



## 2016 First half results



CONFERENCE CALL – 28 JULY 2016

# *First half 2016 highlights*

- Revenue € 587.9 million, up 9.1%
- EBITDA € 188.1 million or 32.0% of sales, up 14.8%
- Operating income (EBIT) € 170.2 million or 29.0% of sales, up 17.2%
- Net income € 122.7 million or 20.9% of sales, up 18.9%
- Net debt € 164.4 million, an increase of € 75.6 million as compared to year-end 2015 following the acquisition of Italchimici S.p.A. and payment of the remaining 2015 dividend
- Acquisition of the Italian pharmaceutical company Italchimici S.p.A.
- Subsequent event: Acquisition of the Swiss pharmaceutical company Pro Farma AG in July

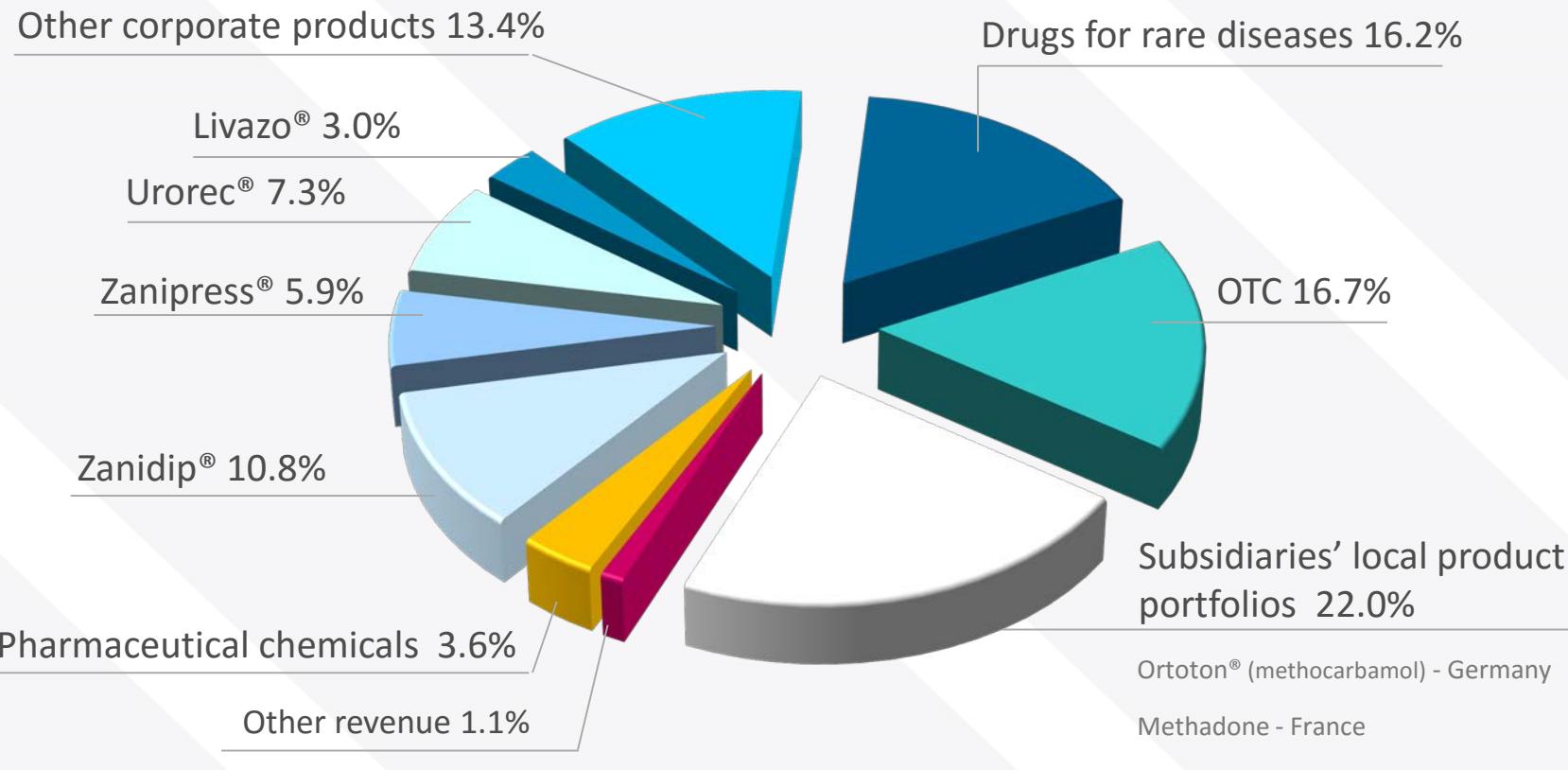
# Main product sales

**Corporate products including drugs for rare diseases account for 62.2% of revenue**

(million Euro)	1H 2016	1H 2015	Change %
Zanidip® (lercanidipine)	<b>63.7</b>	63.9	(0.4)
Zanipress® (lercanidipine+enalapril)	<b>35.0</b>	34.3	1.9
Urorec® (silodosin)	<b>42.7</b>	33.0	29.5
Livazo® (pitavastatin)	<b>17.7</b>	13.4	32.5
Other corporate products*	<b>111.3</b>	101.0	10.2
Drugs for rare diseases	<b>95.3</b>	73.9	28.9

\* Include the OTC corporate products for an amount of € 32.5 million in 2016 and € 28.0 million in 2015 (up 16.1%).

