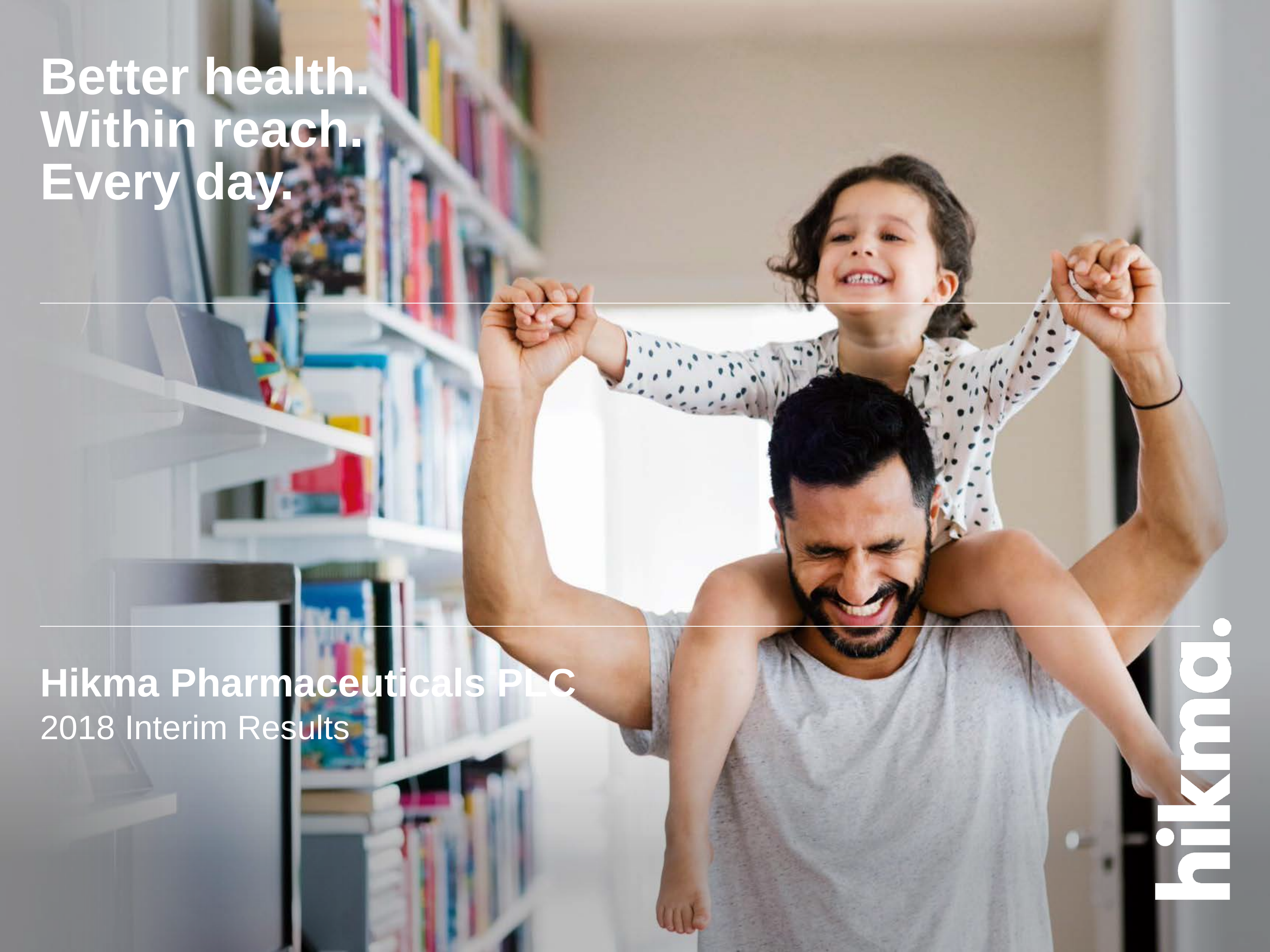


Better health. Within reach. Every day.

Hikma Pharmaceuticals PLC

2018 Interim Results

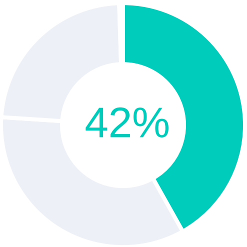
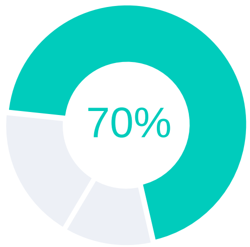
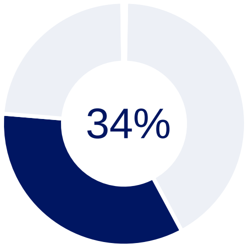
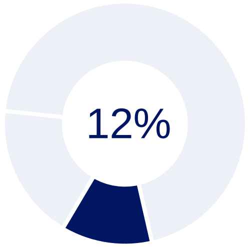
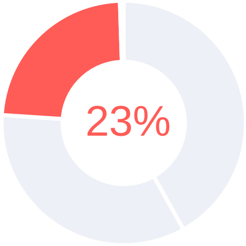
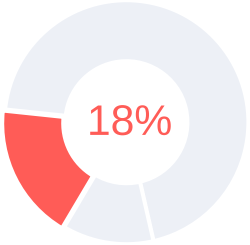
hikma.

Group 1H18 financial highlights

$989m	$214m	21.6%	61.4¢	$185m
Revenue	Core[1] operating profit	Core operating profit margin	Core basic earnings per share	Operating cash flow
1H17: $895m	**1H17:** $176m	**1H17:** 19.7%	**1H17:** 45.4¢	**1H17:** $225m

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

Segment highlights

	Highlights	1H18 revenue contribution	1H18 core operating profit contribution[1]
Injectables	▲ Launched 9 products in the US, including 6 former Bedford products ▲ Leveraged broad portfolio to respond to critical shortages in the US market ▲ Drove significant increase in sales of our biosimilar product, Remsima®. Now available in 6 markets across MENA		
Generics	▲ Launched ritonavir, the first AB-rated generic to Norvir® tablets ▲ Improved service levels and customer engagement ▲ Initiated new clinical endpoint study for generic Advair Diskus®		
Branded	▲ Launched 36 products ▲ Commenced roll-out of new in-licensed Takeda products ▲ Continued focus on operational excellence across manufacturing facilities ▲ Signed agreement with Perrigo for the exclusive right to market and distribute more than 30 consumer healthcare products		

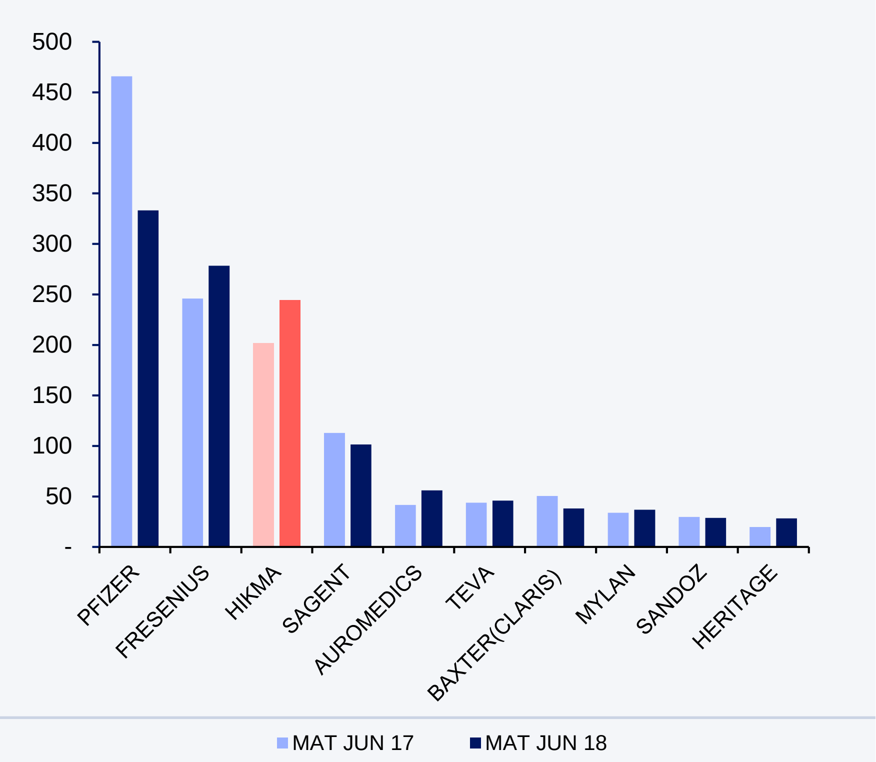
[1] Core operating profit is $214 million. Before Unallocated corporate costs of $33 million and operating loss from Other business of $1 million, operating profit contribution from business segments is $248 million.

