

RECORDATI

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RECORDATI

**A European  
Specialty Pharmaceutical Company**

2005 UBS Global Pharmaceuticals Conference  
New York, 24 May 2005



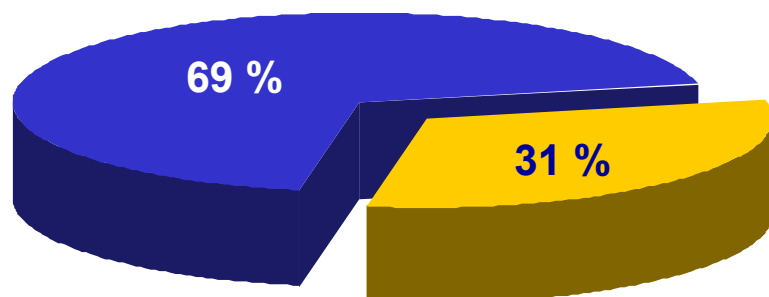
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## Company profile

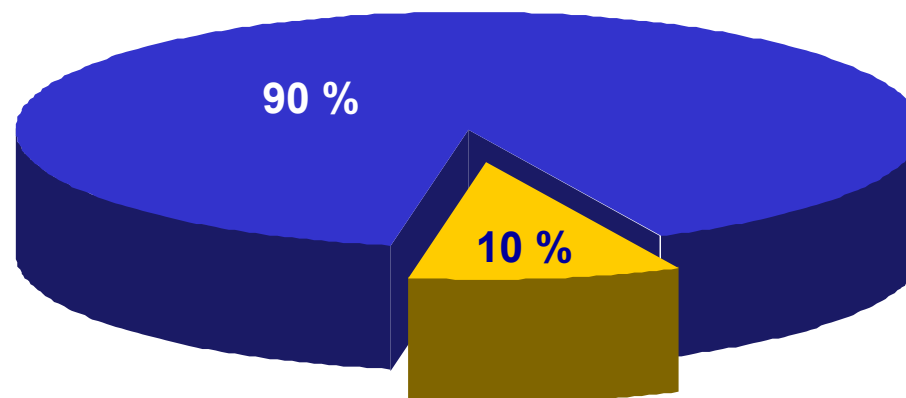
- A fully integrated pharmaceutical company listed on the Italian Stock Exchange since 1984
- Original research focused on cardiovascular and urological fields
- Direct operations in Italy, France, Germany and Spain covering a broad range of therapeutic areas
- Proprietary products sold worldwide through licensees
- Non-core activity: manufacturing and sales of pharmaceutical API's

