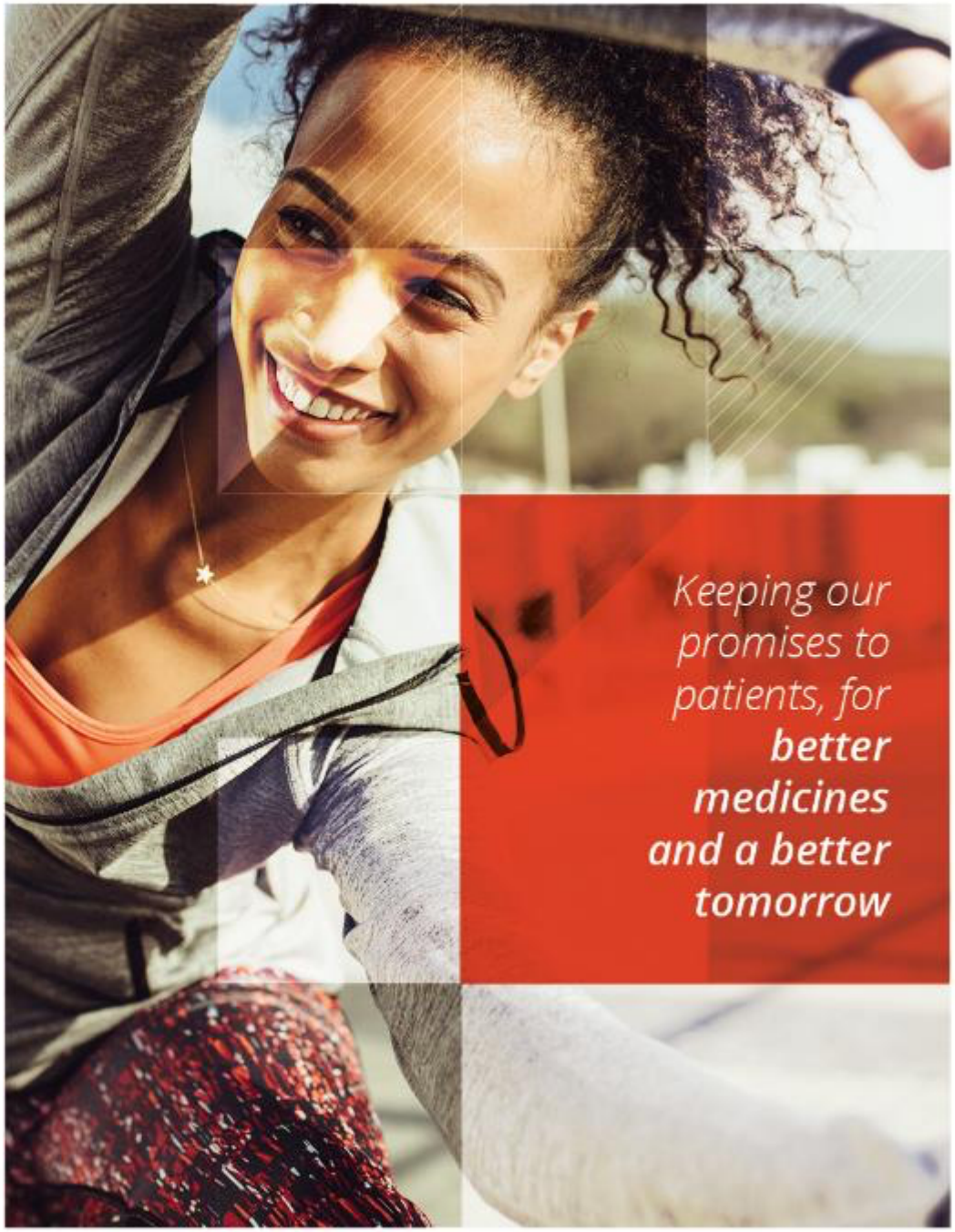
Mayne Pharma Group Limited

1HFY21 Results Presentation
24 February 2021

Scott Richards, CEO
Peter Paltoglou, CFO



personal use only

Disclaimer

The information provided is general in nature and is in summary form only. It is not complete and should be read in conjunction with the company's audited Financial Statements and market disclosures. This material is not intended to be relied upon as advice to investors or potential investors.

Non-IFRS information

- 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 income and expenses. Results excluding such items are considered by the Directors to provide a meaningful basis for comparison from period to period.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) – a non-IFRS term – is considered by Directors to be a meaningful measure of the operating earnings and performance of the Group and this information may be useful for investors.
- The non-IFRS financial information has not been audited by the Group's auditors.

Forward looking statements

- This presentation contains forward-looking statements that involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to the Company. These forward looking statements use words such as 'potential', 'expect', 'anticipate', 'intend', 'plan' and 'may', and other words of similar meaning. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Subject to the Company's continuous disclosure obligations at law and under the listing rules of the Australian Securities Exchange, the Company disclaims any obligation to update or revise any forward looking statements. The factors that may affect the Company's future performance include, among others: changes in economic conditions, changes in the legal and regulatory regimes in which the Company operates, litigation or government investigations, decisions by regulatory authorities, changes in behaviour of major customers, suppliers and competitors, interruptions to manufacturing or distribution, the success of research and development activities and research collaborations and the Company's ability to protect its intellectual property.

