

# RECORDATI

## 2003

# Nine months and 3rd qtr financials

Conference call, 29 October 2003



RECORDATI

## Operational highlights First nine months 2003

- **Pharmaceutical sales up 4.6%, excluding non-recurring 2002 revenue from U.S. lercanidipine**
- **Significant growth of lercanidipine sales**
- **Italian pharmaceutical sales increase by 9.7%**
- **Third quarter EBIT and net income margins improve over first two quarters**

## First nine months composition of sales

(million euro)	2002	2003	Change %
<b>PHARMACEUTICALS</b>	<b>306.9</b> 84.1%	<b>308.0</b> 86.4%	<b>0.4%</b>
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	<i><b>294.4</b></i>	<i><b>308.0</b></i>	<i><b>4.6%</b></i>
<b>PHARMACEUTICAL CHEMICALS</b>	<b>57.9</b> 15.9%	<b>48.6</b> 13.6%	<b>(16.1)%</b>
<b>TOTAL</b>	<b>364.8</b> 100.0%	<b>356.6</b> 100.0%	<b>(2.2)%</b>
<b>ITALY</b>	<b>145.9</b> 40.0%	<b>158.6</b> 44.5%	<b>8.8%</b>
<b>INTERNATIONAL</b>	<b>219.0</b> 60.0%	<b>198.0</b> 55.5%	<b>(9.6)%</b>



## Sources of growth

(% change, first nine months 2003 over first nine months 2002)	Volume	Price	Exchange	Total
<b>PHARMACEUTICALS</b>	5.5 %	(4.4) %	(0.7) %	0.4 %
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	9.9 %	(4.6) %	(0.7) %	4.6%
<b>PHARMACEUTICAL CHEMICALS</b>	(3.6) %	(4.3) %	(8.2) %	(16.1) %
<b>TOTAL GROWTH</b>	4.1 %	(4.4) %	(1.9) %	(2.2) %

## First nine months composition of pharmaceutical sales

(million euro)	2002	2003	Change %
<b>Pharmaceuticals Italy</b>	<b>138.4</b> 45.1%	<b>151.8</b> 49.3%	<b>9.7%</b>
<b>Pharmaceuticals France</b>	<b>63.8</b> 20.8%	<b>65.4</b> 21.2%	<b>2.5%</b>
<b>Pharmaceuticals Spain</b>	<b>15.7</b> 5.1%	<b>15.8</b> 5.1%	<b>0.6%</b>
<b>International licensees</b>	<b>69.9 *</b> 22.8%	<b>55.8</b> 18.2%	<b>(20.1)%</b>
<b>Sophartex</b>	<b>19.0</b> 6.2%	<b>19.2</b> 6.2%	<b>1.0%</b>
<b>International pharmaceuticals</b>	<b>168.5</b> 54.9%	<b>156.2</b> 50.7%	<b>(7.3)%</b>
<b>TOTAL PHARMACEUTICALS</b>	<b>306.9</b> 100.0%	<b>308.0</b> 100.0%	<b>0.4%</b>



