

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

Hikma Pharmaceuticals PLC
2020 Interim Results

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Strong Group core revenue and profit growth

Core¹
revenue

\$1,132m

1H19 \$1,043m
+9%

Core
operating profit

\$284m

1H19 \$246m
+15%

Core operating
profit margin

25.1%

1H19 23.6%

Core basic
earnings per share

85.3¢

1H19 72.7¢
17%

Operating
cash flow

\$292m

1H19 \$187m

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

Our response to COVID-19

Impact of COVID-19 on the US Market¹

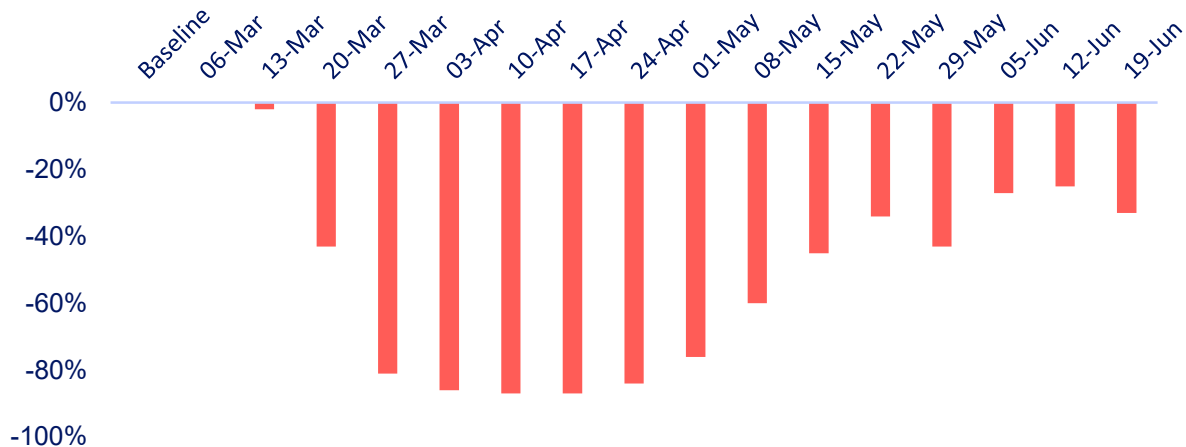
+3.6% retail
-2.5% mail

% Change in total prescriptions vs. prior week (W/E 7/17/2020)

+3.3%

Change in NBRx vs. prior week (W/E 7/10/2020)

Impact on elective surgeries²



Our response

Our employees and communities

- Continuing to support our local communities through funding, medicine donations, food and other essentials
- Control measures put in place to ensure the safety of our employees

Business continuity

- Continue to deliver essential medicines and meet stakeholder expectations
- Minimal impact on our R&D and we continue to launch products

Sourcing and production

- Prioritised the production of medicines in high demand due to COVID-19
- Proactive stock management and strategic purchases

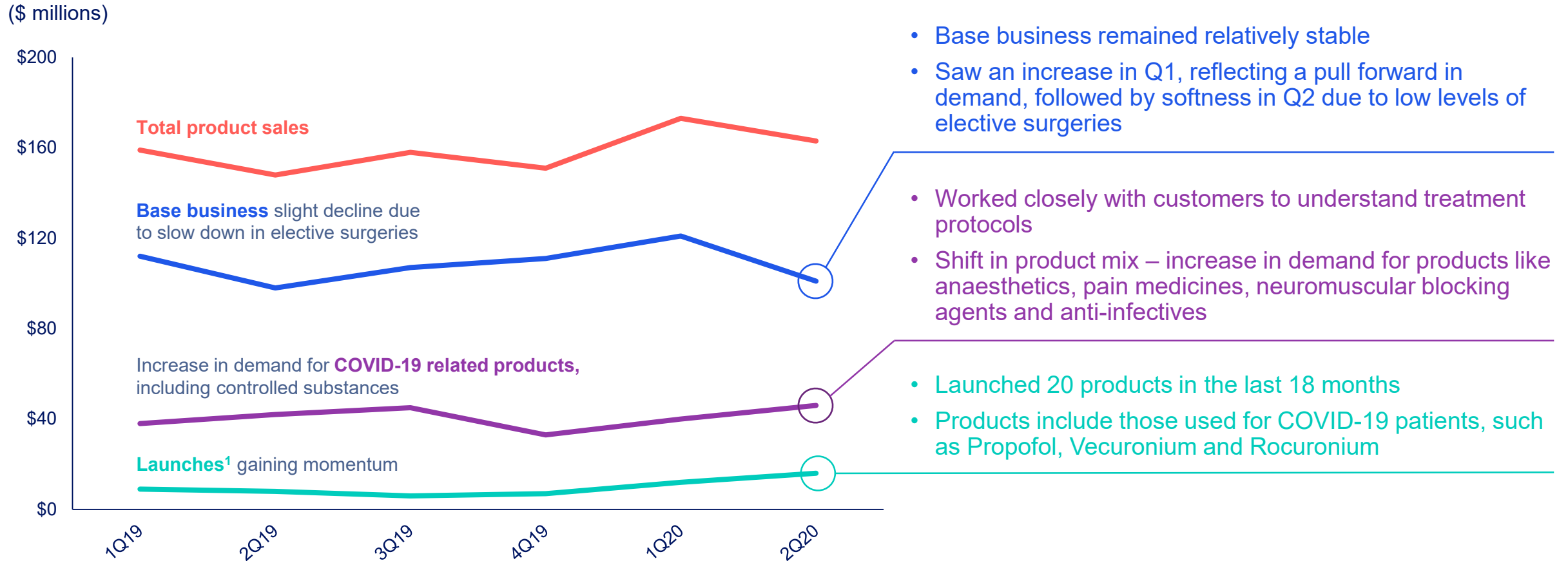
Injectables



Benefiting from our broad portfolio and flexible, high-quality operations



US Injectables revenue by category



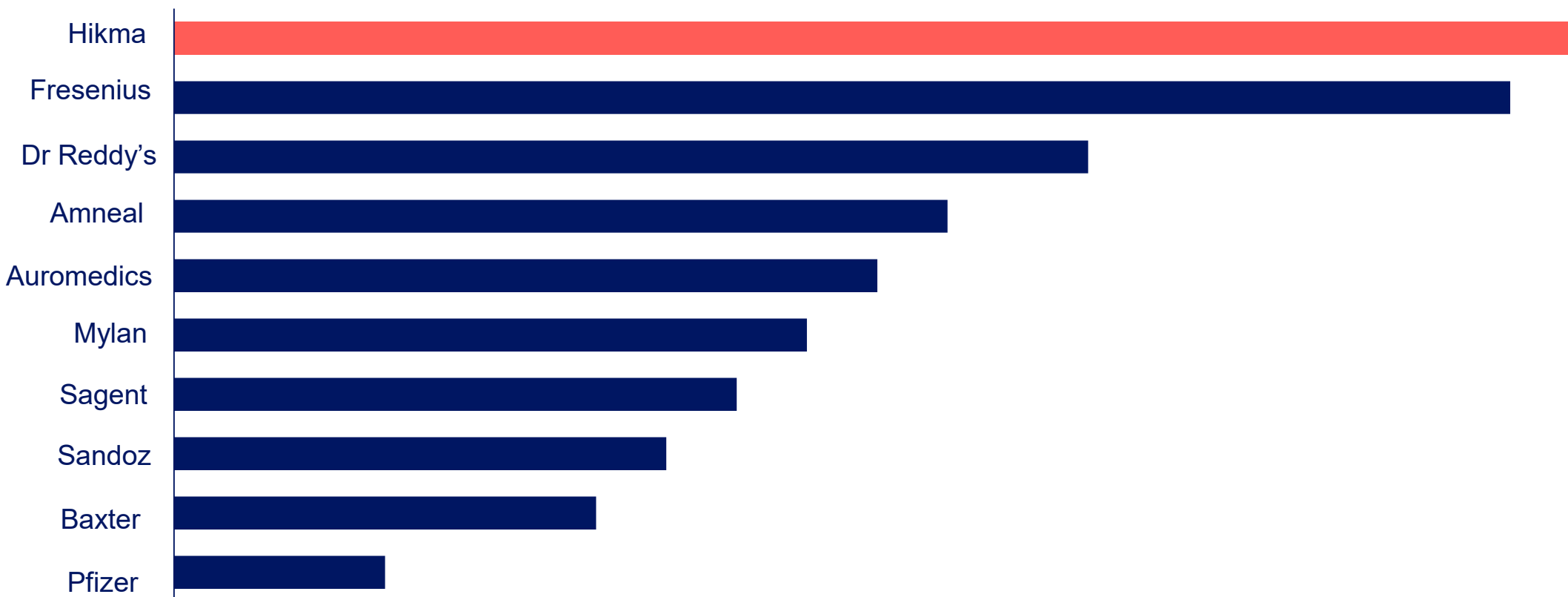
¹ Launches include products launched in the preceding 18 months

Expanding our US Injectables portfolio and leading in new launches



Number of injectable launches in the US for our key competitors

2019 – 1H20^{1,2}



Growing a pipeline with a focus on differentiated product opportunities



US Injectables pipeline of 135 products¹

■ Complex products ■ Other



43
products

- ~10% are complex products; 7% are NTEs²
- Potential launch dates are from 2020

Development



67
products

- Increasing number of complex products – 22%
- An additional 19% are NTEs

Selected/Feasibility



25
products

- 12% complex and 44% are NTEs

Partnering with Gilead to supply remdesivir



Improving supply to COVID-19 treatment



Agreement with Gilead to manufacture **remdesivir** for injection



Remdesivir has been granted conditional marketing authorisation in the EU and emergency use authorisation in the US as a **COVID-19 treatment**



This agreement leverages the lyophilised capacity at our Portugal facility and recognises our ability to **deliver a consistent supply of high-quality medicines**



Hikma will manufacture remdesivir in its **state-of-the-art facility in Portugal** which is approved for manufacturing of injectable medicines for the US and Europe.

