



MOBERG PHARMA AB (PUBL)

Interim Report Jan-Sep 2015

Combining Commercial and Innovation Excellence to Develop Unique Products for Underserved Niches

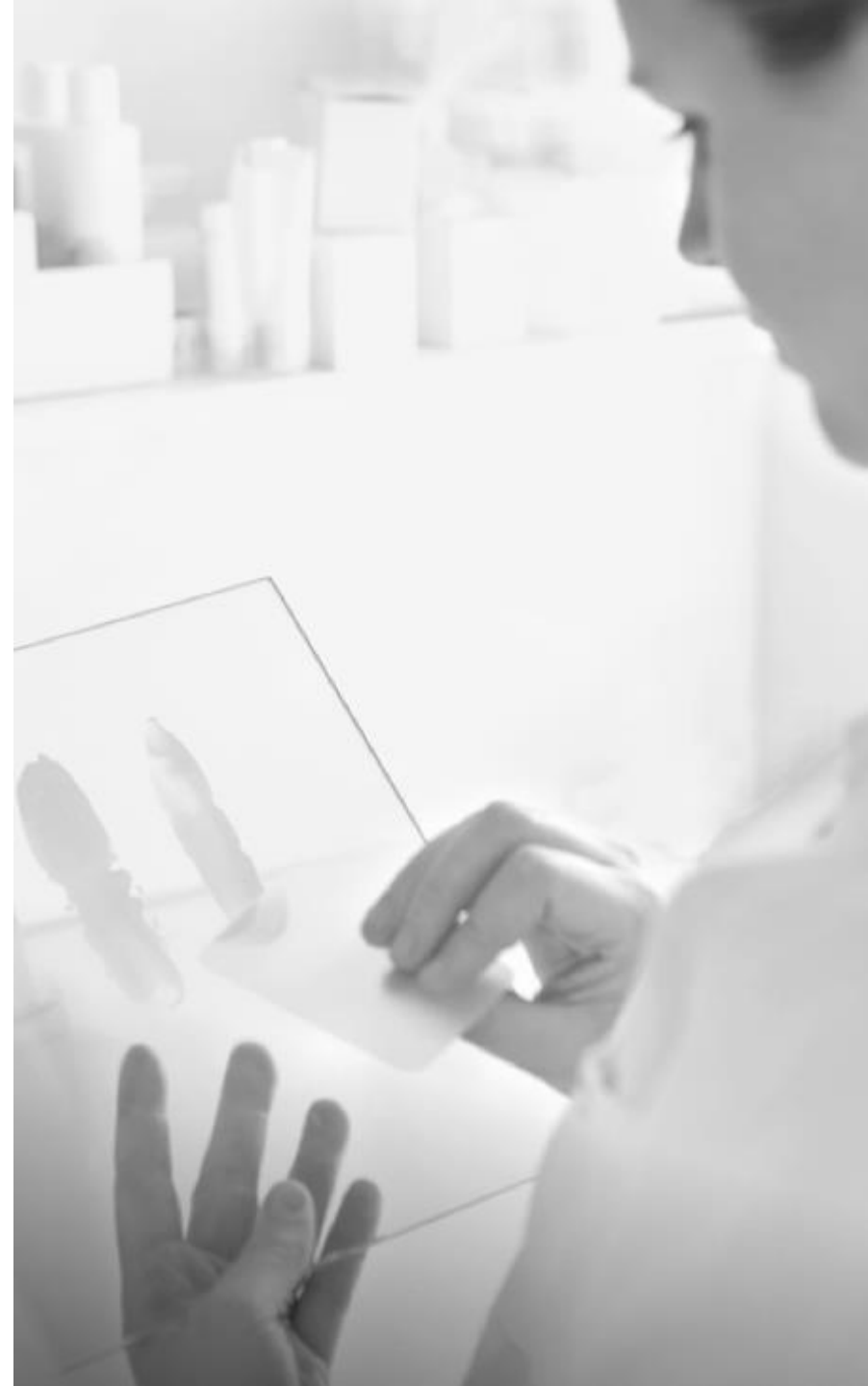
Redeye, November 10, 2015
Peter Wolpert, CEO and Founder



Disclaimer

Statements included herein that are not historical facts are forward-looking statements. Such forward-looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, Moberg Pharma's results could be materially affected.

