



FY10 Preliminary Results, Strategy & Outlook

9th September 2010

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Agenda

Results

- ❖ FY10
- ❖ FY10 H2

Corporate strategy

- ❖ Key Points
- ❖ Fund raise & use of proceeds summary
- ❖ Terbinafine Spray
- ❖ Kelo-cote
- ❖ Product development
- ❖ Partnership and proprietary opportunities

Delivering against the strategy

- ❖ Accelerate growth plans
- ❖ Internal operations
- ❖ Proprietary sales and business development
- ❖ Manufacturing

Outlook



H1 & H2 Performance FY10

	2010			2009
	H1	H2	Total	Total
	£'000	£'000	£'000	£'000
Product sales & royalties	10,281	16,360	26,641	22,984
Licence fees	736	251	987	7,424
Revenue	11,017	16,611	27,628	30,408
Cost of sales	(4,273)	(6,161)	(10,434)	(9,704)
Gross profit	6,744	10,450	17,194	20,704
Selling, marketing and distribution	(5,058)	(4,666)	(9,724)	(9,535)
Administrative expenses	(5,629)	(5,548)	(11,177)	(11,477)
Operating (loss)/profit	(3,943)	236	(3,707)	(308)
Finance costs (net)	(742)	(586)	(1,328)	(1,042)
Loss before taxation	(4,685)	(350)	(5,035)	(1,350)
Taxation	1,162	(437)	725	417
Loss for the period	(3,523)	(787)	(4,310)	(933)
Gross margin ex licence fees	58.4%	62.3%	60.8%	57.8%
EBITDA ex non cash licence fees	(2,375)	1,862	(513)	(1,939)

16% Growth in product sales and royalties

Difficult comparables due to historic asset swaps and focus on one-off income

Underlying business shows:

- ❖ >3% LFL sales growth, accelerated into FY11, see Outlook
- ❖ Revenues beat expectations without H2 licence income
- ❖ Operations consistently profitable in H2 10
- ❖ 3% Gross margin improvement ex licensing
- ❖ £1.5m annualised cost savings, net of increased spend on business drivers



Results FY10 H2

Revenues for FY10 (30th June) £27.6m, in-line with analysts' expectations but without large one-off earnings, or aggressive year-end selling.

- ❖ Return to LfL growth in H2, following 2% decline in H1
- ❖ 23% LfL growth from Italian business post business realignment
- ❖ Flammazine integration proceeding well with revenue contribution of £4.2m in FY10

Consistent trend of improving profitability since January 2010

- ❖ LfL gross margin +3% points improvement.
- ❖ SKUs <400 (655) and trending lower. In-house production >3m units in 2H FY10
- ❖ c£1.5m cost savings net of additional spend product development and marketing

Behind the scenes success

- ❖ New culture, ambition and processes in all areas
- ❖ Settled several legal disputes and terminated various employment contracts at less than headline contract costs
- ❖ Successfully passed several regulatory audits



CORPORATE STRATEGY

Key points

Sinclair has a comprehensive dermatology portfolio and a niche position in oral care. The new management believes that with its new corporate strategy there is a great opportunity to exploit these products and improve profitability. Specifically:

- ❖ Aim to create a highly commercial, rapid-growth dermatology and oral care company, producing differentiated and well presented products through
 - Low-risk development of in-house products, notably delmopinol, Flammazine and Flammacerium, portfolio line extensions
 - targeted product and technology acquisitions
- ❖ Aim to exploit the current portfolio by
 - focusing on high growth/high volume emerging markets through long-term multi-country/multi-product partnerships
 - targeted investment in European presence, notably Germany
 - Decapinol and delmopinol (potential for use with companion animal)
- ❖ Aim to improve management systems:
 - direct involvement in operations and negotiations
 - implementation of clearly defined processes across the Group,
 - transparent reporting and improved management information,
 - focus on long-term profitability, not short-term one-off income,
 - focus on quality assurance and external reputation
- ❖ Aim to improve margin and 'P&L shape' with emphasis on gross margin and administration costs
- ❖ Aim to reduce corporate complexity, notably products/SKUs and distributors



Fundraising and Use of proceeds summary

Management has worked hard to develop a number of, what it considers to be, potentially transformational opportunities. The firm placing and open offer to raise £19m will fund specific acquisitions and pay down the Bracken debt facility, providing the necessary capital structure for the Company's new strategy

