INTERIM REPORT

JANUARY – SEPTEMBER 2017

INTERIM REPORT

6 %
Sales increase

103
MSEK, EBITDA

9 %
EBITDA margin

JULY – SEPTEMBER 2017

- Net sales amounted to SEK 1,200 million (1,138), an increase of 5.5%
- EBITDA amounted to SEK 103 million (144) corresponding to an EBITDA margin of 8.6% (12.6)
- Operating profit (EBIT) amounted to SEK -17 million (44)
- Profit after tax amounted to SEK -54 million (12) corresponding to a net margin of -4.5% (1.0)
- Earnings per share amounted to SEK -0.89 (0.14) before dilution and SEK -0.89 (0.14) after dilution
- Recipharm signed collaboration agreement with Roche

JANUARY – SEPTEMBER 2017

- Net sales amounted to SEK 3,929 million (3,346), an increase of 17.4%
- EBITDA amounted to SEK 504 million (520) corresponding to an EBITDA margin of 12.8% (15.6)
- Operating profit (EBIT) amounted to SEK 151 million (263)
- Profit after tax amounted to SEK 23 million (121) corresponding to a net margin of 0.6% (3.5)
- Earnings per share amounted to SEK 0.26 (2.13) before dilution and SEK 0.26 (2.13) after dilution
- Net debt to Equity was 0.7 (0.4)

SIGNIFICANT EVENTS AFTER THE PERIOD END

- Recipharm to end operations in two facilities in Sweden

KEY FIGURES

	Jul – Sep			Jan – Sep			Oct 16 – Sep 17	Jan - Dec
SEK million	**2017**	2016	Change in %	**2017**	2016	Change in %	**2017**	2016
Net sales	1,200	1,138	+5.5	3,929	3,346	+17.4	5,262	4,678
EBITDA[1/]	103	144	-28.5	504	520	-3.1	733	749
EBIT[1/]	-16.9	44.3	-138.2	151	263	-42.5	273	384
EBITDA margin (%)[1/]	8.6	12.6		12.8	15.6		13.9	16.0
Earnings per share (SEK)[1/]	-0.89	0.14		0.26	2.13		1.57	3.32
Return on equity (%)[1/]				2.0	3.8		2.0	5.0
Equity per share (SEK)[1/]				72.4	73.5		73.0	75.7
Equity ratio (%)[1/]				44.3	52.7		44.3	52.2
Net debt[1/]				3,252	1,867		3,252	1,894
Net debt to Equity[1/]				0.7	0.4		0.7	0.4
Net debt to EBITDA[1/]				4.4	3.0		4.4	2.5

1/ APM: Alternative Performance Measures, see financial definitions on page 23.

COMMENTS BY THOMAS ELDERED, CEO

Difficult quarter, as expected

We continue to execute on our focused strategies in order to reach our overall targets. There remains a lot to do but we see very encouraging business events and a strong development in the underlying business. The result for the third quarter was as usual strongly affected by scheduled maintenance and temporary shutdown in our manufacturing facilities. In addition to this comes the effect from specific challenges communicated in the previous interim report and underperforming operations in Sweden. We are meeting this with powerful intiatives.

Net sales adjusted for comparable units and currency effects decreased by 0.8 per cent compared to the same period last year. In the interim report for the second quarter we identified factors, mainly delays, with negative effect on the result for the rest of the year. This resulted in us believing that it will be challenging to reach our overall EBITDA-margin target for the current year. This quarter suffered the full negative impact of these factors. Moreover, the weak development within Solids & Others as well as phasing of orders had a further negative effect. In the short term we therefore see decreased margins, and for the quarter EBITDA-margin was 8.6 per cent.

Operating cash flow for the period was positively affected by reduced working capital and amounted to SEK 149 million. Investments in increased capacity and new possibilities constituted a larger part of the total investments for the quarter of SEK 153 million. As such, almost the entire investment program was financed internally by operating cash flow.

In order to improve profitability we will increase focus on synergies and reduce our exposure to low-margin products. The intended discontinuing of the manufacturing facilities in Stockholm and Höganäs and transfer of production to other facilities within the group is an important step in this process. We expect positive effects on EBITDA and EBITDA-margin already in 2018 and long-term we will have a more efficient structure at the same time as we eliminate negative EBITDA. We continue to explore further possibilities to improve the use of our resources and the efficiency in our total structure going forward.

Another important part of our overall strategies is the consolidation and coordination of our development business. We will accelerate and streamline the introduction of new products, from the development phase to commercial production. In order to achieve this we will among other things increase the use of our Indian development business. We are also exploring strategic possibilities for some of our own products and technologies.

The long-term manufacturing agreement with Roche that was signed during the quarter will contribute to our achievement of our overall target for net sales. We estimate that we will start to deliver full volumes from next year. The ambition is to go ahead with similar agreements with other customers and we see good opportunities to do so within the near future.

During the next year all our ongoing expansion investments will be finalised and we will start commercial operations. We will see positive effects from optimising and changes in our facility base. New agreements, where the new agreements with Roche currently is the largest, will contribute to growth and profitability. In India we will gradually implement agreements already signed and eliminate the delays we experienced during the year. Finally we will re-organise our development business and optimise the use of resources which also is expected to contribute positively to our profitability.

We continue to work hard to deliver on our strategies and to meet our targets. We invest heavily to take leadership in markets where demand is expected to be high. We perform optimisation and improvements of our structure in order to increase profitability and offer our customers attractive solutions. We receive positive feedback from our customers both in terms of our long-term strategy and of our current work. We see good opportunities to initiate and deepen important long-term relations with key customers. I therefore feel confident that we will reach our overall financial targets and be a leading global CDMO.

The company invites investors, analysts and media to a telephone conference with a web presentation (in English) on 9 November at 10:00 am CET where CEO Thomas Eldered and CFO Henrik Stenqvist will present and comment on the interim report and answer questions. Information about the conference can be found on the company website: www.recipharm.com

REVENUES

NET SALES PER SEGMENT

	Jul – Sep		Jan – Sep		Jan - Dec
SEK million	**2017**	2016	**2017**	2016	2016
Sterile Liquids	487.6	499.0	1,580.0	1,382.1	1,930.2
Solids & Others	541.6	507.7	1,806.4	1,531.5	2,166.0
Development & Technology	207.5	161.3	651.7	564.9	749.5
Eliminations and others	-36.5	-30.1	-109.1	-132.8	-167.4
Total	**1,200.3**	**1,138.0**	**3,929.0**	**3,345.8**	**4,678.3**

JULY – SEPTEMBER 2017

Net sales

Net sales increased by SEK 62.3 million and amounted to SEK 1,200.3 million, an increase by 5.5 percent. The impact by currency effects was SEK -0.2 million. Acquisitions contributed with SEK 71.8 million or an increase of 6.3 percent. Sales, excluding acquisitions and the currency effect above, decreased by SEK 9.3 million.

