



Rovi

Full year 2013 Financial Results

February 2014

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Operating results

Juan López-Belmonte
Chief Executive Officer



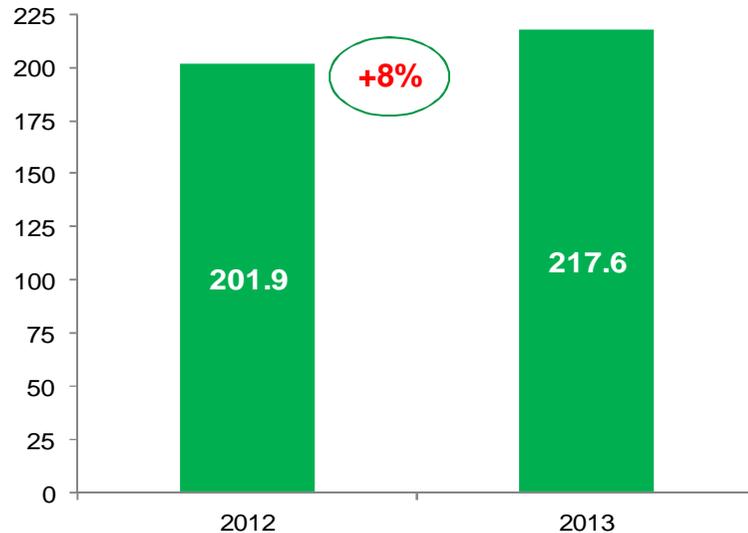
FY 2013 financial results - Highlights

- **Operating revenue** increased by 8% to " 217.6Mn, reaching a new maximum level and **fulfilling 2013 guidance** (mid-to-high single digit growth) and **clearly outperforming the market** (-6% in the Spanish pharmaceutical spending in 2013).
- **Outstanding performance of Bemiparine**: +20% growth to " 66.7Mn (the highest growth in the last five years), representing 31% of total operating revenue.
- **EBITDA increased by 20%** to " 32.4Mn, surpassing the " 30Mn milestone for the first time ever in ROVI's history.
- **EBITDA margin** stood at 14.9%, reflecting a **1.5pp rise** vs 2012.
- **Net profit** (" 23.0Mn) growth of 18%.
- ROVI will propose to the AGM a **dividend of Ö0.1612/share** on 2013 earnings, **+18%** vs last dividend.
- **Net cash position** (" 5.8Mn) after paying " 6.8Mn in dividends and despite an 80% increase in capex (mainly due to acquisitions).
- During 2013, **ROVI has reinforced its product portfolio** both through **buying new products** (ROVI exercised the Purchase Option held over Rhodogil) and signing **new license agreements** (agreement with Novartis to co-market two COPD products and agreement with Medice to distribute Medikinet on exclusivity basis).

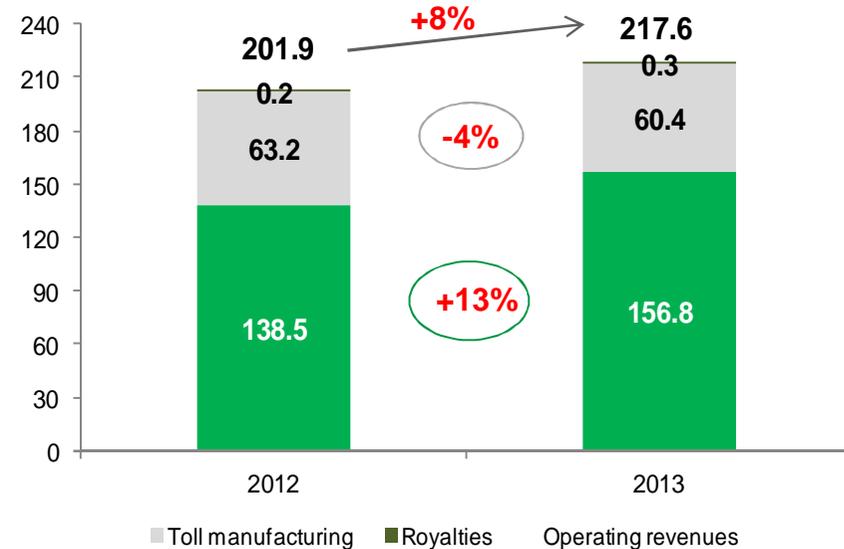
Growth driven by the specialty pharmaceutical business strength



Total operating revenue (ÖMn)



Operating revenue growth by category (ÖMn)



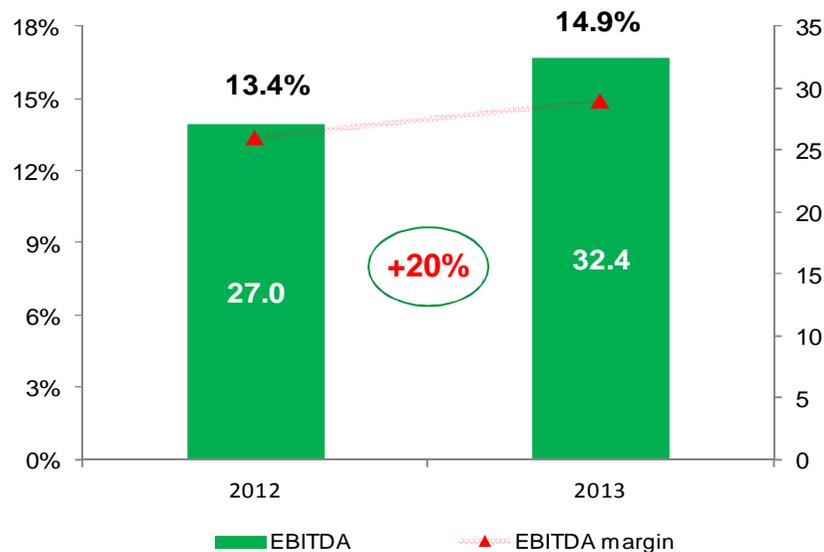
- **Operating revenue increased by 8%** in 2013, up to " 217.6Mn, driven by the strength of:
 - ✓ the **specialty pharmaceutical business**, where **sales rose 13%** despite the drop of 6% experienced by the Spanish pharmaceutical market in 2013.
 - ✓ **Toll manufacturing** sales decreased by 4% in 2013 as a consequence of a lower production for Merck Sharp & Dohme (MSD) compared to the exceptional high levels registered in 2012.
- Despite the difficult situation that the Spanish pharmaceutical industry is going through, and the 2% additional decrease expected by Farmaindustria¹ for 2014, ROVI forecasts to continue growing.

