



## ***2014 Preliminary results 2015 - 2017 Outlook***

CONFERENCE CALL – 12 FEBRUARY 2015

## Full year 2014 highlights

- Revenue € 987.4 million, up 4.9%
- EBITDA € 273.8 million or 27.7% of sales, up 19.0%
- Operating income (EBIT) € 231.0 million or 23.4% of sales, up 18.2%
- Net income € 161.2 million or 16.3% of sales, up 20.6%
- Exclusive license for Vitaros® from Apricus Biosciences
- Acquisition of a further 23% of Opalia Pharma in Tunisia
- Orphan drug designation for the use of Carbaglu® to treat organic acidemias in the U.S.A.
- PSD502™ (brand Fortacin), a new product for the treatment of premature ejaculation licensed in from Plethora Solutions

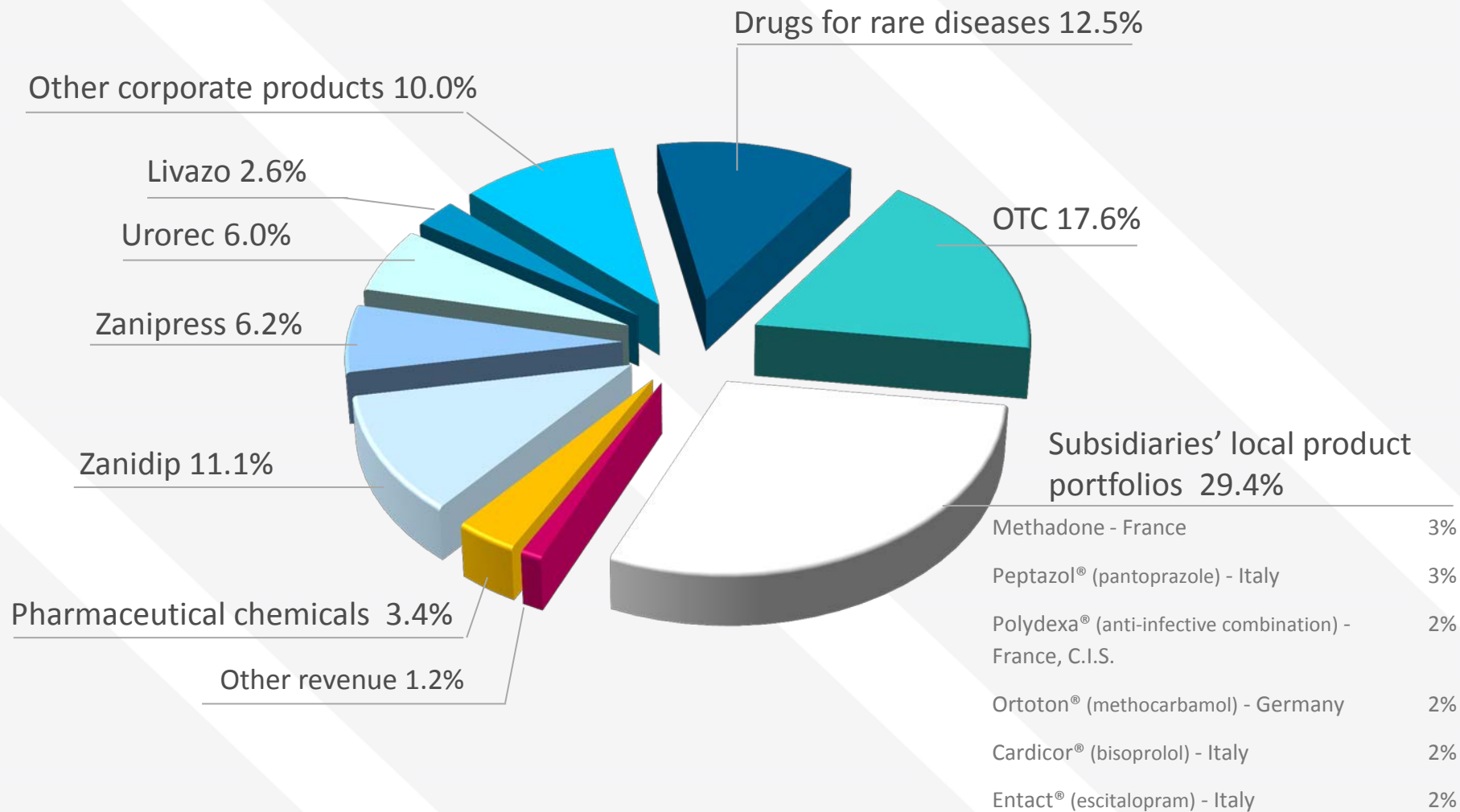
## Main product sales

**Corporate products including drugs for rare diseases account for 51% of revenue**

(million Euro)	2014	2013	Change %
Zanidip <sup>®</sup> (lercanidipine)	<b>109.2</b>	108.7	0.5
Zanipress <sup>®</sup> (lercanidipine+enalapril)	<b>61.3</b>	59.8	2.4
Urorec <sup>®</sup> (silodosin)	<b>59.1</b>	46.7	26.3
Livazo <sup>®</sup> (pitavastatin)	<b>25.5</b>	22.5	13.3
Other corporate products*	<b>125.8</b>	97.7	28.7
Drugs for rare diseases	<b>123.2</b>	127.9	(3.7)

