



2014 Results

FOLLOWING THE MERGER WITH
NATRACEUTICAL

Audio web cast

March 23, 2015



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01. HIGHLIGHTS

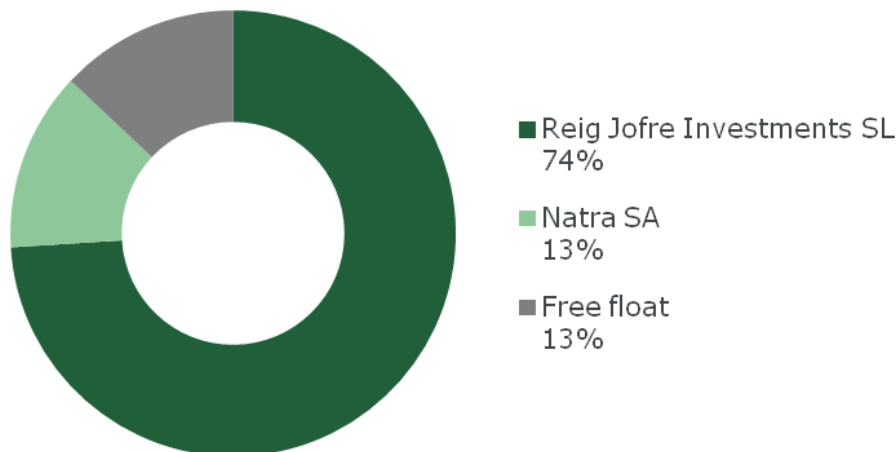
MERGER HIGHLIGHTS

- The merger between Natraceutical (NTC) and former Reig Jofre (RJ) was formalized on December 31, 2014. From a **legal point of view**, Natraceutical took over Reig Jofre and this explains why the resulting company kept Natraceutical's tax identification number and the shares former ID number SIBE ES0165359011.
- Following the merger, Natraceutical SA changed its name to Laboratorio Reig Jofre SA and it trades now under the **ticker RJF** (former NTC).
- The new Reig Jofre (RJF) is the fifth largest Spanish pharmaceutical company by turnover listed on the Spanish stock market. It specializes in the development of prescription and non-prescription pharmaceutical products, generics based on specialized technologies, medical devices, nutritional supplements and consumer healthcare products. Reig Jofre has an outstanding experience in the development and manufacture of beta-lactam antibiotics, injectable lyophilized vials, topical dermatological products, as well nutraceuticals and oral formulations.
- For the merger by takeover of Reig Jofre, Natraceutical issued 935,570,462 new shares, so that the number of **outstanding shares** after the merger of both companies is 1,264,284,408.
- Prior to the merger, NTC's **figures** in 2013 stood at: 31.4 M€ turnover; 2.6 M€ EBITDA and 2.1 M€ profit before taxes. After the merger, the new company stood in 2014 at 152.5 M€ turnover; 15.0 M€ EBITDA and 9.2 M€ profit before taxes (2014 pro forma figures).
- From an **accounting point of view**, due to Reig Jofre's larger size, it was Reig Jofre that took over Natraceutical. Reig Jofre used to close its financial statements in September, so according to the accounting standards, the reverse merger made the new company disclose as 2014 profit and loss account the results corresponding only to the months of October to December 2014 of the former Reig Jofre. Due to a lack of comparability with previous and future years, Reig Jofre reports hereafter non-audited pro forma profit and loss accounts of the merged companies for the period January-December 2012-2014. Figures corresponding to 2014 have been reviewed and validated by the company's audit firm.

SHAREHOLDERS AND BOARD OF DIRECTORS

Objective: to guarantee a balanced management of the company and increase the stock liquidity

SHAREHOLDERS



- **Reig Jofre Investments SL** was the sole shareholder of family-owned Reig Jofre prior to the merger with Natraceutical
- **Natra SA** was the controlling shareholder of Natraceutical prior to the merger with Reig Jofre
- **Free float** is currently composed of aprox. 11,000 shareholders, predominantly retailers. The two main shareholders agreed to increase the company's free float up to 25% in 2 years.

