



Rovi

First Half 2013 Financial Results



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Operating results

Juan López-Belmonte
Chief Executive Officer

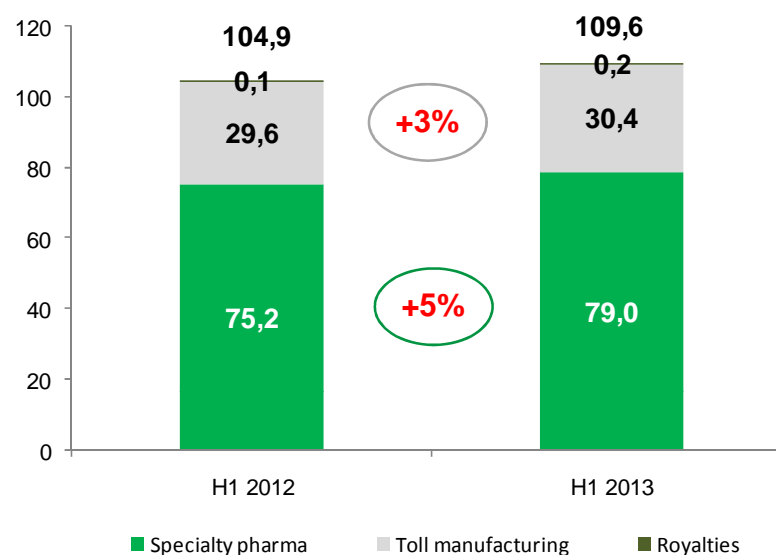
Growth driven by recent launches and toll manufacturing business strength...



Total operating revenue (€m)



Operating revenue growth by category (€m)



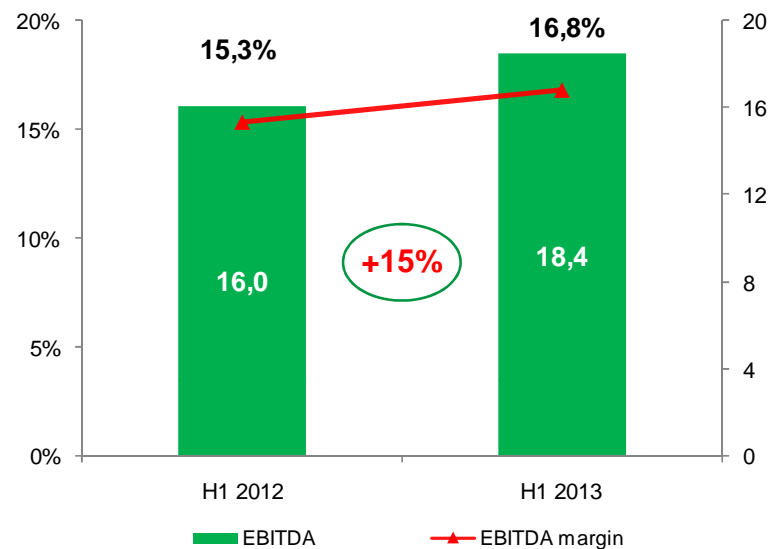
- **Operating revenue** increased by 5% in H1 2013 driven by the strength of:
 - ✓ the specialty pharmaceutical business, where sales rose 5%, despite the drop of 15% experienced by the Spanish pharmaceutical market in the first six months of the year; and
 - ✓ the toll manufacturing business, where sales increased by 3%.
- Despite the difficult situation that the Spanish pharmaceutical industry is going through and the 12% fall of this market expected for 2013, according to Farmaindustria¹, ROVI forecasts to continue growing.

¹ Source: http://prensa.farmaindustria.es/Prensa_Farma/NotasDePrensa/FARMA_120174?idDoc=FARMA_120174

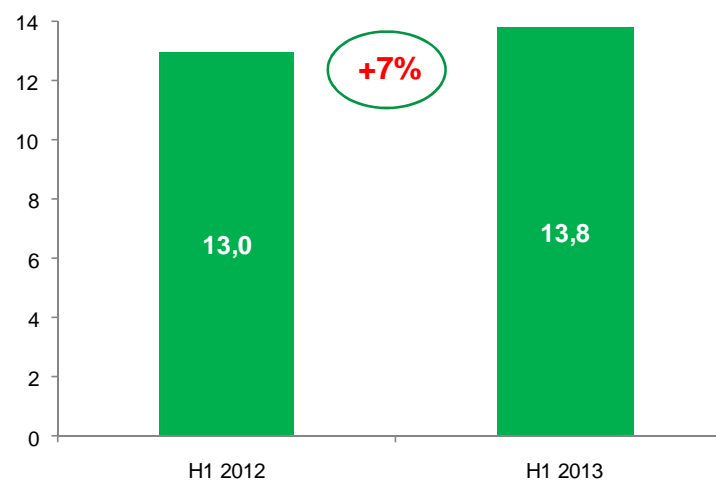


...with high profitability

EBITDA (€m) and EBITDA margin (%)



