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## Half Year 2010 Financial Results

*July 30th, 2010*

# Disclaimer

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# *Highlights First Half 2010*

*Dr. Jorge Gallardo  
Chairman and  
Chief Executive Officer*



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## Summary – H1 2010 Financial Results

- Sales (-4.0%) and Normalized Net Income (-1.9%) within our guidance.
- Cost discipline and savings a continued priority for 2010 (SG&A: -9.6% YTD).
- Net Debt remains low at x 0.09 EBITDA 2009 and provides strong financial flexibility.
- Continued solid Free Cash Flow generation (+8.7%).

€rounded million	YTD Jun 2010	YTD Jun 2009	% var
<b>Net Sales</b>	469,0	488,8	(4,0%)
<b>EBIT</b>	104,7	111,8	(6,4%)
<b>EBITDA</b>	135,3	143,6	(5,8%)
<b>Normalized Net Income</b>	87,4	89,1	(1,9%)

## 2010 YTD in review

Positive R&D and regulatory newsflow, new in-licensed products

### Key events

- Encouraging results in the first phase III trial of Eklira<sup>®</sup> (aclidinium bromide) BID\*.
- Solid data presented at the ATS\*\* of Eklira<sup>®</sup>, LAS100977 (OD LABA) and Genuair<sup>®</sup>.
- Healthcare reforms in Spain.
- European approval of Silodyx<sup>®</sup> (silodosin), Sativex<sup>®</sup> approved in UK and Spain.
- Two new agreements: Toctino<sup>®</sup> (alitretinoin) at international level and Conbriza<sup>®</sup> (bazedoxifene) in Spain.
- New affiliate in the Nordics.
- Agreement with Meda to recover rights on a respiratory combination project.

# Perspectives Second Half 2010

Significant value opportunities expected

## Key events

- Eklira<sup>®</sup>, Genuair<sup>®</sup> and LAS100977 (OD LABA) posters at ERS\* Annual Congress.
- Launch of four new products: Sativex<sup>®</sup>, Tocrino<sup>®</sup>, Silodyx<sup>®</sup> and Conbriza<sup>®</sup>
- Completion of Eklira<sup>®</sup>'s phase III monotherapy program and phase IIb combination of aclidinium bromide + formoterol.
- Completion of linaclotide's phase III (IBS-C\*\* indication).
- Efforts focused on potential new licenses / acquisitions.

\* ERS: European Respiratory Society

\*\* IBS-C: Irritable Bowel Syndrome with associated Constipation

# Half Year 2010 in review: Finance

*Eduardo Sanchiz, CFO*



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# Audited Income Statement

€rounded million	YTD Jun 2010	YTD Jun 2009	% var
<b>Net Sales</b>	<b>469,0</b>	<b>488,8</b>	<b>(4,0%)</b>
<b>Gross Profit</b>	<b>292,4</b>	<b>314,8</b>	<b>(7,1%)</b>
% of sales	62,3%	64,4%	
<b>Other Income</b>	<b>61,1</b>	<b>54,3</b>	<b>12,5%</b>
<b>R&amp;D</b>	<b>(69,4)</b>	<b>(55,7)</b>	<b>24,6%</b>
% of sales	(14,8%)	(11,4%)	
<b>SG&amp;A</b>	<b>(181,4)</b>	<b>(200,6)</b>	<b>(9,6%)</b>
% of sales	(38,7%)	(41,0%)	
<b>Other Op. Exp</b>	<b>2,0</b>	<b>(1,0)</b>	<i>n.m.</i>
% of sales	0,4%	(0,2%)	
<b>EBIT</b>	<b>104,7</b>	<b>111,8</b>	<b>(6,4%)</b>
% of sales	22,3%	22,9%	
<b>Depreciation</b>	<b>30,6</b>	<b>31,8</b>	<b>(3,8%)</b>
% of sales	6,5%	6,5%	
<b>EBITDA</b>	<b>135,3</b>	<b>143,6</b>	<b>(5,8%)</b>
% of sales	28,8%	29,4%	
Sale of noncurrent assets / Other	(0,1)	20,1	(100,5%)
Impairment reversals / (losses)	(1,0)	4,0	(125,0%)
Net financial income / (expenses)	(3,0)	(8,8)	(65,9%)
Corporate income tax	(13,7)	(23,7)	(42,2%)
<b>Net income</b>	<b>86,9</b>	<b>103,4</b>	<b>(16,0%)</b>
<b>Normalized Net Income</b>	<b>87,4</b>	<b>89,1</b>	<b>(1,9%)</b>
Earnings per share (€) <sup>(1)</sup>	0,52 €	0,62 €	
Normalized Earnings per share (€) <sup>(1)</sup>	0,53 €	0,54 €	
<b>Nu. of employees end of period</b>	<b>3.031</b>	<b>3.278</b>	<b>(7,5%)</b>

(1) Number of shares at the end of the period

Sales impacted by Spanish reforms and generics

Driven by higher Eklira® and LAS100977 (OD LABA) development expenses.

Cost discipline and savings a key priority in 2010.

EBIT and EBITDA in line with Gross Margin evolution

Lower performance driven by € 20 mill. extraordinary item in Q1 2009.

