



REIG  JOFRE

2Q

# RESULTS Second Quarter 2020

---

# DISCLAIMER

This presentation does not contain confidential material and may include publically-available market information that has not been independently verified by Reig Jofre.

This information is provided in summary form and is not intended to be complete. The information contained in this presentation should not be considered as advice or as a recommendation for investors or potential investors in relation to the possession, purchase or sale of Reig Jofre shares and does not take into account the particular investment objectives, financial situation or needs.

This presentation may contain forward-looking statements, including statements regarding Reig Jofre's intent, beliefs and expectations regarding business and operations, market conditions, operating results and financial position, capital adequacy, specific risk provisions and management practices. Readers should not place undue reliance on these forward-looking statements.

Reig Jofre assumes no obligation to publicly disclose the result of the revision of these forward-looking statements to reflect the occurrence of unanticipated events. While due care has been taken in preparing the forecast information, the actual results may materially vary in a positive or in a negative sense. Forecasts and hypothetical examples are subject to uncertainty and contingencies beyond Reig Jofre's control.

Past performance does not ensure future performance.



# TABLE of CONTENTS

01. SECOND QUARTER 2020 RESULTS

02. PERFORMANCE OF BUSINESS UNITS

**03.** INCOME STATEMENT AND BALANCE SHEET

04. COVID 19 AND OUTLOOK FOR 2020

REIG JOFRE invoiced € 115M in the first quarter of 2020, with a growth in sales of 25% and an EBITDA of € 13M.

SALES  
€ 115.8 M  
+25%

EBITDA  
€ 13 M  
+40%

INVESTMENT  
€ 10.5 M

- Notable growth in Pharmaceutical Technologies, +14%, impact of new acquisition in Specialty Pharmacare, +82% and good performance in Consumer Healthcare, + 4%
- The growth reflects the revenue from the new Osteoarticular business acquired in July 2019
- The second quarter has included the impact of the sales of essential drugs linked to the COVID 19 crisis, while certain ranges of prescription drugs have been affected by a slowdown in growth and the interruption of medical visits.
- Profitability on sales has evolved positively, thanks to the containment of operating expenses.
- EBITDA stands at 11% over sales, and registered a growth of 40% compared to the first half of the previous year.
- Investments continue at the expected level, with the main volume associated with the construction of the new Injectables Plant in Barcelona.
- The debt/EBITDA ratio has remained at the levels registered at the close of 2019 and currently stands at 2.7

# Revenue per Business Unit

## PHARMACEUTICAL TECHNOLOGIES



Antibiotics  
Injectables / Lyophilized

48 %

€ 55.7 M  
+14%

- Following the trend established in 1Q, with growth of essential drugs linked to ICU treatment of COVID-19 patients. Growth in hospital sales of sedative, analgesic and muscle relaxant products, in addition to antibiotics for the treatment of bacterial infections associated with the cases that lead to these pathologies.
- The industrial planning of the rest of the year has been adjusted to make up for the delays derived from prioritizing essential drugs, and it is expected that most of such manufacturing will be recovered during 3Q.

## SPECIALTY PHARMACARE



Dermatology  
Osteoarticular  
Women's Health  
Others

29 %

€ 33.4 M  
+82%

- The new Osteoarticular Product line contributes some 14 million Euros to the Specialty Pharmacare area, enabling the registration of an exceptional 82% growth.
- Without this effect, the aggregate growth of the other areas has been 6% over the first half of 2019. The restoration of medical visits is expected to consolidate these growth levels for the year.

