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Hikma Pharmaceuticals PLC
2019 Interim Results

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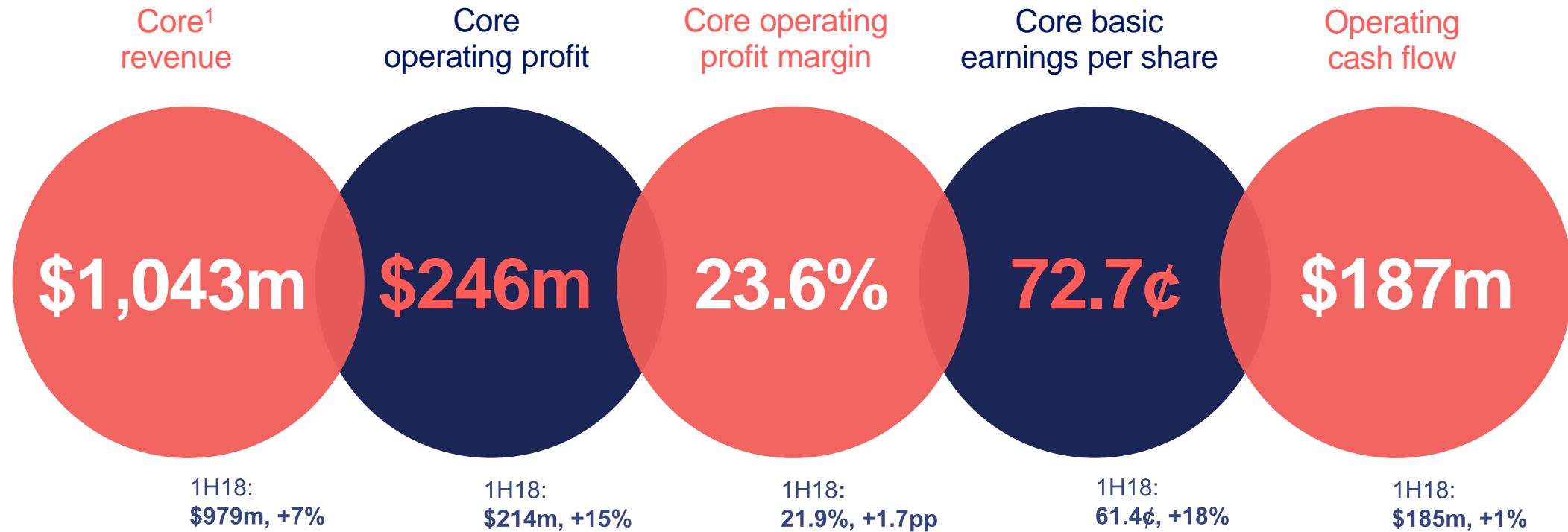
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Strong Group revenue and profit growth



¹ Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments

Injectables

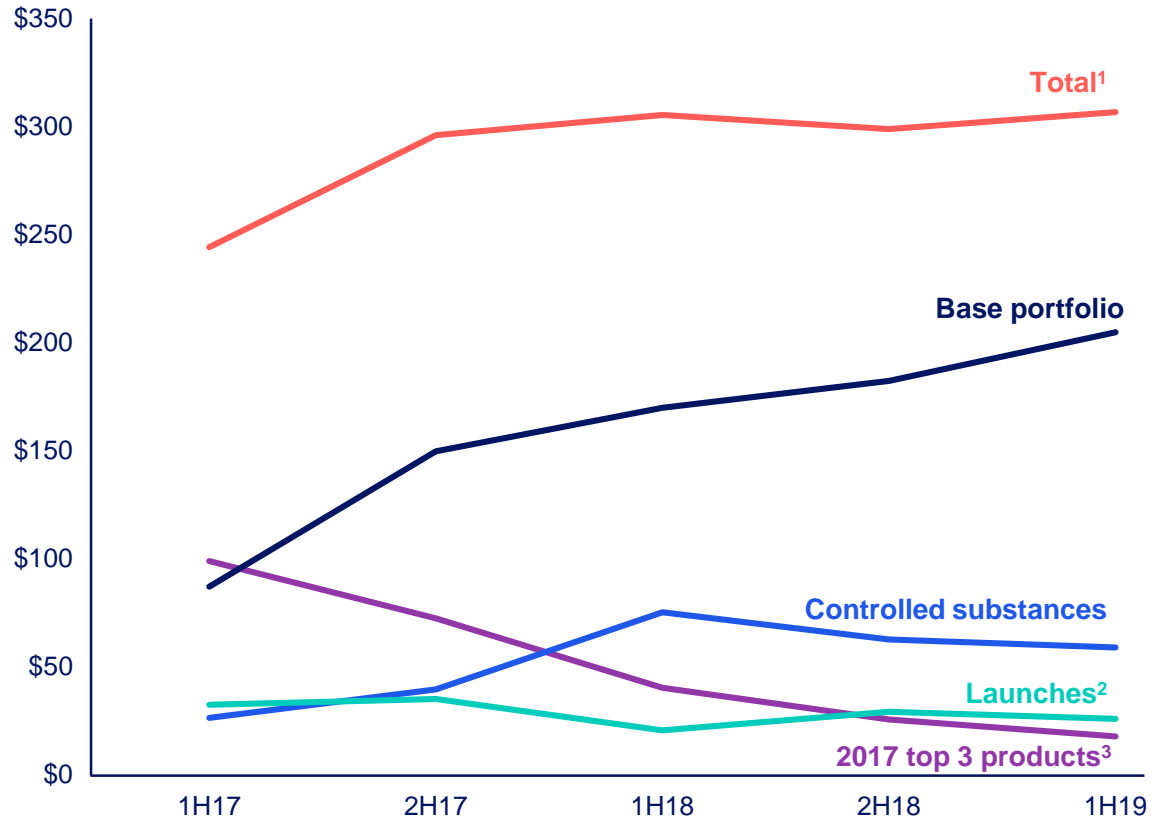


Resilient portfolio and new launches are offsetting headwinds to drive growth



US Injectables core revenue by product type

(million)

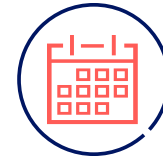


¹ Does not include contract manufacturing

² Launches in each period include products launched in the preceding 18 months

³ 2017 top 3 products comprise of glycopyrrolate, neostigmine and thiotepa

Partnering with Civica Rx



5-year agreement to manufacture and supply Civica's growing membership of US health systems (900+ hospitals)



14 essential injectable medications, often in short supply, including emergency care, surgery, pain management and hypertension



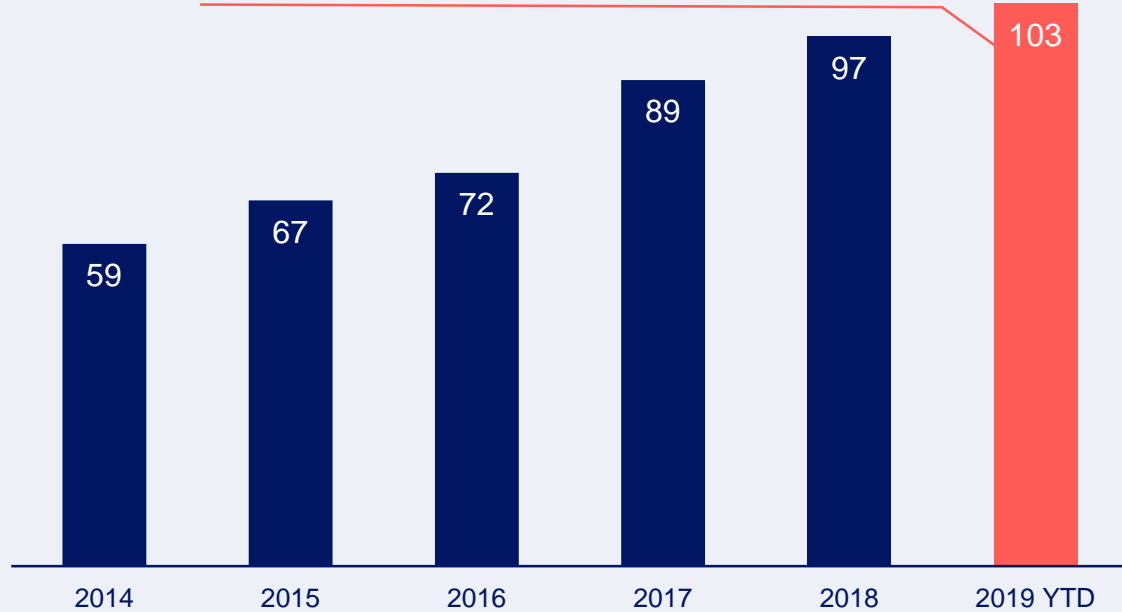
Volume commitments with fair and **sustainable** pricing provides stability for our business

