

RECORDATI: EXCELLENT RESULTS IN THE FIRST NINE MONTHS 2016. CONTINUED GROWTH IN SALES +9.9%, OPERATING INCOME +18.5%, NET INCOME +19.5%.

- Consolidated revenues € 862.4 million, +9.9%.
- EBITDA⁽¹⁾ € 280.0 million, +16.4%
- Operating income € 252.4 million, +18.5%.
- Net income € 182.3 million, +19.5%.
- Net financial position⁽²⁾: net debt of € 100.2 million.
- Shareholders' equity € 988.3 million.
- Interim 2016 dividend of € 0.35 per share to be distributed.

Milan, 27 October 2016 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first nine months 2016 prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and in particular as per IAS 34 requirements for interim reporting. These financial statements will be available today at the company's offices and on the company's website www.recordati.com and can also be viewed on the authorized storage system 1Info (www.1Info.it).

Financial highlights

- **Consolidated revenues** in the first nine months 2016 are € 862.4 million, up by 9.9% compared to the same period of the preceding year. International sales grow by 10.2%.
- **EBITDA⁽¹⁾**, at 32.5% of sales, is € 280.0 million, an increase of 16.4% over the same period of the preceding year.
- **Operating income**, at 29.3% of sales, is € 252.4 million, an increase of 18.5%. This result includes non recurring expenses of € 8.6 million due to ancillary costs and charges for organizational restructuring related to the recent acquisitions of Italchimici S.p.A. and Pro Farma AG.
- **Net income**, at 21.1% of sales, is € 182.3 million, an increase of 19.5% over the first nine months of 2015.
- **Net financial position⁽²⁾** at 30 September 2016 records a net debt of € 100.2 million compared to net debt of € 88.7 million at 31 December 2015, despite the acquisition of Italchimici S.p.A. and Pro Farma AG and the distribution of the 2015 dividend balance accounted for a total amount € 202.7 million during the period. **Shareholders' equity** increases to € 988.3 million.

⁽¹⁾ Earnings before interest, taxes, depreciation and amortization.

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

Corporate development news

During May 100% of the share capital of Italchimici S.p.A., an Italian pharmaceutical company with operational headquarters in Milan was acquired. The value of the transaction (enterprise value) was of around € 130 million and was funded from existing liquidity. Italchimici, with over 40 years of history and revenues in 2015 of € 46 million, is a consolidated firm in the Italian pharmaceutical market with well-known products. The company offers therapeutical solutions mainly in the gastroenterological and respiratory areas which consist of both pharmaceutical products as well as food supplements and medical devices to improve the health and well-being of patients. The main brands in its extensive product portfolio are Reuflor, Peridon and Lacidigest in the gastroenterological offering and Aircort among the respiratory products.

In July 100% of the share capital of Pro Farma AG, a Swiss pharmaceutical company with headquarters in Zug, was acquired. The value of the transaction (enterprise value) is of CHF 16 million and was funded from existing liquidity.

Pro Farma, with expected 2016 revenues of around CHF 10 million, markets proprietary and in-licensed specialties in selected therapeutic areas which include both prescription and OTC drugs. The main brands are Lacidigest (tilactase), Tretinac (isotretinoin) and Urocit (potassium citrate). Furthermore, the company offers distribution and promotion services to other pharmaceutical companies. The acquisition of Pro Farma represents an excellent base on which to develop our operations in Switzerland where Recordati has recently started to sell its product portfolio directly to the market. Furthermore, the main product Lacidigest will contribute to the enhancement of our presence in gastroenterology.

Also during July a partnership with AP-HP (Assistance Publique – Hopitaux de Paris) was finalized under which AP-HP will grant an exclusive world-wide license to Orphan Europe (a Recordati company) for the development and commercialization of an innovative product for the treatment of acute decompensation episodes in patients affected by Maple Syrup Urine Disease (MSUD), a severe metabolic disorder.