Injectables

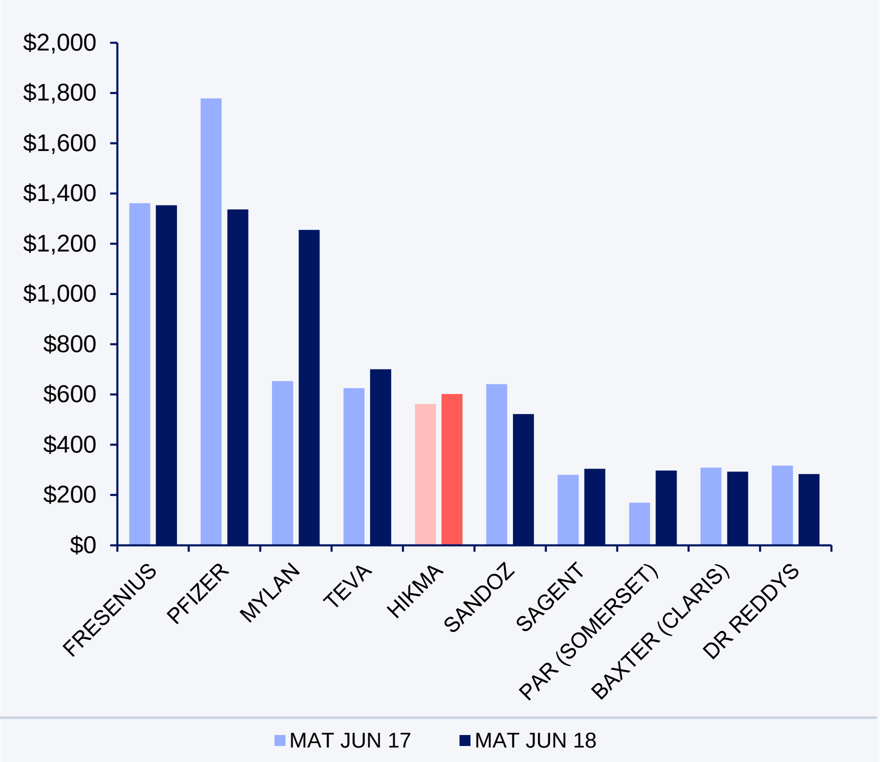
Injectables

Leveraging our broad portfolio and operational scale to increase market share

US generic injectables market share[1]
(million eaches)



US generic injectables market share[1]
($ million sales)



Market Share

	June 2017	June 2018
Volume	13.3%	16.4%

Market Share

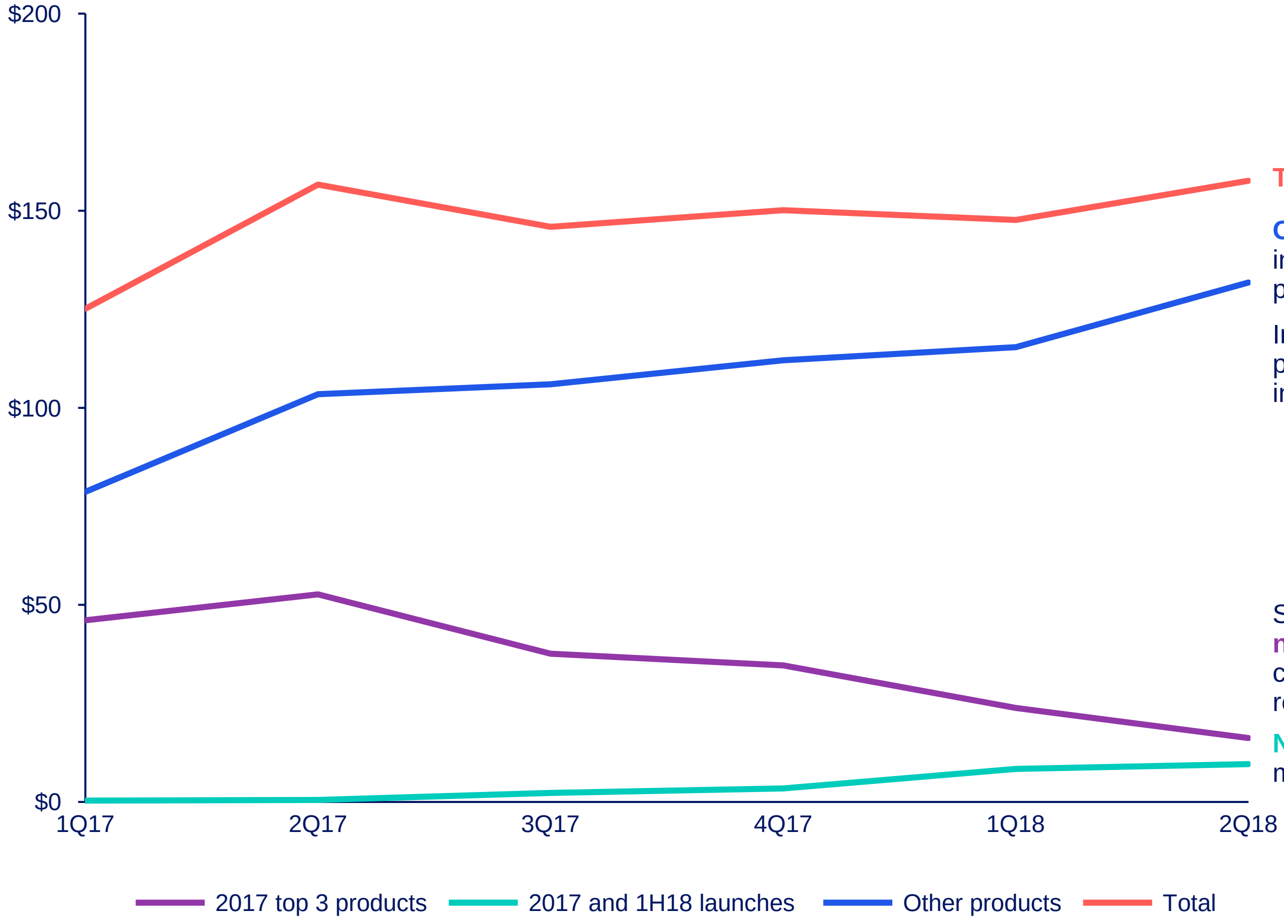
	June 2017	June 2018
Value	5.8%	5.9%

[1] IQVIA US 2018

Injectables

Resilient and growing portfolio offsetting increased competition on 2017 top products

US injectable products quarterly sales
($ millions)



Total product sales

Other products' contribution increased reflecting breadth of portfolio and ability to supply

Increased demand on some products not expected to continue into 2019

Sales of **glycopyrrolate, neostigmine** and **thiotepa** continue to decrease due to recent market entrants

New launches starting to gain momentum

Injectables

Investing in manufacturing facilities to support global Injectables business

USA

Differentiated capabilities

- Controlled substances
- Cold chain
- High-speed 2ml lines
- World class automated inspection

State of the art technology

- Sterile emulsions
- Pre-filled syringes (PFS)
- Speciality product IV bag filling

