

Barcelona, July 24<sup>th</sup> 2017

## **SIGNIFICANT EVENT**

### **PRESENTATION OF H1 2017 FINANCIAL RESULTS: WEBCAST WITH ANALYSTS AND INSTITUTIONAL INVESTORS**

Almirall, S.A. (ALM.MC), as per section 228 of the Royal Legislative Decree 4/2015, of 23 October 2015, approving the Restated Text of the Securities Market Act, hereby announces that:

A webcast with analysts and institutional investors will be held today, 24<sup>th</sup> July at 10.00 am CET, 9.00 am UK, 4.00 am ET.

A replay of the Conference Call will be available on the corporate web site at [www.almirall.com](http://www.almirall.com) shortly after.

Please find attached the Press Release and the presentation for the Webcast.

Yours sincerely,

Pablo Divasson del Fraile  
Corporate Comms. & Investor Relations Department  
[investors@almirall.com](mailto:investors@almirall.com)





Solutions with you in mind

**H1 2017**  
**Financial Results**  
**and Business Update**

*July 24<sup>th</sup> 2017*

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# H1 2017 Highlights



***Eduardo Sanchiz***  
***CEO***

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# H1 2017 Introduction

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- We reiterate the recent Guidance provided on 10<sup>th</sup> July 2017
- Implemented decisive actions regarding the situation in the US
- We retain strong confidence in Thermi despite a slow start to the year
- Business remains on track in Europe and RoW
- Approval of Skilarence<sup>®</sup> in all EU member states
- Our long-term strategy is unchanged and we continue to be strongly focused on BD in Dermatology and Aesthetics opportunities as well as progressing our R&D pipeline

# US Market situation update

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## Inventory rebalancing

- No further change to our expectation of inventory reduction impact of c. €25 Million

## Savings Cards/Coupons

- New processes related to use of Patient Assistance Programs (PAP) having the expected effect

## Acticlate™ generic

- Market actions implemented
- Teva Pharmaceuticals has launched in parallel its authorised generic

# H1 2017 - Financial Highlights



*David Nieto*  
*CFO*

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# H1/2017 - Financial highlights

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## Highlights

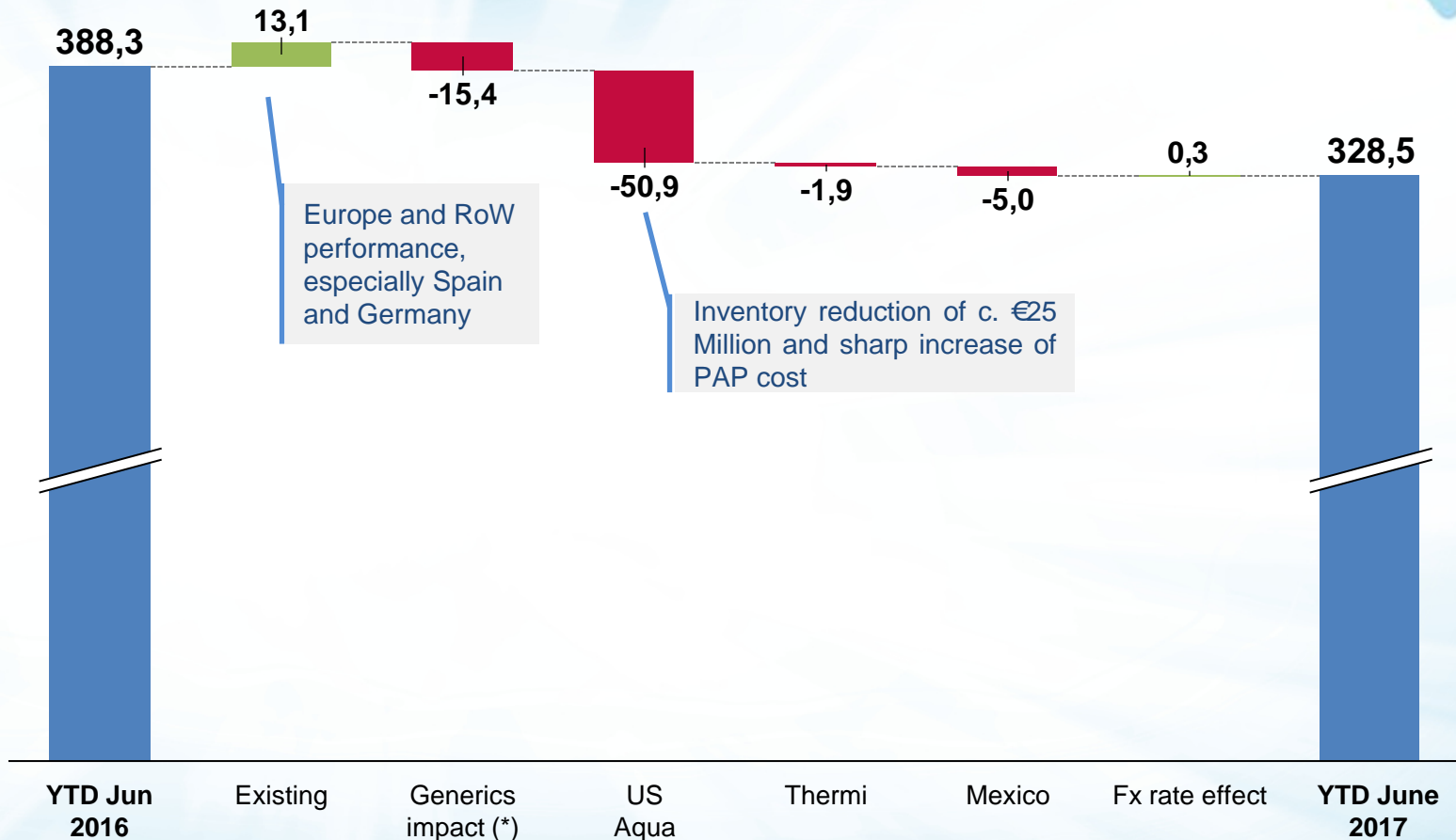
- EU Dermatology performance +2%
- Polichem acquisition performing well (i.e. Ciclopoli up +35%)
- Strong cost control while investing in key R&D programs and Skilarence® launch
- Reduction of financial expenses

