FOURTH QUARTER REPORT PRESENTATION

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

USA
- Research Triangle Park

EUROPE
- ITALY
  - Brescia
  - Lainate
  - Masate
  - Paderno Dugnano

- SWEDEN
  - Stockholm
  - Karlskoga
  - Solna
  - Strängnäs
  - Uppsala

- FRANCE
  - Fontaine
  - Kaysersberg
  - Monts
  - Pessac

- PORTUGAL
  - Odivelas
  - Queluz

- GERMANY
  - Wasserburg

- UK
  - Ashton
  - Holmes Chapel

- INDIA
  - Bengaluru
  - Karnal & Paonta Sahib

- SWEDEN (continued)
  - Stockholm
  - Höganäs

- FRANCE (continued)
  - Monts

- PORTUGAL (continued)
  - Queluz

- SPAIN
  - Leganés
  - Parets

- ISRAEL
  - Ness Ziona

- USA (continued)
- EUROPE (continued)
- INDIA (continued)

24% Sales increase
280 MSEK EBITDA
16.1% EBITDA margin

Best fourth quarter ever, benefiting from global reach and competitive value proposition. 

Note^1: Completed October 1, 2018

Manufacturing services
Development services

Steriles & Inhalation
+36%

Solids & Others
+24%

Development & Technology
-5%
One-off positive transition effects

First new customer signed up

Q4 Sales
MSEK 170
EBITDA
MSEK 51

Proforma LTM March¹
Sales
MSEK 597
EBITDA
MSEK 100

Note 1. LTM March as reported in Recipharm press release June 13, 2018
INDIA BASED OPERATIONS
PERFORMANCE UPDATE

Q4
Good performance but strong comparison

Good orderbook with several new customers

Integration of development services into Recipharm’s global network
ASHTON-UNDER-LYNE, UK
DECISION TO END OPERATIONS

Provision MSEK 117 whereof MSEK 54 non-cash

Performance has deteriorated Material negative EBITDA impact

Reported as discontinued business from Q1 2019
TEMPORARY ISSUES FOR STERILES
IMPROVEMENT LIKELY ALREADY IN Q1 2019 AND FULL RECOVERY EXPECTED IN Q2
SIGNIFICANT CAPEX PROJECTS UPDATE

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

Capex ~1 bn
Sales ramp-up ongoing

Capex: Q4 2018, Q1 2019, Q2, Q3, Q4
Start-up: Q4 2018, Q1 2019, Q2, Q3, Q4
Commercial ramp-up: Q4 2018, Q1 2019, Q2, Q3, Q4
SERIALISATION FROM RECIPHARM

• Total capex MEUR 35
• All 15 manufacturing sites ready
• Implemented in EU from February 2019
The global CDMO market is expected to grow ~6% CAGR through 2023\(^1\)

**ABOVE MARKET GROWTH Y-O-Y**

**GAINING MARKET SHARE**

Our total growth in 2018

\[+20\%\]

- **Organic growth**: +11.6%
- **Currency translation**: +4.2%
- **Acquisitions**: +3.7%

\[+1.4\%\] India operations
\[+2.5\%\] Capacity expansion investments
\[+7.2\%\] New contracts
\[+0.6\%\] Other
\[+11.8\%\] Growth from continuing operations
\[-0.2\%\] Discontinued operations

Note 1. Source: Visongain
FINANCIALS
Tobias Hägglöv
(currency SEK million)
## P&L DEVELOPMENT

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>2018FY</th>
<th>2017FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,739</td>
<td>1,403</td>
<td>6,374</td>
<td>5,332</td>
</tr>
<tr>
<td>Organic</td>
<td>8%</td>
<td>0%</td>
<td>12%</td>
<td>0%</td>
</tr>
<tr>
<td>Acquired</td>
<td>12%</td>
<td>6%</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>Currency</td>
<td>4%</td>
<td>0%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>280</td>
<td>226</td>
<td>987</td>
<td>730</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>16.1%</td>
<td>16.1%</td>
<td>15.5%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Free Cash flow*</td>
<td>-117</td>
<td>-37</td>
<td>63</td>
<td>46</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>-0.59</td>
<td>-2.96</td>
<td>2.43</td>
<td>-2.70</td>
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</tbody>
</table>

*Defined as Operating Cash Flow, including working capital changes and maintenance investments*
EBITDA BRIDGE Q4 Y-O-Y

MSEK

<table>
<thead>
<tr>
<th>Category</th>
<th>EBITDA Q4 2017</th>
<th>Steriles &amp; Inhalation</th>
<th>Solids &amp; Others</th>
<th>Development &amp; Technology</th>
<th>Discontinued operations</th>
<th>Other</th>
<th>EBITDA Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>226 MSEK</td>
<td>+30 MSEK</td>
<td>+39 MSEK</td>
<td>-6 MSEK</td>
<td>+1 MSEK</td>
<td>-10 MSEK</td>
<td>280 MSEK</td>
</tr>
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</table>

