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OF MANAGERS
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2016
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OF CARDIOLOGY

2016 Business Excellence Prize

SALES +9,9%

RESULTS III QUARTER 2016 SUSTAINED GROWTH, REVENUES AND PROFITABILITY INCREASING

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 at 32.5% of sales, is € 280 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 Italcimici 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 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 Italcimici 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.

On 18th October Recordati was awarded the **2016 Premio Eccellenze d'Impresa**, organised by GEA, a management consultancy firm, and by the Harvard Business Review Italia, the Italian edition of the most widely read management magazine in the world.



From the left: CRISTINA SCOCCHIA, ALBERTO RECORDATI AND ENRICO SASSOON

The jury, composed of Marco Fortis (President of Fondazione Edison),

Gabriele Galateri, (Chairman of Assicurazioni Generali), Patrizia Grieco (Chairwoman of Enel), Andrea Guerra (Executive Chairman of Eataly), Raffaele Jerusalmi (Chief Executive Officer of Borsa Italiana) and Cristina Scocchia (Chief Executive Officer of L'Oréal Italy), recognised the Recordati Group for its excellence in product innovation – especially with regard to the diagnosis and treatment of rare diseases – and process innovation, exemplified by its system to support the measurement and development of managerial competencies, and for its international growth policies, which have made a decisive contribution to the constant growth of the Group.

Now in its third edition, four new award categories – *Innovation and Technology*, *International Growth*, *Growth and Sustainability*, *Start-ups* – were introduced in 2016. The Recordati Group was declared the absolute winner of the Premio Eccellenze d'Impresa, as well as the winner of the Innovation and Technology category.

"In line with the previous two editions, yet again this year the Premio Eccellenze d'Impresa has been awarded to one of the most innovative companies in the country, able to export a winning business model at international level", said Enrico Sassoon, the Editor in Chief of the Harvard Business Review Italia.

"We are proud to have been chosen by such a prestigious jury to receive the Premio Eccellenze d'Impresa and we wish to thank the organisers for this tribute", declared Alberto Recordati, the Chairman of Recordati. "Our company has always been committed to a strategy of growth and internationalisation, with full respect for the values of sustainable development over time. But we pay attention above all to financial balance and capital strength which ensures that we are able to safeguard the interests of all our shareholders".

Annual Meeting of Managers 2016

MILAN, 27TH SEPTEMBER

The Chairman **Alberto Recordati** opened the proceedings of the Annual Meeting of Managers with words of remembrance for his brother, Ingegnere Giovanni, recounting how much has been achieved under his leadership since 1999. Giovanni Recordati was outstanding for his qualities as a great entrepreneur and for his clear and innovative business vision. The results of his farsighted leadership are striking. The company's sales rose from €278.8 million in 1999 to €1,047.7 million in 2015, with the progressive and constant international growth of the Group which today generates 75.9% of its revenues from international pharmaceuticals sales.

Andrea Recordati, Vice Chairman and Chief Executive Officer, declared that he intends to proceed along the lines of the development strategy outlined by his brother Giovanni in the course of the 42 years he dedicated to the company. The Recordati Group, having met its targets with a tried and tested organisational structure and a competent and expert management team, will continue to pursue the successful growth of its business. Andrea Recordati confirmed the Group's strategy implementation and priorities: expand through organic development and through acquisitions, develop the product portfolio by enhancing product pipeline and new product acquisitions, consolidate the presence in key markets, develop a global presence in treatments for rare diseases.



