

Better health.
Within reach.
Every day.

Hikma Pharmaceuticals PLC
2021 Interim Results

hikma.

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Continued strategic progress and achieved strong Group core revenue and profit growth

Ongoing strategic progress:



Resilient broad portfolio delivering results across three business segments



Continued to develop our pipeline through R&D and partnerships



Expanded our portfolio with successful new launches



Continued to engage with the communities in which we operate and make progress on controlling our environmental impact

Strong financial performance:

Core¹
revenue

\$1,216m

1H20 \$1,132m +7%

Core
operating profit

\$309m

1H20 \$284m +9%

Core operating
profit margin

25.4%

1H20 25.1%

Operating
cash flow

\$224m

1H20 \$292m

Core basic
earnings per share

96.5¢

1H20 85.3¢ +13%

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

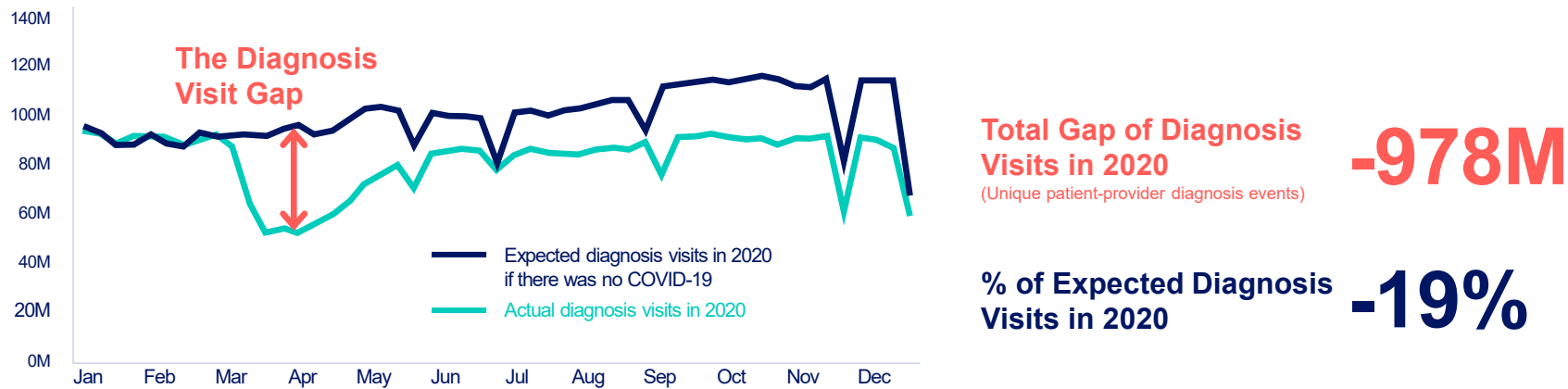
Injectables



The US market continues to face some volatility

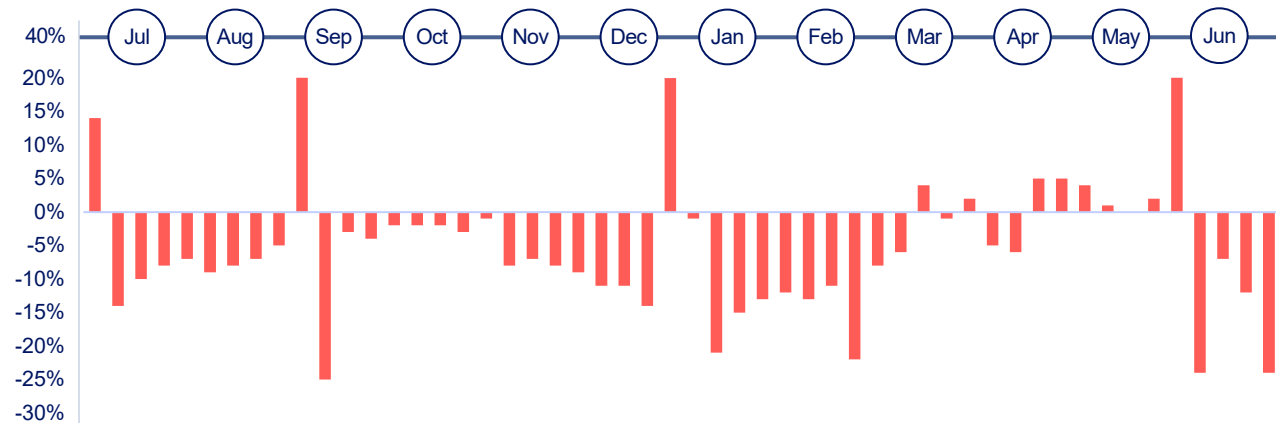


Diagnosis visit gap¹



- Patients are being cautious to enter hospitals
- Fewer diagnostic tests were administered in 2020 and this trend continues in 1H21
- Missed diagnosis visits have a direct effect on prescription utilization, elective procedures
- Vaccine deployment and other triggers will influence how and when the gap will close, or a new baseline is set

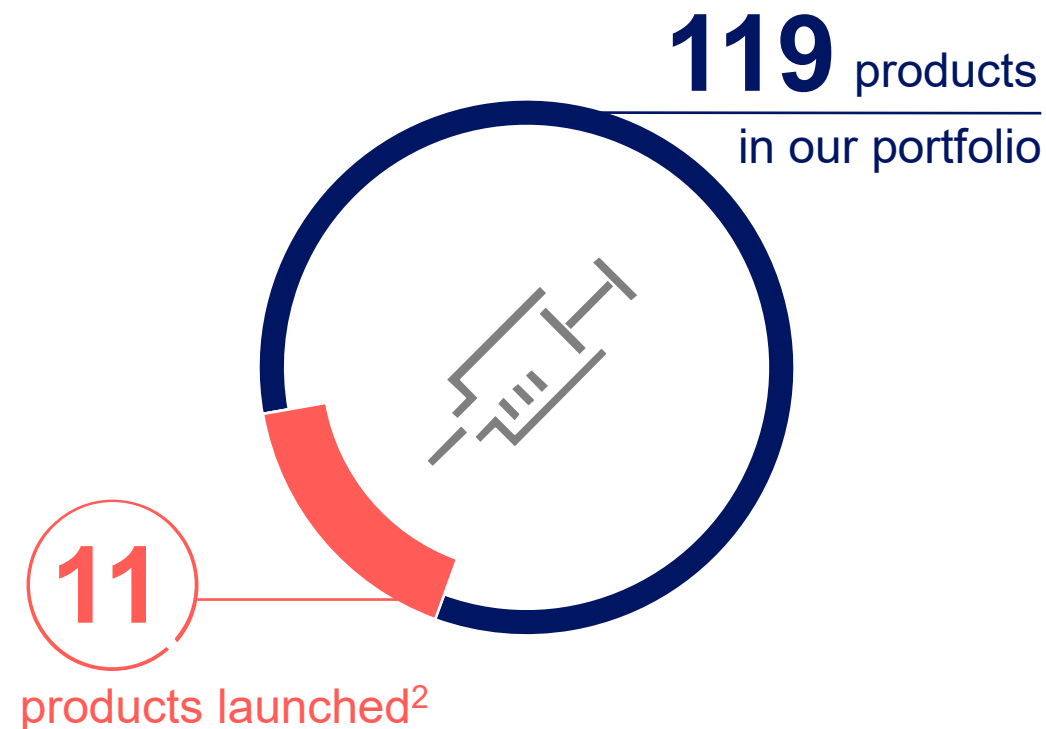
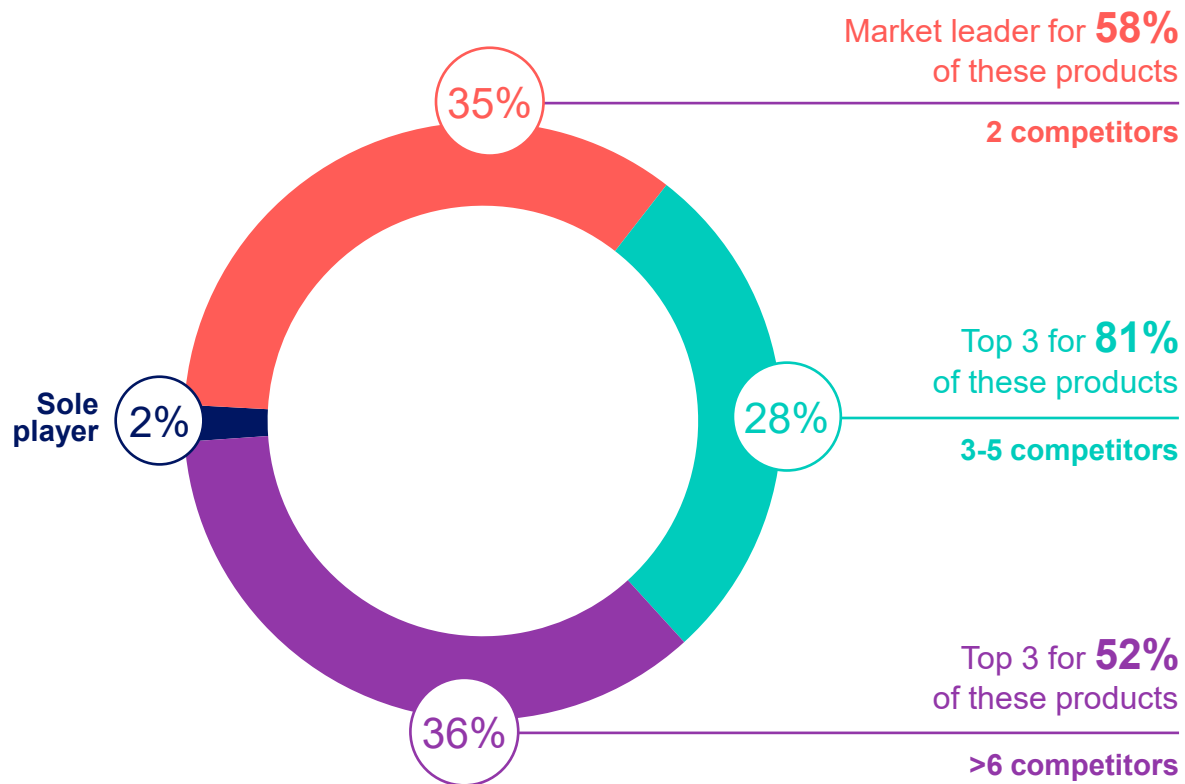
Impact on elective surgeries in the US¹



