

**Better health.
Within reach.
Every day.**

Hikma Pharmaceuticals PLC
2021 Preliminary Results



hikma.

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Strong Group core revenue and profit growth

Strong financial performance:



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

² For reported figures refer to the appendix

Positioning Hikma for long-term success



Injectables

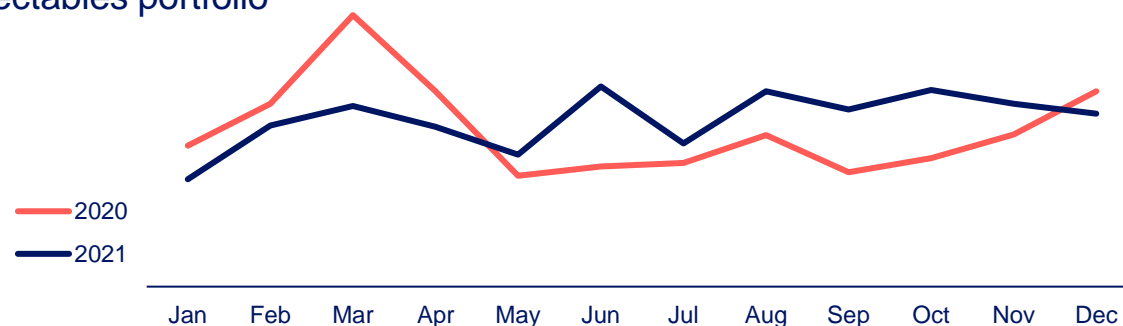


Benefitting from strong commercial capabilities across our markets

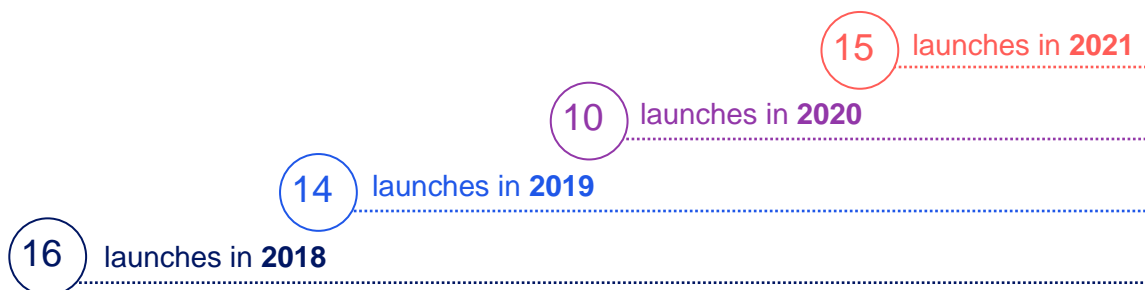


US: Broad injectables portfolio capturing opportunities in a volatile market

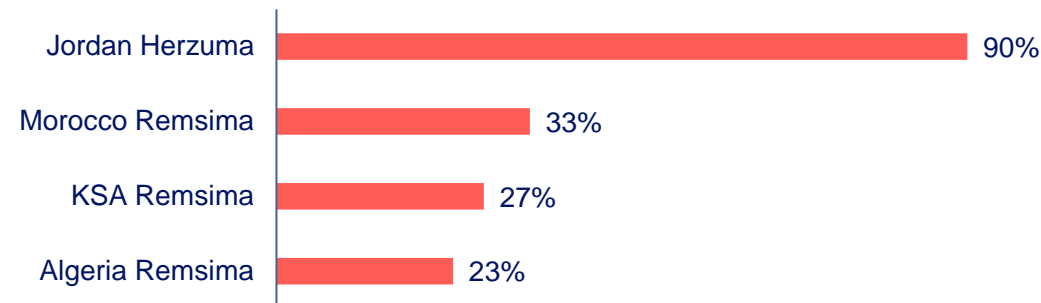
Volume for Hikma's US injectables portfolio



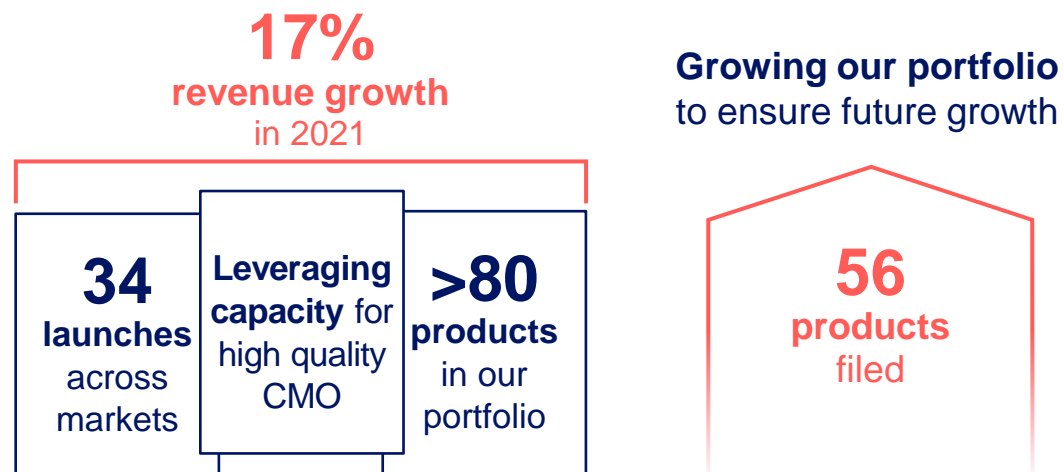
Expanding our US portfolio through successful new launches



MENA: Improving patients' access to biologics¹



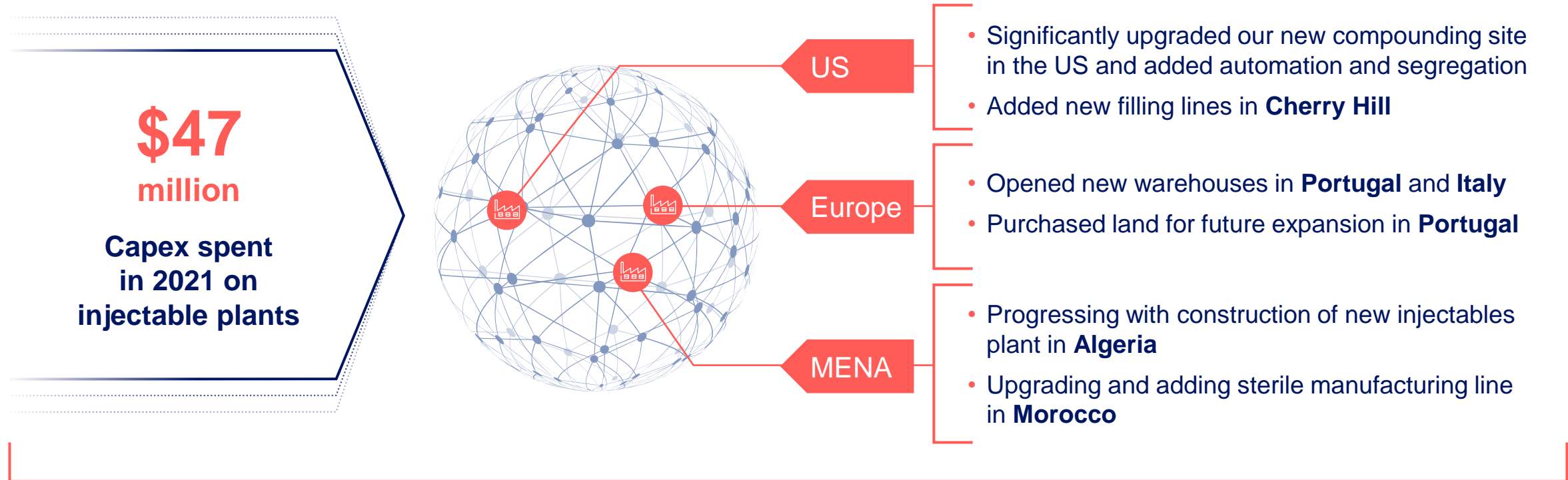
Europe: Strengthening our foothold



Investing in our capacity and expanding our capabilities to support future growth plans



We are investing to support a **growing global portfolio**:



These investments allow us to **meet customer and patient needs in volatile market conditions**, as well as enhance our **quality, efficiency and flexibility**

Building a differentiated pipeline to sustain future growth



1

Building out our pipeline of differentiated products through internal R&D

Global Injectables pipeline¹

60
products
filed across
markets

53
products
in development

2

Adding differentiated products through partnership

Building a portfolio of highly complementary **biosimilar products, specialty and complex injectables**

US

 **Stelara**[®]
(ustekinumab)

XGEVA[®]
(denosumab) injection

 **prolia**[®]
denosumab

Combogesic[®] IV

MENA

 **Remsima**[®]
Infliximab

 **Orbactiv**[™]
(oritavancin) for injection (1250 mg)

 **VABOMERE**[™]
meropenem and vaborbactam
for injection (4 g)

¹ Pipeline as at January 2022
² Stelara[®] is a registered trademark of Johnson & Johnson Corporation
Xgeva[®] is a registered trademark of Amgen Inc.
Prolia[®] is a registered trademark of Amgen Inc.
Combogesic[®] is a registered trademark of AFT Pharmaceuticals Ltd
Remsima[®] is registered trademarks of Celltrion Inc.
Vabomere[®] and Orbactiv[®] are registered trademark of Melinta Therapeutics Inc.

