

Almirall: Solid performance in 2009, setting basis for sustainable long-term growth

Barcelona, 25 February 2010

- Solid financial performance in a challenging environment (net sales +2,5% - including of international sales +5,6% -, net income +11,3%).
- Strong operational focus maintained with divestment of non-core products and increased manufacturing and commercial efficiencies.
- R&D remains a key priority - major pipeline progress achieved in 2009, rich pipeline newsflow in 2010 with 13 projects in clinical stage.
- Record Operating Cash Flow of €261,6 mill. (+12,2%).
- After a successful 2009, Corporate Development efforts to continue in 2010, focusing upon partnering key pipeline products, pursuing new in-licensing opportunities and evaluating selected acquisitions.
- Financial Outlook for 2010 reiterated – maintaining normalised profits through a period of significant R&D investment.
- Dividend of c. €0,33 (+5%) to be proposed to the AGM.*

Financial highlights (€Million)

	2009	2008	Var.
Net Sales	925,5	902,8	+2,5%
EBIT	179,1	166,7	+7,4%
EBITDA	243,9	230,0	+6,0%
Net income	151,5	136,1	+11,3%
Normalized Net Income	145,3	142,5	+2,0%

Dr. Jorge Gallardo, Chairman-Chief Executive Officer, commented:

“We are pleased with our performance in 2009. Results are in line with guidance and we attained our financial objectives in an increasingly challenging environment. Cash generation has been strong and we have reinforced our financial position. We will propose to the AGM in May a dividend of c €0,33.”*

“Also, over the last year we have made important progress in our pipeline, launched new products and completed very significant corporate development agreements that reinforce our base business and set the basis for sustainable long-term growth”, he explained.

Speaking of prospects for 2010 he added, “we target to sustain normalised profits, deliver significant newsflow from our late-stage pipeline and undertake new ventures in corporate development.”

* Rounded figure. Actual number represents +5% over previous year dividend.

Barcelona, 25th February 2010 - Almirall, the international pharmaceutical company based in Spain, announced results for the year to December 31, 2009 – a year of sustained growth, financial targets achieved and results delivered in line with guidance.

Financial Results, Corporate Development and 2010 Outlook

Net Sales were up 2,5% to € 925,5 mill. on sustained growth of the international affiliates and acceleration of the partners activity. Higher volumes provided nearly 3% of growth while price changes subtracted less than 1%. Euro sales represented most of Net sales and the unfavourable impact of the UK sterling and the Mexican Peso slightly hindered the positive trend in its evolution. Our top 10 products, representing 63% of Net sales, were up 5,8% while the top 6 products grew at double digit (+10,7%).

Gross Margin amounted €580,9 mill.

Other Income continues to be a key contributor and a reflection of Almirall's operating model. This magnitude stood at €107,8 mill.

R&D expenses were lower than 2008 at €121 mill (13,1% on sales) as the company moves forward with the widest and deepest pipeline in its history. Lower expenses in absolute terms were driven by the full allocation in 2008 year of pivotal phase III trial costs from our respiratory franchise.

In addition to investments in innovation, Almirall aims continuously to improve organizational efficiencies, promote savings and allocate efficiently its assets **as a result**.

SG&A (Selling, general and administrative) expense for the year was € 386,8 mill (41,8% of sales), compared to €418,2 mill (46,3% sales) in 2008.

EBIT and **EBITDA** advanced materially (+7,4% and +6,0%) reaching €179,1 mill and €243,9 mill respectively, both driven in particular by strong international sales, continued cost discipline and lower R&D expense.

Normalized Net Income totalled € 145,3 mill (+2,0%) despite a higher **effective tax rate** of 11,7% due to lower R&D expense.

Restructuring costs amounted €8,5 mill following commercial realignment in several markets, with the main adjustment taking place in the Spanish market.

Net Income reached € 151,5 mill (+11,3%) expanded by the disposal of 13 non-actively promoted products from the Spanish portfolio with yearly sales in 2008 of approximately € 8 mill.

Operating Cash Flow grew by 12,2% to a new record level of € 261,6 mill, which was more than sufficient to cover investment opportunities, pay-out policy and debt pay down in 2009.

Free Cash Flow has reached €206,4 mill despite the acquisition of linaclotide European rights (US\$ 40 Mill downpayment + US\$15 Mill of equity following positive phase III CC data) and milestone payments to GW Pharma (GBP 8 Mill) after the positive Phase III and continued regulatory progress of Sativex®.

Net Debt at 31st Dec. 2009 was lowered to €40,1 mill. (x 0,16 EBITDA 2009).

Equity represents 50,6% of Total Assets (46,8% at 31 December 2008).

