

Hikma MENA Meet the Management – presentation and Q&A transcript

Susan Ringdal – Hikma – EVP, Strategic Planning and Global Affairs

Great. Thank you all for coming. It's great to have so many guests here. We know it's a long way to come, but I think it's much longer for our team, to be honest, than for the team from London, because what I was really surprised to find out is that I think the Jordan team flew 7.5 hours to get here, and I think on a direct flight. I think the Saudi flight may have been even longer, so it seems like, oh, come visit us here in Morocco, but actually, our team is very spread out across the region.

But we're very, very pleased to have you all here today. I think you will really be able to learn a lot about our business over the course of the day. We have the GMs of all of our sites here, so whilst we'll give you an overview of the branded business, you'll also be able to deep dive into our key markets, whether it's through a Q&A session that we'll host or over lunch, the coffee breaks or dinner. So we really feel that this is such an important part of our business. We often get feedback that people don't understand it. They feel it's a bit of a black box, and so we're hoping to open up that box, help you understand the business and help you realise how great the opportunities are that we have and the potential of this business going forward.

So how the day will work is I'm going to pass over to Mazen, who is our Vice Chairman and the President of the MENA region. Then, he will introduce the rest of the team and they'll go through a presentation. Then, we will have a Q&A panel, so that will give you a chance to ask questions to the full team. We'll have a coffee break within that, and then we'll have lunch.

Then after lunch, we have a presentation on our Moroccan business, and we'll organise everyone into groups, and then we'll head off on the tour. So when we finish up the tours, probably around 3:30, a chance for one more coffee before you hit the traffic of Casablanca. But we hope you have a great day, and I'm just going to show a quick video on our business, and then we'll get started.

Tareq Darwazeh – Hikma – COO, MENA

Thank you, Mazen. So good morning again, and welcome to Morocco. My name is Tareq Darwazeh. I'm the Chief Operating Officer for the MENA region. I joined Hikma in 2008. I started in sales and marketing as a medical rep. I worked throughout the MENA for three years, and then I joined our business in the US. Back then, we were growing in injectables globally, so I worked on the integration of, back then, the Multi-Source Injectables facility that we acquired from Baxter. I stayed there for three years. Then, I came back to the MENA with the mandate of building out the injectables business, and it actually developed into a hospital business.

So I got exposure to the MENA throughout that timespan. Then, I moved into sales and marketing for the branded business, and then throughout that, I developed to leading and working directly with Mazen and the rest of the team on the MENA region as a whole, where I managed the P&L for the MENA with Mazen. We worked on the strategy, and I worked very closely with the team throughout the different markets.

I'm very excited today to start off by explaining the MENA to you a bit, and then it's going to be followed by a strategic explanation of the MENA. We're going to go over our strategy, and Samer will be presenting that. Following that, we're going to go over the injectables business to give you a snapshot of how we operate through our global presence, where we bring it more into the MENA, and the presentation will be done by Sherif, who is leading the injectables and hospital business in the region now.

So to start out, for the MENA, we have a very unique presence. As Mazen mentioned earlier, Morocco is our last frontier, but we're present across 17 different markets. In every market, we have a different business operating model that caters to the market, so we look at our markets based on clusters, and we have a tier model for the market. So our largest markets in terms of tiers are Saudi Arabia, Algeria and Egypt, and that's based on the potential of the market, on our presence, and as well on how we see the marketing developing into a growth strategy and a growth phase over the next years.

Then, we have our tier 2 markets, where we have a strong presence as well. We have manufacturing facilities in a lot of our tier 2 markets, and these are markets where we believe the potential for growth in is higher, and we're investing more and more in. Then we move to our smaller markets, which are our tier 3 and tier 4 markets, where we have different business models to cater for those markets. But it's worth mentioning that in all our markets and in all our tiers, we have boots on the ground. We have strong local teams that work with the regulators, that work with Hikma to bring in new technologies, new therapeutic areas, to cater to the markets. So we don't have a one fit model for every market. However, we have a one-stop-shop solution in the MENA region as a whole.

It's worth noting that around 40% of our business in the MENA is under licence, so we bring in a lot of novelty products, a lot of technologies, a lot of specialised products, and we group them with our existing products. When we work with our partners and licensors, we provide a one-stop-shop solution for them, so we do a lot of tech transfer into our facilities, to the MENA, because a lot of MENA markets have a closed system. So the sites are actually market access sites, where if something is not manufactured locally, it may be banned from importation in certain markets.

So what we do is we bring in the technology, we tech transfer it, and we start producing the medicines locally in order to grow and develop within the market, and this is why you're going to see a heavy manufacturing footprint in the MENA, but this is by design. This is what enables us to grow faster as Hikma and to take a leading position in the market and to shape it. So in terms of our ambition today, we have a very strong market presence. We're the second-largest player in the MENA. We have a very deep understanding of the local regulatory system, the regional healthcare landscape, and as Mazen mentioned and as you will see throughout the presentation, our teams work very closely with regulators on bringing new technologies, a lot of instances where we don't have a landscape in the MENA.

For example, for biosimilars, when we started working in biosimilars, there were no regulations for biosimilars, so we actually worked with the regulators on having a ground framework for registering biosimilars. We connected across different authorities in the region due to our position, so this helped us develop the market. What we did, not only did we increase access to more affordable medication, but we also gave patients different alternatives, and we gave governments and our partners, as well, more access to medication, which works within our vision and mission.

We have excellent customer relationships. We're the trusted partner of choice for regulators, for licensors and for patients, because our strategic initiatives are - and our portfolio is changing into more chronic medications. We're delivering more high-value product, more first generics, where we add value and we give patients a faster - a better second choice. We give them more affordable medications, and we're expanding our offerings more holistically throughout the region.

So this is just a quick snapshot. At Hikma, we've grown organically and inorganically, and this shows how we've been growing over the last 45 or 47 years throughout the MENA. We have a lot of manufacturing presence. We work with different companies to bring different innovations and technologies, and we are still looking at different opportunities to grow within the MENA and to build on our footprint, because we're very well positioned in the MENA to deliver on more technologies, to deliver on newer products within our current and existing infrastructure, since we're presence across all of MENA.

This is a very unique position that we're in, because we invested early in the MENA, and this is why today we're able to grow and develop further in the MENA, because of our extensive footprint throughout the region. Speaking of our footprint, today, we're a powerhouse in the region. We operate in 17 different markets. We have 20 manufacturing plants today as we speak, with more to come. We have five R&D centres to support our growth in the region. We have close to 6,000 team members in the MENA, where a third of them are boots on the ground, working daily with relationships and interactions with the doctors, so our reach within the region is also very strong, which enables us to promote and build on our products.

Just a quick snapshot of the MENA and how we operate today. We're around 25% of the Group revenue for 2023. We're 21% of the Group operating profit. This - the MENA accounts for 32% of the

Group revenue when we look at branded and injectables. In terms of injectables, we're 7% of the Group revenue. If we were to jump into the MENA, just to go over the holistic picture of the MENA, today, the MENA market is at \$39.5 billion. 41% of the total MENA sales regional are coming from generic products, where we see a growth in that and we foresee a very strong growth.

The governmental sector contributes to 31% of the total MENA healthcare spend, and post-Arab Spring, this is increasing more and more, because governments are looking more for localisation. They want safety and security. Post-COVID, a lot of governments are becoming more wary of their supply chain, so they're promoting local investments for manufacturing. They're also increasing the healthcare spend on more preventative healthcare, more on lifestyle diseases. They're increasing the hospital beds, so as a region, we foresee very strong growth within the region, because the dynamics and the life expectancy are increasing in the MENA. So it's all working in the favour of the industry in terms of growth, and it's giving very good economic indicators.

The non-communicable diseases in the MENA are expected to grow at a higher rate, as mentioned earlier. The aging population in the MENA is also working in terms of improved healthcare standards, the life expectancy 74 years, it's gone up a few years in the last 10, 15 years. So the macroeconomic trends are also showing positive factors for the MENA in terms of growth.

As I mentioned, or as we mentioned earlier today, Hikma is the second-largest pharma player within the region. We've gone up three ranks from 2020, and this came due to our portfolio, due to the way we operate in the market, due to our new launches, due to our efficiency in terms of delivering on a model of growth in the market. Because of our presence, our reach, this all paid off as we grew within the region, so we really understand the region. We know how it operates, and we're investing a lot within the region to grow and develop on it. This is just a snapshot of our rank in the overall markets, and it's worth noting that, over the last couple of years, we've really, really heavily invested in our portfolio and this is something that's delivering a lot of growth for us now.

Today, most of our prescriptions have shifted more to chronic prescriptions, which are in line with our strategy for growth and development, and it's more consistent business down the road. So, the way we're thinking has changed drastically over the last five to 10 years in the MENA and we are seeing that today more and more.

We have a very strong track record of expansion and of growth within the region and this is just since we've talked about the past, now we're talking about the present and the future. We've historically grown at 6% in terms of revenue compounded annual growth. Today we're working to increase that to 7% to 8%. Our operating profit has also increased from 20% to the mid-20% over the last couple of years in the MENA and we're looking to maintain that position.

