

2017 Preliminary FY results
2018 Targets



CONFERENCE CALL - 8 FEBRUARY 2018

Full year 2017 highlights

- Revenue € 1,288.1 million, up 11.6%
- EBITDA € 454.7 million or 35.3% of sales, up 22.5%
- Operating income (EBIT) € 406.5 million or 31.6% of sales, up 24.1%
- Net income € 288.8 million or 22.4% of sales, up 21.6%
- Net debt € 381.8 million, an increase of € 183.0 million as compared to year-end 2016, after dividend distribution and product acquisition for an overall disbursement of € 456.5 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
- Acquisition of three gastroenterological consumer health products from Bayer for the French market.

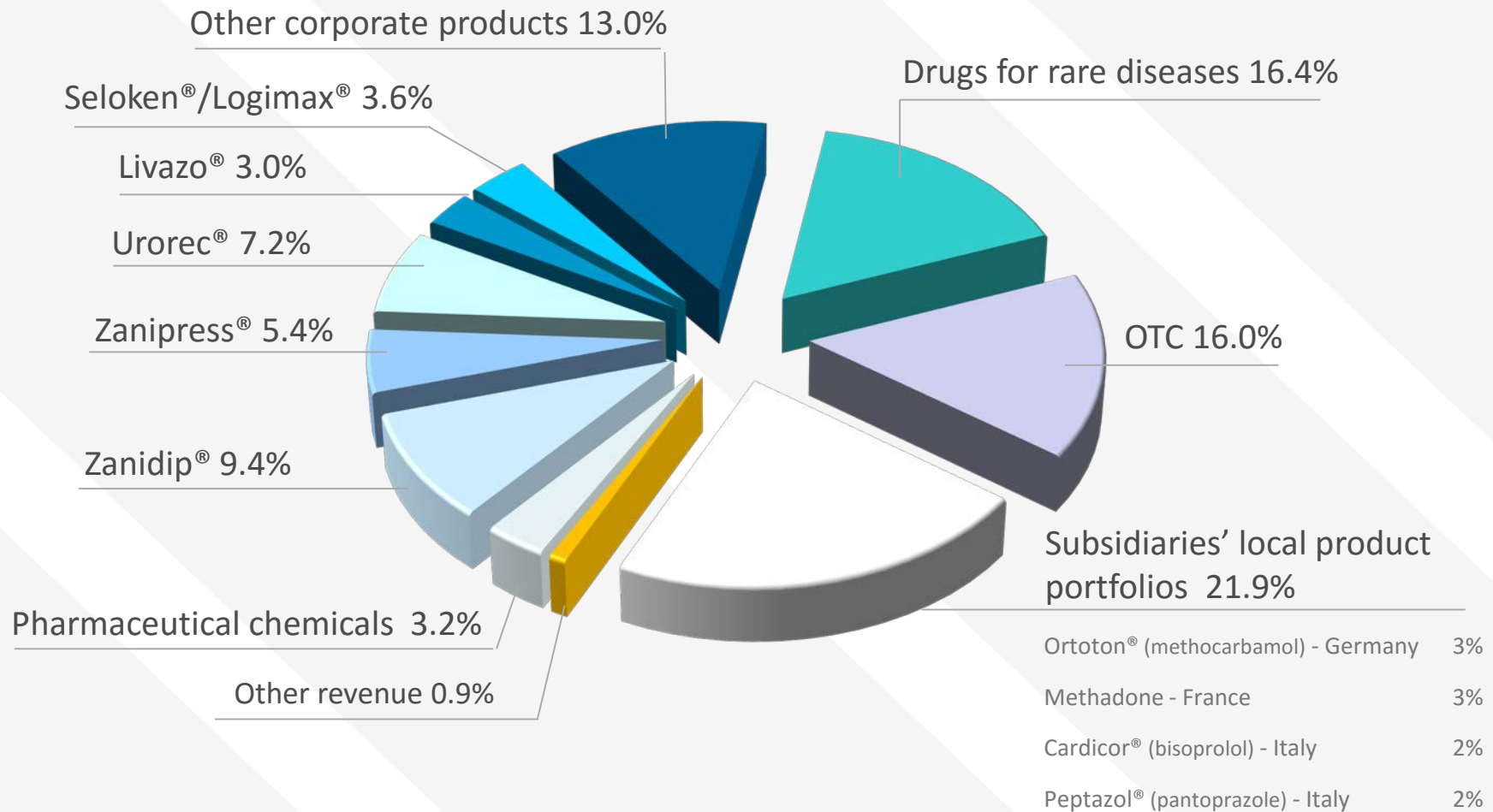
Main product sales

Corporate products including drugs for rare diseases account for 66.0% of revenue

(million Euro)	2017	2016	Change %
Zanidip® (lercanidipine)	120.6	114.0	5.8
Zanipress® (lercanidipine+enalapril)	69.2	69.1	0.2
Urorec® (silodosin)	92.8	85.2	8.9
Livazo® (pitavastatin)	39.2	35.1	11.7
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	47.0	-	n.s.
Other corporate products*	270.4	238.5	13.4
Drugs for rare diseases	211.2	186.8	13.1

* Include the OTC corporate products for an amount of € 102.5 million in 2017 and € 84.3 million in 2016 (up 21.5%).

