

Better health.  
Within reach.  
Every day.

Hikma Pharmaceuticals PLC  
2022 Interim Results

**hikma.**

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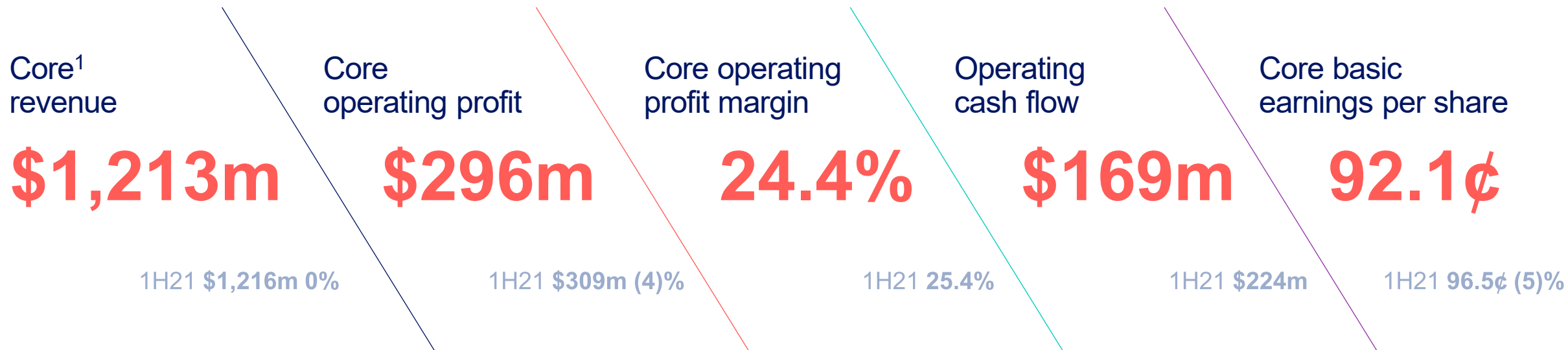
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# Resilient H1 performance supported by our strong foundation and strategic execution

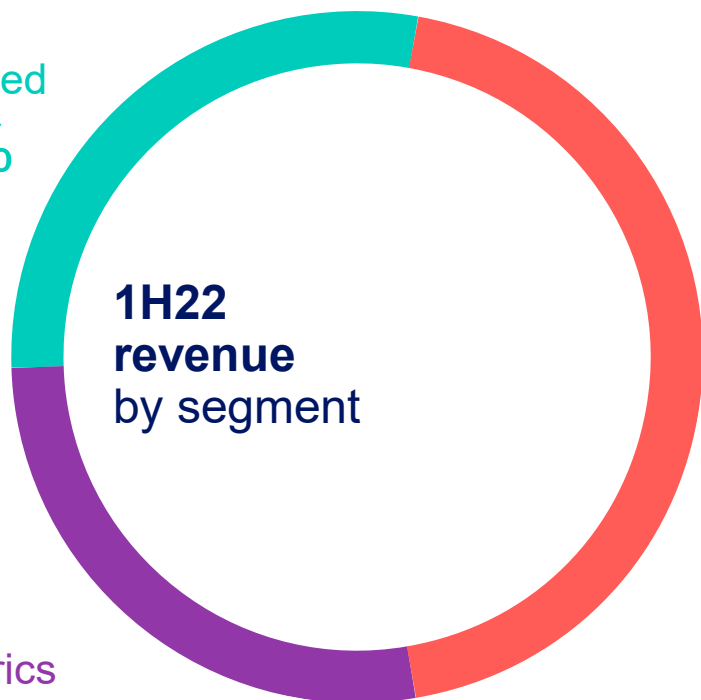


<sup>1</sup> Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments

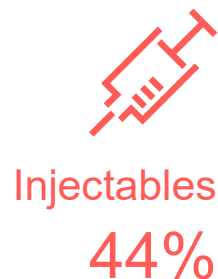
# Diversification of business enabling us to manage market headwinds



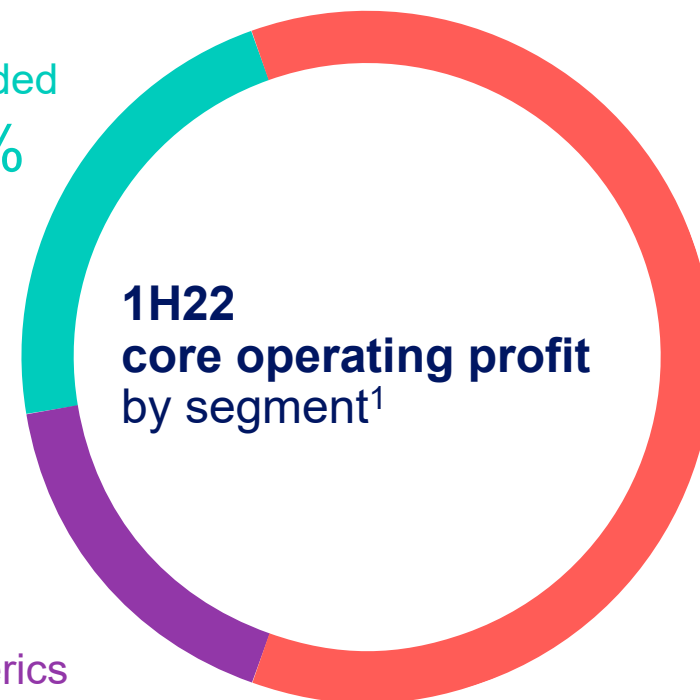
Branded  
28%



Generics  
27%



Branded  
22%



Generics  
17%



<sup>1</sup> Core operating profit is \$296 million. Before unallocated corporate costs of \$47 million and operating profit from Other business of \$2 million, core operating profit contribution from business segments is \$341 million.

