



Rovi

First Half 2017 Financial Results



Disclaimer

This document has been prepared by Laboratorios Farmacéuticos Rovi, S.A. (“ROVI” or the “Company”), solely for its use during the attached presentation.

The information and each of the opinions and statements contained in this document have not been verified by independent experts and, therefore, no guarantee is provided of the impartiality, accuracy, completeness or precision of the information or opinions and statements contained in this presentation.

The Company and its advisors do not assume responsibility for any damage or losses that may arise from the use of this document or the information it contains.

This document does not constitute an offer or invitation to acquire or subscribe shares, in accordance with the Spanish Securities Market Law of 1988 and its implementing regulations. Moreover, this document does not constitute an offer to purchase, sell or exchange securities, a solicitation of any offer to purchase, sell or exchange securities, a solicitation of any kind of voting rights, or approval in the United States of America or any other jurisdiction.

Neither this document nor any part of it are of a contractual nature, and they cannot be used to form part or construe any agreement or any kind of undertaking.

This presentation may contain information and statements or declarations with future projections regarding ROVI. The future projections do not constitute historical facts and are generally identifiable by the use of terms such as “expects”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions.

In this regard, although ROVI believes that the expectations contained in such statements are reasonable, the investors and holders of ROVI shares are advised that the information and future projections are subject to risks and uncertainties, a large part of which are difficult to foresee, and which are, in general, out of ROVI’s control. These risks could cause the results and real development to differ substantially from those expressed, implicit or projected, in the information and future projections. Among these risks and uncertainties include those identified in the documents submitted by ROVI to the Spanish Securities Exchange Commission (*Comisión Nacional del Mercado de Valores*), which are available to the public.

It is recommended that investment decisions not be taken based on the future projections, which refer exclusively to the date on which they were publicised. All the future projections contained below and made by ROVI or any of its directors, managers, employees or representatives are expressly subject to the above warnings. The future projections included in this presentation are based on the information available on the date hereof. Except when legally required, ROVI does not assume any obligation to update its affirmations or review the future projections, even if new data is published or new facts arise.



Operating results



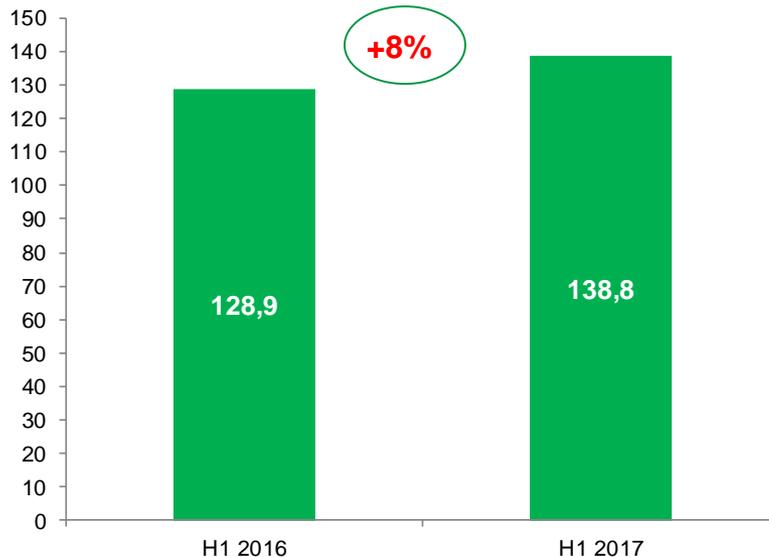
H1 2017 financial results - Highlights

- **Operating revenue** increased by 8% to 138.8 million euros in H1 2017, driven by the strength of the toll manufacturing business, where sales rose 27%, and by the specialty pharmaceutical business, which grew by 3%, slightly outperforming the market. Total revenue increased by 7% to €139.4Mn in H1 2017.
- **For 2017**, ROVI expects operating revenue **to grow from low-to-mid single digit**.
- ROVI continues the national phase of the registration process of a low molecular weight heparin (biosimilar of enoxaparin). As of 30 June 2017, the **countries with the national registration phase approved are UK, Estonia, Latvia and Slovakia**.
- **ROVI has started a phase III trial of Risperidona ISM® “PRISMA-3”** with the recruitment of the first patient, in the second quarter of 2017.
- **Good performance of Bemiparin**: +3% growth to €42.6Mn; this growth came from sales in Spain (6%) as from international sales Bemiparin has decreased (4%).
- **Very good performance of Absorcol & Vytorin & Orvatez**: sales increase of 20% to €19.0Mn.
- **Sales of Hirobriz and Ulunar**, both products for patients with COPD launched in Spain in Q4 2014, increased by 20% to €7.0Mn.
- Sales of **Volutsa**, a product launched in February 2015, increased by 34% to €4.3Mn.
- Sales of **Neparvis**, a specialty product from Novartis launched in December 2016, reached €1.5Mn.
- **Recurrent EBITDA** increased by 14% % to €23.9Mn in H1 2017, reflecting a 1.0 pp rise in the EBITDA margin to 17.2%.
- **Recurrent net profit** increased by 10% to €15.8Mn in H1 2017.
- ROVI has paid a **gross dividend of 0.1830€/share** on 2016 earnings (**+32%** vs last dividend), on 5th July 2017.

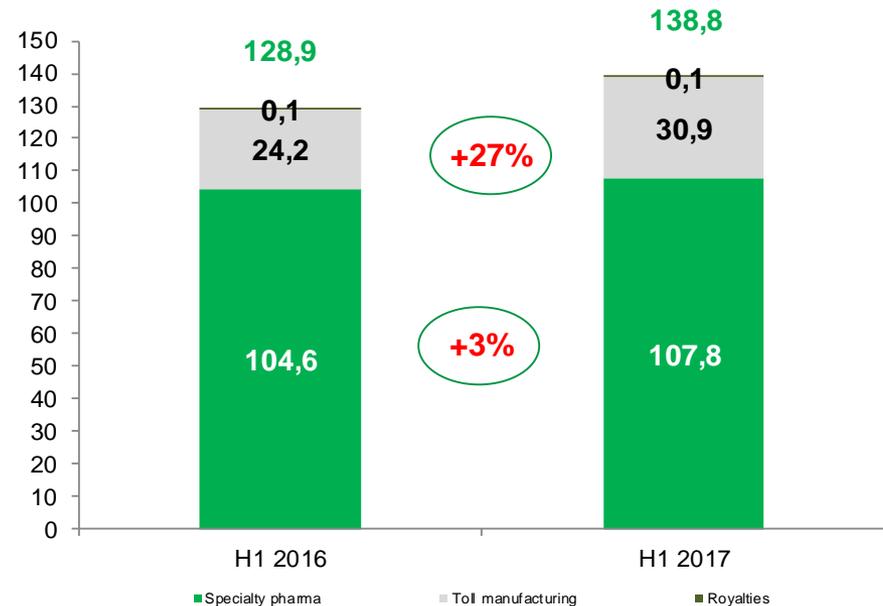
Growth driven by injectable toll manufacturing business, recent launches and bemiparin...



Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



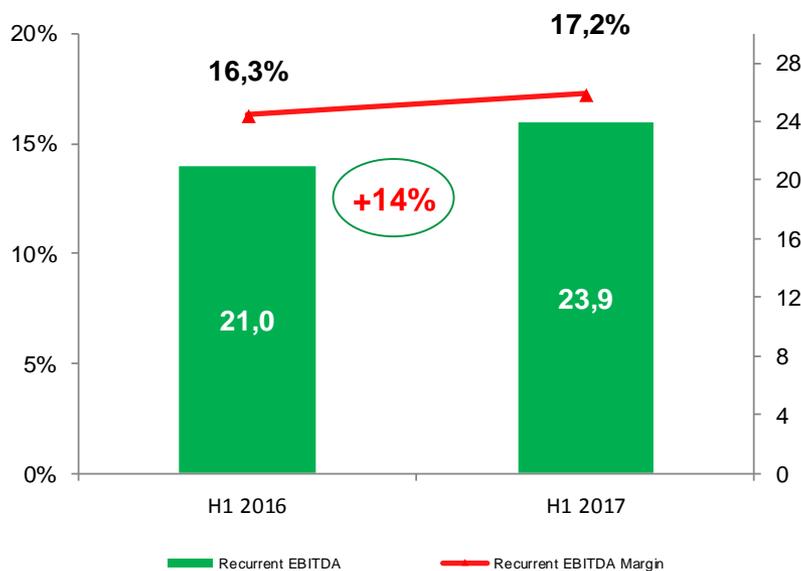
- Operating revenue increased by 8% to €138.8Mn in H1 2017 driven by the strength of:
 - ✓ the **specialty pharmaceutical business**, where sales rose 3%, and
 - ✓ the **toll manufacturing business**, where sales increased 27%.
- ROVI forecasts to continue to grow despite:
 - ✓ a new 550 million euro reduction in pharmaceutical expenditure expected for 2017, according to the Budget Plan¹ submitted by the Spanish Government to the European Commission; and
 - ✓ 1-4% growth rate in spending on medicine in Spain to 2021 forecast by QuintilesIMS².

¹http://www.mineco.gob.es/stfls/mineco/comun/pdf/161017_plan_presupuestario.pdf

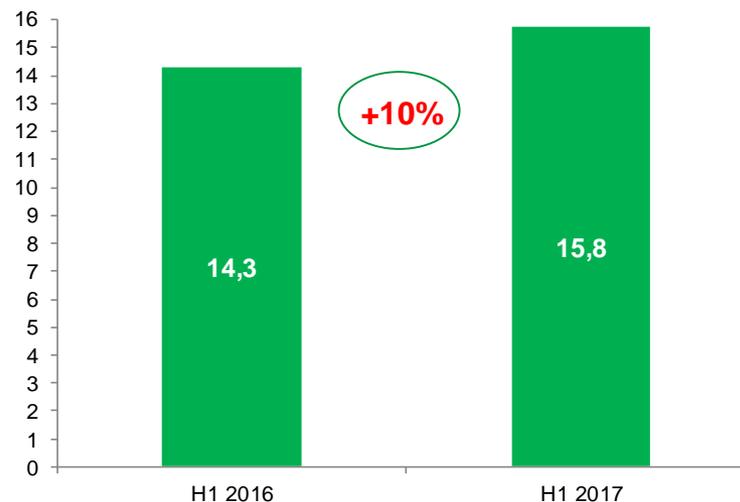
²Outlook for Global Medicines through 2021. Report by the QuintilesIMS Institute.

...with high profitability

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



Recurrent net profit (€Mn)

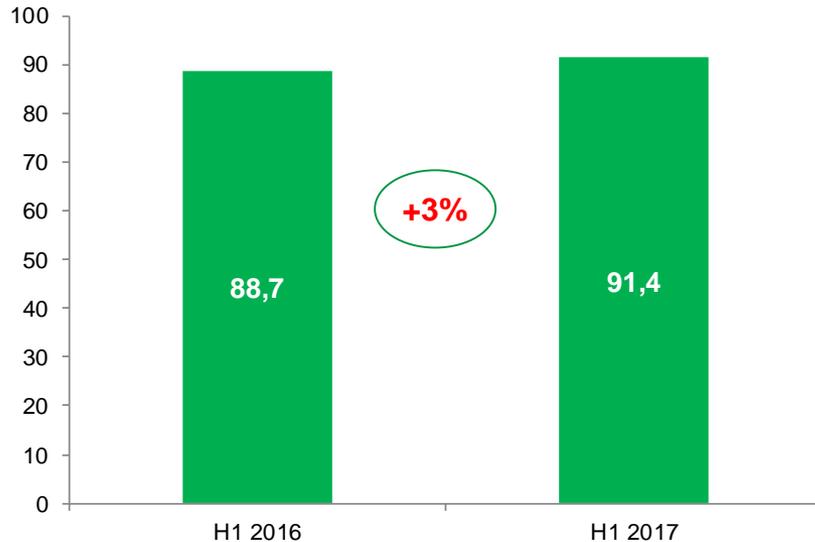


- In H1 2016, **EBITDA** was impacted by non recurrent revenue of €4.0Mn as a result of the creation of a joint venture between ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **EBITDA** decreased by 4% to €23.9Mn in H1 2017, reflecting a 2.2 pp fall in the EBITDA margin down to 17.2% in H1 2017 from 19.4% in H1 2016. However,
 - ✓ excluding the impact of the non-recurrent revenue in H1 2016, **recurrent EBITDA** has increased by 14% in H1 2017, reflecting a 1.0 pp rise in the EBITDA margin.
- **Net profit** decreased to €15.8Mn in H1 2017, a 12% fall compared to H1 2016. However;
 - ✓ excluding the impact of the non recurrent revenue, **recurrent net profit** has increased by 10% in H1 2017.

