



# Investor Presentation

Q4 2014

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# Sinclair IS Pharma – at an inflection point

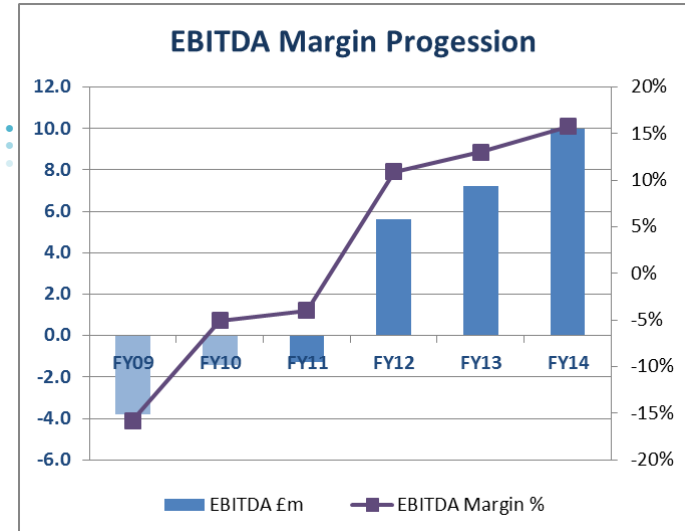
Dermatology	Top Products	Indication
<b>Aesthetics</b> £21.4m, +60.4%	Kelo-cote® Sculptra® Perfectha® Ellansé™ Silhouette®	Scar reduction Collagen stimulator HA Dermal filler Collagen stimulator Collagen stimulator
<b>Wound Care</b> £12.0m, -8.3%	Flammazine® Flammacerium® Aloclair®	Burns Severe burns Mouth ulcers
<b>Skin Care</b> £19.6m, +5.7%	Kelo-stretch® Atopiclair® Papulex®	Stretchmarks Atopic dermatitis Acne
<b>Non Derm</b> £10.6m, +1.6%	Variquel® Optiflo® Fannin (Ireland)	Esophageal varices Catheter flushing Ex-Helsinn products

- Three recent aesthetic acquisitions have transformed Sinclair's growth prospects:
  - Positioned to deliver double-digit top-line growth through the decade
  - c.50% FY15e sales from Aesthetics, growing at X% (pro-forma)
  - Leader in facial rejuvenation through collagen stimulation
  - Approx. £90m gross margin for distribution partners on c.£170m FY15e in-market sales
- 73% of sales from private pay products (62% FY13)
- Opportunity for direct presence in key aesthetic markets
  - Silhouette-Instalift approval/launch to drive US build-out
  - South Korea, Brazil
- Flammacerium® granted orphan drug status
  - 505b2 filing imminent
  - Likely QIPD status should allow additional exclusivity
- Non-Dermatology 19% of revenues with proportion declining rapidly in FY15

# Earnings Inflection

## FY18 EPS expected to be a multiple of FY14 0.9p Adjusted EPS

- Low base – Sinclair has only recently become profitable
- Sustainable strong top-line growth driven by novel aesthetics portfolio
- Gross margin uplift due to product mix (aesthetics) and geography (US)
- No substantial absolute growth envisaged for technical spending
- Growth of sales/marketing spend expected to moderate post FY15
- US build-out will focus on physician training with possible commercial collaborations
- Low medium-tax tax exposure due to historical losses/planning



## Marginal EBITDA conversion of c.35% since FY09, expected to be maintained

- Peak EBITDA margin expected to be in-line with industry norms. FY14 only 16%

## Several possible upsides

- Repatriation of distribution agreements (eg South Korea, Brazil)
- Pipeline (eg Silhouette US, Flammacerium US, Ellansé US, Perfectha China, Alocclair Ultra)
- Potential for further licensing and M&A deals

# Summary of Recent Transactions

## January 2014 - Acquisition of Obvieline Laboratories SA (Lyon)

- Paid €21m cash for revenues of €9.6m (2.2x 2013 year revenues)
- Subject to future performance there are contingent liabilities of €12m.
- Assuming successful commercialisation of Perfectha Lidocaine and sales milestones achieved total payment may total €33m which would equate to 2.0x revenues

