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A Specialty Pharmaceutical Group

FEBRUARY 2017

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

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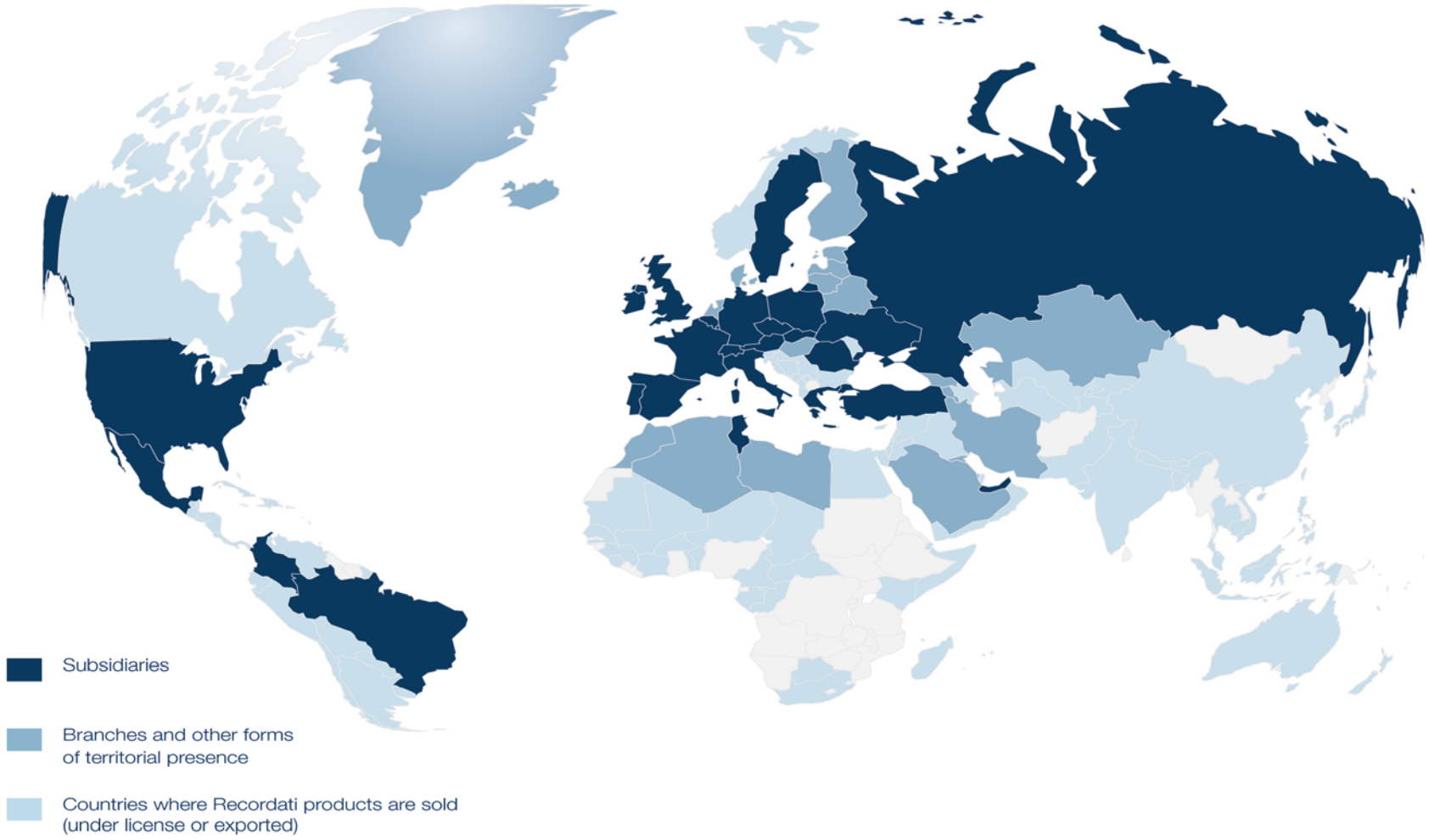
Extensive geographical footprint



