Acrux (ASX: ACR)

Market Update, 22 February 2012

ACRUX
DRUG DELIVERY SOLUTIONS

FORWARD-LOOKING STATEMENTS

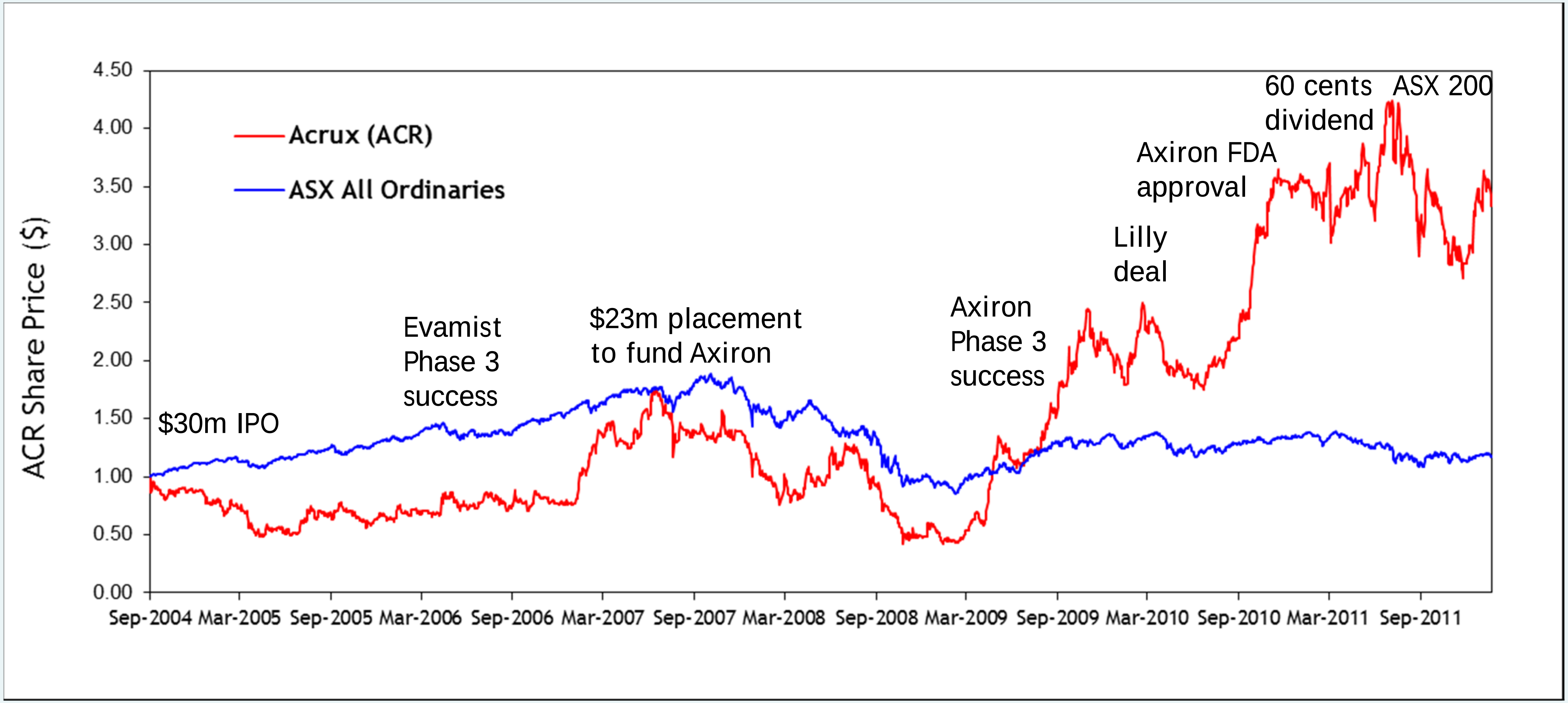
This presentation includes forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks and important factors that may cause the actual results, performance or achievements of Acrux to be materially different from the statements in this presentation.

Actual results could differ materially depending on factors such as the availability of resources, the results of clinical studies, the timing and effects of regulatory actions, the strength of competition and the effectiveness of patent protection.

ACRUX (ASX: ACR) AT A GLANCE

- Market cap ~$550m; joined S&P/ASX 200 in September 2011
- Pooled Development Fund; capital gains and dividends exempt from tax
- Unique, patented technology for delivering drugs through the skin; commercialisation through partnerships
- Key product Axiron®, partnered with Eli Lilly
  - testosterone therapy for men with hypogonadism (low testosterone)
  - US market worth ~US$1.5 billion; 21% growth in 2011
  - Axiron launched in April 2011; 11% market share after 10 months

ACR SHARE PRICE PERFORMANCE SINCE IPO



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AXIRON PARTNERSHIP WITH ELI LILLY

- Lilly receives exclusive worldwide rights to Axiron
- Acrux revenue:
  - US$50 million on signing (received 2009/10)
  - US$3 million on transfer of manufacturing assets (received 2010)
  - US$87 million on FDA marketing authorisation (received 2010/11)
  - 6 potential sales milestone payments totaling US$195 million – first expected in 2012/13
  - Royalties on worldwide sales – tiered structure with average rate increasing as sales increase

