



# Year-End Report 2018 and Transformative Transactions

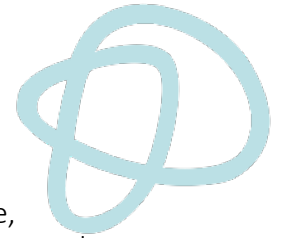
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February 12<sup>th</sup>, 2019

**Peter Wolpert**, CEO & Founder



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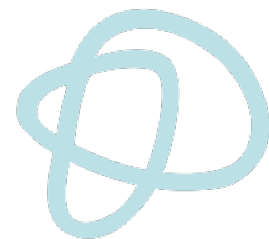
# Transaction announcements

Pipeline assets

Recent progress in brief

Moberg Pharma going forward





# Transformative actions after a strong year

## COMMERCIAL BUSINESS

## PIPELINE ASSETS

**DIVESTING FOR  
USD 155 MILLION**

**3 #1-BRANDS**

**2 PRODUCTS  
IN PHASE 3**

**NAIL FUNGUS    LIQUID BANDAGES    PAIN RELIEF SPRAYS**



Direct sales through all major U.S. retailers  
and distributor sales in 30+ markets, with  
400+ MSEK in annual sales

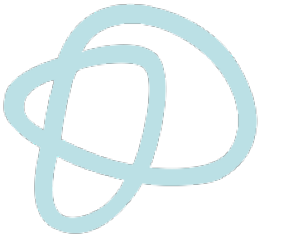
**MOB-015**  
Topical terbinafine  
against nail fungus

**BUPI**  
Bupivacaine lozenge  
against OM

Potential market leaders with  
\$250-500m (MOB-015) and \$100-200m  
(BUPI) estimated sales potential

# Realizing value for OTC and indicating MOB-015 potential

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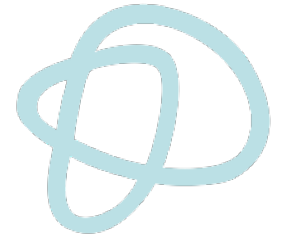


Compelling Divestment of OTC-Business<sup>TM</sup><sup>TM</sup>

Funding & Focus on MOB-015 Pipeline Program

MOB-015 Significant Agreement with Bayer AG

# Transformative transaction: Compelling divestment of our OTC-Business



Today we entered into an agreement with RoundTable Healthcare Partners and Signet Healthcare Partners to divest the OTC-business and fund our pipeline program

## Realizes compelling value for the OTC-business

- Cash consideration of USD 155 million

## Funds MOB-015 and indicates the significant potential

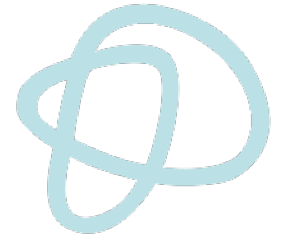
- Additional USD 5 million to fund continued development and commercialization of MOB-015
- Implied valuation for MOB-015 of approximately USD 70 million

## Significant distribution to shareholders while retaining upside

- Proceeds from the transaction will be used to redeem our outstanding SEK 600 million bonds
- Remaining part, net of transaction expenses and cash retained for MOB-015 program, will enable substantial distribution to shareholders in 2019
- Shareholders will continue to benefit from MOB-015 value creation



# Transaction overview



We have entered into agreements regarding the divestment of the OTC-business and the funding of the MOB-015 program

## Transaction Details

- Cash consideration of USD 155 million for the divestment of the OTC-Business, to include a customary working capital adjustment to be determined upon closing
- Subscription for newly issued shares for USD 2.5 million at a subscription price of SEK 35.16 per share, valuing MOB-015 at approximately USD 70 million (approximately SEK 640 million)
- Subscription for newly issued warrants at a subscription price of SEK 35.16 per share and to provide a loan with a principal amount of USD 2.5 million

