



# NEWS RELEASE

## **RECORDATI: POSITIVE FIRST QUARTER 2010 RESULTS, SALES AND INCOME INCREASE. THREE YEAR BUSINESS PLAN UPDATED.**

- Consolidated revenue € 185.9 million, + 1.2%.
- Pharmaceutical revenue € 179.6 million, + 1.6%.
- Operating income € 43.1 million, + 6.0%.
- Net income € 30.0 million, + 8.5%.
- Net financial position\*: net debt of € 2.6 million.
- Urorec<sup>®</sup>/Silodyx<sup>®</sup> (silodosin) approved by the European Medicines Agency (E.M.A.) in Europe.
- Carbaglu<sup>®</sup> (carglumic acid) approved by the FDA in the U.S..
- Agreement with Leespharm for the marketing and sales of lercanidipine in China.
- Subsequent events: Agreement with Esteve for the marketing and sales of pitavastatin in Spain.
- 2010-2012 Business Plan updated.

Milan, 6 May 2010 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first quarter 2010 prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and in particular as per IAS 34 requirements for interim reporting. These financial statements are available at the company's offices, at Borsa Italiana S.p.A. and on the company's website:

[http://www.recordati.com/rec\\_en/investors/reports/](http://www.recordati.com/rec_en/investors/reports/)

Recordati presents its First quarter 2010 results and its updated 2010-2012 Business Plan, which was approved by the Board of Directors, to the financial community and specialized press today at 4.00 pm at Borsa Italiana. The complete presentation will be placed on the company's website at the following address:

[http://www.recordati.com/rec\\_en/investors/presentations/](http://www.recordati.com/rec_en/investors/presentations/)

### **Financial highlights**

- **Consolidated revenue** in the first quarter of 2010 is €185.9 million, an increase of 1.2% over the same period of the preceding year. Pharmaceutical sales are €179.6 million, an increase of 1.6% despite the expiry in January of the composition of matter patent covering lercanidipine in the main European countries. Pharmaceutical chemicals sales are €6.2 million, down by 9.5%.
- **Operating income**, at 23.2% of sales, is €43.1 million, an increase of 6.0% over the same period of the preceding year. R&D expenses grow by 7.4% reaching 8.8% of sales.
- **Net income** is €30.0 million, an increase of 8.5%, higher than that recorded by operating income thanks to lower financial expenses.
- **Net financial position\*** at 31 March 2010 records net debt of €2.6 million, a reduction of €17.2 million as compared to 31 December 2009. Shareholders' equity increased to €542.0 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).

### **Business development news**

At the end of January Recordati was granted Marketing Authorization by the European Commission for the medicinal products Urorec<sup>®</sup> and Silodyx<sup>™</sup> 4 mg, 8 mg, hard capsules, intended for treatment of the signs and symptoms of benign prostatic hyperplasia (BPH). Following national post-authorization procedures, as relevant, product launch could begin as from September 2010.

Also in January an agreement was finalized with Novartis for the acquisition in Greece and in other European countries of Lopresor<sup>®</sup> (metoprololo), a well known selective beta blocker for the treatment of different cardiovascular disorders, in particular hypertension and angina pectoris. Under the agreement Recordati acquires the product's marketing authorizations and know-how including manufacturing rights and a free unlimited license for the use of the brand Lopresor<sup>®</sup>. 2009 sales of Lopresor<sup>®</sup> (metoprolol) in the countries covered by the agreement were overall €4 million, most of which were generated in Greece.

In March Recordati received approval by the Food and Drug Administration (FDA) in the U.S. of the NDA submitted by Orphan Europe for the use of Carbaglu<sup>®</sup> (carglumic acid) in pediatric and adult patients for the treatment of acute hyperammonaemia due to the deficiency of the hepatic enzyme N-acetyl glutamate synthase (NAGS deficiency) and as maintenance therapy for chronic hyperammonaemia due to NAGS deficiency.

