

**RECORDATI: BOARD APPROVES THE 2018 ACCOUNTS. SALES € 1,352.2 MILLION (+5.0%), EBITDA € 499.1 MILLION (+9.8%), OPERATING INCOME € 442.2 MILLION (+8.8%) AND NET INCOME € 312.4 MILLION (+8.2%). 2018 DIVIDEND € 0.92 (+8.2%).**

- Consolidated revenues € 1,352.2 million, +5.0%.
- EBITDA <sup>(1)</sup> € 499.1 million, +9.8%
- Operating income € 442.2 million, +8.8%.
- Net income € 312.4 million, +8.2%.
- Net financial position <sup>(2)</sup>: net debt of € 588.4 million.
- Dividend for 2018 € 0.92 per share, of which € 0.45 already paid.
- Annual Meeting of Shareholders convened for 11 April 2019, the sole convocation date.

Milan, 28 February 2019 – Recordati's Board of Directors approved the consolidated financial statements for the year 2018 as well as Recordati S.p.A.'s accounts and the 2018 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 2018 and the aforesaid report as well as the reports issued by the independent and by the statutory Auditors will be made available, within the terms of the law, 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 Board of Directors also approved the consolidated non financial information disclosure, pursuant to Legislative Decree n. 254, dated 31 December 2018 which will be made available in the same manner.

### Financial highlights

- **Consolidated revenues** in 2018 are € 1,352.2 million, up by 5.0% compared to the preceding year. International sales grow by 4.8%.
- **EBITDA** <sup>(1)</sup>, at 36.9% of sales, is € 499.1 million, an increase of 9.8% over 2017.
- **Operating income**, at 32.7% of sales, is € 442.2 million, an increase of 8.8% over the preceding year.
- **Net income**, at 23.1% of sales, is € 312.4 million, an increase of 8.2% over 2017.
- **Net financial position** <sup>(2)</sup> at 31 December 2018 records a net debt of € 588.4 million compared to net debt of € 381.8 million at 31 December 2017. During the period own shares were purchased for an overall disbursement of € 169.8 million, dividends were distributed for an amount of € 178.9 million. Furthermore, the Italian company Natural Point S.r.l. and the French company Tonipharm S.A.S. were acquired for a total value of around € 148 million. **Shareholders' equity** is € 963.6 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

During 2018 an important transition in the majority ownership of our Group took place. An agreement was reached with a consortium of investment funds controlled by CVC Capital Partners, a highly respected investor group, for the indirect acquisition of 51,791% of the share capital of Recordati S.p.A.. This change in ownership ensures the continuity for management and employees and a commitment to keep building and developing the company going forward along the strategic lines that have been the drivers of the group's success over many years. In addition, our new majority shareholders will contribute with their expertise and global healthcare network to expand both our rare disease and core business by accelerating our growth strategy.

In 2018 a number of initiatives were pursued in line with the group's strategy of continued growth and development.

In April an agreement with Mylan for the acquisition of the rights to Cystagon® (cysteamine bitartrate), indicated for the treatment of proven nephropathic cystinosis in children and adults, for certain territories, including Europe, was concluded. The product was previously commercialized by Orphan Europe (a Recordati group company) under license from Mylan. The definitive acquisition of the rights allows the Group to continue offering this life-saving treatment to patients.

In June Recordati acquired 100% of the share capital of Natural Point S.r.l., an Italian company, based in Milan, active in the food supplements market. Natural Point was established in 1993 with the objective of promoting a culture of healthy use of food supplements. It offers a wide portfolio of very efficacious supplements in highly bioavailable formulations, produced with safe active ingredients, to improve health and well-being. The company's main product is a particular formulation of magnesium carbonate and citric acid that has the characteristic of being easily assimilated into the body, apart from its having an agreeable flavor.