At the beginning of August Recordati and Gedeon Richter signed an exclusive license agreement to commercialize cariprazine, a novel atypical antipsychotic in Western Europe and in Algeria, in Tunisia and in Turkey. Cariprazine was discovered by Richter scientists and was launched in the USA in March 2016 under the trademark of VRAYLAR™. The European Medicines Agency (EMA) started the evaluation of Richter's marketing authorisation application for cariprazine for the treatment of schizophrenia in March 2016. Schizophrenia is a chronic and disabling disorder that has a worldwide prevalence approaching 1%. It imposes significant burden on patients, their families, and society. Symptoms fall into three broad categories: positive symptoms (hallucinations, delusions, thought disorders, and movement disorders), negative symptoms (such as loss of motivation and social withdrawal), and cognitive symptoms (problems with executive functioning, focusing, and working memory). Cariprazine is an orally active and potent dopamine D₃/D₂ receptor partial agonist with preferential binding to D₃ receptors and partial agonist at serotonin 5-HT_{1A} receptors

Management Comments

"In the third quarter the growth of the group continued with revenues and profitability increasing significantly", declared Andrea Recordati, Vice Chairman and CEO. "Furthermore, important agreements were finalized for the future evolution of the group resulting in a reinforcement of our product development pipeline. A license was obtained for the commercialization of cariprazine, an innovative antipsychotic drug for the treatment of schizophrenia, a serious mental disorder which affects around 1% of the population globally. An agreement was also entered into with Assistance Publique, Hopitaux de Paris in France the development and subsequent commercialization of a treatment for a serious

invalidating rare disease” continued Andrea Recordati. “My priority will be to proceed along the lines of the development strategy outlined by Giovanni Recordati with the objective of continuing to grow through the organic development of the business and a focused acquisition policy of companies and/or products. During October the group’s performance was in line with expectations and for the full year 2016 our targets are to achieve sales of around € 1,140 million, operating income of around € 325 million and net income of around € 230 million.”

Further resolutions

2016 Interim dividend

The Board of Directors resolved to distribute an interim dividend relating to the financial year 2016 amounting to € 0.35 (before withholding tax) on each outstanding share, excluding shares in treasury stock. The interim dividend will be paid, through the authorised intermediaries, as from November 23, 2016 (record date November 22, 2016) on coupon No. 18 to be presented on November 21, 2016.

The Independent Auditor’s opinion on the distribution of the interim dividend is also available at the Company’s registered offices as per article 2433-bis of the Italian Civil Code.

The Directors’ Report and financial statements of Recordati S.p.A. as at 30 June 2016, on which the Board of Directors based its resolution to distribute the abovementioned interim dividend, are available at the Company’s registered offices and published on the Company’s website (www.recordati.com). Such documents can also be viewed on the authorized storage system 1Info (www.1Info.it).

Conference call

Recordati will be hosting a *conference call* **today 27 October 2016** at 4.00 pm Italian time (3.00 pm London time, 10.00 am New York time). The dial-in numbers are:

Italy	+39 02 8058811, toll free 800 213 858
UK	+44 1 212818003, toll free 800 0156384
USA	+1 718 7058794, toll free 855 2656959
France	+33 170918703
Germany	+49 69 255114451

Callers are invited to dial-in 10 minutes before conference time. If conference operator assistance is required during the connection please digit * followed by 0 or call +39 02 8061371. A recording of the conference call will be placed on the website www.recordati.com.

A set of slides which will be referred to during the call will be available on our website www.recordati.com under Investors/Company Presentations.

***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 around 4,000, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. Headquartered in Milan, Italy, Recordati has operations in the main European countries, in Russia, in other Central and Eastern European countries, in Turkey, in North Africa and in the United States of America. 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 within the urogenital therapeutic area and of treatments for rare diseases. Consolidated revenue for 2015 was € 1,047.7 million, operating income was € 278.5 million and net income was € 198.8 million.*

For further information:

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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 €)

INCOME STATEMENT	First nine months 2016	First nine months 2015	Change %
REVENUE	862,370	784,432	9.9
Cost of sales	(267,301)	(251,648)	6.2
GROSS PROFIT	595,069	532,784	11.7
Selling expenses	(226,403)	(219,519)	3.1
Research and development expenses	(60,198)	(55,223)	9.0
General & administrative expenses	(47,097)	(42,953)	9.6
Other income (expenses), net	(8,965)	(2,042)	n.s.
OPERATING INCOME	252,406	213,047	18.5
Financial income (expenses), net	(8,626)	(10,167)	(15.2)
PRE-TAX INCOME	243,780	202,880	20.2
Provision for income taxes	(61,463)	(50,375)	22.0
NET INCOME	182,317	152,505	19.5
Attributable to:			
Equity holders of the parent	182,298	152,495	19.5
Minority interests	19	10	90.0

