



**Rovi**

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**First Half 2012 Financial Results**



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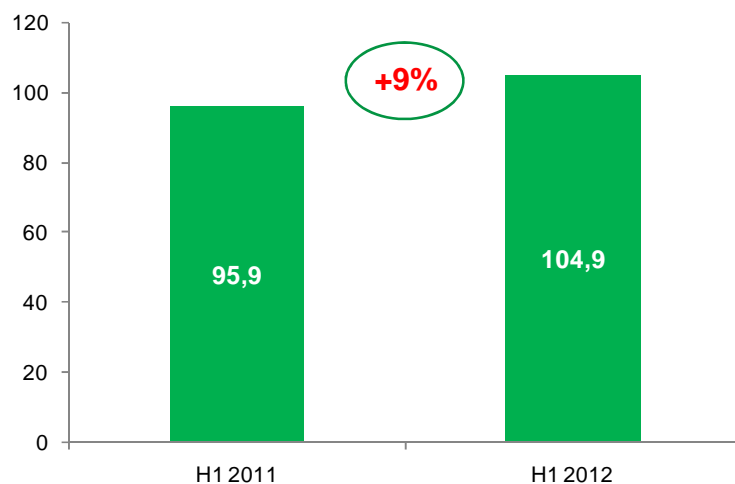
# **Operating results**

**Juan López-Belmonte**  
**Chief Executive Officer**

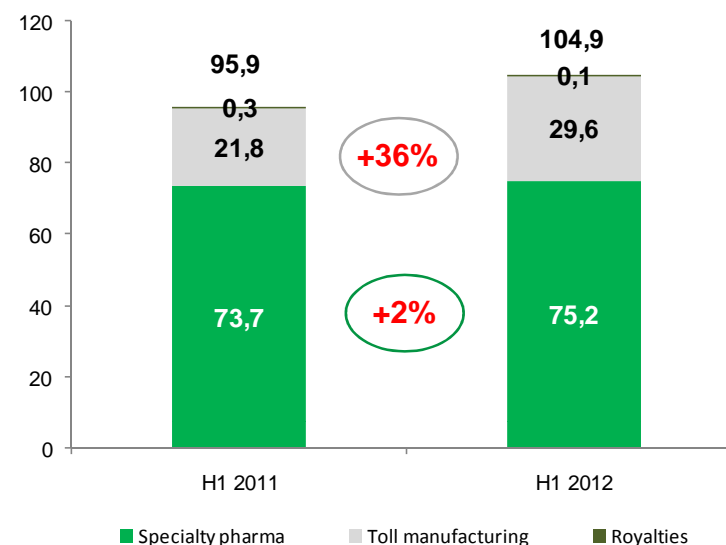
# Growth driven by recent launches and toll manufacturing business strength...



**Total operating revenues (€m)**



**Operating revenues growth by category (€m)**



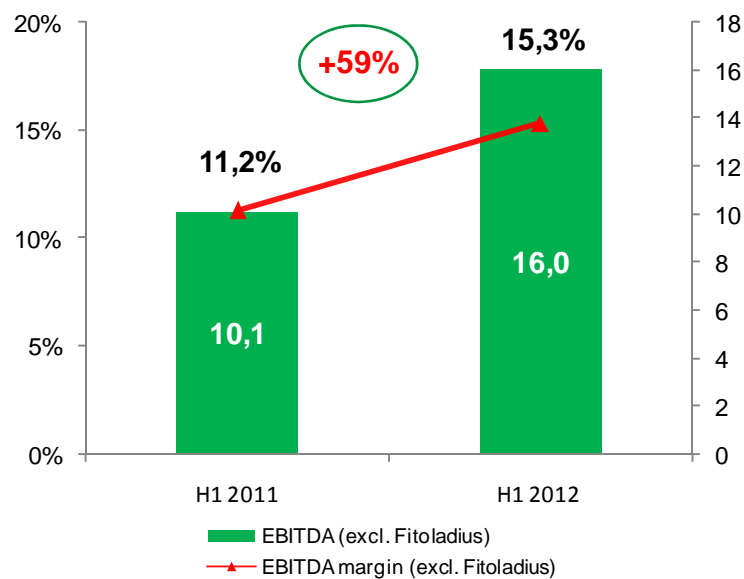
- **Operating revenues** increased by 9% in H1 2012 driven by the strength of:
  - ✓ The toll manufacturing business, where sales increased by 36%; and
  - ✓ The specialty pharmaceutical business, where sales rose 2%.
- In H1 11, Fitoladius was sold to a third party (one-off revenues of €5.6m). Excluding the impact of Fitoladius in H1 11:
  - ✓ Operating revenues increased by 17% in H1 2012; and
  - ✓ Sales of specialty pharmaceutical business increased by 11% in the same period.
- Limited impact of the austerity measures approved in August 2011: < €1m in 2012.
- Potential impact of the austerity measures approved in April 2012 pending to be known.

