

RECORDATI ANNOUNCES GROWTH IN THE FIRST HALF 2019. REVENUES +6.8%, EBITDA⁽¹⁾ +7.4%, NET INCOME +6.1%

- Consolidated revenues € 743.3 million, +6.8%.
- EBITDA⁽¹⁾ € 279.3 million, +7.4%
- Operating income € 242.6 million, +4.6%.
- Net income € 174.3 million, +6.1%.
- Net financial position⁽²⁾: net debt of € 610.9 million.
- Shareholders' equity € 1,071.4 million.
- Exclusive license for the commercialization of Juxtapid® in Japan.
- Subsequent events: Acquisition of global rights to Signifor®, Signifor® LAR® and osilodrostat.
- Revised full year 2019 targets

Milan, 30 July 2019 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first half 2019 prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) and in particular as per IAS 34 requirements for interim reporting. These financial statements will be available today at the company's offices and on the company's website (www.recordati.com) and can also be viewed on the authorized storage system 1Info (www.1Info.it). The independent auditors' report on the consolidated condensed half-year financial statements will be available within the legal deadline at the company's offices and on the company's website (www.recordati.com) and can also be viewed on the authorized storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated revenues** in the first half of 2019 are € 743.3 million, up by 6.8% compared to the same period of the preceding year. International sales grow by 6.9%.
- **EBITDA⁽¹⁾**, at 37.6% of sales, is € 279.3 million, an increase of 7.4% over the first half of 2018.
- **Operating income**, at 32.6% of sales, is € 242.6 million, an increase of 4.6% over the same period of the preceding year.
- **Net income**, at 23.4% of sales, is € 174.3 million, an increase of 6.1% over the first half of 2018.
- **Net financial position⁽²⁾** at 30 June 2019 records a net debt of € 610.9 million compared to net debt of € 588.4 million at 31 December 2018. **Shareholders' equity** is € 1,071.4 million.

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

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

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

Sede Legale
VIA M. CIVITALI, 1
20148 MILANO, ITALIA
TEL. (39) 0248787.1
FAX (39) 0240073747

CAPITALE SOCIALE € 26.140.644,50 i.v.
REG. IMP. MILANO, MONZA, BRIANZA e LODI 00748210150
CODICE FISCALE/P. IVA 00748210150
R.E.A. MILANO 401832

Società Soggetta all'attività di Direzione e Coordinamento di Rossini Luxembourg S.à.r.l



Corporate development news

In February, Recordati signed a license agreement with Aegerion Pharmaceuticals Inc. for the exclusive rights to commercialize Juxtapid[®], currently approved for the treatment of homozygous familial hypercholesterolemia (HoFH), in Japan. The agreement includes a right of first negotiation for product commercialization in Japan of any potential new indications that may be developed by Aegerion. Upon signing of the agreement an upfront payment of \$ 25 million was paid to Aegerion, and a milestone of \$ 5 million was paid in June. In 2018 sales of the product in Japan were of \$ 10.8 million. Juxtapid[®] (Iomitapide) is a microsomal triglyceride transfer protein inhibitor. Homozygous familial hypercholesterolemia is a serious, rare genetic disease that impairs the function of the receptor responsible for removing LDL-C (“bad” cholesterol) from the body. The addition of Juxtapid[®] to our portfolio of rare disease products in Japan is very important for the development of our recently established subsidiary in this country, given its potential for significant growth.

Recordati Rare Diseases, a worldwide leader in rare diseases and orphan drugs, announced that companies formerly operating under the name of Orphan Europe were recently renamed Recordati Rare Diseases, which is today the global brand of Recordati’s organization dedicated to treatments for rare diseases and orphan drugs.

On 12 July 2019 an agreement was signed with Novartis for the acquisition of worldwide rights to Signifor[®] and Signifor[®] LAR[®] for the treatment of Cushing’s disease and acromegaly in adult patients for whom surgery is not an option or for whom surgery has failed. Worldwide sales of Signifor[®] in 2018 were \$ 72 million. The agreement also covers the acquisition of worldwide rights to osilodrostat (LCI699), an investigational innovative drug for the treatment of endogenous Cushing’s syndrome, for which marketing authorization applications have been filed in the European Union and in the USA. Upon completion of the transaction a consideration of \$ 390 million will be due to Novartis. At closing, the consideration will be funded by existing liquidity and new debt facilities. The closing of the transaction is subject to customary conditions and regulatory clearances and is expected to take place in few months.

