



Rovi

**Nine-month period ending 30th
September 2016 Financial Results**

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Operating results



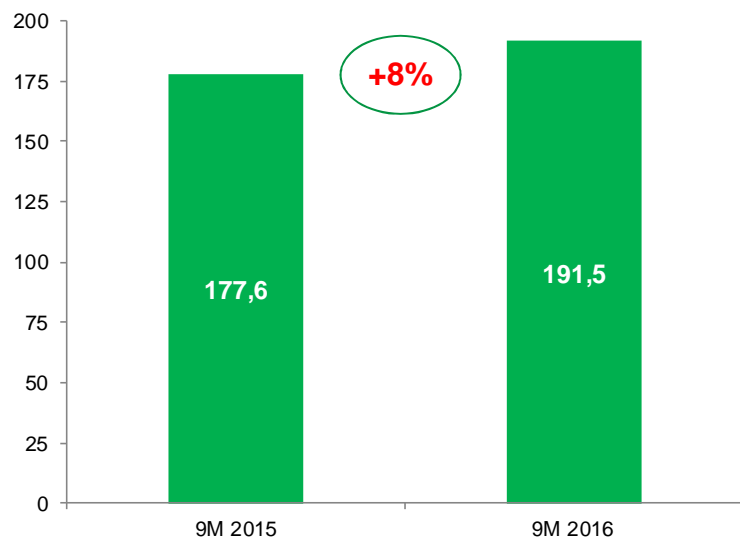
9M 2016 financial results - Highlights

- **Operating revenue** increased by 8% to €191.5Mn in 9M 2016, mainly driven by the strength of the prescription-based pharmaceutical business, where sales rose 22%, clearly outperforming the market. Total revenue increased by 8% to €192.9Mn in 9M 2016.
- **For 2017**, ROVI expects operating revenue **to grow from low-to-mid single digit**.
- The clinical trial of Risperidone ISM® “PRISMA-2” was successfully finished; final positive results were presented on 13th March 2016 at the 24th European Congress of Psychiatry. The enoxaparin biosimilar assessment process is ongoing within the pre-established timelines.
- **Outstanding performance of Bemiparin**: +9% growth to €59.2Mn; this growth came both from sales in Spain (+9%) and from international sales (+9%).
- **Good performance of Absorcol & Vytorin & Orvatez**: sales increase of 42% to €24.0Mn.
- **Sales of Hirobriz and Ulunar**, both products for patients with COPD launched in Spain in Q4 2014, increased by 88% to €8.8Mn.
- Sales of **Volutsa**, a product launched in February 2015, increased by 2.5 times to €4.9Mn.
- **EBITDA** increased by 23% to €31.1Mn in 9M 2016, reflecting a 2.0 pp rise in the EBITDA margin to 16.3% in 9M 2016 up from 14.3% in 9M 2015, mainly due to the positive impact of non recurrent revenue of €4.0Mn as a result of the joint venture created by ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **Net profit** increased to €21.5Mn in 9M 2016, a 30% increase compared to 9M 2015.

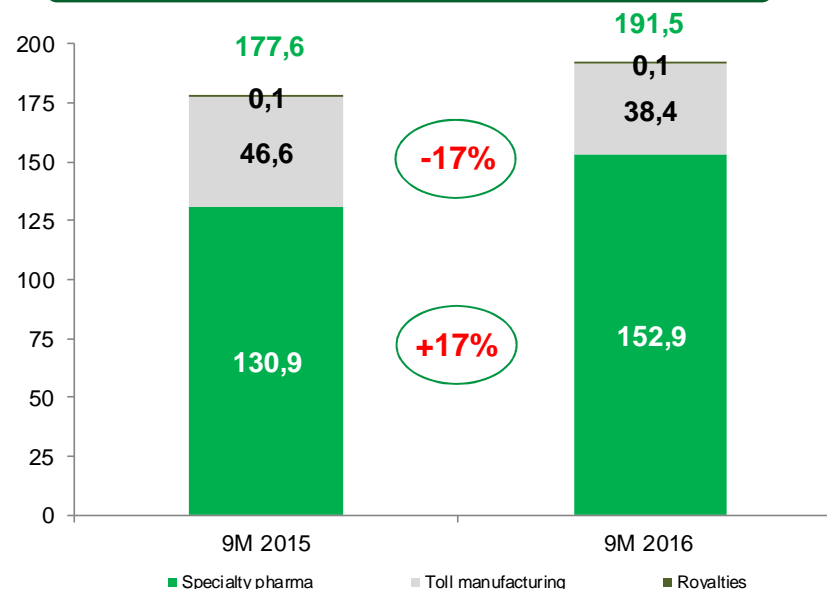
Growth driven by the specialty pharmaceutical business strength...



Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



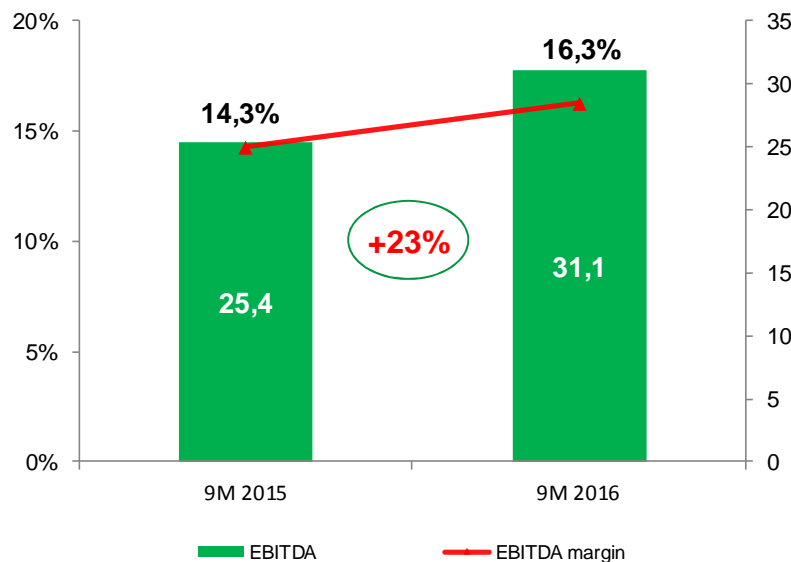
- Operating revenue increased by 8% to €191.5Mn in 9M 2016 driven by the strength of:
 - ✓ the **specialty pharmaceutical business**, where **sales rose 17%**.
 - ✓ Toll manufacturing sales decreased by 17%.
- ROVI forecasts to continue to grow despite:
 - ✓ a new 550 million euros reduction in pharmaceutical expenditure expected for 2017, according to the Budget Plan¹ submitted by the Spanish Government to the European Commission; and
 - ✓ growth in spending on medicine between 1% and 4% in Spain for the period 2016-2020 forecast by IMS Health².

