Hikma November 2026 Trading Update | LSEG | November 5, 2026

Operator:

Good day, ladies and gentlemen, and welcome to Hikma Pharmaceuticals November 2026 trading update conference call. At this time, all participants are in listen-only mode. At the end, there will be a question and answer session through the phone lines. Instruction will follow at that time. I will now hand over to Guy Featherstone, Investor Relations. Please go ahead.

Guy Featherstone:

Thank you, operator. Yes, I'm Guy Featherstone, Director of Investor Relations. And on the call today we have Said Darwazah, CEO, and Areb Kurdi, Acting CFO. We also have Susan Ringdal, EVP, Strategic Planning and Global Affairs. We'd like to remind you that any forward-looking statements or projections made by Hikma during this call are made in good faith based on information currently available and are subject to risks and uncertainties that may cause actual results to differ materially from those projected. For further information, please see the principle risks and uncertainties section in Hikma's latest annual report. And with that, I will hand over to Said for some opening remarks.

Said Darwazah:

Thank you. Thank you, Guy. Good morning, everyone. We reiterated the group guidance this morning, slightly narrowing the range given the stage of the year we are in, and I'm very pleased we're delivering on what we committed to. The business is in very good shape. Branded continues to outperform and is having an extremely strong year. Hikma Rx is improving its profitability, and Injectables is on a steady footing and well positioned for future growth as we focus on building key products and investing into the pipeline. We are maintaining group revenue guidance of 2 to 4% growth and lowering our operating profit range to $740-$760 million, which we see as a real positive given the low end of the previous range was $720 million. When I returned to lead Hikma, I set out clear goals to bring stability to Hikma, to build a more agile company, to expand our portfolio and invest in R&D for the long-term growth. We are delivering on all of these.

Let me take each business in turn and then say a few words on the next phase. Branded, it has been an exceptionally strong year and I'm really proud of what the teams are delivering in this business. We have good demand across our markets and we have continued to expand our portfolio, focusing on chronic therapeutic areas. I don't need to remind you that we are the largest pharmaceutical company in MENA, but this is very important to our ongoing success. Our scale, our local presence, and our focus on first to market and first generic launches drives our success. As a result, we now expect Branded revenue to grow by around 10% this year, up from 6 to 8%, with a core operating margin of close to 27% up from 25%, even after stepping up our sales and marketing investment in the second half. We have had good product mix this year, and that has been important for the margin. Over time, we see Branded as a high quality business growing in the mid-to-high single-digits, and we will keep investing in launches and local capabilities to sustain its growth.

Injectables. In our Injectables business, we have been focusing on building our R&D capabilities and pipeline to maximize our broad product portfolio. We have also been streamlining our operations. To complement our in-house R&D, our business development team has signed multiple deals in the year-to-date, expanding our pipeline of complex products and new technologies. We have tweaked our growth expectations for this segment in today's update, but it's not a concern for us. In the U.S., demand for our base business and the gradual progress in Tyzavan® are mostly offsetting the normal price erosion we're seeing from competition on some

of our products. Crucially, the trend in Tyzavan® sales is good and the product is building momentum as we convert more customers.

I am really pleased with how Europe and Canada are performing. Europe is an exciting opportunity for us, and we continue to build share and respond to critical shortages, which is offsetting the expected decline in contract manufacturing. MENA is also seeing good demand and the underlying business is doing very well, but this has unfortunately been offset this year by the disruption from one of our suppliers and the subsequent failure to supply penalties. This should not take away from the excellent work our teams have been doing in growing the business. Looking to the full year guidance, we remain very confident with the core operating margin expectations, which is unchanged at 27 to 28%.

RX, again, we are having a good year with significant improvement in profitability as anticipated. We have been launching products, gradually growing CMO and demand for sodium oxybate has remained strong. There is competition on parts of the base business, including generic Advair, but the business has been offsetting that. We also had good news on our pipeline in September when the FDA accepted our filing for our epinephrine nasal spray, an important milestone for our nasal and respiratory portfolio. We have filed the product in multiple other markets too, and we will update you on the outcomes in '27.

