

2020

Rossini S.à r.l.'s First half 2020

Preliminary Results

Disclaimer

This proprietary presentation (including any accompanying oral presentation, question and answer session and any other document or materials distributed at or in connection with this presentation) (collectively, the "Presentation") has been prepared by Rossini S.à r.l. (the "Company"). This Presentation is confidential and has been prepared solely for the use of investors and analysts. Under no circumstances may this presentation be deemed to be an offer to sell, a solicitation to buy or a solicitation of an offer to buy securities of any kind in any jurisdiction where such an offer, solicitation or sale should require registration, qualification, notice, disclosure or application under the securities laws and regulations of any such jurisdiction.

This Presentation has not been independently verified and contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, the accuracy, completeness or fairness of the information contained in this Presentation, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein. To the extent available, the industry, market and competitive position data contained in this Presentation has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In light of the foregoing, no reliance may be or should be placed on any of the industry, market or competitive position data contained in this Presentation.

The information in the Presentation may include statements that are, or may be deemed to be, forward-looking statements regarding future events and the future results of the Company that are based on current expectations, estimates, forecasts and projections about the industry in which the Company operates and the beliefs, assumptions and predictions about future events of the management of the Company. In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature. Forward-looking information and forward-looking statements (collectively, the "forward-looking statements") are based on the Company's internal expectations, estimates, projections assumptions and beliefs as at the date of such statements or information including management's assessment of the Company's future financial performance, plans, capital expenditures, potential acquisitions and operations concerning, among other things, future operating results from targeted business and development plans and various components thereof or the Company's future economic performance. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks, assumptions, uncertainties and other factors which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections contained herein. When used in this Presentation, the words "expects," "believes," "anticipate," "plans," "may," "will," "should," "scheduled," "targeted", "estimated" and similar expressions, and the negatives thereof, whether used in connection with financial performance forecasts, expectation for development funding or otherwise, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements and the risk that the future benefits and anticipated production by the Company may be adversely impacted. These forward-looking statements speak only as of the date of this Presentation. In the view of the Company's management, this Presentation was prepared by management on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future performance and results of the Company. However, such forward-looking statements are not fact and should not be relied upon as being necessarily indicative of future results. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions of the information, opinions or any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based except as required by applicable securities laws.

This Presentation contains non-International Financial Reporting Standards ("IFRS") industry benchmarks and terms, such as "EBITDA" and "Adjusted EBITDA." The non-IFRS financial measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. The Company uses the foregoing measures to help evaluate its performance. As an indicator of the Company's performance, these measures should not be considered as an alternative to, or more meaningful than, measures of performance as determined in accordance with IFRS.

By reading or accessing the Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business. Recipients should not construe the contents of this Presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters. The Presentation speaks only as of August 3rd, 2020. The information included in this Presentation may be subject to updating, completion, revision and amendment and such information may change materially. No person is under any obligation to update or keep current the information contained in the Presentation and any opinions expressed relating thereto are subject to change without notice.

The unaudited preliminary financial information and pro-forma information presented in the Presentation has been prepared by management. Neither the unaudited preliminary financial information nor the pro-forma information was prepared with a view towards compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, GAAP or IFRS. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited preliminary financial information or pro-forma information for the purpose of its inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto for the purpose of this Presentation. Furthermore, neither the unaudited preliminary financial information nor the pro-forma information takes into account any circumstances or events occurring after the period it refers to. The unaudited prospective financial information and pro-forma information set out in this Presentation is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, although we believe the unaudited preliminary financial information and the pro-forma information to be reasonable, our actual results may vary from the information contained above and such variations could be material. As such, you should not place undue reliance on such unaudited preliminary financial information or pro-forma information and it should not be regarded as an indication that it will be an accurate prediction of future events.

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.

Contact Information

Offices:

Recordati S.p.A.
Via M. Civitali 1
20148 Milano, Italy

Investor Relations:

Marianne Tatschke
+39 02 48787393
tatschke.m@recordati.it

Website:

www.recordati.com

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

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

Pro-forma Rossini capitalisation as of 30 June 2020

Rossini S.à r.l. Capitalisation	31 December 2019		30 June 2020	
	(€m)	x Proportional EBITDA	(€m)	x Proportional EBITDA
Cash and cash equivalents ⁽¹⁾	(46)	(0.3)x	(63)	(0.2)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	485	1.6x
Total net look-through debt	1,729	6.0x	1,722	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		30 June 2020	
	(€m)	x Total EBITDA	(€m)	x Total EBITDA
FIMEI Shares ⁽⁴⁾	4,072	7.4x	4,817	8.3x
LTV		31%		26%
Public Market & Treasury Shares ⁽⁴⁾	3,785	7.0x	4,479	7.8x
Market Capitalisation at €44.45 per share⁽⁴⁾	7,857	14.4x	9,296	16.1x
Recordati net debt ⁽²⁾	903	1.7x	922	1.6x
Total Recordati capitalisation	8,760	16.1x	10,218	17.7x
Recordati LTM EBITDA		544		576

