



Barcelona,
4th December 2018

Almirall to refinance U.S. medical dermatology acquisition

- **Last September, Almirall closed the acquisition of Allergan's Medical Dermatology business in the US by using a €400m bridge loan.**
- **Today, the company announces its debt refinancing 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.**
- **Following the closing of this transaction, Almirall estimates the financing costs (incl. fees) would be around 1.3% per annum, which would result in an improvement of the company's cost of capital (WACC).**

Today, Almirall, S.A. announces the launch of a €250 MM offering of senior unsecured bonds due 2021 (the "**Bonds**"), which may be re-designated as senior unsecured bonds convertible into or exchangeable for ordinary shares of the company subject to the approval of the general shareholders' meeting. The Gallardo family is expected to vote in favour of such re-designation at the meeting.

The company intends to execute this bond financing together with an equity neutral strategy in order to minimize potential dilution of current shareholders. The company has the intention to accelerate the building of its treasury stock position.

After the closing of the bonds' offering, the company intends to seek admission to trading for the Bonds on the Frankfurt Stock Exchange. JP Morgan is acting as Sole Bookrunner in relation to the offering of the Bonds.

The company intends to use the net proceeds from the offering, together with the proceeds from a new €150 MM (bullet 5 years) senior unsecured Club Bank Deal syndicated loan led by BBVA, to repay in full its €400 MM bridge loan raised in September 2018 for the acquisition of Allergan's Medical Dermatology business in the United States.

Upon completion of this refinancing, Almirall estimates that its effective financing costs (including bank fees) would be around 1.3% per annum and would allow for rapid balance sheet deleveraging, while further optimizing its cost of capital (WACC).

Almirall S.A. is rated BB- (Outlook Stable) by S&P and Ba3 (Outlook Stable) by Moody's. The Bonds will be rated BB- by S&P.

*“Almirall is securing very favourable refinancing conditions for its U.S. acquisition which reflects the underlying strength of the company as well as the market confidence in Almirall's ability to generate strong operating cash flow. This enables us to establish beneficial terms and to free up funding to support the launches of our psoriasis franchise in Europe and of our acne franchise in the US”, explained **David Nieto, Executive Vice President & Chief Financial Officer**, Almirall. “We continue to strengthen the position of Almirall in the market”.*

More information about the proposed terms of the Bonds

The Bonds will bear a fixed coupon of between 0.00% - 0.50% per annum payable semi-annually in arrear and will be issued at 100% of their principal amount.

The Bonds will mature on the third anniversary of the Closing Date (the “**Maturity Date**”). Any Bonds outstanding on the Maturity Date will be redeemed at 100% of their principal amount. Almirall, S.A. (the “**Company**”) may, provided that the Convertibility Conditions have been satisfied by the Re-designation Date (both as defined below), redeem all, but not some only of the Bonds, at their principal amount plus accrued and unpaid interest if at any time on or after the 2nd anniversary and 21 days from the Closing Date the aggregate market value of the underlying shares per Bond in the principal amount of €100,000 per Bond, during a specified period of time, exceeds €125,000 or if at any time less than 15% of the aggregate principal amount of the Bonds issued remains outstanding.

The re-designation of the Bonds will be conditional upon the shareholders' approval at a General Meeting (the “**General Meeting**”), to be held not later than 30 June 2019, of the increase in share capital of the Company and disapplication of preferential subscription rights to re-designate the Bonds as senior unsecured convertible bonds and to enable the issue of shares on conversion of the Bonds pursuant to Spanish company law requirements (the “**Shareholders' Resolutions**”), the registration with the Mercantile Registry of the public deed notarising the Shareholders' Resolutions and amending the public deed of issue (the “**Convertibility Conditions**”) and notification thereof specifying the re-designation date (the “**Re-designation Date**”) having been given to Bondholders within the timeframe specified in the terms and conditions. The Gallardo family, through Grupo Plafin, S.A.U. and Grupo Corporativo Landon, S.L., together holding 66.297% of the share capital of Almirall (the “**Gallardo Family**”), is expected to vote in favour of such re-designation at the General Meeting.