Now I'm going to call over my colleague, Samer Al Ansari, who's our Vice President of Marketing to join. Thank you [Faruq].

Samer Al Ansari– Hikma – VP Marketing, MENA

So good morning, everyone, and welcome again to Morocco. I'll try in the coming slides just to give you some highlights on our strategy, ambition and our strategy how to achieve this ambition, as well as going through the progression that we have in the past two years, just to show you how things have worked for us in MENA.

So, I start first of all with our ambition. Our ambition is very clear, as mentioned earlier. We need to become the leading pharmaceutical player within MENA, and that's mainly by bringing products that are addressing the unmet needs, the big burden that Tareq mentioned earlier, which is going more and more towards the noncommunicable diseases, in an affordable way, so that we can increase even the share of patients that can use such medications.

Our strategy reaching there is based on three core pillars. The first one is having the right product, a robust pipeline, a product that is tailored and is addressing the unmet needs within MENA; a product

that is first to market. So, we need to register it as soon as possible and a product that's differentiated so it won't be easy to copy.

Then we need of course the operational efficiency, enough supply of this product at a competitive price. Finally, and the most important part in MENA is that we need to reach the right customers with the right message. That's all related to the value proposition part.

So, what I'll do in the coming slides, I'll just take you through each and every one of these pillars and maybe we can show more examples on how it's being done in the past and how we are planning to do it in the future. Let's start first with the robust pipeline. Again, our aim is definitely to match with the needs that are there in the market with where the burden is coming. Thus, as you can see from the slide, it just resembles to some extent where the noncommunicable diseases are going represented here with chronic diseases within our portfolio.

This is a portfolio of different time intervals. Eight years back we were at 44% of our chronic diseases, where we were an anti-infective company. By 2024 and end of this year, we are expecting to reach around 59% contribution of chronic diseases. By the next five years, based on our current pipeline, we are expecting to reach even to 63% contributed from products that are related to chronic diseases.

Now I'll go in details, and I'll just give a more detailed approach to how our pipeline is progressing. I've selected here three of the core diseases that are really causing the biggest burden in MENA. I guess they are also presenting from burden at a global level, but let's take them one by one. So, I'll take with the lifestyle diseases as first part. If you know the lifestyle diseases is a cluster of diseases related to diabetes, hypertension, hyperlipidaemia, as well as obesity. I'll give you an example when talking about diabetes.

At a global setting, the prevalence of diabetes is almost from 7% to 9%. In MENA, it reached up to 16% and in some markets even exceeding the 20%. So, it's a big burden and our role, as Mr Mazen has just mentioned, is that really, we need to bring the right medication to our patients and contribute to solving these burdens of such diseases.

So, we were aiming all the time to bring new generations of antidiabetics. In the past, we had a really good deal with Takeda by bringing products like innovative DPP-4s as well as actors, the TZD to the MENA market. Recently we've launched the first generic dapagliflozin, a class of SGLT-2, if you know this class, which is really a good class because it gives you not just the protection against diabetes but also against cardiovascular and kidney problems.

We are extending on this launch with a combined dapa and metformin. We were the first so far to launch it in three of our core markets, Saudi Arabia, Jordan, and Iraq. We are extending on the family itself with launching the empagliflozin as well with its classes.

In the midterm, of course, our eyes like what's going on right now globally in the midterm, we are looking for even the GLP1 group where we need really to fight against obesity, the cause of all evils. So, that's what we have in the midterm view.

With regards to oncology - and let's move now to specialty medicines. Before moving there, of course there's also the hypertension and hyperlipidaemia and I would say that the market is saturated in a way with the current medications that are there, but we've led that market with candesartan, and well as [unclear] and recently we launched azilsartan, a very unique, new ARB in the hypertension arena. We are moving more and more towards resistant cases with more combinations, but also having an eye on pulmonary hypertension, a unique part of the hypertension that's really making sense for our patients with some products in our pipeline.

Dyslipidemia is another big story in MENA where almost we're talking about 50% to some extent the prevalence. At that moment we are really doing well with statins, rosuvastatin statin, atorvastatin, but we are bringing now the combinations there, which is [rosuva/ezetimibe], that will be launched soon, as well as we are going into new even generations of products that can work with the resistance of statins.

So, let's move now to the specialty medicines like oncology as well as immunology. With oncology, we're the first to bring oral oncology. We have our own first manufacturing site within MENA, that was in Jordan for oral oncology. We started with hematologic malignancies, mainly focusing on chronic myeloid leukaemias as well as chronic lymphocytic leukaemias with dasatinib, [osotinab] et cetera.

We moved more and more towards solid tumours as well. So, this year we are launching Palbociclib for breast cancer as well as Abiraterone for prostate cancer. In the midterm we are even going for renal cell carcinoma, expanding more in haematological tumours through the acute myeloid leukaemia area. It's there and there are really new medications in this regard and hopefully in the future we are even going more and more towards ovarian cancer, which is really spreading right now in MENA in a way.

Regarding immunology and immunosuppressants, I think if I'm going there, there's a lot of products, but I'll focus on two of the diseases that are really causing a burden, one of which is the multiple sclerosis. I mean you all know about multiple sclerosis and how it's impacting the life of patients.

We were the first actually to bring a generic oral multiple sclerosis product and that was dimethyl fumarate. With adding fingolimod there as well, we managed really to get the leadership in this market at an affordable price, so, the base of patients that were using such products increased and the convenience increased so they were able to at least take this medication better than the injections.

This year we are launching a very unique product within multiple sclerosis called cladribine. This product is used twice per year. So, imagine the amount of compliance that we will get for the patients by adhering to their medication by this product. Nevertheless, I'd like to mention that specialty medicines are really difficult to make. With cladribine as well as with dimethyl fumarate, it's not that easy. With dimethyl fumarate it's mini tabs encapsulated that really need special equipment to be created.

Now moving even to rheumatoid arthritis and ulcerative colitis. If you are aware and familiar with the JAK2 inhibitors and the JAK inhibitors, those are medications that are really efficient and they are bridging between the traditional treatments so far as well as the biologics like tofacitinib, like baricitinib, and we are having even a really very unique one that will be a surprise, but that will come hopefully in the midterm for the JAKs as well.

Moving on. So, now we have these products that are tailored to the local needs that are really related to the burden of diseases. What we need right now is to bring these products as soon as possible to the market. When saying being first to the market, that's really important from two perspective. The first one is definitely related to the patient because bringing affordable medications to the patients will increase the utilization as well enhance their life when having affordable version of the product.

Also, it is good for us. When you are the first two markets, you start by building your brand equity before competitors start coming and you start also gaining share of the patients that are using your product. So how can we do that? In MENA to get a product from the selection to the market you go through three different stages.

The first one is related to availability of the API, the active pharmaceutical ingredients. That's not something easy. When we talk about new products, you could imagine there's no supply at a global level. Nobody's interested in creating the API until there's people asking for such APIs.

The second part is related to the patency, where in most cases like countries like China, India, et cetera, you'll find there's patents for the API. So, this is really a stage limiting process for a lot of companies because we'll be waiting, putting the product on hold until API is available, while in Hikma, when all the other competitors are still searching for APIs.

The second stage of development is related to the R&D and the development of the product itself. That's really an important stage because we build on our long years of experience that we have, especially able to work with complicated processes and decrease the development time of such products.

The final stage, which is really not an easy stage and it's a complex stage, the registration phase. When I am saying registration phase, I'm talking that when the product is compiled by the R&D and it's ready to be submitted, now you go, and I think you're all aware of how the FDA and such regulatory bodies work.

When I'm telling you we have 17 different markets with 17 different systems they are having their own requirements needs. So, it's really crucial for companies to have the local knowledge, know-how understanding what kind of deficiencies, inquiries that could come from the authorities so you would be able to either fulfil that when we submit the file or be able to answer immediately when such inquiries come up.

These inquiries are what makes the products delayed in launch. So, solving it all that will make sense and then we will have our products as fast as possible to the market. Now, just to say that we are walking that talk. In the past five years, 65% of our new launches were either first to market or first generic.

What we are looking at when we look at our pipeline for the next five years, we are expecting 75% of our products to be either first to market or first generic. First to market means we are even before the originator. Third generic is that we are the first to come to the market after the generic.

This is just a slide that shows the regulatory environment in MENA and how it's really not that easy. Again, 17 different markets with files that are related to a lot of stuff like analytical reports, technical expertise, bio equivalent studies, stability studies, et cetera that are really different from one market to another.

It's not just the file that's submitted, but also even when we reach the pricing stage where pricing itself in MENA is related to reference pricing and not understanding the rules and the reference countries et cetera, and submitting the wrong price, you will get a rejection and then you will have to appeal and that all takes time.

