



***A Specialty
Pharmaceutical Group***



A strategy of growth and geographical expansion

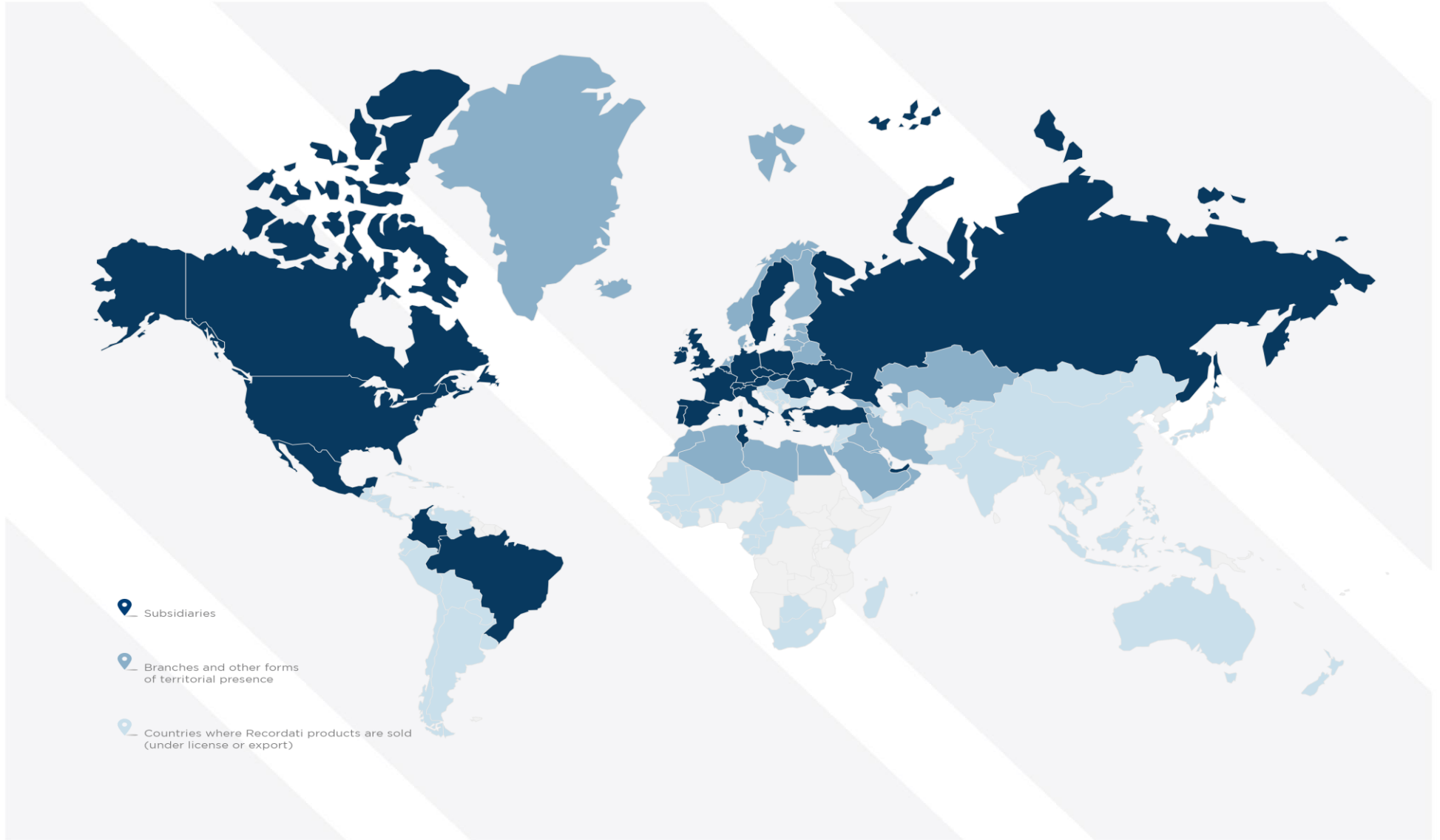
Profile

- An international specialty pharmaceutical group (€ 1,154 million sales in 2016 and 4,100 employees).
- Marketing operations in the main European markets, in Russia, Poland and other Central and Eastern European countries, in Turkey, in the U.S.A., in Latin America and in North Africa
- Drugs for the treatment of rare diseases marketed worldwide
- Proprietary drugs sold worldwide through licensees
- R&D in specialty care and in treatments for rare diseases