Benefitting from broad portfolio and flexible manufacturing



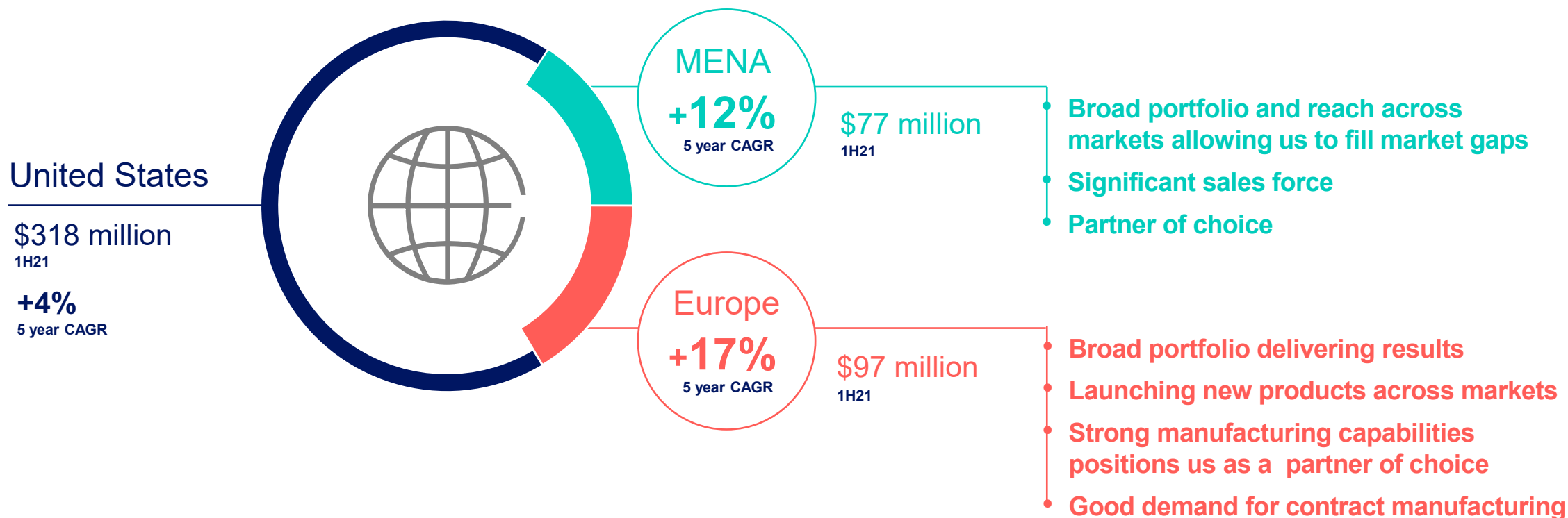
US Injectables revenue by competition and revenue contribution¹



¹ Revenue based on 1H 2021 US Injectables revenue, does not include contract manufacturing. Competitors based on IQVIA MAT May 2021

² As at July 2021

Strong growth in MENA and Europe supporting overall Injectable segment



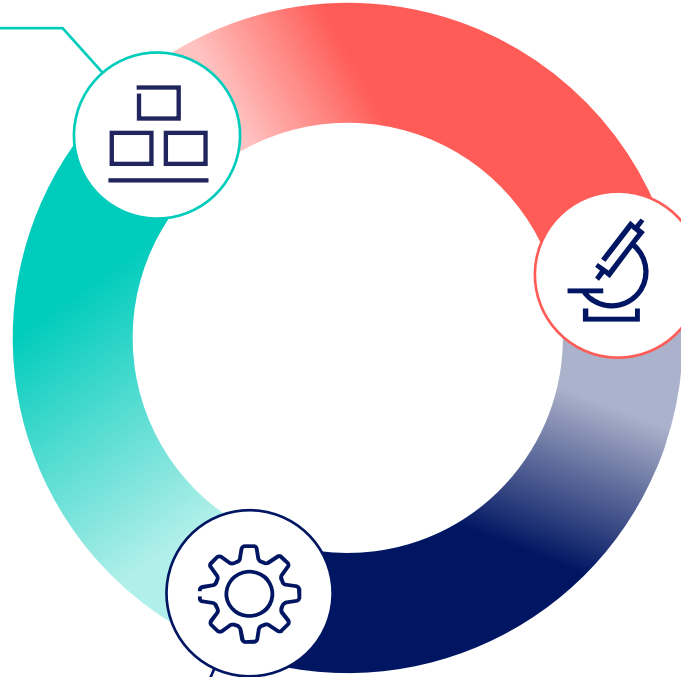
Generics



Strength and resilience of this business is delivering results

Strong foundation

- Continued to drive demand for our differentiated portfolio
- Manufacturing flexibility enabling us to capture market opportunity



Expanding portfolio

- Successfully launching new products
- Increasing differentiation by building specialty portfolio
- Exceptional contribution from new launches

