



REIG  JOFRE

2020

## Fourth quarter 2020 RESULTS

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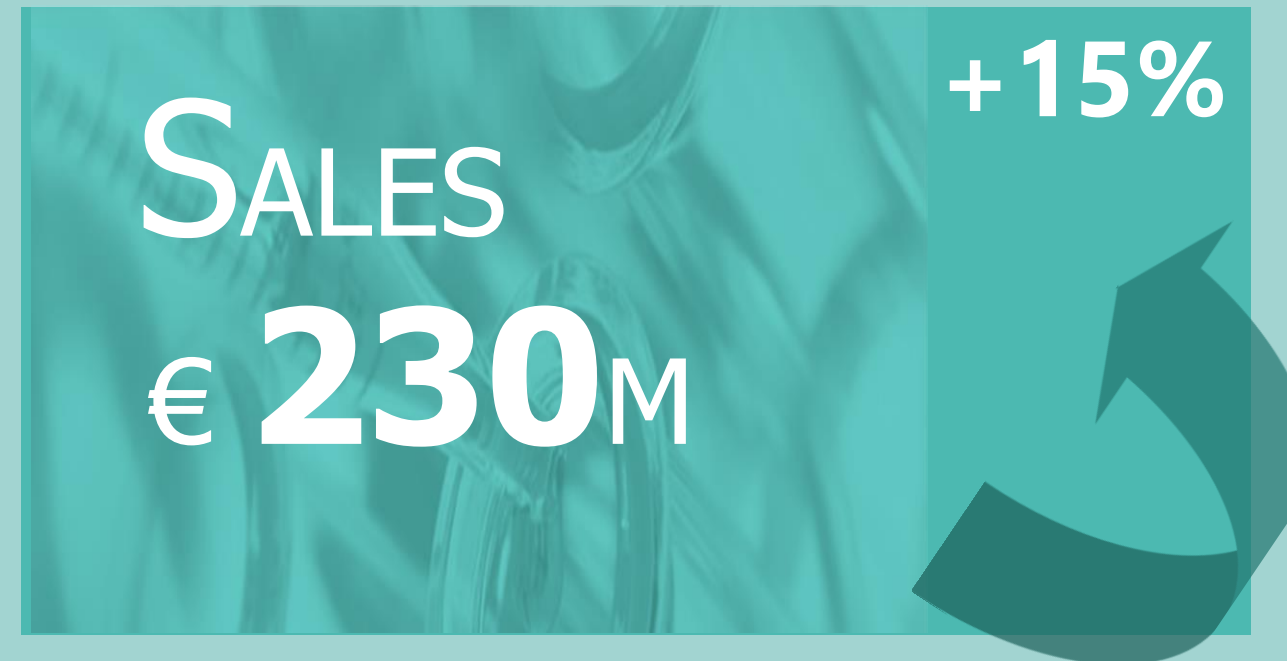


4Q 2020

**RESULTS 2020**

**BUSINESS UNITS**

# REIG JOFRE reaches a turnover of € 230M in 2020, with a 15% increase in sales, and Net Income of € 5.7M



- The year ended with sales of € 230M, up 15%, driven by the incorporation of the new Osteoarticular business, and the greater consumption of essential medicines and some OTC products, linked to the needs arising from Covid 19.
- In the quarter, 4Q 2020 alone sales reached € 59.2M, 11% higher than in 4Q of the year before. In 4Q, EBITDA reached € 7.3M, similar to that reached in the fourth quarter of 2019.
- The sale of prescription products continues to be affected by the disruption in patient visits to doctors. However, essential medicines and the energy and disinfection ranges growth offset this effect.
- Total EBITDA reached € 26.5 M in 2020. EBITDA adjusted for one-off effects increased by 21% as compared to 2019.
- Net Income for the year reached €5.7 M, a 15% increase as compared to 2019.
- Investments reached the expected level, and the new Injectables Plant in Barcelona remains on schedule to start up in 2Q 2021.
- Debt/EBITDA ratio was 2.1x below the 2019 closing level.

