

Barcelona (Spain), November 14, 2019

**RESULTS PRESENTATION: THIRD QUARTER 2019**

Reig Jofre closes the third quarter of 2019 with an accumulated growth of 10% in sales and 17% in EBITDA

- Turnover was € 147.1 M (+ 10%) at the end of the third quarter. All business units recorded positive growth during the year, with special emphasis on the area of Specialty Products (+ 31%) and the positive performance of the domestic market, which registered a growth of 20% compared to the same period of the previous year and, with regard to the international markets, the positive evolution of Africa, Asia and Oceania
- The new division of Joint Health and Pain acquired on July 1 recorded its first quarter of sales following its integration into Reig Jofre, which had a positive impact on the area of specialty products (+ 31%) and the greater growth of domestic sales
- The Consumer Healthcare area registered an accumulated growth in sales of 11%, driven especially by the growth of Forté Pharma. The Pharmaceutical Technologies area reversed the trend of the first half and registered a positive growth in the year of + 2%
- Sales in the third quarter reached 54.3 million euros, a 26% increase over the third quarter of the previous year
- Adjusted EBITDA for the quarter was 4.9 million euros. This represents a 49% growth compared to the third quarter of 2018. The adjustment includes the reversal of the application of IFRS 16 and the exclusion of non-recurring transaction costs associated with the purchase of the Joint Health and Pain division.
- In cumulative terms, the EBITDA adjusted with the same criteria reaches 12.9 million euros at the end of September, representing a 17% growth compared to the first nine months of 2018

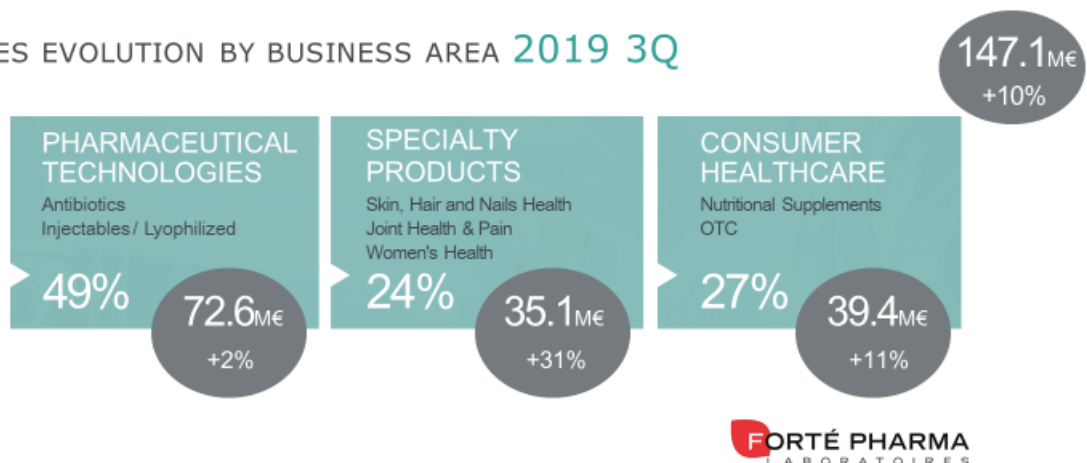


- Investments in the first nine months of 2019 reached 17.8 million euros, of which 10.4 million corresponded to the new injectables plant in Barcelona, which is scheduled to start production in the final quarter of 2020. This global figure includes 3.9 million euros of investment in R&D projects
- Financial Debt as of September 30 reached 53.1 million euros, including 8.1 million corresponding to the application of IFRS 16. Net Debt stood at 46.4 million at the end of the third quarter, evolving in accordance with the investment plan.
- The Net Debt / EBITDA ratio stood at 2.80 in September 2019, up from 1.5 at the end of 2018

## EVOLUTION OF TURNOVER

Reig Jofre closed the first nine months of 2019 with a turnover of 147.1 million euros, compared to 133.3 million euros in the same period last year, representing a growth of 10%.

### SALES EVOLUTION BY BUSINESS AREA 2019 3Q



**FORTÉ PHARMA**  
LABORATOIRES

*Historical commitment to development: 77% of the company's sales come from its own products development*

*CDMO services (Contract Development & Manufacturing Organization / Development and Production to third parties), represents 18% of total billing, driven by value-added products (derma in Sweden, injectables, biotech and antibiotics derived from penicillin)*

The **area of pharmaceutical technologies** in antibiotics and injectables contributed 49% of sales, 72.6 million euros, managing to reverse the trend of the first half and presenting a growth of 2%, due to the positive evolution of sales in the international markets. The 5-millionth unit of the injectable remifentanyl, a hospital anaesthetic developed by the Reig Jofre R&D team, was recently sold in Japan.



