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Within reach.
Every day.**

Hikma Pharmaceuticals PLC
2019 Preliminary Results

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Strong Group core revenue and profit growth



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

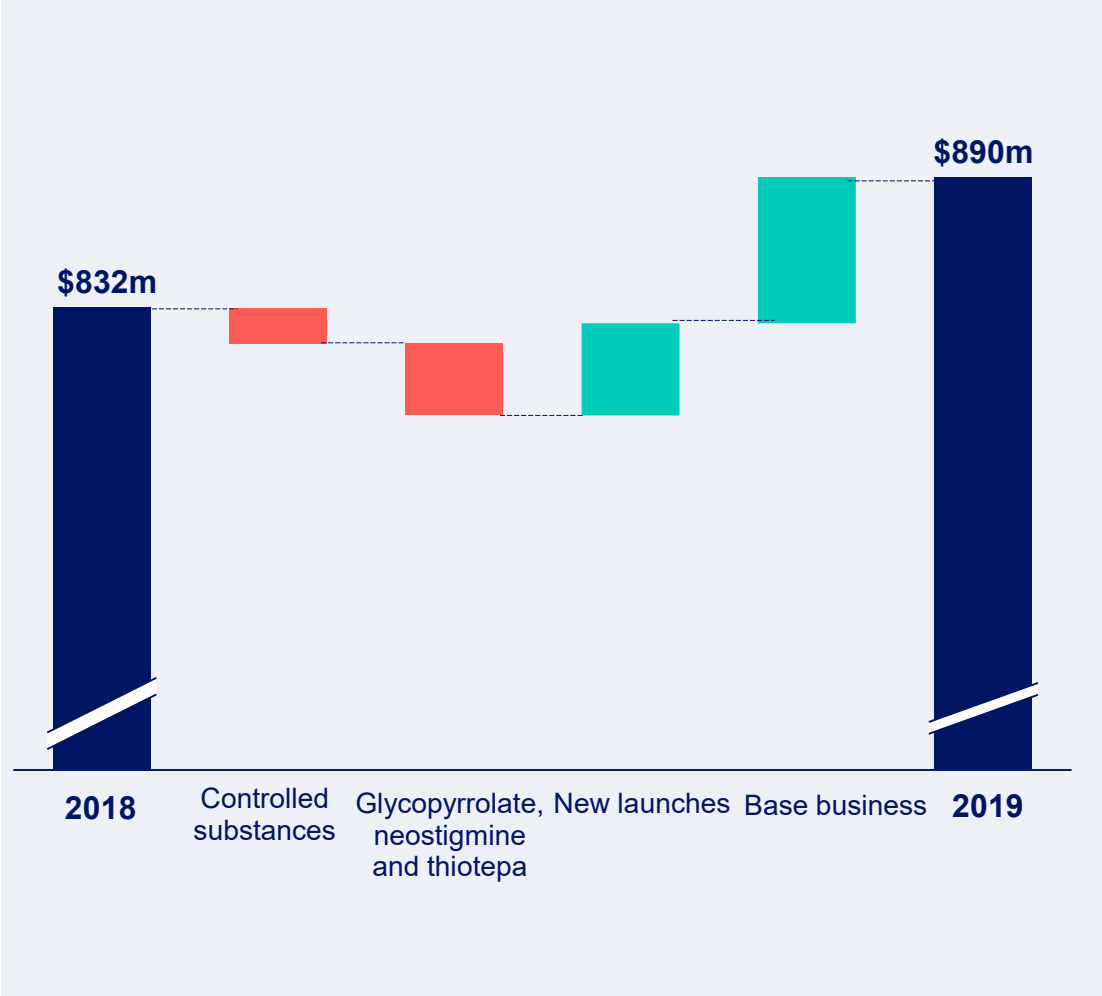
Injectables



Driving growth from new launches and our resilient base business



Injectables 2019 key core revenue drivers

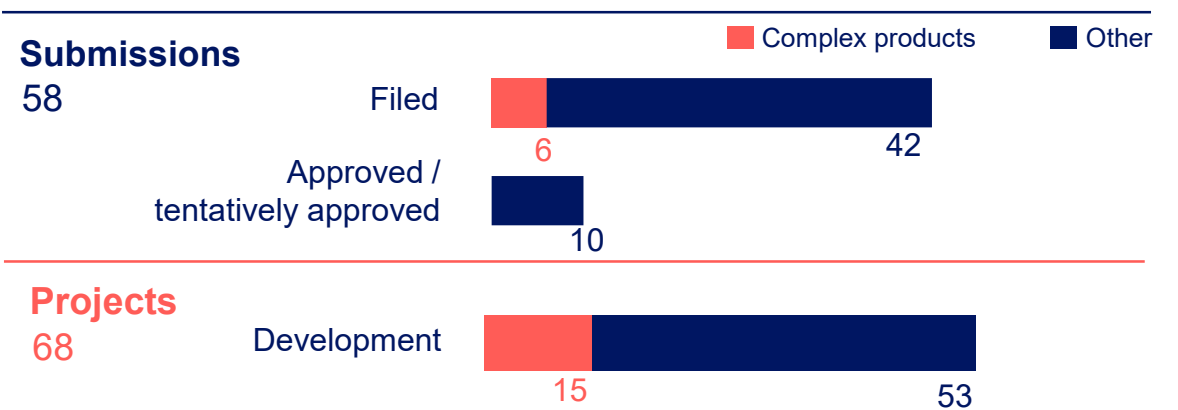


Contribution of new launches in US



Products launched over last 4 years contribute **23%** of 2019 US Injectables revenue

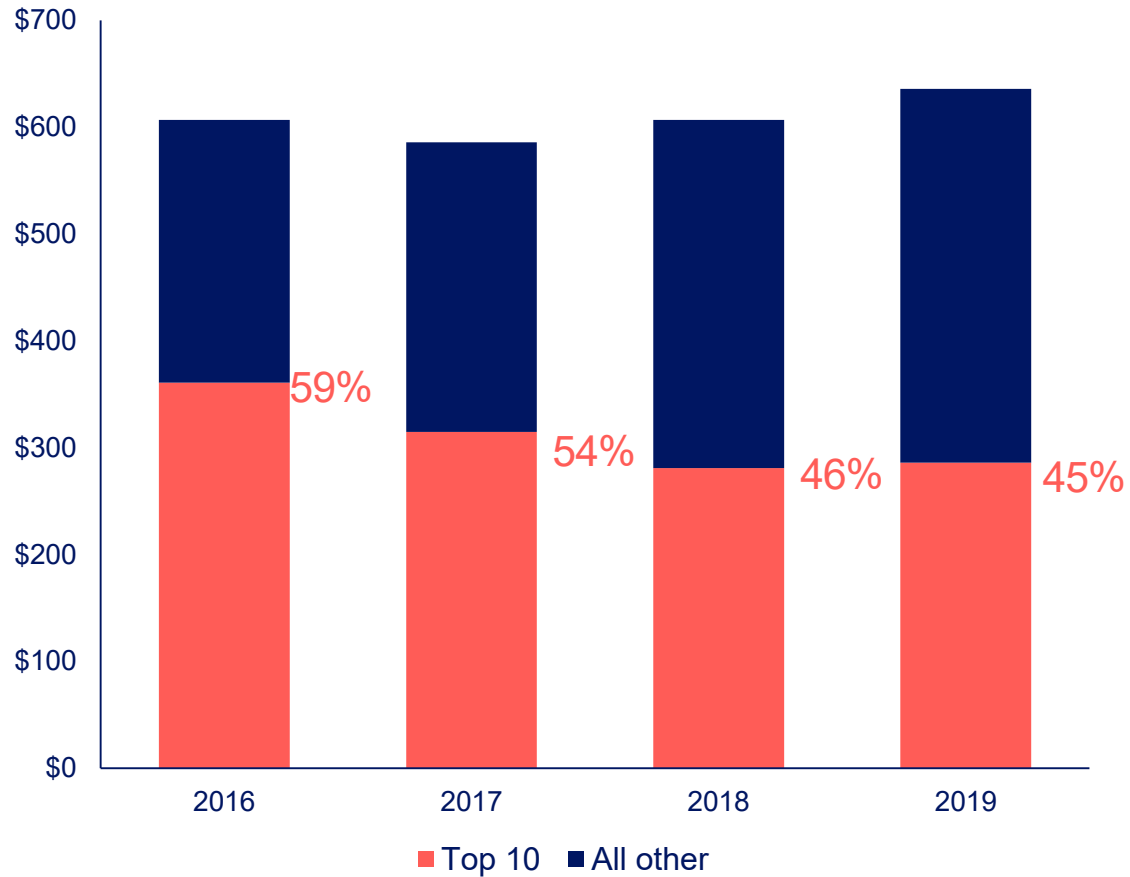
US Injectables pipeline of 126 products¹