Other

- A glossary of industry terminology is contained in the Mayne Pharma Annual Report which can be accessed at maynepharma.com/investor-relations/results-reports and product descriptions are detailed at maynepharma.com/us-products and maynepharma.com/australian-products.
- ACTICLATE®, CORDRAN®, EFUDEX®, KERYDIN®, LOCOID®, LO LOESTRIN® FE, NEXTSTELLIS™, NUVARING®, SOLTAMOX®, TAYTULLA® and TRIANEX® are trademarks of third parties.

personal use only

Executive summary

Financial results

- Reported revenue of A$209m, reported EBITDA of A$40.5m and underlying EBITDA of A$39.9m
- Constant currency underlying EBITDA of A$44m down 7% on 1HFY20
- Reported net loss after tax of A$181.3m impacted by non-cash intangible asset impairment
- Operating cash flow of A$46m
- Significant opex reduction of A$12m to optimise global infrastructure
- Extended syndicated bullet facility to 2024 and further deleveraged the balance sheet
  - Net debt reduced by A$40m to A$221m
  - Bank leverage ratio (net debt/EBITDA) 2.0x versus 2.5x at 30 June 2020

Operational highlights

- Continue to adapt to COVID-19 pandemic and maintain an uninterrupted supply of medicines and services
- Launched four new products in the US –SOLTAMOX® oral solution, DORYX® 80mg delayed release tablets, generic KERYDIN® and chlorzoxazone tablets
- Signed license agreement with Novast Laboratories for five new generic contraceptive products
- Potential FDA approval of NEXTSTELLIS™ in April 2021[1]
- Metrics Contract Services benefited from new commercial manufacturing revenues
- Specialty Products rebounded from soft 2HFY20 and restructure of dermatology platform drove more profitable business model
- Generic Products performance was softer impacted by ongoing competitive pressures
- Mayne Pharma International delivered solid revenue growth with sales up 10%

1. NEXTSTELLIS™ trade name conditionally accepted by the FDA.

personal use only

Key financials[1]

A$million	1HFY21	1HFY20	Change	1HFY21	Change
	Reported currency			Constant currency[5]	
Reported revenue	208.8	227.2	(8%)	219.4	(3%)
Reported gross profit[2]	96.9	106.4	(9%)	101.9	(4%)
Reported EBITDA	40.5	34.6	17%	44.5	29%
Reported net loss after tax	(181.3)	(18.2)	Nm	Nm	
Underlying EBITDA[3]	39.9	47.4	(16%)	44.0	(7%)
Cash flow from operations	46.2	53.2	(13%)	49.2	(8%)
Cash conversion[4]	116%	112%		112%	

- FX had a A$4.1m adverse impact on underlying EBITDA with the average AUD:USD rate of 0.723 in 1HFY21 v 0.685 in 1HFY20
- >100% operating cash flow conversion to EBITDA

1. Attributable to members with exception of cash flow which is consolidated. EBITDA excludes asset impairments.
2. Gross profit calculation includes A$6.7m depreciation in cost of sales
3. Adjustments to underlying EBITDA outlined on page 5
4. Cash flow from operations to Underlying EBITDA
5. Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance for the Group. This is done in three parts: a) by converting the current year net profit / (loss) of entities in the group that have reporting currencies other than AUD, at the rates that were applicable to the prior comparable period (Translation Currency Effect); b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior comparable period (Transaction Currency Effect); and c) by adjusting for current year foreign currency gains and losses (Foreign Currency Effect). The sum of translation currency effect, transaction currency effect and foreign currency effect is the amount by which reported EBITDA is adjusted to calculate the result at constant currency.

personal use only

Adjustments to earnings[1] – 1HFY21

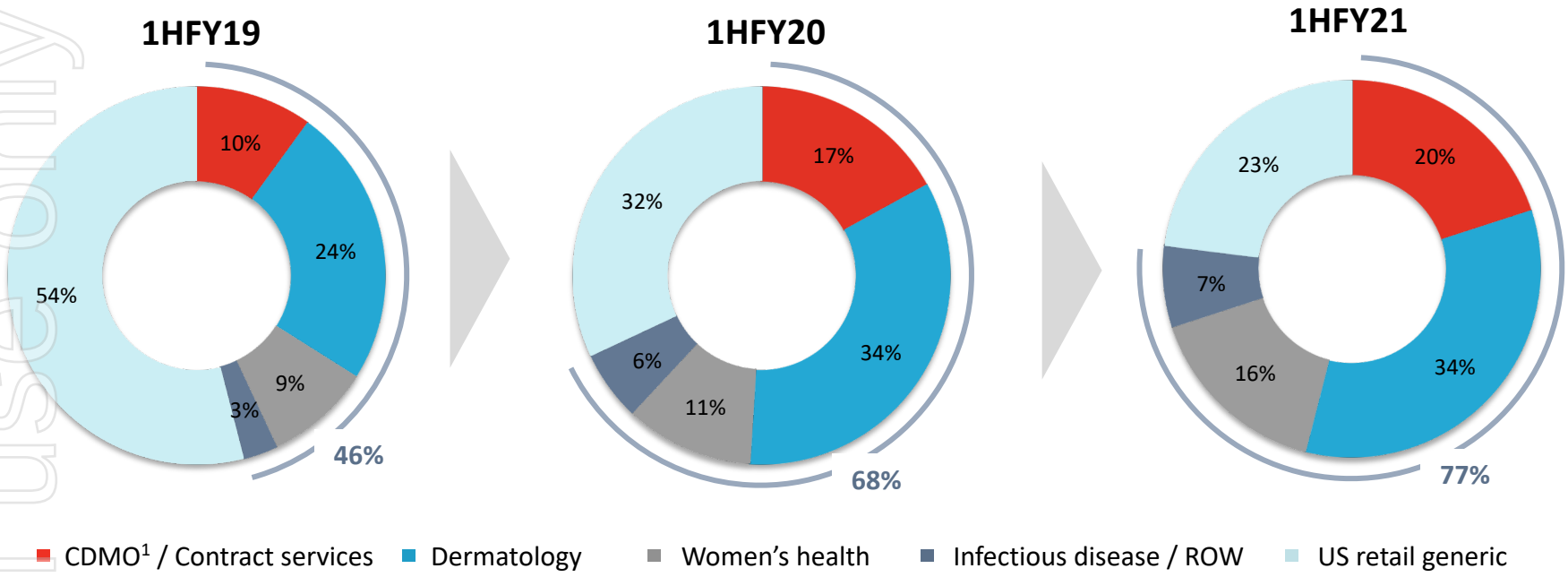
A$million	Non cash	EBITDA adjustments 1HFY21	EBITDA adjustments 1HFY20	PBIT 1HFY21	Comments
Reported		**40.5**	**34.6**	**(211.8)**	
Gross to net adjustments	Yes	-	9.3	-	Abnormal level of gross to net charges (eg. returns and govt rebates) relating to a change in accounting methodology and estimates
Inventory adjustments	Yes	-	1.7	-	Relate largely to stock writedowns on discontinued product
Impairments	Yes	-	-	214.5	Relate largely to generic intangibles following a detailed review of current and projected market dynamics
Earnout revaluation	Yes	(5.6)	(6.4)	(5.6)	Non-cash credit arising from a decrease in the fair value of earn-out liabilities
Restructuring	No	1.9	5.3	1.9	Discontinuation of non-viable generic products and organisational restructuring
Drug pricing investigations	No	1.4	1.2	1.4	Legal costs associated with drug pricing litigation
NEXTSTELLIS™	No	1.4	0.3	1.4	Women's Health set-up costs including NEXTSTELLIS™ launch preparation
Inhibitor Therapeutics	Part	0.3	1.4	0.5	Mayne Pharma's share of Inhibitor Therapeutics, Inc. (INTI) losses
Total adjustments		(0.6)	12.8	214.1	
Underlying		**39.9**	**47.4**	**2.3**	

