

RECORDATI ANNOUNCES SALES AND MARGIN GROWTH IN THE FIRST QUARTER 2018. REVENUES +7.2%, OPERATING INCOME +12.4%, NET INCOME +10.3%.

- Consolidated revenues € 366.5 million, +7.2%.
- EBITDA ⁽¹⁾ € 134.4 million, +14.2%
- Operating income € 120.5 million, +12.4%.
- Net income € 86.6 million, +10.3%.
- Net financial position ⁽²⁾: net debt of € 484.6 million.
- Shareholders' equity € 933.1 million.

Milan, 8 May 2018 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first quarter of 2018 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 will be available today at the company's offices and on the company's website www.recordati.com and can also be viewed on the authorized storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated revenues** in the first quarter of 2018 are € 366.5 million, up by 7.2% compared to the same period of the preceding year. International sales grow by 8.4%.
- **EBITDA** ⁽¹⁾, at 36.7% of sales, is € 134.4 million, an increase of 14.2% over the same period of the preceding year.
- **Operating income**, at 32.9% of sales, is € 120.5 million, an increase of 12.4%.
- **Net income**, at 23.6% of sales, is € 86.6 million, an increase of 10.3% over the first quarter of 2017.
- **Net financial position** ⁽²⁾ at 31 March 2018 records a net debt of € 484.6 million compared to net debt of € 381.8 million at 31 December 2017. During the period own shares were purchased for an overall disbursement of € 169.8 million. **Shareholders' equity** is € 933.1 million.

⁽¹⁾ Operating income before depreciation, amortization and write down of both tangible and intangible assets.

⁽²⁾ Cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

Management Comments

“The financial results obtained in the first quarter of the year confirm the continued growth of the Group, with further improvement of its profitability”, declared Andrea Recordati, CEO. “At the beginning of April an agreement with Mylan for the acquisition of the rights to Cystagon® (cysteamine bitartrate), indicated for the treatment of proven nephropathic cystinosis in children and adults, for Europe and other territories, was concluded. The product was previously commercialized by Orphan Europe (a Recordati group company) under license from Mylan. The definitive acquisition of the rights allows us to continue offering this life-saving treatment to patients,” continued Andrea Recordati. “The growth of

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Group's business continued during April and for the full year 2018, we confirm the objective to achieve sales ranging from € 1,350 million to € 1,370 million, EBITDA of between € 490 and € 500 million, EBIT of between € 430 and 440 million and net income of between € 310 and 315 million."

Resignation of Mr. Marco Vitale as Chairman and member of the Audit, Risk and Sustainability Committee

The Company informs that yesterday, 7 May 2018, it received a letter from Professor Marco Vitale announcing his resignation from the appointment as Chairman and member of the Audit, Risk and Sustainability Committee. Professor Vitale maintains his appointment as member of the Board of Directors of the Company. During today's meeting, the Board of Directors, taking note of said resignation, proceeded to nominate, with effect from the current date, Mrs. Michaela Castelli – a member of the Audit, Risk and Sustainability Committee – as Chairman, and Mrs. Rosalba Casiraghi, as new member of the Committee. As from today's date, therefore, the Audit, Risk and Sustainability Committee is thus composed: Michaela Castelli (Chairman), Elisa Corghi and Rosalba Casiraghi. All three are independent and non executive members of the Board of Directors.

The Chairman, in the name of the Board of Directors, thanks Professor Vitale for his contribution to the proceedings of the Audit, Risk and Sustainability Committee of which he has been Chairman since 2001.

Conference call

Recordati will be hosting a *conference call* **today 8 May 2018** at 4.00 pm Italian time (3.00 pm London time, 10.00 am New York time). The dial-in numbers are:

Italy	+39 02 8058811, toll free 800 213 858
UK	+44 1 212818003, toll free 800 0156384
USA	+1 718 7058794, toll free 855 2656959
France	+33 170918703
Germany	+49 69 255114451

Callers are invited to dial-in 10 minutes before conference time. If conference operator assistance is required during the connection, please digit * followed by 0 or call +39 02 8061371. A recording of the conference call will be placed on the website www.recordati.com.

