



***A Specialty
Pharmaceutical Group***



JEFFERIES 2018 GLOBAL HEALTHCARE CONFERENCE – NEW YORK, JUNE 6 2018

A strategy of growth and geographical expansion

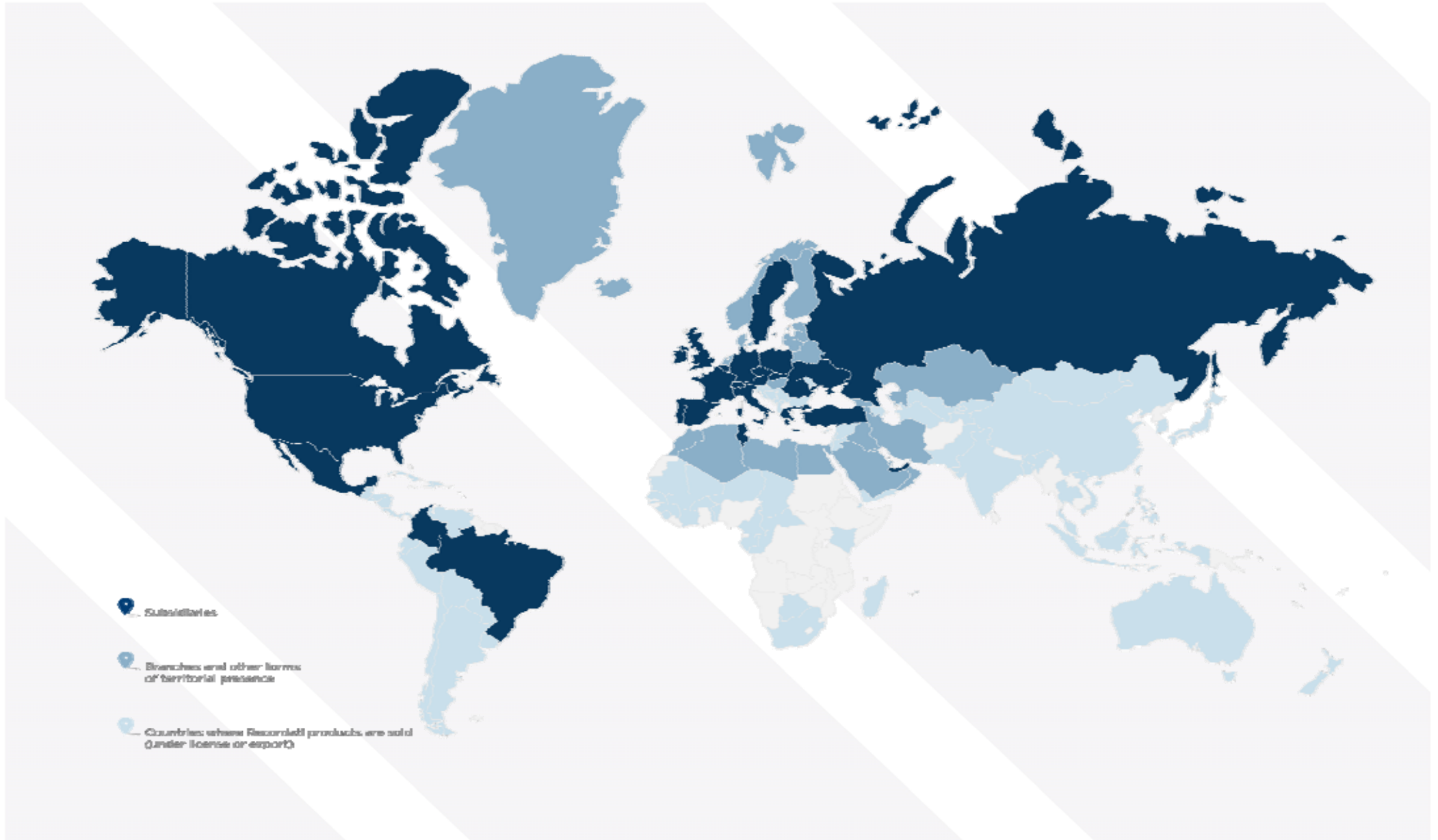
Profile

- An international specialty pharmaceutical group (€ 1,288.1 million sales in 2017 and 4,176 employees).
- Marketing operations in the main European markets, in Russia, Poland and other Central and Eastern European countries, in Turkey, in the U.S.A., in Latin America and in North Africa
- Drugs for the treatment of rare diseases marketed worldwide
- Proprietary drugs sold worldwide either directly or through licensees
- R&D in specialty care and in treatments for rare diseases