1. Attributable to members

personal use only

Actively rebalancing the business to more sustainable categories

Reported gross profit by type



- On a constant currency basis, non 'US retail generic' categories represented >75% of 1HFY21 reported gross profit and grew 7% on pcp
  - Contract services and contract manufacturing represented 20% of 1HFY21 gross profit and grew 16% on pcp benefiting from favourable market dynamics and the pipeline of committed business

1. CDMO – Contract development & manufacturing organisation

personal use only

Key strategic priorities and anticipated milestones

1 Commercialisation of novel oral contraceptive NEXTSTELLIS™

- ○ FDA approval and successful launch of NEXTSTELLIS™ in the U.S.
- ○ Recruit new women's health team in the U.S.
- ● TGA filing of NEXTSTELLIS™ in Australia

2 Expand dermatology and women's health portfolio and advance key pipeline products

- ○ Successful launch of products pending at FDA (eg. gNUVARING®)
- ◑ Launch up to five additional women's health generic OCs sourced from Novast
- ◑ Continue to expand portfolio through business development activities (licensing, co-promote, M&A)
- ◑ Advance enrolment for phase II trial with trifarotene in lamellar ichthyosis patients

3 Maximise SUBA® - itraconazole franchise

- ◔ Accelerate TOLSURA® sales
- ◔ Broaden potential for therapeutic use through further clinical programs

4 Accelerate contract services platform globally

- ◔ Expansion of commercial and development projects globally
- ● Invest in new capabilities and people to accelerate growth (ie. Expansion of production space in Greenville and addition of new equipment)

5 Optimisation of cost base

- ◑ Improve cost base of contraceptive portfolio through new supply agreements
- ◑ Improve overhead recovery benefits in manufacturing plants
- ● Continued management of R&D and SG&A expenses

○ Progress

Preliminary

Commercialisation of novel oral contraceptive NEXTSTELLIS™ (E4/DRSP)

Branded contraceptive containing a new estrogen – Estetrol (E4) and the progestin – drospirenone (DRSP)

- Novel estrogen – Estetrol is a low impact estrogen with a unique mechanism of action that offers potential advantages over other estrogens
- Potential to be the first new estrogen introduced in the U.S. for contraceptive use in 50 years
- Phase 3 trials in over 3,725 women demonstrated contraceptive efficacy and safety
  - Included women with BMI 30-35 kg/m[1]
  - There was a neutral impact on lipids and glucose in these trials[2]
  - The women in these trials demonstrated good menstrual cycle control
- Phase 2 trial showed NEXTSTELLIS™ to have a lower effect than other DRSP containing oral contraceptives on certain markers of coagulation (blood clotting)[1,2]
- NEXTSTELLIS™ (E4/DRSP) filed in U.S., Europe, Canada, Brazil and Australia
- Licensed by Mayne Pharma in the U.S. and Australia

1. Creinin, M et al: Obstetrics & Gynecology, May 2019, Vol 133 No 5 (Supplement)
2. Clinical implications of these are to be determined

ersonal use only

Commercialisation of novel oral contraceptive NEXTSTELLIS™ (E4/DRSP)

Regulatory

- NDA accepted for filing by FDA in June 2020 with April 2021 PDUFA date
- TGA filing in August 2020 with potential approval 2HCY21
- Two positive FDA meetings in September 2020 and January 2021
- Labelling discussion has commenced with FDA

Medical

- Appointed Chief Medical Officer Gerard Nahum, MD
- Women's health Medical Science Liaison team in place for scientific exchange with HCPs
- Conducted four women's health advisory boards in 2020
  - High interest in science, mode of action and clinical data
  - Feedback positive on product safety profile and medical benefits
- Active conference agenda across 2021 – eg. ACOG, ISGE, ISSWSH, to educate HCPs

personal use only

Significant progress made in preparing for the commercial launch of NEXTSTELLIS™ in the U.S.

Key management supporting NEXTSTELLIS™ launch



Donald Pearl
EVP, Women's Health
Allergan, Ipsen
30+ years of industry experience
Joined Mayne Pharma Nov 2020



Dr Gerard Nahum
Chief Medical Officer
Bayer, FDA, Duke University
30+ years of clinical and industry experience
Joining Mayne Pharma Mar 2021



Michele Gordon
VP, Marketing
GSK, Grifols
30+ years of industry experience
Joined Mayne Pharma Aug 2016



Anne Moore
Director Medical Affairs Women's Health
Therapeutics MD, AMAG, Evofem
30+ years of clinical and industry experience
Joined Mayne Pharma Jun 2020



Jamie Brockway
National Sales Director, Women's Health
Abbvie
30+ years of industry experience
Joined Mayne Pharma Feb 2021



