

Better health.
Within reach.
Every day.

Hikma Pharmaceuticals PLC
2020 Preliminary Results

hikma.

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Continued strategic progress and achieved strong Group core revenue and profit growth

Ongoing strategic progress:



Leveraged strong foundation to meet demand for essential medicines during the pandemic



Continued to develop our pipeline through R&D and partnerships



Focused on building a culture of progress and belonging that engages and enables our employees



Expanded our portfolio with successful new launches



Delivered operational efficiencies and process improvements across our manufacturing sites

Strong financial performance:

Core¹
revenue

\$2,341m

2019 \$2,203m +6%

Core operating
profit

\$566m

2019 \$508m +11%

Core operating
profit margin

24.2%

2019 23.1%

Operating
cash flow

\$464m

2019 \$472m

Core basic
earnings per share

172.9¢

2019 150.4¢ +15%

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

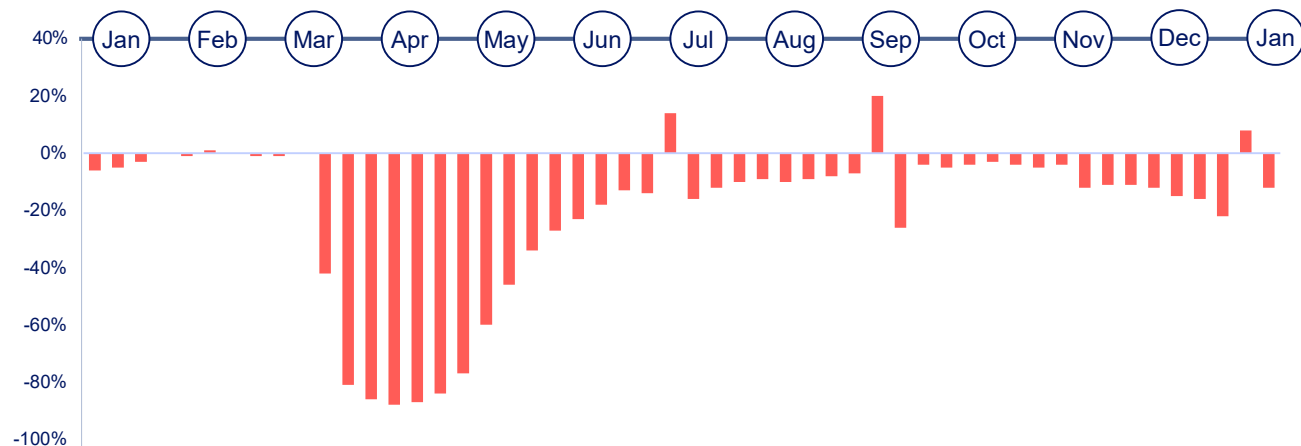
Injectables



Leveraging broad portfolio and flexible, high-quality operations to meet demand



Impact on elective surgeries in the US¹



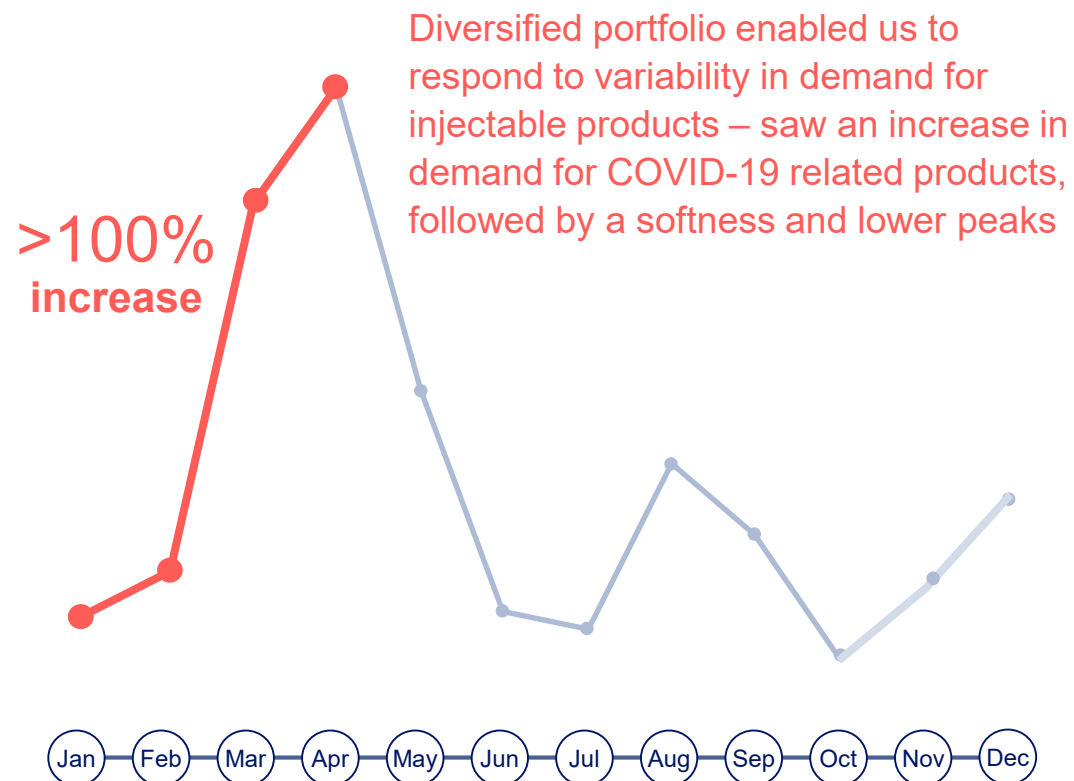
Changing treatment protocols

	% of ICU patients vs. total hospitalised COVID patients	% of ICU patients on mechanical ventilation
April 2020 ²	30%	82%
February 2021 ²	21%	62%

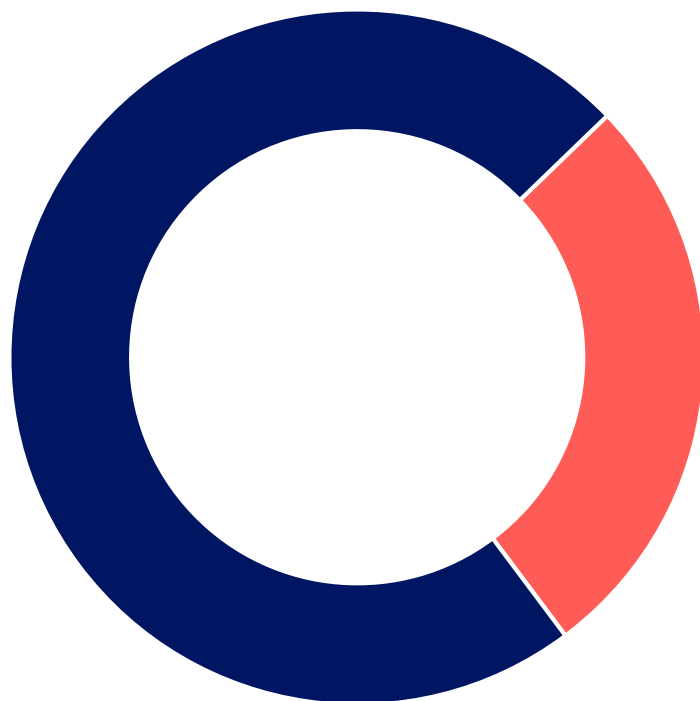
¹ IQVIA data, week on week analysis of data, data week ending November 20, 2020

² The COVID Tracking Project (states included: NY, NJ, PA, OH, AZ, IL, IN, MI, TN, MO)

Demand for Hikma's COVID-19 related products



Expanding our US Injectables portfolio through new launches



Products launched since 2016 contributed **27%** of 2020 US Injectables revenue

Ongoing expansion of our US portfolio

- Continue to invest in the **growth of our portfolio**
- **Launched 20 products** over the last 18 months, including propofol and nicardipine bags
- Expect to launch around **10–15 products** in 2021

Strong manufacturing capabilities positions us as a partner of choice



Our differentiated capabilities & state of the art technology...

