





# REIG JOFRE

Annual Report 2016









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# LETTER FROM THE CHIEF EXECUTIVE OFFICER

Barcelona, May 2017



Dear reader:

In this 2016 Annual Report you will find a summary of the company's main areas, as well as the main milestones reached during 2016. The Report is intended to serve as an introductory prelude to the audited financial statements and management report, which can be downloaded via a shortcut located at the end of the document.

This year revealed, above all other considerations, Reig Jofre's firm commitment to sustainable international growth. It was a year marked by significant investments undertaken in a complex environment, one in which we remain focused on expanding our commitment to health from the different areas of the company, with a long-term vision.

Reig Jofre closed 2016 with a turnover of 161 million euros, representing an increase of 2.7% compared to the previous year, attributable to the positive development of our two business units.

RJF Pharma, the unit dedicated to the production and marketing of proprietary developments, contributed 79% of sales and grew by 2.3%, driven by its two main areas: technological specialization products (antibiotics and injectables) and specialty products (dermatology, respiratory/ENT and gynaecology). However, the year was less favourable for the nutritional supplements area, which, since early 2017, is beginning to implement a strategic plan to reverse the trend.

RJF CDMO, the development and specialized manufacturing for third parties unit, contributed 21% of turnover and registered an increase of 5.3% in comparison to 2015.

Throughout 2016, Reig Jofre implemented a determined investment policy to deal with ongoing industrial and commercial growth projects, for the amount of 14 million euros, and which included an increase in the workforce, the expansion of productive capacity and increased investments in R&D. More than 43% of these investments were included in higher operating costs in the income statement. This had a direct impact on the net profit, which nevertheless only experienced a fall of 1 million euros in relation to 2015, to 7.7 million euros.

Despite these investments, and in view of the intention to initiate a shareholder remuneration policy that is in turn compatible with the mentioned growth projects, Reig Jofre undertook a capital reorganization in 2016 by means of which it significantly increased its reserves. This guaranteed the company's full capacity to submit to the approval of its 2017 Shareholders' Meeting the first dividend of the new Reig Jofre, following its merger with Natraceutical in December 2014.





Throughout 2016, the company worked to find the right balance between continuing to allocate resources to growth and being able, at the same time, to remunerate our shareholders, while maintaining a sustainable level of indebtedness, which at year-end stood at 1.9 times EBITDA. And all this despite the important challenges that had to be faced during the year, especially those linked to the delay in the reception of raw material in our antibiotic unit, one of the company's traditional driving forces, and the consequences related to this fact: inventory increase, greater working capital requirements, delays in the release of lots, etc. We believe that this situation will be normalized during the current year.

Regarding our international vocation, we closed 2016 with 59% of sales outside Spain, and recording significant advances in markets outside Europe, which rose from 10% to 13% of total sales. Both Spain and the international markets grew by 2.7%, respectively, with the particular growth registered in Asia. The Asian continent's contribution of 4% of the company's sales grew to 7%, driven by the entry into the Japanese market, which ranked as number five in terms of Reig Jofre's sales, behind Spain, France, UK and Sweden. Africa, America and Oceania accounted for 2% of total sales, respectively. Additionally, in 2016 the company added five new markets to the list of countries with which it has commercial relations: Ethiopia, Equatorial Guinea, Czech Republic, Syria and Thailand. As in previous years, 2016 was notable for our Registries team's commitment to internationalization. The team, with the support of the R&D and Business Development teams, obtained approval for 52 new commercial authorizations for proprietary antibiotics/injectables in 28 markets on five continents and, by the end of the year, 100 additional registration processes were open. These registration processes are expected to be approved over the next three years, thus ensuring greater international potential for our company.

About 2017, we can anticipate that the current year will be one of the completion and implementation of the productive capacity expansion processes initiated in 2016, and the consequent strengthening of the business areas benefiting from these investments; a year of the normalization of certain of the imbalances suffered in the area of antibiotics, as commented in previous paragraphs; a year that will be a turning point in the area of nutritional supplements, for which the new policy of strategic changes should begin to bear fruit; a year in which we hope to continue advancing in our commercial positioning, both in Europe, where we have our own sales networks, and in other markets, in which we operate through commercial partners; and a year, of course, in which the executive teams will continue to actively analyze opportunities for non-organic growth and work to expand awareness of our company, in order to facilitate the incorporation of new shareholders into our business project, which in turn will allow us to increase the free float and the liquidity of the stock in the stock market.

I thank you for your interest and support to Reig Jofre,

**Ignasi Biosca Reig**  
*Chief Executive Officer*



# Sector Pharma

Years since founding

# 88

Founded in Barcelona in 1929

# 3

## Generations

at the head of the business

1929

**Ramon Reig Jofre**

Founder

1970

**Joan M. Biosca**

Founder's son-in-law

2006

**Ignasi Biosca**

Founder's grandson and current CEO

Employees



538  
women



389  
men

# 927

850 in 2015

Ticker

# RJF

Quoted on the Spanish stock exchange's main market

# RJF PHARMA

Development, manufacture and marketing of proprietary products

# €127M

+2,0%  
79%

Technological specialization products

Antibiotics  
Injectables  
Lyophilized products

# 50%

Therapeutic specialization products

Dermatology  
Gynaecology  
Respiratory/ENT

# 27%

Nutritional supplements and consumer healthcare

# 23%

# RJF CDMO

Development and specialized manufacturing for third parties

# €34M

+5,3%  
21%

Prescription medicines

# 90

dossiers

OTC\*

# 111

dossiers

\* Non-prescription medicines, food supplements, cosmetics and medical devices.



