



2018
Preliminary FY results



CONFERENCE CALL – 11 FEBRUARY 2019

Full year 2018 highlights

- Revenue € 1,352.2 million, up 5.0%
- EBITDA € 499.1 million or 36.9% of sales, up 9.8%
- Operating income (EBIT) € 442.2 million or 32.7% of sales, up 8.8%
- Net income € 312.4 million or 23.1% of sales, up 8.2%
- Net debt € 588.4 million, an increase of € 206.6 million as compared to year-end 2017, after share buy-back for an overall disbursement of € 169.8 million and dividends distributed for € 178.9 million. In addition, Natural Point S.r.l. and Tonipharm S.A.S. were acquired for a total value of € 148 million.
- Acquisition of the European and other market rights to Cystagon® from Mylan.
- Acquisition of Natural Point S.r.l. in Italy.
- Acquisition of Tonipharm S.A.S. in France.
- Initial launches of Reagila® (cariprazine) in Europe.
- Ledaga® (chlormethine) worldwide license obtained from Helsinn.
- Orphan drug designation granted by the E.C. to investigational product REC 0545 (treatment of MSUD) in Europe
- Orphan drug designation granted by FDA to investigational product REC 0559 (treatment of neurotrophic keratitis) in the U.S.A.

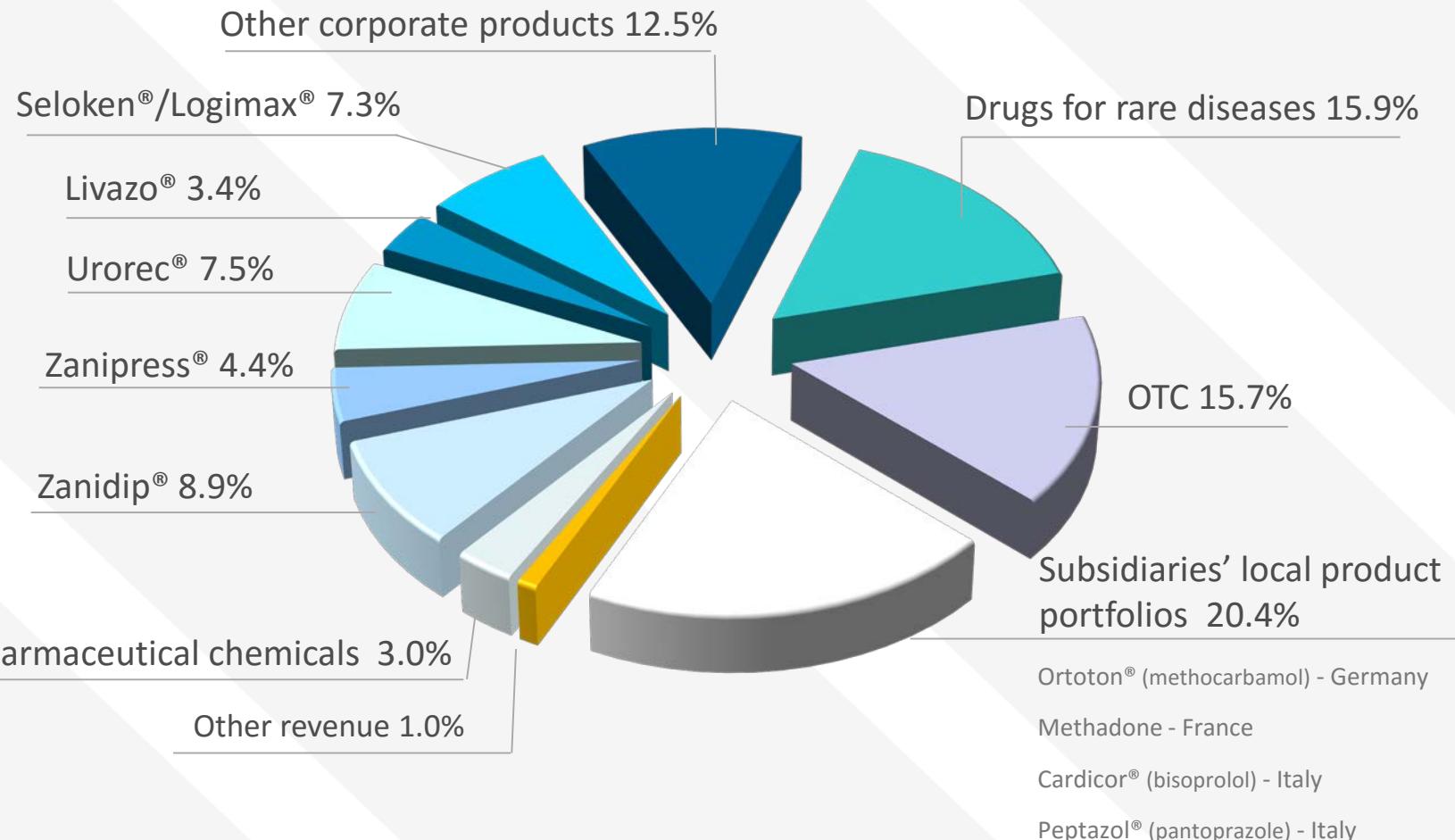
Main product sales

Corporate products including drugs for rare diseases account for 67,7% of revenue

(million Euro)	2018	2017	Change %
Zanidip® (lercanidipine)	120.8	120.6	0.1
Zanipress® (lercanidipine+enalapril)	59.4	69.2	(14.2)
Urorec® (silodosin)	101.1	92.8	9.0
Livazo® (pitavastatin)	46.4	39.2	18.3
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	98.9	47.0	n.s.
Other corporate products*	274.0	270.4	1.4
Drugs for rare diseases	214.8	211.2	1.7

* Include the OTC corporate products for an amount of € 105.2 million in 2018 and € 102.5 million in 2017 (+2.6%).

