

Barcelona (Spain), May 8, 2018

RESULTS NOTE: FIRST QUARTER 2018

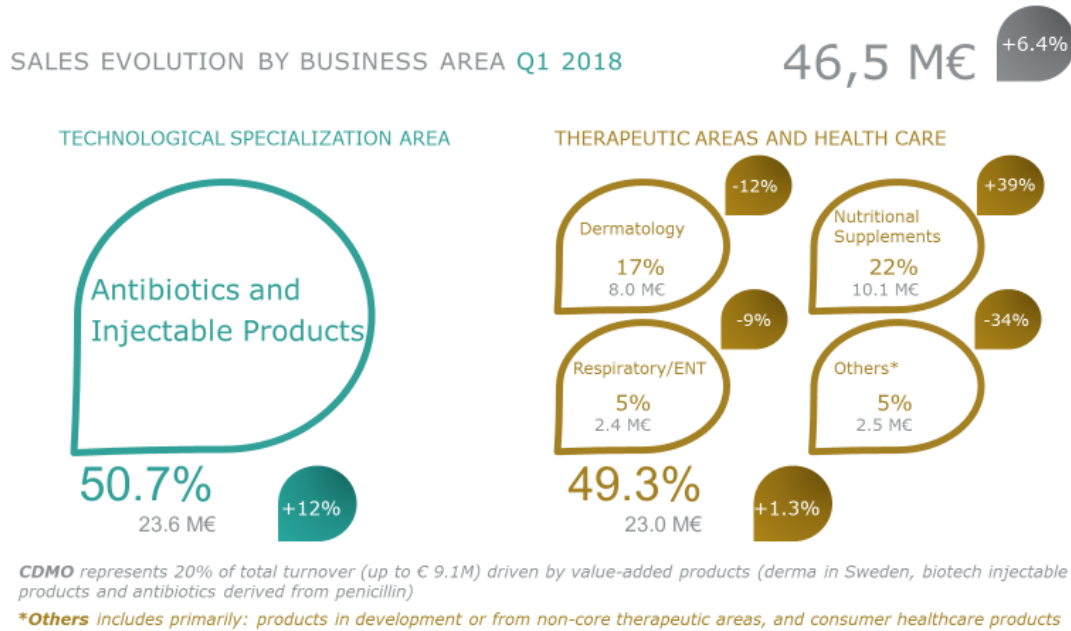
REIG JOFRE CLOSES THE FIRST QUARTER OF 2018 WITH SALES GROWTH OF 6% AND NET PROFIT OF 8%

- The company reached a turnover of € 46.54 M (+6.4%), driven by the growth of the lines of antibiotics (+16%) and nutritional supplements (+39%). EBITDA stood at € 4.7M (+10.7%)
- The restoration of production volumes of the antibiotic range allowed to consolidate the growth trend, started in the last two quarters of 2017
- The new launches of the French subsidiary Forté Pharma at the end of 2017, allowed to achieve an excellent sales progression in France and Belgium, mainly.
- Net debt stood at € 21M, representing a net debt/EBITDA ratio of 1.3. The investments made in this first quarter and the increase in current assets derived from the sales growth impacted the cash position
- Investments in the first quarter of 2018 reached € 5.4M. The start-up of the new line of antibiotics at the Toledo plant is about to conclude, while the investment in the new sterile injectable zone in Barcelona begins
- The Shareholders' Meeting held on May 3 approved the distribution of a dividend under the format of Scrip Dividend, via a capital increase, for a maximum amount of € 3M
- The value of Reig Jofre's share price showed a positive evolution of 10.2% at the end of the first quarter of the year



SALES EVOLUTION

Reig Jofre closed the first three months of 2018 with a **turnover** of 46.54 million euros, compared to 43.74 million euros in the first quarter of previous year, a growth of 6.4%.



The **area of technological specialization**, 50.7% of the company's turnover at the end of March, showed a sales increase of 11.9%, to 23.58 million euros over the same quarter of previous year. The good performance of the antibiotic line thanks to the restoration of the production volumes allowed to consolidate the growth trend of this range and present an increase by 16% in European markets, especially.

The **area of therapeutic specialization and health caring** contributed 49.3% of the quarter's sales, with a turnover of 23 million euros and a growth of 1.3%. As for the segments of this category, the nutritional supplements line of the French subsidiary Forté Pharma, showed an excellent evolution with sales increase of 39%, driven by the new launches at the end of 2017 in France and Belgium, its major markets, as well as in the rest of the countries to which it is exported.



