



Solutions with you in mind

**Q1 2017**  
**Financial Results**  
**and Business Update**

*May 8<sup>th</sup> 2017*

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# Agenda: Q1 2017 Financial Results

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**Q1 2017 Highlights**

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*Eduardo Sanchiz, Chief Executive Officer*



# Q1 2017 Highlights



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

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# Q1 2017 at a glance

## Operational performance

- Total Revenues +4.8% and EBITDA +0.4% on track with our expectations for Q1 2017
- Good Dermatology performance in EU, growing at +6.8%

## Dermatology pipeline evolution

- CHMP positive recommendation for DMF (Skilarence®) in April as a first-line treatment for Psoriasis
- Tildrakizumab (Psoriasis) submitted for registration with EMA in March
- Strengthening Thermi EU indications

## US Affiliate

- Revenues adversely impacted by significant wholesaler inventory destocking of Acticlate™

## Business development in Q1

- Development and commercialization of products in the Aesthetics field



**Maintained healthy Balance Sheet to support M&A strategy**

# Further strengthening the global management team

## **Dr Bhushan Hardas**

*Executive Vice President R&D, Chief Scientific Officer (CSO), and member of the Management Board*

- Dermatologist by training, with a PhD and an MBA. Previously 10 years at Merz Pharmaceuticals and 3 years at Allergan.



## **Vladimir Paul-Blanc**

*President & General Manager at Thermi an Almirall Company*

- 13 years' experience, an accomplished executive, specialised in the aesthetic energy device field. Last position as Head of Solta Medical (the aesthetics energy device division of Valeant Pharmaceuticals).

# Q1 2017 Financial highlights



*David Nieto*  
*CFO*

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# Q1 2017 Financial highlights

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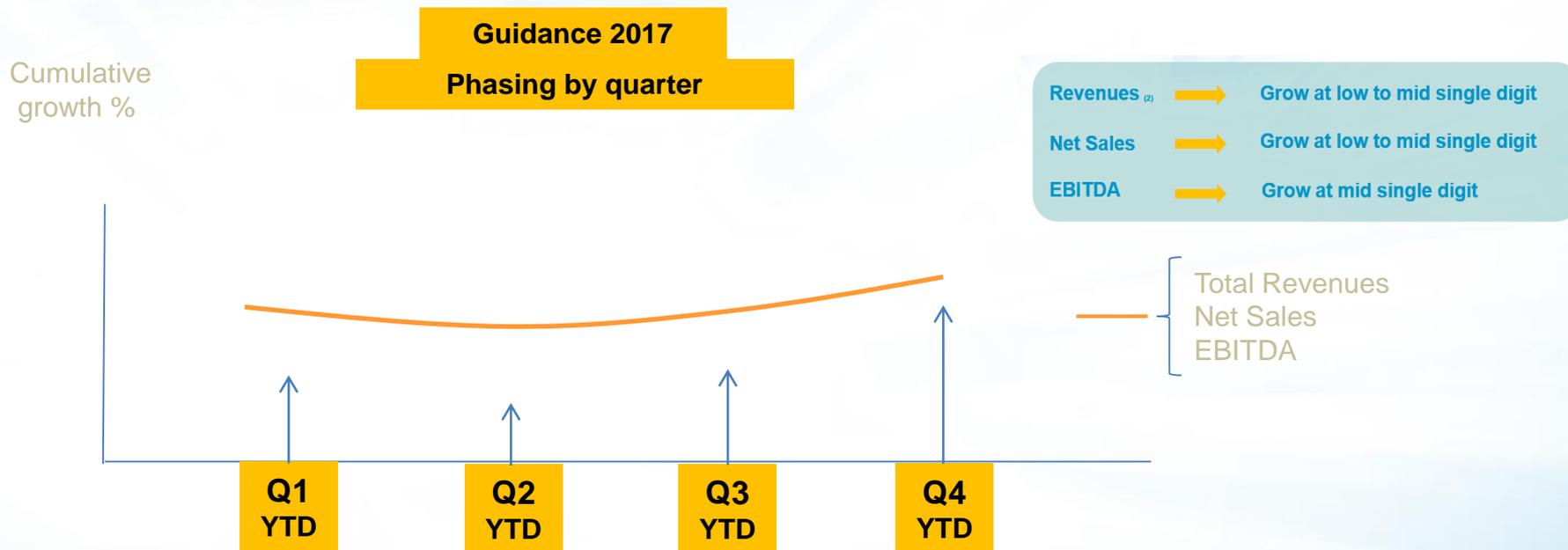
## Highlights