# Our clear path for delivering future growth

## Our strategy:

**Deliver more from a strong foundation**

**Build a portfolio that anticipates future health needs**

**Inspire and enable our people**



**Expand pipeline and invest in differentiated/specialty products**



**Leverage and invest in our strong foundation**



**Expand into certain adjacent businesses**



**Leverage financial flexibility for optionality**



# Driving strong medium-term growth in Injectables through a broad portfolio and high-quality manufacturing capabilities



## Injectables business today:

- World-class, high-margin business
- Top 2 generic injectable manufacturer in the US by volume<sup>1</sup>
- Third largest portfolio in the US – grew from c.50 products in 2015 to more than 130 products today
- Growing presence in MENA and Europe
- Differentiated manufacturing capabilities



### Leverage and invest in our strong foundation

- Build capacity to accommodate growing volumes and additional CMO business



### Expand pipeline and invest in differentiated/specialty products

- Build our pipeline of high technology products through targeted R&D and BD
- Leverage Custopharm R&D capabilities
- Expand partnerships for biosimilars in MENA and US



### Expand into adjacencies

- Establish Hikma as a leading compounder for the US market
- Grow Canadian business
- Establish a stronger presence in Europe

<sup>1</sup> IQVIA MAT through June 2022, generic injectable volumes by eaches, excluding branded generics

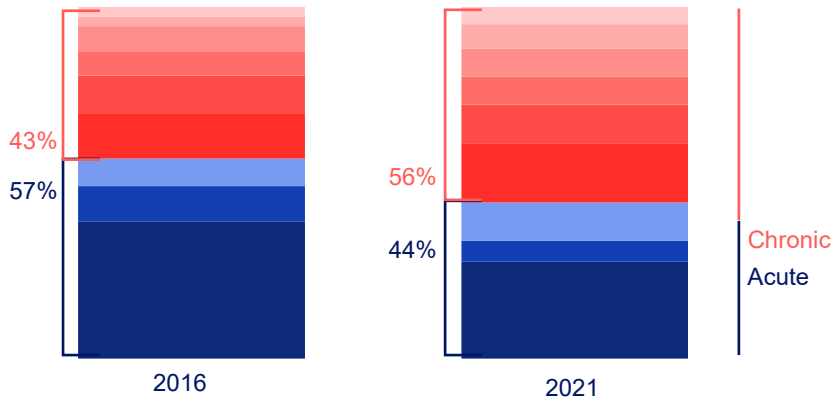
# Building strong momentum in Branded through commercial strength, our local presence and portfolio expansion



## Branded business today:

- 4<sup>th</sup> largest pharmaceutical company in MENA<sup>1</sup>
- Stable underlying margins
- Increasingly diversified portfolio of branded generic and in-licensed products focused on chronic illnesses
- c.2000 strong and experienced salesforce
- 23 manufacturing plants across the region

Percent of total sales in chronic vs acute medications



Hikma Pharmaceuticals PLC

<sup>1</sup> IQVIA Midas MAT March 2022 for Algeria, Egypt, Jordan, Kuwait, Lebanon, Morocco, Saudi Arabia, Tunisia, UAE. USD sales



### Leverage and invest in our strong foundation

- Focus on our Tier 1 markets and develop our Tier 2 and 3 markets
- Invest in our local manufacturing to expand capabilities and support expanding portfolio



### Expand pipeline and invest in differentiated /specialty products

- Improve speed to market and contribution from new launches
- Leverage partner of choice to add more specialty/patented products
- Continue building a portfolio of chronic medications to meet higher patient demand and drive more stable revenue growth

# Shift towards differentiated and speciality products in Generics to return to growth in a competitive market



## Generics business today:

- Significant improvement in our business since Columbus acquisition in 2016
- Strong commercial capabilities enabling us to maintain leading position on a number of products
- State-of-the-art manufacturing facility in Columbus, Ohio with excellent regulatory track record



### Leverage and invest in our strong foundation

- Continued focus on improving the bottom line through operational efficiencies
- Leverage extensive manufacturing capabilities and capacity for strategic CMO
- Near-term launches, including generic Xyrem and Ryaltris, will return Generics to growth in 2023



### Expand pipeline and invest in differentiated/specialty products

- Focus on product selection through internal R&D and BD to offset industry price erosion
- Build up generic respiratory portfolio
- Expand Hikma Specialty portfolio through licensing and product acquisitions – ambition for specialty products to form 30% of revenues by 2026



# Our global manufacturing capabilities differentiate us from peers and provide flexibility to capture opportunities

**c.6%**

of revenue spent on capex each year...

...to enhance our global manufacturing footprint and support a growing portfolio...

...today we have best in class operations

- Increasing automation
- Upgrading our new compounding site in the US and adding automation and segregation
- Expanding warehousing capacity
- Adding new injectable lines in the US and MENA
- Constructing a new injectables plant in Algeria
- Maintaining high quality standards



# Our focus on building a differentiated and specialty portfolio through R&D and BD will drive future growth



**>260** products in our pipeline<sup>1</sup>

Across the Group we are looking at:

- **Increasing complexity of the pipeline** through introduction of new technologies
- **Improving quality of our filings** for higher rate of first pass approvals
- **Utilizing our internal API capabilities** to introduce vertically integrated niche products



## Injectables

- Focus on differentiated products: size-reduced suspensions, dual chamber bags, sterile filling, complex devices
- Continue to expand the portfolio with conventional and NTE products
- Greater focus on Extractables and Leachables (E&L) resulting in timely approvals



## Branded

- Grow the potent product portfolio with high barrier to entry products
- Introduce first to market and first generic products in tier 1 markets
- Introduce lean practices within the R&D labs to increase output