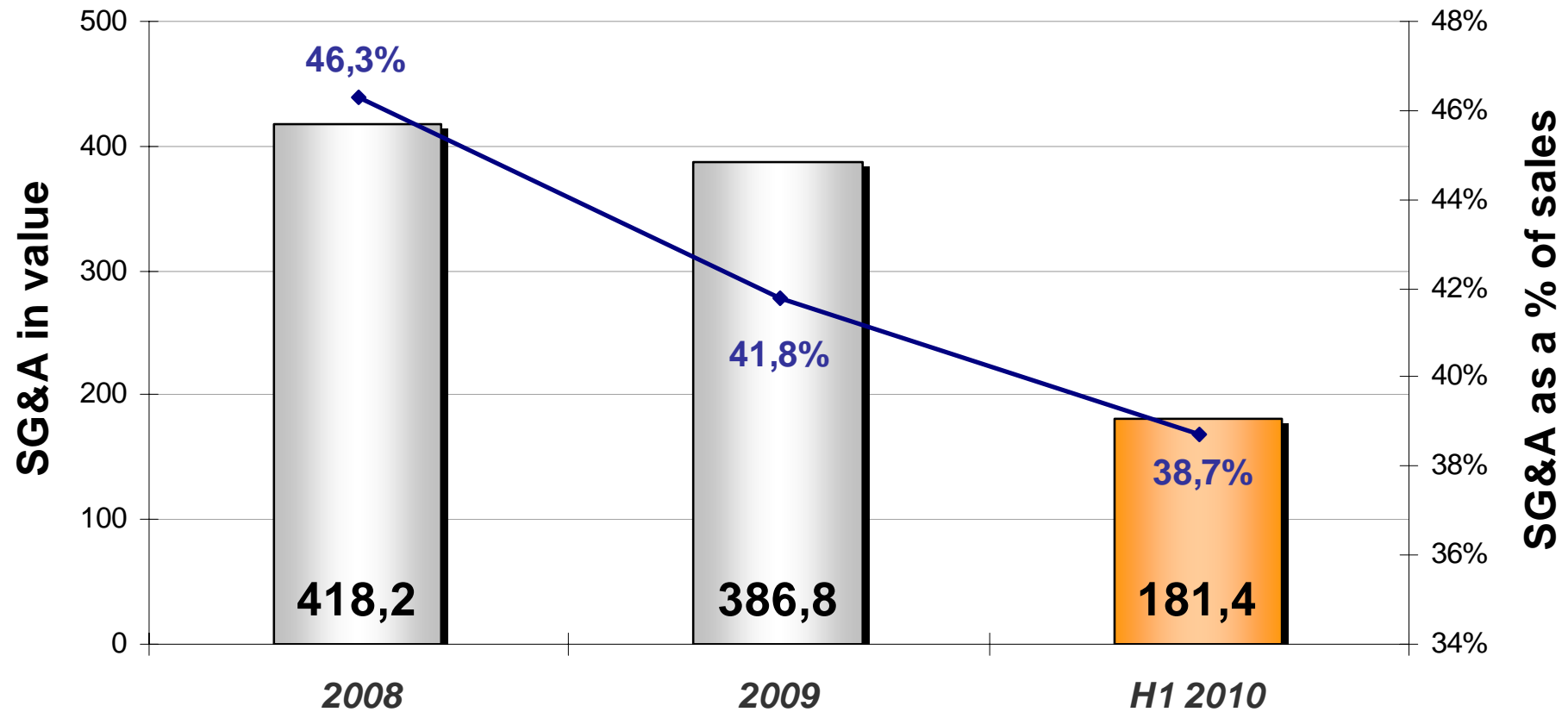
In line with guidance.



# Track record in P&L management: SG&A evolution

Consistent improvement over time

(€ rounded million)



## Q2 2010 vs Q2 2009

Higher quarterly variations than in previous periods

€rounded million	2010 2Q	2009 2Q	% var.
<b>Net Sales</b>	<b>226,4</b>	<b>243,8</b>	<b>(7,1%)</b>
<b>Gross Profit</b>	<b>137,6</b>	<b>153,3</b>	<b>(10,2%)</b>
% of sales	60,8%	62,9%	
<b>Other Income</b>	<b>31,6</b>	<b>22,6</b>	<b>39,8%</b>
<b>R&amp;D</b>	<b>(32,9)</b>	<b>(22,3)</b>	<b>47,5%</b>
% of sales	(14,5%)	(9,1%)	
<b>SG&amp;A</b>	<b>(96,4)</b>	<b>(103,8)</b>	<b>(7,1%)</b>
% of sales	(42,6%)	(42,6%)	
<b>Other Op. Exp</b>	<b>1,9</b>	<b>(1,3)</b>	<i>n.m.</i>
% of sales	0,8%	(0,5%)	
<b>EBIT</b>	<b>41,8</b>	<b>48,5</b>	<b>(13,8%)</b>
% of sales	18,5%	19,9%	
<b>Depreciation</b>	<b>15,3</b>	<b>15,9</b>	<b>(3,8%)</b>
% of sales	6,8%	6,5%	
<b>EBITDA</b>	<b>57,1</b>	<b>64,4</b>	<b>(11,3%)</b>
% of sales	25,2%	26,4%	
Sale of noncurrent assets / Other	0,1	0,2	(50,0%)
Impairment reversals / (losses)	(1,0)	4,0	(125,0%)
Net financial income / (expenses)	0,0	(3,4)	(100,0%)
Corporate income tax	(5,0)	(9,7)	(48,5%)
<b>Net income</b>	<b>35,9</b>	<b>39,6</b>	<b>(9,3%)</b>
<b>Normalized Net Income</b>	<b>36,4</b>	<b>39,6</b>	<b>(8,1%)</b>

### Key takeaways

- Q2 in 2010 below the strong Q2 in 2009.
- Q2 OPEX trends expected to persist through H2.
- Q2 Gross Margin trends expected to improve in H2

