

Active research delivers results: Mayne Pharma Group Limited



About the stock

Mayne Pharma Group Limited (Mayne Pharma) is an ASX-listed specialty pharmaceutical company that develops and manufactures branded and generic products, which it distributes globally; either directly or through distribution partners and also provides contract development and manufacturing services.

Mayne Pharma has a 30-year track record of innovation and success in developing new oral drug delivery systems and these technologies have been successfully commercialised in numerous products that have been marketed around the world.

Mayne Pharma has two drug development and manufacturing facilities based in Salisbury, Australia and Greenville, USA with expertise in formulating complex oral dose forms including highly potent compounds, controlled substances, modified release products and inherently unstable compounds.



Mayne Pharma CEO Scott Richards

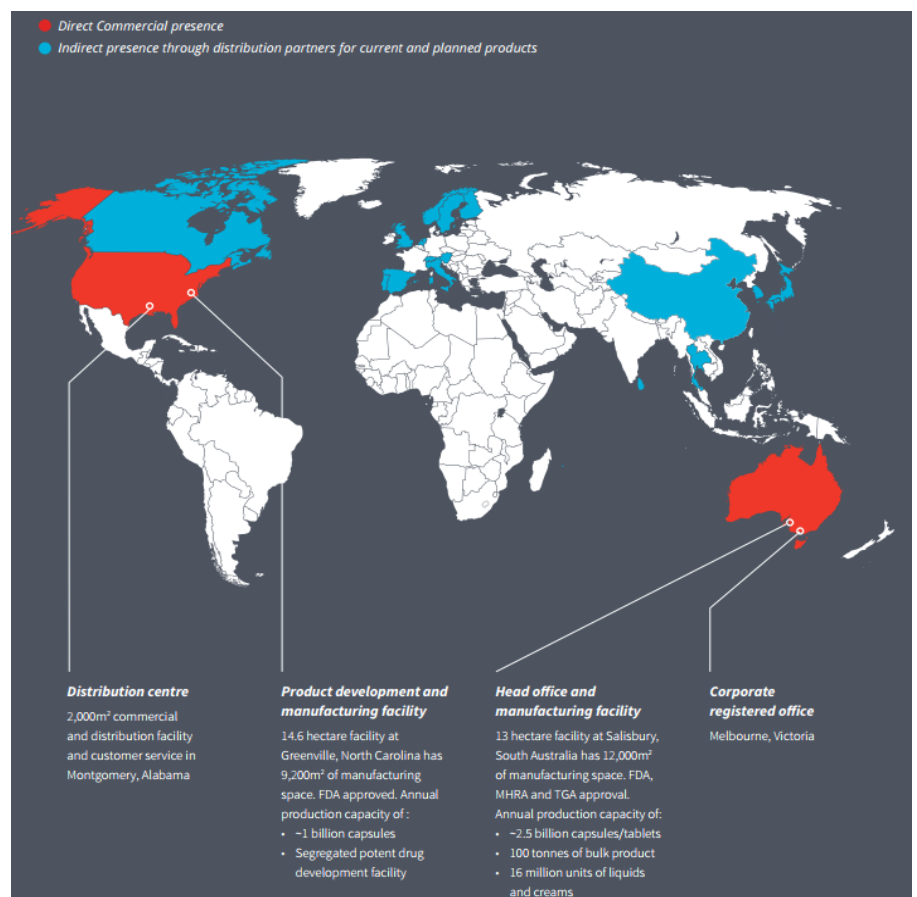
Mayne Pharma in brief:

Listed on ASX: June 2007

Market capitalisation: ~\$935m

Sector: Pharmaceuticals & Biotechnology

Mayne Pharma's International Footprint



Source: Mayne Pharma 2014 Annual Report

Why we took and held a position in Mayne Pharma:

- ▶ Track record of successful innovation in developing drug delivery systems
- ▶ Strong pipeline of drug development awaiting FDA approval
- ▶ Well managed company with a clear growth strategy

Adding Mayne Pharma to the Trust: Our fundamental research approach

Perennial Growth Management (Perennial Growth) first started trading in Mayne Pharma in November 2010 with a position taken in the Perennial Growth Socially Responsive Trust at a price of \$0.68. This position was based on Mayne Pharma’s long standing track record of successful innovation in developing drug delivery systems and the growth available in their strategy of the development and sale of “SuperGenerics” which are improved versions of currently marketed pharmaceuticals.

Perennial Growth subsequently took positions across all its portfolios at \$0.20 in October 2012 in the equity raising that funded Mayne Pharma’s acquisition of Metrics Inc. The acquisition significantly increased the company’s revenue and provided the platform for transformational growth opportunities in the US.

Mayne Pharma’s performance played out as per our investment thesis. Following a strong rally in the share price, Perennial Growth ended up taking some profits between \$1.01 and \$1.04 in March 2014.

In February 2015, Mayne Pharma announced the purchase of Doryx (a delayed release drug used in the treatment of severe acne) and related assets from Actavis. Mayne Pharma manufactures Doryx, while Actavis controlled the brand, distribution and marketing in the US. Activis had lost its focus on Doryx distribution and the purchase essentially brought this branded drug back in house. We expect a recovery in volumes once Mayne takes control. We participated in the associated rights issue at \$0.61, the recent historical low point in the share price. The shares re-rated strongly post this highly accretive transaction.

Mayne Pharma has a strong pipeline of drugs in development that are awaiting Food and Drug Administration (FDA) approval in the US. Mayne Pharma is a well-managed company with a clear strategy to grow its position in the manufacture and distribution of branded and generic drugs.



Source: Perennial

Signatory of:



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