

Project Jaguar

Presentation to the Board of Directors
August 17, 2017

Executive Summary

- Over the past year, Jaguar's share price has barely changed, falling by ~33% (~\$50) and then rising by ~50% (~\$50) to its current level of \$147.40 (there has also been little net change over the past ~3 years)
- At its current levels, Jaguar is undervalued relative to Comparable Public Companies and on an intrinsic, cash-flow basis; Precedent Transactions and Premiums also imply a much higher share price
- Jaguar's promising portfolio, pricing power, and market position could make it an attractive acquisition candidate and allow it to achieve a significantly higher valuation in a deal
- Such a strategy would allow Jaguar to maximize shareholder value, expand its geographic reach and distribution channels, and acquire more resources for future research & development and M&A activity
- Given Jaguar's unique attributes, we believe a purchase premium between 20% and 35%, implying share prices ranging from approximately \$175 to \$200, is possible
- We recommend a highly targeted process focused on the most likely ("Tier 1") potential partners, along with an outreach to Tier 2 potential partners while discussions with Tier 1 partners are ongoing

Summary of Jaguar Valuation

#1

Implied Valuation

Jaguar appears to be undervalued by 20-35%, depending on the methodology and selected year

#2

Comparable Public Companies

Despite significantly higher revenue growth, EBITDA growth, and EBITDA margins, Jaguar trades at a discount to the median EV / Revenue, EV / EBITDA, and P / E multiples of its peer companies

#3

Discounted Cash Flow (DCF) Analysis

Management forecasts indicate that Jaguar is moderately undervalued; consensus figures produce the opposite result, but all analyses exclude the value of potential synergies in an M&A deal

#4

Precedent Transactions

LTM EV / EBITDA multiples indicate an implied share price of \$240+; Premiums indicate an implied value between \$180 and \$200 per share

Operational Assumptions for Jaguar

	Management Forecast	Consensus Forecast
Xyrem Peak Sales	▪ \$3.8B in FY 22	▪ \$3.1B in FY 21
Erwinaze Peak Sales	▪ \$0.3B in FY 26	▪ \$0.3B in FY 26
Defitelio Peak Sales	▪ \$0.6B in FY 26	▪ \$0.5B in FY 26
Vyxeos and JZP-110 Sales	▪ \$1.6B total in FY 26	▪ \$1.1B total in FY 26
Operating Margins	▪ 40% declining to 25-30%	▪ 40% declining to 25-30%
WACC	▪ 10.0% declining to 7.5%	▪ 10.0% declining to 7.5%
Terminal Value	▪ 2.5% Terminal Growth Rate	▪ 2.0% Terminal Growth Rate
Implied Share Price	▪ ~\$157	▪ ~\$113

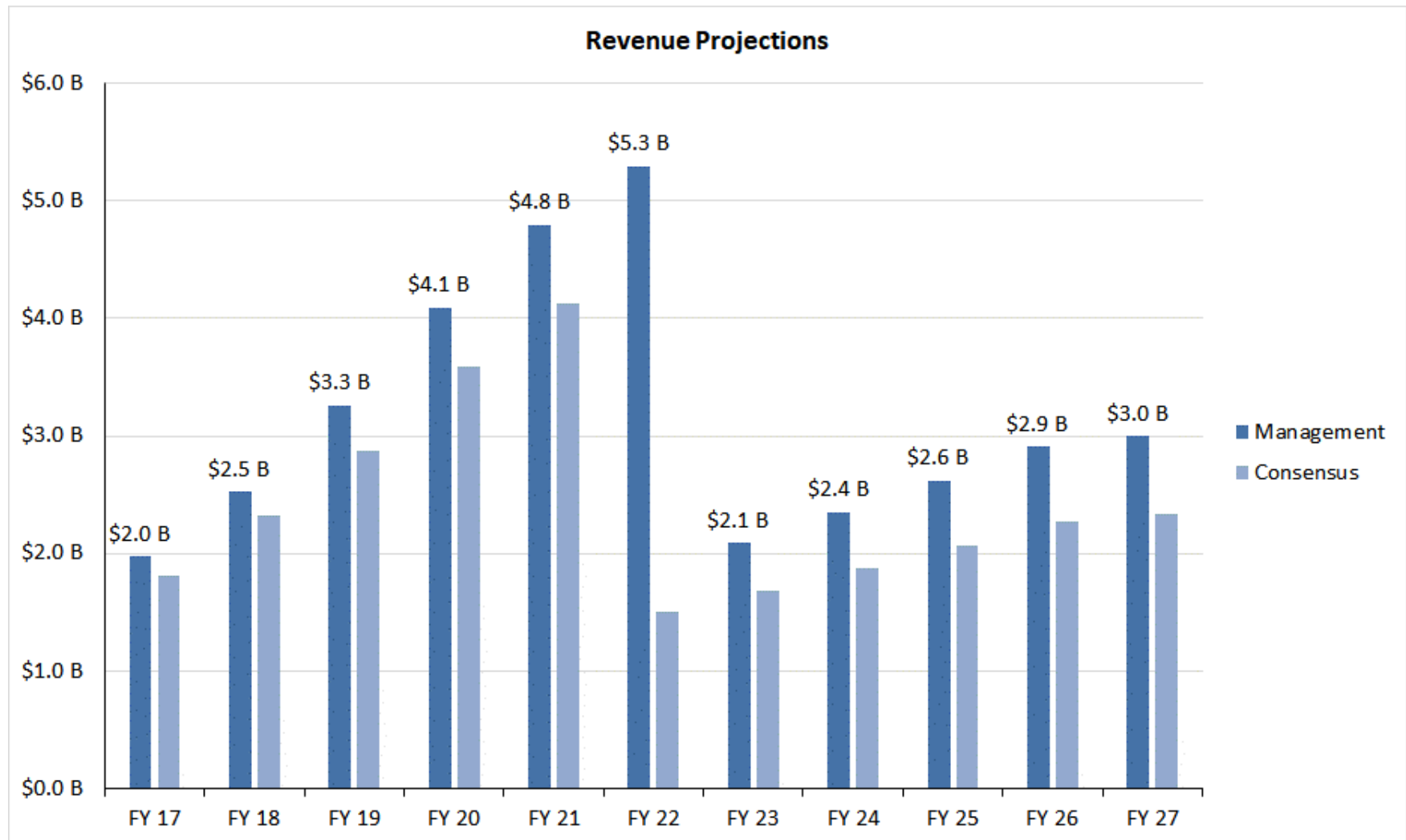
Management Case – Financial Projections

(\$ USD in Millions)

