



Rovi

**Nine-month period ended 30
September 2013 Financial Results**

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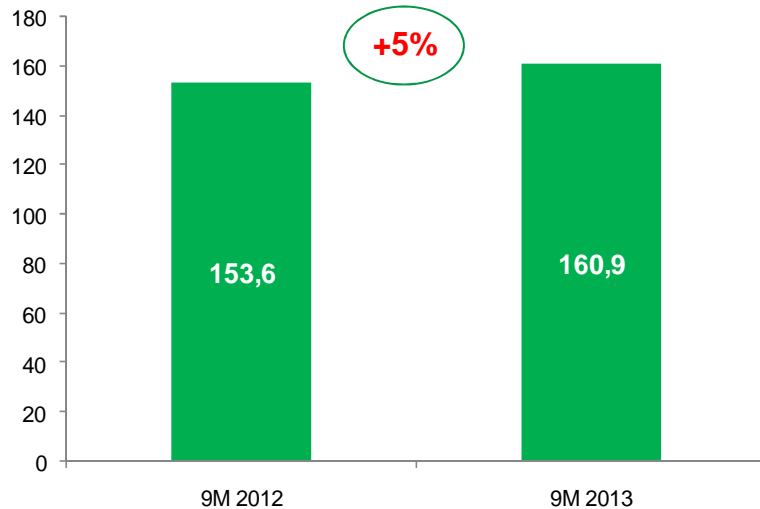


Operating results

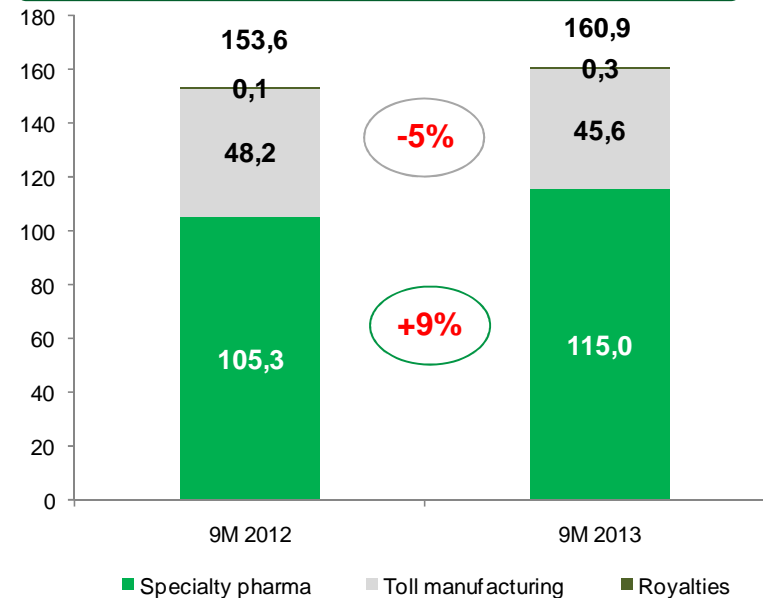
Growth driven by the specialty pharmaceutical business strength...



Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



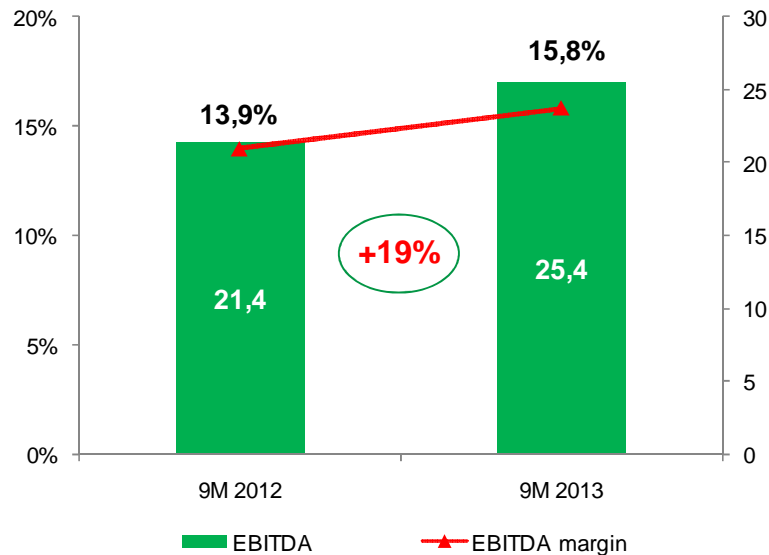
- **Operating revenue increased by 5%** in 9M 2013 driven by the strength of:
 - ✓ the specialty pharmaceutical business, where sales rose 9% despite the drop of 9% experienced by the Spanish pharmaceutical market in 9M 2013.
 - ✓ Toll manufacturing sales decreased by 5% in 9M 2013 as a consequence of a lower production for Merck Sharp & Dohme (MSD).
- Despite the difficult situation that the Spanish pharmaceutical industry is going through and the 9%-10% fall expected for 2013 in this market, according to Farmaindustria¹, ROVI forecasts to continue growing.