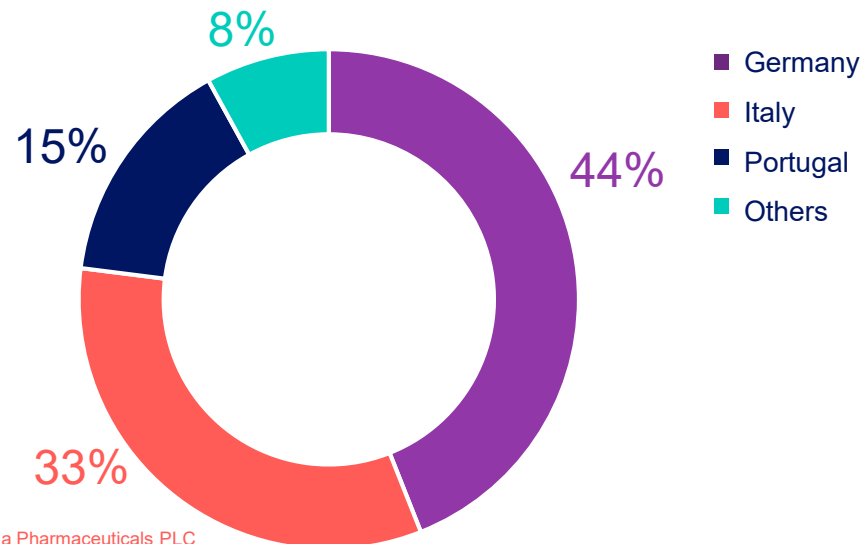
Strong revenue growth in MENA and Europe



Europe highlights

- Broad product portfolio supporting COVID-19 patients
- Launching new products across market
- Strong local manufacturing in Portugal, Germany and Italy supporting increased contract manufacturing opportunities
- Expanding into the 'Big 5' with addition of France, Spain and other select markets

EU Injectables markets by revenue¹



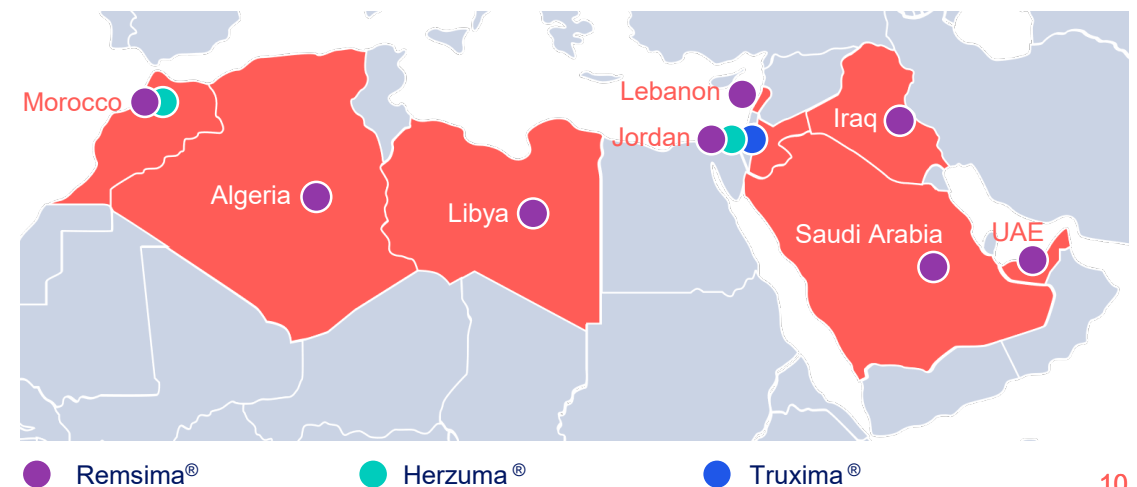
Hikma Pharmaceuticals PLC

¹ Does not include contract manufacturing

MENA highlights

- Leveraging our broad product portfolio to meet patients' demand
- Continue to drive demand for our biosimilar products
- Launching new products across markets through virtual marketing activities
- In-licensed Ilumya™ from Sun Pharma, an innovative biologic

Biosimilar launches



Generics



Leveraging strengthened foundations to overcome competitive market dynamics

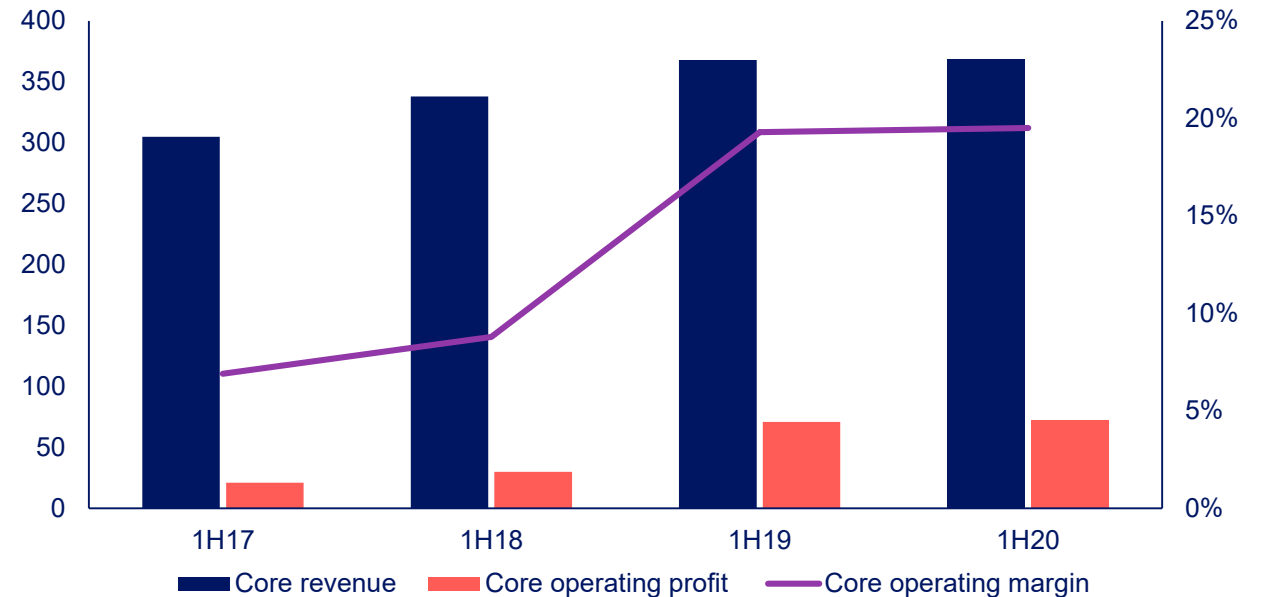


Generics business 1H20 performance

Leveraging operational and commercial enhancements:

- Flexible manufacturing enabled us to maintain supply continuity
- Increased volumes driven by improved customer service levels
- Better than expected contribution from new launches
- Relatively stable pricing in the first half of the year
- Identified additional portfolio optimisation and product prioritization opportunities
- Highly competitive market – seeing increased competition on key products

Maintaining our strong foundation:

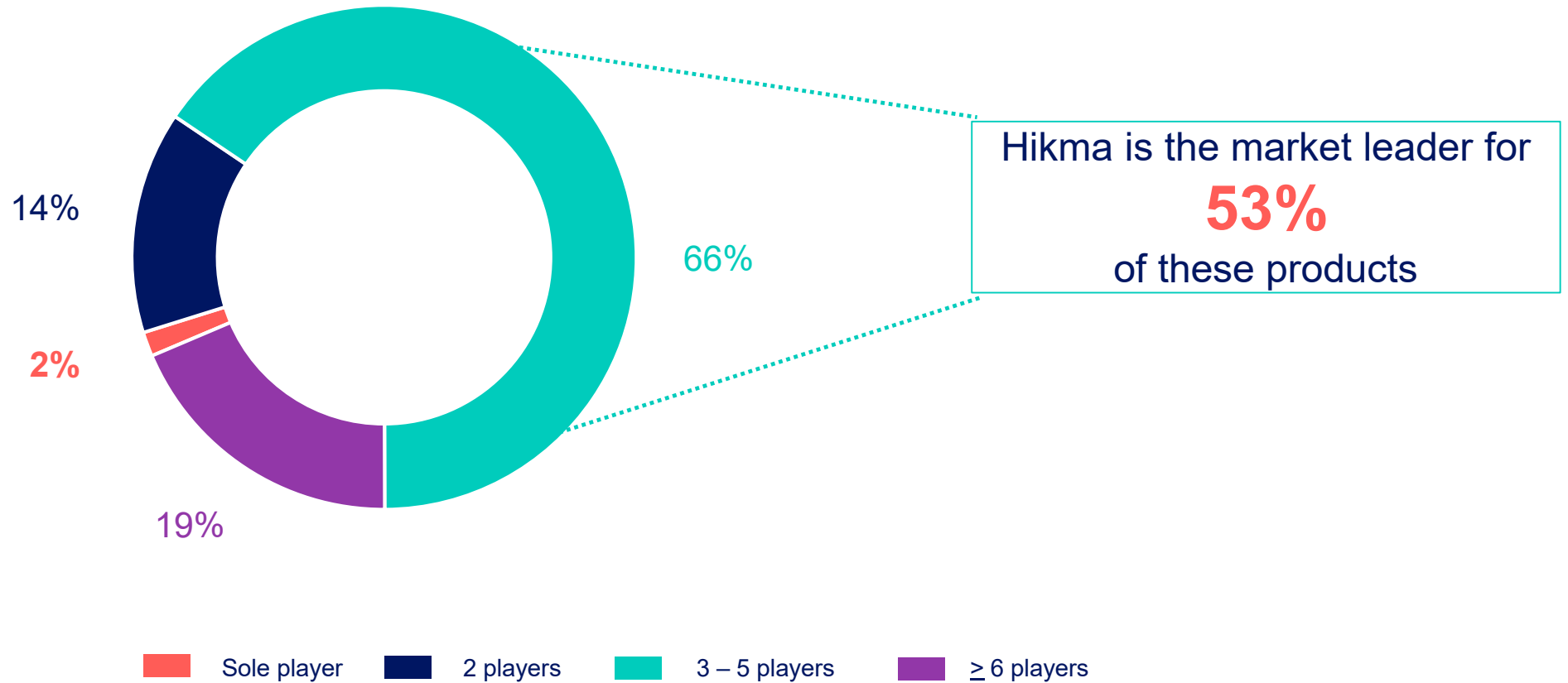


- Benefitting from portfolio optimisation decisions made in 2019
- Improved service levels driving further demand
- Continue to identify higher value product opportunities

Benefitting from diversified portfolio and commercial improvements



Hikma's Generic portfolio by competition and revenue contribution¹



¹ Does not include contract manufacturing

Optimising our well-diversified portfolio and driving growth through new products



Expanding our Generics portfolio through launches

Generic Zortress®

- Paragraph IV opportunity
- First generic to enter the market and currently sole generic player

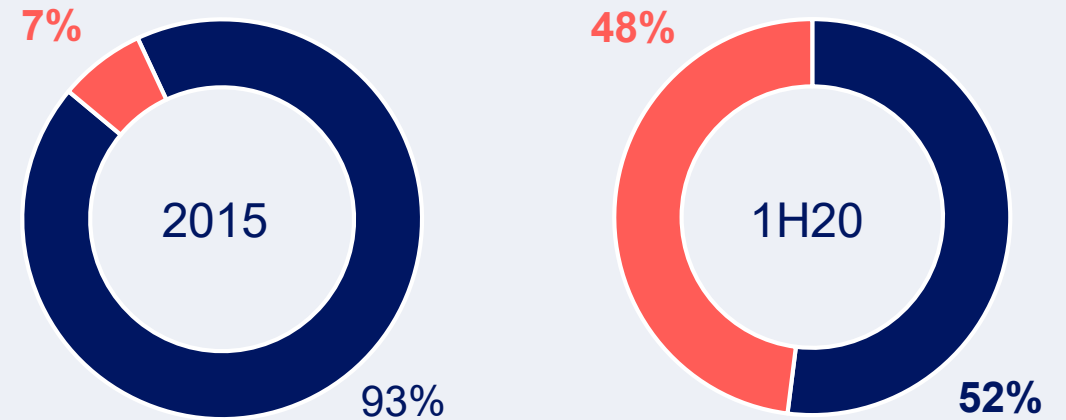
Generic Afinitor®

- Paragraph IV opportunity
- Second wave of generics on the market
- Currently only two generics on the market

Dicyclomine oral solution

- First approved applicant with a Competitive Generic Therapy (CGT) designation
- 180 days exclusivity

Generics revenue by product



Top 10 products contributed 93% in 2015

Top 10 products contributed 52% in 1H20

■ Top 10 products

■ Other products

Developing a pipeline of complex products to drive growth



US Generics pipeline of 73 products¹

■ Complex products ■ Other

Filed



19
products

- Includes naloxone nasal spray and generic Advair Diskus[®]
- Potential launch dates are from 2020

Development



24
products

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

Selected/Feasibility



29
products

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

Branded

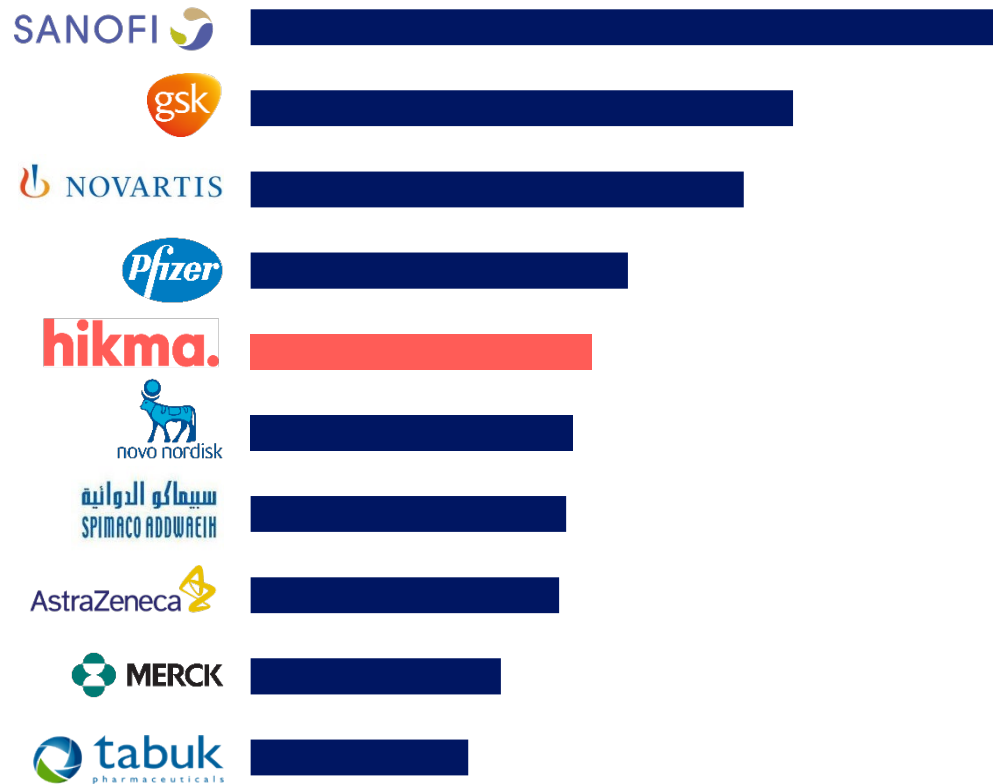


Fifth largest pharmaceutical company in MENA



MENA top 10 pharmaceutical companies by sales¹

(\$ millions)



¹ IQVIA Midas Data MAT May 2020, The data is mainly retail pharmacy purchases. It does not include hospital or tender business. IQVIA copyright 2020. All rights reserved.

\$13.7 billion
Total market size

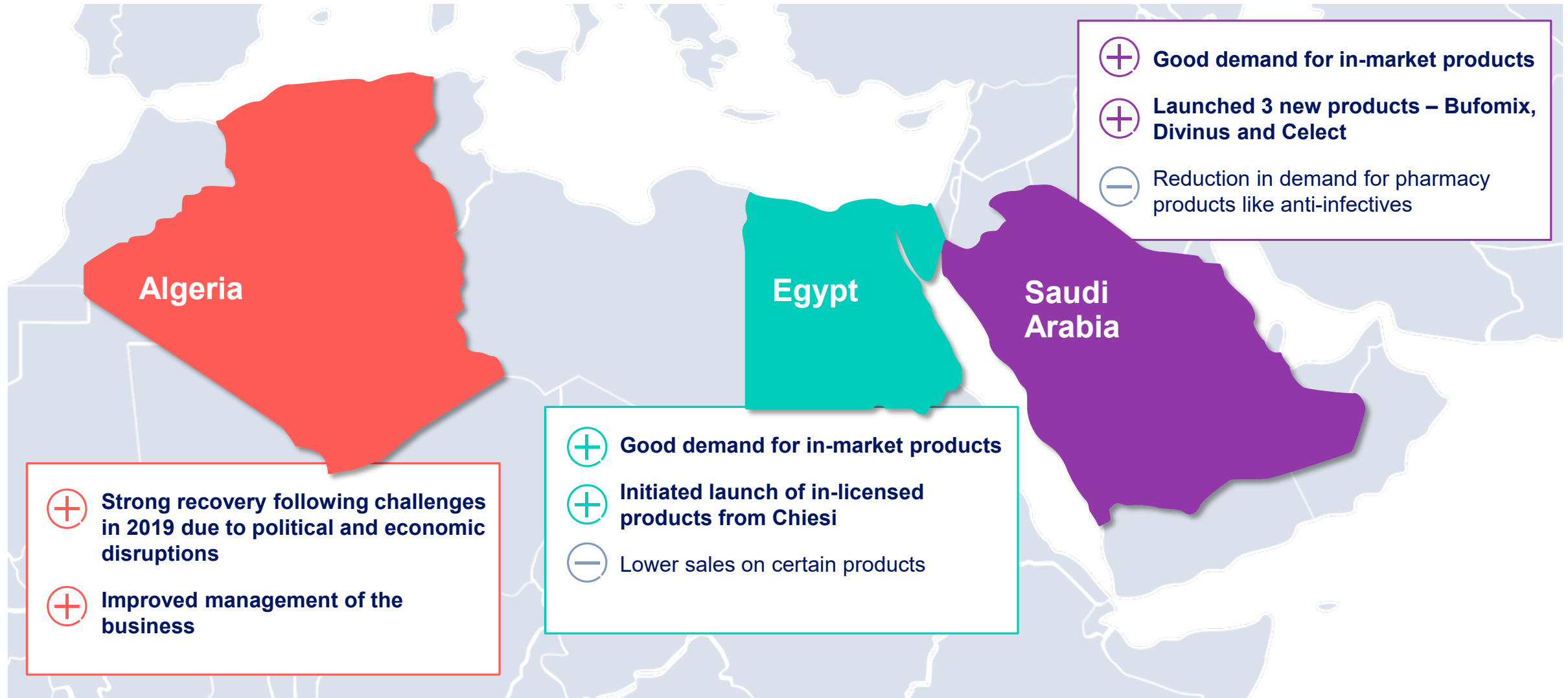
6% growth
in the market
between
2019 - 2020

