

RECORDATI

**Tender offer for the purchase of
Polfa Kutno shares**

Warsaw, 14 April 2004



RECORDATI

Recordati company profile

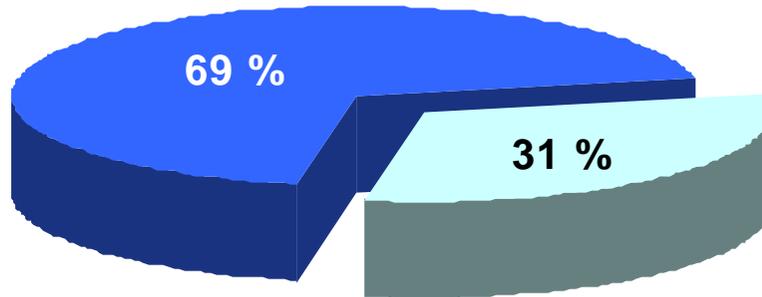
- **Recordati is a European pharmaceutical group founded by the Recordati family in Italy in 1926**
- **Since 1984 Recordati has been listed on the Italian Stock Exchange**
- **It is a fully integrated pharmaceutical company, with R&D, manufacturing and marketing activities**
- **Based in Italy with operating subsidiaries in France, Ireland, Spain, Switzerland and the United States**
- **Original research and development are focused on the cardiovascular and urological fields**

Recordati company profile (cont'd)

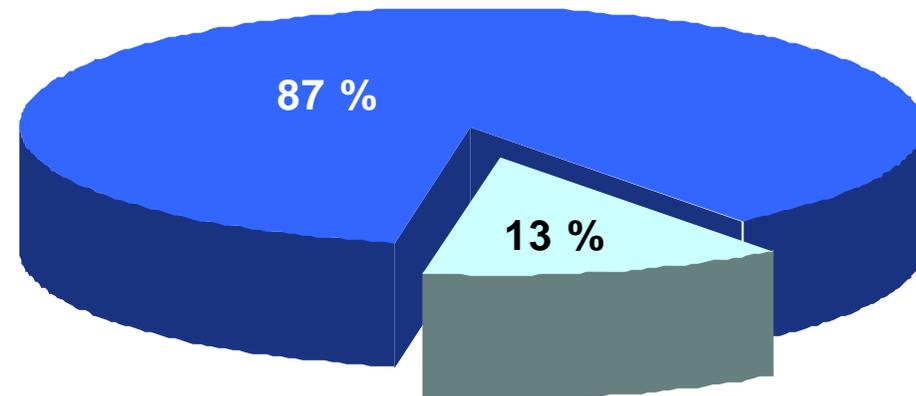
- **Recordati's product portfolio covers a broad range of therapeutic areas**
- **Proprietary and licensed-in products are sold directly to the market in Italy, France and Spain**
- **Proprietary products are also sold worldwide through licensing-out agreements**
- **Non-core activity: manufacturing and sales of pharmaceutical active ingredients**

Composition of sales

1999 (€272 m)