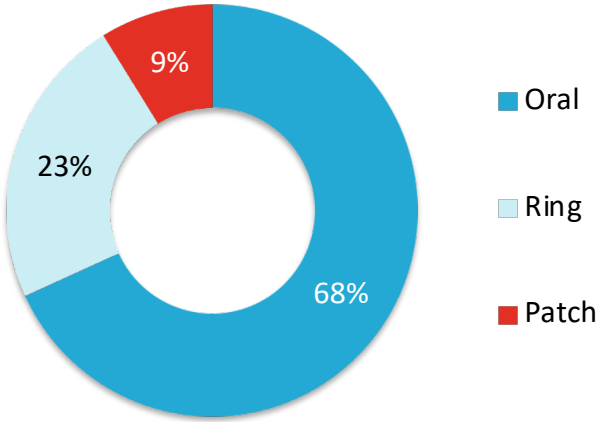
Jonathon Commons
Director Digital and Consumer Marketing
Optum, Chimerix, GSK
15+ years of industry experience
Joined Mayne Pharma Feb 2021

- Management team supporting NEXTSTELLIS™ launch in place
- National sales team to include ~75 field professionals to focus on ~14,000 OBGYNs
- Supplementing traditional sales and marketing effort with customer engagement services to reach additional OBGYNs and other targeted HCPs
- Marketing strategy well advanced covering HCPs, consumers, payers and support groups
- Commenced new product launch discussions with payers
- If approved, NEXTSTELLIS™ launch costs covering sales force, medical education and marketing activities in 2HFY21 expected to be ~US$10m

ersonal use only

US combined hormonal contraceptive (CHC) market remains attractive

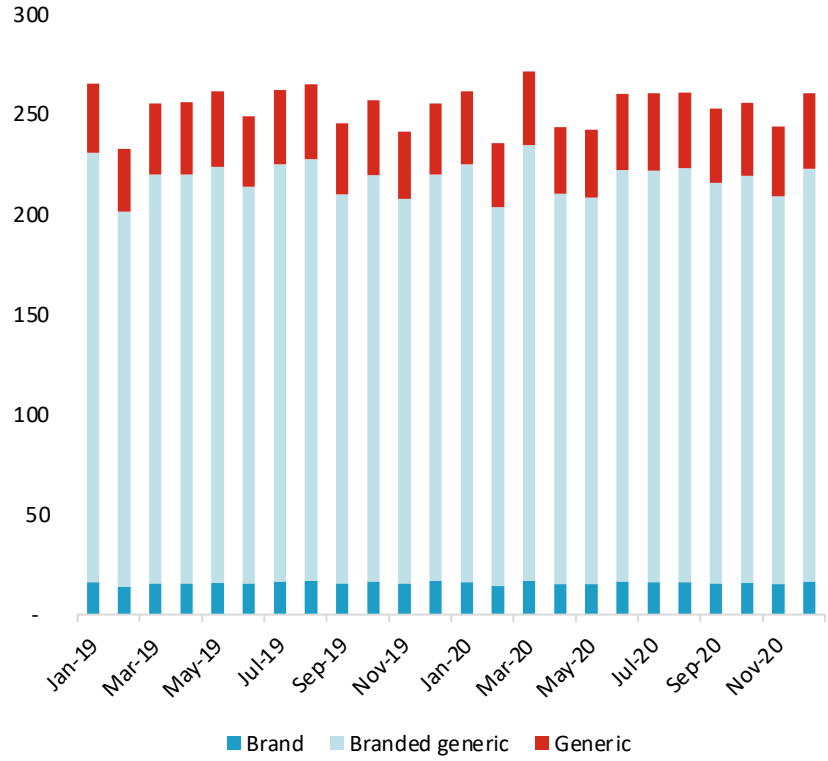
- Value of CHC market is US$4b:



- The contraceptive coverage mandate of the Affordable Care Act is expected to expand under the new US Government administration

- LO LOESTRIN® FE remains the market leader with ~US$500m in net sales

Combined oral contraceptive monthly EUTRx (million)