- Controlled substances
- High speed filling lines
- Prefilled syringes (PFS)
- Sterile emulsion
- Lyophilised
- Cephalosporins



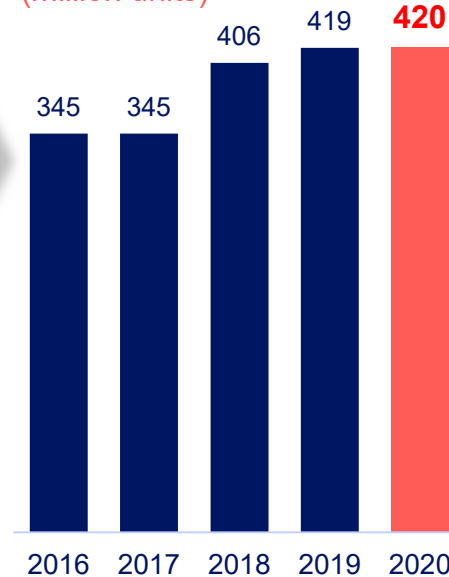
...plus our focus on quality, efficiency and flexibility...

- Successful paper-based FDA inspections
- Increased batch sizes on several COVID-19 products to meet customer needs
- Reduced fill-to-release cycle time
- New automated inspection and packaging equipment
- Increased safety stock on key products



...means we can meet customer and patient needs.

+5% CAGR
total EU and US plant volumes
(million units)



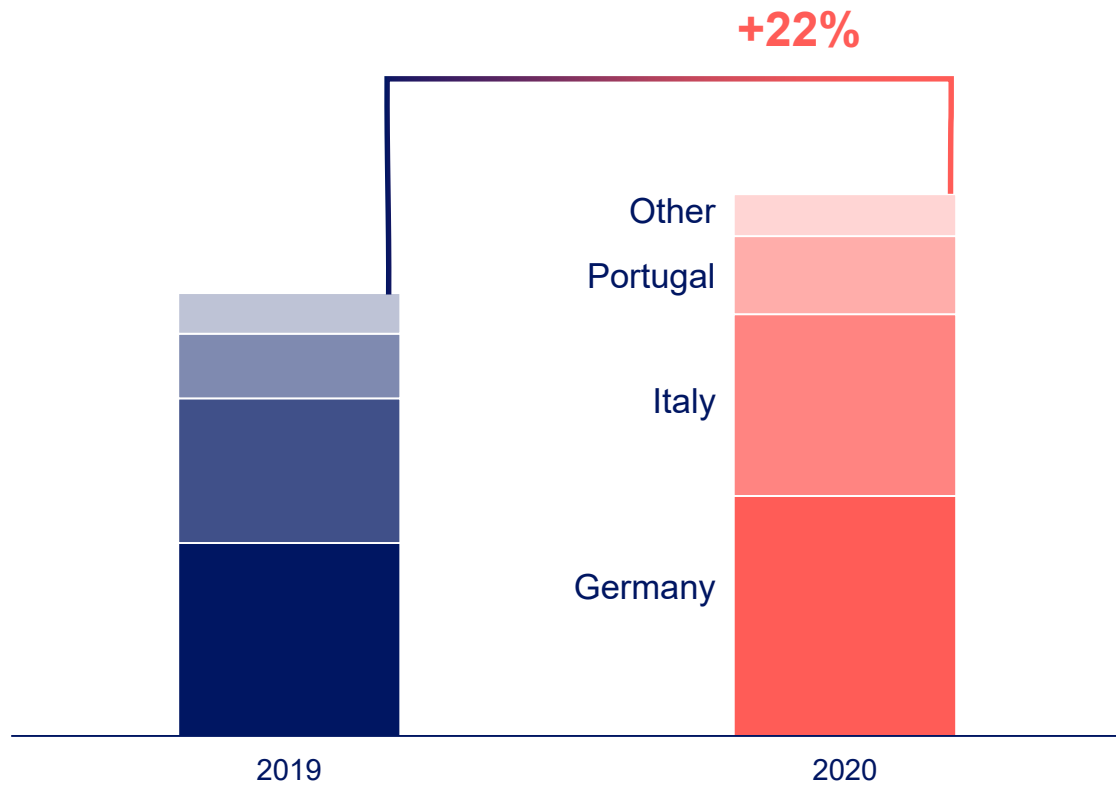
Partner of choice

- Worked closely with key customers and regulators to align on key products for the pandemic
- Signed Gilead CMO agreement for remdesivir
- Expanded partnership with Civica Rx and major GPOs on programmes created to minimise shortages

Strengthening foothold in Europe and expanding into new markets



Revenue from own products¹



33 launches across markets
160 products filed to sustain growth



¹ Excludes contract manufacturing

Improving access to biosimilars in MENA



Increasing access to Remsima® across MENA markets

- Supported hospitals and IV infusion centres during COVID-19
- Raising awareness of biosimilars and increasing early access to biologics for eligible patients
- Connecting patients, doctors and hospitals to facilitate access to medication

Case studies:

Market size and Hikma market share increasing in KSA and Iraq

Iraq

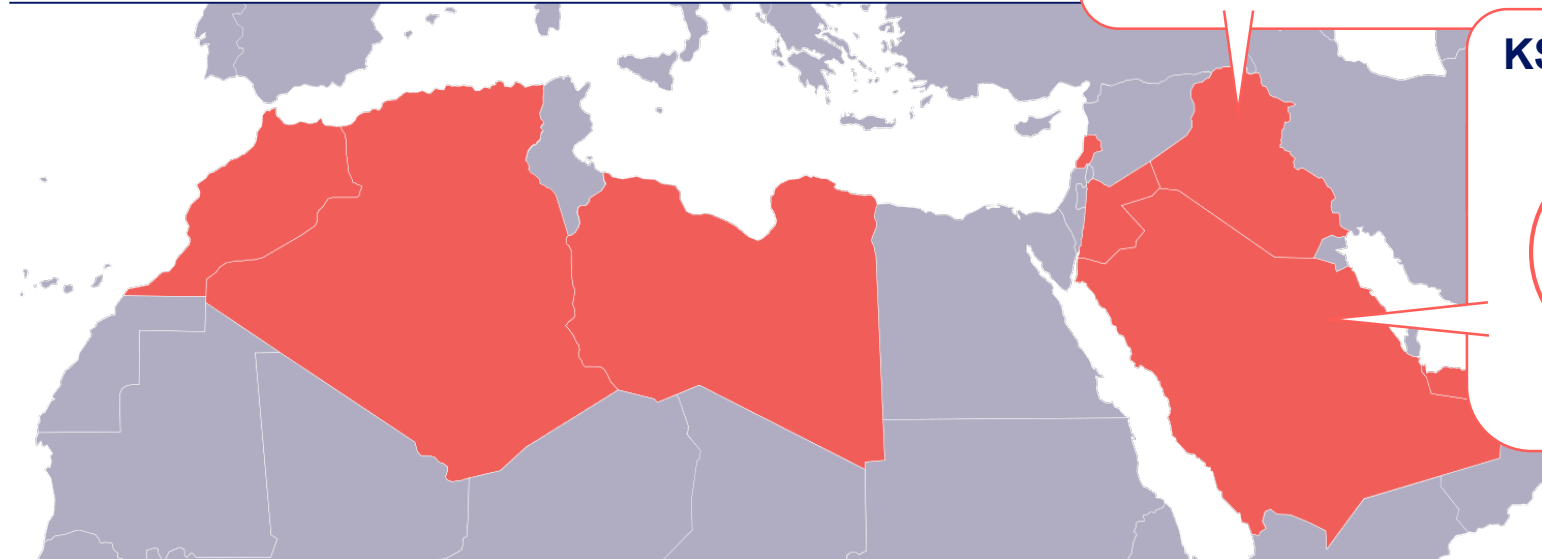


The infliximab market in Iraq **grew >80% CAGR** over 2018–2020 with Remsima® market share reaching c.70%

KSA

>2x

The infliximab market in KSA **more than doubled in size** since we launched our product in 2017



