Cosmo reports exceptional profits and beats guidance by 18 months

Luxembourg, Luxembourg – 30 July 2015 – Cosmo Pharmaceuticals S. A. (SIX: COPN) announced today its half-year results for the period ended 30 June 2015.

Highlights

- IPO of Cassiopea S.p.A. (formerly Cosmo's skin division) generated profits of EUR 258.5 million
- Prescriptions written for Uceris® increased by 22.7% year on year
- FDA approval of SIC 8000 is expected in August/September
- Methylene Blue MMX® phase III clinical trials have been accelerated with 4 additional sites recruiting and 6 more sites scheduled to initiate recruiting
- Rifamycin SV MMX® phase III clinical trials in Latin America are moving slower than expected
- Zacol® received the CE approval and can now be marketed across Europe
- The change of seat to Luxembourg was completed on March 18, 2015

Alessandro Della Chà, CEO of Cosmo Pharmaceuticals, commented: "I am very pleased with these results because we basically achieved, in the first half of 2015, the results we were expecting for the cumulative 2015 and 2016; and, furthermore, without licensing or disposing of any of the gastro assets that were foreseen to have generated those results. The IPO of Cassiopea is an important step in transforming our products into equity investments, while we continue focusing on development and manufacturing. In the meanwhile, all our clinical programs are progressing well and we are working on a series of new ideas that could continue feeding our pipeline. Uceris® is performing well in the markets after the inventory has been brought back to normal levels and net sales in the second quarter again reached US$ 24 million. It is my intention to propose to share the benefits of this exceptional performance with our shareholders next year".

On 30 June the IPO of Cassiopea S.p.A. was priced and launched. Cosmo, after the quick exercise of the green-shoe on 6 July, reduced its shareholding to 4,508,987 shares or 45.1%. Net of all expenses and investments this transaction generated a profit of EUR 258.5 million.

Total assets increased by 99.7% to EUR 450.5 million with the greatest part of the increase related to the proceeds of the Cassiopea transaction and the valuation of the investment in Cassiopea.

The two prescription products in the market, Uceris® and Lialda® both improved their market position. Year on year Uceris® prescriptions increased by 22.7% and, as the inventory issues left by Salix were cleared, sales in the second quarter again increased to US$ 24 million. Lialda® has a market leading 31% of the 5 ASA market in the US. 145.2 million tablets were delivered to Shire, an increase of 6.5%. In comparison to 2014 however revenues from Lialda® declined because the royalty cap was reached in mid 2014. Overall revenues declined by 51.3% to EUR 20 million as Valeant reduced manufacturing orders of Uceris® to absorb inventory and last year a one-off commercial milestone of US$ 5 million for Uceris® was paid.

Net operating expenses increased by 64.3% to EUR 43.5 million. The overwhelming part of this increase, namely EUR 16.6 million, is due to an accrual created for the management incentive plan approved last year. Excluding this item, net operating expenses would have increased by 1.7%. Total personnel employed increased by 1.7% to 182 persons.

Profit after taxes increased by 209.2% to EUR 237.5 million. The basic profit per share, dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the period increased by 216.7% and reached EUR 16.84.

In the first half of 2015 the Company completed all the necessary steps related to the seat transfer to Luxembourg including the re-offering of shares that had been purchased in the withdrawal. Consequently 2,867 treasury shares were resold to shareholders and total treasury shares held declined to 315,447 shares. Total interest bearing debt declined by 8.8% to EUR 10.0 million. The equity ratio consequently increased from 67.5% to 87.0%.

Key consolidated financial figures

In EUR million (with the exception of the share data in EUR)		
	1H 2015	**1H 2014**
Revenue	20.0	41.1
Cost of sales	(11.1)	(10.1)
Research and development expenses	(13.2)	(9.2)
Selling, general and administrative expenses	(19.2)	(7.2)
Net operating expenses	(43.5)	(26.5)
Net result from disposal of controlling interests	258.5	-
Operating result	235.0	14.6
Financial income	9.5	66.8
Financial expenses	(4.3)	2.0
Profit before taxes	240.2	79.4
Profit after taxes for the period	237.5	76.8
Profit per share	16.84	5.32

	30.6.2015	31.12.2014
Cash and cash equivalents	42.1	34.1
Other current assets & receivables	176.6	36.6
Financial assets	41.9	120.8
Investments in associates	159.9	-
Other non current assets	30.8	34.1
Total assets	450.5	225.6
Liabilities	58.7	73.3
Equity attrib. to owners of the company	391.7	152.3

The Half-Year Report 2015 with further information was published on 30 July 2015, 7am CET, and is available for download at:

http://www.cosmopharma.com/ir/first-half.aspx

Outlook
Previous guidance had foreseen a profit before tax of EUR 90 million for 2015 and EUR 179 million for 2016. The Cassiopea IPO has generated substantial profits that were not included in this guidance. Any transaction related to GI assets, foreseen in prior guidance, is likely to be delayed so to favour completion of value creation in-house. For the second half of 2015 Management foresees revenues from Uceris® to return to expected trends. Profit before tax is expected at around EUR 242 million for the entire year. From a clinical development perspective Management is looking forward to the end of the phase III clinical trial of Methylene Blue MMX® and the successful completion of the regulatory process for SIC 8000.

Half year 2015 results conference call at 10:30 am CEST on 30 July 2015
Alessandro Della Chà, CEO, Luigi Moro, CSO, and Chris Tanner, CFO, will present the half year results and discuss the outlook for 2015 at a conference call to be held today at 10:30 am CEST.

The dial-in numbers:

+41 (0)58 310 50 00	Continental Europe
+44 (0) 203 0595 862	UK
+1 (1)631 570 5613	USA

The presentation is available for download at:
http://www.cosmopharma.com/ir/presentations.aspx

About Cosmo Pharmaceuticals
Cosmo is a specialty pharmaceutical company that aims to become a global leader in the field of optimized therapies for selected Gastrointestinal and topically treated Skin Disorders. The company's proprietary clinical development pipeline specifically addresses innovative treatments for IBD, such as Ulcerative Colitis and Crohn's Disease, and Colon Infections. In addition, the Company is developing a diagnostic for the detection of colon cancer and a medical device for polyp excision as well as a new chemical entities that are being developed by the associate company Cassiopea SpA for the topical treatment of skin diseases. Cosmo's MMX® products that have reached the market are Lialda®/Mezavant®/Mesavancol®, a treatment for IBD that is licensed globally to Giuliani and Shire Limited and Uceris®, the first

glucocorticosteroid indicated for the induction of remission in active, mild to moderate ulcerative colitis, licensed in US to Salix and in the Rest of the World except for Japan to Ferring as Cortiment®. Cosmo's proprietary MMX® technology is at the core of the Company's product pipeline and was developed from its expertise in formulating and manufacturing gastrointestinal drugs for international clients at its GMP (Good Manufacturing Practice) facilities in Lainate, Italy. The technology is designed to deliver active ingredients in a targeted manner in the colon. For further information on Cosmo, please visit the Company's website: www.cosmopharma.com

Next events

Full-year results 2015 reporting	25 March 2016
Annual General Meeting	22 April 2016

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