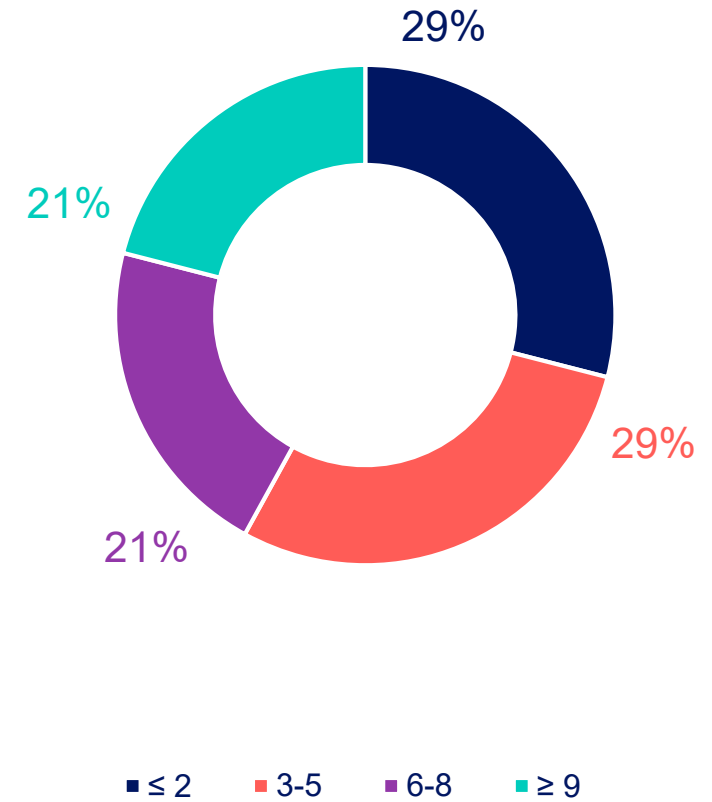
Benefitting from a diversified portfolio and quality operations



US Injectables core revenue from top 10 products



US Injectables portfolio by number of competitors

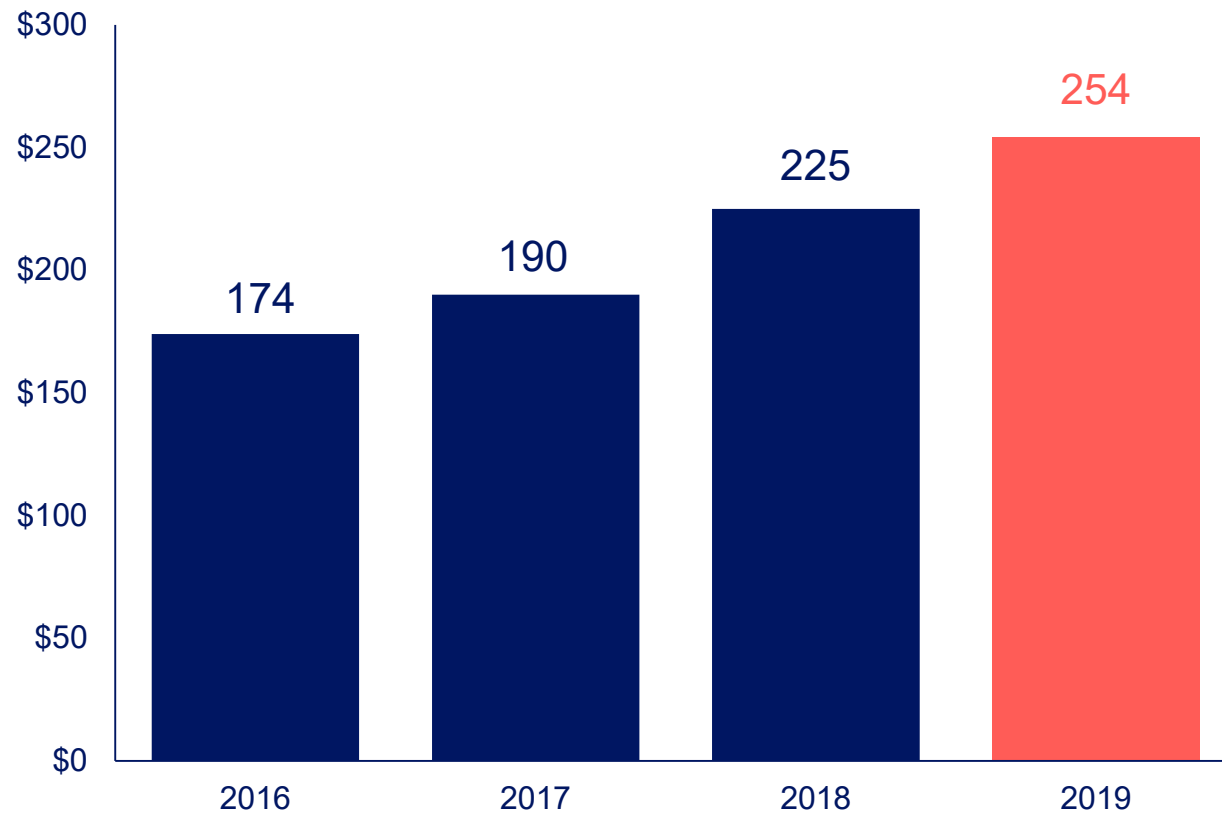


Strong growth in MENA and Europe



MENA and Europe Injectables revenue

2016-2019 (million)



Growth accelerating in MENA and Europe



Continued to drive demand for Remsima[®] and launched Herzuma[®] in MENA

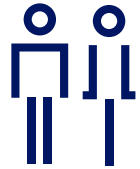


Initiated production in our new high containment operation (HCO) facility in Portugal to supply Europe and MENA

Generics



Benefitting from operational and commercial enhancements



Commercial capabilities

- Continued to drive demand for our differentiated portfolio
- Strengthened commercial capabilities and improved customer service levels



Operational efficiencies

- Reduced cost base through the consolidation of our facilities in 2018
- Improved cost of goods and achieved manufacturing efficiencies



Portfolio optimisation

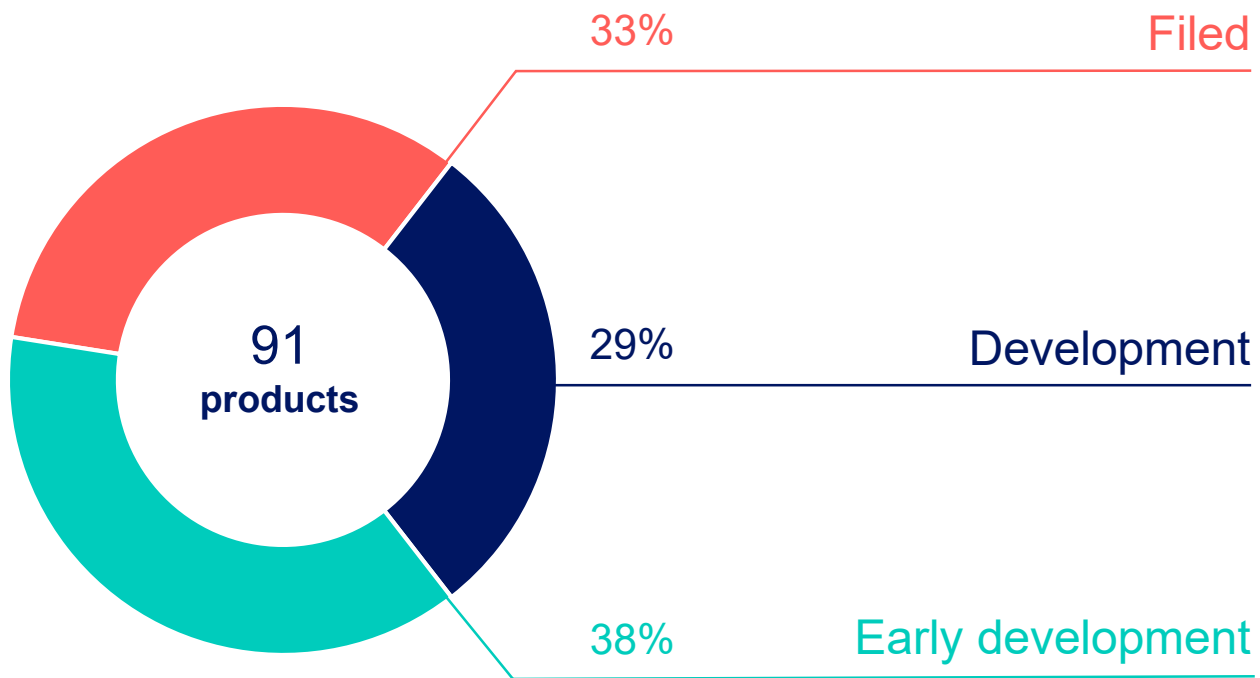
- Streamlined our portfolio to focus on higher value opportunities
- Launched new products