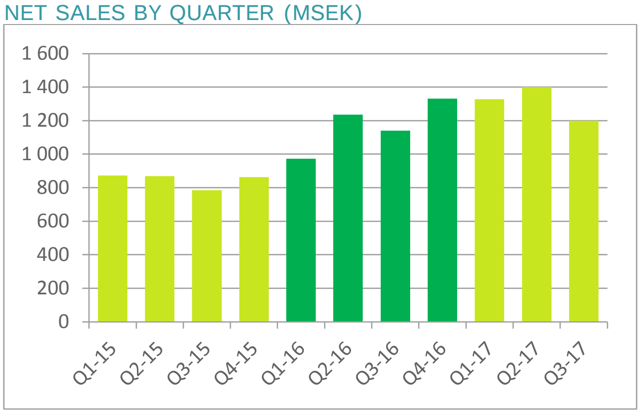
Other operating revenue

Other operating revenue amounted to SEK 39.3 million (37.5), mainly consisting of royalty income, pass-through costs and currency gains on operating receivables and liabilities.

SALES BRIDGE, JULY – SEPTEMBER

	Sales, SEK million	Sales, %
2016	1,138.0	
Currency	-0.2	0.0
Acquisitions	71.8	6.3
Organic	-9.3	-0.8
Total	62.3	5.5
2017	**1,200.3**	

NET SALES BY QUARTER (MSEK)



JANUARY - SEPTEMBER 2017

Net sales

Net sales increased by SEK 583.2 million and amounted to SEK 3,929.0 million, an increase by 17.4 percent. Adjusted for recent acquisitions, SEK 524.4 million and SEK 54.5 million currency translation effect, sales were on the same level as last year.

Other operating revenue

Other operating revenue amounted to SEK 120.6 million (108.5), mainly consisting of royalty income, pass-through costs and currency gains on operating receivables and liabilities.

SALES BRIDGE, JANUARY – SEPTEMBER

	Sales, SEK million	Sales, %
2016	3,345.8	
Currency	54.5	1.6
Acquisitions	524.4	15.7
Organic	4.3	0.1
Total	583.2	17.4
2017	**3,929.0**	

RESULTS

EBITDA PER SEGMENT

	Jul – Sep		Jan – Sep		Jan - Dec
SEK million	**2017**	2016	**2017**	2016	2016
Sterile Liquids	58.1	86.5	269.8	277.6	402.1
Solids and Others	11.8	25.7	153.8	180.3	276.9
Development & Technology	48.2	36.4	136.2	110.3	142.8
Eliminations and others	-15.3	-4.8	-55.7	-47.9	-72.5
Total	**102.8**	**143.9**	**504.1**	**520.3**	**749.4**

JULY - SEPTEMBER 2017

EBITDA

EBITDA amounted to SEK 102.8 million (143.9), a decrease of 28.5 percent. The EBITDA margin to sales decreased from 12.6 percent to 8.6 percent. The acquisition effect was SEK 3.8 million and the currency effect was negative SEK 0.4 million. EBITDA without currency- and acquistion-effects decreased by SEK 44.5 million mainly due to increased costs of capacity expansion and underperformance in Swedish operations.

Raw materials and consumables

Raw materials and consumables amounted to SEK 424.2 million (407.0). The material cost ratio to net sales was 35 percent, a slight reduction compared to Q3 2016 mainly due to increased sales of services and other product mix effects.

Other external costs

Other external costs amounted to SEK 295.3 million (247.5). The cost to sales ratio increased to 25 percent (22) mainly as a result of efforts to mitigate delays and backlogs, as well as activities with new customers and maintenance projects.

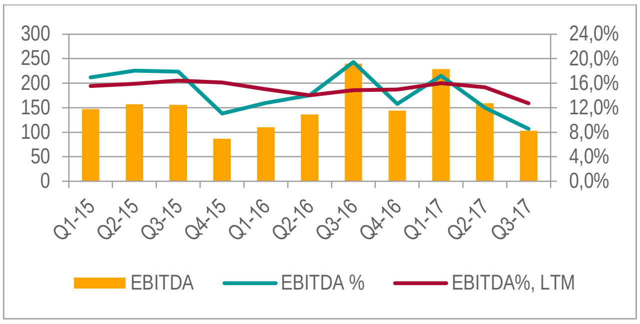
Employee benefits expense

Employee benefits expense amounted to SEK 400.7 million (360.4). The expense to sales ratio amounted to 33 percent (32). The increased ratio is mainly related to the capacity expansions in the Sterile Liquids segment.

Depreciation and amortisation

Depreciation and amortisation amounted to SEK 119.8 million (99.6). Depreciations increased mainly from acquisitions and other investments and amortisation increased mainly due to the recent acquisitions.

EBITDA (SEK MILLION), EBITDA MARGIN PER QUARTER AND LTM EBITDA MARGIN



EBITDA BRIDGE, JULY – SEPTEMBER

SEK million	EBITDA
2016	**143.9**
Currency	-0.4
Acquisitions	3.8
Other	-44.5
Total	-41.1
2017	**102.8**

Financial items

Financial Net amounted to SEK -46.3 million (-22.1) Interest income and similar revenues amounted to SEK 5.5 million (0.2) and interest expenses and similar costs amounted to SEK -51.7 million (-22.3). The Q3 increase compared to the previous quarters in 2017, was due to higher average debt and exchange rate effects.

Tax

The income tax amounted to SEK +9.1 million (-10.2). The relatively low tax rate in Q3 is mainly a phasing effect due to uneven distribution of results from operating units in different countries between quarters.

Profit after tax

Profit after tax amounted to SEK -54.2 million (12.1).

JANUARY – SEPTEMBER 2017

EBITDA

EBITDA amounted to SEK 504.1 million (520.3), a decrease of 3.1 percent. The EBITDA margin to sales decreased from 15.6 percent to 12.8 percent. Acquisitions generated SEK 66.0 million and the currency effect was positive by SEK 10.9 million. EBITDA excluding acquisitions and currency translation effects decreased by SEK 93.1 million. The lower EBITDA was mainly due to the ongoing capacity expansion and lower capacity utilization in Swedish operations.

Raw materials and consumables

Raw materials and consumables amounted to SEK 1,259.8 million (1,013.5). Cost to sales ratio increased 2 percentage points to 32 percent and was mainly related to the acquisitions.

Other external costs

Other external costs amounted to SEK 925.0 million (751.1). The increase related to the acquisitions was SEK 122.6 million. The ratio to sales was not influenced by acquisitions and increased 1 percentage points to 23 percent (22) mainly due to expenses related to new customer projects, construction, maintenance and similar costs.

Employee benefits expense

Employee benefits expense amounted to SEK 1,312.4 million (1,114.1). The ratio of employee expenses to sales remained stabile compared to the same period last year at 33 percent .

Depreciation and amortisation

Depreciation and amortisation amounted to SEK 353.1 million (257.6), of which SEK 184.0 million (131.5) was fixed asset depreciation and SEK 169.1 million (125.3) was amortisation of intangible assets. The increase in depreciation of SEK 52.5 million was due to acquisitions (22.4 m) and other investments, while the increase in amortisation of SEK 43.8 million was almost entirely due to recent acquisitions.

