



Rovi

First Quarter 2016 Financial Results

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Operating results



Q1 2016 financial results - Highlights

- **Operating** revenue reached €60.7Mn in Q1 2016, mainly driven by the strength of the prescription-based pharmaceutical business, where sales rose 15%, clearly outperforming the market.
- **The clinical trial of Risperidone ISM® “PRISMA-2” was successfully finished; final positive results were presented on 13th March 2016 at the 24th European Congress of Psychiatry.**
- **For 2016**, ROVI expects operating revenue to **grow from mid-to-high single digit.**
- **Outstanding performance of Bemiparin in Spain:** +4% growth to €13.1Mn.
- **Good performance of Absorcol & Vytorin & Orvatez:** sales increase of 47%.
- **Sales of Hirobriz and Ulunar**, both products for patients with COPD launched in Spain in Q4 2014, increased by 3.0 times to €2.8Mn.
- Sales of **Volutsa**, a product launched in February 2015, increased by 3.9 times to €1.5Mn.
- **EBITDA** increased by 36% to €13.0Mn in Q1 2016, compared to the same period the previous year, reflecting a 5.7 pp rise in the EBITDA margin to 21.5% in Q1 2016 up from 15.8% in Q1 2015, mainly due to the impact of non recurrent revenue of €4.0Mn as a result of the joint venture created by ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **Net profit** increased to €9.4Mn in Q1 2016, a 46% increase compared to Q1 2015.
- ROVI will propose to the AGM a **dividend of €0.1390/share** on 2015 earnings (35% pay out).

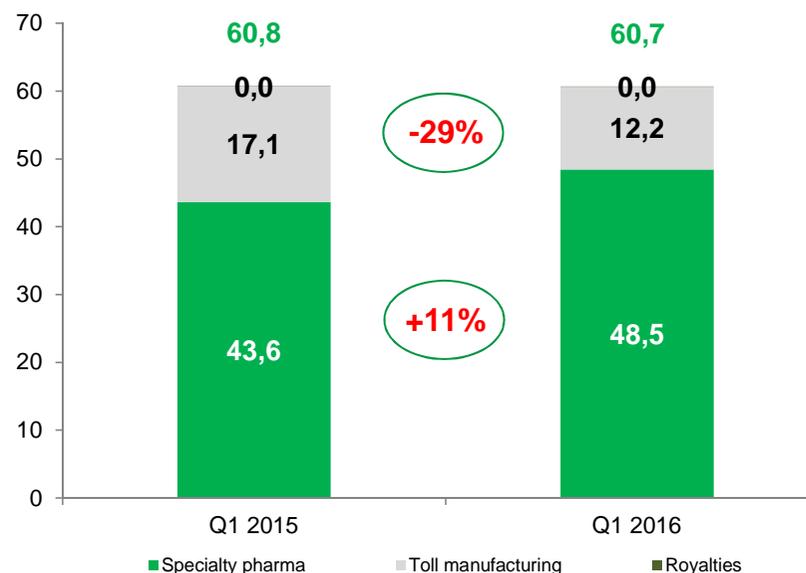
Stability driven by the specialty pharmaceutical business strength...



Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



- **Operating revenue remained stable** at €60.7Mn in Q1 2016 driven by the strength of:
 - ✓ the **specialty pharmaceutical business**, where **sales rose 11%**.
 - ✓ Toll manufacturing sales decreased by 29%.
- ROVI forecasts to grow above the growth estimates of the pharmaceutical expenditure:
 - ✓ slight 0.6% increase expected for 2016, according to Farmaindustria¹; and
 - ✓ stable annual growth between 1.3% and 1.6% for the period 2016-2019 forecast by IMS Health².

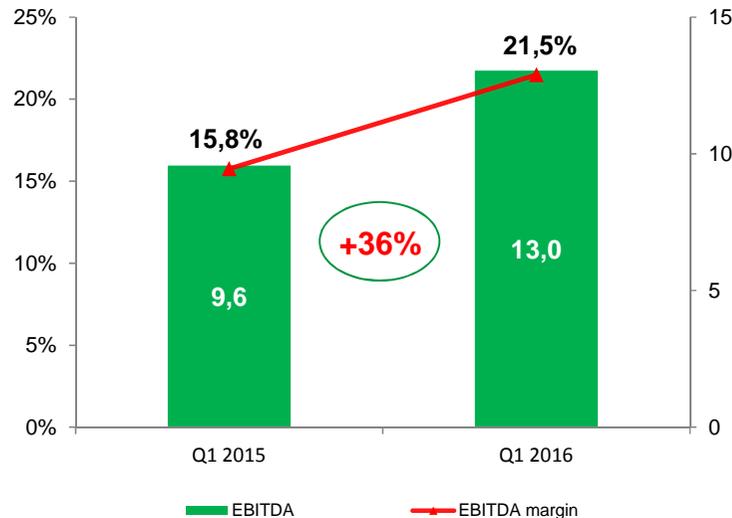
¹<http://www.farmaindustria.es/web/documento/indicadores-basicos-del-sector-la-industria-farmaceutica-espanola-y-su-mercado-en-cifras/>

²IMS Health, Market Prognosis September 2015

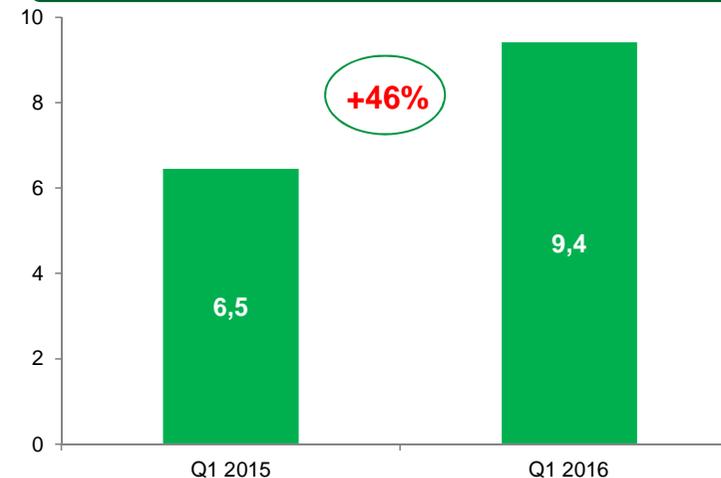


...with high profitability

EBITDA (€Mn) and EBITDA margin (%)



