

BOARD APPROVES THE 2019 ACCOUNTS. SALES € 1,481.8 MILLION (+9.6%), EBITDA € 544.0 MILLION (+9.0%). 2019 DIVIDEND € 1.00 (+8.7%).

- Consolidated revenues € 1,481.8 million, +9.6%.
- EBITDA ⁽¹⁾ € 544.0 million, +9,0%.
- Operating income € 465.3 million, +5.2%.
- Net income € 368.9 million, +18.1%, includes an extraordinary tax benefit of € 27.0 million from the so-called “patent box” agreed with the Italian tax authorities in December 2019. Excluding this benefit net income would have been € 341.9 million, +9.4%.
- Net financial position ⁽²⁾: net debt of € 902.7 million.
- Subsequent events: Isturisa® (osilodrostat) approved in EU in January 2020 for Cushing’s syndrome and in the USA in March 2020 for Cushing’s disease.
- Dividend for 2019 € 1.00 per share, of which € 0.48 already paid.
- Resignation of Chairman Mr Flemming Ørnskov and of the Board members Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro, effective as from the next Shareholders’ Meeting, due to increased professional commitments.
- Appointment of the manager responsible for preparing the Company’s financial reports.
- Annual Meeting of Shareholders convened for 29 April 2020, the sole convocation date.

Milan, 18 March 2020 – Recordati’s Board of Directors approved the consolidated financial statements for the year 2019 as well as Recordati S.p.A.’s accounts and the 2019 corporate governance and ownership report as required by art. 123bis of the Consolidated Law on Financial Intermediation. The financial statements at, and for the year ended, 31 December 2019 and the aforesaid report as well as the reports issued by the independent and by the statutory Auditors will be made available, within the terms of the law, at the company’s head office and published on the company’s website www.recordati.com and can also be viewed on the authorized storage system 1Info (www.1Info.it). The Board of Directors also approved the consolidated non financial information disclosure, pursuant to Legislative Decree n. 254, dated 31 December 2019 which will be made available in the same manner.

Financial highlights

- **Consolidated revenues** in 2019 are € 1,481.8 million, up by 9.6% compared to the preceding year. International sales grow by 10.7%.
- **EBITDA** ⁽¹⁾, at 36.7% of sales, is € 544.0 million, an increase of 9.0% over 2018.
- **Operating income**, at 31.4% of sales, is € 465.3 million, an increase of 5.2% over the preceding year.
- **Net income**, at 24.9% of sales, is € 368.9 million, a significant increase of 18.1% over 2018, due to operating income growth and to the tax benefit from the so-called “patent box” agreed with the Italian tax authorities in December 2019. The total benefit amounts to € 35.3 million of which € 27.0 million from previous years and € 8.3 million related to 2019. Excluding benefit related to prior years net income would have been € 341.9 million, up 9.4% and 23.1% of sales.

RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.p.A.

Sede Legale
VIA M. CIVITALI, 1
20148 MILANO, ITALIA
TEL. (39) 0248787.1
FAX (39) 0240073747

CAPITALE SOCIALE € 26.140.644,50 i.v.
REG. IMP. MILANO, MONZA, BRIANZA e LODI 00748210150
CODICE FISCALE/P. IVA 00748210150
R.E.A. MILANO 401832

Società Soggetta all’attività di Direzione e Coordinamento di Rossini Luxembourg S.à.r.l

- **Net financial position** ⁽²⁾ at 31 December 2019 records a net debt of € 902.7 million compared to net debt of € 588.4 million at 31 December 2018 reflecting dividends distributed for an amount of € 190.9 million and payments for an important acquisition, milestones and licenses for a total of € 425 million.

⁽¹⁾ Net income before net interest, provision for taxes, depreciation, amortization and write down of both property, plant and equipment and intangible assets.

⁽²⁾ Cash and short-term financial investments less bank overdrafts and loans which include the measurement at fair value of hedging derivatives.

