

FY11 Preliminary Results

Building a leading international specialty pharma company

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Chris Spooner
Christophe Foucher
Alan Olby



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Agenda

- FY11 achievements and merger update
- FY11 financial results
- The new Sinclair IS Pharma
- Outlook FY12



FY11 Achievements and Merger Update

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FY11 Ambitious Objectives – Largely Met

The good news..

- ✓ Pushed the business to a sustainable self-financing growth path, based on a fully integrated model
- ✓ Reversed the underlying revenue decline, notably in France
- ✓ Improved the ‘shape’ of the P&L by reducing overheads whilst investing in future business drivers
- ✓ Consolidated the new German affiliate, grown the Spanish business through co-marketing deals
- ✓ Focused on the commercialisation of key brands and reduced non-core/unprofitable SKUs
- ✓ Developed an emerging market partnership strategy
- ✓ Launched Decapinol in the US
- ✓ Invested in the product development pipeline
- ✓ Increased the company’s scale (products and pipeline) through M&A

..and the less good

- ❖ Italian business is improved, but flat performance is unexciting
- ❖ Dog chew delayed but still in development at zero cost to Sinclair IS
- ❖ Quick hybrid generic route for Terbinafine spray risky in Europe

Platform for further growth established

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Merger Complete

- **IS Pharma now fully integrated**
  - UK commercial operation combines small Sinclair operation, Cranage and IS Pharma
  - Ex-UK IS Pharma distribution agreements now controlled by Sinclair IS Country Operations
  - Ann Hardy (ex-IS COO) now Group Global Technical Director and Chester is now the Group Supply Side and Finance office
- **UK commercial operations re-organised**
  - Andrew Morris, new UK Country Operations Director, based in London
  - New Head of Sales, additional MSRs
  - Revamped marketing approach with updated messages and materials
- **Integration cost savings in excess of £1m already realised**
  - Instant EBITDA uplift from corporate savings, partly offset by UK commercial investment
  - Ongoing supply side re-engineering to deliver further efficiencies in the medium term
- **More industry expertise at Board level**
  - Appointment of Tim Wright and Stuart Swanson (PharmaSwiss)
  - Matthew Hall, Penny Freer and John Gregory stepped down



FY11 Financial Results

Solid FY11 Performance

	Notes	2011 Pre-exceptional items £'000	2011 Exceptional items (note 3) £'000	2011 Total £'000	2010 Pre-exceptional items £'000	2010 Exceptional items (note 3) £'000	2010 Total £'000
Revenue	2	**32,897**	**-**	**32,897**	27,628	-	27,628
Cost of sales		**(14,108)**	**-**	**(14,108)**	(10,434)	-	(10,434)
Gross profit		**18,789**	**-**	**18,789**	17,194	-	17,194
Selling, marketing and distribution costs		**(11,543)**	**-**	**(11,543)**	(9,724)	-	(9,724)
Administrative expenses	3	**(12,077)**	**(5,057)**	**(17,134)**	(11,177)	(13,318)	(24,495)
Operating loss		**(4,831)**	**(5,057)**	**(9,888)**	(3,707)	(13,318)	(17,025)
Finance income	4	**16**	**-**	**16**	69	-	69
Finance costs	4	**(946)**	**(924)**	**(1,870)**	(1,397)	-	(1,397)
Loss before taxation		**(5,761)**	**(5,981)**	**(11,742)**	(5,035)	(13,318)	(18,353)
Taxation	5	**76**	**-**	**76**	725	-	725
Loss for the year		**(5,685)**	**(5,981)**	**(11,666)**	(4,310)	(13,318)	(17,628)

19% revenue growth

£1.1m contribution from IS Pharma in period post 20th May completion

Underlying business shows:

- 10% Like-for-like sales growth, accelerating into year end
- >£3m incremental spend in sales, marketing, development and regulatory affairs
- EBITDA loss of £1.4m in line with expectations
- Exceptional costs relate to IS Pharma acquisition, restructuring and refinancing in H1