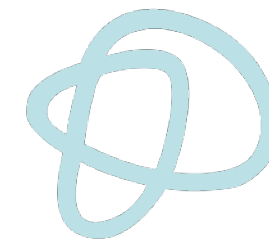
## Timing to Close

- Completion of the OTC-divestment is expected by the end of March 2019
- Closing is conditional upon approval by the required majority at a general meeting, completion of certain filings, accuracy of certain fundamental warranties, and upon the purchaser receiving debt financing on specified terms
- At the general meeting, shareholders representing 39% of the voting rights commit to voting in favor of the transaction and electing a person suggested and nominated by the purchaser

## Use of Proceeds

- Proceeds from the transaction will be used to redeem our outstanding SEK 600 million bonds
- Intend to use remaining part of cash consideration, net of transaction expenses and cash retained for MOB-015 program, to make a payment to shareholders

# Shareholder value – a highly attractive outcome



OTC-  
business  
consideration

**SEK 43-45\***  
per share dividend to shareholders

Proceeds from OTC-business to be used to redeem bonds and pay dividend

implied  
value of  
MOB-015

**SEK 35.16\*\***  
per share subscription price

Further validation of the value of our key asset MOB-015

combined  
transaction  
value

**SEK 78-80**  
per share total value

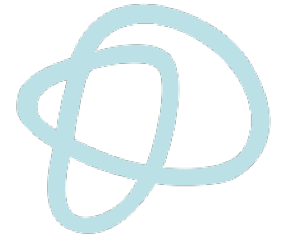
Delivering a compelling total value to our shareholders

\* Reflects proceeds to shareholders after transaction expenses and bond redemption

\*\* Subscription price for USD 2.5 million investment



# Key transaction milestones in 2019

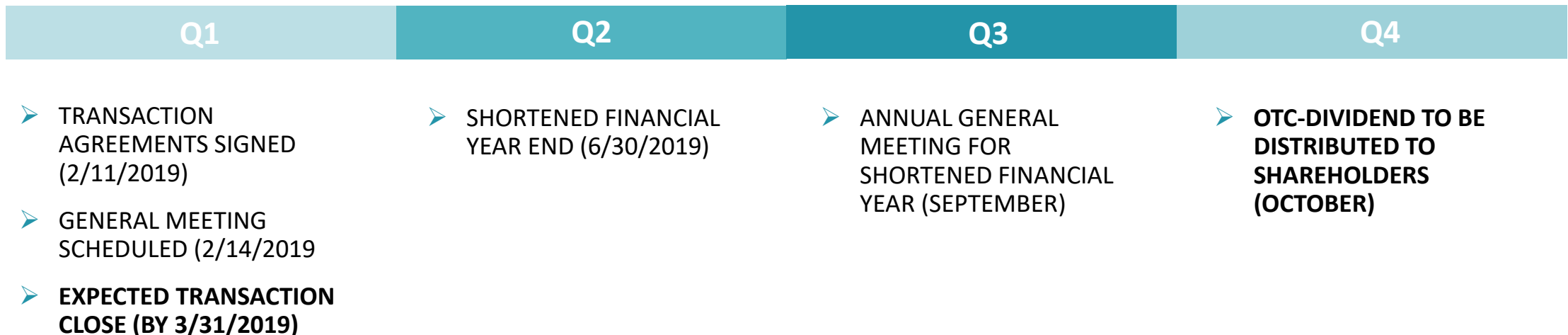


## Transaction expected to close by end of March 2019

- After approval at General Meeting as well as other closing conditions have been met

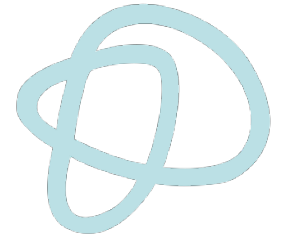
## Proceeds to shareholders to be distributed by the end of October 2019

- Final amount of dividend to be announced at the latest when the notice for the annual general meeting for the shortened financial year is announced