- ❖ Acquired exclusive marketing, development and sales rights for launched and approved anti-scar treatment Kelo-Cote in France, Spain and Italy
- ❖ Exercise option to acquire exclusive rights to a Terbinafine based 'once only' athlete's foot spray with income from first European sales expected early 2012
- ❖ Opportunity to invest in identified partnership opportunities in non-proprietary markets, notably BRIC and south-east Asia. Possible additional regional licensing deals for Sinclair medical devices by large pharma companies
- ❖ Flexibility to further develop the European proprietary sales force
 - in Germany following Flammazine and Kelo-Cote
 - expand France, Italy and Spain
- ❖ Development programmes for anti-biofilm delmopinol, wound care Flammazine and Flammacerium, line-extensions to existing portfolio, OTC development
- ❖ Strengthening regulatory affairs, marketing/communications and financial reporting to support expected growth upturn



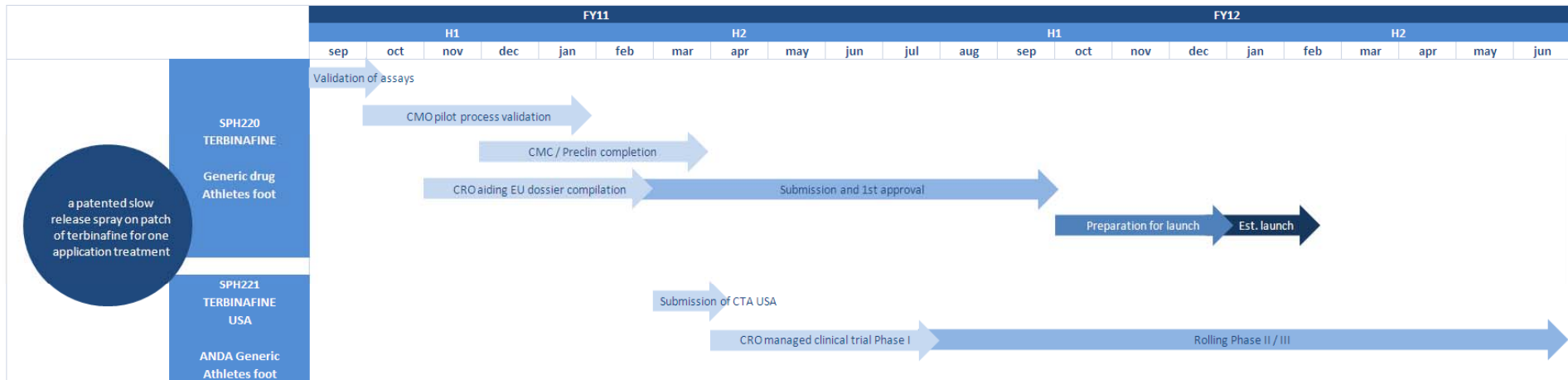
Terbinafine spray

Terbinafine Spray – *a once only athlete's foot treatment*

- ❖ Signed exclusive option agreement to licence Terbinafine 'once only' spray
- ❖ Other known sprays are multi-application
- ❖ Lamisil® Once not licensed in US so far
- ❖ No mess spray on patch has clear benefit compared to gels, creams and powders
- ❖ Income from first European sales expected early 2012
- ❖ Phase IIb non-inferiority study in comparison to Lamisil® Once successfully completed
- ❖ Content for abridged European dossier will be subject to gap analysis shortly but no new clinical trial expected. First MAA submission will be Q1 2011
- ❖ Worldwide rights facilitate emerging markets negotiations and present major US opportunity
- ❖ CRO being engaged shortly for advice on design of US trials with new comparator
- ❖ Possible line extension for the treatment of *Tinea Corporis* (Ringworm)
- ❖ Compliments existing product portfolio and Sinclair distribution infrastructure



Terbinafine spray





Kelo-Cote

Kelo-Cote – a patented silicone scar reduction formulation gel

- ❖ Licensing deal completed in Aug'10 to market, develop and sell the product in France, Spain and Italy
- ❖ Rights to use underlying patented ABT silicone platform to design, formulate and launch Sinclair new line extensions included
- ❖ Launch of sun block line extension
- ❖ Negotiating an option to acquire marketing, development and distribution rights in Germany
- ❖ Investment in small UK distributor under consideration. Company has a UK burns centre/wound care footprint - particularly helpful for Flammacerium distribution
- ❖ UK and German sales annualised at >€1m,
- ❖ Directors believe sales could generate gross margin >70%
- ❖ OTC and prescription
- ❖ Medical device status in Europe and USA, reimbursed in UK
- ❖ First development of line extension will be based on a silicone spray with slow release of wound healing key ingredient.
- ❖ Compliments the existing product portfolio and Sinclair distribution infrastructure



