



Year-end report January – December 2016

Presentation at Pareto Securities, February 14th, 2017
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Why invest in Moberg Pharma



– Strategy for Shareholder value

Commercial niche strategy enables a growing and profitable base business

Late-stage pipeline with est. \$300-600 million peak sales potential - Proven molecules limit TTM, cost & risk

Acquisition strategy with substantial value potential
- 7 transactions since 2012

Strong Team and track record

Moberg Pharma - a leader in topical niche categories



OTC Sales in the U.S.

- 6 brands in all major retailers
- #1 in nail fungus
- #1 in liquid bandages
- #2 in pain relief sprays



Distributor sales

- 40+ countries
- #1-3 in many markets
- 3 top 50 partners
Mylan, Menarini, Endo



An effective treatment of fungal nails

Innovation Engine

- MOB-015 - Phase 3
\$250-500m potential
- BUPI - Ph 3 preparation
\$50-100m potential

Future market leader in their niches

Financial Overview

- Market Cap ~1.2 BSEK (\$135m, MOB.ST), 40+ FTEs in Stockholm and NJ
- Net Sales 334 MSEK (\$37m) + Acquisitions in H2 2016
- Long-term EBITDA target 25%

Growth Strategy

- Organic and M&A
- Innovation Engine
- Brand & IP Equity

Q4 2016 - Highlights

Commercial Operations
and Innovation Engine

Focus next 12 months



Increased sales and tripled EBITDA following acquisitions



– Q4 2016

89.4 MSEK
NET SALES

67 %
GROWTH



98 %
DIRECT SALES

-32 %
DISTRIBUTOR SALES

12 MSEK
EBITDA

3X
GROWTH

13 %
EBITDA MARGIN

Acquiring Dermoplast® finalized a transformative year



– Q4 2016

Commercial

- Increasing net sales by 67% to 89 MSEK with EBITDA tripling to 12 MSEK
- Acquired brands contributed significantly to sales and profitability
- 27% market share L52W for Kerasal Nail® in the U.S, increase of 4% 25% in Q4, increase of 3% despite low season/low advertising.
- Additional distribution secured for New Skin® Spray – at Walmart and Walgreens

Innovation engine

- Phase 3 enrollment ongoing for MOB-015 in North America & Europe
- EU patent for BUPI

Source: Symphony IRI, U.S. retail sales of nail fungus products excluding private label in Multi Outlet Stores

*L52W/E 12/25/16 vs YAGO

Recent achievements - Financial & M&A



Acquisition of Dermoplast®

- Acquisition of Dermoplast® from Prestige Brands in the U.S. for \$47.6 million (transaction completed Dec 30th)
- Net sales (12m ending Sep 30, 2016) was \$12.0m
- EBITDA was \$5.4m, equivalent to 45% EBITDA margin
- Financed by bond tap issue of SEK 215m, equity issue of SEK 148m and cash at hand
- Acquisition multiple – 8.9x EBITDA

Divestment of PediaCare® completed

- Non-core brand divested for \$5.6m including inventory value
- Releases financial and personnel resources

Dermoplast® adds growth and profitability as of Jan 1, 2017

Transaction closed on Dec 30, 2016

- Total net sales ca \$12m, growing (4-year CAGR high single digit)
- Highly profitable, EBITDA margin 45%
- #1 pharmacist recommended brand, #2 brand in the \$33.7 million U.S. retail pain relief spray market
- 21% market share in retail
- Significant Hospital business
- Integration progressing according to plan - expected to be finalized H1 2017