Developing a pipeline of differentiated products to drive future growth



Ongoing expansion of our US Injectables portfolio¹

103 products across c.14 therapeutic categories²



- **Launched 100th injectable product** in the US – vancomycin
- Continue to invest in the **growth of our portfolio**
- Expect to launch around **15 products** this year

US Injectables pipeline of 125 products³

Complex products Other

Projects

69

Development



Submissions

56

Filed



Approved / tentatively approved

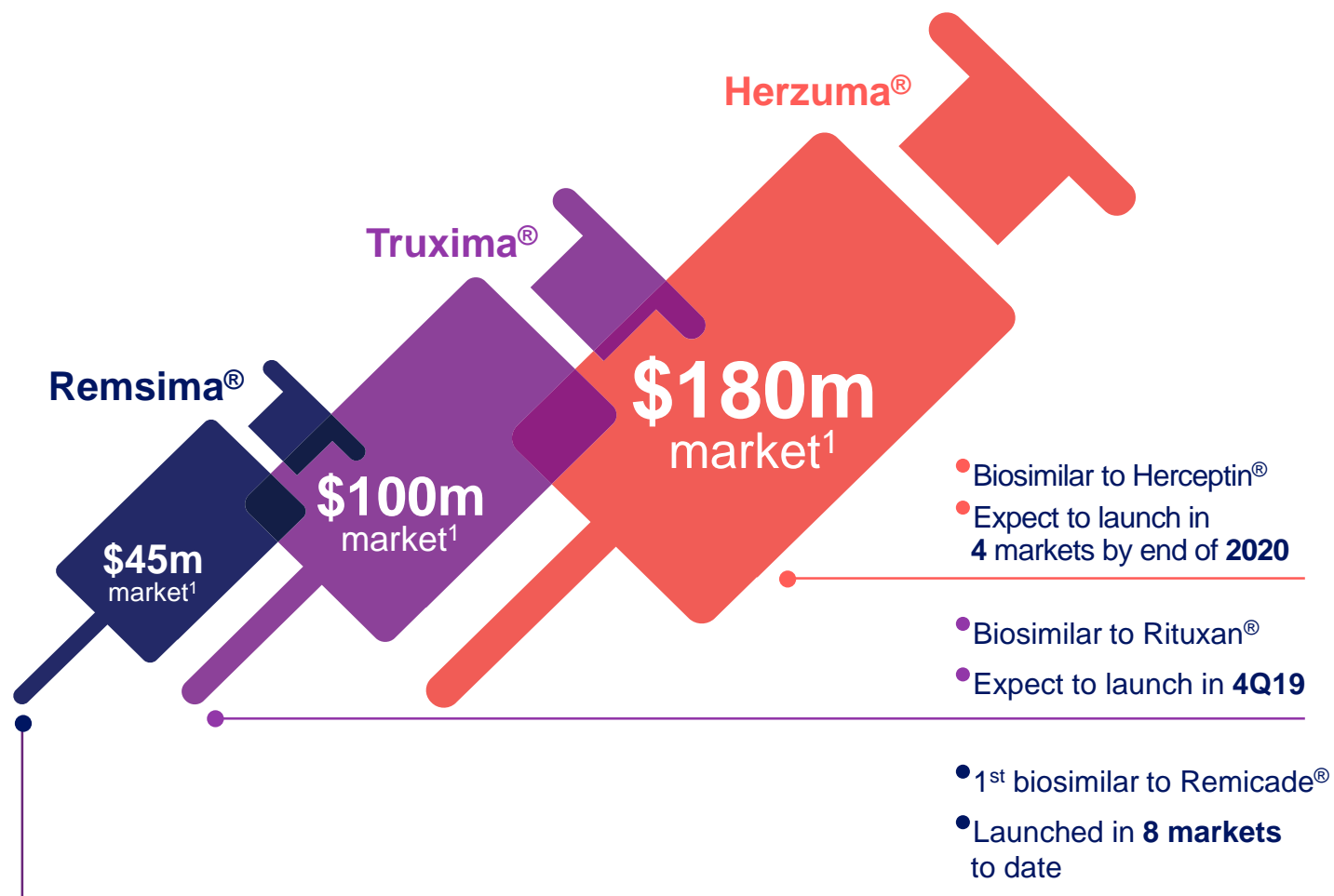


¹ Portfolio at July 2019

² United States Pharmacopeia (USP) therapeutic categories

³ Pipeline at July 2019. Complex products are counted according to FDA's definition

Investing in our portfolio and manufacturing capabilities for MENA and Europe



¹ Market size based on local tender data, 2018



Initiated production in our new high containment operation (HCO) facility in Portugal to supply **Europe and MENA**

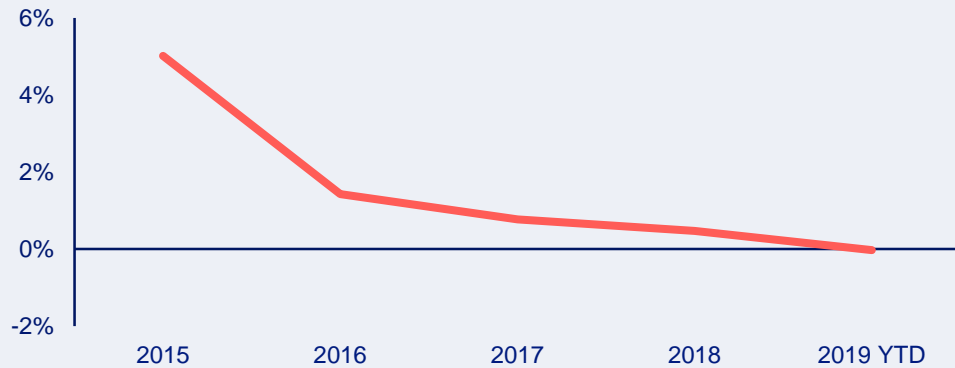
Generics



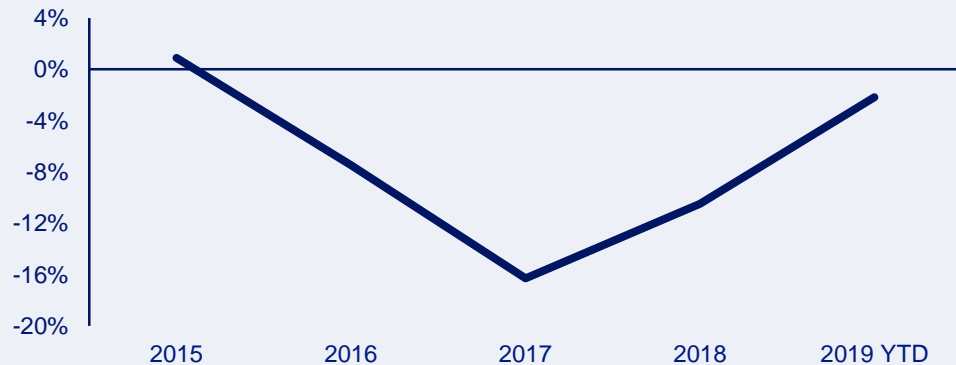
Our differentiated product portfolio and enhanced commercial capabilities are delivering growth



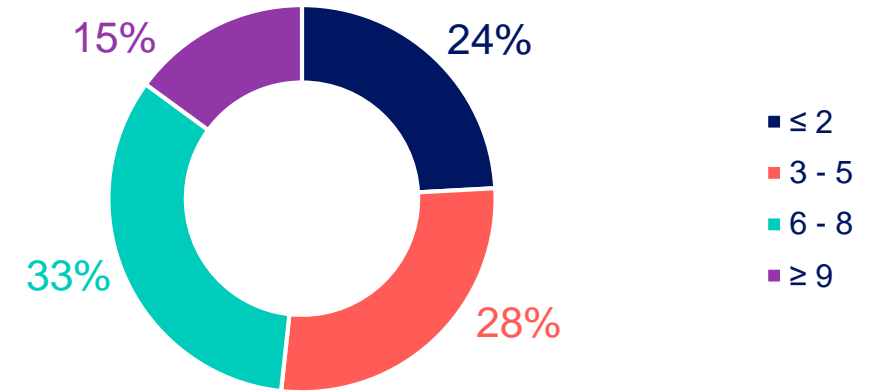
Volumes in US non-injectables market are stable
(eaches)



