



PRESS RELEASE

ORDINARY SHAREHOLDERS' MEETING OF PIERREL S.P.A.

- Approval of the financial statement of Pierrel S.p.A. at 31 December 2018, closed with revenues of around €19.5 million, a positive EBITDA of around €3.3 million and a net profit of around €1.4 million;
- Resolution to postpone the profits made by Pierrel S.p.A. in the 2018 financial year;
- Revision of the consolidated financial statement of the Pierrel group at 31 December 2018, closed with revenues of around €20.4 million, a positive EBITDA of around €3.3 million and a profit of around €0.8 million;
- Favorable opinion on the first section of the Report on remuneration for year 2018.

MEETING OF THE BOARD OF DIRECTORS OF PIERREL S.P.A.

- Approval on a voluntary basis of the interim management report for the Pierrel Group and the parent company Pierrel S.p.A. at 31 March 2019 closing with:
 - Revenues of €5.4 million showing an increase of some 25% compared to 31 March 2018, when they were some €4.3 million.
 - EBITDA positive for about €1.0 million, showing a marked improvement compared to 31 March 2018, when it was positive for about €0.1 million;
 - EBIT positive for around €0.7 million, including depreciation and amortization of around €0.4 million, an improvement compared to 31 March 2018, when it was negative for €0.2 million, including amortization for the period of approximately €0.3 millions;
 - Consolidated net loss of about €0.4 million, in contrast to the figure at 31 March 2018 when the Group recorded a consolidated net loss of about €0.1 million;
 - Consolidated net financial debt of about €4.0 million, showing a worsening compared to 31 December 2018, when it was about €3.7 million.
 - Cash and cash equivalents of about €8.5 million, decreasing compared to 31 December 2018, when it was approximately €9.8 million.
- Approval of the guidelines for an incentive plan for Pierrel directors and managers of the Pierrel Group with strategic responsibilities

Capua, 18 April 2019 – The meeting of the Shareholders of Pierrel S.p.A. (the "Company" or "Pierrel") meeting today in ordinary session, examined and approved the Company's financial statements at 31 December 2018 which, in compliance with the contents of the draft financial statements at 31 December 2018 approved by the Board of Directors of the Company on 21 February 2019 (for further information, please refer to the press release published by the Company on 21 February 2019 and available on the Company's website at the address www.pierrelgroup.com, section Press/Press Releases), ends with revenues for about €19.5 million, a positive EBITDA of about €3.3 million and a profit for the year of about €1.4 million.



The Shareholders, accepting the proposal presented by the Board of Directors, resolved to carry forward the profit accrued by the Company in the 2018 financial year, allocating the entire amount, less 5% allocated to the "legal reserve" item, to cover the losses accrued by the Company in previous years.

The Shareholders also revised the consolidated financial statement of the Pierrel group at 31 December 2018, closed with consolidated revenues of around €20.4 million, a positive EBITDA of around €3.3 million and a profit of around €0.8 million.

Report on remuneration

During the same meeting, Shareholders' Meeting of the Company also expressed a favorable opinion on the First Section of the Pierrel Remuneration Report - drafted pursuant to article 123 – *ter* of the Legislative Decree of 24 February 1998 n. 58, as subsequently amended and supplemented (the "**TUF**") and Article 84-*quater* of the CONSOB Regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuer Regulations**") - relative to: (a) the Company's remuneration policy for the members of the board of directors, senior directors and managers with strategic responsibilities for the year 2018; and (b) the procedures used for the adoption and implementation of such policy.

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Today, after the end of the meeting, the **Pierrel Board of Directors** also met and examined and approved, on a voluntary basis, the **Interim Management Report at 31 March 2019**, prepared in accordance with the international accounting standards IAS/IFRS and not subject to statutory audit.

The Pierrel Group closed the first quarter of 2019 with **consolidated revenue** of €5.4 million, up by around 25% on the €4.3 million recorded for the same period of 2018, and a positive **consolidated EBITDA (gross operating result)** of about €1.0 million, a marked improvement with respect to the same period of the previous year, when it was positive for about €0.1 million.

An analysis is provided below of the business and operating results of the Holding, CMO, and Pharma Divisions for the first quarter of 2019.

In the first three months of 2019, the **Holding Division** recorded a negative EBITDA, before intercompany eliminations, of about €0.3 million, an improvement compared to the figure of 31 March 2018, when it was negative for around €0.4 million and in line with the provisions of the Board of Directors.

In the first three months of 2019, the **CMO Division** posted total sales, before intercompany eliminations, of €5.0 million, an improvement of around 30% with respect to the figure recorded in the same period of 2018, when it was around €3.8 million. Furthermore, the Division achieved, including before intercompany eliminations, a positive EBITDA of about €1.3 million, significantly better than the previous year when the EBITDA was about €0.4 million.

