Company profile

Recordati today

An international specialty pharmaceutical group (€ 1,352.2 million sales in 2018 and 4,142 employees)

Specialty & Primary care
84% of revenue

- Recordati is an important European player in specialty & primary care and OTC and a partner of choice for new product licenses
- Operations in the main European markets, in Russia, Poland and other Central and Eastern European countries, Turkey and in North Africa. Proprietary drugs sold worldwide either directly or through licensees

Drugs for the treatment of rare diseases
16% of revenue

- A global presence and a preferred partner
- A richer product development pipeline prioritizing treatments for unmet medical needs

2018 Group financial 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
A history of growth, geographical expansion and business diversification

- A mainly Italian company until the end of the nineties
- International expansion strategy started in earnest in 1999
- Expansion through organic development and through acquisitions
- Progressive coverage of Western Europe, Central and Eastern Europe and other areas around the Mediterranean mainly through the acquisition of existing pharmaceutical companies
- Entry into the rare diseases segment following the acquisition of Orphan Europe end 2007

Treatments for rare diseases
16% of revenue
22% of EBITDA
A worldwide business
Company profile

Strong margin expansion over the past five years

- **Operating Income as % of Revenue**:
  - 2014: 23.4%
  - 2015: 26.6%
  - 2016: 28.4%
  - 2017: 31.6%
  - 2018: 32.7%
- **Net Income as % of Revenue**:
  - 2014: 16.3%
  - 2015: 19.0%
  - 2016: 20.6%
  - 2017: 22.4%
  - 2018: 23.1%
Group Objectives
- Continuation of successful strategy
- Steady organic growth from well diversified portfolio
- Enhanced by accretive or strategic acquisitions in both SPC & Rare Diseases

Specialty & Primary Care
- Maintain steady volume-led growth from cash generative core products
- Reinforce current geographical footprint to remain a partner of choice
- Leverage additional new products on current organization
- Reinvest cash flow into accretive acquisitions

Rare Diseases
- Continue developing the existing portfolio of global brands
- Consolidation of Latin American and Asia/Pacific presence
- Launch new products / indications – Carbaglu®, Cystadrops® and recently licenced Ledaga®
- Progress current R&D pipeline
- Invest in targeted BD and M&A to reinforce global portfolio

Exposure to Positive Macro Trends
- Aging populations fuelling higher healthcare expenditure and greater prevalence of chronic disease
- Recordati portfolio weighted towards age-related diseases: cardiology, urology, gastrointestinal...
- Emerging market exposure driving strong local currency growth: Turkey, Russia, CEE and CIS
- Significant unmet need remaining in Rare Diseases, with c.500 approved drugs to date vs. > 6,000 designated rare diseases1

1 Source: Third-party consulting firm
Geographical breakdown of pharmaceutical revenue

Data: First quarter 2019
Pharmaceutical revenue € 371.3 m
A diversified product portfolio

- **Seloken®/Logimax® 6.0%**
- **Livazo® 3.4%**
- **Urorec® 7.3%**
- **Zanipress® 3.7%**
- **Zanidip® 9.8%**
- **Pharmaceutical chemicals 3.1%**
- **Other corporate products 12.7% (excluding OTC)**
- **Drugs for rare diseases 14.7%**
- **OTC 18.6%**
- **Subsidiaries’ local product portfolios 19.8%**

Data: First quarter 2019
Total revenue €383.0 m
Core corporate products

**Zanidip® (lercanidipine)**
**Zanipress® (lercanidipine + enalapril)**

Lercanidipine is a proprietary latest generation calcium channel blocker indicated for the treatment of hypertension. Enalapril is an ACE inhibitor indicated for the treatment of hypertension.

The lercanidipine patent expired at the beginning of 2010. Sales of Zanidip® and are expected to remain stable at between € 110 and 120 million going forward. (CAGR 2013-2018 +2.1%)

Considering both brands and generics Recordati sells around 70% of the lercanidipine molecule to date.

Zanipress® (lercanidipine+enalapril) clinical data exclusivity expired in main European markets in 2016. Expect full impact of generic competition in 2019 to be of around 30% of Zanipress® sales. Sales expected to remain stable at around € 60 million going forward.

