THIRD QUARTER REPORT PRESENTATION
Thomas Eldered, CEO
Tobias Hägglöv, CFO
BEST THIRD QUARTER EVER
BENEFITTING FROM GLOBAL REACH AND COMPETITIVE VALUE PROPOSITION

USA
Research Triangle Park

EUROPE
UK
Ashton
Holmes Chapel\(^1\)
GERMANY
Wasserburg

FRANCE
Fontaine
Kaysersberg
Monts
Pessac

ITALY
Brescia
Lainate
Masate
Paderno Dugnano

PORTUGAL
Odivelas
Queluz

SPAIN
Leganés
Parets

SWEDEN
Stockholm
Stockholm
Höganäs
Karlskoga
Solna
Strängnäs
Uppsala

SWEDEN
Stockholm
Stockholm
Höganäs
Karlskoga
Solna
Strängnäs
Uppsala

INDIA
Bengaluru
Karnal & Paonta Sahib

ISRAEL
Ness Ziona

Note\(^1\): Completed October 1, 2018

\(^1\) Manufacturing services
\(^2\) Development services

+18% Sales increase
+151 MSEK EBITDA
+10.6% EBITDA margin

STERILE LIQUIDS
+25%

SOLIDS & OTHERS
+24%

DEVELOPMENT & TECHNOLOGY
-1%
THIRD QUARTER 2018

• Best third quarter sales and EBITDA ever
  • Currency tailwinds
  • Improved margin and good organic growth
    • Expanded lyophilization and blow-fill-seal capacities
    • India based operating companies
    • New outsourcing contract in Leganés, Spain
  • Decision to continue operations in Höganäs, Sweden

• Financial highlights
  • Organic sales growth in continuing operations 14%
  • EBITDA margin 10.6% (8.6)
  • Operating cash flow increased to SEK 172 million (149)
    • Investment activities decreased to SEK 39 million (153)
  • Net debt/Equity ratio at 0.6

• Important events after the quarter
  • Completion of acquisition of inhalation CDMO in UK
SIGNIFICANT CAPEX PROJECTS UPDATE

1. Lyophilisation and packaging capacity expansion
2. Blow-fill-seal capacity expansion
3. Lyophilisation capacity expansion
4. Serialisation technology

Capex $\sim 1$ bn
Sales ramp-up ongoing

- **Capex**
- **Start-up**
- **Commercial ramp-up**
ABOVE MARKET GROWTH Y-O-Y
GAINING MARKET SHARE

The global CDMO market is expected to grow ~6% CAGR through 2021

Our total growth in Q3 2018

- Acquisitions: –
- Currency translation: +6%
- Organic growth: +12%
- +18%

Growth in continuing operations +14%
New contracts +8%
Other -1%
Capacity expansion investments +4%
India operations +3%
Discontinued operations -2%
FINANCIALS

Tobias Hägglöv
(currency SEK million)
**Q3 P&L DEVELOPMENT**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET SALES</td>
<td>1,421</td>
<td>1,200</td>
<td>18%</td>
</tr>
<tr>
<td>Organic</td>
<td>12%</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>0%</td>
<td>6%</td>
<td>-1%</td>
</tr>
<tr>
<td>Currency</td>
<td>6%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>151</td>
<td>103</td>
<td>47%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>10.6%</td>
<td>8.6%</td>
<td>2pp</td>
</tr>
<tr>
<td>FREE CASH FLOW*)</td>
<td>154</td>
<td>81</td>
<td>90%</td>
</tr>
<tr>
<td>EARNINGS PER SHARE</td>
<td>-0.13</td>
<td>-0.89</td>
<td></td>
</tr>
</tbody>
</table>

*) Defined as Operating Cash Flow, including working capital changes and maintenance investments
EBITDA BRIDGE vs Q3 2017

MSEK

EBITDA
Q3 2017

Sterile Liquids
+47

Solids & Others
+22

Development & Technology
-18

Discontinued operations
-2

Other
-1

EBITDA
Q3 2018

151

103

+47

+22

-18

-2

-1
MANUFACTURING SERVICES – STERILE LIQUIDS

SALES BRIDGE, JULY – SEPTEMBER

<table>
<thead>
<tr>
<th>Sales, MSEK</th>
<th>Sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>41</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>78</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
</tr>
<tr>
<td>2018</td>
<td>607</td>
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EBITDA BRIDGE, JULY – SEPTEMBER