Net profit (€Mn)

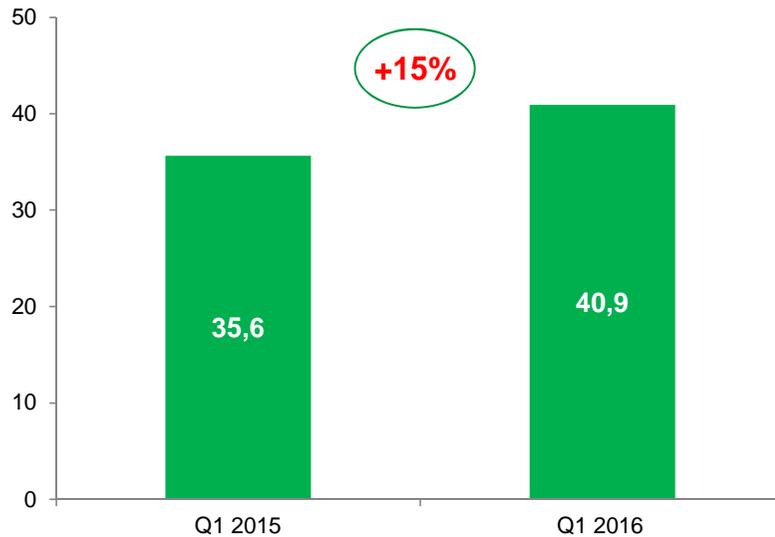


- In Q1 2016, **EBITDA** was impacted by non recurrent revenue of €4.0Mn as a result of the creation of a joint venture between ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **EBITDA** increased by 36% to €13.0Mn in Q1 2016, reflecting a 5.7 pp rise in the EBITDA margin to 21.5% in Q1 2016 up from 15.8% in Q1 2015. However;
 - ✓ excluding the impact of the non recurrent revenue, EBITDA would decrease by 6% to €9.0Mn, reflecting a 0.9 pp fall in the EBITDA margin to 14.9% in Q1 2016 down from 15.8% in Q1 2015 mainly due to R&D expense increase; then
 - ✓ maintaining, in Q1 2016, the same amount of R&D expenses that was registered in Q1 2015, EBITDA would increase by 5% to €10.1Mn, reflecting a 0.8 pp rise in the EBITDA margin to 16.6% in Q1 2016 up from 15.8% in Q1 2015.
- **Net profit** increased to €9.4Mn in Q1 2016, a 46% increase compared to Q1 2015. However;
 - ✓ excluding the impact of the non recurrent revenue, net profit would decrease by 12% to €5.7Mn. Nevertheless,
 - ✓ maintaining, in Q1 '16, the same amount of R&D expenses as in Q1 '15, net profit would increase by 3% to €6.6Mn.

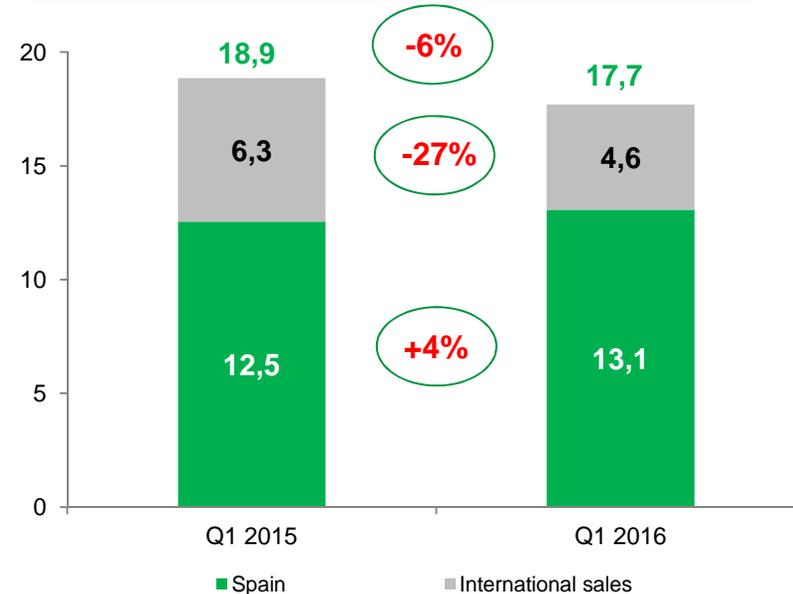
Bemiparin in Spain, leading the specialty pharmaceutical business growth



Prescription-based pharma products sales (€Mn)



Bemiparin sales (€Mn)

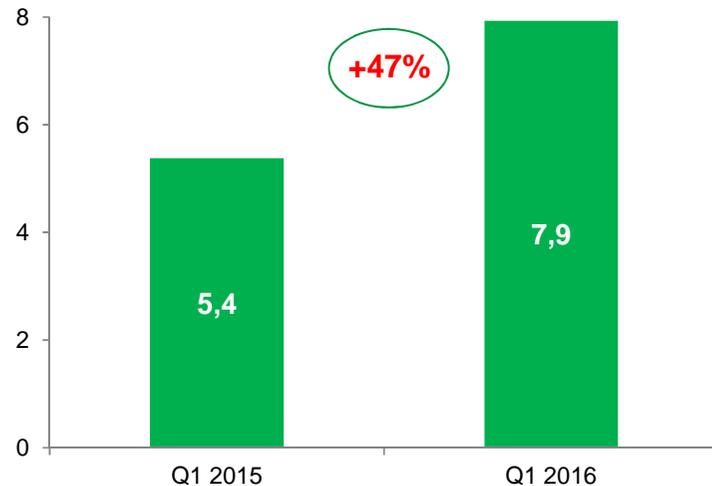


- Sales of **prescription-based pharmaceutical products** increased by **15%** to €40.9Mn in Q1 2016.
- **Bemiparin total sales** decreased by 6% to €17.7Mn in Q1 2016:
 - ✓ **Bemiparin** performed well in **Spain**, with sales up **4%** to €13.1Mn.
 - ✓ **International sales** decreased by 27% to €4.6Mn. This decrease was specifically linked to Q1 2016 and ROVI expects to achieve stable international sales in 2016.

