

REIG  JOFRE

Q3

RESULTS

Third Quarter of 2021



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Q3 2021

RESULTS

BUSINESS UNITS

REIG JOFRE's revenues grew by 2% up to September 2021 with 4% growth in its EBITDA

SALES

+2%

€173.2 million

EBITDA

+4%

€19.9 million


CONSOLIDATED
NET PROFIT

-4%

€5.1 million

- The cumulative sales figure reached €173 million, exceeding the same period in 2020 by 2%. Recovery from the sale of prescription medical products from the Specialty Pharmacare division, and the good performance of Forté Pharma's range of food supplements in France and Benelux, offset the lower consumption of essential medicines and the antibiotics market's fall.
- European markets grew by 7%, particularly France, Benelux, UK and Poland. The domestic market is slightly below the previous year, falling by 3%. The rest of the world maintains a similar level of income as in the previous year.
- The third quarter demonstrated clear recovery in the Consumer Healthcare unit, which has already achieved a 6% annual growth, and confirmed the first semester growth-trend in dermatology and osteoarticular products, that continue to grow at the cumulative rate of 9% in the year.
- In Q3, cumulative EBITDA reached €19.9 million, with 4% growth compared to the previous year.
- Expenditure associated with the start-up of the new plant in Barcelona and higher amortisations had an impact on the quarter's consolidated net profit. Cumulated EBITDA stands at €5.1 million, which represents a 4% drop compared to 2020.
- Industrial capital expenditures reached €10.9 million, the greatest impacts being associated with investments in the new plant in Barcelona for manufacturing the COVID-19 vaccine, and full renovation of facilities undertaken in the Toledo plant.
- The Debt/EBITDA ratio stands at 2.8, which should represent the peak of this magnitude in the year.

Revenues by Business Unit

PHARMACEUTICAL TECHNOLOGIES 

Antibiotics
Injectables/Lyophilisates

44% | **€76.2 million**
-5%

- The Pharmaceutical Technologies division declined 5% in the first nine months of 2021, due to the lower demand for antibiotics and stability in demand for injectable products.
- The antibiotics market suffered a drop of over 20% compared to pre-covid demand, as a result of Covid prevention measures. This trend began to reverse in the last quarter.
- The new Injectable Products Plant is in the process of obtaining the necessary authorization from the Health Authorities.

% International Sales

PHARMACEUTICAL TECHNOLOGIES

51%
International

SPECIALTY PHARMACARE 

Dermatology
Osteoarticular

31% | **€54.0 million**
+9%

- The Dermatology division, which represents about 40% of this unit, grew by 10%, confirming its recovery.
- The Osteoarticular Products area achieved €23 million in revenues within this division, a 6% increase compared to 2020.
- Geographically, this growth can be seen in the countries where Reig Jofre has its own commercial networks: Spain, Sweden and Poland, in particular.

