Natra

Presentation of Results H1 2018

25 September 2018

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- In addition to the financial information prepared in accordance with the International Financial Reporting Standards ("IFRS"), this presentation includes certain Alternative Performance Measures ("*APMs*"), as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415en), and certain *Non-IFRS financial measures*. The *APMs* and the *Non-IFRS financial measures* are financial performance measures based on Natra's financial reporting, but not defined or described within the applicable financial reporting regulations, so they have not been audited and are not entirely subject to audit.
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- The Appendices hereto contain further information and enhance its transparency, including a definition of the terms used and a reconciliation between the corresponding performance indicators and the consolidated financial reporting under the IFRS.

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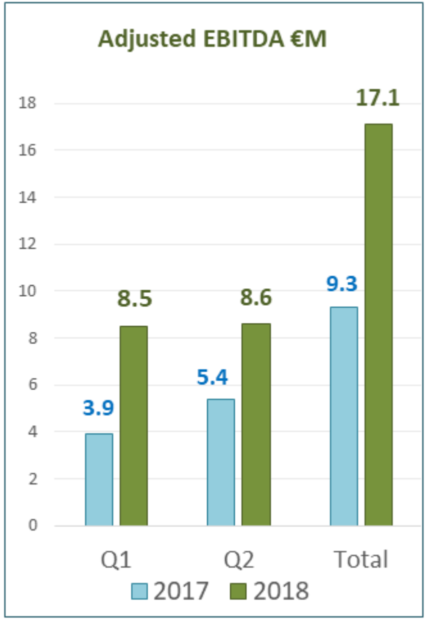
1. Executive Summary H1 2018

Executive Summary H1 2018



- Business growth bolstered by **+6%** year-on-year increase in sales **volume**. **Turnover** up **+2%** vs 2017, smaller than the volume effect as lower raw material prices were passed on.
- The **volume sales increase** in the Consumption Division, combined with improved margins achieved through raw material hedges in the Industry Division, portfolio optimization and savings in operating costs, have all contributed to the good results of the first semester of 2018.
- Very positive result in the first two quarters of 2018, resulting in a semester **adjusted EBITDA** of **€17M,** well above the same period in the prior year. No significant adjustments were made to EBITDA in the first half of 2018 *(*).*
- Pushed by the growth in EBITDA, Natra has reached an **adjusted Net Profit** of **€7M** this semester, €2.8M of which corresponded to income from recognition of deferred tax assets. By adding to that the revaluation of Natra's financial investment portfolio, the result is a Net Profit of €10M *(*).*

(*) See section 4 in this document for definitions and details of Adjusted EBITDA and Adjusted Net Profit.

Executive Summary

Executive Summary H1 2018

- **Net Financial Debt was down €15.1m** vs the first half year 2017 and 6.2 M€ vs December 2017, thanks to the generation of cash, used to repay debt, increase the cash balance and offset the effect of recognising the debt at amortised cost.
- The **Financial Structure** is sound in both the **Long Term**, as 85% of the syndicated loan of €140m is not due until 2022, and structurally in the **Short Term**, since at the end of June 2018, for example, our available liquidity exceeded the average operating cash flow requirements by €15m (see details in section 2).
- We expect to **continue throughout 2018 amply exceeding the positive financial results of 2017** (see details in section 3).

NATRA CONSOLIDATED EARNINGS

€M	2018					2017					Evolution 18 vs 17				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
Turnover	87.2	86.2			**173.4**	85.7	85.0			**170.7**	2%	1%			**2%**
EBITDA	8.5	8.5			**17.0**	3.9	5.1			**9.0**	120%	65%			**88%**
Adjusted EBITDA	8.5	8.6			**17.1**	3.9	5.4			**9.3**	114%	60%			**83%**
NET RESULT	2.0	8.5			**10.5**	-2.0	-1.5			**-3.5**	201%	673%			**401%**
ADJUSTED NET RESULT	0.2	6.8			**7.0**	-1.9	-1.3			**-3.2**	110%	614%			**316%**
Net Financial Debt	141.3	**135.4**				152.0	**150.5**	150.3	141.6		7%	10%			

Favourable variations are positive

Note: some items within Turnover have been reclassified to Expenses in Q2 2018 , and the same criteria have been applied in the comparison periods. We have also included an adjustment to Net Result (Reig Jofre, see sections 4.1 and 4.2) and in the historical periods in order to facilitate comparison.

