



2020 Preliminary FY results 2021 Targets

Conference call, 22 February 2021



Full Year 2020 highlights

Resilient performance in unprecedented environment, with strong financial delivery and important additions to the portfolio to drive future growth

- Net Revenue of € 1,448.9 million is -2.2% vs PY, or +0.4% excluding FX impact of -2.6% (-5.1% in Q4)
- Specialty & Primary Care revenue decline, reflecting LOE of Silodosin (Q1) and Pitavastatin (Q3), strong FX headwind (TRY, RUB) and Covid-19 effect on key market segments (cough & cold, probiotics & gastro, OTC)
- Strong growth of Rare Disease, now 22% of total Revenue, with double digit in market growth of Signifor® and Signifor® LAR and €12 million initial sales from Isturisa® launch; US business further strengthened with strong start of Cystadrops® launch in Q4 and Carbaglu OA indication approved in Jan '21
- Shift in revenue mix and strong cost discipline drive continued growth of financial results, despite pressure on topline:
 - EBITDA⁽¹⁾ € 569.3 million or 39.3% of sales, +4.7% vs PY
 - Adjusted Net Income⁽²⁾ € 410.4 million or 28.3% of sales, +7.3%
- Strong cash flow performance, with Net Debt at € 865.8 million compared to Net Debt of € 902.7 million at 31 December 2019, reflecting strong cash generation of approximately € 360 million, before milestones, net share repurchases, and dividends distributed
- Specialty & Primary Care portfolio strengthened through new licensing agreements:
 - License agreement with ARS Pharmaceuticals for ARS-1, an epinephrine nasal spray in late-stage development for the emergency treatment of severe allergic reactions that can lead to anaphylaxis
 - License and Supply Agreement finalized in Jan 2021 with Tolmar International Ltd, to commercialize Eligard® (leuprorelin acetate), in Europe, Turkey, Russia and other countries

(1) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items

(2) Net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects

Signifor® & Signifor LAR® sales growth accelerates in 2020

Isturisa® launch on track in US and EU

Signifor® and Signifor® LAR commercialization on track



- Full Year 2020 reported net revenue of €67 million*
- Growth of in-market sales estimated to be >10% vs 2019*
- Marketing authorization transfer in US, EU, Japan and other selected countries completed
- Strong new patient acquisition in all Regions across all approved indications

Isturisa® launch sequence successfully initiated



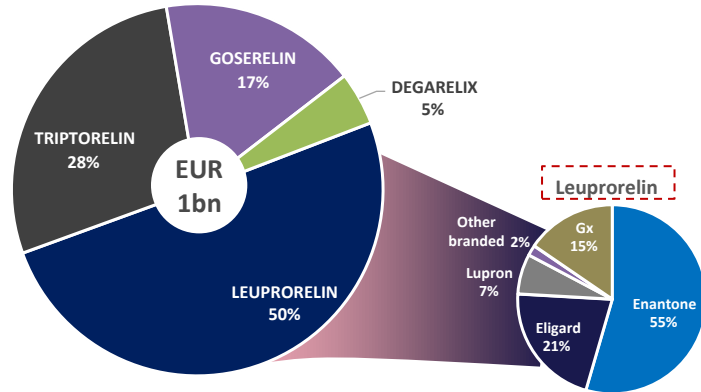
- Early performance of Isturisa® in the US and EU trending in line with expectations
- Full Year 2020 Net Revenue of €12 million, mainly in US and France
- Strong support from top KOLs and patient organizations
- Phase III LINC-4 trial met its primary endpoint in Cushing's Disease, confirming strong clinical profile
- Encouraging early patient uptake in France and Germany thanks to new patient acquisitions and the transition of early access patients; roll out of marketing authorizations progressing (approval in Switzerland in October)
- Regulatory review in Japan on track, targeting approval and launch in 2H 2021
- Isturisa® expected to achieve a leading market share, with peak year sales estimate of between € 300 and 350 million and potential further upside from expansion of indication to Cushing Syndrome in US and expansion in new territories

* Recordati books only margins on sales of Signifor® and Signifor LAR® until transfer of market authorizations and distribution from Novartis; in market sales performance estimated through net margin gross up for like for like comparison

Eligard® - Licence and supply agreement

License obtained from Tolmar International Ltd for the commercialization of Eligard®, well known marketed brand with significant sales in Europe, CIS and Turkey (annual sales c. €100 million)*

European** market share analysis of the top GnRH agonist (2019 IMS sales)



- Highly developed and slightly growing market in advanced prostate cancer
- Good commercial fit within Recordati urology portfolio
- New easier to handle device under development, regulatory submission expected by Oct 31st

Timing: Closing 29 January 2021, economic benefit from 1st January 2021

Terms: upfront cash consideration of € 35 million + milestones up to a total of € 105 million + royalties on sales

