

**RECORDATI: BOARD APPROVES THE 2017 ACCOUNTS. SALES € 1,288.1 MILLION (+11.6%), OPERATING INCOME € 406.5 MILLION (+24.1%) AND NET INCOME € 288.8 MILLION (+21.6%). 2017 DIVIDEND € 0.85 (+21.4%).**

- Consolidated revenues € 1,288.1 million, +11.6%.
- EBITDA <sup>(1)</sup> € 454.7 million, +22.5%
- Operating income € 406.5 million, +24.1%.
- Net income € 288.8 million, +21.6%.
- Net financial position <sup>(2)</sup>: net debt of € 381.8 million.
- Dividend for 2017 € 0.85 per share, of which € 0.42 already paid.
- Annual Meeting of Shareholders convened for 18 April 2018, the sole convocation date.

Milan, 15 March 2018 – Recordati’s Board of Directors approved the consolidated financial statements for the year 2017 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 2017 and the aforesaid report will be available as from today 15 March 2018 at the company’s head office and published on the company’s website [www.recordati.com](http://www.recordati.com) and can also be viewed on the authorized storage system 1Info ([www.1Info.it](http://www.1Info.it)). 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. The Board of Directors also approved the consolidated non financial information disclosure pursuant to Legislative Decree n. 254 dated 30 December 2016 which will be made available in the same manner.

#### Financial highlights

- **Consolidated revenues** in 2017 are € 1,288.1 million, up by 11.6% compared to the preceding year. International sales grow by 12.4%.
- **EBITDA** <sup>(1)</sup>, at 35.3% of sales, is € 454.7 million, an increase of 22.5% over the preceding year.
- **Operating income**, at 31.6% of sales, is € 406.5 million, an increase of 24.1%.
- **Net income**, at 22.4% of sales, is € 288.8 million, an increase of 21.6% over 2016.
- **Net financial position** <sup>(2)</sup> at 31 December 2017 shows a net debt of € 381.8 million compared to net debt of € 198.8 million at 31 December 2016. During the period dividends were distributed, the acquisition of the marketing rights to the metoprolol based products from AstraZeneca was concluded and three Bayer Consumer Health products were acquired for an overall disbursement of € 456.5 million.

<sup>(1)</sup> Operating income before depreciation, amortization and write down of both tangible and intangible assets.

<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.

## Business development news

In January the European Union Commission granted the European marketing authorization for its orphan medicinal product Cystadrops® 3.8mg/mL. Cystadrops® is the first eye-drop solution containing cysteamine hydrochloride approved in the European Union for “the treatment of corneal cystine crystal deposits in adults and children from 2 years of age with cystinosis”. The European Commission had granted Cystadrops® orphan drug designation in November 2008. Cystadrops® eye-drop solution was developed specifically for cystinosis patients by Orphan Europe (Recordati group). Cystinosis is a rare congenital lysosomal storage disorder recognized as a severe life threatening condition. Cystinosis benefits from systemic treatment with cysteamine orally administered. However, oral cysteamine does not adequately address ocular cystinosis because of the non-vascularization of cornea. Without a proper, continued, local eye treatment, cystine crystals accumulate in the cornea, leading to severe consequences and possibly to blindness in the long term.

In February an exclusive worldwide licensing agreement covering the know-how developed by the Meyer Hospital in Florence (Italy) for the development of a treatment for pre-term babies affected by retinopathy of prematurity (ROP) was signed. The treatment is currently being investigated in a phase II clinical trial by the Meyer Hospital, while Recordati will complete the clinical development and the regulatory steps necessary to obtain the marketing approval for the drug. Retinopathy of prematurity (ROP) is a potentially blinding eye disorder that primarily affects premature infants weighing about 1.25 kg or less that are born before 31 weeks of gestation. Furthermore, within the deal, Recordati shall support other Meyer projects in the rare disease area over a period of three years based on a mutually agreed plan.

In May Recordati signed an agreement with AstraZeneca for the acquisition of the rights to Seloken®/Seloken® ZOK (metoprolol succinate) and associated Logimax® fixed dose combination (metoprolol succinate and felodipine) treatments in Europe. The transaction was successfully concluded on 30 June (on 10 July for part of the transaction related to Romania). The consideration for the acquisition of the assets is of \$ 300 million (€ 267 million). In addition, royalties for the use of the existing product brands will be due to AstraZeneca for an agreed period. Metoprolol succinate is a beta-blocker mainly indicated for the control of a range of conditions including hypertension, angina pectoris, disturbances of cardiac rhythm, maintenance treatment after myocardial infarction, and functional heart disorders with palpitations. It is a widely used drug in all European countries which will enable us to reinforce our product portfolios in a number of our European subsidiaries, in particular in Poland, France and Germany. Furthermore, existing sales of the metoprolol brands will provide the base to enter new markets and thus complete our European geographical footprint.

