



Solutions with you in mind

FY 2016
Financial Results
and Business Update

February 27th 2017

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**2016 Takeaways
and 2017 Outlook**

Eduardo Sanchiz, Chief Executive Officer



FY 2016 Highlights



Eduardo Sanchiz
CEO

Strong performance in 2016

Operational outperformance

- Results above Guidance
- Dermatology driving sales growth
- Successful integration of Poli & Thermi
- Resource reallocation

8 deals completed during the year



Successful product rollouts



Growing Dermatology pipeline

- 11 programs in Discovery
- 2 Early Development projects, 1 Phase II, 3 Phase III
- 1 project in Registration & 1 in pre-submission

Maintained healthy Balance Sheet to support M&A strategy

Strong growth in Dermatology and Aesthetics

Execution on Dermatology

- Dermatology growth +32%
- Strong growth in Aesthetics +62%* (Thermi) and Dermatology Rx growing at +19%
- Dermatology accounts for 51% of Net Sales

Positive performance while managing headwinds

- Dermatology Rx Europe +23% driven by Polichem Group products, Dermatology Rx US growing at +10% driven by volume
- New successful launches of Veltin™, building on the acne franchise, and Altabax™
- 80% of global revenues of the Group not exposed to U.S pricing pressures

Further product launches coming and firepower left for additional business development projects

- Ten transactions in the past two years
- Anticipating two new launches in Psoriasis in 2017 (DMF) and 2018 (tildrakizumab) with strong growth potential
- Three additional competitive products in Phase III development
- Strong cash position

* 2015 not owned by Almirall

2016 Financial highlights



David Nieto
CFO

FY 2016 – Strong performance continues



		FY 2016	Guidance*
Total Revenues	➔	+11.7%	✓
Net Sales	➔	+11.6%	✓
EBITDA	➔	+10.6%	✓

* FY Guidance given in Feb. 2016: Total Revenue, Net Sales, EBITDA all growing at high single digit

FY 2016 – P&L

€ Million	Full Year 2016	Full Year 2015	% var
Total Revenues	859.3	769.0	+11.7%
Net Sales	764.4	685.0	+11.6%
Other Income	94.9	84.0	+13.0%
Gross Profit	536.9	470.5	+14.1%
% of sales	70.2%	68.7%	
R&D	(98.3)	(66.3)	+48.3%
% of sales	(12.9%)	(9.7%)	
SG&A	(404.8)	(354.3)	+14.3%
% of sales	(53.0%)	(51.7%)	
SG&A (excl. Depreciation)	(320.5)	(295.3)	+8.5%
% of sales	(41.9%)	(43.1%)	
EBITDA	227.6	205.7	+10.6%
% of sales	29.8%	30.0%	
EBIT	127.3	131.4	(3.1%)
% of sales	16.7%	19.2%	
Normalized Net Income	83.0	82.5	+0.6%
Normalized Earnings per share (in €)	0.48 €	0.48 €	

Strong growth driven by Dermatology following Polichem / ThermiGen acquisitions and new product launches in US Rx

