

Business Plan 2017-2019



MILAN - 9 FEBRUARY 2017

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1. Strategy
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Our successful group strategy will continue to create growth

- Expand through organic development and through acquisitions
- Develop product portfolio by enhancing product pipeline and new product acquisitions. Prioritize specialty care and treatments for rare diseases.
- Reinforce presence in existing key markets
- Treatments for rare diseases: develop a global presence

Recordati is an important European player in primary and specialty care and a partner of choice for new product licenses

- Continue growth of currently marketed products
- Accelerate growth in European markets by continuing to pursue a bolt-on acquisition strategy
- Continue to grow double digit in emerging markets, particularly in Russia and Turkey (at constant currency exchange rates)
- Entry into a new specialty area, schizophrenia, following the licensing of cariprazine
- New product licensing and acquisition opportunities to be pursued

Treatments for rare diseases

A global presence and a preferred partner

- Continue growth of currently marketed products
- Fully exploit sales potential of Cystadrops® (cysteamine eye drops for ocular manifestations of cystinosis), following approval by EMA
- Advance projects in current development pipeline
 - Grasp®
 - Carbaglu®: organic acidemias indication in the U.S.; new life cycle management formulations
 - Development of a treatment for acute decompensation episodes in MSUD in collaboration with AP-HP (Paris)
 - Two new development projects addressing the needs of patients suffering from a rare pediatric ophthalmological condition and from cystic fibrosis, respectively
- Identify and add new development projects to the pipeline
- Further expand geographical presence, mainly in the Asia-Pacific area

Research and Development

- Plan includes around 8% of sales to be allocated to R&D activities
 - Primary and specialty care:
 - Focus on the development of products in specialty care areas on a European basis.
 - Life-cycle management and indication expansion activities.
 - Rare Diseases:
 - Global approach for the development of treatments for rare diseases.
 - Internal new product development, life-cycle management and indication expansion.
 - Partnerships with research institutions and drug-discovery companies.

1. Strategy

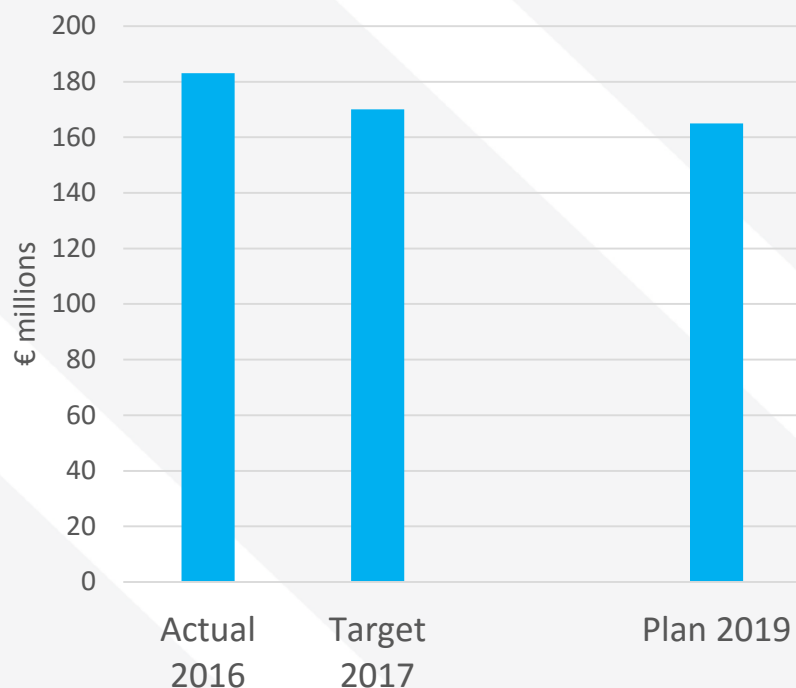
2. Sales development – assumptions

- Primary and specialty care, current portfolio and pipeline
- Treatments for rare diseases, current portfolio and pipeline
- Business development, new opportunities

