



# NEWS RELEASE

## **RECORDATI: 2008 ACCOUNTS APPROVED BY THE BOARD. NET INCOME + 18.3%. DIVIDEND PER SHARE €0.25.**

- *2008 results: Consolidated revenue € 689.6 million (+9.7%), operating income (EBIT) € 144.7 million (+ 10.1%), net income € 100.4 million (+ 18.3%).*
- *Dividend proposed: € 0.25 per share, an increase of 16.3% over dividend paid last year. Overall dividend € 49.3 million.*
- *Targets for 2009: Revenue around € 750 million, EBIT around € 155 million, Net Income around € 105 million .*

Milan, 3 March 2009 - Recordati's Board of Directors approved the consolidated financial statements for the year 2008 as well as Recordati S.p.A.'s accounts.

### **Consolidated financial highlights**

- **Consolidated revenue** is € 689.6 million, an increase of 9.7% over the preceding year. Pharmaceutical sales are €658.4 million, an increase of 10.8% and include the Orphan Europe group of companies acquired at the end of 2007. The growth is to be attributed to international pharmaceutical sales which are up 17.7% while sales in Italy are down by 2.8% due to a negative price effect. Pharmaceutical chemicals sales are €31.2 million, down by 8.2%.
- **Operating income**, at 21.0% of sales, is € 144.7 million, an increase of 10.1% over the preceding year. Gross margin reached 67.8% of sales due to a favourable product mix. R&D expenses grow by 19.8% and now stand at 8.5% of sales.
- **Net income**, is € 100.4 million, an increase of 18.3%, more than the increase in operating income thanks to a lower tax rate.
- The **net financial position\*** at 31 December 2008 is a net debt of €81.0 million, a reduction of € 16.2 million compared to that at 31 December 2007. **Shareholders' equity** further increased and is €445.7 million.

\* Cash and short-term financial investments net of bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives (fair value hedge).

### **2008 company development highlights**

The main events and transactions completed in 2008, and which are significant for the future growth of the group, are described below.

- First and foremost, in March the mutual recognition process for the approval throughout the European Union of Recordati's new antihypertensive specialty based on a fixed combination of lercanidipine and enalapril, the main brand being Zanipress®, was completed. Germany acted as Reference Member State and the 28 Concerned Member States decided to recognize the approval of this new product in its two dosage forms containing lercanidipine 10mg/enalapril 10mg and lercanidipine 10mg/enalapril 20mg. The product is already on the market in Germany as from 2007 and sales are growing. During May it was launched in Australia and in

December it was launched in Ireland, Denmark and Finland. Launches in the other main European countries will initiate gradually as from the beginning of 2009. This product, which is designed to meet the requirements of the modern guidelines for the treatment of hypertension, represents an important opportunity for the group to further develop its lercanidipine business, also in view of the compound's patent expiry in the main European countries at the beginning of 2010.

- During January an exclusive license agreement was signed with a subsidiary of Watson Pharmaceuticals, Inc. for the marketing and sale in 29 European countries of Kentera®, a bi-weekly oxybutynin transdermal patch indicated for the symptomatic treatment of urge incontinence and/or increased urinary frequency and urgency as may occur in patients with overactive bladder. The incidence of micturition disorders, and overactive bladder (OAB) in particular, is increasing in the industrialized world. However, OAB remains under-diagnosed and under-treated. Therefore, there is a significant potential for growth in this market for products with proven efficacy and improved tolerability.
- In February a semi-exclusive licensing agreement was entered into with Menarini, an Italian pharmaceutical group, for the marketing and sales in France and in Greece of frovatriptan, a medicine belonging to the triptan group of drugs indicated for the acute treatment of migraine attacks with or without aura. Frovatriptan is a selective 5HT<sub>1B/1D</sub> receptor agonist and is distinguished from other triptans by its long half-life (26 hours) which ensures long-lasting clinical efficacy and reduces the recurrence rate of migraine attacks.
- In March the French companies FIC and FIC Médical which are dedicated to the registration and the promotion of pharmaceutical products on behalf of third party companies in Russia and other countries belonging to the Commonwealth of Independent States (C.I.S.) were acquired. FIC Médical, headquartered in Paris, is present in Russia, Ukraine, Kazakhstan, Belarus, Azerbaijan, Georgia and Armenia. FIC Médical's organization will be the base upon which Recordati will develop and reinforce its presence in these new growing markets through the launch of new original products.
- In October a new agreement with Kowa Pharmaceutical Europe (KPE) for the marketing and sales of pitavastatin in France, Spain, Portugal, Greece, Ireland, Cyprus, Turkey, Russia and other C.I.S. countries, as well as in Italy, was signed. Pitavastatin is a novel "statin" for the treatment of hypercholesterolaemia. The request for approval dossier was submitted by KPE at the end of August in 7 of the EU countries covered by the agreement using the decentralized procedure (DCP). Seeking approval in the remaining countries will be Recordati's responsibility. Launch by Recordati in the territories covered by the new agreement is expected to take place as from the second half 2010
- Towards the end of November Recordati submitted a marketing approval authorization (MAA) request for silodosin, a new compound indicated for the treatment of the signs and symptoms of benign prostatic hyperplasia (BPH), to the EMEA (European Medicines Evaluation Agency). This submission will follow the centralized approval procedure with the British MHRA acting as Rapporteur and the Italian AIFA as Co-Rapporteur. Approval is expected in the first half 2010 and the product launch could take place by end 2010 or beginning 2011. Benign prostatic hyperplasia (enlargement of the prostate), characterized by urination difficulties, is increasing due to the progressive ageing of the population.
- In December the acquisition of Yeni İlaç, a Turkish pharmaceutical company with headquarters near Istanbul, was completed. Founded in 1927, Yeni İlaç is a well known