# Income per Business Unit

## PHARMACEUTICAL TECHNOLOGIES



Antibiotics  
Injectables / Lyophilisates

48%

€ 111.7M  
+12%

## SPECIALTY PHARMACARE



Dermatology  
Osteoarticular  
Women's health  
Others

29%

€ 66.1M  
+28%

## CONSUMER HEALTHCARE



OTC  
Weight control  
Energy  
Sleep and stress relief  
Beauty

23%

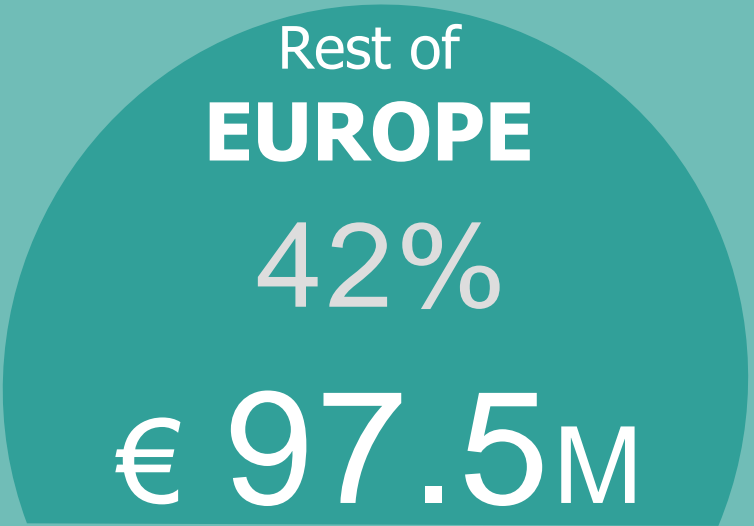
€ 52.2M  
+7%

- The pharmaceutical Technologies division reported a growth of 12% in 2020. As well as the momentum in sales of essential medicines linked to Covid 19, especially in 2Q and 3Q, there has been a continuing increase in demand for injectable products, especially in the international market.
- The Barcelona plant has been able to absorb replanned orders due to the need to manufacture essential medicines in the first half of the year.
- The increase in capacity of the new Antibiotics manufacturing line at the Toledo plant has also enabled revenue growth, despite the drop in global demand for oral antibiotics due to the lower incidence of other infections.