## Composition of sales

**1999** (€ 272 m)



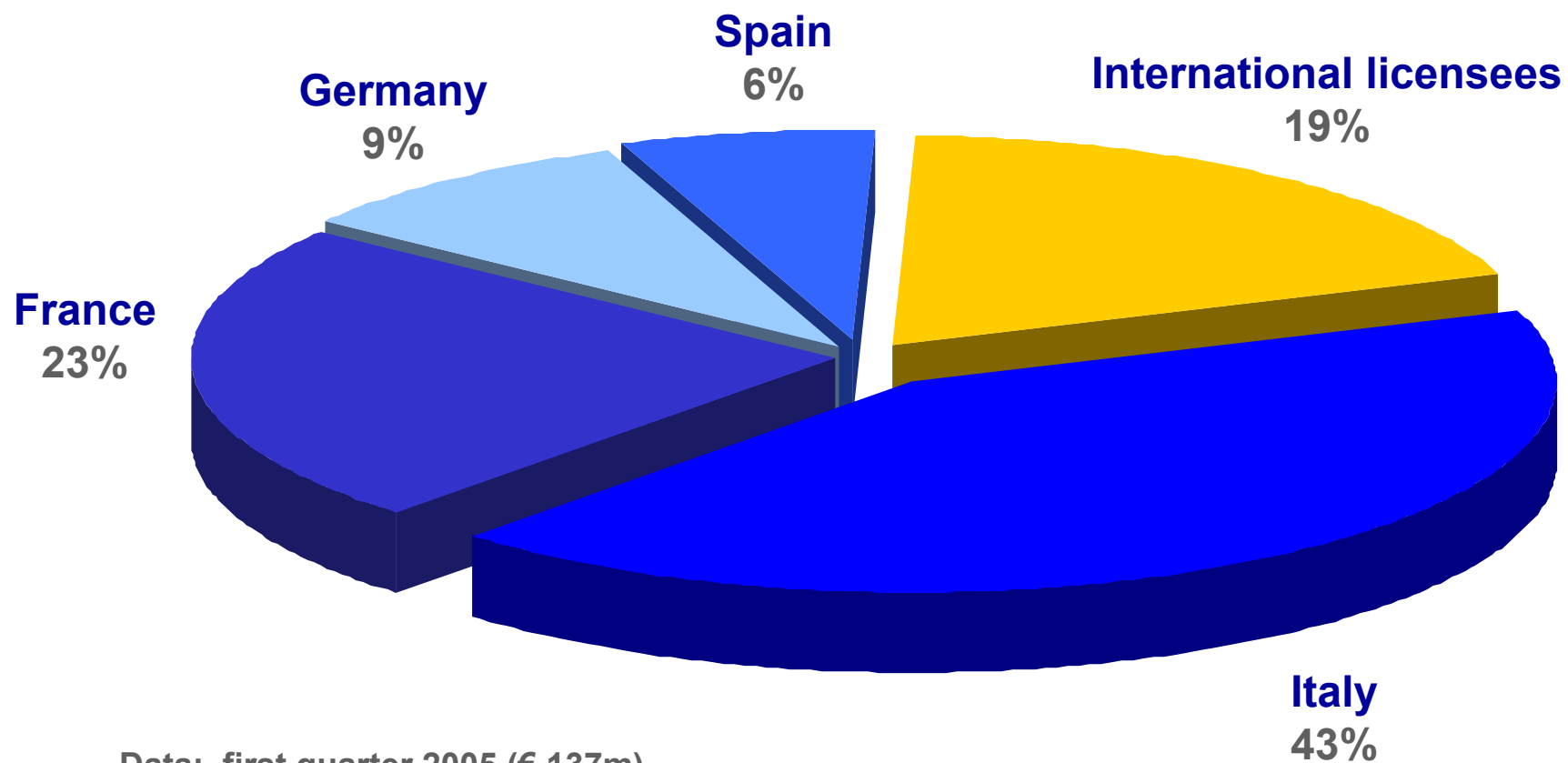
**2004** (€ 488 m)



