



Rovi

First Quarter 2018 Financial Results



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Operating results



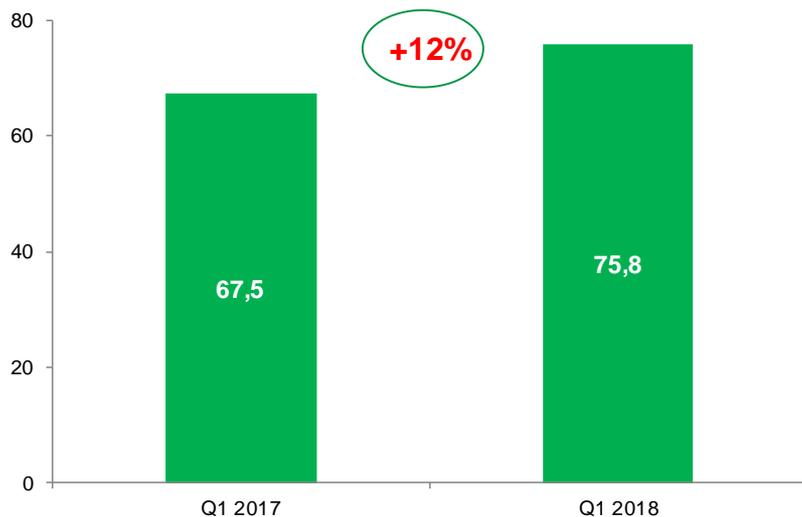
Q1 2018 financial results - Highlights

- **Operating revenue** increased by 12% to 75.8Mn in Q1 2018, driven by the strength the specialty pharmaceutical business where sales rose 23%, strongly outperforming the market. Total revenue increased by 12% to €76.0Mn in 1Q 2018.
- In **March 2018**, ROVI commenced the marketing of **Enoxaparin biosimilar in UK**, one top Enoxaparin market in Europe together with Germany where the company commenced marketing in **September 2017**.
- By 31st March 2018, the countries with the national registration approved of the low molecular weight heparin (biosimilar of Enoxaparin) are **Germany, France, United Kingdom, Italy, Norway, Sweden, Austria, Hungary, Slovenia, Estonia, Latvia, Slovakia, Bulgaria, Romania, Spain and Croatia**.
- In April 2018, ROVI has signed a licensing agreement with **Hikma**, for the exclusive distribution and marketing of its Enoxaparin biosimilar in 17 MENA¹ (Middle East and North Africa) countries: **Kingdom of Saudi Arabia, Jordan, Algeria, Egypt, Tunisia, Sudan, Syria, Yemen, Iraq, Oman, United Arab Emirates, Kuwait, Qatar, Bahrain, Libya, Palestine and Lebanon**.
- **Sales of the Enoxaparin biosimilar amounted to €4.1Mn** in 1Q 2018.
- For 2018, **ROVI expects a mid-single digit growth rate for operating revenue, with a range of €20m to €30m sales of biosimilar of Enoxaparin**.
- **Very good performance of Bemiparin**: 19% growth to €24.0Mn; this growth came from national (20%) and international (17%) sales.
- **Outstanding performance of Absorcol & Vytarin & Orvatez**: sales increased of 47% to €13.0Mn; **Hirobriz and Ulunar** increased by 11% to €3.9Mn; **Volutsa** increased sales by 27% to €2.6Mn; and **Neparvis**, launched in December 2016, reached sales of €2.7Mn in 1Q 2018.
- **EBITDA “pre-R&D”** increased by 10%, from €16.4Mn in 1Q 2017 to €18.1Mn in 1Q 2018, reflecting a 0.4 pp fall in the EBITDA margin to 23.9% in 1Q 2018. Likewise, recognising the same amount of R&D expenses in 1Q 2018 as in 1Q 2017, EBITDA would have increased by 17% to €12.0Mn, reflecting a 0.6 pp rise in the EBITDA margin to 15.8% in 1Q 2018.
- **Net profit “pre-R&D”** increased by 21%, from €12.0Mn in 1Q 2017 to €14.6Mn in 1Q 2018.
- ROVI will propose to the AGM a **dividend of €0.1207/share** on 1Q 2018 earnings. This dividend represents a 35% pay out.

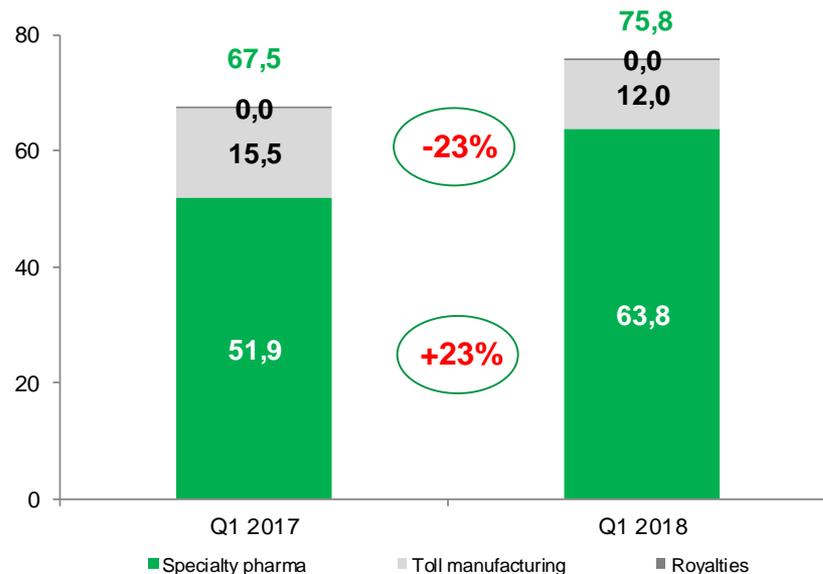
*Note: “EBITDA and Net Profit “pre-I+D” is calculated excluding R&D expenses in 1Q 2018 and 1Q 2017
1 The agreement does not include Morocco and Lebanon has a semi-exclusive agreement.*

Growth driven by specialty pharma business...

Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



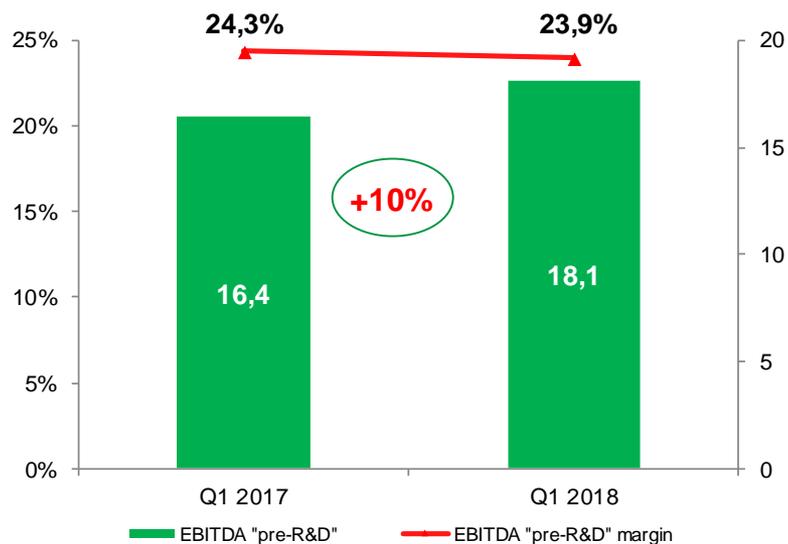
- Operating revenue increased by 12% to €75.8Mn in 1Q 2018 driven by the strength of:
 - ✓ the **specialty pharmaceutical business**, where sales rose 23%
- ROVI forecasts to continue to grow despite:
 - ✓ a new reduction in sanitary expenditure from 6.0% to 5.8% of GDP expected for 2018, according to the 2018 Draft Budget Plan¹; and
 - ✓ 1-4% growth rate in spending on medicine in Spain to 2021 forecast by QuintilesIMS².

¹ http://www.minhfp.gob.es/Documentacion/Publico/CDI/EstrategiaPoliticaFiscal/2018/PLAN_PRESUPUESTARIO_2018.pdf

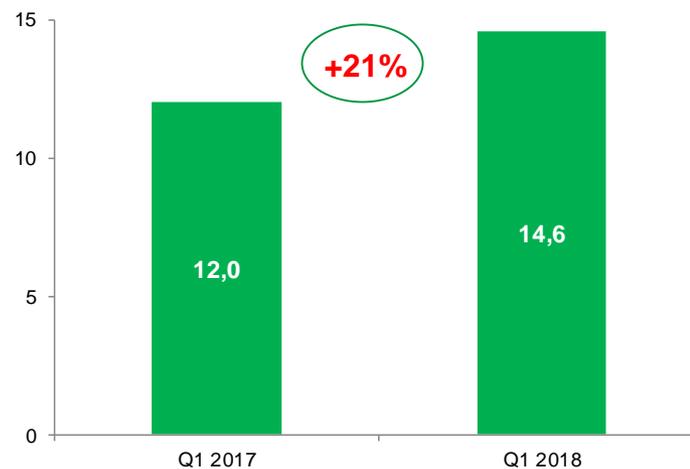
² Outlook for Global Medicines through 2021. Report by the QuintilesIMS Institute.

...with high profitability

EBITDA (€Mn) and EBITDA “pre-R&D” margin (%)



Net profit “pre-R&D” (€Mn)



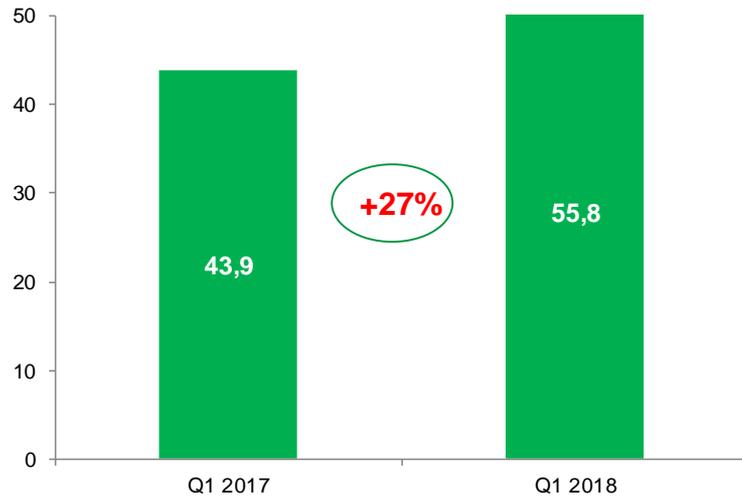
- **EBITDA “pre-R&D” increased by 10%**, from €16.4Mn in 1Q 2017 to €18.1Mn in 1Q 2018, reflecting a 0.4 percentage point fall in the EBITDA margin to 23.9% in 1Q 2018.
- **Net profit “pre-R&D” increased by 21%**, from €12.0Mn in 1Q 2017 to €14.6Mn in 1Q 2018.

Note: “On-going business” EBITDA and Net Profit calculated excluding R&D expenses in 1Q 2018 and 1Q 2017

Bemiparin, leading the specialty pharmaceutical business and growth in sales of Enoxaparin

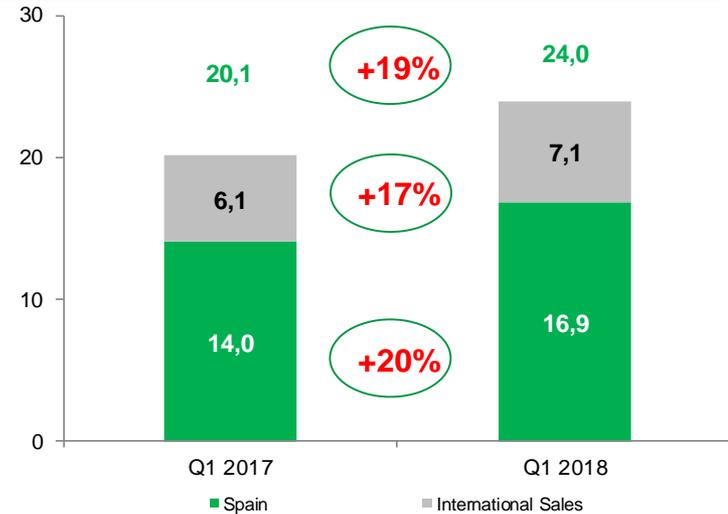


Prescription-based pharma products sales (€Mn)