## CONSUMER HEALTHCARE



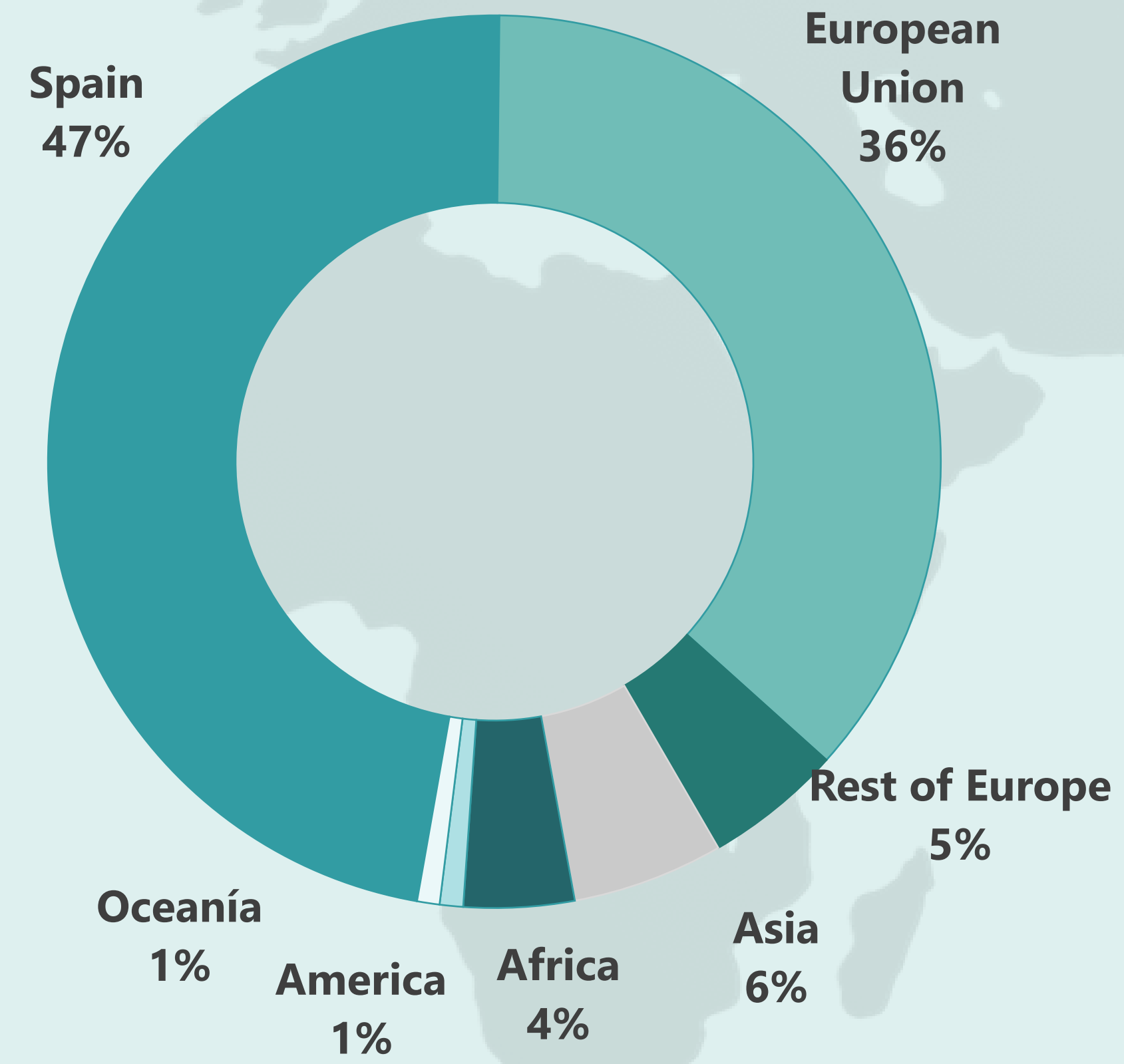
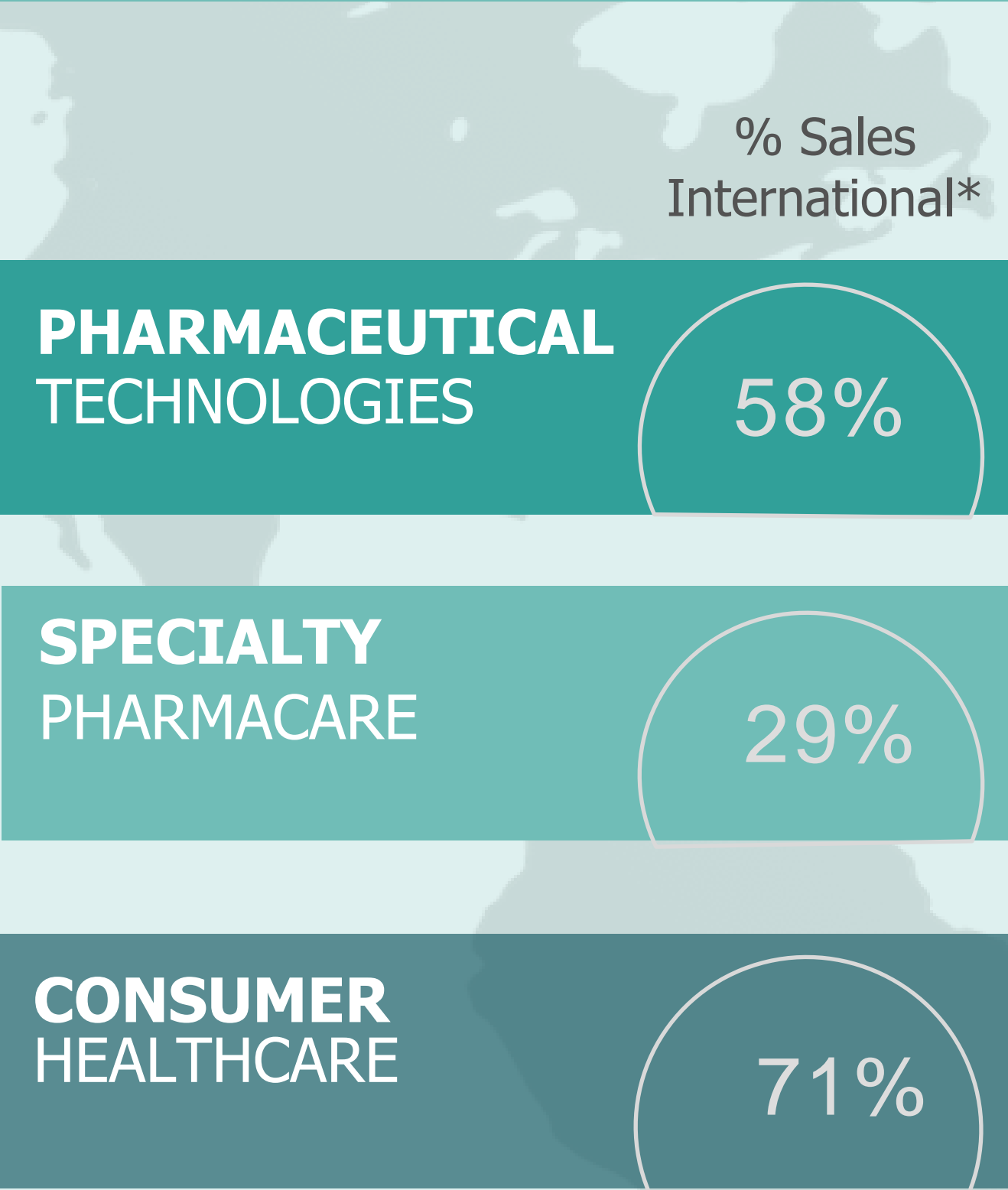
