

2020

**Rossini S.à r.l.'s First quarter 2020
Preliminary Results**

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Recordati S.p.A 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 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 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 4,300, 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.

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1) Rossini S.à r.l.'s First quarter 2020 Preliminary results

2) Recordati S.p.A.'s First quarter 2020 results

Pro-forma Rossini capitalisation as of 31 March 2020

Rossini S.à r.l. Capitalisation	31 December 2019		31 March 2020	
	(€m)	x Proportional EBITDA	(€m)	x Proportional EBITDA
Cash and cash equivalents ⁽¹⁾	(46)	(0.2)x	(36)	(0.1)x
Senior secured fixed rate notes	650	2.3x	650	2.1x
Senior secured floating rate notes	650	2.3x	650	2.1x
Proportional Recordati net debt ⁽²⁾	475	1.6x	466	1.5x
Total net look-through debt	1,729	6.0x	1,730	5.7x
Undrawn SSRCF	225		225	
DP Notes ⁽⁵⁾	766		766	
Proportional LTM EBITDA ⁽³⁾		286		303

Recordati S.p.A. Capitalisation	31 December 2019		31 March 2020	
	(€m)	x Total EBITDA	(€m)	x Total EBITDA
FIMEI Shares ⁽⁴⁾	4,072	7.4x	4,177	7.3x
LTV		31%		30%
Public Market & Treasury Shares ⁽⁴⁾	3,785	7.0x	3,883	6.8x
Market Capitalisation at €38.54 per share⁽⁴⁾	7,857	14.4x	8,060	14.1x
Recordati net debt ⁽²⁾	903	1.7x	881	1.5x
Total Recordati capitalisation	8,760	16.1x	8,941	15.6x
Recordati LTM EBITDA		544		573

Note: Footnotes related to 31st March 2020 refer to the first quarter 2020 and for 31st December footnotes refer to the full year 2019 results. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.90% net of treasury shares as of 31st March 2020).

(1) Calculated as €28.5m of cash at FIMEI S.p.A. plus €1.8m of cash at Rossini Investimenti S.p.A. plus €5.7m of cash at Rossini S.à r.l..

(2) Based on net financial position of € 881m per Recordati 1Q 2020 earnings release (dated 7th May 2020), and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives.

(3) 52.90% (calculated net of 4,282,302 treasury shares as at 31st March 2020) of Recordati LTM EBITDA of € 573m.

(4) Closing price as at 31st March 2020.

(5) DP Notes pay 2% cash / 2% PIK interest with next payment on 31st December 2020.

Overview of key Rossini P&L and Cash flow items for the 1Q 2020

	Revenues	Expenses	Cash
Rossini S.à r.l. <i>Notes Issuer</i> 100%	~€0.0m	~€17.3m mainly related to interest expenses (incl. accrued) on the Floating Rate Notes (~€6.3m) and Fixed Rate Notes (~11.0€m) ~€0.4m related to the unutilized fees on RCF	- Cash Balance: €5.7m ~€6.4m Interest payment on Floating Rate Note ~€0.4m unutilized fees on RCF ~€1.2m other expenses mainly related to advisors fees and audit fees
Rossini Investimenti S.p.A. 100%	~€0.0m	~€0.1m mainly related to the unutilized fees on RCF and administrative fees	Cash Balance: €1.8m
FIMEI S.p.A. 51.82%	~€0.0m	~0.1€ mainly related to the administrative fees	Cash Balance: €28.5m
Recordati S.p.A.			

