

Recipharm AB publishes its interim report for the second quarter 2020

April – June 2020

- Net sales amounted to SEK 3,081 million (1,867), an increase of 65%
- EBITA increased by 83% and amounted to SEK 423 million (232) corresponding to an EBITA margin of 13.7% (12.4)
- Strong profitable organic growth
- Net positive COVID-19 impact on sales and earnings
- Operating profit (EBIT) amounted to SEK 340 million (171) and was affected by non-recurring items of SEK +17 million (0)
- Profit after tax amounted to SEK 300 million (94) corresponding to a net margin of 9.7% (5.0)
- Earnings per share amounted to SEK 4.22 (1.38) before dilution and SEK 4.05 (1.38) after dilution. Adjusted for non-recurring items earnings per share amounted to SEK 4.02 (1.38)
- Share issues of SEK 2.5 billion in total completed
- Leverage¹ from SEK decreased from 8.7 end of March to 5.6
- No material financial support received for COVID-19

January – June 2020

- Consort Medical Plc consolidated from February 2020
- Net sales amounted to SEK 5,674 million (3,679), an increase of 54%
- EBITA increased by 72% and amounted to SEK 690 million (402) corresponding to an EBITA margin of 12.2% (10.9)
- Operating profit (EBIT) amounted to SEK 310 million (282) and was affected by non-recurring items of SEK -177 million (0)
- Profit after tax amounted to SEK 70 million (173) corresponding to a net margin of 1.2% (4.7)
- Non-recurring items affected profit after tax with SEK -197 million (0)
- Earnings per share amounted to SEK 1.00 (2.55) before dilution and SEK 1.00 (2.55) after dilution

Thomas Eldered, CEO:

An exceptional quarter

“We have delivered our best quarter ever, in a tough environment. Organic growth was 12 per cent in sales and 34 per cent in EBITA, net profit has never been higher, cash flow was good, and leverage decreased materially. Our COVID-19 strategy has been effective in protecting our employees and safeguarding business continuity. After a challenging start, with lockdowns and other COVID-19 related issues, operating conditions stabilized gradually, and we managed to successfully mitigate these challenges. In addition, we supplied the back log from the first quarter. Operating costs in locations highly affected by COVID-19 have been higher, mainly affecting our

¹ Net Debt/EBITDA with Consort's EBITDA included from Feb 2020



Sterile Liquids segment. However, we estimate net effects on results from COVID-19 during the quarter to be overall positive for the group.

Our customers' clinical development activities are normalizing. Product mix has been favourable with increased demand for COVID-19 related products and services. This has significantly increased results in the Development & Licensing segment.

During the quarter we have continued to execute on our road map to deliver cost and revenue synergies from the merger with Consort Medical. After some delays due to COVID-19 we are now well underway. The previously communicated cost synergies of at least SEK 125 million will be achieved according to plan. Operationally the Consort entities are now integrated into Recipharm's organisation. In the Solids & Others segment Consort operating companies, as expected, dilute our margins and several efficiency improvement activities are now being implemented. In Cramlington where a manufacturing department has been shut down since an incident last year, we are implementing several process improvements. Certain limited manufacturing has started, and full restart is expected towards the end of the year.

Compared to the previous year, operating cash flow during the quarter increased 31% to SEK 339 million. Net debt decreased significantly during the quarter by SEK 3,029 million whereof approximately SEK 2,500 million was due to equity issues. Our ambition is to continue to decrease leverage. Available liquidity amounted to SEK 2,061 million. We retain the flexibility to meet our objectives and explore the highly value-creating opportunities from the combination with Consort.

Uncertainty from COVID-19 pandemic is continuing and we maintain our enhanced safety protocols. However, we estimate operating conditions to continue to stabilize as increasing number of countries are lifting their restrictions. Overall demand continues to be largely unaffected and we are confident about the long-term favourable trends in our industry. Our efforts during past years to build a resilient top 5 CDMO with global reach will continue to bring benefits to customers and patients. We will deliver on our strategy and explore the value creating opportunities we see in the market.

Finally, I would like to sincerely thank all our employees around the world for their tremendous work despite very difficult circumstances. I am proud and impressed of the level of commitment I have seen."

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 27th July 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.

[Click here](#) to participate in the web conference.

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:
67679708#



Contact information

Thomas Elderred, CEO, telephone: +46 8 602 52 10

Tobias Hägglov, CFO, ir@recipharm.com, +46 8 602 52 00

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 27 July 2020, at 07:45 CET.

About Recipharm

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing almost 9,000 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, pharmaceutical product development and development and manufacturing of medical devices. Recipharm manufactures several hundred different products to customers ranging from big pharma to smaller research and development companies. Recipharm's annual turnover is approximately SEK 11 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