# Audited Balance Sheet

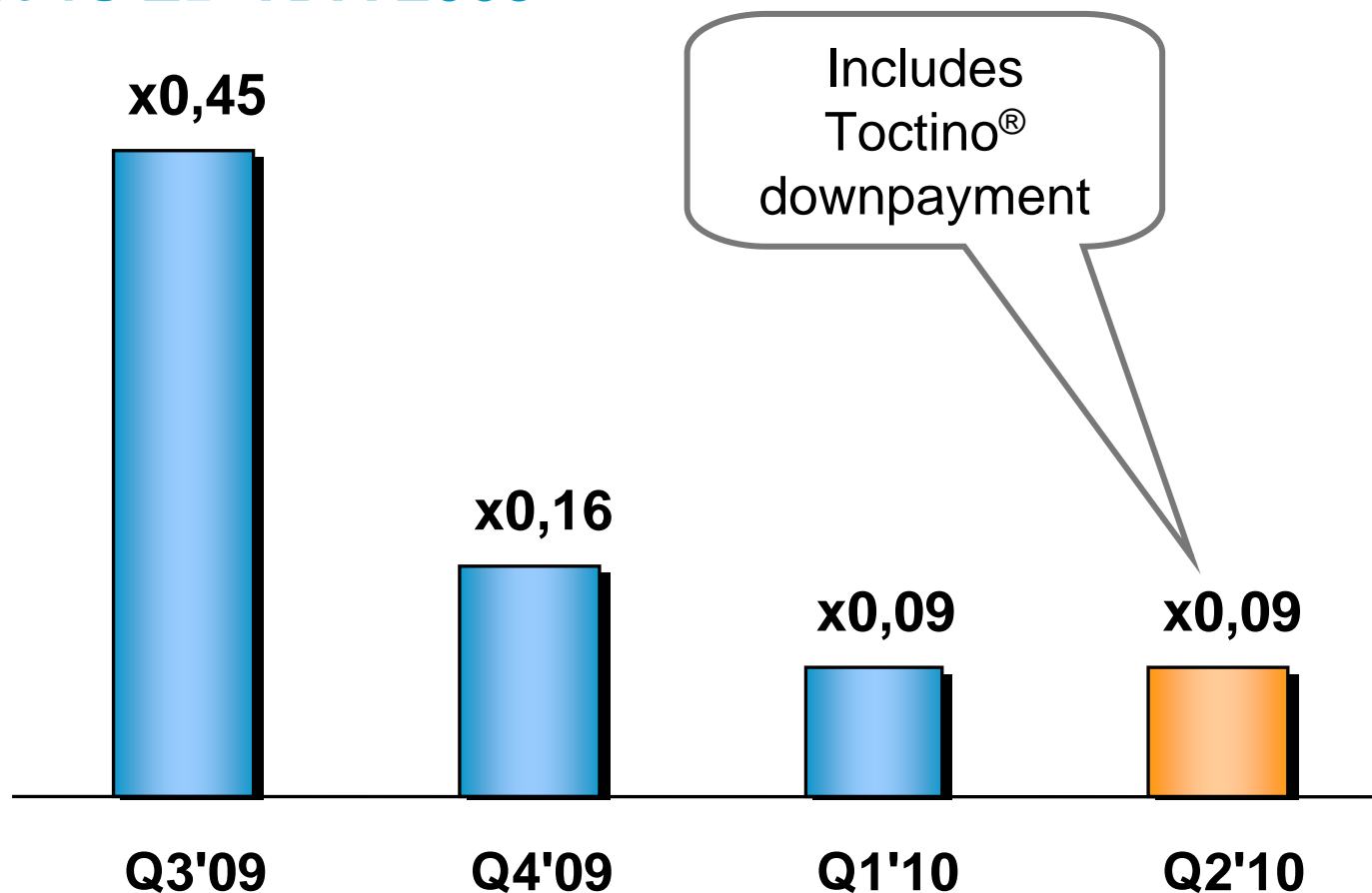
€rounded million	June 2010	% of BS	December 2009
Goodwill	272,3	18,6%	272,7
Intangible assets	341,7	23,4%	352,8
Property, plant and equipment	160,6	11,0%	169,1
Financial assets	11,7	0,8%	10,8
Other non current assets	173,8	11,9%	173,6
<b>Total Non Current Assets</b>	<b>960,1</b>	<b>65,7%</b>	<b>979,0</b>
Inventories	108,1	7,4%	97,7
Accounts receivables	126,2	8,6%	120,4
Cash & equivalents	242,9	16,6%	259,7
Other current assets	23,0	1,6%	26,2
<b>Total Current Assets</b>	<b>500,2</b>	<b>34,3%</b>	<b>504,0</b>
<b>Total Assets</b>	<b>1.460,3</b>		<b>1.483,0</b>
Shareholders equity	786,6	53,9%	751,0
Financial debt	229,4	15,7%	265,7
Non current liabilities	215,1	14,7%	228,4
Current liabilities	229,2	15,7%	237,9
<b>Total Equity and Liabilities</b>	<b>1.460,3</b>		<b>1.483,0</b>

Seasonal increase in accounts receivables and inventories.

Equity now represents 54% of Total Assets.

€ 30 mill. debt cancellation in first half 2010.

## Net Debt vs EBITDA 2009



Financial Debt	Cash & Equivalents	Pensions & Funds	Net Debt in H1
€229.4	— €242.9	+ €35.5	= €22 mill

(€ rounded million)

# Audited Cash Flow Statement

€rounded million	Jun YTD 2010	Jun YTD 2009
<b>Profit Before Tax</b>	<b>100,6</b>	<b>127,1</b>
Depreciation and amortisation	30,6	31,8
Change in working capital	(9,2)	(56,9)
Other adjustments	(33,6)	2,2
<b>Cash Flow from Operating Activities (I)</b>	<b>88,4</b>	<b>104,2</b>
Financial Income	1,2	1,5
Investments	(12,2)	(50,4)
Divestments	0,6	19,3
Other cash flows	3,4	0,3
<b>Cash Flow from Investing Activities (II)</b>	<b>(7,0)</b>	<b>(29,3)</b>
Finance Expense	(8,6)	(10,0)
Dividends distribution	(55,1)	(52,5)
Debt increase/ (decrease)	(36,3)	(25,7)
Other cash flows	1,8	(4,4)
<b>Cash Flow from Financing Activities</b>	<b>(98,2)</b>	<b>(92,6)</b>
<b>Cash Flow generated during the period</b>	<b>(16,8)</b>	<b>(17,7)</b>
<b>Free Cash Flow (III) = (I) + (II)</b>	<b>81,4</b>	<b>74,9</b>

Improved working capital vs June 2009.

