



Rovi

First Quarter 2017 Financial Results

Disclaimer



This document has been prepared by Laboratorios Farmacéuticos Rovi, S.A. (“ROVI” or the “Company”), solely for its use during the attached presentation.

The information and each of the opinions and statements contained in this document have not been verified by independent experts and, therefore, no guarantee is provided of the impartiality, accuracy, completeness or precision of the information or opinions and statements contained in this presentation.

The Company and its advisors do not assume responsibility for any damage or losses that may arise from the use of this document or the information it contains.

This document does not constitute an offer or invitation to acquire or subscribe shares, in accordance with the Spanish Securities Market Law of 1988 and its implementing regulations. Moreover, this document does not constitute an offer to purchase, sell or exchange securities, a solicitation of any offer to purchase, sell or exchange securities, a solicitation of any kind of voting rights, or approval in the United States of America or any other jurisdiction.

Neither this document nor any part of it are of a contractual nature, and they cannot be used to form part or construe any agreement or any kind of undertaking.

This presentation may contain information and statements or declarations with future projections regarding ROVI. The future projections do not constitute historical facts and are generally identifiable by the use of terms such as “expects”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions.

In this regard, although ROVI believes that the expectations contained in such statements are reasonable, the investors and holders of ROVI shares are advised that the information and future projections are subject to risks and uncertainties, a large part of which are difficult to foresee, and which are, in general, out of ROVI’s control. These risks could cause the results and real development to differ substantially from those expressed, implicit or projected, in the information and future projections. Among these risks and uncertainties include those identified in the documents submitted by ROVI to the Spanish Securities Exchange Commission (*Comisión Nacional del Mercado de Valores*), which are available to the public.

It is recommended that investment decisions not be taken based on the future projections, which refer exclusively to the date on which they were publicised. All the future projections contained below and made by ROVI or any of its directors, managers, employees or representatives are expressly subject to the above warnings. The future projections included in this presentation are based on the information available on the date hereof. Except when legally required, ROVI does not assume any obligation to update its affirmations or review the future projections, even if new data is published or new facts arise.



Operating results



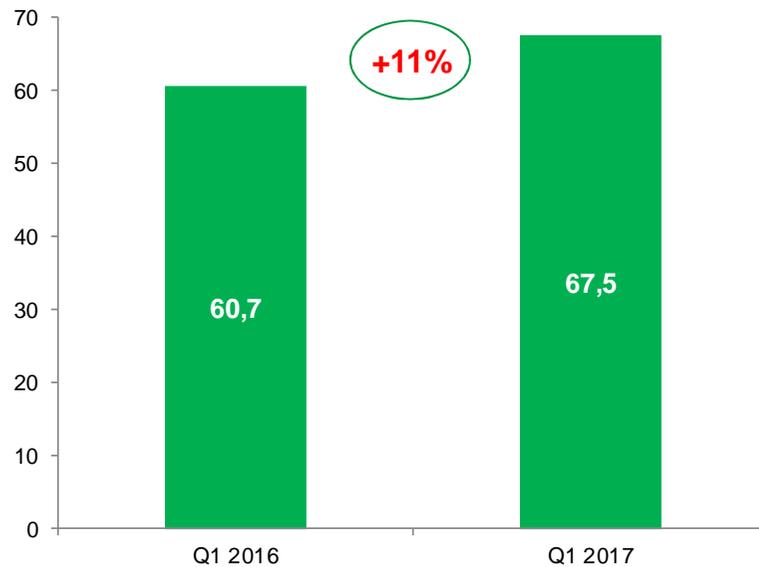
Q1 2017 financial results - Highlights

- **Operating revenue** increased by 11% to 67.5 million euros in Q1 2017, driven by the strength of the toll manufacturing business, where sales rose 28%, and by the specialty pharmaceutical business, which grew by 7%, outperforming the market. Total revenue increased by 11% to €67.8Mn in Q1 2017.
- **For 2017**, ROVI expects operating revenue **to grow from low-to-mid single digits**.
- ROVI informed (7th of March 2017) that the Decentralised procedure used for the Company to submit, in 26 countries of the EU, the marketing authorization application of a low molecular weight heparin (biosimilar of enoxaparin) was completed with positive outcome. It **has been initiated**, therefore, **the national phase of the registration process which is expected to be completed with the granting by the competent local authorities of the marketing authorisation in each concerned**.
- **Outstanding performance of Bemiparin**: +14% growth to €20.1Mn; this growth came both from sales in Spain (+7%) and from international sales (+31%).
- **Good performance of Absorcol & Vytorin & Orvatez**: sales increase of 11% to €8.8Mn.
- **Sales of Hirobriz and Ulunar**, both products for patients with COPD launched in Spain in Q4 2014, increased by 22% to €3.5Mn.
- Sales of **Volutsa**, a product launched in February 2015, increased by 37% to €2.0Mn.
- Sales of **Neparvis**, a specialty product from Novartis launched in December 2016, reached €0.4Mn.
- **EBITDA** decreased by 21% to €10.2Mn in Q1 2017, reflecting a 6.3 pp fall in the EBITDA margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in Q1 2016 as a result of the joint venture created by ROVI and Enervit. However, excluding the impact of the non-recurrent revenue in Q1 2016, EBITDA would have increased by 13% in Q1 2017, reflecting a 0.3 pp rise in the EBITDA margin.
- **Recurrent net profit** increased by 12% to €6.4Mn in Q1 2017.
- ROVI will propose to the AGM a **dividend of €0.1830/share** on 2016 earnings (**+32%** vs last dividend).

