



2007 end-of-year results

2007 marks the consolidation of Natraceutical Group fuelled by strong organic growth and recent acquisitions

The company exceeds by 20% the EBITDA forecasted in their 2007 budget

- Natraceutical Group has closed the year 2007 with total turnover of € 158.6 million, compared with € 92.9 million in 2006 — a 70% increase.
- The group's EBITDA reached € 19.2 million, well over the € 16 million stated in their 2007 budget, and the € 10.05 million in 2006.
- The group's organic growth in 2007 was 16% in turnover and 40% in EBITDA.
- Earnings before tax rose around 162% from € 1.3 million in 2006 to € 3.4 million this year.
- Net profit decreased from € 4.5 million to € 3.8 million due to the extraordinary income from tax credit activated in 2006.

Valencia, February 26th 2008. Natraceutical Group, the multinational biotech company, European leader in research and development of functional food, active ingredients and nutritional supplements, has reached a **total turnover** of € 158.6 million in 2007 — a 70% growth over 2006's turnover.

The group's **EBITDA** also rose to € 19.2 million in 2007, thus exceeding by 20% the operating cash-flow provided for in the budget presented in early 2007 (€ 16 million). This means a 90.7% growth from the previous year's results.

In addition, and taking into account the impact that several acquisitions made by Natraceutical last year had on the profit & loss accounts, the group's **organic growth** was 16% for their total turnover and 40% in EBITDA. The 2006 proforma figures situated the Group's turnover in € 137.7 million and EBITDA in € 13.7 million.



Regarding the group's business evolution in 2007, the **food ingredients division** stands out for the positive evolution of nutraceutical products. This evolution was fuelled by a growth in demand, the penetration into new markets, and also by agreements reached with the world's leading food brands to ensure the combined development of applications based on highly profitable ingredients in terms of gross margins. We must remember that Natraceutical Group's geographical expansion plan and introduction of new products for their ingredients division led to the company's announcement to penetrate the beta-glucans market following the acquisition in Canada of Viscofiber®. This transaction complemented the acquisition of Kingfood Australia PTY in Sydney, in February 2007, which enabled the group to gain access to Asia Pacific's natural aroma market. All things considered, the ingredients division's organic growth reached 12% in terms of turnover while their EBITDA rose 41%.

On the other hand, the **nutritional supplements division** (Forté Pharma) remained the leader in the French slimming market and enjoyed significant growth in international sales (52%) as compared to the previous year, following a strong process of internationalization. Following Natraceutical's growth plan, implemented after Forté Pharma's acquisition in October 2006, the biotechnology company focused efforts in 2007 on the creation of a pan-European brand of nutritional supplements. As a result, the group is currently operating in several countries including Switzerland, Portugal, Spain, Austria and The Netherlands — reaching turnover growth of 105% over the previous year in the latter three countries. All this combined has enabled Natraceutical's nutritional supplements division to attain organic growth of 22% in turnover and 65% in EBITDA over the previous year.

Along with the group's penetration into new European markets, Natraceutical designed and implemented an ambitious plan to expand their product range via Forté Pharma in 2007, which has led to the launch of 11 new formulations for all product lines, including: slimming, oral cosmetics, health and vitamin supplements. This has enabled the company to overcome the slimming line's seasonality, in which Forté Pharma is leader in France.

Furthermore, Natraceutical Group's **earnings before tax** rose 162% in 2007, € 3.4 million as compared with 2006's € 1.3 million. These figures were achieved in despite bearing for the entire year the debt resulting from Forté Pharma's acquisition in October 2006 (which only affected 2 months of 2006's accounts) as well as higher overheads than in 2006.

Debt at the end of 2007 was € 84.3 million, including € 9 million that is currently financing the company's own treasury stock (stock option plan plus free treasury stock). Therefore, the Natraceutical Group's **net debt** at the end of 2007 was € 75 million, which represents 3.9 times the company's EBITDA ratio. The syndicated credit loan will be paid back from 2008. Therefore, said debt, as well as the resulting financial costs, will decrease gradually and notably at the end of the current financial year.

The company closed 2007 with a **net profit** of € 3.8 million. Earnings were thus below the previous year's (€ 4.5 million) due to the due to the extraordinary income from tax credit activated in 2006.



Natraceutical Group's chairman, Mr Xavier Adserà believes that *“once again, the 2007 results show the company's ability to successfully combine organic growth and expansion via acquisitions. This has enabled us to increase our business turnover by thirteenfold in just below two and a half years while maintaining organic growth rates of around 16%”*.

Natraceutical Group

The biotechnology multinational Natraceutical Group, with central offices in Valencia and operating internationally, is the European leader in research and development of functional foods, active principles and nutritional complements of natural origin.

The continuous progress of its R+D+i department allowed the Group to diversify its business in 2006 and to expand its area of activity from the production of functional ingredients and active principles for foodstuffs, cosmetics and pharmacy, to end consumers, by taking over Forté Pharma Laboratories, the French market leader specialized in nutritional complements for slimming, health, beauty and phytotherapy.

The international expansion plan for this area of the Group's business involves creating a pan-European umbrella brand within a period of two years, allowing the company to consider, at a later date, its possible entry in major distribution.

With production plants in Spain, the United Kingdom, Switzerland, Brazil and Australia, the Group's ingredients division has a portfolio of over 500 references and specialities in the food, cosmetics and pharmacy sector and a sales network operating in over 65 countries, with offices in Australia and Asia. Its clients include more than 1,000 companies, among them, 8 of the top-ten international food companies.

Natraceutical is quoted in the continuous market of the Spanish stock Exchange under the *ticker* **NTC**

www.natraceuticalgroup.com

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