# R&D

R&D projects with start-ups and biotech research centres

Beta-lactam antibiotics and sterile injectables

New therapeutic solutions in dermatology, ENT and gynaecology

Nutritional supplements

# 4

R&D centres

**Barcelona** - Spain  
**Toledo** - Spain  
**Malmö** - Sweden  
**Monaco** - Monaco

# 4

Production centres

**Barcelona** - Spain  
**Toledo** - Spain (2)  
**Malmö** - Sweden

# 7

Markets with direct commercial presence

Belgium United Kingdom  
Spain Sweden  
France Singapore  
Portugal

Business partners

# 130

distributors / licensees

Sales in

# 64

countries



# 87%

Europe



# 13%

Rest of the world

Sales

# €161M

157 in 2015

EBITDA

# €15.7M

17.1 in 2015

Net profit

# €7.7M

8.7 in 2015

Debt/EBITDA

# 1.9<sub>x</sub>

Expansion investments

# €14M



# MAIN EVENTS

## MAIN MILESTONES IN THE HISTORY OF REIG JOFRE

1929

**Founding** of the company in Barcelona (Spain).

1964

Creation of a portfolio of **derma and respiratory prescription and OTC products** through a combination of proprietary developments and various acquisitions in Spain.

1989

Specialization in the development, production and commercialization of **beta-lactam antibiotics**.

1998

Specialization in the development, production and commercialization of **sterile injectables**.

2009

For export to **direct international presence**.

2013

Definition of a **sustainable R&D investment policy** and open innovation agreements with other development centres.

2014

Reig Jofre becomes the 5th Spanish pharmaceutical company **listed on the Spanish stock market** in terms of turnover following its merger with Natraceutical (Forte Pharma).



## MAIN EVENTS IN 2016

07/01

Obtaining of the commercial authorization for **Bivalirudin** 250 mg, freeze-dried injectable anticoagulant, developed by the Reig Jofre R&D team.

20/01

Reinforcement of the Respiratory/ENT range with the exclusive license for Spain of **Sterimar®**. Indicated as adjunctive treatment for rhinitis, rhinopharyngitis, sinusitis and nasal congestion.

02/02

Reinforcement of the sterile injectables portfolio with the acquisition of a **sodium heparin** and its authorization for marketing in Spain.

23/02

**Certification by the Japanese agency** and start of exports to Japan of a sterile injectable for hospital use.

02/03

**Presentation of 2015 results.**

31/05

Acquisition of 50% of Geadic Biotech, which owns **GynEC-DX®**, the first in vitro molecular diagnostic test for the early diagnosis of endometrial cancer, in which Reig Jofre already held a 50% interest.

24/05

Obtaining the commercial authorization for **Cefepima** 1g, injectable antibiotic, developed by the Reig Jofre R&D team.

21/05

**Call for the Ordinary and Extraordinary General Shareholders' Meeting 2016.**

29/04

Obtaining of the commercial authorization for **Palonosetron** 5mg, an injectable antiemetic, developed by the Reig Jofre R&D team.

14/06

Entry of Forte Pharma into **Hong Kong and Macao.**

22/06

**Celebration for the Ordinary and Extraordinary General Shareholders' Meeting 2016.**

04/07

**Equity restructuring** through the transfer of share capital to reserves.

25/07

**Share repurchase programme** for the hedging of the first tranche of the Long-Term Loyalty Plan for Directors Managers.

04/11

**"Promotion of Biomedical R&D" Award** for the research that led to Gynec-DX®.

23/10

Completion of the development of **Complidermol 5a Plus**, a nutritional supplement that works against female androgenetic alopecia.

04/10

Participation of Reig Jofre in **CPHl**, the most important global convention within the pharmaceutical sector, which was held this year in Barcelona.

20/09

Appointment of Enric Jo, Manager of the Barcelona Production Plant, **Academician of the Catalanian Royal Academy of Pharmacy.**

07/09

Reinforcement of the **beta-lactam antibiotics** portfolio with the **acquisition of Orbenin** and a mucolytic antibiotic from GlaxoSmithKlein (GSK).



# R&D

We are committed to innovation as one of the coordinates of our growth strategy, and with the additional commitment to offer a wide range of added-value products. From prescription products that address unmet needs, to over-the-counter products and nutritional supplements intended for health maintenance.

## TYPOLOGY OF PROJECTS

The company has a balanced project pipeline that combines:

- More innovative developments, in the early stages, in collaboration with start-ups, pharmaceutical companies, research centres and hospitals. These projects address new treatment needs. The commitment to open innovation enables collaboration within the health ecosystem and to create value together.
- New products based on new indications of known active ingredients or new innovative formulations.
- Product life cycle management and product extensions.

