Rovi

Full year 2011 Financial Results

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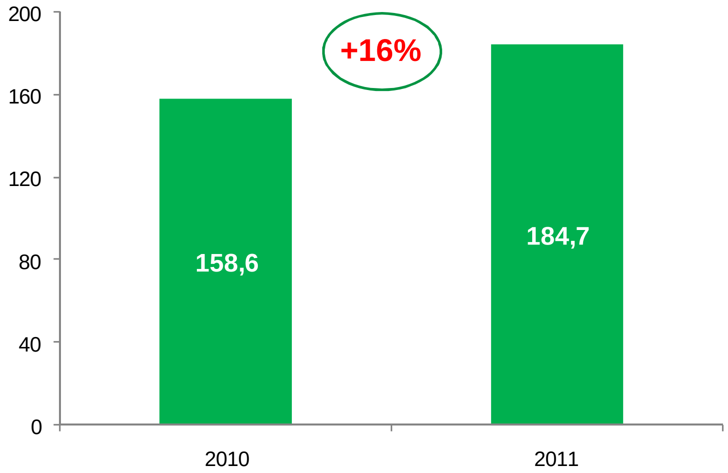
Operating results

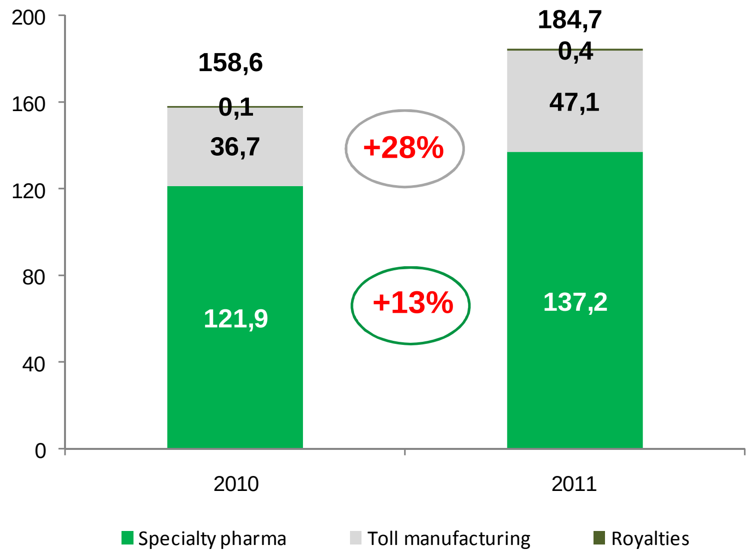
Juan López-Belmonte
Chief Executive Officer

Growth driven by recent launches and toll manufacturing business strength…

Total operating revenues (€m)



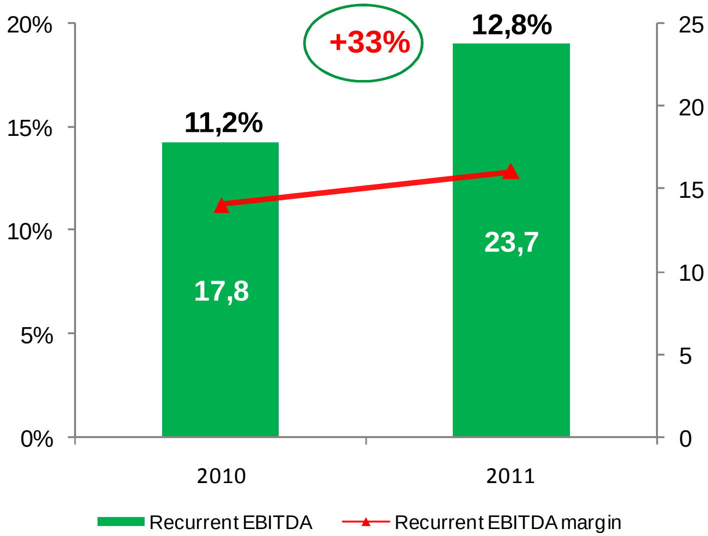
Operating revenues growth by category (€m)



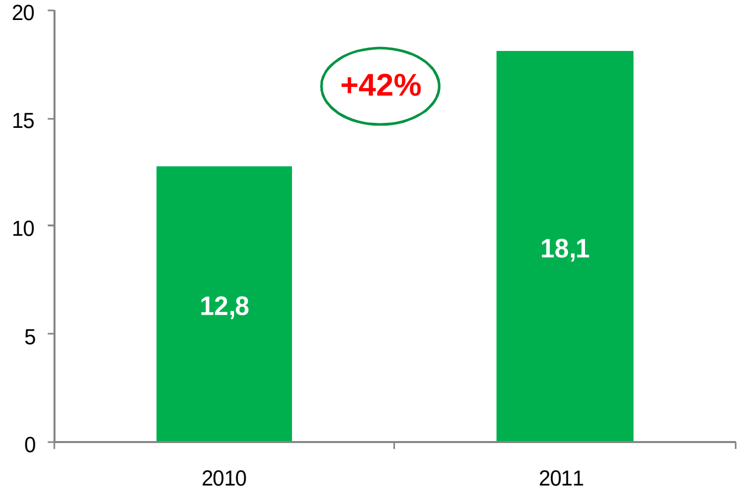
- **Operating revenues** increased by 16% in 2011 driven by the strength of:
  - ✓ The specialty pharmaceutical business, where sales rose 13%;
  - ✓ The toll manufacturing business, where sales increased by 28%.
- Limited impact of the latest austerity measures (August 2011): < €1m in 2012.
- **2011 operating revenues in line with 2011 guidance,** which was upgraded from low double digit to mid teens in November 2011.

