



**cipher**™  
PHARMACEUTICALS

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*INSPIRE-INNOVATE-DELIVER*

Investor Presentation  
October 2015


NASDAQ: CPHR  
TSX: CPH

# Forward-looking Statements

*Statements made in this news release may be forward-looking and therefore subject to various risks and uncertainties. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "hope" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Factors that could cause results to vary include those identified in the Company's Annual Information Form, Form 40-F and other filings with Canadian and U.S. securities regulatory authorities. These factors include, but are not limited to our ability to enter into in-licensing, development, manufacturing and marketing and distribution agreements with other pharmaceutical companies and keep such agreements in effect; our dependency on three products; integration difficulties and other risks if we acquire or in-license technologies or product candidates; reliance on third parties for the marketing of our products; the product approval process is highly unpredictable; the timing of completion of clinical trials; reliance on third parties to manufacture our products; we may be subject to product liability claims; unexpected product safety or efficacy concerns may arise; generate revenue from a limited number of distribution and supply agreements; the pharmaceutical industry is highly competitive; requirements for additional capital to fund future operations; dependence on key managerial personnel and external collaborators; no assurance that we will receive regulatory approvals in the U.S., Canada or any other jurisdictions; limitations on reimbursement in the healthcare industry; limited reimbursement for products by government authorities and third-party payor policies; various laws pertaining to health care fraud and abuse; reliance on the success of strategic investments and partnerships; the publication of negative results of clinical trials; unpredictable development goals and projected time frames; rising insurance costs; ability to enforce covenants not to compete; risks associated with the industry in which it operates; foreign currency risk; the potential violation of intellectual property rights of third parties; our efforts to obtain, protect or enforce our patents and other intellectual property rights related to our products; changes in U.S., Canadian or foreign patent law; litigation in the pharmaceutical industry concerning the manufacture and supply of novel versions of existing drugs that are the subject of conflicting patent rights; inability to protect our trademarks from infringement; shareholders may be further diluted; volatility of our share price; a significant shareholder; we do not currently intend to pay dividends; and our operating results may fluctuate significantly; we may be unsuccessful in evaluating material risks involved in complete and future acquisitions; we may be unable to identify, acquire or integrate acquisition targets successfully; operations in the U.S.; and inability to meet covenants on our credit facilities. All forward-looking statements presented herein should be considered in conjunction with such filings. Except as required by Canadian or U.S. securities laws, the Company does not undertake to update any forward-looking statements; such statements speak only as of the date made.*

# 5 by 5 Growth Strategy

Next 5 years - by 2020

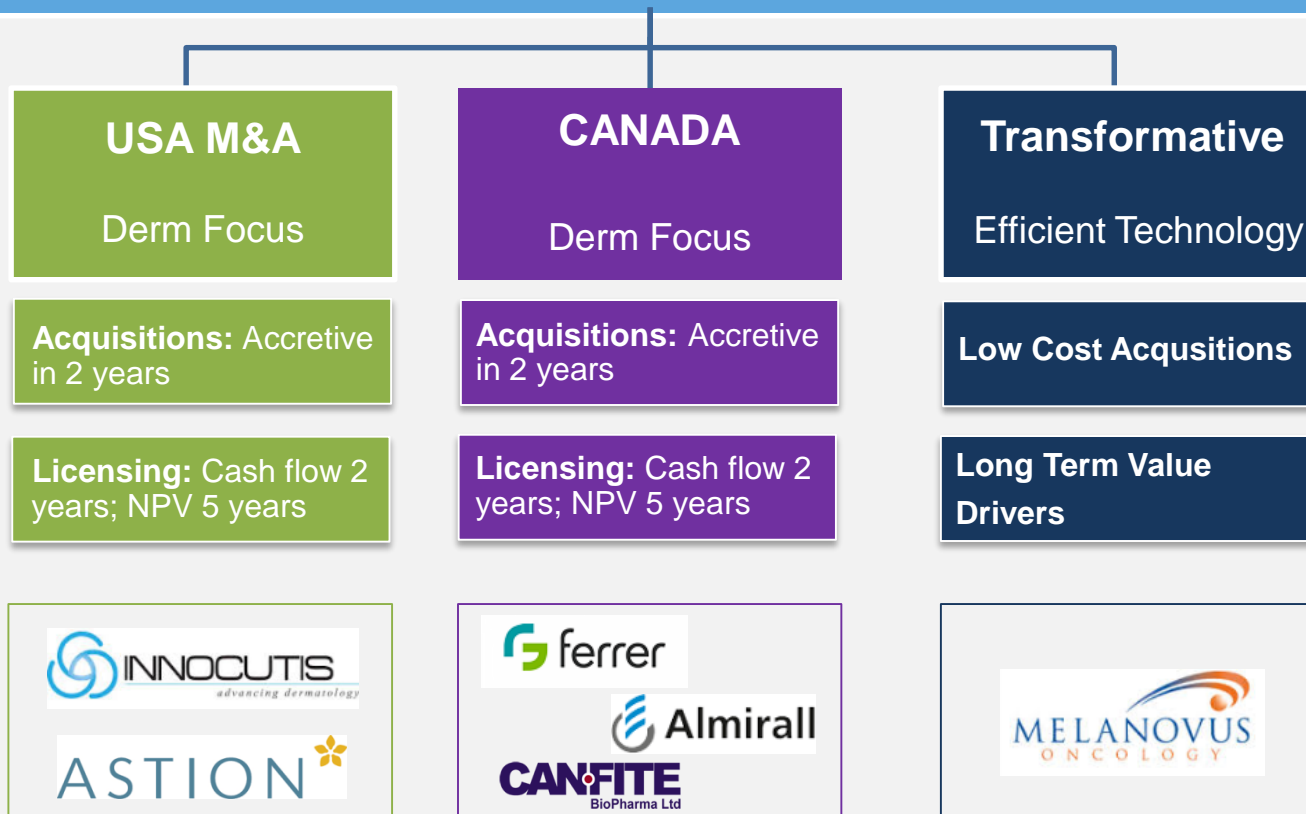
1.  North American product portfolio by 5 products,
2. Launch two new first-to-the-market products
3. Grow Canadian Dermatological business to \$50 Million
4. Grow our US Derm business to \$ 250 Million
5. Grow our Royalty stream to \$ 50 Million