By 2021 expected sales of the Zanidip®/Zanipress® franchise expected to be in the region of € 180 million.

Residual erosion from generic competition mitigated by geographic expansion.
Core corporate products

Urorec® (silodosin)

Highly selective $\alpha_{1A}$ receptor antagonist indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Fast onset of action. High efficacy. Very good cardiovascular safety.

Launched in 39 markets.

BPH market in 15 main countries approx. € 0.9 billion. Average market share 12.4%.

In 2018 Urorec® sales exceeded € 100 million.

Generic versions expected to enter the market beginning 2020.

Impact of generic competition mainly in France, Italy and Spain.

Detailing to physicians to continue in promotion sensitive markets post loss of exclusivity to partially mitigate the impact of generic entry.

Lower impact on profits than on sales.
Core corporate products

**Seloken®/Seloken® ZOK (metoprolol succinate)**

**Logimax® (metoprolol succinate + felodipine)**

Metoprolol succinate is a beta-blocker mainly indicated for the control of a range of conditions including of hypertension, angina pectoris, disturbances of cardiac rhythm, maintenance treatment after myocardial infarction, and functional heart disorders with palpitations.

Logimax® is a fixed combination of metoprolol succinate and felodipine, a calcium channel blocker indicated for the treatment of hypertension.

These metoprolol based products are sold in 38 European countries.

Sales of this franchise (which was acquired from AstraZeneca in 2017) have contributed to strengthen the Northern and Central European organizations and to provide the base for entry into new markets thus completing the Group’s European footprint.

Overall sales of the products, in the territories for which Recordati has rights, are expected to remain stable at around € 100 million.
Livazo® (pitavastatin)

Highly effective HMG-CoA reductase inhibitor indicated for the treatment of hypercholesterolaemia. Livazo® is a potent LDL-lowering drug with a consistent and progressive HDL-raising effect (Atherosclerosis Supplements 2010; 11:15-22). It is only minimally metabolized through a CYP pathway thereby reducing the risk of drug-drug interactions and providing a clear benefit in patients receiving polypharmacy (Atherosclerosis Supplements 2010; 11:15-22).

Launched in Spain, Portugal, Switzerland, Greece, Russia, Ukraine, C.I.S. and Turkey.

Statins market in the 6 main countries is of around € 0.8 billion. Average market share 8.4%.

Expect sales to grow double digit in 2019.

Generic versions could enter the market as from August 2020.

Impact from generic competition expected mainly in Spain and Portugal.

Detailing to physicians to continue in promotion sensitive markets post loss of exclusivity to mitigate impact of generics entry.
Reagila® was approved for the treatment of schizophrenia in July 2017. It is an orally active and potent dopamine D₃/D₂ receptor partial agonist with preferential binding to D₃ receptors and partial agonist at serotonin 5-HT₁₅ receptors. The Summary of Product Characteristics (SPC) states clinical data showing superior efficacy in the treatment of the negative symptoms of schizophrenia.

First launches during 2018. Launches to continue in Western Europe in 2019.

Antipsychotics market in 6 main countries is of around € 1,5 billion.

Peak sales expected to exceed € 100 million.

New specialty product in line with strategy to prioritize specialty care. Organization extended and re-addressed to promote Reagila®.
OTC business

Over the counter (OTC) products

OTC business to account for 18% of sales in 2021 (16% in 2018)

Corporate brands generate 55% of OTC sales. Key brands: Procto-Glyvenol®, Hexaspray®, Casenlax®, Lacdigest®

Life-cycle management of key brands

An opportunity to be further developed in all European markets

Opportunities for cross-selling existing products to be identified and pursued

Growth over the plan period expected to be mid to high single digit
Treatments for rare diseases

Large market potential: > 7,000 rare diseases identified for which approved treatments exist for fewer than 10%. Progressive country introduction of rare disease plans and access to diagnostic tests will stimulate the market for orphan drugs.

Sales of drugs for rare diseases in 2018 total € 214.8 million. Overall sales of current portfolio expected to grow double digit annually over the 2019-2021 plan period. Sales in the U.S. to grow single digit; around 40% of rare diseases sales to be generated in the U.S. by 2021.

