



## 2017 First nine months results



CONFERENCE CALL – 26 OCTOBER 2017

# *First nine months 2017 highlights*

- Revenue € 963.8 million, up 11.8%
- EBITDA € 342.0 million or 35.5% of sales, up 22.1%
- Operating income (EBIT) € 307.5 million or 31.9% of sales, up 21.8%
- Net income € 219.8 million or 22.8% of sales, up 20.6%
- Net debt € 321.7 million, an increase of € 123.0 million as compared to year-end 2016, after dividend distribution and product acquisition for an overall disbursement of € 339.0 million.
- Approval of Cystadrops® for the ocular manifestations of cystinosis
- Agreement with the Meyer Hospital in Florence for the development of a treatment for ROP
- Acquisition of the European rights to Seloken®/Seloken® ZOK (metoprolol) and Logimax® (metoprolol+felodipine) from AstraZeneca
- Private placement of notes for a total of € 125.0 million
- Agreement with MimeTech for the development of a new compound for neurotrophic keratitis
- Approval of Reagila® (cariprazine) for the treatment of schizophrenia

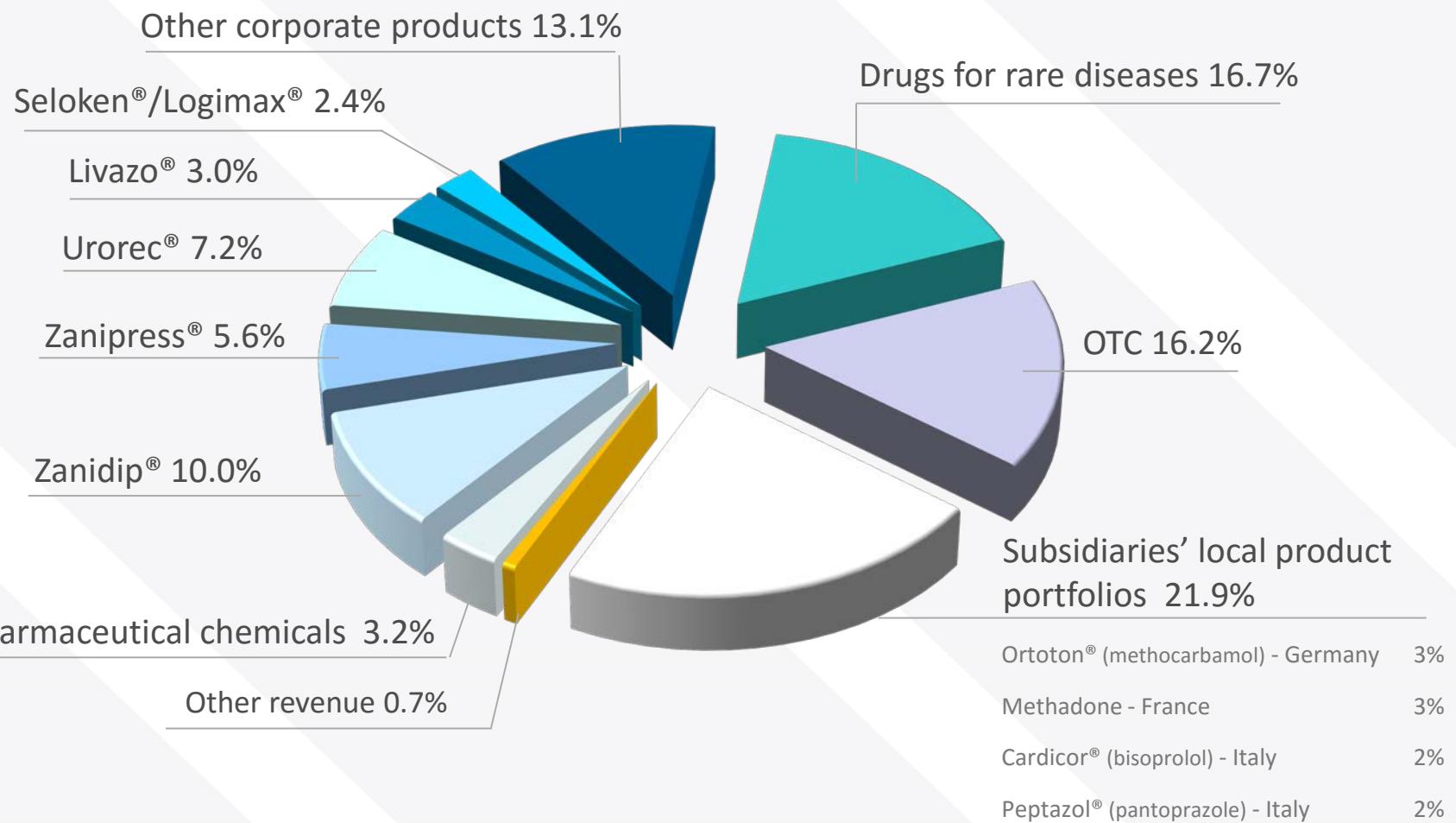
# Main product sales

**Corporate products including drugs for rare diseases account for 65.9% of revenue**

(million Euro)	Jan-Sept 2017	Jan-Sept 2016	Change %
Zanidip® (lercanidipine)	<b>96.1</b>	90.0	6.8
Zanipress® (lercanidipine+enalapril)	<b>53.7</b>	50.8	5.8
Urorec® (silodosin)	<b>69.5</b>	63.3	9.9
Livazo® (pitavastatin)	<b>29.2</b>	27.0	8.2
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	<b>22.7</b>	-	n.s.
Other corporate products*	<b>202.6</b>	175.2	15.6
Drugs for rare diseases	<b>161.3</b>	140.6	14.7

\* Include the OTC corporate products for an amount of € 76.3 million in 2017 and € 60.4 million in 2016 (up 26.3%).

