



2016 RESULTS

Madrid Stock Exchange
March 2, 2017

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Past performance is not a reliable indication of future performance.



01.

THE YEAR IN BRIEF

THE YEAR IN BRIEF

SALES GROWTH
IN THE TWO
BUSINESS UNITS

EXCELLENT
RESULTS OF
STERILE
INJECTABLE AND
THERAPEUTIC-
SPECIALIZATION
PRODUCTS
(DERMA,
RESPIR/ENT and
GYNE)

WEAKER YEAR
FOR ANTIBIOTICS
AND FORTE
PHARMA, BUT
REVERSING THE
TREND

INVESTMENT
PLAN IN
CAPACITY AND
R&D

BROAD
PORTFOLIO OF
COMMERCIAL
AUTHORIZATIONS
IN PROGRESS

GOOD EVOLUTION
OF NEW
INTERNATIONAL
MARKETS DRIVEN
BY ENTRY IN JAPAN

INVESTING IN
FUTURE WITHOUT
STRESSING THE
BALANCE SHEET
AND PAYING
DIVIDENDS TO
SHAREHOLDER



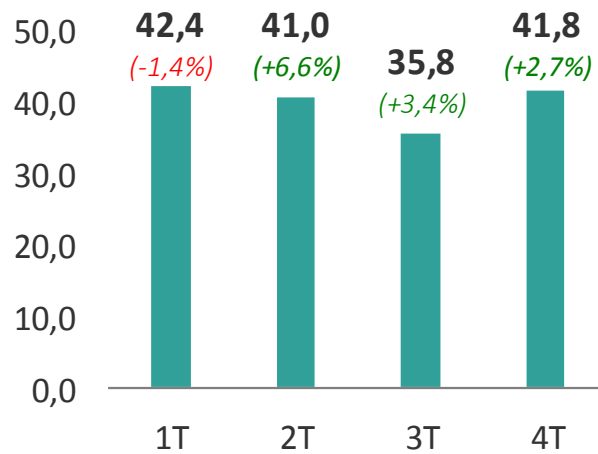
02.

MAIN FIGURES
2016

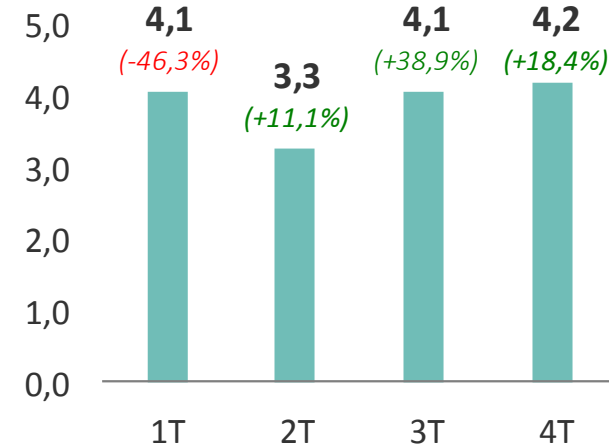
2016:
A YEAR MARKED BY
IMPORTANT GROWTHS AFTER THE END OF
THE FIRST QUARTER AND A FIRM
EXPANSION **INVESTMENT POLICY**

EVOLUTION BY QUARTERS

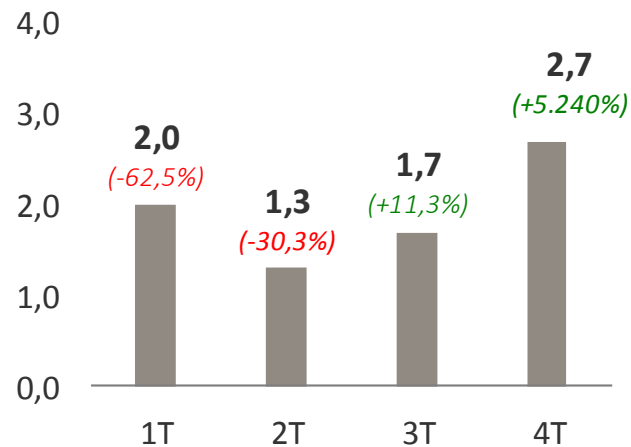
TURNOVER
(in million euros)



EBITDA
(in million euros)

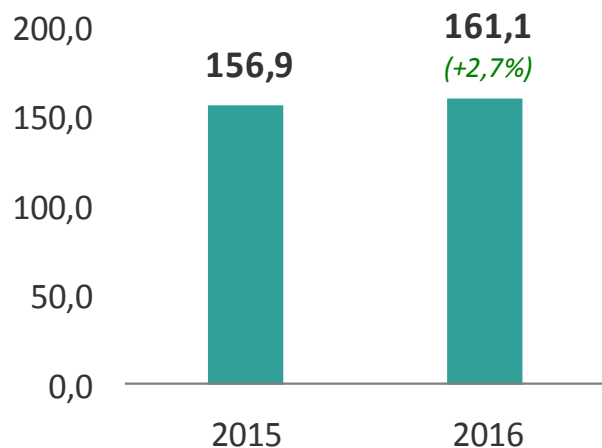


NET PROFIT
(in million euros)



