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Mayne Pharma Group Limited

FY15 Results Presentation
28 August 2015

Scott Richards, Chief Executive Officer
Mark Cansdale, Group CFO

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- Other than as indicated, the financial information contained in this document is directly extracted or calculated from the audited Financial Statements. Throughout this document some non-IFRS financial information is stated excluding certain specified expenses. Results excluding such expenses are considered by the Directors to provide a meaningful basis for comparison from period to period.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) is considered by Directors to be a meaningful measure of the operating earnings and performance of the Group and that this information maybe useful for investors and is a non-IFRS term.
- The non-IFRS financial information has not been audited by the Group's auditors.

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Glossary

- A glossary of industry terminology is contained in the 2015 Annual Report which can be accessed at www.maynepharma.com and product descriptions are detailed at www.maynepharma.com/us-products and www.maynepharma.com/australian-products.

Executive summary

- Transformational year following the US Doryx acquisition and establishment of Specialty Brands Division (SBD) with initial focus on dermatology
- Now have fully integrated operations in the world's largest pharma market with complementary revenue streams across contract services, generic and branded products
- 2H15 performance significantly stronger than 1H15 driven by US Doryx, key US generic products and Metrics Contract Services (MCS)
- Solid financial position with flexibility to use alternate sources of capital to fund growth
- Continued investment in R&D to build diverse pipeline of high barrier to entry products with sustainable market potential
- Management team strengthened across the organisation including key hires in US and Australia to drive further growth
- Investing for growth through strategic investment in Australian and US facilities
- Material earnings growth to come in FY16 from recent product acquisitions, new product launches, increased market penetration of existing products and accelerated growth in Metrics Contract Services

FY15 Results

FY15 operational highlights

- Transformational US$50m Doryx™ acquisition completed which has diversified the earnings stream in the US across generic products, contract services and now branded products
- US Specialty Brands Division created with a 60+ person sales team to market specialty brands in the US
- Despite the lack of Doryx sales in 1H15, the FY15 US Doryx consolidated revenue contribution was $18m
- Excluding US Doryx and licensing fee income, revenue up 7% on pcp driven by MCS and directly-distributed US generic products
- Expanded marketed product portfolio and pipeline internationally
  - Brought distribution of Doryx, Methamphetamine and Oxycodone franchise in-house in the second half to improve the contribution and performance of these products
  - Launched 3 new products in the US (Hydrocodone/APAP tablet, Selegiline tablet and Oxycodone solution) and 7 in Australia including Lozanoc and a range of injectable products
  - FDA approval of 50mg Doryx tablet and TGA approval of 12 products
  - Out-licensed Lozanoc™ into 9 further countries (Argentina, Belgium, Chile, China, Columbia, France, Germany, Mexico, and Peru)
  - 30+ pipeline products targeting US markets >US$7bn of which 17 pending FDA approval
  - 20+ pipeline products targeting AU markets >A$150m of which 7 pending TGA approval
- Significant first-to-file opportunity for Tikosyn™ generic capsules; settled litigation with Pfizer and free to launch following FDA approval
- Increasing investment in branded programs – specialty dermatology products, SUBA-Itraconazole anti-fungal and anti-cancer programs, Morphine refractory dyspnoea (breathlessness)

Key financials – A tale of two halves

A$million	FY15	FY14	Change FY15 v FY14	2H15	1H15	Change 2H15 v 1H15
Revenue	141.4	143.3	(1%)	**81.9**	59.5	37%
Gross Profit	80.0	75.1	7%	**49.1**	30.9	59%
Gross Profit %	*56.6%*	*52.4%*		***59.9%***	*52.0%*	
EBITDA - underlying[1]	36.4	40.4	(10%)	**21.8**	14.6	49%
EBITDA - reported	31.3	43.1	(27%)	**17.8**	13.5	32%
NPAT - underlying[2]	13.4	17.8	(25%)	**8.0**	5.4	49%
NPAT - reported[2]	7.8	21.3	(64%)	**3.8**	4.0	(6%)

- Significantly stronger second half reflecting the contribution from US Doryx, growth in key generic product franchises and Metrics Contract Services
- 1H15 impacted by lack of third party sales of US Doryx and Oxycodone, both products now controlled by the Company

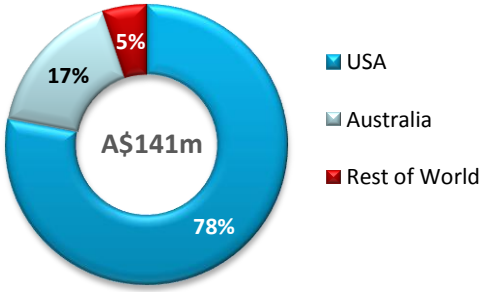
(1) Adjustments to EBITDA include include $4.5m one-off costs associated with set up of SBD, $0.7m of acquisition costs; $2.2m non-cash charge resulting from the increase in the fair value of the Hospira earn-out liability; $2.8m credit to remove P&L impact of HedgePath; and $0.5m restructure cost associated with transfer of warehouse from Montgomery to Greenville.