Note: Footnotes related to 30th June 2020 refer to the first half 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 (52.64% net of treasury shares as of 30th June 2020).

(1) Calculated as €4.1m of cash at FIMEI S.p.A. plus €2.6m of cash at Rossini Investimenti S.p.A. plus €56.5m of cash at Rossini S.à r.l..

(2) Based on net financial position of €922m per Recordati 2Q 2020 earnings release (dated 30 July 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) 52.64% (calculated net of 3,276,552 treasury shares as at 30 June 2020) of Recordati LTM EBITDA of € 576m.

(4) Closing price as at 30th June 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 2Q 2020

	Revenues	Expenses	Cash
Rossini S.à r.l. <i>Notes Issuer</i> 100%	~€80.0m related to dividends paid by Rossini Investimenti S.p.A. in 2Q 2020	~€17.4m mainly related to interest expenses (incl. accrued) on the Floating Rate Notes (~€6.4m) and Fixed Rate Notes (~€11.0m) ~€0.4m related to the unutilized fees on RCF	- Cash Balance: ~€56.5m ~€80.0m dividends received from Rossini Investimenti S.p.A. ~€6.3m Interest payment on Floating Rate Notes and ~€21.9m on Floating Rate Notes ~€0.4m unutilized fees on RCF ~€0.5m other expenses mainly related to advisors fees and audit fees
Rossini Investimenti S.p.A. 100%	~€81.0m related to dividends paid by Fimeì S.p.A. in 2Q 2020	~€0.2m mainly related to the unutilized fees on RCF and administrative fees	- Cash Balance: ~€2.6m ~€81.0m dividends received from FIMEI S.p.A. ~€80.0m dividends paid to Rossini S.à r.l.
FIMEI S.p.A. 51.82%	~€56.3m related to dividends paid by Recordati S.p.A. in 2Q 2020	~€ 1.4m mainly related to tax and advisory fees	- Cash Balance: ~€4.1m ~€56.3m dividends received from Recordati S.p.A. ~€81.0m dividends paid to Rossini Investimenti S.p.A.
Recordati S.p.A.			

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

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

First half 2020 highlights

- First half financial results remain strong, particularly in context of challenging environment:
 - Net revenue € 760.2 million, +2.3%, includes € 32.8 million contributed by Signifor®, Signifor® LAR and initial sales of Isturisa®
 - EBITDA⁽¹⁾ € 311.1 million or 40.9% of sales, +11.4%
 - Net Income € 196.9 million or 25.9% of sales, +13.0%
 - Adjusted Net Income⁽²⁾ € 225.6 million or 29.7% of sales, +16.8%
- Net revenue in the second quarter was impacted by expected destocking and weak demand, driven by COVID-19 lockdowns, particularly involving non chronic therapies in Specialty & Primary Care portfolio. Markets in Q2 were generally impacted by significantly reduced visits to doctors and other factors which affected several products in the portfolio
- Impact on net revenue was more than off-set by favourable mix and reduction in operating costs, leading to continued double digit growth in EBITDA⁽¹⁾ and Adjusted Net Income⁽²⁾
- Net debt at € 922.4 million, compared to net debt of € 902.7 million at 31 December 2019, reflecting strong cash generation of around € 189 million, before milestones, net share repurchases and dividends paid
- Strong revenue contribution from Signifor® and Signifor® LAR and very encouraging early signs from Isturisa® launch in the US and in France. With Isturisa® clinical benefit now also confirmed by LINC-4 study, we see potential peak year sales forecast of between € 300 and 350 million for the product with current indication and in our current geographical footprint.

(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.