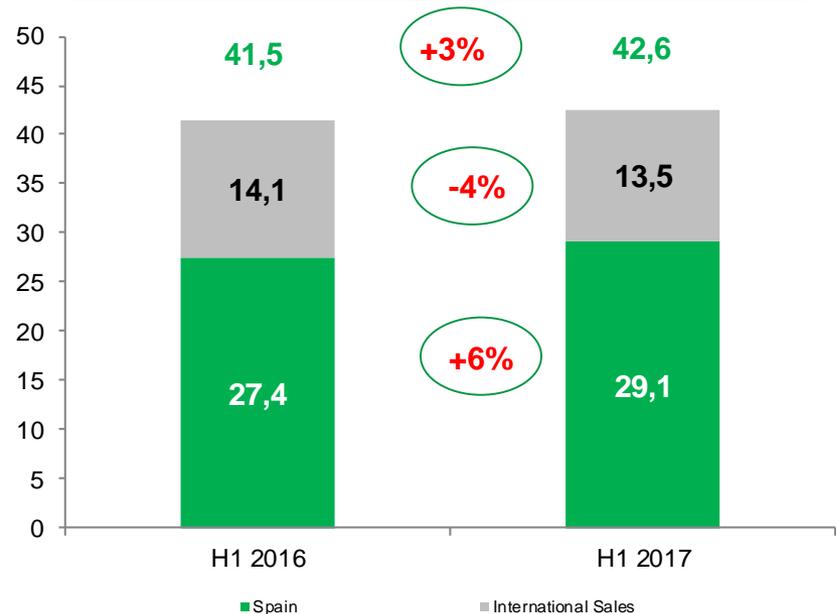
Bemiparin, stable growth in specialty pharmaceutical business



Prescription-based pharma products sales (€Mn)



Bemiparin sales (€Mn)



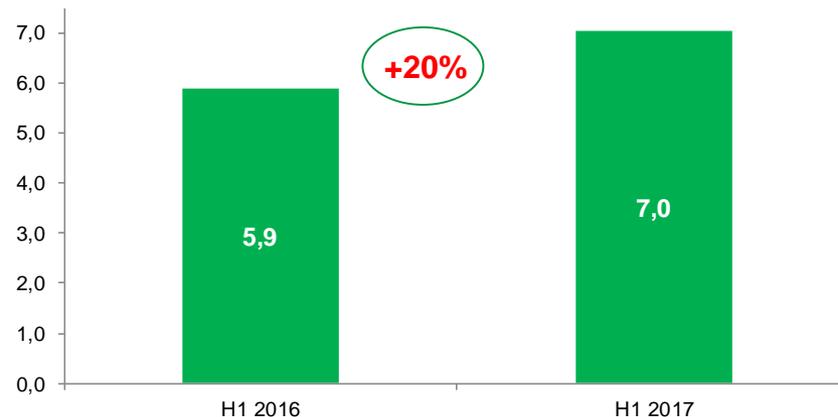
- Sales of prescription-based pharmaceutical products increased by 3% to €91.4Mn in H1 2017.
- Bemiparin total sales increased by 3% to €42.6Mn in H1 2017:
 - ✓ Sales in Spain increased 6% to €29.1Mn.
 - ✓ International sales decreased by 4% to €13.5Mn. ROVI expects to maintain **stable international sales in 2017**.

Good performance of the product portfolio (1/2)

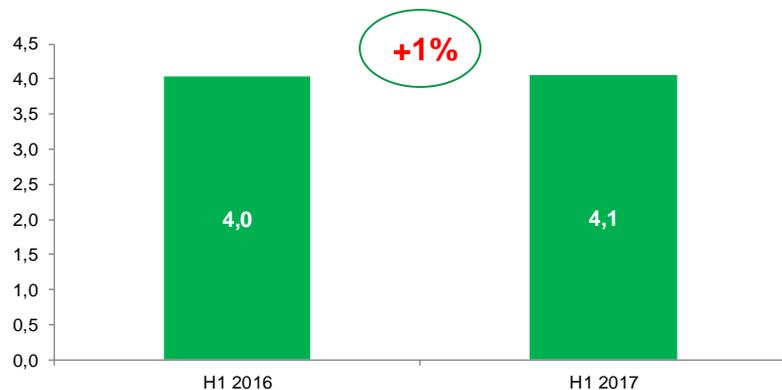
Absorcol, Vytorin and Orvatez sales (€Mn)



Hirobriz and Ulunar sales (€Mn)



Medicebran and Medikinet sales (€Mn)

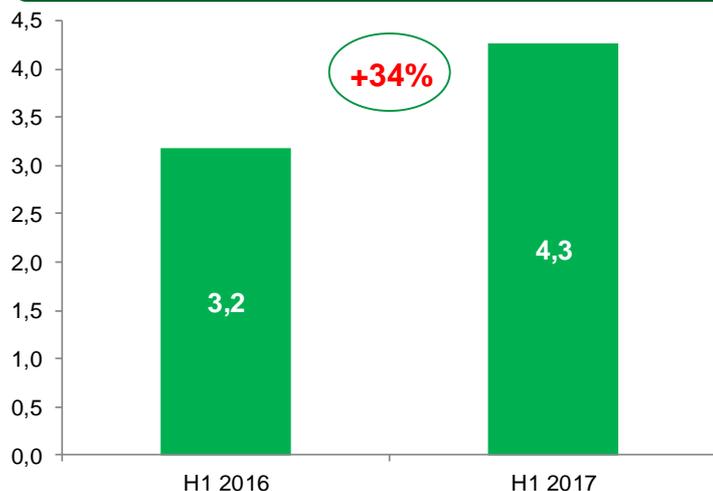


- Sales of **Absorcol, Vytorin and Orvatez** (the last one launched in June 2015), **increased by 20%** to €19.0Mn in H1 2017.
- Sales of **Hirobriz and Ulunar**, both products for patients with COPD, launched in Spain in Q4 2014 **increased by 20%** to €7.0Mn in H1 2017.
- Sales of **Medicebran and Medikinet**, products launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, **increased by 1%** to €4.1Mn in H1 2017.
- Sales of **Thymanax**, product launched in March 2010, decreased by 21% to €2.2Mn in H1 2017.

