Mayne Pharma Group Limited

HY14 Results Presentation
26 February 2014

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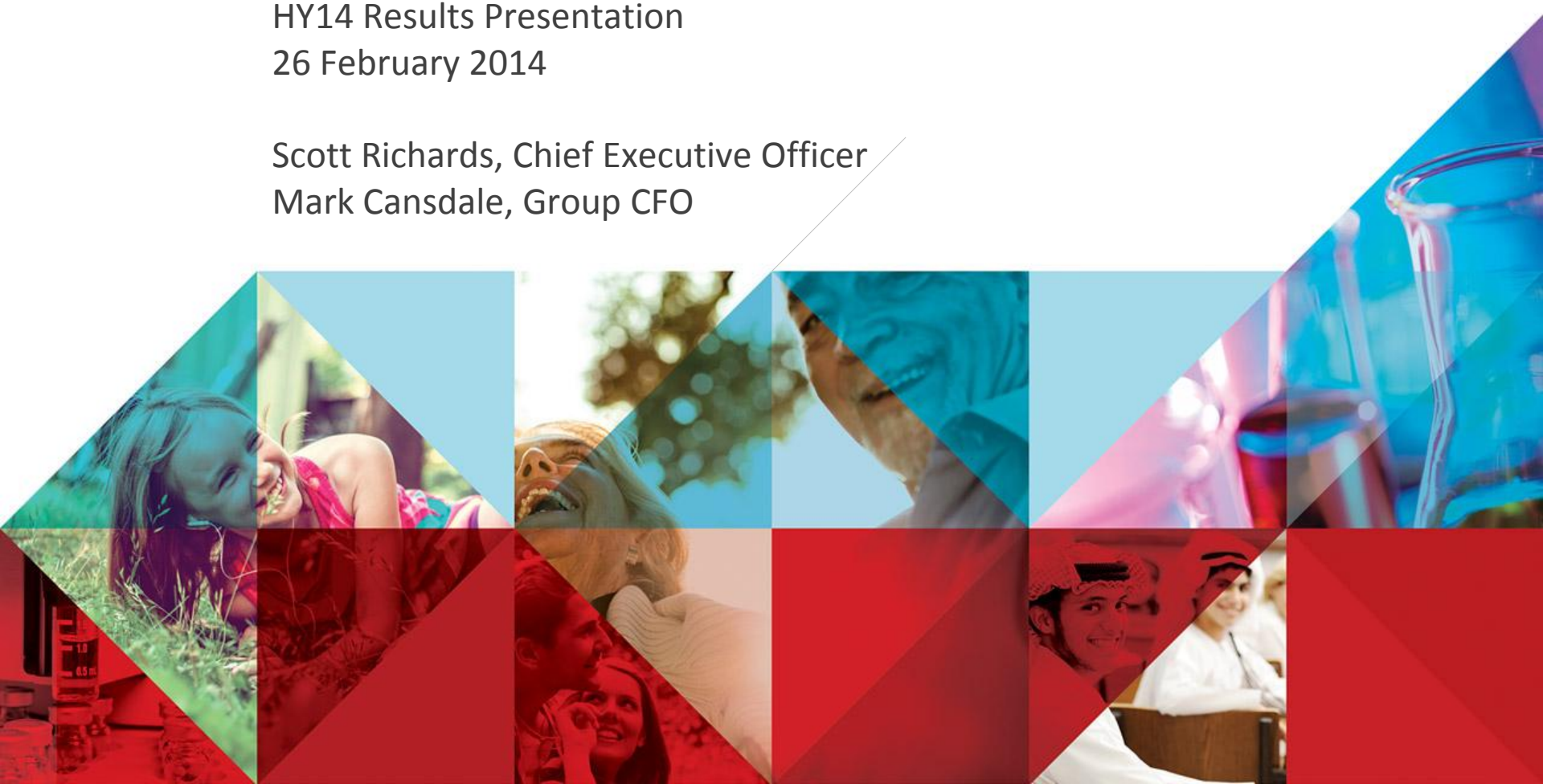


Disclaimer

- The information provided is general in nature and is in summary form only. It is not complete and should be read in conjunction with the company's Appendix 4D and market disclosures. This material is not intended to be relied upon as advice to investors or potential investors.