Business development news

In February, Recordati signed a license agreement with Aegerion Pharmaceuticals Inc., a subsidiary of Novilion Therapeutics Inc., for the exclusive rights to commercialize Juxtapid[®], currently approved for the treatment of homozygous familial hypercholesterolemia (HoFH), in Japan. The agreement includes a right of first negotiation for product commercialization in Japan of any potential new indications that may be developed by Aegerion. Upon signing of the agreement an upfront payment of \$ 25 million was paid to Aegerion and a milestone of \$ 5 million was paid in June. The agreement includes commercial milestones and royalty payments. In 2018 sales of the product in Japan were of \$ 10.8 million. The addition of Juxtapid[®] to our portfolio of rare disease products in Japan is very important for the development of our recently established subsidiary in this country, given its potential for significant growth.

Recordati Rare Diseases, a worldwide leader in rare diseases and orphan drugs, recently announced that its strategy aimed at establishing a direct presence in the key markets across all continents has been successfully executed. Local Recordati Rare Diseases companies are now active in North America, Latin America, Europe, Middle East and Asia Pacific. Several companies formerly operating under the name of Orphan Europe were recently renamed Recordati Rare Diseases, which is today the global brand of Recordati's organization dedicated to treatments for rare diseases and orphan drugs. Orphan Europe, founded in 1990, pioneered the development of orphan drugs in Europe and became part of Recordati in 2007.

On 12 July 2019 an agreement was signed with Novartis for the acquisition of worldwide rights to Signifor[®] and Signifor[®] LAR[®] for the treatment of Cushing's disease and acromegaly in adult patients for whom surgery is not an option or for whom surgery has failed. Worldwide sales of Signifor[®] in 2019 were \$ 75 million. The agreement also covers the acquisition of worldwide rights to Isturisa[®] (osilodrostat), an investigational innovative drug for the treatment of endogenous Cushing's syndrome, for which marketing authorization was granted by the European Commission in January 2020 and approval obtained in the USA in March 2020. The transaction was completed on 23 October 2019 and a consideration of \$ 390 million, funded by existing liquidity and new debt facilities, was paid to Novartis. Subsequently, additional milestone payments contingent upon the approval and market access of Isturisa[®] as well as royalties on sales of this new product, will be due. Cushing's syndrome includes Cushing's disease, a severe endocrine disease caused by a pituitary adenoma which results in over-production of cortisol by the adrenal glands and is associated with increased morbidity and mortality. Acromegaly is caused by an overexposure to growth hormone consequent to a pituitary adenoma. Signifor[®] contains the active substance pasireotide, a somatostatin analogue that helps to

control the over-production of cortisol and improve the symptoms of Cushing's disease. The active ingredient in Isturisa[®], osilodrostat, orally administered, inhibits the final step of cortisol synthesis in the adrenal cortex. This new drug for endogenous Cushing's syndrome is expected to represent an effective new treatment option for patients.

Business outlook

On 14 February 2020 the company announced the following financial targets for 2020: sales ranging from € 1,550 million to € 1,580 million, an EBITDA of between € 580 and € 590 million, EBIT of between € 490 and € 500 million and net income of between € 360 and € 370 million.

Group consolidated sales during the first two months of 2020 are in line with our expectations. In the face of the epidemiologic emergency due to the COVID-19 virus, the Group is implementing all possible measures and initiatives to guarantee the supply of medicines to its patients and the safety of its employees. Given the complex and constantly evolving situation it is not possible to predict possible future impacts at this time.

Dividend

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of € 0.52 per share, in full balance of the interim 2019 dividend of € 0.48, to be paid to all shares outstanding at ex-dividend date, excluding those in treasury stock, as from 20 May 2020 (record date 19 May 2020), with ex-dividend on 18 May 2020 (against presentation of coupon no. 25). The full 2019 dividend is therefore of € 1.00 per share (€ 0.92 per share in 2018).

Resignation of Chairman Mr Flemming Ørnskov and of the Board members Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro, effective as from the next Shareholders' Meeting

The Company, today, 18 March 2020, received notice of the resignation of Mr Flemming Ørnskov as Chairman and member of the Company's Board of Directors as well as that of Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro as members of the Board of Directors, effective as from the next Shareholders' Meeting, due to increased professional commitments.

In light of the resignation of Mr Flemming Ørnskov, the Board of Directors intends to appoint, as soon as Mr Ørnskov's resignation becomes effective, Mr Alfredo Altavilla as new Chairman of the Board of Directors.