# A diversified product portfolio



Data: First nine months 2017

Total revenue € 963.8 m

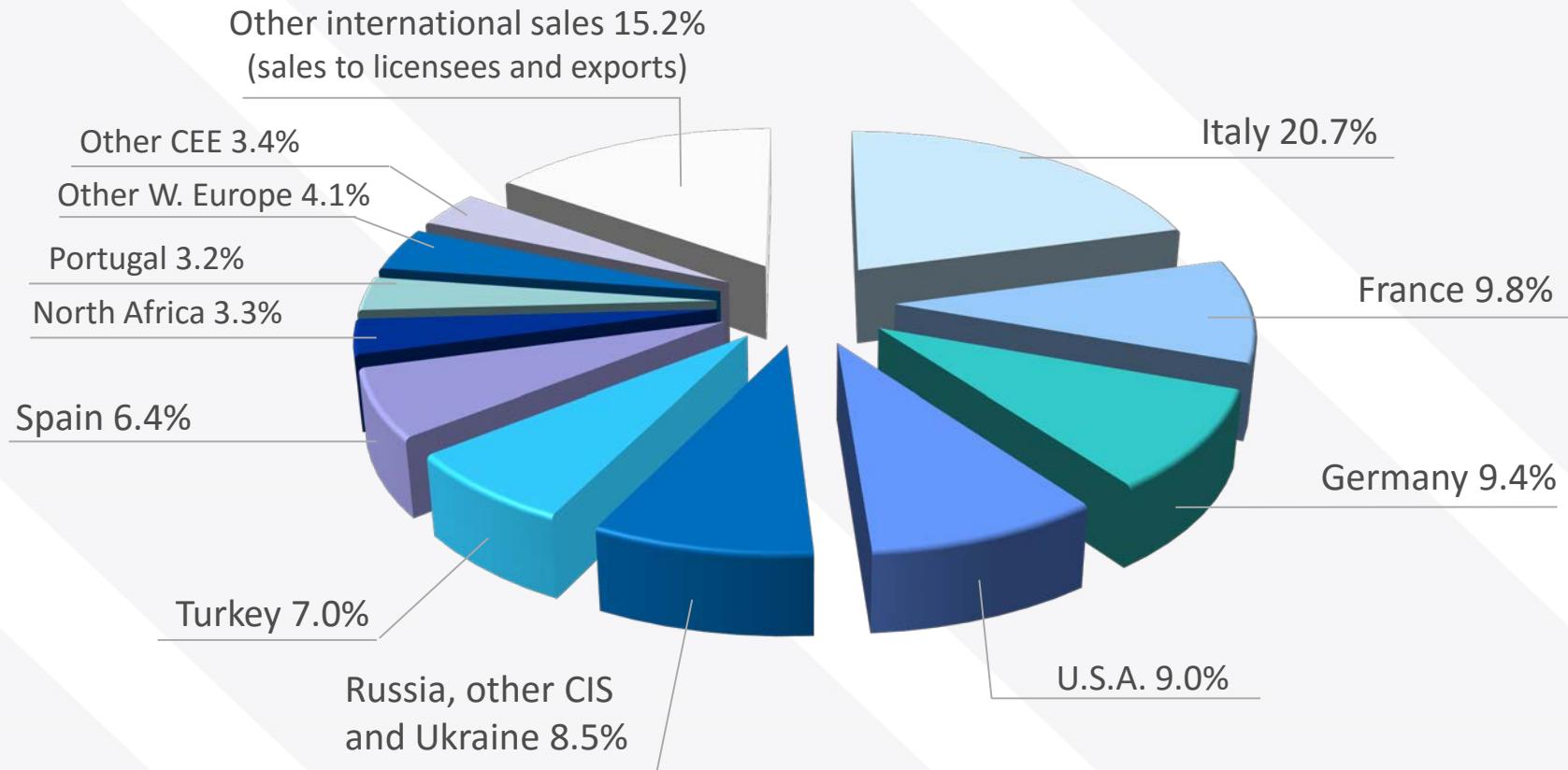
# Composition of revenue by geography

## Continued growth

(million Euro)	Jan-Sep 2017	Jan-Sep 2016	Change %
Italy	<b>192.7</b>	171.2	12.6
France	<b>91.7</b>	84.7	8.2
Germany	<b>87.1</b>	72.7	19.7
U.S.A.	<b>83.4</b>	77.4	7.7
Russia, other CIS countries and Ukraine	<b>79.3</b>	56.1	41.3
Turkey	<b>65.4</b>	65.8	(0.6)
Spain	<b>59.6</b>	55.8	6.7
North Africa	<b>31.2</b>	34.3	(9.0)
Portugal	<b>30.1</b>	29.5	2.2
Other W. Europe countries	<b>38.7</b>	27.5	40.8
Other CEE countries	<b>31.7</b>	24.6	28.8
Other international sales	<b>141.9</b>	132.8	6.9
<b>TOTAL PHARMACEUTICALS</b>	<b>932.8</b>	832.5	12.0
<b>PHARMACEUTICAL CHEMICALS</b>	<b>31.0</b>	29.9	3.8

(In local currency, millions)	Jan-Sep 2017	Jan-Sep 2016	Change %
Russia (RUB)	<b>4,375.5</b>	3,586.4	22.0
Turkey (TRY)	<b>244.4</b>	200.6	21.9
U.S.A. (USD)	<b>95.7</b>	88.4	8.3