Also during March a license agreement was signed with Lee's Pharmaceutical Holding Ltd for the sales and marketing of Zanidip<sup>®</sup> (lercanidipine) in the People's Republic of China.

### **Subsequent events and business outlook**

In April Recordati signed a license agreement with Esteve, a leading pharmaceutical company in the Spanish market, for the marketing and sales in Spain of pitavastatin. Pitavastatin is a novel "statin" for the treatment of hypercholesterolemia. Esteve will co-market the product together with Recordati España, the Spanish subsidiary of the Recordati group. The drug is currently being evaluated by the UK Medicines and Healthcare products Regulatory Agency (MHRA), and is expected to be approved in Europe in the second half of 2010.

### **Business plan update**

The development of the Recordati group will continue to be focused on the European pharmaceutical markets, both in Western and the emerging CEE countries. The group will develop its business through the growth of its product portfolio, which includes the launch of products filed for approval, the acquisition of new product licenses, the enhancement of its pipeline of products in development and by entering new markets.

Assumptions:

- Following the expiry of lercanidipine's patent in the main European countries during January 2010 it is expected that sales of this product will diminish progressively over the 2010-2012 period to approximately € 100 million and remain relatively stable thereafter. Sales of Zanipress<sup>®</sup> (lercanidipine+enalapril) will grow in line with expectations in the countries where already launched. Its launch in Italy is expected to take place at the beginning of 2011 and progressively in all countries where Zanidip<sup>®</sup> (lercanidipine) is currently sold. Sales of Zanipress<sup>®</sup> are targeted at approximately €70 million by 2012 with further growth expected thereafter.

- The launch of Urorec<sup>®</sup> (silodosin), a new specialty indicated for the treatment of the symptoms of benign prostatic hyperplasia (BPH), will initiate progressively as from September 2010. Marketing authorization for Livazo<sup>®</sup> (pitavastatin) is expected to be granted in the third quarter 2010 and launches will be effected progressively in European markets during 2011.

Excluding the contribution of further acquisitions which may be completed within the period under analysis, our financial performance expectations for the 2010-2012 period are the following:

- For the full year 2010 revenues to exceed €700 million, operating income to exceed €140 million and net income to exceed €95 million are expected.
- Targets for 2011: revenues of €730 to 740 million, operating income of €145 to 150 million and net income of €100 to 102 million.
- Targets for 2012: revenues of €780 to 800 million, operating income of €155 to 160 million and net income of €110 to 112 million.

### Management comments

“The results of the first quarter and the Business Plan that we have just presented confirm the potential of our product portfolio and the ability to maintain a good level of profitability in the medium term despite market competition from generic versions of our important product lercanidipine” declared Giovanni Recordati, Chairman and Chief Executive Officer. “We will continue with our policy to acquire new products to develop as well as new geographical presence in order to add impetus to both sales and profits growth.”

### Conference Call

A simultaneous translation into English of the proceedings, which will start at 4.00 pm, is available via conference call. Dial-in numbers and access ID are:

Italy	+39 02 36005955
UK	+44 (0) 1452587427
USA	+18665516755
France	+33 (0) 170751217
Germany	+49 (0) 6922227071

ID to access the call in the English language: 71717137

A set of slides which will be referred to during the call will be available on our website [www.recordati.com](http://www.recordati.com) under Investors/Company Presentations:  
[http://www.recordati.com/rec\\_en/investors/presentations/](http://www.recordati.com/rec_en/investors/presentations/)

Callers are invited to dial-in 10 minutes before conference time and provide the **conference ID 71717137**. If conference operator assistance is required during the connection please digit \* followed by 0 or call +44 1452 569 034. A recording of the conference call will be subsequently placed on the website: [http://www.recordati.com/rec\\_en/investors/presentations/](http://www.recordati.com/rec_en/investors/presentations/)

*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 2,800, 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 around 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 and development of new drug entities within the cardiovascular and urogenital therapeutic areas and of treatments for rare diseases. Consolidated revenue for 2009 was € 747.5 million, operating income was € 162.2 million and net income was € 110.6 million.*

