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Press Release

Hikma delivers strong first half performance and raises full year guidance

London, 7 August 2020 – Hikma Pharmaceuticals PLC ('Hikma' or 'Group'), the multinational pharmaceutical company, today reports its interim results for the six months ended 30 June 2020.

Highlights:

Core results[1] (underlying) **$ million**	**H1 2020**	H1 2019	Change	Constant currency[2] change
Core revenue	**1,132**	1,043	9%	9%
Core operating profit	**284**	246	15%	16%
Core profit attributable to shareholders	**205**	176	16%	18%
Core basic earnings per share (cents)[3]	**85.3**	72.7	17%	18%

Reported results (statutory) **$ million**	**H1 2020**	H1 2019	Change	Constant currency[2] change
Revenue	**1,132**	1,047	8%	8%
Operating profit	**297**	238	25%	26%
Profit attributable to shareholders	**212**	185	15%	16%
Cashflow from operating activities	**292**	187	56%	-
Basic earnings per share (cents)[3]	**87.6**	76.4	15%	16%
Interim dividend per share (cents)[3]	**16.0**	14.0	14%	-

Response to COVID-19

- Health and well-being of all employees has been greatest priority through the pandemic
- Supply chain fully maintained, providing our customers with critical drugs
- Manufacturing sites remained open with operations enhanced to support increase in demand

Financial highlights

- Core Group revenue up 9%, reflecting growth in all three businesses
- Core operating profit up 15%, driven by a strong performance in Injectables
- Significant increase in cashflow from operating activities to $292 million, up 56%
- Continued investment in R&D with growing pipeline of complex products
- Healthy balance sheet maintained, with net debt of $511 million and low leverage at 0.8x net debt to core EBITDA[4,5]
- Repaid $500 million Eurobond due in April and issued new $500 million Eurobond in July

[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 4. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided on page 13

[2] Constant currency numbers in H1 2020 represent reported H1 2020 numbers re-stated using H1 2019 exchange rates

[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 in issue at 30 June 2020.

[4] EBITDA is earnings before interest, tax, depreciation, amortisation and impairment charges/reversals. EBITDA is a non-IFRS measure, see page 13 for a reconciliation to reported IFRS results

[5] Calculated using core EBITDA for the twelve months ended 30 June 2020

- Announced interim dividend of 16 cents per share, up from 14 cents per share in H1 2019

Strategic and business highlights

- Injectables: Delivered double digit core revenue growth, driven by increased demand for COVID-19 related products in the US and EU
- Generics: Maintained core operating margin, supported by a better than expected performance from new launches
- Branded: Achieved a strong performance in our tier one MENA markets resulting in 6% growth in core operating profit in constant currency
- 78 new products launched across our markets
- Signed a non-exclusive supply agreement with Gilead Sciences, Inc. to manufacture remdesivir for injection
- Repurchased 12.8 million shares from Boehringer Ingelheim, representing approximately 5.3% of issued share capital

Revised 2020 outlook

- Injectables revenue now expected to be between $950 million and $980 million, with core operating margin in the range of 38% to 40%
- Generics revenue now expected to be in the range of $720 million to $760 million and core operating margin to be around 21% (including assumed launch of generic Advair Diskus® in H2)
- Branded revenue expected to grow in the mid-single digits in constant currency

Siggi Olafsson, Chief Executive Officer of Hikma, said:

"We have delivered strong first half results, which are ahead of our initial expectations and reflect good progress in each of our three businesses. These results are a testament to the steadfast commitment of our people, who are working hard to ensure high quality and affordable medicines are available to patients throughout the COVID-19 pandemic. Our performance demonstrates the breadth and resilience of our portfolio, as well as the vital role of the generic medicines we supply. We have a positive outlook for each of our three businesses and look forward to the second half with confidence."

Further information:

An analyst presentation will be available at www.hikma.com at 0800 BST this morning and management with host a Q&A for sellside analysts at 0930 BST. A recording of the Q&A will be made available on the website. For further information please contact Tiina Lugmayer – Tiina@hikma.uk.com.

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About Hikma:
Hikma helps put better health within reach every day for millions of people in more than 50 countries around the world. For more than 40 years, we've been creating high-quality medicines and making them accessible to the people who need them. Headquartered in the UK, we are a global company with a local presence across the United States (US), the Middle East and North Africa (MENA) and Europe, and we use our unique insight and expertise to transform cutting-edge science into innovative solutions that transform people's lives. We're committed to our customers, and the people they care for, and by thinking creatively and acting practically, we provide them with a broad range of branded and non-branded generic medicines. Together, our 8,600 colleagues are helping to shape a healthier world that enriches all our communities. We are a leading licensing partner, and through our venture capital arm, are helping bring innovative health technologies to people around the world. For more information, please visit: www.hikma.com

Hikma Pharmaceuticals PLC (LSE: HIK) (NASDAQ Dubai: HIK) (OTC: HKMPY)
(LEI:549300BNS685UXH4JI75) (rated BBB-/stable S&P and Ba1/stable Moody's)

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Response to COVID-19

Hikma makes hundreds of important and affordable medicines that save lives and improve the health of millions of people every day. This has never been more important. As the COVID-19 pandemic continues to impact people and communities around the world, the health and safety of our people, and the millions who count on our medicines remain our top priority.

We are fully committed to providing our customers and their patients the quality medicines they need and have prioritised the manufacture of medicines that have been in highest demand, such as respiratory, pain, anaesthetics and sedatives. Where necessary, we have been operating at the highest capacity possible under the circumstances to meet the increased demand we have experienced.

Due to the nature of our business, our manufacturing sites are already very hygienic, or sterile where required, and staff in those facilities follow a strict hygiene regime. However, we are regularly undertaking additional levels of cleaning in all of our facilities and offices as a further precautionary measure.

We have been proactively managing our inventory and stock levels, transportation options and the availability of raw materials and component parts. We continue to work closely with our supplier networks and have not encountered any supply chain issues to date.

Our long-standing commitment to our local communities remains strong and we have been providing funding, medicine donations, food and other essentials.

We are grateful to our teams across Hikma for their commitment to the needs of front-line hospitals, doctors, pharmacists and patients during this very difficult time. This is a complex situation which we are continually monitoring, and we are committed to the health of our people, and the needs of our customers.

Business and financial review

The business and financial review set out below summarises the performance of the Group and our three main business segments, Injectables, Generics and Branded, for the six months ended 30 June 2020.

Group

$ million	**H1 2020**	H1 2019	Change	Constant currency change
Revenue	**1,132**	1,047	8%	8%
Core revenue	**1,132**	1,043	9%	9%
Gross profit	**602**	548	10%	10%
Core gross profit	**602**	544	11%	10%
Core gross margin	***53.2%***	*52.2%*	*1.0pp*	*0.8pp*
Operating profit	**297**	238	25%	26%
Core operating profit	**284**	246	15%	16%
Core operating margin	***25.1%***	*23.6%*	*1.5pp*	*1.6pp*
EBITDA	**328**	297	10%	11%
Core EBITDA	**328**	288	14%	15%

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Group core revenue grew 9% to $1,132 million (2019: $1,043 million). Group core gross profit grew 11% to $602 million (H1 2019: $544 million), reflecting growth in all three businesses and particularly the strong performance from Injectables. Group core gross margin was 53.2% (H1 2019: 52.2%).

Group operating expenses were $305 million (H1 2019: $310 million). Excluding adjustments related to the amortisation of intangible assets (other than software) of $21 million (H1 2019: $17 million) and net income from exceptional items of $34 million (H1 2019: $5 million), Group core operating expenses were $318 million (H1 2019: $298 million).

Selling, general and administrative (SG&A) expenses were $251 million (H1 2019: $237 million). Excluding the amortisation of intangible assets (other than software) and exceptional items, core SG&A expenses were $229 million (H1 2019: $216 million), up 6%, in part related to higher legal and professional fees. The impact of COVID-19 on SG&A expenses was broadly neutral with related increases in employee benefits offset by lower marketing and travel costs.

Research and development (R&D) expenses were $62 million (H1 2019: $72 million). Excluding exceptional items,[6] core R&D expenses were $62 million (H1 2019: $58 million). This reflects increased investment in R&D programmes across our businesses, as we build our pipeline of more complex products.

Other net operating income was $6 million (H1 2019: $(1) million expense). Excluding exceptional items,[7] core other net operating expenses were $29 million (H1 2019: $24 million), which primarily comprised inventory related provisions and foreign exchange-related costs.

