



2017 RESULTS

Madrid Stock Exchange
March 2, 2018

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Past performance is not a reliable indication of future performance.



01.

THE YEAR IN BRIEF

THE YEAR IN BRIEF

GOOD EVOLUTION OF
SALES IN THE TWO
BUSINESS UNITS:
TECHNOLOGICAL AND
THERAPEUTIC
SPECIALIZATION

RESTORATION OF RAW
MATERIAL SUPPLY IN
THE ANTIBIOTIC LINE
DURING THE LAST
QUARTER

START OF THE SALES
RECOVERY, NEW
LAUNCHES AND
LEADERSHIP IN FORTÉ
PHARMA IN FRANCE

RJF ADVANCED IN ITS INVESTMENT IN
PRODUCTIVE EXPANSION, R&D AND
MARKETING DURING YEAR 2017

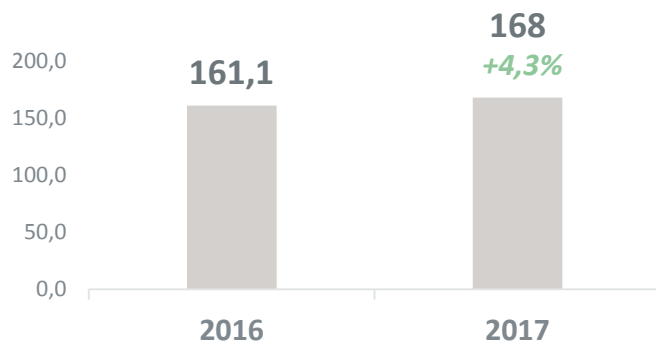


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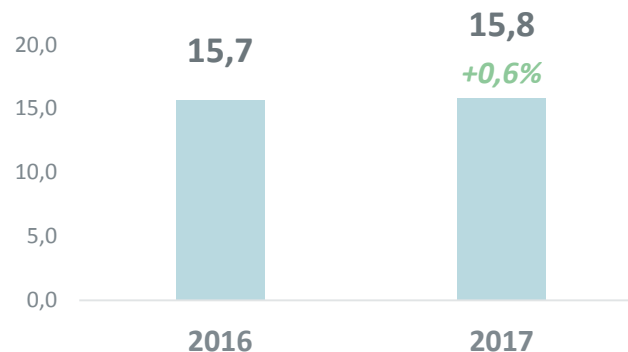
MAIN FIGURES
2017

EVOLUTION 2017 vs 2016

TURNOVER
(in million euros)

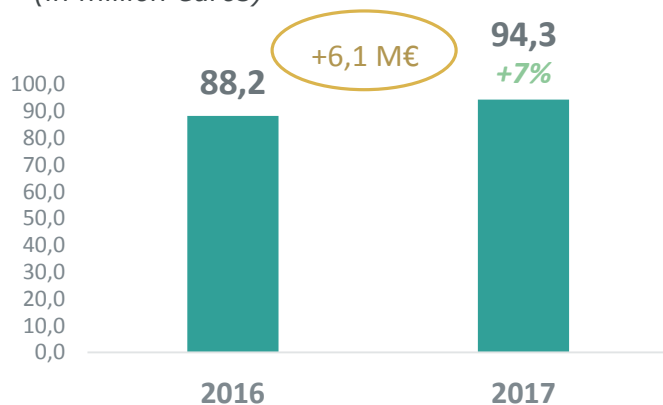


EBITDA
(in million euros)

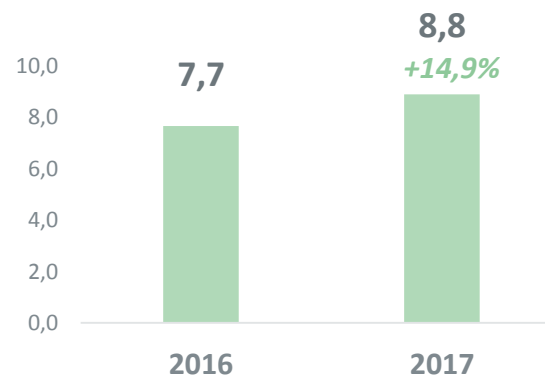


Total revenue (turnover + other income) exceeds € 170M

OPERATING EXPENSES
(in million euros)



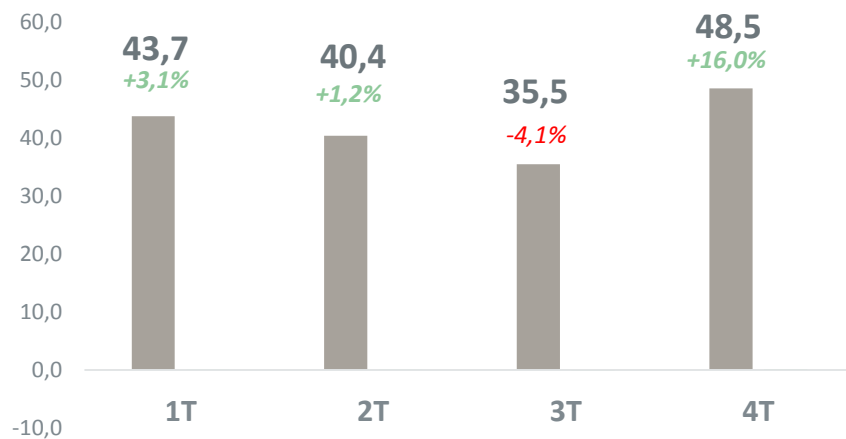
NET PROFIT
(in million euros)



