



PRESS RELEASE

APPROVAL ON A VOLUNTARY BASIS OF THE INTERIM MANAGEMENT REPORT FOR THE PIERREL GROUP AND PIERREL S.P.A. AT 30 SEPTEMBER 2019 WITH A DOUBLE FIGURE GROWTH IN THE CONSOLIDATED REVENUES AND CONSOLIDATED EBITDA

✓ **Consolidated results at 30 September 2019:**

- **Revenues of about € 14.9 million**, showing an increase of some 11% compared to 30 September 2018, when they were some € 13.4 million.
- **EBITDA positive for about € 1.9 million**, showing an improvement of about 26% compared to 30 September 2018, when it was positive for about € 1.5 million.
- **Negative EBIT for about € 1.1 million**, of which about € 0.8 million for amortization, an improvement of some 48% compared to 30 September 2018, when it was positive for about € 0.7 million (of which about € 0.8 million for amortization);
- **Total consolidated net profit of around € 50 thousand**, in line with the final result at 30 September 2018;
- **Net bank financial debt of about € 6.8 million**, an improvement of some 43% compared to 30 June 2019, when it was approximately € 4.7 million and of some 46% compared to 31 December 2018 when it was some € 3.7 million;
- **Cash and cash equivalents of about € 5.5 million**, down compared to 31 December 2018, when it was approximately € 9.7 million.

✓ **The main economic and financial objectives for 2019 have been confirmed**

Capua, 15 October 2019 – The Board of Directors of **Pierrel S.p.A.** (“**Pierrel**” or the “**Company**”), global provider of services for the pharmaceutical industry listed on the MTA segment of Borsa Italiana (Ticker: PRL) met today and revised and approved on a voluntary basis the **Interim Management Report of the Pierrel Group and the Company at 30 September 2019**, prepared in accordance with IAS/IFRS international accounting standards.

The Company and its subsidiary Pierrel Pharma S.r.l. with a sole shareholder (collectively, the “**Pierrel Group**”) closed the first nine months of 2019 with **consolidated revenues** of approximately € 14.9 million, up by about 11% compared to the approximately € 13.4 million achieved in the corresponding period of 2018 and a **positive consolidated EBITDA** of about € 1.9 million, an improvement of about 26% compared to 30 September 2018, when it was positive for about € 1.5 million.

Here follows a brief description of the business performance and management results at 30 September 2019 of the individual divisions of the Pierrel Group (Contract Manufacturing - CMO, Pharma and Holding).

The **CMO Division** recorded in the first nine months of 2019: (a) total sales, gross of intercompany eliminations, of approximately € 14.0 million, an improvement of some 7% compared to the € 13.0 million recorded in the same period of 2018; and (b) a positive EBITDA, gross of intercompany eliminations, of approximately € 3.1 million, an improvement compared to the same period of 2018, when it was positive for approximately € 2.7 million.

The **Pharma Division** recorded in the first nine months of 2019 total sales, gross of intercompany eliminations, of approximately € 10.1 million, an improvement of some 42% compared to the € 7.1



million recorded in the first nine months of 2018; and a positive EBITDA of approximately € 1.7 million, an improvement of some 40% compared to the same period of 2018, when it was positive for approximately € 1.1 million. The increase in total sales and, consequently, in the margins recorded by the Pharma Division compared to the same period of 2018 were mainly determined by the increase in sales of the articaine dental anesthetic Orabloc®.

The **Holding Division**, which does not generate revenues, recorded a negative EBITDA for the first nine months of 2019 of some € 1.2 million, a worsening of some 17% compared to the result at 30 September 2018, when it was a negative € 1.1 million.

The total sales and EBITDA figures recorded by the CMO, Pharma and Holding Divisions at 30 September 2019 are all in line with the forecasts approved by the Board of Directors on 20 March 2019.