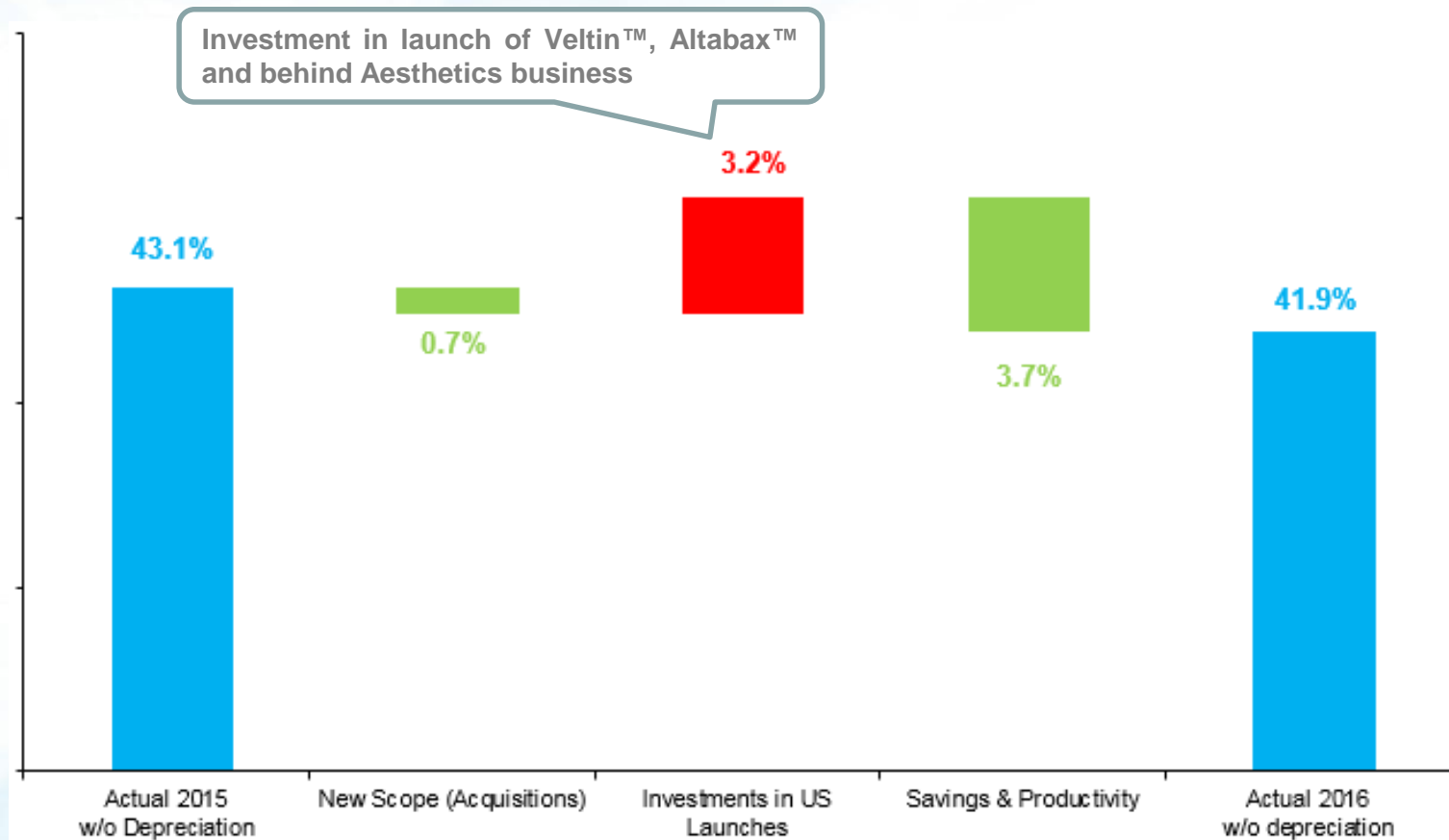
Favorable product mix driving +150bps gross margin improvement

Investment to support R&D pipeline in Dermatology following Polichem, Patagonia, Nuevolution and Mercachem projects

SG&A (excluding depreciations) grew slower than sales - productivity savings

EBITDA margin at 30% despite significant investments behind US launches and R&D

SG&A – Reinvesting productivity in growth products



FY 2016 – Balance Sheet



€ Million	December 2016	% of BS	December 2015
Goodwill	432.8	15.4%	347.3
Intangible assets	993.0	35.2%	412.7
Property, plant and equipment	132.3	4.7%	127.8
Financial assets	194.4	6.9%	180.6
Other non current assets	327.5	11.6%	316.8
Total Non Current Assets	2,080.8	73.8%	1,385.2
Inventories	91.0	3.2%	87.1
Accounts receivable	130.6	4.6%	121.0
Cash & cash equivalents	466.7	16.6%	868.0
Other current assets	50.2	1.8%	71.0
Total Current Assets	738.5	26.2%	1,147.1
Total Assets	2,818.5		2,532.3
Shareholders Equity	1,520.3	53.9%	1,462.6
Financial debt	321.0	11.4%	319.7
Non current liabilities	609.5	21.6%	452.3
Current liabilities	367.7	13.0%	297.7
Total Equity and Liabilities	2,818.5		2,532.3

