

2019

Rossini S.à r.l.'s H1 2019 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 Fritz Squindo 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 4,100, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Russia, in other Central and Eastern European countries, in Turkey, in the United States of America and in North Africa. 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 is € 1,352.2 million, operating income is € 442.2 million and net income is € 312.4 million.

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1) Rossini S.à r.l.'s H1 2019 Preliminary Results

2) Recordati S.p.A.'s H1 2019 Results

Pro-forma Rossini capitalisation as of 30 June 2019

Rossini S.à r.l. Capitalisation	31 December 2018		30 June 2019	
	(€m)	x Proportional EBITDA	(€m)	x Proportional EBITDA
Cash and cash equivalents ⁽¹⁾	(63)	(0.2)x	(64)	(0.2)x
Senior secured fixed rate notes	650	2.5x	650	2.4x
Senior secured floating rate notes	650	2.5x	650	2.4x
Proportional Recordati net debt ⁽²⁾	313	1.2x	323	1.2x
Total net look-through debt	1,550	5.8x	1,558	5.7x
Undrawn SSRCF	225		225	
DP Notes ⁽⁵⁾	750		750	
Proportional LTM EBITDA ⁽³⁾		265		274

Recordati S.p.A. Capitalisation	(€m)	x Total EBITDA	(€m)	x Total EBITDA
FIMEI Shares ⁽⁴⁾	3,282	6.6x	3,973	7.7x
LTV		38%		31%
Public Market & Treasury Shares ⁽⁴⁾	3,052	6.1x	3,694	7.1x
Market Capitalisation at €36.505 per share⁽⁴⁾	6,334	12.7x	7,667	14.8x
Recordati net debt ⁽²⁾	588	1.2x	611	1.2x
Total Recordati capitalisation	6,923	13.9x	8,277	16.0x
Recordati LTM EBITDA		499		518

Note: Footnotes relate to 30th June 2019 numbers, for 31st December footnotes refer to the preliminary full year 2018 results presentation. Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.8097% net of treasury shares as of 30th June 2019).

(1) Calculated as €11.3m of cash at FIMEI S.p.A. plus €1.9m of cash at Rossini Investmenti S.p.A. plus €51.1m of cash at Rossini S.à r.l.

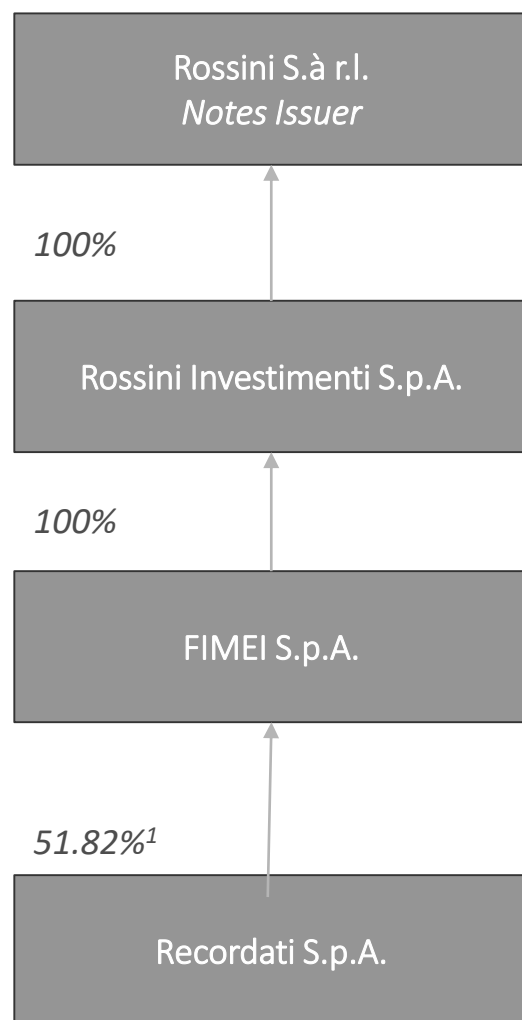
(2) Based on net financial position of €610.9m per Recordati H1 2019 earnings release (dated 30th July 2019), and includes: cash and short-term financial investments less bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives

(3) 52.8097% (calculated net of 3,919,071 treasury shares as at 30th June 2019) of Recordati LTM EBITDA of €518m, Recordati EBITDA calculated as H1 2019 EBITDA (as per release on 30th June 2019), plus FY 2018 EBITDA (as per page 49 of the 2018 annual report), less H1 2018 EBITDA (as per release on 30th July 2018)

(4) Closing price as at 30th June 2019

(5) DP Notes pay 2% cash / 2% PIK interest with first payment 31st December 2019

Overview of key Rossini P&L and Cash flow items for Q2 2019



Revenues

- ~€0.0m (~€59.3m from Rossini Inv. S.p.A. as distribution of a portion of shareholder's equity contribution reserve which is not accounted for as revenue)

- ~€60m related to dividends paid in Q2 2019 from FIMEI S.p.A.

- ~€50.9m related to dividends paid in Q2 2019 from Recordati, next dividend paid on 20th November 2019

Expenses

- ~€33.0m mainly related to interest expenses on the Floating Rate Notes (~€10.2m) and Fixed Rate Notes (~€22.4m)

- ~€0.8m mainly related to the corporate tax (~€0.6m)

- ~€0.6m related to the corporate tax

Cash

- Cash Balance: €51.1m
- ~€59.3m received from Rossini Investimenti S.p.A. as distribution of a portion of shareholder's equity contribution reserve
- Interest payments on Floating RN and Fixed RN for €32.6m

- Cash Balance: €1.9m
- ~€60m dividends received from FIMEI S.p.A.
- ~€59.3m paid to Rossini S.à r.l. (distribution of a portion of shareholder's equity contribution reserve)

- Cash Balance: €11.3m
- ~€50.9m dividends received from Recordati S.p.A.
- ~€60m dividends paid to Rossini Investimenti S.p.A.

1) Based on Rossini's ownership of Recordati at 51.82% on a fully diluted basis (52.8097% net of treasury shares as of 30 June 2019);

1) Rossini S.à r.l.'s H1 2019 Preliminary Results

2) Recordati S.p.A.'s H1 2019 Results

First half 2019 highlights

- Revenue € 743.3 million, up 6.8%
- EBITDA € 279.3 million or 37.6% of sales, up 7.4%
- Operating income (EBIT) € 242.6 million or 32.6% of sales, up 4.6%
- Net income € 174.3 million or 23.4% of sales, up 6.1%
- Net debt € 610.9 million, compared to net debt of € 588.4 million at 31 December 2018.
- Acquisition of license from Aegerion Pharmaceuticals Inc. for the exclusive commercialization of Juxtapid® (lomitapide) in Japan
- Companies operating under the name of Orphan Europe have been renamed Recordati Rare Diseases, now the global brand of Recordati's organization dedicated to treatments for rare diseases
- Subsequent events: acquisition of Signifor®, Signifor® LAR® and osilodrostat from Novartis

Transaction to accelerate the development of our Rare Diseases business

Acquisition of one marketed product and one late phase pipeline product in the endocrinology segment

Key Highlights

- ✓ Complementary portfolio
- ✓ Enter the high growth endocrinology market
- ✓ Orphan designated
- ✓ IP protected
- ✓ Limited additional R&D spend
- ✓ Global and perpetual intellectual property rights

Signifor® and Signifor® LAR®

- Injectable somatostatin analogue for the treatment of Cushing's disease and acromegaly
- IP protection until 2026
- Estimated around \$ 75 million revenue in 2019 and above average EBITDA margins with potential peak sales of more than \$ 100 million
- Orphan drug designation in the US and Europe

osilodrostat

- Potent, highly specific oral inhibitor of cortisol and aldosterone synthesis for the treatment of Cushing's disease and syndrome
- IP protection until 2031
- Marketing authorization applications filed in the European Union and the USA. Potential approval expected 2020 in Europe and 2022 in the US
- Orphan drug designation in the US and Europe
- Potential peak sales of > \$100 million

Purchase Price

- Upfront cash consideration of **\$ 390 million**
- Regulatory milestones, in addition to royalties on net sales contingent upon approval and market access of osilodrostat