## April 2014 - Acquisition of AQTIS Medical BV (Utrecht)

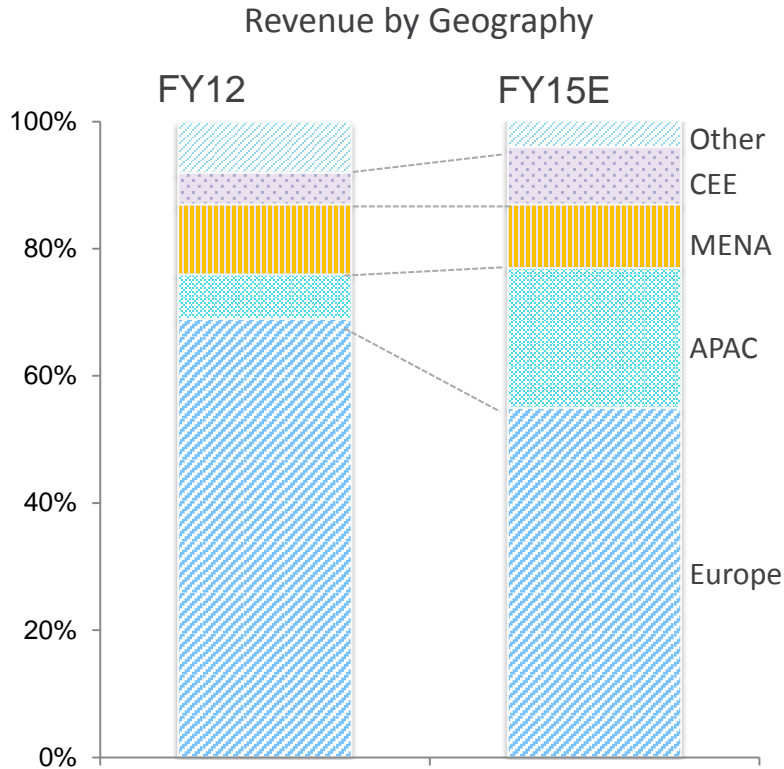
- Paid €16.5m cash for revenues of €5.0m (3.3x 2013 year revenues)
- Subject to future performance there are contingent liabilities of €35m
- Assuming successful commercialisation of Ellansé (including US launch) total payment may total €52m which would equate to 2.1x revenues

## May 2014 - Acquisition of Silhouette Lift SL (Barcelona)

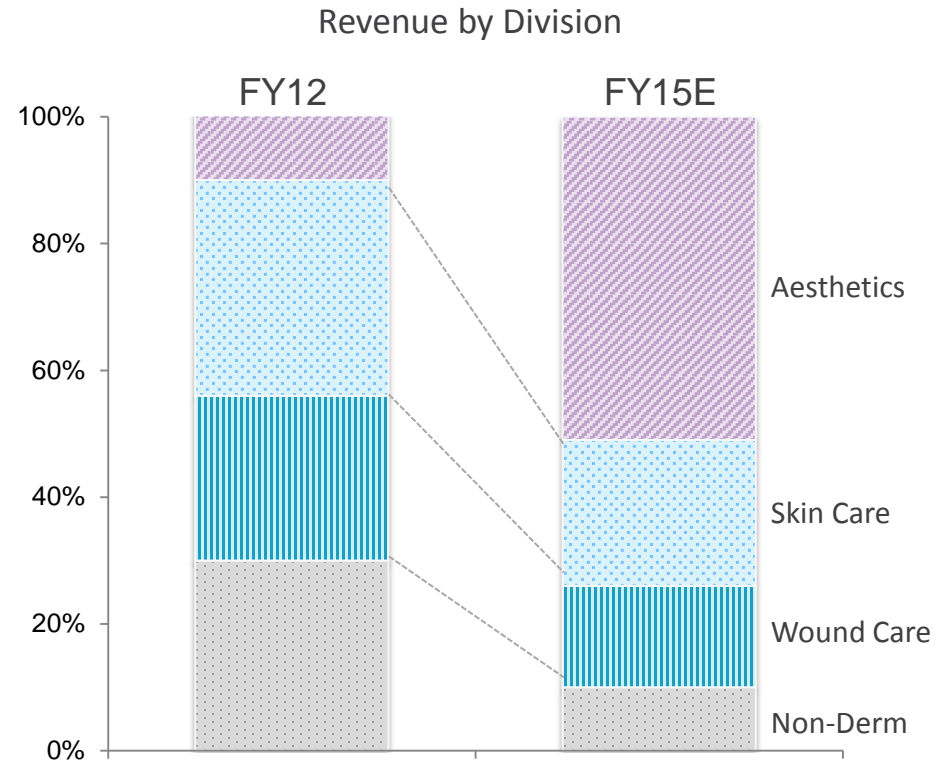
- Paid \$24m cash for revenues of \$5.4m (4.4x 2013 year revenues)
- Subject to future performance there are contingent liabilities of \$93m
- Assuming successful commercialisation of Silhouette in the US and approval in other territories (eg Russia, Brazil) total payment may total \$117m which would equate to 2.3x revenues

