

**RECORDATI: BOARD APPROVES THE 2013 ACCOUNTS. REVENUE € 941.6 MILLION (+13.7%), OPERATING INCOME € 195.4 MILLION (+17.0%), NET INCOME € 133.7 MILLION (+12.8%). 2013 DIVIDEND € 0.33 (+10.0%).**

- Consolidated revenue € 941.6 million, + 13.7%.
- EBITDA<sup>(1)</sup> € 230.1 million, + 20.0%
- Operating income € 195.4 million, + 17.0%.
- Net income € 133.7 million, + 12.8%.
- Net financial position<sup>(2)</sup>: net debt of € 261.0 million.
- Dividend for 2013 € 0.33 per share, of which € 0.22 already paid.
- Targets for 2014: sales to exceed € 1,000 million, operating to exceed € 220 million and net income to exceed € 150 million.
- Annual Meeting of Shareholders convened for 17 April 2014, the sole convocation date.

Milan, 6 March 2014 – Recordati's Board of Directors approved the consolidated financial statements for the year 2013 as well as Recordati S.p.A.'s accounts and the corporate governance and ownership report as required by art. 123bis of the Consolidated Law on Financial Intermediation. The financial statements at and for the year ended 31 December 2013 and the aforesaid report will be available as from today 6 March 2014 at the company's head office and published on the company's website [www.recordati.com](http://www.recordati.com) and will also be available on the website of Borsa Italiana S.p.A.. The reports issued by the independent and by the statutory Auditors will be made available, within the terms of the law, in the same manner.

#### Financial highlights

- **Consolidated revenue** in 2013 is € 941.6 million, up by 13.7% compared to the preceding year. International sales grow by 17.1%.
- **EBITDA<sup>(1)</sup>**, at 24.4% of sales, is € 230.1 million, an increase of 20.0% over the preceding year.
- **Operating income**, at 20.8% of sales, is € 195.4 million, an increase of 17.0% over the preceding year. Included is an € 8.0 million provision covering the completion of the sales force reorganization in the French subsidiary.
- **Net income**, at 14.2% of sales is € 133.7 million, an increase of 12.8% over 2012.
- **Net financial position<sup>(2)</sup>** at 31 December 2013 records a net debt of € 261.0 million. During the period the following amounts were paid: \$ 100.0 million (€ 75.0 million) for the acquisition of a portfolio of products for the treatment of rare and other diseases, sold mainly in the U.S.A.; € 89.5 million for the acquisition of the Spanish company Laboratorios Casen Fleet; € 22.6 million for the first tranche (approx. 67%) of the acquisition of Opalia Pharma in Tunisia and dividends were distributed for a total of € 64.6 million. **Shareholders' equity** increases to € 701.8 million.

<sup>(1)</sup> Earnings before interest, taxes, depreciation and amortization.

<sup>(2)</sup> Cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives (fair value hedge).

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## Business development news

A number of initiatives were pursued in 2013 which are important for the future development of the Group.