BOARD OF DIRECTORS

- Chairman:** Reig Jofre Investments SL
Represented by Mrs. Isabel Reig
- CEO:** Mr. Ignasi Biosca Reig
Upon proposal of Reig Jofre Investments SL
- Director:** Mr. Alejandro Garcia Reig
Upon proposal of Reig Jofre Investments SL
- Director:** Natra SA
Represented by Mr. Jose L. Navarro
- Indep. dir.:** Mr. Anton Costas
Professional track record in economy and finance
- Indep. dir.:** Mrs. M. Luisa Francoli
Professional track record in internationalisation and marketing
- Indep. dir.:** Mr. Ramon Gomis
Professional track record in medical research and nutrition
- Indep. dir.:** Mr. Ramiro Martinez-Pardo
Professional track record in financial markets and corporate governance
- Indep. dir.:** Mr. Emilio Moraleda
Professional track record in management positions in the international pharma industry

Go through all the directors' profiles on: <http://www.reigjofre.com/en/investors/corporate-governance>



02. OPERATING RESULTS

BUSINESS HIGHLIGHTS

- Through the merger with former Reig Jofre, Natraceutical benefits from: larger size to position itself in the pharma market and also as a listed company; diversification of product portfolio with medicines, OTC and consumer healthcare products; access to the Nordic countries through own sales force; international presence through a broad network of marketing partners; multi-channel sales force (hospitals, practitioners and pharmacies); pharma R&D and regulatory; in-house manufacturing and own logistic center.
- Through Natraceutical, former Reig Jofre benefits from: diversification of product portfolio with food supplements; a strong leading food supplements brand –Laboratoires Forté Pharma- with international presence and high growth potential; higher-margin products; access to Belgium, France and Portugal through own sales force; increased visibility as a public company and access to a new potential source of financing for future projects.
- The new Reig Jofre's business areas are: RJF Pharma (own-product development) and RJF CMO (specialized contract manufacturing) with a strategic focus on R&D and international expansion.
- The new company has a solid financial structure: less than 1x NFD/EBITDA; strong cash position, representing 44% of GFD and access to additional financing from financial institutions and the stock market.

BUSINESS AREAS

Leveraging on R&D and specialised production capabilities

2014
sales:
152.5 M€

Own-product development
(RJF Pharma)

78%

118.2 M€

41%

Direct sales

37%

Third-party distribution

Therapeutic areas

- Dermatology, gynecology, respiratory, antibiotics and consumer healthcare

Products

- Medicines (prescription and non-prescription), generic products based on special technologies, medical devices, food supplements and cosmetics

R&D&i

- Innovation in new formulations and new clinical indications of existing molecules in the therapeutic areas above
- Innovation in injectable generics based on specialized production technology, in any therapeutic area
- New developments of innovative molecules in partnership with start-ups and research centers

Specialized contract manufacturing
(RJF CMO)

22%

34.3 M€

13%

Betalactam antibiotics and injectable generics

9%

Basic formulations

Services

- Manufacture of specialized forms: injectable, lyophilized vials, antibiotics, topical products and biotech
- Design, development, stabilization and lyophilization process for biological and/or chemical assets
- Fill and finish for batches of injectable innovative clinical trials
- Manufacture of traditional formulations
- Full regulatory support for product registration

BUSINESS STRUCTURE

Diversified product portfolio and international presence

MANUFACTURING SITES

Barcelona
Spain

Toledo (2)
Spain

Malmö
Sweden

PRODUCTS / R+D / REGULATORY (*)

Antibiotics and injectables

Betalactam antibiotics
Lyophilized injectable generics

Specialty medicines

Dermatology
Gynecology
Respiratory
Others

Food supplements, OTC
and consumer healthcare

MARKETS

Direct sales

Spain
France
Nordic countries
Benelux
Portugal
UK

Marketing partners

International distributors
International licensees

(*) As of the 1st quarter of 2015, Reig Jofre will provide information on sales split by product categories

TURNOVER AND EBITDA

Sound evolution in 2012-2014 ...

	RJ	NTC	2012	RJ	NTC	2013	RJ	NTC	2014	CAGR
Turnover	105.2	29.9	135.1	121.6	31.4	152.9	123.0	29.5	152.5	6.2%
<i>Growth</i>				+15.6%	+5.0%	+13.2%	+1.2%	-6.1%	-0.3%	
EBITDA	10.6	0.9	11.5	15.7	2.6	18.2	14.5	0.5	15.0	14.1%
<i>Growth</i>				+48.1%	+188.9%	+58.3%	-7.6%	-80.8%	-17.6%	
<i>% sales</i>	10%	3%	9%	13%	8%	12%	12%	2%	10%	