In the first three months of 2019, the **Pharma Division** posted total sales, before intercompany eliminations, of €3.8 million, a marked improvement with respect to the figure recorded on 31 March 2018, when it was around €2.2 million. The EBITDA recorded by the Pharma Division in the first three months of 2019, before intercompany eliminations, was positive for around €0.7 million, a marked improvement compared to the corresponding figure achieved during the corresponding period of 2018, when it was positive and equal to about €0.3 million.

The improvement in the results recorded by the CMO and Pharma Divisions in the first quarter of 2019 compared to the corresponding period of the previous year is mainly attributable to the increase in total sales for the period and to the reduction in the impact of fixed structural costs.



The **EBIT (operating result)** of the Pierrel Group at 31 March 2019 is positive for about €0.7 million, after recording depreciation of around €0.3 million, recording a trend reversal compared to the corresponding figure in the first quarter of 2018, when it was negative for around €0.2 million.

In addition to the above, it should be noted that the Pierrel Group as of 31 March 2019 recorded **imputed net financial charges from discounting and currency adjustments** totaling about €0.2 million (an increase compared to about €0.1 million recorded at 31 March 2018), relating to the debt still owed by Pierrel to Dentsply International Inc., the main third-party customer of the Pierrel Group, whose total amount at 31 March 2019, for interest and capital, was about €6.6 million.

In light of all the above, at 31 March 2019 the Pierrel Group posted a consolidated net profit of about €0.3 million, a trend reversal compared to the consolidated net loss of €0.1 million of 31 March 2018.

The **net financial debt of the Group** at 31 March 2019 is about €4.0 million, a worsening compared to the corresponding figure at 31 December 2018, when it was about €3.7 million.

The **Pierrel Group consolidated cash resources** at 31 March 2019 amounted to about €8.5 million, a decrease on the figure of €9.8 million at 31 December 2018.

At 31 March 2019, the companies of the Pierrel Group had not issued any bonds.

At 31 March 2019 the overdue payables of the Pierrel Group to suppliers totaled about €1.6 million, those due to social security institutions amounted to about €0.2 million, entirely attributable to Pierrel (about €0.3 million at 31 December 2018, entirely attributable to Pierrel).

Finally, it should be noted that at 31 March 2019 the Pierrel Group does not have overdue payables to the tax authorities, since about €0.3 million of tax debts (all referable to the Company) still existing at 31 December 2018 were paid.

During the third quarter of 2019, the consolidation scope of the Group did not change significantly compared to the closing date of the previous year.

Results of Pierrel at 31 March 2019

At 31 March 2019 **Pierrel** recorded **revenues of about €5.0 million**, an improvement of about 30% compared to about €3.8 million of the corresponding period of 2018, and a **positive EBITDA** of about €1.0 million, with a more than marked improvement compared to 31 March 2018, when it was positive for about €23 thousands. This positive result is mainly attributable to the increase in total sales for the period and the reduction in the impact of fixed structural costs.

The **net financial position** of the Company at 31 March 2019 is positive for about €0.6 million, including a current financial debt of about €1.4 million (an improvement of approximately 39.7% compared to the corresponding figure at 31 December 2018) and non-current financial debt of about €6.4 million (an improvement of around 2% compared to 31 December 2018). The value of the Company's net financial position at 31 March 2019 therefore shows a slight deterioration compared to 31 December 2018, when the net financial position of the Company was positive for about €1.0 million. This change is attributable to the reduction in cash and cash equivalents of around €1.3 million, partially offset by a reduction in current bank debt due to lower disposals made to the factoring company during the first quarter of 2019.

At 31 March 2019, the Company had **net notional financial charges** of about €0.2 million, arising from the discounting and currency adjustment of the financial debt expressed in US dollars accrued by the Company towards Dentsply International Inc. (for further information, please refer to the comments made above in this press release).

In light of the above, at 31 March 2019 Pierrel recorded a **net profit** of around **€0.5 million**, in contrast to the loss of about €0.1 million recorded at 31 March 2018.



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During the same meeting, the Company's Board of Directors also approved the guidelines of an incentive plan that includes a monetary bonus also related to the performance of the Pierrel stocks, reserved for executives of the Pierrel Group with strategic responsibilities, including the General Manager Mr Fulvio Citaredo, who also holds the position of Managing director (the "**Plan**"). The conditions of the Plan will be defined in a subsequent meeting of the Board of Directors, at the end of which the information required by the applicable regulatory provisions will be provided to the market - in accordance with the law.

