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Expanding pharma operations

Italian Investor Conference
New York, 13 April 2005

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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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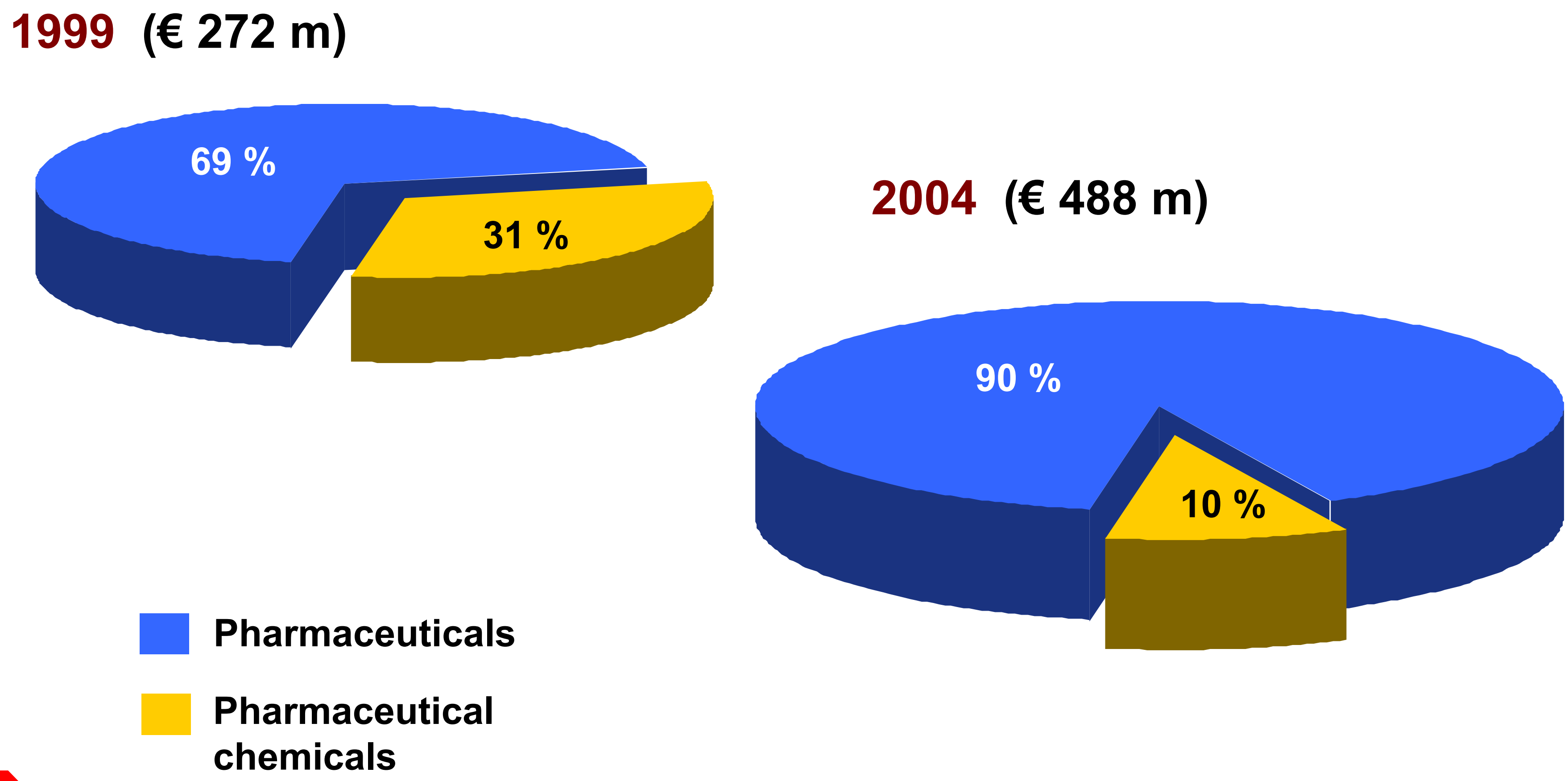
Composition of sales