## Generics

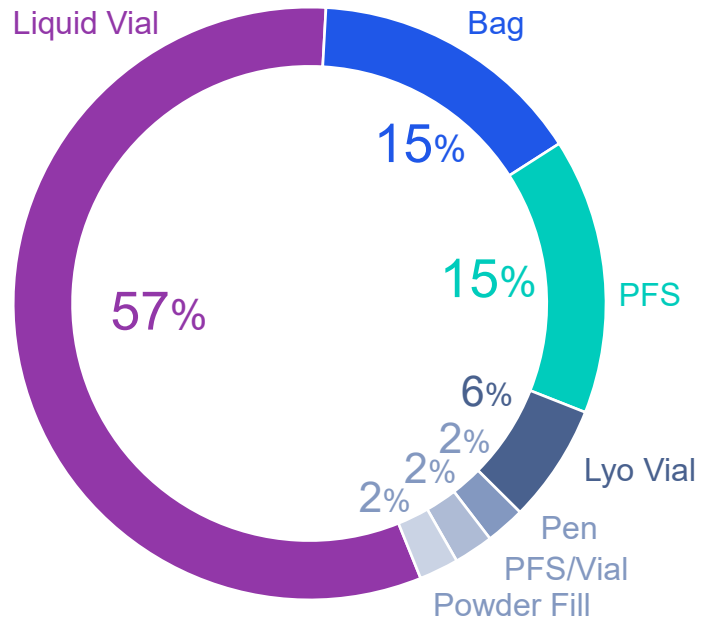
- Focus on internal development of niche, complex, and 505b2 products
- 75% of 2023+ submissions are PIV, NDA, or CGT eligible filings
- Focus on complex generics within core expertise (Nasals, DPI, Oral Solids)

<sup>1</sup> Pipeline as at 30 June 2022. Branded includes top five markets (Algeria, KSA, Morocco, Jordan and Egypt)

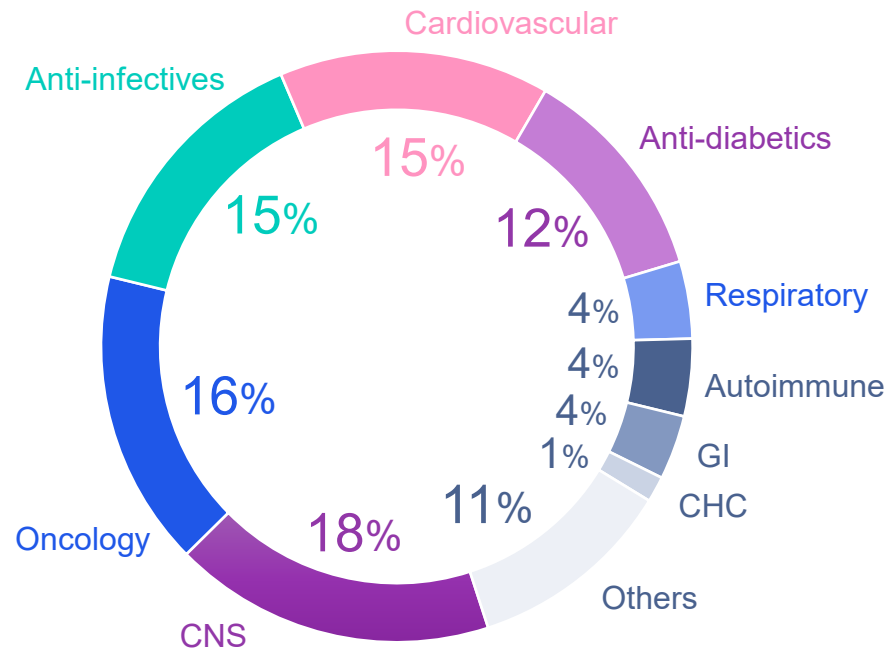
# Pipeline breakdown by segment



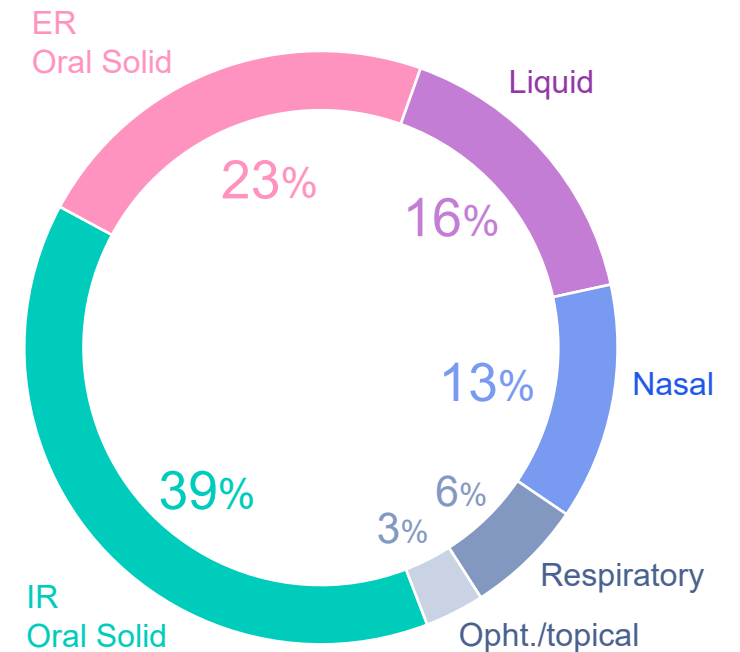
**93** Products in US Injectables



**142** Products in Branded



**31** Products in Generics



Pipeline as at 30 June 2022. Branded includes top five markets (Algeria, KSA, Morocco, Jordan and Egypt)



Finance

Khalid Nabils, Chief Financial Officer

# Group financial highlights

	1H21	1H22	% change
Revenue	\$1,216 million	\$1,213 million	0%
Core <sup>1</sup> gross profit	\$616 million	\$623 million	+1%
Core operating profit	\$309 million	\$296 million	(4)%
EBITDA <sup>2</sup>	\$358 million	\$346 million	(3)%
Core net income	\$223 million	\$209 million	(6)%
Core basic earnings per share <sup>3</sup>	96.5 cents	92.1 cents	(5)%
Interim dividend per share	18 cents	19 cents	6%

<sup>1</sup> 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 2022 interim results press release