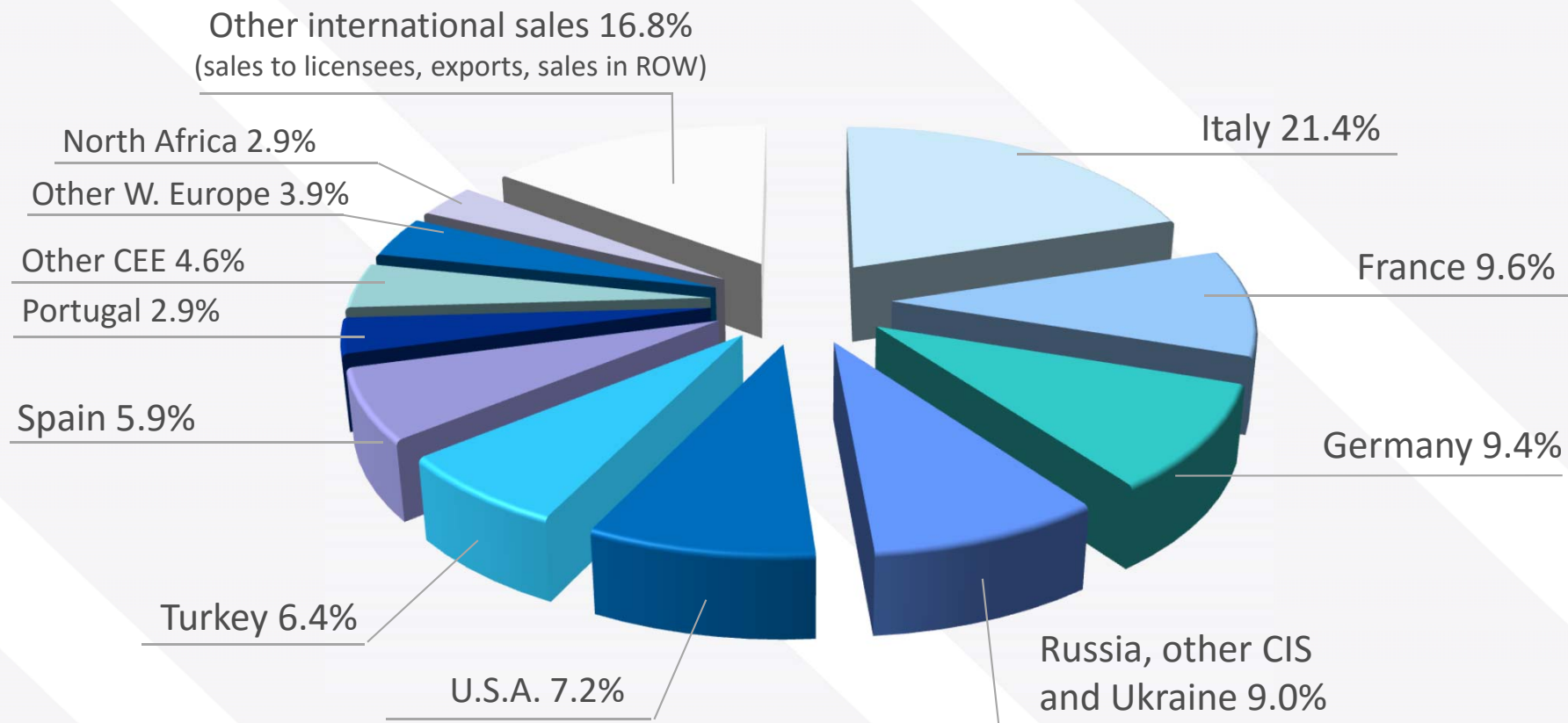
Strategy

- Expand through organic development and through acquisitions
- Develop product portfolio by enhancing product pipeline and new product acquisitions. Prioritize specialty care and treatments for rare diseases.
- Reinforce presence in existing key markets
- Treatments for rare diseases: further expand geographical presence, mainly in the Asia-Pacific area