SPECIALTY PHARMACARE

30%
International

CONSUMER HEALTHCARE 

Energy
Stress and sleep
Slimming
Beauty
OTC

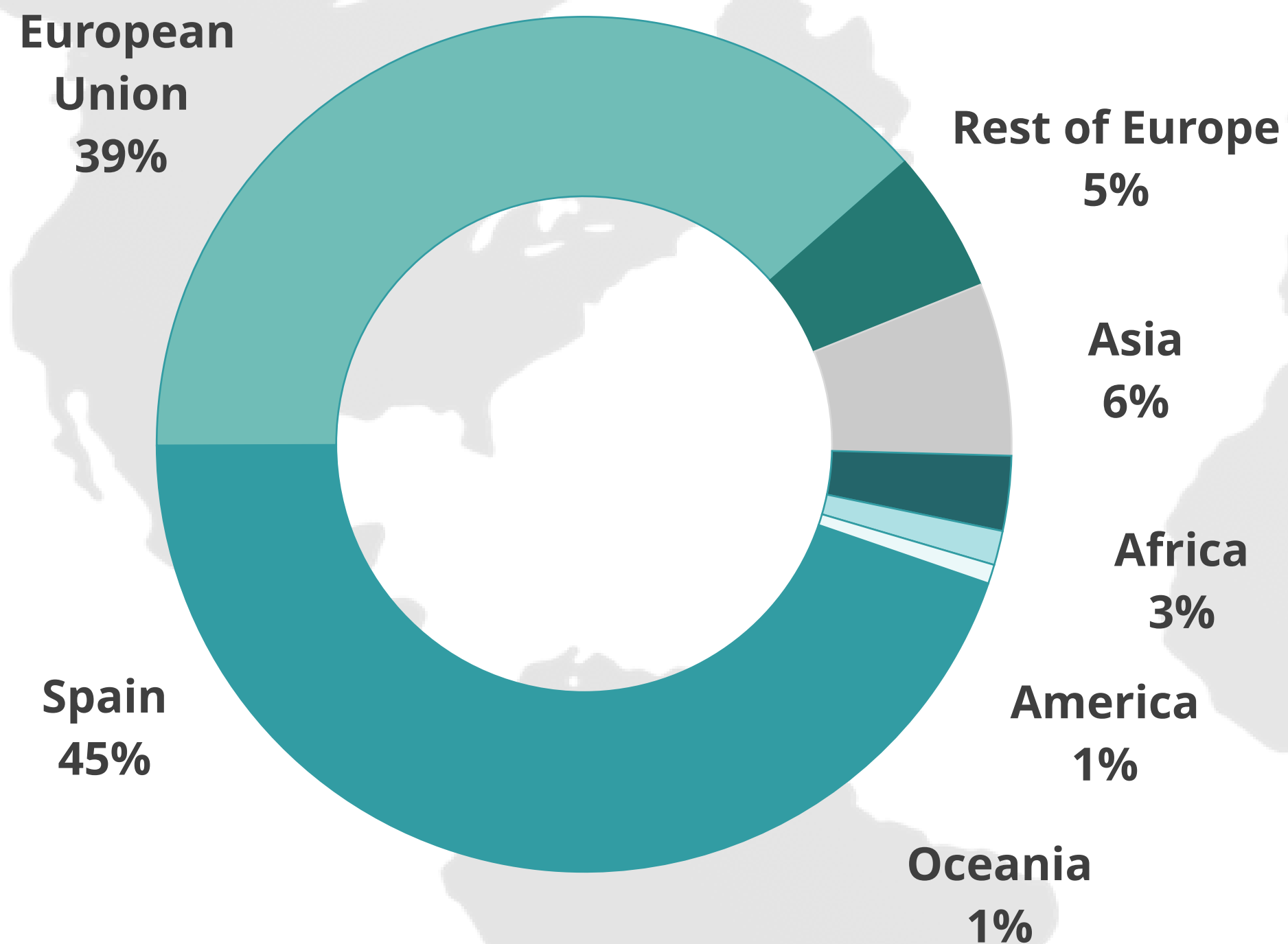
25% | **€43.0 million**
+6%

- The Consumer Healthcare division maintained the trend change initiated in the second quarter and achieved a clear growth of 6% in the year (compared to 1% growth in the first semester).
- OTC products in the respiratory, ORL and disinfection product ranges have not yet reached positive growth.
- The FORTE PHARMA Food Supplements Line grew by 10%, especially in the Vitamins, Jellies, Immune System Strengthening, Sleep and Stress ranges.

CONSUMER HEALTHCARE

76%
International

Sales by Geographical Region



- The Spanish market, as a whole, has resisted the sharp drop in the consumption of antibiotics and OTC disinfection and respiratory products, and is 3% below the previous year's level of income, due to the good performance in Specialty Pharmacare, as well as in Dermatology and Osteoarticular products.
- The other European markets have grown by a remarkable 7%. This is helped by the good performance of the group's companies in France and Benelux, in the Consumer Healthcare ranges of the brand FORTE PHARMA, as well as the UK and the new subsidiary in Poland.
- Sales in the rest of the world have fallen by 1%, also due to the reduction in the consumption of antibiotics and other essential drugs.