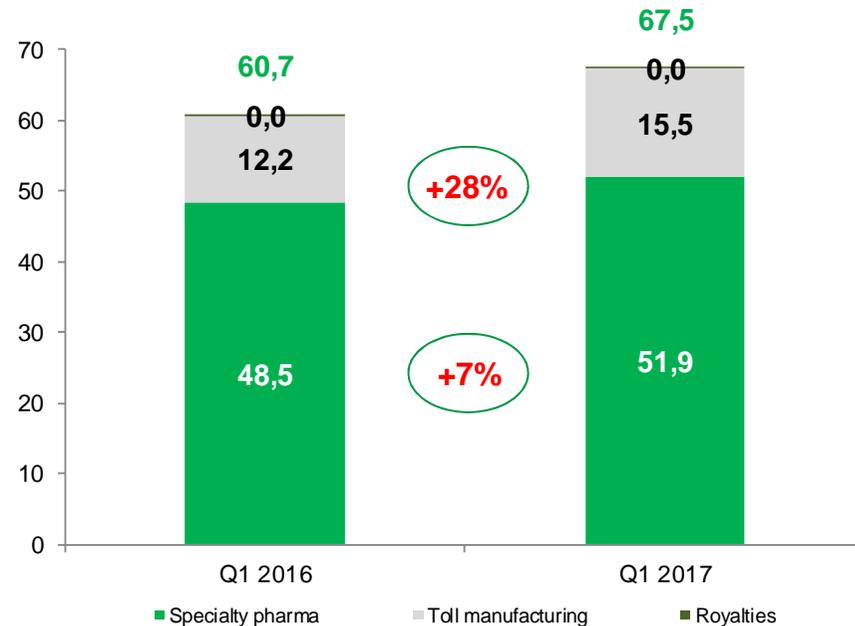
Growth driven by Bemiparin, recent launches and injectable toll manufacturing business strength...



Total operating revenue (€Mn)



Operating revenue growth by category (€Mn)



- Operating revenue increased by 11% to €67.5Mn in Q1 2017 driven by the strength of:
 - ✓ the specialty pharmaceutical business, where sales rose 7%, and
 - ✓ the toll manufacturing business, where sales increased 28%.
- ROVI forecasts to continue to grow despite:
 - ✓ a new 550 million euro reduction in pharmaceutical expenditure expected for 2017, according to the Budget Plan¹ submitted by the Spanish Government to the European Commission; and
 - ✓ 1-4% growth rate in spending on medicine in Spain to 2021 forecast by QuintilesIMS².

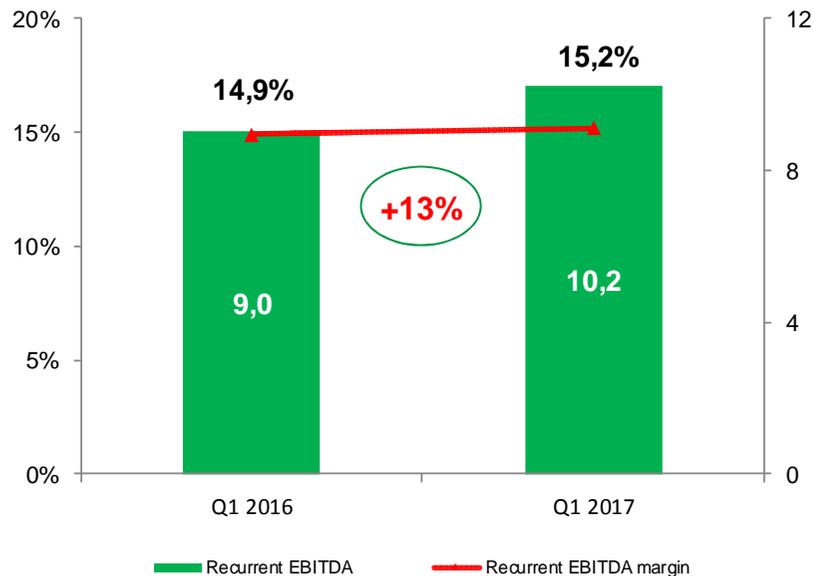
¹http://www.mineco.gob.es/stfls/mineco/comun/pdf/161017_plan_presupuestario.pdf

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



...with high profitability

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



Recurrent net profit (€Mn)

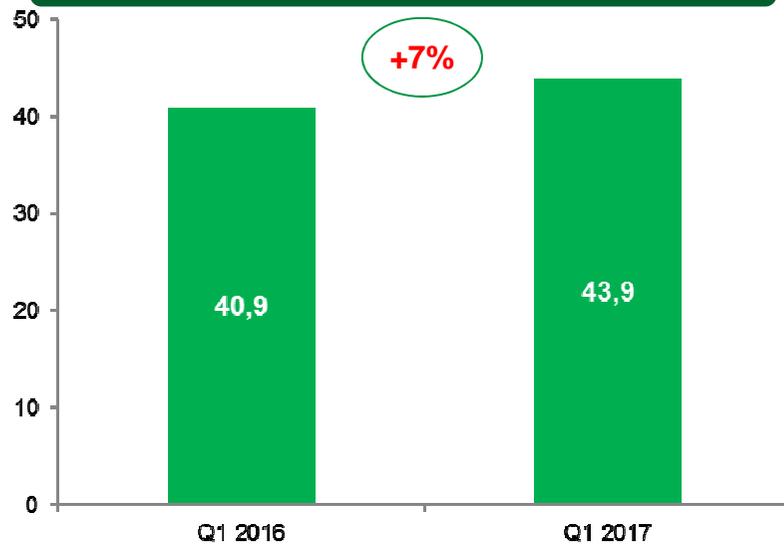


- In Q1 2016, **EBITDA** was impacted by non recurrent revenue of €4.0Mn as a result of the creation of a joint venture between ROVI and Enervit for the distribution of nutritional products in Spain and Portugal.
- **EBITDA** decreased by 21% to €10.2Mn in Q1 2017, reflecting a 6.3 pp fall in the EBITDA margin down to 15.2% in Q1 2017 from 21.5% in Q1 2016. However,
 - ✓ excluding the impact of the non-recurrent revenue in Q1 2016, EBITDA would have increased by 13% in Q1 2017, reflecting a 0.3 pp rise in the EBITDA margin.
- **Net profit decreased** to €6.4Mn in Q1 2017, a 32% fall compared to Q1 2016. However;
 - ✓ excluding the impact of the non recurrent revenue, net profit would have increased by 12% in Q1 2017.