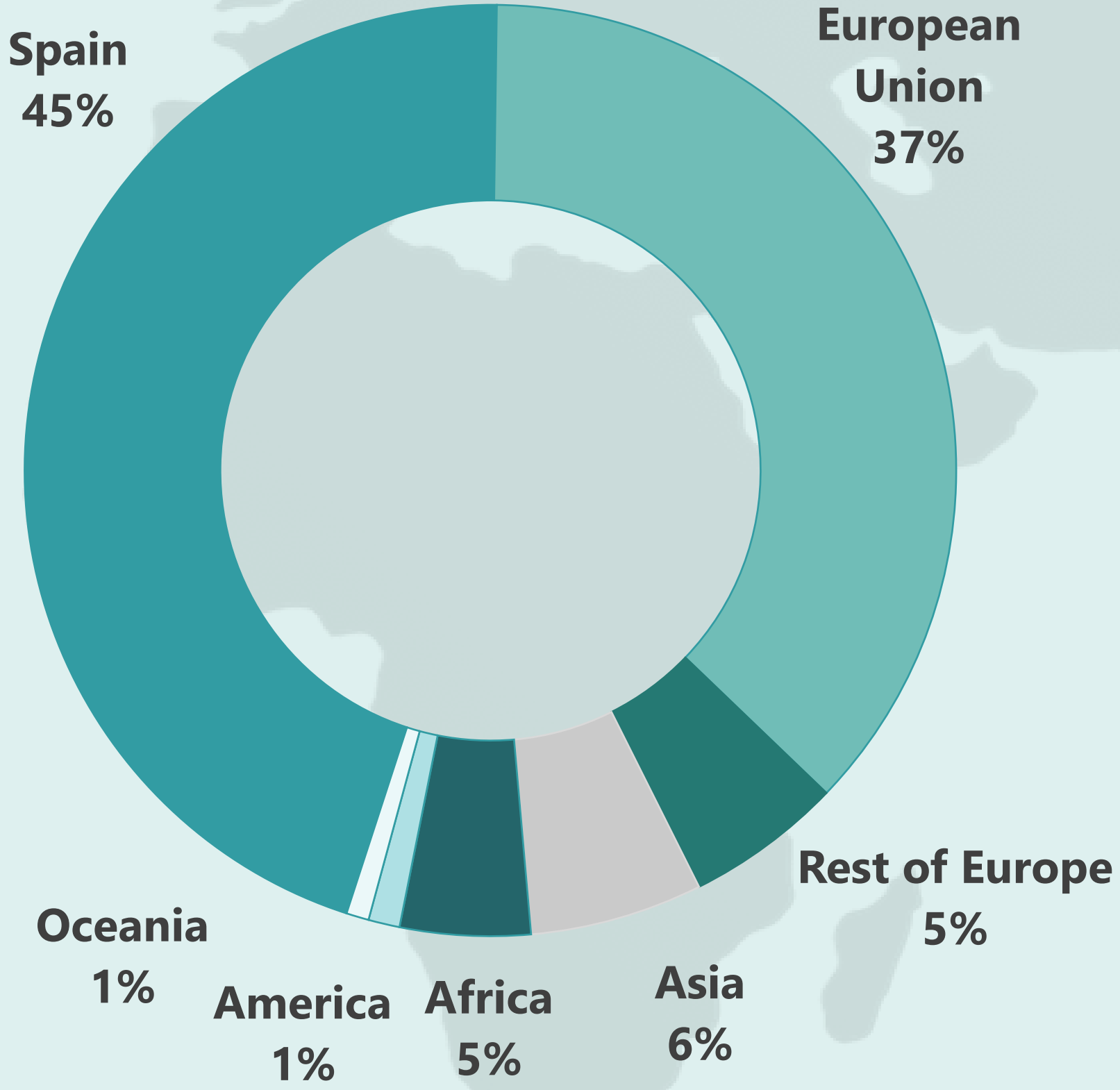
- The new Osteoarticular Product portfolio acquired in July 2019 reached € 29M in revenue within this division, and with its integration, significant commercial synergies have been achieved. This resulted in an exceptional growth of 28% for the year.
- Rest of Specialty Products declined by 2% compared to 2019, due to the reduction in visits to the doctor which resulted in fewer new prescriptions being issued. This has been the case especially for dermatological products which have also been affected by the lower incidence of skin infections due to the distancing measures.

- The OTC range saw an annual growth of 10%, mainly coming from the increase in sales of disinfectants, Alcohols and Chlorhexidines in particular, both to hospitals and in pharmacies. Steep growth was reported especially in 2Q and 3Q.
- The FORTE PHARMA food supplements line reached annual sales of € 42M, resulting in a notable growth of 6%. The FORTE PHARMA ranges of Vitamins, Jellies and Immune System boosters have become this year's main growth areas in France and other European countries, while sales of weight control products declined by 8% compared to the previous year.

# Sales by Geographical Area



% International Sales\*



- The Spanish market grew 15% due to the effect of the new Osteoarticular business and the higher sales of essential medicines.
- The rest of European markets grew 8%, with particular contribution from the Osteoarticular range due to it being developed in new countries, and demand for essential medicines in this area.
- Revenue in the Rest of the World increased 44%, consolidating our international development strategy, especially in Asia and Africa.

\* Sales outside of Spain

CDMO Sales (contract development and manufacturing organisation) declined to 15% of Total Sales from 18% the previous year, due to the priority supply needs of the national market and the need to dedicate greater capacity to Reig Jofre's own products. The new Plant coming on stream in 2021 will have an impact on this activity's growth.