¹ Source: http://www.farmaindustria.es/Farma_Public/Imprimir_Public/FARMA_124496?idDoc=FARMA_124496

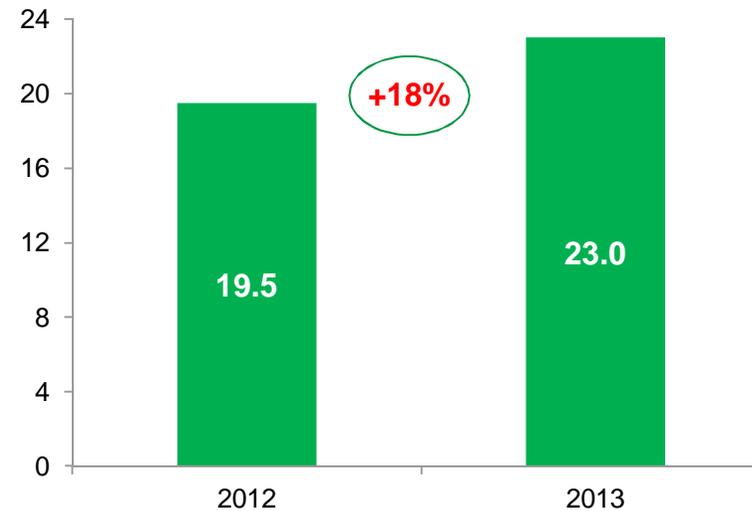


Å with high profitability

EBITDA (ÖMn) and EBITDA margin (%)



Net profit (ÖMn)

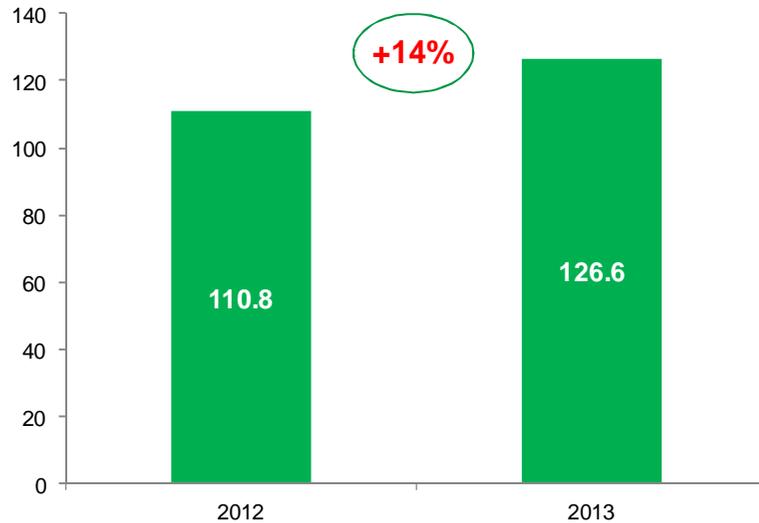


- **EBITDA** increased by 20% to " 32.4Mn in 2013, reflecting a 1.5 pp rise in the EBITDA margin to 14.9% in 2013 up from 13.4% in 2012, thanks to the increase in revenues and to the operating leverage of the business.
- **Net profit** increased by 18% to " 23.0Mn in 2013.
- In line with this positive evolution, ROVI's Board of Directors will propose to the AGM a **dividend** of " 0.1612 per share on 2013 result (vs. " 0.1366 paid on 2012 results).

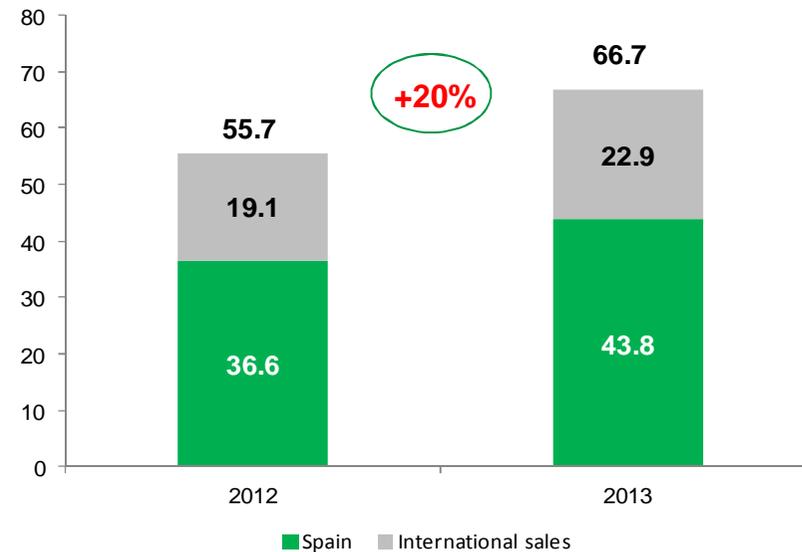


Bemiparin, leading the growth

Prescription-based pharma products sales (ÖMn)



Bemiparin sales (ÖMn)

