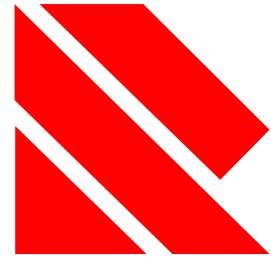


RECORDATI



RECORDATI

Expanding pharma operations

ING 2004 European Healthcare Conference
London, December 8, 2004



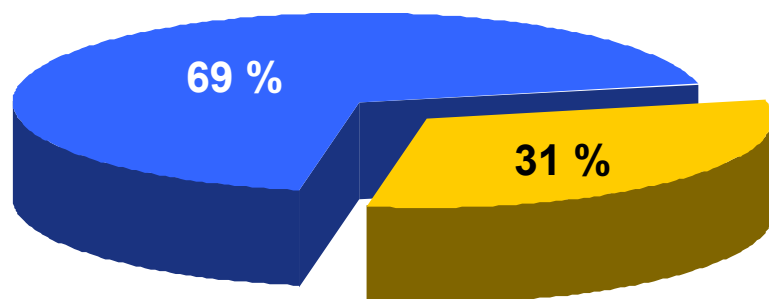
RECORDATI

Company profile

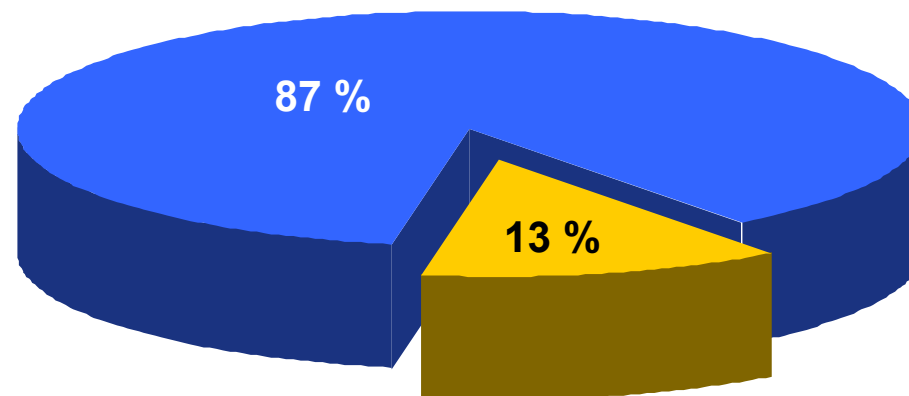
- **A fully integrated pharmaceutical company listed on the Italian Stock Exchange since 1984**
- **Original research focused on cardiovascular and urological fields**
- **Direct operations in Italy, France and Spain covering a broad range of therapeutic areas**
- **Proprietary products sold worldwide through licensees**
- **Non-core activity: manufacturing and sales of pharmaceutical API's**

Composition of sales

1999 (€ 272 m)



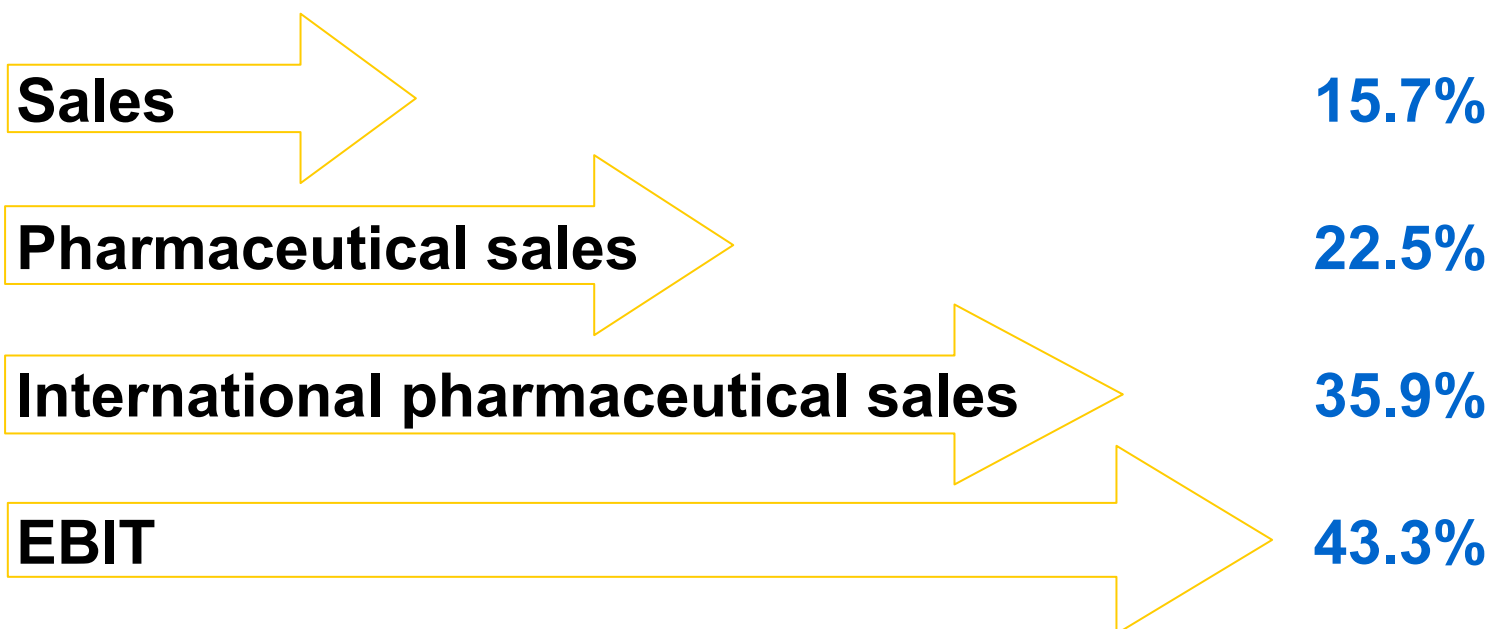
2003 (€ 488 m)