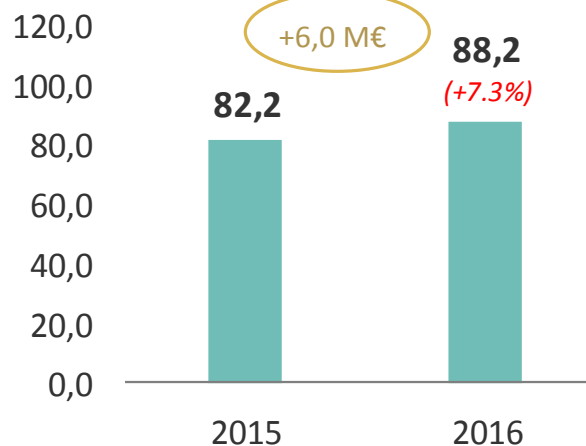
EVOLUTION 2016 vs 2015

TURNOVER
(in million euros)

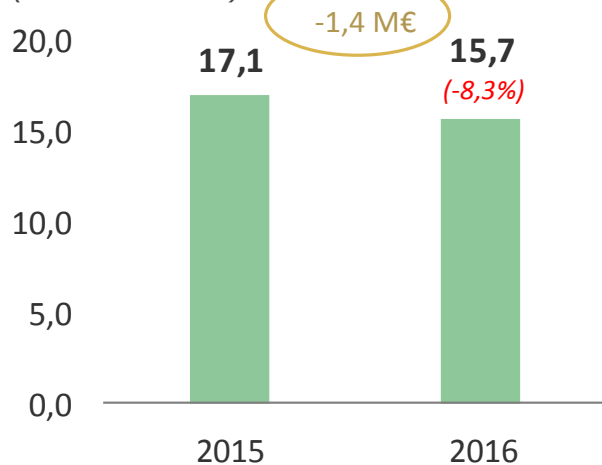


(*) Total sales 2016: 165.0 (+ 4.1%). Includes turnover and other operating income

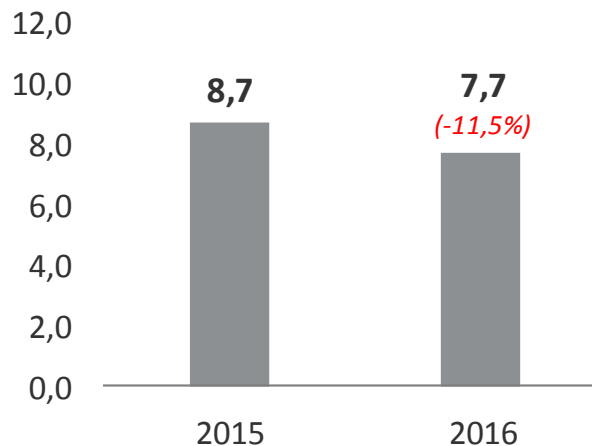
OPERATING EXPENSES
(in million euros)



EBITDA
(in million euros)



NET PROFIT
(in million euros)





03.

EVOLUTION OF
BUSINESS AREAS

GOOD EVOLUTION OF
THE TWO BUSINESS AREAS, DESPITE THE
WEAK PERFORMANCE OF ANTIBIOTICS AND
NUTRITIONAL SUPPLEMENTS

SALES AND EVOLUTION BY BUSINESS AREA

Sales 2016

161.1 M€

+2.7%

RJF PHARMA

Development, manufacturing and marketing of own products

+2.0%

79%

126.8 M€

TECHNOLOGICAL-SPECIALIZATION PRODUCTS

Antibiotics
Injectable
Freeze-dried

+1.5%

50%

62.8 M€

THERAPEUTIC-SPECIALIZATION PRODUCTS

Dermatology
Gynecology

+25.5%

27%

34.4 M€

NUTRITIONAL SUPPLEMENTS AND CONSUMER HEALTHCARE

-15.4%

23%

29.6 M€

RJF CDMO

Specialized development and manufacturing for third parties

+5.3%

21%

34.3 M€

TECHNOLOGICAL- SPECIALIZATION PRODUCTS

Antibiotics
Injectable
Freeze-dried

+1.5%

50%
62.8 M€

NEW DEVELOPMENTS

- **Bivalirrudin 250 mg** (Bivalirrudin), lyophilized injectable anticoagulant. *Registered in 16 markets and already marketed in 5.*
- **Palonosetron 5mg** (Palonosetron HCl), injectable antiemetic. *Registered in 6 markets and already marketed in 3.*
- **Cefepime 1g** (Cefepime-Arginine), injectable antibiotic. *Registered and marketed in Spain.*

ACQUISITIONS

- **Orbenin** (Cloxacillin), capsules and syrup. Antibiotic.