After achieving the financial goals in 2009, our **expectations for 2010** are for flat to slightly declining sales and a continuation of the ongoing cost containment efforts (except for R&D, which will resume growth) aiming to sustain the company's normalized profits during a year of anticipated significant R&D newsflow.

Following the three important achievements during 2009 (Pan-European in-licensing of linaclotide from Ironwood, silodosin in-licensing from Recordati for Spain, and the partnering of the OD LABA (LAS 100977) in the US to Forest Inc), Almirall's 2010 Corporate Development priorities gravitate around three main axis: partnering key pipeline products (Eklira and OD LABA), pursuing new license-in opportunities and continuing to evaluate selected acquisitions.

Operations and Market trends

Net Sales were up 2,5% to 925,5 mill with the major contributor being the international business. Almirall has delivered growth in a challenging environment and maintains a branded and well diversified portfolio among products, geographies and therapeutic areas.

International sales grew 5,6% to € 389 mill in 2009 and accounted for 42% of sales vs. 34% in 2007 (IPO year) as Almirall's internationalisation and corporate development deliver positive benefit.

Spanish sales were stable at € 536 mill (+0,4%), despite the **asset disposal** of 13 non-actively promoted products from its Spanish portfolio.. These divested assets reached € 8 mill. In 2008.

Overall **Spanish market** has remained positive (+3,8%) in 2009 and Almirall has kept a Market share of c. 5,4%. Generics in Spain continue a steady evolution representing around 6,6% in value, 16% in units.

Corporate sales improved 7,7% totalling € 35,7 mill driven by the toll manufacturing business. Gradual reduction of this business is anticipated from 2010 given its non-core strategic nature and dilutive margin contribution.

Almirall's Core products continue to deliver positive results. The top 10 products grew 5,8% (while the top 6 products grew at double digit: +10,7%), and accounted for 63% of Net sales reflecting a well balanced portfolio with no overexposure to a single product. Notable performances were seen with **Ebastel**[®] (*ebastine*), **Esertia**[®] (*escitalopram*) and **Almogran**[®], all of them with double growth rates. The excellent growth trend of **Prevencor**[®] (*atorvastatin*) continued. On the flipside **Airtal**[®] (*aceclofenac*) and **Dobupal**[®] (*venlafaxine*) showed a lowering trend due to generic/reference pricing effects.

Almirall's fastest-growing product was our Dermatology product, **Solaraze**[®] (*diclofenac sodium*). Despite no introductions in new markets since its acquisition in late 2007 the product benefited from Almirall's commercial realignment growing by 44% to € 24 Mill in 2009 and was the biggest-selling Dermatology product in Germany. With new market introductions planned for 2011 we remain confident in the growth outlook for this important revenue contributor.

New launches in 2009, **Tesavel**[®] (*sitagliptin*) and **Efficib**[®] (*sitagliptin+metformin*) progressed as expected. **Astucor**[®] (*amlodipine+ atorvastatin*) also contributed positively to the Spanish sales.

In line with its pipeline, Almirall continues to make progress in its key focus therapeutic categories Dermatology, Respiratory and GI (combined, 48,1% of sales, growing at 7,6%). A positive evolution was also seen in Cardiovascular while CNS and Osteomuscular lost momentum as expected.

Looking ahead, new territories await regulatory filing and/or pricing and reimbursement clearance in dermatology, where we expect to increase our presence through a combination of roll out of proprietary products and the launch of new forms/pack sizes.

Silodosin (a licensed product from Recordati for use in the treatment of benign prostatic hyperplasia) was recently approved by the European Commission and we expect the regulatory outcome from **Sativex**[®] (used in the treatment of spasticity in multiple sclerosis) during this first quarter of 2010. Pending pricing and reimbursement processes, both products could generate sales in 2010, and could contribute to sustain the base business in the years to come.

With the aim of rationalising Almirall's cost structure and generating savings in the manufacturing capabilities during 2009 the manufacturing plant in France was closed. Also, Almirall announced the

intention to concentrate the manufacturing operations in two sites: Sant Andreu de la Barca (Spain) and Reinbek (Germany). Steps to attain this goal are ongoing.

Cost and OPEX rationalisation was driven by sales force realignment and marketing expense efficiencies. Almirall continues to constantly monitor and analyse the adequacy of its commercial structure and take action to keep it aligned with its goals.

Pipeline Progression & 2010 Newsflow

During the last months Almirall has made significant progress in the respiratory field.

The first Phase III BID study with **Eklira[®] (aclidinium bromide)** reported in January 2010 produced very positive topline results in COPD patients. The study showed excellent safety and tolerability and met its primary endpoint with clinically and statistically significant changes vs. placebo. Importantly, results were consistent with the Phase II comparative trial vs. tiotropium and placebo. Two other Phase III BID study with aclidinium bromide are ongoing. Results are expected between the second half of 2010 and early 2011 and Eklira[®] filing is targeted for 2011.

