

2018 First half results



CONFERENCE CALL – 26 JULY 2018

First half 2018 highlights

- Revenue € 696.1 million, up 6.9%
- EBITDA € 260.0 million or 37.4% of sales, up 16.1%
- Operating income (EBIT) € 231.9 million or 33.3% of sales, up 14.1%
- Net income € 164.2 million or 23.6% of sales, up 11.7%
- Net debt € 556.4 million, an increase of € 174.7 million as compared to year-end 2017, after share buy-back for an overall disbursement of € 169.8 million and dividends distributed for € 87.1 million. In addition, Natural Point S.r.l. was acquired for a value of € 75 million.
- Acquisition of the European and other market rights to Cystagon® from Mylan.
- Acquisition of Natural Point S.r.l. in Italy.

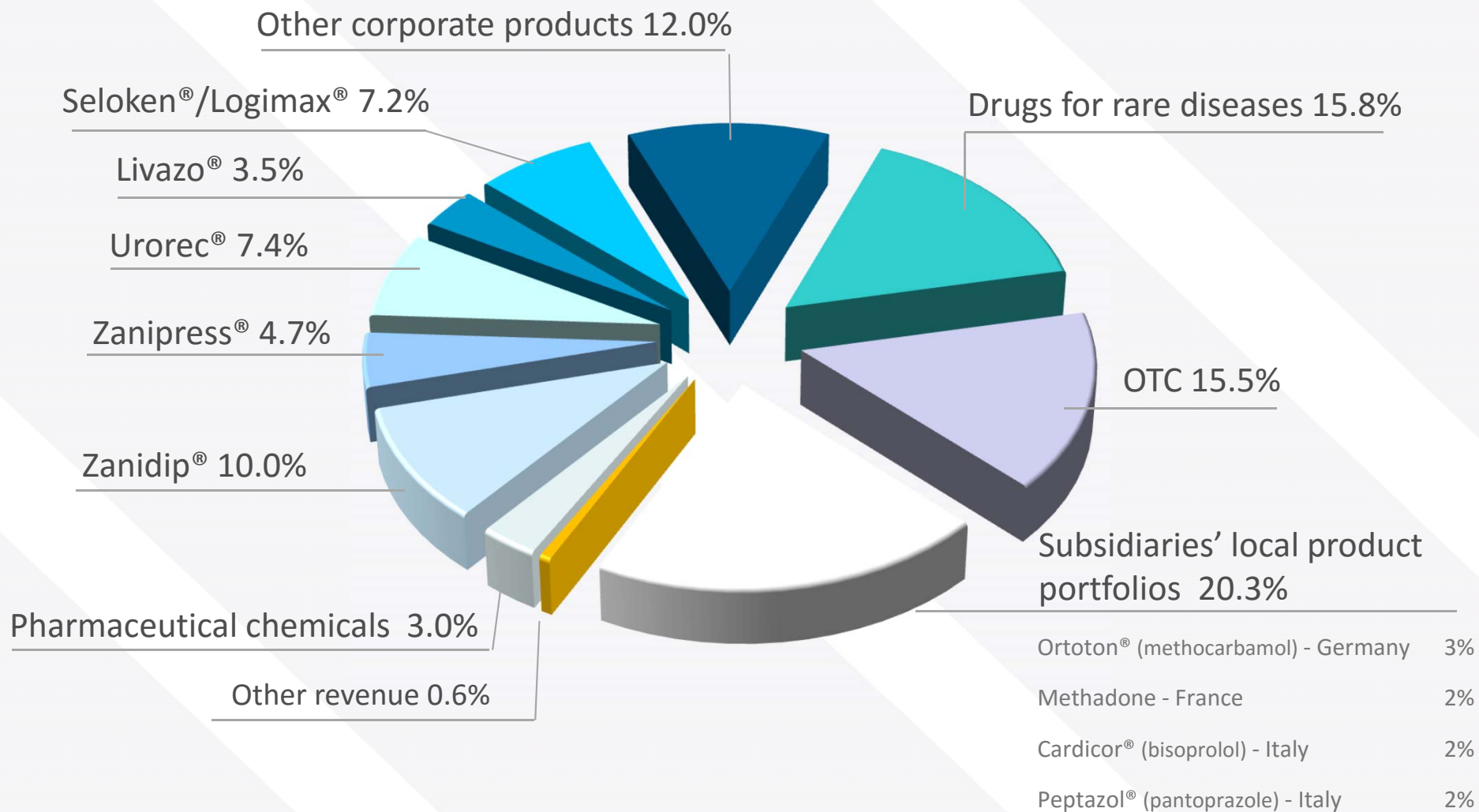
Main product sales

Corporate products including drugs for rare diseases account for 68.2% of revenue

(million Euro)	1H 2018	1H 2017	Change %
Zanidip® (lercanidipine)	69.6	69.2	0.6
Zanipress® (lercanidipine+enalapril)	33.0	36.3	(9.1)
Urorec® (silodosin)	51.2	46.5	10.0
Livazo® (pitavastatin)	24.0	19.4	23.4
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	50.4	-	n.s.
Other corporate products*	136.4	144.7	(5.7)
Drugs for rare diseases	110.1	104.1	5.8

* Include the OTC corporate products for an amount of € 52.8 million in 2018 and € 54.5 million in 2017 (-3.1%).