- **The antibiotic line** (73% of sales in this category) fell by 14% in 2016 affected by two extraordinary situations :
 - Low intake of antibiotics in Q1 2017 for a mildly aggressive winter in terms of respiratory conditions.
 - Delays in the supply of raw material in Q3 and Q4 2016. Total restoration of supply throughout 2017.
- The excellent progression of **sterile injectable products** (25% of sales) increased by 90% and made it possible to amply offset the fall in the antibiotic line. The recent entry into the Japanese market contributed 3.4 M€ to the turnover of this area.
- 3.2 M€ **investments** in 2016 **to expand production lines** in Toledo (antibiotics) and Barcelona (injections).

THERAPEUTIC- SPECIALIZATION PRODUCTS

Dermatology
ENT
Gynecology

+25.5%

27%
34.4 M€

NEW DEVELOPMENTS

- Launching in Spain of Church & Dwight's sea water license, **Sterimar**.

ACQUISITIONS

- Acquisition of 100% of GynEC®-Dx, molecular diagnosis test for early detection of endometrial cancer

- **Excellent evolution of all product lines:**
 - Dermatology (71% of this area sales) grows 21%
 - Respiratory (25% of sales) grows 25%
 - Gynecology (0.3% of sales) grew 11%
- **The first 10 products of therapeutic specialization** contributed 77% of this category's sales and grew by 16.6%

NUTRITIONAL
SUPPLEMENTS AND
CONSUMER HEALTHCARE

-15.4%

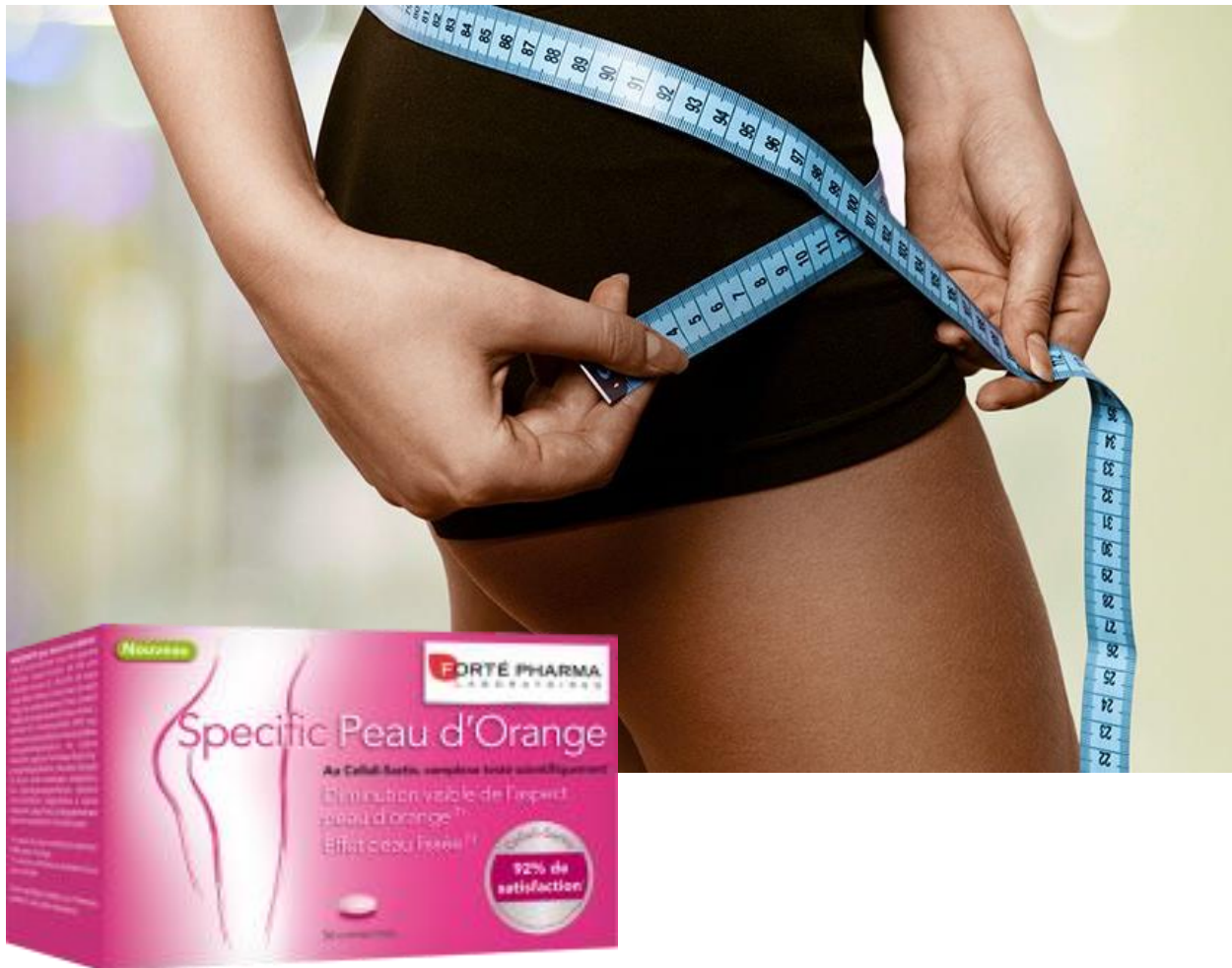
23%
29.6 M€

NEW DEVELOPMENTS

- Forté Pharma food supplements range launched:
 - Weight control: Specific Peu d'Orange
 - Energy:
 - Turbo Fitness
 - Royal Jelly in capsules
 - Beauty: Cheveux Dévitalisé
 - Health:
 - Line for children with 4 references: energy, rest, growth and immune system
 - Anti-Stress Flash