# 4

## R&D centres

**Barcelona** - Spain  
**Toledo** - Spain  
**Malmö** - Sweden  
**Monaco** - Monaco

Employees

# 68

## STRENGTHS

- **We are market leaders in the area of complex generic drugs.** The industrial capacities and investments in this area of technical and scientific expertise have enabled the successful development, production and marketing of injectables / lyophilizates and antibiotics derived from penicillins and cephalosporins.
- **The R&D team associated with the injectables unit and its centre of excellence** dedicated to the study of

lyophilization processes, has a long history in the stabilization of complex molecules, proteins, peptides and biological molecules, as well as in the analytical development associated with lyophilization and quality control process. This experience allows us to work as strategic partners with innovative companies with the need to stabilize and industrialize complex products, offering specialized pharmaceutical development services.

## AREAS OF EXPERTISE

In addition to the development of injectables and lyophilized, Reig Jofre is specialized in the therapeutic areas of:

### • Dermatology

Reig Jofre has proven experience in developing solutions for health conditions such as dermatitis, acne, impetigo, androgenic alopecia, warts and topical fungal infections.

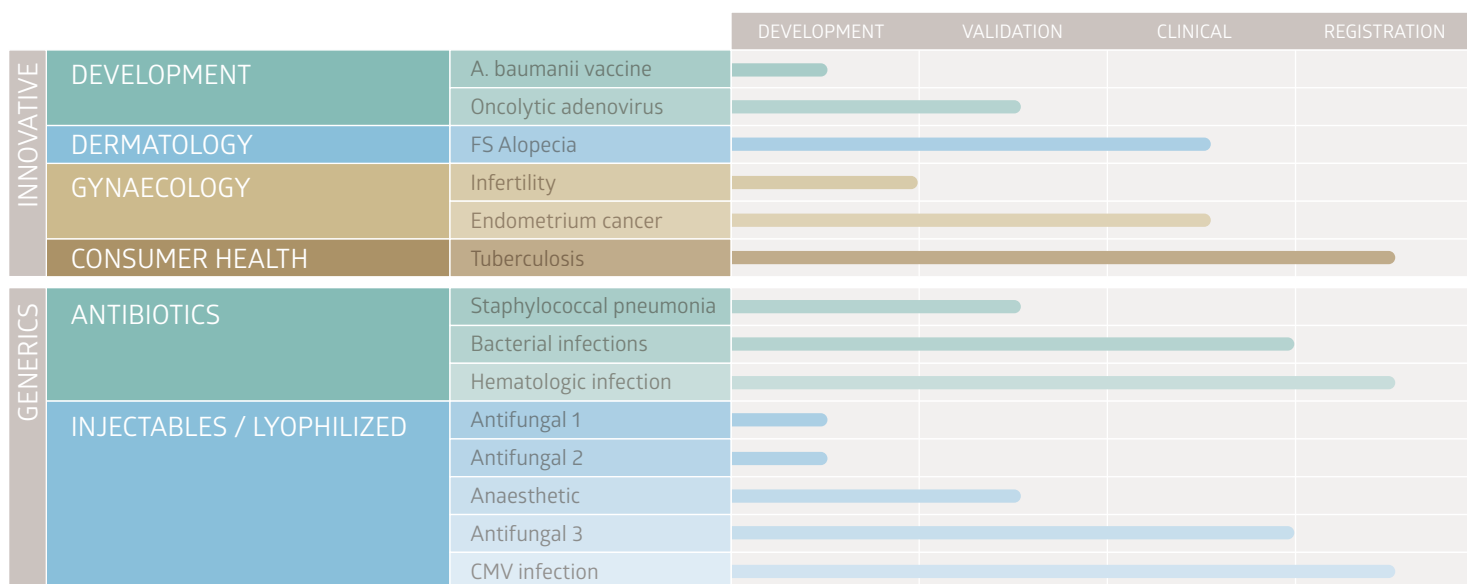
### • Gynaecology / Women's Health

In recent years, Reig Jofre has developed leading products for preterm birth (Nife-Par) and the molecular diagnosis of endometrial cancer (GynEC-DX®).

### • Nutritional supplements and consumer healthcare

Reig Jofre develops innovative solutions with a strong scientific base and in line with a broader vision of the health concept. The combination of natural ingredients enhance both the maintenance of health and better healing processes in combination with standard treatments.