Recordati is the exclusive global partner of NovaBiotics Ltd, a biotechnology company based in Aberdeen, Scotland, for the commercialization of Lynovex®, a first-in-class oral intervention for acute infectious exacerbations associated with cystic fibrosis (CF). Cystic fibrosis exacerbations are major contributors to the irreversible decline in lung function and overall health of people with CF. Treatments that increase recovery from exacerbations might reduce the damaging effects of exacerbations. Lynovex® is designated as an orphan drug in Europe and in the U.S. and is the first multi-active therapy of its kind (anti-infective, mucolytic, anti-biofilm, antibiotic potentiating) to be developed specifically for alleviating the infectious trigger and symptoms of CF exacerbations. In July top line data from a recent clinical study (CARE CF 1) of oral Lynovex® in cystic fibrosis exacerbations were announced.

In November the European Commission (EC) granted Orphan Drug Designation to Orphan Europe's (a Recordati group company) investigational product REC 0545 for the treatment of maple syrup urine disease (MSUD). This is the first time that an Orphan Drug Designation has been granted in this indication. MSUD is a rare genetic metabolic disorder. People affected by this disease are unable to properly process certain amino acids (the building blocks of proteins) and suffer from decompensation episodes that can be life-threatening if untreated. In Europe around 3000 patients are affected by MSUD. Orphan drug designation applies to drugs that seek to treat rare diseases or conditions affecting fewer than 5 in 10,000 inhabitants in the EU, while providing significant therapeutic advantage over existing therapies. This designation provides the opportunity for ten years marketing exclusivity upon approval of the product in the designated indication. This also represents another important milestone for our company and demonstrates our commitment to the area of rare diseases.

In early December the FDA granted Orphan Drug Designation to Recordati Rare Disease's investigational product REC 0559 for the treatment of neurotrophic keratitis. REC 0559 is a low molecular weight non-peptidic human nerve growth factor (NGF) mimetic currently under global development by Recordati. REC 0559 was licensed in 2017 from MimeTech, an Italian-based development company founded by researchers from the University of Florence. Neurotrophic keratitis is a rare degenerative corneal disease which results from deficiency of the trigeminal nerve, usually caused by surgery, neoplasia, aneurysm or facial trauma. Impairment or loss of corneal sensory innervation is responsible for corneal epithelial defects, ulcer and perforation, with progression of the disease leading to dramatic impairment to patients' sight. Orphan drug designation applies to drugs that seek to treat rare diseases or conditions affecting fewer than 200,000 patients in the U.S. while providing significant therapeutic advantage over existing therapies. The designation can provide development and commercial incentives for designated compounds and medicines, including eligibility for a seven-year period of market exclusivity in the U.S., FDA assistance in clinical trial design and an exemption from FDA user fees.

During the month of December, a license agreement was signed between Orphan Europe, a Recordati group company, and Helsinn, a Swiss pharmaceutical group focused on building quality cancer care products, granting Orphan Europe exclusive rights to Ledaga® worldwide, excluding the United States, China, Hong Kong and Israel. The product has been granted Orphan Drug Designation in Europe and is approved by the European Commission. Ledaga® (chlormethine) is a novel gel formulation, applied once a day, indicated for the topical treatment of mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL), a rare disease characterized by the abnormal accumulation of malignant T-cells in the skin. Chlormethine is an alkylating agent that inhibits quickly proliferating cells and Ledaga® is recognized to have a good efficacy profile. Ledaga® has the potential to become a very important product and to significantly strengthen our rare disease portfolio globally. Launches are expected to start in the short term in countries belonging to the European Union and, following, in the rest of the territories provided for in the agreement.

On December 31 an agreement for the acquisition of 100% of the share capital of Tonipharm S.A.S., a French company based in Boulogne-Billancourt near Paris, active mainly in the self-medication market with over-the-counter (OTC) products was concluded. Tonipharm was established in 1991 and promotes a wide portfolio of self-medication products together with some prescription drugs. The company's sales are generated mainly by the line of products sold under the umbrella brand Ginkor®, OTC treatments based on ginko biloba which are very well known on the French market. The company also promotes Alodont®, a line of products used for oral hygiene. The acquisition of Tonipharm represents a further opportunity to enhance our portfolio in the French self-medication market with well-known brands and good market shares.

