

**RECORDATI ANNOUNCES GROWTH IN THE FIRST QUARTER 2020. REVENUES +12.1%, EBITDA +20.1%.**

- Consolidated revenues € 429.2 million, +12.1%.
- EBITDA <sup>(1)</sup> € 172.9 million, +20.1%
- Operating income € 148.4 million, +17.8%.
- Net income € € 111.2 million, + 20.7%
- Adjusted net income <sup>(2)</sup> € 125.2 million, +23.5%.
- Net financial position <sup>(3)</sup>: net debt of € 880.8 million; € 902.7 million at 31 December 2019.
- Shareholders' equity € 1,242.9 million.
- Isturisa<sup>®</sup> (osilodrostat) approved in Europe and in the U.S.A., filed for approval in Japan..

Milan, 7 May 2020 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first quarter of 2020 prepared in accordance with the recognition and measurement criteria prescribed by the International Financial Reporting Standards (IFRS). These financial statements will be available today at the company's offices and on the company's website [www.recordati.com](http://www.recordati.com) and can also be viewed on the authorized storage system 1Info ([www.1Info.it](http://www.1Info.it)).

**Financial highlights**

- **Consolidated revenues** in the first quarter of 2020 are € 429.2 million, up by 12.1% compared to the same period of the preceding year. International sales grow by 15.6%. They include accelerated stock building by wholesalers and pharmacies during the month of March to face the COVID-19 emergency in Italy as well as internationally, for an estimated € 20 million, which is expected to lead to de-stocking in the second quarter. Also included is revenue of € 14.7 million related to Signifor<sup>®</sup> and Signifor<sup>®</sup> LAR, which were consolidated starting 24 October 2019.
- **EBITDA** <sup>(1)</sup> is € 172.9 million, or 40.3% of sales (37.6% in the first quarter of 2019), an increase of 20.1%. EBITDA excludes non-recurring costs related to the COVID-19 epidemiological emergency of € 2.0 million, which comprise mainly donations to hospitals.
- **Operating income**, at 34.6% of sales, is € 148.4 million, an increase of 17.8% over the same period of the preceding year.
- **Net income**, at 25.9% of sales, is € 111.2 million, up 20.7% over the first quarter of 2019, thanks to increase in operating income, lower financial expenses and reduction of the effective tax rate. **Adjusted net income** <sup>(2)</sup>, at 29.2% of sales, is € 125.2 million, an increase of 23.5% over the first quarter of 2019. Given the increased amount of intangible assets on the Group's balance sheet and their amortization, in order to provide information in line with best practice in the sector, an additional performance measure, adjusted net income, which is net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects, has been introduced.

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

Sede Legale  
VIA M. CIVITALI, 1  
20148 MILANO, ITALIA  
TEL. (39) 0248787.1  
FAX (39) 0240073747

CAPITALE SOCIALE € 26.140.644,50 i.v.  
REG. IMP. MILANO, MONZA, BRIANZA e LODI 00748210150  
CODICE FISCALE/P. IVA 00748210150  
R.E.A. MILANO 401832

Società Soggetta all'attività di Direzione e Coordinamento di Rossini Luxembourg S.à.r.l

- **Net financial position** <sup>(3)</sup> at 31 March 2020 records a net debt of € 880.8 million compared to net debt of € 902.7 million at 31 December 2019. During the period a milestone of \$ 20.0 million was paid to Novartis following the European approval of Isturisa<sup>®</sup> and own shares were purchased for a total outlay, net of disposals for the exercise of stock options, of € 44.0 million. **Shareholders' equity** is € 1,242.9 million.

*(1) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items.*

*(2) Net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.*

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

### **Corporate development news**

In January the European Commission granted marketing authorisation for the orphan medicinal product Isturisa<sup>®</sup> (osilodrostat), indicated for the treatment of endogenous Cushing's syndrome (CS) in adults. In March, the FDA approved Isturisa<sup>®</sup> for the treatment of patients with Cushing's disease, for whom pituitary surgery is not an option or has not been curative, in the U.S.A.. Both the European Commission and the FDA confirmed the orphan drug status of Isturisa<sup>®</sup>. Also in March, the Japanese New Drug Application (JNDA) was submitted to the Ministry of Health, Labour and Welfare seeking marketing approval for osilodrostat.