¹http://www.mineco.gob.es/stfls/mineco/comun/pdf/161017_plan_presupuestario.pdf
²IMS Health, Market Prognosis October 2015

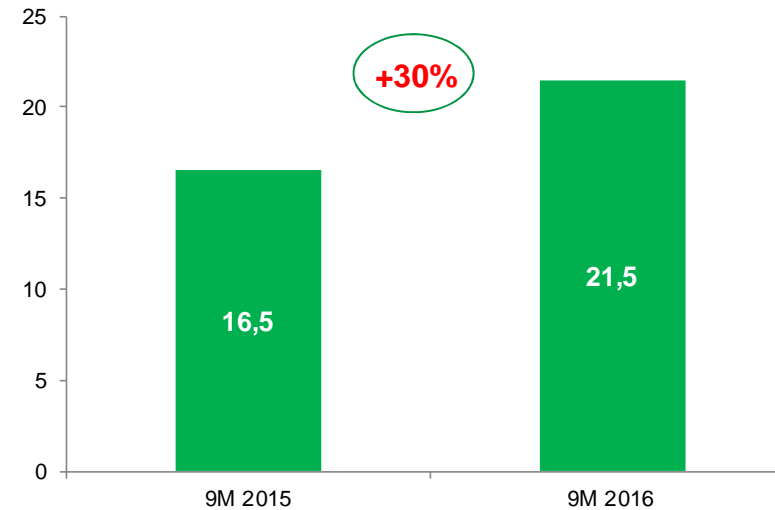


...with high profitability

EBITDA (€Mn) and EBITDA margin (%)



Net profit (€Mn)

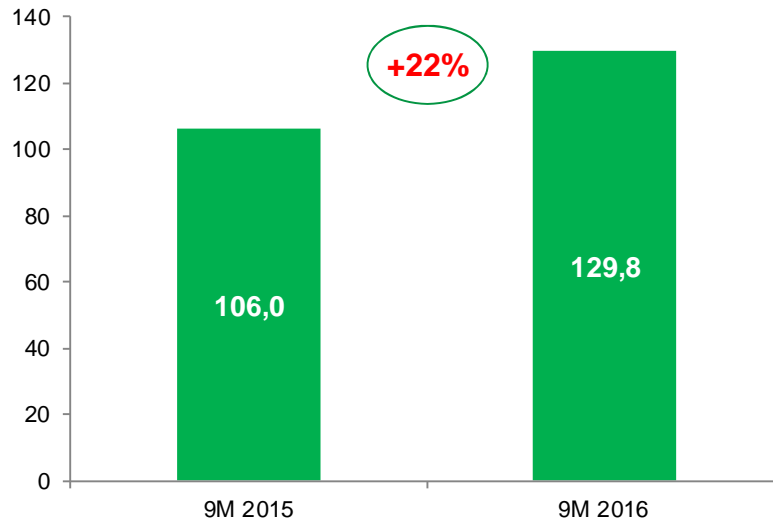


- In 9M 2016, **EBITDA** was impacted by non recurrent revenue of €4.0Mn as a result of the creation of a joint venture between ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **EBITDA increased by 23%** to €31.1Mn in 9M 2016, reflecting a 2.0 pp rise in the EBITDA margin to 16.3% in 9M 2016 up from 14.3% in 9M 2015. However,
 - ✓ excluding the positive impact of the non recurrent revenue, EBITDA would increase by 7% to €27.1Mn, reflecting a stable EBITDA margin of 14.2% in 9M 2016.
- **Net profit increased** to €21.5Mn in 9M 2016, a **30%** increase compared to 9M 2015. However;
 - ✓ excluding the positive impact of the non recurrent revenue, net profit would increase by 7% to €17.7Mn.

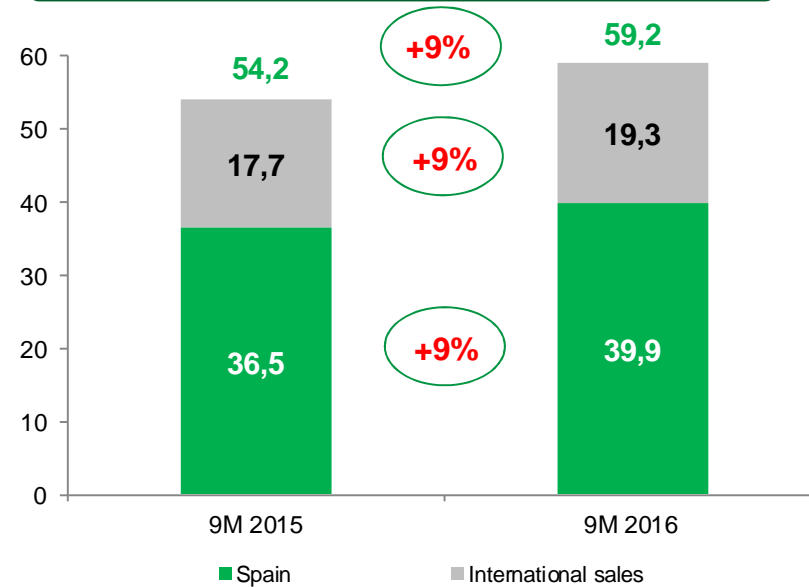
Bemiparin, leading the specialty pharmaceutical business growth



Prescription-based pharma products sales (€Mn)



Bemiparin sales (€Mn)

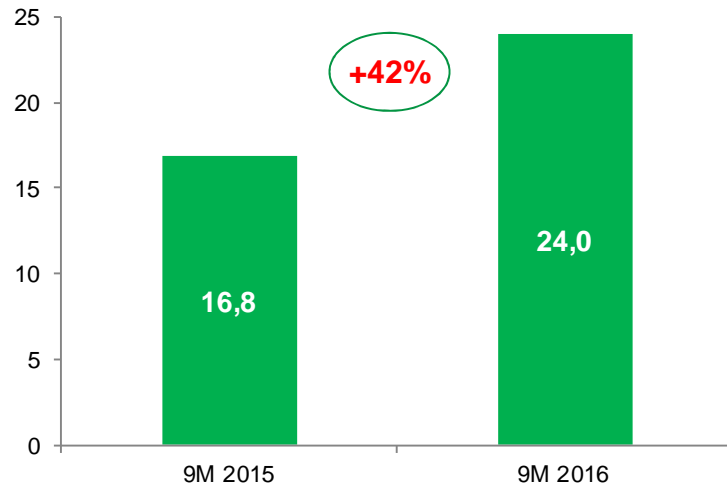


- Sales of prescription-based pharmaceutical products increased by 22% to €129.8Mn in 9M 2016.
- Bemiparin total sales increased by 9% to €59.2Mn in 9M 2016:
 - ✓ Sales in Spain increased 9% to €39.9Mn.
 - ✓ International sales increased by 9% to €19.3Mn. ROVI expects to achieve stable international sales in 2016.