Non-IFRS information

- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the Appendix 4D. Throughout this document some non-IFRS financial information is stated excluding certain specified expenses. Results excluding such expenses are considered by the Directors to be a better basis for comparison from period to period as well as being more comparable with future performance

- 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 reviewed by the Group's auditors

Forward looking statements

- This presentation contains forward-looking statements that involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to the Company. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). Actual future events may vary materially from the forward looking statement and the assumptions on which the forward looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. The factors that may affect the Company's future performance include, among others: changes in economic conditions and changes in the legal and regulatory regimes in which the Company operates, changes in behaviour of major customers, suppliers and competitors.

Mayne Pharma overview

- A specialty pharmaceutical company with an increasingly diversified portfolio of products, technologies and footprint
- Fully integrated pharmaceutical business with direct commercial presence in US and Australia
- 30-year history in drug delivery
- ~500 employees
- Vertical contract services platform offering analytical services, formulation and commercial manufacturing

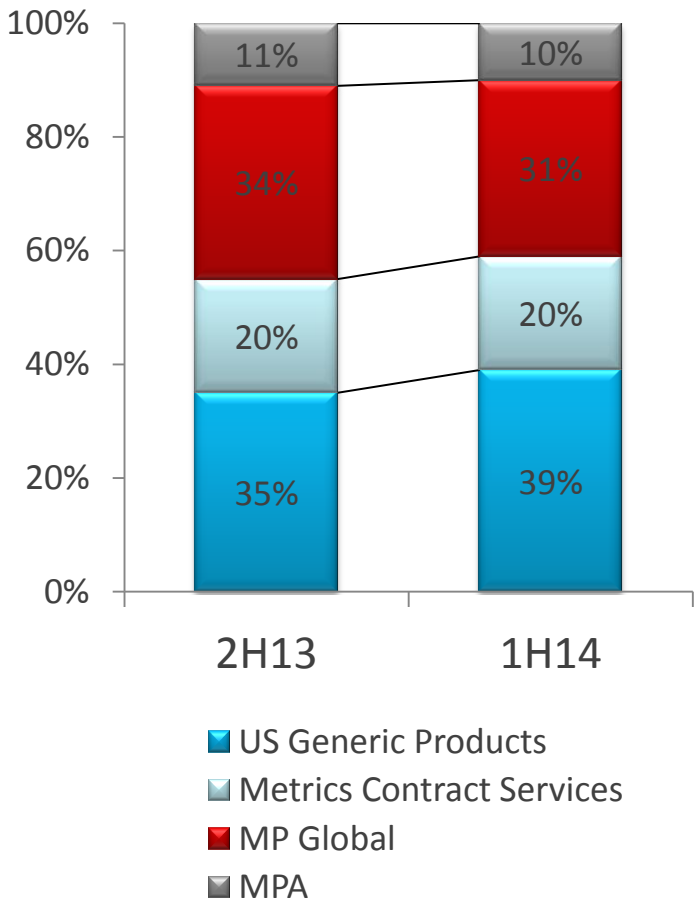
Key financials

- Sales revenue[1] $70.0m, up 159% on pcp
- Gross margin $36.9m, up 210% on pcp
- Reported EBITDA $18.2m up 1,364% on pcp
- Underlying EBITDA[2] $19.1m up 254% on pcp
- NPAT $8.4m
- R&D Investment $10.8m, up 251% on pcp
- Net operating cashflow $14.6m, up 7,145% on pcp

