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# European portfolio and sales network acquisition from Shire plc.

*Oct. 8th 2007*

## Deal Announcement

# Introduction

# Background

- Almirall recently completed its IPO and trading commenced on 20 June 2007
- The strategy communicated at the time of IPO was to use the proceeds to fund business growth to
  - ✓ Increase international presence through partnerships and/or acquisitions
  - ✓ Leverage R&D pipeline
- Almirall completed the acquisition of Hermal on August 31st
- Today, Almirall announces the acquisition of a European portfolio of mainly derma products from Shire Pharmaceuticals to further consolidate its derma franchise and enhance Almirall's presence in the UK

# Key Transaction Highlights

- The acquisition comprises the rights for 8 products and 63 sales & marketing staff, mainly in the UK and other key European countries (Germany, France, Italy, Spain and Ireland)
- Cash acquisition of these assets for \$ 213 million (€ 151 million)<sup>1</sup>.
- Transaction financed through bank debt raised
- Significant revenue with sounded profitability envisaged
- Forecast to be EPS accretive in the first twelve months

<sup>1</sup> Considering an exchange rate of 1 US \$ = 0,7089 € (as of 5<sup>th</sup> october de 2007)

# Strategic rationale

- Contributes to reinforce Almirall's European expansion
- Provides critical mass to consolidate a UK affiliate
- Opportunity to build a patented dermatological franchise throughout Europe in line with the Hermal acquisition
- Substitutes part of each toll manufacturing business in Hermal with new owned products (Solaraze™ and Vaniqa®)
- Limited risk as products are already established
- Significant revenue with sounded profitability envisaged
- Forecast to be EPS accretive in the first twelve months

# 1. Shire portfolio

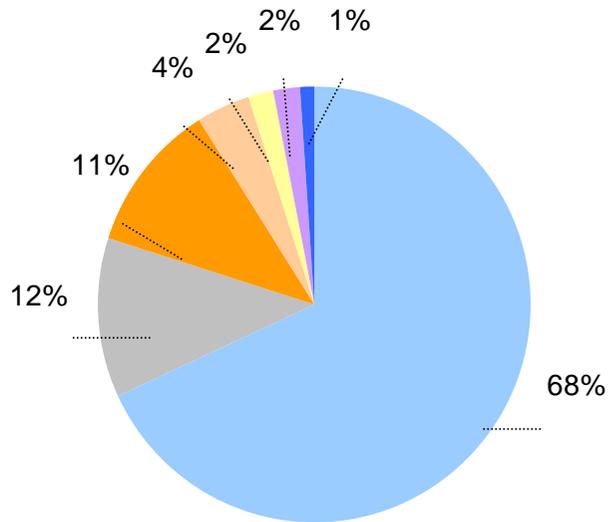
# Business Overview

- 53.8M\$ portfolio (2006) being divested by Shire
- Assets deal – transfer of products and some sales & marketing personnel
- Business concentrated in UK – ~70% of total sales
- Two promoted dermatology products (Solaraze™ and Vaniqa®) with formulation patent protection until 2013
- Six non-promoted products in pain and GI areas, mainly in the UK



