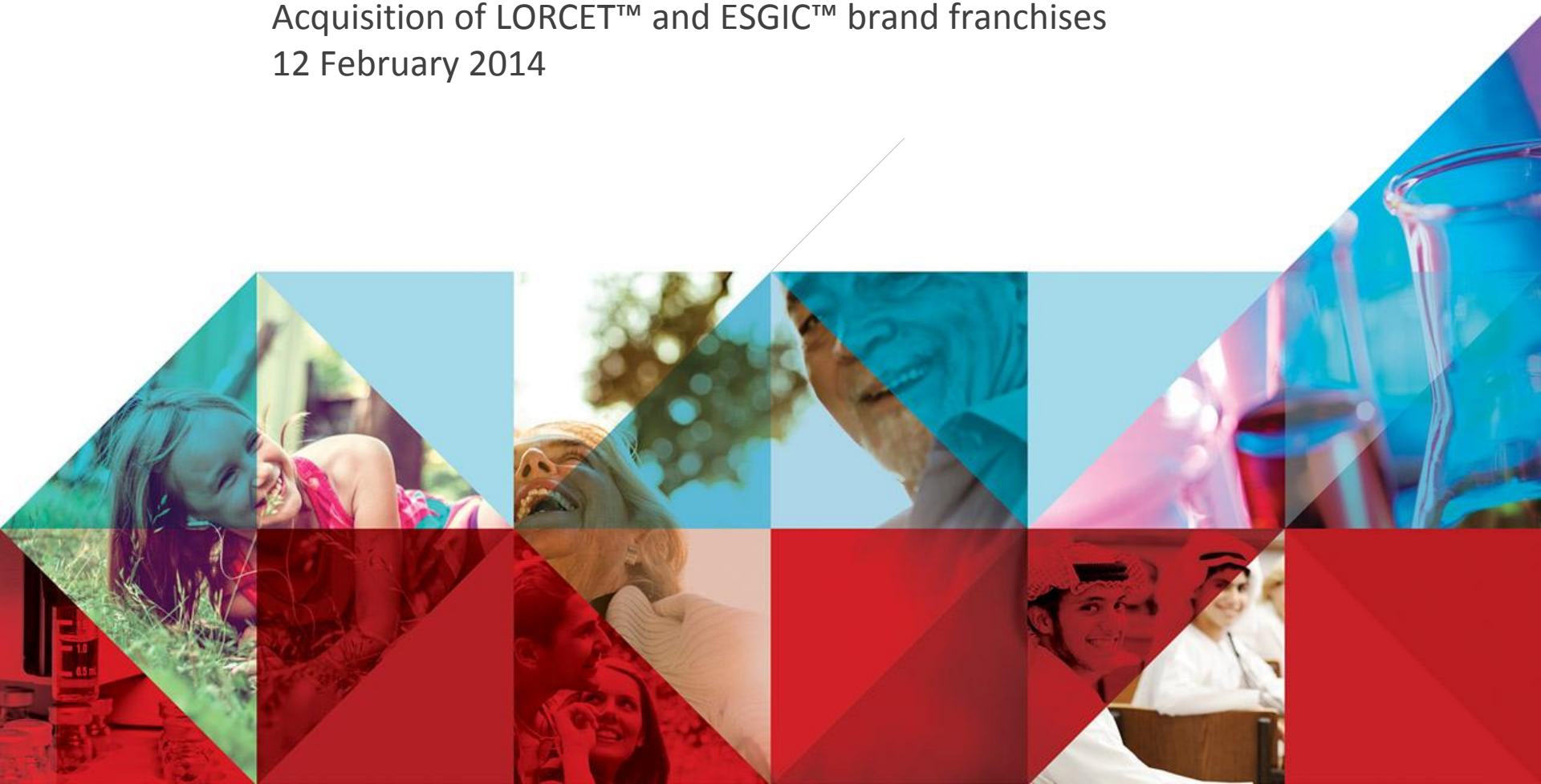
Mayne Pharma Group Limited

Acquisition of LORCET™ and ESGIC™ brand franchises
12 February 2014



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Transaction overview

- Mayne Pharma Group Limited ("Mayne Pharma") has acquired selected brands from Forest Laboratories, Inc. ("Forest") for up to US$12.0m comprising
  - An upfront cash payment of US$10.0m; plus
  - An earn-out of up to US$2.0m, payable quarterly based on sales performance
- The following brands and related assets have been acquired from Forest: ESGIC™, ESGIC PLUS™, LORCET™ and LORCET PLUS™
  - ESGIC™ tablets and capsules are used to treat tension headaches
  - LORCET™ tablets are indicated for the relief of moderate to moderately severe pain
- Compelling strategic rationale underpins the acquisition which is in line with Mayne Pharma's stated growth strategy
- The acquisition will be funded by an A$18.0m underwritten equity placement to institutional and sophisticated investors (Placement)[1]
- The acquisition is expected to be mid-single digit EPS accretive (pre synergies) in its first full financial year (FY15) and immediately additive to Mayne Pharma's NPAT

(1) Acquisition has been completed and settled via a mix of available short term debt and cash reserves. This will be replaced by the proceeds of the proposed equity raising

Overview of acquired products

LORCET™

Narcotic analgesic used for the relief of moderate to moderately severe pain

- Combination product containing hydrocodone and acetaminophen (paracetamol or "APAP") in tablet form