Signifor® & Signifor® LAR sales growth in Q2

Isturisa® launch on track

Signifor® and Signifor® LAR commercialization on track



- Marketing authorization transferred in March in US and Japan and in May in EU (take-over of distribution in EU markets in June-July)
- Strong new patient acquisition in US across all approved indications
- First half 2020 growth of in-market sales estimated to be >10% vs 2019 *

Isturisa® launch sequence successfully initiated



- Early performance of Isturisa® in the US and EU trending in line with expectations
- First commercial shipment in US on May 15th, with strong support from top US KOLs and patient organizations
- Launched in EU in France (early June), Germany (mid July) and Italy (late July under early access)
- Encouraging early patient uptake thanks to new patient acquisitions and the transition of early access patients
- Phase III LINC-4 trial met its primary endpoint in Cushing's Disease, confirming strong clinical profile
- Estimated 2020 Net Revenue of >€10 million, mainly in US
- NDA submission in Japan in March 2020, with expected launch in 2H 2021
- Isturisa® expected to achieve a leading market share, with peak year sales estimate of between € 300 and 350 million and potential further upside from expansion of indication to Cushing Syndrome in US and expansion in new territories

*Recordati books only margins on sales of Signifor® and Signifor LAR® until transfer of market authorizations and distribution from Novartis; in market sales performance estimated through net margin grossed for like for like comparison.

Main product sales

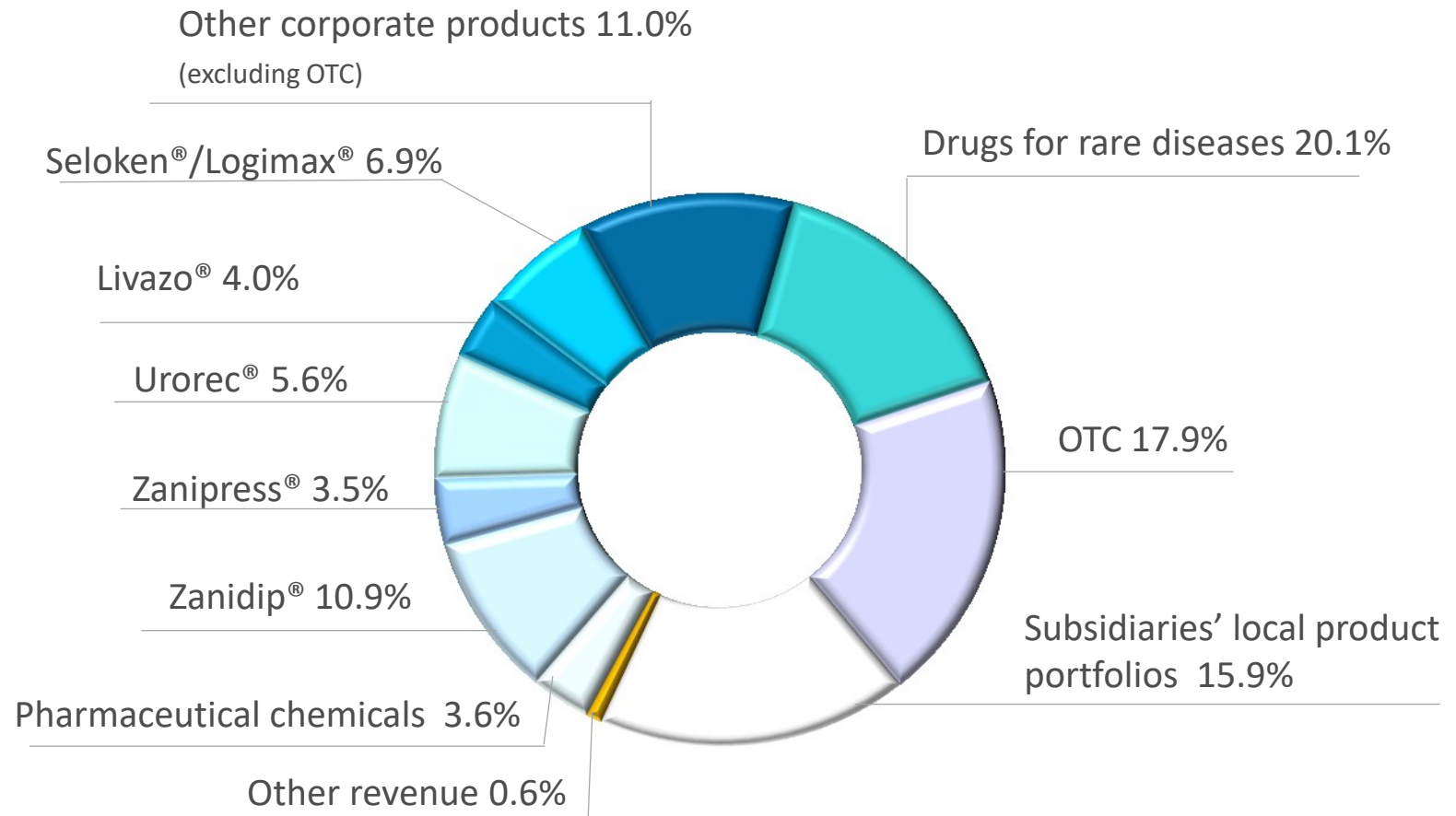
Corporate products including drugs for rare diseases account for 68.9% of revenue