The **area of specialty products** in (i) Skin, Hair and Nail Health; (ii) Joint Health and Pain; and (iii) Women's Health, contributed 24% of the turnover (35.1 million euros), registering an increase of 31% over the same period during the previous year. This was driven by the incorporation of sales of the new therapeutic area of Joint Health and Pain, the result of the acquisition in July of the portfolio of finished pharmaceutical products for the treatment of osteoarthritis and other arthropathies.

The **consumer healthcare area** contributed 27% of the turnover, (39.4 million euros), representing a positive evolution in sales of 11%. This area, mainly made up of the Forté Pharma brand of nutritional supplements, registered solid growth thanks to the positive evolution of the health and weight control ranges, especially in France and Belgium, and the consolidation of the global growth registered in the previous year. Similarly, this area was also favoured by the incorporation of sales from the new range of joint health nutraceuticals and sales of OTC products, which registered a positive upward trend in Spain.

Proof of Reig Jofre's historical commitment to the development of own products is represented by the income obtained from the same, representing 77% of the company's sales at the end of the third quarter.

At 26.3 million euros, **CDMO** sales contributed 18%, representing a fall of 9% compared to the first nine months of 2018: this productive capacity was dedicated to the manufacture of the company's own products.

## FINANCIAL EVOLUTION OF THE BUSINESS

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The 10% increase in turnover is based on the growth of the Specialty Products and Consumer Healthcare areas. The gross margin was 62% over sales.

Accumulated staff costs grew by 9%, due to the strengthening of the sales and R&D structures, as well as the incorporation in the third quarter of the sales structure of the new therapeutic area of Joint Health and Pain.

Operating expenses increased by 6%, reflecting the impact of the acquisition costs of the Joint Health products portfolio, as well as those derived from the capital increase carried out in June. These amounted to 2.3 million euros.



Depreciation of property, plant and equipment increased by 63%, an increase of 3.5 million euros. The causes are the impact of IFRS 16, which amounted to 1.8 million euros, the amortization of assets linked to the purchase of the new joint health business, which represented 1.3 million euros, and the impact of the investments that went into production in 2019.

The financial result reflected the increase in spending associated with the higher level of indebtedness derived from industrial investments.

Profit before taxes was 2.6 million euros. The pre-tax profit corrected for the costs of the aforementioned transaction amounted to 4.9 million euros, representing a 1.3% growth over the same period of 2018.

Reig Jofre's adjusted EBITDA reached 12.9 million euros, which represented a growth of 17%. This is a result of the incorporation of the Joint Health and Pain Division and following the adjustment of the associated transaction costs. The impact of IFRS 16 has also been adjusted to this extent, in order to facilitate comparison with the previous year.

In the balance sheet comparison, net non-current assets increased by 77.6 million euros. In terms of gross investment, non-current assets includes the acquisition value of the new division for 52 million euros, as well as industrial investments for the period amounting to 13.9 million euros, the activation of R&D projects for 3.9 million euros and the activation of assets for usage rights (IFRS 16) amounting to 9.8 million euros.

In relation to current assets, there was an increase in working capital, concentrated in the Trade Receivables balance and attributable to the incorporated sales of Joint Health, as well as the seasonality of sales in Forté Pharma products, as was also the case in the third quarter of the previous year.

The long-term debt reflects 17 million euros corresponding to the payment to be effected in 2021 as part of the purchase price of the range of Joint Health and Pain. In the short term, 15 million euros are reflected for the same concept in Other Current Liabilities.

At the end of the third quarter, the net financial debt stood at 46.4 million euros, which represented 2.80 times the EBITDA. The adjustment of this ratio by application of IFRS 16 did not produce any significant changes in the result obtained, and as such we will present the ratio without adjustments as of this quarter.



