

Half Year 2016 Financial Results and Business Update

July 26th 2016



Solutions with you in mind

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Agenda: Half Year 2016 Financial Results

| | |
|-----------------------|---|
| H1 2016 Highlights | Eduardo Sanchiz, Chief Executive Officer |
| Financial review | Daniel Martínez, Executive Vice President, Finance, CFO |
| Derma review | Alfonso Ugarte, Executive Vice President, Global Commercial Strategy |
| R&D evolution | Thomas Eichholtz, Executive Vice President, Research & Development, CSO |
| H1 2016 Key takeaways | Eduardo Sanchiz, Chief Executive Officer |



Half Year 2016 Opening Remarks

Eduardo Sanchiz
CEO

Solid progress in H1 2016

- Solid first half 2016 performance driven by Dermatology, on track to meet FY guidance
- Strong Derma performance in EU. Good progress in US despite challenging environment
- ThermiGen and Poli Group integration on track and performing in line with expectations
- Continued pipeline progress
- Business Development in Dermatology remains a priority
- Dividend paid on June 1st €0.19 / share

Half Year 2016 Financial Highlights

Daniel Martinez
Executive Vice President, Finance, CFO

Strong performance in first half 2016

STRONG FINANCIAL PERFORMANCE

- Acceleration in sales growth in Q2 in line with the phasing guidance (reiterated)
- Total Revenues growth of **+5.0%**
- Strong Net Sales growth **+8.0%**
- Continued improvement in profit margins vs. H1´15

EXECUTION ON DERMATOLOGY

- Dermatology Net Sales grew by **+13.3%**
- **Veltin® & Altabax®** launched in the US market in July
- Dermatology now accounts for **43%** of total Net Sales in H1´16 vs **41%** in H1´15

BALANCING INVESTMENTS AND OPPORTUNITIES

- R&D expenses **11.3%** of sales H1´16 vs **9.1%** in H1´15 driven by the addition of Poli Group
- Positive net cash position of **76.5** million euros

Income Statement H1 16 vs. H1 15

| € Million | YTD June 2016 | YTD June 2015 | % var |
|-----------------------------------|------------------|------------------|----------------|
| Total Revenues | 428.1 | 407.9 | 5.0% |
| Net Sales | 388.3 | 359.4 | 8.0% |
| Other Income | 39.8 | 48.5 | (17.9%) |
| Cost of Goods | (115.1) | (111.1) | 3.6% |
| Gross Profit | 273.2 | 248.3 | 10.0% |
| % of sales | 70.4% | 69.1% | |
| R&D | (44.0) | (32.6) | 35.0% |
| % of sales | (11.3%) | (9.1%) | |
| SG&A | (196.3) | (178.9) | 9.7% |
| % of sales | (50.6%) | (49.8%) | |
| Other Op. Exp | 2.4 | 1.1 | 118.2% |
| EBIT | 75.1 | 86.4 | (13.1%) |
| % of sales | 19.3% | 24.0% | |
| Depreciation | 48.4 | 37.0 | 30.8% |
| % of sales | 12.5% | 10.3% | |
| EBITDA | 123.5 | 123.4 | 0.1% |
| % of sales | 31.8% | 34.3% | |
| Gains on sale of assets | 31.2 | (0.1) | n.m. |
| Other costs | (0.2) | (0.9) | n.m. |
| Restructuring costs | - | (7.0) | n.m. |
| Net financial income / (expense) | (9.2) | (6.7) | 37.3% |
| Profit before tax | 96.9 | 71.7 | 35.1% |
| Corporate income tax | (16.4) | (12.9) | 27.1% |
| Net income | 80.5 | 58.8 | 36.9% |
| Normalized Net Income | 55.4 | 62.3 | (11.1%) |
| Earnings per share (€) | 0.47 € | 0.34 € | |
| Normalized Earnings per share (€) | 0.32 € | 0.36 € | |