Goodwill increases on the acquisitions of Polichem Group and ThermiGen. Intangible assets also include the license from Sun Pharma deal on psoriasis.

Lower Cash following M&A / BD activities, helped by Mexico divestment and CF from operating activities.

Senior Notes to be replaced by Revolving Credit Facility.
Increase in Deferred Tax liabilities related to Polichem and ThermiGen PPAs and Sun Pharma.

Net cash position:

- + Cash and cash equivalents 466.7 Million
- Financial Debt 321.0 Million
- Pension Plans 71.9 Million

Senior Notes Redemption & Revolving Credit Facility

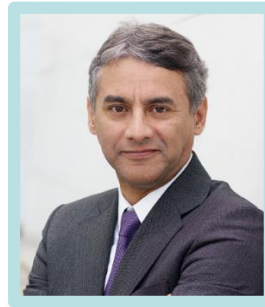
Positive cash impact in 2017

		Interest Rate	Amount
Senior Notes	→	4.625%	€324 Mn
Revolving Credit Facility	→	Below 1.0% (*)	€250 Mn
Impact	→	Accretive from the second half of 2017	

* Revolving Credit Facility with fixed interest rates over a 4 year period



Dermatology



Alfonso Ugarte
Executive Vice President
Global Commercial Strategy

2016 driven by Dermatology Rx and Aesthetics

Operational outperformance

- Total Dermatology growing at +32%
- Dermatology accounts for 51% of Net Sales vs 43% in 2015

Strong entry into Aesthetics

- ThermiGen: Rapid growth year-on-year: + 62%
- Rollout in EU starting Q1 2017

EU Rx Dermatology Strong

- EU Rx Dermatology growing +23% driven by Ciclopoli®
- Launch of DMF around mid-2017

Double digit growth in US Rx Derma

- US Dermatology Rx growing +10%
- Successful launches of Veltin™ and Altabax™

Business Development focused on additional opportunities in Dermatology & Aesthetics

2016 Dermatology sales performance



€ thousand		YTD Dec 2016	YTD Dec 2015	% var vs LY
Europe	→	179,025	145,107	+23.4%
US	→	165,147	150,010	+10.1%
RoW	→	7,209	-	n.m
Dermatology Rx	→	351,380	295,117	+19.1%
Thermi	→	38,467	-	n.m
Total Dermatology	→	389,847	295,117	+32.1%

Geographical breakdown of Dermatology Rx sales

Europe

€ thousand	YTD Dec 2016	YTD Dec 2015	% var vs LY
Solaraze®	36,974	36,554	+1.1%
Ciclopoli®	33,946	-	n.m
Decoderm®	24,378	23,163	+5.2%
Other EU	83,727	85,380	(1.9%)
Total	179,025	145,107	+23.4%

US

€ thousand	YTD Dec 2016	YTD Dec 2015	% var vs LY
Acne franchise ⁽¹⁾	109,186	97,089	+12.5%
Steroids franchise ⁽²⁾	32,814	38,365	(14.5%)
Other US	23,147	14,556	+59.0%
Total	165,147	150,010	+10.1%

(1) Acticlate™ + Veltin™ (2) Verdeso™ + Cordran™

Aesthetics: From strategy to execution

New strategic direction for Almirall

Gathering insights into aesthetics market:
Advisory Boards, Market research, KOL interviews.....