A set of slides which will be referred to during the call will be available on our website www.recordati.com under Investors/Company Presentations.

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, other Central and Eastern European countries, Turkey, North Africa, the United States of America, Canada, Mexico and in some South American countries. 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 was € 1,288.1 million, operating income was € 406.5 million and net income was € 288.8 million.

For further information:

Recordati website: www.recordati.com

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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 €)

INCOME STATEMENT	First Quarter 2018	First Quarter 2017	Change %
REVENUE	366,500	341,940	7.2
Cost of sales	(109,288)	(105,809)	3.3
GROSS PROFIT	257,212	236,131	8.9
Selling expenses	(91,687)	(88,621)	3.5
Research and development expenses	(27,664)	(23,167)	19.4
General & administrative expenses	(16,372)	(17,133)	(4.4)
Other income (expenses), net	(958)	61	n.s.
OPERATING INCOME	120,531	107,271	12.4
Financial income (expenses), net	(4,856)	(1,784)	172.2
PRE-TAX INCOME	115,675	105,487	9.7
Provision for income taxes	(29,083)	(26,972)	7.8
NET INCOME	86,592	78,515	10.3
Attributable to:			
Equity holders of the parent	86,580	78,505	10.3
Minority interests	12	10	20.0

EARNINGS PER SHARE	First Quarter 2018	First Quarter 2017	Change %
Basic	€ 0.417	€ 0.382	9.2
Diluted	€ 0.414	€ 0.375	10.4

Earnings per share (EPS) are based on average shares outstanding during each year, 207,417,146 in 2018 and 205,512,000 in 2017, net of average treasury stock which amounted to 1,708,010 shares in 2018 and to 3,613,156 shares in 2017. Diluted earnings per share is calculated taking into account stock options granted to employees.

COMPOSITION OF REVENUE	First Quarter 2018	First Quarter 2017	Change %
Total revenue	366,500	341,940	7.2
Italy	78,926	76,723	2.9
International	287,574	265,217	8.4

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ASSETS	31.03.2018	31.12.2017
Property, plant and equipment	101.070	103,009
Intangible assets	541.731	540,565
Goodwill	535.497	539,871
Equity investments	24.199	24,171
Non-current receivables	5.652	5,944
Deferred tax assets	71.358	69,162
TOTAL NON-CURRENT ASSETS	1.279.507	1,282,722
Inventories	181.316	179,100
Trade receivables	279.307	244,117
Other receivables	21.930	39,730
Other current assets	10.702	4,836
Fair value of hedging derivatives (cash flow hedge)	739	3,825
Short-term financial investments, cash and cash equivalents	198.820	302,077
TOTAL CURRENT ASSETS	692.814	773,685
TOTAL ASSETS	1.972.321	2,056,407
EQUITY AND LIABILITIES	31.03.2018	31.12.2017
Share capital	26,141	26,141
Capital in excess of par value	83,709	83,719
Treasury stock	(184,867)	(17,029)
Hedging reserve	(7,277)	(5,867)
Translation reserve	(135,393)	(124,004)
Other reserves	41,535	40,684
Retained earnings	1,109,949	822,154
Net income for the period	86,580	288,762
Interim dividend	(87,470)	(87,470)
GROUP SHAREHOLDERS' EQUITY	932,917	1,027,090
Minority interest	159	147
SHAREHOLDERS' EQUITY	933,076	1,027,237
Loans due after one year	598,014	612,462
Employees' termination pay	20,976	21,093
Deferred tax liabilities	17,214	17,554
Other non-current liabilities	2,515	2,515
TOTAL NON-CURRENT LIABILITIES	638,719	653,624
Trade payables	141,818	141,740
Other payables	88,283	82,779
Tax liabilities	37,299	24,373
Other current liabilities	947	486
Provisions	43,747	48,322
Fair value of hedging derivatives (cash flow hedge)	11,550	9,559
Loans due within one year	50,280	51,710
Bank overdrafts	26,602	16,577
TOTAL CURRENT LIABILITIES	400,526	375,546
TOTAL EQUITY AND LIABILITIES	1,972,321	2,056,407

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 documental results, books and accounting records.