

**RECORDATI: VERY GOOD FIRST HALF 2011 RESULTS. SALES +6.6%. NET INCOME +5.3%**

- Consolidated revenue € 401.0 million, + 6.6%.
- Operating income € 88.2 million, + 5.2%.
- Net income € 62.4 million, + 5.3%.
- Net financial position\*: positive balance of € 27.8 million.
- Procto-Glyvenol® acquired from Novartis Consumer Health
- Initial launches in Europe of Livazo® (pitavastatin)
- Extension of the use of Carbaglu® (carglumic acid) to treat hyperammonaemia due to one of the three main organic acidemias approved in Europe
- Agreement for the acquisition of the Turkish pharmaceutical company Frik ilaç

Milan, 26 July 2011 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first half 2011 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, together with the independent auditors' report on the condensed half-year financial statements, will be available tomorrow, or at the latest within the legal deadline, at the company's offices, at Borsa Italiana S.p.A. and on the company's website:

[http://www.recordati.com/rec\\_en/investors/reports/](http://www.recordati.com/rec_en/investors/reports/)

**Financial highlights**

- **Consolidated revenue** in the first half 2011 is € 401.0 million, up by 6.6% compared to the same period of the preceding year. Pharmaceutical sales are € 385.5 million, an increase of 6.1% despite sales of lercanidipine down by 15.6% as a result of the entry of generics into the market following this product's patent expiry in 2010.
- **Operating income**, at 22.0% of sales, is € 88.2 million, an increase of 5.2% over the same period of the preceding year. Selling expenses increase by 10.4% mainly to support the launch of the new products.
- **Net income** at 15.5% of sales is € 62.4 million, an increase of 5.3%, higher than that recorded by operating income thanks to a lower tax rate.
- **Net financial position\*** at 30 June 2011 shows a positive balance of € 27.8 million, a decrease of € 18.2 million as compared to 31 December 2010 due to the payment of the 2010 dividend and the acquisition of the new product Procto-Glyvenol®. **Shareholders' equity** increased to € 584.6 million.

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

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## Business development news

The marketing authorizations, the brand and the rights to the product Procto-Glyvenol® were acquired from Novartis Consumer Health for the following countries: Poland, Russia, Turkey, Romania, Czech Republic, Slovakia, Ukraine, Portugal, the Baltic countries and Cyprus. Procto-Glyvenol® is indicated for the localized treatment of internal and external hemorrhoids and is currently on the market in the countries included in the agreement.

The European roll-out of Livazo® (pitavastatin) started with its launches in Spain, by Recordati España and its co-marketer Esteve, and in Portugal, by Jaba Recordati and its co-marketer Delta. Pitavastatin, 1mg, 2mg and 4mg tablets, is a novel statin indicated for the reduction of elevated total and LDL cholesterol in adult patients with primary hypercholesterolaemia and combined (mixed) dyslipidaemia when response to diet and other non-pharmacological measures is inadequate. This medicinal product promises to be an effective new treatment for dyslipidemia, a condition associated with an increased risk for heart disease and stroke. The launch of Livazo® and Alipza® in Spain, one of the important European pharmaceutical markets, represents the first step in the commercialization in Europe of this new specialty.

Approval was received to extend the use of Carbaglu® (carglumic acid) to treat hyperammonaemia due to one of the three main organic acidaemias (isovaleric acidaemia, methylmalonic acidaemia or propionic acidaemia). Carbaglu® has orphan drug designation and since 2003 is indicated in the treatment of NAGS deficiency. Organic acidaemias (OA) are usually diagnosed in infancy, can be fatal, and affect especially the central nervous system. They are a group of inherited rare metabolic disorders which disrupt physiologic amino acid degradation causing a build-up of organic acids, which in turn may inhibit the urea cycle function, leading to hyperammonaemia. Acute hyperammonaemia due to OA represents a true medical emergency and Carbaglu®, by restoring the urea cycle and thus reducing blood ammonia levels, prevents brain damage.