Top 10
manufacturers
make up
37.4%
of the total market

Hikma's growth strategy

- **Prioritise** tier 1 markets and **drive demand** for existing products
- **Build** specialty portfolio and **focus** on strategic therapeutic areas
- **Leverage** strong market position to **capture growth** opportunities

Delivering growth in tier one markets







Leveraging our strong commercial capabilities to increase engagement with stakeholders



Developing a tailored approach to reach stakeholders



Being proactive in response to COVID-19

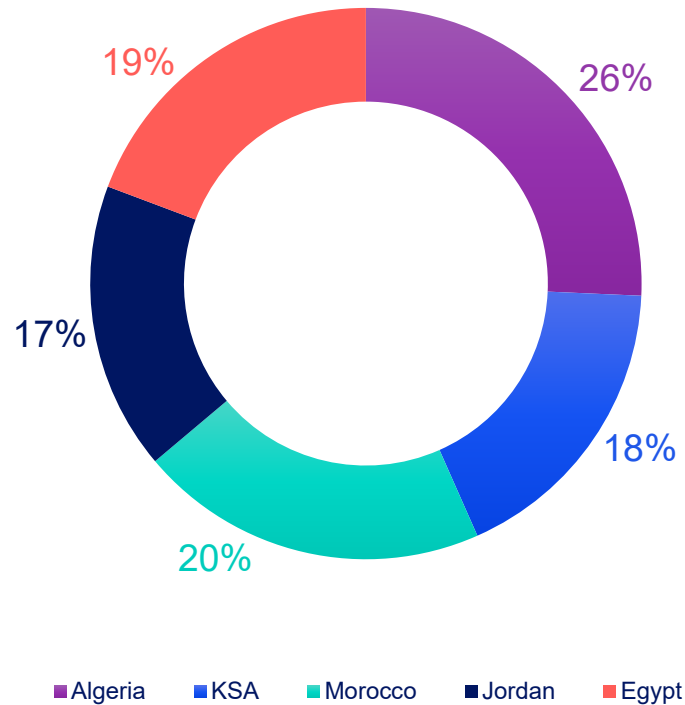
-  **Conducting COVID-19 awareness** campaigns to assist patients, doctors and pharmacists
-  Hosted international and local speakers to **educate and raise awareness** about dealing with different therapeutic areas during COVID-19
-  Hosted **international and local virtual conferences** – in Egypt, we hosted 8 international conferences for 300 KOLs and 5 local conferences with 1,500 attendees
-  **Engaging with governments**, food banks and different foundations to help our local community

Focusing on key therapeutic areas for top markets

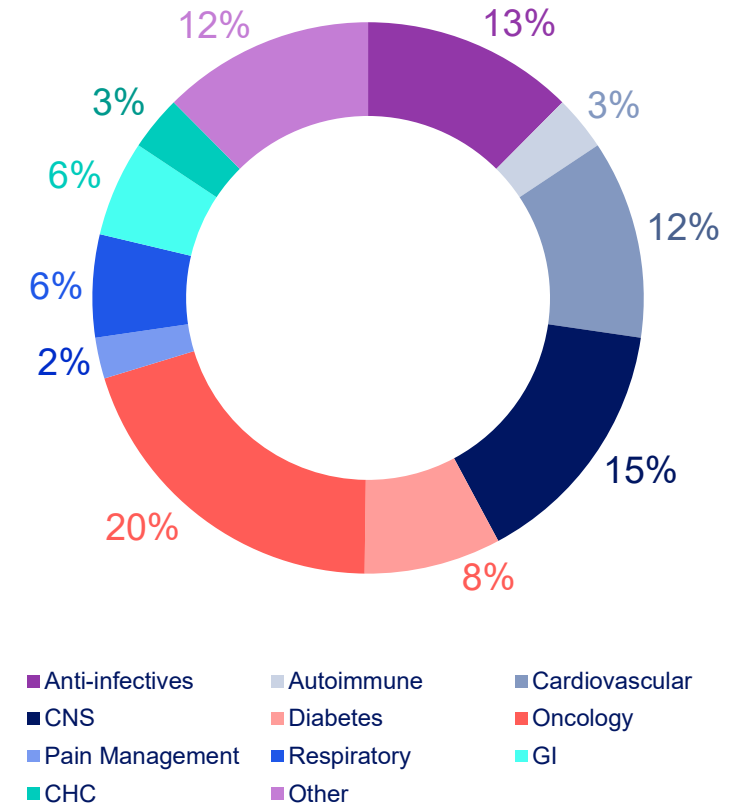


Branded pipeline by top 5 markets¹

Pipeline by market



Pipeline by key therapeutic area



Finance



Khalid Nabils, Chief Financial Officer

Group financial highlights

	1H19	1H20	% change
Core ¹ revenue	\$1,043 million	\$1,132 million	+9%
Core gross profit	\$544 million	\$602 million	+11%
Core operating profit	\$246 million	\$284 million	+15%
Core EBITDA ²	\$288 million	\$328 million	+14%
Core net income	\$176 million	\$205 million	+16%
Basic earnings per share ³	76.4 cents	87.6 cents	+15%
Core basic earnings per share	72.7 cents	85.3 cents	+17%
Dividend per share ³	14 cents	16 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

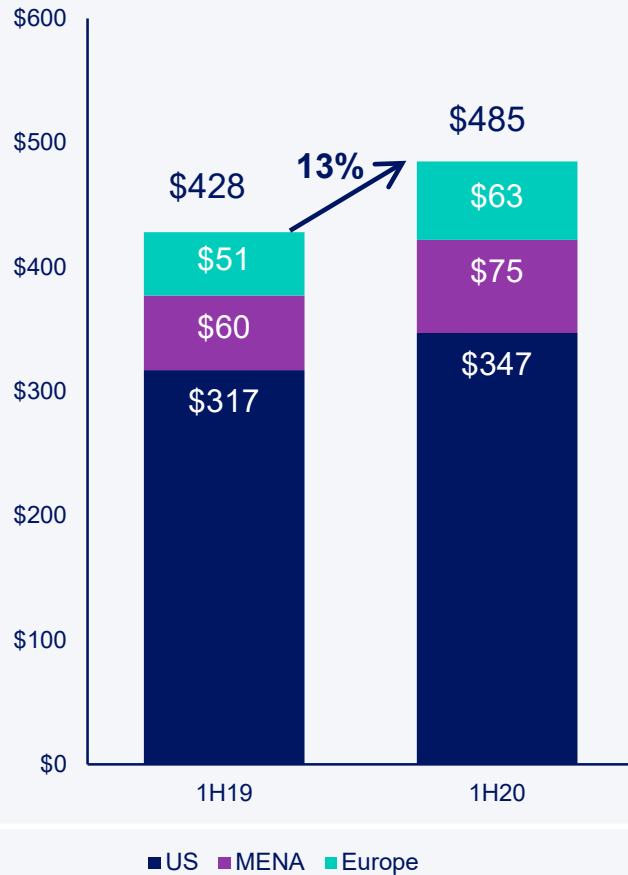
² Earnings before interest, tax, depreciation, amortisation and impairment charges/reversals

³ 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.

