

RECORDATI SHAREHOLDERS APPROVE THE 2019 ACCOUNTS. DIVIDEND € 1.00 PER SHARE (+8.7% vs 2018).

- *Shareholders approve the 2019 results: consolidated revenues € 1,481.8 million (+9.6% vs 2018), EBITDA⁽¹⁾ € 544.0 million (+9.0%), operating income € 465,3 million (+5.2%), net income € 368,9 million (+18.1%), includes an extraordinary tax benefit of € 27.0 million from the so-called “patent box” agreed with the Italian tax authorities in December 2019. Excluding this benefit net income would have been € 341.9 million, +9.4%.*
- *Dividend for 2019 € 1.00 per share (+8.7% vs 2018), of which € 0.48 already paid in November 2018.*
- *Number of Board members increased from eleven to twelve. New members appointed: Francesco Balestrieri, Giorgio De Palma, Guido Guidi and Piergiorgio Peluso (independent).*
- *Alfredo Altavilla appointed non executive Chairman of the Board of Directors; Guido Guidi appointed Vice Chairman; Michaela Castelli appointed lead independent director.*
- *Statutory Auditors appointed for the 2020-2022 three-year period.*
- *EY S.p.A. appointed external auditors for the 2020-2028 nine-year period.*
- *Remuneration policy approved and favourable note taken of the 2019 remuneration.*
- *Authorization to buy-back and dispose of Recordati shares renewed.*
- *First quarter 2020 consolidated revenues € 429.3 million (+12.1% vs the first quarter of 2019) which include estimated € 20 million of stock purchases by wholesalers and pharmacies to face the Covid-19 emergency and are expected to lead to de-stocking in the second quarter.*

Milan, 29 April 2020 – Today the Annual Meeting of Recordati S.p.A. Shareholders was held.

Recordati S.p.A.’s Annual Shareholders’ Meeting approved the company’s 2019 financial accounts, which were prepared according to IFRS. In addition, the Group’s consolidated statements, which were also prepared according to IFRS, and the consolidated non financial information disclosure pursuant to Legislative Decree n. 254 dated 30 December 2016, were presented. The tables attached contain a summary of the 2019 financial statements which were commented in the press release issued on 18 March 2020. In 2019 consolidated revenues were € 1,481.8 million (+9.6%), EBITDA⁽¹⁾ was € 544.0 million (+9.0%), operating income was € 465,3 million (+5.2%), net income was € 368,9 million (+18.1%) and includes an extraordinary tax benefit of € 27.0 million from the so-called “patent box” agreed with the Italian tax authorities in December 2019. Excluding this benefit net income would have been € 341.9 million, +9.4%. International sales account for 81.0% of total sales.

As proposed by the Board of Directors, the shareholders approved a dividend of € 0.52 per share, in full balance of the interim 2019 dividend of € 0.48, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 20 May 2020 (record date 19 May 2020), with ex-dividend on 18 May 2020 (against presentation of coupon no. 25). The full 2019 dividend is therefore of € 1.00 per share (€ 0.92 per share in 2018).

⁽¹⁾ Net income before net interest, provision for taxes, depreciation, amortization and write down of both property, plant and equipment and intangible assets.

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

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Further shareholder resolutions

Integration of the Board of Directors

The Recordati S.p.A. Shareholders' meeting approved the increase of the number of Board members from eleven to twelve and, following the effective resignations of Flemming Ørnskov, Søren Vestergaard-Poulsen and Francisco Javier de Jaime Guijarro presented on 18 March 2020, upon proposal by the majority shareholder FIMEI S.p.A., appointed Francesco Balestrieri, Giorgio De Palma, Guido Guidi and Piergiorgio Peluso as new members of the Board of Directors, who will remain in office until the expiry of the mandate of the current Board, that is until the Shareholders' meeting that will approve the financial accounts for the year ended 21 December 2021.