The Pierrel Group recorded a positive **EBIT (operating result)** at 30 September 2019 of about € 1.1 million, after amortisation of around € 0.8 million, an improvement of some 48% on the figure of 30 September 2018, when it was positive for about € 0.7 million, after amortisation of around € 0.8 million.

In addition, it is noted that the Pierrel Group at 30 September 2019 recorded net financial expenses of about **€ 0.9 million** (about € 0.6 million at 30 September 2018). This item also includes **net notional financial income** from discounting and from currency adjustment, totaling around **€ 0.5 million**, linked to the payable (stated in US dollars) still due from Pierrel to the American customer Dentsply International Inc. of around € 6.6 million at 30 September 2019, by way of interest and capital stock.

In light of the above, at 30 September 2019 the Pierrel Group recorded a **consolidated net profit** of around € 50 thousand, in line with the consolidated net profit recorded by the Group at 30 September 2018.

The **net financial debt** of the Group at 30 September 2019, which includes a current financial debt of approximately € 1.7 million (approximately € 1.6 million at 30 June 2019), amounted to some € 6.8 million, an increase of about 43% compared to 30 June 2019, when it was about € 4.7 million and of about 46% compared to 31 December 2018, when it was about € 3.7 million. This increase is attributable to the reduction in cash and cash equivalents intended to finance the extraordinary investment plan already planned and reflected in the 2019-2021 business plan.

The **consolidated cash resources** of the Pierrel Group at 30 September 2019 was about € 5.5 million, down compared to 31 December 2018, when it was about € 9.7 million, due to the financial resources allocated from the Pierrel Group to investments.

As of 30 September 2019, none of the Pierrel Group companies has issued bonds.

At 30 September 2019 the Pierrel Group's **overdue debts** to suppliers amounted to around € 1.1 million (around € 1.5 million at 31 December 2018), while those to Fonchim (supplementary pension fund for chemical and pharmaceutical workers) reduced to around € 0.2 million (compared to around € 0.3 million at 31 December 2018) due to payments made in line with the repayment plan announced by the Company.

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

It should be noted that, with a provision dated 23 May 2019, the CONSOB ordered the cancellation of the Company from the "Black list", eliminating the monthly disclosure obligations relating to the economic-equity and financial situation of the Pierrel Group pursuant to art. 114, paragraph 5, of Legislative Decree no. 58/98, as subsequently amended and supplemented. With the same provision, CONSOB also requested the Company to include certain specific information in the



annual and interim financial reports of the Company (for further information, see press release of 23 May 2019 published on the Company's website and available at www.pierrelgroup.com, section Investor Relations/Press/Press Releases). With reference to 30 September 2019, this information is contained in an annex to this press release and in a specific section of the Pierrel Group's interim report at 30 September 2019.

Results of Pierrel

At 30 September 2019 **Pierrel** recorded **revenues** of about € 14.0 million, an improvement of about 7% compared to about € 13.2 million of the corresponding period of 2018, and a positive **EBITDA** of about €1.9 million, an improvement compared to 30 September 2018, when it was positive for about € 1.6 million. The improvement in the margins recorded by the Company during the first nine months of 2019 was determined by the increase in revenues compared to 30 September 2018 (an increase in its turn mainly determined by the greater volumes produced and sold by the subsidiary Pierrel Pharma S.r.l.), together with a less than proportional increase in costs for raw materials, a reduction of approximately 4% in "Costs for services" compared to the amount recorded at 30 September 2018.

The company's **net financial position** at 30 September 2019 was negative for some € 2.1 million, worsening when compared to 31 December 2018, when it was positive for some € 0.9 million. This effect is attributable to the reduction in cash and cash equivalents for the Company intended to finance the extraordinary investment plan already planned and reflected in the 2019-2021 business plan.

In light of the foregoing, at 30 September 2019, after having recognised amortisation of € 0.8 million and net financial expenses of € 0.7 million, the Company posted a net profit of € 0.4 million, in line with the net profit recorded by the Company at 30 September 2018, after recognition of amortisation of € 0.8 million and net financial expenses of € 0.4 million.