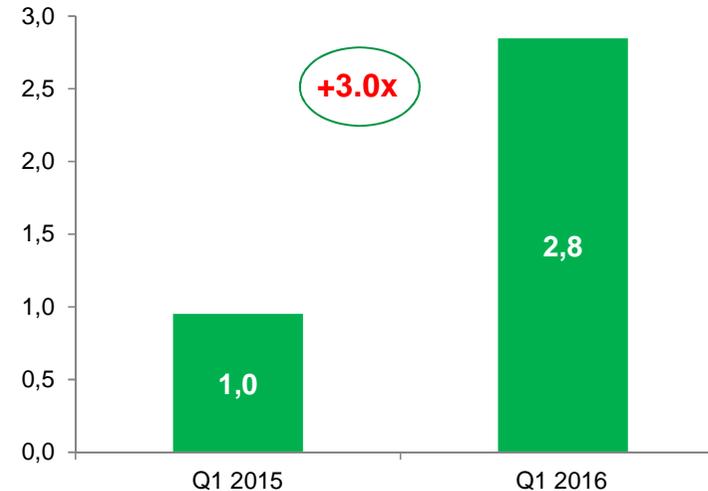


Good performance of the product portfolio (1/2)

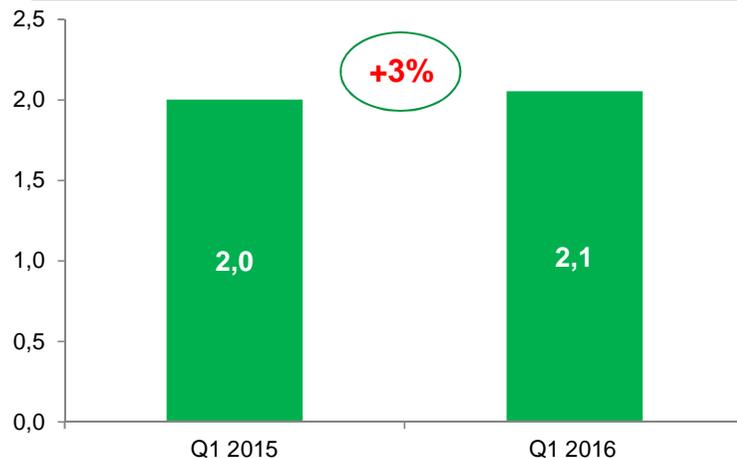
Absorcol, Vytorin and Orvatez sales (€Mn)



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 47%** to €7.9Mn in Q1 2016.
- Sales of **Hirobriz and Ulunar**, both products for patients with COPD, launched in Spain in Q4 2014 **increased by 3.0x** to €2.8Mn in Q1 2016.
- Sales of **Medicebran and Medikinet**, products launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, **increased by 3%** to €2.1Mn in Q1 2016.
- Sales of **Thymanax**, product launched in March 2010, decreased by 27% to €1.4Mn in Q1 2016.

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.

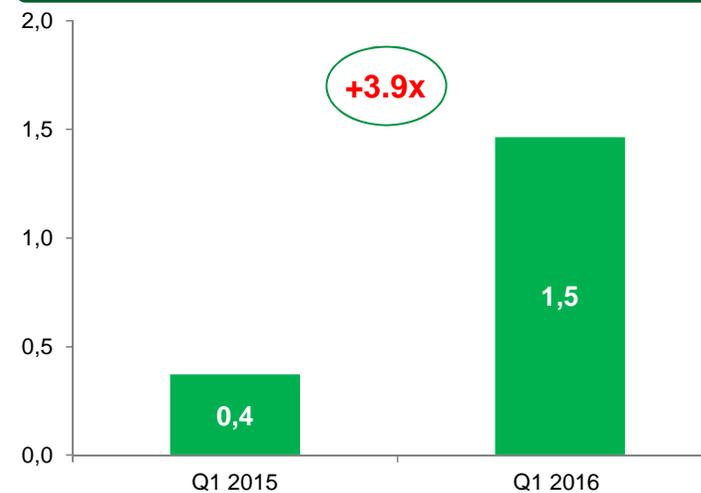


Good performance of the product portfolio (2/2)

Corlantor sales (€Mn)



Volutsa sales (€Mn)



Contrast imaging agents (€Mn)



- Sales of **Corlantor** remained flat at €3.4Mn in Q1 2016.
- Sales of **Volutsa**, launched in Spain in February 2015, **increased by 3.9x** to €1.5Mn in Q1 2016.
- **Exxiv** sales decreased by 11% to €1.4Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products decreased by 1% to €6.4Mn in Q1 2016.

Corlantor is a specialty product for stable angina and chronic heart failure from Laboratoires Servier.

