

Barcelona (Spain), May 9, 2019

RESULTS NOTE: FIRST QUARTER 2019

Reig Jofre closes the first quarter of 2019 with a sales growth of 6% and net profit of 8%

- The sales growth allowed the turnover to reach € 49.3M (+6%) driven by the evolution of the areas of Consumer Healthcare (+ 28%) and Specialty Products (+ 6%), the latter, thanks mainly to national market sales
- The Consumer Healthcare area, mainly comprised by the French subsidiary of nutritional supplements Forté Pharma, achieved good results thanks to the new launches in the energy and weight control ranges, which strengthens the market position already achieved in 2018 in France, Belgium and The Netherlands, especially. Spain followed the positive trend of the rest of Europe
- Due to the entry into force of the new International Financial Reporting Standard (IFRS 16), lease expenses are now considered as amortization. As a result, depreciation of fixed assets grew by 33%
- Considering this new criterion, the EBITDA reached € 5.6M, an increase by 19% compared to the first quarter of 2018. Without considering this impact, the adjusted EBITDA would have been € 5.0M, (+ 6%)
- Investments in the first quarter of 2019 reached € 5.7M. The progress of the new injectable plant in Barcelona that accounted for more than 60% of the investment, progresses as planned and its start is scheduled for the third quarter of 2020
- Liquidity is maintained compared to the year-end 2018. Net debt increased to € 30.2M from € 24.5M at the close of last year, by the execution of the investment plan and the increase in working capital due to the income growth
- The Shareholders' Meeting held on April 25 approved the distribution of a dividend under the format of Scrip Dividend, via a capital increase, for a maximum amount of € 3M. It is expected to finalize this benefit distribution in early June



TURNOVER EVOLUTION

Reig Jofre closed the first three months of 2019 with a **turnover** of 49.3 million euros, compared to 46.5 million euros in the first quarter of previous year, a growth of 6%.

SALES EVOLUTION BY BUSINESS AREA 2018



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 19% 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 injectable products contributed 49%, 24.3 million euros. A scheduled technical stop at the injectable products plant of Barcelona, needed to connect certain shared facilities with the new plant under construction, caused a 4% decrease compared to the same quarter of previous year. It is expected to recover this production in the coming quarters.

The **area of specialty products** in dermatology and gynecology contributed 20% of the turnover amounting 9.7 million euros with an increase of 6% with respect to previous year thanks to the sales recovery of the dermatological product line in the national market.

The **area of consumer healthcare** mainly comprised by the French subsidiary of nutritional supplements Forté Pharma, as well as other OTC products, contributed 31% of the turnover, 15.4 million euros, showing an excellent sales evolution with 28% increase driven by the success of the new releases in the energy and weight control ranges in France, Belgium and the Netherlands, mainly. Sales in Spain followed the positive trend recorded in the rest of Europe.



OPERATIONAL BUSINESS EVOLUTION

IMPACT OF THE INTERNATIONAL FINANCIAL INFORMATION STANDARD (IFRS 16)

The application of the new IFRS 16 on the accounting treatment of lease contracts in the year 2019, caused impacts on the company's Profit and Loss Account and Balance Sheet.

In the case of Reig Jofre, these are mainly leasing of production facilities necessary for the activity, as well as renting operations of commercial and industrial vehicles related to the company's main activity.

The main impacts in the Balance sheet are produced in the intangible asset, when accounting for the rights of future uses for the rents to be satisfied by the current leases, which represent an increase in net assets of 8.5 million euros. Likewise, liabilities also include both long and short-term debts for this concept.

The main effect of the Income Statement is the redefinition of rental expenses as amortization, amounting to 0.6 million euros in the first quarter, resulting in an increase in EBITDA, which has no significant effect on the net result of the company.

Throughout 2019 the company will present the adjusted EBITDA calculation to allow a better comparison of the evolution of the result.

OPERATIONAL EVOLUTION

The increase in turnover by 6%, together with an improvement in the gross margin over sales up to 64.5%, allowed the company to place its **adjusted EBITDA** at 5.06 million euros, an increase of 6% compared to the same period of the previous year, despite the increase in operating costs (+ 8%) associated with the higher marketing expense for the launch campaigns of Forté Pharma products, and personnel costs (+ 10%) for the structure consolidation in commercial, marketing and R & D.

The company expects that the good trend of the first quarter can be maintained during 2019 and foresees the recovery of production in the area of pharmaceutical technologies to make a positive contribution to the growth of sales in the coming quarters.



The financial result reflected the increase in expenses associated with the higher expected level of indebtedness, which accompanied investment plans to increase the company's productive capacity.

The result before taxes stood at 2.9 million euros, a growth of 8% compared to the same period of the previous year. The estimate corporate tax is maintained at 15%, which placed the company's **net profit** at 2.4 million euros, 8% higher than in the first quarter of 2018.

In the comparison of balance sheets, net non-current assets increased by 3.7 million euros compared to the year-end 2018 and 16 million euros with respect to the first quarter of 2018 (without considering the effect of the increase of 8.5 million euros for the application of the new IFRS 16 in the incorporation of the Use Rights for leases). This reflects the company's investment plan, looking for capacity increases, achieving efficiencies and greater productivity, as well as the application of state-of-the-art technology to the processes for the development of more complex products.

Concerning current assets, the volume of stocks was higher than the first quarter of 2018 and in line with the close of the previous year, although offset by the increase in supplier financing. Both effects will be progressively diluted in the coming quarters, once the processes derived from the compliance of Directive EU 62/2011 to avoid the counterfeit of medication have stabilized.

