

Interim report

JANUARY – SEPTEMBER 2015
5 November 2015



July - September 2015

- Net sales amounted to SEK 785 million (508), an increase of 55%
- EBITDA increased by 68% and amounted to SEK 86 million (51) giving an EBITDA margin of 11.0% (10.1)
- Operating profit (EBIT) amounted to SEK 27 million (25)
- Profit after tax amounted to SEK 0 million (8), giving a net margin of 0% (1.6)
- Earnings per share amounted to SEK -0.01 (0.22), after dilution -0.01 (0.22)

49%

Increase in Net sales

SEK 400m

EBITDA

15.8%

EBITDA margin

January - September 2015

- Net sales amounted to SEK 2 526 million (1 696), an increase of 49%
- EBITDA increased by 59% and amounted to SEK 400 million (252) giving an EBITDA margin of 15.8% (14.8)
- Operating profit (EBIT) amounted to SEK 226 million (177)
- Profit after tax amounted to SEK 189 million (111), giving a net margin of 7.5% (6.5), including a financial investment capital gain of SEK 36.3 million
- Earnings per share amounted to SEK 4.17 (3.37), after dilution 4.17 (3.37)
- Cash flow from operating activities was SEK 281 million (168)
- Net debt to EBITDA was 2.0 (-1.2)

Key figures

SEK million	Jul - Sep		Change	Jan - Sep		change	Oct 14	
	2015	2014	in %	2015	2014	in %	- Sep 15	2014
Net sales	785	508	54.6	2 526	1 696	48.9	3 399	2 569
Net sales (constant FX rates)	777		53.0	2 485		46.5		
EBITDA	86	51	68.4	400	252	58.8	547	399
EBIT	27	25	7.9	226	177	27.7	321	272
EBITDA margin (%)	11.0	10.1		15.8	14.8		16.1	15.5
Earnings per share	-0.01	0.22		4.17	3.37		5.43	4.63
Return on equity (%)				10.9	10.8			11.4
Return on operating capital (%)				12.7	19.4			12.4
Equity to assets (%)				50.2	59.5			39.4
Net debt				1 089	-413			1 164
Net debt to Equity				0.4	-0.3			0.5
Net debt to EBITDA				2.0	-1.2			2.9

Thomas Eldered, CEO:

"With the October announcement of the acquisition of a CDMO in India we are taking a significant step forward in our strategy for global leadership in our industry. In our current business, sales in the third quarter increased 55 %. The growth was driven by acquisitions which also generated even stronger EBITDA growth. The business segment Solids and Others performed reasonably well in sales but EBITDA was impacted by lower customer demand for certain good margin products.

The business segment Development&Technology continued to perform well, in spite of no material tender sales. During the period we have entered into several new projects, partnerships and also participated financially in a few companies with significant future business potential for Recipharm. In the business segment Sterile Liquids, we saw continued performance according to our plans driven by good customer demand and a healthy pipeline of new projects while the segment Solids and Others performed below our expectations. We stated in July that we will address areas of weak performance and initiate mitigation and improvement activities. Hence, in October we announced a cost and efficiency program expected to save more than SEK 60 million per year. Regrettably this will also mean a reduction of up to 100 positions in the Stockholm area. The program is now extended to other parts of Swedish operations. Negotiations with unions are ongoing for all parts of the program.

With investments in property, plant and equipment of over SEK 130 million during the quarter, expansion project activities were high. The ongoing lyophilisation expansion in Germany progressed according to plan with planned completion end of 2016.

In September we announced that Recipharm has reached agreement in principle with Alcon to enter into a long-term manufacturing agreement for a range of ophthalmology products. This contract is expected to generate around SEK 350 million in annual sales with EBITDA-margin well in line with the group's average. As part of this arrangement, Recipharm will also acquire a manufacturing facility with blow-fill-seal technology, new to Recipharm, located in Kaysersberg, France for approximately SEK 200 million.

After the quarter, in October, we announced the acquisition of a majority stake in the Indian steriles CMO Nitin Lifesciences Limited. This transaction significantly bolsters presence in high growth developing territories and the deal firmly establishes Recipharm's emerging market strategy. On a pro forma basis Nitin would add more than SEK 400 million to group sales with an EBITDA margin of approximately 20%.

Looking forward we expect that the weakening of demand for certain products continues, hence the profit impact from weak performance in Solids and Other will continue near term. Other areas are expected to perform well. We will continue to benefit from recent acquisitions, and we are likely to close the ophthalmology manufacturing agreement within the next few months. With a solid financial situation, we are very well placed to further explore the opportunities, including near-term acquisitions, we see in the market."

The company invites investors, analysts and media to a telephone conference with a web presentation (in English) on 5 November at 09.30 am CET where CEO Thomas Eldered and CFO Björn Westberg will present and comment on the interim report and answer questions. More information at www.recipharm.com

About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 2,200 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material including API and pharmaceutical product development. Recipharm manufactures more than 400 different products to customers ranging from Big Pharma to smaller research- and development companies. Recipharm's turnover is approximately SEK 3.4 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain, Italy and Portugal and is headquartered in Jordbro, 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

Revenues

Net sales

Net sales per segment					
SEK million	Jul – Sep		Jan - Sep		Full year
	2015	2014	2015	2014	2014
Manufacturing Services Sterile Liquids (MS-SL)	249.3	148.3	740.8	473.4	712.9
Manufacturing Services Solids & Others (MS-SO)	390.2	314.2	1 318.9	1 089.6	1 578.3
Development & Technology (D&T)	175.2	66.1	584.2	217.5	399.1
Eliminations and others	-29.9	-21.0	-117.4	-84.2	-121.1
Total	784.8	507.6	2 526.5	1 696.4	2 569.3

July - September 2015

Net sales increased by SEK 277.2 million and amounted to SEK 784.8 million, an increase of 55 percent. Adjusted for currency translation effect of SEK 8.2 million the sales increased by 53 percent. The acquisitions made in Q4 2014 and Q2 2015 contributed SEK 279.6 million or 55 percent to the sales increase. Sales of the volatile tender product Thyrosafe amounted to SEK 0.5 million (15.4). The sales, excluding acquisitions, Thyrosafe and the currency effect above, increased SEK 4.3 million. The sales were on a high level in most operating companies in the manufacturing segments, although we face some decline in sales in Sweden, part of Solids and Others, mainly related to less demand for a few products. D&T shows a significant increase excluding the acquisitions, the tender product and currency impact. The third quarter is normally weak compared to other quarters in a year due to holiday production shutdowns.

