



9M 2019

Financial Results & Business Update

11th November 2019



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Agenda

1. 9M 2019 Highlights & Growth Drivers

Peter Guenter, CEO

2. Financial Review

Peter Guenter, CEO

3. R&D Update

Bhushan Hardas, CSO

4. Closing Remarks

Peter Guenter, CEO

Financial Appendices

9M 2019 Highlights & Growth Drivers

9M 2019 Highlights



- **Good business momentum with double-digit top-line growth and significant operating leverage.** Total Revenues €683MM +17%, Net Sales €638MM +18% and EBITDA €237MM +58%

- **Growth Drivers continue to show positive momentum:**

- In Europe, our psoriasis franchise growth continues to be boosted by the performances of **Skilarence®** and **Ilumetri®**
- In the US, **Seysara™ (acne)** continues to gain penetration in the branded and non-branded market

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- **Notable progress of late-stage pipeline:** Lebrikizumab (atopic dermatitis) initiation of Phase III; Finasteride (androgenic alopecia) submitted to EMA in September; Terbinafine (onychomycosis) submitted to EMA in July

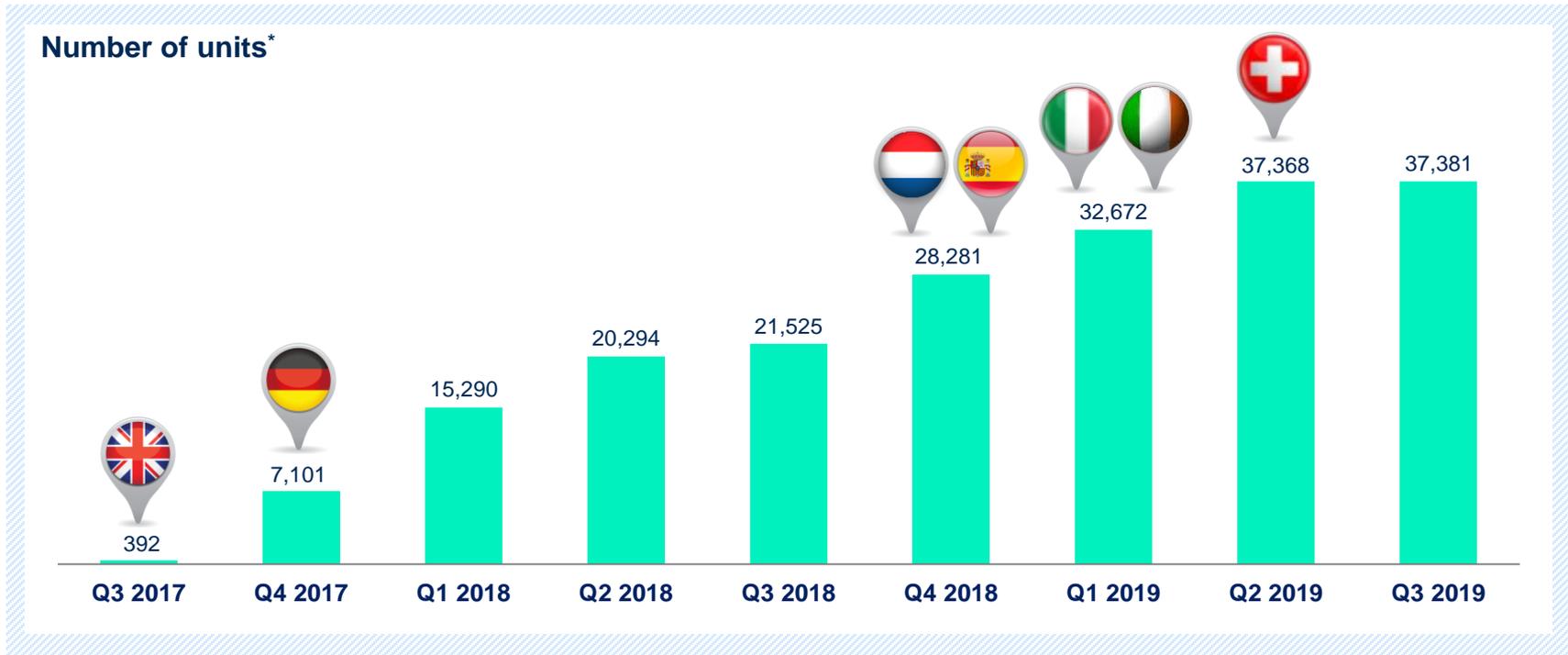
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- **Reiterate upgraded Guidance for 2019***, Total Revenues and Net Sales growth at low double-digit and EBITDA €300-310MM for the full year

* At constant exchange rates.