- Product first launched in 1984 and had 2013 sales of US$3m, according to IMS Health

ESGIC™

Non-narcotic analgesic used to used to treat tension headaches

- Combination product containing butalbital, APAP and caffeine in tablet and capsule form
- Product first launched in 1981 and and had 2013 sales of US$2m, according to IMS Health

Compelling strategic rationale underpins the acquisition

Complementary to existing product portfolio

- Products are complementary to Mayne Pharma's portfolio including the recently acquired ZEBUTAL™ brand
- Mayne Pharma will market both branded and generic equivalents
- Strengthens Mayne Pharma's franchise in controlled substances and market position in the treatment of tension headaches

Potential cost synergies

- Potential cost benefits in the medium to long term through optimising supply chain
- Leveraging existing distribution capabilities to improve margin profile

Ability to improve market share

- Mayne Pharma expects to generate improved market share through renewed management focus and marketing investment
- Dual-labelling strategy will enable participation in generic and branded markets for both products

Financially attractive deal

- Acquisition price represents a 2.4x 2013 gross sales revenue multiple
- Branded products deliver incrementally higher margins
- Acquisition will be immediately additive to NPAT and EPS accretive in its first financial year (FY15)

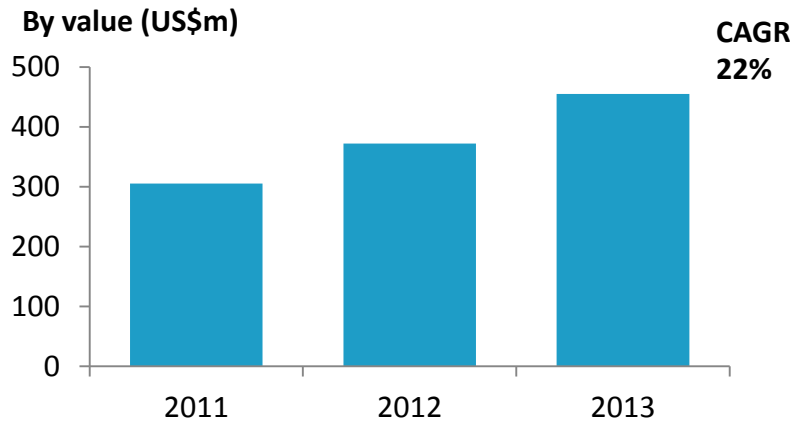
Acquisition is complementary to the US product portfolio and will further diversify the revenue base

