

RECORDATI ANNOUNCES GROWTH IN THE FIRST NINE MONTHS 2019. REVENUES +8.6%, EBITDA +7.8%, OPERATING INCOME +4.9%, NET INCOME +6.6%. INTERIM DIVIDEND € 0.48 (+6.7%).

- Consolidated revenues € 1,100.4 million, +8.6%.
- EBITDA ⁽¹⁾ € 409.6 million, +7.8%
- Operating income € 353.5 million, +4.9%.
- Net income € 253.7 million, +6.6%.
- Net financial position ⁽²⁾: net debt of € 498.7 million.
- Shareholders' equity € 1,179.6 million.
- Interim 2019 dividend of € 0.48 per share to be distributed.

Milan, 31 October 2019 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first nine months of 2019 prepared in accordance with the recognition and measurement criteria prescribed by the International Financial Reporting Standards (IFRS). 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).

Financial highlights

- **Consolidated revenues** in the first nine months of 2019 are € 1,100.4 million, up by 8.6% compared to the same period of the preceding year. International sales grow by 9.1%.
- **EBITDA** ⁽¹⁾, at 37.2% of sales, is € 409.6 million, an increase of 7.8% over the first nine months of 2018.
- **Operating income**, at 32.1% of sales, is € 353.5 million, an increase of 4.9% over the same period of the preceding year.
- **Net income**, at 23.1% of sales, is € 253.7 million, an increase of 6.6% over the first nine months of 2018.
- **Net financial position** ⁽²⁾ at 30 September 2019 records a net debt of € 498.7 million compared to net debt of € 588.4 million at 31 December 2018. **Shareholders' equity** is € 1,179.6 million.

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

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

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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® (lomitapide) 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.

Subsequent events

On 23 October 2019 the agreement with Novartis for the acquisition of worldwide rights to Signifor® and Signifor® LAR® and of worldwide rights to osilodrostat (LCI699), an investigational innovative drug for the treatment of endogenous Cushing’s syndrome, was completed. A consideration of \$ 390 million was paid and was funded by existing liquidity and new debt facilities.

In the light of the growing complexity of the Group, as of 1st November 2019, Fritz Squindo will be appointed Group General Manager and will continue to report directly to the Chief Executive Officer. Amongst his duties he will be supporting the CEO in defining Group development strategies and overall economic objectives, as well as in supervising the Group operations and evaluating new business opportunities. On the same date, Luigi La Corte will join the company as Chief Financial Officer, managing the Finance, Taxation, Treasury, IT and Investor Relations activities and functions and will report directly to the Chief Executive Officer. Luigi La Corte has extensive experience in international finance roles, including in the pharmaceutical industry and in particular in AstraZeneca and GSK.

Management Comments

“The financial results obtained in the first nine months 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 October the agreement 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 was successfully closed. 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.

Further resolutions

2019 Interim dividend

The Board of Directors resolved to distribute an interim dividend relating to the financial year 2019 amounting to € 0.48 (before withholding tax) on each outstanding share, excluding shares in treasury stock. The interim dividend will be paid, through the authorised intermediaries, as from November 20, 2019 (record date November 19, 2019) on coupon No. 24 to be presented on November 18, 2019.

The Independent Auditor's opinion on the distribution of the interim dividend is also available at the Company's registered offices as per article 2433-bis of the Italian Civil Code.

The Directors' Report and financial statements of Recordati S.p.A. as at 30 June 2019, on which the Board of Directors based its resolution to distribute the abovementioned interim dividend, are available at the Company's registered offices and published on the Company's website (www.recordati.com). Such documents can also be viewed on the authorized storage system 1Info (www.1Info.it).

Conference call

Recordati will be hosting a *conference call* **today 31 October 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



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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 Financial Reporting Standards (IFRS)
(thousands of €)

| INCOME STATEMENT | First nine months 2019 | First nine months 2018 | Change % |
|-----------------------------------|---------------------------|---------------------------|----------|
| REVENUE | 1,100,418 | 1,013,308 | 8.6 |
| Cost of sales | (329,069) | (296,015) | 11.2 |
| GROSS PROFIT | 771,349 | 717,293 | 7.5 |
| Selling expenses | (273,446) | (250,258) | 9.3 |
| Research and development expenses | (91,581) | (79,436) | 15.3 |
| General & administrative expenses | (51,740) | (48,543) | 6.6 |
| Other income (expenses), net | (1,082) | (2,087) | (48.2) |
| OPERATING INCOME | 353,500 | 336,969 | 4.9 |
| Financial income (expenses), net | (15,980) | (13,757) | 16.2 |
| PRE-TAX INCOME | 337,520 | 323,212 | 4.4 |
| Provision for income taxes | (83,846) | (85,335) | (1.7) |
| NET INCOME | 253,674 | 237,877 | 6.6 |
| Attributable to: | | | |
| Equity holders of the parent | 253,642 | 237,841 | 6.6 |
| Non-controlling interests | 32 | 36 | (11.1) |
| EARNINGS PER SHARE | | | |
| Basic ⁽¹⁾ | € 1.239 | € 1.163 | 6.5 |
| Diluted ⁽²⁾ | € 1.213 | € 1.137 | 6.7 |
| EBITDA ⁽³⁾ | 409,612 | 380,050 | 7.8 |

⁽¹⁾ Earnings per share (EPS) are based on average shares outstanding during each year, 204,706,235 in 2019 and 204,556,132 in 2018, net of average treasury stock which amounted to 4,418,921 shares in 2019 and to 4,569,024 shares in 2018.