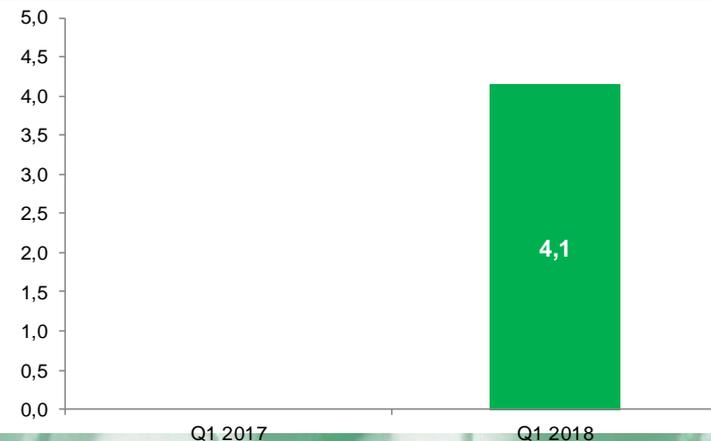


- Sales of **prescription-based pharmaceutical products** increased by **27%** to €55.8Mn in 1Q 2018.
- **Bemiparin total sales** increased by **19%** to €24.0Mn in 1Q 2018:
 - ✓ **Sales in Spain** increased **20%** to €16.9Mn.
 - ✓ **International sales** increased by **17%** to €7.1Mn.
- ✓ Sales of the **biosimilar of Enoxaparin** amounted to €4.1Mn in 1Q 2018.

Bemiparin sales (€Mn)

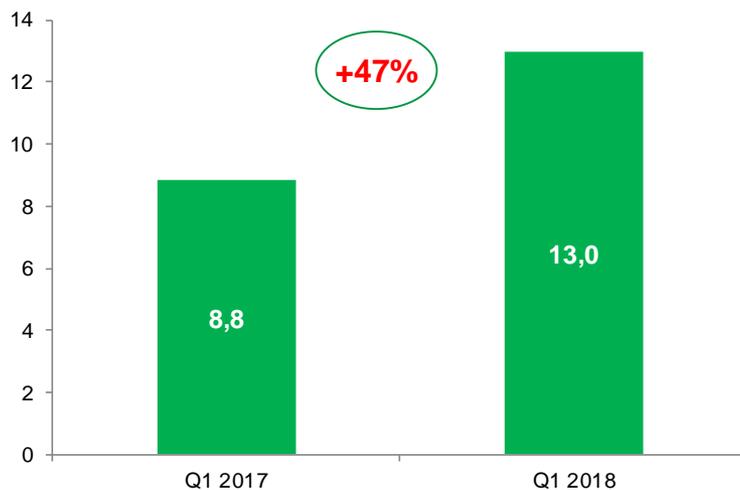


Biosimilar of Enoxaparin sales (€Mn)

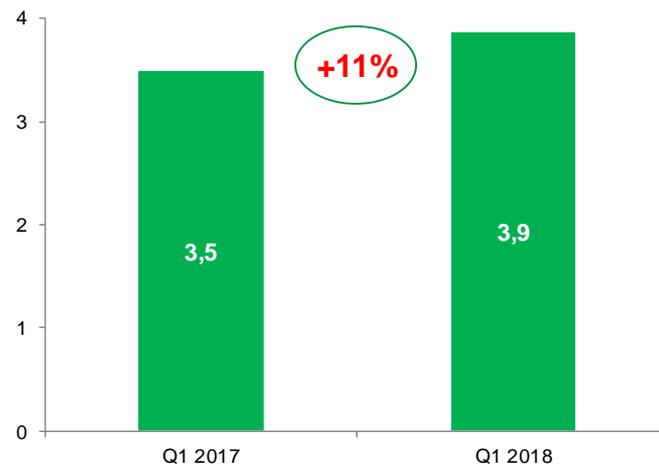


Strong performance of the product portfolio (1/2)

Absorcol, Vytorin and Orvatez sales (€Mn)



Hirobriz and Ulunar sales (€Mn)



Medicebran and Medikinet sales (€Mn)

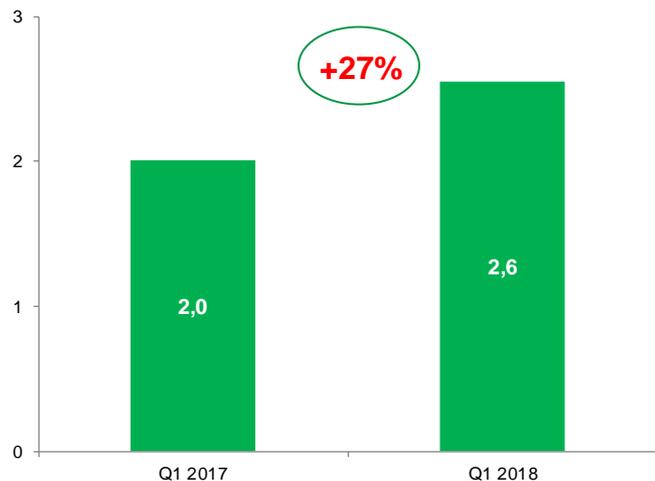


- Sales of **Absorcol, Vytorin and Orvatez** increased by 47% to €13.0Mn in 1Q 2018. In 2Q 2018, the active principle ezetimibe goes out of patent and a price reduction is expected in Absorcol®. Generics formulated with ezetimibe and simvastatin have recently begun commercialization in the market, so ROVI is evaluating the most convenient way to protect his licensing rights.
- Sales of **Hirobriz and Ulunar**, both products for patients with COPD, launched in Spain in Q4 2014 increased by 11% to €3.9Mn in 1Q 2018.
- Sales of **Medicebran and Medikinet**, products launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, decreased 1% to €2.0Mn in 1Q 2018.