Product development

Flammacerium and Flammazine

- ❖ French trial on use of Flammacerium as first line for ischemic ulcers as an alternative to excision and to reduce amputation rates
- ❖ Demand for Flammacerium registration particularly in new markets where it is currently ordered by specialists on a named patient basis eg UK
- ❖ FlammaSoft™ and Flamma Dosaderm™ presentations leverage Flamma brand in OTC
- ❖ Early exploration of other new formulations and new SSD applications

Delmopinol

Clinical trials to develop line extensions of a biofilm busting active with a clinical dossier. New markets include woundcare and coating medical devices

- ❖ Development of co-formulation with another antiseptic to combine biofilm and antiseptic qualities for more aggressive infection
- ❖ Delmopinol + low anti-microbial concentrated formulations (patent pending)
- ❖ Treatment of *peri-implantitis* - success shown in coating dental implants to reduce post implant infection rates . Net proceeds used to fund clinical trials



Product development summary

Sinclair Code	Product Description	Product Class	Target Indication	Estimated launch (cal. years)			
				2011		2012	
				H1	H2	H1	H2
Section 1. In-Licensed Technologies							
SPH220	Terbinafine single application anti-fungal spray	Generic with proprietary delivery technology	Athlete's Foot (<i>Tinea pedis</i>)				
SPH230	Kelo-Cote® & Kelo-Cote® Solaire	Medical Device CE marked Class I	Scar reduction and removal (Hypertrophic / keloids)				
SPH231	Kelo-Cote® Medspray™ Line Extension	Medical Device	Wound Healing with scar reduction				
Section 2. Leveraged Internal Assets							
SPH 240-3	Dosaderm™ products	Cosmetics & Medical Devices	Various including acne, dry skin, minor cuts and burns and nappy rash				
SPH 260-4	Delmopinol anti-biofilm programmes	Medical Device + Drug	Internal and partnered programmes for various new applications and formulations			onwards	
SPH 265	Delmopinol coated dental implants	Medical Device	Peri-implantitis				
SPH 266	Delmopinol use in companion animals	Vet Product	Animal oral health				
SPH 241 and SPH 270	Flamma Dosaderm™ & FlammaSoft™	Medical Device & Cosmetics	Minor burns and sunburns				
SPH 280	BPO + Nicotinamide	Drug	Acne				





Product development summary



Sinclair Code	Product Description	Product Class	Target Indication	Estimated launch (cal. years)			
				2011		2012	
				H1	H2	H1	H2
Section 3. New Formulations & Presentations							
SPH 290	Bio-Taches™ Night Serum	Cosmetic	Age related pigments, liver spots				
SPH 291	Jonctum™ Stretchmarks	Cosmetic	Stretchmarks				
SPH 300	Sinlice™	Medical Device	Head Lice				
SPH 400-3 and SPH 270	Foams (Soft line)	Cosmetics	Various including dry skin, hyperkeratoses, nappy rash, erythema				





Partnership and proprietary opportunities

Sinclair focuses on clear communication of its strategy to push its dermatology and oral care portfolios into key emerging markets

- ❖ Ongoing late-stage negotiations for multi-product/multi country long-term partnerships in target regions. This is predominantly for key emerging markets but Sinclair also engaged in earlier-stage regional licensing deal negotiations
- ❖ Focus on portfolio offering, long-term duration and shared marketing responsibilities
- ❖ Belief that marketing investment will improve royalty negotiations and increase volumes and growth
- ❖ Involves withdrawing certain one-off distributor relationships and thereby reducing complexity
- ❖ Ongoing consolidation of European and North African non-proprietary relationships
- ❖ Latin America a potential target
- ❖ Future US tie-ups potentially easier if global reach already established

Local German presence

- ❖ New office established in 2010
- ❖ Ongoing negotiations for partnership deals
- ❖ Expected to accelerate sales force development

US negotiations for Decapinol and delmopinol (potential use with companion animal)

