



2019

First nine months results

CONFERENCE CALL – 31 OCTOBER 2019

First nine months 2019 highlights

- Revenue € 1,100.4 million, up 8.6%
- EBITDA € 409.6 million or 37.2% of sales, up 7.8%
- Operating income (EBIT) € 353.5 million or 32.1% of sales, up 4.9%
- Net income € 253.7 million or 23.1% of sales, up 6.6%
- Net debt € 498.7 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
- Acquisition of Signifor[®], Signifor[®] LAR[®] and osilodrostat from Novartis, transaction closed 23 October

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®
(pasireotide)**

- 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

**LCI699
(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 obtained in July

Leverage

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

Timing

- Transaction closed **October 23 2019**

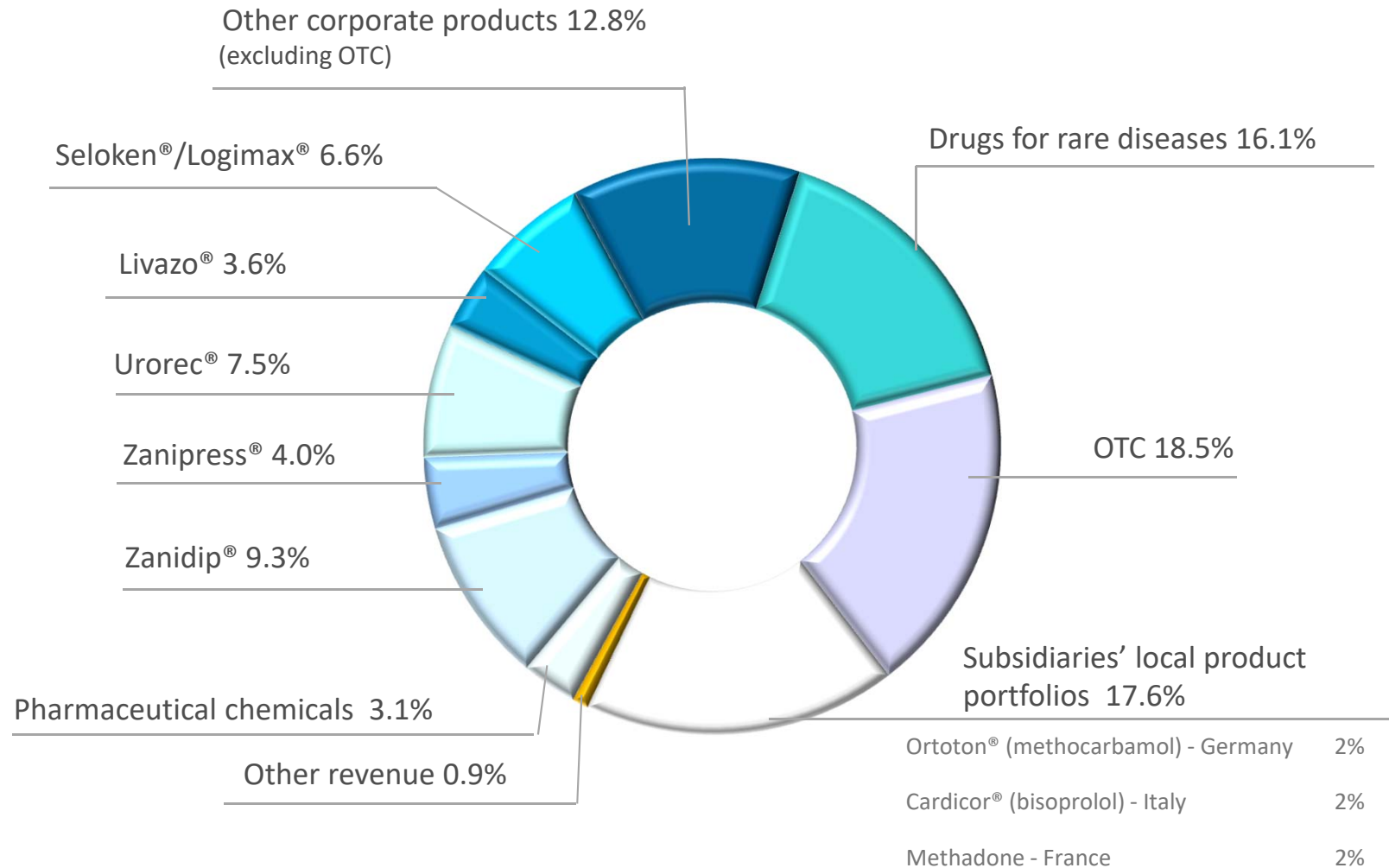
Main product sales

Corporate products including drugs for rare diseases account for 67.6% of revenue

