

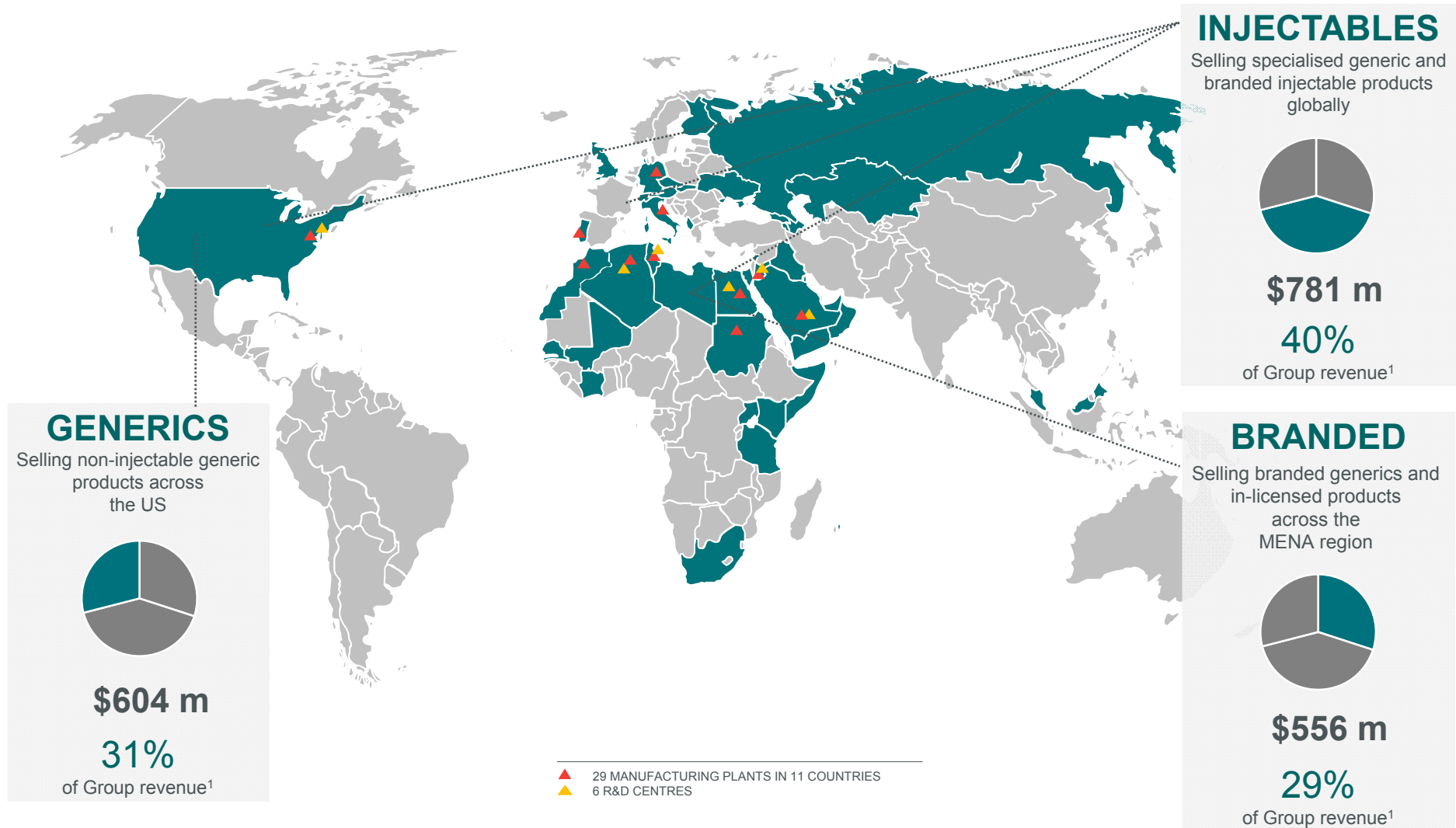
Hikma Pharmaceuticals PLC

2016 preliminary results
15 March 2017



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A solid financial performance in 2016 and excellent strategic progress