Focusing on building a pipeline of complex products to drive future growth



Generics pipeline

Addressable market size c.\$29 billion^{1,2}



- 30 products
- Includes naloxone nasal spray, generic Xyrem[®], generic Advair Diskus[®] and generic Vascepa[®]
- Potential launch dates from 2020

- 26 products
- Includes complex products with limited competition
- Leveraging our range of manufacturing capabilities

- 35 products
- Includes PIVs and technically challenging products
- Benefiting from strengthened R&D capabilities

¹ IQVIA US 2019

² Reflects IQVIA data for all US product sales. Where Hikma's generic version will be indicated for fewer than all approved indications of the RLD, Hikma's product will be marketed solely for its approved indications and is not intended for any other use.

Strengthening our position as leading supplier of nasal sprays



Number **1 supplier** of prescription nasal sprays in the US¹



c.\$2 billion nasal spray market projected to grow at a **double-digit CAGR** over the next 5 years²



Nasal spray fill room, Columbus

¹ IQVIA, December 2019 MAT by volume

² IQVIA, Evaluate Pharma, Hikma internal estimates

Naloxone

Acquired two complex products from Insys – naloxone and epinephrine 505(b)(2)s – and complementary unit-dose nasal spray manufacturing capabilities

Ryaltris™

Exclusive license agreement with Glenmark to commercialise Ryaltris™, a novel fixed-dose combination nasal spray for the treatment of seasonal allergic rhinitis

Branded



Leveraging our leading position in MENA to drive growth



Commercial excellence



High-quality local manufacturing



Regulatory expertise

Maintaining our MENA-wide coverage while prioritising largest opportunities

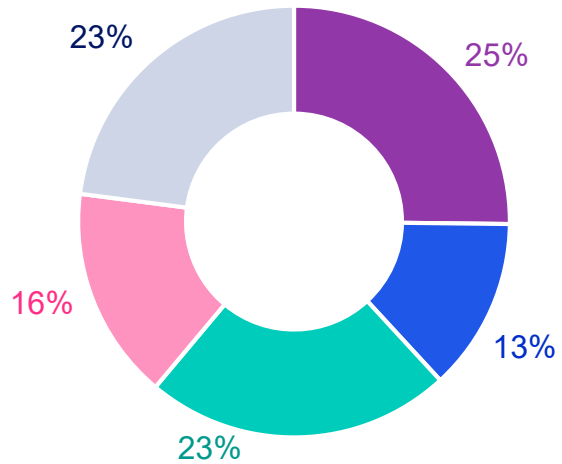


Focusing R&D on key markets and therapeutic areas



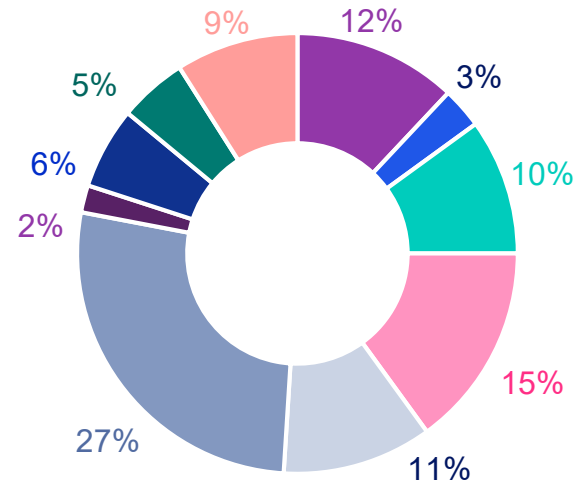
Pipeline by top 5 markets

Pipeline by market¹



- Algeria
- KSA
- Egypt
- Morocco
- Jordan

Pipeline by key therapeutic area¹



- Anti-infectives
- Cardiovascular
- Diabetes
- Pain management
- Gastrointestinal
- Autoimmune
- CNS
- Oncology
- Respiratory
- Other

Adding differentiated products through licensing

- **Bufomix easyhaler**
 - In-licensed from **Orion**. Launched in Jordan
 - Expect to launch in 3 additional markets in 2020

- **Cariprazine**
 - Exclusive license agreement with **Gedeon Richter** for a novel antipsychotic, in certain MENA markets

- **11 products primarily in respiratory and neonatal**
 - Exclusive license agreement with **Chiesi** in Egypt for 11 of their leading products

¹ Pipeline position as at December 2019

Group



Delivering sustainable growth

Our focus

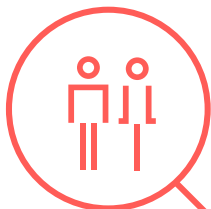
Our priorities



Deliver more from a strong foundation



Build a portfolio that anticipates future needs



Inspire and enable our people



Growing our existing business



Ensuring full quality compliance



Controlling costs and improving processes



Building portfolio momentum



Investing in specialty products



Developing competencies and talents



Building a strong culture

Finance



Khalid Nabils, Chief Financial Officer

Group financial highlights

	2018	2019	% change
Core ¹ revenue	\$2,076 million	\$2,203 million	+6%
Core gross profit	\$1,072 million	\$1,144 million	+7%
Core operating profit	\$460 million	\$508 million	+10%
Core EBITDA ²	\$549 million	\$593 million	+8%
Core net income	\$332 million	\$364 million	+10%
Core basic earnings per share	137.8 cents	150.4 cents	+9%
Dividend per share	38 cents	44 cents	+16%

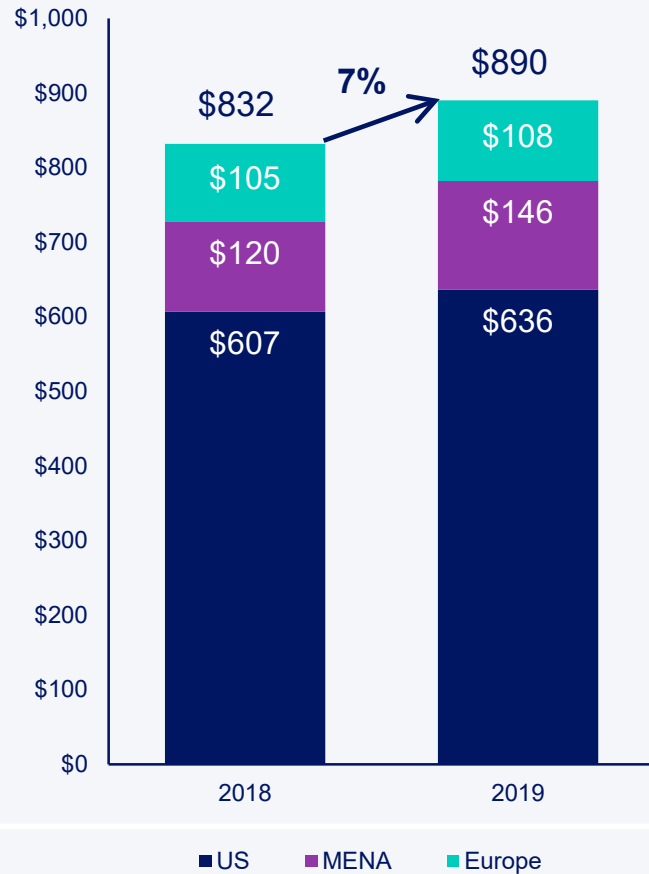
¹ Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments

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

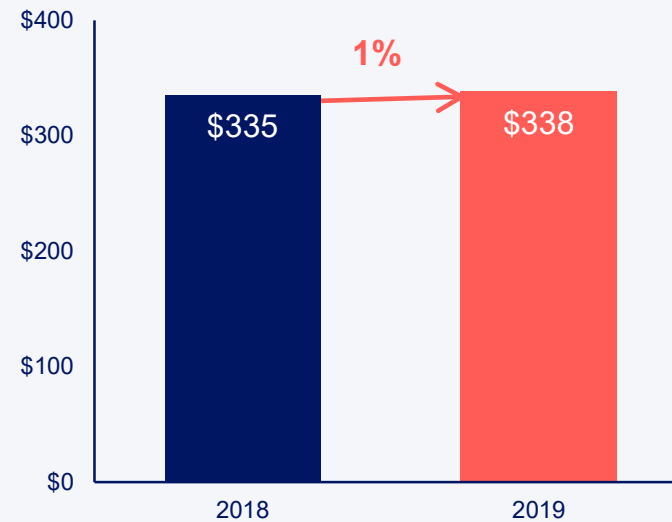
Injectables



Core revenue (million)



Core operating profit (million)



Core revenue

- + Strong demand for in-market products in the US
- + Good growth in MENA and good contribution from biosimilars
- + Launched new products across all markets
- Increased competition on glycopyrrolate, neostigmine and thiotepa in the US
- Lower benefit from controlled substances

Core operating profit

- Change in product mix in the US

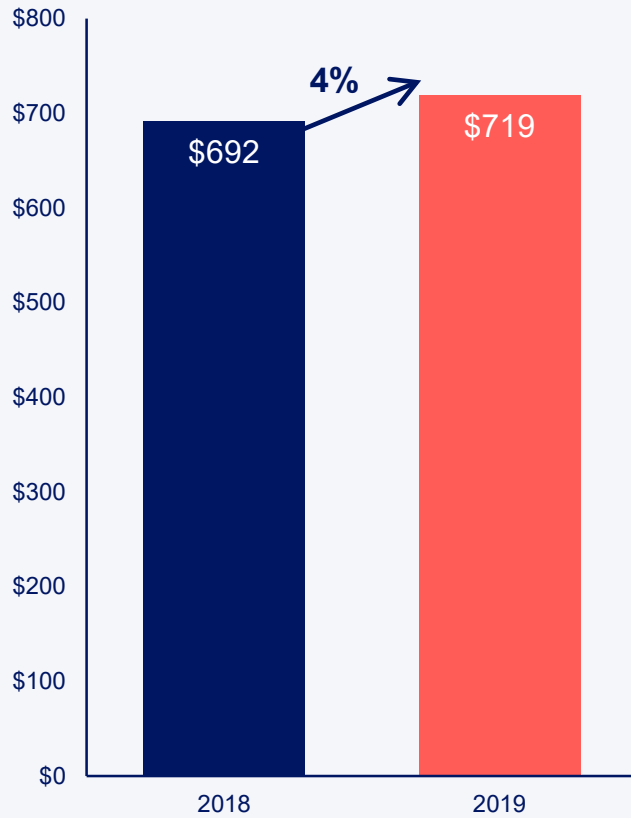
Operating margin

	2018	2019	Change	2019 constant currency ¹	Change
Reported	36.9%	35.8%	-1.1pp	35.7%	-1.2pp
Core	40.3%	38.0%	-2.3pp	37.9%	-2.4pp

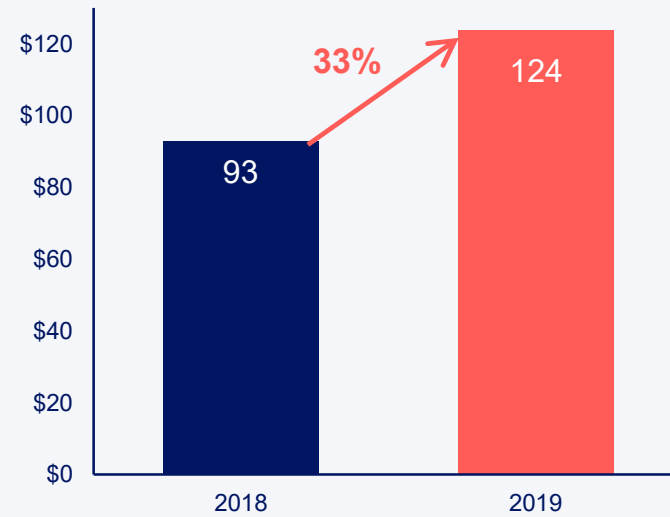
¹ Constant currency numbers in 2019 represent 2019 numbers re-stated using 2018 exchange rates, excluding price increases in the business which resulted from the devaluation of currencies



Core revenue (million)



Core operating profit (million)



Operating margin

	2018	2019	Change
Reported	5.8%	21.0%	15.2pp
Core	13.4%	17.2%	3.8pp

Core revenue

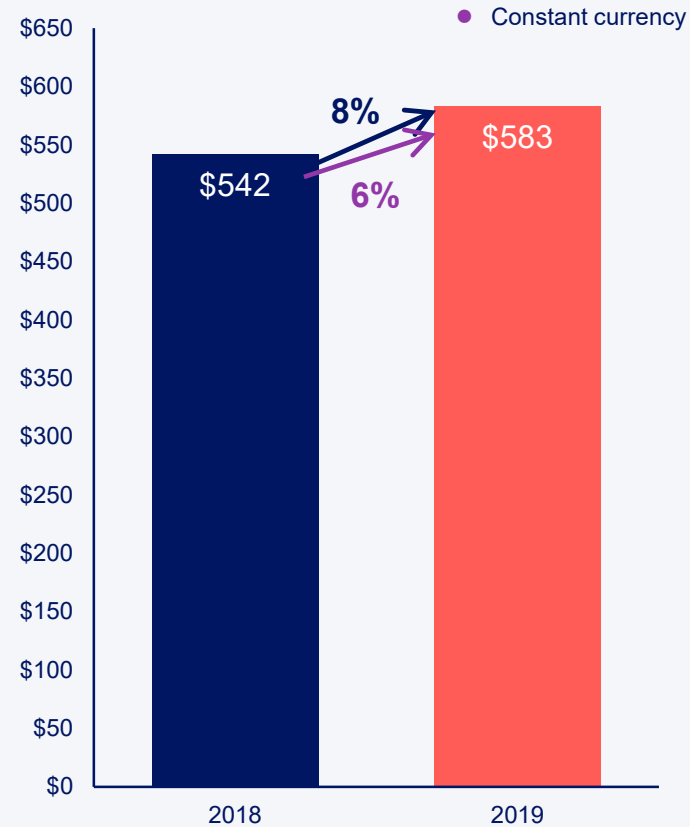
- + Strong demand for differentiated products
- Increased competition and continued price erosion

Core operating profit

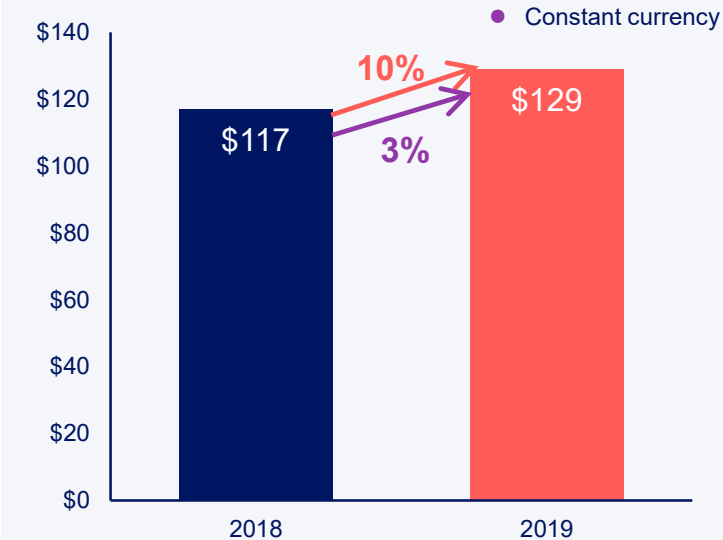
- + Improved product mix
- + Savings from consolidation of manufacturing facilities
- Higher marketing and R&D costs



Core revenue (million)



Core operating profit (million)



Core revenue

- + Strong growth in our largest markets, Saudi Arabia and Egypt, and good growth across most other MENA markets
- + New product launches across all markets
- Lower sales in Algeria due to economic slowdown