EBITDA BRIDGE, JANUARY – SEPTEMBER

SEK million	EBITDA
2016	**520.3**
Currency	10.9
Acquisitions	66.0
Other	-93.1
Total	-16.2
2017	**504.1**

Financial items

Financial Net amounted to SEK -98.0 million (-62.2). Interest income and similar revenues amounted to SEK 8.6 million (3.2) and interest expenses and similar costs amounted to SEK -106.6 million (-65.3).

Tax

The income tax amounted to SEK 29.9 million (79.9).

Profit after tax

Profit after tax amounted to SEK 23.0 million (120.6).

ACQUISITIONS

The acquisition completed during the last 12 months is Kemwell India (February 20 2017).

This acquisition contributed SEK 67.8 million to Net Sales and SEK 3.8 million to EBITDA during the quarter, split between the two segments Manufacturing Solids & Others and Development & Technology.

For additional information related to the acquisitions, refer to note 2.

MANUFACTURING SERVICES – STERILE LIQUIDS

The business segment *Sterile Liquids* consists of manufacturing of products on behalf of pharmaceutical companies and covers sterile technologies including liquid vials and ampoules, lyophilisation and blow-fill-seal products.

Q3:

- Sales decreased by 2.3%
- EBITDA decreased by 28.4 m
- EBITDA margin of 11.9% (17.3)

JULY – SEPTEMBER 2017

Net sales

Sales for Sterile Liquids decreased by SEK 11.4 million to SEK 487.6 million, a decrease of 2.3 percent. The currency effect was SEK 0.6 million. Sales in local currency decreased by SEK 12.1 million (2.4 percent) mainly due to the scheduled manufacturing shutdown as part of the ongoing expansion in the Kaysersberg facility during the summer.

EBITDA

EBITDA for Sterile Liquids decreased by SEK 28.4 million to SEK 58.1 million, and the EBITDA margin reduced 5.4 percentage points to 11.9 percent to sales. The currency effect was negative by SEK 0.7 millon in the quarter. The change in EBITDA was mainly due to ramp up activity for the new lyophilisation facility in Germany and the manufacturing shutdown in Kaysersberg mentioned above.

SALES BRIDGE, JULY – SEPTEMBER

	Sales, SEK million	Sales, %
2016	499.0	
Currency	0.6	0.1
Acquisitions	0.0	0.0
Organic growth	-12.1	-2.4
Total	-11.4	-2.3
2017	**487.6**	

EBITDA BRIDGE, JULY – SEPTEMBER

SEK million	EBITDA
2016	86.5
Currency	-0.7
Acquisitions	0.0
Other	-27.7
Total	-28.4
2017	**58.1**

JANUARY – SEPTEMBER 2017

Net sales

Sales for Sterile Liquids increased by SEK 197.9 million to SEK 1,580.0 million, an increase of 14.3 percent. The currency translation effect was SEK 35.8 million. The acquisitions contributed with SEK 141.2 million or 10.2 percent of the sales increase. Sales excluding acquisitions and currency effects increased by SEK 20.9 million equivalent to 2.8 percent mainly due to increased demand for injectable products including penicillins.

EBITDA

EBITDA for Sterile Liquids decreased by SEK 7.7 million to SEK 269.8 million, equivalent to an EBITDA margin of 17.1 percent (20.1). The acquisitions contributed with SEK 26.2 million and the currency effect was SEK 6.3 million. EBITDA in local currency, excluding acquisitions, decreased by SEK 40.3 million mainly related to the start up costs in the new lyophilisation line in Germany, one-off costs in Italy due to delays in sourcing, as well as a scheduled maintenance stop.

MANUFACTURING SERVICES – SOLIDS & OTHERS

The business segment *Solids & Others* consists of manufacturing of products on behalf of pharmaceutical companies and covers tablets, capsules, semi-solids and non-sterile liquids.

Q3:

- Sales increased by 6.7%
- EBITDA decreased by 13.9 m
- EBITDA margin of 2.2% (5.1)

JULY – SEPTEMBER 2017

Net sales

Solids & Others increased sales by SEK 33.9 million to SEK 541.6 million, an increase of 6.7 percent. The currency effect was negative SEK 0.9 million. The acquisitions contributed with SEK 61.4 million equivalent to an increase by 12.1 percent. Sales, excluding acquisitions and currency effects, decreased by SEK 26.6 million compared to same quarter last year. The decrease was mainly due to lower sales from the Swedish operations.

EBITDA

EBITDA for Solids & Others decreased by SEK 13.9 million to SEK 11.8 million, corresponding to an EBITDA margin of 2.2 percent (5.1). The acquisitions contributed with SEK 2.9 million and the currency effect was negative by SEK 0.1 million. EBITDA excluding acquistions and currencies was SEK 16.7 million lower than last year mainly due to the lower sales, see above.

SALES BRIDGE, JULY – SEPTEMBER

	Sales, SEK million	Sales, %
2016	507.7	
Currency	-0.9	-0.2
Acquisitions	61.4	12.1
Organic	-26.6	-5.2
Total	33.9	6.7
2017	**541.6**	

EBITDA BRIDGE, JULY – SEPTEMBER

SEK million	EBITDA
2016	25.7
Currency	-0.1
Acquisitions	2.9
Other	-16.7
Total	-13.9
2017	**11.8**

JANUARY – SEPTEMBER 2017

Net sales

Solids & Others increased sales by SEK 274.9 million to SEK 1,806.4 million, an increase of 18.0 percent. The currency effect was SEK 8.7 million. The acquisitions contributed with SEK 348.2 million or 22.8 percent to the sales increase. Sales, excluding acquisitions and currency effects, decreased by SEK 82.0 million compared to the same period last year. The decrease is mainly due to discontinuation of certain contracts.

EBITDA

EBITDA for Solids & Others decreased by SEK 26.5 million to SEK 153.8 million, corresponding to an EBITDA margin of 8.5 percent (11.8). The acquisitions contributed with SEK 40.1 million and the currency effect was SEK 2.5 million. EBITDA excluding acquistions and currencies was SEK 111.2 million, SEK 69.1 million less than the same period in the previous year. The decrease was mainly related to the lower volumes in discontinued contracts and to costs related to new customer projects.

DEVELOPMENT & TECHNOLOGY

The business segment *Development & Technology* provides pharmaceutical development services. It also includes a register of patents, technologies and product rights, and sales of own products to distributors and partners.

Q3:

- Sales increased by 28.7%
- EBITDA increased by 11.8 m
- EBITDA margin of 23.2% (22.6)

JULY – SEPTEMBER 2017

Net sales

Development & Technology increased its sales by SEK 46.2 million to SEK 207.5 million, an increase by 28.7 percent. The acquisitions contributed with SEK 11.2 million and the currency translation effect was negative by SEK -0.6 million. The growth was driven by trending demand for erdosteine and new development service assignments.

EBITDA

EBITDA for Development & Technology increased by SEK 11.8 million to SEK 48.2 million, equivalent to an EBITDA margin of 23.2 percent (22.6). The acquisitions contributed with SEK 1.0 million and the currency translation effect was SEK 0.4 million. EBITDA, excluding acquisitions and currency effects, increased by SEK 10.4 million versus last year mainly due to sales effects within the development service area.