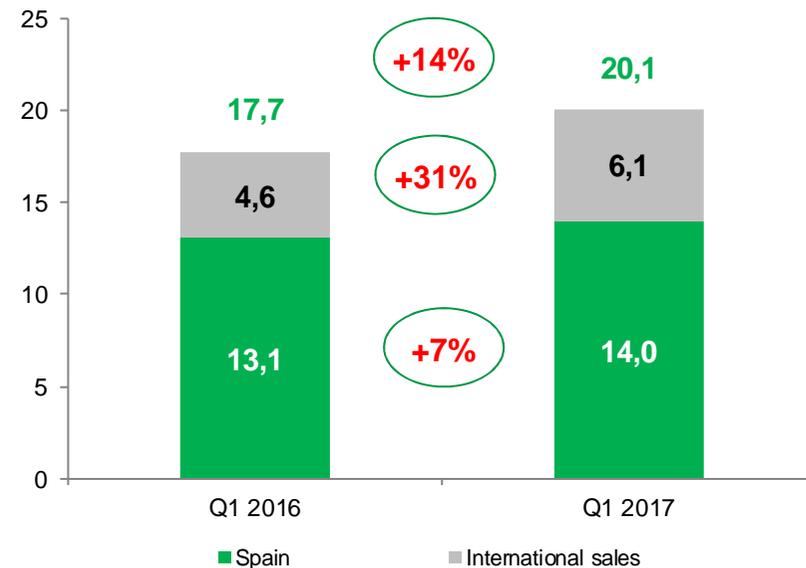
Bemiparin, leading the specialty pharmaceutical business growth



Prescription-based pharma products sales (€Mn)



Bemiparin sales (€Mn)

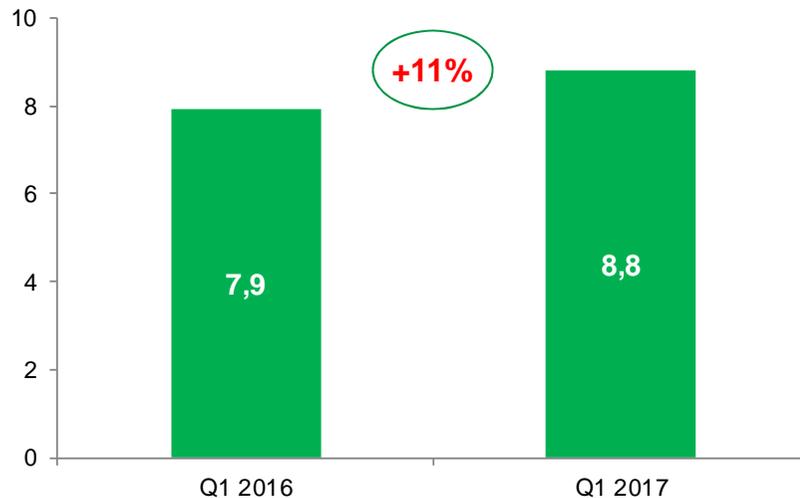


- Sales of **prescription-based pharmaceutical products** increased by **7%** to €43.9Mn in Q1 2017.
- **Bemiparin total sales** increased by **14%** to €20.1Mn in Q1 2017:
 - ✓ **Sales in Spain** increased **7%** to €14.0Mn.
 - ✓ **International sales** increased by **31%** to €6.1Mn. This significant increase in international sales was specifically linked to Q1 2017 and ROVI expects to maintain **stable international sales in 2017**.

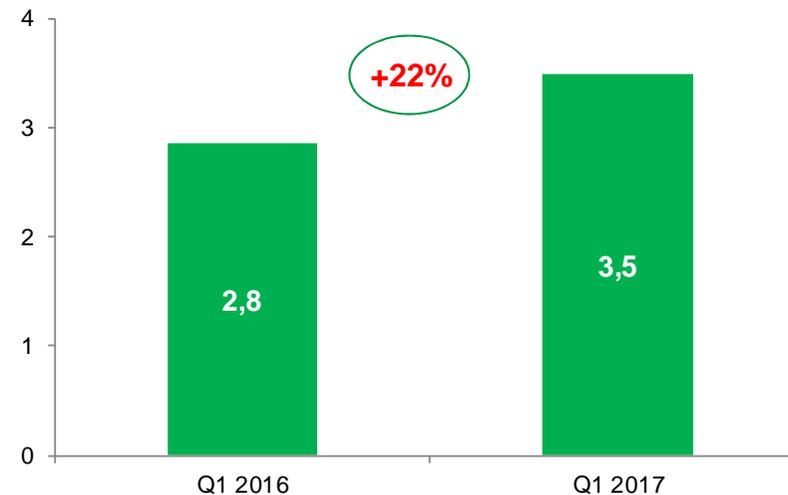


Good performance of the product portfolio (1/2)

Absorcol, Vytorin and Orvatez sales (€Mn)



Hirobriz and Ulunar sales (€Mn)



Medicebran and Medikinet sales (€Mn)



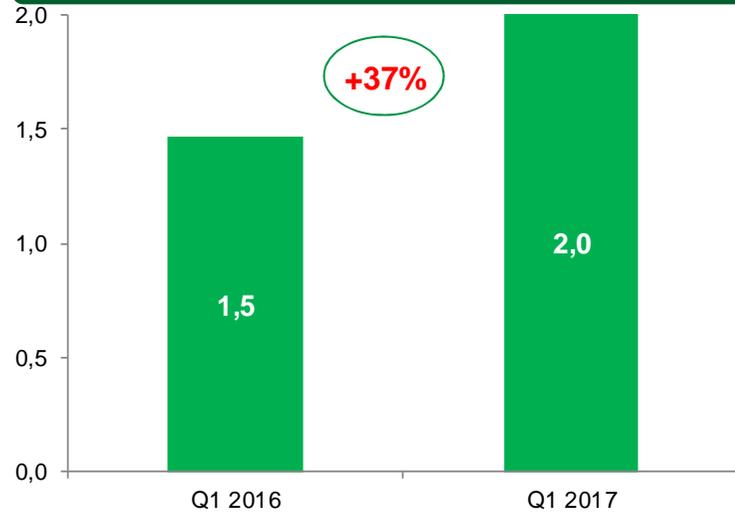
- Sales of **Absorcol, Vytorin and Orvatez** (the last one launched in June 2015), **increased by 11%** to €8.8Mn in Q1 2017.
- Sales of **Hirobriz and Ulunar**, both products for patients with COPD, launched in Spain in Q4 2014 **increased by 22%** to €3.5Mn in Q1 2017.
- Sales of **Medicebran and Medikinet**, products launched in December 2013 and marketed on exclusivity basis by ROVI in Spain, decreased by 1% to €2.0Mn in Q1 2017.
- Sales of **Thymanax**, product launched in March 2010, decreased by 22% to €1.1Mn in Q1 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.

