

Results note: Year 2012

Following the divestment of Naturex and the full repayment of the debt

Natraceutical is now fully focused in Forté Pharma after closing 2012 with a clear operating improvement

- After the positive performance of Forté Pharma's sales in the last three quarters of 2012, Natraceutical closed the year with a turnover of 29.93 M€ compared to 29.48 M€ the previous year (+1.5%).
- The business improvement policies throughout the year allowed the company to place its profit from operations at 0.13 M€ compared to the negative result of 16.68 M€ at the end of 2011. The 2011 figure includes the negative extraordinary impact of goodwill impairment. Excluding this, adjusted profit from operations for 2011 would have stood at negative 5.33 M€, which shows the relevant recovery of the business in 2012.
- Natraceutical closed 2012 at breakeven point compared to a profit of 16.06 M€ in 2011, after posting last year an extraordinary accounting profit of 23.29 M€ from its stake in Naturex.
- In December 2012 Natraceutical completed the divestment of its stake in Naturex, which allowed the early termination of its full syndicated loan. Additionally, Natraceutical closed the year with a cash position of 16.44 M€. The cancellation of the bank debt will result in a reduction of financial costs of around 4.5 M€ in 2013.

1.- Business performance

The market

The food supplement industry in France, Forté Pharma's main market, grew by 4.0% in 2012. This was the second consecutive year of positive developments in this market, mainly driven by a return to positive results in 2011 and 2012 of the Health segment, the market's main category.

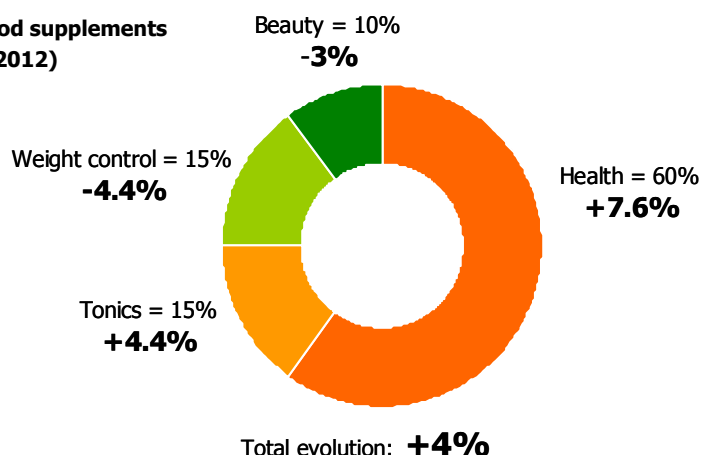
Other relevant factors were the positive evolution of the Tonics segment, which presented a growth of 4.4% in 2012, and the reversal of the Weight Control category which, after falling between 10-20 % in the years 2010-2011, closed 2012 with a more moderate contraction of 4.4%. The Beauty segment ended the year with a decrease of 3%, after falling 5.5% and 9% in the two previous years, respectively.

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Split and evolution of the food supplements market in France (in value, 2012)



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In the fourth quarter of 2012, Natraceutical, which now focuses all its activity in Forté Pharma, maintained the positive trend in the turnover evolution as in the previous two quarters.

After the decline in sales of 19.5% in the first quarter, the company showed a recovery in turnover of 3.5% and 8.7% in the following two quarters respectively. This trend was again confirmed in the fourth quarter, with a sales increase of 44.7% compared to the months of October to December 2011.

This significant year-end evolution allowed Natraceutical to close the year with a turnover of 29.93 million euro, an increase of 1.5% from the previous year and after a decline of 24.1% in 2011. There should be recalled that the still high concentration of sales around the weight control campaign leads 60% of the turnover to take place in the first half of the year.

Turnover evolution by quarters (in million euro)

	2012					2011									
	Q1	Q2	Q3	Q4	2012	Q1	Q2	Q3	Q4	2011					
Turnover	9,47	-19,5%	7,39	3,5%	6,73	8,7%	6,34	44,7%	29,93	1,5%	11,77	7,14	6,19	4,38	29,48

By product categories

By product categories, Weight Control remains Forté Pharma's largest segment, responsible for 66.3% of the company's sales. However, in 2012 the company continued to drive the development its Health range, with the aim of increasing its presence in the largest and most dynamic segment in Europe, while balancing the seasonality of sales along the year.

As part of this strategy, Forté Pharma launched six new products in 2012, four of which in the Health range, one in Weight Control and one in Beauty. Also, two OTC products were first launched taking advantage of Forté Pharma's license as pharma laboratory.

The Weight Control category showed a sales increase of 60% in the fourth quarter stand, after a decline of 11.8% in the first nine months of the year. This evolution led to reduce the year's decline in sales of this category to 5.8%.