# A diversified product portfolio



Data: First half 2016

Total revenue € 587.9 m

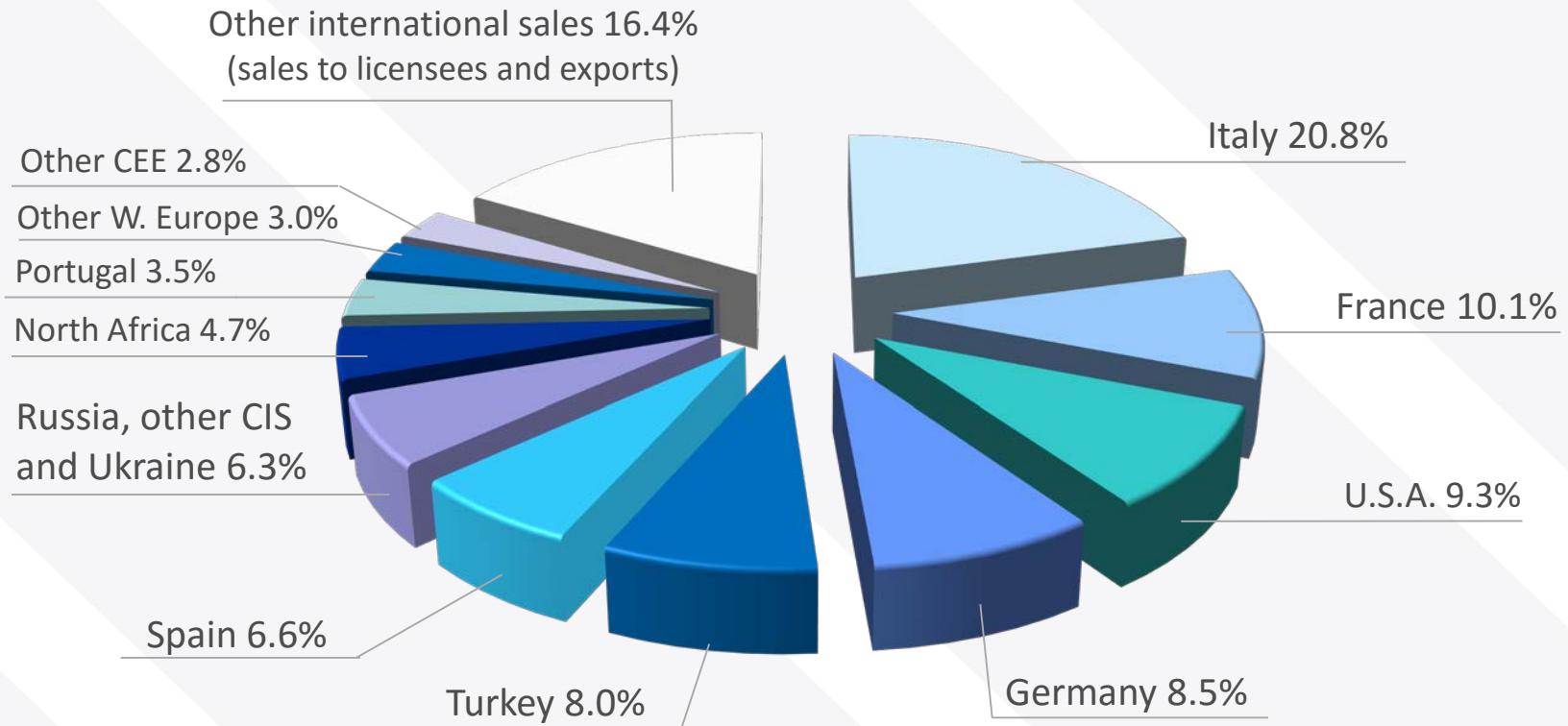
# Composition of revenue by geography

## Sustained growth

(million Euro)	1H 2016	1H 2015	Change %
Italy	<b>118.0</b>	112.7	4.7
France	<b>57.2</b>	55.5	3.1
U.S.A.	<b>52.8</b>	39.8	32.9
Germany	<b>48.1</b>	45.3	6.0
Turkey	<b>45.1</b>	40.6	11.2
Spain	<b>37.6</b>	34.8	7.9
Russia, other CIS countries and Ukraine	<b>35.7</b>	34.6	3.1
North Africa	<b>26.7</b>	23.9	11.7
Portugal	<b>19.8</b>	19.1	3.9
Other W. Europe countries	<b>16.8</b>	13.0	29.5
Other CEE countries	<b>16.2</b>	15.2	6.1
Other international sales	<b>92.8</b>	85.8	8.1
<b>TOTAL PHARMACEUTICALS</b>	<b>566.7</b>	520.3	8.9
<b>PHARMACEUTICAL CHEMICALS</b>	<b>21.2</b>	18.8	12.7

(In local currency, millions)	1H 2016	1H 2015	Change %