## COLLABORATIVE INNOVATION

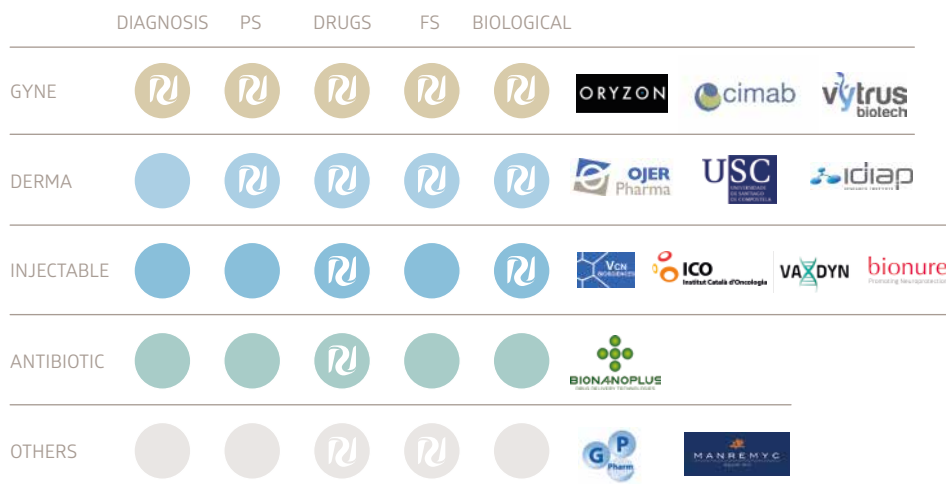
Reig Jofre is committed to open innovation, maintaining co-development agreements in its areas of technological and therapeutic expertise, with different models of collaboration with research centres

and small and medium-sized companies in order to generate synergies, create value together and offer a solution to specific people's needs.

## INVESTMENTS

Reig Jofre is actively investing in providing its R&D teams with solid capabilities in order to create more complex galenic formulations, more complex clinical trials and bio-analyses that allow for new developments in the areas of dermatology and gynaecology.

In 2016, Reig Jofre invested € 10 M in R&D, representing 6.2% of turnover.



## Developments in 2016

### • Complidermol 5a Plus

The first nutritional supplement against female androgenetic alopecia, which, thanks to its novel formulation developed by the Reig Jofre dermatological R&D team, combats not only the known hormonal factor, but also the oxidative and inflammatory factors, new pathophysiological factors identified as the cause of this pathology.



# PRODUCT PORTFOLIO

Reig Jofre has positioned itself over the years as one of the international leaders in the development, manufacture and commercialization of antibiotics and sterile injectable products for hospitals.

Technological specialization products

€63<sup>+1.5%</sup>M

DOSSIERS

## MAIN PRODUCT RANGES

- Penicillin-derived antibiotics in all dosage forms (vials with sterile powder, oral forms and syrups).
- Cephalosporin antibiotics in vials with sterile powder.
- Injectables for various types of active ingredients.

52 dossiers of antibiotics in all forms

19 dossiers of non-antibiotic injectables

## OUR STAR PRODUCTS



**Amoxicillin Ardine**  
Amoxicillin  
Broad-spectrum penicillinic antibiotic



**ArdineClav**  
Amoxicillin + clavulanic acid  
Broad spectrum penicillinic antibiotic



**Salataz**  
Piperacillin + Tazobactam  
Broad spectrum penicillinic antibiotic



**Remifentanil Sala**  
Remifentanil  
Anaesthetic



**Streptomycin Sulphate Reig Jofre**  
Streptomycin  
Antibiotic against tuberculosis

Complete product portfolio at [www.reigjofre.com/es/productos](http://www.reigjofre.com/es/productos)



## MANUFACTURE OF THE PRODUCT PORTFOLIO



BARCELONA  
Injectables



TOLEDO  
Antibiotics



## INVESTMENTS

In 2016, Reig Jofre invested € 3.2 M in increasing its production capacity in the area of technological expertise. Specifically, the freeze-drying zone was expanded in the Barcelona plant and a fourth sterile penicillins line was added to the Toledo antibiotic plant.

These measures were implemented in order to furnish the company with the necessary capacity to attend the current growth projects, especially those linked to the increase of the company's commercial activity in markets outside Europe.

## Evolution in 2016

- In 2016, the technological specialization area products grew by 1.5% and reached 63 million euros.
- **The antibiotic line** (accounting for 73% of sales in this category) fell by 14% in 2016, affected by two extraordinary situations:
  - Low antibiotic consumption in the first quarter of 2016 due to a mildly aggressive winter in terms of respiratory ailments.
  - Delays in the supply of raw material during the third and fourth quarters of 2016. Total restoration of estimated supply throughout 2017.
- The excellent progression of **sterile injectable products** (25% of sales) increased by 90% and made it possible to compensate for the drop in the antibiotic line. The recent entry into the Japanese market contributed € 3.4 M to the turnover of this area.

## 2016 LAUNCHES



**Bivalirudin Sala**  
Bivalirudin  
Freeze-dried injectable  
anticoagulant



**Palonosetron Sala**  
Palonosetron  
Injectable antiemetic



**Cefepima Sala**  
Cefepima  
Injectable antibiotic



Developed by the Reig Jofre R&D team

Acquired from GlaxoSmithKlein (GSK)



**Orbenin®**  
Cloxacillin  
Antibiotic



# Therapeutic specialization products

€34<sup>+25.5%</sup>M

Since its founding in 1929, Reig Jofre has been developing, or integrating through various acquisitions, an extensive portfolio of products in the therapeutic areas of dermatology, ENT and, since 2015, gynaecology.