The active substance of Isturisa<sup>®</sup> is osilodrostat, a cortisol synthesis inhibitor. Osilodrostat works by inhibiting 11-beta-hydroxylase, an enzyme responsible for the final step of cortisol biosynthesis in the adrenal gland. The benefits of Isturisa<sup>®</sup> are its ability to control or normalise cortisol levels in adult CS patients with a manageable safety profile, making this product a valuable treatment option for patients with Cushing's syndrome.

As per the agreement with Novartis, in the month of February the marketing authorizations for Signifor<sup>®</sup> and Signifor<sup>®</sup> LAR in the U.S. were transferred to Recordati Rare Diseases Inc. and direct marketing of these products on this market started.

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

On 14 February the Company published its targets for 2020 which included, among others, net income of between € 360 and € 370 million compared to € 368.9 million in 2019 which included a non-recurring benefit of € 27 million resulting from the so-called Patent box fiscal benefit related to preceding years. The target for adjusted net income in 2020, that excludes amortization and write-down of intangible assets (except software) and goodwill, as well as non-recurring events, net of tax effects, would have been between € 408 and € 418 million, an increase over the € 383,0 million in 2019 according to the same definition.

Italy and all the main countries in which the Group operates continue to be impacted by restrictions to the circulation of people and provisions to support companies' economic activities have been introduced following the epidemiologic emergency due to the COVID-19 virus, declared a pandemic by the OMS in March. To face the emergency, in Italy, and subsequently also in other countries the Group

has implemented all possible measures and initiatives to guarantee the supply of medicines to its patients and the safety of its employees.

Given the complex and continuously evolving situation, possible future impacts are not for the moment entirely predictable but the Company expects EBITDA and adjusted net income to be in line with the lower limit of the target ranges announced in February.

### **Management Comments**

“The first quarter of 2020 saw the onset of the COVID-19 pandemic in all geographical areas in which the Group operates. As we all know, restrictions were imposed on the movement of people, transport, production, commerce, most of which are still in place”, stated Andrea Recordati, CEO. “Pharmaceutical operations were allowed to continue in order to ensure the availability of drugs for patients. While complying with all the measures necessary to ensure the health and safety of its employees, Recordati did not interrupt its production and distribution activities and adopted all necessary measures to guarantee the continued availability on the market of its products”, continued Andrea Recordati. “Despite the medical emergency and the restrictions implemented in all countries, the financial results obtained in the first quarter are very positive and confirm the continued growth of the Group. I wish to sincerely thank all the Group’s employees for the great effort and excellent job done in this difficult situation. Their professionalism, dedication and sense of responsibility, in particular our manufacturing and distribution employees, allowed our activities to continue in the best way possible, ensuring the uninterrupted availability of our products, many of which are for the treatment of severe, chronic diseases. We are proud of the contribution we have been able to provide in this emergency, also through the donations we have made to support healthcare institutions who are tirelessly and courageously committed to fighting the COVID-19 epidemic in the most affected areas”.

### **Conference call**

Recordati will be hosting a *conference call* **today 7 May** 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](http://www.recordati.com).

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.



**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 4,300, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations throughout the whole of Europe, including Russia, Turkey, North Africa, the United States of America, Canada, Mexico, some South American countries, Japan and Australia. 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 2019 was € 1,481.8 million, operating income was € 465.3 million and net income was € 368.9 million.