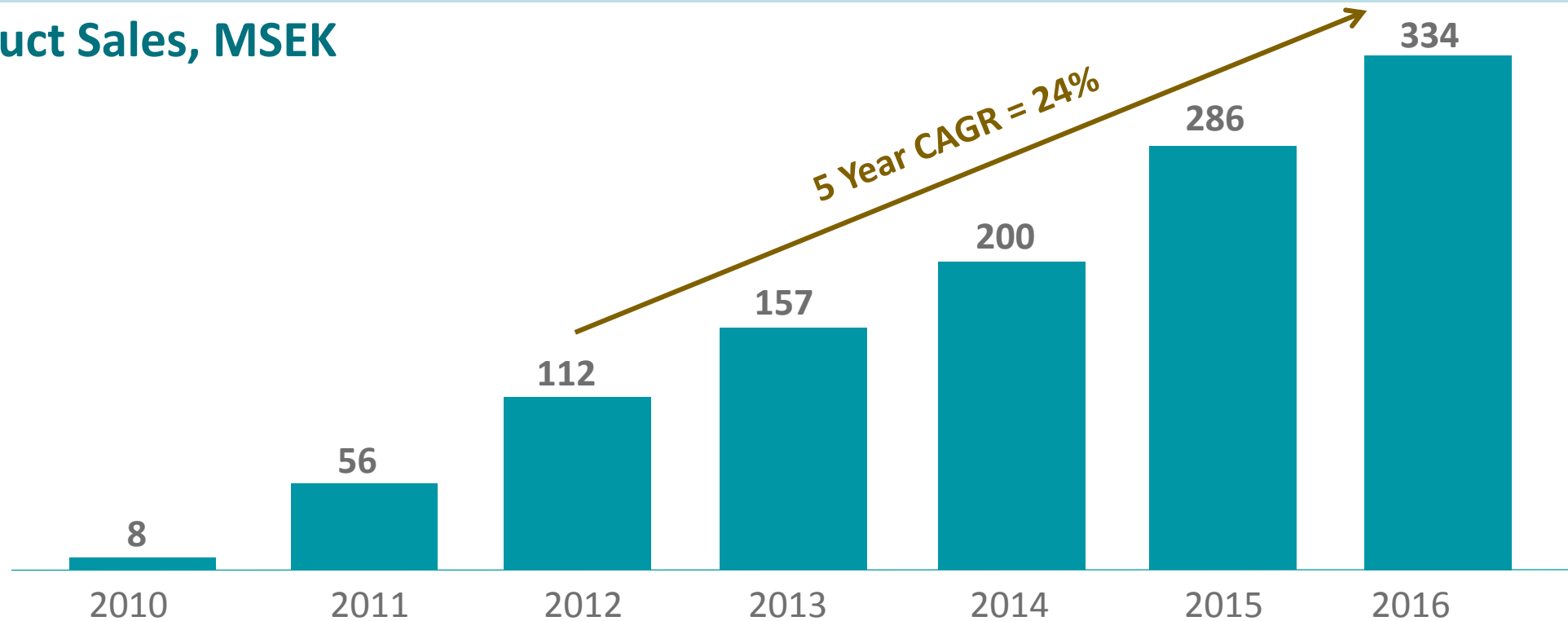


Rapid growth

Fueled by acquisitions in 2016



Product Sales, MSEK



P&L summary



Q4 2016

| P&L Summary (MSEK) | Oct-Dec 2016 | Oct-Dec 2015 | Full-year 2016 | Full-year 2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Revenue | 89 | 54 | 334 | 286 |
| Gross profit | 61 | 37 | 233 | 214 |
| % | 68% | 68% | 70% | 75% |
| SG & A | -42 | -26 | -177 | -142 |
| R&D - existing product portfolio ¹⁾ | -1 | -2 | -5 | -6 |
| Other operating income/operating expenses | 0 | 0 | 43 | 4 |
| EBITDA Commercial Operations | 18 | 9 | 94 | 68 |
| % | 20% | 16% | 28% | 24% |
| R&D & BD - future products ²⁾ | -5 | -5 | -16 | -22 |
| EBITDA | 12 | 4 | 78 | 46 |
| % | 13% | 8% | 23% | 16% |
| Depreciation/amortization | -5 | -3 | -16 | -11 |
| Operating profit (EBIT) | 7 | 1 | 62 | 35 |

- 1) Research and development expenses – existing product portfolio includes R&D expenses for new product variants under existing brands, regulatory work and quality.
- 2) Research and development expenses - future products includes R&D expenses for new product candidates, for example MOB-015.