# Focus on Emerging Markets

# Focus on Aesthetics

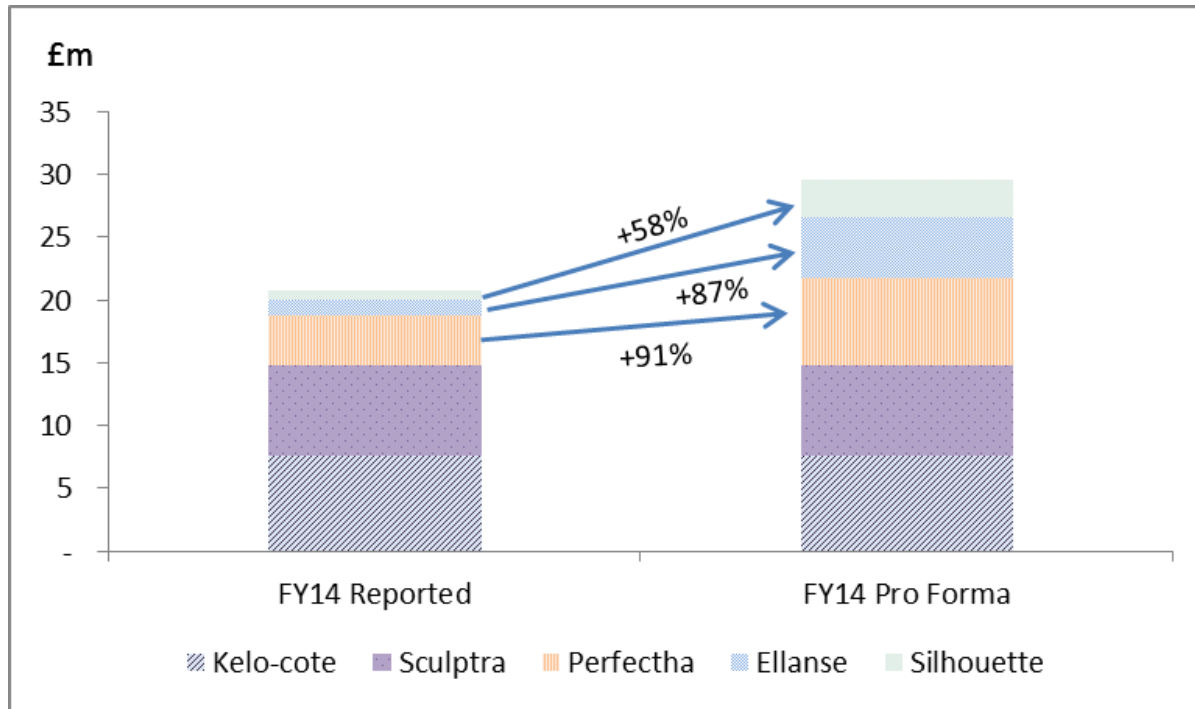


- Dramatic growth in APAC set to continue
- European share declines to 50% of revenue
- CEE expected to grow with Russia exposure



- Aesthetics comprises c.50% Sinclair revenue
- Non-derm c.13% turnover

# FY14 Results Understate Growth of Aesthetics Portfolio



- **On a pro-forma basis, aesthetic products grew at 35% LFL in FY14**
  - Very rapid pro-forma LFL growth for the acquired products
  - All three acquired products are early in their lifecycles
  - Sinclair has 90 personnel in aesthetic sales, marketing and international partner management compares to only 10 individuals across all three acquired companies