4Q 2020

# **INCOME STATEMENT BALANCE SHEET**



# Income Statement

## 4Q 2020

thousand euros	31/12/2020	31/12/2019
<b>Turnover</b>	<b>230.079</b>	<b>200.207</b>
Procurements	-92.128	-75.426
Changes in inventories	2.369	1.515
<b>Gross margin</b>	<b>140.320</b>	<b>126.296</b>
Work carried out for fixed assets	3.680	5.625
Other operating income	996	94
Personnel expenses	-66.434	-57.132
Other operating expenses	-52.013	-55.192
<b>EBITDA</b>	<b>26.549</b>	<b>19.691</b>
Depreciation and amortization	-16.983	-13.148
Government grants for non-financial assets and others	23	23
Impairment and results on disposals	-361	-243
<b>Operating income</b>	<b>9.227</b>	<b>6.323</b>
Financial expenses	-990	-1.048
Other financial results	-1.900	-85
<b>Financial result</b>	<b>-2.890</b>	<b>-1.133</b>
Results from entities accounted by the equity method	88	113
<b>Profit before taxes</b>	<b>6.425</b>	<b>5.303</b>
Income tax	-760	-364
<b>Net result</b>	<b>5.664</b>	<b>4.939</b>
<b>Adjusted EBITDA</b>	<b>26.549</b>	<b>22.020</b>

Adjustments: in 2019, one-off costs were incurred for the purchase of the osteoarticular business for € 2.3M

### Evolution

- The 15% sales growth was driven by revenues from the new Osteoarticular business, despite the effects of Covid 19 which slowed growth in some business areas.
- Gross margin consolidated at around 60% of sales, from 62% a year earlier, largely due to the greater proportion of sales of essential medicines linked to Covid.
- The capitalisation of R&D expenses (work carried out for fixed assets) decreased due to delays in some projects, but this will not affect the medium-term development strategy.
- Personnel expenses increased 16%, the main reason being the costs associated with the commercial network of the newly-acquired business and the hiring of technical staff for the new plant in Barcelona.
- Other operating expenses declined 6%. The main causes are lower marketing and commercial expenses due to restrictions on certain promotional activities, as well as the effect of one-off transaction costs in 2019 due to the acquisition of the osteoarticular business.
- Profit before tax amounted to € 6.4 M, up 21% compared to 2019.
- EBITDA reached € 26.5M, 11% on revenue. Adjusting 2019 EBITDA for one-off effects, EBITDA growth stands at 21%.