¹ Source: http://www.farmaindustria.es/idc/groups/public/documents/publicaciones/farma_122734.pdf

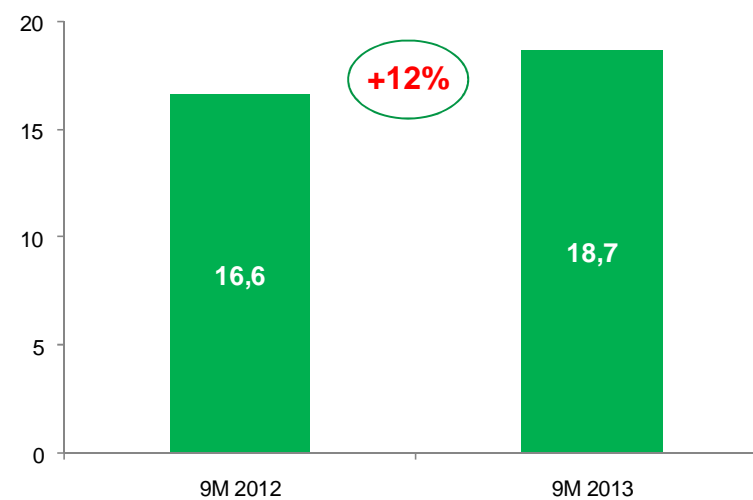


...with high profitability

EBITDA (€Mn) and EBITDA margin (%)



Net profit (€Mn)

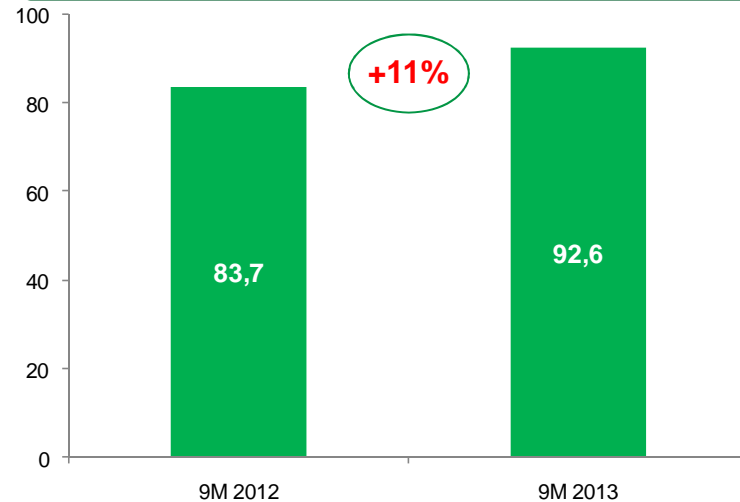


- **EBITDA** increased by 19% to €25.4Mn in 9M 2013, reflecting a 1.9 pp rise in the EBITDA margin to 15.8% in 9M 2013 up from 13.9% in 9M 2012.
- **Net profit** increased by 12% to €18.7Mn in 9M 2013.

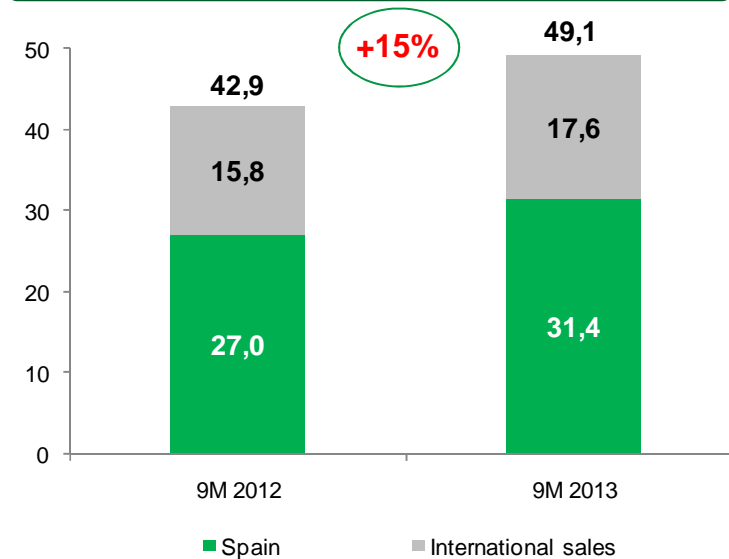


Bemiparin, leading the growth

Prescription-based pharma products sales (€Mn)



Bemiparin sales (€Mn)