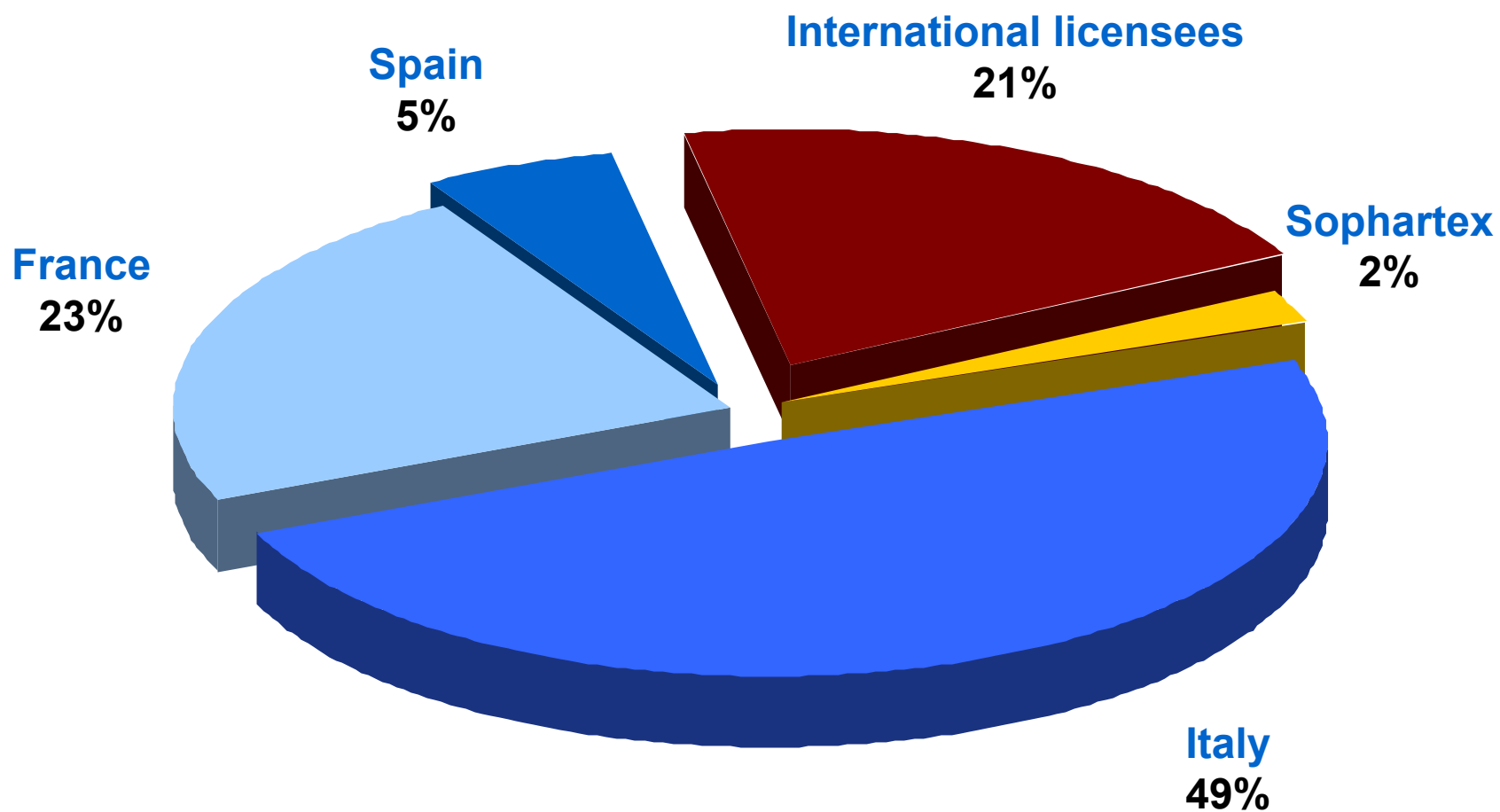
■ Pharmaceuticals

■ Pharmaceutical chemicals

CAGRs from 1999 to 2003



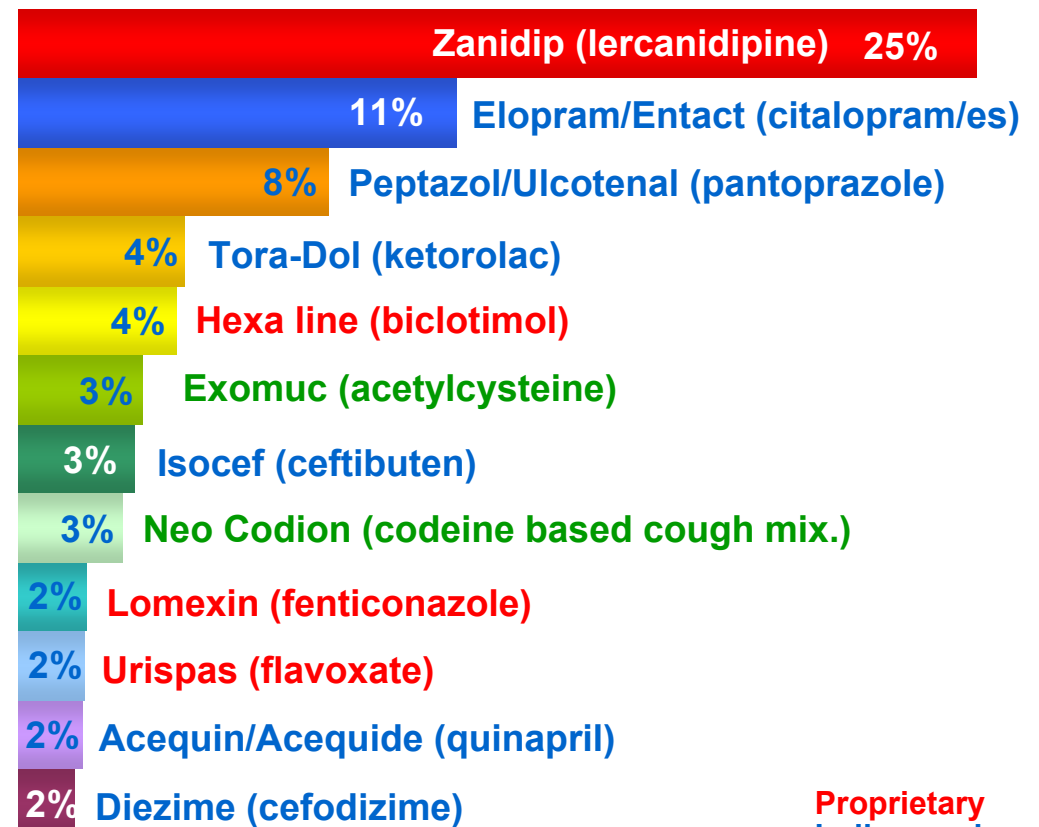
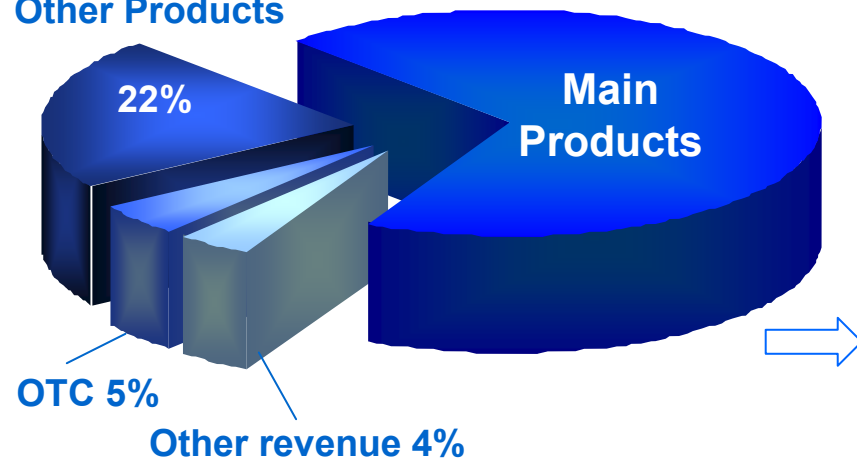
Breakdown of first nine months 2004 pharmaceutical sales



Main products

Breakdown of 12 months pharmaceutical sales at September 2004
(€ 442 m)

Other Products



Proprietary
In-licensed
Branded generics

ZANIDIP[®] (lercanidipine)