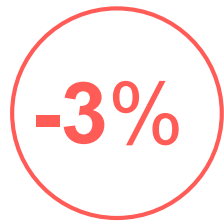
Generics



Resilient portfolio and new launches are offsetting headwinds to drive growth



Impact of COVID-19 on the US market¹

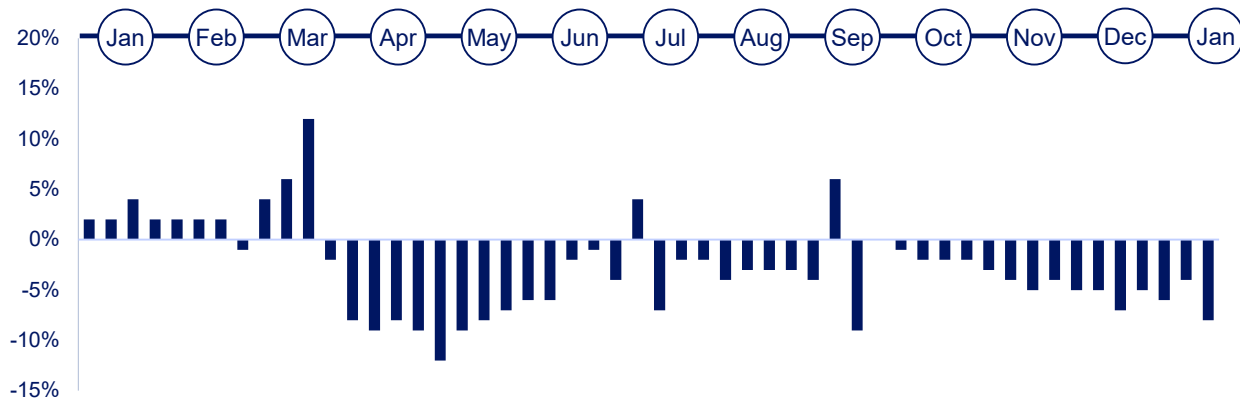


Change in TRx
vs. 2019



Change in NBRx²
vs. 2019

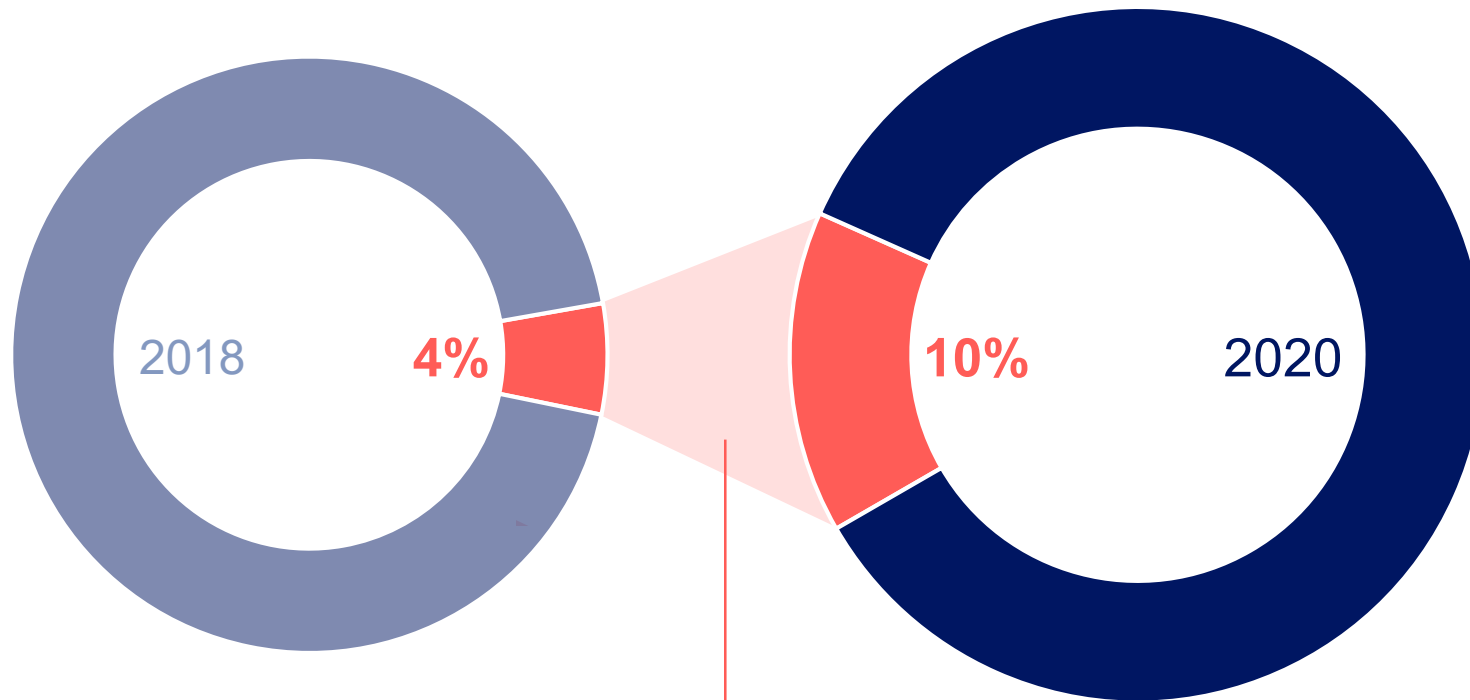
Total prescriptions weekly y/y growth¹



Our response

- Prioritised high demand products due to COVID-19 while maintaining supply on the broader portfolio
- Enhanced customer focus and flexible manufacturing enabled us to meet changing patient needs
- Benefitted from US based manufacturing facility
- Responded quickly to secure sufficient API supply and increased safety stock
- Managed production and allocation of finished goods

Delivering on our pipeline and launching differentiated products



Products launched in 2H17 and 2018 contributed **4%** of Generics revenue in 2018

Products launched in 2H19 and 2020 contributed **10%** of Generics revenue in 2020

2020 launches:

- Icosapent ethyl capsules
- Rufinamide oral suspension
- Generic Zortress[®]
- Generic Afinitor[®]
- Dicyclomine oral solution

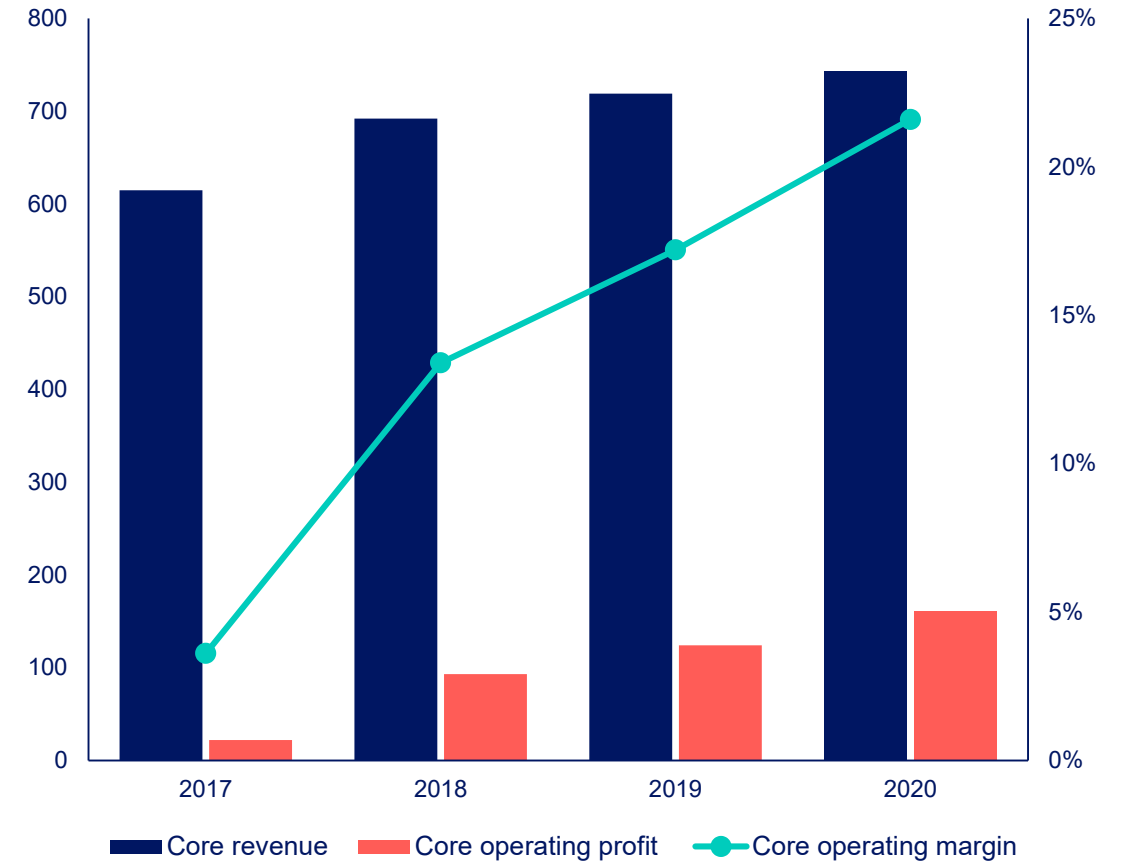
Commercial and operational enhancements delivering growth