## MAIN PRODUCT RANGES

### Dermatology

- Skin care
- Hair care

### Gynaecology

- Endometrial cancer
- Labour suppressant

### Respiratory/ENT

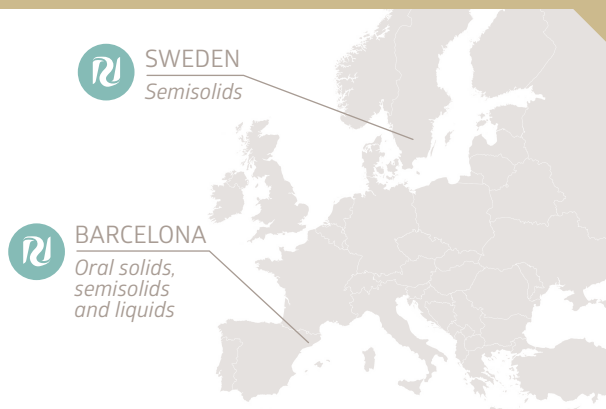
- Antiasthmatic
- Pharyngeal antiseptic
- Nasal decongestant

## DOSSIERS

19 prescription medicine dossiers

29 OTC dossiers

## MANUFACTURE OF THE PRODUCT PORTFOLIO



## Evolution in 2016

- In 2016, the therapeutic specialization products area grew by 25.5% and reached 34 million euros.
- **Excellent performance of all product lines:**
  - Dermatology (accounting for 71% of sales in this area) grew by 21%.
  - Respiratory/ENT (25% of sales) grew by 25%.
  - Gynaecology grew by 11%.
- **The top 10 therapeutic specialization products** accounted for 77% of sales in this category and grew by 16.6% overall.



## OUR STAR PRODUCTS

Complete product portfolio at [www.reigjofre.com/es/productos](http://www.reigjofre.com/es/productos)



**Ony-Tec®**  
Antifungal for nails



**Medebiotin**  
Hair and nail  
strengtheners



**Complidermol 5a**  
Hair loss



**Synalar**  
Inflammation and itching  
of the skin



**Zalve**  
Healing cream for  
small wounds



**Nife-Par**  
Labour suppressant



**GyneC-DX®**  
Endometrial cancer test



**Otocerum**  
Otolological



**Budesonida Pulmictan**  
Antiasthmatic

## 2016 LAUNCHES



**Stérimar™**

Church & Dwight, Stérimar™  
seawater license launched in Spain.  
Rhinitis, rhinopharyngitis, sinusitis  
and nasal congestion



# Nutritional supplements and consumer healthcare

€30<sup>-15.5%</sup>M

## MAIN PRODUCT RANGES

### Nutritional supplements:

- Weight control
- Energy
- Health
- Beauty

### Consumer healthcare:

- Disinfectants
- Vaseline
- Others

## MANUFACTURE OF THE PRODUCT PORTFOLIO



BARCELONA  
Oral solids,  
semisolids and  
liquids



Part of the production of Forte Pharma's portfolio of nutritional supplements is outsourced.

The integration of Forte Pharma into Reig Jofre in December 2014 enabled both companies to make a significant strategic leap in relation to the concept of prevention/cure.

## DOSSIERS

18

weight control  
food supplement  
dossiers

24

health  
food supplement  
dossiers

15

energy  
food supplement  
dossiers

10

beauty  
food supplement  
dossiers

15

consumer  
healthcare  
dossiers

## Evolution in 2016

- In 2016, the nutritional supplements and consumer healthcare area products contracted by 15.4%, reaching 30 million euros in sales.
- Good progression of the **Consumer Healthcare** line, which accounted for 10% of sales and grew by 6.5%.
- **The nutritional supplements** line (accounting for 90% of sales in this category) fell by 17%.
- Entry of Forte Pharma in **Hong Kong** and **Macao**, with the marketing of Vitalité 4, from the energy range, and Turboslim CaloriLight, Turboslim Drenante and Pesoredux 900mg, from the weight control range.



## OUR STAR NUTRITIONAL SUPPLEMENTS

Complete product portfolio at  
[www.reigjofre.com/es/productos](http://www.reigjofre.com/es/productos)



Turbodraine



Minceur 24 Fort



Liporédux



Calorilight



Gelée Royale



Vitalité 4



Expert Cheveux



Expert Autobronz Licaps



Expert Hyaluronic

## 2016 LAUNCHES



Specific Peau d'Orange



Expert Cheveux  
Dévitalisés



Turbofitness Minceur



MiniGum



Anti Stress flash

## OUR STAR CONSUMER HEALTHCARE PRODUCTS

Disinfectants and vases





# INDUSTRIAL CAPACITY

40 years of experience in the development and production of pharmaceutical products, from biotechnology and vaccines to synthesis molecules, with a first-class team and technological capabilities.

## OUR STRENGTHS

- Our knowledge in the development of specific formulations for the stabilization of complex products, with production needs from small clinical batches to the large-scale industrialization of products.

## TWO OUTSTANDING AREAS OF SPECIALIZATION

- Freeze-dried injectables for a wide range of active ingredients, such as biological and biotechnological products, vaccines and small molecules.
- Beta-lactam antibiotics.