## Challenges

- Net Sales (-15%) negatively impacted by a combination of factors in our US Dermatology business
- Slow start to the year at Thermi



# H1/2017 - Net Sales drivers (€mn)



(\*) Ex-US generics impact

# H1/2017 – Summarized P&L

€ Million	YTD Jun 2017	YTD Jun 2016	% var
<b>Total Revenues</b>	<b>378.9</b>	<b>428.1</b>	<b>(11.5%)</b>
Net Sales	328.5	388.3	(15.4%)
Other Income	50.4	39.8	26.6%
Cost of Goods	(116.3)	(115.1)	1.0%
<b>Gross Profit</b>	<b>212.2</b>	<b>273.2</b>	<b>(22.3%)</b>
% of sales	64.6%	70.4%	
<b>R&amp;D</b>	<b>(48.2)</b>	<b>(44.0)</b>	<b>9.5%</b>
% of sales	(14.7%)	(11.3%)	
<b>SG&amp;A</b>	<b>(206.8)</b>	<b>(196.3)</b>	<b>5.3%</b>
% of sales	(63.0%)	(50.6%)	
SG&A w/o Depreciation	(162.1)	(155.8)	4.0%
% of sales	(49.3%)	(40.1%)	
Depreciation	(44.7)	(40.5)	10.4%
<b>Other Op. Exp</b>	<b>(2.6)</b>	<b>2.4</b>	<b>n.m.</b>
<b>EBIT</b>	<b>5.0</b>	<b>75.1</b>	<b>(93.3%)</b>
% of sales	1.5%	19.3%	
<b>Total Depreciation</b>	<b>53.6</b>	<b>48.4</b>	<b>10.7%</b>
% of sales	16.3%	12.5%	
<b>EBITDA</b>	<b>58.6</b>	<b>123.5</b>	<b>(52.6%)</b>

Other Income higher than the same period last year due to AZ performance

Gross margin impacted by reduction in sales in higher margin geographies

Low comparable in H1/2016

Low comparable in H1/2016 and investment in Skilarence® launches

# H1/2017 – EBITDA to Normalized Net Income

€ Million	YTD Jun 2017	YTD Jun 2016	Var
<b>EBITDA</b>	<b>58,6</b>	<b>123,5</b>	<b>(64,9)</b>
% of sales	17,8%	31,8%	
Gains on sale of assets	-	31,2	(31,2)
Other costs	(6,2)	(0,2)	(6,0)
Impairment reversals / (losses)	(79,6)	-	(79,6)
Net financial income / (expense)	(8,9)	(9,2)	0,3
<b>Profit before tax</b>	<b>(89,7)</b>	<b>96,9</b>	<b>(186,6)</b>
Corporate income tax	16,6	(16,4)	33,0
<b>Net income</b>	<b>(73,1)</b>	<b>80,5</b>	<b>(153,6)</b>
<b>Normalized Net Income</b>	<b>9,2</b>	<b>55,4</b>	<b>(46,1)</b>
Earnings per share (€)	(0,42)	0,47	
Normalized Earnings per share (€)	0,05	0,32	

