

Almirall's Full-Year 2018 Results

Strong 2018 performance and solid outlook for 2019 year

- **Delivered upgraded guidance:** Almirall returns to growth with a strong EBITDA margin improvement, Total Revenues €811 MM (+8%), Net Sales €757 MM (+11%) and EBITDA €210 MM (+48%; all at CER¹).
- **Excellent operating cash flow generation** at €143 MM. Dividend proposal of €0.203 per share, an increase of +7% (vs. 2017).
- **Building of European psoriasis franchise:** ILUMETRI® (tildrakizumab) for psoriasis launched in November 2018. Strong Skilarence® performance, rollout continues across Europe.
- **Transformational acquisition of the Allergan portfolio in the US:** immediately accretive brands; US launch of Seysara™ (sarecycline) for acne in January 2019.
- **Encouraging progress of R&D pipeline** with positive results from Phase III trials of ALM14789 for actinic keratosis, ALM12834 for onychomycosis and ALM12845 for androgenic alopecia.
- **2019 Guidance¹:** Total Revenues to grow at low double-digit and EBITDA to reach €290-€300 MM (vs. 2018).

Financial highlights (€ million)²

	2018	2017	Variation	Variation (CER)
Total Revenues	811.0	755.8	7.3%	8.0%
• Net Sales	756.9	683.9	10.7%	11.4%
• Other Income	54.1	71.9	(24.8%)	(24.3%)
Gross Profit	529.2	455.8	16.1%	17.0%
• % of sales	69.9%	66.6%		
EBITDA	209.5	142.2	47.3%	47.5%
Normalized Net Income	88.2	27.1	n.m.	n.m.

¹ CER (Constant Exchange Rates): Excluding the effects of exchange rate fluctuations

² Restated IFRS 15 (International Financial Reporting Standards)

“2018 has been an excellent year for Almirall, with a strong operational performance, as well as important strategic decisions. The acquisition of the US Allergan medical dermatology portfolio in September reinforces and consolidates our position in the region, the world’s largest dermatology market. We are encouraged by the initial feedback from the launch of Seysara™ in the U.S. As the first new chemical entity for the treatment of acne to be approved by the FDA in a decade, Seysara™ will provide a new therapeutic option for the many acne patients with significant and as yet unmet medical needs.

We begin 2019 with confidence as we continue to consolidate our leadership in medical dermatology and build a strong psoriasis franchise in Europe. Skilarence® rollout is progressing well in all the countries launched (United Kingdom, Germany, Netherlands, Spain and Italy) and will be launched in the coming months in Portugal, Slovakia, Czech Republic and Belgium. We are also encouraged by the recent launch of ILUMETRI®, our first biologic for psoriasis.

Almirall’s R&D pipeline continues to progress in a very satisfactory manner with positive results of Phase III of ALM14789 for actinic keratosis, ALM12845 for androgenic alopecia and ALM12834 for onychomycosis. More recently, an option and license agreement was signed with Dermira to exclusively license rights to develop and commercialize lebrikizumab for the treatment of atopic dermatitis in Europe.

For 2019, at constant exchange rates, we expect Total Revenues to grow low double-digit and EBITDA to reach €290 – €300 MM, so I am confident that the strategic decisions taken during 2018, combined with ongoing product launches and excellent business momentum, position Almirall on a strong growth trajectory for 2019 and beyond. Management also remains firmly focused on additional external opportunities to generate sustainable value for shareholders”.

Peter Guenter, CEO

Almirall, S.A. (ALM), a global pharmaceutical company based in Barcelona (Spain), has announced its full-year 2018 results today.

Operational performance as expected, upgraded Guidance achieved.

- **Total Revenues** reached €811.0 MM in 2018 vs. €755.8 MM in 2017 and comprised Net Sales of €756.9 MM (€683.9 MM in 2017, +11.4% CER) and Other Income of €54.1 MM (-24.3% at CER).
- **Gross Profit** of €529.2 MM (€455.8 MM in 2017, +17.0% at CER) reflected a gross margin increase of 330bps, driven by performance of key products.
- **Cash Position** at the close of 2018 was €86.3 MM, whereas **Financial Debt** came to a total of €548.7 MM, representing 23% of total assets.
- **Research & Development** expenses were €87.6 MM, in line with 2017, after an important increase in Q4 spending due to early stage signings.
- **Selling, General & Administrative** expenses declined by 1.5% at CER in 2018 (39.5% of Net Sales excluding depreciation) despite the investments in the new launches.
- **EBITDA** at close of 2018 was €209.5 MM (+47.5% at CER), aligned with the upgraded guidance given at Q3 2018 results.
- **Normalised Net Income** was €88.2 MM.
- **Shareholders Equity** represented 49.8% of Total Assets.