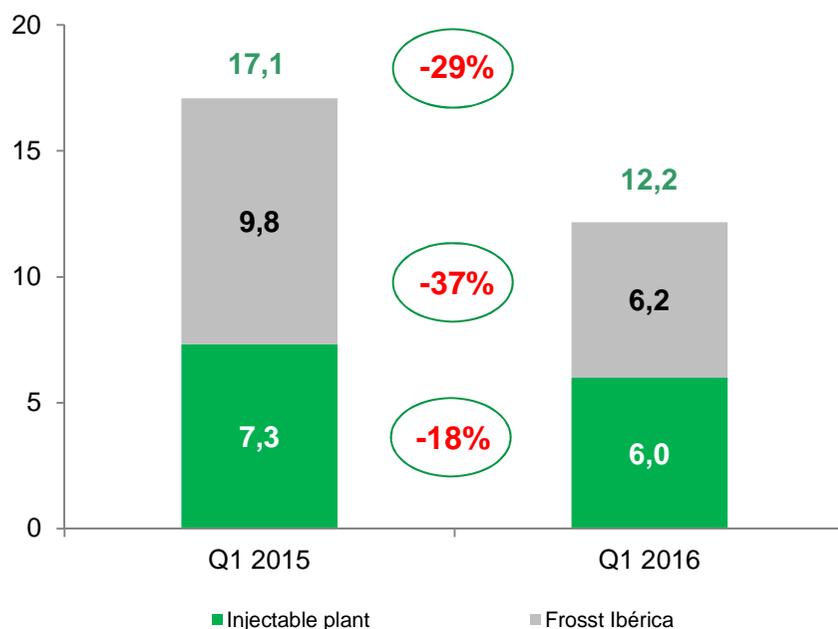
Volutsa is a specialty product from Astellas Pharma indicated for the treatment of moderate to severe storage symptoms and voiding symptoms associated with benign prostatic hyperplasia.

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 29% to €12.2Mn in Q1 2016, compared to the same period the previous year, mainly because of the €3.6Mn revenue decline in the Frosst Ibérica plant to €6.2Mn in Q1 2016, due to lower production levels for MSD as a result of the initial MSD contract expiration on the 31st March 2015.
- In addition, the injectable plant revenue decreased by €1.3Mn. This reduction in the injectable plant was specifically linked to Q1 2016 and ROVI expects injectable business sales to grow 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: Pre-Clinical, I, II, III] | | | | <ul style="list-style-type: none"> Phase II successfully finished. Final positive results 1Q 2016 Phase III starts 2H 2016 |
| | Letrozole, quarterly | Breast Cancer | [Progress bar: Pre-Clinical, I] | | | | <ul style="list-style-type: none"> Phase I starts 2H 2016 |
| Glycomics | Enoxaparin biosimilar | VTD | [Progress bar: Pre-Clinical, I, II, III, IV] | | | | <ul style="list-style-type: none"> Registration process |

ISM: *in situ microparticles*



Guidance 2016

**2016 operating
revenues growth rate**

mid single digit –
high single digit

Our main strategic pillars to lead growth

Specialty pharma

- Bemiparin
- Recent launches such as Orvatez, Volutsa, Ulunar and Hirobriz
- Existing portfolio (Vytorin, Absorcol, Medikinet, Corlontor, contrast imaging agents...)
- 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

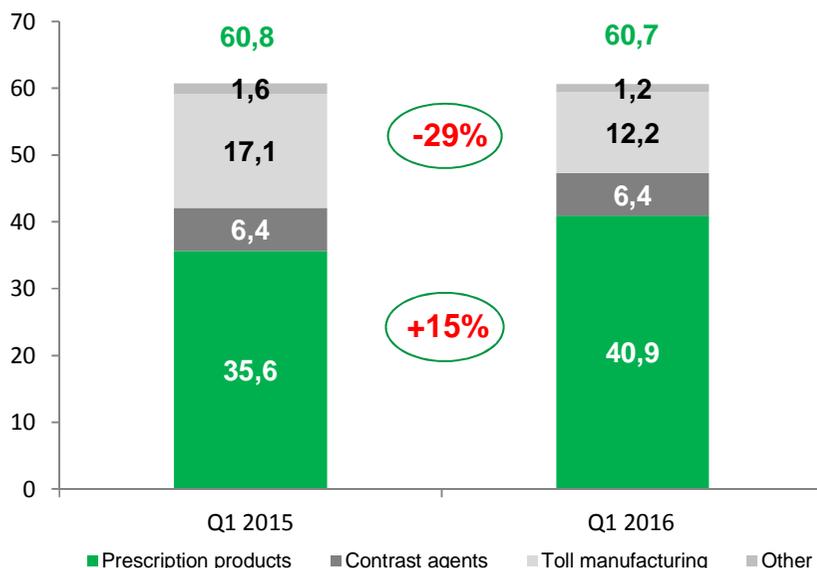


Financial results

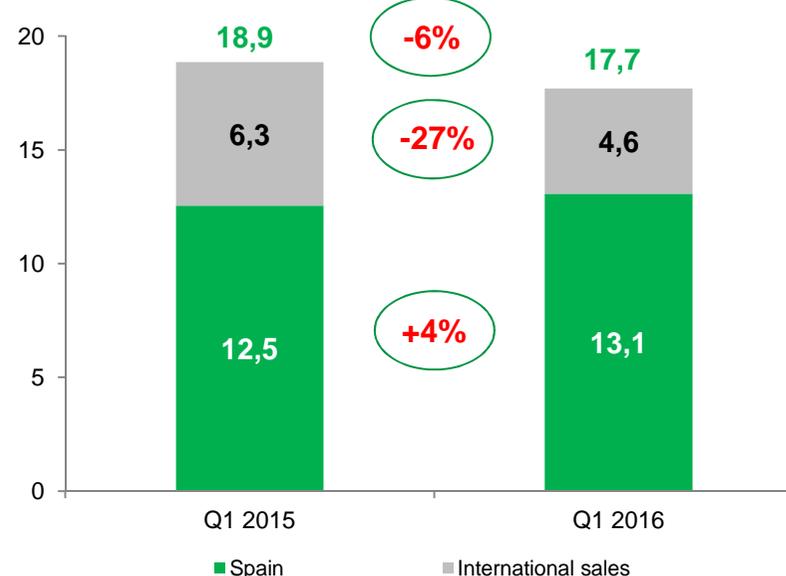
Stable revenue level with good Bemiparin growth in Spain