- Next generation calcium-channel blocker and first lipophilic DHP CCB to be filed with the FDA.
- Natural once a day. Potent, long-lasting vasodilatory activity. Highly vasoselective with gradual onset, smooth and uniform blood pressure lowering activity.
- **Efficacy as best in class.** Significantly **improved tolerability** over other DHP's.
- Hypertension market worth \$35 billion, CCB's about \$10 billion, of which around two thirds in U.S.A. and Japan.
- Leader is Norvasc[®] (amlodipine) with over one third market share

Lercanidipine – Roll out status and plan

66 launches
22 additional approvals
19 filings

EUROPE

1998 Italy, Spain, UK
2000 Germany
2001 France

ROW

JAPAN

USA

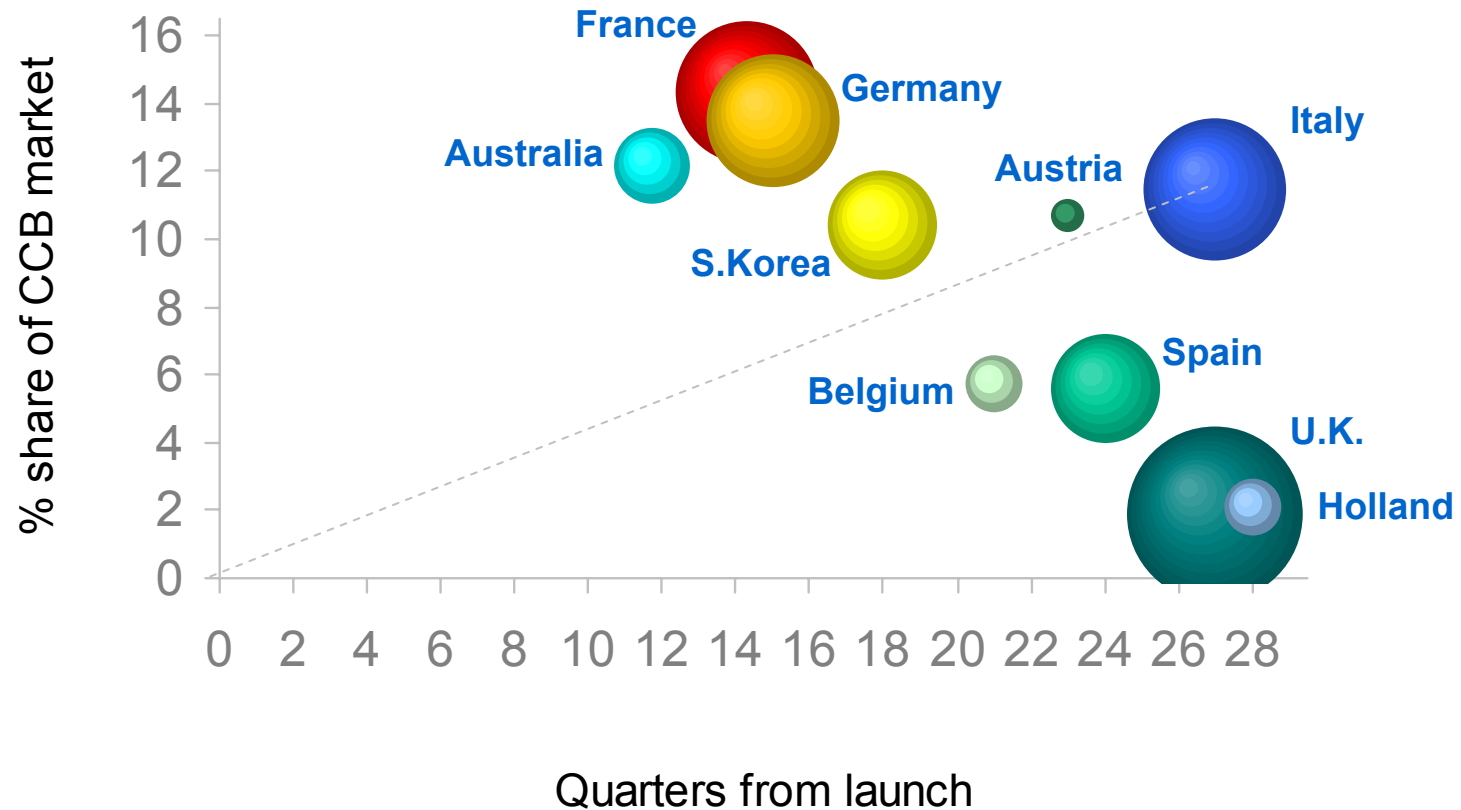
modified release formulation
in development



(Pie slices represent relative market value of calcium channel blockers)