Divestments of Mexican operations in 2016

Mainly related to one time cost linked to the integration of Poli

Driven by Aqua goodwill write-off (non cash impact)

# H1/2017 – Balance Sheet

€ Million	June 2017	% of BS	December 2016
Goodwill	353.7	15.0%	432.8
Intangible assets	929.9	39.4%	993.0
Property, plant and equipment	126.7	5.4%	132.3
Financial assets	166.9	7.1%	194.4
Other non current assets	351.4	14.9%	327.5
<b>Total Non Current Assets</b>	<b>1,928.6</b>	<b>81.7%</b>	<b>2,080.0</b>
Inventories	88.7	3.8%	91.0
Accounts receivable	166.0	7.0%	130.6
Cash & cash equivalents	136.6	5.8%	466.7
Other current assets	41.4	1.8%	50.2
<b>Total Current Assets</b>	<b>432.7</b>	<b>18.3%</b>	<b>738.5</b>
<b>Total Assets</b>	<b>2,361.3</b>		<b>2,818.5</b>
Shareholders Equity	1,375.4	58.2%	1,520.3
Financial debt	152.1	6.4%	321.0
Non current liabilities	570.2	24.1%	609.5
Current liabilities	263.6	11.2%	367.7
<b>Total Equity and Liabilities</b>	<b>2,361.3</b>		<b>2,818.5</b>

Decrease of Goodwill is mainly due to the impairment of Aqua

Includes the fair value of milestones and royalties from AZ deal

Increase (vs. 2016) due to AZ milestone reclassification to current assets

Revolving credit facility replaced Senior Notes in April

Net cash position:

- + Cash and cash equivalents: 136,6 Million
- Financial Debt : 152.1 Million
- Pension Plans: 71,9 Million

# H1/2017 Cash Flow

€ Million	June 2017 YTD	June 2016 YTD
<b>Profit Before Tax</b>	<b>(89.7)</b>	<b>96.9</b>
Depreciation and amortisation	53.6	48.4
Change in working capital	(49.9)	(39.6)
Restructuring payments	(5.4)	(4.3)
Other adjustments	43.6	(72.0)
Tax Cash Flow	(9.0)	30.7
<b>Cash Flow from Operating Activities (I)</b>	<b>(56.8)</b>	<b>60.1</b>
Financial Income	0.2	0.9
Investments	(44.8)	(16.1)
Divestments	(0.2)	0.2
Payments of capex suppliers	(1.0)	(5.3)
Changes in scope of consolidation	(7.5)	(400.7)
<b>Cash Flow from Investing Activities (II)</b>	<b>(53.3)</b>	<b>(421.0)</b>
Interest Payment	(15.5)	(7.7)
Dividend distribution	(33.0)	(33.0)
Debt increase/ (decrease)	(171.5)	(0.2)
<b>Cash Flow from Financing Activities</b>	<b>(220.0)</b>	<b>(40.9)</b>
<b>Cash Flow generated during the period</b>	<b>(330.1)</b>	<b>(401.8)</b>
<b>Free Cash Flow (III) = (I) + (II)</b>	<b>(110.1)</b>	<b>(360.9)</b>

Includes adjustment of impairments and financial expenses partially offset by AZ financial update, deferred up front payments and exchange differences

Mainly due to milestone payment to Sun Pharma and upfront payment to Symatase

Includes senior notes coupon payment on March 31st and redemption fee on April 4th

Dividend payment on June 1st



# **Dermatology**



***Eduardo Sanchiz***  
CEO

***Alfonso Ugarte***  
*Executive Vice President*  
*Global Commercial Strategy*

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# Aqua

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- Diverse portfolio of Dermatology products
- Important platform from where to access the largest and most profitable Dermatology market worldwide
- A specialist salesforce with nationwide coverage of key prescribers
- Strong reputation and well-developed network of influencers
- 3-year cumulative EBITDA close to the acquisition price