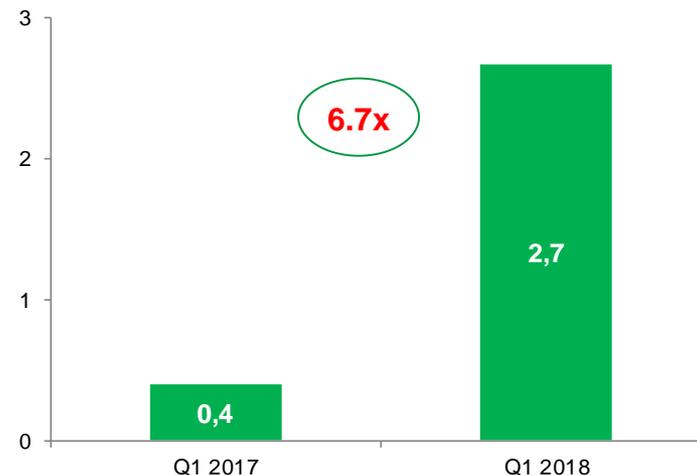
Vytorin, Orvatez and Absorcol, the first of the five licenses of MSD, are indicated for the treatment of hypercholesterolemia. Hirobriz Breezhaler and Ulunar Breezhaler are both products from Novartis indicated for the treatment of COPD (Chronic Obstructive Pulmonary Disease). Medicebran and Medikinet are specialty products from Medice indicated for the treatment of ADHD in children and teenagers.

Strong performance of the product portfolio (2/2)

Volutsa sales (€Mn)



Neparvis sales (€Mn)



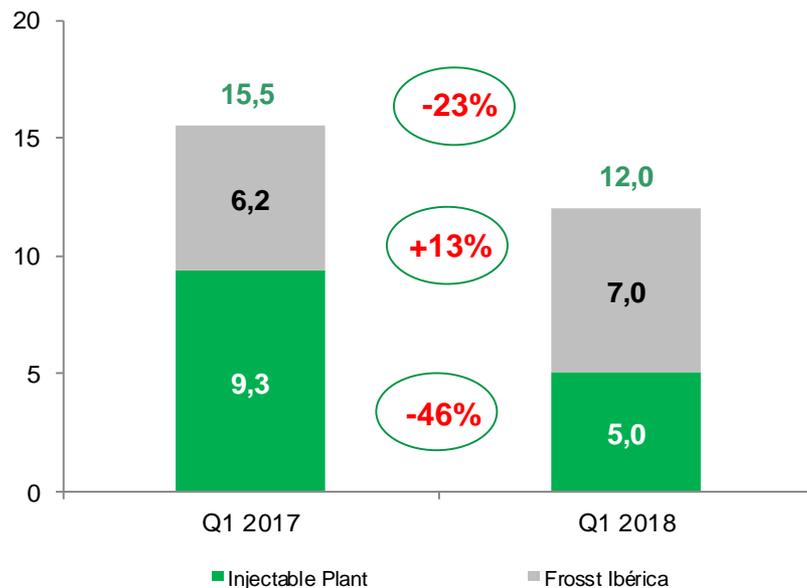
Contrast imaging agents (€Mn)



- Sales of **Volutsa**, launched in Spain in February 2015, **increased by 27%** to €2.6Mn in 1Q 2018.
- Sales of **Neparvis**, a specialty product from Novartis launched in December 1Q 2017, reached €2.7Mn in 1Q 2018, from €0.4Mn in 1T 2017.
- **Exxiv** sales decreased by 50% to €0.6Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products **increased by 2%** to €7.5Mn in 1Q 2018.

Seasonal effect in toll manufacturing services

Toll manufacturing sales (€Mn)



- **Toll manufacturing sales** decreased by 23% to €12.0Mn in 1Q 2018, compared to 1Q 2017, mainly because of the reduction of the injectable business compared to Q1 2017, when exceptional high volumes were manufactured for some customers.
 - Frosst Ibérica business had a good evolution with an increase of 13% to €7.0Mn in 1Q 2018 compared to 1Q 2017.
- By the end of 2018, a moderate decline in toll manufacturing is expected.

Focus on ISM[®] platform technology and glycomics pipeline



Platform	Product	Potential indication	Current situation				Expected milestones
			Pre-Clinical	I	II	III	
ISM [®]	Risperidone, monthly	Schizophrenia	[Progress bar spanning Pre-Clinical, I, and II]				<ul style="list-style-type: none"> Phase III started in 1H 1Q 2018
	Long acting Letrozole	Breast Cancer	[Progress bar spanning Pre-Clinical and I]				<ul style="list-style-type: none"> Phase I started in November 1Q 2018
Glycomics	Enoxaparin biosimilar	VTD	[Progress bar spanning Pre-Clinical, I, II, and III]				<ul style="list-style-type: none"> National Registration process Commencement marketing in Germany and UK Distribution and marketing agreement with Hikma

ISM: in-situ microparticles



Guidance 2018

**2018 operating
revenue growth rate**

Mid-single digit

The key growth levers in 2018

Specialty pharma

- Bemiparin
- Latest launches such as Neparvis, Orvatez, Volutsa and Ulunar
- Existing portfolio of specialty pharmaceuticals
- New in-licensed products to be launched
- Biosimilar of Enoxaparin (estimated range of €20Mn to €30Mn sales in 2018)

Toll manufacturing

- Spare capacity in the injectable plants and in the oral compounds plant
- New customers to be acquired