# MOB-015 – License agreement with Bayer for Europe

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## Further validation in the value of our key pipeline asset from the world leader in OTC antifungal treatments

- On February 11<sup>th</sup>, 2019, an exclusive license agreement was signed with Bayer AG to commercialize in Europe
- The Consumer Health division of Bayer will commercialize MOB-015 in Europe upon completed Phase 3 studies and registration by Moberg Pharma
- Moberg Pharma will be eligible to receive up to EUR 50 million in milestone payments, including EUR 1.5 million paid at signing
- The majority of the milestone payments are contingent on sales targets, with the balance contingent on development and regulatory milestones
- We will also receive supply fees including royalties

**With the addition of this partnership, our commercialization preparations are underway in several territories**

Transaction announcements

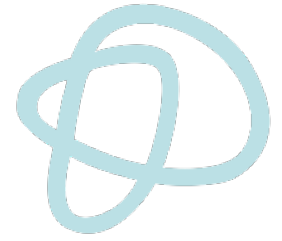
**Pipeline assets**

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# Focused on realizing the substantial value of our pipeline



## **MOB-015 – Better cure rates, fast visible improvement and shorter treatment**

- Topical delivering high concentrations of terbinafine through the nail
- Efficacy and safety demonstrated in Phase 2, incl. terbinafine levels in nail and nail bed
- Two Phase 3 studies ongoing in North America and Europe (n = 800)
- Patent protection until 2032 in key markets, incl. US, EU, Japan and China
- Two agreements signed

**250-500** MUSD  
ESTIMATED ANNUAL SALES

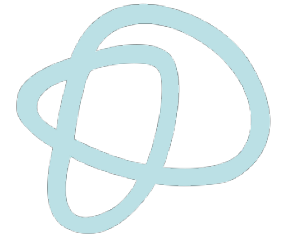
## **BUPI - Better and longer pain relief in the oral cavity**

- Lead indication is Oral Mucositis after radio- or chemotherapy
- Superior Phase 2 data published
- Phase 3 preparations ongoing, expanding partnering effort
- Patent protection until 2032-2033 granted in USA, EU and Canada

**100-200** MUSD  
ESTIMATED ANNUAL SALES

# MOB-015 – Approaching Phase 3-results

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## North America

- The U.S. study comprises 365 patients randomized at 32 clinics in the U.S. and Canada.
- Recruitment was finalized in September.
- Topline results are expected in the fourth quarter of 2019.

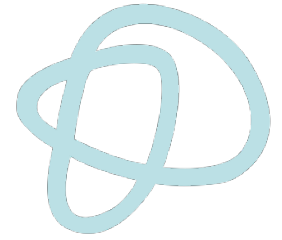
**Q4 19**  
EXPECTED NORTH AMERICAN  
TOPLINE RESULTS

## Europe

- The number of patients recruited in Europe will exceed 400.
- The screening was finalized end of January and the last patient is expected to be randomized in a few weeks.
- Topline results are expected in the second quarter of 2020.

**Q2 20**  
EXPECTED EUROPEAN  
TOPLINE RESULTS

# MOB-015 – Significant market potential for our key asset



## Progress commercialization plans with current and new partners

### Cipher Pharmaceuticals, Canada

- Can bring up to 14.6 million, where of USD 0.5 million at time of signing.
- Majority of the milestone payments are contingent on commercial milestones and the remaining part on development and regulatory milestones.
- Royalties and supply fees for delivered products.

### Consumer Health division of Bayer Group, Europe

- Eligible to up to EUR 50.0 million in milestone payments, where of EUR 1.5 million at time of signing.
- Majority of the milestone payments are contingent on commercial milestones and the remaining part on development and regulatory milestones.
- Royalties and supply fees for delivered products.