For further information:

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

Investor Relations

Marianne Tatschke

(39)0248787393

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

Media Relations

Studio Noris Morano

(39)0276004736, (39)0276004745

e-mail: [norismorano@studionorismorano.com](mailto:norismorano@studionorismorano.com)

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 Financial Reporting Standards (IFRS)  
(thousands of €)

<b>INCOME STATEMENT</b>	First quarter 2020	First quarter 2019	Change %
REVENUE	429,235	382,990	12.1
Cost of sales	(125,511)	(116,466)	7.8
GROSS PROFIT	303,724	266,524	14.0
Selling expenses	(99,854)	(94,563)	5.6
Research and development expenses	(34,928)	(29,152)	19.8
General & administrative expenses	(18,369)	(17,254)	6.5
Other income (expenses), net	(2,147)	455	n.s.
OPERATING INCOME	148,426	126,010	17.8
Financial income (expenses), net	(2,896)	(3,991)	(27.4)
PRE-TAX INCOME	145,530	122,019	19.3
Provision for income taxes	(34,335)	(29,907)	14.8
NET INCOME	111,195	92,112	20.7
Attributable to:			
Equity holders of the parent	111,183	92,100	20.7
Non-controlling interests	12	12	0.0
EARNINGS PER SHARE			
Basic <sup>(1)</sup>	€ 0.540	€ 0.451	19.7
Diluted <sup>(2)</sup>	€ 0.532	€ 0.440	20.9
ADJUSTED NET INCOME <sup>(3)</sup>	125,175	101,364	23.5
EBITDA <sup>(4)</sup>	172,872	143,939	20.1

(1) Earnings per share (EPS) are based on average shares outstanding during each year, 205,786,745 in 2020 and 204,019,974 in 2019, net of average treasury stock which amounted to 3,338,411 shares in 2020 and to 5,105,182 shares in 2019.

(2) Diluted earnings per share is calculated taking into account stock options granted to employees.

(3) Net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

(4) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

<b>COMPOSITION OF REVENUE</b>	First quarter 2020	First quarter 2019	Change %
Total revenue	429,235	382,990	12.1
Italy	81,536	82,223	(0.8)
International	347,699	300,767	15.6

**RECORDATI GROUP**

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

<b>ASSETS</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
Property, plant and equipment	130,415	133,342
Intangible assets	1,157,390	1,161,760
Goodwill	570,518	577,973
Equity investments	28,469	38,566
Non-current receivables	16,291	16,426
Deferred tax assets	69,160	71,513
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,972,243</b>	<b>1,999,580</b>
Inventories	224,549	226,885
Trade receivables	336,124	296,961
Other receivables	63,131	79,949
Other current assets	13,510	7,683
Fair value of hedging derivatives (cash flow hedge)	17,041	9,949
Short-term financial investments, cash and cash equivalents	196,089	187,923
<b>TOTAL CURRENT ASSETS</b>	<b>850,444</b>	<b>809,350</b>
<b>TOTAL ASSETS</b>	<b>2,822,687</b>	<b>2,808,930</b>

**RECORDATI GROUP**

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

<b>EQUITY AND LIABILITIES</b>	<b>31.03.2020</b>	<b>31.12.2018</b>
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(132,460)	(93,480)
Hedging reserve	(2,794)	(5,357)
Translation reserve	(164,084)	(146,866)
Other reserves	54,847	64,651
Retained earnings	1,364,879	999,708
Net income for the period	111,183	368,825
Interim dividend	(98,764)	(98,764)
Equity attributable to the holders of the Parent	1,242,667	1,198,577
Non-controlling interests	246	234
<b>TOTAL EQUITY</b>	<b>1,242,913</b>	<b>1,198,811</b>
Loans due after one year	937,442	937,344
Employees' termination pay	20,430	20,557
Deferred tax liabilities	41,809	43,172
Other non-current liabilities	21,511	22,292
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,021,192</b>	<b>1,023,365</b>
Trade payables	156,152	175,481
Other payables	166,796	185,706
Tax liabilities	37,085	21,094
Other current liabilities	11,715	12,543
Provisions	17,065	17,933
Fair value of hedging derivatives (cash flow hedge)	15,125	10,788
Loans due within one year	145,452	149,817
Bank overdrafts and short-term loans	9,192	13,392
<b>TOTAL CURRENT LIABILITIES</b>	<b>558,582</b>	<b>586,754</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,822,687</b>	<b>2,808,930</b>

**DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS**

The manager responsible for preparing the company's financial reports Luigi La Corte 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.