Net profit (€m)

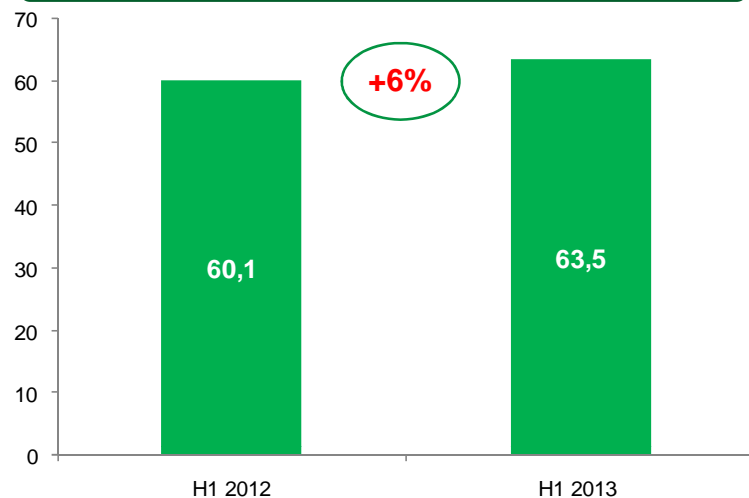


- **EBITDA** increased by 15% to €18.4m in H1 2013, reflecting a 1.5 pp rise in the EBITDA margin to 16.8% in H1 2013 up from 15.3% in H1 2012.
- **Net profit** increased by 7% to €13.8m in H1 2013.

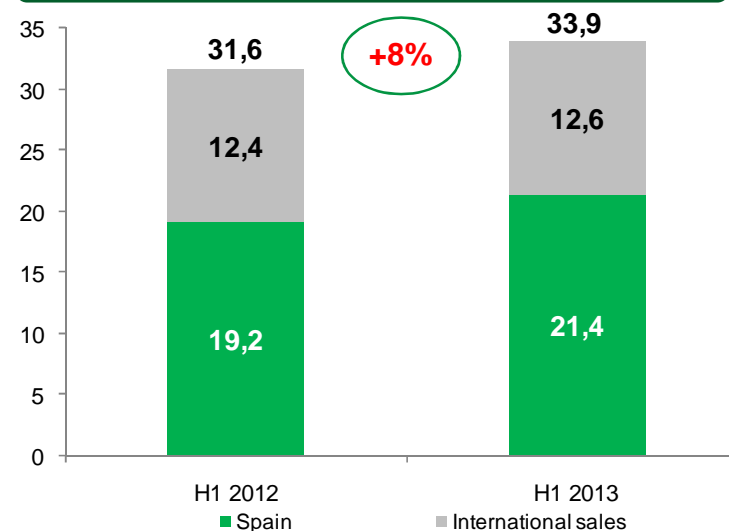


Bemiparin, leading the growth

Prescription-based pharma products sales (€m)



Bemiparin sales (€m)

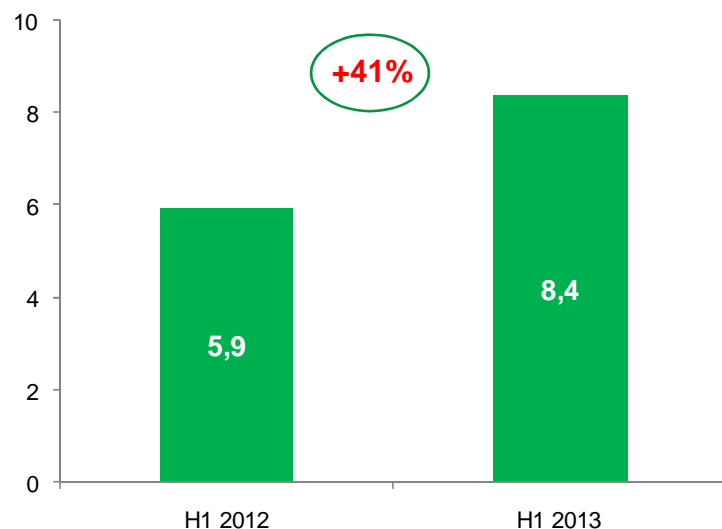


- Sales of **prescription-based pharmaceutical products** increased by 6% in H1 2013.
 - In Sept. 2012, ROVI and UCB reached an agreement under which they ended their commercial relationship with regards to Cimzia. Since 15th of June 2010, Cimzia had been jointly co-promoted in Spain by ROVI and UCB.
 - Excluding the impact of Cimzia co-promotion in H1 2012, sales of prescription-based pharmaceutical products increased by 7% in H1 2013.
- **Bemiparin** sales increased by 8% in H1 2013.
 - ✓ Sales in Spain grew by 11%.
 - ✓ International sales rose 2% due to the increased presence in countries where it was already present and by the launch of the product in 3 new countries, South Korea, Lebanon and United Arab Emirates.
 - ✓ This moderate growth was specific to H1 2013 and a more accelerated growth is expected for 2013.