Revenue Analysis
Country Operations

- **France : Revenue £12.5m (FY10: £10.2m)**
  New products launches (Atopiclair and Kelo-cote)
  Rx segment is growing (Flammazine franchise, decline of older products stabilised)
  Direct sales to pharmacy showing good growth following strategic investment in FY10/FY11

- **UK : Revenue £1.0m (FY10: -)**
  5 week contribution following merger completion on 20th May
  Includes IS Pharma Irish business acquired in January 2011

- **Italy : Revenue £3.9m (FY10: £4.7m)**
  EBITDA positive for second year following restructuring
  Launched Kelo-cote in Feb 2011
  Revenue adversely affected by disposal of dermacosmetic lines (£0.5m in FY10)
  Difficult comparable against FY10 due to stocking patterns. Underlying business flat.

- **Spain : Revenue £2.1m (FY10: £0.8m)**
  Focused team (5 MSRs) compensated with strong partnerships
  Co-promotion of Kelo-cote with Intendis, OTC, co-marketing Flamma (Flammazine & Flammaspray) with Vemedia
  Italfarmaco has enjoyed strong success with Aloclair (+73%)
  EBITDA at break-even after the 3rd year

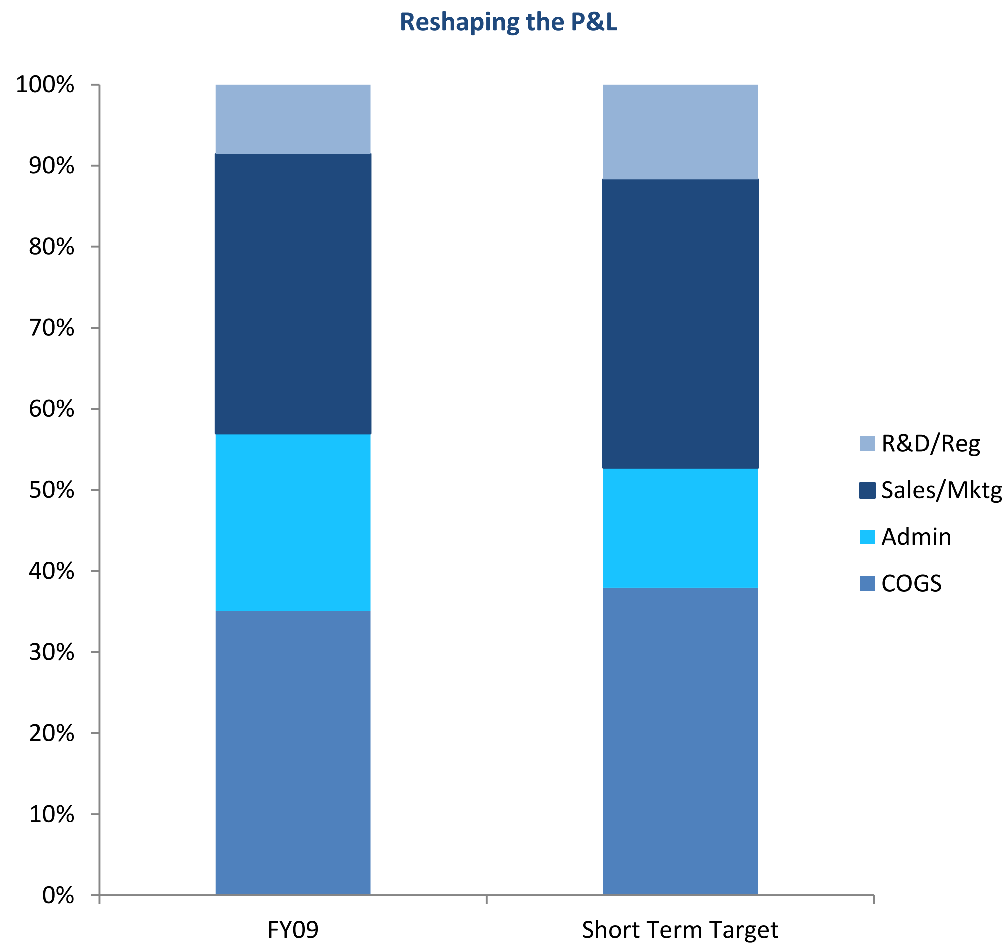
- **Germany : Revenue £2.7m (FY10: £0.5m)**
  German revenues based on Flammazine franchise
  Includes acquisition of Kelo-cote in Dec 2010
  Atopiclair reimbursement application in process
  OTC partner negotiations ongoing