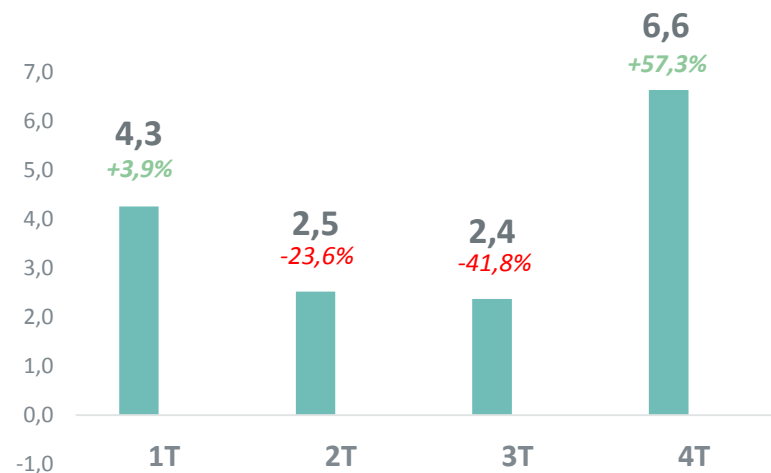
EVOLUTION BY QUARTERS

IMPORTANT GROWTHS IN THE LAST QUARTER THAT
SIGNIFICANTLY IMPULSES
YEAR RESULTS

TURNOVER
(in million euros)



EBITDA
(in million euros)





03.

EVOLUTION OF
BUSINESS AREAS

SALES EVOLUTION BY BUSINESS AREA

Turnover 2017
168 M€

+4.3%

ANTIBIOTICS AND
INJECTABLE PRODUCTS

49.7%
83.6 M€

DERMATOLOGY

21%
34.8 M€

+5%

NUTRITIONAL
SUPPLEMENTS

15%
25.9 M€

-3,8%

RESPIRATORY/ENT

6%
10.1 M€

+14%

OTHERS

8%
13.6 M€

-2%

Technological specialization area

49.7%
83.6 M€

+6.2%

Therapeutic areas and health care

50.3%
84.4 M€

+2.4%

CDMO represents 23% of total turnover (€ 39,2M) driven by value-added products (derma in Sweden and biotech injectables)

"Others" includes primarily: products from non-core therapeutic areas and consumer healthcare products

TECHNOLOGICAL SPECIALIZATION AREA

ANTIBIOTICS AND INJECTABLE PRODUCTS

49.7%

83.6 M€

+6.2%

PERFORMANCE OF THE AREA

Good evolution of the **technological specialization area** (49.7% of total sales), increased by 6.2% and contributed € 83.6 million in 2017.

Second year of strong growth of the injectable and/or lyophilized products which is added to the recovery of the antibiotic line.

- The excellent progression of **sterile injectable products** (38.3% of sales in this category) that increased by 23.5% and made it possible to offset the fall in the antibiotic line in the first quarters.

- Restoration of raw material supply in the **antibiotic line** (61.7% of sales) that allows to go from -14% in 2016 to -2.2% in 2017.

- 13 M€ **investments** in 2017 **to expand production lines** in Toledo (antibiotics) and Barcelona (injections).

- Reig Jofre made the stabilization and industrial pharmaceutical development of the **first veterinary recombinant vaccine against Leishmaniosis**: a biotechnological injectable protein owned by *Laboratorios Leti* and licensed to Merck Sharp and Dohme, which will be produced by Reig Jofre.

THERAPEUTIC AREAS AND HEALTH CARE (i)

+2,4%

DERMATOLOGY

21%
34.8 M€

+6%

RESPIRATORY/ENT

6%
10.1 M€

+14%

OTHERS

8%
13.6 M€

-2%

NEW DEVELOPMENTS

- **Complidermol 5a PLUS**, first nutritional supplement for female androgenetic alopecia.
- **Otospray® 3E**, for the daily hygiene of the ear canal.



Good evolution of all product lines:

- Dermatology (21% of this area sales) grows 6%.
- Respiratory/ENT (6% of sales) grows 14%.
- Others, includes primarily products from non-core therapeutic areas and consumer healthcare products decreases 5%.

COLLABORATIONS & TRAINING

- First socio-health research worldwide on **the use of seawater** in respiratory diseases.

PULMIASMA, medical training platform to improve asthma control.



Antifungal **Ony-Tec**:
grew by 7%.