Business development :
To build up aesthetics portfolio

2015

Equity Investment in Suneva

2016

THERMI™
an Almirall company
Acquisition

Silhouette license for US market

2017

Thermi direct commercial presence in EU

Thermi key highlights - US market 2016

Continued rapid increase of Thermi user base

- More than 2,000 users
- More than 150,000 procedures performed

Strengthened sales organization

- Launched team of Practice Development Partners – working with users to generate business for their clinics
- More than doubled the capital equipment sales force capacity

Strong presence at tradeshow and in media

- Attendance to more than 100 tradeshow
- Significant press interest with around 60 articles in print and online

Distribution rights to Sinclair's Silhouette InstaLift™ sutures in the US

- Minimally invasive method for lifting the underlying tissue of the face
- Great option to patients for whom face-lift surgery is not the preferred approach. Combines with ThermiTight procedure
- Positive welcome by physicians and patients



Thermi 2017 - European & RoW markets



First steps towards a strong direct presence in Europe

- EMEA Commercial Ops Director based out of Barcelona
- Gradual build up of our own sales organization for Thermi in Spain, France and UK
- Thermi warehouse and order desk out of Barcelona

Rest of the World

- Indirect presence in Asia + LATAM
- Sales through Partners

Continued upgrading and extension of product portfolio

DMF (dimethyl fumarate) LAS41008: Psoriasis



- Oral treatment for adults with moderate-to-severe chronic plaque psoriasis which will allow us to bring a new oral therapeutic alternative in the treatment of psoriasis in Europe
- Oral therapies like acitretin, methotrexate and ciclosporin are widely used but must be limited for long term use due to long term side-effects
- Fumaric Acid Esters (FAEs) are the #1 prescribed oral therapy and the biggest non-biological therapy in Germany due to long-term experience and are deemed cost-effective
- Willingness to prescribe study conducted in Germany, UK, Spain and Italy showed that the majority of dermatologists would use DMF in 30% of their systemically treated patients (same as FAE in Germany)
- Approval expected by Mid 2017
- Expected Peak Sales of over 50 million euros

Tildrakizumab IL23p19: Psoriasis



- Additional Phase 3 data to be presented at the American Academy of Dermatology (AAD)
- Patient surveys report that lower frequency of injections (one per quarter) and a high maintenance of efficacy are important attributes for their therapies
- We expect tildrakizumab to have excellent long-term efficacy and a good safety profile for patients
- Our strategy will be based on: a) competitive efficacy levels b) a more convenient dosing schedule c) a better maintenance effect d) no rebounds after withdrawal of therapy e) a good safety profile
- EU filing expected around mid-2017
- Expected Peak Sales of over 200 million euros



R&D



Thomas Eichholtz
*Executive Vice President
Research & Development, CSO*

R&D achievements in 2016



- Incorporated Polichem Pipeline
- Started EU Phase III programs
- Prepared the US Phase III programs



POLICHEM



- Approval for ADP 18998 (Actikerall®) small field treatment line extension
- External innovation: Patagonia, NuEvolution, Bicosome & Mercachem



bicosome®

MERCAHEM











Pipeline progression: Products in clinical phase



Project	Indication	Early Development	Phase II	Phase III	Registration
LAS41008 (DMF)	Psoriasis	→			
Tildrakizumab	Psoriasis	→			
P3058	Onychomycosis	→			
P3073	Nail Psoriasis	→			
P3074	Androgenetic Alopecia	→			
PAT001	Ichthyosis	→			
ADP31415	Pemphigus vulgaris	→			
ADP13612	Rosacea	→			

Products in late clinical phase



Project	Indication Active Ingredient / MOA	Estimated Year First Launch	Estimated Peak Sales		Key Highlights
LAS41008	Psoriasis DMF (Fumaric Acid Ester)	2017	> 50€		<ul style="list-style-type: none"> • Oral treatment for adult patients with moderate to severe chronic plaque psoriasis • Convenient dosing frequency, long term sustained efficacy, good safety profile • Potentially first treatment specifically approved for nail psoriasis. HPCH nail lacquer technology • Gold standard anti-fungal offering superior convenience in HPCH nail lacquer technology • Potentially first topical finasteride in HPCH spray technology, lowering systemic absorption and side effects
Tildrakizumab	Psoriasis IL23p19 antibody	2018	> 200€		
P3073	Nail Psoriasis Calcipotriol	2019	> 60€	 	
P3058	Onychomycosis Terbinafine	2020	> 60€	 	
P3074	Androgenetic Alopecia Finasteride	2020	> 60€	 	