From the left: BRUNO PARENTI, LUIGI LONGINOTTI, CORRADO CASTELLUCCI, ANDREA RECORDATI, FRITZ SQUINDO, FRANCESCO SOLETTI, GABRIELE FINZI DURING THE CHAIRMAN ALBERTO RECORDATI'S SPEECH

FIRST HALF 2016 HIGHLIGHTS, PRODUCT GROWTH ANALYSIS AND OUTLOOK

Fritz Squindo *Managing Director and Chief Financial Officer*, then analysed the brilliant results achieved in the first six months of the year, all distinctly positive in sign. A look at the composition of sales shows good diversification of the product portfolio (40.4% corporate products, 16.2% rare disease pharmaceuticals, 16.7% OTC products) and sustained growth in many geographical areas and in the United States (+32.9%), North Africa (+11.7%) and Turkey (+11.2%) in particular. Forecasts for the full year 2016 were therefore confirmed: sales of €1,140 million, operating income of €325 million and net income of €230 million.

IN-LICENSING: CARIPRAZINE, INNOVATION IN A NEW THERAPEUTIC AREA

Francesco Soletti, *Corporate Marketing and Commercial Effectiveness Director*, presented the potential of cariprazine: it is a question of breaking through into a new area of treatment, the central nervous system, a challenge to be met, a new pillar in the Group's growth strategy. Cariprazine is an atypical antipsychotic pharmaceutical for which an exclusive marketing agreement was finalised in August with Gedeon Richter for Western Europe, Algeria, Tunisia and Turkey. Launched in March 2016 in the United States under the brand name Vraylar™, this pharmaceutical should receive marketing authorisation from

the EMA for the treatment of schizophrenia in the first half of 2017.

Schizophrenia is a chronic disabling disorder characterised by dissociation of the personality and other fundamental mental activities and it is a substantial cause of disability. Five million people suffer from it in Europe, a potential market of €100 million peak sales. The first line of psychiatric treatment for schizophrenia is antipsychotic pharmaceuticals able to reduce the positive symptoms of the psychosis (delirium, hallucinations, disorganised thought). Nevertheless, antipsychotics do not significantly improve the negative symptoms (confused thinking, social isolation, reduced emotional expression



and apathy) and cognitive dysfunction. Reagila® is effective for the treatment of the negative symptoms and cognitive dysfunction. The launch of Reagila® will require intense teamwork on the part of all operating areas of the Group.

DRUGS FOR RARE DISEASES, NEW SOURCE OF REVENUE

Corrado Castellucci, *VP & Director Orphan Business*, reminded us that the rare diseases sector is a priority and driving sector for the Group and with the figures at hand he reported on the brilliant results achieved and growth opportunities for the future.

Luigi Longinotti, *Portfolio Manager Orphan Drugs*, analysed growth since 2014, two extremely productive years for orphan drugs. Two lines of development are being followed: to maximise existing products through new formulations or new treatment indications (five projects in progress) and to face up to an increasingly aggressive competitive market. On the R&D front, 140 projects have been assessed and studies are in progress at various stages of development for drugs to treat or alleviate the symptoms of genetic diseases such as cystic fibrosis, maple syrup urine disease, retinopathy of prematurity (ROP), Rett syndrome and spina bifida.

Bruno Parenti, *New Markets Director Orphan Drugs*, explained what had been put in place in new markets and gave a formal welcome to the directors of operations in Brazil, Mexico, Colombia, Canada and Russia present at the meeting. In the near future efforts will be concentrated on consolidating these "young" subsidiaries dedicated to orphan drugs, on strengthening the presence on the Russian market and on aiming at the Asia-Pacific area and Japan in particular to succeed in covering the global market.

ACQUISITIONS, PRODUCT PORTFOLIO EXTENSION OPPORTUNITIES

Gabriele Finzi, *Corporate Development*, reconstructed the stages of the Group's growth from 1999 until 2007 in the Western European market. He recalled the important investments made in company acquisitions (€400 million) and assets (€40 million) as well as the entry into the rare diseases field through the acquisition of Orphan Europe in 2007. From 2008 until 2016 growth was concentrated on high potential markets and on consolidating the business (€450 million in companies and €250 million in assets). Excellent results have been achieved by the American subsidiary Recordati Rare Diseases, which specialises in orphan drugs: sales have grown since 2010 from \$3 million to over \$100 million today. Finzi reported on the performance achieved on emerging markets (Russia, Turkey) and the consolidation of business by the creation of synergies between subsidiaries (Casen Recordati and Jaba Recordati in Spain and Portugal). The latest acquisitions of Italchimici in Italy and Pro Farma in Switzerland form part of the tried and tested and also winning growth strategy strongly desired by Giovanni Recordati and transformed into concrete reality in the safe hands of Ing. Walter Bevilacqua's leadership in the course of many years dedicated to the company.