Leveraging operational and commercial enhancements



Resilient business driving growth



Increasing differentiation with investment in Hikma specialty and respiratory portfolios



Building specialty portfolio

By leveraging **Mitigare[®] (colchicine)** infrastructure, we will build a durable **Hikma specialty franchise** in areas of high unmet need

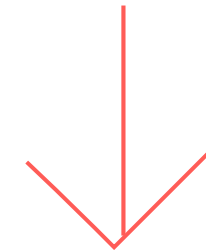
		Primary Care	Call points Allergy/ENT	Institutional
Commercial	Mitigare[®] (colchicine) 0.6mg capsules	✓	○	○
+				
Pipeline				
Filed	Ryaltris (olopatadine hydrochloride and mometasone furoate)	✓	✓	○
Filed	Naloxone Unit-dose nasal spray	✓	○	✓
Early development	Epinephrine Unit-dose nasal spray	✓	✓	○



Building respiratory portfolio

By leveraging regulatory expertise gained through **generic Advair Diskus[®]**, we will expand our dry powder inhaler portfolio

Approved **Generic Advair Diskus[®]**
Dry powder inhaler



Pipeline¹ **Generic Ellipta[®]**
Dry powder inhaler portfolio

Branded



Delivering growth in Tier 1 markets and benefitting from strong commercial capabilities



Branded tier 1 markets 2020 revenue



MENA growth strategy

- Improve our **market position in Tier 1 markets** through organic and inorganic business growth
- Execute on **product pipeline roadmap** with a focus on target specialty disease areas
- Cement our position as **partner of choice in MENA**

Algeria 2020 key highlights

Strong recovery following challenges in 2019 due to political and economic disruptions

Improved management of commercial strategy and stock levels at wholesalers



Launched Sclera[®] – the first locally manufactured oral therapy for MS in Algeria

Finalised construction of oral oncology plant, and submitted 10 products for registration, with two already approved

Launching differentiated products to deliver affordable medicines to patients



2020 key launches

Sclera®

- Multiple sclerosis product
- Launched in Algeria

Bufomix Easyhaler®

- Expanded on our respiratory portfolio through our partnership with Orion
- Launched in Iraq, Jordan and KSA

Divinus®

- New class of oral treatment for Type 2 Diabetes
- Launched in KSA and Iraq



Reagila®

- Reagila® (cariprazine) is a novel antipsychotic product licensed from Gedeon Richter
- Has a unique profile – it is the first drug to be able to address the negative symptoms of schizophrenia in addition to its efficacy on positive symptoms
- **c.25%** of patients with schizophrenia have severe and persistent negative symptoms

2019

✓ Signed agreement with Gedeon Richter in 2019

2020

✓ Received approval in Jordan within 6 months and launched

✓ Received further approval in KSA, Egypt and UAE

2021

✈ Expect to launch in these markets in 1Q21

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Finance



Khalid Nabils, Chief Financial Officer

Group financial highlights

	2019	2020	% change
Core ¹ revenue	\$2,203 million	\$2,341 million	+6%
Core gross profit ²	\$1,095 million	\$1,213 million	+11%
Core operating profit	\$508 million	\$566 million	+11%
Core EBITDA ³	\$593 million	\$674 million	+14%
Core net income	\$364 million	\$408 million	+12%
Basic earnings per share ⁴	200.8 cents	182.6 cents	(9)%
Core basic earnings per share	150.4 cents	172.9 cents	+15%
Dividend per share ⁴	44 cents	50 cents	+14%

¹ Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided in our 2020 interim results press

² Beginning in 2020, inventory related provisions are reported under the cost of sales line item for both 2020 and 2019 comparatives. In the 2019 audited financial statements, inventory related provisions were included in other operating income/(expenses). The reason for reclassification is to be in line with industry practice.

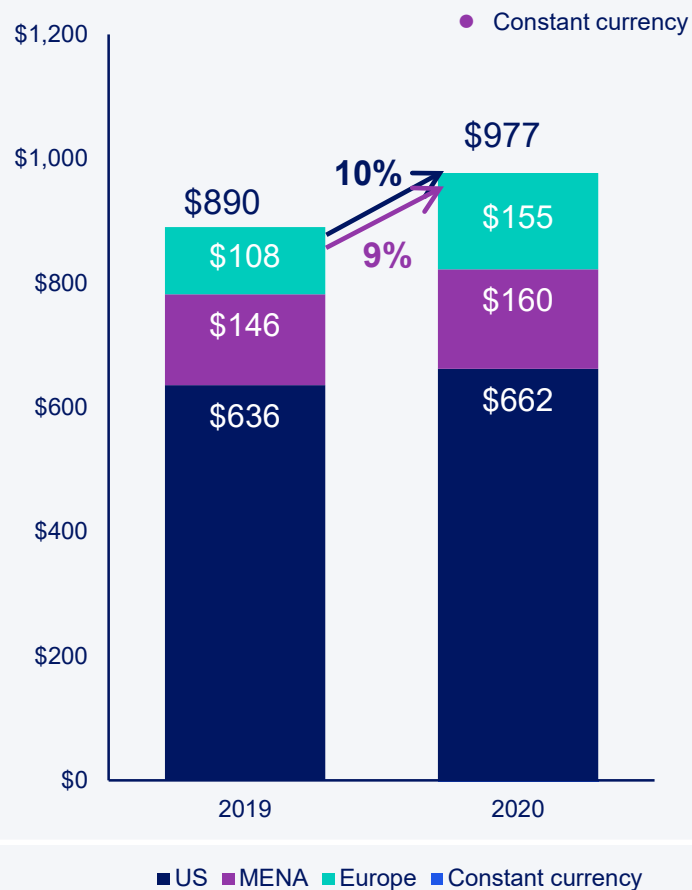
³ Core earnings before interest, tax, depreciation, amortisation and impairment charges/reversals

⁴ In June 2020, Hikma purchased 12.8 million ordinary shares from Boehringer Ingelheim, which are being held in treasury. Earnings per share is calculated using the weighted average number of shares outstanding during the period. Interim dividend per share is calculated using the number of shares outstanding at 30 June 2020.

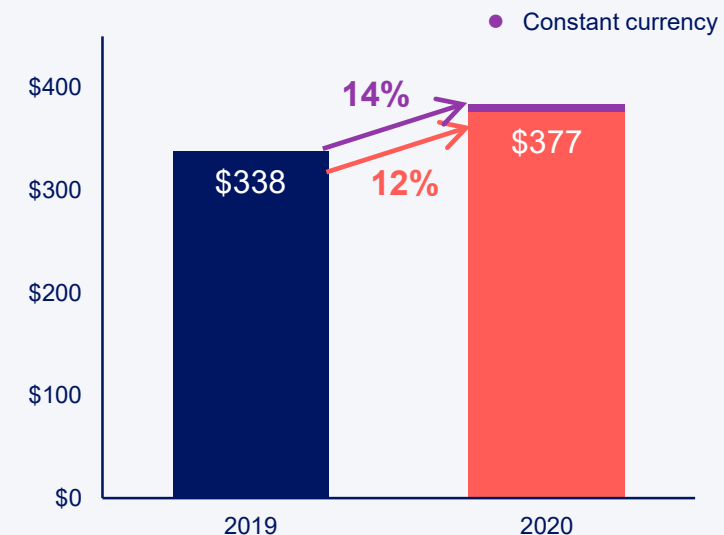
Injectables



Core revenue (million)



Core operating profit (million)



Operating margin

	2019	2020	Change	2020 constant currency	Change
Reported	35.8%	36.2%	0.4pp	37.2%	1.4pp
Core	38.0%	38.6%	0.6pp	39.6%	1.6pp

