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# Faes Farma: A local business with a global footprint

*Capital Market Presentation*

Faes Farma  
12th of April 2021



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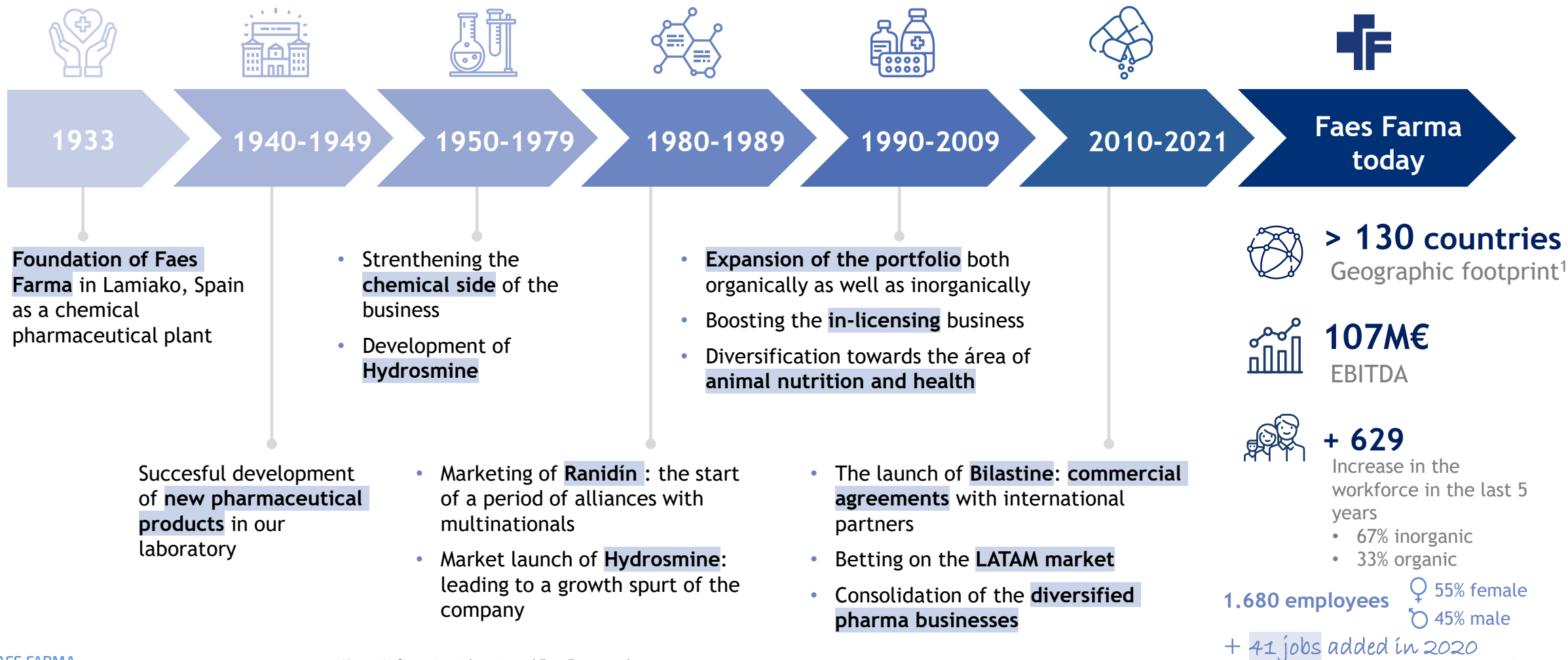
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# Faes Farma Almost 90 years in healthcare

## A snapshot of our history



Note: (1) Countries with registered Faes Farma products

# Strengthening the core business, international expansion and diversification

Faes Farma´s strategy in the recent years



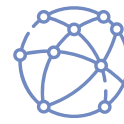
## ① Strengthening the core business

### Restructuring the R&D department

- Faes 2020 Plan
- Launch of Hidroferol soft capsules (2016)

### Consolidation of commercial networks in Iberia

- Improving commercial networks and search for in-licenses to enhance the portfolio



## ② International expansion through partners and own subsidiaries

### Boosting the Bilastine license business

- Registration in new markets and search for *partners* to enter key markets

### Investment in the development of subsidiaries (LATAM)

- Organic growth of subsidiaries with focus on LATAM
- Exploring opportunities for M&A (BCN Medical, Global Farma)



## ③ Diversification into new businesses

### Entering *Healthcare*

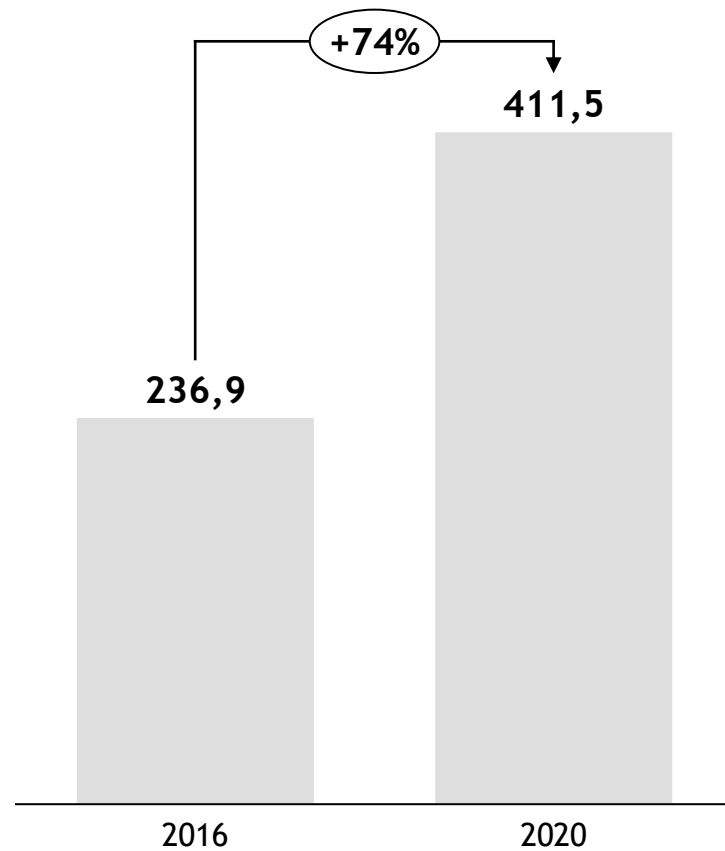
- Inorganic entrance in healthcare through the acquisition of Diafarm
- Introduction of new sales channels

### Diversifying into Animal nutrition and health

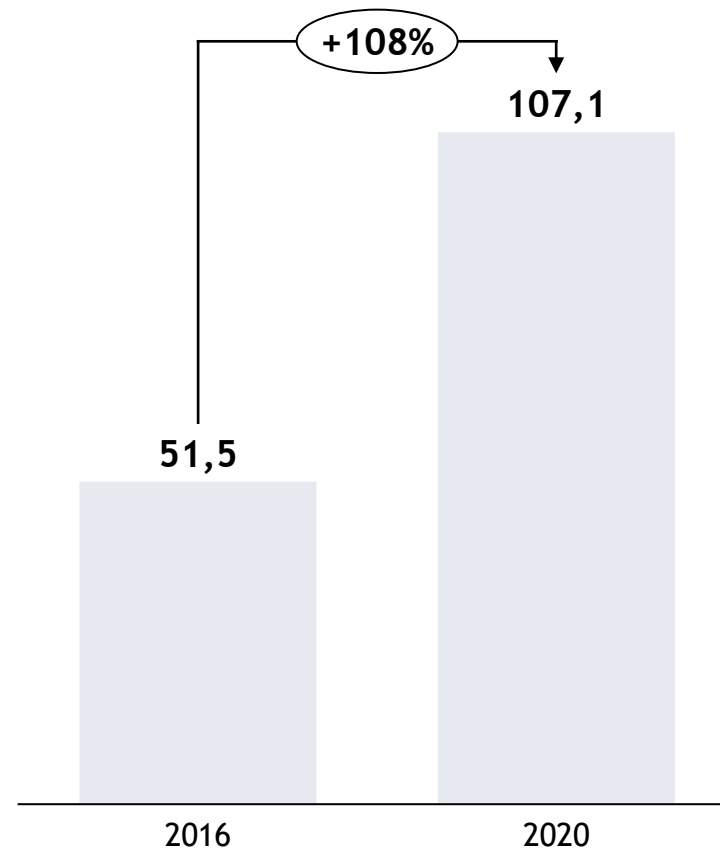
- Consolidating the leading position in piglets and expansion into other species and product categories, combining organic growth with M&A opportunities

# A success story of value creation

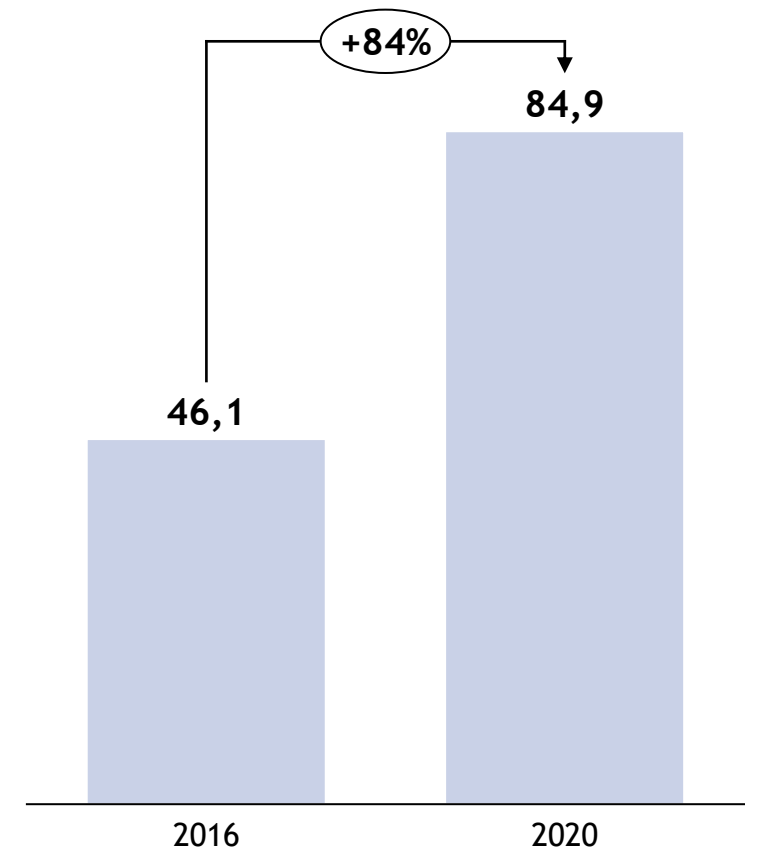
Revenue [2016 - 2020, M€]