(2) NPAT is profit attributable to members of the Company and reconciliation of underlying NPAT is detailed in Appendix

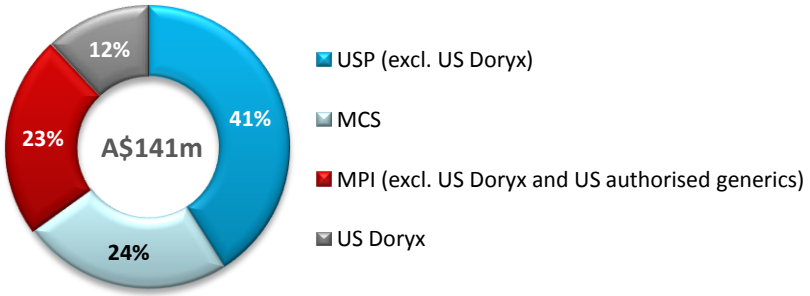
FY15 revenue breakdown

- Group benefiting from the expanding US earnings base
- US Doryx represented 12% of FY15 revenue and more than 20% of gross profit
  - US Doryx gross profit contribution up >10% year on year
- Three components to US Doryx consolidated revenue in FY15:
  - Third party (included in MPI) from 1/7/14 to 23/2/15
  - Transition profit (included in MPI) from 24/2/15 to 3/5/15
  - Direct (margin captured in both MPI and USP) from 4/5/15 to 30/6/15
- From FY16, all revenue and margin of US Doryx will be captured in new segment SBD

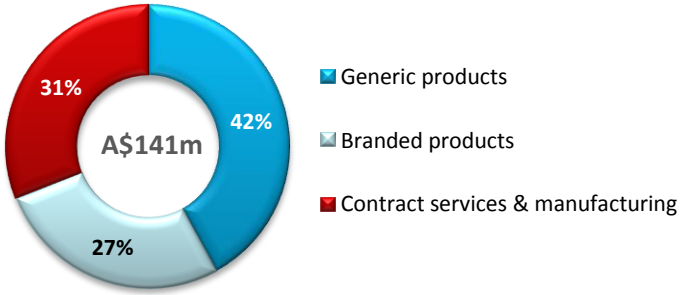
By geography



By division



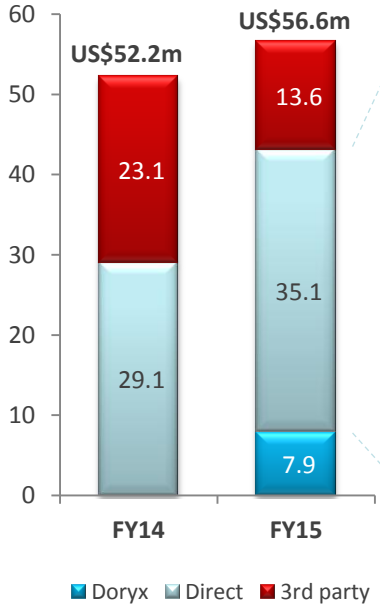
By channel

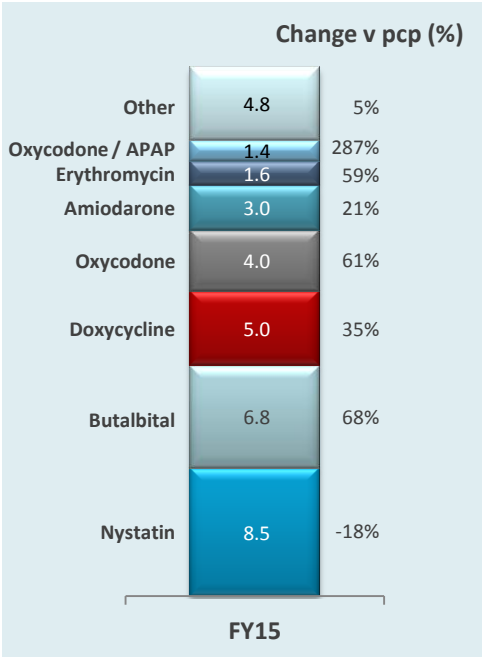


US Products (USP)

A$million	FY15	FY14	Change FY15 v FY14
Revenue	67.7	56.9	19%
Gross Profit	36.2	32.0	13%
Gross Profit %	*53.5%*	*56.3%*	
Adj Gross Profit % (incl. MPI manufacturing margin)	*69.6%*	*58.6%*	

USP revenue breakdown



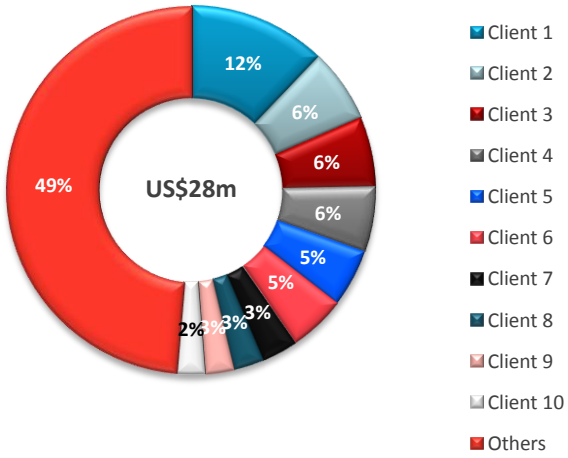


- Revenue uplift driven by:
  - US Doryx acquisition (US$7.9m of sales since re-launch in May 2015)
  - Generic Products: BAC, Methamphetamine, Doxycycline AG products, Amiodarone, Erythromycin and Oxycodone direct franchise
  - Offset by performance of third party distributed products, several of which have been brought in-house late in 2H15 (Oxycodone franchise and Methamphetamine)
- Gross profit only includes distribution margin on MPI manufactured product (US Doryx, authorised generics)
  - Inclusion of full margin would increase FY15 USP GP% to 70%
- In USD, revenue up 9% to US$56.6m with directly distributed generic products growing 21% on pcp to US$35.1m and 3rd party generic products declining 41% to US$13.6m
- 6 of the top 7 directly distributed products have grown market share over FY15
  - #1 or #2 market position for BAC Cap, Oxycodone Cap, Amiodarone Tab, Erythromycin ER Tab