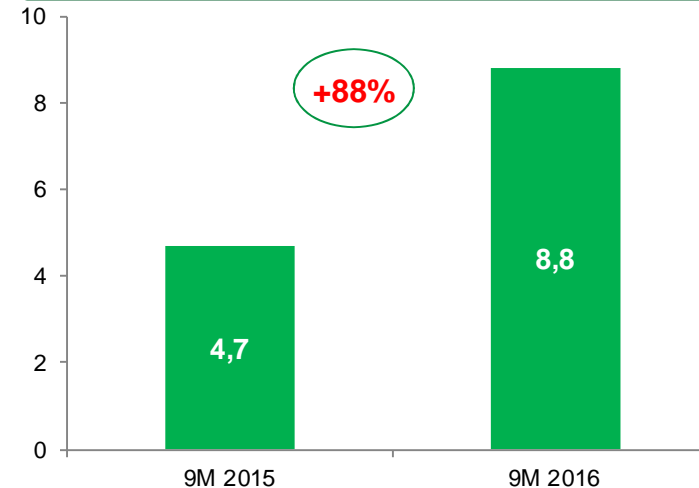


Good performance of the product portfolio (1/2)

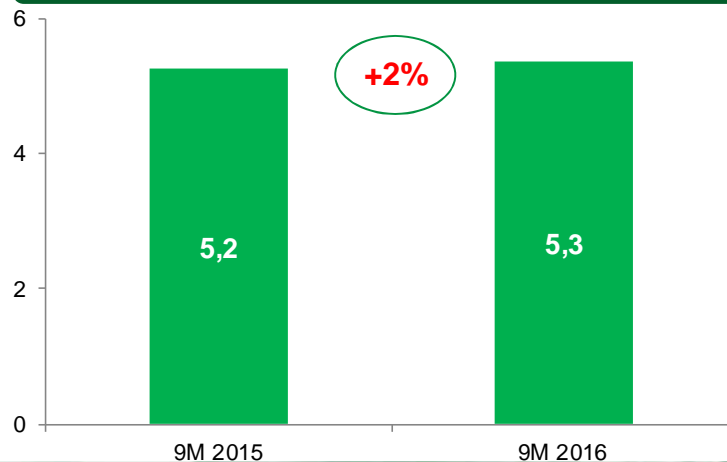
Absorcol, Vytorin and Orvatez sales (€Mn)



Hirobriz and Ulunar sales (€Mn)



Medicebran and Medikinet sales (€Mn)



- Sales of **Absorcol, Vytorin and Orvatez** (the last one launched in June 2015), **increased by 42%** to €24.0Mn in 9M 2016.
- Sales of **Hirobriz and Ulunar**, both products for patients with COPD, launched in Spain in Q4 2014 **increased by 88%** to €8.8Mn in 9M 2016.
- Sales of **Medicebran and Medikinet**, products launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, **increased by 2%** to €5.3Mn in 9M 2016.
- Sales of **Thymanax**, product launched in March 2010, decreased by 25% to €4.2Mn in 9M 2016.

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).

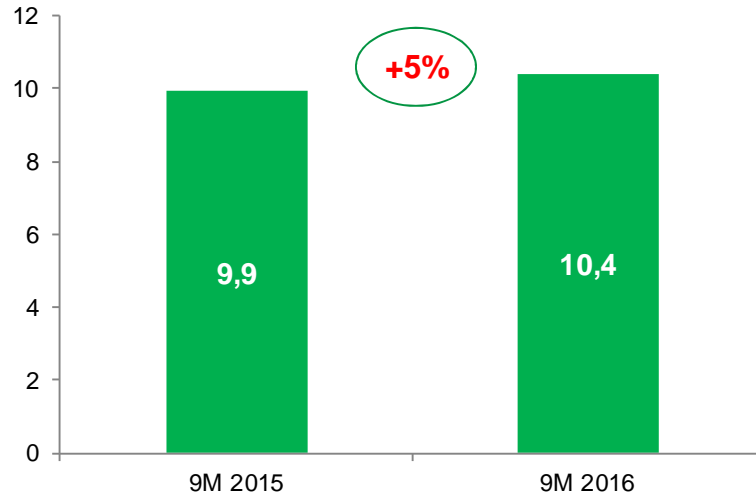
Medicebran and Medikinet are specialty products from Medice indicated for the treatment of ADHD in children and teenagers.

Thymanax is an innovative antidepressant from Laboratoires Servier.

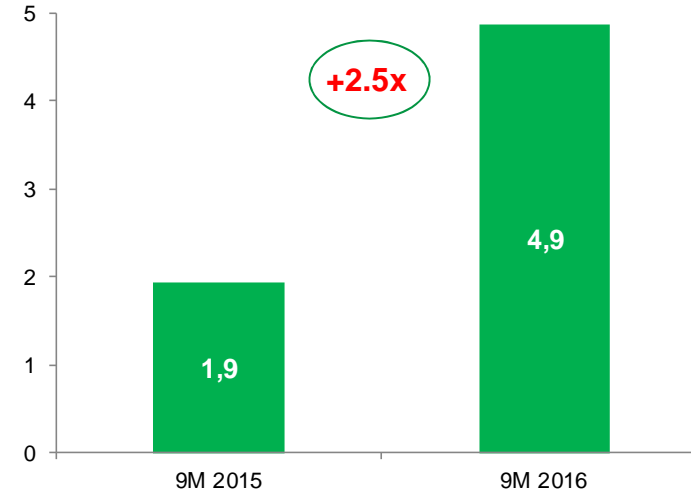


Good performance of the product portfolio (2/2)