# No Further Financing Expected to Achieve Business Goals

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- Sinclair IS Pharma has net debt of £40m, equivalent to 2.8x pro forma FY14 EBITDA and 2.2x consensus FY15e EBITDA
- In addition, subject to the successful commercialization of recently acquired products, there are contingent payments of up to £94m, due over the next c.5-7yrs
- Full contingent pay-out would imply the successful US launches of Ellansé and Silhouette, the approval of Perfectha lidocaine and aggregate minimum sales for all three products of c.£54m.
- While Sinclair expects to achieve the US launch and aggregate sales targets, various other milestones are contingent on other (eg additional new product/label extension) targets.
- Further aesthetic acquisitions expected to be financed through non-aesthetic disposals
- Debt facility provided by Hayfin Capital Management LLP, 5 year term senior secured, non amortising, interest at LIBOR +8.0% reducing as leverage falls. Ability to re-finance after 2 years



# Aesthetics – Strong Growth and Multiple Opportunities

- Aesthetics expected to be over 50% of Sinclair’s revenues in FY15 with strong growth in all regions
- Combination of high gross margin with focused sales and marketing drives operating leverage
- Highly differentiated marketing position based on *facial rejuvenation* through collagen stimulation, not ‘filling wrinkles’
- Growth opportunities - Europe
  - Sales forces upgraded in all markets with strong incentivisation plan
  - Consolidation of Ellansé™ and Silhouette® distribution partners
  - Over 600 physician training workshops planned across EU5
- Growth opportunities - International
  - Real presence in key aesthetic territories – South Korea, Brazil, Russia
  - New distribution partners eg: Mexico, Brazil, Japan
  - Affiliate planned for South Korea with ambitions in Brazil and US
- Strong 2015 launch schedule and China regulatory filings for Ellansé™ Perfectha® and Silhouette®
- Silhouette-Instalift® file submitted in US, preliminary US launch plans underway

# Silhouette®

- Biggest potential Sinclair aesthetic product. Very strong early interest:
  - 1300 physicians attended Oct 2014 Barcelona Worldwide (Silhouette) Experts' Meeting
  - Winner "Best in Show" product at 2014 AMEC (Paris) congress
  - Multiple unsolicited approaches for commercial collaboration
  - Compelling physician/clinic economics due to high value/rapid (c.45mins) procedure
  - Potential to line-extend into non-face indications (eg, under-bicep, above knee, flanks etc)
- Unique, patented PLLA (poly-L-lactic acid) bi-directional cones on resorbable suture providing instant facelift and subsequent collagen stimulation lasting 18-24 months. No direct competition
- Local anaesthetic and minimally invasive procedure. Minimal post-procedure patient downtime due to small/no bruising
- UK distribution already in-house with further consolidation expected in Europe. Ex-EU via distributors
- US, Brazil, Russia launches expected in 2015
- Silhouette® pro-forma £3.8m in FY14



# Perfectha®

- Range of 5 latest generation biphasic HA (Hyaluronic Acid ) volumising fillers for the treatment of wrinkles and facial contours. Quick, safe and easy procedure
- Sinclair has already improved and enlarged Perfectha® in-house manufacturing process (Lyon, France). Perfectha® lidocaine range planned for 2015
- Perfectha® already brought in-house in Europe to capture margin and improve direct sales force productivity
- Strong growth from low European base coupled with continued emerging market growth. 90% sales from emerging markets using distributor model. New FY15 launches expected in Japan, Taiwan, Hong Kong, Singapore.
- China launch targeted for late 2017, but may be within 18mths, through partner DN (Daewoong)
- Perfectha® pro-forma £6.9m 2014
- Competitively priced against market leaders (Restylane/Juvederm/Belotero), yet visco-elastic profile among best-in-class

