

Acquisition of Roxane Laboratories

Transforming Hikma's position in the US
generics market

28 July 2015

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This document should be read in conjunction with the transaction announcement issued by the Company on 28 July 2015.

Strategic rationale

A transformational deal, delivering our strategy for growth



Highly complementary with Hikma's existing US business, creating top 6 player in US generics market¹

Adds broad US portfolio with 88 differentiated products across specialised segments

Enhances pipeline with 89 R&D projects including 57 Paragraph IV opportunities

Complex formulation and alternative dosage form capabilities expected to support sustainable long-term growth

Best-in-class facility with strong regulatory inspection track record with multiple global authorities

Adds an experienced and longstanding management team and highly skilled employees

Strong financial rationale and support from new long-term shareholder, Boehringer Ingelheim

A transformational deal – enhances scale and drives long-term growth



- ▶ **Roxane is a well-established US specialty generics company with a highly differentiated product portfolio and R&D capabilities**
- ▶ **Agreement to acquire Roxane for \$1.18 billion in cash and 40 million new Hikma shares**
 - Gross aggregate consideration of approximately \$2.65 billion,¹ based on agreed issuance price of £23.50 per Hikma share, representing a 13% premium² to current
 - Potential additional contingent payments related to certain key products in Roxane’s development pipeline
- ▶ **Boehringer Ingelheim’s 16.7% equity stake reflects conviction in future growth potential**
 - Boehringer retains exposure to the significant upside potential of the combined organisations
 - In respect of its holding of 40 million Hikma shares, Boehringer undertakes not to exercise any voting rights that exceed 28.5 million voting rights
- ▶ **Accretive to adjusted earnings per share (“EPS”) in 2016 and very strongly accretive to adjusted EPS thereafter**
 - Targeting Roxane revenue of \$725 million to \$775 million in 2017
 - Targeting Roxane EBITDA margin of around 35% over the medium-term

¹ Based on a US\$:GBP exchange rate of 1.56:1

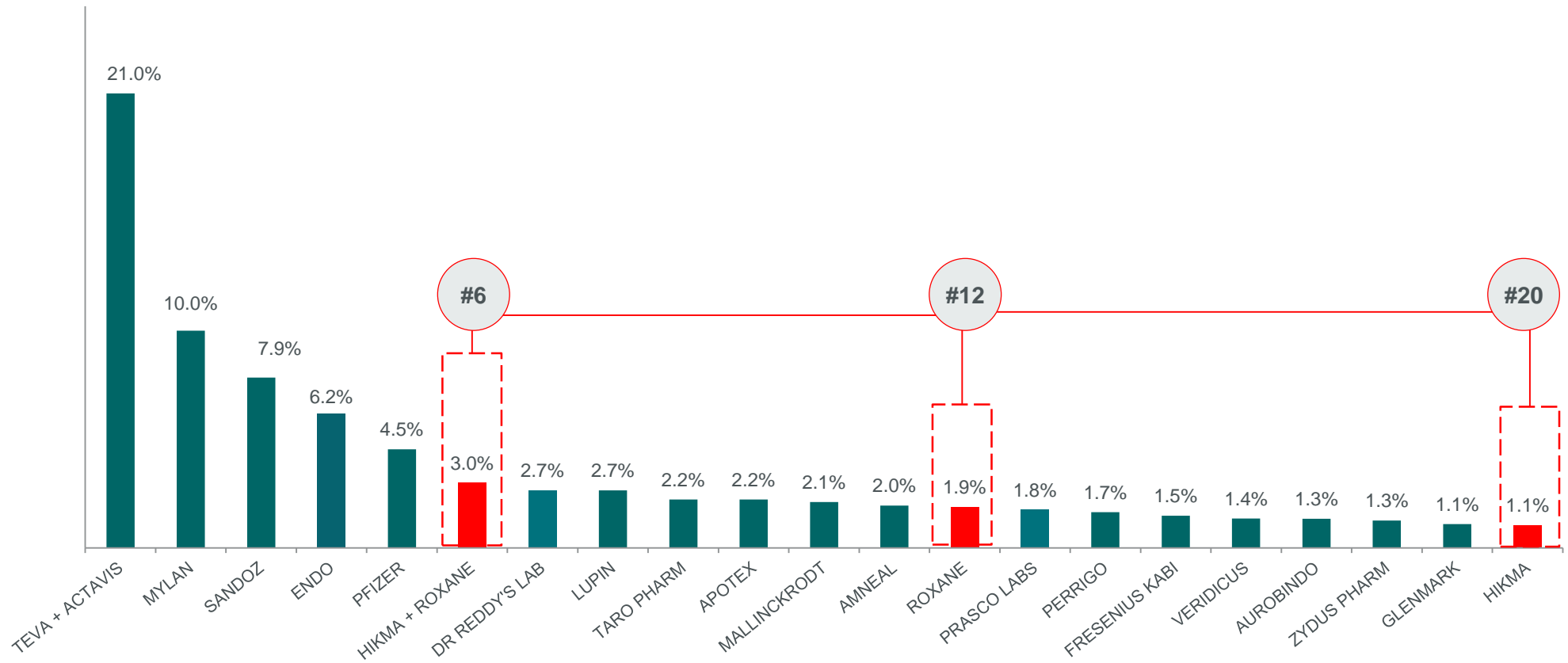
² Based on the closing share price of £20.80 on 27 July 2015