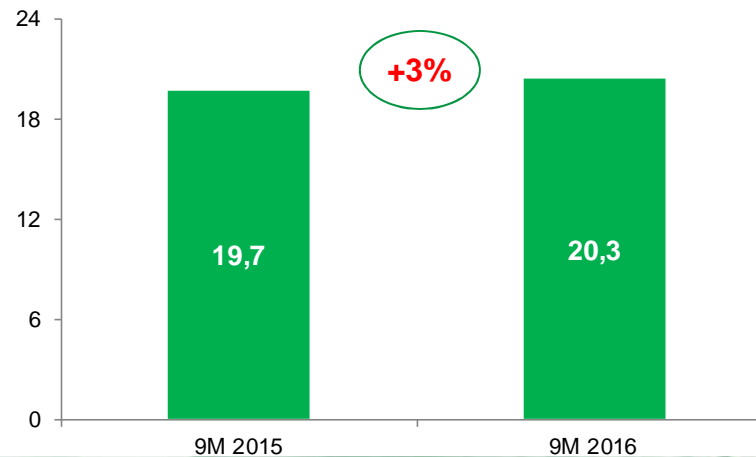
Corlantor sales (€Mn)



Volutsa sales (€Mn)



Contrast imaging agents (€Mn)



- Sales of **Corlantor** increased by 5% to €10.4Mn in 9M 2016.
- Sales of **Volutsa**, launched in Spain in February 2015, increased by 2.5x to €4.9Mn in 9M 2016.
- **Exxiv** sales decreased by 9% to €4.1Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products increased by 3% to €20.3Mn in 9M 2016.

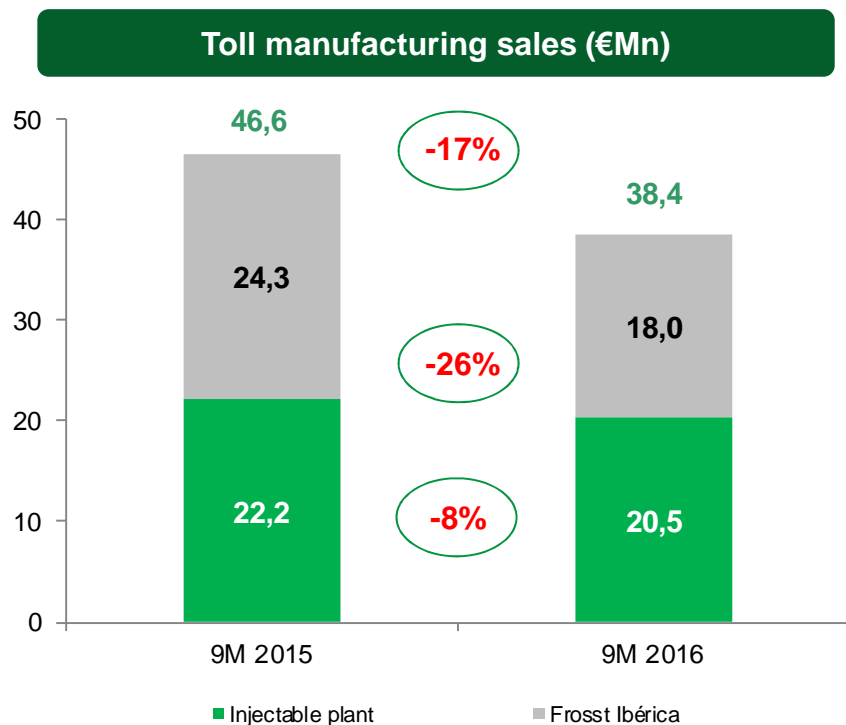
Corlantor is a specialty product for stable angina and chronic heart failure from Laboratoires Servier.

Volutsa is a specialty product from Astellas Pharma indicated for the treatment of moderate to severe storage symptoms and voiding symptoms associated with benign prostatic hyperplasia.

Exxiv is a selective COX-2 inhibitor from Merck Sharp & Dohme (MSD).



Value added toll manufacturing services



- **Toll manufacturing sales** decreased by 17% to €38.4Mn in 9M 2016, compared to the same period the previous year, mainly because of the €6.4Mn revenue decline in the Frosst Ibérica plant to €18.0Mn in 9M 2016, due to lower production levels for MSD as a result of the initial MSD contract expiration on the 31st March 2015.
- In addition, the injectable plant revenue decreased by €1.8Mn. ROVI expects injectable business sales to slightly decrease in 2016.



Guidance 2017

**2017 operating
revenues growth rate**

low single digit –
mid single digit

Our main strategic pillars to lead growth

Specialty pharma

- Bemiparin
- Latest launches such as Orvatez, Volutsa, Ulunar and Mysimba
- Existing portfolio of specialty pharmaceuticals
- New in-licensed products to be launched