Metrics Contract Services (MCS)

A$million	FY15	FY14	Change FY15 v FY14
Revenue	33.8	28.4	19%
Gross Profit	17.0	13.0	31%
Gross Profit %	*50.4%*	*45.6%*	

MCS revenue by customer

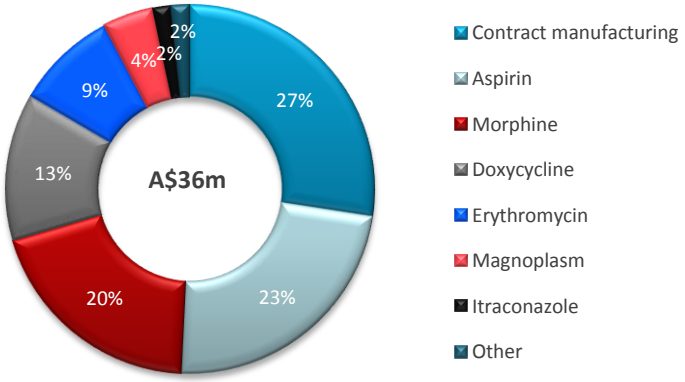


- MCS revenue was US$28.3m up 9% on the 12 months to 30 June 2014
  - 2H15 USD revenue up 10% on 1H15
- Gross profit margin increase reflects improved pricing, operational efficiencies and greater proportion of higher margin formulation development
- Introduced 19 new clients in FY15 up from 17 in prior 12 month period
- Number of quotes signed up 9% and value signed up 19% on prior 12 month period
- Rolling 6 month view of committed business pipeline continues to grow at double digits
- Diversified customer base with 125 active clients in FY15
  - 35+ new clients added over last 2 years
- Investment in new equipment in FY14 delivered results in FY15 as expected
- 4 CMO Leadership awards in FY15 recognising MCS' innovation and regulatory track record

Mayne Pharma International (MPI)

A$million	FY15	FY14	Change FY15 v FY14
US Doryx[1]	24.7	22.8	8%
Licensing fees	0.5	4.9	(90%)
Other	35.5	33.5	6%
Revenue	60.7	61.2	(1%)
Gross Profit	34.2	31.3	9%
Gross Profit %	*56.4%*	*51.2%*	

Other key product breakdown



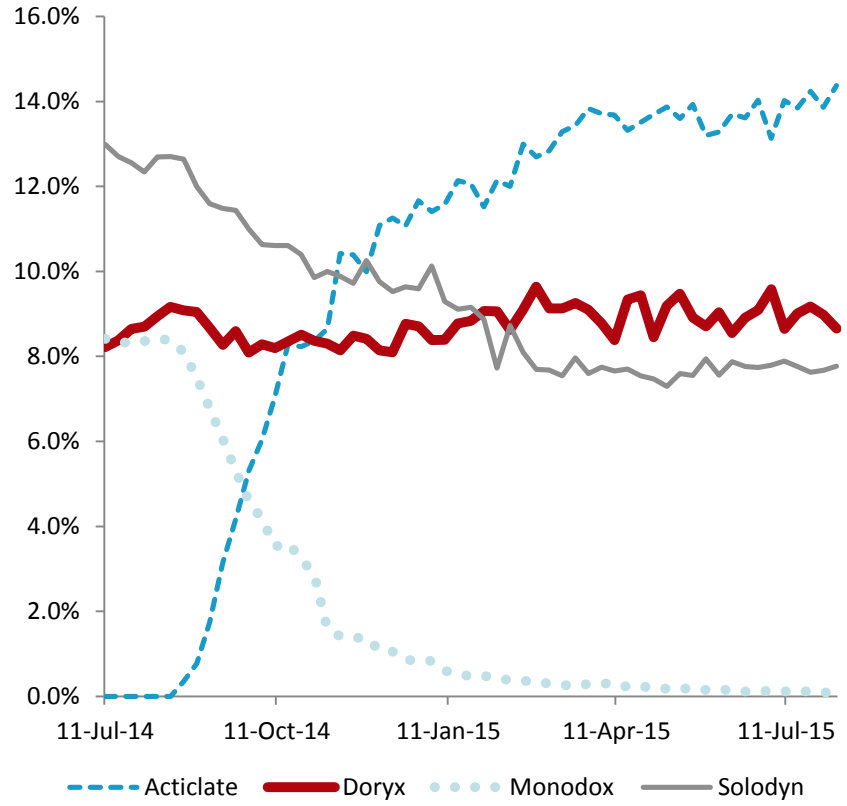
- MPI includes US Doryx third party sales and margin, transition profit, manufacturing margin on in-market direct sales and intercompany sales
- Excluding US Doryx and licensing fee income, MPI revenue increased 6% on pcp driven by
  - Increased sales of Erythromycin in the US
  - Morphine sales into Thailand following the licensing of Kapanol to Zuellig and successful tender win with Thai FDA
  - Itragerm™ (Spanish Lozanoc), achieved 17% of the Spanish Itraconzaole volumes in 2H15
  - Growing Australian injectable portfolio, Licener and first sales of Lozanoc
- Australian-marketed portfolio grew from 8 to 15 products over FY15 reflecting the launch of Lozanoc, Doxorubicin, Ondansetron, Midazolam, Methotrexate, Oxaliplatin and Irinotecan
- Gross margin improvement reflects US Doryx transition profit and higher margin intercompany sales in FY15 versus third party sales to Actavis in FY14