Non-audited proforma. Natural years. In million euro

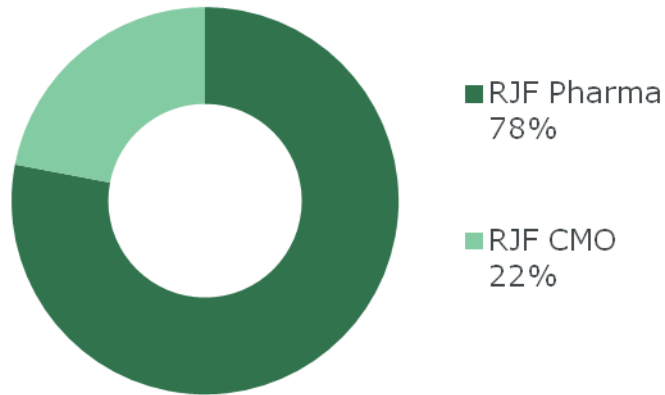
RJ / NTC: Reig Jofre and Natraceutical before the merger

- **Turnover** in 2014 stood at 152.5 M€, same levels as in the previous year. Former Reig Jofre contributed with 1.2% increase in sales while Natraceutical registered a decrease of 6.1%, mainly due to the consumption slowdown in France (63% of NTC's sales).
- Following the merger, the **gross margin** of Natraceutical's products (GM 74%) balanced Reig Jofre's figures (GM 61%) and set the gross margin of the new company at 64%.
- Despite stable sales and a significant improvement in gross margin of the combined companies, **EBITDA** decreased by 17.6% to 15.0 M€ due to merger expenses and the impact of Natraceutical's sales decrease. Pro forma EBITDA margin stood at 10% in 2014.
- Although former Reig Jofre had got a more regular evolution than Natraceutical in the period 2012-2014, **pro forma figures show a very positive combined trend. Compound annual growth rate of 6.2% in turnover for the period 2012-2014, 9.5% in gross margin and 14.1% in EBITDA.**

SALES MIX

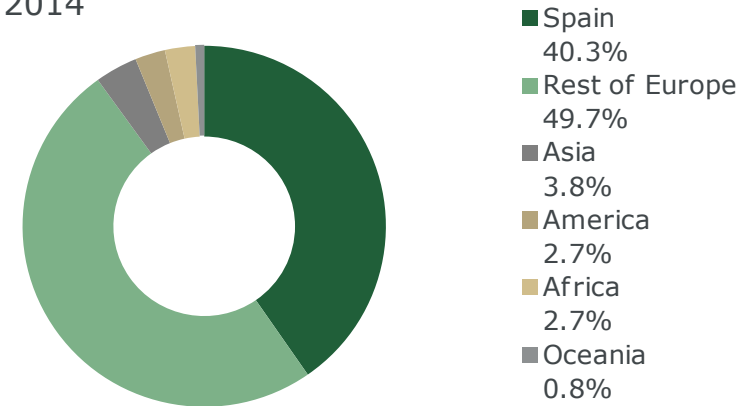
.... and strong complementarity for future growth

SALES MIX NEW REIG JOFRE
2014 152.5 M€



- After the merger with Natraceutical, RJF's pharma business increased its weight in the total turnover, with own developments representing 78% of 2014 proforma sales. The merger reduced the contribution of the CMO business to 22% of total sales (28% before de merger).
- Both areas achieved similar figures to those of 2013, although the analysis of the 2012-2014 period highlights the company's strategic focus on RJF Pharma business, with 7.9% compound annual growth rate, versus 1.0% from RJF CMO.

SALES SPLIT BY GEOGRAPHICAL AREAS
2014



- The flat growth of sales in 2014 was a consequence of the uneven performance of Europe (-3%) versus new international markets (+34%). Despite price decrease in subsidized medicines in Spain, this market grew 4.1% following the good performance of non-subsidized products.
- Reig Jofre's top-10 markets outside Spain are: France, UK, Germany, Sweden, Holland, Belgium, Greece, Saudi Arabia, Switzerland and Canada, accounting for 45% of total sales.