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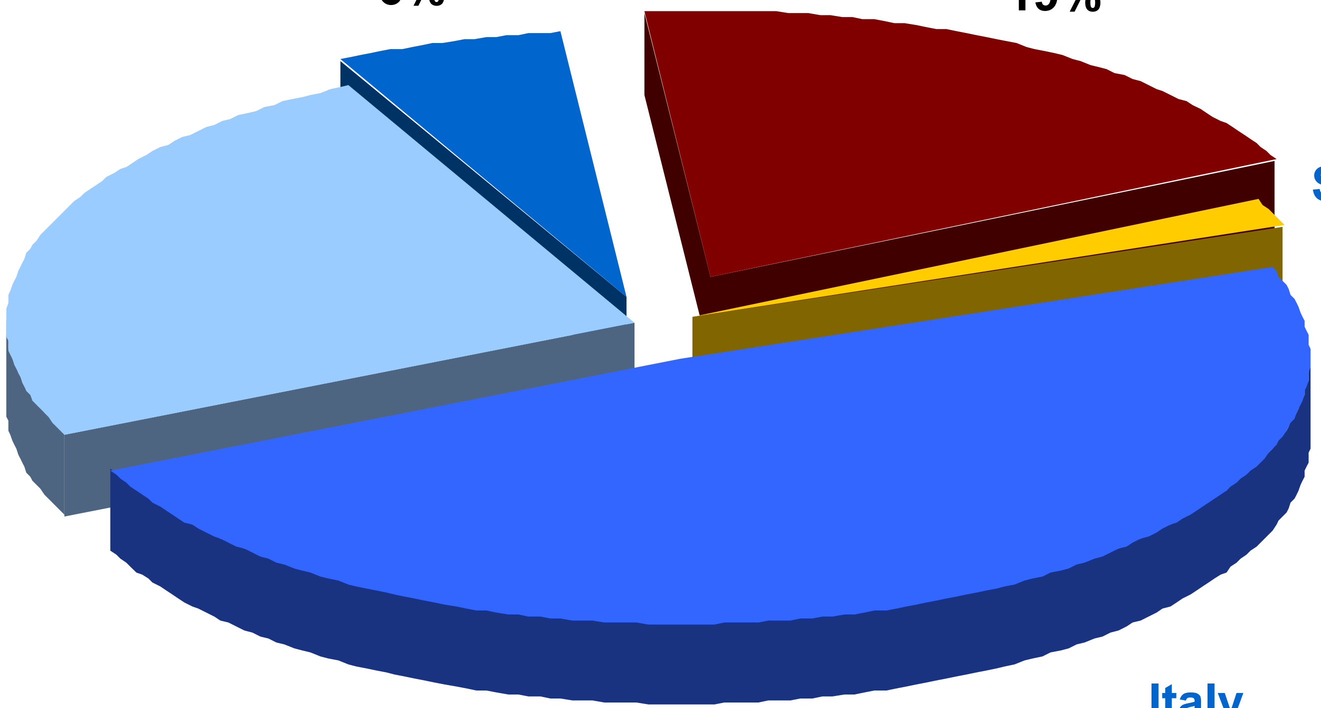
Breakdown of pharmaceutical sales



