

RECORDATI: VERY GOOD RESULTS IN THE FIRST HALF 2017. CONTINUED GROWTH IN SALES +10.7%, OPERATING INCOME +19.4%, NET INCOME +19.8%.

- Consolidated revenues € 650.9 million, +10.7%.
- EBITDA⁽¹⁾ € 224.0 million, +19.1%
- Operating income € 203.2 million, +19.4%.
- Net income € 147.0 million, +19.8%.
- Net financial position⁽²⁾: net debt of € 356.3 million.
- Shareholders' equity € 991.1 million.
- Full year 2017 targets increased: sales between € 1,290 and € 1,300 million, EBITDA⁽¹⁾ between € 450 and € 460 million, operating income between € 400 and € 410 million and net income between € 290 and € 295 million.

Milan, 27 July 2017 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first half 2017 prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and in particular as per IAS 34 requirements for interim reporting. These financial statements will be available today at the company's offices and on the company's website (www.recordati.com) and can also be viewed on the authorized storage system 1Info (www.1Info.it). The independent auditors' report on the consolidated condensed half-year financial statements will be available within the legal deadline at the company's offices and on the company's website (www.recordati.com) and can also be viewed on the authorized storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated revenues** in the first half 2017 are € 650.9 million, up by 10.7% compared to the same period of the preceding year. International sales grow by 9.2%.
- **EBITDA⁽¹⁾**, at 34.4% of sales, is € 224.0 million, an increase of 19.1% over the same period of the preceding year.
- **Operating income**, at 31.2% of sales, is € 203.2 million, an increase of 19.4%.
- **Net income**, at 22.6% of sales, is € 147.0 million, an increase of 19.8% over the first half of 2016.
- **Net financial position⁽²⁾** at 30 June 2017 records a net debt of € 356.3 million compared to net debt of € 198.8 million at 31 December 2016. During the period dividends were distributed and the acquisition of the marketing rights to the metoprolol based products from AstraZeneca was concluded for an overall disbursement of € 324.9 million. **Shareholders' equity** increases to € 991.1 million.

⁽¹⁾ Operating income before depreciation, amortization and write down of both tangible and intangible assets.

⁽²⁾ Cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

Corporate development news

In January the European Union Commission granted the European marketing authorization for its orphan medicinal product Cystadrops® 3.8mg/mL. Cystadrops® is the first eye-drop solution containing cysteamine hydrochloride approved in the European Union for “the treatment of corneal cystine crystal deposits in adults and children from 2 years of age with cystinosis”. The European Commission had granted Cystadrops® orphan drug designation in November 2008. Cystadrops® eye-drop solution was developed specifically for cystinosis patients by Orphan Europe (Recordati Group). Cystinosis is a rare congenital lysosomal storage disorder recognized as a severe life threatening condition. It is characterized by an accumulation of cystine crystals which negatively affects all organs in the body, especially the kidneys and eyes. Cystinosis benefits from systemic treatment with cysteamine orally administered. However, oral cysteamine does not adequately address ocular cystinosis because of the non-vascularization of cornea. Without a proper, continued, local eye treatment, cystine crystals accumulate in the cornea, leading to severe consequences and possibly to blindness in the long term.

In February an exclusive worldwide licensing agreement covering the know-how developed by the Meyer Hospital in Florence (Italy) for the development of a treatment for pre-term babies affected by retinopathy of prematurity (ROP) was signed. The treatment is currently being investigated in a phase II clinical trial by the Meyer Hospital, while Recordati will complete the clinical development and the regulatory steps necessary to obtain the marketing approval for the drug. Retinopathy of prematurity (ROP) is a potentially blinding eye disorder that primarily affects premature infants weighing about 1.25 kg or less that are born before 31 weeks of gestation. This disorder, which usually develops in both eyes, is a rare condition, however presenting as one of the most common causes of visual loss in childhood that can lead to lifelong vision impairment and blindness. Furthermore, within the deal, Recordati shall support other Meyer projects in the rare disease area over a period of three years based on a mutually agreed plan. This collaboration between public and private institutions recognizes the important results obtained by the internal research conducted by the pediatric hospital in Florence.

In May Recordati signed an agreement with AstraZeneca for the acquisition of the rights to Seloken®/Seloken® ZOK (metoprolol succinate) and associated Logimax® fixed dose combination (metoprolol succinate and felodipine) treatments in Europe. The transaction was successfully concluded on 30 June (on 10 July for part of the transaction related to Romania). The consideration for the acquisition of the assets is of \$ 300 million (€ 267 million). In addition, royalties for the use of the existing product brands will be due to AstraZeneca for an agreed period. Overall net sales in Europe in 2016 of the brands object of the transaction are of around € 100 million. Metoprolol succinate is a beta-blocker mainly indicated for the control of a range of conditions including hypertension, angina pectoris, disturbances of cardiac rhythm, maintenance treatment after myocardial infarction, and functional heart disorders with palpitations. It is a widely used drug in all European countries which will enable us to reinforce our product portfolios in a number of our European subsidiaries, in particular in Poland, France and Germany. Furthermore, existing sales of the metoprolol brands will provide the base to enter new markets and thus complete our European geographical footprint. Recordati has significant experience in the marketing of treatments for cardiovascular disease with an existing portfolio of medicines for hypertension and related conditions as well as an established salesforce across European markets.