OPERATIONAL BUSINESS EVOLUTION

The company recorded an increase of 6.4% in turnover and of 8.3% in gross margin, which allowed a positive evolution of 10.7% **EBITDA**, which stood at 4.7 million euros compared to 4.3 million euros in the same period of previous year, despite the increase in operating expenses due to the higher marketing expenses associated with Forté Pharma's launch campaigns and the higher expense because of the production increase.

The operating result reached 2.8 million euros, with a growth of 5.6% compared to the first quarter of last year, due to 19% increase in depreciation for the new investments carried out during 2017.

The **net result** reaches 2.2 million euros, 8% higher than in the first quarter of 2017, after 18% improvement in the financial result, owing to the significant reduction in the financial burden for the lower indebtedness, the improvement of conditions, and an estimate of effective tax rate of 15%, although it is expected that the resulting final rate may be lower than the end of the year.

At the end of the first quarter, **net debt** stood at 21 million euros, which represents a net debt/EBITDA ratio of 1.3 times.

When comparing the balance sheets at the end of the first quarter of 2017 and 2018, the increase in tangible fixed assets is notable for the investments made in the last 12 months, which increase tangible fixed assets by more than 10 million euros, discounting the effect of amortization.

There is also an outstanding improvement in current assets, associated with a reduction in the stock of inventories due to a better supply management and the decrease in other current financial assets, which is also reflected in an increase in liquid assets.

EVOLUTION OF THE INVESTMENT PLAN

The investments in the **antibiotic plant** of **Toledo** for the period 2016-2018 reached 7.5 million euros and a 33% increase in the productive capacity in sterile penicillin, while additional 20% productivity is expected, following the inauguration in the second semester of 2018, of a new antibiotic line endowed with cutting-edge technologies, prepared to access products and markets of substantially higher profitability.



The investments in the **sterile injectable plant** of **Barcelona** for the period 2018-2020 will reach 30 million euros. The construction of the new state-of-the-art zone for the manufacture of lyophilized vials and liquid vials will allow the increase of aseptic production capacities to more than 50 million vials at full capacity (vs. 15M in 2016); ensure compliance with the new requirements of the most demanding international regulators in Europe, the United States and Asia; address the production of biological and innovative products thanks to the latest generation technologies; the improvement of production efficiencies due to the increase in the overall productivity of the plant based on automation and larger lot sizes; and the access to more demanding markets and of larger volumes (USA and Indonesia).

REIG JOFRE FLEXIBLE DIVIDEND

The Shareholders' Meeting of Reig Jofre held on May 3, 2018 approved within "Reig Jofre Flexible Dividend" plan, an increase in the Company's share capital with a charge to reserves for an amount determined in accordance with the terms of the agreement, through the issuance of new ordinary shares with a nominal value of fifty cents and with provision for incomplete allocation. Offer to shareholders for the purchase of their free allocation rights for a guaranteed price. The sum of the reference market value of the New Shares, in accordance with the agreement, will have a maximum limit of 3 million euros.

After the approval of said dividend by the Shareholders' Meeting, the Board of Directors must approve its execution and the operational data in this regard, at which time the amount, deadlines and procedure of this agreement will be disclosed in a separate Relevant Fact.

Although Shareholders' Meeting grants a period of one year for the execution of this agreement, the Board of Directors expects it to be executed before the end of June 2018.



PROFIT AND LOSS ACCOUNT OF THE FIRST QUARTER OF 2018

<i>(in euro)</i>	Q1 2018	Q1 2017	<i>Evol.</i>
Turnover	46,534,393	43,739,422	6.4%
Changes in inventories	-1,521,322	-1,104,479	
Procurements	-16,340,051	-16,151,946	
Gross margin	28,673,019	26,482,997	8.3%
<i>% sales</i>	61.6%	60.5%	
Work carried out for fixed assets	1,217,285	1,137,814	
Other operating income	3,309	516,078	
Personnel expenses	-12,490,536	-12,379,739	
Other operating expenses	-12,690,719	-11,500,489	
EBITDA	4,712,359	4,256,662	10.7%
<i>% sales</i>	10.13%	9.7%	
Depreciation and amortization	-1,895,707	-1,589,588	19.3%
Operating income	2,816,651	2,667,073	5.6%
<i>% sales</i>	6.1%	6.1%	
Financial income	14,836	40,476	
Financial expenses	-164,306	-274,503	
Impairment and results from disposal of financial instruments	0	5,552	
Exchange differences	-31,350	8,936	
Profit before taxes	2,635,831	2,447,534	
Income tax	-395,375	-367,130	
Net result	2,240,456	2,080,404	7.7%