*Note: The exclusion of the Fitoladius impact considers the sale of Fitoladius to a third party (€5.6m) and the revenues from its distribution in H1 2011.*

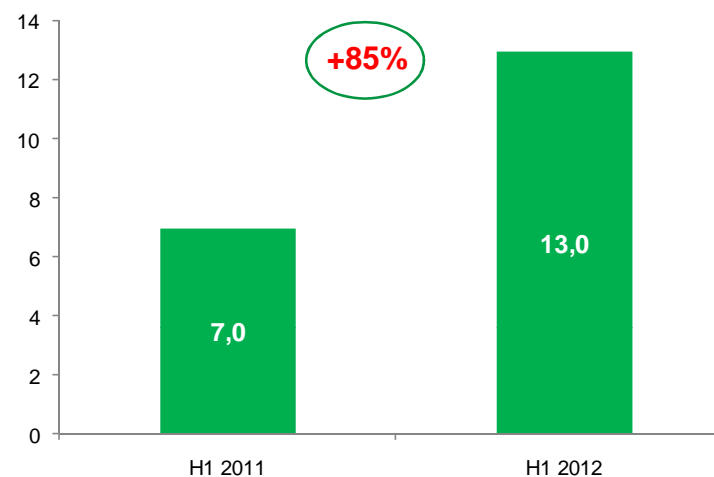


## ...with high profitability

EBITDA (€m) and EBITDA margin (%) (excl. Fitoladius)



Net profit (€m) (excl. Fitoladius)



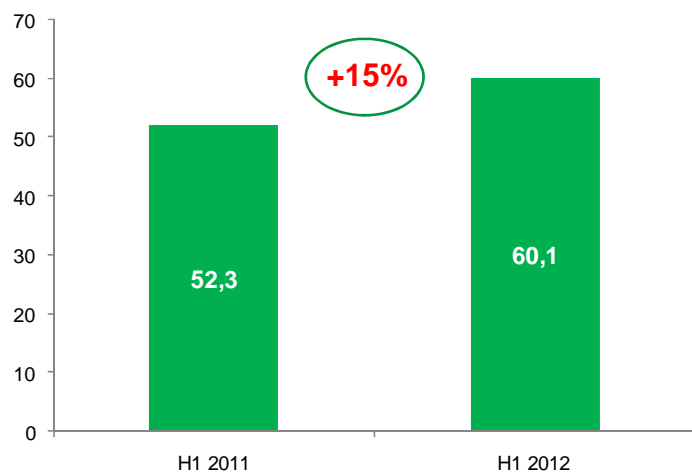
- **EBITDA** increased by 59% to €16.0m in H1 2012, excluding the impact of Fitoladius.
- **Net profit** increased by 85% to €13.0m in H1 2012, excluding the impact of Fitoladius.

Note: The exclusion of the Fitoladius impact considers the sale of Fitoladius to a third party (€5.6m) and the gross profit from its distribution in H1 2011.

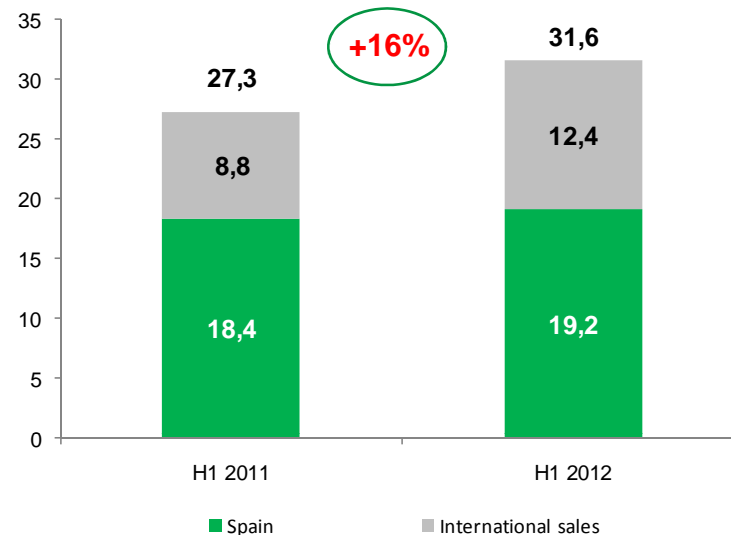


# Bemiparin, leading the growth

## Prescription-based pharma products sales (€m)



## Bemiparin sales (€m)



➤ **Sales of prescription-based pharmaceutical products** increased by 15% in H1 2012.

- ✓ In H1 2011, ROVI marketed Fitoladius, which was sold to a third party in Q2 2011, and EMLA, which was stopped to be marketed and started to be only promoted in June 2011.
- ✓ Excluding the impact of the Fitoladius and EMLA distribution in H1 2011, sales of prescription-based pharmaceutical products increased by 22% in H1 2012.

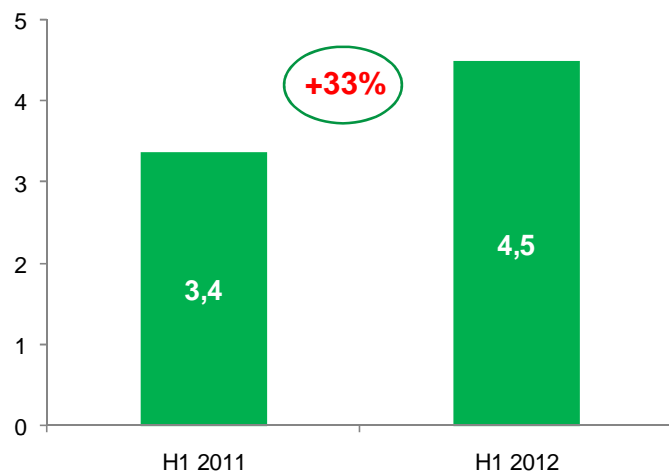
➤ **Bemiparin sales** increased by 16% in H1 2012.