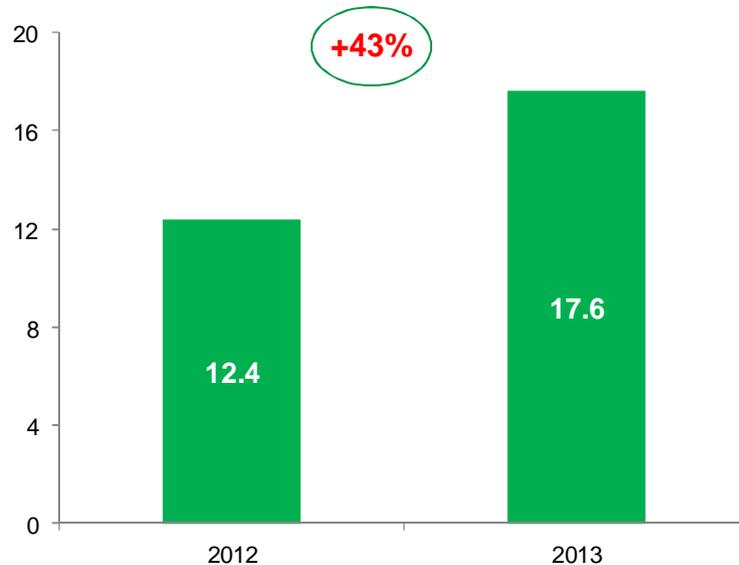


- Sales of **prescription-based pharmaceutical products** increased by 14% to " 126.6Mn in 2013.
 - In Sept. 2012, ROVI and UCB reached an agreement under which they ended their commercial relationship with regards to Cimzia. Since 15th of June 2010, Cimzia had been jointly co-promoted in Spain by ROVI and UCB.
 - Excluding the impact of Cimzia co-promotion in 2012, sales of prescription-based pharmaceutical products increased by 15% in 2013.
- **Bemiparin** sales increased by 20% in 2013, **the highest growth rate since 2008** and with an accumulated growth of 75% in the 2008-2013 period.
 - ✓ Sales in Spain grew by 20% to " 43.8Mn, reaching a 25.5% market share in FY 2013.
 - ✓ International sales rose 20% supported by the increased presence in countries where it was already present and by the launch of the product in 4 new countries during 2013: Romania, South Korea, Lebanon and United Arab Emirates.

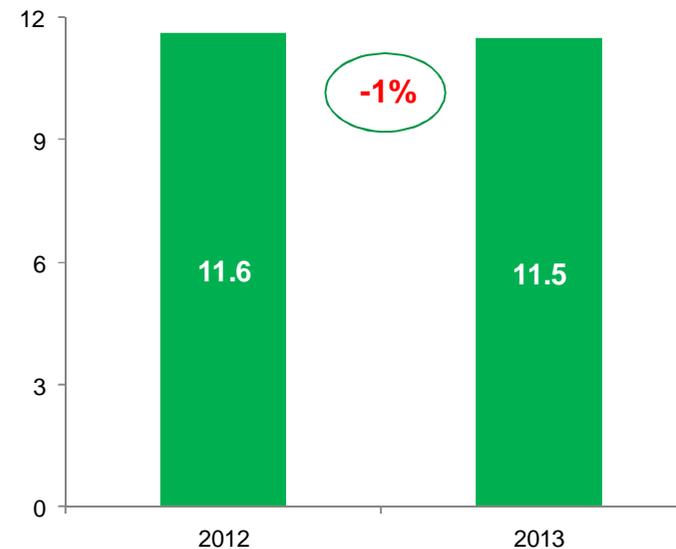


Good performance of the product portfolio (1/2)

Absorcol and Vytorin sales (ÖMn)



Thymanax sales (ÖMn)



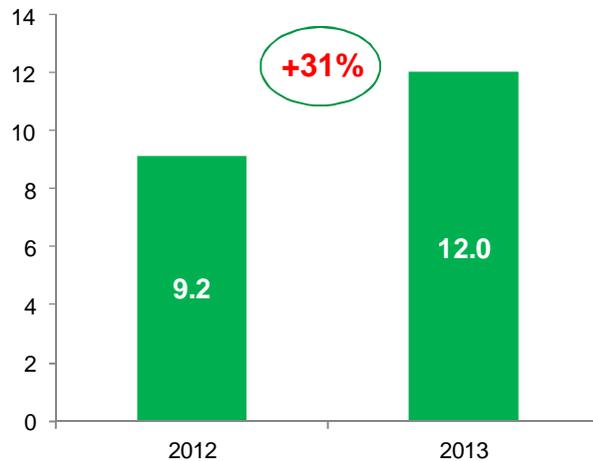
- Sales of **Absorcol and Vytorin**, the first of the five licenses of MSD, launched in January 2011, increased by 43% to " 17.6Mn in 2013, that is, three-fold the 2011 sales.
- Sales of **Thymanax**, an innovative antidepressant from Servier, launched in March 2010, decreased by 1% to " 11.5Mn in 2013, impacted by the last measures package introduced by the Spanish Government and effective since 1st July 2012. Nevertheless, sales of Thymanax increased by 4% in H2 2013 (and by 5% in Q4 2013), once the comparative effect derived from the co-payment measure disappeared.

*Note: Thymanax is an innovative antidepressant from Laboratoires Servier.
Vytorin and Absorcol are the first of the five licenses of MSD..*

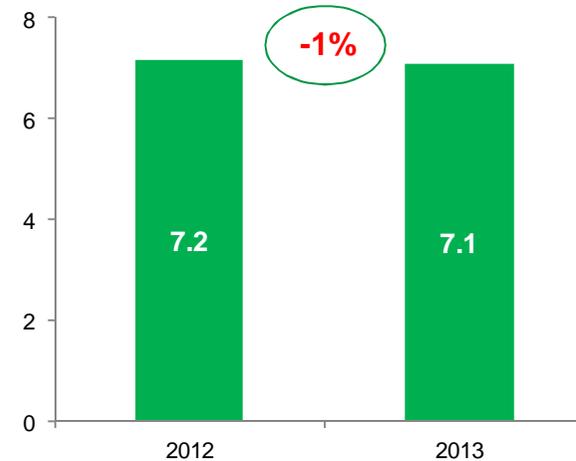


Good performance of the product portfolio (2/2)

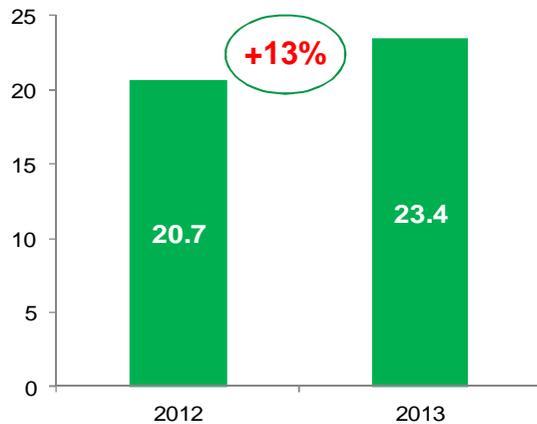
Corlentor sales (ÖMn)



Exxiv sales (ÖMn)



Contrast imaging agents (ÖMn)



- Sales of **Corlentor** maintained a very positive behaviour, with a 31% increase in sales to " 12.0Mn.
- **Exxiv** sales decreased by 1% to " 7.1Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products increased by 13% to " 23.4Mn in 2013.

*Note: 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).*



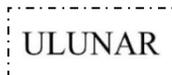
Product portfolio enhanced during 2013

- During 2013, ROVI has reinforced its product portfolio both through buying new products and signing new license agreements.