Data: full year 2004

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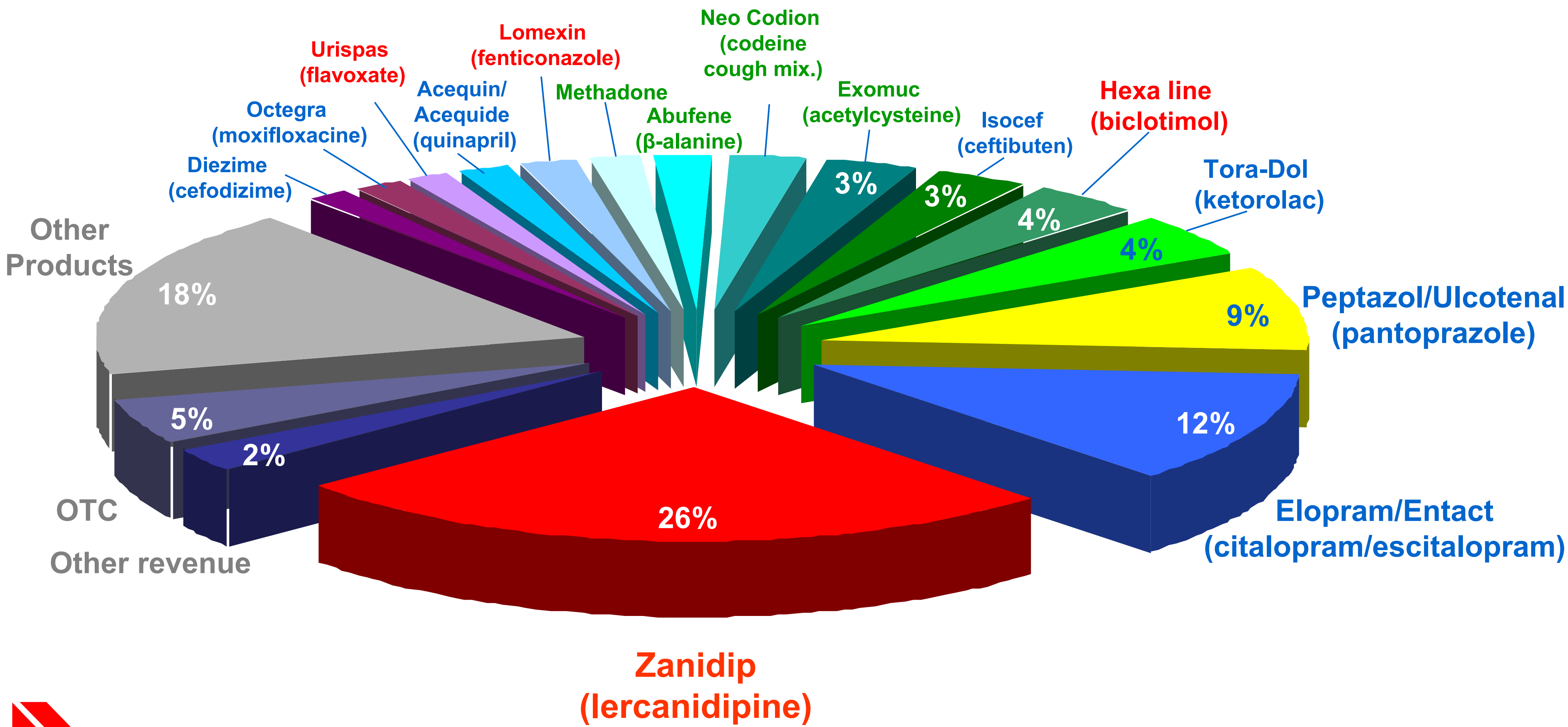
Main products

Breakdown of 2004 pharmaceutical sales (€ 439 m)

Proprietary
In-Licensed
Branded Generics



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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

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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