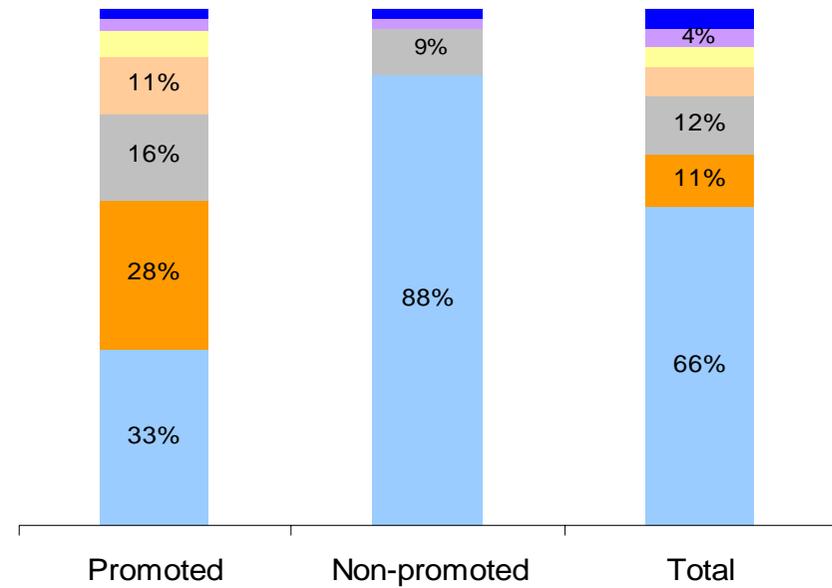
# Portfolio 2006 sales breakdown

Revenue by geography / 53.8M\$



- UK
- France
- Germany
- Italy
- Spain
- Ireland
- Others

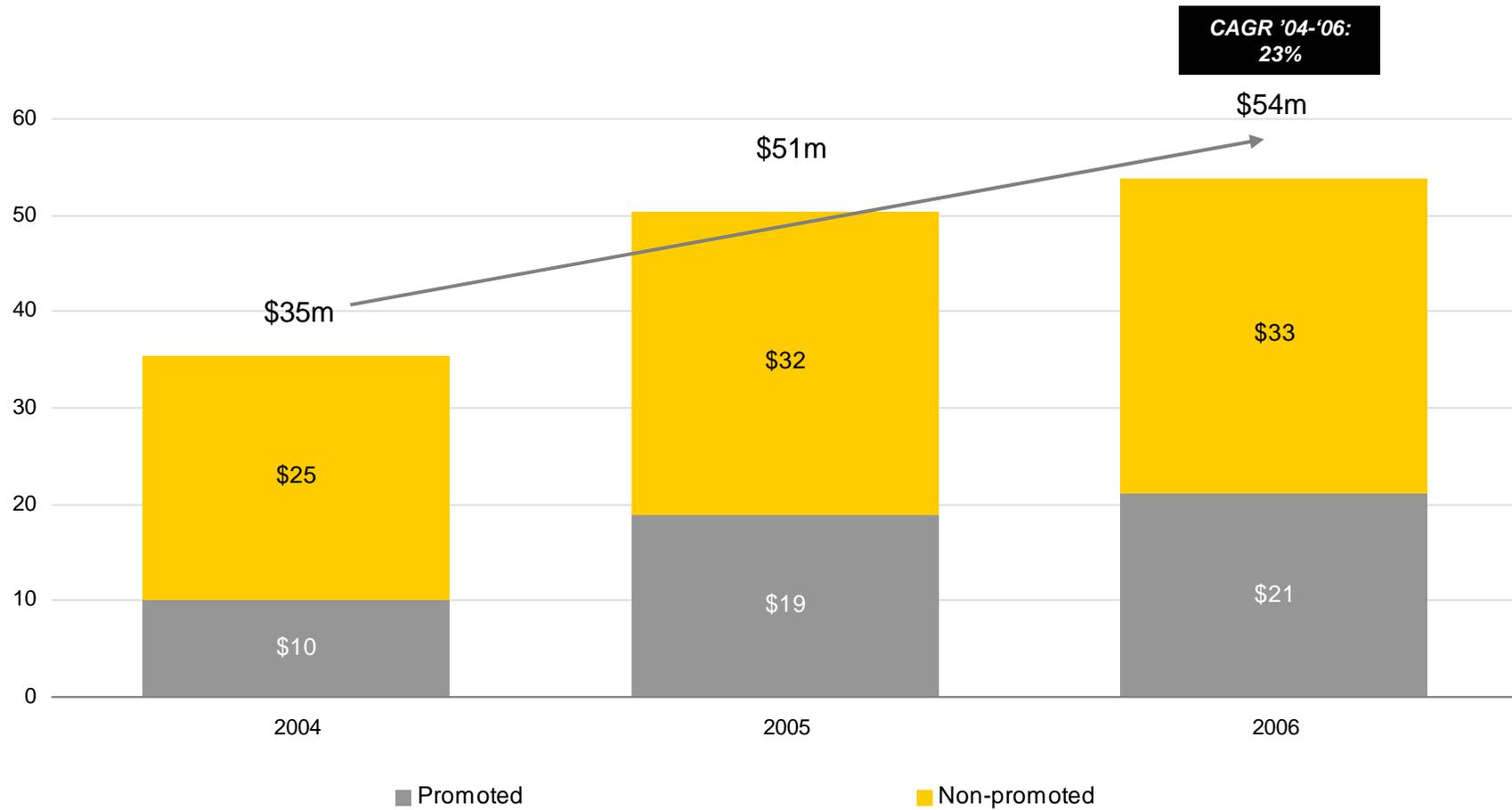
Revenue by product type



- UK
- France
- Germany
- Italy
- Spain
- Ireland
- Others

# Base Case – Key financials

## Shire portfolio revenues (\$m)



# Portfolio highlights

1. Two patented dermatological products plus 6 cash-cows
2. Business very concentrated in the UK (68%)

## Promoted

**SOLARAZE™**  
(3%, gel  
diclofenac sodium  
(3%w/w))



- Treatment of Actinic Keratosis
- Launched in EU 2001
- Patent expires on May 2013
- 13,2 \$M (2006)
- Manufactured by Hermal

