

**RECORDATI: BOARD APPROVES THE 2015 ACCOUNTS. SALES € 1,047.7 MILLION (+6.1%), OPERATING INCOME € 278.5 MILLION (+20.6%) AND NET INCOME € 198.8 MILLION (+23.3%). 2015 DIVIDEND € 0.60 (+20.0%).**

- Consolidated revenues € 1,047.7 million, +6.1%.
- EBITDA<sup>(1)</sup> € 317.0 million, +15.8%
- Operating income € 278.5 million, +20.6%.
- Net income € 198.8 million, +23.3%.
- Net financial position<sup>(2)</sup>: net debt of € 88.7 million.
- Dividend for 2015 € 0.60 per share, of which € 0.30 already paid.
- Targets for 2016: sales ranging from € 1,070 million to € 1,100 million, EBIT of between € 290 and 300 million and net income of between € 205 and 215 million.
- Annual Meeting of Shareholders convened for 13 April 2016, the sole convocation date.

Milan, 8 March 2016 – Recordati's Board of Directors approved the consolidated financial statements for the year 2015 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 2015 and the aforesaid report will be available as from today 8 March 2016 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.

### Financial highlights

- **Consolidated revenues** are € 1,047.7 million, up by 6.1% compared to the preceding year. International sales, which represent 79.8% of total sales, grow by 8.8% while sales in Italy, at 20.2% of the total, decrease by 3.3%.
- **EBITDA<sup>(1)</sup>** is € 317.0 million, an increase of 15.8% over 2014, with a margin of 30.3% of sales thanks to gross margin improvement and the relatively low increase in operational costs.
- **Operating income**, at 26.6% of sales, is € 278.5 million, an increase of 20.6% over the preceding year.
- **Net income**, at 19.0% of sales, is € 198.8 million, an increase of 23.3% over 2014.
- **Net financial position<sup>(2)</sup>** at 31 December 2015 records a net debt of € 88.7 million, a reduction of € 97.3 million compared to that at 31 December 2014, after payment of dividends for an amount of € 110.8 million. **Shareholders' equity** increases to € 870.0 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.

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### **Business development news**

In 2015 the internationalization of our rare disease business went ahead with new subsidiaries in Brazil, Mexico and Colombia. Furthermore, Carbaglu® (carglumic acid) was authorized for sale by Health Canada as an adjunctive therapy for the treatment of acute hyperammonaemia or as maintenance therapy for chronic hyperammonaemia due to the deficiency of the hepatic enzyme N-acetylglutamate synthase (NAGS) in pediatric and adult patients.

In May Virirec® (alprostadil) was successfully launched in Spain. Virirec®/ Vitaros® is indicated for the treatment of erectile dysfunction and is a topically-applied cream formulation of alprostadil, a vasodilator, which directly increases blood flow to the penis, causing an erection. Alprostadil is an alternative to the PDE-5 inhibitors for difficult to treat patients and Virirec®/Vitaros® offers a patient-friendly form versus other alprostadil dosage forms.

In September Erytech Pharma, a French biopharmaceutical company with which Orphan Europe, Recordati group, established an exclusive agreement in 2012 for the commercialization and distribution in Europe of Graspaspa® (a treatment for hematological malignancies intended to satisfy the unmet medical needs of frail patients, patients suffering relapses and other patient groups for whom the current treatments are not suitable) submitted a centralized Marketing Authorization Application to the European Medicines Agency (EMA) for Graspaspa® for the treatment of patients with acute lymphoblastic leukemia (ALL).

### **Business outlook**

Group consolidated sales during the first two months of 2016 are particularly positive growing more than expected thanks also to favourable seasonality factors in some countries. The company's expectations for the whole year are to achieve sales ranging from € 1,070 million to € 1,100 million, EBIT of between € 290 and 300 million and net income of between € 205 and 215 million.

### **Dividend**

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of € 0.30 per share, in full balance of the interim 2015 dividend of € 0.30, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 20 April 2016 (record date 19 April 2016), with ex-dividend on 18 April 2016 (against presentation of coupon no. 17). The full 2015 dividend is therefore of € 0.60 per share (€ 0.50 per share in 2014).