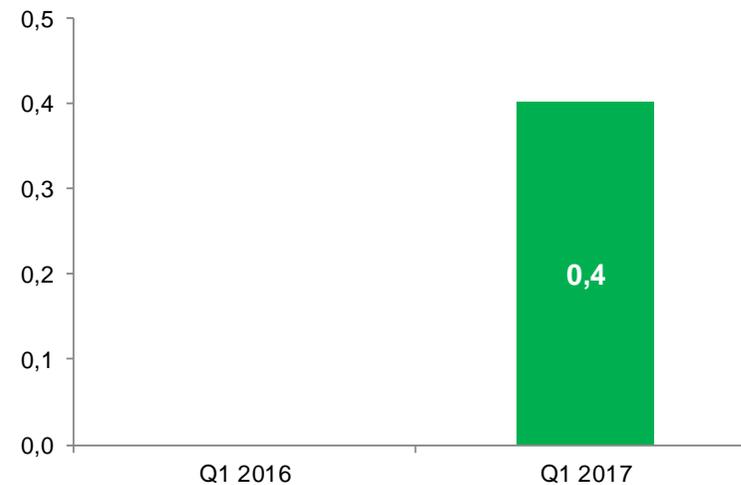


Good performance of the product portfolio (2/2)

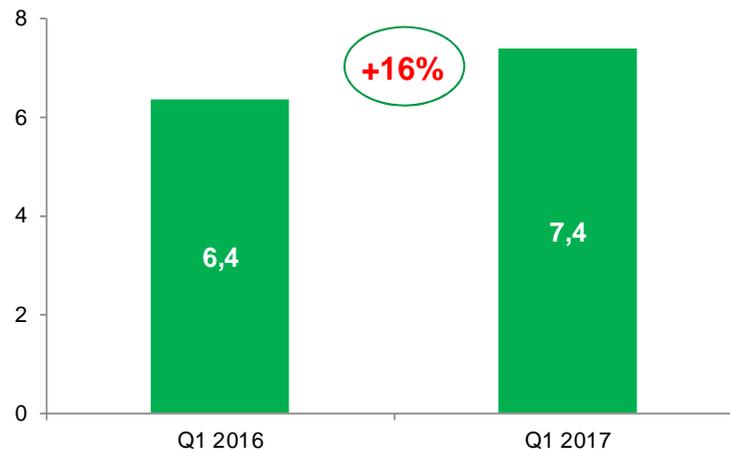
Volutsa sales (€Mn)



Neparvis sales (€Mn)



Contrast imaging agents (€Mn)



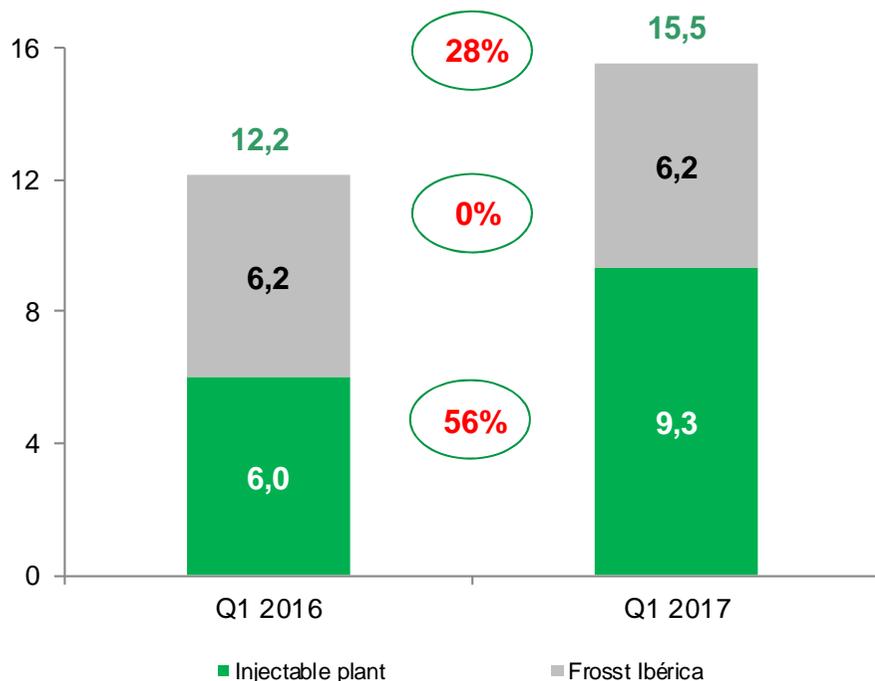
- Sales of **Volutsa**, launched in Spain in February 2015, **increased by 37%** to €2.0Mn in Q1 2017.
- Sales of **Neparvis**, a specialty product from Novartis launched in December 2016, reached €0.4Mn in Q1 2017.
- Sales of **Corlantor** **decreased by 43%** to €1.9Mn in Q1 2017 mainly due to a price decrease of the product as units sold grew by 4%.
- **Exxiv** sales decreased by 14% to €1.2Mn, mainly due to a deceleration of the COX-2 market.
- **Contrast imaging agents** and other hospital products **increased by 16%** to €7.4Mn in Q1 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. Corlantor 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).



