

Almirall: Q1 financial results in line to attain yearly guidance

Barcelona, 10 May 2011

- Q1 on track to attain yearly guidance
- Lower sales impacted by uneven pricing levels across quarters
- Cost discipline and savings a continued priority for 2011 (SG&A: -1.1%)
- Positive Cash position achieved (Net Debt: € -0.7 MM)
- Improved Free Cash Flow Generation (+26%)
- On track to file acridinium and linaclotide as planned
- Positive ramp-up of Conbriza[®] and Silodyx[®]
- € 0.29 Dividend approved at the AGM
- Several launches of new products expected during 2011

Financial highlights (€ rounded million)

	YTD March 2011	YTD March 2010	Variation
Net Sales	212.7	242.6	(12.3%)
EBIT	37.9	62.9	(39.7%)
EBITDA	53.3	78.2	(31.8%)
Net income	30.6	51.0	(40.0%)

Eduardo Sanchiz, Chief Financial Officer, commented:

"We have started 2011 on track to attain the yearly guidance. Sales evolution during the first quarter is reflecting uneven like-to-like pricing levels in Spain compared to 2010.

We maintain a solid financial position with a strong balance sheet and an improved free cash flow generation.

The year has started with very positive corporate development agreements like acridinium bromide in Japan and roflumilast in Spain. Later this year we aim to partner acridinium bromide in Europe as we continue in-licensing efforts around core therapies.

We are also well on track to file acridinium bromide and linaclotide as planned.

The positive ramp-up of new products like Silodyx[®] and Conbriza[®] will be reinforced shortly by the roll out of Sativex[®], Toctino[®] and Actikerall[®], as well as by the launch of roflumilast and Solaraze[®] in Spain.

We maintain our strategic priorities with continued focus on innovation and long-term sustainable growth."

Barcelona, 10th May 2011.– Almirall, the international pharmaceutical company based in Spain, announced results for the first quarter of 2011.

Financial Results, Corporate Development and Yearly Outlook

Almirall's performance during the first quarter of the year is on track to attain the yearly financial guidance.

As of March 31st, **Net Sales** eroded 12.3% to € 212.7 MM with stable evolution of the international business in Europe (+0.1%), and lower performance from the domestic business (-14.0%).

Sales were materially affected by the uneven year-on-year comparison. While the first quarter of 2010 was yet not impacted by the two healthcare reforms in Spain, Q1 2011 was fully impacted by the price erosion linked to these reforms. Generic competition has also hindered sales performance, especially in the case of Prevenor[®] (atorvastatin).

Gross Profit stood at € 132.9 MM (62.5% of sales) reflecting the unfavourable impact of the mandatory discount of 7.5% on patented products implemented in Spain in mid 2010. Despite this, gross margin in Q1 as a percentage on sales was improved vs FY 2010 (61.9%).

Other Income retreated to € 23.7 MM (-19.7%) driven by lower co-development and co-promotion revenues.

R&D expenses are showing a slower-than-expected ramp-up due to a phasing effect of clinical activity, reaching € 34.8 MM (-4.7%). Yearly guidance of high single digit increase at the end of the year is confirmed.

SG&A (Selling, general and administrative) were reduced to € 84.1 MM reflecting a progressively reduction of 1.1% vs. last year. These savings were driven by cost discipline and productivity gains as well as by back-office synergies and other operational efficiencies.

Both **EBIT** and **EBITDA** pulled back to € 37.9 MM (-39.7%) and € 53.3 MM (-31.8%) respectively in a context material sales drop due to price erosion and generic competition.

In this context, **Net Income** reached € 30.6 MM (-40%). Yearly guidance is confirmed and **Normalized Net Income** (Net Income less non recurrent elements) is expected to decline by a mid teen percentage.

Free Cash Flow generation reached € 25.7 MM in the first quarter (+26%) with continued improvement in working capital and despite payments related to business development projects.

Net Debt at 31st March 2011 reached € -0.7 MM and thus a positive cash position has been achieved.

Also, **Equity** has been reinforced in the first quarter 2011 and now represents 55.7% of Total Assets (vs. 53.3% at 31 Dec. 2010).