For further information:

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*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>	First quarter 2010	First quarter 2009	Change %
REVENUE	185,856	183,687	1.2
Cost of sales	(59,699)	(60,158)	(0.8)
GROSS PROFIT	126,157	123,529	2.1
Selling expenses	(55,323)	(54,857)	0.8
Research and development expenses	(16,428)	(15,300)	7.4
General & administrative expenses	(10,433)	(10,918)	(4.4)
Other income (expenses), net	(898)	(1,819)	(50.6)
OPERATING INCOME	43,075	40,635	6.0
Financial income (expenses), net	(780)	(1,451)	(46.2)
PRE-TAX INCOME	42,295	39,184	7.9
Provision for income taxes	(12,321)	(11,565)	6.5
NET INCOME	29,974	27,619	8.5
Attributable to:			
Equity holders of the parent	29,974	27,618	8.5
Minority interests	0	1	(100.0)

<b>EARNINGS PER SHARE</b>	First quarter 2010	First quarter 2009	Change %
Basic	€0.152	€0.140	8.6
Diluted	€0.144	€0.136	5.9

Earnings per share (EPS) are based on average shares outstanding during each year, 197,652,801 in 2010 and 197,035,301 in 2009, net of average treasury stock which amounted to 11,472,355 in both years. Diluted earnings per share is calculated taking into account new shares authorized but not yet issued.

<b>COMPOSITION OF REVENUE</b>	First quarter 2010	First quarter 2009	Change %
Pharmaceuticals	179,627	176,804	1.6
Pharmaceutical chemicals	6,229	6,883	(9.5)
TOTAL	185,856	183,687	1.2
- of which International	129,419	128,165	1.0

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(thousands of €)

<b>ASSETS</b>	31.3.2010	31.12.2009
Property, plant and equipment	53,908	55,381
Intangible assets	110,022	96,512
Goodwill	306,228	303,653
Equity investments	3,723	3,716
Non-current receivables	3,840	3,804
Deferred tax assets	19,380	21,793
<b>TOTAL NON-CURRENT ASSETS</b>	<b>497,101</b>	<b>484,859</b>
Inventories	88,265	86,627
Trade receivables	142,302	132,621
Other receivables	18,723	22,990
Other current assets	4,764	2,607
Fair value of hedging derivatives (fair value hedge)	1,190	0
Short-term financial investments, cash and cash equivalents	87,633	93,775
<b>TOTAL CURRENT ASSETS</b>	<b>342,877</b>	<b>338,620</b>
<b>TOTAL ASSETS</b>	<b>839,978</b>	<b>823,479</b>

<b>EQUITY AND LIABILITIES</b>	30.9.2009	31.12.2008
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(59,103)	(59,103)
Hedging reserve	(5,293)	(4,040)
Translation reserve	(2,269)	(6,178)
Other reserves	25,432	25,025
Retained earnings	443,396	332,836
Net income for the period	29,974	110,560
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>541,997</b>	<b>508,960</b>
Minority interest	19	19
<b>SHAREHOLDERS' EQUITY</b>	<b>542,016</b>	<b>508,979</b>
Loans due after one year	83,260	79,990
Employees' termination pay	19,556	19,895
Deferred tax liabilities	5,646	5,661
Other non-current liabilities	5,704	6,179
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>114,166</b>	<b>111,725</b>
Trade payables	89,057	81,751
Other payables	47,211	48,406
Tax liabilities	14,390	12,555
Other current liabilities	654	517
Provisions	19,071	21,978
Fair value of hedging derivatives (cash flow hedge)	5,293	4,040
Fair value of hedging derivatives (fair value hedge)	0	2,257
Loans due within one year	1,816	2,419
Bank overdrafts	6,304	28,852
<b>TOTAL CURRENT LIABILITIES</b>	<b>183,796</b>	<b>202,775</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>839,978</b>	<b>823,479</b>

**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.