Core revenue

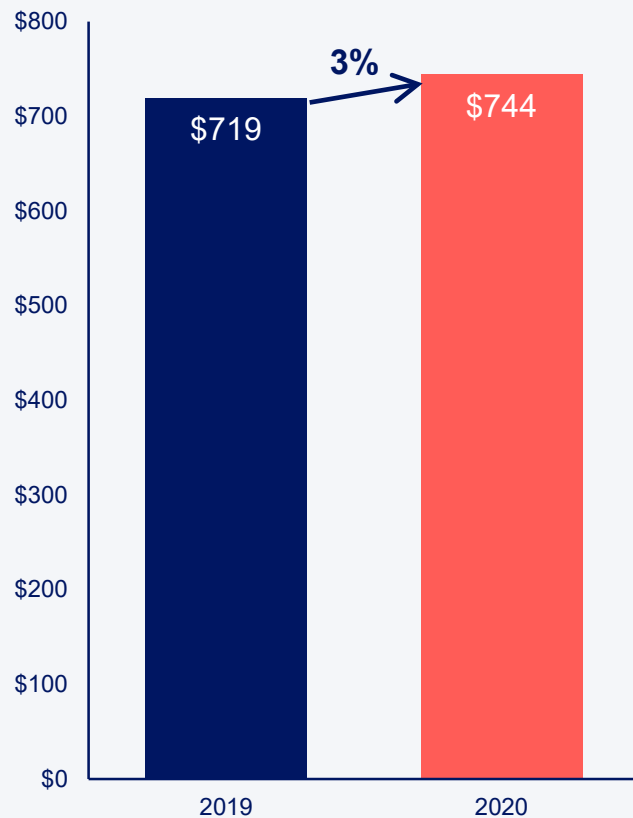
- ⊕ Strong demand for in-market products in US driven by COVID-19, particularly in 1H20
- ⊕ Good growth in MENA, reflecting good demand for our portfolio and biosimilars
- ⊕ Strong growth in Europe, particularly in Germany and Italy
- ⊕ Launched new products across all markets
- ⊖ Slow down in elective surgeries

Core operating profit

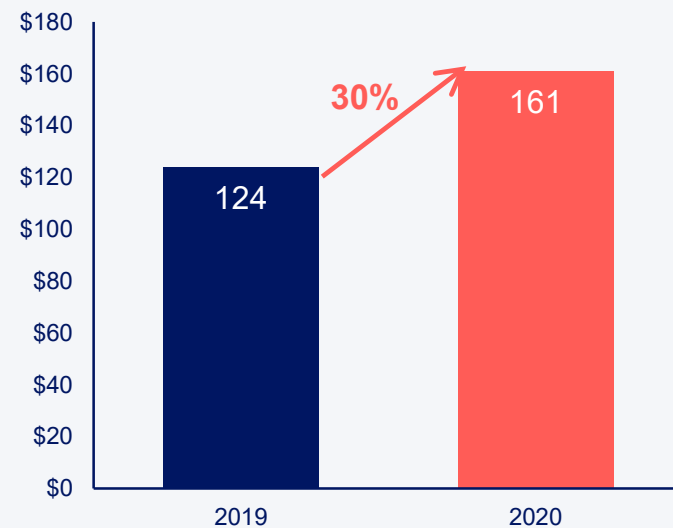
- ⊕ Improvement in product mix in Europe and MENA
- ⊖ Higher R&D costs and negative foreign exchange movements



Core revenue (million)



Core operating profit (million)



Operating margin

	2019	2020	Change
Reported	21.0%	27.3%	6.3pp
Core	17.2%	21.6%	4.4pp

Core revenue

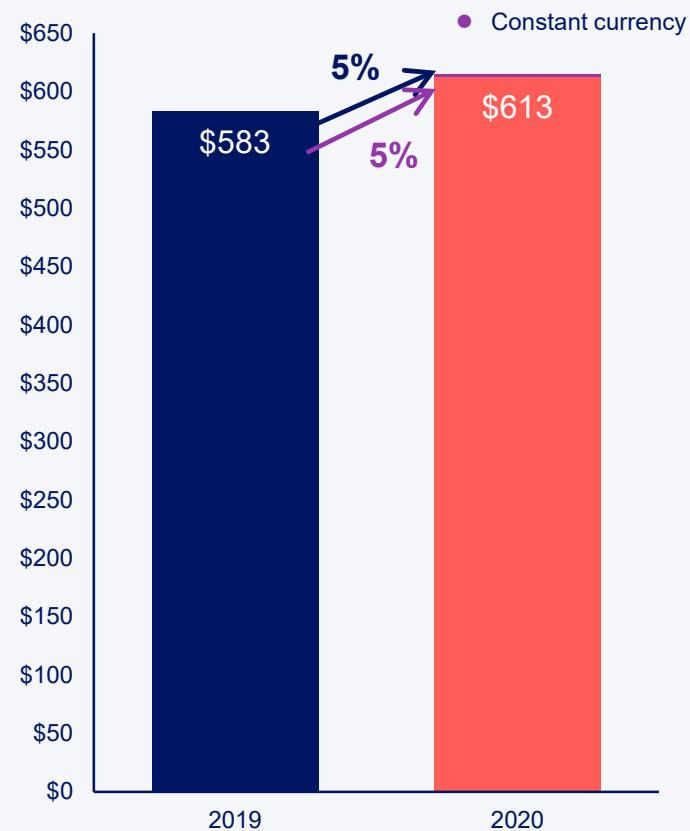
- + Good demand for differentiated products
- + Strong contribution from new launches
- Accelerated price erosion in 2H20

Core operating profit

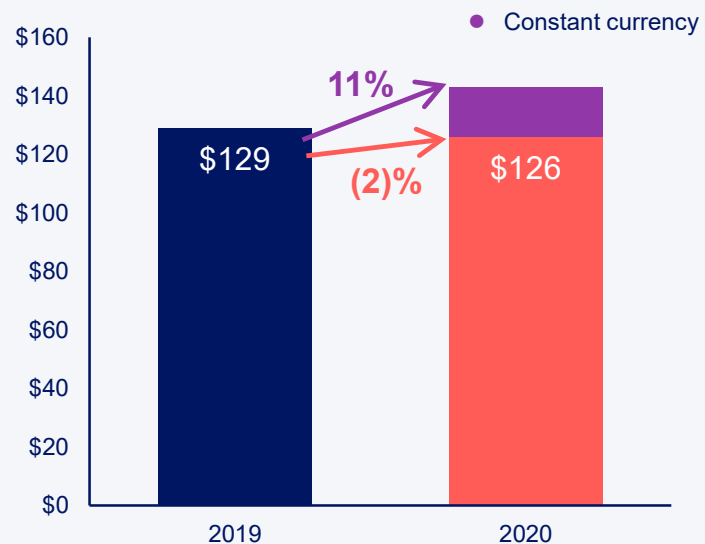
- + Improved product mix
- + Operational efficiencies



Core revenue (million)



Core operating profit (million)



Operating margin

	2019	2020	Change	2020 constant currency	Change
Reported	18.0%	19.6%	1.6pp	22.3%	4.3pp
Core	22.1%	20.6%	-1.5pp	23.3%	1.2pp

Core revenue

- + Good growth in Saudi Arabia and Egypt and strong recovery in Algeria
- + New product launches across all markets
- Reduction in demand for pharmacy products like anti-infectives

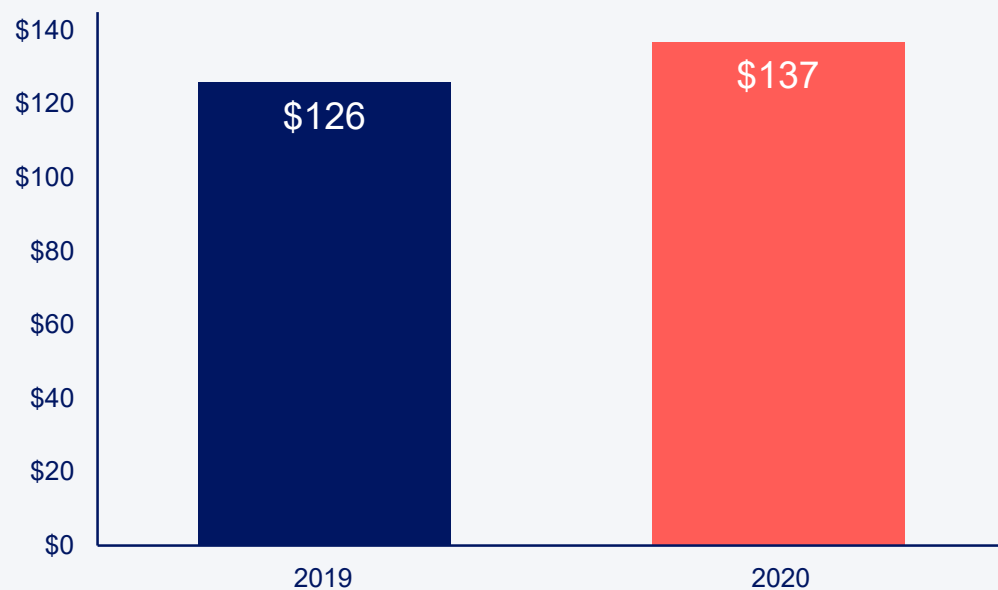
Core operating profit

- + Improvement in product mix
- + Good control of costs
- Foreign exchange losses