EBITDA [2016 - 2020, M€]

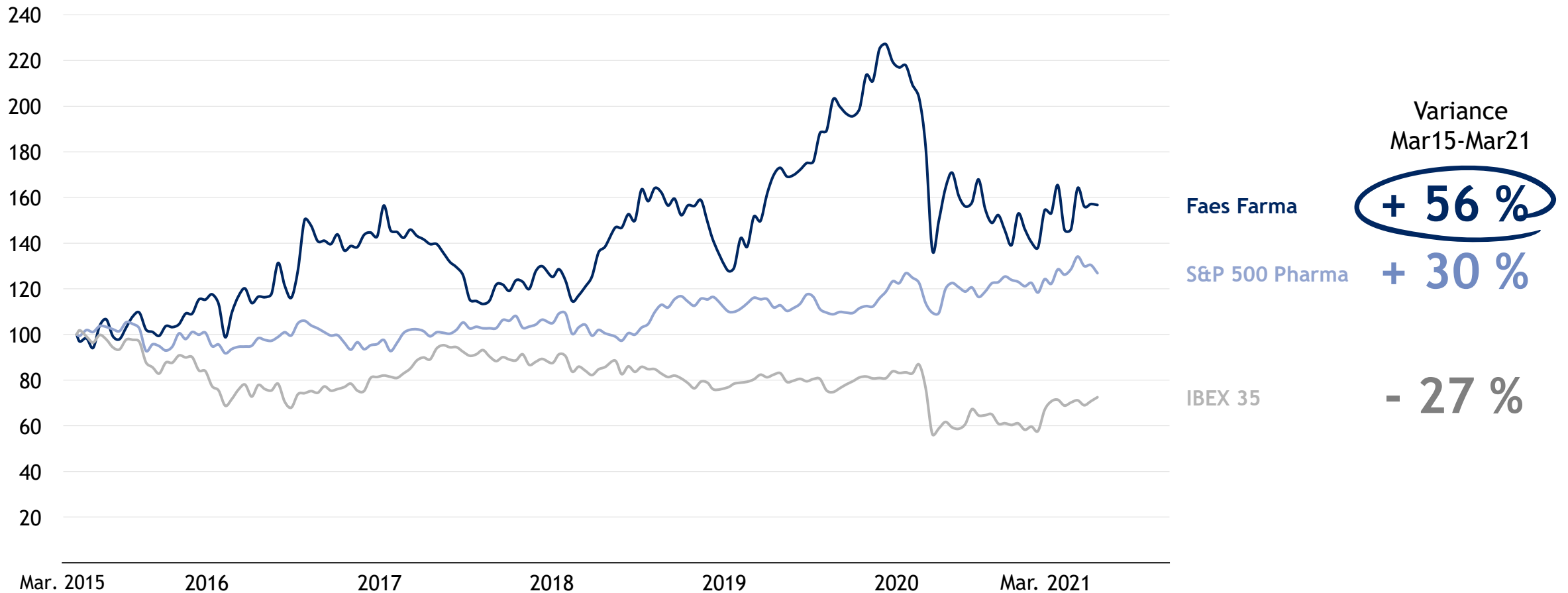


Profit before tax [2016 - 2020, M€]



# Successful track record shareholders remuneration with returns superior to the pharmaceutical sector

Share price Faes Farma, S&P 500 Pharma & Ibex 35 [Base 100]



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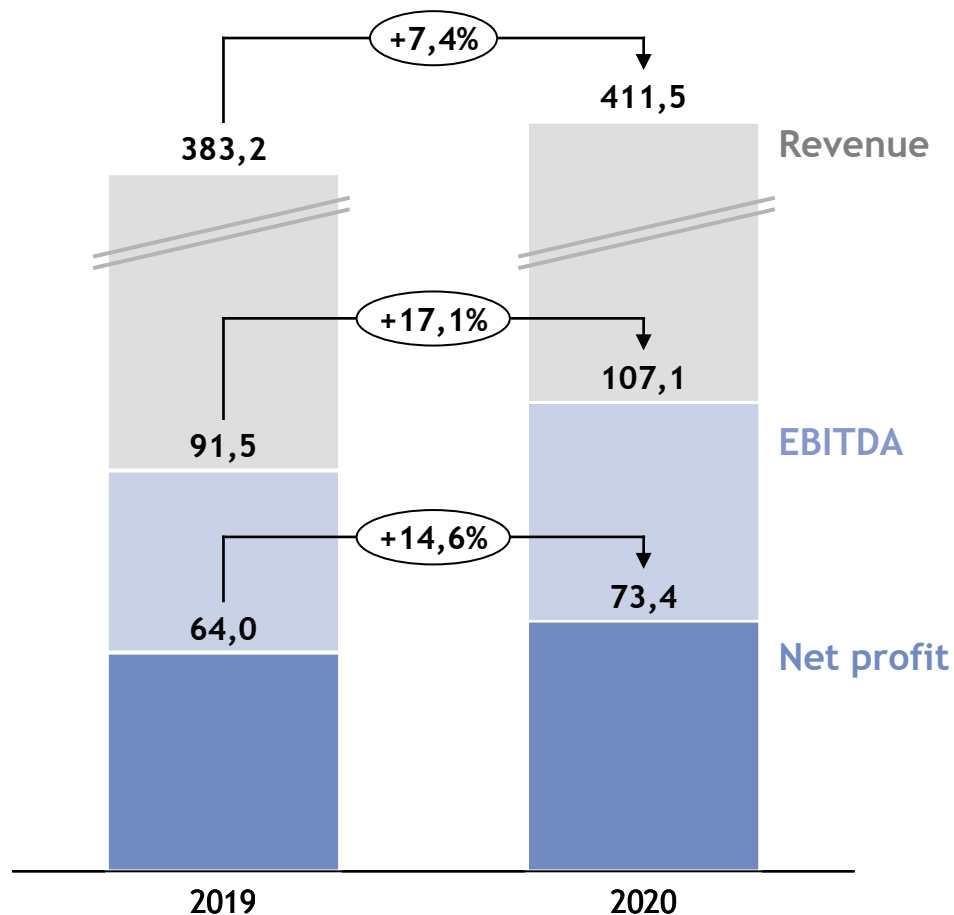


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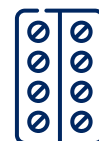
# 2020 Final results: record figures in revenue, EBITDA and net profit

## Highlights: 2020 final results



### 113M€ revenue Bilastine

- Revenue increase of 7,5M€ (+7%) versus 2019
- Strengthened position of Bilastine in Japan: Market share gain over the full year 2020 of 0,8 p.p. to 13,7%



### 31M€ revenue Calcifediol

- Acceleration of the growth of Calcifediol: Revenue increase of 4,8M€ (+18%) versus 2019
- Publication of studies which support its benefits in the treatment of COVID-19 for seriously ill patients

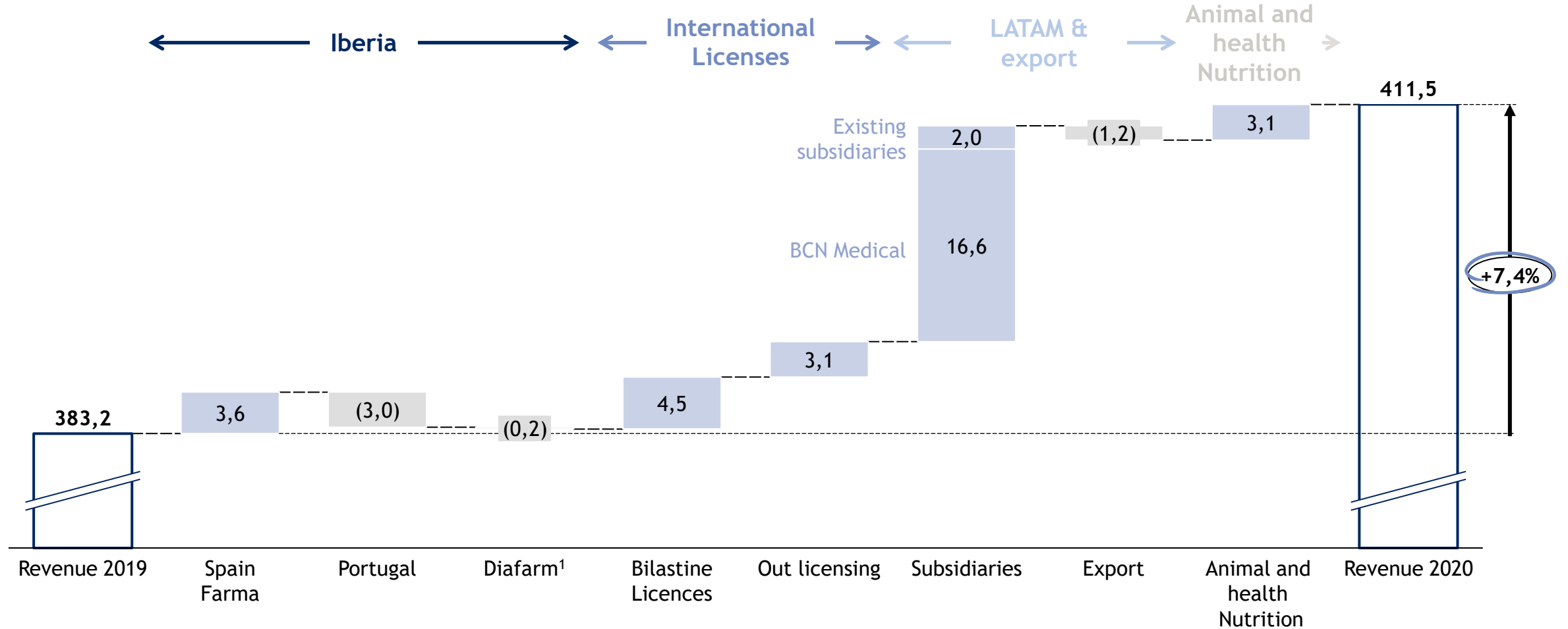


### +18,6M€ revenue pharma subsidiaries<sup>1</sup>

- Increase in revenue of 107%, mainly driven by the acquisition of BCN Medical
- Revenues also increased 17% excluding BCN

# 2020 Growth was driven by our international businesses

Contribution to revenue growth per business area [2019 - 2020, M€]