## OUR COMPETITIVE ADVANTAGE

We offer tailor-made integral solutions, contributing our experience throughout the value chain: from development to production, through the design of the formulation and quality control, to the validation of processes and analytical methods, as well as in the definition of packaging.

It is our successful formula for efficiently obtaining quality products adapted to market expectations.

SPAIN

# Barcelona

Worldwide referent in lyophilized injectables

## SPECIALIZATION

### Development and manufacture of sterile injectable forms:

- Liquids in vials or ampoules: with terminal sterilization or via aseptic process, for those molecules that cannot be subjected to high temperatures.
- Lyophilized injectables: Optimizing lyophilization cycles to improve the stability of complex injectables and the efficiency of production costs.

## VERSATILITY

### Cutting-edge technology for the following dosage forms:

- Lyophilized sterile injectable forms (vials).

## CUTTING-EDGE TECHNOLOGY

### Sterile injectables:

- 4 industrial lyophilizers, with Groninger, high-speed (12,000 vials / hour) dosing line, in class A clean rooms with Open RABS.
- Dosing range from 0.5 to 100 ml, with ample flexibility in formats, automatic weight control and viable particle counter.
- Centre of excellence in lyophilization, following principles of "quality by design" QbD based on ICH Q8, Q8R2 and Q9.

### Oral liquids:

- High-capacity ATEX zone for handling alcohol and flammable materials.

## CERTIFICATIONS

- The plant operates under GMP (Good Manufacturing Practices) standards.
- Regularly inspected by the Spanish Medicines and Health Products Agency (AEMPS), which enables operation, through mutual recognition, in Canada and Australia.
- Approved by the Japanese Agency (PMDA).
- Approved by the Korean Agency (MFDS).
- Quality system in line with EU GMPs.

## PRODUCTION CAPACITY

In 2016, the Barcelona plant produced:

**20** Million  
doses of injectable  
medicines

**7** Million  
units of oral liquid  
medicines

**3** Million  
units of oral solid  
medicines





## SPAIN

## Toledo

Strategic supplier of  
beta-lactam antibiotics

## SPECIALIZATION

**Development and manufacture of beta-lactam antibiotics in two independent production units:**

- Penicillins, in all their pharmaceutical forms (oral and sterile injectables).
- Cephalosporins, in sterile injectable form.

## VERSATILITY

**Technology available for the following forms :**

- Oral penicillins: capsules, tablets, coated tablets, sachets, extemporaneous suspensions and liquid syrups.
- Sterile injections: 10 to 250 ml vials of sterile powder for penicillins and 10 to 50 ml for cephalosporins.

## CUTTING-EDGE TECHNOLOGY

**Sterile injectable penicillins:**

- In the process of installing a new state-of-the-art manufacturing line with washing equipment, sterilization / depyrogenation tunnel, dosing / capping equipment, encapsulator, labelling, packaging and fitting. 25% increase in production capacity and possibility to meet the demands of the North American market.

**Oral penicillins:**

- The last two years have seen the incorporation of new tablet compaction, dosing and coating and conditioning in aluminum / aluminum lines. Doubling of tablet dosing capacity and the possibility of increasing batch mix volumes by 40%.

## CERTIFICATIONS

- The plant operates under GMP (Good Manufacturing Practices) standards.
- Regularly inspected by the Spanish Medicines and Health Products Agency (AEMPS), which enables operation, through mutual recognition, in Canada and Australia.
- Approved by the Brazilian Drug Agency (ANVISA).
- Quality system in line with EU GMPs.

## PRODUCTION CAPACITY

**In 2016, the Toledo plant produced:**

**12** Million units of oral penicillins    **19** Million units of sterile injectable penicillins    **10** Million units of sterile injectable cephalosporins

## SWEDEN

## Malmö

Topical dermatology with  
the highest European quality

## SPECIALIZATION

**Development and manufacture of:**

- Pharmaceutical and topical cosmetic products, and medical devices.

## VERSATILITY

**We have cutting-edge technology for the following dosage forms:**

- Semi-solids: ointments, emulsions, micro-emulsions, and creams.
- Clinical trial material: Phases I, II and III and commercial scale batches for any volume.
- Batches from small scale (from 1 kg) to 1,250 kg, presented in tubes and vials from 3g to 750g.

## CERTIFICATIONS

- The plant operates under GMP (Good Manufacturing Practices) production standards.
- Regularly inspected by the Swedish Drug Agency, approved by all European health authorities.
- Quality systems in line with GMP (Good Manufacturing Practices) production standards and EU distribution standards (Good Distribution Practices).
- ISO 13485 for medical devices.
- ISO 14001 for environmental management system.

## PRODUCTION CAPACITY

**In 2016, the Malmö plant produced:**

**5** Million product units    **900.000** kg of product

Production plants

**41.000** m<sup>2</sup>

**643** Employees



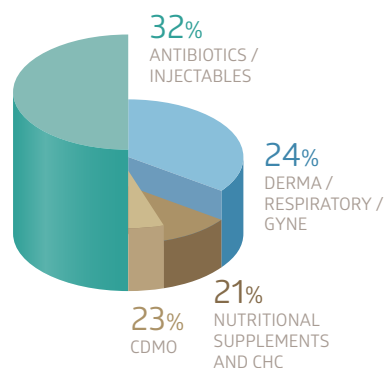
# INTERNATIONAL POSITIONING

Over the last 15 years, Reig Jofre has incorporated internationalization as one of the main pillars of its strategic plan. The company is present in more than 60 countries in five continents, both through its own sales networks and through trade agreements with more than 130 distributors and licensees.