- ✓ Sales in Spain grew by 4%.
- ✓ International sales rose 40% due to the increased presence in countries where it was already present and by the launch of the product in 6 new countries: Mexico, Venezuela, Saudi Arabia, Iraq, Syria and Oman.
- ✓ Accelerated growth of the international sales specific to H1 2012; a more moderate growth expected for 2012.

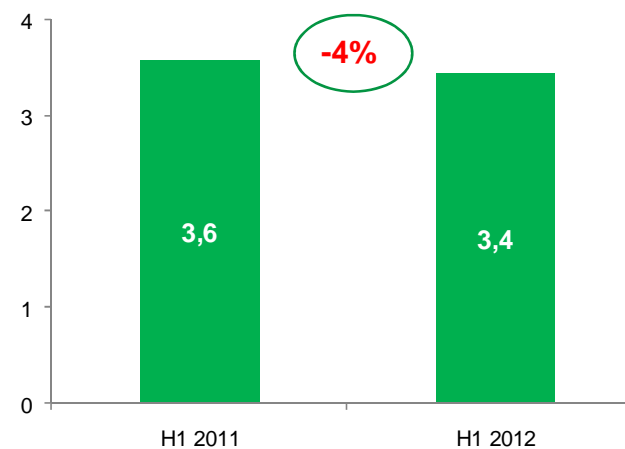


## Good performance of the product portfolio (1/2)

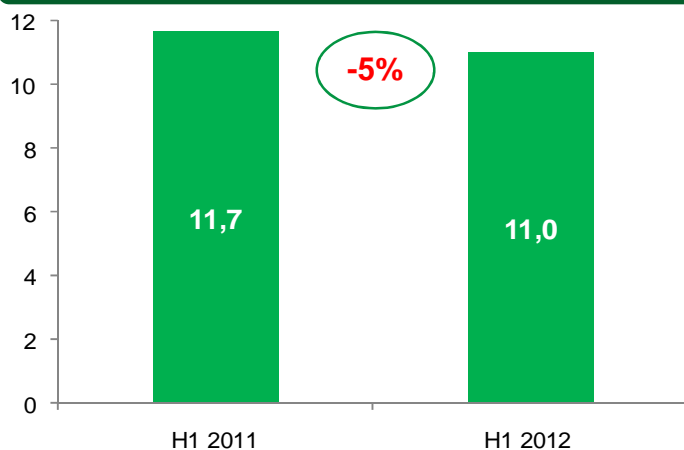
### Corlentor sales (€m)



### Osseor sales (€m)



### Contrast imaging agents (€m)



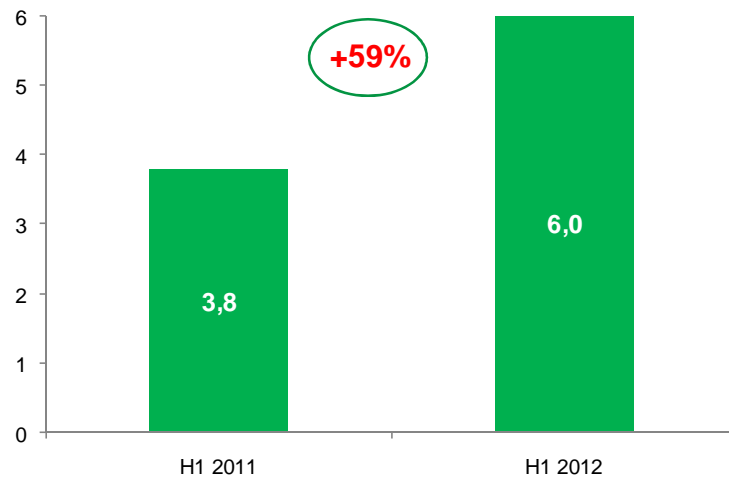
- In February 2012, **Corlentor** was approved by the European Commission for the treatment of patients with chronic heart failure<sup>1</sup>.
- Sales of **Exxiv**, a selective COX-2 inhibitor from MSD, decreased by 8% to €3.9m mainly due to a slight deceleration of the COX-2 market.

Note: Corlentor is a specialty product for stable angina and chronic heart failure<sup>1</sup> from Laboratoires Servier.  
Osseor is a specialty product for the treatment of postmenopausal osteoporosis from Laboratoires Servier.  
1. EMA announcement

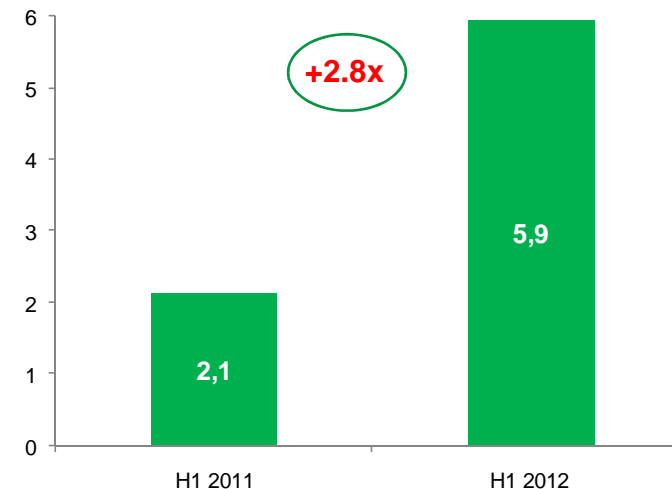


## Good performance of the product portfolio (2/2)

Thymanax sales (€m)



Absorcol and Vytorin sales (€m)



- Sales of **Thymanax**, an innovative antidepressant from Servier, launched in March 2010, increased by 59% to €6.0m in H1 2012.
- Sales of **Absorcol and Vytorin**, the first of the five licenses of MSD launched in January 2011, increased by 2.8 times to €5.9m in H1 2012.

