



## PRESS RELEASE

### PIERREL S.P.A.: THE BOARD APPROVES THE GROUP'S INTERIM FINANCIAL REPORT AT 30 JUNE 2019 - THE MAIN ECONOMIC AND FINANCIAL OBJECTIVES FOR 2019 HAVE BEEN CONFIRMED

#### Consolidated results at 30 June 2019:

- **Revenues of about € 9.4 million** (showing an improvement of some 8% compared to 30 June 2018, when they were some € 8.7 million).
- **EBITDA positive for about € 0.9 million** (showing an improvement of about 50% compared to 30 June 2018, when it was positive for about € 0.6 million).
- **EBIT positive for about € 0.3 million** (showing a marked improvement compared to 30 June 2018, when it was positive for about € 0.1 million).
- **Consolidated net loss of about € 0.1 million** (showing an improvement of about 67% compared to 30 June 2018, when the consolidated net loss of the Pierrel Group was about € 0.3 million).
- **Consolidated net financial debt of about € 4.7 million** (showing a worsening of some 30% compared to 31 December 2018, when it was about € 3.7 million).
- **Cash and cash equivalents of about € 7.9 million** (down 19% compared to 31 December 2018, when they were approximately € 9.8 million).

*Capua (CE), 1 August 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) meeting today has revised and approved the **interim financial report of the Pierrel Group at 30 June 2019**, including the **Pierrel condensed consolidated interim financial statements at 30 June 2019**.

The following is a brief description of the results at 30 June 2019 of the Pierrel Group, consisting of the parent company Pierrel and the subsidiary Pierrel Pharma S.r.l. with sole shareholder ("**Pierrel Pharma**") and of the Company.

#### Consolidated results at 30 June 2019

The Pierrel Group closed the first half of 2019 with **consolidated revenue** of € 9.4 million, up by around 8% on the € 8.7 million recorded for the same period of 2018, and a positive **consolidated EBITDA (gross operating result)** of about € 0.9 million, an improvement of about 50% with respect to the same period of the previous year, when it was negative for about € 0.6 million. The increase in consolidated revenues recorded in the first half of 2019 compared to the corresponding period of 2018 is attributable to the increase in the amount of products produced and invoiced, in particular for Pierrel dental anesthetic, Orabloc® (Pierrel Group's flagship product) on the North American market and on the new markets in Eurasia. This increase is matched by an increase in production costs to a less than proportional extent, due to the significant efficiency gains initiated by Pierrel management, with a consequential positive effect on the gross operating result.

The business and management results of the three divisions that make up the Pierrel Group and, specifically, the Holding and CMO Divisions, headed by the parent company Pierrel, and Pharma, headed by the subsidiary Pierrel Pharma, are reported below.



The **CMO Division** posted total sales, before intercompany eliminations, of € 8.7 million for the first half of 2019, in line with the forecasts and up about 10% on the figure for the same period of 2018, when it was around € 7.8 million. The increase in total sales is attributable to the increase in sales to the subsidiary Pierrel Pharma recorded in the period.

The EBITDA of the CMO Division in the first half of 2019, also before intercompany eliminations, was positive for about € 1.7 million, in line with the forecasts and up of some 40% on the figure for the same period of 2018, when it was about € 1.2 million.

The **Pharma Division** posted total sales, before intercompany eliminations, of € 6.4 million for the first half of 2019, in line with the forecasts and an improvement of around 38% with respect to the figure recorded on 30 June 2018, when it was around € 4.7 million. The increase in revenues was supported by the policy of expanding sales in countries of Eurasia and, more significantly, by the sales of the articaine dental anesthetic Orabloc® on the US market, by the distributors of the Pierrel Group. As of 30 June 2019, Pierrel Pharma registered **retail sales in North America for more than 10 million injectors of Orabloc® with an increase of about 15%** compared to the sales on the same market registered by Pierrel Pharma in the first six months of 2018.