## EUROPEAN MARKET

€139M

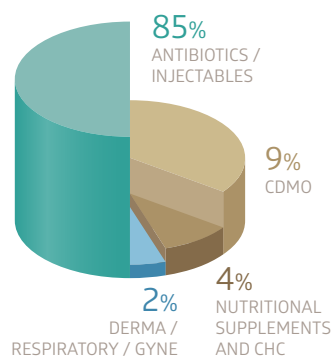


## Evolution in 2016

- **Good diversification** of the product / service typology marketed in Europe, according to the attached chart.
- The **top 10 European markets** in 2016 by sales were: Spain (41%), France (15%), the United Kingdom and Sweden (8%, respectively), Germany (3%), Benelux and Greece (2%, respectively), Monaco, Ireland and Portugal (1%, respectively).
- **Sales in Europe decreased by 1.4%** in 2016, mainly due to the decline of the United Kingdom (-15%) and Germany (-41%) occasioned by the delay in sales caused by specific circumstances that affected the antibiotics unit in 2016.
- **Spain**, Reig Jofre's leading market, closed 2016 with a growth of 2.7%.



Sales 2016

In **64** countries**87%**  
Europe**13%**  
Rest of the world€**22M**

## Evolution in 2016

- Obtaining **certification from the Japanese Drug Agency (PMDA)** led to the start of exports to Japan of a cutting-edge sterile injectable for hospital use, which is expected to account for 10% of the company's annual volume of non-antibiotic sterile injectables.
- The **excellent sales performance in Japan** placed the country as Reig Jofre's fifth market, behind Spain, France, the United

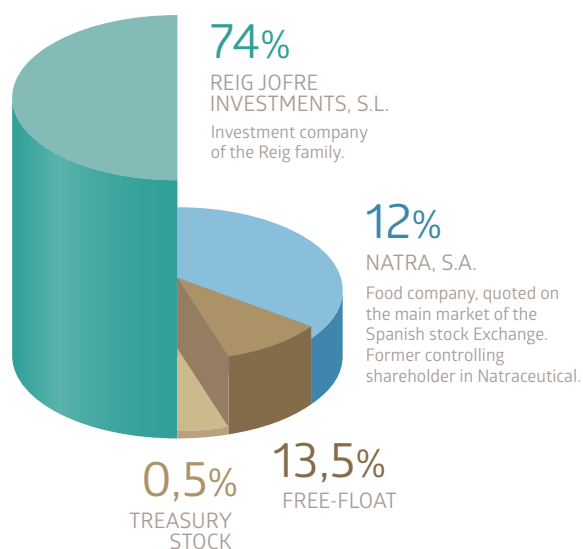
Kingdom and Sweden, where the company has a direct commercial presence.

- This market was the main driver in Reig Jofre's commercial growth in **Asia**, which grew 75% and went from contributing 4% of the company's sales to 7%.
- Africa, America and Oceania** accounted for 2% of total sales, respectively.



# REIG JOFRE IN THE STOCK MARKET

## SHAREHOLDER BASE



## EVOLUTION OF THE STOCK MARKET IN 2016

RJF: -9.6%

IBEX 35: -2.0%

STOXX Europe Pharma: -11.4%

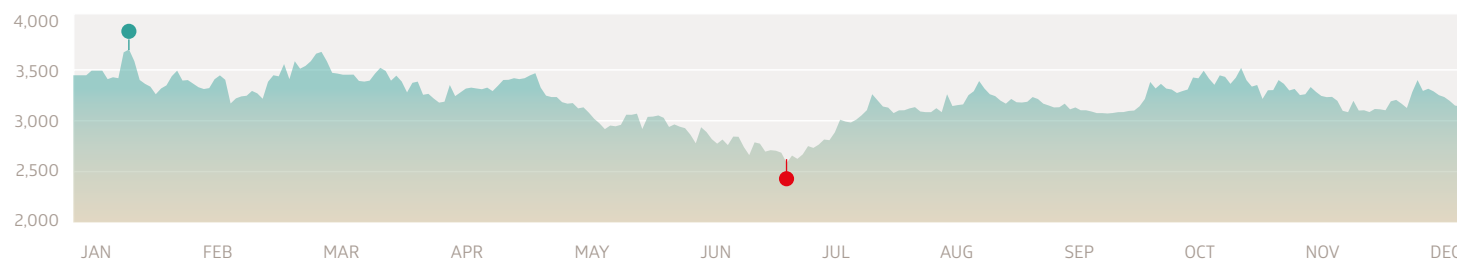
Spanish pharma companies\*: + 21.7% / -11.4% / -14.6% / -20.8%

\* Quoted on the main market. In order of performance.