…with high profitability

Recurrent EBITDA (€m) and EBITDA margin (%)



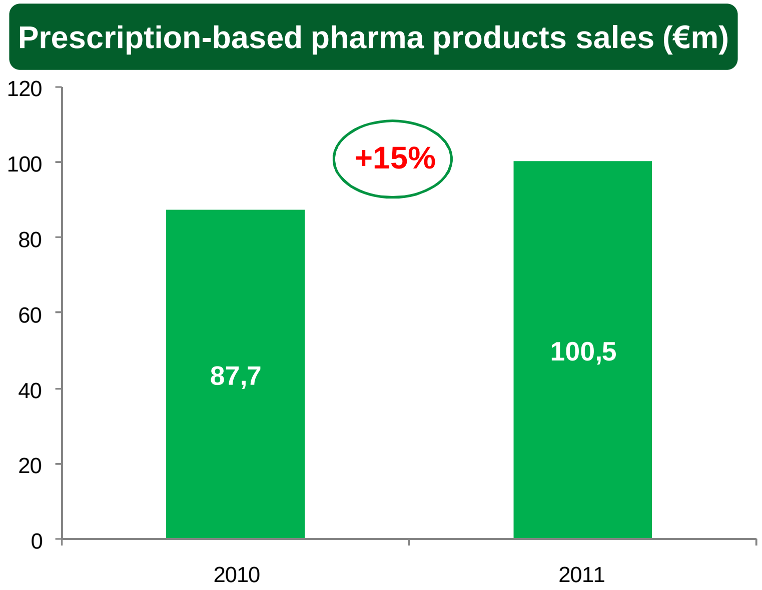
Recurrent net profit (€m)

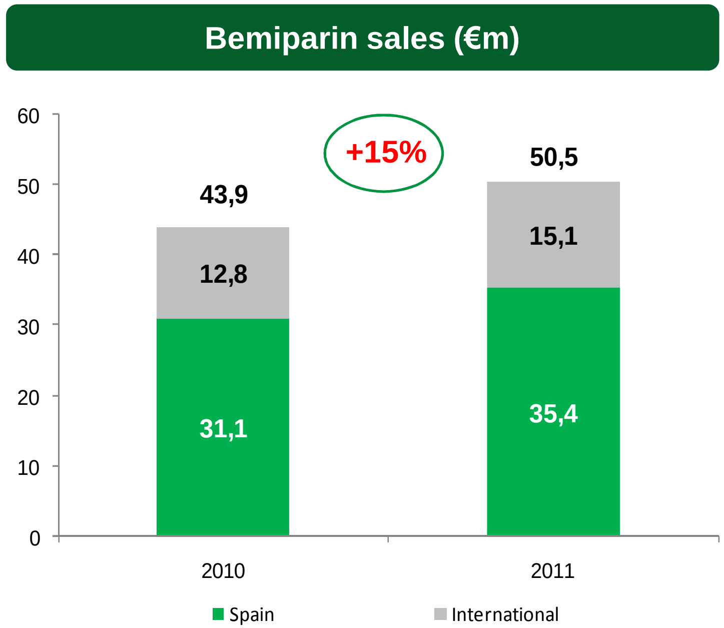


- **Recurrent EBITDA** increased by 33% to €23.7m in 2011, excluding the impact of a one-off profit of €11.8m in Q2 2010 caused by the Frosst Ibérica integration.
  - ✓ This 33% increase includes a profit of €5.6m related to Fitoladius sale to a third part, registered in Q2 2011.
  - ✓ Excluding the impact of the Fitoladius sale, EBITDA increased by 2% in 2011, considering no Fitoladius sales from its sale to a third part in 2011. Considering that ROVI maintained the product in 2011, EBITDA increased by 8% in 2011.
- **Recurrent net profit** increased by 42% to €18.1m in 2011.
  - ✓ Excluding the impact of the Fitoladius sale, recurrent net profit remained stable in 2011, considering no Fitoladius sales from its sale to a third part in 2011. Considering that ROVI maintained the product in 2011, recurrent net profit increased by 8% in 2011.

Note: Recurrent EBITDA and net profit exclude the one-off profit of 11.8 million euros, registered in the first half of 2010.

