



Rovi

**Nine-month period ending 30th
September 2017 Financial Results**



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Operating results



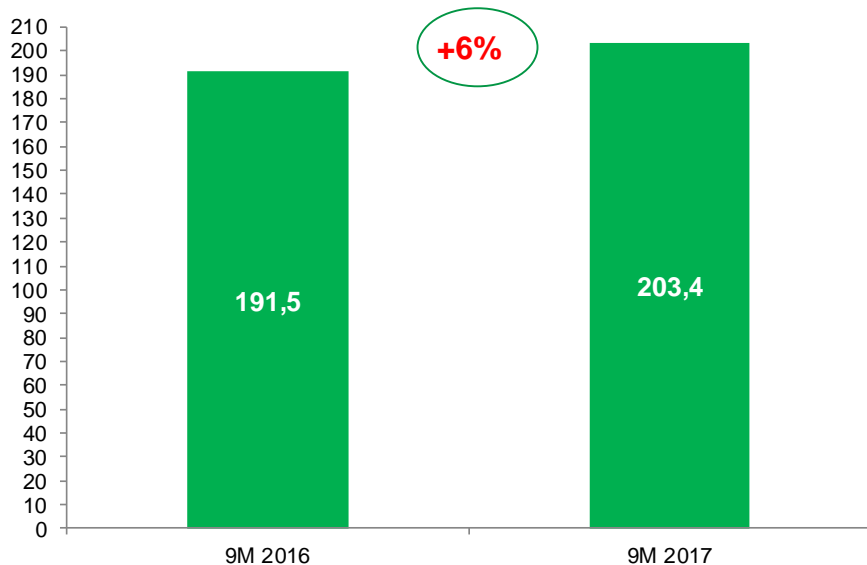
9M 2017 financial results - Highlights

- **Operating revenue** increased by 6% to 203.4 million euros in 9M 2017, driven by the strength of the toll manufacturing business, where sales rose 20%, and by the specialty pharmaceutical business, which grew by 3%, slightly outperforming the market. Total revenue increased by 6% to €204.5Mn in 9M 2017.
- By 30th September 2017, the countries with the national registration approved of the low molecular weight heparin (biosimilar of enoxaparin) are **Germany, France, UK, Hungary, Slovenia, Estonia, Latvia and Slovakia**.
- ROVI has announced in September 2017, **the commencement of marketing of enoxaparin biosimilar in Germany**, the first European country where ROVI launches its biosimilar and one of the top enoxaparin countries in Europe (in terms of volume and value).
- **ROVI started a Phase III-“PRISMA-3” of DORIA® (Risperidona ISM®)** with the recruitment of the first patient, in the second quarter of 2017. In October 2017, **an update of the project has been released with a presentation to analysts with details of the design and cost of Phase III**.
- In November 2017, **Rovi has started a Phase I-“LISA-1” of Letrozole ISM®**.
- **For 2018, ROVI expects a mid-single digit growth rate for operating revenue, with a range of 20 to 30 million euro sales of biosimilar of enoxaparin.**
- **Good performance of Bemiparin:** 4% growth to €61.7Mn; this growth came from national (2%) and international (8%) sales.
- **Very good performance of Absorcol & Vytorin & Orvatez:** sales increased of 21% to €28.9Mn; **Hirobriz and Ulunar** increased by 19% to €10.4Mn; **Volutsa** has increased sales by 33% to €6.5Mn; and **Neparvis**, launched in December 2016, has reached €2.8Mn in 9M 2017.
- **Recurrent EBITDA** (EBITDA excluding non-recurrent revenue of 4.0 million euros registered in 9M 2016 as a result of the joint venture created by ROVI and Enervit) increased by 0.4% to €27.2Mn in 9M 2017, reflecting a decrease of 0.8 pp in the EBITDA margin to 13.4%.
- **EBITDA of the “on-going business”** (EBITDA excluding R&D expenses and non-recurrent 2016 revenue) has increased 15% in the first nine months of 2017 compared to the same period of 2016.
- **Recurrent net profit** decreased by 4% to €17.0Mn in 9M 2017.
- **ROVI has paid a gross dividend of 0.1830 euros per share on 2016 earnings.** This dividend represents a 35% pay out.

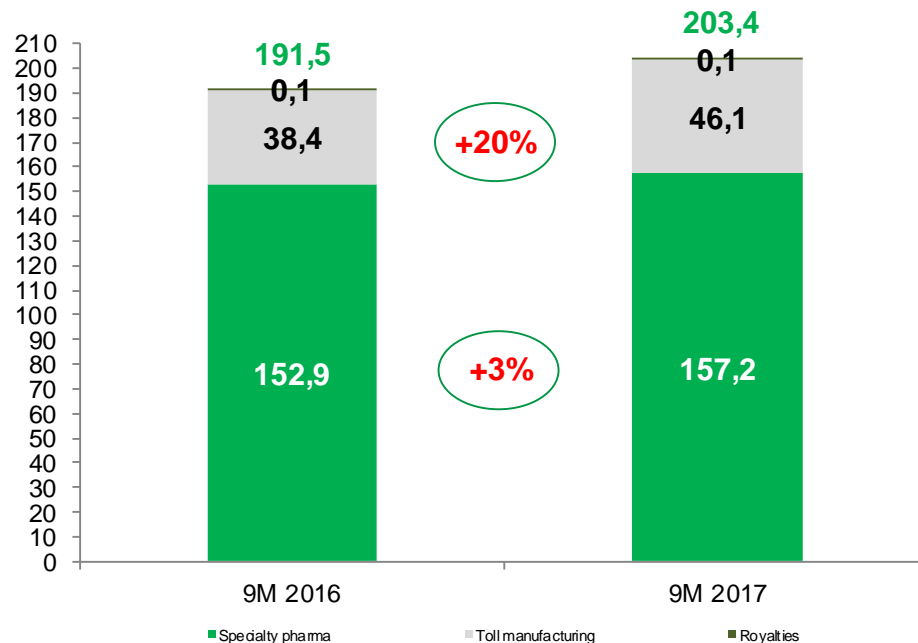
Growth driven by injectable toll manufacturing business, recent launches and bemiparin...



Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



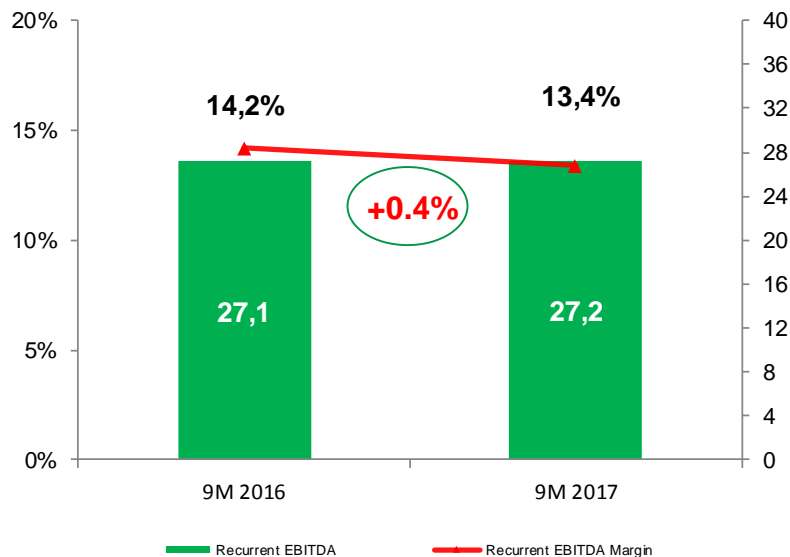
- Operating revenue increased by 6% to €203.4Mn in 9M 2017 driven by the strength of:
 - ✓ the **specialty pharmaceutical business**, where sales rose 3%, and
 - ✓ the **toll manufacturing business**, where sales increased 20%.
- ROVI forecasts to continue to grow despite:
 - ✓ a new reduction in sanitary expenditure from 6.0% to 5.8% of GDP expected for 2018, according to the 2018 Draft Budget Plan¹; and
 - ✓ 1-4% growth rate in spending on medicine in Spain to 2021 forecast by QuintilesIMS².

¹ http://www.minhfp.gob.es/Documentacion/Publico/CDI/EstrategiaPoliticaFiscal/2018/PLAN_PRESUPUESTARIO_2018.pdf

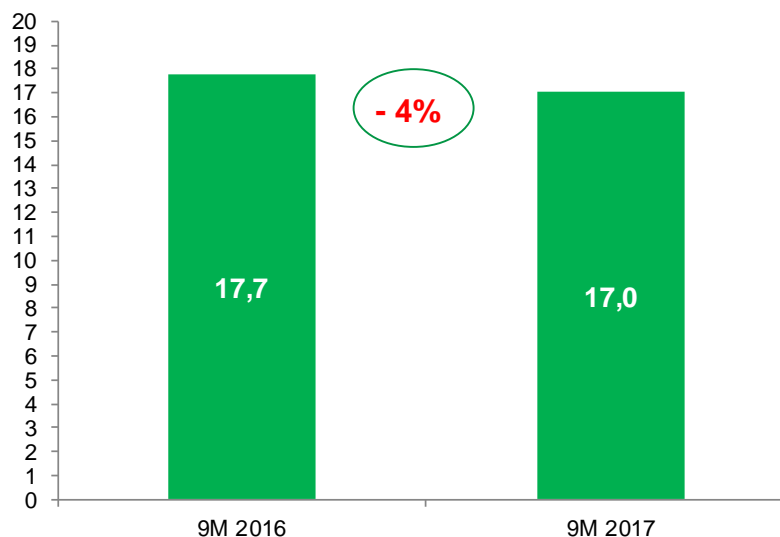
² Outlook for Global Medicines through 2021. Report by the QuintilesIMS Institute.

...with high profitability

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



Recurrent net profit (€Mn)

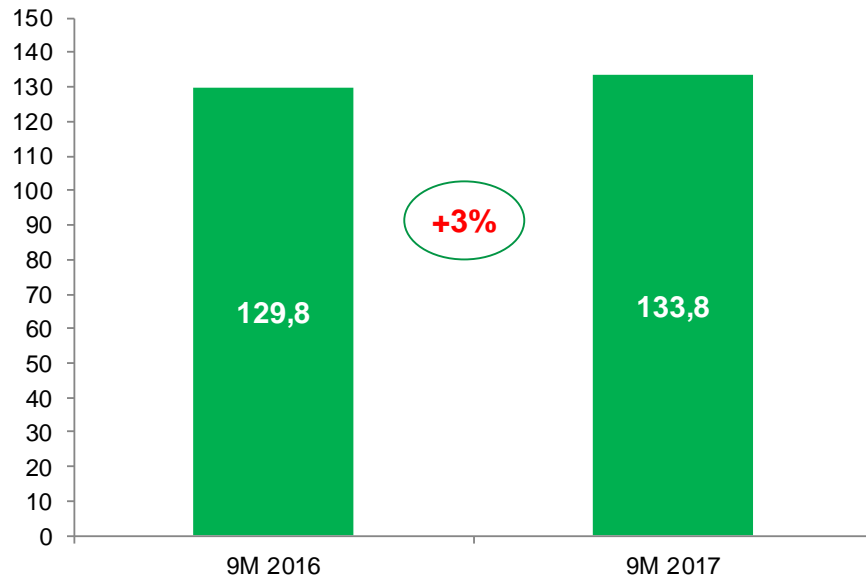


- In 9M 2016, **EBITDA** was impacted by non recurrent revenue of €4.0Mn as a result of the creation of a joint venture between ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **EBITDA** decreased by 13% to €27.2Mn in 9M 2017, reflecting a 2.9 pp fall in the EBITDA margin down to 13.4% in 9M 2017 from 16.3% in 9M 2016. However,
 - ✓ excluding the impact of the non-recurrent revenue in 9M 2016, **recurrent EBITDA** has increased by 0.4% in 9M 2017, reflecting a decrease of 0.8 pp in the EBITDA margin.
- **Net profit** decreased to €17.0Mn in 9M 2017, a decrease of 21% compared to 9M 2016. However;
 - ✓ excluding the impact of the non recurrent revenue, **recurrent net profit** has decreased by 4% in 9M 2017.

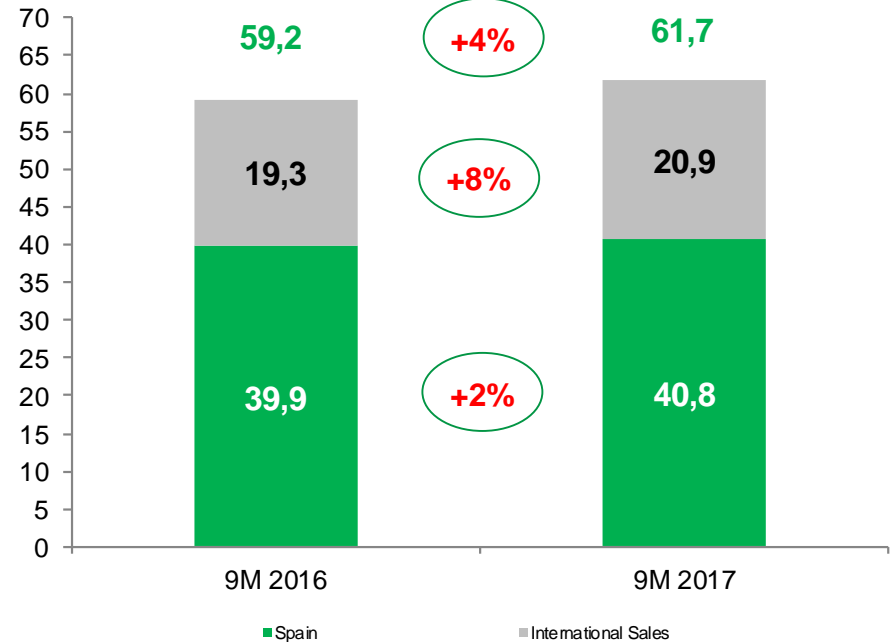
Bemiparin, stable growth in specialty pharmaceutical business



