

Barcelona, July 27, 2017

RESULTS NOTE: FIRST HALF 2017

REIG JOFRE CONFIRMS THE BEGINNING OF REGULARIZATION OF THE LACK OF RAW MATERIAL THAT AFFECTED ITS MAIN UNIT IN 2016

- The delay in the supply of raw material in the sterile penicillin area caused in 2016 a slowdown in the growth of the company's sales, a significant increase in stocks at the end of that year and the consequent increase of the financial debt. Also contributing to an increase in inventories in 2016 was the advance of production linked to the company's injectable area, in anticipation of production interruptions in the first quarter of 2017 due to works to expand the plant. The beginning of the regularization of both situations allowed the company to correct its inventories and recover in the first half of 2017 its traditional levels of net financial debt.
- Regarding sales, the reversal of the lack of supply is expected to boost the release of product batches in the second half of the year and regularize the revenues of the company's main product unit, while demand continues to increase for the main products of the antibiotics and injectables portfolio.
- Reig Jofre closed the first half of the year with an increase in revenues of 1.8 M€ (+2.2%), up to 84.11 M€, despite a decline in sales of 6 M€ of the sterile penicillins affected by the supply problems mentioned and the still weak evolution of the nutritional supplements area.
- As the first quarter results already showed, the increase in demand in the rest of antibiotics and injectables lines led to an increase in the workforce for additional production shifts. This was reflected in an increase in operating costs (+1.8 M€) and a consequent EBITDA adjustment of 0.6 M€, which is expected to be absorbed in the second half of the year by the activity's return to normality.
- In these circumstances, Reig Jofre closed the first half of 2017 with EBITDA of 6.75 M€ versus 7.40 M€ in the same period of the previous year. Despite improvements in the financial result and the tax item, the EBITDA adjustment was reflected in the net result, which fell by 0.55 M€ in the first half of the year to 2.75 M€ (3.31 M€ in the same period of 2016).

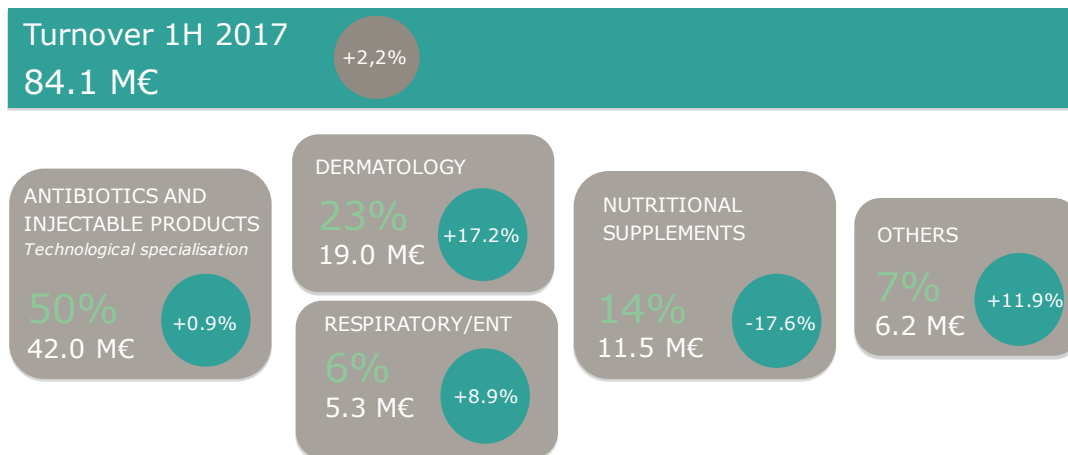
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OPERATING PERFORMANCE

At the end of the first half of 2017, Reig Jofre simplified the presentation of its revenue sources, to facilitate the understanding of the company's main business segments.



Reig Jofre closed the first six months of the year with a **turnover** of 84.1 million euros, an increase of 2.2% compared to the first half of 2016. During this period, all the company's business areas presented a positive evolution, except for the nutritional supplements unit:

- Despite the facts that are slowing down the sales of the antibiotic and injectable products area, this unit closed the first half of the year with an increase in turnover of 0.9%, to 42 million euros, which represents a contribution of 50% to the total turnover of the company. As happened in previous quarters, the excellent evolution of the injectable unit, which additionally counts from the month of May with the new sterile area approved by the Spanish Medicines Agency, allowed to compensate the regression of the antibiotic unit in the aggregate of the first six months of the year.
- The dermatology area accounted for 23% of the company's turnover and reached sales of 19 million euros, an increase of 17.2% over the same period last year, mainly motivated by the good performance of Reig Jofre's top products in this area and the increased demand for dermatology products that the company manufactures for other pharmaceutical companies.