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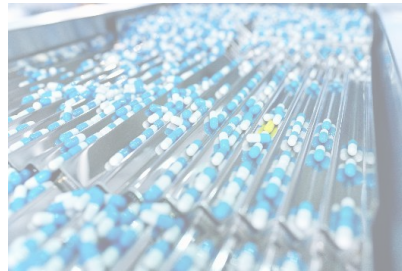
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# Net profit to increase in 2021, compensating the adverse impact from the external environment

## Perspective 2021



Accumulation of **Bilastine** stock at key partners following the antihistaminic market reduction in 2020 due to the **Covid-19** pandemic

**Bilastine** market price reduction in Japan (~6,3%)

Slow down of **Healthcare** sales in Spain and Italy



Sales growth via expansion of **Calcifediol** and **Mesalazine** licenses

Revenue growth of our business in **LATAM** both organically and inorganically (Global Farma)

Positive growth of the **Iberian pharmaceutical business** (Calcifediol, Mesalazine and Respiratory)

*Significant contrast between the negative impact related to Covid-19 in H1 of 2021, with a recovery planned in H2*

**Net Sales<sup>1</sup>**

**Single digit growth**

vs. Full year 2020 (380M€)

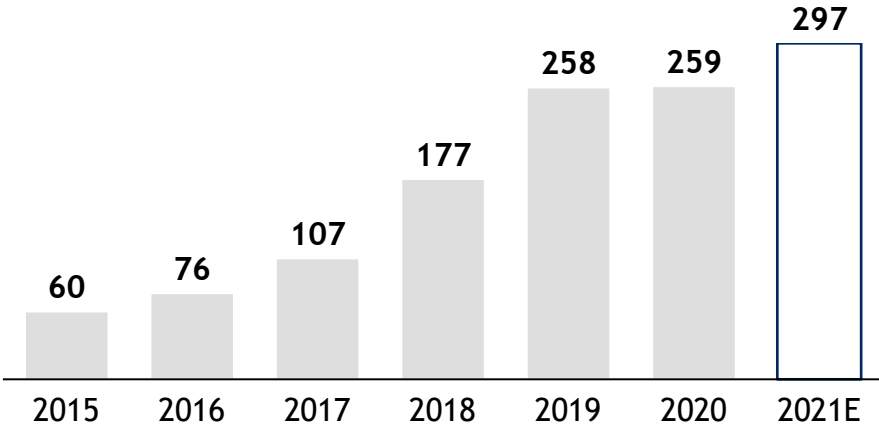
**Net Profit**

**Between 87M€ - 91M€**

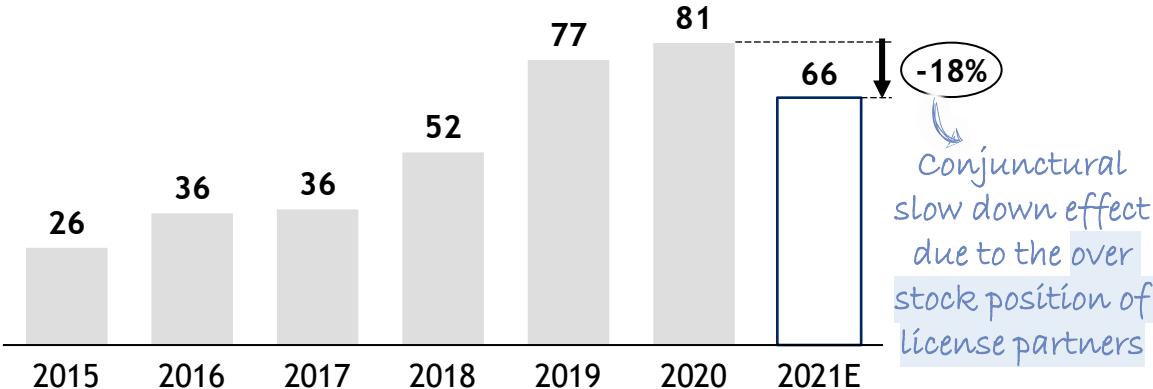
vs. Full year 2020 (85M€)

# Bilastine Licenses: the key adverse driver 2021 expectations due to the conjunctural effect from Covid-19 in 2020

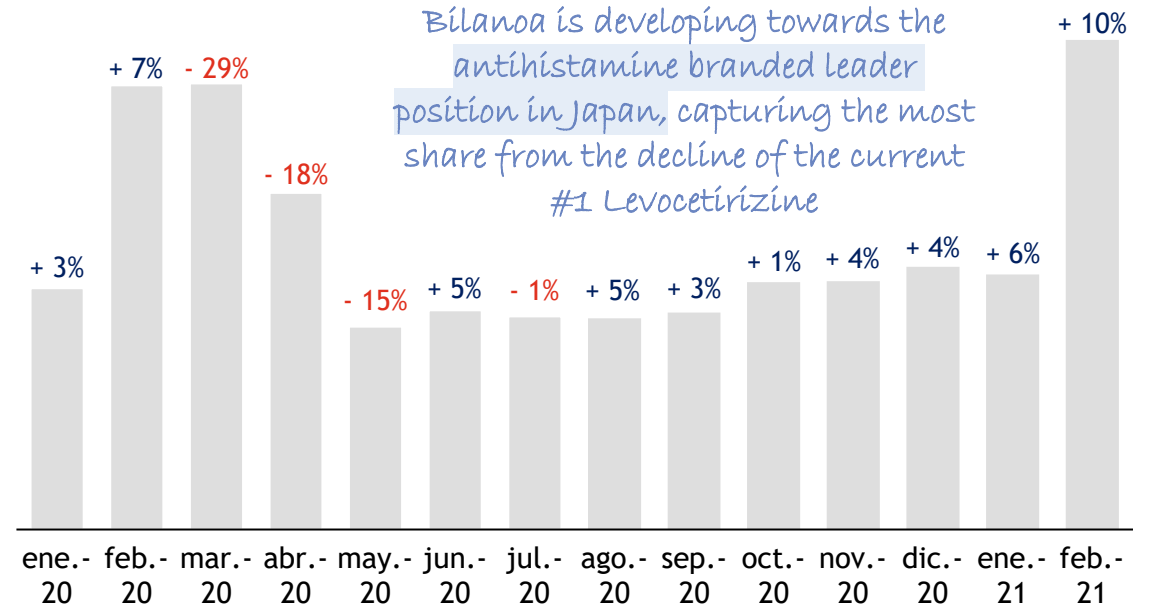
Bilastine sales of partners [M€]



Revenue Faes Farma Bilastine licenses [M€]



Evolution Bilanoa® in Japan [Sales vs LY, Yen]



Market Share 2020 vs. 2019 + 0,8 p.p. **13,7%**

Market Share Jan21 vs. Jan20 + 3,1 p.p. **15,1%**

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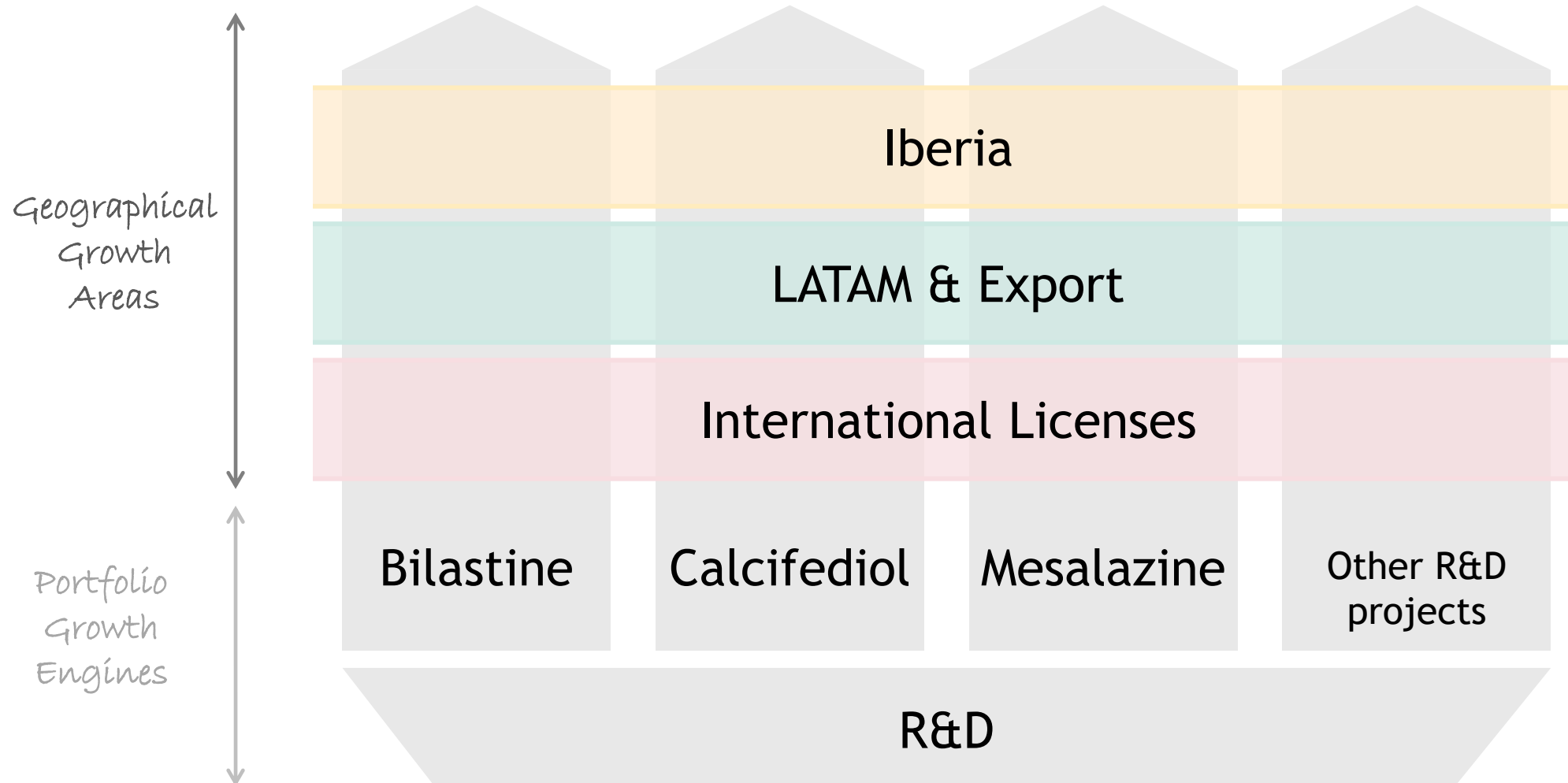
- Ⓐ Pharmaceutical business
- Ⓑ Animal Nutrition & Health
- Ⓒ Future growth pillars