Prescription-based pharma products sales (€Mn)



Bemiparin sales (€Mn)

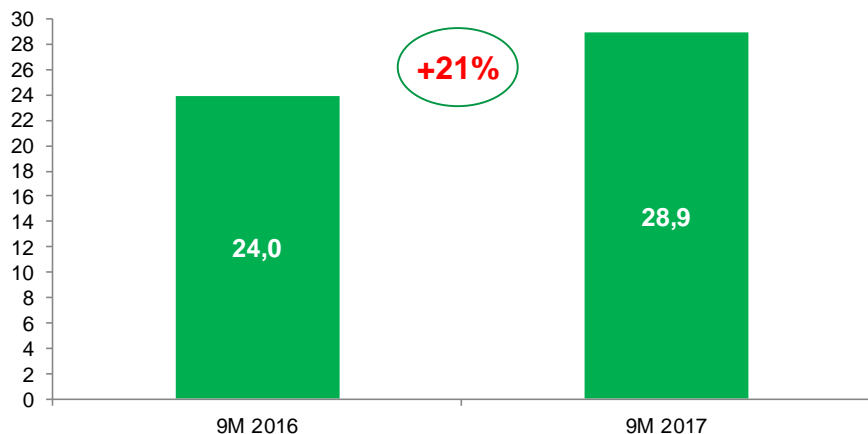


- Sales of prescription-based pharmaceutical products increased by 3% to €133.8Mn in 9M 2017.
- Bemiparin total sales increased by 4% to €61.7Mn in 9M 2017:
 - ✓ Sales in Spain increased 2% to €40.8Mn.
 - ✓ International sales increased by 8% to €20.9Mn. ROVI expects to maintain stable international sales in 2017.

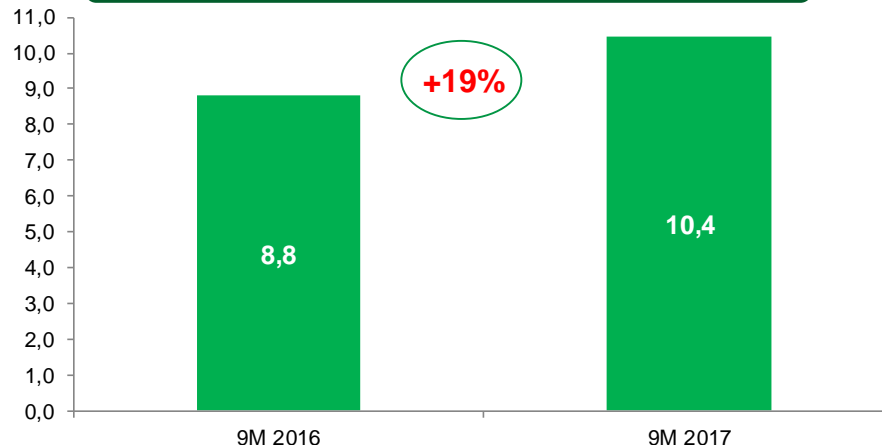


Good performance of the product portfolio (1/2)

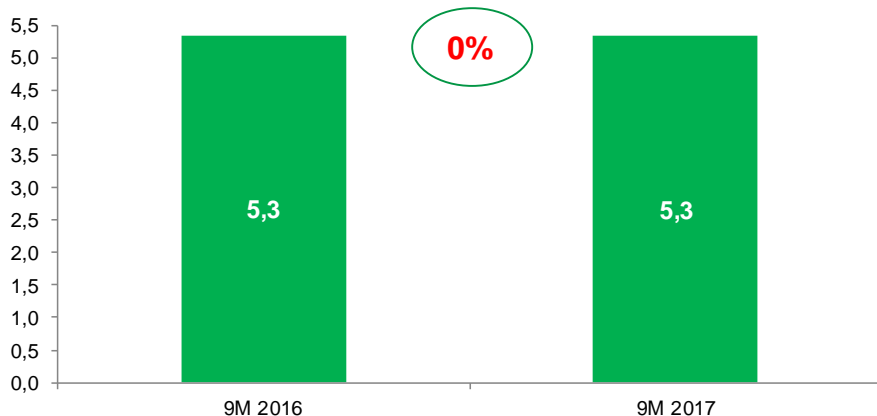
Absorcol, Vytorin and Orvatez sales (€Mn)



Hirobriz and Ulunar sales (€Mn)



Medicebran and Medikinet sales (€Mn)

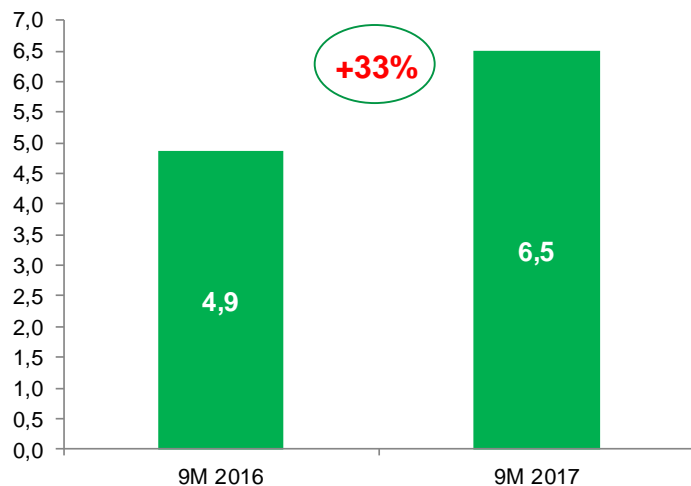


- Sales of **Absorcol, Vytorin and Orvatez** (the last one launched in June 2015), **increased by 21%** to €28.9Mn in 9M 2017. In 2018, the active principle ezetimibe goes out of patent and a price reduction is expected in Absorcol®.
- Sales of **Hirobriz and Ulunar**, both products for patients with COPD, launched in Spain in Q4 2014 **increased by 19%** to €10.4Mn in 9M 2017.
- Sales of **Medicebran and Medikinet**, products launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, **remained flat** to €5.3Mn in 9M 2017.
- Sales of **Thymanax**, product launched in March 2010, decreased by 23% to €3.2Mn in 9M 2017.