Revenue Analysis
International Operations

- **International operations: Revenue £10.6m (FY10: £11.8m)**
  - Decapinol licensed to Sunstar Americas in December 2010, launched as GUM PerioShield in July 2011
  - Invida 20 year partnership signed in December 2010
    - Now covers 12 territories including China, India and Australia
    - Invida has budgeted to exceed its contractual minimum launch/marketing spend obligations
    - Initial product launches announced today
    - Indian manufacturing plant established, initially for Invida India with first deliveries in July 2011
  - Planned and unplanned drags on revenues reduced Group turnover by >3%
    - East Europe relationships streamlined to reduce complexity (45 down to 16)
    - Reduction in number of partners elsewhere eg Morocco reduced from 4 to 1
    - Arab spring and cancellation of Algeria import licences also hurt sales in H2, but recently some encouraging signs
  - FY10 revenue included £0.7m in one-off licence income

‘Reshaping’ the P&L

- Significant reallocation of costs to drivers of growth: sales/marketing, product development, reg affairs
- IS Pharma transaction significantly enhances the balance sheet and P&L
- Combined group has ability to leverage cost base of significant infrastructure around Europe





Balance sheet strengthened

	2011	2010
Goodwill	**61,897**	49,645
Intangibles	**61,715**	25,144
Proerty, plant & equipment	**2,115**	1,317
Deferred tax assets	**4,511**	2,004
Other non current assets (restricted cash)	**2,040**	209
Assets held for sale	**-**	426
Non-current assets	**132,278**	78,745
Inventories	**9,586**	4,775
Trade and other receivables	**15,268**	10,010
Other current assets (restricted cash)	**3,411**	-
Cash and cash equivalents	**5,101**	2,071
Current assets	**33,366**	16,856
Financial borrowings	**(2,838)**	(14,722)
Trade and other payables	**(16,170)**	(10,980)
Other financial liabilities	**(4,290)**	-
Provisions	**(409)**	(579)
Current liabilities	**(23,707)**	(26,281)
Financial borrowings	**(7,147)**	(2,553)
Other financial liabilities	**(2,556)**	-
Deferred tax liabilities	**(7,510)**	-
Other non-current liabilities	**(480)**	(294)
Provisions	**(331)**	(98)
Non-current liabilities	**(18,024)**	(2,945)
Net assets	**123,913**	66,375

- Cash at FY11 of £5.1m
- Restricted cash of £5.2m in addition
- Net funds of £0.3m
- IS Pharma acquisition adds intangibles of £36.3m, goodwill of £8.5m and cash of £13.5m
- IS Pharma signed £16.0m debt facility with Clydesdale in April 2011, £7.0m drawn post completion to repay existing IS Pharma bank debt
- £19.0m fund raise in H1 repaid £12.0m Bracken debt facility and used to acquire Kelo-cote and Terbinafine spray rights
- Other financial liabilities include:
  - Deferred acquisition cost for HBT - £1.4m
  - Deferred consideration re Haemopressin - £4.8m
  - Deferred consideration re Kelo-cote in UK & Germany - £0.6m