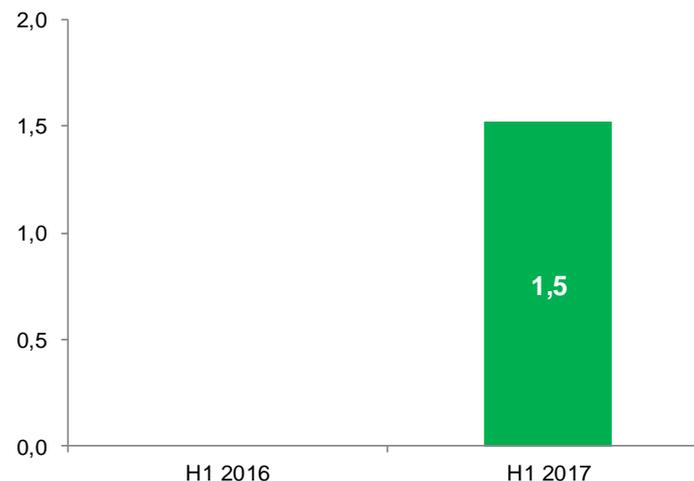
Vytorin, Orvatez and Absorcol, the first of the five licenses of MSD, are indicated for the treatment of hypercholesterolemia. Hirobriz Breezhaler and Ulunar Breezhaler are both products from Novartis indicated for the treatment of COPD (Chronic Obstructive Pulmonary Disease). Medicebran and Medikinet 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)

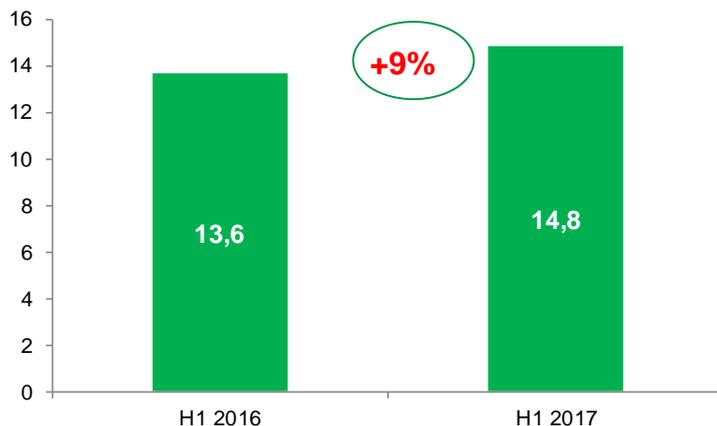
Volutsa sales (€Mn)



Neparvis sales (€Mn)



Contrast imaging agents (€Mn)



- Sales of **Volutsa**, launched in Spain in February 2015, **increased by 34%** to €4.3Mn in H1 2017.
- Sales of **Neparvis**, a specialty product from Novartis launched in December 2016, reached €1.5Mn in H1 2017.
- Sales of **Corlentor** **decreased by 63%** to €2.6Mn in H1 2017, and it will be no longer marketed after first half 2017.
- **Exxiv** sales decreased by 19% to €2.3Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products **increased by 9%** to €14.8Mn in H1 2017.

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.

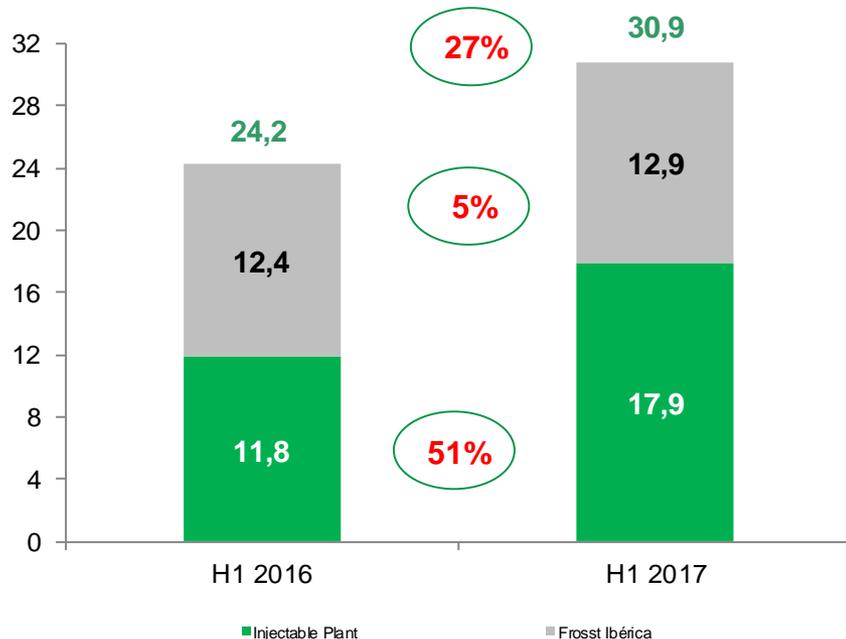
Neparvis is a specialty product from Novartis indicated for the treatment of adult patients with symptomatic chronic heart failure and reduced ejection fraction.

Corlentor 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).

High growth in toll manufacturing services

Toll manufacturing sales (€Mn)



- **Toll manufacturing sales** increased by 27% to €30.9Mn in H1 2017, compared to the same period of the previous year, mainly because of the good performance of the injectable business, where revenue increased 51% as a result of higher volumes manufactured for some customers, and the good evolution of Frosst Ibérica business with an increase of 5% .
- This significant increase in the **injectable business** was specifically linked to H1 2017 and ROVI expects to achieve a **mid-to-high single digit growth rate** for the business **in 2017**.
- ROVI expects to achieve a **slight growth for the toll manufacturing area in 2017** compared to a fall of 9% in 2016.