- The respiratory/ENT unit (ear, nose and throat) contributed 6% of Reig Jofre's turnover and increased its sales by 8.9%, to 5.3 million euros.
- The nutritional supplements area (Forté Pharma), which represented 14% of the company's turnover, contributed sales of 11.5 million euros, a decrease of 17.6% over the same period last year. As the company mentioned in the first quarter results note, Reig Jofre is working on a plan to change the trend of this unit, which is expected to bear fruit in the second half of the year.
- Sales from other products of non-strategic or minority categories grew by 11.9%, to 6.2 million euros.

As already seen in the first quarter results, the increase in demand in the units of antibiotics and injectables led to an increase in the workforce for the reinforcement or creation of new production shifts. This fact had its translation in an increase of **operating costs** in the amount of 1.8 million euros, which the increase in sales did not offset totally. This resulted in an **EBITDA** adjustment of 0.6 million euros, standing at 6.77 million euros compared to 7.40 million euros at the end of June 2016. The company expects that the reactivation of the batch release in the sterile penicillin unit shall allow to stabilize the business's operating profitability in the second half of the year.

Significant investments made in the last two years for the increase in production capacity and the new development- and quality control laboratory led to an increase in **amortizations** of 0.42 million euros, which at the end of June totaled 3.14 million euros.

A positive **financial result** of 0.26 million euros made it possible to slightly correct the deterioration in **profit before taxes**, which stood at 3.24 million euros, compared to 4.03 million euros at the end of June 2016.

After a 15% **corporate tax** estimate (18% in the first half of 2016, adjusted to 13% at the end of 2016), the company's **net result** stood at 2.75 million euros compared to 3, 31 million euros in the first half of the previous year.

Reig Jofre has tax credits on its balance sheet amounting to 11.78 million euros, so the effective tax rate at year-end is expected to be around 10%-12%

INVENTORIES AND FINANCIAL DEBT

The lack of raw material in the area of sterile penicillin, together with the advance of production in the company's injectable area in anticipation of production



interruptions in the first quarter of 2017 due to works to expand the plant, led to an increase of 8.3 million euros in the stocks of the company at the end of that year and the consequent increase in debt to 37.9 million euros. The beginning of the regularization of both situations allowed the company to correct its inventories and consequently reduce its gross financial debt to 27.6 M€ at the end of the first half of 2017.

On June 30, 2017, the French company Naturex, S.A. cancelled 8.5 million euros debt in favor of Reig Jofre related to the deferred payment for the acquisition of industrial assets carried out in 2013.

The cash position of 14.9 million euros allowed the recovery in the first half of 2017 of net financial debt below 1 time EBITDA, compared to 1.9 times at the close of 2016.

SCRIP DIVIDEND

The Shareholders' Meeting of June 8, 2017, approved a dividend distribution amounting to maximum 2.96 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, 1.7% of the share capital requested the sale of rights to the Company, which meant a distribution of cash dividend by the Company for a total amount of 50,102 euros, paid on July 4, 2017.

98% of Reig Jofre's share capital opted to receive new shares in payment of the flexible dividend, which will involve the issuance of 938,958 new shares. After the appropriate administrative procedures, it is estimated that the new shares will be admitted to trading in August.

Reig Jofre Investments SL, holder of 74% of Laboratorio Reig Jofre SA's share capital informed the Company that in order not to increase its shareholding in Reig Jofre; not to retain 74% of the dividend cash through the sale of the rights to the Company and facilitate the investment of said capital in the projects underway; and in order to facilitate the entry of new shareholders in Reig Jofre's shareholding base and thereby contribute to the increase of the Company's free float, this shareholder sold 87% 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, the first shareholder of Reig Jofre will have reduced its shareholding by one percentage point to 73.1%.



PROFIT AND LOSS ACCOUNT OF THE FIRST HALF OF 2017

(in euro)	30/06/2017	30/06/2016
Turnover	84,112,489	82,320,528
Changes in inventories	-1,346,534	1,498,995
Work carried out for fixed assets	1,501,747	0
Procurements	-32,139,772	-32,850,600
Gross margin	52,127,930	50,968,923
<i>% sales</i>	62.0%	61.9%
Other operating income	1,136,045	1,137,441
Personnel expenses	-24,647,940	-22,930,585
Other operating expenses	-21,840,631	-21,771,324
EBITDA	6,775,405	7,404,455
<i>% sales</i>	8.06%	8.9%
Depreciation and amortization	-3,136,796	-2,719,898
Government grants for non-financial assets and others	21,181	21,181
Impairment and results on disposals	-9,375	0
Operating income	3,650,415	4,705,738
<i>% sales</i>	4.3%	5.6%
Financial income	82,260	79,939
Financial expenses	-527,782	-532,119
Variation in fair value of financial instruments	72,098	0
Impairment and results from disposal of financial instruments	5,552	0
Exchange differences	-42,123	-175,940
Financial result	-409,995	-628,119
Impairment losses from entities accounted by the equity method	0	-45,538
Results from entities accounted by the equity method	0	0
Profit before taxes	3,240,420	4,032,081
Income tax	-486,063	-725,774
Net result	2,754,357	3,306,306
Profit attributable to parent company	2,749,192	3,299,329
Profit attributable to non-controlling interests	5,164	6,977