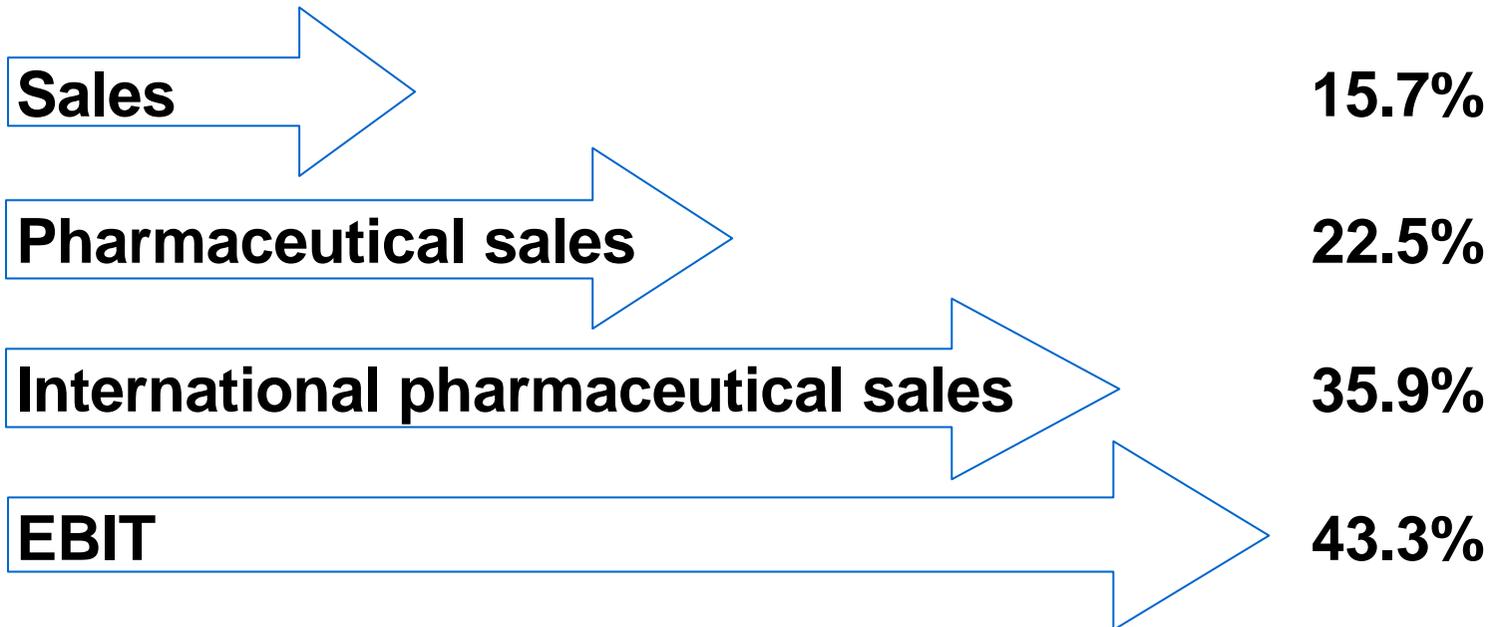


2003 (€488 m)