Significant capacity[1]

- 300 million vials
- 100 million PFS
- 100 million ampules

Portugal

Differentiated capabilities

- High-potency
- Lyophilised
- Suspensions
- Hormones

State of the art technology

- High-containment
- Fully-automated lyophilisation
- Fully-automated IV bag filling

Significant capacity[1]

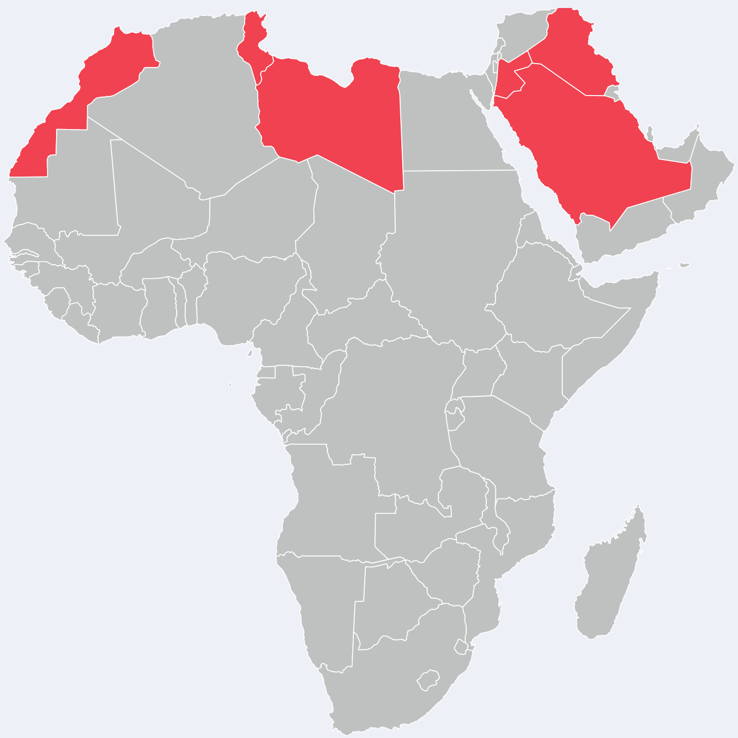
- 250 million vials
- 70 million lyophilised units
- 75 million cephalosporins units
- 20 million infusion bags

[1] Estimated annual capacity

Injectables

Improving access to important medicines in MENA

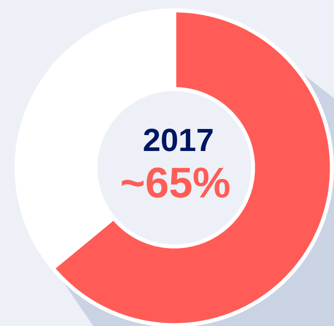
Remsima® (infliximab)

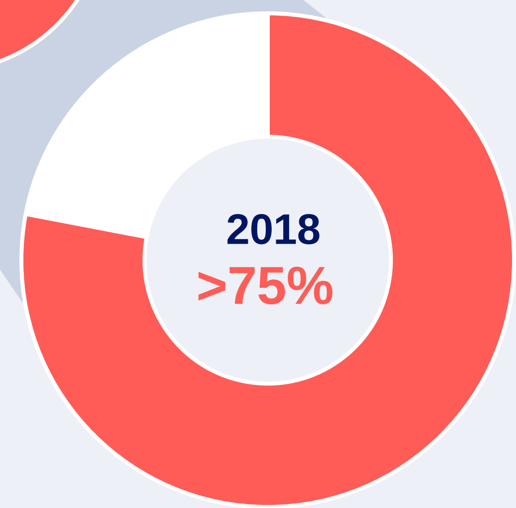


- MENA market size - **$45 million**
- Launched in **6 markets** to date
- Launching in **2 new markets** in 2H18

Case Study: **Morocco**

Market size and Hikma's market share





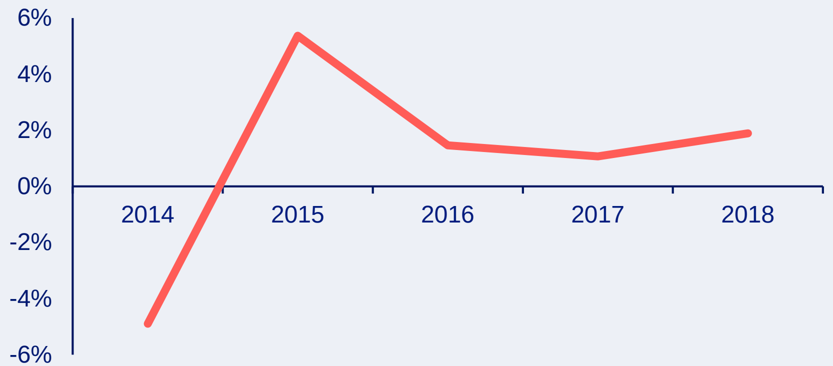
The infliximab market **has increase by >50%** and our Remsima® market share has **grown by >10** percentage points

Generics

Generics

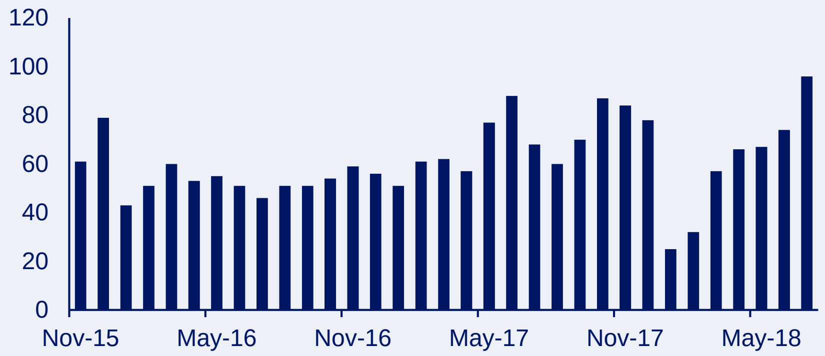
Signs of market stabilisation but US remains highly competitive

Volume growth in US non-injectables increasing
(eaches)



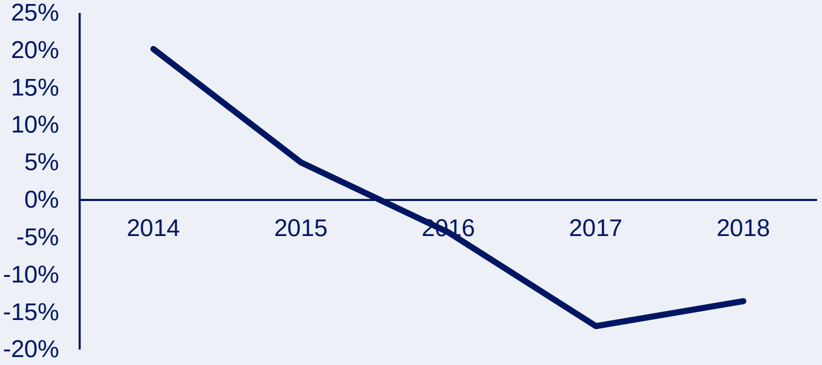
Source: IQVIA US 2018

High-level of ANDA approvals continues
(number of products)



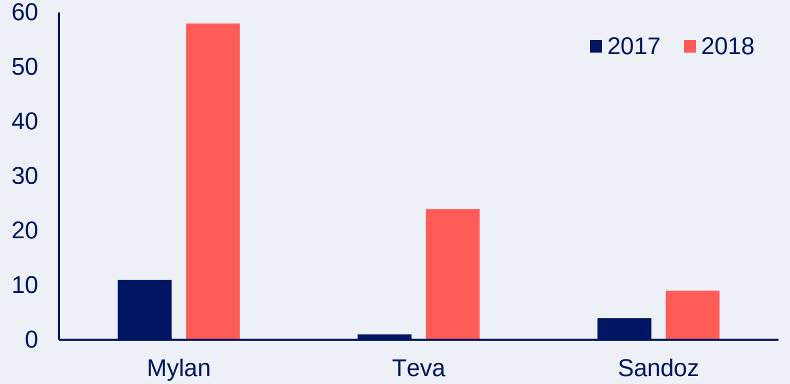
Source: FDA, Hikma analysis

Price erosion appears to be stabilising
(price per unit)