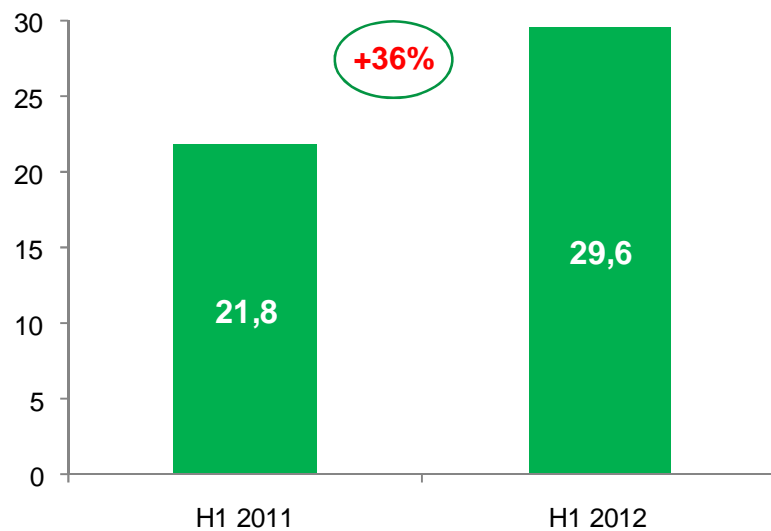
*Note: Thymanax is an innovative antidepressant from Laboratoires Servier. Vytorin and Absorcol are the first of the five licenses of MSD..*





## Value added toll manufacturing services

### Toll manufacturing sales (€m)



- **Toll manufacturing sales** increased by 36% to €29.6m in H1 2012 mainly as a result of the contribution of the Frosst Ibérica plant, whose revenues amounted to €24.0m in H1 2012.
- ROVI is using the spare capacity of Frosst Ibérica plant which has been reduced by 10% since its acquisition.
- **< 30% of spare capacity** in the Frosst Ibérica plant.
  - ✓ New contract with Farmalíder, signed in January 2011.



# Focus on drug release platform

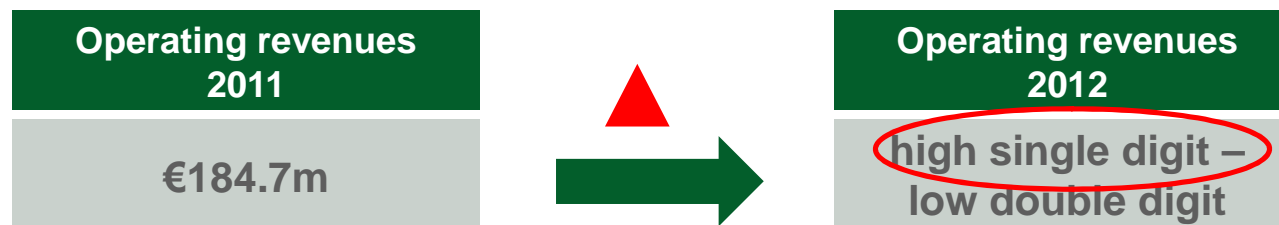
Platform	Product	Potential indication	Current situation				Expected milestones
			Pre-Clinical	I	II	III	
ISM	Risperidone, monthly	Schizophrenia	[Progress bar: ~50%]				<ul style="list-style-type: none"><li>• Disclosed Ph I results Phase 2 start in 2H 2012</li></ul>
	Paliperidone, monthly	Schizophrenia	[Progress bar: ~10%]				<ul style="list-style-type: none"><li>• Phase 1 start 1H 2013</li></ul>
	Letrozole, quarterly	Breast Cancer	[Progress bar: ~10%]				<ul style="list-style-type: none"><li>• Phase 1 start 2H 2013</li></ul>
Glycomics	Bemiparin (LMWH)	Small Cell Lung Cancer (*)	[Progress bar: ~10%]				<ul style="list-style-type: none"><li>• Phase 2 finalised. Disclosed Ph II results</li></ul>

\* Currently looking for a strategic partner to go on further clinical development





## Guidance 2012



### Our main strategic pillars to lead growth

**Specialty pharma**

- Bemiparin
- Vytorin and Absorcol
- Recent launches such as Thymanax
- Existing portfolio (Corlenter, Osseor, Exxiv...)
- New in-licensed products to be launched

**Toll manufacturing**

- 50% of spare capacity in the injectable plant
- < 30% of spare capacity in the oral compounds plant
- New customers to be acquired in both plants



