

Full Year report January - December 2016

October - December 2016

- Net sales amounted to SEK 1 333 million (863), an increase of 54%
- EBITDA increased by 108% and amounted to SEK 229 million (110) giving an EBITDA margin of 17.2% (12.7)
- Operating profit (EBIT) amounted to SEK 121 million (48)
- Profit after tax amounted to SEK 76 million (26), giving a net margin of 5.7% (3.0)
- Earnings per share amounted to SEK 1.09 (0.56), after dilution 1.09 (0.56)

January – December 2016

- Net sales amounted to SEK 4 678 million (3 389), an increase of 38%
- EBITDA increased by 47% and amounted to SEK 749 million (510) giving an EBITDA margin of 16.0% (15.0)
- Operating profit (EBIT) amounted to SEK 384 million (274)
- Profit after tax amounted to SEK 196 million (215), giving a net margin of 4.2% (6.3). Last year included a financial investment capital gain of SEK 46.6 million
- Earnings per share amounted to SEK 3.32 (4.72), after dilution 3.32 (4.72)
- Cash flow from operating activities was SEK 342 million (429)
- Net debt to EBITDA was 2.5 (2.3)
- Net debt to Equity was 0.4 (0.4)
- Proposed share dividend is SEK [1.50] (1.50) per share

Key figures						
	Oct - Dec			Jan - Dec		
SEK million	2016	2015	change in %	2016	2015	change in %
Net sales	1 333	863	54.4	4 678	3 389	38.0
Net sales (CER) ^{1/}	1 305		51.2	4 657		37.4
EBITDA ^{1/}	229	110	108.3	749	510	47.0
EBIT ^{1/}	121	48	150.5	384	274	40.1
EBITDA margin (%) ^{1/}	17.2	12.7		16.0	15.0	
Earnings per share	1.09	0.56		3.32	4.72	
Return on equity (%) ^{1/}				5.0	8.8	
Equity per share (SEK) ^{1/}				70.9	59.2	
Equity ratio (%) ^{1/}				52.4	48.1	
Net debt ^{1/}				1 894	1 183	
Net debt to Equity ^{1/}				0.4	0.4	
Net debt to EBITDA ^{1/}				2.5	2.3	

^{1/} APM: Alternative Performance Measures, see financial definitions after note 6

Thomas Eldered, CEO:

"The fourth quarter marks the end of a transaction intensive year for Recipharm. With an increase in net sales of 54 percent we recorded all time high sales for a quarter. Excluding acquisitions sales was still the highest ever for a fourth quarter with an increase of 16 percent, driven by the Sterile Liquids segment.

EBITDA was SEK 229 million, an increase of 108 percent. Excluding acquisitions the increase was 42 percent. Our EBITDA-margin was 17.2 percent, highest fourth quarter ever, which contributed to the full year EBITDA-margin of 16 percent, in line with our overall objectives.

Our Sterile Liquids segment delivered a stable EBITDA-margin of 22.7 percent. We continued to see high capacity utilization with customer demand supporting on-going capacity expansion projects in lyophilisation and blow-fill-seal technologies. In addition to the 87 percent growth from 2016 acquisitions we recorded sales growth of 59 percent from increased demand and new products, partly from sales under the new contract in Kayzersberg.

Our Solids and Others segment delivered a significantly improved EBITDA-margin of 15.2 percent driven by acquisitions, effects from the cost and improvement programme in Swedish operations and lower non-recurring costs. Market conditions continue to be competitive and sales excluding acquisitions decreased by 3 percent, partly driven by discontinuation of less profitable projects.

Our Development & Technology segment delivered a lower EBITDA-margin of 17.6 percent, negatively affected by acquisitions. Sales, excluding acquisitions and currency translation effects decreased by 6 percent. Conditions in the Portuguese and UK market for our own product rights continue to be challenging, but the development in the market is stabilizing.

Our cash flow from operating activities continued to be strong at SEK 83 million in the fourth quarter. Net debt was stable and amounted to SEK 1 894 million in the fourth quarter and the net debt/equity ratio remained at 0.4, well in line with our target of less than 0.8.

During the quarter, we have worked with integration into the Recipharm group of recent acquisitions in Sweden, Italy, the US and India and I am pleased to say that this is progressing well and according to plan. We recently completed our second Indian acquisition and I am excited about the further strategic opportunities this brings. We have announced further strategic investments in development capabilities in Sweden and Italy, strengthened our commercial organisation with new appointments in Europe and the US and continued to build on our position as a front-runner in serialization capability.

During 2017 we will explore the many opportunities we see from our global organisation, start supply from the first of our major capacity expansion investments and begin to supply serialized products to the US market. We will continue to build powerful, long lasting partnerships with strategically important customers, in addition to executing on accretive acquisition opportunities. We are well on track to reach our long-term financial targets and overall objectives."

The complete Full Year report is attached through the link at the end of the press release.

The company invites investors, analysts and media to a web conference (in English) on 23 February at 10:00 am CET, where CEO Thomas Eldered and CFO Björn Westberg will present and comment on the report as well as answer questions.

To participate in the web conference, please use the below link:

<http://edge.media-server.com/m/p/tedkct3q>

Questions may be submitted by dialing below telephone numbers or by typing them in the Q&A box during the conference. If you don't wish to ask questions by telephone you only need to participate through the link above.

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This information is published in accordance with the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act and/or the regulations of NASDAQ Stockholm. This information was submitted for publication on 23 February 2017 at 07:45 am CET.

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 5.0 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