

Better health.  
Within reach.  
Every day.

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Hikma Pharmaceuticals PLC  
2023 Interim Results

**hikma.**

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# Delivering a strong first half performance with growth in all three businesses

**\$1,427m**

Core<sup>1</sup>  
revenue

1H22  
\$1,213m  18%

**\$401m**

Core  
operating profit

1H22  
\$296m  35%

**\$451m**

Core  
EBITDA<sup>2</sup>

1H22  
\$346m  30%

**\$222m**

Operating  
cash flow

1H22  
\$169m

**128.5¢**

Core basic  
earnings per share

1H22  
92.1¢  40%

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<sup>2</sup> EBITDA is earnings before interest, tax, depreciation, amortisation, impairment of property, plant and equipment and intangible assets and other items. EBITDA is a non-IFRS measure. For the purposes of the leverage calculation, EBITDA is calculated for trailing twelve months ended 30 June 2023. See 2023 interim press release for a reconciliation to reported IFRS results.

# Injectables

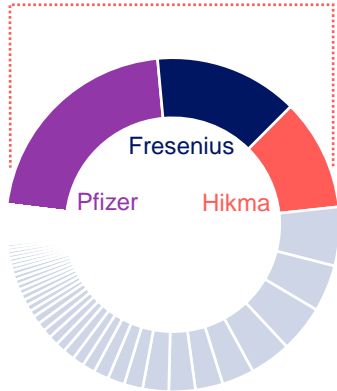


# Benefitting from a growing portfolio in the US and investing for the future



## US generic injectables market share by volume<sup>1</sup>

Top three manufacturers make up **46%** of the market



## Benefitting from an expanding portfolio



- **>150** Injectable products in portfolio  
With top 10 contributing to <40% of North America injectables revenue
- Launched **11** Products into shortage situations since 2020

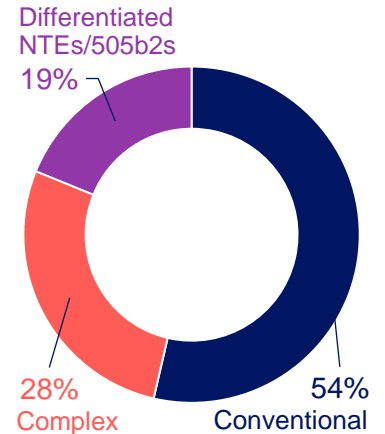
## Expanding capacity

Investing in new high-speed filling lines in Cherry Hill and Portugal, which will add

**15% to 20%**

in filling capacity annually

## Enhancing pipeline



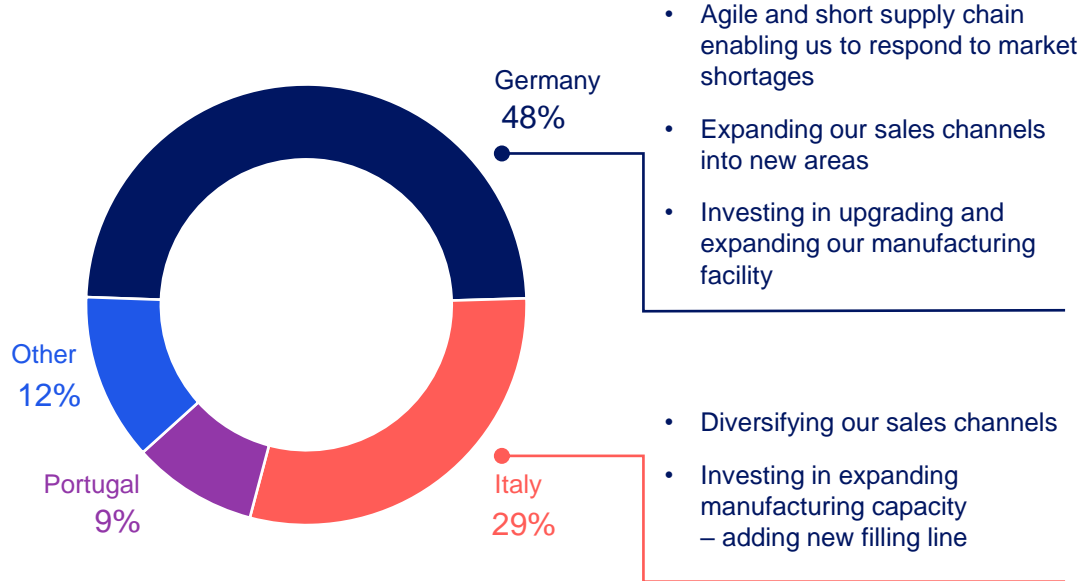
<sup>1</sup> IQVIA MAT May 2023, generic injectable volumes by eache. Excludes branded generics, Grifols, Henry Schein and Becton-Dickinson