Unlevered Free Cash Flow Projections:	Units:	Projected										Normalized
		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Revenue:												
Existing Products:												
(+) Xyrem Sales:	\$ M	\$ 1,520.0	\$ 1,936.0	\$ 2,496.0	\$ 3,120.0	\$ 3,584.0	\$ 3,840.0	\$ 384.0	\$ 396.8	\$ 404.5	\$ 409.6	
(+) Erwinaze Sales:	\$ M	220.7	234.2	247.9	260.4	273.1	287.6	291.1	294.5	298.0	301.5	
(+) Defitelio Sales:	\$ M	143.4	180.6	222.1	267.8	317.7	371.9	414.4	459.0	505.8	554.6	
(+) Other Sales and Royalties:	\$ M	74.3	78.0	81.9	85.2	88.6	91.2	93.9	95.8	97.7	99.7	
Risk-Adjusted Pipeline Drug Sales:												
(+) Vyxeos Sales:	\$ M	13.1	57.3	110.7	173.0	244.4	324.7	414.1	512.5	619.9	736.3	
(+) JZP-110 Sales:	\$ M	-	38.7	99.8	187.2	286.7	384.0	491.5	591.4	696.3	806.4	
Total Revenue:	\$ M	1,971.5	2,524.8	3,258.4	4,093.5	4,794.4	5,299.4	2,089.0	2,350.0	2,622.2	2,908.1	2,995.3
Revenue Growth:	%	32.5%	28.1%	29.1%	25.6%	17.1%	10.5%	(60.6%)	12.5%	11.6%	10.9%	3.0%
Cost of Product Sales:	\$ M	138.0	176.7	224.8	282.5	326.0	360.4	140.0	157.5	175.7	194.8	200.7
Gross Profit:	\$ M	1,833.5	2,348.1	3,033.6	3,811.1	4,468.4	4,939.1	1,949.1	2,192.6	2,446.5	2,713.3	2,794.6
Gross Margin:	%	93.0%	93.0%	93.1%	93.1%	93.2%	93.2%	93.3%	93.3%	93.3%	93.3%	93.3%
Operating Expenses:												
(+) Selling, General, and Administrative:	\$ M	699.5	936.7	1,252.9	1,634.6	1,969.4	2,218.1	891.0	1,021.5	1,174.0	1,341.1	
(+) Research and Development:	\$ M	216.9	303.0	423.6	573.1	719.2	794.9	313.4	352.5	393.3	436.2	
(+) Intangible Asset Amortization:	\$ M	102.1	99.4	99.2	98.0	97.1	95.7	95.7	95.7	95.7	95.7	
Total Operating Expenses:	\$ M	1,018.4	1,339.1	1,775.7	2,305.7	2,785.7	3,108.7	1,300.1	1,469.7	1,663.1	1,873.0	
Operating Income (EBIT):	\$ M	815.1	1,009.0	1,257.9	1,505.3	1,682.7	1,830.4	649.0	722.8	783.4	840.2	934.5
Operating (EBIT) Margin:	%	41.3%	40.0%	38.6%	36.8%	35.1%	34.5%	31.1%	30.8%	29.9%	28.9%	31.2%
(-) Taxes, Excluding Effect of Interest:	\$ M	(207.8)	(257.3)	(320.8)	(383.9)	(429.1)	(466.7)	(165.5)	(184.3)	(199.8)	(214.3)	(238.3)
Net Operating Profit After Tax (NOPAT):	\$ M	607.2	751.7	937.1	1,121.5	1,253.6	1,363.6	483.5	538.5	583.7	626.0	696.2

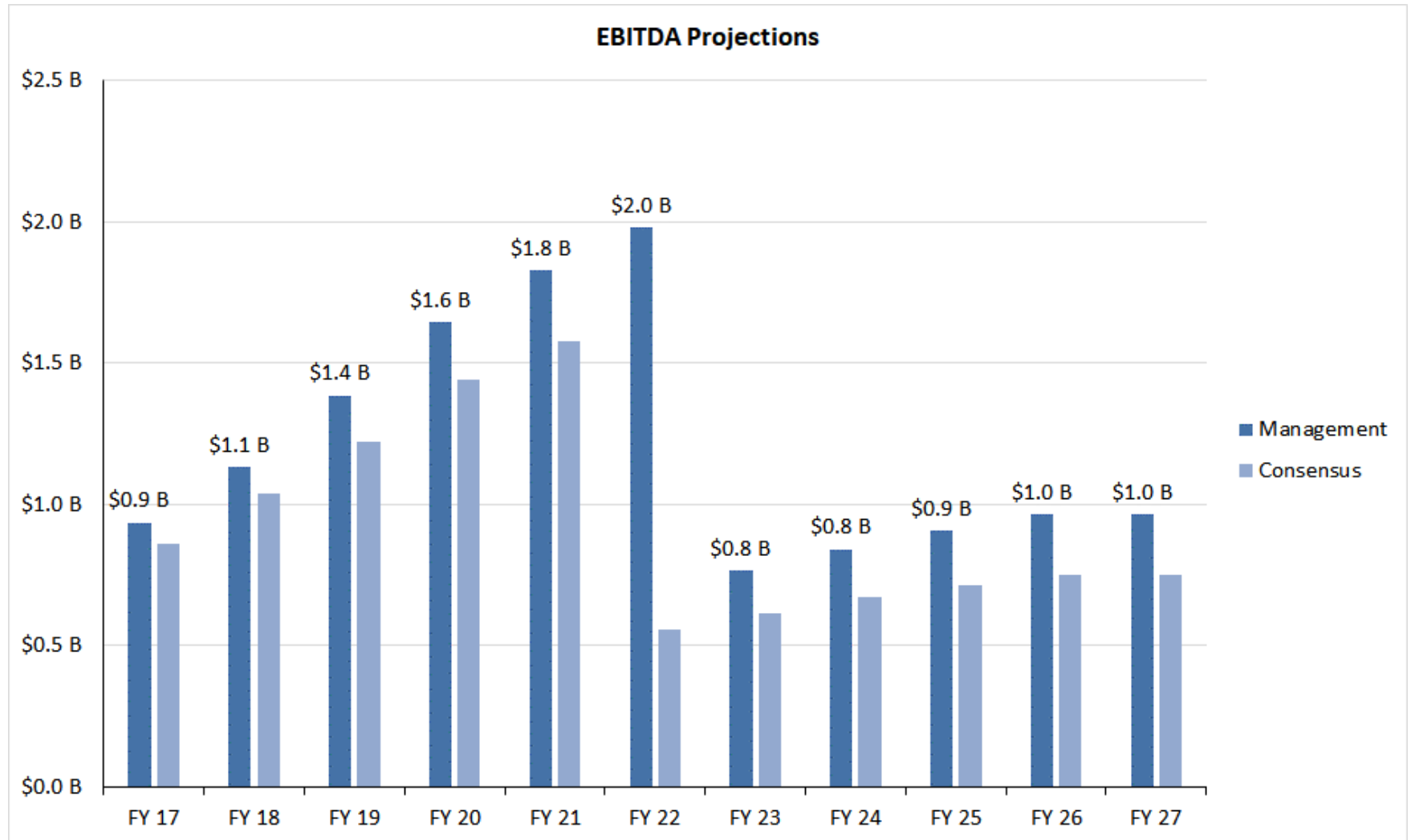
Revenue Projections: Management vs. Consensus