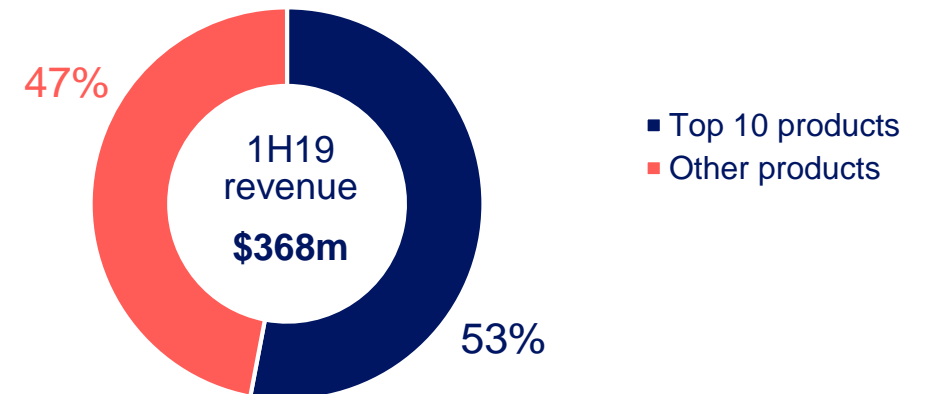
Price erosion appears to be stabilising
(price per unit)



Generics portfolio by number of generic competitors¹



Generics revenue by product



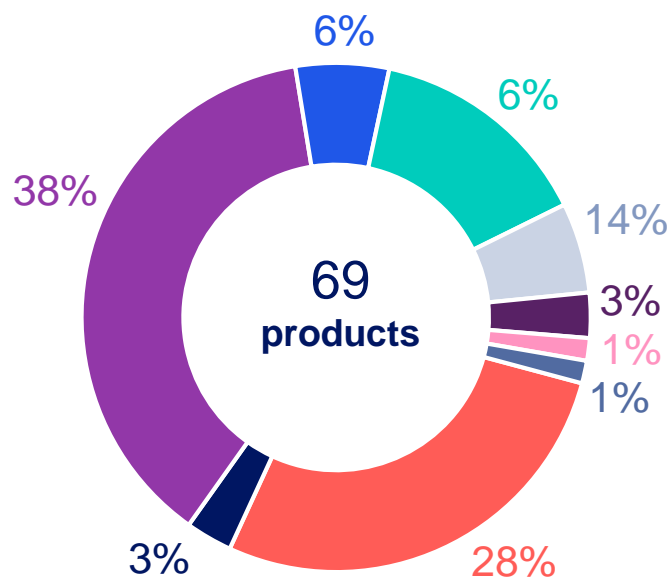
¹ IQVIA US YTD June 2019

Developing a pipeline of complex products to drive future growth



Pipeline by dosage form

(as at July 2019)



- Instant release capsules
- Instant release tablets
- Liquids
- Ophthalmic/Otic
- Ointment
- Extended release (ER) capsules
- ER/Delayed release/Chew tablets
- Dry powder inhalers (DPI)
- Transdermal

Our disclosed Generics Paragraph IV pipeline

Product	PIV status	Current US market size (\$m) ¹
Afinitor® Novartis	✓ Settled	806
Fetzima® Allergan	⊠ Active litigation	103
Tarceva® Genentech	✓ Settled	170
Vascepa® Amarin	⊠ Active litigation	598
Xyrem® Jazz	✓ Settled; launch by Jan 2023	1,405 ²
Banzel® Eisai	✓ Settled	369
Noxafil® Merck	✓ Settled	349
Thalomid® Celgene	⊠ Active litigation	75 ³
Xtandi® Astellas	✓ Settled	1,047
Zortress® Novartis	✓ Settled	157

¹ IQVIA US MAT June 2019

² IQVIA does not fully capture REMs products. Jazz's reported US sales of Xyrem were \$1,405 million in 2018

³ IQVIA does not fully capture REMs products. Hikma's estimate based on Celgene's reported Thalomid sales of \$114 million for all markets in 2018

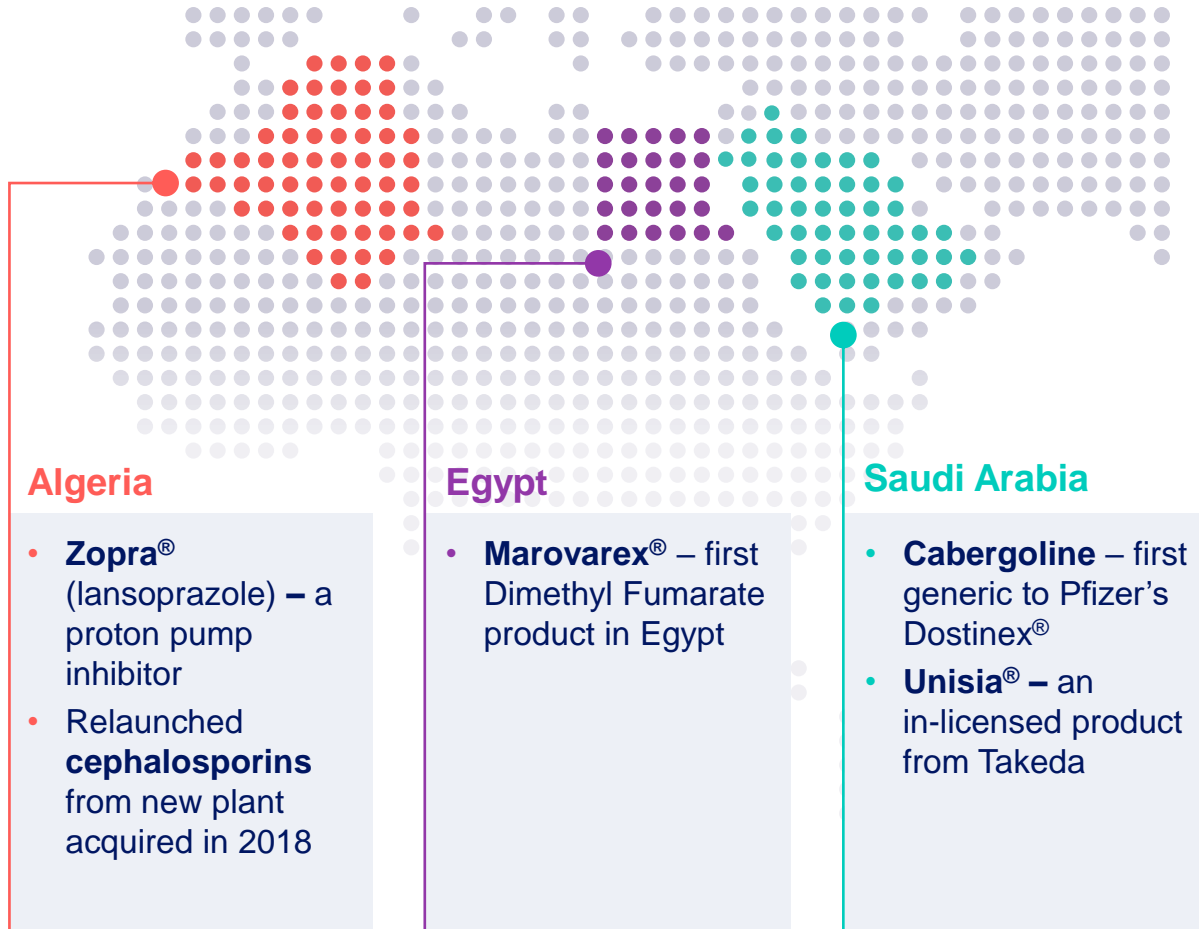
Branded





Launching differentiated products and adding new partnerships

1H19 key launches in core markets



1H19 partnerships



Exclusive license agreement to commercialise cariprazine, a novel antipsychotic, in certain MENA markets



Exclusive license, supply and distribution agreement for intravenous and oral formulations of Baxdela[™] (delafloxacin) across all MENA markets



License agreement for Bilastine orally disintegrating tablet and syrup

Group



Delivering sustainable growth



Finance



Khalid Nabils, Chief Financial Officer

Group financial highlights

	1H18	1H19	% change
Core ¹ revenue	\$979 million	\$1,043 million	+7%
Core gross profit	\$495 million	\$544 million	+10%
Core operating profit	\$214 million	\$246 million	+15%
Core EBITDA ²	\$252 million	\$287 million	+14%
Core net income	\$148 million	\$176 million	+19%
Basic earnings per share	44.0 cents	76.4 cents	+74%
Core basic earnings per share	61.4 cents	72.7 cents	+18%
Dividend per share	12 cents	14 cents	+17%