MANAGERIAL COMPETENCIES APPRAISAL, PROJECT RESULTS

Giuseppe Gualazzini, *SVP Group Human Resources*, described this project conceived of and developed by the Group's Human Resources team. It is an objective system for the appraisal of managerial competencies based on quantifiable parameters established and supported by a specially designed IT programme. Launched in December 2015 with the active involvement of all managers, this project has set out the distinctive managerial competencies defined in the Recordati Group Competence Model. Two hundred senior managers have been interviewed and appraised according to these excellence parameters. At a second stage, after the results of the survey had been analysed, the managers were able to see their strengths and weaknesses and received guidance on how to correct possible gaps with respect to the theoretical model. The project was awarded a prize in May by the HR Innovation Practices Observatory of Milan

Polytechnic "for having implemented a project to develop and appraise managerial competencies supported by an IT platform which made it possible to improve the objectivity of the appraisals and at the same time to suggest action for improvement by orienting growth and development plans or corrective actions". The response to the project was very positive: 66.8% of senior managers appraised were found in line with the competencies required and 80% declared they were satisfied, considering this tool useful for enhancing the Group's human capital and for favouring personal growth.



RECORDATI IS 90 YEARS OLD- THE VALUE OF FAMILY-OWNED COMPANIES

Carlo Salvato, *professor at the Bocconi University*, in looking back over Recordati's 90 years, made a presentation of the development and value of family-owned companies in Italy and in the world. While the oldest family-owned company is the Japanese Kongo Kumi, which has kept going for more than 1,400 years, the Italian company Pietro Beretta S.p.A. has existed for 15 generations... Family-owned companies are born from small to medium-sized firms, they have the flexibility to evolve and often they are long-lived, sometimes lasting hundreds of years. The phenomenon exists worldwide: firms are founded from the intuition of an entrepreneur which, if well-managed and able to evolve in parallel with market changes, can become dynasties... One of the moments of maximum vulnerability in the growth of a company from a local firm to a multinational is the turning point in its management: combining the leadership of owners and entrepreneurs with a network of managers able to share his philosophy and values is often the winning card.

At the end of the day, Alberto and Andrea Recordati awarded the Top Performer prizes to the best pharmaceutical sales representatives of the 20 subsidiaries of the Group.

Top Performer Recordati 2016

MILAN, 27TH SEPTEMBER

RECORDATI IRELAND



MARC CONNAUGHTON
Western Ireland, 2007

OPALIA PHARMA



ANOUAR BEN AMARA
Tunis, Jendouba, Béja, 2014

RECORDATI UKRAINE



MARYNA KHALAN
Kiev, 2014

HERBACOS RECORDATI



JANA RAKOVA
(Czech Rep.) North, West Bohemia, 2000

HERBACOS RECORDATI



RENATA TOMASKOVICOVA
(Slovak Rep.) Central, East Slovakia, 2011

RECORDATI ROMANIA



TITUS LEIZERIUC
Counties of Brasov and Sibiu, 2011

RECORDATI HELLAS



CHARALAMBOS TRIANTAFYLLOU
Attica Region, 2013

RECORDATI RARE DISEASES



JERRY MAIN
Eastern United States, 2014

FIC MEDICAL KAZAKHSTAN



NADIRA MAKHAMETOVA
Shymkent Region, 2012

FIC MEDICAL GEORGIA



NATIA IASHVILI
Tbilisi, 2013

FIC MEDICAL BELARUS



ALENA GALAKHOVA
Gomel Region, 2008

CASEN RECORDATI



FRANCISCO BRAZO (Pharmacy Line) Sevilla, 2010
CRISTOBAL MOTOS (Cardiology/Urology) Murcia, 1995
this is his 2° award