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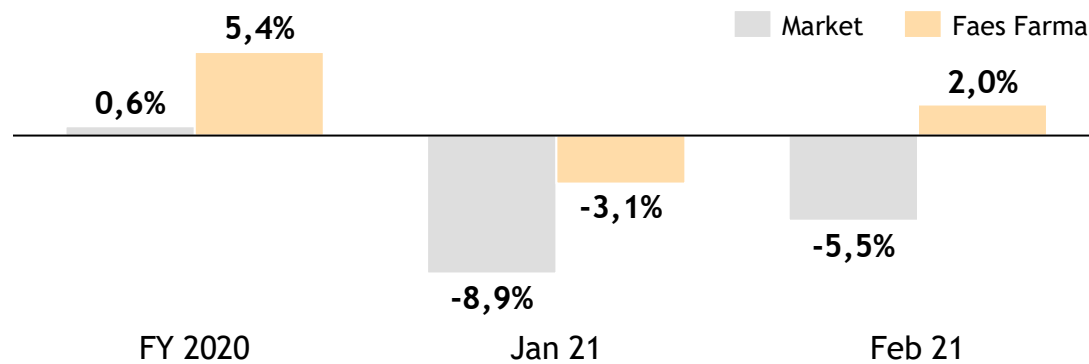
# Maximizing the value of the R&D portfolio through direct sales and international licenses



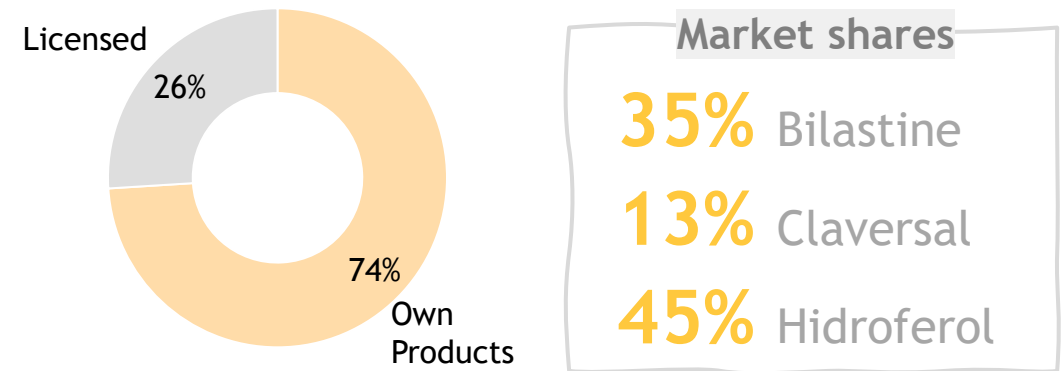
# Iberia: a consolidated business, with an excellent branded image and future growth potential

## Iberia: Spain

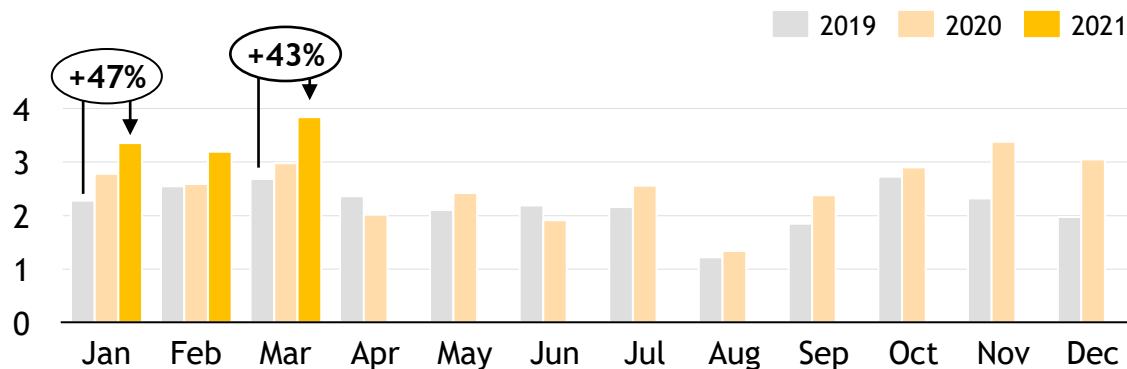
Total market evolution vs Faes Farma [Spain]



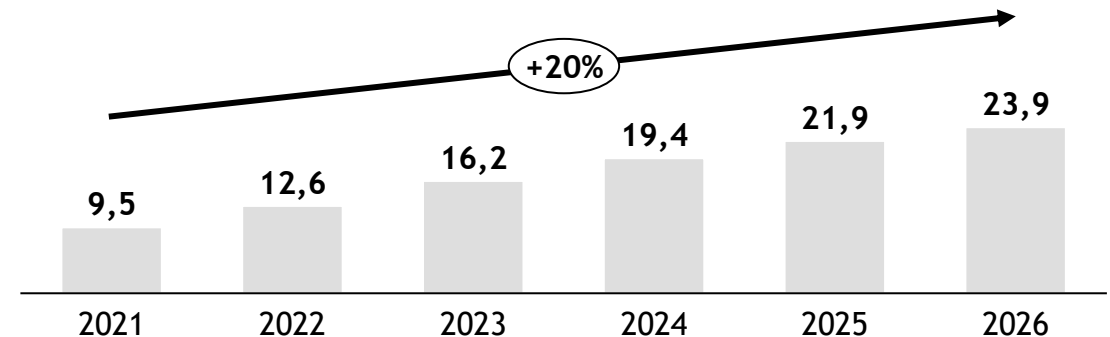
Sales: own products vs. Licensed [2020, % value]



Sales Hydroferol [2019 vs. 2020 and 2021, M€]



Estimated sales of respiratory franchise [2021-2026 M€]



Source: IQVIA, Faes Farma.



# LATAM and Export: creating a strong commercial platform to bring new products to market

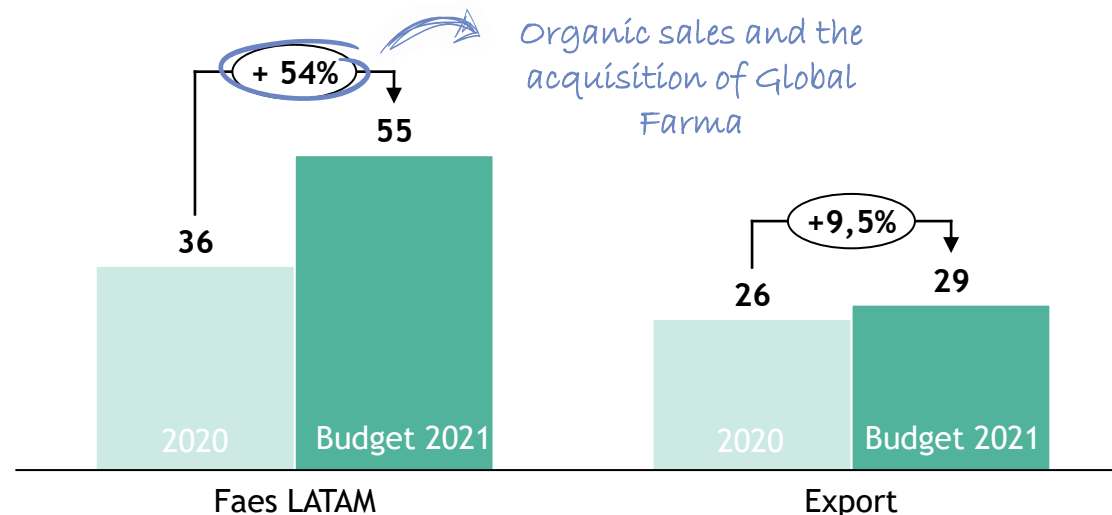
## LATAM and export

### Growth phases and current market situation

- 1 2008 - 2019: organic growth
- 2 2019 - 2021: organic growth and acquisitions (BCN in 2019 y Global Farma in 2021)



### Revenue expectations 2021 [2020-2021E, M€]

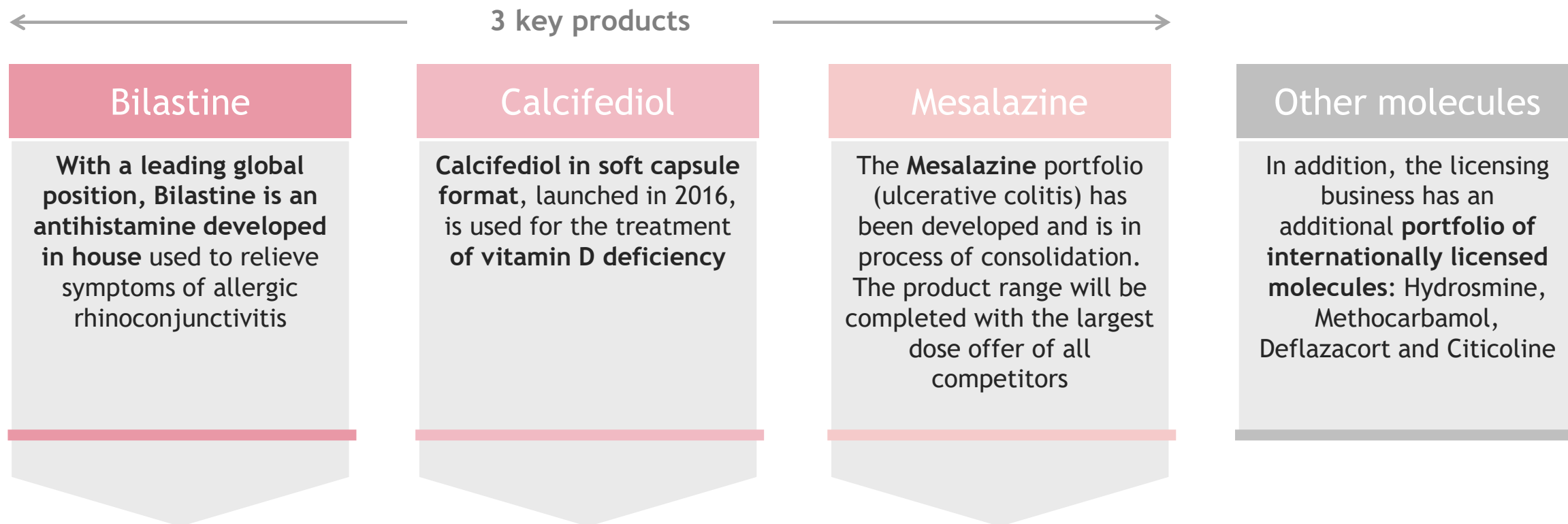


### Acquisition rationale for Global Farma

- (A) Consolidation of our existing sales platform for the own products of Faes Farma in the region
- (B) Attractive valuation (x5,4 EBITDA)
- (C) Center of new product development
- (D) Expansion of the product portfolio which can be brought to market across the LATAM region