The new Sinclair IS Pharma

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Sustainable Growth Model

1 Core European Platform

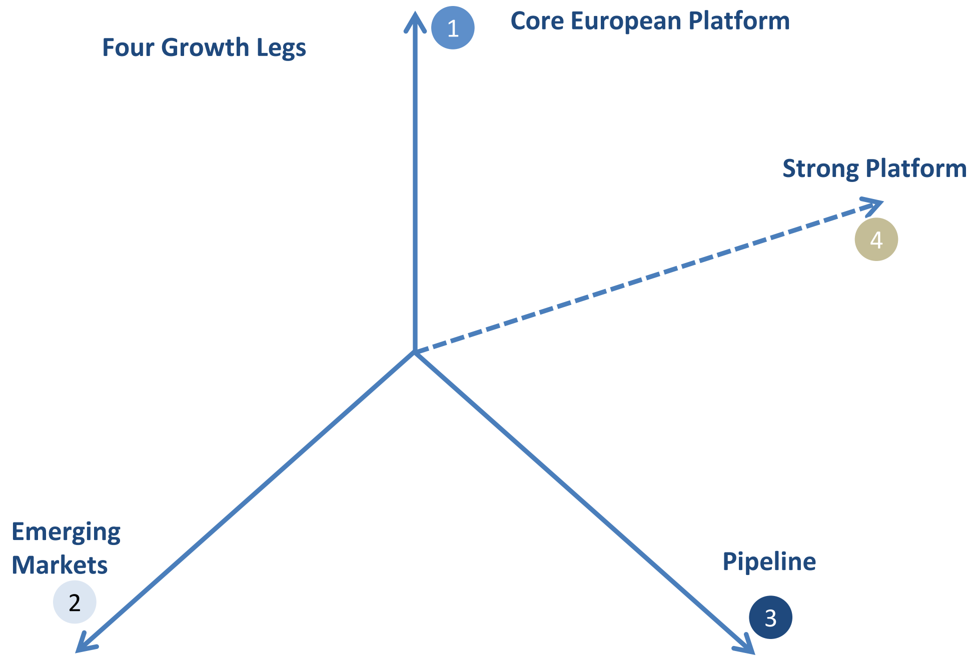
- Strong presence in dermatology and specialist hospital therapies
- Growth rates above market average, with FY11 LFL run-rate of 10%
- Sinclair now selling directly in UK, France, Germany, Italy and Spain
- IS has added UK sales and distribution, and 8 marketed products

2 Emerging Market Opportunities

- Emerging markets to drive medium term earnings growth
  - Signed initial 20 year agreement for Asia Pacific with Invida in December 2010
  - India added in March 2011,
  - Initial product launches underway
- Potential for further multi-product/multi-country partnerships
  - Focus on portfolio offering, long-term duration and shared marketing responsibilities

3 Development Pipeline

- Established a diversified pipeline over the last 18 months
- Moderate technology developments with low investment and quick time to market
- Selected opportunities include:
  - leveraging of the 'Flamma' trade mark
  - Terbinafine spray
  - Leveraging delmopinol IP, anti biofilm properties



4 Leveraging The Platform

- Enlarged group with critical scale
  - In-house back office infrastructure in place
  - Neutral balance sheet providing flexibility
  - Supportive shareholders
- Existing revenue base supports the comprehensive EU wide infrastructure
- Any new products, acquired or developed in-house, would have higher contribution rate given limited incremental cost

Core European Platform in Place

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- Simplified product portfolio
- Renewed marketing strategies
- Eliminated unnecessary admin costs
- Reinvested in pipeline and regulatory affairs

IS Pharma Merger

- UK direct market presence
- Complementary products / cross-sell opportunity
- Cash flow positive

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- Pro forma FY11 revenue of £46m
- Direct market presence in key European markets
- Reinvigorated marketing effect
- Cost base re-shaped
- Financing facilities in place

- **Created a platform for future growth**

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Speciality Focus

Product Portfolio	
Hospital – Supportive & Critical care	Episil, Aloxi, Aquoral, Variquel, Xclair, Flammacerium, Flammazine, Cryogesic/Dermogesic, Kelo-cote
Dermatologist – Rx Dermatology	Papulex , Bio-Taches, Kelo-cote, Vibramycine N, Atopiclair, Sebclair, Tridesonit, Fazol, Flammazine
Pharmacy	Aloclair, Decapinol, Papulex, Flammazine, Flammaspray, Dermacide, Effadiane, Pannogel, Kelo-cote, Jonctum, Fadiamone, Oxyplastine, Terbinafine Spray
Specialty other	Fazol, Mysoline, OptiFlo