- Total Revenues growing at +4.8%
- EU dermatology performance +6.8%
- Continued strong focus on SG&A cost control
- EBITDA margin above same period 2016

## Challenges

- Net Sales negatively impacted by inventory reduction within the channel in US Dermatology business

# Quarterly phasing expectations through 2017<sup>(1)</sup>



(1) In constant exchange rates  
(2) Net sales + Other Income

# Q1 2017 – P&L



€ Million	YTD Mar 2017	YTD Mar 2016	% var
<b>Total Revenues</b>	<b>210.7</b>	<b>201.0</b>	<b>+5%</b>
Net Sales	176.1	184.9	(5%)
Other Income	34.6	16.1	+115%
<b>Gross Profit</b>	<b>114.8</b>	<b>130.3</b>	<b>(12%)</b>
<i>% of sales</i>	<i>65%</i>	<i>70%</i>	
<b>R&amp;D</b>	<b>(24.2)</b>	<b>(19.2)</b>	<b>+26%</b>
<i>% of sales</i>	<i>(14%)</i>	<i>(10%)</i>	
<b>SG&amp;A</b>	<b>(97.2)</b>	<b>(94.7)</b>	<b>+3%</b>
<i>% of sales</i>	<i>(55%)</i>	<i>(51%)</i>	
SG&A w/o Depreciation	(75.0)	(76.1)	(1%)
<i>% of sales</i>	<i>(43%)</i>	<i>(41%)</i>	
<b>EBITDA</b>	<b>55.0</b>	<b>54.8</b>	<b>+0%</b>
<i>% of sales</i>	<i>31%</i>	<i>30%</i>	
<b>EBIT</b>	<b>28.3</b>	<b>32.4</b>	<b>(13%)</b>
<i>% of sales</i>	<i>16%</i>	<i>18%</i>	
<b>Net Income</b>	<b>19.6</b>	<b>21.7</b>	<b>(10%)</b>