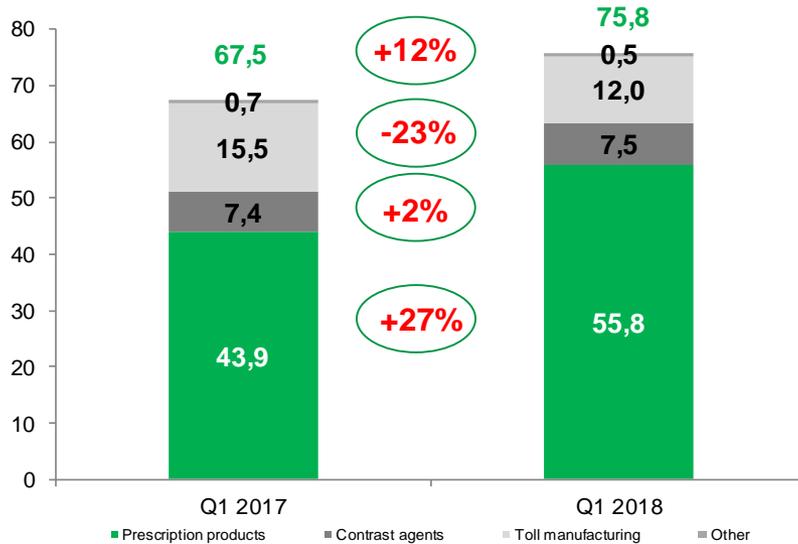


Financial results

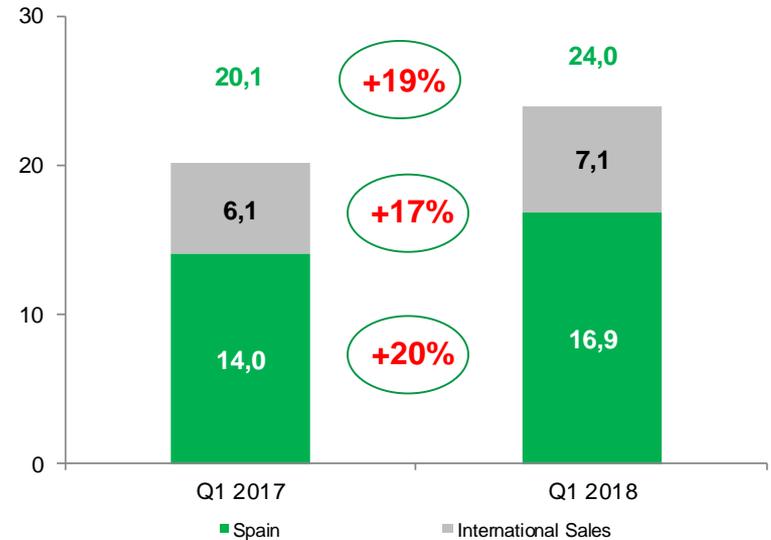
Good revenue level with outstanding Bemiparin growth



Total operating revenue (€Mn)



Bemiparin sales (€Mn)

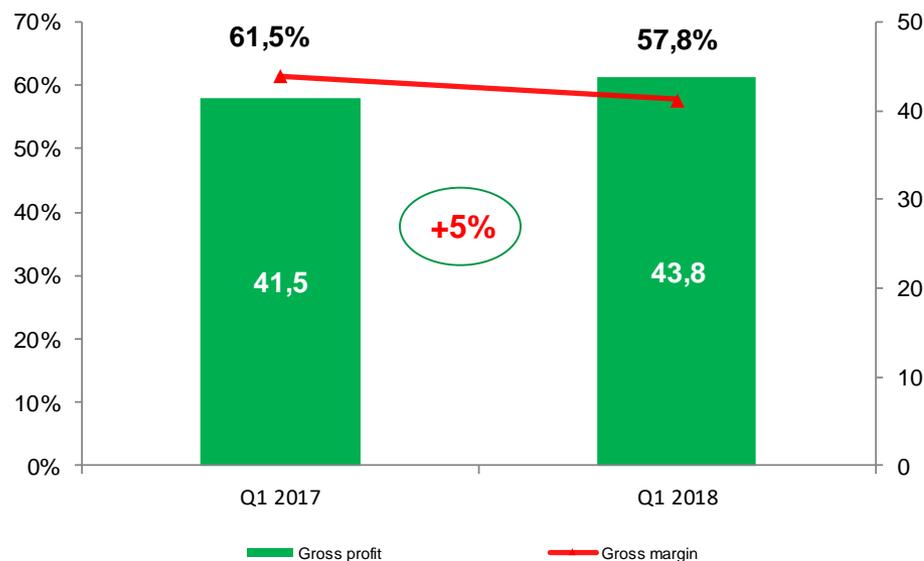


- **Operating revenue** increased by 12% to €75.8Mn, achieved on:
 - ✓ 27% growth in prescription-based products;
 - ✓ 2% growth in contrast agents and other hospital products;
 - ✓ 23% reduction in toll manufacturing; and
 - ✓ OTC and other revenues decreased by 31% (including revenue from distribution licenses).
- **Bemiparin**, ROVI's flagship product internally developed, reached sales of €24.0Mn (**19% growth** vs 1Q 2017). **Sales grew by 20% in the domestic market and by 17% in the international market.**

Gross margin impacted by decreased of the injectable toll manufacturing business



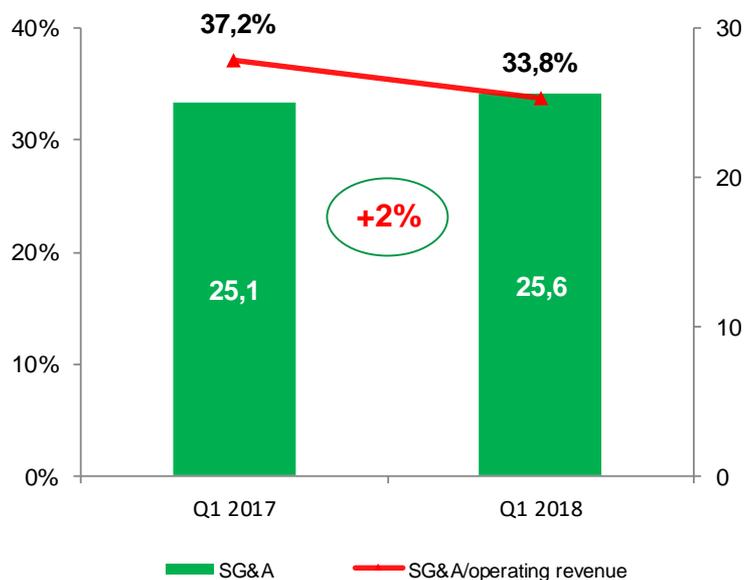
Gross profit (€Mn) & Gross margin (%)



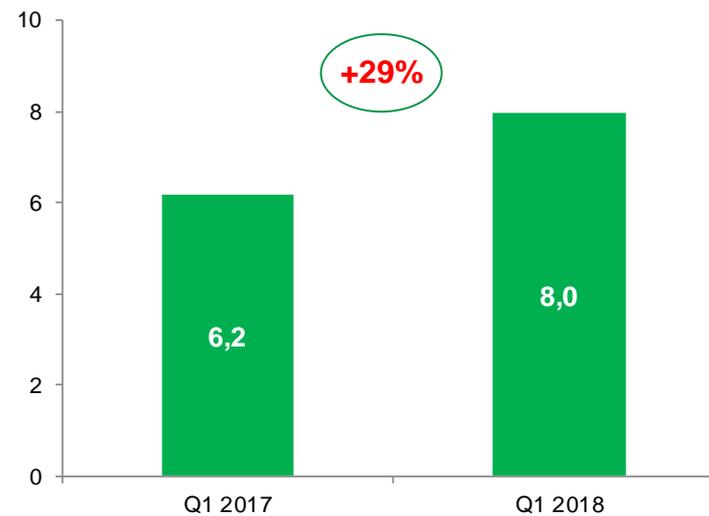
- **Gross profit** increased by 5% to €43.8Mn in 1Q 2018, reflecting an decrease of 3.7 pp in the gross margin to 57.8% in 1Q 2018 from 61.5% in 1Q 2017.
- The reduction of gross margin is mainly due to:
 - ✓ The decrease of the injectable business which has high margins in 1Q 2017.