Value added toll manufacturing services

Toll manufacturing sales (€Mn)



- **Toll manufacturing sales** increased by 28% to €15.5Mn in Q1 2017, compared to the same period of the previous year, mainly because of the good performance of the injectable business, where revenue increased 56% as a result of higher volumes manufactured for some customers.
- This significant increase in the **injectable business** was specifically linked to Q1 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: Pre-Clinical, I, II, III]				<ul style="list-style-type: none"> Phase II successfully finished. Final positive results 1Q 2016 Phase III starts 1H 2017
	Long acting Letrozole	Breast Cancer	[Progress bar: Pre-Clinical, I]				<ul style="list-style-type: none"> Phase I starts 2H 2017
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 2017

**2017 operating
revenues growth rate**

low single digit –
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

Toll manufacturing

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

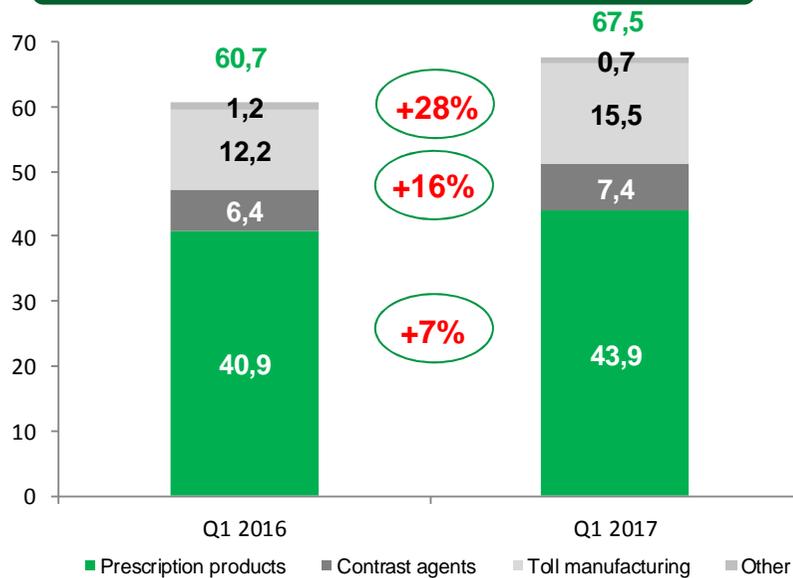


Financial results

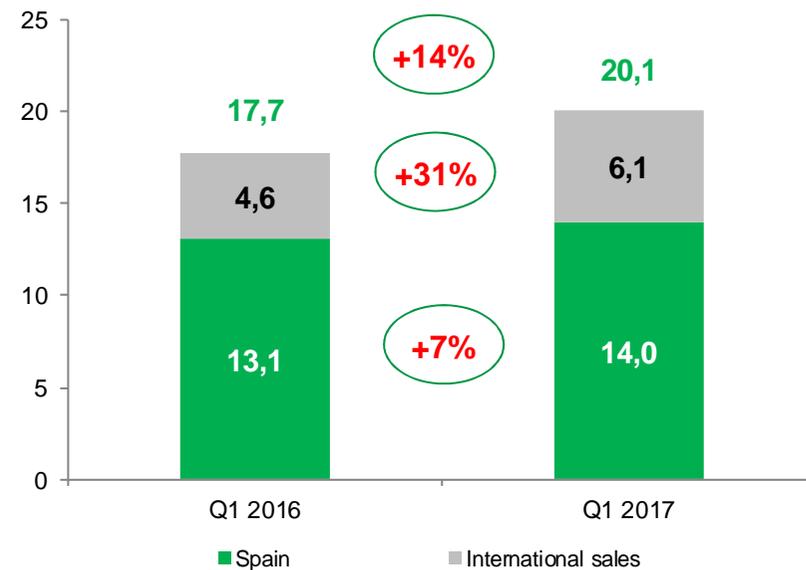
Good revenue level with outstanding Bemiparin growth



Total operating revenue (€Mn)



Bemiparin sales (€Mn)



➤ **Operating revenue** increased by 11% to €67.5Mn, achieved on:

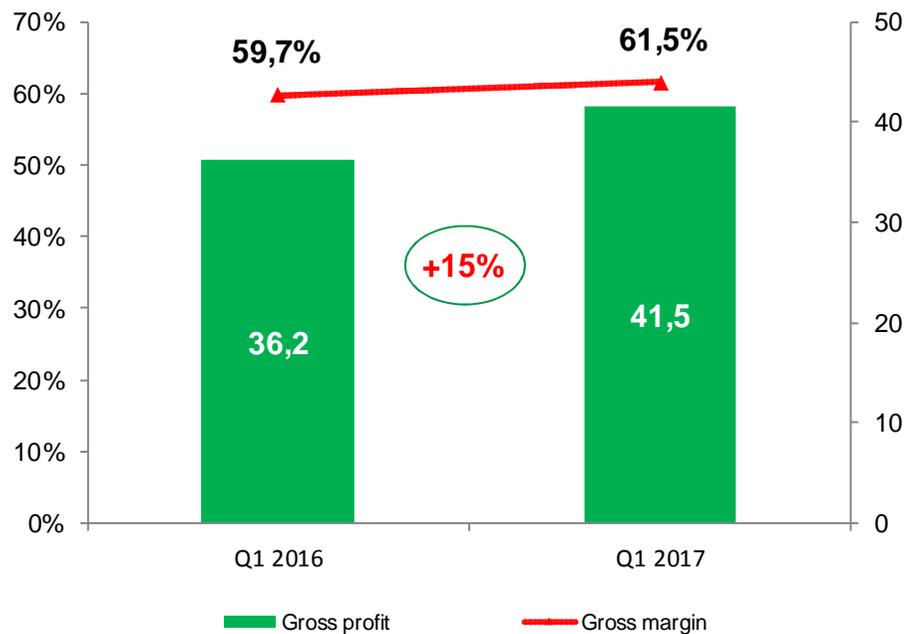
- ✓ 7% growth in prescription-based products;
- ✓ 16% growth in contrast agents and other hospital products;
- ✓ 28% growth in toll manufacturing; and
- ✓ OTC and other revenues decreased by 44% (including revenue from distribution licenses).