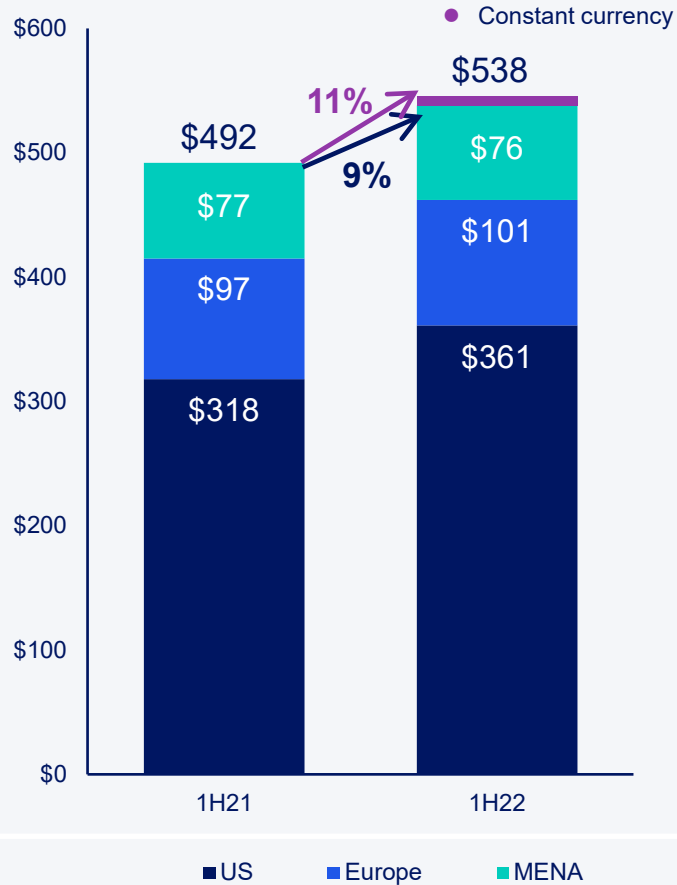
<sup>2</sup> EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and exceptional and other items. EBITDA is a non-IFRS measure, see 2022 interim press release for a reconciliation to reported IFRS results. Core EBITDA is calculated for trailing twelve months ended 30 June 2022

<sup>3</sup> During the first half, Hikma bought back 12.5 million shares as a result of the \$300 million share buyback announced on 24 February 2022, 11 April 2022 and 11 May 2022

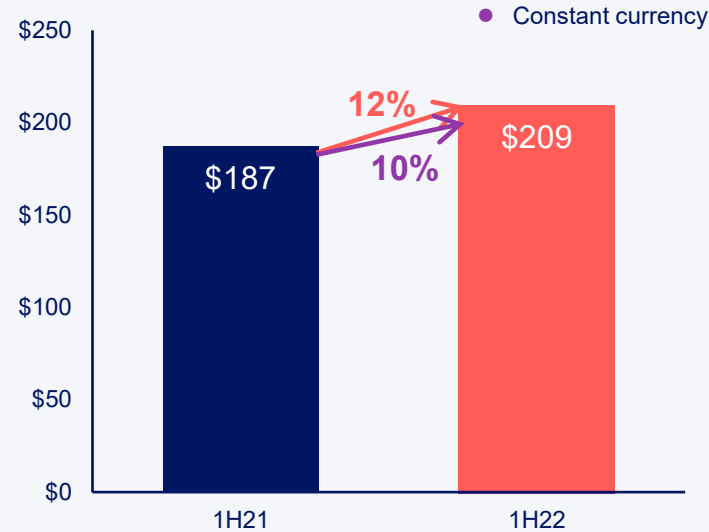
# Injectables



## Revenue (million)



## Core operating profit (million)



## Operating margin

	1H21	1H22	Change	1H22 constant currency	Change
Reported	35.6%	<b>33.1%</b>	<b>(2.5)p</b>	31.9%	<b>(3.7)p</b>
Core	38.0%	<b>38.8%</b>	<b>0.8p</b>	37.5%	<b>(0.5)p</b>

## Revenue

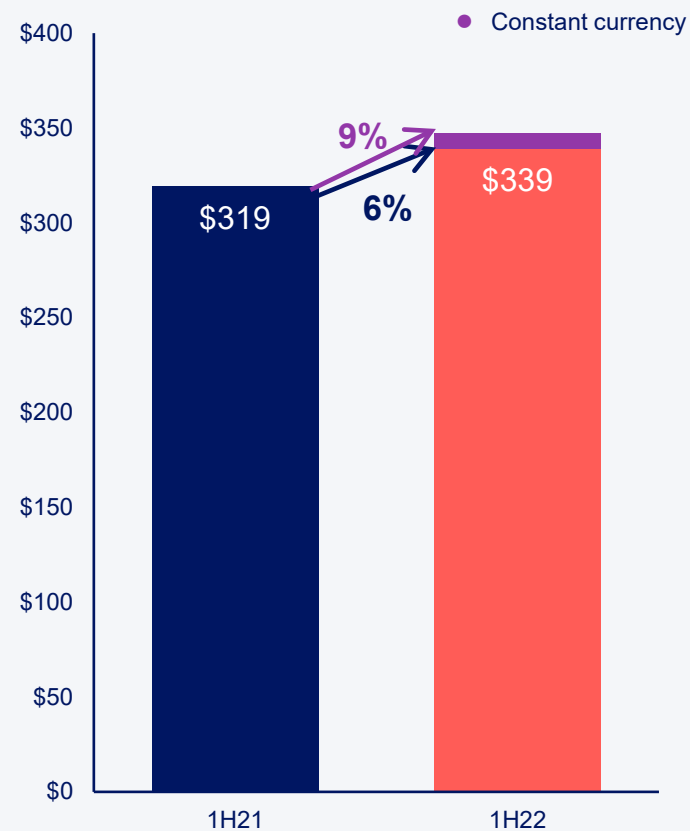
- ⊕ Strong growth in US, reflecting good demand for our portfolio, CMO and the contribution from Custopharm
- ⊕ Good growth in Europe, reflecting demand for own products, new launches and a contribution from the newly acquired Teligent assets in Canada
- ⊕ Stable performance in MENA, reflecting growth in biosimilars and successful new launches offset by weaker sales in Lebanon and Iraq