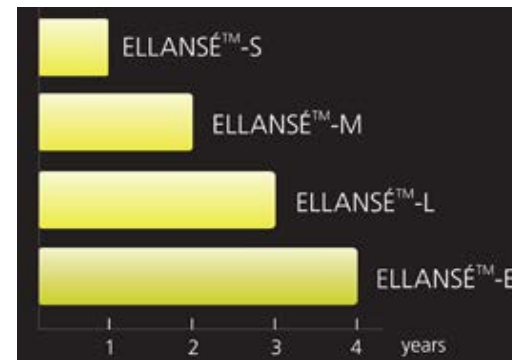


# Ellansé™

- Next generation PCL (polycaprolactone) collagen stimulating microspheres made in Utrecht, Netherlands. PCL used in CE and FDA approved medical devices for over 20 years and is fully resorbable
- Ellansé™ has clear benefits relative to Radiesse® (Merz) and Sculptra® (Galderma/Sinclair) combining immediate correction and instant volumisation with an unrivalled lifespan up to 4 years
- European sales and marketing in-house. Key international markets - South Korea, Japan, Russia, Mexico, Middle East - through distributors, with 2015 launches in India and Taiwan
- US clinical trials imminent (2017 launch expected) and lidocaine brand extension planned. Clear opportunity in >\$100m US collagen stimulator market, but 'natural look' also highly competitive against new long-lasting HA fillers
- Multiple unsolicited approaches for commercial collaboration
- Ellansé™ £4.9m pro-forma FY14



Ellansé dermal fillers provide immediate correction of wrinkles and folds and stimulate the generation of the body's own collagen



# Kelo-cote®

- Kelo-cote® is a patented topical silicone gel for the management and prevention of excessive hypertrophic and keloid scars
- Sinclair acquired full worldwide rights (ex-US) in December 2011
- Global growth has accelerated under Sinclair ownership particularly in Europe, China, South Korea and Brazil
- New launches (2014 Japan, Mexico) and brand extensions (Kelo-stretch®) continue to boost market penetration
- Sales of Kelo-cote® expected to grow c.9%LFL in FY15 and Kelo-stretch® c.30% LFL



# Wound and Skin Care

## Wound Care

- Flamma® franchise expected to return to growth with recovery in Spain
- New Menarini launches include Aloclair Plus® : Poland, Russia

## Skin Care

- Emerging market growth of core brands offset by slow decline of older portfolio in EU and reduced promotion
- Strong growth continues for Kelo-stretch® Asia, plus royalty payments from Q2 FY1
- New launches include leading brands in Mexico (Farmapiel); Sebclair® in APAC (Menarini)

## Non-Dermatology

- Variquel® stabilised with launch of pre-mix solution
- Cryogestic® disposal from 1 July 2014
- Aloxi® disposal from 1 Jan 2015



# Wound and Skin Care - Pipeline

## Flammacerium® (US) is the biggest non-aesthetics growth opportunity

- Pre-IND Flammacerium® meeting will provide greater clarity, likely in FY15
  - 505b2 route utilises existing silver sulphadiazine and cerium nitrate data
  - Label likely for the 1<sup>st</sup> line treatment of infection in severe burn
  - Cerium nitrate seals product around wound to prevent infection and has a role in burn eschar absorption
  - Manufacturing scale-up required, so earliest launch 1H 2016
- 5,000-15,000 target US market (non skin-graft) *plus* potential for military and civil defence stockpiling
- Granted orphan drug with potential for QIDP status providing 7-12yrs exclusivity
- Intention to seek ODS in multiple markets

## Aloclair Ultra launch expected in Q2 2015

- 6-7hrs longevity data suggests clear clinical benefit and differentiation
- Possible market-leading 2x/day label
- Potential for new distribution arrangements



# Product Pipeline

	Brand	Development	Notes
Aesthetics	<b>Silhouette®</b>	<i>US 510k submission Q3 2014</i>	Collagen stimulator/lifting suture Non facial use
	<b>Ellansé™</b>	<i>US clinical trials commence 2015</i> <i>Lidocaine CE mark submission Q2 2015</i>	Collagen stimulating filler
	<b>Perfectha®</b>	<i>Lidocaine CE mark submission Q2 2015</i>	HA Dermal Filler
	<b>Perfectha G®</b>	<i>CE mark submission 2016</i>	Labiaplasty, sexual function
	<b>Atlean®</b>	<i>CE mark submission Q2 2015</i>	Collagen stimulator/HA filler
	<b>Eurograft-M®</b>		Vitiligo
Wound Care	<b>Flammacerium®</b>	<i>US 505b2 Submission imminent</i> <i>EU/MENA under registration</i>	Severe burn, orphan drug Severe burn
	<b>Aloclair Ultra®</b>	<i>Launch targeted Q2 2015</i>	Mouth Ulcers – target 2x/day
Skin Care	<b>Kelo-repair®</b>	<i>CE mark submission H2 2015</i>	Scar Management