Plan includes initial launches of Ledaga®, sales of Juxtapid® in Japan, approval of organic acidemias indication for Carbaglu® in the U.S., approval and launch of Cystadrops® in the U.S.

R&D in rare diseases a priority to generate future growth. Pipeline includes a number of new very promising development programs and others are under evaluation.
Treatments for rare diseases

**NORMOSANG®** (EU-RoW) /**PANHEMATIN®** (US) (human haemin), used to treat acute attacks of hepatic porphyria

**CARBAGLU®** (carglumic acid), indicated in the treatment of hyperammonaemia due to NAGS deficiency and to the main organic acidemias

**COSMEGEN®** (dactinomycin), used mainly in the treatment of three rare cancers, Wilms’ tumor, childhood rhabdomyosarcoma and choriocarcinoma.

**CYSTADANE®** (betaine anhydrous), indicated in the treatment of homocystinuria

**CYSTADROPS®** (cysteamine), indicated in the treatment of corneal cysteine deposits in cystinosis

**CYSTAGON®** (cysteamine), indicated in the treatment of nephropathic cystinosis

**JUXTAPID®** (lomitapide) is a microsomal triglyceride transfer protein inhibitor currently approved for the treatment of homozygous familial hypercholesterolemia (HoFH), available in Japan.

**PEDEA®** (EU-RoW) /**NEOPROFEN®** (US) (ibuprofen I.V.), indicated in the treatment of patent ductus arteriosus

**VEDROP®** (water soluble vitamin E), indicated in the treatment of vitamin E deficiency in pediatric patients suffering from congenital chronic cholestasis

**WILZIN®** (zinc acetate), indicated in the treatment of Wilson’s disease
2019-2021 plan includes around 8 to 9% of sales to be allocated to R&D activities

**Specialty and Primary Care**

Focus on the development of products in specialty care areas on a European basis.

Life-cycle management and indication expansion activities.

**Treatments for rare diseases**

Advance projects in current development pipeline

Identify and add new development projects to the pipeline

Global approach for the development of treatments for rare diseases

Internal new product development, life-cycle management and indication expansion
## A well balanced product pipeline

<table>
<thead>
<tr>
<th>NAME</th>
<th>ORIGINATOR</th>
<th>INDICATION</th>
<th>DEVELOPMENT STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>methadone</td>
<td></td>
<td>Treatment of cancer-related pain in cases of resistance or intolerance to opioids</td>
<td>Approved in France</td>
</tr>
<tr>
<td>LEDAGA®</td>
<td>Helsinn</td>
<td>Topical treatment of mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL)</td>
<td>Approved in EU</td>
</tr>
<tr>
<td>CARBAGLU®</td>
<td>Recordati</td>
<td>Hyperammonaemia due to NAGS deficiency and to the main organic acidemias</td>
<td>Development of new formulation in EU and USA Filed in the USA for the organic acidemias indication</td>
</tr>
<tr>
<td>REC 0551</td>
<td>Recordati/Meyer Hospital (Florence)</td>
<td>Retinopathy of Prematurity (ROP)</td>
<td>Phase II</td>
</tr>
<tr>
<td>REC 0438</td>
<td>Recordati/UFPeptides</td>
<td>Neurogenic detrusor overactivity in paediatric <em>spina bifida</em> patients</td>
<td>Proof of concept trial ongoing in EU</td>
</tr>
<tr>
<td>REC 0559</td>
<td>Recordati/MimeTech</td>
<td>Neurotrophic keratitis</td>
<td>Formulation development, clinical development planning</td>
</tr>
<tr>
<td>REC 0545</td>
<td>Recordati/AP-HP</td>
<td>Acute decompensation episodes in MSUD</td>
<td>Formulation development, clinical development ongoing</td>
</tr>
</tbody>
</table>
A well balanced product pipeline (cont’d)

**Methadone**, currently used in France, where it is distributed by Bouchara Recordati, as replacement therapy for major opioid drugs dependence. In 2012 Recordati started, in France, an open, multicenter, randomized, national Phase III b clinical study on methadone for the treatment of cancer-related pain inadequately relieved by opioids.