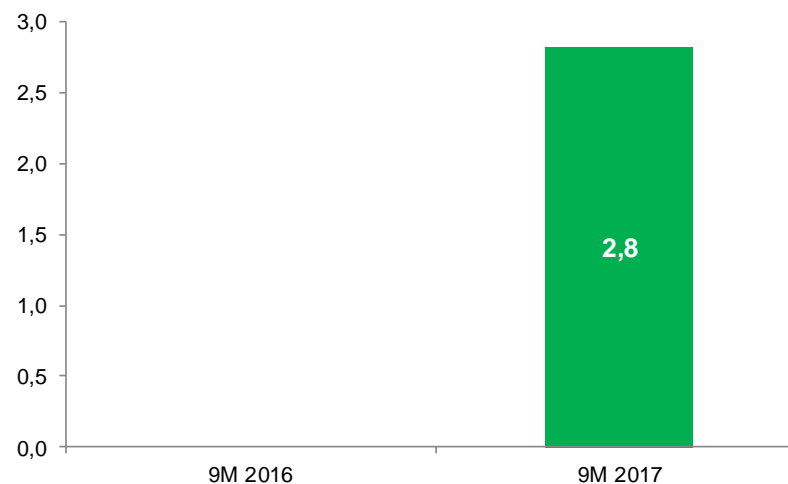
Vytorin, Orvatez and Absorcol, the first of the five licenses of MSD, are indicated for the treatment of hypercholesterolemia. Hirobriz Breezhaler and Ulunar Breezhaler are both products from Novartis indicated for the treatment of COPD (Chronic Obstructive Pulmonary Disease). Medicebran and Medikinet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

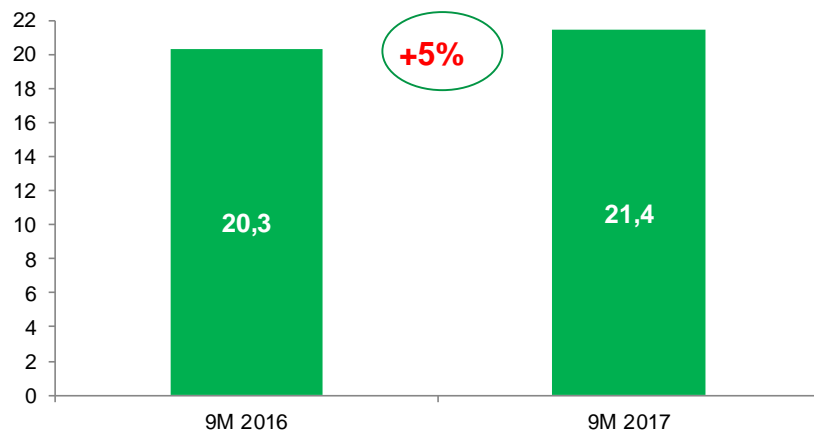
Volutsa sales (€Mn)



Neparvis sales (€Mn)



Contrast imaging agents (€Mn)



- Sales of **Volutsa**, launched in Spain in February 2015, **increased by 33%** to €6.5Mn in 9M 2017.
- Sales of **Neparvis**, a specialty product from Novartis launched in December 2016, reached €2.8Mn in 9M 2017.
- Sales of **Corlentor** **decreased by 75%** to €2.6Mn in 9M 2017, and it will be no longer marketed after first half 2017.
- **Exxiv** sales decreased by 28% to €2.9Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products **increased by 5%** to €21.4Mn in 9M 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.

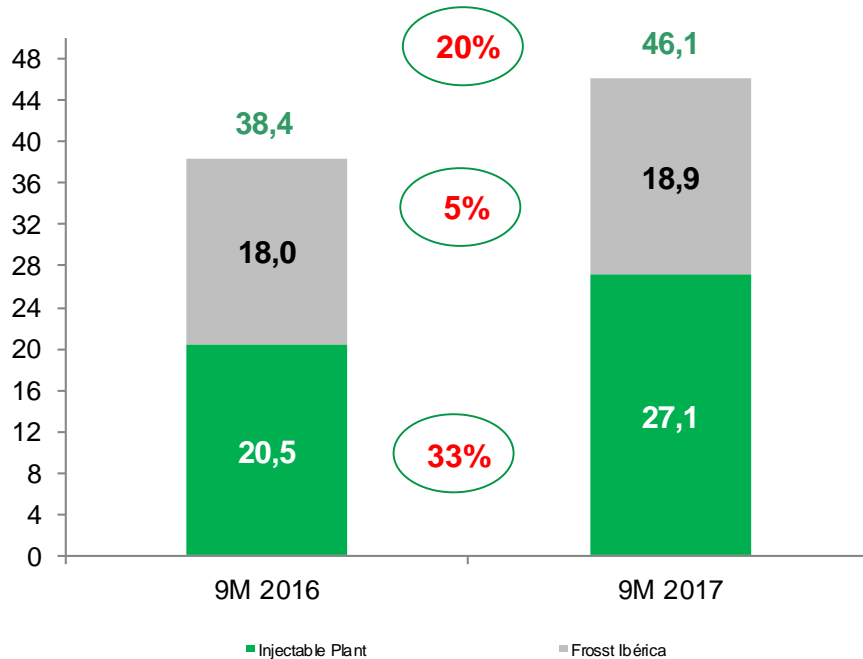
Neparvis is a specialty product from Novartis indicated for the treatment of adult patients with symptomatic chronic heart failure and reduced ejection fraction.

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 20% to €46.1Mn in 9M 2017, compared to the same period of the previous year, mainly because of the good performance of the injectable business, where revenue increased 33% 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 9M 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.



Focus on Drug Release Platform & Glycomics

Platform	Product	Potential indication	Current situation				Expected milestones
			Pre-Clinical	I	II	III	
ISM	Risperidone, monthly	Schizophrenia	[Progress bar]				<ul style="list-style-type: none">Phase III has started in 1H 2017
	Letrozole, quarterly	Breast Cancer	[Progress bar]				<ul style="list-style-type: none">Phase has started in November 2017
Glycomics	Enoxaparin biosimilar	VTD	[Progress bar]				<ul style="list-style-type: none">National Registration processCommencement marketing in Germany

ISM: in-situ microparticles

**2018 operating
revenues growth rate**

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
- Launch of biosimilar of enoxaparin (estimated range of 20 to 30 million euros sales in 2018)

Toll manufacturing

- Spare capacity in the injectable plants and in the oral compounds plant
- New customers to be acquired