(1) FY15 includes $8.1m of 3rd party and transition profit and $16.6m of intercompany Doryx sales

US Doryx update

- Establishment of new SBD business unit went to plan and 60+ sales team in field actively promoting the benefits of Doryx to dermatologists from 4 May
- Doryx weekly TRx stable ~5,000 since re-launch in May despite seasonality in summer months where use typically declines
- 50mg Doryx tablet launched 10 August to coincide with 'back to school' period
  - Lowest enteric-coated delayed-release doxycycline hyclate product
  - Provides dosing flexibility
  - >30,000 immediate-release doxycycline prescriptions written per week for 50mg and 100mg dose strength by dermatologists
  - Expect to grow Doryx franchise with combined product portfolio
- Actively working on pipeline - through internal development and licensing / acquisition - to grow dermatology franchise

TRx market share of key brands (tetracycline market)[1]

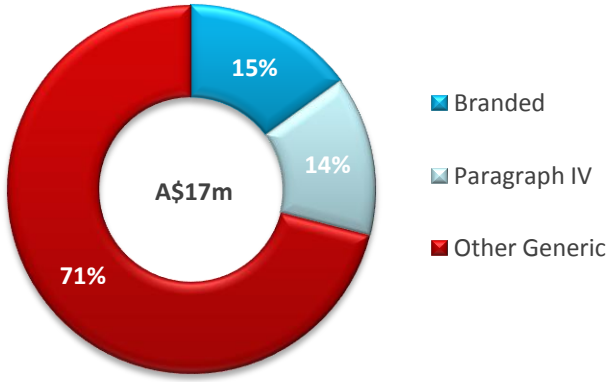


(1) IMS Health, weekly prescription volume, data up to week ending 7 August 2015

Development pipeline expected to drive long term sustainable growth

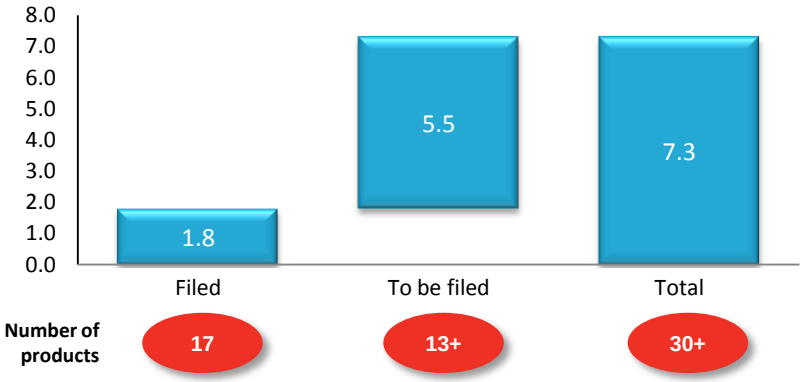
- 30+ pipeline products in the US targeting markets >S$7bn[1]
  - 17 products pending with FDA targeting markets >US$1.8b[1]
  - 2 products filed with FDA in FY15
  - Active dialogue with FDA now on 6 filings including Dofetilide
  - 10 products in mid to late stage development and will be filed progressively over next 18 months
- Entering Year 4 of FDA's GDUFA[2] program targeting 75% of ANDA complete response review times within 15 months [starts Oct 1 2015]
  - Average median approval time with OGD is currently 40+ months with backlog of >4,000 ANDAs on file
  - Received first GDUFA goal date for review of an ANDA which was 15 months from date of application
- Focus on higher value and high barrier to entry product opportunities in the US
- 20+ pipeline products in Australia targeting markets >A$150m[1]
  - 7 products pending with the TGA
  - 6 already approved TGA products to be launched in FY16 including Oxycodone IR tablet – first original Metrics product approved in Australia

R&D cash investment (A$m)



US Pipeline statistics – IMS market size (US$bn)[1]