FIMEI S.p.A. (Recordati's majority shareholder) has communicated to the Company that, in view of possible resignations of members of the Board, it has already selected a limited number of high profile candidates to the Board that will be proposed to the next Shareholders' Meeting of the Company in order to further strengthen the composition of the Board also in terms of specific pharmaceutical market experience.

Mr Flemming Ørnskov is Chairman and non executive member of the Board; Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro are qualified as executive members of the Board as

per the Code of Corporate Governance as they have management roles in companies belonging to the majority shareholder's group which also involve the Company, but do not have individual operational delegations. Mr Flemming Ørnskov, Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro are not shareholders in the Company.

The Chief Executive Officer, on behalf of the Board of Directors, thanks Mr Flemming Ørnskov, Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro for their contributions while members of the Board.

Appointment of the Manager responsible for preparing the Company's financial reports

Following the appointment of Mr Luigi La Corte as Group Chief Financial Officer on 1 November 2019, already announced on 31 October 2019, and the approval of Recordati's 2019 financial accounts and of this press release by the Board of Directors today, the latter resolved, with the prior favourable opinion of the Statutory Auditors and of the Internal Control, Risk and Sustainability Committee, to nominate, with immediate effect, Mr Luigi La Corte as Manager responsible for preparing the company's financial reports pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, in substitution of Mr Fritz Squindo, who resigned from this role on the same date. Mr Fritz Squindo, member of the Board of Directors, remains Group General Manager.

Further Board resolutions

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

- Integration of the Board of Directors following the re-determination of the number of Board members and relative and consequent resolutions:
 - a) Determination of the number of members of the Board of Directors;
 - b) Appointment of the members of the Board of Directors and integration of the current Board;
 - c) Determination of the remuneration and integration of the resolutions made by the 5th February 2019 Shareholders' Meeting;
 - d) Exemption of the Board members from the non-compete obligations pursuant to art. 2390 of the Civil Code.
- appointment of the Statutory Auditors, whose mandate ends with the Shareholders' Meeting being called;
- appointment of the external auditors for the years 2020-2028 and determination of their remuneration;
- approval of the report on remuneration policies and payments made pursuant to article 123ter of Legislative Decree 58/1998:
 - a) Binding resolution on the first section relative to remuneration policy;
 - b) Non binding resolution on the second section relative to 2019 payments made.
- renewal of the authorization to buy back and dispose of Recordati shares until the Annual Shareholders' Meeting which will approve the 2020 financial statements;

Following the resignations of Chairman Mr Flemming Ørnskov and of the Board members Mr Søren Vestergaard-Poulsen and Mr Francisco Javier de Jaime Guijarro, effective from the next Shareholders' Meeting, the Board of Directors resolved to propose to the Assembly the integration of the Board of Directors after having determined the number of Board members. In this regard, the Board resolved to formulate, in the report of the Board to the Assembly on this point, guidance to the Shareholders aimed at reinforcing the composition of the Board in terms of specific pharmaceutical market experience and increasing the proportion of independent directors.

It should be noted that, for the appointment of the new directors, since the majority of the directors appointed by the Shareholders' Meeting remains in office, it is not necessary to present slates and, therefore, the appointment of the new directors completing the Board in office shall take place through a resolution passed with a majority vote.

The appointment of the Statutory Auditors will be made in compliance with regulations on gender balance, based on lists and the necessary percentage of share ownership for the presentation of a list is 1% of the share capital with voting rights at the General Assembly.

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 2020 financial statements is, as in previous years, to grant the Board the possibility of:

- (i) fulfilling the obligations arising from the stock option plans already adopted by the Company and other stock option plans which might be approved in future;
- (ii) carrying out industrial initiatives, since the authorization to purchase treasury stock will allow transactions such as the sale, contribution and exchange of treasury stock in order to acquire stakes in companies and/or to reach agreements with strategic partners within the Group's expansion objectives;
- (iii) supporting the Recordati shares' liquidity, in order to promote the regular course of the shares' negotiations and avoid price fluctuations inconsistent with the market trend.