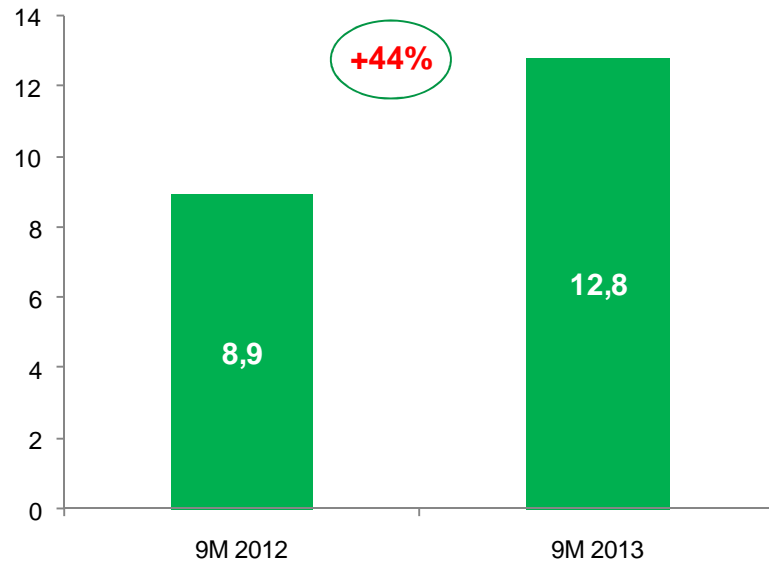


- Sales of **prescription-based pharmaceutical products** increased by 11% in 9M 2013.
 - In Sept. 2012, ROVI and UCB reached an agreement under which they ended their commercial relationship with regards to Cimzia. Since 15th of June 2010, Cimzia had been jointly co-promoted in Spain by ROVI and UCB.
 - Excluding the impact of Cimzia co-promotion in 9M 2012, sales of prescription-based pharmaceutical products increased by 12% in 9M 2013.
- **Bemiparin** sales increased by 15% in 9M 2013.
 - ✓ Sales in Spain grew by 16%.
 - ✓ International sales rose 11% 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.

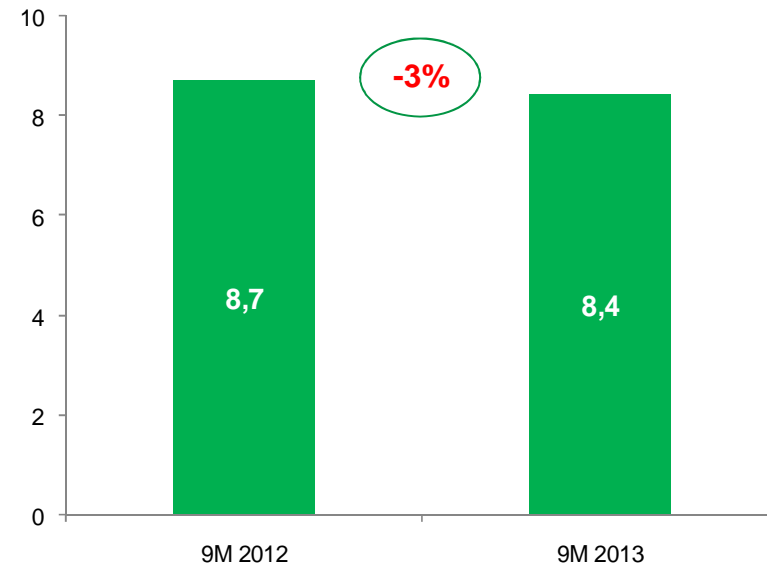


Good performance of the product portfolio (1/2)

Absorcol and Vytorin sales (€Mn)



Thymanax sales (€Mn)



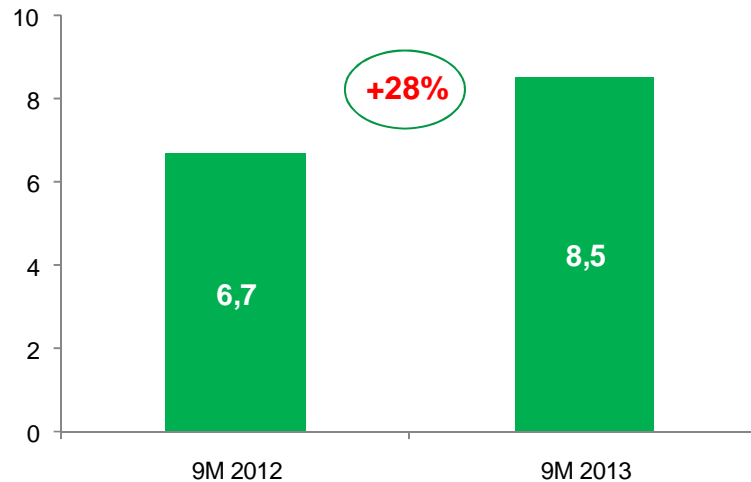
- Sales of **Absorcol and Vytorin**, the first of the five licenses of MSD launched in January 2011, increased by 44% to €12.8Mn in 9M 2013.
- Sales of **Thymanax**, an innovative antidepressant from Servier, launched in March 2010, decreased by 3% to €8.4Mn in 9M 2013, impacted by the last measures package introduced by the Spanish Government in April 2012. Nevertheless, sales of Thymanax increased by 4% in Q3 2013.