Transforms Hikma's position in the US generics market



- ▶ Combining Roxane and Hikma creates the sixth largest company in the US generics market by revenue

US generics market share (%)



3 Source: IMS Healthcare, MAT May 2015 – adjusted to reflect recently announced M&A transactions: Teva's proposed acquisition of Allergan Generics, Endo's proposed acquisition of Par, Pfizer's proposed acquisition of Hospira and Lupin's proposed acquisition of Gavis

Roxane represents a compelling strategic fit



Creates a more balanced and diversified business model



2014 Hikma Group revenue

2014 Hikma Group + Roxane revenue (illustrative)¹



■ Branded ■ Injectables ■ Generics

■ Branded ■ Injectables ■ Generics

¹The chart above is for illustrative purposes only. Revenue for Hikma is extracted from its audited financial statements for the year ended 31 December 2014, prepared in accordance with IFRS. Revenue for Roxane is extracted from unaudited, draft financial statements, prepared in accordance with US GAAP. A shareholder circular to be prepared by Hikma for the purposes of, among other things, seeking shareholder approval for the transaction, will include financial information for the three years ended 31 December 2014 prepared under IFRS and in accordance with Hikma's accounting policies

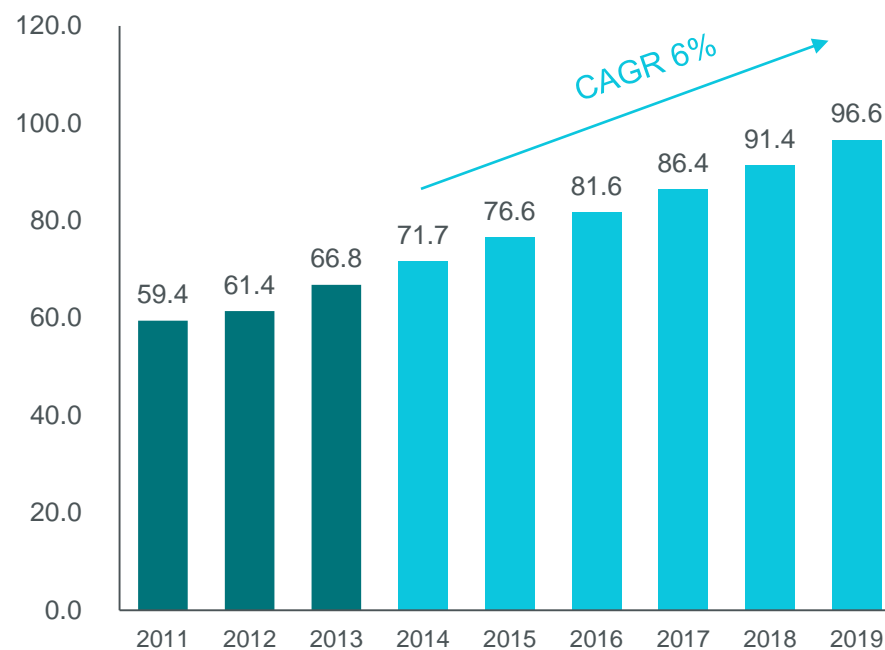
Why Roxane?