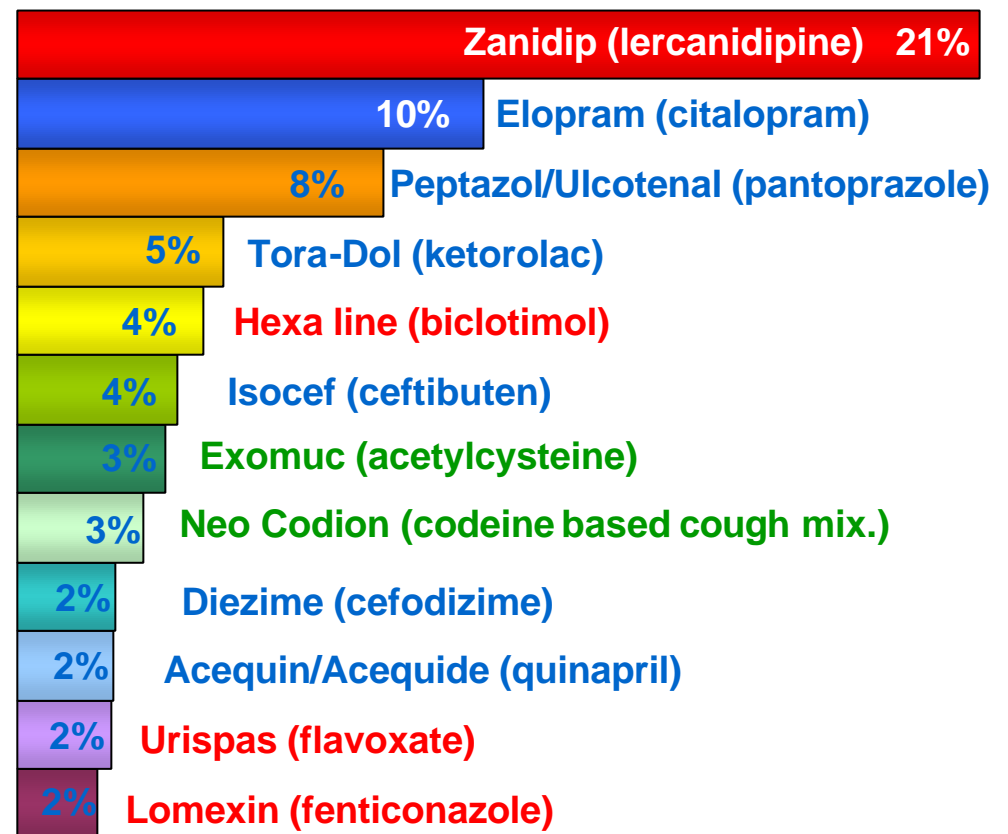
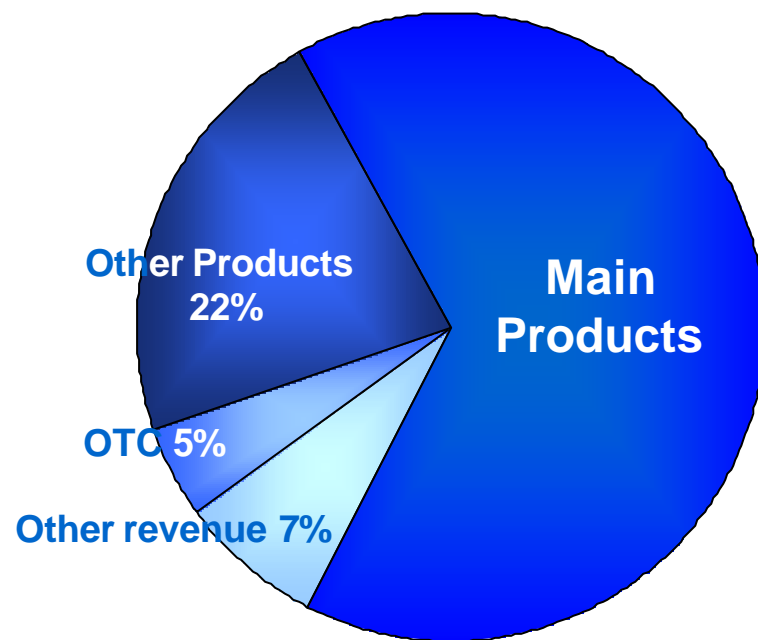
\* Includes € 12.5 million revenue from Forest Laboratories

## First nine months lercanidipine sales

(million euro)	2002	2003	Change %
<b>DIRECT SALES</b>	<b>33.3</b> 51.6%	<b>38.0</b> 57.0%	<b>14.0%</b>
<b>SALES TO LICENSEES EXCLUDING THOSE TO FOREST LABS</b>	<b>22.2</b> 34.3%	<b>28.6</b> 43.0%	<b>29.2%</b>
<b>SALES TO FOREST LABS</b>	<b>9.1</b> 14.1%	-	n.a.
<b>TOTAL LERCANIDIPINE SALES</b>	<b>64.6</b> 100.0%	<b>66.6</b> 100.0%	<b>3.1%</b>

