

Barcelona (Spain), November 6, 2018

## **RESULTS NOTE: THIRD QUARTER 2018**

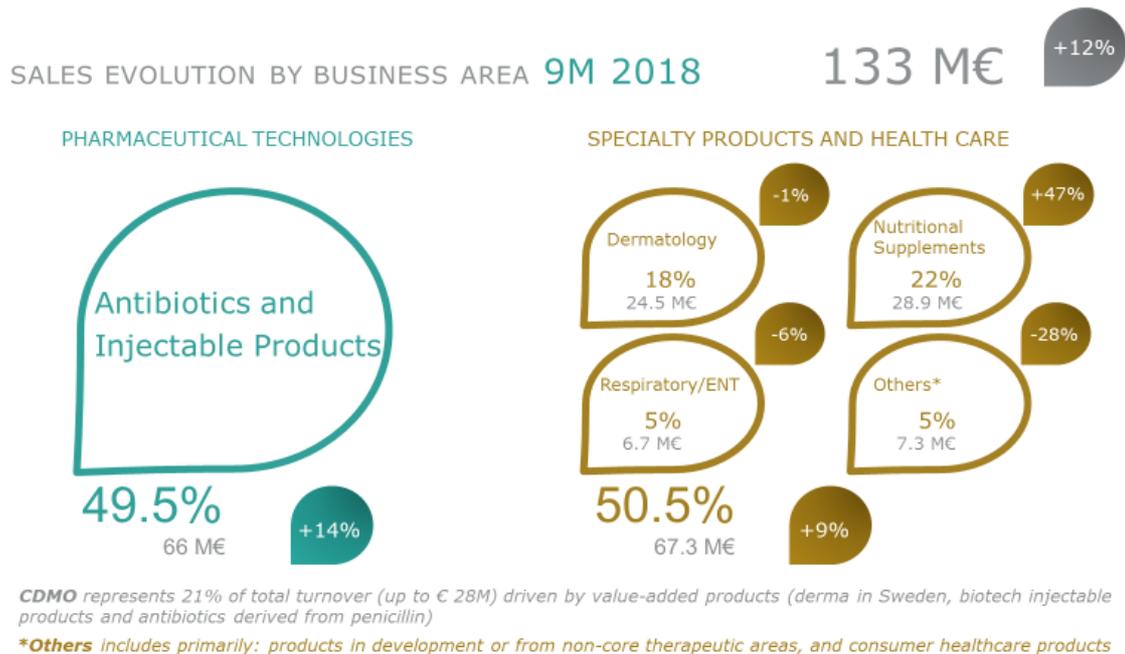
### REIG JOFRE MAINTAINS A STRONG INVESTMENT RATE, INCREASES SALES BY 12% AND EBITDA BY 21%, AT THE END OF THE THIRD QUARTER

- The company reached €133 M in sales (+ 12%), confirming the trend of previous quarters, thanks to the good performance of the Spanish market and the sustained growth of its nutritional supplements line in its main markets (+ 47%)
- EBITDA stood at €11 M (+ 21%) and net result at €4.2 M, with +30% growth
- Operating expenses increased 13% with respect to previous year maintaining the trend of the year, due to the increase in marketing expenses of the nutritional supplements' division and higher R&D expenses associated with innovative projects
- Total investment in the first nine months of the year amounted to €14.8 M. The progress of the new facilities construction at the Barcelona plant; the completion of the Toledo plant expansion; and the adaptation to the European Directive EU 2011/62 for the prevention of counterfeit medicines are the main projects of this year. Investment in R&D stood at €3.6 M
- The advance of investments impacted, as expected, in the levels of bank debt. Net debt stood at €23.3 M from €18.3 M at the end of 2017
- The Company initiated also the shares buyback program linked to the long-term loyalty plan for the executive team



## SALES EVOLUTION

The Company closed the first nine months of the year with a **turnover** of 133 million euros, a growth of 12% compared to the third quarter 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 all its product ranges, confirming its positioning as a multi-specialty brand and one of the main leaders in the segment of weight control.

The area of **pharmaceutical technologies** closed the third quarter of the year with a sales increase of 14%, up to 66 million euros, which represents 49.5% of the company's turnover at the end of September.

- The antibiotics line showed a good performance with an increase by 15% thanks to the constant restoration of supply and the consequent recovery of sales. While the injectable products line registered an increase by 14% for the good performance of the European markets.