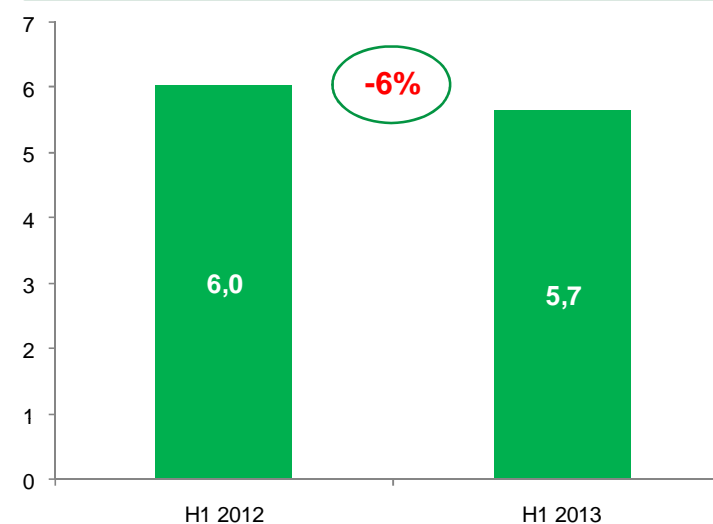


Good performance of the product portfolio (1/2)

Absorcol and Vytorin sales (€m)



Thymanax sales (€m)



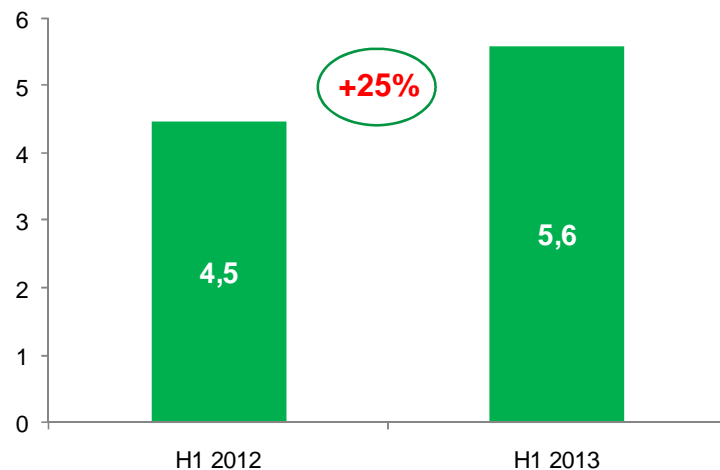
- Sales of **Absorcol and Vytorin**, the first of the five licenses of MSD launched in January 2011, increased by 41% to €8.4m in H1 2013.
- Sales of **Thymanax**, an innovative antidepressant from Servier, launched in March 2010, decreased by 6% to €5.7m in H1 2013, impacted by the last measures package introduced by the Spanish Government in April 2012.

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

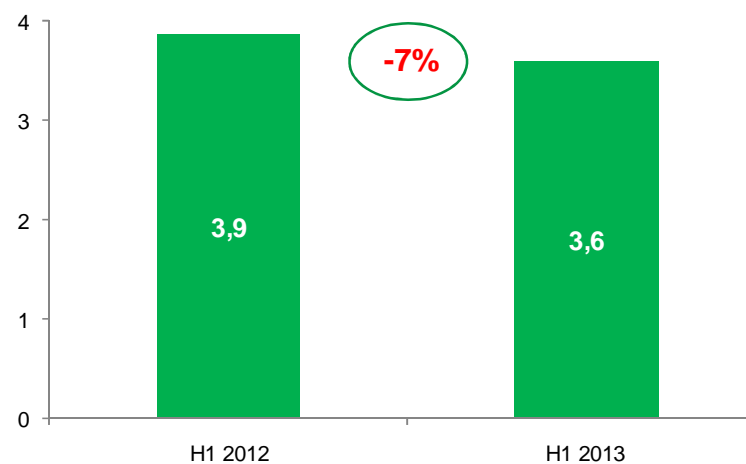


Good performance of the product portfolio (2/2)