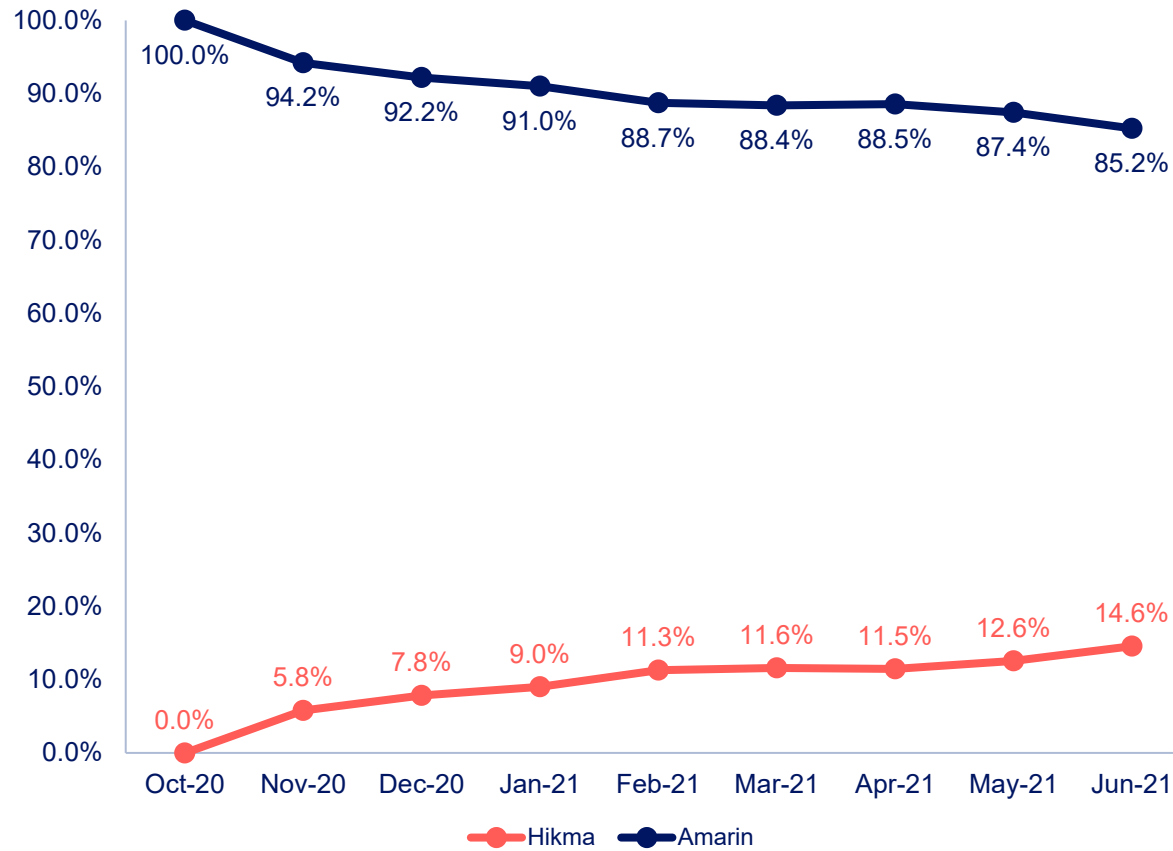
Driving efficiencies

- Identified portfolio optimization opportunities
- Continued to improve service levels and achieve manufacturing efficiencies

Strong commercial capabilities enabling us to capture market share

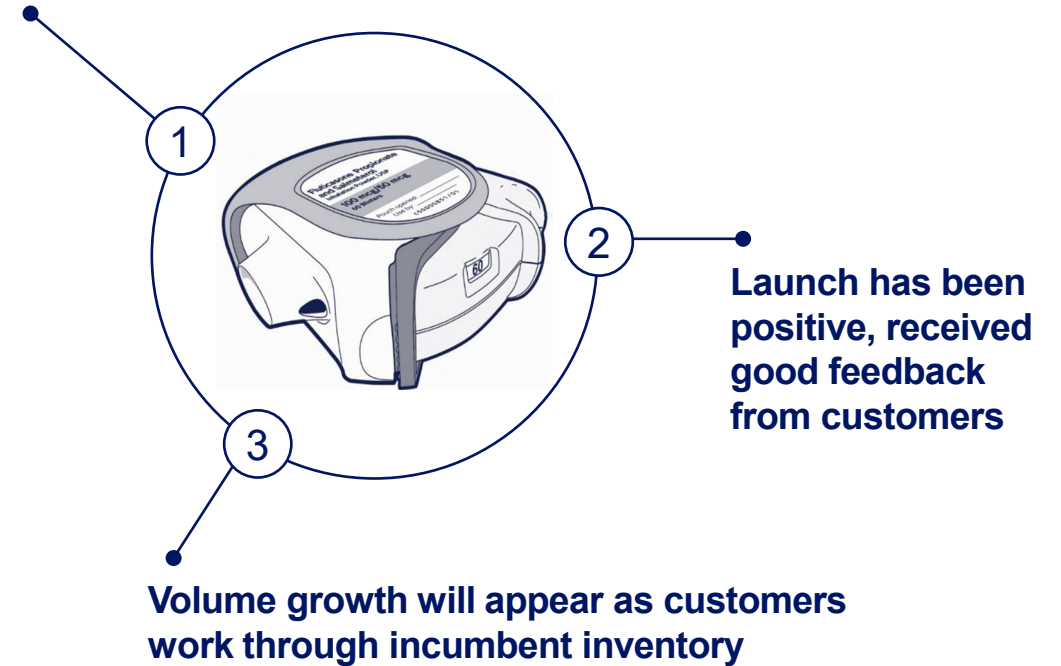


Gradual increase in icosapent ethyl market share¹



Good progress with generic Advair Diskus[®] launch

We secured strategic business and are confident in our ability to achieve target market share

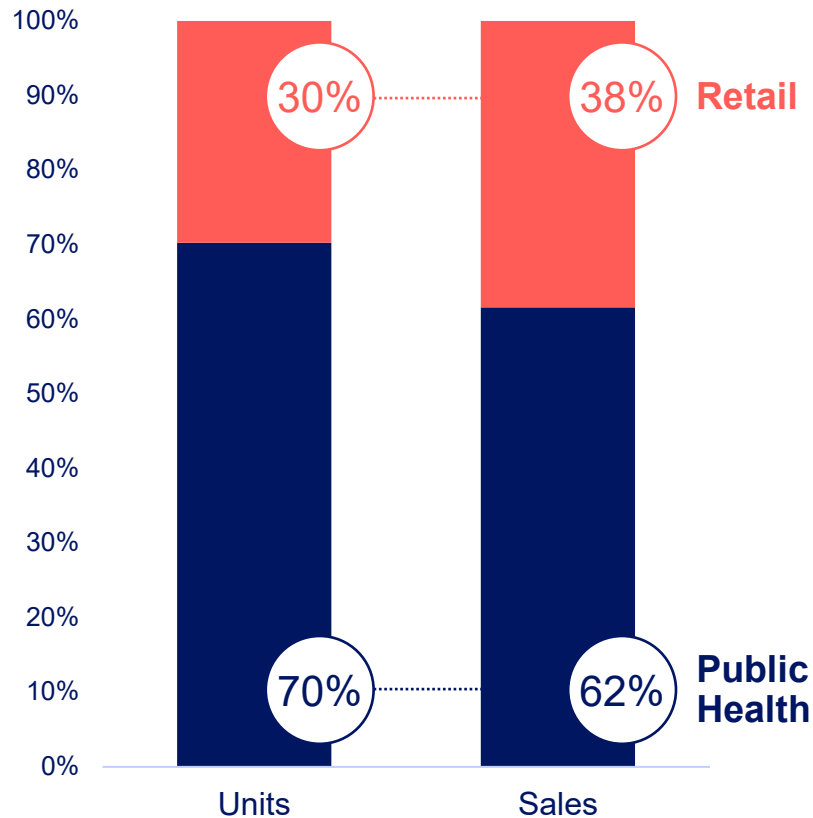


¹IQVIA monthly TRx, June 2021

Leveraging our position as a leading supplier of nasal sprays in the US



Naloxone HCl market overview¹



- Increasing access to important medication through retail and government business
- Building Hikma Community Health as a vehicle for broad education initiatives
- Leveraging our position as leading supplier of nasal sprays and commercial expertise to meet patient needs
- Builds upon Hikma Specialty experience with branded retail sales



“There is an urgent need for additional resources to combat this epidemic, and KLOXXADO™ will provide an important new tool for those on the front lines of this fight.”

