



# NEWS RELEASE

## RECORDATI: POSITIVE FIRST HALF 2010 RESULTS, EBIT AND NET INCOME INCREASE.

- Consolidated revenue € 376.3 million, - 0.8%.
- Pharmaceutical revenue € 363.4 million, - 0.5%.
- Operating income € 83.8 million, + 1.6%.
- Net income € 59.2 million, + 2.5%.
- Net financial position\*: net debt of € 21.0 million.
- Urorec<sup>®</sup>/Silodyx<sup>™</sup> (silodosin) approved by the European Medicines Agency (E.M.A.) in Europe.
- Carbaglu<sup>®</sup> (carglumic acid) approved by the FDA in the U.S..
- Agreement with Leespharm for the marketing and sales of lercanidipine in China. Agreement with Esteve for the co-marketing of pitavastatin in Spain. Agreement with Zambon for the co-marketing of silodosin in France.
- Acquisition of ArtMed International S.r.l. in Romania.
- Subsequent events: During July the Decentralized Procedure for the approval of pitavastatin (Livazo<sup>®</sup>, Alipza<sup>®</sup> and other brands) in Europe was concluded with a positive outcome.

Milan, 28 July 2010 – The Board of Directors of Recordati S.p.A. approved the Group's consolidated results for the first half 2010 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 are available 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 of 2010 is € 376.3 million, slightly down (-0.8%) compared to the same period of the preceding year. Pharmaceutical sales are € 363.4 million, a decrease of 0.5%. The expiry of the composition of matter patent covering lercanidipine in the main European countries in January involved a 25.1% reduction of this product's sales which was mostly offset by the good sales performance of the rest of the pharmaceutical portfolio and by revenues generated by our international licensing-out business. Pharmaceutical chemicals sales are € 12.9 million, down by 9.1%.
- **Operating income**, at 22.3% of sales, is € 83.8 million, an increase of 1.6% over the same period of the preceding year thanks mainly to the lower SG&A expenses.
- **Net income** is € 59.2 million, an increase of 2.5%, higher than that recorded by operating income thanks to lower financial expenses.
- **Net financial position\*** at 30 June 2010 records net debt of € 21.0 million, an increase of € 1.2 million as compared to 31 December 2009. Dividends for an amount of € 54.4 million were paid during the period. Shareholders' equity increased to € 523.3 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).

### **Business development news**

At the end of January Recordati was granted Marketing Authorization by the European Commission for the medicinal products Urorec<sup>®</sup> and Silodyx<sup>™</sup> (silodosin), intended for treatment of the signs and symptoms of benign prostatic hyperplasia. During June marketing authorization for silodosin based products was also granted by the Russian Federation. During April of a co-marketing agreement was entered into with Zambon France, the French subsidiary of the Italian pharmaceutical group Zambon, for the marketing and sales rights in France of silodosin. Zambon will co-market the product under the brand Silodyx<sup>™</sup> together with Bouchara Recordati which will be using the brand Urorec<sup>®</sup>. In June Urorec<sup>®</sup> was introduced into the market in Germany. The launch of this specialty in the other European markets is expected to take place over the next months, following completion of the pricing and reimbursement procedures in each country.

Also in January an agreement was finalized with Novartis for the acquisition in Greece and in other European countries of Lopresor<sup>®</sup> (metoprololo), a well known selective beta blocker for the treatment of different cardiovascular disorders, in particular hypertension and angina pectoris. Under the agreement Recordati acquired the product's marketing authorizations and know-how, including manufacturing rights, as well as a free unlimited license for the use of the brand Lopresor<sup>®</sup>. 2009 sales of Lopresor<sup>®</sup> (metoprolol) in the countries covered by the agreement were overall € 4 million, most of which were generated in Greece.

In March Recordati received approval by the Food and Drug Administration (FDA) in the U.S. of the NDA submitted by Orphan Europe for the use of Carbaglu<sup>®</sup> (carglumic acid) in pediatric and adult patients for the treatment of acute hyperammonaemia due to the deficiency of the hepatic enzyme N-acetyl glutamate synthase (NAGS deficiency) and as maintenance therapy for chronic hyperammonaemia due to NAGS deficiency.

Also during March a license agreement was signed with Lee's Pharmaceutical Holding Ltd for the sales and marketing of Zanicidip<sup>®</sup> (lercanidipine) in the People's Republic of China.