## Core operating profit

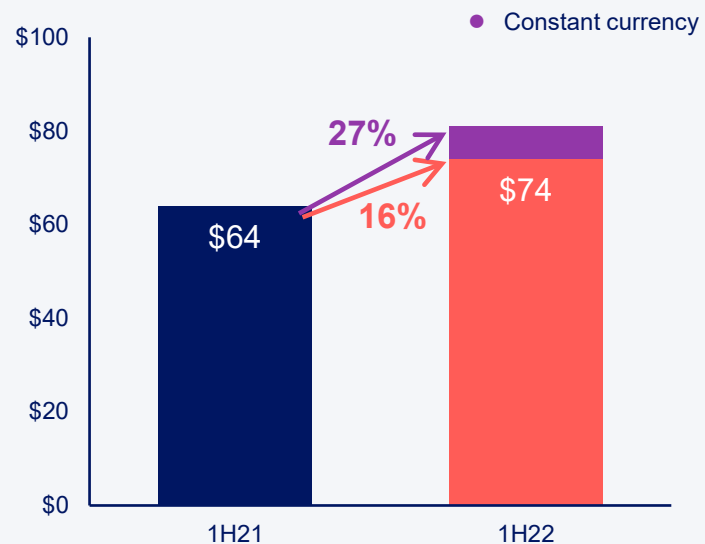
- ⊕ Favourable product mix in the US and contribution from acquisition of Custopharm and Teligent assets
- ⊖ Increase in R&D and S&M
- ⊖ Increase in costs due to inflation



## Revenue (million)



## Core operating profit (million)



## Operating margin

	1H21	1H22	Change	1H22 constant currency	Change
Reported	18.5%	20.6%	2.1pp	22.2%	3.7pp
Core	20.1%	21.8%	1.7pp	23.3%	3.2pp

## Revenue

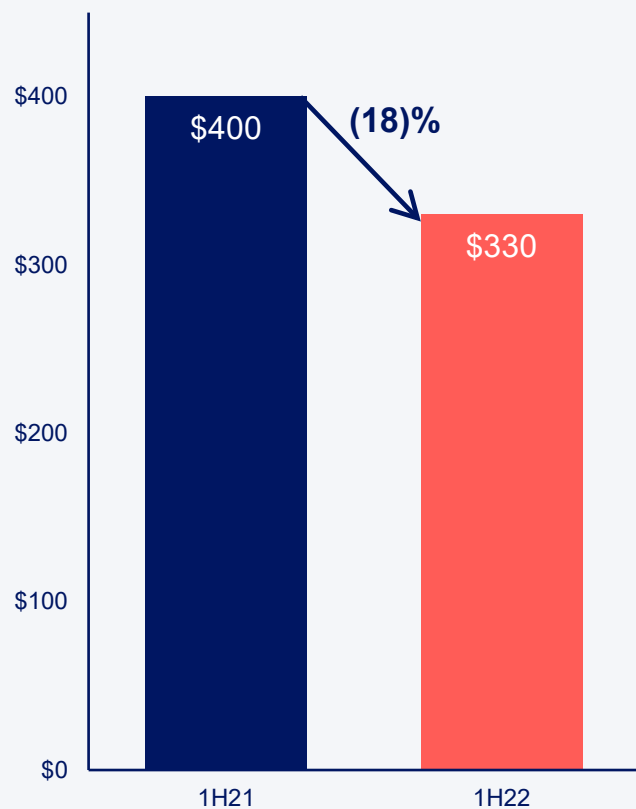
- ⊕ Good growth across most markets, particularly in Algeria, Morocco and Iraq
- ⊕ Strong performance in the private sector in KSA
- ⊕ Benefitting from our focus on chronic medications

## Core operating profit

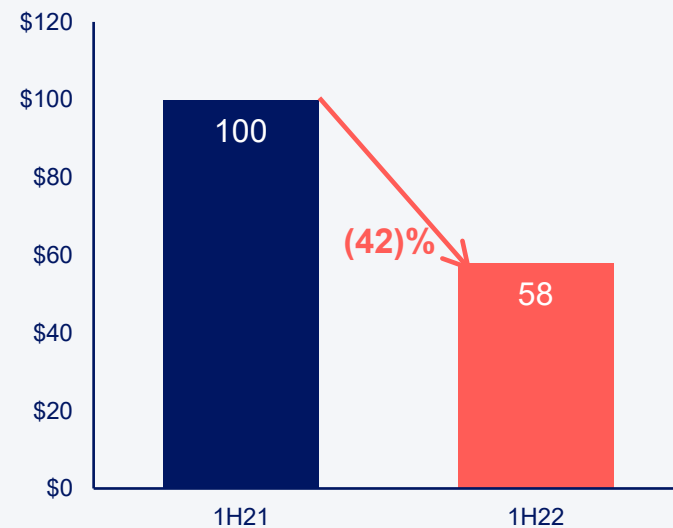
- ⊕ Improvement in product mix
- ⊖ Currency devaluation in North Africa



## Revenue (million)



## Core operating profit (million)



## Operating margin

	1H21	1H22	Change
Reported	33.5%	10.9%	(22.6)p
Core	25.0%	17.6%	(7.4)pp

## Revenue

- ⊖ Challenging competitive environment in the US resulting in low double-digit price erosion and mid-single digit volume erosion
- ⊖ Slower than expected ramp of recent launches