DESIREE CREVECOEUR-MACPHAIL²

¹ Hikma internal analysis

² Ph.D., Assistant Professor of Psychology, Chapman University and former Director of Quality Assurance and Utilization Management for the Los Angeles Centers for Alcohol and Drug Abuse

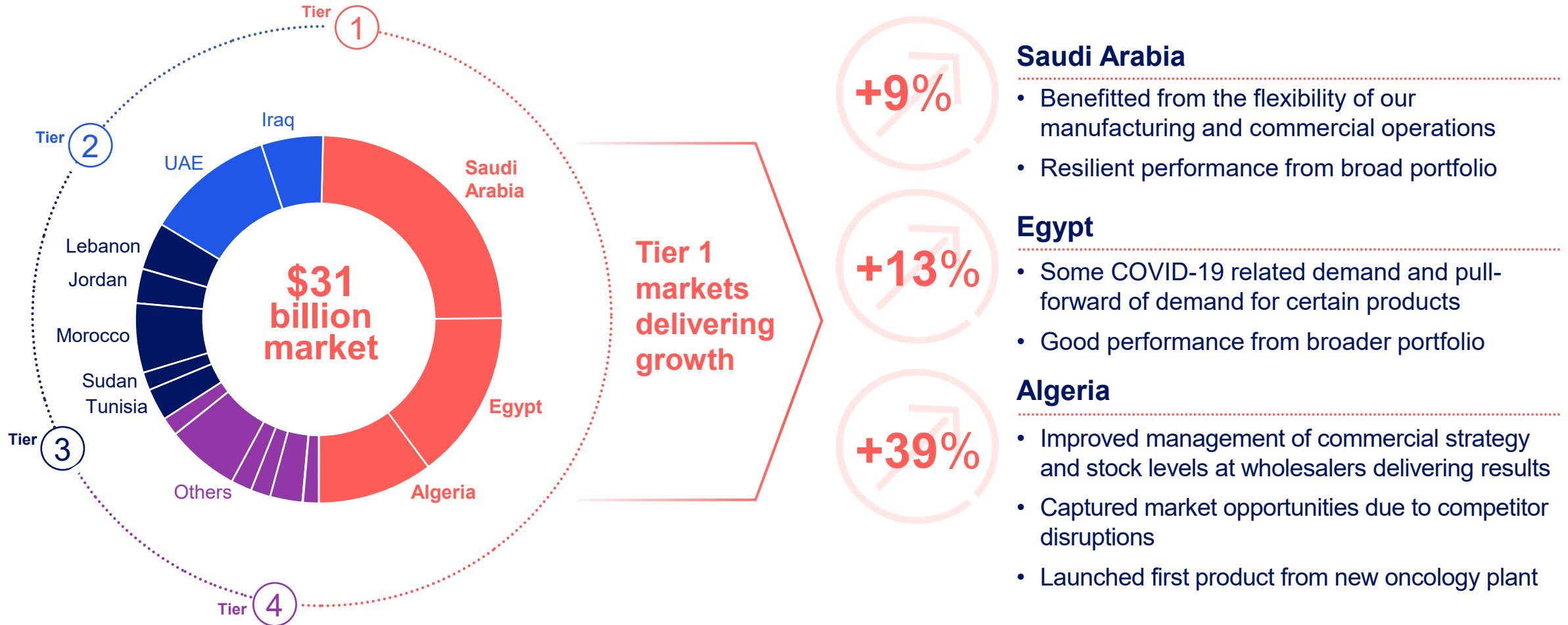
Branded



Delivering growth in Tier 1 markets and benefitting from strong commercial capabilities



Selected MENA markets by size²



Finance

Khalid Nabils, Chief Financial Officer

Group financial highlights

	1H20	1H21	% change
Core ¹ revenue	\$1,132 million	\$1,216 million	+7%
Core gross profit	\$577 million	\$616 million	+7%
Core operating profit	\$284 million	\$309 million	+9%
Core EBITDA ²	\$328 million	\$358 million	+9%
Core net income	\$205 million	\$223 million	+9%
Basic earnings per share ³	87.6 cents	107.4 cents	+23%
Core basic earnings per share ³	85.3 cents	96.5 cents	+13%
Interim dividend per share	16 cents	18 cents	+13%

¹ Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided in our 2021 interim results press

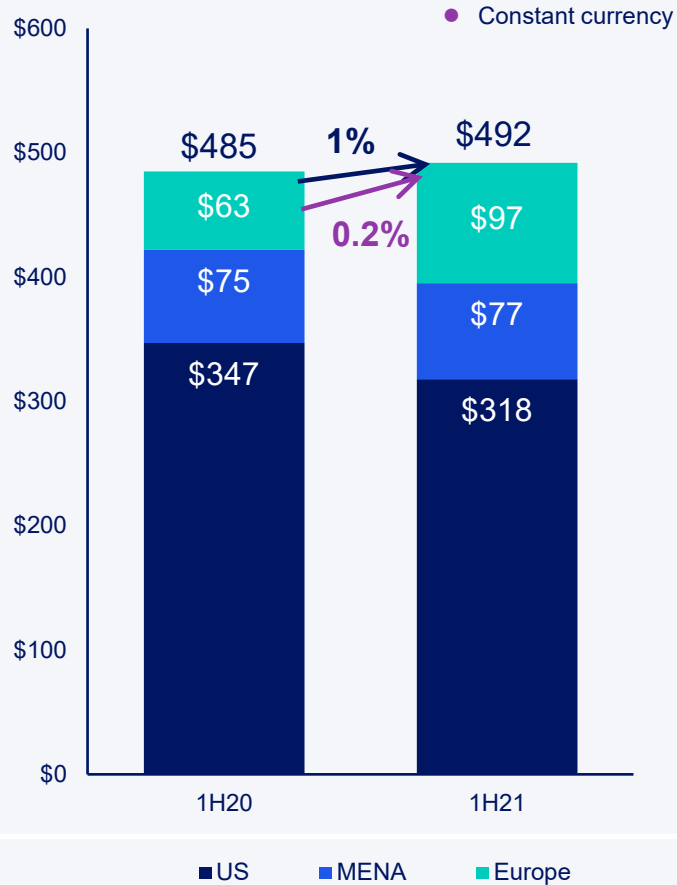
² Core EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional and other items. EBITDA is a non-IFRS measure, see 2021 interim press release for a reconciliation to reported IFRS results. Core EBITDA is calculated for trailing twelve months ended 30 June 2021

³ In June 2020, Hikma purchased 12.8 million ordinary shares from Boehringer Ingelheim, which are being held in treasury.

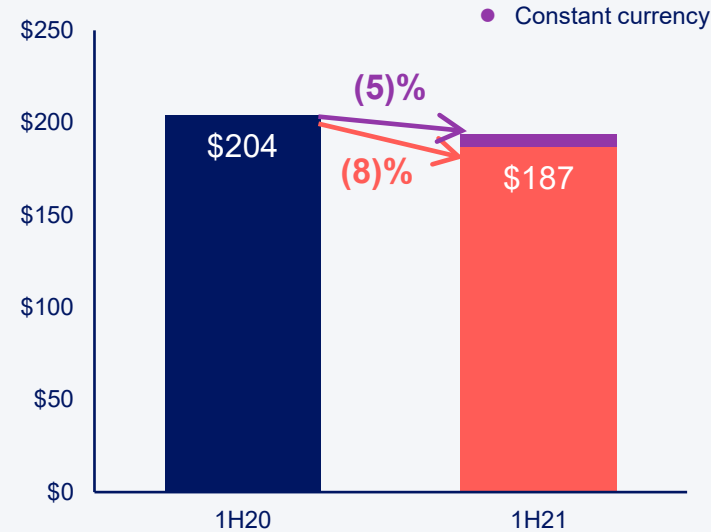
Injectables



Core revenue (million)



Core operating profit (million)



Operating margin

	1H20	1H21	Change	1H21 constant currency	Change
Reported	39.6%	35.6%	(4.0)p	37.4%	(2.2)p
Core	42.1%	38.0%	(4.1)p	39.9%	(2.2)p