Driven by corporate tax calendar payments.

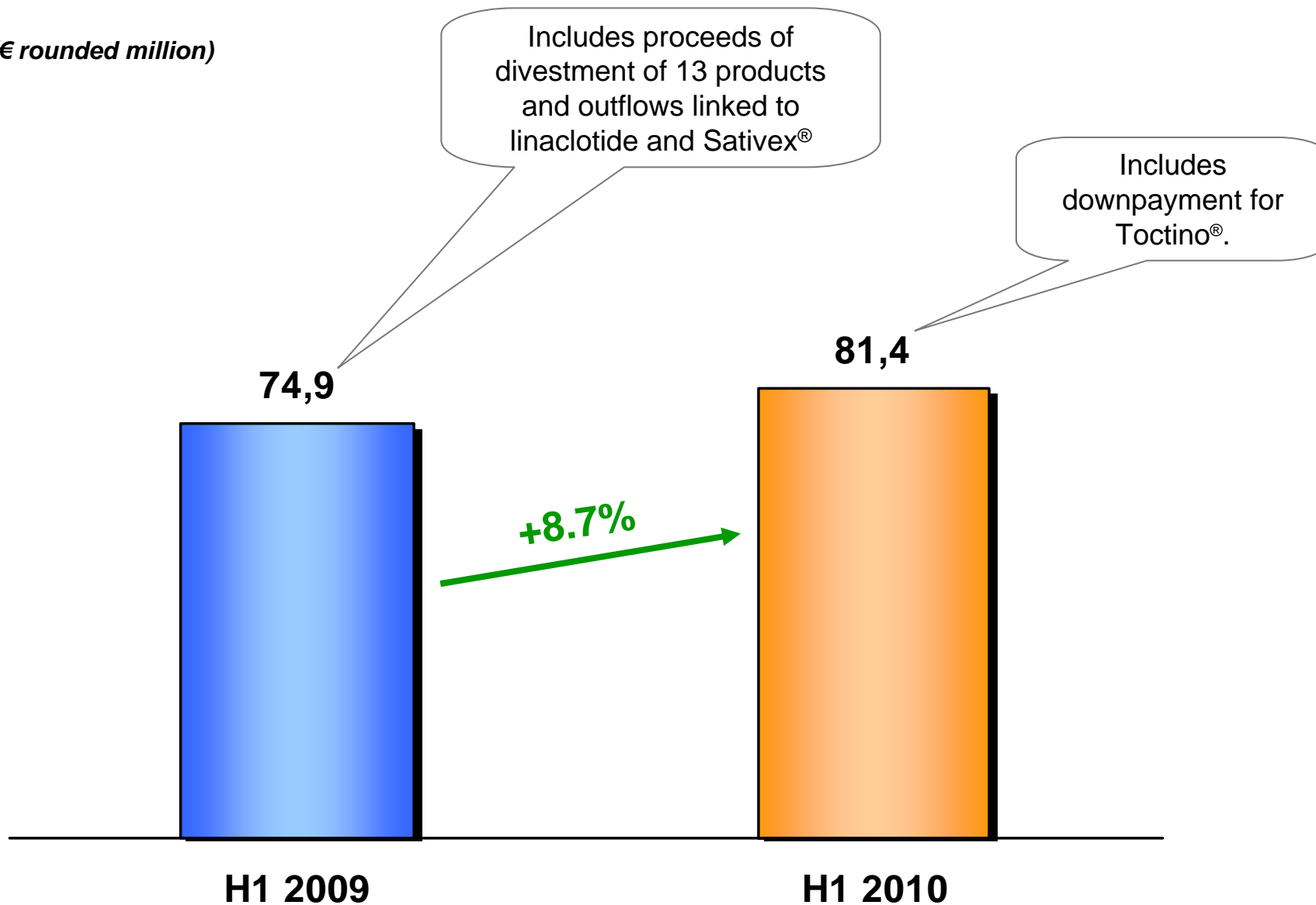
Includes Sativex® & linacotide downpayments.

Includes Tocrino® downpayment.

Includes debt cancellation in Q1'10 (€30 mill.).

# Solid Free Cash Flow generation

(€ rounded million)



# Half Year 2010 in review: Operations

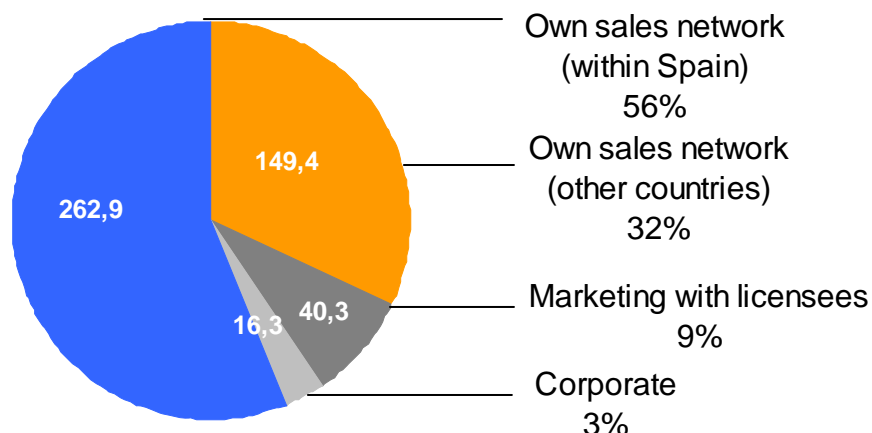
*Luciano Conde, COO*



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# Net Sales breakdown by Business Channel

H1 2010 Total Net Sales: €469,0  
( in €rounded million )



Sales evolution H1 2010 vs H1 2009

Own sales Network (within Spain)	(4,4%)
Own sales Network (other countries)	0,8%
Marketing with licensees	(10,7%)
Corporate	(20,1%)
<b>Total</b>	<b>(4,0%)</b>