Rhodogil®

- ✓ In June 2013, ROVI exercised the Purchase Option held over **Rhodogil** in Spain, which was owned by Sanofi. Under the new agreement, Rhodogil (an antibacterial drug used against infections of the oral cavity) is directly marketed by ROVI in Spain.

- In November 2013, ROVI signed two important **in-license agreements**:



- **Agreement with Novartis** for co-marketing Hirobriz Breezhaler (indacaterol maleate) and Ulunar Breezhaler (indacaterol + glycopyrronium), being both products inhaled bronchodilators for patients with COPD. The combination of indacaterol and glycopyrronium delivered through the Breezhaler® device is the first once-daily dual bronchodilator (LABA-LAMA) for the maintenance treatment of COPD to be approved both in Europe and in Japan, and will be marketed by ROVI beginning 2015.

- **Agreement with MEDICE** to market in Spain, on an exclusivity basis, both Medicebran and Medikinet, psychostimulant drugs aimed for the treatment of ADHD in children and teenagers. These products are already marketed in Spain with annual sales c. " 9.5Mn and a 21% market share.

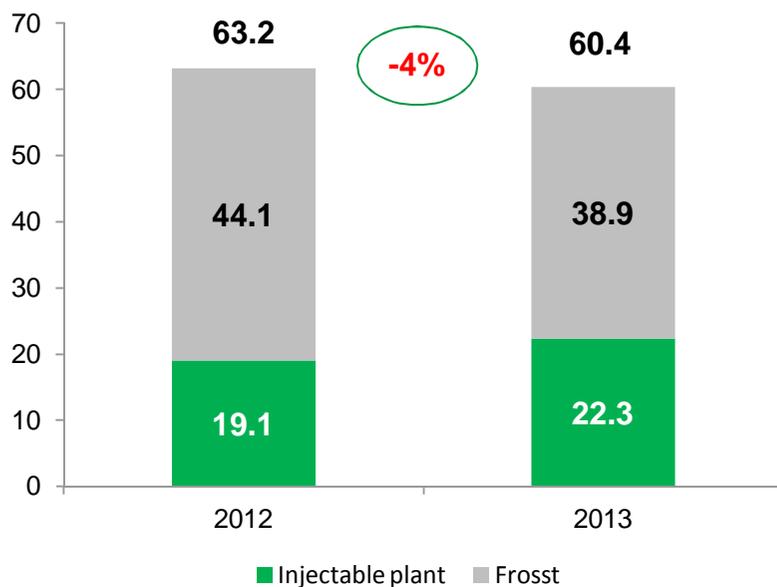
Medikinet
Metilfenidato cápsulas de liberación modificada
Medicebran
Metilfenidato comprimidos

- These operations will significantly contribute to revenue growth.
- Out of the total capex recorded in 2013, " 11.0Mn are related to these operations.



Value added toll manufacturing services

Toll manufacturing sales (ÖMn)



- **Toll manufacturing** sales decreased by 4% to " 60.4Mn in 2013.
- Very positive evolution of the **injectables plant**, whose revenue increased by 17% to " 22.3Mn in 2013. In line with the increase in sales, spare capacity has reduced to c. 35% (vs. 45% a year ago).
- **Frosst Ibérica** plant revenue amounted to " 38.1Mn in 2013 compared to " 44.1Mn in 2012 because of a lower production for MSD compared to the exceptionally high levels reached in 2012. Currently, spare capacity at the Alcalá facility is around 25% (20% at the end of 2012).



Strategic agreement with MSD

ROVI and MSD renew manufacturing and packaging agreement

Initial agreement¹ - March 2010

- ✓ ROVI acquires the pharmaceutical formulation and packaging operations at the MSD facility in Alcalá de Henares (Madrid).
- ✓ ROVI will produce and supply to MSD, for 5 years (until 31/03/2015), all the products produced by MSD at the Alcalá facility before the acquisition of the plant:
 - “ Products formulation activities, and
 - “ Packaging activities.
- ✓ Packaging activities for Spain until 31/03/2017.
- ✓ Very profitable business with annual estimated sales at around ” 28Mn in the Frosst Ibérica facility.

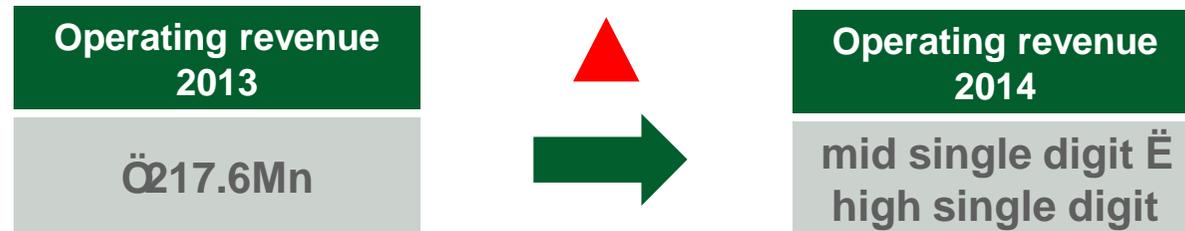
Renewed agreement - March 2015

- ✓ Extension of the current manufacturing and packaging agreement for an additional 5 years period (until 31/03/2020) regarding:
 - “ All product formulation activities, and
 - “ Packaging activities for the products MAXALT™ and MAXALT-MLT™.
- ✓ ROVI keeps the packaging activities until:
 - “ 31/03/2017 for products to be sold in Spain;
 - “ 31/03/2015 for products to be sold outside Spain.
- ✓ In both cases as according to the initial agreement.
- ✓ Business still very profitable.

