

Medivir

Q2-2015 Conference call

20 August, 2015

Niklas Prager CEO
Ola Burmark CFO

The logo features the word "MEDIVIR" in a bold, blue, sans-serif font. It is enclosed within a blue rectangular frame that has a slight 3D effect, with a horizontal line extending to the right from the bottom of the frame.

MEDIVIR

A research-based
pharmaceutical company
with focus on infectious
diseases and oncology

Q2 Highlights

Strengthening of the research portfolio within oncology

- Collaboration to develop a new class of cancer drugs, initially targeting pancreatic cancer
- First cancer project derived from our own nucleotide platform, targeting hepatocellular carcinoma (HCC)

The International Liver Congress™ 2015

- Positive results for simeprevir published by Janssen
- Positive preclinical antiviral and safety profile of MIV-802 presented by Medivir

Reorganization of the Discovery Research department

- Partnership with GVK BIO in India
- Exit of the neuropathic pain area and close down of project MIV-247
- Redundancy of ten scientific staff at Medivir and SEK 8.0m in non-recurring personnel cost

Global Net Sales of OLYSIO® of USD 264m generating a royalty of SEK 166m



Progress in partnered projects after end of the quarter

Phase I clinical trial started with AL-704 (JNJ-54257099)

- Nucleotide-based NS5B polymerase inhibitor
- Sponsored by Alios Biopharma Inc, part of Janssen
- Second candidate drug under the agreement signed with Janssen in 2008 that has entered clinical development
- No milestones due for this specific stage of development

Phase I clinical trial of a triple combo including simeprevir

- To evaluate the potential effect of simeprevir and odalasvir, a NS5A inhibitor, on the pharmacokinetics of AL-335, a nucleotide-based HCV polymerase inhibitor, in healthy volunteers
- Sponsored by Alios Biopharma Inc., part of Janssen
- Open label, two-group study of simeprevir, odalasvir, and AL-335
- The primary objective is to investigate the potential effect when administered in combination

Submission of a sNDA to U.S. FDA for OLYSIO® in combination with sofosbuvir

- Janssen has submitted a supplemental New Drug Application (sNDA) to the U.S. Food and Drug Administration (FDA) to update the label for once-daily, all-oral OLYSIO® (simeprevir)