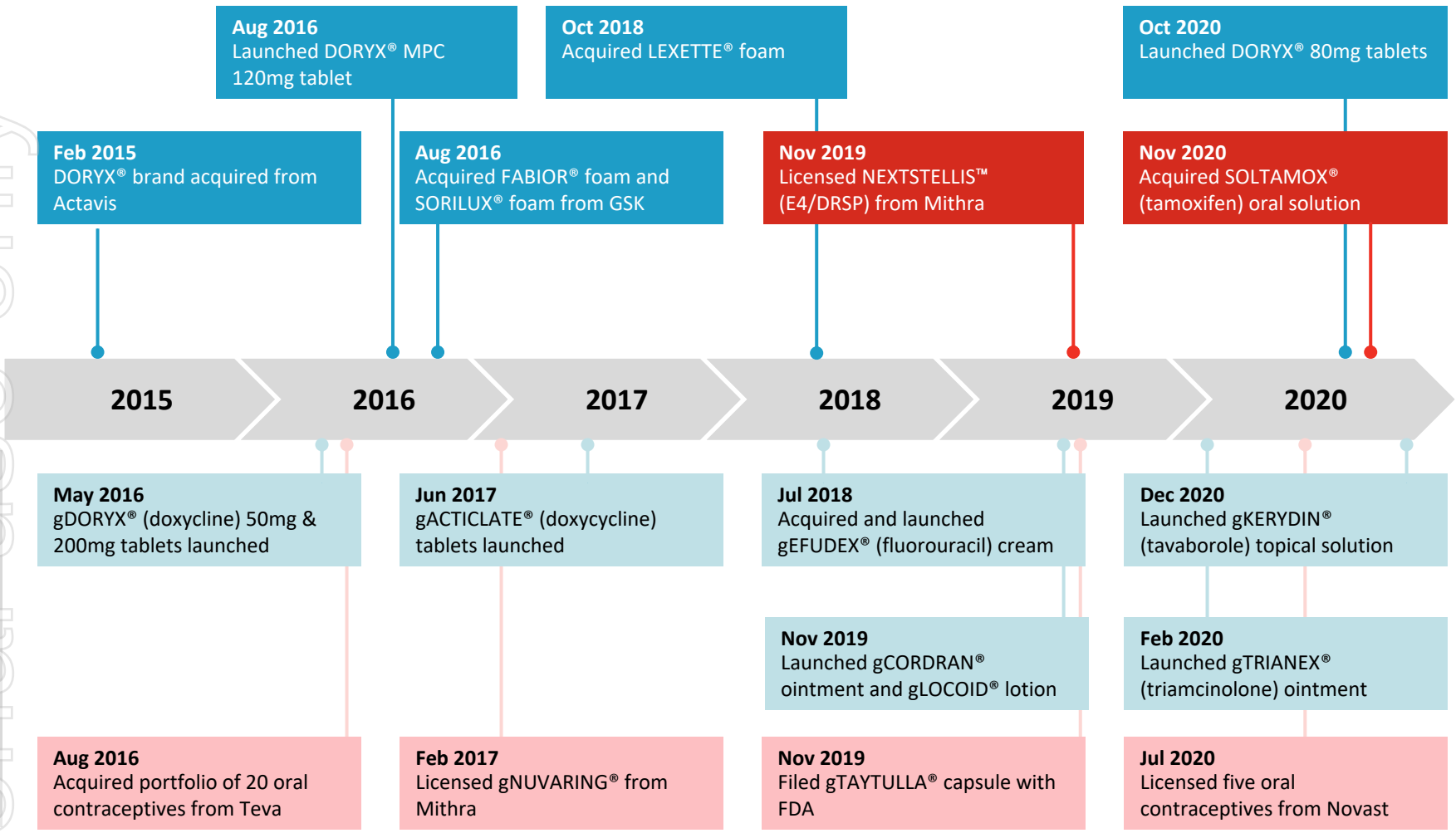


Targeting 2% market share (by volume) for NEXTSTELLIS™ with peak net sales potential to exceed US$200m per annum

Source, IQVIA December 2020, Company presentations. EUTRx – Total number of dispensed units (eg. tablets)

personal use only

Expanding dermatology and women's health portfolio



personal use only

Continued investment in dermatology and women's health pipeline

Dermatology

- Two high impact rare disease programs
  - Global phase II study with trifarotene in patients with lamellar ichthyosis underway. 49 patients enrolled with top line results expected FY22
  - SUBA-itraconazole to treat BCCNS/Gorlin's Syndrome
- Topical generic acne product pending at the FDA with addressable market of US$35m[1]
- Actively assessing further licensing of generic dermatology products to expand portfolio in the specialty pharmacy channel
  - Up to eight generic dermatology products in late-stage negotiation

Women's health

- Three generic contraceptives pending at the FDA with addressable market of US$1b[1]
  - Filing second complete response letter for gNUVARING® with FDA in 1QCY21
- Actively assessing further branded opportunities to license, acquire or co-promote
  - Targeting complementary indications – eg. menopause management, bacterial vaginosis, uterine fibroids

personal use only

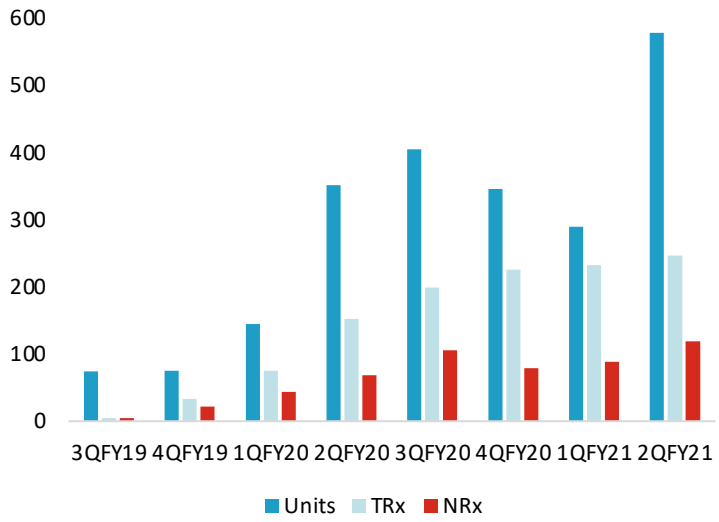
1. IQVIA MAT Sales, December 2020

Maximise SUBA®-itraconazole franchise

Anti-fungal (TOLSURA®)

- TOLSURA® (SUBA®-itraconazole) capsules experienced solid growth across FY20 until the COVID-19 pandemic
  - Key prescribers (eg. Infectious disease / respiratory physicians) directly involved in treating COVID-19 patients
- 2QFY21 sales, units sold and dispensed prescriptions exceeded all prior quarters
- Endemic mycosis study interim results presented at IDWeek in October 2020
- Recent investments made with greater field team coverage and substantial increase in marketing to drive awareness and growth

TOLSURA Units, TRx and NRx[1]



New indications

- SUBA®-itraconazole continues to show broader therapeutic utility
  - Clinical investments to explore expanding the utility of TOLSURA. Eg. coccidioidomycosis and lung transplant patients
  - Itraconazole has notable anti-cancer effects through inhibition of the Hedgehog signalling pathway. A number of exploratory clinical studies have been completed or under recruitment by third parties using itraconazole in BCC, lung, prostate and ovarian cancer patients