TOP PRODUCTS AND CUSTOMERS

Balancing mature products with higher value-added developments

TOP PRODUCTS IN RJF PHARMA 2014

Product	Category	% sales
# 1	Antibiotic	16%
# 2	Antibiotic	10%
# 3	Antibiotic	5%
# 4	Specialty medicine	5%
# 5	Food supplement	4%
# 6	Antibiotic	4%
# 7	Food supplement	3%
# 8	Food supplement	3%
# 9	Food supplement	2%
# 10	Food supplement	2%

	2013	2014	Evol.
Top-10	64.3	64.7	0.7%
<i>% total RJF Pharma</i>	53.4%	53.8%	
Antibiotics	44.1	41.5	-6.0%
Food supplements	15.6	17.5	12.4%
Specialty medicines	4.6	5.7	25.1%

In million euro

TOP CLIENTS IN RJF CMO 2014

Client	% sales
# 1	13%
# 2	13%
# 3	7%
# 4	4%
# 5	3%
# 6	2%
# 7	2%
# 8	2%
# 9	2%
# 10	2%

	2013	2014	Evol.
Top-10	16.9	16.5	-2.4%
<i>% total RJF CMO</i>	53%	51%	

In million euro

- The antibiotics range was affected in Spain by the new reference prices in RD 177/2014 from March 21, 2014. Both food supplements (incorporated in the new co. from Natraceutical) and specialty medicines (one of former Reig Jofre's product contribution) evolved positively and are RJF's strategic focus for the future.

OPERATING EXPENSES AND AMORTIZATION

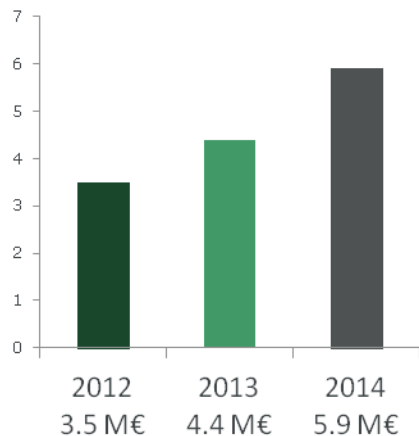
Ready to increase investments in R&D and capex significantly

	2012	2013	2014	CAGR
Other operating income	0.9	0.6	0.1	
Headcounts	-36.4	-38.5	-38.9	
<i>% sales</i>	26.9%	25.2%	25.5%	
R&D	-5.1	-7.2	-7.5	
<i>% sales</i>	3.8%	4.7%	4.9%	
Other operating expenses	-29.1	-30.1	-35.9	
<i>% s/vtas</i>	21.5%	19.7%	23.5%	
Amortization	-5.2	-5.1	-4.9	
Impairment and disposals	0	0.3	0	
EBIT	6.3	13.4	10.0	26.0%
<i>Growth</i>		112.7%	-25.4%	
<i>% sales</i>	4.7%	8.8%	6.6%	

Non-audited proforma. Natural years. In million euro

- With 820 employees, **headcounts** represent the highest item in the operating expenses, accounting for 25.5% of sales in 2014.
- Gradual increase of **R&D expenses**, standing at 4.9% of sales in 2014.
- Significant increase of **other operating expenses** in 2014 due to the merger costs and the incorporation of the logistic centre in Toledo (Spain) and other site rentals.
- Capex** stood at 5.9 M€ in 2014. Maintenance capex stands at aprox. 1.8 M€. In 2014, 4.1 M€ were invested in the expansion of production lines and the new logistic centre in Toledo (Spain).
- Additionally to the maintenance capex, the company estimates an investment of 17 M€ **in expansion capex** in production lines between 2015-2018
- Amortizations** decreased by 3.9% to 4.9 M€. Amortizations in the coming years are estimated at around 5.0 M€
- Following EBITDA's decrease, **EBIT** stood at 10.0 M€ compared to 13.4 M€ in 2013. Notwithstanding, EBIT CAGR in 2012-2014 reached 26.5%.