Funding

- Funded by existing liquidity and new debt facilities

Leverage

- Acceptable proforma Net Debt to EBITDA level, leaving room for additional future M&A

Timing

- Expected closing end **Q3 2019**

1. Reinforces Recordati as a major Rare Diseases player globally
2. Driver of long-term value growth. Adds well established and high potential products with material revenue and EBITDA contribution
3. Expands our Rare Diseases franchise into attractive Endocrinology space
4. Leverages and expands our existing capabilities

Group Objectives

- Continuation of successful strategy
- Steady organic growth from well diversified portfolio
- Enhanced by accretive or strategic acquisitions in both SPC & Rare Diseases

Specialty & Primary Care

- Maintain steady volume-led growth from cash
- generative core products
- Reinforce current geographical footprint to remain a
- partner of choice
- Leverage additional new products on current organization
- Reinvest cash flow into accretive acquisitions

Rare Diseases

- Continue developing the existing portfolio of global brands ✓
- Consolidation of Latin American and Asia/Pacific presence ✓
- Launch new products / indications – Carbaglu®, Cystadrops® and recently licenced Ledaga®
- Progress current R&D pipeline
- Invest in targeted BD and M&A to reinforce global portfolio ✓

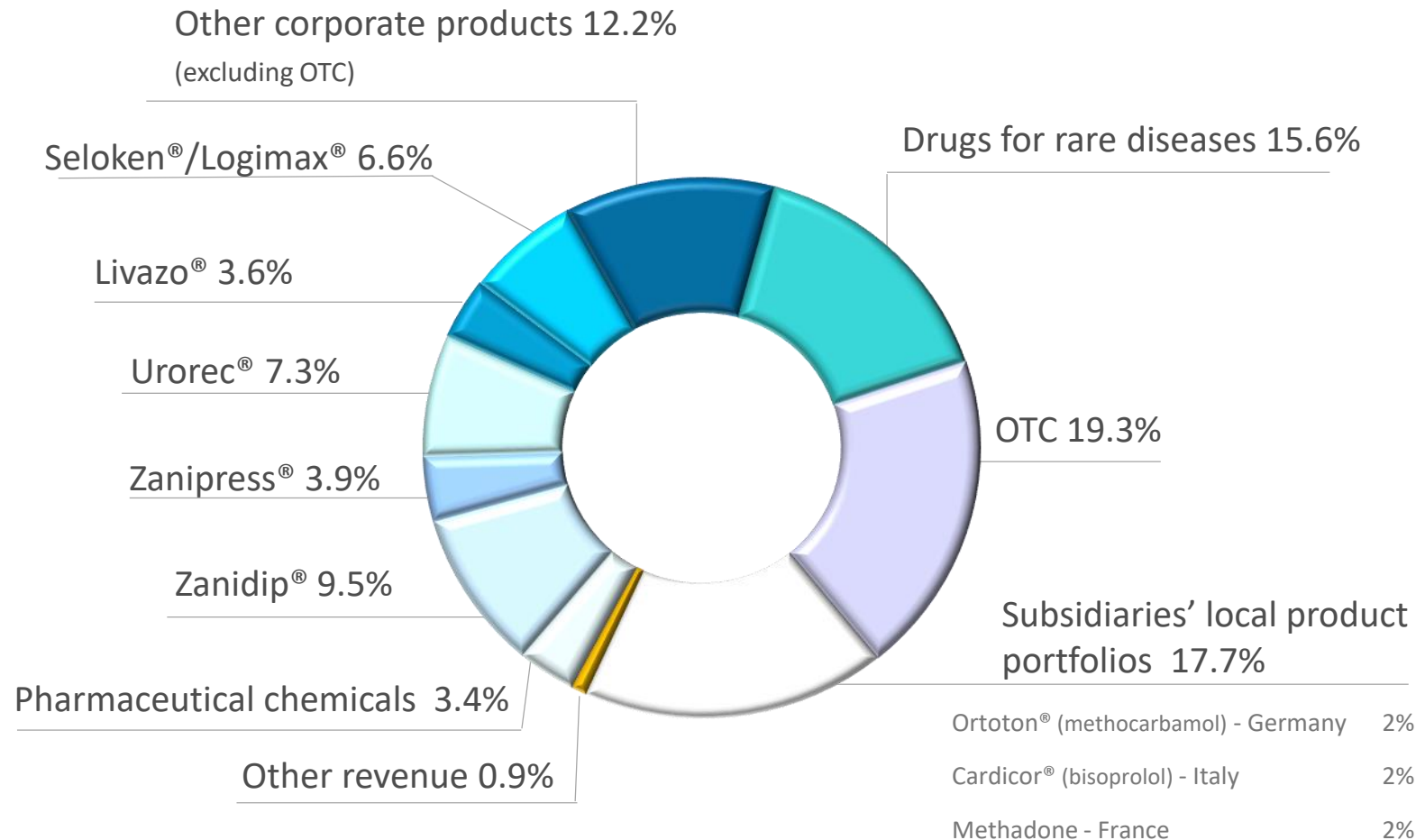
Main product sales

Corporate products including drugs for rare diseases account for 67.1% of revenue

(million Euro)	1H 2019	1H 2018	Change %
Zanidip® (lercanidipine)	70.8	69.6	1.8
Zanipress® (lercanidipine+enalapril)	29.2	33.0	(11.4)
Urorec® (silodosin)	54.5	51.2	6.5
Livazo® (pitavastatin)	26.7	24.0	11.4
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	48.7	50.4	(3.4)
Other corporate products*	153.0	136.4	12.2
Drugs for rare diseases	115.6	110.1	5.0

* Include the OTC corporate products for an amount of € 62.1 million in 2019 and € 52.8 million in 2018 (+17.6%).