The Group reported operating profit of $297 million (H1 2019: $238 million). Excluding the impact of amortisation (other than software) and exceptional items, core operating profit increased by 15% to $284 million (H1 2019: $246 million) and core operating margin was 25.1% (H1 2019: 23.6%).

Group core revenue by business segment

$ million	**H1 2020**		H1 2019	
Injectables	**485**	43%	428	41%
Generics	**369**	33%	368	35%
Branded	**275**	24%	242	23%
Others	**3**	0%	5	1%
Total	**1,132**		1,043	

Group core revenue by region

[6] In H1 2020 there were no exceptional R&D expenses. In H1 2019, Hikma incurred $14 million of R&D costs related to a repeat clinical endpoint study for generic Advair Diskus®. See Note 4 for further information

[7] In H1 2020, exceptional items comprised a $34 million impairment reversal of product related intangibles related to the Columbus business in the Generics segment. Refer to Note 4 for further information

$ million	**H1 2020**		H1 2019	
US	**716**	63%	685	66%
MENA	**351**	31%	301	29%
Europe and ROW	**65**	6%	57	5%
Total	**1,132**		1,043	

Injectables

$ million	**H1 2020**	H1 2019	Change	Constant currency change
Revenue	**485**	432	12%	13%
Core revenue	**485**	428	13%	14%
Gross profit	**290**	258	12%	13%
Core gross profit	**290**	254	14%	15%
Core gross margin	***59.8%***	*59.3%*	*0.5pp*	*0.7pp*
Operating profit	**192**	160	20%	21%
Core operating profit	**204**	167	22%	23%
Core operating margin	***42.1%***	*39.0%*	*3.1pp*	*3.3pp*

Injectables core revenue increased by 13% to $485 million (2019: $428 million). In constant currency, Injectables core revenue grew by 14%.

US Injectables core revenue grew 10% to $347 million (H1 2019: $317 million), reflecting strong demand for our in-market products, particularly those used in the treatment of COVID-19. These sales, as well as growth from recent launches, more than offset increased competition on certain products and lower demand as a result of a slow down in elective surgeries.

MENA Injectables revenue was $75 million, up 25% (H1 2019: $60 million). In constant currency, MENA Injectables revenue increased by 23%, reflecting good demand across our portfolio and continued growth of our biosimilar products.

European Injectables revenue was $63 million, up 24% (H1 2019: $51 million). In constant currency, European Injectables revenue increased by 27%, reflecting a good performance from new launches, an increase in demand related to COVID-19 and higher demand for contract manufacturing.

Injectables core gross profit increased by 14% to $290 million (H1 2019: $254 million) and core gross margin increased to 59.8% (H1 2019: 59.3%), primarily reflecting the change in product mix in the US and increased opportunities to capture additional market share by leveraging our broad portfolio and flexible manufacturing.

Injectables core operating profit, which excludes the amortisation of intangible assets (other than software) and exceptional items,[8] was $204 million (H1 2019: $167 million). Core operating margin was 42.1% (H1 2019: 39.0%), reflecting the increase in gross profit and stable operating expenses.

[8] Exceptional items comprised amortisation of intangible assets other than software amounting to $12m. Refer to Note 4 for further information

During H1 2020, the Injectables business launched 6 products in the US, 17 in MENA and 18 in Europe. We submitted 150 filings to regulatory authorities across all markets. This primarily reflects our efforts to expand our EU portfolio and register products in new EU markets. We further developed our portfolio through new licensing agreements, including an exclusive licensing and distribution agreement for the MENA region with Sun Pharmaceuticals for ILUMYA™, an innovative biologic product.

In recent years, we have invested significantly to expand our Injectables manufacturing capacity and to improve our capabilities. During the period, we announced that we have received US FDA approval for the first product from our new high containment facility in Portugal, which can now begin to supply the US market.

This increased manufacturing capacity is enabling us to better supply the US and EU markets with both our own products and those of our third party contract manufacturing customers. In particular, we have signed a non-exclusive supply agreement with Gilead Sciences, Inc. to manufacture remdesivir for injection. Remdesivir is an investigational drug that has been granted conditional marketing authorisation in the EU and emergency use authorisation in the US for the treatment of COVID-19.

We now expect our Injectables business to deliver revenue of between $950 million and $980 million, reflecting our strong performance in the first half of the year and expectations for continued demand for COVID-19 related products. We expect core operating margin to be in the range of 38% to 40%.

Generics

$ million	**H1 2020**	H1 2019	Change
Revenue	**369**	368	0%
Core revenue	**369**	368	0%
Gross profit	**178**	168	6%
Core gross profit	**178**	168	6%
Core gross margin	***48.2%***	*45.7%*	*2.5pp*
Operating profit	**102**	88	16%
Core operating profit	**72**	71	1%
Core operating margin	***19.5%***	*19.3%*	*0.2pp*

Generics revenue was $369 million (H1 2019: $368 million). We saw good demand for our in-market products and had a better than expected contribution from new launches in the period, including the first-to-market generic launch of everolimus tablets (a generic version of Zortress®). We also saw some additional demand related to COVID-19. This was offset by increased competition on certain other products.

Generics core gross profit grew 6% to $178 million (H1 2019: $168 million) and core gross margin increased to 48.2% (H1 2019: 45.7%). This improvement was primarily a result of a change in product mix.

Generics operating profit increased to $102 million (H1 2019: $88 million) and Generics core operating profit, which excludes the amortisation of intangible assets (other than software) and exceptional items,[9]

[9] Exceptional items comprised a $34 million impairment reversal of product related intangibles related to the Columbus business, as well as the amortisation of intangible assets other than software, which amounted to $4 million. Refer to Note 4 for further information

increased by 1% to $72 million (H1 2019: $71 million). Exceptional items include a $34 million impairment reversal of specific product related intangibles related to the Columbus business, which reflects a better than expected performance of certain marketed products. Core operating margin increased to 19.5% (H1 2019: 19.3%), reflecting the improvement in gross profit, which was largely offset by higher legal fees and inventory related provisions.

During H1 2020, we launched 3 products from our R&D pipeline. Our launches included generic Zortress® and generic Afinitor®, which have performed well to date. As previously announced, we successfully invalidated six US patents as asserted by Amarin for their Vascepa® capsules. We also received US FDA approval for our generic Vascepa® and continue to evaluate our options for launch. Our submission for generic Advair Diskus® remains under review by the US FDA and we expect to receive a response and launch in the second half of the year.

We now expect Generics revenue to be in the range of $720 million to $760 million and core operating margin to be around 21% for the full year. Our guidance includes $20 million to $40 million from generic Advair Diskus®, which we continue to expect to launch in the second half of the year. If we do not launch generic Advair Diskus® in 2020, we would now expect the core operating margin for the Generics business to be between 17% and 19%.

Branded

$ million	**H1 2020**	H1 2019	Change	Constant currency change
Revenue	**275**	242	14%	13%
Core revenue	**275**	242	14%	13%
Gross profit	**133**	120	11%	9%
Gross margin	***48.4%***	*49.6%*	*(1.2)pp*	*(1.8)pp*
Operating profit	**46**	31	48%	52%
Core operating profit	**51**	49	4%	6%
Core operating margin	***18.5%***	*20.2%*	*(1.7)pp*	*(1.2)pp*

On a reported basis, Branded revenue was $275 million, up 14% (H1 2019: $242 million). On a constant currency basis, Branded revenue increased 13%.

Our largest markets, Saudi Arabia and Egypt, performed well, reflecting good demand for our marketed products. Algeria delivered a strong performance, recovering from lower sales in 2019 due to political and economic disruptions. We also delivered a good performance across most of our other MENA markets and saw a good contribution from new launches. While we did see some disruptions across our MENA markets related to COVID-19, including a reduction in demand for pharmacy products such as anti-infectives, this was offset by an overall resilient performance from the broader portfolio.

During H1 2020, the Branded business launched 34 products and submitted 43 filings to regulatory authorities. Several of these launches were carried out virtually, with much of our promotional activity moving away from in-person interaction during the period due to social distancing measures. Revenue from in-licensed products represented 46% of Branded revenue (H1 2019: 36%), reflecting a pull-forward of demand for certain products.

Branded gross profit was $133 million, up 11% (H1 2019: $120 million) and gross margin was 48.4% (H1 2019: 49.6%). In constant currency, gross profit increased by 9% and gross margin was 47.8% (H1 2019: 49.6%). The decline in gross margin primarily reflects a change in product mix.