The fixed dose combination of **Aclidinium bromide + formoterol** BID continues as planned. In line with this, two dose-finding Phase IIb studies are ongoing and top-line results are expected at the end of the year.

The development of **LAS100977 (OD LABA)** is also a strong pillar within the Almirall respiratory franchise, covering a wide range of treatment options within asthma and COPD. LAS100977 is a highly potent novel once daily LABA that in early Phase 2 testing demonstrated fast onset, long-lasting (24-hour) efficacy with a very good tolerability profile in patients with stable asthma after multiple dosing. Also, PhIIa results showed superiority vs salmeterol given BID. Phase IIb is due to start during 2010.

This respiratory development pipeline is complemented by a competitive respiratory portfolio. Based on this a decision has been taken to focus the internal discovery efforts on the respiratory area and explore partnership options for two late stage discovery projects in the autoimmune area, the **S1P1** and **JAK** programs as well as for the **DHODH** inhibitor program.

The **dermatology pipeline** has made good progress and portfolio expanded significantly since the acquisition of Hermal by Almirall in September 2007. The dermatology pipeline has expanded to now include 6 projects in clinical trials or filed for approval, despite a recent discontinuation of LAS41001. At least one new phase III start is anticipated during 2010. Significant increases in budget, investment into technical equipment and human resources have been made to strengthen the Dermatology Center of Excellence in Germany.

Two key licensed-in late-stage compounds for which Almirall holds European rights, linaclotide, for irritable bowel syndrome with constipation (IBS-C) (licensed from Ironwood) and Sativex[®] (licensed from GW Pharma) have also progressed well during 2009.

On Nov 2nd Ironwood and Forest announced positive results for two **linaclotide** pivotal phase III trials in patients with chronic constipation (CC). Topline results show each trial met primary and all secondary endpoints. These results clearly point to the potential for this compound for which Almirall holds pan-European rights and are part of a larger Phase III program investigating the effect of linaclotide on patients with CC and IBS-C. There are two ongoing Phase III trials in the US to assess the safety and efficacy of linaclotide in patients with IBS-C, with results due during the second half of 2010.

The regulatory filing of **Sativex[®]** for the treatment of spasticity due to multiple sclerosis was submitted in UK and Spain under the European decentralised procedure, following the announcement of positive results in a phase III study where Sativex[®] showed relevant improvement in spasticity in multiple sclerosis patients. It is expected that the outcome of the regulatory submission will be known during the first quarter of 2010. Following potential approval in the UK and Spain, submissions for approval would be made in other European countries during 2010 under the mutual recognition procedure.

Development of Sativex® for oncological pain in ongoing with results from an ongoing phase II/III study expected mid 2010.

Financial Calendar 2010

13 May 2010	Q1'10 results
30 July 2010	H1'10 results
15 November 2010	Q3'10 results

Disclaimer

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About Almirall

Almirall is an international pharmaceutical company based on innovation and committed to health. Headquartered in Barcelona, Spain, it researches, develops, manufactures and commercialises its own R&D and licensed drugs with the aim of improving people's health and wellbeing. The therapeutic areas on which Almirall focuses its research resources are related to the treatment of asthma, COPD (Chronic Obstructive Pulmonary Disease), rheumatoid arthritis, multiple sclerosis, psoriasis and other dermatological conditions. Almirall's products are currently present in over 70 countries while it has direct presence in Europe and Latin America through 11 affiliates.

For further information please visit the website at: www.almirall.com

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Appendix 1: INCOME STATEMENT 2009

Income Statement 2009 (€Million)	2009	2008	% Var.
Net Sales	925,5	902,8	2,5%
Gross Profit	580,9	569,4	2,0%
% of sales	62,8%	63,1%	
Other Income	107,8	153,1	-29,6%
R&D	-121,0	-139,3	-13,1%
% of sales	13,1%	15,4%	
SG&A	-386,8	-418,2	-7,5%
% of sales	41,8%	46,3%	
Other Op. Exp	-1,8	1,6	n.m.
% of sales	-0,2%	0,2%	
EBIT	179,1	166,7	7,4%
% of sales	19,4%	18,5%	
Depreciation	64,8	63,3	2,4%
% of sales	7,0%	7,0%	
EBITDA	243,9	230,0	6,0%
% of sales	26,4%	25,5%	
Sale of noncurrent assets / Other	19,0	0,8	n.m.
Restructuring costs	-8,5	0,0	n.m.
Impairment losses	-1,0	-5,1	-80,4%
Net financial income / (expenses)	-17,1	-17,7	-3,4%
Tax	-20,0	-8,6	132,6%
Net income	151,5	136,1	11,3%
Normalized Net Income	145,3	142,5	2,0%
Earnings per share (€) ⁽¹⁾	0,91€	0,82 €	
Normalized Earnings per share (€) ⁽¹⁾	0,87€	0,86 €	
Nu. of employees end of period	3.125	3.344	-6,5%