Then comes the reimbursements and I would say it's clearly that in MENA it was all based on budget impact, but we're moving more and more towards a health economist and health technology assessments and this stuff that there is a need for understanding completely what's going on with this and speaking the same language as the health economists are as well as - and I will talk about it more when we go to the customer centricity, it's important for us as leading pharmaceutical company within the MENA is to drive this change and this is exactly what we are doing.

So, moving on now to the third element of the [right] pipeline. We have a product that's related to the local needs in the market, we have a product that is registered and is first to market. What we need now is to have a bit of differentiation that will make this product difficult to copy by competitors. This is what will give us more time in the market just to continue building our brand equity, gaining more share before competitors are able to copy and bring their products in.

As well as that complicated, difficult products are what really is bringing the right solutions to our patients. So, when talking about differentiation, I'm just going to give you three examples of how we differentiate our products. First differentiation example on know-how differentiation. That's our R&D and that's related the years of experience. So, when talking about the know-how, and I will give one example which is related to impurities and controlling impurities.

I think you are aware with the nitrosamine impurity that came as a trend in the past few years where authorities are really interested and it's like a carcinogenic impurity. Some products were even withdrawn from the market, partially related even to originators themselves like varenicline, like metformin, valsartan. So, it's not something easy to handle.

Now governments are asking in MENA for such kind of limitation for such impurities. Our R&D managed to come up with a mitigation process that can control limits this impurity. Helping us right now we're talking about dapa metformin that was launched, and we are the only ones in the market so far because others are still working on solving this impurity issue.

Another part of differentiation is definitely the capabilities and the technical complexity. We talked about our operational and our sites in the MENA, the oncology side that we were first to bring so far in different markets, whether Jordan, Algeria, the API side that we have, the immunology side, in the past, the penicillin and the [unclear] sites. These are all creating a big barrier to entry for competitors because no one can come and now build a manufacturing site and still build his own expertise and start bringing products to the market. That will really take time until they can copy this.

It's not just the sites, it's also what's within the sites. So, in talking about technical differentiation and there's a lot of examples. I will just try to simplify it as much as possible. When we are trying, for example to get a soluble product, increasing the solubility of certain products so that we can work on is not easy sometimes like what we did with cladribine and others. To increase the solubility means we need a complicated medical reaction through complexation, et cetera, which is not easy. It needs expertise as well as machines.

We have also some areas like hot melt exclusion, which is a completely difficult technique with machineries that's needed for it to transfer certain products into that liquid form. Then to take the product back from liquid form to solid form sometimes you need freeze drying and you need a nitrogen level at so low temperatures, which is not a lot of companies can do. They might learn with time, but that takes a lot of time. That's really bringing us to being the only ones playing in this market.

Finally, it's related to the BD and as Mr Mazen mentioned, we have 40% of our business coming from BD. We are considered a partner of choice. We have more than 100 products so far with almost 60 different partners that we are working with that entrust their products with us whether through manufacturing, marketing or promoting it.

Putting it clear when going for BD, it means that either we have a product that is patented, and you can't go around this patent. A product that does not have the API and we can't create the API or a product that need a very complicated procedure that we can do. Those three are big differentiators for us when we launch such products.

Now we are really looking into innovative products to bring from partnership and licensing like we talked about the GLP1, we talked about the long-acting anti-psychotics. We are also moving more and more to build agreements on pipeline wise from companies that have really strong technical know-how like what we did with SK Biopharma that are really good in CNS, and we are bringing one of their products called cenobamate that will be launched soon. It's a really unique anti-epileptic product.

Finally, we are trying to move further beyond the pill. So, we are moving diagnostics. Our first experience – and I guess my colleague Sherif will put more lights on it – which is related to the Guardant Health, but we are also considering outside oncology, women health as well as anti-infectives.

So far 75% of our pipeline that's coming in the coming five years is differentiated in a way or another. We have the right product, we have it first to market, it's really differentiated. So, we have good gap. What's needed now? We need the capacity; we need operational efficiency to give us the right quantities when needed at a competitive price.

Here we come to two arms. The first one is related definitely to the capacity where we are currently working on upgrading our manufacturing size to increase the capacity by using high scale speed machinery that also will help us in reducing costs like tableting machines, powder filling machines, et cetera.

Definitely we're talking about the sites. We're talking about oncology, the immunology. We still have a lot of ideas of how we can really differentiate ourselves through the sites. Definitely we're talking about the advanced manufacturing machines, whether that's the bi-layer machines, whether that's - we talked about the hot melt exclusions, et cetera, to just upgrade our sites, not just the normal sites. I think you will be visiting one of these sites and hopefully you'll be amazed with what you will see.

Then we are talking about our cost discipline and how we can minimize our costs. I would say the operational excellence is one part of doing that by making sure that we are really optimizing the way

we do business. Then there's definitely the alignment between demand and supply. That's really managing our inventory to the right level and of course, keeping an eye with having dual and sometimes three suppliers for the API, so we make sure that we are really getting the best price.

Finally, we have the right product, we have the right operations, but that's not enough. Some products really failed and failed hard because they really don't understand the markets. When talking about the market in MENA, and I guess Mr. Masoud mentioned it clearly that it is called a branded generic market.

What does a branded generic market means is that the prescription comes with a brand name, not with the scientific or generic name. So, in the past the king of everything is the healthcare portion. The doctor. H's the one that do the prescription and then it has to go to the payer to make sure that the product is available. The pharmacist has to dispense it, and the patient has to take it and that's it.

Now COVID has changed all our lives, and it did the same in MENA. So, when doctors are not available, patients have to go and knock the door on the pharmacist. Pharmacists start to become more involved. They are now the frontiers. They are counselling the patients and taking the first decisions. Payers with the burden of the budget start taking higher responsibilities. They are looking for the best options, not just budget impact.

So, the concept of health technology assessments starts coming in and patients, they were dictating everything. They are now really learning more and more about their diseases and dictating what they need from the healthcare professionals.

So, if you don't really understand such complexity and how to handle each of those stakeholders, it's a disaster and it won't work, and a lot of products can really fail this. So, in MENA we have really a full understanding of what we are doing. We have 2,000 persons on the ground that are really going and visiting the different stakeholders. So, when talking about physicians, they're still having [unclear]. They are the one that bring the prescriptions and everyone's going there.

So, we need to provide something that's beyond just the high-quality pill, because everyone is saying we are a

high-quality company. We start engaging them in more interactive approaches just to give them more education, get them in, making them feel that they are really getting something out of us, which is new technologies that we are introducing them to, like creating local guidelines that really fits their patients in MENA. So, it's more like solutions.

For pharmacists, we are driving the [unclear], so it's more of helping them at a medical level through digital platforms, direct visits. So, we're providing them with continuous medical education. I think I got so excited that the microphone stops working. That's what we do with them. Now, the counselling itself is a technique that is missing in MENA and the pharmacist's role in the past was just to sell the product. Now they are really taking this role, and we are so proud to be partners in that.

Then definitely there's the payers and we have drove the whole process. So, we started getting all the key health economists. There's a lot of models at the global level, whether that's the HAAS, the NICE, I mean you can count it. Then in MENA, there's nothing. We needed to be pioneering in this. We are a leader, so we have to drive the MENA.

We brought all those health economists in a program that took us years to try to come up with something that really makes sense. They are looking at us as a partner of choice and we are looking at the process as being highly proactive. So, whatever comes in from their end will definitely help us later on in creating our own solutions that match what they need.

Finally, and the most important element of all of this is the patients and we need to empower the patients. This is part of our responsibility, but we also need to be felt like we are not just a pharmaceutical company. We are much more than that. So, we created the digital platform called [spoken in Arabic]. That's in Arabic and you are in Morocco. I thought you have studied some Arabic.

So, what [spoken in Arabic] means, it's a nice life. So, we try to brighten things up. It's 12 campaigns per year. Each campaign is a variety of things like interactions with healthcare professionals, some influencers, tips and information. It's all about diseases, but it's also going toward wellbeing.

So far, we have more than 1.5 million followers on this platform, almost 700 million reach. I think we have the highest engagement so far, especially when talking about Facebook and Instagram with almost 4.3% from our audience. It's really helping our community, helping our patients. I guess this is part of what we should be doing. It's not just the pill, it's all the whole story and our army on the ground.

So, we are visiting in MENA around 70,000 to 80,000 healthcare professionals. Imagine. With around 2,000 commercial team. Now we have a sales force that's going and knocking the doors and do the detailing. We have the medical teams, the MSLs that are really contributing to the medical parts, not just selling. As you've seen, we are the first to market in a lot of products and we are driving the know-how in these products.

We have the market access team that's currently working with the payers, whether that's on the model itself but also on the ground with different products and we have definitely the commercial team that's working side by side with the pharmacists just to make sure that we are there and supportive as much as we can.

As well, we have a lot of [commodity] products that are not promoted anymore and it's more of selling. Patients with associations, with the medical teams that we have, with the digital platforms that we have. We are really trying to do our best there. I will leave you now before moving to my colleague Sherif with a small video that will take you through what we are doing in MENA now for the different stakeholders and I hope if you have any questions that I'm there available that you can ask [unclear]. So, thank you.