### **Business outlook**

On 21 December 2018 the company announced its financial targets for 2019. The objectives are to achieve sales ranging from € 1,430 million to € 1,450 million, an EBITDA of between € 520 and € 530 million, EBIT of between € 460 and € 470 million and net income of between € 330 and € 335 million. Group consolidated sales during the first two months of 2019 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 € 0.47 per share, in full balance of the interim 2018 dividend of € 0.45, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 25 April 2019 (record date 24 April 2019), with ex-dividend on 23 April 2019 (against presentation of coupon no. 23). The full 2018 dividend is therefore of € 0.92 per share (€ 0.85 per share in 2017).

### **Further Board resolutions**

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 2019 financial statements;
- examination of the Remuneration Policy pursuant to article 123ter of Legislative Decree 58/1998;
- adoption of amendments to the 2018-2022 Stock Option Plan in favour of the Chief Executive Officer of Recordati S.p.A.; relative and consequent resolutions in accordance with Art. 114 bis of Legislative Decree No. 58 of 24th February 1998

The amendments to the 2018-2022 Stock Option Plan submitted to the Shareholders are intended to include within the Beneficiaries category of the Plan the Chief Executive Officer of the Company - already participating in the Plan by virtue of the employee relationship previously in existence with Recordati - who, as a result of the changes in the articulation of top management figures that occurred after Recordati's change of control, is no longer linked to the Company by an employment relationship.

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 2019 financial statements 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 7,500,000 Recordati existing ordinary (common) shares, which includes those shares held in Treasury stock at any given time, for a maximum cash outlay of € 280,000,000. 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, if carried out for liquidity purposes, or to comply with stock options plans obligations, in compliance with (i) the market practice approved by Consob according to art. 13 Reg. EU 596/2014, and (ii) art. 5 of such Regulation, as well as second Chapter of Reg. EU 1052/2016B. At 27 February 2019 the company has 5,055,071 shares in Treasury stock which amounts to 2.42% of the current share capital.

The Board of Directors also approved the Remuneration Report pursuant to article 123ter 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.

Lastly, the Board of Directors established the management and coordination activities carried out by Rossini Luxembourg S.à r.l. (CVC company in Recordati's control chain) in relation to Recordati S.p.A. pursuant to articles 2497 and following of the Italian civil code.

### **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 11 April 2019 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 2018; relative and consequent resolutions.
2. Remuneration policies in accordance with article 123-ter of Legislative Decree No. 58 of 24th February 1998; relative and consequent resolutions.
3. Proposal to amend the 2018-2022 Stock Option Plan in favour of the Chief Executive Officer of Recordati S.p.A.; relative and consequent resolutions in accordance with Art. 114 bis of Legislative Decree No. 58 of 24th February 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 will be made publicly according to the terms set out in the applicable provisions on the company's website [www.recordati.com](http://www.recordati.com) and on the authorized storage system 1Info ([www.1Info.it](http://www.1Info.it)). Likewise, 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 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](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 (IFRS)  
(thousands of €)

<b>INCOME STATEMENT</b>	<b>2018</b>	<b>2017</b>	<b>Change %</b>
REVENUE	1,352,235	1,288,123	5.0
Cost of sales	(395,569)	(382,754)	3.3
<b>GROSS PROFIT</b>	<b>956,666</b>	<b>905,369</b>	<b>5.7</b>
Selling expenses	(333,497)	(330,793)	0.8
Research and development expenses	(109,693)	(100,256)	9.4
General & administrative expenses	(67,722)	(65,582)	3.3
Other income (expenses), net	(3,535)	(2,246)	57.4
<b>OPERATING INCOME</b>	<b>442,219</b>	<b>406,492</b>	<b>8.8</b>
Financial income (expenses), net	(24,284)	(17,377)	39.7
<b>PRE-TAX INCOME</b>	<b>417,935</b>	<b>389,115</b>	<b>7.4</b>
Provision for income taxes	(105,513)	(100,316)	5.2
<b>NET INCOME</b>	<b>312,422</b>	<b>288,799</b>	<b>8.2</b>
Attributable to:			
Equity holders of the parent	312,376	288,762	8.2
Minority interests	46	37	24.3