Extensive geographical footprint

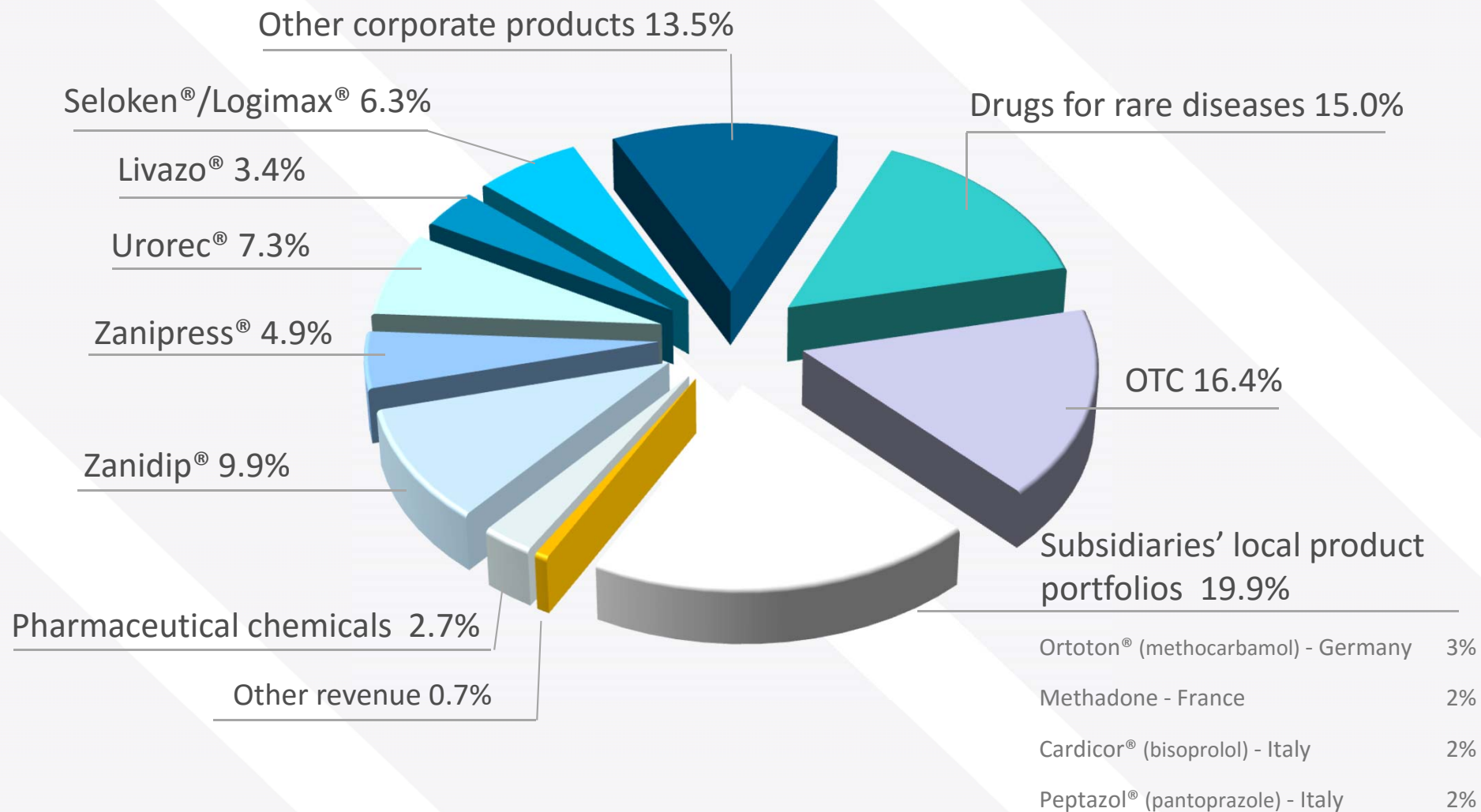


Geographical breakdown of pharmaceutical revenue



Data: First quarter 2018
Pharmaceutical revenue € 356.6 m

A diversified product portfolio



Data: First quarter 2018
Total revenue € 366.5 m

Core corporate products

Zanipress[®] (lercanidipine+enalapril) **Zanidip[®] (lercanidipine)**

- Lercanidipine is a proprietary latest generation calcium channel blocker indicated for the treatment of hypertension. Enalapril is an ACE inhibitor indicated for the treatment of hypertension.
- Sales of Zanidip[®] (lercanidipine) have eroded (CAGR -7,0%) following its patent expiry at the beginning of 2010 and are expected to remain stable at between € 110 and 120 million going forward.
- Considering both brands and generics Recordati sells around 70% of the lercanidipine molecule to date.
- Zanipress[®] (lercanidipine+enalapril) clinical data exclusivity expired in main European markets in 2016. Generic competition in Spain and Portugal since 2013.
- Expect full impact of generic competition in 2019 to be of around 30% of Zanipress[®] sales.
- Sales of the Zanidip[®]/ Zanipress[®] franchise expected to be in the range of € 170 - 175 million in 2019.

Core corporate products

Urorec[®] (silodosin)

- Highly selective α_{1A} receptor antagonist indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH).
- Fast onset of action. High efficacy. Very good cardiovascular safety.
- Launched in 37 markets.
- License and co-marketing agreements in place with important players.
- BPH market in 15 main countries approx. € 0.9 billion.
- Urorec[®] sales in 2019 expected to exceed € 100 million.

Core corporate products

Livazo[®] (pitavastatin)

- Highly effective HMG-CoA reductase inhibitor indicated for the treatment of hypercholesterolaemia.