US generics market offers stable fundamentals and attractive growth opportunities



- ▶ Stable fundamentals and attractive growth opportunities
 - Expected CAGR of 6% between 2014 and 2019
- ▶ Growth drivers include:
 - Continued patent cliff and loss of exclusivity opportunities
 - Continued regulatory pressures to control healthcare costs
 - Regulatory push for increased access to affordable drug benefits
 - An ageing population with more chronic illnesses
 - Increased acceptance among consumers, physicians and pharmacists of generics as equivalents of branded pharmaceuticals

US generics pharmaceutical market (\$ billion)



A leading generics company with a strong track record



High quality, leading generics company

- ▶ Well-established US generics company
- ▶ Founded in 1885 and purchased by Boehringer Ingelheim in 1978

Highly differentiated product portfolio

- ▶ Differentiated and diversified product portfolio
- ▶ Top-3 market position across 90% of product portfolio

Strong R&D pipeline

- ▶ Broad pipeline of 89 R&D projects in various stages of development
- ▶ Addressable market of current pipeline exceeds \$41 billion
- ▶ Strong track record with an average of 8 new product launches annually since 2010

Outstanding manufacturing capabilities

- ▶ 875k sq ft FDA / EMA inspected and cGMP compliant manufacturing facility
- ▶ Solid, liquid, dry powder inhaler and nasal spray dosage form capabilities
- ▶ DEA approved for controlled substance drugs dedicated facility for high-potency substances
- ▶ Strong global compliance record

Experienced management team

- ▶ Experienced and longstanding management team
- ▶ Senior management team has average industry experience of 25+ years

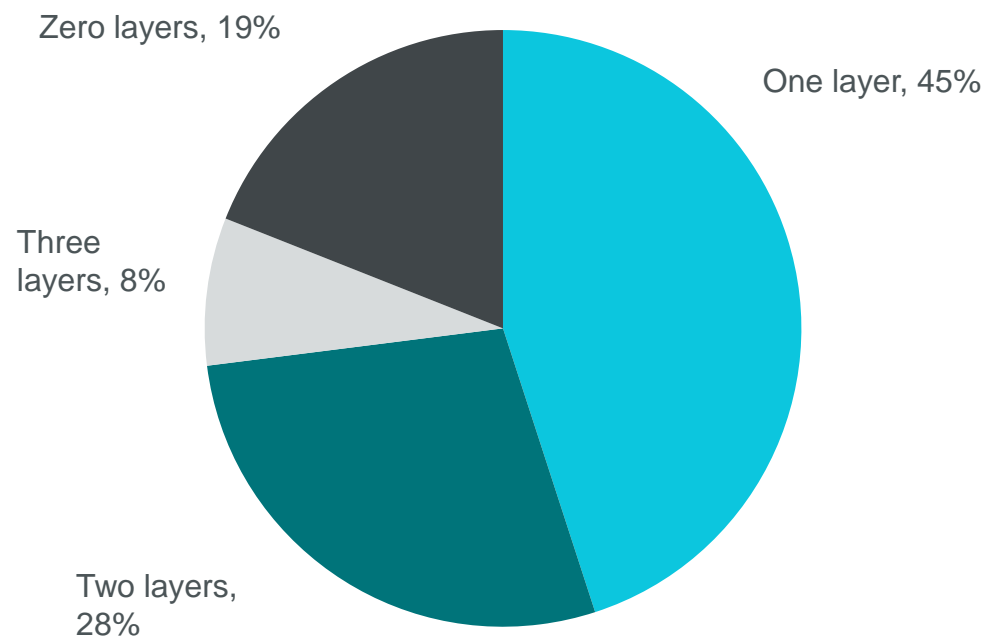
Adds high value portfolio of differentiated products with leading market positions



- ▶ More than 80% of Roxane's products have one or more layers of differentiation
- ▶ Layers of differentiation create a high value portfolio
- ▶ Layers of differentiation include:
 - Paragraph IV first-to-file challenges
 - Potent compounds (high containment operations products)
 - Schedule I to V drugs (DEA controlled products)
 - Products requiring complex bioequivalence studies
 - Technically challenging dosage forms
 - API sourcing competency and technical expertise
 - Risk Evaluation and Mitigation Strategies (REMS)