# Conclusion

- Sinclair is at an inflection point with strong, sustainable growth expected
- Operational leverage expected from “spec pharma” business model
- Value of distribution contracts present opportunity to internalise margin and ultimately drive value for an exit
- US build-out, emerging markets and product pipeline incremental to strong underlying aesthetics growth
- Multiple further M&A and licensing opportunities in fast-growth/fast-consolidation sector, but no intention to stretch balance sheet
- Minimal tax liabilities in short/medium term





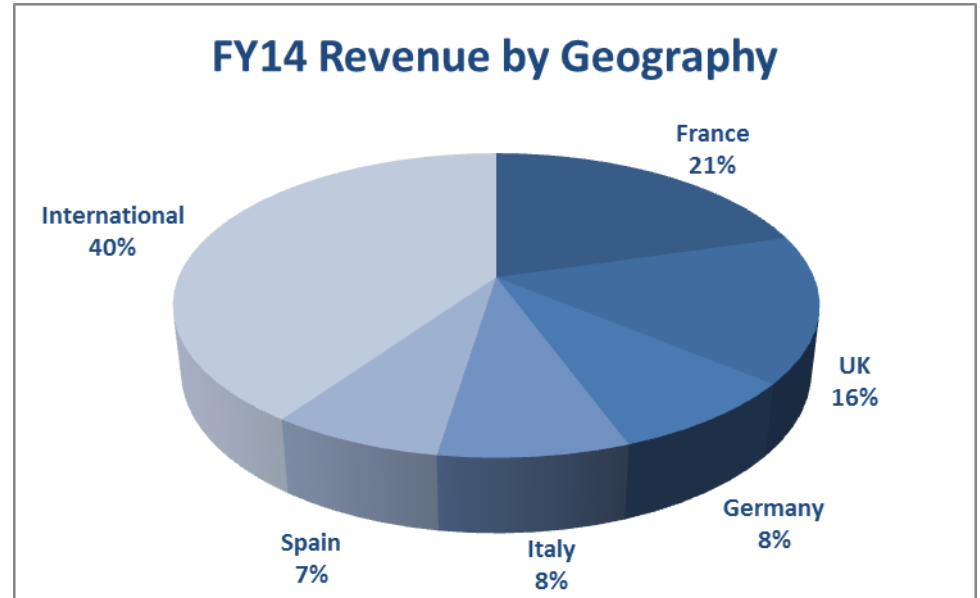
# Appendix

## FY14 - Financials



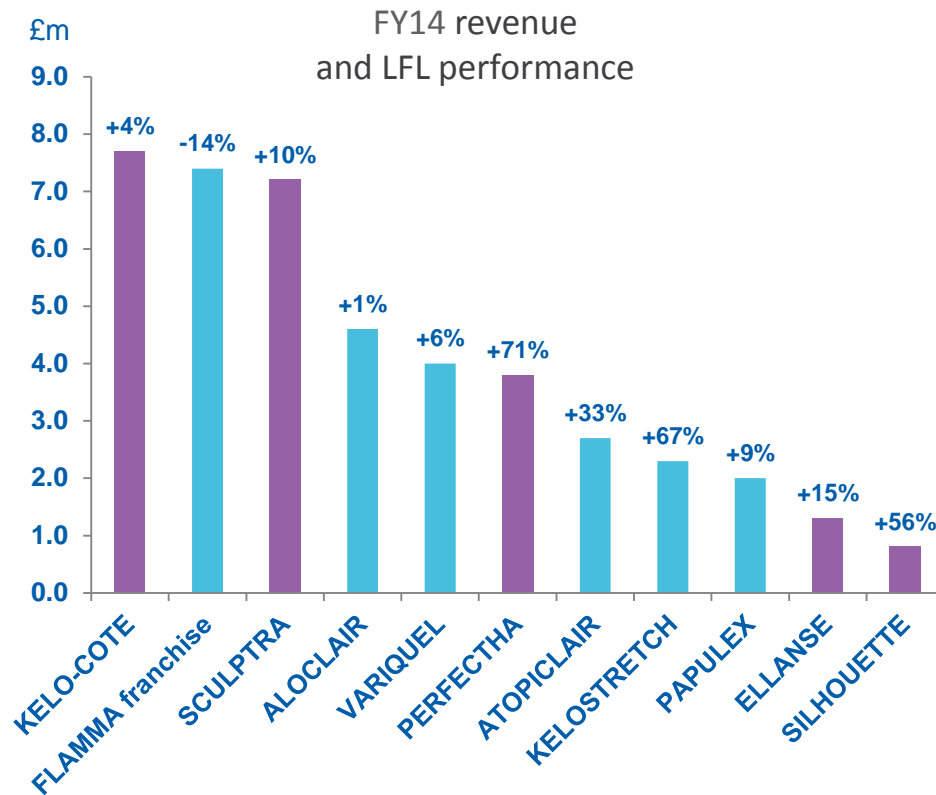
# FY14 - Revenue by Geography

	2014	2013		
	£'m	£'m	Growth	LFL %
France	12.9	12.3	5%	3%
UK	10.0	8.6	16%	5%
Germany	5.3	4.7	13%	-1%
Italy	5.1	4.5	13%	5%
Spain	4.7	4.8	-2%	-21%
<b>Country operations</b>	<b>38.0</b>	<b>34.9</b>	<b>9%</b>	<b>0%</b>
APAC	10.3	6.4	61%	33%
Intercontinental	15.3	14.1	9%	-1%
<b>International</b>	<b>25.6</b>	<b>20.5</b>	<b>25%</b>	<b>11%</b>
	<b>63.6</b>	<b>55.4</b>	<b>15%</b>	<b>4%</b>



- Country operations back to growth in H2 +2%LFL after decline in H1, aided by acquired brands
- International growth bounced back +29%LFL in H2 after H1 decline with strong growth in APAC (Kelo-stretch® +80%, Atopiclair® +44%, Papulex® +39%)
- Overall growth rate +4%LFL for FY14 but exit rate double digit due to growth of acquired products

# FY14 - Key Brand Performance



- Sculptra® 20% underlying EU5 growth, offset by low growth Newfill® and exports
- Flamma® franchise poor in Spain leading to distributor change