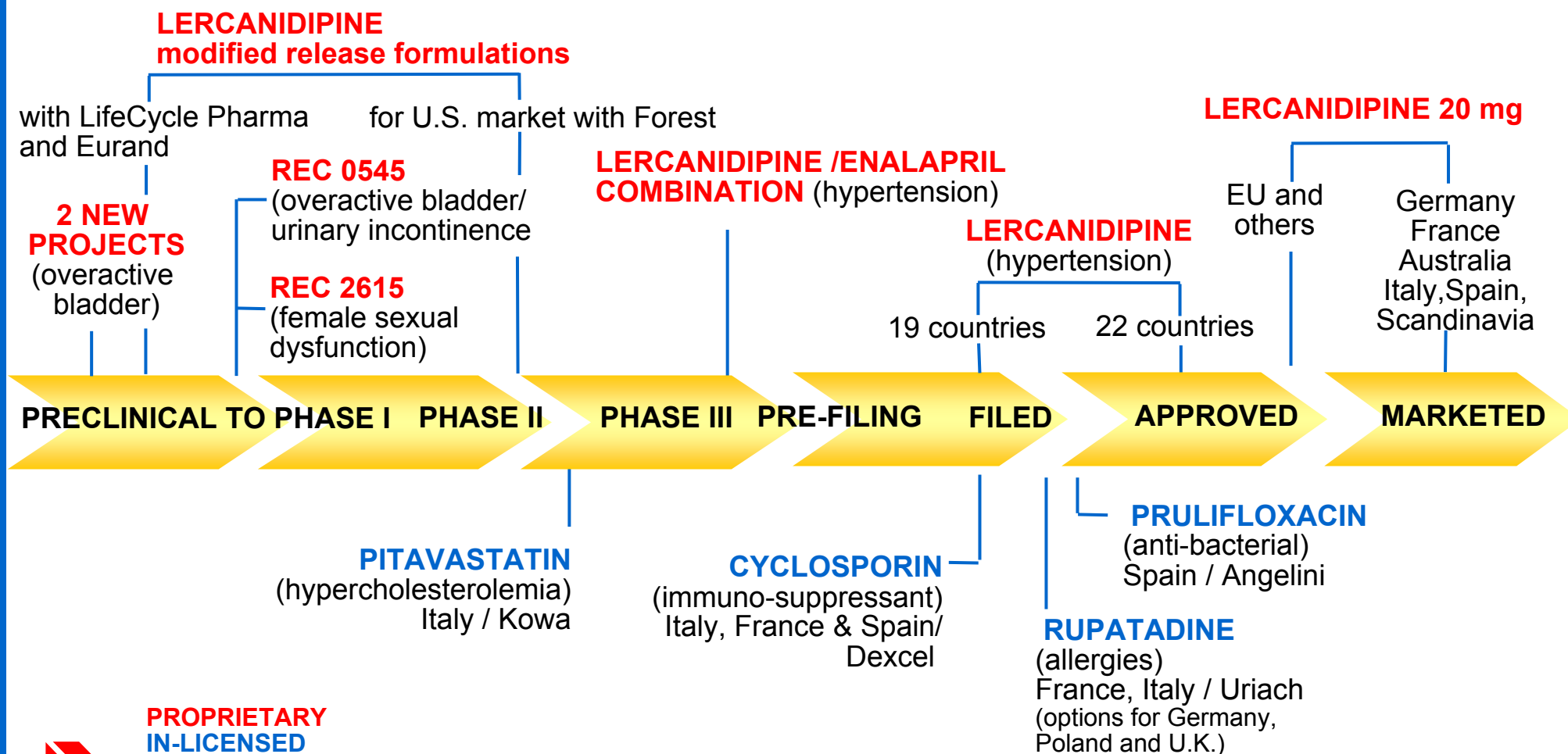
Lercanidipine as a % of all calcium channel blockers

Bubble size represents \$ market value of CCB's



Source: IMS data - 3Q 2004

Product pipeline



Lercanidipine life cycle management

- **Lercanidipine**
 - 20mg strength approved in Europe and other countries. Launched in Germany, France and Australia in 2003, Italy, Spain and Scandinavia in 1Q 2004, roll-out continues
 - Modified release formulation under development with Forest Labs for the U.S. market
 - Agreements with LifeCycle Pharma and Eurand for the development of modified release formulations for the European and other markets
 - Patent life in extension, two new patent applications published
- **Lercanidipine-enalapril fixed combination**
 - New aggressive targets for blood pressure control
 - Combination of drugs needed for most patients
 - Patient compliance
 - Fixed combinations will play a significant role in the future hypertension market
 - Phase III nearing completion, filing in EU expected at end 2004



Ongoing R&D in urology - micturition disorders

- Micturition disorders affect over 70 million people in the major pharmaceutical markets
- Only 20% are diagnosed and not all receive or are able to tolerate the current pharmacological therapies
- Anticholinergic agents are the most commonly used drugs for the treatment of urinary incontinence
- They are effective but have many side effects
- Sales of drugs for urge incontinence are estimated to reach \$ 1.6 billion in 2008