Core revenue

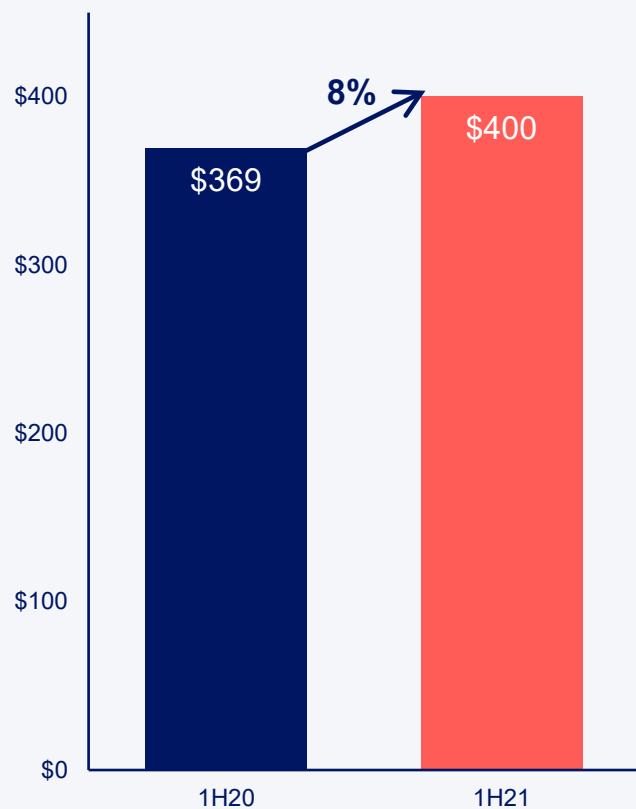
- ⊕ Good growth in MENA, reflecting good demand for our portfolio and biosimilars
- ⊕ Strong growth in Europe, reflecting good demand for contract manufacturing and new launches
- ⊕ Launched new products across all markets
- ⊖ Reduced demand for COVID-19 related products in the US vs strong 1H20
- ⊖ Slowdown in elective surgeries

Core operating profit

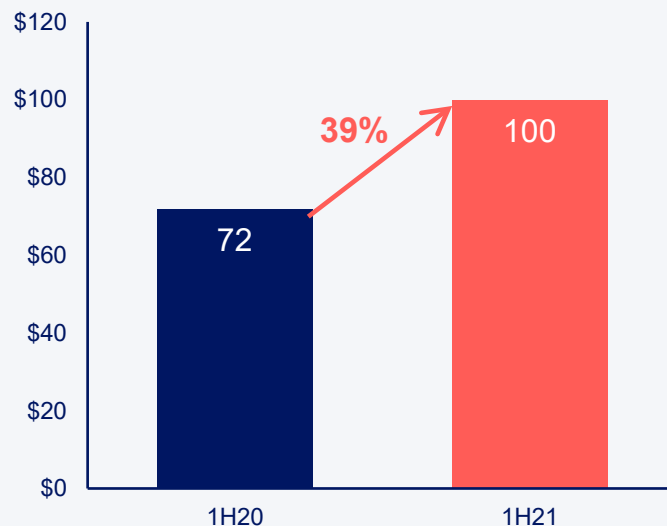
- ⊖ Less favourable product mix in the US
- ⊖ Negative foreign exchange movements in MENA



Core revenue (million)



Core operating profit (million)



Operating margin

	1H20	1H21	Change
Reported	27.6%	33.5%	5.9pp
Core	19.5%	25.0%	5.5pp

Core revenue

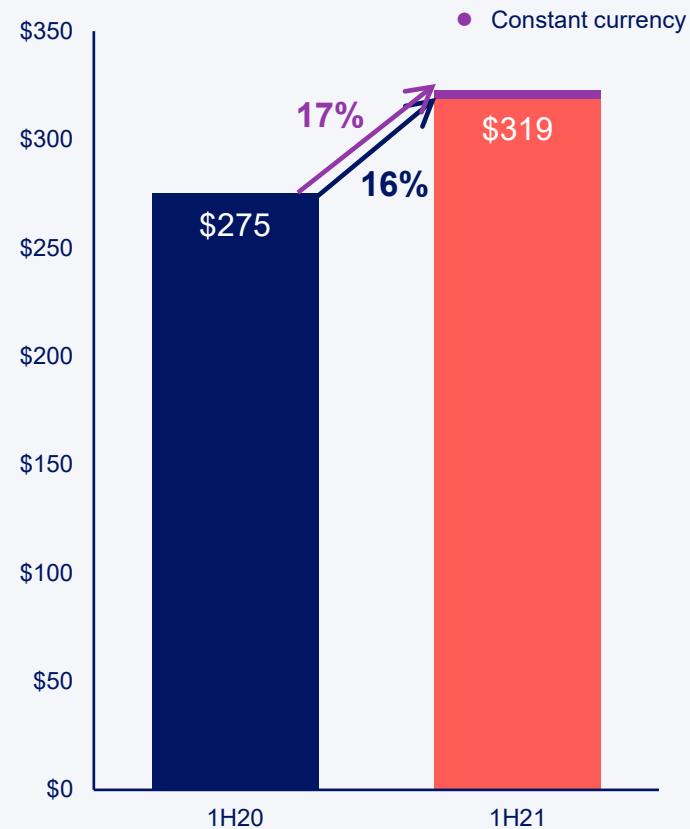
- + Good demand for differentiated products
- + Strong contribution from new launches
- Increased competition on certain products

Core operating profit

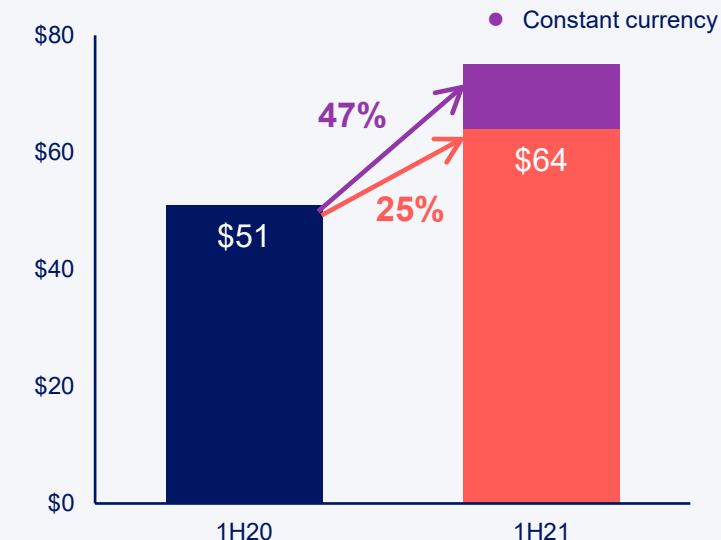
- + Improved product mix driven by new launches
- + Lower operating expenses due to timing of R&D spend



Core revenue (million)



Core operating profit (million)



Operating margin

	1H20	1H21	Change	1H21 constant currency	Change
Reported	16.7%	18.5%	1.8pp	21.7%	5.0pp
Core	18.5%	20.1%	1.6pp	23.2%	4.7pp

Core revenue

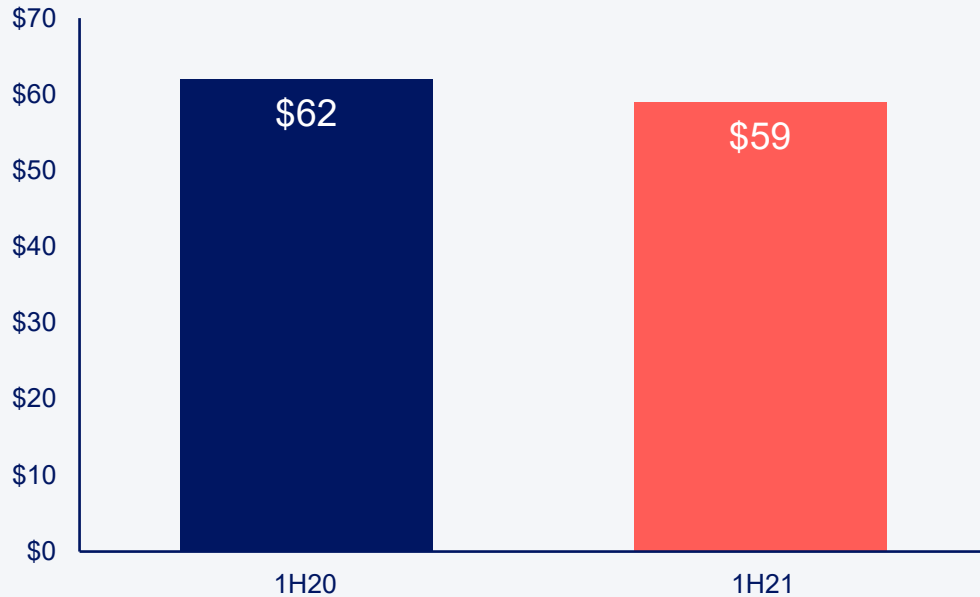
- + Good growth in Tier 1 and other markets
- + Benefitting from our local presence in Algeria
- + Continued demand in Egypt for COVID-19 related products
- + Captured opportunities in the private market in Saudi Arabia
- + More balanced distribution of revenue across the year