LILLY IS COMMITTED TO MEN'S HEALTH

Cialis® (tadalafil) tablets

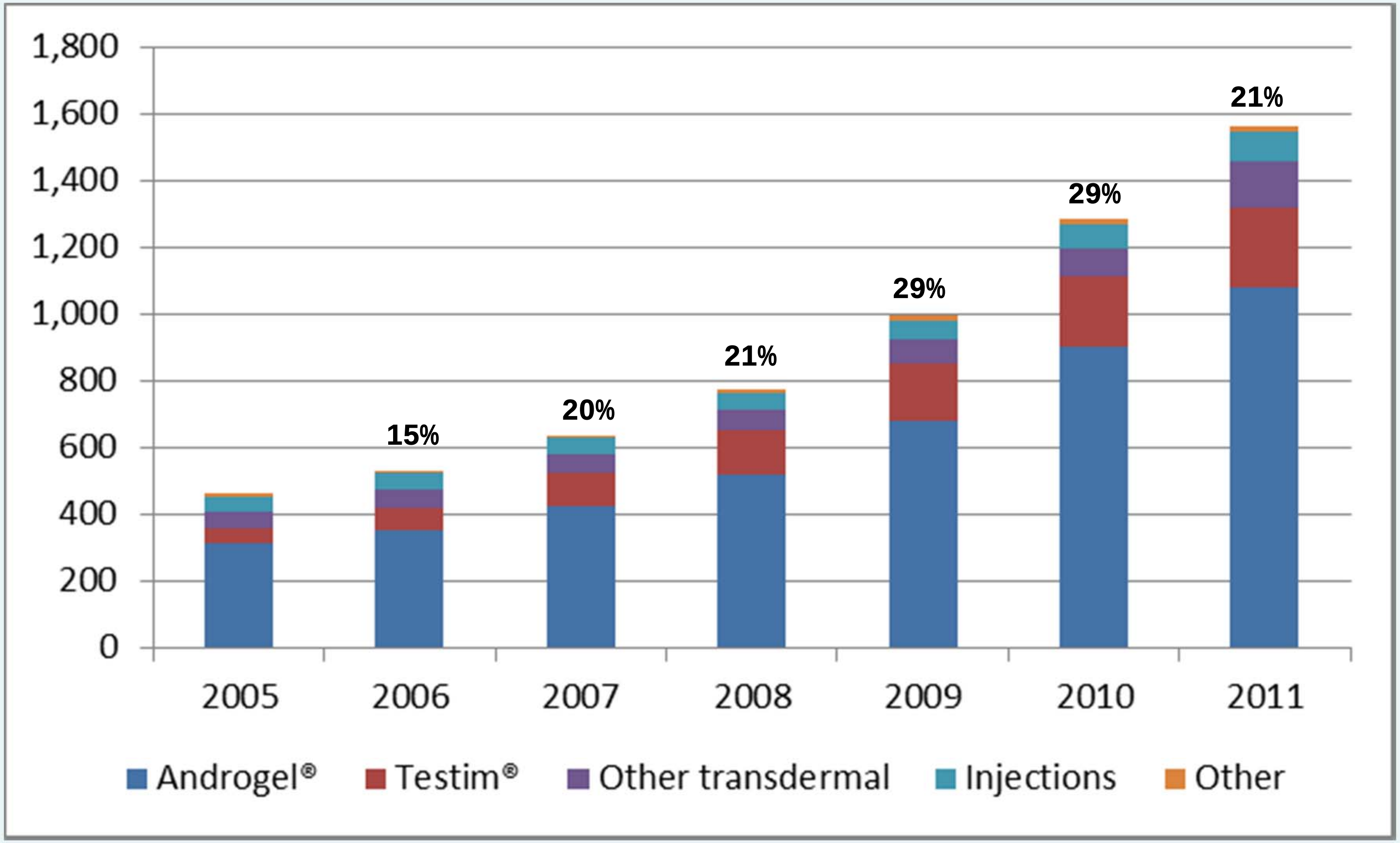
Axiron® (testosterone) topical solution CIII

- Cialis® rivals Viagra® globally as leading erectile dysfunction treatment
- Investment in promotion to specialists, primary care physicians and direct-to-consumer

TESTOSTERONE MARKET GROWTH CONTINUES

Axiron® (testosterone) topical solution CIII

Male Testosterone Therapy Market, United States 2005 to 2011 (US$million)



Source: IMS data
2011: Dec 2010 to Nov 2011

- **5 Year CAGR = 22.5%**
- **Transdermal therapies comprise 93% of sales**

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US MARKET DYNAMICS SINCE LAUNCH

Axiron®
(testosterone)
topical solution

Share of Total Prescriptions (TRx) for transdermal products in United States

	April 2011	February 2012	Change
Axiron®	-	11%	+11%
Androgel® 1%	72%	41%	-31%
Androgel® 1.62%	-	21%	+21%
Testim®	20%	19%	-1%
Androderm®	7%	5%	-2%
Fortesta®	1%	3%	+2%
Total transdermal	100%	100%	