....Accelerates EBITDA

Value Creation

# Executing on Our Strategy

## 3-Pronged Approach to Value Creation



# Cipher Pharmaceuticals

Providing  
innovative  
solutions for  
patients with  
skin conditions

- Specialty pharmaceutical dermatology growth company with a diversified and growing revenue streams
- Robust portfolio of commercial and late-stage products
- Established North American commercial presence
- Active M&A and product acquisition activity, supplemented by in-licensing
- Management team with proven track record of commercial and regulatory success
- 10 Consecutive quarterly and last 3 years record earnings, revenue, EBITDA & CASH

Top Performing TSX Stock 2012 to 2014

# Market Facts

	<b>Cipher Pharmaceuticals Inc.</b>
Ticker / Listing	CPH (TSX) CPHR (NASDAQ)
Market Cap	~\$128.7 million @ \$4.95 (September 30, 2015)
Shares O/S	26.0 million
52-Week Price Range	\$ 4.77 - \$ 19.52 Cdn
Headquarters	Mississauga, Ontario

# Senior Management & Board

## Management

Shawn Patrick O'Brien  
President and CEO

Norman Evans, C.A.  
CFO

Joan Chypyha  
GM & President, CIPHER Canada

Linda Angaritis  
VP, Global Regulatory Compliance  
and Quality

Louise Blythe  
VP, Regulatory Affairs

Lynne Bulger  
VP, Medical & Clinical Affairs

Lorne Markowitz  
VP, Marketing & Sales

Brian Rosenberger  
VP, Alliance & Portfolio Management

Peter Weiler  
VP, Business Development

## CIPHER US

Joe Pecora  
President & GM, USA

Mark Spina  
SVP of Finance & Treasury

Elizabeth Prout  
VP of Finance & HR

Chuck Jenkins  
VP of Marketing

Daniel Ward  
Medical Director

Mark Reed  
Director of Sales

Art Waite  
Director of Operations

## Board of Directors

Gerald McDole (Chair)

Stefan Aigner

William Claypool

John Mull

Thomas Wellner

Stephen Wiseman

# Our Core Competencies

- North American sales & marketing (US & Canada)
- Customer focus
- Commercial partnerships
- In-licensing / M&A
- Clinical Development
- Regulatory Affairs
- Supply chain management

54	Clinical trials
6	New Drug Applications
14	Licensing partners
6	Final FDA/Health Canada approvals
12	Product revenue streams

Efficient Drug Developer > 18X sales to R&D Invested



# Entrance into U.S. Commercial Dermatology Market



## Transaction Rationale

Execution of  
Company Strategy

- Establishes commercial presence in the U.S.

Adds US Commercial  
Platform

- Provides infrastructure to launch North American products
- 31 reps covering 28 states across the U.S.

Strengthens Access to  
Capital










- Partnership with leading specialty pharma financier
- Proceeds will finance Innocutis and future BD activities

# Overview



- Fully integrated US pharmaceutical company focused on dermatology
- Seven marketed products
- Experienced team with 50 employees including 31 sales reps

## Product Portfolio

Product	Indication
	Recurrent Herpes Labialis
	Nail Dystrophy
	Dermal Ulcers
	Acne
	Onychomycosis
	Keratosis
	Hyperpigmentation



# A BREAKTHROUGH SPOT TREATMENT FOR COLD SORE OUTBREAKS

**FIGHT COLD SORES BEFORE THEY START.!**

Introducing a new single-dose treatment  
 that hits the target – every time.