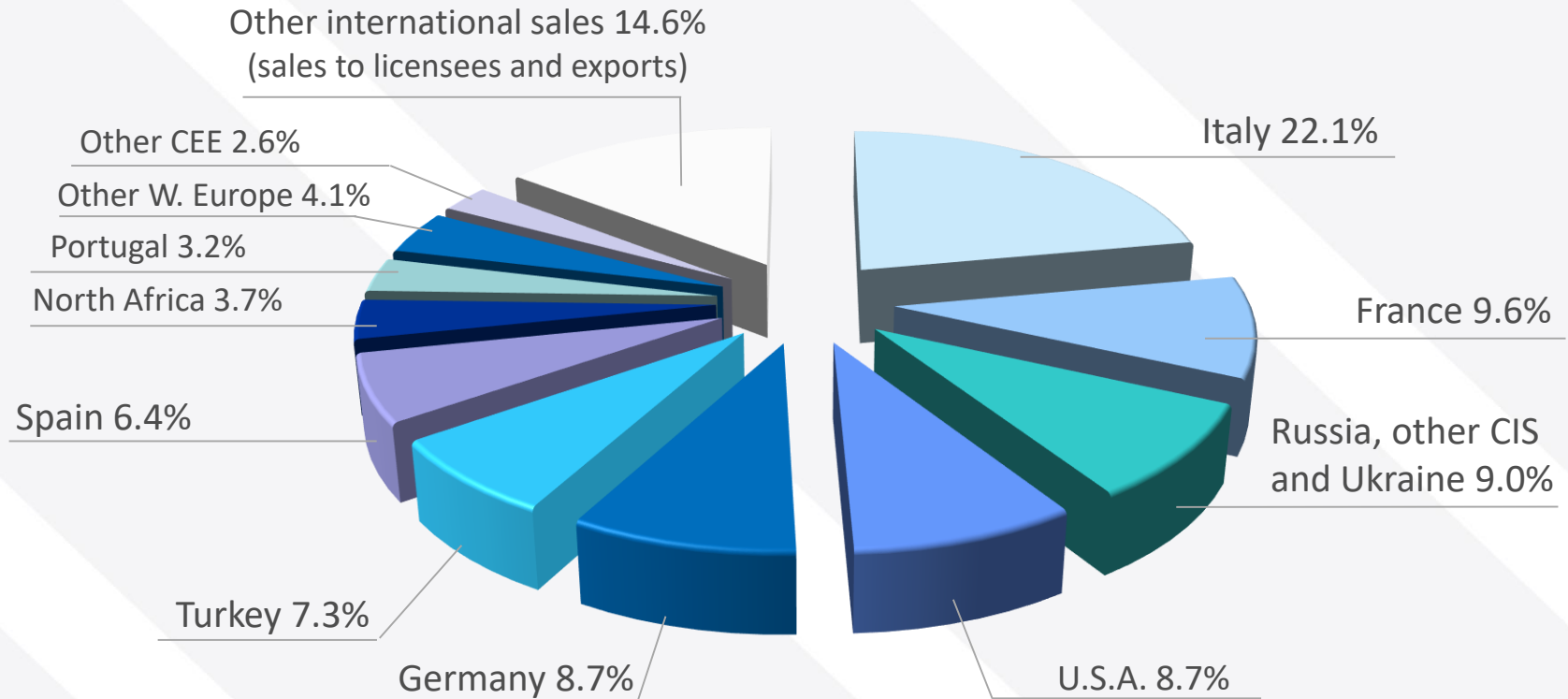
Strategy

- Expand through organic development and through acquisitions
- Develop product portfolio by enhancing product pipeline and new product acquisitions. Prioritize specialty care and treatments for rare diseases.
- Reinforce presence in existing key markets
- Treatments for rare diseases: further expand geographical presence, mainly in the Asia-Pacific area