CAPEX EVOLUTION



- Total capex and R&D investment in 2012-2014: 33.6 M€



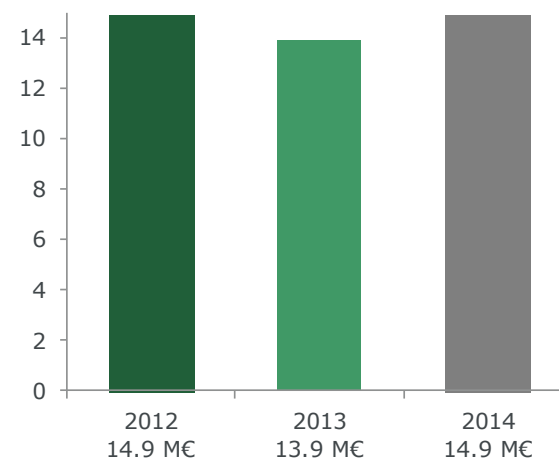
03. FINANCIAL RESULTS

FINANCIAL RESULTS AND DEBT

Strong cash generation and less than 1x NFD/EBITDA

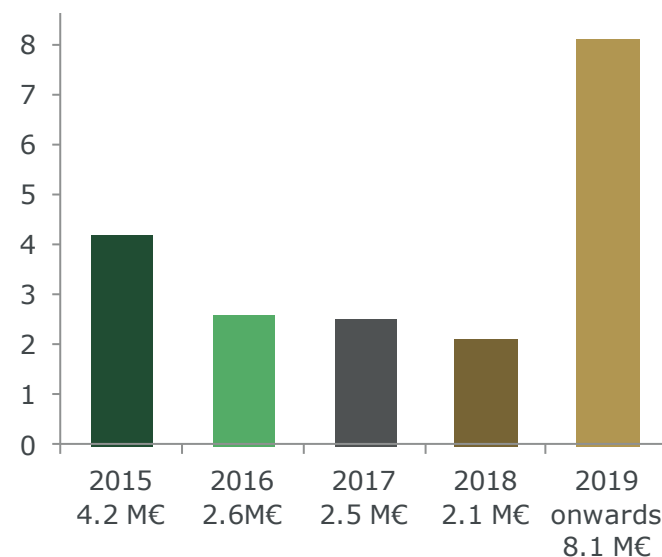
	2012	2013	2014	CAGR
EBIT	6.3	13.4	10.0	26.0%
<i>Growth</i>		114%	-25%	
<i>% sales</i>	5%	9%	7%	
Financial income	0.2	0.3	0.3	
Financial expenses	-6.3	-1.3	-0.9	
Results from disposal of non-current assets	3.3	0.0	0.1	
Change in fair value of financial assets	-0.5	0.0	-0.1	
Exchange differences	0.0	-0.2	-0.1	
Share in results of associated companies	-0.3	-0.1	0	
EBT	2.7	12.0	9.2	84,6%
<i>Growth</i>		344%	-23.3%	
<i>% sales</i>	2%	8%	6%	

NET FINANCIAL DEBT



- **Financial income and expenses** progressed positively in the years 2012-2014 due to debt amortizations and cash generation .
- **Gross financial debt** stood at 26.4 M€ in 2014. Of them, 7.3 M€ corresponding to factoring and bill discounting facilities and 1.9 M€ engaged with public administrations. **Cost of debt** in 2014: 3.5%.
- **Cash position** and high-liquid assets amounted to 11.6 M€, +3.9% compared to 2013.
- **Net financial debt** in 2014 stood at 14.9 M€, same levels as in 2012 following new investments in production lines. **NFD/EBITDA ratio** stood at less than 1 time.
- **EBT CAGR** in 2012-2014 stood at 84.6%, from 2.7 M€ to 9.2 M€ and EBT margin progressed from 2% to 6%. The decrease compared to 2013 is explained by the loss of EBITDA margin mainly due to the merger costs.

DEBT MATURITIES



TAXES AND NET RESULT

Tax credits will significantly reduce effective tax rate in the coming years

	2012	2013	2014	CAGR
EBT	2.7	12.0	9.2	84.6%
<i>Growth</i>		344%	-23.3%	
<i>% sales</i>	2%	8%	6%	
Tax	0.1	-3.4	-2.4	
<i>% EBT</i>	4.9%	28%	26%	
Net result	2.9	8.6	6.9	54.3%
<i>Growth</i>		196.6%	-19.8%	
<i>% sales</i>	2%	6%	5%	

- On December 31, 2014 RJF had **tax credits** from losses amounting to 19.5 M€ and tax credits from deductions amounting to 4.4 M€.
- According to the last tax reform in Spain of November 2014 on the use of tax credits, the effective tax rate of the company might be reduced around 60% of the tax rate in 2014. Potential **effective tax rate** in 2015: approx. 12%⁽¹⁾
- **Net result** in 2014 stood at 6.9 M€, a CAGR of 54.9% in the period 2012-2014.

⁽¹⁾ RJF will be able to off-set in 2015 60% of the profit tax by tax credits from losses, and an additional 50% of the resulting tax rate by tax credits from deductions. As of 2016 onwards, 60% of the profit tax to be off-set by tax credits increases to 70%.