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Based on the results achieved by the Pierrel Group at 30 September 2019 and described in this press release and the outlook for the coming months, the Pierrel Board of Directors confirmed the Pierrel Group's main economic and financial objectives for 2019 which, as already communicated to the market on 20 March, include: (a) consolidated gross revenues of about € 22.4 million; and (b) a positive consolidated EBITDA of about € 3.7 million.

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No significant events occurred during the third quarter of 2019 and subsequent to 30 September 2019.

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The Interim Report of the Group and the parent company Pierrel SpA Pierrel at 30 September 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 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 S.p.A., Mr Francesco Pepe, declares, pursuant to art. 154-bis (2) of Legislative Decree 58/1998, as subsequently amended and integrated, that the accounting information contained in this press



release and relative to the Interim Management Report at 30 September 2019 corresponds to the documented results, ledgers and accounting entries of the company.

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This press release comprises the Interim Management Report at 30 September 2019 required by Article 154-ter of Legislative Decree 58/1998 and is available in the section Investor Relations/Financial Documents section of the web site of the Company: www.pierrelgroup.com,

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In addition to the conventional financial indicators required by the IFRS, in order to allow a better assessment of the economic management and financial position of the Pierrel Group, this document contains some alternative performance indicators relating to data of the Pierrel Group and the Company at 30 September 2019. These indicators are presented in the other annual financial reports and interim reports of the Company and the Pierrel Group, but should not be considered as replacements for the conventional indicators recommended by the IFRS.

According to CESR/05-178b of 3 November 2005, below is a brief description of the alternative performance indicators, as well as their composition, mentioned in this press release:

- **“EBITDA”** or **“gross operating result”** indicates the difference between sales revenues and costs related to the consumption of materials, cost of services, labor costs and the net balance of operating income and write-downs and represents the operating result before amortization, depreciation and provisions , financial management and taxation;
- **“EBIT”** or **“operating result”** indicates the difference between the gross operating result and the value of amortization, write-downs and provisions and represents the operating result prior to financial management and taxation;
- **“Net financial debt”** is an indicator of the financial structure of the Pierrel Group. It is calculated as the result of short and long-term financial payables and related derivative instruments, net of cash and cash equivalents and financial assets.

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Attached below are the income statements and balance sheets of the Pierrel Group and Pierrel at 30 September 2019, that have not been subject to audit, together with the information required by Consob pursuant to art. 114 of Legislative Decree 58/98.



FINANCIAL STATEMENTS OF THE PIERREL GROUP

Consolidated income statement

<i>(€ thousands)</i>	First nine months		
	2019	2018	% change
Revenue	14.877	13.386	11,1%
<i>of which non-recurring</i>	<i>89</i>	<i>325</i>	
Raw materials and consumables used	(5.094)	(4.518)	12,8%
Sundry services and Third-party goods	(2.506)	(2.505)	0,0%
<i>of which non-recurring</i>	<i>(30)</i>		
Personnel costs	(4.638)	(4.256)	9,0%
<i>of which non-recurring</i>	<i>(107)</i>		
Other provisions and costs	(754)	(612)	23,2%
<i>of which non-recurring</i>	<i>(29)</i>	<i>(59)</i>	
Earnings Before Interest, Tax, Depreciation and Amortisation	1.885	1.495	26,1%
Amortisation, depreciation and write-downs	(835)	(787)	6,2%
Operating profit/(loss)	1.050	708	48,2%
Financial expenses*	(889)	(642)	38,5%
<i>of which non-recurring</i>	<i>(94)</i>	<i>-</i>	
Financial income	8	40	-80,2%
<i>of which non-recurring</i>	<i>7</i>	<i>40</i>	
Profit/(loss) before tax	168	106	58,5%
Income tax	(116)	(59)	
Net Profit/(Loss) for the period	52	47	11,0%
<i>of which Net Profit/(Loss) attributable to Pierrel shareholders</i>	<i>52</i>	<i>47</i>	

*of which net notional financial expenses of about € 536 thousand (net figurative financial expenses at 30 September 2018 of about € 388 thousand).

