



2019

First half results

CONFERENCE CALL – 30 JULY 2019

First half 2019 highlights

- Revenue € 743.3 million, up 6.8%
- EBITDA € 279.3 million or 37.6% of sales, up 7.4%
- Operating income (EBIT) € 242.6 million or 32.6% of sales, up 4.6%
- Net income € 174.3 million or 23.4% of sales, up 6.1%
- Net debt € 610.9 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
- Companies operating under the name of Orphan Europe have been renamed Recordati Rare Diseases, now the global brand of Recordati's organization dedicated to treatments for rare diseases
- Subsequent events: acquisition of Signifor[®], Signifor[®] LAR[®] and osilodrostat from Novartis

Transaction to accelerate the development of our Rare Diseases business

Acquisition of one marketed product and one late phase pipeline product in the endocrinology segment

Key Highlights

- ✓ Complementary portfolio
- ✓ Enter the high growth endocrinology market
- ✓ Orphan designated
- ✓ IP protected
- ✓ Limited additional R&D spend
- ✓ Global and perpetual intellectual property rights

Signifor® and Signifor® LAR®

- Injectable somatostatin analogue for the treatment of Cushing's disease and acromegaly
- IP protection until 2026
- Estimated around \$ 75 million revenue in 2019 and above average EBITDA margins with potential peak sales of more than \$ 100 million
- Orphan drug designation in the US and Europe

osilodrostat

- Potent, highly specific oral inhibitor of cortisol and aldosterone synthesis for the treatment of Cushing's disease and syndrome
- IP protection until 2031
- Marketing authorization applications filed in the European Union and the USA. Potential approval expected 2020 in Europe and 2022 in the US
- Orphan drug designation in the US and Europe
- Potential peak sales of > \$100 million

Transaction snapshot

Purchase Price

- Upfront cash consideration of **\$ 390 million**
- Regulatory milestones, in addition to royalties on net sales contingent upon approval and market access of osilodrostat

Funding

- Funded by existing liquidity and new debt facilities

Leverage

- Acceptable proforma Net Debt to EBITDA level, leaving room for additional future M&A

Timing

- Expected closing end **Q3 2019**

Strategic rationale

1. Reinforces Recordati as a major Rare Diseases player globally
2. Driver of long-term value growth. Adds well established and high potential products with material revenue and EBITDA contribution
3. Expands our Rare Diseases franchise into attractive Endocrinology space
4. Leverages and expands our existing capabilities

Delivering on strategy

Fully in line with Group's strategic objectives announced at our Capital Markets Day on 9 May 2019

