



Expanding pharma operations

February 2005



Company profile

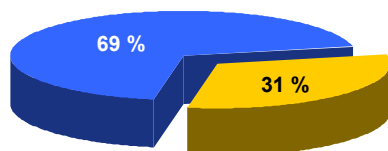
- A fully integrated pharmaceutical company listed on the Italian Stock Exchange since 1984
- Original research focused on cardiovascular and urological fields
- Direct operations in Italy, France, Germany (as from 2005) and Spain covering a broad range of therapeutic areas
- Proprietary products sold worldwide through licensees
- Non-core activity: manufacturing and sales of pharmaceutical API's



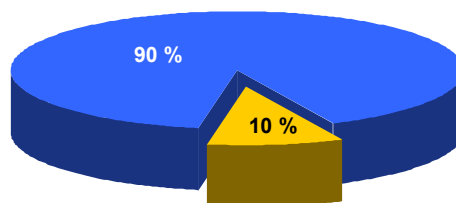
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Composition of sales

1999 (€ 272 m)



2004 (€ 488 m)

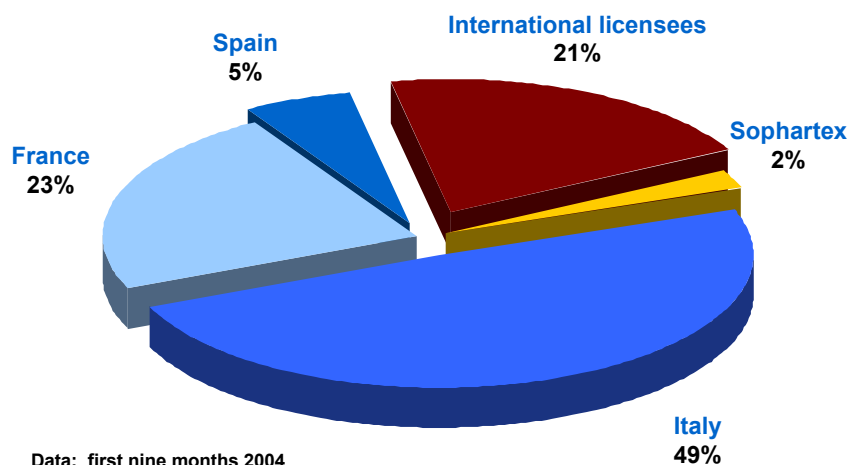


■ Pharmaceuticals
■ Pharmaceutical chemicals



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Breakdown of pharmaceutical sales

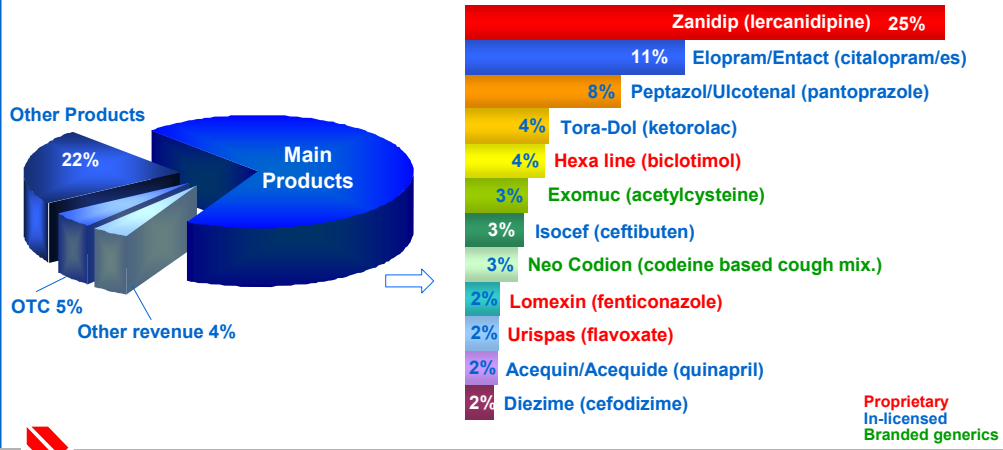


Data: first nine months 2004



Main products

Breakdown of 12 months pharmaceutical sales at September 2004 (€ 442 m)