Core operating profit

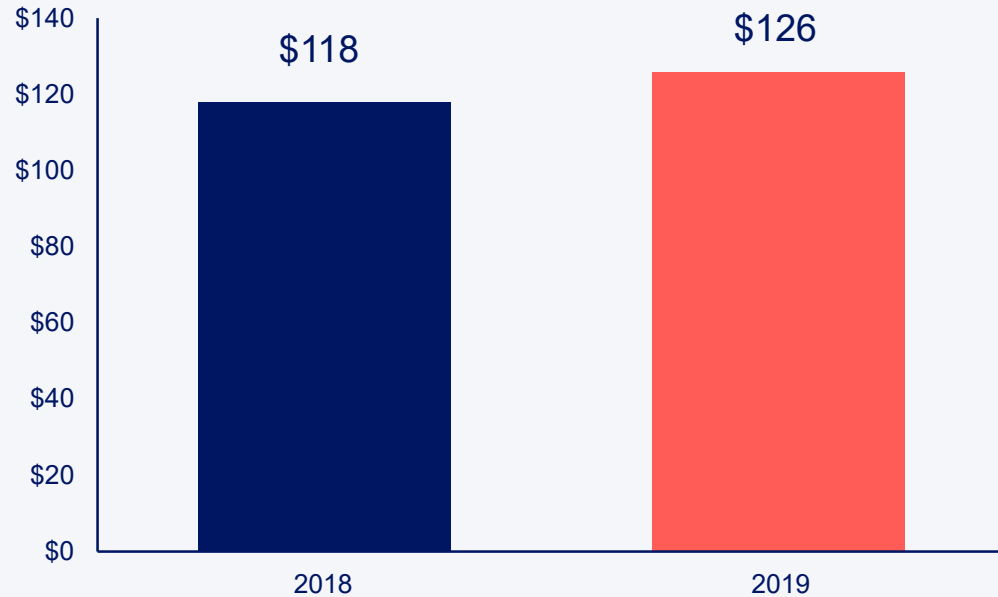
- + Improved product mix

Operating margin

	2018	2019	Change	2019 constant currency	Change
Reported	20.5%	18.0%	-2.5pp	17.0%	-3.5pp
Core	21.6%	22.1%	0.5pp	21.2%	-0.4pp

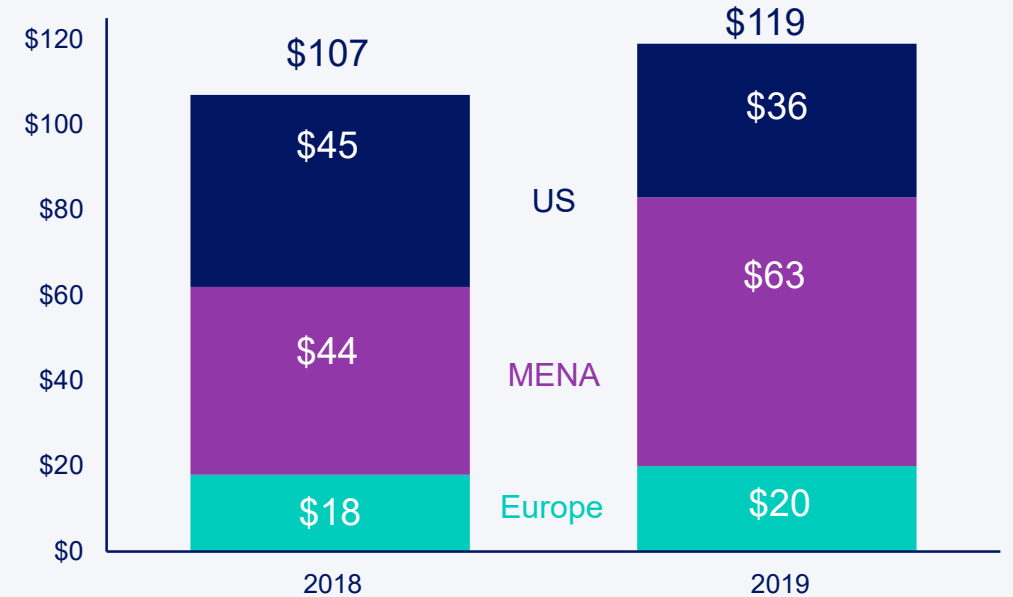
Core R&D and capital expenditure

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 more complex products

Capital expenditure (million)

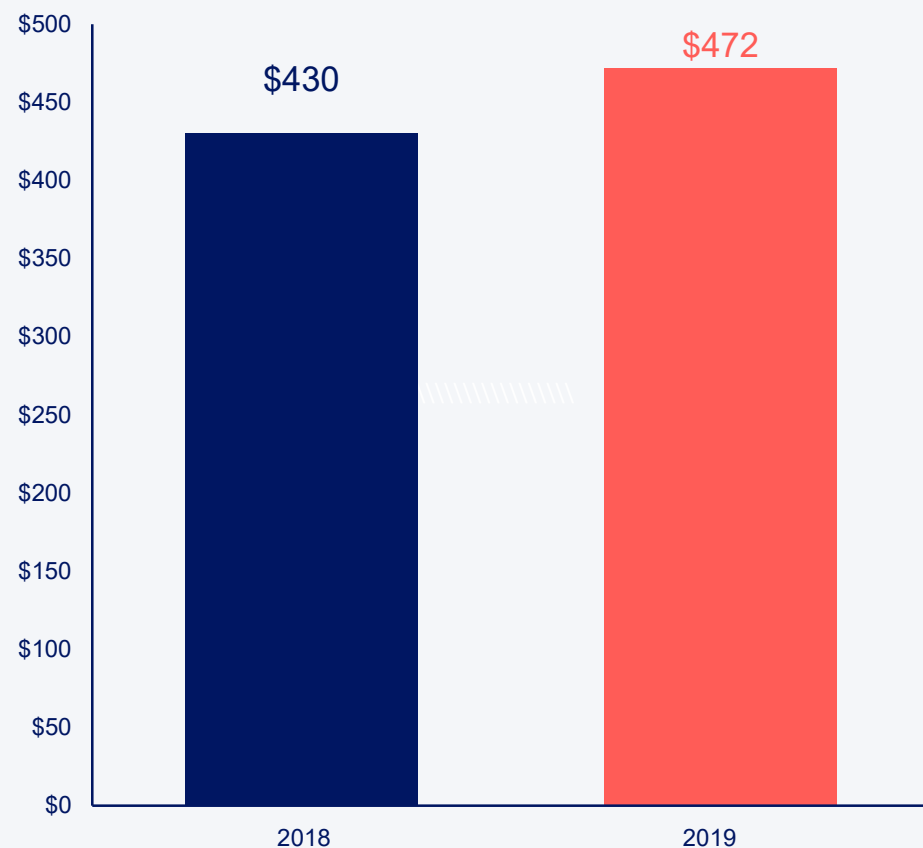


- Upgrading capabilities and adding new technologies in US
- Strengthening and expanding manufacturing capabilities in MENA
- Expanding manufacturing capacity in Portugal

Cash flow and balance sheet

Operating cash flow

(million)



Net debt position

(million)

	Dec-18	Dec-19
Short-term financial debts ¹	\$75	\$578
Long-term financial debts ²	\$562	\$107
Cash, cash equivalents and restricted cash	\$276	\$443
Net debt	\$361	\$242 ³
Net debt/core EBITDA	0.66x	0.41x
Total debt/core EBITDA	1.16x	1.15x

Working capital

	Dec-18	Dec-19
Working capital days	210	202
Operating cash flow/core revenue	21%	21%

¹ Includes short-term lease liabilities

² Includes long-term lease liabilities

³ Includes \$45 million of additional lease liabilities, following adoption of IFRS 16

Expecting continued revenue and profit growth in 2020

2020 guidance

Injectables



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

Generics



- Revenue:
\$700 million to \$750 million, including \$20 million to \$40 million from generic Advair Diskus® (GxA)
- Core operating margin:
c.20% with GxA
16% to 18% excluding GxA

