

**RECORDATI: BOARD APPROVES THE 2012 ACCOUNTS. REVENUE € 828.3 MILLION (+8.7%), OPERATING INCOME € 167.0 MILLION (+2.1%), NET INCOME € 118.5 MILLION (+1.8%). 2012 DIVIDEND € 0.30.**

- *Consolidated revenue € 828.3 million, + 8.7%.*
- *Operating income € 167.0 million, + 2.1%.*
- *Net income € 118.5 million, + 1.8%.*
- *Net financial position\*: net debt of € 153.5 million.*
- *Dividend for 2012 € 0.30 per share, of which € 0.20 already paid.*
- *Targets for 2013: sales to exceed € 920 million, operating to exceed € 185 million and net income to exceed € 128 million.*
- *Annual Meeting of Shareholders convened for 17 April 2013, the sole convocation date.*

Milan, 7 March 2013 – Recordati's Board of Directors approved the consolidated financial statements for the year 2012 as well as Recordati S.p.A.'s accounts and the corporate governance and ownership report as required by art. 123 bis of the Consolidated Law on Financial Intermediation. The financial statements at and for the year ended 31 December 2012 and the aforesaid report will be available as from tomorrow 8 March 2013 at the company's head office and published on the company's website [www.recordati.com](http://www.recordati.com) and will also be available on the website of Borsa Italiana S.p.A.. The reports issued by the independent and by the statutory Auditors will be made available, within the terms of the law, in the same manner.

#### Financial highlights

- **Consolidated revenue** in 2012 is € 828.3 million, up by 8.7% compared to the preceding year. Pharmaceutical sales are € 797.4 million, an increase of 8.7% while pharmaceutical chemicals sales are € 30.9 million, an increase of 8.9%.
- **Operating income**, at 20.2% of sales, is € 167.0 million, an increase of 2.1% over the preceding year. Fourth quarter results include non-recurring costs related to the acquisition of the European rights to Grasp<sup>®</sup> (€ 5 million) and to the restructuring of our sales organization.
- **Net income** at 14.3% of sales is € 118.5 million, an increase of 1.8%.
- **Net financial position\*** at 31 December 2012 records a net debt of € 153.5 million as compared to a net debt of € 55.7 million at 31 December 2011. During the year € 21.0 million were paid for the acquisition of six OTC products in Germany, € 14.3 million overall were paid for the acquisitions in Poland of the pharmaceutical company Farma-Projekt plus a portfolio of products and € 66.7 million were paid for the acquisition of a product portfolio in Russia. Dividends for a total of € 61.4 million were distributed.

\* Cash and short-term financial investments net of bank overdrafts and medium/long-term loans which include the measurement at fair value of hedging derivatives (fair value hedge).

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## Business development news

A number of initiatives were pursued in 2012 which are fundamental for the future development of the Group.