**LEDAGA®** (chlormethine hydrochloride) is a novel gel formulation, applied once a day, indicated for the topical treatment of mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL), a rare disease characterized by the abnormal accumulation of malignant T-cells in the skin.

**CARBAGLU®** (carglumic acid), currently approved for the treatment of hyperammonaemia due to NAGS deficiency, approved in Europe and has been filed in the USA for additional indications in organic acidemias (orphan drug designation granted). New formulations in development.

**REC 0551**, new therapeutic approach being studied for the treatment of pre-term babies affected by retinopathy of prematurity (ROP). ROP is a potentially blinding eye disorder that primarily affects premature infants weighing about 1.25 kg or less that are born before 31 weeks of gestation. It is a rare condition but one of the most common causes of visual loss in childhood.

**REC 0438**, a nociceptin analogue, is being studied for the treatment of neurogenic detrusor overactivity in paediatric spina bifida patients, an orphan condition.

**REC 0559**, a low molecular weight non-peptidic nerve growth factor (NGF) mimetic in development for the treatment of neurotrophic keratitis. Orphan drug designation granted in the EU and by the FDA.

**REC 0545** is an innovative product for the treatment of acute decompensation episodes in patients with MSUD (Maple Syrup Urine Disease). Orphan drug designation granted by the European Commission.
## Group M&A strategy and focus areas

### Specialty & Primary care

<table>
<thead>
<tr>
<th>Licensing</th>
<th>Acquisitions</th>
</tr>
</thead>
</table>
| • New product licensing opportunities to be pursued in specialty care  
  • Seen as partner of choice, gaining access to attractive patented products  
  • Favourable terms in terms of upfront consideration vs. risk sharing milestone compensation  
  • Leverage extensive distribution platform and geographical reach |
| • Focus on European opportunities in the S&PC space where material synergies can be found  
  • Carve out tail end products with turn-around growth prospects through active promotion  
  • Selective acquisition of existing well-known OTC brands in multiple or single territories  
  • Strong integration capabilities (companies and products) within Recordati  
  • Leverage extensive distribution platform and geographical reach  
  • Achieve accretive operational leverage, critical mass and access to new markets |
## Group M&A strategy and focus areas

### Treatments for rare diseases

<table>
<thead>
<tr>
<th>Licensing</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Acquire worldwide licenses, preferably late stage opportunities</td>
<td>• Acquisition of rare disease assets to be considered contingent upon acceptable valuations and potential for growth – with a disciplined approach, as always</td>
</tr>
<tr>
<td>• Develop partnerships with research institutions, drug discovery companies and other rare disease companies</td>
<td>• The market for rare disease treatments has shown extraordinary growth in the last years, offering potential for the acquisition of near to market opportunities also on a regional level</td>
</tr>
<tr>
<td>• Seen as partner of choice due to high level of expertise and international infrastructure</td>
<td>• In recent times, the M&amp;A market for rare disease assets is starting to provide interesting opportunities</td>
</tr>
<tr>
<td>• Leverage worldwide geographical reach</td>
<td>• Recordati’s global infrastructure and coverage makes it a natural contender for transactions of this kind</td>
</tr>
</tbody>
</table>
Financial projections - assumptions

**Group Evolution**
- Continuation of successful strategic approach
- Specialty and primary care business to represent 75 to 80% of revenue in 2021
- Rare disease business to represent 20 to 25% of revenue in 2021
- Bolt-on acquisitions with acceptable valuations included in the plan

**Revenue**
- Organic revenue growth complemented with accretive M&A
- Faster local currency growth in emerging markets, offset by estimated FX headwinds
- 8% Group Revenue CAGR to 2021

**Margins and Profitability**
- Margins achieved in 2018 to be sustained over plan period
- 9% Group EBITDA CAGR to 2021

**Cash Flow and Dividends**
- Cash generation to exceed 100% of group net income
- c.40% cash flow to be reinvested in business to drive future growth
- c.60% dividend pay-out ratio (of net income) to return cash to shareholders

**Cash Flow and Net Debt**
- Bolt-on acquisitions included in the plan imply a net debt increase to around 1.5 times EBITDA
- Net debt could further increase up to 3.0 times EBITDA contingent upon high quality asset acquisition opportunities
# Financial projections