2016 financial performance

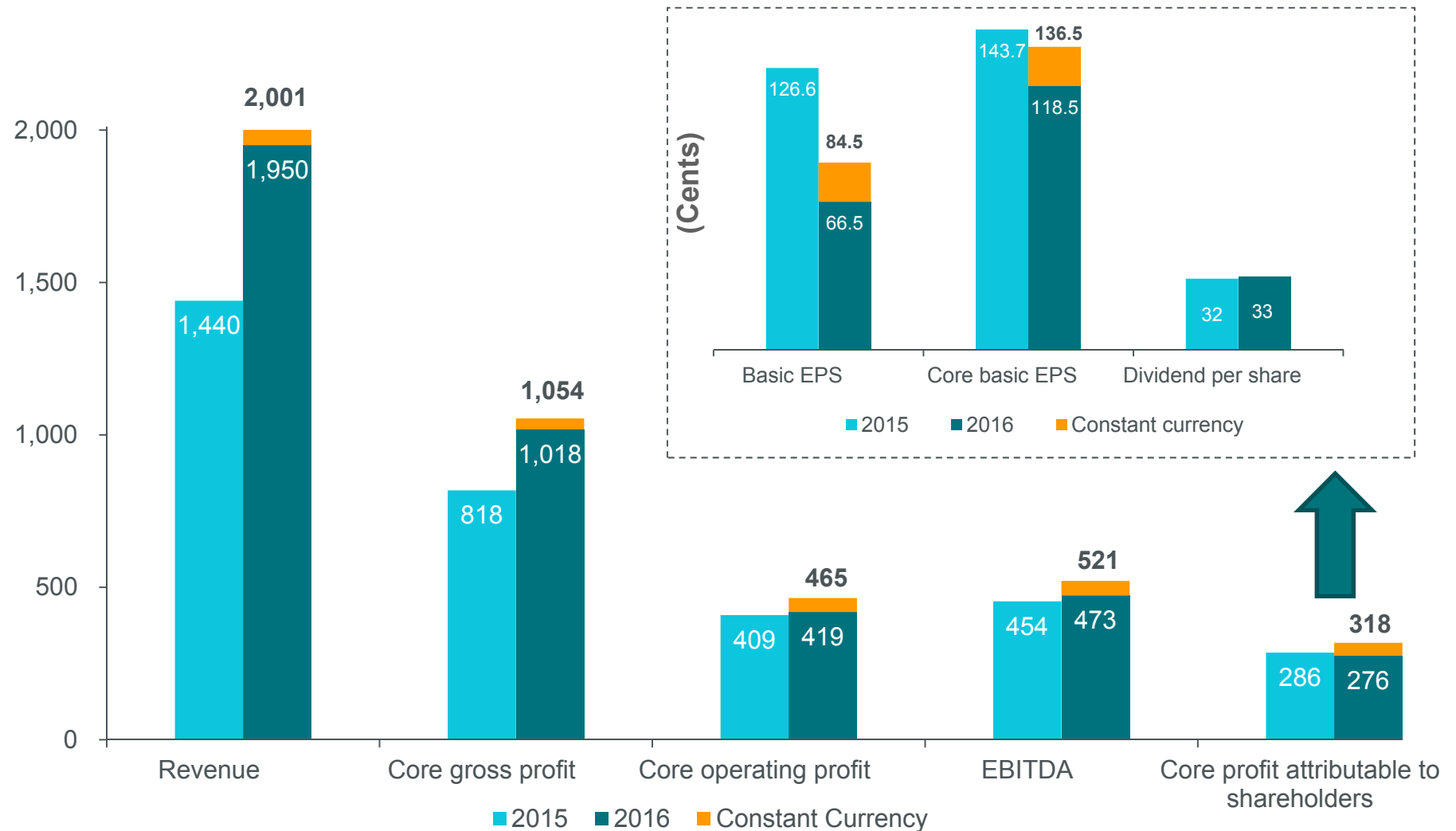


Group financial highlights

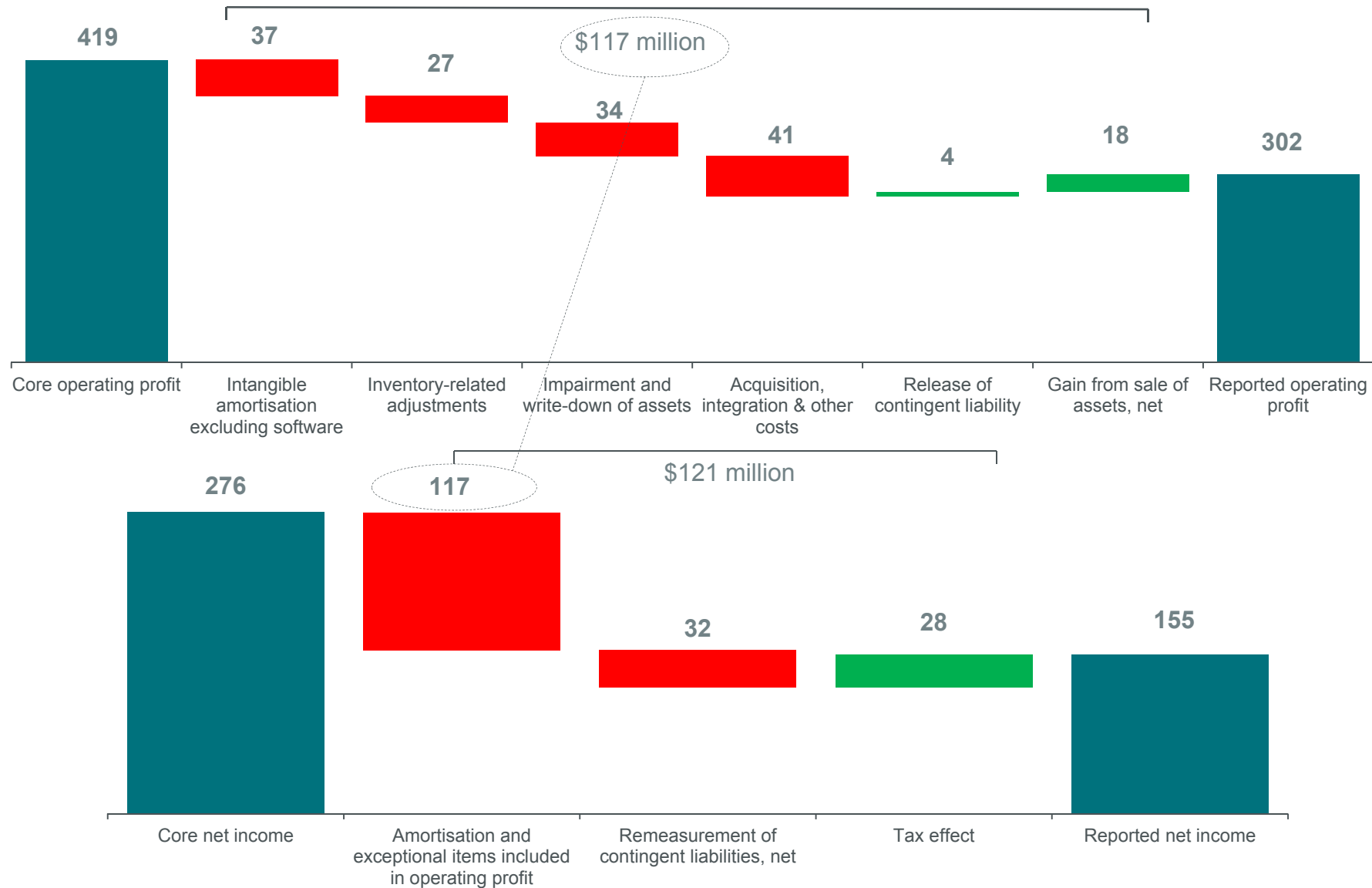
Solid performance in 2016



(\$ millions)



Amortisation and exceptional items impacted Group operating profit and net income in 2016

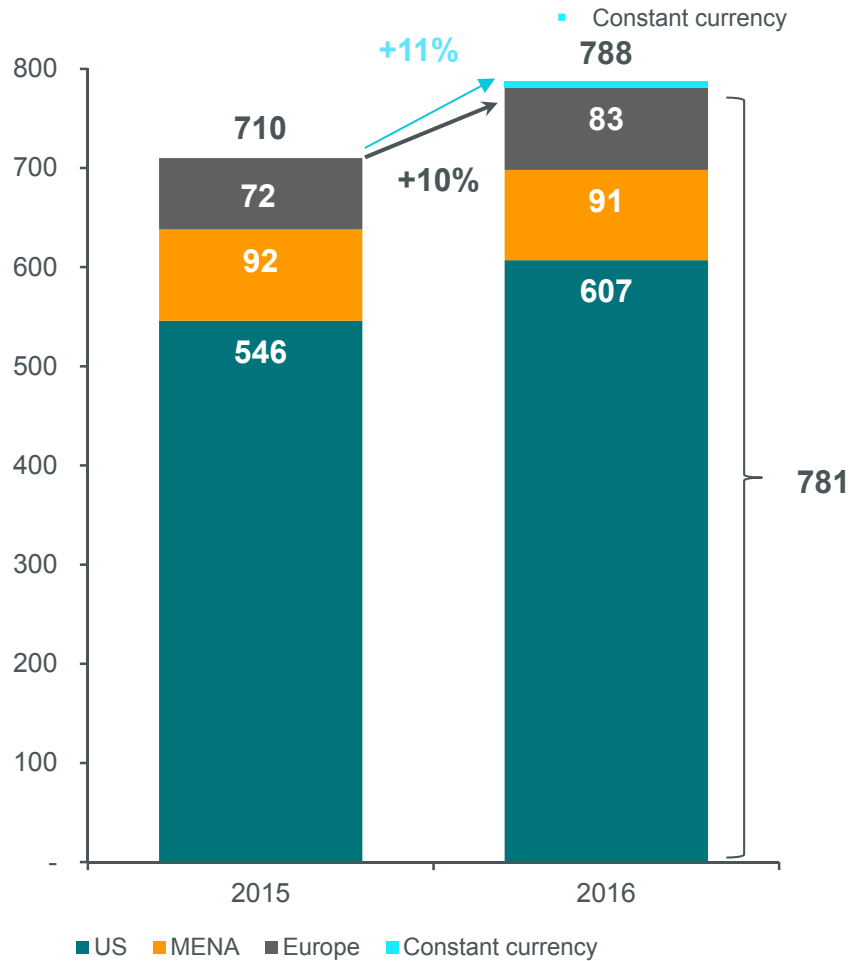


Injectables

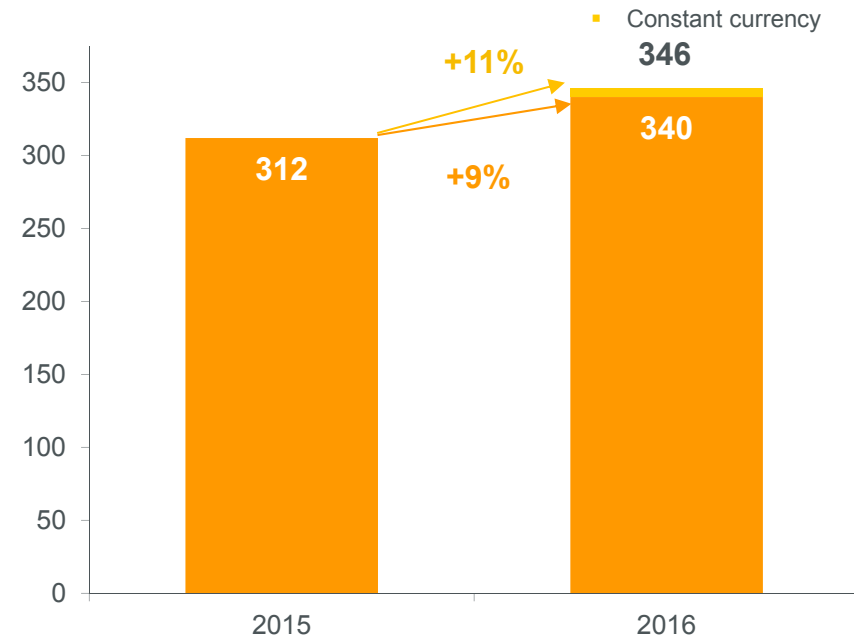
Strong growth and excellent profitability



Revenue (\$ million)



Core¹ operating profit (\$ million)



Operating margin

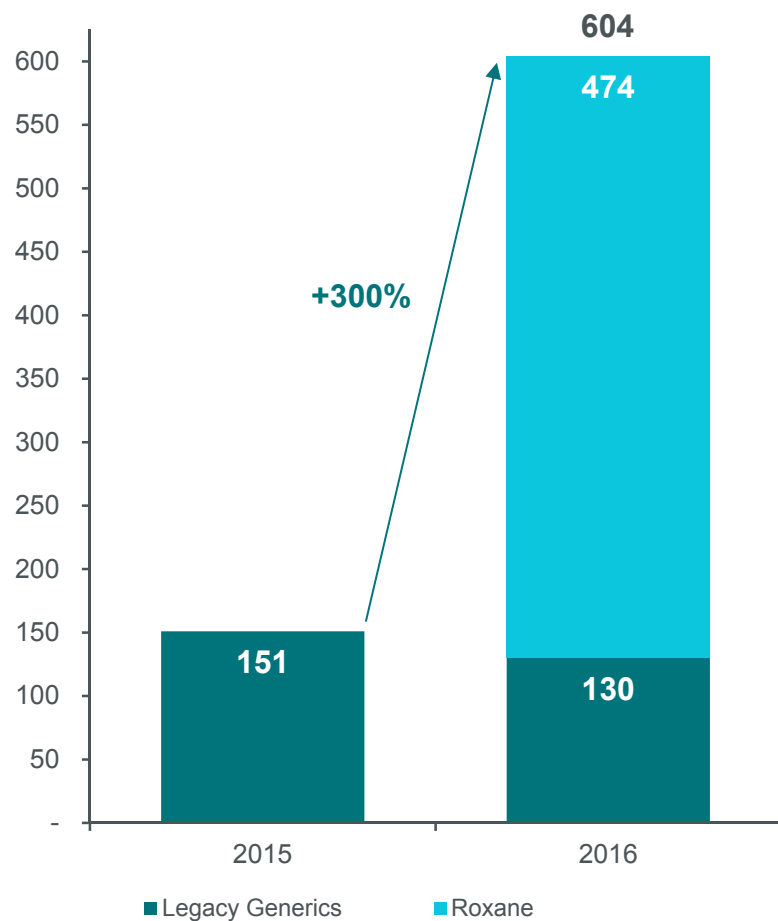
	2015	2016	Change	2016 Constant Currency	Change
Reported	43.8%	39.9%	-3.9pp	40.4%	-3.4pp
Core ¹	43.9%	43.5%	-0.4pp	43.9%	-

Generics

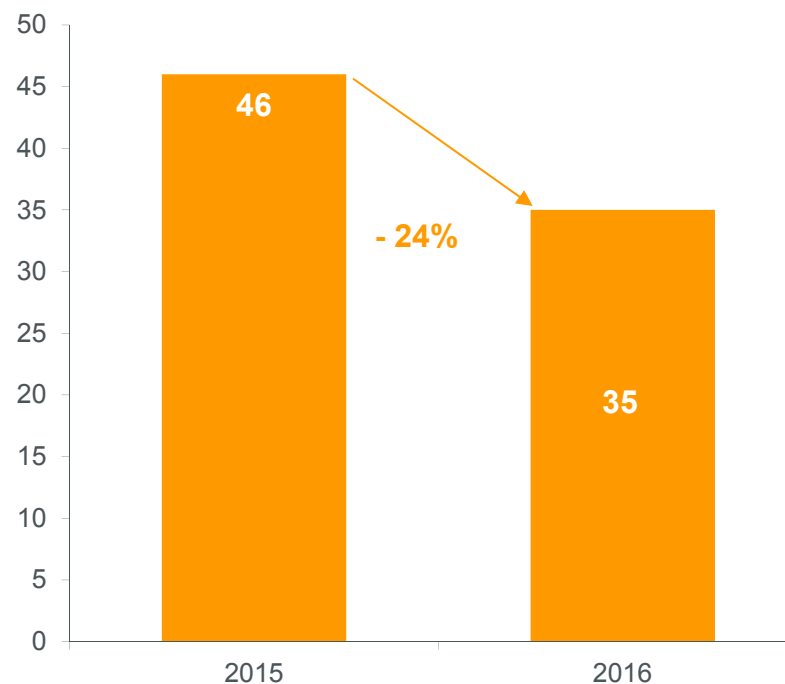
Consolidation of West-Ward Columbus and anticipated decline in certain products



