

CNMV
Edison, 4
28006 Madrid

Barcelona (Spain), April 9, 2018

RELEVANT FACT

Dear Sir,

In accordance with the Article 228 of Royal Legislative Decree 4/2015, dated 23 October, which enacts the consolidated text of the Securities Market Act, LABORATORIO REIG JOFRE SA ("Reig Jofre" or "the Company") submits hereafter press release on the investment plan to expand the injectable products plant of Barcelona over the next three years.

Adolf Rousaud
Secretary of the Board of Directors
Laboratorio Reig Jofre SA

Ambitious investment plan

REIG JOFRE WILL INVEST IN TECHNOLOGICAL INNOVATION TO TRIPLE ITS ASEPTIC PRODUCTIVE CAPACITY OF INJECTABLE AND LYOPHILIZED PRODUCTS

- Reig Jofre will invest € 30 M until 2020 in the expansion of its Barcelona plant with the construction of a new zone provided with state-of-the-art technologies for the manufacture of lyophilized vials and liquid vials, while will increase the aseptic production capacity, the productive efficiency, and will allow to address the development and manufacture of innovative and biosimilars products
- A new line of injectable sterile products equipped with 3 freeze-dryers will be installed. A total capacity of more than 50 M lyophilized vials will be reached when the plant operates at full capacity. The new facilities will have an area of 2,500 m²

Barcelona (Spain), April 9, 2018. The pharmaceutical company Reig Jofre starts an ambitious investment plan in the technological specialization plant in sterile injectable products of Barcelona, with the aim of increasing aseptic production capacities, production efficiencies and adapting the plant to state-of-the-art technologies to address more complex developments and meet the requirements of the most demanding markets.

The investment approved by the Board of Directors amounts to 30 million euros, will be undertaken in the next three years, financed with bank debt up to a maximum limit of 80% with an average repayment period of 7 years, and with own resources for the remaining balance. The investment includes the expansion of the lyophilized products line for hospitals, civil works, facilities and services.



A new building for liquid and freeze-dried vials will be built inside the injectable products plant, with an area of 2,500 square meters. The investment involves the initial installation of two freeze-dryers of 55 square meters each, although the plant will be sized for future expansion to a third freeze-dryers of equal dimensions. With the first two equipment, current productive capacity will increase up to 40 million vials and, once implemented the third freeze-dryer, total capacity will exceed 50 million vials, when the plant operates at full capacity.

Current situation. Increase in demand generated by the customer portfolio

The cutting-edge specialization achieved in Reig Jofre, together with its recognized experience, solid international expansion initiated more than 15 years ago and high technological expertise in the development and stabilization of biotech products, are causing an increasing demand from the company's client portfolio worldwide.

This growth comes both from the demand increase for injectable products already existing and marketed by Reig Jofre and from new developments for the pharmaceutical and biotech industry of complex molecules whose instability requires freeze-drying for its production and which are currently under development by the plant R&D team.

Reig Jofre has more than forty years of experience in the pharmaceutical lyophilization technology applied to sterile injectable products. Moreover, it has a Center of Excellence since 2006 that ensures its continuous adaptation to advances in this technology, either for the development of its own products or to offer advanced services to other pharmaceutical development companies around the world.

The Center of Excellence is equipped with two pilot plant freeze-dryers for cycle design, research, optimization and stress testing. Reig Jofre has a patent developed by the Center of Excellence on the design QdB (Quality by Design) for the lyophilized products manufacture and another pending patent application on a lyophilized formulation developed by the R&D team for the stabilization of therapeutic viruses.

In the last decade, the company has been adapting its facilities to this growing increase in production for its customer portfolio. Currently, the lyophilized products plant has five freeze-dryers, with a lower capacity than the new equipment and is at full capacity with a production of 15 million vials (vs. 3.5 million vials in 2008) of developed specialties and registered by Reig Jofre or its business partners in countries on the five continents.



Reig Jofre's firm commitment to the line of injectable and freeze-dried products is evidenced in the 50% growth of its sales, in the last two years. In 2017, the line contributed 32 million euros to the company's total sales. The portfolio of lyophilized products is composed of anesthetics, anti-infectives and gastric protectors marketed through its own sales network in seven countries (Spain, France, Portugal, United Kingdom, Belgium, Sweden and Singapore) and present in 67 countries all over the world thanks to 130 business partners.

Objective of the investment

In addition to meeting the growing current demand of the company's client portfolio, the objective of this investment is to build a new state-of-the-art zone for the manufacture of freeze-dried vials and liquid vials that complies current standards of safety, productivity and quality in the aseptic manufacturing by reducing the operations of greater microbiological risk by avoiding the intervention of personnel in the aseptic stages. Thus, the dosing process will be carried out in an installation of insulators, without human contact with the product and with a fully automated loading and unloading system for vials.

Likewise, the facilities will be adapted to the requirements of the most demanding regulatory agencies. Thanks to the specialized personnel in sterile injectable products, the development and marketing of new high-added-value products will be addressed with the help of third companies. Which have been relying for years on the company's departments of R&D, regulatory, production and international business development, for the development of its new innovative molecules that will be marketed with Reig Jofre's production guarantee, once clinical and regulatory phases have been overcome.

Benefits of the investment. Sales and market estimates

Thanks to this investment, Reig Jofre will reinforce its position as referent in the injectable and lyophilized products world market and address the development and manufacture for its own biosimilar and innovative products as well as for other companies.

On the other hand, the new equipment will cover current and future demand, both in terms of capacity and quality requirements what will consolidate Reig Jofre presence in current international markets of Europe and Japan and undertake the entry into large volume markets like the United States and Indonesia, among others.

In addition, the equipment diversity and the QbD implemented and patented by Reig Jofre for the manufacture of most of the lyophilized products, just as for new developments will allow greater versatility in batch manufacturing, from large volumes to medium or small volumes of high value-added products with high-tech equipment.



Thus, the increase in productivity due to larger sizes of manufacturing lots will lead to reach economies of scale achieving a significant increase in productive efficiency. Similarly, the development and manufacture of new products with higher added value (innovative products and biosimilars) will contribute to improve the profitability of this business line.

Brief notes on lyophilization

Lyophilization is the physicochemical process of stabilization of a pharmacological product in which the water present is removed by applying freezing and sublimation under vacuum. Freeze-drying allows pharmacological products to reach any country in the world without their original characteristics being altered and preserved for long periods of time.

The emergence of biotechnological injectable products that provide new therapeutic solutions implies a greater challenge for the pharmaceutical industry since it requires more sophisticated stabilization techniques to maintain the chemical and biological properties of these complex molecules (proteins). Reig Jofre has the know-how, the capacity and the qualified personnel to undertake this challenge and become one of the leading referent worldwide.

Receive Reig Jofre's news by registering in the company's **subscription center** of the new corporate website: **www.reigjofre.com**

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

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