



# Full Year 2013 Financial Results and Business update

*February 24<sup>th</sup> 2014*



**Almirall**

Solutions with you in mind

# Disclaimer

*This document includes only summary information and does not intend to be comprehensive. Facts, figures and opinions contained herein, other than historical, are "forward-looking statements". These statements are based on currently available information and on best estimates and assumptions believed to be reasonable by the Company. These statements involve risks and uncertainties beyond the Company's control. Therefore, actual results may differ materially from those stated by such forward-looking statements. The Company expressly disclaims any obligation to review or update any forward-looking statements, targets or estimates contained in this document to reflect any change in the assumptions, events or circumstances on which such forward-looking statements are based unless so required by applicable law.*

# 2013 Highlights

*Eduardo Sanchiz, CEO*



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# 2013 progress in line with guidance

## Execution on Growth Platforms

- 28 product / country launches
- New products growth of 38% already representing 33% of total sales
- International sales growth of 8%
- Double digit growth in respiratory plus dermatology
- Sustained monthly growth in Eklira's market share
- Filing of AB Combo in Europe

## Balancing investments and business opportunities

- European reorganization initiated. Charges booked in 2013
- R&D expenses moved from 23% on sales in 2012 to 18% in 2013
- Expected annualized savings from 2015 of around €35MM pre-tax

## Change in performance trend

- Return to sales growth (+1.5%)
- Continuous improvement in quarterly sales growth
- Aqua acquisition reinforces one of our key therapeutic areas in the world's largest market

## Aqua's highlights since the acquisition



- Integration progressing as planned
- Governance system established and operational
- Key management retained
- P&L consolidation started as of January 1st

# Financial Highlights

*Daniel Martinez*  
CFO



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## FY 2013 Financial Highlights (I)

- Return to Net Sales growth (**+1.5%**)
- Acceleration of quarterly sales: Q4 '13 vs Q4 '12 as planned (**+19.6%**)
- Strongly improved Gross Margin led by new products (**66.4%** vs 61.6% in FY2012)
- **6.6%** increase in SG&A spending as guided to support new launches
- Return to more normal levels of R&D (**18.3% of sales**)

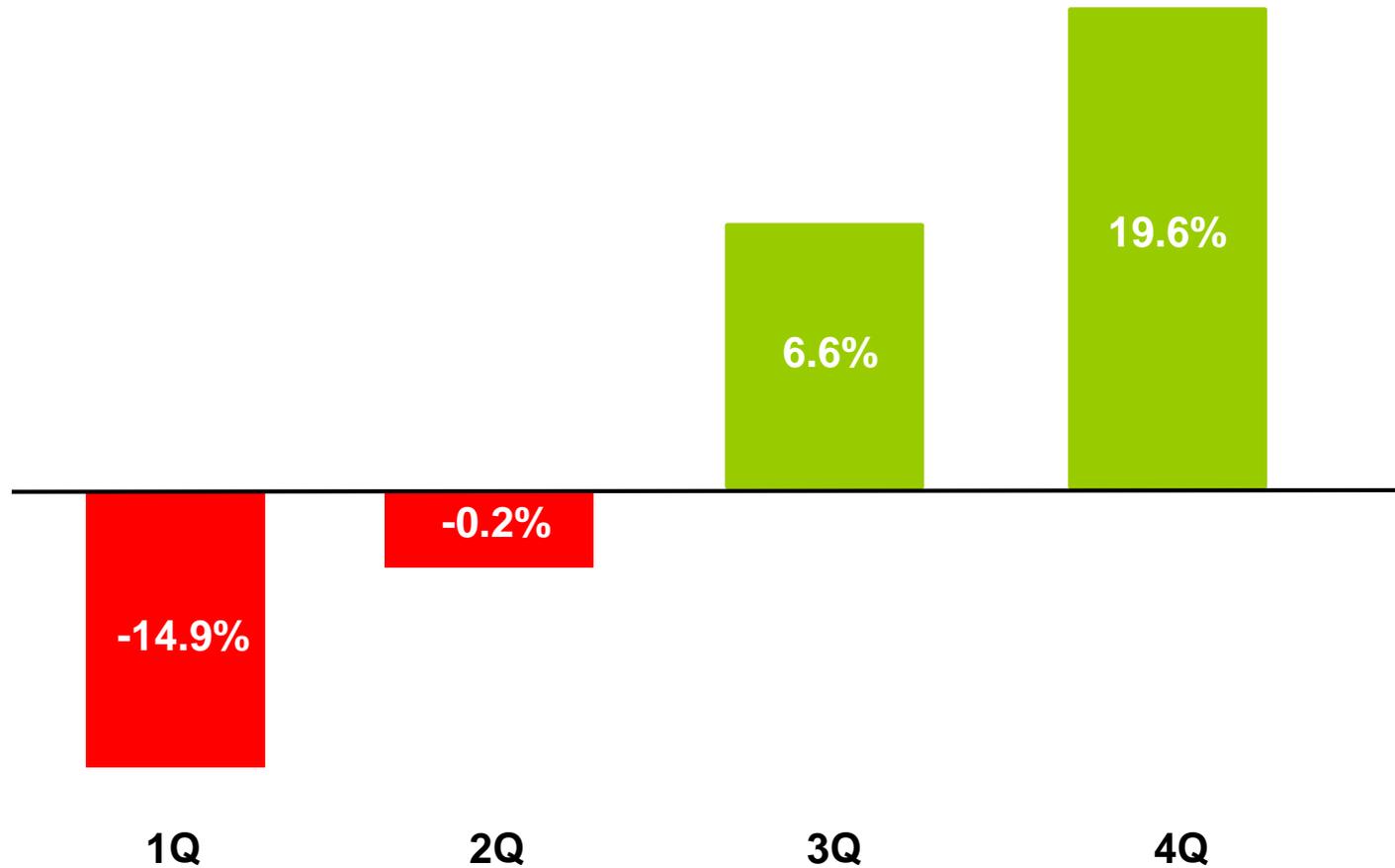
## FY 2013 Financial Highlights (II)

- Net Debt : **x1.9 Pro Forma EBITDA 2013\***
- Cash position: **€ 89.2MM**
- Exceptional charges due to restructuring of commercial capabilities (**€80.3MM**) drove Net Income losses of **€-33.7MM**
- Normalized Net Income (underlying business without exceptional charges) achieved as planned (**€31.0MM**)
- Proposal of not distributing dividends at the AGM in May 9<sup>th</sup>

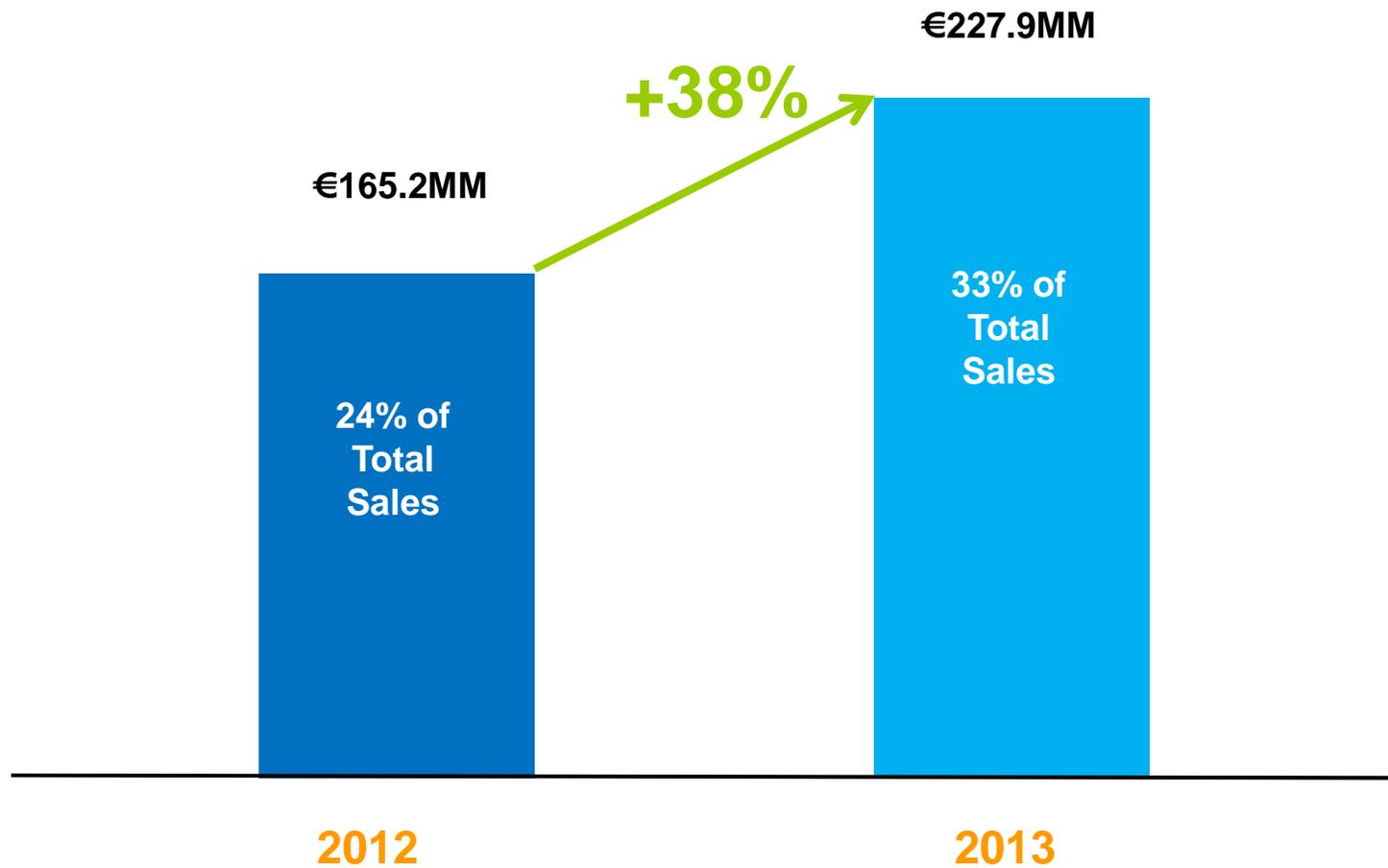
\* Pro Forma Combined EBITDA of Almirall plus Aqua