THERAPEUTIC AREAS AND HEALTH CARE (ii)

+2,4%

NUTRITIONAL SUPPLEMENTS

15%
25,9 M€

-3,8%

- **The line of nutritional supplements** (15% of the sales) slowed its decline and decrease 3.8% compared to 17% in the previous year.

- Change in the world leadership of the project Forté Pharma with the appointment of **Alain Boutboul** as General Manager in France.

- 6 months of consecutive growth with new developments and excellent last quarter.

NEW DEVELOPMENTS

Energy:



Health:

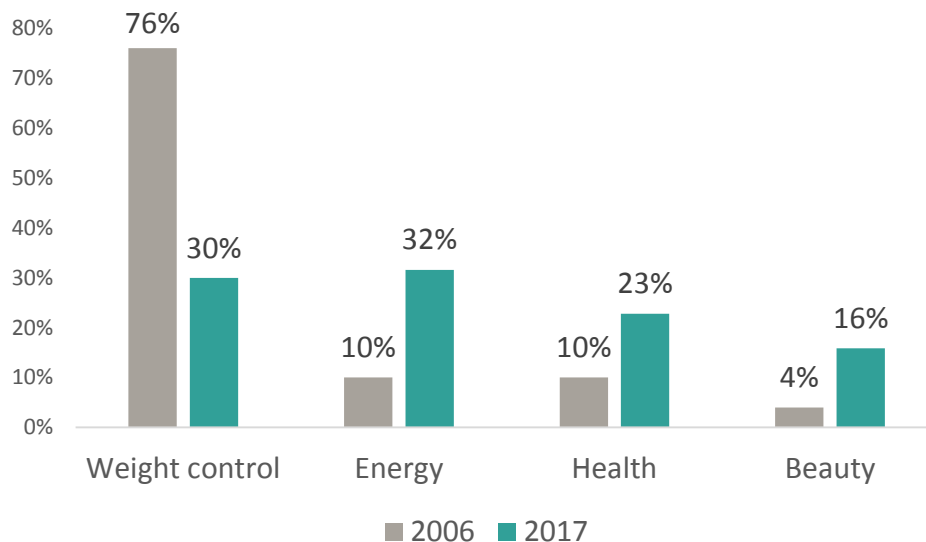


- Change of brand image for 2018, investment in advertising and portfolio of new launches

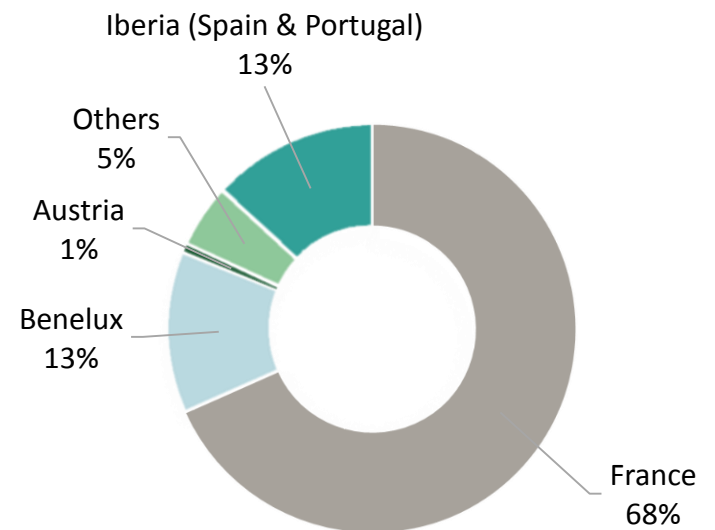
FORTE PHARMA – Sales distribution

- 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 Reig Jofre Spain general manager