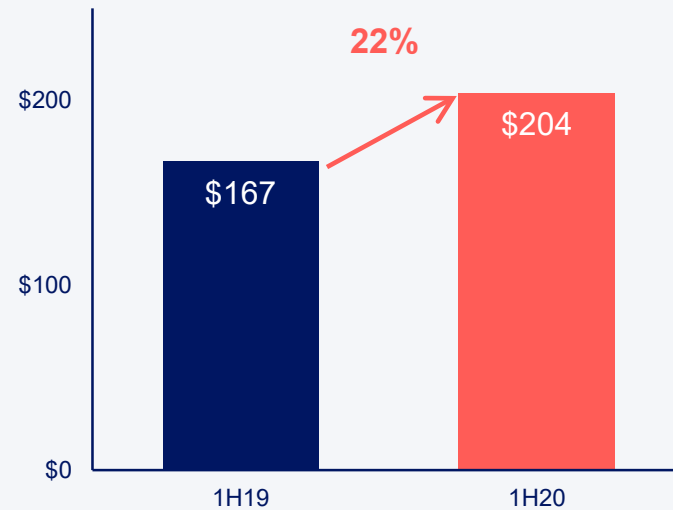
Injectables



Core revenue (million)



Core operating profit (million)



Operating margin

	1H19	1H20	Change	1H20 constant currency	Change
Reported	37.0%	39.6%	2.6pp	39.8%	2.8pp
Core	39.0%	42.1%	3.1pp	42.3%	3.3pp

Core revenue

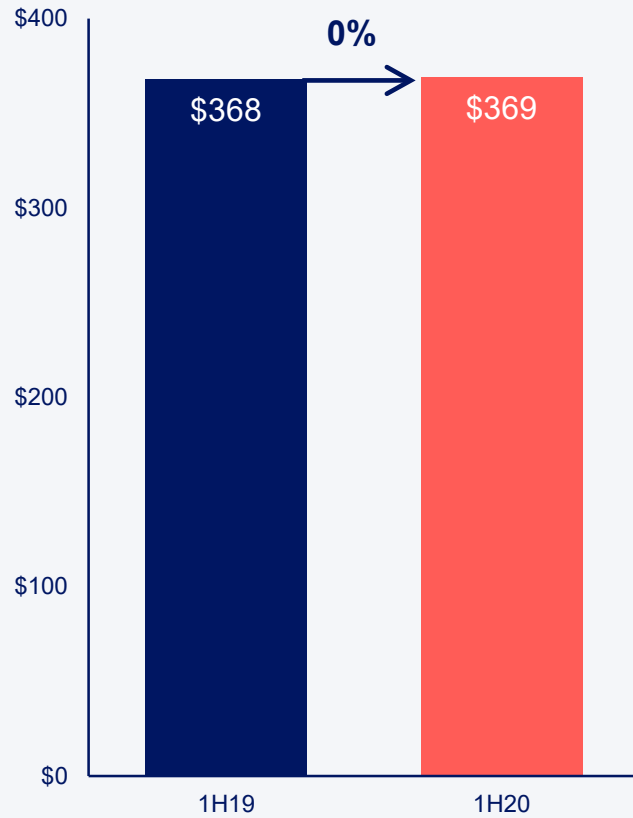
- + Strong demand for in-market products in US and EU driven by COVID-19
- + Good growth in MENA, reflecting good demand for our portfolio and biosimilars
- + Launched new products across all markets
- Increased competition on certain products
- Slow down in elective surgeries

Core operating profit

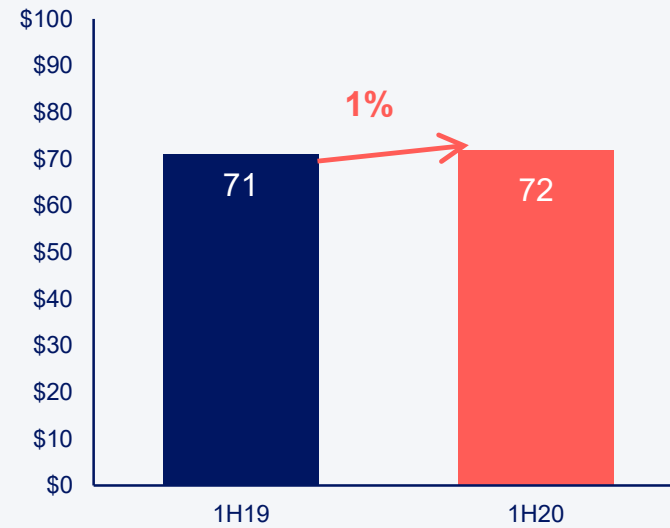
- + Change in product mix in the US
- + Stable operating expenses



Core revenue (million)



Core operating profit (million)



Operating margin

	1H19	1H20	Change
Reported	23.9%	27.6%	3.7pp
Core	19.3%	19.5%	0.2pp

Core revenue

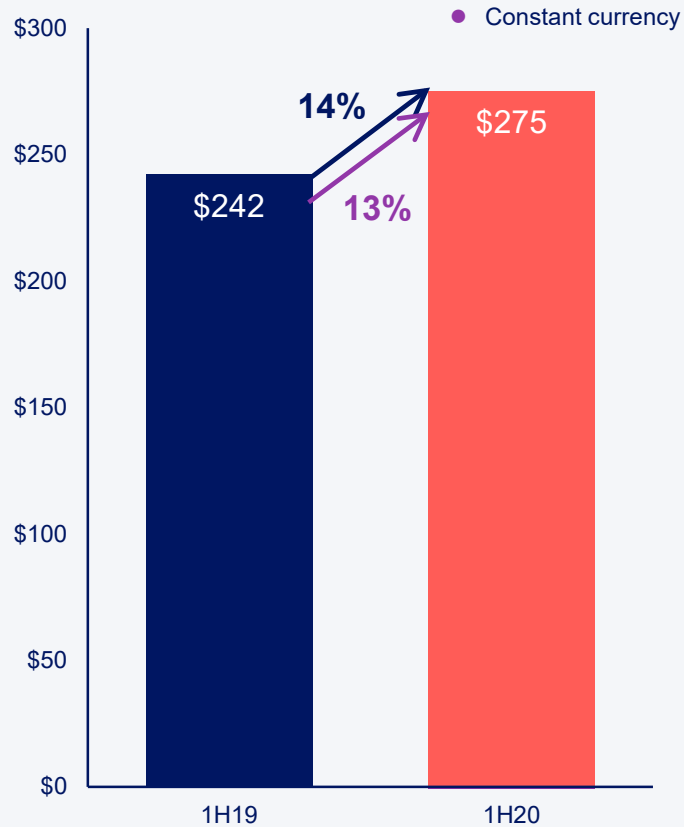
- + Good demand for differentiated products
- + Recent product launches
- Increased competition

Core operating profit

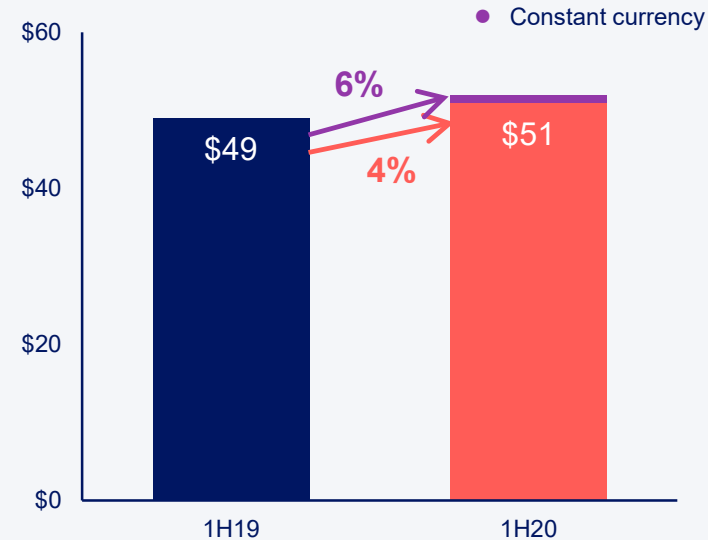
- + Improved product mix
- Higher legal fees and inventory related provisions



Core revenue (million)



Core operating profit (million)



Operating margin

	1H19	1H20	Change	1H20 constant currency	Change
Reported	12.8%	16.7%	3.9pp	17.2%	4.4pp
Core	20.2%	18.5%	-1.7pp	19.0%	-1.2pp

