Almirall: H1 financial results

Barcelona, 28 July 2011

- Improved trend in sales vs. Q1.
- Cost discipline and savings a continued priority for 2011 (SG&A: -2.3%).
- Steady Free Cash Flow Generation (€ 56.7 MM).
- 2011 Guidance on hold.
- Aclidinium bromide monotherapy filed in US and EU.
- Linaclotide's European filing on track and planned in 2011.
- New launches planned in 2011 include roflumilast and Solaraze® in Spain and Sativex® in Sweden.

Financial highlights (€ rounded million)

	YTD June 2011	YTD June 2010	Variation
Net Sales	**426.8**	**469.0**	***(9.1%)***
EBIT	**80.1**	**104.7**	***(23.5%)***
EBITDA	**111.2**	**135.3**	***(17.8%)***
Normalized Net income	**68.6**	**87.4**	***(21.5%)***

Eduardo Sanchiz, Chief Executive Officer, commented:

"The first half of the year reflects a material improvement in P&L trends vs. the first quarter and we maintain solid financial position and steady free cash flow generation that provides strategic flexibility.

The positive ramp-up of new products like Silodyx® and Conbriza® is being strengthened by the recent international roll out of Sativex® and Actikerall®. Later this year we plan to further reinforce our base business with the launch of roflumilast and Solaraze® in Spain and Sativex® in Sweden.

Our pipeline moves forward as expected. Aclidinium bromide monotherapy has been filed in the US and EU and the European filing of linaclotide is planned during 2011.

Also, later this year we aim to partner aclidinium bromide in Europe and we continue in-licensing efforts around core therapies.

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

Barcelona, 28th July 2011.– Almirall, the international pharmaceutical company based in Spain, announced results for the first half of 2011.

Financial Results, Corporate Development and 2011 Outlook

As of June 30th**, Net Sales** eroded 9.1% to € 426.5 MM, showing an improved trend vs. the first quarter. A stronger growth in Europe (+3.3%) and a regained impulse in Africa, America & Asia (+3.0%) have lifted international sales to 48% of total.

Domestic sales (-15.7%) were materially affected by the uneven year-on-year comparison. While the first half of 2010 was only partially impacted by the two healthcare reforms in Spain, H1 2011 was fully impacted by the price erosion linked to these reforms. Generic competition has also hindered sales performance, especially in the case of Prevencor®.

Gross Profit accounted for € 267.9 MM (62.8% of sales), which denoted an improvement of 0.5% year-to-date, despite of uneven pricing levels. This positive evolution was linked to higher share of proprietary products driven by the growth of the international business.

Other Income withdrew to € 51.3 MM (-16.0%) mainly due to lower co-promotion revenues during the period.

R&D expenses are pointing out a temporary effect due to timing of clinical activity, reaching € 62.8 MM (-9.5%). Phase III with the fixed dose of aclidinium + formoterol is due to start during 2011.

SG&A (Selling, general and administrative) were lowered to € 177.2 MM reflecting a progressively reduction of 2.3% vs. last year and a progress towards reaching the target of € 7 MM savings in 2011. 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** were reduced to € 80.1 MM (-23.5%) and € 111.2 MM (-17.8%), respectively, in a context significant sales drop due to price erosion and generic competition, but with relative gains vs. Q1.

Net Income reached € 67.8 MM (-22.0%) and **Normalized Net Income** (Net Income less non recurrent elements) stood at € 68.6 MM (-21.5%).

Free Cash Flow generation amounted to € 56.7 MM in the first half of the year, despite investments in corporate development projects.

On June 1st, a **dividend** of € 0.29 per share (rounded figure) was distributed, which represented a pay-out policy of 40% being the top end of the pay-out policy range (35-40%).

Net Debt at 30th June 2011 reached € 21.8 MM (x0.1 EBITDA 2010) after the abovementioned dividend distribution of € 47.4 MM.

