



PRESS RELEASE

MEETING OF THE BOARD INTERIM FINANCIAL REPORT OF DIRECTORS OF PIERREL S.P.A.

- **Approval of the interim financial report of the Pierrel Group at 30 June 2018, including the Pierrel condensed consolidated interim financial statements at 30 June 2018**
 - Consolidated results at 30 June 2018:**
 - **Revenues of € 8.7 million** (showing an increase of some 46% compared to 30 June 2017, when they were some € 6.0 million).
 - **EBITDA positive for about € 0.6 million** (showing a marked improvement compared to 30 June 2017, when it was negative for about € 0.9 million).
 - **EBIT positive for about € 0.1 million** (showing a marked improvement compared to 30 June 2017, when it was negative for about € 1.4 million).
 - **Consolidated net loss of about € 0.3 million** (showing a marked improvement compared to 30 June 2017, when the consolidated net loss of the Pierrel Group was about € 4.5 million).
 - **Consolidated net financial debt of about € 11.7 million** (showing a worsening of some 2% compared to 31 December 2017, when it was about € 11.4 million).
 - **Cash and cash equivalents of about € 1.1 million** (down 38% compared to 31 December 2017, when they were approximately € 1.9 million).
- **The main economic and financial objectives of the Pierrel Group for 2018 have been confirmed**
- **The dates for the Stock Exchange offer of the non exercised rights related to the capital increase resolved by the Shareholders' Meeting of Pierrel S.p.A. Of 22 November 2017 have been set. The option rights will be offered during the meetings of 3, 4, 5, 6 and 7 September 2018**

Capua, 29 August 2018 – The Board of Directors of Pierrel S.p.A. (“**Pierrel**” or the “**Company**”) meeting today has revised and approved the **interim financial report of the Pierrel Group at 30 June 2018**, including the **Pierrel condensed consolidated interim financial statements at 30 June 2018**.

Below is a brief description of the results of the Pierrel Group and of the Company at 30 June 2018.

Consolidated results at 30 June 2018

The Pierrel Group closed the first half of 2018 with **consolidated revenue** of € 8.7 million, up by around 46% on the € 6.0 million recorded for the same period of 2017, and a **positive consolidated EBITDA (gross operating result)** of about € 0.6 million, an improvement with respect to the same period of the previous year, when it was negative for about € 0.9 million. The significant increase in consolidated revenue recorded in the first half of 2018 compared to the same period of 2017 is due to the combined effect of the increase of the volume produced and invoiced compared to the same period of the previous year and of the sales prices charged to customers, in particular, on the North American market and in Russia. This increase coincided with an increase in production costs to a less than proportional extent, confirming the progressive work towards efficiency, with a consequent positive effect on the gross operating result.



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

The **Holding Division** recorded a negative EBITDA for the first half of 2018 of around € 0.7 million, substantially in line with the forecasts and improved with the figure for the same period of the previous year, when it was negative for about € 0.8 million.

The **CMO Division** posted total sales, before intercompany eliminations, of €7.8 million for the first half of 2018, in line with the forecasts and a sharp improvement on the figure for the same period of 2017, when it was around €5.5 million. The increase in total sales is due both to higher sales linked to the manufacturing business on behalf of third parties and to the increase in sales to the subsidiary Pierrel Pharma.

The EBITDA of the CMO Division in the first half of 2018, also before intercompany eliminations, was positive for about €1.2 million, in line with the forecasts and a sharp improvement on the figure for the same period of 2017, when the figure was essentially breakeven.

The **CMO Division** posted total sales, before intercompany eliminations, of €4.7 million for the first half of 2018, in line with the forecasts and an improvement of around 53% with respect to the figure recorded on 30 June 2017, when it was around €3.0 million. The increase in revenues was supported by the policy of expanding sales in Russia and, more significantly, by the sales of Orabloc® on the US market, by the distributors of the Pierrel Group. Based on information supplied to the Company by its distributors, at 30 June 2018 the Pierrel Group dental anesthetic holds a market share of approximately 20% of the US market of dental anesthetics with articaine.

The EBITDA of the Pharma Division in the first half of 2018, also before intercompany eliminations, was positive for about €0.6 million, in line with the forecasts and a sharp improvement on the figure for the same period of 2017, when it was positive for about €0.3 million.