In June Recordati signed an exclusive license agreement with MimeTech, an Italian development stage company founded by scientists from the University in Florence, for the development and subsequent commercialization on a global basis of a low molecular weight peptidomimetic of human nerve growth factor (NGF) for the treatment of neurotrophic keratitis, which already received an Orphan Drug Designation in the EU. Additional indications linked to NGF defects are also contemplated in the scope of the partnership. Neurotrophic keratitis is a rare degenerative corneal disease which in its more severe forms affects less than one person out of 10,000 worldwide, and is initiated by an impairment of trigeminal nerve. Impairment or loss of corneal sensory innervation is responsible for corneal epithelial defects, ulcer, and perforation.

During July Gedeon Richter Plc. was granted marketing authorization from the European Commission for Reagila® (cariprazine), a novel antipsychotic for the treatment of schizophrenia in adult patients, valid for all European Union Member States. In August 2016 Richter and Recordati had signed an

exclusive license agreement to commercialize cariprazine in Western Europe, Algeria, Tunisia and Turkey.

During December three Bayer Consumer Health brands for the French market, Transipeg®, TransipegLib® and Colopeg®, were acquired. Transipeg® and TransipegLib® are macrogol based laxatives for the treatment of symptomatic constipation in adults and Colopeg® is a large volume bowel cleanser indicated in preparation for endoscopic exploration. The 2016 net sales of the products in France amount to around € 10 million. The acquisition of Transipeg®, TransipegLib® and Colopeg® which are well-known brands in France, is in line with our strategy to reinforce our product portfolio in this market in the area of gastroenterology.

### **Business outlook**

On 8 February 2018 the company announced its financial targets for 2018. The objective is to achieve sales ranging from € 1,350 million to € 1,370 million, EBITDA of between € 490 and € 500 million, EBIT of between € 430 and 440 million and net income of between € 310 and 315 million. Group consolidated sales during the first two months of 2018 are in line with our expectations.

### **Dividend**

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of € 0.43 per share, in full balance of the interim 2017 dividend of € 0.42, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 25 April 2018 (record date 24 April 2018), with ex-dividend on 23 April 2017 (against presentation of coupon no. 21). The full 2017 dividend is therefore of € 0.85 per share (€ 0.70 per share in 2016).

### **Further Board resolutions to be submitted to the Shareholders Meeting**

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

- renewal of the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2018 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 (2018-2022) pursuant to article 114<sup>bis</sup> of Legislative Decree 58/1998.

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 2018 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 10,000,000 Recordati existing ordinary (common) shares, which includes those shares held in Treasury stock at any given time, for a maximum cash outlay of € 300,000,000. 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, paragraph 1.b) of the Issuers' Regulations as approved by CONSOB's resolution 11971/1999 and with market practice allowed and recognized by CONSOB. At 14 March 2018 the company has 4,873,604 shares in Treasury stock which amounts to 2.33% 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 "2018-2022 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 18 April 2018 at 10.00 am, the sole convocation date, with the following agenda:

#### Annual Meeting

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<sup>st</sup> December 2017; relative and consequent resolutions.
2. Remuneration policies in accordance with article 123-<sup>ter</sup> of Legislative Decree No. 58 of 24<sup>th</sup> February 1998; relative and consequent resolutions.
3. Proposal to approve the 2018-2022 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.
4. Proposal to authorise the purchase and utilisation 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 [www.recordati.com](http://www.recordati.com) and can also be viewed on the authorized storage system 1Info ([www.1Info.it](http://www.1Info.it)). Within the terms prescribed by current laws and regulations the Directors' reports on the points of the Shareholders' Meeting agenda and any other documents relative to the Shareholders' Meeting agenda will be made available on the company website, at the company's offices and on the authorized storage system 1Info ([www.1Info.it](http://www.1Info.it)).