Revenue (\$ million)



Core¹ operating profit (\$ million)



Operating margin

	2015	2016	Change
Reported	29.1%	-2.3%	-31.4pp
Core ¹	30.5%	5.8%	-24.7pp

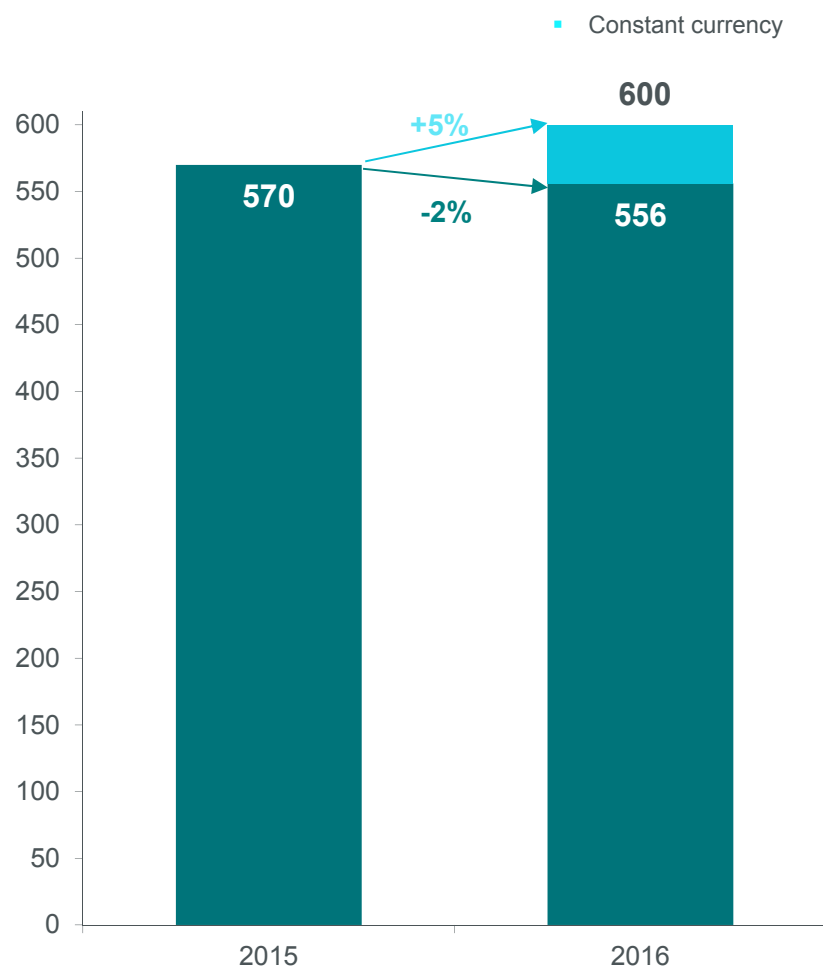
¹ Before the amortisation of intangible assets other than software and exceptional items

Branded

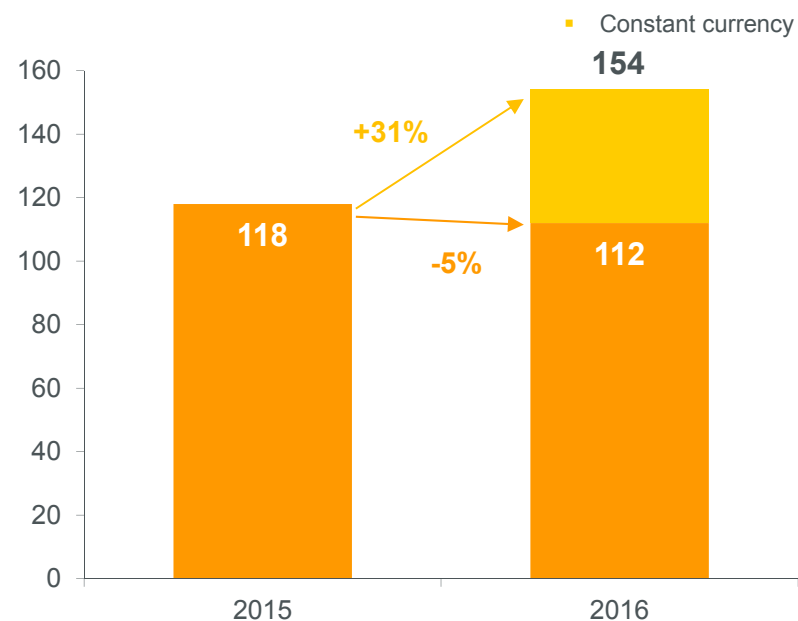
A strong improvement in profitability in constant currency



Revenue(\$ million)



Core¹ operating profit (\$ million)



Operating margin

	2015	2016	Change	2016 Constant Currency	Change
Reported	18.4%	18.7%	+0.3pp	24.0%	+5.6pp
Core ¹	20.7%	20.1%	-0.6pp	25.7%	+5.0pp

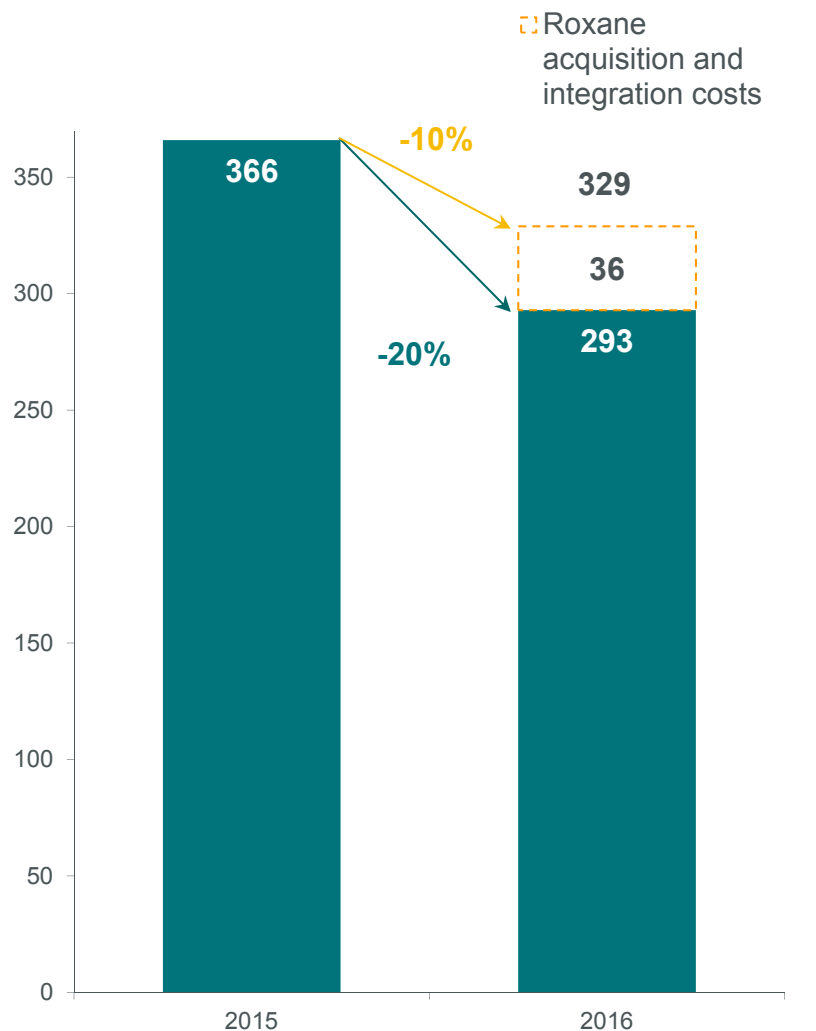
¹ Before the amortisation of intangible assets other than software and exceptional items

Cash flow

Cash flow reflects impact of acquisition and integration costs



Operating cash flow (\$ million)



- ▶ Operating cash flow was \$293 million, down from \$366 million in 2015 reflecting:
 - West-Ward Columbus acquisition and integration costs of around \$36 million
 - Working capital investment in West-Ward Columbus
- ▶ Primary uses of cash were capex and product-related investments

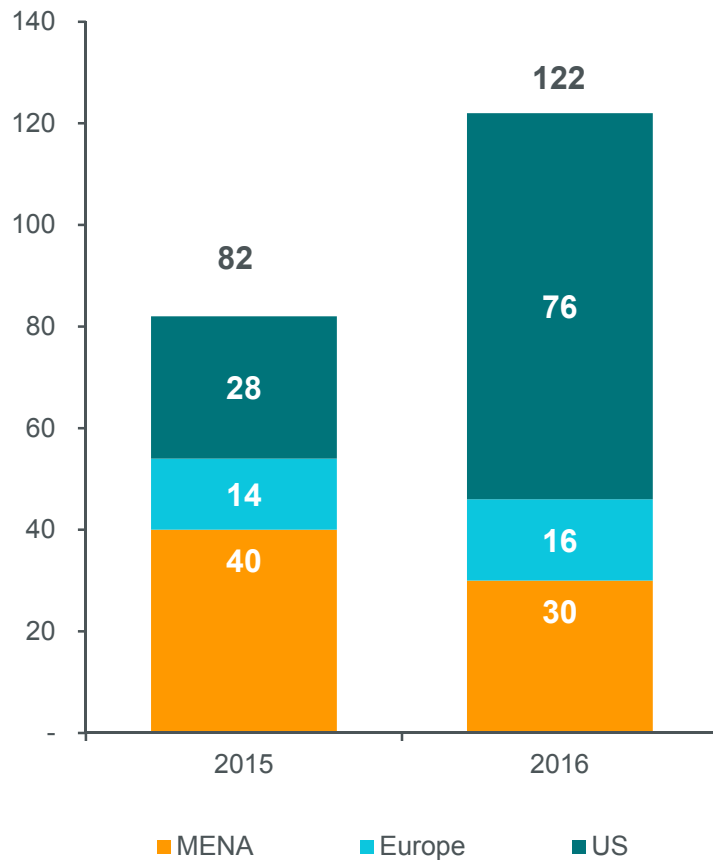
	2015	2016	Change
Working capital days	177	240	+63
Operating cash flow / revenue	25%	15%	- 10pp

