

Recipharm AB publishes report for the fourth quarter and full year 2019

October – December 2019

- Net sales amounted to SEK 1,981 million (1,739), an increase of 14%
- EBITDA increased by 31% and amounted to SEK 367 million (280) corresponding to an EBITDA margin of 18.5% (16.1)
- Operating profit (EBIT) amounted to SEK 117 million (-2) and was negatively affected by non-recurring items of SEK -52 million (-129)
- Profit after tax amounted to SEK 90 million (-41) corresponding to a net margin of 4.5% (-2.3)
- Earnings per share amounted to SEK 1.32 (-0.59) before dilution and SEK 1.32 (-0.59) after dilution. Adjusted for non-recurring items earnings per share amounted to SEK 2.04 (1.07)

January – December 2019

- Net sales amounted to SEK 7,457 million (6,374), an increase of 17%
- EBITDA increased by 31% and amounted to SEK 1,294 million (987) corresponding to an EBITDA margin of 17.3% (15.5)
- Operating profit (EBIT) amounted to SEK 494 million (405) and was negatively affected by non-recurring items of SEK -52 million (-20)
- Profit after tax amounted to SEK 343 million (160) corresponding to a net margin of 4.6% (2.5)
- Earnings per share amounted to SEK 5.06 (2.43) before dilution and SEK 5.06 (2.43) after dilution. Adjusted for non-recurring items earnings per share amounted to SEK 5.78 (2.73)
- Net debt to Equity was 0.7 (0.7)
- Proposed dividend is SEK 1.60 (1.25) per share

Thomas Elderred, CEO:

Reaching our targets

“The good performance we saw in the third quarter has continued to further improve. Today I’m therefore pleased to report our strongest quarter ever. It also means that results for the second half of 2019 exceeded the first half of the year for the first time ever. We continue to report double digit organic growth and we saw strong growth across all three business segments and in all geographies where we operate. With full year net sales of SEK 7.5 billion we are well positioned to reach our previous target of SEK 8.0 billion without further acquisitions.

EBITDA increased 31 per cent to the highest for any quarter. We report good contributions from serialisation, newly expanded capacities and particularly good performance in our Solids & Others segment. Development & Technology profit was adversely affected by a less favourable product mix and certain stock situations. EBITDA was impacted by positive and negative one-time effects, with a positive net of close to SEK 10 million.

EBITDA-margin increased significantly to a very satisfactory 18.5 per cent, whereof 1.2 percentage points was due to new accounting standards. EBITDA-margin for the full year, excluding effects of new accounting standards was 16.1 per cent, reaching our target of at least 16 per cent.



The good operating cash flow continued but in line with the strong business growth we saw a minor increase in working capital and maintenance capex. Together with business expansion investment in Indian Nichepharm net debt to EBITDA showed a minor sequential increase.

After the period we have completed the acquisition of Consort Medical Ltd. This acquisition will add a strategically highly interesting drug-delivery business and further scale to our CDMO business. There are many complementarities between our businesses and I'm excited to lead the creation of an advanced delivery systems company and top 5 global CDMO. The deal enhances our competitive position in the market, expanding scale and breadth of our service offering so we can become a true end-to-end partner for our customers. In particular, the deal strengthens our inhalation drug product offering which is a key area of growth for our business following the creation of Recipharm Inhalation Solutions™ in 2019.

As a consequence, starting next quarter, we will implement a revised segment reporting, more appropriate for the larger group, described in the section "Significant events after the period end".

We have recently announced new, more ambitious, targets going forward, but our strategies remain unchanged. The acquisition of Consort will give us leadership in selected markets and with the resources in the combined group we are ideally positioned to continue to build powerful long-lasting partnerships with our customers, explore exciting opportunities and build an even stronger position in our industry."

The complete 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 20th February at 10:00 am CET, where CEO Thomas Eldered and CFO Tobias Hägglov 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 7:45 am CET the same day and the presentation from the webcast will be uploaded during the day on the 20th February.

To participate in the web conference, please use the below link:
https://webinars.on24.com/EMEA/RecipharmQ4_2019

Questions may be submitted by dialling below telephone numbers 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 8 566 426 51
From the UK: +44 333 300 08 04
From the USA: +1 631 913 14 22

Pin code for participants:
93256807#

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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 20 February 2020, at 07:45 CET.

About Recipharm

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing almost 7,000 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 7.2 billion. 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