Development Pipeline – external innovation



- Congenital ichthyosis is a family of rare skin disorders affecting around 160,000 and 100,000 patients in the European Union and the United States, respectively
- PAT-001 is starting Phase II and has been granted an Orphan Drug Designation by the FDA (Food and Drug Administration) for the treatment of congenital ichthyosis
- PAT-001 is expected to surpass \$100 million in peak sales in the US, expected to be filed in 2022
- There are no treatments approved by the FDA in the United States for moderate and severe subtypes of this disease

Discovery Pipeline – external innovation

MERCACHEM

- Almirall has obtained exclusive rights to Mercachem's cytokine blockers program to identify and develop novel small molecule therapeutics for inflammatory skin diseases
- The cytokine blockers program has its origin in the collaboration of Mercachem with Vipergen using its unique DNA-encoded library and BTE[®] assay technology
- Almirall will fund Mercachem's research in this area and perform any future pre-clinical, clinical, regulatory and commercial activities



NUEVOLUTION

- Almirall has obtained rights to Nuevolution's RORyt inhibitor program to identify and develop novel small molecule therapeutics for inflammatory skin diseases as well as Psoriatic Arthritis (PsA)
- Research collaboration for the identification of additional RORyt inhibitors, with exclusivity for Almirall to use within the dermatological field
- Almirall will be responsible for funding of any further research as well as pre-clinical, clinical, regulatory and commercial activities