<b>EARNINGS PER SHARE</b>	<b>2018</b>	<b>2017</b>	<b>Change %</b>
Basic	€ 1.529	€ 1.395	9.6
Diluted	€ 1.494	€ 1.381	8.2

Earnings per share (EPS) are based on average shares outstanding during each year, 204,379,165 in 2018 and 207,030,319 in 2017, net of average treasury stock which amounted to 4,745,991 shares in 2018 and 2,094,837 shares in 2017. Diluted earnings per share is calculated taking into account stock options granted to company personnel.

<b>COMPOSITION OF REVENUE</b>	<b>2018</b>	<b>2017</b>	<b>Change %</b>
Total revenue	1,352,235	1,288,123	5.0
Italy	273,197	258,551	5.7
International	1,079,038	1,029,572	4.8

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 (IFRS)  
(thousands of €)

<b>ASSETS</b>	31.12.2018	31.12.2017
Property, plant and equipment	103,582	103,009
Intangible assets	672,462	540,565
Goodwill	579,557	539,871
Equity investments	20,773	24,171
Non-current receivables	5,860	5,944
Deferred tax assets	81,267	69,162
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,463,501</b>	<b>1,282,722</b>
Inventories	206,084	179,100
Trade receivables	245,742	244,117
Other receivables	38,462	39,730
Other current assets	5,193	4,836
Fair value of hedging derivatives (cash flow hedge)	6,414	3,825
Short-term financial investments, cash and cash equivalents	198,036	302,077
<b>TOTAL CURRENT ASSETS</b>	<b>699,931</b>	<b>773,685</b>
<b>TOTAL ASSETS</b>	<b>2,163,432</b>	<b>2,056,407</b>
<b>EQUITY AND LIABILITIES</b>	31.12.2018	31.12.2017
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(145,608)	(17,029)
Hedging reserve	(8,399)	(5,867)
Translation reserve	(154,146)	(124,004)
Other reserves	43,081	40,684
Retained earnings	897,990	822,154
Net income for the period	312,376	288,762
Interim dividend	(91,761)	(87,470)
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>963,393</b>	<b>1,027,090</b>
Minority interest	193	147
<b>SHAREHOLDERS' EQUITY</b>	<b>963,586</b>	<b>1,027,237</b>
Loans due after one year	640,647	612,462
Employees' termination pay	19,547	21,093
Deferred tax liabilities	45,653	17,554
Other non-current liabilities	3,257	2,515
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>709,104</b>	<b>653,624</b>
Trade payables	165,020	141,740
Other payables	85,534	82,779
Tax liabilities	42,149	24,373
Other current liabilities	19,359	486
Provisions	21,446	48,322
Fair value of hedging derivatives (cash flow hedge)	9,746	9,559
Loans due within one year	130,583	51,710
Bank overdrafts	16,905	16,577
<b>TOTAL CURRENT LIABILITIES</b>	<b>490,742</b>	<b>375,546</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,163,432</b>	<b>2,056,407</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 (IFRS)  
(thousands of €)

	<b>2018</b>	<b>2017</b>	Change %
Revenue	450,741	373,041	20.8
Operating income	152,175	101,462	50.0
Pre-tax income	263,896	249,700	5.7
Net income	217,330	212,506	2.3

	<b>31.12.2018</b>	<b>31.12.2017</b>
Non-current assets	1,253,889	1,098,171
Current assets	310,340	430,776
<b>TOTAL ASSETS</b>	<b>1,564,229</b>	<b>1,528,947</b>
Shareholders' equity	336,058	444,499
Non-current liabilities	707,431	616,087
Current liabilities	520,740	468,361
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,564,229</b>	<b>1,528,947</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.