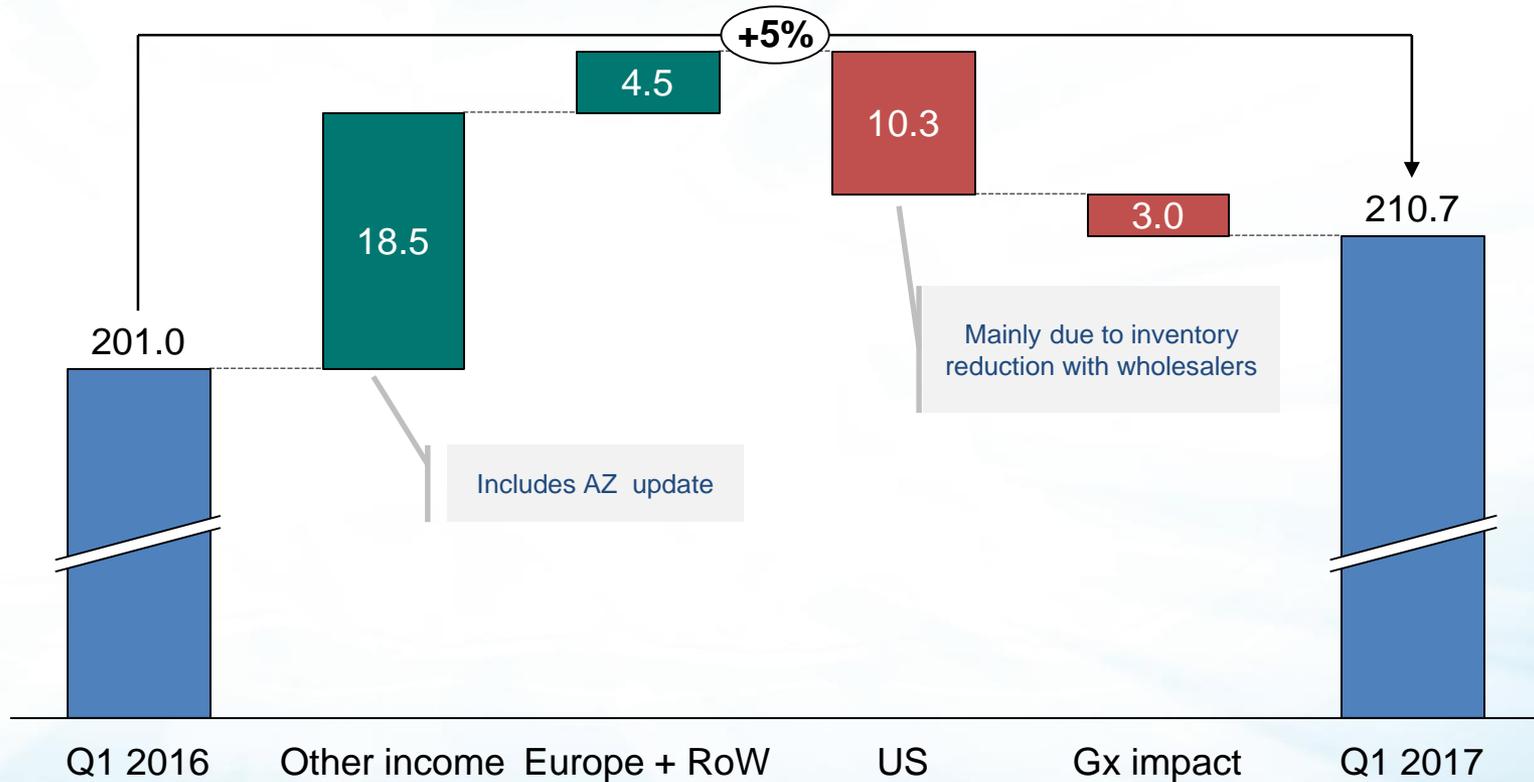
Net Sales were adversely impacted by US inventory reduction

Decline in Gross Margin due to the lower contribution of our US affiliate

Significant investment in growing Dermatology pipeline

Continued strong focus on cost control

# Total revenues evolution Q1 2017 vs. Q1 2016 (€m)



# Q1 2017 – Balance Sheet



€ Million	March 2017	% of BS	December 2016
Goodwill	431.1	16%	432.8
Intangible assets	974.5	35%	993.0
Property, plant and equipment	129.5	5%	132.3
Financial assets	163.4	6%	194.4
Other non current assets	331.4	12%	327.5
<b>Total Non Current Assets</b>	<b>2,029.9</b>	<b>73%</b>	<b>2,080.0</b>
Inventories	88.1	3%	91.0
Accounts receivable	216.0	8%	130.6
Cash & cash equivalents	396.8	14%	466.7
Other current assets	50.2	2%	50.2
<b>Total Current Assets</b>	<b>751.1</b>	<b>27%</b>	<b>738.5</b>
<b>Total Assets</b>	<b>2,781.0</b>		<b>2,818.5</b>
Shareholders Equity	1,530.8	55%	1,520.3
Financial debt	317.5	11%	321.0
Non current liabilities	587.1	21%	609.5
Current liabilities	345.6	12%	367.7
<b>Total Equity and Liabilities</b>	<b>2,781.0</b>		<b>2,818.5</b>

Intangible assets mainly include the identified assets in the business combinations and the license from Sun Pharma deal on psoriasis

