

## Almirall: First Quarter 2010 on track

Barcelona, 13 May 2010

- Q1 Sales on track, Normalized Net Income ahead of guidance (+3.0%).
- Steady sales growth in affiliates, stable evolution in Spain.
- Net Debt reduced to 0.09 x EBITDA 2009.
- Two launches expected in 2010: silodosin and Sativex®
- Significant Phase III newsflow in 2010: Eklira® and linaclotide.
- Corporate Development efforts focused upon partnering key pipeline products, pursuing new in-licensing opportunities and evaluating selected acquisitions.
- Payout ratio unchanged: 35-40%\*

### Financial highlights (€rounded million)

	Q1 2010	Q1 2009	Var.
<b>Net Sales</b>	<b>242.6</b>	245.0	<b>-1.0%</b>
<b>EBIT</b>	<b>62.9</b>	63.3	<b>-0.6%</b>
<b>EBITDA</b>	<b>78.2</b>	79.2	<b>-1.3%</b>
<b>Normalized Net Income</b>	<b>51.0</b>	49.5	<b>+3.0%</b>

### Eduardo Sanchiz, Chief Executive Financial Officer, commented:

*"Almirall has made a good start in 2010. Our base business is on track and in line with guidance, driven by a steady sales evolution and significant cost discipline achievements. Cash Flow generation remains solid and Net Debt reduction anticipates a Net Cash position during 2010."*

*"Financial guidance for 2010 is confirmed despite the erosion in the healthcare sector for pharma companies but still depending on the assessment of the news released yesterday by the Spanish Government".*

*"We keep our strategic priorities with continued focus on innovation and long term growth. Our potentially transformational pipeline is moving forward and will deliver significant Phase III catalysts in a near future", he explained.*

*Speaking of corporate development, he added: "our efforts continue to partner key pipeline products, pursuing new licensing opportunities and evaluating selected acquisitions".*

\* Unless capital discipline and/or business requirements dictate otherwise.

**Barcelona, 13<sup>th</sup> May 2010** - Almirall, the international pharmaceutical company based in Spain, announced results for the first quarter to March 31, 2010.

## **Financial Results, Dividend and Corporate Development**

**Net Sales** were slightly eroded (-1%) to € 242.6 mill with sustained growth of the international affiliates (+5.3%), steady domestic performance (+0.5%) and lower sales from partners (-14.3%). Our top 15 products, representing c. 74% of Net Sales were in line with the previous year.

As anticipated, **R&D** expenses were up at € 36.5 mill (+9.3% vs. the same period of last year) as the company moves forward with a significant late stage pipeline that will deliver important Phase III catalysts in 2010 (linaclotide and Eklira<sup>®</sup>). This trend is expected to endure driven by the progression of the respiratory franchise (Eklira<sup>®</sup> and LAS100977 -OD LABA-).

**SG&A** (Selling, general and administrative) expense for the quarter was € 85.0 mill reflecting a significant reduction of 12.2% driven by cost discipline and savings generated by the restructuring efforts implemented in 2009.

Both **EBIT** and **EBITDA** remained stable and have evolved in line with sales in a context of cost containment, higher R&D and the savings following commercial realignment in several markets during 2009.

**Net Income** and **Normalized Net Income** totalled € 51.0 mill. The former represents -20.1% vs. last year (significant divestment provided an extraordinary item in Q1 2009), whereas the latter is +3.0%, ahead of guidance.

**Free Cash Flow** generation remains sound although lower than in Q1 2009 (due to divestment of 13 non-core products last year).

**Net Debt** at 31<sup>st</sup> March was lowered to € 22.9 mill. (x 0.09 EBITDA 2009) and net cash position is expected to be achieved during 2010. This implies a significant financial room in our balance sheet to accommodate corporate development ventures.

Almirall's Board has proposed a **dividend payment** of € 0.33 per share (+5% vs. previous year) to the Annual General Meeting to be held next May 14<sup>th</sup>. The pay-out policy of 35-40% is unchanged (unless capital discipline and/or business requirements dictate otherwise).

Following the three important agreements during 2009 (pan-European in-licensing of linaclotide from Ironwood, silodosin in-licensing from Recordati for Spain, and the partnering of the LAS 100977 (OD LABA) in the US to Forest Inc.), Almirall's 2010 Corporate Development priorities gravitate around three main axis: partnering key pipeline products (Eklira<sup>®</sup> and LAS100977 -OD LABA-), pursuing new license-in opportunities and continuing to evaluate selected acquisitions.

The company's **expectations for 2010 are reiterated**: flat to slightly declining sales and a continuation of the ongoing cost containment efforts (except for R&D, which will keep growth) and sustaining the company's normalized profits during a year of anticipated significant R&D newsflow, but still depending on the assessment of the news released yesterday by the Spanish Government.