Core operating profit, which excludes the amortisation of intangibles (other than software) and exceptional items,[10] was $51 million, up 4% (H1 2019: $49 million), and core operating margin was 18.5% (H1 2019: 20.2%). This margin reduction reflects lower gross margin, foreign exchange losses and a slight increase in operating expenses. In constant currency, core operating profit grew 6% and core operating margin was 19.0% (H1 2019: 20.2%).

As anticipated, we continue to expect full year Branded revenue growth of mid-single digits in constant currency.

Other businesses

Other businesses primarily comprise Arab Medical Containers, a manufacturer of plastic specialised medicinal sterile containers, International Pharmaceuticals Research Centre (IPRC), which conducts bio-equivalency studies and Hikma Emerging Markets and Asia Pacific FZ LLC. These businesses contributed revenue of $3 million (H1 2019: $5 million), reflecting the temporary closure of IPRC due to COVID-19. These other businesses made zero operating profit in the period (H1 2019: $(1) million loss). This slight improvement in profitability is primarily due to the 2019 closure of our emerging markets division as we focus on our core markets, in line with our strategy.

Research and development

Our investment in R&D and business development enables us to continue expanding the Group's product portfolio. During H1 2020, we had 78 new launches and received 79 approvals.

	H1 2020 submissions[11]	H1 2020 approvals[11]	H1 2020 launches[11]
Injectables			
US	3	5	6
MENA	14	17	17
Europe	133	6	18
Generics	0	7	3
Branded	43	44	34
Total	**193**	**79**	**78**

To ensure the continuous development of our product pipeline, we submitted 193 regulatory filings.

Net finance expense

Reported net finance expense was $23 million (H1 2019: $10 million). Core net finance expense was $19 million (H1 2019: $22 million) primarily due to a reduction in interest rates across our markets.

We continue to expect core net finance expense to be around $47 million in 2020.

[10] In H1 2020, exceptional items comprised amortisation of intangible assets other than software of $5 million, as well as MENAseverance costs of $1 million, offset by insurance compensation related to the Jordan warehouse fire incident of $1 million. Refer to Note 4 for further information

[11] New products submitted, approved and launched by country in H1 2020

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Profit before tax

Reported profit before tax was $274 million (H1 2019: $226 million). Core profit before tax was $265 million (H1 2019: $225 million), reflecting the strong performance of our three business segments.

Tax

The Group incurred a tax expense of $62 million (H1 2019: $41 million). Excluding the tax impact of exceptional items, the Group core tax expense was $60 million in H1 2020 (H1 2019: $49 million). The core effective tax rate for H1 2020 was 22.6% (H1 2019: 21.8%). We continue to expect the Group´s core effective tax rate to be around 22% to 23% for the full year.

Profit attributable to shareholders

Profit attributable to shareholders was $212 million (H1 2019: $185 million). Core profit attributable to shareholders increased by 17% to $205 million (H1 2019: $176 million).

Earnings per share

Basic earnings per share was 87.6 cents (H1 2019: 76.4 cents). Core basic earnings per share increased by 17% to 85.3 cents (H1 2019: 72.7 cents) and core diluted earnings per share increased by 17% to 84.8 cents (H1 2019: 72.4 cents).

Dividend

The Board is recommending an interim dividend of 16 cents per share (approximately 12 pence per share) (H1 2019: 14 cents per share). The interim dividend will be paid on 21 September 2020 to eligible shareholders on the register at the close of business on 21 August 2020.

Net cash flow, working capital and net debt

The Group generated operating cash flow of $292 million (H1 2019: $187 million). Group working capital days were down 4 days to 227 days, primarily driven by strong sales in the US.

Cash capital expenditure was $66 million (H1 2019: $48 million). In the US, $38 million was spent upgrading equipment and adding new technologies for our Generics and Injectables businesses. In MENA, $22 million was spent strengthening and expanding manufacturing capabilities. In Europe, we spent $6 million, expanding our facilities in Portugal. We expect Group capital expenditure to be around $120 million in 2020 – the lower end of our previous guidance range.

The Group's total debt increased to $927 million at 30 June 2020 (31 December 2019: $685 million). This increase reflects the full utilisaton of the Group´s $150 million International Finance Corporation facility and its purchase of 12.8 million ordinary shares from Boehringer Ingelheim (BI) for $371 million, in connection with BI´s disposal of its 16% stake in Hikma, which was paid for through a combination of cash and existing facilities.

During the period, the Group used its revolving credit facility to repay its $500 milion Eurobond, which came due in April. Post the period-end, the Group issued a new five year $500 million Eurobond, which carries an annual coupon of 3.25%.

The Group's cash balance was $416 million (31 December 2019: $443 million). The Group's net debt was $511 million at 30 June 2020 (31 December 2019: $242 million).[12] We continue to have a very strong balance sheet with a net debt to core EBITDA ratio of 0.8x.

Balance sheet

Net assets at 30 June 2020 were $1,900 million (31 December 2019: $2,129 million), reflecting the impact of the share buy back in the period. Net current assets increased to $808 million (31 December 2019: $377 million) due to a change in the debt maturity profile as a result of the repayment of the Eurobond during the period.

Outlook for 2020

We now expect our Injectables business to deliver revenue of between $950 million and $980 million for the full year, reflecting our strong performance in the first half of the year and expectations for continued demand for COVID-19 related products. This compares with previous guidance of low to mid-single digit growth, We now expect core operating margin to be in the range of 38% to 40%, up from our previous guidance of 35% to 37%.

We now expect Generics revenue to be in the range of $720 million to $760 million, up from $700 million to $750 million, and core operating margin to be around 21% for the full year, up from 20%. Our guidance includes $20 million to $40 million from generic Advair Diskus®, which we continue to expect to launch in the second half of the year. If we do not launch generic Advair Diskus® in 2020, we now expect the core operating margin for the Generics business to be between 17% and 19%, up from 16% to 18%.

We continue to expect Branded revenue to grow in the mid-single digits in constant currency in 2020.

We expect Group net finance expense to be around $47 million in 2020 and the core effective tax rate to be around 22% to 23%. We expect Group capital expenditure to be around $120 million.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and as issued by the International Accounting Standards Board, and;
- the interim results announcement includes a fair review of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the

[12] Group net debt is a non-IFRS measure that includes long and short-term financial debts (Note 14), lease liabilities, net of cash and cash equivalents and collateralised and restricted cash. Group net debt excludes co-development and earnout payments, acquired contingent liabilities and contingent consideration (Notes 13 and 15). See page 14 for a reconciliation of Group net debt to reported IFRS results

financial position or performance of the enterprise during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Sigurdur Olafsson	Khalid Nabilsi
Chief Executive Officer 6 August 2020	Chief Financial Officer 6 August 2020

The Board

The Board of Directors that served during all or part of the six-month period to 30 June 2020 and their respective responsibilities can be found on the Leadership team section of www.hikma.com.

Cautionary statement

This interim results announcement has been prepared solely to provide additional information to the shareholders of Hikma and should not be relied on by any other party or for any other purpose.

Definitions

We use a number of non-IFRS measures to report and monitor the performance of our business. Management uses these adjusted numbers internally to measure our progress and for setting performance targets. We also present these numbers, alongside our reported results, to external audiences to help them understand the underlying performance of our business. Our core numbers may be calculated differently to other companies.

Adjusted measures are not substitutable for IFRS results and should not be considered superior to results presented in accordance with IFRS.

Core results

Reported results represent the Group's overall performance. However, these results can include one-off or non-cash items which are excluded when assessing the underlying performance of the Group. To provide a more complete picture of the Group's performance to external audiences, we provide, alongside our reported results, core results, which are a non-IFRS measure. Our core results exclude the exceptional items and other adjustments set out in Note 4.

Group operating profit	H1 2020 $million	H1 2019 $million
Core operating profit	**284**	**246**
R&D costs	-	(14)
Jordan warehouse fire incident	1	(15)
Proceeds from legal claim	-	32
Contingent consideration adjustment	-	7
MENA severance and restructuring costs	(1)	(5)
Integration costs	-	4
Intangible assets amortisation other than software	(21)	(17)
Impairment reversal of product related intangibles	34	-
Reported operating profit	**297**	**238**

Constant currency

As the majority of our business is conducted in the US, we present our results in US dollars. For both our Branded and Injectable businesses, a proportion of their sales are denominated in a currency other than the US dollar. In order to illustrate the underlying performance of these businesses, we include information on our results in constant currency.