(\$ USD in Billions)



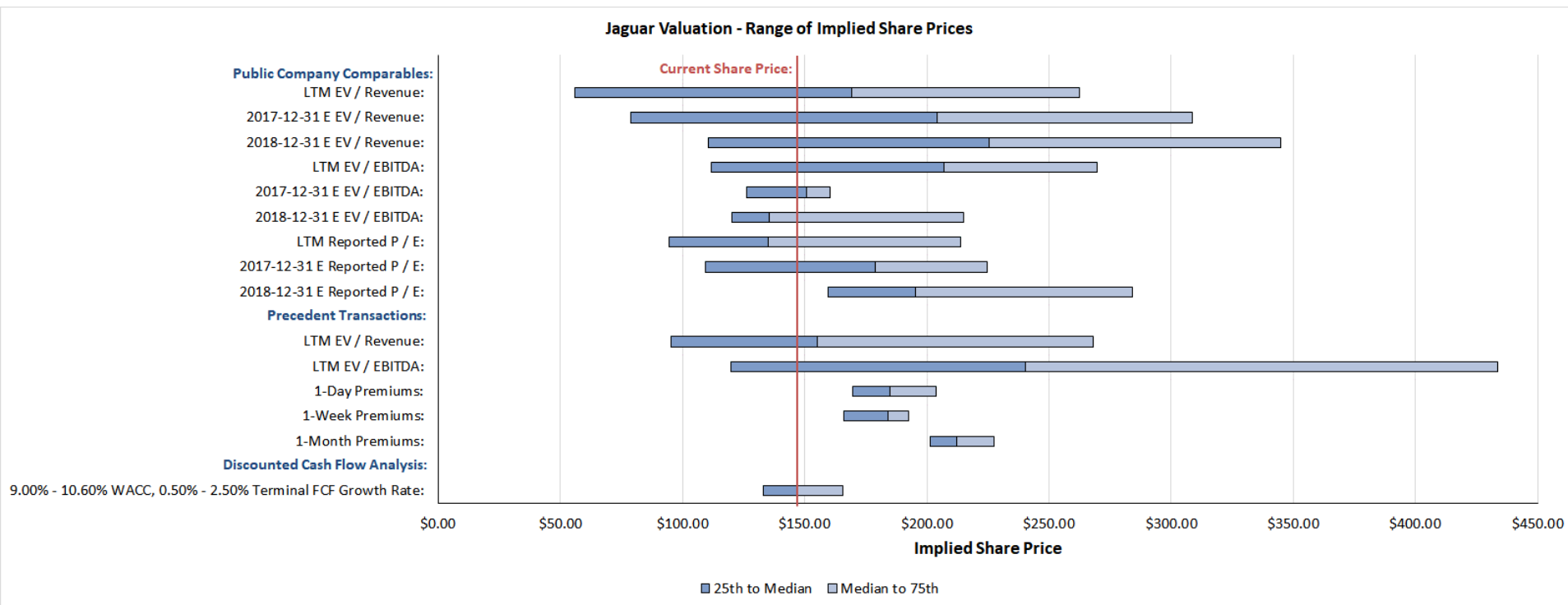
EBITDA Projections: Management vs. Consensus

(\$ USD in Billions)



Valuation Summary – Management Case

(\$ USD in Dollars as Stated)



- All market data as of August 16, 2017
- Given that Jaguar's revenue growth, EBITDA growth, and EBITDA margins exceed those of its peer companies, we believe that the 75th percentile multiples are the most applicable ones here

