

INTERIM REPORT

JANUARY – MARCH 2017



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- Net sales amounted to SEK 1 328 million (973), an increase of 37%
- EBITDA increased by 17% and amounted to SEK 159 million (136) corresponding to an EBITDA margin of 12% (14)
- Operating profit (EBIT) amounted to SEK 46 million (69)
- Profit after tax amounted to SEK 1 million (25) corresponding to a net margin of 0% (3)
- Earnings per share amounted to SEK -0.04 (0.52) before dilution and SEK -0.04 (0.52) after dilution
- Net debt to Equity was 0.6 (0.5)
- During February the acquisition of Kemwell India was completed

37%

Sales increase

159

MSEK, EBITDA

12%

EBITDA margin

KEY FIGURES

SEK million	Jan – Mar		Change in %	April 16 - Mar 17		Change in %
	2017	2016		2016	Jan - Dec	
Net sales	1 328	973	+37	5 034	4 678	+8
EBITDA ^{1/}	159	136	+17	772	749	+3
EBIT ^{1/}	46	69	-34	361	384	-6
EBITDA margin (%) ^{1/}	12.0	14.0		15.3	16.0	
Earnings per share (SEK) ^{1/}	-0.04	0.52			3.32	
Return on equity (%) ^{1/}	4.1	4.0			5.0	
Equity per share (SEK) ^{1/}	70.9	64.1			70.9	
Equity ratio (%) ^{1/}	46.9	40.8			52.4	
Net debt ^{1/}	3 138	1 510			1 894	
Net debt to Equity ^{1/}	0.6	0.5			0.4	
Net debt to EBITDA ^{1/}	4.1	3.1			2.5	

1/ APM: Alternative Performance Measures, see financial definitions after note 4

COMMENTS BY THOMAS ELDERED, CEO

With a sales growth of 37 percent we report the highest ever sales for a first quarter.

RECORD SALES

"With a sales growth of 37 percent we report the highest sales ever for a first quarter. Growth, excluding acquisitions and currency translation effects, amounted to 5 percent. We saw particularly good sales increases in the Development & Technology segment, supported by continued good demand in Sterile Liquids. Solids & Others reported somewhat softer sales excluding acquisitions. Acquisitions contributed with 22 percent of total group sales for the quarter. In India, I am very pleased to report solid growth in Nitin Lifesciences with a pro forma growth of 35 percent in local currencies. The Indian acquisition in Bengaluru that completed in February only had a minor impact on sales.

Overall, we have worked hard, and will continue to do so for some time integrating newly acquired units in our existing structure and by doing so adding value to the company.

EBITDA was materially impacted by several costs, mainly due to temporary supply shortages with customer provided starting materials and acquisition effects. We are also seeing increased start-up costs for significant expansion projects especially in Germany ahead of the planned commercial launch of the expanded capacity later in the year. In Solid & Others we saw several cases of weak demand which affected EBITDA negatively and we expect this to continue for some time. As previously communicated there is an ongoing efficiency program in Sweden and as a part of this unprofitable contracts are being renegotiated.

INVESTMENTS FOR THE FUTURE

In addition to making acquisitions, we have invested heavily, and will continue to do so throughout the year, in capturing market opportunities and supporting our growth. These investments are made in three different areas; firstly, capacity expansions in high demand technologies, secondly serialisation capabilities and finally establishing and expanding our presence in the US market. Regarding the lyophilisation expansion in Germany we will gradually ramp up volumes during the second half of the year. The other expansion projects are also progressing according to plan. Regarding serialisation a major milestone will be supply of serialised products to the US market later this year. For Europe we are now finalising customer agreements for this and expect to be fully compliant with all requirements well ahead of the deadline in 2019. In the US we are expanding our sales and business development capacity as well as building scientific and organisational critical mass and we expect this to continue to have a negative impact on EBITDA for some time.

ACQUISITIONS AND OVERALL OBJECTIVES

We continue to explore acquisition opportunities. Even though we already have a leading asset base in Europe we see very good opportunities there as well as in North America. In India, we will focus on integration and achieving synergies in our current structure during the coming quarters. Our geographic footprint is now unique in the CDMO industry and going forward we will capitalise on our synergies and all the opportunities this brings.

Despite an exceptionally weak start of the year profit wise, the underlying business is developing according to our plans and we maintain our sales growth and EBITDA-margin objectives along with our leverage target. I am confident that these objectives will be achieved as we are on our way to become a global leader in our industry."



"The underlying business is developing according to plan and we maintain our overall objectives"

Thomas Eldered, CEO

The company invites investors, analysts and media to a telephone conference with a web presentation (in English) on 27 April at 09:30 am CET where CEO Thomas Eldered and CFO Henrik Stenvist 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

	Jan – Mar		Jan - Dec	
SEK million	2017	2016	Change in %	2016
Sterile Liquids	534.1	367.8	45.2	1 930.2
Solids & Others	598.3	462.4	29.4	2 166.0
Development & Technology	227.8	181.2	25.7	749.5
Eliminations and others	-32.2	-38.6	9.0	-167.4
Total	1 328.0	972.9	36.5	4 678.3

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Net sales

Net sales increased by SEK 355.1 million and amounted to SEK 1 328.0 million, an increase of 36.5 percent. Adjusted for a currency effect of SEK 13.4 million, sales increased by 35.1 percent. The acquisitions made during 2016 and 2017 contributed with SEK 296.2 million or 30.4 percent to the sales increase. Sales, excluding acquisitions and the currency effect above, increased by SEK 45.6 million. The increase is mainly related to the growth in Sterile Liquids and Development & Technology while Solids & Others decreased somewhat.