- Thanks to its unique chemical structure Livazo[®] is a potent LDL-lowering drug with a consistent and progressive HDL-raising effect. (*Atherosclerosis Supplements 2010; 11:15-22*)
- Livazo[®], unlike most statins, is only minimally metabolized through a CYP pathway thereby reducing the risk of drug-drug interactions and providing a clear benefit in patients receiving polypharmacy. (*Atherosclerosis Supplements 2010; 11:15-22*)
- Launched in Spain, Portugal, Switzerland, Greece, Russia, Ukraine, C.I.S. and Turkey, further launches to take place.
- Expect sales to continue to grow double digit through 2019.
- Statins market in the 6 main countries is of around € 0.9 billion.

Core corporate products

Seloken[®] /Seloken[®] ZOK (metoprolol succinate) Logimax[®] (metoprolol succinate+felodipine)

- Metoprolol succinate is a beta-blocker mainly indicated for the control of a range of conditions including of hypertension, angina pectoris, disturbances of cardiac rhythm, maintenance treatment after myocardial infarction, and functional heart disorders with palpitations.
- Logimax[®] is a fixed combination of metoprolol succinate and felodipine, a calcium channel blocker indicated for the treatment of hypertension.
- These metoprolol based products are sold in 38 European countries.
- These brands will enable Recordati to reinforce its product portfolios in a number of European countries, in particular in Poland, France and Germany. Existing sales will provide the base to enter new markets and thus complete the group's European footprint.
- Overall sales of the products, in the territories for which Recordati has rights, were of around € 100 million in 2016.

Drugs for rare diseases

A worldwide business

Huge market potential: > 7,000 rare diseases identified for which treatments exist for only around 300. Progressive country introduction of rare disease plans and access to diagnostic tests will stimulate the market for orphan drugs.