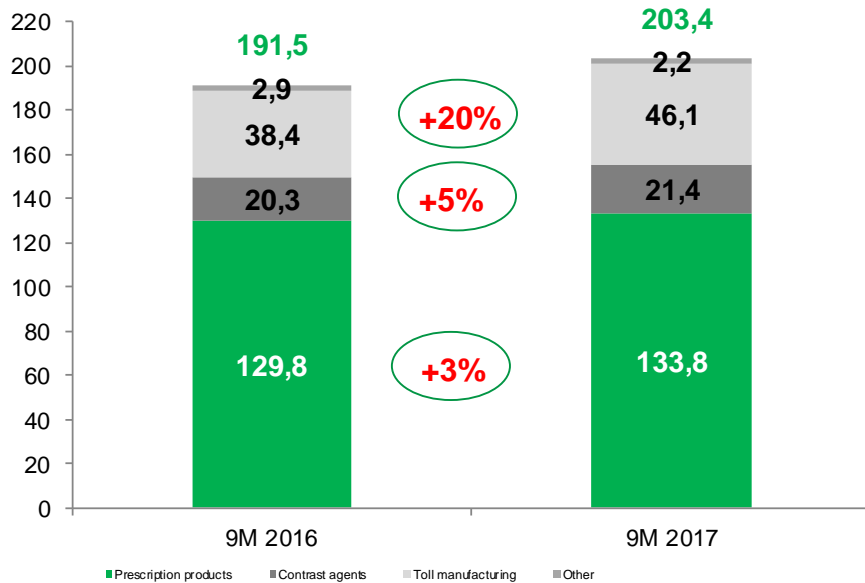


Financial results

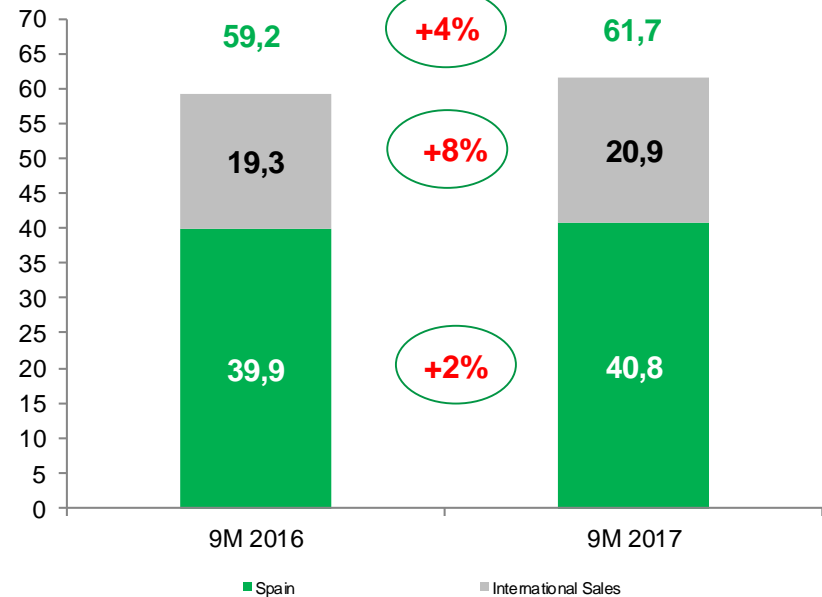
Good revenue level with a great toll manufacturing growth



Total operating revenue (€Mn)



Bemiparin sales (€Mn)



➤ **Operating revenue** increased by 6% to €203.4Mn, achieved on:

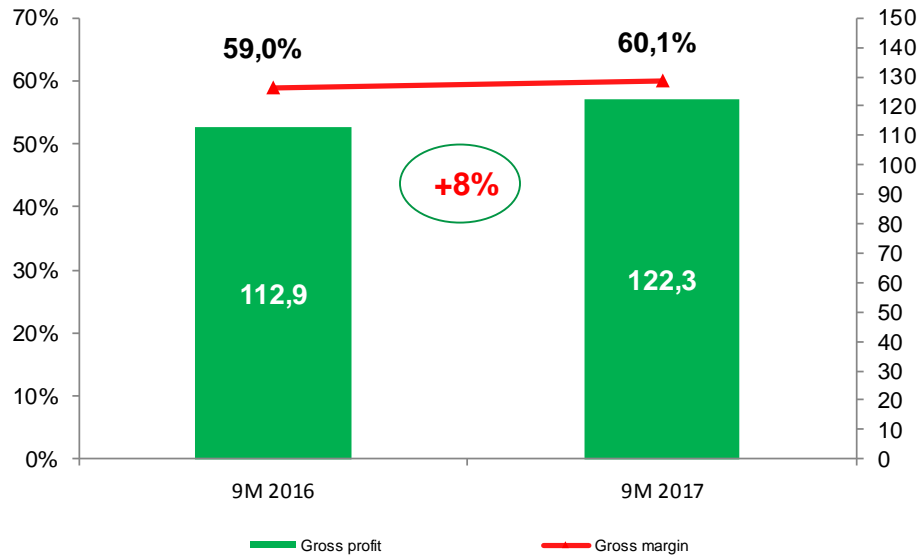
- ✓ 3% growth in prescription-based products;
- ✓ 5% growth in contrast agents and other hospital products;
- ✓ 20% growth in toll manufacturing; and
- ✓ OTC and other revenues decreased by 24% (including revenue from distribution licenses).

➤ **Bemiparin**, ROVI's flagship product internally developed, reached sales of €61.7Mn (4% growth vs 9M 2016). Sales grew by 2% in the domestic market and by 8% in the international market.

Gross margin positively impacted by the injectable toll manufacturing business

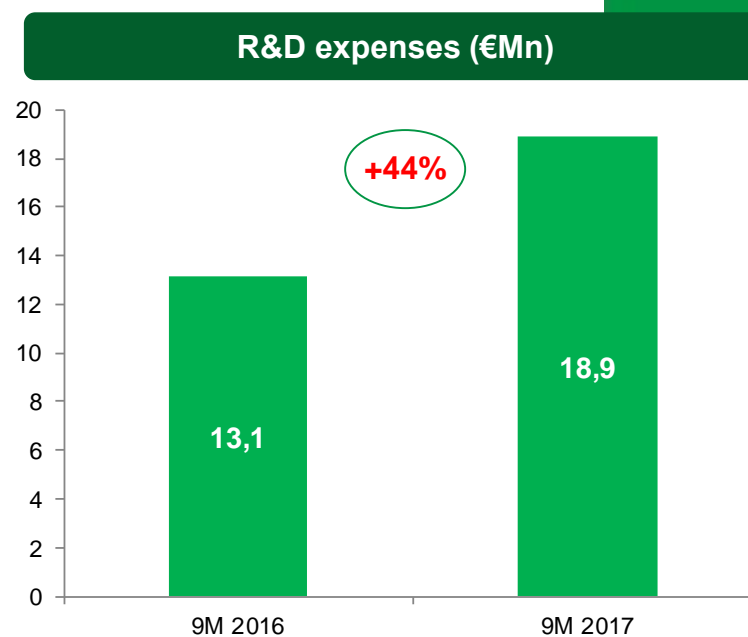
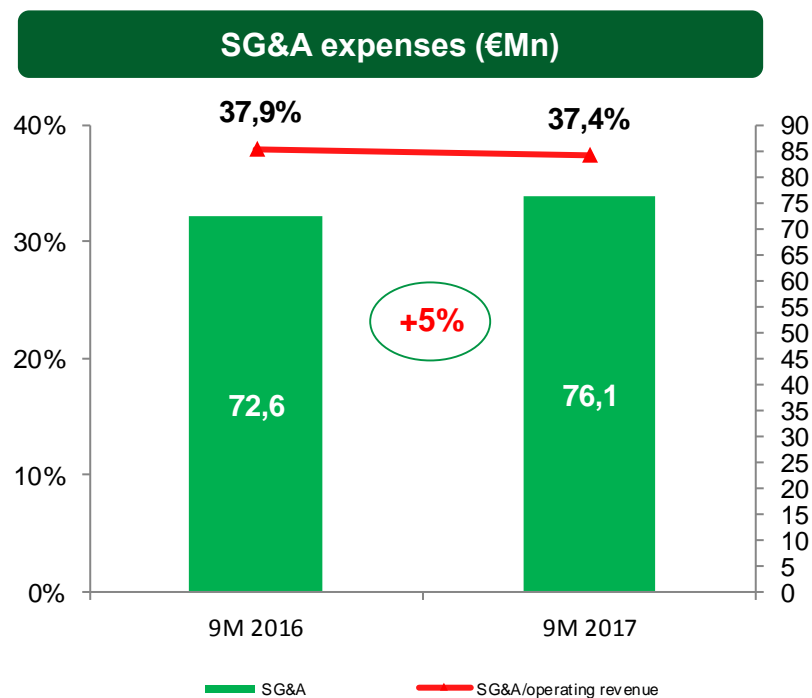