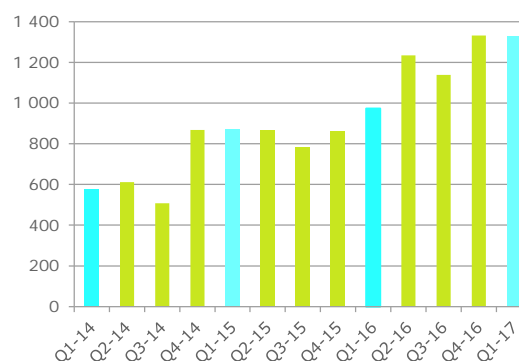
Other operating revenue

Other operating revenue amounted to SEK 35.3 million (33.4), mainly consisting of a royalty income of SEK 14.9 million (12.1), pass-through costs of SEK 16.0 million (17.5) and currency gains on operating receivables and liabilities of SEK 2.0 million (3.4).

SALES BRIDGE, JAN – MAR

	Sales, SEK million	Sales, %
2016	972.9	100.0
Currency	+13.4	+1.4
Acquisitions	+296.2	+30.4
Organic	+45.5	+4.7
Total	+355.1	+36.5
2017	1 328.0	136.5

NET SALES PER QUARTER (MSEK)



RESULTS

EBITDA PER SEGMENT

	Jan – Mar		Jan – Dec	
SEK million	2017	2016	Change in %	2016
Sterile Liquids	89.7	69.0	+30.0	402.1
Solids and Others	43.6	59.5	-26.6	276.9
Development & Technology	43.4	28.3	+53.5	142.8
Eliminations and others	-17.6	-20.4	-11.2	-72.5
Total	159.2	136.4	+16.7	749.4

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EBITDA

EBITDA amounted to SEK 159.2 million (136.4), an increase of 16.7 percent. The EBITDA margin to sales decreased from 14.0 percent to 12.0 percent. The acquisitions during the last 12 months generated SEK 44.8 million and the currency effect was SEK 4.4 million. EBITDA excluding acquisitions decreased by SEK 26.5 million mainly due to a revaluation of inventory of SEK 18.7 million last year within the Solids & Others segment.

Raw materials and consumables

Raw materials and consumables amounted to SEK 431.7 million (264.5). The increase is mainly related to the acquisitions, SEK 123.0 million. The currency effect was SEK -4.9 million. Overall, the material cost ratio to sales has increased by 6.6 percent to 35.3 percent (28.7). This increase is partly caused by a higher relative share of material cost from recent acquisitions and some inventory reductions.

Employee benefits expense

Employee benefits expense amounted to SEK 449.2 million (359.1). The increase is mainly related to the acquisitions, SEK 71.1 million, the capacity expansion in Sterile Liquids and the annual increase in salaries. The currency translation effect was SEK -8.5 million. The ratio of employee expenses to sales decreased to 33.8 percent (36.9) mainly due to different cost structure in some of the acquisitions.

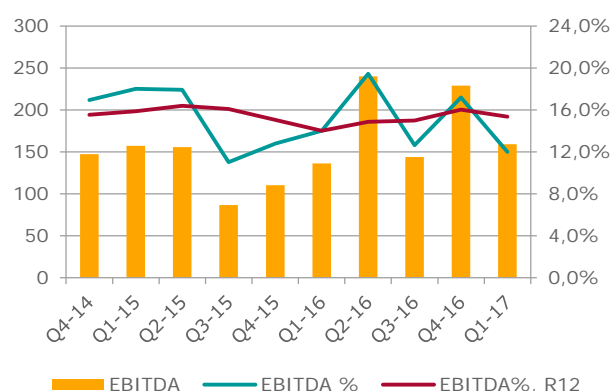
Other external costs

Other external costs amounted to SEK 308.0 million (227.8). The increase is mainly related to the acquisitions, SEK 61.1 million. The currency translation effect was SEK -2.1 million. The ratio to sales decreases somewhat to 23.2 percent (23.4).

EBITDA BRIDGE, JAN – MAR

SEK million	EBITDA
2016	136.4
Currency	+4.4
Acquisitions	+44.8
Inventory revaluation	-18.7
Other	-7.7
Total	+22.8
2017	159.2

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



Depreciation, amortisation and impairment

Depreciation and amortisation amounted to SEK 113.7 million (67.5), of which SEK 54.4 million (36.2) is depreciation and SEK 59.3 million (31.3) is amortisation of intangible assets. The increase in depreciation of SEK 11.2 million and the increase in amortisation of SEK 18.2 million were mainly due to the acquisitions.

Financial items

Interest income and similar revenues amounted to SEK 1.7 million (2.3) of which SEK 1.1 million (0.1) was interest income. Interest expenses and similar costs amounted to SEK 29.6 million (24.3).