# International Licenses: A successful model based on maximizing value on a global scale of 3 key molecules

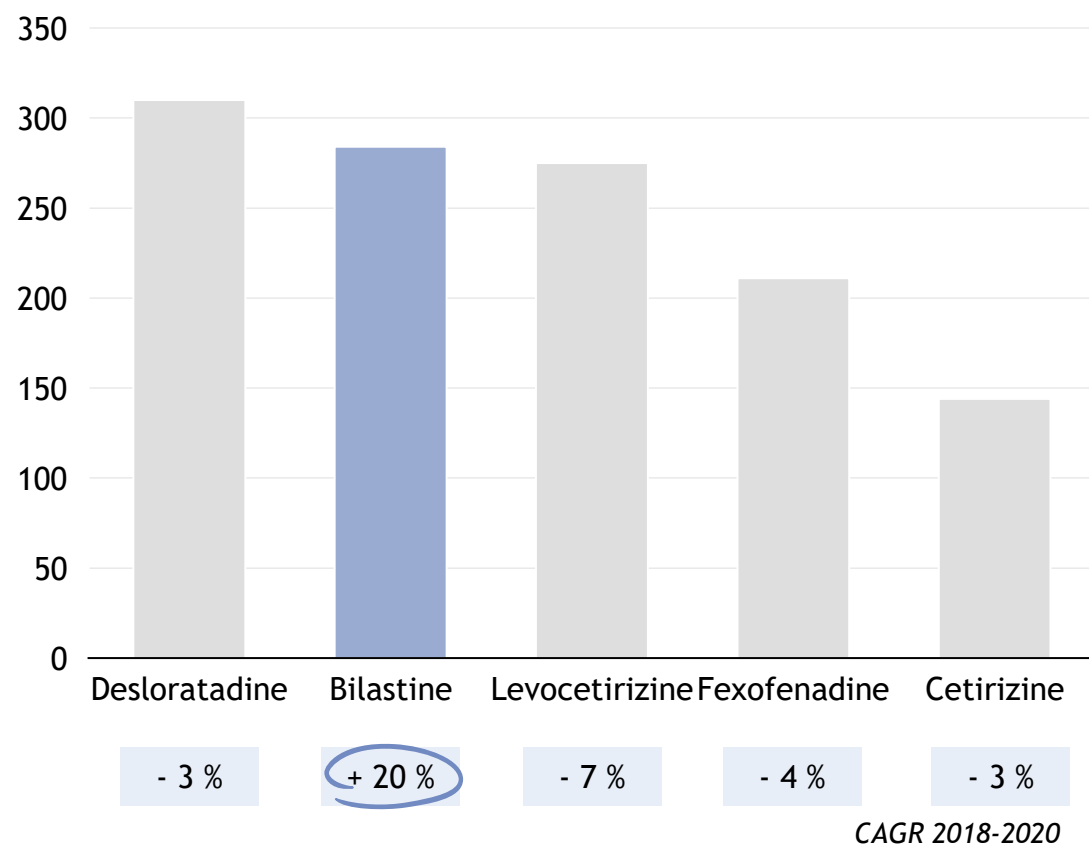
## International Licenses



License sales for the three key molecules are estimated to grow, on average, with a mid single digit annually in the period 2020 - 2025

## Why is Bilastine a blockbuster molecule in the antihistamine market?

Sales of the main antihistamine molecules in markets where Bilastine is present [M€]



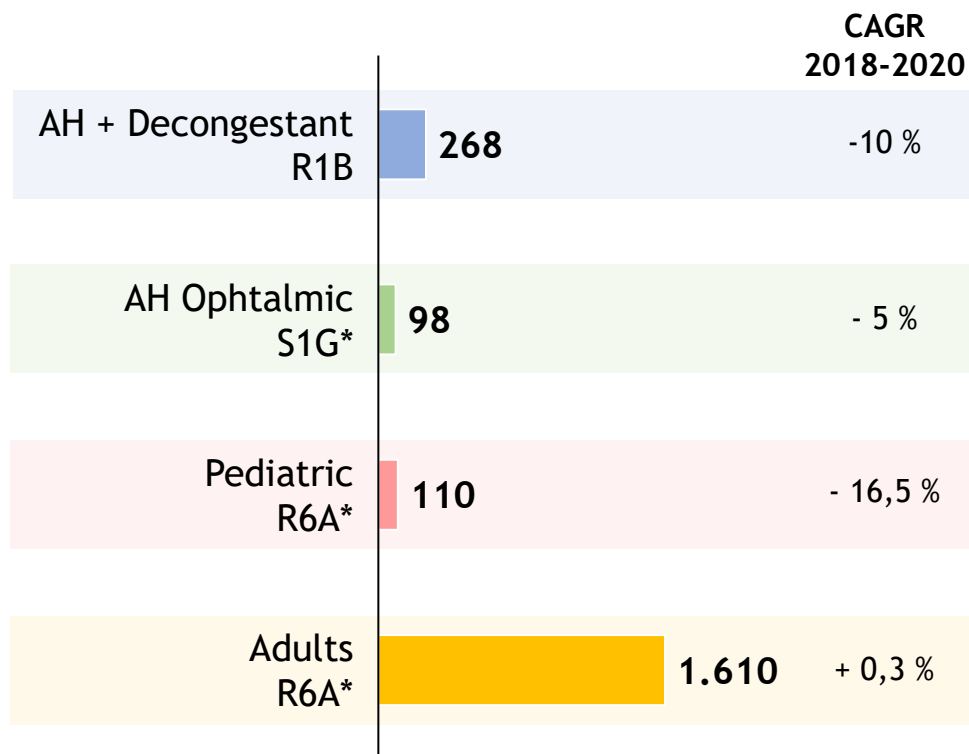
### Attributes of the Bilastine franchise

- Projection of becoming the best-selling antihistamine in solid format in the prescription market
- Leading brand in some of the major global markets for systemic antihistamines<sup>1</sup>: Japan, Brazil, France, Spain
- Bilastine will have one of the broadest portfolios of an antihistamine molecule
- Included in international guidelines for the management of patients with allergic rhinitis and urticaria
- Scientific studies demonstrate its strong safety profile:
  - Antihistamine with the least sedative effect on the market: does not cross the blood-brain barrier
  - Does not require dose adjustments for elderly or renally impaired patients

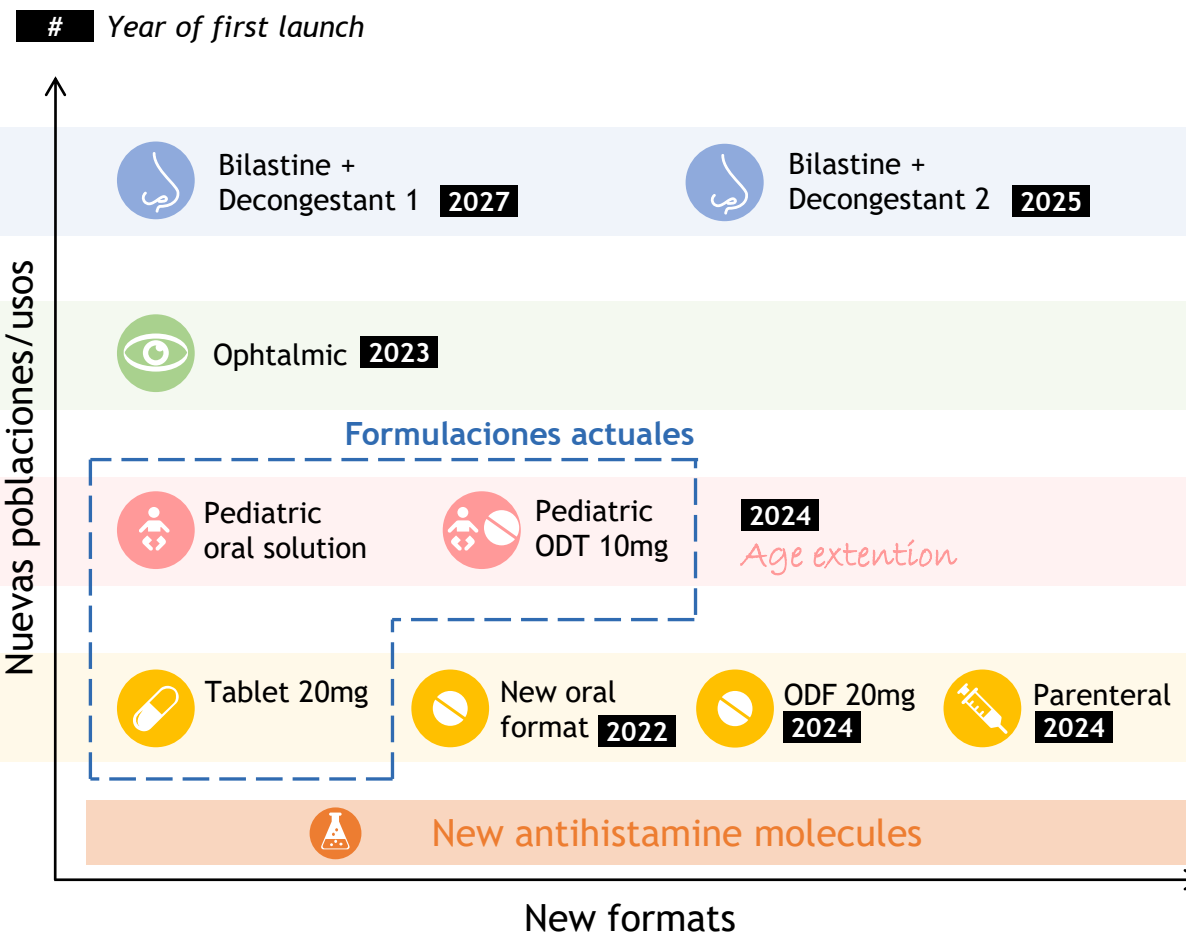
Note: (1) All markets where Bilastine is present; includes solid formats, excluding liquid formats. Source: IQVIA "prescription market" sales FY 2020.