Constant currency numbers in H1 2020 represent reported H1 2020 numbers re-stated using H1 2019 exchange rates.

EBITDA

EBITDA is earnings before interest, tax, depreciation, amortisation and impairment charges/reversals.

EBITDA **$ million**	**H1 2020**	H1 2019
Reported operating profit	**297**	**238**
Depreciation	38	36
Amortisation	26	23
Impairment charges/reversals	(33)	-
EBITDA	**328**	**297**
Exceptional items:		
Research and development costs	-	14
Jordan warehouse fire incident	(1)	15
Proceeds from legal claim	-	(32)
Contingent consideration adjustment	-	(7)
MENA severance and restructuring costs	1	5
Integration costs	-	(4)
Core EBITDA	**328**	**288**

Working capital days

We believe Group working capital days provides a useful measure of the Group's working capital management and liquidity. Group working capital days are calculated as Group receivable days plus Group inventory days, less Group payable days. Group receivable days are calculated as Group trade receivables x 365, divided by trailing 12 months Group revenue.

Group net debt

We believe Group net debt is a useful measure of the strength of the Group's financing position. Group net debt is calculated as Group total debt less Group total cash. Group total debt excludes co-development agreements and acquired contingent liabilities.

Group net debt **$ million**	**Jun-20**	**Dec-19**
Short-term financial debts	(129)	(569)
Short-term leases liabilities	(9)	(9)
Long-term financial debts	(730)	(48)
Long-term leases liabilities	(59)	(59)
Total debt	**(927)**	**(685)**
Cash, cash equivalents and restricted cash	416	443
Net debt	**(511)**	**(242)**

Forward looking statements

This announcement contains certain statements which are, or may be deemed to be, "forward looking statements" which are prospective in nature with respect to Hikma's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. All statements other than statements of historical fact may be forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward looking words such as "intends", "believes", "anticipates", "expects", "estimates", "forecasts", "targets", "aims", "budget", "scheduled" or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

By their nature, forward looking statements are based on current expectations and projections about future events and are therefore subject to assumptions, risks and uncertainties that are beyond Hikma's ability to control or estimate precisely and which could cause actual results or events to differ materially from those expressed or implied by the forward looking statements. Where included, such statements have been made by or on behalf of Hikma in good faith based upon the knowledge and information available to the Directors on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and Hikma's shareholders are cautioned not to place undue reliance on the forward-looking statements. Forward looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation ((EU) No. 596/2014) and the UK Listing Rules and the Disclosure Guidance and Transparency

Rules of the Financial Conduct Authority), Hikma does not undertake to update the forward looking statements contained in this announcement to reflect any changes in events, conditions or circumstances on which any such statement is based or to correct any inaccuracies which may become apparent in such forward looking statements. Except as expressly provided in this announcement, no forward looking or other statements have been reviewed by the auditors of Hikma. All subsequent oral or written forward looking statements attributable to Hikma or any of its members, directors, officers or employees or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Past share performance cannot be relied on as a guide to future performance. Nothing in this announcement should be construed as a profit forecast.

Neither the content of Hikma's website nor any other website accessible by hyperlinks from Hikma's website are incorporated in, or form part of, this announcement.

Principal risks and uncertainties

The Group faces risks from a range of sources that could have a material impact on our financial results and ability to trade in the future. The principal risks are determined via robust assessment considering our risk context by the Board of Directors with input from executive management. The longer term consequences of the COVID-19 pandemic remain uncertain; however the principal risks for the company have not materially changed in the last six months and remain as they are set out in the 2019 annual report on pages 47 – 50. The Board recognises that certain risk factors that influence the principal risks are outside of the control of management. The Board is satisfied that the principal risks are being managed appropriately and consistently with the target risk appetite. The set of principal risks should not be considered as an exhaustive list of all the risks the Group faces.

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Independent review report to Hikma Pharmaceuticals PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hikma Pharmaceuticals PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results Press Release of Hikma Pharmaceuticals PLC for the 6 month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and as issued by the International Accounting Standards Board and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 June 2020;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results Press Release have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and as issued by the International Accounting Standards Board and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as issued by the International Accounting Standards Board.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results Press Release, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results Press Release in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results Press Release based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results Press Release and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
6 August 2020

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Hikma Pharmaceuticals PLC
Condensed consolidated income statement

	Note	H1 2020 Core results $m (Unaudited)	H1 2020 Exceptional items and other adjustments (note 4) $m (Unaudited)	H1 2020 Reported results $m (Unaudited)	H1 2019 Core results $m (Unaudited)	H1 2019 Exceptional items and other adjustments (note 4) $m (Unaudited)	H1 2019 Reported results $m (Unaudited)
Revenue		1,132	-	1,132	1,043	4	1,047
Cost of sales		(530)	-	(530)	(499)	-	(499)
Gross profit		**602**	**-**	**602**	**544**	**4**	**548**
Selling, general and administrative expenses		(229)	(22)	(251)	(216)	(21)	(237)
Research and development expenses		(62)	-	(62)	(58)	(14)	(72)
Net impairment reversals on financial assets		2	-	2	-	-	-
Other operating income/(expenses), net		(29)	35	6	(24)	23	(1)
Total operating (expenses)/income		**(318)**	**13**	**(305)**	**(298)**	**(12)**	**(310)**
Operating profit/(loss)	3	**284**	**13**	**297**	**246**	**(8)**	**238**
Finance income		5	-	5	3	12	15
Finance expense		(24)	(4)	(28)	(25)	-	(25)
Gain from investment at fair value through profit and loss (FVTPL)		-	-	-	1	-	1
Loss from investment divestiture		-	-	-	-	(3)	(3)
Profit before tax		**265**	**9**	**274**	**225**	**1**	**226**
Tax	5	(60)	(2)	(62)	(49)	8	(41)
Profit for the half-year		**205**	**7**	**212**	**176**	**9**	**185**
Attributable to:							
Non-controlling interests		-	-	-	-	-	-
Equity holders of the parent		**205**	**7**	**212**	**176**	**9**	**185**
		205	**7**	**212**	**176**	**9**	**185**
Earnings per share (cents)							
Basic		85.3		87.6	72.7		76.4
Diluted		84.8		87.2	72.4		76.1

On this page and throughout this financial information ‘H1 2020’ refers to the half-year of the six months ended 30 June 2020. ‘H1 2019’ refers to the half-year of the six months ended 30 June 2019.

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Hikma Pharmaceuticals PLC
Condensed consolidated statement of comprehensive income

	H1 2020 Core results $m (Unaudited)	H1 2020 Exceptional Items and other adjustments (note 4) $m (Unaudited)	H1 2020 Reported results $m (Unaudited)	H1 2019 Core results $m (Unaudited)	H1 2019 Exceptional Items and other adjustments (note 4) $m (Unaudited)	H1 2019 Reported results $m (Unaudited)
Profit for the half-year	**205**	**7**	**212**	**176**	**9**	**185**
Other Comprehensive Income						
Items that may be reclassified subsequently to the consolidated income statement, net of tax:						
Currency translation (loss)/gain	(13)	-	(13)	13	-	13
Total comprehensive income for the half-year	**192**	**7**	**199**	**189**	**9**	**198**
Attributable to:						
Non-controlling interests	(1)	-	(1)	1	-	1
Equity holders of the parent	193	**7**	**200**	**188**	**9**	**197**
	192	**7**	**199**	**189**	**9**	**198**

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Hikma Pharmaceuticals PLC
Condensed consolidated balance sheet

	Note	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Non-current assets			
Goodwill		280	282
Other intangible assets	7	570	552
Property, plant and equipment		924	912
Right-of-use assets		46	50
Investment in associates and joint ventures		11	11
Deferred tax assets		234	243
Financial and other non-current assets	8	27	32
		2,092	**2,082**
Current assets			
Inventories	9	684	568
Income tax receivable		81	79
Trade and other receivables	10	656	719
Collateralised and restricted cash		3	1
Cash and cash equivalents		413	442
Other current assets	11	41	39
		1,878	**1,848**
Total assets		**3,970**	**3,930**
Current liabilities			
Short-term financial debts	14	129	569
Leases liabilities		9	9
Trade and other payables	12	425	473
Income tax provision		117	82
Other provisions		24	23
Other current liabilities	13	366	315
		1,070	**1,471**
Net current assets		**808**	**377**
Non-current liabilities			
Long-term financial debts	14	730	48
Leases liabilities		59	59
Deferred tax liabilities		22	20
Other non-current liabilities	15	189	203
		1,000	**330**
Total liabilities		**2,070**	**1,801**
Net assets		**1,900**	**2,129**
Equity			
Share capital	18	41	41
Share premium		282	282
Other reserves		(156)	(179)
Retained earnings[1]		1,723	1,973
Equity attributable to equity holders of the parent		**1,890**	**2,117**
Non-controlling interests		10	12
Total equity		**1,900**	**2,129**