EARNINGS PER SHARE	First nine months 2016	First nine months 2015	Change %
Basic	€ 0.886	€ 0.743	19.2
Diluted	€ 0.872	€ 0.729	19.6

Earnings per share (EPS) are based on average shares outstanding during each year, 205,859,219 in 2016 and 205,157,190 in 2015, net of average treasury stock which amounted to 3,265,937 shares in 2016 and to 3,967,966 shares in 2015.

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

COMPOSITION OF REVENUE	First nine months 2016	First nine months 2015	Change %
Total revenue	862,370	784,432	9.9
Italy	177,211	162,584	9.0
International	685,159	621,848	10.2

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INCOME STATEMENT	Third Quarter 2016	Third Quarter 2015	Change %
REVENUE	274,506	245,372	11.9
Cost of sales	(86,829)	(79,359)	9.4
GROSS PROFIT	187,677	166,013	13.0
Selling expenses	(71,188)	(67,016)	6.2
Research and development expenses	(18,572)	(17,312)	7.3
General & administrative expenses	(15,299)	(13,371)	14.4
Other income (expenses), net	(428)	(492)	(13.0)
OPERATING INCOME	82,190	67,822	21.2
Financial income (expenses), net	(2,648)	(1,964)	34.8
PRE-TAX INCOME	79,542	65,858	20.8
Provision for income taxes	(19,943)	(16,596)	20.2
NET INCOME	59,599	49,262	21.0
Attributable to:			
Equity holders of the parent	59,594	49,259	21.0
Minority interests	5	3	66.7

COMPOSITION OF REVENUE	Third Quarter 2016	Third Quarter 2015	Change %
Total revenue	274,506	245,372	11.9
Italy	54,944	46,615	17.9
International	219,562	198,757	10.5

RECORDATI GROUP

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(thousands of €)

ASSETS	30.9.2016	31.12.2015
Property, plant and equipment	112,771	108,987
Intangible assets	285,849	246,450
Goodwill	562,712	453,285
Equity investments	24,477	32,444
Non-current receivables	5,059	4,549
Deferred tax assets	32,915	30,500
TOTAL NON-CURRENT ASSETS	1,023,783	876,215
Inventories	153,989	143,093
Trade receivables	201,983	177,219
Other receivables	29,737	28,883
Other current assets	7,362	5,280
Fair value of hedging derivatives (cash flow hedge)	9,892	12,671
Short-term financial investments, cash and cash equivalents	191,137	225,525
TOTAL CURRENT ASSETS	594,100	592,671
TOTAL ASSETS	1,617,883	1,468,886
EQUITY AND LIABILITIES	30.9.2016	31.12.2015
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(17,579)	(35,061)
Hedging reserve	(4,102)	(3,290)
Translation reserve	(76,864)	(66,918)
Other reserves	37,924	42,543
Retained earnings	756,632	685,587
Net income for the period	182,298	198,792
Interim dividend	0	(61,606)
GROUP SHAREHOLDERS' EQUITY	988,169	869,907
Minority interest	104	85
SHAREHOLDERS' EQUITY	988,273	869,992
Loans due after one year	247,180	282,615
Employees' termination pay	20,628	18,895
Deferred tax liabilities	28,541	22,360
Other non-current liabilities	2,517	2,517
TOTAL NON-CURRENT LIABILITIES	298,866	326,387
Trade payables	124,157	106,597
Other payables	76,217	72,351
Tax liabilities	36,594	14,592
Other current liabilities	1,314	959
Provisions	34,107	29,400
Fair value of hedging derivatives (cash flow hedge)	4,322	4,290
Loans due within one year	40,720	34,469
Bank overdrafts	13,313	9,849
TOTAL CURRENT LIABILITIES	330,744	272,507
TOTAL EQUITY AND LIABILITIES	1,617,883	1,468,886

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.