2021

Rossini S.à r.l.'s First quarter 2021 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.

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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 in Europe, Russia and the other C.I.S. countries, Ukraine, 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 several 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 2020 was € 1,448.9 million, operating income was € 469.0 million and net income was € 355.0 million.

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Agenda

1) Rossini S.à r.l.'s First quarter 2021 Preliminary results

2) Recordati S.p.A.'s First quarter 2021 results

Pro-forma Rossini capitalisation as of 31 March 2021

Rossini S.à r.l. Capitalisation	31 December 2020 (€m)	31 December 2020 x Proportional EBITDA	31 March 2021 (€m)	31 March 2021 x Proportional EBITDA
Cash and cash equivalents(1)	(64)	(0.2)x	(56)	(0.2)x
Senior secured fixed rate notes	650	2.2x	650	2.3x
Senior secured floating rate notes	650	2.2x	650	2.3x
Drawn SSRCF(2)	-	0.0x	4	0.0x
Proportional Recordati net debt(3)	455	1.5x	450	1.5x
Total net look-through debt	**1,691**	**5.7x**	**1,698**	**5.9x**
Undrawn SSRCF	225		221	
DP Notes(6)	*781*		781	
Proportional LTM EBITDA(4)		299		288

Recordati S.p.A. Capitalisation	31 December 2020 (€m)	31 December 2020 x Total EBITDA	31 March 2021 (€m)	31 March 2021 x Total EBITDA
FIMEI Shares(5)	4,912	8.6x	4,971	9.1x
LTV		*25%*		*25%*
Public Market & Treasury Shares(5)	4,567	8.0x	4,622	8.5x
Market Capitalisation at €45.87 per share(5)	**9,479**	16.6x	**9,593**	17.6x
Recordati net debt(3)	866	1.5x	852	1.5x
Total Recordati capitalisation	**10,345**	**18.2x**	**10,445**	**19.1x**
Recordati LTM EBITDA		569		546

Note: Footnotes related to 31st March 2021 refer to the first quarter 2021 and for 31st December footnotes refer to the full year 2020 results. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.74% net of treasury shares as of 31st March 2021).

(1) Calculated as €0.3m of cash at FIMEI S.p.A. plus €0.2m of cash at Rossini Investmenti S.p.A. plus €55.8m of cash at Rossini S.à r.l..

(2) On 1 April 2021, the amount of as €4.0m related to the SSRCF Facility A has been repaid.

(3) Based on net financial position of € 852.6m per Recordati 1Q 2021 earnings release (dated 6th May 2021) 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.

(4) 52.74% (calculated net of 3,646,355 treasury shares as of 31st March 2021) of Recordati LTM EBITDA of € 546.5m, Recordati EBITDA calculated as Q1 2021 EBITDA (as per release 6 May 2021), plus FY 2020 EBITDA (as per page 49 of the 2020 annual report), less Q1 2020 EBITDA (as per Q1 2020 Interim Report) .

(5) Closing price as of 31st March 2021.

(6) DP Notes pay 2% cash / 2% PIK interest with next payment on 31st December 2021.

Overview of key Rossini P&L and Cash flow items for the 1Q 2021

	Revenues	Expenses	Cash
Rossini S.à r.l. *Notes Issuer*	▪ ~€53.6m dividends paid by the subsidiary	▪ ~€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: €55.2m ▪ ~€53.6m dividends paid by the subsidiary ▪ ~€2.6m Interest payment on Floating Rate Note ▪ ~€0.4m unutilized fees on RCF
100%			
Rossini Investimenti S.p.A.	▪ ~€55.2m dividends paid by Fimei S.p.A.	▪ ~€0.3m mainly related to the unutilized fees on RCF and professional & administrative fees	▪ Cash Balance: €0.2m ▪ ~€55.2m dividends paid by Fimei S.p.A. ▪ ~€56.65m dividends paid to Rossini S.àr.l. (of which ~€3.0m dividends received by Rossini S.àr.l. on 1 April 2021)
100%			
FIMEI S.p.A.	▪ ~€0.0m	▪ ~0.1€ mainly related to the administrative fees	▪ Cash Balance: €0.3m ▪ ~€55.2m dividends paid to Rossini Investimenti S.p.A.
51.82%			
Recordati S.p.A.			