Tax

The income tax amounted to SEK 16.7 million (22.1). The relatively high tax rate is mainly due to uneven distribution of results from operating units between different countries.

Profit after tax

Profit after tax amounted to SEK 1.0 million (24.8).

ACQUISITIONS

The acquisitions completed during the last 12 months are Nitin Lifesciences Ltd (April 11 2016) in India, Cirrus Pharmaceuticals Inc in the US, Kemwell AB in Sweden (May 23 2016) and Kemwell India (February 20 2017).

These acquisitions contributed SEK 296.2 million to Net Sales and SEK 44.8 million to EBITDA during the quarter. EBITDA from acquired manufacturing operations was positive while it was negative (-1.6) from acquisitions of development services.

As a consequence of the expected synergies from the acquisition there was a cost reduction program decided in Kemwell Uppsala. At acquisition date, SEK 64.4 million remained in the balance sheet for this estimated cost. SEK 10.9 million was released during the quarter and a total of SEK 33.2 million since the acquisition.

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, lyophilisates and blow- fill-seal products.

- Sales increased by 45.2%
- EBITDA increased by 30.0%
- EBITDA margin of 16.8% (18.8)



Net sales

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Sales for Sterile Liquids increased by SEK 166.3 million to SEK 534.1 million, an increase of 45.2 percent. The currency translation effect was SEK 7.6 million. The acquisitions contributed with SEK 141.2 million or 38.4 percent of the sales increase. Sales excluding acquisitions and currency effects increased by SEK 17.5 million equivalent to 4.7 percent mainly due to increased demand for injectable products.

SALES BRIDGE, JAN – MAR

	Sales, SEK million	Sales, %
2016	367.8	100.0
Currency	+7.6	+2.1
Acquisitions	+141.2	+38.4
Organic	+17.5	+4.7
Total	+166.3	+45.2
2017	534.1	145.2

EBITDA

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EBITDA for Sterile Liquids increased by SEK 20.7 million to SEK 89.7 million, equivalent to an EBITDA margin of 16.8 percent (18.8). The acquisitions contributed with SEK 28.1 million and the currency effect was 1.1 percent versus last year. EBITDA excluding acquisitions decreased by SEK 8.5 million due to temporary delays in supply of raw materials, effects of inventory reductions and startup costs in Germany.

EBITDA BRIDGE, JAN – MAR

SEK million	EBITDA
2016	69.0
Currency	+1.1
Acquisitions	+28.1
Other	-8.5
Total	+20.7
2017	89.7

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.

- Sales increased by 29.4%
- EBITDA decreased by 26.6%
- EBITDA margin of 7.3% (12.9)



Net sales

JANUARY – MARCH 2017

Solids & Others increased sales by SEK 136.9 million to SEK 598.3 million, an increase of 29.4 percent. The currency effect was SEK 2.0 million. The acquisitions contributed with SEK 141.5 million or 30.6 percent to the sales increase. Sales, excluding acquisitions and currency effects, decreased by SEK 7.6 million compared with the same quarter last year. The decrease is mainly due to weaker demand and the discontinuation of certain contracts.

SALES BRIDGE, JAN – MAR

	Sales, SEK million	Sales, %
2016	462.4	100.0
Currency	+2.0	+0.4
Acquisitions	+141.5	+30.6
Organic	-7.6	-1.6
Total	+135.9	+29.4
2017	598.3	129.4

EBITDA

JANUARY – MARCH 2017

EBITDA for Solids & Others decreased by SEK 15.8 million and was SEK 43.6 million, corresponding to an EBITDA margin of 7.3 percent (12.9). The acquisitions contributed with SEK 18.3 million and the currency effect was SEK 2.8 million. EBITDA excluding acquisitions and currencies was SEK 22.6 million, SEK 36.8 million less compared to the same period in the previous year. The decrease is mainly related to an inventory revaluation item of SEK 18.7 million and weaker demand of certain highly profitable products.

EBITDA BRIDGE, JAN – MAR

SEK million	EBITDA
2016	59.4
Currency	+2.8
Acquisitions	+18.3
Inventory revaluation	-18.7
Other	-18.2
Total	-15.8
2017	43.6

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.

- Sales increased by 25.7%
- EBITDA increased by 53%
- EBITDA margin of 19.1% (15.6)



Net sales

JANUARY – MARCH 2017

Development & Technology increased sales by SEK 46.6 million to SEK 227.8 million, an increase of 25.7 percent. The acquisitions contributed with SEK 16.2 million and the currency translation effect was SEK 3.3 million. The sales, excluding acquisitions and currency effects, increased by SEK 19.6 million, mainly due to strong demand for erdosteine and other APIs.

SALES BRIDGE, JAN – MAR

	Sales, SEK million	Sales, %
2016	181.2	100.0
Currency	+3.3	+1.8
Acquisitions	+16.2	+9.0
Organic	+27.1	+14.9
Total	+46.6	+25.7
2017	227.8	125.7

EBITDA

JANUARY – MARCH 2017

EBITDA for Development & Technology increased by SEK 15.1 million to SEK 43.4 million, equivalent to an EBITDA margin of 19.1 percent (15.6). The acquisitions contributed with SEK -1.6 million and the currency translation effect was SEK 0.6 million. EBITDA, excluding acquisitions, increased by SEK 16.1 million versus last year as a direct consequence of the favourable sales development.