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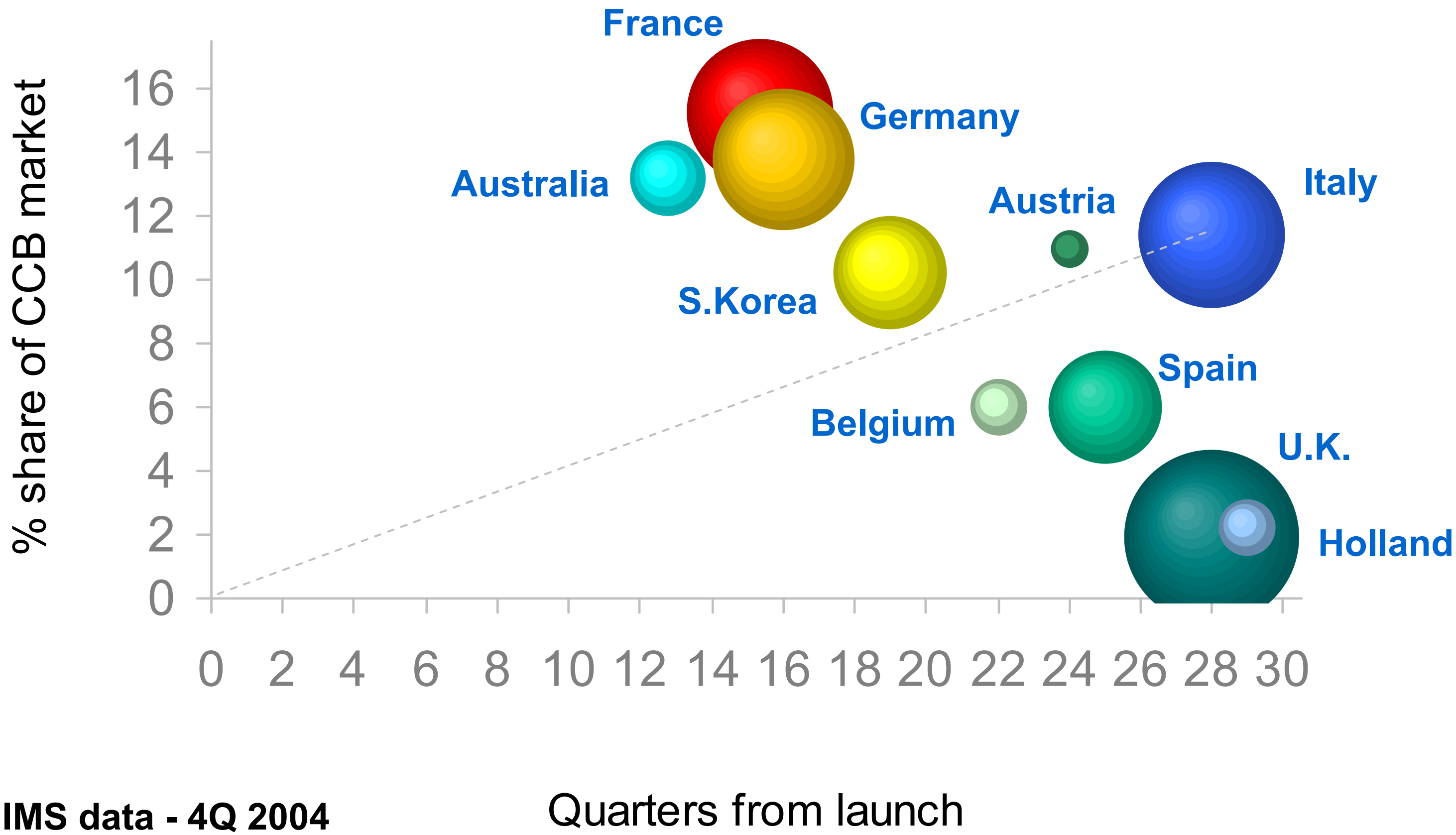
Lercanidipine as a % of all calcium channel blockers

Bubble size represents $ market value of CCB's



Source: IMS data - 4Q 2004

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Product pipeline

LERCANIDIPINE modified release formulations
- with LifeCycle Pharma and Eurand
- with Forest for U.S. market

2 NEW PROJECTS (overactive bladder)

REC 2615 (female sexual dysfunction)

REC 0545 (overactive bladder/ urinary incontinence)

LERCANIDIPINE /ENALAPRIL COMBINATION (hypertension)

LERCANIDIPINE new 20 mg dosage

EU and others

10 countries

PRECLINICAL TO PHASE I | **PHASE II** | **PHASE III** | **PRE-FILING** | **FILED** | **APPROVED** | **MARKETED**

SILODOSIN (BPH symptoms) Europe / Kissei

PITAVASTATIN (hypercholesterolemia) Italy / Kowa

RUPATADINE (allergies) France, Italy / Uriach (options for Germany, Poland and U.K.)

PRULIFLOXACIN (anti-bacterial) Spain / Angelini

CYCLOSPORIN (immuno-suppressant) Italy, France & Spain/ Dexcel

PROPRIETARY
IN-LICENSED

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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

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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

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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} serotoninergic receptor
- Rec 0545 is an antagonist of the 5-HT_{1A} receptor and is currently in proof of concept

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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

Operational highlights in 2004

- Pharmaceutical sales up 3.5%, or 8.4% excluding Sophartex
- International pharmaceutical sales up 12.0%
- Lercanidipine sales up 25.4%
- Operating income up 11.6%, at 18.5% of sales
- Net income at 11.1% of sales
- New product licenses

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Composition of revenue

(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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Sources of growth