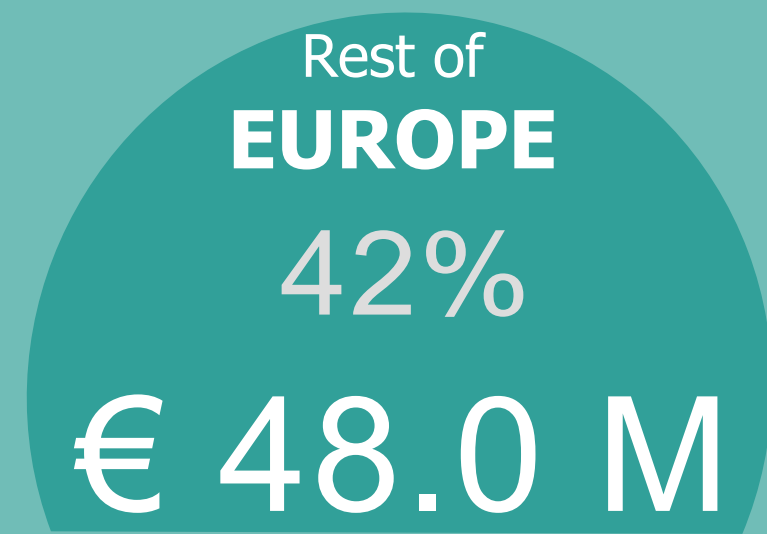
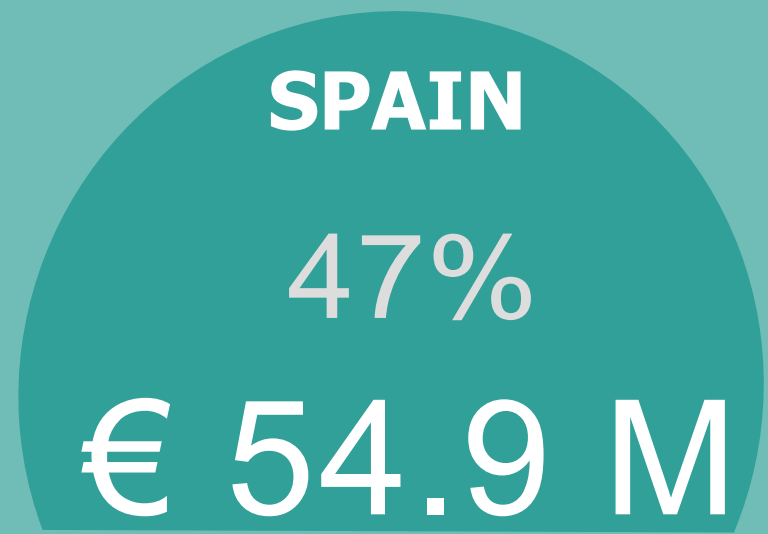
OTC  
Weight control  
Energy  
Stress and sleep  
Beauty