Sherif Shafick – Hikma – VP, Injectables MENA

Excellent. Good morning, everyone. Thank you very much for coming. It's great to be here. My name is Sherif Shafick. I head the Injectables business and the Hospital business in MENA. I have been doing that since September only. Before that I spent three years doing business development. So, I'll talk to you about business development and then I'll talk a bit about Injectables.

In the business development I'll be talking about the full MENA, so it's the combination of branded and of injectables. Over the past two and a half years we have been very, very active in business development. So, in roughly 31 months or something, we have signed 31 agreements. This is very, very aggressive and very, very accelerated. If you compare it to our previous history, prior to 2022, we used to sign on average four to five agreements.

This is in a sense normal and expected. We have a strong balance sheet. We are a big player; we are the second largest company in MENA. We have a very strong commercial infrastructure and a very strong manufacturing infrastructure. There are a lot of partners who are willing to work with us and would be happy to work with us and we deliver at the end of the day.

So, this acceleration was also combined with a different shift in our business development strategy, which is moving towards more and more innovative, highly sophisticated products. So, if you look at this table, and these are just examples, not all our agreements are announced by the way. Of the 31 agreements we announced a fraction only of this. If you look at this, you'd find that across all horizons, the current, the mid, the end, and the long-term horizon, we have projects that would make impact, and you'd find also that it is of increasing sophistication.

So, at the bottom you would have complex products. These are products that are difficult to manufacture, difficult to develop, but you would see competition in there like biosimilars, like long acting injectables. As you move up, you will also see highly differentiated top tier products, innovative products that are patented like remsima subcutaneous. That's a biobetter. Like toripalimab. This is a breakthrough PD-1 that we have licensed, and we are very hopeful about.

We think with this product we would be able to improve access for immunotherapy in the region. Today PD-1s are being used, but not all eligible patients get to access PD-1s. We think we can make a transformation in cancer patients lives with these products. Xcorpi, which my colleague Samer mentioned about. As he mentioned, we have a wider agreement with SK Biopharma, which allows us access to their full pipeline in the future.

Then there are also highly differentiated technologies. Something we announced earlier this year that we are very excited about is our partnership with Guardant Health. Guardant Health is a genomic diagnostic company. They have various products and tests in the oncology space. With this partnership we'll be able to help governments screen populations for cancer and we would also be able to help doctors and patients to identify what's the best treatment for their patients and the best treatment pathway.

So, overall, it has been a very accelerated great period for us in the past three years or so. I think there is only more to come. We are just starting; we are just scratching the tip of the surface if I may say. To give you a glimpse of this, today we have 160 open opportunities that we are looking at. In MENA. Just for MENA. So, you can imagine there would be more and more business coming out of this.

Now if I move to Injectables. MENA Injectables is part of MENA and part of the global injectables segment. As you know, the global injectables segment is a \$1.2 billion slower business increasing and growing. We are roughly 16% of that in MENA. It has been a growing business. We have a double digit CAGR over the past years and we think it will continue to be a strong growing business.

This business, let me talk a bit about it. So, we are present in 16 markets. KSA is the largest market, Morocco where we are, is a top tier market for us in injectables. We have a portfolio of 122 unique molecules and more than 270 SKUs. We continue to launch a lot of products. So, we are very active in terms of launching products through R&D and business development.

Nearly a third of this business is biosimilars. So, the composition of this business is different from the rest of the global injectables because nearly a third of the business is biosimilars. Nearly a quarter is innovative products, patented, originated products, and then the rest are generics. Maybe 45%. The generics, maybe a third of them are complex generics. Then another two thirds are standard injectable generics.

This is essentially a hospital business. So, our focus is with hospitals. Our key customers are authorities, payers, doctors, therapeutic area experts, pharmacists and obviously patients. We leverage synergies with the branded. So, I'm both part of the Injectables group but also part of the MENA group and we leverage synergies with the branded across the organization and across therapy areas.

Now I want to talk a bit about this business in terms of its diversity. As Masoud mentioned, diversification of the business is very important for us. This is a business that's uniquely positioned for differentiation in MENA. This injectables business has a world-class, generic injectables group behind it. So, in the generic space we are able to get products to the market and develop products far faster than competition.

That's a very strong advantage for us and we are investing into manufacturing footprint also in North Africa and in the future in other countries. You will see the site in Morocco. We think it's a very good and impressive site. With this local presence, with local manufacturing, with the Group R&D behind us, what's left is the customer centricity as Samer was mentioning and the people. We have a very strong commercial infrastructure in MENA, which we are utilizing in this business. So, the generics business will continue to grow and is a unique business within our injectables in MENA.

The other business which is unique is biosimilars. I actually joined Hikma in 2015 to build and lead the biosimilars business. Hikma's history with biosimilars was really way before that. So, we started looking at biosimilars in 2008/2009. By 2010 we signed an agreement with Celltrion, which allows us their pipeline of products on biosimilars. Celltrion then was a small company in Korea that's doing something called biosimilars.

So, we were way ahead of the market. Even by the time I came in 2015, biosimilars was still a very new area. If you think about it, the first ever biosimilar approval by the US FDA was in April 2015. So, in MENA, as Mazen was mentioning, there weren't regulatory pathways when we started for biosimilars. They were not sure how to price it. They were not sure how to test it even. Doctors were not sure should they switch patients, which patients should they put on biosimilars, and patients were not sure if they should be switched to biosimilars.

So, we used this period, we spent a lot of years in shaping and forming this market. This allows us until today a unique position in this market. It also allowed us a unique position in the healthcare ecosystem in MENA. As Masoud mentioned, one of the great things we did in this business is we expanded access to biologics.

I have personally seen patients who would describe how life-changing our entry was because they would stay on conventional therapies for years instead of moving to a biologic. With our entrance now they are able to access these biologics which are transformational. So, the biosimilar business is another business. It will continue to grow.

In early 2020, in the biosimilar unit with the management team, we figured we should not be in only the biosimilar business. We should be in the wider biologic and precision medicine business. From there started this strategy of adding different innovative biologics, adding diagnostics like Guardant Health and all of that.

So, on the other side of this slide is the innovative and think of generics, biosimilars and innovative as engines working together to drive growth and to allow us to offer a unique, very complete offering in MENA and innovative with all the differentiation, with all the different sophistication continuum. So, from simple originator products to precision medicine products.

I want to give an example in oncology of how this gives us a unique edge in the market. This is a simplified patient journey for oncology. I'll not go through it. I just want to make a specific point from it, which is across the cancer continuum we are able to help in screening and diagnosing cancer. We are able to help doctors identify, and patients identify the best treatment for their cancer.

We have a significant cytotoxic, chemotherapeutic, generic injectable portfolio. We have a significant targeted oral oncology portfolio through the branded segment. We have biosimilars. We have immunotherapy, PD-1s. We are getting more and more innovative biologics. If you think about it, this is unparalleled in this part of the world.

There are probably very few companies even in big pharma who can claim such a very, very massive and wide presence. Our intention is to continue to expand this presence in the future to be able to help the patients across their needs.

With such a platform, where do we go from here? Something we have been - we always think about. We have this very wide portfolio. We have relationships across the healthcare ecosystem. We have a strong global injectable segment behind us. We have great people and a strong commercial infrastructure, and we are building manufacturing. So where do you get from there?

We think we have the potential to change the way patients are treated in MENA with all of this picture together. I think our business will continue in the future to evolve into three businesses or three segments and pipelines. The foundation portfolio, which - the generic portfolio. This will continue to grow through our investments in manufacturing. This will allow us flexibility in addressing demand. It will allow us flexibility in customizing products to the market and it would allow us cost efficiency. Also, it allows us government relations and stronger relationships with authorities, which helps the wider business.

The other part of the business would be the differentiated portfolio. Biosimilars with time will move between all three of these, so they will be in the differentiated. Some of them would be maybe commoditized in the future and some would be in the position medicine space. So, this differentiated portfolio, we will continue to grow this business. We will benefit from our sites in MENA to extend the

lifecycle of the products and we will continue to utilize our commercial infrastructure to bring more of these products to the patients.

Then the precision medicine business, we think this will continue to be a growing area. There is a lot of opportunity for us to continue to grow more here and it will be a profitable area. We are also very excited about it. The thing I am sure we will continue to commit to is ensuring that patients get access to the best treatments in MENA. This is something no matter what we will always deliver on. Thank you and with that I hand over to my colleague Tareq.

Tareq Darwazeh – Hikma – COO, MENA

Thank you, Sherif. Thank you, Samer, for showing us the different parts of the business, how we're operating and now to tie it all together. This is just a summary and a snapshot of what we discussed. So, our strategy is leveraging our global expertise and our local knowledge to deliver on healthcare needs across the MENA.

In summary, we're focusing on high value first to market generics, which place us in a unique position to build on the market and develop more in leading the way of how the market operates in the future. Our portfolio and pipeline are focused on chronic illnesses which yield more consistent prescriptions and more high value prescriptions for Hikma and for the patients as well.