Executive Summary

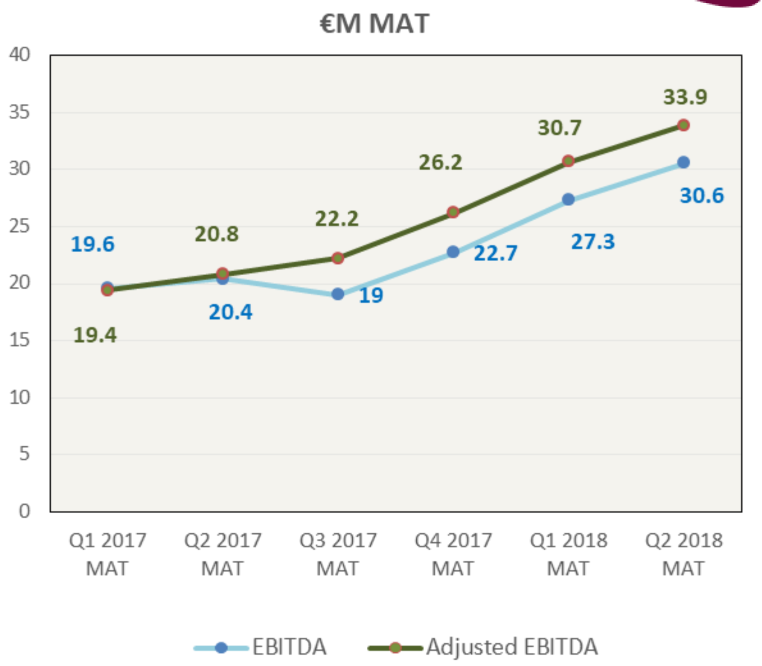
Natra and Business Performance

- **EBITDA** has grown steadily over the past four quarters. The EBITDA over the Moving Annual Total (**MAT**) period up to June 2018 - i.e. the EBITDA posted in the twelve months from July 2017 to June 2018, inclusive, was **€30.6m**, compared to €20.4m at June 2017.
  The **adjusted EBITDA** had a MAT at June 2018 of **€33.9m**, compared to €20.8m at June 2017.

- By arranging long-term **raw material** hedging and sourcing contracts, we were able to improve current margins, reducing volatility.

- The new **management team**, renovated during 2017, is now fully operational and ready to achieve the ambitious goals set for 2018 and subsequent years. The **Transformation Plan**, designed and implemented as from last year, based on a customer-centric model, tapping into synergies and enhancing operating and production efficiency, is generating tangible gains in all the financial metrics.

- During 2018, Natra continues optimising processes and channelling funds to measures aimed at becoming more **competitive** in the future. In 2017, we made an extraordinary budget allocation of €3.2m for improving competitiveness, which is now bearing fruit.



2. Financial Results H1 2018

Consolidated Income Statement

(thousands of Euros)	June 2018	*Adjustments*	June 2018 Adjusted	June 2017	*Adjustments*	June 2017 Adjusted
Continuing operations :						
Net Turnover	173,369		173,369	170,727		170,727
Procurements and stock movement	-99,772		-99,772	-115,428		-115,428
Employee benefits	-28,407	*94*	-28,313	-23,036		-23,036
Other Operating income and expense	-28,224		-28,224	-23,231	*248*	-22,984
EBITDA	**16,966**	***94***	**17,060**	**9,032**	***248***	**9,280**
Depreciation / amortisation	-4,922		-4,922	-4,984		-4,984
Impairment of non-current assets	-1,169		-1,169	0		0
NET OPERATING INCOME / (LOSS)	**10,875**	***94***	**10,969**	**4,048**	***248***	**4,296**
Interest income and expense. Exchange differences	-5,873		-5,873	-6,706		-6,706
Impairment Losses and Income from Disposal of Financial Instruments	3,600	*-3,600*	0	2		2
PROFIT / (LOSS) BEFORE TAX	**8,602**	***-3,506***	**5,096**	**-2,656**	***248***	**-2,408**
Corporate Income tax	1,891	*0*	1,891	-831		-831
PROFIT / (LOSS) FROM CONTINUING OPERATIONS	**10,493**	***-3,506***	**6,987**	**-3,487**	***248***	**-3,239**
PROFIT / (LOSS) FOR THE YEAR	**10,493**	***-3,506***	**6,987**	**-3,487**	***248***	**-3,239**
Attributable to:						
Shareholders of the Parent Company	10,493	*-3,506*	6,987	-3,487	*248*	-3,239