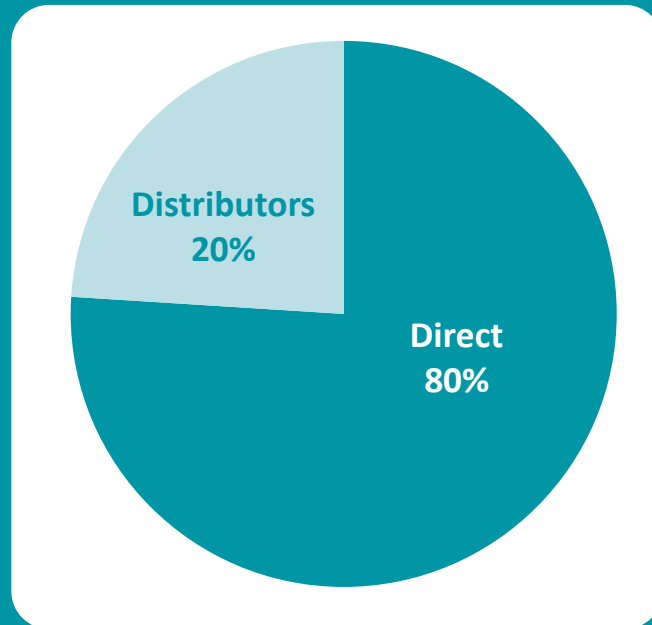
Due to the rounding component, totals may not tally.

Majority of revenue from direct OTC sales

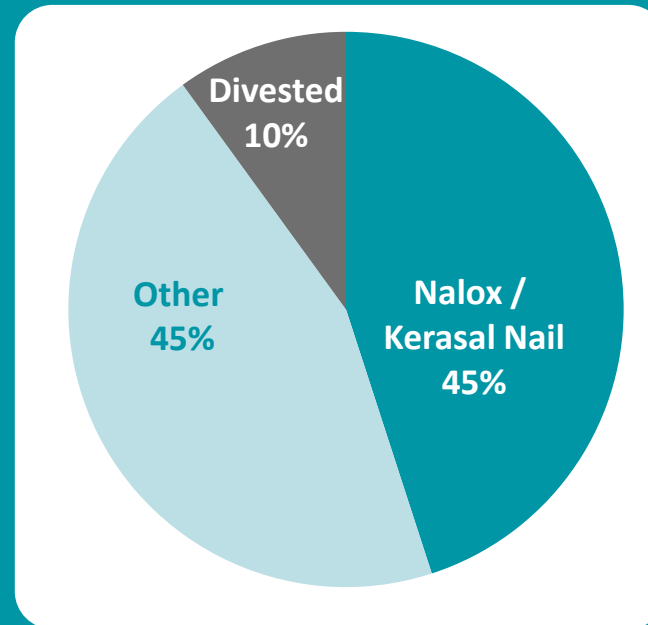


– Direct sales continue to grow, distributor sales grow in units but not in value

