



Acquisition of GSK Foam Assets

Mayne Pharma Group Limited
18 August 2016





1 Overview of the Foam Assets transaction



Transaction overview

Mayne Pharma has acquired a portfolio of foam dermatology products and related assets (“Foam Assets”) from GlaxoSmithKline (“GSK”) for US\$50.1 million

Overview of products

- Fabior® and Sorilux® are patent-protected foam products currently marketed in the US and are considered to be the key growth products from the acquired portfolio
 - Fabior® (Tazarotene) foam, 0.1% - a single active topical retinoid for the treatment of moderate to severe acne (US rights)
 - Sorilux® (Calcipotriene) foam, 0.005% - a single active topical vitamin D treatment for mild to moderate plaque psoriasis (US rights)
- Other foam products acquired from GSK are marketed outside the US:
 - Luxiq® (Betamethasone Valerate) 0.12% foam – a topical treatment for the relief of inflammatory and pruritic manifestations of moderate to severe psoriasis (Canadian rights)
 - Olux-E® (Clobetasol Propionate) 0.05% foam – topical treatment of inflammatory and pruritic manifestations of moderate to severe atopic dermatitis (Canadian rights)
 - Betamethasone Valerate 0.12% foam (Mexican rights)

Strategic rationale

- Product acquisitions are consistent with Mayne Pharma’s stated growth strategy of expanding its portfolio of specialty brands and leveraging its established commercial infrastructure
- Clinically differentiated assets with intellectual property (“IP”) protection and are technically challenging to manufacture
- Significant revenue growth potential for the US Foam Assets through promotion by Mayne Pharma’s Specialty Brands Division (“SBD”) alongside Doryx® which is highly complementary to these products
 - Sales force promotion of Sorilux® and Fabior® in the US has been limited since their launch in 2012 and 2013 respectively. In December 2014, the products were converted to mature brands by GSK when promotion ceased
 - Re-launch of Fabior® and Sorilux® planned across FY17

Compelling strategic rationale underpins the acquisition of Foam Assets

Complementary to Specialty Brands Division

- Strengthens Mayne Pharma's presence in US dermatology market
- Fabior® uniquely positioned and complementary acne product to Doryx®
- Sorilux® provides entry point into attractive psoriasis therapeutic market
- Brings scale and operational efficiencies by leveraging existing commercial infrastructure (eg. sales and marketing, customer service, compliance)
- Diversification of SBD portfolio

Clinically differentiated portfolio with IP protection

- Foams have well established reputation amongst dermatologists for ease of application, especially for hair-bearing areas and under clothes
- Fabior® is the only topical retinoid in a foam dose form and Sorilux® is the only single active Vitamin D foam product for psoriasis
- Differentiated, favourably viewed by prescribers, and expected to respond to promotional support
- Orange Book listed patents until 2030 for Fabior® and 2028 for Sorilux®

Attractive market fundamentals

- Fabior® and Sorilux® participate in large US markets with estimated patient population of 50 million for acne and 6 million for plaque psoriasis
- Limited levels of promotion by competing brands as many have gone generic

New technology platform

- Access to new complex technology platform that Mayne Pharma can leverage in future branded and generic product development programs
- Foam products are technically challenging to develop and manufacture

Financially attractive deal

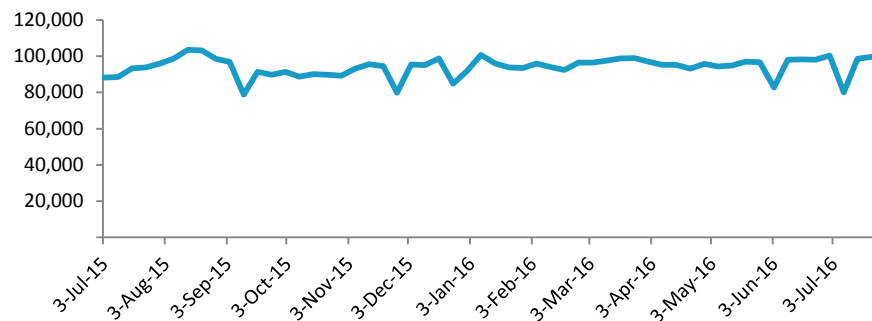
- Expected to contribute modest incremental EBITDA in FY17 which is expected to increase substantially in subsequent years following re-launch of Fabior® and Sorilux®
- Peak sales potential >US\$25m by year 3 with strong margin profile due to limited additional operating expense