■ Pharmaceuticals

■ Pharmaceutical chemicals

## Breakdown of pharmaceutical revenue

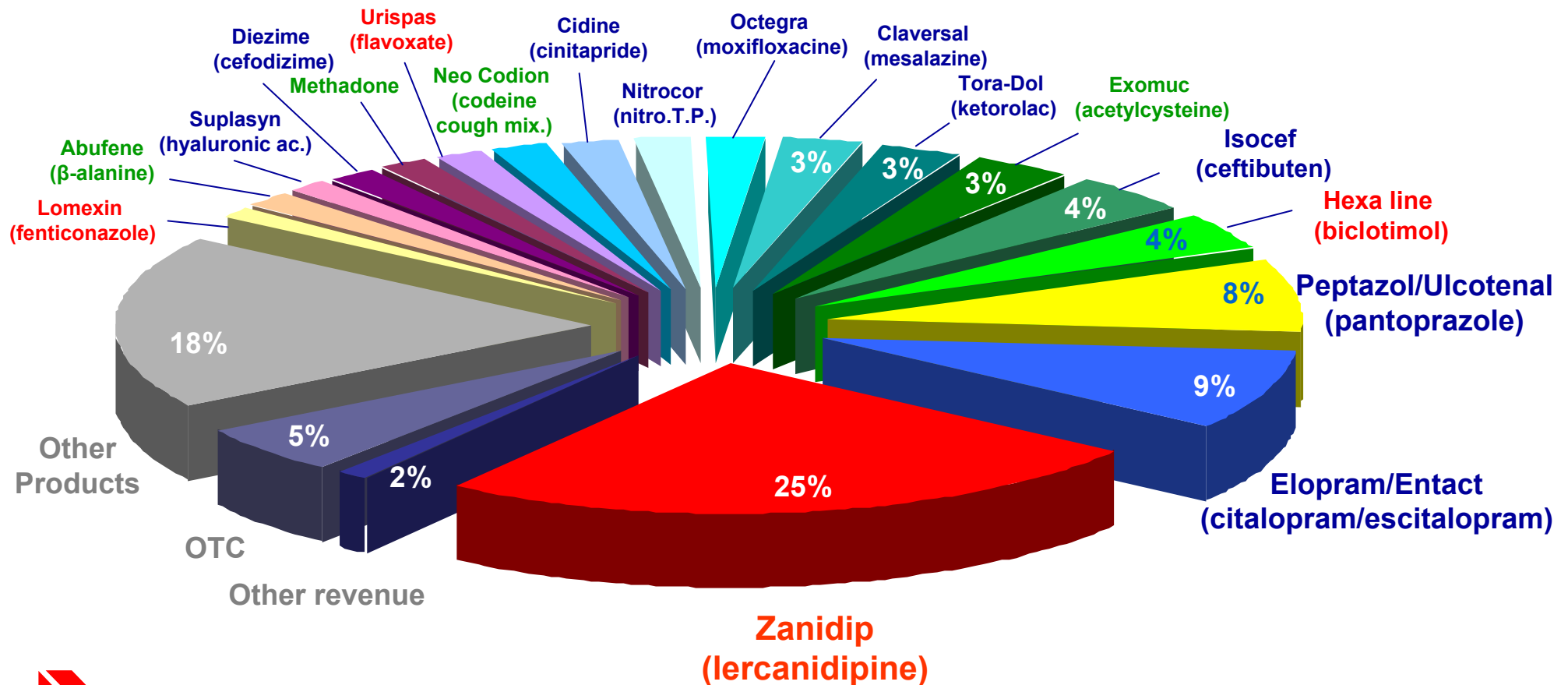


Data: first quarter 2005 (€ 137m)

## Main products

Breakdown of first quarter 2005 pharmaceutical sales (€ 137 m)

Proprietary  
In-Licensed  
Branded Generics



## ZANIDIP<sup>®</sup> (lercanidipine)

- Next generation calcium-channel blocker. Lipophilic dihydropyridine.
- Natural once a day. Potent, long-lasting vasodilatory activity. Highly vasoselective with gradual onset, smooth and uniform blood pressure lowering activity.
- **Efficacy as best in class.** Significantly **improved tolerability** over other DHP's.
- Hypertension market worth \$40 billion, CCB's about \$11 billion, of which around two thirds in U.S.A. and Japan.
- Leader is Norvasc<sup>®</sup> (amlodipine) with well over one third market share