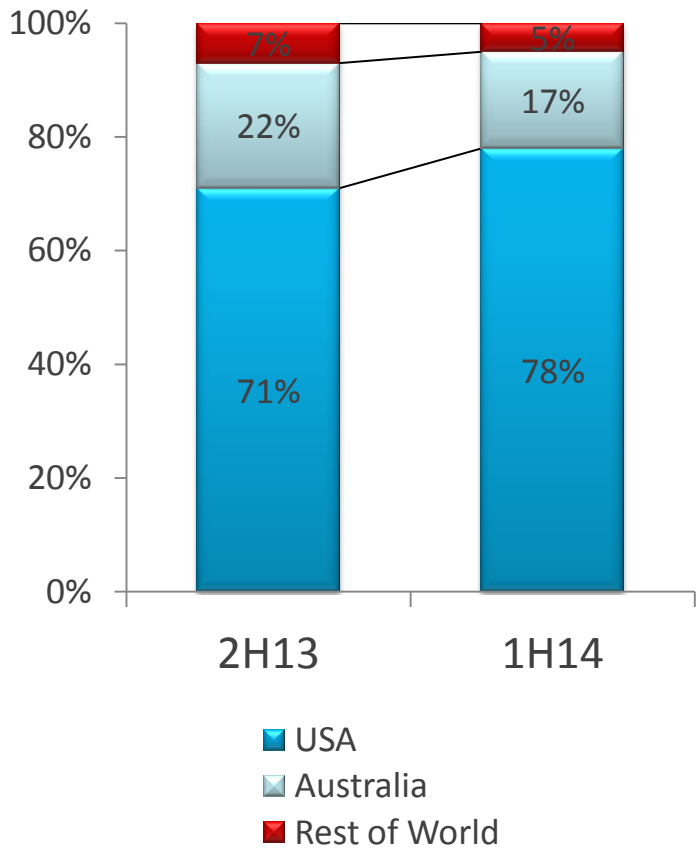
(1) Excludes other revenue of $0.8,
(2) Adjustments to EBITDA include $0.2m of acquisition costs, $0.3m for the non-cash charge arising from the increase in the fair value of the earn-out liability associated with the Mayne Pharma International Pty Ltd (MPI) acquisition in November 2009 and a $0.4m provision for the proposed settlement agreement entered into by Warner Chilcott, Mayne Pharma and the direct purchaser class of plaintiffs in the Doryx™ anti-trust action in the USA.

Group sales breakdown

Sales revenue by segment(1)



Total revenue by region(2)



(1) Pre inter-segment elimination and adjustment revenues and excludes other revenue
(2) USA includes product manufactured and supplied out of Salisbury

US Generic Products (USGP)

Highlights

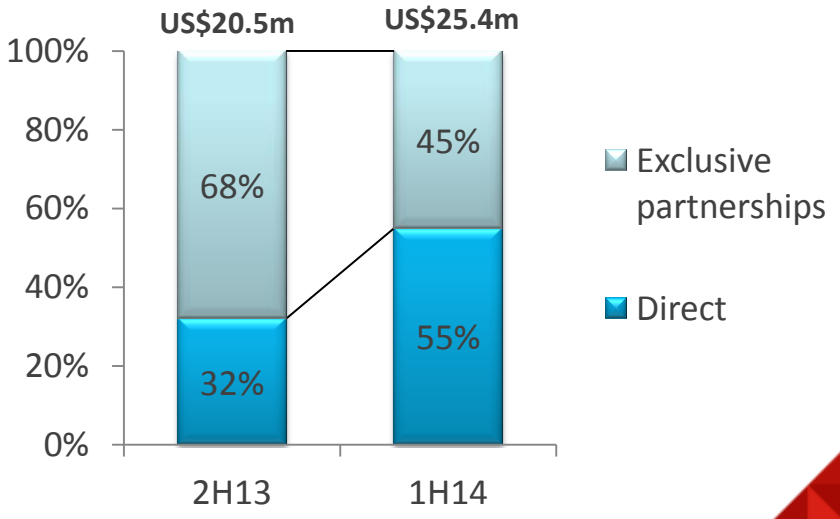
- Majority of products now distributed directly
- Growth in Nystatin and Oxycodone HCl combination products offset by decline in 3rd party distributed products
- New products launched:
  - Doxycycline-hyclate DR generic
  - Erythromycin DR generic
- Product and business acquisitions:
  - Libertas Pharmaceuticals (Libertas)
  - Zebutal™ trademark

Outlook

- Revenue growth from recent product and business acquisitions (Libertas, ESGIC™, LORCET™, ZEBUTAL™) and recent product launches (doxycycline generic franchise)

$million	2H13	1H14	Change 1H14 v 2H13
Sales revenue	20.1	27.5	37%
Gross Profit	12.3	17.0	38%
Gross Profit %	61.5%	61.6%	