Sales for Sterile Liquids increased by SEK 101.0 million to SEK 249.3 million, an increase of 68 percent, adjusted for currency translation effect of SEK 3.3 million versus last year, the sales increased by 66 percent. The acquisitions contributed SEK 96.2 million or 65 percent to the sales increase. The sales, excluding acquisitions and currency effect, increased SEK 1.5 million equal to 1 percent.

Solids and Others increased sales by SEK 76.0 million to SEK 390.2 million, an increase of 24 percent, adjusted for currency translation effect of SEK 7.4 million versus last year, the sales increased by 22 percent. The acquisitions contributed SEK 76.2 million or 24 percent to the sales increase. The sales, excluding acquisitions and currency effect, decreased SEK 7.6 million equal to -2 percent compared with the sales the third quarter last year. The main differences of this deviation are reduced sales in the French market amounting to SEK 0.0 million (12.8) for one large product, less production of Thyrosafe and less distribution services (SEK 6.6 million) in Sweden. These reductions are partly balanced by increased sales from new projects.

D&T increased sales by SEK 109.1 million to SEK 175.2 million, an increase of 165 percent. The acquisitions contributed SEK 117.1 million, the volatile tender product Thyrosafe amounted to SEK 0.5 million (15.7), and the currency translation effect was negligible. The sales, excluding acquisitions and Thyrosafe, increased SEK 10.4 million.

January - September 2015

Net sales increased by SEK 830.1 million and amounted to SEK 2 526.5 million, an increase of 49 percent, adjusted for currency translation effect of SEK 41.3 million versus last year the sales increased by 46 percent. The acquisitions made during the last 12 months generated SEK 828.8 million.

The three largest customers accounted for 32 percent of the total sales, compared with 55 percent same period last year. The large customers also hold a large number of products split in different contracts.

Total sales of the large tender product Thyrosafe amounted to SEK 38.2 million (62.2). The distribution revenues are SEK 15.4 million less versus last year. We see a continuous improvement in the sales coming from new projects, both in manufacturing and development services, which had positive impact on the sales versus last year.

Excluding the currency effect (41.3), the large tender product (38.2 versus 62.2), the acquisitions (828.8) and the lost distribution business (0.0 versus 15.4), the sales amounted to SEK 1 618.2 million compared to same period last year of SEK 1 618.8. That organic growth is flat. The main reason for that is less volume for certain products in the end market, especially for one of the larger products in Solids and Others facing increased competition in the French market, where the sales amounted to SEK 7.7 million (48.4). We continue to see an increase in the sales from new products. There are also many operating companies involved in a number of projects with a potential to enter the market within the next 1-3 years.

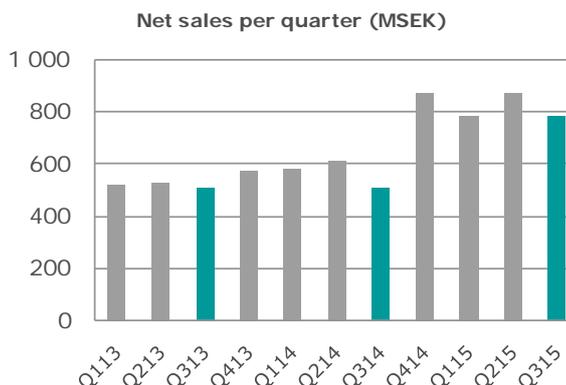
Other operating revenue

July - September 2015

Other operating revenue amounted to SEK 17.6 million (9.7) mainly consisting of exchange gains on operating receivables and liabilities and a royalty income in the Pessac operations of SEK 14.6 million.

January - September 2015

Other operating revenue amounted to SEK 76.5 million (22.2) mainly consisting of exchange gains on operating receivables and liabilities and a royalty income in the Pessac operations of SEK 37.3 million.



Profit

EBITDA

July - September 2015

EBITDA amounted to SEK 86.1 million (51.1), an increase of 68 percent. The EBITDA margin to sales increased from 10.1 to 11.0 percent. The main reason for the increase was the EBITDA of SEK 59.5 million generated from the acquisitions in Q4 2014 and Q2 2015. The overall currency effect compared to last year on EBITDA was small. There are some unfavorable effects in the product mix, especially less sales of Thyrosafe, combined with effect from lower demand for a few larger products within Solids and Others. This is to a large extent balanced by the profit effect from the sales increase for other products within D&T. There is a higher level of costs related to the due diligence activities and similar in connection with ongoing review of acquisition opportunities.

RAW MATERIALS AND CONSUMABLES

Raw materials and consumables amounted to SEK 258.5 million (149.6). The increase is mainly related to the acquisitions, SEK 107 million. The currency effect is negligible. Overall, the material cost ratio to sales has increased to 32.9 percent (29.5). The ratio increases due to changed product mix versus last year.

OTHER EXTERNAL COSTS

Other external costs amounted to SEK 191.1 million (131.4). The increase is mainly related to the acquisitions, SEK 63.2 million and a currency translation effect of SEK 3.0 million versus last year. The ratio to sales 24.4 percent (25.9) decreases mainly due to less expenses for temporary workers in the factories from external agencies and a lesser ratio to sales overall from the acquisitions.

EMPLOYEE BENEFITS EXPENSE

Employee benefits expense amounted to SEK 252.9 million (180.0). The increase is mainly related to the acquisitions, SEK 63.4 million, a currency translation effect of SEK 3.8 million and the annual increase in salaries. The ratio of employee expenses to sales decreased to 32.2 percent (35.5) mainly due to increase of the IP business within D&T, which increased its relative share in the Group after the acquisitions as that business has relatively less employees in relation to sales.