3

Executing strategic acquisitions

Strengthening US Injectables business through acquisition of Custopharm

Adds 13 approved products, additional pipeline products and an experienced scientific team of dedicated R&D professionals

Expanding into Canada through the acquisition of Teligent sterile injectable assets

Adding 25 sterile injectable products, three in-licensed ophthalmic products and a pipeline of seven additional products, four of which are approved by Health Canada

¹ Pipeline as at January 2022

Leveraging Hikma's quality and commercial strength to tap into a growing market



Launched 503B sterile compounding business

Pharmacists, physicians & nurses want and need medicines in ready-to-administer formats



503B est. Hospital available market¹

\$2.3—\$4.6B+
Currently insourced

Current market estimate opportunity for growth as hospitals further shift to an outsourcing model

There is a need from Hikma's existing hospital customers

Why a Hikma opportunity?

We have the competitive advantage

- Strong understanding of cGMP
- Manufacturing efficiency and optimization
- Access to key ingredients, finished product and other materials
- Commercial infrastructure already in place: Sales, Marketing, Contracting
- Financial strength and ability to scale

¹ FDA Compounding Quality Center of Excellence 2021 Virtual Conference: Culture of Quality

Generics



Strong capabilities and a differentiated portfolio are setting us apart from peers



Hikma Generics a standout among peers

Rank	Manufacturer	Sales ¹	
		FY 2021 (\$m)	YoY % Δ
1	Teva	\$3,724	(11%)
2	Viartis	\$3,202	(11%)
3	Amneal	\$1,822	(11%)
4	Sandoz	\$1,602	(22%)
5	Lupin	\$1,573	(13%)
6	Aurobindo	\$1,440	(8%)
7	Sun	\$1,417	(2%)
8	Zydus	\$1,370	(13%)
9	Endo	\$1,329	(10%)
10	Hikma	\$1,180	13%
11	Apotex	\$1,134	(8%)
12	Dr. Reddy's	\$1,133	5%
13	Padagis	\$949	(17%)
14	Glenmark	\$875	9%
15	Cipla	\$740	15%
	All other	\$17,907	(6%)
Total		\$41,398	(7%)

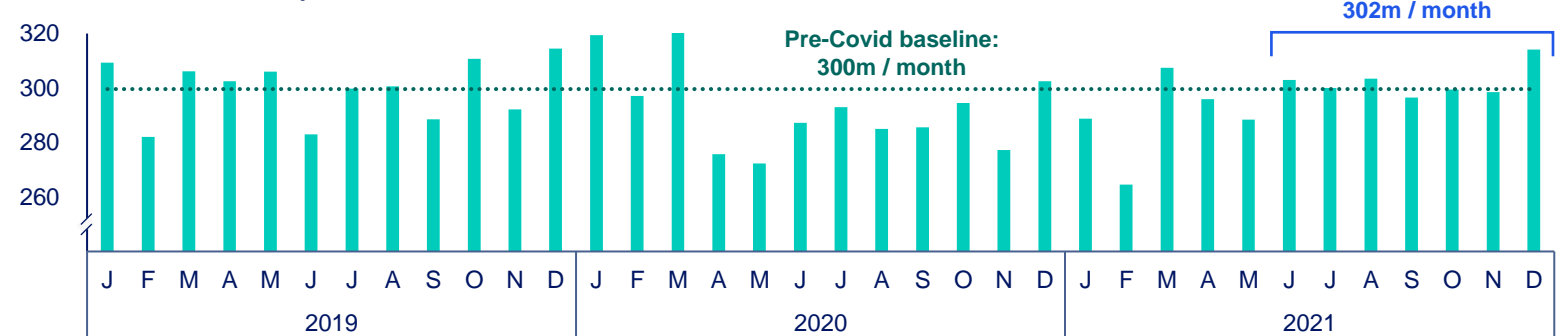
- Hikma Generics is **one of only four** leading manufacturers to achieve growth in 2021
- Aggregate industry decline has **accelerated to ~(-7%)** after remaining ~flat the prior two years

Key industry trends



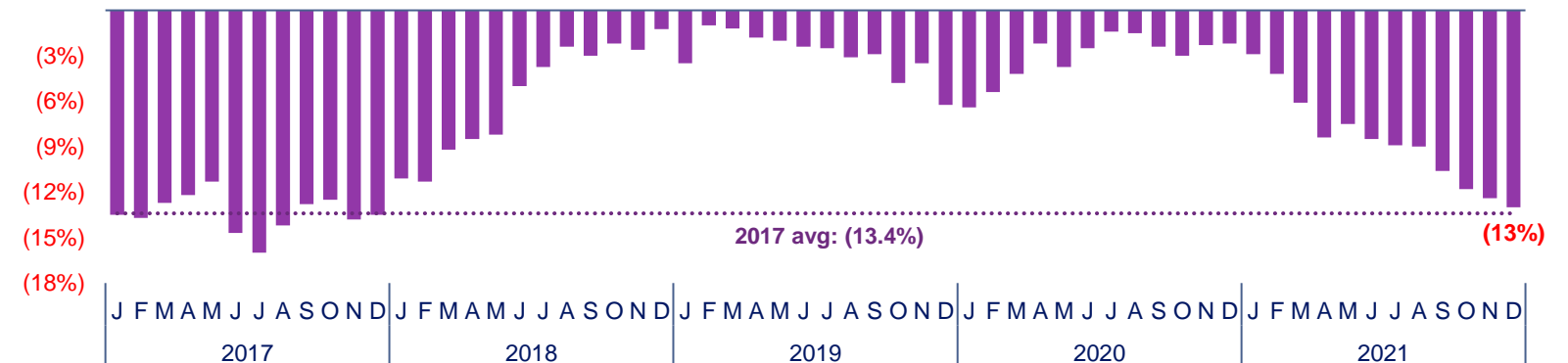
Generic retail Rx volume has recovered to pre-Covid levels...