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

⁽³⁾ Net income before net interest, provision for taxes, depreciation, amortization and write down of both property, plant and equipment and intangible assets.

| COMPOSITION OF REVENUE | First nine months 2019 | First nine months 2018 | Change % |
|-------------------------------|---------------------------|---------------------------|----------|
| Total revenue | 1,100,418 | 1,013,308 | 8.6 |
| Italy | 220,597 | 206,704 | 6.7 |
| International | 879,821 | 806,604 | 9.1 |

RECORDATI GROUP

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

| INCOME STATEMENT | Third Quarter 2019 | Third Quarter 2018 | Change % |
|-----------------------------------|--------------------|--------------------|----------|
| REVENUE | 357,165 | 317,254 | 12.6 |
| Cost of sales | (105,771) | (93,002) | 13.7 |
| GROSS PROFIT | 251,394 | 224,252 | 12.1 |
| Selling expenses | (89,562) | (77,465) | 15.6 |
| Research and development expenses | (31,824) | (25,809) | 23.3 |
| General & administrative expenses | (17,142) | (15,403) | 11.3 |
| Other income (expenses), net | (1,925) | (537) | n.s. |
| OPERATING INCOME | 110,941 | 105,038 | 5.6 |
| Financial income (expenses), net | (5,058) | (5,299) | (4.5) |
| PRE-TAX INCOME | 105,883 | 99,739 | 6.2 |
| Provision for income taxes | (26,486) | (26,050) | 1.7 |
| NET INCOME | 79,400 | 73,689 | 7.8 |
| Attributable to: | | | |
| Equity holders of the parent | 79,390 | 73,677 | 7.8 |
| Non-controlling interests | 10 | 12 | (16.7) |
| EBITDA ⁽¹⁾ | 130,299 | 120,033 | 8.6 |

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

| COMPOSITION OF REVENUE | Third Quarter 2019 | Third Quarter 2018 | Change % |
|------------------------|--------------------|--------------------|----------|
| Total revenue | 357,165 | 317,254 | 12.6 |
| Italy | 65,500 | 60,913 | 7.5 |
| International | 291,665 | 256,341 | 13.8 |

RECORDATI GROUP

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

| ASSETS | 30.09.2019 | 31.12.2018 |
|---|-------------------|-------------------|
| Property, plant and equipment | 131,080 | 103,582 |
| Intangible assets | 702,424 | 672,462 |
| Goodwill | 582,226 | 579,557 |
| Equity investments | 29,208 | 20,773 |
| Non-current receivables | 6,137 | 5,860 |
| Deferred tax assets | 74,762 | 81,267 |
| TOTAL NON-CURRENT ASSETS | 1,525,837 | 1,463,501 |
| Inventories | 213,454 | 206,084 |
| Trade receivables | 277,371 | 245,742 |
| Other receivables | 28,944 | 38,462 |
| Other current assets | 11,749 | 5,193 |
| Fair value of hedging derivatives (cash flow hedge) | 11,789 | 6,414 |
| Short-term financial investments, cash and cash equivalents | 612,948 | 198,036 |
| TOTAL CURRENT ASSETS | 1,156,255 | 699,931 |
| TOTAL ASSETS | 2,682,092 | 2,163,432 |
| EQUITY AND LIABILITIES | 30.09.2019 | 31.12.2018 |
| Share capital | 26,141 | 26,141 |
| Capital in excess of par value | 83,719 | 83,719 |
| Treasury stock | (97,902) | (145,608) |
| Hedging reserve | (8,081) | (8,399) |
| Translation reserve | (134,495) | (154,146) |
| Other reserves | 54,700 | 43,081 |
| Retained earnings | 1,001,669 | 897,990 |
| Net income for the period | 253,642 | 312,376 |
| Interim dividend | 0 | (91,761) |
| GROUP SHAREHOLDERS' EQUITY | 1,179,393 | 963,393 |
| Minority interest | 225 | 193 |
| SHAREHOLDERS' EQUITY | 1,179,618 | 963,586 |
| Loans due after one year | 1,005,638 | 640,647 |
| Employees' termination pay | 19,515 | 19,547 |
| Deferred tax liabilities | 45,564 | 45,653 |
| Other non-current liabilities | 3,257 | 3,257 |
| TOTAL NON-CURRENT LIABILITIES | 1,073,974 | 709,104 |
| Trade payables | 148,179 | 165,020 |
| Other payables | 83,237 | 85,534 |
| Tax liabilities | 38,056 | 42,149 |
| Other current liabilities | 15,253 | 19,359 |
| Provisions | 16,912 | 21,446 |
| Fair value of hedging derivatives (cash flow hedge) | 9,303 | 9,746 |
| Loans due within one year | 101,094 | 130,583 |
| Bank overdrafts | 16,466 | 16,905 |
| TOTAL CURRENT LIABILITIES | 428,500 | 490,742 |
| TOTAL EQUITY AND LIABILITIES | 2,682,092 | 2,163,432 |

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 documental results, books and accounting records.