BALANCE SHEET ON MARCH 31, 2018

<i>(in euro)</i>	31/03/2018	31/03/2017
ASSETS		
Non-current assets		
Goodwill	27,481,155	27,960,391
Other intangible assets	32,123,735	31,720,256
Property, plant and equipment	50,947,736	40,623,747
Available-for-sale assets	1,338,072	1,167,058
Non-current financial assets	-	590,575
Deferred tax assets	13,723,980	11,664,004
TOTAL NON-CURRENT ASSETS	125,614,679	113,726,031
Current assets		
Inventories	26,354,984	30,790,306
Trade and other receivables	37,769,303	37,373,638
Current tax assets	27	3,163
Other current financial assets	3,795,782	10,848,029
Other current assets	5,997,910	4,836,869
Cash and cash equivalents	10,177,980	4,003,877
TOTAL CURRENT ASSETS	84,095,987	87,855,882
TOTAL ASSETS	209,710,666	201,581,913
EQUITY AND LIABILITIES		
Equity		
Share capital	32,076,589	31,607,110
Reserves	111,018,887	103,496,218
Treasury shares	-702,981	-2,111,264
Interim dividend paid during the year	0	0
Profit attributable to the parent company	2,240,456	2,078,348
Exchange differences	-1,110,199	-167,916,000
Other comprehensive income for assets available for sa	19,400	-19,039
Other items of equity	12,169	638,193
Equity attributable to parent company	143,554,321	135,521,650
Non-controlling interests	-45,806	-14,908
TOTAL EQUITY	143,508,515	135,506,742
Non-current liabilities		
Capital grants	109,031	157,692
Provisions	682,236	613,531
Financial liabilities with credit institutions	9,447,188	11,365,643
Financial lease liabilities	7,278,016	5,098,087
Derivative financial instruments	0	0
Other financial liabilities	6,067,808	6,383,017
Deferred tax liabilities	3,204,858	3,372,787
TOTAL NON-CURRENT LIABILITIES	26,789,136	26,990,756
Current liabilities		
Provisions	337,521	189,071
Financial liabilities with credit institutions	6,564,574	6,371,127
Financial lease liabilities	1,351,019	592,771
Short-term derivative financial instruments	0	101,110
Other financial liabilities	513,136	1,846,808
Trade and other payables	25,238,249	26,181,520
Current tax liabilities	1,400,922	372,943
Other current liabilities	4,007,594	3,429,065
TOTAL CURRENT LIABILITIES	39,413,014	39,084,414
TOTAL EQUITY AND LIABILITIES	209,710,666	201,581,913



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About Reig Jofre

Founded in 1929 in Barcelona, Reig Jofre is a pharmaceutical company focused on the research, development, manufacture and marketing of pharmaceutical products and nutritional supplements. Reig Jofre directs its R&D to the development of new formulations and indications in the therapeutic areas of (dermatology, respiratory/ENT, gynecology); to the development of innovative molecules in collaboration with research start-ups or knowledge centers in either the technological specialization areas of (injectable products and beta-lactam antibiotics) or the therapeutic areas; and to the development of generic medicines of technological specialization. Reig Jofre has over 900 employees, 4 development and manufacturing centers in Europe (2 in Toledo, 1 in Barcelona and 1 in Sweden), direct sales in 7 countries and over 130 commercial partners in 67 countries worldwide. The company reached sales of €168 M in 2017. Reig Jofre trades on the Spanish stock exchange under the ticker RJF. Total outstanding shares: 64,153,178 shares.

For further information

Media

Inma Santa-Pau

Tel. (+34) 93 480 67 10 – ext. 1242 | inma.santapau@reigjofre.com

Shareholder office

Patricia Casado

Tel. (+34) 93 480 67 10 – ext. 1237 | patricia.casado@reigjofre.com