

maynepharma

Mayne Pharma Group Limited







**Annual General Meeting
28 November 2017**



US generic industry dynamics

- Consolidation of customers and payers
- Acceleration of generic approvals by FDA
- Aggressive competition and pricing activities impacting the generic market
- Accelerated price deflation being reported by US generic peers
 - High single - mid teen digits
- Industry experiencing declining generic revenue and gross profit margins
 - -5% to -15% revenue declines
 - Some peers reporting 1,000 basis point reduction in gross margins

Share Price Performance (% change)

Company	1-Year	2-Year	3-Year	5-Year
 maynepharma	(60%)	(45%)	(9%)	+150%
 TEVA <small>TEVA PHARMACEUTICAL INDUSTRIES LTD.</small>	(64%)	(78%)	(77%)	(66%)
 Mylan	+3%	(28%)	(33%)	+41%
 Impax	+23%	(61%)	(45%)	(17%)
 endo	(53%)	(87%)	(89%)	(72%)
 Lannett	+20%	(32%)	(44%)	+462%

FY17 key financial metrics¹

Reported basis
Revenue
A\$572.6m,
+114%

Reported basis
EBITDA

↑ A\$204.0m, **+165%**

Reported basis
NPAT

↑ A\$88.6m, **+137%**

Underlying basis
EBITDA²

↑ A\$206.5m, **+133%**

Reported basis
EPS

↑ 6.2 cents, **+30%**

(1) EBITDA and NPAT is profit attributable to members of the Company.

(2) Adjustments to reported EBITDA include A\$22.4m net patent litigation gains (A\$26.2m of patent settlement income less A\$3.8m of litigation expenses relating to Mayne Pharma's allegation that Merck's Noxafil® product infringes a Mayne Pharma patent); A\$20.2m intangible asset impairment; A\$5.6m of transaction and other related costs; A\$5.3m credit for the revaluation of HPPI warrants; A\$1.5m of legal costs associated with the US Department of Justice investigation and A\$2.9m to remove the HedgePath Pharmaceuticals Inc. (HPPI) losses attributable to members of the Company.

Generic Products Division (GPD)

- FY17 revenue increased by 292% to A\$419m
- FY17 gross profit increased by 259% to A\$218m
- Dofetilide became largest selling generic product
- Teva acquired products delivered revenue of US\$180m and EBITDA of US\$90m
- Accelerated price deflation in the second half impacting gross profit margin



- FY17 revenue down 20% to A\$62m
- FY17 gross profit down 20% to A\$59m
- Impacted by loss of exclusivity on Doryx® 50mg and 200mg tablets in May 2016
- Stronger performance in 2H17 driven by launch of Fabior® and Sorilux® in January 2017
- Both Fabior® and Sorilux® exceeded the previous peak prescription volumes under the former brand owner
- Doubling dermatology field sales force in FY18



Metrics Contract Services (MCS)

- FY17 revenue up 18% to A\$58m
- FY17 gross profit up 22% to A\$32m
- Growing customer demand for end to end solutions
- Greenville facility expansions and investment in new technical equipment attracting higher value and commercial contract manufacturing business

New fluid bed spray coater and stability centre



Mayne Pharma International (MPI)

- FY17 revenue up 2% to A\$34m
- FY17 gross profit down 13% to A\$7m
- Australian sales benefited from sales growth in Lozanoc® and oxycodone; offset by softer Kapanol® and injectable sales
- Gross profit decline reflects reduced one-off licensing fee income and international Kapanol® royalties
- Australia - Urorec® launched and Monurol® launching in FY18



Greenville campus – nearing completion



Year to date October trading

- Revenue down 12% to A\$151m impacted by generic competitive pricing pressures, abnormal Doryx[®] returns and lower SBD trade volumes
- Gross profit impacted by abnormal Doryx[®] returns and also one-off extraordinary stock obsolescence in GPD
 - Gross profit margin 41%
 - Adjusted gross profit margin 50%¹
- GPD revenue down 10% on pcp to US\$88m
- MCS revenue up 7% on pcp to US\$15m
- MPI revenue up 12% on pcp to A\$13m
- SBD revenue down 48% on pcp to US\$6m
 - Adjusted revenue up 8% excluding abnormal Doryx[®] returns

(1) Adjusted gross profit excludes one-off items of (i) A\$8.9m abnormal stock obsolescence which is calculated as the amount above standard industry rates of obsolescence and (ii) A\$7.6m of Doryx[®] returns emanating from the generic event on legacy Doryx 50mg and 200mg tablets