On May 31, 2017, Recordati S.p.A. issued and privately placed a bond for a total of € 125.0 million with Pricoa Capital Group. The main terms and conditions provide for a 2.07% fixed interest rate and a duration of 15 years with repayment in annual instalments starting on 31 May 2025. The transaction, the object of which is to provide the necessary liquidity to support the growth of the group, was able to take advantage of the favourable market conditions.

In June Recordati signed an exclusive license agreement with MimeTech, an Italian development stage company founded by scientists from the University in Florence, for the development and subsequent commercialization on a global basis of a low molecular weight peptidomimetic of human nerve growth factor (NGF) for the treatment of neurotrophic keratitis, which already received an Orphan Drug Designation in the EU. Additional indications linked to NGF defects are also contemplated in the scope of the partnership. Under the terms of the agreement Recordati made an upfront payment upon signature of the contract and further milestone payments shall be linked to the development process and commercial performance. Neurotrophic keratitis is a rare degenerative corneal disease which in its more severe forms affects less than one person out of 10,000 worldwide, and is initiated by an impairment of trigeminal nerve. Impairment or loss of corneal sensory innervation is responsible for corneal epithelial defects, ulcer, and perforation. The most common causes of loss of corneal innervation are: viral infection (herpes simplex and herpes zoster keratoconjunctivitis), chemical burns, physical injuries, and corneal surgery. Neuroma, meningioma, and aneurysms may also determine a compression of the trigeminal nerve or ganglion and produce an impairment of corneal sensitivity. Furthermore, systemic diseases such as diabetes, multiple sclerosis, and leprosy may decrease sensory nerve function or damage sensory fibres compromising corneal sensitivity. The corneal epithelium is the first cell layer of the disease showing changes and defects, with poor predisposition to self-healing. The progression of the disease may lead to corneal ulcers, melting, and perforation leading to dramatic impairment to patients' sight.

Subsequent events

During July Gedeon Richter Plc. was granted marketing authorization from the European Commission for Reagila® (cariprazine), a novel antipsychotic for the treatment of schizophrenia in adult patients, valid for all European Union Member States. In August 2016 Richter and Recordati signed an exclusive license agreement to commercialize cariprazine in Western Europe, Algeria, Tunisia and Turkey.

Management Comments

"The financial results obtained in the first half of the year confirmed the continued growth of the group, with revenues and profitability increasing strongly", declared Andrea Recordati, Vice Chairman and CEO. "Furthermore, important development initiatives for further growth were undertaken. In addition to the marketing approval for Cystadrops® and the agreement with the Meyer Hospital in Florence, an agreement was signed with AstraZeneca for the acquisition of the European marketing rights to their metoprolol based products which will contribute to significantly reinforce our presence in Europe. More recently, an exclusive license agreement was signed with MimeTech for the development and subsequent marketing on a global basis of a new compound for the treatment of neurotrophic keratitis and, in July the European Commission approved the marketing of Reagila®, a novel antipsychotic for the treatment of schizophrenia in adults," continued Andrea Recordati. "The group's business continued to perform very well during July and for the full year 2017, including the consolidation as from this month of the sales of the metoprolol based products acquired from AstraZeneca, our expectation is to achieve sales of between € 1,290 and 1,300 million, EBITDA of between € 450 and 460 million, EBIT of between € 400 and 410 million and net income of between € 290 and 295 million."

Conference call

Recordati will be hosting a *conference call* **today 4 May 2017** at 4.00 pm Italian time (3.00 pm London time, 10.00 am New York time). The dial-in numbers are:

Italy	+39 02 8058811, toll free 800 213 858
UK	+44 1 212818003, toll free 800 0156384
USA	+1 718 7058794, toll free 855 2656959
France	+33 170918703
Germany	+49 69 255114451

Callers are invited to dial-in 10 minutes before conference time. If conference operator assistance is required during the connection, please digit * followed by 0 or call +39 02 8061371. A recording of the conference call will be placed on the website www.recordati.com.

A set of slides which will be referred to during the call will be available on our website www.recordati.com under Investors/Company Presentations.

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 more than 4,100, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Russia, other Central and Eastern European countries, Turkey, North Africa, the United States of America, Canada, Mexico and in some South American countries. 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 and development of new specialties with a focus on treatments for rare diseases. Consolidated revenue for 2016 was € 1,153.9 million, operating income was € 327.4 million and net income was € 237.4 million.