Core R&D and capital expenditure

Core R&D

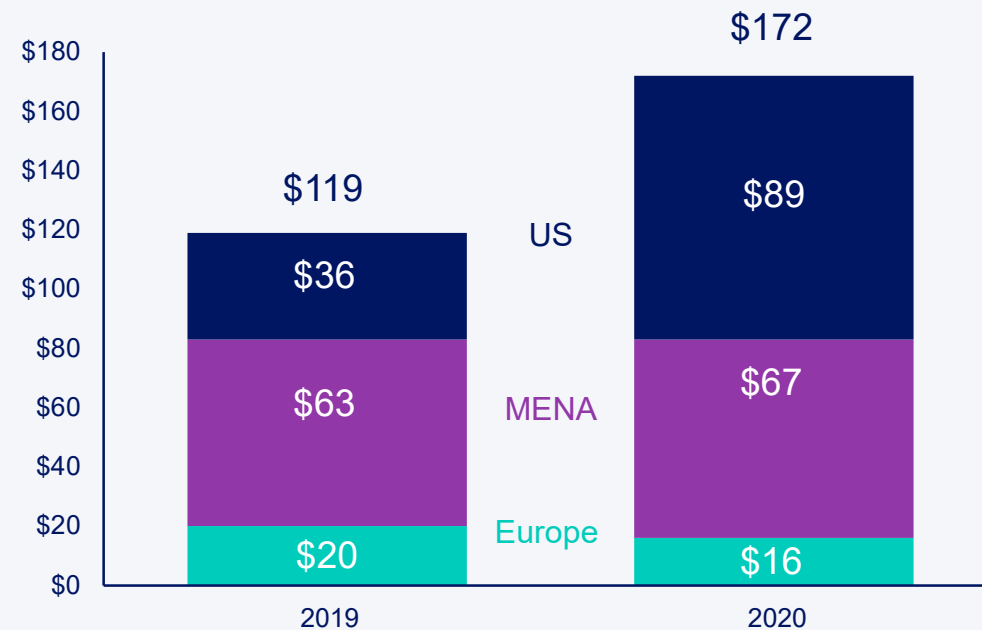
(million)



- Invested 6% of Group core revenue in core R&D
- Increased investment in Injectables R&D programmes as we build pipeline of differentiated products

Cash capital expenditure

(million)

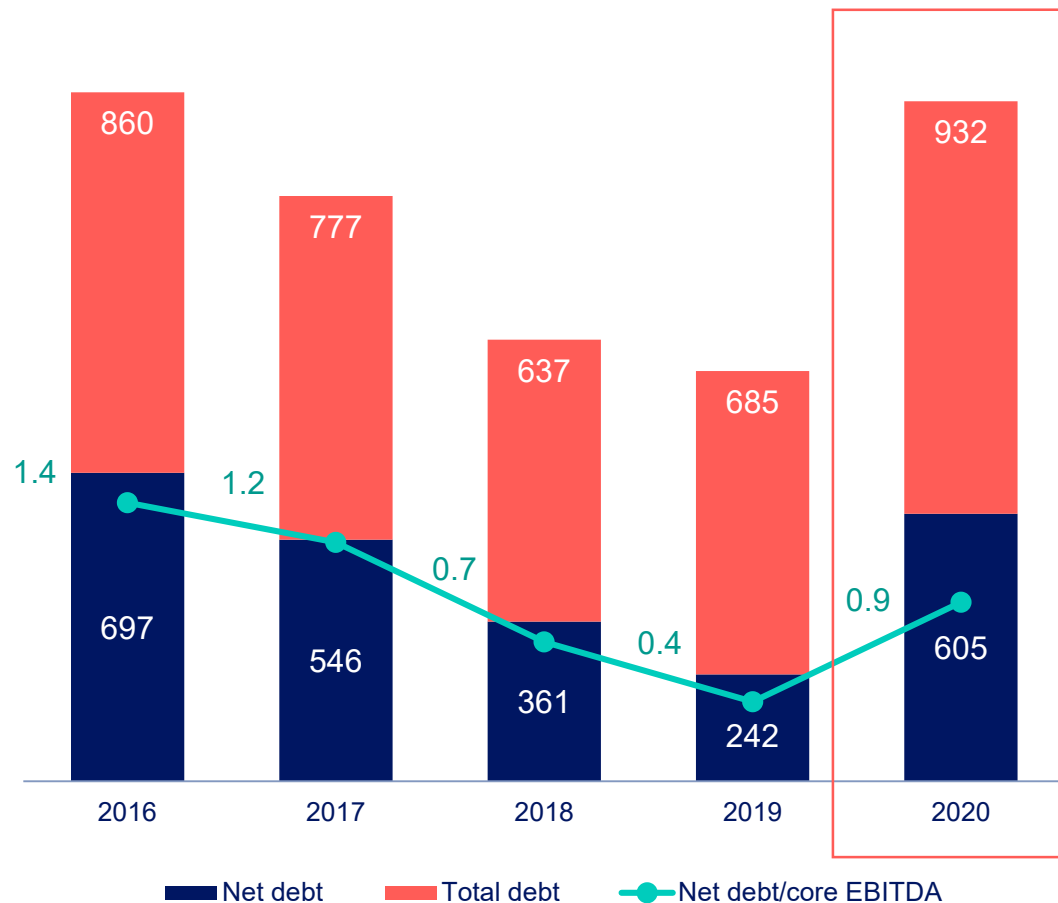


- Upgrading capabilities and adding new technologies in US
- Strengthening manufacturing capabilities in MENA
- Strengthening capabilities in Europe

Cash flow and balance sheet

Debt and leverage

(millions)



2020 key highlights

- Raised \$500 million 5 year Eurobond with annual coupon of 3.25%
- Achieved investment grade status from Standard & Poor's and Fitch
- Signed a new \$200 million loan facility with the International Finance Corporation
- Bought back 12.8 million ordinary shares from Boehringer Ingelheim in connection with its disposal of its 16% stake in Hikma

Operating cash flow

	Dec-19	Dec-20
Operating cash flow	472	464
Operating cash flow/core revenue	21%	20%