- ✓ **Turnover** is up 2% year on year, smaller than the volume effect (+6%) due to passing on lower raw material prices.
- ✓ **Procurements** were reduced owing to the lower raw material prices obtained through hedging.
- ✓ The increase in **Employee Benefits** is mainly due to variable workforce (larger production volume) and the provision for bonuses for meeting objectives.
- ✓ The growth in **Other Operating Income and Expense** corresponds mainly to increased machinery maintenance costs, a higher value of shipping costs and provisions for penalties.
- ✓ The **Impairment of Non-Current Assets** corresponds to a building and a production line.
- ✓ **Deterioration and Income from Financial Instruments** reflects the value adjustment of Natra's interest in Laboratorios Reig Jofre.
- ✓ The income in **Corporate Income Tax** corresponds to the recognition of deferred tax asset of €2.8M, partially offset by higher expenses in the companies situated in Belgium.

NB: Details and explanations of Adjustments can be found in sections 4.1 and 4.2 of this document.

Consolidated Balance Sheet
June 2018 v December 2017

(thousands Euros)	June 2018	December 2017
ASSETS		
Property, plant & equipment	52,662	56,825
Intangible Assets	58,634	58,453
Financial Assets at Fair Value with Changes in Net Income	21,617	0
Deferred Tax Assets	12,169	9,810
Other Non-current Financial Assets	109	177
TOTAL NON-CURRENT ASSETS	**145,191**	**125,265**
Inventories	67,324	56,887
Trade and other receivables	22,707	28,864
Financial Assets at Fair Value with Changes in Net Income	0	18,017
Financial Derivative Instruments	1,488	0
Current Tax Assets	4,721	4,970
Other Financial Assets	1,394	3,881
Other Current Assets	385	143
Cash and Cash Equivalents	9,054	11,882
TOTAL CURRENT ASSETS	**107,073**	**124,644**
TOTAL ASSETS	**252,264**	**249,909**

(thousands Euros)	June 2018	December 2017
EQUITY AND LIABILITIES		
Capital	7,922	6,324
Other Reserves	26,691	13,035
TOTAL EQUITY	**34,613**	**19,359**
Bonds	8,971	9,988
Financial Debt	116,434	120,973
Financial Derivative Instruments	3,791	4,078
Deferred Tax Liabilities	14,185	13,956
Other Financial Liabilities	2,365	2,445
Other Liabilities and grants	1,347	1,485
Provisions for Other Liabilities and charges	645	706
TOTAL NON-CURRENT LIABILITIES	**147,738**	**153,631**
Trade and other payables	38,363	48,589
Current Tax Liabilities	6,681	5,990
Financial Debt	13,628	13,822
Financial Derivative Instruments	131	1,361
Other Financial Liabilities	649	773
Other Current Liabilities	10,461	6,384
TOTAL CURRENT LIABILITIES	**69,913**	**76,919**
TOTAL EQUITY AND LIABILITIES	**252,264**	**249,909**