ZANIDIP® (lercanidipine)

- Next generation calcium-channel blocker. Lipophilic dihydropyridine.
- Natural once a day. Potent, long-lasting vasodilatory activity. Highly vasoselective with gradual onset, smooth and uniform blood pressure lowering activity.
- **Efficacy as best in class.** Significantly **improved tolerability** over other DHP's.
- Hypertension market worth \$40 billion, CCB's about \$11 billion, of which around two thirds in U.S.A. and Japan.
- Leader is Norvasc® (amlodipine) with well over one third market share



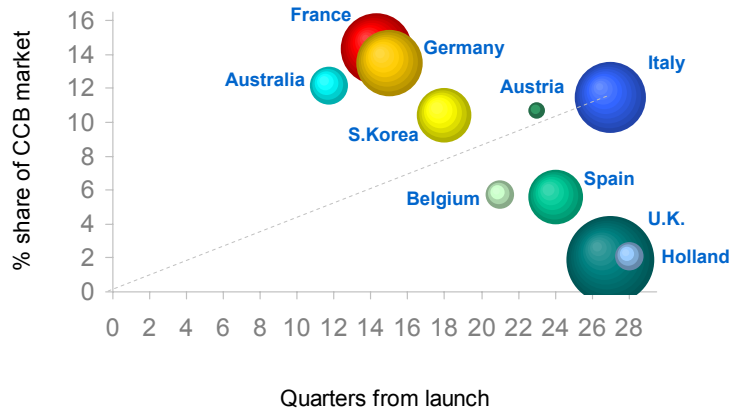
Lercanidipine launch status

- Launched in **69** countries, approximately one third of world market for calcium channel blockers
- Major European launches
 - 1998 Italy, Spain, UK
 - 2000 Germany
 - 2001 France
- Approved in additional **23** countries
- Filed for approval in additional **15** countries



Lercanidipine as a % of all calcium channel blockers

Bubble size represents \$ market value of CCB's

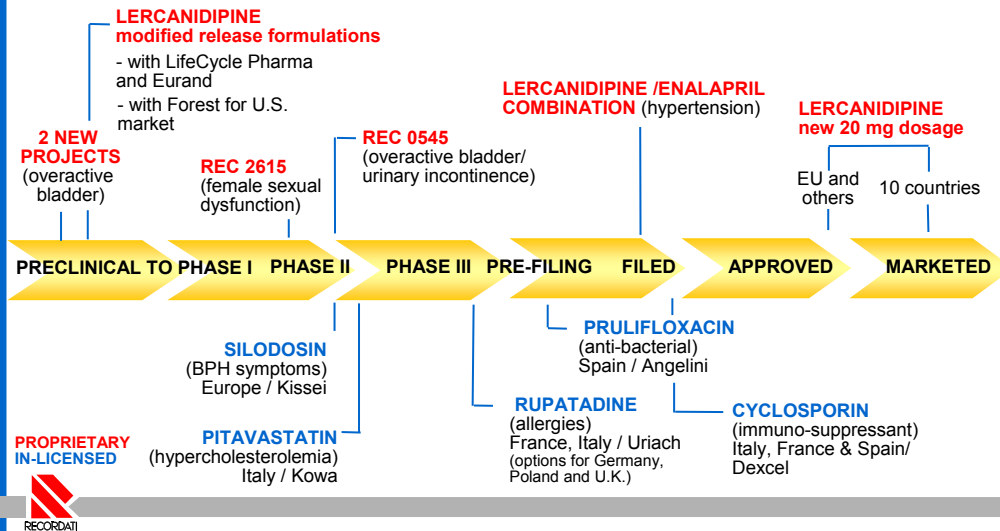


Source: IMS data - 3Q 2004



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Product pipeline



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ZANIPRESS® (lercanidipine-enalapril fixed combination)