# Strong acceleration of sales growth through 2013

Quarterly sales growth 2013



# New Platforms of Growth driving sales evolution



\* Eklira®, Sativex®, Constella® and Derma

# Income Statement

€ Million	YTD Dec 2013	YTD Dec 2012	% var
<b>Total Revenues</b>	<b>825.5</b>	<b>900.2</b>	<b>(8.3%)</b>
Net Sales	692.9	682.9	1.5%
Other Income	132.6	217.3	(39.0%)
Cost of Goods	(233.1)	(262.2)	(11.1%)
<b>Gross Profit</b>	<b>459.8</b>	<b>420.7</b>	<b>9.3%</b>
% of sales	66.4%	61.6%	
<b>R&amp;D</b>	<b>(126.7)</b>	<b>(159.5)</b>	<b>(20.6%)</b>
% of sales	(18.3%)	(23.4%)	
<b>SG&amp;A</b>	<b>(448.1)</b>	<b>(420.5)</b>	<b>6.6%</b>
% of sales	(64.7%)	(61.6%)	
<b>Other Op. Exp</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(5.0%)</b>
<b>EBIT</b>	<b>15.7</b>	<b>56.0</b>	<b>(72.0%)</b>
% of sales	2.3%	8.2%	
<b>Depreciation</b>	<b>69.4</b>	<b>68.0</b>	<b>2.1%</b>
% of sales	10.0%	10.0%	
<b>EBITDA</b>	<b>85.1</b>	<b>124.0</b>	<b>(31.4%)</b>
% of sales	12.3%	18.2%	
Sale of noncurrent assets / Other	(15.2)	(0.5)	n.m.
Restructuring costs	(80.3)	0.0	n.m.
Impairment reversals / (losses)	(4.6)	(2.0)	130.0%
Net financial income / (expenses)	(5.3)	(4.6)	15.2%
<b>Profit before tax</b>	<b>(89.7)</b>	<b>48.9</b>	<b>n.m.</b>
Corporate income tax	56.0	27.5	103.6%
<b>Net income</b>	<b>(33.7)</b>	<b>76.4</b>	<b>(144.1%)</b>
<b>Normalized Net Income</b>	<b>31.0</b>	<b>77.8</b>	<b>(60.1%)</b>
Earnings per share (€)	-0.19 €	0.45 €	
Normalized Earnings per share (€)	0.18 €	0.46 €	

- A. Return to sales growth as guided
- B. Expected decline due to substantial milestones in 2012
- C. Strong improvement driven by positive evolution of new products
- D. Mainly driven by Aqua acquisition
- E. Exceptional charges due to restructuring of commercial capabilities drove Net Income losses
- F. Evolution of Normalized Net Income as planned

## Balance Sheet (includes Aqua)

€ Million	December 2013	% of BS	December 2012
Goodwill	<b>A</b> 336.2	19.0%	270.3
Intangible assets	595.1	33.6%	358.2
Property, plant and equipment	161.3	9.1%	157.0
Financial assets	23.3	1.3%	8.8
Other non current assets	322.1	18.2%	251.4
<b>Total Non Current Assets</b>	<b>1,438.0</b>	<b>81.1%</b>	<b>1,045.7</b>
Inventories	97.7	5.5%	92.4
Accounts receivable	99.5	5.6%	98.8
Cash & equivalents	89.2	5.0%	52.3
Other current assets	48.3	2.7%	66.9
<b>Total Current Assets</b>	<b>334.7</b>	<b>18.9%</b>	<b>310.4</b>
<b>Total Assets</b>	<b>1,772.7</b>		<b>1,356.1</b>
Shareholders equity	888.3	50.1%	923.7
Financial debt	<b>B</b> 281.4	15.9%	0.0
Non current liabilities	232.4	13.1%	183.0
Current liabilities	<b>C</b> 370.6	20.9%	249.4
<b>Total Equity and Liabilities</b>	<b>1,772.7</b>		<b>1,356.1</b>

- A. Boosted by the Aqua Pharmaceuticals acquisition: Goodwill **€66.7M** and Intangible assets **€246.9M**
- B. Long term loan for the Aqua acquisition (**€254M**)
- C. Increase mainly due to Restructuring provision (**€80.3M**)

# Cash-flow Evolution

€ Million	Dec 2013 YTD	Dec 2012 YTD
<b>Profit Before Tax</b>	<b>(89.7)</b>	<b>48.8</b>
Depreciation and amortisation	69.4	68.0
Change in working capital <b>A</b>	95.4	35.1
Other adjustments	(8.0)	(39.1)
<b>Cash Flow from Operating Activities (I)</b>	<b>67.1</b>	<b>112.8</b>
Financial Income	0.5	3.5
Investments	(78.2)	(80.8)
Divestments	2.4	0.9
Changes in scope of consolidation <b>B</b>	(231.7)	0.0
Other cash flows	0.0	0.0
<b>Cash Flow from Investing Activities (II)</b>	<b>(307.0)</b>	<b>(76.4)</b>
Finance Expense	(5.3)	(7.9)
Dividend distribution	(0.8)	(1.2)
Capital increase/ (decrease)	(0.1)	(0.2)
Debt increase/ (decrease) <b>C</b>	281.4	(202.2)
Other cash flows	1.6	(1.5)
<b>Cash Flow from Financing Activities</b>	<b>276.8</b>	<b>(213.0)</b>
<b>Cash Flow generated during the period</b>	<b>36.9</b>	<b>(176.6)</b>
<b>Free Cash Flow (III) = (I) + (II)</b>	<b>(239.9)</b>	<b>36.4</b>

**A.** Positive impact: improved inventories and cash cycle conditions

**B.** Net payment related to the Aqua Pharmaceuticals acquisition (**€231.7M**)

**C.** As of December 2012, all existing debt was cancelled. In 2013 new loan related to the Aqua acquisition amounting to **€253.9M**