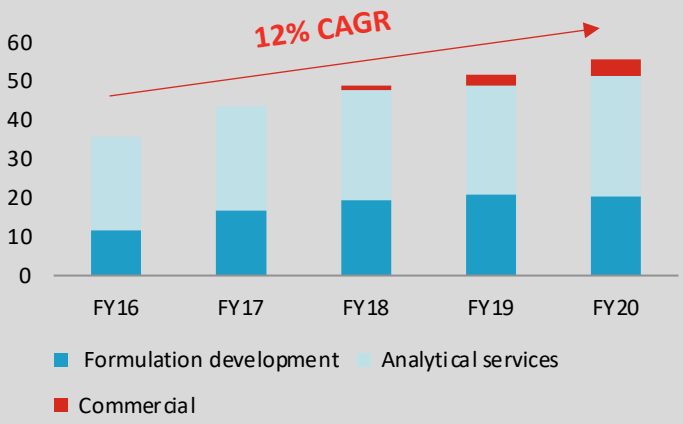
1. IQVIA, December 2020

personal use only

U.S. and AU contract service platforms continue to grow

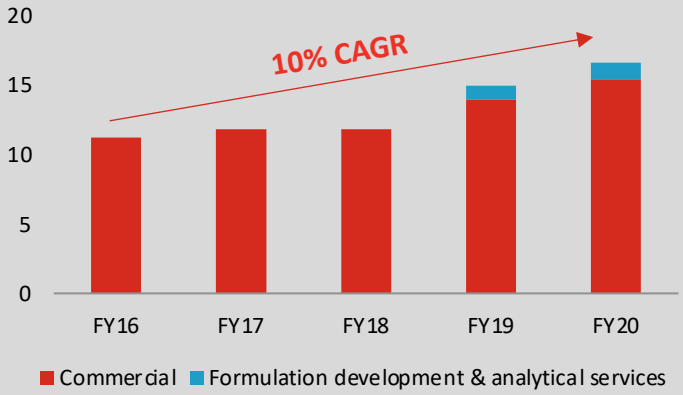
- 100+ customers including 11 of the top 20 global pharma companies
- 50+ molecules in development
- 5 commercial products
- 150+ scientists
- 25+ years of history in novel oral solid dosage forms including high potent compounds

US contract services revenue by type (US$m)



- 25+ customers
- 9 molecules in development
- 20+ commercial products
- 20+ scientists
- 40+ years of history in oral and topical drug delivery
- One of two FDA approved full service solid oral dose manufacturing plants in AU

Australian contract services revenue by type (A$m)



personal use only

Investing in global contract service platform to drive continued growth

Increased capacity & expanding capabilities

- US$10m expansion of production space in the U.S. adding 3,760 sqft adding further potent capable production space to be commissioned shortly
- New equipment including Fette FE55 tablet press & Bosch 720 encapsulator
- Greenville added third shift in manufacturing to support growing demand for commercial manufacturing
- Glatt Fluid Bed to be commissioned in Salisbury expanding 'pellet' technology capacity

Commercial and operational excellence

- Overhaul of sales capability to drive new business in Australia and US
  - Appointed new VP Business Development in the US
  - Improved data analytics
  - New marketing efforts to attract clients in Asia
  - Refreshed marketing including new website metricscontractservices.com, social media campaign and increased thought leadership content
- New costing and material management tools implemented to drive cost efficiencies

ersonal use only

Optimisation of cost base

Operating expenses[1]

A$million	1HFY21	1HFY20	Change $	Change %
Marketing & distribution	28.8	39.7	(10.9)	(27%)
All other admin[2]	25.3	26.5	(1.2)	(5%)
Total opex expenses	**54.1**	**66.2**	**(12.1)**	**(18%)**

- Opex expenses reduced by A$12m or 18% versus pcp with the reorganization of the dermatology division delivering US$5m of the cost savings
- Reduced marketing and distribution expense due to the restructure of the US dermatology sales team has led to improved profitability of Specialty Products

R&D spend[1]

A$million	1HFY21	1HFY20	Change $	Change %
R&D expensed	10.3	12.7	(2.4)	(19%)
R&D capitalised	2.6	7.5	(4.9)	(65%)
Gross R&D	**12.9**	**20.2**	**(7.3)**	**(36%)**
R&D capitalisation rate	*20%*	*37%*		
R&D as % revenue	*6%*	*9%*		

- Gross R&D spend reduced by A$7m or 36% versus pcp
- R&D capitalisation rate reduced to 20% as a greater proportion of spend in the Specialty Products area which is generally not capitalised
- >90% of R&D spend directed to key therapeutic areas of dermatology, women's health and infectious disease

1. 100% consolidated. Depreciation included in R&D expense (A$1.4m), marketing & distribution (A$0.5m) and all other admin (A$1.3m)
2. Refer to 'All other administration and other expenses' in note 3 of the Financial Statements. Excludes non-cash items and adjustments to underlying earnings eg. NEXTSTELLIS™

ersonal use only

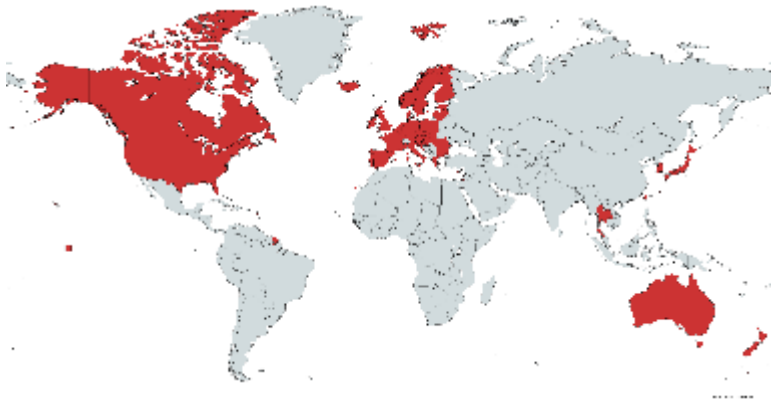
ersonal use only

1HFY21 segment and financial information

Metrics Contract Services (MCS)

- MCS revenue was US$27.8m, up 6% on pcp benefiting from new manufacturing revenues
- MCS supports 55+ projects across the pharmaceutical value chain:
  - 20 projects in phase I
  - 16 projects in phase II
  - 16 projects in phase III
  - 5 commercial manufacturing clients
- Commercial manufacturing represents 14% of MCS revenue up from 3% in the pcp
- Committed business pipeline up >10% versus 30 June 2020[1]
- MCS is approved as a manufacturer in 40 countries

US$million	1HFY21	1HFY20	Change 1HFY21 v 1HFY20
Reported revenue	27.8	26.3	6%
Gross Profit	13.4	12.0	12%
Gross Profit %	48%	46%	
Direct operating expense[2]	1.8	1.5	20%
Operating profit[3]	12.3	11.2	10%



