14 January 2021

Half Year trading update

Clinigen Group plc (AIM: CLIN, 'Clinigen' or the 'Group'), the global pharmaceutical Products and Services company, today provides an unaudited trading update for the six months ended 31 December 2020.

COVID-19 and UK withdrawal from the EU

- COVID-19 has continued to impact the Group's business as global healthcare networks remain primarily focused on treating the pandemic and now also the roll out of the vaccines, delaying normal hospital procedures.
- Clinigen has continued to prioritise the health and well-being of all employees whilst ensuring continued supply of products to healthcare professionals and their patients.
- Over the period end, the Group successfully implemented its 'Brexit' solution and continues to offer an uninterrupted supply of product and service to patients in both the UK and EU.

First half 2021 trading update

- Net revenues of at least £230m, representing a 4% increase on a net constant currency[1] basis and 3% on a reported basis compared to last year.
- EBITDA of at least £54m, representing a decrease of 10% on a constant currency[2] basis and a decrease of 13% on a reported basis compared to last year. As previously guided to, operational leverage has decreased in H1 given the impact of COVID-19 and expected change in sales mix.
- Prior guidance for FY 2021 organic net revenue growth remains unchanged; management continues to expect growth to be at the lower end of the 5-10% medium term range.
- Net debt as at 31 December 2020 of £352m, (£330m excl. IFRS 16 adjustment) representing leverage[3] of 2.8x, meaningfully below the Group's temporary banking covenant of 3.5x.

Reorganisation of operating structure

- Move from three divisions (Clinical Services; Unlicensed Medicines; Commercial Medicines) to two divisions: "Products" and "Services". This provides multiple benefits:
  - Aligns internal structure with the end-customer (healthcare professional or pharma company/manufacturer).
  - Improves operational effectiveness across the Group and facilitates the ability to drive more meaningful revenue synergies by 'following the molecule'.
  - Provides a more simplified business model for external stakeholders.

Shaun Chilton, Group Chief Executive Officer of Clinigen, said:

"The team has worked incredibly hard to ensure the continuation of supply of essential medicines to healthcare professionals around the world in spite of the constraints caused by COVID-19. Notwithstanding the impact of COVID-19 we have continued to deliver on our strategy in H1 as outlined by our robust top line performance.

"The reorganisation from three divisions to two has multiple benefits both internally and externally. It more intuitively aligns the structure of the Group with our end-customers, will improve operational effectiveness and drive greater synergies within and between each division, ultimately benefiting patients. We believe it will also provide investors with a more transparent and simplified business model.

"Despite the uncertainties presented by COVID-19, we remain confident in an acceleration of the business into FY22 not least given the business development wins already captured and our pipeline of new product opportunities, including Erwinase."

Operations

As stated at the Annual General Meeting, Group trading in H1 has been in line with market expectations, despite the ongoing impact from the COVID-19 pandemic, which management estimate took c5%-10% off H1 EBITDA. Trading in December was marginally weaker than management anticipated as lockdowns significantly increased across Europe, affecting normal rates of hospital procedures, and as attention of the healthcare services also turned to the roll out of the vaccines.

The Board remains optimistic for the Group's outlook notwithstanding the near-term headwinds and uncertainty caused by the pandemic. The Services division has made significant progress in creating new business opportunities. In the Products division, key asset, Proleukin continues to trend positively in the US and there is yet to be a generic Foscavir launch in either the EU or US territories.

As previously guided, net revenue growth is expected to be more materially second half weighted this year given the impact of COVID-19 and the timing of new programs ramping up alongside Proleukin shipments to key customers.

As expected, Net debt increased from £312m at June 2020 to £352m as at the end December 2020. Stronger free cash flow conversion was principally offset by the $89.5m CSM deferred consideration paid in September 2020. The Directors reiterate the aim to paydown and maintain net debt leverage[3] within a range of 1.0x to 2.0x EBITDA on an ordinary basis within 12 months.

Reorganisation of operational structure

At the upcoming half year results, the Group will change its reporting structure from three divisions to two: "Products" and "Services". The Board believes that this simpler structure better aligns the Group with its two distinct customer groups, will improve internal operational effectiveness and will be more transparent for investors.

Products will comprise Commercial Medicines and the Global Access business of Unlicensed Medicines, representing Clinigen's pharmaceutical product, international licensing and product sourcing platform aimed at servicing healthcare professionals. Products will be led by Sam Herbert who has recently joined the Group as Chief Operating Officer, supported by Benjamin Miny (previously EVP of Commercial Medicines).

Services will include Clinical Services and the Managed Access business of Unlicensed Medicines, representing the Group's high value, niche services offerings for Pharmaceutical and Biotech companies and will be led by Pete Belden (previously EVP Clinical Services).

The Group expects to publish its results for the six months ended 31 December 2020 on Tuesday 23 February 2021 and ahead of this, Clinigen will issue a reconciliation showing how recent historic trading would have been reported on the new two divisional basis.

1 Net constant currency is growth applying prior period's actual exchange rate to this period's result excluding the impact of pass through costs in the Managed Access business.

2 Constant currency is growth applying prior period's actual exchange rate to this period's result.

3 Bank covenant leverage is calculated by dividing adjusted EBITDA of the Group for the last 12 months by net debt at the period end. Adjusted EBITDA includes the EBITDA from the businesses and assets acquired during the last 12 months, including on a pro forma basis the year prior to it becoming a member of the Group.

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Notes to Editors

About Clinigen Group

Clinigen Group plc (AIM: CLIN) is a global pharmaceutical and services company with a unique combination of businesses focused on providing ethical access to medicines. Its mission is to deliver the right medicine to the right patient at the right time through three areas of global medicine supply; clinical trial, unlicensed and licensed medicines. The Group has sites in North America, Europe, Africa and Asia Pacific.

Clinigen now has over 1,150 employees across five continents in 16 countries, with supply and distribution hubs and operational centres of excellence in key long-term growth regions. The Group works with 21 of the top 25 pharmaceutical companies; interacting with over 18,000 registered users across over 115 countries, shipping approximately 6.5 million units in the year.

For more information on Clinigen, please visit www.clinigengroup.com