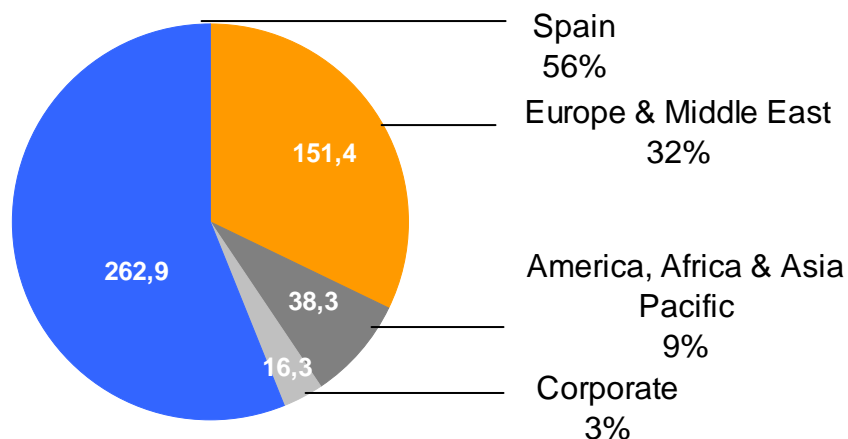
## Highlights

- Spanish sales eroded due to healthcare reforms and generics.
- Lower sales from partners linked to ebastine in Japan.
- Gradual reduction of toll manufacturing business drives Corporate sales evolution.



# Net Sales breakdown by Geographic Area

H1 2010 Total Net Sales: €469,0  
( in €rounded million )



Sales evolution H1 2010 vs H1 2009

Spain	(4,4%)
Europe & Middle East	1,4%
America, Africa & Asia Pacific	(13,1%)
Corporate	(20,1%)
<b>Total</b>	<b>(4,0%)</b>

## Highlights

- Underlying Spanish sales are +2.5% excluding atorvastatin.
- European sales driven by key affiliates : France, Germany and UK
- America, Africa & Asia-Pacific influenced by lower ebastine sales in Japan.

## Net Sales breakdown by main Therapeutic Area

€rounded million	YTD June 2010	YTD June 2009	% Variation
Respiratory	105,6	113,9	(7,3%)
CNS	89,1	86,2	3,4%
Cardiovascular	81,9	96,6	(15,2%)
Gastrointestinal	77,6	71,1	9,0%
Dermatology	61,0	57,2	6,6%
Osteomuscular	33,9	34,3	(1,3%)
Urological	8,5	10,4	(18,2%)
Other ther. specialties	11,4	18,9	(39,8%)
<b>Total</b>	<b>469,0</b>	<b>488,8</b>	<b>(4,0%)</b>

### Highlights

- Positive evolution in CNS, GI and dermatology.
- Cardiovascular and respiratory have lost momentum driven by trends in Prevencor® and Ebastel®.

# Breakdown of the core business

- Proprietary products
- In-licensing products

€rounded million	YTD	YTD	%	Presence	
	Jun 2010	Jun 2009	Variation	Spain	Intl.
● Ebastel <sup>®</sup> and others ( <i>ebastine</i> )	69,9	77,8	(10,1%)	✓	✓
● Prevencor <sup>®</sup> ( <i>atorvastatin</i> )	41,9	59,2	(29,2%)	✓	
● Esertia <sup>®</sup> ( <i>escitalopram</i> )	35,1	32,0	9,8%	✓	
● Plusvent <sup>®</sup> ( <i>salmeterol &amp; fluticasone</i> )	30,6	30,7	(0,3%)	✓	
● Almogran <sup>®</sup> ( <i>almotriptan</i> )	28,6	25,7	11,2%	✓	✓
● Parapres <sup>®</sup> ( <i>candesartan cilexetile</i> )	23,4	21,7	8,0%	✓	
● Airtal <sup>®</sup> and others ( <i>aceclofenac</i> )	21,0	22,6	(7,2%)	✓	✓
● Opiren <sup>®</sup> ( <i>lansoprazole</i> )	17,2	17,8	(3,0%)	✓	
● Dobupal <sup>®</sup> ( <i>venlafaxine</i> )	16,3	17,5	(7,2%)	✓	
● Solaraze <sup>®</sup> ( <i>diclofenac sodium</i> )	11,8	10,7	9,8%		✓
● Tesavel <sup>®</sup> ( <i>sitagliptin</i> ) + Efficib <sup>®</sup> ( <i>sitagliptin+metformin</i> )	10,8	3,6	205,4%	✓	
● Almax <sup>®</sup> ( <i>almagate</i> )	10,7	10,3	3,6%	✓	✓
● Balneum <sup>®</sup> ( <i>soya oil</i> )	9,5	9,3	2,3%		✓
● Pantopan <sup>®</sup> ( <i>pantoprazole</i> )	9,2	10,6	(13,7%)		✓
● Cidine <sup>®</sup> and others ( <i>cinitapride</i> )	7,7	7,2	6,9%	✓	✓
● Other	125,3	132,1	(5,2%)	✓	✓
<b>Total</b>	<b>469,0</b>	<b>488,8</b>	<b>(4,0%)</b>		

# New product launches in 2010 (I)

Strengthening the core business

## Growing internationally

### Sativex®

First-in-class endocannabinoid system modulator.



### Toctino®

Once-daily oral treatment for adults with severe Chronic Hand Eczema, unresponsive to potent topical corticosteroids.



- Almirall holds pan-European rights (ex-UK).
- Approved in Spain and UK, Mutual Recognition Procedure started in several EU countries.
- Almirall holds international distribution rights in several European countries\* and Mexico.
- Approved in all those countries except in Czech Republic, Mexico and Poland.