Russia (RUB)	<b>2,337.4</b>	1,918.2	21.9
Turkey (TRY)	<b>138.3</b>	110.1	25.6
U.S.A. (USD)	<b>60.2</b>	44.4	35.8

# Geographical breakdown of pharmaceutical revenue



Data: First half 2016

Pharmaceutical revenue € 566.7 m

# First half 2016 results

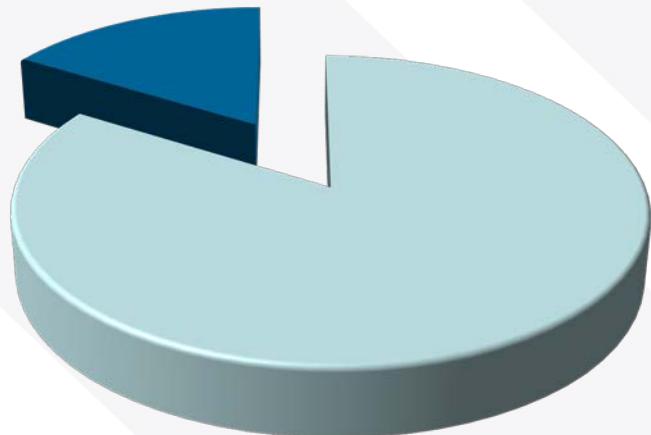
## Further margin growth

(million Euro)	1H 2016	1H 2015	Change %
<b>Revenue</b>	<b>587.9</b>	<b>539.1</b>	<b>9.1</b>
Gross Profit	407.4	366.8	11.1
as % of revenue	69.3	68.0	
SG&A Expenses	187.0	182.1	2.7
as % of revenue	31.8	33.8	
R&D Expenses	41.6	37.9	9.8
as % of revenue	7.1	7.0	
Other Income (Expense), net	(8.5)	(1.6)	n.s.
as % of revenue	(1.5)	(0.3)	
<b>Operating Income</b>	<b>170.2</b>	<b>145.2</b>	<b>17.2</b>
as % of revenue	29.0	26.9	
<b>Net Income</b>	<b>122.7</b>	<b>103.2</b>	<b>18.9</b>
as % of revenue	20.9	19.2	