SALES BRIDGE, JULY - SEPTEMBER

	Sales, SEK million	Sales, %
2016	161.3	
Currency	-0.6	-0.4
Acquisitions	11.2	7.0
Organic	35.7	22.1
Total	46.2	28.7
2017	**207.5**	

EBITDA BRIDGE, JULY - SEPTEMBER

SEK million	EBITDA
2016	**36.4**
Currency	0.4
Acquisitions	1.0
Organic	10.4
Total	11.8
2017	**48.2**

JANUARY – SEPTEMBER 2017

Net sales

Development & Technology increased sales by SEK 86.8 million to SEK 651.7 million, an increase of 15.4 percent. The acquisitions contributed with SEK 45.4 million and the currency translation effect was SEK 8.9 million. The growth was driven mainly by strong demand for erdosteine and other APIs and ocurred despite SEK 27.0 million of lower sales from the volatile Thyrosafe business.

EBITDA

EBITDA for Development & Technology increased by SEK 25.8 million to SEK 136.2 million, equivalent to an EBITDA margin of 20.9 percent (19.5). The acquisition effect was negative by SEK -0.4 million and the currency translation effect was SEK 2.7 million. EBITDA, excluding acquisitions, increased by SEK 23.5 million versus last year mainly due to sales effects and favorable product mix.

CASH FLOW

	Jul - Sep		Jan - Sep		Jan - Dec
SEK million	**2017**	2016	**2017**	2016	2016
CF operating activities before changes in WC	3.0	65.3	275.8	336.7	488.2
CF from changes in working capital (WC)	145.9	114.8	2.0	-78.0	-146.1
CF from investing activities	-153.4	-187.3	-1,386.8	-1,842.6	-2,033.1
CF from financing activities	283.9	-245.8	1,149.8	1,597.5	1,834.4
Total	**279.4**	**-253.1**	**40.9**	**13.6**	**143.5**

JULY – SEPTEMBER 2017

Cash flow from operating activities before changes in working capital was to SEK 3.0 million (65.3) while changes in working capital was SEK 145.9 million (114.8).

Cash flow from investing activities was SEK -153.4 million (-187.3). SEK -146.7 million (-180.4) was investments in property, plant and equipment. The increase is mainly due to new equipment for serialisation, expansion of blow-fill-seal capacity in Kaysersberg and capacity investments in Wasserburg (new freeze drying and packaging capacity).

Cash flow from financing activities was SEK 283.9 million (-245.8), mainly related to new loans.

JANUARY – SEPTEMBER 2017

Cash flow from operating activities before changes in working capital was to SEK 275.8 million (336.7) while changes in working capital was SEK 2.0 million (-78.0).

Cash flow from investing activities was SEK -1,386.8 million (-1,842.6) of which SEK -974.7 million (-1,520.0) was acquisition of subsidiaries and SEK -396.3 million (-304.3) was investments in property, plant and equipment. The increase is mainly due to new equipment for serialisation, expansion of blow-fill-seal capacity in Kaysersberg and capacity investments in Wasserburg (new freeze drying and packaging capacity).

FINANCING AND RETURN

KEY FIGURES FINANCING AND RETURN

	Jan – Sep		Jan - Dec
SEK million	**2017**	2016	2016
Return on operating capital (%)	3.6	5.8	7.0
Return on equity	2.0	3.8	4.9
Net debt to EBITDA	4.4	3.0	2.5
Net debt to equity	0.7	0.4	0.4
Equity to assets (%)	44.3	52.7	52.3

The return on operating capital decreased to 3.6 from 5.8 last year. The decrease is due to the increase in operating capital from the acquisitions made in 2016 and 2017.

Return on equity decreased to 2.0 from 3.8 in the same period previous year and from 4.9 at the end of 2016. The decrease is mainly due to a lower net profit in the period.

The net debt to EBITDA ratio increased to 4.4 from 3.0 compared to the same period in the previous year. The increase in net debt is mainly due to the increase of debt from acquisitions and no full year EBITDA effect of the acquisition of Kemwell India, which impacted the ratio negatively.

The interest bearing debt at September 30 2017 amounts to SEK 3,983.5 million of which SEK 2,925.0 million was used of the SEK 3 billion loan facilities.

Net debt in relation to equity was 0.7 (0.4), below the target of maximum 0.8.

The equity to assets ratio decreased compared to last year due to an increase of assets mainly from the acquisition of Kemwell India.

PARENT COMPANY

Recipharm AB (publ) includes Group management and functions that provide services to the business. The parent company's net sales was SEK 89.7 million (82.9) and operating result was SEK -61.8 million (-42.7) during the period January to September 2017. Investments amounted to SEK 87.0 million (17.2), mainly due to the serialisation project.

EMPLOYEES

The average number of employees (equivalent to full-time employees "FTE") during the period was 4,179 (2,838), of which 1,168 FTEs is an effect of recent acquisitions.

SIGNIFICANT EVENTS DURING THE PERIOD

Recipharm signs long-term manufacturing agreement with major new customer and acquires facility in Spain
Recipharm AB announced on 20 September that it had entered into collaboration with Roche and signed a long-term manufacturing agreement whereby Recipharm will manufacture a range of solid dose products. Recipharm will also acquire a manufacturing facility currently employing approximately 200 people located in Leganés, Spain, from Roche. The modern, well-equipped factory, located close to Madrid, currently produces solid dose products and is licensed to supply products globally to more than 95 countries. The long-term manufacturing agreement will add annual sales of approximately EUR 35 million corresponding to more than 6% of current Group sales and EBITDA-margin well in line with the Group's overall target. It adds a new important relationship with Roche and also offers opportunity for collaboration with Recipharm's facility in Parets, outside Barcelona and optimisation opportunities with Recipharm's current solids manufacturing network.

SIGNIFICANT EVENTS AFTER THE PERIOD END

Recipharm to end operations in two facilities in Sweden
Recipharm will initiate a process with the intention of discontinuing manufacturing operations at its facilities in Stockholm and Höganäs, Sweden.

Recipharm's operations in the greater Stockholm area employ approximately 180 people and are specialised in the manufacturing of tablets. The company will explore the opportunity to close the facilities during the second half of 2019.

Recipharm's operations in Höganäs employ approximately 45 people and are specialised in sachet and stick pack filling, primarily for powders and granules. As part of the process, the company will evaluate different options for the facility. This will include divestment of the manufacturing site, with the intention to have discontinued its involvement in operations by the end of 2018 at the latest.

Negotiations with representatives of the employees will be initiated immediately with the expectation for a final decision regarding discontinued manufacturing operations in Stockholm and Höganäs to be made before year end 2017.

As part of this activity, Recipharm will offer clients the opportunity to transfer manufacturing to other facilities in the network to minimise any potential impact on patients.

The operations in Stockholm and Höganäs currently generate a negative annualised run rate EBITDA of approximately 25 SEK million. Discontinuing operations in Höganäs and Stockholm will lead to an EBITDA margin and profitability improvement in the strategic business segment Solids and Others. Estimated non-recurring costs associated with the decision to discontinue operations are expected to be charged to the Q4 2017 results.