2021 guidance

Injectables



- Revenue:
mid-single digits
- Core operating margin:
37% to 38%

Generics



- Revenue:
\$770 million to \$810 million
- Core operating margin:
c.20%

Branded



- Revenue growth in constant currency:
mid-single digits

Net finance expense



- Net finance expense:
\$50 million

Capital expenditure



- Capital expenditure:
\$140 million to \$160 million

Tax



- Core effective tax rate:
22% to 23%



Hikma is well positioned to deliver sustainable growth



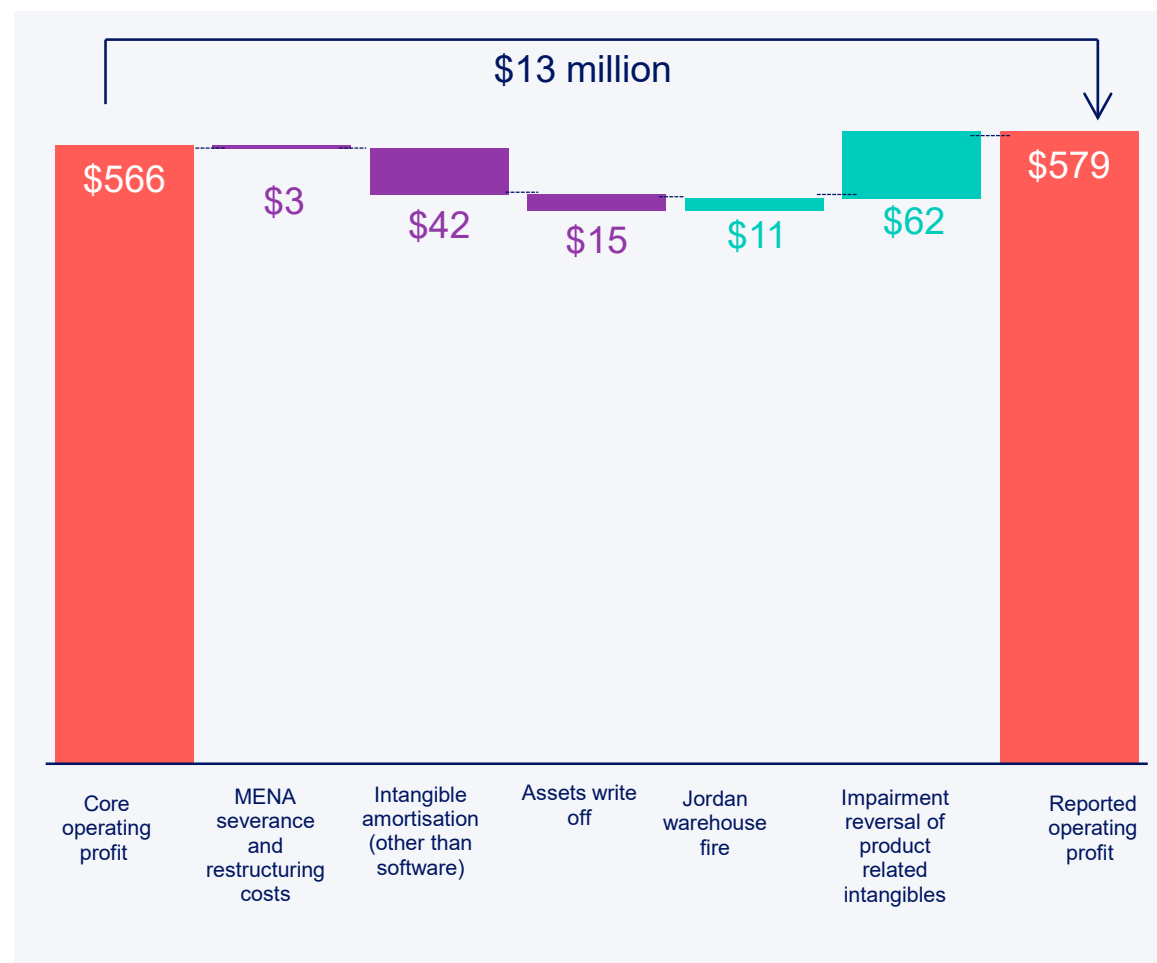
Appendix



2020 exceptional items and other adjustments

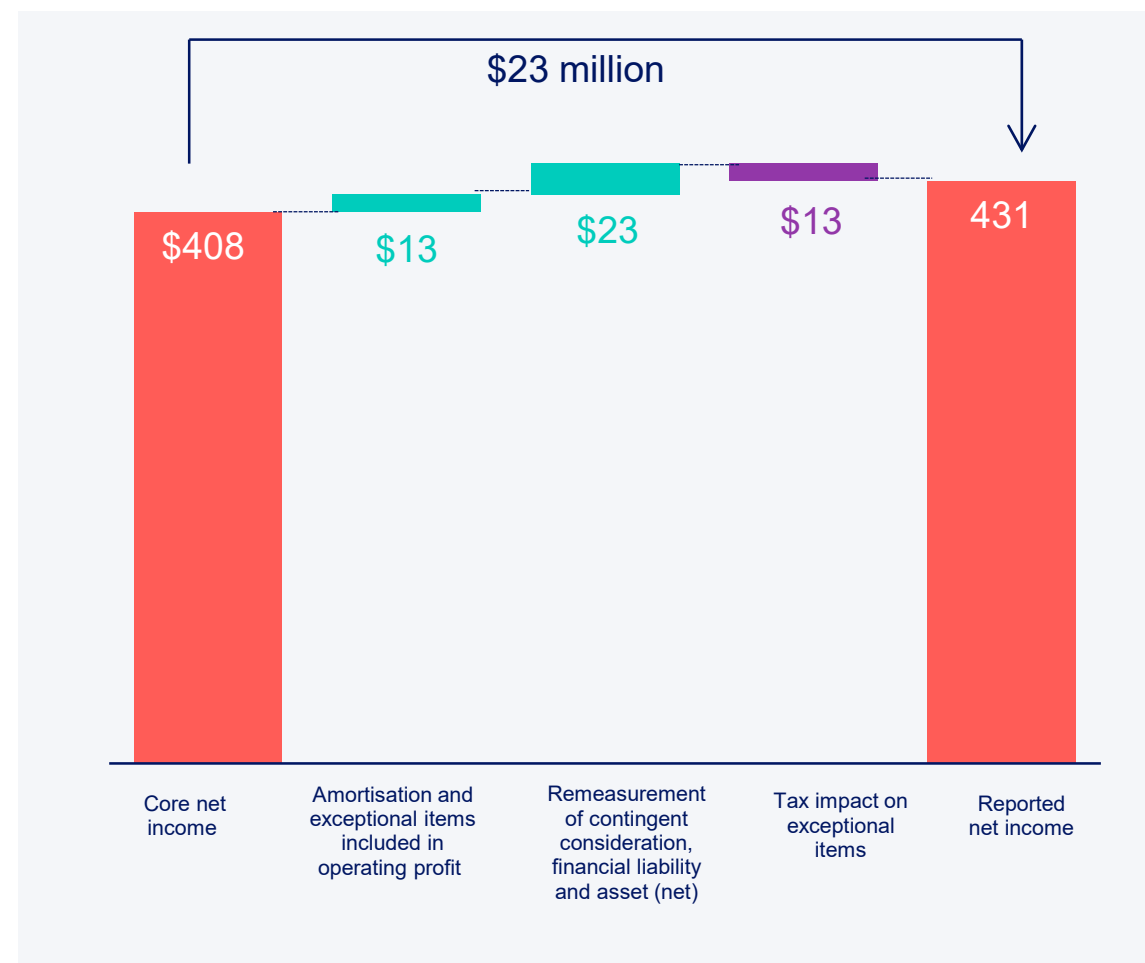
Bridge between 2020 core and reported operating profit

(million)



Bridge between 2020 core and reported net income

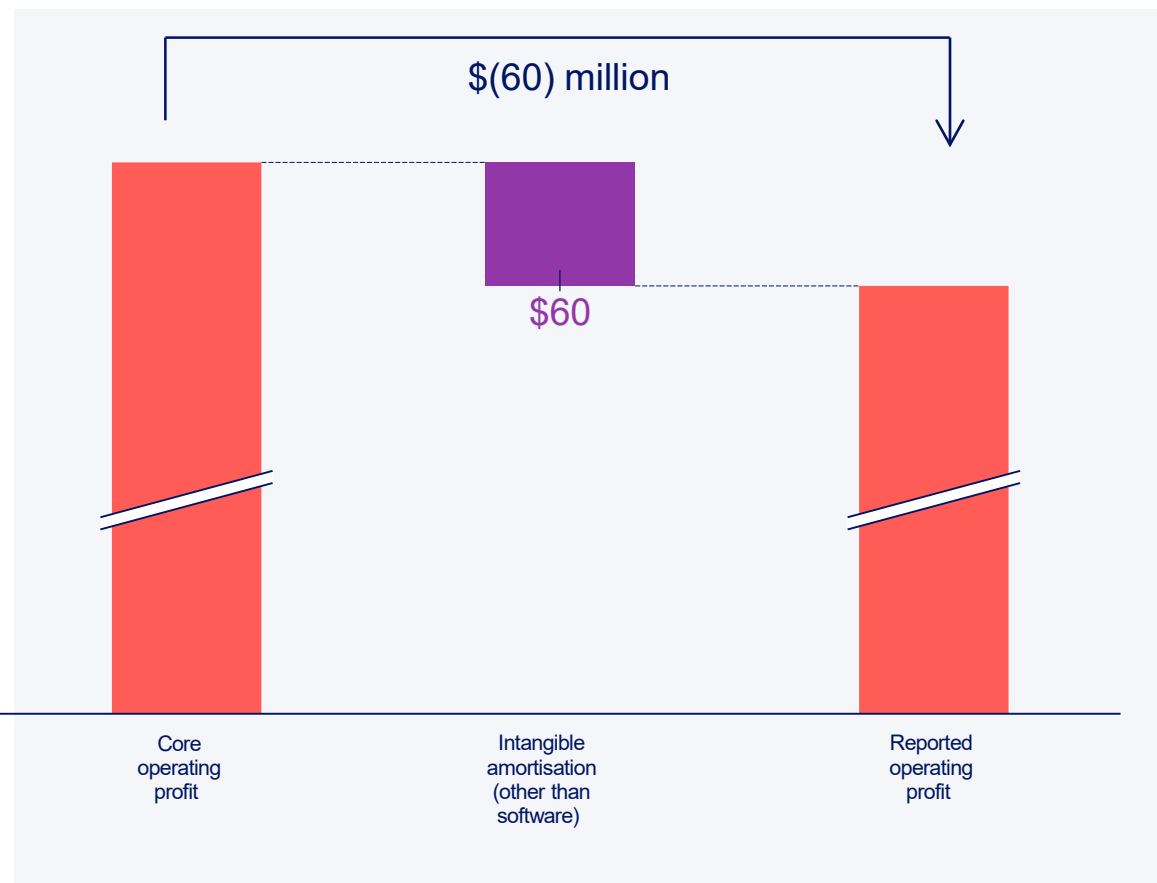
(million)