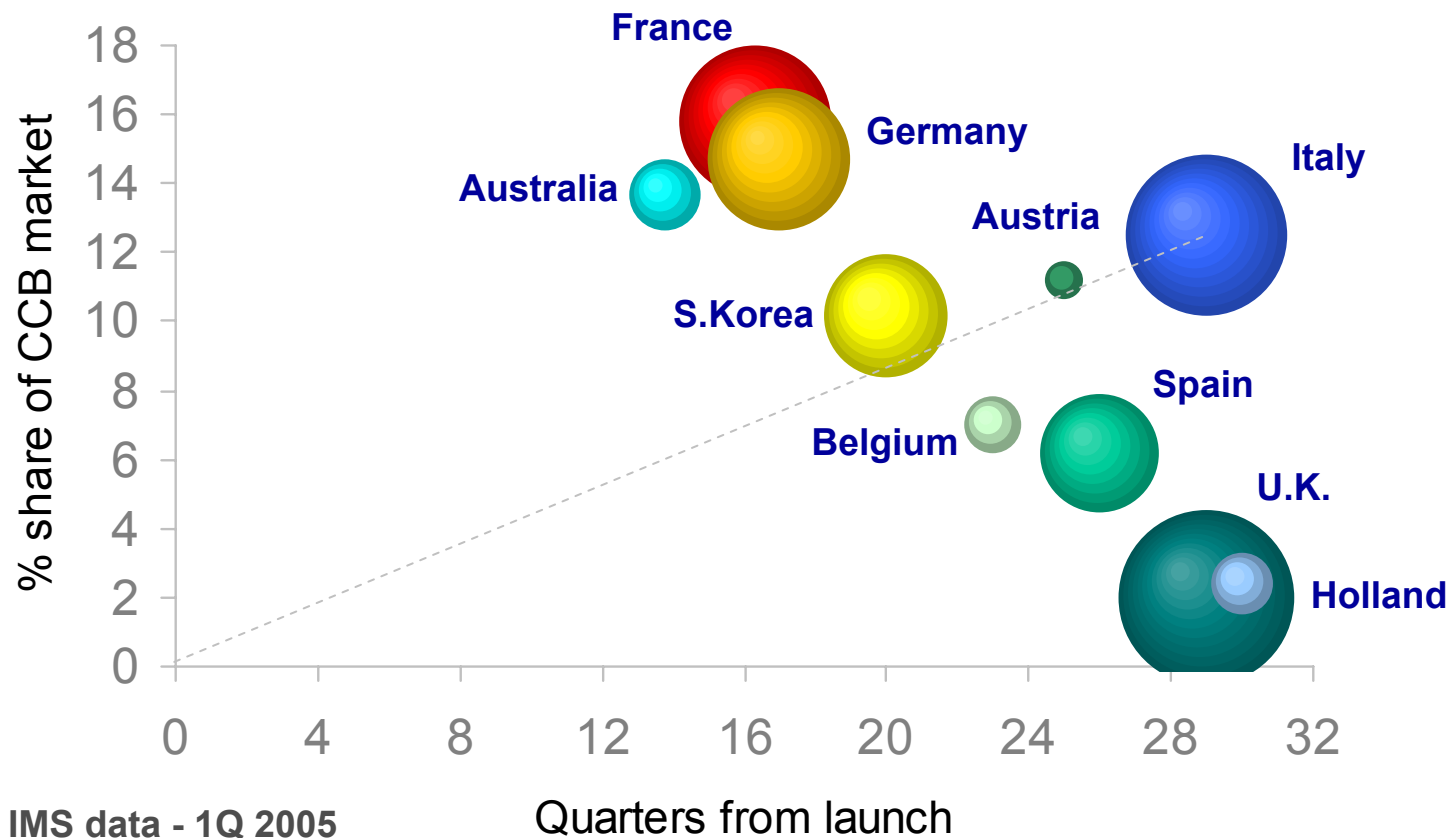
## Lercanidipine launch status

- Launched in **71** countries, approximately one third of world market for calcium channel blockers
- Major European launches
  - 1998 Italy, Spain, UK
  - 2000 Germany
  - 2001 France
- Approved in additional **22** countries
- Filed for approval in additional **11** countries



## Lercanidipine as a % of all calcium channel blockers

Bubble size represents \$ market value of CCB's



Source: IMS data - 1Q 2005



## R&D pipeline

NAME	ORIGINATOR	INDICATION	DISCOVERY	PRE CLINICAL	PHASE I	PHASE II PoC	PHASE III	PRE-REGISTRATION	FILED FOR APPROVAL
Project S	Recordati	Chronic Heart Failure (CHF)							
3 new projects	Recordati	Overactive bladder and Incontinence							
REC 0035	Recordati	Benign prostatic hyperplasia							
REC 0765 REC 0206	Recordati	Overactive bladder and Incontinence							
REC 2615	Recordati	Sexual dysfunction, female							
Iercanidipine MR	Different technology platforms	Hypertension, general							
REC 0545	Recordati	Overactive bladder and Incontinence (5HT1a antagonist)							
pitavastatin	Kowa	Hyperlipidemia, general							
silodosin	Kissei	Benign prostatic hyperplasia							
rupatadine	Uriach	Rhinitis, allergic, seasonal / perennial							
prulifloxacin	Nippon Shinyaku /Angelini	Infection, respiratory tract Infection, urinary tract							
Zanipress®	Recordati	Hypertension, general (enalapril + Iercanidipine)							



## **ZANIPRESS® (lercanidipine-enalapril fixed combination)**

- New aggressive targets for blood pressure control
- Combination of drugs needed for most patients
- Patient compliance
- Fixed combinations will play a significant role in the future hypertension market
- Filed for approval, Germany to be Reference Member State



## Lercanidipine life cycle management

- 20mg strength approved in Europe and other countries. Launched in 12 countries, roll-out continues
- Modified release formulation under development with Forest Labs for the U.S. market
- Agreements with LifeCycle Pharma and Eurand for the development of modified release formulations for the European and other markets
- Patent life in extension, two new patent applications published



## Ongoing R&D in urology - micturition disorders

- Micturition disorders affect over 70 million people in the major pharmaceutical markets
- Only 20% are diagnosed and not all receive or tolerate well the current pharmacological therapies
- Anticholinergic agents are the most commonly used drugs for the treatment of urinary incontinence
- They are efficacious but have many side effects
- Sales of drugs for urge incontinence are estimated to reach \$ 1.6 billion in 2008