Particularly remarkable was the performance of the **health care area**, represented mainly by the nutritional supplements line of Forté Pharma, which showed an excellent evolution with sales increase of 47%, compared to the same period of previous year, reaching sales of 28.9 million euros, 22% of the Company's turnover, driven by the segments of weight control; health, with special good results in the subsegments of sleep and stress; and energy in its main markets, France, Belgium, Spain and Portugal.

The area of **specialty products** together with the health care area represented 50.5% of the sales of the third quarter, amounting 67.3 million euros and a growth of 9%.

- The dermatology unit accounted for 18% of the company's turnover and reached sales of 24.5 million euros and presented a slight decline of 1% in the European market.
- The respiratory/ENT unit (ear, nose and throat) contributed 5% of Reig Jofre's turnover and decreased its sales by 6%, to 6.7 million euros, due to a light decrease of the respiratory line.
- Sales from other products of non-strategic or minority categories decreased by 28%, to 7.3 million euros, due to the lower demand of CDMO clients.

The sales of **CDMO** contributed 21% of the Company's turnover, amounted to 28 million euros and decreased by 4% compared to the first nine months 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 nine months of the year with 12% growth in turnover and 14% improvement in gross margin, caused mainly by the increase in sales of the nutritional supplements line and the good performance of the antibiotic and injectable products line.

The operating expenses increased by 13% compared to the same period last year. Although personnel expenses showed a moderate increase of 5%, other operating expenses reflected the increase in marketing expenses associated with the growth of Forté Pharma and the expenses for clinical trials resulting from the progress of R&D projects.



Likewise, the activation of R&D projects for 3.6 million euros allowed to improve the operating result which, together with the increase in sales and the improvement of the gross margin, caused an increase in **EBITDA** of 21% and stood at 11 million euros.

The impact of investments reflected an increase in amortization of fixed assets of 16% and reached 5.6 million euros accrued to the third quarter.

The accumulated operating income showed 26% growth compared to the same period of 2017, up to 5.5 million euros.

Despite the greater indebtedness, the improvement of the conditions and the cash-flow management allowed to maintain the financial result in line with previous year, which helped to significantly improve net result regarding sales.

The company's cumulative **net result** reached 4.2 million euros, 30% higher than in the first nine months of 2017 and a similar 15% corporate tax estimate.

In 2018, a cumulative total **investment** of 14.8 million euros was recorded, of which the investment corresponding to the new Barcelona plant amounted around 6 million euros.

While productive investment has been mainly financed through indebtedness, R&D investments were assumed, as is the company's policy, with internal resources.

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

At the end of September, **net debt** stood at 23.3 million euros, which represented a ratio net debt / EBITDA of 1.6 times versus 1.2 times at the end of 2017.



## OPENING OF THE NEW FACILITIES OF THE TOLEDO PLANT

---

On October 23, the opening event of the new facilities of Reig Jofre in Toledo took place, this plant extension will be dedicated to the production of sterile injectable medicines for hospital use. With this investment, the company will have the capacity to meet the current domestic and international market demand and will prepare for its launch on the US market in 2019.

The ceremony was attended by a relevant number of authorities of the country's main economic and health institutions. **Spain's Prime Minister**, Pedro Sánchez, was present at the opening event, accompanied also by the **Castilla-la-Mancha regional President**, Emiliano García-Page and the **Mayor of Toledo**, Milagros Tolón. The ceremony was also attended by government representative Manuel González, the head of the provincial council, Álvaro Gutiérrez, the Health Councilor Jesús Fernández and the AEMPS general secretary, Francisco Javier Muñoz.

Reig Jofre invested around 10 million euros to install a new specialized production line equipped with state-of-the-art technologies, prepared to meet the most demanding audits and quality inspections of any country in the world.

The new facilities will provide an increase in productive capacity of sterile penicillin antibiotics above 33%. Currently, the Toledo plant produces more than 40 million units of antibiotics each year, with the new expansion expected to reach 50 or possibly 60 million treatments. Likewise, the new building was designed with future additional capacity requirements in mind, as it can house an additional fifth production line meeting the same quality standards and equipped with latest generation technology.