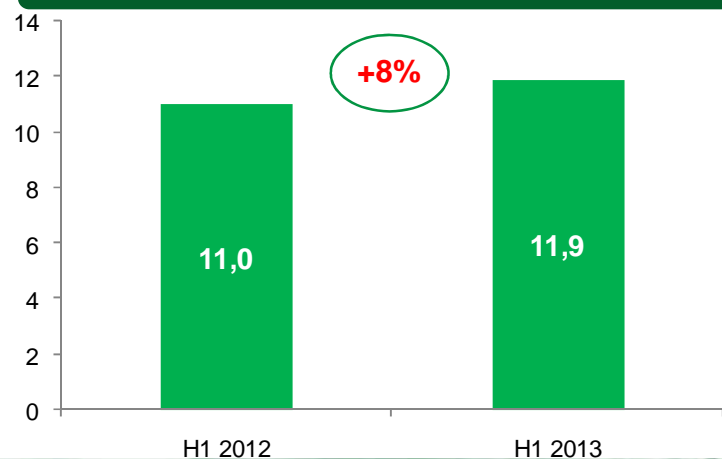
Corlantor sales (€m)



Exxiv sales (€m)



Contrast imaging agents (€m)

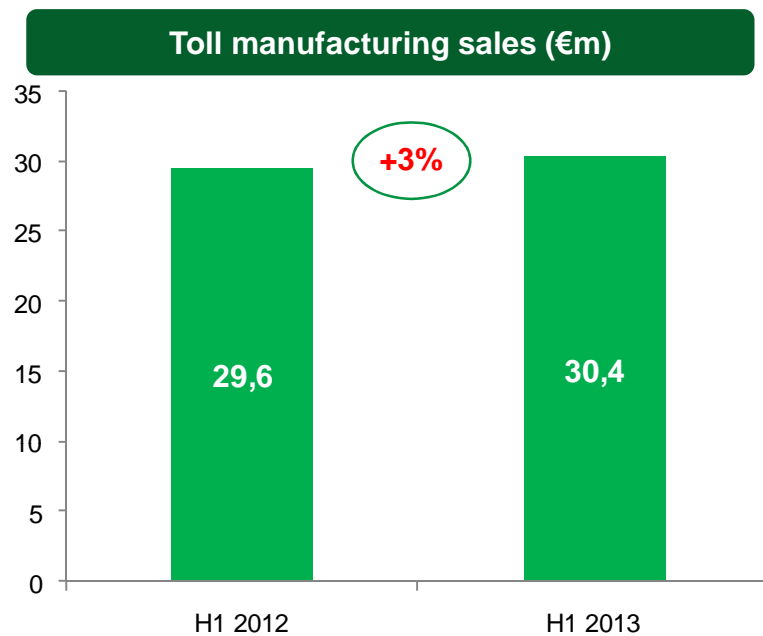


- Sales of **Osseor**, a specialty product for the treatment of postmenopausal osteoporosis from Laboratoires Servier, decreased by 29% to €2.4m in H1 2013.

Note: Corlantor is a specialty product for stable angina and chronic heart failure from Laboratoires Servier. Exxiv is a selective COX-2 inhibitor from Merck Sharp & Dohme (MSD).



Value added toll manufacturing services



- **Toll manufacturing** sales increased by 3% to 30.4 million euros in H1 2013, mainly as a result of the contribution of the injectables plant whose revenue increased by 55% to €8.6m in H1 2013.
- **Frosst Ibérica** plant revenue amounted to €21.7m in H1 2013 compared to €24.0m in H1 2012 because of a lower production for MSD.
- **< 20% of spare capacity** in the Frosst Ibérica plant.
- **45% of spare capacity** in the injectables plant.