In terms of providing the first generics for chronic medications, we're expanding on differentiation of complex products and partnering with innovative companies, which falls within our portfolio and within our strategy to provide a holistic solution for our patients and for the regulators as well, where we give them very high-quality products from a trusted partner.

We're consistently investing in local manufacturing in the communities we're in and then building on the infrastructure of the markets that we operate in and we're evolving into a holistic healthcare company through the presence across the patient journey, as we mentioned through our different therapeutic areas, through the different classes.

Now, in Hikma, where we believe and from what we're seeing is we're very well placed for organic growth. We have a very strong growth trajectory and a very strong track record of margin expansion in our branded business. This is just a quick snapshot of the financials we discussed earlier.

For the injectables we're also in a very unique position where we're leveraging our global injectables presence with our local MENA markets. We're investing in injectables manufacturing in the region, which will also give us more access to those local markets that we're operating in where we will develop a leading position in those markets. These are just another snapshot of what we discussed earlier in terms of the growth and margin. So, thank you all.

Susan Ringdal – Hikma - EVP, Strategic Planning and Global Affairs

Yes, so thank you all very much. We've got - we're pretty much on time. So, we will take 15 minutes for coffee break and then we'll come, and we have a Q&A panel. Probably we'll have about an hour to go through Q&A.

So, you have a panel here and really this is just your chance to ask your questions. As you saw from the bios, you have the GMs of our key markets. You have the Head of MENA Operations. Samer, obviously you've heard from already in terms of all of our commercial activities. So, this team can answer all of your questions, I'm sure.

So, really, I think we'll open it up. If the IR team feel that there are certain topics that we'd love you to hear about, but the question hasn't been asked yet, then we may jump in, but otherwise we'll leave it to you to drive the Q&A. We will hand you the mic - if you put your hand up, we'll hand you the [inaudible]. If you don't mind just talking into the mic, that would be great.

James Gordon – JP Morgan

Hello, it's James Gordon from JP Morgan. Two questions on growth areas. One was on GLP1s, which were mentioned on some of the slides. So, for GLP1s, is it just Victoza, which is a product that I think the patent is just going and something like semaglutide, which is a really big opportunity, would only be up in the 2030s, or might that be a bit earlier?

Would we think on this one, would you be more like a distributor, because someone else would be doing the API and you would be using your fill finish. What bit of the GLP1 would be doing? How much of it would be Hikma, versus actually more just distributing someone else's GLP1s once the patents go in the '30s. That's the first question. Maybe I'll pause there, then ask the second one.

Samer Al Ansari – Hikma – VP Marketing MENA

So, it's crucial again as I mentioned. So moving from the SGLT-2s, DPP-4s that have been there, now the GLP-1 is what's coming on. I don't think we can disclose right now which kind of GLP-1 that we are bringing, but there is definitely one that's in our pipeline right now [unclear]. The way that we are going to work with the research for that, those are like peptides, so we are considering both, but I think at the beginning would be definitely through just bringing the finished product.

James Gordon – JP Morgan

Thank you. The other question was Saudi. I think on the fact sheet you said you've got something like 6% in Saudi and it looks – if I try and look at some of the other slides, that would imply, at least on the IQVIA data that Saudi is almost all of your sales, which I think it probably isn't, probably the IQVIA overstates it, so how big, how focused is your business in Saudi? Is Saudi your biggest market, and Saudi looks like a really high growth potential market.

I think there are some domestic Saudi companies that also invest in lots of manufacturing, but I don't know if they might have a bit of an advantage in terms of being seen as local companies. So, there are two parts to the question now: how much is Saudi of the overall business and is that a big opportunity, or is it also a bit of a risk also that some local companies get quite aggressive in terms of how competitive they are?

Samer Al Ansari – Hikma – VP Marketing MENA

Saudi, I would say, it's almost like one-fourth of our total business. IQVIA numbers, definitely the way they are counting, the public prices, that is already included, but in general it's just like one-fourth of our business. What's the other question?

Tareq Darwazeh – Hikma – COO, MENA

I'll take that. In terms of local competition, you know, as the MENA is developing, the health care systems are maturing, we will see and we are seeing a lot of local competitors come up. However, they will take some market share, they will compete, but I believe or we believe [unclear] that our position in a much more unique position where we have stronger capacities, we have a global reach, we have a very strong knowledge base, so they will compete, but the market is big enough for everybody to compete, but we still see ourselves in terms of our pipeline, in terms of our innovation and in terms of our integration and in terms of operating model where we still have more of a competitive advantage down the road.

Masoud Abdelmajid – Hikma – VP, MENA, Operations and Levant Territory

If I may add to that as well, I mean, we are a global company but with local presence, so we've been in Saudi Arabia almost – for us it's forever, right? We've been there for so long. With our manufacturing on the ground we are looked at as also a local player and that gives us as much advantage as any other that, say, like you put it, local or Saudi local company starting up.

Ma'moon Al Araidah – Hikma – VP, KSA and the GCC Territory

I think maybe just to add for Saudi Arabia because I'm managing this trajectory at this time, so we do have big ambitions in this market. It is definitely the biggest market in the MENA with market size exceeding [\$12 billion] and then we are ranked number 1 actually there with market share exceeding 6%. Now we just announced that we will have a new project to where we are planning to localise our injectables there, plus our oral oncology mitigations and we believe that this kind of localisation will give use edge and we will be ahead of the market, as always.

James Gordon – JP Morgan

Thank you.

Emily Field - Barclays

Hi, thanks. Emily Field from Barclays. One question about the government payers versus private payers and I think you mentioned that since the Arab Spring, the government share was increasing, which I believe you said you viewed as a good thing. In the US obviously we think the opposite in terms of pricing, that it's better for private to have a larger share, so I'm just wondering if you'd give some colour on why you think that is a good thing.

Then a financial question, obviously there has been some pretty significant margin expansion of the last few years and approaching sort of more of a mid-20s level. Do you have any longer-term goals for margin expansion, because you're going to the top line quite rapidly but obviously still heavily investing in the business?

Tareq Darwazeh – Hikma – COO, MENA

I'll take the first one. In terms of the US model, it's very different than the MENA markets because, as you know, the US is a freely priced market. You have GPOs for the hospital segment then you have a very big retail challenge. The MENA market is scattered more and more. Now, in terms of the government and health care spending increasing, that's a good thing, because the whole health care sector and the percentage of GDP spend is increasing from governments and they're focusing more, so you're going to have more focused tenders, they may be a lower margin business, but they're still a very big substantial part of the business where you can [unclear] volumes.

So, the market is becoming more organised, you're having unified purchasing groups, so with Hikma and with our capacities and with our very strong manufacturing capabilities, we view this as something positive for us, because we believe we can capture more share. We have a very strong efficient position in the market. In terms of the question regarding margins, we were in the low 20s in the last couple of years and we've worked very hard to reach the mid-20s and we're going to stick to the mid-20s over the next couple of [years].

Paul Cuddon – Deutsche Bank

Hi there, Paul Cuddon from Deutsche Bank. Just going a bit high level, you said your ambition is to become the largest pharmaceutical company by sales in MENA, so how far have you got to go and how long might that take?

Samer Al Ansari – Hikma – VP Marketing MENA

Based on the IQVIA figures, Sanofi is the number 1 and the difference between us and Sanofi is something between 15%, which I believe is something that working hard as we are doing right now, could be done and it's like an ambition. It's our ambition where we need really to be. It's something that we look for.

Paul Cuddon – Deutsche Bank

Okay, thank you. I'm pretty sure I've been covering Hikma for about 10 years or more, and I'm sure back then you had 2,000 sales reps in that space and you've not changed, so are you having a bit of an opportunity to invest in the salesforce so that any areas where you're looking to expand to drive faster market share gains, or are you focusing more of your investments on digital and other ways to reach the patients?

Samer Al Ansari – Hikma – VP Marketing MENA

Our commercial excellence team actually are the ones that are working on making sure that we have sufficient reps that can really make the most in optimised calls. That's why what I was saying, is that we are currently visiting around 70,000 healthcare professionals and put in mind that products have their own life cycles. Some products are completely out of promotion and others are coming in, so it's fine to see that the number of reps are the same. That's a good sign that we are optimising our resources.

Sherif Shafick – Hikma – VP, Injectables MENA

Also bear in mind that we are moving more and more towards specialty, as we have explained for both segments, and speciality requires a different structure in terms of sales force, so this is in line with our strategy and how we are moving.

Tareq Darwazeh – Hikma – COO, MENA

If I may add, the quality of our sales over the last couple of years has also shifted more to chronic medications to more high value products, so the return on investment that you're getting from your boots on the ground is higher. You're maintaining the same number, but you also have strong back and support functions where you have the medical team, [unclear] the market access linked with marketing that are driving more efficiency together holistically with the sales team.

So, you are maintaining the number. We're investing where it's needed to drive more efficient, more high value sales, more chronic prescriptions and also through the optimisation of our portfolio. As Samer mentioned, we're reeling out older products based on life cycle to move to a more commoditised approach where you detail them through more of a commercial presence, rather than a brand or generic presence. So, it's the combination factor.