Product: leuprorelin acetate (ELIGARD & DEPO-ELIGARD) is a powder that is solubilized with a solvent for subcutaneous injection. Three presentations currently marketed: 1-month delivery (7.5 mg), 3 months delivery (22.5 mg) and 6 months delivery (45 mg)

Indication: treatment of hormone dependent advanced prostate cancer and for the treatment of high-risk localized and locally advanced hormone dependent prostate cancer in combination with radiotherapy

Target prescriber: urologists and oncologists

Exclusivity: no market exclusivity; formulation (exp. 2021) and technology (exp. 2028) patents provide key coverage

Territories: Europe, Turkey, Russia and other countries

* In 2021 only margins on sales of Eligard® will be booked until SOTC transfer from Astellas

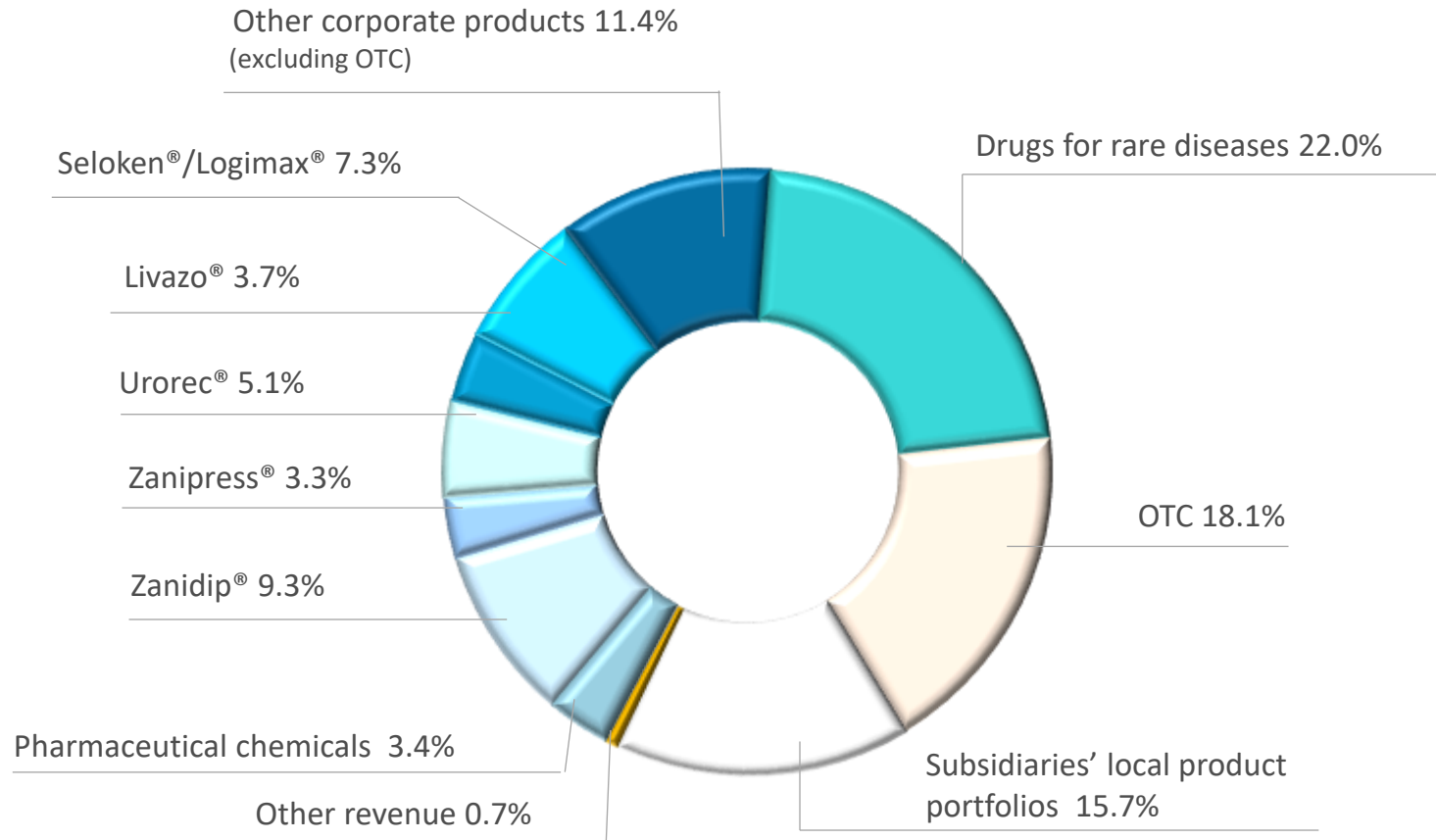
** Including Russia and Turkey

Main product sales

Corporate products including drugs for rare diseases account for 69% of revenue

(million Euro)	2020	2019	Change %
Zanidip® (lercanidipine)	134.6	134.4	0.2
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	105.7	98.3	7.5
Urorec® (silodosin)	74.1	107.1	(30.8)
Livazo® (pitavastatin)	52.9	53.8	(1.8)
Zanipress® (lercanidipine+enalapril)	48.4	58.9	(17.8)
Other corporate products*	269.5	306.3	(12.0)
Drugs for rare diseases	319.4	249.9	27.9