Bemiparin, leading the growth

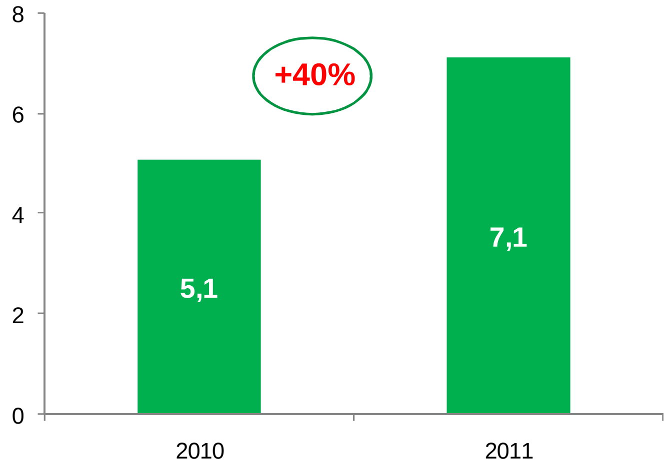




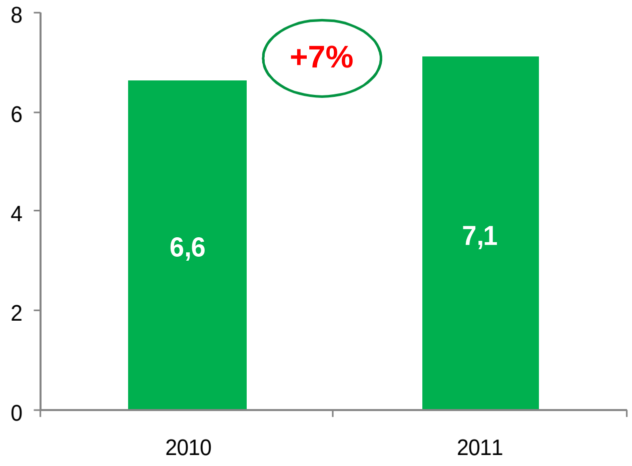
- **Sales of prescription-based pharmaceutical products** increased by 15% in 2011.
  - ✓ Excluding the impact of the new measures to reduce pharmaceutical expenditure, sales of prescription-based pharmaceutical products increased by around 4 additional percentage points.
- **Bemiparin sales** increased by 15% in 2011.
  - ✓ Sales in Spain rose 14%.
  - ✓ International sales rose by 18% due to the increased presence in countries where it was already present and by the launch of the product in 4 new countries: Bolivia, Byelorussia, Russia and Bahrain.

Good performance of the product portfolio

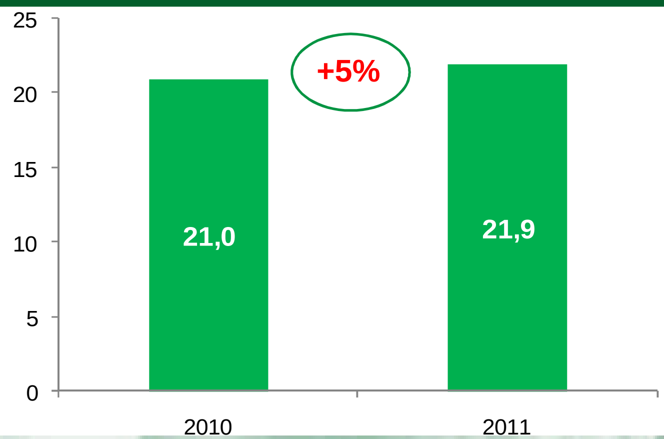
Corlentor sales (€m)



Osseor sales (€m)



Contrast imaging agents (€m)

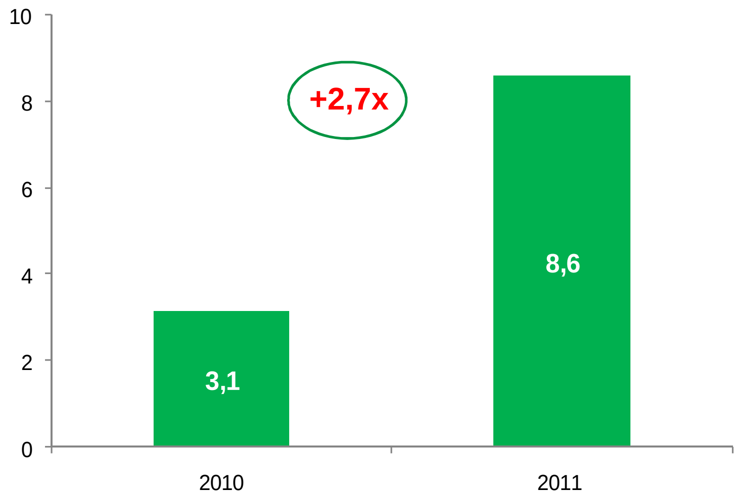


- In February 2012, **Corlentor** has been approved by the European Commission for the treatment of patients with chronic heart failure[1].
- Sales of **Exxiv**, a selective COX-2 inhibitor from MSD, decreased by 3% to €8.0m mainly due to a slight deceleration of the COX-2 market.