14% CDM



Q3 2021

INCOME STATEMENT BALANCE SHEET

Income Statement

Q3 2021

thousand euros	9/30/2021	9/30/2020
Turnover	173,174	170,406
Procurements	-63,226	-66,724
Changes in inventories	-2,162	-1,741
Gross margin	107,787	101,940
Work carried out for fixed assets	3,222	3,563
Other operating income	284	138
Personnel expenses	-49,709	-48,756
Other operating expenses	-41,618	-37,640
EBITDA	19,965	19,246
Depreciation and amortization	-13,221	-12,555
Govern. grants for non-financial assets and others	17	17
Impairment and results on disposals	-2	3
Operating income	6,760	6,711
Financial result	-793	-433
Results from entities accounted by the equity method	53	9
Profit before taxes	6,020	6,287
Income tax	-903	-943
NET RESULT	5,117	5,344

2021/2020 Outlook

- A 2% increase in the sales figure accumulated up to September, with a gross margin remaining above 62% of sales, compared to 60% with which the same period of the previous year closed, by reducing the weight of essential medicines.
- The R & D capitalisation rate (work performed for fixed assets) decreased, although it is expected to recover in the fourth quarter.
- Personnel expenses increased by 2% compared to 2020 and reflect the hiring operations and quality personnel for the new plant in Barcelona.
- Other operating expenses increased by 11%, due to the new injectable plant's start-up costs, and the recovery of commercial and marketing expenses linked to commercial networks and promotional expenses in Consumer Healthcare
- EBITDA stands at €19.9 million, a 4% increase over the previous year, and 11.5% on sales, compared to 10.6% at the close of 2020.
- Amortisation expense grew by 5% and is expected to continue to grow upon incorporation of the new Barcelona plant into the assets that are coming into operation.
- Financial expenditures are at the projected level, and their growth is largely due to positive exchange rate differences in 2020.
- Profit before tax thereby amounted to €6.0 million, 4% below 2020.