The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of pharmaceutical research and product development, manufacturing and commercialization, the impact of competitive products, patents, legal challenges, government regulation and approval, Moberg Pharma's ability to secure new products for commercialization and/or development and other risks and uncertainties detailed from time to time in Moberg Pharma AB's interim or annual reports, prospectuses or press releases.







Highlights – Q315

2015 Q3 Highlights

- **Net sales grew by 32% to MSEK 67 (8% at fixed exchange rates)**
 - Distribution sales in Asia key driver
 - Acquisition of Balmex progressing well and contributing to growth
- **Doubling of profit**
 - EBITDA margin of 21%, EBITDA increased 95%
 - EBITDA Commercial Operations of 27%
 - 12 MSEK in Operative cash flow
- **Emtrix® rights in six EU markets taken back**
 - Non-launched markets, including UK and Poland
- **Asian launch driving growth in distributor sales**
 - Launches progressing according to plan
- **Innovation engine progress**
 - MOB-015 risk sharing and development agreement with Colep
 - Received guidance in pre-IND meeting with the FDA
 - BUPI Phase II patient enrollment almost completed

NOTE: EBITDA Commercial Operations does not include R&D and Business Development expenses for future products outside existing brands

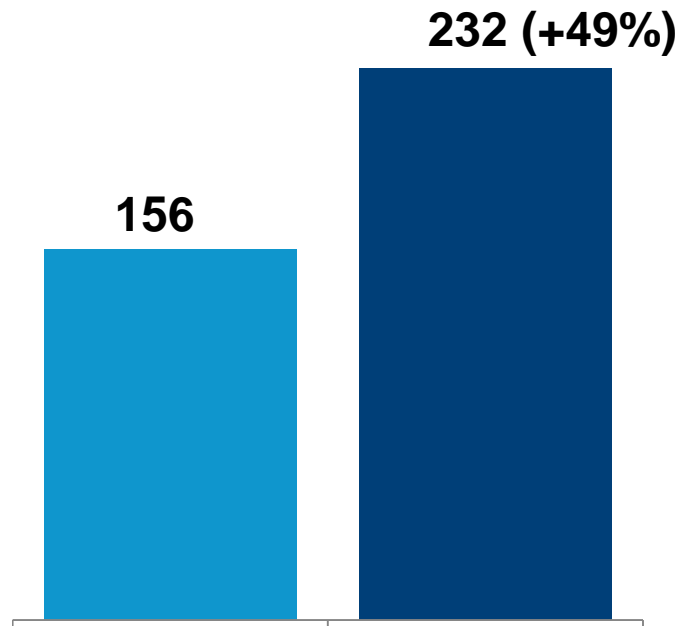


Growth driving significant improvement in profitability

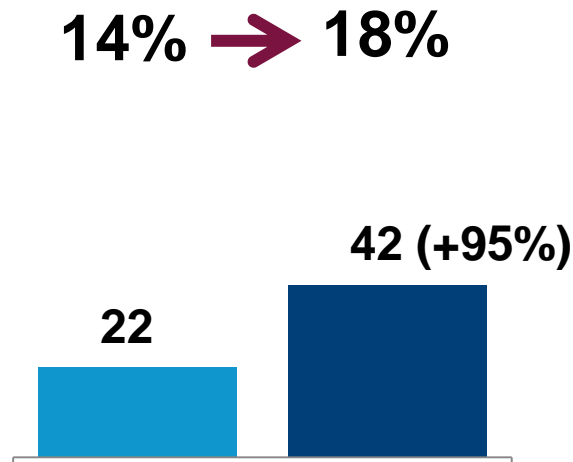
2015 9m

2014 9m

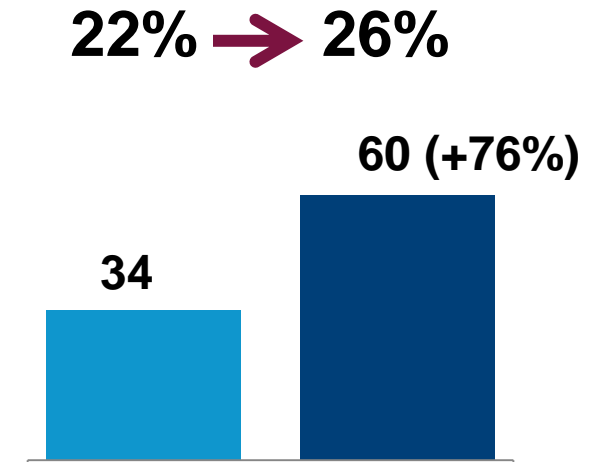
Net Sales, MSEK



EBITDA, MSEK



EBITDA Commercial Operations, MSEK

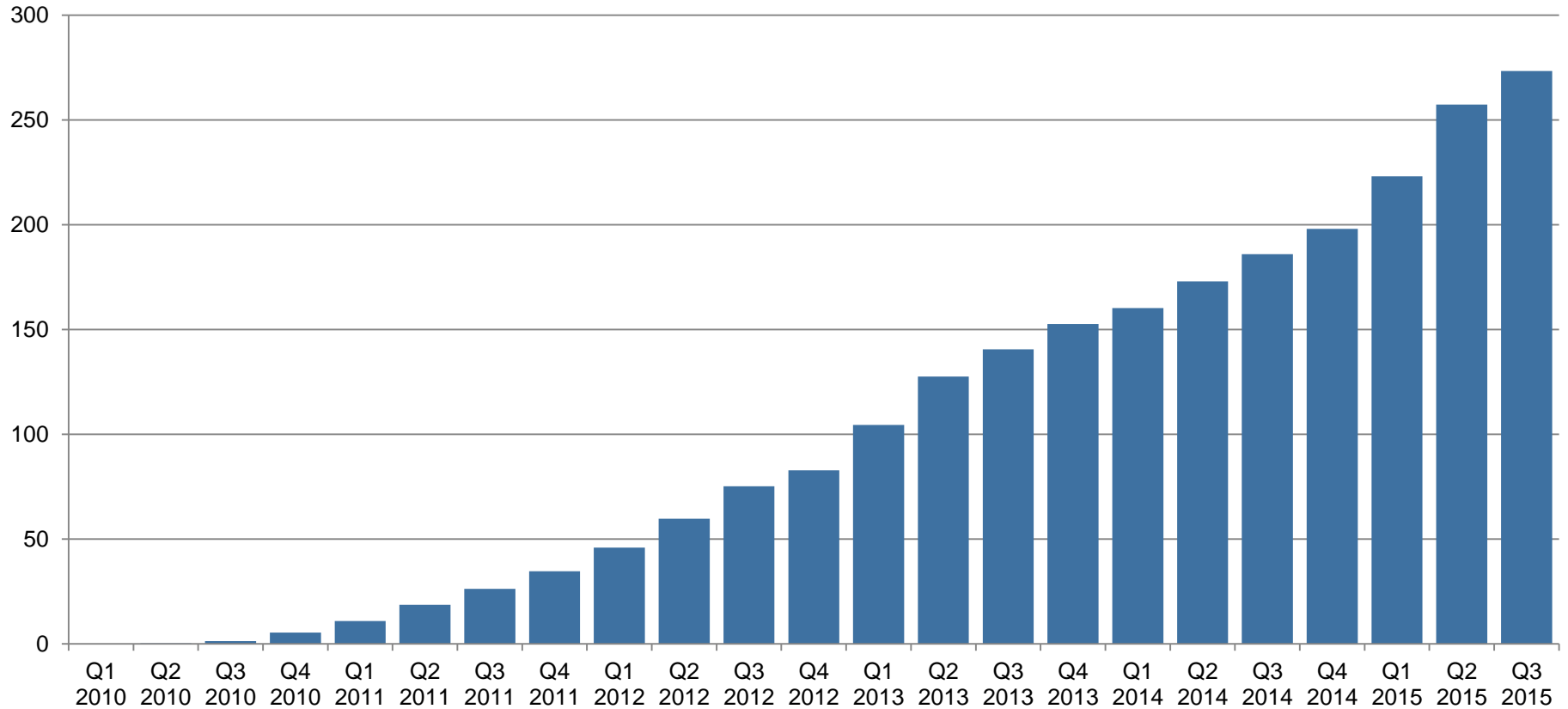


NOTE: EBITDA Commercial Operations does not include R&D and Business Development expenses for future products outside existing brands