Among the new Board members, Piergiorgio Peluso qualified himself as independent pursuant to legislative decree 58/1998 (Consolidated Law on Finance) and the Borsa Italiana Spa Code of Corporate Governance, adopted by the Company.

The biographies of the Directors are available on the Company's website www.recordati.com under the section relative to today's Assembly (Investors section).

The new Directors declared that they do not own any Recordati shares.

The Shareholders' meeting also approved the proposal made by the majority shareholder FIMEI S.p.A. to attribute to each of the newly appointed Directors, excluding Giorgio De Palma who declared he did not wish to receive any compensation, an annual gross compensation in the amount of € 60,000 (in line with that attributed to the Board members by the 5 February 2019 Assembly) irrespective of further compensation established by the Board of Directors, after having heard the opinion of the Board of Statutory Auditors, for Directors with particular assignments (including assignments to committees established within the Board of Directors) pursuant to art. 2389, comma 3, of the Civil Code.

Finally, the Shareholders' meeting approved the proposal by the Board of Directors to authorize the exemption of the Board members from the non-compete obligations pursuant to art. 2390 of the Civil Code with reference to offices held in other companies and disclosed as of today.

Appointment of the Statutory Auditors and appointment of the external auditors for the years 2020-2028

The Shareholders' meeting appointed the Board of Statutory Auditors for the period 2020-2022 (that is, until the Shareholders' Meeting that will approve the financial statements as at 31 December 2022). The members elected were Livia Amidani Aliberti (Auditor), Ezio Simonelli (Auditor), Patrizia Paleologo Oriundi (Deputy Auditor), chosen from the slate presented by the majority shareholder FIMEI S.p.A.; Antonio Santi (Chairman) and Andrea Balelli (Deputy Auditor), chosen from the slate presented by other shareholders - a group of asset management companies and other institutional investors - that hold 0.795% of the Company's share capital. The Shareholders' meeting also approved the compensation of the Board of Statutory Auditors.



The professional profiles of the members of the new Board of Statutory Auditors can be found on the Company's website www.recordati.com in the section related to today's Assembly (within the Investors section).

Furthermore, the Shareholders' meeting appointed EY S.p.A. as external auditors for the years 2020-2028.

Remuneration policy and report on compensation for the year 2019

The Shareholders' Meeting also expressed a favourable vote on the remuneration policies for the year 2020, in accordance with article 123^{ter} of Legislative Decree No. 58/98 and favourable note was taken of the compensation report related to the execution during 2019 of the remuneration policy approved by the Shareholders' meeting of 11 April 2019, both part of the Remuneration Report which can be found on the company's website under Shareholders Meetings in the Investors section as well as under Remuneration Reports in the Corporate Governance section.

Authorization to buy-back and dispose of Recordati shares

The Shareholders' Meeting authorized the buyback and disposal of Recordati shares until the Annual Shareholders' Meeting which will approve the 2019 financial statements. The objective of the proposal is, as in previous years, to grant the Board the possibility of:

- (i) fulfilling the obligations arising from the stock option plans already adopted by the Company and other stock option plans which might be approved in future;
- (ii) carrying out industrial initiatives, since the authorization to purchase treasury stock will allow transactions such as the sale, contribution and exchange of treasury stock in order to acquire stakes in companies and/or to reach agreements with strategic partners within the Group's expansion objectives;
- (iii) supporting the Recordati shares' liquidity, in order to promote the regular course of the shares' negotiations and avoid price fluctuations inconsistent with the market trend.

The company would be allowed to purchase up to 5,000,000 shares, keeping in mind however, that the nominal value of treasury stock held by the Company must never exceed one fifth of the share capital, taking into account shares which could be held by subsidiaries, for a maximum cash outlay of € 200,000,000. 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 may be made by appointing specialized intermediaries and must be made in compliance with applicable legislation and can be done in line with the market practice approved by Consob according to art. 13 Reg. EU 596/2014 where applicable. At 28 April 2020 the company has 4,167,302 shares in Treasury stock which amounts to 1.993% of the current share capital.