Discovery: Focus on Dermatology indications





Takeaways and Outlook



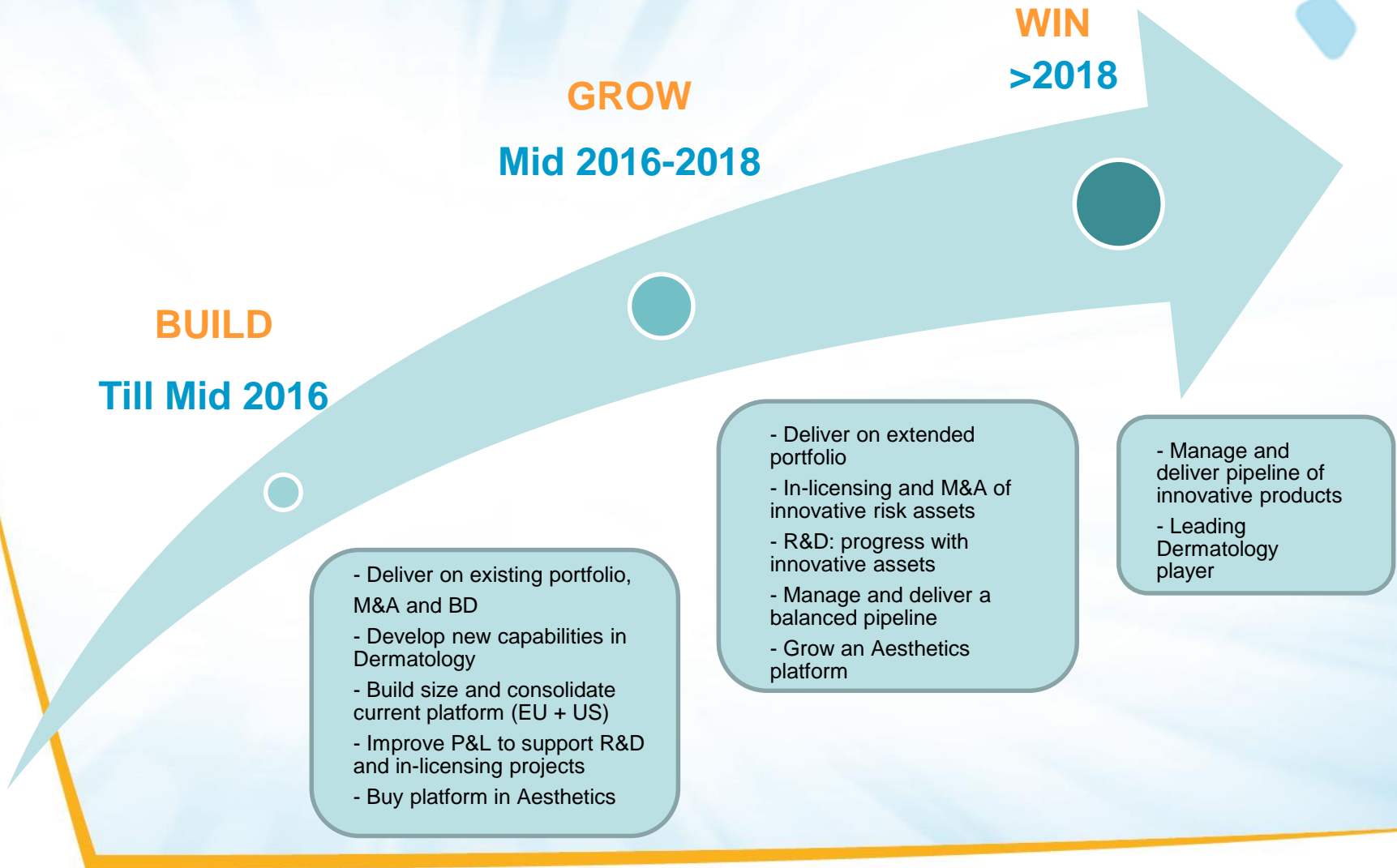
Eduardo Sanchiz
CEO

Wrap-up 2016



- **2016 results outperform guidance**, showing significant improvement at gross margin level, and high sustained EBITDA margin
- **Delivering on stated strategy**: reallocation of resources, performed meaningful transactions
- Very good progress of R&D pipeline; 1 project in registration & 1 in pre-submission
- Maintained a **healthy financial position** to support potential new transactions
- Dividend proposal: **gross dividend of 33 million euros** or 0.19 euros per share

Delivering on our strategy



Positive Outlook for 2017



- Top-line growth will be driven primarily by products such as Veltin™, Altabax™, Ciclopoli® and Thermi
- Soft spots: Acticlate™, Cordran™, Solaraze®, legacy products
- Continue to invest in R&D to support promising pipeline
- Anticipating approval and launch of DMF in mid-2017
- Aiming to deliver healthy EBITDA ratios while investing for future growth
- Business Development remains a major focus for management

Financial guidance 2017 vs 2016 ⁽¹⁾

Revenues ⁽²⁾ → **Grow at low to mid single digit**

Net Sales → **Grow at low to mid single digit**

EBITDA → **Grow at mid single digit**

Top line growth drivers → **Veltin™, Altabax™, Ciclopoli®, Thermi**

Challenges → **Acticlate™, Cordran™, Solaraze®, legacy products**

Opex rebalancing → **Reinvesting Opex savings in current and future growth drivers**