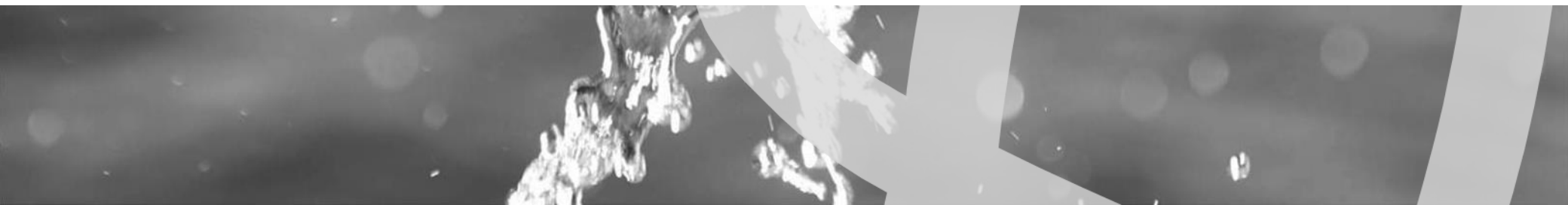
22 consecutive quarters of Sales growth

Product Sales, TTM, MSEK





Progress in Commercial Operations and Innovation Engine



Focus on strategic brands

Strategic brands

- Kerasal[®] - Foot care
- Emtrix[®]
- Balmex[®] - Diaper rash
- Domeboro[®] - Derma/Skin irritation



Mature brands

- Jointflex[®] - External analgesic
- Vanquish[®] - Internal analgesic
- Fergon[®] - Iron supplement



Distributor Sales well positioned for further growth

- Sales in >40 markets
- Decline in Europe in Q3, 9m is flat (+1%)
 - Emtrix® rights taken back for UK, Poland, Czech Republic and the Baltics
- Canada: Emtrix get top score in survey* with 89% brand satisfaction, ahead of all competitors including Jublia Rx (70%)
- Asian launches progresses well and rapid growth of sales (incl. inventory build-up)
 - Malaysia, Hong Kong, Indonesia, Singapore, China
 - Launch preparations progressing in additional markets→ Large growth potential

MEDA



endo.

LEOSONS



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

Moberg
PHARMA

Pipeline assets - Building on Topical drug delivery know how

Pipeline asset	Indication	Status	Peak sales potential, m\$	USP
MOB-015	Onychomycosis	Ph III preparation	250-500	Topical terbinafine with fast visible improvement and superior cure rates
BUPI	Oral Mucositis and oral pain	Phase II	50-100	Lozenge formulation with effective pain relief for 2-3 hrs(vs 0,5 hrs for competition)

- **MOB-015 update**

- Phase II results enable a superior target profile vs U.S. Rx lead competitor (Jublia)
- US and EPO patents granted
- Development agreement in place with supply partner Colep
- Pre-IND meeting held with FDA. Items to be further discussed under an IND
- Advisory meetings scheduled with European agencies during Q4

- **BUPI update**

- Patient inclusion is almost completed in Phase II
- Topline results expected Q4 2015



MOB-015 – USPs, Strategy and market update

USPs

Targets a superior profile, in mild to moderate onychomycosis based on phase II data and experience from the OTC product (>600 patients in clinical trials and >5 million units sold to date):

- 1 Superior cure rates – Mycological and Clinical
- 2 Shorter treatment time – potentially 6 months
- 3 First visible improvement within 2-4 weeks

Strategy

Maintain control of asset in key territories through phase III

Phase III preparations progressing to enable start in 2016

Development and risk sharing agreement with Colep reduces costs and secures competitive supply price

