

Barcelona (Spain), July 26, 2018

RESULTS NOTE: FIRST HALF 2018

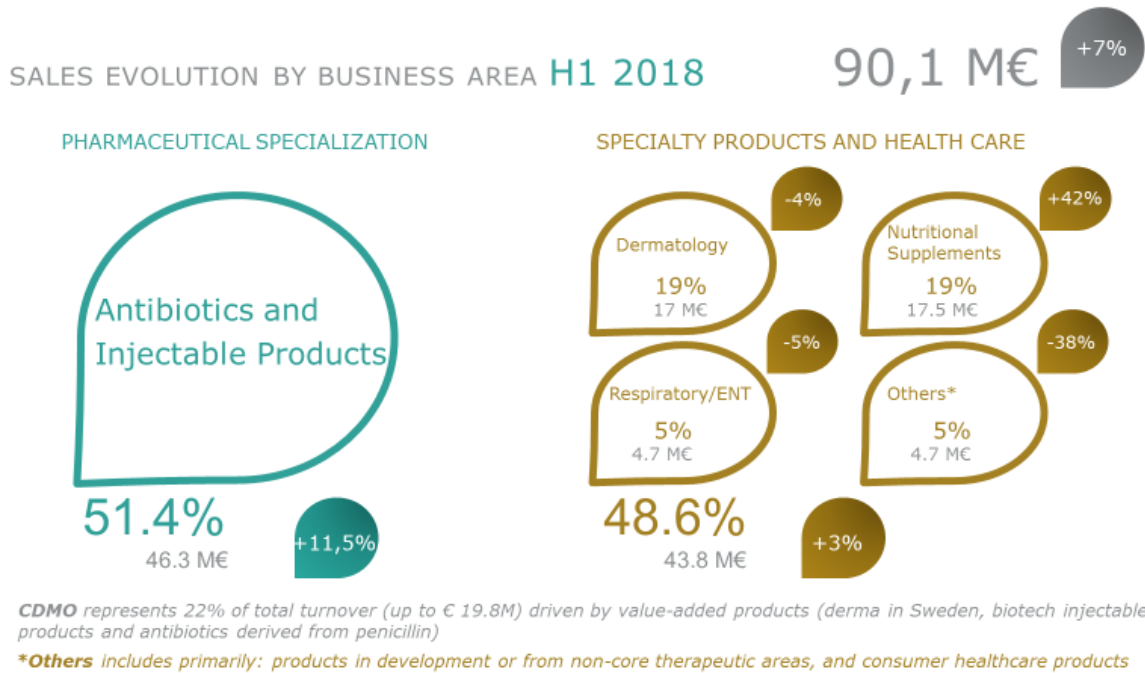
REIG JOFRE INCREASES SALES BY 7%, EBITDA BY 12,5% AND NET PROFIT BY 7,5% AT THE END OF JUNE

- The company reached €90.1 M in sales (+ 7%), driven mainly by the excellent growth of its nutritional supplements line in France (+ 42%) and the antibiotic and injectable products line (+ 11%)
- EBITDA stood at €7.6 M (+ 12.5%) and net result at €2.96 M, with 7.5% growth due mainly to the impact of higher amortizations
- Operating expenses increased 13% with respect to previous year, due mainly to the increase in marketing expenses of the nutritional supplements division by Forté Pharma's launch campaigns and higher R&D expenses
- Total investment in the first half amounted to €8 M. The investment in productive assets reached €5.6 M derived from the completion of the Toledo plant expansion; the start of the new facilities construction at the Barcelona plant; and the adaptation to the European Directive EU 2011/62 for the prevention of counterfeit medicines. Investment in R&D stood at additional €2.4 M
- The company's liquidity reduced due to the increase in investments and non-current assets. Net debt stood at €20.2 M from €18.3 M at the end of 2017
- A scrip dividend was distributed, which represented the issuance of 896,889 new shares, 1.4% outstanding shares more. Free float will increase more than 8% up to 15.8%



SALES EVOLUTION

Reig Jofre closed the first six months of the year with a **turnover** of 90.1 million euros, a growth of 7% compared to the first half of 2017.



During this period, the company's two business areas presented a positive evolution, with a very good performance of Forté Pharma's nutritional supplements unit, which provided the greatest growth in the company's divisions, thanks to the sales collected in France mainly, which positioned the brand as one of the main leaders in the segment of weight control.

The area of **pharmaceutical specialization** closed the first half of the year with a sales increase of 11.5%, up to 46.3 million euros, which represents 51.4% of the company's turnover at the end of June.

- The injectable products line showed an increase by 21% mainly driven by sales in Japanese market. While the antibiotics line recovered sales and registered an increase by 6%.



The area of **specialty products and health care** contributed 48.6% of the half's sales, with a turnover of 43,8 million euros and a growth of 3%.