1. Beginning in 2020, own shares are deducted from retained earnings. At 31 December 2019, own shares of $(1) million were included in other reserves (Note 18)

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Hikma Pharmaceuticals PLC
Condensed consolidated statement of changes in equity

	Merger and revaluation reserves	Translation reserves	Own shares	Total other reserves	Retained earnings	Share capital	Share premium	Equity attributable to equity shareholders of the parent	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2019[1]	38	(254)	(1)	**(217)**	1,582	40	282	**1,687**	12	**1,699**
Profit for the half-year	-	-	-	**-**	185	-	-	**185**	-	**185**
Currency translation gain	-	12	-	**12**	-	-	-	**12**	1	**13**
Total comprehensive income for the half-year	-	12	-	**12**	185	-	-	**197**	1	**198**
Total transactions with owners, recognised directly in equity										
Cost of equity-settled employee share scheme	-	-	-	**-**	13	-	-	**13**	-	**13**
Dividends on ordinary shares (Note 6)	-	-	-	**-**	(63)	-	-	**(63)**	(1)	**(64)**
Balance at 30 June 2019[1] (unaudited)	**38**	**(242)**	**(1)**	**(205)**	**1,717**	**40**	**282**	**1,834**	**12**	**1,846**
Balance at 31 December 2019 (audited) and 1 January 2020	**57**	**(235)**	**(1)**	**(179)**	**1,973**	**41**	**282**	**2,117**	**12**	**2,129**
Reclassification[3]	-	-	1	**1**	(1)	-	-	**-**	-	**-**
Balance at 1 January 2020 as adjusted	**57**	**(235)**	**-**	**(178)**	**1,972**	**41**	**282**	**2,117**	**12**	**2,129**
Profit for the half-year[2]	34	-	-	**34**	178	-	-	**212**	-	**212**
Currency translation loss	-	(12)	-	**(12)**	-	-	-	**(12)**	(1)	**(13)**
Total comprehensive income for the half-year	34	(12)	-	**22**	178	-	-	**200**	(1)	**199**
Total transactions with owners, recognised directly in equity										
Cost of equity-settled employee share scheme	-	-	-	**-**	14	-	-	**14**	-	**14**
Dividends on ordinary shares (Note 6)	-	-	-	**-**	(73)	-	-	**(73)**	(1)	**(74)**
Share buyback (Note 18, Note 20)	-	-	-	**-**	(367)	-	-	**(367)**	-	**(367)**
Current income tax arising from Share buyback	-	-	-	**-**	(1)	-	-	**(1)**	-	**(1)**
Balance at 30 June 2020 (unaudited)	**91**	**(247)**	**-**	**(156)**	**1,723**	**41**	**282**	**1,890**	**10**	**1,900**

1.The Group adopted IFRIC 23 as of 1 January 2019. The impact of adoption was a decrease of $2 million of the amount previously held for uncertain tax positions which was credited to retained earnings

2. An Impairment reversal of $34 million has been allocated from retained earnings to the merger and revaluation reserves in relation to the Generics segment (Notes 4 and 7)

3. Beginning in 2020, own shares are deducted from retained earnings. At 31 December 2019, own shares of $(1) million were separately presented in other reserves (Note 18)

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Hikma Pharmaceuticals PLC
Condensed consolidated cash flow statement

	Note	H1 2020 $m (Unaudited)	H1 2019 $m (Unaudited)
Cash flows from operating activities			
Cash generated from operations	16	**311**	**211**
Income taxes paid		(19)	(41)
Income taxes received		-	17
Net cash inflow from operating activities		**292**	**187**
Cash flow from investing activities			
Purchases of property, plant and equipment		(66)	(48)
Proceeds from disposal of property, plant and equipment		-	3
Purchase of intangible assets		(35)	(34)
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		5	2
Investment related amounts held in escrow account		(3)	-
Net cash outflow from investing activities		**(100)**	**(53)**
Cash flow from financing activities			
Increase in collateralised and restricted cash		1	(12)
Proceeds from issue of long-term financial debts		700	6
Repayment of long-term financial debts		(507)	(6)
Proceeds from short-term borrowings		156	152
Repayment of short-term borrowings		(101)	(138)
Repayment of lease liabilities		(7)	(3)
Dividends paid		(73)	(63)
Dividends paid to non-controlling shareholders of subsidiaries		(1)	(1)
Interest and bank charges paid		(24)	(25)
Share buyback		(371)	-
Commitment fees received related to shares buyback		7	-
Net cash outflow from financing activities		**(220)**	**(90)**
Net (decrease) / increase in cash and cash equivalents		**(28)**	**44**
Cash and cash equivalents at beginning of the half-year		**442**	**276**
Foreign exchange translation movements		(1)	2
Cash and cash equivalents at end of the half-year		**413**	**322**

Hikma Pharmaceuticals PLC
Notes to the condensed consolidated interim financial statements

1. General information

Hikma Pharmaceuticals PLC is a public limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office address is 1 New Burlington Place, London W1S 2HR, UK.

The Group's principal activities are the development, manufacturing, marketing and selling of a broad range of generic, branded and in-licensed pharmaceuticals products in solid, semi-solid, liquid and injectable final
dosage forms.

The information for the year ended 31 December 2019 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for 2019 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

The unaudited condensed consolidated interim financial statements (financial statements) for the six months ended 30 June 2020 have been prepared using the same accounting policies including policies that involve Directors' judgments and estimates and on a basis consistent with the audited consolidated financial statements of Hikma Pharmaceuticals PLC for the year ended 31 December 2019.

Basis of preparation

The currency used in the presentation of the accompanying financial statements is the US dollar ($) as most of the Group's business is conducted in US dollars.

These financial statements for the six months ended 30 June 2020 have been prepared in accordance with the Disclosure and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting', as adopted by the EU and as issued by the IASB. The financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB and the IFRS adopted by the EU.

New standards interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Group.

Going concern

The Directors have considered the going concern position of the Group at 30 June 2020. The Directors believe that the Group is well diversified due to its geographic spread, product diversity and large customer and supplier base.

2. Accounting policies continued

The Group's business activity, together with the factors likely to affect its future development, performance and position are set out in the Interim Results Press Release. The Interim Results Press Release also includes a summary of the financial position, cash flow and borrowing facilities.

At 30 June 2020 the Group had undrawn facilities of $779 million. The Group's total debt at 30 June 2020 was $927 million while the Group's cash at 30 June 2020 balance was $416 million making the net debt[1] $511 million. The Group's net debt[1] to core EBITDA ratio was 0.8x at 30 June 2020 and post period-end, the Group issued a 5 year $500 million Eurobond with a coupon rate of 3.25%, which can be used for general corporate purposes including debt prepayment, further increasing headroom available on undrawn facilities. Taking into account the Group's current position and its principal risks for a period of up to 18 months, a going concern analysis has been prepared using realistic scenarios applying a severe but plausible downside which shows sufficient liquidity headroom and compliance with our debt covenants.

On the basis of the above considerations, the Directors believe that the Group is adequately placed to manage its business and financing risks successfully, despite the current uncertain economic and political outlook. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

[1]Group net debt is a non-IFRS measure that includes long and short-term financial debts (Note 14), lease liabilities, net of cash and cash equivalents and collateralised and restricted cash. Group net debt excludes co-development and earnout payments, acquired contingent liabilities and contingent consideration (Notes 13 and 15)

3. Business and geographical segments

For management reporting purposes, the Group is organised into three principal operating divisions – Injectables, Generics and Branded. These divisions are the basis on which the Group reports its segmental information.

Core operating profit, defined as segment result, is the principal measure used in the decision-making and resource allocation process of the chief operating decision maker, who is the Group's Chief Executive Officer.