3. Financial projections

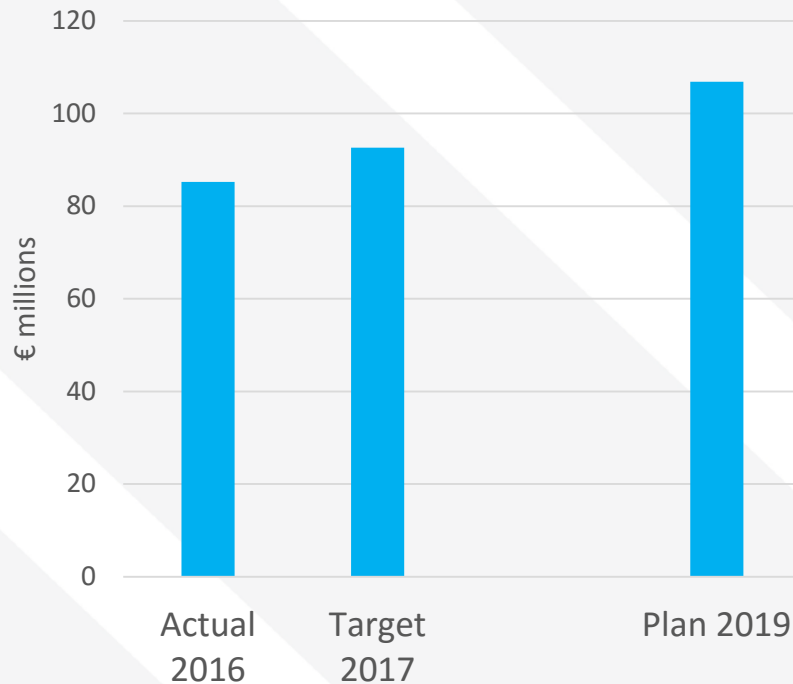
Lercanidipine franchise

Zanidip® (lercanidipine) and Zanipress® (lercanidipine+enalapril)



- Sales of Zanidip® expected to remain stable at around € 110 million going forward
- Considering both brands and generics Recordati sells around 70% of the lercanidipine molecule to date
- Zanipress® clinical data exclusivity expired in main European markets in 2016. Generic competition already in Spain and Portugal since 2013.
- Expect full impact of generic competition in 2019 to be of around 30% of Zanipress® sales
- By 2019 expected sales of the franchise to be in the range of € 160 - 165 million

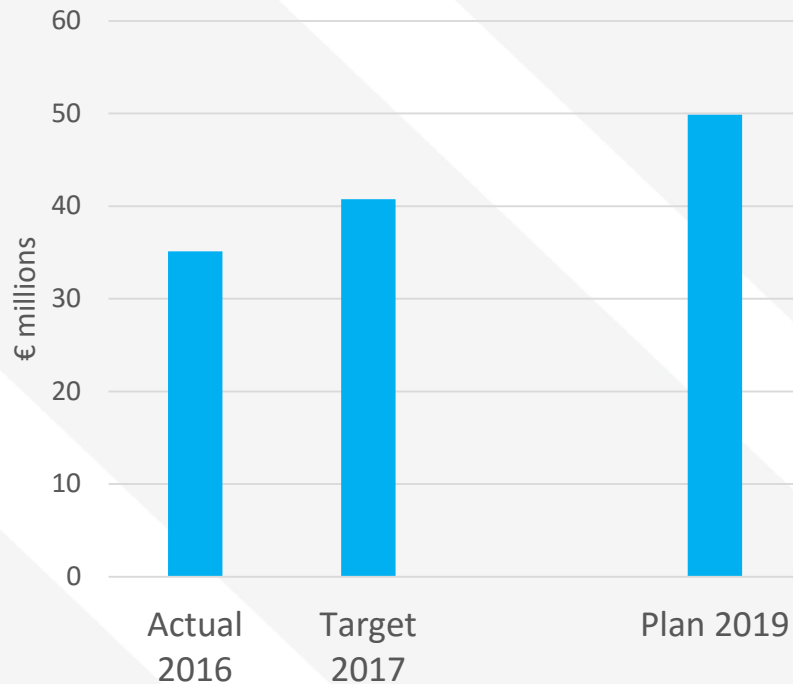
Urorec® (silodosin)