The company would be allowed to purchase up to 5,000,000 shares, keeping in mind however, that the nominal value of treasury stock held by the Company must never exceed one fifth of the share capital, taking into account shares which could be held by subsidiaries, for a maximum cash outlay of € 200,000,000. 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 may be made by appointing specialized intermediaries and must be made in compliance with applicable legislation and can be done in line with the market practice approved by Consob according to art. 13 Reg. EU 596/2014 where applicable. At 17 March 2020 the company has 4,210,619 shares in Treasury stock which amounts to 2.0134% of the current share capital.

Call to an Annual Shareholders' Meeting and documentation

The Board of Directors resolved to convene the Annual Shareholders' Meeting to be held at the company's offices on 29 April 2020 at 9.30 am, the sole convocation date, with the following agenda:

1. Board of Directors' Review of Operations; Report of the Board of Statutory Auditors; Financial

Statements as at and for the financial year ended 31st December 2019; relative and consequent resolutions:

- a. Financial Statements as at and for the financial year ended 31st December 2019;
 - b. Allocation of 2019 net income.
2. Integration of the Board of Directors following the re-determination of the number of Board members and relative and consequent resolutions:
 - a. Determination of the number of members of the Board of Directors;
 - b. Appointment of the members of the Board of Directors and integration of the current Board;
 - c. Determination of the remuneration and integration of resolutions taken by the 5th February 2019 Shareholders' Meeting.
 - d. Exemption of the Board members from the non-compete obligations pursuant to art. 2390 of the Civil Code.
 3. Appointment of the Statutory Auditors:
 - a. Appointment of the members of the Statutory Auditors and their Chairman;
 - b. Determination of their remuneration.
 4. Appointment of the external auditors for the years 2020-2028 and determination of the relative remuneration.
 5. Report on remuneration policies and payments made in accordance with article 123-ter of Legislative Decree No. 58 of 24th February 1998:
 - a. Binding resolution on the first section relative to remuneration policies;
 - b. Non binding resolution on the second section relative to payments made in 2019.
 6. Proposal to authorise the purchase and utilisation of treasury stock; relative and consequent resolutions.

The entire notice of call of an Ordinary Shareholders' Meeting will be made publicly according to the terms set out in the applicable provisions on the company's website www.recordati.com and on the authorized storage system 1Info (www.1Info.it).

It should be noted that, pursuant to art. 106, comma 4, Legislative Decree 17 March 2020 n. 18, participation in the Assembly by those entitled to vote is allowed exclusively through the representative appointed by the Company pursuant to art. 135-*undecies* of the Legislative Decree 58/98, to which delegation must be conferred, under the terms and conditions indicated in the notice of convocation. Delegations or sub-delegations may be conferred to the abovementioned appointed representative pursuant to art. 135-*novies* of Legislative Decree 58 dated 24 February 1998, in derogation of art. 135-*undecies*, comma 4, of the same decree.

Within the terms prescribed by current laws and regulations, the Directors' reports on the points of the Shareholders' Meeting agenda and any other documents relative to the Shareholders' Meeting agenda will be made available on the company website and on the authorized storage system 1Info (www.1Info.it).

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 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.

For further information:

Recordati website: www.recordati.com

Investor Relations

Marianne Tatschke

(39)0248787393

e-mail: investorelations@recordati.it

Media Relations

Studio Noris Morano

(39)0276004736, (39)0276004745

e-mail: norismorano@studionorismorano.com

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 (IFRS)
(thousands of €)

INCOME STATEMENT	2019	2018*	Change %
REVENUE	1,481,848	1,352,235	9.6
Cost of sales	(436,901)	(395,569)	10.4
GROSS PROFIT	1,044,947	956,666	9.2
Selling expenses	(372,803)	(333,497)	11.8
Research and development expenses	(129,681)	(109,693)	18.2
General & administrative expenses	(72,783)	(67,722)	7.5
Other income (expenses), net	(4,414)	(3,535)	24.9
OPERATING INCOME	465,266	442,219	5.2
Financial income (expenses), net	(21,122)	(24,284)	(13.0)
PRE-TAX INCOME	444,144	417,935	6.3
Provision for income taxes**	(75,278)	(105,513)	(28.7)
NET INCOME	368,866	312,422	18.1
Attributable to:			
Equity holders of the parent	368,825	312,376	18.1
Minority interests	41	46	(10.9)

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the possible cumulative effect of initially applying IFRS 16, not significant for the Group, is recognised in retained earnings at the date of initial application.