(million Euro)	1H 2020	1H 2019	Change %
Zanidip® (lercanidipine)	82.6	70.8	16.6
Zanipress® (lercanidipine+enalapril)	26.9	29.2	(8.1)
Urorec® (silodosin)	42.3	54.5	(22.3)
Livazo® (pitavastatin)	30.2	26.7	13.0
Seloken®/Seloken® ZOK/Logimax® (metoprolol/metoprolol+felodipine)	52.4	48.7	7.6
Other corporate products ⁽¹⁾	136.6	153.0	(10.8)
Drugs for rare diseases ⁽²⁾	152.7	115.6	32.1

(1) Include the OTC corporate products for an amount of € 52.8 million in 2020 and € 62.1 million in 2019 (-15.0%)

(2) Includes revenue related to Signifor®, Signifor® LAR and Isturisa® of € 32.8 million in 1H 2020 and none in 1H 2019

A diversified product portfolio



Data: First half 2020
Total revenue € 760.2 m

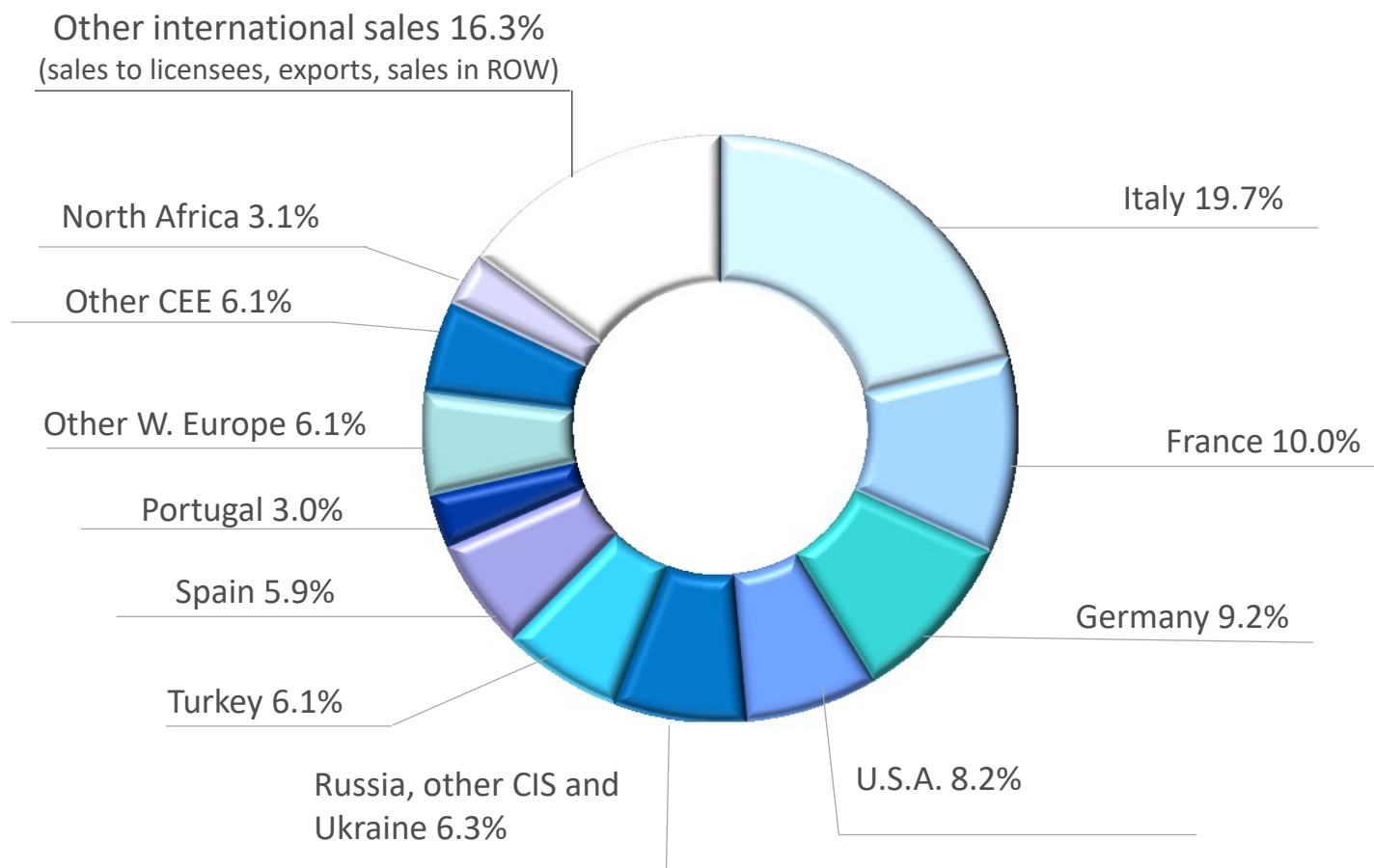
Composition of revenue by geography

(million Euro)	1H 2020	1H 2019	Change %
Italy	144.5	151.3	(4.5)
France	73.4	77.7	(5.5)
Germany	67.4	68.0	(0,8)
U.S.A.	60.1	51.6	16.4
Russia, other CIS countries and Ukraine	46.1	51.6	(10.7)
Turkey	44.8	44.1	1.6
Spain	43.0	46.6	(7.8)
Portugal	22.3	21.8	2.3
Other W. Europe countries	44.6	36.4	22.6
Other CEE countries	44.2	40.6	9.0
North Africa	22.8	20.6	10.4
Other international sales	119.6	107.7	11.0
TOTAL PHARMACEUTICALS ⁽¹⁾	732.8	718.0	2.1
(million Euro)	1H 2020	1H 2019	Change %
(In local currency, millions)	1H 2020	1H 2019	Change %
Russia (RUB) ⁽²⁾	2,722.8	2,955.6	(7.9)