¹ <http://www.rovi.es/ficheros/notas/ingles/87i.pdf>



Guidance 2014



Our main strategic pillars to lead growth

Specialty pharma

- “ Bemiparin
- “ Recent launches such as Vytorin and Absorcol
- “ Existing portfolio (Corlantor, Thymanax, contrast imaging agentsÅ)
- “ New in-licensed products to be launched (Medikinet, Hirobriz)

Toll manufacturing

- “ 35% of spare capacity in the injectable plant
- “ 25% of spare capacity in the oral compounds plant
- “ New customers to be acquired in both plants



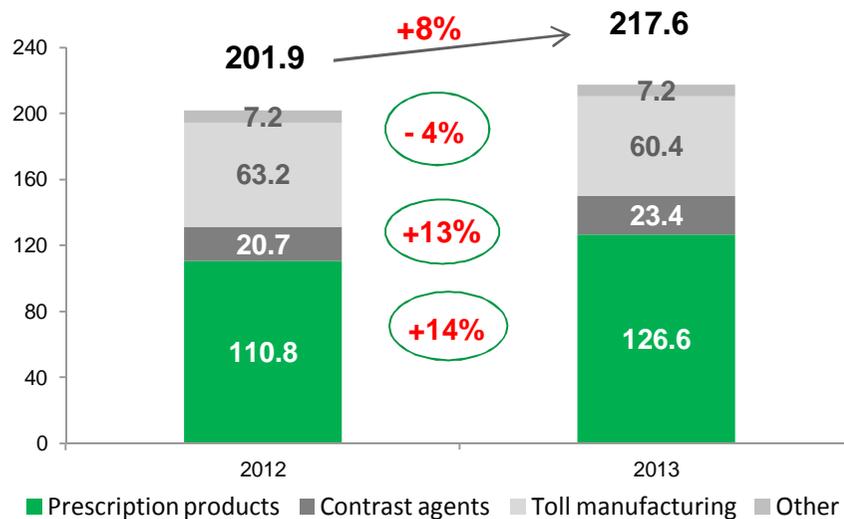
Financial results

Javier López-Belmonte
Chief Financial Officer

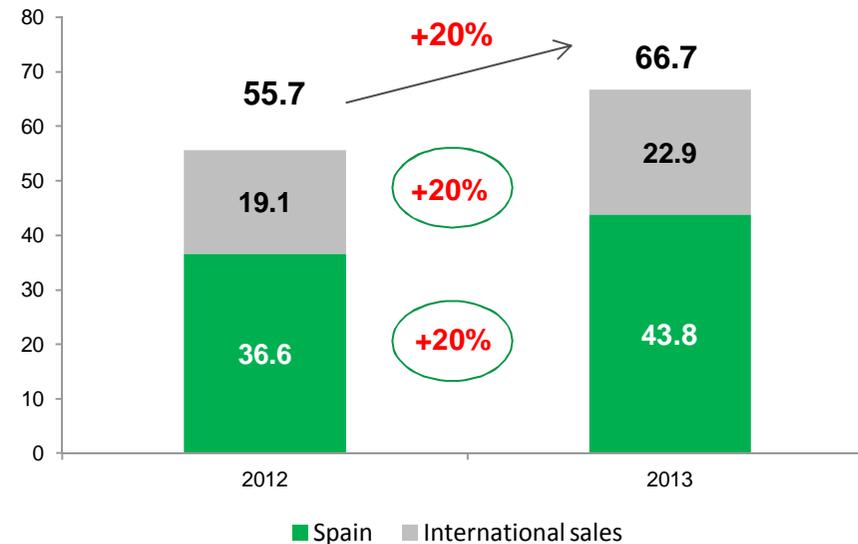
New maximum revenue level with outstanding Bemiparin growth



Total operating revenue (ÖMn)



Bemiparin sales (ÖMn)



➤ **Operating revenue** at " 217.6Mn, reaching a new maximum and an **8% growth** achieved on:

- ✓ 14% growth in prescription-based products.
- ✓ 13% growth in contrast agents and other hospital products.
- ✓ 4% reduction in toll manufacturing.
- ✓ OTC and other revenues almost flat.

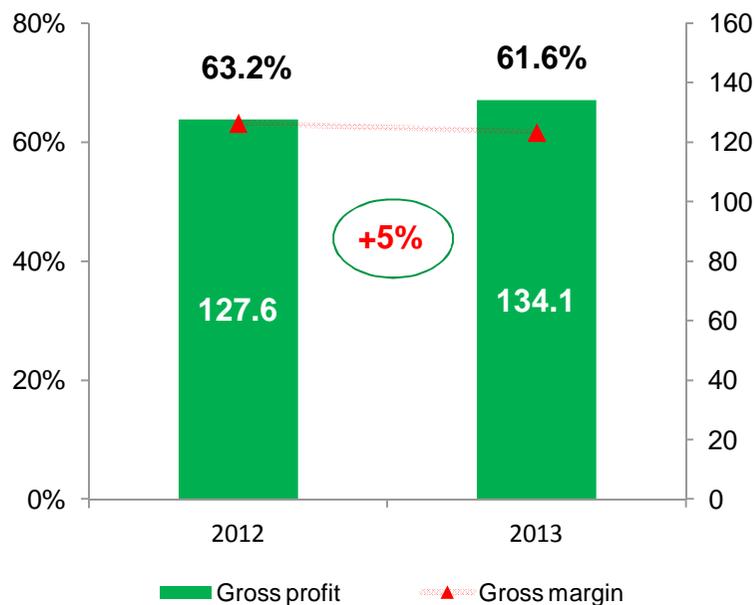
➤ **Bemiparin**, ROVI's flagship product internally developed, reached sales of " 66.7Mn, with a **20% growth** vs 2012.

This is the highest growth rate since 2008 and has been obtained both in Spain (+20% up to " 43.8Mn sales, increasing market share to 25.5%) and in the international markets (+20% up to " 22.9Mn).

Gross margin negatively impacted by the increase of the production of third clients in Frosst Ibérica