- In January the acquisition from Lundbeck LLC of all rights concerning a portfolio of products indicated for the treatment of rare and other diseases, marketed mainly in the United States of America, was successfully concluded. The value of the transaction is of \$ 100 million, of which \$ 80 million paid at the closing on January 18 and \$ 20 million in August. The acquired portfolio is now marketed in the U.S. by Recordati Rare Diseases Inc., a wholly-owned U.S. corporation. The main product in the portfolio is Panhematin® (haemin for injection) for the amelioration of recurrent attacks of acute intermittent porphyria. Other important drugs acquired are NeoProfen® (ibuprofen lysine injection), indicated to close a clinically significant patent ductus arteriosus (PDA) in premature infants, and Cosmegen® (dactinomycin for injection), used mainly in the treatment of three rare cancers.
- During July the agreements covering the acquisition of 90% of the share capital of Opalia Pharma S.A., a Tunisian pharmaceutical company with headquarters in Ariana, a suburb of Tunis, were signed. The value of the transaction (enterprise value) is of around € 37 million. A partial closing of the transaction, involving the majority of the capital held by non-Tunisian shareholders (around 67%), was finalized in October with the payment of € 22.6 million. Opalia Pharma was established in 1988, ranks eighth in the Tunisian pharmaceutical market and is the third largest local pharmaceutical company. The company markets branded generic drugs with leading products in dermatology and in the gastrointestinal and respiratory therapeutic areas. Opalia manufactures most of its products in a modern, cGMP certified production facility specialized in liquid and semi-solid forms. The company employs around 320 people and generates annual sales of around TND 40 million (around € 18 million). Recordati already operates successfully in the North African countries through its export activities. This acquisition represents a strategic platform to establish a direct presence in North Africa with the objective of extending our operations also to countries in Central Africa and in the Gulf states.
- During September the agreements covering the acquisition of 100% of the share capital of Laboratorios Casen Fleet S.L.U., a Spanish pharmaceutical company with headquarters in Madrid and production facilities in Utebo, Zaragoza, were signed. The transaction was successfully concluded in October. The value of the transaction (enterprise value) is of € 93 million of which € 89.5 million were paid at the closing. Casen Fleet primarily markets internally developed drugs in Spain and Portugal through its own organisation and in other countries through partners. Approximately 55% of revenue is generated by a line of products used in the preparation for colonoscopy. The main product in this line is Citrafleet®, already marketed by Recordati in Germany. The company's product portfolio also comprises oral rehydration products, probiotics and OTC brands for gynecological use. Approximately 80% of revenue is generated by private payers and is therefore outside public healthcare reimbursement schemes. Casen Fleet develops and manufactures most of its medicines in its own facility in Utebo, Zaragoza, which occupies an area of 23,165 sq. m. The company employs around 230 people and sales in 2012 are € 45.3 million. The acquisition of Casen Fleet represents not only an excellent opportunity to reinforce our presence in Spain and to improve our profitability in this important market, the fifth pharmaceutical market in Europe, but also to acquire a portfolio of products, and in particular Citrafleet®, with worldwide marketing rights.
- During the year Recordati strengthened its management structure to adapt its organization to the current size of the group and to be in a better position to meet the challenges arising in the three

areas which comprise the consolidated Western European markets, the markets of Central-Eastern Europe, and the emerging markets in North Africa and Turkey. The newly established business areas are headed by managers of proven international experience.

### **Subsequent events and business outlook**

On 10 February 2014 an exclusive license agreement was signed with Apricus Biosciences Inc., a pharmaceutical company based in San Diego, U.S.A., for the marketing and sales of Vitaros® (alprostadil), an innovative topical product for the treatment of erectile dysfunction, in certain European countries including, among others, Spain, EU member countries in Central and Eastern Europe, Russia and the Commonwealth of Independent States (C.I.S.), Turkey and certain African countries.

Group consolidated sales during the first two months of 2014 are in line with the company's expectations for the whole year. The objective in 2014 is to achieve sales of more than € 1,000 million, operating income of more than € 220 million and net income of more than € 150 million.

### **Dividend**

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of € 0.11 per share, in full balance of the interim 2013 dividend of € 0.22, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 2 May 2014 (record date 30 April 2014), with ex-dividend on 28 April 2014 (against presentation of coupon no. 13). The full 2013 dividend is therefore of € 0.33 per share (€ 0.30 per share last year).

### **Further Board resolutions**

The Board of Directors approved the following further deliberation proposals to be submitted to the Annual Meeting of Shareholders:

- appointment of the members of the Board of Directors and Board of Statutory Auditors whose respective mandates end with the Shareholders' Meeting;
- renewal of the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2014 financial statements;
- examination of the Remuneration Policy pursuant to article 123<sup>ter</sup> of Legislative Decree 58/1998;
- adoption of a new Stock Option Plan pursuant to article 114<sup>bis</sup> of Legislative Decree 58/1998.

The appointment of Directors and of members of the Board of Statutory Auditors will be made, in compliance with compulsory requirements for balanced gender representation, by means of the list voting method and the shareholding necessary for the presentation of candidacy lists is 1% of the share capital with voting rights in the Ordinary Assembly.