**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 Neparvis, 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

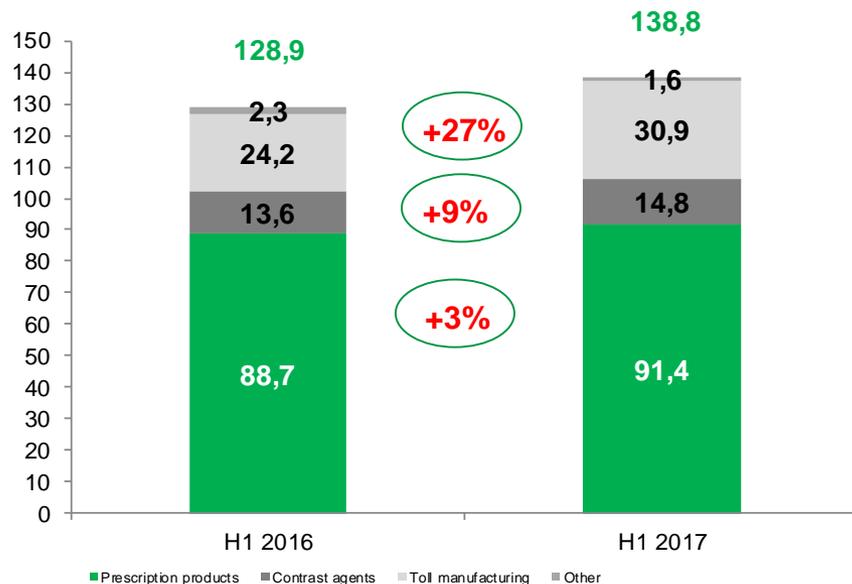


Financial results

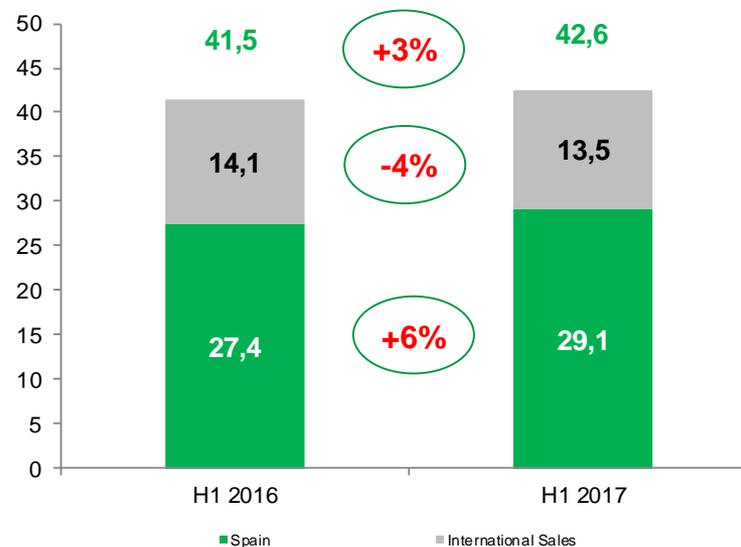
Good revenue level with outstanding toll manufacturing growth



Total operating revenue (€Mn)



Bemiparin sales (€Mn)



➤ **Operating revenue** increased by 8% to €138.8Mn, achieved on:

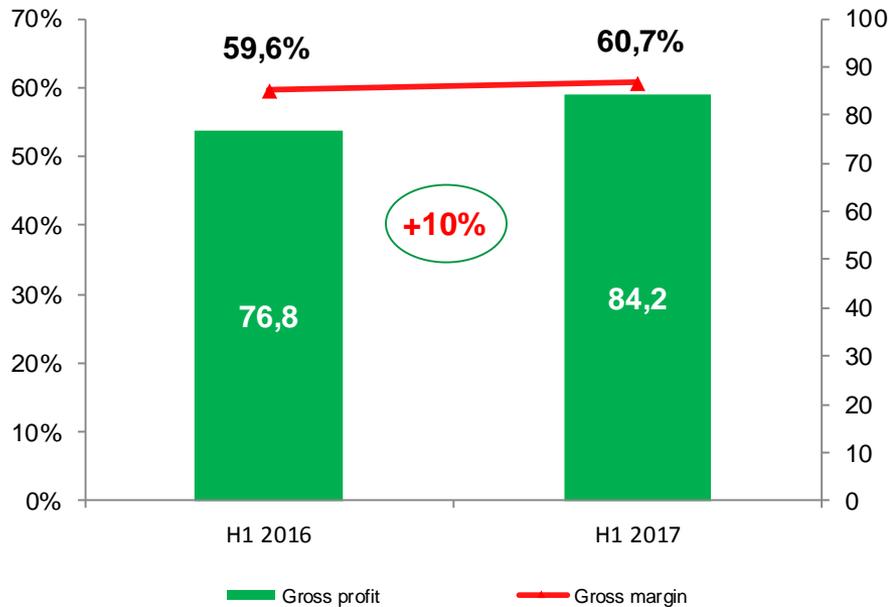
- ✓ 3% growth in prescription-based products;
- ✓ 9% growth in contrast agents and other hospital products;
- ✓ 27% growth in toll manufacturing; and
- ✓ OTC and other revenues decreased by 31% (including revenue from distribution licenses).

➤ **Bemiparin**, ROVI's flagship product internally developed, reached sales of €42.6Mn (**3% growth** vs H1 2016). **Sales grew by 6% in the domestic market and decreased 4% in the international market.**

Gross margin positively impacted by the injectable toll manufacturing business



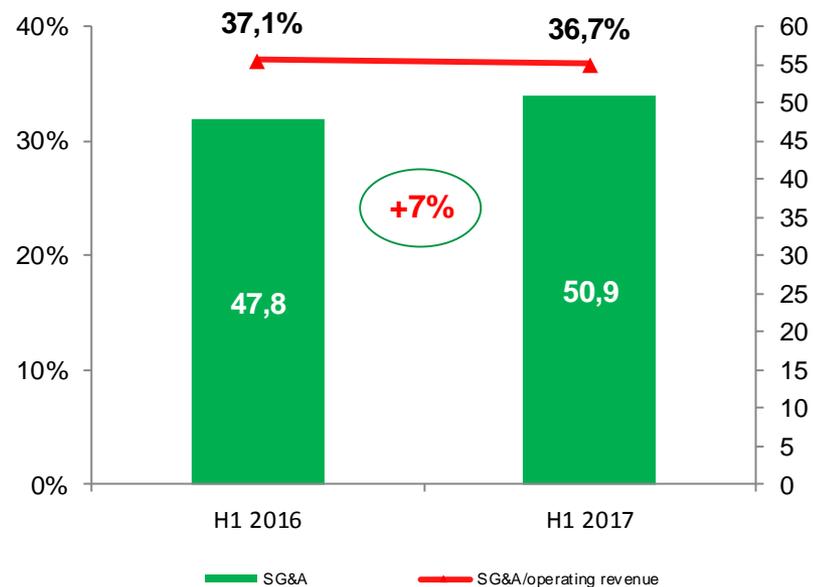
Gross profit (€Mn) & Gross margin (%)