1) Rossini S.à r.l.'s First quarter 2020 Preliminary results

2) Recordati S.p.A.'s First quarter 2020 results

First quarter 2020 highlights

- Exceptional organisation responsiveness to deal with effects of unprecedented crisis, safeguarding employees and assuring of supply.
- Very strong financial results, reflecting underlying performance in line with plan and incremental revenue driven by customers' stockpiling at start of COVID-19 lockdowns:
 - Revenue € 429.2 million, +12.1%, includes € 14.7 million contributed by Signifor® and Signifor® LAR
 - EBITDA⁽¹⁾ € 172.9 million or 40.3% of sales, +20.1%
 - Net Income € 111.2 million or 25.9% of sales, + 20.7%
 - Adjusted Net Income⁽²⁾ € 125.2 million or 29.2% of sales, + 23.5%
- Results reflect an estimated € 20 million revenue (€ 13 million operating profit) from extra stocking in the channel, expected to be reabsorbed in Q2. € 2 million non-recurring COVID-19 costs recorded.
- Net debt at € 880.8 million, compared to net debt of € 902.7 million at 31 December 2019, reflecting strong cash flow, milestone payment of \$20 million for EU Isturisa® approval and net share repurchases for € 44.0 million.
- Approval with orphan drug status obtained in the EU and in the US for the marketing of Isturisa® (osilodrostat) in January and March 2020 respectively, with marketing authorisations now transferred. Filing of Isturisa® New Drug Application in Japan.

(1) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

(2) Net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

Recordati contingency planning to counter impact of COVID-19 epidemiological emergency

Recordati contingency planning to counter impact of COVID-19 epidemiological emergency

- Implementation of measures to protect individuals and to prevent infection diffusion (home-working, sanitization, DPIs use, social distance etc.)
- New working models in all manufacturing plants to support distancing measures
- Revision of working time and re-distribution of people in Turkey, Italy and Tunisia
- Two-shift model in France (Nanterre).
- Week-end shifts introduction in France (Montluçon) and Spain

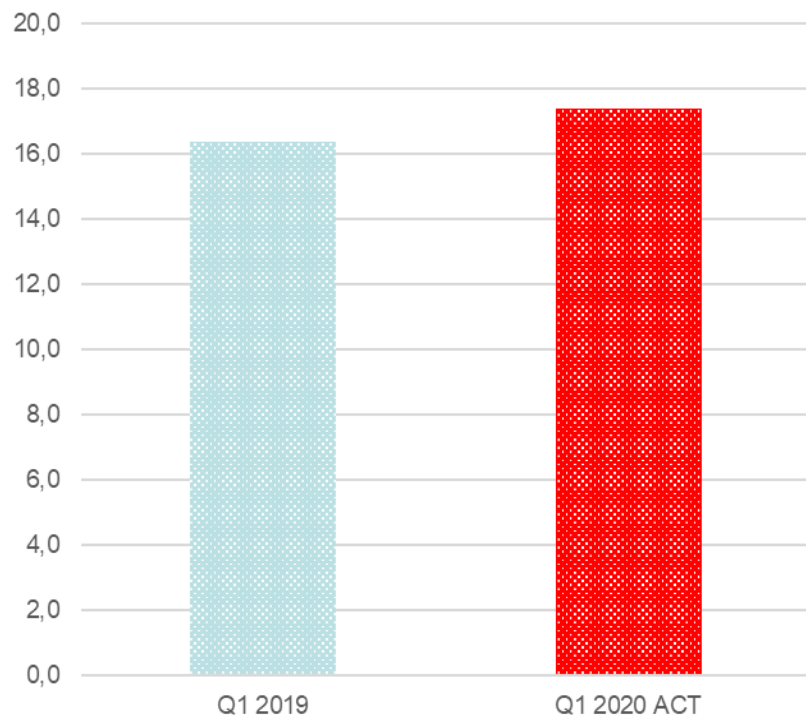
Supply chain continuity for all our businesses in all markets

- Alternative supply flow for starting materials and intermediates to feed Recordati's API plants, both for captive and merchant portfolios
- Stock management tuning both for APIs and FDFs (Finished Dosage Forms)
- Stock delocalization for FDFs
- Alternative FDF supply flows
- Planning and production programmes revision for FDFs both in Recordati's and CMOs' plants
- Alternative logistic and distribution models

Signifor® & Signifor® LAR sales growth in Q1

Isturisa® approved in EU and in the US, launch planning on track

Signifor® and Signifor® LAR estimated in-market Q1 sales +6% vs 2019*



* Recordati books only margins on sales of Signifor™ and Signifor® LAR until market authorizations are transferred from Novartis.

