

## JANUARY - JUNE 2014 RESULTS

<i>Thousands of €</i>	<b>06/2014</b>	<b>06/2013</b>	<b>% Var.</b>
Net sales	99,040	96,389	
Other operating income	5,010	7,205	
Ministry of Health discounts	3,210	3,418	
Commercial costs	30,148	28,612	
Other operating expenses	49,091	51,711	
<b>EBITDA</b>	<b>21,601</b>	<b>19,853</b>	<b>+ 8.8 %</b>
Amortization and depreciation	4,725	5,796	
<b>EBIT</b>	<b>16,876</b>	<b>14,057</b>	<b>+ 20.0 %</b>
Financial results	(365)	(687)	
<b>Profit before tax</b>	<b>16,511</b>	<b>13,370</b>	<b>+ 23.5 %</b>
Income tax	(2,462)	(667)	
<b>Net profit</b>	<b>14,049</b>	<b>12,703</b>	<b>+ 10.6 %</b>

### Significant growth in profits

It is worth noting the 23.5% increase in Profit before tax compared to the first semester of the previous year, as well as the 10.6% increase in Net profit.

The item “Other operating income” decreases from 7.2 million to 5 million, which limits our real growth. These revenues, despite being operating income, can be considered as “atypical”, since they come from Bilastine’s down-payments. The inconsistent comparative effect is due to the decrease from the previous year’s figure.

In spite of it, there are many elements that have allowed us to increase the “adjusted” operating profit at a very high rate. The main ones are the following:

Net revenues grew +3.1%, but in areas which provide higher margins like Bilastine, animal health and nutrition and exportations, as well as the good behaviour of the licensed products, particularly the anti-diabetics.

Sales of medicines in Spain also grow 6.1%. Bilaxten increases 37.7% and the anti-diabetic’s licenses rise 25.6%.

Ingaso Farm Iberia increases its sales 8.5% providing a growing margin to consolidated profit.

Bilastine’s international business increases its sales over 20%, supported on commercial launches in new markets, on new distribution agreements and on the beginning of sales in 12 new countries, which will continue in 2014 with other European, African and Latin American countries.

In the same way, international sales of pharmaceutical products keep growing, continuing with the rising trend of the last years.

In short, a steady (present and future) and multilateral growth, supported on several businesses such as Iberian pharma, international pharma, animal nutrition and Bilastine’s licenses, which allows to share risks by means of a diversification that covers sectoral and geographical fluctuations.

On the other hand, the cost containment plan has achieved its objectives. There are significant savings in the general areas, with a commercial cost increase due to the promotional thrust and higher sales.

And all these positive factors will be driven in the future by the higher contribution expected from Bilastine, which is at present only commercialized in 48 countries but already licensed in 127, and by the development and innovation of this molecule and other areas of research in which we have been working for a long time.

### **Shareholder's remuneration**

More than 93% of our shareholders chose to subscribe new shares in both of the two scrip dividends paid during the first semester, which proves a strong confidence in the Company. Shareholders that chose to receive cash, received 0.07€ per share, which meant a 27.2% increase compared to the previous year.

At the same time, a free share capital increase has taken place with a ratio of one new share for every 25 old ones. The right was traded at a medium price of 0.09€ per share.

During the recent General Shareholders' Meeting a new scrip dividend was approved, as well as another free share capital increase in the proportion of 1x50, and a supplementary cash dividend that will be agreed by the Board of Directors.

### **Relevant financial aspects**

We keep among our objectives the reduction of financial debt, continuing the trend of the last years that has cut to half the debt ratio and substantially reduced the net bank debt, with low percentages over EBITDA, improving our financial results, strengthening our balance and giving consistency to the business.

Therefore, we are in the best situation to move forward with our investment approaches that will continue with our diversification and internationalization strategy.

### **Results**

As we indicated in previous paragraphs, the exposed data allow us to reach a **20% increase in EBIT** (which rises to 71% in "adjusted" EBIT), **and a 23.5% increase in**

**Profit before tax** (+84% in “adjusted” Profit). Only the income tax, which quadruples, corrects **the Net profit growth to 10.6%** (+72% once adjusted by the atypical revenues).

To sum up, the results for the first half of 2014 confirm the profit increase forecast for the year and strengthen the business plan in a multi-annual horizon.

25 July 2014