Generic non-injectables TRx¹



... but pricing pressure has intensified,

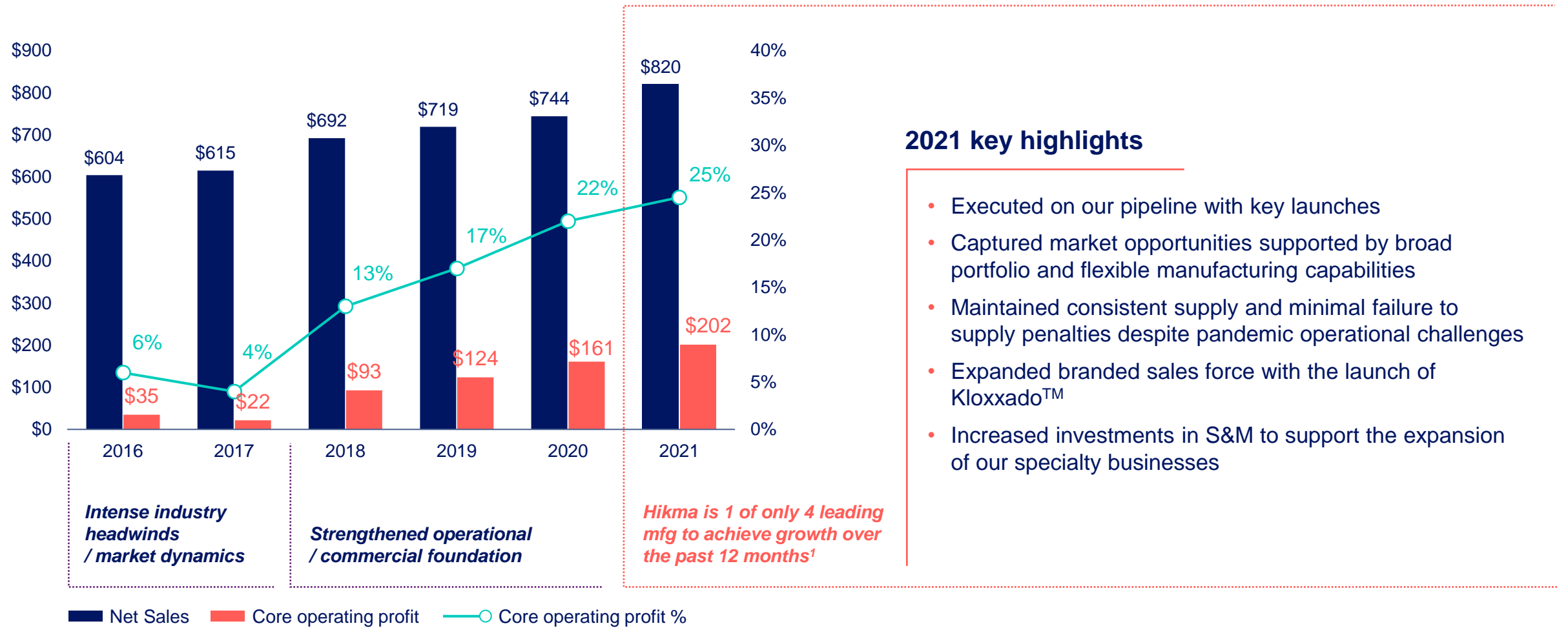
U.S. generics YoY price inflation/(deflation)²



¹ IQVIA non-injectable generic products only (Prasco and Northstar excluded from top 15);

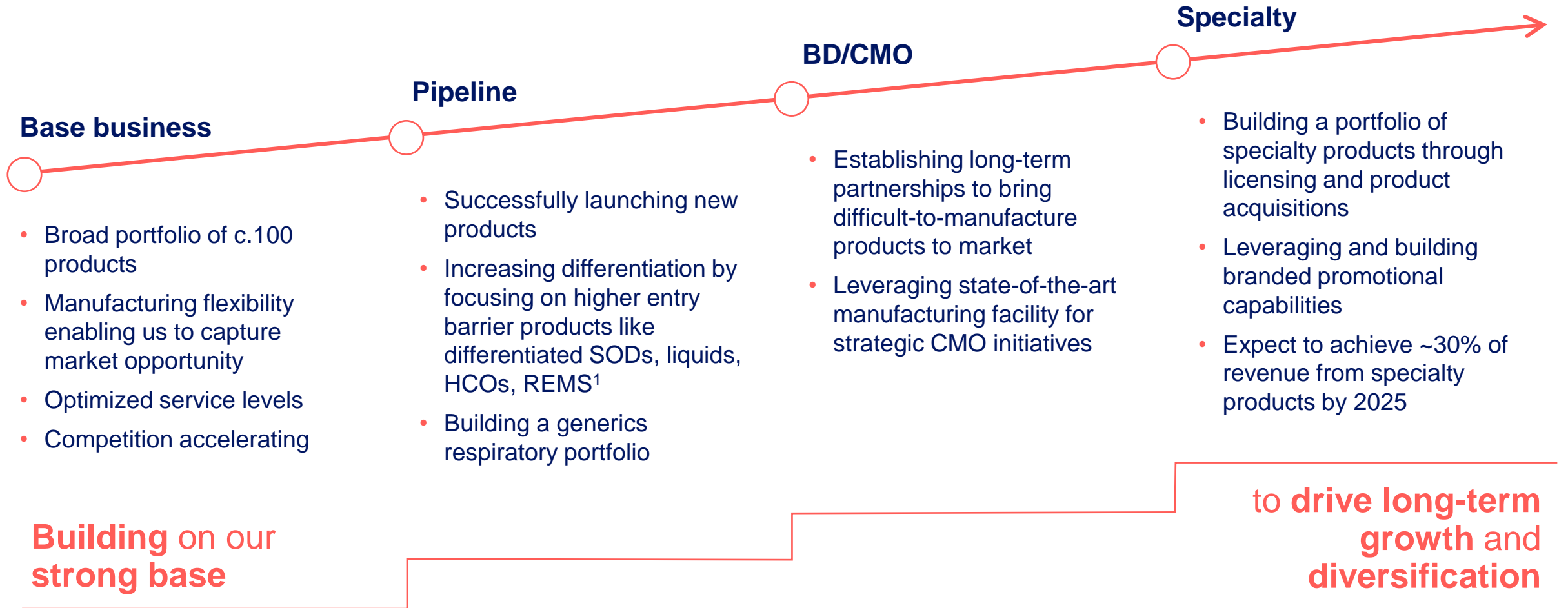
² Raymond James U.S. generic pharmaceutical inflation tracker (all dosage forms), 01.30.2022

Resilient portfolio and new launches offsetting headwinds



¹ IQVIA non-injectable generic products only (Prasco and Northstar excluded from top 15)

Ensuring growth in a competitive market



¹ SODs: solid oral doses; HCOs: high containment operations; REMs: Risk Evaluation and Mitigation Strategy

Branded



Delivering growth across our markets supported by our strong commercial capabilities



2021 key achievements across MENA markets

Algeria
Tier 1 market

+21%

Revenue growth
in 2021

Egypt

Tier 1 market

+4%

Revenue growth
in 2021

Jordan

Tier 3 market

+14%

Revenue growth
in 2021

Responsive
organisational
structure

- Introduced new sales structures to respond to the volatility caused by the pandemic
- Improved management of commercial teams

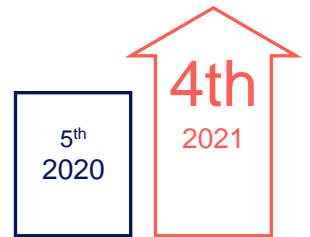
Proactive
supply
strategy

- Effective coordination between our sales and operations team ensured continuity of supply
- Local manufacturing plants enabled us to quickly respond to changing market dynamics

Fast
market
adaptability

- Quickly adapted marketing activities to respond to customers' needs

Moved in ranking
from 5th to 4th largest
pharmaceutical
company in MENA



Increased prevalence of lifestyle disease is leading to **increased demand for chronic medications**



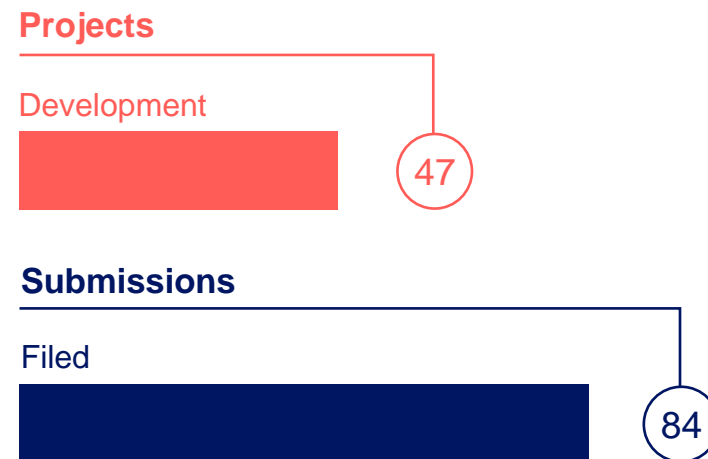
Chronic medications
contributed to
c.58%
of Branded sales in 2021

Building a pipeline of differentiated products



Building out our pipeline of differentiated products through internal R&D

Branded pipeline of 131 products¹



Launching differentiated products through partnerships

Launched >40 products² in last 18 months:

Bufomix Easyhaler™

Respiratory

KSA, UAE, Iraq

Edarbi™ /Edarbyclor™

Cardiovascular

KSA, Qatar, Iraq, Jordan

Reagila™

Anti-psychotic

Egypt, KSA, Jordan

Vipidia™ /Vipdomet™

Diabetes

KSA, Jordan, Kuwait, Qatar

Prevalin™

Consumer healthcare

KSA, Jordan

Investing in capacity and expanding capabilities

- **Leveraging Hikma Chemicals** for patented and hard to source API
- Continue to **focus on key therapeutic areas**, such as oncology and potent products, CNS, diabetes
- **Strengthening R&D** in our five major markets
- **Adding new technologies and capabilities** to develop complex products that will bolster portfolio differentiation in the region, including:
 - Lyophilization for solid oral doses
 - Top spray granulation
 - Hot melt extrusion