Branded



- Revenue growth in constant currency:
mid-single digits

Net finance expense



- Core net finance expense:
c.\$47 million

Capital expenditure



- Capital expenditure:
\$120 million to \$140 million

Tax



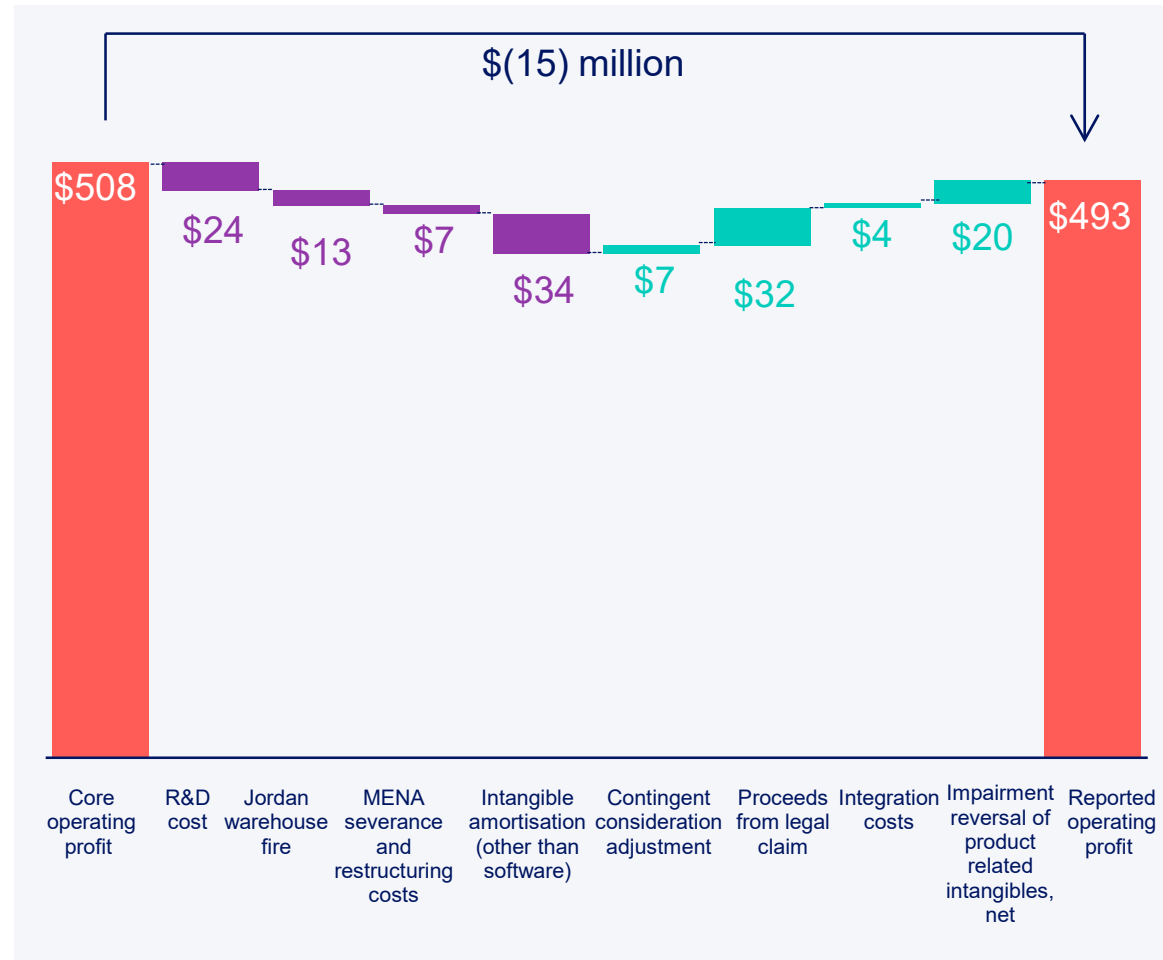
- Core effective tax rate:
22% to 23%

Appendix

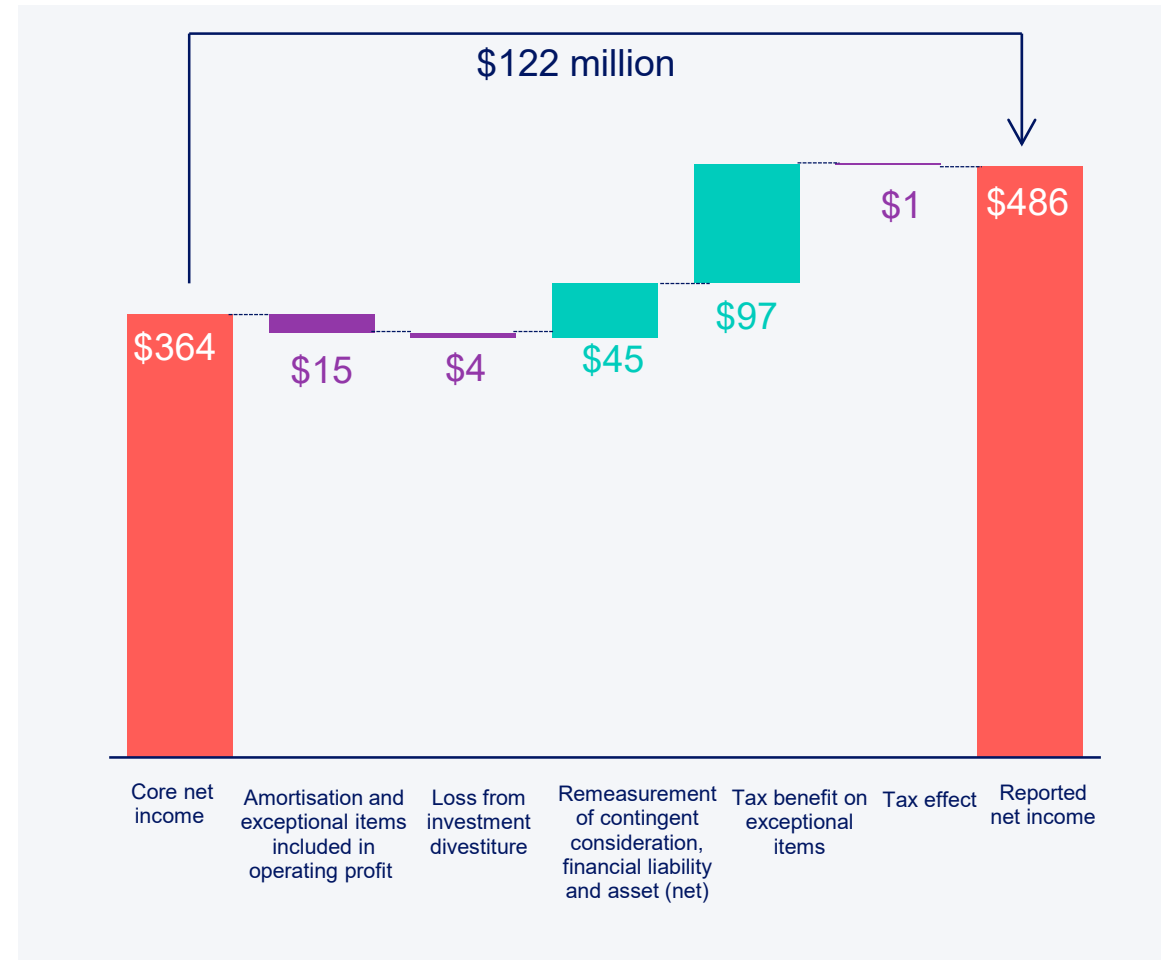


2019 exceptional items and other adjustments

Bridge between 2019 core and reported operating profit
(million)