Increase in accounts receivable mainly due to AZ milestone reclassification

Net cash position:

- + Cash and cash equivalents: 396,8 Million
- Financial Debt : 317,5 Million
- Pension Plans: 71,9 Million

# Update on Senior Notes Redemption



Financial debt	Interest rate	Amount
<b>Cancelled</b> Senior Notes	4.625%	€324Mn
<b>New</b> Revolving Credit Facility	< 1% *	€250Mn

Impact in the next 4 years  €40 Mn savings net of costs

\* *Revolving Credit Facility with fixed interest rates over a 4 year period*



# Dermatology



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

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# Q1 2017 Dermatology and Aesthetics

## Operational performance

- Total Dermatology declined by 8.6% due in particular to significant destocking of Acticlate™ in Q1
- Market share for Acne franchise increased during Q1 2017

## Continued progress in Aesthetics

- Organization evolution and rollout in EU in progress
- Expanding indications in EU with ThermiVa®
- Symatese agreement in Q1

## EU Rx Dermatology Strong

- EU Rx Dermatology growing +6.8% driven by Ciclopoli®
- Launch of Skilarence® in Q3 2017

## US Rx Dermatology

- TRx growing in Q1 2017
- Launches of Veltin™ and Altabax™ performing as expected

**Business Development focused on additional opportunities in Dermatology & Aesthetics**

# Q1 2017 Dermatology sales performance



€ thousand		YTD Mar 2017	YTD Mar 2016	% var vs LY
Europe	→	45,147	42,270	+6.8%
US	→	23,688	35,040	(32.4%)
RoW	→	2,209	2,029	+8.9%
<b>Dermatology Rx</b>	→	71,044	79,338	<b>(10.5%)</b>
Thermi	→	6,922	5,982	+15.7%
<b>Total Dermatology</b>	→	77,965	85,320	<b>(8.6%)</b>