- Good progression of **Consumer Healthcare** products, which contributed 10% of sales and grew 6.5%.
- **Nutritional supplements** (90% of sales in this category) fell by 17%

FORTÉ PHARMA – WEIGHT CONTROL



FORTÉ PHARMA – ENERGY



**GELÉE ROYALE
COMPRIMÉS**

TOUS LES BIENFAITS DE LA GELÉE ROYALE DANS DE
DÉLICIEUX COMPRIMÉS À CROQUER!

CE QU'ILS EN PENSENT ★★★★★ → SOYEZ LE PREMIER À POSTER UN AVIS

[TROUVER CE PRODUIT](#)



FORTÉ PHARMA – BEAUTY



FORTÉ PHARMA – HEALTH

ANTI STRESS FLASH

LE NOUVEAU RÉFLEXE CONTRE LE STRESS(1) !

CE QU'ILS EN PENSENT



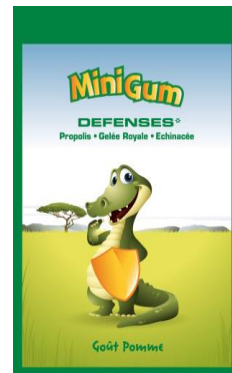
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TROUVER CE PRODUIT



FORTÉ PHARMA – JUNIOR HEALTH LAUNCHING



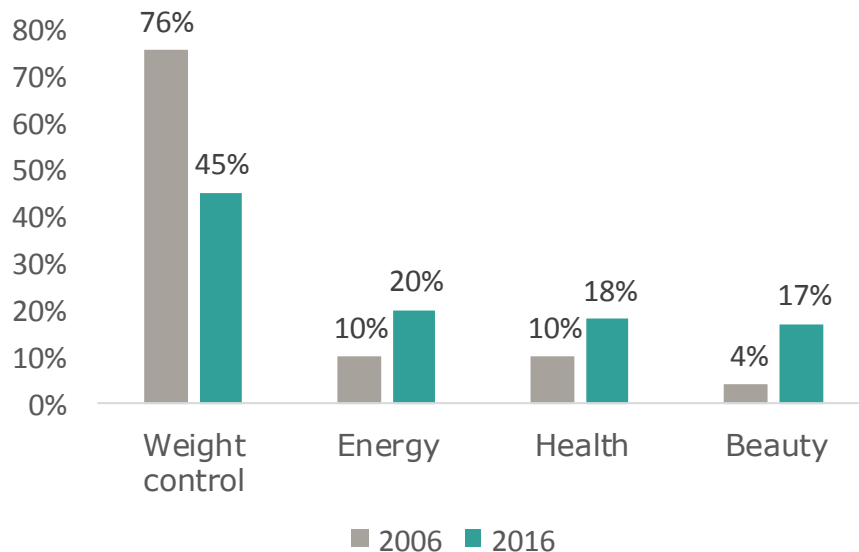
ABOUT FORTE PHARMA - Business and market evolution

- **France** contributed 66% of FPh sales in 2016
- The **French market for nutritional supplements** grew at a CAGR of 6% between 2012-2016
- The **weight control segment in France** grew by 22% from 2012 to 2014 and decreased by 21% between 2014-2016, with a drop of 18% in 2016
- **FPh's weight control range** contributed 45% of sales in 2016 and fell by 25% in 2016
- The **beauty range** contributed 17% and fell 7% by the effect of new launches in 2015
- **FPh's health range** accounted for 18% of sales in 2016 and grew 46%
- The **energy range** contributed 20% and maintained the same income level as in 2015

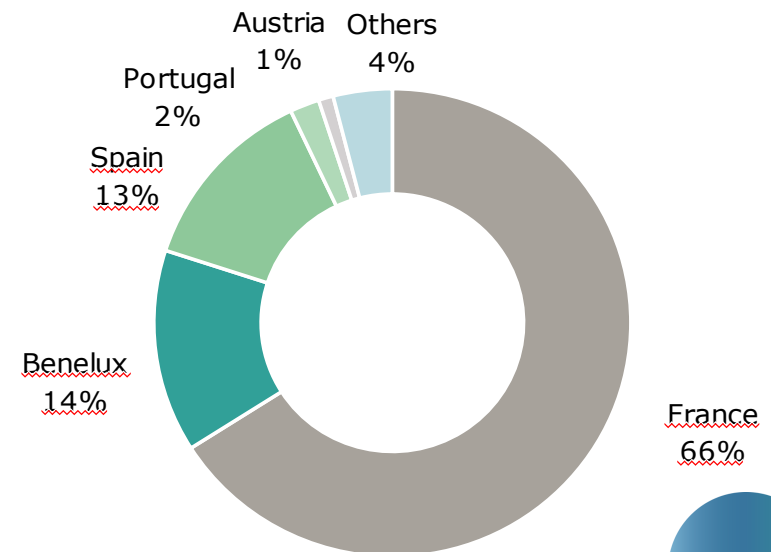
ABOUT FORTE PHARMA – Sales distribution

- Working for a better **balance of the product portfolio** and greater geographical diversification
- **Reorganization** of the management of the business
 - Spain and Portugal recently transferred under RJF Pharma Spain general manager