Key events in 2018

- February, 20th. Athenex announced that the Phase II clinical study data for ALM14789 of the treatment of actinic keratosis was presented at the American Academy of Dermatology Meeting.
- June, 25th. Results of Phase III trial of ALM12845 for androgenic alopecia were positive and Almirall is proceeding with the regulatory filing in the EU.
- July, 26th. Almirall announced that both Phase III trials of ALM14789 for actinic keratosis achieved the primary endpoint.
- August, 3rd. Almirall acquired the US medical dermatology portfolio from Allergan³.
- September, 17th. Almirall and Evotec entered into a research collaboration in the field of dermatological diseases.
- September, 18th. The European Commission approved Almirall's ILUMETRI[®] (tildrakizumab) for moderate-to-severe chronic plaque psoriasis.
- October, 2nd. FDA approved Seysara[™] for moderate-to-severe acne.
- November, 15th. Almirall launched ILUMETRI[®] in Germany.
- December, 4th. Almirall announced the launch and successful pricing of €250 MM offering of senior unsecured bonds and a €150 MM Club Bank Deal to refinance its U.S. medical dermatology acquisition.
- December, 12th. Almirall and X-Chem to collaborate to develop oral compounds for dermatological diseases.
- December, 18th. Almirall announced that the Phase III trial of ALM12834 for onychomycosis achieved the primary endpoint.

Building up its medical dermatology business and growing leadership position in US

In August 2018 Almirall entered into a definitive agreement to acquire the former US medical dermatology portfolio from Allergan³, an acquisition for a cash consideration of \$550 MM. Following this acquisition, Almirall has established a more focused portfolio, consolidating medical dermatology portfolio and growing its presence in key geographies, such as the U.S. The integration of the portfolio has been smooth and the process is now completed.

This deal included a new chemical entity, Seysara[™] (sarecycline), an innovative best-in-class tetracycline-derived oral antibiotic for the treatment of inflammatory lesions of non-nodular moderate to severe acne vulgaris in patients 9 years of age and older. The Food & Drug Administration (FDA) approved Seysara[™] in October 2018 based on the positive results of two identical Phase III registration studies. Seysara[™] was launched in January 2019. We expect peak sales of Seysara[™] from \$150 MM to \$200 MM.

The portfolio includes recognized brands in the US market, and includes Aczone[®] (dapsone), Tazorac[®] (tazarotene), Azelex[®] (azelaic acid) and Cordran[®] Tape (fludrocortide).

³ Except Rhofade

In December 2018, Almirall announced the refinancing of the bridge loan through the launch of €250 MM senior unsecured conditionally convertible bonds led by JP Morgan and a €150 MM senior unsecured Club Bank Deal led by BBVA. The new debt will have 3 years maturity for the bonds and 5 years for the Club Bank Deal. The bonds were rated BB- by S&P as well as Almirall (Stable Outlook).

Favourable refinancing conditions for its U.S. acquisition reflect the underlying strength of the company as well as the market confidence in Almirall's ability to generate strong operating cash flow.

The pricing of the senior unsecured conditionally convertible bonds issuance by Almirall was successfully completed. The bonds have a fixed coupon of 0.25% per annum payable semi-annually and the conversion price was set at €18.17.

Psoriasis franchise in Europe: Skilarence® and ILUMETRI®

Europe has been a key growth driver in medical dermatology during 2018, with Skilarence®, the first and only EU approved fumaric acid ester (FAE) for the treatment of adult patients with moderate-to-severe chronic plaque psoriasis, generating sales of €18 MM, driven by strong performances in Germany and The Netherlands. With over 28,000 units of Skilarence® sold in Q4 2018, the product enters 2019 with an annual run rate of around €30 MM.

Launch sequence of Skilarence® continues as planned. Skilarence® was launched at the end of September in Spain and recently in Italy, and the next key launches will be Portugal, Slovakia, Czech Republic and Belgium during 2019.

ILUMETRI® (tildrakizumab) is a humanized, high-affinity IL-23p19 monoclonal antibody, for the treatment of adult patients with moderate-to-severe chronic plaque psoriasis who are candidates for systemic therapy. Almirall started to market **ILUMETRI® in Germany on 15th November**, the first country to launch this biological therapy. In the upcoming months, ILUMETRI® will be rolled out in Denmark, Norway, Sweden, UK, Netherlands and Finland, with launches in Spain, Switzerland and Austria to follow in H2 2019.

R&D and pipeline progress in medical dermatology

Almirall's R&D pipeline is fully focused on medical dermatology. The most recent agreement has been with **Dermira Inc.** under which Almirall has acquired an option to exclusively license the rights to develop and commercialize **lebrikizumab** for the treatment of **atopic dermatitis** in Europe. In exchange, Dermira will receive an option fee of \$30 MM.