Signifor® and Signifor® LAR commercialization on track:

- marketing authorization transferred in February in US, in April in Japan and expected May in EU
- Estimated in market Q1 Sales +6% vs 2019 on a like-for-like basis

Isturisa® launch planning ongoing:

- Isturisa® approved in January by EMA and in March by the FDA; orphan drug status confirmed
- Patient assistance programs and agreement with specialty pharmacy implemented in the US
- Launch slated for June-July in the US
- Launch in selected EU markets starting in Q3

Main product sales

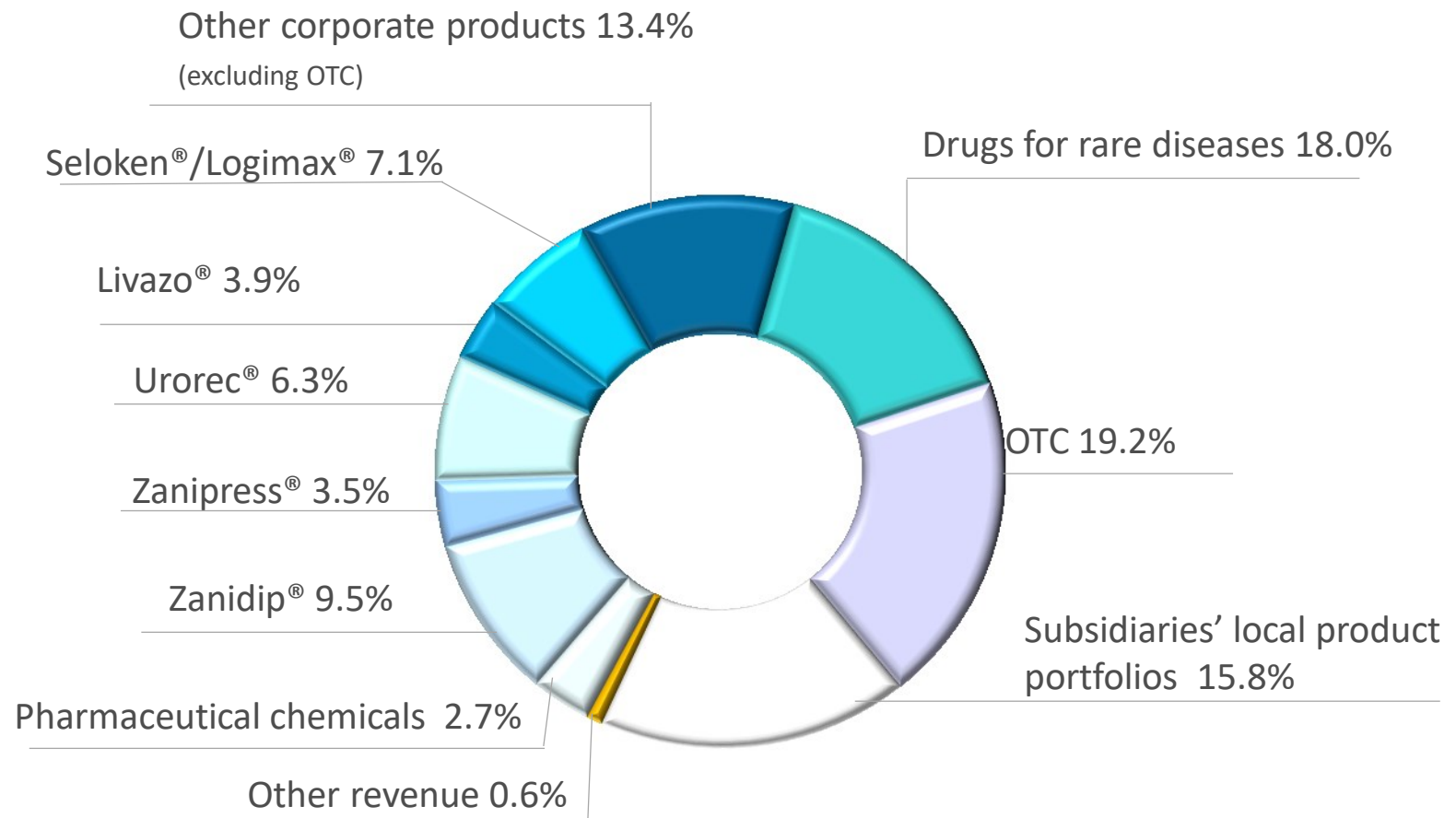
Corporate products including drugs for rare diseases account for 69.6% of revenue