Cost control along with commitment to R&D

SG&A expenses (€Mn)



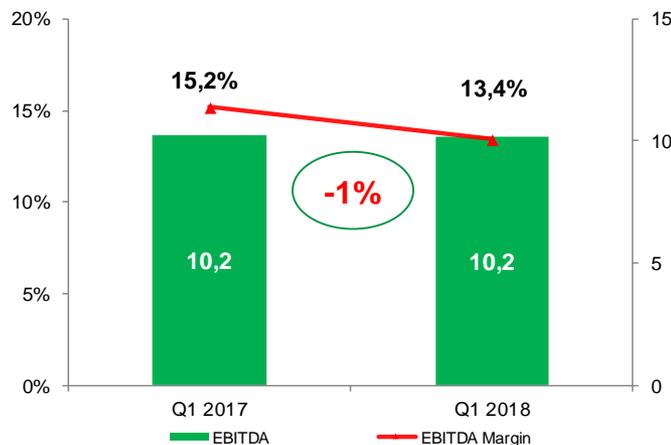
R&D expenses (€Mn)



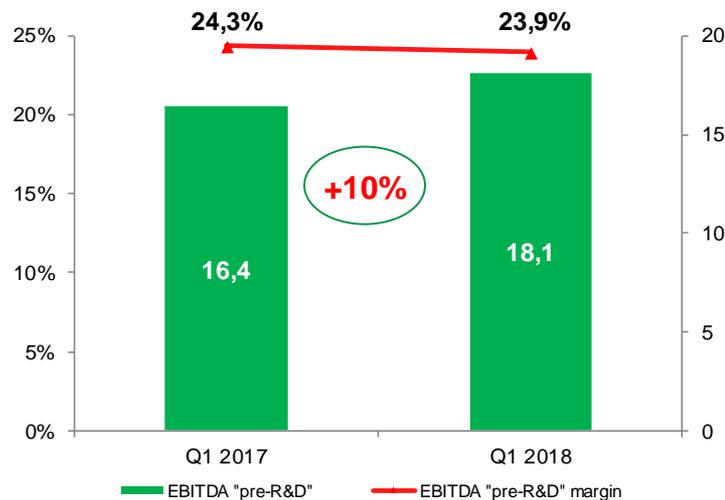
- **SG&A expenses** rose 2% to €25.6Mn in 1Q 2018 mainly due to:
 - ✓ international subsidiaries expenses, which amounted to €1.1Mn.
- **R&D expenses** increased 29% to €8.0Mn in 1Q 2018 primary reflecting the ongoing clinical trial expenses related to ISM[®] technology platform: development of the Risperidone-ISM[®] Phase III trial and the Letrozole-ISM[®] Phase I trial.

EBITDA

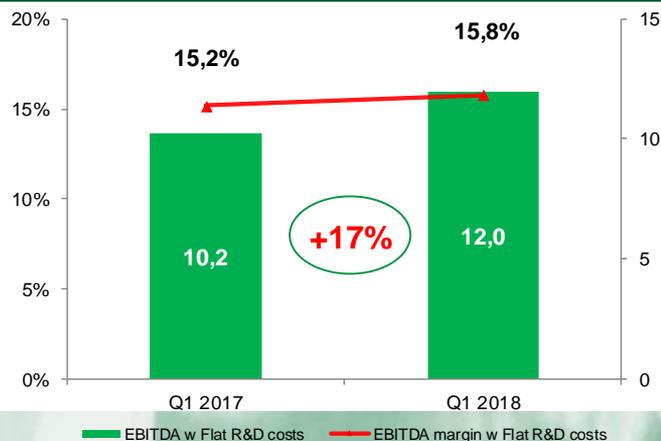
EBITDA (€Mn) and EBITDA margin (%)



EBITDA (€Mn) and EBITDA “pre-R&D” margin (%)



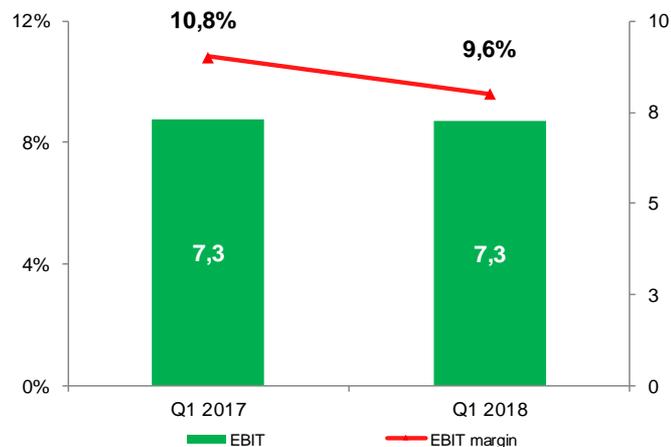
EBITDA (€Mn) and EBITDA margin (%) w flat R&D costs