USGP sales by distribution channel(1)



(1) Sales of Libertas included from 2 July 2013

Metrics Contract Services

Highlights

- Excluding exchange rate impacts, Contract Services grew 5% to US$12.6m on 2H13 in a competitive marketplace
- Key performance measures trending favourably:
  - Written and signed quotes increased by more than 10% over pcp
  - 58% of quotes were successfully closed
- New Executive VP, Contract Services

Outlook

- Focused on optimising commercial operations to support further growth in this segment
  - Globalisation of customer base
  - Recent investment in new technologies and infrastructure

$million	2H13	1H14	Change 1H14 v 2H13
Sales revenue	11.8	13.7	16%
Gross profit	4.6	6.0	32%
Gross profit %	38.6%	44.1%	

Mayne Pharma Global (MP Global)

Highlights

- Successful launch of 200mg Doryx™ tablet
- 200mg represents more than 80% of branded Doryx™ prescriptions
- Sales (ex-Doryx™) were down reflecting reduced contract manufacturing volumes and Kapanol™ Australian sales now captured in MPA
- European launch preparations for Lozanoc™

Outlook

- MP Global to benefit from first sales of Lozanoc™ in Europe and continued market exclusivity of 200mg Doryx™ tablet

$million	1H13	2H13	1H14	Change 1H14 v 1H13	Change 1H14 v 2H13
Sales revenue	14.1	19.3	21.4	52%	11%
Gross profit	4.4	7.8	10.7	141%	37%
Gross profit %	31.5%	40.3%	49.9%		

Mayne Pharma Australia (MPA)

Highlights

- Kapanol™ sales decline reversed as sales force begins to impact prescriptions
- Sales (ex-Kapanol™) mixed performance
  - Astrix™ tablets and capsules were up with contribution from new grocery channel
  - Percutane™ also made a contribution in this half
  - Doryx™ capsules down due to annual PBS price decreases

Outlook

- Expect to see growth from pain, over-the-counter (OTC) and injectables in 2014
- New products to include
  - Lozanoc™ (formerly known as SUBACAP™) following TGA approval
  - Licener™ head lice treatment
  - A range of oncology injectables

$million	1H13	2H13	1H14	Change 1H14 v 1H13	Change 1H14 v 2H13
Sales revenue	4.8	6.2	6.9	44%	11%
Gross profit	2.1	2.9	3.2	52%	11%
Gross profit %	44.3%	46.8%	46.9%		

Earnings comparison

$ millions	Half year ending 31 Dec 13	Half year ending 31 Dec 12	Change $m	Change %
Sales revenue[1]	**70.0**	**27.0**	**42.9**	**159%**
Gross margin	36.9	11.9	25.0	210%
Gross margin %	*52.8%*	*44.1%*		
EBITDA (as per guidance)	19.1	5.4	13.7	254%
Adjustments	(0.9)	(4.1)	3.3	(79%)
Reported EBITDA	18.2	1.2	17.0	1364%
Depreciation	(2.5)	(1.1)	(1.4)	124%
Amortisation	(2.5)	(1.0)	(1.5)	155%
Net interest[2]	(2.6)	(0.6)	(2.0)	304%
Tax	(2.2)	(1.1)	(1.1)	108%
Reported NPAT	**8.4**	**(2.5)**	**11.0**	**nm**
Average USD:AUD FX rate	0.9216	1.0386		

(1) Excludes other revenue
(2) Includes finance expenses of $2.2m, notional non-cash interest expense of $0.5m less interest revenue of $0.1m

Notable items

- Gross profit margins were stronger at 53% up from 44% in the pcp driven by the inclusion of USGP segment (GM: 62%) and significant rebound in MP Global margins (GM: 50% versus 31% in pcp)

- Underlying adjustments made to HY14 EBITDA include:
  - $0.2m of acquisition costs
  - $0.3m non-cash charge from the increase in the fair value of the earn-out liability associated with the MPI acquisition from Hospira in November 2009
  - $0.4m provision for the proposed settlement agreement entered into by Warner Chilcott, Mayne Pharma and the direct purchaser class of plaintiffs in the Doryx anti-trust action in the USA