Capital expenditure

Continued investment in capacity and capabilities to support future growth



Capital expenditure (\$ million)



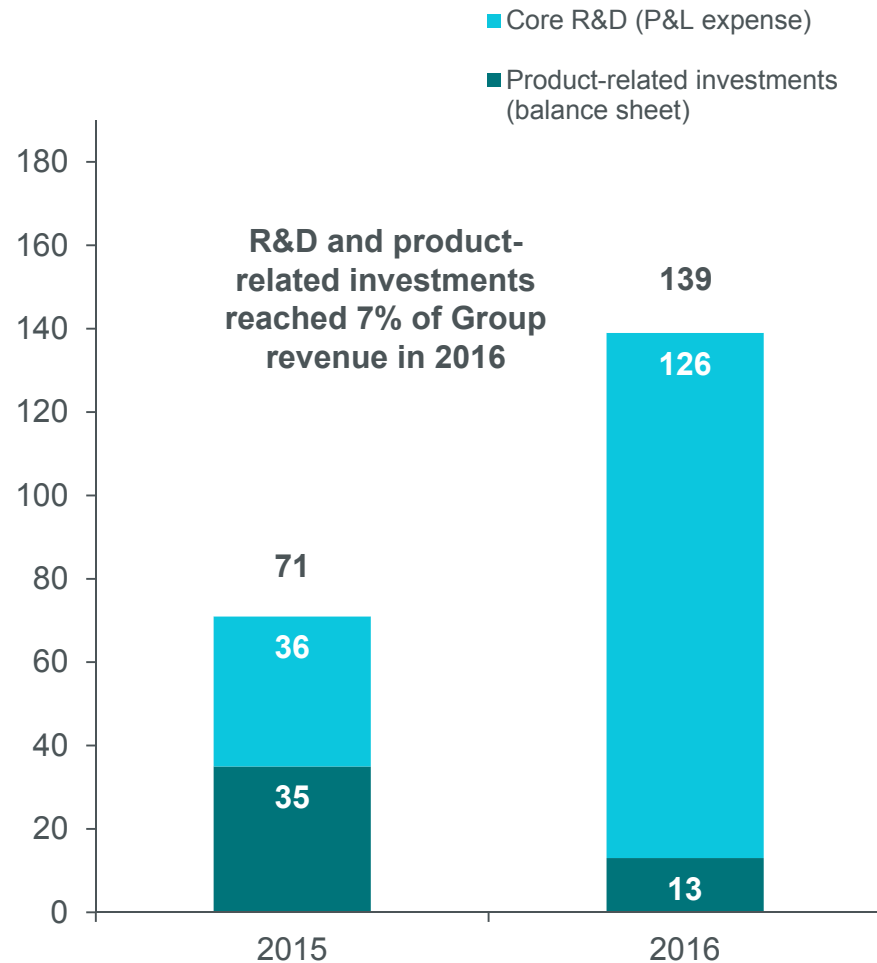
- ▶ Expanding Injectables capacity and capabilities in the US
- ▶ Investing in the West-Ward Columbus facility
- ▶ Continued expansion of Injectables manufacturing capacity in Europe – including lyophilisation and oncology lines in Portugal
- ▶ Maintaining our operating facilities across the MENA including Jordan, Saudi Arabia, Egypt and Sudan.

Product-related investments

Expanding and enhancing our product pipeline



Product-related investments¹ (\$ million)



- ▶ Significant increase in R&D investment:
 - Consolidation of West-Ward Columbus – investing in the development of their differentiated product pipeline
 - New product development for US injectables

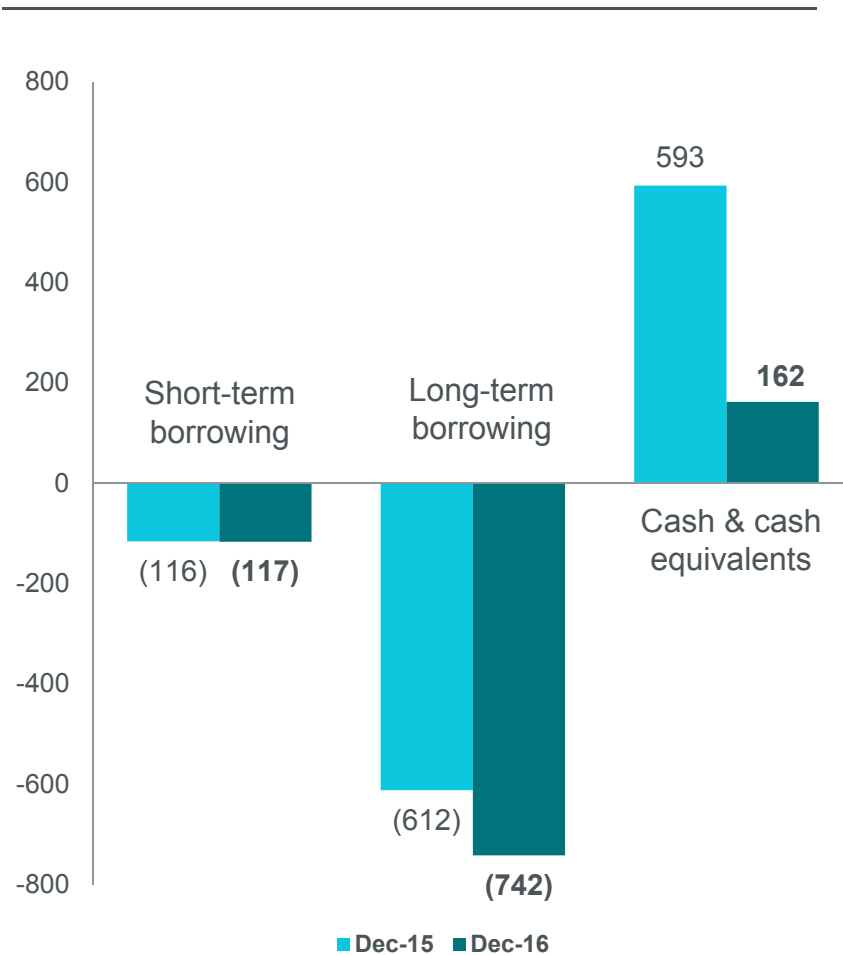
- ▶ Continued investment in product development through partnerships

Balance sheet

Financing position remains strong following West-Ward Columbus acquisition



Net debt position at 31 December 2016 (\$ million)



- ▶ Net debt of \$697 million, up from \$135 million
- ▶ Reflects completion of West-Ward Columbus acquisition in February 2016
- ▶ Financing position remains strong – Net debt/EBITDA of 1.40x

	Dec 2015	Dec 2016
Net debt	135	697
Net debt/EBITDA	0.30x	1.40x
Debt/EBITDA	1.60x	1.73x