Market overview

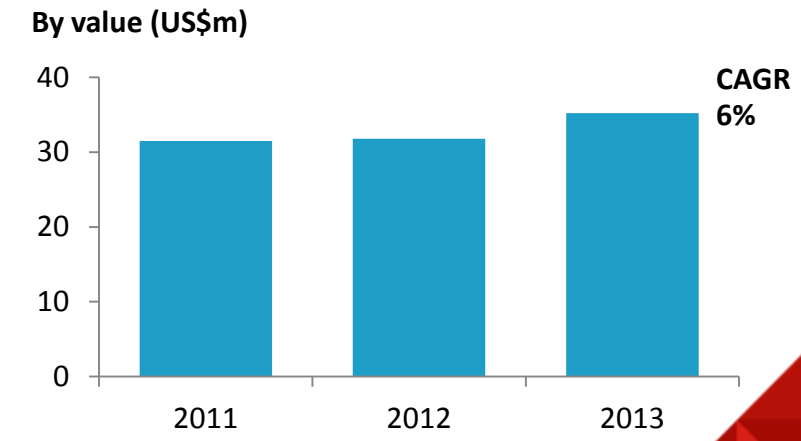
LORCET™ and ESGIC™ compete in attractive growth markets

- Hydrocodone/APAP is the largest oral solid dosage product by volume in the US with over 7bn tablets sold and US$1bn in sales p.a. according to IMS Health;
  - LORCET™ competes in a subset of this market valued at US$450m[1] and growing >20% per annum
- Butalbital/APAP/Caffeine is the most commonly prescribed product for tension headaches (migraines) in the US
  - ESGIC™ participates in a subset of this market valued at US$35m[2] and growing 6% per annum.
  - Mayne Pharma's pro-forma share of this subset of the market (acquired and existing products) is greater than 20%
- Both markets are growing by volume and value driven by a growing and ageing population and the increasing incidence of chronic disease requiring pain medication

LORCET market[1]



ESGIC market[2]



(1) Source: IMS Health, includes products containing 7.5mg hydrocodone/325mg APAP and 10mg hydrocodone/325mg APAP
(2) Source: IMS Health, includes products containing 50mg butalbital,/325mg APAP/40mg caffeine

Acquisition funding

- Acquisition has been completed and settled via a mix of available short term debt and cash reserves
- This will be replaced with the proceeds of an A$18.0m underwritten placement to institutional and sophisticated investors
- The placement will be conducted via a variable price bookbuild with an underwritten floor price of $0.77 per share. This floor price is a:
  - 2.5% discount to the last price of Mayne Pharma shares[1]
  - 4.0% discount to the 5-day VWAP[2]

Sources	A$m	Uses[3]	A$m
Underwritten Placement	18.0	Acquisition of products from Forest	13.4
		Acquisition and funding costs	0.7
		General corporate purposes	3.9
Total	**18.0**		**18.0**

(1) Last trading price of $0.79 on 11 February 2014
(2) 5-day VWAP of $0.80
(3) Assumes an exchange rate of AUD1.00 = USD0.90

Placement timetable[1]

Trading halt in Mayne Pharma shares	Wednesday 12th February 2014
Bookbuild opens	10:00am, Wednesday 12th February 2014
Bookbuild closes	5:00pm, Wednesday 12th February 2014
Mayne Pharma shares recommence trading	Thursday 13th February 2014
Settlement of the placement	Tuesday 18th February 2014
Allotment and commencement of trading of new shares issued under the placement	Wednesday 19th February 2014

(1) Indicative, subject to change

Mayne Pharma's product portfolio

*** Highlights products added recently**

	US	Rest of world
On market – generic	• Amiodarone • Bromfenac sodium • Butalbital/APAP/Caffeine • **Doxycycline hyclate (now launched 150mg*)** • Erythromycin • Liothyronine sodium • Methamphetamine • Nystatin • Oxycodone HCl	• Aspirin • Doxycycline hyclate • Erythromycin
On market – brand	• Doryx™ • **ZEBUTAL™*** • **LORCET™ *** • **ESGIC™ ***	• Astrix ™ • Doryx™ • Eryc™ • Kapanol™/Kadian™ • Magnoplasm™
Filed	10 FDA filed ANDAs	13 filed TGA products including SUBACAP™ and a number of injectables
Under development	6 - 8 products to be filed with the FDA in next 12 months	6 products to be filed with the TGA in next 12 months • Internally developed pain product • Injectables

Mayne Pharma has significantly expanded its product portfolio over the last twelve months

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