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

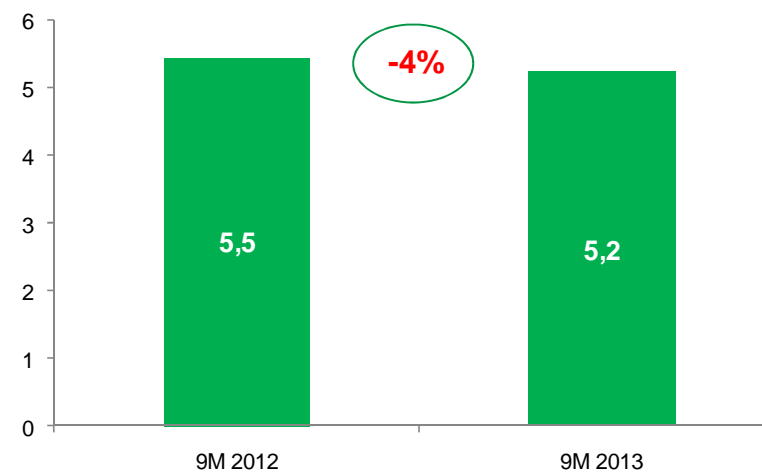


Good performance of the product portfolio (2/2)

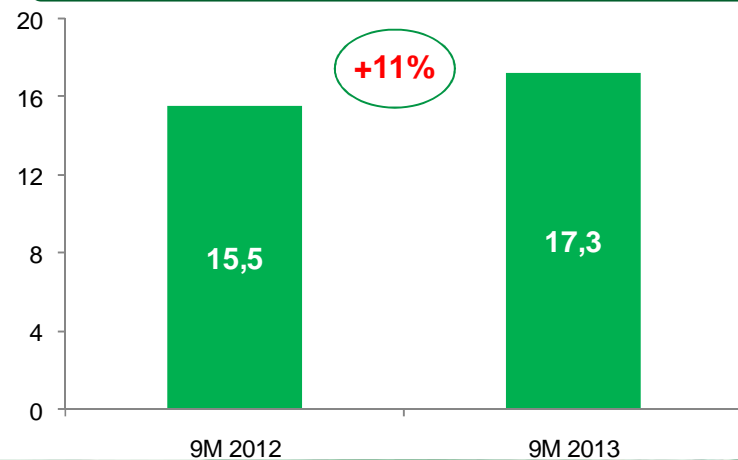
Corlantor sales (€Mn)



Exxiv sales (€Mn)



Contrast imaging agents (€Mn)



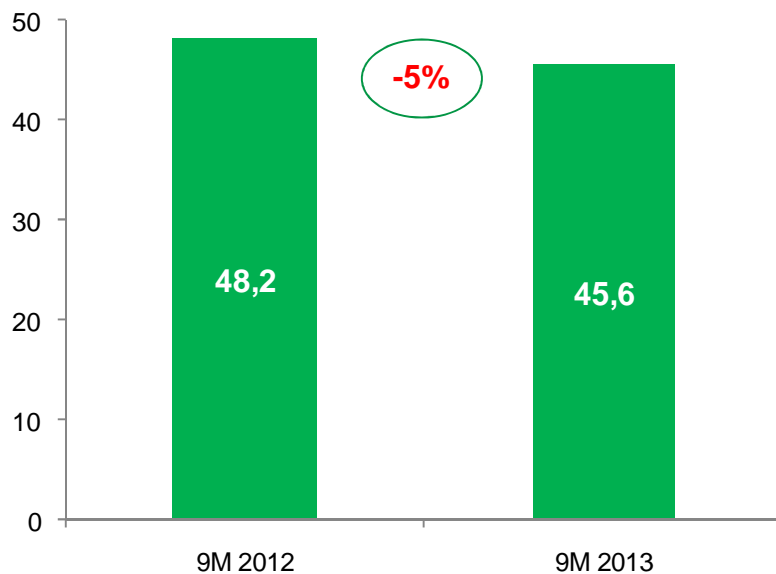
- Sales of **Osseor**, a specialty product for the treatment of postmenopausal osteoporosis from Laboratoires Servier, decreased by 30% to €3.3Mn in 9M 2013.

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 (€Mn)



- **Toll manufacturing** sales decreased by 5% to €45.6Mn in 9M 2013.
- Very positive evolution of the **injectables plant**, whose revenue increased by 31% to €16.8Mn in 9M 2013.
- **Frosst Ibérica** plant revenue amounted to €28.8Mn in 9M 2013 compared to €35.3Mn in 9M 2012 because of a lower production for MSD.
- **25% of spare capacity** in the Frosst Ibérica plant.
- **40% of spare capacity** in the injectables plant.