Source: IQVIA US 2018

ANDA discontinuations increasing
(number of products)



Source: FDA, Hikma analysis

Generics

Benefiting from commercial and operational improvements implemented across business

1

Driving demand for marketed portfolio

- Improved service levels and customer engagement
- Increased market share across broad portfolio due to supply flexibility and product differentiation

2

Focusing on cost saving initiatives

- Achieved sourcing savings through negotiations and increased volume
- Decommissioning Eatontown manufacturing facility in H2, as previously announced

3

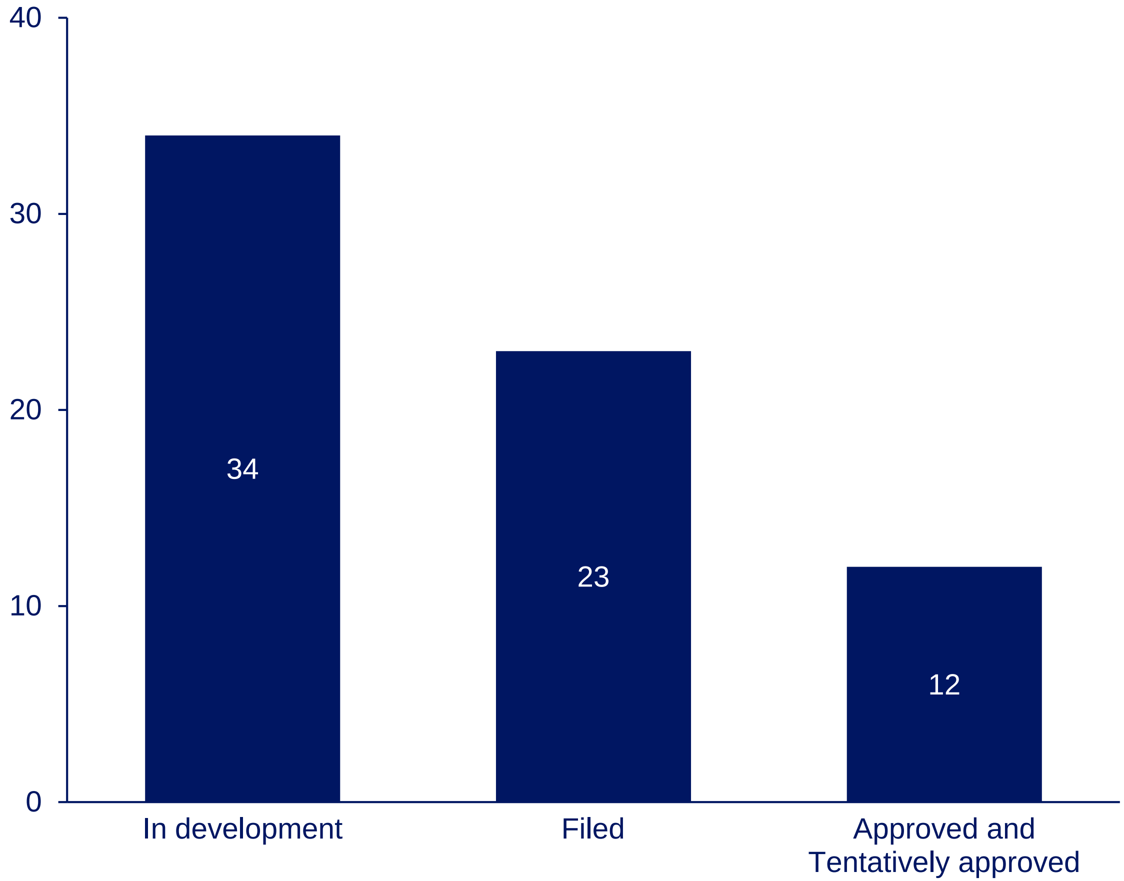
Expanding our product portfolio

- New product launches, including first-to-market generic ritonavir
- Partnered with Granules to launch first-to-market generic methylergonovine maleate tablets
- Re-introducing products

Generics

Replenishing our pipeline for future growth

Generics pipeline
(number of projects)



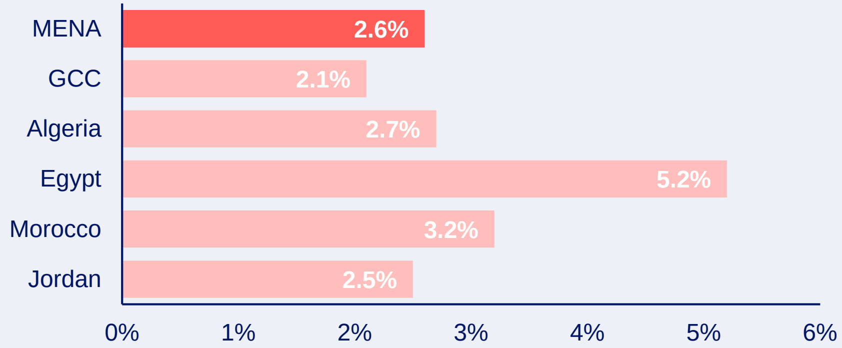
- Focused on rebuilding Generics pipeline after rationalisation in 2H17, following detailed review
- Started 9 new projects in 1H18 with market value of ~$1.1 billion
- Total pipeline comprises 69 products

Branded

Branded

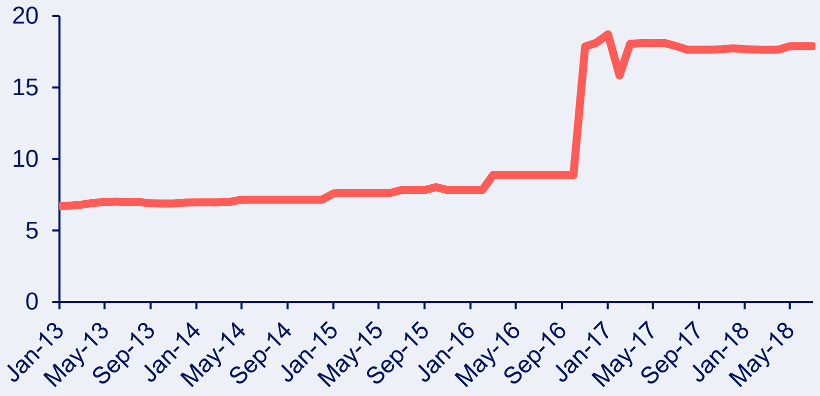
Economic environment improving in the MENA