- In February the activities for the preparation of a European Phase III clinical trial for REC 0482 (NX-1207), following the successful completion of a Scientific Advice meeting with the European Medicines Agency (EMA) were initiated. The pivotal controlled clinical trial will assess the efficacy and safety of a single TRUS-guided intraprostatic injection of the drug in patients with lower urinary tract symptoms (LUTS) associated with BPH not adequately controlled by medical therapy. A European licensing agreement for the development and commercialization of NX-1207 was signed in 2010 by Recordati and Nymox Pharmaceutical Corporation. Under the terms of the agreement Recordati received exclusive rights to develop and subsequently market and sell the drug in Europe including Russia and the CIS, the Middle East, South Africa and the Maghreb area of North Africa.
- During April the marketing authorizations, the trademarks and additional assets concerning six OTC pharmaceuticals for Germany were acquired from Cilag GmbH International and McNeil GmbH & Co. oHG. The products acquired are JHP-Rödler® (mint oil indicated for digestive disorder, headache, cough and cold), Betadorm® D (diphenhydramine HCl indicated for sleep disorders), Rhinopront® (pseudoephedrine+triprolidine indicated for rhinitis and head colds), Collomack® Topical (salicylic acid solution, an anti-corn preparation), Tirgon® (bisacodyl for constipation) and Xitix® (vitamin C lozenges to treat vitamin C deficiency). In 2012 the annual sales for the six products are of around € 6 million.
- In August the acquisition of 100% of the share capital of Farma-Projekt Sp. z o.o., a Polish pharmaceutical company with headquarters in Krakow, was concluded. The value of the transaction (enterprise value) is of PLN 71.0 million (€ 17.4 million) of which PLN 50.8 million (€ 12.5 million) were paid at the closing. Of the remaining balance a portion will be paid in tranches on future dates and a portion comprises the company's debt. Farma-Projekt operates on the Polish pharmaceutical market since 2003 and markets drugs belonging to a variety of therapeutic areas, mainly cardiovascular and urological treatments as well as dietary supplements. The company employs around 135 personnel, of which 84 are dedicated to sales and marketing. Sales in 2011 were of around PLN 47 million (€ 11.5 million).
- In October the oral care line of products bearing the Dentosan® trademark was acquired for the Italian market from Cilag GmbH International, part of the Johnson & Johnson Family of Consumer Companies. Dentosan® is the second leading brand in the Italian oral care market at pharmacy level (*IMS – September 2012*). The line consists of three product categories: mouthwash, toothpaste gel and toothbrushes, sold mainly in pharmacies, and of which the mouthwash category represents the most important franchise. All Dentosan® mouthwash brands - Dentosan® Azione Intensiva, Dentosan® Trattamento Mese and Dentosan® Ortodontico – are based on chlorhexidine at different concentrations and are highly appreciated by the professional dental community and consumers. Recordati is a very well-known name in the pharmacy and we are confident that this prestigious brand will become even more popular in the future.
- In November the acquisition of all rights to five product lines on the Russian market: Alfavit, Qudesan, Vetoron, Focus and Carnitone was successfully concluded. The value of the transaction is of RUB 2.7 billion (€ 67.2 million). The brands of the products acquired, which are OTC

pharmaceuticals and dietary supplements, are very well known in Russia. The Alfavit product line in particular comprises a wide range of formulations containing vitamins and minerals and holds a leading position on the market. Qudesan is based on coenzyme Q<sub>10</sub>, an adjuvant for cardiac function, promoted for the prevention and treatment of chronic fatigue and metabolic dysfunction. The key ingredient in Vektoron is beta-carotene, Focus contains bilberry anthocyanins and lutein for eye health and Carnitone is a source of L-carnitine. Total annual sales of the five product lines are of around RUB 1.0 billion (€ 25 million).

- Also in November subsidiary Orphan Europe and Erytech Pharma, a French biopharmaceutical company, entered into an agreement granting Orphan Europe the exclusive rights for the commercialization and distribution of Graspas<sup>®</sup> for the treatment of Acute Lymphoblastic Leukemia (ALL) and Acute Myeloid Leukemia (AML) in Europe. Graspas<sup>®</sup>, human erythrocytes encapsulating L-asparaginase, for the treatment of hematological malignancies, is currently in pivotal Phase II/III clinical trial for ALL and will enter a Phase IIb trial in AML in Europe. The product has obtained an orphan drug designation in Europe and the USA for ALL. Graspas<sup>®</sup> is a new formulation of L-asparaginase with a safer and broader range of clinical use than existing forms due to the entrapment and protection of the enzyme inside homologous red blood cells. The added value of Graspas<sup>®</sup> (by encapsulating L-asparaginase in red blood cells) relates to its ability to overcome existing limitations associated with conventional L-asparaginase via longer efficacy, better compliance, reduced doses and a better safety profile. Graspas<sup>®</sup> is intended to satisfy the unmet medical needs of frail patients, patients suffering relapses and other patient groups for whom the current treatments are not suitable.
- In December an agreement for the acquisition of all rights concerning a portfolio of products indicated for the treatment of rare and other diseases and marketed mainly in the United States of America, from Lundbeck LLC. was signed. The value of the transaction, which was successfully closed in January 2013 is of \$ 100 million. Expected revenues in 2013 for the acquired portfolio are of around \$ 40 million. The acquired portfolio will be marketed in the U.S. by Recordati Rare Diseases, a wholly-owned U.S. corporation. The main product in the portfolio is Panhematin<sup>®</sup> (haemin for injection) for the amelioration of recurrent attacks of acute intermittent porphyria. Other important drugs acquired are NeoProfen<sup>®</sup> (ibuprofen lysine injection) and Indocin<sup>®</sup> I.V. (indomethacin injection), indicated to close a clinically significant patent ductus arteriosus (PDA) in premature infants, and Cosmegen<sup>®</sup> (dactinomycin for injection) used mainly in the treatment of three rare cancers. The acquisition of this portfolio of products is a confirmation of Recordati's intention to become a leading player in rare diseases worldwide and will also contribute to the growth and enhancement of our current operation in the U.S..