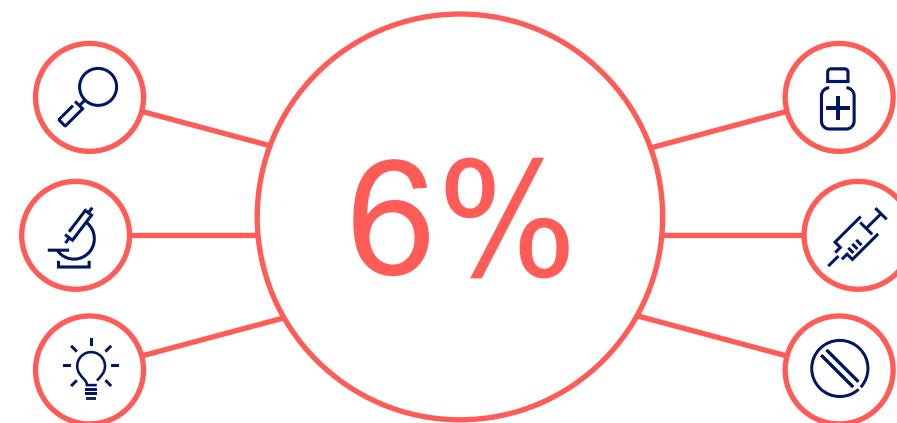
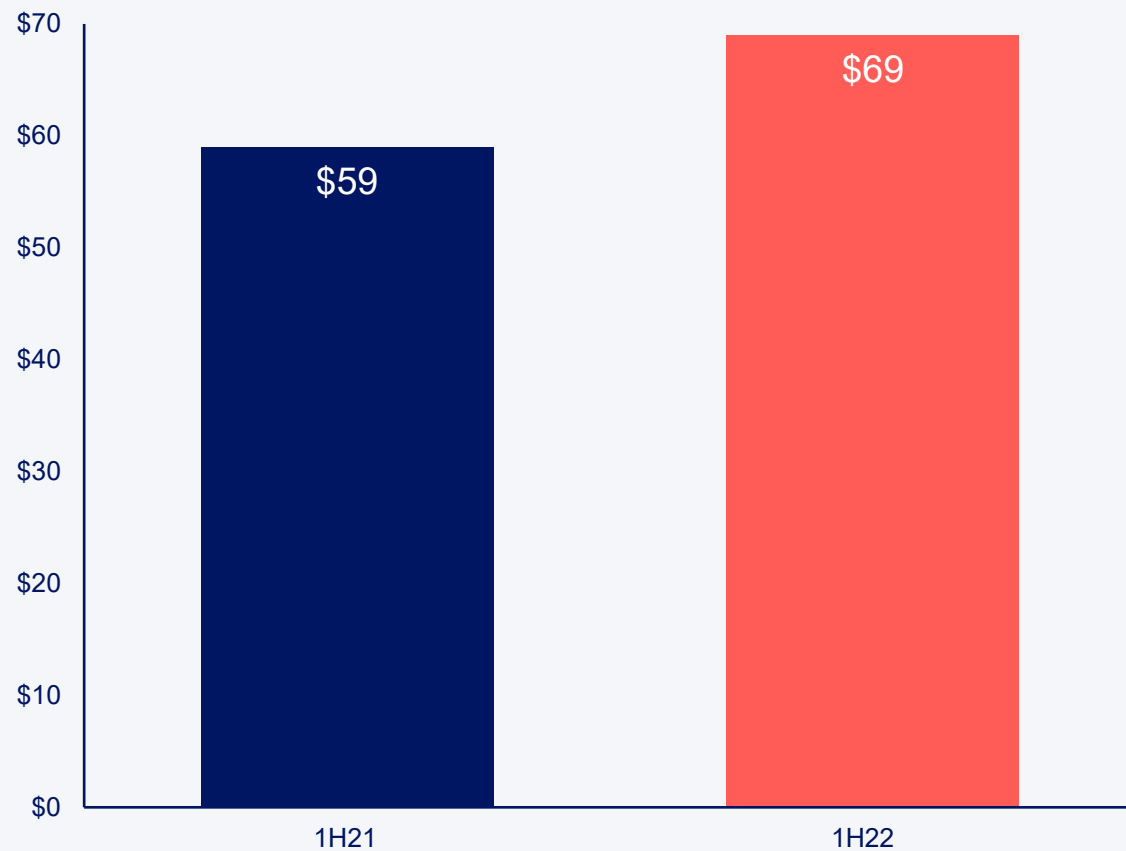
## Core operating profit

- ⊖ Sustained competitive pressure on base
- ⊕ Lower costs achieved through further efficiencies, enabling us to maintain solid operating profit margins



# Expanding and enhancing our product pipeline

**Core R&D**  
(million)



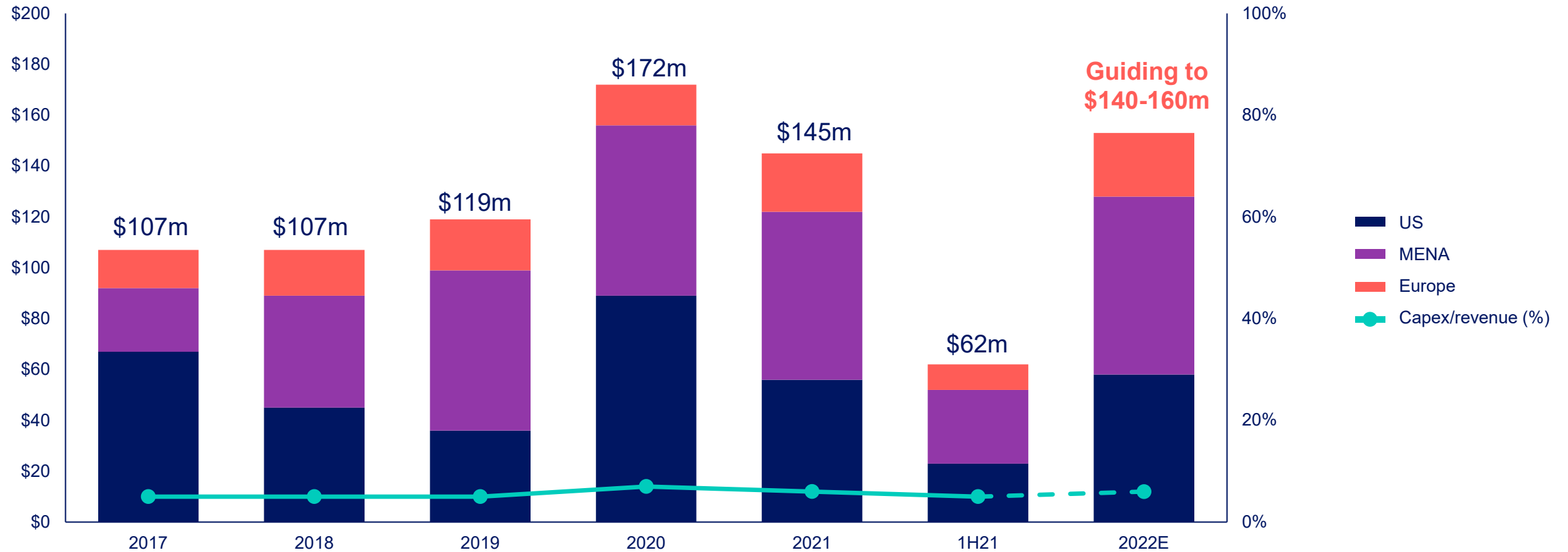
**6% of Group core revenue  
invested in core R&D**