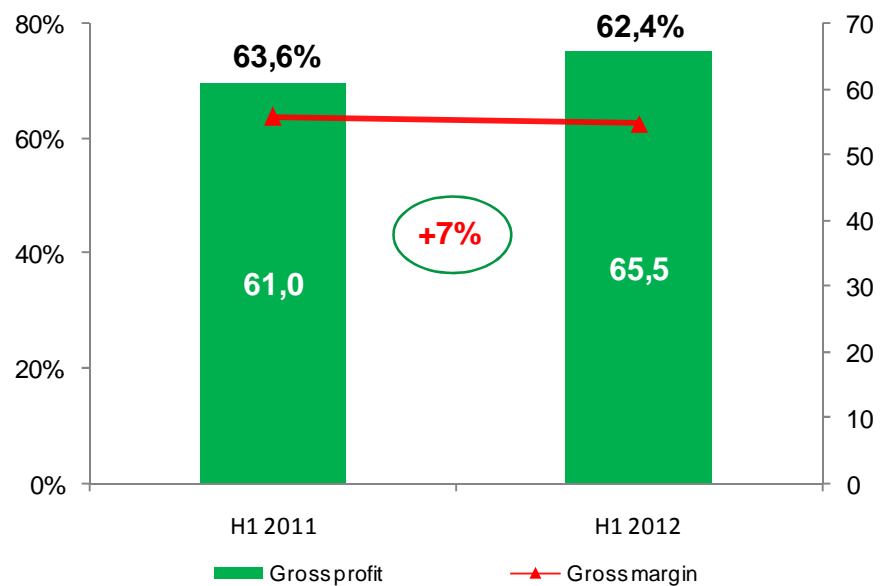
# Financial results

Javier López-Belmonte  
Chief Financial Officer

# Gross margin negatively impacted by the Fitoladius sale to a third party



## Gross profit (€m) & Gross margin (%)



### ➤ H1 2012 gross margin impacted by:

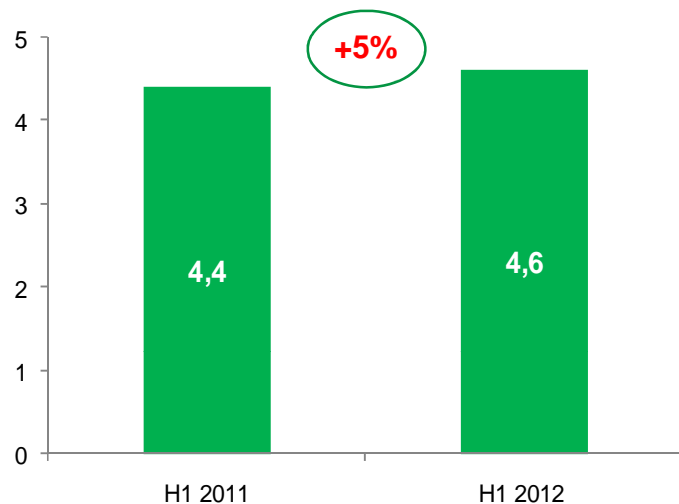
- ✓ Fitoladius product sale to a third party;
  - Excluding the Fitoladius impact, gross margin increased to 62.4% in H1 2012 from 61.3% in H1 2011.
- ✓ Other income (subsidies).
  - Excluding the impact of other income, gross margin increased to 61.7% in H1 2012 from 59.9% in H1 2011.
- ✓ The decrease of the Bemiparin raw material cost impacted positively in H1 2012 gross margin.
- ✓ In H1 2012, ROVI continued to buy Bemiparin raw material at around €40 per million of international units and it expects that this stable trend continues during 2012.

Note: The exclusion of the Fitoladius impact considers the sale of Fitoladius to a third party (€5.6m) and the gross profit from its distribution in H1 2011.

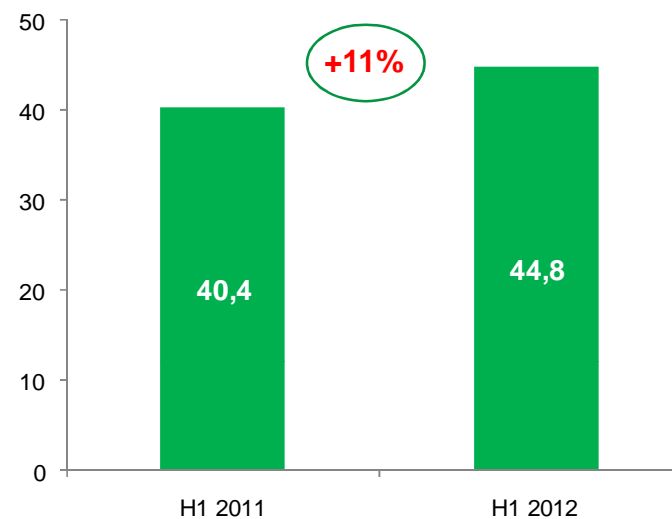
# Investment effort in the toll manufacturing area to generate growth



R&D expenses (€m)



SG&A expenses (€m)