Total operating revenue (€Mn)



Bemiparin sales (€Mn)



➤ **Operating revenue** remained stable at €60.7Mn, achieved on:

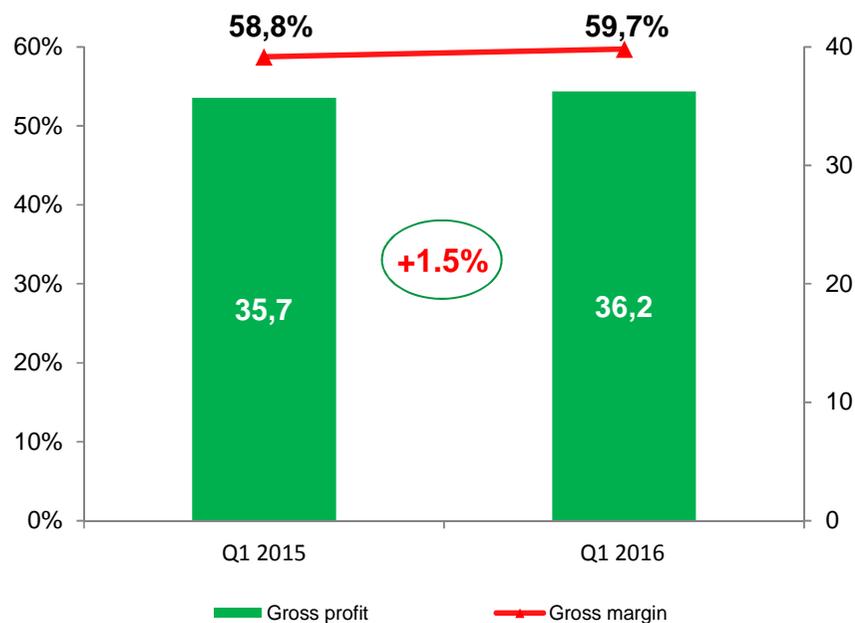
- ✓ 15% growth in prescription-based products;
- ✓ -1% growth in contrast agents and other hospital products;
- ✓ -29% growth in toll manufacturing; and
- ✓ OTC and other revenues decreased by 24% (including revenue from distribution licenses).

➤ **Bemiparin**, ROVI'S flagship product internally developed, reached sales of €17.7Mn (6% fall vs Q1 2015). **Sales grew by 4% in the domestic market.**

Gross margin positively impacted by the Bemiparin raw material cost reduction



Gross profit (€Mn) & Gross margin (%)

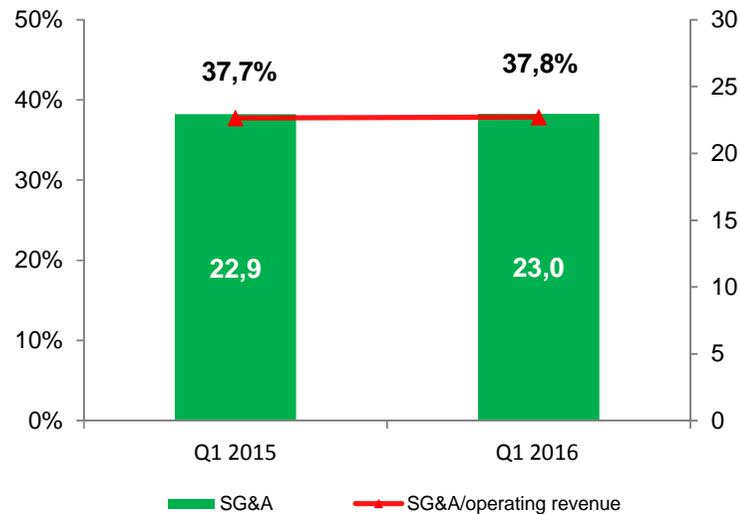


- **Gross profit** increased by 1.5% to €36.2Mn in Q1 2016, reflecting an increase of 1.0 pp in the gross margin to 59.7% in Q1 2016 from 58.8% in Q1 2015.
- However, excluding the impact of the “Other income” (subsidies) item, **gross margin** would increase by 1.2 pp to 59.5% in Q1 2016 from 58.3% in Q1 2015.
- The decrease of the Bemiparin raw material cost impacted positively in Q1 2016 gross margin.

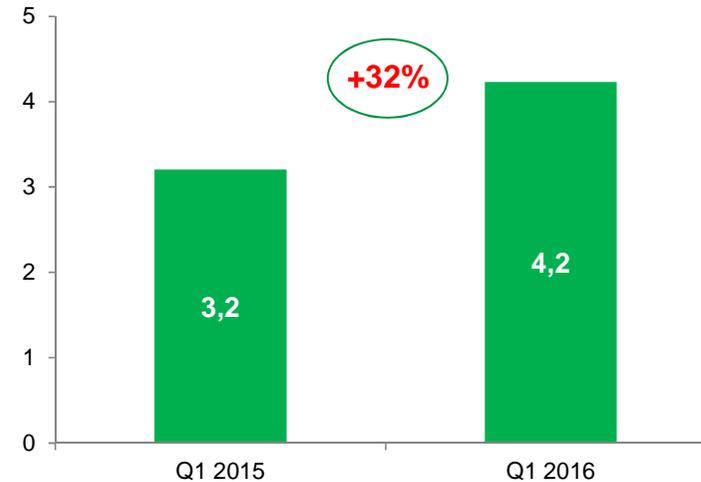


Cost control along with commitment to R&D

SG&A expenses (€Mn)



R&D expenses (€Mn)