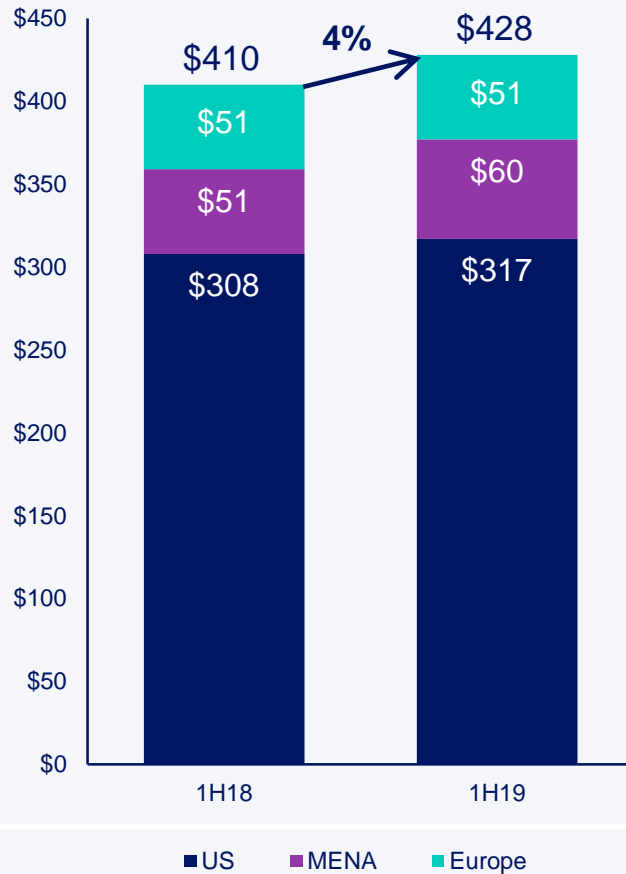
¹ Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments

² Earnings before interest, tax, depreciation, amortisation and impairment charges

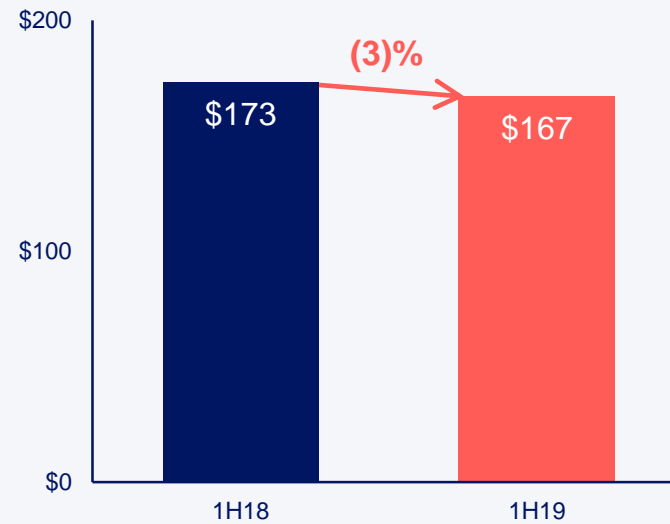
Injectables



Core revenue (million)



Core operating profit (million)



Operating margin

	1H18	1H19	Change	1H19 constant currency	Change
Reported	39.0%	37.0%	-2.0pp	36.8%	-2.2pp
Core	42.2%	39.0%	-3.2pp	38.6%	-3.6pp

Core revenue

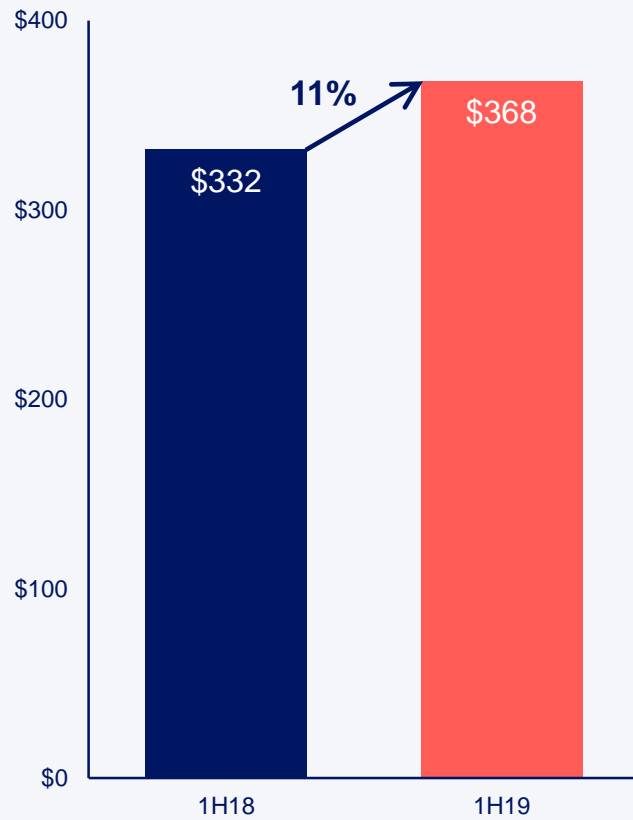
- + Strong demand for in-market products in US
- + Good growth in MENA, particularly Saudi Arabia and Egypt
- + Launched new products across all markets
- Increased competition on glycopyrrolate, neostigmine and thiotepa in the US
- Less benefit from controlled substances shortages

Core operating profit

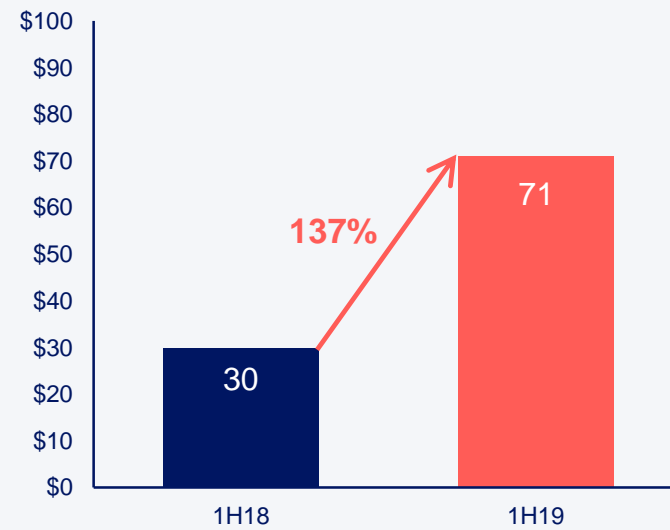
- Change in product mix in the US
- + Tight control of operating expenses



Core revenue (million)



Core operating profit (million)



Operating margin

	1H18	1H19	Change
Reported	1.8%	23.9%	22.1pp
Core	9.0%	19.3%	10.3pp

Core revenue

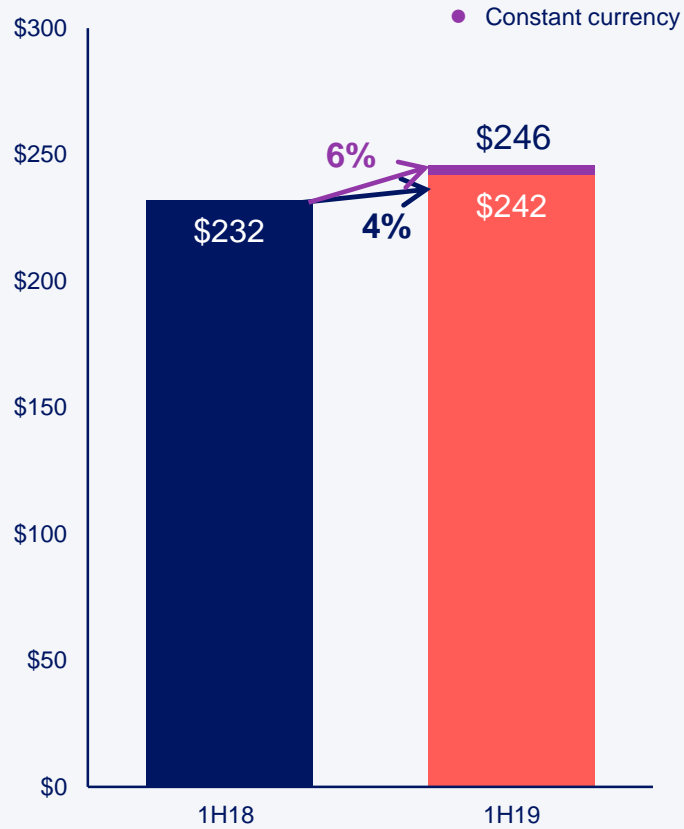
- + Strong demand for differentiated products
- + Recent product launches
- Increased competition and continued price erosion

Core operating profit

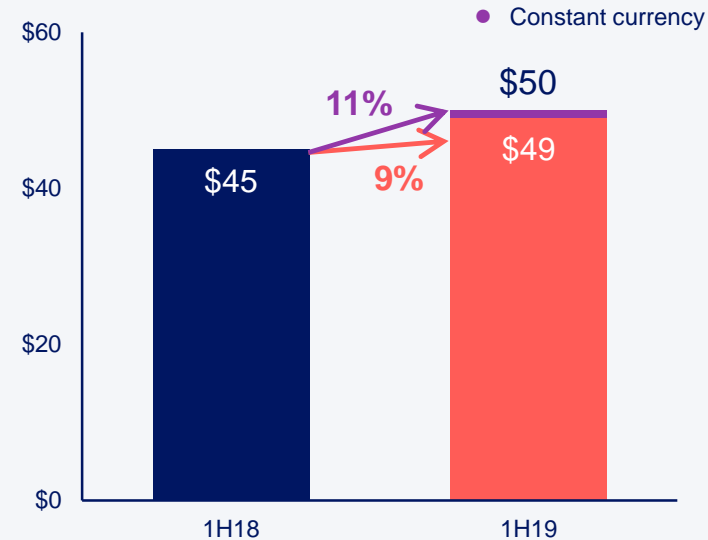
- + Higher volumes
- + Improved product mix
- + Savings from consolidation of manufacturing facilities
- + Manufacturing efficiencies