Toll manufacturing

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

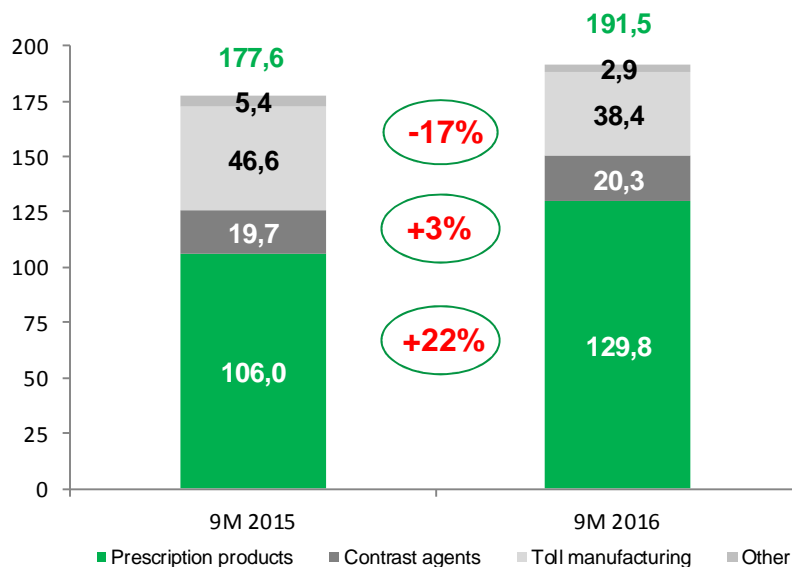


Financial results

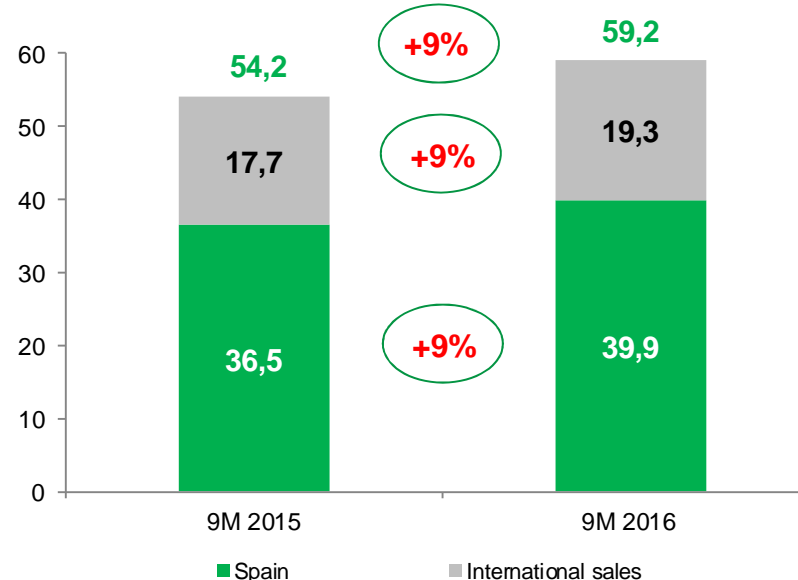
Good revenue level with outstanding Bemiparin growth



Total operating revenue (€Mn)



Bemiparin sales (€Mn)



➤ **Operating revenue** increased by 8% to €191.5Mn, achieved on:

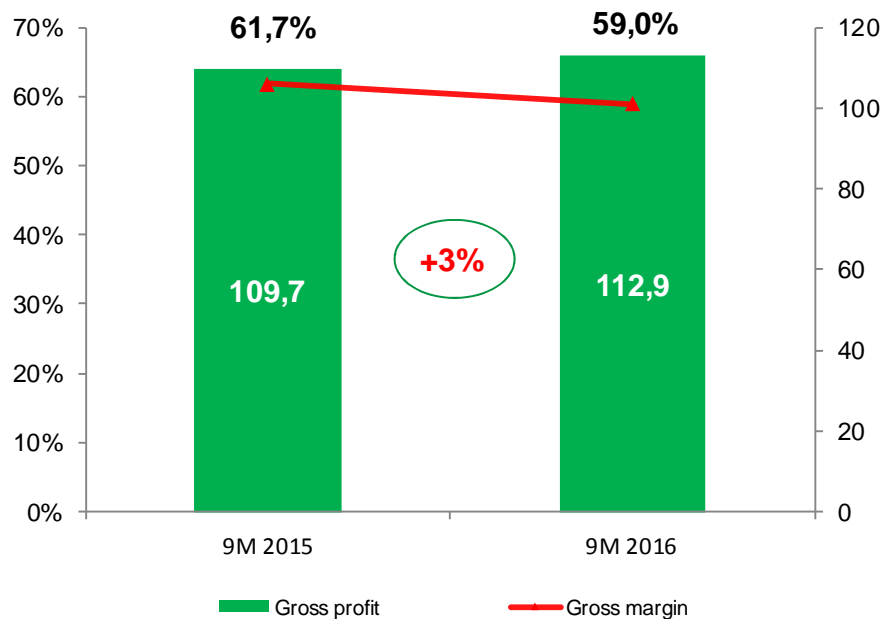
- ✓ 22% growth in prescription-based products;
- ✓ 3% growth in contrast agents and other hospital products;
- ✓ -17% growth in toll manufacturing; and
- ✓ OTC and other revenues decreased by 46% (including revenue from distribution licenses).

➤ **Bemiparin**, ROVI's flagship product internally developed, reached sales of €59.2Mn (**9% growth** vs 9M 2015). **Sales grew by 9% in the domestic market and 9% in the international market.**

Gross margin impacted by the registration of the Sintrom sales



Gross profit (€Mn) & Gross margin (%)

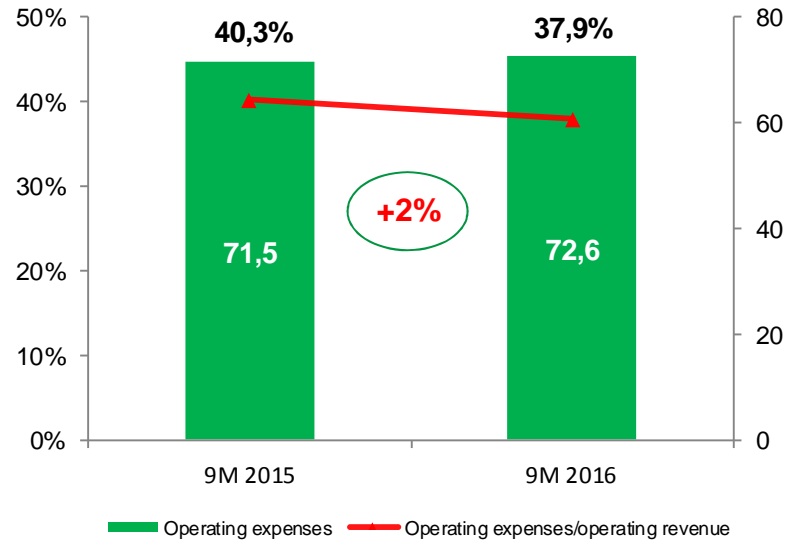


- **Gross profit** increased by 3% to €112.9Mn in 9M 2016, reflecting a decrease of 2.8 pp in the gross margin to 59.0% in 9M 2016 from 61.7% in 9M 2015.
- This gross margin reduction is mainly due to the registration of low margin Sintrom product sales (€9.3Mn in 9M 2016 compared to €0.4Mn in 9M 2015).
- The decrease of the Bemiparin raw material cost impacted positively in 9M 2016 gross margin.