Core operating profit

- + Improvement in product mix
- Increase in SG&A and foreign exchange losses

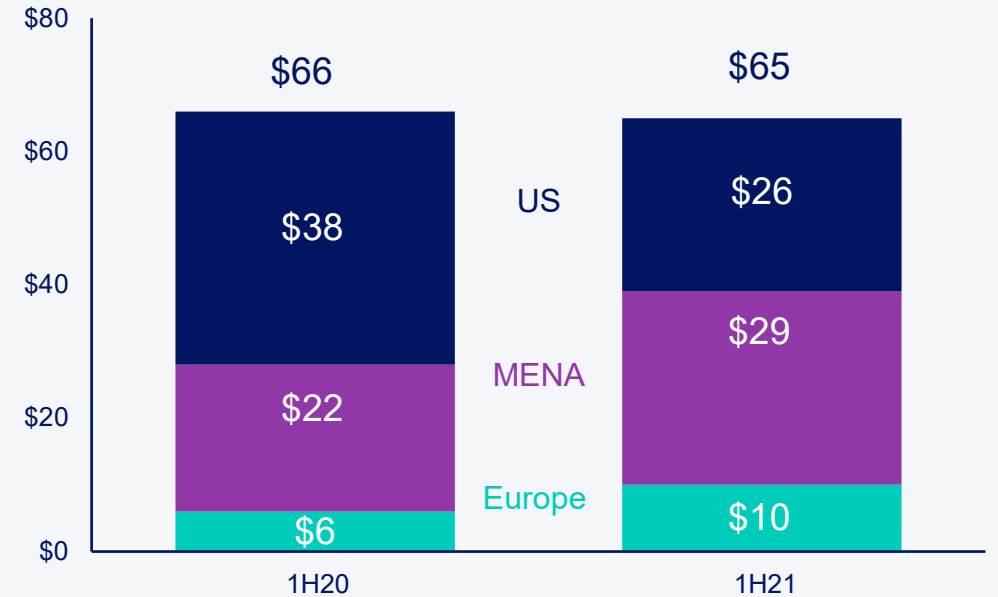
Core R&D and capital expenditure

Core R&D (million)



- Invested 5% of Group core revenue in core R&D
- The slight decrease reflects timing of spend. Expect higher investment in the second half of the year

Cash capital expenditure (million)

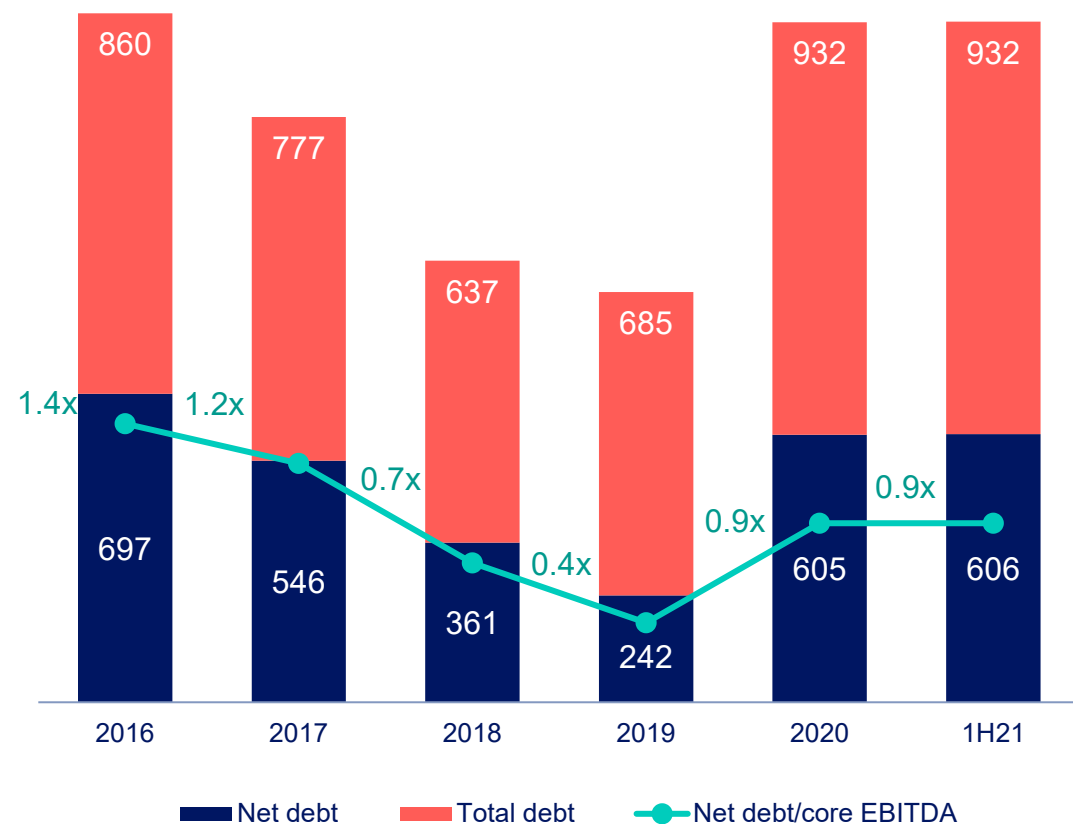


- Upgrading, expanding packaging and adding new technologies in US
- Strengthening and expanding manufacturing and warehousing capabilities in MENA
- Expanding and strengthening capabilities in Europe

Cash flow and balance sheet

Debt and leverage

(millions)



Operating cash flow

	Jun-20	Jun-21
Operating cash flow	292	224
Operating cash flow/core revenue	26%	18%