Market overview – Fabior® and Sorilux®

Topical acne market (Fabior®)

- Acne is the most prevalent skin disease in the US affecting 50 million people with most seeking initial treatment during puberty and continuing through adolescence¹
- Topical retinoids are the foundation of therapy for moderate to severe acne patients
- Single active topical retinoid market US\$850m²
 - 5m TRx / annum³

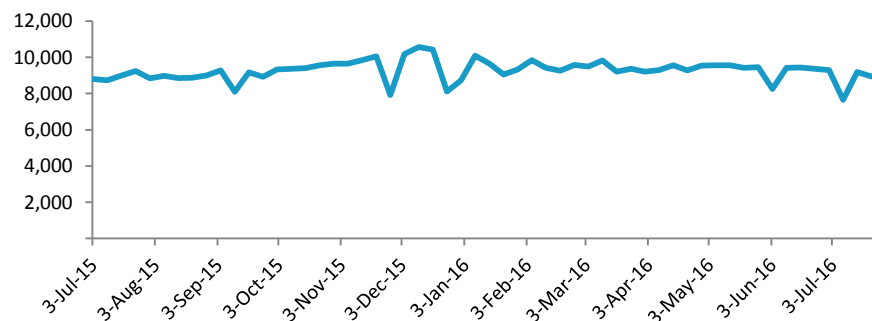
TRx weekly count - Topical single active retinoid market³



Psoriasis market (Sorilux®)

- Psoriasis is a chronic, non contagious, inflammatory skin condition that appears as red patches covered with silvery flakes often found on the elbows, scalp and knees but can also affect other parts of the bodies. It affects up to 6 million Americans each year¹
- Topical Vitamin D products are typically used on patients with mild psoriasis, or adjunctively with patients with moderate/severe psoriasis
- Single active Vitamin D topical market US\$140m²
 - 0.5m TRx / annum⁴

TRx weekly count - Topical single active Vitamin D market⁴



1. American Academy of Dermatology
 2. IMS Health MAT May 2016
 3. IMS Health, weekly prescription data, data up to week ending 29 July 2016. Includes generic and branded single active molecules Tazarotene, Adapalene and Tretinoin
 4. IMS Health, weekly prescription data, data up to week ending 29 July 2016. Includes generic and branded single active molecules Calcipotriene and Calcitriol

Product overviews: Fabior® and Sorilux®



Fabior®

Description	• Tazarotene Foam, 0.1%
Regulatory status	• FDA approved 2012, launched September 2013
Clinical studies	• Two phase 3 studies were conducted in ~1,500 patients with moderate to severe acne
Indication	• Treatment of acne vulgaris in patients 12+ years old
IP	• Orange Book patent to 2030 • Certain IP is under license from Allergan
MAT Gross IMS Sales¹	• ~US\$2.5 million



Sorilux®

Description	• Calcipotriene Foam, 0.005%
Regulatory	• FDA approved 2010, launched July 2012
Clinical studies	• Two placebo controlled clinical trials were conducted in ~1,000 patients with mild to moderate plaque psoriasis
Indication	• Treatment of plaque psoriasis of the scalp in patients 18+ years old
IP	• 2 Orange Book patents: expiring 2026 and 2028
MAT Gross IMS Sales¹	• ~US\$2.8 million

Commercial execution plan

Sales and marketing

- Following sales team training, finalisation of marketing materials, key opinion leader briefings and pricing and reimbursement, Mayne Pharma expects to re-launch Fabior® and Sorilux® in early calendar 2017
- GSK will continue to distribute the products under a 6-month transition services agreement with all profits accruing to Mayne Pharma
- Acquisition enables in-sourcing of Mayne Pharma's sales operations from InVentiv making organisation more flexible and responsive to business needs
- Mayne Pharma will seek out-licensing partners for ex-US assets

