

Executive Chairman's statement

It was more than 40 years ago that my father founded Hikma with the purpose of making high-quality medicines accessible to those who need them. I am proud that our business has always remained true to this purpose.



This is an exciting time for Hikma as we embark on our next chapter of growth. As we invest in the future, we maintain our commitment to strong corporate governance, the highest quality standards and to improving the lives of our patients and our communities.”

Transformational change in leadership

It has been more than 30 years since I first held an executive leadership role at Hikma. During this period, the Group has grown significantly, expanding into the US and Europe and solidifying our position as the leading local pharmaceutical company in MENA.

In order to deliver the next chapter of growth, the Board and I felt that this year was the right time to bring in new leadership. On 20 February 2018, we announced the appointment of Sigurdur (Siggi) Olafsson as our new Chief Executive Officer (CEO).

As Executive Chairman, I am working closely with Siggi to set and deliver the strategic vision for the Group. I have known and admired Siggi for many years and I am confident that he is the right person to strengthen our business, accelerate our growth and to help us achieve our goal of putting better health within reach for patients across our markets.

Strong corporate governance

Over a number of years, we have been evolving and strengthening the governance of Hikma. This year, we continued on this trajectory, most notably by appointing the first non-family CEO, as discussed above. We also completed the implementation of our succession plan for longer-serving independent directors. Details of the activities of the Board, and its Committees, are laid out in the Corporate governance section of this report.

Supporting our communities

My father's vision was that Hikma would enrich the communities in which we operate and enable a better quality of life for the patients we serve. We strive to fulfil this commitment by increasing access to high-quality medicines across our markets, as well as through donations, fundraising and volunteering. This year, we were very proud to form a four-year global partnership with Direct Relief, one of the

world's leading medical relief organisations, and to become a Patron of The Prince's Trust, the UK's leading youth charity.

Our continued commitment to strong environmental, social and governance (ESG) practices continues to be recognised as demonstrated by our inclusion in the FTSE4Good Index in 2018. Further information on our commitment is provided in the Sustainability section of this report.

Strong financial performance and shareholder returns

The Group has delivered a strong set of results in 2018, ahead of our expectations. Group core operating profit increased by 19% and core basic earnings per share increased by 31%.

Our improved financial performance and significant strategic progress this year has been reflected in our share price which increased by 51% to 1,716p at 31 December 2018. Hikma has a long track record of creating value for shareholders. Over the last five years, we have delivered a total shareholder return of 53%, exceeding the FTSE 100 and the FTSE Pharmaceutical indices of 21% and 49% respectively, over the same period.

We remain committed to delivering consistent dividend payments. The Board has recommended a final dividend of 26 cents per share (approximately 20 pence per share), bringing the total dividend for the full year to 38 cents per share (approximately 29 pence per share), up from 34 cents per share (approximately 24 pence per share) in 2017.

Investing in the future

Across our markets, where increasing competition is putting downward pressure on prices, we need to continuously develop new, more differentiated products to deliver sustainable long-term growth, making pipeline development a key strategic focus.

In recent years, we have made good progress strengthening our R&D capabilities through acquisitions and new hires. However, there is still much to do to increase the number of more specialised products in the pipeline and improve the pace of new product launches. We have recently strengthened our business development capabilities and we will continue working with global partners to co-develop, license and acquire products.

Through our venture capital arm, Hikma Ventures (HV), we are investing in the growing global digital health space. In 2018, we expanded our portfolio with new investments in Click Therapeutics and Nebula Genomics. HV also completed its first successful exit when one of its early portfolio investments was acquired in 2018.

Quality without boundaries

As we grow our businesses and expand our capabilities, we are benefitting from our reputation as a consistent and reliable partner in all of our markets. Hikma has been built on a culture of quality that is reflected not just in the products we manufacture but in our people, our relationships and our thinking. Maintaining a culture with quality at its core will ensure we continue to deliver the highest standards in the future.

Looking ahead

Looking ahead to 2019 and beyond, I am very optimistic for the future of Hikma. Whilst market conditions are likely to remain challenging, we have demonstrated the resilience of our businesses. I believe we have set ourselves the right strategic objectives and have a strong leadership team in place to deliver sustainable growth over the long term.

Finally, I would like to thank my colleagues across the Hikma family for their hard work and dedication, and the healthcare professionals and other stakeholders that we serve for their continued support.



Said Darwazah
Executive Chairman

Total shareholder returns, 2013–2018



■ Hikma Pharmaceuticals PLC
■ FTSE 100
■ FTSE 350 Pharmaceuticals & Biotechnology