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Significant events during the first quarter of 2019 and after 31 March 2019

All events and substantial transactions occurred during the first quarter of 2019, as well as the significant events that took place subsequently, were the subject of an analytical report made available on the company website. For further information, please refer to the Company's press releases published on 20 March 2019, 21 March 2019, 9 February 2019, 26 March 2019, 4 April 2019 and 6 April 2019, all of which are available on the Pierrel website at www.pierrelgroup.com, section Investor Relations/Press Releases).

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The Interim Report of the Group and the parent company Pierrel S.p.A. at 31 March 2019 is filed and available to the public on request, at the registered office of the Company in Capua (CE), Strada Statale Appia 7 bis n. 46/48 and at the head office of Borsa Italian S.p.A. and it will also be available in the Investor Relations/Financial Documents of the Company's website, www.pierrelgroup.com, and on the authorized storage mechanism of regulated information Nis-Storage (www.emarketstorage.com).

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The executive responsible for the preparation of corporate accounting documents of Pierrel, Mr Francesco Pepe, declares– pursuant to Article 154bis, paragraph 2 of the TUF – that the accounting information contained in the present press release and relative to the financial statements and consolidated financial statements at 31 December 2018, as well as the Pierrel Group Interim Report at 31 March 2019, corresponds to the documented results, accounting records and accounting entries of the company.

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The Company's annual financial report for 2018, Pierrel financial statements and the consolidated financial statements at 31 December 2018 are available to the public at the Company's registered office, at the head office of Borsa Italiana S.p.A., on the authorized storage mechanism of regulated information Nis-Storage (www.emarketstorage.com), and on the Company's website at www.pierrelgroup.com, section Investor Relations/Corporate Governance/Shareholders meeting documents/Meeting of 18 April 2019, together with further documentation provided by the applicable laws and regulations.

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The minutes of today's Pierrel Shareholders' Meeting, as well as the summary statement of the votes, will be made available to the public at the Company's registered office and on the Company's website www.pierrelgroup.com with the terms and conditions set out in current legislation.

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This press release constitutes the Interim Management Report at 31 March 2019 pursuant to Article 154-ter of the Consolidated Finance Act and will also be available on the Company's website at www.pierrelgroup.com, section Investor Relations/Financial Documents.

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Attached below are the income statements and balance sheets of the Pierrel Group and Pierrel S.p.A. at 31 March 2019, that have not been subject to audit.

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Pierrel S.p.A., global provider for the pharmaceutical industry, specialises in the pharmaceutical production (Contract Manufacturing Division) and the development, registration and licensing of new drugs and medical devices (Pharma Division).

Pierrel Group is listed on the MTA exchange which is organised and managed by Borsa Italiana and boasts over 60 years' experience in the pharmaceutical sector, being one of Europe's leading producers of local and dental anaesthetics.

Pierrel also has a production unit in Capua, close to Naples, Italy, that has been authorised by the European Medicines Agency (EMA) and the Food and Drug Administration (FDA) for the aseptic production of injectable medicines.

The subsidiary Pierrel Pharma S.r.l. has registered and distributes the Orabloc® dental anaesthetic in Canada, US, Russia and Europe. The registered office of Pierrel S.p.A. is in Capua (CE), Italy.

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FINANCIAL STATEMENTS OF THE PIERREL GROUP AT 31 MARCH 2019

Consolidated income statement

<i>(€ thousands)</i>	31 March 2019	31 March 2018
Revenue	5.400	4.317
<i>of which non-recurring</i>		3
Raw materials and consumables used	(1.716)	(2.062)
Sundry services and Third-party goods	(813)	(678)
<i>of which non-recurring</i>		
Personnel costs	(1.581)	(1.423)
Other provisions and costs	(251)	(75)
Earnings Before Interest, Tax, Depreciation and Amortisation	1.038	79
Amortisation, depreciation and write-downs	(366)	(291)
Operating profit/(loss)	672	(212)
Net financial income/(expenses)	(317)	69
Profit/(loss) before tax	355	(143)
Income tax	(48)	-
Net Profit/(Loss) for the period	307	(143)

**net notional expenses at 31 March 2019 of around €246 thousands (net notional income of €127 thousand at 31 March 2018).*

Consolidated balance sheet

ASSETS	31 March 2019	31 December 2018
<i>(€ thousands)</i>		
Intangible assets	1.885	1.962
Tangible assets	9.520	9.535
Financial fixed assets	10	10
Receivables and other non-current assets	3	3
Prepaid tax	5.275	5.275
Non-current assets	16.692	16.785
Inventories	3.484	3.795
Trade receivables	3.456	3.303
Tax receivables	33	33
Other current assets and sundry receivables	728	627
Cash and cash equivalents	8.496	9.828
Available-for-sale financial assets (AFS)	161	192
Current assets	16.358	17.778
Total assets	33.051	34.563
EQUITY AND LIABILITIES		
<i>(€ thousands)</i>		
Share capital	3.716	3.716
Reserves and retained earnings/(losses)	7.594	6.779
Loss for the year	307	846
Consolidated equity	11.617	11.341
Employee benefits	316	311
Non-current financial liabilities	11.098	11.216
Non-current tax payables	59	67
Other current liabilities and sundry payables	704	887
Non-current liabilities	12.177	12.481
Trade payables	4.041	4.502
Current financial liabilities	1.411	2.266
Current tax payables	218	139
Other current liabilities and sundry payables	3.587	3.834
Total current liabilities	9.257	10.741
Total liabilities	21.434	23.222
Total equity and liabilities	33.051	34.563