Product portfolio by layers of differentiation¹

Weighted by 2015E net product sales



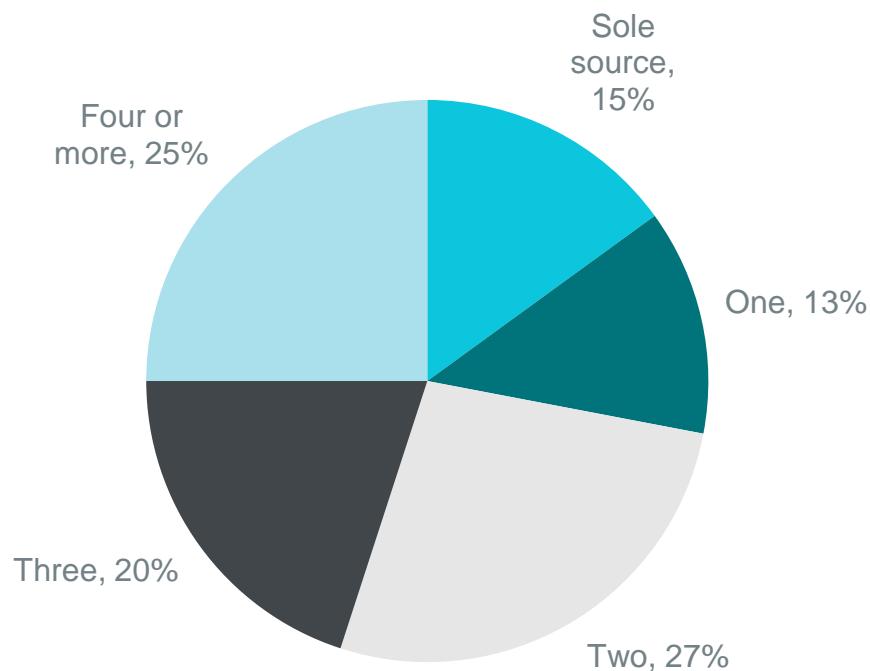
Adds high value portfolio of differentiated products with leading market positions



Roxane's top 10 products by 2015E net product sales

Product	Market position	# of competing products
Fluticasone	1	3
Methadone	2	2 (tabs), 2 (oral solution)
Alosetron hydrochloride	1	0
Capecitabine	3	2
Cyclophosphamide	1	0
Mycophenolate	3 (caps) 2 (tabs)	6 (caps), 8 (tabs)
Balsalazide	1	2
Buprenorphine/ Buprenorphine & naloxone	1/ 3	1/ 2
Methotrexate	1	3
Prednisone	1	4 (tabs), 0 (oral solution)

Roxane's product portfolio by number of competing products



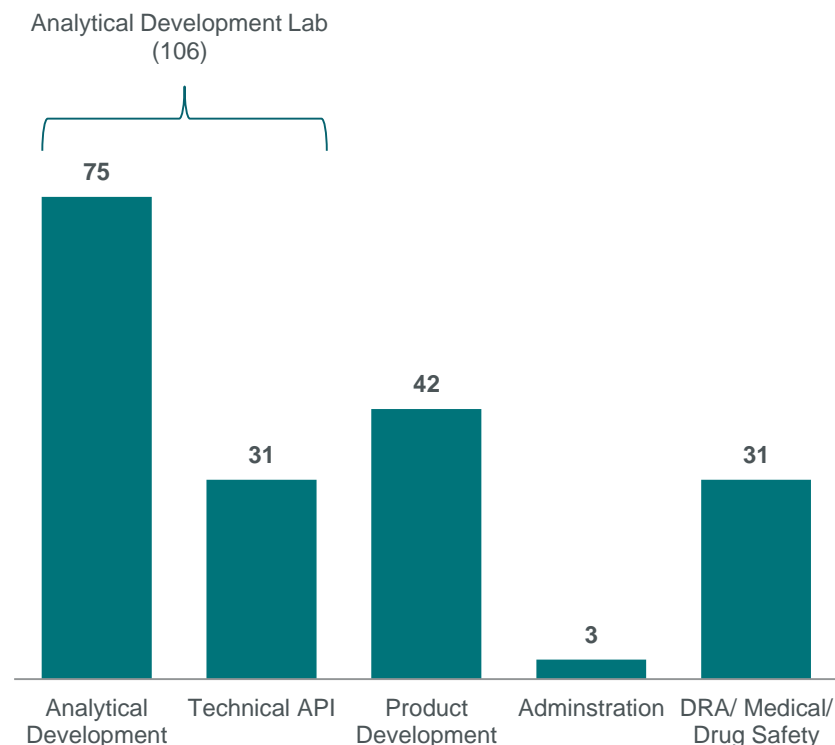
75% of Roxane's marketed products have three or fewer competing products