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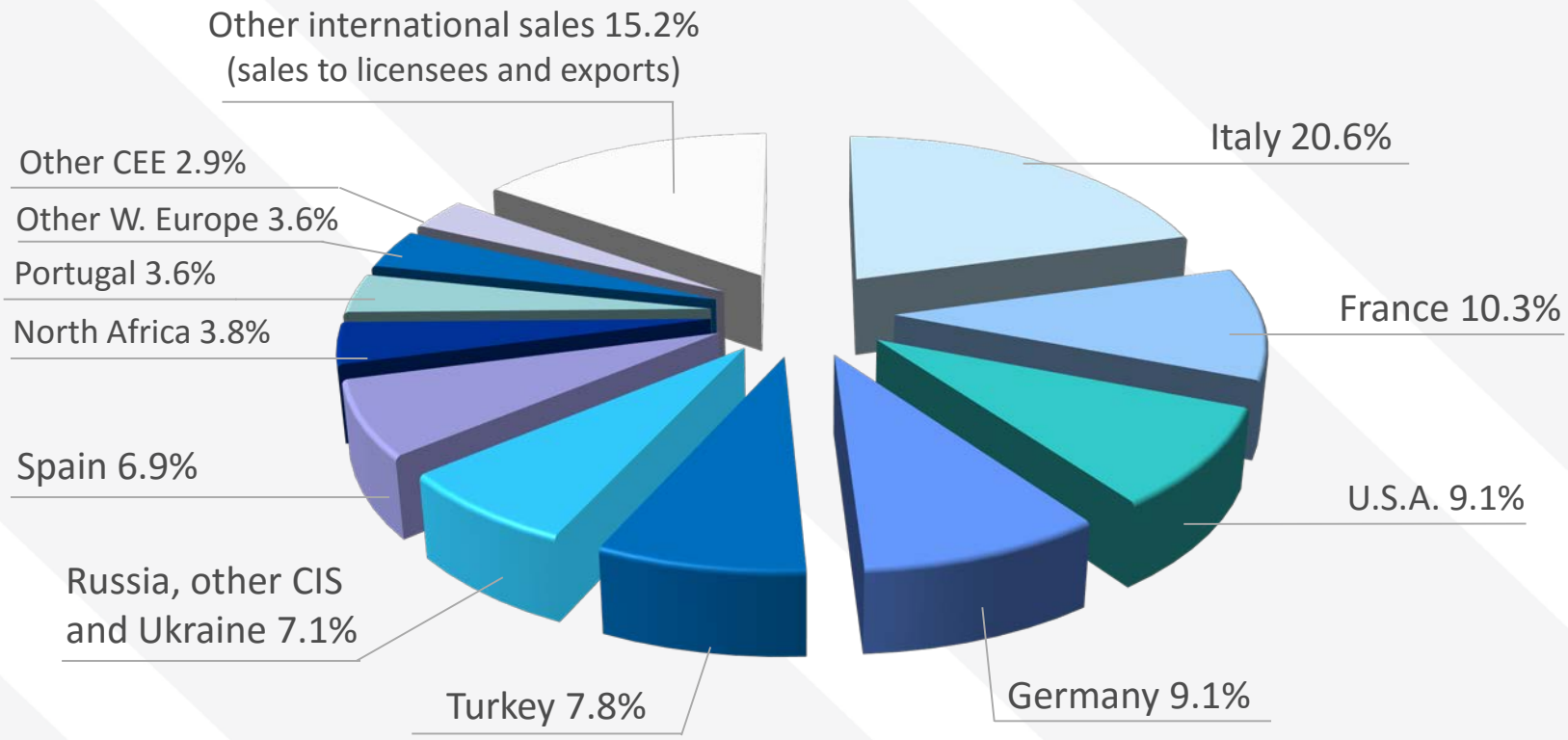
Geographical breakdown of pharmaceutical revenue