A diversified product portfolio



Data: Full year 2018

Total revenue € 1,352.2 m

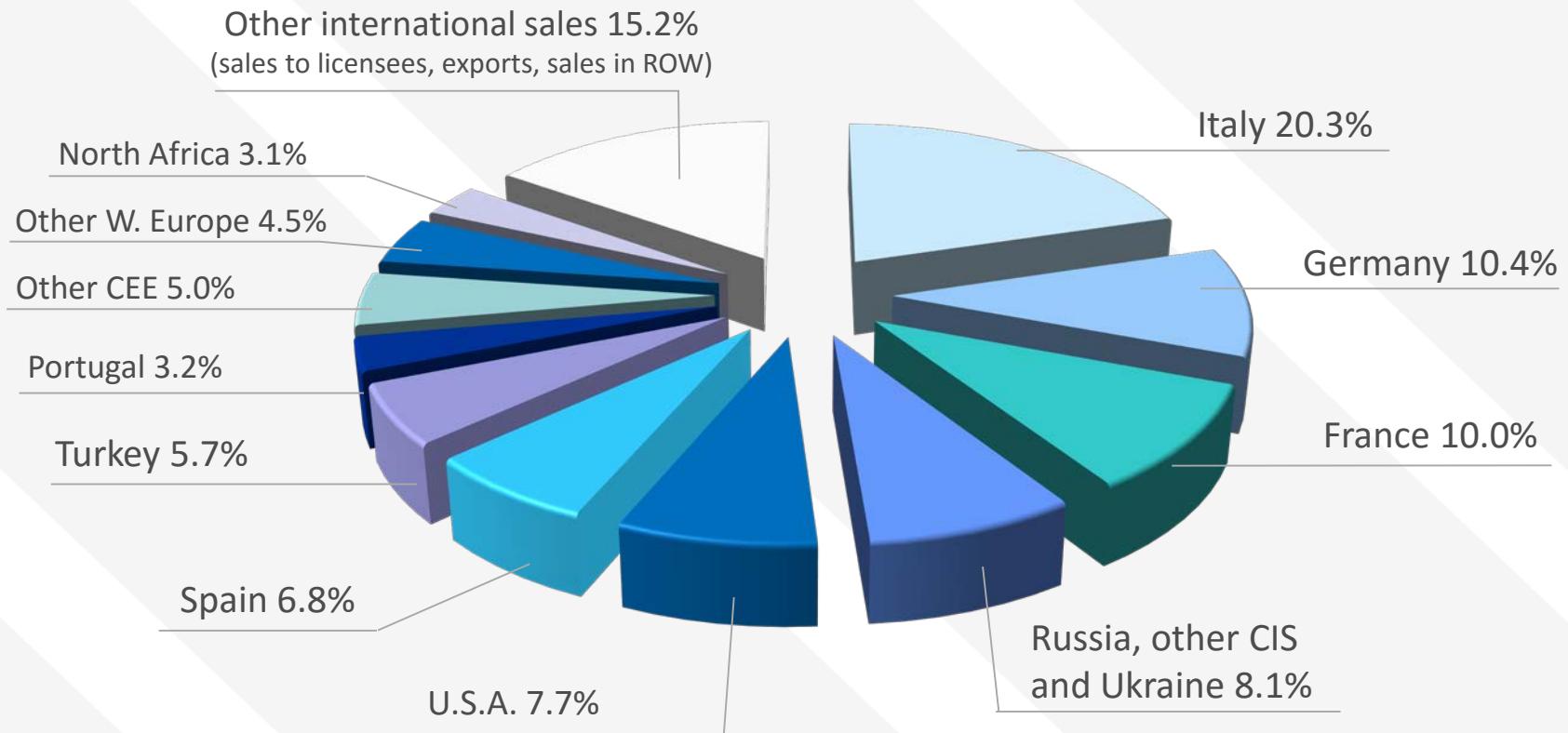
Composition of revenue by geography

(million Euro)	2018	2017	Change %
Italy	265.7	251.0	5.8
Germany	136.8	122.4	11.7
France	131.8	124.7	5.7
Russia, other CIS countries and Ukraine	105.6	107.0	(1.3)
U.S.A.	101.0	109.6	(7.8)
Spain	88.9	82.2	8.1
Turkey	75.0	86.0	(12.9)
Portugal	41.7	40.4	3.1
Other CEE countries	65.3	47.0	39.1
Other W. Europe countries	59.0	52.9	11.7
North Africa	40.7	38.9	4.6
Other international sales	200.2	185.0	8.2
TOTAL PHARMACEUTICALS	1,311.6	1,247.2	5.2
PHARMACEUTICAL CHEMICALS	40.7	40.9	(0.7)

(In local currency, millions)	2018	2017	Change %
Russia (RUB)	6,166.6	5,916.6	4.2
Turkey (TRY)	402.5	334.0	20.5
U.S.A. (USD)	123.4	127.6	(3.3)