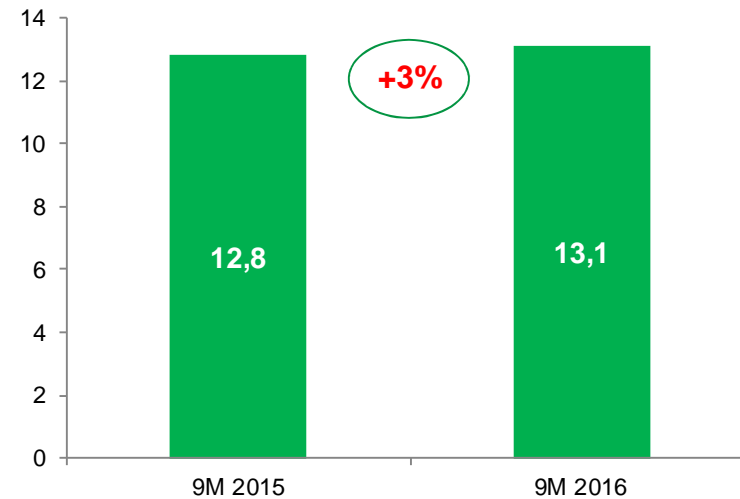


Cost control along with commitment to R&D

SG&A expenses (€Mn)



R&D expenses (€Mn)

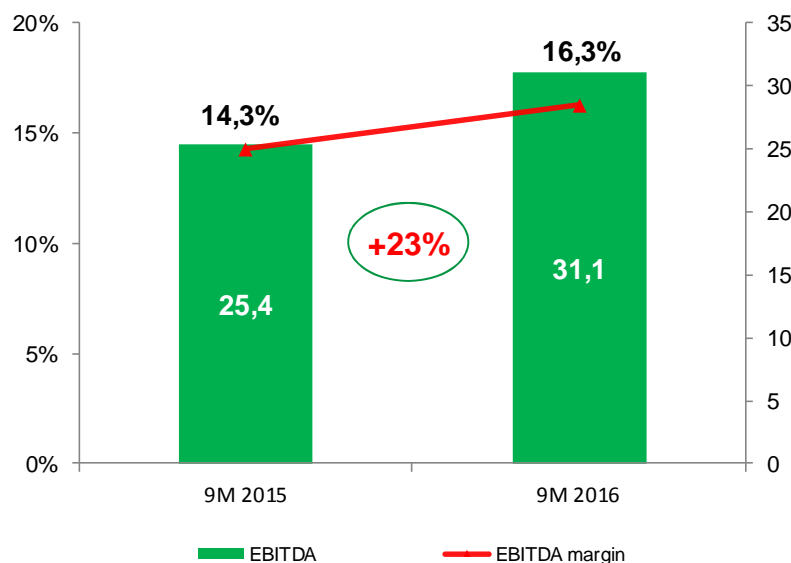


- **SG&A expenses** increased by 2% to €72.6Mn in 9M 2016 mainly due to the continued promotion of the latest products launched.
- **R&D expenses** increased by 3% to €13.1Mn. This slight increase is mainly due to a delay in the start of the Risperidone-ISM® phase III trial as a result of the several meetings held with the FDA and the EMA in order to obtain scientific advice about the design of the phase III clinical study.

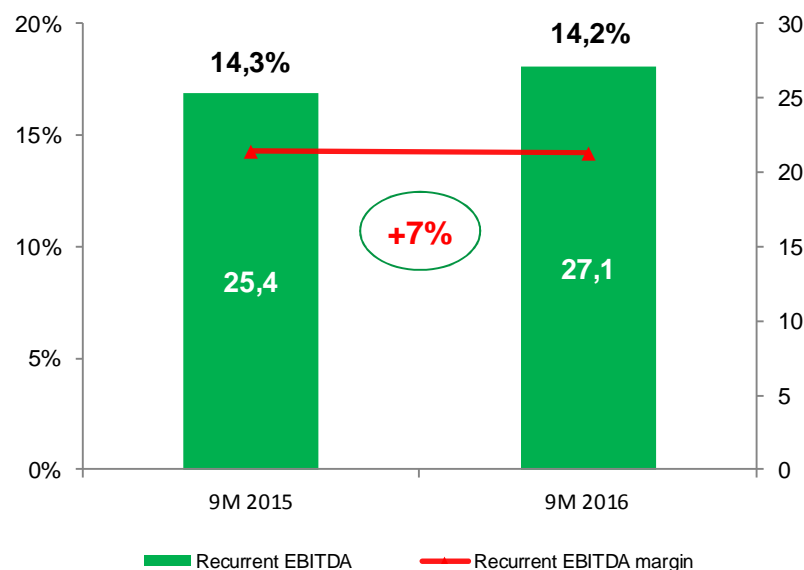


EBITDA

EBITDA (€Mn) and EBITDA margin (%)



Recurrent EBITDA (€Mn) and EBITDA margin (%)

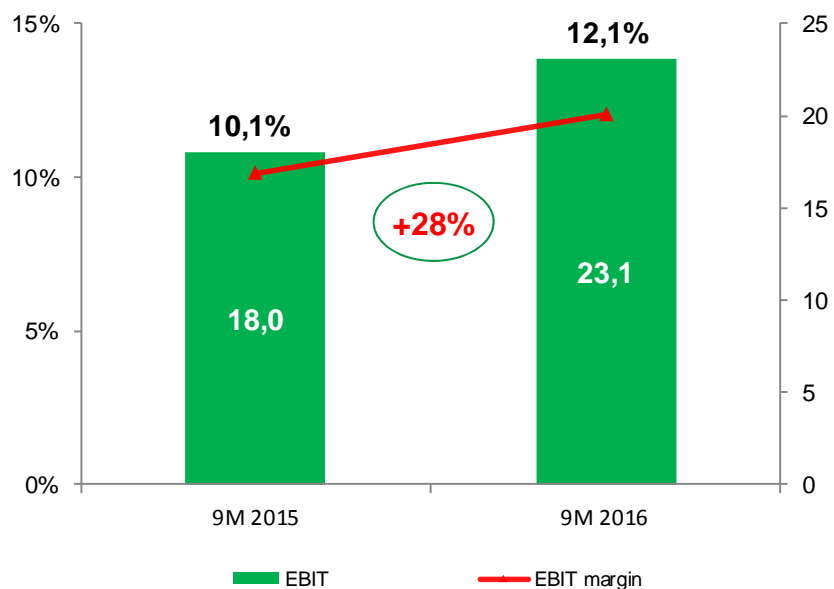


- **EBITDA** increased by 23% to €31.1Mn in 9M 2016, reflecting a 2.0 pp rise in the EBITDA margin to 16.3% in 9M 2016 up from 14.3% in 9M 2015, mainly due to the positive impact of non recurrent revenue of €4.0Mn as a result of the joint venture created by ROVI and Enervit for the distribution of nutritional products in Spain and Portugal. However,
 - ✓ excluding the impact of the non recurrent revenue, EBITDA would increase by 7% to €27.1Mn, reflecting a stable EBITDA margin of 14.2% in 9M 2016.