Data: Full year 2016
Pharmaceutical revenue € 1,113.8 m

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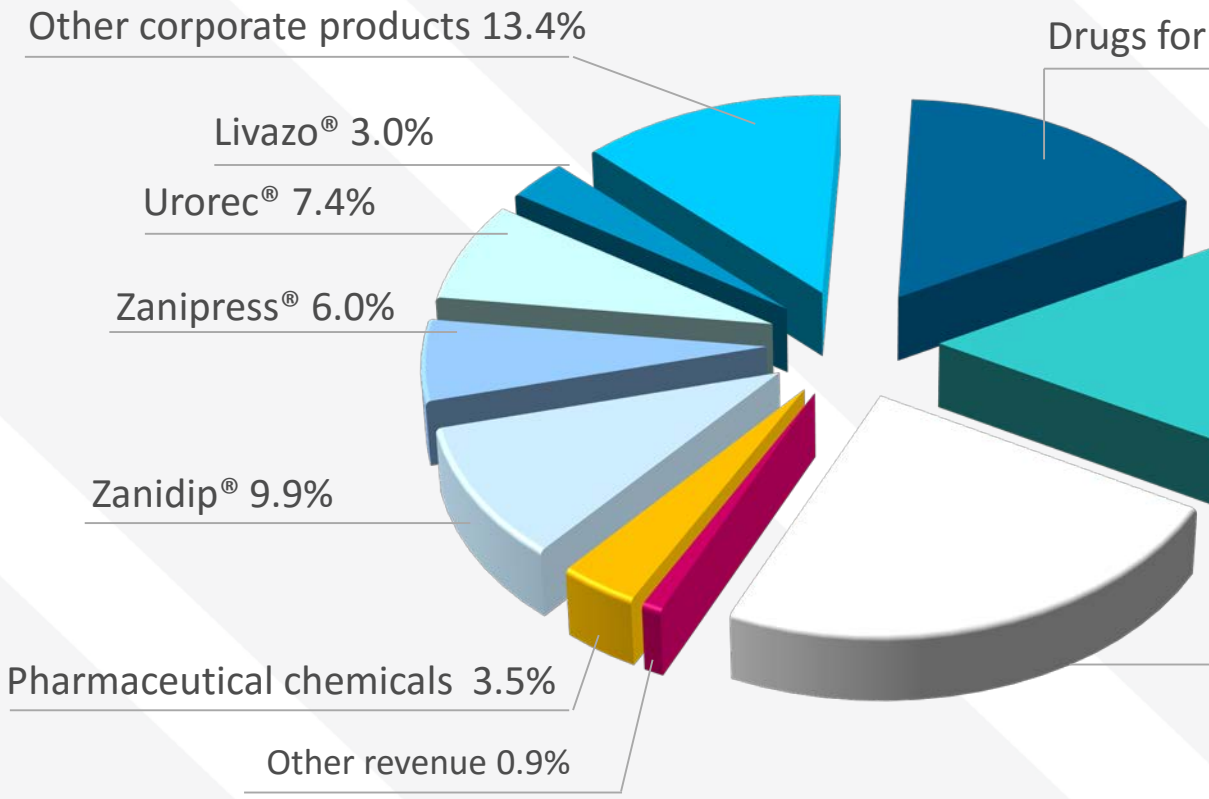
A diversified product portfolio



Ortoton® (methocarbamol) - Germany	3%
Methadone - France	3%
Cardicor® (bisoprolol) - Italy	2%
Peptazol® (pantoprazole) - Italy	2%

Data: Full year 2016
Total revenue € 1,153.9 m

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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.

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 34 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.

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 and Ukraine, 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.