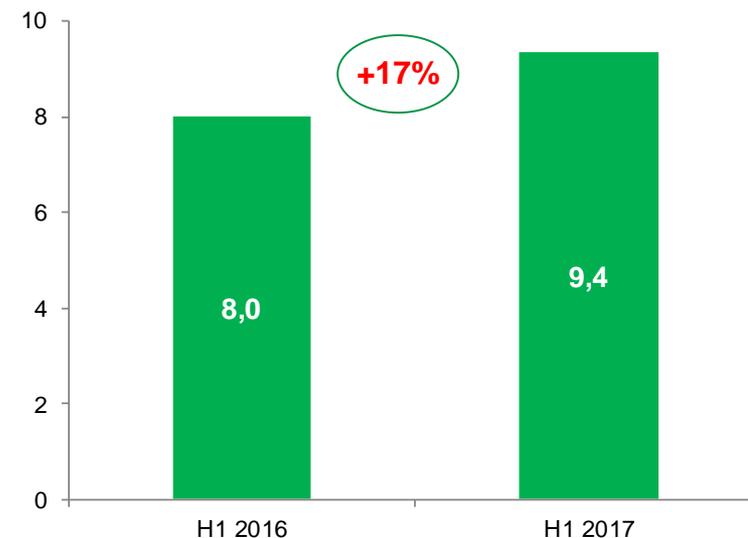
- **Gross profit** increased by 10% to €84.2Mn in H1 2017, reflecting an increase of 1.1 pp in the gross margin to 60.7% in H1 2017 from 59.6% in H1 2016, mainly due to the increase of injectable business' sales, which contributed with higher margins.

Cost control along with commitment to R&D

SG&A expenses (€Mn)



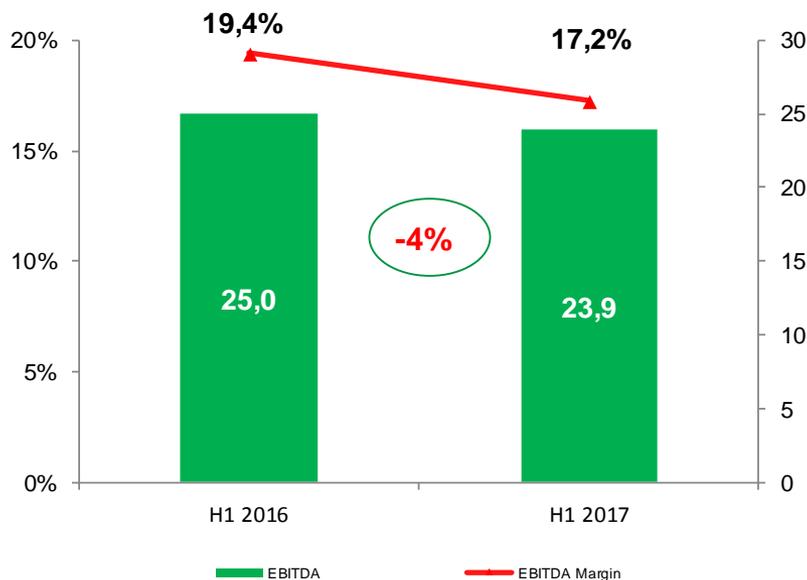
R&D expenses (€Mn)



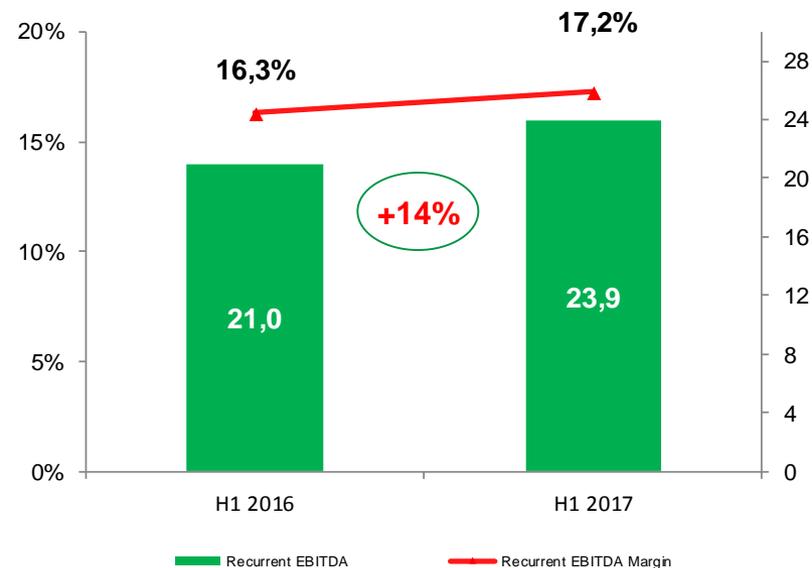
- **SG&A expenses** rose 7% to €50.9Mn in H1 2017 mainly due to Neparvis[®] and Mysimba[®] product launches which added expenses of 2.0 million euros.
- **R&D expenses** increased 17% to €9.4Mn in H1 2017 mainly due to (i) the preparation and beginning of the Risperidone-ISM[®] phase III trial and (ii) the performing of development activities for the formulation of the Risperidone-ISM[®] phase III trial and the Letrozole-ISM[®] phase I trial.

EBITDA

EBITDA (€Mn) and EBITDA margin (%)



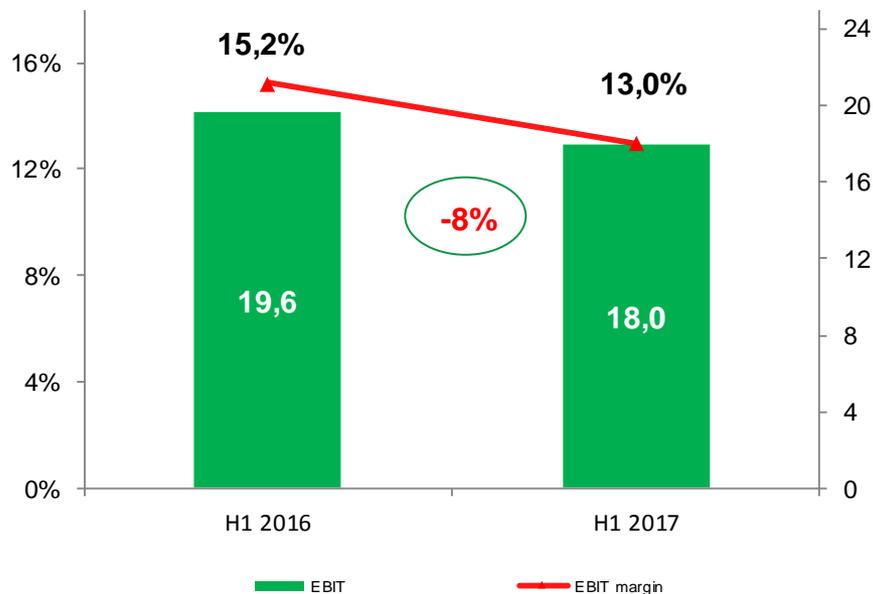
Recurrent EBITDA (€Mn) and recurrent EBITDA margin (%)