EBITDA per segment					
SEK million	Jul – Sep		Jan – Sep		Full year
	2015	2014	2015	2014	2014
MS-SL	43.2	20.0	172.0	93.7	157.7
MS-SO	0.3	18.9	78.1	136.7	198.2
D&T	48.6	19.8	176.7	64.4	101.3
Eliminations and others	-6.1	-7.6	-26.9	-43.0	-58.0
Total	86.1	51.1	399.9	251.9	399.3

July - September 2015

EBITDA for Sterile Liquids increased by SEK 23.2 million to SEK 43.2 million, equivalent to an EBITDA margin of 17.3 percent (13.5). The acquisitions contributed SEK 23.9 million and the currency translation effect was negligible versus last year. EBITDA, excluding acquisitions, was similar to last year.

EBITDA for Solids and Others decreased by SEK 18.6 million to SEK 0.3 million, equivalent to an EBITDA margin of 0.0 percent (6.0). The acquisitions contributed SEK 4.3 million and the currency translation effect was negligible. The decrease, excluding acquisitions, amounted to SEK 23.0 million versus last year and is mainly due to the reduction in sales of Thyrosafe and one of the larger products and the impact of less distribution revenues, all having relatively good margins.

EBITDA for D&T increased by SEK 28.8 million to SEK 48.6 million, equivalent to an EBITDA margin of 27.7 percent (30.0). The acquisitions generated SEK 31.4 million and the currency translation effect was negligible. EBITDA excluding acquisitions decreased by SEK 2.6 million versus last year. EBITDA was affected by reduced sales of Thyrosafe this quarter compared to last year however balanced by EBITDA from increased sales of other products.

January - September 2015

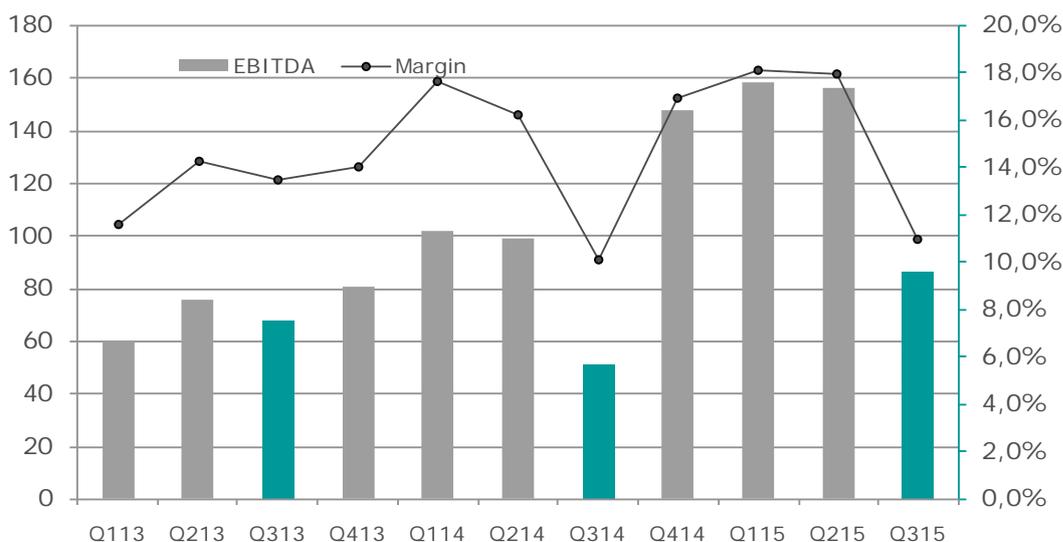
EBITDA amounted to SEK 399.9 million (251.9), an increase of 59 percent, which is equivalent to an EBITDA margin of 15.8 percent (14.8). There was positive growth in most segments, mainly related to the increased EBITDA generated from the acquisitions.

EBITDA for Sterile Liquids increased by SEK 78.3 million to SEK 172.0 million, equivalent to an EBITDA margin of 23.2 percent (19.8). The improvement is mainly related to the increase in sales.

EBITDA for Solids and Others decreased by SEK 58.6 million to SEK 78.1 million, equivalent to an EBITDA margin of 5.9 percent (12.5). The decrease is mainly due to less production of Thyrosafe, impact of the lost distribution revenues (net sales of SEK 15.4 million), extra costs for the large ERP upgrade (implemented in Q1) and negative product mix effect. Q1 2014 had also a positive inventory valuation effect of approximately SEK 11 million and there were also revenues (booked as other operating revenue) of SEK 21.7 million related to one-off internal services to the D&T segment in the first half of last year.

EBITDA for D&T increased by SEK 112.3 million to SEK 176.7 million, equivalent to an EBITDA margin of 30.2 percent (29.6). The increase is mainly related to the EBITDA generated from the acquisitions, the remaining increase is mainly due to increased sales and a favourable product mix for sales of our own product rights, in spite of reduced sales of Thyrosafe.

EBITDA (SEK million) and EBITDA margin per quarter



July - September 2015

Depreciation, amortisation and impairment

Depreciation and amortisation amounted to SEK 58.7 million (25.8), of which SEK 29.1 million (10.3) is amortisation of intangible assets. The increase is mainly related to the acquisitions, SEK 30.8 million, of which SEK 18.4 million are amortisation related to intangible assets in Corvette and Lusomedicamenta. Part of the total amount of SEK 58.7 million, SEK 23.5 million is non tax deductible amortisation related to the intangible assets in Wasserburg, Corvette and Lusomedicamenta.

Financial items

Interest income and similar revenues amounted to SEK -14.0 million (2.8) of which SEK 0.1 million (0.8) was interest income, SEK -13.5 million (1.5) was translation differences and SEK -0.6 million (-) was gain from fair value valuation of derivative. Interest expenses and similar costs amounted to SEK -7.7 million (-11.2) of which SEK -6.0 million (-4.1) was interest expenses, SEK 0.5 million (-3.4) was translation differences and SEK -2.2 million (-3.7) was other interest expenses.

Profit after tax

Profit after tax amounted to SEK -0.4 million (8.3), a decrease of SEK 8.7 million which is mainly related to the higher translation differences mentioned above.