# Building the largest portfolio of the most prescribed antihistamine

Antihistamine market sales per format [M€]



Portfolio and pipeline of the Bilastina franchise



Source: IQVIA FY2020 Bilastine markets. \*Prescription market. Note: Not all formats will be available in all geographies. Pediatric market estimated as liquid formats

# What is the potential of the Bilastine franchise?

## Geographical coverage of Bilastine



## Market size

**2.133 M€**

Bilastine marketed  
Directly or via partners

**554 M€**

Bilastina licensed and pending  
launch with partners

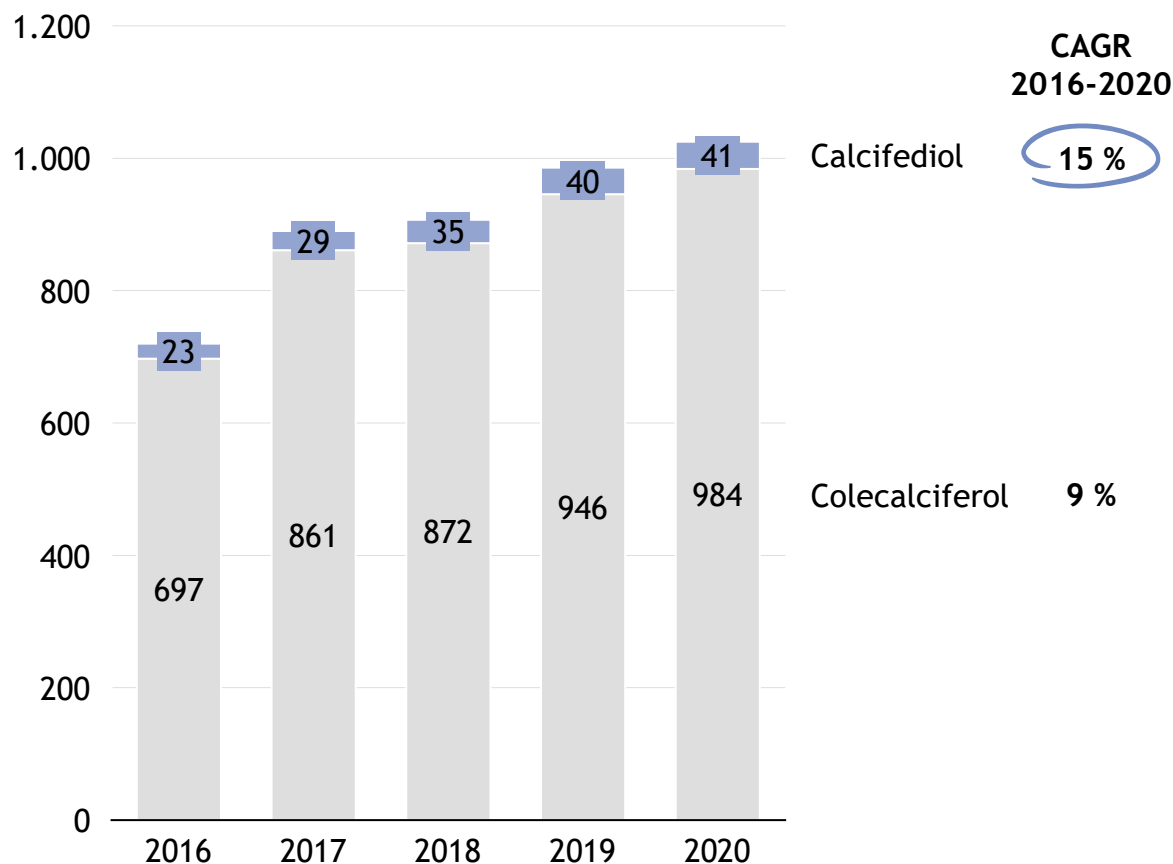
**139 M€**

Other potential markets  
with the entry strategy being defined

Source: IQVIA 2020 FY - Total antihistamine market sales: Includes all formats and prescription markets for R6A, excludes OTC.

# Why is Calcifediol a star molecule on the market?

Global market<sup>1</sup> sales of Vitamina per molecule [M€]



## Attributes of the Calcifediol franchise

- Leading molecule in sales in Spain
- Patent for new formulation in main territories
- Recent positive clinical results (in areas of rheumatology, endocrinology and others)

**1 Clinical trial results: Osteoferol**

- 4 months
  - Calcifediol superiority over cholecalciferol
    - Higher 25 (OH) D levels
    - Quicker onset of action
- 12 months (pending publication)
  - Long-term safety and efficacy

**2 Future “superior efficacy” clinical trial**

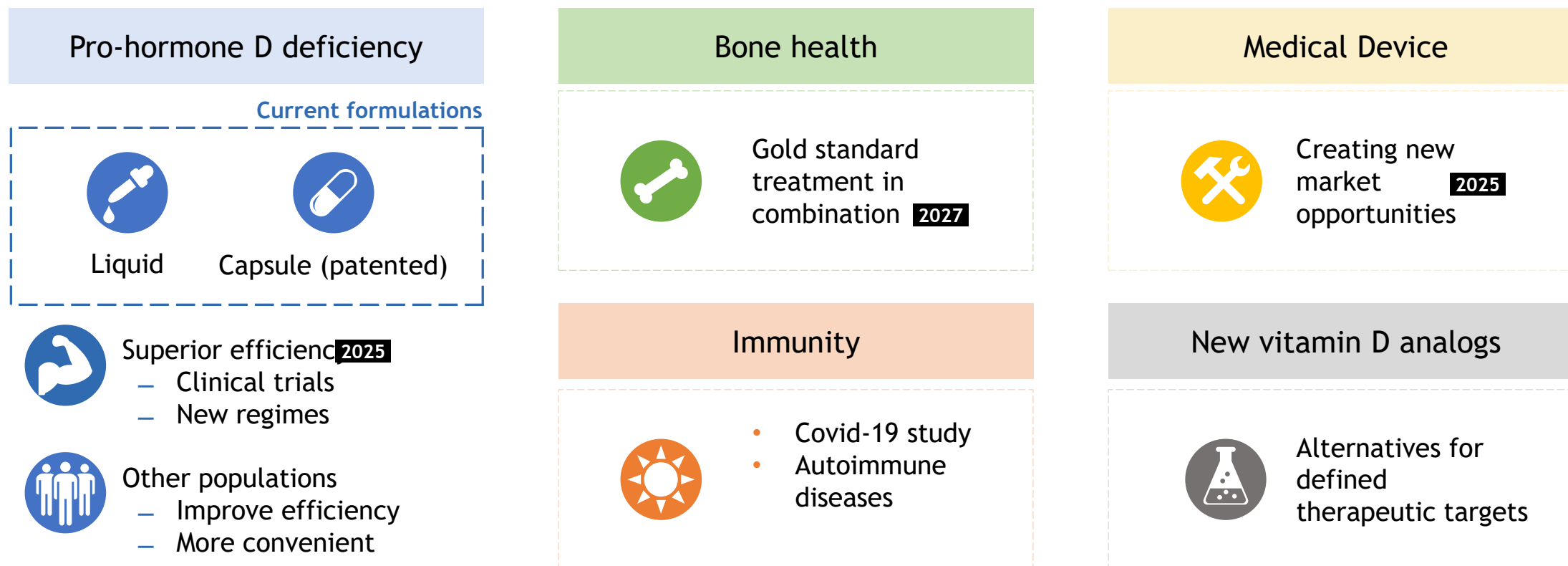
- In recruitment phase

Note: (1) Global market Calcifediol & Colecalciferol excluding Japan and USA. Source: IQVIA sales MAT062020.

# Building a differential story for pro-hormone D

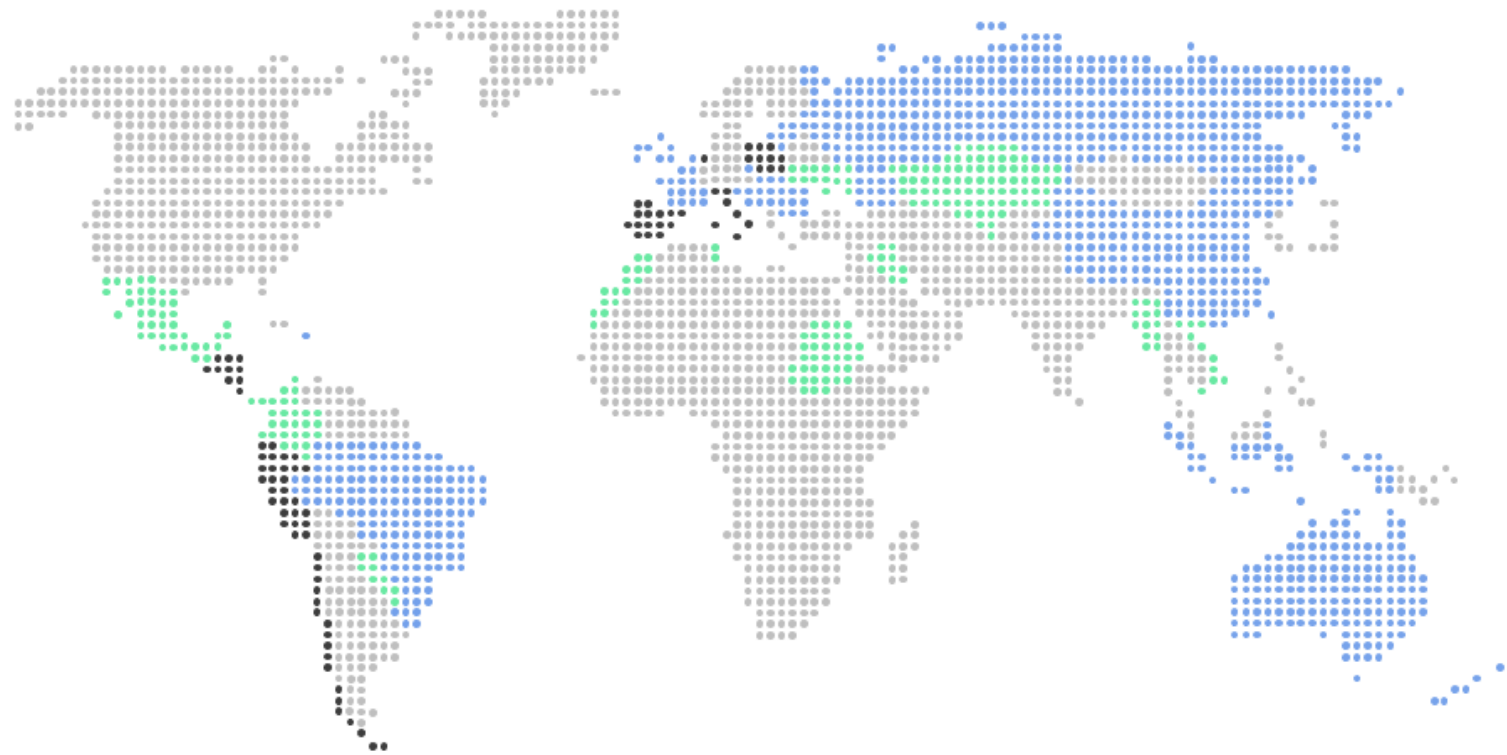
## Portfolio and pipeline of the Calcifediol franchise

# Year of first launch



# What is the potential of the Calcifediol franchise?

## Calcifediol geographic coverage



### Market size

**319 M€**

Calcifediol marketed  
Directly or via partners

**505 M€**

Calcifediol pending launch with  
partners<sup>1</sup>

**26 M€**

Calcifediol pending launch via  
subsidiaries or export

**520 M€**

Other potential markets  
with the entry strategy being defined

Notes: (1) Includes those countries in which Calcifediol is licensed and pending launch and those countries in which Faes Farma is in discussions with partners. Source: IQVIA 2020 FY - Total sales of all global markets for calcifediol, cholecalciferol, ergocalciferol and dihydrotachysterol. Does not include decalcitol (Japan).