**170-300** MUSD

US RX POTENTIAL  
(WAC \$1700/UNIT, BRANDED  
TOPICALS BEFORE DISCOUNT)

**50-100** MUSD

OTHER RX MARKETS, E.G.  
JAPAN AND CANADA

**>200** MUSD

EUROPEAN OTC MARKET FOR  
TOPICAL ONYCHOMYCOSIS IN 2017

Transaction announcements

Pipeline assets

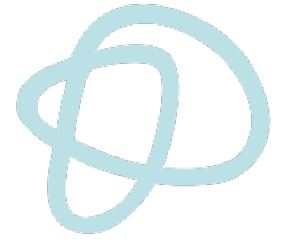
**Recent progress in brief**

Moberg Pharma going forward



# Strong finish to 2018

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## Commercial Operations – EBITDA exceeded 100 MSEK for the first time

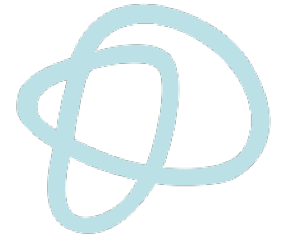
- U.S. sales were strong in the fourth quarter, contributing to double-digit growth for the full year. Distributor sales, excl. milestone payments, also grew in the fourth quarter, in line with our stabilization plan for the full year. New agreement with Mundipharma in MEA/South Africa and progress in Russia, open new growth markets for Emtrix® in 2019.
- The strategy to streamline the portfolio and focus on the key brands resulted in healthy organic growth as well as increased profitability – with the EBITDA-margin steadily approaching the long-term target of 25%.
- We decided to divest the OTC-business after the year-end.

## Pipeline – Finalized screening and the second license agreement in place

- European screening-process for MOB-015 phase-3 study completed after year-end, topline-results expected in Q2 2020.
- Second license agreement for MOB-015 signed after the year-end with Bayer for European commercialization, worth EUR 50 million in addition to supply fees and royalties.
- Patent protection granted for MOB-015 in China, valid until 2032.



# Double-digit growth for the full year



## Direct sales – Consumption growth of 12.4% in 2018

- Kerasal Nail® delivered outstanding sales performance over the past three years and continues to strengthen its #1 position
- Both Dermoplast® and New Skin® continued to expand their market leading positions, following successful campaigns and enhanced digital marketing including social media
- Continued strong response to Kerasal Intensive Foot Repair re-launch in May 2018

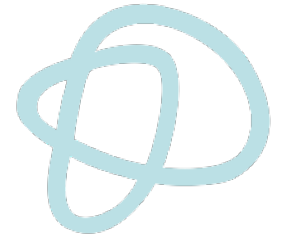
## Distributor sales – Strong finish to the year, in line with full-year strategy

- Distributor sales +46% in Q4, in line with plan to stabilize full-year levels for 2018\*. New agreement with Mundipharma in MEA/South Africa and progress in Russia, open new growth markets for Emtrix® in 2019