04. SOME GUIDELINES FOR THE FUTURE

REIG JOFRE IN 2019

- Reig Jofre has identified several industrial and commercial **synergies** following the merger with Natraceutical (in-site production of Natraceutical's products, cross-selling in complementary markets and channels, R&D and regulatory support, etc).
- Additionally, the company has identified both **organic and non-organic growth opportunities** on its 4 strategic pillars (R&D, internationalisation, marketing and manufacturing services).
- A positive **cash generation** and significantly **low debt ratios** shall enable the company to easily finance its growth and accomplish its business plan.
- Operational leverage after the merger with Natraceutical and higher-margin projects related with R&D and internationalisation is estimated to set RJF **at aprox. 200 M€ turnover and 25 M€ EBITDA in 5 years (2019) from organic growth**, +31% sales and +67% EBITDA compared to 2014 pro forma figures. EBITDA margin is estimated to progress from 9.8% in 2014 to 12.5% in 2019.
- The **pipeline of new R&D developments** already started is presented hereafter. Estimated launches in 2015 shall reach peak sales in 2019 totalling 18 M€. R&D developments in the chart hereafter are incorporated in the 5-year business plan and do not include launches in the food supplements range under the Forte Pharma brand.
- **Capex** will total 24.2 M€ in the period 2015-2018, of which 7,2 M€ addressed to maintenance
- The company has got a **financial asset** from a receivable of 8.5 M€ with French quoted company Naturex, to be cashed-in in June 2017 at the latest, resulting from an asset disposal by Natraceutical.

RESEARCH PROJECTS

PRESCRIPTION

Area	Patent	Preclinical	I	II	III	Registry	IV	Launch
Gynecology	Y	[Progress bar]						2015
Pediatrics	Y	[Progress bar]						2015
Dermatology	Y	[Progress bar]						2018
Dermatology	N	[Progress bar]						2018
Antibiotics	N	[Progress bar]						2018
Dermatology	N	[Progress bar]						2021

OTC

Area	Patent	Preclinical	I	II	III	Registry	IV	Launch
Gynecology	Y	[Progress bar]						2020
Dermatology	N	[Progress bar]						2016
Dermatology	N	[Progress bar]						2015
Dermatology	N	[Progress bar]						2017
Podology	N	[Progress bar]						2017

- Estimated launches in 2015 shall reach peak sales in 2019 totalling 18 M€.



05. 2014 BALANCE SHEET

2014 BALANCE SHEET

(in euros)

31/12/2014

ASSETS

Non-current assets:

Goodwill	25,405,979
Other intangible assets	32,453,457
Property, plant and equipment	24,045,938
Non-current financial assets	9,962,273
Deferred tax assets	16,527,753
TOTAL NON-CURRENT ASSETS	108,395,400

Current assets:

Inventories	23,839,539
Trade and other receivables	29,870,526
Current tax assets	958,294
Other current financial assets	4,338,579
Other current assets	4,991,922
Cash and cash equivalents	8,349,509
TOTAL CURRENT ASSETS	72.348.369

TOTAL ASSETS

180,743,769

(in euros)

31/12/2014

EQUITY AND LIABILITIES

Equity:

Capital	126,426,841
Reserves	(6,790,195)
Treasury shares	(4,901,950)
Interim dividend paid during the year	-
Profit attributable to the parent company	2,308,394
Exchange differences	1,057,767
Other comprehensive income for assets available for sale	43,331
Equity attributable to parent company	118,144,188
Non-controlling interests	27,516
TOTAL EQUITY	118,171,704

Non-current liabilities:

Capital grants	144,859
Provisions	969,762
Financial liabilities with credit institutions	5,805,594
Financial lease liabilities	6,408,506
Derivative financial instruments	419,457
Other financial liabilities	2,679,845
Deferred tax liabilities	4,829,060
TOTAL NON-CURRENT LIABILITIES	21,257,083

Current liabilities:

Provisions	419,308
Financial liabilities with credit institutions	10,181,723
Financial lease liabilities	596,388
Other financial liabilities	753,210
Trade and other payables	24,805,199
Tax assets and liabilities	1,426,954
Other current liabilities	3,132,200
TOTAL CURRENT LIABILITIES	41,314,982

TOTAL EQUITY AND LIABILITIES

180,743,769

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