# Balance sheet

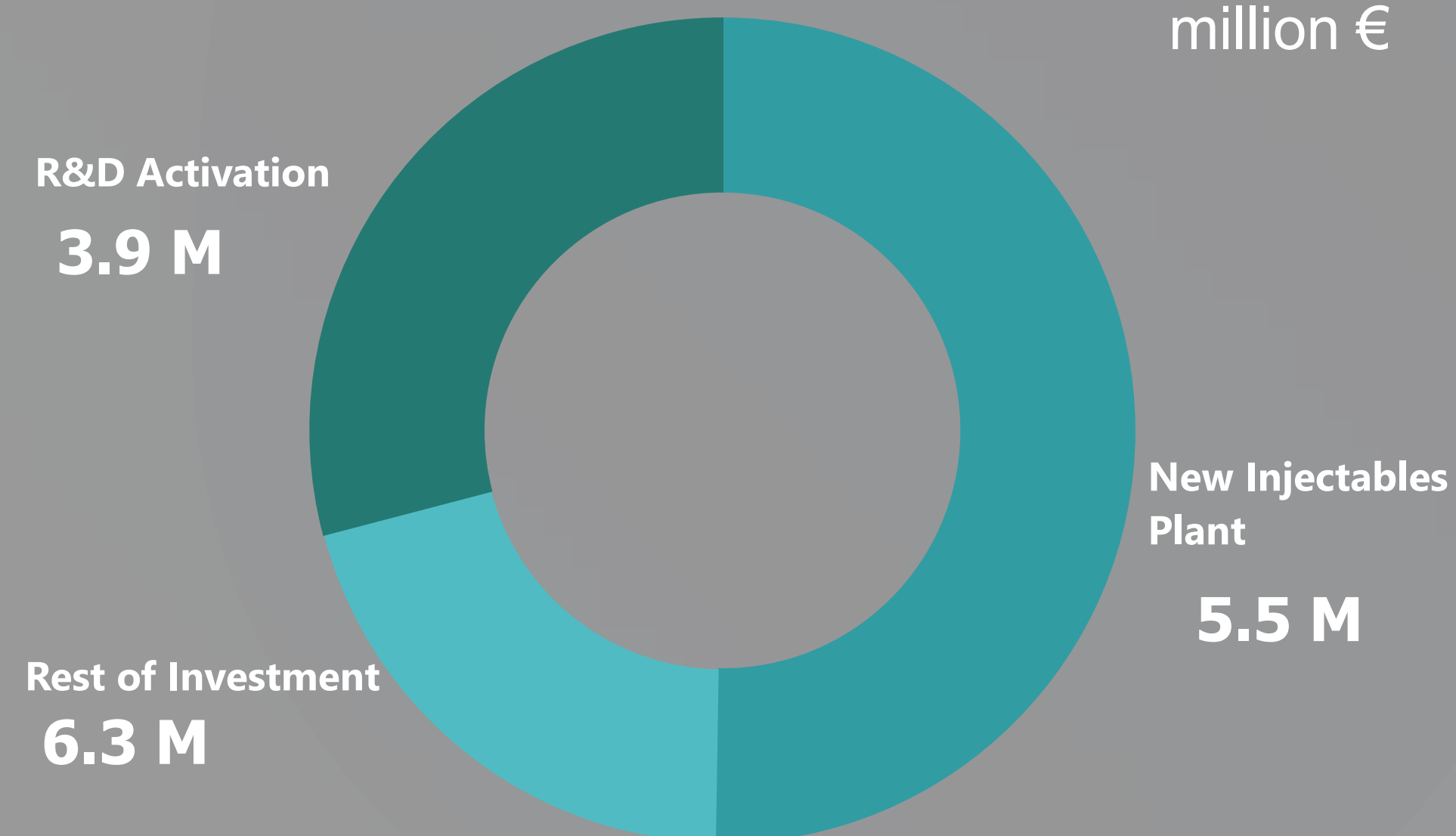
4Q 2020

thousand euros	31/12/2020	31/12/2019
<b>ASSETS</b>		
Goodwill	29.972	29.730
Other intangible assets	82.832	85.879
Property, plant and equipment	85.284	83.917
Investments in equity-accounted investees	1.308	1.220
Non-current financial assets measured at fair value	1.214	1.204
Other non-current financial assets	938	658
Deferred tax assets	14.876	14.585
<b>TOTAL NON-CURRENT ASSETS</b>	<b>216.424</b>	<b>217.193</b>
Inventories	40.450	38.353
Trade and other receivables	42.621	40.542
Current tax assets	4.616	4.144
Other current financial assets	801	924
Other current assets	648	2.288
Cash and cash equivalents	11.590	10.171
<b>TOTAL CURRENT ASSETS</b>	<b>100.727</b>	<b>96.422</b>
<b>TOTAL ASSETS</b>	<b>317.150</b>	<b>313.615</b>

## 2020 investment

**15.8**

million €



- Investments in industrial capacity and technology totalling € 11.8 M correspond essentially to the new Injectables Plant in Barcelona (€ 5.5M), and to technological improvements and renewal of machinery at the existing plants in Toledo, Barcelona and Malmö.
- Current assets increased due to the effect of revenue growth. The company's working capital ratio was 19% of sales (70 days of sales), an improvement on the previous year-end figure of 24%. Cash and cash equivalents also improved on the previous year's levels.

