

# natraceutical

**Mr. Iñigo de la Lastra**

Head of Secondary Markets

CNMV

Edison, 4

28006 Madrid

## RELEVANT FACT

Valencia (Spain), June 26, 2014

Dear Sir,

In accordance with Article 82 of Law 24/1988, 28<sup>th</sup> July, relative to the regulation of the stock market and related provisions, following the Relevant Facts disclosed today by NATRACEUTICAL, SA, the company submits hereby press release on the merger with LABORATORIO REIG JOFRE, SA.

Yours faithfully,

Maria Jose Busutil Santos

Secretary of the Board of Directors

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## **Natraceutical and Laboratorio Reig Jofre agree to merger and creation of the fifth largest pharmaceutical company on the Spanish stock market**

**Valencia / Barcelona, June 26, 2014.** Laboratorio Reig Jofre, a Spanish multinational and a leader in the European pharmaceutical sector in the formulation and development of high value-added principles, and Natraceutical, a Spanish listed company which is a leader in the French nutritional supplements market through its laboratory Forté Pharma, have formalized a protocol today for the merger of both companies, which is expected to become effective before the end of this year.

The operation is to be structured by means of the integration of Laboratorio Reig Jofre into Natraceutical, giving rise to the fifth largest Spanish pharmaceutical company quoted on the Spanish stock exchange in terms of revenue, behind renowned listed companies such as Grifols, Almirall, Rovi and Faes Farma.

Laboratorio Reig Jofre, which closed 2013 with a turnover of 118.3 million Euros, currently operates through four divisions: a division dedicated to manufacturing and distributing the company's own products, a division dedicated to company products sold via distribution agreements and/or via licensees, a division developing Laboratorio Reig Jofre's products with their license sold to third parties, and a division which manufactures products subject to high technological requirements for third parties.

Natraceutical registered a turnover of 31.4 million Euros in 2013, the year in which it focused all its activity in the Monegasque company Forté Pharma, a multinational pharmaceutical company leader in the French nutritional supplements sector.

Following the merger, the new company will clearly improve its competitive position thanks to a fully diversified portfolio of products covering the pharmaceutical, OTC and nutritional supplements segments, as well as through increased strength in Spain and France, where both companies currently hold a very strong, direct and complementary presence. The resulting company will also enjoy combined access to more than fifty countries on five continents through own distribution as well as distribution agreements with third parties.

Presence in complementary markets represents a solid platform for the acceleration of international growth, one of the strategic challenges following the merger, and in relation to which the company does not rule out a gradual future increase in its direct presence in strategic markets.



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In addition to the new company's industrial strength resultant from Laboratorio Reig Jofre's contribution of four specialized, modern production centres (three in Spain and one in Sweden), two of the operation's additional synergies will arise from Laboratorio Reig Jofre's strength in the control of regulatory compliance as well as from R&D capabilities, which will facilitate the launch of new value-added products, whilst simultaneously taking advantage of Forté Pharma's status as a pharmaceutical laboratory.

The resultant company will have pro forma revenues for 2013 of 149.7 million Euros, EBITDA of 16.1 million Euros and net debt ratio below 1.2 times EBITDA. This solid financial structure represents a further strength within this new integration project, which will have a strong capacity to undertake new developments and strategic investments.

The signing today of the merger memorandum and the merger project (both of which are available on the Natraceutical website and on the website of the Spanish Stock Exchange Commission), is the first step in the formal implementation of the operation, which is conditioned, mainly, by the Spanish Stock Exchange Commission's granting to Laboratorio Reig Jofre of the necessary exemption for the formulation of a takeover bid, as well as by the approval of the transaction by the Competition authorities and the companies' General Shareholders Meetings.

According to François Gaydier, CEO of Natraceutical: "The merger between Natraceutical and Laboratorio Reig Jofre represents the culmination of an evolutionary process that began in 2006, following the decision to diversify our then main activity in the natural ingredients sector through a direct presence in the pharmaceutical industry, which was carried out through the acquisition of Forté Pharma. Natraceutical's total divestment in the ingredients industry, which was completed in late 2012, and today's operation strengthen the Board's determination to consolidate the company in a high added-value sector, whilst simultaneously guaranteeing a solid long-term project for our shareholders."

According Ignasi Biosca, CEO of Laboratorio Reig Jofre: "The operation makes a lot of sense to both companies, which share a common vision of growth based on exploiting their complementary geographical presence, products and distribution channels. The geographical complementarity will allow for the combination and consolidation of two direct distribution operations in France and Spain, which are similar in size and represent a current turnover of more than 25 million Euros each. It will also strengthen the existing direct presence in Belgium, Netherlands, UK, Sweden, Denmark and Norway. Product complementarity will enable us to reach the medical visits channel with scientifically-based nutritional supplements, as well as to strengthen the pharmacy channel with pharmaceutical products –both traditional and innovative- thanks to Reig Jofre's efforts and commitment in the terms of R&D during the last ten years. Together we will maximize the value of the network of over 200 distributors, licensees and customers in more than 50 countries around the world that Reig Jofre has created throughout its history."

Juan Ignacio Egaña, Chairman of Natraceutical's main shareholder, Natra, said: "Due to the relevance of Natra's shareholding in Natraceutical, the board of Natra is very pleased to participate in an operation that will provide Natraceutical with the entity, the critical mass and the development potential that the company requires following its complete focus on the field of nutritional supplements. We understand that the merger with Laboratorio Reig Jofre will not only give rise to industrial synergies, but must also enable



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Natraceutical to recover its visibility and attractiveness before the domestic and international investment community. This will undoubtedly create value for all the shareholders.”

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### For more information

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