- ❖ Sinclair expects announcements this calendar year



DELIVERING AGAINST THE STRATEGY

Accelerate growth plans

Regulatory affairs being expanded to support development programmes and the increased drive into key emerging markets

- ❖ Corporate Head of Regulatory Affairs appointed in September
- ❖ Regulatory Affairs additional support within Country operations and to distributors
- ❖ Use of CROs with a view to accelerating work and preventing licensing bottle-neck

Drive to promote external image of Sinclair with patients, prescribers and partners

- ❖ Marketing 'task force' set up to re-write materials and use technology to promote (web-based systems, iPads etc)
- ❖ Careful use of external agencies to evaluate key emerging market opportunities

Financials systems 'task force' to improve efficiency and quality of financial reporting

- ❖ Intention to introduce updated systems in FY11



DELIVERING AGAINST THE STRATEGY Internal operations

'One-firm' culture of personal responsibility, ethical behaviour and ambition

- ❖ Clear management structure. New exec management team directly involved in operations
- ❖ Clear communication to all employees regarding Sinclair strategy and targets
- ❖ Reduction in senior management positions. Slimmed-down corporate office
- ❖ Clear reporting lines, defined job descriptions, measurable performance targets
- ❖ Pan-company 'task forces' to tackle structural problems quickly and cohesively
- ❖ Campaign to improve external image, led by CEO and COO
- ❖ Simplification of corporate structure
- ❖ Corporate charity

Corporate functions under control

- ❖ Management information. Revised process, monthly P&L reporting and budget review
- ❖ Product development and in-licensing. New CSO, aim to improve quality and ambition
- ❖ Legal. Rigorous contract review process, tougher stance. Review of IP and Trademarks
- ❖ IT controlled from UK. Integration of multiple systems, vastly improved internal comm.'s
- ❖ Regulatory Affairs. New head of department, new system and processes under implementation

Group drive for efficiencies and savings

- ❖ Too numerous to mention!



DELIVERING AGAINST THE STRATEGY Proprietary sales/BD

Proprietary sales forces

- ❖ New head of France. Emphasis on sales to pharmacies
- ❖ Italy. Overhaul of sales reps management and contracts
- ❖ Revised marketing materials. Emphasis on use of technology

Business Development

- ❖ Department re-staffed, reorganised and centred in Paris
- ❖ Focus on reducing the number and complexity of existing relationships
- ❖ CEO and COO led initiatives for multi-country/multi-product deals in emerging markets

A new standard in how Sinclair markets

- ❖ Completely rewritten, comprehensive and standardised marketing materials
- ❖ Standardisation of Sinclair packaging and artwork
- ❖ New website with links to partners. Website development ongoing
- ❖ Use of technology, iPads, short-film materials in development



DELIVERING AGAINST THE STRATEGY Manufacturing

Gross margin improvement is a top priority at Sinclair

- ❖ Direct involvement in initiatives by CEO and COO
- ❖ Head of Manufacturing promoted to EMT

Re-engineering of the manufacturing organisation underway

(a) Reduction in complexity

— Reduction in number of 3rd party contractors. Negotiations to exit onerous long-term contracts where possible. SKU reduction through product/product-line rationalisation, packaging standardisation

(b) Efficiency

— Purchasing manager, in/ex-house optimisation review, ingredients review

(c) Capacity utilisation

— Cléry >3m units in 2H '10, +20% vs 2H '09

(d) Relocation outside Europe

— Production for emerging markets expected to be transferred to India. Possibility to extend arrangement to other markets



OUTLOOK FY11

Operations

- ❖ French business to return to growth
- ❖ New multi-product deals in India, S-E Asia, China
- ❖ Indian manufacturing contract
- ❖ Decapinol (US)
- ❖ Delmopinol (US companion animals)
- ❖ Key product launches – Kelo-Cote, Dosaderm, Flamma line extensions
- ❖ Terbinafine spray European filing H2 FY11

Financials

- ❖ Encouraging start to FY11. July /August revenues well ahead of budget, LfL growth 10%
- ❖ Annualisation of Flammazine/Flammacerium adds £4m to FY11 revenue
- ❖ Strong underlying gross margin improvement trend to continue
- ❖ Budgeted costs:
 - ❖ Acquisitions/in-house development & regulatory spend +£2.5m
 - ❖ Marketing spend +£3m
 - ❖ Partially offset by annualisation of restructuring programme, plus additional savings



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