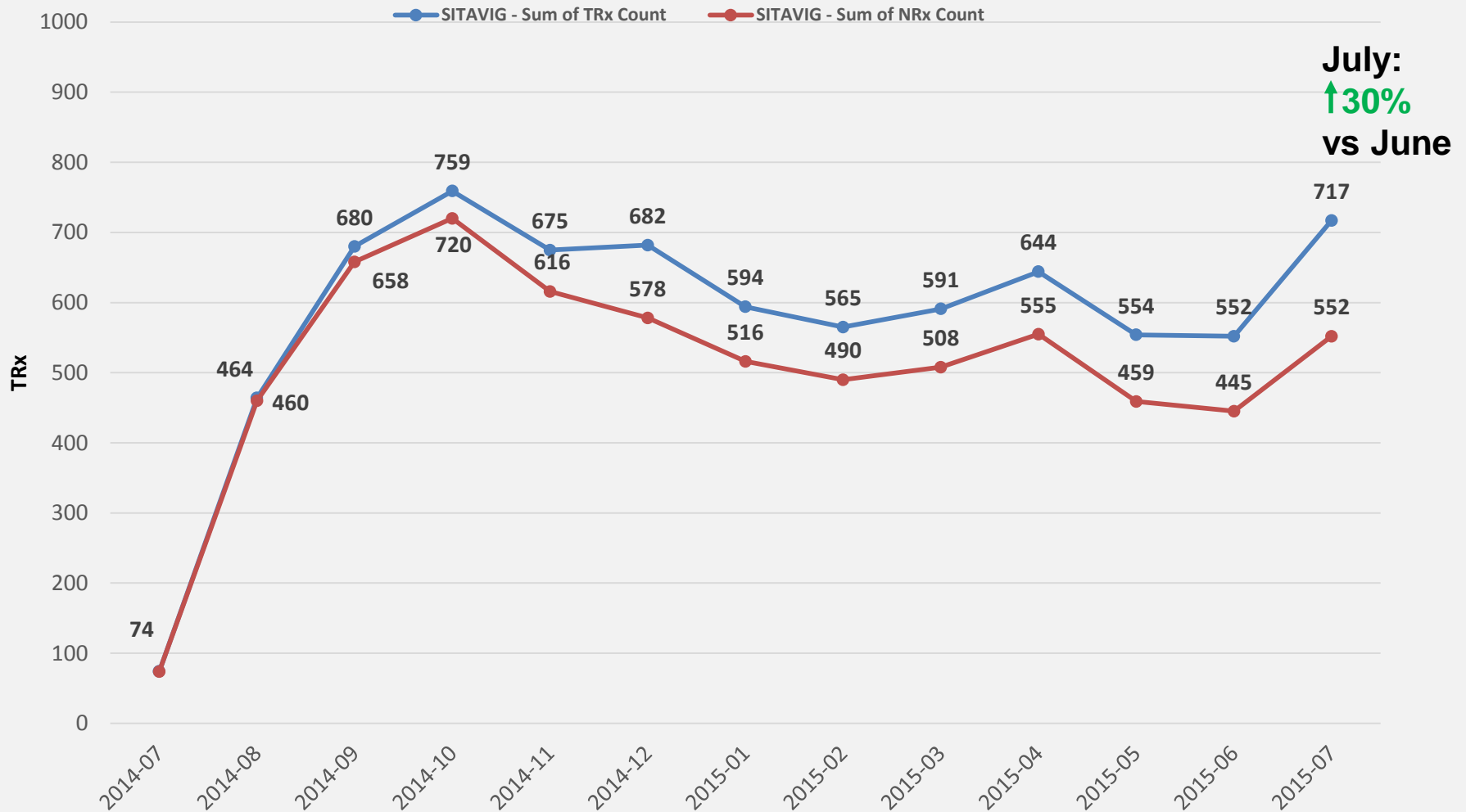
<b>Benefit</b>	Only treatment proven to reduce the occurrence of future outbreaks
<b>Territory</b>	North America
<b>Patent status</b>	Three patents with expiration in 2027 and 2030
<b>Commercial status</b>	U.S. launch Q3 2014 Canadian approval: Expected in 2016

# Sitavig<sup>®</sup> Growth Strategy

- 1 Leveraging Sitavig's clinical benefit with clear messages to prescribing dermatologists through direct sales calls and customer education
- 2 Direct-to-patient promotion to build awareness of Sitavig's superior clinical performance
  - 30,000 Sitavig flyers dispensed to 18,000 unique cold sore sufferers in six weeks
  - Dramatic increase in online searches, website "hits" and co-pay card redemptions
- 3 Implementation of managed care program that leverages Sitavig's superior clinical performance and the value to both patients and payors