23 %

€ 26.7 M  
+4%

- 8% growth in the OTC range, especially in disinfectant products, such as Alcohols, despite their having a smaller contribution to the group's profitability.
- The Food Supplements Line grew 3%, excellent performance of FORTE PHARMA's natural energy and immune system, stress and sleep strengthening ranges that compensates for a logical drop in weight control, the main range.

# Sales by Geographic Area



- The Spanish market grew by 51% due to the effect of the new Osteoarticular business and the prioritization of essential drugs sales during the COVID-19 crisis
- The rest of the European markets grew by 3%, with special mention of the good performance registered in Sweden, which grew by 16% compared to the previous year
- Revenues in the Rest of the World grew by 34%, with special mention of growth in Africa

\* Sales outside Spain

The weight of CDMO (contract development and manufacturing) in sales decreased slightly compared to 18% the previous year, but we hope to recover this level once the orders that could not be met in this semester due to national market supply requirements are rescheduled.





2Q 2020

# **INCOME STATEMENT BALANCE SHEET**

# Income Statement

2Q 2020

miles euros	30/06/2020	30/06/2019
Net turnover	115,826	92,788
Procurement	-45,286	-33,743
Changes in inventories of finished goods and work in progress	-740	973
<b>Margen Bruto</b>	<b>69,800</b>	<b>60,018</b>
Self-constructed assets	2,849	2,827
Other operating revenue	70	0
Personnel expenses	-31,188	-27,257
Other operating expenses	-28,556	-26,330
<b>EBITDA</b>	<b>12,976</b>	<b>9,258</b>
Depreciation of fixed assets	-8,138	-5,190
Allocation of subsidies	11	13
Impairment, profit from disposal fixed assets	0	26
<b>Resultado de explotación</b>	<b>4,849</b>	<b>4,106</b>
Financial result	-304	-533
Profits posted via equity method	-3	18
<b>Profit before tax from continuing operations</b>	<b>4,542</b>	<b>3,591</b>
Income tax expense	-681	-539
<b>Consolidated profit for the year</b>	<b>3,861</b>	<b>3,053</b>

## Evolution

- A growth in sales of 25% was built on the revenue from the new Osteoarticular business, which contributed 14 of the 23 million euros of growth.
- The gross margin decreased to 60% from the 64% of the previous year due the product costs of the new business, the manufacturing of which is outsourced, and by the effect in the mix of the sale of essential drugs.
- Personnel Expenses grew 14%, in line with the previous quarter, mainly due to the cost of the newly-acquired business' sales network.
- Operating expenses grew 8%, below the level of sales. This is due to the containment of sales and marketing expenses due to restrictions placed on certain promotional activities.
- EBITDA has grown by 40% thanks to sales growth and the control of operating expenses.
- EBITDA on sales stood at 11%, below the 13% of Q1, due to the lower profitability of essential drugs compared to the average.
- The Pre-tax Profit grew 26%, incorporating the effect of the amortization of intangible assets acquired in 2019 related to the Osteoarticular line.