# Balance sheet

## 4Q 2020

thousand euros	31/12/2020	31/12/2019
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>184.478</b>	<b>178.138</b>
Capital grants	2.439	1.729
Provisions	287	897
Financial liabilities with credit institutions	26.930	8.893
Lease liabilities	15.865	33.603
Other financial liabilities	6.025	5.681
Deferred tax liabilities	3.318	3.103
Other non current liabilities	0	13.000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>54.863</b>	<b>66.907</b>
Provisions	25	83
Financial liabilities with credit institutions	9.210	6.518
Lease liabilities	5.021	7.582
Other financial liabilities	3.684	542
Liabilities from contracts with customers	1.429	0
Trade and other payables	40.608	36.241
Current tax liabilities	2.713	2.508
Other current liabilities	15.120	15.098
<b>TOTAL CURRENT LIABILITIES</b>	<b>77.809</b>	<b>68.571</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>317.150</b>	<b>313.615</b>

- Non-current liabilities were significantly reduced by deferred payments on the purchase of the osteoarticular business turning into current liabilities. At 12/31 Other current liabilities include € 15 M for future payments to seller.
- Commercial creditors grow due to the increase in purchase volume derived from income growth.

### NET FINANCIAL DEBT

Dec 2020 **55.1** million €

Dec 2019 **52.6** million €

### Debt | EBITDA

Dec 2020 **2.1**

Dec 2019 **2.7**

FINANCIAL DEBT

**66.7M**

LEASE LIABILITIES IFRS 16

**10.4M**

DEBTS TO CREDIT INSTITUTIONS AND OTHERS

**56.5M**

- Net financial debt increased by € 2.5M compared to year end 2019, mainly due to the financing of the new injectables manufacturing plant and the debt associated with the purchase of the osteoarticular business.
- EBITDA growth brings the Debt/EBITDA ratio to 2.1, significantly lower than it was at the end of 2019, 2.7.



4Q 2020

## **COVID 19 IMPACTS IN 2020**

# COVID 19 | IMPACTS IN 2020

The overall impact of Covid 19 in 2020 resulted in a slight drop in sales, mainly due to the effect of the reduction in visits to the doctor and lower oral antibiotics consumption. However, thanks to the integration of new products, sales of esencial medicines, and international growth, revenue and earnings growth was achieved in 2020.

## INCREASE IN INCOME THROUGH GREATER DEMAND IN HOSPITALS AND INCREASE IN CERTAIN CONSUMER HEALTHCARE RANGES



### PHARMACEUTICAL TECHNOLOGIES

Demand for essential medicines for hospital use in ICU and intubated patients, especially sedatives, analgesics and muscle relaxants grew, especially in 2Q and 3Q, both in the Spanish market and in other European countries.

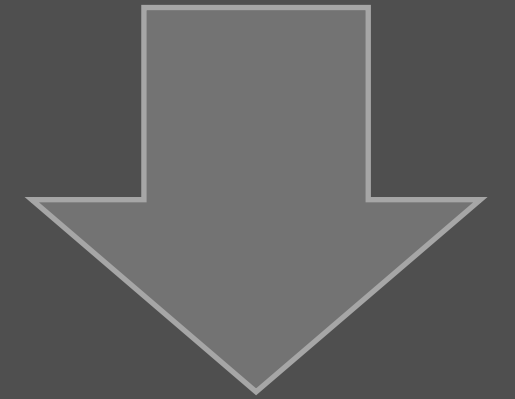


### CONSUMER HEALTHCARE

Demand increased for OTC disinfectants, especially Alcohols and Chlorhexidines, through both hospital and pharmacy channels.

Within the food supplements of the Forté Pharma brand, the Vitamins, Jellies and Immune System booster ranges saw over 40% growth in sales, with a particular impact in France and Benelux.

## DECREASE IN DEMAND DUE TO EFFECTS OF COVID 19 PREVENTIVE MEASURES



### PHARMACEUTICAL TECHNOLOGIES

Distancing measures for the prevention of Covid 19 have resulted in a lower incidence of other seasonal bacterial and viral infections, leading to a significant reduction in the consumption of oral antibiotics.