EVOLUTION OF FORTE PHARMA PRODUCT RANGE
2006-2016



SALES DISTRIBUTION BY COUNTRIES
2016



RJF CDMO

Specialized contract
development and manufacturing

+5.3%

21%
34.3 M€

Customer	CDMO sales	2016 evol.
# 1	11%	+22%
# 2	7%	+30%
# 3	6%	-1%
# 4	6%	+22%
# 5	6%	-31%
# 6	5%	+73%
# 7	4%	+16%
# 8	3%	-34%
# 9	3%	+28%
# 10	2%	New customer
Top 10	53%	+13%

- Business unit with **high diversification** of the client portfolio
- **The top 10 RJF CDMO customers** contributed 53% of the sales in this category, with a joint growth of 13%.



04.

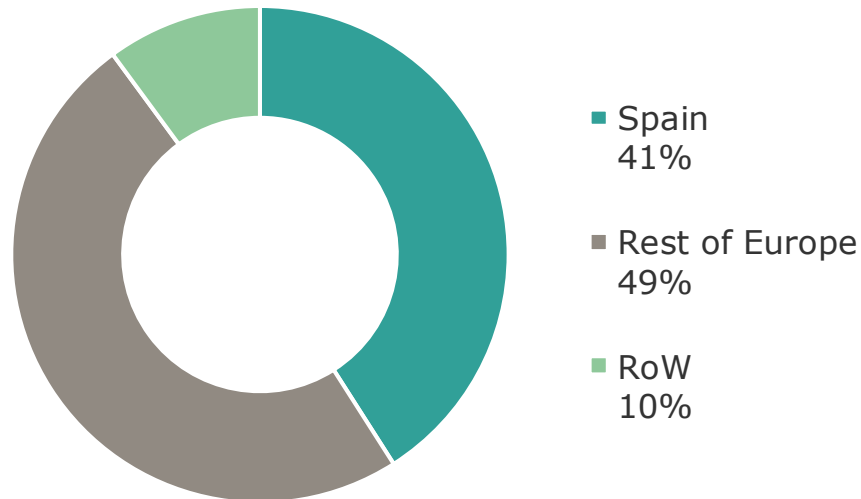
INTERNATIONAL PROGRESS

INTERNATIONAL PRESENCE



SALES BY GEOGRAPHICAL AREA

SALES DISTRIBUTION BY GEOGRAPHICAL AREA IN 2016
161,1 M€



- **The top 10 markets outside Spain** in 2016 were: France (15%), the United Kingdom and Sweden (8% respectively), Japan and Germany (3% respectively), Benelux and Greece (2% respectively) and Monaco, Ireland and Portugal (1% respectively)

- Important progress in markets outside Europe.
- **Spain** grew by 2.7% as did the rest of the **international markets**.
- In 2016, it highlighted the significant evolution of **Asia**, which grew by 75% and went from contributing 4% of the company's sales to 7%, driven by the entry into the Japanese market, which was placed as number 5 in sales for Reig Jofre.
- **Africa, America and Oceania** accounted for 2% of total sales, respectively.

INTERNATIONAL PROGRESS

PRODUCT REGISTRATION

- In 2016, approval of 52 commercial authorizations for molecules of own antibiotics/injectables, in the following 28 markets:

Spain	France	Poland	Hong Kong
Germany	Holland	Portugal	Singapore
Austria	Iceland	Ethiopia	Thailand
Belgium	Italy	South Africa	Taiwan
Denmark	Norway	Kurdistan	Myanmar
Slovenia	Sweden	South Korea	Malaysia
Finland	United Kingdom	Philippines	Australia

- By the end of 2016, 100 open registration processes with expected approval over the next 1-3 years

NEW MARKETS

- 5 New international markets: **Ethiopia, Equatorial Guinea, Czech Republic, Syria and Thailand**



05.

PROFIT AND LOSS ACCOUNT

HIGHLIGHTS

- Operating costs
- Positive accounting effects, with no cash effect
- Negative accounting effects, with no cash effect

<i>(in euro)</i>	2015	2016
Turnover	156,909,656	161,134,290
Changes in inventories	-1,610,542	3,657,720
Work carried out for fixed assets	0	342,806
Procurements	-57,523,146	-65,024,011
Other operating income	1,566,784	3,780,539
Personnel expenses	-42,190,845	-45,977,794
Other operating expenses	-40,044,452	-42,227,135
EBITDA	17,107,455	15,686,414
Depreciation and amortization	-5,398,214	-5,946,362
Government grants for non-financial assets and others	42	42
Impairment and results on disposals	0	1,965,542
Operating income	11,751,604	11,747,957
Financial income	211,121	164,745
Financial expenses	-1,075,634	-1,238,683
Variation in fair value of financial instruments	145	173
Impairment and results from disposal of financial instruments	-301	1,410,880
Exchange differences	321,278	-296,669
Financial result	-699,110	213,161
Impairment losses from entities accounted by the equity method	0,000	0,000
Results from entities accounted by the equity method	-45,538	0,000
Profit before taxes	11,006,956	11,961,118
Income tax	-2,257,325	-4,294,278
Net result	8,749,631	7,666,840