Spend in line with strategy as  
we build a pipeline of  
differentiated products.

# Continuing to invest in the maintenance, upgrade and expansion of our facilities across the Group

## Capex by region

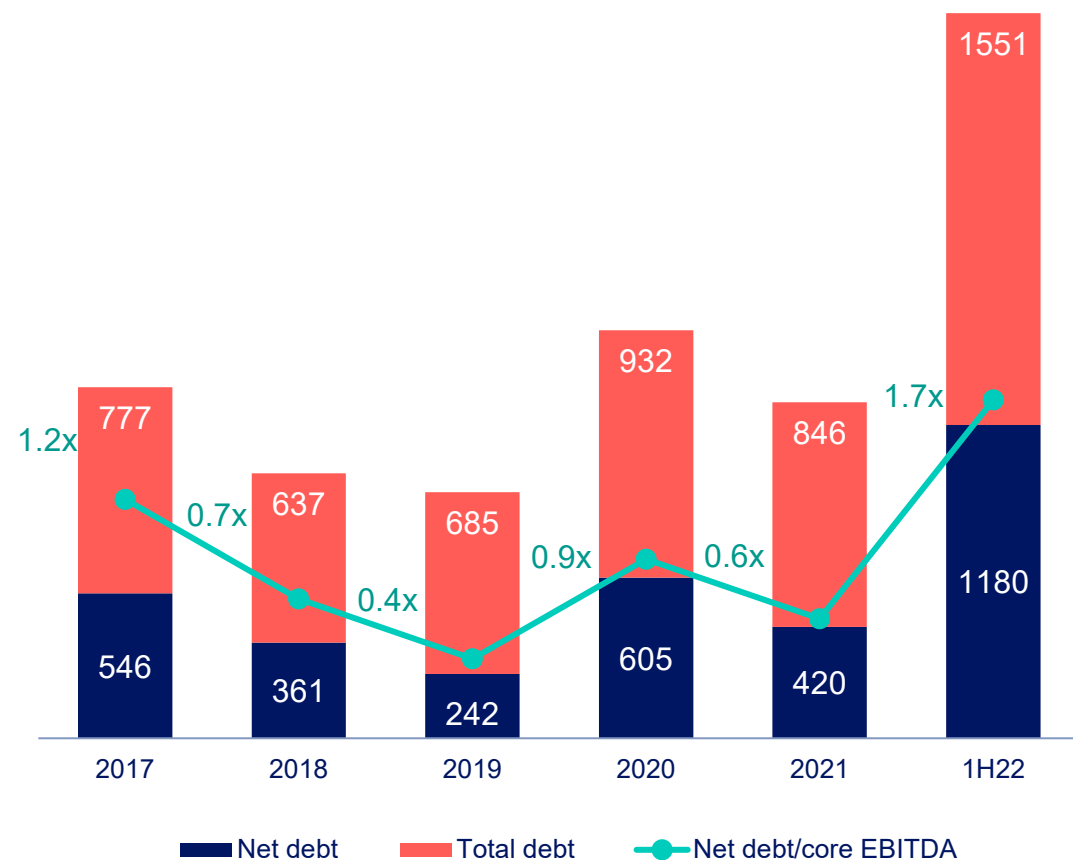
(\$ million)



# Cash flow and balance sheet

## Debt and leverage

(millions)



## Operating cash flow

	Jun-21	Jun-22
Operating cash flow	224	169
Operating cash flow/revenue	18%	14%

# 2022 full year guidance

**h.**



## Injectables

- Revenue:  
**Mid to high-single digit growth**
- Core operating margin:  
**36% to 37%**



## Generics

- Revenue:  
**\$650 million to \$675 million**
- Core operating margin:  
**Between 15% and 16%**



## Branded

- Revenue growth :  
**Low single-digits on reported basis, or mid-single digits in constant currency**
- Core operating profit **to be more evenly split across the year**