For further information:

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Statements contained in this release, 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 GROUP

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)
(thousands of €)

INCOME STATEMENT	First half 2017	First half 2016	Change %
REVENUE	650,868	587,864	10.7
Cost of sales	(196,742)	(180,472)	9.0
GROSS PROFIT	454,126	407,392	11.5
Selling expenses	(168,521)	(155,215)	8.6
Research and development expenses	(47,152)	(41,626)	13.3
General & administrative expenses	(33,841)	(31,798)	6.4
Other income (expenses), net	(1,414)	(8,537)	(83.4)
OPERATING INCOME	203,198	170,216	19.4
Financial income (expenses), net	(6,991)	(5,978)	16.9
PRE-TAX INCOME	196,207	164,238	19.5
Provision for income taxes	(49,220)	(41,520)	18.5
NET INCOME	146,987	122,718	19.8
Attributable to:			
Equity holders of the parent	146,967	122,704	19.8
Minority interests	20	14	42.9

EARNINGS PER SHARE	First half 2017	First half 2016	Change %
Basic	€ 0.713	€ 0.598	19.2
Diluted	€ 0.703	€ 0.587	19.8

Earnings per share (EPS) are based on average shares outstanding during each year, 205,984,391 in 2017 and 205,297,564 in 2016, net of average treasury stock which amounted to 3,140,765 shares in 2017 and to 3,827,592 shares in 2016.
Diluted earnings per share is calculated taking into account stock options granted to employees.

COMPOSITION OF REVENUE	First half 2017	First half 2016	Change %
Total revenue	650,868	587,864	10.7
Italy	142,415	122,267	16.5
International	508,453	465,597	9.2

Pending the completion of independent audit.

RECORDATI GROUP

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(thousands of €)

INCOME STATEMENT	Second Quarter 2017	Second Quarter 2016	Change %
REVENUE	308,928	285,617	8.2
Cost of sales	(90,933)	(86,771)	4.8
GROSS PROFIT	217,995	198,846	9.6
Selling expenses	(79,900)	(75,650)	5.6
Research and development expenses	(23,985)	(19,350)	24.0
General & administrative expenses	(16,708)	(15,758)	6.0
Other income (expenses), net	(1,475)	(8,027)	(81.6)
OPERATING INCOME	95,927	80,061	19.8
Financial income (expenses), net	(5,207)	(3,454)	50.8
PRE-TAX INCOME	90,720	76,607	18.4
Provision for income taxes	(22,248)	(19,367)	14.9
NET INCOME	68,472	57,240	19.6
Attributable to:			
Equity holders of the parent	68,462	57,233	19.6
Minority interests	10	7	42.9

COMPOSITION OF REVENUE	Second Quarter 2017	Second Quarter 2016	Change %
Total revenue	308,928	285,617	8.2
Italy	65,692	58,507	12.3
International	243,236	227,110	7.1

Pending the completion of independent audit.

RECORDATI GROUP

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)
(thousands of €)

ASSETS	30.6.2017	31.12.2016
Property, plant and equipment	104,922	110,202
Intangible assets	521,527	279,884
Goodwill	548,905	556,566
Equity investments	25,226	19,199
Non-current receivables	6,236	5,428
Deferred tax assets	31,433	37,231
TOTAL NON-CURRENT ASSETS	1,238,249	1,008,510
Inventories	166,971	158,800
Trade receivables	232,195	205,988
Other receivables	29,900	30,974
Other current assets	8,698	5,481
Fair value of hedging derivatives (cash flow hedge)	8,129	12,497
Short-term financial investments, cash and cash equivalents	85,759	138,493
TOTAL CURRENT ASSETS	531,652	552,233
TOTAL ASSETS	1,769,901	1,560,743
EQUITY AND LIABILITIES	30.6.2017	31.12.2016
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(25,048)	(76,761)
Hedging reserve	(4,330)	(7,420)
Translation reserve	(101,595)	(78,309)
Other reserves	38,971	35,295
Retained earnings	826,169	756,004
Net income for the period	146,967	237,406
Interim dividend	0	(72,245)
GROUP SHAREHOLDERS' EQUITY	990,994	903,830
Minority interest	130	110
SHAREHOLDERS' EQUITY	991,124	903,940
Loans due after one year	385,691	293,644
Employees' termination pay	22,334	21,675
Deferred tax liabilities	26,825	27,659
Other non-current liabilities	2,515	2,515
TOTAL NON-CURRENT LIABILITIES	437,365	345,493
Trade payables	132,833	124,644
Other payables	78,911	77,957
Tax liabilities	35,232	20,432
Other current liabilities	847	562
Provisions	26,398	27,977
Fair value of hedging derivatives (cash flow hedge)	5,687	3,621
Loans due within one year	41,579	40,428
Bank overdrafts	19,925	15,689
TOTAL CURRENT LIABILITIES	341,412	311,310
TOTAL EQUITY AND LIABILITIES	1,769,901	1,560,743

Pending the completion of independent audit.

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 press release corresponds to the document results, books and accounting records.