Turkey (TRY) ⁽²⁾	303.7	265.7	14.3
U.S.A. (USD)	66.1	58.3	13.4

(1) Both years include sales as well as other income and exclude sales of pharmaceutical chemicals for an amount of € 27.4 million in 1H 2020 and € 25.2 million in 1H 2019 (+8.6%)

(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 half 2020
Pharmaceutical* revenue € 732.8 m

* Excluding sales of pharmaceutical chemicals which are € 27.4 million, up by 8.6% and represent 3.6% of total revenue.

First half 2020 results

(million Euro)	1H 2020		1H 2019		Change %
Revenue	760.2		743.3		2.3
Gross Profit	548.4		520.0		5.5
as % of revenue	72.1		70.0		
SG&A Expenses	210.9		218.5		(3.5)
as % of revenue	27.7		29.4		
R&D Expenses	71.2		59.8		19.2
as % of revenue	9.4		8.0		
Other Income (Expense), net	(4.8)		0.8		n.s.
as % of revenue	(0.6)		0.1		
Operating Income	261.5		242.6		7.8
as % of revenue	34.4		32.6		
Net Income	196.9		174.3		13.0
as % of revenue	25.9		23.4		
Adjusted Net Income ⁽¹⁾	225.6		193.1		16.8
as % of revenue	29.7		26.0		
EBITDA ⁽²⁾	311.1		279.3		11.4
as % of revenue	40.9		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.

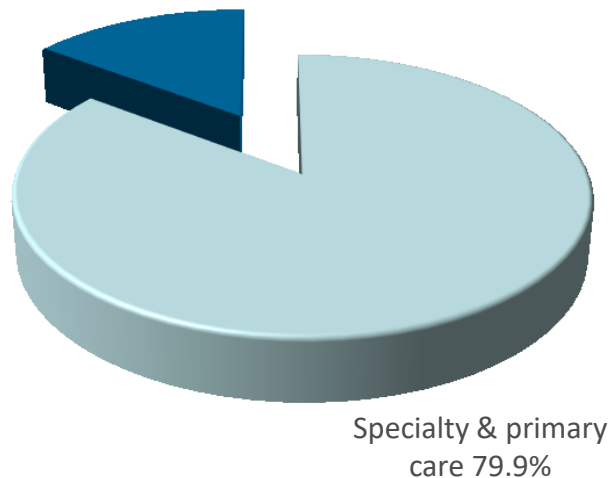
(2) Net income before financial (income) expense, provision for taxes, depreciation, amortization and write down of property, plant and equipment, intangible assets and goodwill, and non-recurring items.

