Medivir

Corporate Presentation
Carnegie Healthcare Seminar, 2016

MEDIVIR

A research-based pharmaceutical company focused on infectious diseases and oncology

Balanced platform of innovation and revenue generation

Locations and personnel

- Headquarters in Stockholm, Sweden
- Around 130 employees, 75% of which are in R&D

Innovation

Discovery Research and Development

- Leading competence in protease inhibitor design and nucleot(s)ide science
- Focus on infectious diseases and oncology
- Pipeline breadth from discovery to early development
- Strong R&D infrastructure and competence

Revenue generation

Global Partnerships

- Successfully developed 2 pharmaceuticals that have been approved and launched in key markets
  - Xerclear® / Zoviduo®
    (GSK EU; Meda North America)
  - OLYSIO® (Simeprevir)
    (Janssen; Global Sales of USD 2.3 Billion in 2014)

Nordic Commercial Operations

- ***Innovative Specialty Care Portfolio***
  - Two innovative specialty care products, Olysio® and Adasuve®, launched in the Nordics
  - Experienced and specialized commercial organization
- ***Nordic Brands***
  - 13 Rx pharmaceuticals with stable revenue and earnings generation through efficient organization

Ability to invest in innovation for sustainable value creation

- Strong financial position: Market cap of 1.6 BSEK, ~1,078 MSEK in cash by end of Q4 2015
- More diversified shareholder base with 43% international shareholders

Key milestones 2015

- ✓ The new focus area oncology delivers its first internal cancer project within Hepatocellular Carcinoma (liver cancer)
- ✓ 600m SEK was distributed to the sharesholders
- ✓ Declining royalty revenue of OLYSIO® driven by global launches of competitive products
- ✓ Continued development of simeprevir in different combination studies by our partner Janssen
- ✓ A more efficient, flexible and focused organsiation was created through changes in the management team, R&D and the Commercial organisation
- ✓ Started a phase IIa trial with MIV-711 in osteoarthritis patients in the beginning of 2016

Financial summary

Summary of Group´s figures (SEK m)	Q4		Full Year	
	2015	2014	2015	2014
Net turnover	84.7	377.0	657.9	1 767.0
Gross profit	60.7	324.5	548.6	1 593.0
EBITDA	-35.9	214.9	115.0	1 221.9
Operation profit (EBIT)	-44.5	206.5	114.8	1 188.7
Profit/loss before tax	-53.1	204.3	102.0	1 192.7
Profit/loss after tax	-45.2	147.3	75.1	1 132.7
Operating margin, %	-52.5%	54.8%	17.4%	67.3%
Basic earnings per share	-1.56	4.71	2.59	36.24
Diluted earnings per share	-1.54	4.67	2.56	35.90
Net worth per share	53.8	63.4	53.8	63.4
Return on Equity	-3.6%	10.7%	5.9%	84.1%
Cash flow from operating activites	-37.6	507.9	307.4	1 011.9
Liquid assets and ST investments	1 077.9	1 395.6	1 077.9	1 395.6
R&D spending/total opex, %	66.9%	64.7%	64.2%	60.8%

2015 Net turnover

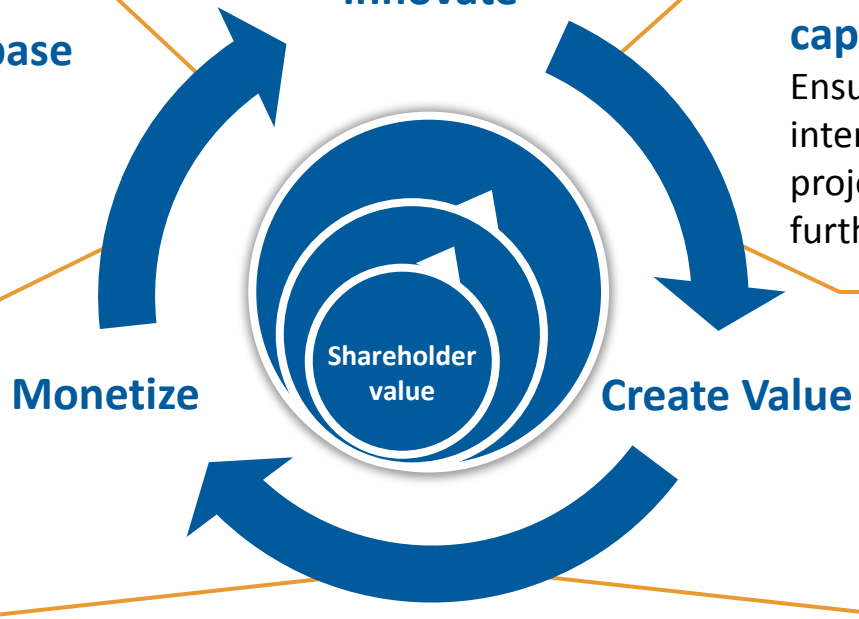
- Net turnover totalled SEK 658m (1 767m), of which SEK 419m (1 399m) comprised royalties for simeprevir.
- Revenue from Medivir's own pharmaceutical sales totalled SEK 237m (367m), of which SEK 53m (186m) derived from sales of OLYSIO® and SEK 184m (180) from sales of other pharmaceuticals.