# US TRx growth in Q1 2017

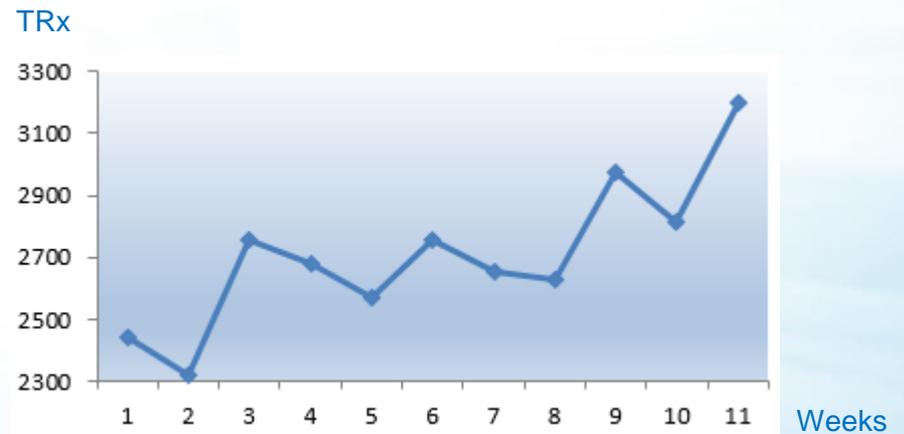


Source: IMS

Q1 2017 Evolution  
Acticlate



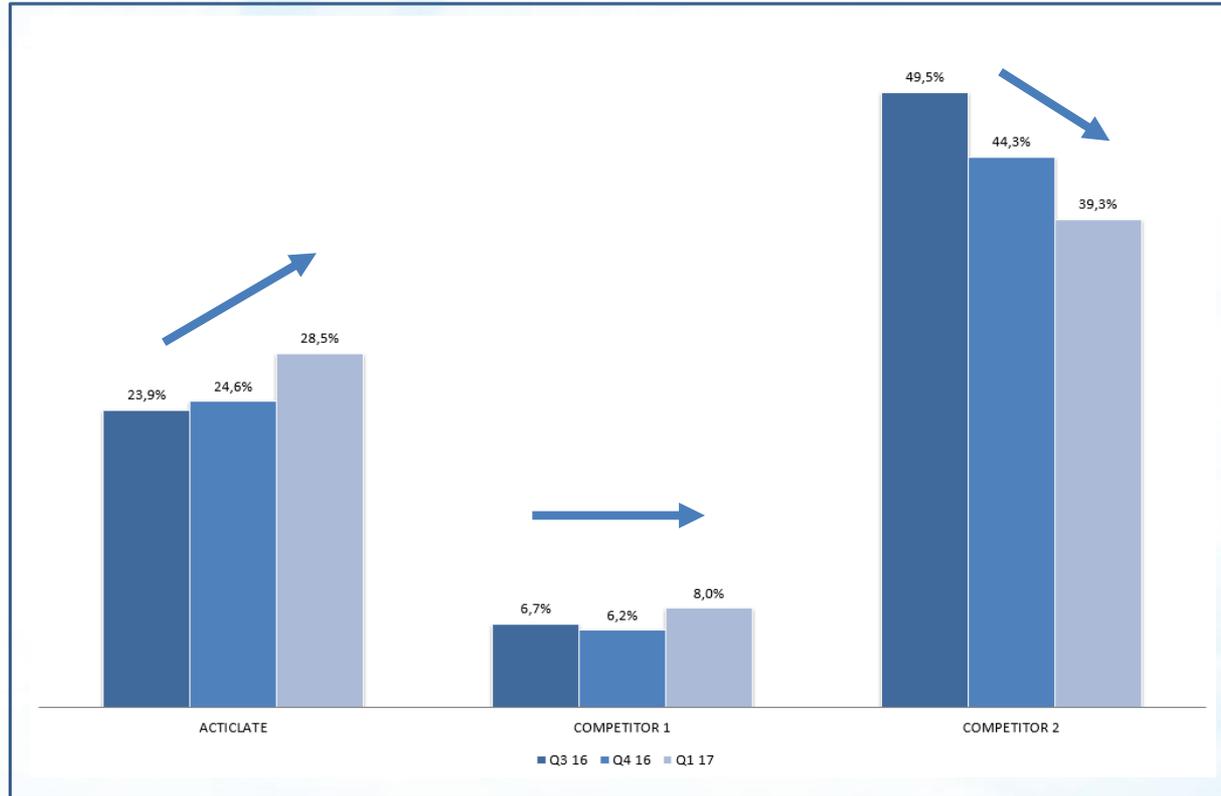
veltin®



Source: IMS

Q1 2017 Evolution  
Veltin

# Acticlate: US Market share growth in Q1 2017



Source: IMS, internal data

# Skilarence<sup>®</sup> rollout to begin in Europe in Q3 2017



- Positive opinion for the regulatory approval of Skilarence<sup>®</sup> in all EU member states from the CHMP
- Skilarence<sup>®</sup> is the trade name of a new oral formulation of dimethyl fumarate (DMF)
- It is indicated as a first-line induction and long-term treatment for adults with moderate-to-severe chronic plaque Psoriasis
- In September 2016, Almirall presented results from the BRIDGE phase III trial showing the efficacy and safety of dimethyl fumarate compared to Fumaderm<sup>®</sup>
- Skilarence<sup>®</sup> is due to be marketed in Europe by Almirall in Q3 2017
- Expected peak sales of over 50 million euros



**R&D**



***Bhushan Hardas***  
*Executive Vice President*  
*Research & Development, CSO*

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# Pipeline progression: Products in clinical phase



Project	Indication	Early Development	Phase II	Phase III	Registration
LAS41008 (Skilarence®)	Psoriasis	CHMP positive recommendation			
Tildrakizumab	Psoriasis	Validation of regulatory filing			
P3058	Onychomycosis				
P3073	Nail Psoriasis				
P3074	Androgenetic Alopecia				
PAT001	Ichthyosis				
ADP31415	Pemphigus vulgaris				
ADP13612	Rosacea				