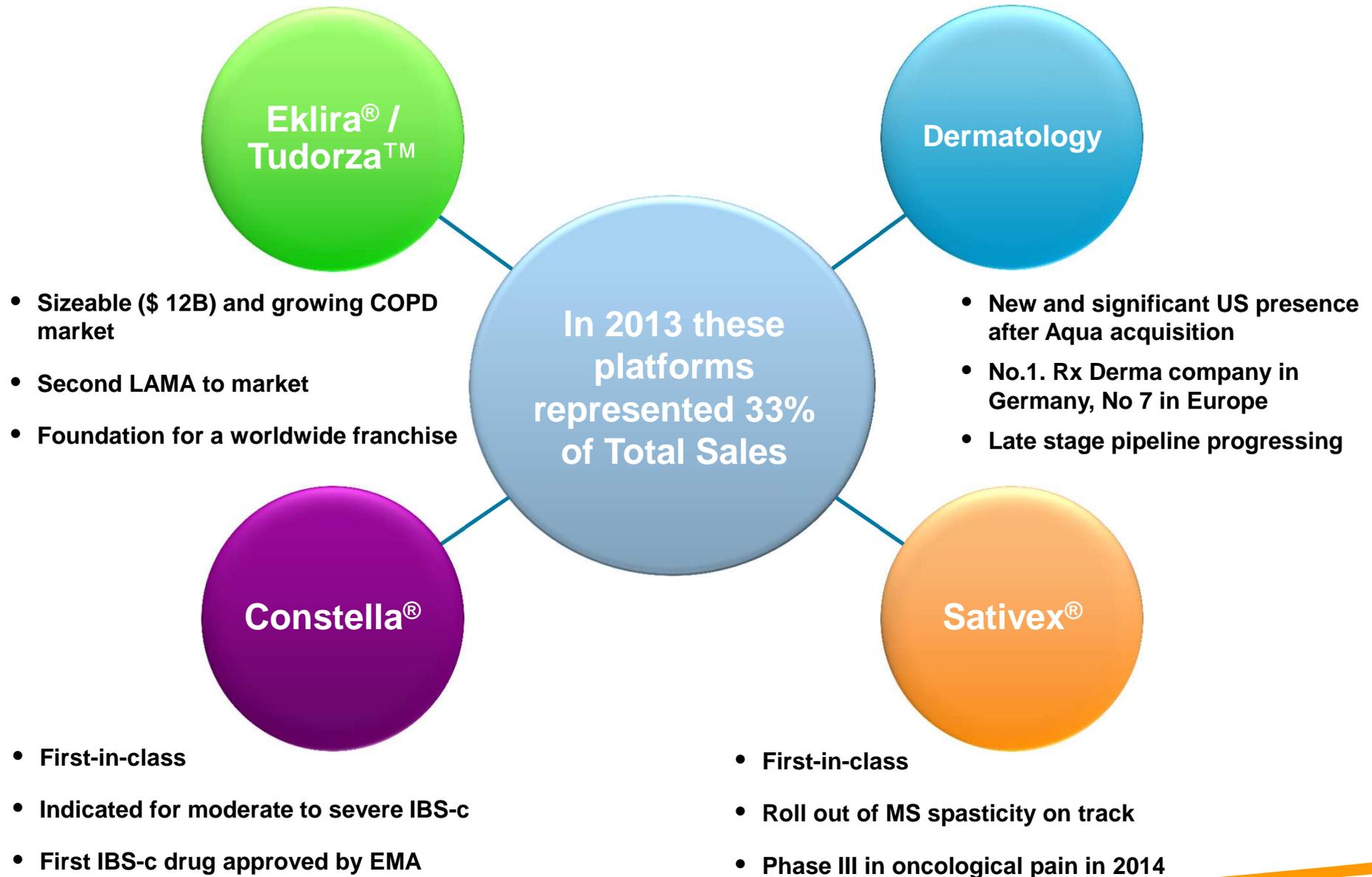
# Growth platforms

*Steve Lewington*  
*Senior Director Global Marketing*  
*& Medical Affairs*



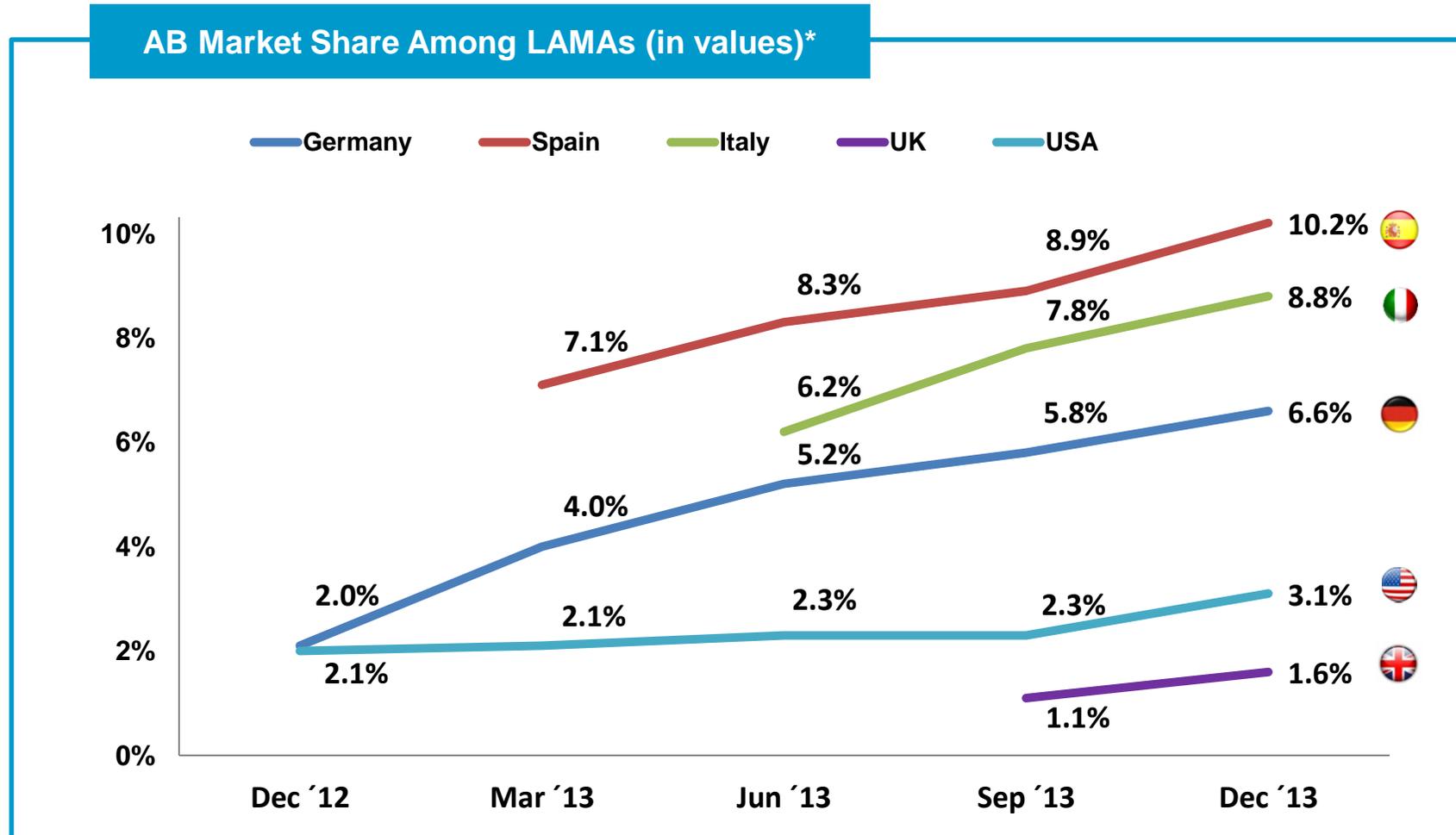
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# Four platforms of growth with transformational potential



# Eklira® continues to gain market share

As of December 31st 2013

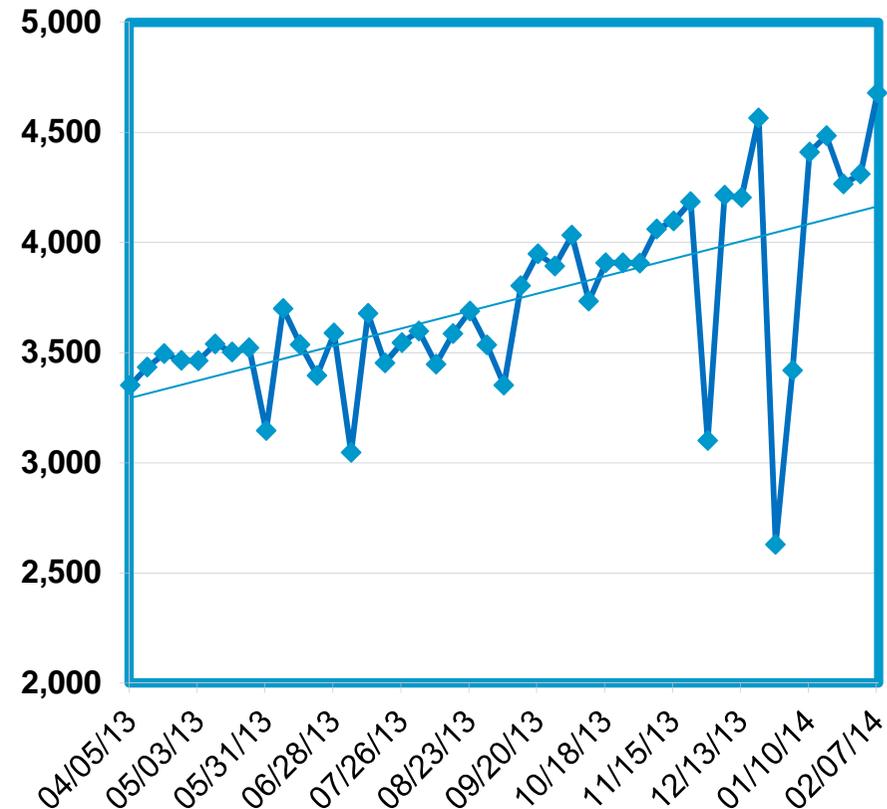


\* Source : IMS

# Tudorza™ continues to grow in the US

- New prescriptions in 2014 were up **8.6%** versus the same period in the prior Quarter
- NRx Market share increased 42 bps to **1.92%** since the beginning of 2014
- Tudorza™ new writer count is **~500/week** and has reached a total of **~36K** since launch