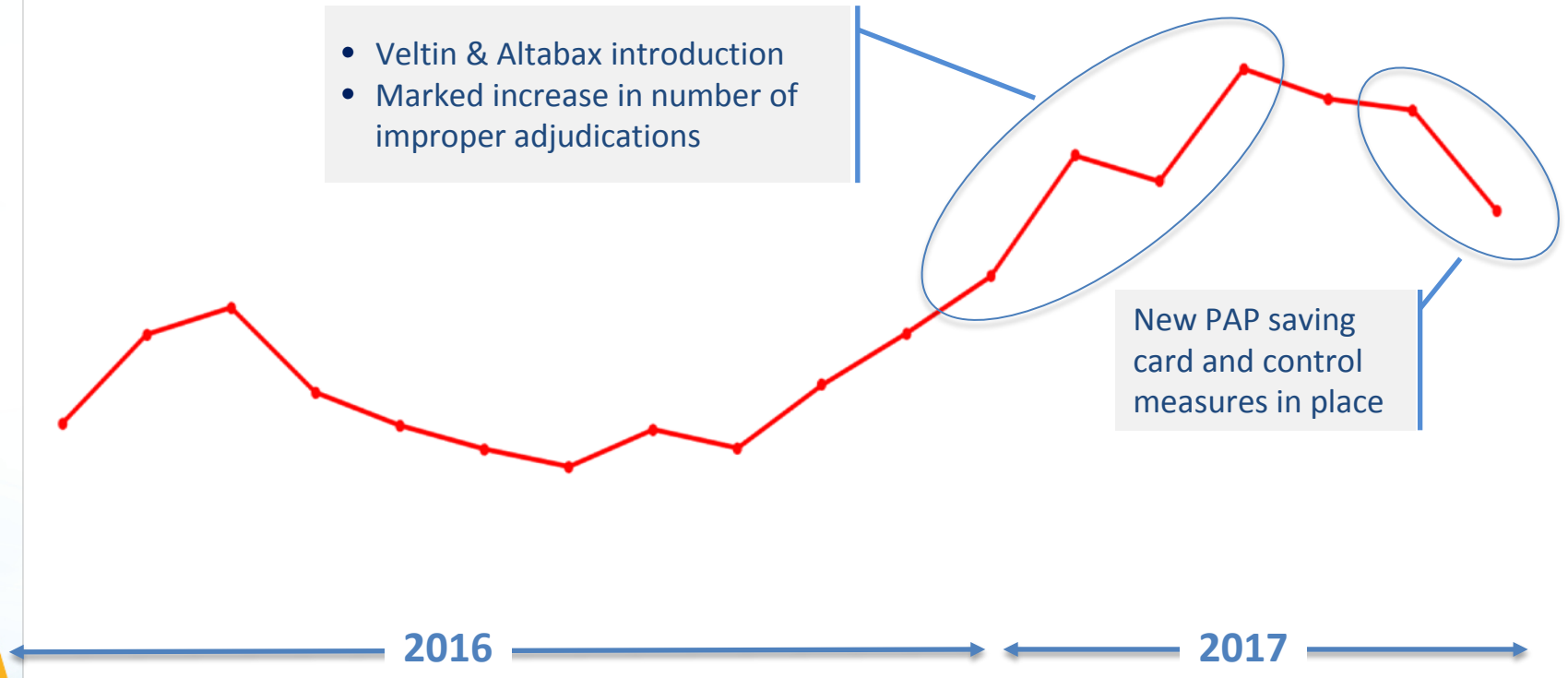
# Evolution of US PAP\* Cost – Key Events



In \$ millions

- Veltin & Altabax introduction
- Marked increase in number of improper adjudications