EBITDA BRIDGE, JAN – MAR

SEK million	EBITDA
2016	28.3
Currency	+0.6
Acquisitions	-1.6
Other	+16.1
Total	+15.1
2017	43.4

CASH FLOW

	Jan - Mar		Jan - Dec
SEK million	2017	2016	2016
CF operating activities before changes in WC	81.2	113.6	488.2
CF from changes in working capital (WC)	-106.0	-174.0	-146.1
CF from investing activities	-1 035.6	-553.2	-2 033.1
CF from financing activities	892.5	1 727.1	1 834.4
Total	-167.8	1 113.5	143.5

Cash flow from operating activities before changes in working capital was to SEK 81.2 million (113.6) while changes in working capital was SEK -106.0 million (-174.0).

Cash flow from financing activities was SEK 892.5 million (1 727.1), mainly related to new loans.

Cash flow from investing activities was SEK -1 035.6 million (-553.2) of which SEK -927.7 million was the acquisition of Kemwell India and SEK -109.7 million (-39.3) was investments in property, plant and equipment. The increase is mainly due to capacity investments in Wasserburg (new freeze drying and packaging capacity), in Kaysersberg (blow-fill-seal capacity) and new equipment for serialisation.

FINANCING AND RETURN

KEY FIGURES AND RETURN

	Jan - Mar		Jan - Dec
SEK million	2017	2016	2016
Return on operating capital (%)	5.5	5.8	7.0
Return on equity	4.1	4.0	4.9
Net debt to EBITDA	4.1	3.1	2.5
Net debt to equity	0.6	0.5	0.4
Equity to assets (%)	46.9	40.8	52.3

The return on operating capital decreased to 5.7 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 increased to 4.1 from 4.0 in the same quarter in the previous year but decreased from 4.9 at the end of 2016. The decrease from year end is mainly due to lower profit in the period.

The net debt to EBITDA ratio increased to 4.1 from 3.1 compared to the same quarter 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 acquisitions, which impacted the ratio negatively.

The interest bearing debt at December 31 2016 amounts to SEK 3 666.5 million of which SEK 2 570.4 million was used of the SEK 3 billion loan facilities.

Net debt in relation to equity was 0.6 (0.5), well below the max target of 0.8.

The equity to assets ratio was also strengthened compared to March last year mainly due to the increase of equity. The equity increased during the second quarter 2016 mainly due to the preferential rights issue of SEK 805 million.

PARENT COMPANY

Recipharm AB (publ) includes Group management and functions that provide services to the business. The parent company's net sales was SEK 29.2 million (26.8) and operating result was SEK -20.4 million (-21.7) during the period. Investments amounted to SEK 6.8 million (1.3), mainly due to the serialisation project.

EMPLOYEES

The number of employees (equivalent to full-time employees "FTE") during the period was 3,880 (2,335), of which 1,330 FTEs come from the acquisitions. Please note however that the number of employees at March 31 in the acquired entities is higher, since FTE in these entities is calculated from the date of acquisition.

SIGNIFICANT EVENTS DURING THE PERIOD

Recipharm announced February 20 that it has concluded the acquisition of the former Kemwell operations in Bengaluru, India. These operations are conducted under the name Recipharm Pharmservices Private Ltd. The revenues included in the group revenues are SEK 37.5 million and the operating results are SEK -6.2 million.

SIGNIFICANT EVENTS AFTER THE PERIOD END

Recipharm announced April 11 the appointment of Henrik Stenqvist as Recipharm's new Executive Vice President and CFO effective on April 24 2017.

SHARES

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

THE LARGEST SHAREHOLDERS (31 MARCH)

Shareholder	Capital (%)	Capital (%)	Votes (%)	Votes (%)
	2017	2016	2017	2016
Flerie Participation AB ^{1/}	19.4	20.6	40.3	41.1
Cajelo Invest AB ^{1/}	12.1	12.9	38.0	38.7
Lannebo fonder	10.7	12.6	3.4	3.8
Första AP-fonden	6.1	6.5	1.9	2.0
Kemfin Holdings	6.0	-	1.9	-

The number of shareholders was 5,380 and foreign shareholders hold 12.2 percent of the share capital and 3.9 percent of the votes

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

SHARE KEY FINANCIALS

	Jan – Mar		Jan - Dec
	2017	2016	2016
Share price (end of period)	124.25	152.00	121.00
Earnings per share (EPS)	-0.04	2.55	3.32
Equity per share	76.6	64.1	75.7
Operating cash flow per share	6.23	4.72	6.25

There are three share-based incentive programs ongoing, which are described in the annual report.

The number of shares amounts to 63 217 532 at the end of March 2017, see number per share type and changes during the period in note 1.