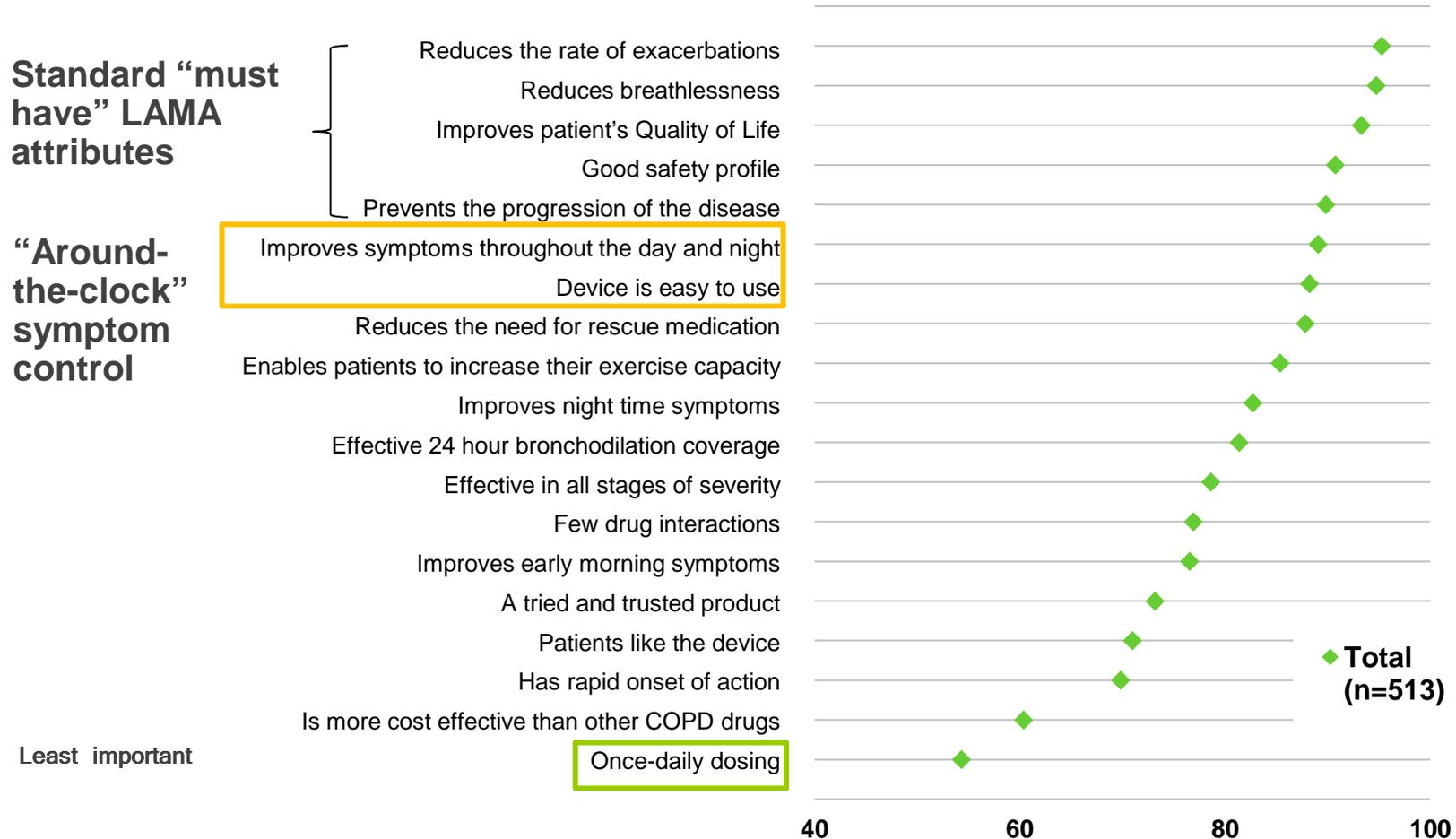
## Tudorza™ New Prescriptions



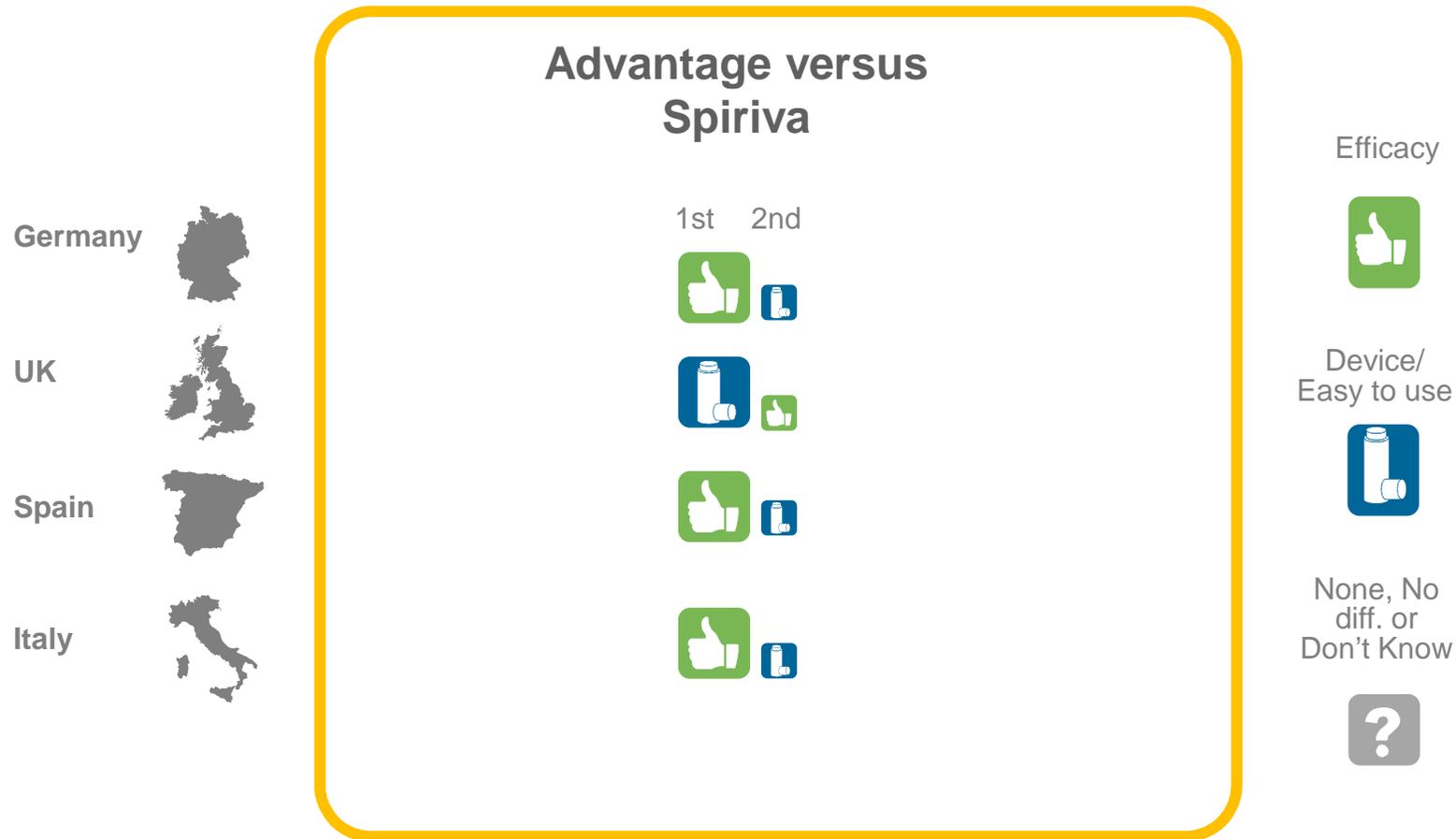
Source: IMS

# Eklira's around-the-clock symptom control and device ease of use more relevant than once-daily dose

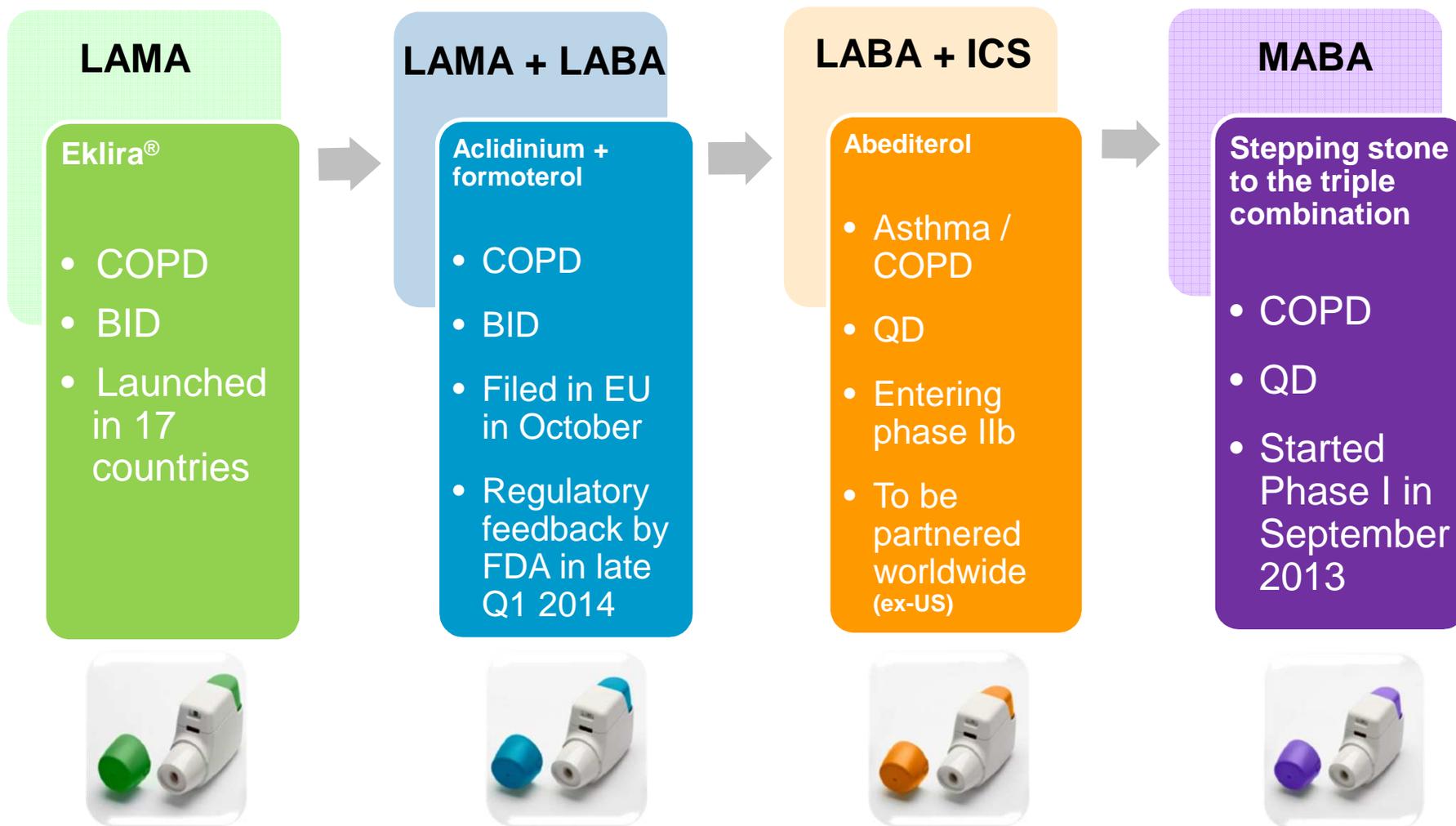
Attributes ranked by relevance to physicians in EU4\*



# Efficacy is perceived as Eklira's main advantage vs. Spiriva, followed by the Genuair device



# Our respiratory franchise moving forward



# Commercial execution of Constella®

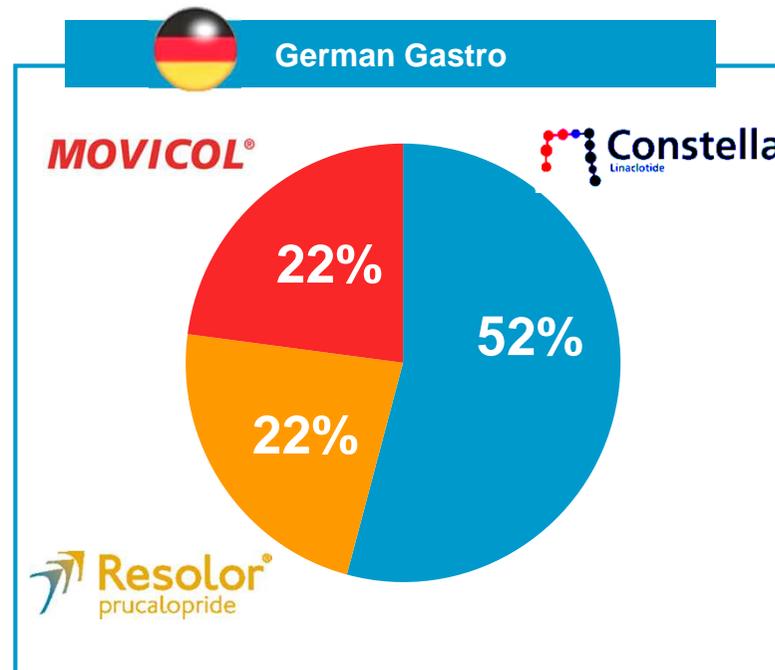
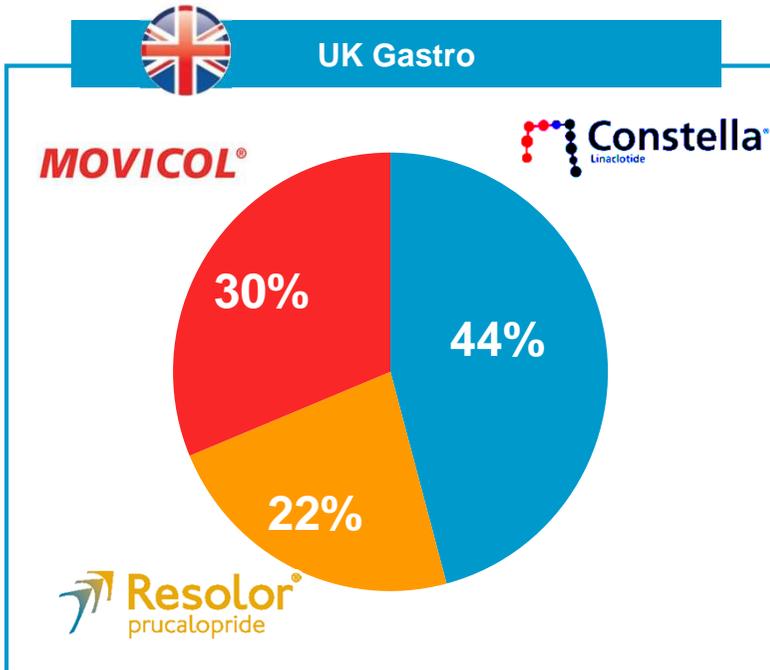
As of Dec 31<sup>st</sup> 2013



Available to Patients		Planned 2014	
 UK	 Germany		<b>New Launches</b>
 Denmark	 Austria		
 Finland	 Switzerland		
 Norway	 Iceland		
 Sweden			

- Strongly synergistic promotion (same sales force), Eklira® and Constella® are 80% prescribed by primary care physicians
- Positive acceptance by physicians – on track to become the leading prescription therapy for adult patients with IBS-c

# Constella® within first 6 months considered first choice prescription product for adult IBS-C patients by Gastroenterologists



MOVICOL® ( Macrogol ) is a trademark of Norgine  
 Resolor ( Prucalopride ) is a trademark of Shire plc



ADELPHI RESEARCH UK

Base: All respondents (N=50 respondent in each country)  
 Source: ATU Q22 What is your preferred 1st choice prescription product for each patient type shown?  
 Research took place in UK 18th -29th November and in Germany 28th Nov.- 5th of December  
 Constella launched May 2013



# Pan European Commercialization of Sativex®

As of Dec 31<sup>st</sup> 2013



Available to Patients by Almirall	Planned 2014
 Spain  Germany	 <b>3</b> <b>New Launches</b>
 Denmark  Norway	
 Austria  Sweden	
 Poland  Italy	
 Finland  Iceland	

- Positive volume trends: +37% YoY
- Pan-European rollout to continue in 2014 for spasticity in MS
- Topline results of oncological pain Phase III study reads out in H2 2014

# Commercial execution wrap-up

	Countries present	Planned launches in 2014
Eklira® / Bretaris® / Tudorza™	17	16
Constella®	9	5
Sativex®	10	3

- Almirall has the right products, commercial capabilities and right market access to drive growth forward
- Our partners Forest and Menarini have given us the global commercial footprint to compete successfully in the Respiratory market
- Pan-Eur/Mexico licensed products (Constella® & Sativex®) will leverage our commercial structure
- Stepping into the profitable US derma market, derma sales reach 30% of total revenue