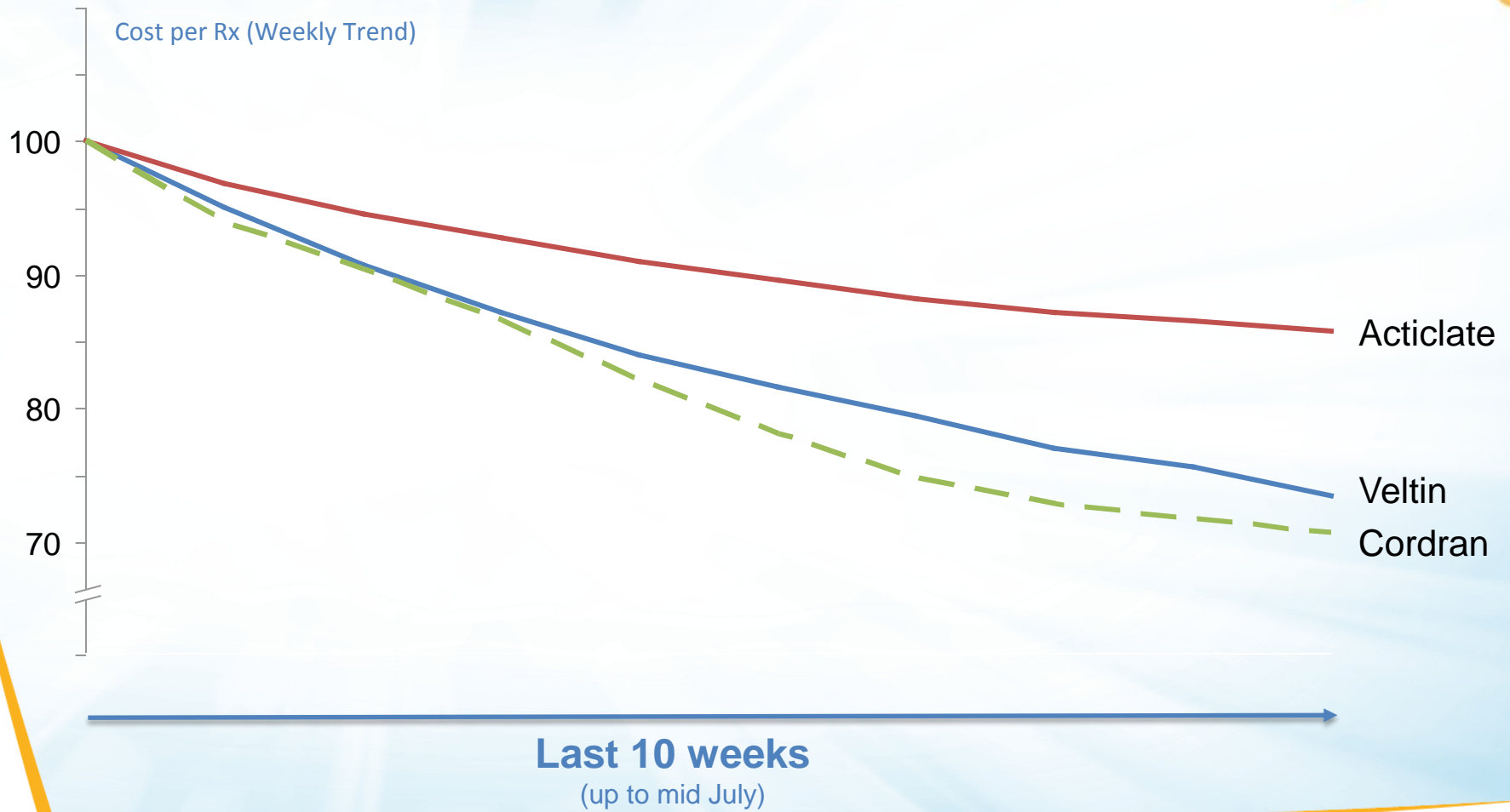
New PAP saving card and control measures in place