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 ✓

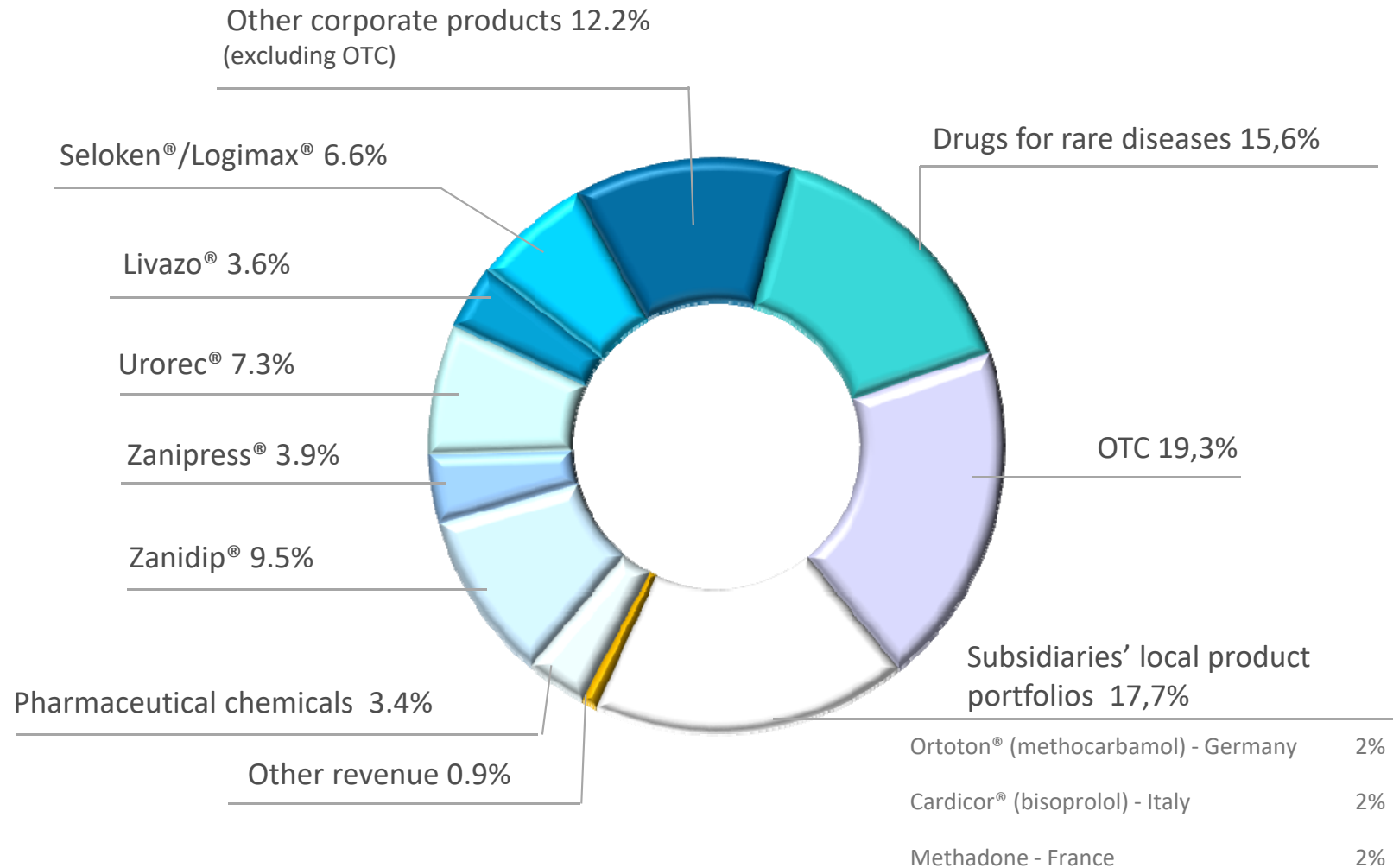
Main product sales

Corporate products including drugs for rare diseases account for 67.1% of revenue

(million Euro)	1H 2019	1H 2018	Change %
Zanidip® (lercanidipine)	70.8	69.6	1.8
Zanipress® (lercanidipine+enalapril)	29.2	33.0	(11.4)
Urorec® (silodosin)	54.5	51.2	6.5
Livazo® (pitavastatin)	26.7	24.0	11.4
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	48.7	50.4	(3.4)
Other corporate products*	153.0	136.4	12.2
Drugs for rare diseases	115.6	110.1	5.0

* Include the OTC corporate products for an amount of € 62.1 million in 2019 and € 52.8 million in 2018 (+17.6%).