Board of Directors meeting following the Shareholders' Meeting

Following the Shareholders' meeting the new Board of Directors met and appointed Alfredo Altavilla, non executive Chairman, Guido Guidi, Vice Chairman and Michaela Castelli Lead Independent Director.

Among the three new members who did not declare to be in possession of the independence requirements, the Board of Directors qualified Giorgio De Palma as executive Director as per the current Code of Corporate Governance, as he holds a management position in CVC Capital Partners which also concerns Recordati.

Based on the declaration presented by the newly appointed Director Piergiorgio Peluso and on information available to the Company, the Board of Directors ascertained the existence of the requirements for independence according to both the legislative decree 58/1998 and the Code of Corporate Governance for listed companies adopted by Borsa Italiana.

Based on the declarations presented by the Auditors and on information available to the Company, the Board of Directors, furthermore, proceeded to ascertain the existence of the requirements for independence according to legislative decree 58/1998 and to the prescriptions of the Code of Corporate Governance regarding the Board of Statutory Auditors, and confirmed such qualification for all the members of the Board of Statutory Auditors, sharing the result of the verification of the effective existence of such requirements undertaken by the Board of Statutory Auditors following its appointment.

The Board of Directors then noted the resignation of Jo Le Couilliard as member of the Audit, Risk and Sustainability Committee and appointed Piergiorgio Peluso in substitution. The members of the Audit, Risk and Sustainability Committee are therefore the independent non executive Directors Michaela Castelli, Chairman, Silvia Candini and Piergiorgio Peluso. The composition of the Remuneration Committee (Jo Le Couilliard, Chairman, Silvia Candini and Michaela Castelli) remains unchanged.

Finally, the Board of Directors, following the proposal made by the Audit, Risk and Sustainability Committee, confirmed the “Organismo di Vigilanza” (Compliance Body pursuant to legislative decree 231/2001) reconfirming its existing composition (Silvano Corbella, Chairman and Andrea Scafidi, external components and Giovanni Minora, manager of Audit & Compliance at Recordati, internal component).

First quarter 2020

Group sales in the first quarter 2020 are € 429.2 million, an increase of 12.1% over those in the first quarter of the preceding year. This result includes an estimate of around € 20 million of stock purchases by wholesalers and pharmacies to face the Covid-19 emergency which are expected to lead to de-stocking in the second quarter.

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 4,300, 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 2019 was € 1,481.8 million, operating income was € 465.3 million and net income was € 368.9 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 (IFRS)
(thousands of €)

INCOME STATEMENT	2019	2018*	Change %
REVENUE	1,481,848	1,352,235	9.6
Cost of sales	(436,901)	(395,569)	10.4
GROSS PROFIT	1,044,947	956,666	9.2
Selling expenses	(372,803)	(333,497)	11.8
Research and development expenses	(129,681)	(109,693)	18.2
General & administrative expenses	(72,783)	(67,722)	7.5
Other income (expenses), net	(4,414)	(3,535)	24.9
OPERATING INCOME	465,266	442,219	5.2
Financial income (expenses), net	(21,122)	(24,284)	(13.0)
PRE-TAX INCOME	444,144	417,935	6.3
Provision for income taxes**	(75,278)	(105,513)	(28.7)
NET INCOME	368,866	312,422	18.1
Attributable to:			
Equity holders of the parent	368,825	312,376	18.1
Minority interests	41	46	(10.9)

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the possible cumulative effect of initially applying IFRS 16, not significant for the Group, is recognised in retained earnings at the date of initial application.

**Provision for income taxes in 2019 includes a non-recurring tax benefit provided by the so-called "patent box": € 27.0 million relative to previous years and € 8.3 million related to 2019.