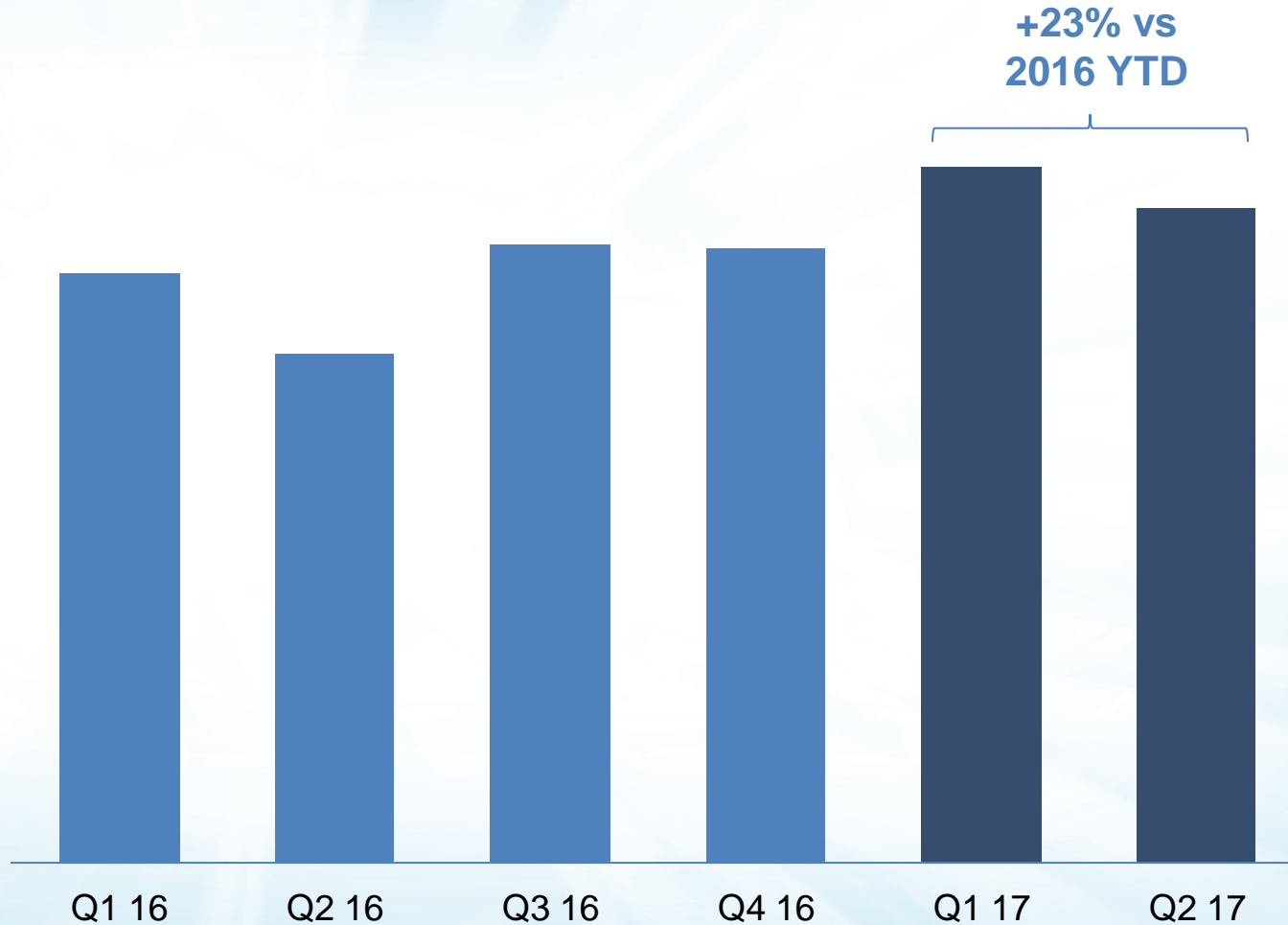
(\*) Patient Assistance Program



# Savings Card – Costs per prescription



# Total number of US Rx prescriptions (by quarter)



# Aqua - Action Plan implemented

- ✓ We have reinforced our **supply chain management**
- ✓ We have implemented a **new Savings Card program** and improved processes
- ✓ We built visibility with a new system, **key controls** and team in place. We initiated legal action against certain pharmacies
- ✓ **Total prescriptions for the portfolio** growing vs. previous year
  
- ✓ **Adapting our go-to-market model**
  - New approach to management of pharmacy network
  - Further actions implemented with offending pharmacies
  - Launch of an authorised generic by Teva Pharmaceuticals
  
- ✓ **Internal alignment:** adjustment of incentives and focus on profitability

# Thermi

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## ***THERMI STRATEGY***

- Recognized technology and commercial platform in the energy-based medical device segment with significant growth potential in multiple indications
- Body Shaping & Skin Tightening market is forecasted to achieve €1b in 2018 WW
- In excess of 2,000 users in US and more than 150,000 procedures performed; excellent user response and strong KOL support
- We maintain our expectations of future peak sales of €100 million

## ***THERMI PERFORMANCE***

- New leadership already in place with more than 10 years experience in energy devices
- We expect an acceleration in the performance of Thermi in the second half of the year

# Skilarence® update

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- Recent approval of Skilarence® in all EU Member states
- It is indicated as a first-line induction and long-term treatment for adults with moderate-to-severe chronic plaque Psoriasis
- Strong support of Skilarence®, cost effective, oral treatment welcomed by KOL and payers
- Skilarence® is due to be marketed in all EU member states, as well as in Iceland, Norway and Switzerland
- First launches: UK, Nordics and Austria in September 2017 and in Germany in October 2017
- Expected peak sales of over 50 million euros

# Closing remarks



***Eduardo Sanchiz***  
***CEO***

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# Wrap-up H1 2017

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- Strong set of actions to deal with the challenges in the US
- Expected growth in Thermi for full year, despite a slow start
- Solid performance in Europe and rest of the world
- Skilarence<sup>®</sup> approved and to be launched in Europe in Q3
- Tildrakizumab registration process moving ahead
- Long-term strategy is unchanged, strong focus on BD in dermatology and Aesthetics opportunities, progressing our R&D pipeline
- We reiterate our recent Guidance

# Financial Appendixes



# 2017 New Guidance and Update

**Total Revenues**

**Low double digit decline vs. 2016**

**Net Sales**

**Low double digit decline vs. 2016**

**EBITDA**

**Between EUR140-170 mn**

Revenues  $\rightarrow$  Grow at low to mid single digit

Net Sales  $\rightarrow$  Grow at low to mid single digit

EBITDA  $\rightarrow$  Grow at mid single digit

*Previous Guidance*

# H1 2017 Dermatology sales performance



€thousand		YTD Jun 2017	YTD Jun 2016	% var vs LY
Europe	→	91,828	90,308	+1.7%
US	→	23,149	72,722	(68.2%)
RoW	→	5,262	3,632	+44.9%
Dermatology Rx	→	120,240	166,663	(27.9%)
Thermi	→	14,976	16,468	(9.1%)
Total Dermatology and Aesthetics	→	135,216	183,131	(26.2%)