- Net interest includes $0.5m notional non-cash interest expense representing the charge for the unwinding of the discount on the earn-out for the MPI acquisition

- A reduction in current income tax in respect of prior years of $1.3m due to availability of deductible expenses

Balance sheet position

$ millions	As at 31/12/13	As at 30/6/13	Change $m	Change %
Cash	19.8	18.9	0.9	5%
Inventory & receivables	47.1	39.8	7.3	18%
PP&E	55.6	55.0	0.6	1%
Intangibles	130.1	115.5	14.6	13%
Other assets	4.0	4.1	(0.1)	(2%)
Total assets	**256.6**	**233.4**	23.2	10%
Interest bearing debt	55.5	46.7	8.8	19%
Other financial liabilities	21.5	28.2	(6.7)	(24%)
Other liabilities	45.8	37.6	8.2	22%
Equity	**133.8**	**120.9**	12.9	11%
Net debt (bank debt less cash)	35.7	27.8	8.0	29%
USD:AUD FX rate for translation	0.8873	0.9146		

Key features of the financial position

- Intangible assets increased by $14.6m reflecting:
  - $7.4m of development costs;
  - $4.3m for acquisition of Libertas;
  - $2.1m for Zebutal™ trademark;
  - $2.5m of amortisation; and
  - $3.3m of foreign currency restatement
- Borrowings increased by $8.8m
  - US$51m outstanding loan for the acquisition of Metrics in November 2012
  - Term loan increased by US$6.6m over the period following US$8.5m drawdown to partly fund the Metrics earn-out offset by US$1.9m loan repayments
- Other financial liabilities decreased by $6.7m reflecting:
  - $11.4m earn-out payment for the Metrics acquisition;
  - $4.2m earn-out associated with Libertas and Zebutal™ acquisitions; and
  - $0.5m notional non-cash interest expense

Cash flow

$ millions	Half year ending 31 Dec 13	Half year ending 31 Dec 12	Change $
EBITDA – underlying	19.1	5.4	13.7
Working capital movements & other	(0.2)	0.5	(0.7)
Net operating cash flow pre-tax, interest and transaction costs	18.9	5.9	13.0
Net interest received / (paid)	(1.8)	(0.2)	(1.6)
Transaction costs	(0.2)	(3.9)	3.7
Tax received / (paid)	(2.2)	(1.5)	(0.7)
Net operating cash flow	**14.6**	**0.2**	14.4
Capitalised R&D	(7.4)	(1.7)	(5.7)
Acquisitions	(1.6)	(102.9)	101.3
Capex	(1.5)	(1.1)	(0.5)
Net proceeds from borrowings and shares	7.1	124.4	(117.3)
Payment of earn-out liability instalment	(11.3)	0.0	(11.3)
Net cash flow	**(0.1)**	**19.0**	(19.1)

R&D update

US

- 24 products under development targeting US markets with annual sales greater than US$5bn[1]:
  - 3 ANDAs filed with FDA in 1H14
  - 10 products now pending approval at FDA, targeting markets >US$800m[1] in sales
  - Expect to file 6-8 further products with FDA in next 12 months
- FDA approval timelines still uncertain, however expect timelines to improve over the mid term due to implementation of GDUFA by the FDA[2]

Australia

- 20 products under development targeting Australian markets with annual sales greater than $150m[1]
  - 12 products pending approval with TGA including 11 injectable products and Lozanoc™
  - On track to file in 2014 a Metrics generic product with end market value of $9m[1]
  - Expect to file 6 further products with TGA in next 12 months

(1) IMS Health MAT December 2013
(2) Generic Drug User Fee Amendments of 2012 (GDUFA) introduced user fees for ANDAs and in return FDA committed to reduce review times to <12 months by 2017

Business development

Australia

- Active in-licensing program to expand Australian portfolio which is focused on
  - Injectables;
  - Pain; and
  - Over-the-counter products

Rest of world

- Lozanoc™ out-licensing
  - Boryung appointed supply and distribution partner in South Korea
  - In discussions with potential partners in China, Canada, Japan and Europe
- Out-license established Mayne Pharma products into key growth markets

Additional portfolio expansion through product and business acquisitions with attractive growth characteristics and aligned with strategic objectives