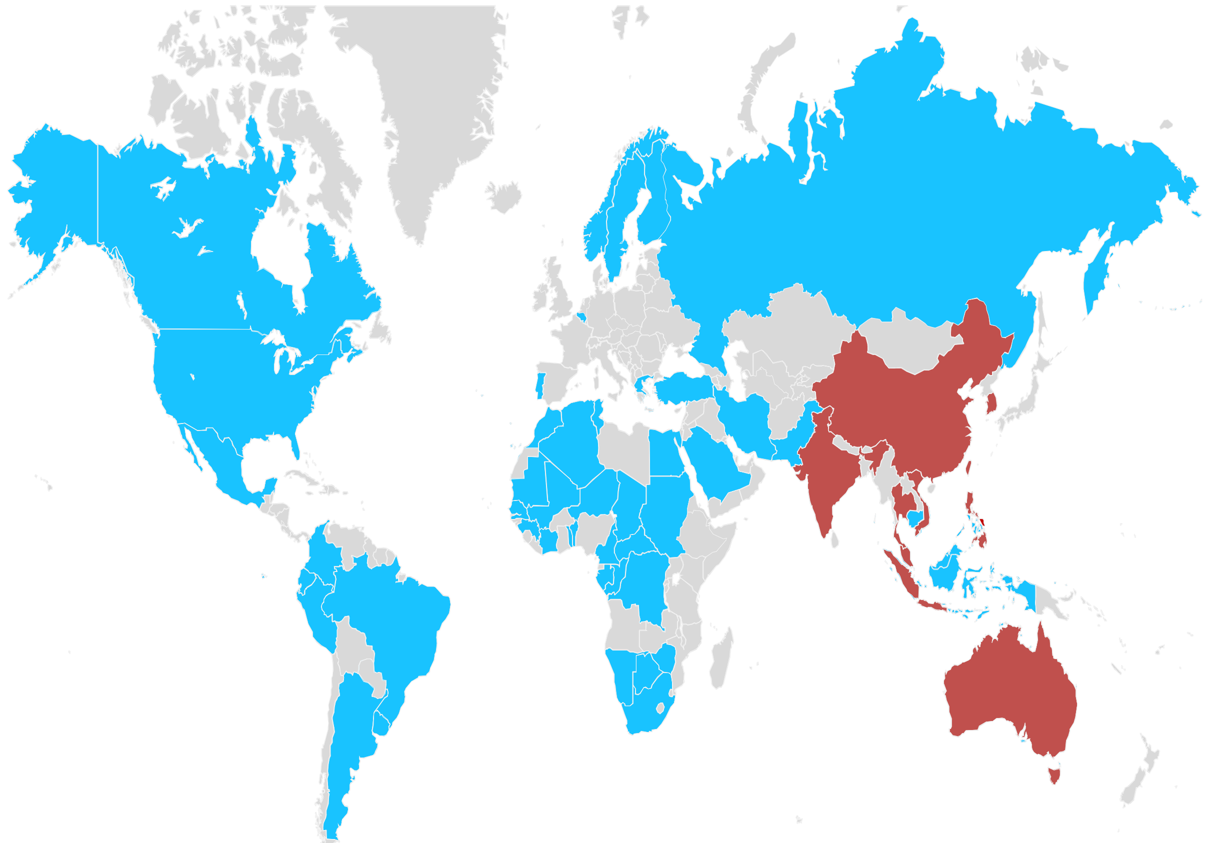
- Well balanced portfolio focused on 3 key specialty areas: dermatology, wound care, and hospital / critical care
- Diversified product offering
- Sales driven by own specialist sales force
- No large near term patent cliffs

Significant European Infrastructure

- Full in-house sales and marketing infrastructure with 90+ sales and marketing staff
- EU Operations with direct sales into top 5 markets
  - UK
  - Germany
  - France
  - Italy
  - Spain
- LFLs trending above market growth rates (10%)
  - Focus on key products with growth potential
  - OTC exposure provides pricing opportunity
- European branding / presence provides credibility for export markets, especially Asia
- Selected co-marketing deals in Spain augment sales effort
- Plans to widen sales collaborations across major markets