RECORDATI POLSKA



WOJCIECH GOJNY (OTC Line) Region South, 2013
MALGORZATA CZAJKOWSKA-HRYN (GP Line) Region East, 2008

JABA RECORDATI



RUI MIGUEL SILVA MIRANDA (Farma) Alentejo, 2011
MARIA DA CONCEIÇÃO P. MOREIRA VIEIRA (Gen/OTC)
 North Coast, 1995 - *this is her 2° award*

ORPHAN EUROPE



CLAUDINE EL ZBEIDE Iran, Turkey, Iraq, Near East, 2011
OVE BROGAARD-LARSEN Denmark, Norway, Iceland, 2013
CATERINA DONELLA Italy North East, 2008

RUSFIC



DMITRY BARANOV (RX Line I) Kazan, Volga Region, 2012
OLGA BURDACHEVA (RX Line II) Novokuznetsk,
 Siberian Region, 2013
YULIA LYSENKOVA (OTC Line) Rostov-on-the-Don,
 Southern Region, 2013

RECORDATI ILAÇ



TANER ARSLAN (Line 2) Samsun, 2013
MEHMET DAL (Line 3) Izmir, 2007 - *this is his 3° award*
DENİZ YALCIN (Line 1) Trabzon, 2009

RECORDATI ITALIA



CONCETTA PERRI (Recordati S.p.A.) Lamezia Terme, Vibo Valentia, 1986 - *this is her 6° award*
ANTONIO BUTTOLO (Innova Pharma) Rimini, Cervia, 2001
ROBERTO SILVERIO (DIPUB) Asti, Alessandria, Cuneo

BOUCHARA RECORDATI



MATHIEU SCHURCH (Attaché Scientifique) Rhône Alpes, Bourgogne, 2011
FRANÇOISE CHARTIER (Visiteur Medical) Mayenne, Sarthe, 1996 *this is her 5° award*
SEVERINE FERREIRA LADRIÈRE (Attaché Pharmaceutique) Nord, Pas de Calais, 2002
NICOLAS PSAUTE (VM Specialist) Nord, Pas de Calais, Picardie, 2008

RECORDATI PHARMA



ANDREA STEEN (Gastro-Uro line) Schleswig-Holstein, (Flensburg, Kiel), 1996
MAIK SCHARMACHER (OTC Pharmacy line) Dresden, Cottbus, Halle (Saxony, Brandenburg), 2013
ANNETTE SAPPERT (Orthopedics line) Frankfurt, Darmstadt, Mannheim, 1999
INGRID KRIEBISCH (GP line) Saxony, (Halle, Leipzig), 1991 *this is her 5° award (Not present for health reasons)*

Metabolic myopathies focus course

PARIS, 3TH - 5TH NOVEMBER



The Recordati Rare Diseases Foundation concluded a year rich in education on rare diseases with a course on **Metabolic myopathies** (MM).

The course was organised with the La Pitié-Salpêtrière Hospital in Paris and the Rigshospitalet of Copenhagen University under the scientific direction of Dr. Pascal Laforêt of Paris and Dr. Robin Lachmann of London.

The objectives of the course were as follows:

- to describe the pathophysiology and clinical features of main metabolic myopathies (glycogenoses, fatty acid oxidation disorders and mitochondrial myopathies) and their differential diagnosis
- to familiarize participants with the main diagnostic tools: exercise testing, muscle biopsy, and biochemical and molecular genetic analysis.

Metabolic myopathies are an important group of potentially treatable inherited muscle disorders affecting children and adults. Generally they manifest at birth with weakness (hypotonia) of the muscles closest to the median part of the body and often, but not always, they are slowly progressive. These are genetic diseases caused by DNA mutations which lead to an alteration of the fundamental proteins needed for proper muscle functioning.