On 1 July the agreements covering the acquisition of 100% of the share capital of Dr. F. Frik İlaç A.Ş., a Turkish pharmaceutical company with headquarters in Istanbul, were signed. The value of the transaction (enterprise value) is of around \$ 130 million, and will be funded from existing liquidity. The closing of the transaction, expected to take place in the following months, is subject to certain conditions, including clearance by the relevant competition authorities. This is the second acquisition Recordati has made in Turkey, where it acquired Yeni İlaç in December 2008. Frik İlaç is one of the fastest growing pharmaceutical companies in Turkey. The company has a core portfolio of original prescription products both in primary care and specialist areas and employs 350 personnel, of which around 260 are medical representatives. Net sales in 2010 were of around YTL 100 million (ca. € 44 million).

## Management Comments

“The first half of 2011 was positive for the development of the Group considering both the very good financial results obtained as well as the conclusion of important initiatives” declared Giovanni Recordati, Chairman and CEO. “In particular we are very satisfied with our second acquisition in Turkey, a country with excellent economic development prospects and a pharmaceutical market which is growing strongly. Central and Eastern Europe, including Turkey, represents a strategic area for the future development of the Group, a strategy which is confirmed by the 33.4% growth of our revenues in these markets in the second half” continued Giovanni Recordati. “The first half results allow us to improve our forecast for the full year 2011 during which we expect to achieve revenues above € 750 million, operating income above € 160 million and net income above € 110 million.”

## Conference call

Recordati will be hosting a *conference call* **today 26 July 2011** at 4.00 pm Italian time (3.00 pm London time, 10.00 am New York time). The **conference ID is 1561304** and dial-in numbers are:

Italy	+39 02 30413100, toll free 800 088 738
UK	+44 (0) 20 71366283
USA	+1 212 444 0412
France	+33 (0) 1 70994295
Germany	+49 (0) 6950071305

Callers are invited to dial-in 10 minutes before conference time and state the **ID number 1561304**. If conference operator assistance is required during the connection please digit \* followed by 0 or call +353 23 8832493. A recording of the conference call will be placed on the website [www.recordati.com](http://www.recordati.com).

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

*Recordati, established in 1926, is a European pharmaceutical group, listed on the Italian Stock Exchange (Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271), with a total staff of over 2,800, dedicated to the research, development, manufacturing and marketing of pharmaceuticals. It has headquarters in Milan, Italy, operations in the main European countries, and a growing presence in the new markets of Central and Eastern Europe. A European field force of around 1,400 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's current and growing coverage of the European pharmaceutical market makes it a partner of choice for new product licenses from companies which do not have European marketing organizations. Recordati is committed to the research and development of new drug entities within the cardiovascular and urogenital therapeutic areas and of treatments for rare diseases. Consolidated revenue for 2010 was € 728.1 million, operating income was € 154.8 million and net income was € 108.6 million.*

For further information:

Recordati website: [www.recordati.com](http://www.recordati.com)

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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 €)

<b>INCOME STATEMENT</b>	First half 2011	First half 2010	Change %
REVENUE	401,019	376,263	6.6
Cost of sales	(133,539)	(121,390)	10.0
GROSS PROFIT	267,480	254,873	4.9
Selling expenses	(125,703)	(113,817)	10.4
Research and development expenses	(30,950)	(32,867)	(5.8)
General & administrative expenses	(22,045)	(21,326)	3.4
Other income (expenses), net	(620)	(3,033)	(79.6)
OPERATING INCOME	88,162	83,830	5.2
Financial income (expenses), net	(2,280)	(1,383)	64.9
PRE-TAX INCOME	85,882	82,447	4.2
Provision for income taxes	(23,529)	(23,239)	1.2
NET INCOME	62,353	59,208	5.3
Attributable to:			
Equity holders of the parent	62,347	59,206	5.3
Minority interests	6	2	n.s.

