

# COMPANY PROFILE

## BELL POTTER

GICS - Pharm/Biotech

Mayne Pharma Group Limited

ASX Code: MYX

Price: \$0.275

12 Mth Target Price: \$0.35

Rating: Neutral - High

### Business Summary

Mayne Pharma Group Limited (MYX) is an ASX-listed specialty pharmaceutical company focused on applying its drug delivery expertise to commercialize branded and generic pharmaceuticals. Mayne Pharma also provides contract development and manufacturing services to more than 100 clients worldwide.

**Generic Products Division (GPD)** Under this division Company distribute generic products in the US. As it focused on developing and bringing to market complex generic products.

**Specialty Brands Division (SBD)** Under this division Company develops, markets and distributes specialty branded products in the US. As it focused on clinically differentiated products with therapeutic value in womens health, dermatology, infectious disease and rare diseases.

**Metrics Contract Services (MCS)** In this division Company provides contract pharmaceutical development, manufacturing and analytical services to third party customers globally. As it focused on niche and scientifically challenging areas.

**Mayne Pharma International (MPI)** In this division Company develops, markets and distributes specialty branded products globally (excl. US). Company also provide pharmaceutical development and manufacturing services. As it focused on in-licensing and out-licensing specialty brands.

### Latest Research

Post the sale of Metrics, it's all about Nextstellis

Maintain Neutral / High Risk. We change FY23-24E Adj. EBITDA by +7%

/ -3% on slightly lower opex costs for Nextstellis in FY23. Our TP moves to \$0.35 (from \$0.30) based on 8x FY24E Adj. EBITDA. Overall, there are

considerable execution risks as MYX ramps-up opex to support the launch of Nextstellis, with associated cash burn in FY23. This business is high risk with generic sales declining, and a risk that Nextstellis does not take

meaningful market share. We note the CEO has resigned.

For more information see research 29 Aug 2022.

### Snapshot

Date	27 October 2022
Market Cap.	\$478m
Shares on issue	1,739.8m
12 Month High	\$0.42
12 Month Low	\$0.20

### Rating

Rating	Neutral - High Risk
12 Mth Target Price	\$0.35
Capital Gain	25.0%
Gross Yield	NA%
Implied Total Return	25.0%

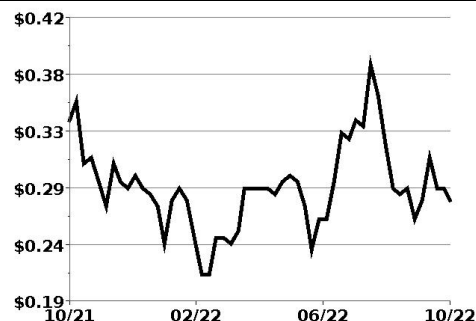
### Investment Fundamentals

FYE 30 Jun		2022A	2023F	2024F	2025F
Profit	\$m	-57.0	-22.0	7.0	48.0
Profit (norm)*	\$m	-57.0	-22.0	7.0	48.0
EPS*	¢	-3.0	-1.0	0.0	3.0
EPS Growth	%	0.0	0.0	0.0	0.0
P/E*	x	0.0	0.0	0.0	9.3
P/E Relative	%	0.0	0.0	0.0	0.0
DPS	¢	0.0	0.0	0.0	0.0
Yield	%	0.0	0.0	0.0	0.0
Franking	%	0.0	0.0	0.0	0.0

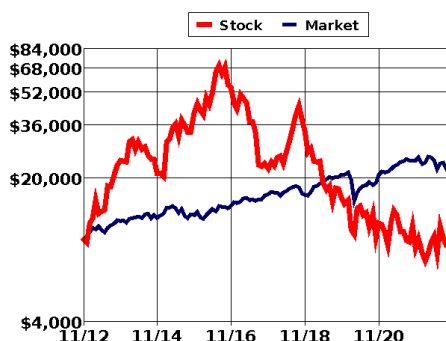
\* Adjusted for goodwill and unusual items

Source: Based on Citi estimates

### Share Price Chart



### Total Return on \$10,000 Investment



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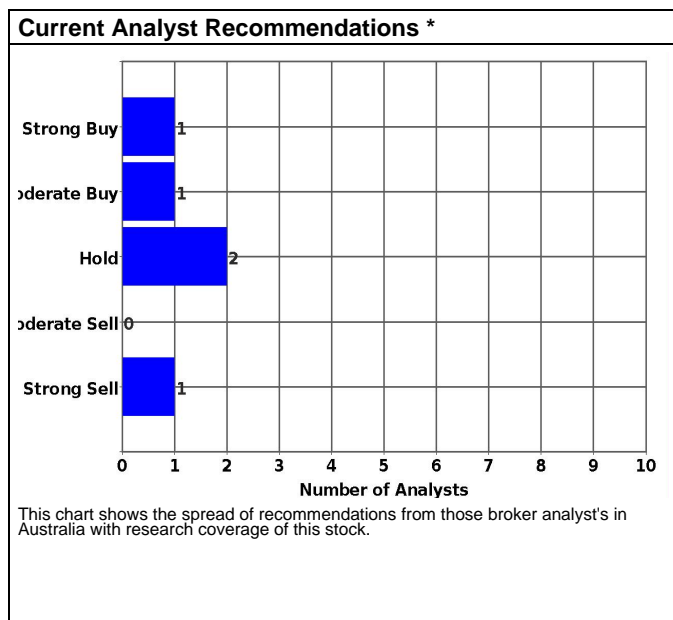
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Profit & Loss (\$M)					
	2018A	2019A	2020A	2021A	2022A
<b>Sales Revenue</b>	<b>529</b>	<b>524</b>	<b>457</b>	<b>400</b>	<b>424</b>
Total Revenue ex. Int.	533	527	458	402	430
<b>EBITDA</b>	<b>134</b>	<b>117</b>	<b>96</b>	<b>136</b>	<b>105</b>
Depreciation & Amort.	-80	-94	-85	-68	-81
Goodwill Amortisation	--	--	--	--	--
EBIT	55	23	12	68	24
Net Interest	-17	-17	-31	-32	-32
Profit Before Tax	37	6	-19	36	-8
Income Tax	4	-6	41	55	-56
Outside Equity Int.	0	3	2	1	11
<b>Profit after Tax</b>	<b>42</b>	<b>3</b>	<b>23</b>	<b>91</b>	<b>-54</b>
Significant Items after Tax	-176	-284	-116	-300	-210
<b>Reported Profit after Tax</b>	<b>-134</b>	<b>-281</b>	<b>-93</b>	<b>-208</b>	<b>-263</b>
Preferred Dividends	--	--	--	--	--