# Strengthening foothold in Europe and expanding into new markets



## EU Injectables 1H23

sales by country



## Good progress building our presence in new markets



### France

- eight employees
- 31 products **approved**
- Growing portfolio with **22 products** currently being marketed



### Spain

- one employee
- 32 products **approved**
- Growing portfolio with **12 products** currently being marketed

# Leveraging established presence and strong commercial capabilities in MENA



## Revenue drivers in 1H 2023

### Biosimilars (existing portfolio):

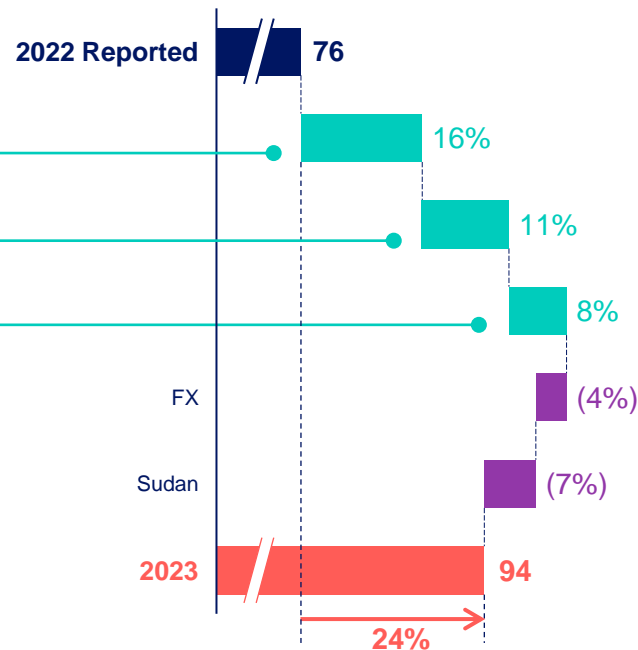
- Grew our market share in immunology and oncology in private and public sector in some of our largest markets
- Pull-forward in revenue due to timing of tenders

### New launches:

- Successful tender bidding in North Africa driving good launch contribution
- Continued to roll out our biosimilar portfolio across MENA, including Herzuma and Truxima in Algeria
- Other launches include oncology and anti-infective products

### Base business (excl biosimilars):

- Benefitting from our broad portfolio and strong commercial capabilities
- Capitalising on our local presence across our key markets



Branded





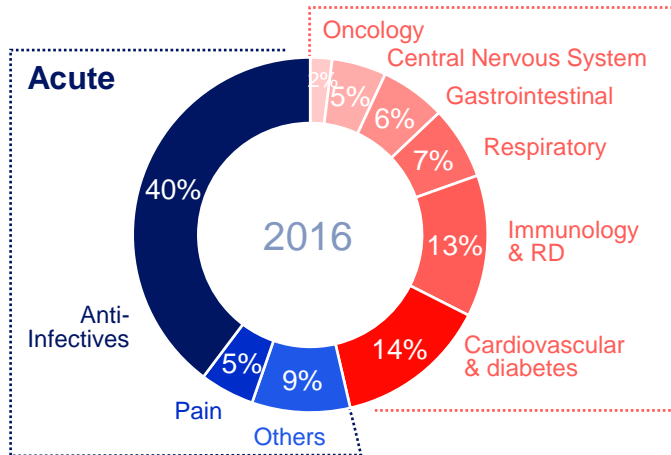
# Benefitting from a strong market position and growing contribution from chronic medications



Our strong market position

Hikma is the **3<sup>rd</sup> largest supplier** of Medicines in MENA with a growing market share<sup>1</sup>