A

B

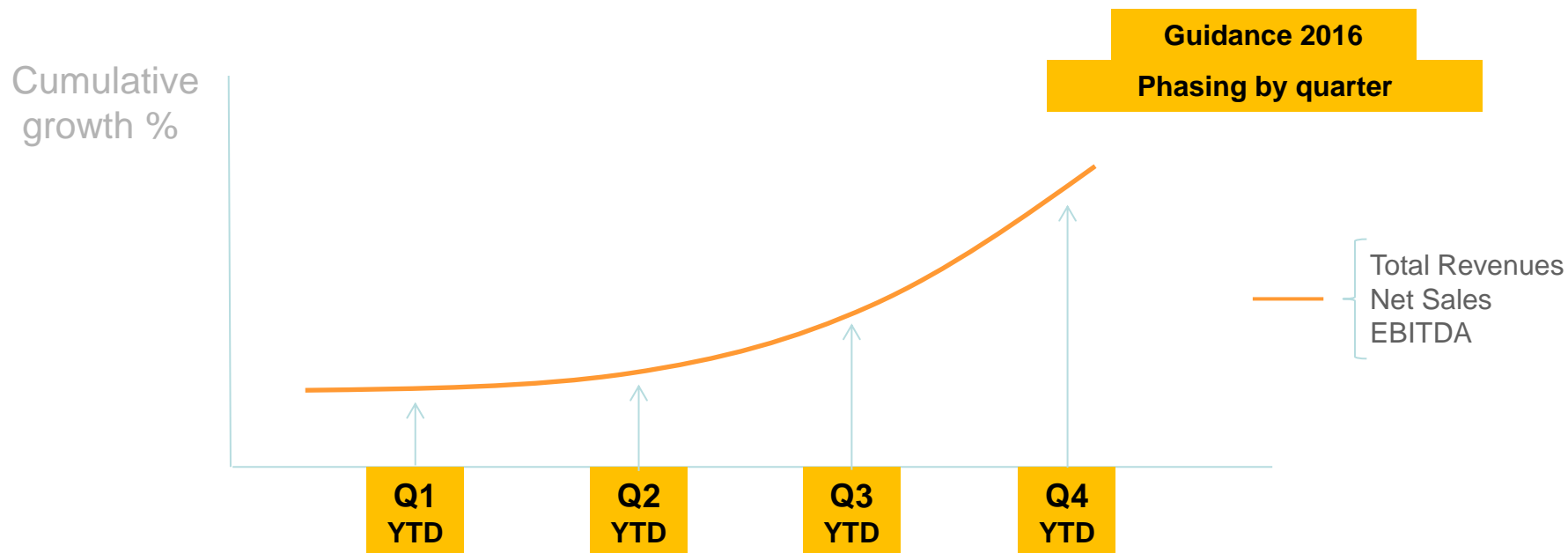
C

A. Total revenues and Net Sales accelerating vs Q1 16 and H1 15. Growth of +5% and +8%

B. Gross margin improved due to product mix.

C. Significant increase versus last year

Financial guidance 2016 reiterated ⁽¹⁾



| P&L Item | Guidance 2016 vs. 2015 |
|-------------------------------------|---------------------------|
| Total Revenue ⁽²⁾ | Grow at high single digit |
| Net Sales | Grow at high single digit |
| EBITDA | Grow at high single digit |

(1) In constant exchange rates

(2) Net sales + Other Income

Balance Sheet H1 2016

| € Million | June 2016 | % of BS | Dec. 2015 |
|-------------------------------------|----------------|--------------|----------------|
| Goodwill | 426.8 | 16.0% | 347.3 |
| Intangible assets | 869.4 | 32.6% | 412.7 |
| Property, plant and equipment | 128.5 | 4.8% | 127.8 |
| Financial assets | 187.2 | 7.0% | 180.6 |
| Other non current assets | 314.3 | 11.8% | 316.8 |
| Total Non Current Assets | 1,926.2 | 72.3% | 1,385.2 |
| Inventories | 85.2 | 3.2% | 87.1 |
| Accounts receivable | 154.8 | 5.8% | 121.0 |
| Cash & cash equivalents | 466.2 | 17.5% | 868.0 |
| Other current assets | 33.0 | 1.2% | 71.0 |
| Total Current Assets | 739.2 | 27.7% | 1,147.1 |
| Total Assets | 2,665.4 | | 2,532.3 |
| Shareholders Equity | 1,508.8 | 56.6% | 1,462.6 |
| Financial debt | 320.0 | 12.0% | 319.7 |
| Non current liabilities | 562.4 | 21.1% | 452.3 |
| Current liabilities | 274.2 | 10.3% | 297.7 |
| Total Equity and Liabilities | 2,665.4 | | 2,532.3 |