Net consolidated financial position

<i>(€ thousands)</i>	31 March 2019	31 December 2018
A. Cash	4	2
B. Other cash resources	8.492	9.826
C. Securities held for trading		
D. Cash Resources (A)+(B)+(C)	8.496	9.828
E. Current financial receivables		
F. Current bank debt	(480)	(1.500)
G. Current portion of non-current debt		
H. Other current financial liabilities	(931)	(767)
I. Current financial debt (F)+(G)+(H)	(1.411)	(2.267)
J. Net current financial debt (I)+(E)+(D)	7.085	7.561
K. Non-current bank debt		
L. Bonds issued		
M. Other non-current liabilities	(11.098)	(11.216)
N. Non-current financial debt (K)+(L)+(M)	(11.098)	(11.216)
O. Net financial debt (N) + (J)	(4.013)	(3.655)



FINANCIAL STATEMENTS OF THE PARENT COMPANY PIERREL S.P.A.

Separated income statement

<i>(€ thousands)</i>	31 March 2019	31 March 2018
Revenue	4.984	3.823
<i>of which non-recurring</i>	<i>30</i>	<i>3</i>
Raw materials and consumables used	(1.643)	(1.881)
Sundry services and Third-party goods	(535)	(484)
<i>of which non-recurring</i>	<i>(3)</i>	
Personnel costs	(1.555)	(1.397)
Other provisions and costs	(231)	(38)
Earnings Before Interest, Tax, Depreciation and Amortisation	1.020	23
Amortisation, depreciation and write-downs	(263)	(280)
Operating profit/(loss)	757	(257)
Net financial income/(expenses)	(264)	131
Profit/(loss) before tax	493	(126)
Income tax for the period	9	-
Net Profit/(Loss) for the period	502	(126)

**net notional expenses at 31 March 2019 of around €246 thousands (net notional income of €127 at 31 March 2018).*

Balance sheet

ASSETS (€ thousands)	31 March 2019	31 December 2018
Intangible assets	670	684
Tangible assets	9.519	9.535
Investments	4.574	4.574
Receivables and other non-current assets	1.700	1.700
Prepaid tax	5.275	5.275
Non-current assets	21.738	21.768
Inventories	3.386	3.652
Trade receivables	1.722	2.249
Tax receivables	31	31
Other current assets and sundry receivables	954	775
Cash and cash equivalents	8.353	9.665
Available-for-sale financial assets (AFS)	161	192
Current assets	14.607	16.564
Total assets	36.345	38.332
EQUITY AND LIABILITIES	31 March 2019	31 December 2018
Share capital	3.716	3.716
Reserves	14.120	12.684
Profit/(Loss) for the period	502	1.436
Equity	18.338	17.836
Employee benefits	315	311
Non-current financial liabilities	6.406	6.524
Non-current tax payables	59	67
Other current liabilities and sundry payables	2.499	3.371
Non-current liabilities	9.279	10.273
Trade payables	3.840	4.349
Current financial liabilities	1.368	2.266
Tax payables	158	105
Other current liabilities and sundry payables	3.362	3.503
Current liabilities	8.728	10.223
Total liabilities	18.007	20.496
Total equity and liabilities	36.345	38.332

Net financial position of the Parent Company Pierrel S.p.A.

<i>(€ thousands)</i>	31 March 2019	31 December 2018
A. Cash	1	2
B. Other cash resources	8.352	9.664
C. Securities held for trading		-
D. Cash Resources (A)+(B)+(C)	8.353	9.666
E. Current financial receivables	8	59
F. Current bank debt	(480)	(1.500)
G. Current portion of non-current debt	-	-
H. Other current financial liabilities	(888)	(767)
I. Current financial debt (F)+(G)+(H)	(1.368)	(2.267)
J. Net current financial debt (I)+(D)+(E)	6.993	7.458
K. Non-current bank debt	-	-
L. Bonds issued	-	-
M. Other non-current liabilities	(6.406)	(6.524)
N. Non-current financial debt (K)+(L)+(M)	(6.406)	(6.524)
O. O. Net financial debt (J)+(N)	587	934