EARNINGS PER SHARE	2019	2018	Change %
Basic	€ 1.800	€ 1.529	17.7
Diluted	€ 1.764	€ 1.494	18.1

Earnings per share (EPS) are based on average shares outstanding during each year, 204,959,193 in 2019 and 204,379,165 in 2018, net of average treasury stock which amounted to 4,165,963 shares in 2019 and 4,745,991 shares in 2018.

Diluted earnings per share is calculated taking into account stock options granted to company personnel.

COMPOSITION OF REVENUE	2019	2018	Change %
Total revenue	1,481,848	1,352,235	9.6
Italy	287,289	273,197	5.2
International	1,194,559	1,079,038	10.7

RECORDATI GROUP

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ASSETS	31.12.2019	31.12.2018*
Property, plant and equipment	133,342	103,582
Intangible assets	1,161,760	672,106 **
Goodwill	577,973	577,786 **
Equity investments	38,566	20,773
Non-current receivables	16,426	5,860
Deferred tax assets	71,513	81,227 **
TOTAL NON-CURRENT ASSETS	1,999,580	1,461,334
Inventories	226,885	206,084
Trade receivables	296,961	245,742
Other receivables	79,949	38,462
Other current assets	7,683	5,193
Fair value of hedging derivatives (cash flow hedge)	9,949	6,414
Short-term financial investments, cash and cash equivalents	187,923	198,036
TOTAL CURRENT ASSETS	809,350	699,931
TOTAL ASSETS	2,808,930	2,161,265

*The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the possible cumulative effect of initially applying IFRS 16, not significant for the Group, is recognised in retained earnings at the date of initial application.

** Restated amounts following the change in the allocation of the price paid for the acquisition of Tonipharm S.a.s.

RECORDATI GROUP

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(thousands of €)

EQUITY AND LIABILITIES	31.12.2019	31.12.2018*
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(93,480)	(145,608)
Hedging reserve	(5,357)	(8,399)
Translation reserve	(146,866)	(154,146)
Other reserves	64,651	43,081
Retained earnings	999,708	897,990
Net income for the period	368,825	312,376
Interim dividend	(98,764)	(91,761)
Equity attributable to the holders of the Parent	1,198,577	963,393
Non-controlling interests	234	193
TOTAL EQUITY	1,198,811	963,586
Loans due after one year	937,344	640,647
Employees' termination pay	20,557	19,547
Deferred tax liabilities	43,172	43,486 **
Other non-current liabilities	22,292	3,257
TOTAL NON-CURRENT LIABILITIES	1,023,365	706,937
Trade payables	175,481	165,020
Other payables	185,706	85,534
Tax liabilities	21,094	42,149
Other current liabilities	12,543	19,359
Provisions	17,933	21,446
Fair value of hedging derivatives (cash flow hedge)	10,788	9,746
Loans due within one year	149,817	130,583
Bank overdrafts and short-term loans	13,392	16,905
TOTAL CURRENT LIABILITIES	586,754	490,742
TOTAL EQUITY AND LIABILITIES	2,808,930	2,161,265

*The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the possible cumulative effect of initially applying IFRS 16, not significant for the Group, is recognised in retained earnings at the date of initial application.

** Restated amounts following the change in the allocation of the price paid for the acquisition of Tonipharm S.a.s.

RECORDATI S.P.A.

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

	2019	2018	Change %
Revenue	446,883	450,741	(0.9)
Operating income	132,065	152,175	(13.2)
Pre-tax income	240,781	263,896	(8.8)
Net income	241,092	217,330	10.9

	31.12.2019	31.12.2018
Non-current assets	1,597,320	1,253,889
Current assets	391,986	310,340
TOTAL ASSETS	1,989,306	1,564,229
Shareholders' equity	435,426	336,058
Non-current liabilities	991,794	707,431
Current liabilities	562,086	520,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,989,306	1,564,229

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

The manager responsible for preparing the company's financial reports Luigi La Corte 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.