¹ Pipeline as at January 2022

² Products launched across our markets

Finance



Khalid Nabils, Chief Financial Officer

Group financial highlights

	2020	2021	% change
Core revenue	\$2,341 million	\$2,553 million	+9%
Core gross profit	\$1,213 million	\$1,301 million	+7%
Core ¹ operating profit	\$566 million	\$632 million	+12%
Core EBITDA ²	\$674 million	\$727 million	+8%
Core profit attributable to shareholders	\$408 million	\$450 million	+10%
Core basic earnings per share ³	172.9 cents	194.8 cents	+13%
Dividend per share	50 cents	54 cents	+8%

¹ Core results throughout the document are presented to show the underlying performance of the Group, excluding the exceptional items and other adjustments set out in Note 5 of the Group consolidated financial statements. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided in our preliminary press release

² Core EBITDA is earnings before interest, tax, depreciation, amortisation, assets write-down and impairment charges/reversals

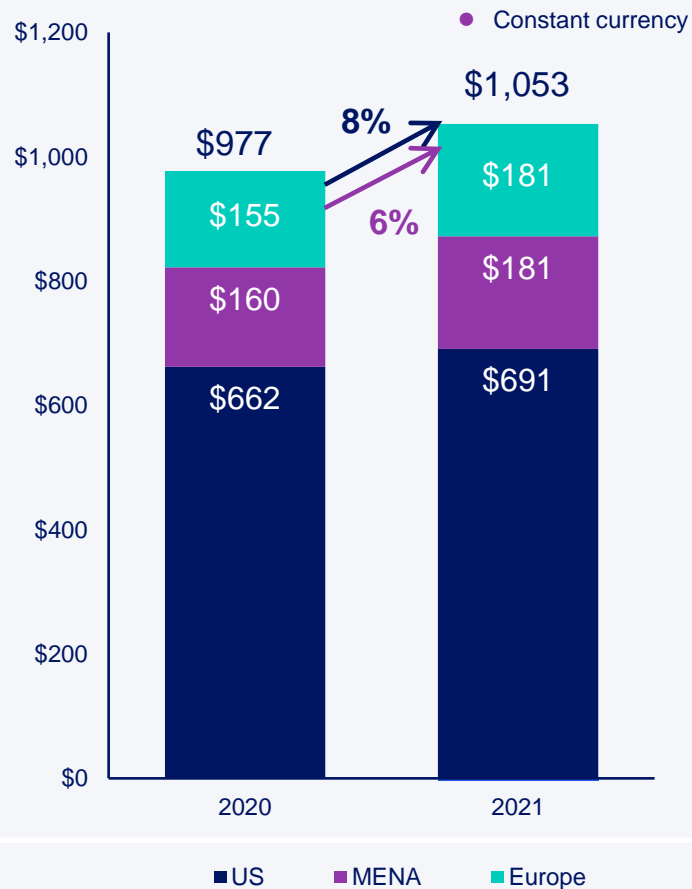
³ In June 2020, Hikma purchased 12.8 million ordinary shares from Boehringer Ingelheim, which are being held in treasury

⁴ For reported figures refer to the appendix

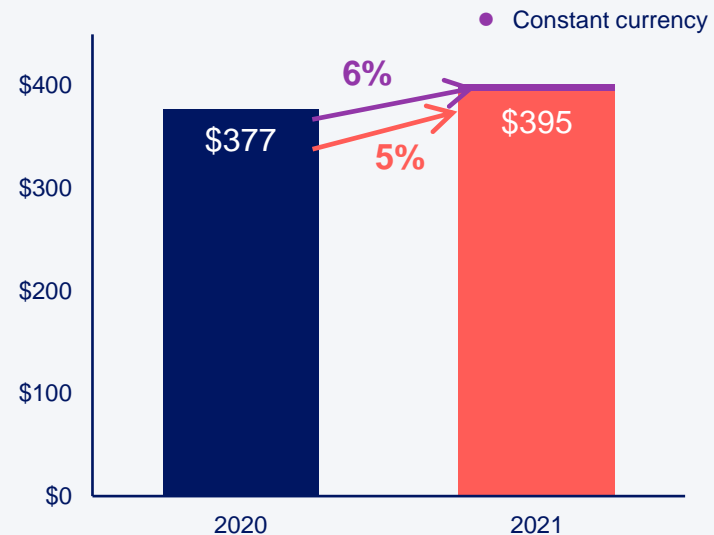
Injectables



Core revenue (million)



Core operating profit (million)



Operating margin

	2020	2021	Change	Constant currency	Constant currency change
Reported	36.2%	33.3%	(2.9)p	34.6%	(1.6)pp
Core	38.6%	37.5%	(1.1)pp	38.9%	0.3pp

Core revenue

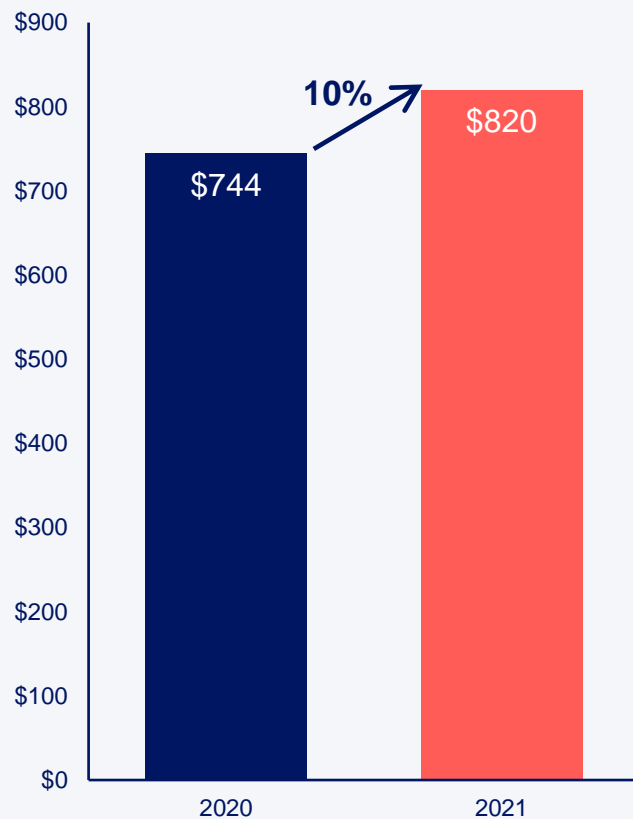
- + Good demand for our products in the US
- + Good growth in MENA, reflecting good demand for our portfolio and biosimilars
- + Good demand in Europe for our own products and contract manufacturing
- + Launched new products across all markets
- Slow down in elective surgeries

Core operating profit

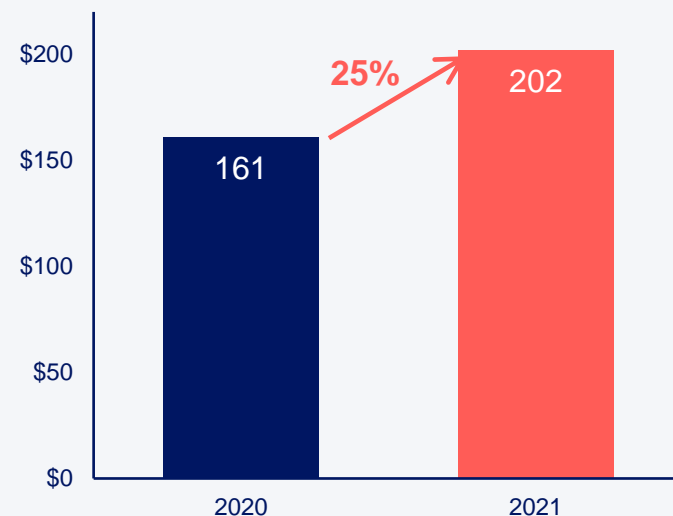
- Normalisation in product mix following the strong demand for COVID-19 related products in 2020
- + Good control of costs



Core revenue (million)



Core operating profit (million)



Operating margin

	2020	2021	Change
Reported	27.3%	26.5%	(0.8)pp
Core	21.6%	24.6%	3.0pp

Core revenue

- + Good demand for differentiated products
- + Strong contribution from new launches
- Increased competition on certain products