Gross profit (€Mn) & Gross margin (%)



➤ **Gross profit** increased by 8% to €122.3Mn in 9M 2017, reflecting an increase of 1.1 pp in the gross margin to 60.1% in 9M 2017 from 59.0% in 9M 2016, mainly due to the increase of injectable business' sales, which contributed with higher margins.

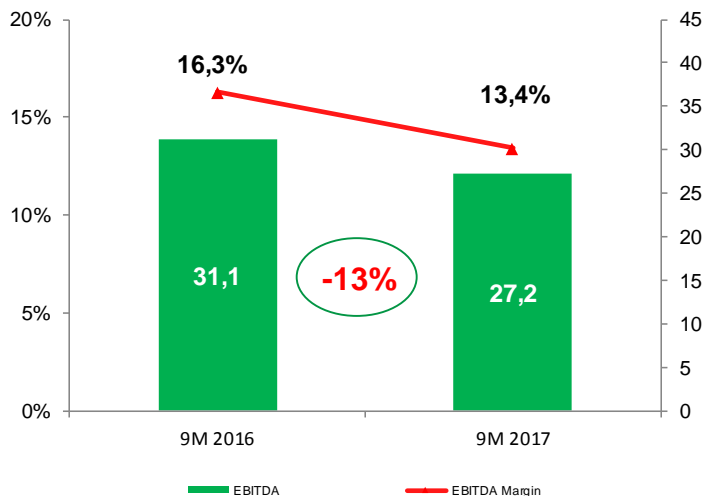
Cost control along with commitment to R&D



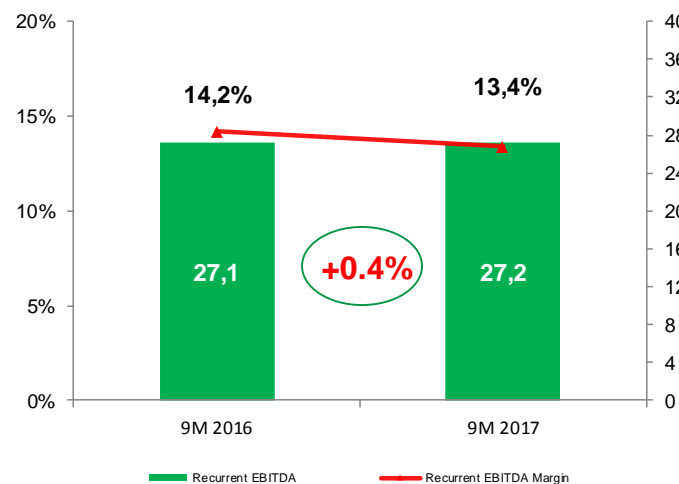
- **SG&A expenses** rose 5% to €76.1Mn in 9M 2017 mainly due to Neparvis[®] and Mysimba[®] product launches which added expenses of 2.6 million euros and international subsidiaries expenses.
- **R&D expenses** increased 44% to €18.9Mn in 9M 2017 mainly due to (i) the preparation and beginning of the 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 (%)

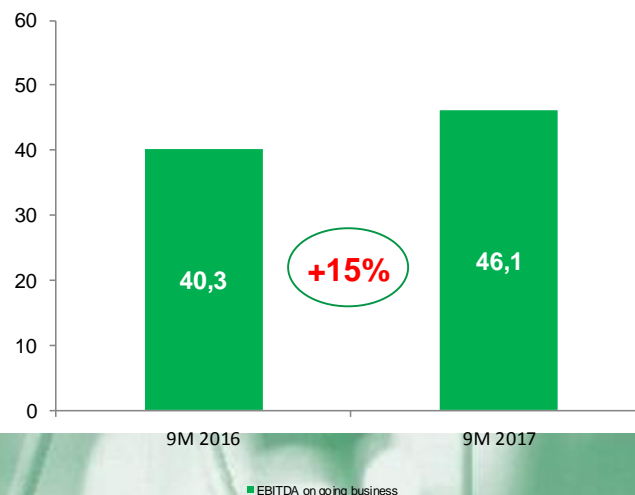


Recurrent EBITDA (€Mn) and recurrent EBITDA margin (%)



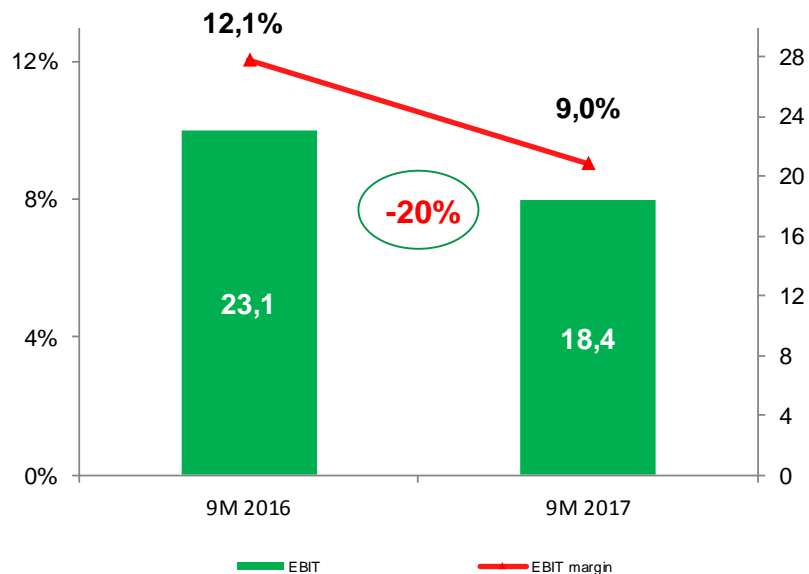
- **EBITDA** decreased by 13% to €27.2Mn in 9M 2017, reflecting a 2.9 pp fall in the EBITDA margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in 9M 2016 as a result of the *joint venture* created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non-recurrent revenue in 9M 2016, **recurrent EBITDA** increased by 0.4% in 9M 2017, reflecting a decrease of 0.8 pp in the EBITDA margin.
- **EBITDA of the “on-going business”** (EBITDA excluding R&D expenses and non-recurrent revenue in 2016) **has increased 15%** in the first nine months of 2017 compared to the same period of 2016.