Our broad portfolio composition

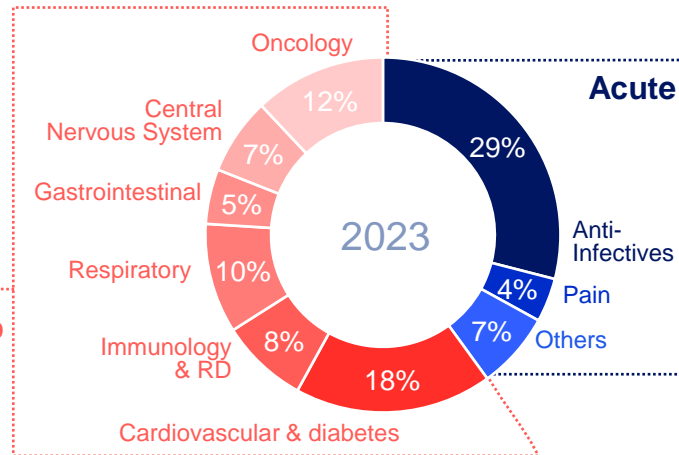


Chronic medications contributed **47% of sales** in 1H 2016

Chronic

47%

60%



Chronic medications contributed **60% in sales** in 1H 2023

<sup>1</sup> IQVIA MIDAS Pharma Index MAT May-2023. It does not include hospital or tender business, excluding Milks, diagnostics  
Hikma Pharmaceuticals PLC

# Case study: increasing access to oncology medications in the MENA region



## Investing in capacity to help increase access

– only local oral oncology plants in Algeria and Egypt



Growing oncology revenue contribution from **6% to 12%**



In Algeria, revenue contribution from oncology **increased** from 10% in 2022 to **26% in 2023**

## Hikma Cancer Network

- Hosted our 5<sup>th</sup> annual cancer network – 170 KOLs specializing in hematology and oncology attended from across MENA
- 12 international speakers from MD Anderson Cancer Center, Yale University and Moffitt Cancer Center presented advances, challenges and current data sets in hematological malignancies and solid tumors
- KOLs had the opportunity to discuss specific cases with the experts and take advice back to their patients



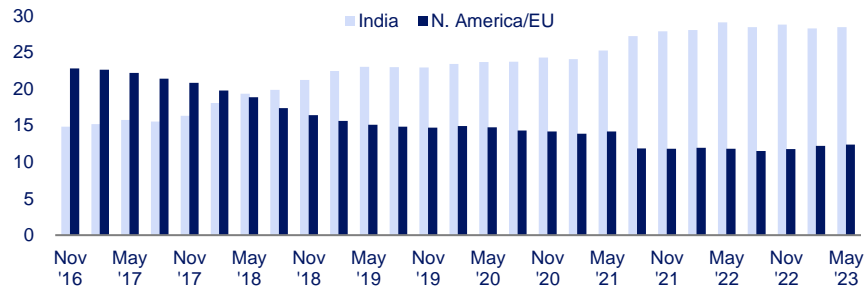
## Generics



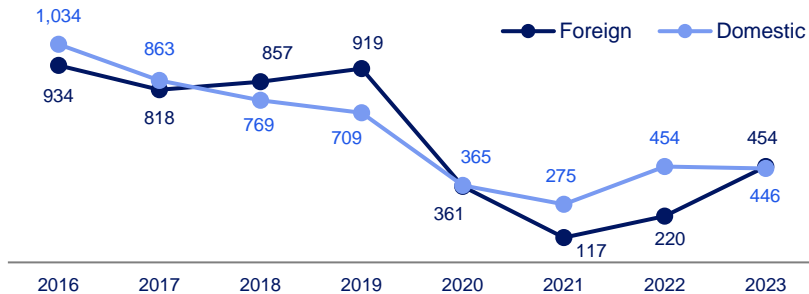
# Improving industry dynamics after a challenging 2022



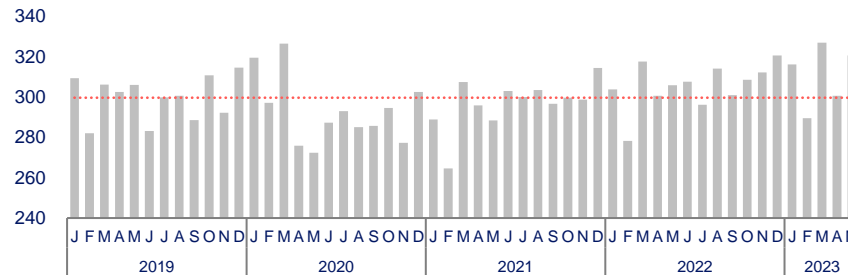
## Significant decline in US-manufactured solid oral volume<sup>1</sup>