⁽¹⁾ Number of shares at the end of the period

n.m.: no meaningful

Appendix 2: BALANCE SHEET 2009

Balance Sheet 2009 (€Million)	2009	% of BS	2008
Goodwill	272,7	18,4%	273,5
Intangible assets	352,8	23,8%	342,7
Property, plant and equipment	169,1	11,4%	175,7
Financial assets	10,8	0,7%	3,9
Other non current assets	173,6	11,7%	165,3
Total Non Current Assets	979,0	66,0%	961,1
Inventories	97,7	6,6%	112,5
Accounts receivable	120,4	8,1%	107,9
Cash & equivalents	259,7	17,5%	186,1
Other current assets	26,2	1,8%	28,8
Total Current Assets	504,0	34,0%	435,3
Total Assets	1.483,0		1.396,4
Shareholders equity	751,0	50,6%	653,0
Financial debt	265,7	17,9%	321,0
Other non current liabilities	228,4	15,4%	183,3
Other current liabilities	237,9	16,0%	239,1
Total Equity and Liabilities	1.483,0		1.396,4

Appendix 3: CASH FLOW 2009

Cash Flow 2009 (€Million)	2009	2008
Profit Before Tax	171,5	144,7
Depreciation and amortisation	64,8	63,3
Change in working capital	-18,8	16,2
Other adjustments	44,1	8,9
Cash Flow from Operating Activities	261,6	233,1
Financial Income	2,9	6,8
Investments	-77,6	-24,0
Divestments	19,4	2,9
Other cash flows	0,1	0,0
Cash Flow from Investing Activities	-55,2	-14,3
Finance Expense	-19,8	-25,1
Dividends distribution	-52,5	-52,5
Debt increase/ (decrease)	-55,3	-145,2
Other cash flows	-5,2	0,1
Cash Flow from Financing Activities	-132,8	-222,7
Cash Flow generated during the period	73,6	-3,9
Free Cash Flow	206,4	218,8

Appendix 4: GEOGRAFIC SALES SEGMENTATION 2009

Net Sales breakdown by Geographic Area (€Million)

	2009	2008	% Var.
Spain	536,0	534,0	0,4%
Europe & Middle East	284,1	269,0	5,6%
America, Africa & Asia Pacific	69,7	66,6	4,6%
Corporate	35,7	33,1	7,7%
Total	925,5	902,8	2,5%

Appendix 5: CORE PRODUCT SALES 2009

Net Sales by Product (€Million)

	2009	2008	% Var.	% of Sales
Ebastel [®] and others (<i>ebastine</i>)	114,4	100,7	13,7%	12,4%
Prevencor [®] (<i>atorvastatin</i>)	112,8	104,8	7,9%	12,2%
Esertia [®] (<i>escitalopram</i>)	65,4	55,6	17,8%	7,1%
Plusvent [®] (<i>salmeterol & fluticasone</i>)	60,1	59,7	0,6%	6,5%
Almogran [®] and others (<i>almotriptan</i>)	51,8	44,0	17,7%	5,6%
Parapres [®] (<i>candesartan cilexetile</i>)	44,0	40,2	9,6%	4,7%
Airtal [®] and others (<i>aceclofenac</i>)	43,1	50,0	-13,8%	4,6%
Opiren [®] (<i>lansoprazole</i>)	34,9	35,2	-1,0%	3,8%
Dobupal [®] (<i>venlafaxine</i>)	34,5	46,8	-26,3%	3,7%
Solaraze [®] (<i>diclofenac sodium</i>)	24,3	16,8	44,3%	2,6%
Other	340,2	349,4	-2,6%	36,7%
Total	925,5	902,8	2,5%	100%

Appendix 6: NET SALES BY THERAPEUTIC AREA 2009

Net Sales by Therapeutic Area (€Million)

	2009	2008	% Var.	% of Sales
Cardiovascular	188,3	176,4	6,8%	20,3%
Respiratory	185,6	171,8	8,0%	20,0%
CNS	169,2	172,7	-2,1%	18,3%
Digestive	145,1	139,7	3,9%	15,7%
Dermatology	115,1	102,8	11,9%	12,4%
Osteomuscular	71,9	82,1	-12,4%	7,8%
Urological	19,6	22,4	-12,6%	2,1%
Other	30,7	34,9	-12,0%	3,3%
Total	925,5	902,8	2,5%	100%