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First quarter 2021 highlights

- Q1 results reflect continued impact of Covid-19 pandemic across key categories and markets in Europe, coupled with adverse FX of -3.5% and year on year impact of 2020 LOEs (silodosin and pitavastatin); revenue also distorted by channel movements, with Q1 2020 benefitting from an estimated €20 million of stocking in early days of the pandemic and Q1 2021 reflecting de-stocking of Cough and Cold and Ear/Nose/Throat medicines following a very weak season

- Continued positive progress of Endo, delivering just over €26.1m of revenue vs €14.7m in same period last year

- Eligard integration is also on track, with €16.8m of revenue in Q1, with very smooth transition with Astellas

- Financial results reflect reduced activity spend consistent with Covid restrictions leading to EBITDA at 39% margin, despite top line pressure; bottom line P&L reflects higher financial expenses due to roughly €3.7m of unrealised FX losses (compared to €1.9m FX gains in Q1 2020):

  -Revenue €384.8 million, -10.3% or -6.8% (at CER), distorted by 2020 LOEs and C&C destocking

  -EBITDA(1) €150.0 million or 39.0% of sales, -13.2%

  -Net Income €89.9 million or 23.4% of sales, -19.2%

  -Adjusted Net Income(2) €104.4 million or 27.1% of sales, -16.6%

  -Free cash flow(3) € 110.2 million, an increase of € 20.9 million

- **Current full year 2021 outlook reflects slightly stronger headwinds on topline but remains within financial guidance range provided, with Covid expected to continue driving weaker demand on cough and cold and ENT products thru to end of year.**

(1) Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects
(2) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items
(3) Operating cash flow excluding financing items, milestones, dividends, purchases of treasury shares net of proceeds from exercise of stock options

Main product sales

Corporate products including drugs for rare diseases account for 65.9% of revenue

(million Euro)	**1Q 2021**	1Q 2020	Change %
Zanidip® (lercanidipine)	**42.0**	40.7	3.2
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	**24.8**	30.3	(18.2)
Eligard®(1)	**16.8**	-	n.a.
Urorec® (silodosin)	**16.0**	27.1	(40.9)
Livazo® (pitavastatin)	**11.4**	16.6	(31.4)
Zanipress® (lercanidipine+enalapril)	**11.2**	14.9	(24.4)
Other corporate products (2)	**63.5**	91.8	(30.8)
Drugs for rare diseases	**84.9**	77.5	9.6
of which Endo franchise(3)	**26.1**	14.7	77.6

(1) Eligard® net revenue includes margins booked as net revenue until transfer of market authorizations and distribution
(2) Includes the OTC corporate products for an amount of € 26.0 million in 2021 and € 34.2 million in 2020
(3) Endo franchise net revenue 2020 includes margins on sales of Signifor® and Signifor® LAR until transfer of market authorizations

Composition of revenue by geography

(million Euro)	**1Q 2021**	1Q 2020	Change %
Italy	**71.0**	78.6	(9.7)
France	**36.1**	41.3	(12.5)
Germany	**36.4**	39.1	(7.0)
Spain	**26.1**	25.0	4.8
Portugal	**11.1**	13.1	(15.1)
Turkey	**20.2**	27.5	(26.7)
Russia, other CIS countries and Ukraine	**17.1**	35.3	(51.7)
U.S.A.	**37.0**	31.9	15.9
Other CEE countries	**27.8**	28.1	(1.1)
Other W. Europe countries	**24.4**	24.6	(0.9)
North Africa	**9.8**	12.0	(18.6)
Other international sales	**55.9**	61.0	(8.5)
TOTAL PHARMACEUTICALS	**372.7**	417.4	(10.7)
CHEMICALS	**12.2**	11.8	3.1

(In local currency, millions)	**1Q 2021**	1Q 2020	Change %
Russia (RUB)(1)	**1,021.0**	2,041.6	(50.0)
Turkey (TRY)(1)	**166.5**	176.3	(5.5)
U.S.A. (USD)	**44.5**	35.2	26.7