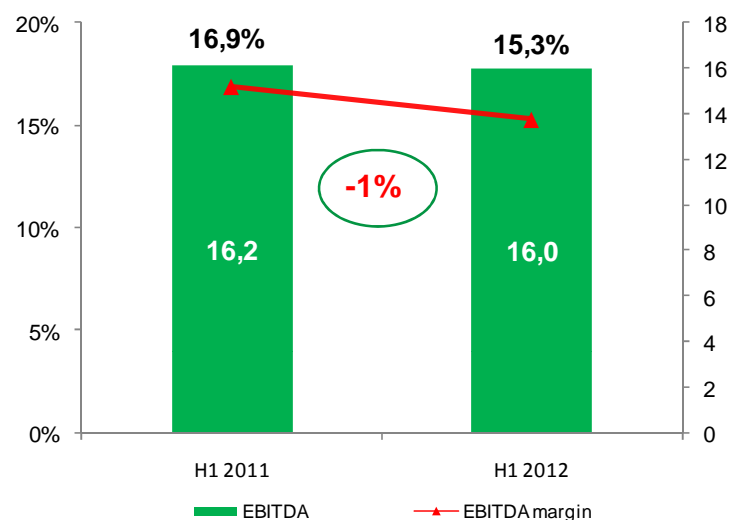


- **R&D expenses** increased by 5% reflecting ROVI investments in products that are under development.
- **SG&A expenses** increased by 11% to €44.8m in H1 2012 mainly due to:
  - ✓ The increase in the toll manufacturing volumes; and
  - ✓ The preparation of the injectables facility for a FDA inspection.

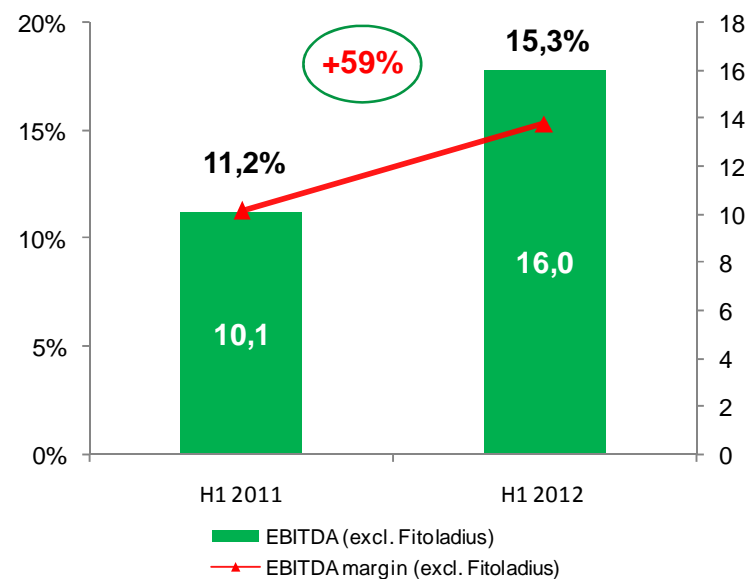


# EBITDA

**EBITDA (€m) and EBITDA margin (%)**



**EBITDA (€m) and EBITDA margin (%) (excl. Fitoladius)**



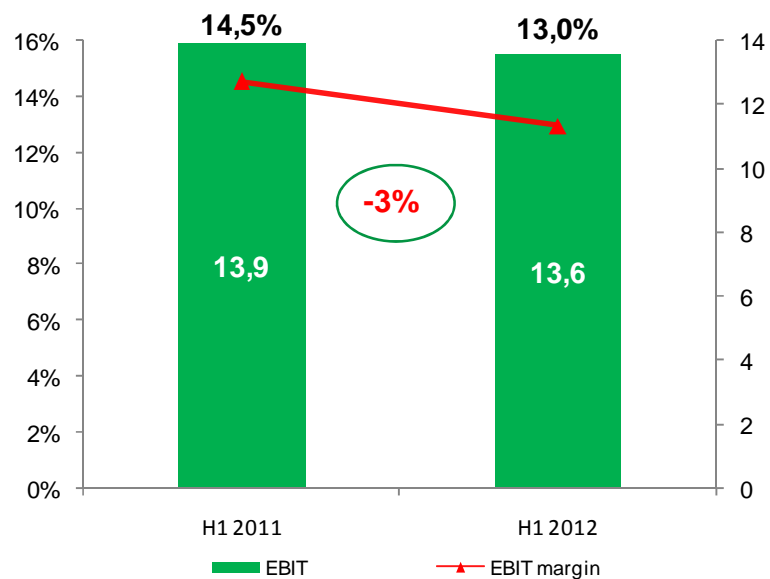
- **EBITDA** decreased by 1% in H1 2012, impacted by the Fitoladius sale to a third party in H1 2011, which contributed with revenues of €5.6m.
  - ✓ Excluding the impact of Fitoladius, EBITDA increased by 59% in H1 2012.

Note: The exclusion of the Fitoladius impact considers the sale of Fitoladius to a third party (€5.6m) and the gross profit from its distribution in H1 2011.

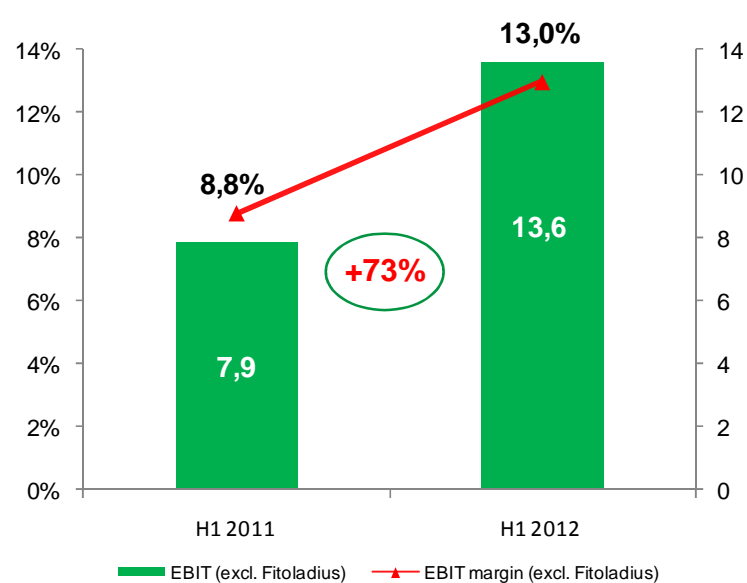


# EBIT

EBIT (€m) and EBIT margin (%)