## 2019 targets and plan for 2021

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,352.2</td>
<td>1,430 - 1,450</td>
<td>±1,700</td>
<td>7.9%</td>
</tr>
<tr>
<td>EBITDA margin on sales</td>
<td>499.1</td>
<td>520 – 530</td>
<td>±650</td>
<td>9.2%</td>
</tr>
<tr>
<td>EBIT (Operating income) margin on sales</td>
<td>442.2</td>
<td>460 – 470</td>
<td>±560</td>
<td>8.2%</td>
</tr>
<tr>
<td>Net Income Margin on sales</td>
<td>312.4</td>
<td>330 – 335</td>
<td>±400</td>
<td>8.6%</td>
</tr>
</tbody>
</table>
First quarter 2019 highlights

- Revenue € 383.0 million, up 4.5%
- EBITDA € 143.9 million or 37.6% of sales, up 7.1%
- Operating income (EBIT) € 126.0 million or 32.9% of sales, up 4.5%
- Net income € 92.1 million or 24.1% of sales, up 6.4%
- Net debt € 555.7 million, compared to net debt of € 588.4 million at 31 December 2018.
- Acquisition of license from Aegerion Pharmaceuticals Inc. for the exclusive commercialization of Juxtapid® (lomitapide) in Japan
Main product sales

**Corporate products including drugs for rare diseases account for 65.7% of revenue**

<table>
<thead>
<tr>
<th>Product Description</th>
<th>1Q 2019 (million Euro)</th>
<th>1Q 2018 (million Euro)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zanidip® (lercanidipine)</td>
<td>37.4</td>
<td>36.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Zanipress® (lercanidipine+enalapril)</td>
<td>14.2</td>
<td>17.9</td>
<td>(20.6)</td>
</tr>
<tr>
<td>Urorec® (silodosin)</td>
<td>27.8</td>
<td>26.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Livazo® (pitavastatin)</td>
<td>13.2</td>
<td>12.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)</td>
<td>23.0</td>
<td>23.3</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Other corporate products*</td>
<td>79.7</td>
<td>78.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Drugs for rare diseases</td>
<td>56.2</td>
<td>54.8</td>
<td>2.4</td>
</tr>
</tbody>
</table>

* Include the OTC corporate products for an amount of € 31.1 million in 2019 and € 28.5 million in 2018 (+8.9%).
## Composition of revenue by geography

(million Euro)

<table>
<thead>
<tr>
<th>Region</th>
<th>1Q 2019</th>
<th>1Q 2018</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>80.2</td>
<td>76.5</td>
<td>4.8</td>
</tr>
<tr>
<td>France</td>
<td>37.9</td>
<td>34.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Germany</td>
<td>36.1</td>
<td>33.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Russia, other CIS countries and Ukraine</td>
<td>28.3</td>
<td>32.1</td>
<td>(11.8)</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>26.3</td>
<td>25.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Spain</td>
<td>22.8</td>
<td>21.2</td>
<td>7.4</td>
</tr>
<tr>
<td>Turkey</td>
<td>22.0</td>
<td>22.8</td>
<td>(3.6)</td>
</tr>
<tr>
<td>Portugal</td>
<td>11.0</td>
<td>10.2</td>
<td>7.7</td>
</tr>
<tr>
<td>Other CEE countries</td>
<td>19.5</td>
<td>16.4</td>
<td>18.8</td>
</tr>
<tr>
<td>Other W. Europe countries</td>
<td>17.3</td>
<td>13.9</td>
<td>24.1</td>
</tr>
<tr>
<td>North Africa</td>
<td>11.4</td>
<td>10.3</td>
<td>10.8</td>
</tr>
<tr>
<td>Other international sales</td>
<td>58.4</td>
<td>60.0</td>
<td>(2.6)</td>
</tr>
<tr>
<td>TOTAL PHARMACEUTICALS</td>
<td>371.3</td>
<td>356.6</td>
<td>4.1</td>
</tr>
</tbody>
</table>