Estimated GDP growth 2017-2018



Source: Focus Economics, July 2018

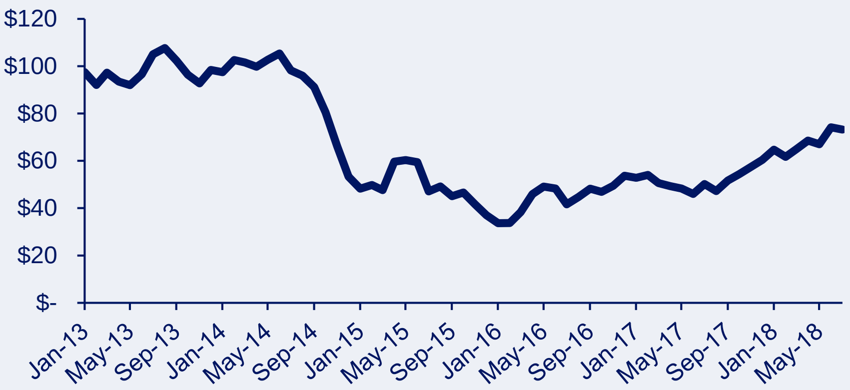
US dollar to Egyptian pound



Source: Bloomberg

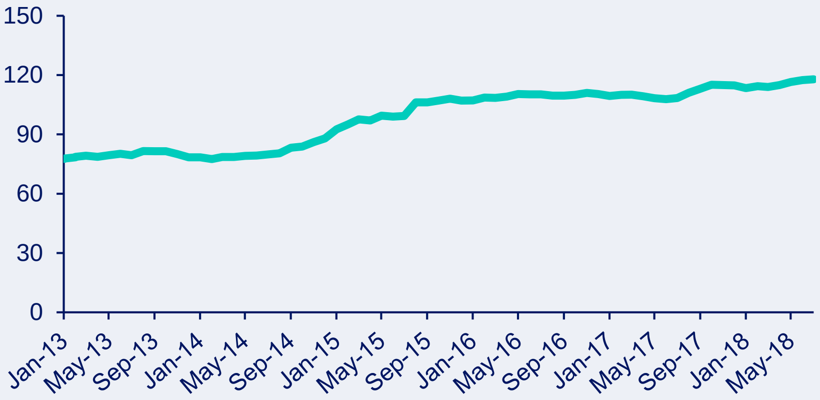
Historic oil prices

($ per barrel)



Source: Bloomberg

US dollar to Algerian dinar

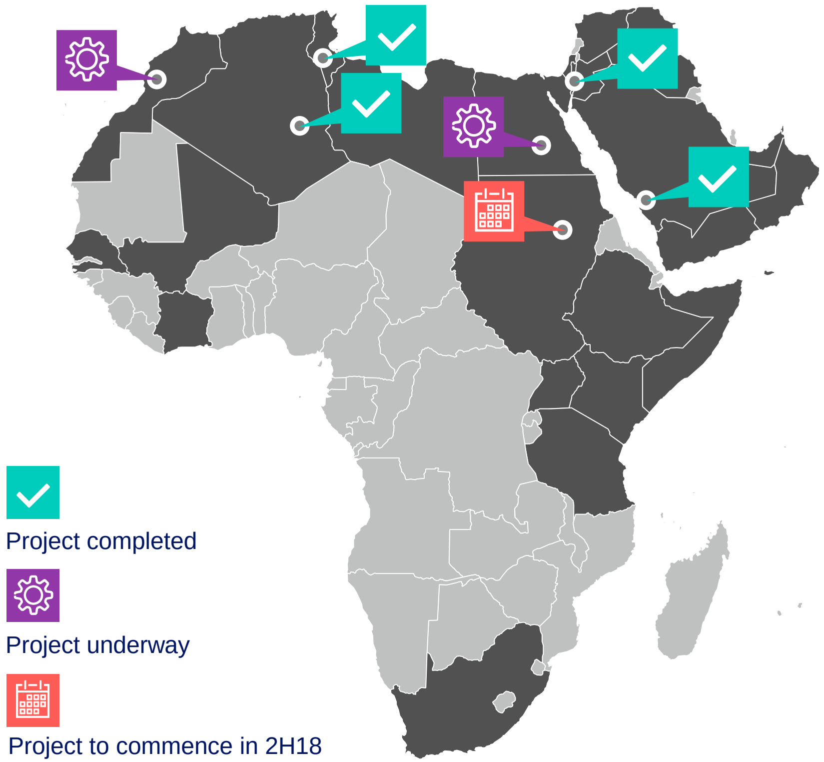


Source: Bloomberg

Branded

Continued focus on operational excellence across MENA

Roll-out of efficiency improvement programme



Operational improvements in Jordan manufacturing facility
(2016 – 2017)

Overhead costs	8% ▼
Unit cost	15% ▼
FTE productivity	15% ▲

Branded

Reinforcing our position as the partner of choice in MENA

Commercial excellence

High-quality local manufacturing

Regulatory expertise

Long-term partner: **Takeda**

One year after expanding Takeda partnership:

- Distributing and promoting new products in 3 markets – UAE, Lebanon and Kuwait
- Completed upgrade of manufacturing facilities in Jordan and Algeria
- Successful production of submission batches for 3 products in Jordan and 1 in Algeria

New partner: **Perrigo**

Our new partnership with Perrigo gives us:

- Exclusive right to license and distribute more than 30 consumer healthcare products across MENA
- Right of first refusal to the full range of Perrigo's OTC medicines in the region

Group

Quality

Continuous investment in quality to support our market position

FDA inspections at five manufacturing facilities.
Zero critical observations.

Outlook

Building upon our success in 1H18

Maximising value from broad product portfolio and differentiated capabilities

Building R&D pipeline

Driving profitability

Maintaining high-quality operations

Supporting growth with strong balance sheet

Financial highlights

Group financial highlights

Strong financial performance in 1H18

Group financial highlights ($ million)	1H17	1H18	% change
Revenue	895	989	+11%
Gross profit	454	500	+10%
Core operating profit	176	214	+22%
Core EBITDA	215	252	+17%
Core net income	109	148	+36%
Basic EPS	28.8	44.0	+53%
Core basic EPS	45.4	61.4	+35%
Dividend per share	11¢	12¢	9%

Segment results

Revenue and profit growth achieved by all three business segments

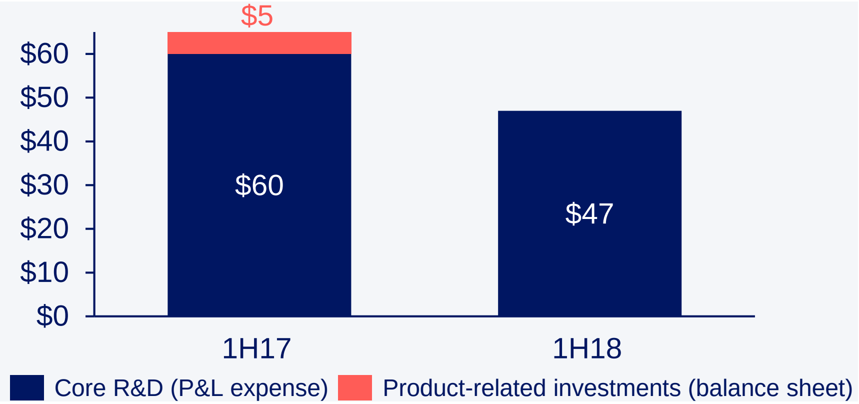
Revenue ($ million)	1H17	1H18	% change
Injectables	362	414	+14%
Generics	305	338	+11%
Branded	223	232	+4%
Other	5	5	0%
Group	895	989	+11%

Core operating profit and margin ($ million)	1H17	1H18	% change	1H17	1H18	% change
Injectables	144	173	+20%	39.8%	41.8%	+200 bps
Generics	21	30	+43%	6.9%	8.8%	+190 bps
Branded	41	45	+10%	18.4%	19.4%	+100 bps
Other	(1)	(1)	0%	(20.0%)	(20.0%)	0 bps
Group	176	214	+22%	19.7%	21.6%	+190 bps

Product-related investments and capital expenditure

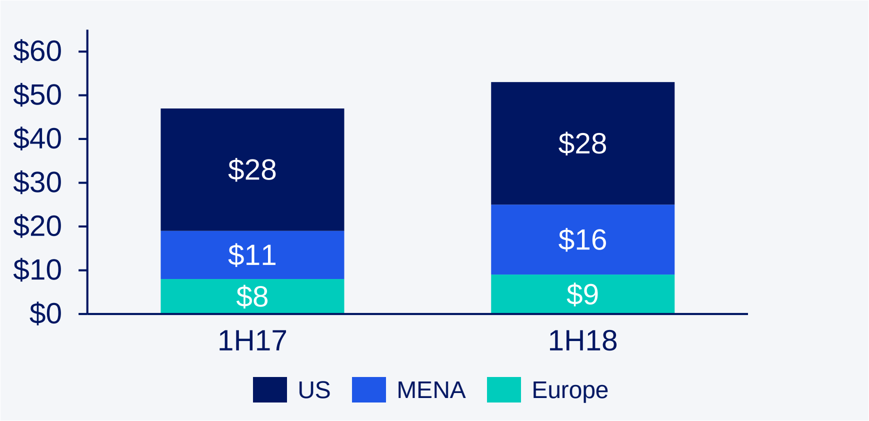
Continued investment in R&D and infrastructure to support future growth