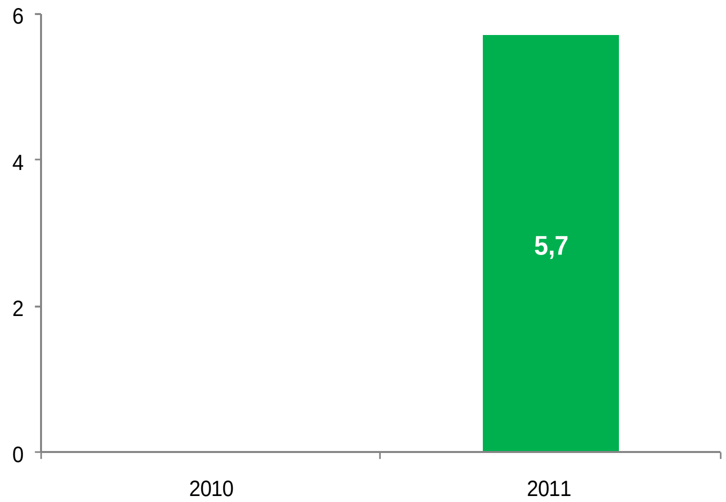
Note: Corlentor is a specialty product for stable angina and chronic heart failure[1] from Laboratoires Servier.
Osseor is a specialty product for the treatment of postmenopausal osteoporosis from Laboratoires Servier.
1. EMA announcement

Recent launches sales

Thymanax sales (€m)



Absorcol and Vytorin sales (€m)

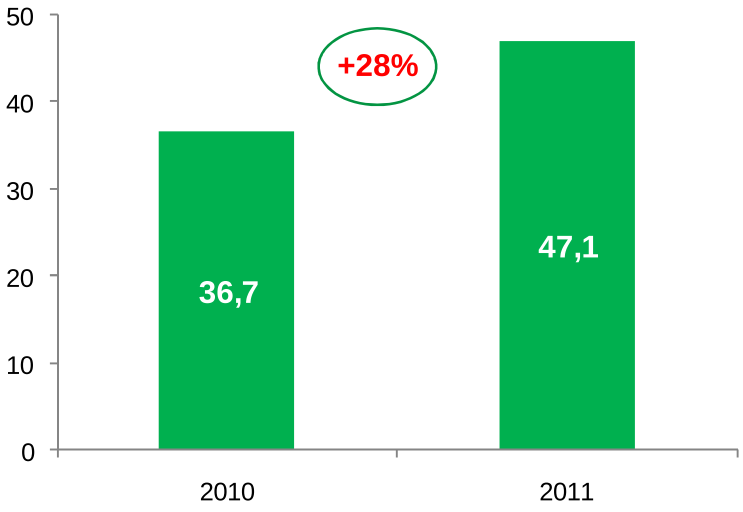


- Sales of **Thymanax,** an innovative antidepressant from Servier, launched in March 2010, increased by 2,7x to €8.6m in 2011.
- Sales of **Absorcol and Vytorin**, the first of the five licenses of MSD launched in January 2011, reached €5.7m in 2011.

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 28% in 2011 as a result of the implementation of the MSD manufacturing and packaging agreement, which was effective on 31 March 2010.
  - ✓ Revenues from the MSD agreement amounted to €32.2m in 2011.
- **40% 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: Pre-Clínical	I	II	III	Expected milestones
ISM	Risperidone, monthly	Schizophrenia					• Disclosed Ph I results Phase 2 start in 2H 2012
ISM	Olanzapine, monthly	Schizophrenia					• Phase 1 start 2H 2013
ISM	Paliperidone, monthly	Schizophrenia					• Phase 1 start 1H 2013
ISM	Letrozole, quarterly	Brest Cancer					• Phase 1 start 1H 2013
Glycomics	Bemiparin (LMWH)	Small Cell Lung Cancer (*)					• Phase 2 finalised. Disclosed Ph II results

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

Guidance 2012

Operating revenues 2011	Operating revenues 2012
€184.7m	high single digit – low double digit

Our main strategic pillars to lead growth

Specialty pharma

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

Toll manufacturing

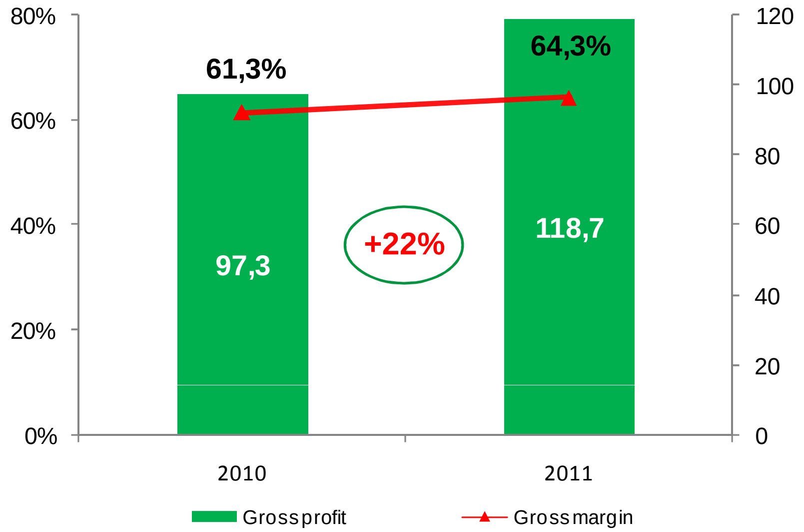
- 50% of spare capacity in the injectable plant
- 40% of spare capacity in the oral compounds plant
- New customers to be acquired in both plants