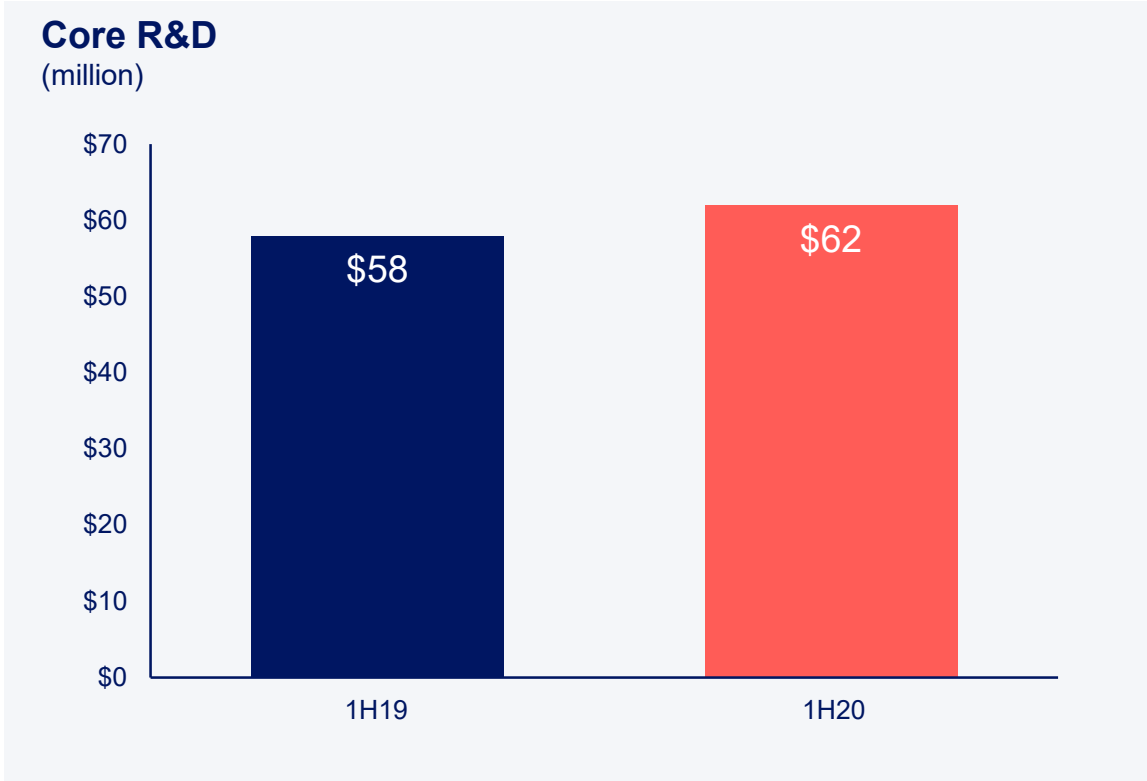
Core revenue

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

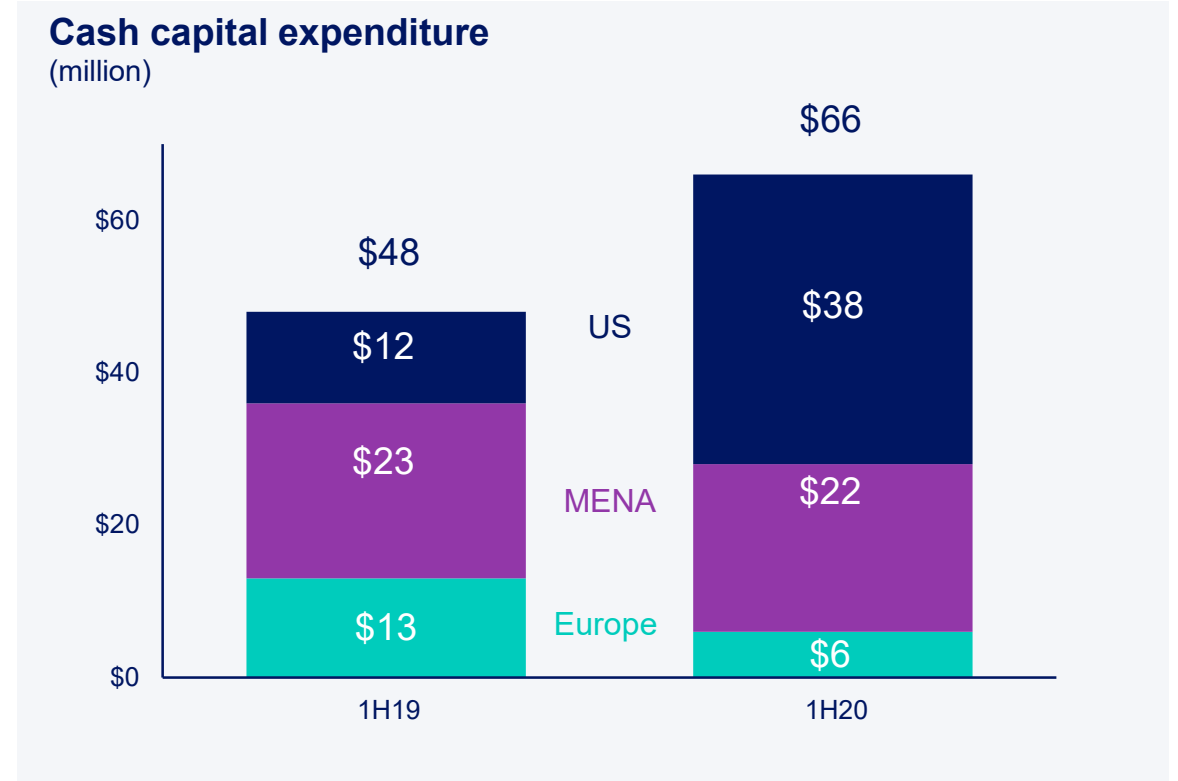
Core operating profit

- + Higher sales
- Change in product mix
- Foreign exchange losses and slight increase in operating expenses

Core R&D and capital expenditure



- Invested 5% of Group core revenue in core R&D
- Increased investment in R&D programmes across our businesses – focusing on higher-value, complex products



- 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-19	Jun-20
Short-term financial debts ¹	\$578	\$138
Long-term financial debts ²	\$107	\$789
Cash and cash equivalents	\$443	\$416
Net debt	\$242	\$511
Net debt/core EBITDA	0.41x	0.81x
Total debt/core EBITDA	1.15x	1.46x

Working capital

	Jun-19	Jun-20
Working capital days	231	227
Operating cash flow/core revenue	18%	26%

¹ Includes short-term lease liabilities

² Includes long-term lease liabilities

Raising 2020 guidance

Injectables



- Revenue:
\$950 million to \$980 million
- Core operating margin:
38% to 40%

Generics



- Revenue:
\$720 million to \$760 million, including \$20 million to \$40 million for generic Advair Diskus[®] (GxA)
- Core operating margin:
c.21% with GxA
17% to 19% excluding GxA

Branded



- Revenue growth in constant currency:
mid-single digits

Net finance expense



- Net finance expense:
\$47 million

Capital expenditure



- Capital expenditure:
c.\$120 million

Tax



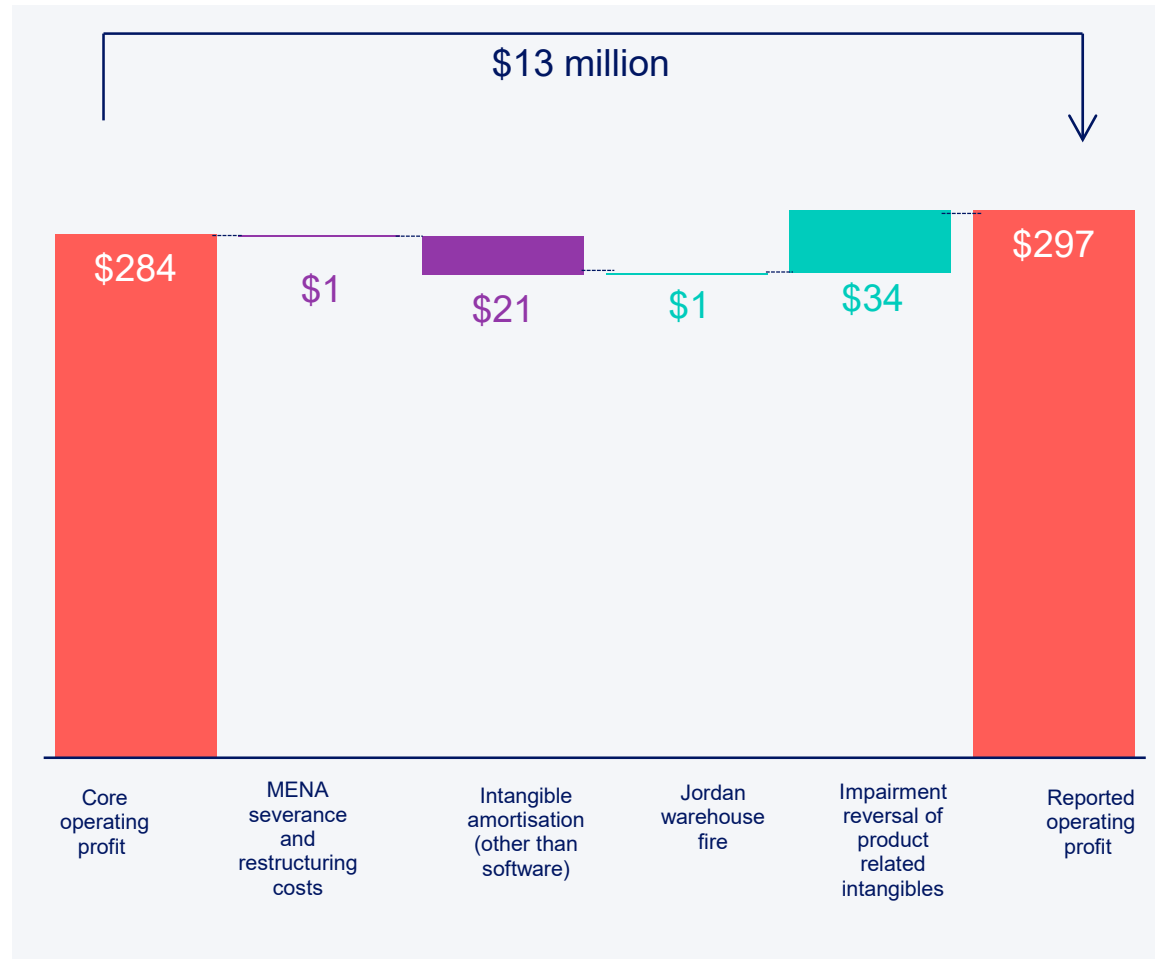
- Core effective tax rate:
22% to 23%

Appendix



1H20 exceptional items and other adjustments

Bridge between 1H20 core and reported operating profit
(million)



