

JANUARY - SEPTEMBER 2014 RESULTS

<i>Thousands of €</i>	09/2014	09/2013	% Var.
Net sales	149,211	141,683	+ 5.3 %
Other operating income	5,278	11,546	
Ministry of Health discounts	4,796	4,888	
Commercial costs	42,043	41,461	
Other operating expenses	72,355	73,582	
EBITDA	35,295	33,298	+ 6.0 %
Amortization and depreciation	7,826	8,857	
EBIT	27,469	24,441	+ 12.4 %
Financial results	(469)	(1,049)	
Profit before tax	27,000	23,392	+ 15.4 %
Income tax	(4,824)	(2,100)	
Net profit	22,176	21,292	+ 4.2 %

Positive development of business

We highlight the +15.4% increase in Profit before tax compared to the previous year despite the reduction in atypical revenue.

Operating income

Our **sales grow by +5.3%** in spite of the general context of economic stagnation and of major actions in Spain and Portugal to keep down public healthcare expenditure. Every area of the Group contributes to this growth.

The international area maintains its growth supported by the geographical expansion of Bilastine, the beginning of sales of new products and the extension of traditional products to new markets and countries.

We cannot forget our historical vocation for the Iberian pharmaceutical market, where we compensate the budgetary limitations with new licenses and with the promotion of mature products, having been able to mitigate the cutbacks and reaching slight growths in sales.

In this section dedicated to revenues, we must highlight the good progress of our star product, Bilastine, which has consolidated with very high market shares in countries where it was first commercialized, whilst it continues its worldwide expansion with new license agreements, new sanitary approvals in more countries and commercial launches in others.

Finally, our animal nutrition subsidiary, **Ingaso Farm**, grows strongly increasing its sales at a double-digit rate with very interesting margins and contributing significantly to the Net Profit.

Results

In conclusion, we are selling more and with products that have higher gross margins, which allows us to keep down consumptions in percentage terms. This fact added to the control of general expenses has permitted us to reach a **6% increase in EBITDA**, in spite of the reduction of Bilastine's down-payments due to the difference between 2014 and 2013 milestone calendar.

A lower demand in the item of amortization and depreciation takes us to an even higher **increase in EBIT, up to +12.4%**, which we remind that adds to the increases achieved in the previous two-year period, +44% in 2012 and +21% in 2013.

The bank debt reduction that we have been communicating for some months, and the interest rate cuts, have allowed us to reduce our financial cost over 50%, boosting **Net Profit growth, which improves by +15.4%**.

It is almost 4 million euro more in profit, that is in tax bases, with the consequent fiscal cost that has an impact in Net profit, whose growth, therefore, moderates to +4.2% over the same period of the previous year.

Therefore, realistic optimism for the present exercise, since we have almost reached the Net Profit figure for the complete 2013 and Profit before tax is, at September 2014 a 11.6% higher than at December 2013. But above all, optimism about the development of the main areas whose business projections are highly positive.

Shareholder's remuneration

We are getting close to the year end and Faes Farma has fulfilled its announced remuneration plan. Two scrip dividends paid in the first semester of the year with a very high level of acceptance by our shareholders (over 93%) by means of which we paid 0.07 Euros per share to those who chose to receive cash, with an increase of 27.2% over the previous year.

The free share capital increase also took place in the first semester of the year in the proportion of one new share for every 25 old ones. The right was traded at a medium price of 0.09€ per share.

Therefore, a very interesting remuneration level that we intend to keep, as we informed at the General Shareholders' meeting held in June, which approved a new scrip dividend that will begin before the end of the year, a free share capital increase in the proportion of 1x50 and a complementary cash dividend.

Relevant financial aspects

We have already mentioned the positive evolution of our debt, the success of our scrip dividends and the positive performance of the business, facts that have allowed us to reduce significantly our debt with financial entities, trend that will continue as long as no new investment opportunities appear. This search for new investments is one of our priority objectives.

In net terms, bank debt is similar to our financial assets, therefore there is hardly no net bank debt. The improvement of debt ratios continues the trend we previously mentioned, both at the end of 2013 and in the first semester of this year.

28 October 2014