FINANCIAL CALENDAR

Interim report Jan – June 2017	July 25 2017
Interim report Jan – Sept 2017	November 9 2017
Annual General meeting	May 10 2017

CONTACT INFORMATION:

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 Henrik Stenqvist, CFO, tel +46 8 602 52 00
 ir@recipharm.com

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, April 27 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 April 27, 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 not been reviewed by the company's auditors.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

SEK million	Jan – Mar		Jan – Dec
	2017	2016	2016
Operating income			
Net sales	1 328.0	972.9	4 678.3
Other operating revenue	35.3	33.4	154.8
	1 363.3	1 006.2	4 833.1
Operating expenses			
Raw materials and consumables	-431.7	-264.5	-1 398.2
Other external costs	-308.0	-227.8	-1 060.3
Employee benefits expense	-449.2	-359.1	-1 550.8
Depreciation and amortisation	-113.7	-67.5	-365.0
Other operating expenses	-14.3	-17.7	-70.8
Share of result in participations	-0.8	-0.6	-3.7
	-1 317.7	-937.3	-4 448.8
Operating profit	45.6	68.9	384.3
Interest income and similar revenues	1.7	2.3	8.5
Interest expenses and similar costs	-29.6	-24.3	-95.9
Net financial income/expense	-27.9	-22.0	-87.4
Profit before tax	17.7	46.9	296.9
Income tax	-16.7	-22.1	-100.3
Profit for the period	1.0	24.8	196.6

OTHER COMPREHENSIVE INCOME:

SEK million	Jan – Mar		Jan – Dec
	2017	2016	2016
Items that may be reclassified subsequently to profit or loss			
Translation differences	59.3	14.8	223.7
Gains/losses from fair value valuation of financial instruments	1.8	0.2	-3.4
Deferred tax relating to items that may be reclassified	-0.4	0.0	0.6
Total	60.8	14.9	220.9
Items that will not be reclassified to profit or loss			
Actuarial gains/losses on pensions	-0.4	-5.9	-22.4
Deferred tax relating to items that will not be reclassified	0.1	1.7	5.9
Total	-0.3	-4.2	-16.5
Other comprehensive income for the period	60.5	10.8	204.4
Comprehensive income for the period	61.5	35.6	401.0
Net profit distributed to:			
Parent company's shareholders	-2.4	24.9	188.7
Non-controlling interest	3.5	-0.1	7.9
	1.0	24.8	196.6
Group comprehensive income distributed to:			
Parent company's shareholders	50.8	35.6	361.1
Non-controlling interest	10.8	0.0	39.9
	61.5	35.6	401.0
Earnings per share before dilution (SEK)	-0.04	0.52	3.32
Earnings per share after dilution (SEK)	-0.04	0.52	3.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION,
CONDENSED

CONDENSED

		March 31		Dec 31
SEK million	Note	2017	2016	2016
ASSETS				
Non-current assets				
Product rights		306.8	276.4	321.4
Goodwill		2 693.2	1 155.9	2 063.9
Customer relations		2 245.0	1 112.2	2 059.4
Other intangible assets		183.9	168.2	184.3
Property, plant and equipment		2 648.6	1 610.9	2 281.1
Non-current financial assets		200.8	167.6	197.5
Total non-current assets		8 278.3	4 491.3	7 107.6
Current assets				
Inventories		935.0	733.6	894.8
Accounts receivable		971.9	677.8	863.8
Other receivables		213.7	138.4	179.5
Prepaid expenses and accrued income		132.4	90.7	88.9
Cash and cash equivalents		527.6	1 628.0	695.8
Total currents assets		2 780.6	3 268.5	2 722.8
TOTAL ASSETS		11 058.9	7 759.9	9 830.4
SHAREHOLDERS EQUITY AND LIABILITIES				
Share capital		31.6	24.8	31.6
Other paid-in capital		4 026.5	2 687.7	4 026.5
Reserves		117.3	-129.3	62.2
Retained earnings (including net profit)		666.7	596.3	666.9
Equity attributable to Parent Company sharehold		4 842.0	3 179.5	4 787.0
Equity attributable to Non-Controlling interest		340.3	0.1	343.1
Total equity		5 182.3	3 179.6	5 130.1
Non-current liabilities				
Interest-bearing liabilities		3 621.0	3 094.6	2 550.8
Provisions		296.6	231.8	301.1
Deferred tax liability		849.3	414.0	782.9
Other non-current liabilities		14.2	13.0	13.5
Total non-current liabilities		4 781.1	3 753.5	3 648.3
Current liabilities				
Interest-bearing liabilities		12.0	20.1	13.1
Overdraft facility		33.5	23.5	25.8
Account payable		491.1	299.9	526.5
Tax liabilities		62.3	45.6	68.4
Other liabilities		109.9	63.8	74.4
Accrued expenses and prepaid income		386.7	374.1	343.9
Total current liabilities		1 095.5	826.8	1 052.1
TOTAL EQUITY AND LIABILITIES		11 058.9	7 759.9	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			1701.4		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 the period 2017				-2.4	-2.4	3.5	1.0
Other comprehensive income			53.5	-0.3	53.2	7.3	60.5
Non-controlling interest						-13.6	-13.6
Transactions with owners:							
Share-based incentive program				4.2	4.2		4.2
Equity at 31 March 2017	31.6	4 026.5	115.7	668.4	4 842.0	340.3	5 182.3