Management Comments

“The financial results obtained in the first half of the year confirm the continued growth of the Group”, declared Andrea Recordati, CEO. “Furthermore, important initiatives were undertaken aimed at growing our rare diseases business globally. In addition to the exclusive license to Juxtapid[®] in Japan, in July an agreement was signed for the acquisition of two products, Signifor[®] and Signifor[®] LAR[®], as well as an innovative investigational drug, osilodrostat, for rare diseases in the area of endocrinology. This transaction is a key step in the achievement of our three-year business plan as we are very confident in the further growth opportunity of the Signifor[®] franchise and excited by the growth potential of osilodrostat on a worldwide basis. These two products together could generate annual peak sales in excess of \$ 200 million,” continued Andrea Recordati. “Taking into account the acquisition of the new products, our full year 2019 targets were revised and we now expect to achieve sales ranging from € 1,460 million to € 1,480 million, an EBITDA of between € 535 and € 545 million, EBIT of between € 460 and € 470 million and net income of between € 330 and € 335 million.”

Conference call

Recordati will be hosting a *conference call* **today 30 July 2019** at 4:00 pm Italian time (3:00 pm London time, 10:00 am New York time). The dial-in numbers are:

Italy +39 02 8058811, toll free 800 213 858



UK +44 1 212818003, toll free 800 0156384
USA +1 718 7058794, toll free 855 2656959
France +33 170918703
Germany +49 69 255114451

Callers are invited to dial-in 10 minutes before conference time. If conference operator assistance is required during the connection, please digit * followed by 0 or call +39 02 8061371. A recording of the conference call will be placed on the website www.recordati.com.

A set of slides which will be referred to during the call will be available on our website www.recordati.com under Investors/Company Presentations.

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 throughout the whole of Europe, including Russia, Turkey, North Africa, the United States of America, Canada, Mexico, some South American countries, Japan and Australia. 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 2018 was € 1,352.2 million, operating income was € 442.2 million and net income was € 312.4 million.

For further information:

Recordati website: www.recordati.com

Investor Relations

Marianne Tatschke
(39)0248787393
e-mail: investorelations@recordati.it

Media Relations

Studio Noris Morano
(39)0276004736, (39)0276004745
e-mail: norismorano@studionorisomorano.com

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 Financial Reporting Standards (IFRS)
(thousands of €)

INCOME STATEMENT	First half 2019	First half 2018	Change %
REVENUE	743,253	696,054	6.8
Cost of sales	(223,298)	(203,013)	10.0
GROSS PROFIT	519,955	493,041	5.5
Selling expenses	(183,884)	(172,793)	6.4

Research and development expenses	(59,757)	(53,627)	11.4
General & administrative expenses	(34,598)	(33,140)	4.4
Other income (expenses), net	843	(1,550)	n.s.
OPERATING INCOME	242,559	231,931	4.6
Financial income (expenses), net	(10,922)	(8,458)	29.1
PRE-TAX INCOME	231,637	223,473	3.7
Provision for income taxes	(57,363)	(59,285)	(3.2)
NET INCOME	174,274	164,188	6.1
Attributable to:			
Equity holders of the parent	174,252	164,164	6.1
Minority interests	22	24	(8.3)
EARNINGS PER SHARE			
Basic ⁽¹⁾	€ 0.853	€ 0.801	6.5
Diluted ⁽²⁾	€ 0.833	€ 0.785	6.1
EBITDA⁽³⁾	279,313	260,017	7,4

⁽¹⁾ Earnings per share (EPS) are based on average shares outstanding during each year, 204,317,687 in 2019 and 205,053,284 in 2018, net of average treasury stock which amounted to 4,807,469 shares in 2019 and to 4,071,872 shares in 2018.