Source: IMS data

Axiron share of New-to-Brand Prescriptions (NBRx): 22% (February 2012)

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US REIMBURSEMENT PROCESS

Axiron®
(testosterone)
topical solution CIII

- INSURANCE PLANS meet the cost of approved medicines, but require a patient CO-PAY
- The CO-PAY is determined by inclusion on a FORMULARY
- Payers may wait 9-12 months to add new products to a formulary
- While formulary access builds, co-pay cards can provide a temporary discount that reduces a patient's co-pay
- Lilly is operating a co-pay card scheme to ensure that out-of-pocket expense for patients using Axiron is similar to other testosterone therapies that currently have formulary access
- This investment reduces reported sales and royalties in the first year
- Royalties and milestone payments will be enhanced in subsequent years

EX-US MARKETS

- Lilly distributes products into 125 countries
- Lilly responsible for obtaining marketing authorisations for Axiron in ex-US countries
- Regulatory decisions on marketing applications expected in 2012:
  - Canada
  - Australia
  - Select European countries
- Ex-US markets for testosterone therapy historically underdeveloped compared to US – annual sales approximately US$200 million

PATENT PROTECTION

Formulation and delivery system
Granted major markets; expiry 2017

Underarm administration
Granted Au; expiry 2026
Other markets pending

Axiron®
(testosterone)
topical solution CIII

Applicator
Granted US; expiry 2029
Other markets pending

Composition
Granted AU, NZ, Eurasia, India, Singapore; expiry 2023

Designs
Applications pending
Anticipated expiry 2029

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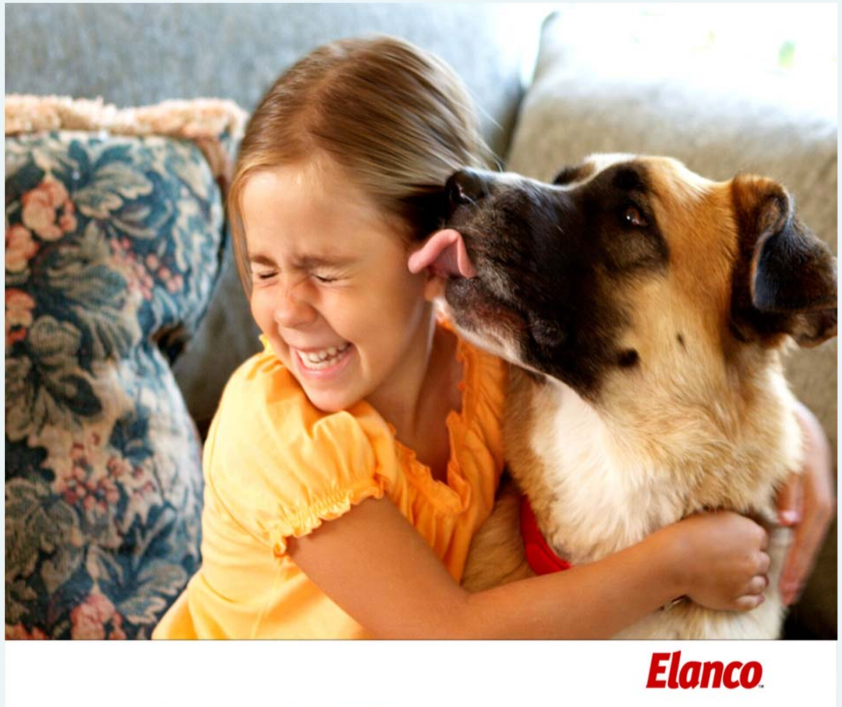
ANIMAL HEALTH

- Exclusive global licence for animal health products utilising Acrux's delivery technology
- Acrux earns royalties plus product approval milestones
- First product Recuvyra® approved for marketing in Europe – launch H1 2012
- Recuvyra under review by FDA – decision imminent
- Further products in clinical development



FINANCIALS

	FY 2009/10 Actual	FY 2010/11 Actual	**HY 2011/12 Actual**
Revenue	56m[1]	93m[2]	**4.7m**
Profit before tax	49m	82m	**1.7m**
Tax (charge)/benefit	(2m)	(25m)	**3.4m**
Profit after tax	47m	57m	**5.1m**
Earnings per share	29 cents	35 cents	**3 cents**
Dividend (tax-free)	-	60 cents	**-**
Cash	59m	33m	**28m**

[1] Included US$50m from Lilly on signing Axiron agreement
[2] Included US$87m from Lilly on FDA approval of Axiron

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OUTLOOK

- Financial guidance reaffirmed:
  - Revenue from Axiron 2011/12: US$7m – US$8m; 2012/13: approximately US$40m
  - Expenditure 2011/12: $0.5m per month, partly offset by technical services to Lilly
  - Dividend 2011/12 to be declared in August 2012
- 2012 business milestones:
  - Axiron underarm 2026 patent – United States review at advanced stage
  - Axiron marketing approvals outside United States
  - European launch and US regulatory review of Recuvyra
  - Distributor for estradiol spray in Europe
  - Technical evaluation of a product concept that is complementary to Axiron

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