¹ <http://www.rovi.es/ficheros/notas/ingles/87i.pdf>



Focus on drug release platform

Platform	Product	Potential indication	Current situation				Expected milestones
			Pre-Clinical	I	II	III	
ISM	Risperidone, monthly	Schizophrenia	[Progress bar: ~60%]				<ul style="list-style-type: none"> Disclosed Ph I results Phase 2 start in 1H 2014
	Paliperidone, monthly	Schizophrenia	[Progress bar: ~20%]				<ul style="list-style-type: none"> Phase 1 start 1H 2014
	Letrozole, quarterly	Breast Cancer	[Progress bar: ~15%]				<ul style="list-style-type: none"> Phase 1 start 1H 2015
Glycomics	Bemiparin (LMWH)	Small Cell Lung Cancer (*)	[Progress bar: ~100%]				<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 and 2014



Our main strategic pillars to lead growth

Specialty pharma

- Bemiparin
- Recent launches such as Vytorin and Absorcol
- Existing portfolio (Corlentor, Thymanax, contrast imaging agents...)
- New in-licensed products to be launched

Toll manufacturing

- 40% of spare capacity in the injectable plant
- 25% of spare capacity in the oral compounds plant
- New customers to be acquired in both plants

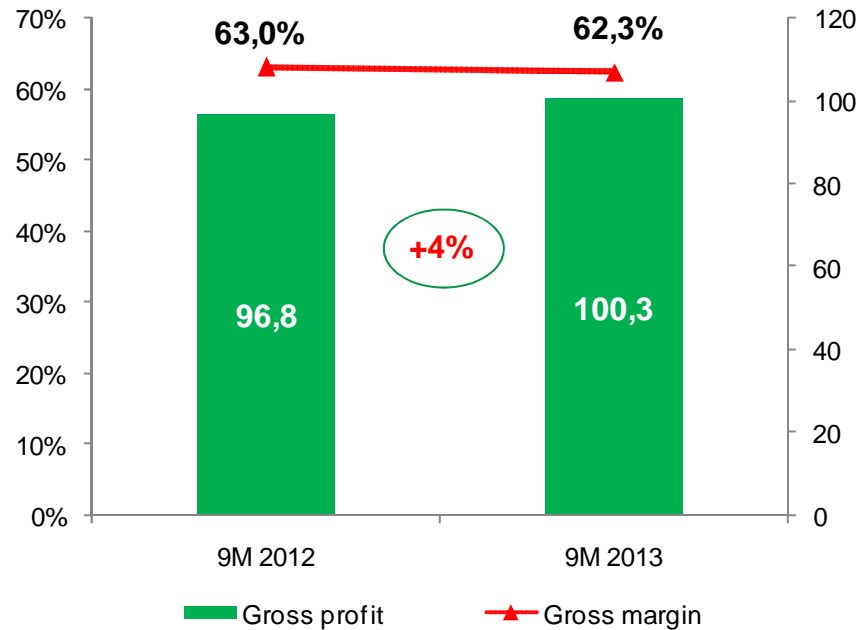


Financial results

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



Gross profit (€Mn) & Gross margin (%)

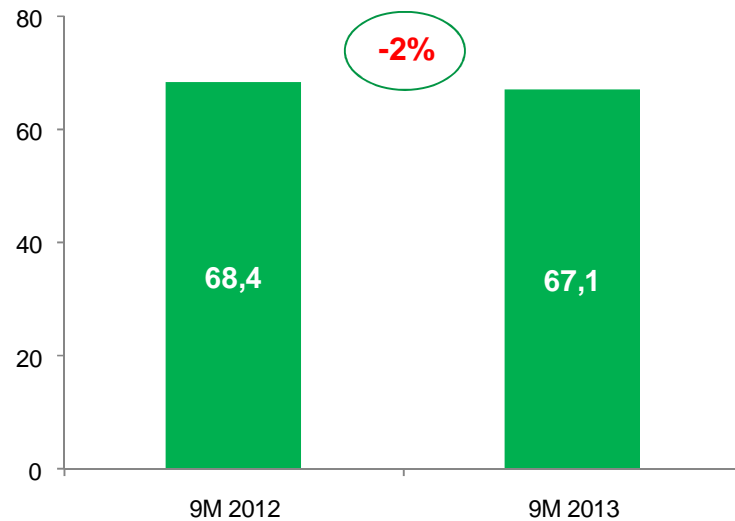


- Slight **gross margin** erosion in 9M 2013, negatively impacted by:
 - ✓ the increase of the production for other clients in the Frosst Ibérica facility which contributed lower margins than MSD;
 - ✓ the price reduction of the contrast imaging agents and other hospital products that did not impede the achievement of higher sales as consequence of higher volume sold; and
- The decrease of the Bemiparin raw material cost impacted positively in 9M 2013 gross margin.
- In 9M 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 the last quarter of 2013.
- ROVI expects to maintain 2013 gross margin broadly in line with 2012, mainly supported by the Bemiparin raw material cost decrease.