August 2015

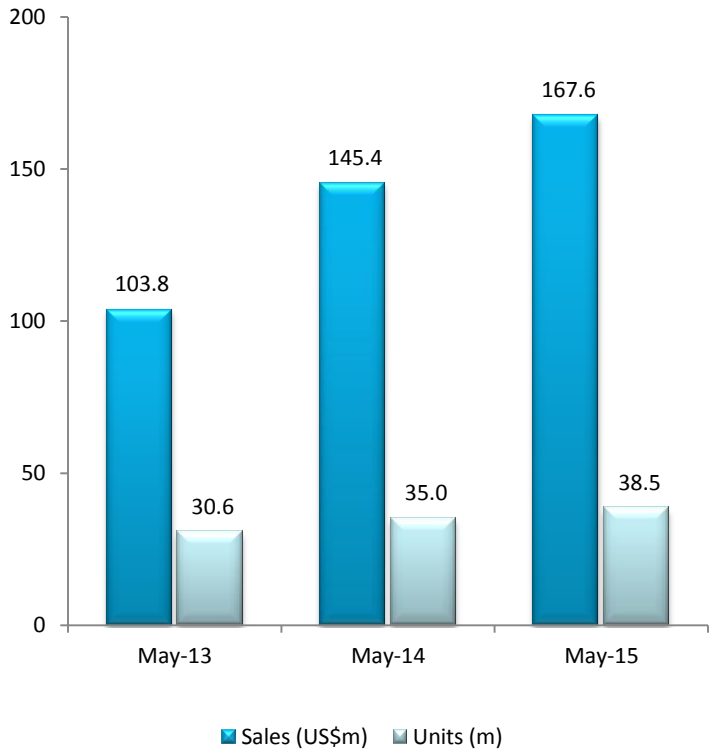


(1) IMS Health, MAT June 2015
(2) Generic Drug User Fee Act

Generic Tikosyn – significant first-to-file opportunity

- Mayne Pharma filed an ANDA for dofetilide capsules (generic Tikosyn) with the FDA in May 2014
- In November 2014, Mayne Pharma was sued by Pfizer – standard Paragraph IV process
- In February 2015, Pfizer and Mayne Pharma settled allowing entry by Mayne Pharma into the US market on receipt of FDA approval
- Mayne Pharma eligible for 180-days exclusivity as first company to file an ANDA with the FDA
- Mayne Pharma has a partnership with Johnson Matthey (API supplier) to share costs and profits equally from the sale of this product
- Expect FDA approval in CY2016 given expedited review granted by the FDA

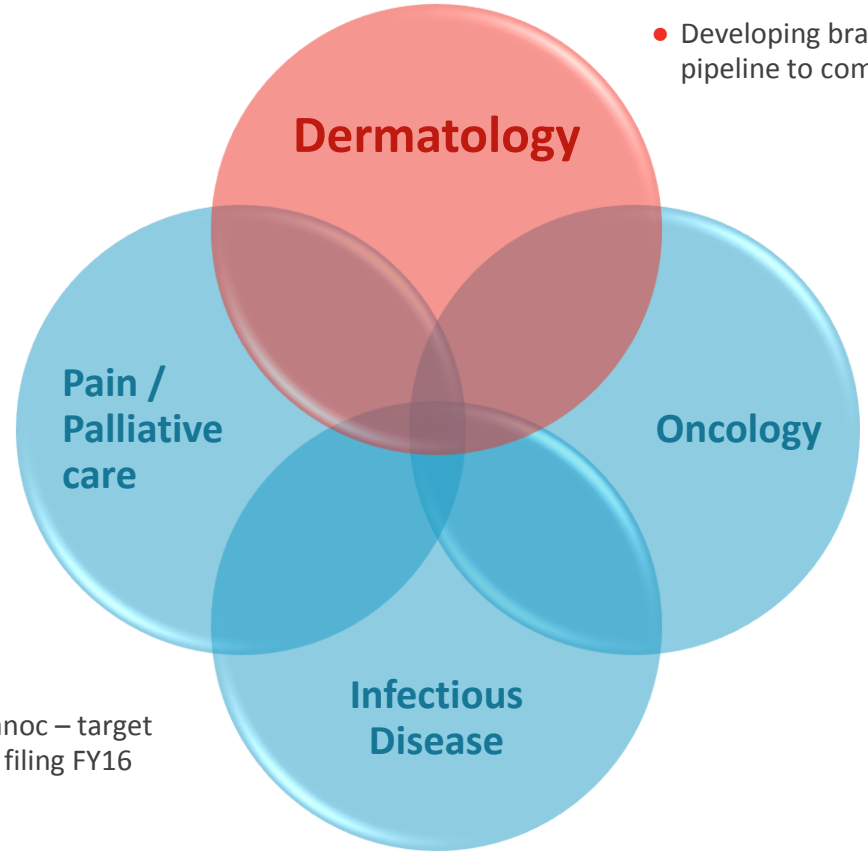
Tikosyn MAT IMS sales and units[1] (US$m)



(1) IMS Health, MAT June 2015

Mayne Pharma's global specialty brands pipeline

- Developing branded dermatology pipeline to complement Doryx



- Sustained-release morphine being repurposed in breathlessness (new therapeutic indication)
- SUBA-Itraconazole – Phase IIb study in Basal Cell Carcinoma Nevus Syndrome (Gorlin's Syndrome) underway with results expected in late FY16
- Lozanoc – target FDA filing FY16

In-licensing and acquisition to supplement our organic pipeline

Significant opportunities to drive growth

1. US retail generics maximisation

- Optimise market penetration of product portfolio
- Approval and launch of filed FDA products
- Control manufacture, distribution and sales and marketing of key franchises
- Efficient and reliable product sourcing, manufacturing and supply
- Portfolio expansion through growing product pipeline

2. Expand US branded specialty franchise portfolio

- Develop US specialty dermatology franchise by leveraging Doryx, existing product portfolio and pipeline of future products
- Build new specialty therapeutic platforms that leverage the Company's development and manufacturing capabilities