HIGHLIGHTS IN 2016 P&L ACCOUNT (i)

OPERATING COSTS



Increase of 6.0 M€ in operating expenses for investments in:

- **Personnel costs** rose by 3.8 M€ (+ 9.0%) to:
 - Increase in workforce by the creation of a fourth shift at the Toledo plant
 - Increase in the workforce at the plant in Sweden
 - Reinforcement of quality equipment for access to Japan and US markets
 - Increase in hours at the Barcelona plant to compensate for the closure of the sterile area in Q1 2017
- **Other operating expenses** increased by 2.2 M€ (+ 5.5%) due to:
 - Increase in R&D projects
 - Increase in international product registrations
 - Reinforcement of the commercial medical visit team in Spain for the respiratory/ENT area

HIGHLIGHTS IN 2016 ACCOUNTS (ii)

POSITIVE ACCOUNTING EFFECTS, WITH NO CASH EFFECT

- Reversal of negative impairments made in previous years

INEGATIVE ACCOUNTING EFFECTS, WITH NO CASH EFFECT

- **Accounting expense for income tax** at the end of 2016 at 4.29 M€.
- Of these, 2.7 M€ corresponded to **depreciation of tax credits** after the Royal Decree of December 2016
- The above, plus the application of current tax credits and R&D deductions placed the **final tax payment** at 1.25 M€.
- **Effective tax rate:** 10.4%
- **Tax credits:** 20 M€, of which 16 M€ on the balance sheet



06.

BALANCE SHEET

HIGHLIGHTS

ASSETS

- Investments in capex
- Right to collect a short-term financial asset
- Stocks

EQUITY

- Equity restructuring
- Dividend

LIABILITIES

- Financial debt

ASSETS

<i>(in euro)</i>		31/12/2016	31/12/2015
ASSETS			
Non-current assets			
Goodwill		27,946,893	25,165,817
Other intangible assets		32,084,385	32,606,879
Property, plant and equipment		37,000,425	28,645,914
Available-for-sale assets		1,167,058	1,185,232
Non-current financial assets		591,049	9,088,104
Deferred tax assets		11,795,175	15,351,894
TOTAL NON-CURRENT ASSETS		110,584,985	112,043,840
Current assets			
Inventories		33,008,585	24,892,981
Trade and other receivables		36,048,884	34,318,332
Current tax assets		1,770	0
Other current financial assets		11,144,454	2,382,742
Other current assets		6,662,284	3,975,557
Cash and cash equivalents		8,181,654	9,440,170
TOTAL CURRENT ASSETS		95,047,631	75,009,782
TOTAL ASSETS		205,632,616	187,053,622

ASSETS (ii)

INVESTMENTS IN CAPEX

(in million euros)

2016

Maintenance investments	2,10
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Expansion investments	8,35
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Production capacity	3,20
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Product portfolio	2,05
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New R&D and control laboratories	3,10
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TOTAL	10,45
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ASSETS (III)

RIGHT OF COLLECTION OF SHORT TERM FINANCIAL ASSETS

- **Debt collection right in the amount of 8.5 M€** from the French listed company Naturex in favor of Reig Jofre
- Debt maturity: June 30, 2017
- From an accounting point of view, on the accounts of 2016, this asset is transferred from non-current assets to current assets

STOCKS

- **Increase of 8.3 M€ in stocks** mainly due to extraordinary circumstances:
 - Advancement of productive processes in 4Q 2016 by partial stop of the Barcelona plant in 1Q 2017 for expansion works. The situation will normalize in mid-2017
 - Delay in the batches release at the Toledo plant due to delays in the supply of raw material from one of the main suppliers. The situation will normalize throughout 2017
 - Procurements for new launches

EQUITY AND LIABILITIES (i)

(in euro)

31/12/2016 31/12/2015

EQUITY AND LIABILITIES

Equity

Share capital	31,607,110	126,428,441
Reserves	95,829,378	-4,533,840
Treasury shares	-2,092,374	-4,917,032
Interim dividend paid during the year	0	0
Profit attributable to the parent company	7,676,288	8,749,701
Exchange differences	-330,066	436,893
Other comprehensive income for assets available for sale	-19,039	8,978
Other items of equity	638,193	0
Equity attributable to parent company	133.309.490	126,173,141
Non-controlling interests	-16,964	1,344
TOTAL EQUITY	133,292,526	126,174,485

EQUITY RESTRUCTURING

- Approved by the 2016 GSM the transfer of 94.8 M€ of equity to reserves. After this operation, equity was fixed at 31.6 M€ and reserves at 95.8 M€