*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 more than 4,100, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Russia, other Central and Eastern European countries, Turkey, North Africa, the United States of America, Canada, Mexico and in some South American countries. 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 specialties with a focus on treatments for rare diseases. Consolidated revenue for 2017 was € 1,288.1 million, operating income was € 406.5 million and net income was € 288.8 million.*

For further information:

Recordati website: [www.recordati.com](http://www.recordati.com)

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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>2017</b>	<b>2016</b>	<b>Change %</b>
REVENUE	1,288,123	1,153,942	11.6
Cost of sales	(382,754)	(360,959)	6.0
<b>GROSS PROFIT</b>	<b>905,369</b>	<b>792,983</b>	<b>14.2</b>
Selling expenses	(330,793)	(304,435)	8.7
Research and development expenses	(100,256)	(83,710)	19.8
General & administrative expenses	(65,582)	(64,784)	1.2
Other income (expenses), net	(2,246)	(12,631)	(82.2)
<b>OPERATING INCOME</b>	<b>406,492</b>	<b>327,423</b>	<b>24.1</b>
Financial income (expenses), net	(17,377)	(10,141)	71.4
<b>PRE-TAX INCOME</b>	<b>389,115</b>	<b>317,282</b>	<b>22.6</b>
Provision for income taxes	(100,316)	(79,851)	25.6
<b>NET INCOME</b>	<b>288,799</b>	<b>237,431</b>	<b>21.6</b>
Attributable to:			
Equity holders of the parent	288,762	237,406	21.6
Minority interests	37	25	48.0

<b>EARNINGS PER SHARE</b>	<b>2017</b>	<b>2016</b>	<b>Change %</b>
Basic	€ 1.395	€ 1.152	21.1
Diluted	€ 1.381	€ 1.135	21.7

Earnings per share (EPS) are based on average shares outstanding during each year, 207,030,319 in 2017 and 206,117,418 in 2016, net of average treasury stock which amounted to 2,094,837 shares in 2017 and 3,007,738 shares in 2016. Diluted earnings per share is calculated taking into account stock options granted to company personnel.

<b>COMPOSITION OF REVENUE</b>	<b>2017</b>	<b>2016</b>	<b>Change %</b>
Total revenue	1,288,123	1,153,942	11.6
Italy	258,551	237,615	8.8
International	1,029,572	916,327	12.4

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>	31.12.2017	31.12.2016
Property, plant and equipment	103,009	110,202
Intangible assets	540,565	279,884
Goodwill	539,871	556,566
Equity investments	24,171	19,199
Non-current receivables	5,944	5,428
Deferred tax assets	69,162	37,231
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,282,722</b>	<b>1,008,510</b>
Inventories	179,100	158,800
Trade receivables	244,117	205,988
Other receivables	39,730	30,974
Other current assets	4,836	5,481
Fair value of hedging derivatives (cash flow hedge)	3,825	12,497
Short-term financial investments, cash and cash equivalents	302,077	138,493
<b>TOTAL CURRENT ASSETS</b>	<b>773,685</b>	<b>552,233</b>
<b>TOTAL ASSETS</b>	<b>2,056,407</b>	<b>1,560,743</b>
<b>EQUITY AND LIABILITIES</b>	31.12.2017	31.12.2016
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(17,029)	(76,761)
Hedging reserve	(5,867)	(7,420)
Translation reserve	(124,004)	(78,309)
Other reserves	40,684	35,295
Retained earnings	822,154	756,004
Net income for the period	288,762	237,406
Interim dividend	(87,470)	(72,245)
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>1,027,090</b>	<b>903,830</b>
Minority interest	147	110
<b>SHAREHOLDERS' EQUITY</b>	<b>1,027,237</b>	<b>903,940</b>
Loans due after one year	612,462	293,644
Employees' termination pay	21,093	21,675
Deferred tax liabilities	17,554	27,659
Other non-current liabilities	2,515	2,515
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>653,624</b>	<b>345,493</b>
Trade payables	141,740	124,644
Other payables	82,779	77,957
Tax liabilities	24,373	20,432
Other current liabilities	486	562
Provisions	48,322	27,977
Fair value of hedging derivatives (cash flow hedge)	9,559	3,621
Loans due within one year	51,710	40,428
Bank overdrafts	16,577	15,689
<b>TOTAL CURRENT LIABILITIES</b>	<b>375,546</b>	<b>311,310</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,056,407</b>	<b>1,560,743</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>2017</b>	<b>2016</b>	Change %
Revenue	373,041	323,113	15.5
Operating income	101,462	74,596	36.0
Pre-tax income	249,700	133,590	86.9
Net income	212,506	110,102	93.0

	<b>31.12.2017</b>	<b>31.12.2016</b>
Non-current assets	1,098,171	711,629
Current assets	430,776	338,310
<b>TOTAL ASSETS</b>	<b>1,528,947</b>	<b>1,049,939</b>
Shareholders' equity	444,499	316,717
Non-current liabilities	616,087	287,949
Current liabilities	468,361	445,273
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,528,947</b>	<b>1,049,939</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.