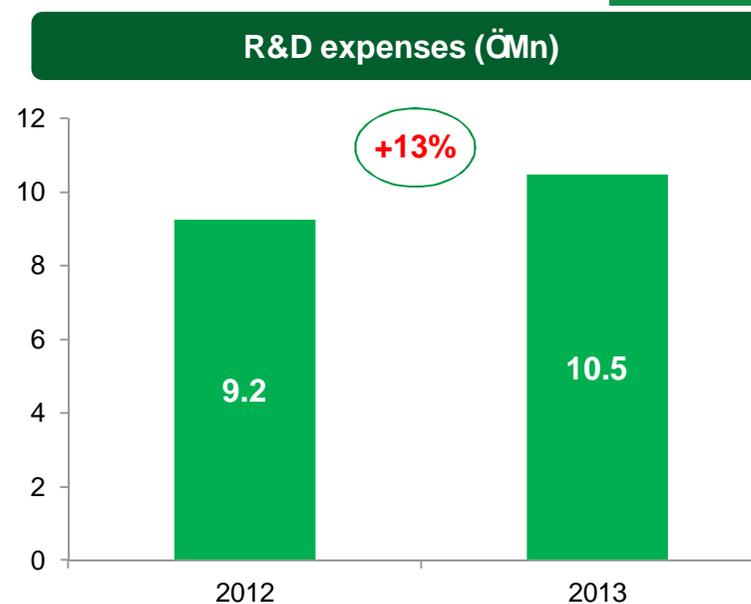
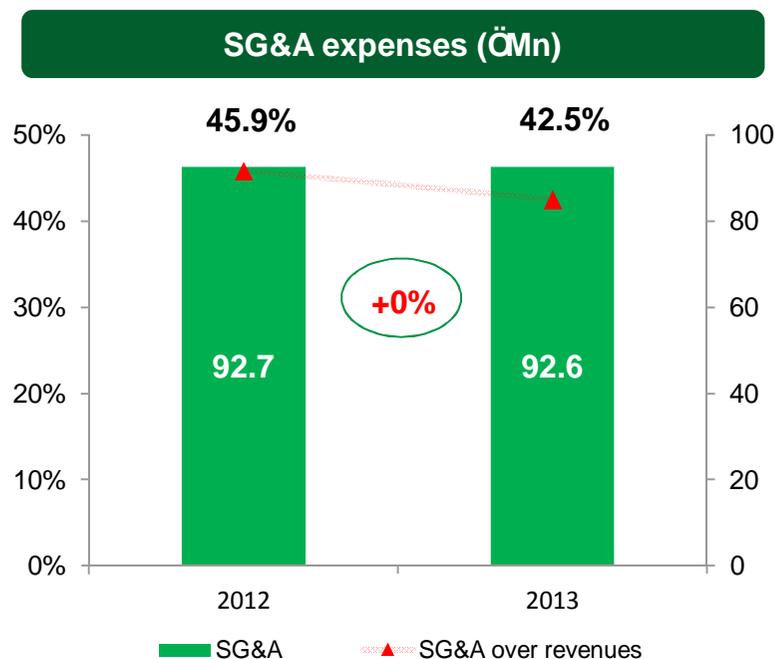
Gross profit (€Mn) & Gross margin (%)



- Slight **gross margin** erosion in 2013, affected by:
 - ✓ lower margins in the toll manufacturing business due to the increase of the production for clients for which ROVI buys the materials needed in the manufacturing process; and
 - ✓ the price reduction of the contrast imaging agents and other hospital products that did not impede the achievement of higher sales as consequence of higher volume sold.
- The decrease of the Bemiparin raw material cost impacted positively in 2013 gross margin.
- In 2013, ROVI bought Bemiparin raw material at around " 35 per million of international units vs close to " 40 in 2012. ROVI expects an additional slight reduction in raw material cost in 2014.
- Despite the decline in margin, **gross profit** increased by 5% to " 134.1Mn in 2013.



Strict cost control along with commitment to R&D

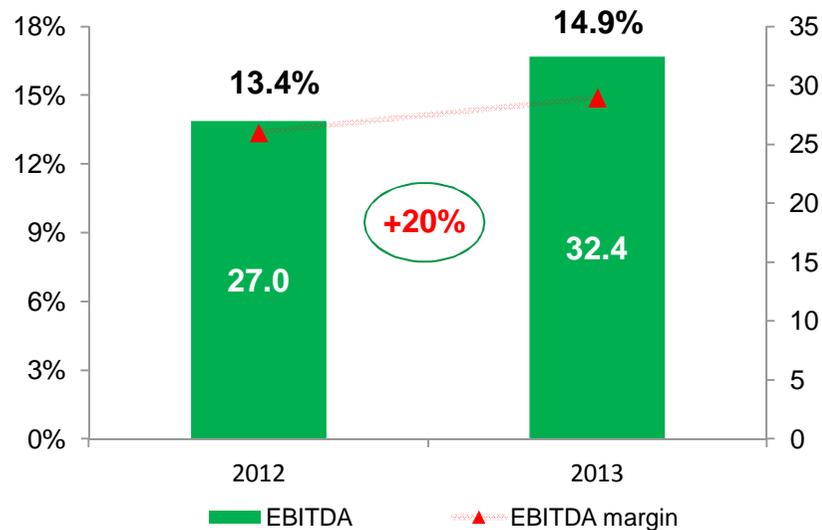


- **SG&A expenses** stood at " 92.6Mn in 2013, flat compared to 2012 despite the increase in sales thanks to:
 - ✓ the reduction of the ROVI sales team as consequence of the end of the commercial relationship with UCB regarding Cimzia in September 2012; and
 - ✓ ROVI's strict cost control.
- In 2013, SG&A represented 42.5% of total operating revenue, -3.4pp compared to 2012.
- **R&D expenses** increased by 13% reflecting ROVI investments in products that are under development, mainly on the ISM[®] project. R&D represents approximately 5% of operating revenues.

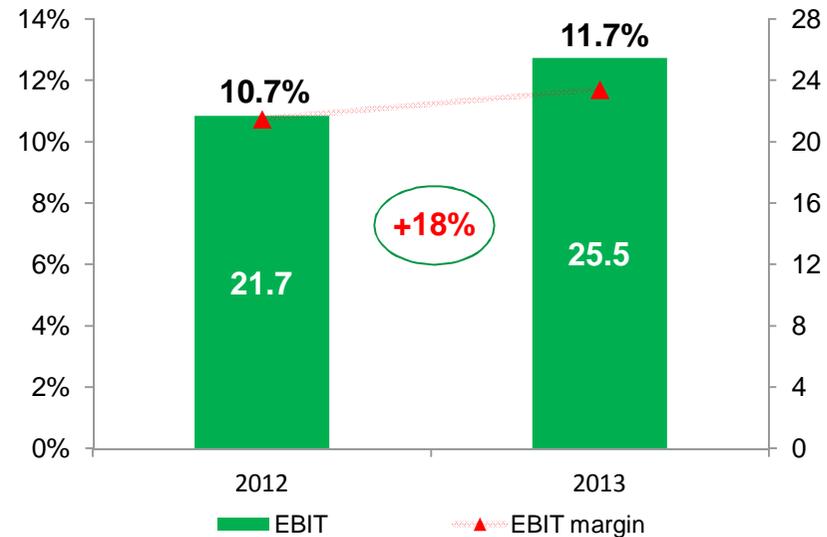


EBITDA & EBIT

EBITDA (ÖMn) and EBITDA margin (%)