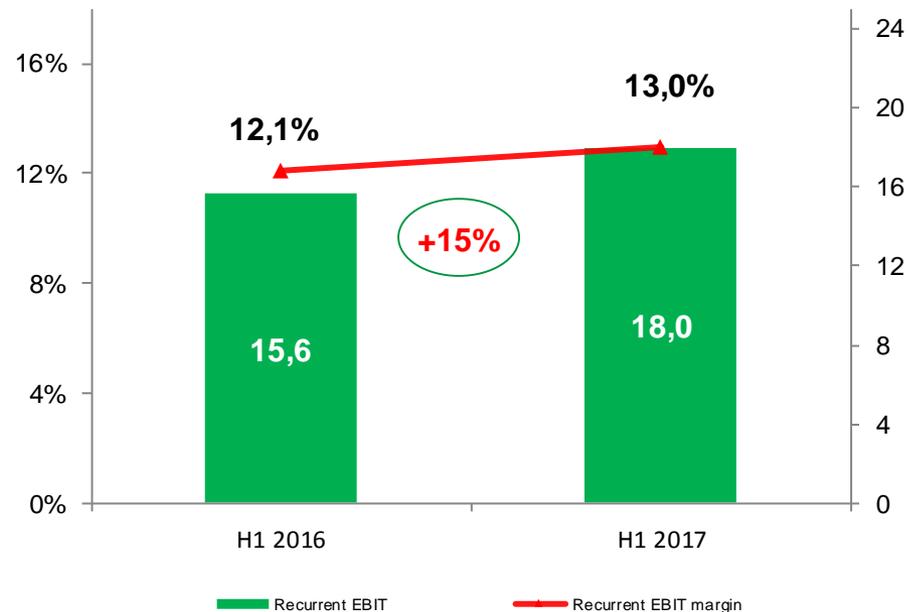
- **EBITDA** decreased by 4% to €23.9Mn in H1 2017, reflecting a 2.2 pp fall in the EBITDA margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in H1 2016 as a result of the joint venture created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non-recurrent revenue in H1 2016, **recurrent EBITDA** increased by 14% in H1 2017, reflecting a 1.0 pp rise in the EBITDA margin.

EBIT

EBIT (€Mn) and EBIT margin (%)



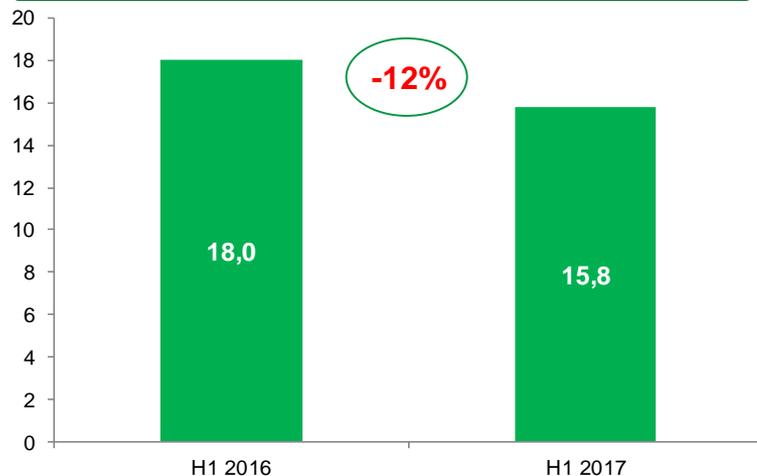
Recurrent EBIT (€Mn) and EBIT margin (%)



- **Depreciation and amortization expenses** increased by 10% in H1 2017, up to €5.9Mn, as a result of the new PP&E and intangible assets purchases made over the last twelve months.
- **EBIT** decreased by 8% to €18.0Mn in H1 2017, reflecting a 2.3 pp fall in the EBIT margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in H1 2016 as a result of the joint venture created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non-recurrent revenue in H1 2016, **recurrent EBIT** increased by 15% in H1 2017, reflecting a 0.8 pp rise in the EBIT margin.

Net profit

Net profit (€Mn)



Recurrent net profit (€Mn)



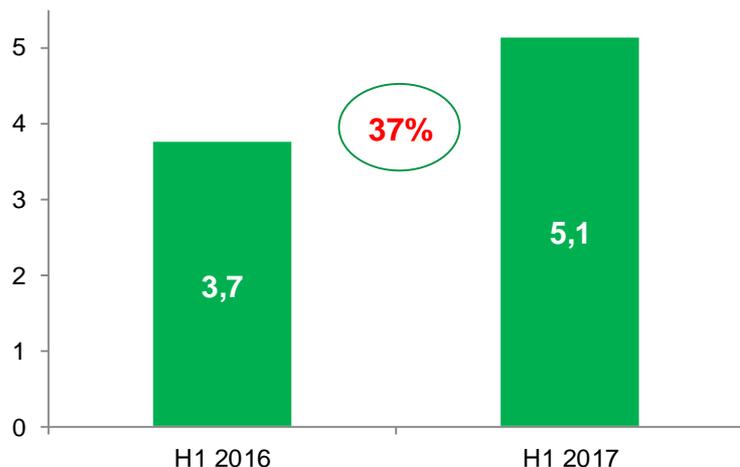
- **Net profit** decreased to €15.8Mn in H1 2017, a 12% decline compared to H1 2016. However,
 - ✓ excluding the impact of the non recurrent revenue related to the ROVI and Enervit joint venture creation in H1 2016, **recurrent net profit** increased by 10% in H1 2017.

- **Effective tax rate of 8.6%** in H1 2017 vs 6.7% in H1 2016. This favourable effective tax rate is due to:
 - ✓ deduction of existing R&D expenses; and
 - ✓ capitalisation of existing negative tax bases from Frosst Ibérica.