A diversified product portfolio



Data: First half 2019: Total revenue € 743.3 m

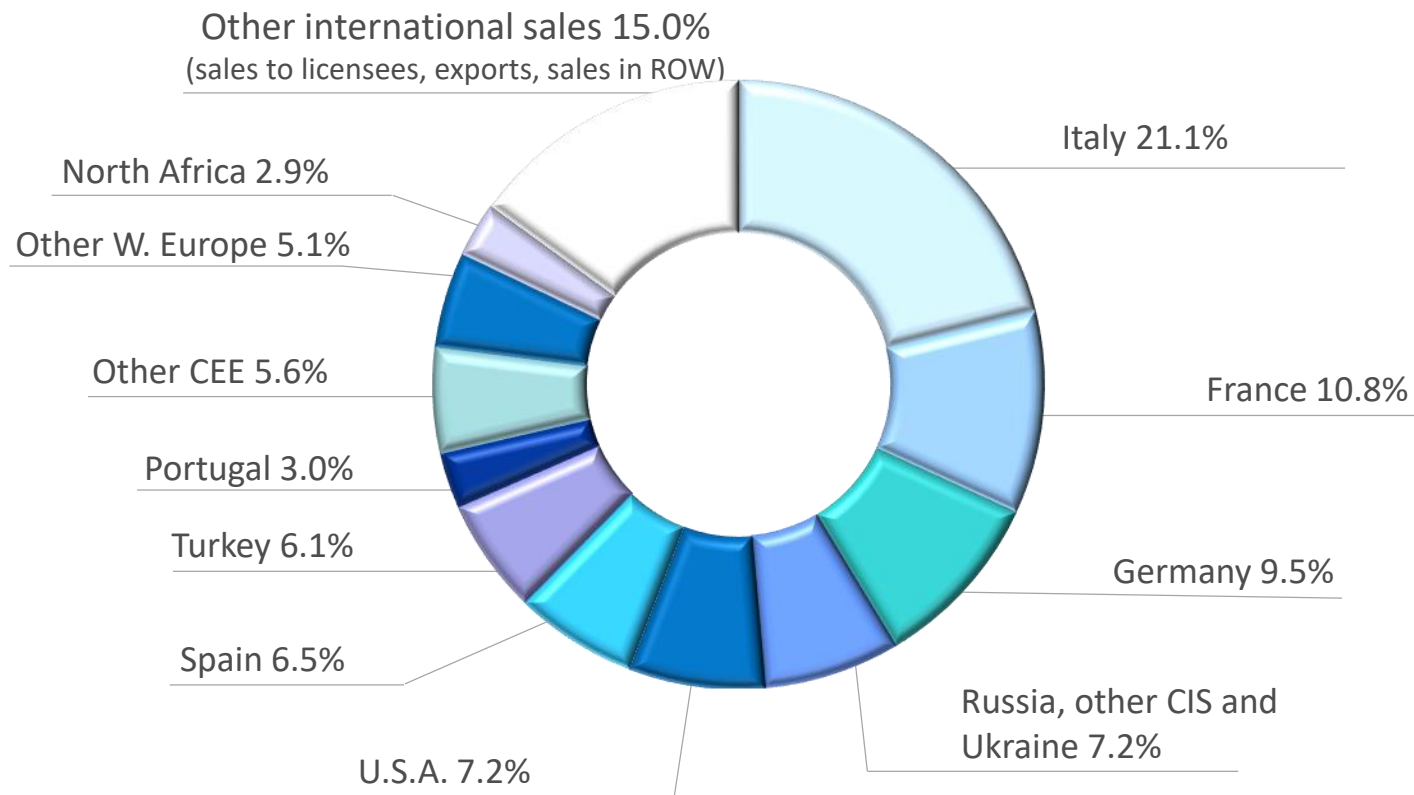
Composition of revenue by geography

(million Euro)	1H 2019	1H 2018	Change %
Italy	151.3	141.2	7.1
France	77.7	65.5	18.5
Germany	68.0	68.6	(0.9)
Russia, other CIS countries and Ukraine	51.6	48.6	6.1
U.S.A.	51.6	49.7	3.9
Spain	46.6	43.8	6.3
Turkey	44.1	43.4	1.7
Portugal	21.8	20.7	5.6
Other CEE countries	40.6	32.5	24.9
Other W. Europe countries	36.4	28.5	27.7
North Africa	20.6	20.7	(0.1)
Other international sales	107.7	112.1	(3.8)
TOTAL PHARMACEUTICALS	718.0	675.2	6.3
PHARMACEUTICAL CHEMICALS	25.2	20.9	21.0

(In local currency, millions)	1H 2019	1H 2018	Change %
Russia (RUB)	2,955.6	2,740.0	7.9
Turkey (TRY)	265.7	202.4	31.3
U.S.A. (USD)	61.2	62.0	(1.2)