- ✓ ***Total Asset*** increases due to the revaluation of the Natra's participation in Laboratorios Reig Jofre compared vs December 2017. This financial asset has been reclassified from short-term to long-term due to no longer meeting the accounting criteria for short-term.
  Fixed tangible assets decreases due to impairment and depreciation.
- ✓ **Net Equity** increases mainly due to the net profit.
  Capital increases due to the first conversion window of bonds (first quarter of 2018).
- ✓ In Non-Current Liabilities, **Financial Debt** has been reduced through repayments and the transfer to short term of amounts due in 2018 (€4.7m), partly offset by the effect of recognising the debt at amortised cost.
- ✓ Reduction in the balance of suppliers within ***Current Liabilities***

Evolution of Net Financial Debt

The net financial debt can be calculated by extracting the information from the consolidated balance sheet included in this document

(in thousands of Euros)	June 2018	December 2017
Non-Current Debt		
Liabilities (Bonds)	8,971	9,988
Long-Term Financial Debt	116,434	120,973
Financial Derivative Instruments	3,791	4,078
Other Financial Liabilities	2,365	2,445
Current Debt		
Short-Term Financial Debt	13,628	13,822
Financial Derivative Instruments	131	1,361
Other Financial Liabilities	648	773
Financial Debt	**145,968**	**153,440**
Cash and Cash Equivalents	-9,054	-11,882
Derivative Financial Assets	-1,488	0
Net Financial Debt	**135,426**	**141,558**

- ✓ At 30 June 2018 and 31 December 2017, Natra recognised a Net Debt of **€135.4m** and **€141.5m**, respectively.
- ✓ The items *Long-Term Financial Debt* and *Bonds* include an increase of €3.5m in debt due to the financial restructuring at amortised cost, in pursuance of the reporting standards and as explained in the Annual Accounts 2017. This effect does not entail any movement of cash.
- ✓ Bonds were redeemed in a sum of nominal €1.6m.
- ✓ The **reduction** in Net Debt by **€6.1m** over December 2017 is due to the generation of cash during the year, which was used to reduce debt and offset the effect of recognising the debt at amortised cost, as mentioned above.

NB: Net Debt is defined in section 4.1

Sound Long-term Financial Structure

Amounts in M€	Debt June 2018
Nominal Value: Syndicated Loan	**139.6**
Syndicated Loan binding maturites July 18 to 2021	20.3
Syndicated Loan maturities 2022	119.3
Nominal Value: Convertibles Bonds (due date 2023)	**13.2**
Nominal Value: Other Debts	**17.5**
Cash and Banks	(9.1)
Total Net Nominal Debt	**161.2**
Deferral of Amortized Cost Syndicated Loan & Convertible bonds [No cash outflows]	**(25.8)**
Total Net Financial Debt	**135.4**

Syndicated Loan €139.6 M

- **85%** of **binding maturities** fall in **2022** **[€119.3M]**
- **Reduction of the Nominal Value of the Syndicated Loan for the last 6 months [€5.1M]:** Through mandatory Repayments and Cash Sweep, partially offset by Interest Capitalisation of one tranche.
- **Cash Sweeps:** The surplus cash generated each year during the effective period of the Syndicated Loan will be used to prepay amounts due in 2022.
- Average cost of the Debt Cost 3.3%.
- Average amount of repayments 2018-2021: € 5.5M.

- The first conversion period for the company's **Convertible Bonds** was closed in January 2018. The equivalent nominal value of €1.6 million was converted, 11% of the total bonds issued.
- At the end of June, the second conversion window was still open and it concluded at the end of July with a total conversion of 0.4% (€66k) of the total bonds initially issued. In total, the company has converted 11.3% (€1.7M) of the total bonds issued in 2016.
- There is a conversion window every 6 months for the remainder, up to maturity in 2023.

Flexible, efficient Short-Term Financial Structure

€M	June 2018
a) **Total Liquidity available**	**20.5**
=> Available : Cash at June 18	9.1
=> Available : Undrawn Syndicated Loan	6.4
=> Available : Undrawn Syndicated Revolving Credit Facility	5.0
b) **Average Operating Cash Flow needed**	**5.0**
a - b) **Excess Short-Term Liquidity available**	**15.5**

- Natra has **more than enough structural liquidity to meet its short-term obligations** (**€15.5m** at end-June).
- At 30 June 2018, Natra still had €5m available from the syndicated revolving credit facility to meet seasonal cash requirements, plus a further €6.4m on tap as the undrawn part of its syndicated loan and other local credit facilities not fully drawn down.