# Balance

2Q 2020

Thousands of euros

30/06/2020

30/06/2019

ASSETS	30/06/2020	30/06/2019
Goodwill	29,703	27,423
Other intangible assets	86,324	40,856
Tangible fixed-assets	85,444	70,098
Investments posted via equity method	1,218	725
Equity instruments fair value	1,204	1,167
Other non-current financial assets	637	682
Deferred tax assets	14,629	15,386
<b>TOTAL NON-CURRENT ASSETS</b>	<b>219,159</b>	<b>156,336</b>
Inventory	43,778	34,975
Trade and other receivables	44,181	33,045
Current tax assets	5,390	5,375
Other current financial assets	1,784	2,503
Other current assets	2,272	1,029
Cash and cash equivalents	8,907	31,484
<b>TOTAL CURRENT ASSETS</b>	<b>106,312</b>	<b>108,412</b>
<b>TOTAL ASSETS</b>	<b>325,471</b>	<b>264,747</b>

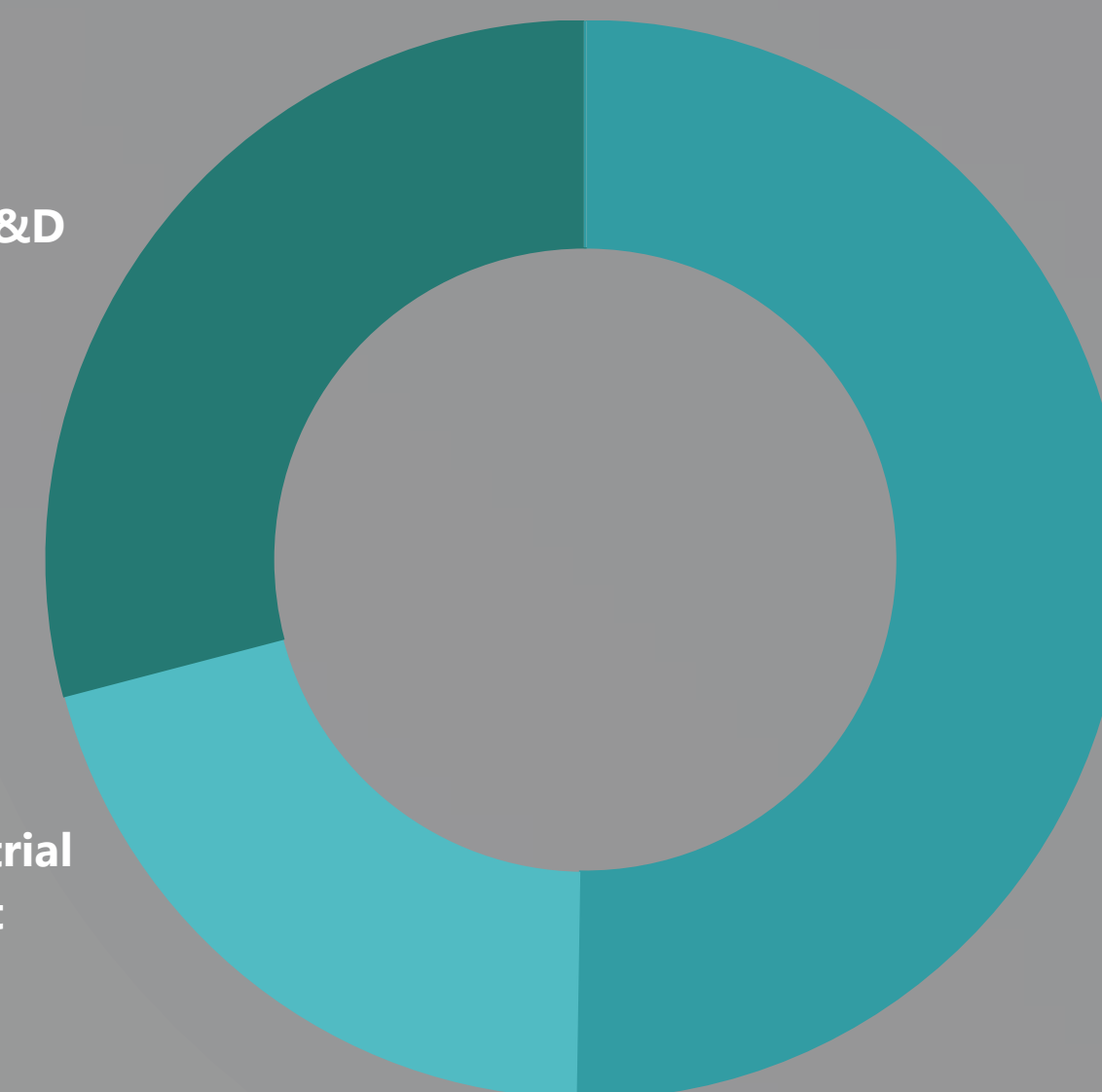
## INVESTMENT YTD 2Q 2020

**10,5**  
million €

CAPITALIZATION R&D  
**3,1 M**

Rest Industrial  
Investment  
**2,2 M**

New Injectables  
Plant  
**5,3 M**



- Non-current assets have seen an increase due to the incorporation of intangible fixed assets linked to the new Osetoarticular business, with a gross value of 48M euros, as well as investments in industrial capacity, mainly related to the construction of the new Barcelona Injectables Plant.
- Non-current assets registered an increase, reflecting the increase in sales, and the liquid assets reflected a lower balance due to the effect in June 2019 of the disbursement of the € 24M capital increase, the purpose of which was to acquire the new osteoarticular business.

# Balance

## 2Q 2020

thousand euros	30/06/2020	30/06/2019
<b>Net equity and liabilities</b>		
Capital	38,031	38,031
Issue premium	19,000	19,000