# New product launches in 2010 (II)

Strengthening the core business

## Maintaining a leading franchise in Spain

### Silodyx®

Silodosin, the novel approach  
to the Benign Prostatic  
Hyperplasia patient needs.



### Conbriza®

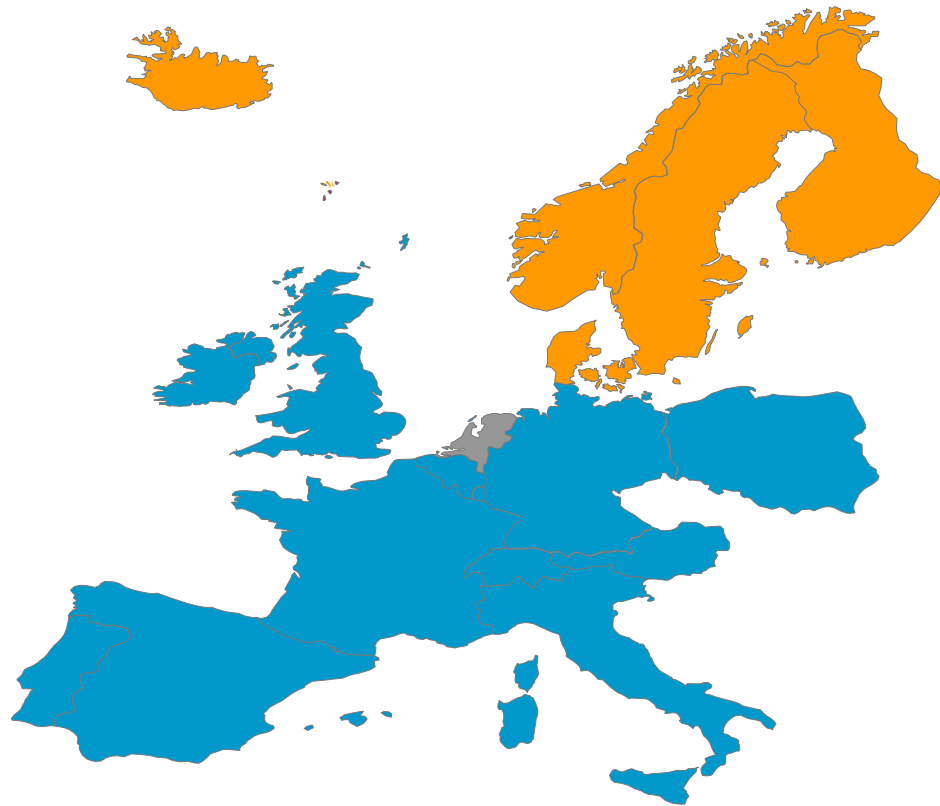
Bazedoxifene, a new  
therapeutic option for the  
osteoporosis treatment



- Co-marketing agreement with Recordati in Spain.
- Pending of price and reimbursement.
- Co-promotion agreement with Pfizer in Spain.
- Recently approved by the Spanish Agency of Medicines (AEMPS). Co-promotion activities to start in September.

# Almirall opens a new affiliate in the Nordics

Expanding the European footprint, maximizing the current portfolio and future pipeline.



● New  
● Current

- Recently established in Copenhagen to cover 5 Nordic countries (Denmark, Sweden, Norway, Finland and Iceland).
- Initial portfolio of products includes Kestine<sup>®</sup> (ebastine), Solaraze<sup>®</sup> (diclofenac sodium), Colazide<sup>®</sup> (balsalazide) and Balneum<sup>®</sup> (soya oil).