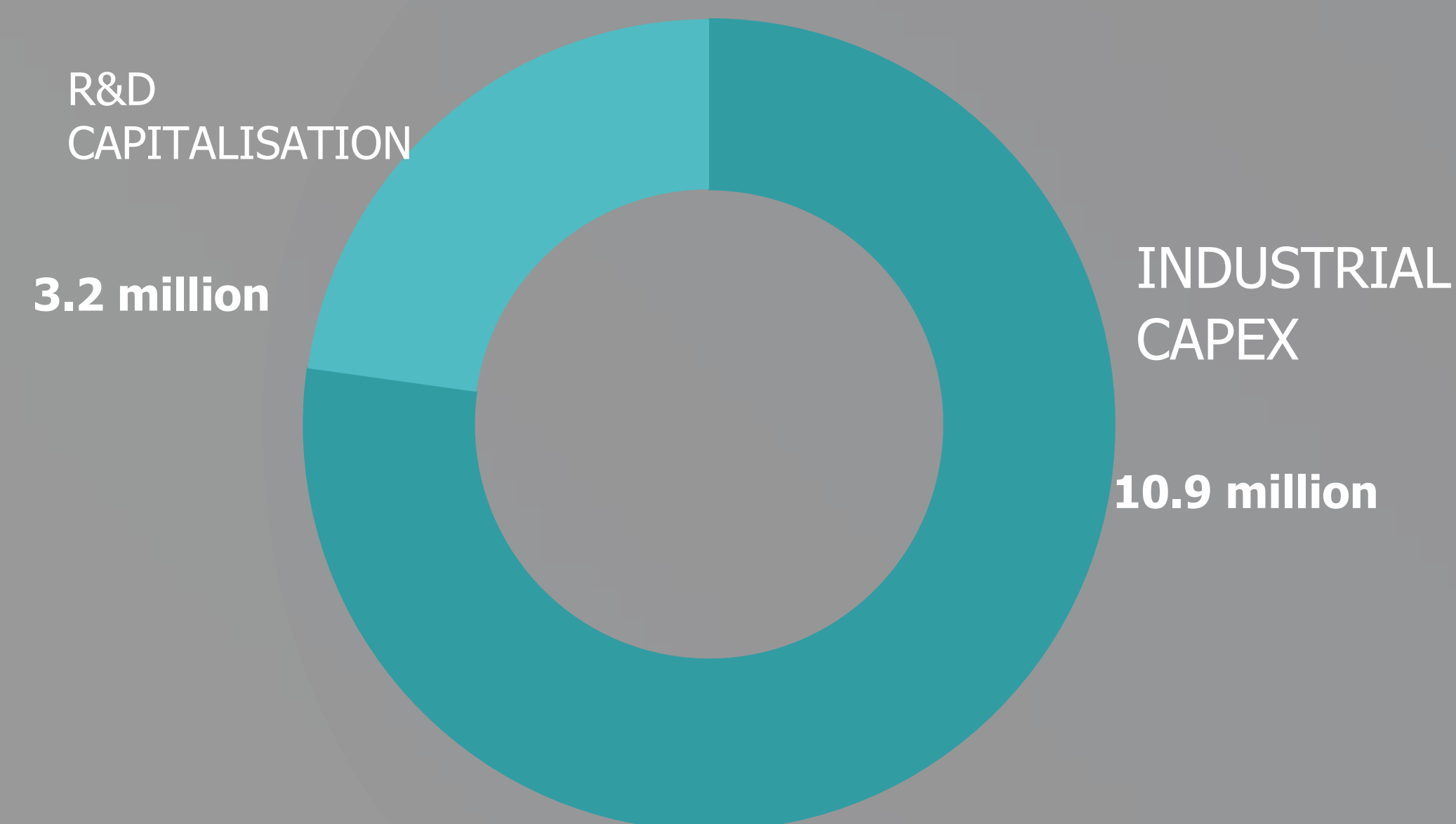
Balance sheet

Q3 2021

thousand euros	9/30/2021	9/30/2020
ASSETS		
Goodwill	29,891	29,660
Other intangible assets	79,794	84,722
Property, plant and equipment	92,885	84,451
Investments in equity-accounted investees	1,911	1,229
Non-current financial assets measured at fair value	1,175	1,218
Other non-current financial assets	580	673
Deferred tax assets	13,507	14,574
TOTAL NON-CURRENT ASSETS	219,743	216,528
Inventories	46,601	40,854
Trade and other receivables	43,111	44,779
Current tax assets	7,292	5,145
Other current financial assets	771	1,277
Other current assets	3,427	1,986
Cash and cash equivalents	5,586	7,481
TOTAL CURRENT ASSETS	106,788	101,522
TOTAL ASSETS	326,531	318,050

CAPEX 2021

14,1
€ million



- Industrial investments in technology and capacity increase stand at €10.9 million. The two main projects already initiated in previous periods are: an extensive renovation of the facilities and infrastructures at the Antibiotics Plant in Toledo, which is now fully operational; and investments in the Barcelona Plant for manufacturing the COVID-19 vaccine.
- There was an increase in the level of stocks in Q3 2021, mainly due to the supply of materials for manufacturing the vaccine, which will continue in the next quarters. Therefore, cash is reduced compared to the same period in 2020.

Balance sheet

Q3 2021

thousand euros	9/30/2021	9/30/2020
ASSETS		
TOTAL EQUITY	189,134	182,733
Capital grants	2,349	1,710
Provisions	287	897
Financial liabilities with credit institutions	32,972	28,742
Lease liabilities	15,522	15,900
Other financial liabilities	6,226	8,785
Deferred tax liabilities	3,169	2,922
Other non current liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	60,525	58,956
Provisions	26	24
Financial liabilities with credit institutions	20,381	16,358
Lease liabilities	5,737	5,625
Other financial liabilities	544	480
Liabilities from contracts with customers	7,623	0
Trade and other payables	38,427	37,786
Current tax liabilities	3,942	2,934
Other current liabilities	192	13,154
TOTAL CURRENT LIABILITIES	76,872	76,362
TOTAL EQUITY AND LIABILITIES	326,531	318,050

- Non-current liabilities increased due to the incorporation of bank debt linked to the last payment for the purchase of the osteoarticular business.
- In Current Liabilities, other current liabilities for payment of the debt to the osteoarticular business seller have reduced by €13 million, which is offset by increased financial debt due to increased working capital credit provision and liabilities with customers.