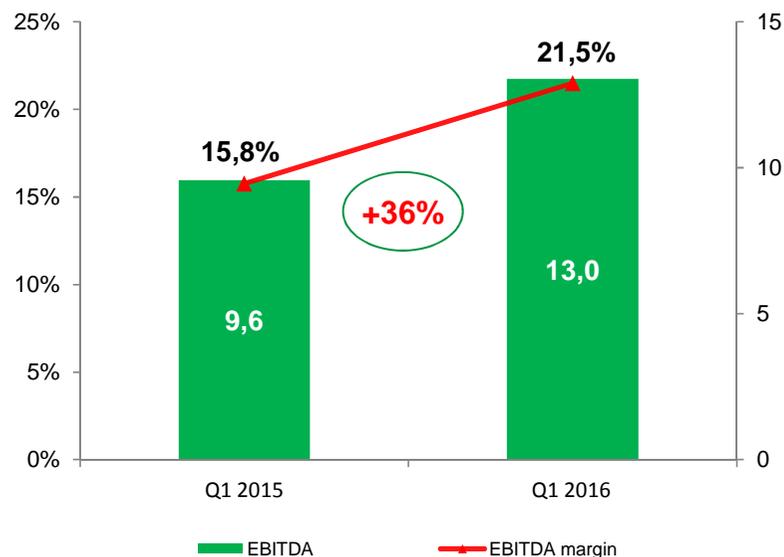


- **SG&A expenses** remained flat at €23.0Mn in Q1 2016 mainly due to lower production levels in the injectable and Frosst Ibérica plants.
- **R&D expenses** increased by 32% to €4.2Mn mainly due to:
 - ✓ the end of the PRISMA-2 study;
 - ✓ the preparation of the Risperidone-ISM[®] phase III trial; and
 - ✓ the performing of development activities of the formulation for the Risperidone-ISM phase III trial and the Letrozole-ISM phase I trial.

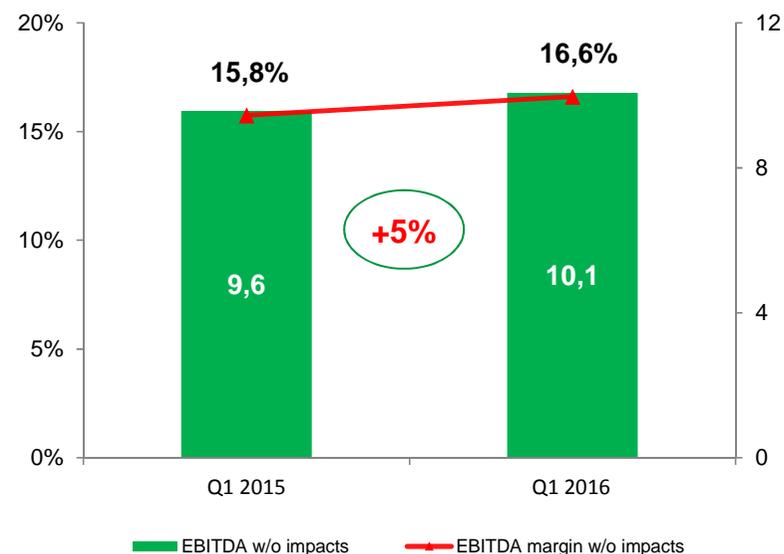


EBITDA

EBITDA (€Mn) and EBITDA margin (%)



EBITDA (€Mn) and EBITDA margin (%) w/o impacts

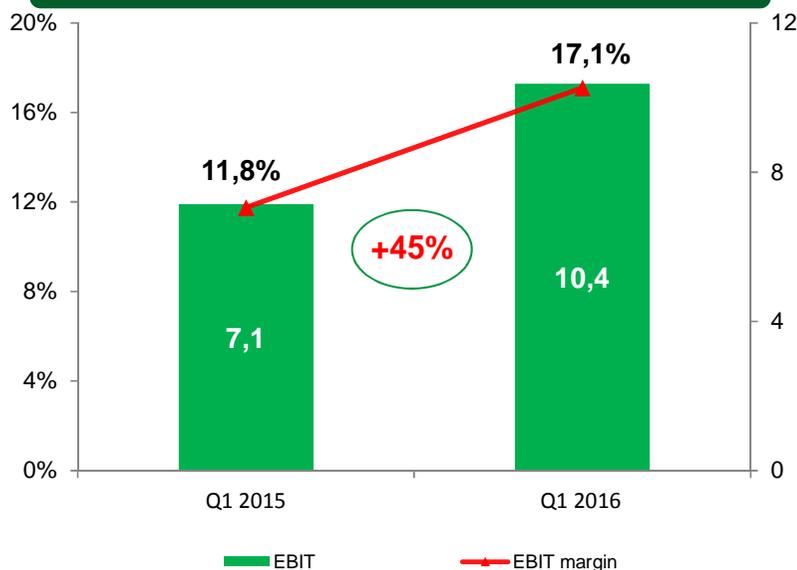


- **EBITDA** increased by 36% to €13.0Mn in Q1 2016, reflecting a 5.7 pp rise in the EBITDA margin to 21.5% in Q1 2016 up from 15.8% in Q1 2015, mainly due to the impact of non recurrent revenue of €4.0Mn as a result of the joint venture created by ROVI and Enervit for the distribution of nutritional products in Spain and Portugal. However;
 - ✓ excluding the impact of the non recurrent revenue, EBITDA would decrease by 6% to €9.0Mn, reflecting a 0.9 pp fall in the EBITDA margin to 14.9% in Q1 2016 down from 15.8% in Q1 2015 mainly due to R&D expense increase; then
 - ✓ maintaining, in Q1 2016, the same amount of R&D expenses that was registered in Q1 2015, EBITDA would increase by 5% to €10.1Mn, reflecting a 0.8 pp rise in the EBITDA margin to 16.6% in Q1 2016 up from 15.8% in Q1 2015.