A diversified product portfolio



Data: Full year 2017

Total revenue € 1,288.1 m

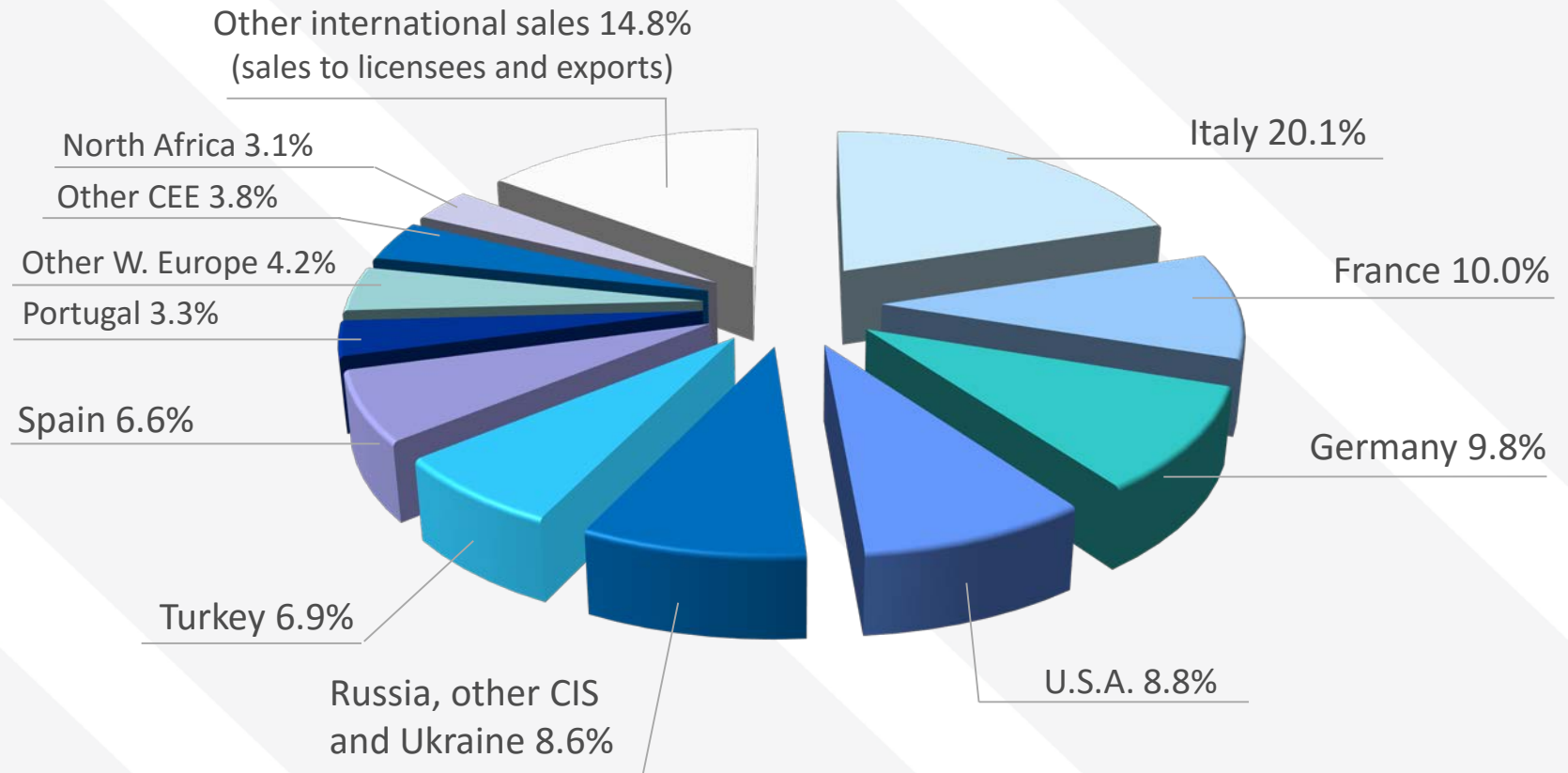
Composition of revenue by geography

Continued growth

(million Euro)	2017	2016	Change %
Italy	251.0	229.9	9.2
France	124.7	115.1	8.4
Germany	122.4	101.1	21.1
U.S.A.	109.6	101.1	8.4
Russia, other CIS countries and Ukraine	107.0	79.5	34.6
Turkey	86.0	86.3	(0.3)
Spain	82.2	76.4	7.6
Portugal	40.4	40.3	0.4
Other W. Europe countries	52.9	40.1	31.9
Other CEE countries	47.0	32.5	44.4
North Africa	38.9	42.3	(8.2)
Other international sales	185.0	169.1	9.4
TOTAL PHARMACEUTICALS	1,247.2	1,113.8	12.0
PHARMACEUTICAL CHEMICALS	40.9	40.2	1.9