In April Recordati signed a license agreement with Esteve, a leading pharmaceutical company in the Spanish market, for the marketing and sales in Spain of pitavastatin, a novel "statin" indicated for the treatment of hypercholesterolaemia. Esteve will co-market the product together with Recordati España, the Spanish subsidiary of the Recordati group. Pitavastatin was licensed by Recordati from the Japanese pharmaceutical company Kowa for the European market. During July the Decentralized Procedure for the approval of pitavastatin (Livazo<sup>®</sup>, Alipza<sup>®</sup> and other brands) in Europe was concluded with a positive outcome.

In June Recordati acquired ArtMed International, a company dedicated to the promotion of pharmaceutical products in Romania with offices in Bucharest. Furthermore, the rights to the products currently being promoted by ArtMed were also acquired. The price paid is € 1.2 million plus an earn-out based on the gross profit of the 5 products under license to the company. ArtMed has a staff of 24 employees dedicated to marketing and medical information activities directed at physicians and pharmacists. The medicines which are currently promoted are indicated prevalently for disorders resulting from nutrition deficiencies in addition to Revada<sup>®</sup> (diosmin) which is prescribed for venous insufficiency and other indications.

### **Subsequent events and business outlook**

During July the Decentralized Procedure for the approval of pitavastatin (Livazo<sup>®</sup>, Alipza<sup>®</sup> and other brands) in Europe was concluded with a positive outcome as communicated by the Reference Member State (MHRA, Medicines and Healthcare products Regulatory Agency, UK) following the

## RECORDATI

agreement of all the Concerned Member States. Pitavastatin, 1mg, 2mg and 4mg tablets, is indicated for the reduction of elevated total cholesterol (TC) and LDL-C, in adult patients with primary hypercholesterolaemia and combined (mixed) dyslipidaemia when response to diet and other non-pharmacological measures is inadequate.

The group's business performance was in line with expectations during July. For the full year 2010 we expect to achieve revenues in excess of € 700 million, operating income in excess of € 140 million and net income in excess of € 95 million.

### Conference call

Recordati will be hosting a *conference call* **today 28 July 2010** at 4.00 pm Italian time (3.00 pm London time, 10.00 am New York time). The **conference ID is 89131263** and dial-in numbers are:

Italy	+39 02 36005955
UK	+44 (0) 1452 587 427
USA	18665516755
France	+33 (0) 170751217
Germany	+49 (0) 6922227071

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.

Callers are invited to dial-in 10 minutes before conference time and state the **ID number 89131263**. If conference operator assistance is required during the connection please digit \* followed by 0 or call +44 1452 569 034. A recording of the conference call will be placed on the website [www.recordati.com](http://www.recordati.com).

*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 2009 was € 747.5 million, operating income was € 162.2 million and net income was € 110.6 million.*

For further information:

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

#### Investor Relations

Marianne Tatschke  
(39)0248787393  
e-mail: [inver@recordati.it](mailto:inver@recordati.it)

#### Media Relations

Claudio Rossetti (Echo Comunicazione d'Impresa)  
(39)02 62694736  
e-mail: [crossetti@echocom.it](mailto:crossetti@echocom.it)

*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-*

## RECORDATI

*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 2010	First half 2009	Change %
REVENUE	376,263	379,301	(0.8)
Cost of sales	(121,390)	(121,257)	0.1
<b>GROSS PROFIT</b>	<b>254,873</b>	<b>258,044</b>	<b>(1.2)</b>
Selling expenses	(113,817)	(115,327)	(1.3)
Research and development expenses	(32,867)	(33,682)	(2.4)
General & administrative expenses	(21,326)	(22,439)	(5.0)
Other income (expenses), net	(3,033)	(4,096)	(26.0)
<b>OPERATING INCOME</b>	<b>83,830</b>	<b>82,500</b>	<b>1.6</b>
Financial income (expenses), net	(1,383)	(2,760)	(49.9)
<b>PRE-TAX INCOME</b>	<b>82,447</b>	<b>79,740</b>	<b>3.4</b>
Provision for income taxes	(23,239)	(21,999)	5.6
<b>NET INCOME</b>	<b>59,208</b>	<b>57,741</b>	<b>2.5</b>
Attributable to:			
Equity holders of the parent	59,206	57,739	2.5
Minority interests	2	2	0.0

<b>EARNINGS PER SHARE</b>	First half 2010	First half 2009	Change %
Basic	€ 0.299	€ 0.293	2.0
Diluted	€ 0.285	€ 0.283	0.7

Earnings per share (EPS) are based on average shares outstanding during each year, 197,818,982 in 2010 and 197,089,168 in 2009, net of average treasury stock which amounted to 11,306,174 shares in 2010 and to 11,472,355 shares in 2009.