- New aggressive targets for blood pressure control
- Combination of drugs needed for most patients
- Patient compliance
- Fixed combinations will play a significant role in the future hypertension market
- Filed for approval, Germany to be Reference Member State



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Lercanidipine life cycle management

- 20mg strength approved in Europe and other countries. Launched in Germany, France and Australia in 2003, Italy, Spain, Scandinavia and Portugal in 2004, roll-out continues
- Modified release formulation under development with Forest Labs for the U.S. market
- Agreements with LifeCycle Pharma and Eurand for the development of modified release formulations for the European and other markets
- Patent life in extension, two new patent applications published



Ongoing R&D in urology - micturition disorders

- Micturition disorders affect over 70 million people in the major pharmaceutical markets
- Only 20% are diagnosed and not all receive or tolerate well the current pharmacological therapies
- Anticholinergic agents are the most commonly used drugs for the treatment of urinary incontinence
- They are efficacious but have many side effects
- Sales of drugs for urge incontinence are estimated to reach \$ 1.6 billion in 2008



Ongoing R&D in urology - micturition disorders

- Recordati has long standing research expertise in the urogenital field
- Studies the central nervous system mechanisms that control the bladder's function
- A new target for novel drugs was identified, the 5-HT_{1A} serotonergic receptor
- Rec 0545 is an antagonist of the 5-HT_{1A} receptor and is currently in proof of concept



Rec 0545

- Rec 0545 is endowed with a potent and selective antagonistic effect at 5-HT_{1A} receptor
- Shows remarkable activity in increasing bladder volume capacity (or time between micturitions) without blunting bladder contractility (differently from antimuscarinics/anticholinergics)
- A completely new approach for controlling overactive bladder. This molecule acts through an innovative mechanism and could present an improved tolerability profile over the anticholinergics



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Ongoing R&D - other urogenital programs

- Potent antagonists of the α_1 -adrenergic receptors, highly selective for the lower urogenital tract, were pioneered by Recordati and are potentially useful in the development of treatments for benign prostatic hyperplasia (BPH)
- Two other potential biological targets for new drugs for the treatment of micturition disorders have been identified and new candidates are being synthesized for further development
- Rec 2615 is another new active compound identified by Recordati. It is in development for the treatment of female sexual dysfunction, and is approaching the clinical phase



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Operational highlights in 2004

- Pharmaceutical sales up 3.5%, or 8.4% excluding Sophartex
- International pharmaceutical sales up 12.0%
- EBIT up 11.6%
- EBIT at 18.5% of sales and net income at 11.1% of sales
- New product licenses
- \$ 100 million funding from U.S. private debt placement



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Composition of sales

(million euro)	2003	2004	Change %
PHARMACEUTICALS	424.0 87.0%	438.9 89.9%	3.5%
PHARMACEUTICAL CHEMICALS	63.5 13.0%	49.4 10.1%	(22.1)%
TOTAL	487.5 100.0%	488.3 100.0%	0.2%
ITALY	211.6 43.4%	218.8 44.8%	3.4%
INTERNATIONAL	276.0 56.6%	269.5 55.2%	(2.3)%



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Full year results

(million euro)	2003	2004	Change %
Net Sales	487.5	488.3	0.2%
Gross Profit as % of sales	287.8 59.0%	309.0 63.3%	7.4%
Selling Expenses as % of sales	148.0 30.4%	156.0 31.9%	5.4%
R&D Expenses as % of sales	32.8 6.7%	37.3 7.6%	13.9%
EBIT as % of sales	81.0 16.6%	90.4 18.5%	11.6%
Net Income as % of sales	23.7 4.9%	54.0 11.1%	127.2%