## Ongoing R&D in urology - micturition disorders

- Recordati has long standing research expertise in the urogenital field
- Studies the central nervous system mechanisms that control the bladder's function
- A new target for novel drugs was identified, the 5-HT<sub>1A</sub> serotonergic receptor
- Rec 0545 is an antagonist of the 5-HT<sub>1A</sub> receptor and is currently in proof of concept



## Rec 0545

- Rec 0545 is endowed with a potent and selective antagonistic effect at 5-HT<sub>1A</sub> receptor
- Shows remarkable activity in increasing bladder volume capacity (or time between micturitions) without blunting bladder contractility (differently from antimuscarinics /anticholinergics)
- A completely new approach for controlling overactive bladder. This molecule acts through an innovative mechanism and could present an improved tolerability profile over the anticholinergics



## Ongoing R&D - other urogenital programs

- Potent antagonists of the  $\alpha_1$ -adrenergic receptors, highly selective for the lower urogenital tract, were pioneered by Recordati and are potentially useful in the development of treatments for benign prostatic hyperplasia (BPH)
- Two other potential biological targets for new drugs for the treatment of micturition disorders have been identified and new candidates are being synthesized for further development
- Rec 2615 is another new active compound identified by Recordati. It is in development for the treatment of female sexual dysfunction, and is approaching the clinical phase

## **First quarter 2005 operational highlights**

- Revenue up 16.8%, or 13.2% on a like-for-like basis
- Pharmaceutical sales up 18.4%, or 14.4% on a like-for-like basis
- International sales up 29.9%
- Lercanidipine sales up 18.2%
- Operating income up 32.7% (before goodwill amortization)
- Net income up 31.8%
- Acquisition of Merckle's branded pharmaceutical business in Germany



## Composition of revenue

(million euro)	1Q 2004	1Q 2005	Change %
<b>PHARMACEUTICALS</b>	<b>115.9</b> 90.2%	<b>137.1</b> 91.4%	<b>18.4%</b>
<b>PHARMACEUTICAL CHEMICALS</b>	<b>12.6</b> 9.8%	<b>12.9</b> 8.6%	<b>2.1%</b>
<b>TOTAL</b>	<b>128.5</b> 100.0%	<b>150.0</b> 100.0%	<b>16.8%</b>
<b>ITALY</b>	<b>58.9</b> 45.8%	<b>59.6</b> 39.8%	<b>1.3%</b>
<b>INTERNATIONAL</b>	<b>69.6</b> 54.2%	<b>90.4</b> 60.2%	<b>29.9%</b>



## Sources of growth

(% change, first quarter 2005 over first quarter 2004)

	Volume	Price	Exchange	Total
PHARMACEUTICALS like-for-like	22.1 %	(7.6) %	(0.1) %	14.4 %
MERCKLE RECORDATI	100.0 %			100.0 %
SOPHARTEX	(100.0) %			(100.0) %
PHARMACEUTICAL CHEMICALS	6.0 %	(2.2) %	(1.7) %	2.1 %
TOTAL CHANGE	23.7 %	(6.7) %	(0.2) %	16.8 %



## Composition of pharmaceutical revenue

(million euro)	1Q 2004	1Q 2005	Change %
Italy	57.2	58.3	2.0%
France	24.9	31.8	28.2%
Germany	-	12.4	n.a.
Spain	5.9	8.8	48.0%
International licensees	21.0	25.8	22.8%
Sophartex *	6.9	-	n.a.
<b>TOTAL PHARMACEUTICALS</b>	<b>115.9</b>	<b>137.1</b>	<b>18.4%</b>



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\* Sold in April 2004

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## Lercanidipine sales

(million euro)	1Q 2004	1Q 2005	Change %
Italy	10.9	11.2	2.4%
France	4.9	6.6	33.9%
Spain	1.2	1.3	5.9%
<b>DIRECT SALES</b>	<b>17.1</b> 59.6%	<b>19.1</b> 56.4%	<b>11.8%</b>
<b>SALES TO LICENSEES</b>	<b>11.6</b> 40.4%	<b>14.8</b> 43.6%	<b>27.6%</b>
<b>TOTAL LERCANIDIPINE SALES</b>	<b>28.7</b> 100.0%	<b>33.9</b> 100.0%	<b>18.2%</b>