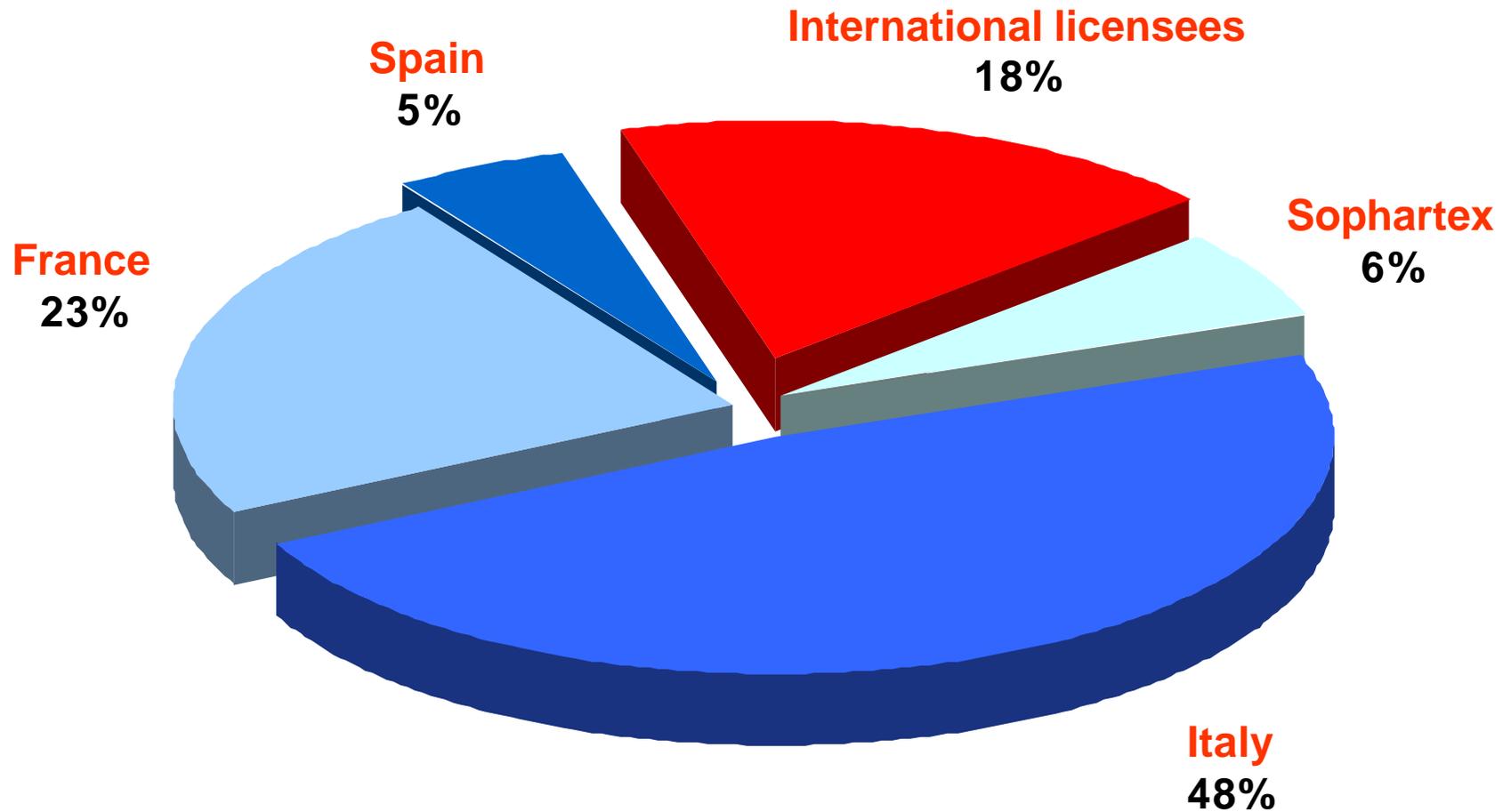


 Pharmaceuticals
 Pharmaceutical chemicals

CAGRs from 1999 to 2003

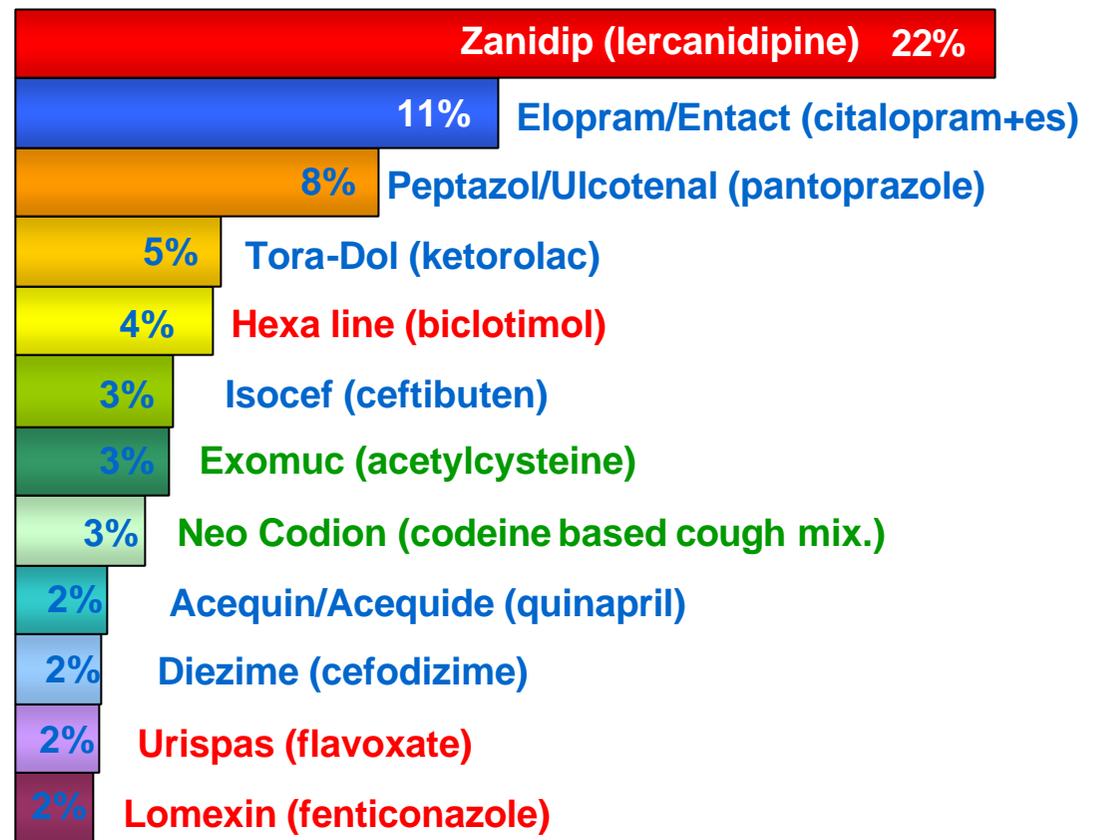
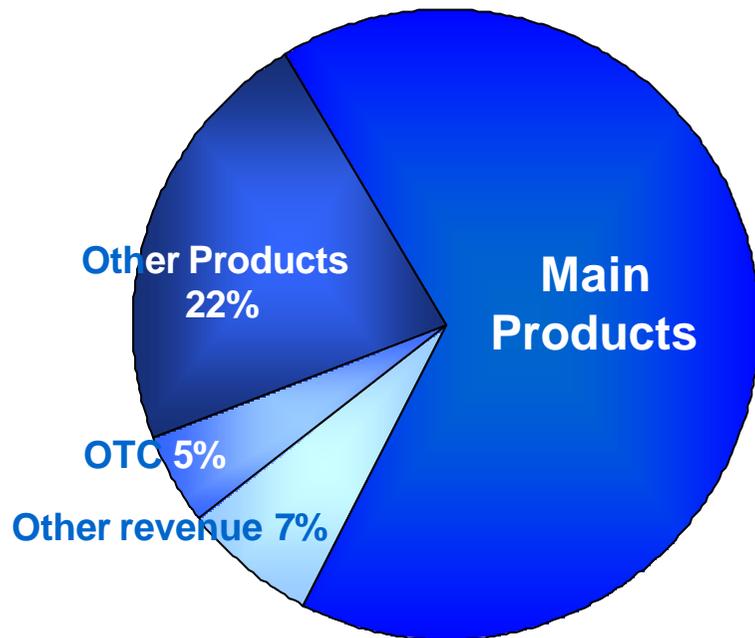