(million Euro)	9 mos 2019	9 mos 2018	Change %
Zanidip® (lercanidipine)	102.2	95.6	6.9
Zanipress® (lercanidipine+enalapril)	44.4	46.1	(3.8)
Urorec® (silodosin)	82.7	76.1	8.6
Livazo® (pitavastatin)	40.0	34.4	16.3
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	72.5	73.8	(1.8)
Other corporate products*	225.5	198.1	13.8
Drugs for rare diseases	177.1	163.0	8.7

* Include the OTC corporate products for an amount of € 84.7 million in 2019 and € 74.8 million in 2018 (+13.3%).

A diversified product portfolio



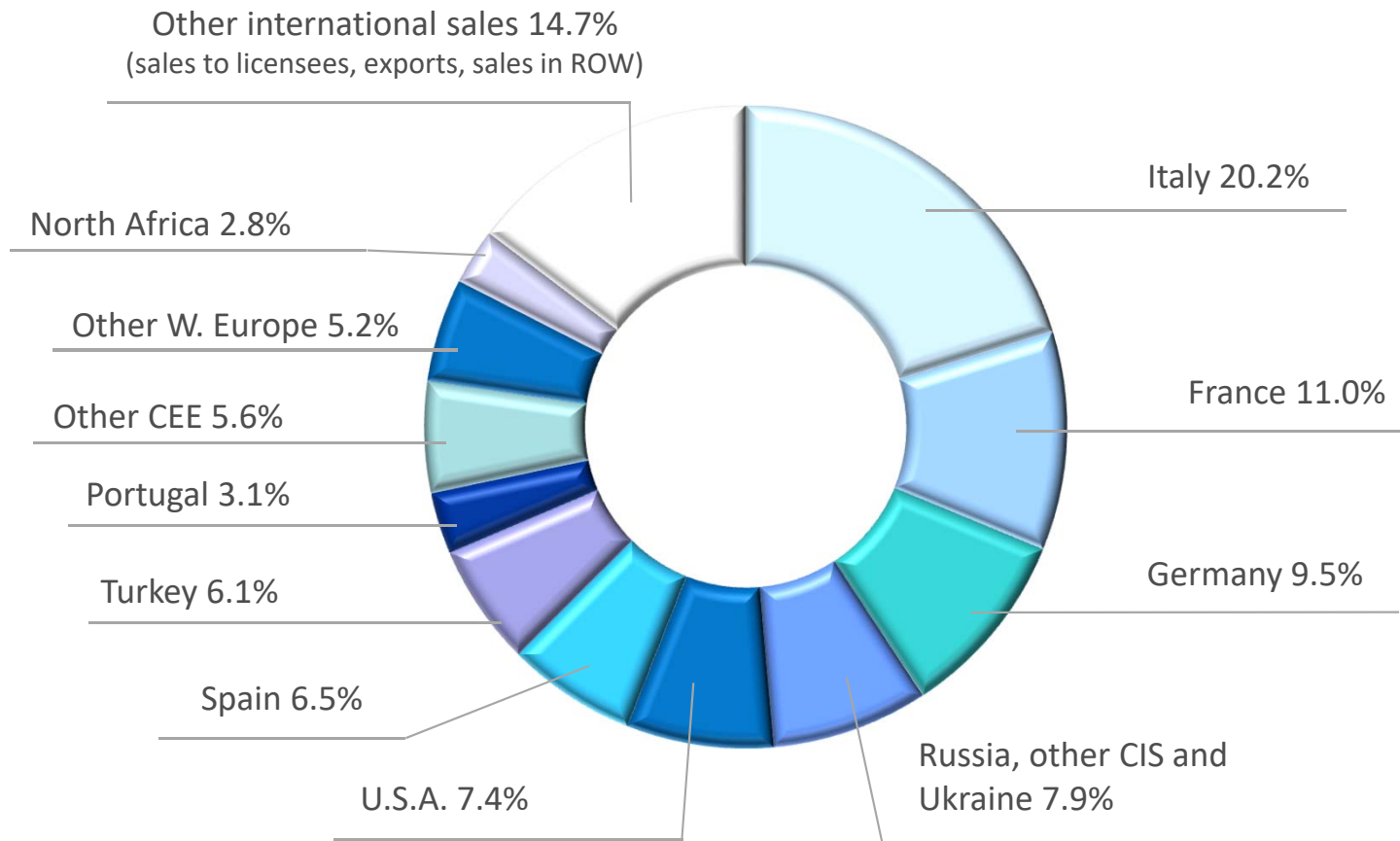
Data: First nine months 2019
Total revenue € 1,100.4 m