Manufacturing

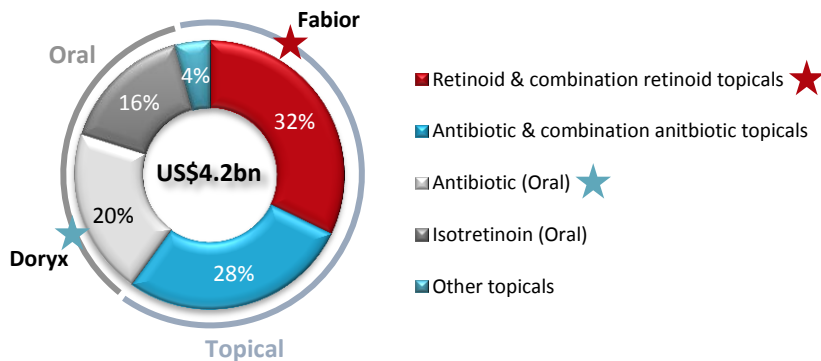
- Supply agreement secured with existing CMO partner, DPT Laboratories for all products until end of calendar 2020
- Contracts in place with API suppliers for US assets

Re-launch of US brands to be sequenced across FY17 to ensure organisational readiness and dedicated focus from sales force resources

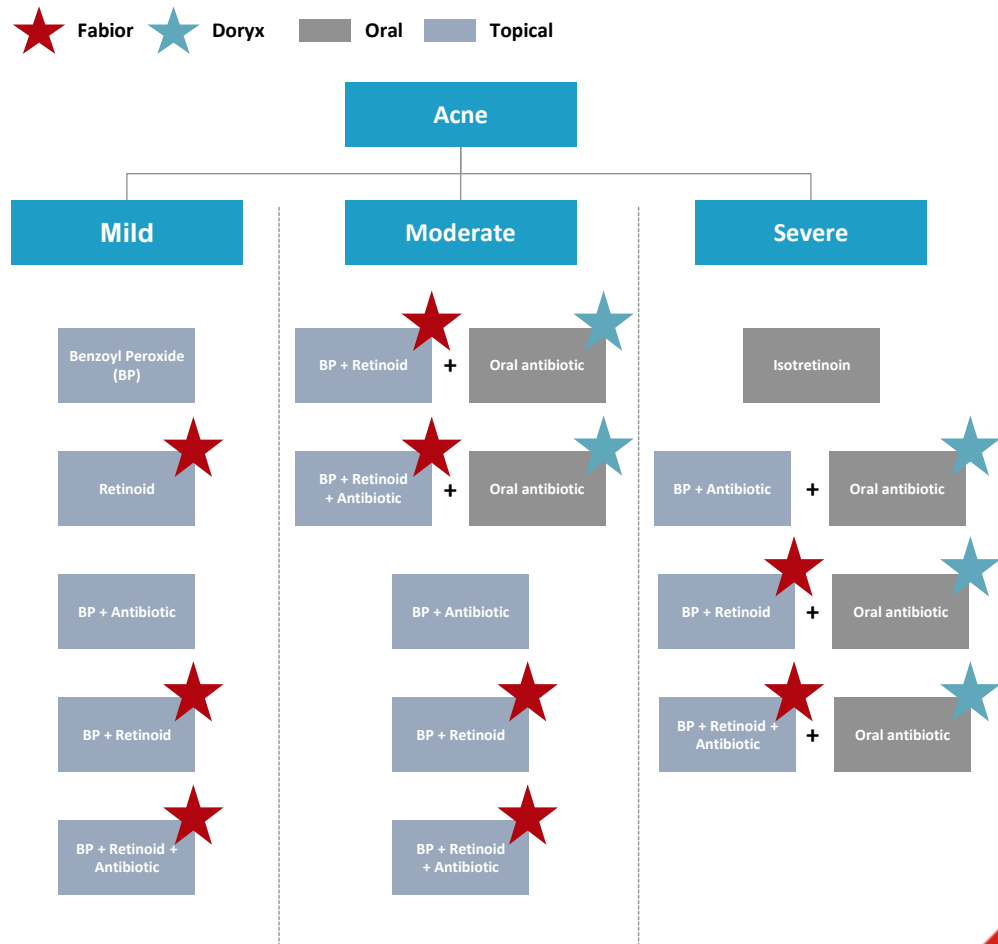
Fabior® complements the existing Doryx® acne franchise