- The nutritional supplements line of Forté Pharma, 19% of the Company's turnover, showed an excellent evolution with sales increase of 42% compared to the same period last year, reaching sales of 17.5 million euros, driven by the new launches in the ranges of weight control and health, in France, Belgium and Spain, its main markets.
- The dermatology unit accounted for 19% of the company's turnover and reached sales of 17 million euros, a decrease of 4% over the same period last year, mainly caused by the depreciation of the Swedish Crown against the Euro of around 6%, which impacted sales from the Swedish plant specialized in dermatological pharmaceutical products.
- The respiratory/ENT unit (ear, nose and throat) contributed 5% of Reig Jofre's turnover and decreased its sales by 5%, to 4.7 million euros, due to a light decrease of the ENT line.
- Sales from other products of non-strategic or minority categories decreased by 38%, to 4.7 million euros, due to the lower demand of two specific CMO clients.

The sales of **CDMO** contributed 22% of the Company's turnover, amounted to 19.8 million euros and decreased by 12% compared to the first half of previous year, which indicates that the company's total sales are growing thanks to the own Reig Jofre developments.

OPERATIONAL BUSINESS EVOLUTION

The company closed the first six months of the year with 7,2% growth in turnover and 13% improvement in gross margin, caused mainly by the increase in sales of the nutritional supplements line.

The operating expenses increased by 13% compared to the same period last year, as a result of the increase in marketing expenses associated with Forté Pharma's launch campaigns, as well as, the impact of other operating costs due to clinical trials and the subsequent activation of R&D projects.



Thanks to the increase in sales and the improvement in gross margin, **EBITDA** grew by 12.5% and stood at 7.6 million euros.

The operating income showed 6.4% growth compared to the first half of 2017 and reached 3.9 million euros. The investments made last year for the increase in production capacity and the processes improvement augmented by 19.5% the amortizations of the fixed assets, which at the end of June were 3.7 million of euros.

The first half of 2018 recorded total **investments** of 8 million euros, of which, productive investments amounted to 5.6 million euros and were partially financed by indebtedness, while R&D investments of 2.4 million euros were assumed with company's own resources.

The main productive investment projects undertaken in this first six months were the completion of the expansion of the Toledo antibiotic plant; the initial works for the imminent expansion of the sterile injectable plant in Barcelona; together with the necessary technology investments in all the plants for the compliance with European Directive UE 2011/62, relative to the security devices to prevent the counterfeiting of medicines, that will come into force in February 2019.

R&D investments were mainly dedicated to our own developments in the areas of specialty products.

The company's **net result** reached 2,96 million euros, 7.5% higher than in the first half of 2017 and a similar 15% corporate tax estimate, although it is expected that the resulting final rate may be lower at year-end. Thanks to the improvement of the conditions and management of working capital, this result reflects 2% improvement of the financial result, despite the higher indebtedness.

At the end of June 2018, **net debt** stood at 20.2 million euros from 18.3 million euros at the end of 2017, which represented a ratio net debt / EBITDA of 1.3 times.



INAUGURATION OF THE TOLEDO PLANT EXPANSION

At the end of October, the **inauguration** of the **Toledo plant expansion** dedicated to the production of sterile injectable medicines for hospitals will take place. Thanks to this extension, the company will not only meet the needs of the national market for penicillin-origin antibiotics but will also tackle the entry in the US market in 2019.

Reig Jofre invested more than 10 million euros in the last two years, in the installation of a new production line endowed with cutting-edge technologies, prepared to meet the most demanding audits and quality inspections of any country in the world.

This expansion will provide an above 33% increase in the productive capacity of sterile penicillin antibiotics, while additional 20% productivity is expected, and the access to higher-added-value products. In addition, the new building is sized for future expansion with an additional production line.

SCRIP DIVIDEND

The Shareholders' Meeting of May 3, 2018, approved within "Reig Jofre Flexible Dividend" plan, an increase in the Company's share capital with a charge to reserves for a maximum limit of 3 million euros, with the option to shareholders of receiving the dividend in cash or in shares, through a bonus-shares capital increase.

Following the end of the trading period of the free allotment rights, 12,9% of the share capital requested the sale of rights to the Company, which will imply a distribution of cash dividend by the Company for a total amount of 380,110.47 euros, paid on July 3, 2018.

86.8% of Reig Jofre's share capital opted to receive new shares in payment of the flexible dividend, which will involve the issuance of 896,889 new shares, representing 1,4% increase of outstanding shares. After the appropriate administrative procedures, it is estimated that the new shares will be admitted to trading during the first half of August.



Reig Jofre Investments SL, holder of 73% of Laboratorio Reig Jofre SA's share capital informed the Company that in order not to concentrate a greater shareholding in Reig Jofre and to facilitate the entry of new shareholders into Reig Jofre's shareholding base and, therefore, contribute to the increase of the Company's free float; and in order not to retain 73% of the cash amount that would have been due to the sale of its rights to the Company and, thereby, to support the investment of said equity in the ongoing projects of the Company, this shareholder sold 100% of its free allocation rights among a group of private and institutional investors, without any of these placements implying a relevant stake of over 3%.

Following the admission to trading of the new shares, Reig Jofre Investments SL will have reduced its shareholding by one percentage point up to 72%. The company's free float will increase more than 8% to reach 15.8%.