Growth Drivers



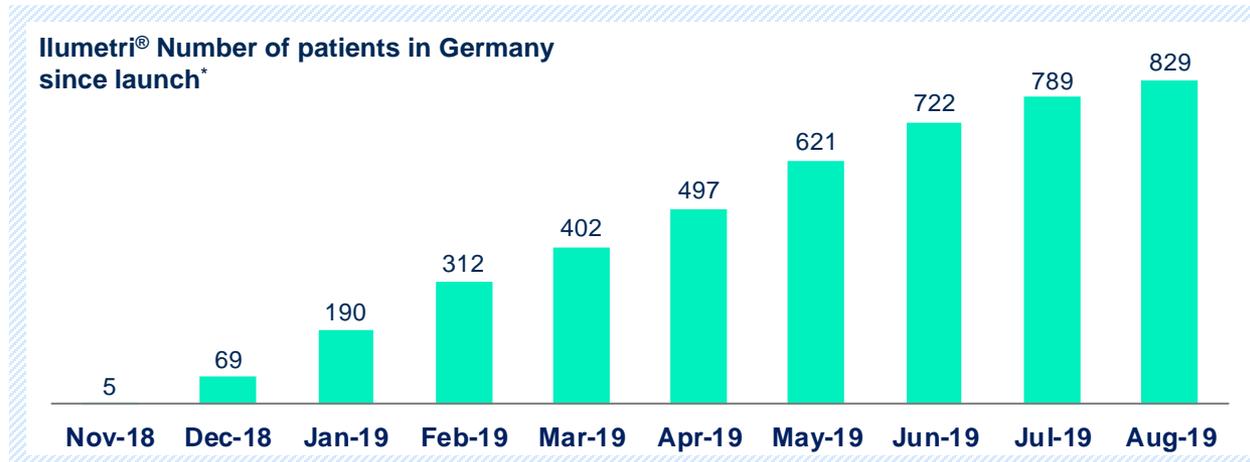
Market leaders in Fumarates in the key EU markets



- **Market leader in Fumarates** in Germany and The Netherlands
- **Expected Q3 seasonality impact**
- **Launch of Skilarence continues as planned** with Portugal, Poland and Czech Republic to follow shortly
- **Over 80% market share in Germany** of the 30mg initiation pack (**new patients**)**

* Source: IQVIA IMS audited Sales & SAP. ** IMS DataView.

Extensive EU rollout campaign continues as long-term studies confirm excellent efficacy and safety profile



Positive momentum in Europe

- Recently launched in **Austria** (July), **Switzerland** (August), **Netherlands** (August) and **Spain** (September)
- Patient Access Scheme is signed in the UK to offer Ilumetri® as the most cost-effective of the new biologics
- **Rollout continues in the EU** with upcoming launches in **Italy**, **Belgium**, **Czech Republic** and **France**

Long-term efficacy and safety profile

- **Two extension studies confirm the long-term efficacy and safety with the longest IL23p19 data published in manuscript**
- Recent study presented at the EADV Madrid shows that up to 4 years of treatment with tildrakizumab 100 mg, PASI and PGA response rates remain high and durable**

* Source: IQVIA LRX. New and repeat patients.

** Efficacy and Safety of Long-Term Tildrakizumab for Plaque Psoriasis: 4-Year Results from reSURFACE 1. [Abstract]. EADV 2019.



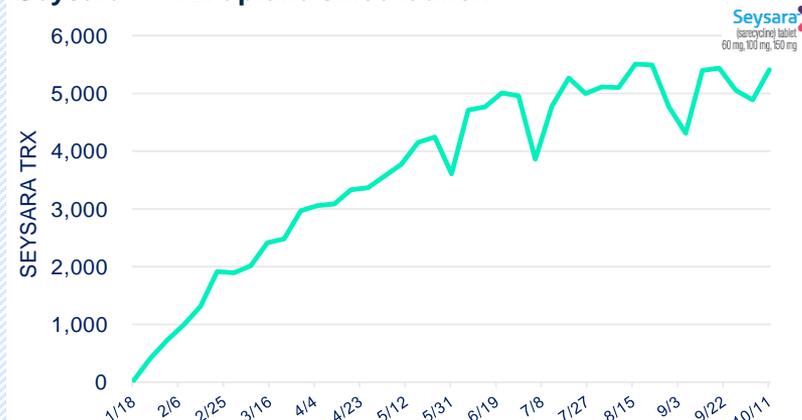
Gaining market share from brands and generics

Good payer coverage and sales volume

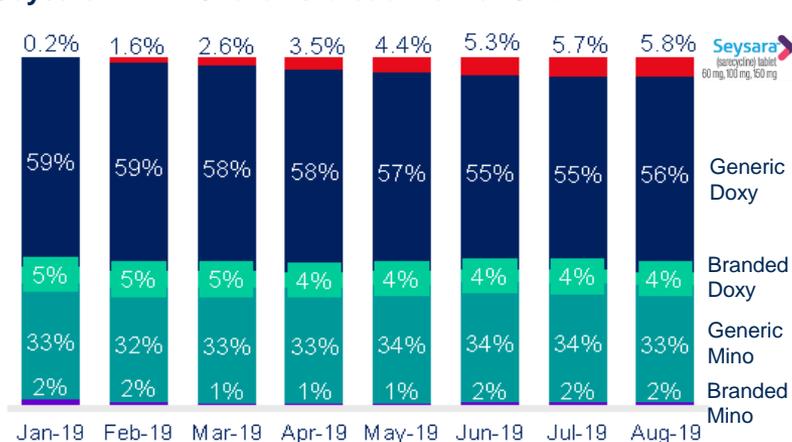
- Number 1 branded product in important US oral acne market
- Current market coverage at around 59% of which 37% is unrestricted*
- Capturing market share in both the branded and non-branded segment of the market
- Approximately 4,230 dermatologists prescribed Seysara in Q3, +89% wrote at least 2 scripts in Q3

66,283 Total prescription in Q3
+28% versus Q2

Seysara™ TRx uptake since launch**



Seysara™ TRx Share vs broad market OAB***



* Source: Copay Card Data, IQVIA and MMIT Data. ** Source: IQVIA. *** Dermatologist TRx.