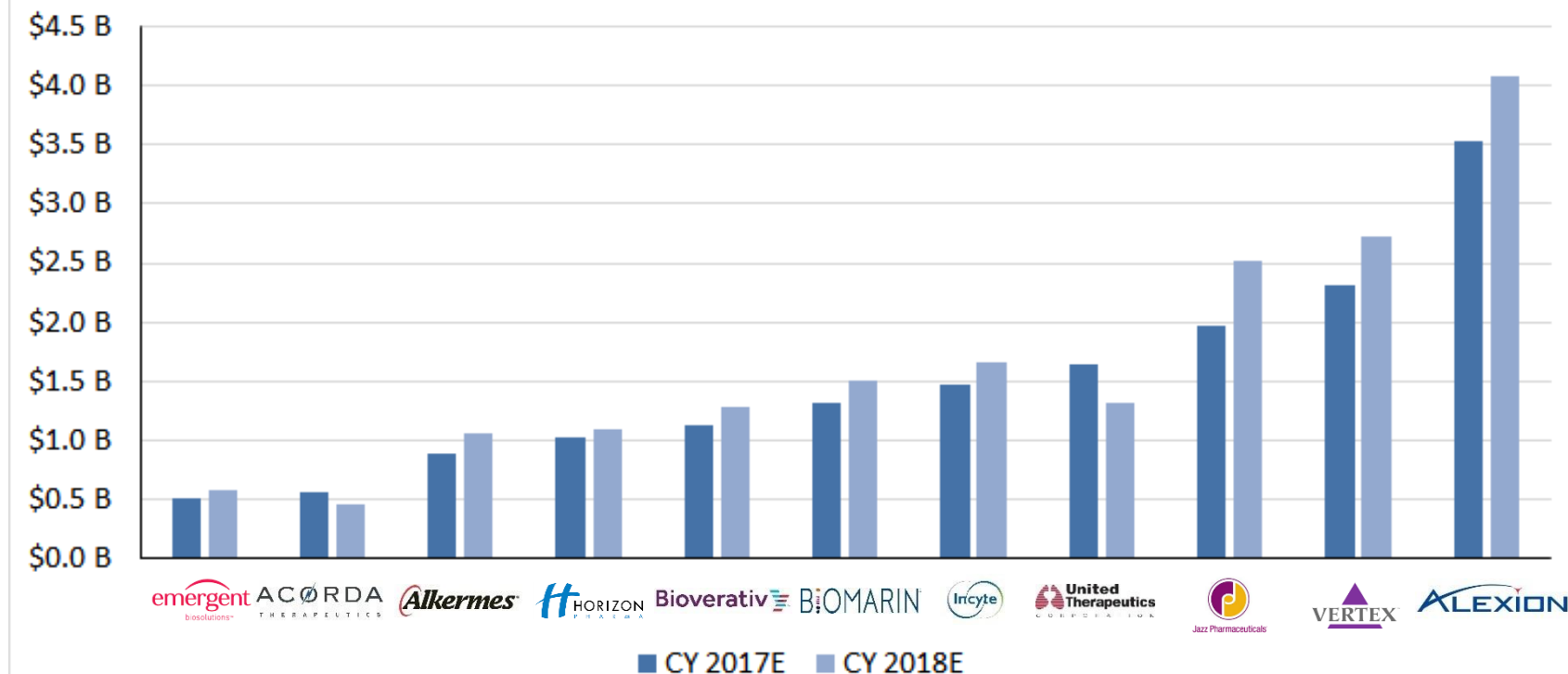
Jaguar Comparable Public Companies

Specialty Pharmaceutical Companies That Sell Primarily Branded Drugs, with LTM Revenue Between \$500 Million and \$5 Billion

(\$ USD in Billions)