Adds impressive R&D capabilities and a large R&D team



- ▶ Strong track record of investing in R&D to deliver a highly differentiated product portfolio:
 - R&D spend in excess of \$100 million per annum from 2012 to 2014¹
- ▶ Fully integrated R&D infrastructure, with more than 180 FTEs – including 20+ PhDs, PharmDs and MDs
- ▶ Advanced laboratory facility with full analytical and formulation development capabilities, including high containment development capabilities
- ▶ Multi-disciplinary approach through commercial launch and lifecycle
- ▶ Co-location of team members, development facility and manufacturing facility provides optimal collaboration, communication and strategic oversight

R&D structure – 182 employees



Source: Roxane

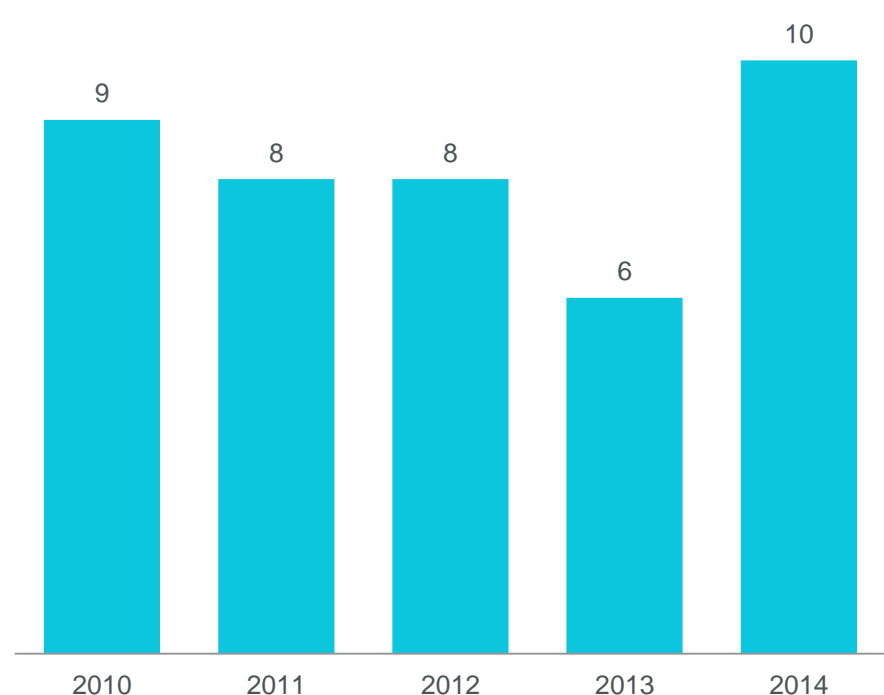
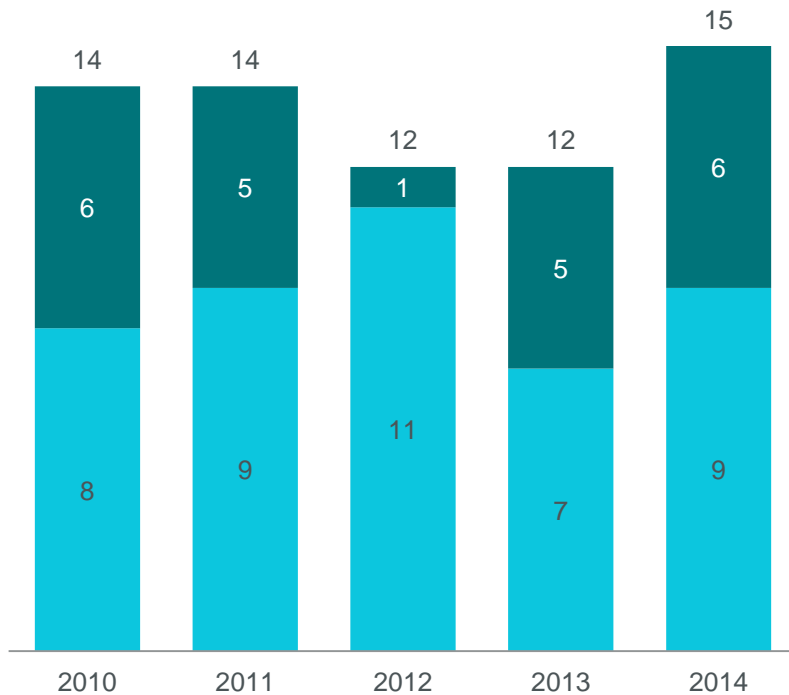
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Brings strong track record of filing and launching new products