A diversified product portfolio



Data: First half 2019
Total revenue € 743.3 m

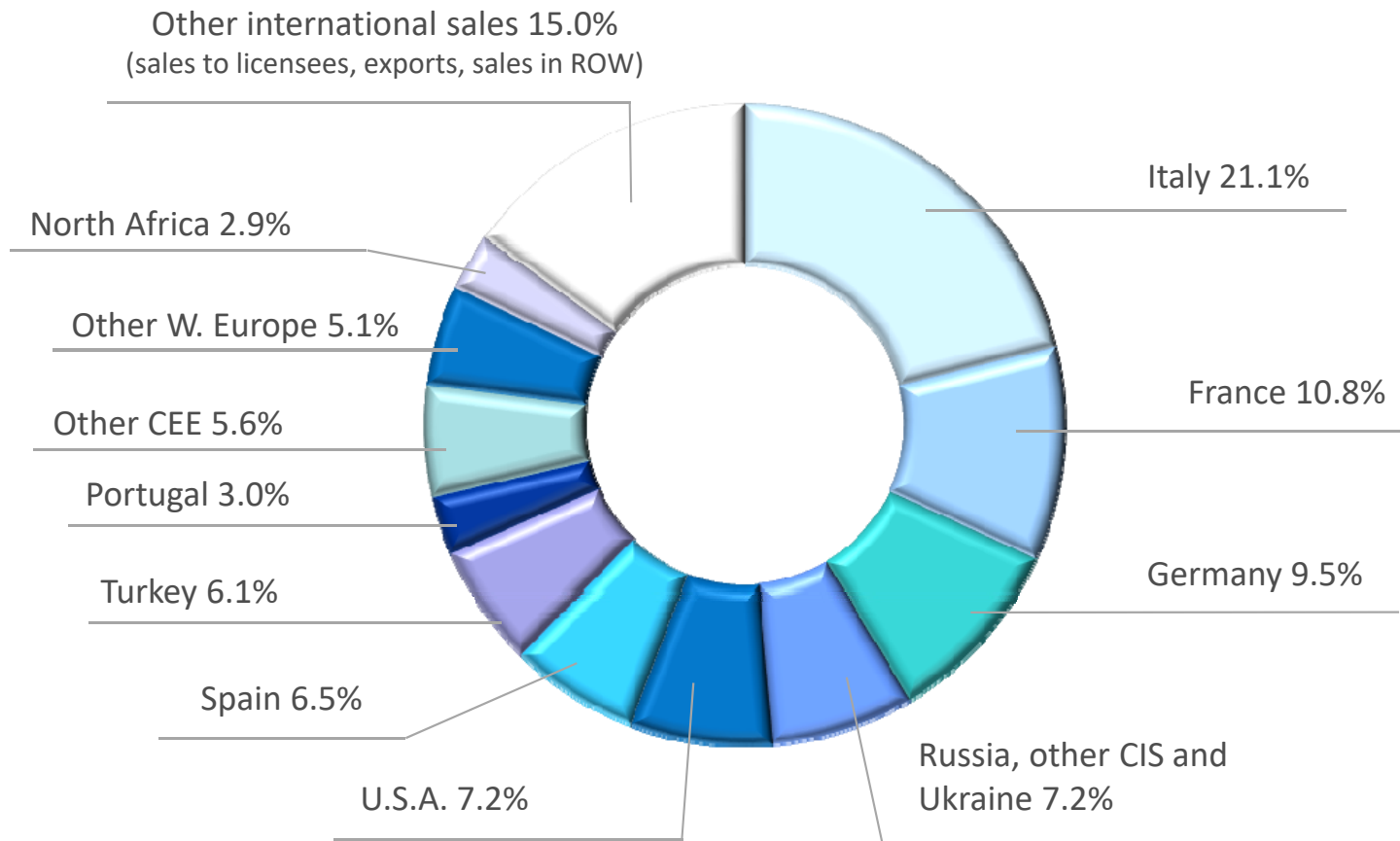
Composition of revenue by geography

(million Euro)	1H 2019	1H 2018	Change %
Italy	151.3	141.2	7.1
France	77.7	65.5	18.5
Germany	68.0	68.6	(0.9)
Russia, other CIS countries and Ukraine	51.6	48.6	6.1
U.S.A.	51.6	49.7	3.9
Spain	46.6	43.8	6.3
Turkey	44.1	43.4	1.7
Portugal	21.8	20.7	5.6
Other CEE countries	40.6	32.5	24.9
Other W. Europe countries	36.4	28.5	27.7
North Africa	20.6	20.7	(0.1)
Other international sales	107.7	112.1	(3.8)
TOTAL PHARMACEUTICALS	718.0	675.2	6.3
PHARMACEUTICAL CHEMICALS	25.2	20.9	21.0

(In local currency, millions)	1H 2019	1H 2018	Change %
Russia (RUB)	2,955.6	2,740.0	7.9
Turkey (TRY)	265.7	202.4	31.3
U.S.A. (USD)	61.2	62.0	(1.2)

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.