Also, **Equity** has been reinforced in the first half 2011 and represents nearly 55% of Total Assets (vs. 53.3% at 31 Dec. 2010).

Following the agreement with Kyorin for aclidinium bromide in Japan and the Nycomed deal for roflumilast in Spain, Almirall's priorities in **corporate development** in 2011 include to partner aclidinium in Europe and continue in-licensing efforts around core therapies.

Following the healthcare reforms announced in Spain on July 21st, Almirall's **guidance for 2011** is on hold as timing of its implementation is still uncertain and there are ongoing conversations between Farmaindustria (Spanish Association for the Pharmaceutical Industry) and the Government.

Operations and Market trends

Product launches in the last 12 months are evolving positively and contributing to the rejuvenation of our portfolio. Launched in the second half of last year, **Toctino**® is performing well in Austria while we are making progress in the market access in Italy. In Spain, both **Conbriza**® and **Silodyx**® are performing in line with expectations.

In February, **Sativex**® was awarded national reimbursement status in Spain and was launched shortly thereafter. Its performance in the brief period since launch is 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. The product has been recently launched in Germany and Denmark and we expect to launch it in Sweden before the end of the year.

Our two leading products in terms of sales (both originated in Almirall R&D), have regained impulse vs. Q1. **Ebastel**® (+1.9%) has evolved extremely well since last quarter driven by the sales to Japan and pollen conditions in Europe, whereas **Almogran**® has reached a double digit growth (+12.7%).

With regards to **Tesavel**® and **Efficib**® (+66.0%), they are again showing excellent performance and are advancing their positions within our best sold products.

We are also making good progress with the international dermatological franchise, with a sustained evolution of key products like **Solaraze**® (+3.5%), **Decoderm**® (+1.2%) and **Balneum**® (1.1%).

On the flip side, **Prevencor**® erosion continues as expected (-45.8%) and generic competition is also hindering the performance of **Esertia**®, **Airtal**® and **Dobupal**®.

During the rest of 2011 we expect additional launches that will contribute to nourish our core business. Among them, **roflumilast**, an oral anti-inflammatory treatment for COPD, 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[1] such as aclidinium bromide. We expect roflumilast to generate revenues as of this year and could become one of Almirall's key products in the mid term.

After the positive recommendation for approval of **Actikerall**® for hyperkeratotic actinic keratoses in 7 European countries, Almirall has launched the product in the UK and Germany.

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

Pipeline Progression & 2011 R&D Newsflow

Our pipeline is on track and progressing as expected. We are delivering newsflow as planned and within guidance.

Aclidinium bromide monotherapy in the Genuair® inhaler has been filed in the US and EU and we expect regulatory feedback during 2012.

Linaclotide is a pan-European first-in-class opportunity in the IBS-C[2] indication with high unmet need in which no specific treatments have been approved by the EMA[3]. Almirall is progressing to file linaclotide in Europe in the second half of 2011.

In addition, our late-stage pipeline contains other R&D projects in phase III. These include a fixed dose combination of **aclidinium bromide + formoterol** BID[4] 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 therapy resistant Oncological Pain.

The fixed-dose combination of aclidinium bromide + formoterol BID in COPD studies are about to start and after taking advice from the FDA and the CHMP, Almirall feels confident that has a solid program moving forward.

Almirall also aims to present further aclidinium data at **ERS** (European Respiratory Society) in Amsterdam (24th -28th September) as well as linaclotide data at the **UEGW** (United European Gastroenterology Week) in Stockholm (22nd -26th October).

Following regulatory interaction in the US and EU, Almirall is progressing with additional phase II studies of **abediterol** (LAS100977, an OD LABA[5]) combined with an undisclosed inhaled corticosteroid. This is another strong asset within the Almirall respiratory franchise, covering a range of treatment options for asthma and COPD. **Abediterol** 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.