Paul Cuddon – Deutsche Bank

Thank you.

Dominic Lunn – Morgan Stanley

Hi, Dominic Lunn from Morgan Stanley. Obviously on manufacturing, you've obviously talked about your local manufacturing presence in countries and MENA being an advantage, and I understand part of this comes from a regulatory perspective where there's a preference to use locally manufactured products when available. So, my question is, if you have a manufacturing presence in a country, does that give you a licence to then passport in the rest of the drugs in your portfolio ahead of competitors, or does that preference only apply to drugs actually manufactured in the country and how many markets actually have this model of preference for a local product?

Tareq Darwazeh – Hikma – COO, MENA

In terms of, as we mentioned, the MENA has 17 with 17 different regulatory authorities. Each one has their own regulatory framework. Now, a lot of markets, what they do - and to be specific, Egypt today, Algeria, Morocco, Tunisia have a closed market system where if it's manufactured locally in one way or another it's banned from importation, whether it's through a box system like they have in Egypt – so in Egypt the regulatory framework is they have 10 boxes, you have one originator, one imported generic then eight locals and you can't enter a new registration.

So, in a way, the market is closed. Algeria has a different system where if it's manufactured locally, they ban it from being imported, so every market has its own story. Being a local manufacturer gives you an edge because it's a market access site. Now, in terms of bringing your portfolio, it depends on what you – so, some governments for example, allow you to do secondary packaging for a while, then to bring the products in. But it's not a guaranteed passport to bring the products in, because if it's localised, then it's localised and it may be from scratch in certain [unclear].

Seb Jantet – Panmure Librum

Hi, morning. It's Seb Jantet here from Panmure Librum. A couple of questions. First, just on the regulatory environment. You've said the 17 different regulatory environments. What is the chance of that changing and there being some form of mutual recognition, because clearly, having different regulatory environments in lots of small countries is a barrier to medicines in the long term and you have seen some signs of regulators starting to think together, so just a first question on that side.

Salah Mawajdeh – Hikma – Government Affairs Advisor, MENA

Actually, within the foreseeable future, probably it's not going to happen. I'm speaking because I was on the other side of that question. I was – [unclear] – and within the foreseeable future and probably what you are asking probably will never see the light for a variety of reasons. I worked on the other side of the question. I was on the regulator side for some time, and myself tried it. I was telling some of your colleagues during the coffee break, when I was Minister of Health for Jordan, the Arab League had meetings for different ministers of Health and I brought the subject, because I personally see the commonalities between them are very high, so why not just complete the whole thing. It's much easier to have just one file for me, like the rest of the world.

For a variety of reasons, honestly, we failed to do that. The good news, the big part of the different countries are basically the same, so probably 95% of the requirements – and so [unclear] are not different from Jordan. So, there are those minor details and certain requirements and this is what Hikma's strength is, we know all of these because we have the local regulatory teams within each countries from those countries. They know their own standard regulations and they know how to register the product fast, get the best price and market faster than other companies. If you want to be

selfish, probably it's a nice thing to have for MENA, because MENA, from our perspective, it's our backyard.

Samer Al Ansari – Hikma – VP Marketing MENA

I just wanted to add here that we are working with different regulators in MENA in the same way that we are working with the health economists, in the way that we can facilitate some processes, link them all together to try to come up with similar routes in markets, but I don't think – as Dr [unclear] mentioned, I don't think it will reach to the level that they will have one system. Actually, to add what we're seeing is regulators want more and more localisation actually, so every country is pushing for more localisation, so in a way it's moving in the other direction.

Especially post COVID, because there were a lot of destructions in supply chains, so all the countries are thinking of, how do I secure my own supply? Everybody is scared for their security in terms of health care, so they're pushing more towards localisation and there's a fine balance. You can't manufacture everything everywhere, you have to think where you can excel, where you can add value, where you can maximise, so is how we navigate across it.

Seb Jantet – Panmure Librum

Thanks. If I could just ask a couple of questions about pricing, and I appreciate these may be quite difficult to answer in a concise format, but I'm trying to understand how the framework pricing is set in the larger countries, and what are they taking into account when they look at the framework pricing. Then second, just to follow that up, you mentioned that you see government being more of a payer as an opportunity, but what is the risk on pricing, because obviously what we see in other markets is the government gets much more aggressive on pricing and you get into a cycle where you're being [asked for] reimbursement cuts every year on pricing.

Tareq Darwazeh – Hikma – COO, MENA

The basic system in the different countries are probably the same. They use the country of origin price, and they use a basket of countries in the region and globally as reference and they look at similar products that are already registered and priced. Using this combination, they will set the price for that particular molecule and they make adjustments for the dosage form and if there is a combination, and the pack size with adjustment. Funnily enough, some MENA countries, they reference each other.

For example, Jordan referenced Saudi Arabia, Saudi Arabia looks at Jordan, so we take utmost care when we launch our product as where to register first and then which the next country we to go, we call it the second wave. Sometimes we do that at the level of the SKU, not at the product, because it makes a difference the way the countries make their price.

The other thing we do is because of our local presence, we anticipate what are the changes in the pricing regulations and we have early discussions with the different regulators what will be the impact, because any regulator would not only their intention is to get the lowest price, but they would like the drug to be available. At such and such regulation, you may drive the prices down, but you will not have a drug.

Alistair Campbell – RBC

Hi, it's Alistair Campbell from RBC. Just a couple of questions. The first question is the ultimate top-level question. You know, when you think about the next five to 10 years for the business, is it focused

on your current 17 markets or there any geographics you'd look to maybe expand into as opportunities in the medium to long term?

The second question is maybe a bit more granular. Oncology is clearly an important growth driver for the business going forward. You're talking a lot about of precision medicine, so I just want to get a sense of broadly across MENA, how penetrated are the diagnostics themselves in terms of identifying those patients, and so how important for your growth is actually increasing penetration of diagnostics alongside the pharmaceuticals themselves? Thanks.

Tareq Darwazeh – Hikma – COO, MENA

I'm going to answer the first part. Today as a MENA team we're looking on managing the MENA and in terms of geographical expansion, if it makes sense we will geographically expand, but our focus now and our panel discussion is for the MENA and I think moving forward as opportunities come, we will expand globally. Now, in terms of the diagnostics, I think Sherif could answer.

Sherif Shafick – Hikma – VP, Injectables MENA

Driving diagnostics would be important for us, as we get into more and more precision medicine, diagnostics is a key area to grow that, and that's something that we are working to ensure that we [unclear].

Alistair Campbell – RBC

Just following up with that, do you have a sense of broadly within MENA how penetration and usage of diagnostics would compare, to, for instance, Europe or US? Is it very, very low or is it kind of medium?

Sherif Shafick – Hikma – VP, Injectables MENA

It's lower in the US and Europe, that's for sure. Exact number will vary depending on the diagnostic [unclear]. There are – and even within MENA, MENA is a wide range of countries, so a country like UAE or Saudi Arabia would be different [unclear].

Alex Campbell – RBC

Thank you.

Mazen Darwazah – Hikma – Executive Vice Chairman and President, MENA

In terms of expansion, you have to remember we still have some markets in the MENA that we operate in only one export. Now I anticipate some time down the line we will be forced to manufacture in these markets. I'll give you a good idea. Iraq. I was just talking to one of your colleagues. In the '90s, Iraq was one of our biggest markets, used to constitute around - I'm talking 1993, [unclear] - used to constitute around 40% of our Group sales before going [to the US]. Today it's minimal, so the potential of growth in Iraq is big, but today the regulation in Iraq to have your own operation doesn't exist. You need an Iraqi partner. So, we're waiting until the situation becomes more clear where we can have our own operations in Iraq, because it's [unclear].

If you go into Egypt, Egypt when we bought the first company, our market tracking was 49. Today we are number 8. Now, to grow from eight to the top tier, we still have lots of opportunities, but we need

to find the proper products, the proper portfolio and how to expand our market share. Plus, we need to mitigate the risk. I always tell this. It's very critical in the MENA. Today, Hikma can double its sales in the MENA, but the problem is how will you collect your money. So, you have to be prudent.

How much risk do you want to take, how's your cash flow, how are your receivables, and how to mitigate the risks of currency fluctuations. You remember two or three years ago we took a hit on Lebanon that cost us \$15 million or \$18 million for hyperinflation. We changed our business model. We took a hit on Sudan. That cost us I think around \$80 million or \$100 million, but yet we were able to expand through other markets. What's crucial about the MENA is how much risk you want to take and how to keep a healthy balance sheet, so this also plays a lot in how we will expand in the MENA going forward.

Beatrice Fairbairn – Berenberg

Hi, Beatrice Fairbairn with Berenberg. I was just wondering what percentage of branded sales are through tender sales versus out of pocket and how this is expected to change in the future?

Tareq Darwazeh – Hikma – COO, MENA

Sorry, are you talking about percentage of [unclear] versus developmental?