The EBITDA of the Pharma Division in the first half of 2019, also before intercompany eliminations, was positive for about € 1.0 million, in line with the forecasts and up of some 68% on the figure for the same period of 2018, when it was positive for about € 0.6 million.

The **Holding Division**, which operates exclusively in the provision of administrative services and in the management of the holding owned by the Company in Pierrel Pharma, as well as in the management of the activities and services to Pierrel as a listed company, recorded a negative EBITDA in the first half of 2019 of about € 0.8 million, substantially in line with the plan forecasts and the corresponding period of the previous year, when it was negative for around € 0.7 million.

The Pierrel Group recorded a positive **EBIT (operating result)** at 30 June 2019 of about € 0.3 million, after amortisation of around € 0.6 million, a more than significant improvement on the figure of 30 June 2018, when it was positive for about € 0.1 million, after amortisation of around € 0.5 million.

In addition, it is noted that the Pierrel Group at 30 June 2019 recorded **net financial expenses** of about **€ 0.4 million** (in line with net financial expenses of 30 June 2018). This item also includes **net notional financial income** from discounting and from currency adjustment, totaling around **€ 0.2 million**, linked to the payable (stated in US dollars) still due from Pierrel to the American customer Dentsply International Inc. of around € 6.4 million at 30 June 2019, by way of interest and capital stock.

In light of all the above, at 30 June 2019 the Pierrel Group posted a **consolidated net loss of about € 0.1 million**, a decrease of some 67% compared to the consolidated net loss of some € 0.3 million recorded at 30 June 2018.

The **net financial debt** of the Group at 30 June 2019, which includes a current financial debt of approximately € 1.6 million (approximately € 2.2 million at 31 December 2018), amounted to some € 4.7 million, worsening by about 27% compared to 31 December 2018, when it was about € 3.7 million. This deterioration is essentially due to the reduction in the liquid assets used to finance the scheduled investment plan.

The **consolidated cash resources** of the Pierrel Group at 30 June 2019 was about € 7.9 million, down some 19% compared to 31 December 2018, when it was about € 9.8 million, due to the financial resources allocated from the Pierrel Group to investments.

At 30 June 2019, the companies of the Pierrel Group had not issued any bonds.



At 30 June 2019 the Group's **overdue debts** to suppliers amounted to around € 1.3 million (around € 1.5 million at 31 December 2018), those to social security institutions amounted to around € 0.2 million (around € 0.3 million at 31 December 2018), and those to the tax authorities have been paid in full (around € 0.3 million at 31 December 2018).

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

The interim consolidated balance sheet, the interim consolidated income statement and the interim consolidated cash flow statement of the Pierrel Group at 30 June 2019 are shown at the end of this press release. Pursuant to the CONSOB Communication DME/9081707 of 16 September 2009 these statements are included in the Interim Financial Report of the Pierrel Group at 30 June 2019 and have been subject to limited-scope audit by Pierrel independent auditors.

The Interim Financial Report also contains the supplementary information requested by CONSOB due to the non applicability of the monthly disclosure obligations in relation to the economic, equity and financial situation of the Pierrel Group pursuant to art. 114, paragraph 5, of Legislative Decree no. 58/98, as per the press release published on 23 May 2019.

By way of information, it is noted that the Group's operations are not influenced by a significant level of seasonality.

### **Results of Pierrel at 30 June 2019**

At 30 June 2019, **Pierrel** recorded revenues of some € 8.8 million, an improvement of 10% on the € 8.0 million achieved by the Company for the same period of 2018, and a positive **EBITDA** of € 0.9 million, representing an improvement of about 50% on the € 0.6 million at 30 June 2018.

At 30 June 2019, after having recognised amortisation of € 0.5 million and net financial expenses of € 0.3 million, the Company posted a **net profit** of € 0.1 million, a marked improvement with respect to the net loss recorded by the Company of € 0.3 million at 30 June 2018, after recognition of amortisation of € 0.5 million and net financial expenses of € 0.3 million.