EVOLUTION OF FORTE PHARMA PRODUCT RANGE
2006-2017



SALES DISTRIBUTION BY
COUNTRIES
2017

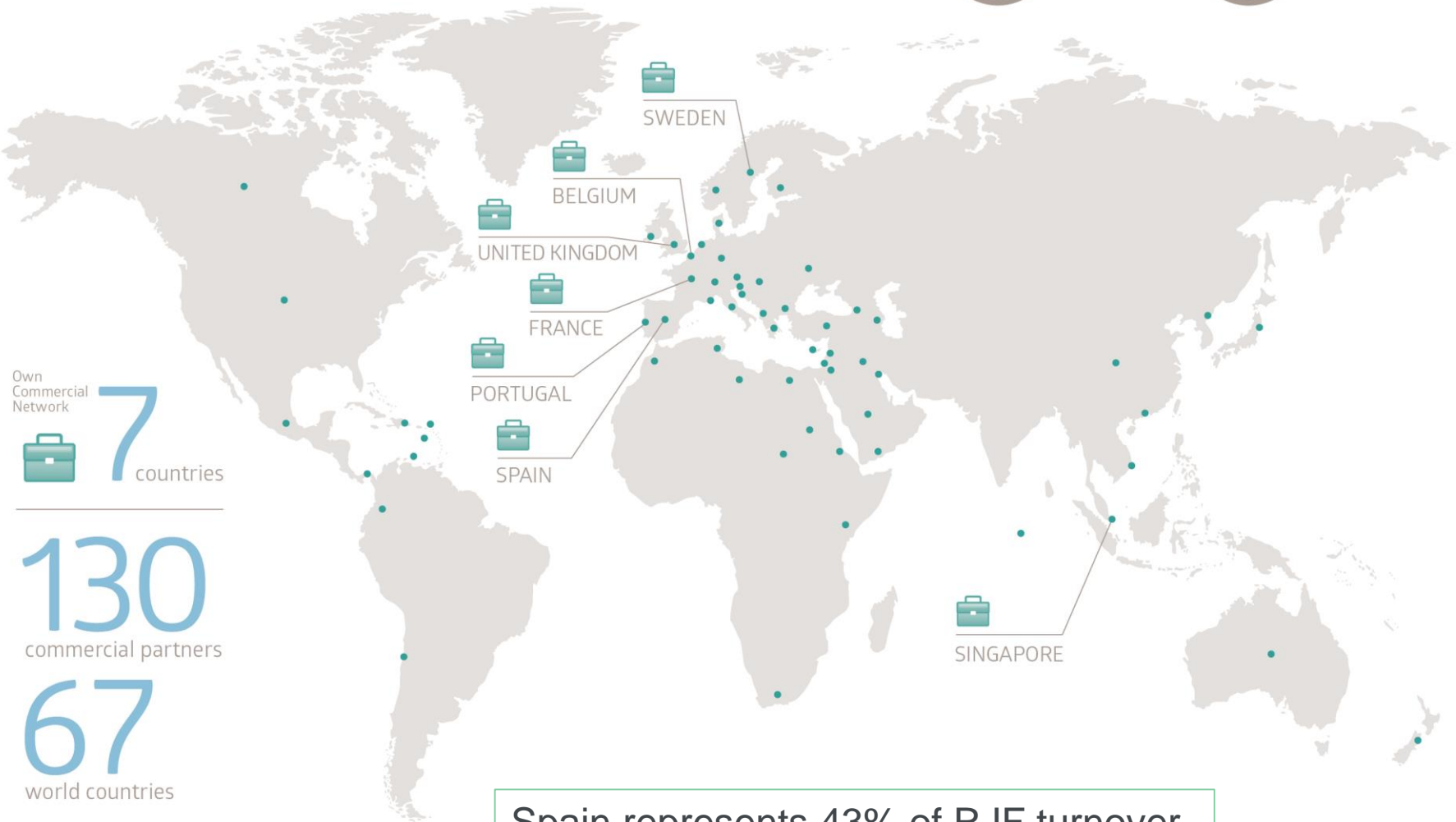




04.

INTERNATIONAL PROGRESS

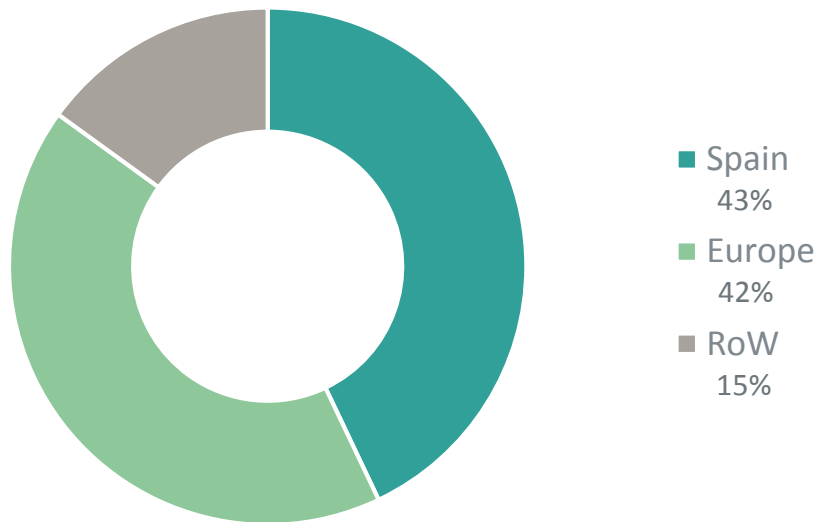
INTERNATIONAL PRESENCE



Spain represents 43% of RJF turnover

SALES BY GEOGRAPHICAL AREA

SALES DISTRIBUTION BY GEOGRAPHICAL AREA IN 2017
168 M€



- **The top 10 markets outside Spain** in 2017 were: France (12%), Sweden (8%), the United Kingdom (6%), Ireland (4%), Japan and Germany (3% respectively), Benelux and Greece (2% respectively) and Portugal, Italia and Switzerland (1% respectively).

- Second consecutive year of significant growth in **markets outside Europe** (+ 39% in 2016 and + 14% in 2017).
- **Spain** grew by 10%, while sales in the **rest of Europe** decreased by 3.6%.
- In 2017, it highlighted the significant evolution of **Asia**, which grew by 23% and went from contributing 4% of the company's sales in 2015 to 9% in 2017.
- **Africa, America and Oceania** accounted for 1.7%, 2.1% and 2.4% of total sales, respectively.