Core revenue (million)



Core operating profit (million)



Operating margin

	1H18	1H19	Change	1H19 constant currency	Change
Reported	18.1%	12.8%	-5.3pp	12.8%	-5.3pp
Core	19.4%	20.2%	0.8pp	20.3%	0.9pp

Core revenue

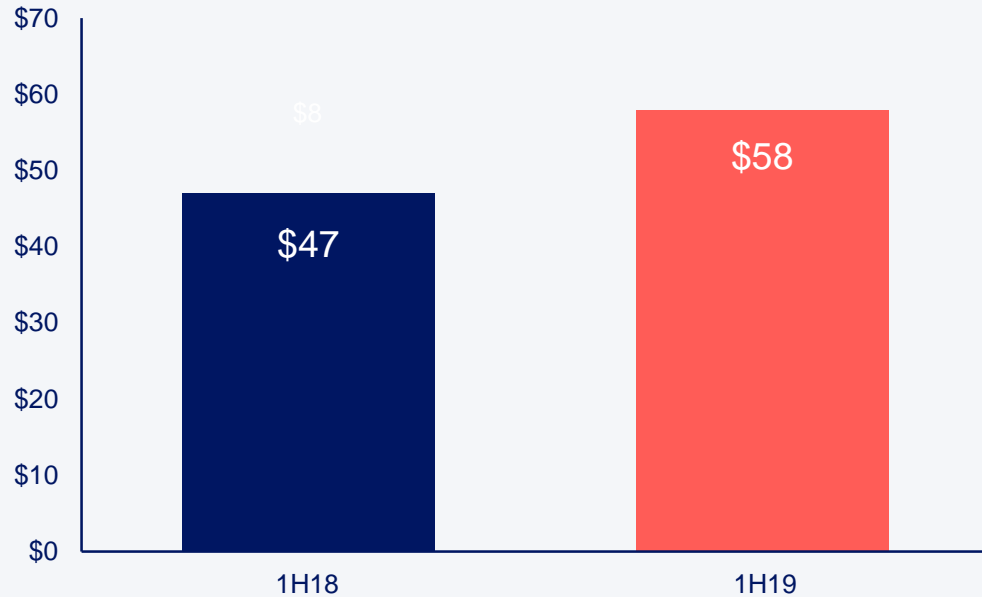
- + Strong growth in Egypt, Iraq, Morocco, Saudi Arabia, Sudan and UAE
- + New product launches across all markets
- Lower sales in Algeria due to economic slowdown
- Delayed shipments from Jordan due to warehouse fire

Core operating profit

- + Stable operating expenses

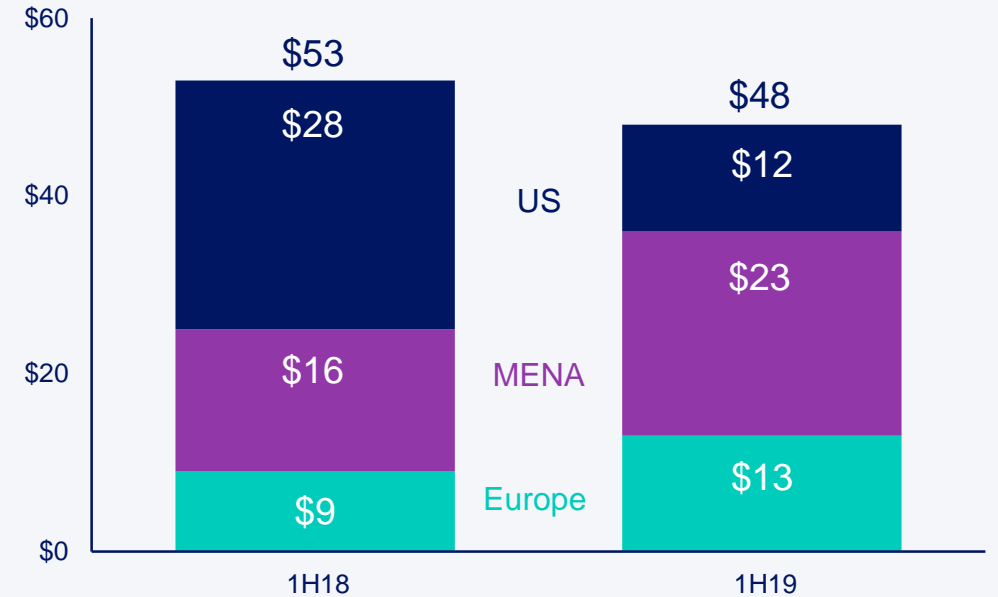
Core R&D and capital expenditure

Core R&D (million)



- Invested 6% of Group core revenue in core R&D
- Increased investment in Injectables and Generics R&D programmes – focusing on higher-value, complex products

Capital expenditure (million)

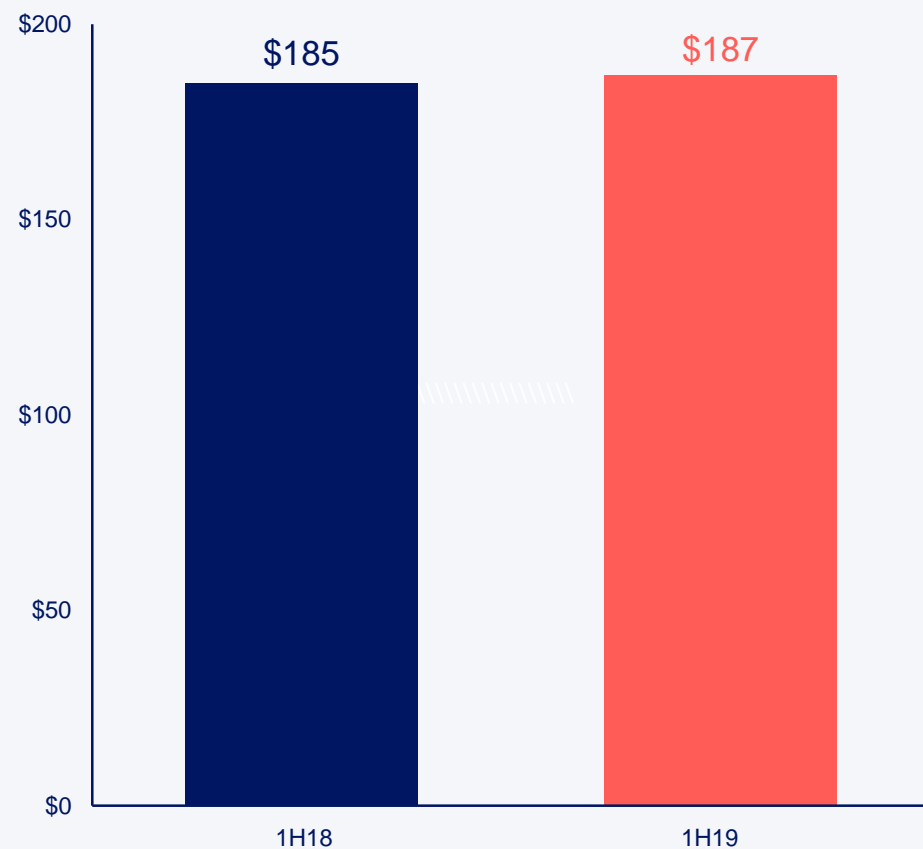


- Upgrading capabilities and adding new technologies in US
- Strengthening manufacturing capabilities in MENA
- Expanding manufacturing capacity in Portugal

Cash flow and balance sheet

Operating cash flow

(million)



Net debt position

(million)

	Dec-18	Jun-19
Short-term financial debts ¹	\$75	\$591
Long-term financial debts	\$562	\$104
Cash and cash equivalents	\$276	\$334
Net debt	\$361	\$361 ²
Net debt/core EBITDA	0.66x	0.62x
Total debt/core EBITDA	1.16x	1.19x

Working capital

	Jun-18	Jun-19
Working capital days	222	231
Operating cash flow/core revenue	19%	18%

¹ Includes short-term lease liabilities

² Includes \$46 million of additional lease liabilities, following adoption of IFRS 16