Information regarding the Group's operating segments is reported below:

Injectables	**H1 2020 Core results (Unaudited) $m**	**H1 2020 Exceptional items and other adjustments (note 4) (Unaudited) $m**	**H1 2020 Reported results (Unaudited) $m**	**H1 2019 Core results (Unaudited) $m**	**H1 2019 Exceptional items and other adjustments (note 4) (Unaudited) $m**	**H1 2019 Reported results (Unaudited) $m**
Revenue	485	-	485	428	4	432
Cost of sales	(195)	-	(195)	(174)	-	(174)
Gross profit	**290**	**-**	**290**	**254**	**4**	**258**
Total operating expenses	(86)	(12)	(98)	(87)	(11)	(98)
Segment result	**204**	**(12)**	**192**	**167**	**(7)**	**160**

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3. Business and geographical segments continued

Generics	H1 2020 Core results (Unaudited) $m	H1 2020 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2020 Reported results (Unaudited) $m	H1 2019 Core results (Unaudited) $m	H1 2019 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2019 Reported results (Unaudited) $m
Revenue	369	-	369	368	-	368
Cost of sales	(191)	-	(191)	(200)	-	(200)
Gross profit	**178**	**-**	**178**	**168**	**-**	**168**
Total operating expenses	(106)	30	(76)	(97)	17	(80)
Segment result	**72**	**30**	**102**	**71**	**17**	**88**

Branded	H1 2020 Core results (Unaudited) $m	H1 2020 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2020 Reported results (Unaudited) $m	H1 2019 Core results (Unaudited) $m	H1 2019 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2019 Reported results (Unaudited) $m
Revenue	275	-	275	242	-	242
Cost of sales	(142)	-	(142)	(122)	-	(122)
Gross profit	**133**	**-**	**133**	**120**	**-**	**120**
Total operating expenses	(82)	(5)	(87)	(71)	(18)	(89)
Segment result	**51**	**(5)**	**46**	**49**	**(18)**	**31**

Others[1]	H1 2020 Core results (Unaudited) $m	H1 2020 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2020 Reported results (Unaudited) $m	H1 2019 Core results (Unaudited) $m	H1 2019 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2019 Reported results (Unaudited) $m
Revenue	3	-	3	5	-	5
Cost of sales	(2)	-	(2)	(3)	-	(3)
Gross profit	**1**	**-**	**1**	**2**	**-**	**2**
Total operating expenses	(1)	-	(1)	(3)	-	(3)
Segment result	**-**	**-**	**-**	**(1)**	**-**	**(1)**

1. Others mainly comprises Arab Medical Containers LLC, International Pharmaceutical Research Center LLC, Hikma Emerging Markets and Asia Pacific FZ LLC

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3. Business and geographical segments continued

Group	H1 2020 Core results (Unaudited) $m	H1 2020 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2020 Reported results (Unaudited) $m	H1 2019 Core results (Unaudited) $m	H1 2019 Exceptional items and other adjustments (note 4) (Unaudited) $m	H1 2019 Reported results (Unaudited) $m
Segment result	327	13	340	286	(8)	278
Unallocated expenses[1]	(43)	-	(43)	(40)	-	(40)
Operating profit	**284**	**13**	**297**	**246**	**(8)**	**238**
Finance income	5	-	5	3	12	15
Finance expense	(24)	(4)	(28)	(25)	-	(25)
Gain from investment at FVTPL	-	-	-	1	-	1
Loss from investment divestiture	-	-	-	-	(3)	(3)
Profit before tax	**265**	**9**	**274**	**225**	**1**	**226**
Tax	(60)	(2)	(62)	(49)	8	(41)
Profit for the half-year	**205**	**7**	**212**	**176**	**9**	**185**
Attributable to:						
Non-controlling interests	-	-	-	-	-	-
Equity holders of the parent	205	7	212	176	9	185
	205	**7**	**212**	**176**	**9**	**185**

1. In H1 2020, unallocated corporate expenses mainly comprise employee costs and third-party professional fees while in H1 2019, unallocated corporate expenses mainly comprise employee costs, third-party professional fees and travel expenses

The following table provides an analysis of the Group's reported sales by segment and geographical market, irrespective of the origin of the goods/services:

Half-year 2020 (unaudited)	Branded $m	Injectables $m	Generics $m	Others $m	Total $m
United States	-	347	369	-	716
Middle East and North Africa	273	75	-	3	351
Europe and Rest of the World	2	61	-	-	63
United Kingdom	-	2	-	-	2
	275	485	369	3	1,132

Half-year 2019 (unaudited)	Branded $m	Injectables $m	Generics $m	Others $m	Total $m
United States	-	321	368	-	689
Middle East and North Africa	238	60	-	3	301
Europe and Rest of the World	4	48	-	2	54
United Kingdom	-	3	-	-	3
	242	432	368	5	1,047

3. Business and geographical segments continued

The top selling markets are shown below:

	H1 2020 $m (Unaudited)	H1 2019 $m (Unaudited)
United States	716	689
Saudi Arabia	113	90
Egypt	58	56
	887	835

In H1 2020, included in revenue arising from the Generics and Injectables segments are sales the Group made to three wholesalers in the US of approximately $412 million (H1 2019: $409 million). Each of these customers accounted for equal to or greater than 10% of Group's revenue in the period on an individual basis.

4. Exceptional items and other adjustments

Exceptional items and other adjustments are disclosed separately in the condensed consolidated income statement to assist in understanding the Group's core performance.

	H1 2020 $m (Unaudited)	H1 2019 $m (Unaudited)
Exceptional items		
R&D cost	-	(14)
Jordan warehouse fire incident	1	(15)
Proceeds from legal claim	-	32
Impairment reversal of product related intangibles	34	-
Contingent consideration adjustment	-	7
MENA severance and restructuring costs	(1)	(5)
Integration costs	-	4
Loss from investment divestiture	-	(3)
Exceptional items	**34**	**6**
Other adjustments		
Amortisation of intangible assets other than software	(21)	(17)
Remeasurement of contingent consideration, financial liability and asset, net	(4)	12
Exceptional items and other adjustments	**9**	**1**
Tax effect	(2)	8
Impact on profit for the half-year	**7**	**9**

Exceptional items:

– In H1 2020, Hikma received $1 million of insurance compensation related to a fire incident which took place in 2019 at one of Hikma's Jordan facilities. This is included in other operating (expenses)/income.

4. Exceptional items and other adjustments continued

To date, the total related insurance compensation received is $5 million, and the Group expects to receive final insurance compensation in H2 2020

- $34 million impairment reversal in respect of specific product related intangibles in the Columbus business (Generics segment) which reflects a better than expected performance of certain marketed products (Note7). This is included in other operating (expenses)/income. In 2019, there was a net impairment reversal of $20 million in product related intangibles for similar reasons
- MENA severance and restructuring costs of $1 million related to one-off organisational restructuring in MENA that started in 2019 and are included in selling, general and administrative expenses (SG&A). Management expects to incur further costs in H2 2020

In H1 2019, exceptional items related to the following:

- Hikma incurred $14 million of research and development costs related to a repeat clinical endpoint study for generic Advair Diskus®
- During the period, a fire broke out in a warehouse at one of Hikma's Jordan facilities. Production was halted for a period of time and inventory was damaged. The associated loss was $15 million, mainly comprised of damaged inventory and the cost to remediate property, plant and equipment. These costs are included in other operating (expenses)/income
- Hikma received compensation proceeds of $32 million in relation to a litigation matter with an external party which was concluded in Hikma's favour. Such amounts are included in other operating (expenses)/income
- The contingent consideration adjustment relates to a change in estimate of the amount of expected contingent payments Hikma was entitled to receive under the terms of the Columbus acquisition agreement
- MENA severance and restructuring costs of $5 million related to one-off restructuring activities in MENA and are mainly included in SG&A
- A provision of $4 million in relation to integration costs of the Columbus business and the consolidation of the distribution centre in the US was released
- $3 million loss from divestiture of Medlac investment

Other adjustments:

- Amortisation of intangible assets other than software is included in selling, general and administrative expenses
- The remeasurement of contingent consideration represents the net difference resulting from the valuation of the liabilities associated with the future contingent payments in respect of the Columbus business acquisition and the financial liability in relation to the co-development earnout payment agreement (Notes 13 and 15). The remeasurement is included in finance expense/income

5. Tax

The Group incurred a tax expense of $62 million (H1 2019: $41 million). The reported effective tax rate for H1 2020 is 22.6% (H1 2019: 18.1%), representing the best estimate of the average annual effective tax rate expected for the full year on a legal entity basis, applied to the pre-tax income for H1 2020 and adjusted for the tax effect of any discrete items recorded in the same period.

The higher reported rate in H1 2020 is due to the favourable tax benefits of exceptional items in H1 2019 as well as the difference in the earnings mix between H1 2020 and H1 2019.