Looking ahead, as we have said throughout the year, 2026 is an investment, transition and stabilisation year. We have deliberately stepped up our spending on R&D and sales and marketing, because we're investing for the future growth of the group. This is the right decision. These investments are building our pipeline and strengthening our commercial capabilities as they underpin our longer term growth. We expect growth to build progressively as returns on our investment comes through in the coming years.

To conclude, Hikma is a strong, well-diversified company with three attractive diverse businesses, clear strategic priorities and the long track record of delivery. We are focused on building a more agile Hikma, broadening our portfolio and investing in R&D, and we are confident in delivering our '26 guidance. Thank you. I will now hand over to the operator to open the floor for questions.

Operator:

Thank you. We will shortly begin the question and answer session. If you would like to ask a question, just press star followed by the number one on your telephone chat.

Operator:

We'll pause for a moment to assemble the queue. And our first question comes from the line of Zain Ebrahim with JPMorgan. Zain, please go ahead.

Zain Ebrahim:

Hello, Zain Ebrahim, JPMorgan. Thanks for taking the questions. My first question is on the Branded business where I think you said in the opening remark that you expect mid-to-high single-digit growth from here, but you're delivering 10% growth this year. And as you consolidate your share leadership in MENA and you add new launches in MENA, including semaglutide, I think in Saudi Arabia, why would that business not continue to grow maybe at the upper level of the mid-to-high single-digit range that you are indicating? That's the first question.

The second question is on Injectables and how we should think about the top-line development from here. I think you're going to be flat this year, but how should we think about Injectables in the coming years? What price erosion are you seeing at the moment? And what are the key drivers for growth from here? Is it mainly Tyzavan® or are there other launches that you would point to as well?

Said Darwazah:

So for the Branded, we said the growth for this year was how much?

Susan Ringdal:

10%.

Said Darwazah:

10%, and for the future we said we will be looking at mid-teens long-term growth. I mean mid-20s, six to eight top-line, but margins of mid-20s. So it has performed very well, but as we said, we are ramping up our R&D, we're ramping up our marketing and sales expenses. All these things of course are contributing to future growth but are also helping us deliver this year. For the Injectables, we're not guiding for '27, but we are seeing, and I think you can see it in the IQVIA, we're seeing that Tyzavan® is picking up the last few months rather very nicely, and we hope that this will continue in '27 to help the Tyzavan® story and to help the Injectable story. Areb, do you want to add anything?

Areb Kurdi:

No. On the Injectables, as Said said, I mean the Tyzavan® is performing well. It's slower than what we anticipated in the beginning, but we see a good momentum in the product growth. We converted the previous customers of the VancoReady, and now going forward, especially for 2027, we expect modest growth on the top and bottom line for the Injectables business. On the Branded, this year was more or less, I would say, exceptional in terms of the growth and the margins. But going forward also, we expect growth to be within the mid-single digit parameters and on-

Said Darwazah:

The upper mid-single digits.

Areb Kurdi:

Upper-mid single digits. And on the margins, we expect it to be a bit north of 25%.

Said Darwazah:

Yeah, we're very happy with the MENA, with the Branded business. I mean, it is growing very, very nicely. We're growing much faster, much, much faster than the market itself. So the teams are doing extremely well. And as we said, we continue to keep an eye for the future, so we invest today to keep growing the future. And as we have said, we have signed quite a large number of new products and new technologies that we'll be launching in the future. And I mean, we will push for stronger growth, of course, we will push for stronger growth, but for now, this is the kind of visibility that we have.

Zain Ebrahim:

Very clear. Thanks very much.

Said Darwazah:

Thank you.

Operator:

And your next question comes from the line of Giang Nguyen with Citi. Giang, please go ahead.