During this quarter, Almirall announced a licensing agreement with Kyorin in Japan for aclidinium bromide. After the agreement with Forest for the US, this second licensing agreement further extends the global reach of the product. Later this year Almirall aims to partner this compound in Europe.

Also, more recently, Almirall has reached a commercialization agreement with Nycomed for roflumilast in Spain. This deal reinforces our portfolio with a first-in-class product and allows us to leverage our respiratory capabilities and expertise. This anti-inflammatory product for the treatment of COPD, an entirely new class of treatment, has a strong strategic fit in our business and is fully complementary with acclidinium bromide which is expected to be registered in mid 2011 in Europe and the US.

On May 6th, the AGM approved a **dividend** of € 0.29 which implies a pay-out policy of 40% and represents the top end of the pay-out policy range (35-40%).

Operations and Market trends

Recent launches in the last months are evolving positively and contributing to the rejuvenation of our portfolio. Launched in the second half of last year, **Toctino**[®] (alitretinoin) is performing well in Austria while undergoing the regional access process in Italy. In Spain, both **Conbriza**[®] (bazedoxifene) and **Silodyx**[®] (silodosin) are performing in line with expectations.

Last February, **Sativex**[®] was awarded national reimbursement status in Spain and was launched shortly thereafter. Its initial sales performance in the brief period since launch are aligned with expectations and we are encouraged by the response from physicians to the introduction of this important new medicine to address the needs of people with MS suffering from spasticity.

Our base business continues to show a mixed bag of situations. The international dermatological franchise continues its sustained evolution of key products like **Solaraze**[®] (+1.9%), **Decoderm**[®] and **Balneum**[®]. With regards to **Tesavel**[®] and **Efficib**[®] (+70.8%), they are reiterating its excellent performance and are advancing their positions within our best sold products.

On the flip side, **Prevenor**[®] erosion continues (-41.9%) and generic competition is also hindering the performance of **Esertia**[®] (escitalopram), **Airtal**[®] (aceclofenac) and **Dobupal**[®] (venlafaxine).

During the rest of 2011 we expect additional launches that will contribute to nourish our core business. Among them, **roflumilast**, which we expect to launch in Spain in Q4. It will reinforce our portfolio with a first-in-class product and will allow us to leverage our respiratory capabilities and expertise. This product, an entirely new class of treatment, has a strong strategic fit in our business and is fully complementary with other bronchodilator treatments in COPD such as acclidinium bromide which is expected to be filed later this year. We expect roflumilast to generate revenues as of this year and could become one of Almirall's key products in the mid term.

Other launches planned for this year include **Solaraze**[®] (Spain), **Sativex**[®] (Germany, Sweden and Denmark) and the progression in the international roll out of **Toctino**[®].

After the recent positive recommendation for approval of **Actikerall**[®] (LAS41005) for actinic keratoses in 7 European countries, Almirall plans to launch this dermatological product in Germany and the UK in mid 2011.

Pipeline Progression & 2011 R&D Newsflow

Innovation is a key pillar in Almirall's strategy. The company's pipeline is the result of constant R&D commitment complemented with in-licensed compounds aiming to develop innovative and distinctive medicines to improve people's quality of life.

Following their positive phase III completion, Almirall plans two major filings during 2011. **Acclidinium bromide monotherapy** is expected to be filed in mid 2011 for COPD¹ both in

Europe and the US.

Linaclotide is a pan-European first-in-class opportunity in an indication IBS-C² with high unmet need in which no specific treatments have been approved by the EMA³. Almirall foresees to file linaclotide in Europe in the second half of 2011.

Additionally, three R&D projects are entering phase III. These include a fixed dose combination of **acridinium bromide + formoterol** BID⁴ in COPD and **LAS41007** for non-melanoma skin cancer. Also, after the approval of **Sativex**[®] in the indication of MS Spasticity, two new phase III trials (US and Europe) are ongoing for the indication of Oncological Pain.

Almirall also aims to present further acridinium data at two major meetings in 2011: the ATS (American Thoracic Society) in Denver (13th-18th May) and the ERS (European Respiratory Society) in Amsterdam (24th -28th September) congresses. The data at the ATS will include additional details of phase III studies ATTAIN and ACCORD COPD I.