Potential key growth drivers ahead include Eklira<sup>®</sup> franchise (a sizable and growing COPD market of US\$ 12,2 billion), linaclotide (pan-European first-in-class opportunity in late stage development –no other treatment available-), Sativex<sup>®</sup> (approval expected in Q2) and the roll out of the derma franchise.

## **Operations**

First quarter results reflect the stability of the core business (expected to endure in 2010) as well as focused cost rationalisation, driven by the sales force realignment in 2009 and ongoing marketing and manufacturing efficiencies.

**Net Sales** amounted € 242.6 mill in line with expectations and with steady performance of our top 15 products which combine established products and newer launches. Almirall has performed consistently in an increasingly challenging environment and maintains a branded and well diversified portfolio among products, geographies and therapeutic areas.

**International sales** were driven by the robust performance of our affiliates (+5.3%), specially Mexico, Italy, France, Germany and UK. On the flipside, sales from partners and exports were -14.3% driven by lower ebastine sales in Japan.

**Spanish sales** were sustained at € 137.8 mill (+0.5%). Strong market performance for key brands like Esertia<sup>®</sup>, Parapres<sup>®</sup>, Efficib<sup>®</sup> and Tesavel<sup>®</sup> offset the generic impact of Prevencor<sup>®</sup>.

**Corporate sales** retreated 24.2% driven by the gradual reduction of the toll manufacturing business. As anticipated in February, this is a non-core business with dilutive margin contribution.

The top 15 products remained stable and accounted for c. 74% of Net Sales reflecting a well balanced portfolio with no overexposure to a single product. Notable performances were seen with **Almogran<sup>®</sup>** (+5.4), **Solaraze<sup>®</sup>** (+12.5%) and two new launches from 2009, **Tesavel<sup>®</sup>** and **Efficib<sup>®</sup>** which are ramping-up as expected.

The sales growth in Gastrointestinal (+12.6%), CNS (+9.5%) and Dermatology (+6.4%) contributed to the quarterly performance, whereas both Cardiovascular and Respiratory lost momentum.

**Silodosin** (a licensed product from Recordati for use in the treatment of benign prostatic hyperplasia) was approved earlier this year by the European Commission and pending of pricing and reimbursement processes, we expect it will generate sales in late 2010.

We also expect the regulatory outcome in Spain and UK for **Sativex<sup>®</sup>** (used in the treatment of spasticity in multiple sclerosis (MS)) during this second quarter of 2010. This first-in-class endocannabinoid system modulator also might contribute to reinforce our base business as of this year. Following the regulatory approval in the UK (reference member state), submissions for approval will be made in additional European countries under the mutual recognition procedure (Almirall holds pan-European rights ex-UK).

## Pipeline Progression & 2010 Newsflow

Almirall is making progress with a significant pipeline that will provide important Phase III newsflow in the forthcoming months, especially for Eklira<sup>®</sup> and linaclotide.

The first Phase III BID\* study with **Eklira<sup>®</sup> (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<sup>®</sup> filing is targeted for 2011.

Also, 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)**, combined with an inhaled corticosteroid is another 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 II testing demonstrated fast onset, long-lasting (24-hour) efficacy with a very good tolerability profile in patients with stable asthma after multiple dosing. Also, Phase IIa results showed superiority vs. salmeterol given BID. Phase IIb is due to start during this year.

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\* BID = twice a day

Almirall and Forest will present data from several studies of Eklira<sup>®</sup> and LAS100977 (OD LABA) at the annual ATS (**American Thoracic Society International Conference**) taking place in New Orleans May 14–19, 2010. Data will include posters on the two inhaled compounds as well as on the Genuair<sup>®</sup> inhaler.

Activities continue towards licensing-out two late stage discovery projects in the autoimmune area, the **S1P1** and **JAK** programs as well as for the **DHODH** inhibitor program for rheumatoid arthritis and multiple sclerosis.

Almirall's pipeline also includes two key licensed-in late-stage compounds for which we hold pan-European rights: linaclotide (licensed from Ironwood) and Sativex<sup>®</sup> (licensed from GW Pharma).

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 in the fourth quarter of 2010.

With regards to **Sativex<sup>®</sup>** in MS Spasticity, in March 2010, GW Pharma announced that the regulatory submission reached "Day 150" of the decentralised procedure and both the UK and Spanish regulators concluded that there were no major quality, safety or efficacy issues remaining to be resolved. Resolution is now required only of points of clarification related to finalisation of wording on the patient information leaflet. Once this wording is agreed, the regulatory process will enter its final phase. This final phase, known as the national phase, takes place separately -in this case- in the UK and Spain and its purpose is to finalise local wording on product packaging and related documents. After this phase is completed, national marketing approvals can be granted in each respective country. We expect Sativex<sup>®</sup> to receive regulatory approval in both the UK and Spain in Q2. Also, in late March preliminary results were announced of a Phase IIb trial evaluating the efficacy and safety of Sativex<sup>®</sup> in the treatment of pain in patients with advanced cancer, who experience inadequate analgesia during optimized chronic opioid therapy. GW Pharma and its US licensing partner, Otsuka, reported that positive Phase IIb data supported advancing into Phase III development in cancer pain.