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

<b>COMPOSITION OF REVENUE</b>	First half 2010	First half 2009	Change %
Pharmaceuticals	363,380	365,126	(0.5)
Pharmaceutical chemicals	12,883	14,175	(9.1)
<b>TOTAL</b>	<b>376,263</b>	<b>379,301</b>	<b>(0.8)</b>
- of which International	268,905	269,126	(0.1)

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>INCOME STATEMENT</b>	2 <sup>nd</sup> quarter 2010	2 <sup>nd</sup> quarter 2009	Change %
REVENUE	190,407	195,614	(2.7)
Cost of sales	(61,691)	(61,099)	1.0
<b>GROSS PROFIT</b>	128,716	134,515	(4.3)
Selling expenses	(58,494)	(60,470)	(3.3)
Research and development expenses	(16,439)	(18,382)	(10.6)
General & administrative expenses	(10,893)	(11,521)	(5.5)
Other income (expenses), net	(2,135)	(2,277)	(6.2)
<b>OPERATING INCOME</b>	40,755	41,865	(2.7)
Financial income (expenses), net	(603)	(1,309)	(53.9)
<b>PRE-TAX INCOME</b>	40,152	40,556	(1.0)
Provision for income taxes	(10,918)	(10,434)	4.6
<b>NET INCOME</b>	29,234	30,122	(2.9)
Attributable to:			
Equity holders of the parent	29,232	30,121	(3.0)
Minority interests	2	1	100.0

<b>COMPOSITION OF REVENUE</b>	2 <sup>nd</sup> quarter 2010	2 <sup>nd</sup> quarter 2009	Change %
Pharmaceuticals	183,753	188,322	(2.4)
Pharmaceutical chemicals	6,654	7,292	(8.7)
<b>TOTAL</b>	190,407	195,614	(2.7)
- of which International	139,486	140,961	(1.0)

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>	30.6.2010	31.12.2009
Property, plant and equipment	53,468	55,381
Intangible assets	112,323	96,512
Goodwill	308,742	303,653
Equity investments	3,724	3,716
Non-current receivables	3,884	3,804
Deferred tax assets	20,106	21,793
<b>TOTAL NON-CURRENT ASSETS</b>	<b>502,247</b>	<b>484,859</b>
Inventories	88,228	86,627
Trade receivables	132,602	132,621
Other receivables	22,291	22,990
Other current assets	5,642	2,607
Fair value of hedging derivatives (fair value hedge)	5,762	0
Short-term financial investments, cash and cash equivalents	66,263	93,775
<b>TOTAL CURRENT ASSETS</b>	<b>320,788</b>	<b>338,620</b>
<b>TOTAL ASSETS</b>	<b>823,035</b>	<b>823,479</b>

<b>EQUITY AND LIABILITIES</b>	30.6.2010	31.12.2009
Share capital	26,141	26,141
Capital in excess of par value	83,719	83,719
Treasury stock	(55,129)	(59,103)
Hedging reserve	(5,406)	(4,040)
Translation reserve	813	(6,178)
Other reserves	25,549	25,025
Retained earnings	388,400	332,836
Net income for the period	59,206	110,560
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>523,293</b>	<b>508,960</b>
Minority interest	21	19
<b>SHAREHOLDERS' EQUITY</b>	<b>523,314</b>	<b>508,979</b>
Loans due after one year	87,579	79,990
Employees' termination pay	19,408	19,895
Deferred tax liabilities	5,508	5,661
Other non-current liabilities	5,713	6,179
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>118,208</b>	<b>111,725</b>
Trade payables	89,540	81,751
Other payables	51,081	48,406
Tax liabilities	8,240	12,555
Other current liabilities	632	517
Provisions	21,187	21,978
Fair value of hedging derivatives (cash flow hedge)	5,406	4,040
Fair value of hedging derivatives (fair value hedge)	0	2,257
Loans due within one year	1,298	2,419
Bank overdrafts	4,129	28,852
<b>TOTAL CURRENT LIABILITIES</b>	<b>181,513</b>	<b>202,775</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>823,035</b>	<b>823,479</b>

Pending the completion of independent audit.

RECORDATI

**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.