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## First quarter results

(million euro)	1Q 2004*	1Q 2005	Change %
<b>Revenue</b>	128.5	150.0	16.8%
<b>Gross Profit</b> as % of revenue	79.2 61.6%	95.8 63.8%	21.0%
<b>Selling Expenses</b> as % of revenue	43.1 33.6%	51.2 34.2%	18.9%
<b>R&amp;D Expenses</b> as % of revenue	9.4 7.3%	10.8 7.2%	15.3%
<b>Operating Income</b> (before goodwill amortization) as % of revenue	20.6 16.0%	27.3 18.2%	32.7%
<b>Net Income</b> as % of revenue	12.6 9.8%	16.6 11.1%	31.8%



\* Restated for comparison purposes following introduction of new IAS/IFRS

## Operating income by business area

(million euro)	1Q 2004*	1Q 2005	Change %
<b>PHARMACEUTICALS</b> as % of revenue	<b>20.7</b> 17.9%	<b>27.0</b> 19.7%	<b>30.5%</b>
<b>PHARMACEUTICAL CHEMICALS</b> as % of revenue**	<b>(0.1)</b> (0.9)%	<b>0.3</b> 1.5%	n.s.
<b>TOTAL OPERATING INCOME</b> as % of revenue	<b>20.6</b> 16.0%	<b>27.3</b> 18.2%	<b>32.7%</b>

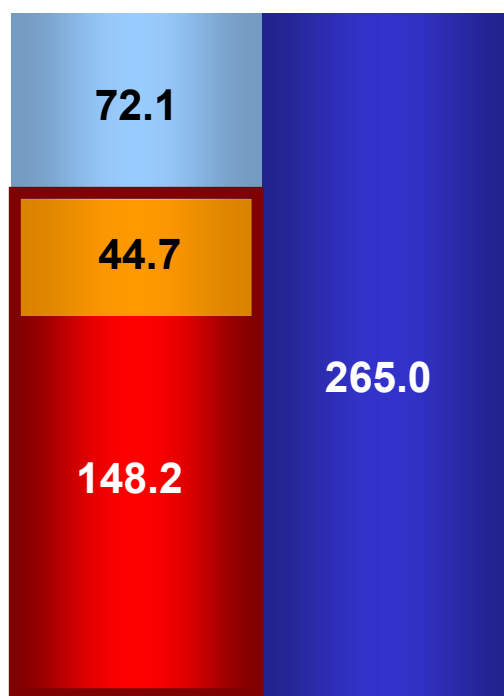
\* Restated for comparison purposes following introduction of new IAS/IFRS

\*\* Including inter-company sales

## Capital employed

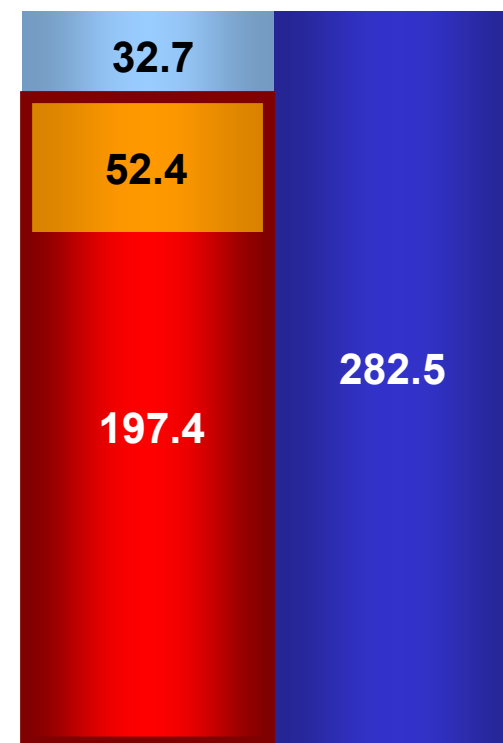
(million euro)

31 December 2004



Capital employed: **192.8**

31 March 2005



Capital employed: **249.8**

- Net working capital for operations
- Net non-current assets
- Net cash
- Shareholders' Equity  
(before hedging reserve of € -3.2 m end 2004 and € -3.0 m end March 2005)