Immediate impact on Sitavig prescriptions

# Sitavig<sup>®</sup> Growth Strategy Already Driving Scripts



# Expanded Product Portfolio

## Dermatology Products

**Absorica™/ Epuris®**

Severe nodular acne



**Beteflam®** (In Canadian reg.)

Plaque psoriasis

**Dermadexin™** (CE Mark)

Seborrheic dermatitis



**Pruridexin™** (in EU reg.)

Chronic pruritis

**ASF-1096** (Phase-2 )

Discoid lupus erythematosus

**Ozenoxacin** (2<sup>nd</sup> Phase-3 ongoing)

Impetigo



**Nanolipolee** (pre-IND)

Melanoma



**CF101** (Phase 3)

Severe plaque psoriasis &  
rheumatoid arthritis



**Sitavig®**

Recurrent Herpes Labialis



**Nuvail™**

Nail Dystrophy

**Bionect®**

Dermal Ulcers

**Inova®**

Acne

**CLN8™**

Mild/Moderate Onychomycosis

**Umecta®**

Keratosis

**Aclaro™**

Hyperpigmentation

**Vaniqa®**

Enzyme inhibitor for hair growth



**Actikerall®**

Hyperkeratotic actinic keratosis

## Other Products

**Lipofen®**

High cholesterol



**ConZip®/Durela®**

Once-daily treatment of moderately  
severe pain

31 US and 7 Canadian Sales Reps

# About CIP-Isotretinoin (Absorica™/Epuris®)

Indication

Severe acne

Benefit

Significantly more reliable absorption under variable dietary conditions

Territory

Americas and Pacific Rim

Patent status

4 U.S. patents issued. (Expires Sept 2021)  
Paragraph IV Certification Notice Sept 2013

Commercial status

U.S. launch Q4 2012 (Absorica™)  
Canadian launch in June 2013 (Epuris®)  
Chile expected to launch H1 2016  
Brazil expected launch Q4 2016

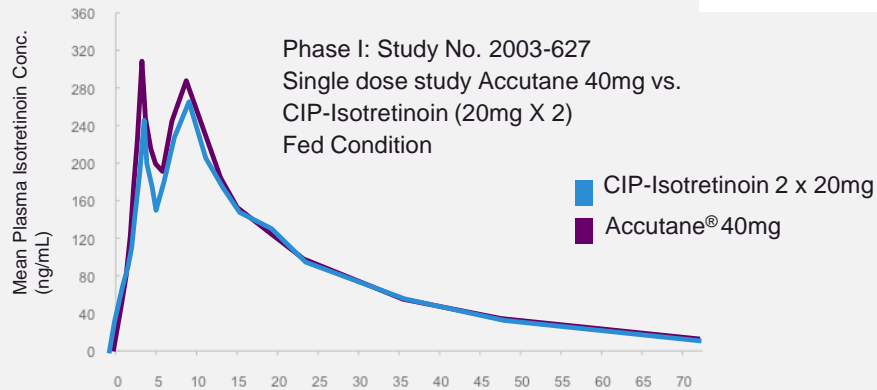
Available Strengths

10 mg, 20 mg, 25 mg\*, 30 mg, 35 mg\*, 40 mg  
\* Absorica only

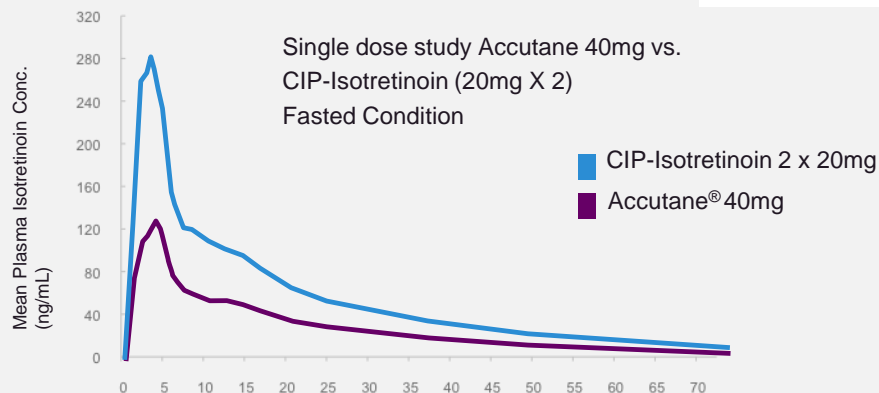


## Our formulation is best in class

### CIP-ISOTRETINOIN: Profile



### CIP-ISOTRETINOIN: Profile



FDA Package Insert

“83%

Greater absorption under  
fasted conditions

Not interchangeable

Dose without  
regard to meals”



# Absorica™ & Epuris® Market Expansion

## U.S.

- Marketing partner: Ranbaxy Pharmaceuticals
- ~50 full time dermatology reps
- Strong market penetration
- Revenue of \$5.1M for Q2 2015 compared with \$5.3M for Q2 2014
- Growing Iso Rx Market, with Rx for Absorica up 1.8% in Q2 2015 compared to Q2 2014

