



Valencia, 07 October 2010

Natraceutical signs a memorandum of understanding for the development of Forté Pharma in Brazil and the listing of Natraceutical in that stock market

The deal includes the possibility of a change in Natraceutical shareholding structure, which would allow Natra to deconsolidate its stake in Natraceutical and significantly reduce its financial leverage

Industrial deal between Natraceutical and Davene

Natraceutical has formalized today, Thursday, October 7, 2010, the signing of a memorandum of understanding with Brazilian company Bio Group Brazil, 100%-owned by Davene Group (www.davene.com.br), for the development of a large-scope joint project in Brazil.

This agreement provides for the creation of Forté Pharma Brazil, with 65% and 35% stakes held by Bio Group Brazil (hereafter BGB) and Natraceutical, respectively, for the marketing of Natraceutical nutritional supplements' brand in the Brazilian market, with the support of one of the leading companies in the cosmetics and personal care sector. The agreement also includes the transfer to Forté Pharma Brazil of the brand's marketing license for the entire South American market.

Founded in 1978 and with a turnover of around 170 million euros, Davene's interest in the development of innovative, high-tech products based on national and international consumer trends, together with Natraceutical's aim to develop its Forté Pharma brand in a high growth market on the American continent, have facilitated the signing of this master agreement, the implementation of which is to be carried out by the companies in the next two months.

Additionally, Natraceutical is to consider admission to the Sao Paulo stock exchange, with the aim of benefiting from the country's favourable market conditions while developing the brand. Natraceutical's current multinational situation, shaped by the development of Forté Pharma in Europe and its shareholding in Naturex - a multinational leader in the field of natural specialty ingredients -, along with its relatively insignificant business in Spain, have motivated Natraceutical's decision to seek a complementary stock market to the Spanish market in which the company will be able to improve its liquidity and fund its future development projects.



Potential stake in Natraceutical

Additionally, although independently of the strategic development between the two companies, the relevance of this project for Davene and Natraceutical has led BGB to formalize with Natra, principal Natraceutical shareholder, a call option agreement on Natra's 46,8% shareholding in Natraceutical (154 million shares) and the company's 3.89% stake in Naturex (247,261 shares). Both option agreements are to be implemented within four months, with an optional extension of four additional months, and provide for partial or total acquisition of the mentioned shareholdings by Davene's subsidiary at the price of 0.43 euros per share for Natraceutical shares and of 35.3 euros per share for Naturex shares.

In relation to the acquisition of a stake in Natraceutical, the call option contract signed between Natra and BGB commits Davene's subsidiary to making a takeover offer at the same price in the event of the Brazilian company's acquiring shares representing a percentage equal to or higher than 30% of Natraceutical's share capital.

As a premium for the concession of both purchase options, Natra is to receive the sum of 2.86 million euros from BGB, to be extended by a further 2.86 million euros in the event of BGB exercising the right to the extend the implementation period established for the option. This second premium, unlike the first premium, is to be deducted from the acquisition price. Under no circumstances will Natra repay the premiums to Davene's subsidiary in the event of the non-execution of the call option.

In order to complement Davene's interest in the acquisition of a stake in Natraceutical, Carafal Investment (a company controlled by Natra's Chairman) has underwritten the purchase option agreement between Natra and BGB for the 2.74% stake which Carafal Investment holds in Natraceutical, in the same conditions and subject to the same time limits, although in this case Natra will have the right to decide on the order in which the Natraceutical shares held by both companies are placed at the disposition of BGB.

As a condition precedent to the Natraceutical and Naturex option contracts, Natra and Carafal must obtain consent for the mentioned operations from the financial institutions that current hold rights on the shares in their condition as secured creditors. In the event of a non-compliance with the condition precedent within a period of one month, the contracts will be terminated and rendered without effect. The period for the implementation of the option will commence as of the justification by Natra and Carafal before Davene's subsidiary of compliance with the condition precedent.

As an additional agreement to the above, if, following the formalization of the acquisition by BGB of a stake in Natraceutical, BGB were to hold a shareholding equal to or greater than 20% of the Natraceutical shares, BGB will contribute its shareholding in Forté Pharma Brasil to Natraceutical's capital, resulting in Forté Pharma Brasil becoming a 100%-held subsidiary of the Spanish multinational.

With the signing of the call option to BGB, Natra makes one step forward in the process of reducing its stake in Natraceutical, with the aim to focus its resources on the development of its core business, i.e. being one of the leading suppliers of chocolate products to the private label brand in Europe.

Davene and the Brazilian cosmetics and nutritional supplements market

Numbering almost 200 million inhabitants, Brazil's population is similar to that of the main European markets in which Forté Pharma currently operates (France, Belgium, Netherlands, Austria, Spain and Portugal). Nevertheless, the growth rate of Brazil's population doubles that of Europe.

Brazil expects to register a per capita GDP growth of around 3.3% per annum in the coming years, with the country forecast to occupy fourth position among the world powers, behind China, U.S. and India.

Furthermore, the country's unemployment rate has been in decline since 2006 (to reach less than 7%) and inflation been controlled at acceptable levels.

The Brazilian market for perfumery, cosmetics and personal care products is growing at average rates close to 13%, similar to countries such as China, but far from the growth rates of around 1.5% registered in more developed economies, such as North America and Japan.

The segment covering dermo-cosmetic products, which are sold in pharmacies, is one of the most developed in the Brazilian market, growing at rates of 21% and with a turnover above 270 million euros, according to IMS.

For its part, the nutritional supplement industry, sold exclusively in pharmacies, has a turnover of more than 1,000 million euros and has registered growth of more than 9% in recent years, which is expected to accelerate in line with growth in GDP. There is currently only one European brand present in this sector, which mainly covers oral cosmetics and weight control. The oral cosmetics and slimming segment is growing at rates exceeding 25% per annum, representing around 300 million euros in sales per year.

With a total of some 72,500 pharmacies and para-pharmacies, the number of points of sale in Brazil is equivalent to the combined number for France, Spain, Italy and Portugal, with the difference that in the Brazilian market they are concentrated in large cities, mainly Sao Paulo. 28% of pharmacies and para-pharmacies are located in large cities (over 20,000 points of sale) and 26% are located in the Sao Paulo region (about 19,000 points of sale).

Natraceutical and Davene aim to unite, within Forté Pharma Brazil, Natraceutical's technical knowledge of products and ingredients, capacity for innovation, new product development and marketing expertise in the nutritional supplements field, with Davene's positioning in Brazil, the company's sales network, customer base and administrative support, as well as its local production capacity, relationship with local raw materials suppliers and its access to local health and administrative authorities for the registration of new products.



Natraceutical Group

Natraceutical Group is a Spanish multinational which is a reference in the research and development of natural functional ingredients, active elements and nutritional supplements for the food, pharmaceutical and cosmetics industry. The company directs its industrial activity through Laboratoires Forté Pharma, which specializes in nutritional supplements in the fields of health, beauty and weight control and which it sells exclusively in pharmacies and drugstores in Europe, as well as through its shareholding in the quoted French company Naturex, resultant from the recent contribution of its Ingredients Division to the French multinational.

Natraceutical is quoted on the Spanish stock exchange's market under the ticker NTC. Total shares in circulation: 328,713,946.

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For further information

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