CONSOLIDATED CASH FLOW STATEMENT

SEK million	Note	Jan – Mar		Jan - Dec
		2017	2016	2016
Operating activities				
Profit before tax		17.7	46.9	296.9
Adjustments for items not affecting cash				
- Depreciation, amortization and impairment of assets		113.7	67.5	365.0
- Changes in provisions		-9.5	13.9	-21.9
- Gains from disposal of short-term investment		0.0	-	-1.8
- Share of result of associated companies		0.8	0.6	3.4
- Other		10.5	16.2	15.4
		133.2	145.0	657.0
Income taxes paid		-52.0	-31.5	-168.8
Operating cash flow before changes in working capital		81.2	113.6	488.2
<i>Cash flow from changes in working capital</i>				
Change in inventories		16.4	-34.6	-50.4
Change in operating receivables		-83.2	-127.3	-194.2
Change in operating liabilities		-39.2	-12.1	98.5
Operating cash flow		-24.7	-60.5	342.1
<i>Investing activities</i>				
Acquisition of property, plant and equipment		-109.7	-39.3	-470.8
Disposal of property, plant and equipment		0.1	0.0	4.6
Acquisition of intangible assets		-1.8	-8.2	-27.7
Acquisition of subsidiaries/operations, net of cash acquired		-927.7	-505.9	-1 520.0
Acquisition of financial assets		0.0	0.0	-22.0
Disposal of short-term investment		3.5	0.2	2.8
Cash flow from investing activities		-1 035.6	-553.2	-2 033.1
<i>Financing activities</i>				
Dividend paid to Parent Company shareholders		-	-	-73.6
New share issue		-	402.4	1 258.7
Issue of convertible bonds		-	-	980.8
Change in overdraft facility		7.7	7.7	10.0
Loans raised		1 081.6	1 334.4	1 349.7
Repayment of borrowings		-196.8	-17.3	-1 691.2
Cash flow from financing activities		892.5	1 727.1	1 834.4
Total cash flow for the period		-167.8	1 113.5	143.4
Cash and cash equivalents at beginning of period		695.8	534.2	534.2
Translation difference on cash and cash equivalents		-0.4	-19.7	18.2
Cash and cash equivalents at end of period		527.6	1 628.0	695.9
Interest received		1.1	0.1	1.8
Interest paid		-11.8	-4.8	-33.4

PARENT COMPANY STATEMENT OF PROFIT AND LOSS

SEK million	Jan – Mar		Jan - Dec
	2017	2016	2016
Operating Income			
Net sales	29.2	26.8	113.0
Other operating revenue	1.5	0.5	5.1
	30.7	27.2	118.1
Operating expenses			
Other external costs	-25.6	-27.8	-94.9
Employee benefits expense	-22.1	-18.7	-81.7
Depreciation and amortisation	-2.1	-1.3	-5.8
Other operating expenses	-1.3	-1.0	-2.5
	-51.1	-48.9	-184.9
Operating profit/loss	-20.4	-21.7	-66.8
Financial items	12.5	6.3	160.7
Profit/loss after financial items	-7.9	-15.4	93.7
Appropriations and tax	5.8	6.7	-0.9
Profit/loss for the period	-2.0	-8.6	92.8

OTHER COMPREHENSIVE INCOME

SEK million	Jan – Mar		Jan - Dec
	2017	2016	2016
Items that may be reclassified subsequently to profit or loss			
Translation differences	-0.1	-1.4	-2.3
Other comprehensive income for the period	-0.1	-1.4	-2.3
Total comprehensive income for the period	-2.1	-10.0	90.5

PARENT COMPANY STATEMENT OF FINANCIAL POSITION,
CONDENSED

SEK million	Mar 31		Jan - Dec
	2017	2016	2016
ASSETS			
Non-current assets			
Intangible assets	16.8	16.5	18.6
Property, plant and equipment	75.3	2.2	52.4
Non-current financial assets	6 537.4	4 502.4	5 307.2
Current assets	915.9	897.7	1 079.9
TOTAL ASSETS	7 545.4	5 418.8	6 458.1
SHAREHOLDERS EQUITY AND LIABILITIES			
Equity	3 778.4	2 436.9	3 775.4
Liabilities	3 767.0	2 981.8	2 682.7
TOTAL EQUITY AND LIABILITIES	7 545.4	5 418.8	6 458.1

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 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.

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 2016 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
Number of shares as of 31 March 2017	15 222 858	47 494 674	500 000	63 217 532

Potential shares, 293 950 (426 974), are related to Recipharm's share-based incentive program as well as the convertible issued in October 2016. Of total number of shares the company holds 59 076 B-shares and 500 000 D-shares. This is to secure delivery of shares to participants in the Share-based incentive program

NOTE 2 BUSINESS COMBINATIONS

Nitin Lifesciences

Recipharm announced on 11 April 2016 the completion of the acquisition of 74% of the shares in Nitin Lifesciences Limited ("Nitin"), an Indian sterile injections CMO. During the first quarter 2017 the purchase price allocation has been finalised, resulting in a few adjustments to the values reported in the full year report and annual report 2016.