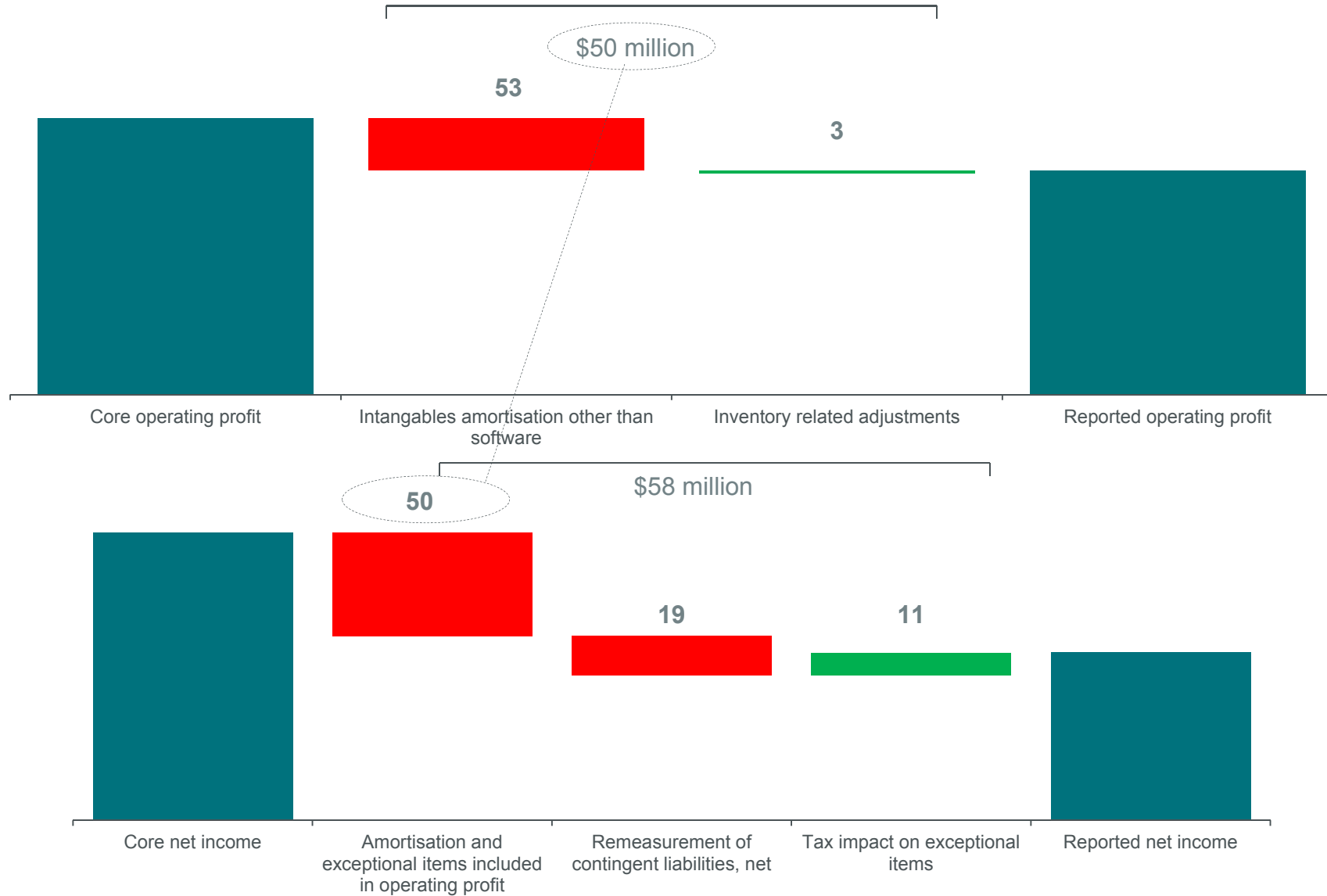
Outlook for 2017



Group revenue	<ul style="list-style-type: none">• Group revenue of around \$2.2 billion in constant currency
Injectables	<ul style="list-style-type: none">• Revenue in the range of \$800 million to \$825 million• Core operating margin in the high 30s
Generics	<ul style="list-style-type: none">• Revenue of around \$800 million, with 15% contribution from certain new launches• Significant improvement in profitability
Branded	<ul style="list-style-type: none">• Revenue growth in the mid-single digits in constant currency• Revenue growth in the low-single digits if current exchange rates prevail and core operating margin broadly in line with 2016
Net finance expense	<ul style="list-style-type: none">• Finance expense of around \$60 million• A further \$20 million of non-cash expenses related to the remeasurement of contingent liabilities
R&D expense	<ul style="list-style-type: none">• Around \$170 million before any additional product-related investments
Capital expenditure	<ul style="list-style-type: none">• Around \$160 million
Effective tax rate	<ul style="list-style-type: none">• Core ETR of around 26%

Bridge between core and reported operating profit and net income in 2017

*** These figures are based on estimates and are subject to change ***



Delivering our strategy



Focusing on five key priorities to achieve our strategic objectives

Maximise portfolio potential across our markets

Optimise operations and drive efficiencies

Develop a differentiated product portfolio by building best-in-class R&D capabilities

Attract and develop talent across the Group

Use M&A and capital investment to accelerate organic growth



***Maximise portfolio potential across our
markets***

*We are maximising the potential of our
marketed products, leveraging our skilled sales
and marketing teams and building on our
strong customer relationships
strategy*

Launching first-to-market generics in strategic therapeutic categories in MENA



Egypt

- ▶ Launched two first-to-market generics to treat diabetes in 2016:
 - Alogliptin (Inhiglip), a generic of Vipidia
 - Alogliptin + Metoformin (Inhibamet), a generic of Vipdomet



Algeria

- ▶ Launched rosuvastatin (Superstat), the first generic of Crestor in Algeria



Saudi Arabia

- ▶ Launched metformin (Glucare XR), the first generic of Glucophage XR in Saudi Arabia

Driving value from the West-Ward Columbus portfolio

- ▶ Roxane launched the first-to-market generic of GSK's Flonase[®] (fluticasone propionate 50MCG nasal spray) in 2006
- ▶ Fluticasone propionate 50MCG prescription market size was c\$202 million in 2016*
- ▶ GSK launched an OTC version of Flonase[®] in 2014, creating conversion in the market
- ▶ West-Ward Columbus launched a generic Flonase[®] OTC in May 2016, in partnership with Perrigo, a leading OTC supplier
- ▶ Increased our total sales of generic Flonase[®] by 25% in 2016 and our total sales volumes by 33%**



 WEST-WARD
A HIKMA COMPANY

Allergy Relief

**Fluticasone Propionate
(Glucocorticoid)**

50 mcg Per Spray
Allergy Symptom Reliever Nasal Spray

120 sprays 0.54 fl oz (15.8 mL)

In partnership with

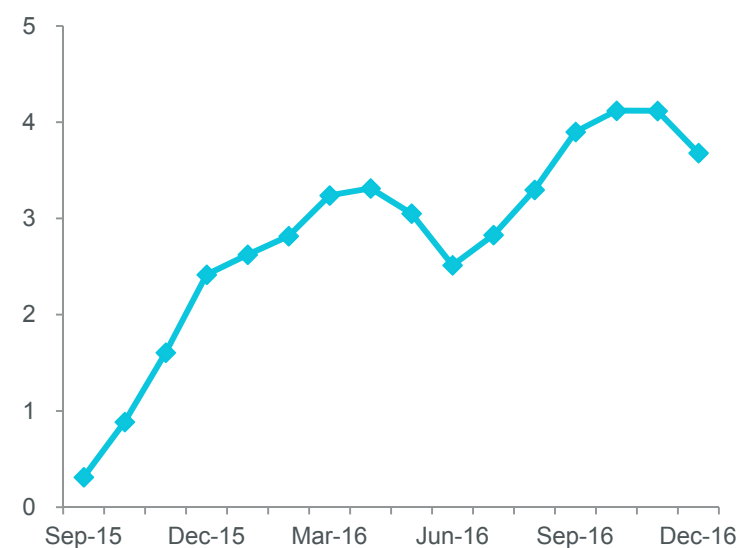


Capturing opportunities with the Bedford products

- ▶ Thiotepa is a former Bedford product
- ▶ On the FDA's Drug Shortage list in 2015
- ▶ We worked with the FDA to expedite approval
- ▶ Re-introduced to the market in 2015 as the only active approved ANDA in the US*
- ▶ Provided a seamless supply chain for our customers
- ▶ Able to grow revenue and provide a seamless supply chain for customers



Thiotepa sales, Sep-15 to Dec-16 (\$ millions)



Source: IMS Health



***Optimise operations and deliver
efficiencies***

*We are investing in high-quality
manufacturing facilities to improve the
efficiency of our processes, whilst maintaining
tight control of overheads, G&A and other
operating expenses*

Driving operational excellence in our MENA facilities

- ▶ Continuous improvement to achieve operational excellence (OE)
- ▶ Focusing on increased standardisation, improved product quality, increased efficiencies and enhanced employee capabilities
- ▶ Engaged McKinsey to assist in developing our operational excellence programme
- ▶ Successfully completed a pilot project in Jordan in 2016
- ▶ Rolling out our operational excellence initiatives across our MENA facilities during 2017 and 2018
- ▶ Expect to begin realising a financial benefit from 2017 onwards
- ▶ Important lever for achieving efficiencies and controlling operating costs



Achieving significant cost savings as we integrate WWC

**Significant progress
to-date**

- ▶ Significant progress with large-scale integration of West-Ward Columbus
- ▶ Ensuring optimum cost structure to support business and enable growth
- ▶ Achieved over \$35 million of cost savings in 2016
- ▶ Identified significant talent within West-Ward Columbus to establish integrated global teams

**Further
improvements to
come**

- ▶ Complete integration programme in 2017
- ▶ Continuously assess cost saving and efficiency potential
- ▶ Leverage technical skills and manufacturing platform of the West-Ward Columbus to drive non-injectables growth in the US
- ▶ Look for expansion opportunities in specialised areas



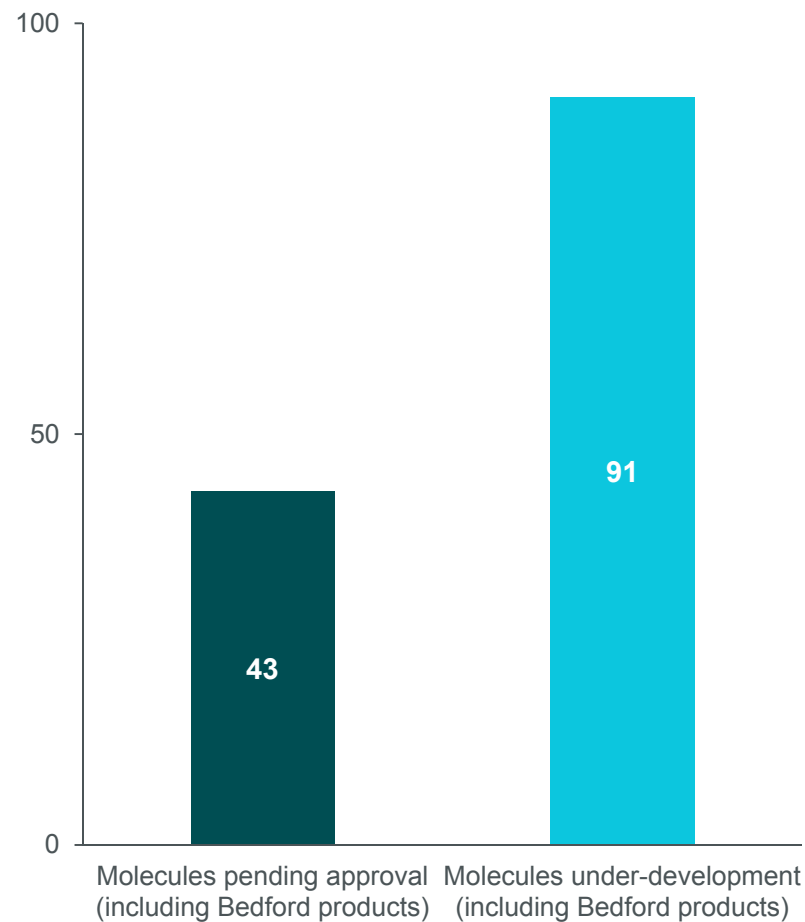
***Develop a differentiated product
portfolio by building best-in-class R&D
capabilities***