Treasury stock	-1,202	-900
Reserves	123,482	118,583
Other equity instruments	62	34
Profit for year attrib. Parent	3,858	3,058
Exchange differences	-1,550	-1,535
Other comp. inc. assets held for sale	-110	-115
<b>Equity attrib. to Parent</b>	<b>181,572</b>	<b>176,156</b>
Non-controlling interests	-64	-64
<b>TOTAL EQUITY</b>	<b>181,509</b>	<b>176,092</b>
Subsidies	1,715	99
Provisions	897	803
Bank borrowings	30,870	6,337
Leasing liabilities	17,139	24,306
Other financial liabilities	5,357	6,499
Deferred tax liabilities	2,985	4,013
Other non-current liabilities	13,000	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>71,964</b>	<b>42,057</b>
Provisions	24	46
Bank borrowings	12,632	5,282
Leasing liabilities	5,580	4,074
Other financial liabilities	473	544
Trade and other accounts payables	49,148	30,257
Current tax liabilities	1,970	1,643
Other current liabilities	2,171	4,752
<b>TOTAL CURRENT LIABILITIES</b>	<b>71,999</b>	<b>46,598</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>325,471</b>	<b>264,747</b>

### NET FINANCIAL DEBT

2Q 2020 **63.1** million €

closure 2019 **52.6** million €

### Debt | EBITDA

2Q 2020 **2.70**

closure 2019 **2.67**

### FINANCIAL DEBT

**72.1M**

LEASE LIABILITY  
IFRS 16 APPLICATION

**11.3M**

BANK BORROWINGS

**60.8M**

- Net financial debt grew by 10.5M compared to the closure of 2019, due to the financing of investments in technology and production plants, as well as the liabilities associated to the purchase of the osteoarticular business.
- The liability includes 13M euros of balances for deferred payment to the seller of the corporate acquisition operation, due in 2021.