Comparable Public Companies – Revenue, CY 2017E – CY 2018E⁽¹⁾

Annual Revenue, CY 2017E - CY 2018E

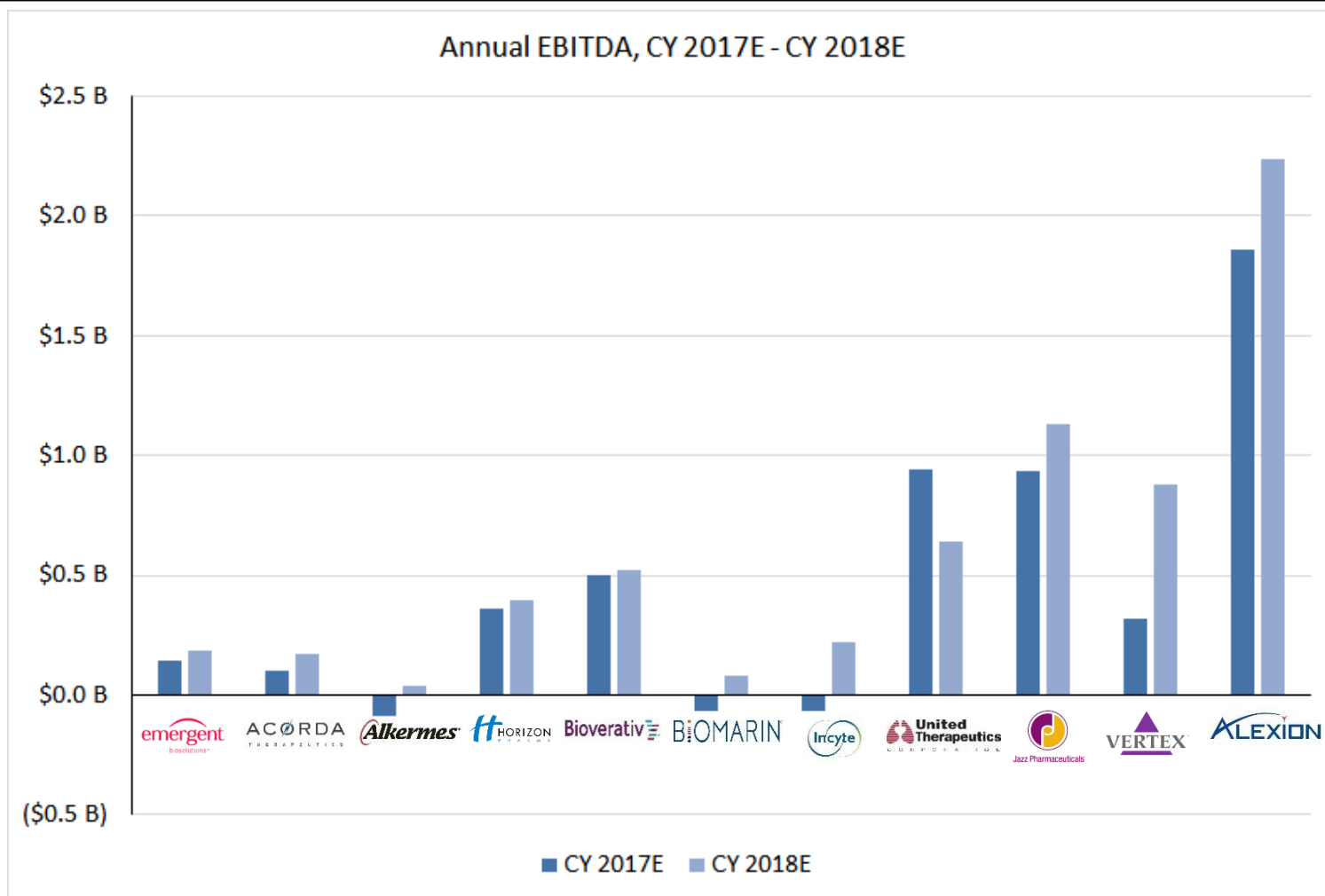


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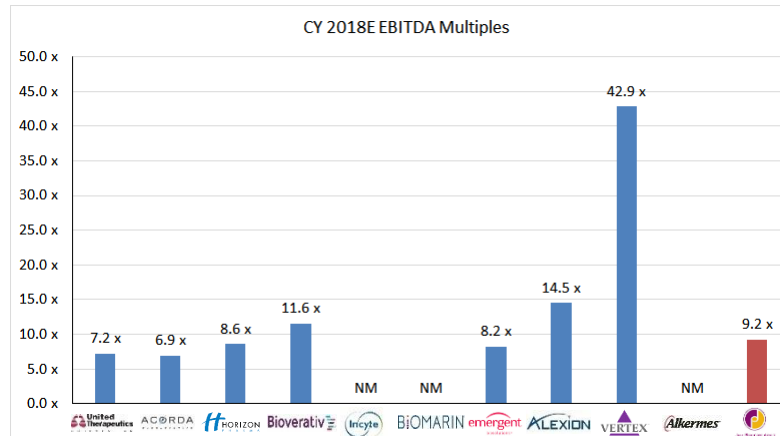
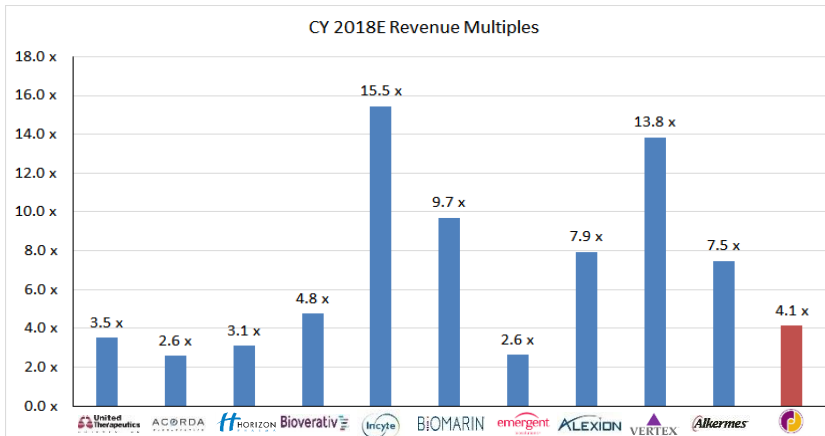
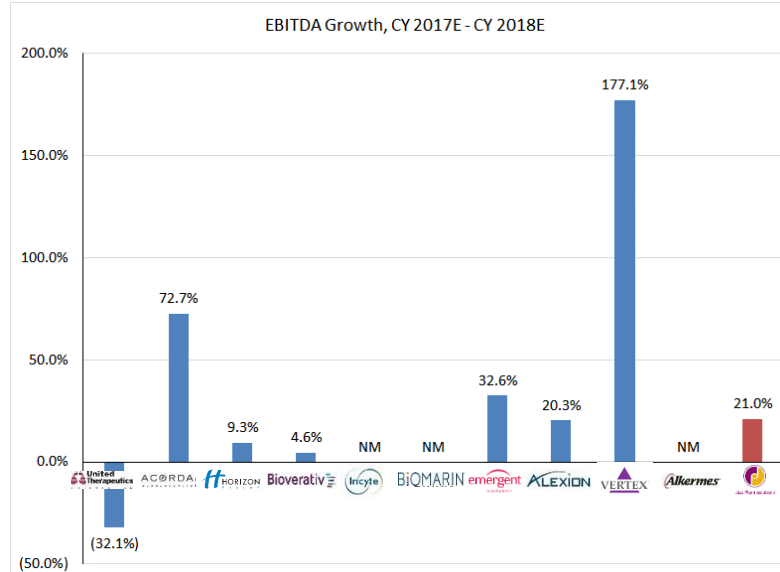
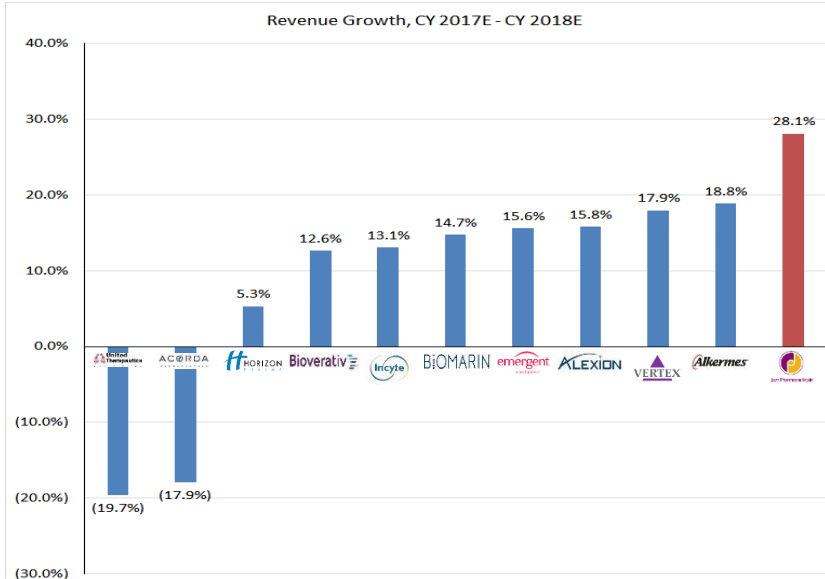
Comparable Public Companies – EBITDA, CY 2017E – CY 2018E⁽¹⁾



Jaguar Comparable Public Companies

Specialty Pharmaceutical Companies That Sell Primarily Branded Drugs, with LTM Revenue Between \$500 Million and \$5 Billion

Comparable Public Companies – Growth and Valuation Multiples, CY 2017E – CY 2018E⁽¹⁾