(million Euro)	1Q 2020	1Q 2019	Change %
Zanidip® (lercanidipine)	40.7	37.4	8.7
Zanipress® (lercanidipine+enalapril)	14.9	14.2	4.6
Urorec® (silodosin)	27.1	27.8	(2.8)
Livazo® (pitavastatin)	16.6	13.2	26.1
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	30.3	23.0	31.6
Other corporate products ⁽¹⁾	91.8	79.7	15.1
Drugs for rare diseases	77.5	56.2	37.9

* 1) Include the OTC corporate products for an amount of € 34.2 million in 2020 and € 31.1 million in 2019 (+10.0%)

2) Includes revenue related to Signifor® and Signifor® LAR of € 14.7 million in 1Q 2020 and none in 1Q 2019

A diversified product portfolio



Data: First quarter 2020
Total revenue € 429.2 m

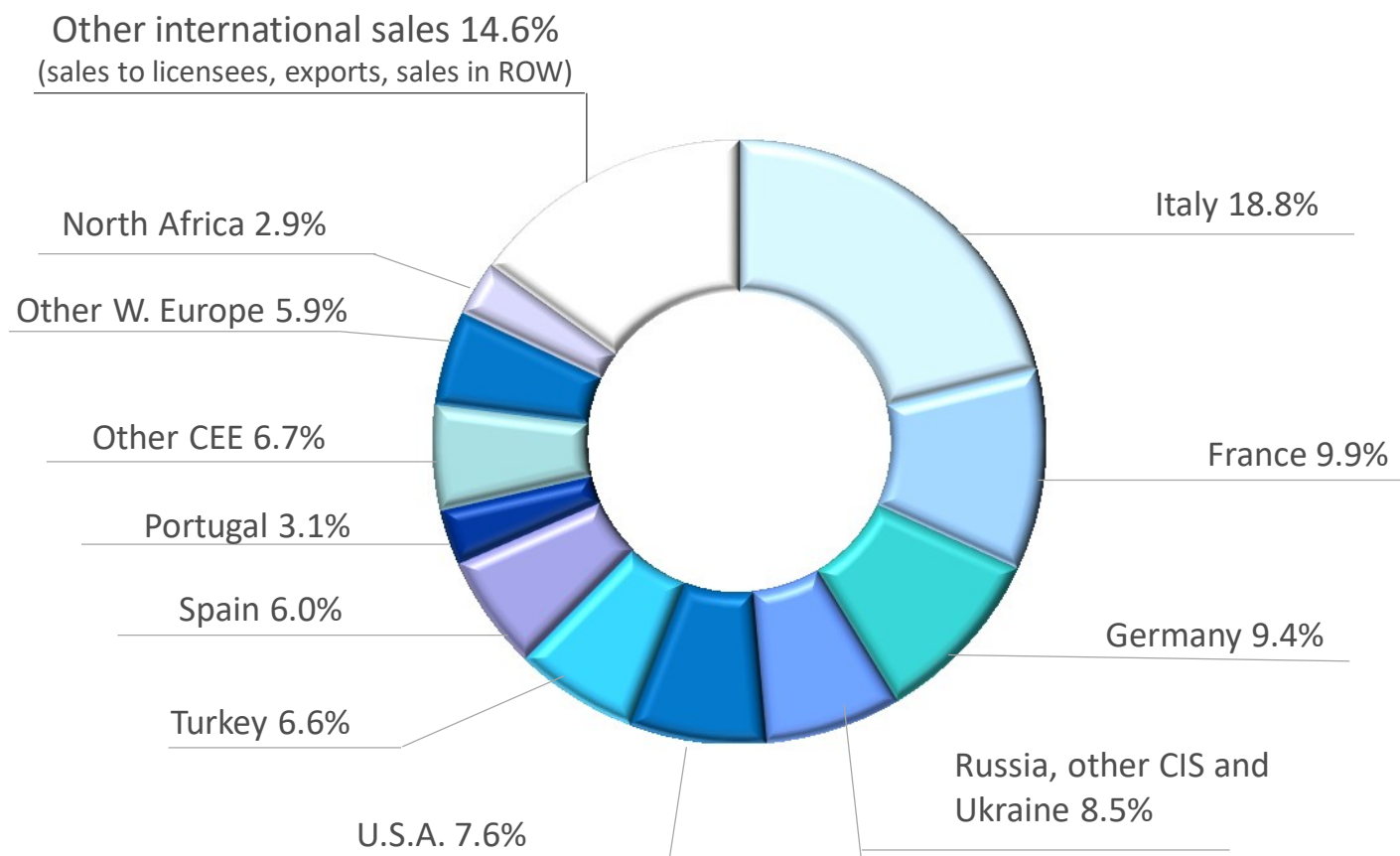
Composition of revenue by geography

(million Euro)	1Q 2020	1Q 2019	Change %
Italy	78.6	80.2	(2.0)
France	41.3	37.9	8.9
Germany	39.1	36.1	8.4
Russia, other CIS countries and Ukraine	35.3	28.3	24.7
U.S.A.	31.9	26.3	21.1
Turkey	27.5	22.0	25.0
Spain	25.0	22.8	9.5
Portugal	13.1	11.0	18.7
Other CEE countries	28.1	19.5	44.1
Other W. Europe countries	24.6	17.3	42.3
North Africa	12.0	11.4	5.4
Other international sales	61.0	58.4	4.4
TOTAL PHARMACEUTICALS ⁽¹⁾	417.4	371.3	12.4
(million Euro)	1Q 2020	1Q 2019	Change %
(In local currency, millions)	1Q 2020	1Q 2019	Change %
Russia (RUB) ⁽²⁾	2,041.6	1,695.0	20.5
Turkey (TRY) ⁽²⁾	176.3	128.5	37.2
U.S.A. (USD)	35.2	29.9	17.6

(1) Both years include sales as well as other income and exclude sales of pharmaceutical chemicals for an amount of € 11.8 million in 1Q 2020 and € 11.7 million in 1Q 2019 (+0.6%).

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

Geographical breakdown of pharmaceutical* revenue



Data: First quarter 2020