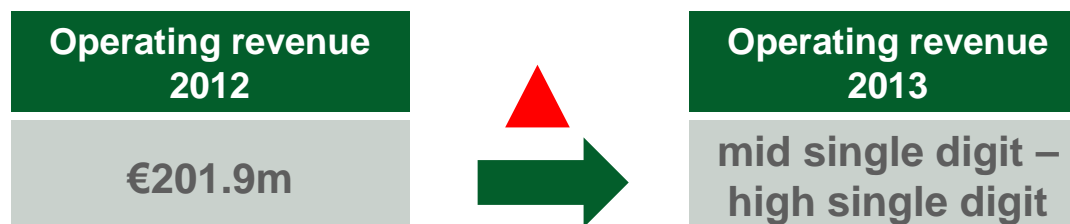
Focus on drug release platform

Platform	Product	Potential indication	Current situation				Expected milestones
			Pre-Clinical	I	II	III	
ISM	Risperidone, monthly	Schizophrenia	[Progress bar: Pre-Clinical to end of Phase I]				<ul style="list-style-type: none">Disclosed Ph I resultsPhase 2 start in 1H 2014
	Paliperidone, monthly	Schizophrenia	[Progress bar: Pre-Clinical to end of Phase I]				<ul style="list-style-type: none">Phase 1 start 1H 2014
	Letrozole, quarterly	Breast Cancer	[Progress bar: Pre-Clinical to end of Phase I]				<ul style="list-style-type: none">Phase 1 start 1H 2015
Glycomics	Bemiparin (LMWH)	Small Cell Lung Cancer (*)	[Progress bar: Pre-Clinical to end of Phase I]				<ul style="list-style-type: none">Phase 2 finalised.Disclosed Ph II results in 2H 2011

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



Guidance 2013



Our main strategic pillars to lead growth

Specialty pharma

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

Toll manufacturing

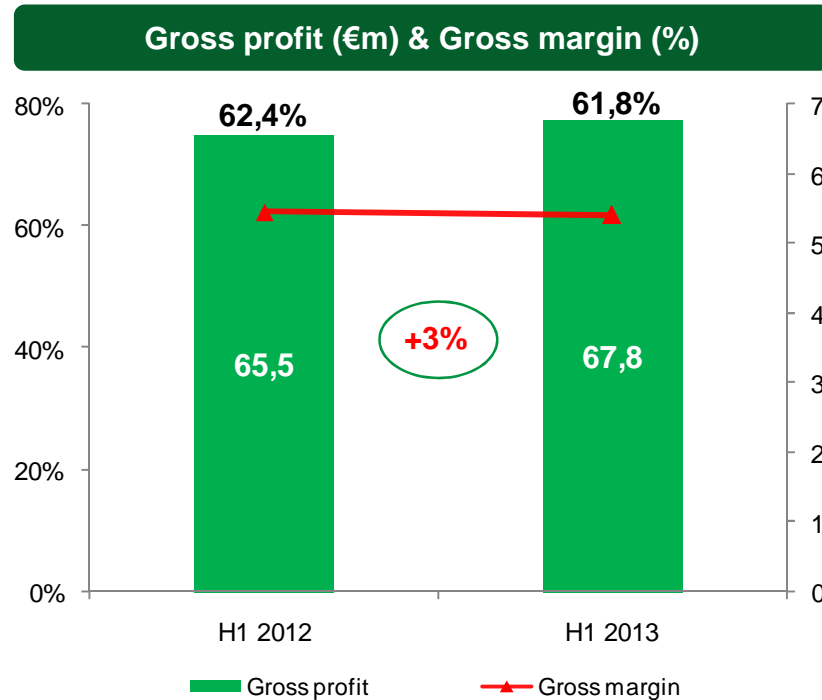
- 45% of spare capacity in the injectable plant
- < 20% of spare capacity in the oral compounds plant
- New customers to be acquired in both plants



Financial results

Javier López-Belmonte
Chief Financial Officer

Gross margin negatively impacted by the increase of the production of third clients in Frosst Ibérica

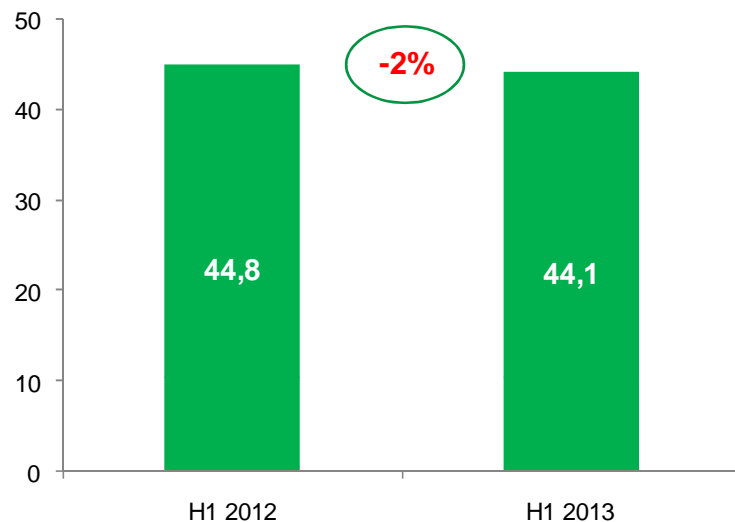


- **H1 2013 gross margin** negatively impacted by:
 - ✓ the increase of the production from other clients in the Frosst Ibérica facility which contributed lower margins than MSD;
 - ✓ the price reduction of the contrast imaging agents and other hospital products that did not impede the achievement of higher sales as consequence of higher volume sold; and
 - ✓ a change in the guidelines for the assignment of indirect costs to the stock.
- The decrease of the Bemiparin raw material cost impacted positively in H1 2013 gross margin.
- In H1 2013, ROVI continued to buy Bemiparin raw material for around €35 per million of international units and it expects this stable trend to continue in 2013.
- ROVI expects to maintain 2013 gross margin in line with 2012, mainly supported by the Bemiparin raw material cost decrease and a higher contribution of the injectables toll manufacturing business.