Key figures

- Operational profit (EBIT) was 115m (1 189)
- The profit after tax was SEK 75m (1 133m)
- The cash flow from operating activities amounted to SEK 307m (1 012m)

Sustainable value creation

Invest capital responsibly and attract diversified shareholder base
Reinvest in continuous innovation and operate efficiently



Strengthen the R&D pipeline and capture more of its value
Ensure a continuous flow of external and internal innovation and value creating projects and advance selected projects further

Capitalize on commercial platform in the Nordics
Further expand Innovative Specialty Care Portfolio and increase commercial focus

Generate diversified revenue from global partnerships
Out-license projects from the R&D pipeline

Continuous innovation through proprietary technology platform

Proven capabilities in protease inhibitor design and nucleotide/nucleoside science

Marketed

Xerclear® / Zoviduo®
Nucleoside analogue-based treatment for labial herpes

Development Pipeline

- MIV-711: protease inhibitor for osteoarthritis
- MIV-802: nucleotide for HCV

Marketed

OLYSIO® (Simeprevir)
Protease inhibitor currently revolutionizing HCV therapy

Discovery Pipeline

- 2 projects within infectious disease
- 4 oncology projects

Innovative projects with potential for significant value creation

Project	Pre-clinical: Res.	Pre-clinical: Dev.	Clinical: Ph. I	Clinical: Ph. II
Osteoarthritis MIV-711 Cathepsin K inhibitor				
HCV infection MIV-802 HCV nucleotide NS5B polymerase inhibitor				
RSV RSV fusion protein inhibitor				
Hepatocellular Carcinoma Nucleotide polymerase inhibitor				

Market potential overview

- 250 million people worldwide estimated to suffer from knee OA in 2012
- Unmet needs in suspending disease progression & relieving pain

› ***Every 10% of the target population on the US market alone represents a potential of 600 MUSD* in annual sales***

- Nucleotides are the cornerstone of most effective drug combinations
- ***Large potential for nucleotide class; MIV-802's potential depends on future competitive landscape & development in combination with other DAAs***

- Major cause of lower respiratory tract infections and hospital visits

› ***Market potential is estimated to be 500 MUSD in annual sales*** *(based on health-care utilization by young children and elderly patients infected by RSV)*

- Liver cancer is the second leading cause of cancer-related death world-wide, and one of the fastest growing cancers in US based on incidence and mortality.

› ***Substantial opportunities for an effective liver-targeted agent in all patient segments***

* 10% market share represents 200,000 patients multiplied by an annual treatment cost of 3,000 USD/Year

Osteoarthritis is a leading cause of chronic disability

Overview

- **Progressive disorder** characterized by joint degeneration, pain and loss of function
- **Most prevalent joint disease;** up to 40% over 65 suffering from knee or hip OA
- **Current treatments are insufficient** focusing on symptom relief e.g. physiotherapeutic exercise, intra-articular corticosteroids or hyaluronic acid and analgesics/anti-inflammatory agents (NSAIDs) in connection with life-style changes
- **No effective and safe disease modifying osteoarthritic drugs** (DMOADs) are available

Key unmet needs

Suspend disease progression and relieve pain

- Prevent degradation of subchondral bone, recently recognized as a key target for OA, and cartilage
- Prevent the pain associated with the disease