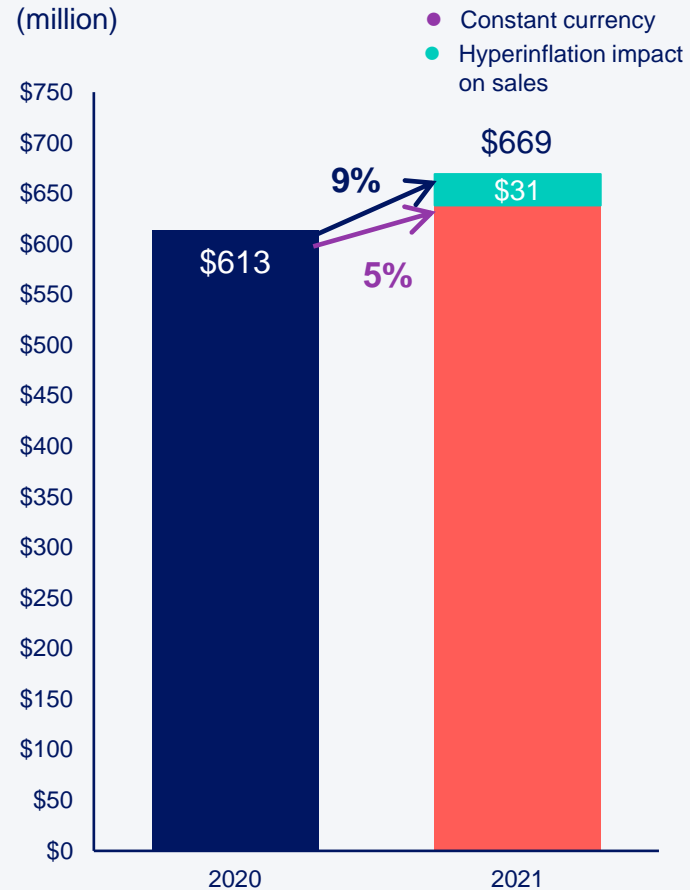
Core operating profit

- + Improved product mix as a result of new launches
- Increased S&M costs
- + Good control of other costs



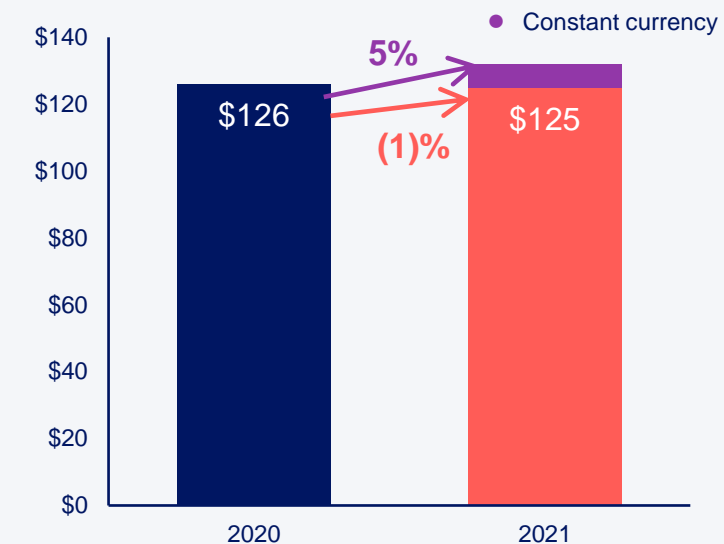
Core revenue

(million)



Core operating profit

(million)



Operating margin

	2020	2021	Change	Constant currency	Constant currency change
Reported	19.6%	15.5%	(4.1)pp	17.3%	(2.3)pp
Core	20.6%	18.7%	(1.9)pp	20.6%	0.0pp

Core revenue

- + Good growth across most of our markets, particularly Algeria
- + Good demand for chronic medications
- + New product launches across all markets
- Lower demand for tender business in KSA

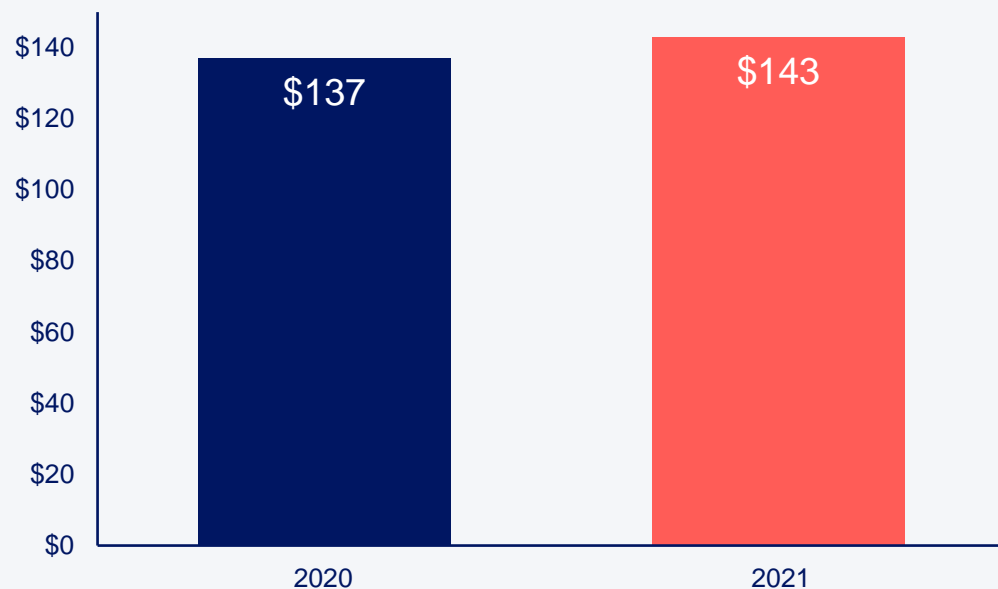
Core operating profit

- Higher S&M and R&D costs
- + Maintained stable margin in constant currency

Core R&D and capital expenditure

Core R&D

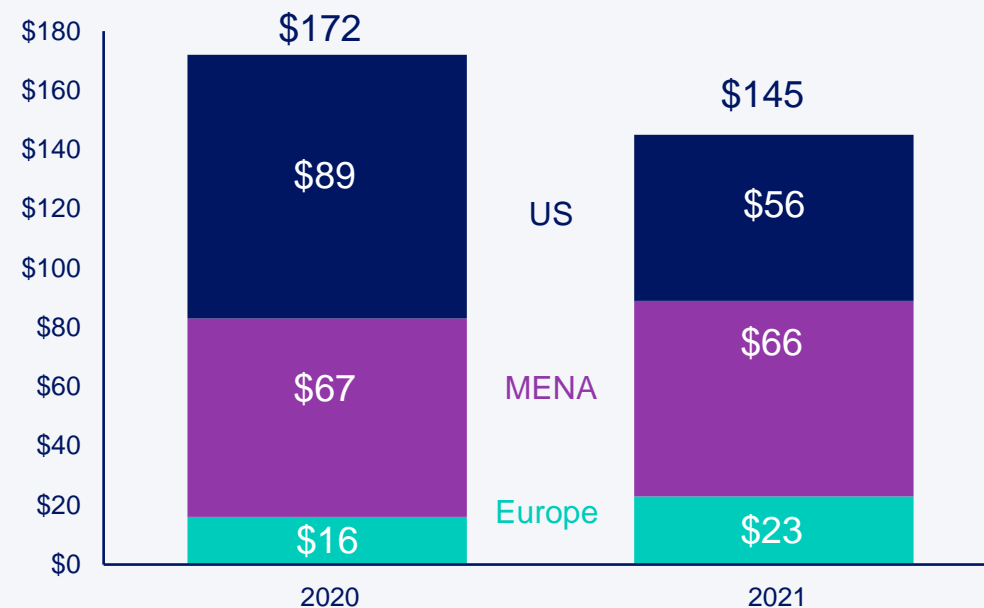
(million)



- Invested 6% of Group core revenue in core R&D
- Increased investment in the second half as we build a pipeline of differentiated products

Cash capital expenditure

(million)