3. Outlook for 2018

Outlook for 2018

€M	Actual 2016	Actual 2017	Outlook 2018 v 2017
Turnover	365.9	372.5	Increase
Adjusted EBITDA	22.1	26.2	Double-Digit Growth
EBITDA	22.4	22.7	Double-Digit Growth
Net Result	-12.2	-9.9	Profit
Net Financial Debt	150.5	141.6	Reduction

The results obtained in the first half of 2018 confirm the positive outlook previously reported by Natra. We did not have to wait for the second half of the year to see a positive net profit, thanks to the good performance of sales volumes, exceeding the plan forecasts, and the improved margins.

TURNOVER

- Increase over 2017 due to larger volume of sales, partly offset by sales indexed to the raw material, the cost of which is lower than in 2017

ADJUSTED EBITDA

- Earnings will improve over 2017 throughout the entire year, thanks to both the increased volume of sales and the efficiency programmes.

EBITDA

- EBITDA was hit in 2017 by the €3.2m extraordinary investment in competitiveness.

NET INCOME

- We trust that Natra will maintain net profits throughout 2018 and after.
- Key assumptions: No material changes in legislation during 2018 affecting Advance / Deferred Tax; and no significant depreciation in *Held-for-sale assets*.

NET DEBT

- Net Debt will continue to be lowered, thanks to repayment schedules and the use of cash surpluses for prepayment.

4.1 Appendix: Glossary

Glossary

Appendix 1

- **EBITDA**: Earnings before tax, interest, depreciation and amortization. The company uses this metric to draw up its budget and monitor the extent to which it is met. It is also used for comparison with the previous year and as a measure of the company's ability to generate cash flows considering only its production and commercial activity.

- **Adjustments to EBITDA**: These are items not directly related with the company's normal production and commercial activities (Restructuring and Transformation plans; non-trade receipts from clients), which Natra considers hinder the comparison of EBITDA across different periods, affecting consistent generation of EBITDA and decision-making.

- **Adjusted EBITDA**: EBITDA plus/less Adjustments to EBITDA .

- **Adjusted Net Result/Income**: Net Result plus/less Net Result Adjustments. These Net Result adjustments are (i) the EBITDA adjustments, plus (ii) since the H1 2018 Report and for the comparison historical periods, the impact of value changes of Natra's interest in Laboratorios Reig Jofre has been eliminated from the *Impairment Losses and Income from Disposal of Financial Instruments* line, as Natra does not have an influence on this, in order to reduce the impact of its volatility on the net result.

- **Net Debt** is the sum of the short and long-term financial debts of the company less the value of cash and derivative financial assets.

4.2 Appendix: Reconciliation of Alternative Performance Measures

Reconciliation of Alternative Performance Measures: Adjustments to EBITDA and Adjusted EBITDA

Appendix 2a

(thousands euros)	June 2018	June 2017
EBITDA	**16,966**	**9,032**
Adjustments to EBITDA	**94**	**248**
- Restructuring Plan	94	
- Non-trade receipts from clients		
- Transformation Plan		60
- Other Services rendered		188
Adjusted EBITDA	**17,060**	**9,280**

*NB: The breakdown of **EBITDA** and the Profit for the Year are shown in the Consolidated Profit and Loss Account (see section 2).*

Reconciliation of Alternative Performance Measures: Adjustments to Net Result and Adjusted Net Result

Appendix 2b

(thousands euros)	June 2018	June 2017
Net Profit	**10,493**	**-3,487**
Adjustments to Net profit	**(3,506)**	**248**
- Adjustments to EBITDA	94	248
- Variation in Fair Value of Interests in Laboratorios Reig Jofre	(3,600)	-
Adjusted Net Profit	**6,987**	**-3,239**

*NB: The breakdown of **EBITDA** and the Profit for the Year are shown in the Consolidated Profit and Loss Account (see section 2).*

Thank you for your attention

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