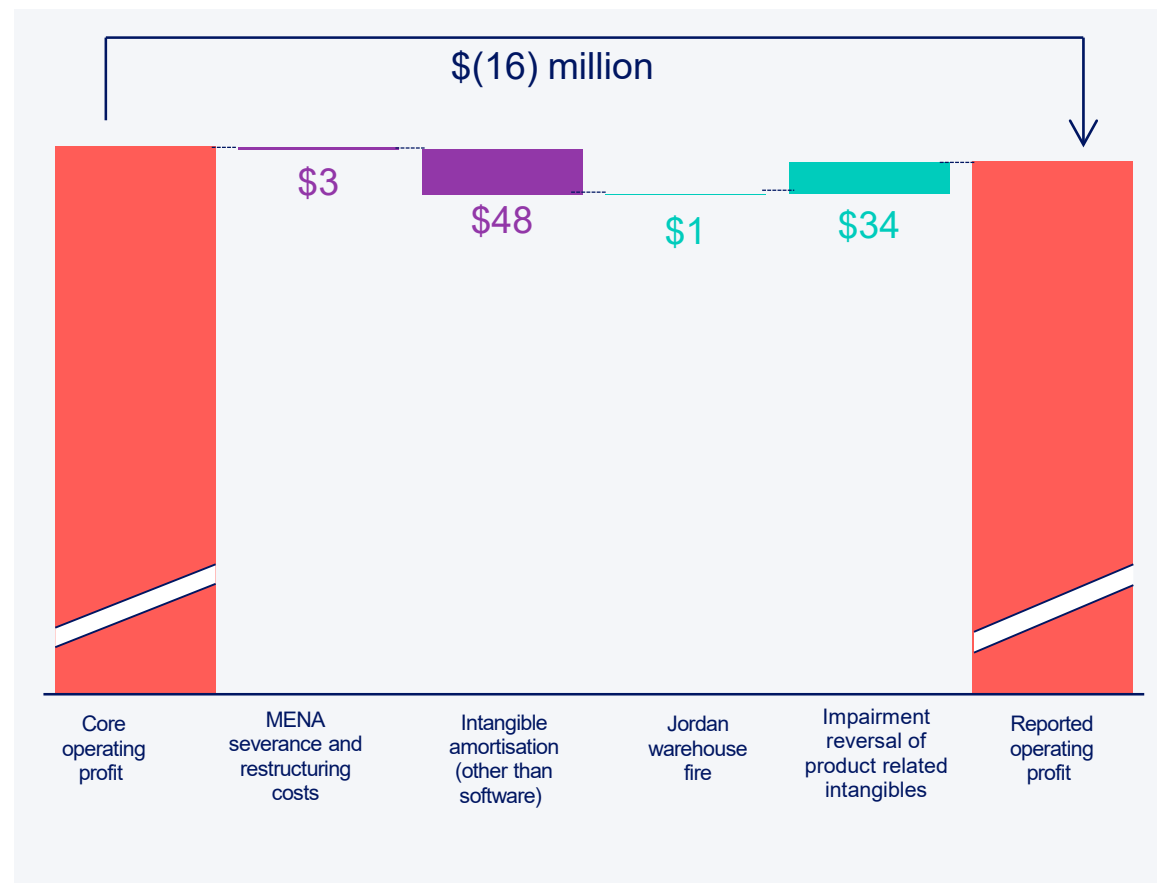
Bridge between 1H20 core and reported net income
(million)



2020 expected exceptional items and other adjustments

Bridge between 2020 core and reported operating profit

(million)

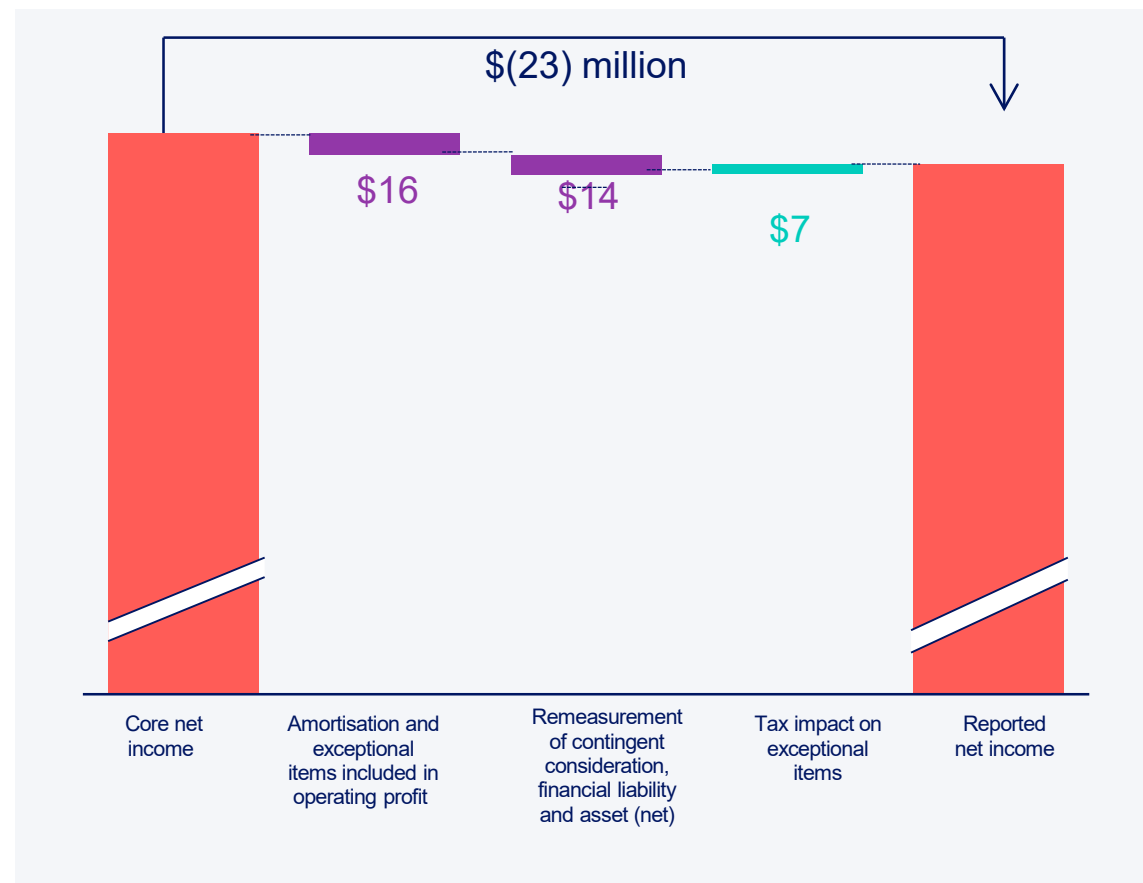


These figures are based on estimates and are subject to change

Graphs are not to scale

Bridge between 2020 core and reported net income

(million)

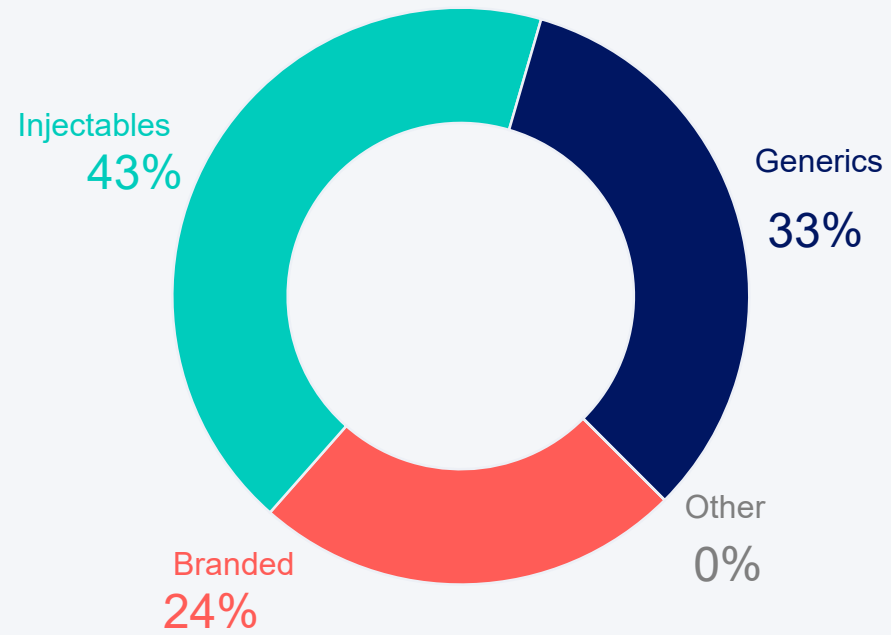


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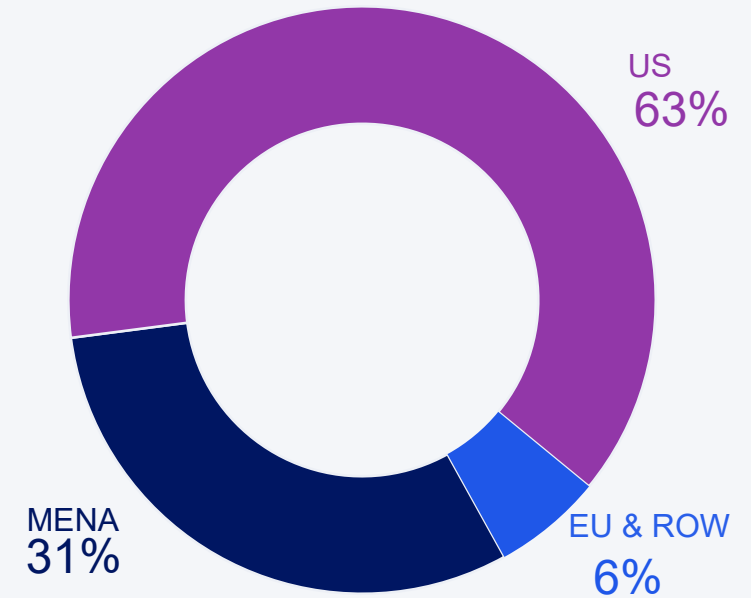
Graphs are not to scale