- Urorec® launched in 34 markets
- Average market share 10% of BPH market in 17 main countries
- In 2019 sales expected to exceed € 100 million with an average high single digit growth rate over the plan period

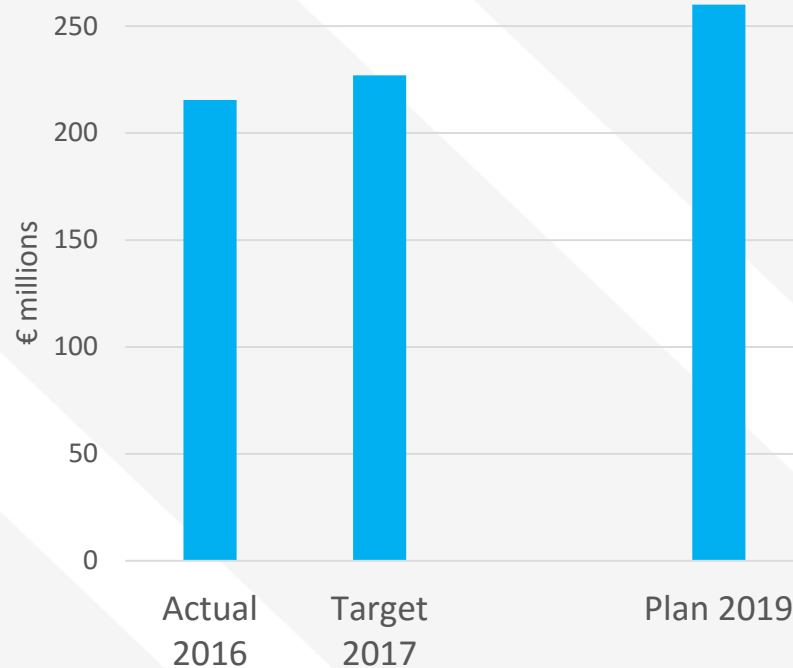
Current portfolio primary and specialty care, sales development - assumptions

Livazo® (pitavastatin)



- Livazo® launched in 6 markets
- Average market share 7.5% of statins market in 4 main countries
- Launched in Russia and launch expected in Turkey in 2017
- Expect sales to continue to grow double digit over the plan period

Other corporate products



- Includes 19 products of which 6 are OTC products
- Sales expected to grow mid single digit over the plan period driven by the expansion of Casen Recordati portfolio and growth in Russia

OTC business

- An opportunity to be further developed in all European markets
- Currently most brands are marketed in single countries
- Opportunities for cross-selling existing products to be identified and pursued
- Sales growth expected to be in line with GDP growth in individual countries
- Acquisition of existing well-known brands on a country by country basis is an objective
- The objective is to grow this business double digit including acquisitions

Reagila® (cariprazine)