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

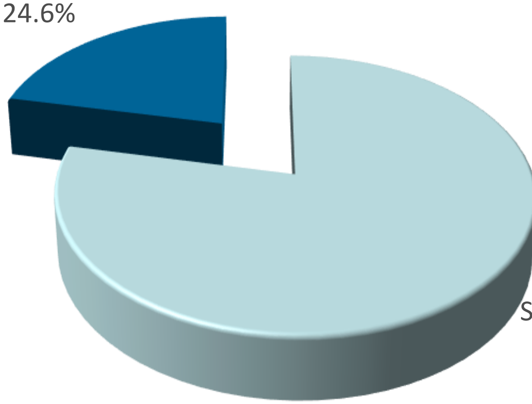
First quarter 2021 results

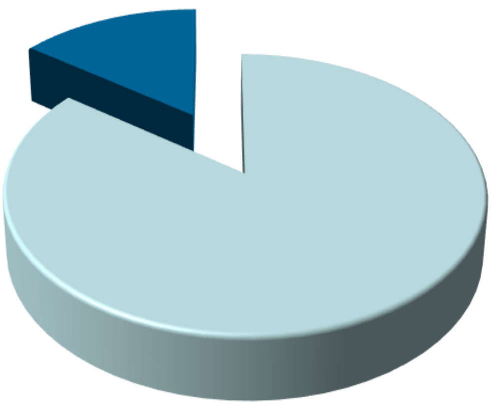
(million Euro)	1Q 2021	1Q 2020	Change %
Revenue	**384.8**	**429.2**	**(10.3)**
Gross Profit	280.8	303.7	(7.6)
as % of revenue	73.0	70.8	
SG&A Expenses	113.4	118.2	(4.1)
as % of revenue	29.5	27.6	
R&D Expenses	41.5	34.9	18.7
as % of revenue	10.8	8.1	
Other Income (Expense), net	(1.0)	(2.1)	(52.6)
as % of revenue	(0.3)	(0.5)	
Operating Income	**124.9**	**148.4**	**(15.9)**
as % of revenue	32.5	34.6	
Financial income/(expenses), net	(8.9)	(2.9)	n.m.
as % of revenue	(2.3)	(0.7)	
Net Income	**89.9**	**111.2**	**(19.2)**
as % of revenue	**23.4**	**25.9**	
Adjusted Net Income (1)	**104.4**	**125.2**	**(16.6)**
as % of revenue	27.1	29.2	
EBITDA (2)	**150.0**	**172.9**	**(13.2)**

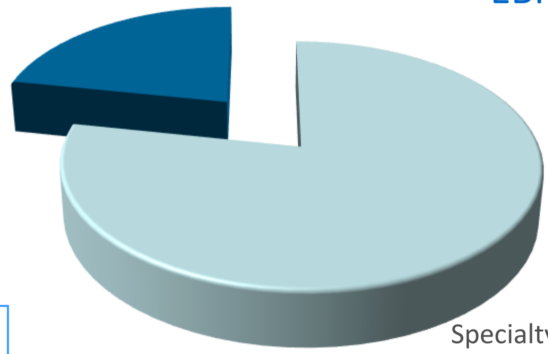
1) Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects
(2) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items

First quarter 2021 results

Operating Segments







Margin on sales:
Treatments for rare diseases: EBITDA 45.8%, EBIT 36.2%
Specialty & primary care: EBITDA 37.1%, EBIT 31.4%

Q1 Cash flow

(million Euro)	31 Mar 2021	31 Mar 2020	Change
EBITDA	**150.0**	172.9	(22.9)
Movements in working capital	**(15.3)**	(70.5)	55.2
Changes in other assets & liabilities	**(8.1)**	1.5	(9.6)
Interest received/(paid)	**(2.2)**	(1.9)	(0.3)
Income Tax Paid	**(6.3)**	(10.0)	3.7
Other	**(4.0)**	1.0	(5.0)
Cashflow from Operating activities	**114.1**	93.0	21.1
Capex (net of disposals)	**(3.9)**	(3.7)	(0.2)
Free cash flow	**110.2**	89.3	20.9
Increase in intangible assets (net of disposals)	**(53.2)**	(19.7)	(33.5)
Dividends paid	**(0.7)**	(3.1)	2.4
Purchase of treasury shares (net of proceeds)	**(43.2)**	(44.0)	0.8
Other financing cash flows (1)	**48.8**	(14.3)	63.1
Change in cash and cash equivalents	**61.9**	8.2	53.7

(1) Opening of financial debts net of repayments and currency translation effect on cash and cash equivalents.

Net financial position

(million Euro)	**31 Mar 2021**	31 Dec 2020	Change
Cash and cash equivalents	**250.1**	188.2	61.9
Short-term debts to banks and other lenders	**(36.0)**	(12.6)	(23.4)
Loans and leases – due within one year	**(275.1)**	(270.2)	(4.9)
Loans and leases – due after one year[1]	**(791.6)**	(771.2)	(20.4)
NET FINANCIAL POSITION	**(852.6)**	(865.8)	13.2

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

Financial projections

2021 targets and plan for 2023

(million Euro)	2020 Actual	2021 Targets	2023 Plan Including M&A	CAGR 2020-2023
Revenue	1,448.9	1,570 - 1,620	1,900 - 2,000	10.4%
EBITDA(1) margin on sales	569.3 39.3%	600 - 620	720 - 760 ±38%	9.1%
Adjusted Net Income(2) margin on sales	410.4 28.3%	420 - 440	530 - 560 ±28%	9.9%

(1) Net income before income taxes, financial income and expenses, depreciation, amortization and write-downs of property, plant and equipment, intangible assets and goodwill, and non-recurring items
(2) Net income excluding the amortization and write-downs of intangible assets (except software) and goodwill, and non-recurring items, net of tax effects

CAGR % calculation based on midpoint of the target range