Major advances have been achieved in the diagnosis of these disorders in recent years thanks to improvements in biochemical and molecular techniques. However, exercise testing and muscle biopsy still have an important place in the diagnostic strategy. Better understanding of the various metabolic myopathies has also led to a multidisciplinary approach to care and management with improved outcomes.

ESC - ROME, 27TH - 31TH AUGUST

The 31st Congress of the European Society of Cardiology was held in Rome from 27th to 31st August and was attended by 31,000 doctors. The Recordati Group participated in the event with a large 200 m² stand and a delegation of doctors from Tunisia, Turkey and Portugal.

Various scientific meetings were held during the Congress with leading experts in the sector ("Meet the Expert") who presented the properties of Zanipress® (a lercanidipine-enalapril fixed combination) and Livazo® (pitavastatin), two key corporate products in the Group's cardiovascular range.

On the first day Prof. **Athanasios Manolis** (Asklepeion Hospital, Athens) presented a session on the subject of antihypertensive pharmaceuticals, focusing on "Fixed combinations, hypertension and organ protection: focus on diabetes".

On the following days, Prof. **Damiano Rizzoni** (University of Brescia) was invited to speak on the role of microcirculation as a parameter for assessing cardiovascular risk and **Lorenzo Ghiadoni** (University of Pisa) on the benefits of a fixed combination of lercanidipine and enalapril which offers a greater reduction in arterial

pressure and better protection for the kidneys, one of the target organs.

Again on our stand, Prof. **Kausik K. Ray** (Imperial College, London) illustrated the properties of different statins to an attentive public in the meeting entitled "Not all the statins are the same: some guidance on how to manage high-risk patients".



The course brought together 57 participants and experts such as paediatric and adult neurologists, metabolic specialists, biochemists, internists and neuromuscular specialists from all over the world.

The scientific level was excellent. The doctors shared experiences in the various seminars and took an active part

in the discussions that followed the presentations of clinical cases.

An additional workshop was improvised at the last moment by one of the participants, a specialist at the Institut de Myologie at the Pitié-Salpêtrière Hospital in Paris. He took a group of participants with him to his ward in the hospital to show how hand grip strength tests are performed.

Measurement of handgrip strength has a high specificity in detecting metabolic diseases, pseudo metabolic diseases and mitochondria disorders because no standardised procedure exists nor are there any reference values that are uniformly accepted at international level.

The initiative and the practical experience enjoyed great success!

Inhousecommunity Awards

MILAN, 10TH OCTOBER

Recordati S.p.A.'s Legal and Corporate Affairs Department, headed by **Avv. Daria Ghidoni**, was awarded a prize at the second edition of the Inhousecommunity Awards event dedicated to legal, tax and corporate affairs departments that have distinguished themselves among Italian and multinational companies selected each year in Italy on the financial, industrial and service company scene.

The prize was presented at a ceremony held at the Diocesan Museum in Milan on 10th October 2016 before approximately 500 guests in the presence of Italian and multinational companies. It was awarded to the department because it is the "legal team of an Italian pharmaceutical Group of international standing which has concluded important acquisitions in recent years".



From the left: SILVIA MARELLI, DANIELA CIULLA, SILVIA SIGNORETTI, PAOLINO DAL PONTE, DARIA GHIDONI, ANTONELLA CARAMELLA, GIOVANNI CARLONE, FRANCESCO TRUCILLO, GIUSEPPE COLANGELO

RECORDATI İLAÇ CONVENTION - ANTALYA, 30TH SEPTEMBER - 4TH OCTOBER

Recordati İlaç organised its third quarter 2016 "Cycle Meeting" at Antalya between 30th September and 4th October. This big meeting which brought together 485 participants was organised to agree on strategies and the action plan to expand sales of the product portfolio in the last quarter of 2016. Furthermore, training sessions were held for pharmaceutical sales representatives for the launch of the products Phospho-Soda and Prepagel.

