

Milan, 6 May 2010



2010 First quarter results

Objectives for 2010-2012

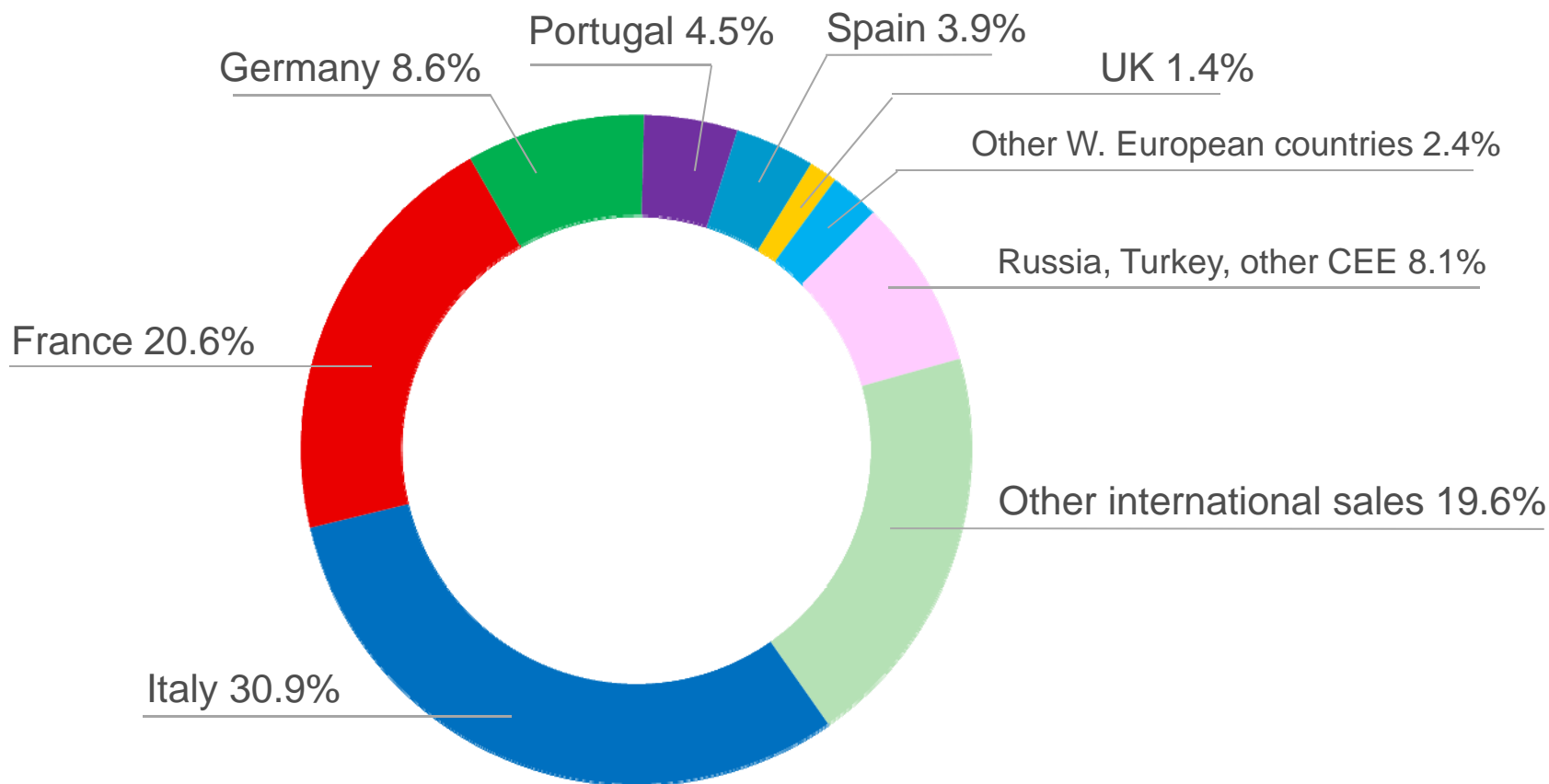
# FIRST QUARTER 2010 HIGHLIGHTS

- Revenue € 185.9 million, up 1.2%, international sales grow by 1.0%
- Operating income (EBIT) € 43.1 million, up 6.0%
- Net Income € 30.0 million, up 8.5%
- Silodosin (Urorec<sup>®</sup>/Silodyx<sup>™</sup>) approved in Europe
- Carbaglu<sup>®</sup> (carglumic acid) approved by the FDA in the U.S.
- Licensing-out agreements signed with Leespharm for Zanicidip<sup>®</sup> in China and with Esteve for pitavastatin in Spain