(1) In constant exchange rates

(2) Net sales + Other Income

Financial Appendixes

P&L 2016

€ Million	YTD Dec 2016	YTD Dec 2015	% var
Total Revenues	859.3	769.0	11.7%
Net Sales	764.4	685.0	11.6%
Other Income	94.9	84.0	13.0%
Cost of Goods	(227.5)	(214.5)	6.1%
Gross Profit	536.9	470.5	14.1%
<i>% of sales</i>	70.2%	68.7%	
R&D	(98.3)	(66.3)	48.3%
<i>% of sales</i>	(12.9%)	(9.7%)	
SG&A	(404.8)	(354.3)	14.3%
<i>% of sales</i>	(53.0%)	(51.7%)	
<i>SG&A w/o Depreciation</i>	(320.5)	(295.3)	8.5%
<i>% of sales</i>	(41.9%)	(43.1%)	
<i>Depreciation</i>	(84.3)	(59.0)	42.9%
Other Op. Exp	(1.4)	(2.5)	(44.0%)
EBIT	127.3	131.4	(3.1%)
<i>% of sales</i>	16.7%	19.2%	
Total Depreciation	100.3	74.3	35.0%
<i>% of sales</i>	13.1%	10.8%	
EBITDA	227.6	205.7	10.6%
<i>% of sales</i>	29.8%	30.0%	
Restructuring costs	(26.6)	(7.8)	<i>n.m.</i>
Net financial income / (expense)	(19.0)	4.4	<i>n.m.</i>
Other	10.9	44.6	(75.6%)
Profit before tax	92.6	172.6	(46.3%)
Corporate income tax	(17.1)	(40.8)	(58.1%)
Net income	75.5	131.8	(42.7%)
Normalized Net Income	83.0	82.5	0.6%
Earnings per share (€) (1)	0.44 €	0.76 €	
Normalized Earnings per share (€)(1)	0.48 €	0.48 €	

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

Cash Flow 2016



Cash Flow Statement (€ Million)	Dec 2016 YTD	Dec 2015 YTD
Profit Before Tax	92.6	172.6
Depreciation and amortisation	100.3	74.3
Change in working capital	8.7	(23.3)
Restructuring payments	(23.7)	(23.3)
Other adjustments	(54.1)	25.7
Tax Cash Flow	(18.7)	(55.1)
Cash Flow from Operating Activities (I)	105.1	170.9
Financial Income	1.2	2.8
Investments	(80.5)	(56.6)
Divestments	13.4	64.0
Payments of capex suppliers	(3.1)	0.2
Changes in scope of consolidation	(388.3)	(15.9)
Cash Flow from Investing Activities (II)	(457.3)	(5.5)
Interest payments	(15.2)	(15.4)
Dividend distribution	(33.0)	(35.0)
Debt increase/ (decrease)	(0.9)	(1.4)
Cash Flow from Financing Activities	(49.1)	(51.8)
Cash Flow generated during the period	(401.3)	113.6
Free Cash Flow (III) = (I) + (II)	(352.2)	165.4

Sales breakdown by Region



€ thousand	YTD Dec 2016	YTD Dec 2015	% var vs LY
Europe (ex Spain)	285,367	243,279	17.3%
North America	211,056	168,705	25.1%
Spain	193,649	221,034	(12.4%)
Others	74,289	51,968	43.0%
Total	764,360	684,986	11.6%

Breakdown of the core business

€ thousand	YTD	YTD	% var vs	
	Dec 2016	Dec 2015	LY	
Oral Acne franchise (doxycycline)	94,103	96,826	(2.8%)	●
Ebastel and other (ebastine)	56,328	62,139	(9.4%)	●
Tesavel & Efficib (sitagliptine)	47,274	44,134	7.1%	●
ThermiGen	38,467	-	<i>n.m.</i>	●
Ciclopoli (ciclopirox)	38,459	-	<i>n.m.</i>	●
Solaraze (diclofenac sodium)	36,974	36,564	1.1%	●
Almax (almagate)	25,584	23,870	7.2%	●
Decoderm and other (flupredniden)	24,378	23,163	5.2%	●
Cordran (flurandrenolide)	22,492	27,703	(18.8%)	●
Airtal and other (aceclofenac)	22,061	28,017	(21.3%)	●
Sativex (tetrahydrocannabinol)	18,844	16,058	17.4%	●
Other	339,396	326,512	3.9%	●
Total Net Sales	764,360	684,986	11.6%	

- Proprietary products
- In-licensing products



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