At the end of the first quarter, **net financial debt** stood at 30.2 million euros, which represents a net debt/EBITDA ratio of 1.8 times.

REIG JOFRE FLEXIBLE DIVIDEND

The Shareholders' Meeting of Reig Jofre held on April 25, 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 agreed at its April 29 meeting on the terms of its execution, which have been published in the BORME on May 6.

Following the allotment of rights, each shareholder shall give instructions to their depository entity, in order to:

- a. **Redeem the rights for new shares.** In this case, the number of free allotment rights to receive a new share will be 56.
- b. **Receive cash by selling the rights to the Company at a fixed price.** In this case, the price at which the Company has committed to purchase the free allotment rights has been determined in a fixed gross amount of 0.045 euros per right, representing a dividend yield of 1.75%. This option will be available to shareholders for 12 calendar days throughout the term of negotiation of the free allotment rights.
- c. **Receive cash by selling the rights in the market.** In this sense, the term of negotiation of the free allotment rights will be 15 calendar days, which, according to the estimated schedule, will take place from May 7 to 21, 2019.
- d. **Combine** all or part of the above options.

If no instructions are given, the default option will be the exchange of free allotment rights for new shares.

The payment of cash to those shareholders who shall opt to receive all or part of the cash dividend under the purchase commitment is initially foreseen for May 23, 2019.

The scheduled date for the admission to trading of the new shares is initially foreseen for June 7, 2019.



PROFIT AND LOSS ACCOUNT OF THE FIRST QUARTER OF 2019

<i>(in euro)</i>	31/03/2019	31/03/2018
Turnover	49,342,791	46,534,393
Procurements	-19,274,936	-16,340,051
Changes in inventories	1,743,807	-1,521,322
Gross margin	31,811,662	28,673,019
Work carried out for fixed assets	1,292,533	1,217,285
Other operating income	0	3,309
Personnel expenses	-13,726,973	-12,490,536
Other operating expenses	-13,767,705	-12,690,719
EBITDA	5,609,517	4,712,359
Depreciation and amortization	-2,527,242	-1,895,707
Government grants for non-financial assets and others	5,629	0
Operating income	3,087,905	2,816,651
Financial income	3,349	14,836
Financial expenses	-236,520	-195,656
Results from entities accounted by the equity method	4,424	0
Profit before taxes	2,859,157	2,635,831
Income tax	-428,874	-395,375
% tax rate estimate	-15,0%	-15,0%
Net result	2,430,283	2,240,457



BALANCE SHEET ON MARCH 31, 2019

(in euro)	31/12/2018	31/12/2017
ASSETS		
Non-current assets		
Goodwill	27,514,599	27,481,155
Other intangible assets	48,624,770	32,123,735
Property, plant and equipment	57,735,683	50,947,736
Equity instruments	1,107,485	1,338,072
Non-current financial assets	644,848	0
Deferred tax assets	14,485,822	13,723,980
TOTAL NON-CURRENT ASSETS	150,113,206	125,614,679
Current assets		
Inventories	34,638,133	26,354,984
Trade and other receivables	38,086,429	37,769,303
Other current financial assets	2,536,457	3,795,782
Other current assets	3,972,907	5,997,938
Cash and cash equivalents	8,540,203	10,177,980
TOTAL CURRENT ASSETS	87,774,129	84,095,987
TOTAL ASSETS	237,887,336	209,710,666
EQUITY AND LIABILITIES		
Equity		
Share capital	32,525,034	32,076,589
Reserves	119,091,958	111,018,887
Treasury shares	-900.228,000	-702.981
Other equity instruments	33,714	12,169
Profit attributable to the parent company	2,433,803	2,240,456
Exchange differences	-1,225,841	-1,110,199
Other comprehensive income for assets available for sale	-114.963	19,400
Equity attributable to parent company	151,843,477	143,554,321
Non-controlling interests	-62.943	-45,806
TOTAL EQUITY	151,780,534	143.508.515
Non-current liabilities		
Capital grants	74,591	109,031
Provisions	803,095	682,236
Financial liabilities with credit institutions	6,406,004	9,447,188
Financial lease liabilities	15,398,006	7,278,016
Other financial liabilities	6,148,509	6,067,808
Non current lease liabilities	6,355,400	0
Deferred tax liabilities	3,186,196	3,204,858
TOTAL NON-CURRENT LIABILITIES	38,371,801	26,789,136
Current liabilities		
Provisions	46,465	337,521
Financial liabilities with credit institutions	8,112,682	6,564,574
Financial lease liabilities	1,669,340	1,351,019
Other financial liabilities	990.011,000	513,136
Trade and other payables	30,169,164	25,238,249
Current lease liabilities	1,785,331	0
Current tax liabilities	1,451,367	1,400,922
Other current liabilities	3,510,641	4,007,594
TOTAL CURRENT LIABILITIES	47,735,000	39,413,014
TOTAL EQUITY AND LIABILITIES	237,887,336	209,710,666



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 publicly listed on the Spanish stock exchange, devoted 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 dermatology (skin, hair and nails) and gynecology (women's health), mainly. And, Consumer Healthcare in which highlights the line of nutritional supplements marketed under the brand Forté Pharma mostly in France, Belgium, Spain and Portugal, as well as other OTC products. Reig Jofre has more than 1,000 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: 65,050,067 shares

For further information

Inma Santa-Pau - Head of Communication and Institutional Relations
Tel. (+34) 93 480 67 10 (ext. 1242) - inma.santapau@reigjofre.com