Giang Nguyen:

Hello, good morning. Thanks for taking my questions. I'm Giang from Citi. I would also like to start with Branded and maybe a slightly different angle on the margin piece. Are there any one-offs benefiting margins this year such that we end the year with such great margins? I know we talked about ramping up cost in R&D and marketing, et cetera, but what are the other moving parts that we should consider when we're thinking about margin in this segment in '27? So that was my first question. My second question is also margin, but in Injectables. Can you talk about your level of confidence around the full margin range of 27 to 28% for Injectables this year, despite lower top-line now? Thank you.

Said Darwazah:

Yes, I'll start with the Injectable margins, as we said, 27-28%. We actually have to keep in mind that this year, because of the penalties that the MENA Injectables team suffered because of the non-supply of one of our CMOs, the MENA margin is quite low. So actually, if you look at just Europe and USA margins combined, they are over 30%. So we are comfortable that this is something that next year, of course, we hope there will be no penalties in the MENA and MENA margins will improve, so we'll continue helping the overall Injectables margins to stay in this range. For the-

Areb Kurdi:

On the Branded segment, I mean, we saw really a nice strong growth this year. And remember, MENA is a mix of so many markets, and also the product mix has helped this year. So I wouldn't say there was a particular one-off here, but it depends on the tenders, sometimes some oncology sales, some high margin products, but we saw a strong product mix, strong market mix this year. And we're continue to investing also in the R&D and also in the sales and marketing, which will help the growth trajectory in the coming years.

Giang Nguyen:

Thank you.

Operator:

Your next question comes from the line of Victor Floc'h with BNP Paribas. Victor, please go ahead.

Victor Floc'h:

Maybe just one, a couple actually on the Rx CMO contract. So I appreciate the contribution will depend on demand for your partner's products, but could you help us understand where things stand? Has the product already been approved? And when might you be able to quantify the contribution even without naming the partner? And maybe as a quick follow-up, as preparation revenues give way to commercial sales, should we expect the contract profit contribution to increase in 2027, and how do the margin compare between the two phases? Are there minimum volume commitments or capacity payments or does it all depend on demand? Thank you very much.

Said Darwazah:

For the CMO, obviously, as we said for the Rx CMO, we're very excited about that business. We identified that we are looking at multiple partners in addition to the one large partner that we have.

That business has started to come in, that we expect it to continue, maybe a little bit slower next '27 than in original budget, but still it will give good growth. And we feel that obviously the years after that it'll continue to get traction and grow, thereby expanding our CMO business. And we expect, as we said, other customers to sign deals with us. So we are very optimistic about that business for the CMO. That's it.

Victor Floc'h:

Perfect. Thank you very much.

Said Darwazah:

Thank you.

Operator:

And your next question comes from the line of Beatrice Fairbairn with Berenberg. Beatrice, please go ahead.

Beatrice Fairbairn:

Hi, thanks for taking my questions. I had a couple, please. So just to clarify on an earlier remark on Tyzavan®, can I check in on how the conversion of the VancoReady customers is progressing versus the 80% called out at H1? And then on Hikma RX, you've noted improving profitability, I suppose, could you just break down the drivers of this and how sustainable you view this to be looking into 2027? Thank you.

Said Darwazah:

The Tyzavan®, let's say, at the beginning we thought was the simple idea of removing the black box and continuing with the same product, but obviously we found out this is a totally new different product. So for the hospitals, it's a new product that they have to add to their formularies. So it's like you're introducing really a brand new product to the buying groups and to the hospitals. So it's taken a little bit longer to get that product onto their formularies, but now most of them have it or a big chunk of them have it. And we can see that on a monthly basis, you can see at IQVIA, there are significant jumps in the sales of that product. So we remain very confident that it is a very good product, that it'll continue to grow significantly in '27 and beyond. For RX-

Areb Kurdi:

I can take this, Said.

Said Darwazah:

Okay.

Areb Kurdi:

On the RX margin and next year, so as we said, sodium oxybate has been really showing really good momentum so far, but we always expected sodium oxybate and the generic Advair to have competition. And we also expected some offsets from the CMO business, which as Said previously, it depends on our partner's demand of this product. But going forward, expect Rx profitability within the range of this year.