# Calcifediol treatment in Covid-19 patients



Pilot study of the effects of **treatment with Calcifediol** versus untreated on **ICU admissions and mortality**

## Results

**2%** vs. **50%**

*ICU admissions*

*J Steroid Biochem Mol Biol. 2020 Oct; 203: 105751.*



**3 independent medical studies** in patients hospitalized for Covid-19

**Study in 5 hospitals in Andalucía**

→ In publication phase

**Study Covidiol Barcelona**

→ In publication phase

**Study Covidiol Andalucía**

→ In publication phase



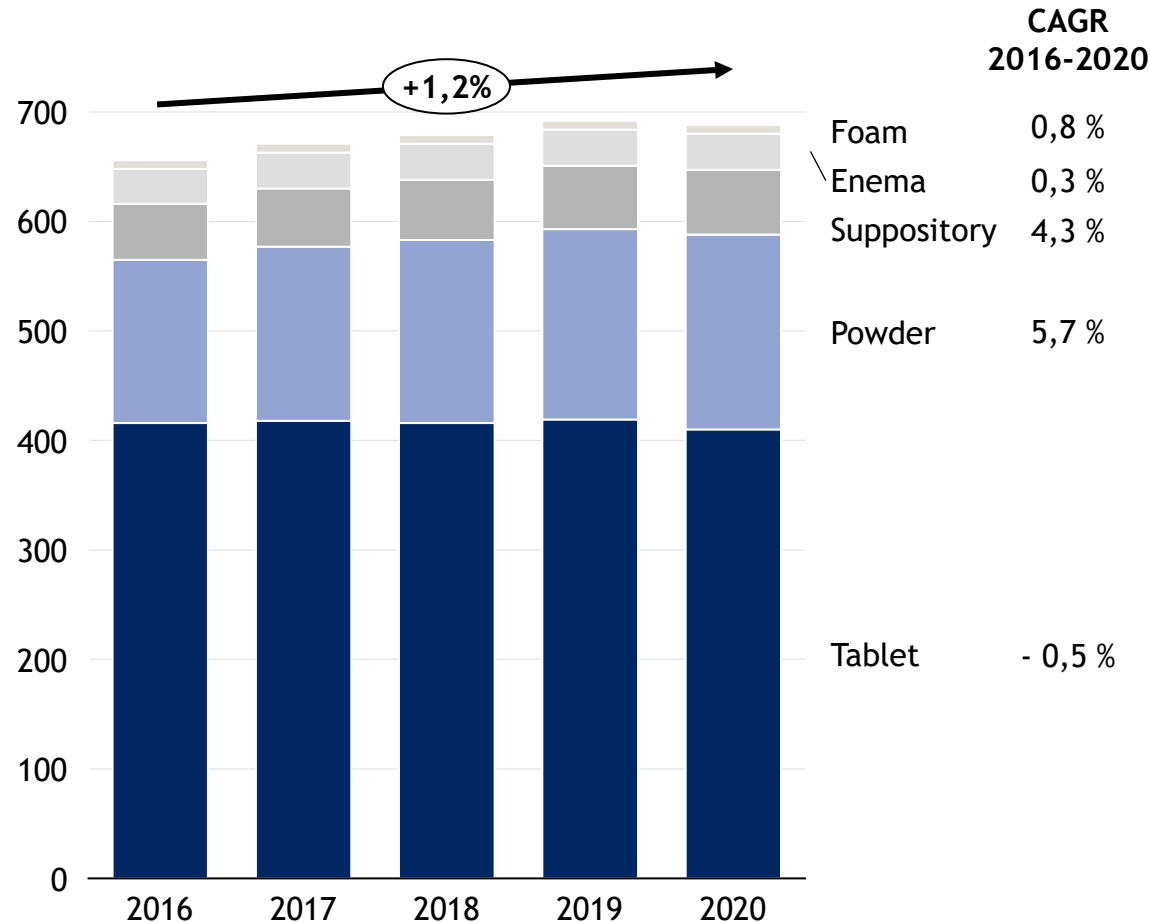
**Immunocovidol clinical trial** promoted by **Faes Farma**

**Calcifediol versus placebo** clinical trial, to evaluate the percentage of hospital admissions in 804 patients diagnosed with Covid-19 infection

→ Presentation of the study to the Ethical Committees and the Spanish Medicines Agency on April 16

## Why is Mesalazine a star molecule on the market?

Mesalazine sales by formulation<sup>1</sup> [M€]



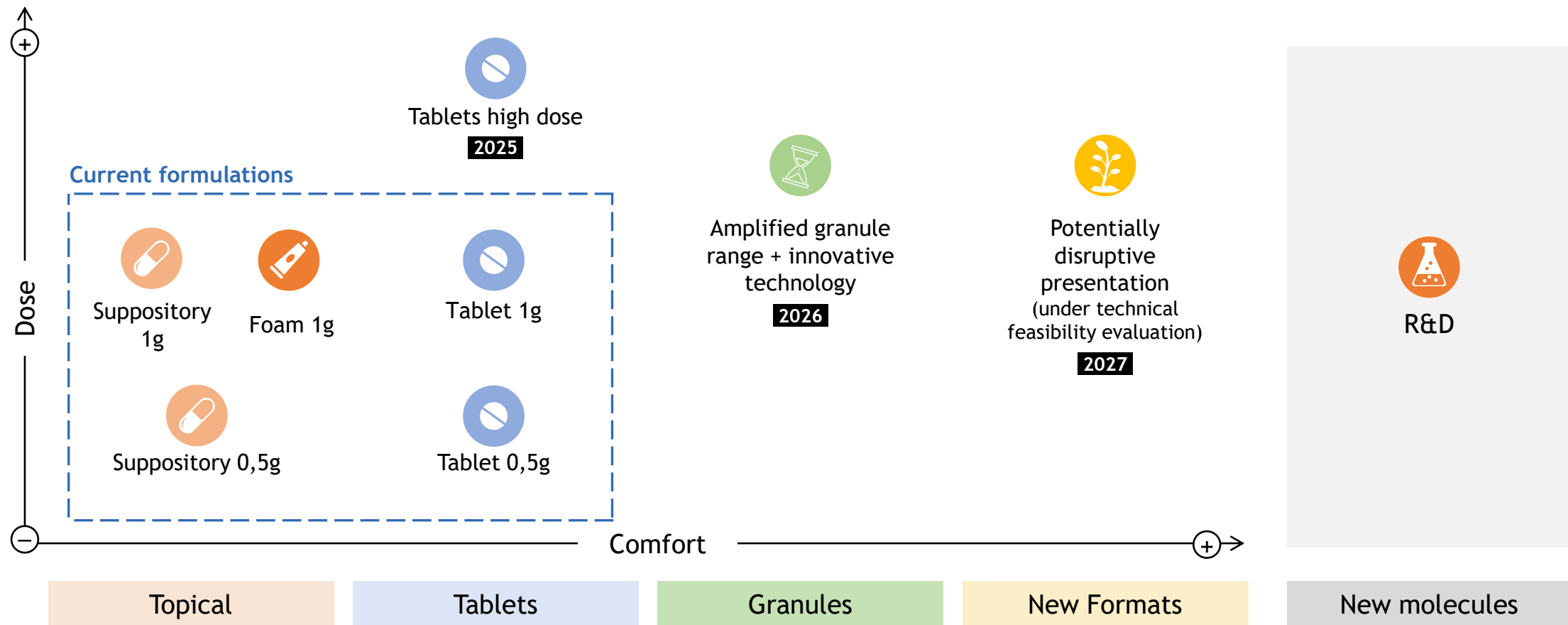
### Attributes of the Mesalazine franchise

- **Market in continuous growth** without new alternatives
- **Recommended molecule** in all guides
- **Market concentration:** 3 competitors represent > 60% of the market share
- The **product range** that Faes Farma sells will be completed with the **largest dose offer of all competitors**
- **Original formulation** with few generics available given the difficulty to demonstrate bioequivalence
- **Good value for money offer**

Notes: (1) Markets: US, Canada, Australia, Brazil, LATAM subsidiaries. Source: IQVIA "prescription market" sales MAT062020.

# Building the largest portfolio of Mesalazine formulations

Portfolio and pipeline of the Mesalazine franchise



Note: Not all forms will be available in all regions

# What is the potential of the Mesalazine franchise?

## Geographic coverage of Mesalazine



## Market Size

**216 M€**

Mesalazine marketed  
Directly or via partners

**383 M€**

Mesalazine pending launch<sup>1</sup>

**351 M€**

Other potential markets  
with the entry strategy being defined

Notes: (1) Includes those countries where Mesalazine is licensed and pending launch, those countries where Faes Farma is in conversation with partners, and those countries where it will be launched directly. Source: IQVIA 2020 FY - Total Mesalazine prescription market sales excluding the US and Japan markets, which account for approximately € 1.7bn in market size.