The **dermatology pipeline** continues on track and will reinforce the pipeline newsflow of 2010.

## Financial Calendar 2010

30 July 2010

H1'10 results

15 November 2010

Q3'10 results

### Disclaimer

*This document includes only summary information and does not intend to be comprehensive. Facts, figures and opinions contained herein, other than historical, are "forward-looking statements". These statements are based on currently available information and on best estimates and assumptions believed to be reasonable by the Company. These statements involve risks and uncertainties beyond the Company's control. Therefore, actual results may differ materially from those stated by such forward-looking statements. The Company expressly disclaims any obligation to review or update any forward-looking statements, targets or estimates contained in this document to reflect any change in the assumptions, events or circumstances on which such forward-looking statements are based unless so required by applicable law.*

### 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](http://www.almirall.com)

**More information:**

**Ketchum Pleon**

Sonia San Segundo/Mónica Escusa

Tel. 91 788 32 00

[sonia.sansegundo@ketchumpleon.com](mailto:sonia.sansegundo@ketchumpleon.com)

[monica.escusa@ketchumpleon.com](mailto:monica.escusa@ketchumpleon.com)

## Appendix 1: INCOME STATEMENT Q1 2010

(€rounded million)	YTD March 2010	YTD March 2009	% Var.
<b>Net Sales</b>	<b>242.6</b>	<b>245.0</b>	<b>(1.0%)</b>
<b>Gross Profit</b>	<b>154.8</b>	<b>161.5</b>	<b>(4.1%)</b>
% of sales	63.8%	65.9%	
<b>Other Income</b>	<b>29.5</b>	<b>31.7</b>	<b>(6.9%)</b>
<b>R&amp;D</b>	<b>(36.5)</b>	<b>(33.4)</b>	<b>9.3%</b>
% of sales	(15.0%)	(13.6%)	
<b>SG&amp;A</b>	<b>(85.0)</b>	<b>(96.8)</b>	<b>(12.2%)</b>
% of sales	(35.0%)	(39.5%)	
<b>Other Op. Exp</b>	<b>0.1</b>	<b>0.3</b>	<b>(66.7%)</b>
% of sales	0.0%	0.1%	
<b>EBIT</b>	<b>62.9</b>	<b>63.3</b>	<b>(0.6%)</b>
% of sales	25.9%	25.8%	
<b>Depreciation</b>	<b>15.3</b>	<b>15.9</b>	<b>(3.8%)</b>
% of sales	6.3%	6.5%	
<b>EBITDA</b>	<b>78.2</b>	<b>79.2</b>	<b>(1.3%)</b>
% of sales	32.2%	32.3%	
Sale of non current assets / Other	(0.2)	19.9	(101.0%)
Net financial income / (expenses)	(3.0)	(5.5)	(45.5%)
Tax	(8.7)	(14.0)	(37.9%)
<b>Net income</b>	<b>51.0</b>	<b>63.8</b>	<b>(20.1%)</b>
<b>Normalized Net Income</b>	<b>51.0</b>	<b>49.5</b>	<b>3.0%</b>
Earnings per share (€) <sup>(1)</sup>	0.31 €	0.38 €	
Normalized Earnings per share (€) <sup>(1)</sup>	0.31 €	0.30 €	
Nº of employees end of period	3,066	3,286	(6.7%)

<sup>(1)</sup> Number of shares at the end of the period

## Appendix 2: BALANCE SHEET Q1 2010

(€rounded million)	March 2010	% of BS	December 2009
Goodwill	272.5	18.5%	272.7
Intangible assets	345.1	23.4%	352.8
Property, plant and equipment	163.9	11.1%	169.1
Financial assets	10.8	0.7%	10.8
Other non current assets	172.4	11.7%	173.6
<b>Total Non Current Assets</b>	<b>964.7</b>	<b>65.4%</b>	<b>979.0</b>
Inventories	100.3	6.8%	97.7
Accounts receivable	138.4	9.4%	120.4
Cash & equivalents	245.2	16.6%	259.7
Other current assets	25.8	1.7%	26.2
<b>Total Current Assets</b>	<b>509.7</b>	<b>34.6%</b>	<b>504.0</b>
<b>Total Assets</b>	<b>1,474.4</b>		<b>1,483.0</b>
Shareholders equity	804.1	54.5%	751.0
Financial debt	233.1	15.8%	265.7
Other non current liabilities	223.8	15.2%	228.4
Other current liabilities	213.4	14.5%	237.9
<b>Total Equity and Liabilities</b>	<b>1,474.4</b>		<b>1,483.0</b>