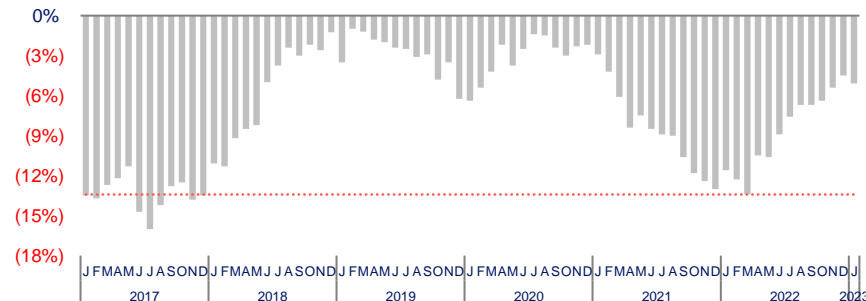
## FDA inspection frequency increasing significantly<sup>2</sup>



## Generic retail Rx volume has recovered and surpassed pre-Covid levels<sup>3</sup>



## Pricing pressure improved but remains cyclical<sup>4</sup>



# Strong commercial and operational capabilities enabling us to capture market opportunities



## Generics foundation showed its strength in H1



**Leveraging / expanding partnerships, including CMO**



**Improving pricing environment**



**Expanding into specialty markets**



**Improving volumes**



**Capitalising on supply disruptions**



**Benefitting from new launches**



Finance

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Khalid Nabils, Chief Financial Officer

# Group financial highlights

	1H22	1H23	% change
Core revenue	\$1,213 million	\$1,427 million	+18%
Core <sup>1</sup> gross profit	\$623 million	\$733 million	+18%
Core operating profit	\$296 million	\$401 million	+35%
Core EBITDA <sup>2</sup>	\$346 million	\$451 million	+30%
Core profit attributable to shareholders	\$209 million	\$284 million	+36%
Core basic earnings per share	92.1 cents	128.5 cents	+40%
Interim dividend per share	19 cents	25 cents	+32%

<sup>1</sup> Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments set out in Note 5 of the Group consolidated financial statements. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided in our 2023 interim results press release

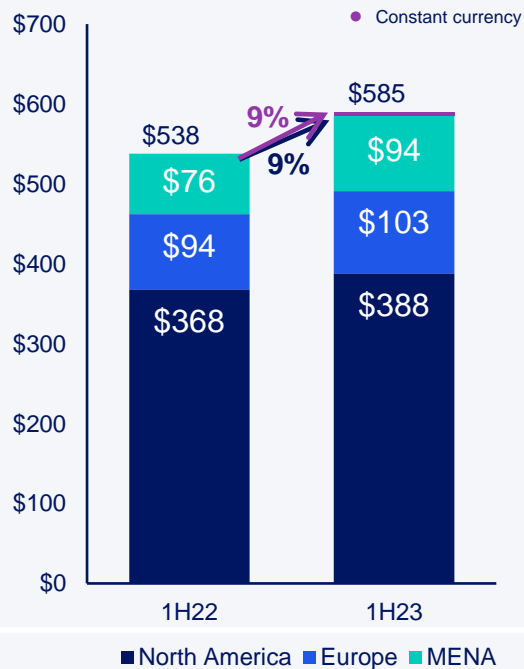
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<sup>3</sup> For reported figures refer to the appendix

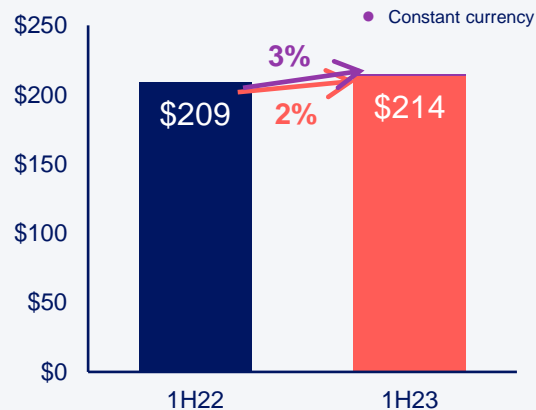




## Revenue (million)



## Core operating profit (million)



## Operating margin

	1H22	1H23	Change	1H23 constant currency	Change
Reported	33.1%	28.7%	(4.4)pp	28.7%	(4.4)pp
Core	38.8%	36.6%	(2.2)pp	36.5%	(2.3)pp

## Revenue

- ⊕ Good growth in North America, reflecting contribution from Custopharm and Teligent more than offsetting increased competition
- ⊕ Good growth in Europe, reflecting demand for own products and new launches
- ⊕ Strong growth in MENA, primarily due to biosimilar growth and pull-forward of revenues due to timing of tenders