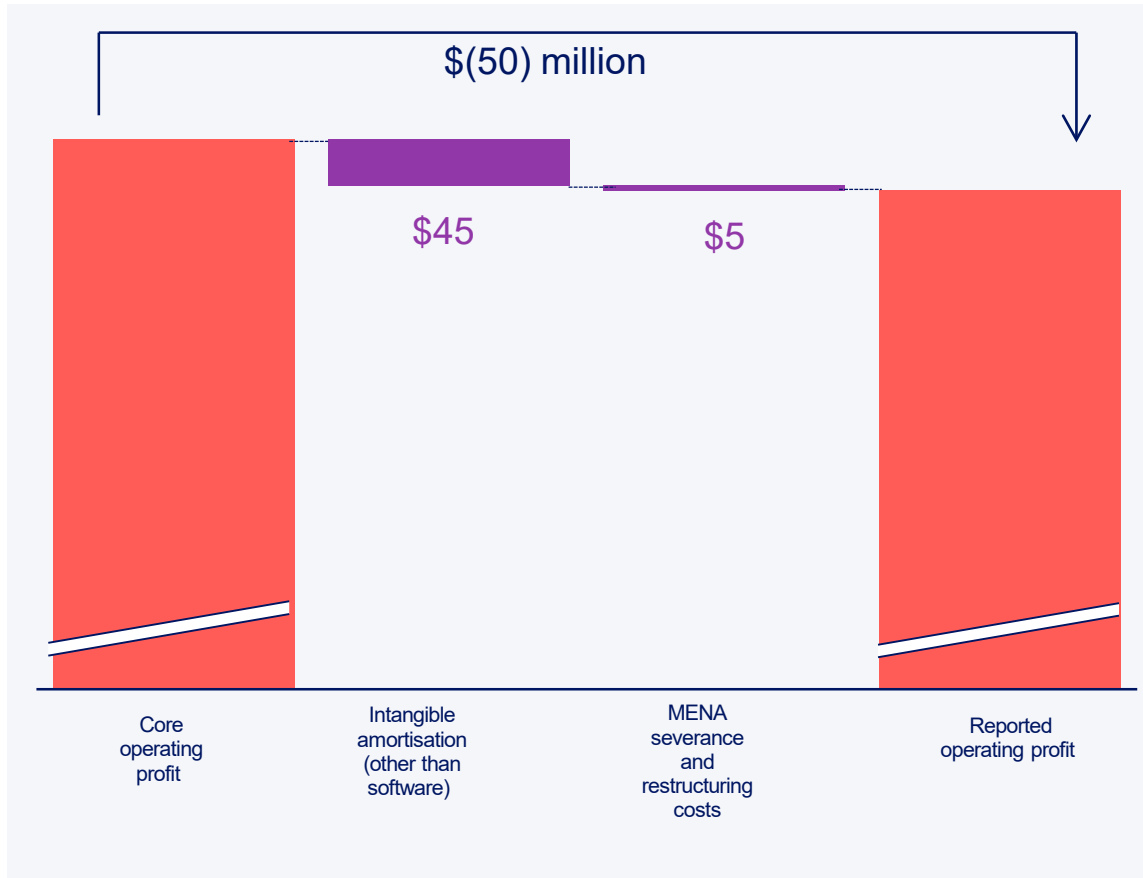


Bridge between 2019 core and reported net income
(million)



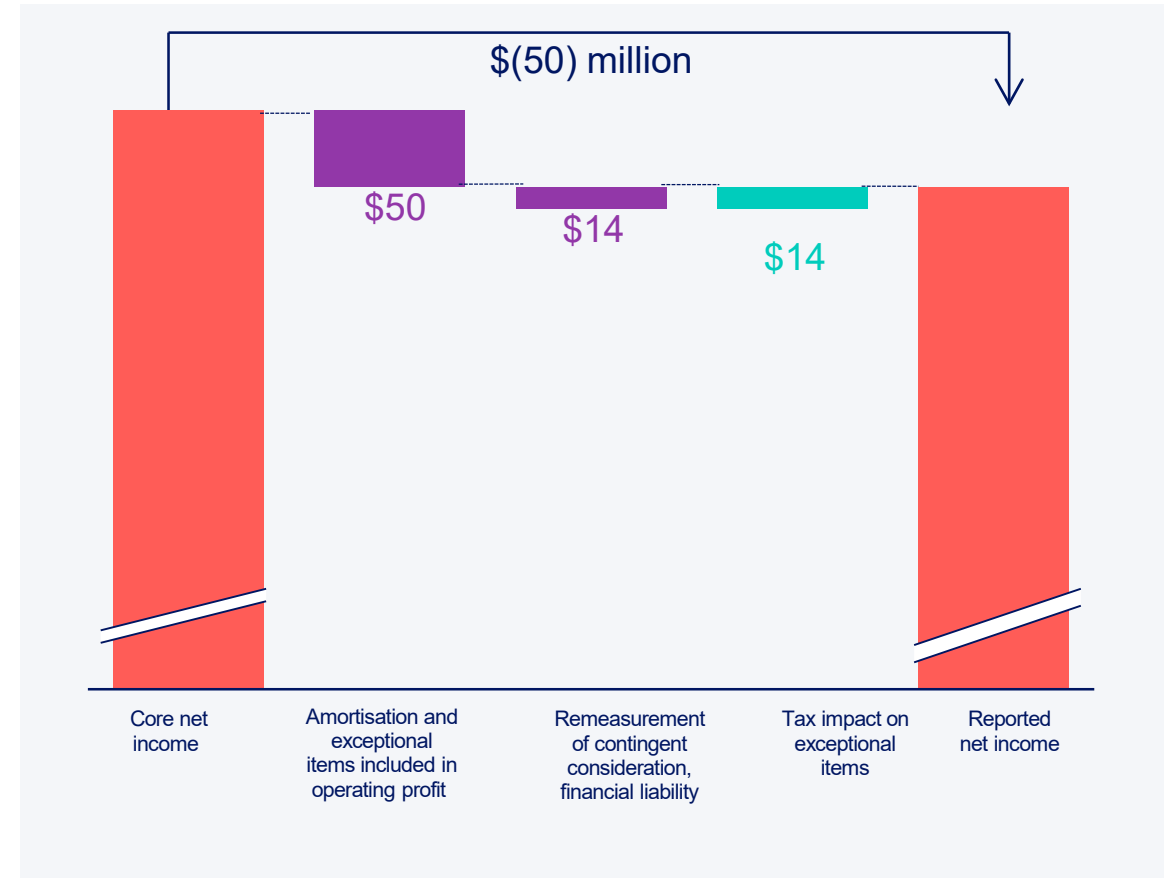
2020 exceptional items and other adjustments

Bridge between 2020 core and reported operating profit
(million)



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

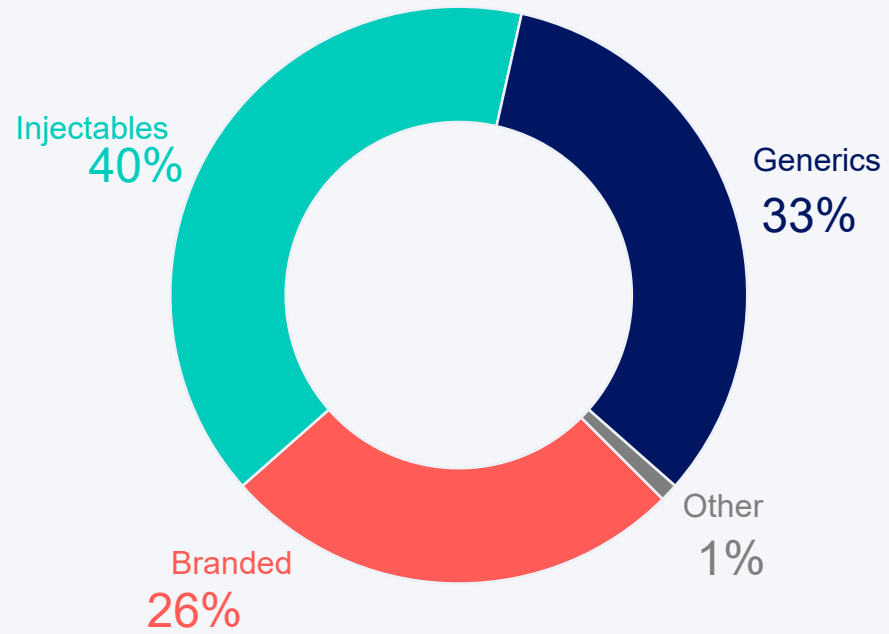
Bridge between 2020 core and reported net income
(million)



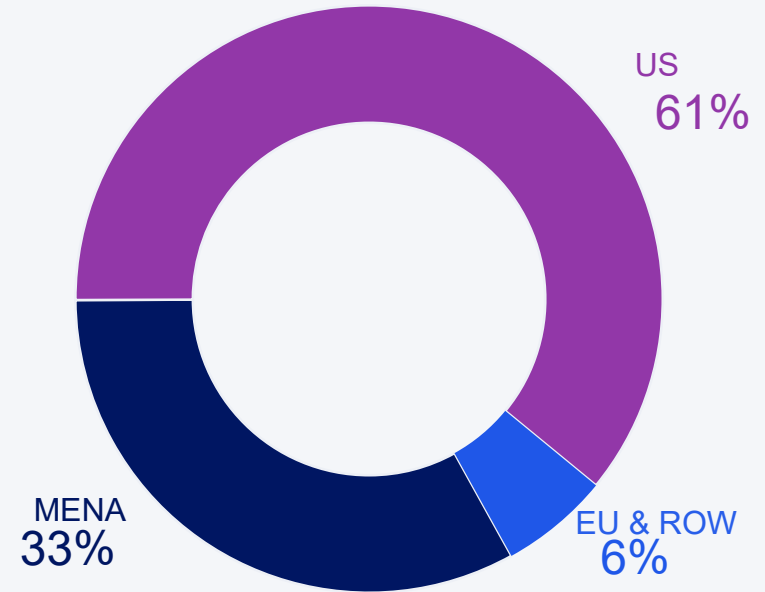
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Graphs are not to scale