**Net finance expense**  
**c.\$68 million**



**Capital expenditure**  
**\$140 million to \$160 million**



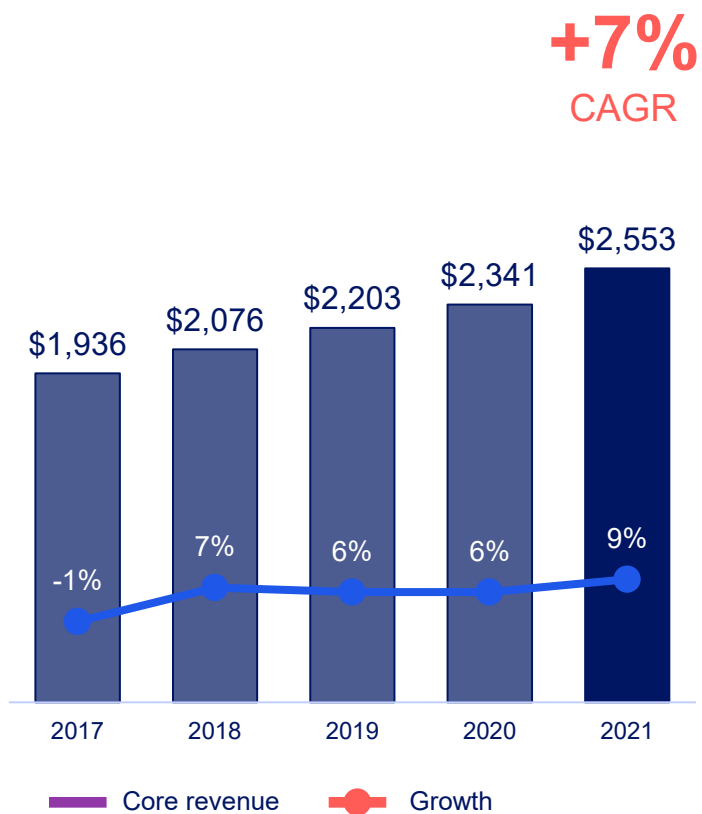
**Tax**  
**Core effective tax rate:**  
**22% to 23%**



# Consistent long-term performance driving confidence for the future

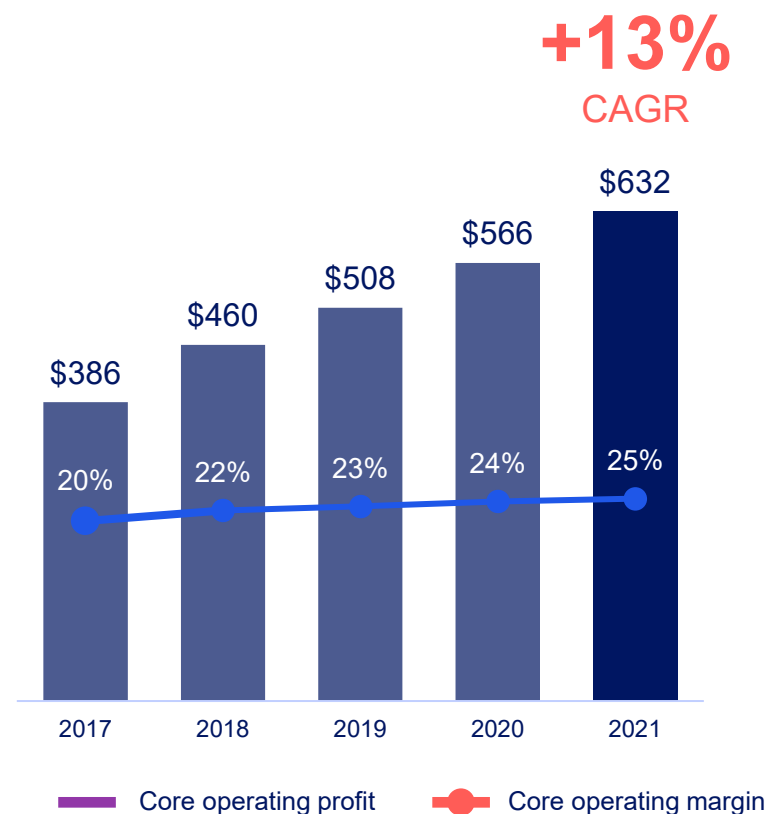
## Core revenue

(millions)



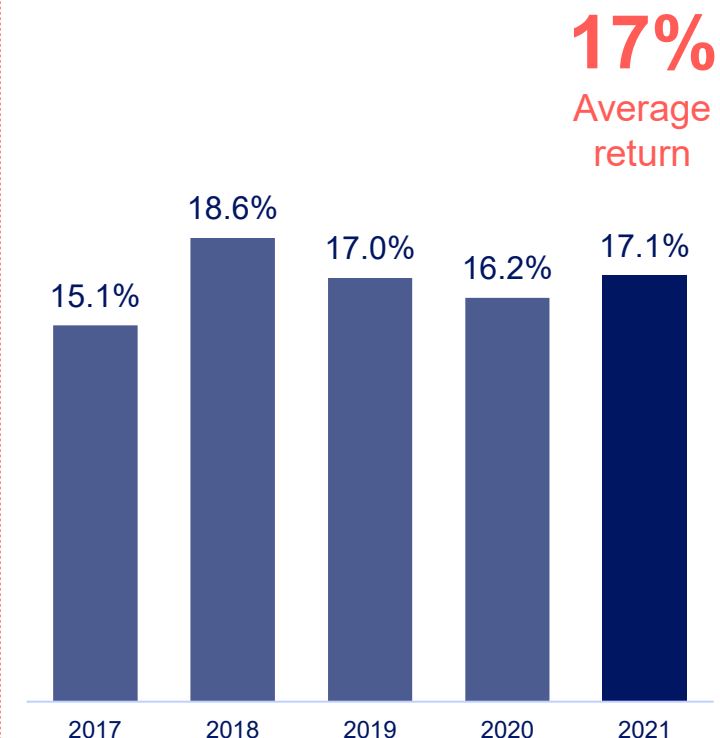
## Core operating profit

(millions)



## Return on invested capital

(%)



# A strong investment case

Platform for future growth and a track record of success



A solid platform  
for growth across  
all three  
businesses



Increasingly diverse  
portfolio and  
pipeline



Excellent financial  
discipline with a strong  
balance sheet and  
robust cash  
generation



A proven track record  
of delivering value for  
shareholders and  
a clear vision  
for growth

**UNDERLYING THIS IS OUR COMMITMENT TO ACT RESPONSIBLY, BY ADVANCING HEALTH AND WELLBEING,  
EMPOWERING OUR PEOPLE, PROTECTING THE ENVIRONMENT AND BUILDING TRUST THROUGH  
QUALITY IN EVERYTHING WE DO**