The Pierrel Group recorded a positive **EBIT (operating result)** at 30 June 2017 of €0.1 million, after amortisation of around € 0.5 million, a sharp improvement on the figure of 30 June 2017, which was a negative €1.4 million, after amortisation of around €0.6 million.

In addition, it is noted that the Pierrel Group at 30 June 2018 recorded **net financial expenses of €0.4 million** (net financial expenses of €3.1 million at 30 June 2017). This item also includes **net notional financial income** from discounting and from currency adjustment, totaling around **€0.3 thousand**, 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 June 2018, by way of interest and capital stock.

In light of all the above, at 30 June 2018 the Pierrel Group posted a **consolidated net loss of about €0.3 million**, a significant decrease compared to the consolidated net loss of € 4.5 million of 30 June 2017. The significant improvement in the result for the period compared to the first half of 2017 derives from the positive effects attributable to: (i) the gross operating result described above; and (ii) the significant reduction in financial expenses which, in the first half of 2017, included the negative effects, equal to around €3.2 million, resulting from the adjustment to the fair value of the amount of the investment in the then-controlled company Relief Therapeutics Holding AG.

At 30 June 2018, the **net financial debt** of the Group amounted to € 11.7 million, a slight worsening compared to 31 December 2017, when it amounted to €11.4 million and included a current financial debt of around €2.1 million (€2.6 million at 31 December 2017).

This deterioration is essentially due to the reduction in the liquid assets used to pay overdue trade payables.

At 30 June 2018, the Pierrel Group held **consolidated cash resources** of around €1.1 million, a decrease on the figure of €1.9 million at 31 December 2017.

At 30 June 2018, the companies of the Pierrel Group had not issued any bonds.



At 30 June 2018 the Group's **overdue debts** to suppliers amounted to around €1.7 million (around €2.7 million at 31 December 2017), those to social security institutions amounted to around €0.3 million (around €0.4 million at 31 December 2017), and those to the tax authorities amounted to some € 0.4 million (around €0.4 million at 31 December 2017).

During the third quarter of 2018, 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 2018 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 Half-Year Financial Report of the Pierrel Group at 30 June 2018 and have been subject to limited-scope audit by the independent auditors.

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 2018

At 30 June 2018, **Pierrel** reported revenue of €8.0 million, a sharp improvement on the €5.5 million achieved by the Company for the same period of 2017, and a positive **EBITDA** of €0.6 million, representing a sharp improvement on the negative figure of around €0.9 million at 30 June 2017.

At 30 June 2018, after having recognised amortisation of €0.5 million and net financial expenses of €0.3 million, the Company posted a **net loss** of €0.3 million, a marked reduction with respect to 30 June 2017, when the loss amounted to €4.2 million, after recognition of amortisation of €0.5 million and net financial expenses of €2.9 million. The reasons underlying the significant improvement in the result for the period are the same as described above in the part of this press release concerning the description of the consolidated results of the Pierrel Group at 30 June 2018.

The **net financial position** of the Company at 30 June 2018 was a debt of €7.0 million, substantially in line with the figure recorded by Pierrel at 31 December 2017.

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With reference to the main events occurred in the first half of 2018, please refer to the section "Significant events in the first half of 2018" of the Management Report included in the half-year condensed financial statements at 30 June 2018 of the Pierrel Group which will be made available to the public in the manner and terms provided for by law. It is also noted that, following the Inspection conducted by the Food and Drug Administration from 18 to 26 June 2018, the Capua production plant was once again confirmed to meet the stringent requirements of Current Good Manufacturing Practice (CGMP) of the US government agency for the purpose of authorizing the marketing of pharmaceutical products on the American market. This important result confirms the company's attention for the respect of the highest technological and professional standards for the production of pharmaceutical products, an aspect which is considered essential for the Pierrel Group to strengthen its presence in the already controlled markets and to enter new markets thanks to the Marketing Authorizations (AIC) already obtained and those being registered in different countries.



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Based on the results recorded by the Pierrel Group in the first half of 2018 and the orders already received from customers for delivery by 31 December 2018 of the Orabloc® anesthetic and the anesthetic to be realized 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 2018, as disclosed to the market on 28 February 2018, of consolidated gross revenues of around € 19.3 million and a positive consolidated EBITDA of around € 1.8 million.