- Kelo-cote® strong H2 performance, held back by Venezuela political issues. Sell-out growth in EU improving
- Alocclair® price reduction as part of Recordati exclusivity renewal. Unit growth rate maintained
- Variquel® returned to growth in FY14, UK tenders won offset weak German pricing
- Skin Care brands strong in APAC but lacklustre in Europe
- Aesthetic acquisitions above expectations

# FY14 - Income Statement

	FY14		FY13	
	£'m	% Rev	£'m	% Rev
<b>Revenue</b>	<b>63.6</b>		55.4	
<b>Gross profit</b>	<b>35.9</b>	56%	33.8	61%
Selling, marketing and distribution	(15.0)	24%	(15.3)	28%
Development & Reg affairs	(3.1)	5%	(3.1)	6%
Manufacturing support	(1.7)	3%	(1.4)	3%
G&A	(6.5)	10%	(6.6)	12%
FX	0.4		(0.2)	0%
<b>EBITDA</b>	<b>10.0</b>	16%	7.2	13%
Exceptional items	(3.4)		(16.8)	
Depreciation & amortisation	(6.5)		(5.2)	
Share based payments	(1.9)		(0.6)	
<b>Operating loss</b>	<b>(1.8)</b>		(15.4)	
Net interest expense	(2.6)		(1.6)	
<b>Loss before tax</b>	<b>(4.4)</b>		(17.0)	
Tax	0.3		1.1	
Loss after tax	(4.1)		(15.9)	
Discontinued operations	(1.2)		(1.5)	
<b>Net loss for the period</b>	<b>(5.3)</b>		(17.4)	

- Revenue growth of 14.8%
- Strong contribution from acquisitions and Sculptra®
- Gross margin reduced due to sales mix effects, expected to pick up strongly in FY15 with favourable mix change mainly due to aesthetics
- Sales and marketing costs reducing as % of total revenue as anticipated, focus on aesthetics
- EBITDA growth of 39% to £10.0m, 16% EBITDA margin
- Exceptional costs reduced to £3.4m from £16.8m, include acquisition expenses
- Interest expense increased with new debt facility