A diversified product portfolio

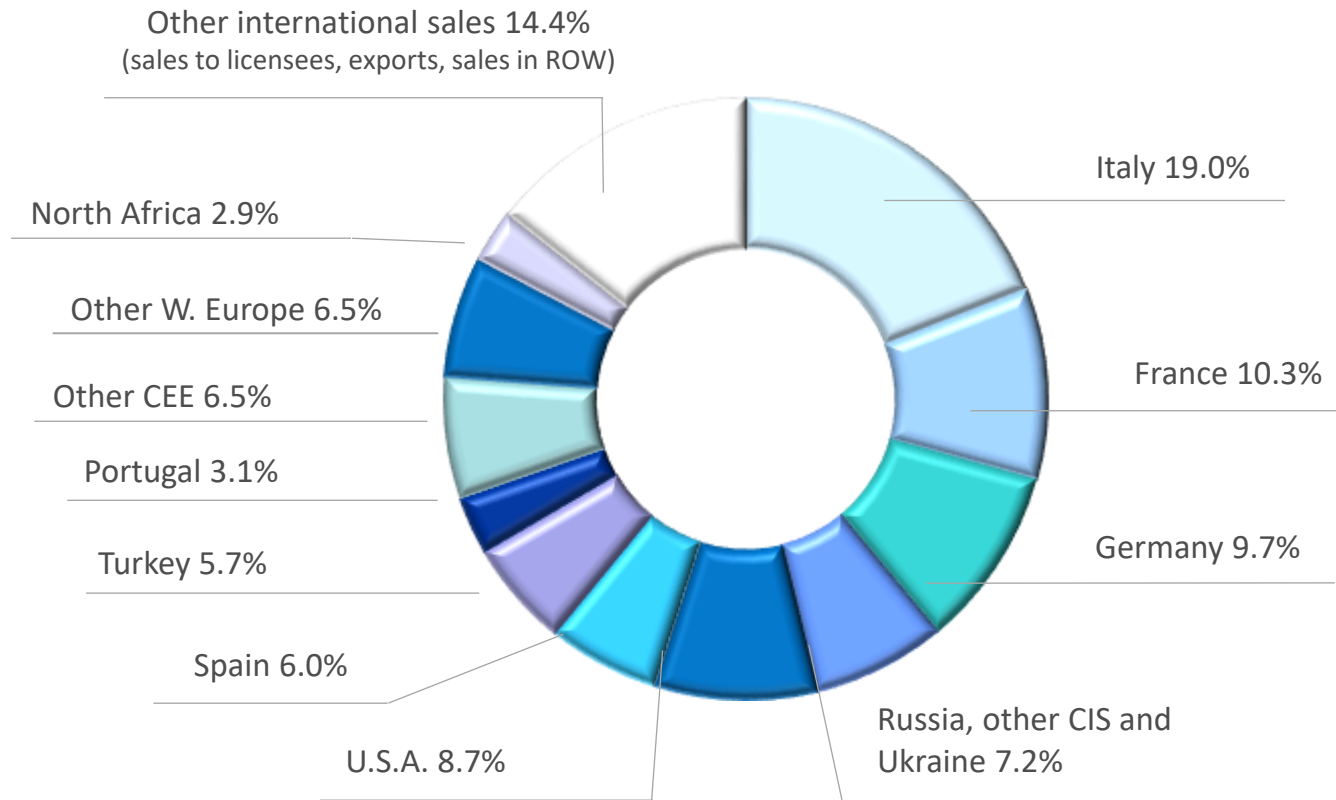


Data: Full year 2020
Total revenue € 1,448.9 m

Composition of revenue by geography

(million Euro)	2020	2019	Change %
Italy	266.5	280.1	(4.9)
France	144.0	157.3	(8.4)
Germany	135.7	138.6	(2.1)
U.S.A.	122.5	109.6	11.8
Russia, other CIS countries and Ukraine	100.2	120.2	(16.6)
Other CEE countries	92.0	82.1	12.0
Other W. Europe countries	91.1	77.6	17.5
Spain	83.8	94.7	(11.5)
Turkey	79.2	88.6	(10.6)
Portugal	42.7	44.5	(3.9)
North Africa	41.3	40.3	2.3
Other international sales	200.9	202.3	(0.7)
TOTAL PHARMACEUTICALS	1,399.9	1,435.7	(2.5)
PHARMACEUTICAL CHEMICALS	48.9	46.1	6.1
(In local currency, millions)	2020	2019	Change %
Russia (RUB)*	6,460.3	6,852.4	(5.7)
Turkey (TRY)*	601.2	538.7	11.6
U.S.A. (USD)	139.9	122.7	14.0

