

**RECORDATI**

**2003**

**Full year financials**

**Conference call, 3 March 2004**



**RECORDATI**

## Operational highlights 2003

- **Pharmaceutical sales up 5.5%, excluding non-recurring 2002 revenue from U.S. lercanidipine**
- **20 mg strength of lercanidipine launched in Germany, France and Australia**
- **Lercanidipine sales up 19.5%, excluding non-recurring 2002 revenue from the U.S.**
- **New products in Italy, France and Spain**
- **Pharmaceutical sales increase by 9.5% in Italy and by 5.8% in France**
- **Decision taken to reorganize and eventually dispose of the pharmaceutical chemicals business**

## Composition of sales

(million euro)	2002	2003	Change %
<b>PHARMACEUTICALS</b>	<b>414.4</b> 84.1%	<b>424.0</b> 87.0%	<b>2.3%</b>
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	<b>401.9</b>	<b>424.0</b>	<b>5.5%</b>
<b>PHARMACEUTICAL CHEMICALS</b>	<b>78.4</b> 15.9%	<b>63.5</b> 13.0%	<b>(19.0)%</b>
<b>TOTAL</b>	<b>492.7</b> 100.0%	<b>487.5</b> 100.0%	<b>(1.1)%</b>
<b>ITALY</b>	<b>195.4</b> 39.7%	<b>211.6</b> 43.4%	<b>8.3%</b>
<b>INTERNATIONAL</b>	<b>297.3</b> 60.3%	<b>276.0</b> 56.6%	<b>(7.2)%</b>

## Sources of growth

(% change, full year 2003 over full year 2002)	Volume	Price	Exchange	Total
<b>PHARMACEUTICALS</b>	6.5 %	(3.6) %	(0.6) %	2.3 %
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	<b>9.8 %</b>	<i>(3.7) %</i>	<i>(0.7) %</i>	<b>5.5%</b>
<b>PHARMACEUTICAL CHEMICALS</b>	(7.7) %	(3.1) %	(8.2) %	(19.0) %
<b>TOTAL GROWTH</b>	4.4 %	(3.6) %	(1.9) %	(1.1) %



## Composition of pharmaceutical sales

(million euro)	2002	2003	Change %
Pharmaceuticals Italy	185.7 44.8%	203.4 48.0%	9.5%
Pharmaceuticals France	92.5 22.3%	97.9 23.1%	5.8%
Pharmaceuticals Spain	21.5 5.2%	21.0 5.0%	(2.0)%
International licensees	88.1 * 21.3%	76.0 17.9%	(13.6)%
Sophartex	26.6 6.4%	25.7 6.0%	(3.4)%
<b>TOTAL PHARMACEUTICALS</b>	<b>414.4</b> 100.0%	<b>424.0</b> 100.0%	<b>2.3%</b>