The objective of the proposal to renew the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2014 financial statements is, as in previous years, to grant the Board the possibility: of using shares for equity acquisitions or as consideration for strategic agreements; of allowing the company to invest in its own shares; and of constituting a stock of own shares to service current and future stock option plans. The company would be allowed to purchase up to 20,000,000 Recordati existing ordinary (common) shares, which includes those shares held in Treasury stock at any given time, for a maximum cash outlay of € 250,000,000. The purchase price must be at least equal to the shares' nominal value (€ 0.125) and must not exceed the average official Stock Exchange price recorded over the 5 trading days prior to

the transaction, plus 5%. Possible purchases will be made on regulated markets and must comply with article 132 of Legislative Decree 58/1998 and with article 144-bis, comma 1.b) of the Issuers' Regulations as approved by CONSOB's resolution 11971/1999 and with market practice allowed and recognized by CONSOB. At 5 March 2014 the company has 6,275,110 shares in Treasury stock which amounts to 3.0% of the current share capital.

The Board of Directors also approved the Remuneration Report pursuant to article 123<sup>ter</sup> of the Legislative Decree 58/98, the first part of which is the Remuneration Policy to be submitted to the Annual Shareholders' Meeting. The Remuneration Report will be made available to the public within the terms of the law. The Shareholders' Meeting will also be called upon to approve the adoption of a new Stock Option Plan pursuant to article 114<sup>bis</sup> of Legislative Decree 58/1998 called the "2014-2018 Stock Option Plan".

### **Call to an Annual Shareholders' Meeting**

The Board of Directors resolved to convene the Annual Shareholders' Meeting to be held at the company's offices on 17 April 2014 at 10.00 am, the sole convocation date, with the following agenda:

1. Board of Directors' Review of Operations; Report of the Board of Statutory Auditors; Financial Statements as at and for the financial year ended 31 December 2013; relative and consequent resolutions.
2. Appointment of the Board of Directors:
  - a) Determination of the number of the members of the Board of Directors.
  - b) Determination of the length of the term of office of the Board of Directors.
  - c) Appointment of the members of the Board of Directors; relative and consequent resolutions.
  - d) Determination of the remuneration of the members of the Board of Directors.
3. Appointment of the Board of Statutory Auditors:
  - a) Appointment of the members of the Board of Statutory Auditors and the relative Chairman.
  - b) Determination of their remuneration.
4. Remuneration policies in accordance with article 123<sup>ter</sup> of Legislative Decree No. 58 of 24 February 1998; relative and consequent resolutions.
5. Proposal to approve the 2014-2018 Stock Option Plan; relative and consequent resolutions in accordance with Art. 114<sup>bis</sup> of Legislative Decree No. 58 of 24 February of 1998.
6. Proposal to authorise the purchase and disposal of treasury stock; relative and consequent resolutions.

The entire notice of call of an Ordinary Shareholders' Meeting is made publicly available as of today on the company's website (section Investors/Shareholder Meetings/2014). On the same date and under the same section the Directors' reports on point 2. (appointment of the Board of Directors) and 3. (appointment of the Board of Statutory Auditors) of the Shareholders' Meeting agenda are published. The aforesaid reports are also available at the company's offices and at Borsa Italiana S.p.A.. Further documents relative to the Shareholders' Meeting agenda will be published in the same manner and within the terms prescribed by current laws and regulations.

*Recordati, established in 1926, is an international pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), with a total staff of around 4,000, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Russia, in other Central and Eastern European countries, in Turkey, in the United States of America and in North Africa. An efficient field force of medical representatives promotes a wide range of innovative pharmaceuticals, both proprietary and under license, in a number of therapeutic areas including a specialized business dedicated to treatments for rare diseases. Recordati is a partner of choice for new product licenses for its territories. Recordati is committed to the*

research and development of new drug entities within the cardiovascular and urogenital therapeutic areas and of treatments for rare diseases. Consolidated revenue for 2013 was € 941.6 million, operating income was € 195.4 million and net income was € 133.7 million.

For further information:

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*Statements contained in this release, 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 GROUP**

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

<b>INCOME STATEMENT</b>	<b>2013</b>	<b>2012</b>	<b>Change %</b>
REVENUE	941,630	828,317	13.7
Cost of sales	(327,329)	(293,557)	11.5
<b>GROSS PROFIT</b>	<b>614,301</b>	<b>534,760</b>	<b>14.9</b>
Selling expenses	(275,188)	(250,566)	9.8
Research and development expenses	(74,725)	(63,407)	17.8
General & administrative expenses	(54,093)	(45,486)	18.9
Other income (expenses), net	(14,874)	(8,337)	78.4
<b>OPERATING INCOME</b>	<b>195,421</b>	<b>166,964</b>	<b>17.0</b>
Financial income (expenses), net	(14,625)	(6,626)	120.7
<b>PRE-TAX INCOME</b>	<b>180,796</b>	<b>160,338</b>	<b>12.8</b>
Provision for income taxes	(47,103)	(41,841)	12.6
<b>NET INCOME</b>	<b>133,693</b>	<b>118,497</b>	<b>12.8</b>
Attributable to:			
Equity holders of the parent	133,678	118,484	12.8
Minority interests	15	13	15.4