The company's **net financial position** at 30 June 2019 was negative for some € 0.2 million, a worsening of some € 1.2 million when compared to the figure of 31 December 2018, when it was positive for some € 0.9 million. This is mainly due to the reduction in the liquid assets used by the Company for the scheduled investment plan.

\* \* \*

For a description of the main events occurred in the first half of 2019, please refer to the section "Significant events in the first half of 2019" of the Management Report included in the interim consolidated condensed financial statements at 30 June 2019 of the Pierrel Group which will be made available to the public in the manner and terms provided for by law.

\* \* \*

Based on the results recorded by the Pierrel Group in the first half of 2019 and the orders already received from customers for delivery of the products of the Pierrel Group by 31 December 2019, both on its own behalf and on behalf of third parties, the Board of Directors of Pierrel took note of the forecasts on the operating performance of the Pierrel Group for the second half of the current year and confirmed the main economic and financial targets for 2019, as disclosed to the market on



20 March 2019, of **consolidated gross revenues** of around € 22.4 million and a positive **consolidated EBITDA** of around € 3.7 million.

\* \* \*

Pierrel Group's interim financial report at 30 June 2019 approved by the Pierrel Board of Directors today and which includes the condensed consolidated interim financial statements of Pierrel at 30 June 2019, the certification referred to in Article 154-bis, paragraph 5 of the D. Lgs. 24 February 1998, n. 58, as subsequently amended and supplemented, together with the auditor's report, will be made available to the public at the registered office of the Company in Capua (CE), Strada Statale Appia 7-bis, no. 46/48 and at the offices of Borsa Italiana S.p.A., as well as on the Company's website at [www.pierrelgroup.com](http://www.pierrelgroup.com), section Investor Relations/Financial Documents and at the Nis-Storage authorized storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) according to the terms and procedures of the law.

\* \* \*

The executive responsible for the preparation of corporate accounting documents of Pierrel S.p.A., Mr Francesco Pepe, declares— pursuant to Article 154a, paragraph 2 of Legislative Decree 24 February 1998 no. 58, as subsequently amended and supplemented, that the accounting information related to the condensed consolidated interim financial statements of Pierrel at 30 June 2019, as reported in this press release, corresponds to the documented results, accounting records and accounting entries of the company.

\* \* \*

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 at 30 June 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.

\* \* \*

The interim consolidated balance sheet, the interim consolidated income statement and the interim consolidated cash flow statement of the Pierrel Group at 30 June 2019 are shown below.

## Assets

<i>(€ thousands)</i>	30 June 2019	31 December 2018	
	<i>vs. related parties</i>	<i>vs. related parties</i>	
Intangible assets	2.043	1.962	
Tangible assets	10.998	9.536	
Financial fixed assets	10	10	
Receivables and other non-current assets	3	3	
Active deferred taxes	5.279	5.274	
<b>Non-current assets</b>	<b>18.333</b>	<b>16.785</b>	
Inventories	3.568	3.795	
Trade receivables	1.499	3.304	3
Tax receivables	33	33	
Other current assets and sundry receivables	687	626	
Cash and cash equivalents	7.915	9.828	
Available-for-sale financial assets (AFS)	107	192	
<b>Current assets</b>	<b>13.809</b>	<b>17.778</b>	
<b>TOTAL ASSETS</b>	<b>32.142</b>	<b>34.563</b>	

## Equity and liabilities

<i>(€ thousands)</i>	30 June 2019	31 December 2018	
	<i>of which vs. related parties</i>	<i>of which vs. related parties</i>	
Share capital	3.716	3.716	
Reserves	7.564	6.779	
Loss for the year	(111)	846	
<b>Consolidated equity</b>	<b>11.169</b>	<b>11.341</b>	
Employee benefits	339	311	
Non-current financial liabilities	11.019	11.216	5.308
Non-current tax payables	50	67	
Other current liabilities and sundry payables	549	887	
<b>Non-current liabilities</b>	<b>11.957</b>	<b>12.481</b>	
Trade payables	3.399	4.503	14
Current financial liabilities	1.631	2.266	65
Current tax payables	236	139	
Other current liabilities and sundry payables	3.750	3.833	40
<b>Current liabilities</b>	<b>9.016</b>	<b>10.741</b>	
<b>TOTAL LIABILITIES</b>	<b>20.973</b>	<b>23.222</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32.142</b>	<b>34.563</b>	