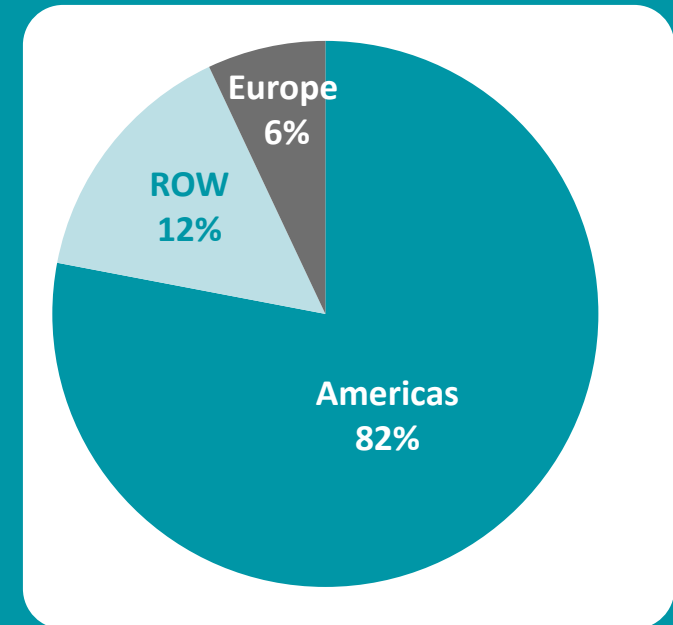
Channel



Product



Geographies



Distribution of revenue, January – December 2016

Revenue segmentation



- 2016 revenues increased by 17% fuelled by recent acquisitions
 - Direct sales increased by 29% (4% excluding acquisitions and divestments)
 - Distributor product sales fell by 12% (-6% excluding divested brands)

| Revenue by channel (MSEK) | Oct-Dec 2016 | Oct-Dec 2015 | Full-year 2016 | Full-year 2015 |
|-----------------------------------|-----------------|-----------------|-------------------|-------------------|
| Direct sales | 82 | 41 | 267 | 207 |
| Sales of products to distributors | 8 | 12 | 67 | 76 |
| Milestone payments | - | - | - | 3 |
| TOTAL | 89 | 54 | 334 | 286 |

| Revenue by product category (MSEK) | Oct-Dec 2016 | Oct-Dec 2015 | Full-year 2016 | Full-year 2015 |
|--|-----------------|-----------------|-------------------|-------------------|
| Nalox/Kerasal Nail®, sales of products | 22 | 23 | 151 | 155 |
| Nalox/Kerasal Nail®, milestone payments | - | - | - | 3 |
| Divested products (JointFlex®, Fergon®, Vanquish®, PediaCare®) | 11 | 12 | 33 | 52 |
| Other products | 57 | 19 | 150 | 77 |
| TOTAL | 89 | 54 | 334 | 286 |

Due to the rounding component, totals may not tally.

Balance Sheet



| (MSEK) | Sep 30, 2016 | Dec 31, 2016 |
|--|--------------|--------------|
| Assets | | |
| Intangible fixed assets | 592 | 1 000 |
| Property, plant and equipment | 1 | 1 |
| Financial assets | 11 | - |
| Deferred tax asset | 6 | 10 |
| Total non-current assets | 609 | 1 011 |
| Inventories | 39 | 42 |
| Trade receivables and other receivables | 77 | 93 |
| Cash and bank balances | 111 | 86 |
| Total current assets | 227 | 221 |
| TOTAL ASSETS | 836 | 1 232 |
| Equity and liabilities | | |
| Equity | 397 | 562 |
| Long-term interest-bearing liabilities | 378 | 589 |
| Long-term non-interest-bearing liabilities | 19 | 7 |
| Current non-interest-bearing liabilities | 41 | 75 |
| TOTAL EQUITY AND LIABILITIES | 836 | 1 232 |

Significant changes during Q4:

- ← Product rights bought for \$47.6 million (Dermoplast) & sold for \$5 million (PediaCare)
- ← Dermoplast option exercised
- ← Increased due to Dermoplast
- ← Dermoplast reduces cash, Bond tap issue, share issue and PediaCare added cash
- ← Equity issue, ca 148 MSEK
- ← Bond tap issue, ca 215 MSEK
- ← Holdback moved from non-current to current

Q4 2016 - Highlights

**Commercial Operations
and Innovation Engine**

Focus next 12 months



Focus on strategic brands in the U.S.



Fiber Choice®
Prebiotic fiber supplement



Domeboro®
Effective treatment for skin irritations and rashes



Balmex®
Complete Protection to treat and prevent diaper rash



New Skin®
Waterproof liquid bandage



Dermoplast®
Fast relief of pain and itch



Kerasal®, Emtrix® and Zanmira®
Clinically proven formulas providing a Visible Difference in Foot Care



All-time-high market share in 2016

– in U.S. for Kerasal Nail following successful re-launch

- New packaging, commercial and website launched in March
- Very positive reception from consumers and trade, ATH market share
- Clinical studies support stronger claims for 2017



23% > 27%

MARKET SHARE*

18%

VALUE GROWTH*

-3.6%

CATEGORY GROWTH*

Growth potential in Asia

– for distributor sales

- Sales in ca 40 markets
- Market leader or #3-position in Nordics, several EU and Asian countries
- Increase in volume in 2016, but decline in value due to volume discounts
- Asian launches continue, Taiwan and Japan (regional) added in 2016
- UK Direct sales launch progresses well, but limited revenues to date

MEDA



paladin



Note: Three largest distributors only, not an all inclusive list.