EBITDA (Mn€) “on going business”

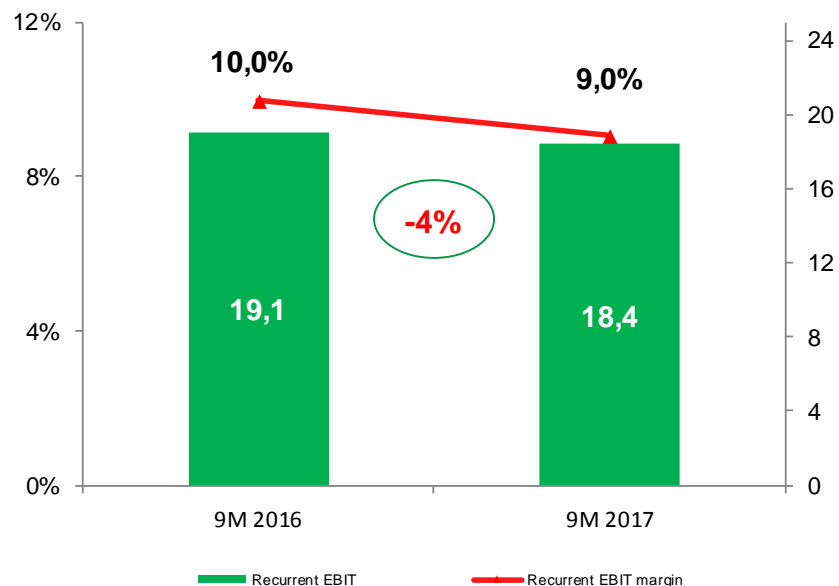


EBIT

EBIT (€Mn) and EBIT margin (%)



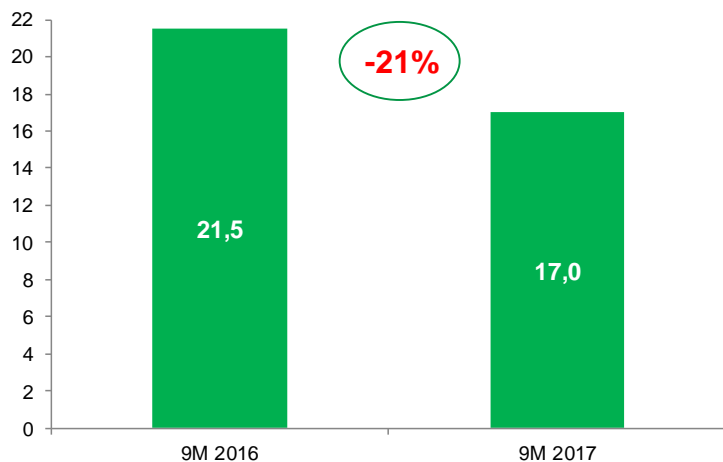
Recurrent EBIT (€Mn) and EBIT margin (%)



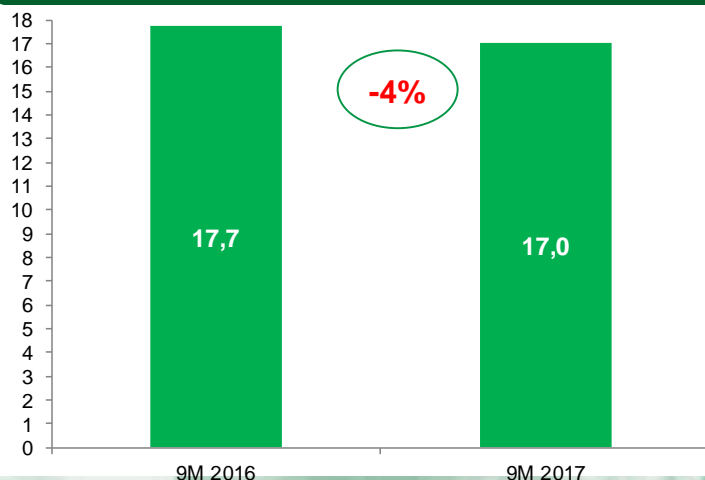
- **Depreciation and amortization expenses** increased by 10% in 9M 2017, up to €8.8Mn, as a result of the new PP&E and intangible assets purchases made over the last twelve months.
- **EBIT** decreased by 20% to €18.4Mn in 9M 2017, reflecting a 3.0 pp fall in the EBIT margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in 9M 2016 as a result of the *joint venture* created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non-recurrent revenue in 9M 2016, **recurrent EBIT** decreased by 4% in 9M 2017, reflecting a decrease of 0.9 pp in the EBIT margin.

Net profit

Net profit (€Mn)



Recurrent net profit (€Mn)



- **Net profit** decreased to €17.0Mn in 9M 2017, a 21% decline compared to 9M 2016. However,
 - ✓ excluding the impact of the non recurrent revenue related to the ROVI and Enervit joint venture creation in 9M 2016, **recurrent net profit** decreased by 4% in 9M 2017.

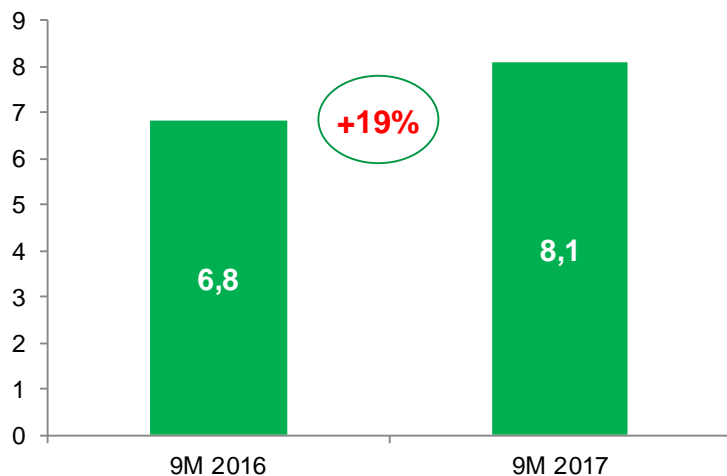
- **Effective tax rate of 2.3%** in 9M 2017 vs 5.6% in 9M 2016. This favorable effective tax rate is due to:
 - ✓ deduction of existing R&D expenses; and
 - ✓ capitalization of existing negative tax bases from Frosst Ibérica.

- For December 2017, a reduction in effective tax rate compared to 2016 year end is expected (6.4%).