SHARES

Recipharm's class B shares were first available for trading on Nasdaq Stockholm on April 3 2014.

THE LARGEST SHAREHOLDERS (30 SEPTEMBER)

Shareholder	Capital (%) 2017	Capital (%) 2016	Votes (%) 2017	Votes (%) 2016
Flerie Participation AB [1/]	19.4	19.4	40.3	40.3
Cajelo Invest AB [1/]	12.1	12.1	38.0	38.0
Lannebo fonder	11.5	12.2	3.6	3.8
Första AP-fonden	6.1	6.1	1.9	1.9
Fjärde AP-fonden	6.0	5.4	1.9	1.7

[1/] Flerie Participation AB is controlled by CEO Thomas Eldered and Cajelo Invest AB is controlled by Chairman Lars Backsell.

FINANCIAL CALENDAR

Full year report January – December 2017	Feb 22, 2018
Interim report January – March 2018	April 27, 2018
Interim report January – June 2018	July 25, 2018
Annual Report 2017	April 17, 2018
Annual General Meeting 2018	May 8, 2018

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The undersigned Board members assure that this Interim report provides a true and fair view of the development of the Group's and Parent Company's operations, position and performance as well as describing material risks and uncertainties faced by the companies being part of the Group.

Stockholm, November 9 2017

Thomas Eldered (CEO) Lars Backsell (Chairman) Carlos von Bonhorst

Anders G. Carlberg Olle Christenson Marianne Dicander Alexandersson

Helena Levander Wenche Rolfsen Tony Sandell

This information is information that Recipharm AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 07:45 CET on November 9, 2017. This interim report and other financial information about Recipharm AB (publ) are available at www.recipharm.com. This report is prepared in Swedish and thereafter translated into English. Should any differences occur between the Swedish and the English version, the Swedish version shall prevail. This report has been reviewed by the company's auditors.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

SEK million	Jul - Sep 2017	Jul - Sep 2016	Jan – Sep 2017	Jan – Sep 2016	Jan – Dec 2016
Operating income					
Net sales	1,200.3	1,138.0	3,929.0	3,345.8	4,678.3
Other operating revenue	39.3	37.5	120.6	108.5	154.8
	1,239.6	**1,175.5**	**4,049.6**	**3,454.3**	**4,833.1**
Operating expenses					
Raw materials and consumables	-424.2	-407.0	-1,259.8	-1,013.5	-1,398.2
Other external costs	-295.3	-247.5	-925.0	-751.1	-1,060.3
Employee benefits expense	-400.7	-360.4	-1,312.4	-1,114.1	-1,550.8
Depreciation and amortisation	-119.8	-99.6	-353.1	-257.6	-365.0
Other operating expenses	-15.7	-15.8	-45.2	-52.7	-70.8
Share of result in participations	-0.8	-0.8	-3.1	-2.7	-3.7
	-1,256.5	**-1,131.1**	**-3,898.6**	**-3,191.6**	**-4,448.8**
Operating profit	**-16.9**	**44.3**	**151.0**	**262.7**	**384.3**
Interest income and similar revenues	5.5	0.2	8.6	3.2	8.5
Interest expenses and similar costs	-51.7	-22.3	-106.6	-65.3	-95.9
Net financial income / expense	**-46.3**	**-22.1**	**-98.0**	**-62.2**	**-87.4**
Profit before tax	**-63.2**	**22.3**	**52.9**	**200.5**	**296.9**
Income tax	9.1	-10.2	-29.9	-79.9	-100.3
Profit for the period	**-54.2**	**12.1**	**23.0**	**120.6**	**196.6**

OTHER COMPREHENSIVE INCOME:

SEK million	Jul – Sep 2017	Jul – Sep 2016	Jan – Sep 2017	Jan – Sep 2016	Jan - Dec 2016
Items that may be reclassified subsequently to profit or loss					
Translation differences	-154.0	102.4	-184.9	199.2	223.7
Gains/losses from fair value valuation of financial instruments	16.4	0.3	22.7	-2.5	-3.4
Deferred tax relating to items that may be reclassified	-3.6	-0.1	-5.0	0.4	0.6
Total	**-141,2**	**102.7**	**-167.2**	**197.1**	**220.9**
Items that will not be reclassified to profit or loss					
Actuarial gains/losses on pensions	-3.2	-19.0	-4.3	-32.6	-22.4
Deferred tax relating to items that will not be reclassified	-0.3	5.3	-0.3	9.1	5.9
Total	**-3.5**	**-13.8**	**-4.6**	**-23.5**	**-16.5**
Other comprehensive income for the period	**-144.7**	**88.9**	**-171.8**	**173.6**	**204.4**
Comprehensive income for the period	**-198.8**	**101.0**	**-148.8**	**294.3**	**401.0**
Net profit distributed to:					
Parent company´s shareholders	-56.2	9.0	16.7	116.9	188.7
Non-controlling interest	2.0	3.1	6.3	3.7	7.9
	-54.2	**12.1**	**23.0**	**120.6**	**196.6**
Group comprehensive income distributed to:					
Parent company´s shareholders	-171.5	87.9	-130.1	274.2	361.1
Non-controlling interest	-27.3	13.1	-18.7	20.1	39.9
	-198.8	**101.0**	**-148.8**	**294.3**	**401.0**
Earnings per share before dilution (SEK)	**-0.89**	**0.14**	**0.26**	**2.13**	**3.32**
Earnings per share after dilution (SEK)	**-0.89**	**0.14**	**0.26**	**2.13**	**3.32**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