## Canada

- Marketed by Cipher
- Cornerstone of Canadian commercial operation
- 7 dedicated reps
- Revenue<sup>1</sup> up 77% to \$0.9M for Q2 2015 compared with \$0.5M for Q2 2014
- Market size of \$16.4 M in 2014, with Rx increasing by 9.8% by Q2 2015

## Latin America

- Will be marketed by Andrómaco in Chile
- Recently out-licensed to Ranbaxy in Brazil
- Other territories in Latin America being pursued

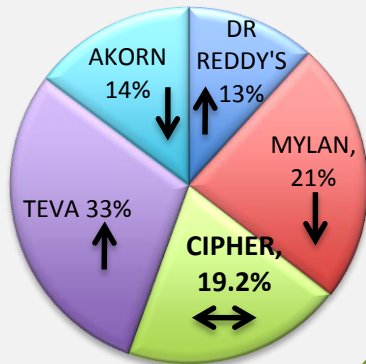
<sup>1</sup>. Cdn\$

Absorica market share holding steady in 19-20% range  
Epuris market share up to 20% in August'15 from 10% in Q2 2014

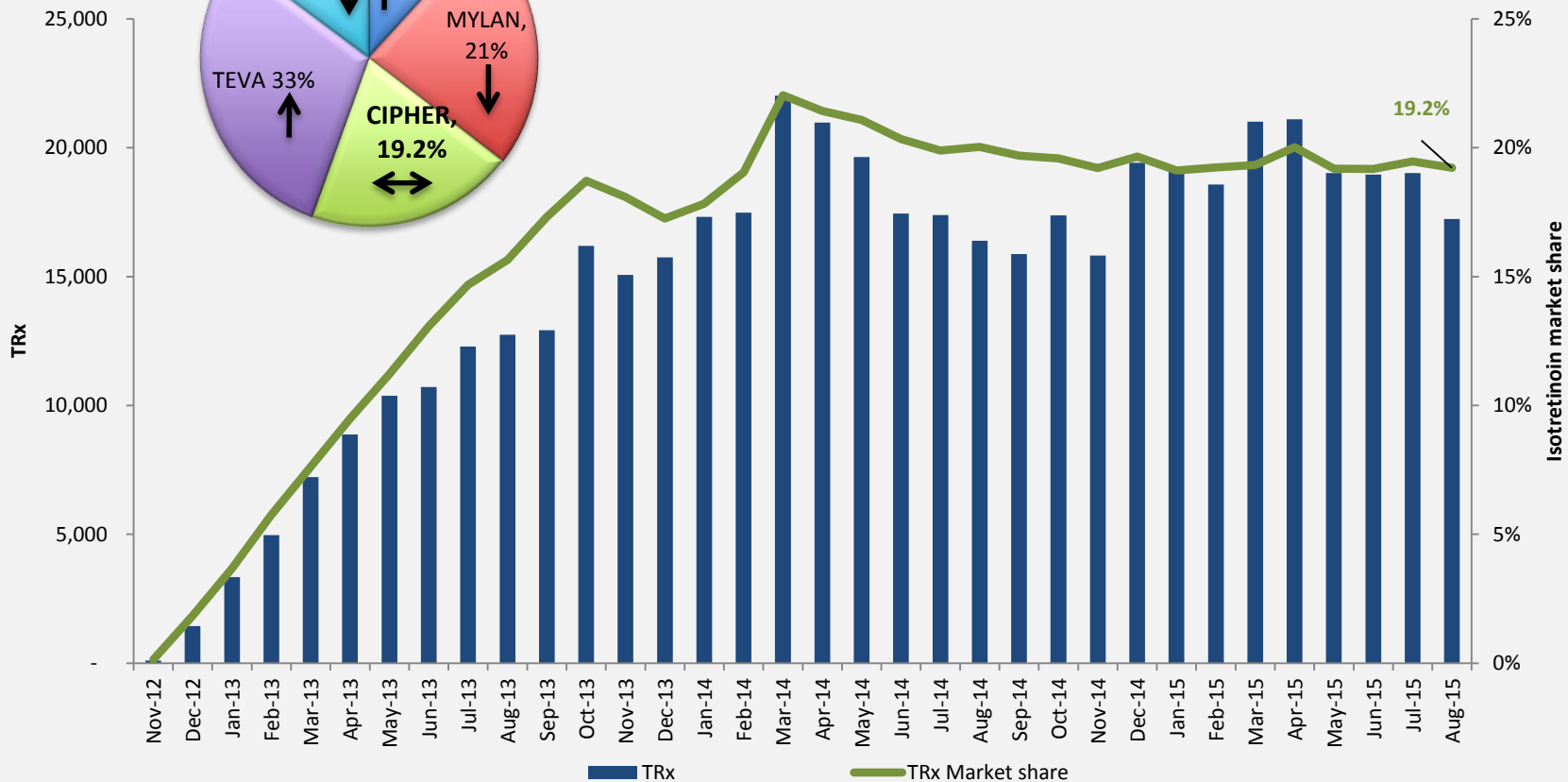
# Absorica™: Growing Market Penetration

Aug 2015 Market Share

↕↗ Trend in L6M



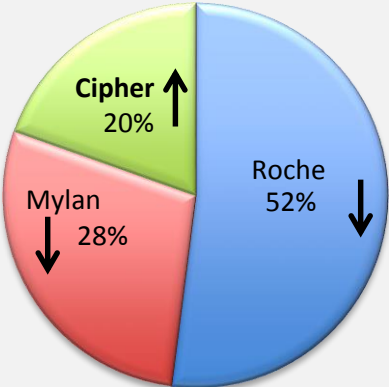
Absorica Monthly TRx



Source: IMS Health

# Epuris® : Growing Market Penetration

Aug 2015 Market Share  
Trend in L6M



Epuris Monthly TRx



# About Lipofen®



Indication

Fenofibrate formulation for high cholesterol (triglycerides)

Benefit

Optimum absorption when taken with meals

Territory

Americas & Pacific Rim

Patent status

U.S. patent issued (exp. Jan 2015)

Commercial status

U.S. launch October 2007  
Authorized Generic launched Q2 2014

Competes in US\$1.3B fenofibrate market

# Lipofen® Product Update

- Marketed by Kowa Pharmaceuticals since 2007
  - Strong presence in lipid management market with Lipofen and Livalo (pitavastatin)
  - 250+ primary care representatives
- Q2 2015 revenue of \$0.9M compared with \$1.8M for Q2 2014
- Q2 2014 elevated by higher shipments for launch of authorized generic
- Kowa reducing its commercial effort
- Authorized generic launched pre-emptively in Q2 2014
- Declining fenofibrate market
- Authorized generic has flattened the Rx decline

Product continues to perform well

# CIP-TRAMADOL ER (ConZip®/Durela®)



## Indication

Moderate to moderately severe pain (e.g. osteoarthritis)

## Benefits

Once-daily dosing  
Rapid absorption  
Reliable absorption under fed and fasted conditions

## Territory

Global

## Patent status

U.S. & Canada patents issued.  
(Exp. April 2022)

## Commercial Status

U.S. launch Q4 2011 (ConZip®) by Vertical Pharmaceuticals  
Canada launch Q2 2012 (Durela®) by Medical Futures Inc.  
LATAM – Tecnofarma – 18 countries  
Initial launch for Argentina expected Q4 2015

# ConZip®/Durela®: Product Update

## U.S.

- Marketed by Vertical Pharmaceuticals
- 75 reps
- Avista Capital invested in Vertical in Q4 2013
- Market size in 2014 exceeded US\$76M
- AG launched July 2015