Consolidated balance sheet

(€ thousands)

ASSETS	30 September 2019	31 December 2018
Intangible assets	2.134	1.962
Tangible assets	11.259	9.536
Financial fixed assets	10	10
Receivables and other non-current assets	3	3
Active deferred taxes	5.279	5.274
Non-current assets	18.685	16.785
Inventories	3.728	3.795
Trade receivables	2.025	3.304
Tax receivables	91	33
Other current assets and sundry receivables	950	626
Cash and cash equivalents	5.497	9.828
Available-for-sale financial assets (AFS)		192
Current assets	12.291	17.778
Total assets	30.976	34.563
EQUITY AND LIABILITIES	30 September 2019	31 December 2018
Share capital	3.716	3.716
Reserves and retained earnings/(losses)	7.537	6.779
Profit (Loss) for the year	52	846
Consolidated equity	11.306	11.341
Employee benefits	341	311
Non-current financial liabilities	10.586	11.216
Non-current tax payables	42	67
Other current liabilities and sundry payables	433	887
Non-current liabilities	11.402	12.481
Trade payables	3.400	4.503
Current financial liabilities	1.666	2.266
Current tax payables	255	139
Other current liabilities and sundry payables	2.948	3.833
Current liabilities	8.269	10.741
Total liabilities	19.671	23.222
Total equity and liabilities	30.976	34.563

Net consolidated financial position

<i>(€ thousands)</i>	30 settembre 2019	31 dicembre 2018
A. Cash	1	2
B. Other cash resources	5.496	9.826
C. Securities held for trading	-	-
D. Cash Resources (A)+(B)+(C)	5.497	9.828
E. Current financial receivables	-	-
F. Current bank debt	(140)	(1.500)
G. Current portion of non-current debt	-	-
H. Other current financial liabilities	(1.526)	(767)
I. Current financial debt (F)+(G)+(H)	(1.666)	(2.267)
J. Net current financial debt (I)+(E)+(D)	3.831	7.561
K. Non-current bank debt	-	-
L. Bonds issued	-	-
M. Other non-current liabilities	(10.585)	(11.216)
N. Non-current financial debt (K)+(L)+(M)	(10.585)	(11.216)
O. Net financial debt (N) + (J)	(6.754)	(3.655)



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

Separated income statement

<i>(€ thousands)</i>	First nine months		
	2019	2018	% change
Revenue	14.042	13.181	6,5%
<i>of which non-recurring</i>	82	313	
Raw materials and consumables used	(4.984)	(4.792)	4,0%
Sundry services and Third-party goods	(1.689)	(1.756)	-3,8%
<i>of which non-recurring</i>	(28)	-	
Personnel costs	(4.556)	(4.176)	9,1%
<i>of which non-recurring</i>	(107)	-	
Other provisions and costs	(940)	(840)	11,9%
<i>of which non-recurring</i>	(18)	(52)	
Earnings Before Interest, Tax, Depreciation and Amortisation	1.872	1.617	15,8%
Amortisation, depreciation and write-downs	(791)	(751)	5,3%
Operating profit/(loss)	1.081	866	24,8%
Financial expenses*	(757)	(504)	50,3%
<i>of which non-recurring</i>	(94)	-	
Financial income	25	85	-71,1%
<i>of which non-recurring</i>	7	40	
Profit/(loss) before tax	348	447	-22,1%
Income tax for the period	19	(66)	
Result for the period	367	381	-3,7%

*of which net notional financial expenses of about € 536 thousand (net figurative financial expenses at 30 September 2018 of about € 388 thousand).