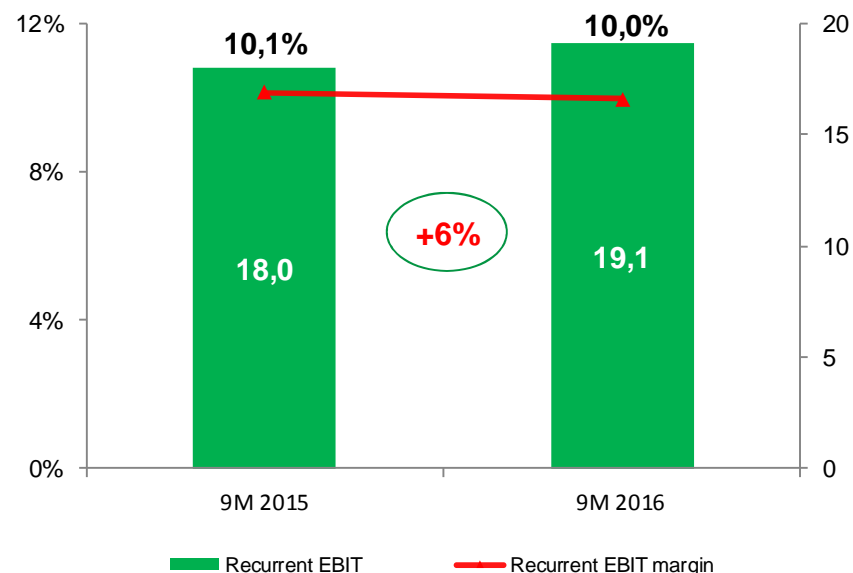


EBIT

EBIT (€Mn) and EBIT margin (%)



Recurrent EBIT (€Mn) and EBIT margin (%)

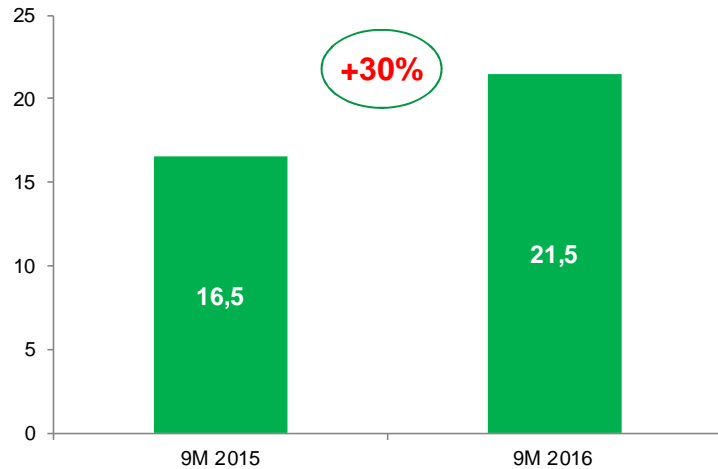


- **Depreciation and amortization expenses** increased by 9% in 9M 2016, up to €8.1Mn, as a result of the new PP&E and intangible assets purchases made over the last twelve months.
- **EBIT** increased by 28% to €23.1Mn in 9M 2016, reflecting a 1.9 pp rise in the EBIT margin to 12.1% in 9M 2016 up from 10.1% in 9M 2015, mainly due to the positive impact of non recurrent revenue of €4Mn as a result of the joint venture created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non recurrent revenue, EBIT would increase by 6% to €19.1Mn, reflecting a stable EBIT margin of 10.0% in 9M 2016.

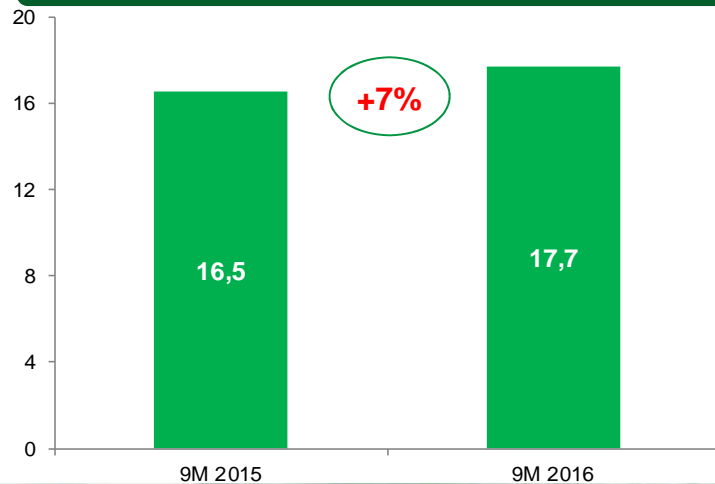


Net profit

Net profit (€Mn)



Recurrent net profit (€Mn)

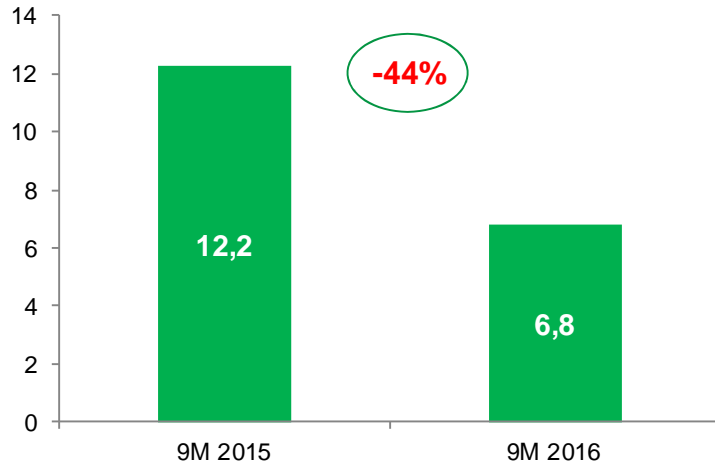


- **Net profit** increased to €21.5Mn in 9M 2016, a 30% increase compared to 9M 2015. However,
 - ✓ excluding the positive impact of the non recurrent revenue related to the ROVI and Enervit joint venture creation, net profit would increase by 7% to €17.7Mn.
- **Effective tax rate of 5.6%** in 9M 2016 vs 5.4% in 9M 2015. This favourable effective tax rate is due to:
 - ✓ deduction of existing R&D expenses; and
 - ✓ capitalisation of existing negative tax bases from Frosst Ibérica.
- As of 31 Dec 2015, Frosst Ibérica **negative tax bases amounted to €42.5Mn**, of which €5.7Mn were used in the 2015 income tax and €2.8Mn in 9M 2016.

