

Milan, 7 February 2008



**2007 Preliminary Results  
Outlook for 2008**

# 2007 Highlights

- Revenue € 628.4 million, up 9.1%, international sales grow by 14.0%
- EBIT € 131.5 million, up 9.3%
- Net income € 84.9 million, up 14.6%
- Acquisition of Orphan Europe for € 135 million
- Launch of Zanipress® (lercanidipine/enalapril fixed combination) in Germany
- Direct marketing of lercanidipine in Ireland and in Greece

# Composition of revenue

(million Euro)	2007	2006	Change %
Italy	201.3	200.5	0.4
France	140.5	134.0	4.8
Germany	52.8	51.3	2.9
Portugal	45.7	-	n.s.
Spain	21.9	30.5	(28.1)
United Kingdom	11.6	10.7	8.5
Ireland	1.7	-	n.s.
Greece	0.8	-	n.s.
International licensees	118.2	110.8	6.7
<b>TOTAL PHARMACEUTICALS</b>	<b>594.4</b>	<b>537.8</b>	<b>10.5</b>
<b>PHARMACEUTICAL CHEMICALS</b>	<b>34.0</b>	<b>38.4</b>	<b>(11.3)</b>

# Lercanidipine sales

(million Euro)	2007	2006	Change %
Italy	44.7	40.5	10.5
France	43.6	37.1	17.6
United Kingdom	11.3	10.6	6.4
Spain	7.5	8.5	(12.7)
Germany	6.8	3.8	n.s.
Others	5.3	1.5	n.s.
DIRECT SALES	119.5	102.0	17.2
SALES TO LICENSEES	67.4	69.6	(3.2)
TOTAL LERCANIDIPINE SALES	186.9	171.6	8.9

# Full year 2007 results

(million Euro)	2007	2006	Change %
Revenue	628.4	576.2	9.1
Gross Profit as % of revenue	422.1 67.2%	384.2 66.7%	9.9
SG&A Expenses as % of revenue	236.0 37.6%	218.3 37.9%	8.1
R&D Expenses as % of revenue	49.1 7.8%	45.4 7.9%	8.2
Other Income (Expense), net as % of revenue	(5.5) (0.9%)	(0.1) (0.0%)	n.s.
Operating Income as % of revenue	131.5 20.9%	120.3 20.9%	9.3
Net Income as % of revenue	84.9 13.5%	74.0 12.8%	14.6

# R&D pipeline

NAME	ORIGINATOR	INDICATION	DEVELOPMENT STATUS
Zanipress®/Zanitek®	Recordati	Hypertension (lercanidipine+enalapril)	Launched in the RMS (Germany) MRP ongoing
rupatadine	Uriach	Rhinitis, allergic, seasonal / perennial urticaria	Approved
fentanyl patch	Lavipharm	Moderate to severe chronic pain	Filed in the RMS (UK)
prulifloxacin	Nippon Shinyaku /Angelini	Infection, respiratory tract Infection, urinary tract	Filed
silodosin	Kissei	Benign prostatic hyperplasia	Phase III
pitavastatin	Kowa	Hyperlipidemia, general	Phase III
2 new lercanidipine combinations	Recordati	Hypertension	Phase II
lercanidipine MR	Diff. technology platforms	Hypertension, general	Formulation/Phase II
REC 0422	Recordati	Overactive bladder and Incontinence	Preclinical
REC 1819	Recordati	Overactive bladder and Incontinence	Preclinical

RMS – Reference Member State

MRP – Mutual Recognition Process

# New lercanidipine combinations

- To address new therapeutic guidelines for the treatment of hypertension and the increasing role of polytherapy, lercanidipine is being developed in fixed combinations with other broadly prescribed antihypertensive drugs
- One of the new combinations is based on lercanidipine and another drug acting on the angiotensin II receptor
- The second, under parallel development, is an original fixed combination targeting more severe or resistant patients

- Selective alpha-1A receptor antagonist indicated for the symptomatic treatment of benign prostatic hyperplasia
- Benign prostatic hyperplasia increasing in frequency due to the progressive ageing of the population
- Originator: Kissei
- Market of reference: class G4C European sales, approx. €1.7 billion.
- Recordati is completing the clinical development of silodosin in Europe. Filing expected end 2008.
- Phase III trials completed in the U.S. and in Europe indicate rapid onset of action and confirm the expected clinical profile



## New developments for Lower Urinary Tract Symptoms (LUTS) and incontinence

- Irritative symptoms of the lower urinary tract (mainly urgency and frequency with or without incontinence) are frequent, mainly in women and the elderly. This condition, known as Overactive Bladder (OAB) is either idiopathic or due to known conditions (interstitial cystitis, neurogenic causes, etc.). Only 7 million of the estimated 65 million OAB sufferers in the U.S. and the EU are treated at any time. Under-diagnosis and under-treatment are the main reasons.
- Unmet medical and market needs are significant. Under-treatment is often due to lack of satisfactory efficacy and tolerability of existing drugs. All existing drugs have the same mechanism of action and the older ones are cheap. Therefore, reimbursement issues in Europe make newer drugs less accessible.
- Recordati is taking into development two innovative products:
  - REC 0422 is a combination of two existing drugs, indicated for other conditions, which has displayed a significant synergistic effect in pharmacological models of OAB
  - REC 1819 has a completely new mechanism of action at the CNS level