Strengthening Emerging Market Access

- Recent initiative to leverage product portfolio into the high growth emerging markets via strategic partnerships
- Key 20 year partnership announced with Invida in December 2010
- Currently exploring additional partnerships for other key emerging markets (Middle East, Latin America, Eastern Europe)



Sales through Distributors

Invida Partnership

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Invida Delivering

- **Products launched already**
  - Atopiclair and Papulex already launched in seven markets
  - Launches scheduled in a further four countries by January 2012
  - Flammazine re-launched in The Philippines
  - Multiple launches scheduled for 2012, including Xclair, Sebclair Cream, plus..
  - First Chinese launch expected in 2013

- **Substantial benefit to earnings unlikely before 2014**
  - Focus on brand creation, but requires resources
  - Deal structure guarantees minimum launch spend. Budgeted spend is considerably in excess
  - We expect partnership to drive Sinclair IS earnings growth over medium term

- **Considerable resources required to simultaneously file and launch several products**
  - Dedicated regulatory affairs resources for both companies
  - Sinclair IS employee based full-time in Invida's Singapore head-office
  - Wockhardt exit payment (exceptional charge) allowed India to be included
  - Production in India (Encube PTE) already started, initially for local market

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Pipeline to Drive Future Growth

- Significant focus on the "right" risk-reward situations
- Strong focus across key therapeutic areas
- Developing line extensions and using existing technologies in different indications
- Attractive potential return on incremental capital spend
- Increase in R&D spend as projects move to clinical but limited by focus on medical device trials and small niche indications with high clinical unmet need

	Product	Indication	Timing	Comment
FLAMMA brand	FlammaSpray	Sun burn	Launched Q1 2011	Trademark leverage
	Flamma Dosaderm	OTC burns	Q2 2012	Trademark leverage
	Flammacerium	Ischemic Ulcers	2014	High risk / low cost, retrospective analysis already confirms efficacy. New small sponsored study to supplement ongoing academic study
DELMOPINOL	Decapinol PerioShield	Plaque blocking	Launched Q3 2011	OTC "Gum" brand by Sunstar Butler
	Delmopinol	Dog Chew	2012	Royalty deal, licensee has option over worldwide rights
	Delmopinol	Woundcare	2013	Internal and external projects (eg AMS option commenced 2011)
DERMATOLOGY	Terbinafine Spray	Athlete's Foot	FY13 EU* FY14 USA	Proprietary slow release patch applied to brand leader's API
	Jonctum Stretch Marks Light Texture	Stretch marks	Q4 2011	Ready for launch. Good scientific rationale and evidence
	Kelo-cote Brand and line extensions including Kelo-cote Plus	Scar prevention & treatment	FY13	Spray and Gel with new actives for enhanced wound healing as well as scar control
	PapuDuo	Acne	FY 13	First anti biofilm acne treatment
	Bio-Taches New Serum and UV products	Hyperpigmentation	Serum to Launch Q3 2011 UV in 2012	Adds strength to the range and brand for our distributors in MENA in hot climates

* Under scientific advice (MHRA) for further supplementary clinical studies.



FY12 Outlook



Platform in place

Creating a high growth, self-sustaining, international specialty pharma business

- **Multiple product launches**
  - Europe – Episil & Xclair co-marketing partnerships, consolidate FY10 launches
  - UK – Xclair, Aloxi Oral, Kelo-cote UV launched in Sept 2011
  - Asia – Atopiclair in 11 markets & Papulex in 10 markets. 2012+ Xclair, Sebclair Cream…
  - US – Perioshield (Decapinol) launched in July 2011

- **Corporate partnerships**
  - Emerging markets - Eastern Europe, Middle East, LATAM
  - Country Op’s co-mktg deals - OTC Germany, oral care France, oncology supportive car

- **Current trading is encouraging**

- **Combination of recent trading and planned launches gives the Board confidence in the outlook for the current year**

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