Balance sheet

(€ thousands)

ASSETS	30 September 2019	31 December 2018
Intangible assets	685	684
Tangible assets	11.257	9.536
Investments	4.574	4.574
Receivables and other non-current assets	450	1.700
Active deferred taxes	5.279	5.274
Non-current assets	22.245	21.768
Inventories	3.633	3.652
Trade receivables	978	2.248
Tax receivables	70	31
Other current assets and sundry receivables	1.145	775
Cash and cash equivalents	5.360	9.666
Available-for-sale financial assets (AFS)	-	192
Current assets	11.186	16.564
Total assets	33.431	38.332
EQUITY AND LIABILITIES	30 September 2019	31 December 2018
Share capital	3.716	3.716
Reserves and retained earnings/(losses)	14.095	12.684
Profit (Loss) for the year	367	1.436
Equity	18.178	17.836
Employee benefits	341	311
Non-current financial liabilities	5.893	6.524
Non-current tax payables	42	67
Other current liabilities and sundry payables	1.238	3.371
Non-current liabilities	7.514	10.273
Trade payables	3.258	4.348
Current financial liabilities	1.623	2.267
Current tax payables	179	105
Short-term provisions for liabilities	7	41
Other current liabilities and sundry payables	2.672	3.462
Current liabilities	7.739	10.223
Total liabilities	15.253	20.496
Total equity and liabilities	33.431	38.332

Net financial position

(€ thousands)	30 September 2019	31 dicembre 2018
A. Cash	1	2
B. Other cash resources	5.359	9.664
C. Securities held for trading	-	-
D. Cash Resources (A)+(B)+(C)	5.360	9.666
E. Current financial receivables	17	59
F. Current bank debt	(140)	(1.500)
G. Current portion of non-current debt	-	-
H. Other current financial liabilities	(1.483)	(767)
I. Current financial debt (F)+(G)+(H)	(1.623)	(2.267)
J. Net current financial debt (I)+(D)+(E)	3.753	7.458
K. Non-current bank debt	-	-
L. Bonds issued	-	-
M. Other non-current liabilities	(5.893)	(6.524)
N. Non-current financial debt (K)+(L)+(M)	(5.893)	(6.524)
O. O. Net financial debt (J)+(N)	(2.140)	934

Information required by CONSOB pursuant to art. 114 of Legislative Decree 58/98

On 23 May 2019, following the Consob communication received on the same date, the Company is no longer subject to the obligations of supplementary disclosure on a monthly basis, pursuant to art. 114, paragraph 5 of Legislative Decree ("TUF") and has therefore left the so-called black list. In place of these obligations, Consob requested the Company to supplement the annual, half-year and interim management reports, where published on a voluntary basis as well as, where relevant, press releases concerning the approval of the aforementioned accounting documents with following information:

a) the net financial position of the Company and of the Group headed by the same, highlighting the short-term components separately from the medium-long term ones:

The following table summarizes the net financial position of the Company and the Pierrel Group at 30 September 2019 compared with the same figures at 30 June 2019:



Net financial position

	Pierrel Group		Pierrel S.p.A.	
	30 September 2019	30 June 2019	30 September 2019	30 June 2019
<i>(€ thousands)</i>				
A. Cash	1	2	1	2
B. Other cash resources	5.496	7.913	5.359	7.709
C. Securities held for trading	-	-	-	-
D. Cash Resources (A)+(B)+(C)	5.497	7.915	5.360	7.711
E. Current financial receivables	-	-	17	14
F. Current bank debt	(140)	(768)	(140)	(768)
G. Current portion of non-current debt	-	-	-	-
H. Other current financial liabilities	(1.526)	(863)	(1.483)	(863)
I. Current financial debt (F)+(G)+(H)	(1.666)	(1.631)	(1.623)	(1.631)
J. Net current financial debt (I)+(E)+(D)	3.831	6.284	3.753	6.094
K. Non-current bank debt	-	-	-	-
L. Bonds issued	-	-	-	-
M. Other non-current liabilities	(10.585)	(11.019)	(5.893)	(6.327)
N. Non-current financial debt (K)+(L)+(M)	(10.585)	(11.019)	(5.893)	(6.327)
O. Net financial debt (N) + (J)	(6.754)	(4.735)	(2.140)	(233)