<b>EARNINGS PER SHARE</b>	<b>2013</b>	<b>2012</b>	<b>Change %</b>
Basic	€ 0.663	€ 0.593	11.8
Diluted	€ 0.631	€ 0.560	12.7

Earnings per share (EPS) are based on average shares outstanding during each year, 201.585.061 in 2013 and 199,722,208 in 2012, net of average treasury stock which amounted to 7.540.095 shares in 2013 and 9.402.948 shares in 2012. Diluted earnings per share is calculated taking into account stock options granted to company personnel.

<b>COMPOSITION OF REVENUE</b>	<b>2013</b>	<b>2012</b>	<b>Change %</b>
Total revenue	941,630	828,317	13.7
Italy	228,900	219,898	4.1
International	712,730	608,419	17.1

Pending completion of independent and statutory audits.

**RECORDATI GROUP**

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

<b>ASSETS</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Property, plant and equipment	81,288	59,972
Intangible assets	295,498	231,470
Goodwill	468,807	413,213
Equity investments	5,939	6,925
Non-current receivables	4,256	3,788
Deferred tax assets	25,205	22,837
<b>TOTAL NON-CURRENT ASSETS</b>	<b>880,993</b>	<b>738,205</b>
Inventories	140,430	126,388
Trade receivables	179,775	155,359
Other receivables	24,979	24,983
Other current assets	5,363	2,164
Fair value of hedging derivatives (fair value hedge)	0	1,371
Short-term financial investments, cash and cash equivalents	52,271	38,418
<b>TOTAL CURRENT ASSETS</b>	<b>402,818</b>	<b>348,683</b>
<b>TOTAL ASSETS</b>	<b>1,283,811</b>	<b>1,086,888</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(37,791)	(46,254)
Hedging reserve	(2,270)	(4,983)
Translation reserve	(42,853)	(3,713)
Other reserves	25,776	26,326
Retained earnings	559,878	501,701
Net income for the year	133,678	118,484
Interim dividend	(44,526)	(40,077)
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>701,752</b>	<b>661,344</b>
Minority interest	68	53
<b>SHAREHOLDERS' EQUITY</b>	<b>701,820</b>	<b>661,397</b>
Loans due after one year	196,788	129,111
Employees' termination pay	16,698	17,862
Deferred tax liabilities	21,072	15,872
Other non-current liabilities	4,040	1,828
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>238,598</b>	<b>164,673</b>
Trade payables	107,156	106,926
Other payables	71,193	53,984
Tax liabilities	15,951	9,789
Other current liabilities	855	458
Provisions	29,454	20,544
Fair value of hedging derivatives (cash flow hedge)	2,270	4,983
Fair value of hedging derivatives (fair value hedge)	2,210	0
Loans due within one year	80,280	8,147
Bank overdrafts	34,024	55,987
<b>TOTAL CURRENT LIABILITIES</b>	<b>343,393</b>	<b>260,818</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,283,811</b>	<b>1,086,888</b>

Pending completion of independent and statutory audits.

**RECORDATI S.P.A.**

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

	<b>2013</b>	<b>2012</b>	Var. %
Revenue	293,761	275,811	6.5
Operating income	45,855	39,350	16.5
Pre-tax income	85,547	98,673	(13.3)
Net income	73,573	85,032	(13.5)

	<b>31.12.2013</b>	<b>31.12.2012</b>
Non-current assets	565,632	570,129
Current assets	243,968	190,637
<b>TOTAL ASSETS</b>	<b>809,600</b>	<b>760,766</b>
Shareholders' equity	355,692	336,357
Non-current liabilities	158,420	142,901
Current liabilities	295,488	281,508
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>809,600</b>	<b>760,766</b>

Pending completion of independent and statutory audits.

**DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS**

The manager responsible for preparing the company's financial reports Fritz Squindo declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.