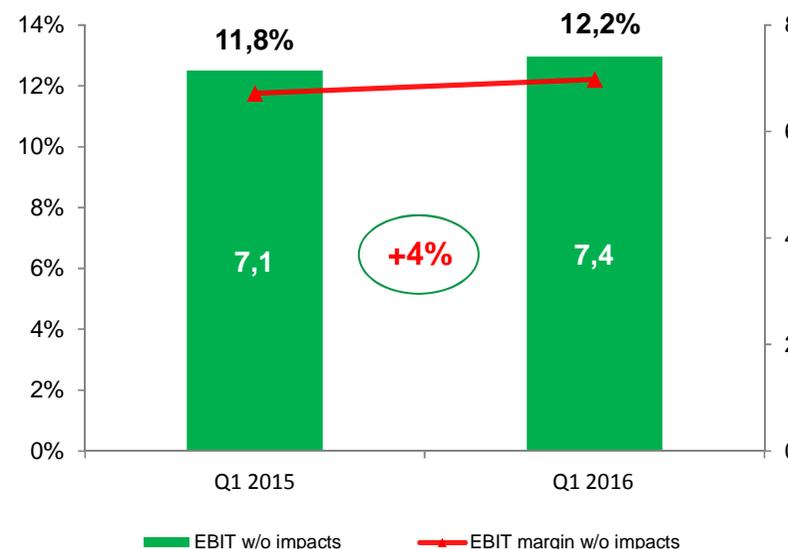


EBIT

EBIT (€Mn) and EBIT margin (%)



EBIT (€Mn) and EBIT margin (%) w/o impacts



- **Depreciation and amortization expenses** increased by 10% in Q1 2016, up to €2.7Mn, as a result of the new PP&E and intangible assets purchases made over the last twelve months.
- **EBIT** increased by 45% to €10.4Mn in Q1 2016, reflecting a 5.3 pp rise in the EBIT margin to 17.1% in Q1 2016 up from 11.8% in Q1 2015, mainly due to the impact of non recurrent revenue of €4Mn as a result of the joint venture created by ROVI and Enervit. However;
 - ✓ excluding the impact of the non recurrent revenue, EBIT would decrease by 11% to €6.4Mn, reflecting a 1.2 pp fall in the EBIT margin to 10.5% in Q1 2016 down from 11.8% in Q1 2015. Nevertheless;
 - ✓ maintaining, in Q1 2016, the same amount of R&D expenses as in Q1 2015, EBIT would increase by 4% to €7.4Mn, reflecting a 0.5 pp rise in the EBIT margin to 12.2% in Q1 2016 up from 11.8% in Q1 2015.

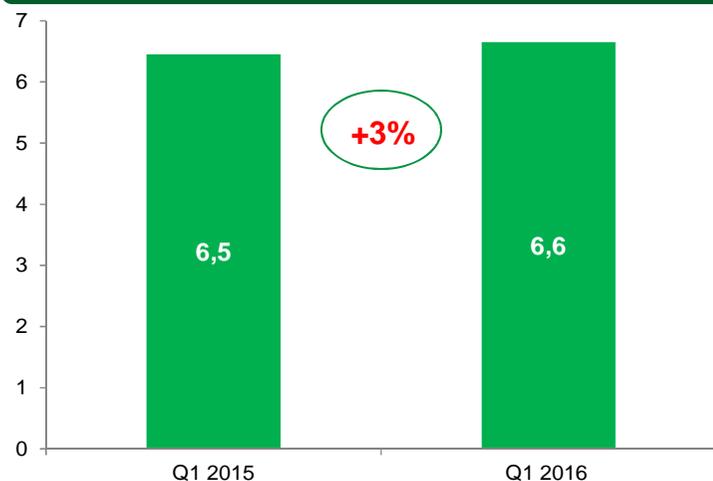


Net profit

Net profit (€Mn)



Net profit (€Mn) w/o impacts

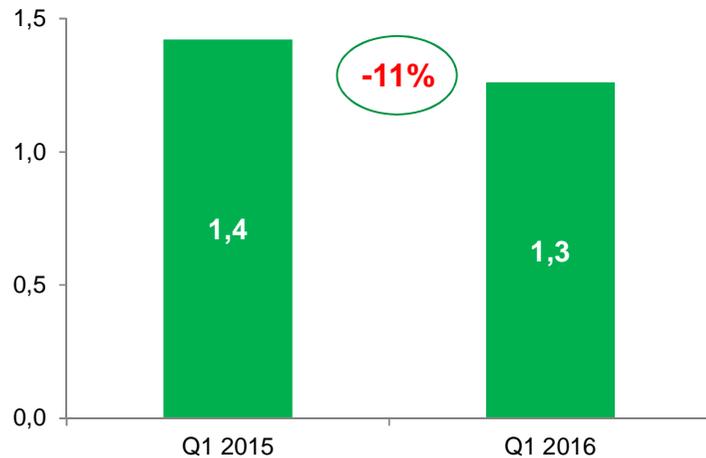


- **Net profit** increased to €9.4Mn in Q1 2016, a 46% increase compared to Q1 2015. However,
 - ✓ excluding the impact of the non recurrent revenue related to the ROVI and Enervit joint venture creation, net profit would decrease by 12% to €5.7Mn. Nevertheless;
 - ✓ maintaining, in Q1 2016, the same amount of R&D expenses as in Q1 2015, net profit would increase by 3% to €6.6Mn.
- **Effective tax rate of 7.0%** in Q1 2016 vs 6.5% in Q1 2015. 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 Dec 2015, Frosst Ibérica **negative tax bases amounted to €42.5Mn**, of which €5.7Mn will be used in the 2015 income tax and €1.3Mn in Q1 2016.