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. and Latin 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
CYSTADROPS®	Recordati	Corneal cysteine crystal deposits in patients with cystinosis	Approved in EU
FORTACIN™	Plethora Solutions	Premature ejaculation	Variation of EU approval completed
REAGILA®	Gedeon Richter	Schizophrenia	Filed in EU
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 0438	Recordati/UFPeptides	Urinary incontinence in pediatric patients suffering from *spina bifida*	Phase I completed in EU
REC 0545	Recordati/AP-HP	Acute decompensation episodes in MSUD	Formulation development Clinical development planning

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

- CYSTADROPS® (cysteamine) are eye drops developed for "ocular manifestations of cystinosis" which cannot be controlled by orally administered cysteamine, specially formulated in a patient-friendly gel form.

- FORTACIN™ (lidocaine+prilocaine) is an easy-to-use fast acting topical spray formulation of lidocaine and prilocaine for the treatment of premature ejaculation.

- REAGILA® (cariprazine) is an orally active and potent dopamine D_3/D_2 receptor partial agonist with preferential binding to D_3 receptors and partial agonist at serotonin 5-HT_{1A} receptors developed by Richter in the EU for the treatment of schizophrenia

- 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. Graspa® avoids toxicity and hypersensitivity issues associated with L-asparaginase treatments while maintaining its antitumor activity.

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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 0438, a nociception analogue, is being studied for the treatment of urinary incontinence in pediatric patients suffering from *spina bifida*, an orphan condition.

- REC 0545 is an innovative product for the treatment of acute decompensation episodes in patients with MSUD (Maple Syrup Urine Disease)

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Full year 2016 highlights

- Revenue € 1,153.9 million, up 10.1%
- EBITDA € 371.2 million or 32.2% of sales, up 17.1%
- Operating income (EBIT) € 327.4 million or 28.4% of sales, up 17.6%
- Net income € 237.4 million or 20.6% of sales, up 19.4%
- Net debt € 198.8 million, an increase of € 110.0 million as compared to year-end 2015 following the acquisition of Italchimici S.p.A., Pro Farma AG and payment of the remaining 2015 dividend and interim 2016 dividend
- Acquisition of the Italian pharmaceutical company Italchimici S.p.A.
- Acquisition of the Swiss pharmaceutical company Pro Farma AG
- Agreement with Gedeon Richter for the commercialization of cariprazine
- Agreement with French public hospital (Assistance Publique - Hopitaux de Paris) for the development and commercialization of a treatment for MSUD
- Subsequent event: In January of this year the European Commission approved the marketing of Cystadrops®, an orphan drug for the treatment of the ocular manifestations of cystinosis.

Main product sales

Corporate products including drugs for rare diseases account for 61.2% of revenue

(million Euro)	2016	2015	Change %
Zanidip® (lercanidipine)	**114.0**	115.7	(1.5)
Zanipress® (lercanidipine+enalapril)	**69.1**	65.7	5.2
Urorec® (silodosin)	**85.2**	68.3	24.8
Livazo® (pitavastatin)	**35.1**	28.4	23.6
Other corporate products*	**215.5**	199.3	8.2
Drugs for rare diseases	**186.8**	153.1	22.0

* Include the OTC corporate products for an amount of € 61.4 million in 2016 and € 55.1 million in 2015 (up 11.5%).

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Composition of revenue by geography

Sustained growth

(million Euro)	2016	2015	Change %
Italy	**229.9**	204.8	12.2
France	**115.1**	110.6	4.0
U.S.A.	**101.1**	82.1	23.2
Germany	**101.1**	94.8	6.7
Turkey	**86.3**	74.1	16.5
Russia, other CIS countries and Ukraine	**79.5**	72.4	9.9
Spain	**76.4**	72.0	6.2
North Africa	**42.3**	43.7	(3.1)
Portugal	**40.3**	39.3	2.4
Other W. Europe countries	**40.1**	28.5	40.6
Other CEE countries	**32.5**	30.9	5.2
Other international sales	**169.1**	158.4	6.7
TOTAL PHARMACEUTICALS	**1,113.8**	1,011.6	10.1
PHARMACEUTICAL CHEMICALS	**40.2**	36.1	11.4