# Geographical breakdown of Dermatology sales

## Europe

€thousand	YTD June 2017	YTD June 2016	% var vs LY
Ciclopoli®	21,432	15,908	+34.7%
Solaraze®	17,410	18,468	(5.7%)
Decoderm®	12,427	12,400	+0.2%
Other EU	40,560	43,533	(6.8%)
<b>Total</b>	<b>91,828</b>	<b>90,308</b>	<b>+1.7%</b>

## US

€thousand	YTD June 2017	YTD June 2016	% var vs LY
Acne franchise <sup>(1)</sup>	9,838	48,737	(79.8%)
Steroids franchise <sup>(2)</sup>	7,865	16,012	(50.9%)
Other US	5,444	7,972	(31.7%)
<b>Total</b>	<b>23,149</b>	<b>72,722</b>	<b>(68.2%)</b>

(1) Acticlate™ + Veltin™ (2) Verdeso™ + Cordran™

# Sales breakdown by Region

€ thousand	YTD Jun 2017	YTD Jun 2016	% var vs LY
Europe * & Middle East	150,488	134,075	12.2%
Spain	104,249	101,442	2.8%
America, Africa & Asia Pacific	62,403	140,242	(55.5%)
Others	11,339	12,534	(9.5%)
<b>Total</b>	<b>328,479</b>	<b>388,293</b>	<b>(15.4%)</b>

(\*) Excluding Spain

# Top 10 ranking



€ thousand	YTD Jun 2017	YTD Jun 2016	% var vs LY
Ebastel and other (ebastine)	35,504	38,813	(8.5%)
Ciclopoli (ciclopirox)	23,782	17,413	36.6%
Tesavel & Efficib (sitagliptine)	23,431	23,254	0.8%
Solaraze (diclofenac sodium)	17,549	18,640	(5.9%)
Decoderm and other (flupredniden)	12,512	12,467	0.4%
Almax (almagate)	12,234	12,531	(2.4%)
Sativex (tetrahydrocannabinol)	11,650	9,643	20.8%
Airtal and other (aceclofenac)	10,706	12,265	(12.7%)
Imunorix (pidotimod)	9,174	5,697	61.0%
Almogran and other (almotriptan)	8,954	14,915	(40.0%)
Others	162,984	222,654	(26.8%)
<b>Total Net Sales</b>	<b>328,479</b>	<b>388,293</b>	<b>(15.4%)</b>



**For further information, please contact:**  
**Pablo Divasson del Fraile**  
**Corporate Comms. & Investor Relations**  
**Tel. +34 93 291 3087**  
**[pablo.divasson@almirall.com](mailto:pablo.divasson@almirall.com)**

**Or visit our website: [www.almirall.com](http://www.almirall.com)**

## Almirall's H1 results 2017: reiterating recent Guidance

- Financial results in accordance with recent Guidance update
- Performance in Europe and RoW in line with the expectations
- Upcoming launches of Skilarence® in Europe in Q3
- Strong focus on Business Development and R&D pipeline

Barcelona, 24<sup>th</sup> July 2017

### Financial highlights (€ rounded million)

	H1 2017	H1 2016	Variation
<b>Total Revenues</b>	<b>378.9</b>	<b>428.1</b>	<i>(11.5%)</i>
• <b>Net Sales</b>	<b>328.5</b>	<b>388.3</b>	<i>(15.4%)</i>
• <b>Other Income</b>	<b>50.4</b>	<b>39.8</b>	<i>26.6%</i>
<b>Gross Profit</b>	<b>212.2</b>	<b>273.2</b>	<i>(22.3%)</i>
• <b>% of sales</b>	<b>64.6%</b>	<b>70.4%</b>	
<b>EBITDA</b>	<b>58.6</b>	<b>123.5</b>	<i>(52.6%)</i>
<b>Normalised Net Income</b>	<b>9.2</b>	<b>55.4</b>	<i>(83.3%)</i>

#### **Eduardo Sanchiz, Chief Executive Officer:**

*The first half of the year has been very challenging as a result of a combination of unexpected issues in the US market. We have implemented a comprehensive set of actions to deal with them and to mitigate the impact. We are reiterating, in consequence, the recently updated Guidance.*

*Thermi's performance is expected to improve in the second part of the year and our base business in Europe and the rest of the world continues to perform in line with expectations. With new leadership in R&D we see new programs coming into early stages of research and also new life cycle management projects that could reach the market quicker. Together with R&D, Business Development continues to receive high priority to bring external growth opportunities and critical mass. New products bring excitement to our European organization; the imminent launch of Skilarence® will provide a very cost-effective new product to patients with psoriasis that healthcare providers and payers equally welcome. The registration of tildrakizumab continues to make progress.*

*We remain convinced about the opportunity to generate value for our key stakeholders with our current strategic direction.*

**Barcelona, 24<sup>th</sup> July, 2017.-** Almirall, the global pharmaceutical company based in Barcelona, has announced its first-half year 2017 results.