Pharmaceutical* revenue € 417,4 m

* Excluding sales of pharmaceutical chemicals which are € 11.8 million, up by 0.6% and represent 2.7% of total revenue.

First quarter 2020 results

(million Euro)	1Q 2020		1Q 2019		Change %
Revenue	429.2		383.0		12.1
Gross Profit	303.7		266.5		14.0
as % of revenue	70.8		69.6		
SG&A Expenses	118.2		111.8		5.7
as % of revenue	27.6		29.2		
R&D Expenses	34.9		29.2		19.8
as % of revenue	8.1		7.6		
Other Income (Expense), net	(2.1)		0.5		n.s.
as % of revenue	(0.5)		0.1		
Operating Income	148.4		126.0		17.8
as % of revenue	34.6		32.9		
Net Income	111.2		92.1		20.7
as % of revenue	25.9		24.1		
Adjusted Net Income ⁽¹⁾	125.2		101.4		23.5
as % of revenue	29.2		26.5		
EBITDA ⁽²⁾	172.9		143.9		20.1
as % of revenue	40.3		37.6		

* 1) Net income excluding amortization and write-down of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects.

* (2) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

First quarter 2020 – alternative performance measures: redefinition of EBITDA and introduction of Adjusted net Income

- Given the growing amount of intangible assets on the Group's balance sheet, in order to provide information in line with best practice in the sector and to allow comparability with other players, our report has been extended to include an additional performance measure, **adjusted net income**, which adjusts reported Net Income for the following items and their tax effect:
 - Amortization and impairment of intangible assets (excluding software) and impairment of goodwill
 - Non-recurring
- A reconciliation between reported Net Income and Adjusted Net Income for 2019 and 2020 target is provided in the table below:

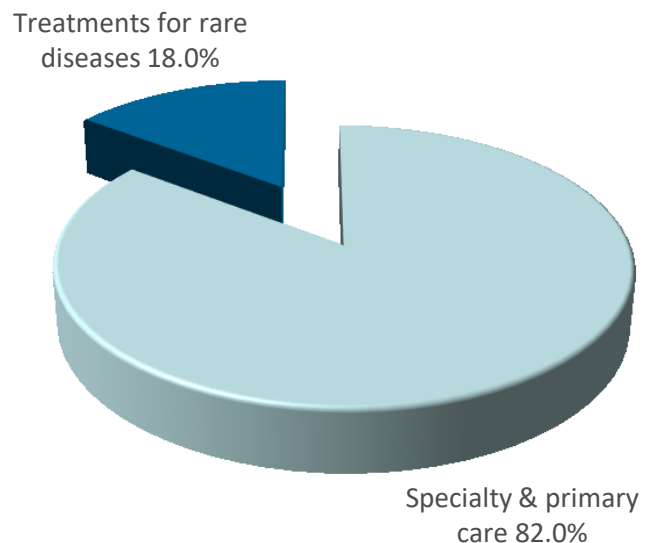
(million Euro)	1Q 2020	1Q 2019	FY 2020 Target	FY 2019
Net income	111.2	92.1	360 - 370	368.9
Amortization and write-down of intangible assets (excl. software)	15.9	12.0	64	53.2
Tax effect	(3.4)	(2.7)	(16)	(12.1)
Non-recurring items	2.0	0	0	(27.0)
Tax effect	(0.5)	0	0	0
ADJUSTED NET INCOME*	125.2	101.4	408 - 418	383.0

- The definition of EBITDA will also be amended to also exclude non recurring items
- Non-recurring items in Q1 2020 were limited to € 2 million of costs related to COVID-19 crisis, being mainly donations; no non recurring items were recorded in Q1 2019
- Non-recurring items in FY 2019 relate to the “patent box” tax benefit of € 27.0 million for the period 2015-2018

First quarter 2020 results

Operating Segments

Revenue



Margin on sales:

Treatments for rare diseases: EBITDA 51.3%, EBIT 43.9%

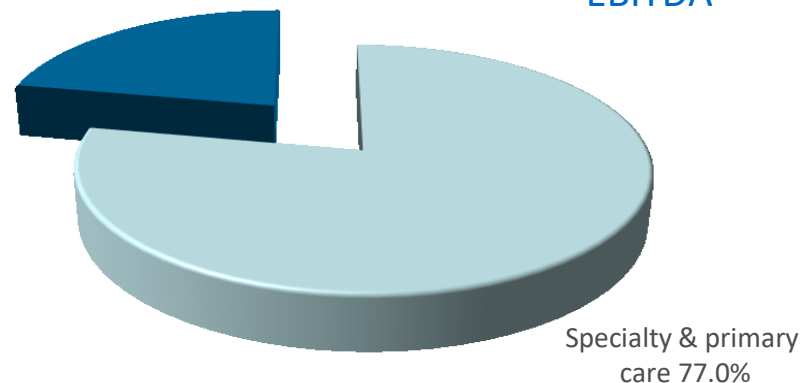
Specialty & primary care: EBITDA 37.9%, EBIT 32.5%

Treatments for rare diseases 22.9%



Treatments for rare diseases 23.0%

EBITDA



Net financial position

(million Euro)	31 Mar 2020	31 Dec 2019	Change
Cash and short-term financial investments	196.1	187.9	8.2
Bank overdrafts and short-term loans	(9.2)	(13.4)	4.2
Loans and leases – due within one year*	(145.5)	(149.8)	4.3
Loans and leases – due after one year*	(922.2)	(927.4)	5.2
NET FINANCIAL POSITION	(880.8)	(902.7)	21.9

* Includes change in fair value of the relative currency risk hedging instruments (cash flow hedge)

Full year 2020 outlook

2020 target assumptions

- Mid single digit Net Revenue growth
- Signifor® and initial sales of Isturisa® in Europe contributing net revenue of around € 70 million*
- Additional investment to maximise opportunity of new Endocrinology franchise in both EU and US
- Slight improvement in EBITDA margin due to product/ country mix and stable operating income margin
- Tax rate to be of around 23 - 24%

Current view

- Net Revenue likely to be slightly below guidance range, due to:
 - FX headwind of roughly -1%
 - Impact on Q2-Q3 demand in markets most affected by COVID-19 lockdowns
- Signifor® and Isturisa® target unchanged; early Isturisa® US sales off-set slight delay in EU MA transfer on Signifor®
- € 5-6 million incremental investment in US behind early US Isturisa® launch (and € 3 million incremental amortization charge)
- EBITDA margin improvement on track, net of non-recurring COVID-19 costs (€ 6-8 million, mostly donations)
- No change re tax assumptions



Expect EBITDA and Adjusted Net Income near lower end of range despite headwind

* Only margins on sales of Signifor® and Signifor® LAR booked until marketing authorizations are transferred from Novartis to Recordati.