Geographical breakdown of pharmaceutical revenue



Data: Full year 2020

Pharmaceutical revenue (excluding Pharma Chemical) € 1,399.9 m

Full year 2020 results

(million Euro)	2020	2019	Change %
Revenue	1,448.9	1,481.8	(2.2)
Gross Profit as % of revenue	1,042.0 71.9	1,044.9 70.5	(0.3)
SG&A Expenses as % of revenue	421.9 29.1	445.6 30.1	(5.3)
R&D Expenses as % of revenue	146.2 10.1	129.7 8.8	12.8
Other Income (Expense), net as % of revenue	(4.9) (0.3)	(4.4) (0.3)	11.6
Operating Income as % of revenue	469.0 32.4	465.3 31.4	0.8
Net Income as % of revenue	355.0* 24.5	368.9* 24.9	(3.8)
Adjusted Net Income ⁽¹⁾ as % of revenue	410.4 28.3	382.4 25.8	7.3
EBITDA ⁽²⁾ as % of revenue	569.3 39.3	544.0 36.7	4.7

(1) Net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects

(2) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items (2020 non-recurring costs of €6.6 million mainly linked to covid-19, none in 2019)

* Net Income includes non-recurring tax benefit from Italian "patent box" relating to prior years of € 27 million in 2019 and of € 2 million in 2020

Full year 2020 results

Operating Segments

Revenue

Treatments for rare diseases 22.0 %



Specialty & primary care 78.0 %

EBIT

Treatments for rare diseases 25.5%



Specialty & primary care 74.5%

EBITDA

Treatments for rare diseases 26.0 %



Specialty & primary care 74.0 %

Margin on sales:

Treatments for rare diseases: EBITDA 46.4%, EBIT 37.5%

Specialty & primary care: EBITDA 37.3%, EBIT 30.9%

Net financial position

(million Euro)	31 Dec 2020	31 Dec 2019	Change
Cash and short-term financial investments	188.2	187.9	0.3
Bank overdrafts and short-term loans	(12.6)	(13.4)	0.8
Loans and leases – due within one year	(270.2)	(149.8)	(120.4)
Loans and leases – due after one year*	(771.2)	(927.4)	156.2
NET FINANCIAL POSITION	(865.8)	(902.7)	36.9

Financial projections - Key assumptions

- Overall Revenue growth of around 10%, despite continued adverse FX of roughly -2%, driven by:
 - Specialty & Primary Care returning to low single digit organic growth, following Silodosin and Pitavastatin LOE in 2020, with expected improvement in market demand in 2H of the year
 - Eligard® Revenue of over € 70 million*, subject to exact timing of in market distribution
 - High double-digit growth of the Rare Diseases business, driven by continued strong uptake of Endo franchise, expected to reach revenue of € 120-140m, with further growth of Cystadrops®, Ledaga® and Juxtapid® off-setting Panhematin® erosion in US
- R&D costs to remain around 10% of revenue, reflecting incremental investment behind Endo franchise and additional amortization charges
- EBITDA margin of > 38%, reflecting partial normalization of activities post Covid-19 and transition costs on Eligard®
- Financing costs of around €22-24 million (no FX gains/ losses assumed)
- Tax rate to be around 20%, reflecting also €12.9 million non-recurring ACE benefit from reverse merger transaction (expected in Q2 2021 per approved plan)
- No further undisclosed acquisitions or business development included in 2021 targets
- No change to Group dividend payout policy (around 60% of consolidated net income)

* Refers to booked sales; only margins on sales of Eligard® will be booked until SOTC transfer from Astellas

Financial projections

2021 targets - excluding any new acquisitions

(million Euro)	2020 Actual	2021 Targets
Revenue	1,448.9	1,570 - 1,620
EBITDA ⁽¹⁾ margin on sales	569.3 39.3%	600 - 620
Adj Net Income ⁽²⁾ margin on sales	410.4 28.3%	420 - 440

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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 Luigi La Corte 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 4,300, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations throughout the whole of Europe, including Russia, Turkey, North Africa, the United States of America, Canada, Mexico, some South American countries, Japan and Australia. 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 2019 was € 1,481.8 million, operating income was € 465.3 million and net income was € 368.9 million.

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