NET FINANCIAL DEBT

close of
Q3
2021

75,8 € million

2020
year-
end

55,1 € million

Debt | EBITDA

close of
Q3
2021

2,8

2020
year-
end

2,1

FINANCIAL
DEBT

81.4million

LEASE DEBT
UNDER IFRS 16

12.1million

CORPORATE DEBT
CREDIT AND OTHER

69.3million

- Net financial debt has increased, as predicted, due to the incorporation of bank debt linked to the purchase of the osteoarticular business, and due to the increased use of working capital credit linked to the increase in stocks. Of the total €20.7 million increase, approximately €9 million correspond to the use of working capital facilities that was practically not used in 2020 due to cash surpluses.
- This Debt increase, together with the EBITDA growth put the Debt/EBITDA ratio at 2.8, above the 2.1 level at 2020's year-end, as predicted. This ratio should decline in the coming quarters.



Q3 2021

OUTLOOK FOR 2021



Outlook for 2021

The third quarter of 2021 closes with a cumulative revenue growth of 2%, which reinforces our forecast to close the year on this sales growth-trend, but with different effects on the three business units.

In the **PHARMACEUTICAL TECHNOLOGIES** division (44% of revenue), the decline in revenue trend is slowing. We are hopeful that the 5% drop in sales at the end of September will improve in the fourth quarter. The new Injectable Products Plant in Barcelona advances in the process of Technology Transfer for Janssen's COVID-19 vaccine. Once completed, REIG JOFRE will be integrated within Janssen's global network of manufacturers. Janssen will define the supply needs of vaccines that will require from REIG JOFRE. The plant's capacity will meet Janssen's demand for its vaccine provision and will also meet other clients' demands.

The **SPECIALTY PHARMACARE** division (31% of revenue), continues its recovery, growing by 9%, both in Dermatology and in Osteoarticular products, significantly in the domestic market and also in the rest of Europe, especially in countries where we have our own commercial networks. The new subsidiary in Poland also contributed to this growth, which we hope to maintain at year-end.

In **CONSUMER HEALTHCARE** (25% of revenue), FORTE PHARMA achieved growth in double digits thanks to its ranges of vitamins, jellies, probiotics, and sleep disorders, especially in its main markets, France and Benelux. OTC products are still in decline, due to the lower incidence of respiratory illnesses and the decreasing consumption of disinfectants compared to the peak of 2020.

For **2021's year-end** we hope that the *Specialty Pharmacare* and *Consumer Healthcare* divisions continue to recover, while *Pharmaceutical Technologies* will be conditioned by the increase of global demand for antibiotics and the restoration of demand for other hospital injectable products. At this moment, the plant is in the process of being inspected to obtain the necessary authorization from the Health Authorities. We are confident that, all things considered, Reig Jofre will be able to conclude a financial year of growth in Sales and EBITDA, which will be the basis for 2022, in which the new injectables plant will enable the Group to achieve larger growth.