January - September 2015

Depreciation, amortisation and impairment

Depreciation and amortisation amounted to SEK 174.2 million (75.1), of which SEK 87.1 million (30.2) is amortisation of intangible assets. The increase is mainly related to the acquisitions, SEK 91.2 million, of which SEK 54.9 million are amortisation related to intangible assets in Corvette and Lusomedicamenta. Part of the total amount of SEK 174.2 million, SEK 70.0 million is non tax deductible amortisation related to the intangible assets in Wasserburg, Corvette and Lusomedicamenta.

Financial items

Interest income and similar revenues amounted to SEK 60.9 million (8.4) of which SEK 0.2 million (2.1) was interest income, SEK 46.6 million (-) was financial investment capital gain, SEK 14.0 million (5.8) was translation differences and SEK 0.2 million (-) was gain from fair value valuation of derivative. Interest expenses and similar costs amounted to SEK -20.5 million (-23.9) of which SEK -17.0 million (-13.6) was interest expenses, SEK -0.4 million (-5.2) was translation differences and SEK -3.1 million (-5.1) was other financial expenses.

Profit after tax

Profit after tax amounted to SEK 189.1 million (111.1), an increase of SEK 78.0 million which is mainly related to the financial net (after tax) of SEK 36.3 million related to the profit generated from the sale of the Flamel shares and the increase in operating profit generated from the acquisitions.

Acquisitions

During the fourth quarter 2014 Recipharm acquired three businesses. Corvette Pharmaceutical Group ("Corvette") in Italy was acquired as of 1 October 2014, Lusomedicamenta in Portugal as of 1 November 2014 and the Pessac operations from Flamel Technologies SA ("Flamel") was acquired as of 1 December 2014. OT Chemistry AB in Sweden was acquired 15 June 2015.

The integration of the acquisitions is following plan and the short term integrations activities have now been successfully completed. The acquisitions generated sales of SEK 279.6 million and EBITDA of SEK 59.5 million during the third quarter and a total of SEK 828.8 million in sales and SEK 192.8 million in EBITDA for the period. Corvette, Pessac and OT Chemistry are performing in line with expectations. Lusomedicamenta have less sales than expected mainly due to delays of customer projects while at the same time working with a lot of other potential product projects.

Cash flow

Cash flow	Jan – Sep		Full year
	2015	2014	2014
SEK million			
Cash flow from operating activities before changes in working capital	281.6	159.9	320.8
Cash flow from changes in working capital	0.1	8.2	-66.6
Cash flow from investing activities	-147.9	-150.2	-1 456.8
Cash flow from financing activities	-43.2	768.1	1 405.4
Total cash flow	90.7	786.0	202.8

Cash flow from operating activities increased, mainly related to the strong EBITDA increase.

Cash flow from investing activities was positively affected by the financial investment divestment, which generated SEK 143.9 million. The acquisitions of machinery and equipment amounted to SEK 244.0 million and increased mainly due to the capacity investment in Wasserburg of SEK 145 million and the USD 2 million investment in April in shares in Synthonics Inc, a pharmaceutical company focused on the discovery, development and licensing of patent-protected drugs (metal coordinated pharmaceuticals or "MCPs").

Cash flow from financing activities amounted to SEK -43.2 million, mainly related to the share dividend of SEK 57.1 million.

Financing and return

Key figures financing and return	Jan – Sep		Full year
	2015	2014	2014
Return on operating capital (%)	12.7	19.4	12.4
Net debt to EBITDA	2.0	-1.2	2.9
Equity to assets (%)	50.2	59.5	39.4

The return on operating capital decreased from 19.4 to 12.7 percent as a result of the increase in operating capital from the acquisitions made in Q4. The ratio increases versus last year end as the profit generation increases mainly due to more months accounted for from the Q4 acquisitions.

The net debt to EBITDA ratio has improved from 2.9 end of 2014 down to 2.0. The higher level at the end of last year was mainly due to the increase of net debt from Q4 to finance the executed acquisitions. The EBITDA now include three full quarters from Q4 acquisitions, which is the main reason for the reduced level compared to end of last year. The interest bearing debt at 30 September 2015 amounts to SEK 1 582.3 million of which SEK 1 477.2 million was used of the SEK 3 billion loan facility. The reduced level of Net debt to EBITDA creates opportunities for more debt financing for executing the growth strategy. We used 50-60 percent debt financing, rest equity instruments, for the two large acquisitions in Q4. We expect similar proportions is likely for future acquisitions, although the capital structure may be affected by other factors.

The equity to assets ratio was also strengthened compared to December last year mainly due to the increase in profit and the increase of equity. The equity increased during the first quarter 2015 as the convertible bond, related to the acquisition of the Corvette Group (Italy), was converted.

Parent Company

Recipharm AB (publ) includes Group management and functions that provide services to the operating companies. The parent company's net sales were SEK 65.1 million (55.1) and operating result was SEK -32.5 million (-22.7) during the period. Investments amounted to SEK 11.8 million (1.7), mainly due to the ERP system upgrade in the Swedish operations.

Employees

The number of employees (equivalent to full-time positions "FTE") during the period was 2 051 (1 471), of which 580 FTEs come from the acquisitions.

Significant events after period end

Recipharm announced on 20 October the acquisition of a majority share of Nitin Lifesciences Ltd, which is an Indian CMO with a strong presence in injectable manufacturing having around 500 employees. Nitin Lifescience Ltd is one of the largest small volume parenteral manufacturers in India and is engaged in contract manufacturing to major Indian and international pharmaceutical companies. The turnover amounted to SEK 412 million and EBITDA amounted to SEK 95 million based on LTM August numbers. Recipharm will acquire 74% of the shares for an estimated purchase consideration of INR 6 712 million (SEK 872 million) on a cash and debt free basis. The completion of the acquisition is expected in Q1 2016 following Indian investment approval. For more information related to this acquisition we refer to the press release.