- Acquisition of Orphan Europe end 2007. Establishment of Recordati Rare Diseases in the U.S.A. in 2013 following the acquisition of a U.S. portfolio of rare disease treatments.
- Present throughout Europe, Middle East , the U.S., Canada, Mexico and some countries in South America. Direct sales coverage of new territories mainly in the Asia-Pacific area, planned.
- Sales of drugs for rare diseases in 2017 total € 211.2 million. CAGR of 19.1% over the past nine years.
- Sales generated by current product portfolio to grow, at constant exchange rates, high single digit in 2018 and low double digit in 2019.
- R&D in rare diseases a priority to generate future growth. Pipeline includes a number of new very promising development programs and others are under evaluation.

Treatments for rare diseases

NORMOSANG® (EU-RoW) /**PANHEMATIN®** (US) (human haemin), used to treat acute attacks of hepatic porphyria

CARBAGLU® (carglumic acid), indicated in the treatment of hyperammonaemia due to NAGS deficiency and to the main organic acidemias

COSMEGEN® (dactinomycin), used mainly in the treatment of three rare cancers, Wilms' tumor, childhood rhabdomyosarcoma and choriocarcinoma.

PEDEA® (EU-RoW)/**NEOPROFEN®** (US) (ibuprofen I.V.), indicated in the treatment of patent *ductus arteriosus*

CYSTADANE® (betaine anhydrous), indicated in the treatment of homocystinuria

CYSTAGON® (cysteamine), indicated in the treatment of nephropathic cystinosis

CYSTADROPS® (cysteamine), indicated in the treatment of corneal cysteine deposits in cystinosis

VEDROP® (water soluble vitamin E), indicated in the treatment of vitamin E deficiency in pediatric patients suffering from congenital chronic cholestasis

WILZIN® (zinc acetate), indicated in the treatment of Wilson's disease

A well balanced product pipeline

NAME	ORIGINATOR	INDICATION	DEVELOPMENT STATUS
FORTACIN™	Plethora Solutions	Premature ejaculation	Launch in process
REAGILA®	Gedeon Richter	Schizophrenia	Approved in EU
methadone		Treatment of cancer-related pain in cases of resistance or intolerance to opioids	Filed in France
GRASPA®	Erytech	Acute lymphoblastic leukemia (ALL) in patients with first recurrence of Philadelphia chromosome negative ALL	Filed in EU
CARBAGLU®	Recordati	Hyperammonaemia due to NAGS deficiency and to the main organic acidemias	Development of new formulation in EU and USA Pre-filing in the USA for the organic acidemias indication
REC 0551	Recordati/Meyer Hospital (Florence)	Retinopathy of Prematurity (ROP)	Phase II
REC 0438	Recordati/UFPeptides	Neurogenic detrusor overactivity in paediatric <i>spina bifida</i> patients	Proof of concept trial planning in EU
REC 0559	Recordati/MimeTech	Neurotrophic keratitis	Formulation development, clinical development planning
REC 0545	Recordati/AP-HP	Acute decompensation episodes in MSUD	Formulation development, clinical development planning

A well balanced R&D pipeline (cont'd)

- **FORTACIN™** (lidocaine+prilocaine) is an easy-to-use fast acting topical spray formulation of lidocaine and prilocaine for the treatment of premature ejaculation
- **REAGILA®** (cariprazine) is an orally active and potent dopamine D₃/D₂ receptor partial agonist with preferential binding to D₃ receptors and partial agonist at serotonin 5-HT_{1A} receptors developed by Richter in the EU for the treatment of schizophrenia. The Summary of Product Characteristics (SPC) states clinical data showing superior efficacy in the treatment of the negative symptoms of schizophrenia.
- **Methadone**, currently used in France, where it is distributed by Bouchara Recordati, as replacement therapy for major opioid drugs dependence. In 2012 Recordati started, in France, an open, multicenter, randomized, national Phase III b clinical study on methadone for the treatment of cancer-related pain inadequately relieved by opioids.
- **GRASPA®** is L-asparaginase encapsulated in homologous human red blood cells. L-asparaginase has been shown to possess a powerful antitumor activity, but this enzyme is highly toxic and a large part of the patient population presents with a hypersensitivity and does not tolerate well the current treatment protocols. This population represents a large currently unmet medical need. Grasp[®] avoids toxicity and hypersensitivity issues associated with L-asparaginase treatments while maintaining its antitumor activity.