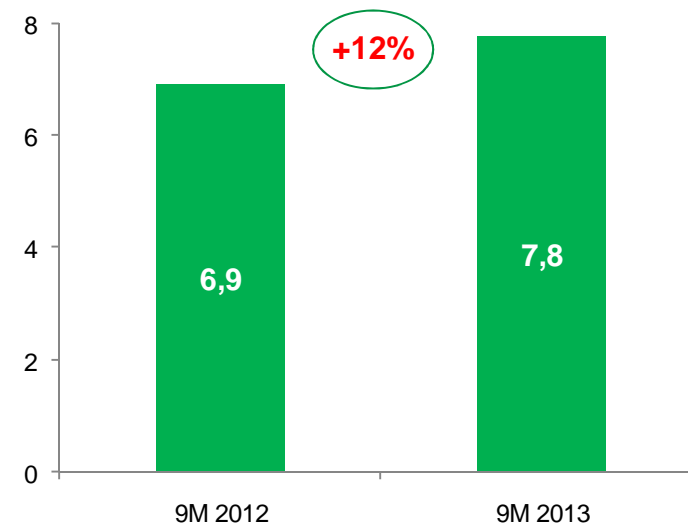


Strict cost control

SG&A expenses (€Mn)



R&D expenses (€Mn)

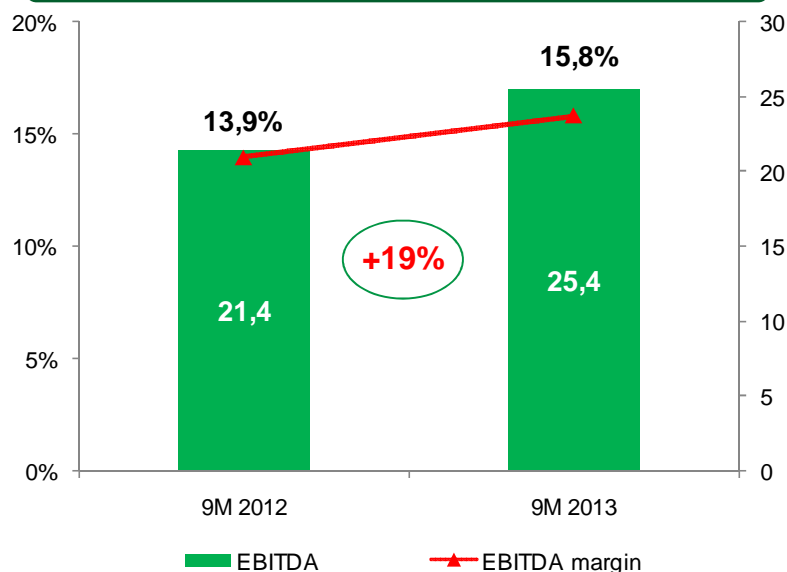


- **SG&A expenses** decreased by 2% to €67.1Mn in 9M 2013 mainly due to:
 - ✓ the reduction of the ROVI sales team as consequence of the end of the commercial relationship with UCB regarding Cimzia in September 2012; and
 - ✓ ROVI's strict cost control.
- **R&D expenses** increased by 12% reflecting ROVI investments in products that are under development.

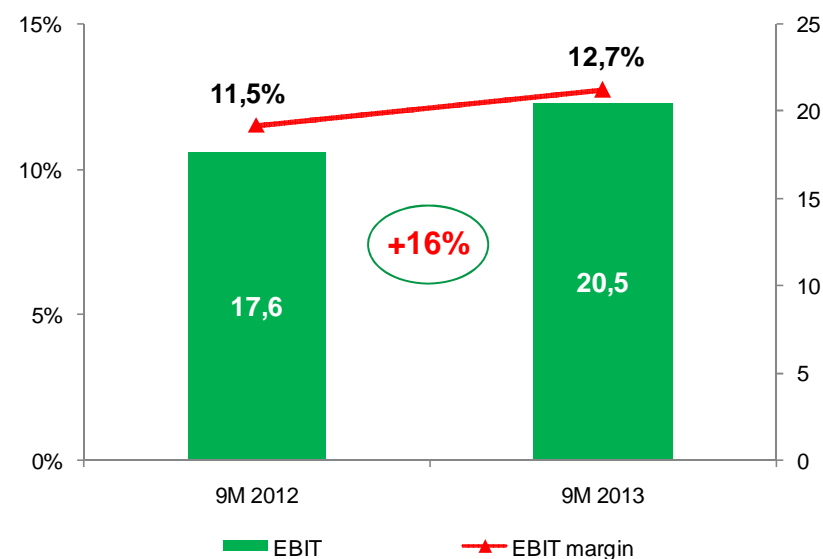


EBITDA & EBIT

EBITDA (€Mn) and EBITDA margin (%)