### SPECIALTY PHARMACARE

The reduction in visits to the doctor has affected revenue in the prescription product portfolio. In addition, the distancing measures have led to a lower incidence of skin infections, which has resulted in a decline in sales in the area of dermatology.



### CONSUMER HEALTHCARE

Certain FORTE PHARMA ranges, such as weight control products, experienced a reduction in sales compared to the previous year.



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# OUTLOOK 2021

# 2020 | TECHNOLOGY TRANSFER AGREEMENT WITH JANSSEN

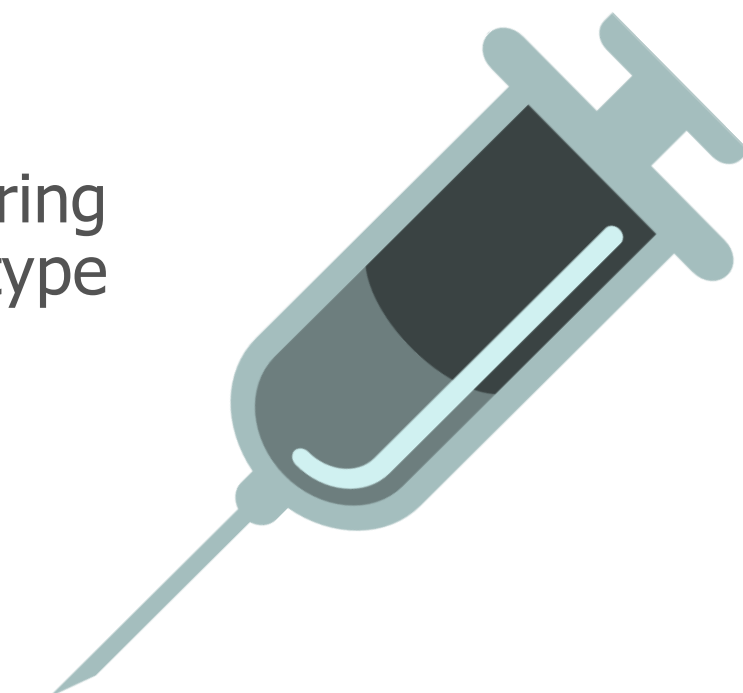
## **TECHNOLOGICAL AND INDUSTRIAL CAPACITY, INJECTABLE VACCINE MANUFACTURING POTENTIAL**

REIG JOFRE began construction of its new injectable plant in Barcelona in 2018. This facility with cutting-edge technology has represented an investment of more than €30m and will come into operation in the second quarter of 2021. It was expected to be operating at full capacity within 3-4 years. Both manufacturing projects for third parties and the manufacture of Reig Jofre's own products to accompany an ambitious international expansion plan have progressed in parallel with the construction of this industrial facility.

The evolution of the pandemic and the multiple vaccine development projects for COVID 19 have provided the opportunity for this production facility to be used, in part, to manufacture this vaccine in multi-dose vial format that has been chosen by the majority of developers in the emergency roll out of this medicine.

In December 2020, after exploring this possibility with several developers of vaccine candidates, it was announced that Reig Jofre had reached an agreement with Janssen Pharmaceutical Companies of Johnson & Johnson (Janssen) for the technology transfer of the production of its COVID-19 vaccine candidate. This technology transfer is already at an advanced stage and its successful execution is expected to result in Reig Jofre producing the first batches of this vaccine candidate, once regulatory approvals have been granted.

Reig Jofre has made investments in the new plant and filling lines to adjust them to the manufacturing requirements of the vaccine candidate and also to comply with the bio-safety levels required for this type of product.



# Outlook 2021

**After closing 2020 with 15% sales growth**, we expect that the capacity increases planned for 2021 will deliver additional relevant revenue growth. The increase in demand for our products internationally and the potential manufacturing of Janssen Pharmaceuticals' Covid 19 vaccine candidate will be the key drivers of revenue growth in 2021.