Operator:

And your next question comes from the line of Kane Slutzkin with Deutsche Bank. Kane, please go ahead.

Kane Slutzkin:

Morning guys. Could I just clarify a few things? I missed a couple of points. Just on Injectable growth. Did you say you're planning for modest growth next year? Is that you're saying you're exiting this year with some momentum to return that division to growth? And then just on Branded, just to clarify there too, the step up in the investment that you spoke about, has any of that shifted into '27 or is it a continuous thing or is it backend or front-end loaded? Just to get a sense for is that playing a role in margins coming back or is it more just top-line going from 10% to back to normal? Thanks.

Said Darwazah:

Thank you. For the Injectables, it's a continuation of where we are today. These are stability, stabilization years, years of high investment in R&D. We are really ramping up the number of scientists that we have, the kind of investments that we are doing in R&D. But at the same time, as we said, we have signed significant BD deals to help also the growth story. We also said that the MENA margins should recover next year, thereby helping the continued margin stay up in the upper 20s for the Injectables moving forward. Europe, we're seeing also very, very good growth. So all in all, obviously we are looking at growth, but we are still saying it will continue to be modest growth for now. But anyway, we are not guiding till February when we will have a much better picture. So we would not expect a hockey stick soon, but we are getting there, obviously we are working towards getting there at some time. So let's go with modest growth for '27.

Guy Featherstone:

Kane, would you mind just repeating the second question, please?

Kane Slutzkin:

Yeah, I was just wondering the planned investment you were talking about in Branded, and you've done pretty well, despite doing that, on the margin side. I'm just wondering, is there a lot to come in '27 or is it an ongoing spend for now? I'm just trying to get a sense for is there any portion that's shifted into the new year?

Said Darwazah:

Yeah, I mean, again, we said this was an exceptional year. At the beginning of the year we won a lot of governmental tenders that were quite high for oncology, good margins, and so on. Obviously, we hope to continue there. The investment for Branded will continue, we'll continue to build factories to continue the localisation of the business in different parts of the world. So we still have some way to go in Saudi Arabia. We're looking at new markets like Iraq for potential investment there. So there will be a continuous investment policy. But it is a business that is very comfortable. We see the growth.

It's really the pipeline we have, the products that we have been launching. Most of them have been hitting the first in their category with good market shares. So it's that shift from we've been talking about from lower end products and infectious disease products towards very high-end products and chronic diseases and going really upscale in the portfolio we have in addition to oncology. I think we are the leaders of oncology in the MENA, at least in units we definitely are. We're manufacturing locally in several markets. So the localisation and the investment in local markets is obviously a strategy that has been paying very well for us.

Susan Ringdal:

Yeah, maybe I could just add just to...

Said Darwazah:

Yeah.

Susan Ringdal:

I was just going to say, I think we feel very comfortable. Obviously, we're going to have a tougher comp this year given how well the business has done, but we feel very comfortable in the mid-to-high single-digit growth for the business. And in the end, here it's going to be more the product mix that determines the margin, the split between private and tender, the split between our Branded generics and the in-licensed products, depending on how the different countries are doing. So there are a lot of moving parts. It's very difficult to say exactly where we will land next year, but we are very comfortable at the mid-20s, so 25-26% range.

Kane Slutzkin:

All right, great. Thank you.

Operator:

Again, if you would like to ask a question, just press star followed by the number one on your telephone keypad. And your next question comes from the line of Sebastian Jantet with Panmure Liberum. Sebastian, please go ahead.

Sebastian Jantet:

Good morning, and thanks for taking my questions. Two questions. One, well, both on Injectables. First of all, just wanted to understand if the change in the revenue guidance for injectables is entirely down to the slightly slower start for Tyzavan®, or whether there's some other factors impacting that. And then the second one, is just I was wondering if could give us a little bit more detail about the CMO issues you've had in the MENA region Injectables? And maybe quantify for us some of the penalties you've had to wear on those.