Turkish pharmaceutical company dedicated to the production, marketing and sales of both proprietary and licensed drugs. Its products are well known and the company has a leading market position in the area of urology. The company is also engaged in contract manufacturing for other pharmaceutical companies. Recordati has been present in Turkey for some time through licensing agreements with local companies which have allowed it to assert its original products in this market. Furthermore, combination products are well accepted for the treatment of hypertension in Turkey. This is a strategic area for Recordati which will be launching its own product combining lercanidipine with enalapril in 2009.

### **First two months 2009**

- In January 2009 the acquisition of Herbacos-Bofarma, a Czech pharmaceutical company with headquarters in Pardubice, was concluded. The price paid of around €19 million was funded from existing liquidity. Herbacos-Bofarma is a well known pharmaceutical company operating in the Czech and Slovak markets with a significant portfolio of medicines in various therapeutic classes. Individual brands have a strong position in particular market segments. Herbacos-Bofarma employs 100 personnel, of which a sales and marketing network of 35 employees. The company is very solid financially. Sales have increased consistently over recent years and in 2008 are around €12 million. The company's EBITDA margin is in line with that of the group.
- Group sales in the first two months of 2009 are substantially in line with our expectations for the full year which are to achieve revenues of around €750 million, operating income of around €155 million and net income of around €105 million.

### **Dividend**

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of €0.25 per share (€0.215 per share last year) to be paid to all shares outstanding, excluding those in treasury stock, as from 23 April 2009 (trading ex-dividend as of 20 April 2009). This per share dividend includes the accretion deriving from the dividend which would have been due to the shares in treasury stock. The total dividend proposed amounts to €49.3 million, as compared with the total dividend for the preceding year which was of €42.2 million.

### **Other Board resolutions**

The Board also resolved to submit to the Annual Shareholders' Meeting the following proposals:

- to renew the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' meeting convened to approve the 2009 accounts.

The proposal to renew the authorization to buy back and dispose of Recordati shares would continue granting the Board the possibility of using shares for equity acquisitions or as consideration for strategic agreements; of allowing the company to invest in its own shares; and of servicing current and future stock option plans with existing rather than new shares. The company would be allowed to purchase up to 20,000,000 Recordati existing ordinary (common) shares, which includes those shares held in Treasury stock at any given time, for a maximum cash outlay of €120,000,000 million. The purchase price must be at least equal to the shares' nominal value (€0.125) and must not exceed the average official Stock Exchange price recorded over the 5 trading days prior to the transaction, plus 5%. Possible purchases must comply with the Issuers' Regulations. The company currently has 11,472,355 shares in Treasury stock which amounts to

5.5021% of the current share capital.

The Board also approved the Corporate Governance Report for the year 2008.

### Annual Meeting of Shareholders

The Board of Directors convened the Annual Shareholders' Meeting to be held on first call on 7 April 2009, at 10.00 a.m., and on second call on 10 April 2009, at 10.00 a.m., at the company's registered offices. Shareholders will be called upon to:

- approve the 2008 accounts and the dividend to be distributed;
- renew the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' meeting convened to approve the 2009 accounts.

*Recordati, established in 1926, is a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), with a total staff of over 2,900, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. It has headquarters in Milan, Italy, operations in the main European countries, and a growing presence in the new markets of Central and Eastern Europe. A European field force of over 1,400 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's current and growing coverage of the European pharmaceutical market makes it a partner of choice for new product licenses from companies which do not have European marketing organizations. Recordati is committed to the research of new drug entities within the cardiovascular and urogenital therapeutic areas in which its research team has proven scientific competence and a track record of discovery and development of original drugs, the most recent of which, lercanidipine, a latest generation calcium channel blocker for the treatment of hypertension, is the company's leading product. Consolidated revenue for 2008 was € 689.6 million, operating income was € 144.7 million and net income was € 100.4 million.*

For further information:

Recordati website: [www.recordati.com](http://www.recordati.com)

Investor Relations

Marianne Tatschke  
(39)0248787393

e-mail: [inver@recordati.it](mailto:inver@recordati.it)