3. R&D maximisation

- Portfolio selection that leverages drug delivery expertise in complex generics and specialty products
- Selective Paragraph IV filings in the US
- Development of Suba-Itraconazole in cancer through alliance with HedgePath

4. Strategic acquisitions, licensing and partnerships

- In-licensing niche generic or specialty products in Australia and the US
- Commercialise specialty products such as Lozanoc through out-licensing arrangements in key markets to broaden global footprint
- Product and enterprise acquisitions with strong growth potential, complementary assets and technologies
- Build an injectable portfolio and branded specialty franchise in Australia

5. Optimise and grow Metrics Contract Services

- Enhance operational efficiencies and client experience
- Globalise customer base
- Introduce high value manufacturing services following Greenville, NC site expansion

Investing for growth

Two site capacity expansion to strengthen manufacturing capabilities and accelerate organic growth

US facilities expansion – investing for growth

Description	• Strategic investment in a new greenfield 126,000sqft (11,700m^2) oral dose commercial manufacturing facility on land owned by the Company and adjacent to its existing Greenville, NC, USA facility plus re-purpose existing vacated space to significantly expand contract analytical and formulation development services capacity
Capital investment	• ~US$65m[1] comprising - US$14m new processing equipment (including modified-release equipment and high potent equipment) - US$46m construction of new manufacturing building - US$5m for repurposing part of existing facility to expand MCS • Funded by up to US$2.7m grants/incentives from NC State and Local governments, existing cash, future operating cash and debt facility
Benefits	• More than doubles operational footprint to 225,000sqft • Creates new capacity and capability in the US to accelerate growth in USP and MCS • Control manufacture, packaging and distribution of key product franchises • Support MCS expected growth and immediately attract new business • Segregation of commercial and non-commercial activities • Consolidate all US distribution activity to Greenville
Timing and phasing of costs	• Expected to be operational by 2018 with construction beginning in September 2015 • Expected phasing - FY16: 50%, FY17: 45%, FY18: 5%

(1) Subject to final design and engineering specifications

AU facilities expansion – investing for growth

Description	• Investment in new fluid bed spray coater in Salisbury, South Australia
Capital investment	• A$11m • Will be funded from operating cash and secured A$4m Next Generation Manufacturing Investment Programme grant from Federal and State Governments
Benefits	• Creates additional modified-release manufacturing capacity and capability to support expected growth in currently marketed products, pipeline products filed and to be filed with regulatory agencies around the world • Expansion of the pipeline to include additional modified-release complex generics or specialty brands
Timing and phasing of costs	• Expected to be completed in 2017 • Expected phasing - FY16: 25%, FY17: 50%, FY18: 25%

Compelling strategic rationale

Creates further scale in the US across manufacturing, distribution and contract services

- More than doubles footprint to 225,000sqft
- Increases production suites from 7 to 16 and dose capacity from 250m to 1bn units / year
- Consolidates US distribution to Greenville including Montgomery warehouse and Schedule II controlled substances (eg. opiates) which are outsourced
- Reduces the need for, and risks associated with, outsourcing elements of production to 3rd parties
- Supports MCS' accelerated forecast growth by expanding analytical and manufacturing facilities
  - Supports clients' development projects already underway with commercial tail and attracts further MCS customers who were previously inaccessible
  - Become one of a handful of US based CDMOs/CMOs with the capability to manufacture complex modified-release (MR) products

Become a global leader in advanced oral drug delivery systems

- Creates world class MR and high potency oral drug capability in the US
- Triples fluid bed processing technology capacity globally enabling Mayne Pharma to have flexibility to manufacture key product franchises including Doxycycline, Morphine and Erythromycin in the US or Australia
- Currently 7 MR products in pipeline targeting markets with sales >US$3.5bn[1] of which 3 filed with the FDA
- Mayne Pharma will be a leading manufacturer of potent products as all 16 new production suites will have potent capability to support MCS' clients and key internal products including Liothyronine, Dofetilide and other highly potent pipeline products. Three yet to be filed potent products are targeting markets with sales >US$2bn[1]

Supports on-market portfolio and pipeline

- On-market products to benefit from increased production capacity to penetrate larger markets that are beyond existing capacities
- Increases the economic benefit that flows to Mayne Pharma by bringing in-house margin for key pipeline products otherwise outsourced
- Able to expand pipeline of products under development with further potent and complex MR products

(1) IMS Health, MAT June 2015

Capital expansion will deliver incremental shareholders returns and significant earnings growth

ROIC Target

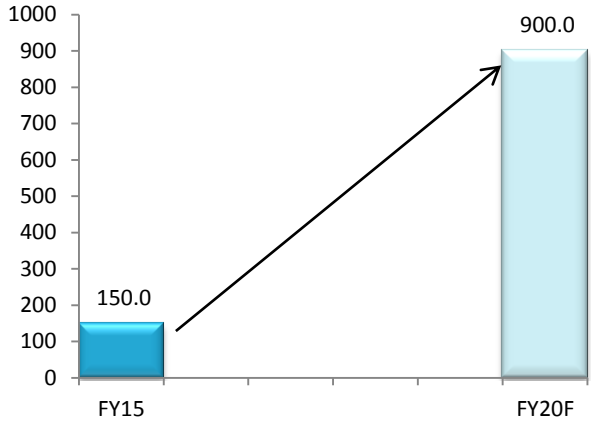
- Target return on invested capital of >20%