# COMPOSITION OF REVENUE

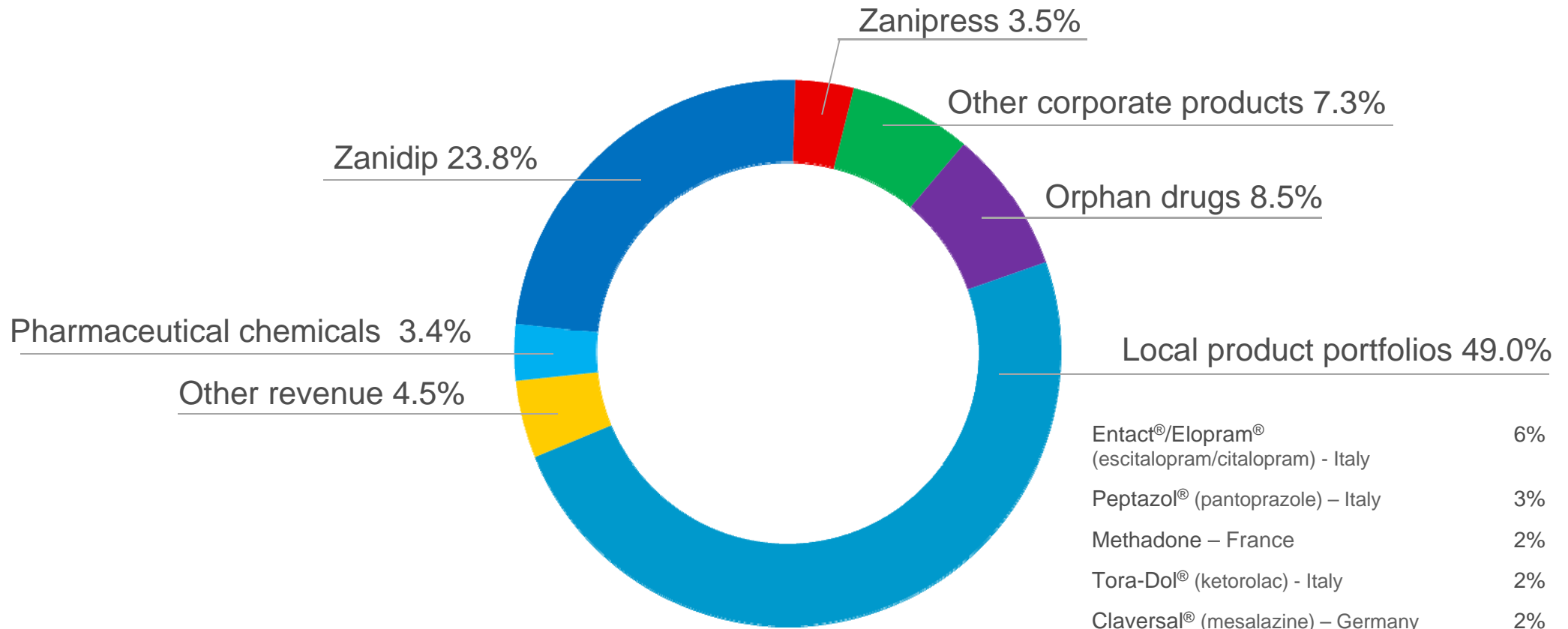
(million Euro)	1Q 2010	1Q 2009	Change %
Italy	55.6	54.9	1.3
France	36.9	38.1	(3.1)
Germany	15.5	14.7	5.7
Portugal	8.1	11.1	(26.7)
Spain	6.9	7.4	(6.7)
United Kingdom	2.5	3.5	(29.7)
Other Western European countries	4.3	3.7	15.8
Russia, Turkey, other CEE countries	14.6	12.3	19.0
Other international sales	35.2	31.2	12.8
<b>TOTAL PHARMACEUTICALS</b>	<b>179.6</b>	<b>176.8</b>	<b>1.6</b>
<b>PHARMACEUTICAL CHEMICALS</b>	<b>6.2</b>	<b>6.9</b>	<b>(9.5)</b>

# GEOGRAPHICAL BREAKDOWN OF PHARMACEUTICAL REVENUE



Data: First quarter 2010  
Pharmaceutical revenue € 179.6 m

# COMPOSITION OF REVENUE BY BUSINESS



Entact®/Elopram® (escitalopram/citalopram) - Italy	6%
Peptazol® (pantoprazole) – Italy	3%
Methadone – France	2%
Tora-Dol® (ketorolac) - Italy	2%
Claversal® (mesalazine) – Germany	2%
Hexa line (biclotimol) - France and C.I.S.	2%
Tergynan® - France export and C.I.S.	2%
Tenstaten® (cicletanine) - France	2%

Data: First quarter 2010  
Total revenue € 185.9 m



# MAIN PRODUCT SALES

(million Euro)	1Q 2010	1Q 2009	Change %
Zanidip <sup>®</sup> (lercanidipine)	44.2	51.2	(13.7%)
Zanipress <sup>®</sup> (lercanidipine+enalapril)	6.4	3.1	110.4
Other corporate products	13.5	7.6	78.0
Orphan drugs	15.7	11.9	31.6