Extensive geographical footprint

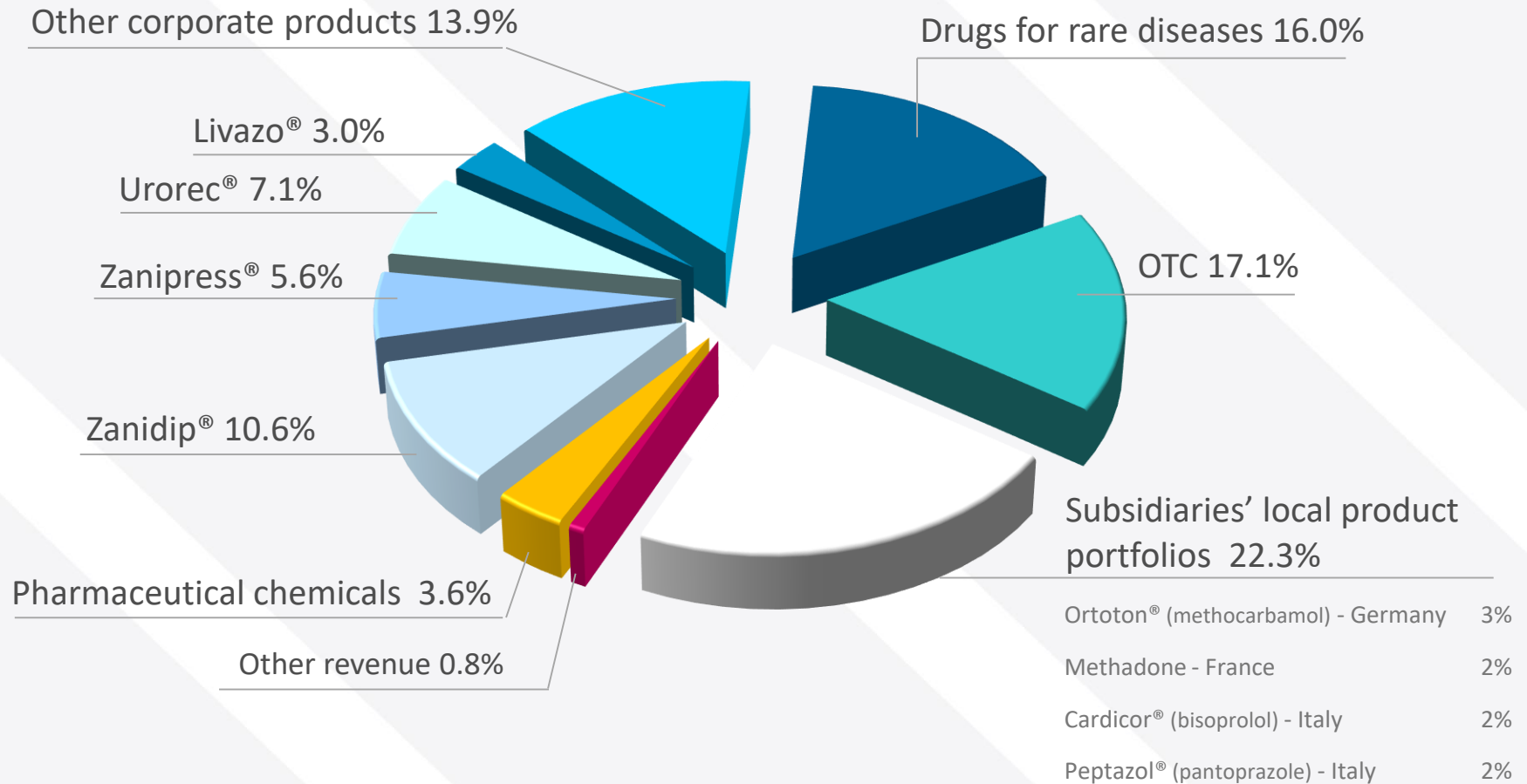


Geographical breakdown of pharmaceutical revenue



Data: First half 2017
Pharmaceutical revenue € 627.7 m

A diversified product portfolio



Data: First half 2017

Total revenue € 650.9 m

Core corporate products

Zanipress[®] (lercanidipine+enalapril) **Zanidip[®] (lercanidipine)**

- Lercanidipine is a proprietary latest generation calcium channel blocker indicated for the treatment of hypertension. Enalapril is an ACE inhibitor indicated for the treatment of hypertension.
- Sales of Zanidip[®] (lercanidipine) have eroded (CAGR -8,7%) following its patent expiry at the beginning of 2010 and are expected to remain stable at around € 110 million going forward.
- Considering both brands and generics Recordati sells around 70% of the lercanidipine molecule to date.
- Zanipress[®] (lercanidipine+enalapril) clinical data exclusivity expired in main European markets in 2016. Generic competition in Spain and Portugal since 2013.
- Expect full impact of generic competition in 2019 to be of around 30% of Zanipress[®] sales.
- Sales of the Zanidip[®]/ Zanipress[®] franchise expected to be in the range of € 160 - 165 million by 2019.

Core corporate products

Urorec[®] (silodosin)

- Highly selective α_{1A} receptor antagonist indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH).
- Fast onset of action. High efficacy. Very good cardiovascular safety.
- Launched in 35 markets.
- License and co-marketing agreements in place with important players.
- BPH market in 17 main countries approx. € 0.9 billion.
- Urorec[®] sales in 2019 expected to exceed € 100 million with an average high single digit growth rate over the plan period.

Core corporate products

Livazo[®] (pitavastatin)

- Highly effective HMG-CoA reductase inhibitor indicated for the treatment of hypercholesterolaemia.
- Thanks to its unique chemical structure Livazo[®] is a potent LDL-lowering drug with a consistent and progressive HDL-raising effect. (*Atherosclerosis Supplements 2010; 11:15-22*)
- Livazo[®], unlike most statins, is only minimally metabolized through a CYP pathway thereby reducing the risk of drug-drug interactions and providing a clear benefit in patients receiving polypharmacy. (*Atherosclerosis Supplements 2010; 11:15-22*)