Financial results

Javier López-Belmonte
Chief Financial Officer

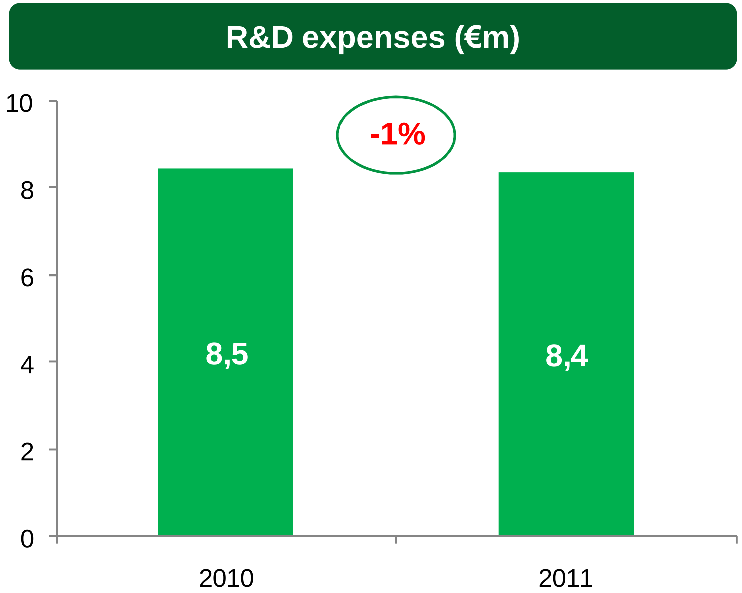
Gross margin positively impacted by the Fitoladius sale and other income

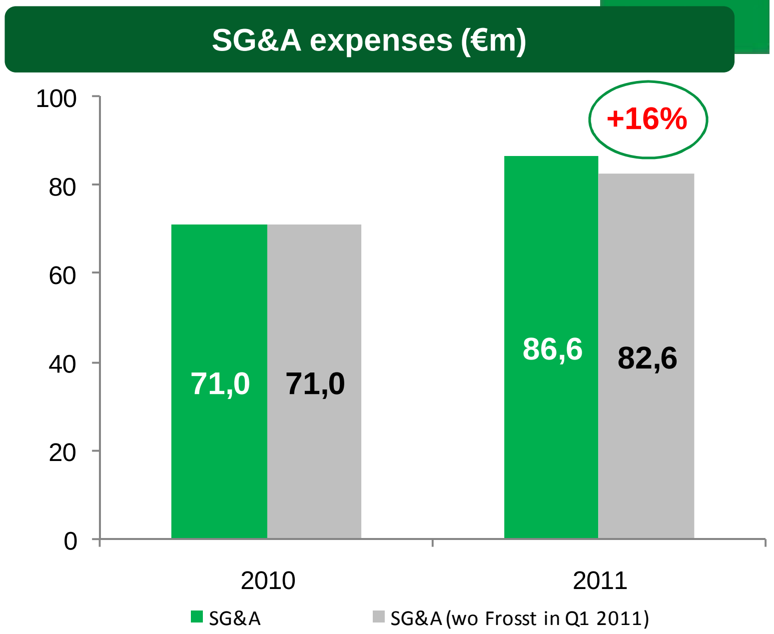
Gross profit (€m) & Gross margin (%)



- **2011 gross margin** impacted by:
  - ✓ Fitoladius product sale to a third part.
    - Excluding Fitoladius sale impact, gross margin increased to 63.2% in 2011 from 61.3% in 2010.
  - ✓ Other income (subsidies)
    - Excluding the impact of other income, gross margin increased to 61.2% in 2011 from 60.4% in 2010, mainly due to the contribution of the Frosst Iberica plant for 12 months in 2011 vs 9 months in 2010.
  - ✓ In 2011, 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.