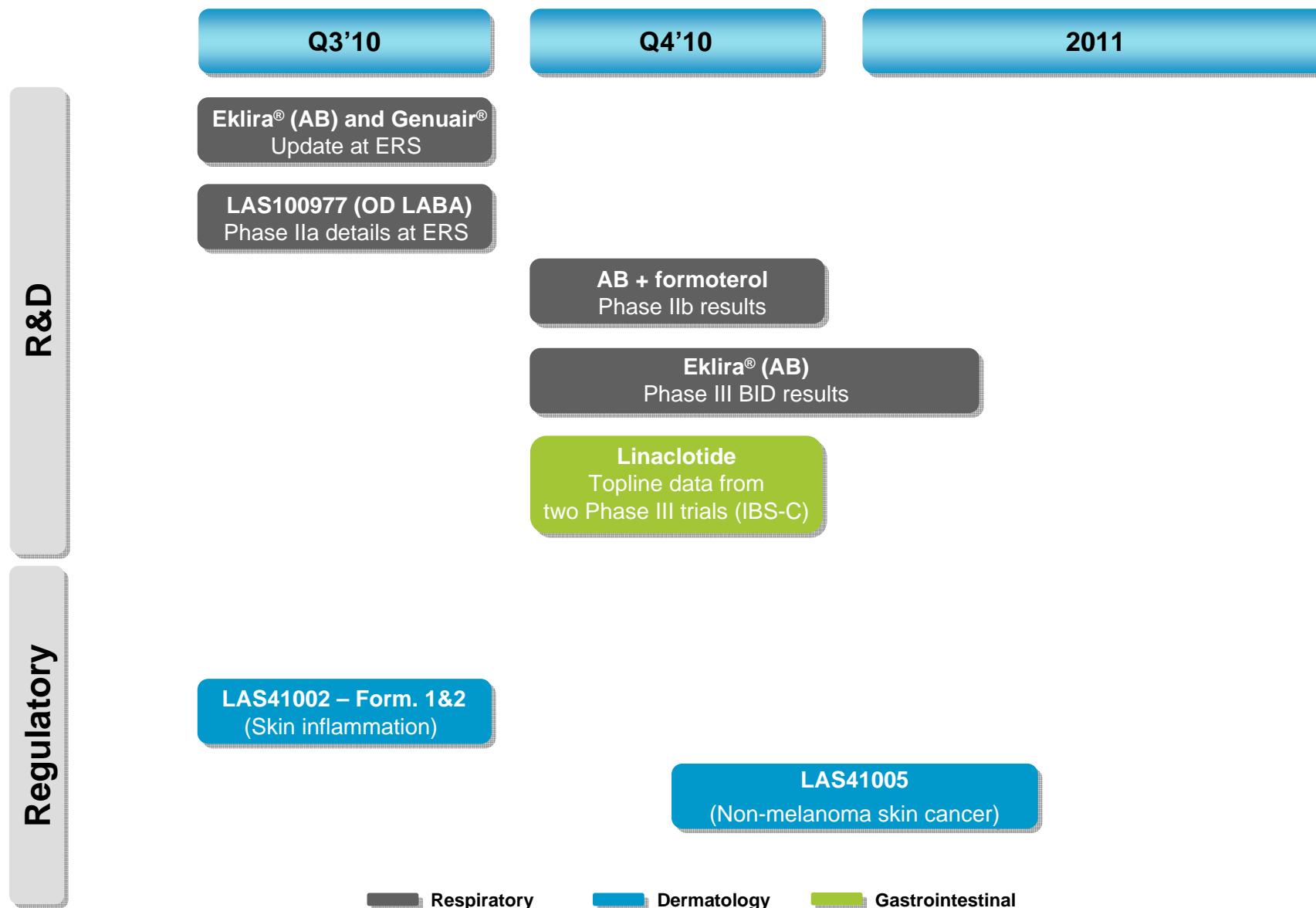
# Half Year 2010 in review: R&D

*Dr Per Olof Andersson, CSO*



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# Significant pipeline newsflow during 2nd half 2010

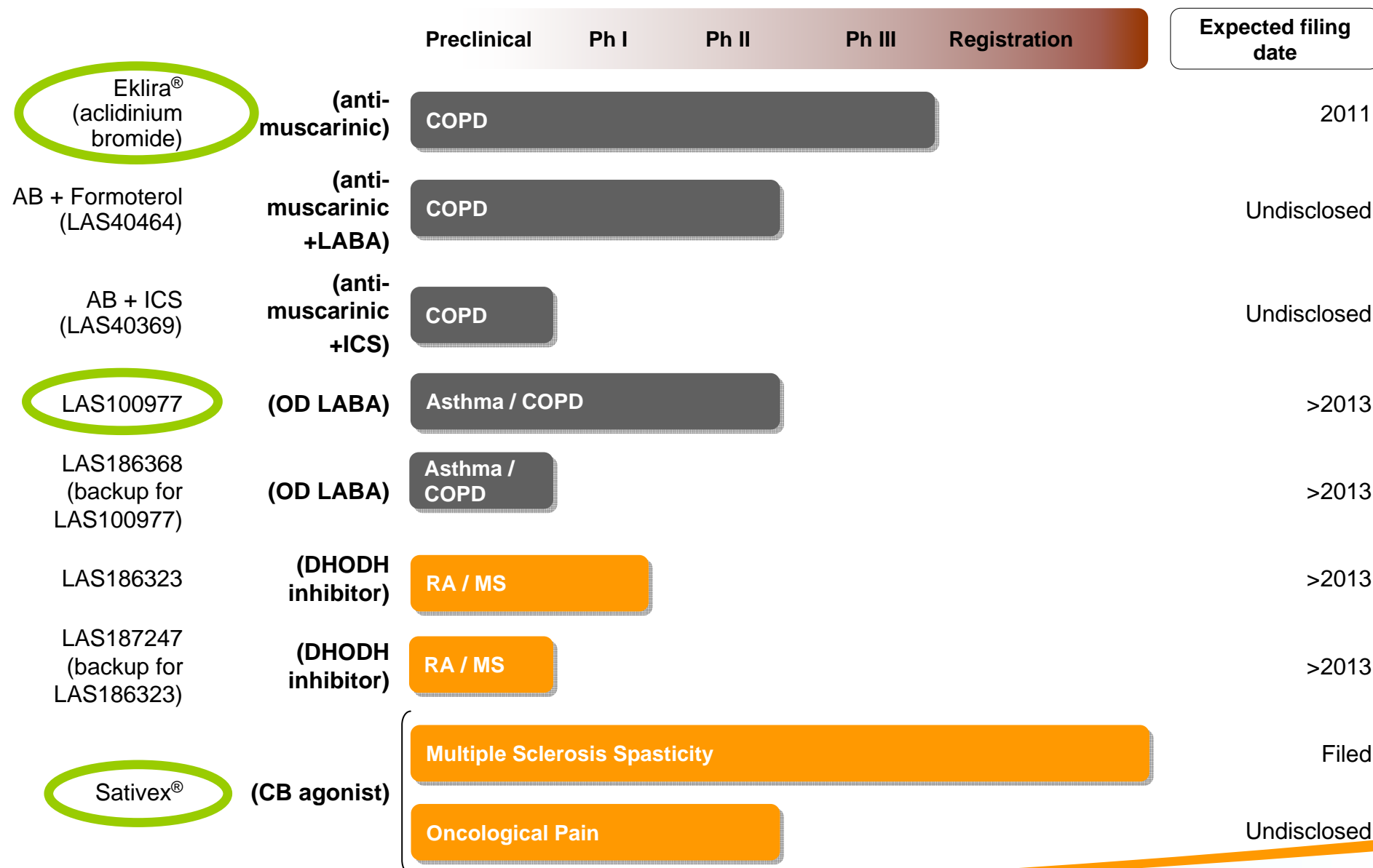




# A pipeline with significant upside (I)

(the right end of each bar represents status of development as of July 30<sup>th</sup> 2010)