Raised 2021 guidance

Injectables



- Revenue:
mid-single digits
- Core operating margin:
37% to 38%

Generics



- Revenue:
\$810 million to \$830 million
- Core operating margin:
22% to 24%

Branded



- Revenue growth in constant currency:
mid-single digits

Net finance expense



- Net finance expense:
c.\$50 million

Capital expenditure



- Capital expenditure:
\$140 million to \$160 million

Tax



- Core effective tax rate:
22% to 23%



Hikma is well positioned to deliver sustainable growth

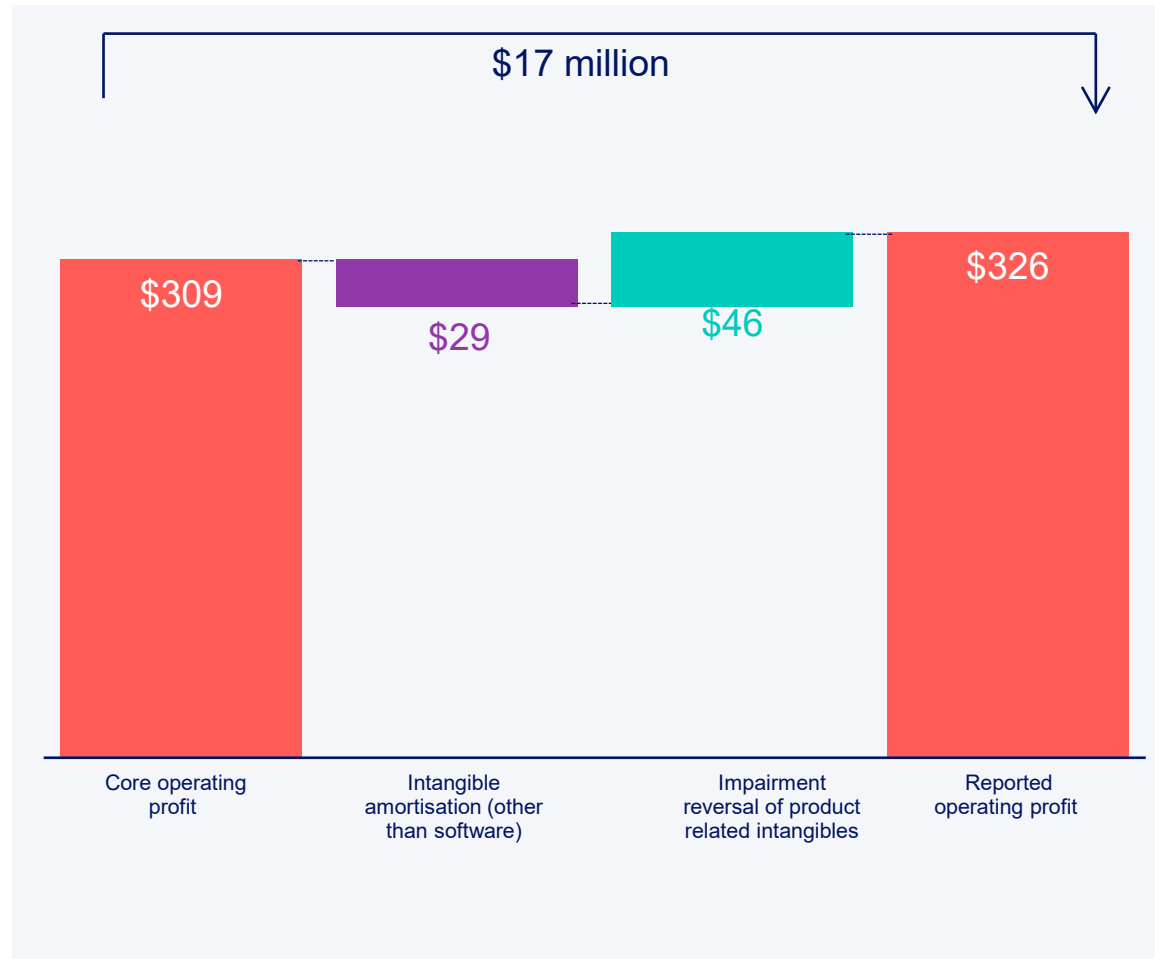


Appendix

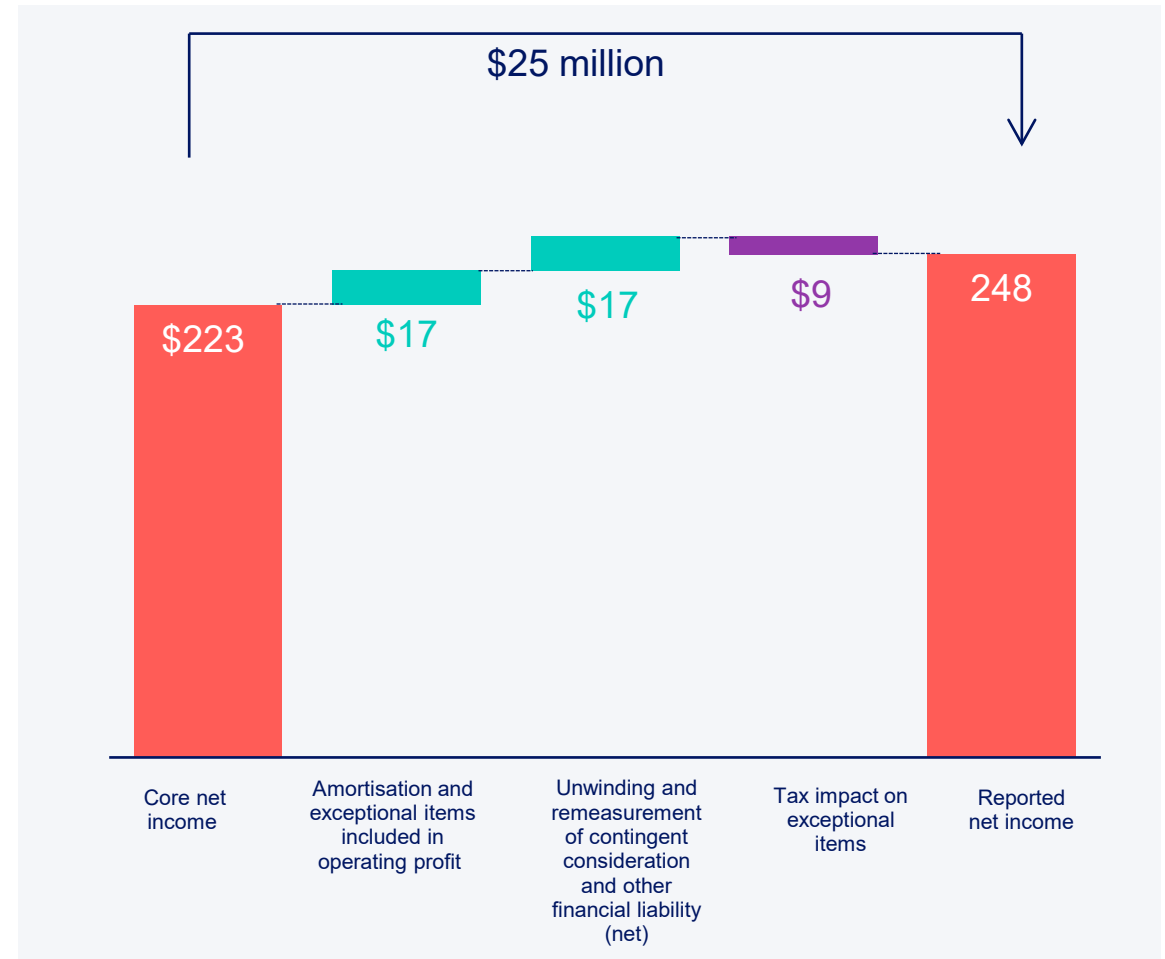


1H21 exceptional items and other adjustments

Bridge between 1H21 core and reported operating profit
(million)



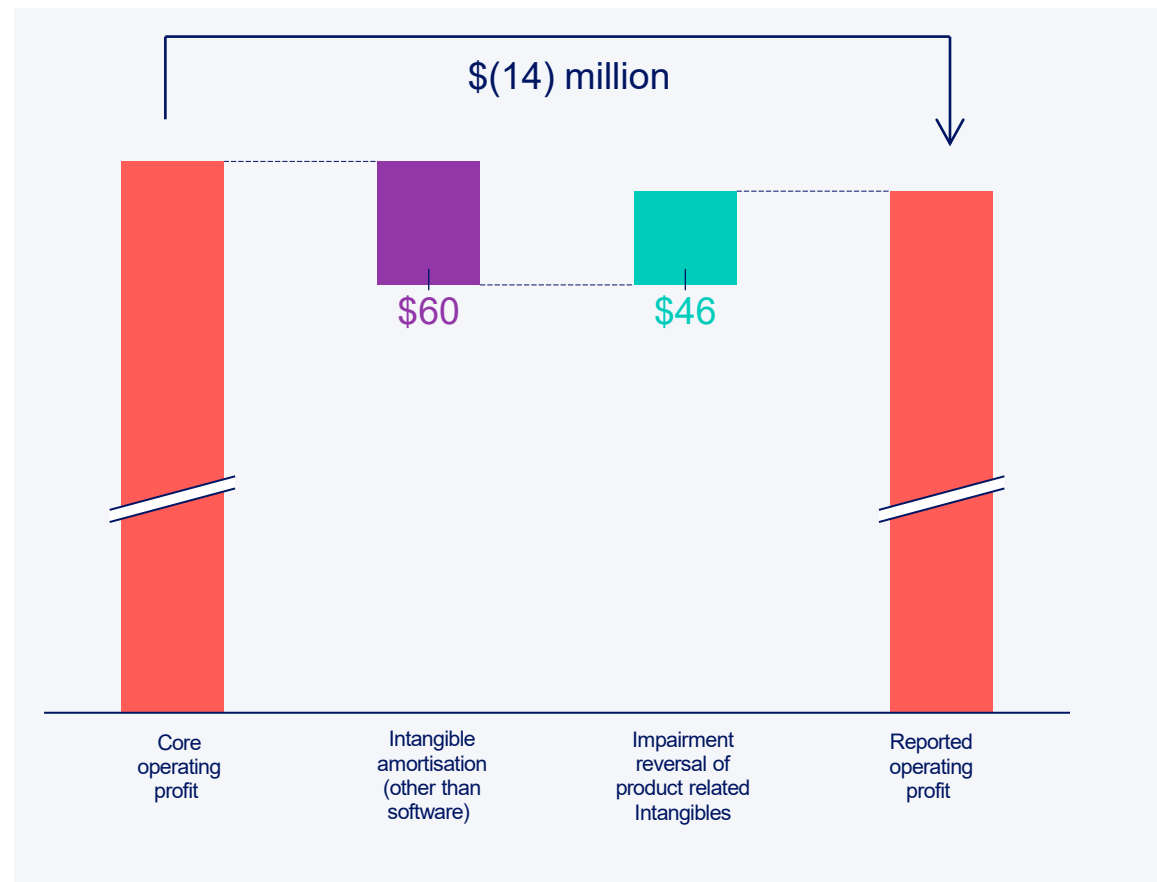
Bridge between 1H21 core and reported net income
(million)