Investment effort in human capital to generate growth

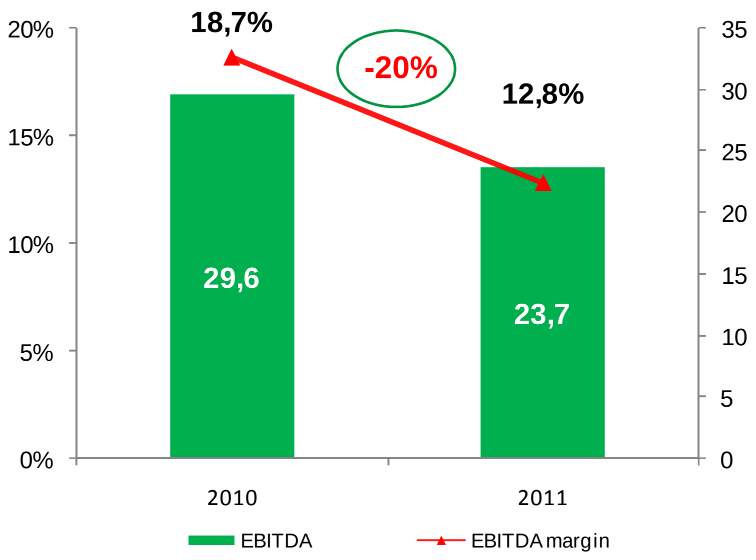




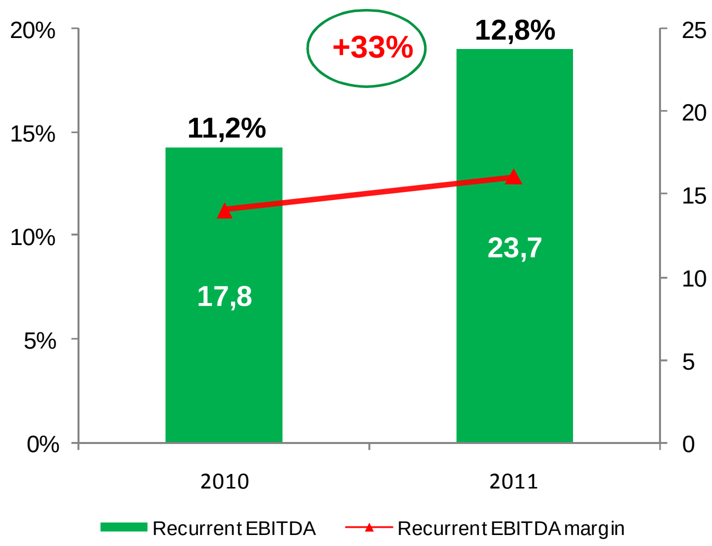
- **R&D expenses** decreased by 1% reflecting ROVI investments in products that are under development.
- **SG&A expenses** increased by 22% in 2011 as a result of:
  - ✓ MSD agreement implementation, which was effective on 31 March 2010; and
  - ✓ Launch of Vytorin and Absorcol.
- SG&A expenses increased by 16% in 2011, excluding the impact of the MSD toll manufacturing agreement in Q1 2011.
  - ✓ This 16% SG&A increase reflected ROVI investment effort in human capital to address primary care, main target of Vytorin and Absorcol products.

EBITDA

EBITDA (€m) and EBITDA margin (%)



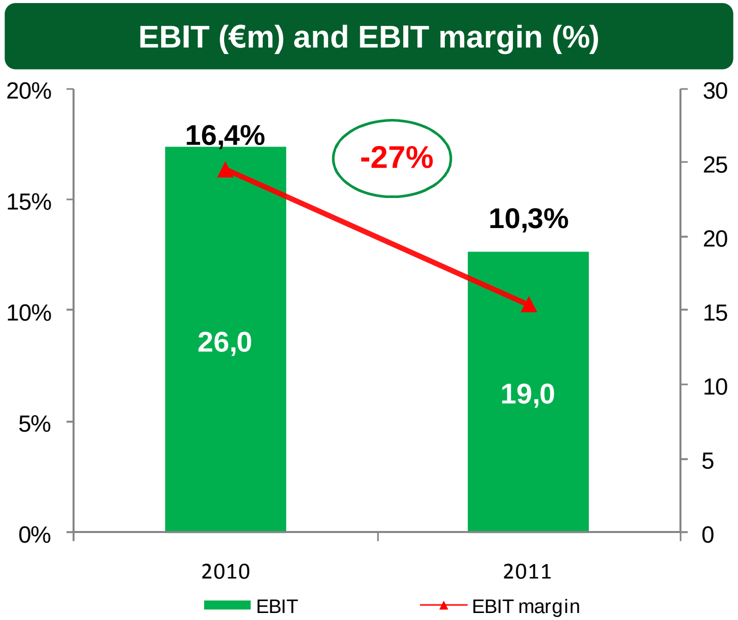
Recurrent EBITDA (€m) and EBITDA margin (%)

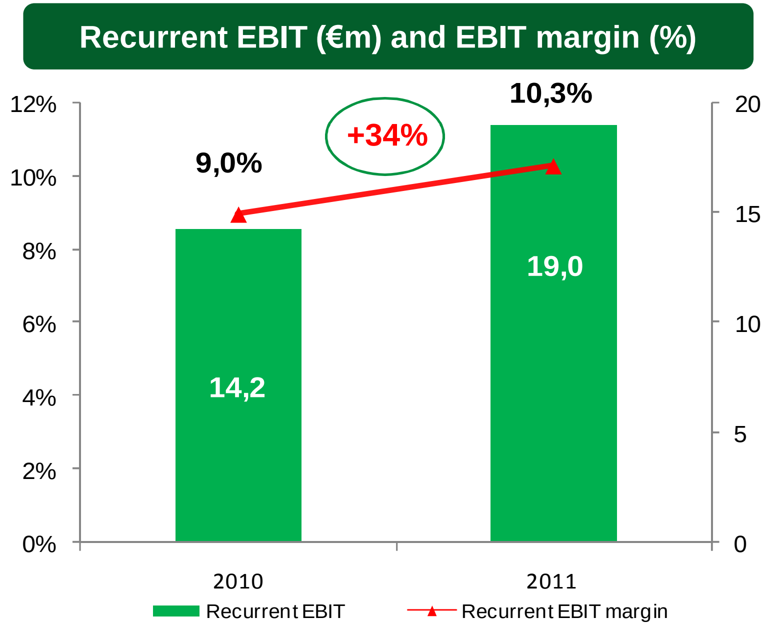


- **EBITDA** impacted by a one-off profit of €11.8m in Q2 2010 caused by the Frosst Ibérica integration.
- Excluding one-off profit in 2010, EBITDA increased by 33% in 2011 vs 2010.
- This 33% increase includes a profit of €5.6m related to Fitoladius sale, registered in Q2 2011.
- Excluding the impact of the Fitoladius sale, EBITDA increased by 2% in 2011, considering no Fitoladius sales from its sale to a third part in 2011. Considering that ROVI maintained the product in 2011, EBITDA increased by 8% in 2011.
- Excluding the impact of the Fitoladius sale and the impact of the austerity measures, EBITDA increased by 22% in 2011 vs 2010.