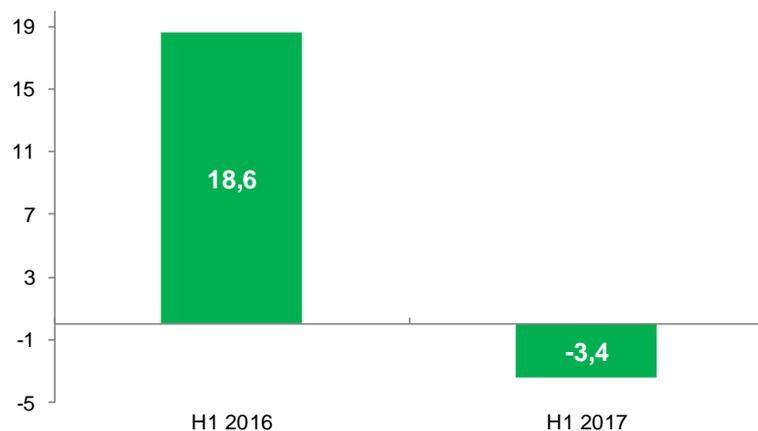
- As of 31 December 2016, Frosst Ibérica **negative tax bases amounted to €36.7Mn**, of which €1.6Mn will be used in the 2016 income tax and €0.7Mn in H1 2017.

Capital expenditure & Free Cash Flow

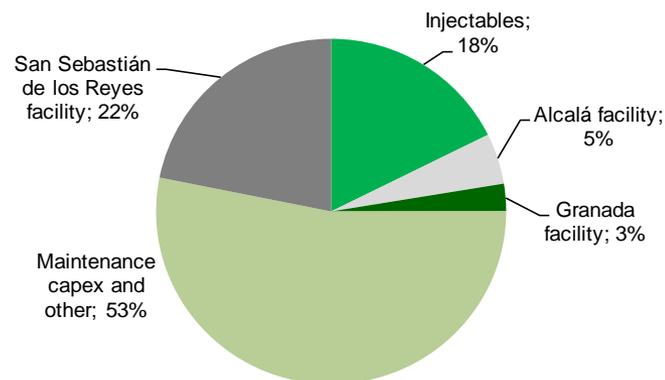
Capex evolution (€Mn)



FCF (€Mn)



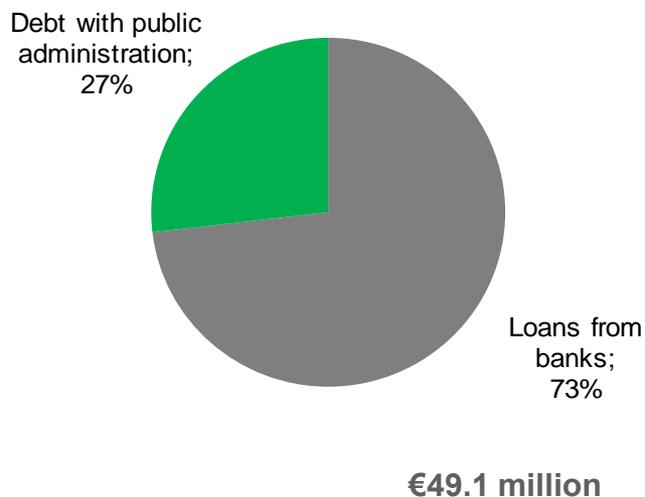
Capex breakdown (%)



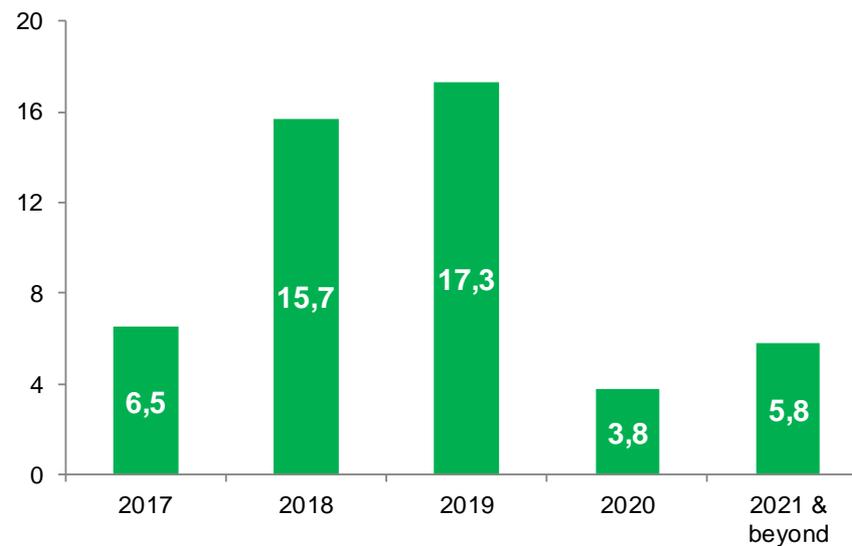
- €5.1Mn of **capex** invested in H1 2017.
 - ✓ €0.9Mn of investment capex related to the injectable plant;
 - ✓ €0.4Mn of investment capex related to the Granada and the Alcalá de Henares facilities;
 - ✓ €1.1Mn of investment capex related to the San Sebastián de los Reyes facility; and
 - ✓ €2.7Mn of maintenance capex and other capex (including capex related to the biosimilar of enoxaparin).
- **FCF** decreased to €3.4Mn mainly due to:
 - ✓ €6.0Mn increase in “inventories” in H1 '17 vs €2.0Mn decrease in H1 '16;
 - ✓ €6.8Mn decrease in “trade and other payables” in H1 2017 vs €6.8Mn increase in H1 2016;
 - ✓ €0.8Mn decrease in “trade and other receivables” in H1 2017 vs €2.3Mn increase in H1 2016;
 - ✓ €1.4Mn increase in capex.

Financial debt

Debt breakdown by source (%)



Debt maturities by year (€Mn)



- **Debt with public administration** represented **27%** of total debt, with 0% interest rate.
- **Gross cash position of €55.6Mn** as of 30 June 2017 vs €42.8Mn as of 31 December 2016.
- **Net cash of €6.4Mn** as of 30 June 2017 vs net cash of €9.0Mn as of 31 December 2016.
- ROVI paid a **gross dividend of 0.1830** euros per share on 2016 earnings, with an of **increase of 32%** compared to the dividend on 2015 earnings (0.1390 euros per share).



News-flow 2017

Specialty pharma

- Additional new in-licensing products to be launched

Toll manufacturing

- New contracts to be announced

R&D

- Continue the recruiting of ISM-Risperidone[®] Phase III during H2 2017
- Start of ISM-Letrozole[®] Phase I in H2 2017
- Granting by the competent local authorities of the marketing authorisation of a biosimilar of enoxaparin in 22 countries of the EU (4 already granted)



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 / Raquel Murillo
Investor Relations
+34 91 2444422
mcampos@rovi.es ; rmurillo@rovi.es
www.rovi.es