2Q 2020

# COVID 19 AND OUTLOOK FOR 2020

# COVID 19 | IMPACTS and OPPORTUNITIES

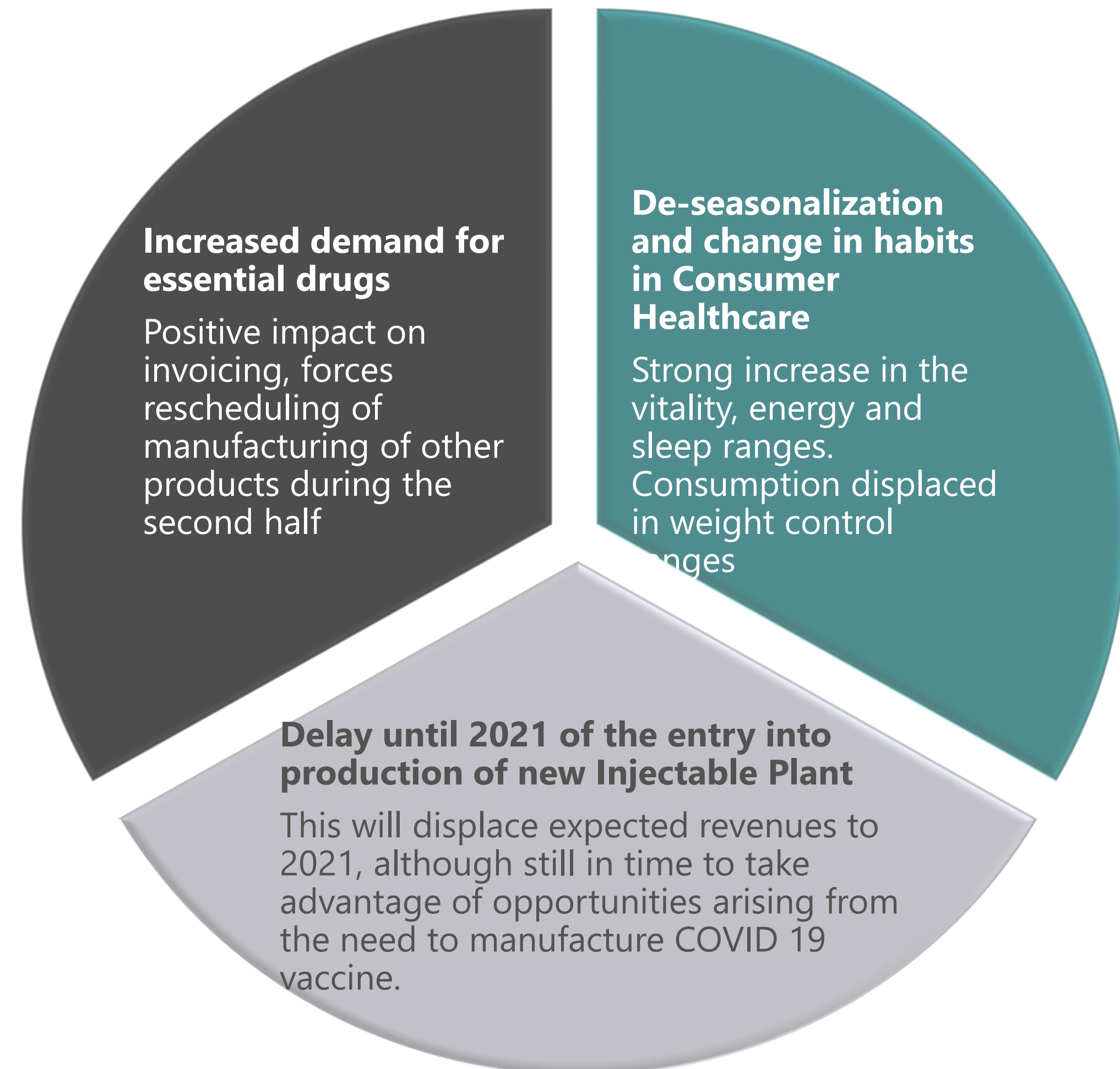
## RELEVANT IMPACTS AT CLOSURE OF 2Q 2020

Reig Jofre dedicates all its efforts to guaranteeing the safety of all its employees through the observance of the preventive and control measures. The company has managed to maintain activity levels both in production and logistic processes which are necessarily face-to-face, whilst in the remaining areas it has implemented the intensive use of collaborative tools and home working.

The business has been impacted in terms of the mix of manufacturing and product sales. To the increase in the sale of products associated with COVID 19, we must counterpose the effect of the reduction in the consumption of antibiotics and specialty products associated with viral, bacterial and fungal infections, given the lower incidence of these pathologies due to the distancing measures taken in the last months.