Geographical breakdown of pharmaceutical revenue



Data: First half 2019
Pharmaceutical revenue € 718.0 m

First half 2019 results

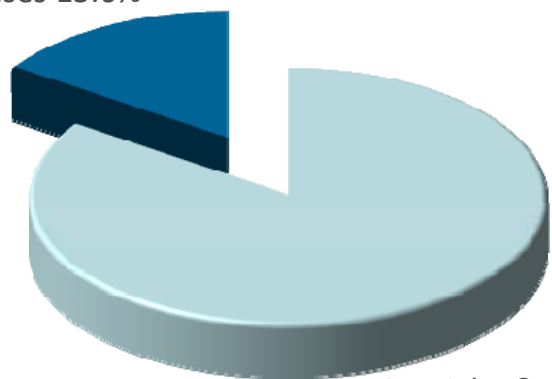
(million Euro)	1H 2019	1H 2018	Change %
Revenue	743.3	696.1	6.8
Gross Profit	520.0	493.0	5.5
as % of revenue	70.0	70.8	
SG&A Expenses	218.5	205.9	6.1
as % of revenue	29.4	29.6	
R&D Expenses	59.8	53.6	11.4
as % of revenue	8.0	7.7	
Other Income (Expense), net	0.8	(1.6)	n.s.
as % of revenue	0.1	(0.2)	
Operating Income	242.6	231.9	4.6
as % of revenue	32.6	33.3	
Net Income	174.3	164.2	6.1
as % of revenue	23.4	23.6	
EBITDA	279.3	260.0	7.4
as % of revenue	37.6	37.4	

First half 2019 results

Operating Segments

Revenue

Treatments for rare diseases 15.6%



Specialty & primary care 84.4%

EBIT

Treatments for rare diseases 22.2%



Specialty & primary care 77.8%

EBITDA

Treatments for rare diseases 20.8%



Specialty & primary care 79.2%

Margin on sales:

Treatments for rare diseases: EBITDA 50.2%, EBIT 46.5%

Specialty & primary care: EBITDA 35.3%, EBIT 30.1%

Net financial position

(million Euro)	30 Jun 2019	31 Dec 2018	Change
Cash and short-term financial investments	103.5	198.0	(94.5)
Bank overdrafts and short-term loans	(16.7)	(16.9)	0.2
Loans – due within one year	(78.1)	(135.3)	57.2
Loans – due after one year*	(619.6)	(634.2)	14.6
NET FINANCIAL POSITION	(610.9)	(588.4)	(22.5)

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

Financial projections

Revised 2019 targets

- Revised 2019 revenue targets following good performance in the first half and the acquisition of Signifor[®], Signifor[®] LAR[®] and osilodrostat from Novartis (expected 4Q contribution)
- Signifor[®] and Signifor[®] LAR[®] accretive to group EBITDA

(million Euro)	2018 Actual	2019 Targets
Revenue	1,352.2	1,460 - 1,480
EBITDA margin on sales	499.1 36.9%	535 – 545
EBIT (Operating income) margin on sales	442.2 32.7%	460 – 470
Net Income margin on sales	312.4 23.1%	330 – 335

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.

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.

Contact Information

Offices:

**Recordati S.p.A.
Via M. Civitali 1
20148 Milano, Italy**

Investor Relations:

**Marianne Tatschke
+39 02 48787393
tatschke.m@recordati.it**

Website:

www.recordati.com