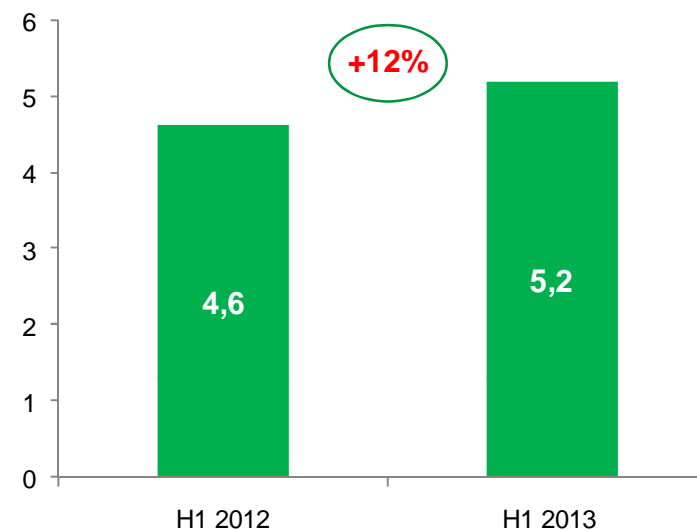


Strict cost control

SG&A expenses (€m)



R&D expenses (€m)

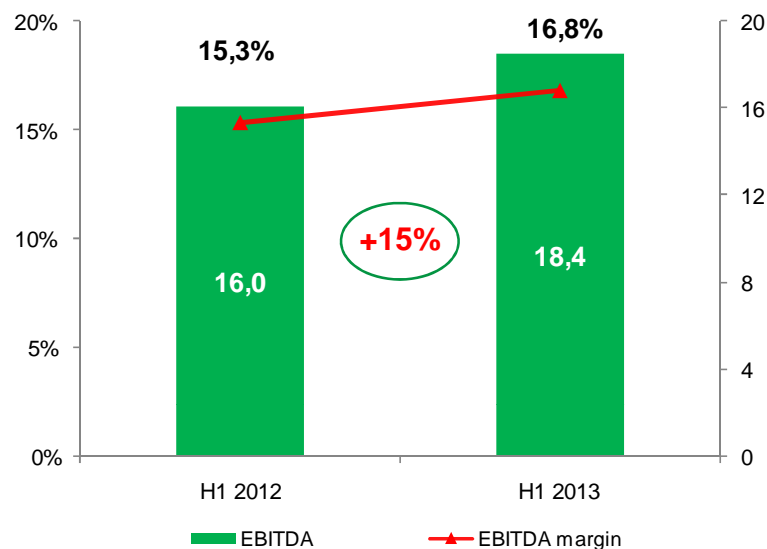


- **SG&A expenses** decreased by 2% to €44.1m in H1 2013 mainly due to:
 - ✓ the reduction of the ROVI sales team as consequence of the end of the commercial relationship with UCB regarding Cimzia in September 2012; and
 - ✓ ROVI's strict cost control.
- **R&D expenses** increased by 12% reflecting ROVI investments in products that are under development.

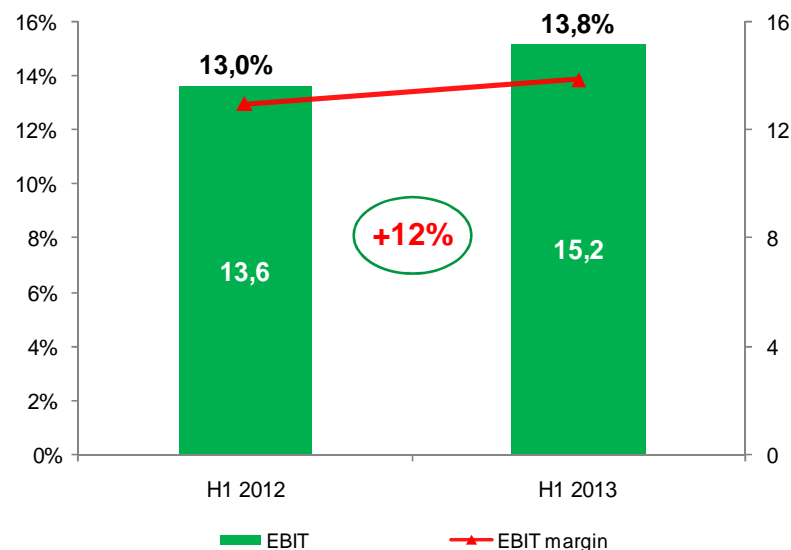


EBITDA & EBIT

EBITDA (€m) and EBITDA margin (%)