Pipeline assets – target leadership in two niches



– building on topical drug delivery know-how

| Pipeline Asset | Indication | Status | Peak sales potential, m\$ | USP |
|----------------|------------------------------|--|---------------------------|--|
| MOB-015 | Onychomycosis | Phase 3 started Q316 in NA and EU <i>Increased to 750-800 patients, targeting H217 for finalizing enrolment</i> <i>Patents with term to 2032 granted in amajor territories</i> | 250-500 | Topical terbinafine with fast visible improvement and superior cure rates |
| BUPI | Oral Mucositis and oral pain | Phase 3 preparation <i>Meeting with EU authorities in March</i> <i>EU patent with term to 2031 granted in Q416</i> | 50-100 | Lozenge formulation with effective pain relief for 2-3 hrs(vs 0,5 hrs for competition) |

MOB-015 target: Market leadership in Nail Fungus



- MOB-015 is based on Emtrix/Kerasal nail, adds terbinafine
- Phase 3:
 - Managed by leading Derm CROs ProInnova (EU) and TKL (US/CA)
 - Primary end-point: Complete Cure after 52w
 - Manufacturing partner Colep co-invests in MOB-015
- Phase 2 demonstrated efficacy and safety

54%

MYCOLOGICAL CURE

1000_x

MORE TERB IN NAIL VS ORAL

40_x

MORE TERB IN NAIL BED VS ORAL

Source: An open, single center pilot study of efficacy and safety of topical MOBO15B in the treatment of distal subungual onychomycosis, Faergemann et al, poster presentation at American Academy of Dermatology, March 2016; 54% of the patients completing the study were mycologically cured.
Mycological cure for FAS was 52% and for PPAS 60%

Target Product Profile for mild-moderate nails vs Jublia



- Jublia reached \$400m sales within 18 months after launch

| | Myc. Cure | | Complete cure | Visual improvement |
|--------------------------|-----------|--------|---------------|--------------------|
| | 24W | 52W | 52W | 4W |
| MOB-015 Target | >50% | 60-70% | 20-30% | >50% |
| Jublia | - | 54% | 15-18% | N/A |
| Penlac and Current OTCs* | | Ca 30% | 6-8% or less | N/A |

Superior Cure Rates

Rapid Visible Improvement

Potential for Shorter Treatment

Note: For MOB-015, the above describes the outcome Management targets in ongoing Phase 3 trials.

Source for Jublia data is Jublia Prescriber Information, Rev 09/2016

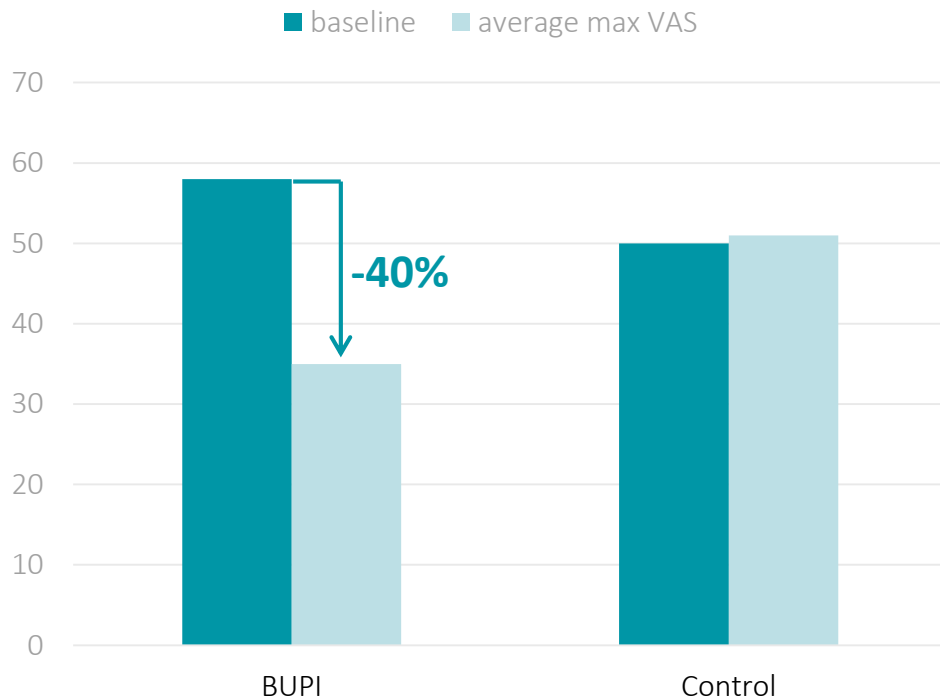
* Refers to publications on ciclopirox and amorolfine. Many other OTC products have not conducted or published 52w trials