➤ **Bemiparin**, ROVI's flagship product internally developed, reached sales of €20.1Mn (**14% growth** vs Q1 2016). **Sales grew by 7% in the domestic market and 31% in the international market.**

Gross margin positively impacted by the injectable toll manufacturing business



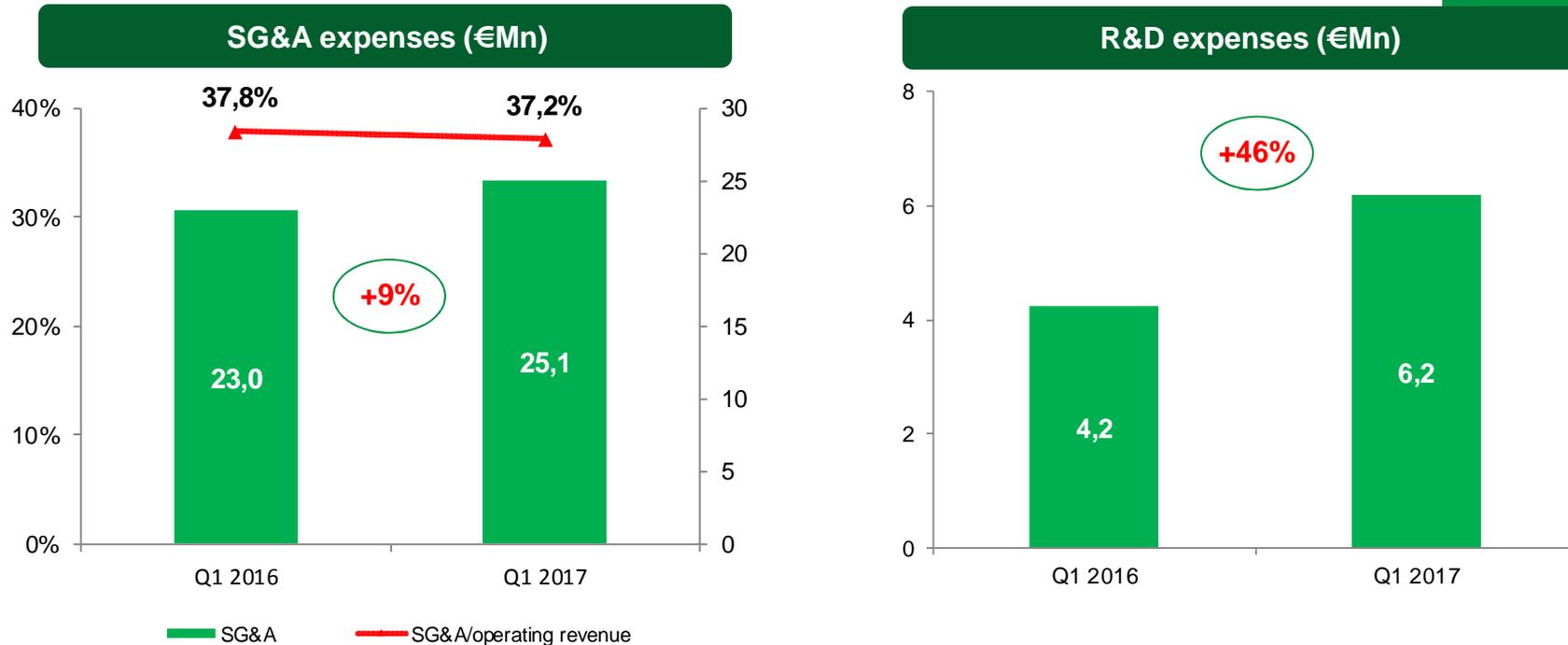
Gross profit (€Mn) & Gross margin (%)



- **Gross profit** increased by 15% to €41.5Mn in Q1 2017, reflecting an increase of 1.8 pp in the gross margin to 61.5% in Q1 2017 from 59.7% in Q1 2016, mainly due to the increase of injectable business' sales, which contributed with higher margins.



Cost control along with commitment to R&D

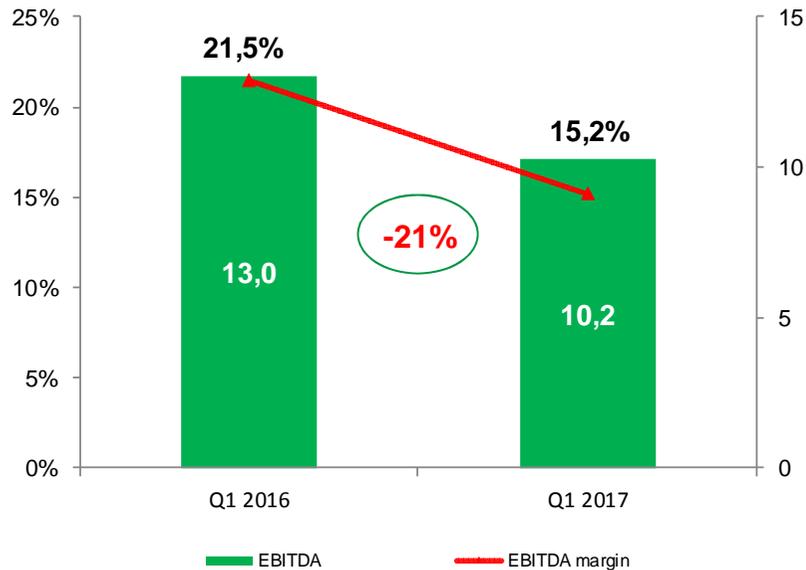


- **SG&A expenses** rose 9% to €25.1Mn in Q1 2017 mainly due to Neparvis[®] and Mysimba[®] product launches which added expenses of 0.8 million euros.
- **R&D expenses** increased 46% to €6.2Mn in Q1 2017 mainly due to (i) the preparation of the Risperidone-ISM[®] phase III trial and (ii) the performing of development activities for the formulation of the Risperidone-ISM[®] phase III trial and the Letrozole-ISM[®] phase I trial.

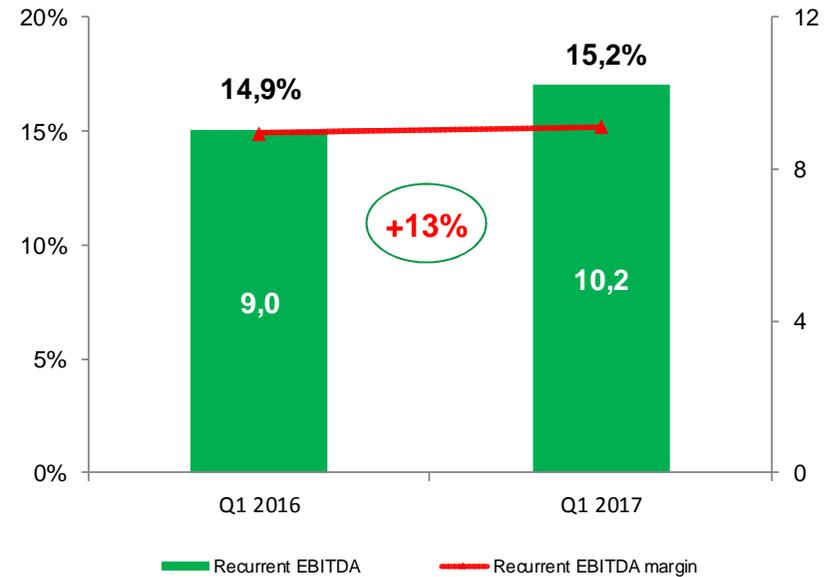


EBITDA

EBITDA (€Mn) and EBITDA margin (%)