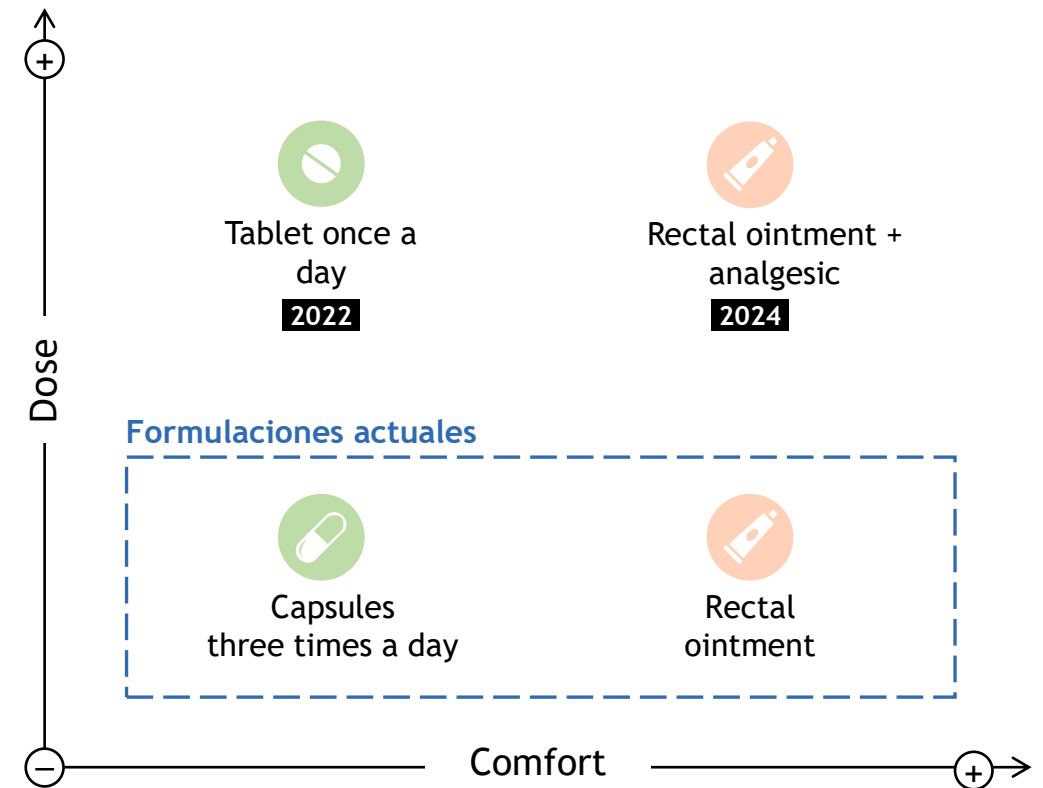
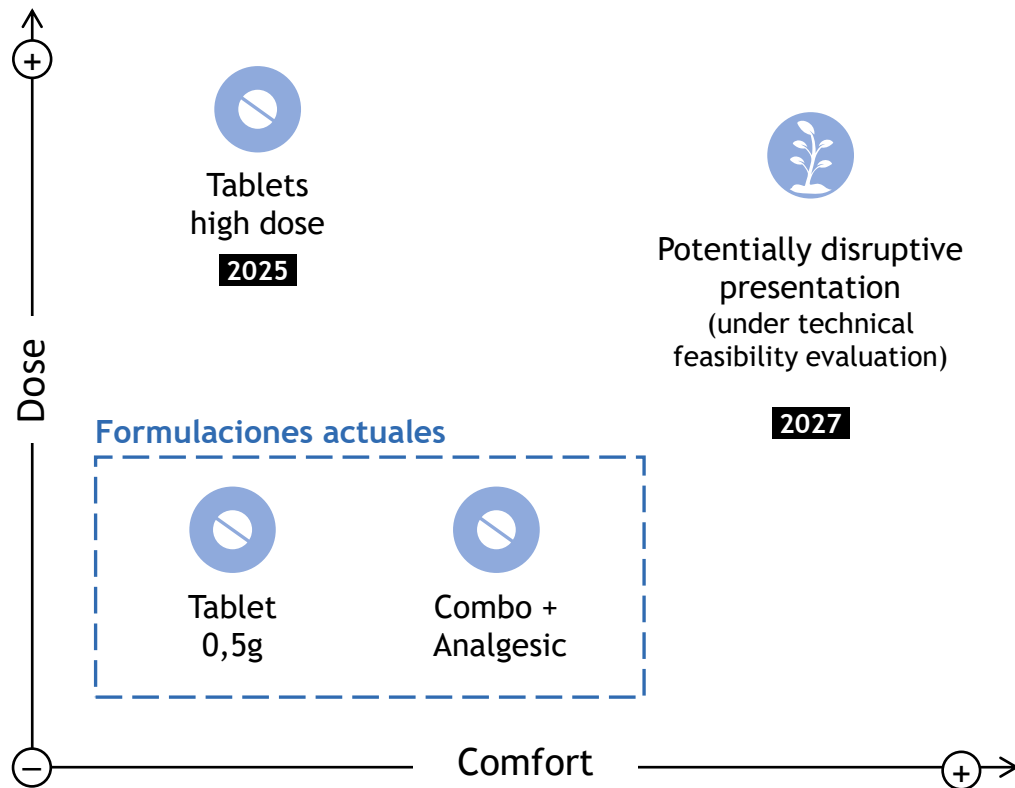
# Strengthening the Faes Farma portfolio in other drugs and therapeutic areas

## Portfolio and pipeline of other drugs

### Muscle Pain and Contractures

### Peripheral vascular

### Digestive



Note: Not all forms will be available in all regions

# Industrial project: new manufacturing plant to deliver the growth of the group



## Production capacity need

- Lamiako's production plant capacity is under pressure after an average annual increase of + 13% in units manufactured in the last 5 years
- According to estimates, in 2024 the current maximum capacity of the plant will be reached (c. 50M units)
- The expected growth also requires the introduction of new technologies: soft capsules, granule sticks, liquid sticks and suppositories



## Production process improvement

- Cost and margin improvement efficiencies
- Sustainability improvement (LEED certificate)
- Improved compliance with the most demanding regulatory standards (Europe / EMA, USA / FDA, Japan / Pmda, Brazil / Anvisa)



## New Plant in Derio, País Vasco, España from 2024

- Capacity 100M units
- Pharmaceutical production area - 20,000m<sup>2</sup>
- Quality and Microbiology Laboratories - 3,000m<sup>2</sup>
- Robotic warehouse (15,000 positions) and conventional warehouse - 10,000m<sup>2</sup>

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**Growth Strategy**

- Ⓐ Pharmaceutical business
- Ⓑ Animal Nutrition & Health**
- Ⓒ Future growth pillars

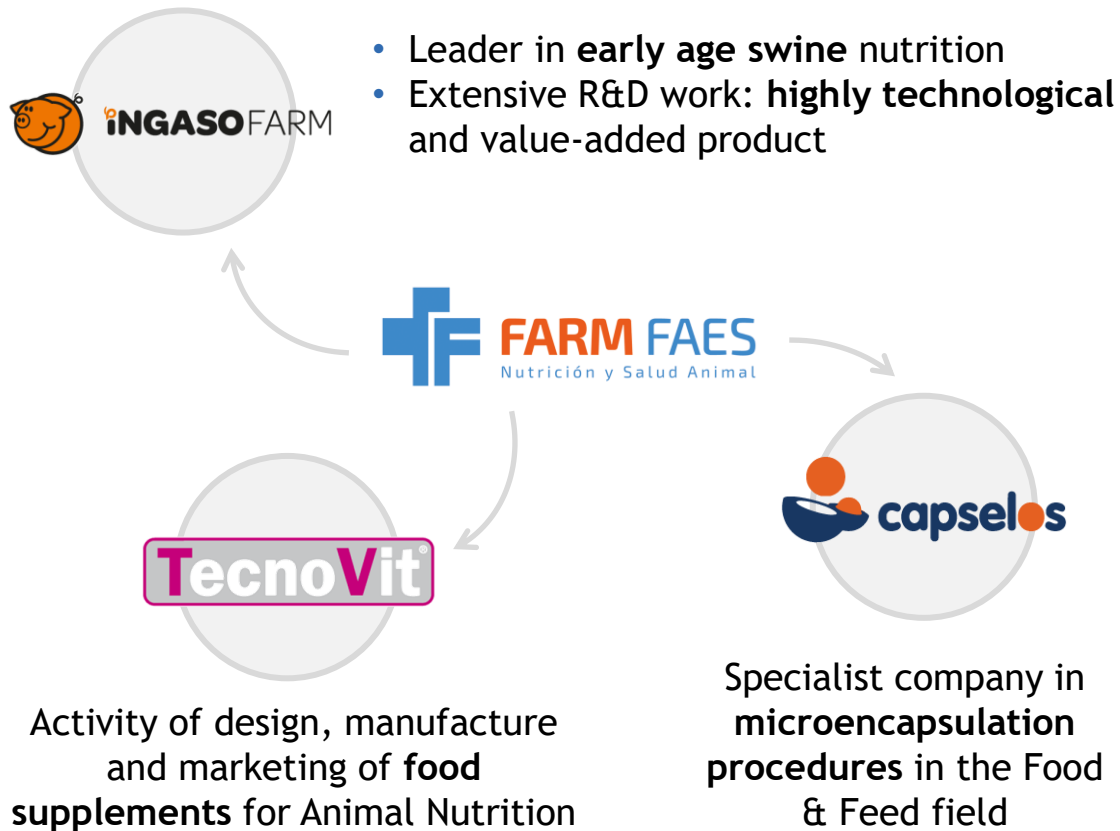
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# Animal Nutrition & Health: Leading player in a segment with high added value and high profitability

## Animal Nutrition & Health



Profitability superior to the sector

Growth prospects

~x2

~5%

Profitability EBITDA vs. peers<sup>1</sup>

Average annual sales growth 2021 - 2025



← Growth levers in the next period →

- Ⓐ Strengthening of **core business positioning**
- Ⓑ as a fundamental area of growth
- Ⓒ Diversification of the business towards **other ages of pigs and other species**
- Ⓓ Consolidation of the **international geographic footprint**

Note: Analysis of 9 of the main comparable companies in the sector nationwide



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**Growth Strategy**

- Ⓐ Pharmaceutical business
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## Future growth pillars

- 1 Products** A group with a **mixed value proposition** of its own and high-value licensed products, committed to developing its portfolio based on a **betting on R&D** for the generation of new products and innovative solutions
- 2 Markets** A **consolidated international footprint** directly and through partners, with **pending expansion of the potential** in markets worth more than € 2,500M
- 3 Industrial Plan** **Increase in production capacity** to sustain growth and accommodate new projects, maintaining the commitment to the quality and reliability of the products
- 4 Solid Financials** A financial structure with **hardly any leverage**, which will allow the group's investment needs to be addressed in the coming years in four key areas: (i) **industrial CAPEX**, (ii) **R & D**, (iii) **M&A** and (iv) **shareholder remuneration**, maintaining or improving the solid history of generating value
- 5 Efficiency** A clear **future efficiency plan** aimed at ensuring the **agility** of the group and **accelerating its transformation** in the next period
- 6 ESG** Firm commitment to our **stakeholders** and the social and **environmental impact** of our activity

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