MCS manufactured products approved by medicines regulator

1. Committed business pipeline is the next six months of signed purchase orders / statements of work
2. Direct marketing and distribution costs
3. Operating profit deducts direct operating expense and adds back depreciation

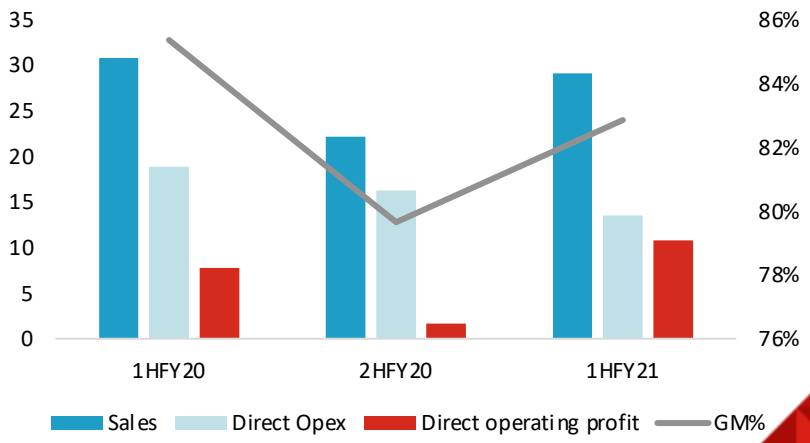
personal use only

Specialty Products Division (SPD)

- SPD revenue was US$29.1m, down 6% on pcp, but up 32% on 2HFY20 benefiting from improvements to gross to net charges
- Key products were impacted by unfavourable changes to managed care which has been offset by proactive co-pay card changes
- SPD direct operating expenses down US$5m on pcp due to the restructure of the dermatology sales team, improving operating profit
- Growing sales through specialty pharmacy channel which represent >85% of SPD sales
  - Dermatology sales team markets more than a dozen branded and generic products
  - Go-to-market model delivers medicines more cost effectively and provides a seamless 'prescription to patient experience'
- LEXETTE® received Orange Book listed patent expiring Nov 2036

US$million	1HFY21	1HFY20	Change 1HFY21 v 1HFY20
Reported revenue	29.1	30.8	(6%)
Gross Profit	24.1	26.3	(8%)
Gross Profit %	83%	85%	
Direct operating expense[1]	13.5	18.8	(28%)
Operating profit[2]	10.7	7.7	39%

SPD performance (US$m)



1. Direct marketing and distribution costs, excludes NEXTSTELLIS™
2. Operating profit deducts direct operating expense and adds back depreciation

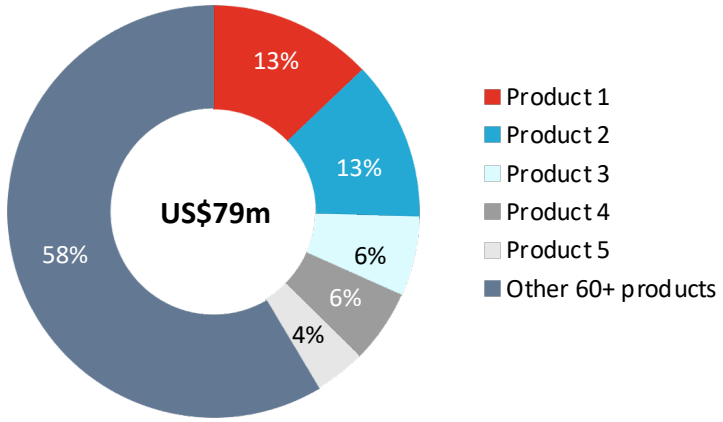
personal use only

Generic Products Division (GPD)

- GPD reported revenue was US$78.7m, down 8% on pcp impacted by continued competition across the portfolio
- Ongoing pricing pressure due to additional competition on existing portfolio with limited benefit from new product launches
- Discontinued further unprofitable generic products
- Largest two products by sales were carbidopa/levodopa and liothyronine
  - New competitor launched on liothyronine in 2HFY21
- Continued optimisation of supply chain to drive improved product costs in the 2HFY21 and beyond
  - 12 product transfers expected to be completed in FY21 to new CMOs or into Mayne Pharma facilities
- Stock obsolescence continues to improve representing 2.5% of sales down from 6.5% in pcp

US$million	1HFY21	1HFY20	Change 1HFY21 v 1HFY20
Reported revenue	78.7	85.3	(8%)
Gross Profit	27.5	31.2	(12%)
Gross Profit %	35%	37%	
Direct operating expense[1]	3.3	4.5	(27%)
Operating profit[1]	26.8	29.6	(9%)

GPD reported revenue by product (US$m)



1. Direct marketing and distribution costs
2. Operating profit deducts direct operating expense and adds back depreciation

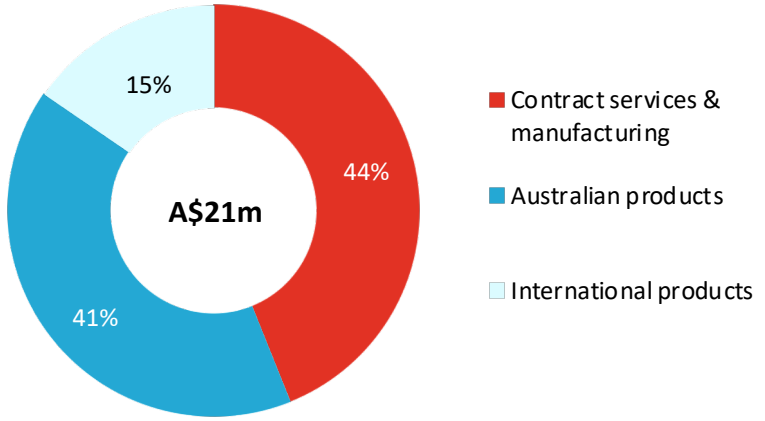
personal use only

Mayne Pharma International (MPI)