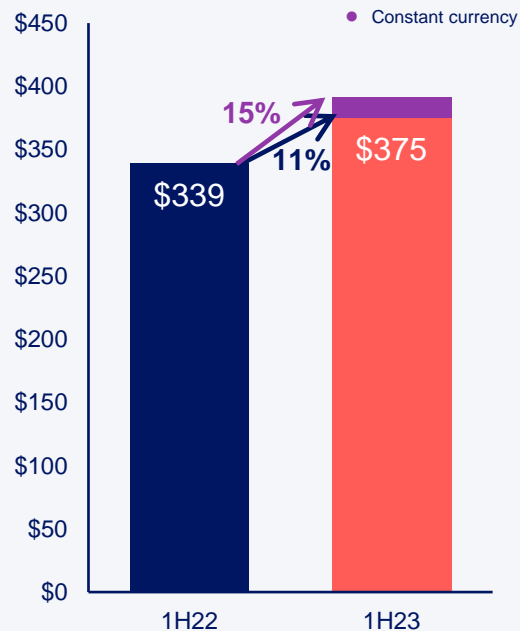
## Core operating profit

- ⊖ Product mix
- ⊖ Increased investment in R&D
- ⊖ Halted operations in Sudan as a result of the ongoing conflict in the country

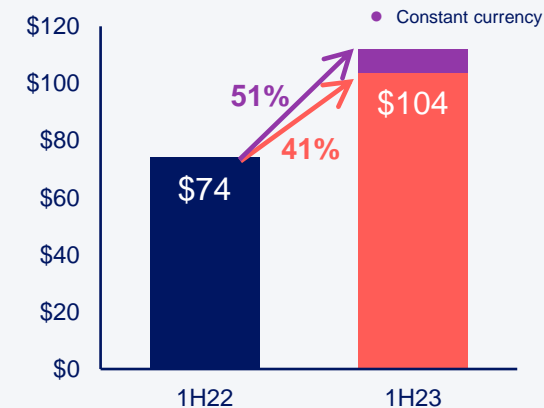




## Revenue (million)



## Core operating profit (million)



## Operating margin

	1H22	1H23	Change	1H23 constant currency	Change
Reported	20.6%	6.4%	(14.2)pp	8.2%	(12.4)pp
Core	21.8%	27.7%	5.9pp	28.6%	6.8pp

## Revenue

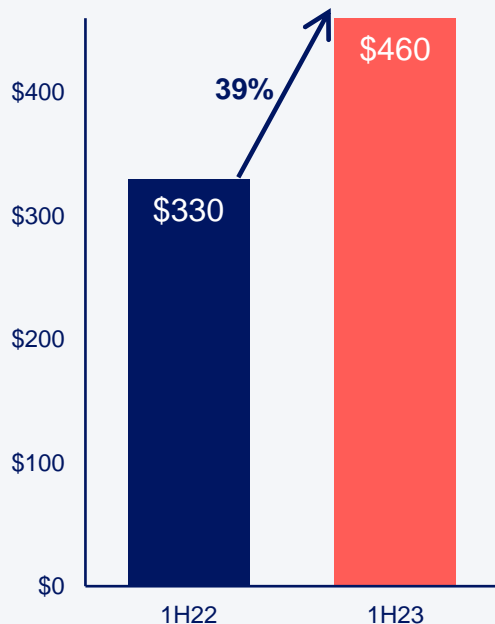
- + Good growth across most markets
- + Pull-forward of tenders in our larger markets
- + Benefitting from our oncology portfolio and focus on chronic medications

## Core operating profit

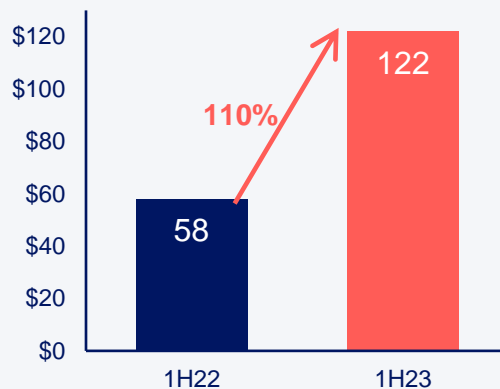
- + Pull-forward of tenders and phasing of certain operating costs towards H1
- Halted operations in Sudan as a result of the ongoing conflict in the country
- Currency devaluation in Egypt