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With reference to the capital increase for a maximum of €35 million resolved by the Company's Shareholders' Meeting of 22 November 2017, it should be noted that, as announced on 3 August 2018 (for further information, see the Press Release of 3 August 2018 available on the Website of the Company at www.pierrelgroup.com, Section *Press/Press Releases*), the Subscription period for the offer in option, started on 16 July 2018 and ended on 3 August 2018, these days inclusive, following the exercise of no. 26,859,057 option rights, was concluded with the subscription of n. 107,436,228 shares on offer, equal to 49.67% of the shares on offer, for a total equivalent value of €17,297,232.71, of which €5,200,000.00 subscribed by payments in cash and the remaining €12,097,232.71 subscribed by offset payment, for a corresponding amount, with part of the payments on the future capital increase already made to Pierrel by Fin Posillipo S.p.A. (shareholder exercising control over the Issuer) and Bootes S.r.l. (shareholder exercising a dominant influence over the Issuer).

The net cash proceeds, equal to the envisaged threshold of inseparability of € 5,200,000.00, together with those that the Company expects from the next phase of the Capital Increase, will be allocated to new investments to support the strategic growth as mentioned in the approved Plan.

In this regard, during the same meeting, the Company's Board of Directors also resolved that the related option rights not exercised during the period started on 16 July 2018 and ended on 3 August 2018 will be offered in the sessions of 3, 4, 5, 6 and 7 September 2018 (the "**Stock Exchange Offer**"), subject to early closure of the Offer on the Stock Exchange in the event of full sale of the unexercised rights.

All information relating to the Stock Exchange Offer will be communicated through a special notice that will be published in at least one national newspaper and on the Issuer's website at www.pierrelgroup.com.

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Pierrel Group's half-year financial report at 30 June 2018 approved by the Pierrel Board of Directors today and which includes the condensed consolidated half-year financial statements of Pierrel at 30 June 2018, 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, section Investor Relations/Financial Documents and at the Nis-Storage authorized storage mechanism (www.emarketstorage.com) according to the terms and procedures of the law.

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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 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 half-year financial statements of Pierrel at 30 June 2018, as reported in this press release, corresponds to the documented results, accounting records and accounting entries of the company.

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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 at 30 June 2018. 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.

In line with the CONSOB Communication no. 0092543 of 3 December 2015 and with the recommendations in the Guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA) pursuant to Regulation no. 1095/2010/EU, below is the meaning of the "alternative performance indicators" indicated in this press release:

- “**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;
- “**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;
- “**Net financial debt**” is an indicator of the financial structure of the 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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The interim consolidated balance sheet, the interim consolidated income statement and the interim consolidated cash flow statement of the Pierrel Group at 30 June 2018 are shown below.

Attività

(euro migliaia)	30 giugno 2018		31 dicembre 2017	
		<i>di cui parti correlate</i>		<i>di cui parti correlate</i>
Immobilizzazioni immateriali	1.421		1.403	
Immobilizzazioni materiali	10.095		10.216	
Immobilizzazioni finanziarie	141		133	
Crediti e altre attività non correnti	4		4	
Imposte anticipate	5.275		5.275	
Attività non correnti	16.936		17.031	
Rimanenze	3.003		2.780	
Crediti commerciali	2.468		3.241	
Crediti tributari	46		46	
Altre attività e crediti diversi correnti	507		799	
Disponibilità liquide e mezzi equivalenti	1.140		1.850	
Attività finanziarie destinate alla vendita (AFS)	378		478	
Attività correnti	7.542		9.194	
TOTALE ATTIVITA'	24.478		26.225	

Passività e Patrimonio Netto

(euro migliaia)	30 giugno 2018		31 dicembre 2017	
		<i>di cui parti correlate</i>		<i>di cui parti correlate</i>
Capitale sociale	50		50	
Riserve	2.804		4.720	
Utile/(Perdita) del periodo	(336)		(2.516)	
Patrimonio netto consolidato	2.518		2.254	
Benefici ai dipendenti	348		350	
Passività finanziarie non correnti	10.705	4.692	10.726	4.692
Debiti tributari non correnti	84		101	
Altre passività e debiti diversi non correnti	1.043		1.375	
Passività non correnti	12.180		12.552	
Debiti commerciali	3.370	14	4.486	16
Passività finanziarie correnti	2.134	884	2.566	646
Debiti tributari correnti	122		121	
Altre passività e debiti diversi correnti	4.154	10	4.246	35
Passività correnti	9.780		11.419	
TOTALE PASSIVITA'	21.960		23.971	
TOTALE PASSIVITA' E PATRIMONIO NETTO	24.478		26.225	