<b>EARNINGS PER SHARE</b>	First half 2011	First half 2010	Change %
Basic	€ 0.314	€ 0.299	5.0
Diluted	€ 0.297	€ 0.285	4.2

Earnings per share (EPS) are based on average shares outstanding during each year, 198.778.475 in 2011 and 197.652.801 in 2010, net of average treasury stock which amounted to 10.346.681 shares in 2011 and to 11,472,355 shares in 2010.

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

<b>COMPOSITION OF REVENUE</b>	First half 2011	First half 2010	Change %
Total revenue	401,019	376,263	6.6
Italy	123,897	107,358	15.4
International	277,122	268,905	3.1

Pending the completion of independent audit.

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(thousands of €)

<b>INCOME STATEMENT</b>	Second quarter 2011	Second quarter 2010	Change %
REVENUE	203,177	190,407	6.7
Cost of sales	(66,629)	(61,691)	8.0
GROSS PROFIT	136,548	128,716	6.1
Selling expenses	(65,679)	(58,494)	12.3
Research and development expenses	(15,323)	(16,439)	(6.8)
General & administrative expenses	(11,142)	(10,893)	2.3
Other income (expenses), net	(568)	(2,135)	(73.4)
OPERATING INCOME	43,836	40,755	7.6
Financial income (expenses), net	(1,265)	(603)	109.8
PRE-TAX INCOME	42,571	40,152	6.0
Provision for income taxes	(11,641)	(10,918)	6.6
NET INCOME	30,930	29,234	5.8
Attributable to:			
Equity holders of the parent	30,927	29,232	5.8
Minority interests	3	2	50.0

<b>COMPOSITION OF REVENUE</b>	Second quarter 2011	Second quarter 2010	Change %
Total revenue	203,177	190,407	6.7
Italy	61,991	50,921	21.7
International	141,186	139,486	1.2

Pending the completion of independent audit.

**RECORDATI GROUP**

Summary of consolidated results prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS)  
(thousands of €)

<b>ASSETS</b>	30.6.2011	31.12.2010
Property, plant and equipment	51,527	53,017
Intangible assets	140,542	113,512
Goodwill	301,222	305,741
Equity investments	1,930	1,930
Non-current receivables	2,666	2,485
Deferred tax assets	20,148	20,221
<b>TOTAL NON-CURRENT ASSETS</b>	<b>518,035</b>	<b>496,906</b>
Inventories	94,284	85,190
Trade receivables	148,715	126,575
Other receivables	17,451	26,734
Other current assets	4,999	2,825
Fair value of hedging derivatives (fair value hedge)	0	1,164
Short-term financial investments, cash and cash equivalents	186,864	161,680
<b>TOTAL CURRENT ASSETS</b>	<b>452,313</b>	<b>404,168</b>
<b>TOTAL ASSETS</b>	<b>970,348</b>	<b>901,074</b>

<b>EQUITY AND LIABILITIES</b>	30.6.2011	31.12.2010
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(47,848)	(52,579)
Hedging reserve	(3,245)	(4,299)
Translation reserve	(6,799)	(592)
Other reserves	24,422	25,733
Retained earnings	445,865	389,284
Net income for the period	62,347	108,571
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>584,602</b>	<b>575,978</b>
Minority interest	34	28
<b>SHAREHOLDERS' EQUITY</b>	<b>584,636</b>	<b>576,006</b>
Loans due after one year	135,068	96,767
Employees' termination pay	18,884	19,259
Deferred tax liabilities	5,902	5,699
Other non-current liabilities	615	606
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>160,469</b>	<b>122,331</b>
Trade payables	107,912	93,068
Other payables	53,360	53,536
Tax liabilities	15,233	9,691
Other current liabilities	619	620
Provisions	20,882	21,413
Fair value of hedging derivatives (cash flow hedge)	3,245	4,299
Fair value of hedging derivatives (fair value hedge)	2,107	0
Loans due within one year	19,319	16,604
Bank overdrafts	2,566	3,506
<b>TOTAL CURRENT LIABILITIES</b>	<b>225,243</b>	<b>202,737</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>970,348</b>	<b>901,074</b>

Pending the completion of independent audit.

**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.