## Revenue (million)



## Core operating profit (million)



## Operating margin

	1H22	1H23	Change
Reported	10.9%	21.1%	10.2pp
Core	17.6%	26.5%	8.9pp

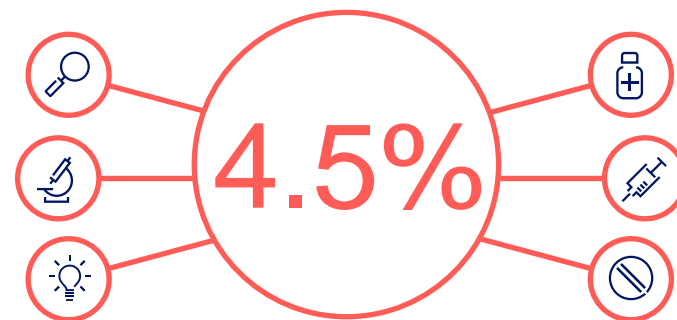
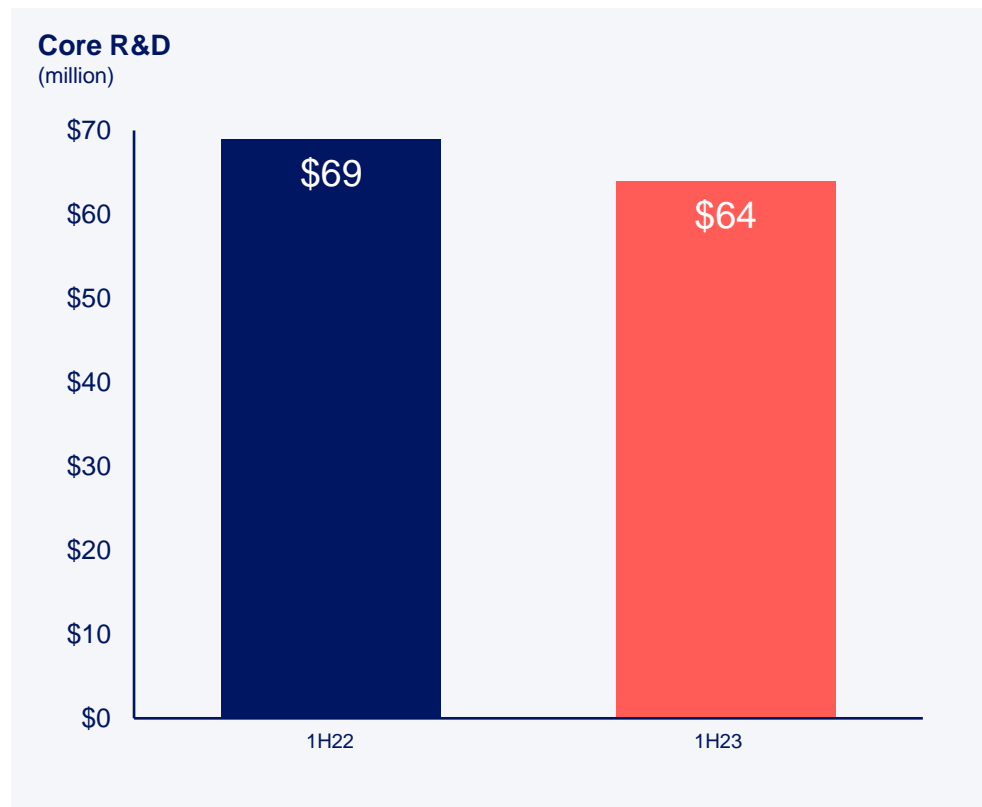
## Revenue

- ⊕ Strong performance from the base business with improving volumes and lower price erosion levels  
Slower than expected ramp of recent launches
- ⊕ Benefitting from the launch of the authorised generic of Xyrem®

## Core operating profit

- ⊕ Strong profitability of sodium oxybate in the first six months
- ⊕ Lower R&D costs due to phasing towards H2
- ⊖ Increased investment in S&M to support specialty business