Financial Review

9M 2019 Results: Continued good momentum

Highlights

- **Total Revenues and Net Sales growing at +15% and +17% respectively at CER***, driven by Growth Drivers and US new portfolio
- **Solid Gross Margin c. 72%** (+280bps* vs. 9M 2018) due to good product mix & performance of key products
- **SG&A at €212MM declined by 3%*** (vs. 9M 2018) despite important investment in product launches
- **Strong operating leverage with EBITDA at €237MM**, growing by +55%* (vs. 9M 2018), despite important investment in commercial operations to support our launches
- **Operating Cash Flow** reached €149MM

Challenges

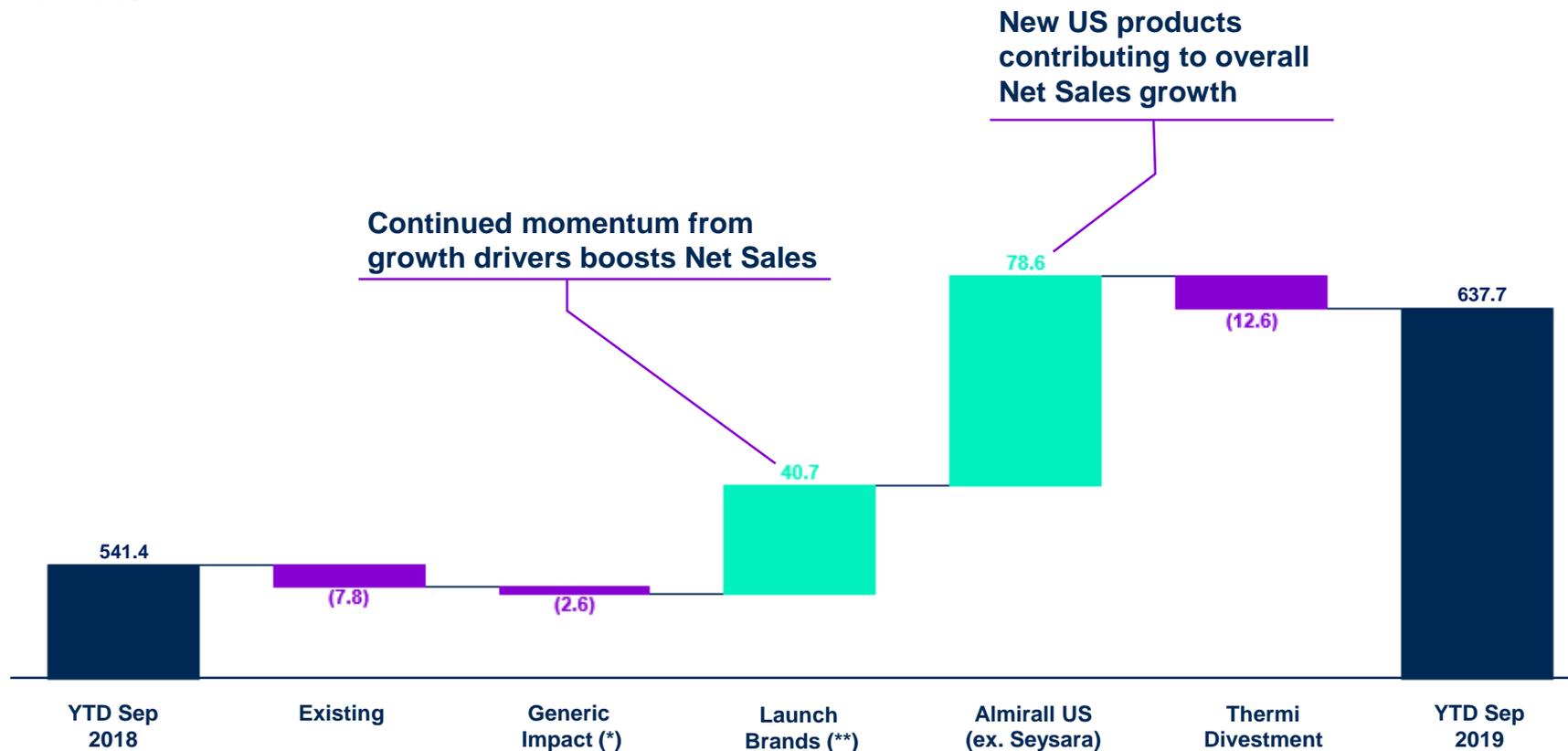
- Ciclopoli sales grew in Europe but were adversely impacted in Asia due to increased competition.

* CER (Constant Exchange Rates): Excluding the effects of exchange rate fluctuations.

9M 2019 Net Sales Evolution

New launches and key products boosting growth

Million Euros



* Includes all geographies, except US derma.