Jaguar Precedent Transactions

U.S. and Canadian Pharmaceutical Sellers with \$500 Million – \$5 Billion in LTM Revenue, Aug. 16, 2012 – Aug. 16, 2017

(\$ USD in Millions)

Jaguar - Comparable M&A Transactions			Transaction Enterprise Value	Operating Metrics		Valuation Multiples		Premiums Paid		
Acquirer Name	Target Name	Date		LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA	1-Day Prior	1-Week Prior	1-Month Prior
Fresenius Kabi USA, LLC	Akorn, Inc.	2017-04-24	\$ 4,789.0	\$1,101.9	\$ 445.9	4.3 x	10.7 x	3.3%	6.3%	49.5%
Lonza Group Ltd	Capsugel Inc.	2016-12-15	5,500.0	1,000.0	344.0	5.5 x	16.0 x	N/A	N/A	N/A
Danaher Corporation	Cepheid	2016-09-06	4,078.8	564.3	0.6	7.2 x	NM	54.0%	52.8%	41.0%
Pfizer Inc.	Medivation, Inc.	2016-08-22	13,941.9	1,027.1	456.5	13.6 x	30.5 x	21.4%	24.8%	30.1%
Endo International plc	Par Pharmaceutical Holdings, Inc.	2015-05-18	10,202.5	1,378.8	471.0	7.4 x	21.7 x	N/A	N/A	N/A
AbbVie Inc.	Pharmacyclics LLC	2015-03-04	20,166.7	816.1	112.9	24.7 x	NM	20.8%	18.9%	56.9%
Valeant Pharmaceuticals International, Inc.	Salix Pharmaceuticals Ltd.	2015-02-22	14,837.9	1,133.5	154.8	13.1 x	95.9 x	9.6%	13.6%	37.4%
Pfizer Inc.	Hospira Inc.	2015-02-05	16,940.7	4,463.7	746.8	3.8 x	22.7 x	40.8%	40.9%	50.5%
Merck & Co., Inc.	Cubist Pharmaceuticals LLC	2014-12-08	9,488.3	1,164.5	203.6	8.1 x	46.6 x	37.2%	34.9%	44.9%
Mallinckrodt Public Limited Company	Questcor Pharmaceuticals, Inc.	2014-04-07	5,300.3	890.9	516.9	5.9 x	10.3 x	26.8%	32.6%	30.4%
Actavis plc	Forest Laboratories, LLC	2014-02-18	23,538.4	3,371.4	418.3	7.0 x	56.3 x	25.3%	28.7%	30.2%
Forest Laboratories, LLC	Aptalis Holdings Inc.	2014-01-08	2,900.0	700.2	275.6	4.1 x	10.5 x	N/A	N/A	N/A
Amgen Inc.	Onyx Pharmaceuticals, Inc.	2013-08-25	9,259.3	516.0	(151.5)	17.9 x	NM	6.9%	7.9%	(5.1%)
Valeant Pharmaceuticals International, Inc.	Medicis Pharmaceutical Corporation	2012-09-03	2,328.8	763.7	191.4	3.0 x	12.2 x	39.4%	34.5%	31.0%
Maximum			\$ 23,538.4	\$4,463.7	\$ 746.8	24.7 x	95.9 x	54.0%	52.8%	56.9%
75th Percentile			14,613.9	1,156.8	453.8	11.9 x	38.6 x	38.3%	34.7%	47.2%
Median			\$ 9,373.8	\$1,013.5	\$ 309.8	7.1 x	21.7 x	25.3%	28.7%	37.4%
25th Percentile			4,916.8	776.8	163.9	4.6 x	11.5 x	15.2%	16.2%	30.3%
Minimum			2,328.8	516.0	(151.5)	3.0 x	10.3 x	3.3%	6.3%	(5.1%)

Jaguar DCF Analysis – Free Cash Flow Projections

(\$ USD in Millions)

Unlevered Free Cash Flow Projections:	Units:	Projected										Normalized
		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Total Revenue:	\$ M	1,971.5	2,524.8	3,258.4	4,093.5	4,794.4	5,299.4	2,089.0	2,350.0	2,622.2	2,908.1	2,995.3
Revenue Growth:	%	32.5%	28.1%	29.1%	25.6%	17.1%	10.5%	(60.6%)	12.5%	11.6%	10.9%	3.0%
Operating Income (EBIT):	\$ M	815.1	1,009.0	1,257.9	1,505.3	1,682.7	1,830.4	649.0	722.8	783.4	840.2	934.5
Operating (EBIT) Margin:	%	41.3%	40.0%	38.6%	36.8%	35.1%	34.5%	31.1%	30.8%	29.9%	28.9%	31.2%
(-) Taxes, Excluding Effect of Interest:	\$ M	(207.8)	(257.3)	(320.8)	(383.9)	(429.1)	(466.7)	(165.5)	(184.3)	(199.8)	(214.3)	(238.3)
Net Operating Profit After Tax (NOPAT):	\$ M	607.2	751.7	937.1	1,121.5	1,253.6	1,363.6	483.5	538.5	583.7	626.0	696.2
Total Adjustments for Non-Cash Charges:	\$ M	59.6	52.7	46.0	41.5	34.4	28.2	53.4	51.3	49.2	46.9	(25.0)
Total Changes in Operating Assets & Liabilities:	\$ M	(67.7)	(74.7)	(95.4)	(104.4)	(84.1)	(60.6)	385.2	(31.3)	(32.7)	(34.3)	(10.5)
% Change in Revenue:	%	(14.0%)	(13.5%)	(13.0%)	(12.5%)	(12.0%)	(12.0%)	(12.0%)	(12.0%)	(12.0%)	(12.0%)	(12.0%)
(-) Capital Expenditures:	\$ M	(29.6)	(37.9)	(52.1)	(65.5)	(81.5)	(90.1)	(37.6)	(42.3)	(47.2)	(52.3)	(53.9)
% Revenue:	%	1.5%	1.5%	1.6%	1.6%	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%
Annual Unlevered Free Cash Flow:	\$ M	569.5	691.9	835.6	993.0	1,122.4	1,241.1	884.5	516.2	553.0	586.3	606.8
Unlevered Free Cash Flow for Remainder:	\$ M	314.2	691.9	835.6	993.0	1,122.4	1,241.1	884.5	516.2	553.0	586.3	606.8
Present Value of Free Cash Flow:	\$ M	308.6	637.5	703.1	764.9	793.1	806.4	529.7	285.6	283.3	278.7	
Discount Rate (WACC):	%	10.00%	9.75%	9.50%	9.25%	9.00%	8.75%	8.50%	8.25%	8.00%	7.75%	7.50%
Annual Free Cash Flow Growth Rate:	%	14.1%	21.5%	20.8%	18.8%	13.0%	10.6%	(28.7%)	(41.6%)	7.1%	6.0%	3.5%
Annual EBITDA:	\$ M	934.9	1,131.1	1,386.4	1,644.3	1,827.8	1,979.1	765.6	842.0	905.4	965.0	964.5
Annual EBITDA Growth Rate:	%	28.2%	21.0%	22.6%	18.6%	11.2%	8.3%	(61.3%)	10.0%	7.5%	6.6%	(0.1%)