# R&D pipeline – drugs for rare diseases

NAME	ORIGINATOR	INDICATION	DEVELOPMENT STATUS
Carbaglu®	Orphan Europe (Recordati)	NAGS deficiency	Approved in EU Pre-registration in U.S.
Carbaglu®	Orphan Europe (Recordati)	Organic acidemias	Pre-registration in EU
Vedrop®	Orphan Europe (Recordati)	Vitamin E deficiency in cystic fibrosis and chronic cholestasis	Filed with EMEA
Infasurf®	Ony	Calf derived surfactant for RDS	Pre-filing
Stanate®	Rockefeller U. /InfaCare	Neonatal jaundice, hyperbilirubinemia	Phase II-III
Cystagon®	Mylan	Other indication unrelated to nephropathic cystinosis	Phase II-III
Cystadrops®	Orphan Europe (Recordati)	Ocular cystinosis	Phase II
Normosang®	Orphan Europe (Recordati)	Hepatic porphyria	Approved in EU Pre-registration in U.S.
PI-0824	Peptimmune	Pemphigus vulgaris	Phase I

# Development of drugs for rare diseases

- **Carbaglu<sup>®</sup>** (carglumic acid), a drug developed by Orphan Europe for the treatment of NAGS deficiency, approved in the EU in 2003, will be filed shortly for approval with the FDA. Carbaglu<sup>®</sup> is also in pre-registration phase in Europe for additional indications in organic acidaemias.
- **Vedrop<sup>®</sup>** (tocofersolan), a drug developed by Orphan Europe indicated for vitamin E deficiency in patients with cystic fibrosis or chronic cholestasis, is a water-soluble vitamin E which is easily absorbed in such patients. The drug was filed for EMEA approval in 2007 and market authorization is expected in 2008.
- **Infasurf<sup>®</sup>** is a calf derived surfactant for the prevention and treatment of neonatal respiratory distress syndrome (RDS) originated by Ony. Neonatal RDS is a life-threatening disease which affects mainly premature infants and surfactants are well established in the treatment of this condition. Exclusive marketing rights for 27 European countries. Launches expected in 2010.

# Development of drugs for rare diseases

- **Stanate<sup>®</sup>** (stannsoporfin) Inhibits the production of bilirubin in cases of hyperbilirubinemia of different origin. Originated by Rockefeller University, is under development by InfaCare for the treatment of neonatal hyperbilirubinemia (jaundice).
  - Severe hyperbilirubinemia, if untreated, can lead to severe brain damage. If approved, stannsoporfin could be used immediately in infants not responding to phototherapy.
  - Orphan Europe will complete the clinical development of stannsoporfin in Europe in accordance with the relevant regulatory bodies' scientific advice. The plan addresses hyperbilirubinemia caused by G6PD deficiency and ABO incompatibility.

# Development of drugs for rare diseases

- **Cystagon**<sup>®</sup> (cysteamine bitartrate), a drug indicated for the treatment of nephropathic cystinosis, is being studied for a new and promising unrelated indication.
- **Cystadrops**<sup>®</sup> (cysteamine chlorhydrate), are eye drops developed for “ocular cystinosis” which cannot be treated by orally administered cysteamine and specially formulated in a patient-friendly gel form. A phase II clinical study is currently ongoing.
- In partnership with Peptimmune, **PI-0824** is being tested for the treatment of pemphigus vulgaris, an autoimmune disorder caused by the formation of auto-antibodies to desmoglein 3, a cell adhesion protein found in normal skin.

- Achieve a direct presence in Eastern Europe
- Reinforce our R&D pipeline
- Growing strategic interest in specialized therapies: development of Stanate®, development of new drugs for rare diseases
- Reinforce our presence in Germany, Spain and the UK through selective company and/or product acquisitions

# 2008 targets

(million Euro)	2008 growth targets	2007
Revenue	+10%	628.4
R&D expenses	+20%	49.1
Operating income (EBIT)	+10%	131.5
Net Income	+14%	84.9

# Company declarations, disclaimers and profile

## **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 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 a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), dedicated to the research, development, manufacturing and marketing of pharmaceuticals, with headquarters in Milan, Italy, operations in the main European countries, and a total staff of over 2,200. A European field force of over 1,100 medical representatives promotes a wide range of innovative pharmaceuticals, both proprietary and under license, in a number of therapeutic areas. Recordati's current and growing coverage of the European pharmaceutical market makes it a partner of choice for new product licenses from companies which do not have European marketing organizations. Recordati is committed to the research of new drug entities within the cardiovascular and urogenital therapeutic areas in which its research team has proven scientific competence and a track record of discovery and development of original drugs, the most recent of which, lercanidipine, a latest generation calcium channel blocker for the treatment of hypertension, is the company's leading product. Consolidated revenue for 2006 was € 576.2 million, operating income was € 120.3 million and net income was € 74.0 million.**

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