A

A. Increase due to Goodwill and identified assets of Poli Group and ThermiGen

B

B. Cash decrease due to investment in new acquisitions, offset by Mexico divestment collections

Net cash position:

- + Cash and cash equivalents 466.2 Million
- Financial Debt 320.0 Million
- Pension Plans 69.6 Million

Cash Flow H1 2016

| € Million | June 2016 YTD | June 2015 YTD |
|---|------------------|------------------|
| Profit Before Tax | 96.9 | 71.7 |
| Depreciation and amortisation | 48.4 | 37.0 |
| Change in working capital | (39.6) | (38.3) |
| Restructuring payments | (4.3) | (14.5) |
| Other adjustments | (72.0) | 87.9 |
| Tax Cash Flow | 30.7 | (33.9) |
| Cash Flow from Operating Activities (I) | 60.1 | 109.9 |
| Financial Income | 0.9 | 1.6 |
| Investments | (16.1) | (7.3) |
| Divestments | 0.2 | 0.5 |
| Payments of capex suppliers | (5.3) | (4.1) |
| Changes in scope of consolidation | (400.7) | (15.9) |
| Cash Flow from Investing Activities (II) | (421.0) | (25.2) |
| Finance Expense | (7.7) | (7.6) |
| Dividend distribution | (33.0) | (35.0) |
| Debt increase/ (decrease) | (0.2) | - |
| Cash Flow from Financing Activities | (40.9) | (42.6) |
| Cash Flow generated during the period | (401.8) | 42.1 |
| Free Cash Flow (III) = (I) + (II) | (360.9) | 84.7 |

- A. Includes the adjustments related to the gains on disposal of México and AZ related income
- B. Investments in Poli Group and ThermiGen, offset by collections of the disposal of México
- C. Gross Dividend payment, June 1st

Dermatology & Market Overview

Alfonso Ugarte
Executive Vice President, Global Commercial
Strategy

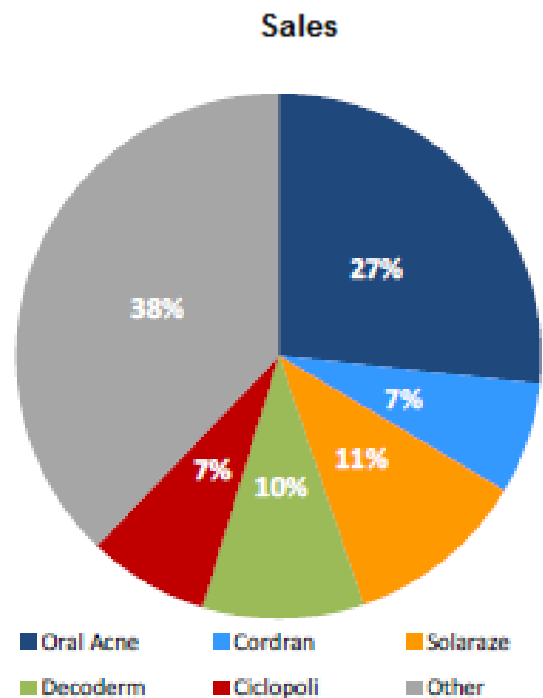
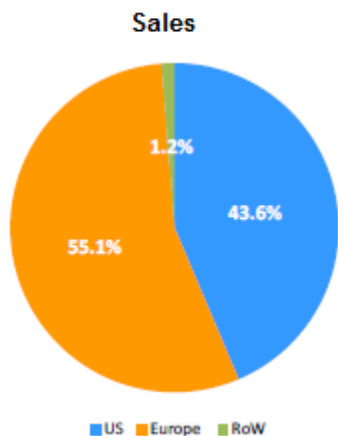
Strong Derma sales growth in H1 2016

