

Results note: Year 2013

Solid organic growth

**Natraceutical closed 2013 with a net profit of 0.95 M€
compared with a loss of 0.01 M€ in 2012**

- The company ended the year with turnover of 31.37 M€, an increase of 4.8% over the previous year.
- The recovery in sales, combined with the strong operating leverage of Forté Pharma, favored an increase in Natraceutical's EBITDA of 198.8 % to 2.57 M€, compared with 0.86 M€ in 2012.
- The cancellation of the entire syndicated loan in December 2012 enabled the company to reduce the net figure between financial income and expenses from 4.65 M€ negative in 2012 to 0.15 M€ positive in 2013 and to end the year with profit before taxes of 2.09 M€ compared with a loss of 1.00 M€ at the end of 2012.

1.- Business performance

As a result of the total divestment of the stake in Naturex in December 2012, throughout the year 2013 Natraceutical's profit and loss account contained exclusively Forté Pharma's activity, a leading company in Europe in the food supplements industry sold in pharmacies and parapharmacies.

Following the severe contraction between 2009 and 2012 of the food supplements industry for weight control in France -Forté Pharma's main market segment-, the recovery of the industry since the last quarter of 2012 had a positive translation in the evolution of Natraceutical, which closed 2013 with sales of 31.37 million euro, an increase of 4.8% compared with 2012.

It is important to recall that the company is strongly developing the health and beauty ranges to balance its strong positioning in the weight control segment. Therefore, the first and third quarters of the year reflect the seasonality of the sales campaigns for weight control and health, respectively, while the second and fourth quarters concentrate the main advertising investments to support the sales of the pharmacy channel to final consumer. Specifically, the fourth quarter is often used by both Forté Pharma and pharmacies to adjust orders and marketing investments depending on the evolution of the industry throughout the year.

The recovery of revenues, along with the optimization of both the marketing strategy and the sales network in the last two years, currently enables Natraceutical to have a highly leverageable operating structure. This was evidenced in the improvement of the business profitability, with EBITDA at year end of 2.57 million euro, compared with 0.86 million euro at the end of 2012, an annual growth of 198.8%.

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Operating performance of Natraceutical 2012-2013

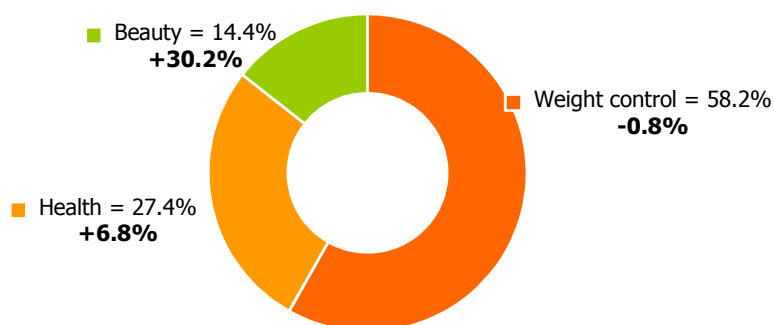
(in million euro)

	2012					2013					Evol.
	1Q	2Q	3Q	4Q	2012	1Q	2Q	3Q	4Q	2013	
Turnover	9,47	7,39	6,73	6,34	29,93	10,74	7,42	7,14	6,07	31,37	4,8%
EBITDA	1,82	-0,74	0,70	-0,92	0,86	2,94	-0,43	0,85	-0,79	2,57	198,8%
Result from operations	1,62	-0,90	0,57	-1,16	0,13	2,81	-0,54	0,73	-0,99	2,01	1446,2%

By product categories

In 2013 Natraceutical kept progressing in the diversification of its product portfolio through the health and beauty ranges, while protecting its leadership position in weight control in France.

Segmentation and evolution of Natraceutical's sales by product range, 2013 (31.37 M€, +4.8% vs 2012)



The moderate decline in turnover in the weight control range originated in bad weather conditions in France and Belgium in the second quarter, which slowed down sales of this category and caused some overstock in the pharma channel throughout the year.