## Net financial position

(million euro)	31 Dec 2004	31 Mar 2005	Change
Cash and marketable securities	232.2	184.7	(47.5)
Short term bank debt	(3.5)	(7.1)	(3.6)
Current portion of medium and long term debt	(25.2)	(24.6)	0.5
Medium and long term debt	(131.4)	(120.3)	11.2
<b>NET FINANCIAL POSITION</b>	<b>72.1</b>	<b>32.7</b>	<b>(39.4)</b>

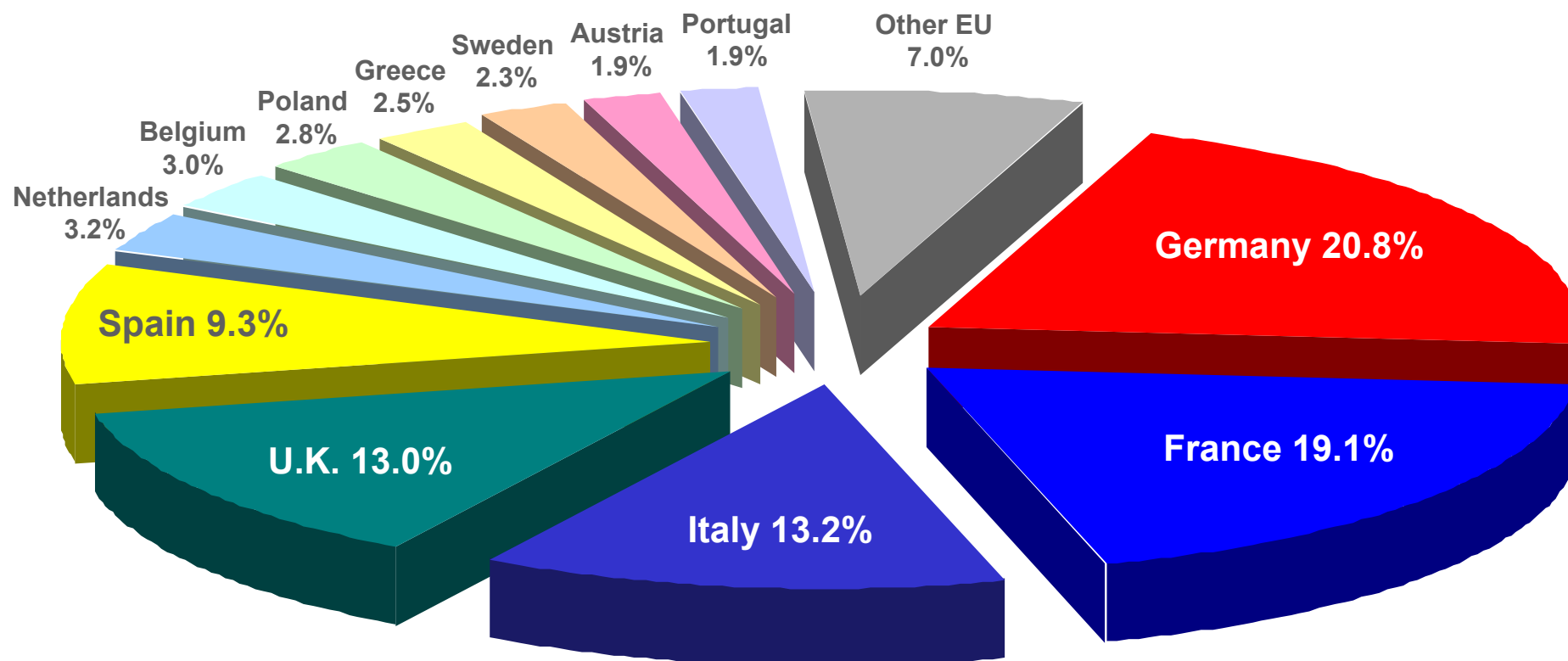




## Company strategy

- Confirm commitment to research and development in the urological and cardiovascular fields
- Acquire new product licenses
- Expand geographical presence in Europe

## Breakdown of the European pharmaceutical market (EU 25 countries)



Source: IMS 2003 data

## Plan 2005 – 2008

(million euro)	2005	2008	CAGR
REVENUE	560	650	5.0%
OPERATING INCOME	104	135	9.0%
NET INCOME	63	85	10.5%

**Assumptions:** Excluding any future acquisitions

*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), dedicated to the research, development, manufacturing and marketing of pharmaceuticals and pharmaceutical chemicals, with headquarters in Milan, Italy and operating subsidiaries in France, Germany, Ireland, Spain, Switzerland and the United States.*

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