**VANIQA®**  
11.5% cream  
(eflornithine)



- Treatment of Facial Hirsutism
- Launched in EU 2004
- Patent expires on Feb 2013
- 7,9 \$M (2006)
- Manufactured by Hermal

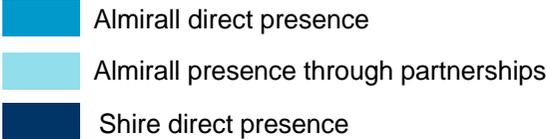
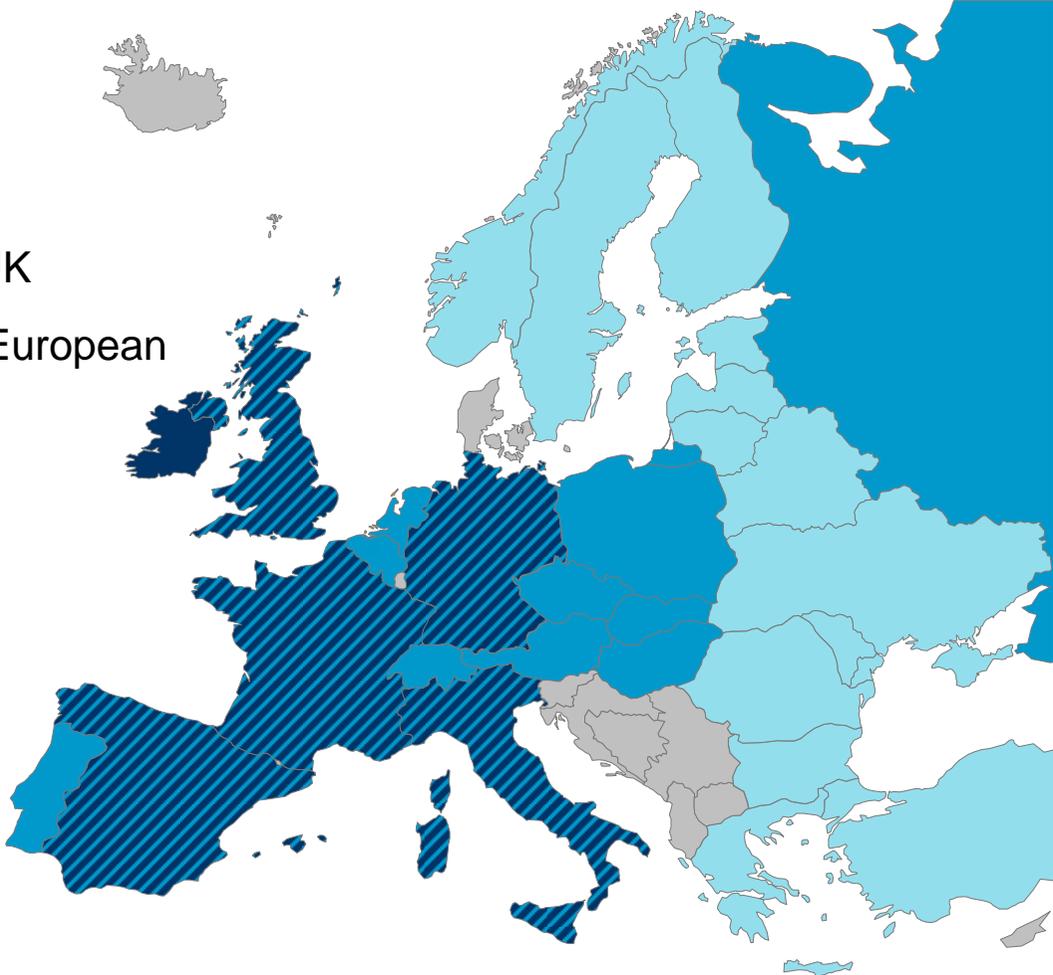
## NON-Promoted

- **LODINE-** Rheumatoid arthritis
- **COLAZIDE-** Ulcerative colitis
- **CEBUTID-** Rheumatoid arthritis
- **MEPTID-** Pain
- **ROBAXIN-** Muscle relaxant
- **MINTEC-** Irritable Bowel S.

