

Barcelona, May 3, 2016

RESULTS NOTE: FIRST QUARTER 2016

A DECREASE IN ANTIBIOTIC CONSUMPTION AND A POOR PRE-SALES CAMPAIGN OF WEIGHT CONTROL IN FRANCE, TOGETHER WITH HIGHER OPERATING INVESTMENTS, MAIN CAUSES OF A WEAK START OF THE YEAR

- An extraordinary first quarter of 2015 generated 45% of the annual EBITDA between the months of January and March, distorting the comparison with the first quarter of 2016.
- The first months of 2016 showed a decrease in the antibiotic consumption due to a mild winter, a fact which slowed down the growth of the category of own antibiotics and injectable products (+5.4%) and affected the manufacture of these same products for third parties (RJF CDMO, -9.6%). A recovery trend was already evident in April.
- Products from therapeutic specialization in dermatology, respiratory and gynecology grew 10.5% in the first three months of the year.
- The slowdown in the French market of nutritional supplements for weight control resulted in a weak pre-sales campaign of this category and in an increased investment in marketing to support the diversification of the product portfolio of Forte Pharma.
- In this context, Reig Jofre closed the first quarter of 2016 with sales of 42.41 M€ (-1.4%), EBITDA of 4.11 M€ (-46.4%) and net profit of 1.97 M€ (-62.6%).
- Ongoing industrial and commercial projects are having a good evolution and the company is confident of reversing in the coming months the trend of the beginning of the year.

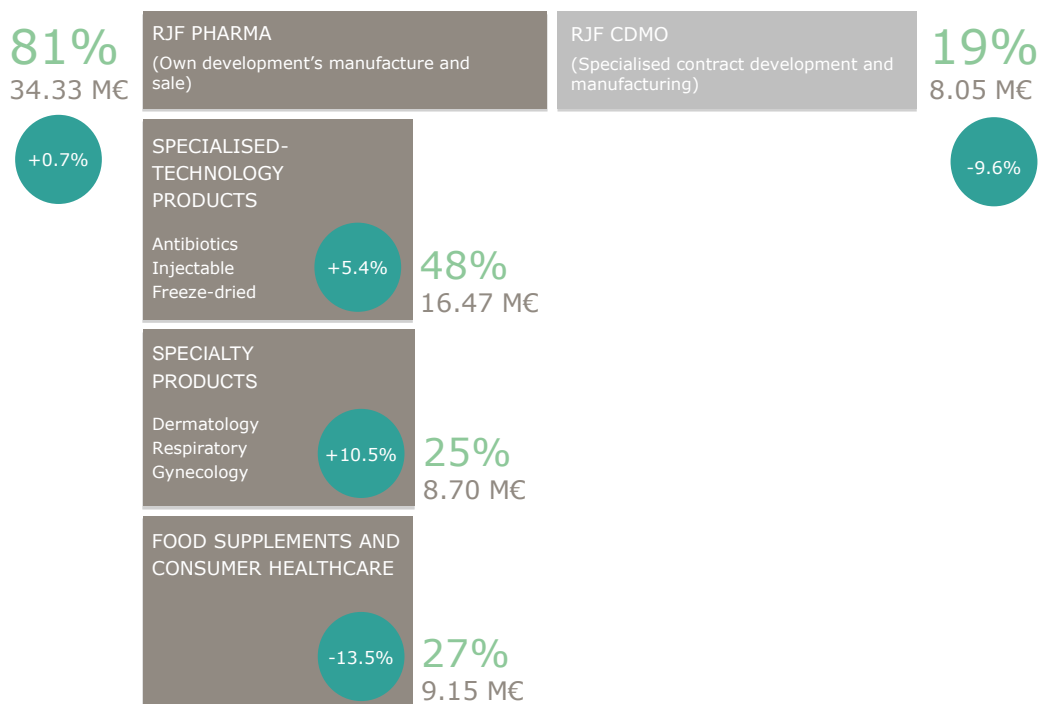


SALES EVOLUTION

Reig Jofre closed the first quarter of 2016 with **turnover** of 42.41 million euro compared to 42.99 million euro in the first quarter last year, a contraction of 1.4%.

The area of own developments (RJF Pharma), representing 81.0% of the total turnover of the company at the end of March, stood at 34.33 million euro in sales, similar to the first quarter of the previous year, with an increase of 0.7%. This resulted from the combination of a positive evolution of both technological- and therapeutic specialization products and the downturn of the nutritional supplements area, due to the seasonality of the business.

