



<b>Company</b>	Mayne Pharma
<b>Code</b>	MYX
<b>Meeting</b>	AGM
<b>Date</b>	22 November 2019
<b>Venue</b>	Intercontinental Melbourne The Rialto 495 Collins Street, Melbourne
<b>Monitor</b>	Henry Stephens assisted by Mike Robey

<b>Number attendees at meeting</b>	40 shareholders plus 29 visitors
<b>Number of holdings represented by ASA</b>	4
<b>Value of proxies</b>	\$464,000
<b>Number of shares represented by ASA</b>	1,041,292
<b>Market capitalisation</b>	\$781m
<b>Were proxies voted?</b>	Poll
<b>Pre AGM Meeting?</b>	Yes with Chair Roger Corbett and VP Investor Relations and Communications Lisa Pendlebury

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The Chair went off script with his address and you can read his prepared speech here: <https://www.asx.com.au/asxpdf/20191122/pdf/44btyc3cykctcxw.pdf> and the CEO's speech is here: <https://www.asx.com.au/asxpdf/20191122/pdf/44btyf3chp4cm0.pdf>

The main points to emerge from the AGM are as follows. Mayne Pharma (MYX) is being valued in line with the US generic companies but MYX's stock performance has been better than US generic players due to the company's lower debt levels and greater earnings diversification (generics = 61% of gross profit). The CEO said that the company does not give earnings guidance.

The generics business in the US is showing some signs of stabilising: fewer generic applications are being submitted to the FDA and major US generic businesses such as Teva are closing plants and laying off employees.

Given the huge changes in the US generics business over the last two years, the company has shifted its focus to dermatology, women's health, infectious diseases and contract services. The company will continue to operate in the generics market but will reduce capital and concentrate on branded generics. In addition, MYX will broaden their distribution channels to avoid dealing with three very large wholesalers. Over the last two years the number of wholesalers in the US has gone from 30 to just three and generic prices have collapsed. The Chair posed the question

should the board have seen these changes coming in the market and his answer was that not even the US experts had seen this coming!

The Chair spent much time talking about the exciting products in the pipeline, especially the novel oral contraceptive E4/DRSP (E4) which has the potential to transform the company over the next three years. Professor Robinson, a practising endocrinologist, gave a crash course on E4. E4 is a naturally occurring oestrogen in foetal livers and it will be marketed in the US in early 2021 subject to Food and Drug Administration approval. It is a unique product and further research is required to prove that weight gain in women is less likely than other oral contraceptives and there is potentially lower clotting risk (and therefore less likely thrombosis). If this can be proved the product could be transformational for MYX. The company also has the rights to market the first generic version of the largest contraceptive product - Nuvaring - in the US. Nuvaring is a women's vaginal contraceptive ring and it currently accounts for about 25% of the US\$4b contraceptive market.

As part of the 20 year exclusive agreement to license E4 from Mithra Pharmaceutical SA, MYX paid US\$8.75m in cash and issued 83.1m shares to Mithra just prior to the AGM. Following regulatory approval, Mithra will receive a further cash payment of US\$11 million, additional shares to lift Mithra's interest in the company to 9.6% of issued shares and a board seat.

Your ASA monitor asked questions about where generic revenues will be in five years as a percentage of total revenues and what products is management most excited about for the company over the next 2-3 years. Generic sales are expected to decline from currently 60% to 20%, a major decline in anybody's language and the key products are E4 and Tolsura, an anti-fungal treatment in the infectious disease space. We also asked the Chair, when the board will re-base director's fees given that the company's market capitalisation has more than halved over the last couple of years. It is well known that fees generally increase as a company's market capitalisation increases. Chair's answer: we will consider.

The ASA voted against the re-election of Mr Bruce Mathieson on the grounds that we believe it is time to further renew, diversify and prod our board to move in line with both the ASA and Australian Institute of Company Director's target of at least 30% female directors. Currently there is only one female out of 9 directors and Mr Mathieson has been on the board since 2007. The ASA voted in favour of the re-election of Professor Bruce Robinson to the board, the Remuneration Report and the issue of shares and performance rights to the CEO. Our Voting Intentions Report, available on the ASA website, explains our thinking on these issues. All resolutions were passed - 94% to 99% in favour.

One of the key questioners at the AGM was Stephen Mayne who asked a series of questions about the Chair, whether the company needed to raise capital and director's fees. He supported the ASA on voting against Mr Mathieson adding that it doesn't look good for a gambling mogul to be on the board of a pharmaceutical company and that an individual generally needs to own a minimum of 10% of a company before they would obtain a board seat (Mr Mathieson has 6%).