<table>
<thead>
<tr>
<th>SEK million</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>58</td>
</tr>
<tr>
<td>Currency</td>
<td>7</td>
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<tr>
<td>Acquisitions</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
</tr>
<tr>
<td>2018</td>
<td>105</td>
</tr>
</tbody>
</table>
MANUFACTURING SERVICES – SOLIDS & OTHERS

SALES BRIDGE, JULY – SEPTEMBER

<table>
<thead>
<tr>
<th></th>
<th>Sales, MSEK</th>
<th>Sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>464</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>29</td>
<td>6.0</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>83</td>
<td>18.0</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>24.0</td>
</tr>
<tr>
<td>2018</td>
<td>576</td>
<td></td>
</tr>
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EBITDA BRIDGE, JULY – SEPTEMBER

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Currency</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>47</td>
</tr>
</tbody>
</table>

Q3 2017     Currency     Organic     Q3 2018

Q3 2017     Currency     Organic     Q3 2018
DEVELOPMENT & TECHNOLOGY

SALES BRIDGE, JULY – SEPTEMBER

<table>
<thead>
<tr>
<th>Sales, MSEK</th>
<th>Sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>13</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-3</td>
</tr>
<tr>
<td>Organic</td>
<td>-15</td>
</tr>
<tr>
<td>Total</td>
<td>-2</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>206</td>
</tr>
</tbody>
</table>

EBITDA BRIDGE, JULY – SEPTEMBER

<table>
<thead>
<tr>
<th>SEK million</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>48</td>
</tr>
<tr>
<td>Currency</td>
<td>3</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>-21</td>
</tr>
<tr>
<td>Total</td>
<td>-18</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>30</td>
</tr>
</tbody>
</table>
# Q3 CASH FLOW

<table>
<thead>
<tr>
<th>mSEK</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>YTD 2018</th>
<th>YTD 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING CASH FLOW</td>
<td>-47</td>
<td>3</td>
<td>402</td>
<td>276</td>
</tr>
<tr>
<td>Total NWC changes</td>
<td>219</td>
<td>146</td>
<td>-64</td>
<td>2</td>
</tr>
<tr>
<td>Maintenance capex</td>
<td>-14</td>
<td>-68</td>
<td>-158</td>
<td>-202</td>
</tr>
<tr>
<td>FREE CASH FLOW</td>
<td>158</td>
<td>81</td>
<td>180</td>
<td>76</td>
</tr>
<tr>
<td>Expansion capex</td>
<td>-44</td>
<td>-85</td>
<td>-127</td>
<td>-207</td>
</tr>
<tr>
<td>Business combinations</td>
<td></td>
<td>-307</td>
<td>-975</td>
<td></td>
</tr>
<tr>
<td>Divestments &amp; other</td>
<td>19</td>
<td>-1</td>
<td>78</td>
<td>-3</td>
</tr>
<tr>
<td>CASH FLOW AFTER INVESTING ACTIVITIES</td>
<td>133</td>
<td>-4</td>
<td>-176</td>
<td>-1 109</td>
</tr>
</tbody>
</table>
CONCLUDING REMARKS

Thomas Eldered
CEO
RECIIPHARM
BECOMING A LEADING CDMO ON THE GLOBAL ARENA

6,000
We have approximately 6,000 employees

500
More than 500 products in 2,700+ presentations

100+
End markets

USD 1bn
Market capitalization

SEK 6.0bn¹
Turnover

20+ facilities in Europe, Israel, USA and India

Note ¹. Q3 2018 LTM
ON TRACK TO REACH OUR TARGETS

**Financial targets**
- At least SEK 8bn in sales by 2020
- EBITDA margin at least 16%
- Net debt to equity ratio of less than 0.8
- Dividend 30-50% of net profit

**Status**
- +18% Q3
- +15% LTM
- 10.6% Q3
- 15.5% LTM
- ✓ 0.6 end of Q3
EXECUTING ON OUR GROWTH DRIVING STRATEGY

• Q3: “Best third quarter, with further potential”
  • Commercial supply from all three major expansion projects
    – All during 2018
  • Manufacturing network optimization and streamlining
    – End of operations one Swedish site
    – Increased demand leads to continued operations in Höganäs, Sweden
  • Catch-up in Bengaluru, India
    – Implementation of existing and new contracts
  • Optimised development offering
    – Streamlining and exploring synergies
  • Explore M&A opportunities focused on customer needs
    – Further technologies and differentiating businesses
    – Completion of inhalation CDMO acquisition

Towards reaching our vision
“To become the best-in-class CDMO”
CONTACT INFORMATION

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