## Expanding and enhancing our product pipeline

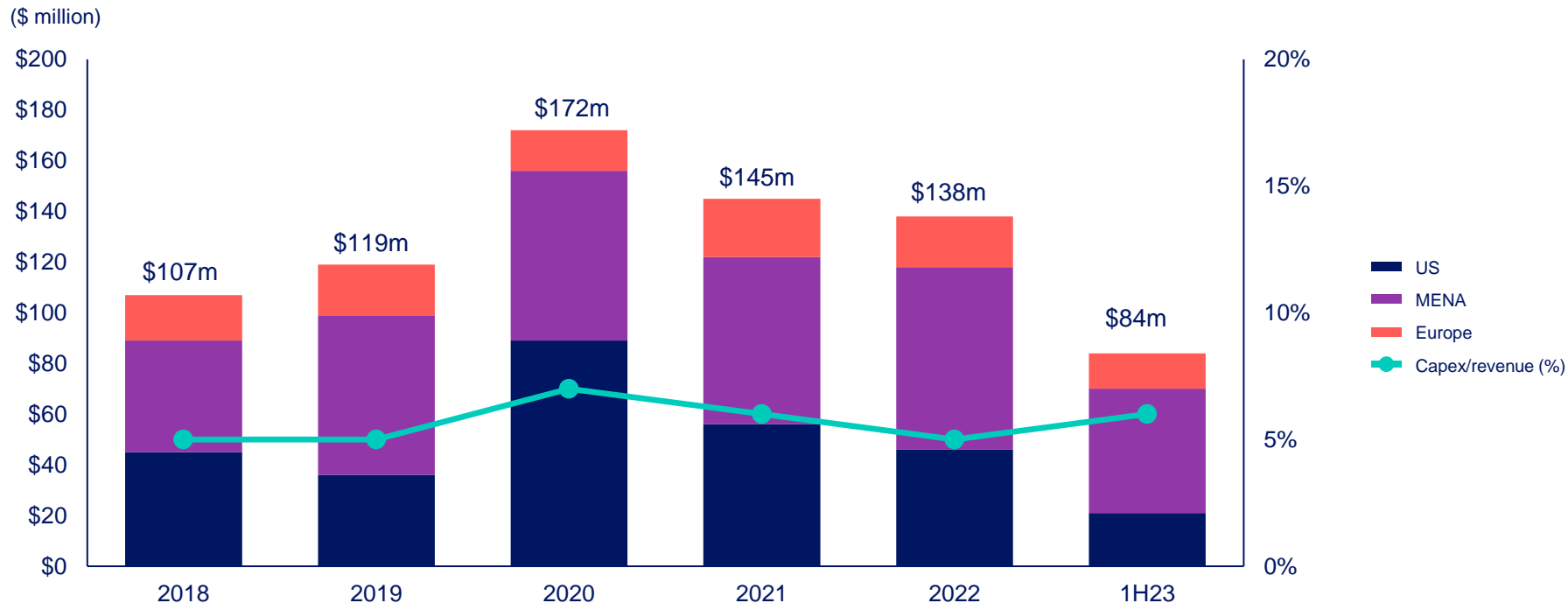


**of Group core revenue  
invested in core R&D**

Continue to invest in building a pipeline of differentiated products. Expect increased spend in H2