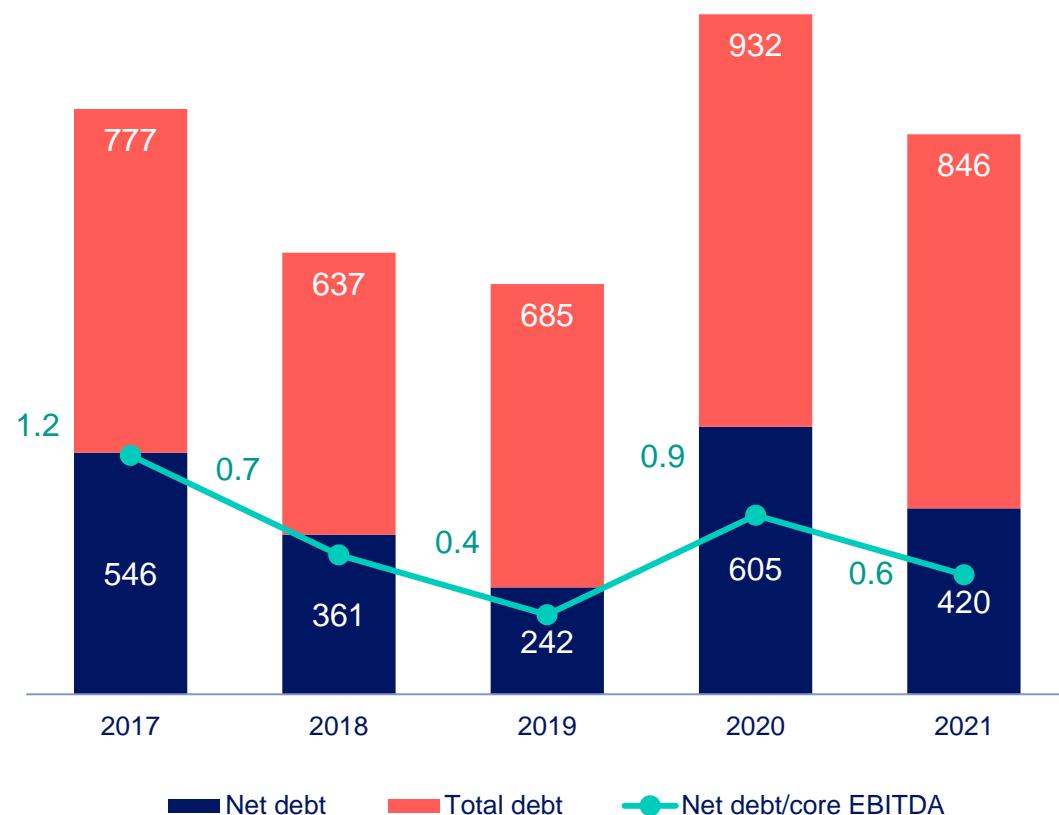


- Upgrading capabilities and adding new technologies in US
- Strengthening and expanding manufacturing capabilities in MENA
- Strengthening capabilities in Europe

Cash flow and balance sheet

Debt and leverage

(millions)



Capital allocation

- To reflect the strong cash generation, balance sheet strength and the Board's confidence in the Group's outlook, we announced today a share buyback programme of up to \$300 million to be executed during 2022
- We will maintain the financial flexibility needed to invest in the business and pursue inorganic growth opportunities

Operating cash flow

	Dec-20	Dec-21
Operating cash flow	464	638
Operating cash flow/core revenue	20%	25%

2022 guidance

Injectables¹



- Revenue:
Low to mid-single digit growth
- Core operating margin:
35% to 37%

Generics²



- Revenue:
8% to 10% growth
- Core operating margin:
24% to 25%

Branded



- Revenue growth in constant currency:
Mid-single digit growth excluding the impact of hyperinflation in 2021

Net finance expense



- Net finance expense:
c.\$55 million

Capital expenditure



- Capital expenditure:
\$160 million to \$180 million

Tax



- Core effective tax rate:
22% to 23%

¹ Our Injectables guidance does not currently include a contribution from Custopharm, which remains subject to FTC approval

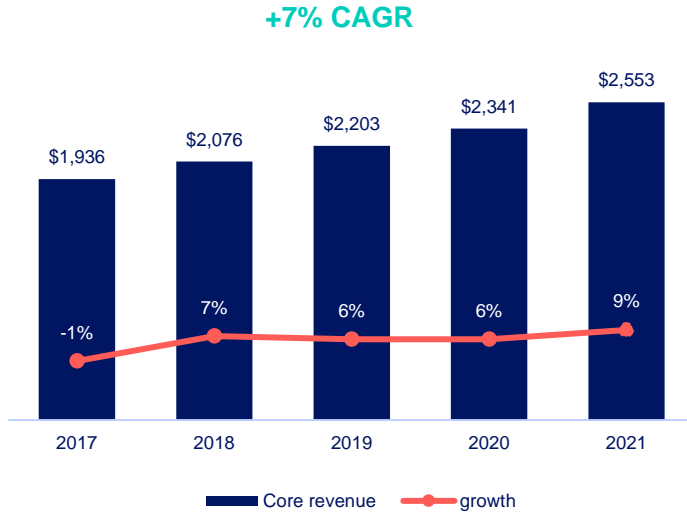
² Our Generics guidance assumes a mid-year launch for sodium oxybate.



Delivering strong organic growth

Core revenue

(millions)

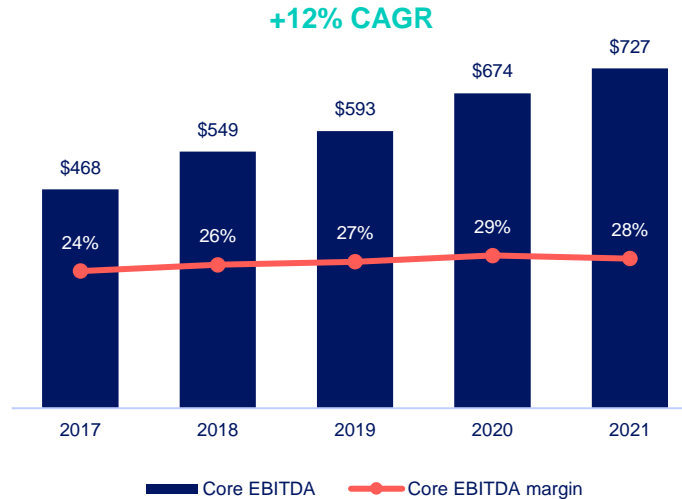


+ Key growth factors

- Performance driven by organic growth
- Growth in recent years has been driven by increased demand for our in-market products and new product launches

Core EBITDA

(millions)

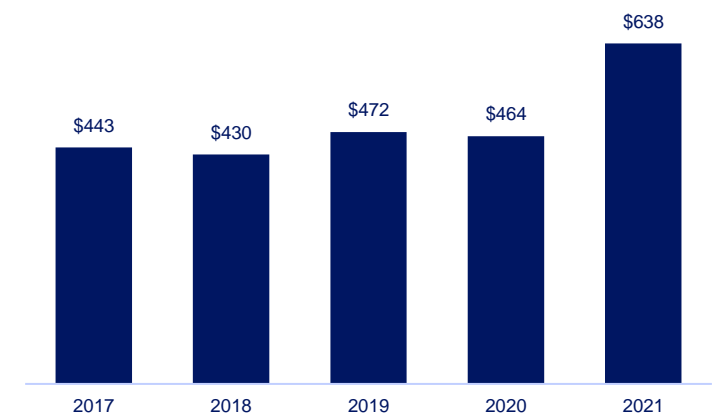


+ Strong EBITDA

- Delivered a strong improvement in EBITDA and EBITDA margins

Operating cash flow

(millions)



+ Strong cash generation

- Consistently generated strong cash flow and maintained low level of leverage
- Announced a share buy back programme of up to \$300 million

A strong investment case

Platform for future growth and a track record of success



A solid platform
for growth across
all three
businesses



Increasingly diverse
portfolio and
pipeline



Excellent financial
discipline with a
strong balance
sheet and
robust cash
generation



A proven track
record of delivering
value for
shareholders and a
clear vision for
growth

Underlying this is our commitment to act responsibly, by advancing health and wellbeing, empowering our people, protecting the environment and building trust through quality in everything we do

Appendix



Group reported financial highlights

	2020	2021	% change
Revenue	\$2,341 million	\$2,553 million	+9%
Gross profit	\$1,201 million	\$1,301 million	+8%
Operating profit	\$579 million	\$582million	+1%
EBITDA ¹	\$670 million	\$727 million	+9%
Profit attributable to shareholders	\$431 million	\$421 million	(2)%
Basic earnings per share ²	182.6 cents	182.3 cents	0%