## **Solid performance in Europe and Rest of the World**

In the first half of the year **Total Revenues** reached €378.9 MM vs. €428.1 MM in H1 2016. **Net Sales** were €328.5 MM in H1 2017 vs €388.3 MM in H1 2016.

The company's **Cash Position** was €136.6 MM. **Financial Debt** came to a total of €152.1 MM, representing 6.4% of total assets.

**Research & Development** expenses of €48.2 MM (+9.5%) accounted for 14.7% of Net Sales as a direct result of a growing and progressive pipeline.

**Selling, General & Administrative** expenses came in at €206.8 MM, an increase of +5.3% year- on-year (+4% excluding depreciation).

**EBITDA** came in at €58.6 MM, **Normalised Net Income** was €9.2 MM and **Shareholders Equity** represented 58.2% of Total Assets.

## **Dermatology Business Performance**

**Dermatology** accounted for 37% of total Net Sales (vs 43% in H1 2016). The performance of Rx Dermatology in Europe and the Rest of the World (combined, +3.4% year-on-year) helped to mitigate the setback experienced in US (-68.2% yoy). Former Polichen business is delivering high sales growth and in line with our expectations.

Almirall's Dermatology business in US, operated by Aqua, has been adversely impacted by three issues: a rebalancing of inventories in the distribution channel; a significant level of inappropriate adjudication of the Patient Assistance Program (PAP); and the recent launch of a generic to Acticlate™ in the US market. Combined, these led to the company providing the market with a Guidance update on 10 July 2017.

Concerning **Aesthetics**, we anticipate an acceleration in ThermiGen's performance in the second half of the year, following a slow start in H1 as the business benefits from the current product rollout underway in Europe and a strong and experienced new leadership.

## **R&D progression**

We have recently obtained the EU approval of Skilarence®, a new oral formulation of dimethyl fumarate, as a first-line induction and long-term treatment for adults with moderate-to-severe chronic plaque psoriasis. Initial EU launch of this product is planned for Q3 2017.

We have recently submitted the regulatory filing in Europe of our first biologic, tildrakizumab, an investigational IL-23p19 inhibitor being evaluated for the treatment of moderate-to-severe plaque psoriasis. This, together with our pipeline and a healthy balance sheet provide potential catalysts for the growth of the company.



## 2017 Guidance update

On 10 July 2017 we provided updated 2017 Guidance of low double-digit decline in Total Revenues and Net Sales versus 2016 and an EBITDA figure within the range of 140 to 170 million euros.

We are confident that the new Guidance is reflective of the new environment in the US and takes account of the wholesaler's inventory destocking, inappropriate use of the savings cards under the Patient Assistance Program (PAP) at certain pharmacies and recent launch of a generic version of Acticlate™.

## Dividend payment

A dividend payment of 33 million euros or 0.19 euros per share was paid on June 2017.

## Vision for the future

Almirall continues to transform its business with the ultimate goal of becoming a key player in the global Dermatology market. The company will use its financial position to fund growth opportunities in this direction as business development will continue to be focused on additional opportunities in this area & Aesthetics.

## Investor Calendar 2017

- Q3 2017 Financial Results – 6<sup>th</sup> November

## About Almirall

Almirall is a global pharmaceutical company with a strong focus in Dermatology and Aesthetics with the mission of providing valuable medicines and medical devices to you and future generations. Our R&D is focused on Dermatology, with a wide range of programs including key indications. Through our innovative products, agreements and alliances, our work covers the entire drug value chain. Almirall is continually growing as a specialist company in a wide range of skin diseases, in order to cover our customers unmet needs.

Founded in 1943, headquartered in Barcelona, Spain, Almirall is listed on the Spanish Stock Exchange (ticker:ALM) and it has become a source of value creation for society due to its vision and the commitment of its long-standing major shareholders. In 2016, its revenues totaled 859.3 million euros and, with more than 2,000 employees, it has gradually built up a trusted presence across Europe, as well as in the US.

For more information, please visit [www.almirall.com](http://www.almirall.com)

### Media contact:

**Cohn & Wolfe**

Rebeca Rocha

[rebeca.rocha@cohnwolfe.com](mailto:rebeca.rocha@cohnwolfe.com)

Tel.: (+34) 91 531 42 67

### Investors & Corporate Communications

**contact:**

**Almirall**

Pablo Divasson del Fraile

[pablo.divasson@almirall.com](mailto:pablo.divasson@almirall.com)

Tel.: (+34) 93 291 30 87

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