# FIRST QUARTER 2010 RESULTS

(million Euro)	1Q 2010	1Q 2009	Change %
Revenue	185.9	183.7	1.2
Gross Profit as % of revenue	126.2 67.9%	123.5 67.2%	2.1
SG&A Expenses as % of revenue	65.8 35.4%	65.8 35.8%	0.0
R&D Expenses as % of revenue	16.4 8.8%	15.3 8.3%	7.4
Other Income (Expense), net as % of revenue	(0.9) (0.5%)	(1.8) (1.0%)	(50.6)
Operating Income as % of revenue	43.1 23.2%	40.6 22.1%	6.0
Net Income as % of revenue	30.0 16.1%	27.6 15.0%	8.5

# NET FINANCIAL POSITION AND SHAREHOLDER'S EQUITY

(million Euro)	31 Mar 2010	31 Dec 2009	Change
Cash and short-term financial investments	87.6	93.8	(6.2)
Bank overdrafts and short-term loans	(6.3)	(28.9)	22.6
Loans – due within one year	(1.8)	(2.4)	0.6
Loans – due after one year	(82.1)	(82.2)	0.1
<b>NET FINANCIAL POSITION</b>	<b>(2.6)</b>	<b>(19.7)</b>	<b>17.1</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>542.0</b>	<b>509.0</b>	<b>33.0</b>



# 2010 - 2012 BUSINESS OBJECTIVES

1. STRATEGY
2. SALES DEVELOPMENT ASSUMPTIONS
3. FINANCIAL PROJECTIONS

# 1. STRATEGY

- Recordati will continue to develop its business in Europe, both Western and in the new growing CEE (Central and Eastern Europe) markets, which together represent the second largest pharmaceutical market in the world,
- by growing its existing product portfolio,
- acquiring new product rights,
- enriching its pipeline of products in development
- and enlarging its geographical footprint

## Develop product portfolio by

- High focus on new corporate products
- Maximization of existing products
- Acquiring new product rights
- Prioritizing specialty care products
- Enriching pipeline of products in development

## Pursue further geographical expansion by

- Entering new markets characterized by high growth in CEE
- Launching new corporate products and existing proprietary products in these markets
- Taking the opportunity of establishing a direct presence in the U.S. for the marketing of treatments for rare diseases

## 2. SALES DEVELOPMENT ASSUMPTIONS

### Lercanidipine franchise

- Zanidip<sup>®</sup> (lercanidipine) sales will diminish progressively over the 2010-2012 period to approx. € 100 million and remain relatively stable thereafter
- Zanipress<sup>®</sup> (lercanidipine + enalapril):
  - Will grow in line with expectations in the countries where already launched
  - Will be launched in Italy at the beginning of 2011
  - Will be launched progressively in all other countries
  - Sales of approx. € 70 million targeted in 2012 with further growth expected thereafter

## 2. SALES DEVELOPMENT ASSUMPTIONS

### Urorec<sup>®</sup>/Silodyx<sup>®</sup> (silodosin)

- European marketing approval obtained end January 2010
- Main launches to take place September 2010 through March 2011
- License and co-marketing agreements in place with important players
- BPH market in 19 major European markets approx. € 1.0 billion
- In-market peak sales expected: € 100-150 million

## 2. SALES DEVELOPMENT ASSUMPTIONS

### Livazo<sup>®</sup> (pitavastatin)

- Marketing approval expected 3Q 2010
- To be launched progressively during 2011
- Co-marketing agreements in place or being negotiated
- Statins market in the 8 largest of the 21 countries covered by the agreement was € 3 billion in 2009
- In-market peak sales expected: € 100-150 million

## 3. FINANCIAL PROJECTIONS

### Assumptions

- Gross profit is expected to decrease to approx. 65-66% of sales over the period
- SG&A expenses:
  - Sales force restructuring already completed. Now around 1,400 strong.
  - Promotional activity to increase in 2011-2012 to support launch of new corporate products
  - SG&A will remain at around 35-36% of sales over the period
- R&D expenses estimated at around 10% of sales over the period

### 3. FINANCIAL PROJECTIONS

#### 2010 TARGETS, 2010 - 2012 PLAN

(million Euro)	2009 Actual	2010 Targets	2011 Plan	2012 Plan
Revenue	747.5	>700	730-740	780-800
Operating income (EBIT)	162.2	>140	145-150	155-160
Net Income	110.6	>95	100-102	110-112

- Based on existing business, no new acquisitions included.
- Targets for 2010 and 2011 are substantially in line with those announced previously and are improved in some cases.

# 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 a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271) with a total staff of over 2,800, dedicated to the research, development, manufacturing and marketing of pharmaceuticals, with headquarters in Milan, Italy, operations in the main European countries, and a growing presence in the new markets of Central and Eastern Europe. A European field force of around 1,400 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's current and growing coverage of the European pharmaceutical market makes it a partner of choice for new product licenses from companies which do not have European marketing organizations. 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 2009 was € 747.5 million, operating income was € 162.2 million and net income was € 110.6 million.**

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