## INCOME STATEMENT JANUARY-SEPTEMBER 2019

thousand euros	30/09/2019	30/09/2018
Turnover	147.102	133.327
Procurements	-55.694	-50.102
Changes in inventories	-502	69
Gross margin	90.906	83.294
Work carried out for fixed assets	3.951	3.604
Other operating income	0	626
Personnel expenses	-41.447	-37.984
Other operating expenses	-40.987	-38.503
<b>EBITDA</b>	<b>12.423</b>	<b>11.037</b>
Depreciation and amortization	-9.051	-5.569
Government grants for non-financial assets and others	13	18
Impairment and results on disposals	26	0
Operating income	3.411	5.486
Financial expenses	-649	-599
Other financial income-expenses	-107	54
Financial result	-756	-545
Results from entities accounted by the equity method	21	0
Profit before taxes	2.676	4.941
Income tax	-401	-741
Net result	2.274	4.200
<b>Adjusted EBITDA (IFRS 16 + Transaction Costs)</b>	<b>12.916</b>	<b>11.037</b>



## BALANCE AT SEPTEMBER 30, 2019

thousand euros	30/09/2019	30/09/2018
<b>ASSETS</b>		
Goodwill	28.988	27.467
Other intangible assets	90.972	34.558
Property, plant and equipment	64.185	54.122
Right-of-use assets	8.094	-
Investments in equity-accounted investees	728	-
Non-current financial assets measured at fair value	1.182	1.010
Other non-current financial assets	673	404
Deferred tax assets	15.198	14.854
<b>TOTAL NON-CURRENT ASSETS</b>	<b>210.018</b>	<b>132.416</b>
Inventories	33.174	32.732
Trade and other receivables	44.070	34.626
Current tax assets	4.458	58
Other current financial assets	2.849	2.392
Other current assets	236	3.321
Cash and cash equivalents	6.691	11.839
<b>TOTAL CURRENT ASSETS</b>	<b>91.478</b>	<b>84.967</b>
<b>TOTAL ASSETS</b>	<b>301.495</b>	<b>217.383</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	38.031	32.525
Share Premium	19.000	-
Reserves	-950	-778
Treasury shares	118.553	110.960
Own equity instruments	34	-54
Profit attributable to the parent company	2.285	4.209
Exchange differences	-1.598	-1.271
Other comprehensive income	-115	19
<b>Equity attributable to parent company</b>	<b>175.241</b>	<b>145.609</b>
Non-controlling interests	-73	-55
<b>TOTAL EQUITY</b>	<b>175.168</b>	<b>145.554</b>
Capital grants	99	96
Provisions	803	682
Financial liabilities with credit institutions	6.091	7.630
Lease liabilities	25.406	12.919
Other financial liabilities	5.664	5.729
Deferred tax liabilities	3.863	3.093
Other non current liabilities	17.000	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>58.927</b>	<b>30.149</b>
Provisions	46	211
Financial liabilities with credit institutions	9.306	7.369
Lease liabilities	5.985	1.579
Other financial liabilities	645	-87
Trade and other payables	31.120	28.121
Current tax liabilities	1.612	1.816
Other current liabilities	18.686	2.671
<b>TOTAL CURRENT LIABILITIES</b>	<b>67.400</b>	<b>41.680</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>301.495</b>	<b>217.383</b>



Receive updated news about Reig Jofre by registering with the company's **subscription centre** via our corporate website: **[www.reigjofre.com](http://www.reigjofre.com)**

### **About Reig Jofre**

Founded in 1929 in Barcelona, Reig Jofre is a pharmaceutical company listed on the Spanish Stock Exchange's continuous market and dedicated to the research, development, manufacture and marketing of pharmaceutical products and nutritional supplements. Reig Jofre structures its product development activity in three business areas: pharmaceutical technologies specialized in the development and manufacture of sterile and lyophilized injectable pharmaceutical products, as well as antibiotics derived from penicillin. Specialty products focused on the research, development, manufacture and commercialization of specialties in, above all, the areas of (i) skin, hair and nail health, (ii) joint health and pain, and (iii) women's health, And Consumer Healthcare, of which special mention may be made of the line of nutritional supplements, which are marketed under the brand Forté Pharma mostly in France, Belgium, Spain and Portugal, as well as other OTC products. Reig Jofre has more than 1000 employees, 4 development and production centres in Europe (2 in Toledo, 1 in Barcelona and 1 in Sweden), direct sales in 7 countries and more than 130 business partners in 70 countries around the world. The company closed 2018 with a turnover of 181 million euros. Reig Jofre is quoted on the Spanish stock exchange's continuous market under the ticker RJF. Share capital: 76,062,457 shares

### **Further information**

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