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

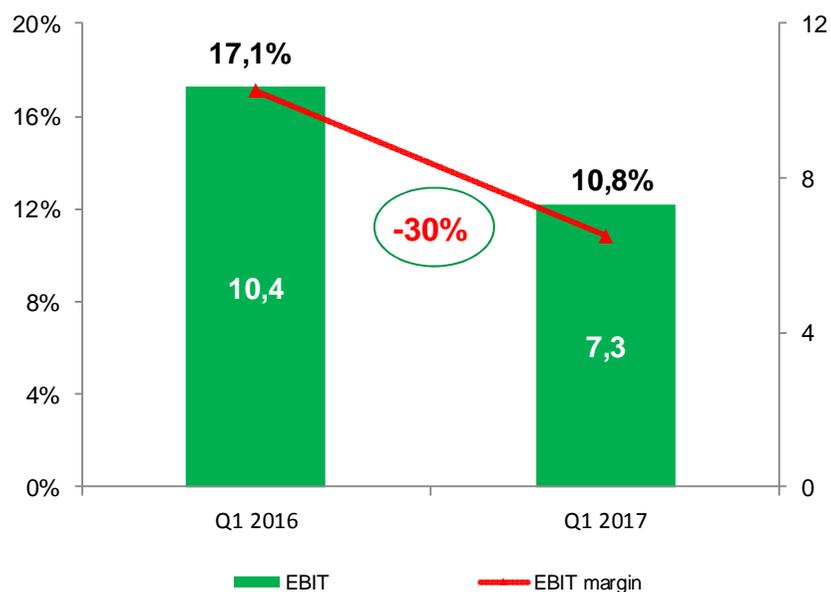


- **EBITDA** decreased by 21% to €10.2Mn in Q1 2017, reflecting a 6.3 pp fall in the EBITDA margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in Q1 2016 as a result of the joint venture created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non-recurrent revenue in Q1 2016, EBITDA would have increased by 13% in Q1 2017, reflecting a 0.3 pp rise in the EBITDA margin.

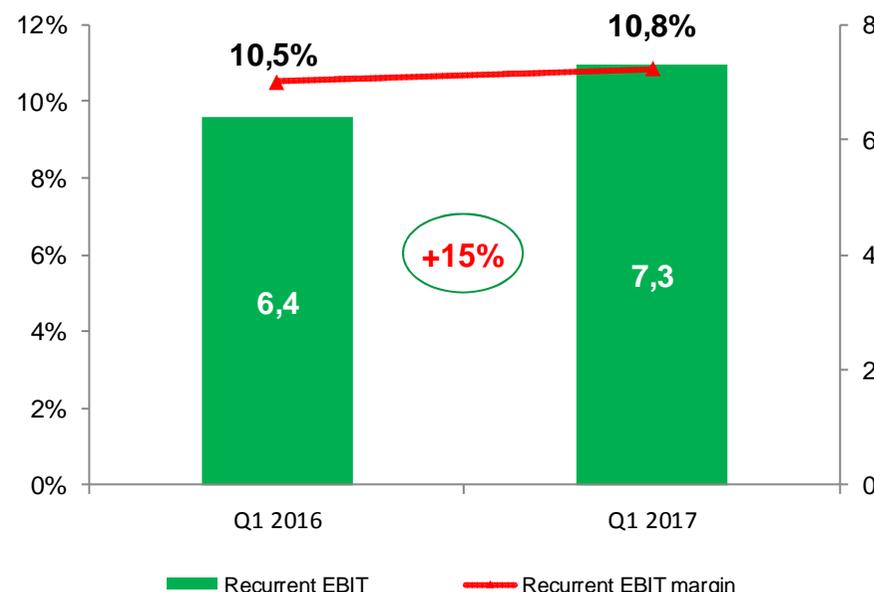


EBIT

EBIT (€Mn) and EBIT margin (%)



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



- **Depreciation and amortization expenses** increased by 10% in Q1 2017, up to €2.9Mn, as a result of the new PP&E and intangible assets purchases made over the last twelve months.
- **EBIT** decreased by 30% to €7.3Mn in Q1 2017, reflecting a 6.3 pp fall in the EBIT margin, mainly due to the impact of non-recurrent revenue of 4.0 million euros registered in Q1 2016 as a result of the joint venture created by ROVI and Enervit. However,
 - ✓ excluding the impact of the non-recurrent revenue in Q1 2016, EBIT would have increased by 15% in Q1 2017, reflecting a 0.3 pp rise in the EBIT margin.



Net profit

Net profit (€Mn)



Recurrent net profit (€Mn)



➤ **Net profit** decreased to €6.4Mn in Q1 2017, a 32% decline compared to Q1 2016. However,

- ✓ excluding the impact of the non recurrent revenue in Q1 2016, net profit would have increase by 12% in Q1 2017.

➤ **Effective tax rate of 8.5%** in Q1 2017 vs 7.0% in Q1 2016. This favourable effective tax rate is due to:

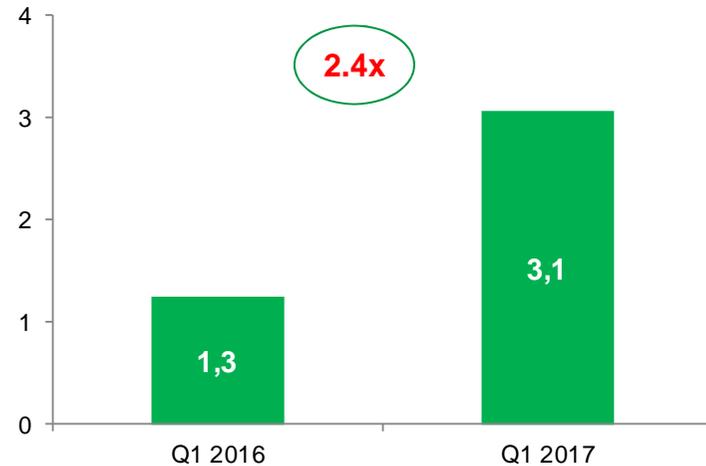
- ✓ deduction of existing R&D expenses; and
- ✓ capitalisation of existing negative tax bases from Frosst Ibérica.