EBIT (€m) and EBIT margin (%) (excl. Fitoladius)



- **Depreciation and amortisation expenses** increased by 10% in H1 2012 as a result of the new PP&E and intangible assets purchases made during the last twelve months.
- **EBIT** decreased by 3% in H1 2012, impacted by the Fitoladius sale to a third party in H1 2011.
  - ✓ Excluding the impact of Fitoladius, EBIT increased by 73% in H1 2012.

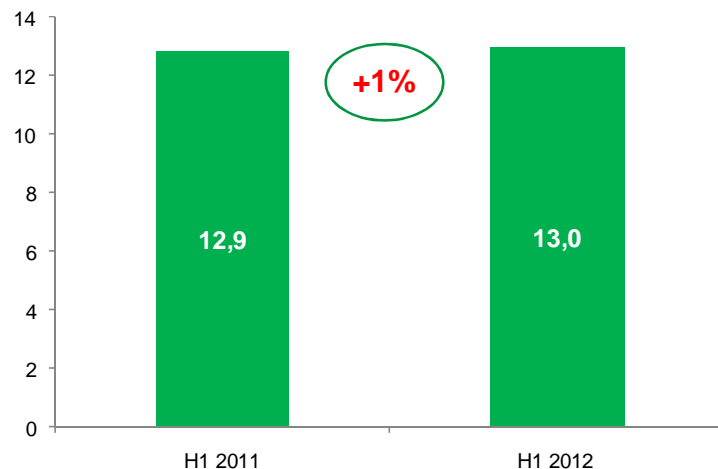
Note: The exclusion of the Fitoladius impact considers the sale of Fitoladius to a third party (€5.6m) and the gross profit from its distribution in H1 2011.



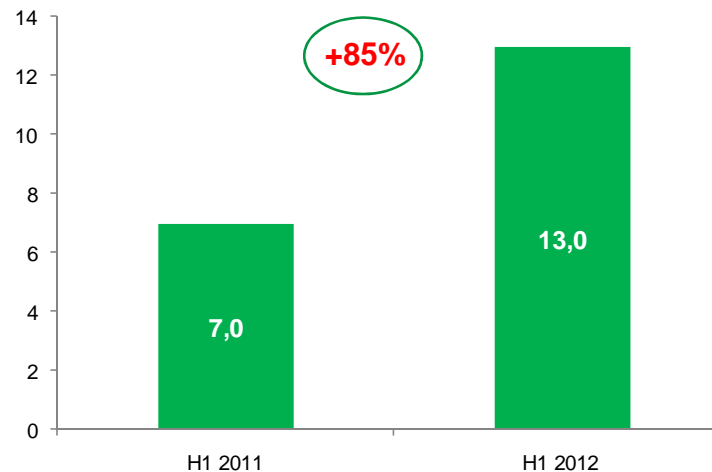


# Net profit

Net profit (€m)



Net profit (€m) (excl. Fitoladius)



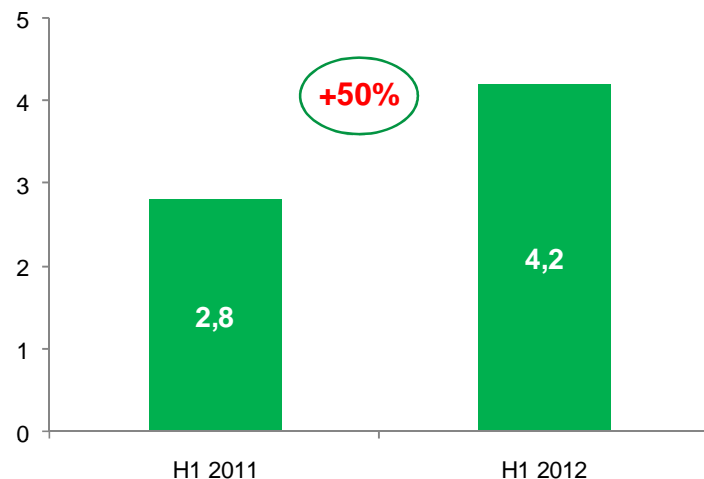
- **Net profit** impacted by the same factors as EBITDA.
- **Effective tax rate** of 2.7% in H1 2012 vs 3.1% in H1 2011.
  - ✓ Frosst Ibérica has negative tax bases of €69.4m; €6.4m and €3.1m used in 2011 and H1 2012 respectively.
  - ✓ According to the tax measures introduced in Mar. 2012, these measures could have an impact on P&L:
    - ✓ Elimination of the freedom of depreciation;
    - ✓ Reduction of the deductions limits; and
    - ✓ Consideration of the reinvestment deduction in the calculation of the deductions limit.
  - ✓ According to the tax measures introduced in Jul.12, these measures could have an impact on tax payable rate:
    - ✓ Limitation of the negative tax bases to be offset; and
    - ✓ Tax rate increase for the payment on account as well as the minimum disbursement for this payment.
  - ✓ Effective income tax expense rate of mid single digit expected for 2012.
  - ✓ Tax payable rate in the range of high single to low double digit over the profit before income tax expected for 2012.