EBITDA Q4 2017: 226 MSEK

EBITDA Q4 2018: 280 MSEK
MANUFACTURING SERVICES – STERILES & INHALATION

SALES BRIDGE, OCTOBER – DECEMBER

<table>
<thead>
<tr>
<th></th>
<th>Sales, MSEK</th>
<th>Sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>546</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>24</td>
<td>4.0</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>170</td>
<td>31.0</td>
</tr>
<tr>
<td>Organic</td>
<td>3</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>197</td>
<td>36.0</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>743</td>
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EBITDA BRIDGE, OCTOBER – DECEMBER

<table>
<thead>
<tr>
<th></th>
<th>EBITDA</th>
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</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>121</td>
</tr>
<tr>
<td>Currency</td>
<td>3</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>51</td>
</tr>
<tr>
<td>Organic</td>
<td>-24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>151</td>
</tr>
</tbody>
</table>
MANUFACTURING SERVICES – SOLIDS & OTHERS

SALES BRIDGE, OCTOBER – DECEMBER

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales, MSEK</th>
<th>Sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>612</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>22</td>
<td>4.0</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>123</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>24.0</td>
</tr>
<tr>
<td>2018</td>
<td>757</td>
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EBITDA BRIDGE, OCTOBER – DECEMBER

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK million</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Organic</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>116</td>
<td></td>
</tr>
</tbody>
</table>
DEVELOPMENT & TECHNOLOGY

SALES BRIDGE, OCTOBER – DECEMBER

<table>
<thead>
<tr>
<th></th>
<th>Sales, MSEK</th>
<th>Sales, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>222</td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>5</td>
<td>2.0</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>-16</td>
<td>-7.0</td>
</tr>
<tr>
<td>Total</td>
<td>-11</td>
<td>-5.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>SEK million</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Currency</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Organic</td>
<td>-6</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-6</td>
<td>-</td>
</tr>
</tbody>
</table>

EBITDA BRIDGE, OCTOBER – DECEMBER
# Q4 CASH FLOW

<table>
<thead>
<tr>
<th>mSEK</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>2018FY</th>
<th>2017FY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>245</td>
<td>180</td>
<td>648</td>
<td>456</td>
</tr>
<tr>
<td>Total NWC changes</td>
<td>-220</td>
<td>-106</td>
<td>-284</td>
<td>-104</td>
</tr>
<tr>
<td>Maintenance capex &amp; other</td>
<td>-142</td>
<td>-111</td>
<td>-301</td>
<td>-306</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>-117</td>
<td>-37</td>
<td>63</td>
<td>46</td>
</tr>
<tr>
<td>Expansion capex</td>
<td>-34</td>
<td>-88</td>
<td>-161</td>
<td>-305</td>
</tr>
<tr>
<td>Business combinations</td>
<td>-447</td>
<td>-</td>
<td>-754</td>
<td>-975</td>
</tr>
<tr>
<td>Divestments</td>
<td></td>
<td></td>
<td>78</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow after investing activities</strong></td>
<td>-598</td>
<td>-125</td>
<td>-774</td>
<td>-1 234</td>
</tr>
<tr>
<td><strong>Net Debt/EBITDA</strong></td>
<td></td>
<td></td>
<td>3.8</td>
<td>4.7</td>
</tr>
</tbody>
</table>
CONCLUDING REMARKS

Thomas Eldered
CEO
EXECUTING ON OUR GROWTH DRIVING STRATEGY

• Q4: “Strong finish to a successful year”

• Commercial supply from all three major expansion projects
  – All during 2018, serialization ready to go

• Manufacturing network optimization and streamlining
  – End of operations one Swedish and one UK site
  – Increased demand leads to continued operations in Höganäs, Sweden

• Catch-up in Bengaluru, India
  – Implementation of existing and new contracts, platform for further growth

• Optimized 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 CMO”
ON TRACK TO REACH OUR TARGETS

**Financial targets**

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

**Status**

- +24% Q4
- +20% 2018
- 16.1% Q4
- 15.5% 2018
- 0.7 end of 2018
- SEK 1.25 proposal

Note 1. EBITDA-margin continuing operations 16.2% for 2018, including Ashton-under-Lyne
GOOD PROFITABLE GROWTH IN 2019

BENEFITTING FROM GLOBAL REACH AND COMPETITIVE VALUE PROPOSITION

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  - Uppsala
- INDIA
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  - Karnal & Paonta Sahib
- ISRAEL
  - Ness Ziona

EXPLORING NEW INHALATION BUSINESS

SERIALISATION GO LIVE

CONTINUED RAMP-UP OF EXPANDED STERILES CAPACITIES

Manufacturing services
Development services
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