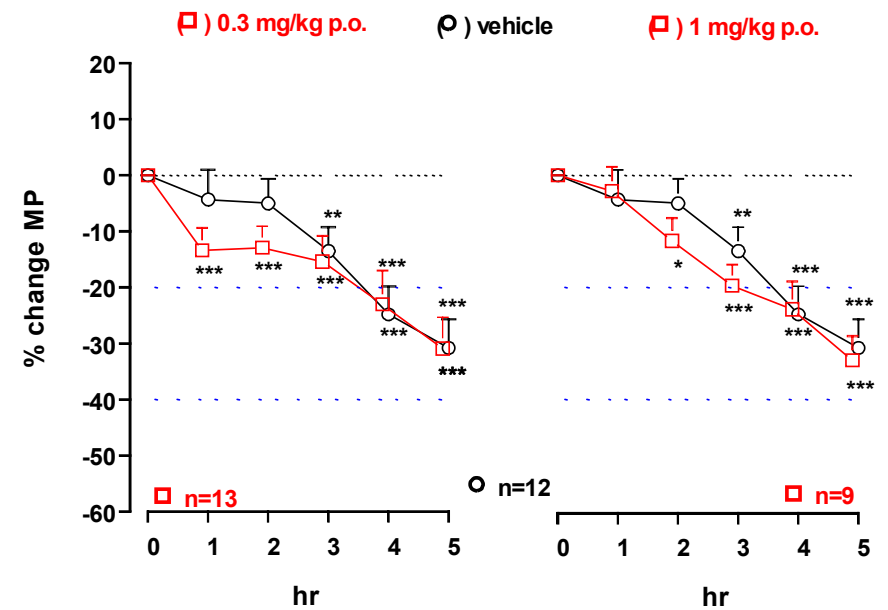
Ongoing R&D in urology - micturition disorders

- Recordati has long standing research expertise in the urogenital field
- Research activity has moved towards the study of the central nervous system mechanisms that control the bladder's function
- A new target for novel drugs was identified, the 5-HT_{1A} serotonergic receptor
- Rec 0545 is an antagonist of the 5-HT_{1A} receptor and is currently entering the proof of concept clinical program
- This molecule acts through an innovative mechanism and could present an improved tolerability profile over the anticholinergics

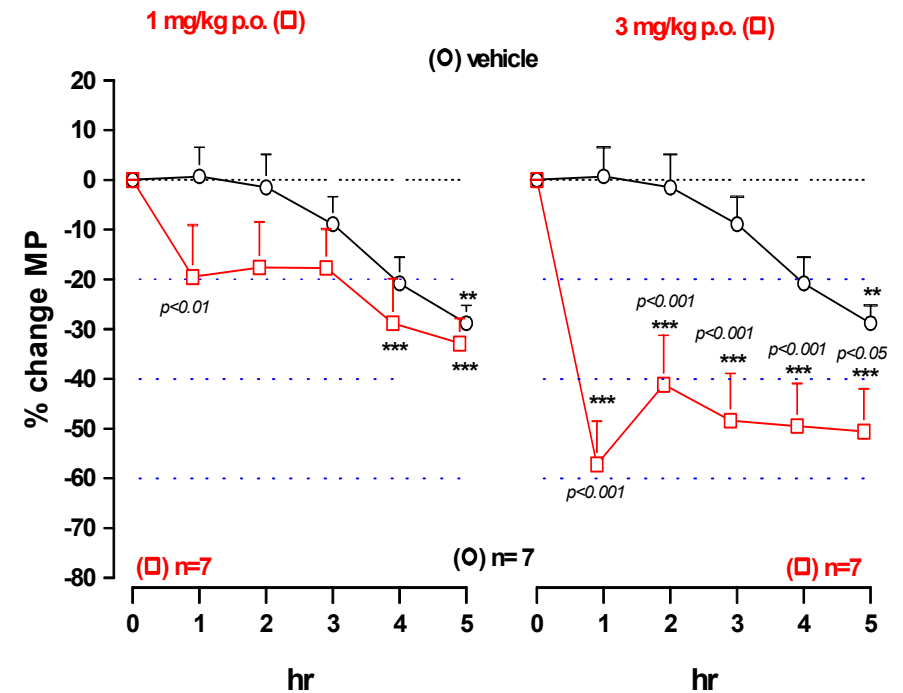
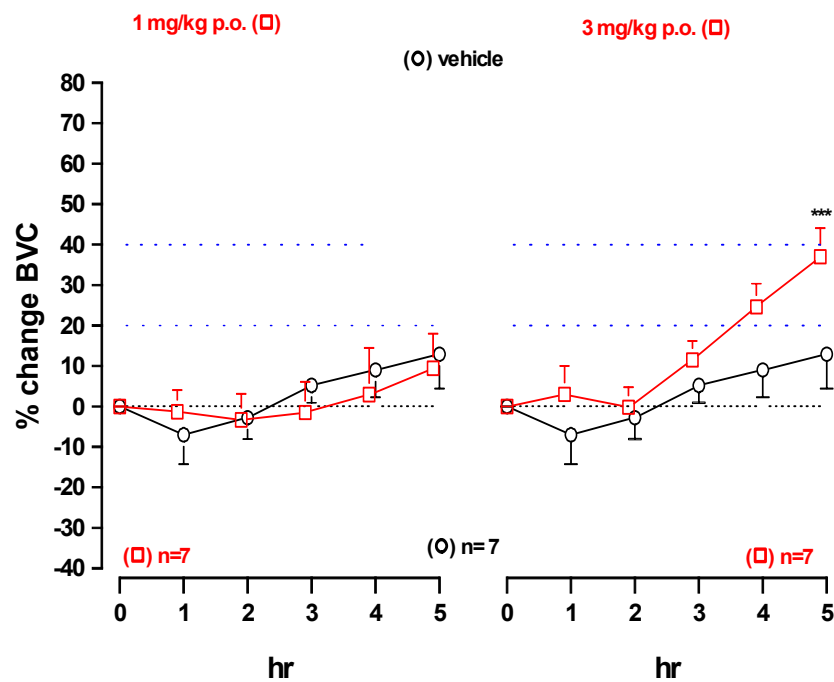
Rec 0545