Note: The exclusion of the Fitoladius impact considers the sale of Fitoladius to a third party (€5.6m) and the gross profit from its distribution in H1 2011.

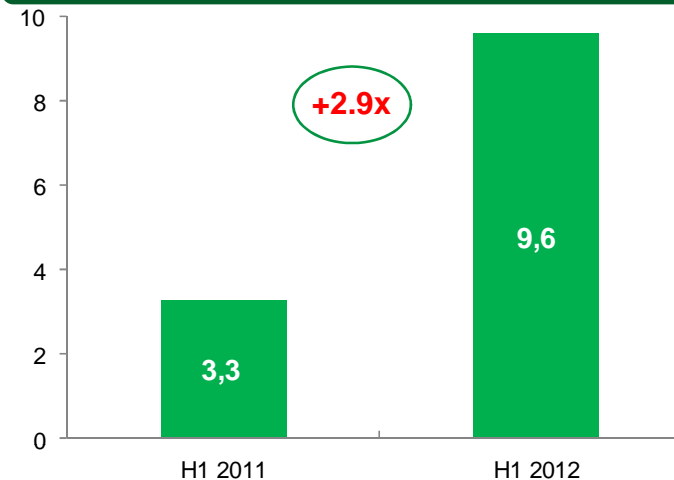


## Capital expenditure and free cash flow

Capex (€m)



FCF (€m)

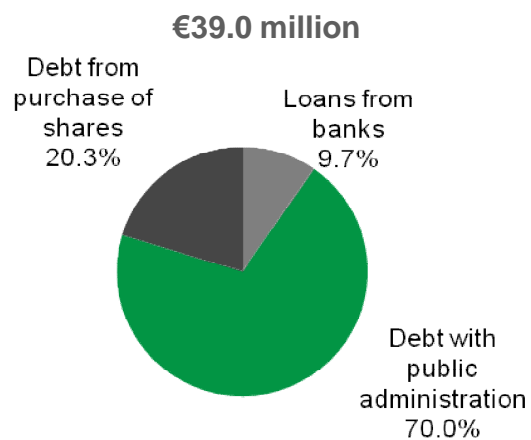


- €4.2m of **capex** invested in H1 2012.
  - ✓ €0.7m of investment capex related to the Alcalá facility (Frosst Ibérica) vs €0.5m in H1 2011;
  - ✓ €1.1m of investment capex related to the Granada facility vs €0.7m in H1 2011;
  - ✓ €0.8m of investment capex related to the injectables facility; and
  - ✓ €1.6m of maintenance capex, in line with H1 2011.
- Capex expected for 2012 in line with H1 2012 figure.
- **FCF** (net cash generated (used) from operating activities minus property plant and equipment and intangible assets purchases plus interest received) amounted to €9.6m in H1 2012 from €3.3m in H1 2011 mainly as a result of:
  - ✓ Positive impact on the working capital of collections related to pending invoices of €12.4m from Spanish Public Administrations.



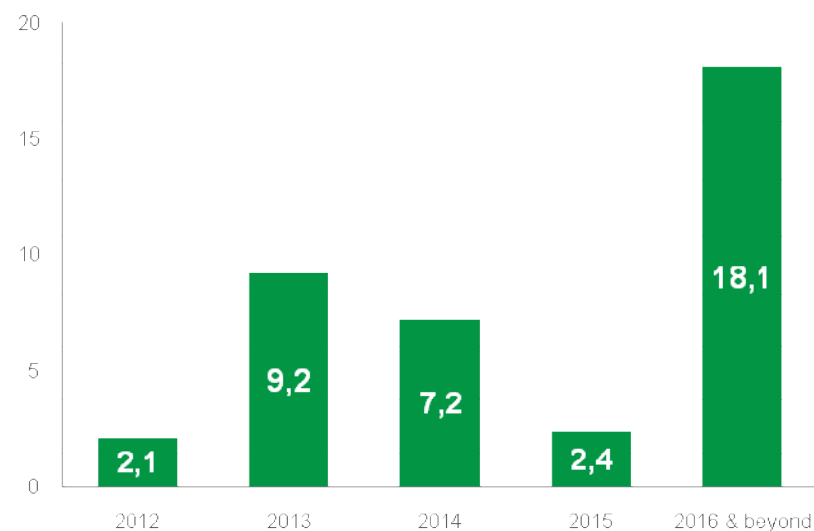
# Financial debt

## Debt breakdown by source (%)



*Note: consolidated accounts under IFRS*

## Maturities by year (€m)



- 90% of the debt is 0% interest rate debt.
- Debt with public administration represented 70% of total debt.
- Gross cash position of €55.8m as of 30 June 2012 vs €61.7m as of 31 December 2011.
- Net cash position of €16.8m as of 30 June 2012 vs €11.0m as of 31 December 2011.
- High level of financial flexibility.



## Specialty pharma

- Additional new in-licensing products to be launched

## Toll manufacturing

- New contracts to be announced
- FDA inspection for the injectables facility

## R&D

- Start of ISM-Risperidone Phase II



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