\* Includes € 12.5 million revenue from Forest Laboratories

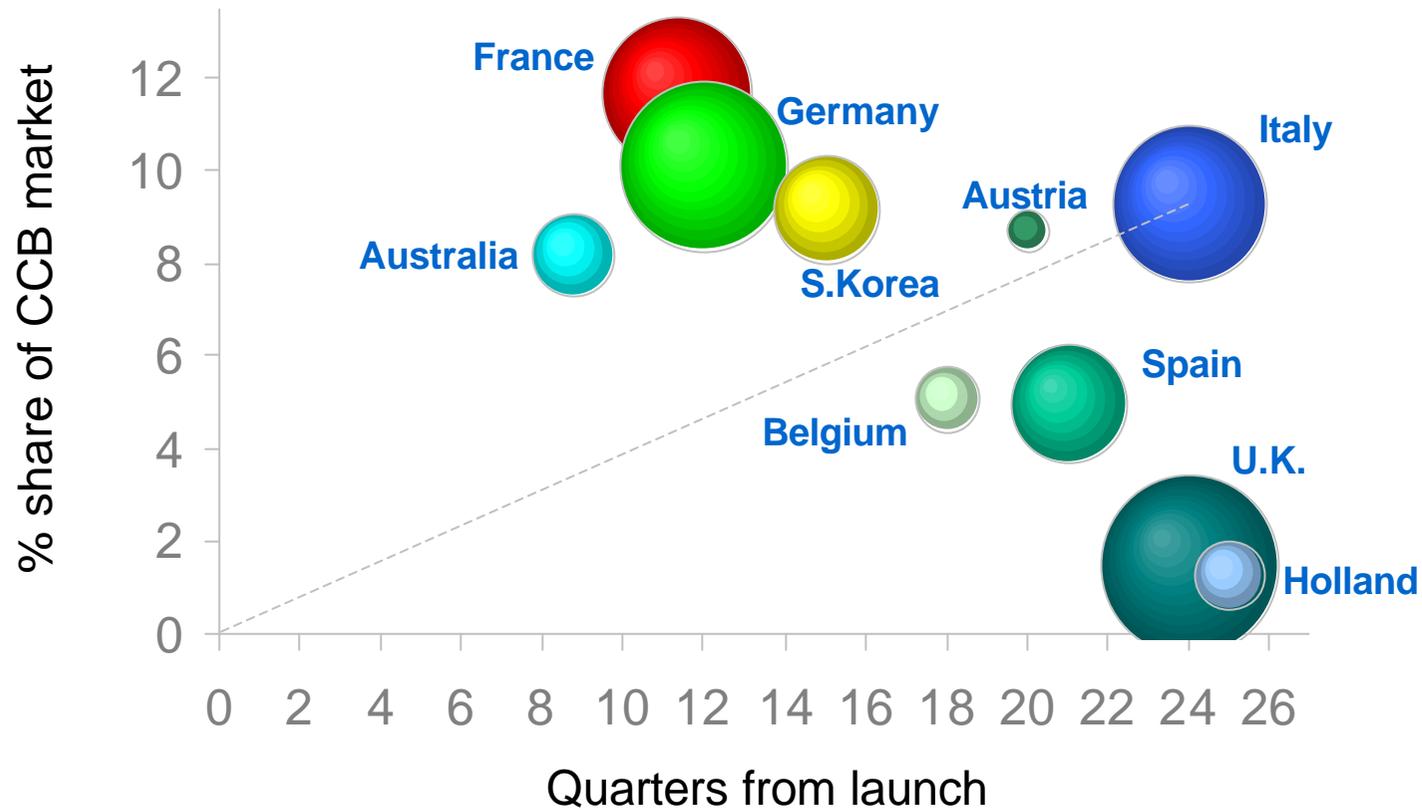
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## Lercanidipine sales

(million euro)	2002	2003	Change %
Italy	32.3	33.7	4.2%
France	9.4	15.7	68.3%
Spain	4.7	4.3	(8.6)%
<b>DIRECT SALES</b>	<b>46.4</b> 54.1%	<b>53.7</b> 58.7%	<b>15.8%</b>
<b>SALES TO LICENSEES EXCLUDING THOSE TO FOREST LABS</b>	<b>30.2</b> 35.3%	<b>37.8</b> 41.3%	<b>25.1%</b>
<b>SALES TO FOREST LABS</b>	<b>9.1</b> 10.6%	-	n.a.
<b>TOTAL LERCANIDIPINE SALES</b>	<b>85.7</b> 100.0%	<b>91.5</b> 100.0%	<b>6.8%</b>