A disease-modifying OA drug (DMOAD) meeting these unmet needs has great market potential based on large and growing patient population

Sources: Hunter et al, Nat Rev Rheumatol, 2014; Reginster et al, Ann Rheum Dis 2013

A potent – selective - once daily cathepsin K inhibitor

Excessive cartilage degradation *and* bone resorption are key features of osteoarthritis

Cathepsin K inhibition is expected to have joint protective effects in human OA

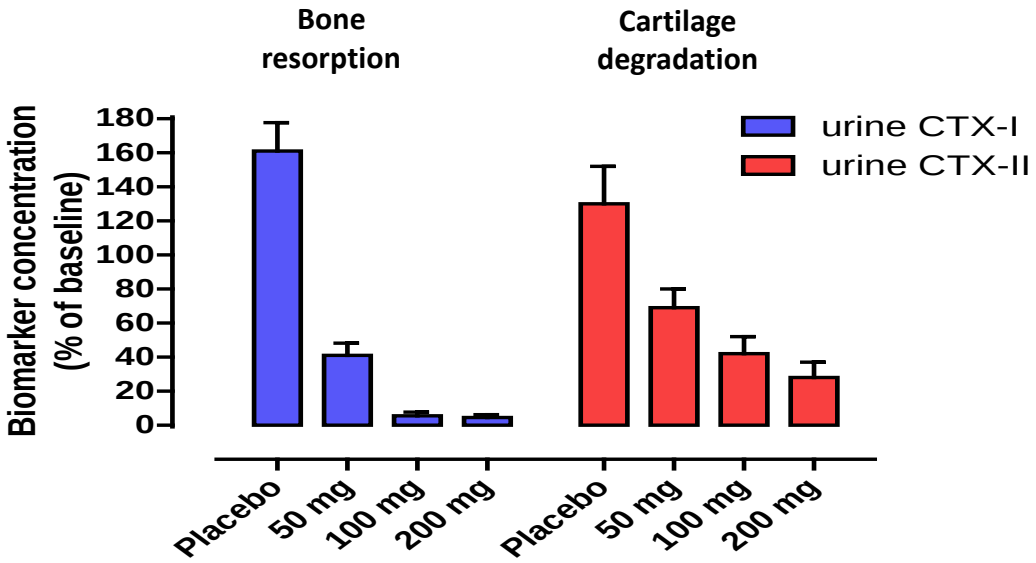
- Expressed in osteoclasts and chondrocytes and degrades both bone and cartilage collagen
- Bone-acting agents have demonstrated beneficial effects on human OA disease progression, pain and function (e.g. SEKOIA study on strontium ranelate)

Pre-clinical data with MIV-711 in OA disease models:

- Demonstrated joint protective effects on both bone and cartilage in preclinical OA models
- Paralleled by reduced biomarkers of cartilage degradation and bone resorption (up to 85%)

Clinical phase I data:

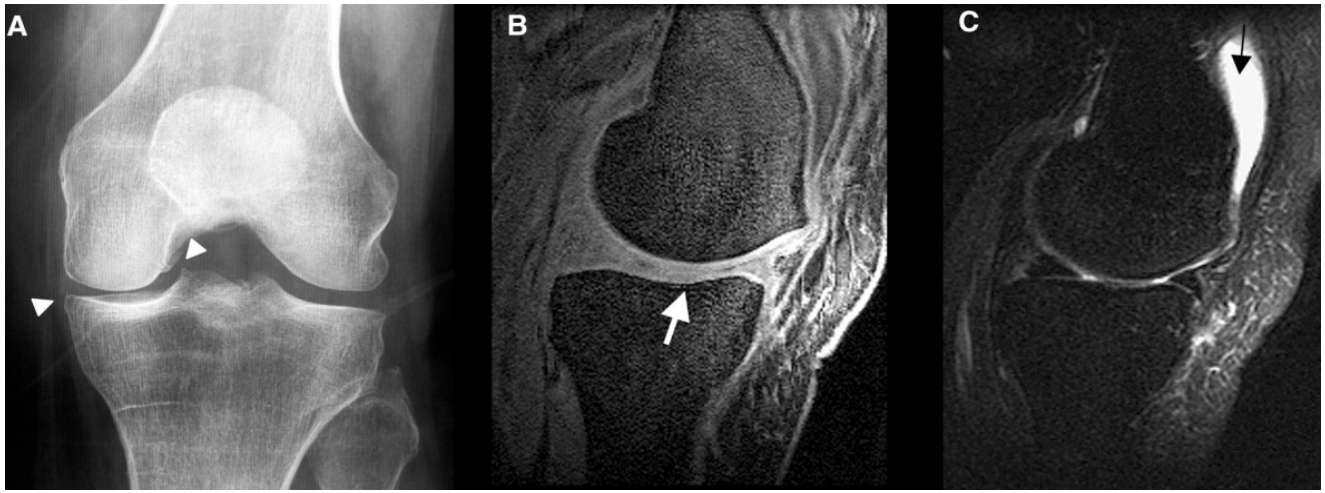
- Generally safe and well tolerated up to 28 days
- Similar dose-dependent decrease in biomarkers of cartilage degradation and bone resorption:



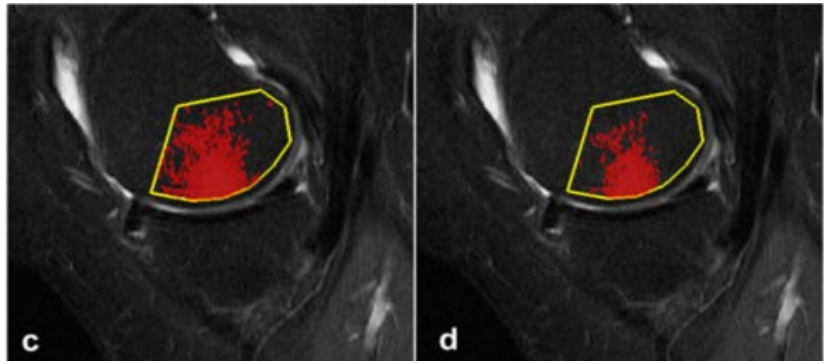
New methodologies facilitate development of disease modifiers

Improved magnetic resonance imaging technologies will shorten PoC studies

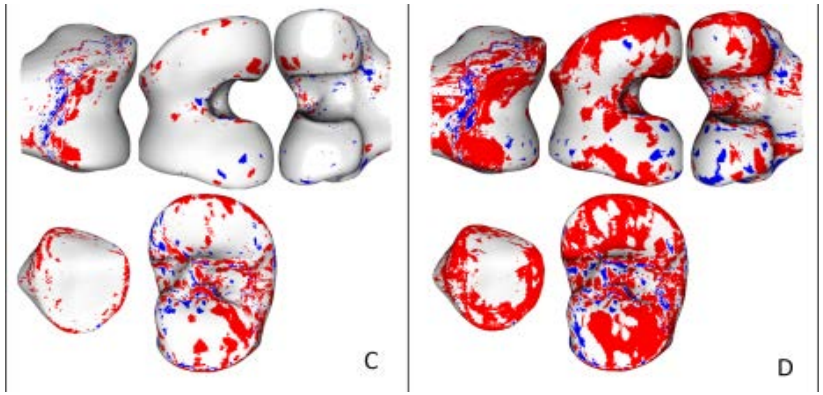
- Readily quantifies complex structures and takes 3-D surfaces into account
- Detects and quantifies soft tissue components of joint structures
- Greatly enhances sensitivity and reproducibility which facilitates new approaches such as modelling for better prediction



Picture modified from: Link TM et al., Radiology.2003 Feb;226(2):373-81



Picture modified from: Nielsen FK et al. BMC Musculoskeletal Disorders 2014, 15:447