2021 expected exceptional items and other adjustments

Bridge between 2021 core and reported operating profit

(million)

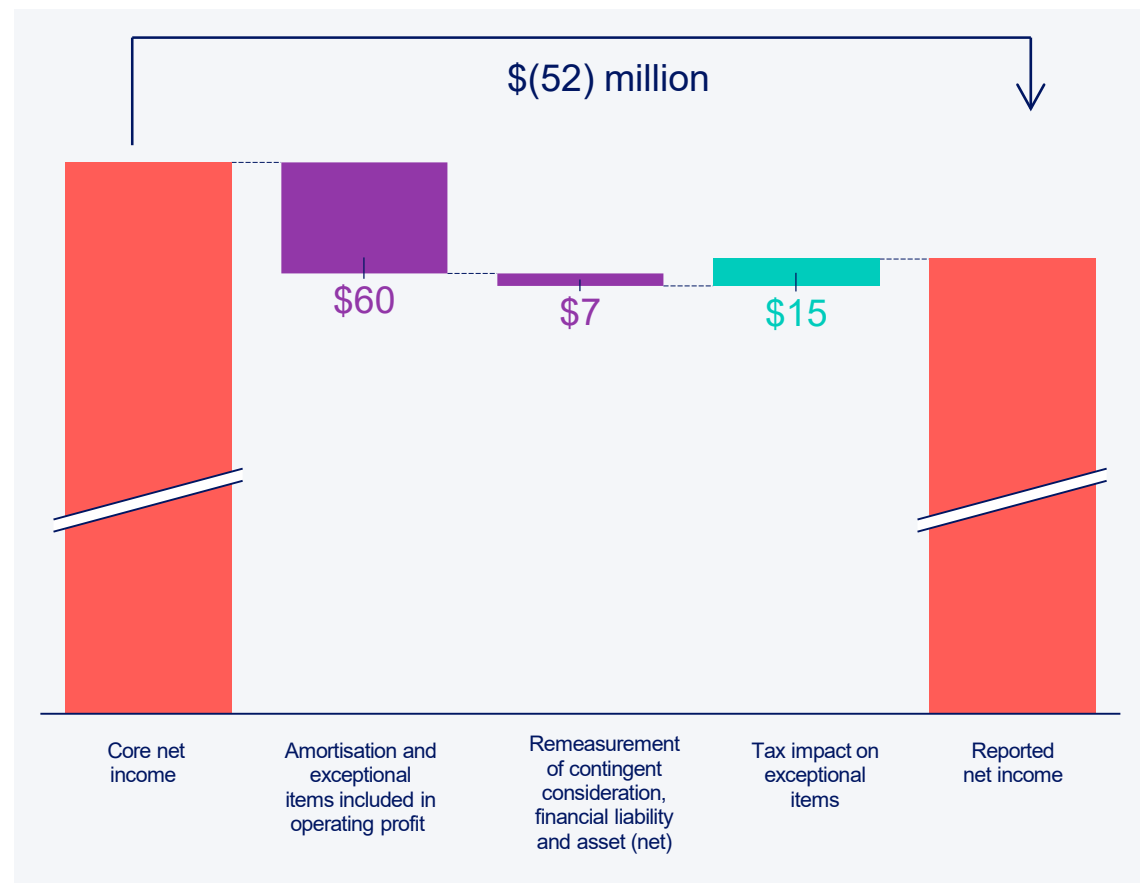


These figures are based on estimates and are subject to change

Graphs are not to scale

Bridge between 2021 core and reported net income

(million)

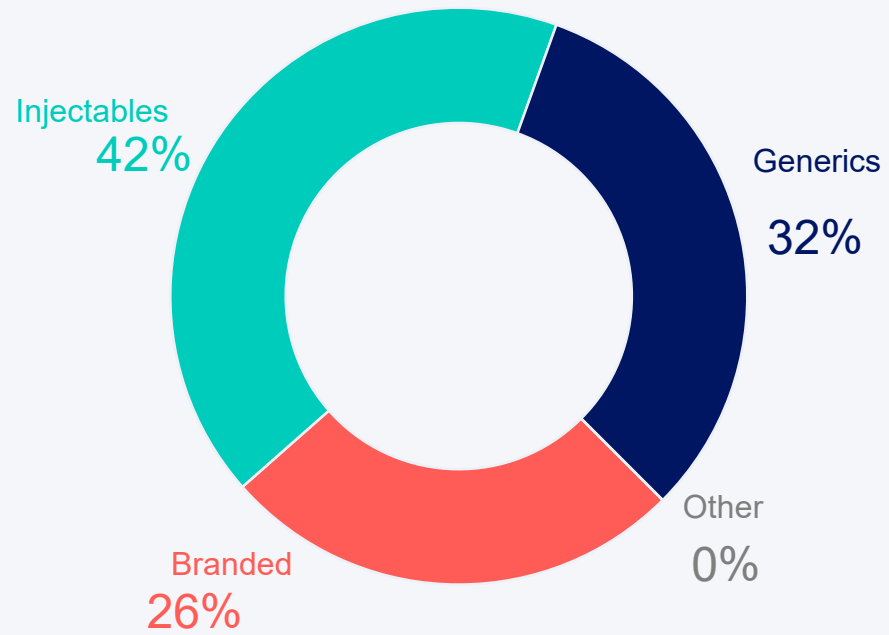


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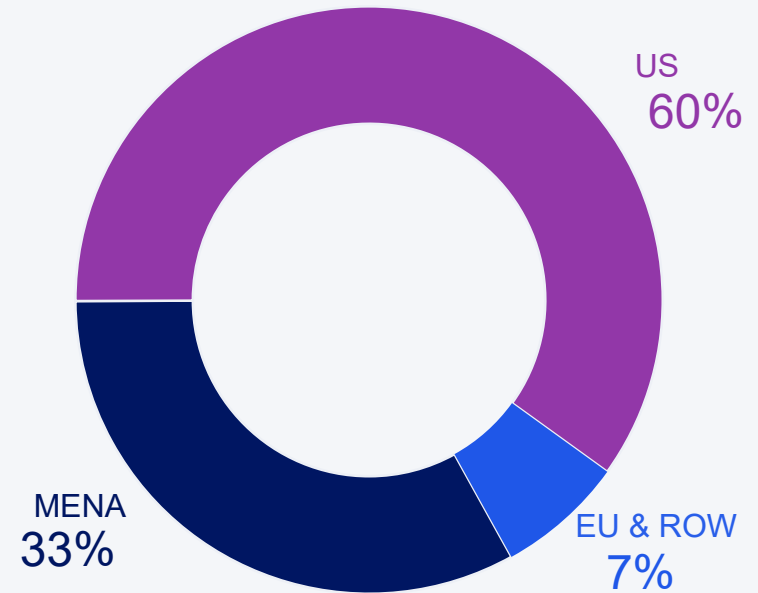
Graphs are not to scale

Group core revenue by segment and region

2020 Group core revenue by segment



2020 Group core revenue by region



Core finance expense

2020 core finance expense