# Planning for tildrakizumab launch in 2018

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- March 2017: validation of the Regulatory Filing of tildrakizumab with the European Medicines Agency (EMA).
- Tildrakizumab is an investigational IL-23p19 inhibitor being evaluated for the treatment of moderate-to-severe plaque Psoriasis.
- The filing includes efficacy and safety data from the pivotal Phase III clinical trials (reSURFACE 1 and 2) that included over 1,800 patients across more than 200 clinical sites.
- Expected peak sales of over 200 million euros

# Symatese strengthens aesthetics portfolio

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- Symatese is a leading developer and manufacturer of innovative medical devices with more than 30 years of experience
- A long-term development, technology license and supply agreement has granted Almirall an exclusive license for the commercialization of a new range of Hyaluronic Acid facial fillers worldwide
- Attractive opportunity to enter the injectable facial filler market with a differentiated technology
- Predictable, natural looking and satisfying results
- The dermal filler market is expected to reach €2.4 bn in 2022 worldwide



# Closing remarks



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

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# Wrap-up Q1 2017

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- Total Revenues and EBITDA progressing in line with FY expectations, all that in the context of a challenging US Dermatology business in Q1 2017
- Good progress of R&D pipeline; CHMP positive opinion for Skilarence® and registration of tildrakizumab with EMA
- Maintained a healthy financial position to support potential new transactions
- Further strengthening the global management team
- Reiterating full-year guidance, with significant quarterly phasing impacts; Q1 on track
- Dividend approved by the Annual General Meeting of 0.19 euros per share, payable June 1st

# Financial Appendixes

# Q1 2017 P&L

€ Million	YTD Mar 2017	YTD Mar 2016	% var
<b>Total Revenues</b>	<b>210.7</b>	<b>201.0</b>	<b>+5%</b>
Net Sales	176.1	184.9	(5%)
Other Income	34.6	16.1	+115%
Cost of Goods	(61.3)	(54.6)	+12%
<b>Gross Profit</b>	<b>114.8</b>	<b>130.3</b>	<b>(12%)</b>
<i>% of sales</i>	65%	70%	
R&D	(24.2)	(19.2)	+26%
<i>% of sales</i>	(14%)	(10%)	
SG&A	(97.2)	(94.7)	+3%
<i>% of sales</i>	(55%)	(51%)	
SG&A w/o Depreciation	(75.0)	(76.1)	(1%)
<i>% of sales</i>	(43%)	(41%)	
Depreciation	(22.2)	(18.6)	+19%
Other Op. Exp	0.3	(0.1)	n.m.
<i>% of sales</i>	0%	(0%)	
<b>EBIT</b>	<b>28.3</b>	<b>32.4</b>	<b>(13%)</b>
<i>% of sales</i>	16%	18%	
Total Depreciation	26.7	22.4	+19%
<i>% of sales</i>	15%	12%	
<b>EBITDA</b>	<b>55.0</b>	<b>54.8</b>	<b>+0%</b>
<i>% of sales</i>	31%	30%	
Other costs	-	(0.3)	(100%)
Net financial income / (expense)	(9.9)	(4.7)	+111%
<b>Profit before tax</b>	<b>18.4</b>	<b>27.4</b>	<b>(33%)</b>
Corporate income tax	1.2	(5.7)	(121%)
<b>Net Income</b>	<b>19.6</b>	<b>21.7</b>	<b>(10%)</b>
Earnings per share (€)	0.11	0.13	