Following the Re-designation Date and subject to the Convertibility Conditions having been satisfied, unless previously redeemed or purchased and cancelled, the Bonds will become convertible at the option of Bondholders at an initial conversion price which will be calculated by adding the reference price of a share (determined as the Volume Weighted Average Price (“**VWAP**”) of the ordinary shares of the company on the Spanish Exchanges during the period between opening and closing of trading today) and a premium above the VWAP (which is expected to range between 25% and 30% above the VWAP of a share as referred to above and will be set following pricing later today). The initial conversion price will be subject to customary anti-dilution adjustments pursuant to the terms and conditions of the Bonds. When Bondholders exercise their conversion rights, the Company will deliver newly issued and/or existing shares (as decided by the Company).

If the Shareholders’ Resolutions are proposed but not passed by a General Meeting prior to 30 June 2019 or the Shareholders’ Resolutions are proposed and passed at a General Meeting prior to 30 June 2019 but the rest of the Convertibility Conditions are not satisfied within the time frame specified in the terms and conditions, the Company may, at any time after its conclusion and in accordance with the terms and conditions by giving notice to the Bondholders, elect to redeem all but not some only of the Bonds, at the greater of (i) 102% of the principal amount of the Bonds, together with accrued interest, and (ii) 102% of the fair bond value of the Bonds, together with accrued interest.

Moreover, if a notice of re-designation has not been given to Bondholders within the time frame specified in the terms and conditions and provided that the Issuer has not otherwise given notice to redeem the Bonds pursuant to the paragraph above, a Bondholder may on giving notice require the redemption of its Bonds at the greater of (i) 102% of the principal amount of such Bonds, together with accrued interest and (ii) 102% of the fair bond value of such Bonds, together with accrued interest.

Additionally, at any time, a Bondholder may, on giving notice within a specified period, require the redemption of its Bonds at their principal amount, together with accrued interest, in the event of a change of control or reduction of the free float of the Company below a certain threshold and, if any of these situations has occurred before the Re-designation Date, at the greater of the principal amount of such Bonds, together with accrued interest and the fair bond value of such Bonds, together with accrued interest.

The final terms and conditions of the Bonds are expected to be set today, upon the conclusion of an accelerated bookbuilding process to be carried out by J.P. Morgan as Sole Global Coordinator and Sole Bookrunner (the “**Sole Bookrunner**”). In connection with the offering, the Company is expected to enter into a subscription agreement with the Sole Bookrunner (the “**Subscription Agreement**”), governed by English law. The subscription and settlement of the Bonds are expected to take place on or around 14th of December 2018 (the “**Closing Date**”), provided that the conditions precedent set out in the Subscription Agreement are satisfied.

In the context of the offering of the Bonds, the Company and its subsidiaries are subject to a lock-up undertaking in relation to their shares for a period commencing on the date hereof and ending 90 calendar days after the Closing Date, subject to customary exceptions. The Gallardo Family will also be subject to a lock-up undertaking in relation to their shares from the date hereof until the earlier of (i) 30 June 2019, or (ii) the Re-designation Date, subject to a minimum lock-up period of 90 calendar days after the Closing Date, (subject to customary exceptions).

The Bonds will be offered and sold only to institutional investors outside of the United States, Canada, Australia, South Africa and Japan. No public offering of the Bonds will be made.

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 Exchanges (ticker: ALM). Almirall has been key in value creation to society through its commitment to major shareholders and its decision to help others, to understand their challenges and to use Science to provide solutions for real life. Total revenues in 2017 were 755.8 million euros. More than 1,830 employees are devoted to Science.

For more information, please visit almirall.com [linkedin.com/company/almirall](https://www.linkedin.com/company/almirall)

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