Jaguar DCF Analysis – Sensitivities

(\$ USD in Dollars as Stated)

- Output from the sensitivities below is based on the Management forecasts for Jaguar
- Range of Discount Rates is based on a 10.13% median WACC of comparable public companies and a 9.76% median WACC with Jaguar's current capital structure; Terminal Multiples and Growth Rates are linked to comparables

Sensitivity - Terminal FCF Growth Rate vs. Discount Rate and Implied Share Price from DCF Analysis:

		Terminal FCF Growth Rate:								
		0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
Initial Discount Rate (WACC) (Steps down by 0.25% per year over 10 years):	9.00%	\$ 151.93	\$ 155.46	\$ 159.31	\$ 163.52	\$ 168.16	\$ 173.29	\$ 178.98	\$ 185.35	\$ 192.51
	9.20%	147.39	150.64	154.17	158.03	162.25	166.91	172.05	177.78	184.19
	9.40%	143.13	146.13	149.37	152.91	156.77	161.01	165.67	170.85	176.60
	9.60%	139.12	141.89	144.88	148.13	151.67	155.53	159.78	164.47	169.66
	9.80%	135.34	137.90	140.66	143.65	146.90	150.44	154.32	158.58	163.28
	10.00%	131.76	134.14	136.69	139.45	142.44	145.70	149.24	153.13	157.40
	10.20%	128.38	130.58	132.95	135.50	138.26	141.26	144.51	148.06	151.96
	10.40%	125.16	127.22	129.42	131.78	134.33	137.09	140.09	143.34	146.90
	10.60%	122.11	124.03	126.07	128.27	130.63	133.18	135.94	138.93	142.20

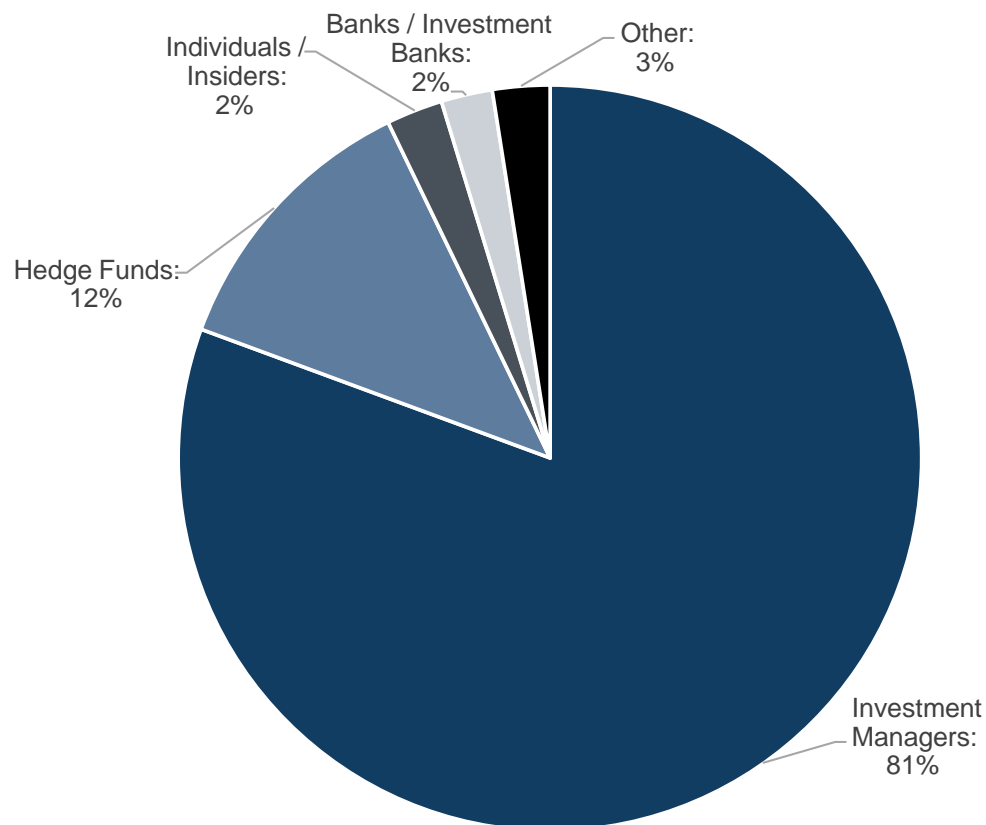
Sensitivity - Terminal EBITDA Multiple vs. Discount Rate and Implied Share Price from DCF Analysis:

		Terminal EBITDA Multiple:								
		10.0 x	10.6 x	11.1 x	11.7 x	12.2 x	12.8 x	13.3 x	13.9 x	14.4 x
Initial Discount Rate (WACC) (Steps down by 0.25% per year over 10 years):	9.00%	\$ 145.81	\$ 149.94	\$ 154.07	\$ 158.19	\$ 162.32	\$ 166.45	\$ 170.58	\$ 174.70	\$ 178.83
	9.20%	143.88	147.94	152.00	156.05	160.11	164.16	168.22	172.28	176.33
	9.40%	141.99	145.97	149.96	153.95	157.93	161.92	165.91	169.89	173.88
	9.60%	140.12	144.04	147.96	151.88	155.79	159.71	163.63	167.55	171.47
	9.80%	138.29	142.14	145.99	149.84	153.69	157.54	161.39	165.25	169.10
	10.00%	136.48	140.27	144.06	147.84	151.63	155.41	159.20	162.98	166.77
	10.20%	134.71	138.43	142.15	145.87	149.59	153.31	157.03	160.76	164.48
	10.40%	132.97	136.62	140.28	143.94	147.59	151.25	154.91	158.57	162.22
	10.60%	131.25	134.84	138.44	142.03	145.63	149.22	152.82	156.41	160.01