Raising 2019 guidance

Injectables



- Revenue:
\$870 million to \$900 million
- Core operating margin:
36% to 38%

Generics



- Revenue:
\$690 million to \$720 million
- Core operating margin:
16% to 18%

Branded



- Revenue growth in constant currency:
mid-single digits

Net finance expense



- Net finance expense:
c.\$50 million

Capital expenditure



- Capital expenditure:
c.\$120 million

Tax



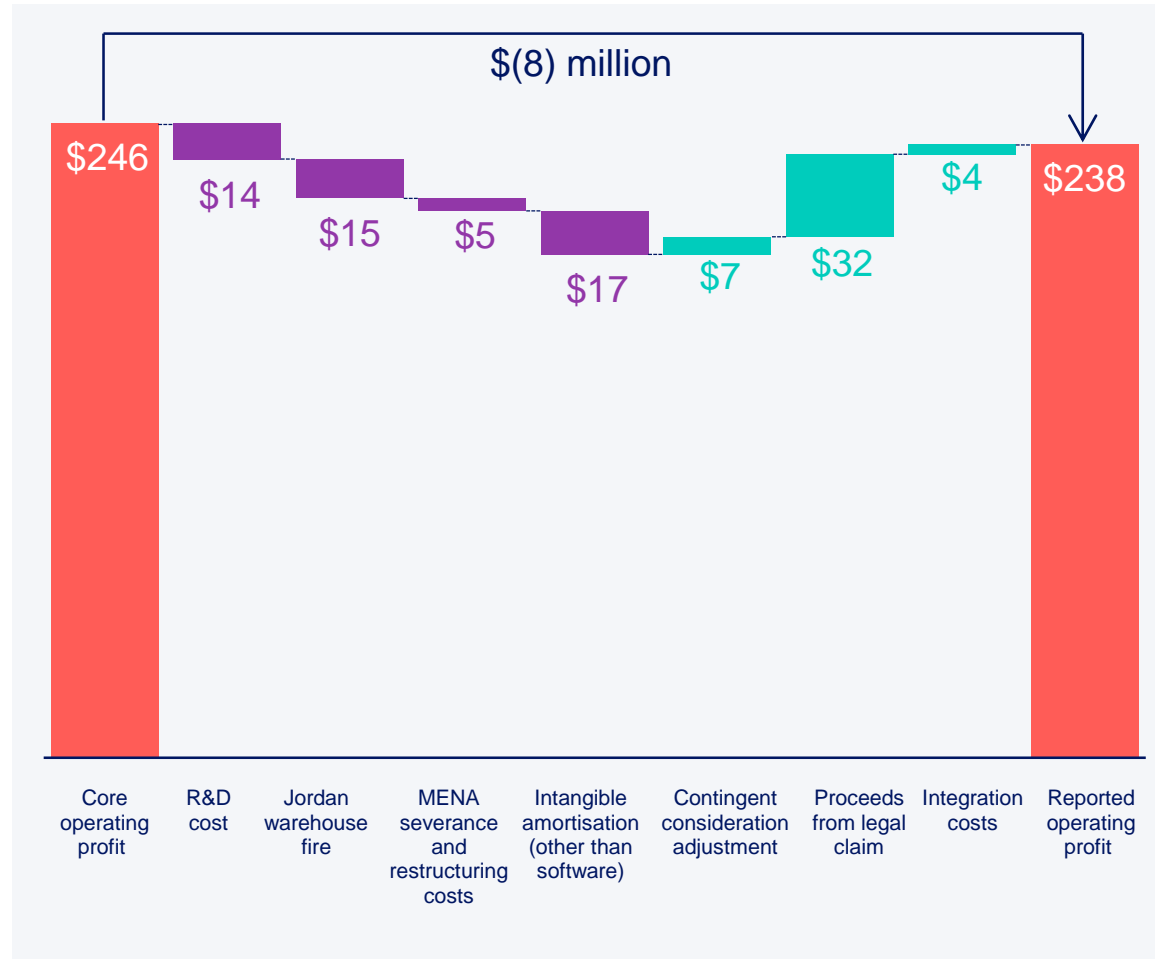
- Core effective tax rate:
c.21%

Appendix

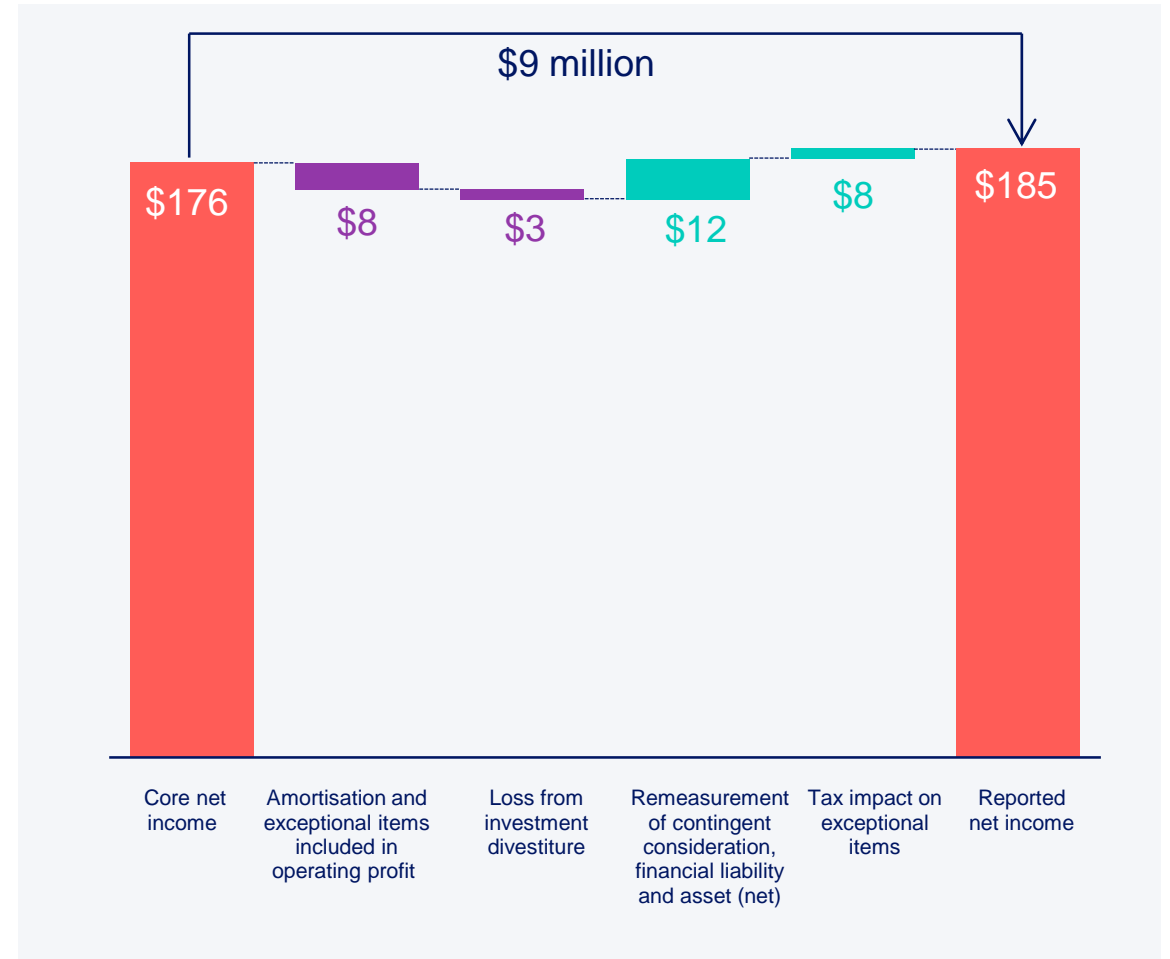


1H19 exceptional items and other adjustments

Bridge between 1H19 core and reported operating profit
(million)