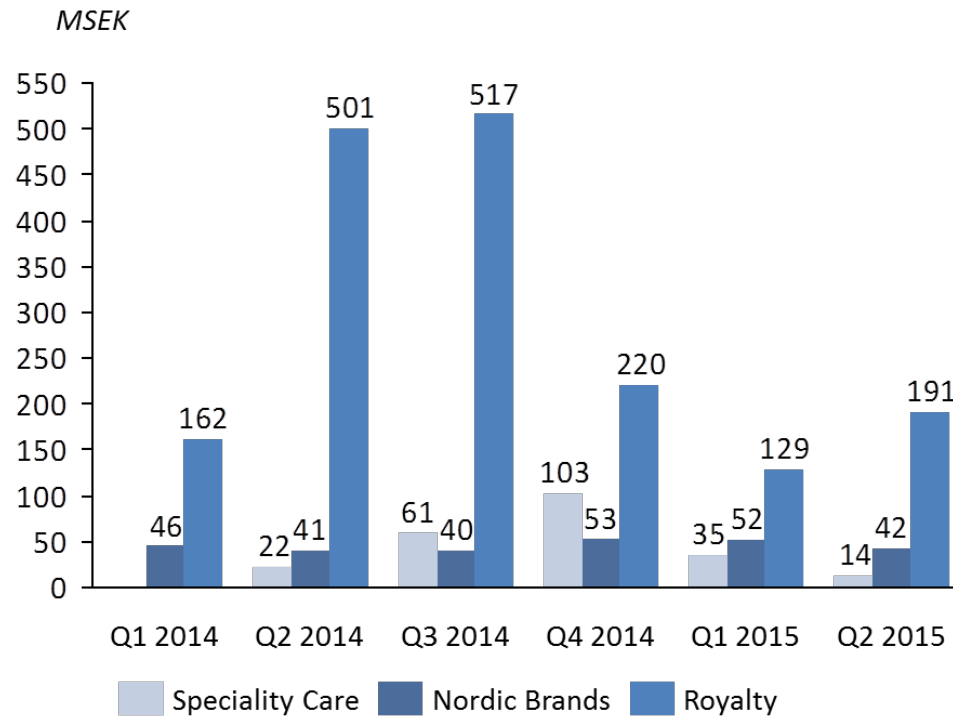


Q2 Financial summary

Summary of Group's figures (SEK m)	Q2	
	2015	2014
Net turnover	245.8	564.0
Gross profit	214.9	518.8
EBITDA	104.9	424.4
Profit/loss before tax	85.4	418.4
Profit/loss after tax	64.1	327.8
Operating margin, %	39.1%	73.7%
Basic earnings per share	2.21	10.49
Diluted earnings per share	2.19	10.28
Net worth per share	55.7	46.9
Return on Equity	5.8%	32.2%
Cash flow from operating activities	64.3	88.7
Liquid assets and ST investments	1 043.4	430.4
R&D spending/total opex, %	60.2%	62.8%

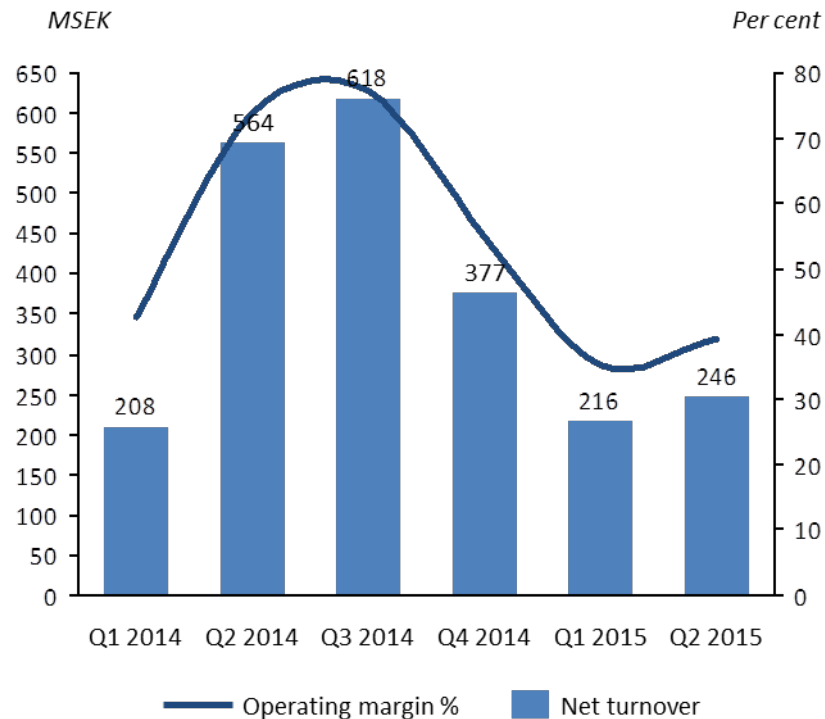
- Net turnover totalled SEK 245.8m (564.0 m), of which SEK 165.6m (500.7 m) comprised second quarter royalties for simeprevir. In addition Medivir received SEK 24.3m in royalty currency adjustment related to the previous year.
- Revenue from Medivir's own pharmaceutical sales totalled SEK 55.1m (62.9 m), of which SEK 13.2m (21.7 m) derived from sales of OLYSIO® and SEK 41.9m (41.2 m) from sales of other pharmaceuticals.
- The profit after tax was SEK 64.1m (327.8 m).
- Basic and diluted earnings per share totalled SEK 2.21 (10.49) and SEK 2.19 (10.28), respectively.
- The cash flow from operating activities amounted to SEK 64.3m (88.7 m).