\* Includes OTC products Procto-Glyvenol<sup>®</sup>, TransAct<sup>®</sup> LAT and Casenlax<sup>®</sup>

# A diversified product portfolio



Data: Full year 2014

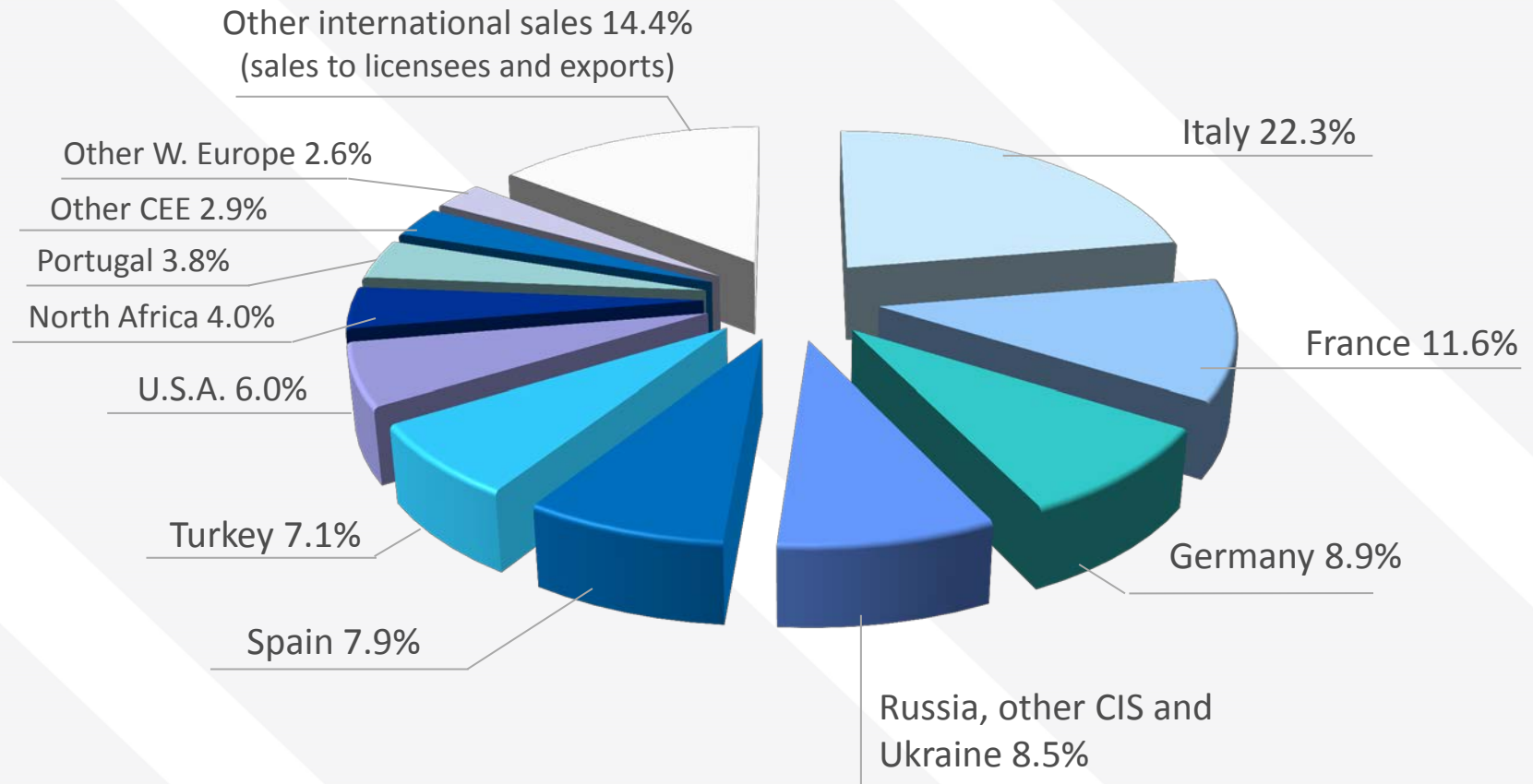
Total revenue € 987.4 m

# Composition of revenue by geography

## New products and new markets drive growth

(million Euro)	2014	2013	Change %
Italy	212.3	222.7	(4.7)
France	111.0	115.1	(3.5)
Germany	84.6	81.4	4.0
Russia, other CIS countries and Ukraine	81.3	89.4	(9.0)
Spain	75.7	37.9	100.1
Turkey	68.0	65.7	3.5
U.S.A.	56.8	51.6	10.0
North Africa	38.2	21.4	78.5
Portugal	36.2	32.9	10.1
Other CEE countries	27.5	33.7	(18.4)
Other W. Europe countries	24.6	25.6	(3.9)
Other international sales	137.3	132.5	3.6
<b>TOTAL PHARMACEUTICALS</b>	<b>953.7</b>	909.9	4.8
<b>PHARMACEUTICAL CHEMICALS</b>	<b>33.7</b>	31.7	6.1
(In local currency, millions)	2014	2013	Change %
Russia (million RUB)	3,459.7	3,192.0	8.4
Turkish subsidiary (million TRY)	184.8	157.4	17.4