■ Respiratory  
■ Auto-immune

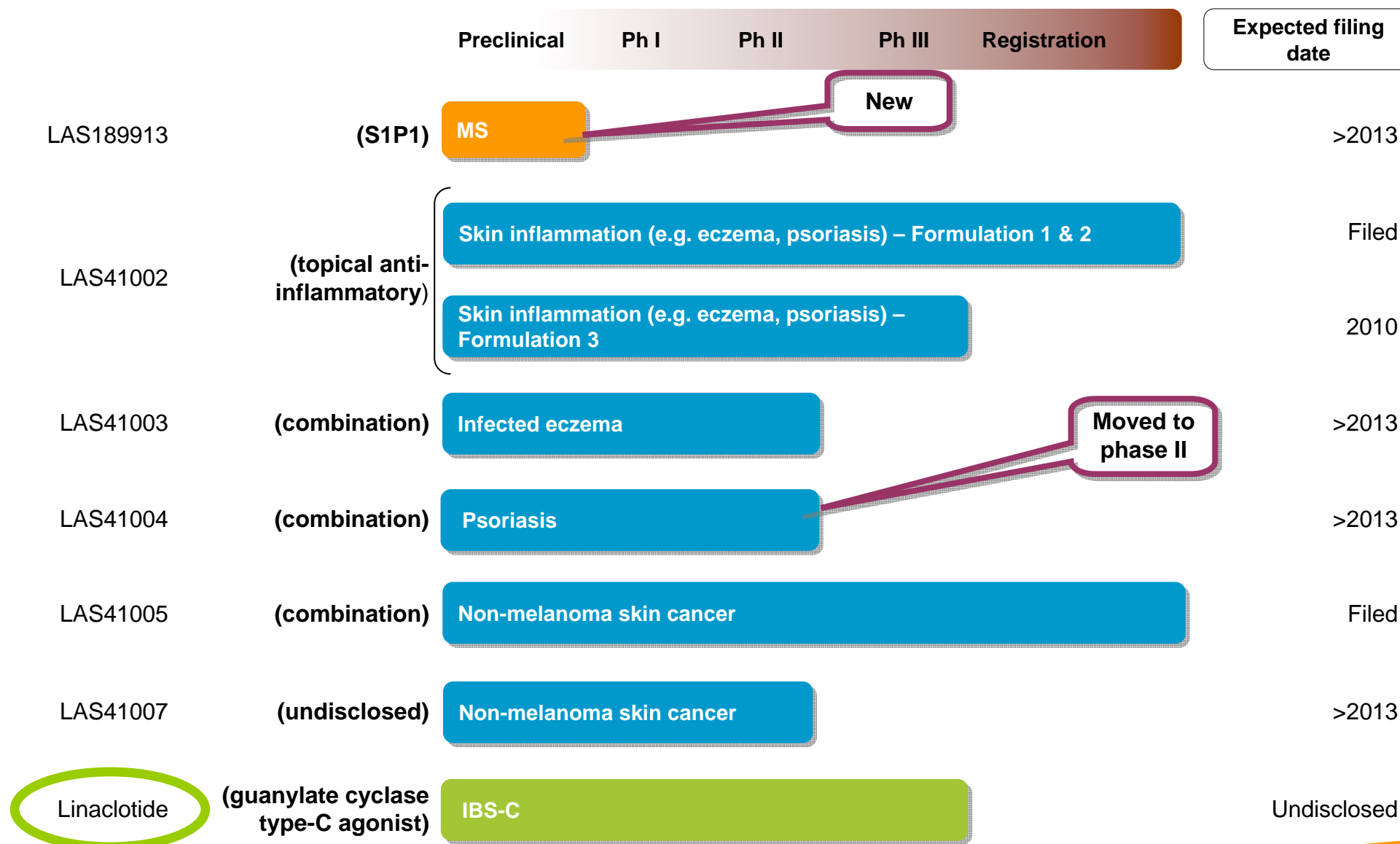


# A pipeline with significant upside (II)

(the right end of each bar represents status of development as of July 30<sup>th</sup> 2010)

Auto-immune  
Dermatology  
Gastrointestinal

Expected filing date



# European Respiratory Society presentations (I)

Barcelona, 18-22 September 2010



## Eklira® (aclidinium bromide) (part I)

- ★ Acclidinium bromide improves resting lung function in patients with moderate to severe COPD.
- ★ Acclidinium bromide improves exercise endurance and decreases exertional dyspnoea in patients with COPD (oral presentation).
- ★ Twice-daily acclidinium bromide in COPD patients: efficacy and safety results from ACCORD COPD I.
- Efficacy and safety of twice-daily acclidinium bromide compared with tiotropium and placebo in patients with moderate to severe COPD.

★ *Not previously presented*

# European Respiratory Society presentations (II)

Barcelona, 18-22 September 2010



## Eklira® (aclidinium bromide) (part II)

- Muscarinic receptor selectivity of aclidinium bromide and glycopyrrolate in vitro.
- In vivo, aclidinium bromide has longer duration of action and reduced potential to induce dry mouth, compared with glycopyrrolate.
- Absolute bioavailability of inhaled aclidinium bromide and safety and tolerability of aclidinium bromide administered intravenously in healthy subjects.
- Excretion and metabolism of [14C] aclidinium bromide administered intravenously in healthy subjects.
- Pharmacokinetics and safety of aclidinium bromide in young and elderly patients with COPD.

# European Respiratory Society presentations (III)

Barcelona, 18-22 September 2010



## Genuair®

- ★ Delivered dose and fine particle dose of acclidinium bromide 200µg via the Genuair® inhaler are independent of flow rate within the working range of the device (*e-communication*).
- Different inhalation volumes do not impact on the aerodynamics of acclidinium bromide delivered using the Genuair® inhaler.

## LAS100977 (OD LABA)

- LAS100977, a novel, selective, long-acting  $\beta$  2-agonist, improves airway conductance and reduces airway resistance in healthy subjects.
- Efficacy and safety of single doses of inhaled LAS100977 in patients with mild to moderate asthma.
- In addition, two preclinical studies assessing the potency, selectivity and duration of action for LAS100977 will be presented.

★ Not previously presented

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