- **Rec 0545 is endowed with a potent and selective antagonistic effect at 5-HT_{1A} receptor**
- **Shows remarkable activity in increasing bladder volume capacity (or time between micturitions) without blunting bladder contractility (differently from antimuscarinics/anticholinergics)**
- **A completely new approach for controlling overactive bladder**





Oxybutynin: Cystometry in conscious rats



Ongoing R&D - other urogenital programs

- Potent antagonists of the α_1 -adrenergic receptors, highly selective for the lower urogenital tract, were pioneered by Recordati and are potentially useful in the development of treatments for benign prostatic hyperplasia (BPH)
- Two other potential biological targets for new drugs for the treatment of micturition disorders have been identified and new candidates are being synthesized for further development
- Rec 2615 is another new active compound identified by Recordati. It is in development for the treatment of female sexual dysfunction, and is approaching the clinical phase

Operational highlights first nine months 2004

- **Pharmaceutical sales up 5.9%, or 10.5% excluding Sophartex**
- **International pharmaceutical sales up 16.0%**
- **Lercanidipine sales up 30.4%**
- **EBIT up 15.3% and net income up 34.0%**
- **New product licenses**
- **\$ 100 million funding from U.S. private placement**

First nine months composition of sales

(million euro)	2003	2004	Change %
PHARMACEUTICALS	308.0 86.4%	326.1 89.7%	5.9%
PHARMACEUTICAL CHEMICALS	48.6 13.6%	37.3 10.3%	(23.1)%
TOTAL	356.6 100.0%	363.4 100.0%	1.9%
ITALY	158.6 44.5%	164.8 45.4%	3.9%
INTERNATIONAL	198.0 55.5%	198.6 54.6%	0.3%



Sources of growth

(% change, first nine months 2004
over first nine months 2003)

	Volume	Price	Exchange	Total
PHARMACEUTICALS excluding Sophartex	12.8 %	(1.9) %	(0.4) %	10.5 %
SOPHARTEX	(64.0) %	-	-	(64.0) %
PHARMACEUTICAL CHEMICALS	(19.4) %	(0.7) %	(3.0) %	(23.1) %
TOTAL CHANGE	4.2 %	(1.6) %	(0.7) %	1.9 %



First nine months composition of pharmaceutical sales

(million euro)	2003	2004	Change %
Pharmaceuticals Italy	151.8	160.2	5.6%
Pharmaceuticals France	65.4	74.1	13.3%
Pharmaceuticals Spain	15.8	18.0	13.7%
International licensees	55.8	66.9	19.7%
Sophartex *	19.2	6.9	(64.0)%
TOTAL PHARMACEUTICALS	308.0	326.1	5.9%
<i>Excluding Sophartex</i>	<i>288.9</i>	<i>319.2</i>	<i>10.5%</i>

* Sold in April and consolidated only in 1Q 2004

First nine months lercanidipine sales

(million euro)	2003	2004	Change %
Italy	24.3	28.9	19.3%
France	10.5	16.8	58.8%
Spain	3.2	3.6	12.2%
DIRECT SALES	38.0 57.0%	49.3 56.7%	29.7%
SALES TO LICENSEES	28.6 43.0%	37.6 43.3%	31.4%
TOTAL LERCANIDIPINE SALES	66.6 100.0%	86.9 100.0%	30.4%