** Includes Skilarence, Ilumetri, Seysara.

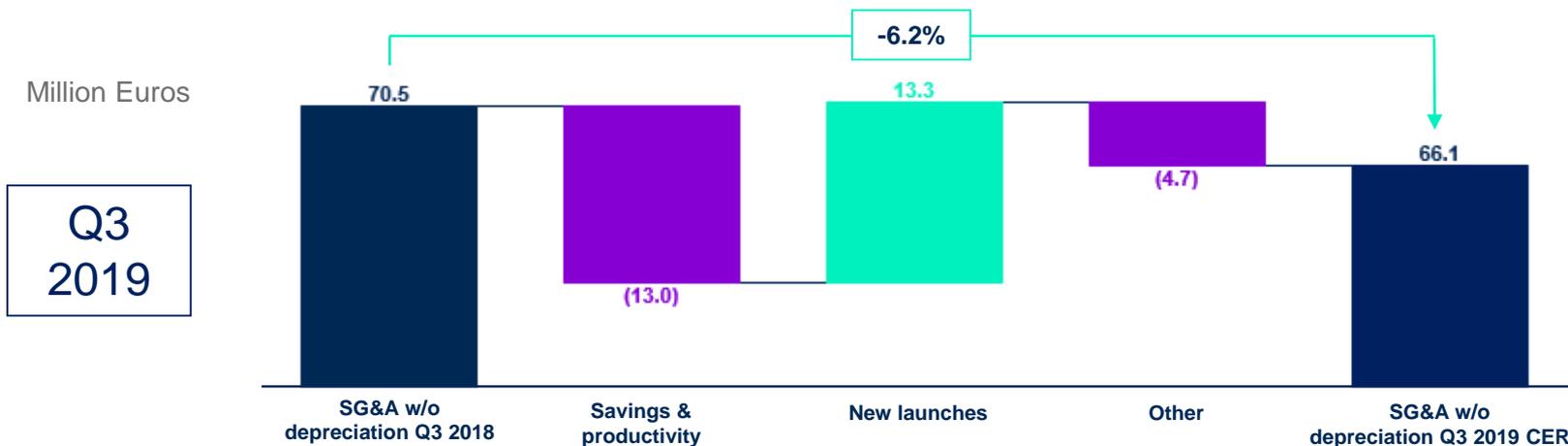
9M 2019 Profit & Loss Breakdown

Continued strong operating leverage drives excellent EBITDA growth

€ Million	YTD Sep 2019	YTD Sep 2018	% var LY	% var CER LY	
Total Revenues	683.2	584.0	17.0%	15.4%	Net Sales increase vs 2018 boosted by performance of growth products and Almirall US new portfolio
Net Sales	637.7	541.4	17.8%	16.5%	
Other Income	45.5	42.6	6.8%	2.3%	Other Income derived from AZ milestones
Cost of Goods	(180.7)	(169.0)	6.9%	6.2%	
Gross Profit	457.0	372.4	22.7%	21.1%	Strong gross margin increase driven by the improved product mix
<i>% of sales</i>	<i>71.7%</i>	<i>68.8%</i>			
R&D	(66.1)	(57.4)	15.2%	14.6%	R&D spend higher due to Phase IV studies for Skilarence & Ilumetri
<i>% of sales</i>	<i>(10.4%)</i>	<i>(10.6%)</i>			
SG&A	(297.1)	(264.7)	12.2%	10.7%	
<i>% of sales</i>	<i>(46.6%)</i>	<i>(48.9%)</i>			
SG&A w/o Depreciation & Amortization	(211.8)	(215.6)	(1.8%)	(2.8%)	Small decline despite continued investment in key European and US product launches
<i>% of sales</i>	<i>(33.2%)</i>	<i>(39.8%)</i>			
Depreciation & Amortization	(85.3)	(49.1)	73.7%	70.1%	
Other Op. Exp	(0.3)	(5.6)	(94.6%)	(91.1%)	
EBITDA	236.5	149.5	58.2%	54.6%	Strong operating leverage at EBITDA level , despite important investment in R&D and SG&A
<i>% of sales</i>	<i>37.1%</i>	<i>27.6%</i>			

YTD 2019 SG&A Evolution

Continued savings despite important investment in key launches



9M 2019 EBITDA to Normalized Net Income

Strong increase of Normalized EPS to €0.64 (+42% versus 2018)

€ Million	YTD Sep 2019	YTD Sep 2018	% var LY	% var CER LY
EBITDA	236.5	149.5	58.2%	54.6%
<i>% of sales</i>	37.1%	27.6%		
Depreciation & Amortization	97.5	62.2	56.8%	53.9%
<i>% of sales</i>	15.3%	11.5%		
EBIT	139.0	87.3	59.2%	55.1%
<i>% of sales</i>	21.8%	16.1%		
Gains on sale of assets	0.6	1.2	(50.0%)	(50.0%)
Other costs	(8.7)	(2.3)	n.m.	n.m.
Impairment reversals / (losses)	(7.5)	20.0	(137.5%)	(137.5%)
Net financial income / (expenses)	(0.6)	(3.4)	(82.4%)	(94.1%)
Profit before tax	122.8	102.8	19.5%	16.0%
Corporate income tax	(22.3)	(9.6)	132.3%	140.6%
Discontinued Operations (Thermi)	(3.2)	-	n.m.	n.m.
Net Income	97.3	93.2	4.4%	(0.1%)
Normalized Net Income	112.2	78.6	42.7%	34.8%
EPS	0.56	0.54		
EPS normalized	0.64	0.45		

EBITDA increase mainly driven by net sales performance, improved gross margin and tight cost control