Net revenues in local currency in Russia and in Turkey exclude sales of products for rare diseases. Sales in the U.S.A. include sales in Canada.

Geographical breakdown of pharmaceutical revenue



Data: Full year 2018

Pharmaceutical revenue € 1,311.6 m

Full year 2018 results

Further margin growth

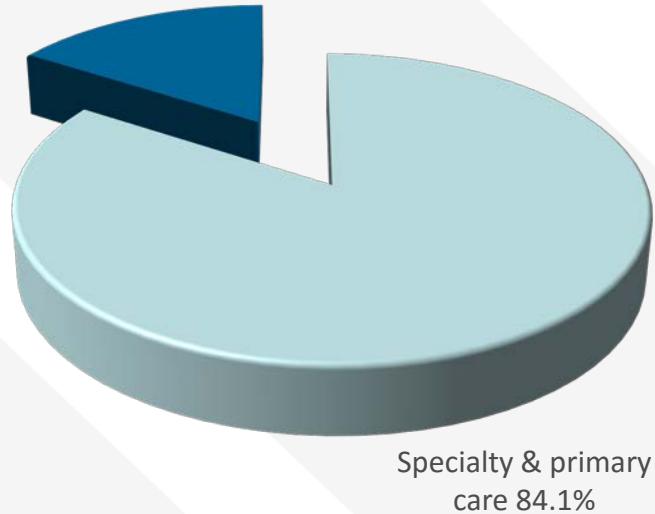
(million Euro)	2018	2017	Change %
Revenue	1,352.2	1,288.1	5.0
Gross Profit	956.7	905.4	5.7
as % of revenue	70.7	70.3	
SG&A Expenses	401.2	396.4	1.2
as % of revenue	29.7	30.8	
R&D Expenses	109.7	100.3	9.4
as % of revenue	8.1	7.8	
Other Income (Expense), net	(3.5)	(2.2)	57.4
as % of revenue	(0.3)	(0.2)	
Operating Income	442.2	406.5	8.8
as % of revenue	32.7	31.6	
Net Income	312.4	288.8	8.2
as % of revenue	23.1	22.4	
EBITDA	499.1	454.7	9.8
as % of revenue	36.9	35.3	