*We are enhancing our product offering and
strengthening our competitive position by
investing in our in-house R&D capabilities and
external partnerships to develop differentiated
products*

Our broad US product pipeline with at least one layer of differentiation



US Injectables pipeline, December 2016



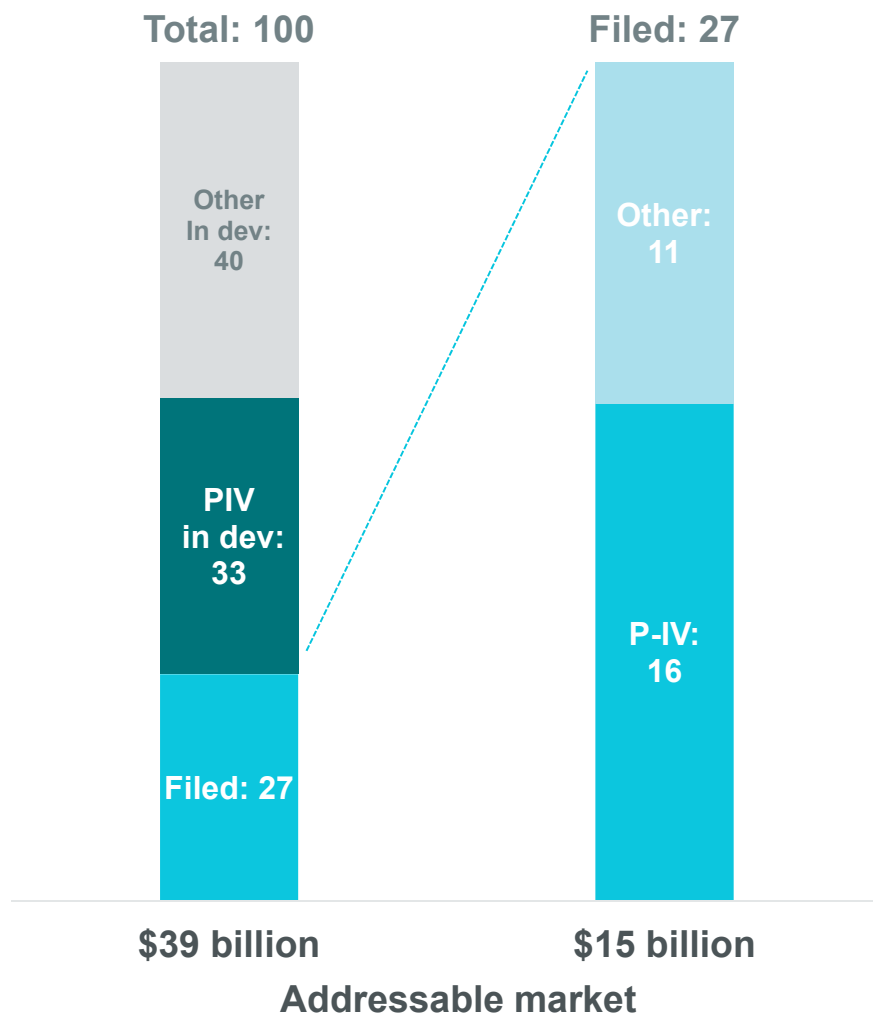
► Large and differentiated pipeline including:

- Former Bedford products
- Oncology products
- Pre-filled syringes
- IV bags
- PIV products
- Lyophilised products
- Complex products
- Hard-to-make products

► 95% of the pipeline has at least one layer of differentiation

High value pipeline with emphasis on PIV and 'first-to-file' opportunities

US non-injectables pipeline, December 2016

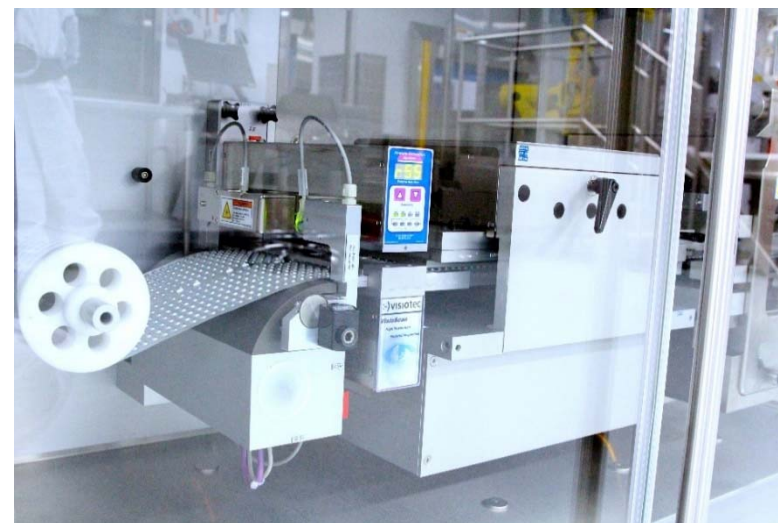


100 products currently in development

- 33 PIV products
- 25 High containment facility products
- 12 DEA products
- 11 Modified release products
- 11 REMs products

Focused on launching generic Advair in 2017

- ▶ Advair market size of \$4.6 billion* in the US
- ▶ Confident we have a high-quality submission that meets the FDA guidance
- ▶ Significant interaction with the FDA, pre and post submission
- ▶ Competed a number of pre-approval inspections
- ▶ Strong partnership with device manufacturer
- ▶ Working towards a GDUFA date of 10 May 2017
- ▶ Our 2017 guidance assumes an approval in H2 2017





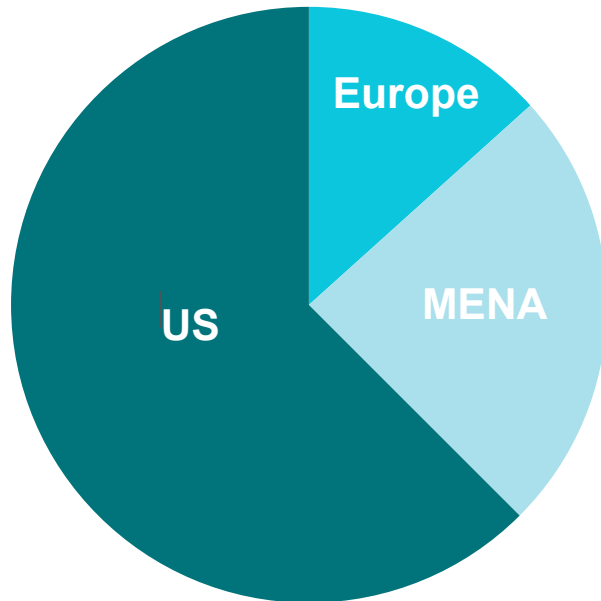
***Use M&A and capital investment to
accelerate organic growth opportunities***

*We are investing to expand our product
portfolio, technological capabilities,
geographic reach and manufacturing capacity
through capital investment and M&A*

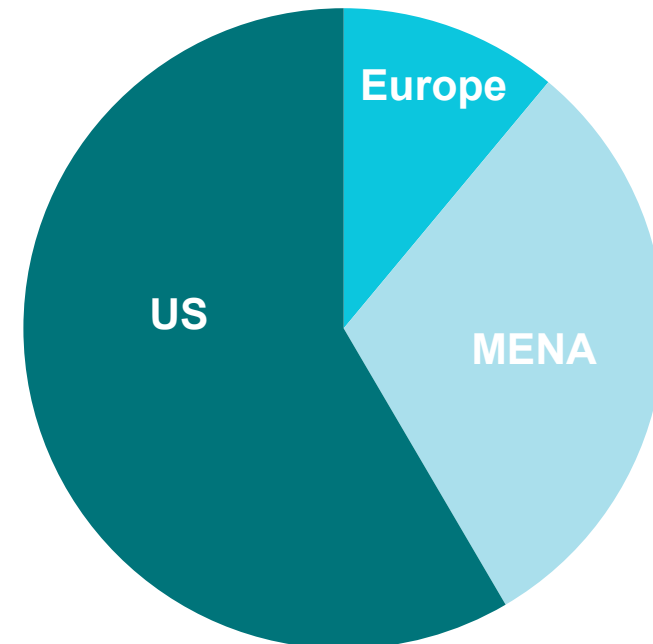
Investing in capacity and capabilities to underpin sustainable growth



- ▶ Adding lyophilisation & bag capacity in Portugal and a dedicated oncology facility
- ▶ Maintaining and upgrading our capacity across MENA
- ▶ Investing in support product growth in existing and new existing capabilities for our injectables and non-injectables businesses in the US