The application of tax law and practice is subject to some uncertainty and amounts are provided where the likelihood of a cash outflow is probable.

6. Dividends

	H1 2020 $m (Unaudited)	H1 2019 $m (Unaudited)
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2019 of 30 cents (2018: 26 cents) per share	73	63
	73	63

The proposed interim dividend for the H1 2020 is 16 cents (H1 2019: 14 cents) per share.

The proposed interim dividend will be paid at 21 September 2020 to eligible shareholders on the register at the close of business on 21 August 2020.

Based on the number of shares in issue at 30 June 2020 of 230,410,559, the unrecognised liability is $37 million.

7. Other intangible assets

The Group's impairment testing of cash generating units (CGUs) and intangible assets is based on value in use calculations. The key assumptions used to determine the recoverable amounts for the different CGUs and other intangible assets were disclosed in the annual consolidated financial statements for the year ended 31 December 2019 and management considers that these assumptions remain supportable at 30 June 2020 and reflect its best estimates.

During the period, the Group performed a review of its CGUs and other intangibles assets, considering whether any indicators of impairment or impairment reversal existed at 30 June 2020 in the context of IAS 36. As a result, an impairment reversal of $34 million in respect of specific product related intangibles within the Generics CGU was recognised, primarily due to an increased future profitability forecast, sustained and consistent better performance through the first half of 2020 (Note 4). In addition, an impairment charge of $1 million related to software was recognised. No other indicators of impairment or impairment reversal were identified.

Other intangible assets increased by $18 million during the period. This was as a result of the $34 million impairment reversal discussed above and $11 million of additions, offset by amortisation of $26 million and the software impairment charge of $1 million referenced above.

8. Financial and other non-current assets

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Investments at FVTOCI	21	18
Other non-current assets	6	14
	27	32

Investments at FVTOCI include investments in eight venture-backed start-up companies through the Group's venture capital arm, Hikma International Ventures and Developments LLC and Hikma Ventures Limited. During H1 2020, the venture arm invested $2M in a new company, and increased investment in existing ventures by $1 million.

These investments are unlisted shares without readily determinable fair values that fall under level 3 valuation (Note 17), its value is measured at cost minus any impairment, and adjusted for observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Other non-current assets mainly represent sublease arrangement in US. In 2019 the amount mainly represented inventory that was expected not to be sold within one year.

9. Inventories

During H1 2020, the Group wrote down $25 million (H1 2019: $34 million) of inventories. In H1 2019, $10 million of the write down related to inventory damaged in the Jordan warehouse fire incident (Note 4). This expense is included in other operating expenses in the condensed consolidated income statement.

10. Trade and other receivables

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Trade receivables	560	637
Prepayments	66	49
VAT and sales tax recoverable	28	31
Employee advances	2	2
	656	719

The fair value of trade and other receivables is estimated to be equal to their carrying amounts.

11. Other current assets

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Investment at FVTPL	23	23
Others	18	16
	41	39

Investments at FVTPL represent the agreement that the Group entered into with an asset management firm in 2015 to manage a $20 million portfolio of underlying debt instruments. The investment comprises a portfolio of assets that are managed by an asset manager and is measured at fair value; any changes in fair value go through the income statement. This financial asset is classified as Level 1 as it uses quoted prices in active markets.

12. Trade and other payables

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Trade payables	272	286
Accrued expenses	141	173
Other payables	12	14
	425	473

The fair values of payables are estimated to be equal to their carrying amounts.

13. Other current liabilities

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Contract liability	171	142
Co-development and earnout payments (note 15)	1	1
Supply manufacturing agreement	3	5
Acquired contingent liabilities (note 15)	24	15
Contingent consideration (note 15)	72	63
Indirect rebates and other allowances	68	61
Others	27	28
	366	315

13. Other current liabilities continued

Contract liability: the Group allows customers to return products within a specified period prior to and subsequent to the expiration date. In addition, free goods are issued to customers as sale incentives, reimbursement of agreed upon expenses incurred by the customer or as compensation for expired or returned goods.

Supply manufacturing agreement: as part of the acquisition of the Columbus business, the Group entered into supply and manufacturing contracts with the seller, Boehringer Ingelheim.

Indirect rebates and other allowances: mainly represent rebates granted to healthcare authorities and other parties under contractual arrangements with certain indirect customers.

14. Financial debts

Short-term financial debts

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Bank overdrafts	8	6
Import and export financing[1]	99	52
Short-term loans	1	2
Current portion of long-term loans	21	509
	129	569

1.Import and export financing represents short-term financing for the ordinary trading activities of the Group

Long-term financial debts

	30 June 2020 $m (Unaudited)	31 December 2019 $m (Audited)
Long-term loans	751	57
Long-term borrowings (Eurobond)	-	500
Less: current portion of long-term loans	(21)	(509)
Long-term financial loans	730	48
Breakdown by maturity:		
Within one year	21	509
In the second year	583	12
In the third year	37	12
In the fourth year	29	15
In the fifth year	26	6
In the Sixth year	23	2
Thereafter	32	1
	751	557

The loans are held at amortised cost.

14. Financial debts continued

Major arrangements entered into by the Group:

a) At April 2020, the Group settled a $500 million five-year Eurobond that was issued in 2015

b) A syndicated revolving credit facility of $1,175 million was entered into on the 27 of October 2015. $1,000 million of this facility matures on 24 December 2021 and the remaining $175 million matured on 24 December 2019. At 30 June 2020, the facility had a withdrawn balance of $550 million (2019: $nil) and a $450 million unused available limit (2019: $1,000 million). The facility was mainly used to settle the outstanding Eurobond

c) A ten-year $150 million loan from the International Finance Corporation was entered into on 21 December 2017. There was full utilisation of the loan as of April 2020. Quarterly equal repayments of the long-term loan will commence on 15 March 2021. The loan will be used for general corporate purposes. The facility matures on 15 December 2027

Hikma issued a $500 million 3.25%, five-year Eurobond on the 9th of July with a rating of (BBB-/Ba1) and maturing in July 2025. The proceeds of the issuance were $494 million. The proceeds are intended to be used for general corporate purposes (Note 21).

15. Other non-current liabilities

	30 June 2020 $m	31 December 2019 $m
	(Unaudited)	(Audited)
Contingent consideration	106	111
Acquired contingent liabilities	74	83
Co-development and earnout payments	3	3
Others	6	6
	189	203

Contingent consideration and acquired contingent liabilities represent contractual liabilities to make payments to third parties in the form of milestone payments that depend on the achievement of certain US FDA approval milestones and royalty payments based on future sales of certain products that are currently under development.

16. Net cash generated from operating activities

	H1 2020 $m (Unaudited)	H1 2019 $m (Unaudited)
Profit before tax	274	226
Adjustments for:		
Depreciation, amortisation, impairment and write-down of:		
Property, plant and equipment	34	32
Intangible assets	(7)	23
Right-of-use of assets	4	4
Gain from investment at FVTPL	-	(1)
Loss from investment divestiture	-	3
Gain on disposal of property, plant and equipment	-	3
Movement in provisions	1	-
Cost of equity-settled employee share scheme	14	13
Finance income	(5)	(14)
Interest and bank charges	27	25
Foreign exchange loss	4	1
Cash flow before working capital	**346**	**315**
Change in trade and other receivables	53	41
Change in other current assets	1	(4)
Change in inventories	(111)	(48)
Change in trade and other payables	(15)	(66)
Change in other current liabilities	55	(28)
Change in other non-current liabilities	(18)	1
Cash generated from operations	**311**	**211**

17. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following financial assets/liabilities are presented at their carrying values which approximates to their fair values:

- Cash at bank and on hand, time deposits and collateralised and restricted cash – due to the short-term maturities of these financial instruments and given that generally they have negligible credit risk, management considers their carrying amounts to be not significantly different from their fair values
- Short-term loans and overdrafts – approximates to their fair values because of the short maturity of these instruments
- Long-term loans–loans with variable rates are re-priced in response to any changes in market rates and so management considers their carrying values to be not significantly different from their fair values
- Loans with fixed rates relate to the $500 million Eurobond accounted for at amortised cost. The fair value is determined with reference to its quoted price in an active market on the condensed consolidated balance sheet date (Note 14)

17. Fair value of financial assets and liabilities continued

- Receivables and payables – the fair values of receivables and payables are estimated to be equal to their respective carrying amounts

Management classifies items that are recognised at fair value based on the level of the inputs used in their fair value determinations as described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs that are observable for the asset or liability
- Level 3: Inputs that are not based on observable market data

Financial assets and liabilities that fall under Level 1 are:

- Investments at FVTPL which amounted to $23 million (Note 11)
- Money market deposits

Financial assets and liabilities that fall under Level 3 are:

- Co-development and earnout payment liabilities (Notes 13 and 15)
- Contingent consideration liability resulting from the acquisition of the Columbus business was recognised at cost as of the acquisition date and subsequently revalued at the end of each reporting period using the present value of milestone payments and royalty payments based on a weighted average of related probabilities of achieving certain milestones. The movement is presented as a finance cost/income

  These financial liabilities are presented in other non-current liabilities and other current liabilities in the consolidated balance sheet.
  The critical areas of judgment in relation to the contingent consideration liability are the probabilities assigned to reaching the success-based milestones and management's estimate of future sales.