# Outlook and guidance 2014

*Eduardo Sanchiz, CEO*

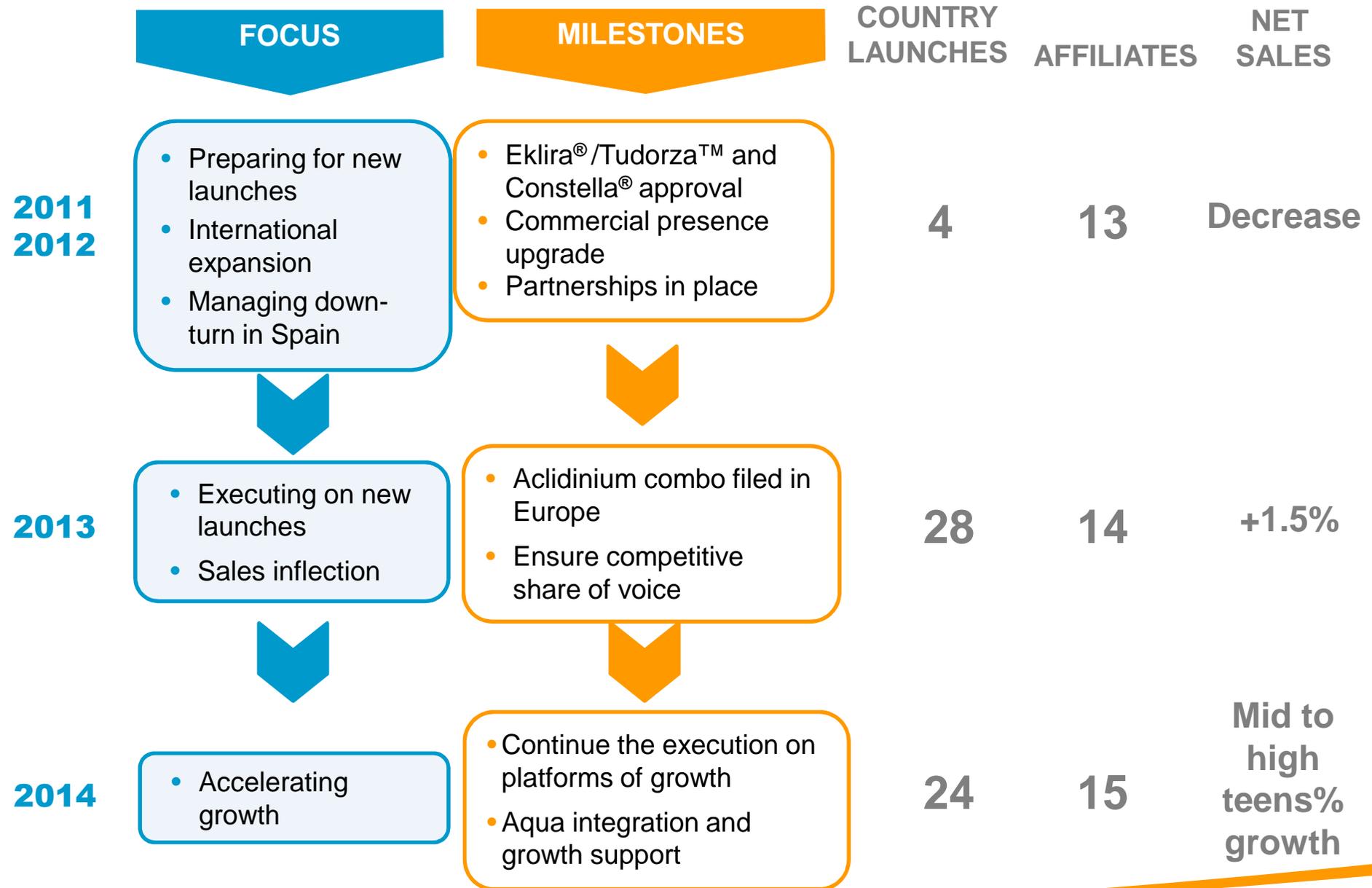


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## Wrapping-up 2013

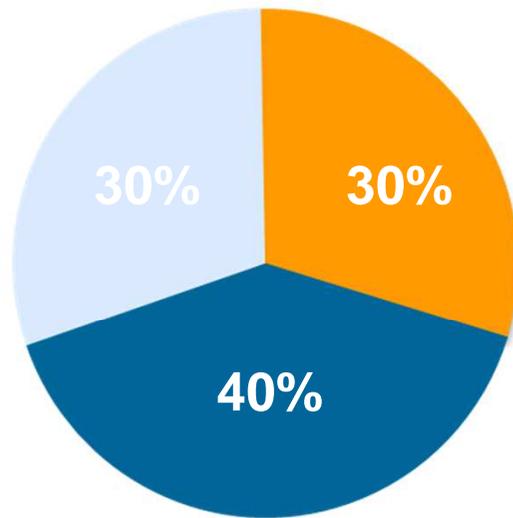
- Return to sales growth
- Strong commercial execution: 28 country launches
- Positive Phase III completion of aclidinium + formoterol combination
- Aclidinium + formoterol filed in Europe in Oct 2013
- Continued cost focus: restructuring in selected European countries
- Aqua acquisition expands Almirall's footprint into the US

# Almirall Evolution



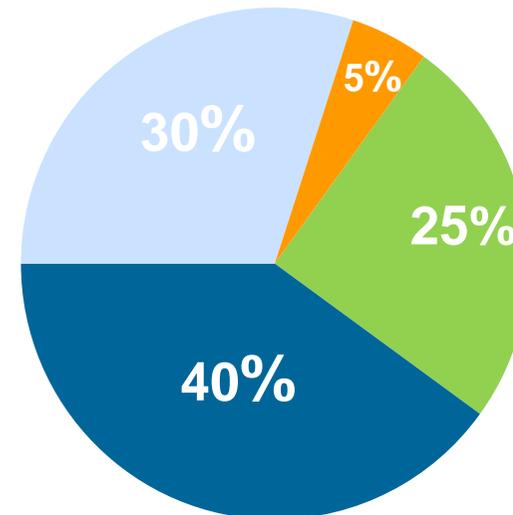
# Pro Forma Sales 2014 show greater therapeutic and geographic diversification