## Main products

Breakdown of 12 months pharmaceutical sales at September 2003



## First nine months results

(million euro)	2002	2003	Change %
<b>Net Sales</b>	<b>364.8</b>	<b>356.6</b>	<b>(2.2)%</b>
<b>Gross Profit</b> as % of sales	<b>215.9</b> 59.2%	<b>209.2</b> 58.6%	<b>(3.1)%</b>
<b>Selling Expenses</b> as % of sales	<b>102.7</b> 28.2%	<b>109.0</b> 30.5%	<b>6.0%</b>
<b>R&amp;D Expenses</b> as % of sales	<b>25.9</b> 7.1%	<b>24.9</b> 7.0%	<b>(4.0)%</b>
<b>EBITDA</b> as % of sales	<b>87.9</b> 24.1%	<b>76.8</b> 21.5%	<b>(12.7)%</b>
<b>EBIT</b> as % of sales	<b>63.2</b> 17.3%	<b>56.0</b> 15.7%	<b>(11.3)%</b>
<b>Net Income</b> as % of sales	<b>35.8</b> 9.8%	<b>30.0</b> 8.4%	<b>(16.2)%</b>



## First nine months EBITDA by business area

(million euro)	2002	2003	Change %
<b>PHARMACEUTICALS</b> as % of sales	<b>76.9</b> 25.1%	<b>72.2</b> 23.4%	(6.1)%
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	<i><b>66.9</b></i> <i>22.7%</i>	<i><b>72.2</b></i> <i>23.4%</i>	<i><b>8.0%</b></i>
<b>PHARMACEUTICAL CHEMICALS</b> as % of sales*	<b>11.0</b> 16.4%	<b>4.6</b> 8.1%	(58.2)%
<b>TOTAL</b> as % of sales	<b>87.9</b> 24.1%	<b>76.8</b> 21.5%	(12.7)%
<b>OPERATING DEPRECIATION</b>	<b>16.0</b>	<b>17.2</b>	6.5%
<b>GOODWILL AMORTIZATION</b>	<b>8.7</b>	<b>3.6</b>	(58.3)%
<b>EBIT</b> as % of sales	<b>63.2</b> 17.3%	<b>56.0</b> 15.7%	(11.3)%

\* Including inter-company sales

## Third quarter results

(million euro)

	3Q 2002	3Q 2003	Change %
<b>Net Sales</b>	<b>110.8</b>	<b>109.5</b>	<b>(1.2)%</b>
<i>SALES excluding U.S. revenue from lercanidipine in 2002</i>	<i>101.2</i>	<i>109.5</i>	<b>8.3%</b>
<b>Gross Profit</b>	<b>68.4</b>	<b>64.6</b>	<b>(5.5)%</b>
as % of sales	61.7%	59.0%	
<b>Selling Expenses</b>	<b>29.4</b>	<b>31.6</b>	<b>7.5%</b>
as % of sales	26.5%	28.8%	
<b>R&amp;D Expenses</b>	<b>7.4</b>	<b>7.8</b>	<b>4.6%</b>
as % of sales	6.7%	7.1%	
<b>EBITDA</b>	<b>31.9</b>	<b>25.7</b>	<b>(19.4)%</b>
as % of sales	28.8%	23.5%	
<b>EBIT</b>	<b>25.8</b>	<b>18.9</b>	<b>(26.5)%</b>
as % of sales	23.3%	17.3%	
<b>Net Income</b>	<b>15.0</b>	<b>10.1</b>	<b>(32.6)%</b>
as % of sales	13.6%	9.3%	