Net revenues in local currency in Russia and in Turkey exclude sales of products for rare diseases. Sales in the U.S.A. include sales in Canada.

Geographical breakdown of pharmaceutical revenue



Data: First half 2019: Pharmaceutical revenue € 718.0 m

First half 2019 results

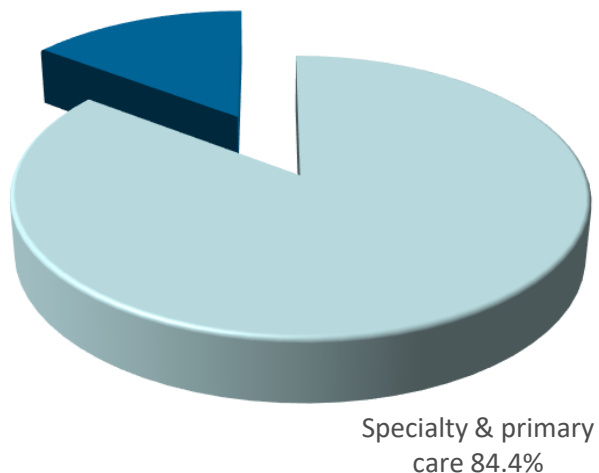
(million Euro)	1H 2019	1H 2018	Change %
Revenue	743.3	696.1	6.8
Gross Profit	520.0	493.0	5.5
as % of revenue	70.0	70.8	
SG&A Expenses	218.5	205.9	6.1
as % of revenue	29.4	29.6	
R&D Expenses	59.8	53.6	11.4
as % of revenue	8.0	7.7	
Other Income (Expense), net	0.8	(1.6)	n.s.
as % of revenue	0.1	(0.2)	
Operating Income	242.6	231.9	4.6
as % of revenue	32.6	33.3	
Net Income	174.3	164.2	6.1
as % of revenue	23.4	23.6	
EBITDA	279.3	260.0	7.4
as % of revenue	37.6	37.4	

