

**RECORDATI**

**2003**

**1<sup>st</sup> Half and 2<sup>nd</sup> Qtr Financials**

**Conference call, 31 July 2003**



**RECORDATI**

## Operational highlights First half 2003

- **Pharmaceutical sales up 1.3%, volumes up 6.8%**
- **Significant growth of lercanidipine sales**
- **Italian pharmaceutical sales increase by 9.5%**
- **EBIT and net income substantially in line with first half 2002**
- **Intended disposal of the pharmachem business**

## First half composition of sales

(million euro)	1H 2002	1H 2003	Change %
<b>PHARMACEUTICALS</b>	<b>211.2</b> 83.1%	<b>213.9</b> 86.5%	<b>1.3%</b>
<b>PHARMACEUTICAL CHEMICALS</b>	<b>42.8</b> 16.9%	<b>33.3</b> 13.5%	<b>(22.3)%</b>
<b>TOTAL</b>	<b>254.0</b> 100.0%	<b>247.2</b> 100.0%	<b>(2.7)%</b>
<b>ITALY</b>	<b>104.0</b> 40.9%	<b>112.1</b> 45.4%	<b>7.8%</b>
<b>INTERNATIONAL</b>	<b>150.0</b> 59.1%	<b>135.1</b> 54.6%	<b>(10.0)%</b>

## Sources of growth

(% change, first half 2003 over first half 2002)	Volume	Price / Exchange	Total
PHARMACEUTICALS	6.8 %	(5.5) %	1.3 %
PHARMACEUTICAL CHEMICALS	(9.7) %	(12.6) %	(22.3) %
<b>TOTAL GROWTH</b>	<b>4.0 %</b>	<b>(6.7) %</b>	<b>(2.7) %</b>



## First half composition of pharmaceutical sales

(million euro)	1H 2002	1H 2003	Change %
<b>Pharmaceuticals Italy</b>	<b>98.2</b> 46.5%	<b>107.5</b> 50.3%	<b>9.5%</b>
<b>Pharmaceuticals France</b>	<b>43.7</b> 20.7%	<b>43.9</b> 20.4%	<b>0.5%</b>
<b>Pharmaceuticals Spain</b>	<b>10.8</b> 5.1%	<b>10.8</b> 5.1%	<b>0.2%</b>
<b>International licensees</b>	<b>45.0 *</b> 21.3%	<b>38.9</b> 18.2%	<b>(13.7)%</b>
<b>Sophartex</b>	<b>13.5</b> 6.4%	<b>12.8</b> 6.0%	<b>(4.9)%</b>
<b>International pharmaceuticals</b>	<b>113.0</b> 53.5%	<b>106.4</b> 49.7%	<b>(5.8)%</b>
<b>TOTAL PHARMACEUTICALS</b>	<b>211.2</b> 100.0%	<b>213.9</b> 100.0%	<b>1.3%</b>

\* Includes sales to Forest Laboratories

## First half results

(million euro)	1H 2002	1H 2003	Change %
<b>Net Sales</b>	<b>254.0</b>	<b>247.2</b>	<b>(2.7)%</b>
<b>Gross Profit</b> as % of sales	<b>147.5</b> 58.1%	<b>144.6</b> 58.5%	<b>(2.0)%</b>
<b>Selling Expenses</b> as % of sales	<b>73.4</b> 28.9%	<b>77.4</b> 31.3%	<b>5.4%</b>
<b>R&amp;D Expenses</b> as % of sales	<b>18.4</b> 7.3%	<b>17.1</b> 6.9%	<b>(7.4)%</b>
<b>EBITDA</b> as % of sales	<b>56.0</b> 22.1%	<b>51.1</b> 20.7%	<b>(8.9)%</b>
<b>EBIT</b> as % of sales	<b>37.4</b> 14.7%	<b>37.1</b> 15.0%	<b>(0.8)%</b>
<b>Net Income</b> as % of sales	<b>20.8</b> 8.2%	<b>19.9</b> 8.0%	<b>(4.4)%</b>