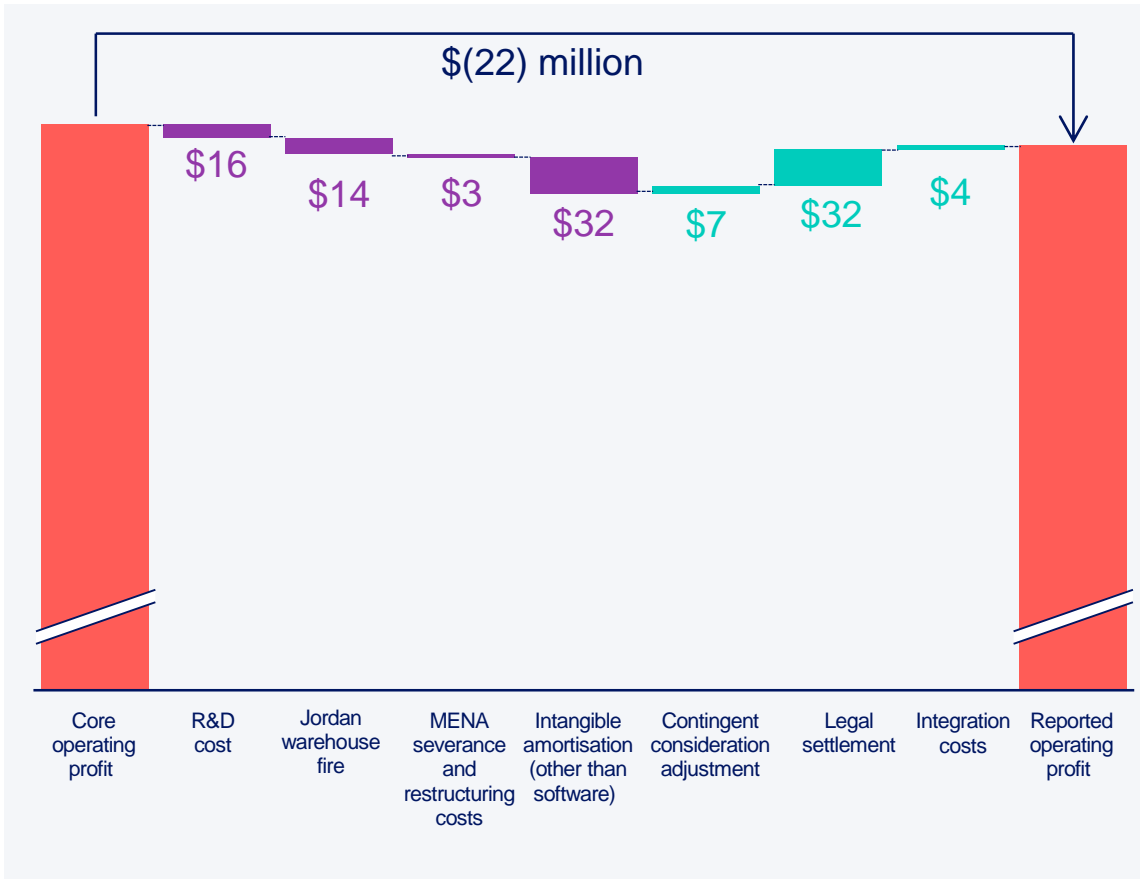


Bridge between 1H19 core and reported net income
(million)



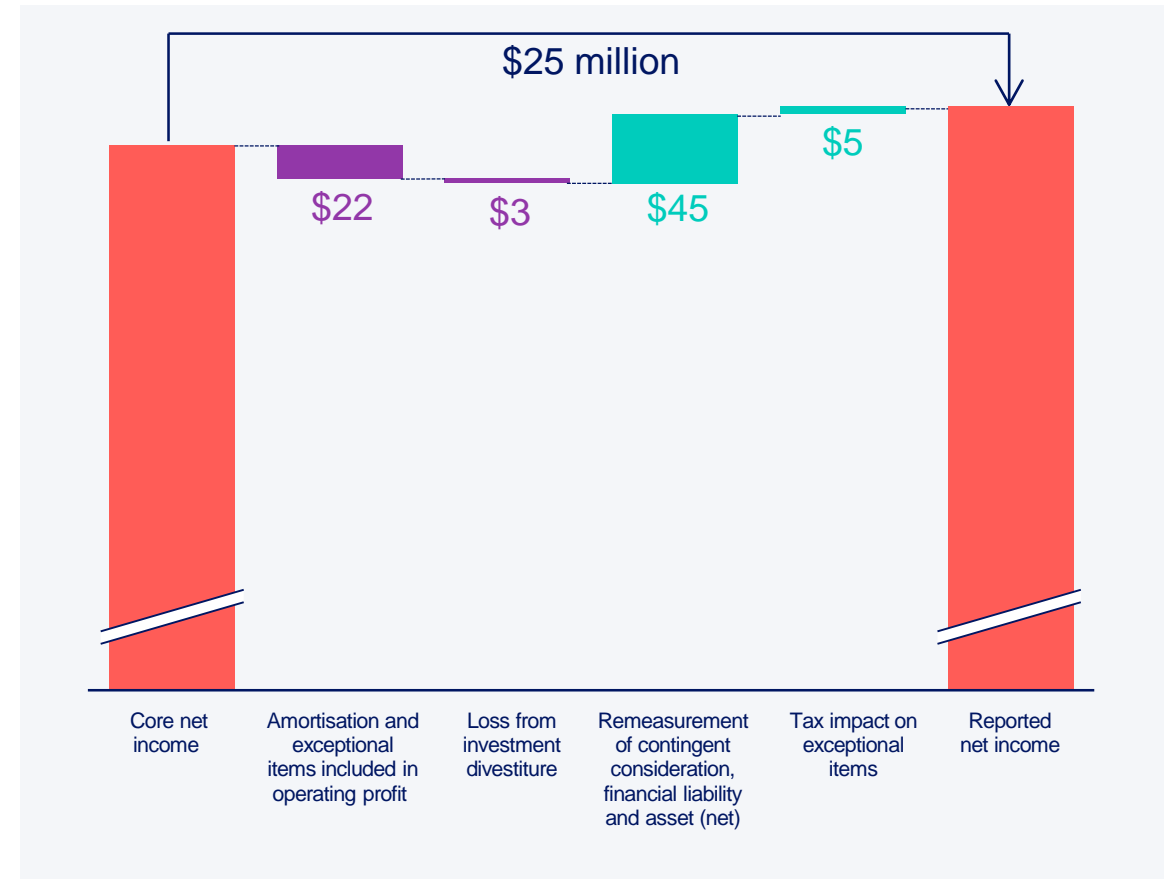
2019 exceptional items and other adjustments

Bridge between 2019 core and reported operating profit
(million)



These figures are based on estimates and are subject to change
Graphs are not to scale

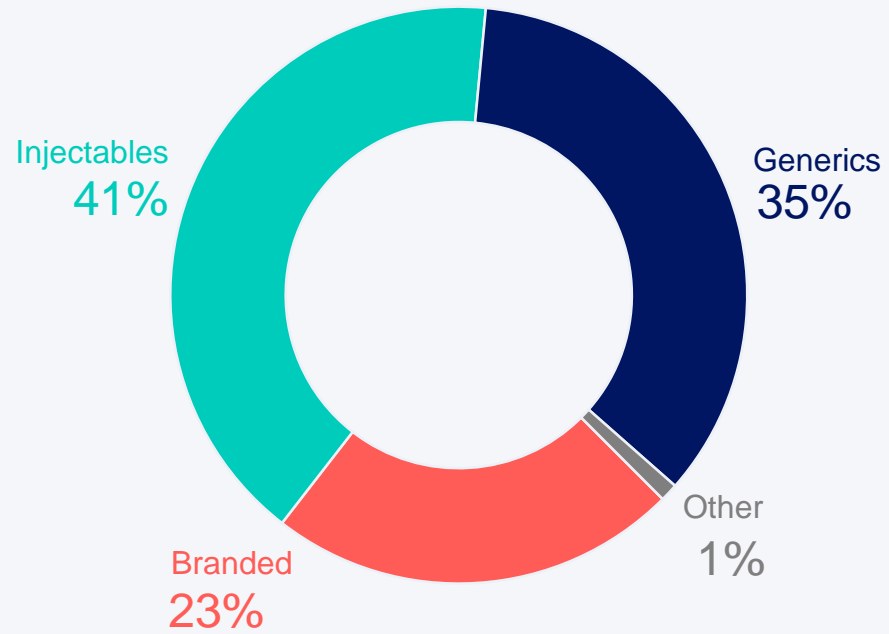
Bridge between 2019 core and reported net income
(million)



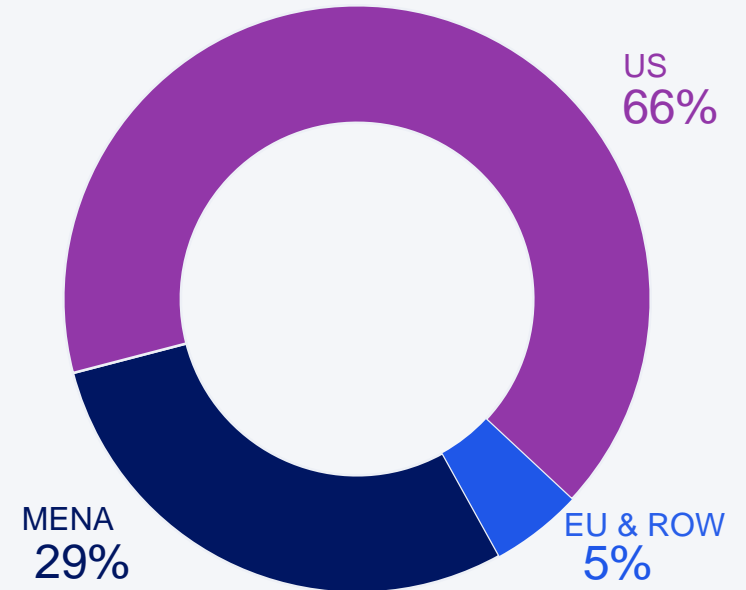
These figures are based on estimates and are subject to change
Graphs are not to scale