Product-related investments[1]
($ million)



- Reduced R&D expenditure, following detailed review of Generics R&D pipeline in 2H17
- Expect R&D spend to increase in 2H18

Capital expenditure
($ million)



- Expanding manufacturing capacity and capabilities in the US
- Building dedicated oncology facility in Algeria and upgrading facilities in Jordan and Algeria
- Continued investment in Portuguese manufacturing site. Expect to complete construction of high-containment facility in 2H18

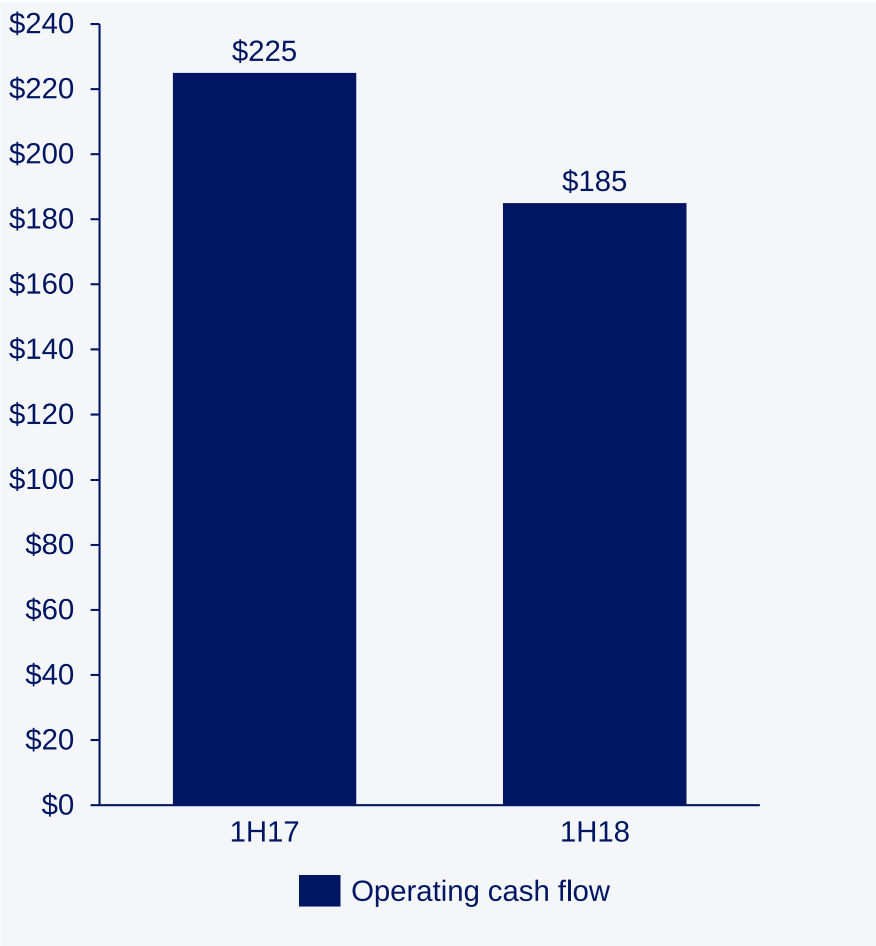
[1] The Group did not make any product-related investments in 1H18. In 1H17, $5 million of product-related investments were capitalised on the balance sheet within intangible assets.

Cash flow and balance sheet

Strong cash flow and healthy leverage ratios maintained

Operating cash flow

($ million)



Net debt position

($ million)

	Dec-17	Jun-18
Short-term borrowing	87	90
Long-term borrowing	690	631
Cash and cash equivalents	231	220
Net debt	546	501
Net debt/core EBITDA	1.17x	0.99x
Debt/core EBITDA	1.66x	1.43x

Working capital

	Jun-17	Jun-18
Working capital days	230	222
Operating cash flow / revenue	25%	19%

Outlook for 2018

Guidance for Generics and Injectables raised and reiterated for Branded

Injectables

- Revenue: **$775 - $825 million** from $750 - $800 million
- Core operating margin: **mid to high 30s** from low to mid 30s

Net finance expense

- Net finance expense: **~$55 million**

Generics

- Revenue: **$600 - $650 million** from $550 - $600 million
- Core operating margin: **mid to high single digits** from low single digits[1]

Capital expenditure

- **$120 - $140 million**

Branded

- Revenue growth in constant currency: **mid single digits**

Tax

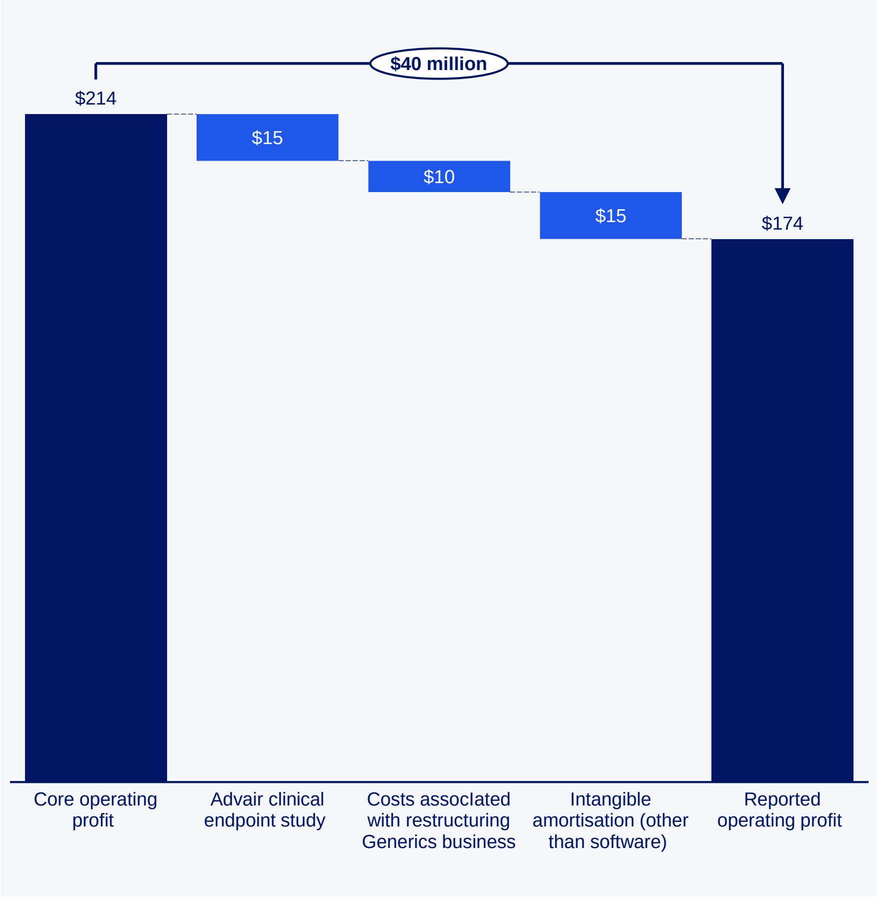
- Effective tax rate**: 21**% - **22**%

[1] Before adjusting for lower depreciation related to the impairment taken in 2017.