Phase 2 – Significantly lower pain levels in BUPI group

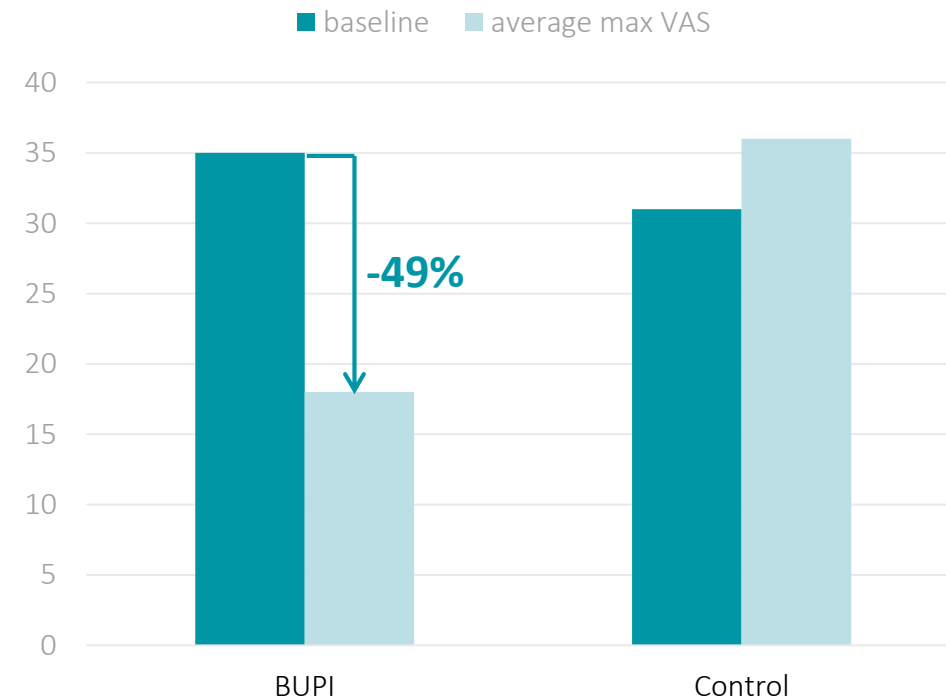


- Control group had access to oral painkillers, morphine and lidocain mouthwash
- **Primary endpoint: 31% less pain in BUPI group** (Highest VAS score in mouth/pharynx, $p=0,0032$)
- **In Mouth only: 50% less pain in BUPI group** ($p=0,0002$)

VAS Score (Highest of Mouth/Pharynx)



VAS Score in Mouth only



Q4 2016 - Highlights

**Commercial Operations
and Innovation Engine**

Focus next 12 months



Continue the positive momentum in 2017

2017 is a consolidation year

Focus in 2017

- Integrate acquired brands
- Complete Phase 3 enrolment MOB-015
- Strengthen core brand positions in the U.S. and international distribution
- Get approval to start BUPI Phase 3
- Engage with potential commercialization partners for MOB-015 and BUPI



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