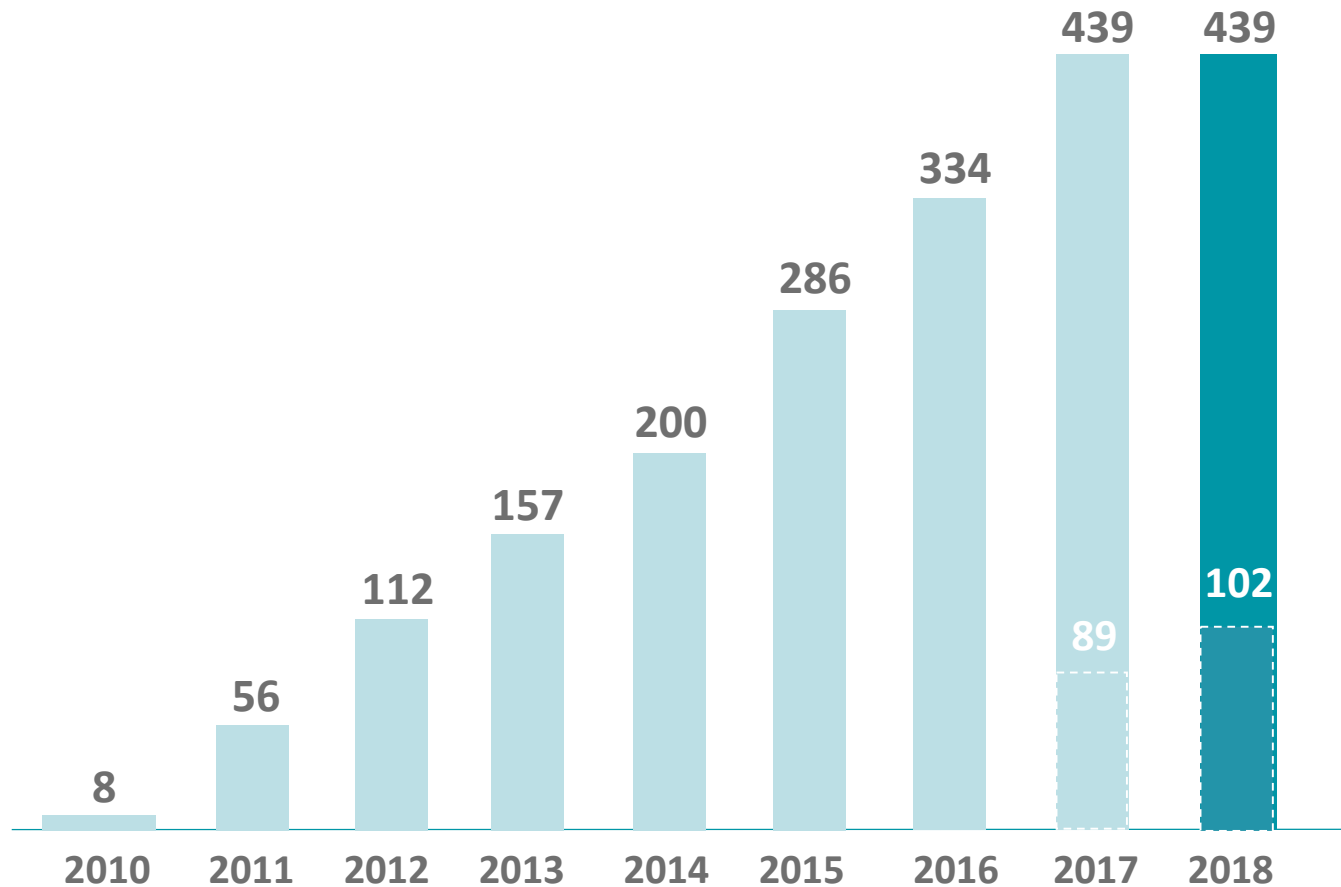


\* Adjusted for milestone payments

# Double-digit growth in sales and profitability



## Net Sales, MSEK



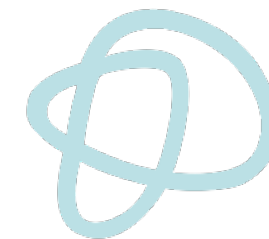
**439** MSEK  
NET SALES 12M 2018 (+16%\*)