LAS190792 is a new dual long-acting Muscarinic Antagonist β2 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 aims to start clinical studies during 2012. After aclidinium bromide and abediterol (OD LABA) + ICS (currently in phase II), this MABA is the third NCE[6] developed in-house which will utilize the Almirall's Genuair® inhaler technology.

Our pipeline is complemented with assets in the autoimmune 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

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
[6] NCE: New Chemical Entity

About Almirall
Almirall is an international pharmaceutical company based on innovation and committed to health. Headquartered in Barcelona, Spain, it researches, develops, manufactures and commercializes 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: www.almirall.com

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Appendix 1: INCOME STATEMENT H1 2011

(€ rounded million)	YTD June 2011	YTD June 2010	Variation
Net Sales	**426.5**	**469.0**	***(9.1%)***
Gross Profit	**267.9**	**292.4**	***(8.4%)***
% of sales	*62.8%*	*62.3%*	
Other Income	**51.3**	**61.1**	***(16.0%)***
R&D	**(62.8)**	**(69.4)**	***(9.5%)***
% of sales	*(14.7%)*	*(14.8%)*	
SG&A	**(177.2)**	**(181.4)**	***(2.3%)***
% of sales	*(41.5%)*	*(38.7%)*	
Other Op. Exp	**0.9**	**2.0**	***(55.0%)***
% of sales	*0.2%*	*0.4%*	
EBIT	**80.1**	**104.7**	***(23.5%)***
% of sales	*18.8%*	*22.3%*	
Depreciation	**31.1**	**30.6**	***1.6%***
% of sales	*7.3%*	*6.5%*	
EBITDA	**111.2**	**135.3**	***(17.8%)***
% of sales	*26.1%*	*28.8%*	
Sale of noncurrent assets / Other	0.8	(0.1)	*n.m.*
Impairment reversals / (losses)	(1.2)	(1.0)	*20.0%*
Net financial income / (expenses)	(5.2)	(3.0)	*73.3%*
Corporate Income Tax	(6.7)	(13.7)	*(51.1%)*
Net Income	**67.8**	**86.9**	***(22.0%)***
Normalized Net Income	**68.6**	**87.4**	***(21.5%)***
Earnings per share (€) [(1)]	0.41 €	0.52 €	
Normalized Earnings per share (€) [(1)]	0.41 €	0.53 €	
Nu. of employees end of period	2,797	3,031	(7.7%)

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

n.m.: non meaningful

Appendix 2: BALANCE SHEET H1 2011

(€ rounded million)	June 2011	% of BS	December 2010
Goodwill	271.5	17.6%	271.9
Intangible assets	375.4	24.3%	382.8
Property, plant and equipment	147.9	9.6%	154.8
Financial assets	12.2	0.8%	10.2
Other non current assets	193.0	12.5%	189.0
Total Non Current Assets	**1,000.0**	**64.8%**	**1,008.7**
Inventories	94.1	6.1%	87.9
Accounts receivables	118.8	7.7%	103.8
Cash and equivalents	306.5	19.9%	312.9
Other current assets	23.7	1.5%	23.4
Total Current Assets	**543.1**	**35.2%**	**528.0**
Total Assets	**1,543.1**		**1,536.7**
Shareholders equity	840.9	54.5%	819.3
Financial debt	290.6	18.8%	297.5
Non current liabilities	195.1	12.6%	206.8
Current liabilities	216.5	14.0%	213.1
Total Equity and Liabilities	**1,543.1**		**1,536.7**