A diversified product portfolio



Data: First half 2018
Total revenue € 696.1 m

Composition of revenue by geography

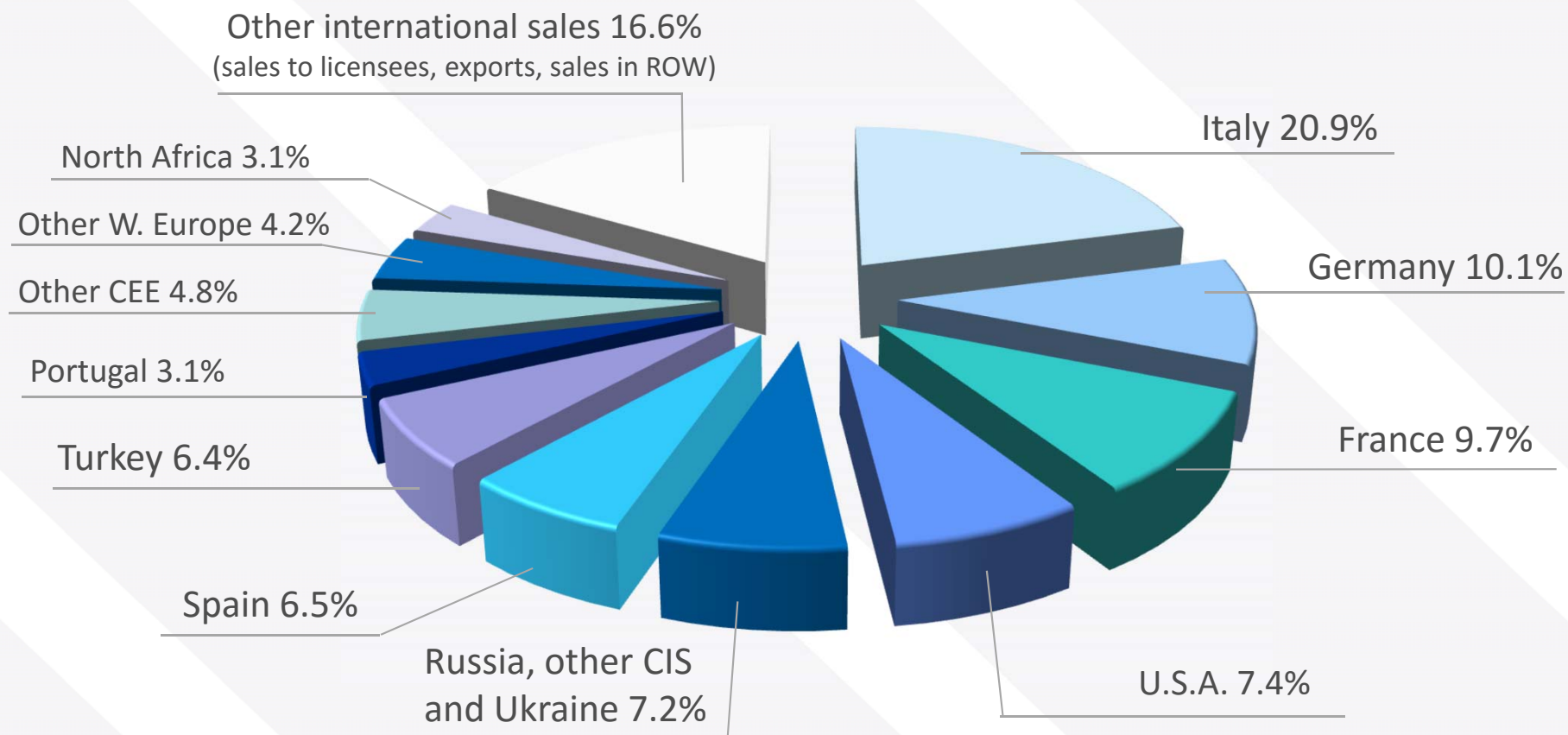
Continued growth

(million Euro)	1H 2018	1H 2017	Change %
Italy	141.2	138.7	1.8
Germany	68.6	54.3	26.3
France	65.5	60.1	9.1
U.S.A.	49.7	54.7	(9.2)
Russia, other CIS countries and Ukraine	48.6	56.4	(13.8)
Spain	43.8	40.2	9.1
Turkey	43.4	45.7	(5.1)
Portugal	20.7	20.4	1.4
Other CEE countries	32.5	16.5	96.7
Other W. Europe countries	28.5	25.6	11.3
North Africa	20.7	23.1	(10.7)
Other international sales	112.1	91.9	21.9
TOTAL PHARMACEUTICALS	675.2	627.7	7.6
PHARMACEUTICAL CHEMICALS	20.9	23.1	(9.9)

(In local currency, millions)	1H 2018	1H 2017	Change %
Russia (RUB)	2,740.0	2,958.6	(7.4)
Turkey (TRY)	202.4	169.2	19.7
U.S.A. (USD)	62.0	61.0	1.6

Net revenues in local currency in Russia and in Turkey exclude sales of products for rare diseases.