Dermatology Net Sales grew by 13.3%

- ✓ Dermatology now accounts for **43%** of total Net Sales (versus **41%** in H1 '15)
- ✓ Europe sales increased by **+27%** (YOY) driven by the Actinic Keratosis franchise (**Solaraze® & Actikerall®**), and **Ciclopoli®**
- ✓ Aqua former portfolio performing in line with expectations within the context of more challenging US market
- ✓ **Veltin® & Altabax®** launched in the US market in July as planned
- ✓ US Derma now accounts for **44%** of total Derma sales vs. **55%** of sales in Europe and **1%** RoW

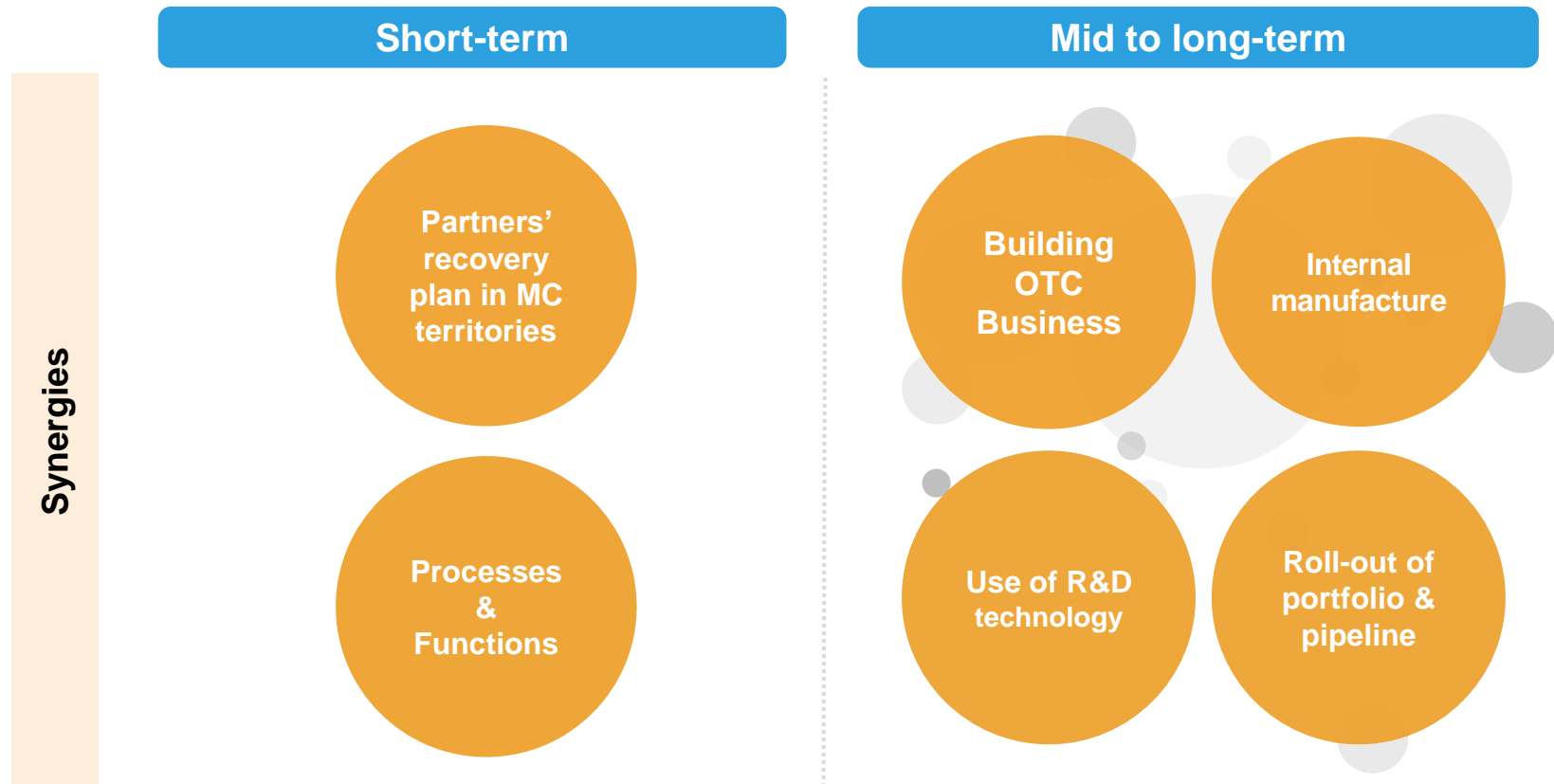
H1 2016 Derma sales performance

| € thousand | YTD Jun 2016 | YTD Jun 2015 | % var vs LY |
|-----------------------|----------------|----------------|--------------------|
| Europe | 91,821 | 72,406 | 26.8% |
| Solaraze | 18,640 | 17,320 | 7.6% |
| Ciclopoli | 16,514 | - | <i>n.m.</i> |
| Decoderm and others | 12,467 | 11,887 | 4.9% |
| Other | 44,200 | 43,199 | 2.3% |
| US | 72,656 | 74,545 | (2.5%) |
| Oral Acne franchise | 44,446 | 48,530 | (8.4%) |
| Cordran | 11,483 | 13,035 | (11.9%) |
| Other US | 16,726 | 12,981 | 28.9% |
| RoW | 2,076 | - | <i>n.m.</i> |
| Total Almirall | 166,552 | 146,951 | 13.3% |



New Business – The value beyond the current business

Poli's additional sources of VALUE



Summary of recent Patagonia transaction

- 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 expected to enter Phase II studies in Q4 2016 and has been granted with Orphan Drug Designation by the FDA (Food and Drug Administration) for the treatment of congenital ichthyosis
- PAT-001 is expected to surpass \$100 million of peak sales in the US
- Almirall will acquire global commercialization rights for such product and others that could be developed based on Patagonia's existing intellectual property related to it
- There are no treatments approved by the FDA in the United States for moderate and severe subtypes of this disease