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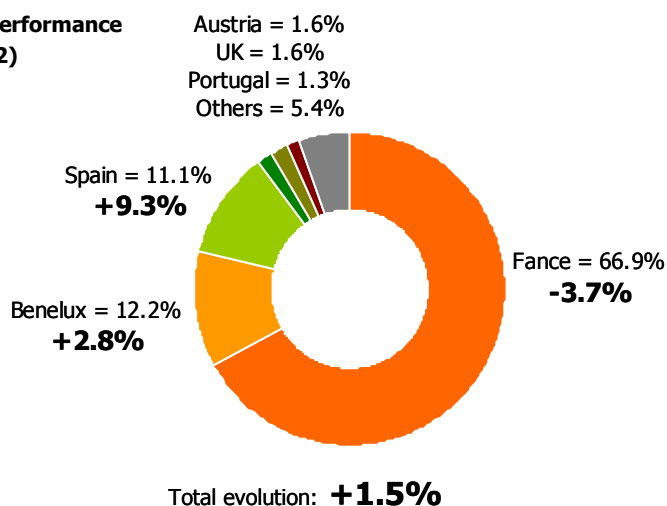
Meanwhile, the Health and Beauty segments, together representing 38.1% of Forté Pharma's turnover, concluded the year with growths of 15.3% and 12.3% respectively, compared to the previous year.

It must be highlighted that all Forté Pharma's product portfolio complies with new European regulations on health claims, which came into force in December 2012.

By markets

By geographical markets, in 2012 France brought 66.9% of the company's total turnover. This market presented a clear improvement in the second half of the year, with increases of 11.2% and 28.4% in the third and fourth quarter respectively. This was mainly thanks to the activity in the Tonics, Vitamins and Health ranges, which enabled the company to contain the decline in sales to 3.7% for the whole year, after declines of 23.9% and 1.2% in the first and second quarters, respectively.

Sales split by countries and performance of the relevant markets (2012)



Meanwhile, export markets showed a growth of 12.1%, again strongly driven by the excellent performance in the last quarter stand.

Benelux, Forté Pharma's second market, which accounted for around 12% of turnover, ended the year with a recovery of 2.8%. Most notable was the evolution of Spain, Forté Pharma's third market, with 11% of turnover, which ended 2012 with a growth of 9.3%. In this latter market, the company improved its position in all distribution channels (pharmacy, drugstores, retail distributors and key accounts), while the total industry decreased around 10% in the country.

Among the smaller markets, significant progress of United Kingdom, which ended the year with a growth of 35.7% and managed to position itself as a third country of export in less than two years. Currently, Forté Pharma is present in Boots, Lloyds and Superdrug.

Finally, the improvement of the Business led Forté Pharma to restart trade relations with countries that had not been considered a priority in the last years, as Greece, Morocco, Tunisia and the French-speaking islands of the Pacific and the Caribbean.

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Operating result

Natraceutical defined in 2011 a cost-efficiency plan mainly focused on Forté Pharma's sales force and the media strategy.

This plan will have resulted in savings of 14% between 2011 to 2013 in terms of personnel costs and a 30% reduction in media and marketing investment, placing it around 20% of sales in 2012.

Along with the sales recovery, business optimization policies enabled the company to close 2012 with a profit from operations of 0.13 million euro, compared with a negative result of 16.68 million euro last year. The 2011 figure includes the negative extraordinary impact of the goodwill impairment. Excluding this, adjusted operating result for 2011 would have stood at negative 5.33 million euro, which shows the relevant recovery of the business in 2012.

It is worth remembering that the start of the sales campaign to consumers in the Weight Control category in the second quarter (spring) and the Health range in the fourth quarter (autumn) imply higher advertising investment in those quarters.

Evolution of Natraceutical's operating results by quarters (in million euros)

	2012					2011									
	Q1	Q2	Q3	Q4	2012	Q1	Q2	Q3	Q4	2011					
Turover	9,47	-19,5%	7,39	3,5%	6,73	8,7%	6,34	44,7%	29,93	1,5%	11,77	7,14	6,19	4,38	29,48
EBITDA	1,82		-0,74		0,70		-0,92		0,86		1,10	-2,02	0,28	-3,50	-4,14
Operating result	1,62		-0,90		0,57		-1,16		0,13		0,87	-2,41	0,00	-3,80	-5,34

2011 EBITDA and Operating Result have been normalized for comparison purposes, not collecting the extraordinary negative impact of 11.34 M€ from the goodwill impairment.

Shareholding in Naturex

On December 5, 2012 Natraceutical announced the last divestment of its stake in the French multinational Naturex.

This was the end of a process that began in late 2009 with the integration of Natraceutical's Ingredients Division in French multinational Naturex, through which Natraceutical became its main shareholder and led the financial and business reorganization in Natraceutical.

From the corporate transaction with Naturex and subsequent shareholding divestments, Natraceutical will have obtained a total income of 149.25 million euro.

At the close of 2011, the stake in Naturex was recorded at market value. This accounting change led in 2011 to accounting profits amounting to 23.07 million euro, in addition to the result of 5.47 million euro for the equity shareholding in the French company prior to the accounting change and 9.56 million euro capital gains from the sale of shares.

In 2012, the stake in Naturex provided a total positive result of 3.32 million euro.

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2.- Financial debt

Following the integration of Natraceutical's Ingredients Division in Naturex in December 2009, in April 2010 Natraceutical announced the refinancing of its debt, for a total amount of 77.90 million euro, through a syndicated loan with a single maturity in April 2013.

