

Recipharm AB publishes its interim report January - June 2018

April – June 2018

- Net sales amounted to SEK 1,701 million (1,401), an increase of 21%
- EBITDA increased by 27% and amounted to SEK 307 million (242) corresponding to an EBITDA margin of 18.1% (17.3)
- Operating profit (EBIT) amounted to SEK 262 million (123)
- Profit after tax amounted to SEK 165 million (76) corresponding to a net margin of 9.7% (5.4)
- Earnings per share amounted to SEK 2.59 (1.19) before dilution and SEK 2.59 (1.19) after dilution
- Acquisition of the remaining 26% minority shares in Nitin Lifesciences Ltd
- New share issue raising proceeds of SEK 508 million before transaction costs
- Divestment of the rights to ThyroSafe® for a total consideration of EUR 9.5 million
- Signed agreement to acquire an inhalation CMO in Holmes Chapel, UK

January – June 2018

- Net sales amounted to SEK 3,213 million (2,729), an increase of 18%
- EBITDA increased by 39% and amounted to SEK 557 million (401) corresponding to an EBITDA margin of 17.3% (14.7)
- Operating profit (EBIT) amounted to SEK 382 million (168)
- Profit after tax amounted to SEK 210 million (77) corresponding to a net margin of 6.5% (2.8)
- Earnings per share amounted to SEK 3.30 (1.15) before dilution and SEK 3.30 (1.15) after dilution
- Net debt to Equity was 0.6 (0.6)

Key figures	Apr – Jun			Jan - Jun			Jul 17 – Jun 18	Jan - Dec
	2018	2017	Change in %	2018	2017	Change in %		2017
SEK million								
Net sales	1,701	1,401	+21	3,213	2,729	+18	5,817	5,332
EBITDA ^{1/}	307	242	+27	557	401	+39	885	730
EBIT ^{1/}	262	123	+114	382	168	+128	206	-9
EBITDA margin (%) ^{1/}	18.1	17.3		17.3	14.7		15.2	13.7
Earnings per share (SEK) ^{1/}	2.59	1.19		3.30	1.15		-0.43	-2.70
Return on equity (%), adjusted ^{1/}				2.2	3.4			1.6
Equity per share (SEK) ^{1/}				80.8	75.2			71.9
Equity ratio (%) ^{1/}				43.0	46.1			41.5
Net debt ^{1/}				3,336	3,256			3,422
Net debt to Equity ^{1/}				0.6	0.6			0.7
Net debt to EBITDA ^{1/}				3.8	4.2			4.7

^{1/} APM: Alternative Performance Measures

Thomas Eldered, CEO:

Our best quarter ever

"In the second quarter total sales increased 21 per cent over the previous year and we continue to see solid growth and improved performance. Increased sales, mainly from recently expanded capacities, in Wasserburg, Germany and Kayzersberg, France contributed more than 3 per cent to group growth. Our India based operations reported 37 per cent growth in local currency, thereby contributing almost 4 per cent to group growth. Altogether, at SEK 1.7 billion, sales reached an all-time high for a quarter. Growth in continuing operations, adjusted for currency translation effects and acquisitions, for the quarter was more than 17 per cent. EBITDA increased 27 per cent and was also the highest ever for a quarter. EBITDA-margin increased to 18.1 per cent.

In the Sterile Liquids segment, we are gradually ramping up sales from the expanded lyophilization capacity in Wasserburg and the expanded blow-fill-seal capacity in Kayzersberg. Profit growth is slower than sales during the build-up phase. We have also made initial deliveries from the expanded lyophilization capacity in Italy, a quarter ahead of plan.

Continuing operations in the Solids and Others segment generated good growth. Sales from the new outsourcing contract in Leganés, Spain followed plan. Good contributions to growth also came from new contracts elsewhere, primarily with large pharma companies. Temporary phasing effect and new contracts contributed favorably to improved EBITDA-margin. While the growth in Solids and Others is adding significantly to total profit, the somewhat lower margin in this segment will lower overall margin.

The Development & Technology segment reported good growth, mainly by increased sales based on our own IP and product rights. Due to generic competition for a certain customer we have a reduced royalty income. During the quarter we have started to see positive sales and profit impact from the ongoing reshaping of our group-wide development services organisation, a work that will continue throughout the year.

In June we divested certain product rights for potassium iodide tablets, generating a non-recurring income of SEK 97 million, not included in EBITDA. Recipharm will continue to manufacture the product. Due to uncertain third party financing we have decided to make a SEK 30 million impairment charge of our investments in an US pharmaceutical technology company.

Increased sales require increased working capital and operating cash flow decreased by SEK 35 million. Following the total of SEK 580 million equity issues in June our net debt to equity ratio was 0.6, well in line with our policy. As projects finish we will see less capex and supported by increased profit, leverage will continue to decrease.

In June we signed an agreement with Sanofi to acquire an inhalation CMO in Holmes Chapel, UK. This acquisition will add another attractive technology to our service offering. Work is ongoing to prepare for completion which is expected to happen during the fourth quarter.

We are benefitting from our global reach and our competitive value proposition to customers. With our important investments and acquisitions we are taking leadership in selected markets. Our objectives and strategies remain unchanged. We will continue to build powerful, long lasting partnerships with strategically important customers, in addition to adding further technologies and differentiating businesses, based on customer needs."

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 25 July at 10:00 am CET, where CEO Thomas Eldered and CFO Karl G Lindström 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/RecipharmQ2_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

From the UK: +44 333 300 08 04

From the USA: +1 631 913 14 22

Pin code for participants:

96826302#

For more information, please visit www.recipharm.com or contact:

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This information is information that Recipharm AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This information was submitted for publication on 25 July 2018 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 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