U.S. Market

Total market growing rapidly, driven by intense marketing of new Rx drugs

- TRx: +25% L52 weeks*

- Dollar: +72% L52 weeks*

Branded OTC market declined 8% YTD**

*Wolters Kluwer, data ending week of Oct 16, 2015

** U.S. retail sales of branded nail fungus products in Multioutlet Stores over L52 weeks ending September 30, 2015
SymphonyIRI



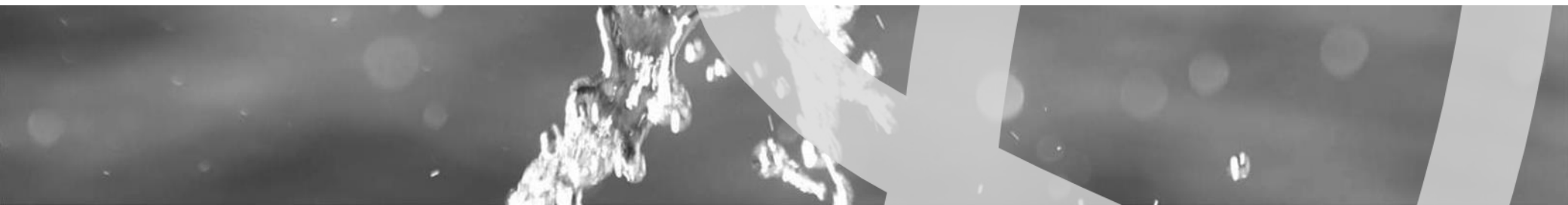
MOB-015 Development agreement with Colep

Colep agreement

- Colep invests in scale-up, stability studies and clinical trial material for Ph III
- Moberg appoints Colep as the exclusive manufacturer for MOB-015 for EU and U.S.
- Leverages synergies between existing products and MOB-015
 - Purchasing volumes on raw materials, processes and methods
- Enables attractive COGS



Financials



P&L - Sales growth and doubling of profit

P&L Summary (MSEK)	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year
	2015	2014	2015	2014	2014
Revenue	67	50	232	156	200
Gross profit	49	36	177	119	151
%	73%	72%	76%	76%	75%
SG & A	-31	-24	-116	-81	-106
R&D - existing product portfolio ¹⁾	-1	-2	-5	-6	-7
Other operating income/operating expenses	1	2	4	2	6
EBITDA Commercial Operations	18	12	60	34	43
%	27%	23%	26%	22%	22%
R&D & BD - future products ²⁾	-4	-4	-18	-13	-18
EBITDA	14	7	42	22	25
%	21%	14%	18%	14%	13%
Depreciation/amortization	-3	-2	-8	-6	-8
Operating profit (EBIT)	11	5	34	16	17

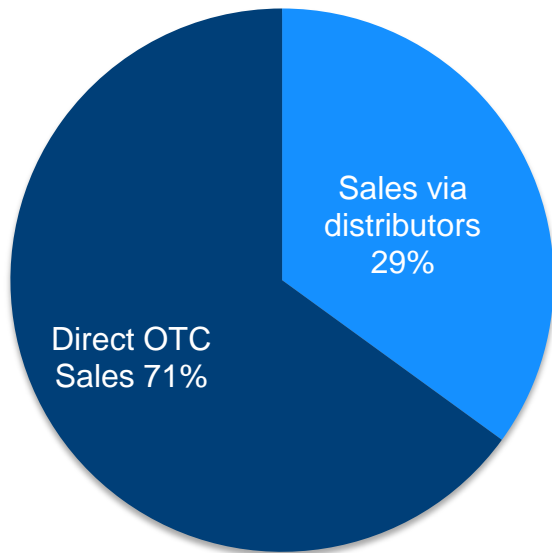
1) Research and development expenses – existing product portfolio includes R&D expenses for new product variants under existing brands, regulatory work and quality.

2) Research and development expenses - future products includes R&D expenses for new product candidates, for example MOB-015.