Both events allowed the company to focus its efforts on the development of the Food Supplements Division, with Forté Pharma as its umbrella brand of weight control, health and beauty lines sold exclusively in pharmacy and pharmacies, primarily in Europe.

Throughout the year 2011, Natraceutical partially cancelled the syndicated loan for a total amount of 26.47 million euro, through some divestments in Naturex. The company continued to reduce significantly its debt throughout 2012, with its final cancellation in December as well as some credit balances with its parent company Natra, amounting to 10,1 million euro.

After the full debt repayment, Natraceutical maintains only some bank financing amounting 1.5 million euro related to Forté Pharma's business and the company closed the year with a cash position of 16.44 million euro, mostly recorded in the company's balance sheet under "Other current investments."

The cancellation of the syndicated loan will allow Natraceutical to reduce very significantly its financial costs in 2013, from 4.81 million euro at the end of 2012 to around 0.13 million euro expected for 2013, which shall be compensated by financial incomes from the cash position.

3. - Results of the year

The final capital gains from the divestment in Naturex and positive results from income taxes led Natraceutical to offset the cost of debt for the year. This, together with the significant recovery of the business operations (operating result of 0.13 million euro compared with a loss of 16.68 million euro in 2011) led to a breakeven result for 2012. In 2011 Natraceutical's net profit stood at 16.07 million euro after extraordinary gains of 23.29 million euro from the change in accounting of its shareholding in Naturex.

4.- Year 2013

In view of Forté Pharma's business evolution in the last three quarters of 2012 and of the industry as a whole, in 2013 Forté Pharma will focus its major efforts in increasing its presence in points of sales in its three main markets, while maintaining a strict control of the cost structure.

Any volumes improvement with an organizational structure ready to support this growth will allow Natraceutical enjoy an operating leverage and a simultaneous improvement in margins.

Also, the drastic drop in financial costs following the cancellation of the company debt will be an additional boost for a year, which Natraceutical faces with optimism.

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5.- Natraceutical's Consolidated Balance Sheet on December 31, 2012

<i>(in thousand euros)</i>	31/12/2012	31/12/2011
ASSETS		
Non-current assets:		
Intangible assets	59.515	59.720
Tangible assets	281	318
Other non-current investment	149	676
Deferred tax assets	3.199	2.736
TOTAL NON-CURRENT ASSETS	63.144	63.450
Current assets:		
Inventories	2.786	2.343
Accounts receivables, trade	4.462	6.137
Intercompany Accounts Receivables	152	0
Financial assets at fair valur with changes in profit and loss	0	82.781
Other current investments	15.544	0
Tax receivables	1.063	1.460
Other current assets	473	0
Assets held for sale	8.492	8.492
Cash and cash equivalents	1.943	714
TOTAL CURRENT ASSETS	34.915	101.927
TOTAL ASSETS	98.059	165.377
EQUITY AND LIABILITIES		
TOTAL EQUITY	86.753	86.590
Non-current provisiones	253	169
Non-current liabilities		
Other bank borrowings	0	10.137
Derivate financial instruments	0	525
Other non-current liabilities	257	591
Deferred tax liabilities	1	530
Intercompany	0	6.928
TOTAL NON-CURRENT LIABILITIES	258	18.711
Current liabilities		
Current allowances	0	585
Payable to credit institutions	1.467	46.657
Intercompany	88	0
Trade accounts payable	6.456	10.444
Other current financial liabilities	59	1.224
Other current liabilities	1.489	0
Tax liabilities	1.236	997
TOTAL CURRENT LIABILITIES	10.795	59.907
TOTAL EQUITY AND LIABILITIES	98.059	165.377

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6.- Natraceutical's Consolidated Profit and Loss account

<i>(in thousand euros)</i>	2012	2011
Net business turnover	29.926,0	29.485,0
Changes in inventories of finished goods an work in progress inventories	107,0	-2.904,0
Procurements	-8.062,0	-4.927,0
Other operating income	164,0	285,0
Staff expenses	-8.219,0	-8.467,0
Depreciation allocation	-728,0	-1.197,0
Operating allowances	59,0	-375,0
Other operating expenses	-13.119,0	-17.233,0
Impairment of fixed assets	0,0	-11.343,0
Profit from operations	128,0	-16.676,0
Financial result	-4.647,0	-4.858,0
Currency exchange differences	166,0	107,0
Result from disposal of non current assets	3.353,0	9.494,0
Impairment losses and changes in fair value of financial instruments	0,0	23.072,0
Result of companies accounted for by the equity method	0,0	5.470,0
Profit before taxes	-1.000,0	16.609,0
Income tax	994,0	-543,0
Net result	-6,0	16.066,0

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Natraceutical channels its activity through Forté Pharma, a laboratory specializing in the development and marketing of food supplements in weight control, health and beauty segments sold exclusively in pharmacies and parapharmacies, mainly in Europe.

Natraceutical is quoted on the Spanish stock exchange's continuous market under the ticker NTC. Total shares in circulation: 328,713,946.

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For further information

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