Beatrice Fairbairn – Berenberg

Yes, tender versus out of pocket.

Samer Al Ansari – Hikma – VP Marketing MENA

30/70 for now. What we are expecting is that the whole model in MENA. Again, there are 17 different markets with different models [unclear] healthcare system. I think there is a movement from what we have right now towards to national health insurance where coverages are pleasing, government is involved in supporting the [unclear] and then the collaboration is between the private and the government sector in providing the services.

It's happening right now in some of the markets, like the whole [unclear] markets, and we're expecting that this could expand for the whole [unclear] program. That's why it's expected that the government expenditure [unclear] would increase but that will not limit the private partnering [unclear].

Beatrice Fairbairn – Berenberg

Thank you. Just another question. During the November trading update it was noted that Hikma was very active on the BD side. What sort of M&A targets would the Company be pursuing?

Tareq Darwazeh – Hikma – COO, MENA

Can you repeat the repeat the question, because I can't hear you.

Beatrice Fairbairn – Berenberg

Yes, sorry. During the November trading update, it was noted that Hikma is particularly active from the BD side. What sort of targets would the Company be pursuing? I know you mentioned more innovative medicines, stuff like that.

Tareq Darwazeh – Hikma – COO, MENA

In terms of M&A we're obviously we need to grow organically and inorganically but we can't disclose any deals or any potential pipelines, but just to give you an idea of when we look at a target acquisition, we always look for something that will give us either expanded growth within a geography, so for example, if we're present in one manufacturing technology in a region, we look for a new technology, or we look for new reach or expanded market share or products that fit within our portfolio. While I was looking for the strategic right fit and once this comes obviously, we'll jump on it and take action.

Beatrice Fairbairn – Berenberg

Okay, great. Thank you.

Guy Bettschart – Kiegar

Thanks. Guy Bettschart from Kiegar. Can you talk a bit about your relationship with Celltrion and how you manage the risks with regard to that, how do you prevent them from increasing the prices too much, or reducing supply, given it's a key supplier?

Sherif Shafick – Hikma – VP, Injectables MENA

It's a very healthy relationship. They are a long-term partner, since 2010. We have contracts in place obviously so that regulates these things, but we also work in partnership. We have a lot of respect for each other. We have relations across both companies, so all the way from the Chairman of the company, along with the [unclear] all the way to the teams and to the working groups and to that, so I think overall Celltrion is a very healthy relationship.

Tareq Darwazeh – Hikma – COO, MENA

Just to add to that one, with all our licensors and partners, we view it as a long-term partnership, where it's a win-win, so we both have to go together. By the end of the day, it has to make sense for both and we always work together to find an avenue to maintain a healthy relationship where both parties grow together.

Christian Glennie – Stifel

Yes, Christian Glennie with Stifel. Just thinking about the nature of it, if I understand it correctly in terms that it is branded generics, the doctor has to write the brand name of the prescription and things, and that's been the way it's largely operated. Are there any indications or any reasons why it might move to a more standard generic market where even if you write the brand name, you get substituted for the generic, as is typical in many markets that it becomes a more standard generic market? If it does, what might change there for you guys in that concept?

Samer Al Ansari – Hikma – VP Marketing MENA

When we say it's very branded generic, it's just branded generic. Nevertheless, there's the exceptions here and there where shifts and switching of prescriptions of happening in the pharmacy level and I think the move more and more towards the national health insurance, that could also dictate the prescriptions to come with the generic name. But bearing in mind that we've been there for so long, almost around 50 years now, so the brand equity of Hikma and its products is really very solid.

When we talked about the operational efficiencies, we talked about two very important arms, one of which is definitely the capacity, but the other one is the cost effectiveness. That will give us edge both ways, because product shortages are something that happen all the time, especially with increase and decrease in demand, and from the other end, it's all about also the cost that we have and that's for the general generics.

But then we talked a lot about the differentiation where we have a little bit of complexity, 75% of our pipeline, and that will give us the upper hand. We're talking about being there only with originator, so that's a real opportunity, because then we will be the only generic. Then we are talking about chronic diseases as well, so chronic diseases are more sustainable in the way that patients are taking their medication and they keep on using it, rather than every day you will have to generate a new prescription.

I think those all are really something that we can secure on prescription in the coming future.

Eyad Abuawad – Hikma – VP, North Africa Territory

Also, in addition to that, we also govern our business through, as Tareq said, since we are a one stop shop, since we have the widest portfolio with [unclear] including the commodity products. That makes us very attractive for all the wholesalers, for the big hospitals, for the groups, to do a contract and we created through our business, through our [unclear] team, a strong commercial arm which is the key account for the work manager to make a contract abundant for our portfolio. So, we are governing our buying process in addition to the prescription, so we covered all areas. Hikma used to be ahead in the market and part of shaping the market, so definitely when it's changed, we will be in the middle of this and we will be part of this change.

Masoud Abdelmajid – Hikma – VP, MENA Operations and Levant Territory

If you'll allow me to add as well, I think we've had a conversation during the break from the – because Samer mentioned efficiencies and the capacities and we had this discussion – having the multiple manufacturing sites as well, that gives us an edge when it comes to that subject, because of the efficiencies we can use and the expertise of the different sides and the different manufacturing in different countries. We can transfer it all across. This is besides the global expertise that can give us that cost efficiency as well. This is very important, even if the market shifts.

Sherif Shafick – Hikma – VP, Injectables MENA

Also, sometimes we explain our commercial infrastructure in a simplified manner, right, because it's sending easier messaging. But our commercial infrastructure is far more than sales. It's far more than prescription. As Eyad was saying, there is market access. There is a lot of medical. There is marketing, there are sales and there are multi channels and we are present and very strong across all the channels of the ecosystem, so it's – we think we are in a pretty secure position in terms of our commercial capabilities.

Christian Glennie – Stifel

Thank you. Then maybe on this – effectively you were talking about an acceleration of growth on the revenue side. You’ve done 6% over the last few years, you’re targeting 7% to 8%. I know there are probably a number of drivers behind that. Obviously, there’s the mix in portfolio, its innovative products, but is it possible to rank some of those key, your top 3 key drivers that are the key things from your side that will deliver that 7% to 8% acceleration of growth over the next few years?

Samer Al Ansari – Hikma – VP Marketing MENA

I think we have mentioned it. If you look back to the slides where we were talking about those [unclear] areas that are already causing the highest burden and this is where we are really putting our money. So, diabetes, definitely diabetes is something that is growing and growing very fast and we are really a major player there. Then you look at oncology where our size, our differentiation, our BD deals and then you look at even the immunological products, whether that’s in multiple sclerosis, or moving to rheumatoid arthritis et cetera, these are the complex medications that are driving the growth there forward.

Christian Glennie – Stifel

Thank you. Then maybe just a final one on BD. It sounded like - you talk about 160-odd, was it, live opportunities now. Just put that in context of maybe where you would have been a few years ago and just a bit of a sense for the nature of those partners on the other side of the table. Is there much of a shift there and how you expect that to progress and the reasons why you’re seeing this step up in BD interest as [unclear] seen as partner of choice.

Sherif Shafick – Hikma – VP Injectables, MENA

Sure, sure. So I mean to put it in context, on average we used to sign four to five agreements a year. That’s our average from 2012 to 2022. Today what we showed in the slide was 31 agreements and 31 [unclear] which is 12 agreements a year, roughly. It’s tripled, so it’s a very, very significant acceleration. In terms of actual opportunities, it’s similar to that. It’s in line with that, so again, it’s almost three times or maybe four times what we used to do.

In terms of opportunities, they would be similar to what we mentioned. So there is a lot of work on pipeline opportunities, like the ones with SK Biopharmaceutical, opportunities where we get full access to pipeline. A lot of work on differentiated innovative products, a lot of opportunities in these areas. In the areas where we mentioned it’s a priority for us. In areas like CNS, like diabetes, oncology and urology, all of these areas.

Obviously, continuation of the precision medicine and biologic so a lot of opportunities in the biologic space, whether the current monoclonal antibodies, the up and coming [ADCs], biospecifics, a lot of opportunities also in this area that we are looking at. The expansion in the rest of the precision medicine to get us to be a wider health care provider than the current – than just a medicine provider. I think this is where the future would be.

Also, complex generics continues to be an area we are pursuing through partnerships. Not all partnerships are only commercialisation partnerships for us and MENA. There are partnerships that would be co-development. There are partnerships that would be manufacturing. A lot of our partnerships are still manufacturing based, we would manufacture the products. There are areas also where we are looking at how to get more control over our [unclear].

Paul Cuddon – Deutsche Bank

Sorry, just one follow up please. Looking at the success that you've had with biosimilars within the region. I suppose there are two questions relating to the under penetrations of PD-1s and other immuno-oncology therapies at the moment. Was it the price that was the initial problem for the originator brands, or was it trust in the products that the Hikma association has helped and then built, and to what extent might PD-1s and other therapies be a major future driver for the Hikma business?