Recipharm is implementing cost and efficiency programs in the Swedish part of the Business Segment Solids and Others, as there is need to adapt to lower actual and forecasted volumes of certain products and capture opportunities for improved efficiency. Therefore, accelerated cost and efficiency activities will start during Q4 2015 and run through 2016. The activities will improve margins. Regrettably these activities will affect the number of employees, where more than 120 positions are subject to notice, of which 100 are in the greater Stockholm area. The latter was announced 8 October, see further details in related press release.

Shares and share related programs

Recipharm's class B shares were first available for trading on Nasdaq Stockholm on 3 April 2014. The introduction share price was SEK 78 per share and the number of new shares in the issue amounted to 10,443,038. In total, new shares to a value of SEK 814.6 million were issued, and the listing and issue costs amounted to SEK 43.4 million, of which SEK 6.5 million was expensed in 2013. The remainder was deducted during the second quarter 2014 from the newly issued amount in equity.

The largest shareholders as of 30 September 2015

Shareholder	Capital (%)	Votes (%)
Flerie Participation AB ^{1/}	22.0	42.1
Cajelo Invest AB ^{1/}	13.8	39.7
Lannebo fonder	13.7	4.0
Första AP-fonden	6.5	1.9
Fjärde AP-fonden	5.1	1.5

The number of shareholders were 4,762 and foreign shareholders hold 18.2 percent of the share capital and 5.3 percent of the votes

^{1/} Flerie Participation AB is controlled by CEO Thomas Eldered and Cajelo Invest AB is controlled by Chairman Lars Backsell.

A convertible bond was issued in relation to the acquisition of Corvette Group. The duration of the convertible bond was one year from October 1, 2014. It was fully converted in February 2015, to 5 030 543 new shares representing 11 percent of the share capital.

New shares were issued in June as part of the purchase consideration of OT Chemistry AB in Uppsala, Sweden. The number of shares increased by 45 838 shares of series B, corresponding to 45 838 votes. New shares were also issued in July related to the share-based incentive program. The number of shares increased by 60 000 shares of series B and 500 000 shares of series D, corresponding to 560 000 votes. As of 30 September 2015 the total number of shares amounts to 46 325 256, divided into 12 685 716 shares of series A, 33 139 540 shares of series B and 500 000 shares of series D.

The Annual General Meeting on 10 March 2014 resolved to issue a three year share-based incentive program aimed at the employees. In order to participate in the program, the participants must use their own funds to acquire class B shares in Recipharm ("Savings Shares") for the Nasdaq Stockholm market price. 550 employees, which was approximately 1/3 of the employees, subscribed for the program. For each acquired share, each employee receives a share. Employees being part of top management may also receive up to four

additional shares based on Recipharm share performance versus peers. Provided that all fulfill their participation for the full period, the cost is estimated to SEK 12.3 million (estimation based on share price SEK 153 at 30 September 2015) during a three year period and the number of new shares may amount to approximately 116 000. The latter assumes full allocation of the performance shares as well.

The Annual General Meeting on 7 May 2015 resolved to issue a new three year share-based incentive program aimed at the employees. In order to participate in the program, the participants must use their own funds to acquire class B shares in Recipharm ("Savings Shares") for the Nasdaq Stockholm market price. 553 employees, which was approximately 25 percent of the employees, subscribed for the program. For each acquired share, each employee receives a share. Employees being part of top management may also receive up to four additional shares based on Recipharm share performance versus peers. Provided that all fulfill their participation for the full period, the cost is estimated to SEK 22.6 million (estimation based on share price SEK 153 at 30 September 2015) during a three year period and the number of new shares may amount to approximately 190 000. The latter assumes full allocation of the performance shares as well.

Nomination committee

The members of the nomination committee are elected based on the principles decided at the Annual Shareholders meeting 7 May 2015. These principles are described in Recipharms home page. The nomination committee will present their proposal to the next Annual Shareholders meeting, 28 April 2016.

The members in the nomination committee are:

Axel Calissendorff, Chairman nomination committee, representing Flerie Participation AB

Lars Backsell, Chairman of the Board

Johan Lannebo representing Lannebo fonder

Ossian Ekdahl representing 1:a AP fonden

Financial calendar

Interim report January – December 2015	24 February 2016
Interim report January – March 2016	28 April 2016
Interim report January – June 2016	22 July 2016
Interim report January – September 2016	3 November 2016
Annual General meeting	28 April 2016
Annual Report 2015	April 2016

Jordbro, 5 November 2015

Board of Directors of Recipharm AB (publ)

Contact information:

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The information in this interim report is what Recipharm AB (publ) is required to disclose under Swedish Securities Act. It was released at 07.45 (CET) on 5 November 2015. This interim report, and other information about Recipharm AB (publ) is 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		Jan - Sep		Full year 2014	
	2015	2014	2015	2014		
Operating income						
Net sales	1	784.8	507.6	2 526.5	1 696.4	2 569.3
Other operating revenue		17.6	9.7	76.5	22.2	43.0
		802.4	517.2	2 603.0	1 718.6	2 612.3
Operating expenses						
Raw materials and consumables		-258.5	-149.6	-719.8	-460.5	-703.9
Other external costs		-191.1	-131.4	-588.4	-379.4	-588.7
Employee benefits expense		-252.9	-180.0	-850.9	-610.4	-888.6
Depreciation and amortisation		-58.7	-25.8	-174.2	-75.1	-127.2
Other operating expenses		-13.6	-5.2	-43.7	-16.4	-32.0
Share of result in participations		-0.4	-	-0.4	-	0.1
		-775.1	-491.9	-2 377.3	-1 541.8	-2 340.2
Operating profit		27.3	25.3	225.7	176.8	272.1
Interest income and similar revenues		-14.0	2.8	61.0	8.4	9.3
Interest expenses and similar costs		-7.7	-11.2	-20.5	-23.9	-65.4
Net financial income/expense		-21.7	-8.4	40.4	-15.5	-56.1
Profit before tax		5.6	16.9	266.1	161.3	216.1
Income tax		-6.0	-8.6	-77.1	-50.2	-55.9
Profit for the period		-0.4	8.3	189.1	111.1	160.2
Consolidated statement of comprehensive income:						
Items that may be reclassified subsequently to profit or loss	Jul - Sep		Jan - Sep		Full year 2014	
	2015	2014	2015	2014		
Translation differences		52.0	-2.0	-32.4	7.4	65.2
Gains/losses from fair value valuation of financial instruments		1.0	-	-41.6	-	42.1
Deferred tax relating to items that may be reclassified		-2.1	-	7.2	-	-9.3
Total		50.9	-2.0	-66.7	7.4	98.0
Items that will not be reclassified to profit or loss						
Actuarial gains/losses on pensions		4.3	-11.8	2.0	-15.5	-34.7
Deferred tax relating to items that will not be reclassified		-1.2	3.3	-0.6	4.3	9.8
Total		3.1	-8.4	1.4	-11.1	-24.9
Other comprehensive income for the period		54.0	-10.5	-65.3	-3.8	73.1
Comprehensive income for the period		53.5	-2.2	123.8	107.3	233.4
Net profit distributed to:						
Parent company´s shareholders		-0.3	8.3	189.2	111.1	160.2
Non-controlling interest		-0.1	-	-0.1	-	-
		-0.4	8.3	189.1	111.1	160.2
Group comprehensive income distributed to:						
Parent company´s shareholders		53.5	-2.2	123.8	107.3	233.4
Non-controlling interest		0.0	-	0.0	-	-
		53.5	-2.2	123.8	107.3	233.4