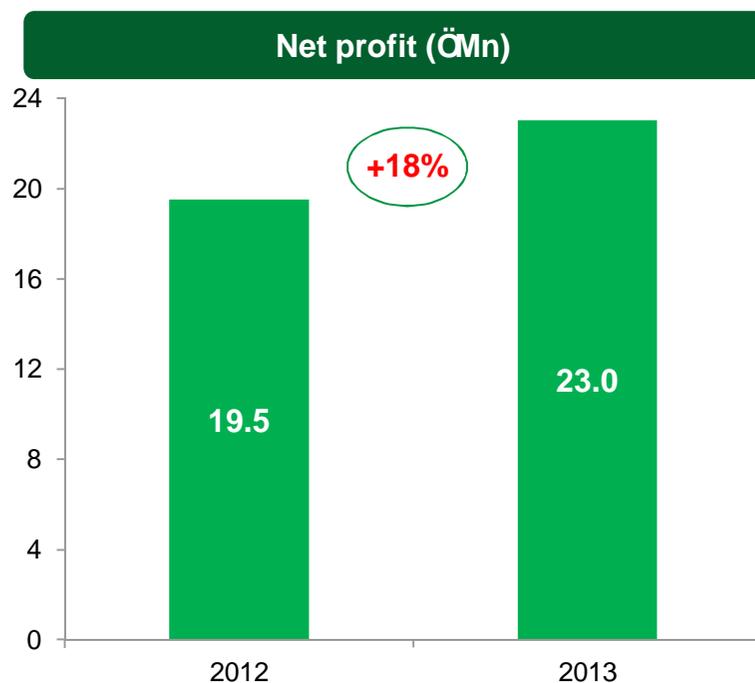
EBIT (ÖMn) and EBIT margin (%)



- **EBITDA** increased by 20% to " 32.4Mn in 2013, reflecting a 1.5 pp rise in the EBITDA margin to 14.9% in 2013 up from 13.4% in 2012. This increase has been achieved on higher sales and operating leverage of the business.
- **Depreciation and amortization expenses** increased by 31% in 2013, up to " 6.9Mn, as a result of the new PP&E and intangible assets purchases made during the year.
- **EBIT** increased by 18% to " 25.5Mn in 2013, reflecting a 1.0 pp rise in the EBIT margin to 11.7% up from 10.7% in 2012.



Net profit

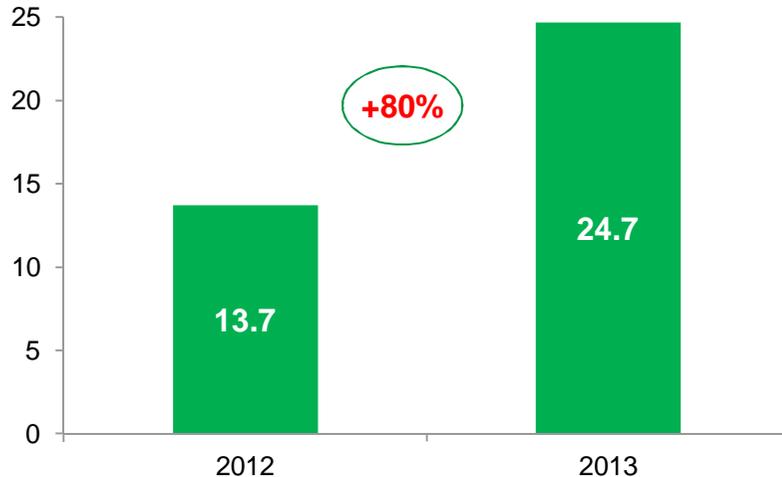


- **Net profit** increased by 18% to " 23.0Mn in 2013.
- **Effective tax rate** of 5.1% in 2013 vs 6.4% in 2012. This favourable effective tax rate is due to:
 - ✓ deduction of existing R&D expenses; and
 - ✓ capitalisation of existing negative tax bases resulting from the Frosst Ibérica integration.
 - ✓ Income tax expense of 109 thousand euros recorded in 2013 from the tax inspection of ROVI group for 2007-2008 compared to 736 thousand euros of tax expense recorded in 2012 as a result of a Frosst Ibérica tax inspection for the 2006-2008 period.
- As of Dec 2013, Frosst Ibérica had **Ö57.5Mn of negative tax bases**, of which " 7.4Mn will be used in the 2013 income tax.

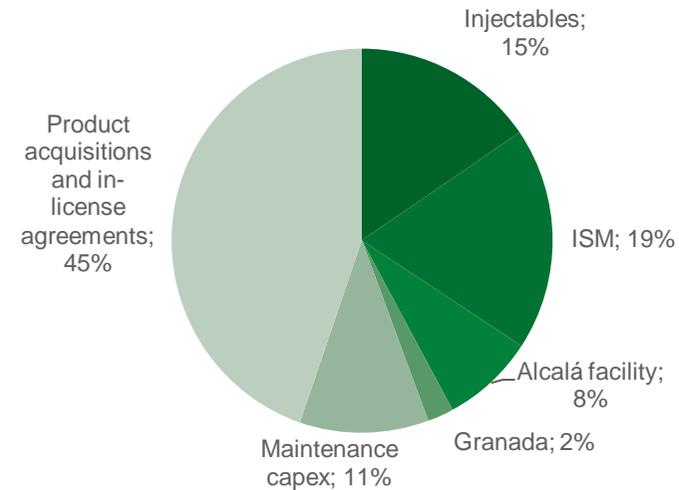


Capital expenditure

Capex evolution (ÖMn)