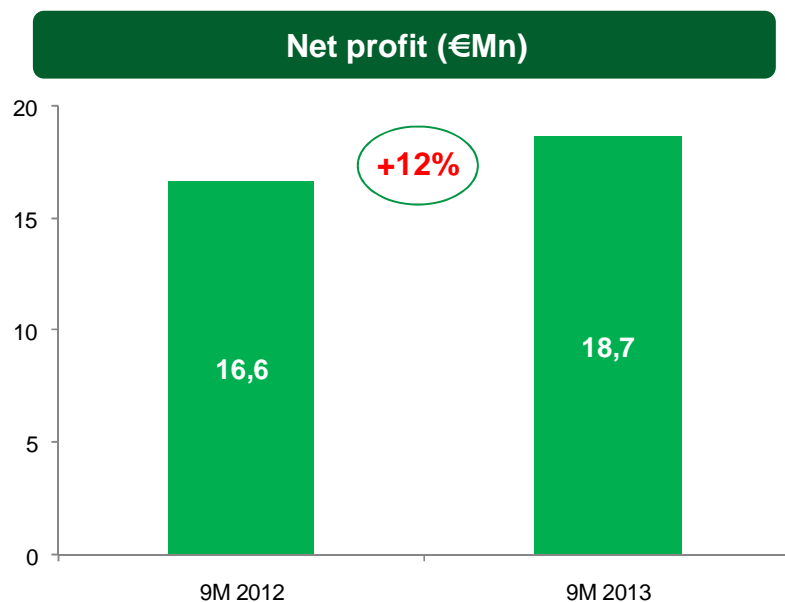
EBIT (€Mn) and EBIT margin (%)



- **EBITDA** increased by 19% to €25.4Mn in 9M 2013, reflecting a 1.9 pp rise in the EBITDA margin to 15.8% in 9M 2013 up from 13.9% in 9M 2012.
- **Depreciation and amortisation expenses** increased by 32% in 9M 2013 as a result of the new PP&E and intangible assets purchases made during the last twelve months.
- **EBIT** increased by 16% to €20.5Mn in 9M 2013, reflecting a 1.2 pp rise in the EBIT margin to 12.7% in 9M 2013 up from 11.5% in 9M 2012.



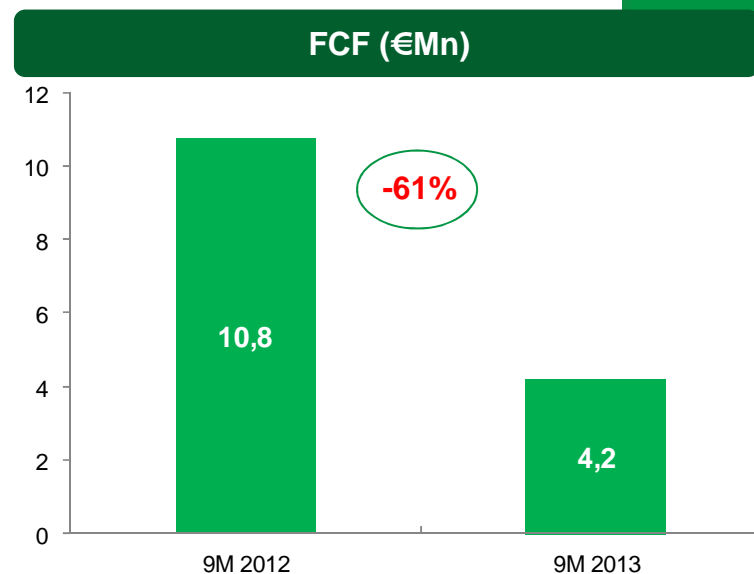
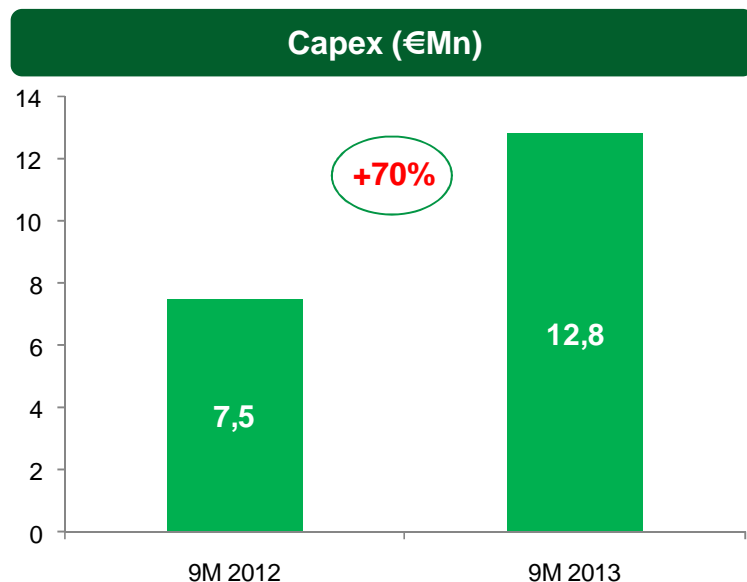
Net profit