Impairment of **Aesthetics asset made in Q2**

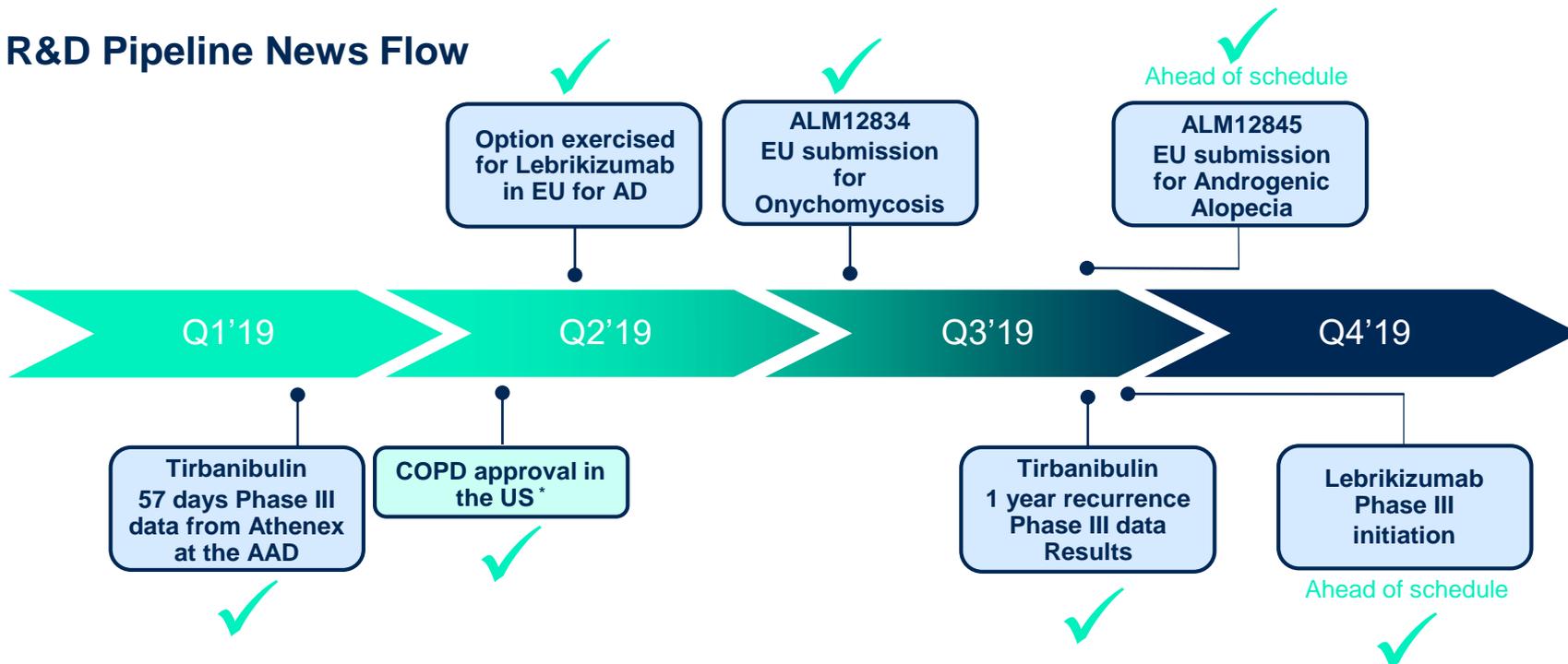
Normalized EPS up +42% to €0.64

R&D Update

Pipeline Update Significant progress in late stage R&D Pipeline during Q3

Indication	Commercial name / Molecule code	Phase I	Phase II	Phase III	Under registration	Geography
Actinic keratosis	Tirbanibulin ALM14789					
Androgenic alopecia	Finasteride ALM12845					
Onychomycosis	Terbinafine ALM12834					
Atopic dermatitis	Lebrikizumab					

R&D Pipeline News Flow



* FDA approval of Duaklir® (1st April 2019) a new drug application for chronic obstructive pulmonary disease (COPD).

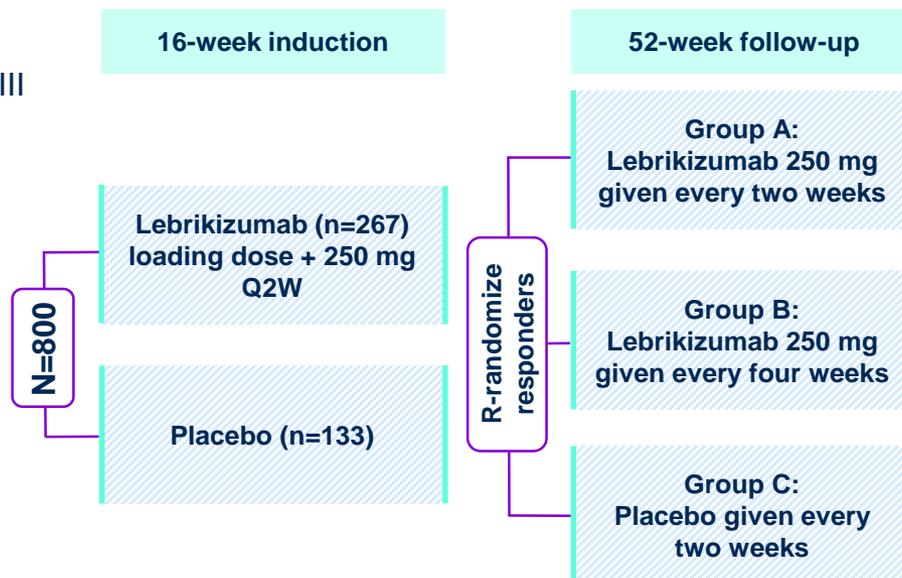
Lebrikizumab Phase III Program Initiated



Two replicate studies designed to demonstrate best-in-disease profile

Pivotal Monotherapy Study Design

- The program includes two identical, randomized, double-blind, placebo-controlled, parallel-group Phase III studies
- **Designed to confirm the safety and efficacy** of lebrikizumab 250 mg given every two weeks for 16 weeks as monotherapy in patients with moderate-to-severe atopic dermatitis
- **Enroll a total of approximately 800 adult and adolescent patients** ages 12 years and older
- **Expect to report topline findings from the 16-week induction period in the first half of 2021**
- **Evaluating flexible dosing** in the maintenance phase



Key endpoints

- **The primary efficacy endpoint*** of the studies is the percentage of patients with an IGA 0/ 1 response from baseline to week 16.
- **Key secondary efficacy endpoints**** include: (i) the percentage of patients achieving EASI-75; (ii) the percentage of patients achieving EASI-90; (iii) the percentage of patients with a pruritus (itch) numerical rating (NRS) score of at least 4 at baseline who achieve a reduction of at least 4 points; (iv) percentage changes in pruritus and sleep-loss scores; and (v) change in BSA.