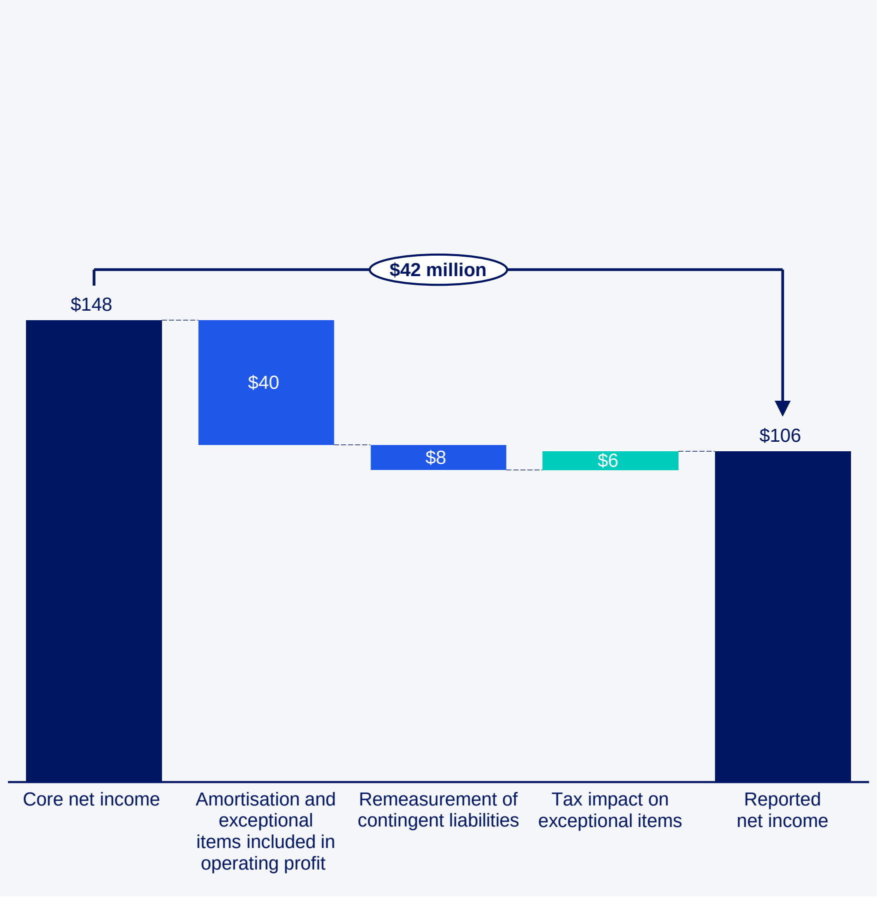
Appendix

1H18 non-core items

Bridge between 1H18 core and reported operating profit
($ million)

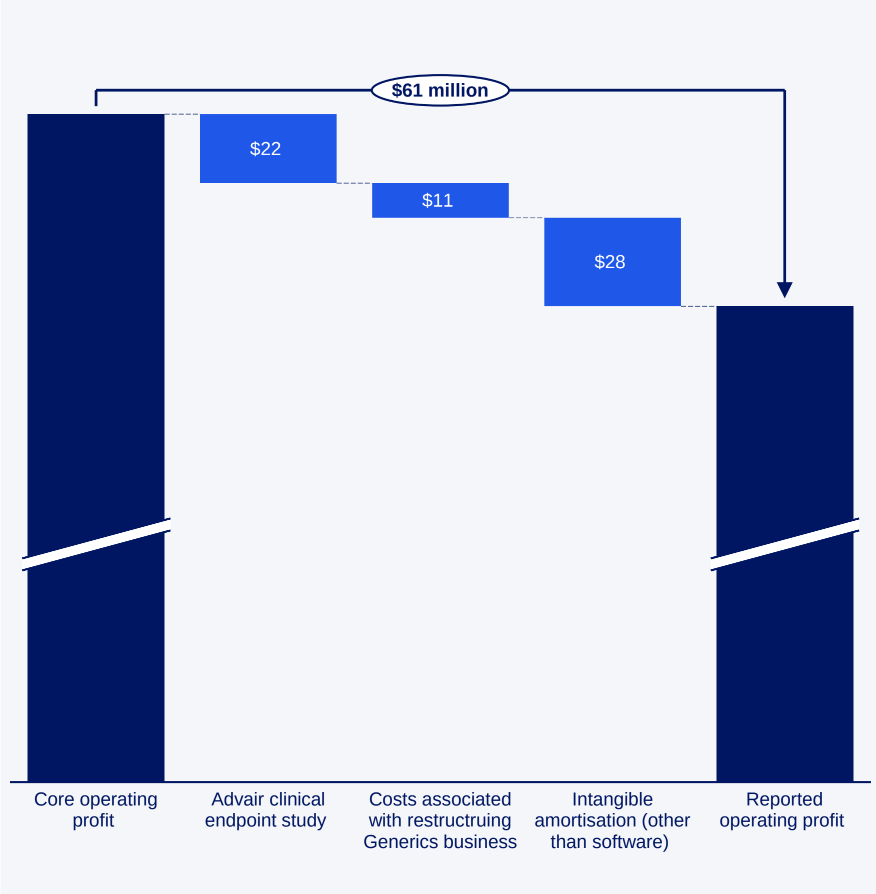


Bridge between 1H18 core and reported net income
($ million)

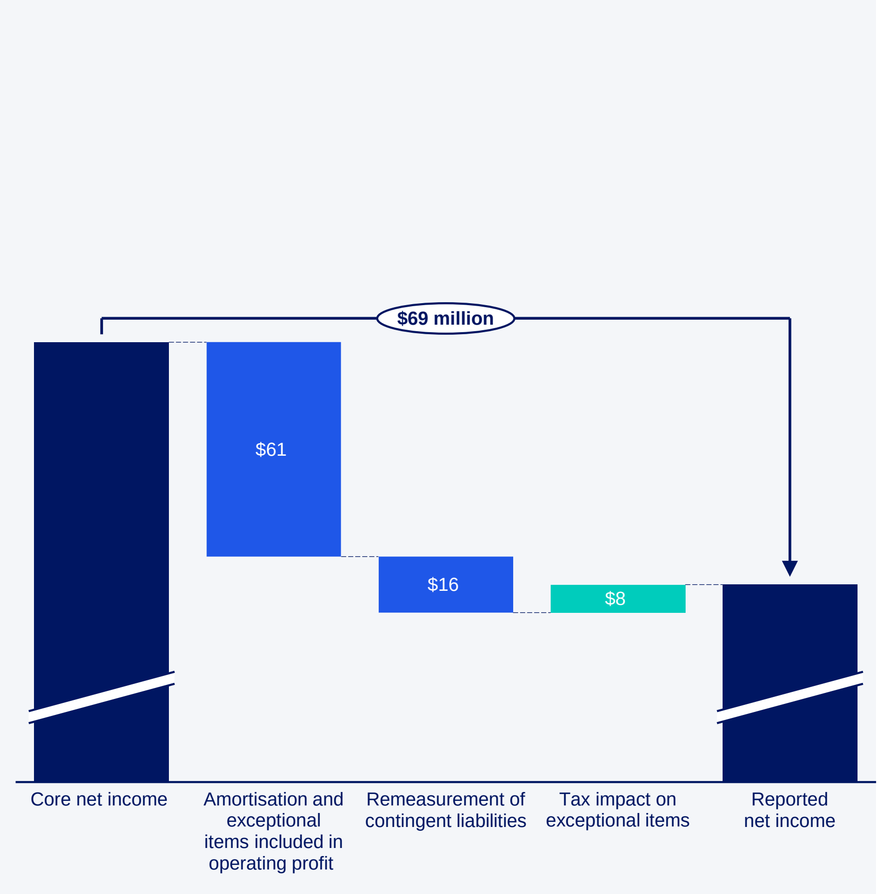


2018 estimated non-core items

Bridge between 2018 core and reported operating profit
($ million)



Bridge between 2018 core and reported net income
($ million)