Group core revenue by segment and region

1H19 Group core revenue by segment

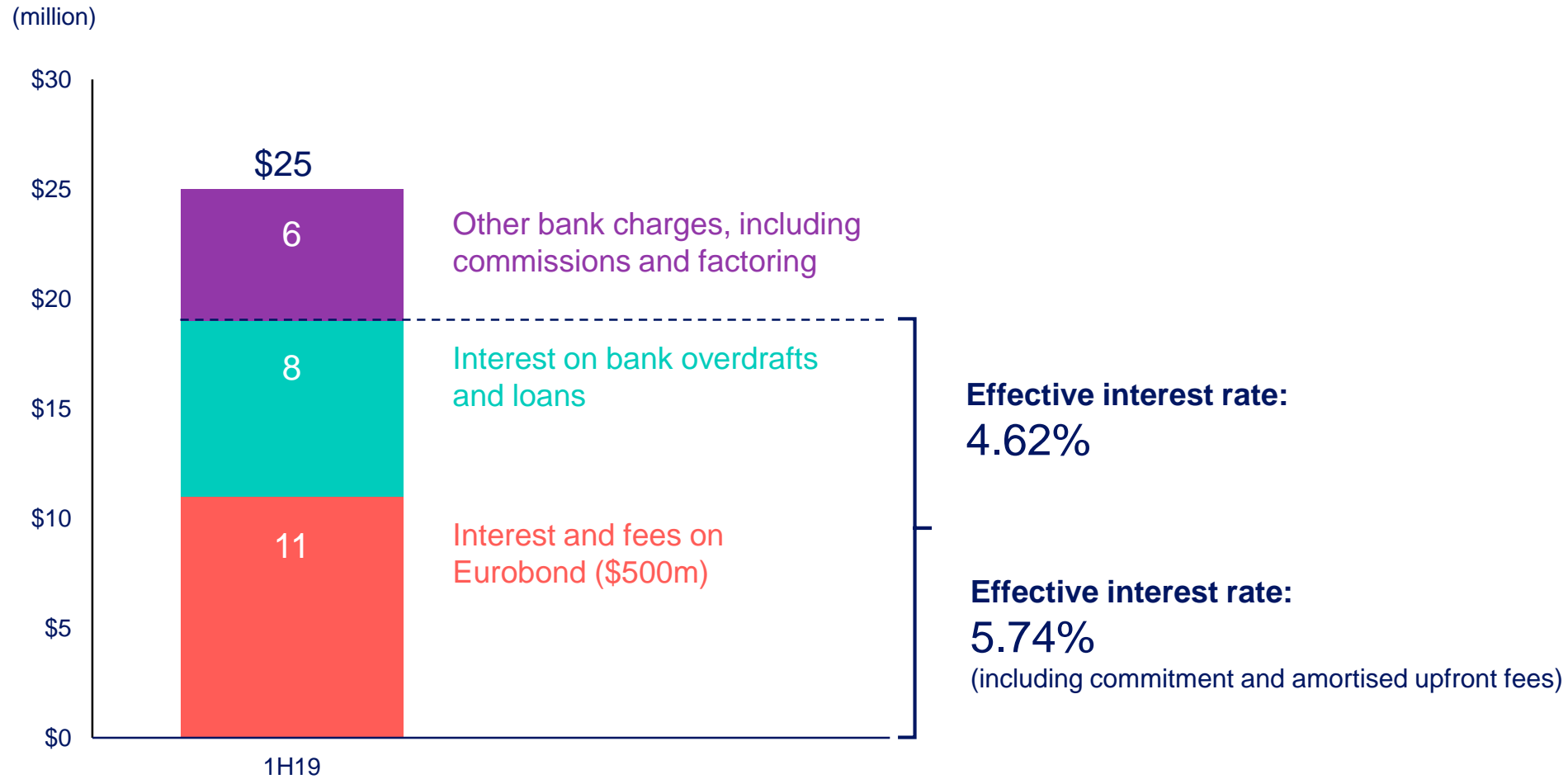


1H19 Group core revenue by region



Core finance expense

1H19 core finance expense



Consolidated P&L

\$ million	1H18	1H19	% change	% constant currency change
Revenue	979	1,047	+7%	+8%
Core revenue	979	1,043	+7%	+7%
Gross profit	490	548	+12%	+12%
Core gross profit	495	544	+10%	+11%
<i>Core gross margin</i>	50.6%	52.2%	+1.6pp	+1.5pp
Operating profit	174	238	+37%	+37%
Core operating profit	214	246	+15%	+15%
<i>Core operating margin</i>	21.9%	23.6%	+1.7pp	+1.6pp
EBITDA	230	297	+29%	+30%
Core EBITDA	252	287	+14%	+14%
Profit attributable to shareholders	106	185	+75%	+75%
Core profit attributable to shareholders	148	176	+19%	+20%
Basic earnings per share (cents)	44.0	76.4	74%	75%
Core basic earnings per share (cents)	61.4	72.7	+18%	+19%
Dividend per share (cents)	12	14	17%	-
<i>Core effective tax rate</i>	20.1%	21.8%	+1.7pp	+1.6pp

Consolidated cash flow statement

\$ million	1H18	1H19
Cash generated from operating activities	206	211
Income taxes paid	(21)	(41)
Income tax received	-	17
Net cash inflow from operating activities	185	187
Purchases of property, plant and equipment	(53)	(48)
Proceeds from disposal of property, plant and equipment	-	3
Purchase of intangible assets	(16)	(34)
Proceeds from disposal of intangible assets	1	-
Cash paid in investment in joint venture	(4)	-
Change in investment in financial and other non-current assets	(1)	1
Proceeds from sale of investment at fair value through other comprehensive income	-	12
Additions on investment at fair value through other comprehensive income	(2)	(3)
Acquisition of business undertakings, net of cash acquired	(14)	(8)
Proceeds from investment divestiture	-	2
Contingent consideration receipt	35	20
Finance income	1	2
Net cash outflow from investing activities	(53)	(53)
(Increase)/decrease in collateralised and restricted cash	3	(12)
Proceeds from issue of long-term financial debts	87	6
Repayment of long-term financial debts	(149)	(6)
Proceeds from short-term borrowings	174	152
Repayment of short-term borrowings	(171)	(138)
Repayment in lease liabilities	-	(3)
Dividends paid	(55)	(63)
Dividends paid to non-controlling shareholders of subsidiaries	(2)	(1)
Interest paid	(24)	(25)
Payment from co-development and earnout payment agreement, net	(1)	-
Net cash outflow from financing activities	(138)	(90)
Net increase in cash and cash equivalents	(6)	44
Cash and cash equivalent at beginning of the half-year	227	276
Foreign exchange translation movements	(1)	2
Cash and cash equivalents at end of the half-year	220	322

Consolidated balance sheet

\$ million	Dec-18	Jun-19	\$ change	% change
Goodwill	279	281	2	1%
Other intangible assets	487	520	33	7%
Property, plant and equipment	870	863	(7)	(1)%
Right-of-use assets	-	49	49	N/A
Investment in associates and joint ventures	11	12	1	9%
Deferred tax assets	125	134	9	7%
Financial and other non-current assets	57	48	(9)	(16)%
Total non-current assets	1,829	1,907	78	4%
Inventories	528	579	51	10%
Income tax receivable	74	50	(24)	(32)%
Trade and other receivables	731	693	(38)	(5)%
Cash and cash equivalents	276	322	46	17%
Collateralised and restricted cash	-	12	12	N/A
Other current assets	59	43	(16)	(27)%
Total current assets	1,668	1,699	31	2%
Total assets	3,497	3,606	109	3%
Bank overdrafts and loans	74	588	514	695%
Trade and other payables	465	409	(56)	(12)%
Income tax provision	68	70	2	3%
Other provisions	23	23	-	-
Other current liabilities	263	234	(29)	(11)%
Total current liabilities	893	1,324	431	48%
Long-term financial debts	539	40	(499)	(93)%
Lease liabilities	23	64	41	178%
Deferred tax liabilities	16	16	-	-
Other non-current liabilities	329	318	(11)	(3)%
Total non-current liabilities	907	438	(469)	(52)%
Total liabilities	1,800	1,762	(38)	(2)%
Equity attributable to equity holders of the parent	1,685	1,832	147	9%
Non-controlling interest	12	12	-	-
Total equity	1,697	1,844	147	9%

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