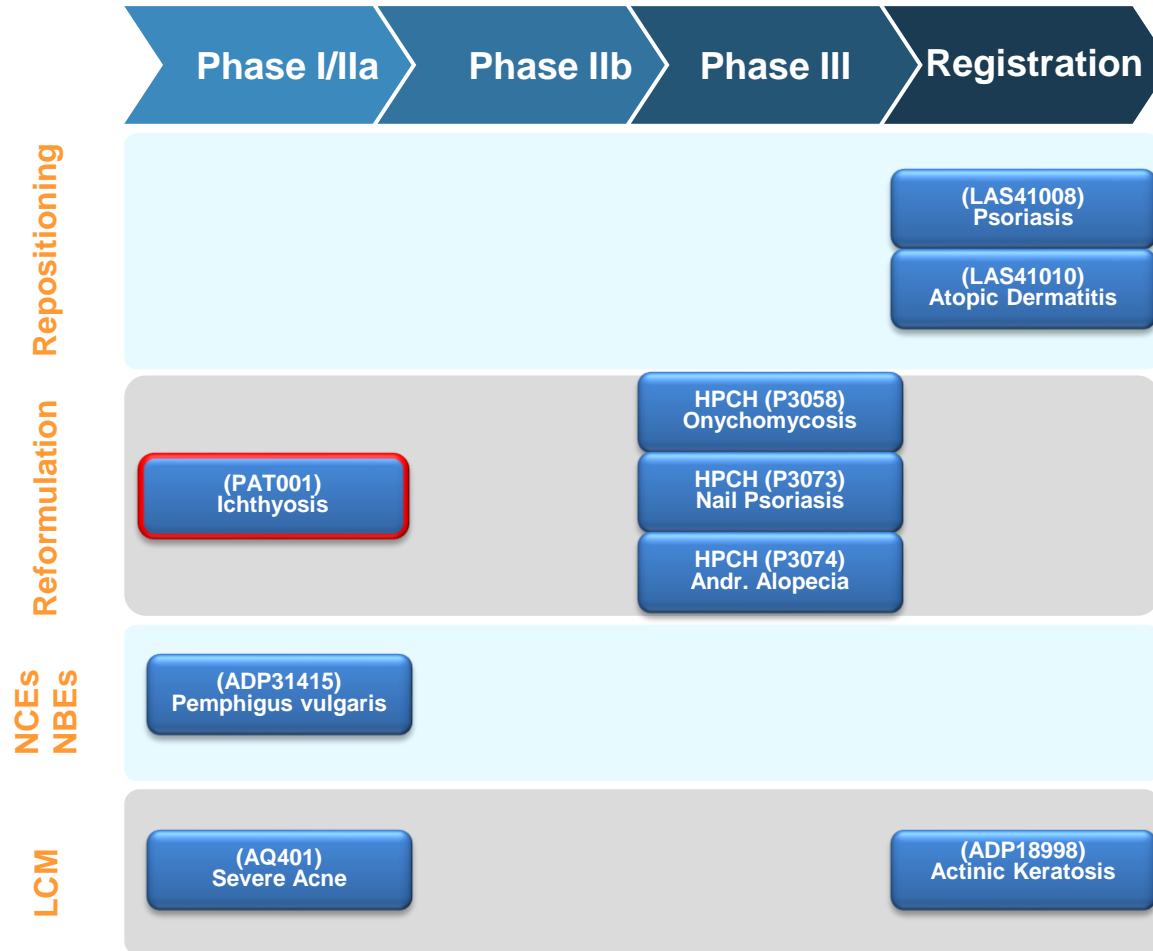
R&D evolution

Thomas Eichholtz

Executive Vice President, Research &

Development, CSO

Good progress with Pipeline



 Recently added

R&D pipeline progress

- ADP18998 variation submitted: extension to small field treatment for Actikerall
- LAS41010 for Atopic Dermatitis (medical device) approval expected 3/4Q17
- LAS41008 DMF for Psoriasis progressing in the registration process, approval expected 2Q17
- 3 Phase III programs from Poli Group's Pipeline in EU & US
 - P3058: EU recruitment on track, US to start 1Q17
 - P3073: EU recruitment completed, US to start 1Q17
 - P3074: EU recruitment to start 3Q2016 & US pre-IND 4Q16
- ADP31415 Phase I ongoing, to be completed at year end
- Early pipeline progressing to plan

H1 2016 Key takeaways

Eduardo Sanchiz
CEO

Closing remarks

- We have delivered a strong H1 on track towards our yearly guidance
- Acted consistently with our strategic direction and towards our Vision
- Q2 active on executing, integrating, advancing pipeline, new launches (US) and BD
- Continue to develop capabilities and to bring derma expertise to the organization
- Important mid term opportunity with Patagonia
- Committed to grow and to advance Almirall's transformation

Financial Appendixes

Sales breakdown by Region

By Region

| € thousand | YTD Jun 2016 | YTD Jun 2015 | % var vs LY |