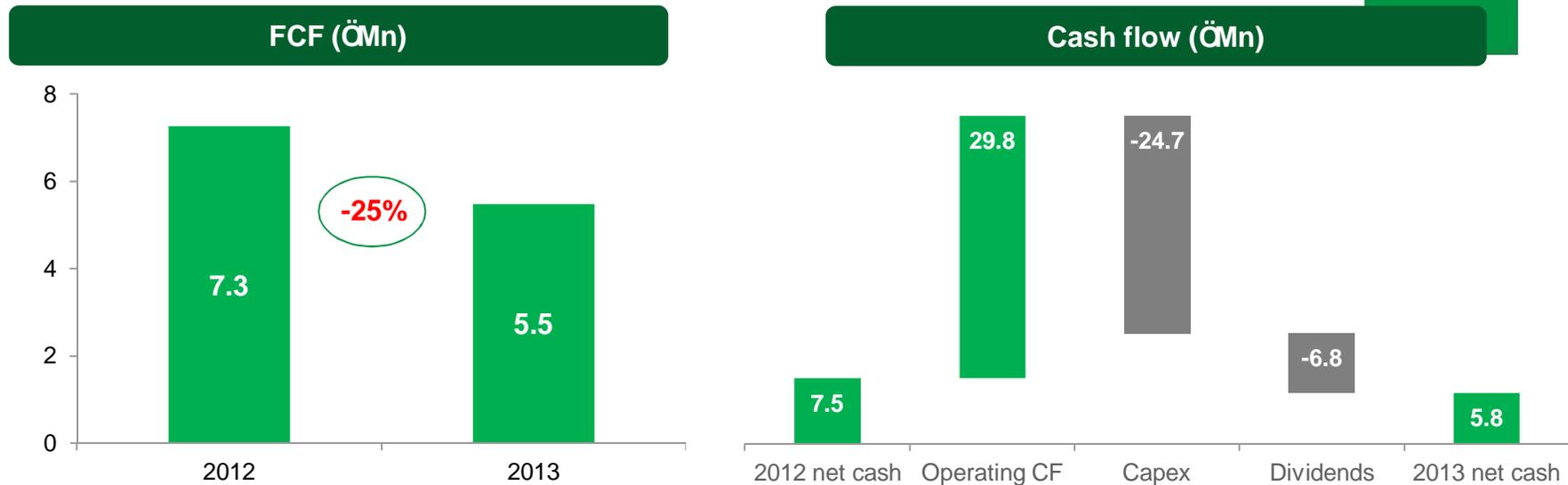
Capex breakdown



- " 24.7Mn of **capex** invested in 2013.
 - ✓ " 8.4Mn of investment capex related to the injectables facility (it includes " 4.6Mn capex related to ISM[®] project) vs " 3.9Mn in 2012;
 - ✓ " 2.0Mn of investment capex related to the Alcalá facility (Frosst Ibérica) vs " 3.7Mn in 2012;
 - ✓ " 0.5Mn of investment capex related to the Granada facility in 2013 vs " 2.5Mn in 2012; and
 - ✓ " 2.7Mn of maintenance capex vs " 3.6Mn in 2012.
 - ✓ The rest of the capex invested in 2013 corresponds to the exercise of the Purchase Option over Rhodogil[®] and to the new distribution agreements signed last November with Novartis and Medice.
- ROVI expects capex for 2014 to be below the 2013 figure (" 24.7Mn), but above the 2012 level (" 13.7Mn) mainly due to the investments related to the Risperidone-ISM[®] project if Phase II results are successful.



Free cash flow

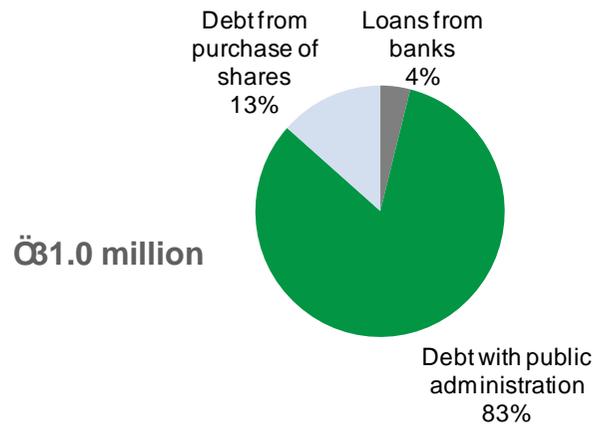


- **FCF** decreased to " 5.5Mn in 2013 from " 7.3Mn in 2012, mainly as a result of :
 - (i) the 80% capex increase in 2013, and
 - (ii) the collection of " 8.1Mn from Spanish Public Administrations within the execution of the "Payment to Suppliers Plan" in 2013 compared to " 13.5Mn collected in 2012 within the first phase of the aforementioned plan.
- **Net cash from operating activities** increased by " 10.2Mn up to " 29.8Mn in 2013 from " 19.6Mn in 2012.



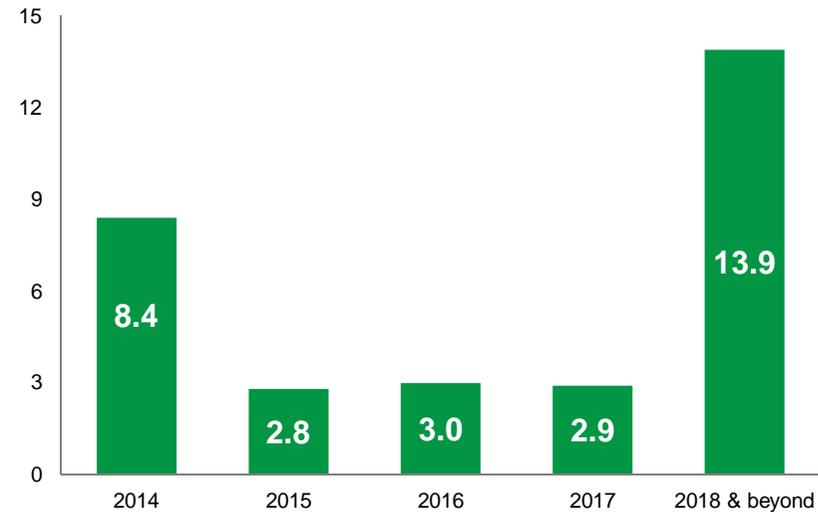
Financial debt

Debt breakdown by source (%)



Note: consolidated accounts under IFRS

Debt maturities by year (ÖMn)



- 96% of the **debt** is 0% interest rate debt.
- **Debt with public administration** represented 83% of total debt.
- **Gross cash position** of " 36.7Mn as of 31 December 2013 vs " 45.9Mn as of 31 December 2012.
- **Net cash position** of " 5.8Mn as of 31 December 2013 vs " 7.5Mn as of 31 December 2012.
- High level of financial flexibility.
- On 3 July 2013, ROVI paid a **dividend** of " 0.1366 per share on 2012 earnings (+8% compared to the dividend on 2011 earnings). Board of Directors will propose to the AGM for its approval a dividend of " 0.1612 per share on 2013 result, which implies a 35% pay-out and an increase of 18% compared to the previous dividend.



Specialty pharma

- Additional new in-licensing products to be launched

Toll manufacturing

- New contracts to be announced

R&D

- Results of ISM-Risperidone® Phase I to be released in H1 2014
- Start of ISM-Risperidone® Phase II



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