Composition of revenue by geography

(million Euro)	9 mos 2019	9 mos 2018	Change %
Italy	215.1	200.9	7.1
France	117.0	98.1	19.3
Germany	101.5	101.3	0.1
Russia, other CIS countries and Ukraine	83.6	75.1	11.3
U.S.A.	78.3	75.1	4.4
Spain	69.4	64.7	7.4
Turkey	65.3	57.6	13.4
Portugal	33.0	31.0	6.4
Other CEE countries	60.0	49.3	21.6
Other W. Europe countries	55.9	42.9	30.4
North Africa	30.3	31.7	(4.6)
Other international sales	156.9	154.9	1.3
TOTAL PHARMACEUTICALS	1,066.4	982.6	8.5
PHARMACEUTICAL CHEMICALS	34.1	30.7	10.9
(In local currency, millions)	9 mos 2019	9 mos 2018	Change %
Russia (RUB)	4,824.1	4,397.3	9.7
Turkey (TRY)	393.0	297.2	32.3
U.S.A. (USD)	93.1	92.6	0.5

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 nine months 2019
Pharmaceutical revenue € 1,066.4 m

First nine months 2019 results

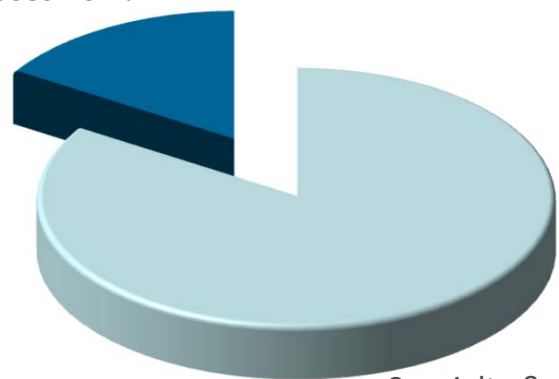
(million Euro)	9 mos 2019	9 mos 2018	Change %
Revenue	1,100.4	1,013.3	8.6
Gross Profit	771.3	717.3	7.5
as % of revenue	70.1	70.8	
SG&A Expenses	325.2	298.8	8.8
as % of revenue	29.6	29.5	
R&D Expenses	91.6	79.4	15.3
as % of revenue	8.3	7.8	
Other Income (Expense), net	(1.1)	(2.1)	(48.2)
as % of revenue	(0.1)	(0.2)	
Operating Income	353.5	337.0	4.9
as % of revenue	32.1	33.3	
Net Income	253.7	237.9	6.6
as % of revenue	23.1	23.5	
EBITDA	409.6	380.1	7.8
as % of revenue	37.2	37.5	

First nine months 2019 results

Operating Segments

Revenue

Treatments for rare diseases 16.1%



Specialty & primary care 83.9%

EBIT

Treatments for rare diseases 22.8%



Specialty & primary care 77.2%

EBITDA

Treatments for rare diseases 21.4%



Specialty & primary care 78.6%

Margin on sales:

Treatments for rare diseases: EBITDA 49.6%, EBIT 45.5%

Specialty & primary care: EBITDA 34.9%, EBIT 29.6%

Net financial position

(million Euro)	30 Sep 2019	31 Dec 2018	Change
Cash and short-term financial investments	612.9	198.0	414.9
Bank overdrafts and short-term loans	(16.5)	(16.9)	0.4
Loans and leases – due within one year*	(101.1)	(135.3)	34.2
Loans and leases – due after one year*	(994.0)	(634.2)	(359.8)
NET FINANCIAL POSITION	(498.7)	(588.4)	89.7

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

Financial projections

2019 targets confirmed

- 2019 revenue targets, revised in July following good performance in the period and the contribution expected in 4Q from Signifor® and Signifor® LAR®, are confirmed
- 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