First nine months results

(million euro)	2003	2004	Change %
Net Sales	356.6	363.4	1.9%
Gross Profit as % of sales	209.2 58.6%	226.7 62.4%	8.4%
Selling Expenses as % of sales	109.0 30.5%	117.2 32.3%	7.6%
R&D Expenses as % of sales	24.9 7.0%	26.7 7.3%	7.5%
EBITDA as % of sales	76.8 21.5%	80.9 22.3%	5.4%
EBIT as % of sales	56.0 15.7%	64.6 17.8%	15.3%
Net Income as % of sales	30.0 8.4%	40.2 11.1%	34.0%

First nine months EBIT by business area

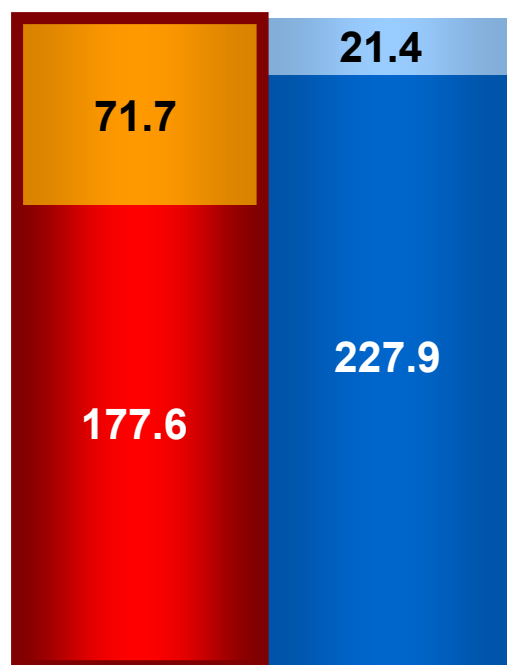
(million euro)	2003	2004	Change %
PHARMACEUTICALS as % of sales	59.1 19.2%	63.6 19.5%	7.5%
PHARMACEUTICAL CHEMICALS as % of sales*	(3.1) (5.5)%	1.0 2.2%	n.s.
TOTAL EBIT as % of sales	56.0 15.7%	64.6 17.8%	15.3%

* Including inter-company sales

Capital employed

(million euro)

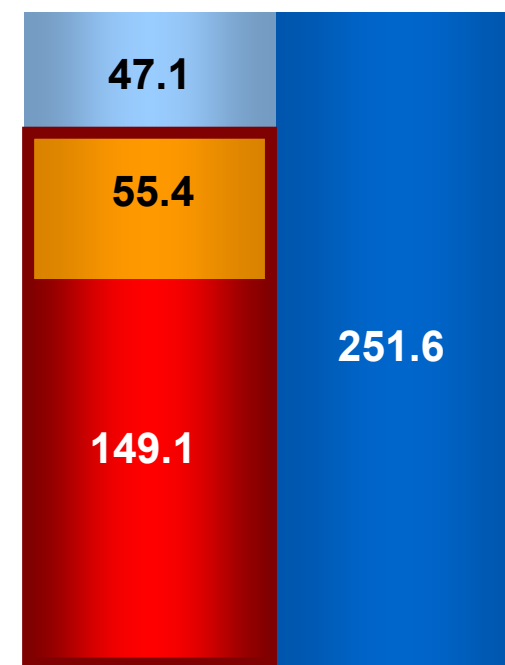
31 December 2003



Capital employed: **249.3**

30 September 2004

- Net working capital for operations
- Net non-current assets
- Net debt or cash
- Shareholders' equity



Capital employed: **204.5**

First nine months cash flow

(million euro)	2003	2004
Net income	30.0	40.2
Depreciation of fixed assets	12.4	9.3
Amortization of intangible assets	8.3	7.0
Cash Flow from Operations	50.7	56.5
Change in working capital	(2.9)	14.4
Changes in non-current items	1.5	(5.3)
Net investments in fixed assets	(11.7)	4.8
Net investments in intangible assets	(3.7)	(3.8)
Free Cash Flow	33.9	66.6
Dividend paid	(18.3)	(18.4)
Purchase of treasury stock	(2.9)	-



Plan 2004 – 2007

(million euro)

	2004	2007	CAGR
SALES	475	550	5.0%
EBIT	85	106	7.5%
NET INCOME	50	66	10%

- Assumptions:**
- Current geography
 - Excluding Sophartex sold in April 2004
 - Excluding any sales of lercanidipine in either Japan or the U.S.
 - Excluding acquisitions in other EU markets



Company strategy

- **Confirm commitment to research and development in the urological and cardiovascular fields**
- **Acquire new product licenses**
- **Expand geographical presence in Europe**

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 a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003074447), dedicated to the research, development, manufacturing and marketing of pharmaceuticals and pharmaceutical chemicals, with headquarters in Milan, Italy and operating subsidiaries in France, Ireland, Portugal, Spain, Switzerland and the United States.

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