05.

PROFIT AND LOSS ACCOUNT

HIGHLIGHTS

- Income increase
- Operating expenses increase
- EBITDA increase
- Net result improvement

<i>(in euro)</i>	31/12/2017	31/12/2016
Turnover	167,983,166	161,134,290
Changes in inventories	- 108,495	3,657,720
Procurements	- 63.970.940	- 65,024,011
Work carried out for fixed assets	3,743,101	342,806
Other operating income	2,436,973	3,780,539
Personnel expenses	- 49,355,219	- 45,977,794
Other operating expenses	- 44.941.197	- 42,227,136
EBITDA	15,787,389	15,686,414
Depreciation and amortization	- 6,829,299	- 5,946,361
Government grants for non-financial assets and others	64,877	42,362
Impairment and results on disposals	- 11.481	1,965,542
Operating income	9,011,486	11,747,957
Financial income	68,711	164,745
Financial expenses	- 946,495	- 1,238,683
Variation in fair value of financial instruments	106,662	172,888
Impairment and results from disposal of financial instruments	0	1,410,880
Exchange differences	- 237,241	- 296,669
Profit before taxes	8,003,123	11,961,118
Income tax	807,905	- 4,294,278
Net result	8,811,028	7,666,840

TOTAL REVENUE

170.4 M€

+3.3%

R&D ACTIVATION

3.7 M€

+3.3%

STRUCTURE EXPENSES

94.3 M€

+6 M€

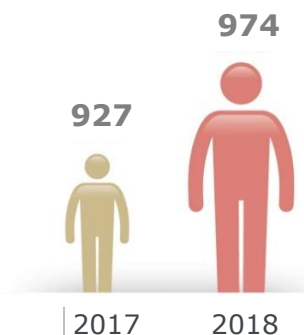
EBITDA

15.8 M€

+0,6%

- Increase of 4.3% in sales to € 168M and **total income** of € 170,4M with Other Operating Income.
- **R&D activation** policy due to a greater investment effort, which affects positively in € 3.7M
- **Structure expenses** increase by € 6M due in part to the increase in development expenses in innovative projects

EMPLOYEES



- Personnel expenses increase by 7%, to € 49.3M, due to the increase in workforce by 5%, especially in production and R&D.
- Operating expenses rise by 6%, with a significant impact associated with marketing expenses, specially in France, new projects and the setting up of new production lines
- Increase of 0.6% of **EBITDA** to € 15.8M

OPERATING
RESULT

9 M€

-2.7M€

FINANCIAL
EXPENSES

0.9M M€

-24%

CORPORATE TAX

0.8 M€

+5.1M€

NET PROFIT

8.8M M€

+15%

- **Operating result** in 2017 reached € 9M. This figure would be in line with the previous year if we took into account the effect of:
 - € 0.9M increase in amortizations, due to the investments in production capacity, specially in 2016-2017.
 - 2016's positive result from the € 1.9M reversal of impairment losses of land and buildings.
- Lower **financial expenses** by 24%, following the reduction of short term debt.
- Overall financial result decreased € 0,4M due to an extraordinary income of € 1,4 M in 2016
- Positive fiscal impacts due to higher deductions in R+D and the partial reversal of the negative effect in 2016 of the € 2.7 M impairment of **tax credits**.
- 15% increase of **net profit**, up to € 8.8M.



06.

BALANCE SHEET

HIGHLIGHTS

ASSETS

- Investments in capex
- Deferred tax assets
- Inventories
- Decrease of current assets

EQUITY

- Srip dividend
- Treasury stock

LIABILITIES

- Financial debt
- Net debt/EBITDA

ASSETS

(in euro)

31/12/2017

31/12/2016

ASSETS

Non-current assets

Goodwill	27,744,603	27,946,893
Other intangible assets	32,521,414	32,191,043
Property, plant and equipment	46,748,718	36,537,702
Available-for-sale assets	605,490	1,167,058
Non-current financial assets	716,081	591,049
Deferred tax assets	13,762,867	11,838,829
TOTAL NON-CURRENT ASSETS	122,099,173	110,272,574

Current assets

Inventories	27,509,105	33,008,585
Trade and other receivables	35,161,239	36,048,884
Current tax assets	27	1770
Other current financial assets	3,272,957	11,144,454
Other current assets	3,605,774	6,636,038
Cash and cash equivalents	11,688,831	8,181,654
TOTAL CURRENT ASSETS	81,237,933	95,021,385

TOTAL ASSETS

203,337,106 205,293,959

NON-CURRENT ASSETS

+11.8 M€

CURRENT ASSETS [ex cash]

-17.2 M€

CASH

+3,5 M€

NON-CURRENT
ASSETS

122 M€

+11.8 M€

+10.2 M€

Property, Plant & Equipment

- Increase of Property, Plant & Equipment of € 10.2M in 2017 due to new investments (gross investment of € 16.9M)

Additional capacity (expansion)	€ 8.4M
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Maintenance investments	€ 3.5M
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Serialisation*	€ 1.3M
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R&D Projects	€ 3.7M
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TOTAL INVESTMENT IN FIXED ASSETS 2017 € 16.9M

** To comply with the Directive against product counterfeiting UE2011/62*

+1.9 M€

Deferred Tax Assets

- Increase in Deferred Tax Assets, due to reversal of impairment, of € 1.7M and unallocated deductions.
- The company estimates that all credit taxes from the merger, both those on the BS (€ 13.7M) as the rest (€ 8.1M) will be recovered.