PROFIT AND LOSS ACCOUNT OF THE THIRD QUARTER OF 2018

<i>(in euro)</i>	30/09/2018	30/09/2017
<b>Turnover</b>	<b>133,327,349</b>	<b>119,558,222</b>
Changes in inventories	68,781	-932,064
Procurements	-50,102,039	-45,842,969
<b>Gross margin</b>	<b>83,294,091</b>	<b>72,783,190</b>
<i>% sales</i>	62.5%	60.9%
Work carried out for fixed assets	3,603,574	1,803,586
Other operating income	625,987	2,348,237
Personnel expenses	-37,983,921	-36,206,473
Other operating expenses	-38,503,144	-31,573,999
<b>EBITDA</b>	<b>11,036,587</b>	<b>9,154,541</b>
<i>% sales</i>	8.28%	7.7%
Depreciation and amortization	-5,568,612	-4,816,226
Government grants for non-financial assets and others	17,772	21,181
Impairment and results on disposals	0	-12,940
<b>Operating income</b>	<b>5,485,747</b>	<b>4,346,556</b>
Financial income	34,745	83,485
Financial expenses	-598,973	-696,430
Variation in fair value of financial instruments	87,485	101,110
Impairment and results from disposal of financial instruments	475	5,552
Exchange differences	-68,785	-32,268
Impairment losses from entities accounted by the equity method	0	0
Results from entities accounted by the equity method	0	0
<b>Profit before taxes</b>	<b>4,940,695</b>	<b>3,808,005</b>
Income tax	-741,104	-571,201
<i>% tax rate estimate</i>	-15.0%	-15.0%
<b>Net result</b>	<b>4,199,591</b>	<b>3,236,804</b>
Profit attributable to parent company	4,208,558	3,236,804
Profit attributable to non-controlling interests	-8,967	0



## BALANCE SHEET ON SEPTEMBER 30, 2018

<i>(in euro)</i>	<b>30/09/2018</b>	<b>30/09/2017</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	27,467,050	27,911,921
Other intangible assets	34,558,428	31,833,214
Property, plant and equipment	54,122,046	41,840,340
Available-for-sale assets	1,010,218	1,381,809
Non-current financial assets	404,373	646.124
Deferred tax assets	14,854,015	11,773,099
<b>TOTAL NON-CURRENT ASSETS</b>	<b>132,416,130</b>	<b>115,386,507</b>
<b>Current assets</b>		
Inventories	32,731,680	29,585,347
Trade and other receivables	34,625,756	31,675,108
Current tax assets	57,957	2,968
Other current financial assets	2,391,674	1,044,224
Other current assets	3,321,391	2,837,875
Cash and cash equivalents	11,838,511	13,553,058
<b>TOTAL CURRENT ASSETS</b>	<b>84,966,970</b>	<b>78,698,580</b>
<b>TOTAL ASSETS</b>	<b>217,383,100</b>	<b>194,085,087</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	32,525,034	31.607.110
Reserves	110,959,777	103,225,592
Treasury shares	-778,374	-590,623
Profit attributable to the parent company	4,208,557	3,236,804
Exchange differences	-1,271,113	-744,695
Other comprehensive income for assets available for sale	19,400	-19,039
Other items of equity	-54.331	0
<b>Equity attributable to parent company</b>	<b>145,608,951</b>	<b>136,715,148</b>
Non-controlling interests	-54,773	-28,398
<b>TOTAL EQUITY</b>	<b>145,554,178</b>	<b>136,686,750</b>
<b>Non-current liabilities</b>		
Capital grants	95,702	189,074
Provisions	682,236	613,531
Financial liabilities with credit institutions	7,630,085	11,304,885
Financial lease liabilities	12,918,700	4,791,214
Other financial liabilities	5,729,301	6,244,253
Deferred tax liabilities	3,093,261	2,948,104
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>30,149,285</b>	<b>26,091,060</b>
<b>Current liabilities</b>		
Provisions	210,748	131.803
Financial liabilities with credit institutions	7,369,287	4,223,777
Financial lease liabilities	1,579,127	603,270
Other financial liabilities	-87.070	339,553
Trade and other payables	28,120,939	23,001,046
Current tax liabilities	1,815,743	770,623
Other current liabilities	2,670,861	2,237,204
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,679,636</b>	<b>31.307.277</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>217,383,100</b>	<b>194,085,087</b>



Receive Reig Jofre's news by registering in the company's **subscription center** of the new corporate website: **[www.reigjofre.com](http://www.reigjofre.com)**

### **About Reig Jofre**

Founded in 1929 in Barcelona, Reig Jofre is a pharmaceutical company publicly listed on the Spanish stock exchange, devoted to 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: 65,050,067 shares

### **For further information**

---

Inma Santa-Pau - Head of Communication and Institutional Relations  
Tel. (+34) 93 480 6710 (ext. 1242) - [inma.santapau@reigjofre.com](mailto:inma.santapau@reigjofre.com)