Conto economico separato consolidato intermedio

<i>(euro migliaia)</i>	30 giugno 2018		30 giugno 2017	
		<i>di cui parti correlate</i>		<i>di cui parti correlate</i>
Ricavi	8.694		5.967	
<i>di cui non ricorrenti</i>	326		92	
Materie prime e materiali di consumo utilizzati	(3.278)	(12)	(2.280)	
Costi per servizi e prestazioni	(1.500)		(1.575)	(23)
<i>di cui non ricorrenti</i>			(111)	
Costi per godimento beni di terzi	(62)		(56)	
Costo del personale	(2.832)	(10)	(2.414)	(18)
Altri accantonamenti e costi	(399)		(506)	
<i>di cui non ricorrenti</i>	(55)			
Risultato prima di ammortamenti, oneri finanziari e imposte	623		(864)	
Ammortamenti e svalutazioni	(533)		(524)	
<i>di cui non ricorrenti</i>				
Risultato operativo	90		(1.388)	
Oneri finanziari ^(*)	(466)	(111)	(345)	(7)
Riduzione durevole di valore delle Attività finanziarie disponibili per la vendita ("AFS")	-		(3.230)	
<i>di cui non ricorrenti</i>			(3.230)	
Proventi finanziari	40		487	
<i>di cui non ricorrenti</i>	40			
Risultato prima delle imposte	(336)		(4.476)	
Imposte sul reddito del periodo				
UTILE/(PERDITA) NETTA DEL PERIODO DERIVANTE DA ATTIVITA' OPERATIVE	(336)		(4.476)	
UTILE/(PERDITA) NETTA DEL PERIODO	(336)		(4.476)	
<i>di cui Utile/(Perdita) netta di competenza degli azionisti Pierrel</i>	(336)		(4.476)	

(*) di cui circa Euro 286 migliaia relativi ad oneri figurativi netti (proventi figurativi netti pari a circa Euro 483 migliaia al 30 giugno 2017)

Rendiconto finanziario consolidato intermedio

<i>(euro migliaia)</i>	30 giugno 2018	30 giugno 2017
Utile / (Perdita) netta	(336)	(4.476)
Ammortamenti	533	524
Accantonamenti e svalutazioni	(89)	(26)
Altre (Plusvalenze)/Minusvalenza su immobilizzazioni	23	-
(Plusvalenza) vendita azioni RELIEF	(40)	-
Rigiro Riserva AFS a conto economico per svalutazione direvole Relief	-	1.728
Variazione imposte	-	11
Oneri finanziari netti *	426	1.360
Variazione rimanenze	(134)	(400)
Variazione crediti commerciali	773	1.526
Variazione debiti commerciali	(1.117)	(1.104)
Variazione netta altre attività e passività correnti	(147)	35
Variazione netta altre attività e passività non correnti	-	3
Variazione benefici ai dipendenti	(2)	(6)
Flusso monetario netto utilizzato in attività operativa	(110)	(825)
Uscite per acquisto di beni materiali	(352)	(431)
Uscite per acquisto beni immateriali	(101)	(57)
Proventi per cassa di vendita azioni Relief	143	953
Uscite per investimenti in altre partecipazioni di minoranza	(8)	(20)
Flusso monetario netto utilizzato in attività di investimento	(318)	445
Incremento finanziamenti a breve termine	689	390
Rimborso quote finanziamenti a breve termine	(1.427)	(2.741)
Versamenti in conto futuro aucap eseguiti in denaro	600	2.000
Oneri finanziari netti pagati	(112)	(132)
Flusso monetario da attività di finanziamento	(250)	(483)
FLUSSO MONETARIO TOTALE DEL PERIODO	(678)	(863)
Disponibilità liquide nette all'inizio del periodo	1.850	1.108
Flusso monetario totale del periodo	(678)	(863)
Effetto cambi	(32)	47
Disponibilità liquide nette alla fine del periodo	1.140	292

() di cui circa Euro 286 migliaia relativi ad oneri figurativi netti (proventi figurativi netti pari a circa Euro 483 migliaia al 30 giugno 2017)*



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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, 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.

For further information:

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