(In local currency, millions)	2016	2015	Change %
Russia (RUB)	**4,928.6**	4,038.5	22.0
Turkey (TRY)	**267.6**	211.1	26.8
U.S.A. (USD)	**115.0**	91.1	26.2

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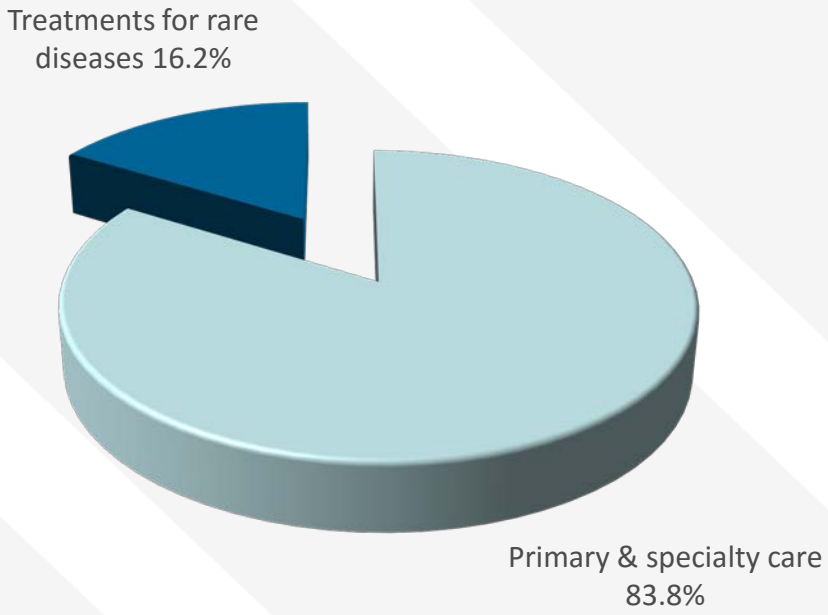
Further margin growth

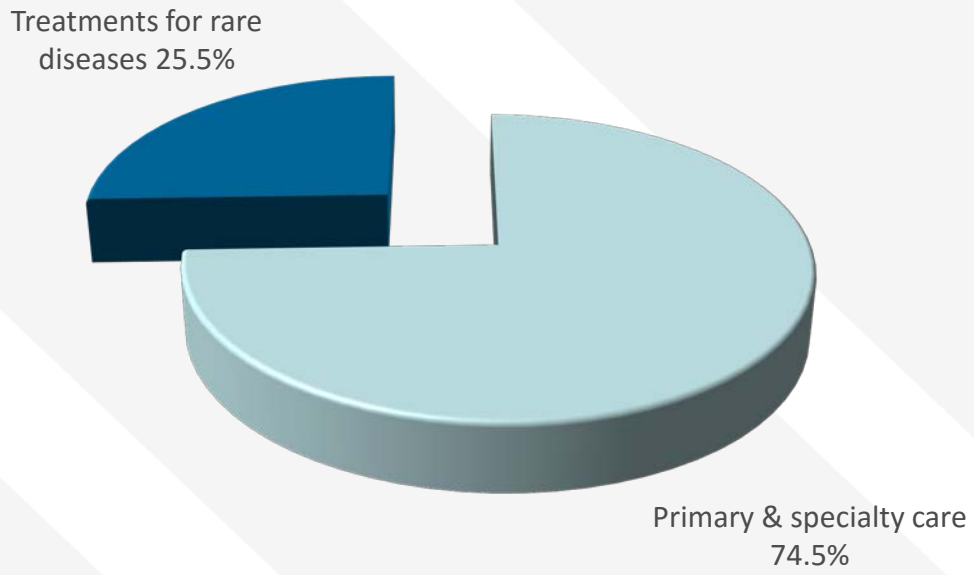
(million Euro)	**2016**	2015	Change %
Revenue	**1,153.9**	**1,047.7**	**10.1**
Gross Profit as % of revenue	793.0 68.7	712.5 68.0	11.3
SG&A Expenses as % of revenue	369.2 32.0	352.2 33.6	4.8
R&D Expenses as % of revenue	83.7 7.3	76.7 7.3	9,1
Other Income (Expense), net as % of revenue	(12.6) (1.1)	(5.0) (0.5)	151.2
Operating Income as % of revenue	**327.4** 28.4	**278.5** 26.6	**17.6**
Net Income as % of revenue	**237.4** 20.6	**198.8** 19.0	**19.4**