### **Resignation of a non-executive independent Director**

The Company notifies the receipt today, 8 March 2016, of Mr. Carlo Pedersoli's resignation as member of the Board of Directors of the Company due to his increased professional commitments.

Mr. Pedersoli has been, until today, a non-executive independent director, as well as a member of the Audit and Risk Committee and, as of today, is not a shareholder of the Company.

The Chairman and Chief Executive Officer, on behalf of the entire Board of Directors, thanked Mr. Pedersoli for his important contribution during his term of office since 2001.

### **Further Board resolutions**

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

- renewal of the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2016 financial statements;
- examination of the Remuneration Policy pursuant to article 123<sup>ter</sup> of Legislative Decree 58/1998;
- provisions pursuant to article 2364, paragraph 1, number 2), of the Civil Code. Related and consequent resolutions.

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 2016 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 15,000,000 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 7 March 2016 the company has 4,208,958 shares in Treasury stock which amounts to 2.01265% 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.

Finally, following the resignation of Mr. Carlo Pedersoli as member of the Board of Directors of the Company, the Board of Directors resolved not to proceed with his substitution pursuant to article 2386, paragraph 1, of the Civil Code, expressly mentioned in article 17 of the Company By-laws, in view of the Annual Shareholders' Meeting which will be held shortly and to which it was decided to submit the resolution regarding the nomination of a Director or the reduction in the number of members of the Board of Directors.

The Board of Directors finally resolved to appoint Mrs. Michaela Castelli, non-executive independent Director, as member of the Audit and Risk Committee, in substitution of Mr. Pedersoli.

### **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 13 April 2016 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 2015; relative and consequent resolutions.
2. Remuneration policies in accordance with article 123<sup>ter</sup> of Legislative Decree No. 58 of 24 February 1998; relative and consequent resolutions.
3. Proposal to authorise the purchase and disposal of treasury stock; relative and consequent resolutions.
4. provisions pursuant to article 2364, paragraph 1, number 2), of the Civil Code. Related 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 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 North Africa and in the United States of America. 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 within the urogenital therapeutic area and of treatments for rare diseases. Consolidated revenue for 2015 was € 1,047.7 million, operating income was € 278.5 million and net income was € 198.8 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>2015</b> | <b>2014</b> | <b>Change %</b> |
|-----------------------------------|-------------|-------------|-----------------|
| REVENUE                           | 1,047,676   | 987,356     | 6.1             |
| Cost of sales                     | (335,210)   | (327,054)   | 2.5             |
| GROSS PROFIT                      | 712,466     | 660,302     | 7.9             |
| Selling expenses                  | (293,204)   | (282,946)   | 3.6             |
| Research and development expenses | (76,736)    | (85,267)    | (10.0)          |
| General & administrative expenses | (58,980)    | (57,173)    | 3.2             |
| Other income (expenses), net      | (5,029)     | (3,886)     | 29.4            |
| OPERATING INCOME                  | 278,517     | 231,030     | 20.6            |
| Financial income (expenses), net  | (13,080)    | (16,255)    | (19.5)          |
| PRE-TAX INCOME                    | 265,437     | 214,775     | 23.6            |
| Provision for income taxes        | (66,634)    | (53,582)    | 24.4            |
| NET INCOME                        | 198,803     | 161,193     | 23.3            |
| Attributable to:                  |             |             |                 |
| Equity holders of the parent      | 198,792     | 161,187     | 23.3            |
| Minority interests                | 11          | 6           | 83.3            |

| <b>EARNINGS PER SHARE</b> | <b>2015</b> | <b>2014</b> | <b>Change %</b> |
|---------------------------|-------------|-------------|-----------------|
| Basic                     | € 0.968     | € 0.792     | 22.2            |
| Diluted                   | € 0.951     | € 0.771     | 23.3            |

Earnings per share (EPS) are based on average shares outstanding during each year, 205,270,094 in 2015 and 203,573,320 in 2014, net of average treasury stock which amounted to 3,855,062 shares in 2015 and 5,551,836 shares in 2014. Diluted earnings per share is calculated taking into account stock options granted to company personnel.