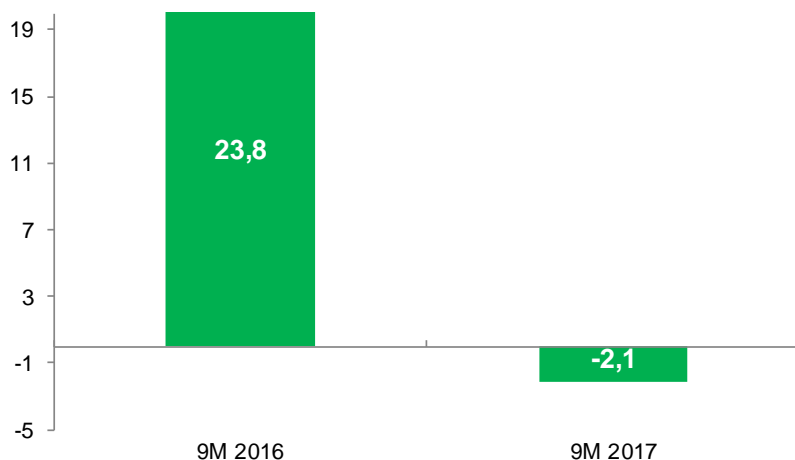
- As of 31 December 2016, Frosst Ibérica **negative tax bases amounted to €36.7Mn**, of which €1.6Mn have been used in the 2016 income tax and €1.0Mn in 9M 2017.

Capital expenditure & Free Cash Flow

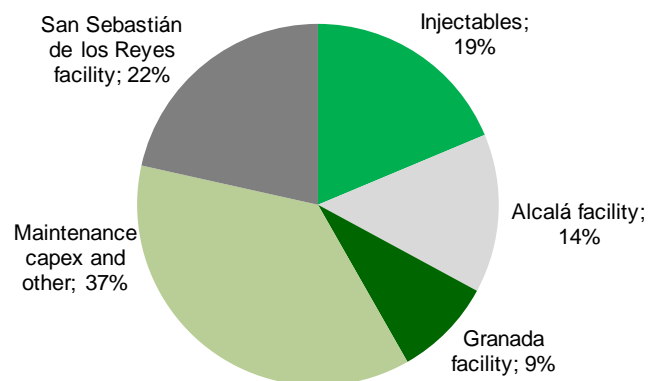
Capex evolution (€Mn)



FCF (€Mn)



Capex breakdown (%)



➤ €8.1Mn of **capex** invested in 9M 2017.

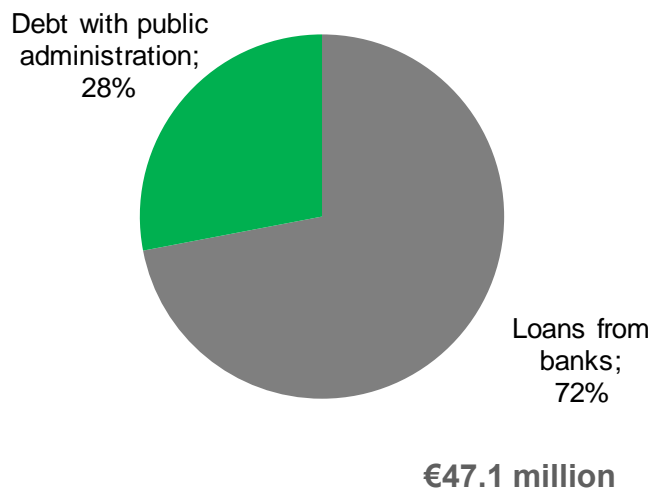
- ✓ €1.5Mn of investment capex related to the injectable plant;
- ✓ €1.9Mn of investment capex related to the Granada and the Alcalá de Henares facilities;
- ✓ €1.7Mn of investment capex related to the San Sebastián de los Reyes facility; and
- ✓ €3.0Mn of maintenance capex and other capex (including capex related to the biosimilar of enoxaparin).

➤ **FCF** decreased to €2.1Mn mainly due to:

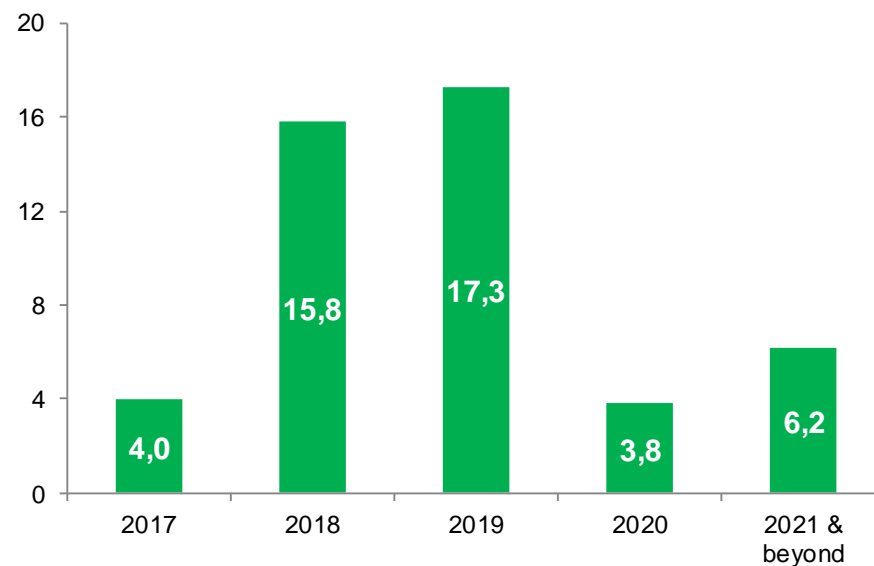
- ✓ €6.4Mn increase in “inventories” in 9M ‘17 vs €1.8Mn increase in 9M ‘16;
- ✓ €19.8Mn decrease in “trade and other payables” in 9M 2017 vs €1.7Mn decrease in 9M 2016;
- ✓ €5.7Mn decrease in “trade and other receivables” in 9M 2017 vs €5.2Mn decrease in 9M 2016;
- ✓ €1.3Mn increase in capex.

Financial debt

Debt breakdown by source (%)



Debt maturities by year (€Mn)



- **Debt with public administration** represented **28%** of total debt, with 0% interest rate.
- **Gross cash position of €45.6Mn** as of 30 September 2017 vs €42.8Mn as of 31 December 2016.
- **Net debt of €1.5Mn** as of 30 September 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 2017/2018

Specialty pharma

- Sales of biosimilar of enoxaparin (sales range of 20 to 30 million euros) in 2018
- Additional new in-licensing products to be launched

Toll manufacturing

- New contracts to be announced

R&D

- Continue the recruiting of DORIA® Phase III
- Start of ISM-Letrozole® Phase I in November 2017
- Granting by the competent local authorities of the marketing authorisation of a biosimilar of enoxaparin in 18 countries of the EU (8 already granted)



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