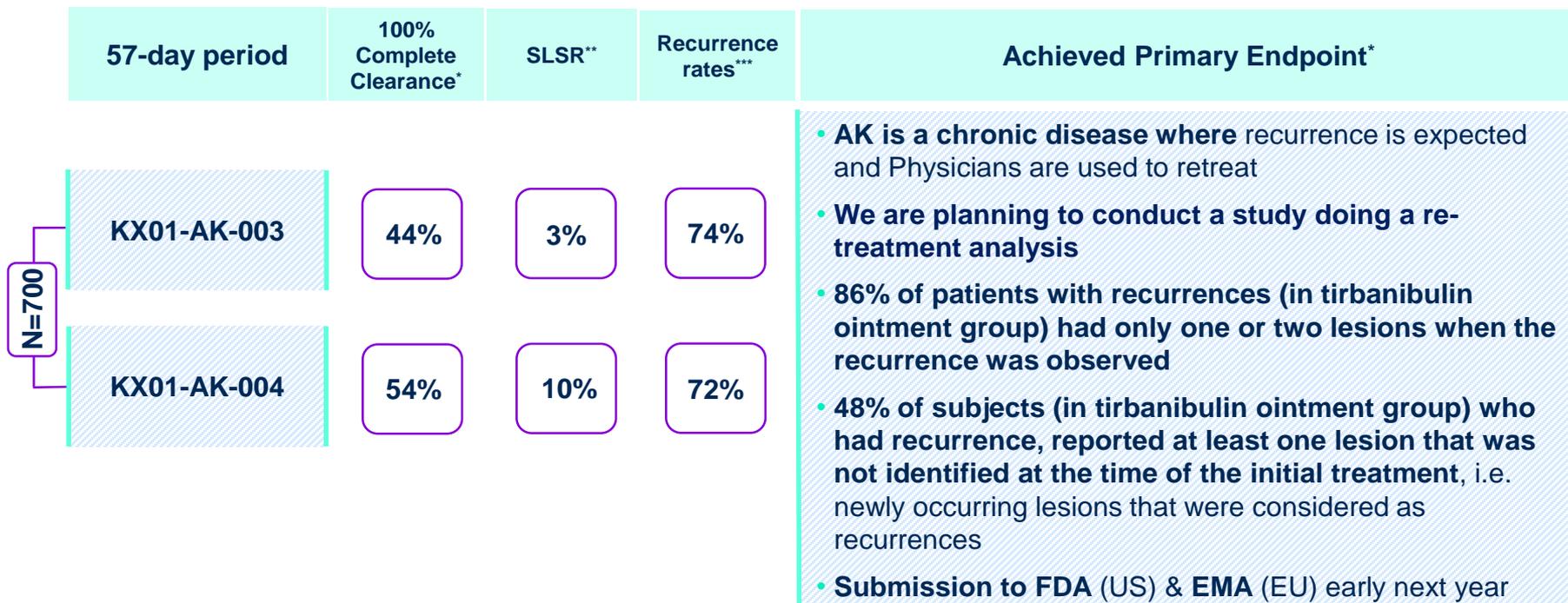
* All primary and secondary endpoints will be assessed at week 16;

** Certain secondary endpoints will be measured at earlier time points; EASI75 and IGA0/1 will be co-primary endpoints for European approval.

Tirbanibulin for actinic keratosis



Two Phase III studies confirm the safety and efficacy



Expected Launch



Q1 2021



Q2 2021

> €250 MM Peak Sales

* Primary endpoint defined as 100% clearance of the AK lesions at Day 57 within the face or scalp treatment areas.

** % of Tirbanibulin ointment patients in study 003 and 004 experienced Erythema as Severe Local Skin Reactions.

*** Recurrence rates (using Kaplan-Meier method) were defined as proportion of patients in whom at least one treated or new actinic keratosis lesion was identified in the treated area throughout one year follow up.

Closing Remarks

Conclusions

- 
- 1 • **Strong business** performance YTD, driven by key brands across Europe and US. Reiterate upgraded Guidance for 2019
 - 2 • **Continued momentum from our key Growth Drivers:**
 - **Our European psoriasis franchise** boosted by growth of Skilarence[®] and Ilumetri[®]
 - **In the US, Seysara[™]** (acne) continues to gain market share
 - 3 • **Significant progress across late stage pipeline, supporting future growth prospects**
 - 4 • **Management remains firmly focused on additional external opportunities** to generate sustainable value for shareholders

Financial Appendices

9M 2019 Balance Sheet

€ Million	Sep 2019	Dec 2018	Var of BS
Goodwill	316.0	316.0	-
Intangible assets	1,172.9	1,121.2	51.7
Property, plant and equipment	113.1	115.2	(2.1)
Financial assets	102.6	142.3	(39.7)
Other non current assets	278.5	280.4	(1.9)
Total Non Current Assets	1,983.1	1,975.1	8.0
Inventories	105.4	92.3	13.1
Accounts receivable	272.0	192.8	79.2
Cash & cash equivalents	69.4	86.3	(16.9)
Other current assets	70.2	43.0	27.2
Total Current Assets	517.0	414.4	102.6
Total Assets	2,500.1	2,389.5	110.6
Shareholders Equity	1,281.0	1,191.7	89.3
Financial debt	539.7	548.7	(9.0)
Non current liabilities	359.8	407.6	(47.8)
Current liabilities	319.6	241.5	78.1
Total Equity and Liabilities	2,500.1	2,389.5	110.6