Full year 2018 results

Operating Segments

Revenue

Treatments for rare diseases 15.9%

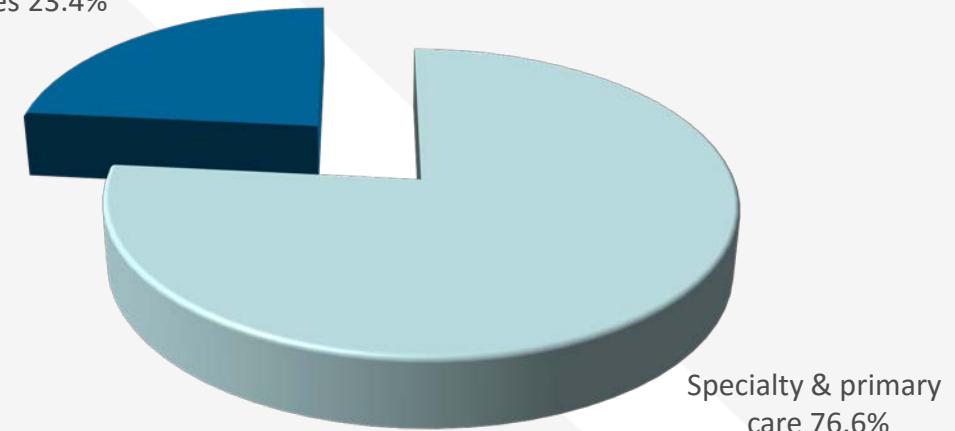


Margin on sales:

Treatments for rare diseases: EBITDA 50.5%, EBIT 48.1%
Specialty & primary care: EBITDA 34.3%, EBIT 29.8%

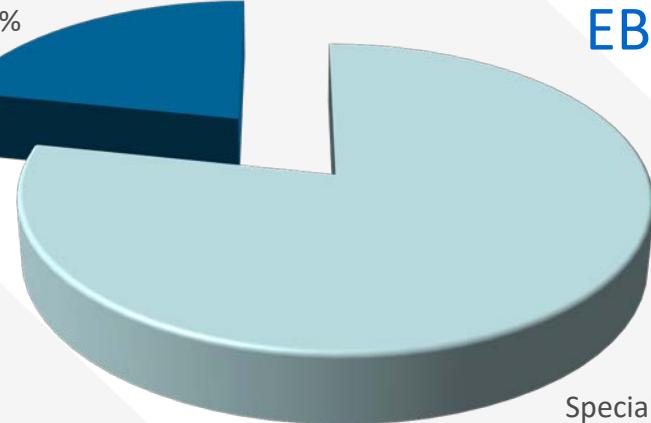
Treatments for rare diseases 23.4%

EBIT



Treatments for rare diseases 21.7%

EBITDA



Net financial position

(million Euro)	31 Dec 2018	31 Dec 2017	Change
Cash and short-term financial investments	198.0	302.1	(104.0)
Bank overdrafts and short-term loans	(16.9)	(16.6)	(0.3)
Loans – due within one year	(135.3)	(51.7)	(83.6)
Loans – due after one year	(634.2)	(615.6)	(18.7)
NET FINANCIAL POSITION	(588.4)	(381.8)	(206.6)

Financial projections

2019 targets - growth continues

(million Euro)	2018 Actual	2019 Targets
Revenue	1,352.2	1,430 - 1,450
EBITDA	499.1	520 - 530
Operating income (EBIT)	442.2	460 - 470
Net Income	312.4	330 - 335

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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