## Interim consolidated income statement

<i>(€ thousands)</i>	First half of 2019		First half of 2018	
		<i>of which vs. related parties</i>		<i>of which vs. related parties</i>
Revenue	9,429		8,694	
<i>of which non-recurring</i>	68		326	
Raw materials and consumables used	(3,149)	(16)	(3,278)	(12)
Sundry services	(1,556)		(1,500)	
<i>of which non-recurring</i>	(24)			
Third-party goods	(93)		(62)	
Personnel costs	(3,283)	(30)	(2,832)	(10)
<i>of which non-recurring</i>	(107)			
Other provisions and costs	(462)		(399)	
<i>of which non-recurring</i>	(8)		(55)	
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>	<b>886</b>		<b>623</b>	
Amortisation, depreciation and write-downs	(563)		(533)	
<b>Operating profit/(loss)</b>	<b>323</b>		<b>90</b>	
Financial expenses	(383)	(108)	(466)	(111)
<i>of which non-recurring</i>	(13)		-	
Financial income	8		40	
<i>of which non-recurring</i>	7		40	
<b>Profit/(loss) before tax</b>	<b>(52)</b>		<b>(336)</b>	
Income tax	(59)			
<b>NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>(111)</b>		<b>(336)</b>	
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(111)</b>		<b>(336)</b>	
<i>of which Net Profit/(Loss) attributable to Pierrel shareholders</i>	<i>(111)</i>		<i>(336)</i>	

(\* of which € 207 thousand for net notional expenses (net notional expenses of € 286 thousand at 30 June 2018)

## Interim consolidated cash flow statement

<i>(€ thousands)</i>	First half of 2019	First half of 2018
<b>Net profit/(Loss) for the financial year</b>	<b>(111)</b>	<b>(336)</b>
Amortisation and depreciation	562	533
Provisions and write-downs	(9)	(89)
Other (gain)/Loss on assets	8	23
(Gain)/Loss from sale of RELIEF shares	5	(40)
Net financial expenses*	355	426
Movement in inventories	236	(134)
Movement in trade receivables	1.805	773
Movement in trade payables	(1.104)	(1.117)
Net movement in other current assets and liabilities	(481)	(147)
Movement in employee benefits	28	(2)
<b>Cash flow used in operating activities</b>	<b>1.294</b>	<b>(110)</b>
Outflow for the acquisition of tangible assets	(1.916)	(352)
Outflow for the acquisition of intangible assets	(198)	(101)
Cash proceeds from sale of Relief shares	89	143
Outflow for investments in other non-controlling interests	-	(8)
<b>Net cash flow used in investment activities</b>	<b>(2.025)</b>	<b>(318)</b>
Increase medium/long-term loans	81	-
Increase short-term loans	817	689
Repayment of short-term loans	(1.937)	(1.427)
Stockholders' advance payment for share capital increase in cash	-	600
Paid net financial expenses	(134)	(112)
<b>Cash flow from financing activities</b>	<b>(1.173)</b>	<b>(250)</b>
<b>TOTAL CASH FLOW FOR THE YEAR</b>	<b>(1.904)</b>	<b>(678)</b>
Net cash and cash equivalents at the start of the year	9.828	1.850
Total cash flow for the year	(1.904)	(678)
Exchange effect	(9)	(32)
<b>Net cash and cash equivalents at the end of the year</b>	<b>7.915</b>	<b>1.140</b>

*(\*) of which € 207 thousand for net notional expenses (net notional expenses of € 286 thousand at 30 June 2018)*



\* \* \*

**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.

**For further information:**

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