By Therapeutic Area



- Respiratory
- Dermatology
- Other Therapeutic Areas

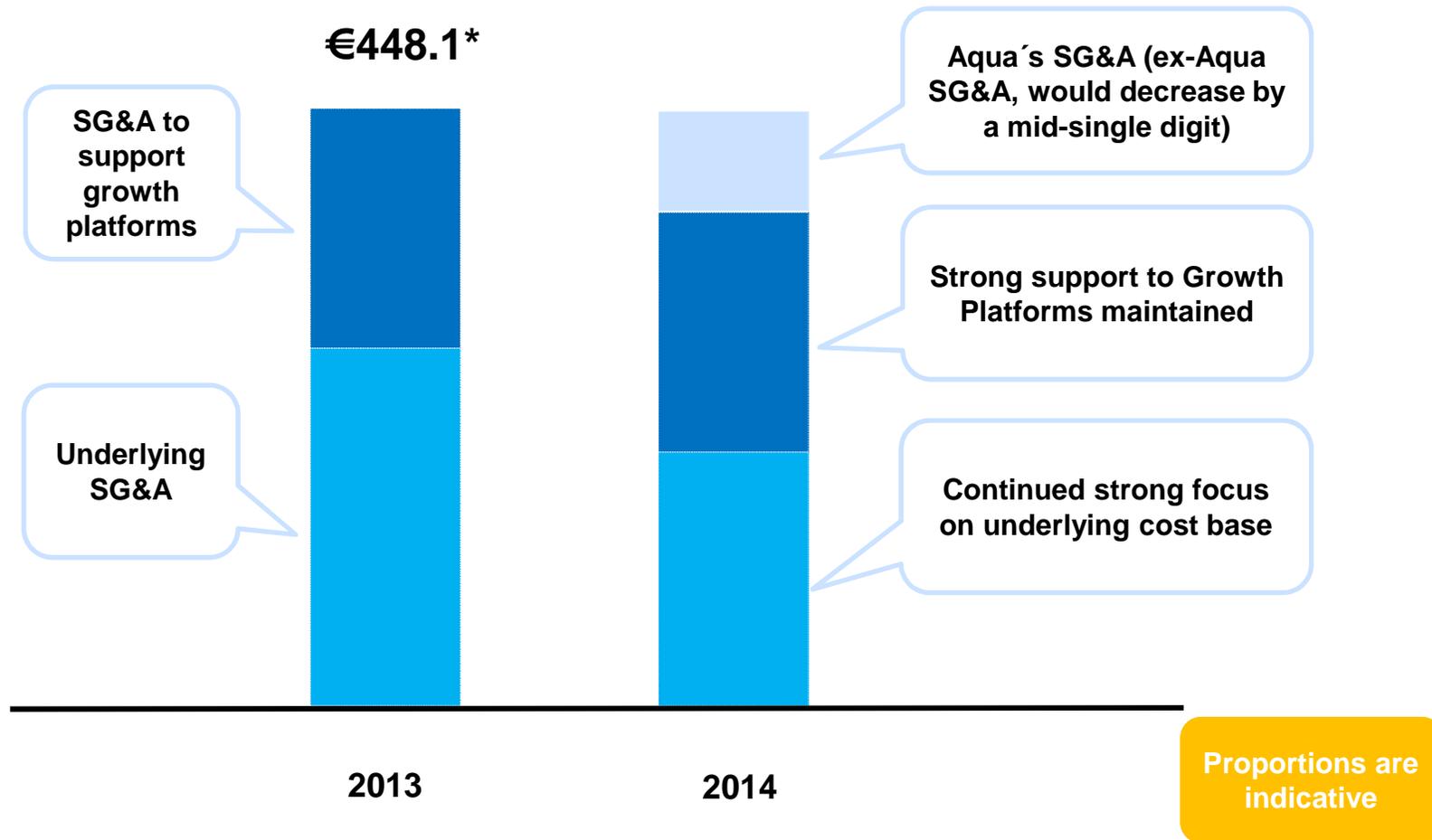
By Region



- North America\*
- Europe (ExSpain)
- Spain
- Others

\* US, Canada, Mexico

# SG&A: balancing support to new products with cost focus



\* Expressed in millions

# Financial guidance 2014

P&L Item	Trend	Context
<b>Net Sales*</b>	Mid to High Teen % Growth*	Driven by platforms of growth and Aqua consolidation
<b>Total Revenues**</b>	Mid to High Single digit Growth	Due to lower Other Income
<b>R&amp;D</b>	c 14% of Net sales	Return to more normal levels
<b>SG&amp;A</b>	Similar levels to 2013	Addition of Aqua and continued cost focus
<b>Normalised Net Income*</b>	Significant growth vs 2013	Financial expenses: Mid twenties million euros

\* In constant exchange rates

\*\* Net sales + other income

## Key Priorities for 2014

- Continue the strong execution on our new products
- Prepare for launch of acclidinium + formoterol combination
- Grow and support Aqua's business
- Complete European restructuring

# Appendixes

## 2013 Q4 vs 2012 Q4

€ Million	2013 4Q	2012 4Q	% 4Q13 vs 4Q12
<b>Total Revenue</b>	<b>214.1</b>	<b>193.5</b>	<b>10.6%</b>
Net Sales	181.6	151.8	19.6%
Other Income	32.5	41.7	(22.1%)
Cost of Goods	(58.7)	(50.6)	16.0%
<b>Gross Profit</b>	<b>122.9</b>	<b>101.2</b>	<b>21.4%</b>
% of sales	67.7%	66.7%	
<b>R&amp;D</b>	<b>(36.0)</b>	<b>(43.0)</b>	<b>(16.3%)</b>
% of sales	(19.8%)	(28.3%)	
<b>SG&amp;A</b>	<b>(110.7)</b>	<b>(140.3)</b>	<b>(21.1%)</b>
% of sales	(61.0%)	(92.4%)	
<b>Other Op. Exp</b>	<b>(0.6)</b>	<b>(4.0)</b>	<b>(85.0%)</b>
% of sales	(0.3%)	(2.6%)	
<b>EBIT</b>	<b>8.1</b>	<b>(44.4)</b>	<b>(118.2%)</b>
% of sales	4.5%	(29.2%)	
<b>Depreciation</b>	<b>17.7</b>	<b>18.4</b>	<b>(3.8%)</b>
% of sales	9.7%	12.1%	
<b>EBITDA</b>	<b>25.8</b>	<b>(26.0)</b>	<b>(199.2%)</b>
% of sales	14.2%	(17.1%)	
Sale of noncurrent assets / Other	(8.7)	(0.5)	n.m.
Restructuring costs	(80.3)	0.0	n.m.
Impairment reversals / (losses)	(4.6)	(2.0)	130.0%
Net financial income / (expenses)	(1.7)	(1.7)	0.0%
<b>Profit before tax</b>	<b>(87.2)</b>	<b>(48.6)</b>	<b>79.4%</b>
Tax	31.7	33.6	(5.7%)
<b>Net income</b>	<b>(55.5)</b>	<b>(15.0)</b>	<b>n.m.</b>
<b>Normalized Net Income</b>	<b>9.2</b>	<b>(13.6)</b>	<b>(167.6%)</b>

n.m.: not meaningful

## Zoom in – Other Income

Includes:

€ 46.9 MM of co-development revenues

€ 23.9 MM linked to upfront and milestones received (Eklira®)

€ rounded million	YTD Dec 2013	YTD Dec 2012	% var vs LY
Co-development agreements	71.0	160.7	(55.8%)
Co-promotion agreements	20.6	16.6	24.1%
Product promotion collaboration	5.0	10.0	(50.0%)
Other	35.9	30.0	19.7%
<b>Total Other Income</b>	<b>132.5</b>	<b>217.3</b>	<b>(39.0%)</b>

Includes income from co-promotion and distribution agreements

Includes € 28.9 MM of capitalisation of acridinium line extensions and royalties from partners

## Sales breakdown by Region and by main Therapeutic Area

### By Region

€ rounded in million	YTD Dec 2013	YTD Dec 2012	% var
Spain	263.4	283.1	(7.0%)
Europe & Middle East	303.1	284.2	6.7%
America, Africa & Asia Pacific	108.4	97.6	11.1%
Corporate	18.0	18.0	(0.1%)
<b>Total</b>	<b>692.9</b>	<b>682.9</b>	<b>1.5%</b>

### By Main Therapeutic Area

€ rounded in million	YTD Dec 2013	YTD Dec 2012	% Var YTD
Respiratory	211.0	173.4	21.7%
Gastrointestinal and Metabolism	143.8	147.2	(2.3%)
Dermatology	134.8	130.2	3.5%
CNS	80.8	83.2	(2.9%)
Osteomuscular	43.5	45.8	(5.0%)
Cardiovascular	43.2	63.9	(32.5%)
Urological	17.1	18.7	(8.5%)
Other therapeutic specialties	18.8	20.5	(8.4%)
<b>Total Net Sales</b>	<b>692.9</b>	<b>682.9</b>	<b>1.5%</b>

## Breakdown of the core business

- Proprietary products
- In-licensing products

€ rounded Million		YTD Dec 2013	YTD Dec 2012	% Var YTD
Eklira and other (aclidinium bromide)	●	84.1	27.0	<i>n.m.</i>
Ebastel and other (ebastine)	●	75.9	90.9	(16.5%)
Almogran and other (almotriptan)	●	52.0	52.3	(0.7%)
Tesavel & Efficib (sitagliptine)	●	46.4	43.9	5.7%
Plusvent (salmeterol & fluticasone)	●	43.7	49.3	(11.3%)
Solaraze (diclofenac sodium)	●	33.6	33.0	1.8%
Airtal and other (aceclofenac)	●	29.1	28.9	0.5%
Decoderm and other (flupredniden)	●	21.4	19.6	9.0%
Parapres (candesartan cilexetile)	●	20.9	32.0	(34.6%)
Almax (almagate)	●	20.4	17.2	19.2%
Balneum (urea oil)	●	17.6	18.2	(3.0%)
Pantopan (pantoprazole)	●	16.2	15.8	2.5%
Cleboril (clebopride)	●	13.9	13.8	0.7%
Elecor (eplerenone)	●	13.8	13.1	5.4%
Cidine and other (cinitapride)	●	12.5	15.3	(18.3%)
Other	● ●	191.3	212.5	(10.0%)
<b>Total Net Sales</b>		<b>692.9</b>	<b>682.9</b>	<b>1.5%</b>

*n.m.: not meaningful*

# Pro forma Cash-flow without Aqua

€ Million	Group 2013	Aqua acquisition	Proforma without Aqua
<b>Profit Before Tax</b>	<b>(89.7)</b>		<b>(89.7)</b>
Depreciation and amortisation	69.4		69.4
Change in working capital	95.4		95.4
Other adjustments	(8.0)		(8.0)
<b>Cash Flow from Operating Activities (I)</b>	<b>67.1</b>		<b>67.1</b>
Financial Income	0.5		0.5
Investments	(78.2)		(78.2)
Divestments	2.4		2.4
Changes in scope of consolidation	(231.7)	(231.7)	0
<b>Cash Flow from Investing Activities (II)</b>	<b>(307.0)</b>	<b>(231.7)</b>	<b>(75.3)</b>
Finance Expense	(5.3)		(5.3)
Dividend distribution	(0.8)		(0.8)
Capital increase/ (decrease)	(0.1)		(0.1)
Debt increase/ (decrease)	281.4	253.9	27.5
Other cash flows	1.6		1.6
<b>Cash Flow from Financing Activities</b>	<b>276.8</b>	<b>253.9</b>	<b>22.9</b>
<b>Cash Flow generated during the period</b>	<b>36.9</b>	<b>22.2</b>	<b>14.7</b>
<b>Free Cash Flow (III) = (I) + (II)</b>	<b>(239.9)</b>	<b>(231.7)</b>	<b>(8.2)</b>