## Lercanidipine as a % of all calcium channel blockers

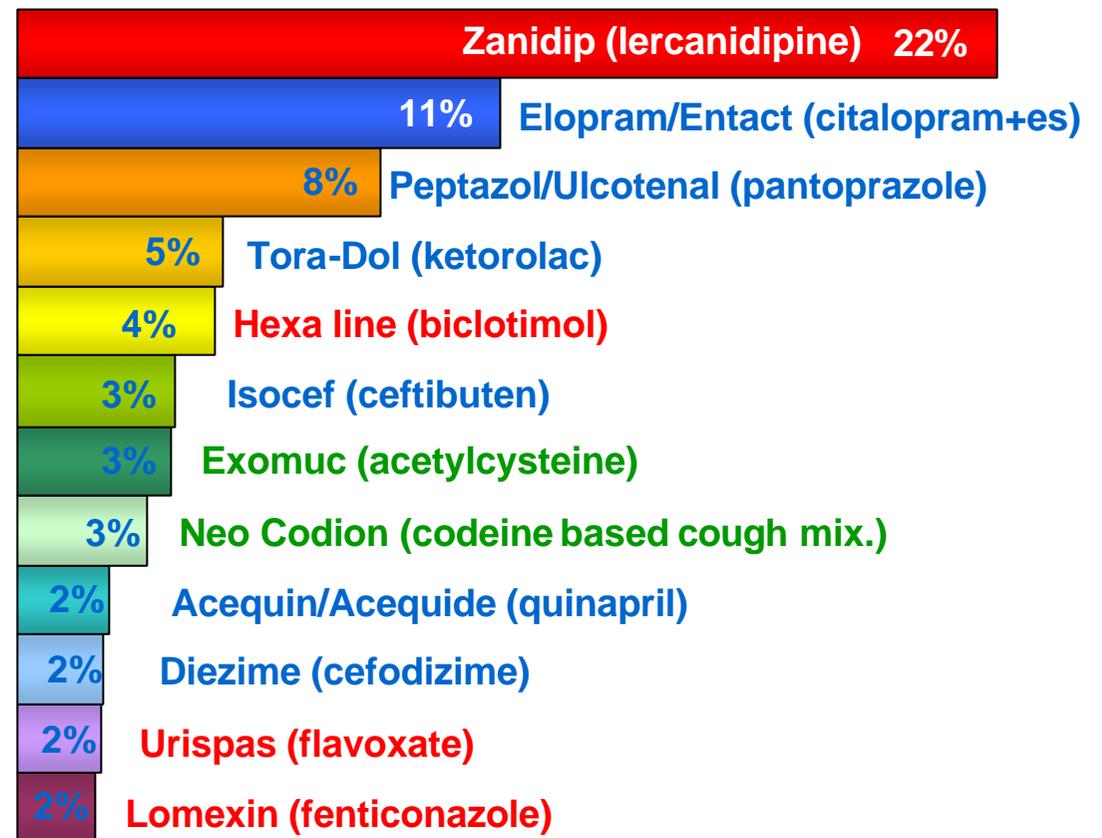
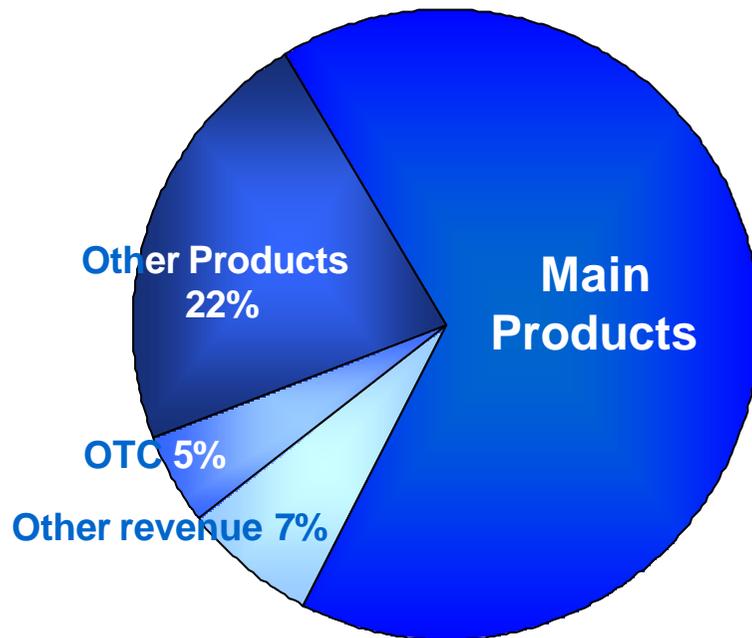
Bubble size represents \$ market value of CCB's



Source: IMS data - 4Q 2003

## Main products

Breakdown of 12 months pharmaceutical sales at December 2003



## Full year results

(million euro)	2002	2003	Change %
<b>Net Sales</b>	492.7	487.5	(1.1)%
<b>Gross Profit</b> as % of sales	289.1 58.7%	287.8 59.0%	(0.5)%
<b>Selling Expenses</b> as % of sales	133.8 27.2%	148.0 30.4%	10.6%
<b>R&amp;D Expenses</b> as % of sales	35.1 7.1%	32.8 6.7%	(6.7)%
<b>EBIT</b> as % of sales	89.2 18.1%	81.0 16.6%	(9.2)%
<b>Extraordinary items</b>	-	30.6	n.s.
<b>Net Income</b> as % of sales	50.2 10.2%	23.7 4.9%	(52.7)%