Capacity

- FY20F manufacturing unit volumes expected to increase ~6x on FY15 driven by:
  - Manufacturing brought in-house for select on-market and pipeline products
  - Growth in key on-market products such as Oxycodone
  - Launch of new pipeline products
  - MCS commercial tail manufacturing
- MCS footprint for contract services will increase 85% and include >10 new analytical laboratories and processing rooms

Manufacturing volumes

Units (millions)



Incremental EBITDA margin

- >30% additional margin to be brought in-house from US Products that are out-sourced or planned to be outsourced due to insufficient manufacturing and packaging capacity
  - Includes 5 complex modified release and high potent pipeline products that will be brought in-house. These products are targeting market with sales >US$2.5bn[1] and have either 1 or no generic competition today
- MCS to benefit from immediate additional revenues due to expanded service offering and USD revenues expected to grow at double digits and double over the next 5 years
- Both MCS and US Products will benefit from greater scale bringing further efficiencies to the group

(1) IMS Health, MAT June 2015

Outlook

Outlook

US Specialty Brands Division (SBD)	• New segment will capture full year contribution from Doryx • Recent launch of 50mg Doryx tablet is expected to grow the franchise • Expected monthly EBITDA contribution of US$2.7m on average in FY16 from US Doryx franchise
US Generic Products Division (GPD)	• US generic market grew 7% in FY15 to US$66bn[1] • Growth in GPD is expected to accelerate with Methamphetamine, Oxycodone, BAC, Hydrocodone and Erythromycin being the key drivers • In-licensed FDA-approved generic BAC tablet with launch in FY16 (Market size >US$100m[1]) • Upsides include timing of FDA product approvals (including Dofetilide), price optimisation and more rapid market share gains
Metrics Contract Services (MCS)	• Key performance indicators such as the number and value of quotes written and signed as well as committed business pipeline trending strongly indicating a positive outlook for MCS in the coming year • Expect further growth in later stage projects • Knowledge of the Greenville site expansion will help secure additional business as able to promote one-stop shop
Mayne Pharma International (MPI)	• Excluding US Doryx, MPI sales and gross profit are expected to be up driven by stronger contributions from injectables, OTC products and the launch of oxycodone immediate release tablets in Australia. Morphine and Itraconazole are expected to drive international sales

Mayne Pharma is now set for a period of strong growth in the world's largest pharmaceutical market

(1) IMS Health, MAT June 2015

Appendix

Earnings comparison

A$million	Year ending 30 Jun 15	Year ending 30 Jun 14	Change $m
Revenue	141.4	143.3	(1.9)
Gross profit	80.0	75.1	4.9
Gross profit %	*56.6%*	*52.4%*	
EBITDA - underlying	36.4	40.4	(4.0)
Adjustments	(5.1)	2.7	(7.8)
EBITDA - reported	31.3	43.1	(11.8)
Depreciation / amortisation	(13.5)	(9.9)	(3.6)
Net interest(1)	(6.4)	(5.2)	(1.2)
Tax	(3.7)	(6.7)	3.0
NPAT - reported	7.8	21.3	(13.5)
NPAT - underlying	13.4	17.8	(4.4)
Ave USD/AUD FX rate	0.837	0.918	

- Excluding US Doryx and licensing fees, revenue was up 7% on pcp
- Gross profit margins were stronger at 57% up from 52% in the pcp driven by inclusion of earnings from US Doryx acquisition
- Underlying adjustments made to FY15 EBITDA include:
  - $4.5m one off costs associated with set up of SBD;
  - $0.7m of acquisition costs associated with the US Doryx acquisition and US generic product transactions;
  - $2.2m non-cash charge resulting from the increase in the fair value of the Hospira earn-out liability
  - $2.8m credit to remove P&L impact of HedgePath; and
  - $0.5m US restructure cost associated with transfer of warehouse from Montgomery to Greenville
- Depreciation and amortisation up 36% reflecting amortisation of the Doryx brand and other intangibles in the US

(1) Includes finance expenses of $5.9m, notional non-cash interest expense of $0.8m less interest revenue of $0.4m

Segment breakdown – FY15

A$million	USP	MCS	MPI	Total Segments	Eliminations & adjustments	Total Consolidated
Sale of goods	67.7	-	49.4	117.0	(20.7)	96.3
Services income	-	33.8	9.7	43.5	-	43.5
License fee revenue	-	-	0.5	0.5	-	0.5
Royalty income	-	-	1.1	1.1	-	1.1
Revenue	**67.7**	**33.8**	**60.7**	**162.1**	**(20.7)**	**141.4**
Cost of sales	(31.5)	(16.8)	(26.5)	(74.7)	13.3	(61.4)
Gross profit	**36.2**	**17.0**	**34.2**	**87.4**	**(7.4)**	**80.0**
Gross profit (%)	*53%*	*50%*	*56%*	*54%*	*n.a.*	*57%*

Balance Sheet position

A$million	As at 30 Jun 15	As at 30 Jun 14	Change $m
Cash	59.2	14.8	44.4
Inventory	22.4	17.2	5.2
Receivables	64.7	29.8	34.9
PP&E	59.6	53.4	6.2
Capitalised development expenditure	51.6	33.4	18.2
Other intangibles & goodwill	251.4	107.7	143.7
Other assets	20.0	9.5	10.5
Total assets	**528.9**	**265.8**	**263.1**
Payables	60.0	17.1	42.9
Interest-bearing debt	61.8	48.0	13.8
Other financial liabilities	34.1	11.3	22.8
Other liabilities	50.8	30.1	20.7
Equity	**322.2**	**159.3**	**162.9**
Equity (attributable to members)	**310.9**	**159.3**	**151.6**
Net debt (bank debt less cash)	2.6	33.2	(30.6)