CURRENT ASSETS

70 M€

€ -17.2 M

€ -5.5 M

Inventories

- Reduction of inventories by € 5.5M, specially in raw materials and components, due to a better management of lead times

€ -7.9 M

Current financial assets

- Decrease of current financial assets, due to the cash-in of the balance due by Naturex in July 2017.

€ -3 M

Other current assets

- Balance reduction, specially as regards to VAT

EQUITY

+ 8.3 M€

(en euros)

31/12/2017

31/12/2016

Equity

Share capital	32,076,589	31.607.110
Reserves	102,183,036	95,792,056
Treasury shares	-702.981	-2,092,374
Interim dividend paid during the year	0	0
Profit attributable to the parent company	8,828,435	7,676,288
Exchange differences	-811.598	-330,066
Other comprehensive income for assets available for sale	19,400	-19,039
Other items of equity	12,169	638,193
Equity attributable to parent company	141.605.049	133,272,168
Non-controlling interests	-45,806	-16.964
TOTAL EQUITY	141,559,243	133,255,204

Equity

- Scrip dividend through a capital increase against reserves (€ +0,5M)
- Significant reduction of the treasury stock in 2017

LIABILITIES

€ - 10.2 M

(en euros)	31/12/2017	31/12/2016
TOTAL EQUITY	141,559,243	133,255,204
Non-current liabilities		
Capital grants	145,375	210,254
Provisions	682,236	613,531
Financial liabilities with credit institutions	9,478,644	11,989,392
Financial lease liabilities	7,612,622	5,244,334
Derivative financial instruments	0	0
Other financial liabilities	6,098,347	6,579,355
Deferred tax liabilities	3,293,605	3,346,745
TOTAL NON-CURRENT LIABILITIES	27,310,829	27,983,611
Current liabilities		
Provisions	244,959	314,339
Financial liabilities with credit institutions	4,728,595	12,692,240
Financial lease liabilities	1,351,019	592,771
Short-term derivative financial instruments	0	101,110
Other financial liabilities	716,710	402,345
Trade and other payables	23,975,413	25,787,514
Current tax liabilities	972,079	1,652,749
Other current liabilities	2,478,259	2,512,076
TOTAL CURRENT LIABILITIES	34,467,034	44,055,144
TOTAL EQUITY AND LIABILITIES	203,337,106	205,293,959

FINANCIAL DEBT

€ - 7.5 M

NON-FINANCIAL DEBT

€ - 2.7 M

FINANCIAL DEBT

€ - 7.5 M

- Non-current financial debt was set at € 23.2 M, decreasing by € -0,6 M. Increase of leasing facilities due to financed investments in production.
- Significant reduction of current financial debt in € 6.9M, down to € 6.7M due to the non-utilisation of credit lines and other current facilities.
- Reduction of net financial debt of € 11M, to € 18.3M, that is 1.16x Ebitda

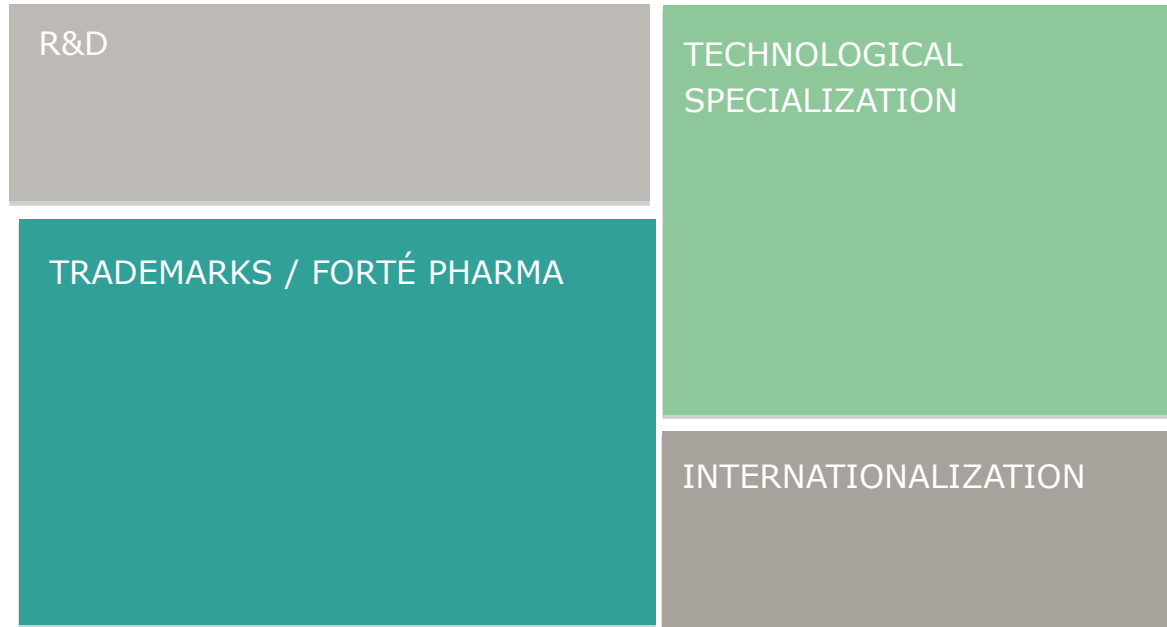
	31/12/2017	31/12/2016
Financial debt	37,500	29,986
Cash	-8,182	-11,689
Net debt	29,319	18,297
Net debt/Ebitda	1.87	1.16