A well balanced R&D pipeline (cont'd)

- **CARBAGLU®** (carglumic acid), currently approved for the treatment of hyperammonaemia due to NAGS deficiency, approved in Europe and in filing preparation phase in the USA for additional indications in organic acidemias (orphan drug designation granted). New formulations in development.
- **REC 0551**, new therapeutic approach being studied for the treatment of pre-term babies affected by retinopathy of prematurity (ROP). 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. It is a rare condition but one of the most common causes of visual loss in childhood.
- **REC 0438**, a nociception analogue, is being studied for the treatment of neurogenic detrusor overactivity in paediatric *spina bifida* patients, an orphan condition.
- **REC 0559**, a low molecular weight peptidomimetic of human growth factor (NGF) in development for the treatment of neurotrophic keratitis. Orphan drug designation granted in the EU.
- **REC 0545** is an innovative product for the treatment of acute decompensation episodes in patients with MSUD (Maple Syrup Urine Disease)

First quarter 2018 highlights

- Revenue € 366.5 million, up 7.2%
- EBITDA € 134.4 million or 36.7% of sales, up 14.2%
- Operating income (EBIT) € 120.5 million or 32.9% of sales, up 12.4%
- Net income € 86.6 million or 23.6% of sales, up 10.3%
- Net debt € 484.6 million, an increase of € 102.3 million as compared to year-end 2017, after share buy-back for an overall disbursement of € 169.8 million.
- Acquisition of the European and other market rights to Cystagon® from Mylan in April.

Main product sales

Corporate products including drugs for rare diseases account for 68.1% of revenue

(million Euro)	1Q 2018	1Q 2017	Change %
Zanidip [®] (lercanidipine)	36.5	36.9	(1.1)
Zanipress [®] (lercanidipine+enalapril)	17.9	19.1	(6.1)
Urorec [®] (silodosin)	26.7	23.8	12.0
Livazo [®] (pitavastatin)	12.4	9.6	29.3
Seloken [®] /Seloken [®] ZOK/Logimax [®] (metoprolol/metoprolol+felodipine)	23.3	-	n.s.
Other corporate products*	78.0	81.0	(3.7)
Drugs for rare diseases	54.8	52.1	5.2

* Include the OTC corporate products for an amount of € 28.5 million in 2018 and € 29.8 million in 2017 (-4.1%).

Composition of revenue by geography

Continued growth

(million Euro)	1Q 2018	1Q 2017	Change %
Italy	76.4	74.8	2.3
France	34.1	29.9	14.1
Germany	33.4	27.7	20.5
Russia, other CIS countries and Ukraine	32.1	33.7	(4.7)
U.S.A.	25.6	28.0	(8.6)
Turkey	22.8	22.7	0.4
Spain	21.2	19.8	7.3
Portugal	10.2	10.0	2.5
Other CEE countries	16.4	7.7	112.2
Other W. Europe countries	13.9	12.8	8.8
North Africa	10.3	13.8	(25.5)
Other international sales	60.0	49.4	21.5
TOTAL PHARMACEUTICALS	356.6	330.3	8.0
PHARMACEUTICAL CHEMICALS	9.9	11.6	(15.1)

(In local currency, millions)	1Q 2018	1Q 2017	Change %
Russia (RUB)	1,802.7	1,808.5	(0.3)
Turkey (TRY)	100.1	84.4	18.5
U.S.A. (USD)	32.4	30.4	6.5

Net revenues in local currency in Russia and in Turkey exclude sales of products for rare diseases.