Note: Recurrent EBITDA excludes the one-off profit of 11.8 million euros, registered in the first half of 2010.

EBIT

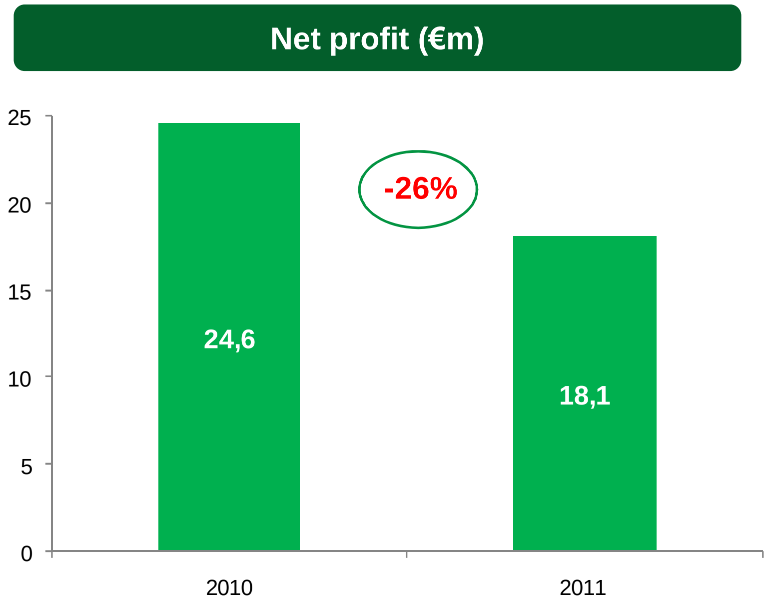


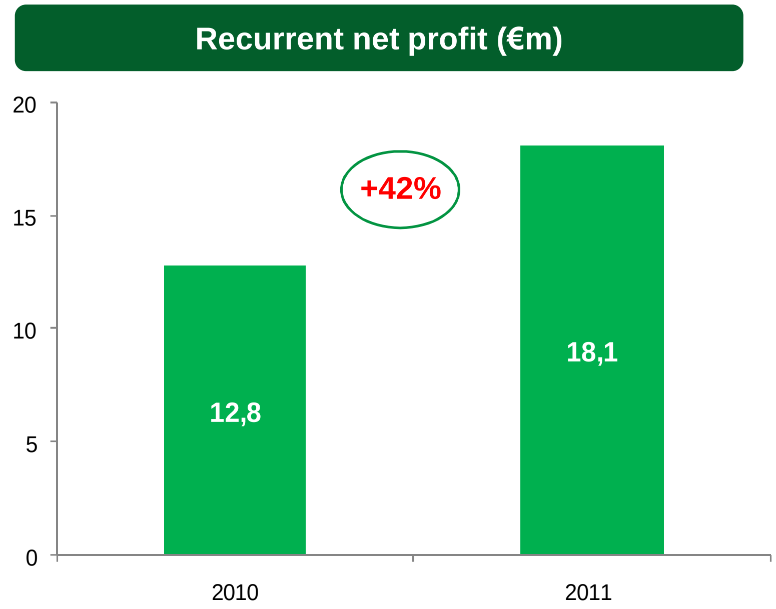


- **Depreciation and amortisation expenses** increased by 31% in 2011 as a result of the MSD agreement implementation and the new PP&E and intangible assets purchases made during 2011.
- **EBIT** impacted by the same factors as EBITDA.

Note: Recurrent EBIT excludes the one-off profit of 11.8 million euros, registered in the first half of 2010.