# Eklira® status in other key LAMA geographies



**Japan**



**South Korea**



**Australia**

**Status**

Phase III completed

Filed in Q3 2013

Filed in Q1 2013

**Next Steps**

Completion of LTS\*  
and Dossier  
submission

Regulatory feedback  
expected Q3 2014

Regulatory feedback  
expected Q1 2014

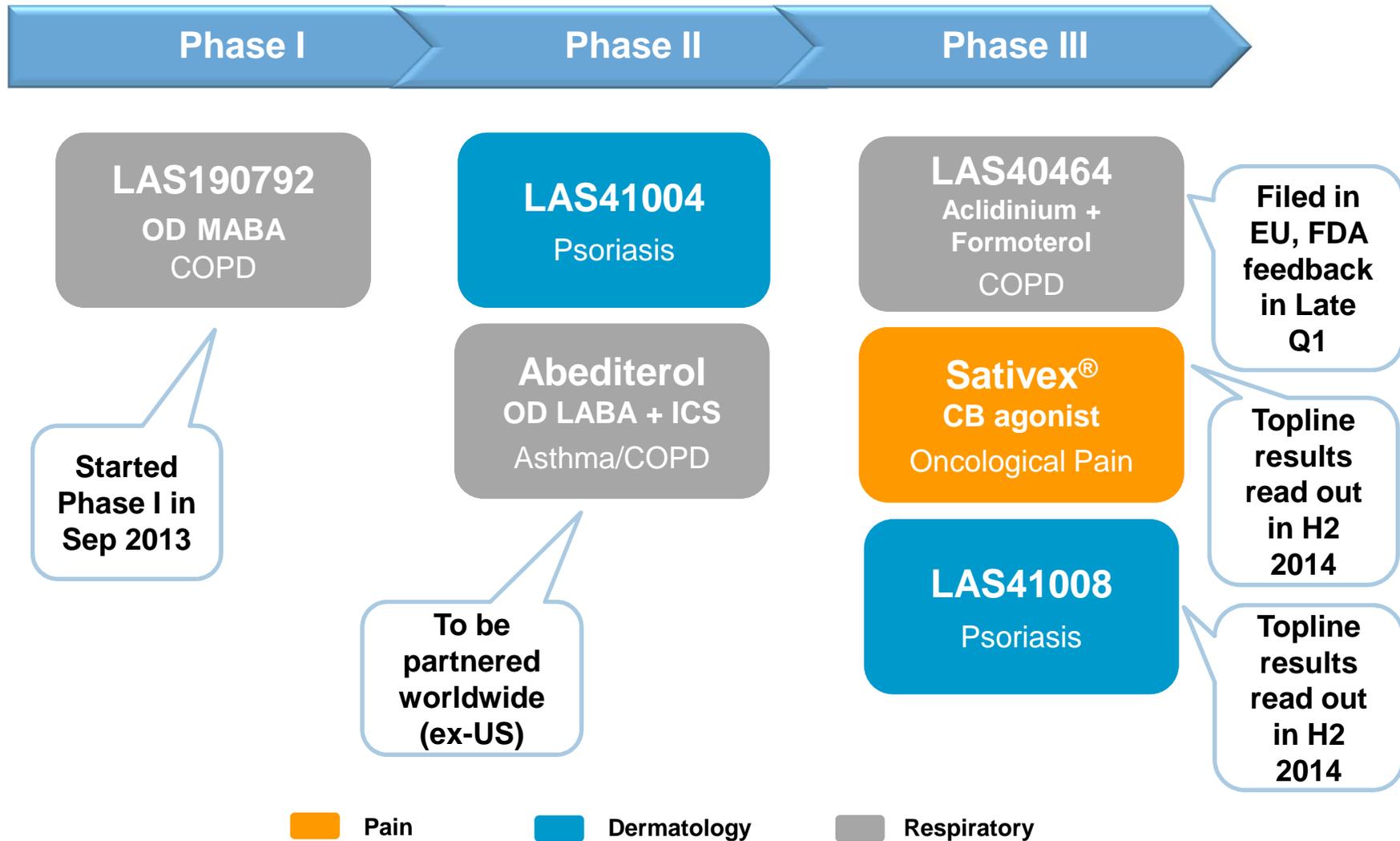
**Partnered to**



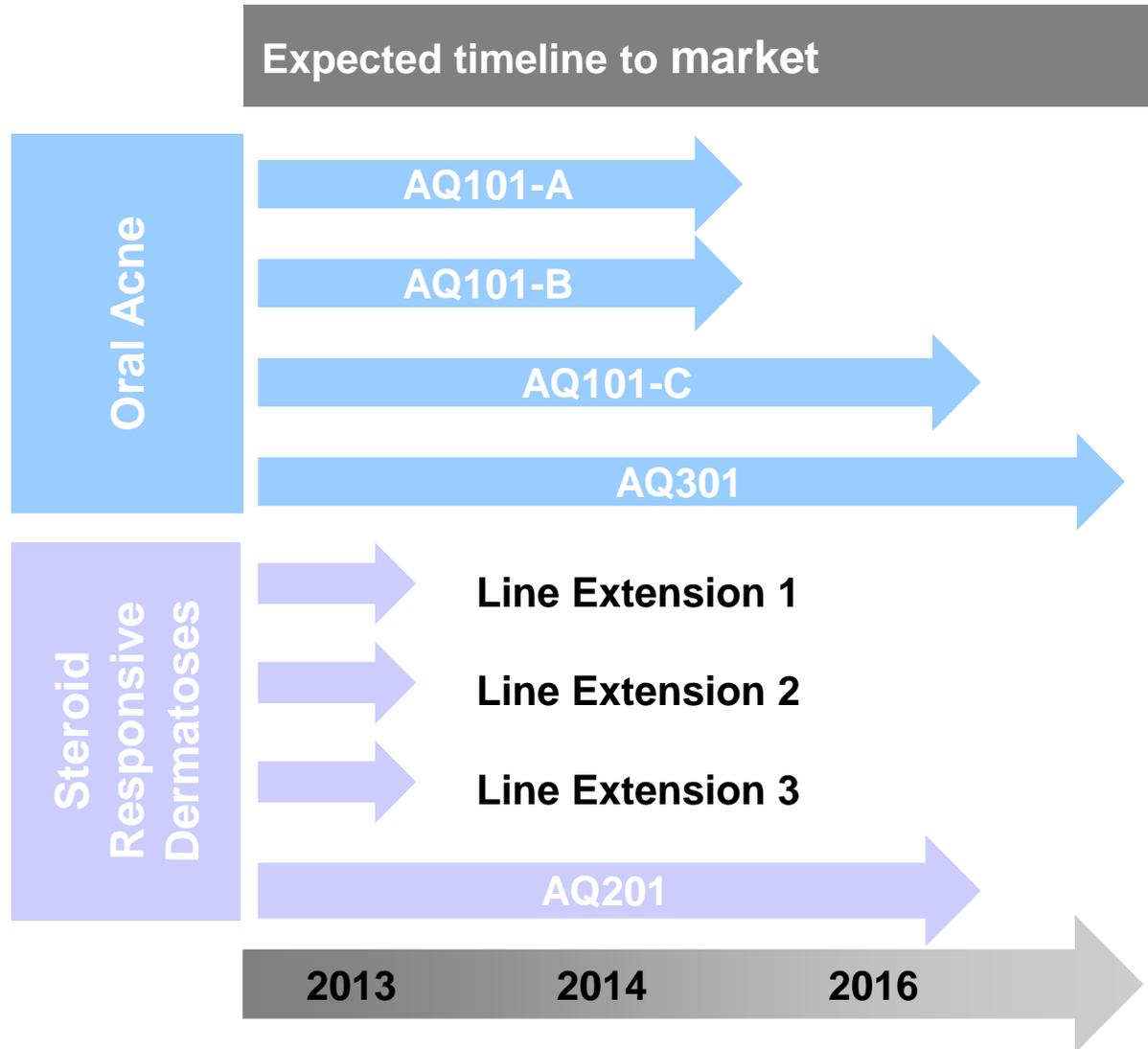
\* Long term safety

# A pipeline with significant upside

Preclinical projects not included



# Aqua's pipeline



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