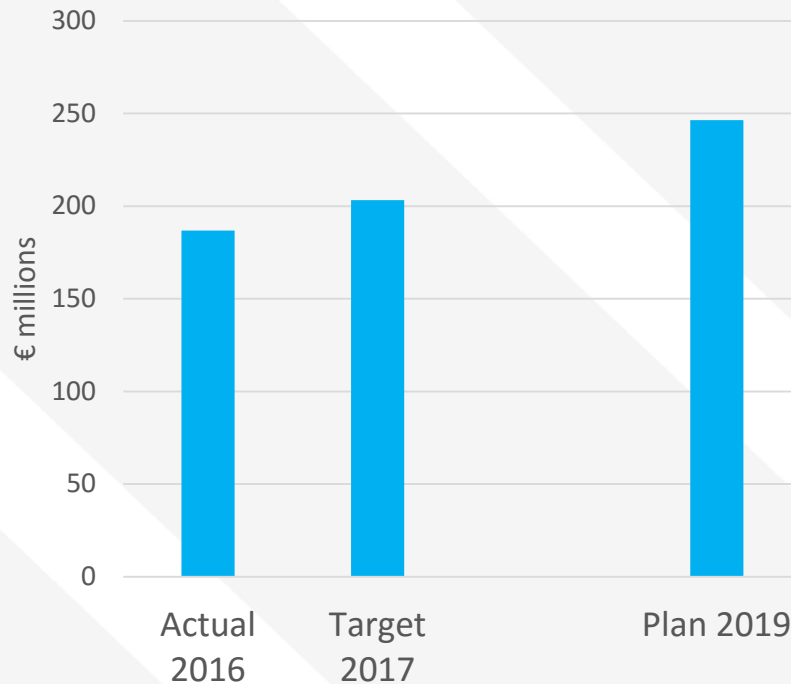
Recordati enters a new therapeutic area

- Exclusive license agreement signed in 2016 with Gedeon Richter to commercialize cariprazine in Western Europe, Algeria, Tunisia and Turkey
- Cariprazine is a novel antipsychotic for the treatment of schizophrenia
- It is an orally active and potent dopamine D₃/D₂ receptor partial agonist with preferential binding to D₃ receptors and partial agonist at serotonin 5-HT 1A receptors
- The European Medicines Agency (EMA) started the evaluation of Richter's marketing authorization application in March 2016
- Approval expected second half 2017
- Initial sales as from 2018 included
- Peak sales could exceed € 100 million

Fortacin™ (lidocaine+prilocaine)

- Fortacin™ is an easy-to-use fast acting topical spray formulation of lidocaine and prilocaine for the treatment of premature ejaculation
- Licensed in for Europe, Russia, Commonwealth of Independent States (C.I.S.), Turkey and certain countries in North Africa
- Variation of the EU approval following the decision to commercialize a canister with fewer dosages completed
- Launch expected end 2017
- Peak sales expected to be in the range of € 20 - 30 million

Treatments for rare diseases



- Sales projections based on current product portfolio
- Overall sales expected to grow double digit annually over the period
- Cystadrops® to be the main growth driver in Europe
- Carbaglu® second indication (organic acidemias) in the U.S. expected during the plan period
- Approximately 60% of sales to be generated in the U.S.

Rare disease products - pipeline

- Initial sales of Grasp[®], in the ALL indication, expected during the plan period. Peak sales could be in the range of € 25 - 30 million.
- Included in the plan period are initial sales, thanks to early access programs, of very promising new rare disease products currently under development. These could generate peak sales of more than € 75 million.
 - Treatment for acute decompensation episodes in MSUD (Maple Syrup Urine Disease)
 - Treatment for patients suffering from a rare pediatric ophthalmological condition
 - Oral intervention for acute infectious exacerbations associated with Cystic Fibrosis
- Development of REC 0438, a nociceptin analogue, to be advanced with the objective of treating urinary incontinence in pediatric patients suffering from *spina bifida*, an orphan condition.

New opportunities to be actively pursued

- Bolt-on acquisitions included in the plan based on the re-investment of cash flow generated after the payment of dividends
- Reinforce primary and specialty care businesses in existing key markets
- Available rare disease assets to be considered contingent upon reasonable valuation

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EBIT and EPS to continue to grow double digit

- Margins achieved in 2016 to be sustainable over the plan period
- Projections are calculated at current exchange rates
- Dividend pay-out ratio of 60% of consolidated net income to be maintained
- Cash flow, after payment of dividends, to be entirely re-invested for the growth of the group
- Bolt on acquisitions included in the plan

Financial projections

2017 targets and plan for 2019

EBIT and EPS to continue to grow double digit

| (million Euro) | 2016 Actual | 2017 Targets | 2019 Plan |
|----------------------------|----------------|-----------------|--------------|
| Revenue | 1,154 | ± 1,220 | ± 1,450 |
| EBITDA | 371 | ± 410 | ± 500 |
| Operating income (EBIT) | 327 | ± 365 | ± 450 |
| Net Income | 235 | ± 260 | ± 325 |

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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