07.

NOTES FOR THE FUTURE

4 STRATEGIC PILLARS



TECHNOLOGICAL SPECIALISATION

- **RJF** has got a unique positioning in the world in:
 - Antibiotics from penicillin (oral and, specially, **injectable**)
 - **Injectable** medicines stabilized and formulated through **lyophilization**
- Development of innovative generic products based on this technological platforms
- Advanced and complex quality standards; entry barriers; limited competition; growing market for hospital injectable products; high demand worldwide for modern and productive plants

INVESTMENTS

CAPACITY

PRODUCTIVITY

QUALITY

RJF TOLEDO

- Investments of € 7.5M during 2016-18 to achieve:
 - Capacity increase of 33% (sterile penicilins)
 - Estimated additional productivity in new line: +20%
 - Technologic state-of-the-art line, ready to complete the most demanding and varied quality audits and inspections and have access to products and markets with substantially higher margins.
- Inauguration expected in H2 2018 with entering into the US market in 2019
 - The entering strategy in US will enable RJF to reach industrial margins similar to Europe and commercial margins higher than Europe.

RJF BARCELONA

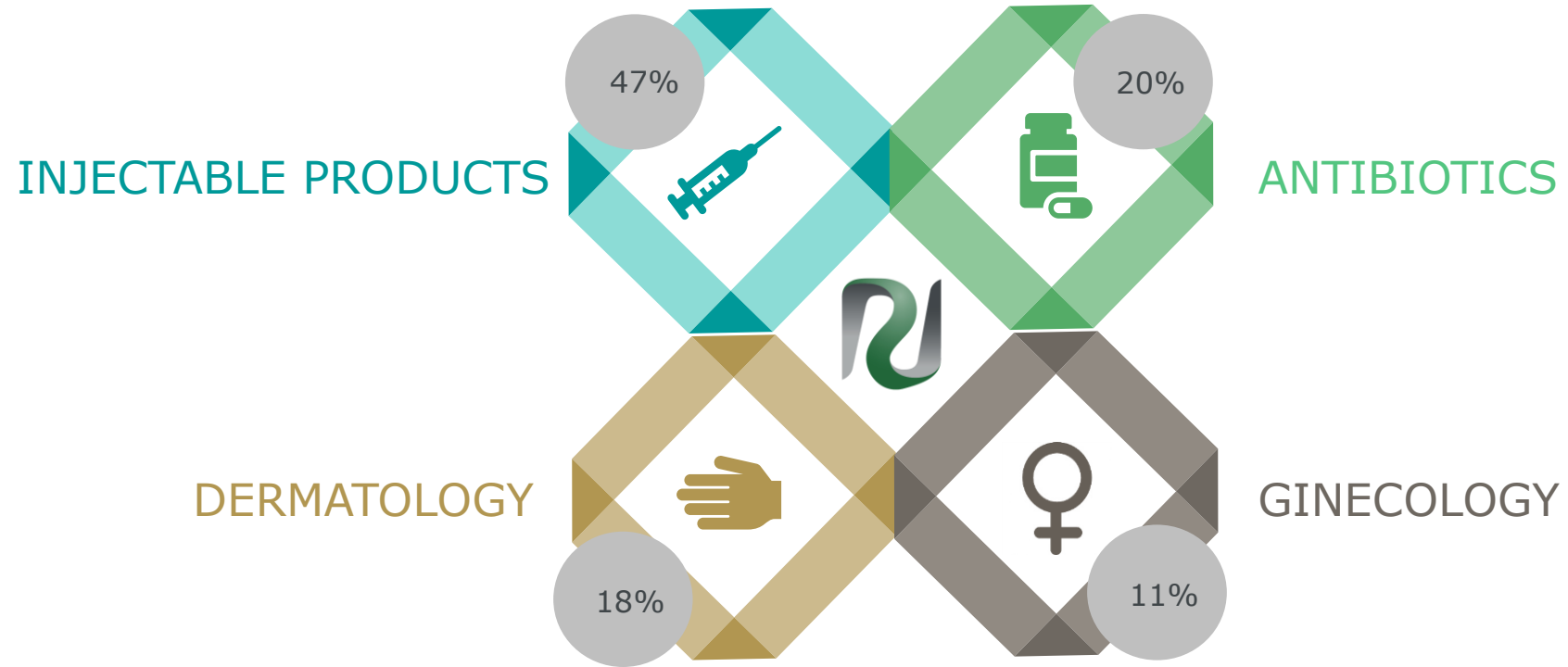
New investments planned for 2018-20 to replicate RJF Toledo's model for sterile, injectable and lyophilized pharma products.