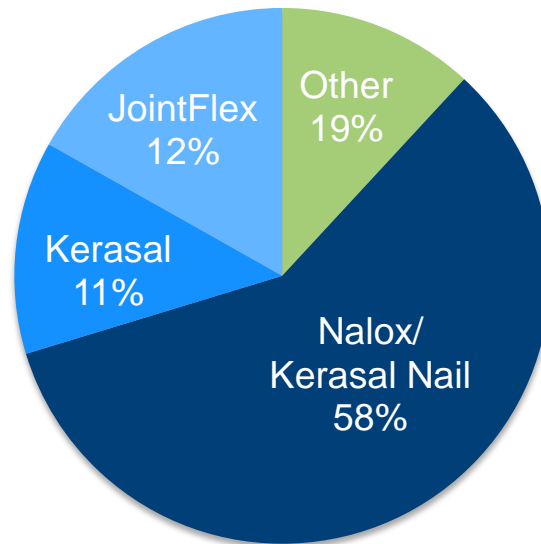


Majority of revenue from direct OTC sales – Launches in Asia drives RoW product sales

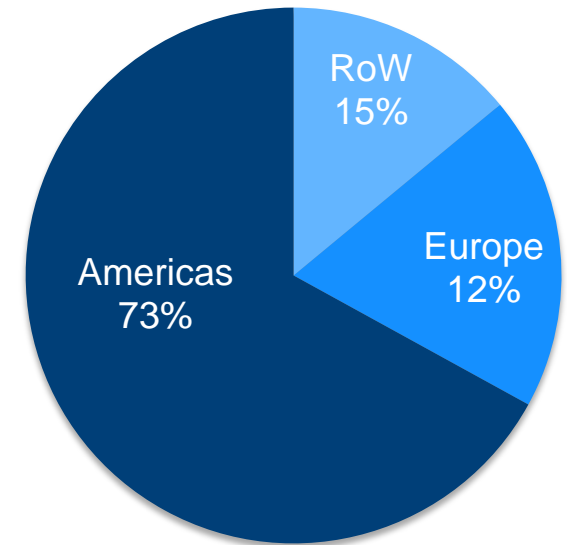
Distribution of revenue, January – September 2015



Channels



Products



Geography

Revenue growth was 32% in Q3, Asia and new products main growth drivers

Revenue by channel (KSEK)	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Direct sales	52	37	165	109	139
Sales of products to distributors	15	13	64	45	59
Milestone payments	0	-	3	2	2
TOTAL	67	50	232	156	200

Revenue by product category (KSEK)	Jul-Sep 2015	Jul-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Nalox/Kerasal Nail®, sales of products	30	27	132	89	113
Nalox/Kerasal Nail®, milestone payments	0	-	3	2	2
Kerasal®	8	7	26	24	29
JointFlex®	9	9	28	22	31
Other products	19	7	43	19	25
TOTAL	67	50	232	156	200

Solid cash position, positive cash flow and low debt

	Jul-Sep 2015	Jul-Sep 2014
Operative cash flow	+12 MSEK	+7 MSEK
Cash position	43 MSEK	61 MSEK

Cash position includes Balmex acquisition in April, consideration 33 MSEK (3.9 MUSD) financed with existing funds



Focus next 12 months

Focus next 12 months

PROVIDING UNIQUE PRODUCTS IN UNDERSERVED NICHES

- Drive growth and EBITDA improvements
- Fuel U.S growth
 - Execution of Kerasal brand strategy
 - Integration of Balmex
- Grow Distributor Sales
 - Asia is key growth driver, additional launches
- BD/Innovation Engine
 - M&A focus on US OTC products
 - MOB-015 Phase III preparations
 - BUPI: PII study, pursue sales as unlicensed drug/partner and Orphan Drug designation

Long-term target

Create shareholder value through a focus on profitable growth, targeting a long-term EBITDA margin of at least 25% from 2016 and onwards.

Why invest in Moberg Pharma

- Commercial niche strategy enables a growing and profitable base business
- Pipeline with large potential and at reasonable risk
 - Proven molecules limit development risk, cost and TTM
- Acquisition strategy with substantial value potential
 - 4 acquisitions in 36 months
 - Team, Systems and infrastructure in place to enable scale-up
- Strong Team with track record