The development of **LAS100977** (OD LABA⁵), combined with an inhaled corticosteroid is another strong asset within the Almirall respiratory franchise, covering a range of treatment options for 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 asthma. Almirall plans to progress with additional phase II studies during this year.

LAS190792 is a new dual long-acting Muscarinic Antagonist β 2 Agonist (**MABA**), which combines two bronchodilator mechanisms in a single molecule for the treatment of COPD. This new class of inhaled long-acting bronchodilators is expected to provide additional symptom relief in patients living with COPD, and to form the basis of so called triple combinations together with ICS (inhaled corticosteroids). Almirall is aiming at starting clinical studies during first half of 2012. After acridinium bromide (monotherapy planned to be filed in mid 2011) and LAS100977 (LABA) + ICS (currently in phase II), this MABA is the third NCE developed in-house which will utilize the Almirall's Genuair[®] inhaler system.

Our pipeline is complemented with assets in the auto-immune area. Almirall is currently exploring partnership options for two early-stage development projects that include **S1P1** (multiple sclerosis) in preclinical development and a **DHODH** inhibitor program (rheumatoid arthritis) with a candidate in phase I.

Financial Calendar 2011

29 July 2011

H1'11 results

14 November 2011

Q3'11 results

Notes:

¹ COPD: Chronic Obstructive Pulmonary Disease

² IBS-C: Irritable Bowel Syndrome with Constipation

³ EMA: European Medicines Agency

⁴ BID: twice daily

⁵ OD LABA: Once Daily Long Acting Beta Agonist

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.

Almirall focuses its research resources on therapeutic areas related to the treatment of asthma, COPD (Chronic Obstructive Pulmonary Disease), gastrointestinal disorders, 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 12 affiliates.

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

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Appendix 1: INCOME STATEMENT Q1 2011

(€ rounded million)	YTD March 2011	YTD March 2010	Variation
Net Sales	212.7	242.6	(12.3%)
Gross Profit	132.9	154.8	(14.1%)
% of sales	62.5%	63.8%	
Other Income	23.7	29.5	(19.7%)
R&D	(34.8)	(36.5)	(4.7%)
% of sales	(16.4%)	(15.0%)	
SG&A	(84.1)	(85.0)	(1.1%)
% of sales	(39.5%)	(35.0%)	
Other Op. Exp	0.2	0.1	100.0%
% of sales	0.1%	0.0%	
EBIT	37.9	62.9	(39.7%)
% of sales	17.8%	25.9%	
Depreciation	15.4	15.3	0.7%
% of sales	7.2%	6.3%	
EBITDA	53.3	78.2	(31.8%)
% of sales	25.1%	32.2%	
Sale of noncurrent assets / Other	0.2	(0.2)	(200.0%)
Net financial income / (expenses)	(3.8)	(3.0)	26.7%
Corporate Income Tax	(3.7)	(8.7)	(57.5%)
Net Income	30.6	51.0	(40.0%)
Normalized Net Income	30.6	51.0	(40.0%)
Earnings per share (€) ⁽¹⁾	0.18 €	0.31 €	
Normalized Earnings per share (€) ⁽¹⁾	0.18 €	0.31 €	
Nu. of employees end of period	2,791	3,066	(9.0%)

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

Appendix 2: BALANCE SHEET Q1 2011

(€ rounded million)	March 2011	% of BS	December 2010
Goodwill	271.7	17.8%	271.9
Intangible assets	377.9	24.7%	382.8
Property, plant and equipment	150.0	9.8%	154.8
Financial assets	11.5	0.8%	10.2
Other non current assets	190.2	12.4%	189.0
Total Non Current Assets	1,001.3	65.5%	1,008.7
Inventories	94.4	6.2%	87.9
Accounts receivables	105.1	6.9%	103.8
Cash and equivalents	303.8	19.9%	312.9
Other current assets	24.5	1.6%	23.4
Total Current Assets	527.8	34.5%	528.0
Total Assets	1,529.1		1,536.7
Shareholders equity	851.3	55.7%	819.3
Financial debt	265.2	17.3%	297.5
Non current liabilities	206.2	13.5%	206.8
Current liabilities	206.4	13.5%	213.1
Total Equity and Liabilities	1,529.1		1,536.7