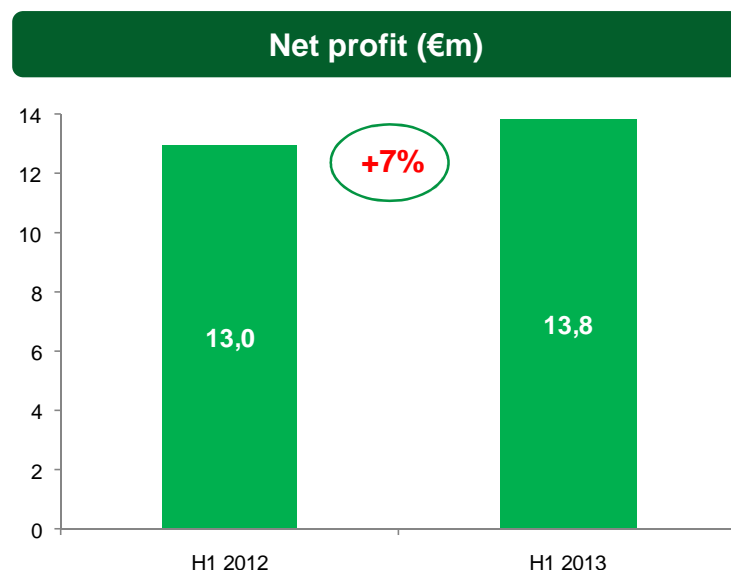
EBIT (€m) and EBIT margin (%)



- **EBITDA** increased by 15% to €18.4m in H1 2013, reflecting a 1.5 pp rise in the EBITDA margin to 16.8% in H1 2013 up from 15.3% in Q1 2012.
- **Depreciation and amortisation expenses** increased by 33% in H1 2013 as a result of the new PP&E and intangible assets purchases made during the last twelve months.
- **EBIT** increased by 12% to €15.2m in H1 2013, reflecting a 0.9 pp rise in the EBIT margin to 13.8% in H1 2013 up from 13.0% in H1 2012.



Net profit

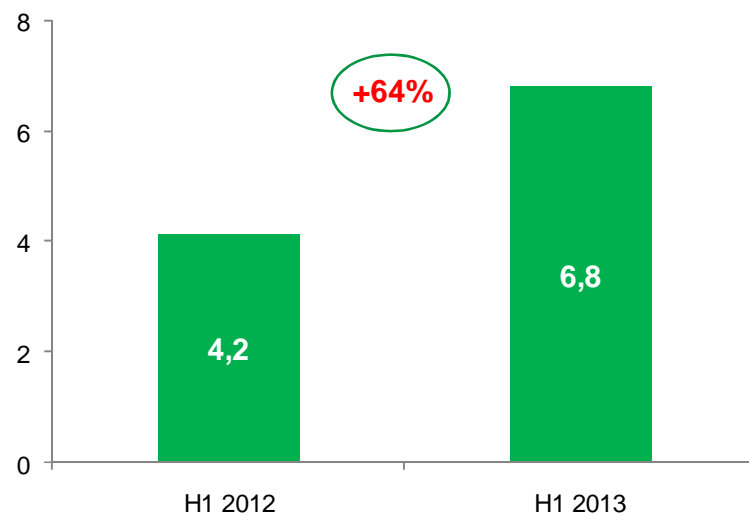


- **Net profit** increased by 7% to €13.8m in H1 2013.
- **Effective tax rate** of 4.8% in H1 2013 vs 2.7% in H1 2012. This favourable effective tax rate is due to:
 - ✓ deduction of existing R&D expenses; and
 - ✓ capitalisation of existing negative tax bases resulting from the Frosst Ibérica integration.
 - ✓ Frosst Ibérica had negative tax bases of €62.8m as of 31.12.12; €5.3m were used in the 2012 income tax and €4.2m to be used in H1 2013.
 - ✓ According to the tax measures introduced in Jul.12, these measures have an impact on tax payable rate:
 - ✓ limitation of the negative tax bases to be offset;
 - ✓ tax rate increase for the payment on account as well as the minimum disbursement for this payment.
 - ✓ According to the tax measures introduced in Dec.12, this measure has an impact on P&L and tax payable rate:
 - ✓ the limitation of up to 70% of the deduction in the tax base of amortization, both for tangible and intangible assets related to 2013 and 2014.
 - ✓ Income tax expense of 109 thousand euros recorded in H1 2013 from the tax inspection of ROVI group for 2007-2008.