## Second quarter results

(million euro)	2Q 2002	2Q 2003	Change %
<b>Net Sales</b>	124.6	120.2	(3.5)%
<b>Gross Profit</b> as % of sales	72.4 58.1%	71.2 59.2%	(1.7)%
<b>Selling Expenses</b> as % of sales	35.8 28.7%	37.8 31.4%	5.6%
<b>R&amp;D Expenses</b> as % of sales	8.5 6.8%	8.2 6.8%	(3.4)%
<b>EBITDA</b> as % of sales	28.4 22.8%	25.8 21.5%	(9.1)%
<b>EBIT</b> as % of sales	19.0 15.3%	18.9 15.7%	(0.6)%
<b>Net Income</b> as % of sales	10.9 8.7%	10.0 8.3%	(8.4)%

## First half EBITDA by business area

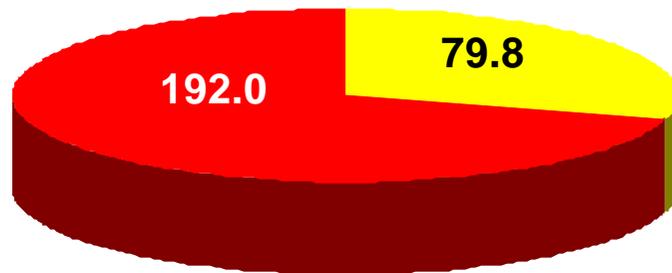
(million euro)	1H 2002	1H 2003	Change %
<b>PHARMACEUTICALS</b> as % of sales	<b>47.7</b> 22.6%	<b>47.6</b> 22.3%	<b>(0.2)%</b>
<b>PHARMACEUTICAL CHEMICALS</b> as % of sales*	<b>8.4</b> 17.0%	<b>3.5</b> 8.9%	<b>(58.5)%</b>
<b>TOTAL</b> as % of sales	<b>56.0</b> 22.1%	<b>51.1</b> 20.7%	<b>(8.9)%</b>
<b>OPERATING DEPRECIATION</b>	<b>11.2</b>	<b>11.6</b>	<b>3.6%</b>
<b>GOODWILL AMORTIZATION</b>	<b>7.5</b>	<b>2.4</b>	<b>(67.7)%</b>
<b>EBIT</b> as % of sales	<b>37.4</b> 14.7%	<b>37.1</b> 15.0%	<b>(0.8)%</b>

\* Including inter-company sales

## Capital employed

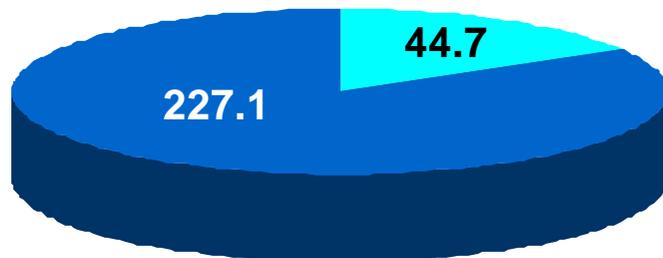
(million euro)

31 December 2002



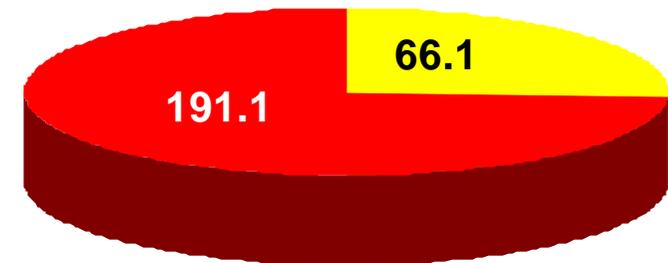
- Net working capital for operations
- Net non-current assets

Capital employed: 271.8



- Net debt
- Shareholders' equity

30 June 2003



Capital employed: 257.2



## Cash flow

(million euro)

	1H 2002	1H 2003
<b>Net Income</b>	20.8	19.9
<b>Depreciation of Fixed Assets</b>	7.8	8.3
<b>Amortization of Intangible Assets</b>	10.8	5.6
<b>Cash Flow from Operations</b>	39.4	33.8
<b>Change in Working Capital</b>	4.6	13.7
<b>Net Investment in Fixed Assets</b>	(8.0)	(8.9)
<b>Net Investment in Intangible Assets</b>	(1.9)	(3.4)
<b>Free Cash Flow</b>	34.1	35.2
<b>Dividend paid</b>	(12.5)	(18.3)
<b>Purchase of Treasury Stock</b>	0	(2.9)