In the **PHARMACEUTICAL TECHNOLOGIES** Division (48% of revenues) , a high demand for essential medicines linked to Covid 19 could still be generated in the first half of the year. The new sterile products line at the Toledo Plant will continue with high occupancy levels and the new Injectable Products Plant in Barcelona will triple the current manufacturing capacity for these products. The eventual manufacture of the Covid 19 vaccine would allow this new state-of-the-art plant to get close to full capacity in 2021.

The **SPECIALTY PHARMACARE** Division (29% of revenues) has seen its revenues impacted by the reduction in visits to the doctor, which has affected the number of new prescriptions issued. This effect is expected to continue in the first months of 2021, so growth will be based on the development in new international markets of the dermatology range and the new osteoarticular product portfolio acquired in 2019.

In **CONSUMER HEALTHCARE** (23% of revenues), the food supplements area, with our FORTE PHARMA brand, is expected to continue to perform well with its ranges of vitamins, jellies and probiotics, which are well established in France, Benelux and are growing in Spain. Other product ranges, such as weight control products, may continue at a similar level of demand as in 2020. Moderate revenue growth is expected, thanks also to this division's international growth.

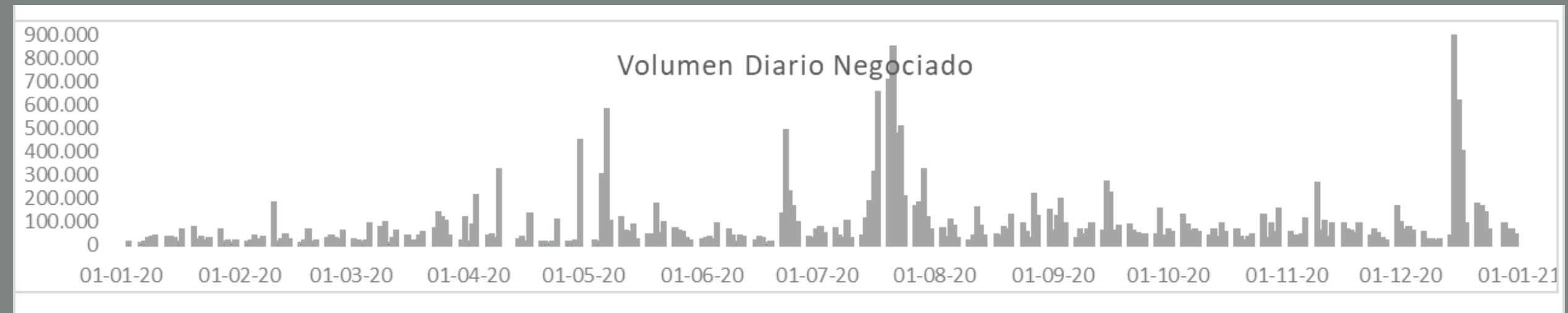




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## **RJF SHARE PERFORMANCE**

# RJF Share Evolution vs Ibex Small Cap



## REIG JOFRE 2020

On 23 October, the new 739,822 shares issued (1% increase in the number of shares) in the scrip dividend process approved by the General Shareholders' Meeting on 23 July 2020 began trading. 3% of the share capital opted to receive the dividend in cash, receiving 3.90 euro cents per share.

In 2020 there was a significant increase in the volume of shares traded, multiplying the average daily volume from the previous year by five.

Reig Jofre's capital is represented by 76,802,279 shares, the main shareholders and their holdings as of 31 December:

	% capital
REIG JOFRE INVESTMENTS SL	62,71%
KAIZAHARRA CORPORACION EMPRESARIAL SL	10,05%
ONCHENA, S.L.	5,83%

## LINKS AND ADDITIONAL INFORMATION

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Av. de les Flors  
08970 Sant Joan Despi Barcelona, Spain  
T. +34 93 480 67 10  
[www.reigjofre.com](http://www.reigjofre.com)

[Investor Relations](#)  
[investors@reigjofre.com](mailto:investors@reigjofre.com)