### PHARMACEUTICAL CHEMICALS

<table>
<thead>
<tr>
<th>Region</th>
<th>1Q 2019</th>
<th>1Q 2018</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia (RUB)</td>
<td>1,695.0</td>
<td>1,802.7</td>
<td>(6.0)</td>
</tr>
<tr>
<td>Turkey (TRY)</td>
<td>128.5</td>
<td>100.1</td>
<td>28.4</td>
</tr>
<tr>
<td>U.S.A. (USD)</td>
<td>31.3</td>
<td>32.4</td>
<td>(3.3)</td>
</tr>
</tbody>
</table>

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.
# First quarter 2019 results

<table>
<thead>
<tr>
<th>(million Euro)</th>
<th>1Q 2019</th>
<th>1Q 2018</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>383.0</td>
<td>366.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>266.5</td>
<td>257.2</td>
<td>3.6</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>69.6</td>
<td>70.2</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>111.8</td>
<td>108.1</td>
<td>3.5</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>29.2</td>
<td>29.5</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>29.2</td>
<td>27.7</td>
<td>5.4</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>7.6</td>
<td>7.5</td>
<td></td>
</tr>
<tr>
<td>Other Income (Expense), net</td>
<td>0.5</td>
<td>(1.0)</td>
<td>n.s.</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>0.1</td>
<td>(0.3)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>126.0</td>
<td>120.5</td>
<td>4.5</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>32.9</td>
<td>32.9</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>92.1</td>
<td>86.592</td>
<td>6.4</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>24.1</td>
<td>23.6</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>143.9</td>
<td>134.4</td>
<td>7.1</td>
</tr>
<tr>
<td>as % of revenue</td>
<td>37.6</td>
<td>36.7</td>
<td></td>
</tr>
</tbody>
</table>
First quarter 2019 results

Operating Segments

Revenue

Treatments for rare diseases 14.7%
Specialty & primary care 85.3%

EBIT

Treatments for rare diseases 21.6%
Specialty & primary care 78.4%

EBITDA

Treatments for rare diseases 20.3%
Specialty & primary care 79.7%

Margin on sales:
Treatments for rare diseases: EBITDA 52.1%, EBIT 48.5%
Specialty & primary care: EBITDA 35.1%, EBIT 30.2%
# Net financial position

<table>
<thead>
<tr>
<th>(million Euro)</th>
<th>31 Mar 2019</th>
<th>31 Dec 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term financial investments</td>
<td>184.7</td>
<td>198.0</td>
<td>(13.3)</td>
</tr>
<tr>
<td>Bank overdrafts and short-term loans</td>
<td>(23.8)</td>
<td>(16.9)</td>
<td>(6.9)</td>
</tr>
<tr>
<td>Loans – due within one year</td>
<td>(77.9)</td>
<td>(135.3)</td>
<td>57.4</td>
</tr>
<tr>
<td>Loans – due after one year*</td>
<td>(638.7)</td>
<td>(634.2)</td>
<td>(4.5)</td>
</tr>
<tr>
<td><strong>NET FINANCIAL POSITION</strong></td>
<td><strong>(555.7)</strong></td>
<td><strong>(588.4)</strong></td>
<td><strong>32.7</strong></td>
</tr>
</tbody>
</table>

* Includes change in fair value of the relative currency risk hedging instruments (cash flow hedge)
The Recordati share

The Recordati share (ticker REC, Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271) has been listed on the Italian Stock Exchange since 1984. It belongs to the FTSE MIB, the FTSE IT Health Care and the STOXX Europe 600, Health Care, MSCI indexes.

Share capital consists of 209,125,156 ordinary (common) shares with a par value of €0.125 each.

2017 EPS (diluted): €1.381
2018 EPS (diluted): €1.494

2018 dividend per share: €0.92
Dividend pay-out ratio: ±60% of group net income

Ownership:

- Institutional 38.7%
  - Italian institutional: 6.2%
  - Foreign institutional: 32.5%
  - US institutional: 10.1%
- Retail 7.3%
- Treasury stock 2.2%

Consortium of investment funds controlled by CVC Capital Partners 51.8%
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 2018 is € 1,352.2 million, operating income is € 442.2 million and net income is € 312.4 million.

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