| <b>COMPOSITION OF REVENUE</b> | <b>2015</b> | <b>2014</b> | <b>Change %</b> |
|-------------------------------|-------------|-------------|-----------------|
| Total revenue                 | 1,047,676   | 987,356     | 6.1             |
| Italy                         | 211,570     | 218,829     | (3.3)           |
| International                 | 836,106     | 768,527     | 8.8             |

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>   | 31.12.2015       | 31.12.2014       |
|---|------------------|------------------|
| Property, plant and equipment                               | 108,987          | 92,273           |
| Intangible assets   | 246,450          | 266,018          |
| Goodwill  | 453,285          | 463,474          |
| Equity investments  | 32,444           | 17,079           |
| Non-current receivables                                     | 4,549            | 4,743            |
| Deferred tax assets   | 30,500           | 33,021           |
| <b>TOTAL NON-CURRENT ASSETS</b>                             | <b>876,215</b>   | <b>876,608</b>   |
| Inventories   | 143,093          | 141,223          |
| Trade receivables   | 177,219          | 179,029          |
| Other receivables   | 28,883           | 32,316           |
| Other current assets  | 5,280            | 4,927            |
| Fair value of hedging derivatives (cash flow hedge)         | 12,671           | 4,132            |
| Short-term financial investments, cash and cash equivalents | 225,525          | 136,990          |
| <b>TOTAL CURRENT ASSETS</b>                                 | <b>592,671</b>   | <b>498,617</b>   |
| <b>TOTAL ASSETS</b>   | <b>1,468,886</b> | <b>1,375,225</b> |
| <b>EQUITY AND LIABILITIES</b>                               | 31.12.2015       | 31.12.2014       |
| Share capital   | 26,141           | 26,141           |
| Capital in excess of par value                              | 83,719           | 83,719           |
| Treasury stock  | (35,061)         | (30,727)         |
| Hedging reserve   | (3,290)          | (683)            |
| Translation reserve   | (66,918)         | (56,314)         |
| Other reserves  | 42,543           | 29,865           |
| Retained earnings   | 685,587          | 627,240          |
| Net income for the period                                   | 198,792          | 161,187          |
| Interim dividend  | (61,606)         | (53,080)         |
| <b>GROUP SHAREHOLDERS' EQUITY</b>                           | <b>869,907</b>   | <b>787,348</b>   |
| Minority interest   | 85               | 74               |
| <b>SHAREHOLDERS' EQUITY</b>                                 | <b>869,992</b>   | <b>787,422</b>   |
| Loans due after one year                                    | 282,615          | 286,202          |
| Employees' termination pay                                  | 18,895           | 18,388           |
| Deferred tax liabilities                                    | 22,360           | 21,553           |
| Other non-current liabilities                               | 2,517            | 3,102            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                        | <b>326,387</b>   | <b>329,245</b>   |
| Trade payables  | 106,597          | 112,536          |
| Other payables  | 72,351           | 64,886           |
| Tax liabilities   | 14,592           | 12,541           |
| Other current liabilities                                   | 959              | 903              |
| Provisions  | 29,400           | 25,784           |
| Fair value of hedging derivatives (cash flow hedge)         | 4,290            | 5,075            |
| Loans due within one year                                   | 34,469           | 28,281           |
| Bank overdrafts   | 9,849            | 8,552            |
| <b>TOTAL CURRENT LIABILITIES</b>                            | <b>272,507</b>   | <b>258,558</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>1,468,886</b> | <b>1,375,225</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>2015</b> | <b>2014</b> | Change % |
|------------------|-------------|-------------|----------|
| Revenue          | 299,510     | 284,930     | 5.1      |
| Operating income | 52,444      | 44,864      | 16.9     |
| Pre-tax income   | 142,904     | 101,460     | 40.8     |
| Net income       | 125,516     | 88,926      | 41.1     |

|   | <b>31.12.2015</b> | <b>31.12.2014</b> |
|---|-------------------|-------------------|
| Non-current assets                                | 584,456           | 598,029           |
| Current assets                                    | 311,803           | 260,946           |
| <b>TOTAL ASSETS</b>                               | <b>896,259</b>    | <b>858,975</b>    |
| Shareholders' equity                              | 389,571           | 376,935           |
| Non-current liabilities                           | 205,842           | 218,240           |
| Current liabilities                               | 300,846           | 263,800           |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>896,259</b>    | <b>858,975</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.