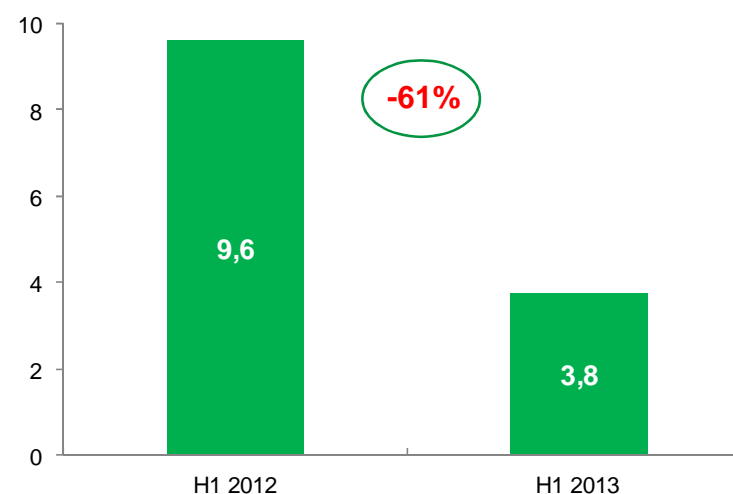


Capital expenditure and free cash flow

Capex (€m)



FCF (€m)



- €6.8m of **capex** invested in H1 2013.
 - ✓ €2.5m of investment capex related to the injectables facility vs €0.8m in H1 2012;
 - ✓ €0.3m of investment capex related to the Alcalá facility vs €0.7m in H1 2012; and
 - ✓ €1.3m of maintenance capex vs €1.6m in H1 2012.
 - ✓ €1.1m of investment capex related to the Granada facility in H1 2012.
 - ✓ The rest of the capex invested in H1 2013 corresponds to the exercise of the Purchase Option over Rhodogil.
- ROVI expects **capex for 2013** to be in line with the 2012 figure.
- **FCF** (net cash generated (used) from operating activities +- property plant and equipment and intangible assets purchases/sales + interest received) decreased to €3.8m in H1 2013 from €9.6m in H1 2012, mainly as a result of:
 - ✓ (i) the collection, in Jun 12, of €12.4m from Spanish Public Administrations which corresponded to pending invoices due for collection by 31 Dec. 2011 and (ii) the 64% capex increase in H1 2013.



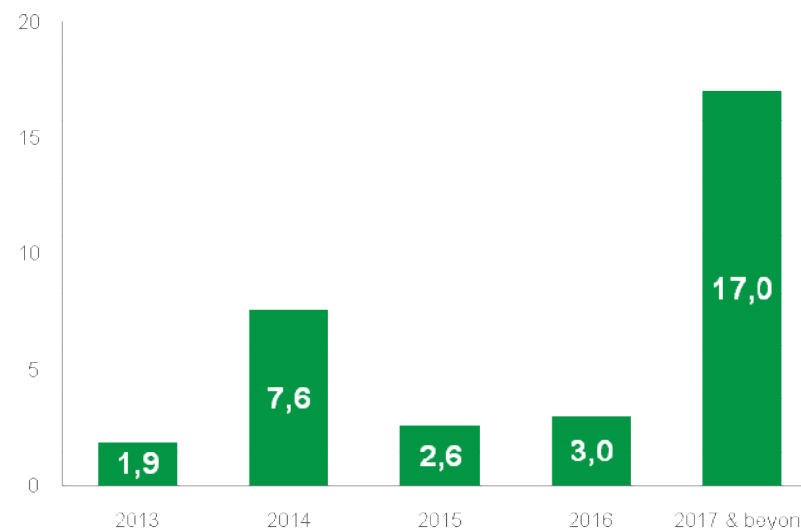
Financial debt

Debt breakdown by source (%)



Note: consolidated accounts under IFRS

Maturities by year (€m)



- 94% of the debt is 0% interest rate debt.
- Debt with public administration represented 82% of total debt.
- Gross cash position of €42.8m as of 30 June 2013 vs €45.9m as of 31 December 2012.
- Net cash position of €10.7m as of 30 June 2013 vs €7.5m as of 31 December 2012.
- High level of financial flexibility.
- On July 3, ROVI paid a dividend of €0.1366 per share on 2012 earnings. This dividend meant an increase of 8% compared to the dividend on 2011 earnings.



Newsflow 2013 – H1 2014

Specialty pharma

- Additional new in-licensing products to be launched

Toll manufacturing

- New contracts to be announced

R&D

- Start of ISM-Risperidone Phase II



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