# FY14 - Cash Flow

	2014 £'m	2013 £'m
<b>Operating loss</b>	<b>(4.4)</b>	(17.0)
Non-cash items	9.9	21.1
Working capital	(7.1)	(0.7)
Discontinued operations	(2.9)	(0.8)
<b>Operating cash flow</b>	<b>(4.5)</b>	2.6
Interest paid	(2.1)	(0.7)
Tax paid	(0.3)	(0.6)
Disposal proceeds	0.9	1.5
Acquisition of intangibles	(1.4)	(8.3)
Acquisition of subsidiaries	(42.6)	-
Other investing activities	(1.1)	(0.6)
<b>Cash flow pre-financing</b>	<b>(51.1)</b>	(6.1)
Net movement in borrowings	47.5	(1.4)
Borrowing issue costs	(3.5)	(0.3)
Net proceeds from share issue	19.6	8.8
<b>Net cash flow</b>	<b>12.5</b>	1.0

- Operating cash flow reduced by acquisition and integration costs, factory closure payments and increase in working capital
- Interest paid increased in H2 with new borrowings for acquisitions
- Acquisitions of £42.6m includes initial consideration for Obviline, AQTIS & Silhouette®
- Net debt increased to £40.2m at June 14, 2.8x pro forma EBITDA
- Equity placing for Silhouette® acquisition raised £19.5m net

# FY14 – Balance Sheet

	2014 £'m	2013 £'m
Goodwill/Intangibles	241.5	121.4
Property, plant & equipment	1.4	0.5
Deferred tax & other assets	4.0	4.3
<b>Non-current assets</b>	<b>246.9</b>	<b>126.2</b>
Inventories	7.6	4.8
Trade and other receivables	29.5	19.9
Assets held for sale	1.1	-
Cash and cash equivalents	17.5	5.1
<b>Current assets</b>	<b>55.7</b>	<b>29.8</b>
Borrowings	(1.2)	(3.4)
Trade and other payables	(26.3)	(18.4)
Current tax liabilities	(0.5)	(0.3)
Deferred consideration	(14.6)	(0.5)
Provisions	(0.2)	(1.4)
<b>Current liabilities</b>	<b>(42.8)</b>	<b>(24.0)</b>
Borrowings	(53.3)	(8.5)
Deferred consideration	(58.0)	(1.5)
Deferred tax liabilities	(27.1)	(10.9)
Other non-current liabilities	(3.5)	(0.6)
<b>Non-current liabilities</b>	<b>(141.9)</b>	<b>(21.5)</b>
<b>Net assets</b>	<b>117.9</b>	<b>110.5</b>

- Goodwill/intangibles doubled with impact of three acquisitions less amortisation and FX movement
- Inventory and working capital balances increased from acquisitions and underlying growth
- Cash of £17.5m includes equity proceeds held to meet deferred consideration expected in FY15, mainly Silhouette milestones
- Deferred consideration (total £72.6m) arises from structured nature of acquisitions limiting dilution and managing risk
- Deferred tax liabilities derive from IFRS3 valuations of acquired intangibles meaning these are non cash liabilities which credit to P&L as assets amortised

# Key Brands

Product	2014 Sales	Type	Indication	Ownership	Rights	Patent Protected
Kelo-cote®	£7.7m	Medical device	Scar reduction	Owned	Worldwide ex US	Yes
Flamma® Franchise	£7.4m	Drug	Wound care	Owned	Substantially Worldwide*	No
Sculptra®	£7.2m	Medical Device	Collagen stimulator	Licensee	Western Europe	No
Aloclair®	£4.6m	Medical device	Mouth ulcers	Owned	Worldwide	Yes
Perfectha®	£3.9m	Medical device	Dermal filler	Owned	Worldwide	Yes
Atopiclair®	£2.7m	Medical device	Atopic dermatitis	Owned	Worldwide ex US	Yes
Papulex®	£2.0m	Cosmetic	Acne	Owned	Worldwide	Yes
Sebclair®	£1.5m	Medical device	Seborrheic dermatitis	Owned	Worldwide	Yes
Ellansé™	£1.3m	Medical device	Dermal filler	Owned	Worldwide	Yes
Silhouette®	£0.8m	Medical device	Collagen stimulator	Owned	Worldwide	Yes

\* Excludes UK and Italy in particular



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