b) overdue debit positions of the Company and of the Group headed by the same, divided by nature (financial, commercial, tax, social security and to employees) and the related eventual reaction of creditors (reminders, injunctions, suspensions in the supply, etc.):

NATURE OF EXPIRED DEBT	Pierrel Group		Pierrel S.p.A.	
	30 September 2019	30 June 2019	30 September 2019	30 June 2019
<i>(€ thousands)</i>				
Financial liabilities	-	-	-	-
Trade payables	1.083	1.346	1.058	1.331
Revenue office payables	-	-	-	-
Social security payables	182	215	182	215
Payables to employees	-	-	-	-
TOTAL EXPIRED DEBT POSITIONS	1.265	1.561	1.240	1.546

The Group's past due trade payables amount to € 1,083 thousand at 30 September 2019, in consideration of both agreements referring to repayment plans agreed with suppliers and receivables claimed by Pierrel S.p.A. in respect to its suppliers, and refer mainly to the Parent Company (approximately € 1,058 thousand). Furthermore, as of 30 September 2019, the Group has overdue social security debts, equal to approximately € 182 thousand (referring exclusively to the Parent Company) to Fonchim for the months from March to December 2013, to date governed by a regular repayment plan. The types of creditors' reaction initiatives referable entirely to the Parent Company Pierrel S.p.A. are set out below. unchanged compared to 30 June 2019:

Type of creditors' reaction initiatives

(€ thousands)	30 September 2019	30 June 2019	Variation
Reminders with notice of default	26	26	-
TOTAL AMOUNT	26	26	-

At 30 September 2019, the Company and the Group did not receive requests for injunctions and had no financial or tax due payables, nor to employees.

c) the main changes in relations with related parties of this Company and of the Group with respect to the last annual or semi-annual financial report approved pursuant to art. 154-ter of the TUF:

Relations with the Company and the Group related parties, shown below, do not present substantial changes and are in line with the consolidated half-year report at 30 June 2019, as summarized below:

Relations with related parties

(€ thousands)	30 September 2019			
	Pierrel Group			
RELATED PARTY	Receivables	Liabilities	Costs	Revenue
Bootes S.r.l.		2.389	110	
Citaredo Fulvio		25	1	
Fin Posillipo S.p.A.		3.019	97	
Grafiche Pizzi S.r.l.		9	26	
TOTAL	-	5.442	233	-

(€ thousands)	30 September 2019			
	Pierrel S.p.A.			
RELATED PARTY	Receivables	Liabilities	Costs	Revenue
Bootes S.r.l.		21	45	
Citaredo Fulvio		25	1	
Fin Posillipo S.p.A.		651	32	
Grafiche Pizzi S.r.l.		9	26	
Pierrel Pharma S.r.l.	1.235			6.955
TOTAL	1.235	706	104	6.955

d) any failure to comply with the covenants, negative pledges and any other clause of the Group's debt involving limits on the use of financial resources, with the updated date of the degree of compliance with said clauses:

The Company and the Group at 30 September 2019 did not have any financial and/or commercial contracts in place which provide for compliance with the covenants, negative pledges and any other debt of the Group involving limits on the use of financial resources.



e) the implementation status of any industrial and financial plans, highlighting the deviations of the final data with respect to those expected:

At 30 September 2019, the Group recorded economic results substantially in line with the forecasts contained in the 2019 - 2021 Business Plan approved on 20 March 2019.

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Pierrel S.p.A. 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, 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. with sole shareholder 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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