### **Subsequent events and business outlook**

Group consolidated sales during the first two months of 2013 are in line with the company's expectations for the whole year. For 2013, targets are to achieve sales of more than € 920 million, operating income of more than € 185 million and net income of more than € 128 million. Objectives in the business plan are to achieve sales of between € 1.025 and € 1.075 billion, operating income of between € 210 and € 220 million and net income of between € 140 and € 150 million in 2015.

### **Dividend**

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of € 0.10 per share, in full balance of the interim 2012 dividend of € 0.20, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 25

April 2013 and record date on 24 April 2013, with ex-dividend on 22 April 2013. The full 2012 dividend is therefore of € 0.30 per share (€ 0.30 per share last year).

### **Further Board resolutions**

The Board of Directors approved the following deliberation proposals to be submitted to the Annual Meeting of Shareholders:

- the renewal of the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2013 financial statements;
- the examination of the Remuneration Policy pursuant to article 123-*ter* of Legislative Decree 58/98;
- the approval of Shareholders' Meeting regulations.

The objective of the proposal to renew the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2013 financial statements is, as in previous years, to grant the Board the possibility: of using shares for equity acquisitions or as consideration for strategic agreements; of allowing the company to invest in its own shares; and of constituting a stock of own shares to service current and future stock option plans. The company would be allowed to purchase up to 20,000,000 Recordati existing ordinary (common) shares, which includes those shares held in Treasury stock at any given time, for a maximum cash outlay of € 150,000,000 million. The purchase price must be at least equal to the shares' nominal value (€ 0.125) and must not exceed the average official Stock Exchange price recorded over the 5 trading days prior to the transaction, plus 5%. Possible purchases will be made on regulated markets and must comply with article 132 of Legislative Decree 58/1998 and with article 144-bis, comma 1.b) of the Issuers' Regulations as approved by CONSOB's resolution 11971/1999 and with market practice allowed and recognized by CONSOB. At 7 March 2013 the company has 8,225,790 shares in Treasury stock which amounts to 3.9334% of the current share capital.

The Board of Directors also approved the Remuneration Report pursuant to article 123-*ter* of the Legislative Decree 58/98, the first part of which is the Remuneration Policy to be submitted to the Annual Shareholders' Meeting. The Remuneration Report will be made available to the public within the terms of the law.

The Board of Directors also resolved to submit to the Shareholders' Meeting the approval of a Shareholders' Meeting Regulation, in compliance with the provisions of the Corporate Governance code. Further information will be provided in the Directors' report which will be made available at the company's head office and published on the company's website within the terms of law.

### **Call to an Annual Shareholders' Meeting**

The Board of Directors resolved to convene the Annual Shareholders' Meeting to be held at the company's offices on 17 April 2013 at 10.00 am, the sole convocation date, with the following agenda:

1. Annual Report of the Board of Directors; Statutory Auditors' Report; 2012 Financial Statements; inherent and consequent resolutions.
2. Remuneration policy pursuant to article 123-*ter* of the Legislative Decree 58/98; inherent and consequent resolutions.
3. Authorization proposal to buy back and dispose of Recordati shares; inherent and consequent resolutions.
4. Proposal to approve a Shareholders' Meeting regulation.

The convocation notice and the documents relative to the agenda will be published in the manner required and within the terms prescribed by current laws and regulations.

*Recordati, established in 1926, is a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), with a total staff of over 3,300, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Central and Eastern Europe, and in Turkey. A field force of more than 1,700 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 from companies which do not have a European presence. Recordati is committed to the research and development of new drug entities within the cardiovascular and urogenital therapeutic areas and of treatments for rare diseases. Consolidated revenue for 2011 was € 762.0 million, operating income was € 163.5 million and net income was € 116.4 million.*

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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 Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