Below is the final allocation of the purchase price to acquired assets and liabilities:

Assets and liabilities in the acquired company were	Carrying amount	Fair value Adjustment¹⁾	Fair Value in the group
Intangible assets	0.0	436.6	436.6
Property, plant and equipment	83.8		83.8
Financial assets	0.8		0.8
Accounts receivable and other operating assets	71.1		71.1
Cash and cash equivalents	6.2		6.2
Equity attributable to Non-Controlling interest	0.0	289.4	289.4
Deferred tax liability	0.0	151.1	151.1
Accounts payable and other operating liabilities	45.4		45.4
Net identifiable assets and liabilities	116.5	-4.0	112.6
Group goodwill¹⁾		711.2	711.2
Purchase consideration			823.8

¹⁾ Fair value adjustment consists of customer relations and IP-rights, SEK 436.6 million. Fair value adjustment to intangible assets as well as group goodwill include a share attributable to non-controlling interest (so called "full goodwill"). The recognized value of goodwill represents the combined value of synergies, employee competence and experience.

Kemwell

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. The second, comprising operations in India, was conditional on governmental approvals and was closed on February 20 2017.

Kemwell Sweden and USA

The US development business is located in North Carolina and employs around 50 people. There are about 120 customers and services include development of inhalation. Liquid, semi-solid, solid and parenteral products with emphasis on early formulation work as well as development of analytical methods and testing. Recently, the business has also commissioned a GMP suite allowing for expansion into manufacturing of clinical trial material. The services are provided either on a stand-alone basis or as a more comprehensive pharmaceutical product development program.

The Swedish business is located in Uppsala and employs around 210 people. It consists of two production units including a fully integrated primary and secondary manufacturing facility dedicated to a limited number of products, based on the same API and supplied essentially to one Big Pharma customer. There is also a small general pharmaceutical manufacturing unit. Manufacturing services offering include APIs, solids and semi-solid formulations. More than 95 percent of the Swedish production is exported to over 60 countries including the USA and Japan.

The purchase price for the Swedish and USA business totaled SEK 658.9 million of which SEK 200.6 million was paid in cash and SEK 458.3 was paid through an issue in kind of 3.159.572 shares in Recipharm AB (publ). The shares are subject to a lock-up of 12 months. Transaction costs amount to SEK 4.5 million, reported in 2016 and 2015. Transaction costs are reported as Other External Costs. The consolidated statement of profit and loss includes net sales of SEK 108.6 million and operating profit of SEK 15.8 million attributable to the Kemwell Sweden and USA acquisition.

Assets and liabilities in the acquired company were:	Carrying amount	Fair value Adjustment ¹⁾	Fair Value in the group
Intangible assets	0.6	550.5	551.1
Property, plant and equipment	56.2		56.2
Financial assets	0.2		0.2
Accounts receivable and other operating assets	137.5		137.5
Cash and cash equivalents	28.0		28.0
Deferred tax liability	8.8	121.1	129.9
Interest-bearing liabilities	81.1		81.1
Provisions	69.8		69.8
Accounts payable and other operating liabilities	80.5		80.5
Net identifiable assets and liabilities	-17.7	429.4	411.7
Group goodwill¹⁾		247.2	247.2
Purchase consideration			658.9

¹⁾ Intangible assets consist of customer relations, SEK 550.5 million. The recognized value of goodwill represents the combined value of synergies, employee competence and experience.

Kemwell India

The Indian business was founded by Subhash Bagaria. The acquired Indian business is expected to employ 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, with customer relations spanning decades. 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 throughput 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 Indian business totaled INR 7 980 million (SEK 1 058 million) on a cash and debt free basis and was paid in cash. The difference between the SEK 1 058 million and the purchase consideration in the table below is related to purchase of Property, Plant and Equipment. Transaction costs amount to SEK 3.6 million, reported in 2016. The consolidated statement of profit and loss for the period includes net sales of SEK 37.5 million and operating profit of SEK -6.2 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 1 346,7 million and operating profit SEK 42.5 million.

Assets and liabilities in the acquired company were:	Carrying amount	Fair value Adjustment ¹⁾	Fair Value in the group
Intangible assets	317.2	212.8	530.0
Property, plant and equipment	296.7		296.7
Financial assets	2.7		2.7
Accounts receivable and other operating assets	158.7		158.7
Cash and cash equivalents	20.0		20.0
Deferred tax liability	0.0	73.6	73.6
Interest-bearing liabilities	183.2		183.2
Provisions	5.4		5.4
Accounts payable and other operating liabilities	84.4		84.4
Net identifiable assets and liabilities	522.2	139.2	661.4
Group goodwill¹⁾		286.4	286.4
Purchase consideration			947.7