**Provision for income taxes in 2019 includes a non-recurring tax benefit provided by the so-called "patent box": € 27.0 million relative to previous years and € 8.3 million related to 2019.

EARNINGS PER SHARE	2019	2018	Change %
Basic	€ 1.800	€ 1.529	17.7
Diluted	€ 1.764	€ 1.494	18.1

Earnings per share (EPS) are based on average shares outstanding during each year, 204,959,193 in 2019 and 204,379,165 in 2018, net of average treasury stock which amounted to 4,165,963 shares in 2019 and 4,745,991 shares in 2018.

Diluted earnings per share is calculated taking into account stock options granted to company personnel.

COMPOSITION OF REVENUE	2019	2018	Change %
Total revenue	1,481,848	1,352,235	9.6
Italy	287,289	273,197	5.2
International	1,194,559	1,079,038	10.7

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 (IFRS)
(thousands of €)

ASSETS	31.12.2019	31.12.2018*
Property, plant and equipment	133,342	103,582
Intangible assets	1,161,760	672,106 **
Goodwill	577,973	577,786 **
Equity investments	38,566	20,773
Non-current receivables	16,426	5,860
Deferred tax assets	71,513	81,227 **
TOTAL NON-CURRENT ASSETS	1,999,580	1,461,334
Inventories	226,885	206,084
Trade receivables	296,961	245,742
Other receivables	79,949	38,462
Other current assets	7,683	5,193
Fair value of hedging derivatives (cash flow hedge)	9,949	6,414
Short-term financial investments, cash and cash equivalents	187,923	198,036
TOTAL CURRENT ASSETS	809,350	699,931
TOTAL ASSETS	2,808,930	2,161,265

*The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the possible cumulative effect of initially applying IFRS 16, not significant for the Group, is recognised in retained earnings at the date of initial application.

** Restated amounts following the change in the allocation of the price paid for the acquisition of Tonipharm S.a.s.

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 (IFRS)
(thousands of €)

EQUITY AND LIABILITIES	31.12.2019	31.12.2018*
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(93,480)	(145,608)
Hedging reserve	(5,357)	(8,399)
Translation reserve	(146,866)	(154,146)
Other reserves	64,651	43,081
Retained earnings	999,708	897,990
Net income for the period	368,825	312,376
Interim dividend	(98,764)	(91,761)
Equity attributable to the holders of the Parent	1,198,577	963,393
Non-controlling interests	234	193
TOTAL EQUITY	1,198,811	963,586
Loans due after one year	937,344	640,647
Employees' termination pay	20,557	19,547
Deferred tax liabilities	43,172	43,486 **
Other non-current liabilities	22,292	3,257
TOTAL NON-CURRENT LIABILITIES	1,023,365	706,937
Trade payables	175,481	165,020
Other payables	185,706	85,534
Tax liabilities	21,094	42,149
Other current liabilities	12,543	19,359
Provisions	17,933	21,446
Fair value of hedging derivatives (cash flow hedge)	10,788	9,746
Loans due within one year	149,817	130,583
Bank overdrafts and short-term loans	13,392	16,905
TOTAL CURRENT LIABILITIES	586,754	490,742
TOTAL EQUITY AND LIABILITIES	2,808,930	2,161,265

*The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the possible cumulative effect of initially applying IFRS 16, not significant for the Group, is recognised in retained earnings at the date of initial application.

** Restated amounts following the change in the allocation of the price paid for the acquisition of Tonipharm S.a.s.

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 (IFRS)
(thousands of €)

	2019	2018	Change %
Revenue	446,883	450,741	(0.9)
Operating income	132,065	152,175	(13.2)
Pre-tax income	240,781	263,896	(8.8)
Net income	241,092	217,330	10.9

	31.12.2019	31.12.2018
Non-current assets	1,597,320	1,253,889
Current assets	391,986	310,340
TOTAL ASSETS	1,989,306	1,564,229
Shareholders' equity	435,426	336,058
Non-current liabilities	991,794	707,431
Current liabilities	562,086	520,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,989,306	1,564,229

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.