- MPI performance was up 10% on pcp driven by stronger third-party income
- Contract services and manufacturing revenue increased 35% on pcp and benefited from additional formulation development projects and increased manufacturing revenues
  - Nine active formulation development projects up from two in pcp
  - Added 7 new projects in 1HFY21
- In Australia, UROREC® (silodosin), oxycodone and magnoplasm contributed to growth on pcp
- The stronger GM reflects manufacturing overhead recovery benefits in Salisbury with dose volumes up almost 50% and improved returns from contract manufacturing

A$million	1HFY21	1HFY20	Change 1HFY21 v 1HFY20
Reported revenue	21.3	19.3	10%
Gross Profit	6.9	5.0	38%
Gross Profit %	32%	26%	

MPI revenue by type (A$m)



ersonal use only

Reported to underlying earnings attributable to members

A$million	Reported 1HFY21	Earn-out reassessment	Restructuring	Impairment	Drug pricing investigations	INTI	NEXTSTELLIS	Underlying 1HFY21
Revenue	**208.8**		**1.3**					**210.1**
Gross profit	96.9		1.3					98.2
Gross profit %	*46.4%*							*46.7%*
EBITDA	**40.5**	**(5.6)**	**1.9**		**1.4**	**0.3**	**1.4**	**39.9**
Depreciation / Amortisation	(37.8)					0.2		(37.6)
Impairments	(214.5)			214.5				-
PBIT	**(211.8)**	**(5.6)**	**1.9**	**214.5**	**1.4**	**0.5**	**1.4**	**2.3**

personal use only

Consolidated balance sheet position

A$million	As at 31 Dec 20	As at 30 Jun 20	Change $m
Cash	131.5	137.8	(6.3)
Inventory	95.4	94.0	1.4
Receivables	188.3	195.9	(7.6)
PP&E	205.4	226.4	(20.9)
Intangibles & goodwill	643.5	962.3	(318.8)
Income tax receivable	20.4	37.3	(16.9)
Right of use assets	9.6	11.9	(2.3)
Other assets	192.8	159.7	33.3
Total assets	**1,487.0**	**1,825.2**	**(338.2)**
Payables	124.1	106.9	17.1
Borrowings	352.1	398.0	(45.9)
Other financial liabilities	206.4	233.0	(26.6)
Other liabilities	29.9	44.9	(15.0)
Equity	**774.5**	**1,042.3**	**(267.8)**
Equity (attributable to members)	**771.1**	**1,037.5**	**(266.4)**
AUD:USD FX rate	0.7708	0.6877	
Net debt	**220.6**	**260.2**	**(39.6)**

- Reduced balance sheet gearing with net debt down A$40m
- Net assets decreased A$266m on a reported currency basis driven by intangibles asset impairment of A$214m
  - A$90m decrease to foreign currency translation reserve due to weaker USD
- Income tax receivable of A$20m which has reduced from A$37m at 30 June 2020 following cash tax refunds of A$14m in 1HFY21 due to U.S. tax rate change

For personal use only

Consolidated cash flow – EBITDA to cash reconciliation

	Half Year ending		Change
A$million	**31 Dec 20**	**31 Dec 19**	**$m**
Reported EBITDA attributable to members[1]	40.5	34.6	5.9
Minority share of INTI EBITDA	(0.2)	(0.9)	0.7
Consolidated EBITDA (100% INTI)	40.3	33.7	6.6
Share based payments (non cash)	3.8	3.8	-
INTI warrants fair value (non cash)	-	0.4	(0.4)
Movement in earn-outs (non cash)	(5.7)	(6.4)	0.7
Provisions (non cash)	4.3	9.4	(5.1)
Other	(0.8)	0.5	(1.3)
Operating Cash flow Before WC and tax	**41.9**	**41.4**	**0.5**
WC movements	(9.6)	11.8	(21.4)
Net tax (paid) / received	13.9	-	13.9
Net operating cash flow	**46.2**	**53.2**	**(7.0)**
Capitalised R&D	(2.6)	(7.5)	4.9
Acquisitions	(2.0)	(19.2)	17.2
Capex	(6.4)	(4.2)	(2.2)
Earn-out & deferred settlement payments	(7.7)	(7.9)	0.2
Free cash flow	**27.5**	**14.4**	**13.1**
Net proceeds borrowings & shares	(20.8)	(4.6)	(16.2)
Net cash flow	**6.7**	**9.8**	**(3.1)**

- Cash flow working capital movements based on average AUD/USD exchange rate for the period whereas the June balance sheet balances based on closing rates

1. Reported EBITDA in Director's Report is attributable to members. Cash flow in the Financial Statements is on a consolidated basis and includes 100% of INTI

Presentation

Capital structure

- Net debt of $221m or $210m excluding lease liabilities
- Company has A$132m of cash and A$125m of undrawn debt facilities
- Dual currency debt facility
  - US$200m, 5 year revolving facility, matures November 2023
  - US$100m, 4 year bullet facility, matures November 2024
  - US$50m, 364 days receivables financing facility (non-recourse facility)
  - US$20m, 2 year working capital facility, matures November 2021
  - A$10m, 2 year working capital facility, matures November 2021
- Key bank covenants have significant headroom:

Financial metrics	As at 31 Dec 20	As at 30 Jun 20
Leverage ratio: Net debt[1] / EBITDA Covenant <3.75x	2.0x	2.5x
Interest cover ratio: EBITDA / interest Covenant >3x	7.6x	6.5x
Shareholder's funds Covenant > A$600m	A$779m	A$1,048m

Net debt

A$million	As at 31 Dec 20	As at 30 Jun 20	Change $
Syndicated facility	300.1	347.7	(47.6)
Deferred borrowing costs	(4.6)	(3.2)	(1.3)
Receivables financing	46.4	41.2	5.2
Lease liabilities	10.2	12.4	(2.2)
Borrowings	352.1	398.0	(45.9)
Cash	131.5	137.8	(6.3)
Net debt	220.6	260.2	(39.6)
Net debt (under current debt facility terms)[1]	179.0	222.5	(43.5)

1. Net debt defined under syndicated debt facility includes lease liabilities but excludes deferred borrowing costs and any drawn funds under receivables financing facility

personal use only