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EBIT by business area

(million euro)	2003	2004	Change %
PHARMACEUTICALS as % of sales	85.5 20.2%	88.4 20.1%	3.3%
PHARMACEUTICAL CHEMICALS as % of sales*	(4.5) (6.0)%	2.0 3.2%	n.s.
TOTAL EBIT as % of sales	81.0 16.6%	90.4 18.5%	11.6%



* Including inter-company sales

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Net financial position

(million euro)	2003	2004	Change
Cash and marketable securities	98.7	232.2	133.5
Short term bank debt	(17.6)	(3.5)	14.1
Current portion of medium and long term debt	(27.6)	(25.2)	2.4
Medium and long term debt	(74.9)	(131.4)	(56.5)
NET FINANCIAL POSITION	(21.4)	72.1	93.5



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Company strategy

- **Confirm commitment to research and development in the urological and cardiovascular fields**
- **Acquire new product licenses**
- **Expand geographical presence in Europe**



Company strategy

- **Confirm commitment to research and development in the urological and cardiovascular fields**
 - ✓ **R&D expenditure to increase by 25% from 2003 to 2005**
 - ✓ **Four new molecules in different stages of clinical development in 2005**



Company strategy

➤ Acquire new product licenses

- ✓ Licensing-in agreements signed in 2004:

Cidine

rupatadine

prulifloxacin

silodosin



Company strategy

➤ Expand geographical presence in Europe

- ✓ Acquisition of the marketing and sales organization of Merckle GmbH

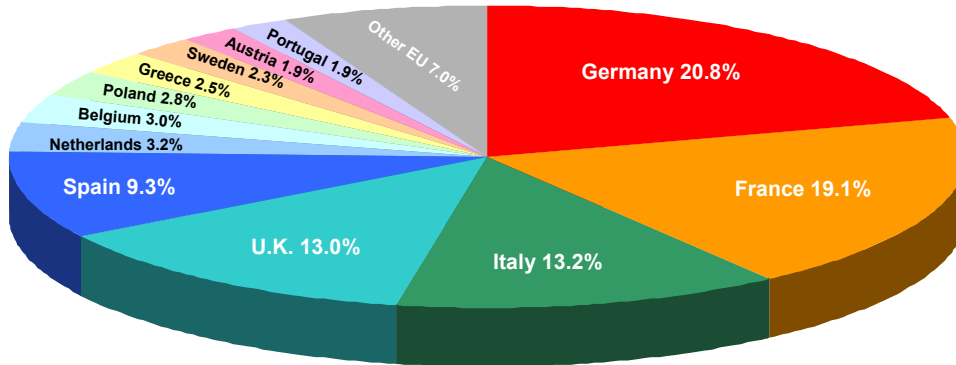
- ✓ Pan European product licenses obtained:

- ✓ **Rupatadine** France, Italy, Spain and options for Germany, Poland and the U.K.

- ✓ **Silodosin** 45 European countries



Breakdown of the European pharmaceutical market (EU 25 countries)



Source: IMS 2003 data



Size and growth of the five largest European markets

	Market size \$ billion	2004 growth	2003 growth	CAGR 1997-2002
Germany	25.1	4%	8%	7%
France	21.0	6%	5%	6%
U.K.	15.4	8%	9%	10%
Italy	14.4	4%	2%	9%
Spain	10.2	7%	12%	16%
leading 5	86.1	6%	7%	9%

Source: IMS data - Market size and 2004 growth are 12 month data to November 2004



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	Actual	Outlook
(million euro)	2004	2005
SALES	488.3	>500
EBIT	90.4	>95
NET INCOME	54.0	>56

- Assumptions:**
- Excluding Merckle and any other acquisitions
 - R&D expense development 2003 - 2005: +25%



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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 a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003074447), dedicated to the research, development, manufacturing and marketing of pharmaceuticals and pharmaceutical chemicals, with headquarters in Milan, Italy and operating subsidiaries in France, Ireland, Portugal, Spain, Switzerland and the United States.

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