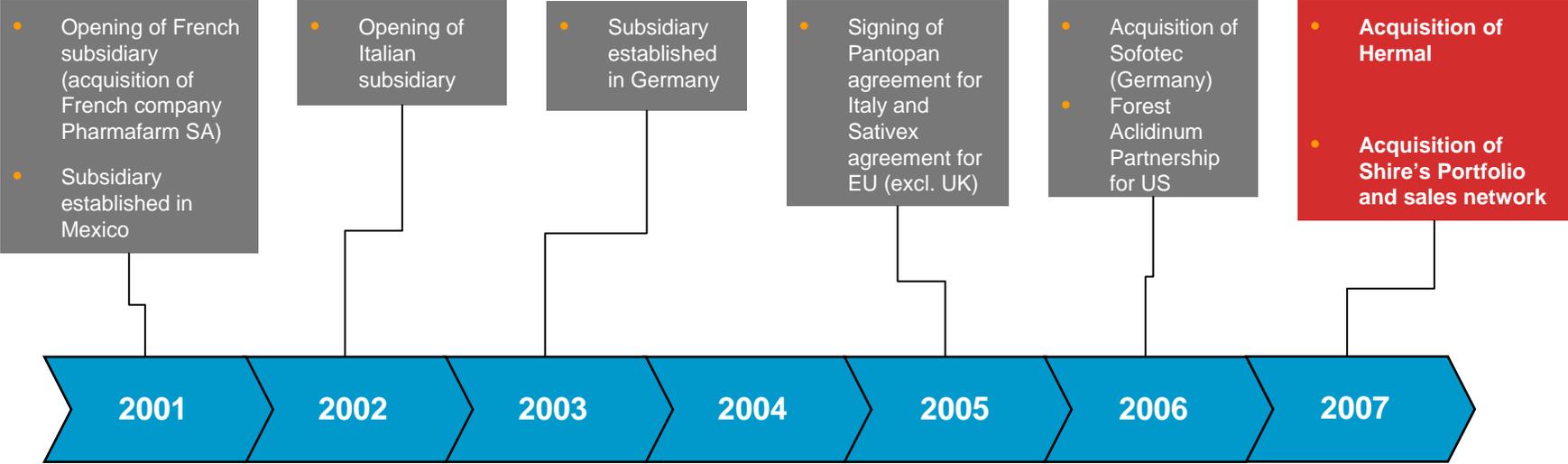
## 2. Geographical expansion

# Strong geographical fit

- Adds critical mass in the UK
- Reinforces Almirall's pan-European positioning



# Almirall continues its international expansion



2000	
% International Sales	18%
# Affiliates	2
International employees	c.100

2006PF (before transaction)	
% International Sales	39% <sup>1</sup>
# Affiliates	14
# of countries Present	+85
International employees	1,367

2006PF (after transaction)	
% International Sales	42%
# Affiliates	14
# of countries Present	+85
International employees	+1.400

Note

1 . International sales include Hermal sales with Contract Manufacturing

## 3. Dermatology

# Attractions of Dermatology Market

- Key strategic market for Almirall
  - ✓ Hermal's acquisition strengthened Almirall's commitment with the derma market
  - ✓ One product for psoriasis in phase II (LAS37779) and several other dermatological programmes in discovery feasibility
- Specialist pharma market implying
  - ✓ Lower cost of detailing due to focus on high prescribing specialists
  - ✓ Less severe competition from "Big Pharma" due to highly diverse product ranges with small volumes per formulation
  - ✓ Branded products market
- The market remains fragmented with the opportunity to gain market share through further consolidation
- Growing market and strong underlying demand
- Attractive margins and relatively stable business due to long product life cycles (re-formulations, line extensions)

## 4. Financial effects

# Transaction Highlights

## Key terms

- Cash acquisition a European portfolio for \$ 213 million (€ 151 million).
- Acquisition financed through external bank facilities
- UK authorities merger clearance required - closing expected within 3 months.

## Financial effects

- Increase of sales with sound profitability ratios
- Leverage post acquisition approx. 2x Net debt / EBITDA (2006) <sup>1</sup>
- Expected to be EPS accretive in the first twelve months

1. August 31st, 2007 pro-forma Net Debt / Almirall Pro-forma EBITDA 2006 (including Hermal)

# Conclusions

# Conclusions

- Further step towards Pan European presence
- Increases weight of International sales in Almirall portfolio consolidating its footprint in the UK market
- Strengthens position in attractive dermatology franchise
- Adds sales and marketing power in the UK
- Tax synergies arising from asset depreciation
- Improved long term earnings prospects and cash-flow profile
- Expected to be EPS accretive in first twelve months





**Almirall**

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