⁽²⁾ Diluted earnings per share is calculated taking into account stock options granted to employees.

⁽³⁾ Operating income before depreciation, amortization and write down of both tangible and intangible assets.

COMPOSITION OF REVENUE	First half 2019	First half 2018	Change %
Total revenue	743,253	696,054	6.8
Italy	155,097	145,791	6.4
International	588,156	550,263	6.9

Pending the completion of independent audit.

RECORDATI GROUP

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

INCOME STATEMENT	Second Quarter 2019	Second Quarter 2018	Change %
REVENUE	360,263	329,554	9.3
Cost of sales	(106,832)	(93,725)	14.0
GROSS PROFIT	253,431	235,829	7.5
Selling expenses	(89,321)	(81,106)	10.1
Research and development expenses	(30,605)	(25,963)	17.9
General & administrative expenses	(17,344)	(16,768)	3.4
Other income (expenses), net	388	(592)	n.s.

OPERATING INCOME	116,549	111,400	4.6
Financial income (expenses), net	(6,931)	(3,602)	92.4
PRE-TAX INCOME	109,618	107,798	1.7
Provision for income taxes	(27,456)	(30,202)	(9.1)
NET INCOME	82,162	77,596	5.9
Attributable to:			
Equity holders of the parent	82,152	77,584	5.9
Minority interests	10	12	(16.7)
EBITDA ⁽¹⁾	135,374	125,644	7.7

⁽¹⁾ Operating income before depreciation, amortization and write down of both tangible and intangible assets

COMPOSITION OF REVENUE	Second Quarter 2019	Second Quarter 2018	Change %
Total revenue	360,263	329,554	9.3
Italy	72,874	66,865	9.0
International	287,389	262,689	9.4

Pending the completion of independent audit.

RECORDATI GROUP

Summary of consolidated results prepared in accordance with the International Financial Reporting Standards (IFRS) - (thousands of €)

ASSETS	30.06.2019	31.12.2018
Property, plant and equipment	128,314	103,582
Intangible assets	695,643	672,462
Goodwill	579,167	579,557
Equity investments	27,050	20,773
Non-current receivables	6,024	5,860
Deferred tax assets	75,616	81,267
TOTAL NON-CURRENT ASSETS	1,511,814	1,463,501
Inventories	207,043	206,084
Trade receivables	297,253	245,742
Other receivables	31,398	38,462
Other current assets	10,150	5,193
Fair value of hedging derivatives (cash flow hedge)	8,067	6,414
Short-term financial investments, cash and cash equivalents	103,493	198,036
TOTAL CURRENT ASSETS	657,404	699,931
TOTAL ASSETS	2,169,218	2,163,432
EQUITY AND LIABILITIES	30.06.2019	31.12.2018
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(110,729)	(145,608)
Hedging reserve	(7,866)	(8,399)
Translation reserve	(152,703)	(154,146)
Other reserves	51,162	43,081
Retained earnings	1,007,212	897,990
Net income for the period	174,252	312,376
Interim dividend	0	(91,761)
GROUP SHAREHOLDERS' EQUITY	1,071,188	963,393
Minority interest	215	193
SHAREHOLDERS' EQUITY	1,071,403	963,586
Loans due after one year	627,667	640,647
Employees' termination pay	19,585	19,547
Deferred tax liabilities	45,856	45,653
Other non-current liabilities	3,257	3,257
TOTAL NON-CURRENT LIABILITIES	696,365	709,104
Trade payables	156,837	165,020
Other payables	80,900	85,534
Tax liabilities	23,847	42,149
Other current liabilities	16,459	19,359
Provisions	16,774	21,446
Fair value of hedging derivatives (cash flow hedge)	11,826	9,746
Loans due within one year	78,109	130,583
Bank overdrafts	16,698	16,905
TOTAL CURRENT LIABILITIES	401,450	490,742
TOTAL EQUITY AND LIABILITIES	2,169,218	2,163,432

Pending the completion of independent audit.

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



RECORDATI

information contained in this press release corresponds to the documental results, books and accounting records.