Earnings per share

	Note	Jul - Sep		Jan - Sep		Full year
		2015	2014	2015	2014	2014
Parent company's shareholders:						
Earnings per share before dilution (SEK)		-0.01	0.22	4.17	3.37	4.63
Earnings per share after dilution (SEK)		-0.01	0.22	4.17	3.37	4.13
Profit						
Profit before dilution (SEK thousand)		-422	8 330	189 081	111 126	160 247
Effect from potential shares (SEK thousand)		-	-	1 001	20	3 452
Profit after dilution (SEK thousand)		-422	8 330	190 082	111 146	163 699
Average number of shares						
Average number of shares before dilution (thousand)	2	46 264	37 189	45 364	32 952	34 605
Potential shares (thousand)	2	63	4	110	4	5 051
Average number of shares after dilution (thousand)		46 327	37 193	45 474	32 956	39 656

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Reserves	Profit brought forward	Equity attr. to parent company shareholders	Non-Contr. Interest	Total equity
Equity at 1 January 2014	12.7	515.2	-106.4	259.5	680.8		680.8
Profit January – September 2014							
				111.1	111.1		111.1
Other comprehensive income							
			7.4	-11.1	-3.8		-3.8
Transactions with owners:							
New share issue							
	5.9	810.0			815.9		815.9
Share-based incentive program							
				0.3	0.3		0.3
Equity at 30 September 2014	18.6	1 325.2	-99.0	359.7	1 604.5		1 604.5
Profit October-December 2014							
				49.1	49.1		49.1
Other comprehensive income							
			90.6	-13.8	76.8		76.8
Transactions with owners:							
New share issue							
	1.8	398.4			400.2		400.2
Share-based incentive program							
				0.9	0.9		0.9
Equity at 31 December 2014	20.3	1 723.5	-8.3	395.7	2 131.3		2 131.3
Profit January-September 2015							
				189.2	189.2	-0.1	189.1
Other comprehensive income							
			-66.7	1.4	-65.3		-65.3
Transactions with owners:							
New share issue							
	2.8	564.0			566.8		566.8
Share-based incentive program							
				3.4	3.4		3.4
Dividend							
				-57.1	-57.1		-57.1
Equity at 30 September 2015	23.2	2 287.5	-75.1	532.6	2 768.2	-0.1	2 768.1

Consolidated statement of financial position

SEK million	Note	Sep 30		Dec 31
		2015	2014	2014
ASSETS				
Non-current assets				
Product rights		274.5	127.4	290.3
Goodwill		912.8	80.3	936.2
Customer contracts		990.1	113.9	1 065.9
Other intangible assets		175.1	27.9	176.9
Property, plant and equipment		1 202.7	532.1	1 051.9
Other non-current assets		137.4	61.3	93.4
Total non-current assets		3 692.6	942.9	3 614.6
Current assets				
Inventories		612.9	415.6	590.8
Accounts receivable		497.5	270.8	528.2
Current investments		-	-	137.3
Other receivables		142.0	32.1	70.7
Prepaid expenses and accrued income		76.8	50.0	57.5
Cash and cash equivalents		493.6	983.4	404.5
Total currents assets		1 822.9	1 752.0	1 789.1
TOTAL ASSETS		5 515.4	2 694.9	5 403.7
SHAREHOLDERS EQUITY AND LIABILITIES				
Share capital		23.2	18.6	20.3
Other paid-in capital		2 287.5	1 325.2	1 723.5
Reserves		-75.1	-110.2	-10.0
Retained earnings (including net profit)		532.6	370.9	397.4
Equity attributable to Parent Company shareholders		2 768.2	1 604.5	2 131.3
Equity attributable to Non-Controlling interest		-0.1	-	-
Total equity		2 768.1	1 604.5	2 131.3
Non-current liabilities				
Interest-bearing liabilities		1 567.1	570.8	1 555.0
Provisions		169.8	127.5	172.9
Deferred tax liability		361.7	54.6	395.0
Other non-current liabilities		11.6	14.2	13.5
Total non-current liabilities		2 110.1	767.0	2 136.4
Current liabilities				
Interest-bearing liabilities		1.9	-	8.4
Overdraft facility		13.3	-	4.8
Account payable		205.5	116.2	236.6
Tax liabilities		80.7	10.0	25.3
Other liabilities		58.4	27.7	621.3
Accrued expenses and prepaid income		277.5	169.5	239.7
Total current liabilities		637.2	323.3	1 136.1
TOTAL EQUITY AND LIABILITIES		5 515.4	2 694.9	5 403.7
Pledged assets		7.7	97.3	14.9
Contingent liabilities		1 590.7	570.8	1 582.9