Geographical breakdown of pharmaceutical revenue



Data: First half 2018
Pharmaceutical revenue € 675.2 m

First half 2018 results

Further margin growth

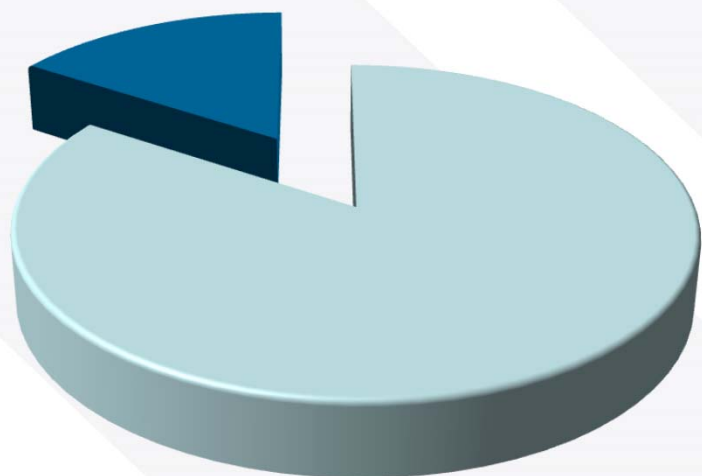
(million Euro)	1H 2018	1H 2017	Change %
Revenue	696.1	650.9	6.9
Gross Profit as % of revenue	493.0 70.8	454.1 69.8	8.6
SG&A Expenses as % of revenue	205.9 29.6	202.4 31.1	1.8
R&D Expenses as % of revenue	53.6 7.7	47.2 7.2	13.7
Other Income (Expense), net as % of revenue	(1.6) (0.2)	(1.4) (0.2)	9.6
Operating Income as % of revenue	231.9 33.3	203.2 31.2	14.1
Net Income as % of revenue	164.2 23.6	147.0 22.6	11.7
EBITDA as % of revenue	260.0 37.4	224.0 34.4	16.1

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Operating segments

Revenue

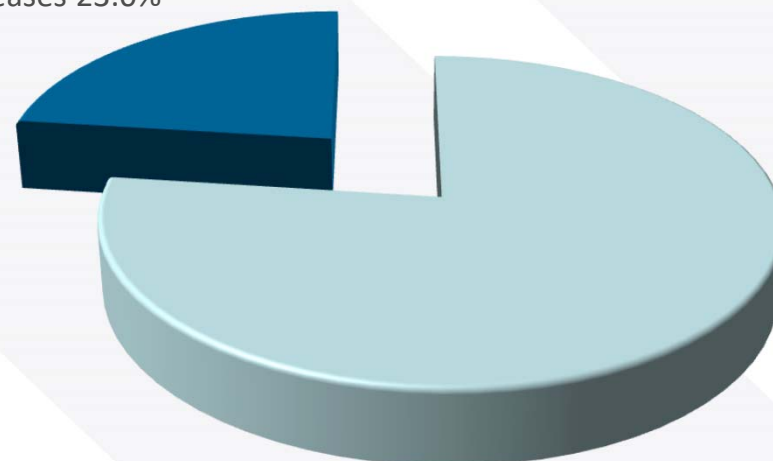
Treatments for rare diseases 15.8%



Primary & specialty care 84.2%

EBIT

Treatments for rare diseases 23.0%



Primary & specialty care 77.0%

EBIT margin on sales:

Treatments for rare diseases, 48.5%

Primary & Specialty care, 30.5%

Net financial position

(million Euro)	30 Jun 2018	31 Dec 2017	Change
Cash and short-term financial investments	154.6	302.1	(147.4)
Bank overdrafts and short-term loans	(62.3)	(16.6)	(45.7)
Loans – due within one year	(59.4)	(51.7)	(7.7)
Loans – due after one year	(589.4)	(615.6)	26.2
NET FINANCIAL POSITION	(556.4)	(381.8)	(174.7)

Financial projections

2018 targets - Margins to continue to improve
EBITDA 36%, EBIT 32%, Net income 23%

(million Euro)	2017 Actual	2018 Targets
Revenue	1,288.1	1,350 - 1,370
EBITDA	454.7	490 - 500
Operating income (EBIT)	406.5	430 - 440
Net Income	288.8	310 - 315

No acquisitions included in 2018 targets

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 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 2017 is € 1,288.1 million, operating income is € 406.5 million and net income is € 288.8 million.

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