2021 expected exceptional items and other adjustments

Bridge between 2021 core and reported operating profit

(million)

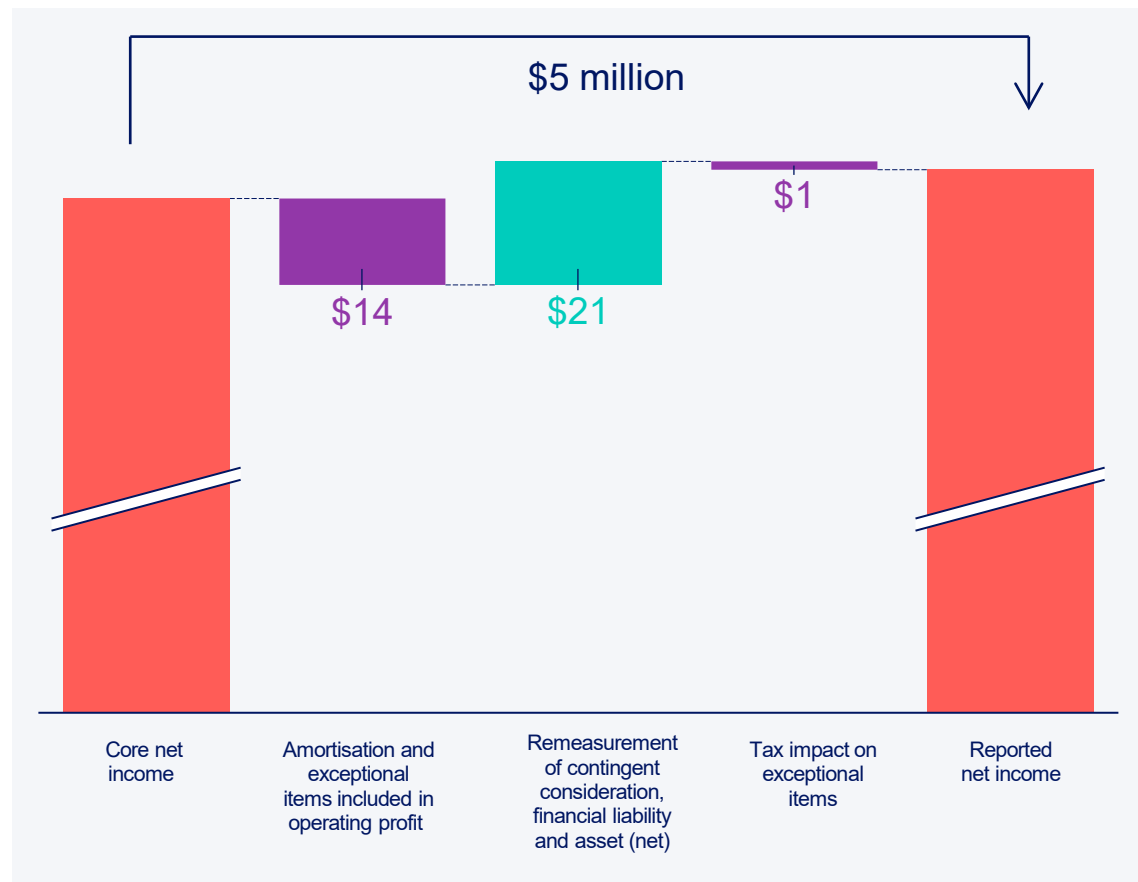


These figures are based on estimates and are subject to change

Graphs are not to scale

Bridge between 2021 core and reported net income

(million)

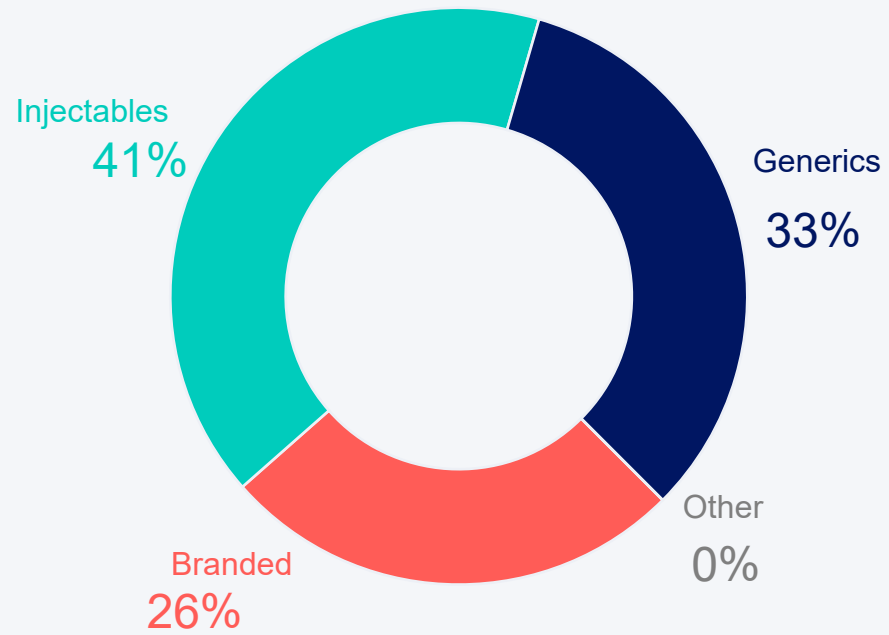


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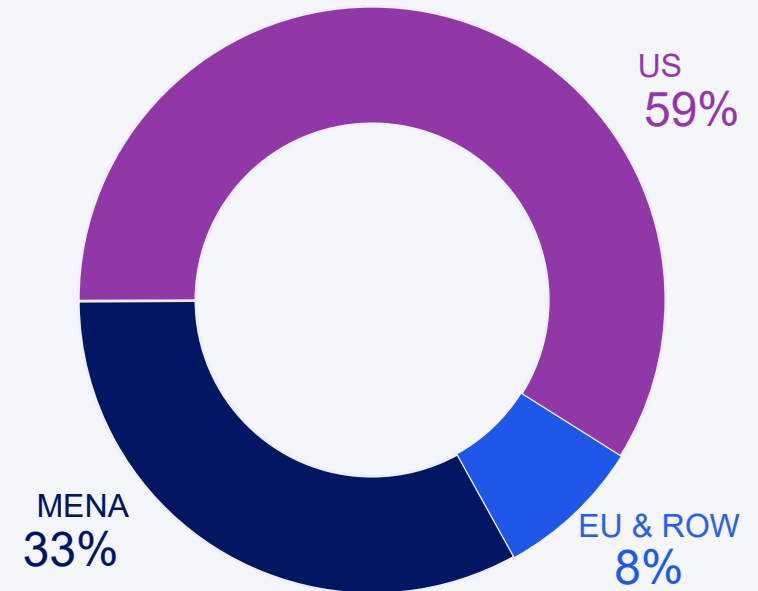
Graphs are not to scale

Group core revenue by segment and region

1H21 Group core revenue by segment



1H21 Group core revenue by region



Core finance expense

1H21 core finance expense