Operating segments

Revenue



EBIT



EBIT margin on sales:
Treatments for rare diseases, 44.6%
Primary & Specialty care, 25.2% (or 26.0% excluding non-recurring expenses of € 7.0 million resulting from the acquisitions of Italchimici S.p.A. and Pro Farma AG)

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Net financial position

(million Euro)	**31 Dec 2016**	31 Dec 2015	Change
Cash and short-term financial investments	**138.5**	225.5	(87.0)
Bank overdrafts and short-term loans	**(15.7)**	(9.8)	(5.8)
Loans – due within one year	**(40.4)**	(34.5)	(5.9)
Loans – due after one year	**(281.1)**	(269.9)	(11.2)
NET FINANCIAL POSITION	**(198.8)**	(88.7)	(110.0)

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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	± 1,220	± 1,450
EBITDA	371	± 410	± 500
Operating income (EBIT)	327	± 365	± 450
Net Income	235	± 260	± 325

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The Recordati share

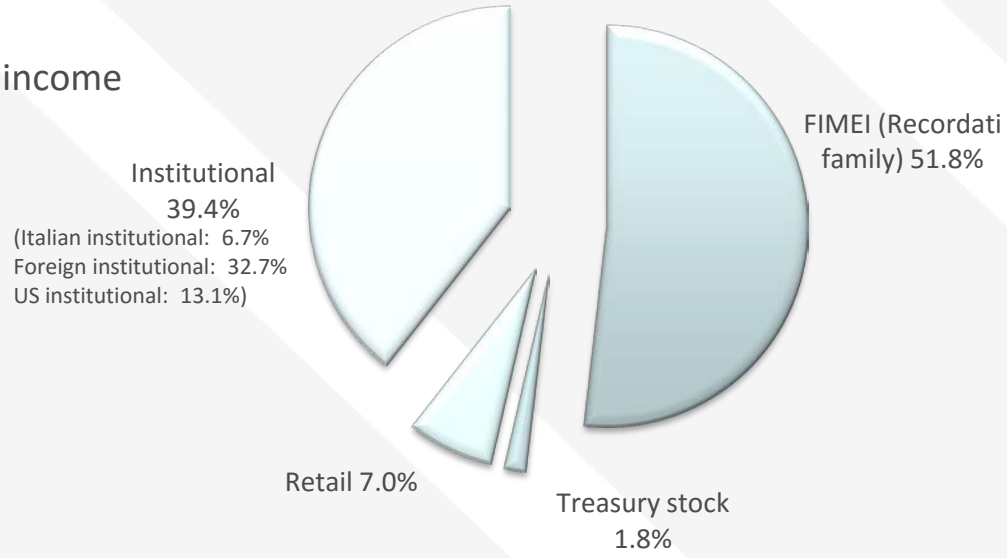
The Recordati share (ticker REC, Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271) has been listed on the Italian Stock Exchange since 1984. It belongs to the FTSE MIB, the FTSE IT Health Care and the STOXX Europe 600, Health Care indexes.

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

2015 dividend per share: € 0.60
Dividend pay-out ratio: ±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 around 4,000, 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 of new drug entities within the cardiovascular and urogenital therapeutic areas and of 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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