(In local currency, millions)	2017	2016	Change %
Russia (RUB)	5,916.6	4,928.6	20.0
Turkey (TRY)	334.0	267.6	24.8
U.S.A. (USD)	127.6	115.0	11.0

Geographical breakdown of pharmaceutical revenue



Data: Full year 2017
Pharmaceutical revenue € 1,247.2 m

Full year 2017 results

Further margin growth

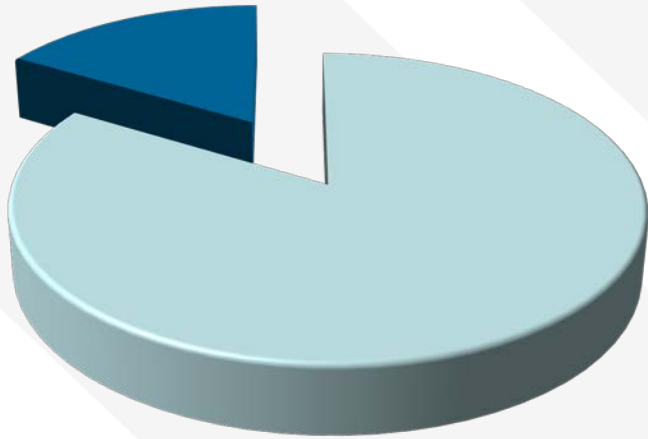
(million Euro)	2017	2016	Change %
Revenue	1,288.1	1,153.9	11.6
Gross Profit as % of revenue	905.4 70.3	793.0 68.7	14.2
SG&A Expenses as % of revenue	396.4 30.8	369.2 32.0	7.4
R&D Expenses as % of revenue	100.3 7.8	83.7 7.3	19.8
Other Income (Expense), net as % of revenue	(2.2) (0.2)	(12.6) (1.1)	(82.2)
Operating Income as % of revenue	406.5 31.6	327.4 28.4	24.1
Net Income as % of revenue	288.8 22.4	237.4 20.6	21.6

Full year 2017 results

Operating segments

Revenue

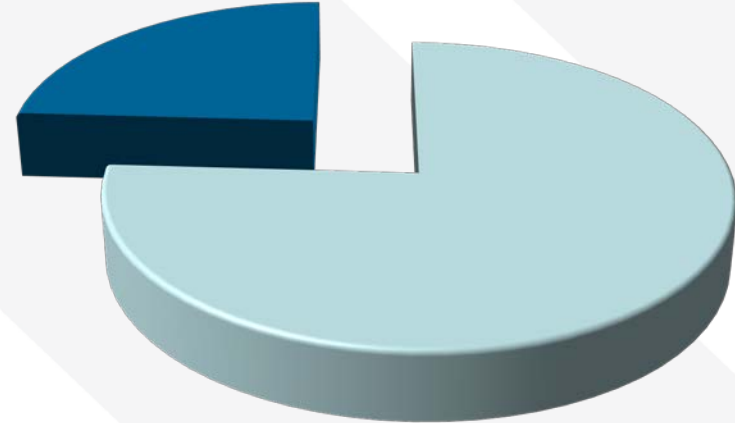
Treatments for rare diseases 16.4%



Primary & specialty care 83.6%

EBIT

Treatments for rare diseases 24.1%



Primary & specialty care 75.9%

EBIT margin on sales:

Treatments for rare diseases, 46.3%

Primary & Specialty care, 28.7%

Net financial position

(million Euro)	31 Dec 2017	31 Dec 2016	Change
Cash and short-term financial investments	302.1	138.5	163.6
Bank overdrafts and short-term loans	(16.6)	(15.7)	(0.9)
Loans – due within one year	(51.7)	(40.4)	(11.3)
Loans – due after one year	(615.6)	(281.1)	(334.4)
NET FINANCIAL POSITION	(381.8)	(198.8)	(183.0)

Financial projections - 2018 targets

- Sales to grow by 5% - 6% over 2017.
- On a like-for-like basis sales are expected to grow low single digit.
- Targets include an estimated net negative exchange rate effect of around 2% and an expected impact from generic competition of a further 2%.

Financial projections - 2018 targets

- Sales of the Zanidip® (lercanidipine)/Zanipress® (lercanidipine+enalapril) franchise expected to be in the € 175 -180 range in 2018.
- Urorec® (silodosin) sales in 2018 expected to grow mid-single digit to around € 100 million.
- Sales of Livazo® (pitavastatin) to grow by more than 10% in 2018.
- Sales of the Seloken®/Seloken® ZOK (metoprolol) and Logimax® (metoprolol+felodipine) franchise expected to be of around € 100 million.
- Initial sales of Reagila® (cariprazine) included in the 2018 targets.
- In 2018 sales of products for the treatment of rare diseases expected to grow high single digit at constant exchange rates.

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

Financial projections - 2019 plan

- Organic growth to continue in 2019 at a rate of around 3% - 5%.
- Margins to be achieved in 2018 are sustainable over the plan period.
- Ongoing development of current rare disease pipeline. New projects to be added.
- 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.
- Strong commitment to continue to make bolt on acquisitions in order to accelerate growth.

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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