## Third quarter EBITDA by business area

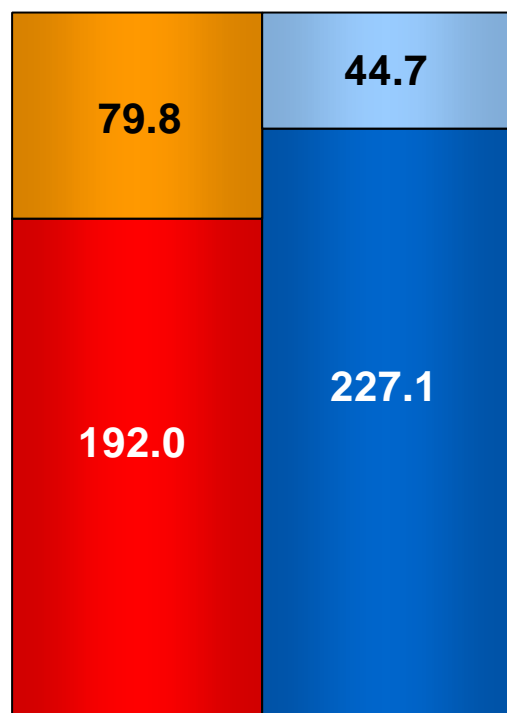
(million euro)	2002	2003	Change %
<b>PHARMACEUTICALS</b> as % of sales	29.2 30.5%	24.6 26.1%	(15.9)%
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	20.2 23.5%	24.6 26.1%	21.8%
<b>PHARMACEUTICAL CHEMICALS</b> as % of sales*	2.7 14.9%	1.1 6.3%	(57.3)%
<b>TOTAL</b> as % of sales	31.9 28.8%	25.7 23.5%	(19.4)%
<b>OPERATING DEPRECIATION</b>	4.9	5.5	13.2%
<b>GOODWILL AMORTIZATION</b>	1.2	1.2	0.2%
<b>EBIT</b> as % of sales	25.8 23.3%	18.9 17.3%	(26.5)%

\* Including inter-company sales

## Capital employed

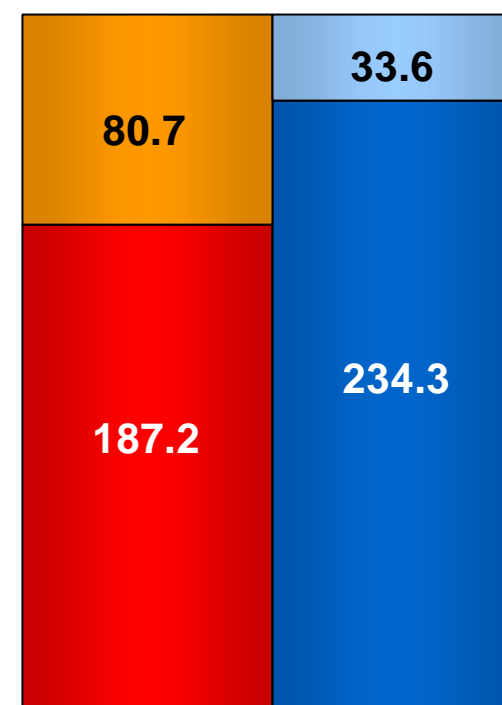
(million euro)

31 December 2002



Capital employed: 271.8

30 September 2003



Capital employed: 267.9

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

## First nine months cash flow

(million euro)

	2002	2003
<b>Net Income</b>	<b>35.8</b>	<b>30.0</b>
<b>Depreciation of Fixed Assets</b>	<b>11.1</b>	<b>12.4</b>
<b>Amortization of Intangible Assets</b>	<b>13.6</b>	<b>8.3</b>
<b>Cash Flow from Operations</b>	<b>60.5</b>	<b>50.7</b>
<b>Change in Working Capital</b>	<b>7.6</b>	<b>(0.9)</b>
<b>Net Investment in Fixed Assets</b>	<b>(15.0)</b>	<b>(11.7)</b>
<b>Net Investment in Intangible Assets</b>	<b>(2.4)</b>	<b>(3.7)</b>
<b>Free Cash Flow</b>	<b>50.7</b>	<b>34.4</b>
<b>Dividend paid</b>	<b>(12.5)</b>	<b>(18.3)</b>
<b>Purchase of Treasury Stock</b>	<b>(5.8)</b>	<b>(2.9)</b>

