



**natraceutical
group**

1st half 2008 Results

Natraceutical Group's net profits rose 13.6% during the first half of 2008

- The Company closed the first half of 2008 with a net profit of € 5.83 million, 13.6% up the net profit reached in the previous year's same period.
- The Company's EBITDA was € 14.1 million, compared with € 11.5 million to June 2007 —a 23% increase.
- In the overall economic environment, business turnover rose to € 94.3 million, a 7% increase over the € 88.2 million reached during last year's first half. This increase was due to the overall growth experienced by all business lines.

Valencia (Spain), 29th July 2008. Natraceutical Group, the leading European biotechnology corporation in research & development of functional / active ingredients and nutritional supplements, has reached a net profit of € 5.83 million in the first half of 2008, which represents a 13.6% growth over the same period the previous year.

In spite of the current global economic situation and the special challenges that the company had to face during the last months in the international markets in which it operates, Natraceutical has continued improving their efficiency ratios (EBITDA/sales margin), and succeeded to maintain the level of profits around the 15% mark to the end of this first half of the year. This was possible thanks to having reached an EBITDA of € 14.1 million to June 2008 (thus increasing by 23% the operating cash-flow of the first half of 2007), and total income of € 94.31 million, that is, a 7% increase over the same period last year.

The raise in value of the Euro in relation to the US Dollar (18.6% last year) and the Sterling Pound (14.9%), currencies that represent 19% of the company's total sales turnover, had a negative impact in the first half accumulated turnover. Also to remind, regarding sales volume, is the discontinuance of the commercialization of several products, which were not yielding satisfactory returns, during the second half of 2007.

As for the business evolution during this period, Natraceutical Group's **Nutritional Supplements Division** (Forté Pharma) has been growing steadily in a changing market. However, due to the economic slow-down that is currently hitting Europe, the market has been showing signs of slowing down in some countries during the first half of 2008.



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In the first half of 2008, the Nutritional Supplements Division has maintained their active strategy for new launches in all their product ranges, thus launching 9 new products in France alone, the Division's leading market: *Minceur J365* (all-year weight watch), *Minceur 24 50+* (weight control featuring specific formulation for people over 50), *100% Abdo* (abdominal muscle strengthener), *Autobronz Men* (self-tanning for men), *Bronzage Expert* (skin preparation and protector for application prior to exposure to the sun), *Femme+ Draineur* (drainage for women), *Femme+ Désir* (female's libido stimulator), *Femme+ Serenity* (reduces the symptoms of irritability during menopause), *CA Confort Urinaire* (treatment for urine infections).

This fact has enabled the company to reach annual growth of 5% on the aggregate level, with a market share of 7% in France.

As for weight control products (Forté Pharma's leading product range), we have seen a sharp slow down in France during the first four months of the year, due mostly to the adverse weather conditions, even though Forté Pharma still managed to grow 2.3% in this country, as well as to remain the leading reference in pharmacies in this product range. For the purpose of comparison, some of Forté Pharma's main competitors have suffered negative results in the same segment, with ratios ranging between -1.5% and -20.8%.

Within the framework of the strategy for consolidation of Forté Pharma as a Pan-European brand, Natraceutical Group's Nutritional Supplements Division has also been growing steadily outside of France, reaching a 28% sales over the total turnover. Currently, the brand Forté Pharma is already on the shelves in several countries including Belgium, The Netherlands, Luxembourg, Switzerland, Austria, Spain, Portugal and Italy.

In Spain, the slimming product market grew 4% in the last twelve months, compared to Forté Pharma's 14% growth in the same period. However, the market seems to be slowing down during the first months of 2008, also due to adverse weather conditions. In addition, sales by the nutritional supplements division achieved two-digit growth in several countries including Italy, Switzerland, Romania and Canada.

On the other hand, Natraceutical Group's **Ingredients Division** has enjoyed positive sales evolution in the pectin, Cocoman (a cocoa by-product featuring a high content of antioxidants), Talin® (natural flavour enhancer featuring sweetening power 3,000 times higher than sugar), tomato powder and yeast sectors, all of which reached double-digit growth. In addition, sales made by Kingfood, the Australian firm bought in 2007 for the purpose of consolidating Natraceutical's presence in the Asia Pacific area, rose 12%.

To highlight also Natraceutical Group's increasing commercial presence in the US via direct sale forces and several suppliers specializing in each product range.

Furthermore, the first half of 2008 has seen, for the first time ever, the start of new commercial relations between Natraceutical and its parent company Natra in the area of functional ingredients featuring a high content of polyphenols (antioxidants). As a further step forward in the field of technological innovation for the cocoa and chocolate market, Natra will include said ingredients to their products targeting both the chocolate industry's clients and end consumers—which the company markets among the leading European chains. Among several synergies, Natraceutical is thus achieving further market penetration with the support of Natra's commercial capacity.

Natraceutical Group

Spanish multinational corporation Natraceutical Group is at the forefront of biotechnology applied to nutrition, a leading reference in Europe in the sector of research and development of naturally-sourced functional / active ingredients and nutritional complements for the foodstuffs, pharmaceutical and cosmetics sectors. The company streamlines its industrial activity through two divisions (Ingredients and Nutritional Complements) with the purpose of contributing to the prevention of diseases and improving quality of life through nutrition.

Natraceutical Group became a provider of nutritional and functional ingredients for the aforementioned industries—following an ongoing project launched in 2005—when the company started their international expansion process through a series of acquisitions in the sector. To date, this process of expansion has resulted in the group owning production facilities in Spain, UK, Switzerland, Australia and Brazil; and operating actively in over 60 countries, running branches in Europe, US and the Asia Pacific region, plus several sales networks worldwide.

Natraceutical provides products and services to over 1,000 companies worldwide, including eight of the world's ten leading food corporations.

Later, in October 2006, Natraceutical expanded its sphere of activity by penetrating the nutritional complement sector following the acquisition of Monaco-based company Laboratoires Forté Pharma, thanks to which the company can now supply products directly to end consumers.

The Group's plan for international expansion in this area of business provides for both the creation of Pan-European umbrella brand within two years, and the development of several projects closely connected to this division.

Natraceutical Group closed the financial year 2007 with earnings of € 158.6 million, and EBITDA of € 19.2 million, representing an organic growth of 16% in turnover and 40% in EBITDA as compared with the previous year.

Natraceutical quotes in the Spanish stock exchange under the *ticker* **NTC**. Total outstanding shares: **328,713,946**.



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