First quarter 2018 results

Further margin growth

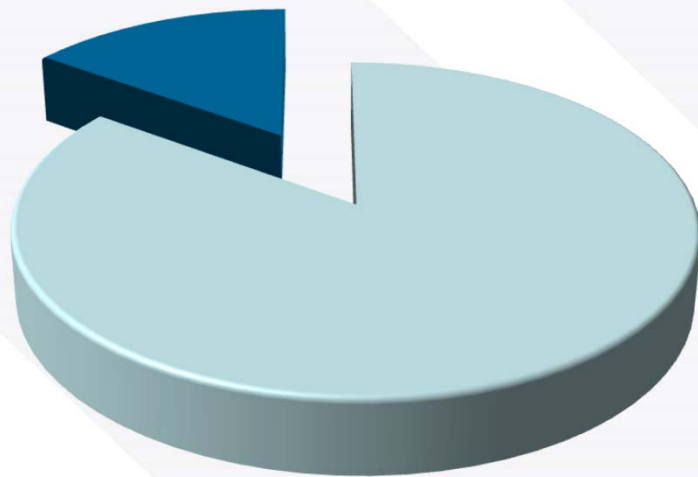
(million Euro)	1Q 2018	1Q 2017	Change %
Revenue	366.5	341.9	7.2
Gross Profit as % of revenue	257.2 70.2	236.1 69.1	8.9
SG&A Expenses as % of revenue	108.1 29.5	105.8 30.9	2.2
R&D Expenses as % of revenue	27.7 7.5	23.2 6.8	19.4
Other Income (Expense), net as % of revenue	(1.0) (0.3)	0.1 0.0	n.s.
Operating Income as % of revenue	120.5 32.9	107.3 31.4	12.4
Net Income as % of revenue	86.6 23.6	78.5 23.0	10.3
EBITDA as % of revenue	134.4 36.7	117.7 34.4	14.2

First quarter 2018 results

Operating segments

Revenue

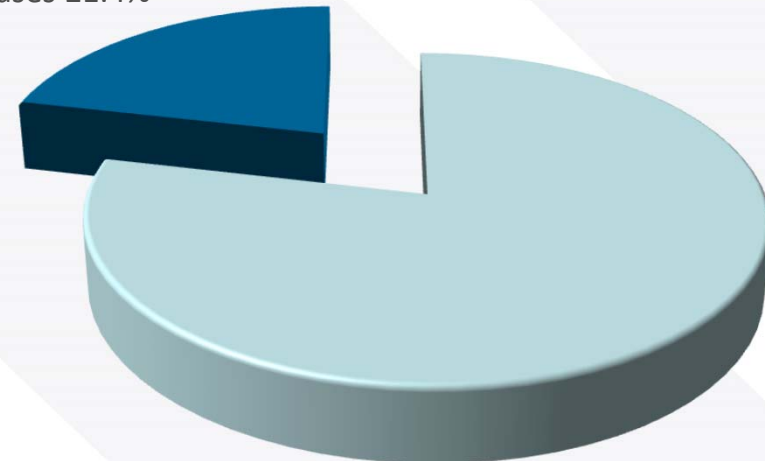
Treatments for rare diseases 15.0%



Primary & specialty care 85.0%

EBIT

Treatments for rare diseases 21.4%



Primary & specialty care 78.6%

EBIT margin on sales:

Treatments for rare diseases, 47.0%

Primary & Specialty care, 30.4%

Net financial position

(million Euro)	31 Mar 2018	31 Dec 2017	Change
Cash and short-term financial investments	198.8	302.1	(103.3)
Bank overdrafts and short-term loans	(26.6)	(16.6)	(10.0)
Loans – due within one year	(50.3)	(51.7)	1.4
Loans – due after one year	(606.5)	(615.6)	9.1
NET FINANCIAL POSITION	(484.6)	(381.8)	(102.8)

Financial projections - 2018 targets

- Sales to grow by 5% - 6% over 2017.
- Sales of the Zanidip[®] (lercanidipine)/Zanipress[®] (lercanidipine+enalapril) franchise expected to be in the € 175 -180 range in 2018.
- Urorec[®] (silodosin) sales in 2018 expected to grow mid-single digit to around € 100 million.
- Sales of Livazo[®] (pitavastatin) to grow by more than 10% in 2018.
- Sales of the Seloken[®]/Seloken[®] ZOK (metoprolol) and Logimax[®] (metoprolol+felodipine) franchise expected to be of around € 100 million.
- Initial sales of Reagila[®] (cariprazine) included in the 2018 targets.
- In 2018 sales of products for the treatment of rare diseases expected to grow high single digit at constant exchange rates.