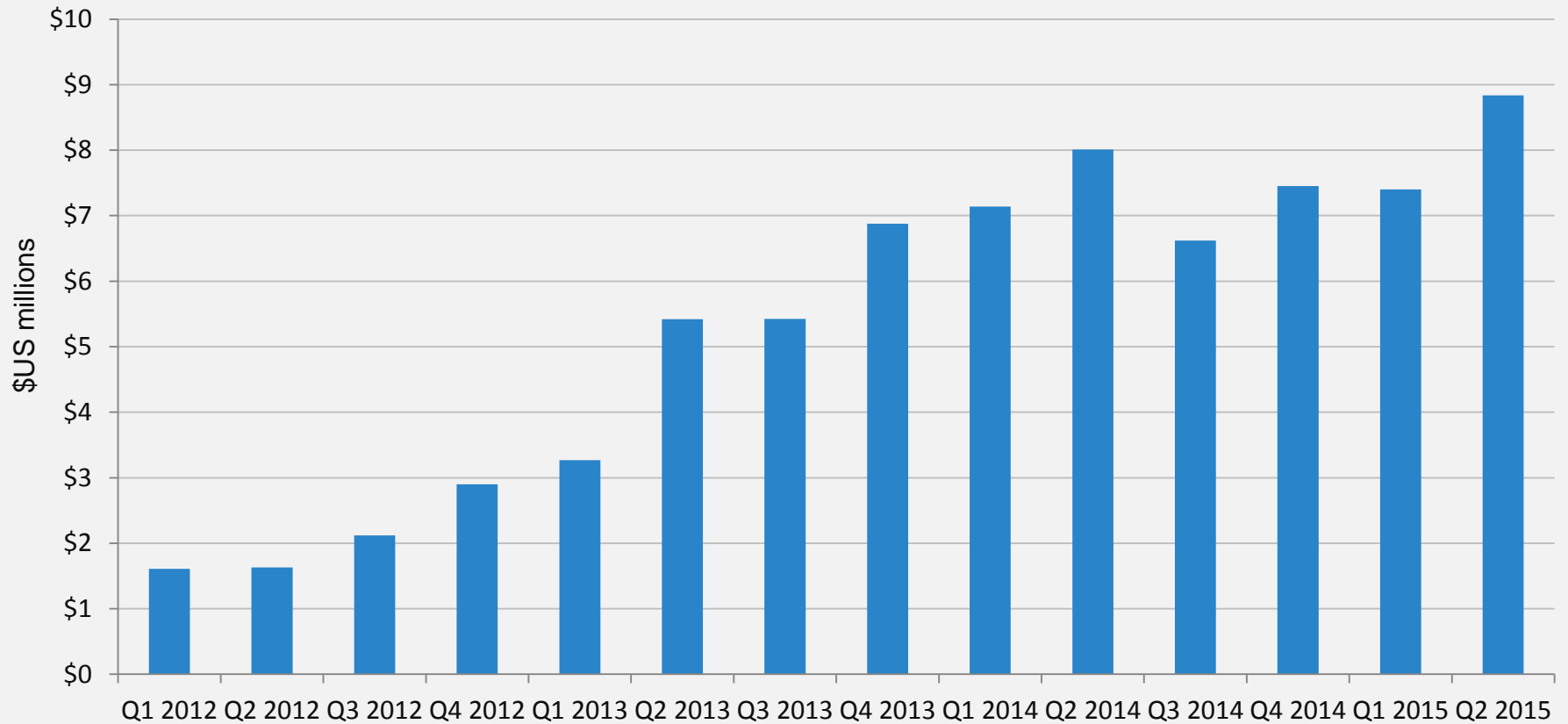
## Canada

- Marketed by Medical Futures, acquired by Tribute
- 22 reps
- P1 Position
- Q2 2015 sales increased by 20% compared to Q2 2014

## Latin America

- Will be marketed by Tecnofarma International in several jurisdictions, including Brazil and Mexico, launches starting in Q4 2015