First half 2019 results

Operating Segments

Revenue

Treatments for rare diseases 15.6%



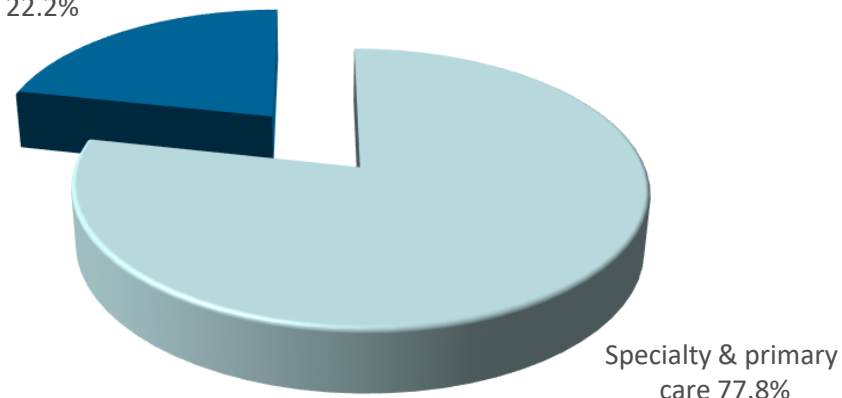
Margin on sales:

Treatments for rare diseases: EBITDA 50.2%, EBIT 46.5%

Specialty & primary care: EBITDA 35.3%, EBIT 30.1%

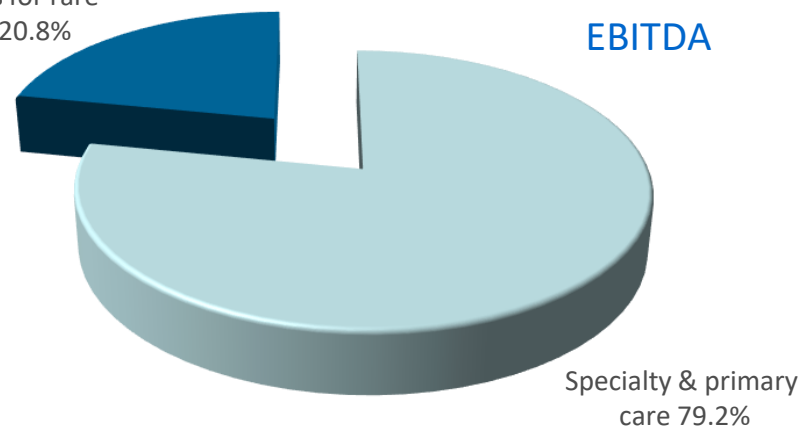
EBIT

Treatments for rare diseases 22.2%



EBITDA

Treatments for rare diseases 20.8%



Net financial position

(million Euro)	30 Jun 2019	31 Dec 2018	Change
Cash and short-term financial investments	103.5	198.0	(94.5)
Bank overdrafts and short-term loans	(16.7)	(16.9)	0.2
Loans – due within one year	(78.1)	(135.3)	57.2
Loans – due after one year*	(619.6)	(634.2)	14.6
NET FINANCIAL POSITION	(610.9)	(588.4)	(22.5)

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

Revised 2019 targets

- Revised 2019 revenue targets following good performance in the first half and the acquisition of Signifor®, Signifor® LAR® and osilodrostat from Novartis (expected 4Q contribution)
- Signifor® and Signifor® LAR® accretive to group EBITDA

	2018 Actual	2019 Targets
(million Euro)		
Revenue	1,352.2	1,460 - 1,480
EBITDA margin on sales	499.1 36.9%	535 – 545
EBIT (Operating income) margin on sales	442.2 32.7%	460 – 470
Net Income margin on sales	312.4 23.1%	330 – 335