Dividend and debt repayment

- The Board has decided to preserve the company's capital and no final dividend has been declared
- The Board will make a decision in respect of future dividends after assessing the Company's operating performance at each half and outlook at that time
- US\$ debt to be completely paid down by end October 2011



Business strategy for growth

Optimising current business

- Expansion into new territories/markets
- Vigorous defense against generic competition
- Improved manufacturing efficiencies
- License technologies

Product development

- Lifecycle management - new dose strengths, formulations
- New drug development – improved chemical entities (ICEs)

Corporate development

- Company acquisitions
- Leverage partnerships
- Joint ventures

Portfolio expansion

- In-license/acquire branded products
- IP and/or market/regulatory exclusivity
- Sales and marketing expansion



FY11 milestones

Achieved

- SUBACAP[®] dossier lodged in EU
- Successful Phase II trial of SUBACAP[®] in the US
- Doryx[®] Settlement agreement with Heritage and Actavis
- Maiden dividend and special dividend paid
- Restructured business to deliver ongoing savings estimated at \$2.9m p.a.

Ongoing

- Appointment of marketing and distribution partners
- Regulatory approval of SUBACAP[®] in EU and US
- Clarity around Doryx[®] lifecycle management
- In licence / acquire / develop new products
- Expand contract manufacturing offering