## Operating segments

### Revenue

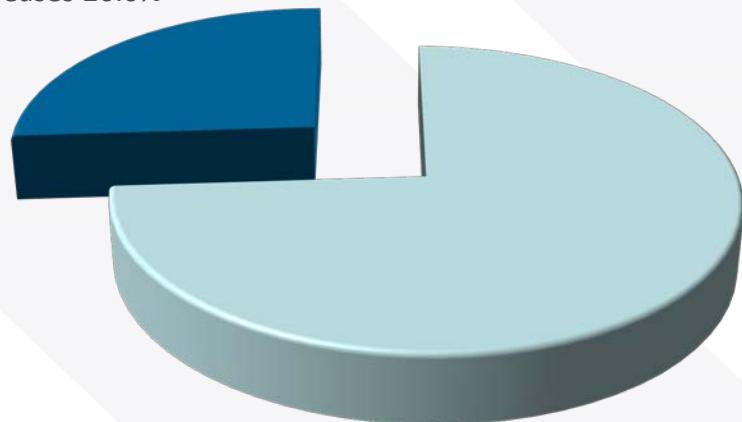
Treatments for rare diseases 16.2%



Primary & specialty care  
83,8%

### EBIT

Treatments for rare diseases 26.0%



Primary & specialty care  
74.0%

#### EBIT margin on sales:

Treatments for rare diseases, 46.5%

Primary & Specialty care, 25.6% (or 27.3% excluding non-recurring expenses of € 8.6 million resulting from the acquisition of Italchimici S.p.A.)

## Financial position and Shareholders' equity

(million Euro)	30 Jun 2016	31 Dec 2015	Change
Cash and short-term financial investments	<b>140.7</b>	225.5	(84.8)
Bank overdrafts and short-term loans	<b>(17.5)</b>	(9.8)	(7.6)
Loans – due within one year	<b>(39.9)</b>	(34.5)	(5.5)
Loans – due after one year	<b>(247.7)</b>	(269.9)	22.3
NET FINANCIAL POSITION	<b>(164.4)</b>	(88.7)	(75.6)
SHAREHOLDERS' EQUITY	<b>929.1</b>	870.0	59.1

# Financial projections

## 2016 targets

(million Euro)	2015 Actual	2016 Targets
Revenue	1,047.7	± 1,140
Operating income (EBIT)	278.5	± 325
Net Income	198.8	± 230

# Company declarations, disclaimers and profile

## DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

The manager responsible for preparing the company's financial reports Fritz Squindo declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.

Statements contained in this presentation, other than historical facts, are "forward-looking statements" (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements are based on currently available information, on current best estimates, and on assumptions believed to be reasonable. This information, these estimates and assumptions may prove to be incomplete or erroneous, and involve numerous risks and uncertainties, beyond the Company's control. Hence, actual results may differ materially from those expressed or implied by such forward-looking statements.

All mentions and descriptions of Recordati products are intended solely as information on the general nature of the company's activities and are not intended to indicate the advisability of administering any product in any particular instance.

Recordati, established in 1926, is an international pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271) with a total staff of around 4,000, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Russia, in other Central and Eastern European countries, in Turkey, in the United States of America and in North Africa. An efficient field force of medical representatives promotes a wide range of innovative pharmaceuticals, both proprietary and under license, in a number of therapeutic areas including a specialized business dedicated to treatments for rare diseases. Recordati is a partner of choice for new product licenses for its territories. Recordati is committed to the research of new drug entities within the cardiovascular and urogenital therapeutic areas and of treatments for rare diseases. Consolidated revenue for 2015 is € 1,047.7 million, operating income is € 278.5 million and net income is € 198.8 million.

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