(% change, full year 2004 over full year 2003)	Volume	Price	Exchange	Total
PHARMACEUTICALS excluding Sophartex	12.2 %	(3.5) %	(0.3) %	8.4 %
SOPHARTEX	(73.1) %	-	-	(73.1) %
PHARMACEUTICAL CHEMICALS	(18.9) %	(0.1) %	(3.1) %	(22.1) %
TOTAL CHANGE	3.6 %	(2.8) %	(0.6) %	0.2 %

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Composition of pharmaceutical revenue

(million euro)	2003	2004	Change %
Pharmaceuticals Italy	203.4	213.5	5.0%
Pharmaceuticals France	97.9	106.7	9.0%
Pharmaceuticals Spain	21.0	26.3	25.3%
International licensees	76.1	85.4	12.3%
Sophartex *	25.7	6.9	(73.1)%
TOTAL PHARMACEUTICALS	424.0	438.9	3.5%
Excluding Sophartex	*398.3*	*432.0*	*8.4%*

* Sold in April and consolidated only in 1Q 2004

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Lercanidipine sales

(million euro)	2003	2004	Change %
Italy	33.7	39.5	17.3%
France	15.7	23.4	48.4%
Spain	4.3	4.9	15.9%
DIRECT SALES	**53.7** 58.7%	**67.8** 59.1%	**26.3%**
SALES TO LICENSEES	**37.8** 41.3%	**46.9** 40.9%	**24.1%**
TOTAL LERCANIDIPINE SALES	**91.5** 100.0%	**114.7** 100.0%	**25.4%**

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Full year results

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

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Operating income by business area

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

* Including inter-company sales

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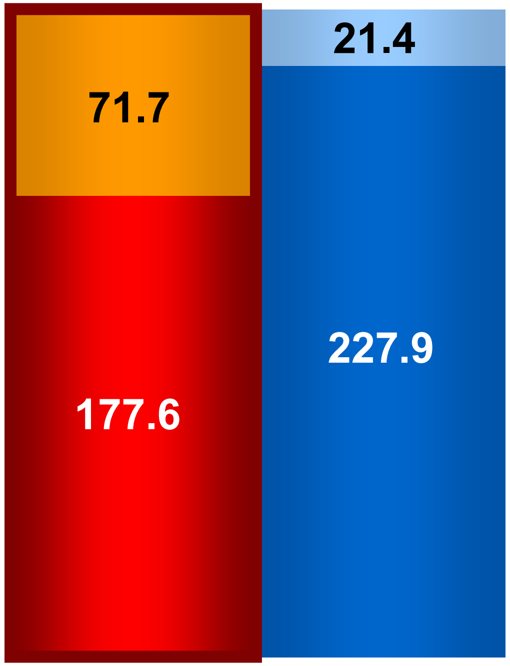
Capital employed

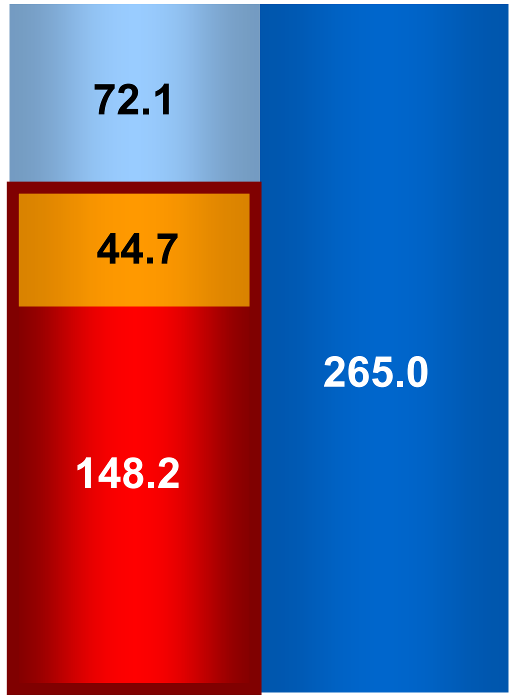
(million euro)

31 December 2003



Capital employed: **249.3**

31 December 2004



Capital employed: **192.8**

Net working capital for operations

Net non-current assets

Net debt or cash

Shareholders' Equity (before negative hedging reserve of € 3.2 million)