2016 capex: \$122 million



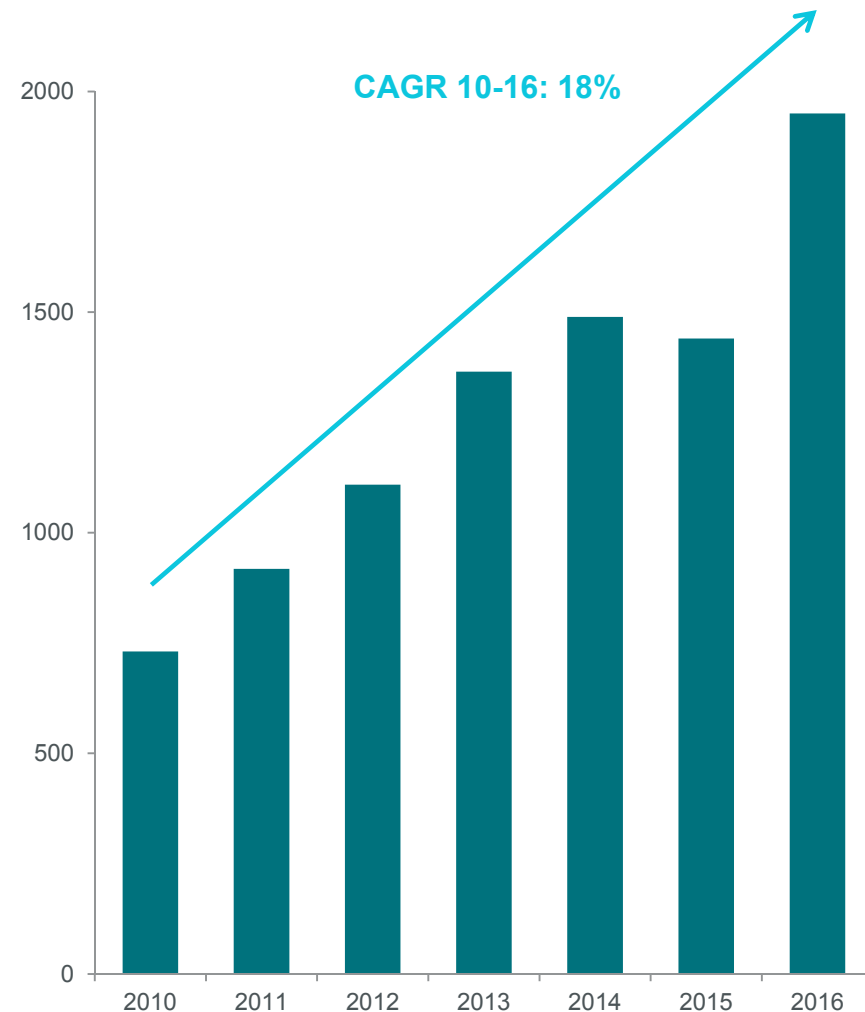
2017E capex: c.\$160 million

Strong investment case with clear potential for growth



- ▶ Diversified business model
- ▶ Established commercial capabilities
- ▶ Strong global portfolio across diverse markets
- ▶ Experienced R&D teams and a large, differentiated pipeline
- ▶ High-quality global manufacturing footprint and efficient operations
- ▶ Experienced management teams with proven track record

Group revenue (\$ million)



Appendix

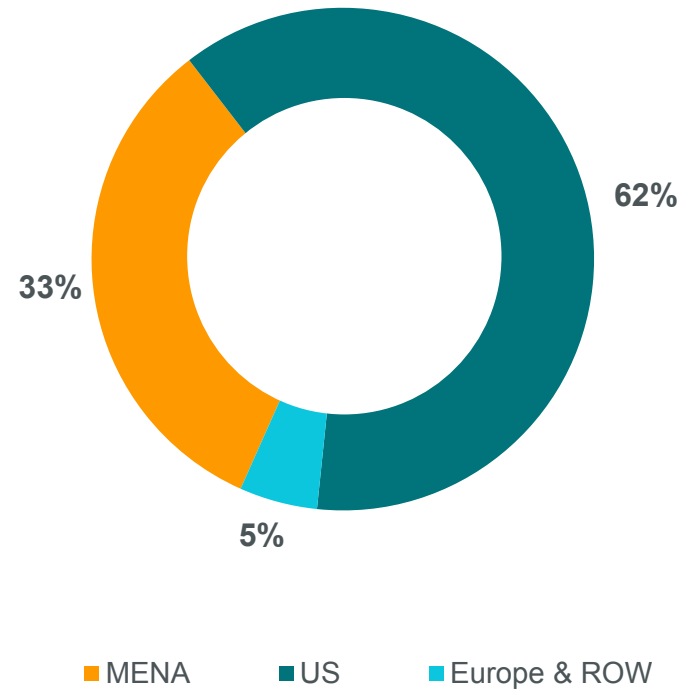
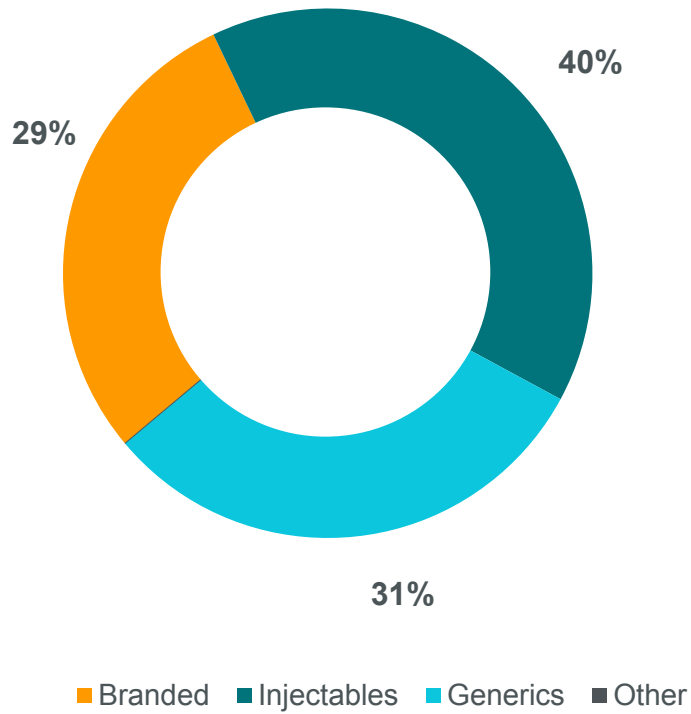


Revenue by segment and region



2016 revenue by segment

2016 revenue by region



Consolidated P&L

Solid Group performance in 2016



\$ million	2016	2015	Change	Constant currency change
Revenue	1,950	1,440	+35%	+39%
Gross profit	986	818	+21%	+25%
<i>Gross margin</i>	<i>50.6%</i>	<i>56.8%</i>	-6.2pp	-5.7pp
Operating profit	302	381	-21%	-9%
Core operating profit¹	419	409	+2%	+14%
<i>Core operating margin</i>	<i>21.5%</i>	<i>28.4%</i>	-6.9pp	-5.4pp
EBITDA²	473	454	+4%	+15%
Profit attributable to shareholders	155	252	-38%	-22%
Core profit attributable to shareholders¹	276	286	-3%	+11%
Basic EPS (cents)	66.5	126.6	-60.1	-42.1
Core basic EPS (cents)	118.5	143.7	-25.2	-7.2
Dividend per share (cents)	33.0	32.0	+1.0	
<i>Effective tax rate</i>	24.8%	<i>20.1%</i>	+4.7pp	+0.8pp

¹ Before the amortisation of intangible assets other than software and exceptional items

² Earnings before interest, tax, depreciation and amortisation and other exceptional

Cash flow statement

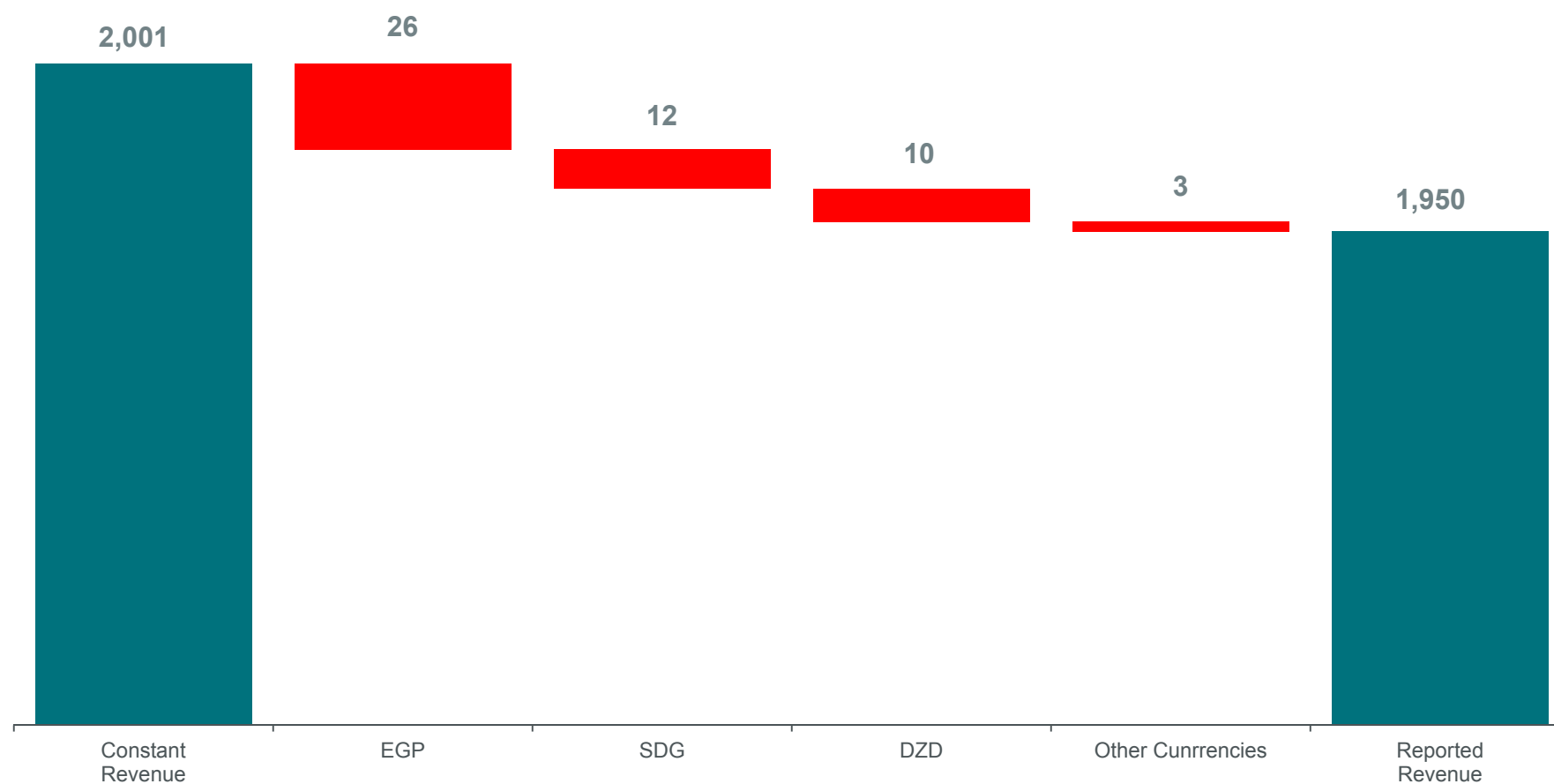
\$ million	2016	2015
Profit before tax and minority interest	210	318
Adjustments for non-cash items	183	89
Change in working capital	(95)	(44)
Income tax paid	(76)	(51)
Other	71	54
Net cash generated from operating activities	293	366
Investment in property, plant and equipment	(122)	(82)
Purchase of intangible assets	(68)	(55)
Investments designated at fair value	-	(20)
Acquisition of business undertakings net of cash acquired	(515)	-
Proceeds from disposal of assets	25	31
Acquisition related amounts held in escrow account	-	(38)
Interest received	2	3
Other	(17)	(1)
Net cash used in investing activities	(695)	(162)
Change in debt	153	168
Dividends paid	(77)	(66)
Interest paid	(54)	(49)
Payment for product co-development agreement	2	17
Other	(5)	7
Net cash generated by financing activities	19	77

