

Interim report January - September 2015

July - September 2015

- Net sales amounted to SEK 785 million (508), an increase of 55%
- EBITDA increased by 68% and amounted to SEK 86 million (51) giving an EBITDA margin of 11.0% (10.1)
- Operating profit (EBIT) amounted to SEK 27 million (25)
- Profit after tax amounted to SEK 0 million (8), giving a net margin of 0% (1.6)
- Earnings per share amounted to SEK -0.01 (0.22), after dilution -0.01 (0.22)

January - September 2015

- Net sales amounted to SEK 2 526 million (1 696), an increase of 49%
- EBITDA increased by 59% and amounted to SEK 400 million (252) giving an EBITDA margin of 15.8% (14.8)
- Operating profit (EBIT) amounted to SEK 226 million (177)
- Profit after tax amounted to SEK 189 million (111), giving a net margin of 7.5% (6.5), including a financial investment capital gain of SEK 36.3 million
- Earnings per share amounted to SEK 4.17 (3.37), after dilution 4.17 (3.37)
- Cash flow from operating activities was SEK 281 million (168)
- Net debt to EBITDA was 2.0 (-1.2)

Key figures								
SEK million	Jul - Sep		Change in %	Jan - Sep		change in %	Oct 14	
	2015	2014		2015	2014		- Sep 15	2014
Net sales	785	508	54.6	2 526	1 696	48.9	3 399	2 569
Net sales (constant FX rates)	777		53.0	2 485		46.5		
EBITDA	86	51	68.4	400	252	58.8	547	399
EBIT	27	25	7.9	226	177	27.7	321	272
EBITDA margin (%)	11.0	10.1		15.8	14.8		16.1	15.5
Earnings per share	-0.01	0.22		4.17	3.37		5.43	4.63
Return on equity (%)				10.9	10.8			11.4
Return on operating capital (%)				12.7	19.4			12.4
Equity to assets (%)				50.2	59.5			39.4
Net debt				1 089	-413			1 164
Net debt to Equity				0.4	-0.3			0.5
Net debt to EBITDA				2.0	-1.2			2.9



Thomas Eldered, CEO:

“With the October announcement of the acquisition of a CDMO in India we are taking a significant step forward in our strategy for global leadership in our industry. In our current business, sales in the third quarter increased 55 %. The growth was driven by acquisitions which also generated even stronger EBITDA growth. The business segment Solids and Others performed reasonably well in sales but EBITDA was impacted by lower customer demand for certain good margin products.

The business segment Development&Technology continued to perform well, in spite of no material tender sales. During the period we have entered into several new projects, partnerships and also participated financially in a few companies with significant future business potential for Recipharm. In the business segment Sterile Liquids, we saw continued performance according to our plans driven by good customer demand and a healthy pipeline of new projects while the segment Solids and Others performed below our expectations. We stated in July that we will address areas of weak performance and initiate mitigation and improvement activities. Hence, in October we announced a cost and efficiency program expected to save more than SEK 60 million per year. Regrettably this will also mean a reduction of up to 100 positions in the Stockholm area. The program is now extended to other parts of Swedish operations. Negotiations with unions are ongoing for all parts of the program.

With investments in property, plant and equipment of over SEK 130 million during the quarter, expansion project activities were high. The ongoing lyophilisation expansion in Germany progressed according to plan with planned completion end of 2016.

In September we announced that Recipharm has reached agreement in principle with Alcon to enter into a long-term manufacturing agreement for a range of ophthalmology products. This contract is expected to generate around SEK 350 million in annual sales with EBITDA-margin well in line with the group’s average. As part of this arrangement, Recipharm will also acquire a manufacturing facility with blow-fill-seal technology, new to Recipharm, located in Kaysersberg, France for approximately SEK 200 million.

After the quarter, in October, we announced the acquisition of a majority stake in the Indian steriles CMO Nitin Lifesciences Limited. This transaction significantly bolsters presence in high growth developing territories and the deal firmly establishes Recipharm’s emerging market strategy. On a pro forma basis Nitin would add more than SEK 400 million to group sales with an EBITDA margin of approximately 20%.

Looking forward we expect that the weakening of demand for certain products continues, hence the profit impact from weak performance in Solids and Other will continue near term. Other areas are expected to perform well. We will continue to benefit from recent acquisitions, and we are likely to close the ophthalmology manufacturing agreement within the next few months. With a solid financial situation, we are very well placed to further explore the opportunities, including near-term acquisitions, we see in the market.”

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

The company invites investors, analysts and media to a web conference with a presentation (in English) on November 5 at 09:30 am CET where CEO Thomas Eldered and CFO Björn Westberg will present and comment on the interim report and answer questions.

To participate in the web conference, please use the below link:

<http://edge.media-server.com/m/p/ewdysjir>

Questions may be submitted by dialing below telephone numbers or by typing them in the Q&A box during the conference. If you don't wish to ask questions by telephone you only need to participate through the link above.

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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 5 November 2015 at 07:45 am CET.

About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 2,200 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 400 different products to customers ranging from Big Pharma to smaller research- and development companies. Recipharm's turnover is approximately SEK 3.4 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain, Italy and Portugal and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on NASDAQ Stockholm.

For more information on Recipharm and our services, please visit www.recipharm.com