Breakdown of 2003 pharmaceutical sales (€424 million)



Main products

Breakdown of 12 months pharmaceutical sales at December 2003



2003 financial highlights

	million euro	as % of sales
Net Sales	487.5	
Gross Profit	287.8	59.0%
EBIT	81.0	16.6%

2003 EBIT by business area

	million euro	as % of sales
Pharmaceuticals	85.5	20.2%
Pharmaceutical chemicals	(4.5)	(6.0)%
Total EBIT	81.0	16.6%

2003 Cash flow

million euro

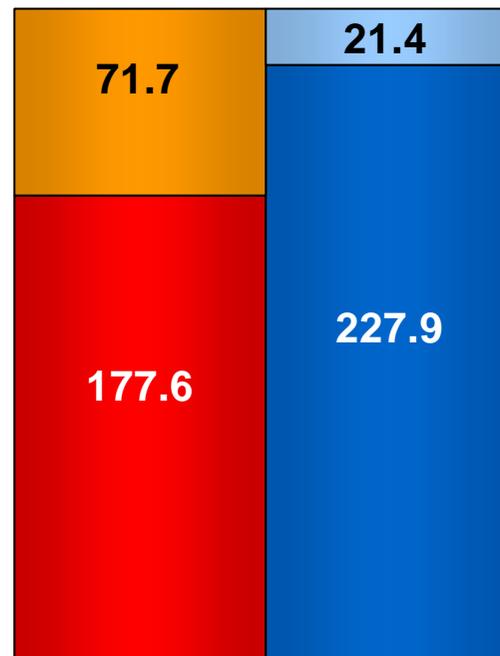
Net income	23.7
Depreciation and amortization	26.8
Write-downs	30.0
Cash Flow from Operations	80.5
Change in working capital	(1.5)
Changes in non-current items	(11.6)
Net investments in fixed assets	(15.9)
Net investments in intangible assets	(5.2)
Free Cash Flow	46.3
Dividend paid	(18.3)
Purchase of treasury stock	(2.9)