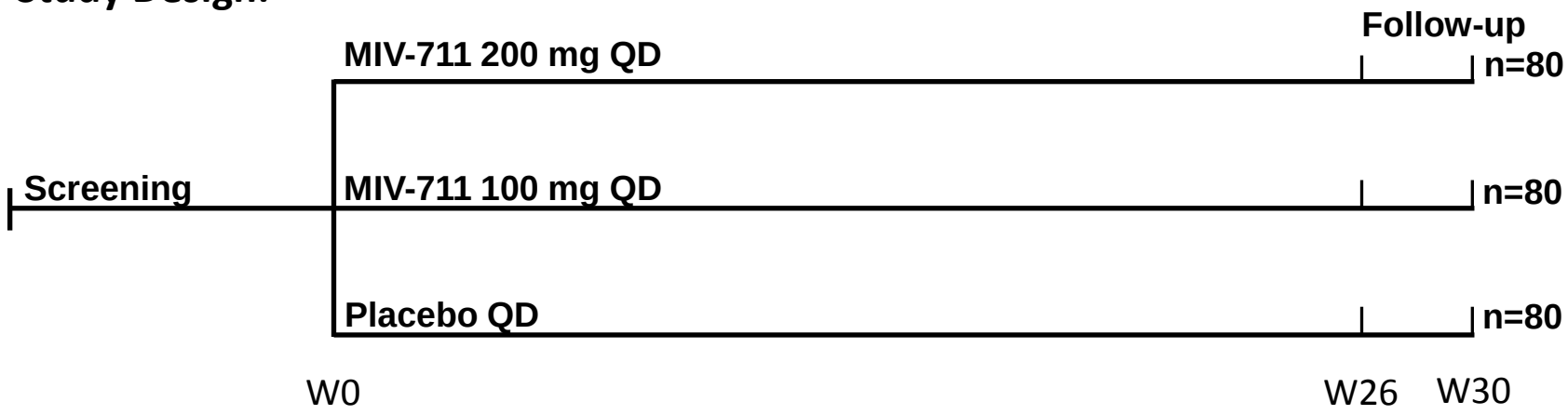
Picture modified from: Bowes MA, et al. Ann Rheum Dis 2015;74:519–525

Phase IIa study design

MIV-711-201:

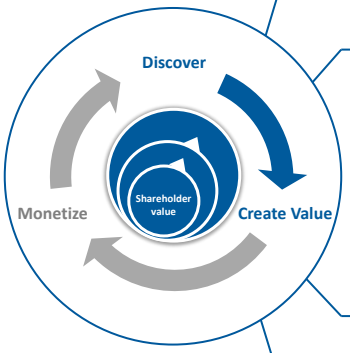
A Randomized, Double-blind Placebo-controlled phase IIa Study to Evaluate Efficacy, Safety and Tolerability of MIV-711 in Knee Joint Osteoarthritis (EudraCT Number: 2015-003230-26)

Study Design:



Population: Patients with moderate knee OA and chronic pain
Countries: Six European countries
First patient in: Q1 2016
Expected final data: Q3 2017

Four part strategy to strengthen the R&D pipeline and capture more of its value



1 Advance proprietary discovery projects

2 Broaden and diversify pipeline from external sources

3 Optimize value creation for out-licensing

4 Progress out-licensed projects

Reinvest in continuous innovation and secure efficient operations

	Strategic transactions *creating longer-term independent growth opportunities*	Operational efficiency *ensuring prudent use of our cash*
R&D *Focus on infectious disease and oncology*	• Bolster pipeline by adding novel assets and complementary technology platform(s) 	• Harness in-house development expertise and ensure access to external expertise • Out-source when relevant to secure flexibility, speed and quality • Run multiple projects and development steps in parallel
Nordic Commercial Operations	• In-licensing / acquiring products to our specialty care portfolio 	• Leverage market insights in development and in discussions with partners • Capture synergies between Nordic Brands and Innovative Specialty Care portfolio

Medivir has the platform for sustainable value creation

- **R&D capabilities and financial resources to continue to innovate** within our focus areas infectious disease and oncology
- **End-to-end ability to drive multiple projects in parallel** from discovery through clinical proof of concept
- **Attractive partner** for in- and out-licensing
- Proven **ability to monetize** (projects into partnerships)
- **Commercial strength in the Nordics** to launch and market specialty care products
- **More diversified shareholder base** as success has increased interest from international investors

Path to Long-term Value Creation

Strengthen the R&D pipeline and capture more of its value

Ensure a continuous flow of external and internal innovation and value creating projects and advance selected projects further. Four part approach:

1. Advance proprietary discovery projects
2. Broaden and diversify pipeline from external sources
3. Optimize value creation for out-licensing
4. Progress out-licensed projects

Accomplished

- ☑ MIV-711 phase IIa study initiation
- ☑ First in vivo efficacy studies with advanced leads from HCC nuc project in progress
- ☑ MIV-802 IND-enabling toxicology study completion
- ☑ MIV-711 phase IIa study – first patient in (1Q16