¹⁾ Intangible assets consist of customer relations, SEK 212.8 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 Sterile Liquids (MFG-SL), Manufacturing 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 – Mar 2017					Jan – Mar 2016				
	MFG-SL	MFG-SO	D&T	Other ¹⁾	Total	MFG-SL	MFG-SO	D&T	Other ¹⁾	Total
Net sales, external	528.0	574.2	225.8	0.0	1 328.0	362.1	432.4	178.4	0.0	972.9
Net sales, internal	6.1	24.2	1.9	-32.2	0.0	5.8	30.0	2.8	-38.6	0.0
EBITDA	89.7	43.6	43.4	-17.6	159.2	69.0	59.5	28.3	-20.4	136.4
Depreciations	52.6	40.5	19.6	1.0	113.7	30.1	22.2	13.9	1.3	67.5
Impairments	0.0	0.0	1 913.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	37.1	3.1	23.9	-18.6	45.5	38.9	37.3	14.4	-21.7	68.9
Non-current assets	3 890.8	3 095.8	1 196.1	96.6	8 278.3	1 539.2	703.0	2 215.5	33.6	4 491.3
Total assets	4 890.8	4 349.8	1 708.9	109.4	11 058.9	4 245.8	1 969.4	1 082.5	462.2	7 759.9
Goodwill	1 314.8	1 037.7	340.7	0.0	2 693.2	532.9	293.1	329.9	-	1 155.9
Capital exp.	87.4	61.3	4.6	15.3	168.6	20.9	16.4	16.9	1.4	55.6

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
Non-current assets	3 783.5	1 916.3	1 294.4	79.1	7 073.2
Total assets	4 750.0	2 991.1	1 798.4	256.5	9 796.0
Goodwill	1 368.5	420.0	341.4	-	2 129.9
Capital exp.	289.1	99.9	56.3	56.5	501.8

¹⁾The segment "Other" also includes eliminations.

Geographical area

	Net sales			Fixed assets		
	Jan-Mar	Jan-Mar	Jan-Dec	Mar 31	Mar 31	Dec 31
	2017	2016	2016	2017	2016	2016
Sweden	366.0	255.0	1 350.6	1 248.3	310.5	1 236.7
Italy	277.0	183.1	918.6	1 894.6	1 811.3	1 882.9
France	249.1	248.7	967.9	613.2	506.6	586.5
Portugal	130.3	112.2	480.5	1 045.1	1 076.2	1 057.8
India	127.5	0.0	277.6	2 515.9	0.0	1 135.5
Germany	81.4	92.6	348.8	777.6	644.9	769.6
Spain	64.0	51.6	213.2	108.5	89.2	107.3
Other	32.7	29.6	121.0	75.0	52.7	71.4
Total	1 328.0	972.9	4 678.3	8 278.3	4 491.3	7 065.6

NOTE 4 EARNINGS PER SHARE

EARNINGS PER SHARE

SEK million		Jan – Mar		Full year
		2017	2016	2016
Parent company's shareholders:				
Earnings per share before dilution (SEK)		-0.04	0.52	3.32
Earnings per share after dilution (SEK)		-0.04	0.52	3.32
Profit before dilution (SEK thousand)		-2 429	24 814	188 682
Effect from potential shares (SEK thousand)		9 005	-	8 338
Profit after dilution (SEK thousand)		6 576	24 814	197 019
Average number of shares before dilution (thousand)	1	63 218	48 159	56 875
Potential shares (thousand)	1	722	9	427
Average number of shares after dilution (thousand)		63 940	48 169	57 302

GLOSSARY

CDMO
CER
CMO
LTM

Contract, Development and Manufacturing Organisation
Constant Exchange Rate
Contract Manufacturing Organisation
Latest Twelve (12) Months

FINANCIAL DEFINITIONS
NON-IFRS PERFORMANCE

Debt/equity ratio

Earnings per share (EPS)

Earnings per share
after dilution

EBITDA

EBITDA margin

Equity per share

Equity/assets ratio

Interest-coverage ratio

Net debt

Net debt/equity ratio

Net debt in relation
to EBITDA

Net sales (CER)

Non-interest-bearing
liabilities

Operating capital (average)

Operating cash flow
per share

Operating margin

Operating profit

Return on equity

Return on operating capital

INDICATORS DEFINITION AND REASON FOR USE

Interest-bearing liabilities divided by shareholder's equity

The debt/equity ratio is an indication of financial strength, relationship between debt and equity

Profit for the period distributed to parent company shareholders divided by average number of shares before dilution

Measures earnings per share before dilution

Profit for the period distributed to parent company shareholders divided by average number of shares after dilution

Measures earnings per share after dilution

Profit before financial items, taxes and depreciation

EBITDA shows operating profit, which is also used in combination with other data for measurement purposes

Profit before financial items, taxes and depreciation divided by net sales

The EBITDA margin shows operating profit in relation to net sales

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

Shareholders' equity divided by total assets

Operating profit plus financial income divided by financial expenses

Measures the company's ability to cover its interest expenses

Interest-bearing liabilities less cash and cash equivalents

Net debt is calculated to show the net of interest-bearing liabilities and cash

Net debt divided by shareholders' equity

The debt/equity ratio is an indication of financial strength, relationship between net debt and equity

Net debt divided by EBITDA (rolling 12-month basis)

Net debt in relation to EBITDA shows the impact of and risk level for liabilities

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

Includes deferred tax liability

Measures non-interest-bearing liabilities

Net debt plus shareholders' equity (average opening and closing balance for the period)

Measures the use and efficiency of capital

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 profit divided by net sales

Measures the profitability of operations

Operating profit before financial items and tax

Operating profit shows the earnings from operations, including depreciation/amortisation and impairment losses

The equity/assets ratio shows how much of total assets are financed using shareholders' equity

Profit for the year (12-month period) divided by average shareholders' equity

Return on equity shows the return on the company's equity

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 RECI PHARM

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