¹ EBITDA is earnings before interest, tax, depreciation, amortisation, assets write-down and impairment charges/reversals

² In June 2020, Hikma purchased 12.8 million ordinary shares from Boehringer Ingelheim, which are being held in treasury

The impact of hyperinflation

Impact on Branded business

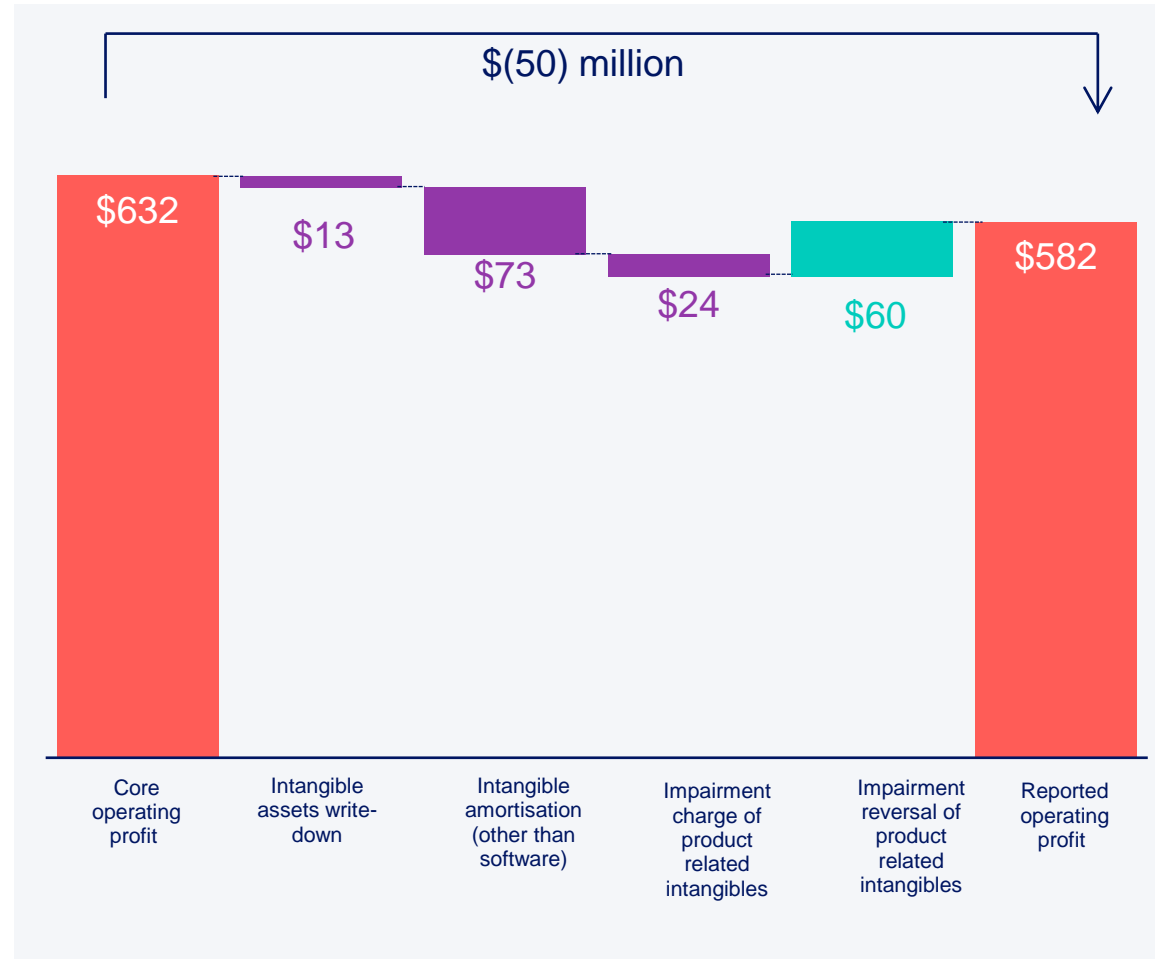
	P&L excluding hyperinflation (\$m)	Hyperinflation impact (\$m)	P&L including hyperinflation (\$m)
Core revenue	638	31	669
Cost of sales	(327)	(14)	(341)
Core gross profit	311	17	328
Loss on net monetary assets	-	(16)	(16)
Total operating expenses	(184)	(19)	(203)
Core operating profit	127	(2)	125

Impact on Injectables business

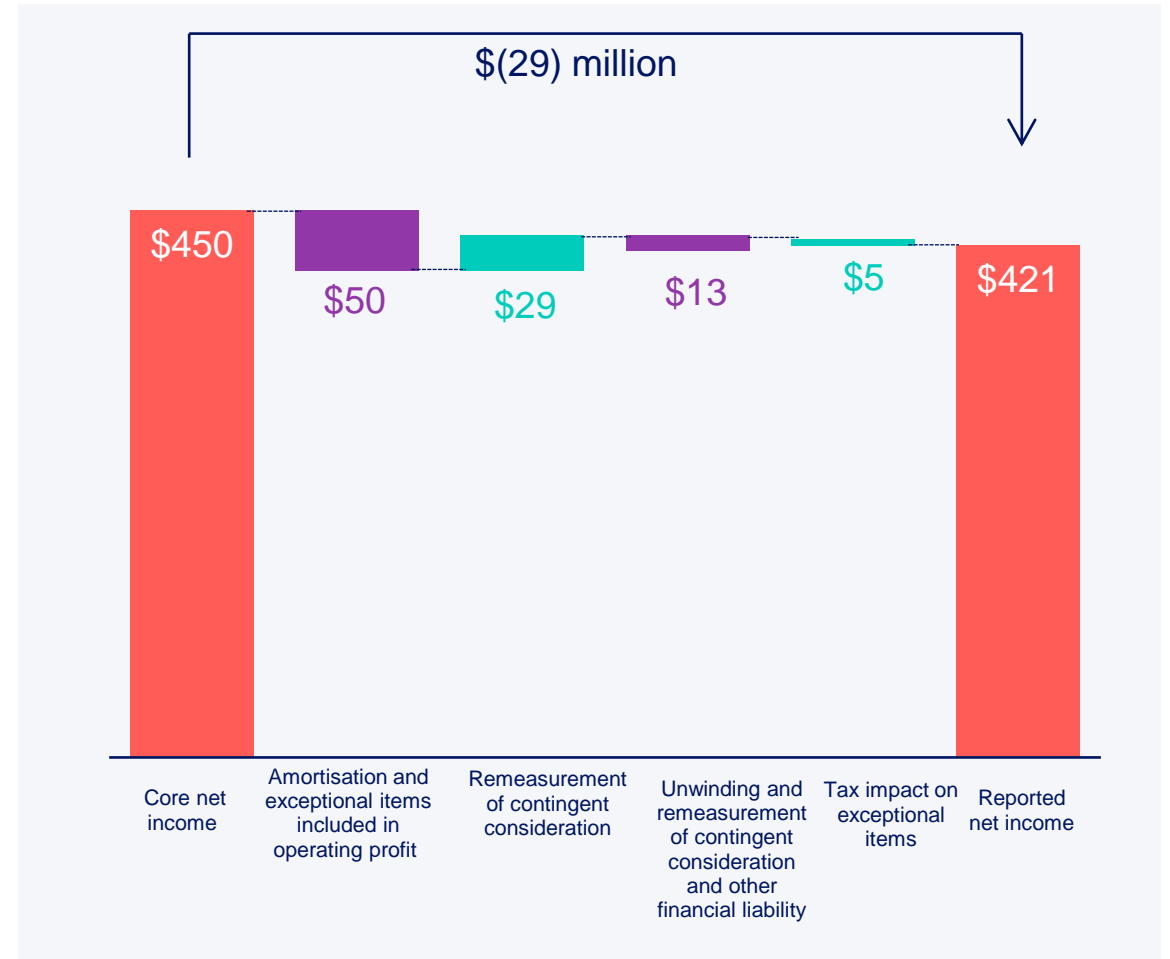
	P&L excluding hyperinflation (\$m)	Hyperinflation impact (\$m)	P&L including hyperinflation (\$m)
Core revenue	1,041	12	1,053
Cost of sales	(461)	(11)	(472)
Core gross profit	580	1	581
Loss on net monetary assets	-	(8)	(8)
Total operating expenses	(178)	(8)	(186)
Core operating profit	402	(7)	395