If Almirall exercises its option to obtain the license following the results of the ongoing Phase IIb study, Dermira will receive a \$50 MM option exercise fee and will be eligible to receive a certain amount in milestone payments, as well as double-digit royalties. Lebrikizumab is a novel, humanized monoclonal antibody designed to bind IL-13 with very high affinity, specifically preventing the formation of the IL-13Rα1/IL-4Rα heterodimer complex and subsequent signaling, thereby inhibiting the biological effects of IL-13 in a targeted and efficient fashion.

Almirall's late-stage R&D pipeline is progressing well, with several Phase III clinical trials that met their primary efficacy endpoint in the past year.

In December, Almirall announced that clinical trials for **ALM12834/P-3058 (onychomycosis)** met the primary endpoint of a complete cure rate and key secondary endpoints in the treatment of mild-to-moderate onychomycosis. It is expected submission will take place in Europe in Q3 2019.

Phase III data (57 days) for **ALM14789/KX2-391 (actinic keratosis)** will be presented at the annual AAD meeting in Washington D.C. in early March. We will also have one year recurrence Phase III data at the beginning of Q3 2019.

The top-line Phase III results for **ALM12845/P-3074 (androgenic alopecia)** in the US show statistical significance for the primary end-point change of target area hair count at week 24. We expect the submission in Europe of **ALM12845/P-3074** in Q4 2019.

ALM12734/ADP12734 for psoriasis is at an early development stage. The rest of Almirall's R&D pipeline is progressing well with 14 programmes in research and development.

Almirall established three other important collaborations in 2018:

Almirall and **Athenex** entered into a strategic partnership in December 2017 to further develop and commercialise **ALM14789/KX2-391**, a first-in-class dual Src kinase and tubulin polymerisation inhibitor in Phase III development as a topical medicinal product for the treatment of actinic keratosis and other skin conditions in the United States and Europe, including Russia. In July 2018, both Phase III **ALM14789/KX2-391** studies for actinic keratosis (AK) met the primary endpoint of complete clearance of actinic keratosis lesions at day 57 within the face or scalp treatment areas, each study achieving statistical significance ($p < 0.0001$) on this endpoint.

Last September, Almirall and **Evotec** announced that they entered into a research collaboration to discover and develop first-in-class therapeutics through a novel approach to disrupt cell signaling, an agreement expected to deliver highly potent and durable treatments for debilitating dermatology diseases such as psoriasis and atopic dermatitis. The collaboration combines Evotec's cutting-edge drug discovery and pre-clinical development platforms with Almirall's leading expertise in dermatology diseases.

In December, as Almirall and **X-Chem, Inc.** started a collaboration for the development of oral compounds for patients suffering from dermatological diseases. X-Chem, Inc. is a privately held biotechnology company focused on applying its industry-leading DNA-encoded library (DEX™) drug discovery engine to the generation of novel small molecule therapeutics. This collaboration will enrich Almirall's R&D pipeline with the development of new solutions for patients with dermatological unmet medical needs.

Board proposals to the Annual General Meeting: Dividend

At the Annual General Meeting on May 8th, 2019, the Board of Directors will propose a gross dividend of €0.203 per share, representing an increase of +7% (vs. 2017) in a scrip dividend modality. This represents a 40% payout of Normalized Net Income, the top end of our policy range.

Reference shareholders re-affirm their long-term commitment

Our reference shareholders, who own 66.3% of the company, re-affirmed in 2018 their long-term commitment to Almirall. We also note that two third-generation members of the family have been part of the Board since 2014, and in 2018 became members of the Derma and Audit Committees respectively, this being a sign of continuity and confidence in Almirall's project.

2019 Full Year Guidance vs. 2018

On a CER¹ basis, Total Revenues are expected to grow low double-digit in 2019. We expect EBITDA to reach €290 - €300 MM in 2019.

Investor Calendar 2019

- Q1 2019 Financial Results – 13th May 2019
- H1 2019 Financial Results – 29th July 2019
- 9M 2019 Financial Results – 11th November 2019

About Almirall

Almirall is a leading skin-health focused global pharmaceutical company that partners with healthcare professionals, applying Science to provide medical solutions to patients and future generations. Our efforts are focused on fighting against skin health diseases and helping people feel and look their best. We support healthcare professionals by continuous improvement, bringing our innovative solutions where they are needed.

The company, founded almost 75 years ago with headquarters in Barcelona, is listed on the Spanish Stock Exchange (ticker: ALM). Almirall has been key in value creation to society according to its commitment to major shareholders and through its decision to help others, to understand their challenges and to use Science to provide solutions for real life. Total revenues in 2018 were 811 million euros. More than 1,830 employees are devoted to Science.

For more information, please visit almirall.com

Media contact:

bcw
Marta Gállego
marta.gallego@bcw-global.com
Tel.: (+34) 915 31 42 67

Investors & Corporate Communications contact:

Almirall
Pablo Divasson del Fraile
pablo.divasson@almirall.com
Tel.: (+34) 93 291 30 87

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.