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

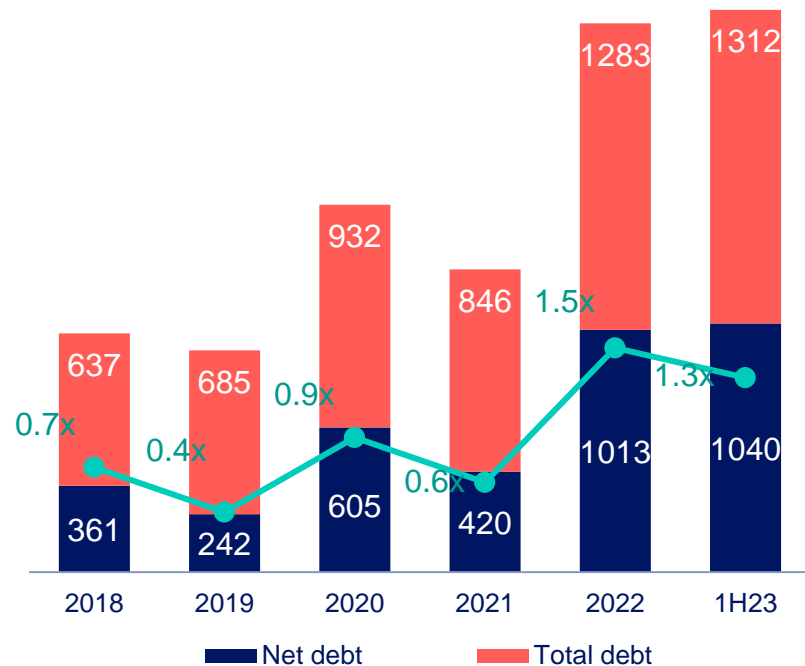
## Capex by region



# Cash flow and balance sheet

## Debt and leverage

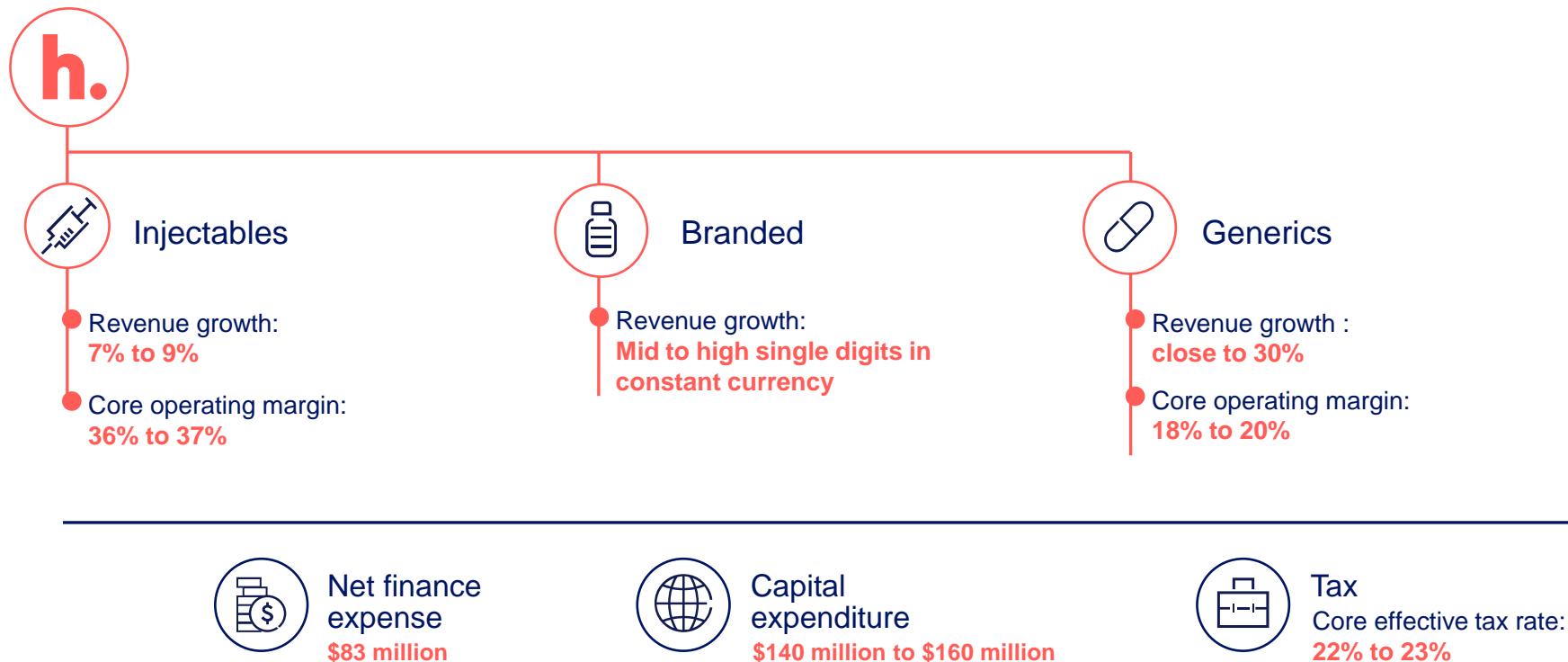
(millions)



## Operating cash flow

	Jun-22	Jun-23
Operating cash flow	\$169 million	\$222 million
Operating cash flow/revenue	14%	16%

# 2023 full year guidance





# 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**



# Appendix



# Group financial highlights

	1H22	1H23	% change
Revenue	\$1,213 million	\$1,427 million	+18%
Gross profit	\$611 million	\$715 million	+17%
Operating profit	\$239 million	\$245 million	+3%
EBITDA <sup>2</sup>	\$346 million	\$387 million	+12%
Profit attributable to shareholders	\$173 million	\$131 million	(24)%
Basic earnings per share	76.2 cents	59.3 cents	(22)%
Interim dividend per share	19 cents	25 cents	+32%

<sup>1</sup> Core results are presented to show the underlying performance of the Group, excluding exceptional items and other adjustments set out in Note 5 of the Group consolidated financial statements. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided in our 2023 interim results press release

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