Financial projections

2018 targets - Margins to continue to improve
EBITDA 36%, EBIT 32%, Net income 23%

(million Euro)	2017 Actual	2018 Targets
Revenue	1,288.1	1,350 - 1,370
EBITDA	454.7	490 - 500
Operating income (EBIT)	406.5	430 - 440
Net Income	288.8	310 - 315

No acquisitions included in 2018 targets

Financial projections - 2019 plan

- Organic growth to continue in 2019 at a rate of around 3% - 5%.
- Margins to be achieved in 2018 are sustainable over the plan period.
- Ongoing development of current rare disease pipeline. New projects to be added.
- Dividend pay-out ratio of 60% of consolidated net income to be maintained.
- Cash flow, after payment of dividends, to be entirely re-invested for the growth of the group.
- Strong commitment to continue to make bolt on acquisitions in order to accelerate growth.

The Recordati share

The Recordati share (ticker REC, **Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271**) has been listed on the Italian Stock Exchange since 1984. It belongs to the FTSE MIB, the FTSE IT Health Care and the STOXX Europe 600, Health Care, MSCI indexes.

Share capital consists of **209,125,156** ordinary (common) shares with a par value of € 0.125 each.

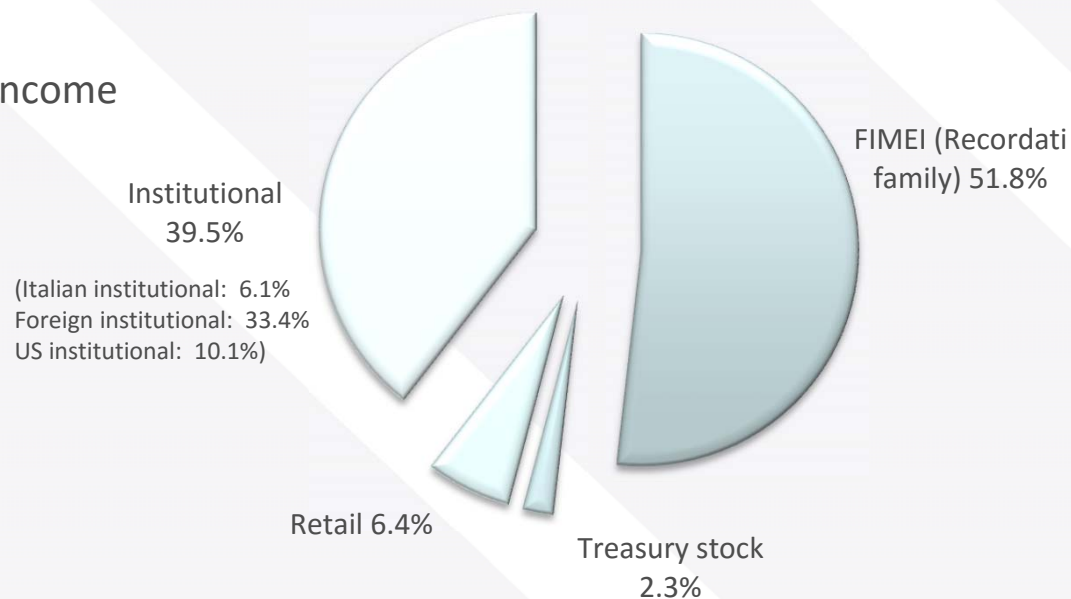
2016 EPS (diluted): € 1.135

2017 EPS (diluted): € 1.381

2017 dividend per share: € 0.85

Dividend pay-out ratio: $\pm 60\%$ of group net income

Ownership:



Company declarations, disclaimers and profile

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 presentation corresponds to the document results, books and accounting records.

Statements contained in this presentation, 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, 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, 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 specialties with a focus on treatments for rare diseases. Consolidated revenue for 2017 is € 1,288.1 million, operating income is € 406.5 million and net income is € 288.8 million.

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