Net profit

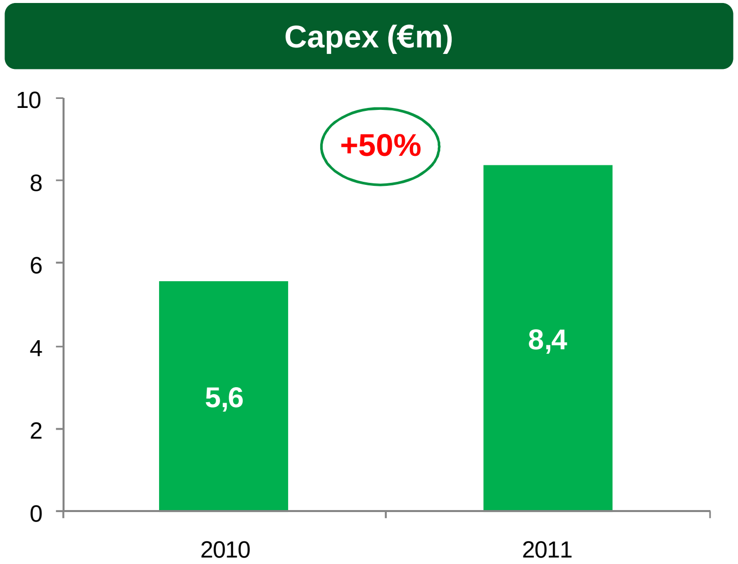


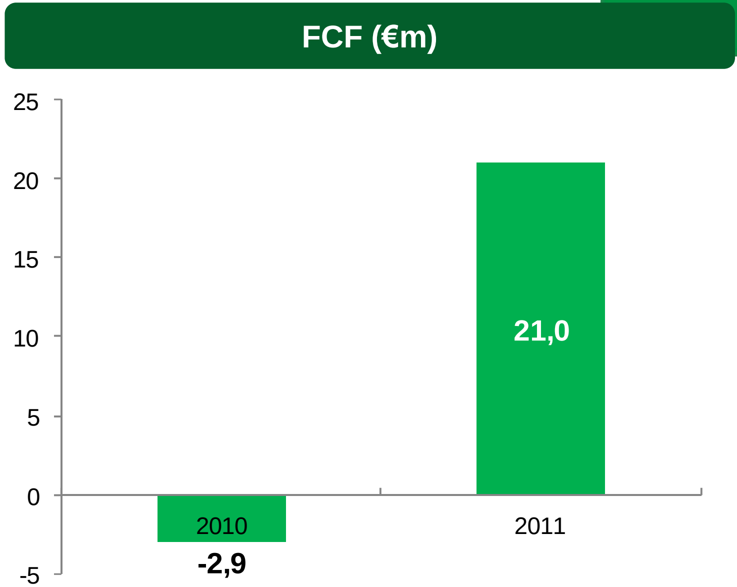


- **Net profit** impacted by the same factors as EBITDA.
- **Effective tax rate** of 4.2% in 2011 vs 5.2% in 2010.
  - ✓ Frosst Ibérica had negative tax bases of €76.5m as of 31December 2010; €6.4m used in 2011.
  - ✓ According to the new law (August 2011), ROVI has to pay taxes on Frosst Ibérica profits as this company can only offset its profits by 50% of the tax bases of the group during the period 2011-2013.
- **2011 recurrent net profit above the single digit growth guidance provided for 2011.**

Note: Recurrent net result excludes the one-off profit of 11.8 million euros, registered in the first half of 2010.

Capital expenditure

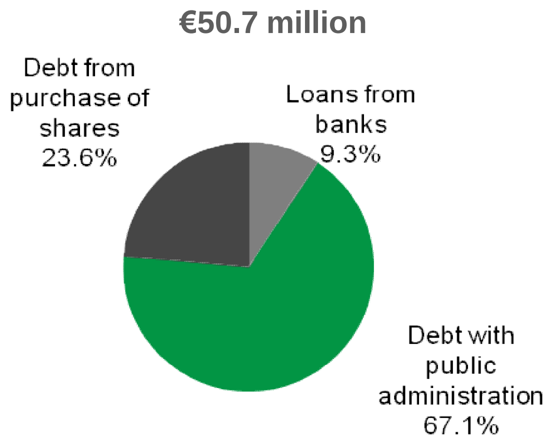




- €8.4m of **capex** invested in 2011.
  - ✓ €2.4m of investment capex related to the Alcalá facility (Frosst Ibérica) vs €1.1m in 2010.
  - ✓ €1.3m of investment capex related to the injectables facility.
  - ✓ €4.7m of maintenance capex vs €4.5m in 2010.
- **FCF** amounted to €21.0m in 2011 mainly due to the contracting of €25m of short term bank deposits in 2010 which were sold in 2011.

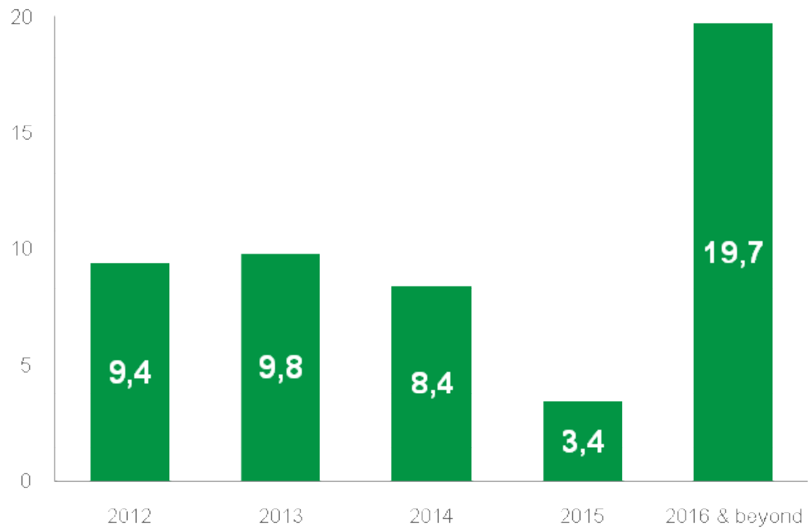
Financial debt

Debt breakdown by source (%)



Note: consolidated accounts under IFRS

Maturities by year (€m)



- 91% of the debt is 0% interest rate debt
- Debt with public administration represented 67% of total debt
- Gross cash position of €61.7m as of 31 December 2011 vs €59.8m as of 31 December 2010
- Net cash position of €11.0m as of 31 December 2011 vs €7.9m as of 31 December 2010
- High level of financial flexibility
- ROVI will propose to the Shareholders General Meeting a dividend of €0.1269 per share on 2011 earnings

Newsflow 2012

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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