Consolidated cash flow statement

SEK million	Note	Jan - Sep 2015	2014	Full year 2014
Operating activities				
Profit before tax		266.1	161.3	216.1
Adjustments for items not affecting cash				
- Depreciation, amortisation and impairment of assets		174.2	75.1	127.2
- Changes in provisions		-1.2	9.1	14.8
- Gains from disposal of current investment		-46.6	-	-
- Share of earnings of associated companies		0.4	-	-
- Other		-2.7	5.1	42.3
		390.2	250.6	400.4
Income taxes paid		-108.6	-90.7	-79.5
Cash flow from operating activities before changes in working capital		281.6	159.9	320.8
<i>Cash flow from changes in working capital:</i>				
Change in inventories		-21.2	4.8	20.9
Change in operating receivables		17.8	-21.8	-86.8
Change in operating liabilities		3.5	25.2	-0.7
Cash flow from operating activities		281.7	168.1	254.2
<i>Investing activities</i>				
Acquisition of property, plant and equipment		-244.0	-112.2	-215.5
Disposal of property, plant and equipment		0.0	-	2.1
Acquisition of intangible assets		-10.2	-12.0	-56.3
Acquisition of subsidiaries/operations, net of cash acquired	4	-7.6	-	-1 062.7
Purchase consideration payable, subsidiaries		-	-17.9	-17.9
Acquisition of financial assets		-30.1	-8.0	-106.5
Divestment of current investment		143.9	-	-
Cash flow from investing activities		-147.9	-150.2	-1 456.8
<i>Financing activities</i>				
Dividend paid to Parent company shareholders		-57.1	-	-
New share issue		-	777.7	777.7
Redemption convertible bonds		-	-0.8	-0.8
Change in overdraft facility		9.7	-160.2	-160.2
Loans raised		158.6	576.8	1 402.1
Repayment of borrowings		-154.3	-425.4	-613.4
Cash flow from financing activities		-43.2	768.1	1 405.4
Total cash flow for the period		90.7	768.0	202.8
Cash and cash equivalents at beginning of period		404.5	190.2	190.2
Translation difference on cash and cash equivalents		-1.6	7.2	11.5
Cash and cash equivalents at end of period		493.6	983.4	404.5
Interest received		0.2	0.0	2.4
Interest paid		-10.8	-11.2	-14.3

Parent company statement of profit and loss

SEK million	Jul – Sep		Jan – Sep		Full year
	2015	2014	2015	2014	2014
Operating Income					
Net sales	22.1	18.1	65.1	55.1	77.4
Other operating revenue	0.2	0.1	0.6	0.8	0.9
	22.4	18.2	65.7	55.9	78.2
Operating expenses					
Other external costs	-14.4	-11.7	-46.3	-34.6	-50.0
Employee benefits expense	-14.2	-11.7	-47.4	-40.1	-56.2
Depreciation and amortisation	-1.3	-1.3	-4.3	-3.8	-5.1
Other operating expenses	-0.2	0.0	-0.2	-0.2	-0.3
	-30.1	-24.7	-98.2	-78.6	-111.6
Operating profit/loss	-7.7	-6.5	-32.5	-22.7	-33.4
Financial items	22.1	-0.2	161.1	38.2	73.3
Profit/loss after financial items	14.4	-6.7	128.7	15.5	39.9
Appropriations and tax	6.5	1.5	2.9	5.8	1.8
Profit/loss for the period	20.9	-5.2	131.6	21.2	41.6

Parent company statement of comprehensive income

SEK million	Jul – Sep		Jan – Sep		Full year
	2015	2014	2015	2014	2014
Items that may be reclassified subsequently to profit or loss					
Translation differences	1.1	-0.8	-0.5	-2.5	-2.2
Other comprehensive income for the period	1.1	-0.8	-0.5	-2.5	-2.2
Total comprehensive income for the period	22.1	6.0	131.1	18.7	39.4

Parent company statement of financial position

SEK million	Sep 30		Dec 31
	2015	2014	2014
ASSETS			
Non-current assets			
Intangible assets	17.4	11.9	10.7
Property, plant and equipment	0.2	0.4	0.3
Financial non-current assets	2 892.3	649.1	2 922.0
Total non-current assets	2 909.9	661.4	2 933.1
Current assets	659.9	1 020.4	544.5
TOTAL ASSETS	3 569.8	1 681.9	3 477.6
SHAREHOLDERS EQUITY AND LIABILITIES			
Equity	2 034.2	1 072.1	1 493.9
Liabilities	1 535.5	609.8	1 983.8
TOTAL EQUITY AND LIABILITIES	3 569.8	1 681.9	3 477.6

Accounting principles, risks, definitions and notes

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 2014 Annual Report. New or amended standards or interpretations of standards effective as of 1 January 2015 have not had any significant impact on Recipharm's financial statements.

Recipharm has changed the control structure within manufacturing services to facilitate a more effective management as Recipharm is growing outside Sweden, which in the past had a larger share of Group sales. The new management and control structure of the manufacturing services is now split into technology instead of geography. The new segments are presented in note 3 including the numbers for the period last year based on the new principles.

Significant risks and uncertainties

The most significant risks over the next 12 months will be the following:
Of the Group's total income, around 70 percent is in currencies other than SEK. Normally income and expenses balance each other, but significant fluctuations in exchange rates may impact profits.

A more detailed description of risks is provided in the 2014 Annual Report.

Definitions

Definitions of key figures:

EBITDA	Earnings before interest, taxes, depreciation and amortisation
Earnings per share (EPS)	Net result divided by average number of shares before dilution
Non-recurring items	Cost related to the IPO process and costs for completed acquisitions
Return on Equity	Net result divided by equity (average of starting and closing balance of period)
Operating capital (average)	Net debt plus equity (average of starting and closing balance of period)
Return on Operating Capital	Operating profit divided by average operating capital
Net debt	Interest-bearing debt minus cash and cash equivalents
Net debt to EBITDA	Net debt at period closing divided by 12M EBITDA

Amounts are in SEK million unless otherwise stated.