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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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Cash flow

(million euro)	2003	2004
Net income	23.7	54.0
Depreciation of fixed assets	16.0	12.0
Amortization of intangible assets	10.8	9.1
Write-down of assets	30.0	1.8
Change in working capital	(1.5)	25.1
Changes in non-current items	(11.6)	(4.1)
Net investments in fixed assets	(15.9)	(0.2)
Net investments in intangible assets	(5.2)	(5.7)
Free Cash Flow	46.3	92.0
Dividend paid	(18.3)	(18.4)
Purchase of treasury stock	(2.9)	-

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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

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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

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Company strategy

- **Acquire new product licenses**
  - ✓ **Licensing-in agreements signed in 2004:**

    Cidine

    rupatadine

    prulifloxacin

    silodosin

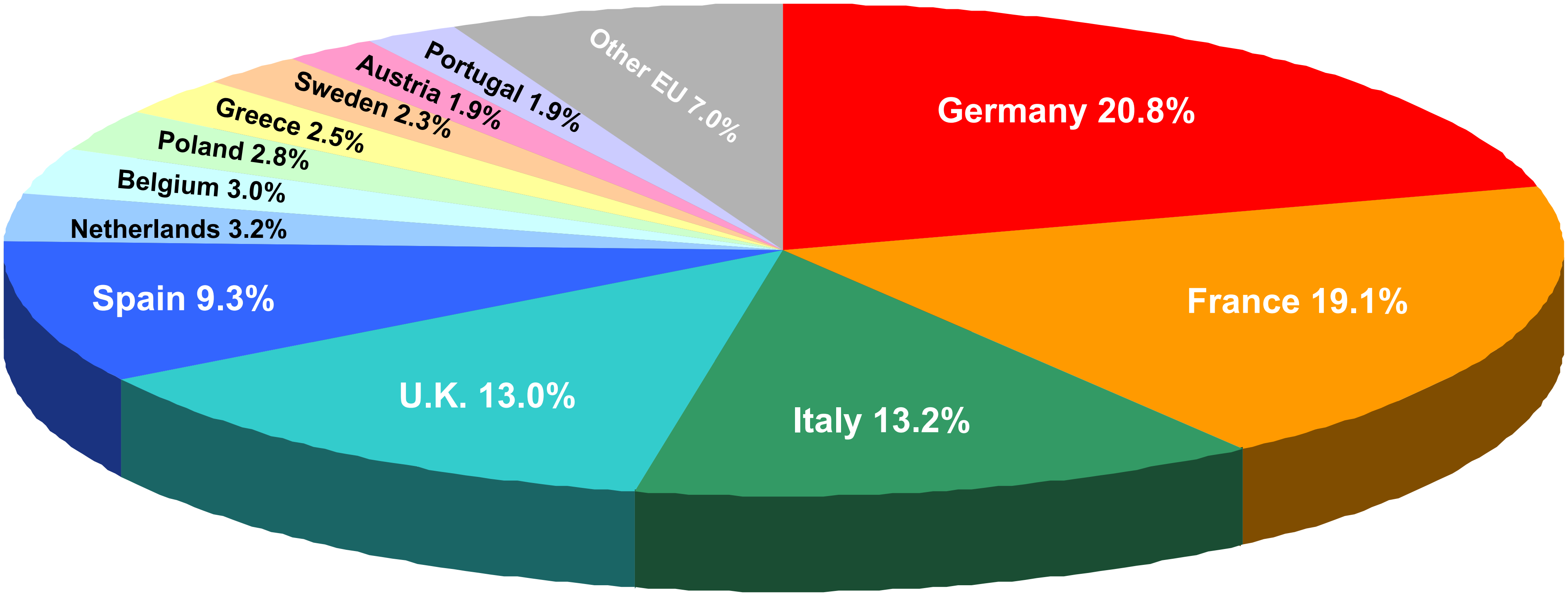
Company strategy

➢ 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

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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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(million euro)	Actual 2004	Outlook 2005
SALES	488.3	>550
EBIT	90.4	>100
NET INCOME	54.0	>60

Assumptions: • Excluding any future acquisitions

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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, Germany, Ireland, Spain, Switzerland and the United States.

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