In the first half of 2016, revenues amounting to 1.11 million euros were recorded as "Turnover", while, following the indications of the Company's auditor, they were accounted for as "Other operating income" from the third quarter of the year.

The above income statement includes such reclassified amount so that the comparison between semesters is more consistent.



BALANCE SHEET ON JUNE 30, 2017

(in euro)	30/06/2017	30/06/2016
ASSETS		
Non-current assets		
Goodwill	27,889,493	25,910,612
Other intangible assets	32,300,744	32,729,960
Property, plant and equipment	40,520,814	30,760,401
Available-for-sale assets	1,202,241	
Non-current financial assets	593,204	10,481,882
Deferred tax assets	11,779,455	14,771,982
TOTAL NON-CURRENT ASSETS	114.285.951	114.654.838
Current assets		
Inventories	28,823,839	30,112,097
Trade and other receivables	34,087,153	32,428,175
Current tax assets	2,984	343
Other current financial assets	1,015,279	2,144,324
Other current assets	3,434,592	6,852,986
Cash and cash equivalents	14,797,208	6,319,435
TOTAL CURRENT ASSETS	82,161,055	77,857,361
TOTAL ASSETS	196,447,005	192,512,199
EQUITY AND LIABILITIES		
Equity		
Share capital	31,607,110	126,428,441
Reserves	103,011,583	4,419,697
Treasury shares	-467	-5.020.277
Interim dividend paid during the year	0	0
Profit attributable to the parent company	2,749,192	3,299,329
Exchange differences	-792.232	-290,123
Other comprehensive income for assets available for sale	-19.039	8,978
Other items of equity	-	0
Equity attributable to parent company	136,089,734	128,846,044
Non-controlling interests	-11,800	8,865
TOTAL EQUITY	136,077,934	128.854.909
Non-current liabilities		
Capital grants	189,074	193,906
Provisions	613,531	709,898
Financial liabilities with credit institutions	10,739,081	3,938,348
Financial lease liabilities	4,940,052	5,552,584
Derivative financial instruments	0	273,998
Other financial liabilities	6,536,613	5,712,313
Deferred tax liabilities	3,551,055	2,923,464
TOTAL NON-CURRENT LIABILITIES	26,569,405	19,304,512
Current liabilities		
Provisions	164,071	280,748
Financial liabilities with credit institutions	4,190,047	8,324,296
Financial lease liabilities	603,270	573,193
Short-term derivative financial instruments	29,012	0
Other financial liabilities	564,077	678,172
Trade and other payables	25,955,264	29,065,993
Current tax liabilities	81,996	836.711
Other current liabilities	2,211,930	4,593,665
TOTAL CURRENT LIABILITIES	33,799,667	44,352,778
TOTAL EQUITY AND LIABILITIES	196,447,005	192,512,199



About Reig Jofre

Founded in Barcelona in 1929, Reig Jofre is a multinational pharmaceutical company with activity structured around two major axes: the main one, own-product manufacture and marketing (RJF Pharma, 80% of total sales) and a complementary one, development and manufacture for third parties (RJF CDMO, 20% of total sales). In its main activity, the company focuses on developing specialised technological products (antibiotics and solutions for injection); specialised therapeutic products for the dermatology, gynaecology and respiratory fields; and dietary supplements and consumer healthcare. The company focuses its R+D activity on developing new indications and/or pharmaceutical forms using known active substances, generic medicines with a particular focus on beta-lactam antibiotics and solutions for injection, topical dermatological products, OTCs and dietary supplements, and in addition develops new innovative molecules in partnership with start-ups and research centres.

Reig Jofre has over 900 employees, 4 development centres and 4 production centres in Europe, direct sales in 6 European countries and over 130 business partners in 64 countries across the world. The company closed 2016 with a turnover of 161 million euros.

Reig Jofre is listed on the Spanish Stock Exchange under the ticker RJF. Reig Jofre is listed on the Spanish Stock Exchange under the ticker RJF. Share capital: 63,214,220 shares.

For further information

Investors and analysts

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