Note 1 Transactions with related parties

Related company	Related party relation
B&E Participation AB	Indirect majority owners Lars Backsell and Thomas Eldered
Empros Pharma AB	Majority owner Thomas Eldered
Pharmanest AB	Associated company, member of the board Carl-Johan Spak
Inject Pharma AB	Joint venture, Member of the board Carl-Johan Spak
SVS Portugal S.A.	Joint venture

Recipharm AB (publ) has provided administrative services for B&E Participation AB for a value of SEK 0.1m (0.1)
Recipharm Pharmaceutical Development AB provided development services to Empros Pharma AB of SEK 1.3m (0.8), to Pharmanest AB of SEK 0.1m (1.5) and to Inject Pharma AB of SEK 0.1m (0.0).
Recipharm Pessac SAS provided development services to Empros Pharma AB of SEK 0.7m (0.0).
Lusomedicamenta S.A. provided development services to SVS Portugal of SEK 0.1m (0.1) and SVS Portugal provided development services to Lusomedicamenta S.A. of SEK 1.0m (0.9).

Note 2 The share

	A-shares	B-shares	D-shares	Total
Number of shares as of 31 December 2014	12 685 716	28 003 159		40 688 875
New share issue, convertible bond related to Corvette acquisition		5 030 543		5 030 543
New share issue, acquisition of OT Chemistry AB		45 838		45 838
New share issue, share-based incentive program		60 000	500 000	560 000
Number of shares as of 30 September 2015	12 685 716	33 139 540	500 000	46 325 256

Potential shares 109 831 (4 369) are related to Recipharm's share-based incentive program.

The Annual General Meeting on 7 May 2015 resolved on a dividend of SEK 1.25 per share. The dividend was paid in May.

Note 3 Segment analysis

SEK million	Jan - Sep 2015					Jan - Sep 2014				
	MS-SL	MS-SO	D&T	Other	Total	MS-SL	MS-SO	D&T	Other	Total
Net sales, external	732.4	1 211.0	583.1	-	2 526.5	467.8	1 012.8	215.8	-	1 696.4
Net sales, internal	8.4	107.9	1.1	-117.4	0.0	5.6	74.2	1.8	-81.5	0.0
EBITDA	172.0	78.1	176.7	-27.0	399.9	93.7	136.7	64.5	-43.1	251.9
Depreciations	66.7	64.9	41.7	0.9	174.2	32.0	28.5	14.2	0.4	75.1
EBIT	105.3	13.2	135.1	-27.9	225.7	61.7	108.2	50.3	-43.5	176.8
Non-current assets	884.6	1 349.7	1 431.5	26.8	3 692.6	521.6	245.3	163.6	12.4	942.9
Total assets	1 537.5	1 768.7	1 764.1	445.2	5 515.4	561.0	752.8	307.0	1074.0	2 694.9
Goodwill	138.6	396.7	377.6	-	912.8	80.3	-	-	-	80.3
Investments	185.4	42.2	15.7	10.9	254.2	63.2	35.2	24.3	1.6	124.3

Information regarding 2014 quarterly Profit and loss for the new segments is available at www.recipharm.com/en/Investors/Financial-info/.

Net sales major customers

	Jan - Sep		Full year
	2015	2014	2014
Customer X	377.9	422.9	566.4
Customer Y	267.6	267.0	384.2
Customer Z ^{1/}	162.0	245.0	325.2
Other customers	1 719.0	761.4	1 293.4
Total	2 526.5	1 696.4	2 569.3

^{1/} Customer Z have sold some product rights to another pharmaceutical company. The buyer of the product rights continues its production at Recipharm, but we have taken out the sales for these products from Customer Z for the period 2014.

Geographical area

	Net sales Jan - Sep		Fixed assets Sep 30	
	2015	2014	2015	2014
Sweden	799.7	828.6	256.8	298.6
Other	1 726.8	867.8	3 435.8	644.3
Total	2 526.5	1 696.4	3 692.6	942.9

The MS-SL and MS-SO segments core business is to manufacture pharmaceuticals on behalf of pharmaceutical companies. The MS-SL segment includes the units producing sterile liquids. These units are: Wasserburg, Monts and some parts of the Units in Portugal and Italy. The MS-SO segment includes the units producing solid, semi-solids and other dosage forms excluding sterile liquids. These units are all the manufacturing units in Sweden, Ashton, Parets, Fontaine and some parts of the units in Portugal and Italy. The Development and Technology (D&T) segment primarily includes development services to Pharmaceutical companies and sales of products based on own product rights, mainly through external distributors.

Note 4 Acquisition of subsidiaries

During the third quarter no new acquisitions of subsidiaries have taken place. For information regarding acquisitions during the year we refer to previous interim reports.

Note 5 Financial assets and liabilities

	2015-09-30		2014-09-30	
	Fair value	Carrying Amount	Fair Value	Carrying amount
Financial assets				
<i>Available-for-sale financial assets</i>				
Other securities held as non-current assets	81.5	81.5	30.8	30.8
<i>Loans and receivables</i>				
Other receivables	60.0	60.0	8.4	8.4
Cash and cash equivalents	493.6	493.6	1 752.0	1 752.0
	635.2	635.2	1 791.2	1 791.2
Financial liabilities				
<i>Other financial liabilities</i>				
Interest-bearing liabilities, non-current portion	1 571.3	1 560.8	576.8	570.8
Derivative	6.3	6.3	-	-
Interest-bearing liabilities, current portion 1)	15.2	15.2	-	-
Other liabilities	58.4	58.4	27.7	27.7
	1 651.1	1 640.6	604.4	598.4

1) Interest bearing liabilities, current portion refers to the part of non-current liabilities that will be repaid within a twelve month period as well as to the unutilized portion of the group overdraft facility.

Derivatives are recognized at level 2, using valuation techniques with observable market data.

For information purposes, the fair value of interest-bearing liabilities is discounted based on future cash flows of interest, using actual market discount rate. Valuation is at level 3 based on the assumption that credit margin is the same as when the loan was issued.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Recipharm AB (publ), corporate identity number 556498-8425

INTRODUCTION

We have reviewed the condensed interim report for Recipharm AB (publ) as at September 30, 2015 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 aspects, 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 November 5, 2015

Ernst & Young AB

Michael Forss
Authorized Public Accountant