DIVIDEND

- The BoD will propose at the next GSM a **dividend against reserves** of around 3.5 cents per share. Pending to be decided whether cash- or scrip dividend

EQUITY AND LIABILITIES (ii)

<i>(in euro)</i>	31/12/2016	31/12/2015
Non-current liabilities		
Capital grants	210,254	102,496
Provisions	613,531	1,070,453
Financial liabilities with credit institutions	11,989,392	4,520,937
Financial lease liabilities	5,244,334	5,828,683
Derivative financial instruments	0	273,998
Other financial liabilities	6,880,690	4,761,639
Deferred tax liabilities	3,346,745	3,768,083
TOTAL NON-CURRENT LIABILITIES	28,284,946	20,326,289
Current liabilities		
Provisions	314,339	400,748
Financial liabilities with credit institutions	12,692,240	6,720,668
Financial lease liabilities	592,771	586,042
Short-term derivative financial instruments	101,110	0
Other financial liabilities	402,345	889,281
Trade and other payables	25,787,514	27,034,509
Current tax liabilities	1,652,749	2,321,162
Other current liabilities	2,512,076	2,600,438
TOTAL CURRENT LIABILITIES	44,055,144	40,552,848
TOTAL EQUITY AND LIABILITIES	205,632,616	187,053,622

EQUITY AND LIABILITIES (iii)

FINANCIAL DEBT

- **Increase** in gross long-term **financial debt** by € 8.7 M€ to finance investments + € 5.6 M€ in short-term lines for temporary financing of working capital.
- Net financial debt: 29.6 M€
- Average cost of debt: 2.5%
- **Debt / EBITDA Ratio: 1.9x**
- The right of collection of 8.5 M€ in favor of RJF and maturity on June 30, 2017 is not considered. In that case, debt / EBITDA ratio would be 1.3x



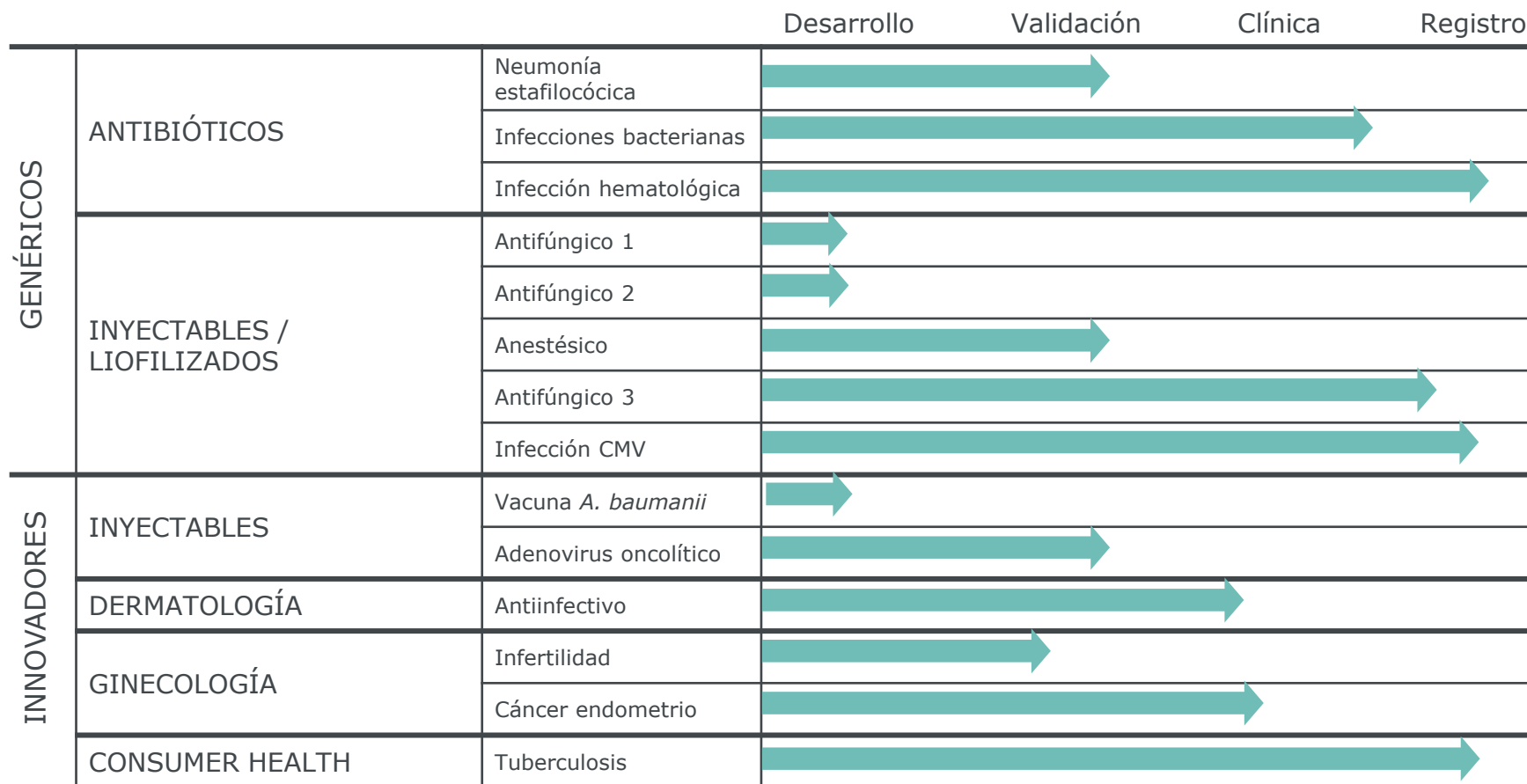
07.