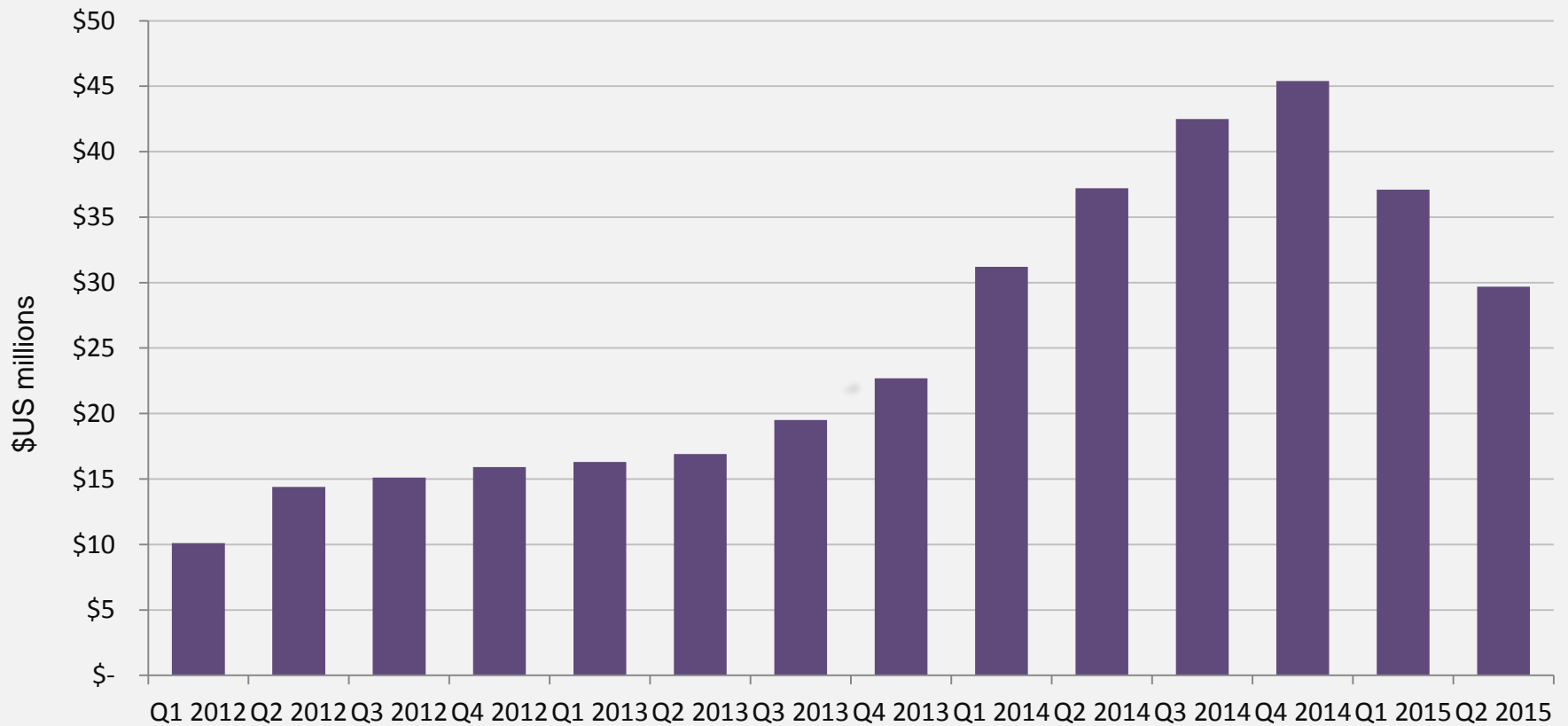
# Quarterly Revenue Growth



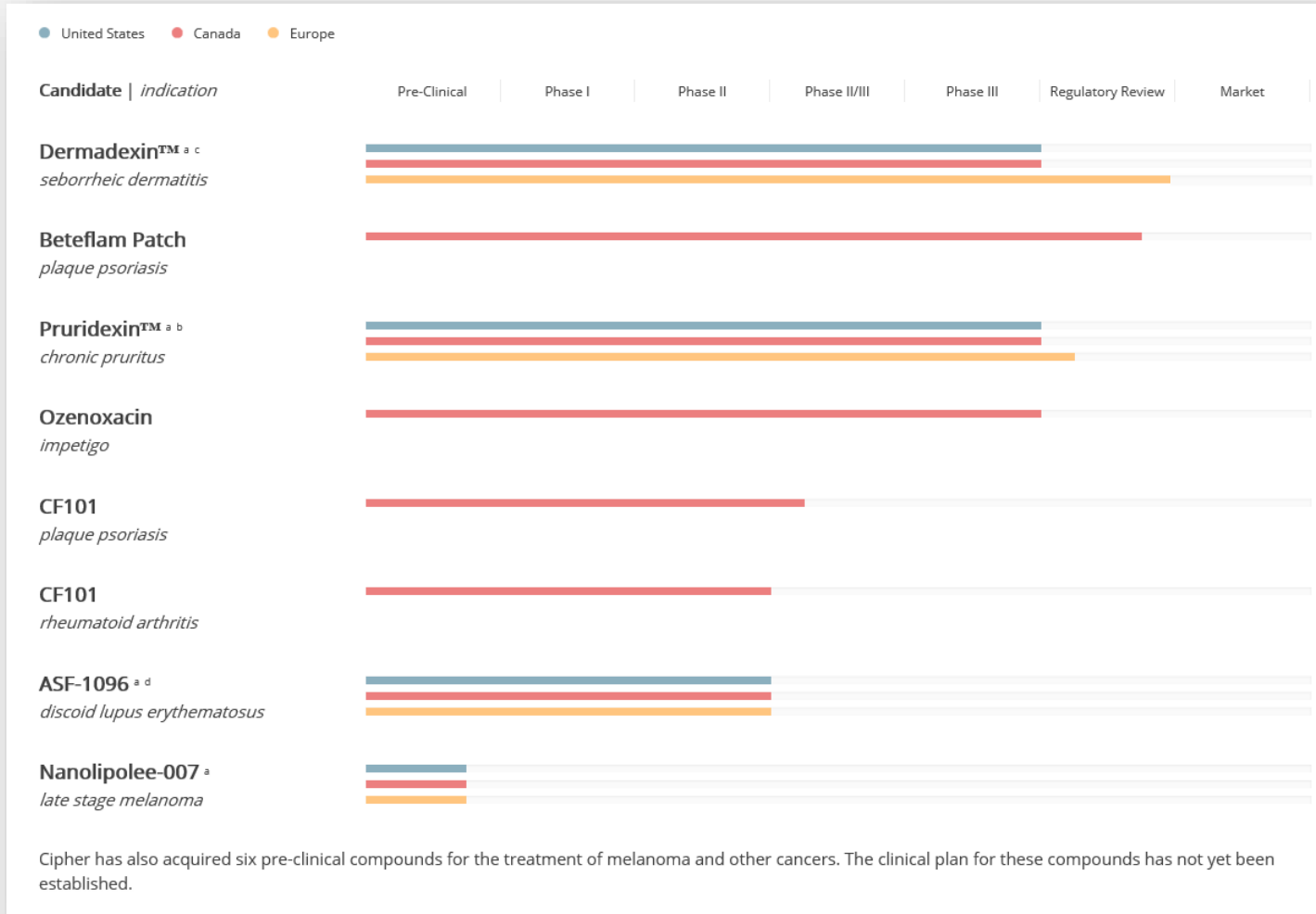
*Adjusted for one-time milestones*



# Quarterly Cash Balance




# Multi-pronged Approach to Value Creation



# 5 by 5 Growth Strategy

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Value Creation

# Cipher Investment Highlights

- ✓ Customer-focused North American Dermatology company
- ✓ Well capitalized to drive long-term, sustained earnings growth
- ✓ Commercial infrastructure to support additional in-licensing / M&A
- ✓ Seasoned management team with commercial expertise
- ✓ Diversified portfolio of commercial-stage dermatology products

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