

Interim report January-March 2017

January – March 2017

- 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

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

Thomas Eldered, CEO:

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 targets. I am confident that these objectives will be achieved as we are on our way to become a global leader in our industry.”

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 27 April at 09:30 am CET, where CEO Thomas Eldered and CFO Henrik Stenqvist will present and comment on the report as well as answer questions.

The report will be available on Recipharm’s website www.recipharm.com/investor-relations from 07:45 am CET the same day and the presentation from the webcast will be uploaded during the day on the 27 April.

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

<http://edge.media-server.com/m/p/36p8vrr5>

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.

From Sweden: + 46 8 505 963 06

From the UK: + 44 203 139 48 30

From the USA: +1 718 873 90 77

Pin code for participants:

27643108#



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About Recipharm

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

For more information on Recipharm and our services, please visit www.recipharm.com