## EBIT by business area

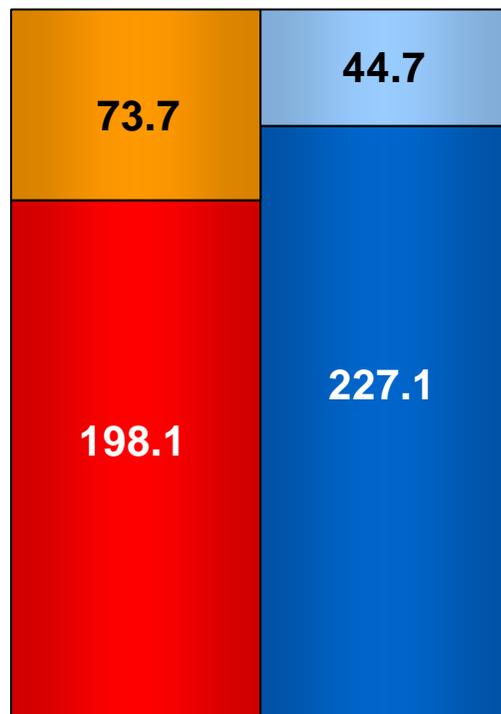
(million euro)	2002	2003	Change %
<b>PHARMACEUTICALS</b> as % of sales	<b>85.8</b> 20.7%	<b>85.5</b> 20.2%	<b>(0.3)%</b>
<i>PHARMACEUTICALS (excluding U.S. revenue from lercanidipine in 2002)</i>	<i>75.8</i> 18.9%	<i>85.5</i> 20.2%	<b>12.8%</b>
<b>PHARMACEUTICAL CHEMICALS</b> as % of sales*	<b>3.4</b> 3.8%	<b>(4.5)</b> (6.0)%	n.s.
<b>TOTAL</b> as % of sales	<b>89.2</b> 18.1%	<b>81.0</b> 16.6%	<b>(9.2)%</b>

\* Including inter-company sales

## Capital employed

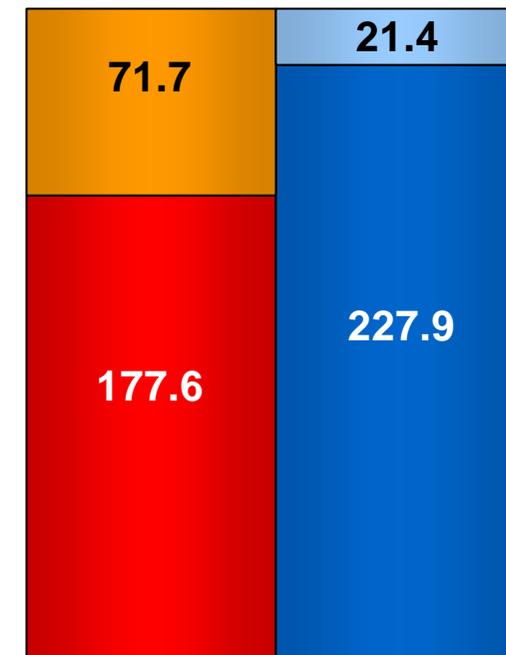
(million euro)

31 December 2002



**Capital employed: 271.8**

31 December 2003



**Capital employed: 249.3**

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

## Cash flow

(million euro)

	2002	2003
<b>Net income</b>	<b>50.2</b>	<b>23.7</b>
<b>Depreciation and amortization</b>	<b>30.7</b>	<b>26.8</b>
<b>Write-downs</b>	<b>3.3</b>	<b>30.0</b>
<b>Cash Flow from Operations</b>	<b>84.2</b>	<b>80.5</b>
<b>Change in working capital</b>	<b>(3.6)</b>	<b>(1.5)</b>
<b>Changes in non-current items</b>	<b>(0.7)</b>	<b>(11.6)</b>
<b>Net investments in fixed assets</b>	<b>(26.8)</b>	<b>(15.9)</b>
<b>Net investments in intangible assets</b>	<b>(13.2)</b>	<b>(5.2)</b>
<b>Free Cash Flow</b>	<b>39.9</b>	<b>46.3</b>
<b>Dividend paid</b>	<b>(12.5)</b>	<b>(18.3)</b>
<b>Purchase of treasury stock</b>	<b>(17.5)</b>	<b>(2.9)</b>