New filings (number of products)

New product launches (number of products)



■ Enhancements to Existing Products ■ New Products

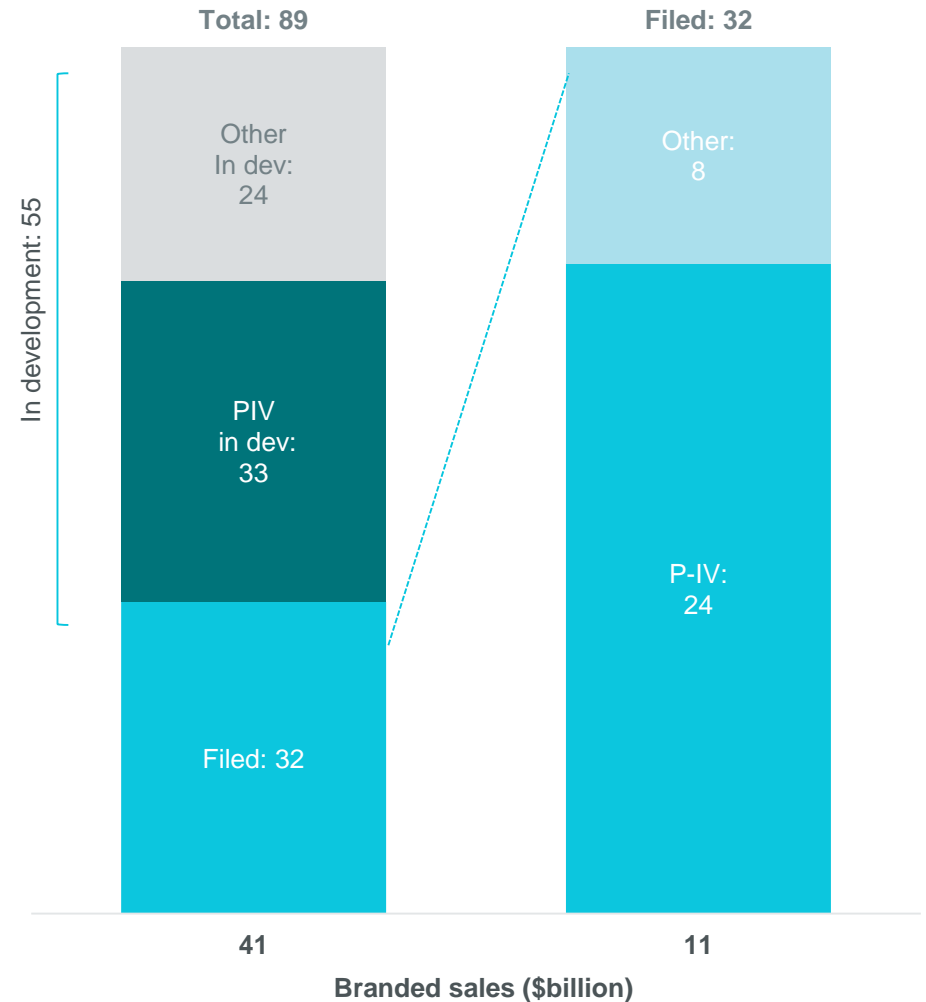
Average of 8 new product launches annually since 2010

Adds high value pipeline with 57 PIV products and 13 ‘first-to-file’ opportunities



- ▶ Addressable market of the 89 pipeline products is \$41 billion
- ▶ 32 of the 89 products have been filed – these have an addressable market value of \$11 billion
- ▶ The pipeline includes 57 Paragraph IVs:
 - 24 of the Paragraph IVs have been filed
 - 13 of the Paragraph IVs in the pipeline are potential ‘first-to-file’ opportunities
- ▶ Roxane has successfully launched 17 Paragraph IV products historically that are still commercialised today