Increase mainly due to in-licensing agreements (Dermira, Athenex)

Includes the fair value of milestones and royalties to be collected from AZ. Decrease due to reclassification to short term under Accounts Receivable

Mainly linked to AZ milestones and royalties to be collected in the short term

Net Debt Position	Sep 2019	Dec 2018	Var.
Cash and cash equivalents:	(69.4)	(86.3)	16.9
Financial debt:	539.7	548.7	(9.0)
Pension plans:	78.1	70.6	7.5
Net Debt / (Cash)	548.4	533.0	15.4

9M 2019 Cash Flow

Strong Operating Cash Flow generation

€ Million	YTD Sep 2019	YTD Sep 2018
Profit Before Tax	119.6	102.8
Depreciation and amortization	97.5	62.2
Impairment (reversals) / losses	7.5	(20.0)
Change in working capital	(24.9)	5.6
Other adjustments	(28.5)	(59.4)
CIT Cash Flow	(22.2)	10.7
Cash Flow from Operating Activities (I)	149.0	101.9
Interest Collections	0.2	0.2
Ordinary Capex	(11.7)	(10.3)
Investments	(100.0)	(565.2)
Divestments	1.2	2.0
Business combination payments	-	(17.5)
Cash Flow from Investing Activities (II)	(110.3)	(590.8)
Interest Payment	(3.5)	(0.8)
Dividend payment	(24.1)	(22.7)
Debt increase/ (decrease) and Others	(28.0)	300.0
Cash Flow from Financing Activities	(55.6)	276.5
Cash Flow generated during the period	(16.9)	(212.4)
Free Cash Flow (III) = (I) + (II)	38.7	(488.9)

Including discontinued operations (Thermi)

Strong Operating Cash-Flow, in line with EBITDA growth

We continue to invest with Dermira option fee and exercise fee, plus Athenex downpayment

9M 2019 Income Statement CER

€ Million	YTD Sep CER 2019	YTD Sep 2019 Actual	var.	YTD Sep 2018	% var. CER	% var Actual
Total Revenues	674.1	683.2	9.1	584.0	15.4%	17.0%
Net Sales	630.5	637.7	7.2	541.4	16.5%	17.8%
Other Income	43.6	45.5	1.9	42.6	2.3%	6.8%
Cost of Goods	(179.4)	(180.7)	(1.3)	(169.0)	6.2%	6.9%
Gross Profit	451.1	457.0	5.9	372.4	21.1%	22.7%
<i>% of sales</i>	<i>71.5%</i>	<i>71.7%</i>		<i>68.8%</i>		
R&D	(65.8)	(66.1)	(0.3)	(57.4)	14.6%	15.2%
<i>% of sales</i>	<i>(10.4%)</i>	<i>(10.4%)</i>		<i>(10.6%)</i>		
SG&A	(293.0)	(297.1)	(4.1)	(264.7)	10.7%	12.2%
<i>% of sales</i>	<i>(46.5%)</i>	<i>(46.6%)</i>		<i>(48.9%)</i>		
SG&A w/o Amort. & Dep.	(209.5)	(211.8)	(2.3)	(215.6)	(2.8%)	(1.8%)
<i>% of sales</i>	<i>(33.2%)</i>	<i>(33.2%)</i>		<i>(39.8%)</i>		
SG&A Amort. & Dep.	(83.5)	(85.3)	(1.8)	(49.1)	70.1%	73.7%
Other Op. Exp	(0.5)	(0.3)	0.2	(5.6)	(91.1%)	(94.6%)
EBIT	135.4	139.0	3.6	87.3	55.1%	59.2%
<i>% of sales</i>	<i>21.5%</i>	<i>21.8%</i>				
Amort. & Dep.	95.7	97.5	1.8	62.2	53.9%	56.8%
<i>% of sales</i>	<i>15.2%</i>	<i>15.3%</i>		<i>11.5%</i>		
EBITDA	231.1	236.5	5.4	149.5	54.6%	58.2%
<i>% of sales</i>	<i>36.7%</i>	<i>37.1%</i>		<i>27.6%</i>		
Gains on sale of assets	0.6	0.6	-	1.2	(50.0%)	(50.0%)
Other costs	(9.1)	(8.7)	0.4	(2.3)	n.m.	n.m.
Impairments	(7.5)	(7.5)	-	20.0	(137.5%)	(137.5%)
Net financial income / (expenses)	(5.1)	(5.5)	(0.4)	3.7	n.m.	n.m.
Profit before tax	119.2	122.8	3.6	102.8	16.0%	19.5%
Corporate income tax	(23.1)	(22.3)	0.8	(9.6)	140.6%	132.3%
Discontinued Operations	(3.0)	(3.2)	(0.2)	-	n.m.	n.m.
Net Income	93.1	97.3	4.2	93.2	(0.1%)	4.4%
Normalized Net Income	105.9	112.2	6.3	78.6	34.8%	42.7%