Upcoming Milestones

- ☐ HCC nuc - IND-enabling tox studies initiation (4Q16)
- ☐ RSV – IND-enabling tox studies initiation (1H17)
- ☐ External transaction(s) (including potential acquisitions)
- ☐ MIV-711 phase IIa study – extension trial (Q416)

Generate diversified revenue from global partnerships

Out-license projects from the R&D

- ☑ Janssen started simeprevir-based 3DAA combination Phase I study

- ☐ Janssen simeprevir-based 3DAA Phase II study completion (3Q16)
- ☐ Partnering discussions for MIV-802

Capitalize on commercial platform in the Nordics

Expand Innovative Specialty Care Portfolio through in-licensing

- ☑ Olysio launched
- ☑ Adasuve in-licensed and launched

- ☐ In-license products for Nordic commercialization

Invest capital responsibly and attract diversified shareholder base

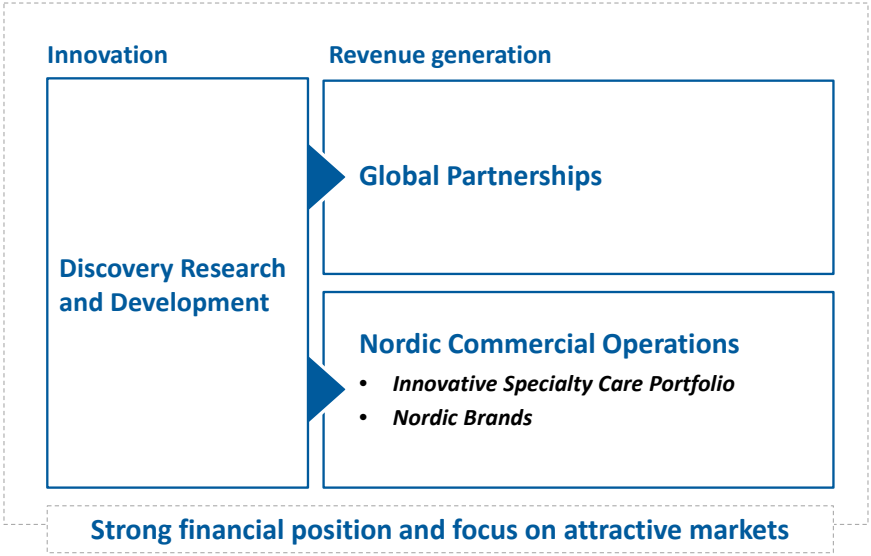
Reinvest in continuous innovation and operate efficiently

- ☑ Price increases on Nordic Brands implemented
- ☑ Increased cost flexibility through GVK collaboration
- ☑ International ownership increased from 28% to 43% in 2015

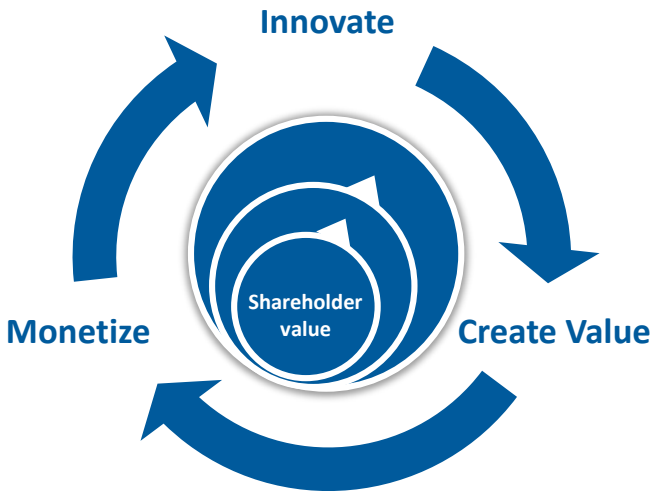
- ☐ Continued gross margin improvements in Nordic Brands
- ☐ G&A cost efficiency from full year effect of organizational changes

To summarize, Medivir is in a strong position to continue to discover, develop and capitalize on investments in innovation

Medivir has the platform for sustainable value creation…



…and will utilize proven track-record to further build shareholder value



Take advantage of Medivir's history of bringing valuable drugs from bench to bedside

Q&A