Sherif Shafick – Hikma – VP Injectables, MENA

In biosimilars it was a combination of things. Price is a factor, but also knowing how to work across the whole ecosystem. Ecosystems are complex, right? Whose decision is it to use more biologics? It's not just the doctor's decision. There needs to be guidelines. Who decides the guidelines? It's a combination of multi-stakeholders. Then there has to be the budget from the government. There has to be the willingness to do it. There has to be reimbursement systems to be put in place or changes in policy. So it's a relatively complex process to expand access to a specific treatment, especially the expensive treatments like biologics. A lot of the companies that have such products do not have a similar presence to Hikma in MENA.

I'm not talking only about the small and mid-sized biotech companies, who certainly don't have this experience in MENA and are far better off partnering with us. Even some of the big pharma are not necessarily that big in MENA, and so do not necessarily know the best ways to improve access. So part of it was pricing, of course. It was not only pricing. If you look at what happened in bioseminars in other markets that started with us, you would see that in Europe, for instance, the market just dropped.

So we launched Infliximab almost in line with Europe, as an example. In Europe, you could see the market dropping because it's a lower price. It's a far lower price. There is more usage, a bit, with the market overall. Our market was not dropping because we diverted. We helped in diverting these cost savings into more access, which helped patients. So the thinking for PD-1s and other biologics - it's not just PD-1s, PD-1s and all of the other innovative products would be exactly the same. How do we ensure we use our infrastructure to give patients more access to these medicines?

It's an ethical responsibility also on us. That's why we are very keen to do it. If some of these innovative products, if we don't partner on them, they might - the patients might not be able to have them [unclear].

Christian Glennie – Stifel

Excellent. Thank you. Sorry, can I ask a follow-up on margins? You've seen this quite significant margin expansion in the last few years. That's come despite the investments you've been making. Obviously, you have been doing more - go local, lots of expansion, which typically instinctively would be a headwind to that margin. So you've seen that margin expansion despite those perceived headwinds. You're talking about still looking to invest across building out more regions, which we've seen hasn't actually been that much of a headwind necessarily to that margin expansion. So you're at mid-20s. Just conceptually, any reason why we shouldn't see some further margin expansion over the next three, four years? Because we haven't seen that - investments being much that much of a headwind to margin.

Tareq Darwazeh – Hikma – COO, MENA

So the investments haven't been a headwind to margin because of multi-factors. So our product mix has changed. The price per prescription has gone up. So we worked really, really hard to take up the margins. We believe we should maintain that position in the next five years to stabilise at where we're at. Given all the new products, all the investments, the different therapeutic areas we're getting in, the different facilities. Managing 17 countries has its OpEx, it has its CapEx. We believe with our current

pipeline, our future pipeline, and our product mix, and the way we're shaping ourselves in terms of driving efficiencies, we should maintain where we're at today, mid-20s, which is what we're currently at.

Guy Featherstone – Hikma – Director, Investor Relations

I'm just going to jump in with a quick question, if that's all right. Just jumping back to growth drivers. Eyad, it would be great to hear from you about Algeria. Obviously, it's been a phenomenal performer over the past several years. So maybe go into a bit of why we've been so successful in Algeria. Also, as we're in Morocco, another market you oversee, can we replicate that kind of success in this market as well?

Eyad Abuawad – Hikma – VP, North Africa Territory

Actually, our success in Algeria came by design. Like always, Hikma, the success is by design. We capitalised on our strong foundation that we started in the '90s, as Mazen mentioned, through our strong operational plans that we have. We complement this with all the needed stuff, the portfolio, the pipeline, to end up with a very strong portfolio. We specialise in the portfolio. We shaped ourselves according to the market dynamics, according to the health care system in Algeria. We were able to structure ourselves toward the therapy areas, diabetes, oncology. We were the first one to penetrate the oncology through the local site, and we made benefit of this.

We led the change in the habit of even the prescription and patient pool by entering the local oncology for the first time in Algeria, and we succeeded to serve much more patients. On the other hand, reflected for us to grow in Algeria. The same happened also with the specialised therapy areas like the diabetes and multiple sclerosis. Also, we were also the first in the market to localise as such important and specialised area. For that, we continue our success. We always used to be successful and pioneer in Algeria. Now we are much more in the excellence phase of our business.

Definitely, we will mimic this in Morocco where we are, and you will see one of the state-of-the-art of our site that you will visit now in the injectables to bring injectable site, to make use of our expertise in Portugal through our sites to make the similar - to transfer the technology here. Also in Algeria, by the way, we are soon will also launch our new site in the injectables. So by this, definitely, we will succeed. We will increase our opportunities here.

Ma'moon Al Araidah – Hikma – VP, KSA and the GCC Territory

I believe also, yeah, it's worth mentioning that most of the local players, they go for the easy way, which is the oral dosage forms. Now we select the easy way and the hard way. So by being the injectables in Morocco, I believe we will have a great differentiation and strategy, especially that we will be the first one who will bring how to make injectables, especially lyophilised injectables. So we will be the first who will introduce this technology in this country, which is very, very important.

Guy Featherstone – Hikma – Director, Investor Relations

Thanks. I'm just going to, as I've got the mic, follow up for Tamer on Egypt. Your VP of Egypt and Sudan. Obviously, it's in a market with some troubles with FX recently, but it's a large and important market for us. If you could just elaborate on why it's an important market for us and our ambitions there.

Tamer Jardaneh – Hikma – VP, Egypt and Sudan

Egypt is a great country and a very - it's a tier 1 market where it's volume based. Basically, we are very well positioned over there. Egypt is 114 million people. They lived over there, which is entitled a huge potential we can capitalise on. We have the first oncology plant in Egypt. We have the first immunosuppressant plant. We will continue our success in Egypt to have more unique products and launch more innovative products with our partners. Basically, to continue the success story of Hikma over there.

Tareq Darwazeh – Hikma – COO, MENA

If I may just answer in relation to FX. We've been in the MENA for a very, very long time and we're used to managing the headwinds of the FX. This is something we know happens. It's going to happen. It's going to continue happening in the MENA. It's just how we manage our business, how we look at our cash flows, how we spread ourselves in those markets to deal with the FX.

Unidentified Male – Company

Yeah, I've got one. I guess it's linked into FX. Obviously one of the ways of offsetting that is by exporting product from here over to your other market. So I'm wondering to what extent your local manufacturing here is used to support other markets or is it just supporting your home markets?

Tareq Darwazeh – Hikma – COO, MENA

So within the MENA, we have different sites and different classifications for sites. So some sites are centres of excellence where they export globally. Some sites are market access sites where they work only for a local market. In general, we do export a lot within MENA from one side to another based on the regulatory requirements, based on the products, because some products we manufacture, for example, the Morocco, we have our own R&D for Morocco.

Morocco has different requirements for registration in terms of stability, which are not across the region, but they're closer to Africa. So it could be a good site to manufacture from Morocco to Africa down the road. We also export from Tunisia to other markets, some to Africa, some to other markets within MENA. We export from Jordan, Saudi Arabia to Iraq, from different sites to Libya. So we do export internally and we use that to offset and hedge. So we've done that in Egypt actually to offset the currency. We export from Egypt to Iraq, to Yemen, to Tunisia, and also to Libya. So we look in terms of our product optimisation.

Sometimes - and this is the uniqueness of Hikma, sometimes a certain market may want the product by itself. So when we look at the products, we look at our products across the region, then we look at them globally. Some products we sell everywhere, but some products we may sell across MENA and some products we may have in one market only in MENA based on the market need, whether it's through buying a file or whether it's through working on it through R&D. So we do have the flexibility and our model allows for that in order to give us the opportunity to be flexible and maximise for the markets.

Tamer Jardaneh – Hikma – VP, Egypt and Sudan

Just to add to what Tareq has said, basically this starts when we do an R&D for the product itself. We decide where to launch it. That's continue basically where it's going to be more efficient, more will be very lean to supply to the market. We can be very reactive. So we study all these aspects, then we decide that this product should be launched in Saudi Arabia first or in Jordan or in basically one of the 20 manufacturing facilities that we have, which is basically we'll be able to leverage the potential for

the product, the availability for the product. Basically where it makes sense also for us from cost perspective and efficiency.

Masoud Abdelmajid – Hikma – VP, MENA Operations and Levant Territory

If you allow me to add to that as well, Tareq touched on that, is not only the finished products between our sites. We go as far as capturing opportunities in different markets by semi-finished products, by different blends, which gives us an edge where even if there's an opportunity or a big tender that we can increase our revenues or our presence and we utilise that between our different sites. Which - this is again where the edge is versus other competitors not being there, able to do that and be acting very quickly to react to such opportunities.

Unidentified Male – Company

Thanks.

Susan Ringdal– Hikma

Last chance. Any more questions? Otherwise, we're right on time. So I would say thank you to all of you for participating in the panel. We'll go to lunch. We've got an hour for lunch. Of course, our whole team will be there. So you can carry on learning about the business over lunch. We'll come back in here for a short presentation from our Moroccan team and then we'll go out and see the site. Thank you.