Appendix 3: CASH FLOW H1 2011

(€ rounded million)	YTD June 2011	YTD June 2010
Profit Before Tax	**74.5**	**100.6**
Depreciation and amortisation	31.1	30.6
Change in working capital	(24.1)	(9.2)
Other adjustments	(9.2)	(33.6)
Cash Flow from Operating Activities (I)	**72.3**	**88.4**
Financial Income	3.8	1.2
Investments	(18.0)	(12.2)
Divestments	0.4	0.6
Other Cash Flows	(1.8)	3.4
Cash Flow from Investing Activities (II)	**(15.6)**	**(7.0)**
Finance Expense	(7.7)	(8.6)
Dividends distribution	(47.4)	(55.1)
Debt increase / (decrease)	(3.9)	(36.3)
Other Cash Flows	(4.1)	1.8
Cash Flow from Financing Activities	**(63.1)**	**(98.2)**
Cash Flow generated during the period	**(6.4)**	**(16.8)**
Free Cash Flow (III) = (I) + (II)	**56,7**	**81,4**

Appendix 4: GEOGRAFIC SALES SEGMENTATION H1 2011

(€ rounded million)	YTD June 2011	YTD June 2010	Variation
Spain	221.6	262.9	*(15.7%)*
Rest of Europe	156.4	151.4	*3.3%*
Africa, America and Asia (AAA)	39.5	38.3	*3.1%*
Corporate sales	9.0	16.3	*(45.0%)*
Total	**426.5**	**469.0**	***(9.1%)***

Appendix 5: CORE PRODUCT SALES H1 2011

(€ rounded million)	YTD June 2011	YTD June 2010	Variation	% of Sales
Ebastel® and others (*ebastine)*	70.1	68.8	*1.9%*	*16.4%*
Almogran® and others *(almotriptan)*	31.9	28.3	*12.7%*	*7.5%*
Plusvent® (*salmeterol & fluticasone*)	29.5	29.9	*(1.3%)*	*6.9%*
Parapres® (*candesartan cilexetile*)	24.3	22.8	*6.5%*	*5.7%*
Prevencor® (*atorvastatin*)	22.4	41.4	*(45.8%)*	*5.3%*
Esertia® (*escitalopram*)	21.3	34.3	*(37.8%)*	*5.0%*
Tesavel® (*sitagliptin*) + Efficib® (*sitagliptin + metformin*)	17.6	10.6	*66.0%*	*4.1%*
Airtal® and others *(aceclofenac)*	16.5	20.6	*(20.0%)*	*3.9%*
Opiren® (*lansoprazole*)	13.7	16.9	*(18.5%)*	*3.2%*
Solaraze® (*diclofenac sodium*)	11.9	11.5	*3.5%*	*2.8%*
Dobupal® (*venlafaxine*)	9.9	15.9	*(37.9%)*	*2.3%*
Balneum® (*soya oil*)	9.6	9.5	*1.1%*	*2.3%*
Pantopan® (*pantoprazole*)	9.2	9.2	*0.6%*	*2.2%*
Almax® and others (*almagate*)	9.2	10.5	*(12.6%)*	*2.2%*
Decoderm® and others (*flupredniden*)	8.7	8.6	*1.2%*	*2.0%*
Others	120.6	130.4	*(7.5%)*	*28.3%*
Total Net Sales	**426.5**	**469.0**	***(9.1%)***	***100.0%***

Appendix 6: NET SALES BY MAIN THERAPEUTIC AREA H1 2011

(€ rounded million)	YTD June 2011	YTD June 2010	Variation	% of Sales
Respiratory	104.2	103.7	*0.5%*	*24.4%*
Gastrointestinal*	81.2	76.6	*6.1%*	*19.0%*
CNS	72.2	87.5	*(17.4%)*	*16.9%*
Cardiovascular	61.4	80.5	*(23.7%)*	*14.4%*
Dermatology	58.4	60.0	*(2.7%)*	*13.7%*
Osteomuscular	28.9	33.4	*(13.5%)*	*6.8%*
Urological	10.2	8.3	*23.0%*	*2.4%*
Other	10.0	19.1	*(47.6%)*	*2.3%*
Total	**426.5**	**469.0**	***(9.1%)***	***100.0%***

* Includes Alimentary tract and Metabolism