Capital employed

(million euro)

31 December 2003



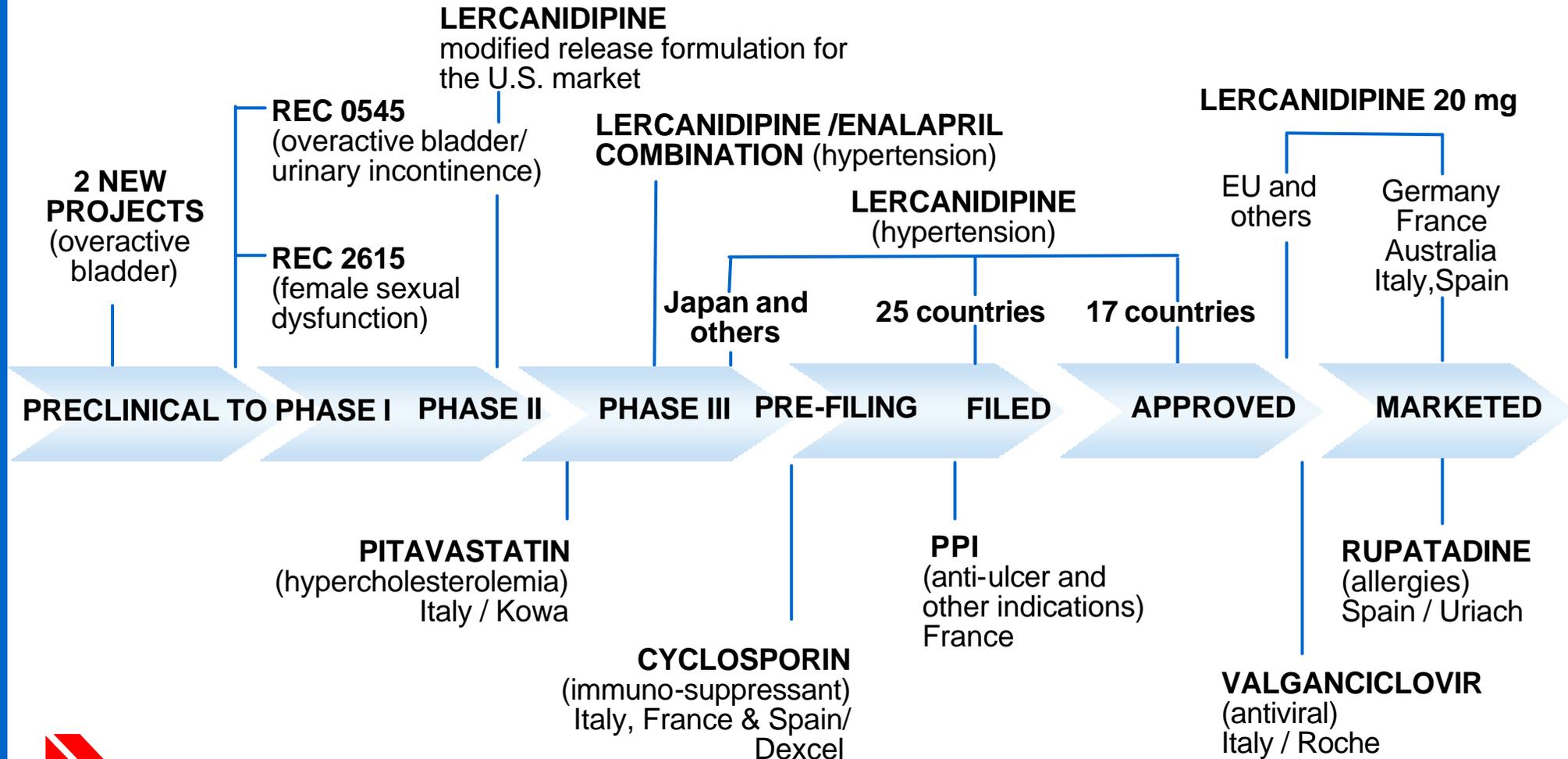
- Net working capital for operations
- Net non-current assets
- Net debt
- Shareholders' equity