I+D

MAIN INVESTMENT AREAS

R&D investment in 2017: € 8.1 M, 5% of sales

- 75% of the company's sales come from the development of its own products
- Balanced pipeline:
 - New formulations and indications in the areas of therapeutic specialization (dermatology, respiratory/ENT, gynecology)
 - Innovative developments in collaboration with research start-ups or knowledge centers in the areas of technological specialization (injectable or beta-lactam antibiotics) and therapeutic
 - Generics of technological specialization



MAIN INVESTMENT AREAS

Estimated sales contribution in 2022: € 30M

Risk: Market access

INJECTABLE PRODUCTS

Enlarging and developing the value-added specialized generic product portfolio

- Innovative ultra-short action anaesthetic for Indonesia.
Launch: 2018

DERMATOLOGY

Development of new formulations

- Clinical trial in phase III. New formulation of topic anti-infective.
European market: € 123M

ANTIBIOTICS

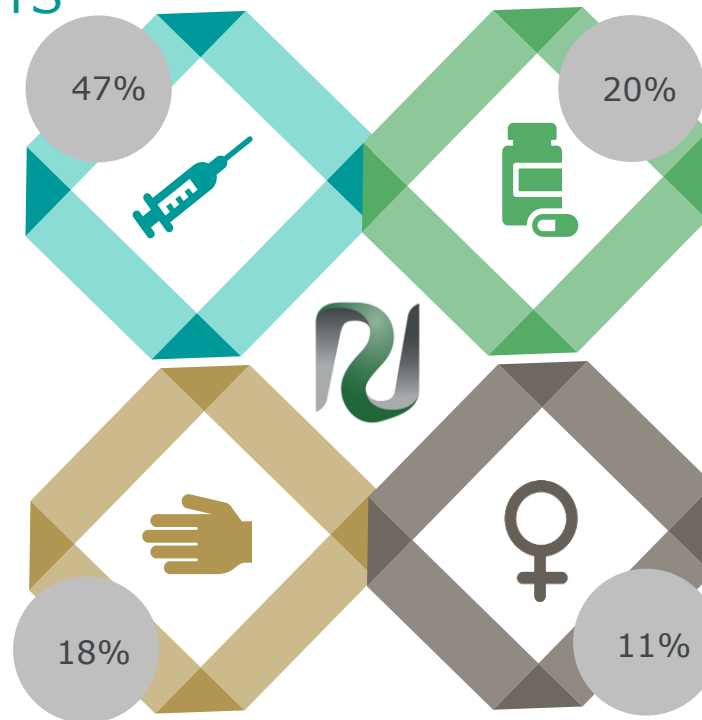
Optimization of beta lactam industrial processes to reach new markets

- Spread spectrum penicillin antibiotic for US.
Launch 2019

GYNAECOLOGY

















New product extension

- Clinical trial in phase IV: Nifer-Par®
- Clinical trial for Gynec® - DX for the prognosis of endometrial polyps































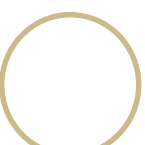
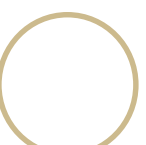







Risk: Scientific

MAIN ONGOING DEVELOPMENTS

			Development	Validation	Clínic	Registry
INNOVATIVE	ANTIBIOTICS	Nanoencapsulation				
	INJECTABLES	Vaccine A. baumannii				
		Adenovirus oncolítico				
	DERMATOLOGY	Anti-infective				
		Promoter of topical dermatological regeneration				
	GINECOLOGY	Infertility				
		Endometrial cancer				
	CONSUMER HEALTH	TB risk reduction				
GENERIC	ANTIBIOTICS	Bacterial infections 1				
		Bacterial infections 2				
		Hematologic infection				
	INJECTABLE / LIOFILIZED	Antifungal 1				
		Antifungal 2				
		Antifungal 3				
		Anesthetic 1				
		Anesthetic 2				

COLLABORATIVE INNOVATION

	Diagnosis	PS	Medicine	FS	Biological	
Gyne						  
Derma						  
Injectable						   
Antiibotic						
Others						 



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



Av. de les Flors
08970 Sant Joan Despi
Barcelona, Spain
T. +34 93 480 67 10

www.reigjofre.com

Investor relations
investors@reigjofre.com