➤ As of 31 December 2016, Frosst Ibérica **negative tax bases amounted to €36.7Mn**, of which €1.6Mn will be used in the 2016 income tax and €0.3Mn in Q1 2017.



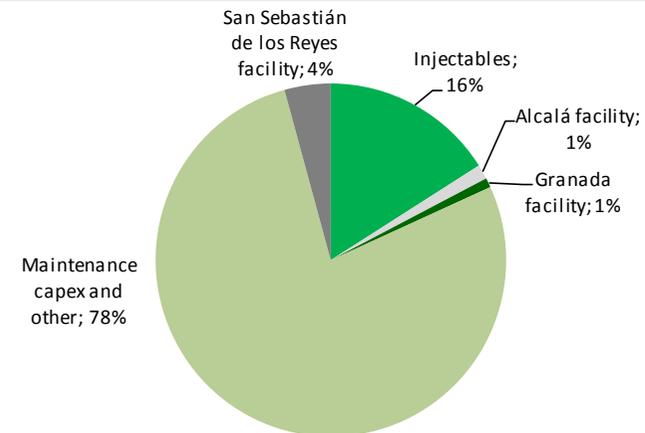
Capital expenditure & Free Cash Flow

Capex evolution (€Mn)



2.4x

Capex breakdown (%)



FCF (€Mn)

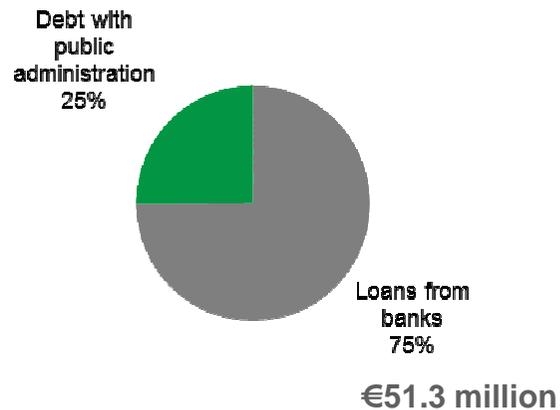


- €3.1Mn of **capex** invested in Q1 2017.
 - ✓ €0.5Mn of investment capex related to the injectable plant;
 - ✓ €0.1Mn of investment capex related to the Granada and the Alcalá de Henares facilities;
 - ✓ €0.1 Mn of investment capex related to the San Sebastián de los Reyes facility; and
 - ✓ €2.4Mn of maintenance capex and other capex (including capex related to the biosimilar of enoxaparin).
- **FCF** decreased to -€11.3Mn mainly due to:
 - ✓ €9.9Mn decrease in “trade and other payables” in Q1 2017 vs €6.7Mn decrease in Q1 2016;
 - ✓ €5.6Mn increase in “trade and other receivables” in Q1 2017 vs €5.7Mn decrease in Q1 2016;
 - ✓ €4.6Mn increase in “inventories” in Q1 ‘17 vs €2.1Mn decrease in Q1 ‘16;
 - ✓ €1.8Mn increase in capex.

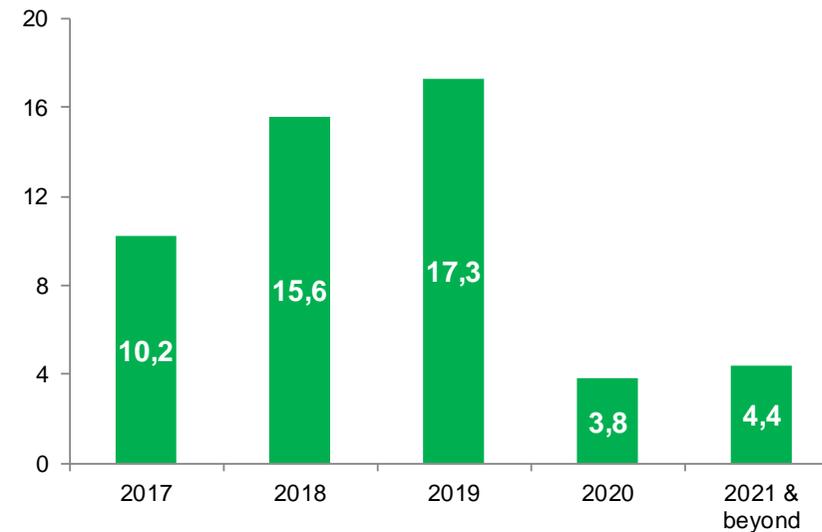


Financial debt

Debt breakdown by source (%)



Debt maturities by year (€Mn)



- **Debt with public administration** represented **25%** of total debt, with 0% interest rate.
- **Gross cash position of €49.1Mn** as of 31 March 2017 vs €42.8Mn as of 31 December 2016.
- **Net debt of €2.2Mn** as of 31 March 2017 vs net cash of €9.0Mn as of 31 December 2016.
- ROVI will propose to the Shareholders General Meeting a **dividend of 0.1830** euros per share with dividend rights on 2016 earnings. This proposed dividend would mean an **increase of 32%** compared to the dividend on 2015 earnings (0.1390 euros per share).



News-flow 2017

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 H1 2017
- Start of ISM-Letrozole[®] Phase I in H2 2017
- Granting by the competent local authorities of the marketing authorisation of a biosimilar of enoxaparin in 26 countries of the EU



For further information, please contact:

Juan López-Belmonte
Chief Executive Officer
+34 91 3756235
jlopez-belmonte@rovi.es
www.rovi.es

Javier López-Belmonte
Chief Financial Officer
+34 91 3756266
javierlbelmonte@rovi.es
www.rovi.es

Marta Campos Martínez
Investor Relations
+34 91 2444422
mcampos@rovi.es
www.rovi.es