## Performance of RJF in 2016:

2015 last price	€ 3.451
2016 last price	€ 3.120
1H 2016 performance	-23.4%
2H 2016 performance	+18.1%
2016 performance	-9.6%
Lowest closing price (6/7/2016)	€ 2.522
Highest closing price (13/1/2016)	€ 3.725
Average daily volume (shares)	12,760 shares
% over free-float	0.14%
Average daily volume (cash)	€ 40,628
Share capital (shares)	63,214,220 shares
Market cap on 31/12/2016	€ 197.23 million

## RJF trading in 2016





# GOVERNING BODIES

## BOARD OF DIRECTORS



### Chairman:

**Reig Jofre Investments, S.L.,**  
represented by **Isabel Reig Lopez**  
Appointment: 31/12/2014



### Chief Executive Officer:

**Ignasi Biosca Reig**  
31/12/2014



### Executive Director:

**Alejandro Garcia Reig**  
31/12/2014



### Independent Director:

**Anton Costas Comesaña**  
31/12/2014



### Independent Director:

**M<sup>a</sup> Luisa Francoli Plaza**  
31/12/2014



### Independent Director:

**Ramon Gomis i de Barbara**  
31/12/2014



### Independent Director:

**Ramiro Martinez-Pardo del Valle**  
31/12/2014



### Independent Director:

**Emilio Moraleda Martinez**  
31/12/2014



### Non-director Secretary:

**Adolf Rousaud Viñas**

## AUDIT, COMPLIANCE AND CONFLICT OF INTEREST COMMITTEE



### Chairman:

**Anton Costas Comesaña**



### Member:

**Ramon Gomis i de Barbara**



### Member:

**Ramiro Martinez-Pardo del Valle**



### Non-director Secretary:

**Gabriel Roig Zapatero**  
(Corporate Finance General Manager, Reig Jofre)

## APPOINTMENTS AND REMUNERATIONS COMMITTEE



### Chairman:

**Emilio Moraleda Martinez**



### Member:

**M<sup>a</sup> Luisa Francoli Plaza**



### Secretary:

**Reig Jofre Investments, S.L.,**  
represented by **Isabel Reig Lopez**



# PROFIT AND LOSS ACCOUNT

## 2016 Consolidated profit and loss account

<i>in euro</i>	2015	2016
<b>Turnover</b>	<b>156,909,656</b>	<b>161,134,290</b>
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
<b>EBITDA</b>	<b>17,107,455</b>	<b>15,686,414</b>
Depreciation and amortization	-5,398,214	-5,946,362
Government grants for non-financial assets and others	42,363	42,362
Impairment and results on disposals	0	1,965,542
<b>Operating income</b>	<b>11,751,604</b>	<b>11,747,957</b>
Financial income	211,121	164,745
Financial expenses	-1,075,634	-1,238,683
Variation in fair value of financial instruments	145,460	172,888
Impairment and results from disposal of financial instruments	-301,335	1,410,880
Exchange differences	321,278	-296,669
Results from entities accounted by the equity method	-45,538	0
<b>Profit before taxes</b>	<b>11,006,956</b>	<b>11,961,118</b>
Income tax	-2,257,325	-4,294,278
<b>Net result</b>	<b>8.749.631</b>	<b>7.666.840</b>



# BALANCE SHEET

Consolidated balance sheet on December 31, 2016

<i>in euro</i>	31/12/16	31/12/15
<b>ASSETS</b>		
<b>Non-current assets</b>		
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
<b>TOTAL NON-CURRENT ASSETS</b>	<b>110,584,985</b>	<b>112,043,840</b>
<b>Current assets</b>		
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
<b>TOTAL CURRENT ASSETS</b>	<b>95,047,631</b>	<b>75,009,782</b>
<b>TOTAL ASSETS</b>	<b>205,632,616</b>	<b>187,053,622</b>

## EQUITY RESTRUCTURING

- The Shareholders' Meeting of June 22, 2016 approved a capital restructuring consisting of the transfer of share capital to reserves amounting to € 94,821,330 million, by reducing the par value of the company's shares by € 2.00 euros to 0.50 euros.
- One of the main objectives of this equity restructuring was to provide the company's balance sheet with the legal reserves necessary to be able to propose a future dividend policy, as it will be the case in 2017.

<i>in euro</i>	31/12/16	31/12/15
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
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
<b>Equity attributable to parent company</b>	<b>133,309,490</b>	<b>126,173,141</b>
Non-controlling interests	-16,964	1,344
<b>TOTAL EQUITY</b>	<b>133,292,526</b>	<b>126,174,485</b>
<b>Non-current liabilities</b>		
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
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>28,284,946</b>	<b>20,326,289</b>
<b>Current liabilities</b>		
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
<b>TOTAL CURRENT LIABILITIES</b>	<b>44,055,144</b>	<b>40,552,848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>205,632,616</b>	<b>187,053,622</b>









<http://bit.ly/2tlf7qK>

*Download here the consolidated  
financial statements and  
management report of year-end  
2016*

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Investor Relations Department on  
93 480 67 10 - ext. 1242,  
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[investors@reigjofre.com](mailto:investors@reigjofre.com)

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**Published**  
June 2017