BUSINESS AREAS



By product categories, RJF Pharma's segment of technological-specialization products (antibiotics and injectable products) accounted for 48% of this division's sales and stood at 16.47 million euro turnover against 15.62 million euro in the same period of 2015 (+5.4%), despite the decline in consumption of antibiotics in the first quarter, and specially oral antibiotics sold in pharmacies.

As an indication of the lower incidence of bacterial processes in the respiratory track due to a mild winter, according to IMS data the market of broad-spectrum



penicillin in Spain fell by 9% in the first quarter of 2016. Reig Jofre had a better performance and fell by 4%. The positive evolution of sterile injectable products helped the growth of the antibiotics and injectable category, which closed the first quarter with +5.4%.

Sales of therapeutic-specialization products in the areas of dermatology, respiratory and gynecology stood at 8.70 million euro, 25.3% of the total RJF Pharma division, with growth of 10.5 % compared to data of March 2015. The launch of the license of seawater Sterimar in January 2016 was added to the organic growth in this category.

Finally, the segment of nutritional supplements and consumer healthcare contributed 9.15 million euro to this division's sales, 26.7% of the total, and showed a contraction of 13.5%.

With consumption still recovering in Europe, the evolution of the French market (which in 2015 year-end brought together 67% of Forte Pharma's turnover), and in particular the weight control segment (54% of sales), was one of the biggest challenges in the beginning of the year.

As a result of the integration of Forte Pharma in Reig Jofre, the companies kept working both to reduce the seasonality of the nutritional supplements range, with high sales concentration in the first quarter of the year by the commercial pre-campaign of weight control category, as well as to further develop the health, energy and beauty ranges. It is estimated that this will help a more linear business evolution throughout the year.

Forte Pharma worked hard in recent years to expand its portfolio of nutritional supplements and diversify its offer. While in 2008, 74% of Forte Pharma's turnover came from the weight control category, 18.4% from the health and energy categories, and 7.1% from the beauty category; at the end of 2015, weight control accounted for 54.1% of sales; energy 18.3%; beauty 17.0%, and health 10.6%.

Finally, the area of development and manufacture for third parties (RJF CDMO) suffered a contraction of 9.6%, by the decline in the manufacturing of antibiotics for other pharmaceutical companies, due to the slowdown in consumption already mentioned.



OPERATIONAL BUSINESS EVOLUTION

The sales mix in the first quarter of 2016, with increased sales of lower-margin products (prescription medicines subject to pricing), explains the drop in the gross margin of 63% to 60% in this period.

As regards to operating costs, marketing costs related to the launching of Sterimar were incorporated in the first quarter, together with the strengthening of the sales team for the category of respiratory products and marketing investments in Forte Pharma for new product launches, mainly in the categories of health and energy, which are marketed in the second half of the year.

The increase in R&D, marketing and sales force expenses amounted to 2.94 million euro (+16%) compared to the same period last year, which, added to the gross margin correction, placed the company's **EBITDA** at 4.11 million euro, 46.4% lower than the first quarter of 2015.

It is noteworthy that an extraordinary first quarter of 2015 generated 45% of the annual EBITDA, distorting the comparison with the first quarter of 2016.

FINANCIAL RESULTS AND TAXATION

After financial result and corporate tax estimation of 18% versus an estimation of 15% in the first quarter last year, the company's **net profit** was 1.97 million euro, 62.6% lower than in the first quarter of 2015.

Reig Jofre has tax credits amounting to 16.35 million euro, so that the effective tax rate at year-end is expected to stand at around 14-15%.

In the first quarter, the company continued to reduce its financial debt and net financial debt stood at 16.78 million euros against 17.71 million euros in the same period last year.

CONFIDENCE FOR 2016

Despite the weak start of the year, the industrial and commercial projects are progressing positively. Good progress in sales in Japan after obtaining in the first quarter of 2016 the necessary authorizations by the health agency in the country, coupled with the recovery in sales of antibiotics in historically more stable months, make the company feel confident in the reversal of the beginning-of-the-year trend in the coming quarters.



As in 2015, after the close of the first half of the year Reig Jofre plans to make a presentation on the business performance in the first six months of the year and advance some forecasts for the year end.