Appendix 3: CASH FLOW Q1 2011

(€ rounded million)	YTD March 2011	YTD March 2010
Profit Before Tax	34.3	59.7
Depreciation and amortisation	15.4	15.3
Change in working capital	(21.3)	(25.3)
Other adjustments	3.1	(28.4)
Cash Flow from Operating Activities (I)	31.5	21.3
Financial Income	1.8	0.4
Investments	(5.7)	(2.4)
Divestments	0.2	0.0
Other Cash Flows	(2.1)	1.1
Cash Flow from Investing Activities (II)	(5.8)	(0.9)
Finance Expense	(3.8)	(4.4)
Debt increase / (decrease)	(30.3)	(32.5)
Other Cash Flows	(0.7)	2.0
Cash Flow from Financing Activities	(34.8)	(34.9)
Cash Flow generated during the period	(9.1)	(14.5)
Free Cash Flow (III) = (I) + (II)	25.7	20.4

Appendix 4: GEOGRAFIC SALES SEGMENTATION Q1 2011

(€ rounded million)	YTD March 2011	YTD March 2010	Variation
Spain	118.5	137.8	(14.0%)
Rest of Europe	73.7	73.7	0.1%
Africa, America and Asia (AAA)	16.9	23.0	(26.3%)
Corporate sales	3.5	8.2	(56.6%)
Total	212.7	242.6	(12.3%)

Appendix 5: CORE PRODUCT SALES Q1 2011

(€ rounded million)	YTD March 2011	YTD March 2010	Variation	% of Sales
Ebastel [®] and others (<i>ebastine</i>)	30.8	34.8	(11.5%)	14.5%
Almogran [®] and others (<i>almotriptan</i>)	16.3	15.4	5.8%	7.7%
Plusvent [®] (<i>salmeterol & fluticasone</i>)	15.4	15.9	(3.1%)	7.2%
Prevencol [®] (<i>atorvastatin</i>)	13.2	22.7	(41.9%)	6.2%
Esertia [®] (<i>escitalopram</i>)	12.4	17.6	(29.5%)	5.8%
Parapres [®] (<i>candesartan cilexetile</i>)	11.8	12.3	(4.1%)	5.5%
Airtal [®] and others (<i>aceclofenac</i>)	8.8	11.5	(23.5%)	4.1%
Tesavel [®] (<i>sitagliptin</i>) + Efficib [®] (<i>sitagliptin + metformin</i>)	8.2	4.8	70.8%	3.9%
Opiren [®] (<i>lansoprazole</i>)	7.1	9.0	(21.1%)	3.3%
Solaraze [®] (<i>diclofenac sodium</i>)	5.4	5.3	1.9%	2.5%
Dobupal [®] (<i>venlafaxine</i>)	5.2	8.5	(38.8%)	2.4%
Balneum [®] (<i>soya oil</i>)	5.0	5.0	0.0%	2.4%
Pantopan [®] (<i>pantoprazole</i>)	4.6	4.7	(2.1%)	2.2%
Decoderm [®] and others (<i>flupredniden</i>)	4.2	4.2	0.0%	2.0%
Almax [®] and others (<i>almagate</i>)	4.0	5.1	(21.6%)	1.9%
Others	60.0	66.0	(9.1%)	28.2%
Total Net Sales	212.7	242.6	(12.3%)	100.0%

Appendix 6: NET SALES BY MAIN THERAPEUTIC AREA Q1 2011

(€ rounded million)	YTD March 2011	YTD March 2010	Variation	% of Sales
Respiratory	49.4	53.4	(7.5%)	23.2%
Gastrointestinal	39.4	38.7	1.8%	18.5%
CNS	39.0	46.3	(15.8%)	18.3%
Cardiovascular	32.3	43.4	(25.6%)	15.2%
Dermatology	28.2	28.8	(2.1%)	13.3%
Osteomuscular	15.1	18.1	(16.6%)	7.1%
Urological	5.0	4.3	16.3%	2.4%
Other	4.4	9.8	(55.1%)	2.1%
Total	212.7	242.6	(12.3%)	100.0%