First half 2020 results

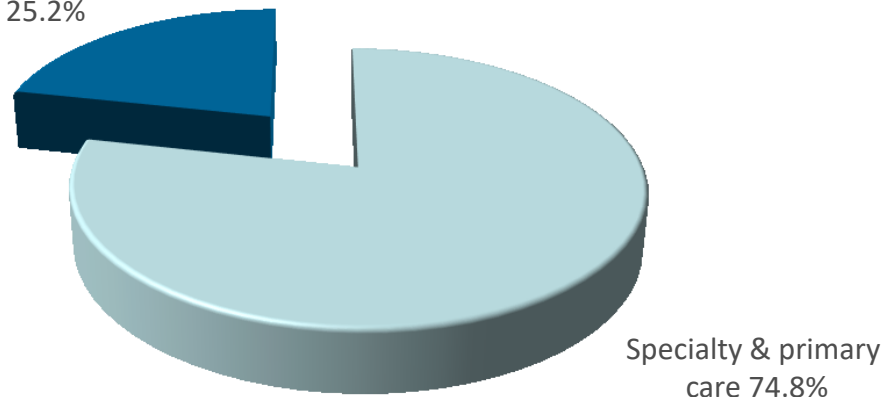
Operating Segments

Revenue

Treatments for rare diseases 20.1%

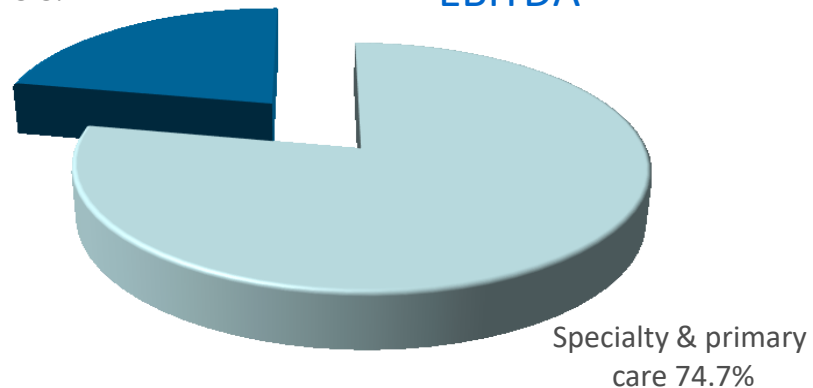


Treatments for rare diseases 25.2%



Treatments for rare diseases 25.3%

EBITDA



Margin on sales:

Treatments for rare diseases: EBITDA 51.5 EBIT 43.2%

Specialty & primary care: EBITDA 38.3%, EBIT 32.2%

Net financial position

(million Euro)	30 Jun 2020	31 Dec 2019	Change
Cash and short-term financial investments	218.4	187.9	30.5
Bank overdrafts and short-term loans	(6.5)	(13.4)	6.9
Loans and leases – due within one year*	(176.6)	(149.8)	(26.8)
Loans and leases – due after one year*	(957.7)	(927.4)	(30.3)
NET FINANCIAL POSITION	(922.4)	(902.7)	(19.7)

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

Net Revenue below original guidance, EBITDA and Adjusted Net Income confirmed

- Full year revenue forecast impacted by:
 - Adverse year on year FX headwinds of close to -2% (primarily TRY and RUB)
 - Lower Q2-Q3 demand driven by COVID-19 lockdowns impacting all markets, with expected only gradual return to normal operating conditions in the latter part of the year
- Signifor[®], Signifor[®] LAR and Isturisa[®] reported net revenue* now expected to be around € 80 million, with stronger underlying growth of Signifor[®]/Signifor[®] LAR and strong initial takeoff of Isturisa[®] US sales more than off-setting slight delay in EU MA transfer of Signifor[®]/Signifor[®] LAR
- COVID-19 lockdown impact on activity spend off-sets lower revenue and incremental investment in US behind early US Isturisa[®] launch
- EBITDA margin improvement on track, net of non-recurring COVID-19 costs (€ 6-8 million, mostly donations); expect margin to normalize in second half as field activity resumes
- Expect tax rate to be 22%-23%, thanks to slightly better country mix and higher on-going patent box benefit

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

Full year 2020 outlook

2020 EBITDA and Adjusted Net Income targets confirmed (expect lower end of range)

(million Euro)	2020 Targets announced Feb 2020	Updated 2020 Targets
Revenue	1,550 - 1,580	± 1,500
EBITDA ⁽¹⁾	580 - 590	580 - 590
Adjusted Net Income ⁽²⁾	408 - 418	408 - 418

(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.