2021 exceptional items and other adjustments

Bridge between 2021 core and reported operating profit
(million)

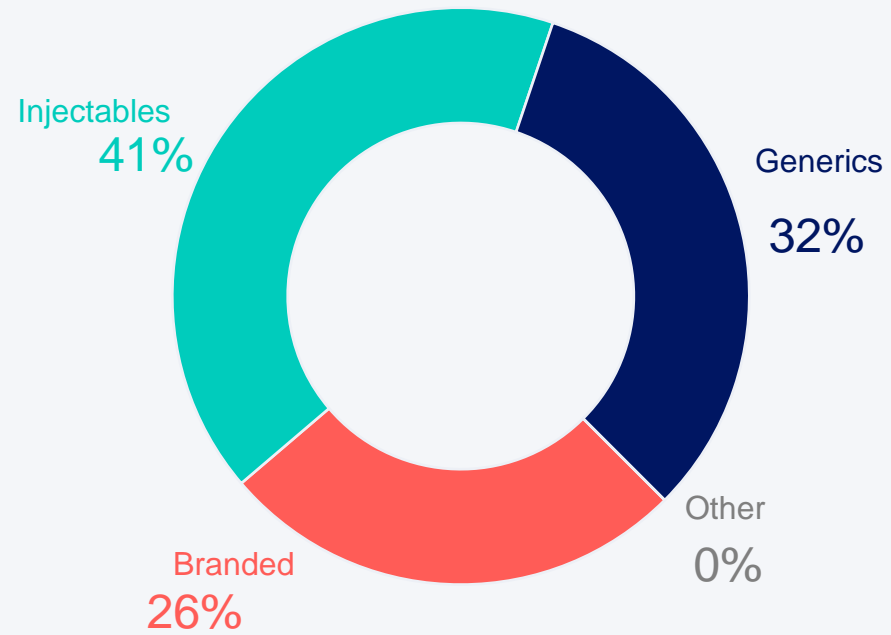


Bridge between 2021 core and reported net income
(million)

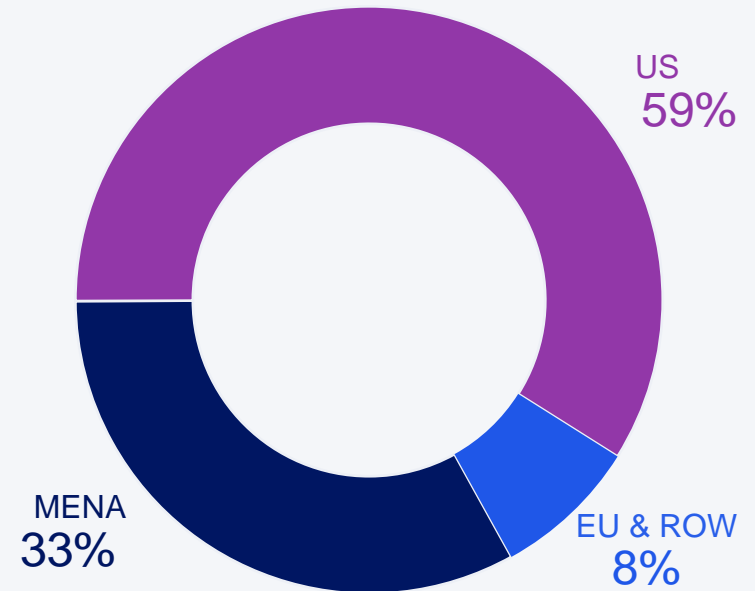


Group core revenue by segment and region

2021 Group core revenue by segment

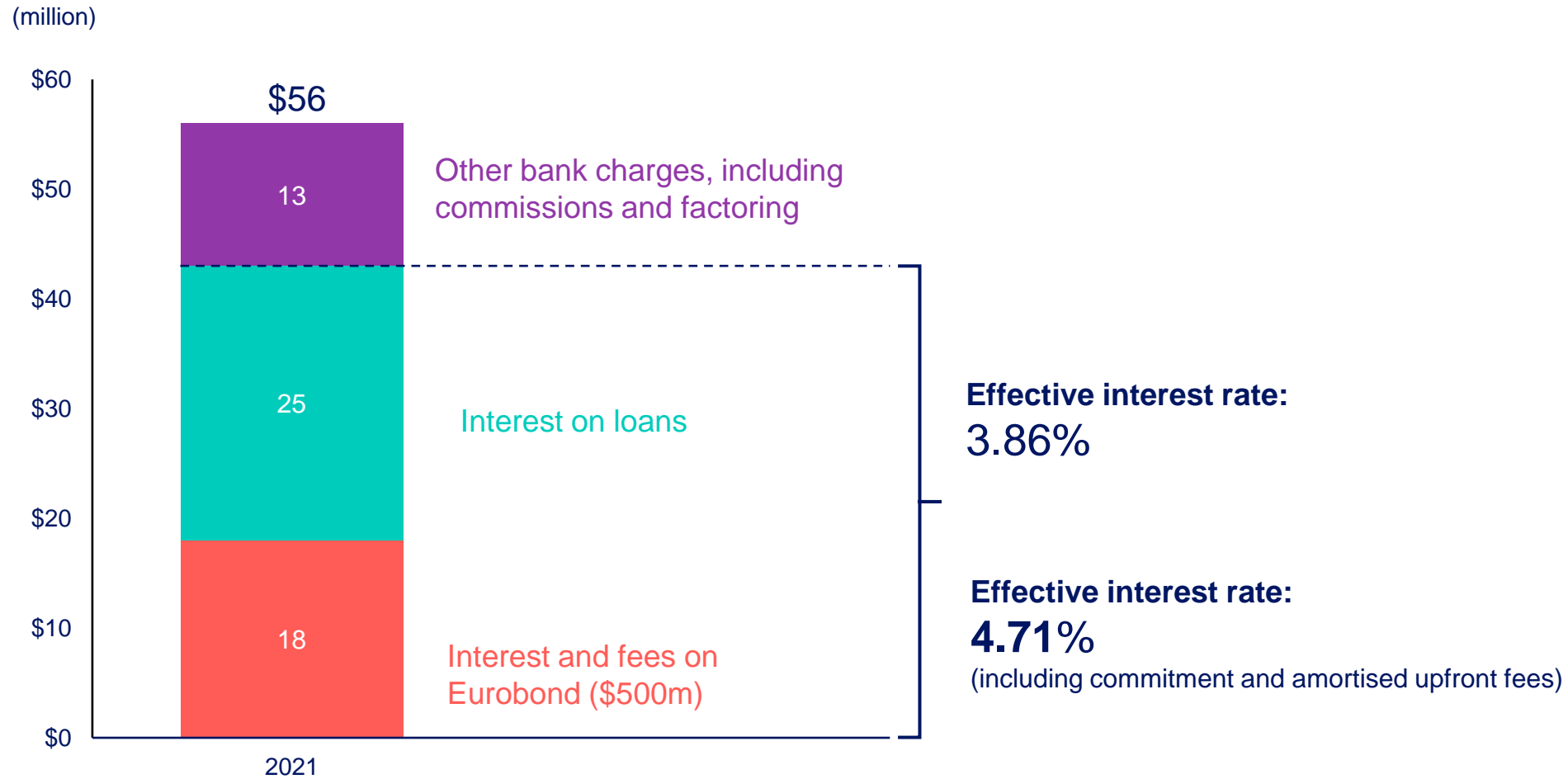


2021 Group core revenue by region



Core finance expense

2021 core finance expense





Acting responsibly



Advancing health and wellbeing

Providing better healthcare and supporting our communities

- Access to medicines
- Corporate social responsibility
 - Providing better health
 - Supporting education
 - Helping people in need



Empowering our people

Shaping an inclusive culture where everyone can thrive

- Culture of progress and belonging
- Values - innovative, caring and collaborative
- Employee wellbeing
- Diversity, equity and inclusion
- Recruitment, retention and promotion



Protecting the environment

Minimising our impact on the planet

- Reduction of greenhouse gas emissions (GHG)
- Sustainable supply chain
- Water management
- Waste management



Building trust through quality in everything we do

Upholding ethical standards and acting with integrity

- Product quality and safety
- Ethics and compliance
- Corporate governance

Targeting a 25% reduction in Scope 1 and 2 greenhouse gas emissions by 2030¹



¹Using a 2020 baseline