|-------------------|-----------------|-----------------|----------------|
| Europe (ex Spain) | 144,232 | 129,835 | 11.1% |
| Spain | 101,442 | 114,854 | (11.7%) |
| North America (*) | 99,813 | 87,603 | 13.9% |
| Others | 42,805 | 27,076 | 58.1% |
| Total | 388,293 | 359,368 | 8.0% |

(*) Canada, US

Breakdown of the core business

- Proprietary products
- In-licensing products

| € thousand | | YTD Jun 2016 | YTD Jun 2015 | % var vs LY |
|------------------------------------|-----|-----------------|-----------------|----------------|
| Oral Acne franchise (doxycycline) | ● | 44,446 | 48,526 | (8.4%) |
| Ebastel and other (ebastine) | ● | 38,813 | 40,572 | (4.3%) |
| Tesavel & Efficib (sitagliptine) | ● | 23,254 | 22,073 | 5.4% |
| Solaraze (diclofenac sodium) | ● | 18,640 | 17,320 | 7.6% |
| Ciclopoli (ciclopirox) | ● | 17,687 | - | n.m. |
| Almax (almagate) | ● | 12,531 | 11,113 | 12.8% |
| Decoderm and others (flupredniden) | ● | 12,467 | 11,887 | 4.9% |
| Airtal and other (aceclofenac) | ● | 12,265 | 13,824 | (11.3%) |
| Cordran (flurandrenolide) | ● | 11,484 | 13,035 | (11.9%) |
| Sativex (tetrahydrocannabinol) | ● | 9,643 | 7,272 | 32.6% |
| Other | ● ● | 187,063 | 173,746 | 7.7% |
| Total Net Sales | | 388,293 | 359,368 | 8.0% |

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