		Sep 30		Dec 31
SEK million	Note	**2017**	2016	2016
ASSETS				
Non-current assets				
Product rights		294.1	281.0	321.4
Goodwill		2,637.7	2,219.6	2,063.9
Customer relations		2,031.2	2,079.8	2,059.4
Other intangible assets		180.5	174.1	184.3
Property, plant and equipment		2,760.7	1,980.2	2,281.1
Non-current financial assets		248.0	199.2	197.6
Total non-current assets		**8,152.3**	**6,933.9**	**7,107.6**
Current assets				
Inventories		926.6	883.5	894.8
Accounts receivable		897.2	730.6	863.8
Other receivables		229.9	214.5	179.5
Prepaid expenses and accrued income		95.8	86.7	88.9
Cash and cash equivalents		731.1	565.9	695.8
Total currents assets		**2,880.5**	**2,481.3**	**2,722.8**
TOTAL ASSETS		**11,032.8**	**9,415.2**	**9,830.4**
SHAREHOLDERS EQUITY AND LIABILITIES				
Share capital		31.6	31.6	31.6
Other paid-in capital		4,026.5	3,980.5	4,026.5
Reserves		-80.2	45.3	62.2
Retained earnings (including net profit)		596.0	592.5	666.9
Equity attributable to Parent Company sharehold		**4,573.9**	**4,649.6**	**4,787.0**
Equity attributable to Non-Controlling interest		**310.8**	**310.9**	**343.1**
Total equity		**4,884.8**	**4,960.5**	**5,130.1**
Non-current liabilities				
Interest-bearing liabilities		3,969.9	1,669.7	2,550.8
Provisions		290.4	329.2	301.1
Deferred tax liability		803.8	717.4	782.9
Other non-current liabilities		23.2	13.1	13.5
Total non-current liabilities		**5,087.3**	**2,729.4**	**3,648.3**
Current liabilities				
Interest-bearing liabilities		13.6	740.5	13.1
Overdraft facility		-	22.8	25.8
Accounts payable		533.2	401.3	526.5
Tax liabilities		62.6	112.7	68.4
Other liabilities		77.1	79.2	74.4
Accrued expenses and prepaid income		374.4	368.8	343.9
Total current liabilities		**1,060.8**	**1,725.3**	**1,052.1**
TOTAL EQUITY AND LIABILITIES		**11,032.8**	**9,415.2**	**9,830.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other paid-in capital	Reserves	Retained earnings incl. net profit	Equity attr. to parent company share-holders	Non-contr. interest	Total equity
Equity at 1 January 2016	**23.2**	**2,287.5**	**-126.8**	**556.6**	**2,740.3**	**0.2**	**2,740.5**
Profit January-December 2016				188.7	188.7	7.9	**196.6**
Other comprehensive income			189.0	-16.5	172.5	31.9	**204.4**
Non-controlling interest						303.0	**303.0**
Transactions with owners:							
New share issue	8.4	1,693.0			1,701.4		**1,701.4**
Share-based incentive program				11.7	11.7		**11.7**
Dividend				-73.6	-73.6		**-73.6**
Convertible bond, equity share		46.0			46.0		**46.0**
Equity at 31 December 2016	**31.6**	**4,026.5**	**62.2**	**666.9**	**4,787.0**	**343.1**	**5,130.1**
Profit for January-September 2017				16.7	16.7	6.3	**23.0**
Other comprehensive income			-142.2	-4.6	-146.9	-25.0	**-171.8**
Non-controlling interest						-13.6	**-13.6**
Transactions with owners:							
Share-based incentive program				11.1	11.1		**11.1**
Dividend				-94.0	-94.0		**-94.0**
Equity at 30 September 2017	**31.6**	**4,026.5**	**-80.2**	**596.0**	**4,573.9**	**310.8**	**4,884.8**

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	Jul – Sep 2017	Jul – Sep 2016	Jan – Sep 2017	Jan – Sep 2016	Jan - Dec 2016
Operating activities						
Profit before tax		-63.2	22.3	52.9	200.5	296.9
Adjustments for items not affecting cash						
- Depreciation, amortization and impairment of assets		119.8	99.6	353.1	257.6	365.0
- Changes in provisions		-1.3	-11.3	-18.7	-6.5	-21.9
- Gains from disposal of short-term investment		-	-1.1	-	-1.7	-1.8
- Share of result of associated companies		0.6	0.7	2.7	2.5	3.4
- Other		-3.5	22.5	11.1	29.1	15.4
		52.3	**132.7**	**401.2**	**481.5**	**657.0**
Income taxes paid		-49,3	-67.4	-125.4	-144.8	-168.8
Operating cash flow before changes in working capital		**3.0**	**65.3**	**275.8**	**336.7**	**488.2**
Cash flow from changes in working capital						
Change in inventories		57.4	44.2	17.9	-38.0	-50.4
Change in operating receivables		127.1	119.2	4.0	-43.6	-194.2
Change in operating liabilities		-38.6	-48.5	-19.8	3.6	98.5
Operating cash flow		**148.9**	**180.1**	**277.8**	**258.7**	**342.1**
Investing activities						
Acquisition of property, plant and equipment		-146.7	-180.4	-396.3	-304.3	-470.8
Disposal of property, plant and equipment		0.4	3.8	0.5	3.8	4.6
Acquisition of intangible assets		-6.2	-5.5	-13.0	-14.3	-27.7
Acquisition of subsidiaries/operations, net of cash acquired		-	-	-974.7	-1,520.0	-1,520.0
Acquisition of financial assets		-3.0	-6.3	-5.4	-11.8	-22.0
Disposal of short-term investment		2.1	1.1	2.1	4.1	2.8
Cash flow from investing activities		**-153.4**	**-187.3**	**-1,386.8**	**-1,842.6**	**-2,033.1**
Financing activities						
Dividend paid to Parent Company shareholders		-	-	-94.0	-73.6	-73.6
New share issue		-	-	-	1,258.7	1,258.7
Issue of convertible bonds		-	-	-	-	980.8
Change in overdraft facility		-	-10.9	-25.8	7.0	10.0
Loans raised		290.8	10.0	1,451.4	1,329.2	1,349.7
Repayment of borrowings		-6.9	-245.0	-181.8	-923.8	-1,691.2
Cash flow from financing activities		**283.9**	**-245.8**	**1,149.8**	**1,597.5**	**1,834.4**
Total cash flow for the period		**279.4**	**-253.1**	**40.9**	**13.6**	**143.4**
Cash and cash equivalents at beginning of period		448.1	825.8	695.8	534.2	534.2
Translation difference on cash and cash equivalents		3.6	-6.8	-5.6	18.1	18.2
Cash and cash equivalents at end of period		**731.1**	**565.9**	**731.1**	**565.9**	**695.9**
Interest received		2.6	0.5	4.2	0.7	1.8
Interest paid		-25.3	-10.9	-58.9	-24.6	-33.4

PARENT COMPANY STATEMENT OF PROFIT AND LOSS

SEK million	Jul – Sep 2017	Jul – Sep 2016	Jan – Sep 2017	Jan – Sep 2016	Jan - Dec 2016
Operating Income					
Net sales	30.8	26.8	89.7	82.9	113.0
Other operating revenue	0.9	2.7	3.4	3.4	5.1
	31.7	**29.5**	**93.1**	**86.4**	**118.1**
Operating expenses					
Other external costs	-24.3	-15.7	-79.2	-66.3	-94.9
Employee benefits expense	-20.5	-17.5	-66.8	-57.2	-81.7
Depreciation and amortisation	-2.1	-1.3	-6.3	-4.0	-5.8
Other operating expenses	-0.7	-0.6	-2.6	-1.6	-2.5
	-47.6	**-35.2**	**-154.9**	**-129.1**	**-184.9**
Operating profit/loss	**-15.8**	**-5.7**	**-61.8**	**-42.7**	**-66.8**
Financial items	-7.1	-8.5	24.1	96.1	160.7
Profit/loss after financial items	**-23.0**	**-14.2**	**-37.7**	**53.3**	**93.7**
Appropriations and tax	9.1	0.9	21.3	11.2	-0.9
Profit/loss for the period	**-13.9**	**-13.3**	**-16.4**	**64.6**	**92.8**

OTHER COMPREHENSIVE INCOME

SEK million	Jul – Sep 2017	Jul – Sep 2016	Jan – Sep 2017	Jan – Sep 2016	Jan - Dec 2016
Items that may be reclassified subsequently to profit or loss					
Translation differences	0.9	-0.7	1.4	-2.5	-2.3
Other comprehensive income for the period	**0.9**	**-0.7**	**1.4**	**-2.5**	**-2.3**
Total comprehensive income for the period	**-13.0**	**-14.0**	**-15.0**	**62.1**	**90.5**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION, CONDENSED

SEK million	Sep 30 2017	Sep 30 2016	Jan - Dec 2016
ASSETS			
Non-current assets			
Intangible assets	13.4	13.9	18.6
Property, plant and equipment	138.3	27.8	52.4
Non-current financial assets	6,470.5	5,219.7	5,307.2
Current assets	1,182.5	732.0	1,079.9
TOTAL ASSETS	**7,804.7**	**5,993.3**	**6,458.1**
SHAREHOLDERS EQUITY AND LIABILITIES			
Equity	3,678.2	3,743.2	3,775.4
Liabilities	4,126.5	2,250.1	2,682.7
TOTAL EQUITY AND LIABILITIES	**7,804.7**	**5,993.3**	**6,458.1**

ACCOUNTING PRINCIPLES, RISKS, NOTES AND DEFINITIONS

Accounting principles
The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been approved by the European Commission for application within the EU. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2, Accounting for Legal Entities.