# Q1 2017 Cash Flow

Cash Flow Statement (€ Million)	Mar 2017 YTD	Mar 2016 YTD
<b>Profit Before Tax</b>	<b>18.4</b>	<b>27.4</b>
Depreciation and amortisation	26.6	22.4
Change in working capital	(68.8)	(25.9)
Restructuring payments	(3.3)	(2.7)
Other adjustments	(23.4)	(7.5)
Tax Cash Flow	8.2	36.8
<b>Cash Flow from Operating Activities (I)</b>	<b>(42.3)</b>	<b>50.5</b>
Financial Income	0.1	0.5
Investments	(11.0)	(2.4)
Divestments	0.4	0.2
Payments of capex suppliers	(1.5)	(5.5)
Changes in scope of consolidation	(7.5)	(415.2)
<b>Cash Flow from Investing Activities (II)</b>	<b>(19.5)</b>	<b>(422.4)</b>
Finance Expense	(7.5)	(7.6)
Debt increase/ (decrease)	(0.6)	-
<b>Cash Flow from Financing Activities</b>	<b>(8.1)</b>	<b>(7.6)</b>
<b>Cash Flow generated during the period</b>	<b>(69.9)</b>	<b>(379.5)</b>
<b>Free Cash Flow (III) = (I) + (II)</b>	<b>(61.8)</b>	<b>(371.9)</b>

# Geographical breakdown of Dermatology sales



## Europe

€ thousand	YTD Mar 2017	YTD Mar 2016	% var vs LY
Ciclopoli®	8,865	6,887	+28.7%
Solaraze®	8,698	9,094	(4.4%)
Decoderm®	6,554	6,273	+4.5%
Other EU	21,030	20,016	+5.1%
<b>Total</b>	<b>45,147</b>	<b>42,270</b>	<b>+6.8%</b>



## US

€ thousand	YTD Mar 2017	YTD Mar 2016	% var vs LY
Acne franchise <sup>(1)</sup>	13,572	23,337	(41.8%)
Steroids franchise <sup>(2)</sup>	5,983	8,462	(29.3%)
Other US	4,133	3,242	+27.5%
<b>Total</b>	<b>23,688</b>	<b>35,040</b>	<b>(32.4%)</b>



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

# Thermi key highlights

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## Thermi Expansion

- Increase of Thermi user base in US (more than 2,000 users)
- Sales organization for Thermi in Spain, France and UK
- Thermi warehouse and order desk out of Barcelona, Spain
- Indirect presence in Asia + LATAM
- Sales through Partners in RoW

## Performance of Silhouette InstaLift™

- More than 300 US physicians trained, with 1000+ expected to be trained during 2017
- Re-order rate from early customers > 60%
- Widespread presence on congress podiums, on-line and traditional media

# Sales breakdown by Region



€ thousand	YTD Mar 2017	YTD Mar 2016	% var vs LY
Europe (ex Spain)	72.343	69.331	4%
Spain	54.782	54.022	1%
North America (*)	30.094	44.737	(33%)
Others	18.889	16.790	13%
<b>Total</b>	<b>176.108</b>	<b>184.880</b>	<b>(5%)</b>

(\*) Canada, US

# Breakdown of the core business

€ thousand	YTD	YTD	% var vs LY	
	Mar 2017	Mar 2016		
Ebastel and other (ebastine)	19.334	18.930	2%	●
Tesavel & Efficib (sitagliptine)	11.065	11.621	(5%)	●
Ciclopoli (ciclopirox)	9.347	6.244	50%	●
Solaraze (diclofenac sodium)	8.847	9.103	(3%)	●
Oral Acne franchise (doxycycline)	7.232	22.551	(68%)	●
Thermi	6.922	5.982	16%	●
Decoderm and other (flupredniden)	6.610	6.305	5%	●
Veltin (clindamycin & tretinoin)	6.340	785	<i>n.m.</i>	●
Almax (almagate)	6.229	6.558	(5%)	●
Airtal and other (aceclofenac)	5.543	6.115	(9%)	●
Sativex (tetrahydrocannabinol)	5.359	4.501	19%	●
Others	83.279	86.184	(3%)	● ●
<b>Total Net Sales</b>	<b>176.108</b>	<b>184.880</b>	<b>(5%)</b>	

- Proprietary products
- In-licensing products



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