- Launched in Spain, Portugal, Switzerland, Greece, Russia, Ukraine and Turkey, further launches to take place.
- Expect sales to continue to grow double digit through 2019.
- Statins market in the 4 main countries is of around € 0.7 billion.

Drugs for rare diseases

A worldwide business

Huge market potential: > 6,000 rare diseases identified for which treatments exist for only around 300. Progressive country introduction of rare disease plans and access to diagnostic tests will stimulate the market for orphan drugs.

- Acquisition of Orphan Europe end 2007. Establishment of Recordati Rare Diseases in the U.S.A. in 2013 following the acquisition of a U.S. portfolio of rare disease treatments.
- Present throughout Europe, Middle East , the U.S., Canada, Mexico and some countries in South America. Sales coverage of new territories mainly in the Asia-Pacific area, planned.
- Sales of drugs for rare diseases in 2016 total € 186.8 million. CAGR of 19.8% over the past eight years.
- Sales generated by current product portfolio to grow double digit in the plan period
- R&D in rare diseases a priority to generate future growth. Pipeline includes a number of new very promising development programs and others are under evaluation.

Treatments for rare diseases

NORMOSANG® (EU-RoW) /**PANHEMATIN®** (US) (human haemin), used to treat acute attacks of hepatic porphyria

CARBAGLU® (carglumic acid), indicated in the treatment of hyperammonaemia due to NAGS deficiency and to the main organic acidemias

COSMEGEN® (dactinomycin), used mainly in the treatment of three rare cancers, Wilms' tumor, childhood rhabdomyosarcoma and choriocarcinoma.

PEDEA® (EU-RoW)/**NEOPROFEN®** (US) (ibuprofen I.V.), indicated in the treatment of patent *ductus arteriosus*

CYSTADANE® (betaine anhydrous), indicated in the treatment of homocystinuria

CYSTAGON® (cysteamine), indicated in the treatment of nephropathic cystinosis

CYSTADROPS® (cysteamine), indicated in the treatment of corneal cysteine deposits in cystinosis

VEDROP® (water soluble vitamin E), indicated in the treatment of vitamin E deficiency in pediatric patients suffering from congenital chronic cholestasis