Sales Break Down



- Royalty income totaled SEK 166m, a decline by SEK 335m
- Janssen’s global net sales of simeprevir amounted to USD 264m, whereof US net sales was USD 50m and RoW USD 214m
- Nordic net sales totaled SEK 51 million, where SEK 13 million derived from sales of OLYSIO®
- Nordic Brands sales of SEK 42 million represents an increase by 1.0%, driven by the strong brands Mollipect, Suscard, Paraflex and Lithionit

Operating income and margin



Gross Profit

- The gross profit amounted to SEK 214.9m, corresponding to a decrease of SEK 303.9m and equating a gross margin of 87% (92%), explained by a relative shift in revenue from royalty to pharmaceutical sales

Operating expenses

- Selling expenses increased by SEK 1.7m primarily due to an increase vs previous year in FTE's supporting the Nordic pharmaceutical sales
- Administrative expenses increased by SEK 4.4m with general lower spending but off set by a non-recurring personnel cost of SEK 8.0m
- Research and development costs increased by SEK 7.0m, primarily as a result of projects in-licensed since third quarter last year and also due to extended toxicology studies for the MIV-247 project that was closed down during the quarter
- Other operating income/expenses are negative and decreased by SEK 3.1m, largely due to exchange rate effects
- Overall, operating expenses totaled SEK -118.7m (-102.6 m), corresponding to an increase of SEK 16.1m

Operating profit

- Operating profit totaled SEK 96.1m (416.2m), corresponding to a decrease of SEK 320.1m



Research & Development



Strengthening of the Pipeline

Hepatocellular carcinoma

Hepatocellular carcinoma is the most common cancer of the liver. 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.

Nucleotides have been identified with excellent activity against a range of HCC cell lines and the required distribution properties to enable them to be delivered selectively to the liver, and efficacy studies in vivo will now be initiated.

Hepatitis C*

Our partnered project with Janssen has entered into a phase I study, a randomized, double-blind, placebo-controlled, 3-part study of orally administered AL-704 to evaluate the safety, tolerability, and pharmacokinetics of single ascending doses (Part 1) and food-effect (Part 2) in healthy volunteers, and multiple doses (7 days) in subjects with chronic hepatitis C infection of genotype 1 and 3 (Part 3). The study is sponsored by Alios, now incorporated into the Janssen group.

MIV-247

Following adverse findings in non-clinical safety studies of MIV-247, a cathepsin S inhibitor that was in preclinical development for the treatment of neuropathic pain, the development of the project was discontinued.

With this we are withdrawing from research into neuropathic pain.

Disease area/Project	Discovery	Preclinical	Phase I	Phase II
Osteoarthritis MIV-711, cathepsin K inhibitor	[Progress bar spanning Discovery, Preclinical, and Phase I]			
Hepatitis C MIV-802, nucleotide NS5B polymerase inhibitor	[Progress bar spanning Discovery and Preclinical]			
RSV infection RSV fusion protein inhibitor	[Progress bar in Discovery]			
Pancreatic cancer ADAM8 inhibitor	[Progress bar in Discovery]			
Hepatocellular carcinoma Nucleotide DNA polymerase inhibitor	[Progress bar in Discovery]			
Hepatitis C AL-704, nucleotide NS5B polymerase inhibitor*	[Progress bar spanning Discovery, Preclinical, and Phase I]			
HIV infection HIV protease inhibitor*	[Progress bar in Discovery]			

* Partner Janssen

* Event after second quarter



Nordic commercial



Q2 Nordic Sales update

Q2 sales revenue:

- SEK 51.1m
- -12% vs. Q2 '14
- -36% vs. Q1 '15

Innovative Specialty Care Portfolio

- Currently selling Adasuve® and OLYSIO®
- Retaining Nordic rights for out-licensed products
- In-license patent protected growth products

Q2 sales revenue:

- SEK 13.5m
- -38% vs. Q2 '14
- -61% vs. Q1 '15

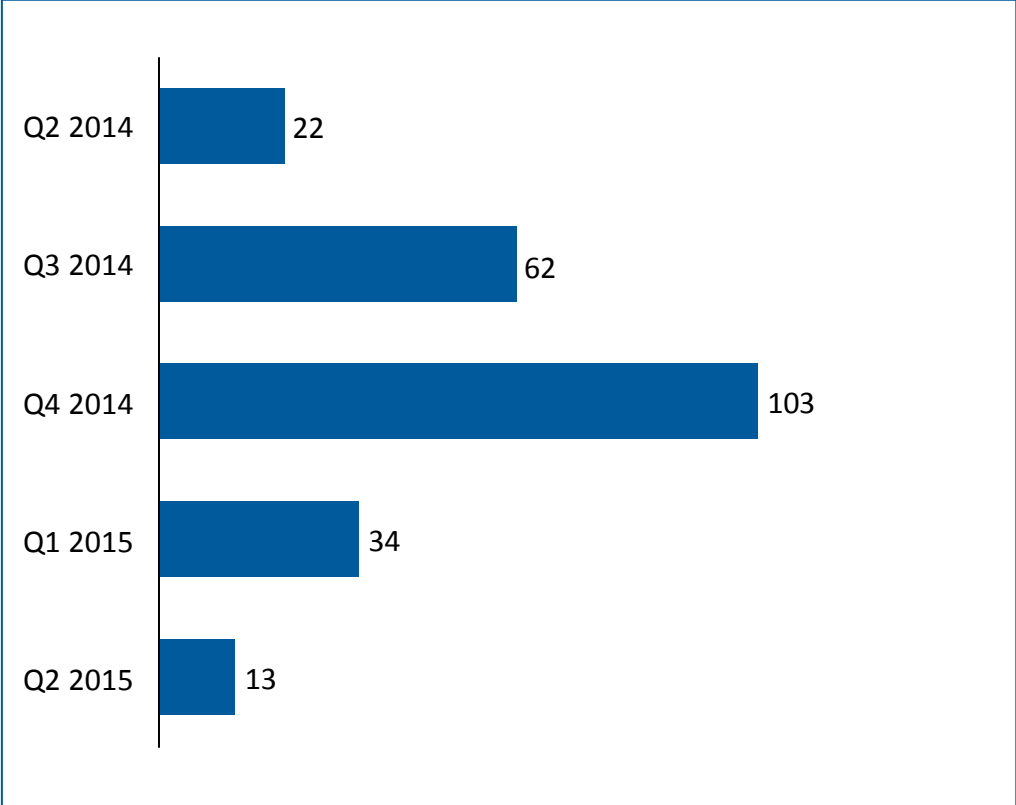
Nordic Brands

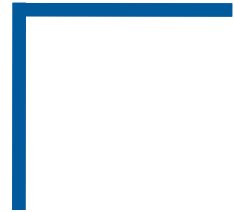
- 13 well established pharmaceuticals
- Teovent withdrawn from the market, annual sales of 1m SEK
- Continuous activities to improve gross margins further

Q2 sales revenue:

- SEK 41.6m
- +1.0% vs. Q2 '14
- -22% vs. Q1 '15

Continued drop in OLYSIO® sales

Nordic OLYSIO® Sales, (SEKm)	Nordic OLYSIO® Update												
 <table border="1"> <caption>Nordic OLYSIO® Sales (SEKm)</caption> <thead> <tr> <th>Quarter</th> <th>Sales (SEKm)</th> </tr> </thead> <tbody> <tr> <td>Q2 2014</td> <td>22</td> </tr> <tr> <td>Q3 2014</td> <td>62</td> </tr> <tr> <td>Q4 2014</td> <td>103</td> </tr> <tr> <td>Q1 2015</td> <td>34</td> </tr> <tr> <td>Q2 2015</td> <td>13</td> </tr> </tbody> </table>	Quarter	Sales (SEKm)	Q2 2014	22	Q3 2014	62	Q4 2014	103	Q1 2015	34	Q2 2015	13	<ul style="list-style-type: none"> • Q2 sales: SEK 13.2m, -61% vs. Q1 2015 • The Nordic OLYSIO® parallel trade situation is roughly net neutral • OLYSIO®- a niche position for patients difficult to treat • Decline driven by: <ul style="list-style-type: none"> -lower net sales per sold OLYSIO® pack -lower volume due to new entrants (Harvoni Q4 '14, Viekirax/Exviera Q1 '15)
Quarter	Sales (SEKm)												
Q2 2014	22												
Q3 2014	62												
Q4 2014	103												
Q1 2015	34												
Q2 2015	13												



Q&A



A blue L-shaped graphic consisting of a vertical line on the left and a horizontal line on the top, forming the top-left corner of a square.

www.medivir.com

Ticker: MVIR

Exchange: OMX / NASDAQ

For more information please contact

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