CONCLUSIONS AND NOTES
FOR THE FUTURE

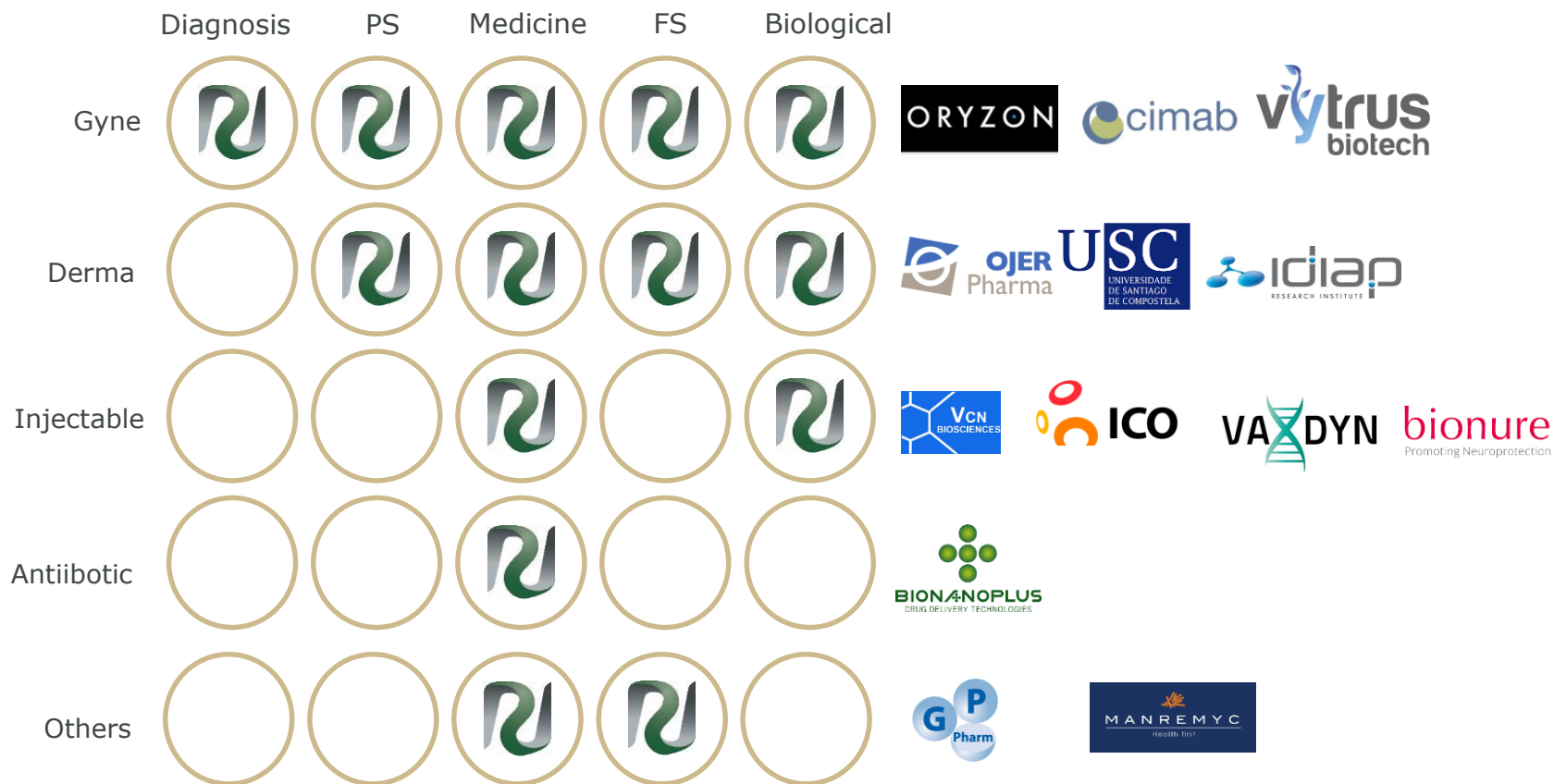
4 STRATEGIC PILLARS



MAIN ONGOING DEVELOPMENTS



COLLABORATIVE INNOVATION





08.

LINKS TO ADDITIONAL
INFORMATION

LINKS TO ADDITIONAL INFORMATION

- Last news: www.reigjofre.com/en/news
- Webcast of 2015 results: www.reigjofre.com/en/investors/webcasts
- Subscription Center: www.reigjofre.com/en/subscription-center



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