On the contrary, the health and beauty ranges had a positive evolution and gained weight in the company's total sales supported by an excellent performance of the new product launches.

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At the end of 2013 Forté Pharma's product portfolio was composed of 45 references, 15 in the weight control range, 26 in the health range and 5 in beauty range. In line with the strategy to strengthen the health and beauty ranges, in 2013 the company introduced ten new products in its health range and one in its beauty range. Top performers in the health range were *Vitalité 4G Defenses* -to increase energy and natural body defenses- and *Protectan Cholestérol* -to regulate cholesterol levels, fight oxidative stress and regulate fat metabolism naturally.



Regarding the beauty range, *Expert Hyaluronic*, which was developed in 2012 and achieved number one in sales in 2013 in this range was followed last year by *Expert Keratin*, a hair product with bioactive keratin to restore hair strength and enhance brightness and color.

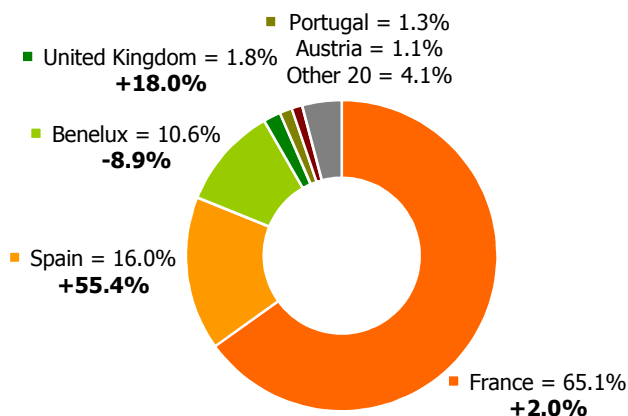


By markets

By geographical markets, France closed the three last months of 2013 with a moderate growth of 0.7% due to the aforementioned circumstances, which led it to end the year with total growth of 2.0% and a share in the company sales of 65.1%.

Meanwhile, the rest of the markets increased sales by 9.1% between October and December and closed 2013 with total growth of 10.6%.

Segmentation and evolution of Natraceutical's sales by countries, 2013 (31.38 M€ + 4.8% vs 2012)



Among the markets outside France, Spain remained the engine of this positive performance, with sales growth of 55.4% in 2013 and it established itself as the company's second largest market, with 16.0% of the business turnover.

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Spain's positive evolution contrasted with the 8.9% sales decline in Benelux, Natraceutical's third market, with 10.6% of the turnover. The main reason for this downturn was the effect of adverse weather on weight control sales, as already commented.

Finally, at the head of more recently established markets, UK achieved total growth of 18.0% over the year and 1.8% of the business sales.

After stabilization of the operating business recovery in 2013, the company keeps as a priority for the coming years the increase in turnover in its different markets.

2.- Operating leverage

Growth in turnover, together with a highly leverageable operating structure and the full outsourcing of production (resulting in low depreciations from capex investments) enabled Natraceutical to achieve 2.01 million euro in profit from operations in 2013, compared with 0.13 million euro the previous year.

This positive performance was mainly explained by an improvement in gross margin from 73.4% to 74.0%, a 7.3% decrease of personnel costs following some restructuring in 2012 and a 23.2% decrease of depreciations due to the termination of the amortization of the investment made in 2009 for the mechanization of the pick and pack line in Forté Pharma's warehouse, in France.

3.- Financial debt

After repaying the entire syndicated loan at the end of 2012, from January 2013 Natraceutical's bank financing is only linked to Forté Pharma's operations.

At the end of 2013, bank borrowings amounted to 1.63 million euro. However, net financial debt (calculated as bank borrowings less cash and highly liquid financial assets) resulted in a cash surplus of 2.93 million euro on December 31, 2013.