Balance sheet

\$ million	Dec-16	Dec-15	Growth \$	Growth %
Cash	162	593	(431)	-73%
Trade and other receivables	759	488	271	56%
Other current assets	68	28	40	143%
Inventories	459	251	208	83%
Total current assets	1,448	1,360	88	6%
Intangible assets	1,719	607	1,112	183%
Tangible fixed assets	969	507	462	91%
Deferred Tax	172	70	102	146%
Investment in associated companies and joint ventures	7	7	-	0%
Other long-term assets	48	46	2	4%
Total long-term assets	2,915	1,237	1,678	136%
Total assets	4,363	2,597	1,766	68%
Financial debts	117	116	1	1%
Trade accounts payable	343	276	67	24%
Other current liabilities	458	200	258	129%
Total current liabilities	918	592	326	55%
Long-term financial debts and capital lease obligations	742	612	130	21%
Other long-term liabilities	292	41	251	612%
Total long-term liabilities	1,034	653	381	58%
Total liabilities	1,952	1,245	707	57%
Minority interest	15	15	-	0%
Total shareholder's equity	2,396	1,337	1,059	79%
Total liabilities and equity	4,363	2,597	1,766	68%

Group revenue impacted by adverse foreign currency movements

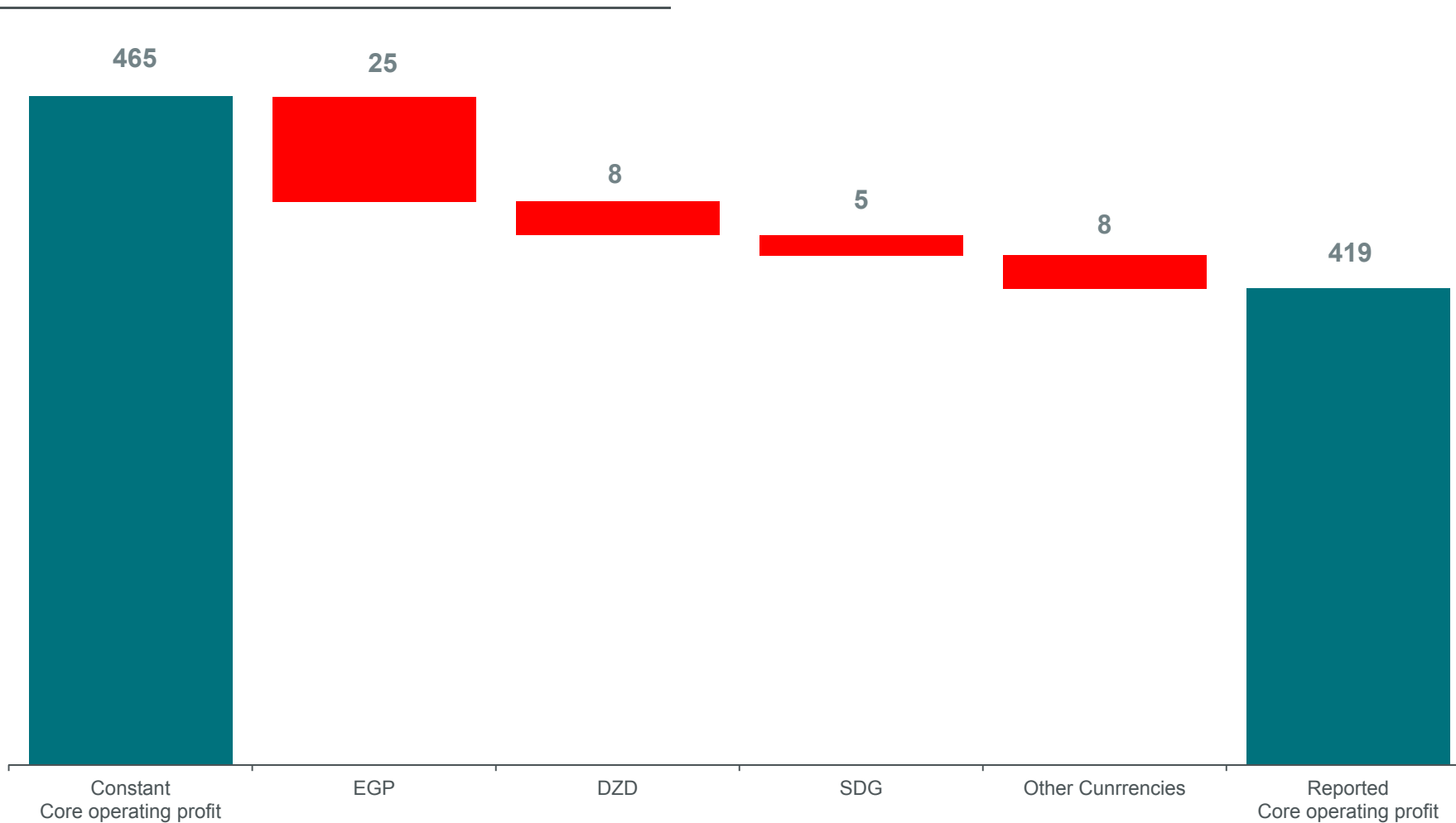
Revenue (\$ million)



Group operating profit impacted by adverse foreign currency movements

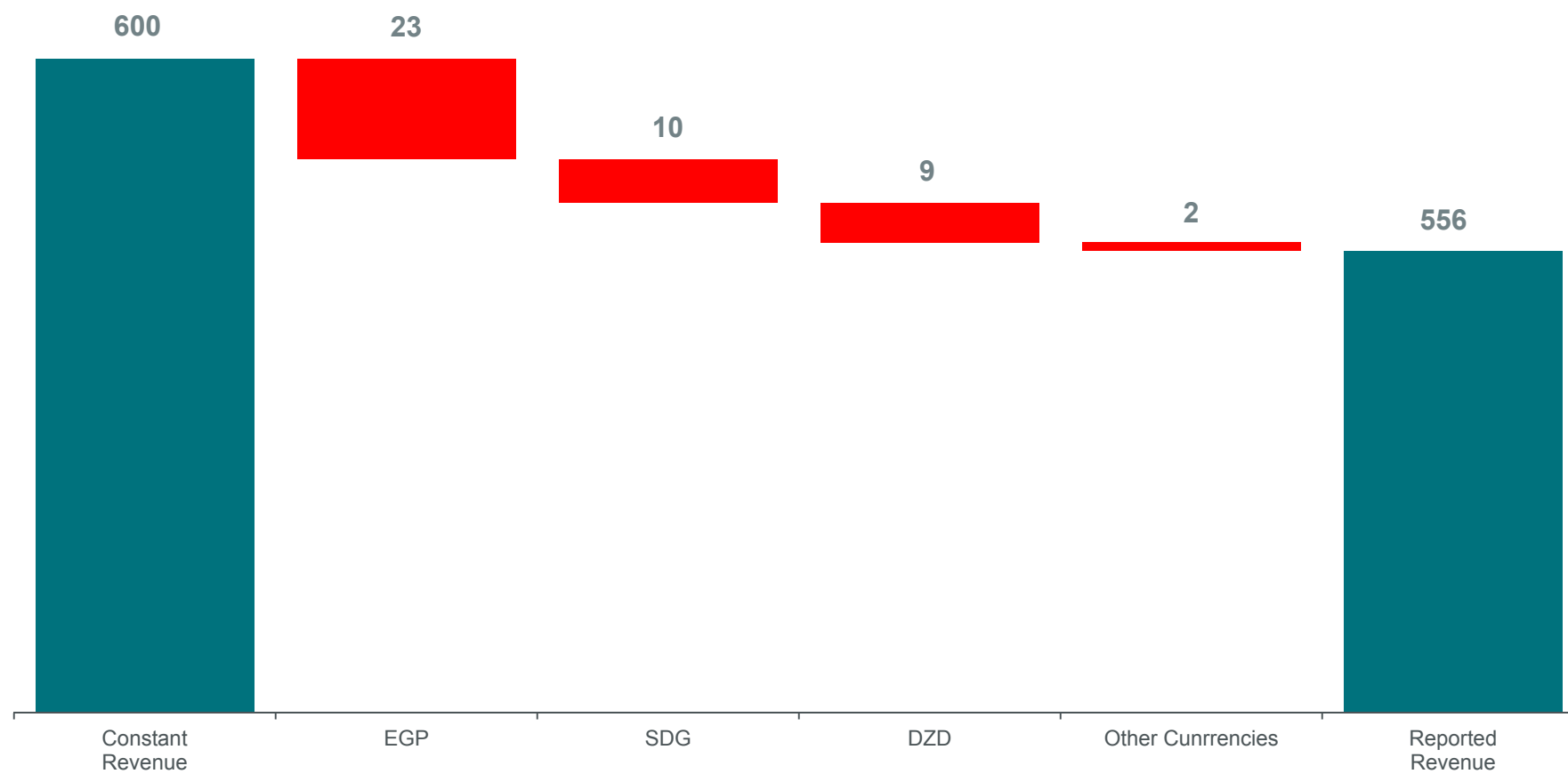


Core operating profit (\$ million)



Branded revenue impacted by adverse foreign currency movements

Revenue (\$ million)



Branded operating profit impacted by adverse foreign currency movements



Core operating profit (\$ million)