Capital employed: 249.3

Recordati strategy

- **Focused research and development of drugs in the cardiovascular and urogenital areas in which Recordati has proven scientific competence**
- **Acquisition of new product licenses. Recordati targets products with a primary care focus and is open to opportunities in all therapeutic areas. The company also co-develops products in-licensed at the pipeline stage.**
- **Expansion into additional European markets through the acquisition of established country franchises**

Product pipeline



Recordati strategy for Poland

- **Gain access to the Polish pharmaceutical market which has been growing and is expected to grow faster than other more established European pharmaceutical markets**
- **New EU legislation expected in Poland to protect intellectual property will further shift the market towards new innovative products**
- **A direct presence in the Polish market can serve as a base for access to other East European markets**

Why Polfa Kutno

- **Polfa Kutno is a modern, fast growing, dynamic, market oriented pharmaceutical company**
- **Polfa Kutno is well managed by a team of professionals who have been very successful at turning the company around from a state owned production facility into a modern commercial business**
- **Polfa Kutno has new GMP compliant manufacturing and a well-balanced and diversified product portfolio**

Recordati's plans

- **Polfa Kutno shall remain independent and preserve its identity within the Recordati group**
- **Polfa Kutno remaining shares shall continue to be traded on the Warsaw Stock Exchange**
- **No requirement in the next three years for share capital increases, as no need to implement major capital expenditure programs (but: possible further acquisitions of additional products or shareholding in other companies may change this)**
- **Recordati supports Polfa Kutno management and shall always provide assistance in financial matters, know-how and in management systems.**

Recordati's Plans: Polfa Kutno within the Recordati group

- **Polfa Kutno shall be the unit covering the Polish pharmaceutical market within the Recordati group**
- **The consolidation of Polfa Kutno's market share and the addition of more modern products will benefit profits**
- **Polfa Kutno's current export activity may be expanded to include Recordati's export sales to those countries**
- **Over time, increased use of the Kutno site also for the Recordati group new productions and outsourcing requirements**

Recordati's Plans: Increase the value of Polfa Kutno

- **The core value of Polfa Kutno's business lies in its success in the prescription market**
- **Current branded generic product portfolio will be vulnerable to plain generic competition**
- **New products will be harder to obtain because of changes in the legislative and regulatory environment. Polfa Kutno is not in a position to in-license on a stand-alone basis.**
- **Polfa Kutno's market position, margin and hence long-term value would benefit from a flux of innovative, patent-protected products**

Recordati's Plans: Increase the value of Polfa Kutno (cont'd)

- **Recordati believes it can contribute valuable know-how in several important areas**
- **Recordati is recognized in the industry as an excellent marketer**
- **Recordati has 40 years of experience in the licensing area and has been successful in obtaining product licenses from large and medium-sized pharmaceutical corporations**
- **Recordati has also been successful in product development**
- **Recordati's capabilities in the clinical development and regulatory area have allowed it to obtain the approval of original, innovative products under European mutual recognition as well as under various European and other national procedures**

Recordati's Plans: Increase the value of Polfa Kutno (cont'd)

- **Recordati believes that the crucial issue for the future of Polfa Kutno is to enable it to better access the flux of product innovation from worldwide pharmaceutical R&D, and its efforts on behalf of Polfa Kutno will be directed to that end**

Tender offer summary

- Recordati S.p.A. (Milan, Italy) wishes to purchase 938,500 bearer shares or 49.999% of the outstanding shares of Polfa Kutno
- Price offered **PLN 287** per share
- Premium over the average share price during the past six months **20%**
- Premium over the average share price as per the 26 March closing **21%**

Tender offer summary (cont'd)

- **Subscription period:**
from 15 April 2004 to 27 April 2004
(period may be shortened if subscription orders for 938,500 shares, or more, are received prior to 27 April 2004)
- **Number of shares Recordati intends to acquire:**
maximum 938,500 shares
minimum 900,000 shares
- **Expected date of transaction:** **30 April 2004**
- **Expected date of settlement:** **6 May 2004**

Tender offer summary (cont'd)

- Financial advisor:
Citigroup, Warsaw, Poland
- Intermediary:
Dom Maklerski Banku Handlowego S.A. (DMBH), Warsaw, Poland



For further information

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- Recordati investor relations inver@recordati.it
- **DMBH**
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