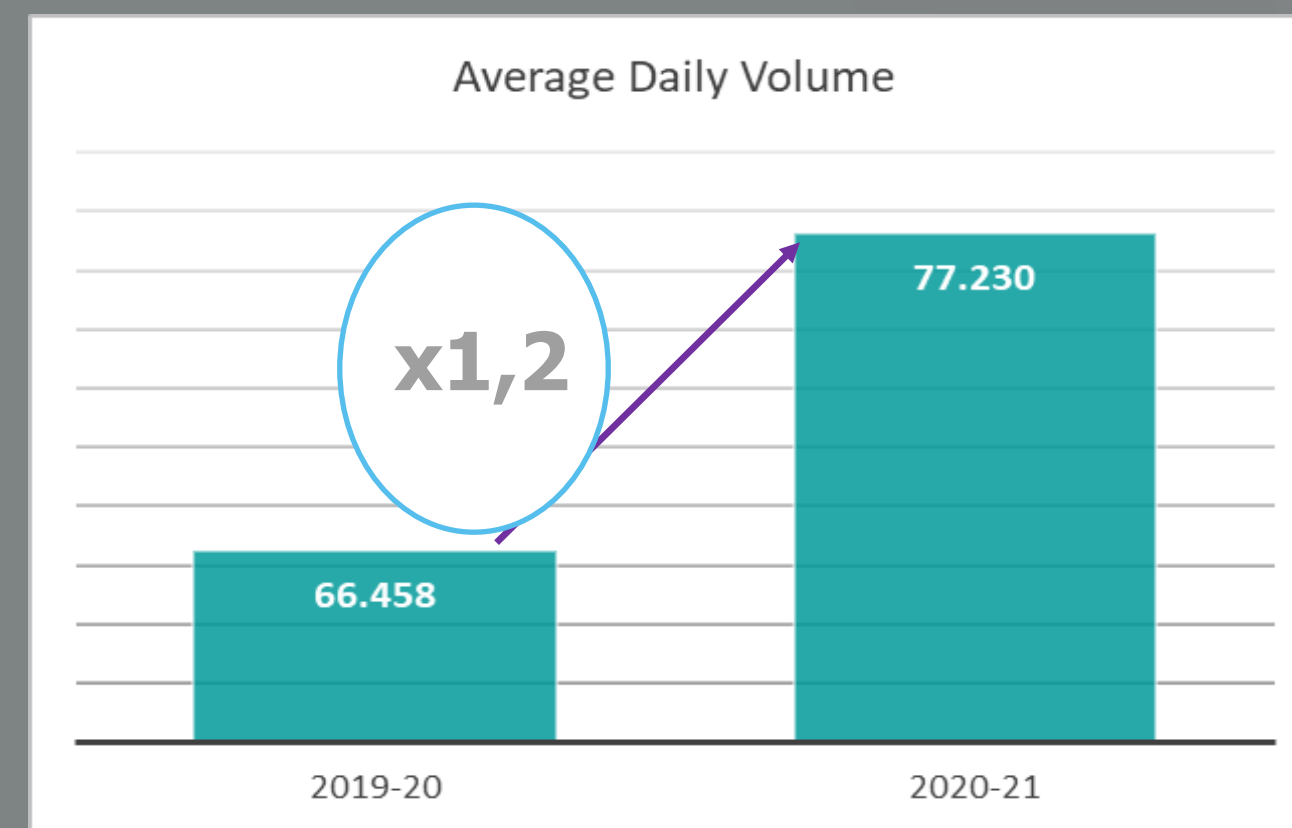
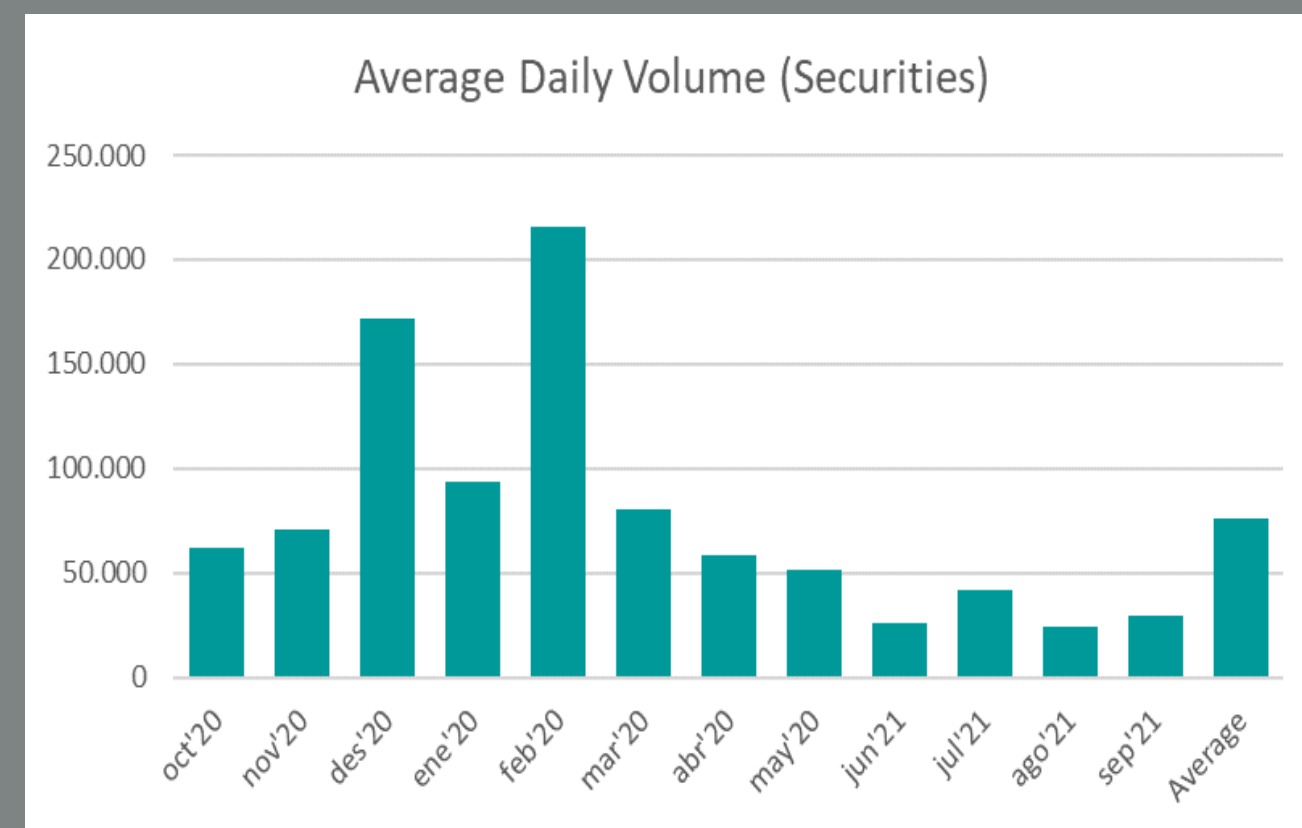
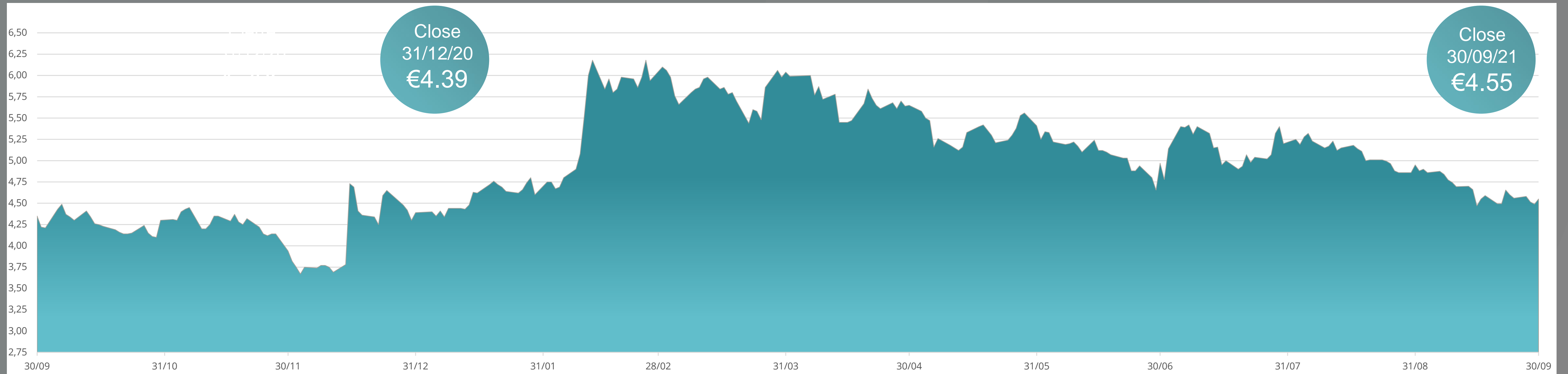
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RJF SHARE PERFORMANCE

RJF Share Performance Oct '20 – Sept '21

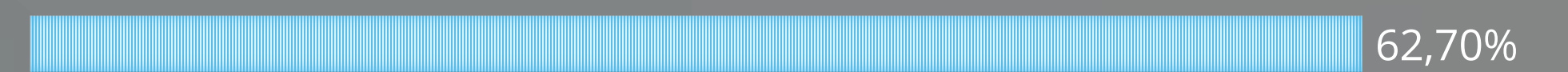
Market capitalisation of €352 million

Data as at 30 September 2021



Shareholders Base

Reig Jofre Investments, S.L.



Kaizaharra Corporación Empresarial, S.L.



Onchena, S.L.



LINKS AND FURTHER INFORMATION

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Q3

Thank you

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