PROFIT AND LOSS ACCOUNT OF THE FIRST QUARTER OF 2018

<i>(in euro)</i>	30/06/2018	30/06/2017
Turnover	90,144,690	84,112,489
Changes in inventories	1,179,947	-1,346,534
Procurements	-34,130,093	-32,139,772
Gross margin	57,194,544	50,626,183
<i>% sales</i>	63.4%	60.2%
Work carried out for fixed assets	2,411,579	1,501,747
Other operating income	499,062	1,136,045
Personnel expenses	-25,463,002	-24,647,940
Other operating expenses	-27,022,955	-21.840.631
EBITDA	7,619,228	6,775,404
<i>% sales</i>	8.45%	8.1%
Depreciation and amortization	-3,747,448	-3,136,796
Government grants for non-financial assets and others	13,181	21,181
Impairment and results on disposals	0	-9,375
Operating income	3,884,961	3,650,414
Financial income	31,680	82,260
Financial expenses	-440,346	-527,782
Variation in fair value of financial instruments	0	72,098
Impairment and results from disposal of financial instruments	87,485	5,552
Exchange differences	-80.808	-42.123
Profit before taxes	3,482,973	3,240,419
Income tax	-522,446	-486,063
	-15.0%	-15.0%
Net result	2,960,527	2,754,356
Profit attributable to parent company	2,966,301	2,078,348
Profit attributable to non-controlling interests	-5,774	2,056



BALANCE SHEET ON MARCH 31, 2018

<i>(in euro)</i>	30/06/2018	30/06/2017
ASSETS		
Non-current assets		
Goodwill	27,386,142	27,889,493
Other intangible assets	31,502,837	32,300,744
Property, plant and equipment	52,394,925	40,520,814
Available-for-sale assets	972,818	1,202,241
Non-current financial assets	380,966	593,204
Deferred tax assets	13.743.204	11,779,455
TOTAL NON-CURRENT ASSETS	126,380,892	114.285.951
Current assets		
Inventories	31,245,676	28,823,839
Trade and other receivables	33,254,444	34,087,153
Current tax assets	27	2,984
Other current financial assets	3,534,314	1,015,279
Other current assets	6,150,076	3,434,592
Cash and cash equivalents	11,218,677	14,797,208
TOTAL CURRENT ASSETS	85,403,215	82,161,055
TOTAL ASSETS	211.784.106	196,447,005
EQUITY AND LIABILITIES		
Equity		
Share capital	32,076,589	31,607,110
Reserves	111,006,382	103,011,583
Treasury shares	-702,695	-467
Profit attributable to the parent company	2,966,301	2,749,192
Exchange differences	-1.409.531	-792.232,000
Other comprehensive income for assets available for sale	19,400	-19.039,000
Other items of equity	-54.331	0,000
Equity attributable to parent company	143,902,115	136,089,734
Non-controlling interests	-51.580	-11,800
TOTAL EQUITY	143,850,535	136,077,934
Non-current liabilities		
Capital grants	99,145	189,074
Provisions	682,236	613,531
Financial liabilities with credit institutions	8,237,707	10,739,081
Financial lease liabilities	9,582,683	4,940,052
Other financial liabilities	5,779,066	6,536,613
Deferred tax liabilities	3,134,461	3,551,055
TOTAL NON-CURRENT LIABILITIES	27,515,298	26,569,405
Current liabilities		
Provisions	244,959	164,071
Financial liabilities with credit institutions	5,364,217	4,190,047
Financial lease liabilities	1,456,132	603,270
Short-term derivative financial instruments	0	29,012
Other financial liabilities	1,014,079	564,077
Trade and other payables	28,212,082	25,955,264
Current tax liabilities	1,558,596	81,996
Other current liabilities	2.568.209	2,211,930
TOTAL CURRENT LIABILITIES	40,418,274	33,799,667
TOTAL EQUITY AND LIABILITIES	211,784,106	196,447,005



Receive Reig Jofre's news by registering in the company's **subscription center** of the new corporate website: **www.reigjofre.com**

About Reig Jofre

Founded in 1929 in Barcelona, Reig Jofre is a pharmaceutical company focused on the research, development, manufacture and marketing of pharmaceutical products and nutritional supplements. Reig Jofre directs its R&D to the development of new formulations and indications in the therapeutic areas of (dermatology, respiratory/ENT, gynecology); to the development of innovative molecules in collaboration with research start-ups or knowledge centers in either the technological specialization areas of (injectable products and beta-lactam antibiotics) or the therapeutic areas; and to the development of generic medicines of technological specialization. Reig Jofre has over 900 employees, 4 development and manufacturing centers in Europe (2 in Toledo, 1 in Barcelona and 1 in Sweden), direct sales in 7 countries and over 130 commercial partners in 67 countries worldwide. The company reached sales of €168 M in 2017. Reig Jofre trades on the Spanish stock exchange under the ticker RJF. Total outstanding shares: 64,153,178 shares.

For further information

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