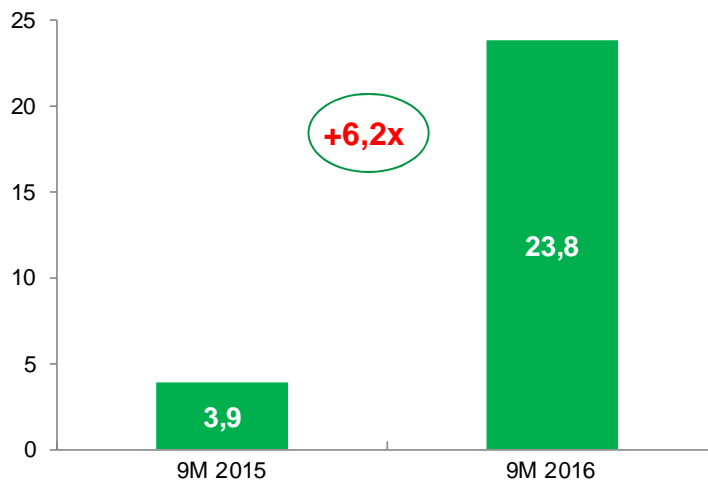


Capital expenditure & Free Cash Flow

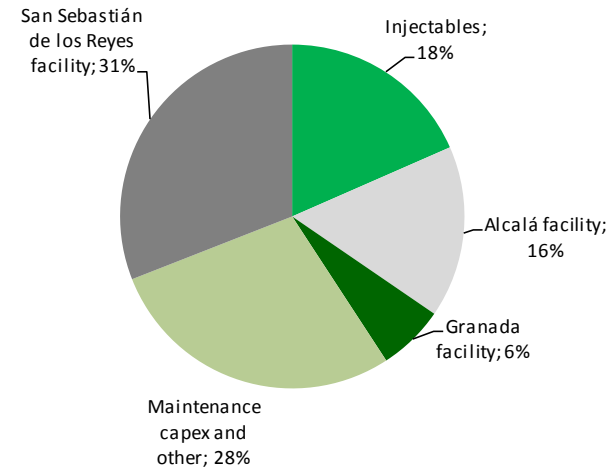
Capex evolution (€Mn)



FCF (€Mn)



Capex breakdown (%)

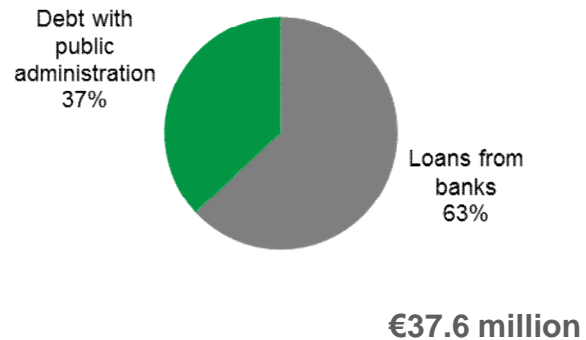


- €6.8Mn of **capex** invested in 9M 2016.
 - ✓ €1.3Mn of investment capex related to the injectable plant;
 - ✓ €0.4Mn of investment capex related to the Granada facility;
 - ✓ €1.1Mn of investment capex related to the Alcalá facility;
 - ✓ €2.1 Mn of investment capex related to the San Sebastián de los Reyes facility; and
 - ✓ €1.9Mn of maintenance capex and other.
- **FCF** increased to €23.8Mn mainly due to:
 - ✓ €5.4Mn reduction in Capex;
 - ✓ €1.8Mn increase in “inventories” in 9M 2016 vs €5.5Mn increase in 9M 2015; and
 - ✓ €1.7Mn decrease in “trade and other payables” in 9M 2016 vs €10.4Mn decrease in 9M 2015.

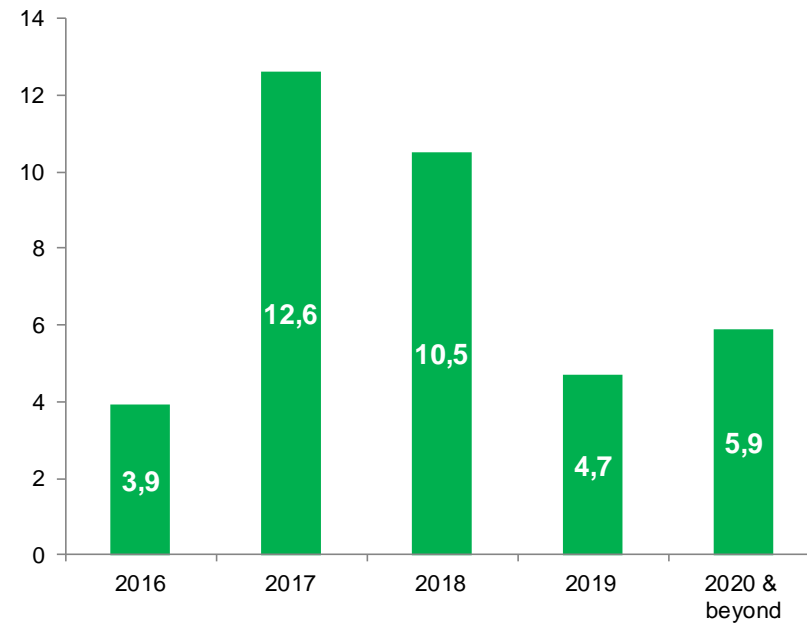


Financial debt

Debt breakdown by source (%)



Debt maturities by year (€Mn)



- **Debt with public administration** represented **37%** of total debt, with 0% interest rate.
- **Gross cash position of €42.2Mn** as of 30 September 2016 vs €30.7Mn as of 31 December 2015.
- **Negative net debt of €4.6Mn** as of 30 September 2016 vs positive net debt of €12.1Mn as of 31 December 2015.
- On July, 5 ROVI paid a **dividend of 0.1390** euros per share on 2015 earnings. This dividend represented a 35% pay out.



News-flow 2016/2017

Specialty pharma

- Additional new in-licensing products to be launched

Toll manufacturing

- New contracts to be announced

R&D

- Start of ISM-Risperidone[®] Phase III in H1 2017
- Start of ISM-Letrozole[®] Phase I in H1 2017
- Potential authorisation for the marketing of a biosimilar of enoxaparin



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