WILZIN® (zinc acetate), indicated in the treatment of Wilson's disease

A well balanced product pipeline

NAME	ORIGINATOR	INDICATION	DEVELOPMENT STATUS
REAGILA®	Gedeon Richter	Schizophrenia	Approved in EU
FORTACIN™	Plethora Solutions	Premature ejaculation	Variation of EU approval completed
methadone		Treatment of cancer-related pain in cases of resistance or intolerance to opioids	Filed in France
GRASPA®	Erytech	Acute lymphoblastic leukemia (ALL) in patients with first recurrence of Philadelphia chromosome negative ALL Acute myeloid leukemia (AML) in patients >65 unfit for chemotherapy	Pre-filing in EU Phase II b
CARBAGLU®	Recordati	Hyperammonaemia due to NAGS deficiency and to the main organic acidemias	Development of new formulations in EU and USA Pre-filing in the USA for the organic acidemias indication
REC 0551	Recordati/Meyer Hospital (Florence)	Retinopathy of Prematurity (ROP)	Phase II
REC 0438	Recordati/UFPeptides	Neurogenic detrusor overactivity in paediatric <i>spina bifida</i> patients	Phase I completed in EU
REC 0559	Recordati/MimeTech	Neurotrophic keratitis	Phase I to start
REC 0545	Recordati/AP-HP	Acute decompensation episodes in MSUD	Formulation development Clinical development planning

A well balanced R&D pipeline (cont'd)

- **REAGILA®** (cariprazine) is an orally active and potent dopamine D₃/D₂ receptor partial agonist with preferential binding to D₃ receptors and partial agonist at serotonin 5-HT_{1A} receptors developed by Richter in the EU for the treatment of schizophrenia
- **FORTACIN™** (lidocaine+prilocaine) is an easy-to-use fast acting topical spray formulation of lidocaine and prilocaine for the treatment of premature ejaculation.
- **Methadone**, currently used in France, where it is distributed by Bouchara Recordati, as replacement therapy for major opioid drugs dependence. In 2012 Recordati started, in France, an open, multicenter, randomized, national Phase III b clinical study on methadone for the treatment of cancer-related pain inadequately relieved by opioids.
- **GRASPA®** is L-asparaginase encapsulated in homologous human red blood cells. L-asparaginase has been shown to possess a powerful antitumor activity, but this enzyme is highly toxic and a large part of the patient population presents with a hypersensitivity and does not tolerate well the current treatment protocols. This population represents a large currently unmet medical need. Graspas® avoids toxicity and hypersensitivity issues associated with L-asparaginase treatments while maintaining its antitumor activity.

A well balanced R&D pipeline (cont'd)

- **CARBAGLU®** (carglumic acid), currently approved for the treatment of hyperammonaemia due to NAGS deficiency, approved in Europe and in filing preparation phase in the USA for additional indications in organic acidemias (orphan drug designation granted). New formulations in development.
- **REC 0551**, new therapeutic approach being studied for the treatment of pre-term babies affected by retinopathy of prematurity (ROP). ROP is a potentially blinding eye disorder that primarily affects premature infants weighing about 1.25 kg or less that are born before 31 weeks of gestation. It is a rare condition but one of the most common causes of visual loss in childhood.
- **REC 0438**, a nociception analogue, is being studied for the treatment of neurogenic detrusor overactivity in paediatric *spina bifida* patients, an orphan condition.
- **REC 0559**, a low molecular weight peptidomimetic of human growth factor (NGF) in development for the treatment of neurotrophic keratitis. Orphan drug designation granted in the EU.
- **REC 0545** is an innovative product for the treatment of acute decompensation episodes in patients with MSUD (Maple Syrup Urine Disease)

First half 2017 highlights

- Revenue € 650.9 million, up 10.7%
- EBITDA € 224.0 million or 34.4% of sales, up 19.1%
- Operating income (EBIT) € 203.2 million or 31.2% of sales, up 19.4%
- Net income € 147.0 million or 22.6% of sales, up 19.8%
- Net debt € 356.3 million, an increase of € 157.5 million as compared to year-end 2016, after dividend distribution and product acquisition for an overall disbursement of € 324.9 million.
- Approval of Cystadrops® for the ocular manifestations of cystinosis
- Agreement with the Meyer Hospital in Florence for the development of a treatment for ROP
- Acquisition of the European rights to Seloken®/Seloken® ZOK (metoprolol) and Logimax® (metoprolol+felodipine) from AstraZeneca
- Private placement of notes for a total of € 125.0 million
- Agreement with MimeTech for the development of a new compound for neurotrophic keratitis
- Approval of Reagila® (cariprazine) for the treatment of schizophrenia