Media Relations

Claudio Rossetti (Echo Comunicazione d'Impresa)  
(39)02 62694736

e-mail: [crossetti@echocom.it](mailto:crossetti@echocom.it)

*Statements contained in this release, 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 GROUP**

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

<b>INCOME STATEMENT</b>	2008	2007	Change %
REVENUE	689,634	628,435	9.7
Cost of sales	(222,196)	(206,350)	7.7
<b>GROSS PROFIT</b>	<b>467,438</b>	<b>422,085</b>	<b>10.7</b>
Selling expenses	(214,245)	(202,043)	6.0
Research and development expenses	(58,860)	(49,122)	19.8
General & administrative expenses	(39,372)	(33,927)	16.0
Other income (expenses), net	(10,231)	(5,497)	n.s.
<b>OPERATING INCOME</b>	<b>144,730</b>	<b>131,496</b>	<b>10.1</b>
Financial income (expenses), net	(6,584)	(4,071)	61.7
<b>PRE-TAX INCOME</b>	<b>138,146</b>	<b>127,425</b>	<b>8.4</b>
Provision for income taxes	(37,717)	(42,560)	(11.4)
<b>NET INCOME</b>	<b>100,429</b>	<b>84,865</b>	<b>18.3</b>
Attributable to:			
Equity holders of the parent	100,424	84,865	18.3
Minority interests	5	0	n.s.

<b>EARNINGS PER SHARE</b>	2008	2007	Change %
Basic	€0.511	€0.427	19.7
Diluted	€0.501	€0.417	20.1

Earnings per share (EPS) are based on average shares outstanding during each year, 196,667,301 in 2008 and 198,557,743 in 2007, net of average treasury stock which amounted to 11,472,355 in 2008 and 8,495,866 in 2007. Diluted earnings per share is calculated taking into account new shares authorized but not yet issued.

Pending completion of independent and statutory audits.

**RECORDATI GROUP**

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)

(thousands of €)

<b>ASSETS</b>	31.12.2008	31.12.2007
Property, plant and equipment	57,969	68,006
Intangible assets	92,635	90,521
Goodwill	289,822	239,903 *
Equity investments	7,532	3,115
Non-current receivables	5,199	6,661 *
Deferred tax assets	22,650	21,324 *
<b>TOTAL NON-CURRENT ASSETS</b>	<b>475,807</b>	<b>429,530</b>
Inventories	83,087	74,737
Trade receivables	137,015	134,454
Other receivables	22,741	30,284 *
Other current assets	2,346	3,247
Short-term financial investments, cash and cash equivalents	94,951	89,382
<b>TOTAL CURRENT ASSETS</b>	<b>340,140</b>	<b>332,104</b>
<b>TOTAL ASSETS</b>	<b>815,947</b>	<b>761,634</b>
<b>EQUITY AND LIABILITIES</b>	31.12.2008	31.12.2007
Share capital	26,063	25,981
Capital in excess of par value	81,320	78,952
Treasury stock	(59,103)	(59,103)
Hedging reserve	(2,532)	(113)
Translation reserve	(7,096)	(3,384)
Other reserves	25,733	25,529
Retained earnings	280,920	237,876
Net income for the year	100,424	84,865
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>445,729</b>	<b>390,603</b>
Minority interest	13	8
<b>SHAREHOLDERS' EQUITY</b>	<b>445,742</b>	<b>390,611</b>
Loans due after one year	81,409	77,250
Employees' termination pay	19,624	20,431
Deferred tax liabilities	7,399	9,681 *
Other non-current liabilities	3,189	5,965 *
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>111,621</b>	<b>113,327</b>
Trade payables	88,598	80,343
Other payables	47,147	41,765 *
Tax liabilities	10,278	15,762
Other current liabilities	385	346
Provisions	15,094	10,076
Fair value of hedging derivatives (cash flow hedge)	2,532	113
Fair value of hedging derivatives (fair value hedge)	1,505	7,556
Loans due within one year	2,201	2,939
Bank overdrafts and short term loans	90,844	98,796
<b>TOTAL CURRENT LIABILITIES</b>	<b>258,584</b>	<b>257,696</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>815,947</b>	<b>761,634</b>

\* Restated to include final Orphan Europe goodwill allocation.  
Pending completion of independent and statutory audits.

**RECORDATI S.P.A.**

Summary of results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

	2008	2007	Var. %
Net revenue	248,872	259,745	(4.2)
Operating income	44,701	60,473	(26.1)
Pre-tax income	67,097	68,050	(1.4)
Net income	52,945	50,376	5.1

	31.12.2008	31.12.2007
Non-current assets	356,054	301,032
Current assets	201,809	221,743
Total assets	557,863	522,775
Shareholders' equity	273,161	261,842
Non-current liabilities	95,372	92,116
Current liabilities	189,330	168,817
Total liabilities and Shareholders' equity	557,863	522,775

Pending completion of independent and statutory audits.

## **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 press release corresponds to the document results, books and accounting records.