  If the future sales were 5% higher or lower, the fair value of the contingent consideration liability would increase or decrease by $6 million.

  If the probability assigned to reaching the success-based milestones were 5% higher or lower, the fair value of the contingent consideration liability would increase or decrease by $4 million (Notes 13 and 15)

- Investments at FVTOCI (Note 8)

17. Fair value of financial assets and liabilities continued

The following table presents the changes in Level 3 items for H1 2020 and the year ended 31 December 2019:

	Financial asset $m	Financial liability $m
Balance at 1 January 2019	49	214
Received/settled	(40)	(1)
Remeasurement through income statement	7	(35)
Additions	4	-
Fair value adjustments recognised in equity	(2)	-
Balance at 31 December 2019	**18**	**178**
Additions	3	-
Remeasurement through income statement	-	4
Balance at 30 June 2020	**21**	**182**

The remeasurement through the income statement is included within the finance expense in the condensed consolidated income statement.

18. Share Capital

	30 June 2020 (Unaudited)		31 December 2019 (audited)	
	Number of shares	$m	Number of shares	$m
At end of the period/year (ordinary shares of 10p each)	243,284,623	41	242,319,174	41

At 30 June 2020, of the issued share capital, 12,833,233 are held as Treasury shares, 40,831 shares are held in the Employee Benefit Trust (EBT) and 230,410,559 shares are in free issue.

Own shares

– **Treasury shares**

On 23 June 2020, Hikma bought back 12,833,233 of its own shares previously held by Boehringer Ingelheim GmbH (BI) for £23.00/share ($28.76/share). These shares are held as 'treasury shares'. The voting rights attached to the treasury shares are not capable of exercise.

Hikma also received a commitment fee of 2% of the aggregate value of the buyback shares acquired at the buyback price from BI. Hikma paid £295 million ($369 million) for the share buyback and received £5.9 million ($7.3 million) from BI for the commitment fees and incurred related income tax of $1.4 million. Hikma also incurred $5.6 million of transaction costs related to legal fees, financial advisory fees and UK stamp duty. The buyback and related transaction costs and commitment fee were accounted for as equity transactions.

18. Share Capital continued

– **Shares held in EBT**

40,831 shares are held in the EBT; the trustee of the EBT is Link Market Apex Financial Services (Trust Company) Limited, an independent trustee. The Ordinary Shares held in the EBT will be used to satisfy long-term commitments arising from the employee share plans operated by the Company.

19. Contingent liabilities

Guarantees and letters of credit

A contingent liability existed at the balance sheet date in respect of external guarantees and letters of credit totalling $46 million (31 December 2019: $40 million) arising in the normal course of business. No provision for these liabilities has been made in these financial statements.

A contingent liability existed at the balance sheet date in respect of a standby letter of credit totalling $9 million (31 December 2019: $9 million) for a potential stamp duty obligation that may arise for repayment of a loan by intercompany guarantors. It's not probable that the repayment will be made by the intercompany guarantors.

Legal

The Group is involved in a number of legal proceedings in the ordinary course of its business. It is the Group's policy to accrue for amounts related to these legal proceedings if it is probable that a liability has been incurred and an amount can be reasonably estimated. Management does not believe sufficient evidence exists at this point to make any provision with respect to the following matters:

In 2018, the Group received a civil investigative demand from the US Department of Justice requesting information related to products, pricing and related communications. In 2017, the Group received a subpoena from a US state attorney general and a subpoena from the US Department of Justice. Hikma denies having engaged in any conduct that would give rise to liability with respect to these demands but is cooperating with all such demands.

Starting in 2016, several complaints have been filed in the United States on behalf of individual plaintiffs and putative classes of direct and indirect purchasers and third-party payors of generic drug products. These complaints, which allege that the defendants engaged in conspiracies to fix, increase, maintain and/or stabilise prices of generic drug products named, have been brought against Hikma and various other defendants. The plaintiffs generally seek damages and injunctive relief under federal antitrust law and damages under various states laws.

Hikma denies having engaged in conduct that would give rise to liability with respect to these civil suits and is vigorously pursuing defence of these cases.

Numerous complaints have been filed with respect to Hikma's sales and distribution of opioid products. These complaints now approximate 685. These lawsuits have been filed against distributors, branded pharmaceuticals manufacturers, pharmacies, hospitals, generic pharmaceuticals manufacturers, individuals, and other defendants by a number of cities, counties, states, other governmental agencies and private plaintiffs in both state and federal courts. Most of the federal cases have been consolidated into a multidistrict litigation in the Northern District of Ohio. These cases assert in general that the defendants allegedly engaged in improper marketing and distribution of opioids and that defendants failed to develop and implement systems sufficient to identify suspicious orders of opioid products and prevent the abuse and diversion of such products. Plaintiffs seek a variety of remedies, including restitution, civil penalties, disgorgement of profits, treble damages, attorneys' fees and injunctive relief. Hikma denies

19. Contingent liabilities continued

having engaged in conduct that would give rise to liability with respect to these civil suits and is vigorously pursuing defence of these cases.

In 2020, a number of complaints have been filed in the United States on behalf of putative classes of direct and indirect purchasers of generic drugs against Jazz and the generic companies that settled their cases with Jazz Pharmaceuticals in relation to the product Sodium Oxybate. These complaints allege that the defendants engaged in anti-competitive settlements and deprived the US market from earlier Generic entries. Hikma denies having engaged in conduct that would give rise to liability with respect to these civil suits and is vigorously pursuing defence of these cases.

Tax

In April 2019, the European Commission released its decision that certain tax exemptions offered by the UK authorities could constitute State Aid and where this is the case, the relevant tax will need to be paid to the UK tax authorities. The UK Government has subsequently appealed against this decision. In common with other UK headquartered international companies whose arrangements were in line with current UK CFC legislation, Hikma may be affected by the outcome of this decision and has estimated the maximum potential liability to be approximately $3 million. Hikma has been in correspondence with HMRC and is awaiting their further deliberations on the matter.

Based on management's understanding of legislation and professional advice taken on the matter, management does not believe that a provision is warranted.

20. Related party balances and transactions

Boehringer Ingelheim GmbH (BI) was previously a related party of Hikma as it owned 16.5% of the share capital of Hikma, controlled 11.8% of the voting capital of Hikma and had the right to appoint an independent director of Hikma. The independent director appointed by BI was also a senior executive of BI.

At 22 June 2020, BI announced its intention to exit in full its investment in Hikma. BI sold all of its stake (40 million ordinary shares) in Hikma, Hikma bought back 12.8 million shares on 23 June 2020 and holds them in treasury (Note 18). As of 30 June 2020, BI did not hold any shares in Hikma.

At 25 June 2020, following the BI divestiture, the independent director appointed by BI on Hikma's board resigned with immediate effect in accordance with the shareholder agreement between Hikma and BI.

The Group's total sales to BI amounted to $29.3 million (H1 2019: $31.5 million) and the Group's total purchases from BI amounted to $nil (H1 2019: $0.5 million). At 30 June 2020, the amount owed from BI to the Group was $10 million (31 December 2019: $7.3 million). Additionally, balances arising from the acquisition of the Columbus business from BI relating to contingent consideration are disclosed in Notes 13 and 15.

Other than that, no significant transactions between the Group and its associates and other related parties were undertaken during the half-year. Any transactions between the Company and its subsidiaries have been eliminated on consolidation.

21. Subsequent events

Hikma issued a $500 million 3.25%, five-year Eurobond on the 9th of July with a rating of (BBB-/Ba1) which is due in July 2025. The proceeds of the issuance were $494 million. The proceeds are intended to be used for general corporate purposes.