4.- Sale of Natraceutical Industrial, S.L.U.

On July 24, 2013 and as part of the transaction between Naturex and Natraceutical from December 2009, through which Naturex acquired Natraceutical's ingredients division, Natraceutical formalized the sale to Naturex of its subsidiary Natraceutical Industrial SLU, a remaining asset from the former ingredients division. Natraceutical Industrial was the owner, among other assets, of the production site in Valencia (Spain) that Naturex was renting since 2010.

The transaction amounted to 8.5 million euro, with a credit structure with maturity in June 2017. Standard guarantees were defined, which will reduce the final price in case potential contingencies materialize.

On the company's consolidated balance sheet, the assets subject to this transaction were registered under "Assets held for sale" at the end of 2012, while at 2013 year-end, the receivable after the execution of the sale agreement was registered under "Other non-current financial assets".

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5.- Net result

Natraceutical closed 2013 with net profit of 0.95 million euro compared with losses of 0.01 million euro in 2012.

This improvement was mainly explained by the significant recovery of the business operations and the lack of financial costs, even although the income statement of 2012 included a positive result of 3.35 million euro from the disposal of non-current assets (mainly related to the shareholding in Naturex).

6.- Consolidated profit and loss account of Natraceutical

<i>(in thousand euros)</i>	2012	2013
Revenue	29.926	31.370
Changes in inventories	107	56
Procurements	-8.062	-8.198
Gross margin	21.971	23.228
Other operating income	164	122
Personnel costs	-8.219	-7.617
Depreciation and amortization	-728	-559
Operating allowances	59	0
Other operating expenses	-13.119	-13.164
Impairment of fix assets		4
Profit from operations	128	2.014
Financial income	160	252
Financial costs	-4.807	-104
Exchange differences	166	-20
Result from disposal of non-current assets	3.353	-49
Profit before taxes	-1.000	2.093
Income tax	994	-1.140
Net result	-6	953

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7.- Consolidated balance sheet of Natraceutical

<i>(in thousand euros)</i>	31/12/2012	31/12/2013
ASSETS		
Non-current assets:		
Intangible assets	59.515	59.518
Property, plant and equipment	281	183
Investment in group and equity companies	0	0
Other non-current financial assets	149	8.646
Deferred tax assets	3.199	2.035
TOTAL NON-CURRENT ASSETS	63.144	70.382
Current assets:		
Inventories	2.786	2.574
Trade and other receivables	4.462	3.784
Intercompany accounts receivable	152	5
Other current financial assets	15.544	816
Tax receivables	1.063	845
Other current assets	473	800
Assets held for sale	8.492	0
Cash and cash equivalents	1.943	4.560
TOTAL CURRENT ASSETS	34.915	13.384
TOTAL ASSETS	98.059	83.766
EQUITY AND LIABILITIES		
Equity:		
Ordinary capital	32.871	32.871
Share premium	103.494	103.494
Retained earnings	-49.612	-60.748
TOTAL EQUITY	86.753	75.617
Non-current liabilities:		
Financial debt	0	0
Other non-current financial liabilities	257	0
Deferred tax liabilities	1	0
Non-current provisions	253	973
TOTAL NON-CURRENT LIABILITIES	511	973
Current liabilities:		
Financial debt	1.467	1.633
Intercompany	88	5
Trade and other payables	6.456	3.796
Other current financial liabilities	59	0
Other current liabilities	1.489	823
Tax liabilities	1.236	919
TOTAL CURRENT LIABILITIES	10.795	7.176
TOTAL EQUITY AND LIABILITIES	98.059	83.766

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Additionally, you can follow Forté Pharma on **Facebook** through <https://www.facebook.com/FortePharma?>

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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 sold exclusively in pharmacies and parapharmacies, mainly in Europe.

Natraceutical trades on the Spanish stock exchange under the ticker NTC. Total outstanding shares:328,713,946.

For further information

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