## Appendix 3: CASH FLOW Q1 2010

(€rounded million)	YTD March 2010	YTD March 2009
<b>Profit Before Tax</b>	<b>59.7</b>	<b>77.8</b>
Depreciation and amortisation	15.3	15.9
Change in working capital	(25.3)	(48.5)
Other adjustments	(28.4)	4.8
<b>Cash Flow from Operating Activities</b>	<b>21.3</b>	<b>50.0</b>
Financial Income	0.4	1.0
Investments	(2.4)	(12.2)
Divestments	0.0	19.1
Other cash flows	1.1	(0.6)
<b>Cash Flow from Investing Activities</b>	<b>(0.9)</b>	<b>7.3</b>
Finance Expense	(4.4)	(5.1)
Dividends distribution	0.0	0.0
Debt increase/ (decrease)	(32.5)	(24.9)
Other cash flows	2.0	(3.4)
<b>Cash Flow from Financing Activities</b>	<b>(34.9)</b>	<b>(33.4)</b>
<b>Cash Flow generated during the period</b>	<b>(14.5)</b>	<b>23.9</b>
<b>Free Cash Flow</b>	<b>20.4</b>	<b>57.3</b>

#### Appendix 4: GEOGRAFIC SALES SEGMENTATION Q1 2010

(€rounded million)	YTD March 2010	YTD March 2009	% Var.
Spain	137.8	137.2	0.5%
Europe & Middle East	73.7	70.2	4.9%
America, Africa & Asia Pacific	23.0	26.8	(14.4%)
Corporate	8.2	10.8	(24.2%)
<b>Total</b>	<b>242.6</b>	<b>245.0</b>	<b>(1.0%)</b>

#### Appendix 5: CORE PRODUCT SALES Q1 2010

(€rounded million)	YTD March 2010	YTD March 2009	% Var.
Ebastel <sup>®</sup> and others ( <i>ebastine</i> )	35.4	39.6	(10.6%)
Prevencor <sup>®</sup> ( <i>atorvastatin</i> )	23.0	28.5	(19.3%)
Esertia <sup>®</sup> ( <i>escitalopram</i> )	17.9	15.0	19.3%
Plusvent <sup>®</sup> ( <i>salmeterol &amp; fluticasone</i> )	16.1	15.8	1.9%
Almogran <sup>®</sup> ( <i>almotriptan</i> )	15.6	14.8	5.4%
Parapres <sup>®</sup> ( <i>candesartan cilexetile</i> )	12.5	10.8	15.7%
Airtal <sup>®</sup> and others ( <i>aceclofenac</i> )	11.7	11.4	2.6%
Opiren <sup>®</sup> ( <i>lansoprazole</i> )	9.1	9.0	1.1%
Dobupal <sup>®</sup> ( <i>venlafaxine</i> )	8.6	8.7	(1.1%)
Solaraze <sup>®</sup> ( <i>diclofenac sodium</i> )	5.4	4.8	12.5%
Almax <sup>®</sup> ( <i>almagate</i> )	5.2	5.3	(1.9%)
Balneum <sup>®</sup> ( <i>soya oil</i> )	5.0	5.5	0.0%
Tesavel <sup>®</sup> ( <i>sitagliptin</i> ) + Efficib <sup>®</sup> ( <i>sitagliptin+metformin</i> )	4.9	0.7	>100%
Pantopan <sup>®</sup> ( <i>pantoprazole</i> )	4.7	5.1	(7.8%)
Cidine <sup>®</sup> and others ( <i>cinitapride</i> )	4.2	3.6	16.7%
Other	63.3	66.9	(5.4%)
<b>Total</b>	<b>242.6</b>	<b>245.0</b>	<b>(1.0%)</b>

**Appendix 6: NET SALES BY THERAPEUTIC AREA Q1 2010**

<b>(€rounded million)</b>	<b>YTD March 2010</b>	<b>YTD March 2009</b>	<b>% Var.</b>
Cardiovascular	44.0	47.1	(6.6%)
Respiratory	54.3	58.6	(7.4%)
CNS	46.9	42.8	9.5%
Gastrointestinal	39.0	34.7	12.6%
Dermatology	29.3	27.5	6.4%
Osteomuscular	18.3	18.9	(3.0%)
Urological	4.4	5.6	(21.0%)
Other	6.4	9.7	(23.7%)
<b>Total</b>	<b>242.6</b>	<b>244.9</b>	<b>(1.0%)</b>