- Intangible assets and goodwill increased by $161.8m reflecting:
  - $63.8m for acquisition of US Doryx;
  - $32.2m for ANDAs and marketing rights;
  - $13.5m of development costs;
  - $31.1m for recognition of HedgePath intangible assets;
  - $8.5m of amortisation; and
  - $31.0m from the effects of foreign currency translation.
- Growth in payables and receivables reflect the inclusion of US Doryx
- Net debt decreased by $30.6m
  - A$59m of cash
  - US$47.2m outstanding borrowings
  - Undrawn capacity of US$75m plus A$10m working capital facility
- Other financial liabilities up $22.8m reflecting:
  - $29.3m relating to new asset acquisitions;
  - $13.1m payments and settlements of earn-out liabilities;
  - $2.2m non-cash credit reflecting the increase in the Hospira earn-out liability; and
  - $3.4m from effects of foreign currency.

Cash flow

A$million	Year ending 30 Jun 15	Year ending 30 Jun 14	Change $m
EBITDA - underlying	36.4	40.4	(4.0)
HedgePath equity investment	-	(4.5)	4.5
WC movements & other	2.7	(1.6)	4.3
Net operating cash flow pre tax, interest, SBD and transaction costs	39.1	34.3	4.8
Net interest paid	(3.9)	(3.7)	(0.2)
Net tax paid	(7.6)	(3.7)	(3.9)
SBD set up costs	(4.5)	-	(4.5)
Transaction costs	(0.7)	(0.8)	0.1
Net operating cashflow	**22.4**	**26.1**	**(3.7)**
Capitalised R&D	(13.5)	(16.3)	2.8
Acquisitions	(65.9)	(15.6)	(50.3)
Capex	(4.2)	(4.2)	-
Net proceeds borrowings & shares	115.1	19.9	95.2
Payment of earn-out liabilities	(11.9)	(14.7)	2.8
Net cash flow	**42.0**	**(4.8)**	**46.8**

- Net operating cash flow pre tax, interest, SBD set up and transaction costs was $39.1m up $4.8m from FY14
- Notable cashflows during the period were
  - $114m issue of new shares to fund the US Doryx and other generic product acquisitions;
  - $64.3m payment for the US Doryx acquisition
  - $16.7m in payments for R&D;
  - $11.9m in earnout and deferred settlement payments for various acquisitions
  - $4.2m in capex

Financial impact of HedgePath Pharmaceuticals

- Following the A$4.5m non-cash investment in FY14, a cash investment of US$2.5m in HedgePath Pharmaceuticals (HPPI) was made in FY15 to accelerate the clinical development program using Mayne Pharma's patented oral formulation of Itraconaozle to treat certain cancers
- Following this investment, Mayne Pharma's equity stake increased from 41.5% to 49.4% and the HPPI balance sheet and results have been consolidated fully into Mayne Pharma's accounts
- Impacts from HPPI on reported financials include:
  - $4.5m non-cash one-off licensing fees in FY14
  - $4.0m non-cash one-off net gain on consolidation of HPPI (excluded from underlying EBITDA) in FY15
  - $1.0m share of associate loss for 10.5 months (excluded from underlying EBITDA)
  - $0.2m expense for HPPI losses for 1.5 months to May 2015 following the change from equity accounting to consolidation (excluded from underlying EBITDA)
  - Change from investment in associate to investment in subsidiary
  - Recognised $32.5m of intangible assets

	FY15			FY14		
A$million	HPPI	Mayne (excl. HPPI)	Total	HPPI	Mayne (excl. HPPI)	Total
Profit and loss						
Revenue	-	141.4	141.4	4.5	138.8	143.3
Other income	4.0	2.9	6.9	-	0.4	0.4
EBITDA – underlying	-	36.4	36.4	4.5	35.9	40.4
EBITDA – reported	2.8	28.5	31.3	4.5	38.6	43.1
NPAT – underlying		13.4	13.4	3.1	14.7	17.8
NPAT - reported	1.9	5.9	7.8	3.1	18.2	21.3
Balance sheet						
Total assets	36.6	492.3	528.9	4.5	261.3	265.8
Total liabilities	12.9	193.8	206.7	-	106.5	106.5

Reconciliation of reported NPAT to underlying NPAT

A$million	FY15	FY14	2H15	1H15
NPAT – Reported	**7.8**	**21.3**	**3.8**	**4.0**
Acquisition expenses	0.7	0.8	0.7	-
Option revaluation	-	0.3	-	-
Remove impact of HedgePath	(1.9)	-	(2.7)	0.8
Write-off of borrowing costs	1.0	-	1.0	-
Litigation expense	-	0.3	-	-
Tax benefits from prior year overprovision and one off US state tax rate change	-	(1.8)	-	-
SBD set up costs	2.8	-	2.3	0.5
Impact of earn-out	3.0	(3.1)	2.9	0.1
NPAT - Underlying	**13.4**	**17.8**	**8.0**	**5.4**