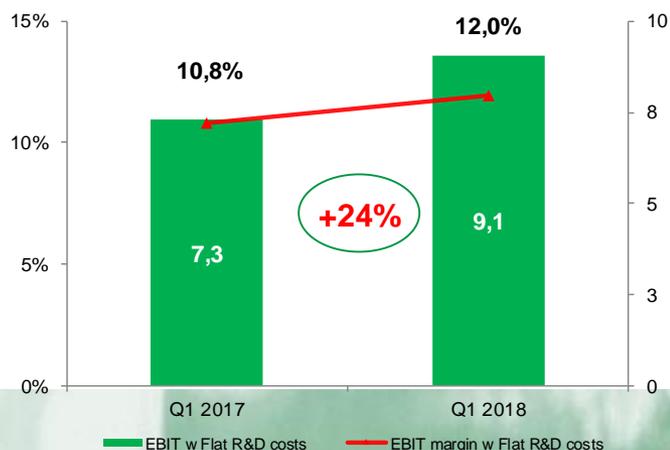
- **EBITDA** decreased to €10.2Mn in 1Q 2018, reflecting a 1.8 pp fall in the EBITDA margin, which was down to 13.4% in 1Q 2018 from 15.2% in 1Q 2017.
- **EBITDA “pre-R&D”** increased by 10%, from €16.4Mn in 1Q 2017 to €18.1Mn in 1Q 2018, reflecting a 0.4 pp fall in the EBITDA margin to 23.9% in 1Q 2018. Likewise,
 - ✓ recognising the same amount of R&D expenses in 1Q 2018 as in 1Q, EBITDA would have increased by 17% to €12.0Mn, reflecting a 0.6 pp rise in the EBITDA margin to 15.8% in 1Q 2018.

EBIT

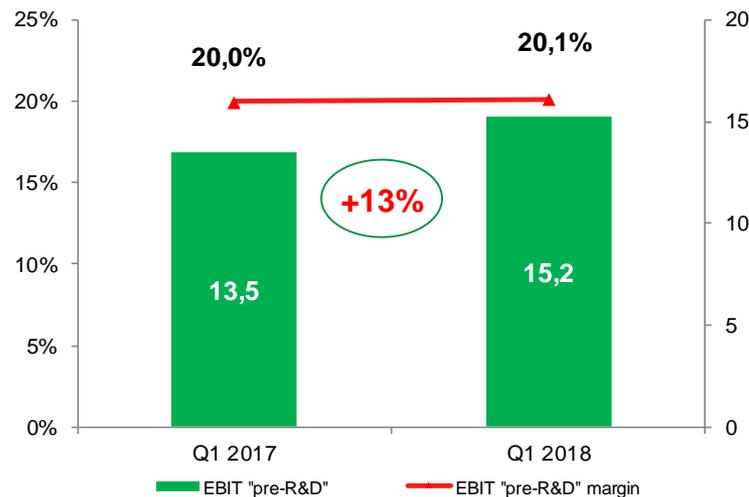
EBIT (€Mn) and EBIT margin (%)



EBIT (€Mn) and EBIT margin (%) w flat R&D costs



EBIT (€Mn) and EBIT “pre-R&D” margin (%)

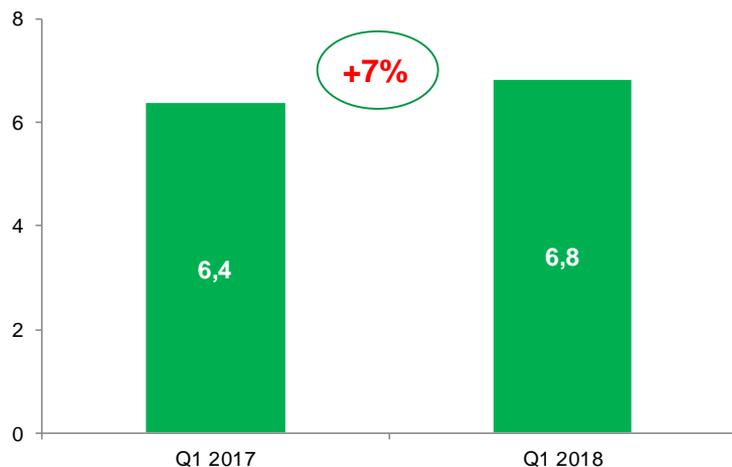


- Depreciation and amortisation expenses decreased by 2% to €2.9Mn in 1Q 2018.
- EBIT remained flat in €7.3Mn in 1Q 2018 compared to 1Q 2017, reflecting a 1.2 pp fall in the EBIT margin, which was down to 9.6% in 1Q 2018.
- EBIT “pre-R&D” increased by 13%, from €13.5Mn in 1Q 2017 to €15.2Mn in 1Q 2018, reflecting a 0.1 pp rise in the EBIT margin to 20.1% in 1Q 2018. Likewise,
 - ✓ recognising the same amount of R&D expenses in 1Q 2018 as in 1Q 2017, EBIT would have increased by 24% to €9.1Mn, reflecting a 1.1 pp rise in the EBIT margin.

Note: EBIT “pre-R&D” calculated excluding R&D expenses in 1Q 2018 and 1Q 2017

Net profit

Net profit (€Mn)



Net profit “pre-R&D” (€Mn)



- **Net profit** decreased to €6.8Mn in 1Q 2018, a 7% increase compared to 1Q 2017.
- **Net profit “pre R&D”** increased by 21%, from €12.0Mn in 1Q 2017 to €14.6Mn in 1Q 2018. Likewise,
 - ✓ recognising the same amount of R&D expenses in 1Q 2018 as in 1Q 2017, net profit would have increased by 35% to €8.6Mn.
- **Effective tax rate of 2.6%** in 1Q 2018 vs 8.5% in 1Q 2017. This favorable effective tax rate is due to:
 - ✓ deduction of existing R&D expenses; and
 - ✓ capitalization of existing negative tax bases from Frosst Ibérica.
- ROVI expects to maintain a mid-single-digit effective tax rate for the foreseeable future.
- As of 31 March 2018, Frosst Ibérica **negative tax bases amounted to €35.1Mn**, of which €1.5Mn will be used in the 2017 income tax and 0.6 million euros in 1Q 2018.