# Geographical breakdown of pharmaceutical revenue



Data: Full year 2014  
Pharmaceutical revenue € 953.7 m

# Full year 2014 results

## Significant margin growth

(million Euro)	2014	2013	Change %
<b>Revenue</b>	<b>987.4</b>	<b>941.6</b>	<b>4.9</b>
Gross Profit	660.3	614.3	7.5
as % of revenue	66.9	65.2	
SG&A Expenses	340,1	329.3	3.3
as % of revenue	34.5	34.9	
R&D Expenses	85.3	74.7	14.1
as % of revenue	8.6	7.9	
Other Income (Expense), net	(3.9)	(14.9)	(73.9)
as % of revenue	(0.4)	(1.6)	
<b>Operating Income</b>	<b>231.0</b>	<b>195.4</b>	<b>18.2</b>
as % of revenue	23.4	20.8	
<b>Net Income</b>	<b>161.2</b>	<b>133.7</b>	<b>20.6</b>
as % of revenue	16.3	14.2	
EBITDA	273.8	230.1	19.0
as % of revenue	27.7	24.4	

## Financial position and Shareholders' equity

(million Euro)	31 Dec 2014	31 Dec 2013	Change
Cash and short-term financial investments	<b>137.0</b>	52.3	84.7
Bank overdrafts and short-term loans	<b>(8.6)</b>	(34.0)	25.5
Loans – due within one year	<b>(28.3)</b>	(82.5)	54.2
Loans – due after one year	<b>(286.2)</b>	(196.8)	(89.4)
<b>NET FINANCIAL POSITION</b>	<b>(186.0)</b>	(261.0)	75.0
<b>SHAREHOLDERS' EQUITY</b>	<b>787.4</b>	701.8	85.6



## 2015 targets

### Assumptions

- Lercanidipine franchise to remain relatively stable generating sales of between € 160 and € 165 million.
- Sales of Urorec<sup>®</sup> to increase by around 15%. Sales of Livazo<sup>®</sup> to increase by more than 10%.
- First half sales in Italy to be impacted by termination of license agreement for Entact<sup>®</sup> (escitalopram) as from mid-year 2014.
- Sales in Russia to increase by more than 10% in local currency. Sales in Turkey to increase by around 10% in local currency.
- Drugs for the treatment of rare diseases to grow double digit.
- Main FX impact on net revenue due to devaluation of the Russian rouble and revaluation of the US dollar. Net impact is a negative effect of around € 15 million.
- Breakdown of sales by product/business and by geography to remain substantially unchanged.

# 2017 plan

## Assumptions

- Lercanidipine franchise to decline slightly following entry of generic competition for Zanipress<sup>®</sup>. Sales going forward of around € 140 million.
- Sales of Urorec<sup>®</sup> to reach around € 85 million in 2017.
- Sales of Livazo<sup>®</sup> to exceed € 35 million in 2017.
- Other corporate products to exceed € 140 million in 2017 including around € 20 million of new products (Vitaros<sup>®</sup>, Fortacin).
- Drugs for the treatment of rare diseases to exceed 15% of total sales (CAGR > 10%).
- OTC products to remain essentially stable as a percent of total sales.
- Objectives for 2017 are based on current currency exchange rates.
- Cash generated to be invested in corporate development activities, primarily in product portfolio enhancement.

# 2015 targets and 2017 plan

## Objectives

- **Revenue:**
  - Target for 2015 to achieve sales of more than € 1 billion, below original expectations due exclusively to negative FX effect due to devaluation of the rouble.
  - Plan for 2017 to achieve sales of around € 1,150 million. Organic growth about one half of 2015-2017 increase in revenues.
- **Further margin improvement:**
  - Exceed original expectations for 2015: EBIT around € 250 million, 25% of sales, Net Income around € 175 million, >17% of sales.
  - Plan for 2017 to achieve EBIT between 25% and 26% of sales, Net Income between 17% and 18% of sales.

# Financial projections

## 2015 targets and 2017 plan

(million Euro)	2014 Actual	2015 Targets	2017 Plan
Revenue	987.4	> 1,000	± 1,150
Operating income (EBIT)	231.0	± 250	25% - 26%
Net Income	161.2	± 175	17% - 18%

# 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 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.**

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