Group core revenue by segment and region

2019 Group core revenue by segment

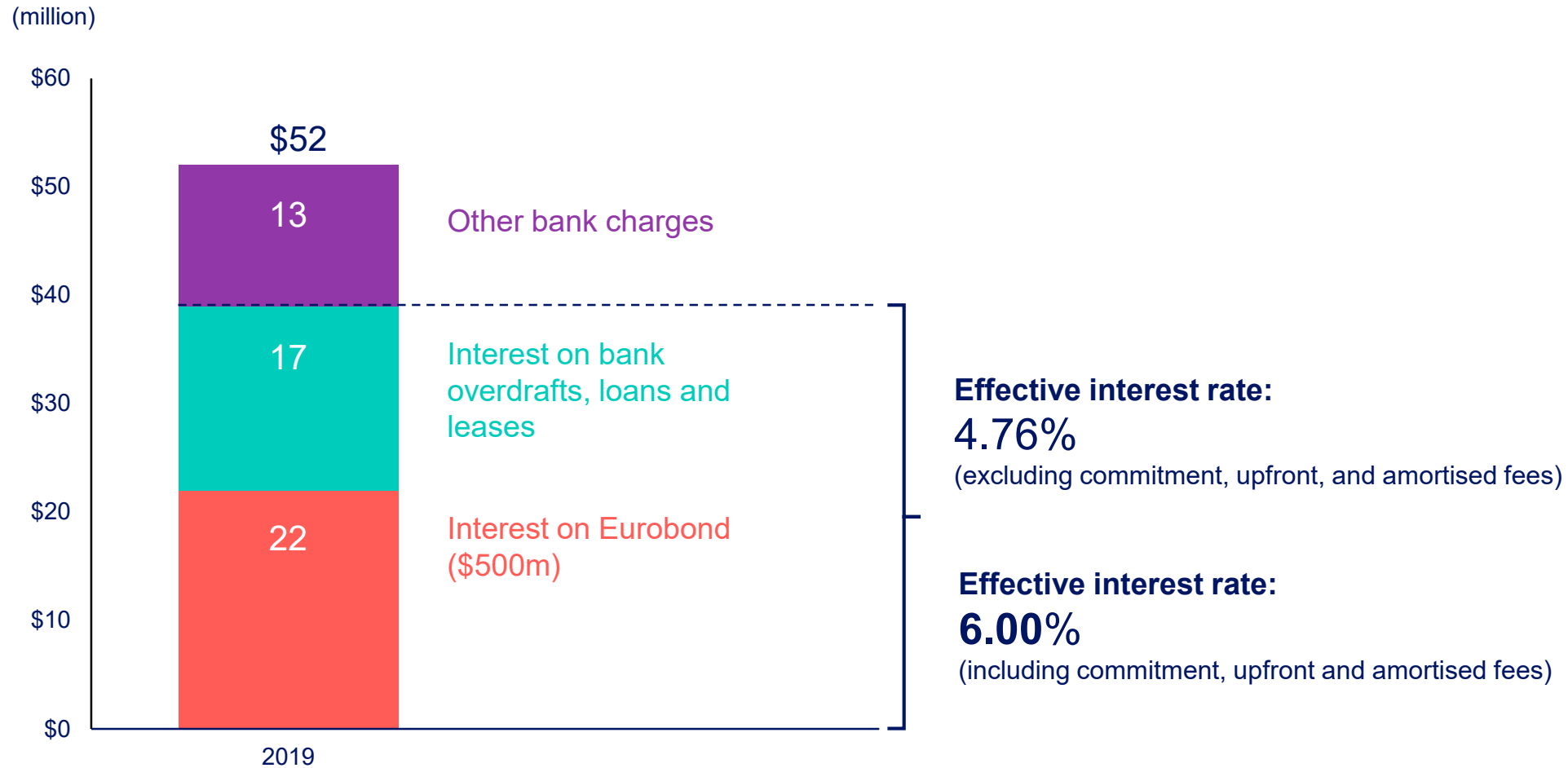


2019 Group core revenue by region



Core finance expense

2019 core finance expense



Consolidated P&L

\$ million	2018	2019	% change	% constant currency change
Revenue	2,070	2,207	+7%	+6%
Core revenue	2,076	2,203	+6%	+6%
Gross profit	1,050	1,148	+9%	+8%
Core gross profit	1,072	1,144	+7%	+6%
<i>Core gross margin</i>	51.6%	51.9%	+0.3pp	+0.1pp
Operating profit	371	493	+33%	+31%
Core operating profit	460	508	+10%	+9%
<i>Core operating margin</i>	22.2%	23.1%	+0.9pp	+0.6pp
EBITDA	492	592	+20%	+19%
Core EBITDA	549	593	+8%	+6%
Profit attributable to shareholders	282	486	+72%	+70%
Core profit attributable to shareholders	332	364	+10%	+7%
Basic earnings per share (cents)	117.0	200.8	+72%	+69%
Core basic earnings per share (cents)	137.8	150.4	+9%	+7%
Dividend per share (cents)	38	44	+16%	-
<i>Core effective tax rate</i>	17.9%	21.5%	+3.6pp	+4.2pp

Consolidated cash flow statement

\$ million	2018	2019
Cash generated from operations	493	580
Income taxes paid	(63)	(125)
Income tax received	-	17
Net cash inflow from operating activities	430	472
Purchases of property, plant and equipment	(107)	(119)
Proceeds from disposal of property, plant and equipment	13	2
Purchase of intangible assets	(32)	(67)
Investment in joint venture	(4)	-
(Increase)/decrease in investment in financial and other non-current assets	4	(1)
Proceeds from sale of investment at fair value through other comprehensive income	-	12
Additions of investment at fair value through other comprehensive income	(4)	(5)
Addition of business undertakings, net of cash acquired	(14)	(8)
Proceeds from investment divesture	-	2
Contingent consideration receipt	45	27
Finance income	3	6
Net cash outflow from investing activities	(96)	(151)
(Increase)/decrease in collateralised and restricted cash	3	(1)
Proceeds from issue of long-term financial debts	93	19
Repayment of long-term financial debts	(224)	(11)
Proceeds from short-term borrowings	138	267
Repayment of short-term borrowings	(148)	(273)
Repayment in lease liabilities	-	(12)
Dividends paid	(84)	(97)
Dividends paid to non-controlling shareholders of subsidiaries	(3)	(2)
Interest paid	(51)	(44)
Payment from co-development and earnout payment agreement, net	(2)	(1)
Net cash outflow from financing activities	(278)	(155)
Net increase in cash and cash equivalents	56	166
Cash and cash equivalent at beginning of the half-year	227	276
Foreign exchange translation movements	(7)	-
Cash and cash equivalents at end of the half-year	276	442

Consolidated balance sheet

\$ million	Dec-18	Dec-19	\$ change	% change
Goodwill	279	282	3	1%
Other intangible assets	487	552	65	13%
Property, plant and equipment	870	912	42	5%
Right-of-use assets	-	50	50	100%
Investment in associates and joint ventures	11	11	-	-
Deferred tax assets	125	243	118	94%
Financial and other non-current assets	57	32	(25)	(44)%
Total non-current assets	1,829	2,082	253	14%
Inventories	528	568	40	8%
Income tax receivable	74	79	5	7%
Trade and other receivables	731	719	(12)	(2)%
Cash and cash equivalents	276	442	166	60%
Collateralised and restricted cash	-	1	1	100%
Other current assets	59	39	(20)	(34)%
Total current assets	1,668	1,848	180	11%
Total assets	3,497	3,930	433	12%
Short-term financial debts	74	569	495	669%
Lease liabilities	1	9	8	800%
Trade and other payables	465	473	8	2%
Income tax provision	68	82	14	21%
Other provisions	23	23	-	-
Other current liabilities	262	315	53	20%
Total current liabilities	893	1,471	578	65%
Long-term financial debts	539	48	(491)	(91)%
Lease liabilities	23	59	36	157%
Deferred tax liabilities	16	20	4	25%
Other non-current liabilities	329	203	(126)	(38)%
Total non-current liabilities	907	330	(577)	(64)%
Total liabilities	1,800	1,801	1	-
Equity attributable to equity holders of the parent	1,685	2,117	432	26%
Non-controlling interest	12	12	-	-
Total equity	1,697	2,129	432	25%

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