**102** MSEK  
EBITDA 12M 2018 (+14%)

**23%**  
EBITDA MARGIN 12M 2018

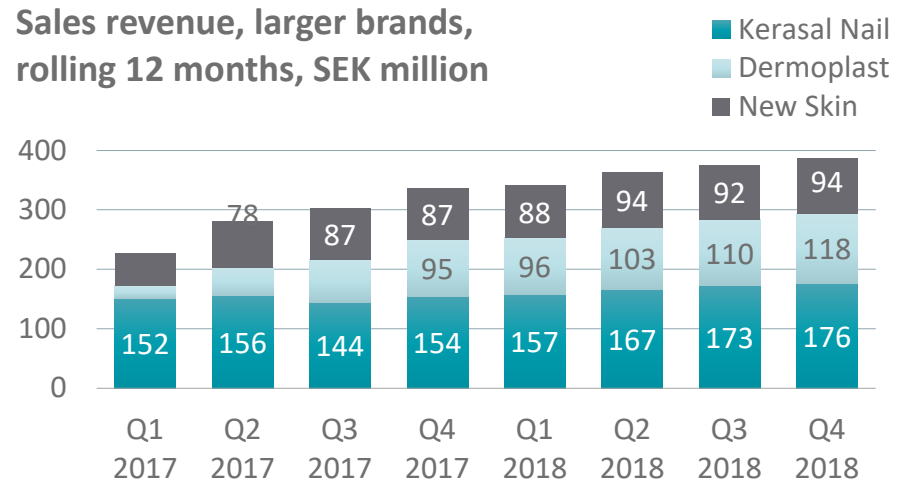
\* Current portfolio only, Adjusted for acquisitions, divestments

# Underlying EBITDA doubled over the last two years

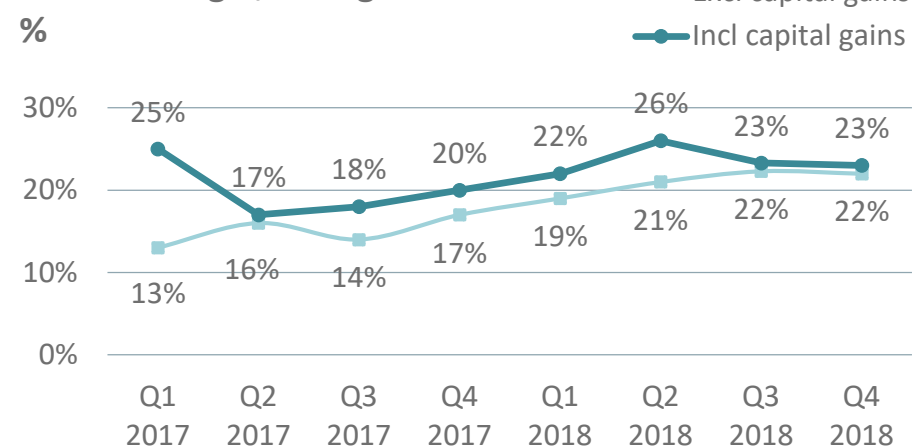


– Note significant divestments and acquisitions 2016 - 2018

Sales revenue, larger brands, rolling 12 months, SEK million

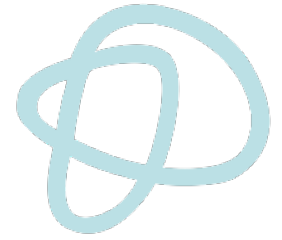


EBITDA margin, rolling 12 months



Long-term EBITDA margin target: 25%

# P&L – Strong Gross Margin and EBITDA



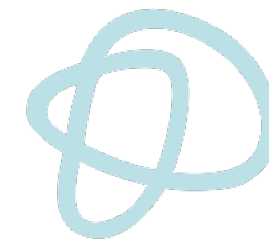
Full Year 2018

P&L Summary	Oct-Dec		Jan-Dec	
(MSEK)	2018	2017	2018	2017
Revenue	98	90	439	439
<b>Gross profit</b>	<b>73</b>	<b>65</b>	<b>335</b>	<b>314</b>
%	75%	72%	76%	71%
SG & A	-36	-31	-218	-215
R&D - existing product portfolio <sup>1)</sup>	-3	-2	-10	-6
Other operating income/operating expenses	3	-1	16	13
<b>EBITDA Commercial Operations</b>	<b>36</b>	<b>31</b>	<b>122</b>	<b>106</b>
%	37%	34%	28%	24%
R&D & BD - future products <sup>2)</sup>	-5	-4	-21	-17
<b>EBITDA</b>	<b>31</b>	<b>27</b>	<b>101</b>	<b>89</b>
%	32%	30%	23%	20%
Depreciation/amortization	-9	-9	-37	-38
<b>Operating profit (EBIT)</b>	<b>22</b>	<b>18</b>	<b>64</b>	<b>51</b>

Due to the rounding component, totals may not tally.

