

JANUARY - DECEMBER 2013

<i>Thousands of €</i>	12/2013	12/2012	% Var.
Total Revenue	198,710	196,886	
Ministry of Health discounts	5,395	6,943	
Commercial costs	56,452	61,062	
Other operating expenses	100,648	97,808	
EBITDA	36,215	31,073	+ 16.5%
Amortization and depreciation	10,406	9,714	
EBIT	25,809	21,359	+ 20.8 %
Financial results	(1,613)	(2,108)	
Profit before tax	24,196	19,251	+ 25.7 %
Income tax	(1,591)	267	
Net profit	22,605	19,518	+ 15.8 %

Good results keep growing

The strong increase of 37.6% in Net profit and of 55% in Profit before tax in 2012, strengthens with a new growth this year, confirming that the Group's decisions and particularly its strategy, have been correct.

Several relevant decisions have combined: diversification, a bet for internationalization, care for the traditional business (both, own products and new licenses) and at last, persistence to develop our research achievements.

- In the first section, diversification, choosing businesses that allow us to eliminate concentration risks. We can highlight, as most relevant, our bet for animal health and nutrition which continues to provide relevant and increasing profits.
- In the second section, internationalization, growing in exports by means of entering new markets, increasing the number of sanitary registrations in countries where we are already present, strengthening our Latin American subsidiaries (Chile, Colombia, Ecuador and the one recently created in Mexico), as well as signing commercial agreements in other countries.
- In the third section, the traditional business, with two lines of licenses that grow above the market: anti-inflammatories and anti-diabetics; not forgetting our own products with well-known brands and very interesting margins.
- And finally, the excellent results of our R&D, mainly Bilastine, having signed commercialization license agreements with several of the main multinational laboratories (Menarini, Pfizer, GSK, Pierre Fabre, Takeda, Otsuka, Merck Serono, Invida, Yuhan, Hikma or Kalbe) and therefore reaching a wide geographical area. We must not forget that we are developing new indications, new ways of administration and new combinations that anticipate a very interesting future for the molecule.

The revenues for down-payments and the excellent sales mark-up, make Bilastine, at present, and it will be more in the future, the main motor of the P&L Account. It also provides strength to the balance sheet and it allows us to be very optimistic concerning our business plan for the next years. There are still regulatory approvals left that will provide more sales, adding good news to those received from the countries where it is already commercialized. Particularly Japan, the world's first anti-histaminic market in which the clinic adaptation is developing at good rhythm.

Gross revenues improve slightly, despite the fact of the restrictive demand environment in European markets. In Spain, the prescription market decreased 6%, which accumulates to previous years' falls and leaves the pharmaceutical expense 30% below 2010's figure.

The restraint expense policy, especially concerning commercial expenses, allow us to improve our EBIT a 20.8% which, due to the decision of increasing the amortization and depreciation item, cuts this growth to 16.5% in EBITDA.

Shareholder remuneration and Share evolution

Shareholder remuneration via dividends, for those who chose receiving cash, increased an 83% in 2013, as a result of two scrip dividends that allow the investor to adjust its financial and tax needs. Shareholders chose in a high percentage (over 93% in both dividends), to subscribe new shares.

The remuneration plan was completed with a free share capital increase in the proportion a one new share for every twenty-five old ones (1x25).

2013 was an excellent year for our shareholders, in which the share price increased a 71.7%.

A new free share capital increase and two other scrip dividends were approved in the last General Meeting held in June 2013. The first of these scrip dividends has already been executed last January. This dividend was a 33.3% higher than last year's.

The second scrip dividend and the free share capital increase, which will have the same proportion as the previous one, are still pending to be formalized in 2014. Presumably, these operations will be executed during the first semester of this year.

Relevant financial aspects

The net financial cost continues to decrease, presenting an improvement of over 23% in 2013, due to the reduction in net bank debt, the financing at low interest rates and a successful management of our stock portfolio.

Debt ratios consolidate its fall for three main reasons: cost restraints, revenues from bilastine's licenses and the success of the scrip dividend policy.

Net bank debt reduces significantly and shows a strong equity consistency, since in its comparison with EBITDA it has fallen from 2.46 times in 2011, to 1.52 times in 2012, and to 0.53 times in December 2013 (net bank debt vs EBITDA ratio).

Equally, our debt ratio improves from 35.5% in 2011, to 28% in 2012, to 18.5% by the end of this exercise.

Finally, we would like to anticipate that, for 2014 we plan to continue with the mentioned strategy of less bank debt, providing financial strength and reducing net financial costs.

Results

All this has meant an increase in Profit before tax of 25.7%, percentage which decreases in Net profit to 15.8% due to the increase in tax costs, as a logical consequence of increasing taxable income.

28 February 2014