Main product sales

Corporate products including drugs for rare diseases account for 64.6% of revenue

(million Euro)	1H 2017	1H 2016	Change %
Zanidip® (lercanidipine)	69.2	63.7	8.7
Zanipress® (lercanidipine+enalapril)	36.3	35.0	3.9
Urorec® (silodosin)	46.5	42.7	8.9
Livazo® (pitavastatin)	19.4	17.7	9.5
Other corporate products*	144.7	119.0	21.6
Drugs for rare diseases	104.1	95.3	9.2

* Include the OTC corporate products for an amount of € 54.5 million in 2017 and € 40.3 million in 2016 (up 35.3%).

Composition of revenue by geography

Continued growth

(million Euro)	1H 2017	1H2016	Change %
Italy	138.7	118.0	17.6
France	60.1	57.2	5.0
Russia, other CIS countries and Ukraine	56.4	35.7	58.0
U.S.A.	54.7	52.8	3.5
Germany	54.3	48.1	13.1
Turkey	45.7	45.1	1.3
Spain	40.2	37.6	7.0
North Africa	23.1	26.7	(13.3)
Portugal	20.4	19.8	3.0
Other W. Europe countries	25.6	16.8	52.0
Other CEE countries	16.5	16.2	2.2
Other international sales	91.9	92.8	(0.9)
TOTAL PHARMACEUTICALS	627.7	566.7	10.8
PHARMACEUTICAL CHEMICALS	23.1	21.2	9.3

(In local currency, millions)	1H 2017	1H 2016	Change %
Russia (RUB)	2,958.6	2,337.4	26.6
Turkey (TRY)	169.2	138.3	22.3
U.S.A. (USD)	61.0	60.2	1.3

First half 2017 results

Further margin growth

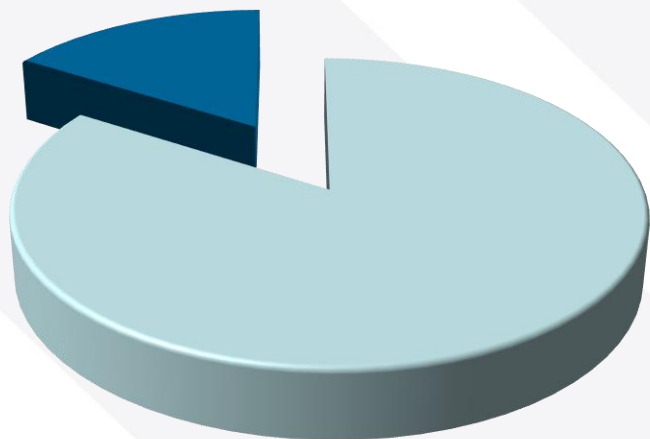
(million Euro)	1H 2017	1H 2016	Change %
Revenue	650.9	587.9	10.7
Gross Profit as % of revenue	454.1 69.8	407.4 69.3	11.5
SG&A Expenses as % of revenue	202.4 31.1	187.0 31.8	8.2
R&D Expenses as % of revenue	47.2 7.2	41.6 7.1	13.3
Other Income (Expense), net as % of revenue	(1.4) (0.2)	(8.5) (1.5)	(83.4)
Operating Income as % of revenue	203.2 31.2	170.2 29.0	19.4
Net Income as % of revenue	147.0 22.6	122.7 20.9	19.8

First half 2017 results

Operating segments

Revenue

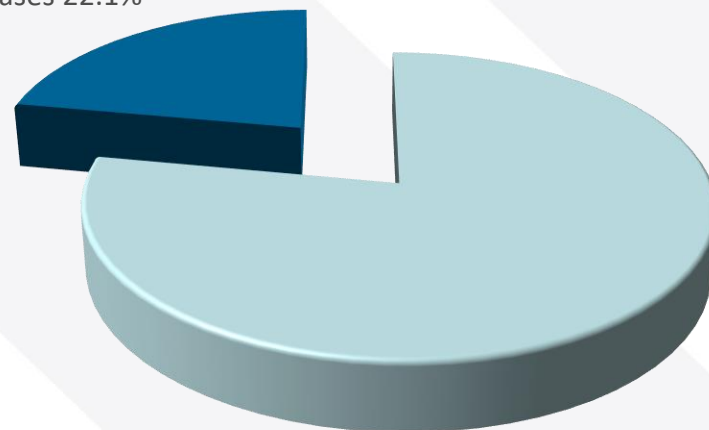
Treatments for rare diseases 16.0%



Primary & specialty care
84.0%

EBIT

Treatments for rare diseases 22.1%



Primary & specialty care
77.9%

EBIT margin on sales:

Treatments for rare diseases, 43.1%

Primary & Specialty care, 28.9%

Net financial position

(million Euro)	30 June 2017	31 Dec 2016	Change
Cash and short-term financial investments	85.8	138.5	(52.7)
Bank overdrafts and short-term loans	(19.9)	(15.7)	(4.2)
Loans – due within one year	(41.6)	(40.4)	(1.2)
Loans – due after one year	(380.5)	(281.1)	(99.4)
NET FINANCIAL POSITION	(356.3)	(198.8)	(157.5)

Financial projections - assumptions

- Plan includes around 8% of sales to be allocated to R&D activities
- Dividend pay-out ratio of 60% of consolidated net income to be maintained
- Cash flow, after payment of dividends, to be entirely re-invested for the growth of the group
- Bolt on acquisitions included in the plan

Financial projections

2017 targets and plan for 2019

EBIT and EPS to continue to grow double digit

(million Euro)	2016 Actual	2017 Targets	2019 Plan
Revenue	1,154	1,290 - 1,300	± 1,450
EBITDA	371	450 - 460	± 500
Operating income (EBIT)	327	400 - 410	± 450
Net Income	235	290 - 295	± 325

The Recordati share

The Recordati share (ticker REC, **Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271**) has been listed on the Italian Stock Exchange since 1984. It belongs to the FTSE MIB, the FTSE IT Health Care and the STOXX Europe 600, Health Care indexes.

Share capital consists of **209,125,156** ordinary (common) shares with a par value of € 0.125 each.

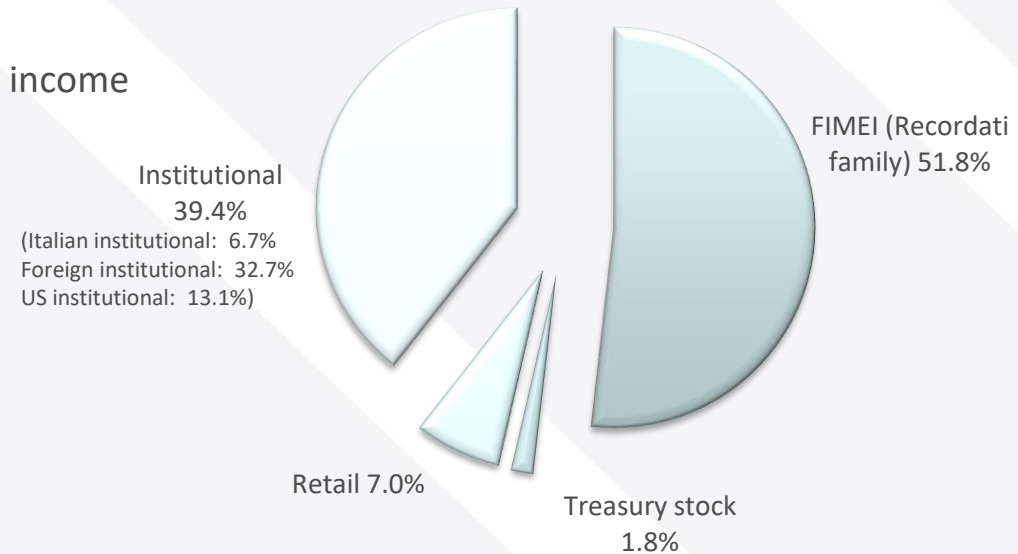
2015 EPS (diluted): € 0.951

2016 EPS (diluted): € 1.135

2016 dividend per share: € 0.70

Dividend pay-out ratio: $\pm 60\%$ of group net income

Ownership:



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 2016 is € 1,153.9 million, operating income is € 327.4 million and net income is € 237.4 million.

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