Group core revenue by segment and region

1H20 Group core revenue by segment

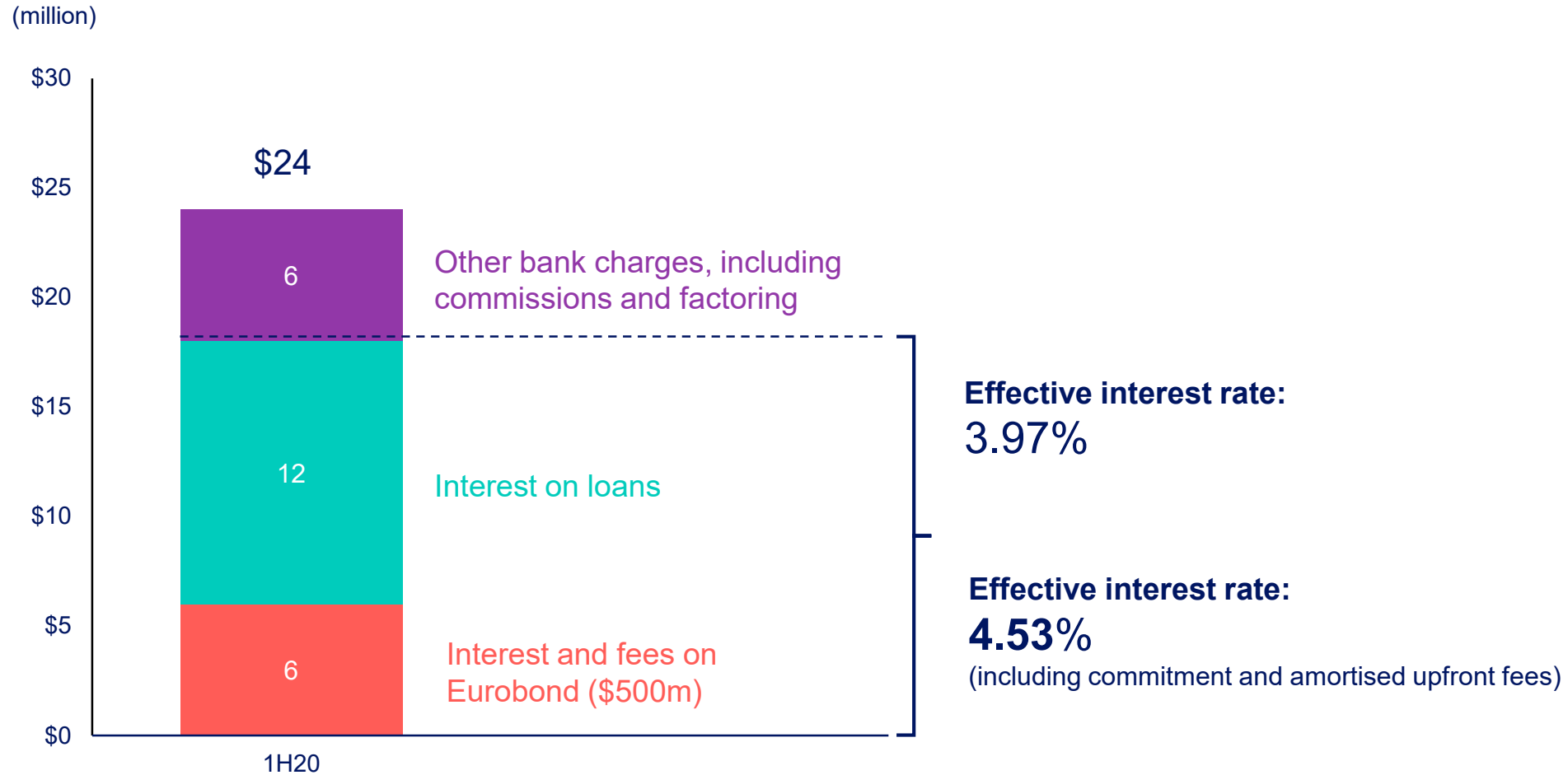


1H20 Group core revenue by region



Core finance expense

1H20 core finance expense



Consolidated P&L

\$ million	1H19	1H20	% change	% constant currency change
Revenue	1,047	1,132	+8%	+8%
Core revenue	1,043	1,132	+9%	+9%
Gross profit	548	602	+10%	+10%
Core gross profit	544	602	+11%	+10%
<i>Core gross margin</i>	52.2%	53.2%	+1.0pp	+0.8pp
Operating profit	238	297	+25%	+26%
Core operating profit	246	284	+15%	+16%
<i>Core operating margin</i>	23.6%	25.1%	+1.5pp	+1.6pp
EBITDA	297	328	+10%	+11%
Core EBITDA	288	328	+14%	+15%
Profit attributable to shareholders	185	212	+15%	+16%
Core profit attributable to shareholders	176	205	+16%	+18%
Basic earnings per share (cents)	76.4	87.6	+15%	+16%
Core basic earnings per share (cents)	72.7	85.3	+17%	+18%
Dividend per share (cents)	14	16	+14%	-
<i>Core effective tax rate</i>	21.8%	22.6%	+0.8pp	+0.5pp

Consolidated cash flow statement

\$ million	1H19	1H20
Cash generated from operating activities	211	311
Income taxes paid	(41)	(19)
Income tax received	17	-
Net cash inflow from operating activities	187	292
Purchases of property, plant and equipment	(48)	(66)
Proceeds from disposal of property, plant and equipment	3	-
Purchase of intangible assets	(34)	(35)
Change in investment in financial and other non-current assets	1	-
Proceeds from sale of investment at FVTOCI	12	-
Additions of investments at FVTOCI	(3)	(3)
Acquisition of business undertakings net of cash acquired	(8)	-
Proceeds from investment divestiture	2	2
Contingent consideration receipt	20	-
Interest income received	2	5
Investment related amounts held in escrow account	-	(3)
Net cash outflow from investing activities	(53)	(100)
(Increase)/decrease in collateralised and restricted cash	(12)	1
Proceeds from issue of long-term financial debts	6	700
Repayment of long-term financial debts	(6)	(507)
Proceeds from short-term borrowings	152	156
Repayment of short-term borrowings	(138)	(101)
Repayment in lease liabilities	(3)	(7)
Dividends paid	(63)	(73)
Dividends paid to non-controlling shareholders of subsidiaries	(1)	(1)
Interest and bank charges paid	(25)	(24)
Share buyback	-	(371)
Commitment fees received related to share buyback	-	7
Net cash outflow from financing activities	(90)	(220)
Net (decrease)/increase in cash and cash equivalents	44	(28)
Cash and cash equivalent at beginning of the half-year	276	442
Foreign exchange translation movements	2	(1)
Cash and cash equivalents at end of the half-year	322	413

Consolidated balance sheet

\$ million	Dec-19	Jun-20	\$ change	% change
Goodwill	282	280	(2)	(1)%
Other intangible assets	552	570	18	3%
Property, plant and equipment	912	924	12	1%
Right-of-use assets	50	46	(4)	(8)%
Investment in associates and joint ventures	11	11	-	-
Deferred tax assets	243	234	(9)	(4)%
Financial and other non-current assets	32	27	(5)	(16)%
Total non-current assets	2,082	2,092	10	0.5%
Inventories	568	684	116	20%
Income tax receivable	79	81	2	3%
Trade and other receivables	719	656	(63)	(9)%
Collateralised and restricted cash	1	3	2	200%
Cash and cash equivalents	442	413	(29)	(7)%
Other current assets	39	41	2	5%
Total current assets	1,848	1,878	30	2%
Total assets	3,930	3,970	40	1%
Short-term financial debts	569	129	(440)	(77)%
Lease liabilities	9	9	-	-
Trade and other payables	473	425	(48)	(10)%
Income tax provision	82	117	35	43%
Other provisions	23	24	1	4%
Other current liabilities	315	366	51	16%
Total current liabilities	1,471	1,070	(401)	(27)%
Long-term financial debts	48	730	682	N/A
Lease liabilities	59	59	-	-
Deferred tax liabilities	20	22	2	10%
Other non-current liabilities	203	189	(14)	(7)%
Total non-current liabilities	330	1,000	670	203%
Total liabilities	1,801	2,070	269	15%
Equity attributable to equity holders of the parent	2,117	1,890	(227)	(11)%
Non-controlling interest	12	10	(2)	(17)%
Total equity	2,129	1,900	(229)	(11)%

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