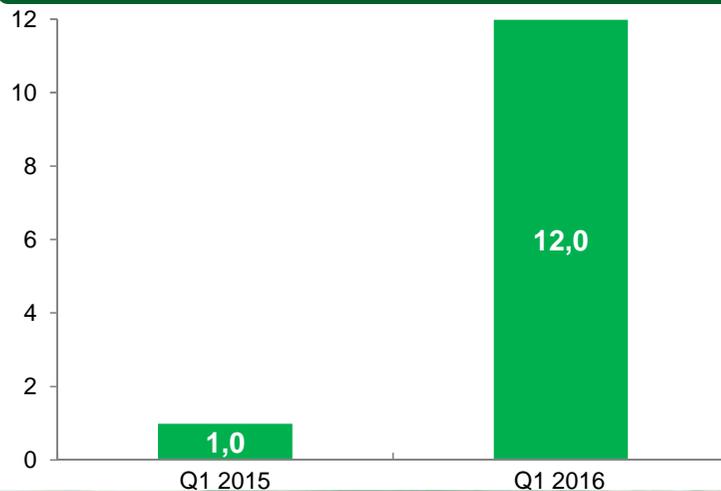


Capital expenditure & Free Cash Flow

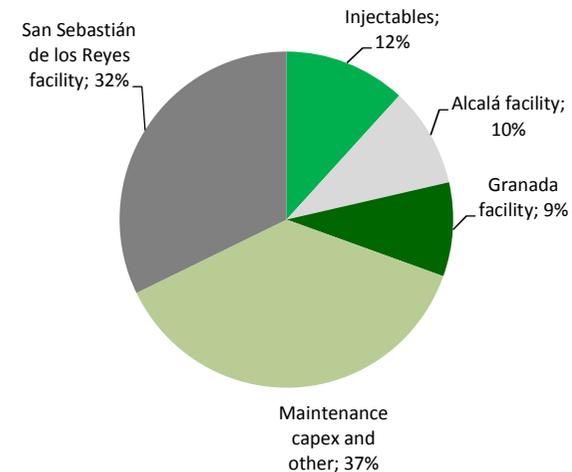
Capex evolution (€Mn)



FCF (€Mn)



Capex breakdown (%)

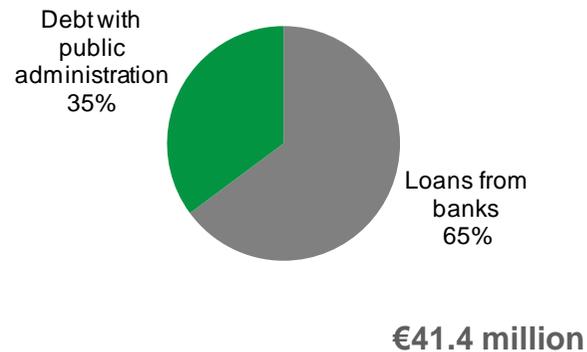


- €1.3Mn of **capex** invested in Q1 2016.
 - ✓ €0.2Mn of investment capex related to the injectables plant;
 - ✓ €0.1Mn of investment capex related to the Granada facility;
 - ✓ €0.1Mn of investment capex related to the Alcalá facility;
 - ✓ €0.4 Mn of investment capex related to the San Sebastián de los Reyes facility; and
 - ✓ €0.5Mn of maintenance capex and other.
- **FCF** increased to €12.0Mn mainly due to:
 - ✓ €5.7Mn reduction in “trade and other receivables” in Q1 2016 vs €1.2Mn increase in Q1 2015; and
 - ✓ €2.1Mn decrease in “inventories” in Q1 2016 vs €1.7Mn increase in Q1 2015.

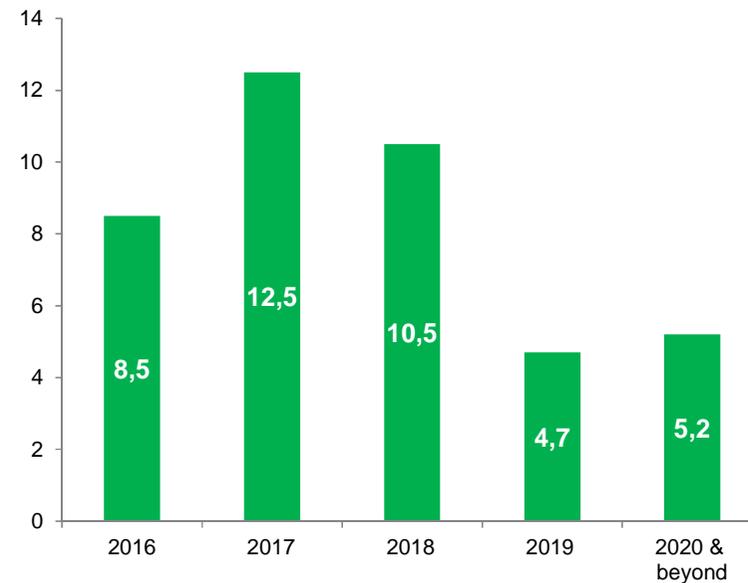


Financial debt

Debt breakdown by source (%)



Debt maturities by year (€Mn)



- **Debt with public administration** represented **35%** of total debt, with 0% interest rate.
- **Gross cash position of €41.4Mn** as of 31 March 2016 vs €30.7Mn as of 31 December 2015.
- **Zero Net debt** as of 31 March 2016 vs €12.1Mn as of 31 December 2015.
- ROVI will propose to the Shareholders General Meeting a **dividend of 0.1390** euros per share on 2015 earnings. This dividend represents a 35% pay out.



News-flow 2016

Specialty pharma

- Additional new in-licensing products to be launched

Toll manufacturing

- New contracts to be announced

R&D

- Start of ISM-Risperidone[®] Phase III in H2 2016
- Start of ISM-Letrozole[®] Phase I in H2 2016
- Potential authorisation for the marketing of a biosimilar of enoxaparin



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