<b>INCOME STATEMENT</b>	2012	2011	Change %
REVENUE	828,317	762,036	8.7
Cost of sales	(293,557)	(259,977)	12.9
<b>GROSS PROFIT</b>	<b>534,760</b>	<b>502,059</b>	<b>6.5</b>
Selling expenses	(250,566)	(232,160)	7.9
Research and development expenses	(63,407)	(55,956)	13.3
General & administrative expenses	(45,486)	(45,386)	0.2
Other income (expenses), net	(8,337)	(5,080)	64.1
<b>OPERATING INCOME</b>	<b>166,964</b>	<b>163,477</b>	<b>2.1</b>
Financial income (expenses), net	(6,626)	(3,465)	91.2
<b>PRE-TAX INCOME</b>	<b>160,338</b>	<b>160,012</b>	<b>0.2</b>
Provision for income taxes	(41,841)	(43,566)	(4.0)
<b>NET INCOME</b>	<b>118,497</b>	<b>116,446</b>	<b>1.8</b>
Attributable to:			
Equity holders of the parent	118,484	116,434	1.8
Minority interests	13	12	8.3

<b>EARNINGS PER SHARE</b>	2012	2011	
Basic	€ 0.593	€ 0.584	1.5
Diluted	€ 0.560	€ 0.556	0.7

Earnings per share (EPS) are based on average shares outstanding during each year, 199,722,208 in 2012 and 199,369,542 in 2011, net of average treasury stock which amounted to 9,402,948 shares in 2012 and to 9,755,614 shares in 2011. Diluted earnings per share is calculated taking into account stock options granted to employees.

<b>COMPOSITION OF REVENUE</b>	2012	2011	Change %
Total revenue	828,317	762,036	8.7
Italy	219,898	221,603	(0.8)
International	608,419	540,433	12.6

Pending completion of independent and statutory audits.

**RECORDATI GROUP**

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

<b>ASSETS</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Property, plant and equipment	59,972	55,397
Intangible assets	231,470	149,649
Goodwill	413,213	365,719
Equity investments	6,925	1,977
Non-current receivables	3,788	1,282
Deferred tax assets	22,837	22,494
<b>TOTAL NON-CURRENT ASSETS</b>	<b>738,205</b>	<b>596,518</b>
Inventories	126,388	108,251
Trade receivables	155,359	141,231
Other receivables	24,983	21,311
Other current assets	2,164	3,198
Fair value of hedging derivatives (fair value hedge)	1,371	1,791
Short-term financial investments, cash and cash equivalents	38,418	105,164
<b>TOTAL CURRENT ASSETS</b>	<b>348,683</b>	<b>380,946</b>
<b>TOTAL ASSETS</b>	<b>1,086,888</b>	<b>977,464</b>

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(46,254)	(53,215)
Hedging reserve	(4,983)	(4,227)
Translation reserve	(3,713)	(8,232)
Other reserves	26,326	26,600
Retained earnings	501,701	445,745
Net income for the year	118,484	116,434
Interim dividend	(40,077)	(38,525)
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>661,344</b>	<b>594,440</b>
Minority interest	53	40
<b>SHAREHOLDERS' EQUITY</b>	<b>661,397</b>	<b>594,480</b>
Loans due after one year	129,111	137,518
Employees' termination pay	17,862	16,692
Deferred tax liabilities	15,872	6,049
Other non-current liabilities	1,828	2,062
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>164,673</b>	<b>162,321</b>
Trade payables	106,926	98,678
Other payables	53,984	58,335
Tax liabilities	9,789	12,091
Other current liabilities	458	348
Provisions	20,544	21,813
Fair value of hedging derivatives (cash flow hedge)	4,983	4,227
Loans due within one year	8,147	11,616
Bank overdrafts	55,987	13,555
<b>TOTAL CURRENT LIABILITIES</b>	<b>260,818</b>	<b>220,663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,086,888</b>	<b>977,464</b>

Pending completion of independent and statutory audits.

**RECORDATI S.P.A.**

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

	2012	2011	Var. %
Revenue	275,811	272,243	1.3
Operating income	39,350	43,642	(9.8)
Pre-tax income	98,673	93,976	5.0
Net income	85,032	78,462	8.4

	31.12.2012	31.12.2011
Non-current assets	570,129	496,095
Current assets	190,637	174,165
<b>TOTAL ASSETS</b>	<b>760,766</b>	<b>670,260</b>
Shareholders' equity	336,357	307,644
Non-current liabilities	142,901	173,299
Current liabilities	281,508	189,317
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>760,766</b>	<b>670,260</b>

Pending completion of independent and statutory audits.

**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 document results, books and accounting records.