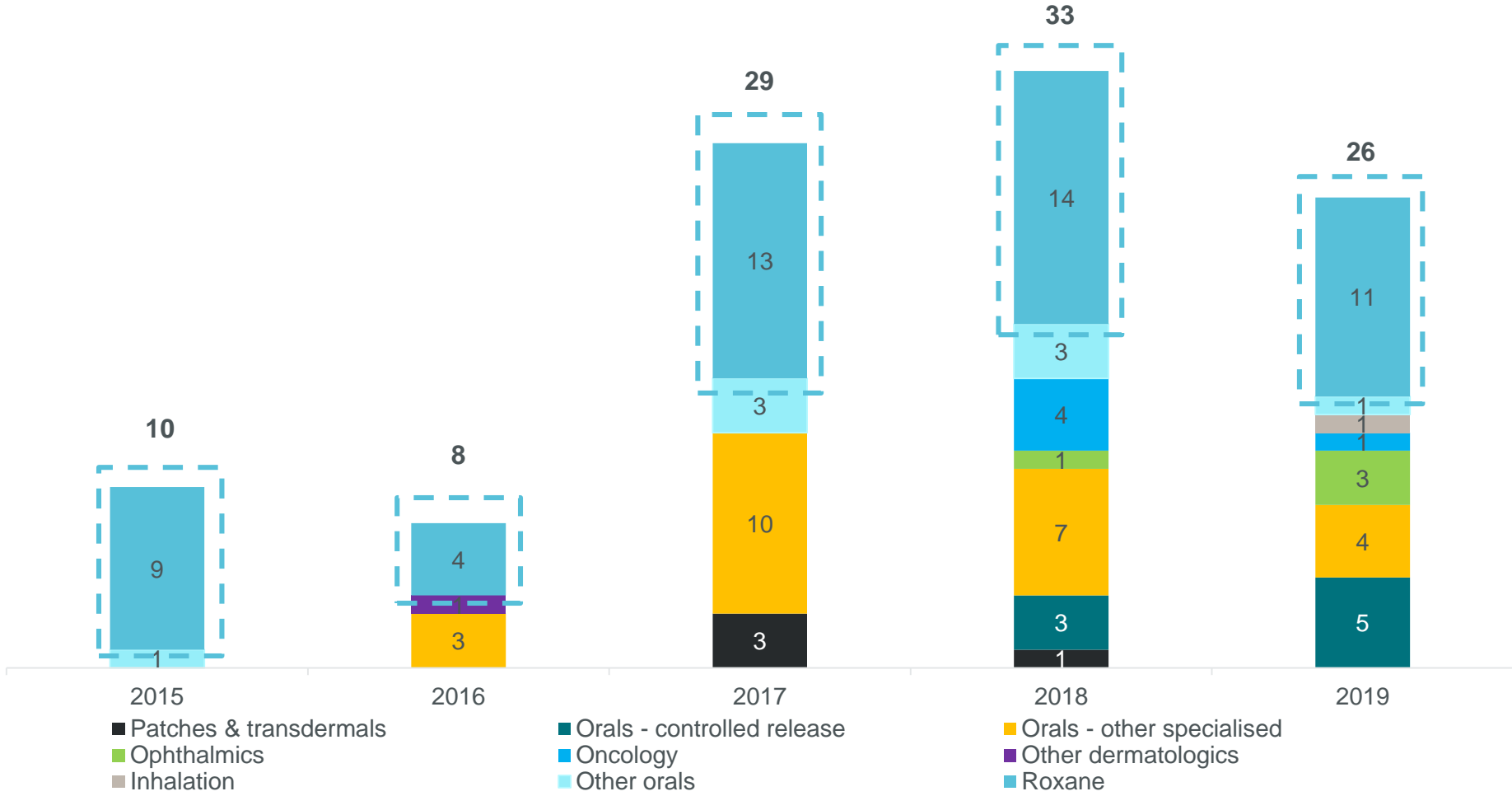
Product pipeline summary (Number of projects)



Transforms Hikma's non-injectables pipeline



Generics expected launches, 2015 to 2019 (Number of products)



Significantly expands Hikma's high quality manufacturing capacity and capabilities