Said Darwazah:

Yeah. As I explained a little while ago, in the beginning we thought that would be a simple process of saying just we remove the black box from the ready-to-use vanco and we would continue with that. Then obviously we found out that this is a totally new product that had to be added to the formularies while we discontinued the VancoReady that we used to have. So it was just a process of going through the buying groups, the hospitals, and getting the product on their formulary and then getting them to start ordering. So it took a little bit longer. We're talking about a few million dollars, we're not talking about major amounts of money, it was just a few million dollars, but it took a bit longer to get there. Now, the ramp up, we can see it and we are very comfortable it will continue. So it's mainly the Tyzavan® story for the Injectables top-line.

Areb Kurdi:

On the Injectables, MENA Injectables partners, I mean we mentioned this before, I mean, the majority of these failure to supply has come from one partner, which was Pharmathen, and it's around $15 million in terms of amounts with some maybe lost sales as well.

Sebastian Jantet:

Thank you.

Operator:

Your next question comes from the line of Miles Dixon with Peel Hunt. Miles, please go ahead.

Miles Dixon:

Thank you. Good morning. Just one question, if I could, on the geopolitical environment in MENA, you've previously explicitly described how you were starting to see government requests and potential stocking orders. Has that now normalised, and what's it looked like over the last 12 months? What's the profile? Many thanks.

Said Darwazah:

So in the MENA, we are moving ahead as we are, the same amount of stocks. Usually, I think we have three to four months stocking in the market. As we said earlier, governments in the region have contacted especially the local pharmaceutical companies, so they made sure that if we don't have the more finished stock that we have raw material and raw material is being delivered on time. So we haven't seen any serious disruptions. In terms of stockpiling, we haven't overdone that. We continue to maintain the regular normal averages.

Areb Kurdi:

At the beginning of the war, we saw some pickup in the governmental orders, but we saw this also normalising over the year. So I mean, net-net, that meant the impact is really not material.

Miles Dixon:

Thank you.

Operator:

Again, if you would like to ask a question, just press star followed by the number one on your telephone keypad. And your next question comes from the lineup Giang Nguyen with Citi. Giang, please go ahead.

Giang Nguyen:

Hello, and thanks for letting me ask a follow-up question. Said, I think earlier you mentioned that in Rx CMO, 2027 will be a bit slower than initially budgeted. Maybe you can elaborate a little bit on what's driving this. Thank you.

Areb Kurdi:

So we prepared for the launch or for the manufacturing of this product, and we see nice revenue this year. Just to elaborate on this, so this product depends on really the demand of our partner. And we shall see a ramp up hopefully next year in the demand, but it really all depends on from a commercial manufacturing point of view, we are ready to manufacture, but we will depend on the demand from our partner.

Susan Ringdal:

Yeah, I think we feel very comfortable in that gradual ramp up in demand from our CMO partner. We've always said that we expected the CMO would broadly offset some of the competition that

we expect on the base business, particularly sodium oxybate and Advair. So I would say, things are very consistent still with that, but it's difficult to say how the timing will work in terms of when we will see an acceleration in competition on some of those bigger products, and how soon demand for our partner's product will ramp up. So all in all, we're expecting broadly the two to offset each other, but there could be a bit of a timing issue.

Giang Nguyen:

Thank you both.

Operator:

There are no further questions on the conference line. I will now hand over to the Hikma team for closing remarks.

Said Darwazah:

Thank you very much. Again, we are very happy with where we are and we are very, very optimistic for the future. We believe that our R&D investment could significantly enhance our portfolio in the mid-future, while in the near future, the BD deals that we are signing will also help us continue the growth story. Hopefully, our supply chain, all the changes we have done in the supply chain will give better results, so we will have less failure to supply and less slow moving items. All of these things enhancing the profitability of the business. So a solid year, very happy with the investments that we're doing, with the people that we are adding. We continue to add high experienced people to the team, so we're extremely in a good place and happy where we are. Thank you very much everybody for joining us this morning.