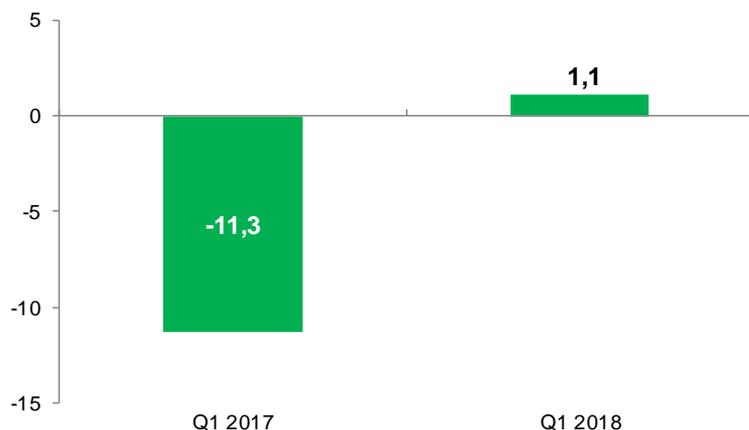
Note: “On-going business” net profit calculated excluding R&D expenses in 1Q 2018 and 1Q 2017 and the impact of the non-recurring revenue in 1Q 2017. Same effective tax rate as the reported net profit.

Capital expenditure & Free Cash Flow

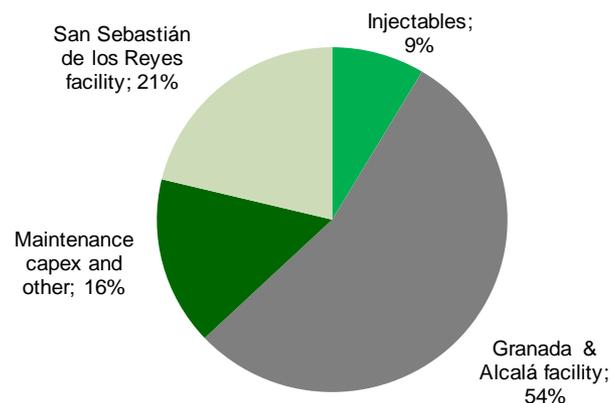
Capex evolution (€Mn)



FCF (€Mn)



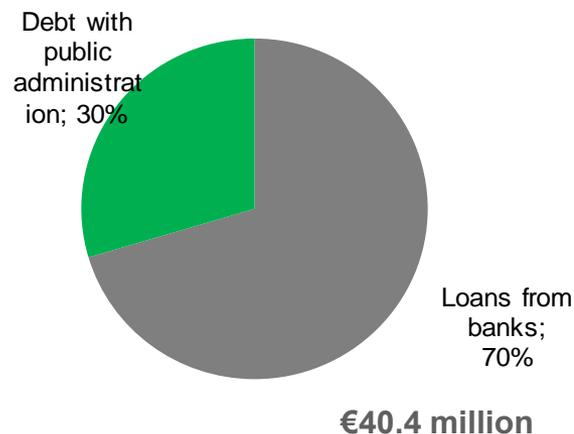
Capex breakdown (%)



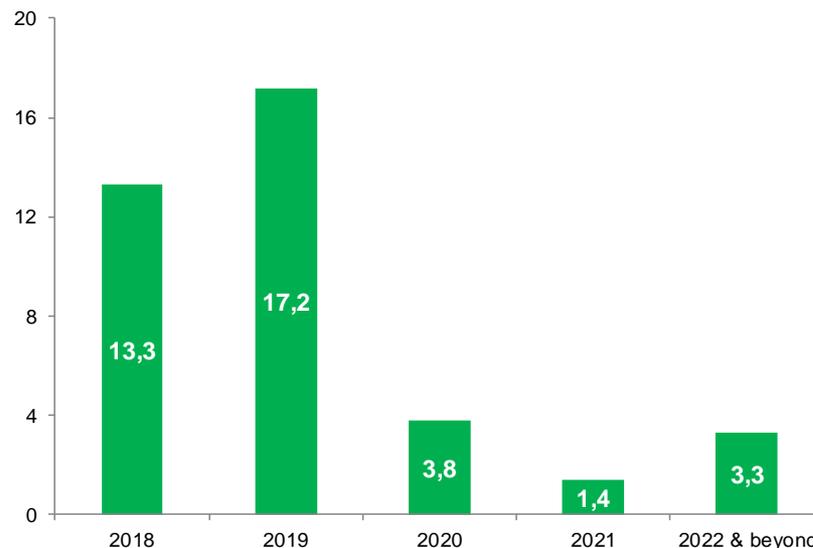
- €2.5Mn of **capex** invested in 1Q 2018.
 - ✓ €0.2Mn of investment capex related to the injectable plant;
 - ✓ €1.4Mn of investment capex related to the Granada and the Alcalá de Henares facilities;
 - ✓ €0.5Mn of investment capex related to the San Sebastián de los Reyes facility; and
 - ✓ €0.4Mn of maintenance capex and other capex.
- **FCF** increased to €1.1Mn mainly due to:
 - ✓ €4.9Mn increase in “trade and other payables” in 1Q 2018 vs €9.9Mn decrease in 1Q 2017;
 - ✓ €5.2Mn increase in “trade and other receivables” in 1Q 2018 vs €5.6Mn increase in 1Q 2017;
 - ✓ €0.6Mn decrease in “capex” in 1Q 2018 vs 1Q 2017.

Financial debt

Debt breakdown by source (%)



Debt maturities by year (€Mn)



- **Debt with public administration** represented **30%** of total debt, with 0% interest rate.
- **Gross cash position of €40.4Mn** as of 31 March 2018 vs €42.1Mn as of 31 December 2017.
- **Net debt of €0.01Mn** as of 31 March 2018 vs net debt of €1.1Mn as of 31 December 2017.
- ROVI will propose to the Shareholders General Meeting a **dividend of 0.1207** euros per share with dividend rights on 1Q 2018 earnings. This proposed dividend represents a 35% pay out.

News-flow 2018

Specialty pharma

- Sales of biosimilar of Enoxaparin (sales range of 20 to 30 million euros) in 2018
- Additional new in-licensing products to be launched
- Granting by the competent local authorities of the marketing authorisation of a biosimilar of Enoxaparin in 10 countries of the EU (16 already granted)

Toll manufacturing

- New contracts to be announced

ISM[®] technology platform

- Continue the recruiting of DORIA[®] Phase III
- Start of ISM-Letrozole[®] Phase I in November 2017



For further information, please contact:

Juan López-Belmonte
Chief Executive Officer

+34 91 3756235

jlopez-belmonte@rovi.es

www.rovi.es

Javier López-Belmonte
Chief Financial Officer

+34 91 3756266

javierlbelmonte@rovi.es

www.rovi.es

Marta Campos
Investor Relations

+34 91 2444422

mcampos@rovi.es

www.rovi.es