The accounting principles and calculations in this report are the same as those used for the 2016 Annual Report. New or amended standards or interpretations of standards effective as of 1 January 2017 have not had any significant impact on Recipharm's financial statements.

The work with the new IFRS 9 and 15 standards continues and will be completed shortly. The group has performed an analysis of the major part of the customer contracts, however one market remains to analyse before we can determine the full effect. Regarding IFRS 9 the current assessment is that the standard will primarily affect Recipharm's principles regarding provisions for bad debts, but the full extent has yet to be determined. The assessment of effect from IFRS 16 has been initiated. IFRS 16 will have some effect of Recipharm's accounts, primarily in terms of non-current assets and liabilities, but the full extent has also yet to be determined.

Significant risks and uncertainties
A detailed description of risks is provided in the 2016 Annual Report, on page 32. No significant risks are considered to have arisen since the publication of the annual report.

NOTE 1 NUMBER OF SHARES AND POTENTIAL SHARES

	A-shares	B-shares	D-shares	Total
Number of shares as of 31 December 2016	**15,222, 858**	**47,494,674**	**500,000**	**63,217,532**
Conversion of shares		130,000	-130,000	**0**
Number of shares as of 30 September 2017	**15,222,858**	**47,624,674**	**370,000**	**63,217,532**

Potential shares, 1 083,363 (153,868), are related to Recipharm's share-based incentive program as well as the convertible bond issued in October 2016. Of total number of shares the company holds 120,661 B-shares and 370,000 D-shares. This is to secure delivery of shares to participants in the Share-based incentive program. 66,285 shares were delivered in August to participants in the first Share-based incentive program that ended in June. The Annual General Meeting on 10 May 2017 resolved on a dividend of SEK 1.50 per share. The dividend was paid in May.

NOTE 2 BUSINESS COMBINATIONS

Kemwell India

On April 18 2016 Recipharm announced the signing of two separate agreements to acquire Kemwell's pharmaceutical CDMO-businesses. The first acquisition, comprising US and Swedish operations, was completed on May 23 2016. The second, comprising operations in India, was conditional on governmental approvals and was closed on February 20 2017.

The acquired Indian business employed around 1,400 people at closing of the acquisition and comprises both development services as well as commercial manufacturing of solid, semi-solid, liquid and topical dose products. The solid dosage plant was commissioned in 2008 and has approvals from US FDA and EU amongst many other regulatory bodies. The oral liquids production plant was commissioned in 2011 and is specialized in automated high thorughput large volume manufacturing, mainly for the Indian subcontinent. The development business is a rapidly growing business with a comprehensive service offering including formulation development, small scale manufacturing for clinical trials and a large analytical service business.

For the 12-month period ending on December 31 2016, the Indian business generated revenues of approximately INR 2,263 million (SEK 288 million) and EBITDA of INR 280 million (SEK 36 million).

The purchase price for the shares was SEK 996.0 million (including cash and cash equivalents of SEK 20,0 million) and was paid in cash. Transaction costs amount to SEK 4.7 million of which SEK 1.1 million is reported in 2017 and SEK 3.6 million was reported in 2016. The consolidated statement of profit and loss for the period includes net sales of SEK 184.5 million and operating profit of SEK -11.8 million attributable to Kemwell India. Recipharm net sales for the year, calculated as if the company was acquired at the beginning of the financial year, would have been SEK 3,952.0 million and operating profit SEK 149.5 million.

Assets and liabilities in the acquired company were:[1]	**Carrying amount**	**Fair value Adjustment**[2]	**Fair Value in the group**
Intangible assets	317.0	139.7	456.8
Property, plant and equipment	296.5		296.5
Financial assets	2.7		2.7
Accounts receivable and other operating assets	150.3		150.3
Cash and cash equivalents	20.0		20.0
Deferred tax liability	28.9	48.9	77.8
Interest-bearing liabilities	134.9		134.9
Provisions	8.2		8.2
Accounts payable and other operating liabilities	84.3		84.3
Net identifiable assets and liabilities	**530.2**	**90.8**	**621.0**
Group goodwill[1]		**375.0**	**375.0**
Purchase consideration			**996.0**

[1] The purchase price allocation has not been finalized and consequently the fair value adjustment presented above is preliminary.
[2] Fair value adjustment consist of customer relations, SEK 139.7 million.
The recognized value of goodwill represents the combined value of synergies, employee competence and experience.

NOTE 3 SEGMENT ANALYSIS

For control purposes Recipharm is separated into three segments: Manufacturing Services Sterile Liquids (MFG-SL), Manufacturing Services Solids & Others (MFG-SO) and Development & Technology (D&T). The business segment MFG-SL includes manufacturing of products on behalf of pharmaceutical companies and covers sterile technologies including liquid vials and ampoules, lyophilisates and blow-fill-seal products. The business segment MFG-SO includes manufacturing of products on behalf of pharmaceutical companies and covers tablets, capsules, semi-solids and non-sterile liquids. The business segment D&T provides pharmaceutical development services. It also includes a register of patents, technologies and product rights, and sales of own products through distributors. The segment reporting is based on the structure the management follow the business. Transactions between segments are based on same conditions as for external customers.

SEK million	**Jan – Sep 2017**					Jan – Sep 2016				
	MFG-SL	MFG-SO	D&T	Other[1)]	Total	MFG-SL	MFG-SO	D&T	Other[1)]	Total
Net sales, external	1,560.1	1,731.3	637.5	0.0	3,929.0	1,368.5	1,425.4	551.9	0.0	3,345.8
Net sales, internal	19.9	75.1	14.3	-109.3	0.0	13.7	106.1	13.1	-132.8	0.0
EBITDA	269.8	153.8	136.2	-55.7	504.1	277.6	180.3	110.3	-47.9	520.3
Depreciations	166.0	126.4	57.7	3.0	353.1	129.4	78.0	46.3	3.9	257.6
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	103.9	27.4	78.5	-58.7	151.0	148.2	102.3	64.0	-51.8	262.7
Goodwill	1,237.4	1,059.0	341.4	-	2,637.7	1,262.8	461.6	495.2	-	2,219.6
Non-current assets	3,747.4	2,949.8	1,285.8	169.3	8,152.3	3,673.3	1,695.2	1,504.3	61.0	6,933.9
Total assets	4,767.9	4,135.9	1,804.4	324.6	11,032.8	4,723.2	2,755.5	1,726.3	210.2	9,415.2

[1)]The segment "Other" also includes eliminations.

