

Recipharm AB publishes its interim report January - September 2018

July – September 2018

- Net sales amounted to SEK 1,421 million (1,200), an increase of 18%
- EBITDA increased by 47% and amounted to SEK 151 million (103) corresponding to an EBITDA margin of 10.6% (8.6)
- Operating profit (EBIT) amounted to SEK 25 million (-17)
- Profit after tax amounted to SEK -9 million (-54) corresponding to a net margin of -0.6% (-4.5)
- Earnings per share amounted to SEK -0.13 (-0.89) before dilution and SEK -0.13 (-0.89) after dilution

January – September 2018

- Net sales amounted to SEK 4,635 million (3,929), an increase of 18%
- EBITDA increased by 40% and amounted to SEK 708 million (504) corresponding to an EBITDA margin of 15.3% (12.8)
- Operating profit (EBIT) amounted to SEK 407 million (151)
- Profit after tax amounted to SEK 201 million (23) corresponding to a net margin of 4.3% (0.6)
- Earnings per share amounted to SEK 3.07 (0.26) before dilution and SEK 3.07 (0.26) after dilution
- Net debt to Equity was 0.6 (0.7)

Key figures

| SEK million | Jul – Sep | | | Jan - Sep | | | Oct 17 – Sep 18 | Jan - Dec |
|---|-----------|-------|----------------|-----------|-------|----------------|--------------------|-----------|
| | 2018 | 2017 | Change in % | 2018 | 2017 | Change in % | 2017 | |
| Net sales | 1,421 | 1,200 | +18 | 4,635 | 3,929 | +18 | 6,038 | 5,332 |
| EBITDA ^{1/} | 151 | 103 | +47 | 708 | 504 | +41 | 933 | 730 |
| EBIT ^{1/} | 25.2 | -16.9 | | 407 | 151 | +170 | 248 | -9 |
| EBITDA margin (%) ^{1/} | 10.6 | 8.6 | | 15.3 | 12.8 | | 15.5 | 13.7 |
| Earnings per share (SEK) ^{1/} | -0.13 | -0.89 | | 3.07 | 0.26 | | 0.27 | -2.70 |
| Return on equity (%), adjusted ^{1/} | | | | 2.9 | 2.0 | | | 1.6 |
| Equity per share (SEK) ^{1/} | | | | 77.9 | 72.4 | | | 71.9 |
| Equity ratio (%) ^{1/} | | | | 43.3 | 44.3 | | | 41.5 |
| Net debt ^{1/} | | | | 3,192 | 3,252 | | | 3,422 |
| Net debt to Equity ^{1/} | | | | 0.6 | 0.7 | | | 0.7 |
| Net debt to EBITDA ^{1/} | | | | 3.4 | 4.4 | | | 4.7 |

^{1/} APM: Alternative Performance Measures

Thomas Eldered, CEO:

Best third quarter ever, with further potential

“In the third quarter of 2018, we increased net sales to SEK 1,421 million, with a currency-adjusted growth in continuing operations of 14 per cent, and improved EBITDA by SEK 48 million to SEK 151 million and EBITDA margin to 10.6 per cent (8.6). As usual the third quarter was strongly affected by maintenance and vacation shut-downs. Although this is the best third quarter



ever for Recipharm, it does not mean that we have reached our full potential. Our expanded capacities, extensive technology range and global reach will drive further improvements going forward.

Our India based operations continued to show double digit growth with 21 per cent in local currency thereby contributing almost 3 per cent of group growth. Ramp-up of activity in recently expanded Sterile Liquids segment lyophilisation and blow-fill-seal capacities continued according to plan. Increased sales from companies with expanded capacity in Germany, France and Italy, contributed more than 3.5 per cent of group organic growth.

Continuing operations in the Solids and Others segment generated very good growth mainly due to the new outsourcing contract in Leganés, Spain. Segment EBITDA grew but was affected by revamping of production areas, technical and quality issues in certain facilities. These effects are all temporary but caused a longer than usual production shut-down in these facilities. Combined with the lower margin in this segment, these issues had a material dilutive effect on group EBITDA-margin for the quarter.

In the Development & Technology segment we saw close to flat sales growth compared to the relatively strong quarter last year. Generic competition for a certain customer continued and royalty income was therefore sequentially further reduced, with material impact on EBITDA. The re-shaping of our development services organisation continued according to plan.

Operating cash flow was positively affected by seasonally reduced working capital and increased 16 per cent to SEK 172 million. Investments decreased as major projects finished and amounted to SEK 58 million. The strong cash flow contributed to continued decreased leverage.

During the quarter we have worked with preparations for the completion of our acquisition in UK from Sanofi. The transaction was completed after the quarter on October 1st. We will now work with integrating this promising business in our group and begin to explore the opportunities that this entry into commercial scale inhalation technology will bring.

We expect good contributions from recent important capacity expansion investments to continue over the next years. We also continue to see material contributions to group growth from our India based operations. In the short term we expect the good growth we have also seen in the Solids and Others segment to continue. Our objectives and strategies remain unchanged and we are working hard to reach our overall and long-term goals."

The complete interim 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 8 November at 10:00 am CET, where CEO Thomas Eldered and CFO Tobias Häggglöv will present and comment on the report as well as answer questions.

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

https://webinars.on24.com/EMEA/RecipharmQ3_2018

Questions may be submitted by dialling below telephone numbers. If you don't wish to ask questions you only need to participate through the link above.

From Sweden: +46 8 566 426 51
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Pin code for participants:
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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, through the agency of the contact persons set out above, on 8 November 2018, at 07:45 CET.

About Recipharm

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing around 6,000 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 6.0 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