- **Net profit** increased by 12% to €18.7Mn in 9M 2013.
- **Effective tax rate** of 4.1% in 9M 2013 vs 3.4% in 9M 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 €62.8Mn as of 31.12.12; €5.3Mn were used in the 2012 income tax and €5.5Mn to be used in 9M 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 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 9M 2013 from the tax inspection of ROVI group for 2007-2008.



Capital expenditure and free cash flow

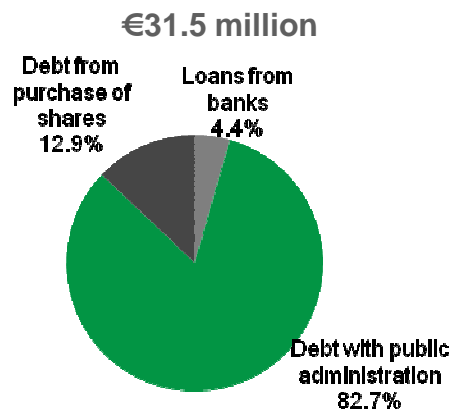


- €12.8Mn of **capex** invested in 9M 2013.
 - ✓ €4.3Mn of investment capex related to the injectables facility vs €1.8Mn in 9M 2012;
 - ✓ €0.8Mn of investment capex related to the Alcalá facility (Frosst Ibérica) vs €1.9Mn in 9M 2012;
 - ✓ €0.4Mn of investment capex related to the Granada facility in 9M 2013 vs €1.7Mn in 9M 2012; and
 - ✓ €1.9Mn of maintenance capex vs €2.1Mn in 9M 2012.
 - ✓ The rest of the capex invested in 9M 2013 corresponds to the exercise of the Purchase Option over Rhodogil.
- ROVI expects **capex for 2013** to be in line with the 2012 figure, excluding the impact of the exercise of the Purchase Option over Rhodogil.
- **FCF** decreased to €4.2Mn in 9M 2013 from €10.8Mn in 9M 2012, mainly as a result of (i) the collection, in Jun 12, of €12.4Mn from Spanish Public Administrations which corresponded to pending invoices due for collection by 31 Dec. 2011 and (ii) the 70% capex increase in 9M 2013.



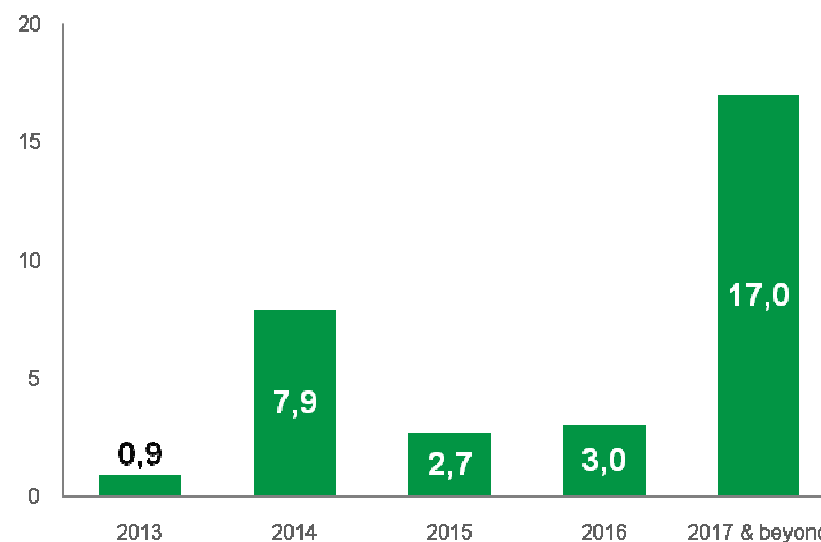
Financial debt

Debt breakdown by source (%)



Note: consolidated accounts under IFRS

Maturities by year (€Mn)



- 96% of the **debt** is 0% interest rate debt.
- **Debt with public administration** represented 83% of total debt.
- **Gross cash position** of €37.4Mn as of 30 September 2013 vs €45.9Mn as of 31 December 2012.
- **Net cash position** of €5.9Mn as of 30 September 2013 vs €7.5Mn 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



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 Martínez
Investor Relations
+34 91 2444422
mcampos@rovi.es
www.rovi.es

Virginia Pérez Repes
Investor Relations
+34 91 2444422
vperez@rovi.es
www.rovi.es