

## Interim report January-September 2014

### July-September 2014

- Net sales amounted to SEK 508 million (505), an increase of 0.5% compared to same quarter last year (-3.2% in fixed FX-rates)
- EBITDA decreased by 24.4% compared to same quarter last year and amounted to SEK 51 million (68)
- Operating profit (EBIT) amounted to SEK 25 million (44), giving an operating margin of 5.0% (8.6)
- Profit after tax amounted to SEK 8 million (27), giving a net margin of 1.6% (5.4)
- Earnings per share amounted to SEK 0.22 (1.07), after dilution SEK 0.22 kr (1.03)

### January-September 2014

- Net sales amounted to SEK 1 696 million (1 552), an increase of 9.3% compared to same period last year (6.3% in fixed FX rates)
  - EBITDA increased by 24.2% compared to same period last year and amounted to SEK 252 million (203)
  - Operating profit (EBIT) amounted to SEK 177 million (134), giving an operating margin of 10.4% (8.6)
  - Profit after tax amounted to SEK 111 million (83), giving a net margin of 6.5% (5.3)
  - Earnings per share amounted to SEK 3.37 (3.26), after dilution SEK 3.37 (3.11)
  - Cash flow from operating activities was SEK 168 million (83)
- Net debt to Equity was -0.3 (0.7)

Key figures								
SEK million	Jul - Sep		Change in %	Jan - Sep		Change in %	Oct 13	FY
	2014	2013		2014	2013		-Sep 14	2013
Net sales	507,6	504,8	0,5	1 696,4	1 551,8	9,3	2 269,2	2 124,6
Net sales (constant FX rates)	488,7		-3,2	1 649,0		6,3		
EBITDA	51,1	67,6	-24,4	251,9	202,8	24,2	332,1	283,0
EBIT	25,3	43,6	-42,0	176,8	133,6	32,3	231,3	188,1
EBIT margin (%)	5,0	8,6		10,4	8,6		10,9	8,9
Earnings per share	0,22	1,07		3,37	3,26		3,81	3,72
Non-recurring items	0,0	0,1		0,0	2,3		4,2	6,5
Return on equity (%)				10,8	26,1		10,8	14,5
Return on operating capital (%)				19,4	15,4		19,4	17,2
Equity to assets (%)				59,5	18,6		59,5	37,6
Net debt				-412,6	443,5		-412,6	409,8
Net debt to Equity				-0,3	0,7		-0,3	0,6
Net debt to EBITDA				-1,2	1,7		-1,2	1,4

**Thomas Eldered, CEO:**

“Overall, Recipharm’s business was relatively stable in the third quarter. Sales continued at a high level, operating profit was affected by certain one-time and phasing effects and operating cash flow was much stronger than the previous year.

Sales were the highest for a third quarter ever, benefitting from favourable currency effects and solid activity and demand in most operating companies. Sales in Development & Technology continued to increase, although as expected at a slower pace than earlier in the year. Technical issues, supply shortage of some components as well as effects from the discontinued French distribution business, offset this. These issues together with phasing effects from the previous two quarters contributed to a lower than planned manufacturing output impacting our results. Throughout the quarter we also had unusually high corporate activity from evaluating acquisition opportunities including due diligences, resulting in increased external costs.

Operating cash flow for the quarter, at over SEK 75 million (last year SEK 23 million), was strong as working capital was reduced.

The acquisition of the Italian Corvette Pharmaceutical Services Group, from the 1<sup>st</sup> of October, provides access to highly interesting markets including Italy and a number of emerging markets, many of which are new to Recipharm. It increases our capacity and capability in lyophilisation and Corvette will significantly contribute to Recipharm’s intellectual property backed business.

We will continue to develop Recipharm towards our long-term objectives and in line with our strategic growth agenda, by a combination of investing in our current business and further acquisitions and long-term partnerships, like the recently announced collaboration with Isofol Medical. The new SEK 1 500 million credit facility combined with the authorisation for the Board to issue new shares in relation to acquisitions further strengthen the capability to grow the business in this direction”.

***The full interim report is attached through the link at the end of the press release.***

Recipharm invites investors, analysts and media to a telephone conference together with a web presentation (in English) on November 7 at 10:00 CET where CEO Thomas Eldered and CFO Björn Westberg will present and comment on the interim report and answer questions.

**To participate in the conference please dial:**

From Sweden, tel: +46 8 506 443 86  
From Denmark, tel: +45 32 71 42 62  
From Finland, tel: +358 9 8171 0375  
From Norway, tel: +47 21 06 61 13  
From the UK, tel: +44 20 7153 9154  
From Germany, tel: +49 69 2017 44 210  
From France, tel: +33 1 70 70 95 02  
From Spain, tel: +34 914 142 009  
From Switzerland, tel: +41 44 580 65 22  
From the US, tel: +1 877 423 0830  
From Italy, tel: + +39 02 3600 6663

**Pin code for participants: 942621#**

**To access the presentation during the conference use the following link:**

<http://event.onlineseminarsolutions.com/r.htm?e=884203&s=1&k=BD5F68B778595AA605A9D778C06DA2DA>

**For more information, please visit [www.recipharm.com](http://www.recipharm.com) or contact:**

Thomas Eldered, VD, [thomas.elderred@recipharm.com](mailto:thomas.elderred@recipharm.com), tel: +46 8 602 52 00  
Björn Westberg, CFO, [bjorn.westberg@recipharm.com](mailto:bjorn.westberg@recipharm.com), tel: +46 8 602 46 20

*This information is published in accordance with the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act and/or the regulations of NASDAQ Stockholm. This information was submitted for publication on 7 November 2014, at 07:45 am CET.*

**About Recipharm**

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry based in Sweden employing some 1,750 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material including API and pharmaceutical product development. Recipharm manufactures more than 250 different products to customers ranging from Big Pharma through to smaller research- and development companies. Recipharm’s turnover is approximately SEK 2.6 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain and Italy and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on Nasdaq OMX Stockholm. For more information on Recipharm and our services, please visit [www.recipharm.com](http://www.recipharm.com).