SUBA-Itraconazole franchise has multiple opportunities for growth

Anti-fungal

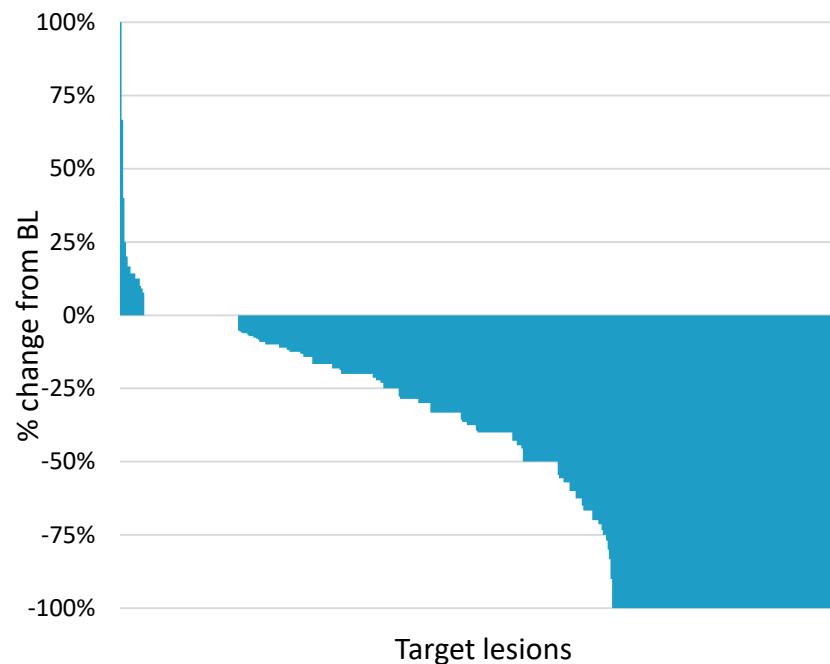
- Approved in Australia, Spain, Germany, UK, Italy, Portugal, Belgium and Austria
- Marketed by Mayne Pharma in Australia and ISDIN in Germany and Spain
- Out-licensed in 15 countries around the world and expect to launch in Argentina, Austria, Belgium, Columbia, Italy, Mexico and Portugal over the coming year
- Expected to file in the US in FY18
- US market potential: US\$200m

Oncology

- Partnered with the US listed HedgePath Pharmaceuticals Inc. (OTCQX: HPPI) to pursue the clinical development, registration and commercialisation of SUBA®-Itraconazole in anti-cancer applications
- Mayne Pharma owns 50%+ of HPPI
- FDA and EMA granted Orphan Drug Designation for BCCNS
- Ongoing US Phase IIb multi-centre clinical trial
- US market potential: US\$300m for BCCNS

Phase IIb study in BCCNS patients

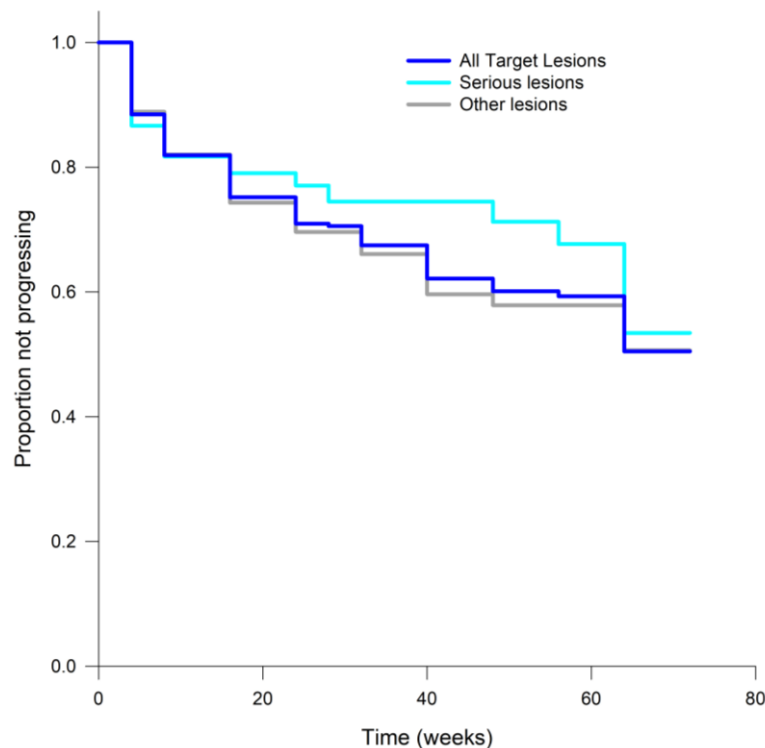
- 38 patients treated to date
 - 10 patients in active treatment
 - 10 patients in follow up
 - 18 patients off study
- 195 BCC excisions per patient prior to the study
- Only one surgery for a BCC target lesion while on study
- Target lesion (TL) response rates¹
 - All target lesions (N=477) 53.7%
 - Serious TLs (N=90) 55.6%
 - Other TLs (N=387) 53.2%



(1) Response defined as $\geq 30\%$ size reduction from baseline (BL). Serious TLs defined as $\geq 6\text{mm}$ on the face or $>20\text{mm}$ elsewhere

Phase IIb study in BCCNS patients (cont.)

- Median time on study 38 weeks
- Up to 90 weeks on study for some patients
- Very good safety profile with only 11% of patients discontinued due to adverse events
- No hair loss
- No loss of taste
- No severe muscle spasms



Durable response for 256 responding target lesions with limited side-effects