PROFIT OF LOSS ACCOUNT OF THE FIRST QUARTER OF 2016

<i>(in euro)</i>	1Q 2015	1Q 2016	<i>Evol.</i>
Turnover	42,999,040	42,411,126	-1.4%
Cost of sales	-15,964,014	-16,991,294	
Gross margin	27,035,026	25,419,832	-6.0%
<i>% of sales</i>	63%	60%	
Other operating income	228,135	7,857	
Personnel expenses	-10,282,782	-10,533,934	
R&D expenses	-1,225,989	-1,726,003	
Other operating expenses	-8,096,931	-9,061,694	
EBITDA	7,657,459	4,106,058	-46.4%
<i>% of sales</i>	18%	10%	
Depreciation and amortization	-1,063,116	-1,355,281	
Impairment and gains on disposals	387	0	
Operating income	6,594,730	2,750,777	-58.3%
Financial income	68,572	25,038	
Financial expenses	-290,867	-260,049	
Results on the sale of financial instruments	0	0	
Results from asset impairment	0	0	
Changes in fair value of financial assets	-42,201	0	
Exchange differences	-144,433	-116,808	
Equity in the results of subsidiaries	0	0	
Resultado antes de impuestos	6,185,801	2,398,959	-61.2%
Income tax	-927,871	-431,813	
<i>% PBT</i>	15%	18%	
Net result	5,257,930	1,967,146	-62.6%



BALANCE SHEET ON MARCH 31, 2016

(in euro)	31/03/2015	31/03/2016
ASSETS		
Non-current assets		
Goodwill	25,405,979	25,063,416
Other intangible assets	33,062,571	33,658,276
Property, plant and equipment	25,454,694	29,882,316
Non-current financial assets	9,961,386	10,287,573
Deferred tax assets	16,347,139	15,320,461
TOTAL NON-CURRENT ASSETS	110,231,769	114,212,041
Current assets		
Inventories	21,380,991	23,649,972
Trade and other receivables	39,242,108	36,722,728
Current tax assets	315,647	-
Other current financial assets	2,440,424	829,442
Other current assets	5,296,122	6,165,939
Cash and cash equivalents	8,881,143	9,261,691
TOTAL CURRENT ASSETS	77,556,435	76,629,771
TOTAL ASSETS	187,788,203	190,841,812
EQUITY AND LIABILITIES		
Equity		
Share capital	126,428,441	126,428,441
Reserves	(4,483,401)	4,994,793
Treasury shares	(4,901,950)	(4,992,219)
Interim dividend paid during the year	-	-
Profit attributable to the parent company	5,255,291	1,963,971
Exchange differences	1,386,452	137,519
Other comprehensive income for assets available for sale	43,331	8,978
Equity attributable to parent company	123,728,163	128,541,484
Non-controlling interests	30,156	(4,342)
TOTAL EQUITY	123,758,320	128,537,142
Non-current liabilities		
Capital grants	101,401	102,496
Provisions	1,874,368	1,070,453
Financial liabilities with credit institutions	5,490,026	4,230,355
Financial lease liabilities	6,260,921	5,689,939
Derivative financial instruments	419,457	273,998
Other financial liabilities	2,550,776	5,188,826
Deferred tax liabilities	3,582,997	3,707,565
TOTAL NON-CURRENT LIABILITIES	20,279,947	20,263,633
Current liabilities		
Provisions	459,754	280,748
Financial liabilities with credit institutions	12,190,450	9,285,700
Financial lease liabilities	596,388	577,364
Other financial liabilities	755,179	796,141
Trade and other payables	20,580,098	26,665,821
Current tax liabilities	898,137	570,119
Other current liabilities	8,269,930	3,865,144
TOTAL CURRENT LIABILITIES	43,749,936	42,041,037
TOTAL EQUITY AND LIABILITIES	187,788,203	190,841,812



About Reig Jofre

After the merger between Laboratorio Reig Jofre and Natraceutical, the new Reig Jofre is a pharmaceutical company whose business is divided into two major areas: one main for the marketing and manufacture of own developments (RJF Pharma, approximately 79% of sales in 2015) and one of specialized contract development and manufacturing (RJF CDMO, 21% of sales in 2015). At its core activity, the company focuses on the development of specialised-technology products (antibiotics and injectable); therapeutic-specialty products in the areas of dermatology, gynaecology and respiratory; and nutritional supplements and consumer healthcare. The company directs its R&D to develop new indications and/or dosage forms of known active principles, generic medicines with a special focus on beta-lactam and lyophilized injectable antibiotics, topical dermatological products, OTCs and nutritional supplements as well as the development of new innovative molecules in partnership with start-ups and research centres.

Reig Jofre trades on the Spanish stock exchange under the ticker RJF. Total outstanding shares: 63,214,220.

For further information

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