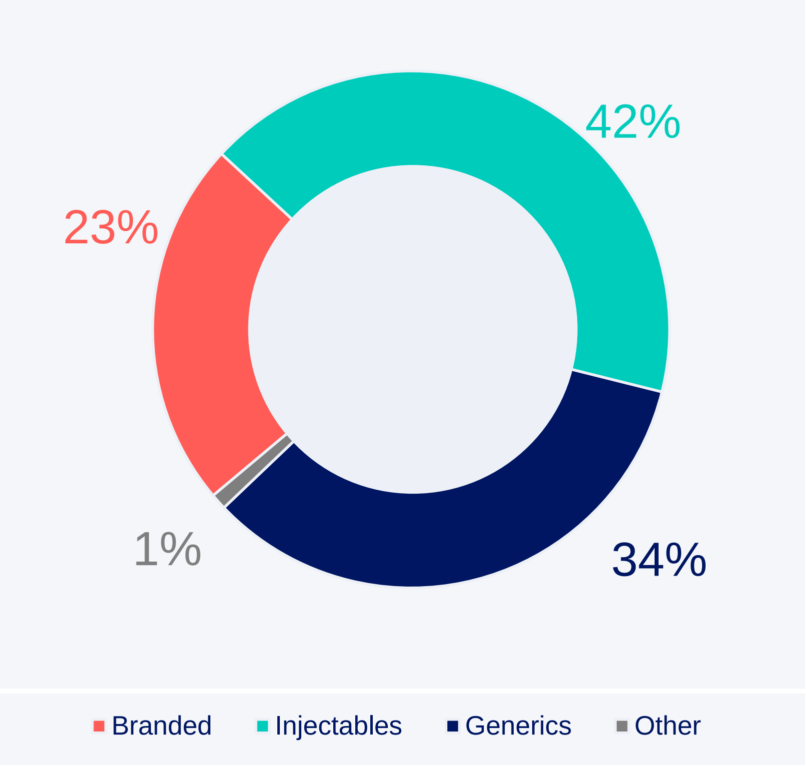


These figures are based on estimates and are subject to change.

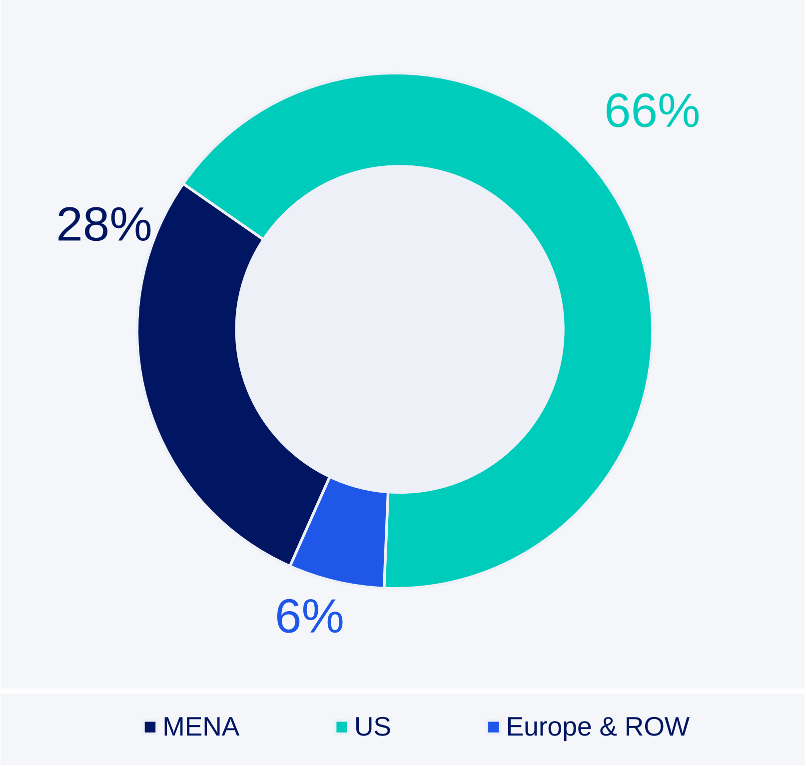
Graphs are not to scale.

Revenue by segment and region

1H18 revenue by segment



1H18 revenue by region



Consolidated P&L

$ million	1H18	1H17	*Change*	*Constant currency change*
Revenue	**989**	**895**	***+11%***	***+10%***
Gross profit	**500**	**454**	***+10%***	***+11%***
Gross margin	*50.6%*	*50.7%*	*-0.1pp*	*+0.2pp*
Operating profit	**174**	**113**	***+54%***	***+56%***
Core operating profit[1]	**214**	**176**	***+22%***	***+23%***
Core operating margin	*21.6%*	*19.7%*	*+1.9pp*	*+2.1pp*
EBITDA[2]	**230**	**211**	***+9%***	***+10%***
Profit attributable to shareholders	106	69	*+54%*	*+58%*
Core profit attributable to shareholders[1]	148	109	*+36%*	*+39%*
Basic EPS (cents)	44.0	28.8	*+53%*	+57%
Core basic EPS (cents)	61.4	45.4	*+35%*	+38%
Dividend per share (cents)	12	11	*9%*	-
Core effective tax rate	*20.1%*	*25.7%*	*-5.6pp*	*-6.0pp*

[1] Before the amortisation of intangible assets other than software and exceptional items
[2] Earnings before interest, tax, depreciation, amortisation and impairment charge

Cash flow statement

$ million	**1 H18**	1H17
Profit before tax	**141**	**100**
Non-cash items and other adjustments	104	125
Change in working capital	(39)	63
Income tax paid	(21)	(63)
Net cash generated from operating activities	**185**	**225**
Purchases of property, plant and equipment	(53)	(47)
Purchase of intangible assets	(16)	(28)
Proceeds from disposal of intangible assets	1	-
Cash paid in investment in joint ventures and associates	(4)	-
Investment in financial and other non-current assets	(1)	-
Investment in available for sale investments	-	(2)
Investment fair valued through other comprehensive income	(2)	-
Acquisition of business undertakings, net of cash acquired	(9)	1
Contingent consideration gain	30	-
Finance income	1	1
Net cash used in investing activities	**(53)**	**(75)**
Change in debt	(59)	19
Dividends paid	(57)	(55)
Interest paid and other change in cash	(21)	(23)
Purchase of non-controlling interest in subsidiary	-	(6)
(Payments)/proceeds from co-development and earnout payment agreement, net	(1)	2
Net cash used in financing activities	**(138)**	**(63)**
Net (decrease) / increase in cash and cash equivalents	**(6)**	**87**

Balance sheet

$ million	**Jun-18**	Dec-17	Growth $	Growth %
Cash and cash equivalent	220	227	(7)	(3%)
Collateralised and restricted cash	-	4	(4)	(100%)
Trade and other receivables	685	707	(22)	(3%)
Inventories	534	488	46	9%
Income tax receivables	42	53	(11)	(21%)
Other current assets	64	95	(31)	(33%)
Total current assets	**1,545**	**1,574**	**(29)**	**(2%)**
Goodwill and other intangible assets	776	785	(9)	(1%)
Property, plant and equipment	841	828	13	2%
Other long-term assets	184	201	(17)	(8%)
Total long-term assets	**1,801**	**1,814**	**(13)**	**(1%)**
Total assets	**3,346**	**3,388**	**(42)**	**(1%)**
Short-term financial debts	89	86	3	3%
Trade and other payables	355	365	(10)	(3%)
Income tax provision	83	82	1	1%
Other current liabilities	287	264	23	9%
Total current liabilities	**814**	**797**	**17**	**2%**
Long-term financial debts and finance leases obligations	631	690	(59)	(9%)
Other long-term liabilities	359	373	(14)	(4%)
Total long-term liabilities	**990**	**1,063**	**(73)**	**(7%)**
Total liabilities	**1,804**	**1,860**	**(56)**	**(3%)**
Minority interest	13	14	(1)	(7%)
Total shareholders' equity	**1,529**	**1,514**	**15**	**1%**
Total liabilities and shareholders' equity	**3,346**	**3,388**	**(42)**	**(1%)**