Roxane's 875,000 sq ft production facility in Columbus, Ohio

► **Broad production capabilities**

- High containment operations for high-potency products
- Differentiated technically complex formulation and alternative dosage form capabilities
- DEA approved for controlled substance drugs
- Capabilities in solid, liquid, dry powder inhaler and nasal spray dosage forms

► **Compliant operations**

- Strong quality culture with proven quality and compliance performance
- Inspected and approved by multiple global regulatory agencies – no critical findings or GMP warning letters issued over the last 10 years
- Ensures speed to market and continuity of supply

► **Manufacturing co-located with R&D and sales & marketing on a single campus**

- Flexible supply chain performance and facility capabilities
- Responsive to opportunistic business

► **Sustainable operations**

- Ability to align capacity to support commercial demand
- Supports an average of 9 new product filings and 8 new product launches per annum
- Integrated from development through launch and commercial manufacturing

Financial benefits and transaction structure

Key financial and transaction terms



Deal terms

- Gross consideration of \$1.18 billion in cash and 40 million Hikma shares
 - In respect of its holding of 40 million Hikma shares, Boehringer undertakes not to exercise any voting rights that exceed 28.5 million voting rights
 - Boehringer will be permitted to exercise voting rights on shares acquired from third parties up to a maximum of 7.5 million voting rights
- Aggregate value of the gross consideration payable at closing is approximately \$2.65 billion
- Potential contingent cash payments of up to \$125 million, subject to achievement of certain approval milestones
- Hikma will enter into a supply agreement for the continued manufacture of certain Boehringer products

Financial impact

- Accretive to adjusted earnings per share in 2016 and very strongly accretive thereafter
- Targeting Roxane revenue of \$725 million to \$775 million in 2017
- Targeting Roxane EBITDA margin of around 35% over the medium-term

Financing

- Cash consideration funded through cash, utilisation of existing and new bank facilities
- Equity consideration based on agreed share price of £23.50 per Hikma share (13% premium)¹ and the US\$:GBP exchange rate of 1.56:1
- Committed to maintaining a strong balance sheet

Next steps

- Transaction approved by both the Hikma and Boehringer Boards
- Subject to Hikma shareholder and regulatory approvals, including Hart-Scott-Rodino review
- Closing expected in Q4 2015

Delivering on our targets for Roxane



- ▶ Targets for the Roxane business
 - ▶ 2017: revenue of \$725 million to \$775 million
 - ▶ Medium term: EBITDA margin of around 35%
- ▶ Driven by:
 - ▲ Optimisation of existing base business through enhanced management of identified high potential products and targeted product rationalisation
 - ▲ Acceleration in revenue from highly differentiated pipeline products – targeting 26 launches by 2017
 - ▲ Increased gross margin resulting from shift in product mix/greater contribution of new launches
 - ▲ Normalisation of R&D spend, following completion of investment in key pipeline products
 - ▼ Normal competitive pressures on the base business
 - ▼ Declining revenue from the supply agreement as we transfer products from the Roxane site

Building a strong partnership with Boehringer



- ▶ Boehringer's take-up of an equity share in Hikma demonstrates their conviction in the long-term potential of the Hikma Group
- ▶ Boehringer will hold 16.7% of Hikma's issued share capital immediately following closing of the acquisition, of which votes will be restricted to 12.5% of the voting share capital
 - Darhold and related parties retain 27.3% of the voting share capital
- ▶ Under a lock-up agreement, Boehringer will not be permitted to dispose of any shares before 1 January 2017, following which it will be permitted to sell down approximately 60% of its stake. The balance will be locked-up until 1 January 2018
 - Hikma has a right of first refusal to acquire all or part of any Hikma shares that Boehringer proposes to sell
- ▶ Boehringer will be subject to standstill provisions permitting it to increase its holding up to a maximum of 19.9% of Hikma's total issued share capital (which will apply in perpetuity, subject to limited exceptions); voting rights will, in all cases, be restricted to 15.8% of the voting share capital

Summary

A transformational deal, delivering our strategy for growth



Very strongly accretive from 2017

Sixth largest generics company in the US

>8,000 employees globally



Boehringer Ingelheim
Roxane Laboratories

Balanced and diversified business model

Creates a leader in differentiated products

Pipeline expected to drive sustainable long-term growth