- Dermatologists often prescribe more than one product to treat acne and many use a combination of a topical product with an oral antibiotic
- Topical retinoids are the foundation of therapy for acne and used for all patient severities (mild/moderate/severe) and disease activity as well as in maintenance once acne is under control
- Oral antibiotics are typically used in moderate/severe acne
- Using multiple topical agents that affect different aspects of acne pathogenesis can be useful. It is recommended that combination therapy be used in the majority of patients with acne

US acne market by value¹



First line acne treatment²



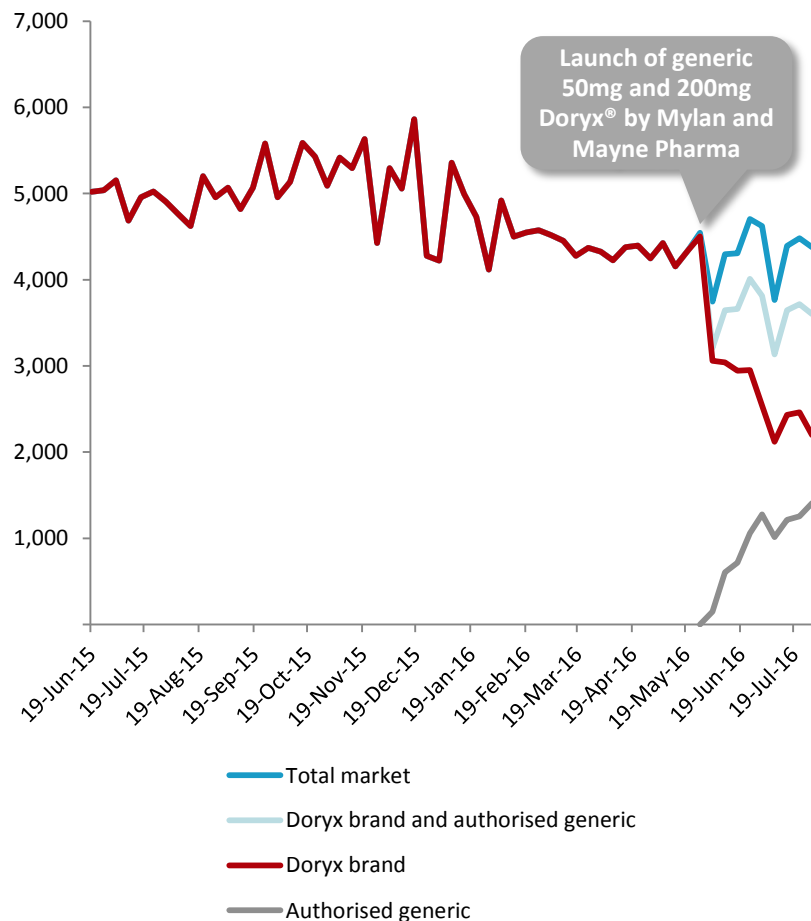
1. IMS Health MAT May 2016
 2. Source: Guidelines of care for the management of acne vulgaris - Journal of American Academy of Dermatology, 2016

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2 Doryx[®] franchise

Doryx® franchise update

Mayne Pharma branded and generic weekly doxycycline hyclate delayed-release tablets prescriptions (TRx)¹ (50mg and 200mg)



200mg and 50mg branded and generic

- Total market weekly TRx ~4,400
- In June, retained 80%+ of doxycycline delayed-release franchise (50mg and 200mg Doryx® brand and generic)
- ~39% of Mayne Pharma TRx now dispensed as generic
- Promotion of Doryx® 50mg and 200mg to continue alongside Doryx® MPC 120mg

Doryx® MPC 120mg

- Approved 20 May 2016 and launches 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
- Promotion to focus on prior Doryx® prescribers and the 100mg segment where ~1.5m prescriptions written / annum by dermatologists
- Differentiated pricing strategy
- Patient savings program in place
- Positive early response from physicians