EURO	CER 2019	Sep 2019
USD	1.19	1.14
CHF	1.16	1.12
GBP	0.88	0.88
PLN	4.25	4.30
DKK	7.45	7.46

Q3 2019 vs Q3 2018

€ Million	Q3 2019	Q3 2018	var.
Total Revenues	214.2	185.7	15.3%
Net Sales	207.4	174.0	19.2%
Other Income	6.8	11.7	(41.9%)
Cost of Goods	(59.3)	(54.2)	9.4%
Gross Profit	148.1	119.8	23.6%
<i>% of sales</i>	<i>71.4%</i>	<i>57.8%</i>	
R&D	(22.5)	(19.2)	17.2%
<i>% of sales</i>	<i>(10.8%)</i>	<i>(9.3%)</i>	
SG&A	(94.7)	(88.3)	7.2%
<i>% of sales</i>	<i>(45.7%)</i>	<i>(42.6%)</i>	
SG&A w/o Amort. & Dep.	(66.5)	(70.5)	(5.7%)
<i>% of sales</i>	<i>(32.1%)</i>	<i>(34.0%)</i>	
SG&A Amort. & Dep.	(28.2)	(17.8)	58.4%
Other Op. Exp	0.3	(2.2)	(113.6%)
EBIT	38.0	21.8	74.3%
<i>% of sales</i>	<i>18.3%</i>	<i>10.5%</i>	
Amort. & Dep.	32.3	22.2	45.5%
<i>% of sales</i>	<i>15.6%</i>	<i>10.7%</i>	
EBITDA	70.3	44.0	59.8%
<i>% of sales</i>	<i>33.9%</i>	<i>21.2%</i>	
Gains on sale of assets	(0.1)	1.6	(106.3%)
Other costs	(1.0)	(2.1)	(52.4%)
Impairments	-	20.0	(100.0%)
Net financial income / (expenses)	9.1	2.2	313.6%
Profit before tax	46.0	43.5	5.7%
Corporate income tax	(10.6)	(2.3)	360.9%
Net Income	35.4	41.2	(14.1%)
Normalized Net Income	36.2	26.4	37.2%

9M 2019 Dermatology sales breakdown

€ Million	YTD Sep 2019	YTD Sep 2018	% var vs LY
Europe	166	142	17.1%
Ciclopoli franchise	34	33	1.2%
Skilarence	24	12	104.5%
Solaraze	22	24	(7.1%)
Decoderm franchise	20	19	4.5%
Ilumetri	13	-	<i>n.m.</i>
Others	53	53	(1.4%)
US	129	35	<i>n.m.</i>
RoW	5	8	(32%)
Total Derma Rx	301	185	62.4%
ThermiGen	-	13	<i>n.m.</i>
Total Almirall Derma	301	198	52%

9M 2019 Net Sales by Geography

€ Million	YTD Sep 2019	YTD Sep 2018	% var vs LY
Europe	425.7	405.5	5.0%
US	135.8	50.6	168.2%
Emerging Markets	76.2	85.2	(10.6%)
Total	637.7	541.4	17.8%

9M 2019 Leading Product Sales

€ Million	YTD Sep 2019	YTD Sep 2018	% var vs LY
Aczone	62	1	<i>n.m.</i>
Ebastel franchise	50	45	11.0%
Efficib/Tesavel	37	38	(1.0%)
Ciclopoli franchise	35	38	(6.7%)
Crestor	25	32	(21.7%)
Skilarence	24	12	104.5%
Sativex	23	20	13.5%
Solaraze	22	24	(7.6%)
Almax	22	21	1.4%
Decoderm	21	20	4.4%
Rest of products	317	291	9.0%
Net Sales	638	541	17.8%

Reconciliations with audited financial statements

Gross Margin & EBITDA

€ Million	YTD Sep 2019	YTD Sep 2018
Revenues (1)	640.0	541.4
ThermiGen Net Sales (3)	(2.3)	-
Net Sales	637.7	541.4
- Procurements (1)	(136.7)	(123.0)
ThermiGen Procurements (3)	1.6	-
- Other manufacturing costs (2)		
Staff costs	(23.3)	(21.9)
Amortization & Depreciation	(7.8)	(7.6)
Other operating costs	(14.0)	(12.6)
- Provision variations (2)	(0.6)	(3.9)
Gross Profit	457.0	372.4
As % of Revenues	71.7%	68.8%

€ Million	YTD Sep 2019	YTD Sep 2018
Operating Profit	120.2	106.2
- Directly traceable with annual accounts		
Amortization & Depreciation	97.5	62.2
Net gain (loss) on asset disposals	6.9	(1.2)
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	-	
Other gain / (Loss) from operating expenses	8.7	(20.0)
- Non directly traceable with annual accounts		
Revenues (3)	(2.3)	-
Procurements (3)	1.6	-
Personnel expenses (3)	2.0	-
Other operating expense (3)	1.9	2.3
EBITDA	236.5	149.5

(1) As per Annual Account Terminology

(2) Data included in the corresponding caption of the profit and loss account

(3) Mainly due to the contribution of ThermiGen in 2019 in the respective captions of the Annual Accounts

Reconciliations with audited financial statements EBIT & Net Financial income/ (expenses)

€ Million	YTD 2019	YTD 2018
EBITDA	236.5	149.5
- Amortization & Depreciation	(97.5)	(62.2)
EBIT	139.0	87.3

€ Million	YTD 2019	YTD 2018
Financial income	0.7	0.8
Financial cost	(10.0)	(3.3)
Change to fair value in financial instruments	3.7	6.3
Exchange rate differences	4.9	(7.1)
Net Financial income / (expenses)	(0.6)	(3.4)



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