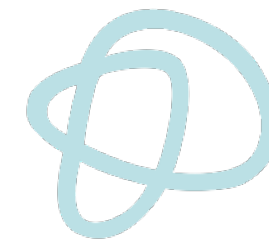
- 1) Research and development expenses – existing product portfolio includes R&D expenses for new product variants under existing brands, regulatory work and quality.
- 2) Research and development expenses - future products includes R&D expenses for new product candidates, for example MOB-015.

# Balance Sheet before the transaction



(MSEK)	2018.12.31	2017.12.31
<b>Assets</b>		
Intangible assets	1 034	980
Property, plant and equipment	0	1
Deferred tax asset	5	9
<b>Total non-current assets</b>	<b>1 040</b>	<b>990</b>
Inventories	25	27
Trade receivables and other receivables	76	87
Cash and cash equivalents	111	119
<b>Total current assets</b>	<b>212</b>	<b>233</b>
<b>TOTAL ASSETS</b>	<b>1 252</b>	<b>1 223</b>
Equity	594	552
Non-current interest-bearing liabilities	594	592
Non-current non-interest bearing liabilities	0	-
Deferred tax liability	7	5
<b>Total non-current liabilities</b>	<b>601</b>	<b>597</b>
Current non-interest-bearing liabilities	56	74
<b>Total current liabilities</b>	<b>56</b>	<b>74</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 252</b>	<b>1 223</b>

# OTC-portfolio with double-digit growth



Net revenue by product  (SEK thousand)	Oct-Dec					Full Year				
	2018	2017	Percentage changes			2018	2017	Percentage changes		
			Fixed Rate	FX effect	Total			Fixed Rate	FX effect	Total
Kerasal Nail®	35,394	32,159	2	8	10	175,889	154,169	11	3	14
- of which direct sales	20,323	14,717	26	12	38	131,345	103,927	23	3	26
- of which to distributors	15,071	17,442	-18	4	-14	44,543	50,242	-15	4	-11
Dermoplast®	31,580	23,274	24	12	36	117,984	95,451	21	3	24
New Skin®	23,410	20,950	1	11	12	94,107	86,568	6	3	9
Other products	6,680	5,409	12	12	24	42,680	32,728	26	3	30
<b>CURRENT PORTFOLIO</b>	<b>97,065</b>	<b>81,792</b>	<b>9</b>	<b>10</b>	<b>19</b>	<b>430,659</b>	<b>368,915</b>	<b>14</b>	<b>3</b>	<b>17</b>
Divested products	-	8,332	-100	-	-100	8,382	70,117	-88	-	-88
<b>TOTAL NET REVENUE</b>	<b>97,065</b>	<b>90,124</b>	<b>-2</b>	<b>10</b>	<b>8</b>	<b>439,041</b>	<b>439,032</b>	<b>-2</b>	<b>2</b>	<b>0</b>

\*Fiber Choice® divested Aug 28, 2017 and Balmex® divested April 27, 2018

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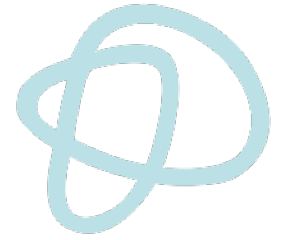
Recent progress in brief

**Moberg Pharma going forward**



# Focused on delivering pipeline value

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## We are focused on realizing the substantial value of our pipeline

- Our decision to divest the commercial operations realizes a compelling value for the OTC-business, while making the significant MOB-015-potential visible
- We look forward to continuing to create value for the shareholders of Moberg Pharma with a more focused business strategy and secured funding for MOB-015 at an attractive implied value
- The upcoming year will be pivotal for the company, with Phase 3 data for MOB-015 in North America expected in the fourth quarter and progressing commercialization plans with current and future partners





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