Cash Flow (\$M)					
	2018A	2019A	2020A	2021A	2022A
Receipts from Customers	646	714	690	505	473
Funds from Operations	160	128	146	70	18
<b>Net Operating Cashflow</b>	<b>121</b>	<b>107</b>	<b>100</b>	<b>59</b>	<b>-7</b>
Capex	-94	-82	-47	-25	-12
Acquisitions & Investments	-1	-0	--	--	--
Sale of Invest. & Subsid.	--	--	--	--	--
<b>Net Investing Cashflow</b>	<b>-118</b>	<b>-92</b>	<b>-56</b>	<b>-49</b>	<b>-29</b>
Proceeds from Issues	2	7	0	--	--
Dividends Paid	--	--	--	--	--
<b>Net Financing Cashflow</b>	<b>20</b>	<b>-16</b>	<b>5</b>	<b>-40</b>	<b>28</b>
Net Increase Cash	23	-1	48	-31	-8
Cash at Beginning	63	87	89	138	98
Exchange Rate Adjust.	1	2	0	-9	7
<b>Cash at End</b>	<b>87</b>	<b>89</b>	<b>138</b>	<b>98</b>	<b>97</b>

Ratios and Substantial Shareholders						
	2018A	2019A	2020A	2021A	2022A	
<b>Profitability Ratios</b>						
EBITDA Margin	%	25.42	22.36	21.08	33.96	24.78
EBIT Margin	%	10.32	4.33	2.56	16.93	5.65
Net Profit Margin	%	7.92	0.52	5.15	22.76	-12.63
Return on Equity	%	3.42	0.27	2.26	11.86	-9.48
Return on Assets	%	2.97	0.92	2.50	7.81	-2.38
<b>Debt/Safety Ratios</b>						
Net Debt/Equity	%	23.23	27.65	24.97	32.25	56.90
Interest Cover	x	3.18	1.37	0.38	2.11	0.75
<b>No Substantial Shareholders</b>						

Balance Sheet (\$M)					
	2018A	2019A	2020A	2021A	2022A
Cash & Equivalent	87	89	138	98	97
Receivables	253	257	196	183	268
Inventories	82	100	94	103	109
Other Current Assets	59	26	63	33	38
<b>Current Assets</b>	<b>481</b>	<b>472</b>	<b>491</b>	<b>417</b>	<b>512</b>
Prop. Plant & Equipment	230	236	238	222	226
Intangibles	1,055	798	962	636	428
Other Non-Current Assets	59	26	63	33	38
<b>Non-Current Assets</b>	<b>1,350</b>	<b>1,164</b>	<b>1,334</b>	<b>1,047</b>	<b>776</b>
<b>Total Assets</b>	<b>1,831</b>	<b>1,636</b>	<b>1,825</b>	<b>1,463</b>	<b>1,288</b>
Interest Bearing Debt	374	369	398	347	414
Other Liabilities	221	253	385	345	317
<b>Total Liabilities</b>	<b>595</b>	<b>622</b>	<b>783</b>	<b>692</b>	<b>731</b>
Net Assets	1,235	1,014	1,042	772	557
Share Capital	1,132	1,140	1,239	1,239	1,239
Reserves	71	125	150	89	149
Retained Earnings	24	-257	-351	-559	-822
Outside Equity Int.	9	6	5	3	-8
<b>Total Shareholders Equity</b>	<b>1,235</b>	<b>1,014</b>	<b>1,042</b>	<b>772</b>	<b>557</b>



**Principals & Directors**

**Principals**  
Company Secretary Ms Laura Loftus

**Directors**  
Mr Frank Condella(Non-Executive Director,Non-Executive Chairman)  
Professor Bruce Gregory Robinson(Non-Executive Director)  
Mr Patrick J Blake(Non-Executive Director)  
Ms Ann Custin(Non-Executive Director)  
Dr Carolyn Myers(Non-Executive Director)  
Dr Kathryn MacFarlane(Non-Executive Director)  
Mr David Petrie(Non-Executive Director)  
Mr Shawn Patrick O'Brien(Chief Executive Officer,Managing Director)

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