SEK million	Jan – Dec 2016				
	MFG-SL	MFG-SO	D&T	Other[1)]	Total
Net sales, external	1,906.1	2,029.7	742.6	0.0	4,678.3
Net sales, internal	24.2	136.3	7.0	-167.4	0.0
EBITDA	402.1	276.9	142.8	-72.5	749.3
Depreciations	174.3	123.2	61.9	5.7	365.0
EBIT	227.8	153.7	80.9	-78.1	384.3
Goodwill	1,302.5	420.0	341.4	-	2,063.9
Non-current assets	3,817.9	1,916.3	1,294.4	79.1	7,107.6
Total assets	4,784.4	2,991.1	1,798.4	256.5	9,830.4

[1)]The segment "Other" also includes eliminations.

Geographical area	Net sales			Fixed assets		
	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016	**Sep 30 2017**	Sep 30 2016	Dec 31 2016
Sweden	1,045.1	955.5	1,350.6	1,348.9	952.9	1,236.7
Italy	792.7	641.7	918.6	1,877.5	1,908.7	1,917.3
France	750.4	731.3	967.9	705.0	571.2	586.5
Portugal	401.2	336.7	480.5	1,020.2	1,059.4	1,057.8
India	438.4	176.8	277.6	2,254.4	1,290.7	1,361.1
Germany	250.0	260.3	348.8	760.0	725.5	769.6
Spain	165.0	157.2	213.2	110.7	100.9	107.3
Other	86.2	86.3	121.0	75.6	324.6	71.4
Total	**3,929.0**	**3,345.8**	**4,678.3**	**8,152.3**	**6,933.9**	**7,107.6**

NOTE 4 EARNINGS PER SHARE

		Jul - Sep		Jan – Sep		Jan - Dec
SEK million	Note	**2017**	2016	**2017**	2016	2016
Parent company´s shareholders:						
Earnings per share before dilution (SEK)		-0.89	0.14	0.26	2.13	3.32
Earnings per share after dilution (SEK)		-0.89	0.14	0.26	2.13	3.32
Profit before dilution (SEK thousand)		-56,190	9,011	16,729	116,897	188,682
Effect from potential shares (SEK thousand)		7,522	-	25,508	-	8,338
Profit after dilution (SEK thousand)		-48,668	9,011	42,237	116,897	197,019
Average number of shares before dilution (thousand)	1	63,218	63,218	63,218	54,768	56,875
Potential shares (thousand)	1	1,083	-21	1,083	154	427
Average number of shares after dilution (thousand)		64,301	63,196	64,301	54,922	57,302

GLOSSARY

CDMO	Contract, Development and Manufacturing Organisation
CER	Constant Exchange Rate
CMO	Contract Manufacturing Organisation
LTM	Latest Twelve (12) Months

FINANCIAL DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES	INDICATORS, DEFINITIONS AND REASONS FOR USE
Debt / equity ratio	Interest-bearing liabilities divided by shareholder's equity *The debt/equity ratio is an indication of financial strength, relationship between debt and equity*
Earnings per share (EPS)	Profit for the period distributed to parent company shareholders divided by average number of shares before dilution *Measures earnings per share before dilution*
Earnings per share after dilution	Profit for the period distributed to parent company shareholders divided by average number of shares after dilution *Measures earnings per share after dilution*
EBITDA	Profit before financial items, taxes and depreciation *EBITDA shows operating profit, which is also used in combination with other data for measurement purposes*
EBITDA margin	Profit before financial items, taxes and depreciation divided by net sales *The EBITDA margin shows operating profit in relation to net sales*
Equity per share	Shareholders' equity on the balance-sheet date divided by the number of shares (balance-sheet date) *Equity per share shows the equity generated to the shareholders per share*
Equity / assets ratio	Shareholders' equity divided by total assets *The equity/assets ratio shows how much of total assets are financed using shareholders' equity*
Interest-coverage ratio	Operating profit plus financial income divided by financial expenses *Measures the company's ability to cover its interest expenses*
Net debt	Interest-bearing liabilities less cash and cash equivalents *Net debt is calculated to show the net of interest-bearing liabilities and cash*
Net debt / equity ratio	Net debt divided by shareholders' equity *The debt/equity ratio is an indication of financial strength, relationship between net debt and equity*
Net debt in relation to EBITDA	Net debt divided by EBITDA (rolling 12-month basis) *Net debt in relation to EBITDA shows the impact of and risk level for liabilities*
Net margin	Profit for the period divided by net sales *Net margin shows net profit for the period in relation to net sales for the period*
Net sales (CER)	CER: Constant Exchange Rates *Net sales (CER) shows net sales without the impact of currency exchange rates and, in many cases, this comparison is a fairer measure*
Non-interest-bearing liabilities	Includes deferred tax liability *Measures non-interest-bearing liabilities*
Operating capital (average)	Net debt plus shareholders' equity (average opening and closing balance for the period) *Measures the use and efficiency of capital*
Operating cash flow per share	Cash flow from operating activities (12 months) divided by the weighted average number of shares (12-month rolling basis) *Cash flow per share provides an indication of value; how much cash and cash equivalents each share generates*
Operating margin	Operating profit divided by net sales *Measures the profitability of operations*
Operating profit	Operating profit before financial items and tax *Operating profit shows the earnings from operations, including depreciation/amortisation and impairment losses*
Return on equity	Net profit for the year (12-month period) divided by average total equity *Return on equity shows the return on the company's equity*
Return on operating capital	Operating profit (12-month period) divided by average operating capital *Return on operating capital shows the return disregarding financial assets and financing*

THE PHARMACEUTICAL CDMO MARKET

CDMOs, such as Recipharm, provide pharmaceutical companies with diverse manufacturing and development services – from managing a product's transition from laboratory to full-scale commercialisation .Outsourcing development and manufacturing services enables pharmaceutical companies to focus on their core business, such as R&D and marketing, and can crucially reduce costs, time-to-market, and risk.

In addition, CDMOs can provide access to technology due to their highly specialised knowledge. In a world of increasingly technological and supply chain complexity, CDMOs with their focussed operations are typically well equipped to assimilate, develop and master the latest technologies.

ABOUT RECIPHARM

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing around 5 000 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, and pharmaceutical product development. Recipharm manufactures several hundred different products to customers ranging from big pharma to smaller research and development companies. Recipharm's turnover is approximately SEK 5.3 billion and the company operates development and manufacturing facilities in France, Germany, India, Israel, Italy, Portugal, Spain, Sweden, the UK and the US and is headquartered in Stockholm, 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

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

REVIEW REPORT

Recipharm AB corporate identity number 556498-8425

INTRODUCTION

We have reviewed the condensed interim report for Recipharm AB as at September 30, 2017 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm 9 November 2017

Ernst & Young AB

Jennifer Rock-Baley
Authorized Public Accountant