# Geographical breakdown of pharmaceutical revenue



Data: First nine months 2017

Pharmaceutical revenue € 932.8 m

# First nine months 2017 results

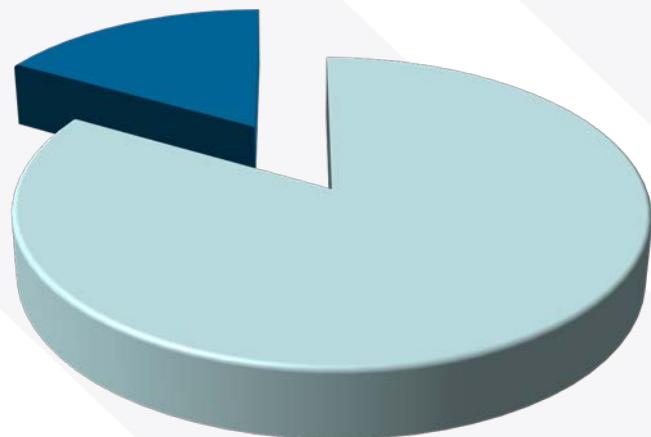
## Further margin growth

(million Euro)	Jan-Sep 2017	Jan-Sep 2016	Change %
<b>Revenue</b>	<b>963.8</b>	<b>862.4</b>	<b>11.8</b>
Gross Profit	676.2	595.1	13.6
as % of revenue	70.2	69.0	
SG&A Expenses	295.2	273.5	7.9
as % of revenue	30.6	31.8	
R&D Expenses	72.1	60.2	19.8
as % of revenue	7.5	7.0	
Other Income (Expense), net	(1.4)	(9.0)	(84.7)
as % of revenue	(0.1)	(1.0)	
<b>Operating Income</b>	<b>307.5</b>	<b>252.4</b>	<b>21.8</b>
as % of revenue	31.9	29.3	
<b>Net Income</b>	<b>219.8</b>	<b>182.3</b>	<b>20.6</b>
as % of revenue	22.8	21.1	

## Operating segments

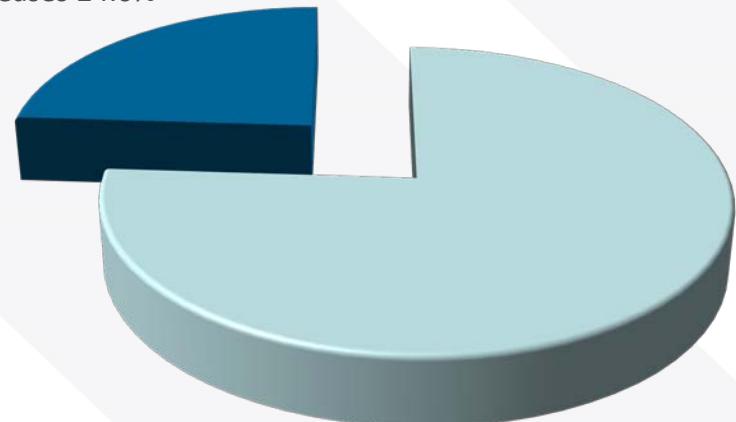
### Revenue

Treatments for rare diseases 16.7%



### EBIT

Treatments for rare diseases 24.0%



#### EBIT margin on sales:

Treatments for rare diseases, 45.8%  
Primary & Specialty care, 29.1%

## Net financial position

(million Euro)	30 Sep 2017	31 Dec 2016	Change
Cash and short-term financial investments	<b>297.9</b>	138.5	159.4
Bank overdrafts and short-term loans	<b>(33.0)</b>	(15.7)	(17.3)
Loans – due within one year	<b>(51.7)</b>	(40.4)	(11.3)
Loans – due after one year	<b>(534.9)</b>	(281.1)	(253.8)
NET FINANCIAL POSITION	<b>(321.7)</b>	(198.8)	(123.0)

# Financial projections

## 2017 targets

(million Euro)	2016 Actual	2017 Targets
Revenue	1,154	1,290 - 1,300
EBITDA	371	450 - 460
Operating income (EBIT)	327	400 - 410
Net Income	237	290 - 295

# 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 documental 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 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, 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 and development of new specialties with a focus on treatments for rare diseases. Consolidated revenue for 2016 is € 1,153.9 million, operating income is € 327.4 million and net income is € 237.4 million.

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