The impacts as a whole have resulted in the company achieving the levels of growth expected for the first half, albeit with lower profitability, due to the lower contribution of essential drugs.

The delay derived by the temporary stoppage of works at the new Barcelona plant (since resumed), implies that 2020 will not now incorporate revenue associated to the new manufacturing capacity, as originally planned.



# COVID 19 | IMPACTS and OPPORTUNITIES



## **TECHNOLOGICAL + INDUSTRIAL CAPACITY, POTENTIAL MANUFACTURE OF COVID 19 VACCINE**

The new Barcelona injectables plant will come into operation in 1Q 2021, coinciding with the planned schedule for the approval of certain of the COVID 19 vaccine candidates.

The new facility has supposed an investment of 30 million euros. It was planned to be used at maximum capacity within 3-4 years. Both the manufacturing for third parties projects and the manufacturing of proprietary product projects designed to accompany an ambitious international expansion plan have advanced in parallel to the construction of this industrial capacity.

Following conversations with various developers of vaccine candidates to identify the relevant needs, it has been possible to design a production plan that allows us to have capacity in 2021 to manufacture more than 50 million vials, which can represent the supply of hundreds of millions of doses of the COVID 19 vaccine depending on the format (number of doses per vial) finally chosen.

This extraordinary effort, which we consider necessary in view of the current health requirements, would be compatible with the commitment to manufacturing projects for other products in progress.

This figures are an estimate that we have disclosed to these developers. There is no formalized agreement at the time of issuing this Results Note.



## **STUDY TO EVALUATE THE EFFECTIVENESS OF MANREMYC against COVID 19**

In July, Reig Jofre started a study to evaluate the efficacy of the Manremyc® food supplement among health professionals in order to assess its effectiveness in reducing the risk of Covid 19 infection and, in cases of infection, to demonstrate its capacity to the infection's severity, whilst helping to control the anti-inflammatory response

The results of the study are expected to be obtained some 5-6 months after the start of the administered treatment.

# Outlook 2020

Following the closure of the second quarter, Reig Jofre expects to close 2020 with growth in sales and profit, despite market uncertainties.

In the **PHARMACEUTICAL TECHNOLOGIES** Division (48% of revenues), the new line installed at the Toledo Plant, which has registered high occupancy levels, will contribute to the development of the business in the second half of the year. Depending on the demand for essential drugs in the rest of the year, the product sales that were originally planned, and which must be rescheduled in accordance with the priorities established by the relevant health authorities, may be recovered.

We expect that the new Sterile Injectables Plant in Barcelona will be able to generate income in 2Q 2021, somewhat later than anticipated in the initial planning due to the interruption of the installation and commissioning work on the new lines, which requires the presence of engineering teams from other European countries.

The **SPECIALTY PHARMACARE** Division (29% of revenue) may reflect the impact of a slowdown on its revenue due to reduced visits by patients to doctors, which in turn impacted the number of new prescriptions written, and uncertainty on the sales network's return to activity.

In the second half of 2020, the growth levels of this sales and results unit will be reduced, as the income associated with the Osteoarticular product business will already have been reflected in the organic growth of the business, which joined Reig Jofre in July 2019 .

**CONSUMER HEALTHCARE** (23% of revenues) has registered significant growths in the sale of natural energy products, vitamins and probiotics, especially in France, Benelux, and Spain, a trend that we think will continue the rest of the year. There is also a seasonally-adjusted demand for ranges such as weight control, the revenue of which has shifted towards 2Q and 3Q of the year. The positive forecasts for the disinfection ranges (alcohols, hydrogen peroxide and chlorhexidines), within the OTC products, are also maintained.

## LINKS AND SUPPLEMENTARY INFORMATION

### NEWS

[www.reigjofre.com/es/noticias](http://www.reigjofre.com/es/noticias)

### SUBSCRIPTION CENTRE

<http://www.reigjofre.com/es/noticias/centro-suscripcion>



REIG  JOFRE  
2Q

**Thank you**

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](mailto:investors@reigjofre.com)  
[investors@reigjofre.com](mailto:investors@reigjofre.com)