Summary Profile of Equity Shareholders

Commentary:

- Gross Common Share Count: 58,739,693⁽¹⁾
- Major institutional investors represent approximately 97% of share ownership
- Largest institutional shareholders include:
 - Putnam: 8,304,110 (14.1%)
 - Fidelity: 8,290,410 (14.1%)
 - Vanguard: 4,677,223 (8.0%)
 - BlackRock: 3,110,681 (5.3%)
- Insiders own 2-3% of shares outstanding:
 - Seamus Mulligan (Director): 1,048,008 (1.8%)
 - Bruce Cozadd (CEO): 226,199 (0.4%)
- Given the lack of activist investors and the high percentage of shares held by traditional investment managers, the chances of a challenge to a potential deal are low



Valuation Conclusions

#1

**“75th Percentile”
Valuation is Justified**

The company's margins and growth rates exceed the median figures of its peer companies, indicating that it should be valued in-line with the 75th percentile multiples

#2

Goal: \$200 / Share

This price represents a 35%+ premium to Jaguar's current share price; greater upside might be possible with a highly complementary partner

#3

**Discounted Cash Flow
(DCF) Analysis**

Implied value is between \$110 and \$160 / share, but these projections do not include possible synergies in an M&A deal and, as such, they likely undervalue Jaguar

#4

**Premiums Paid
Analysis**

Premiums Paid indicate a median implied share price of \$180 – \$200, with a 75th percentile implied share price in the \$200 – \$220 range

Potential Strategic Partners

- Size, ability to pay, product/pipeline, and strategic fit should all be considered
- At \$200 / share, Jaguar would be worth an Enterprise Value of nearly \$15 billion; therefore, potential partners should be able to draw on this much Cash and Debt to fund the deal
- Both branded and generics companies should be considered, in light of recent M&A activity

Tier 1 Potential Partners

Tier 2 Potential Partners

Market Cap:

- Significantly larger than Jaguar
- Closer to Jaguar's size

Ability to Pay:

- Capable of paying at least \$10-15 billion in Cash and Debt
- May have to issue Stock to fund the full purchase price

Strategic Fit:

- Solid product and pipeline fit
- Solid product and pipeline fit

Potential Strategic Partners

Tier 1 Potential Partners

AMGEN


Bristol-Myers Squibb

 GILEAD
Advancing Therapeutics.
Improving Lives.

 MERCK & CO., INC.

 Pfizer


SANOFI

 BAYER

 gsk
GlaxoSmithKline

Johnson & Johnson

 NOVARTIS

 Roche

Tier 2 Potential Partners

abbvie

AstraZeneca 

 Celgene

Lilly

 Takeda

 astellas

 Biogen.

 华润医药
CR Pharmaceutical

 Shire

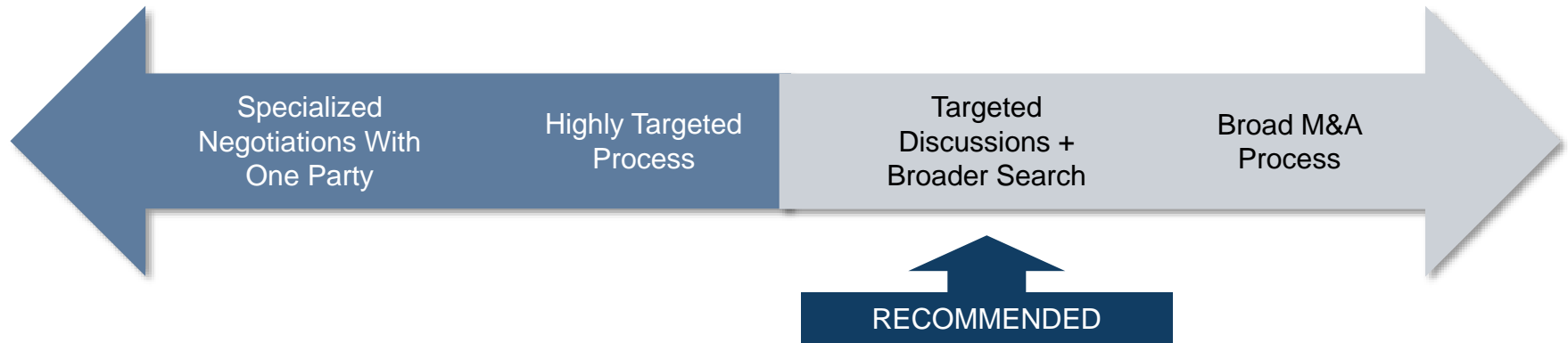
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TEVA PHARMACEUTICAL INDUSTRIES LTD.

Key Recommendations

- We recommend engaging in targeted discussions with the Tier 1 candidates and assessing their receptiveness to M&A discussions
- At the same time, Goldman Stanley will reach out to Tier 2 candidates and introduce Jaguar as a potential partner
- M&A process with Tier 1 candidates will take significantly longer due to the size of the companies, so we recommend conducting both processes simultaneously
- Depending on the responses from Tier 1 and Tier 2 candidates, Goldman Stanley and Jaguar may do additional research to determine other potential partners and then approach them

Targeted Sell-Side M&A	Broad Sell-Side M&A
< 5 potential partners	10 – 100 potential partners
6 – 12 months	Time required is highly variable
Close-ended	Iterative process
Higher success probability	Lower success probability

Process Recommendations



- Combination of targeted discussions plus broader search conducted in background maximizes success probability and minimizes disruption to Jaguar
- Additional parties contacted depend on responsiveness of Tier 1 and Tier 2 partners
- Interested parties would sign NDAs and then proceed into due diligence and valuation discussions with Jaguar