

Report on 2008

Zurich

March 23, 2009



Disclaimer

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA.

This document has been prepared by Cosmo Pharmaceuticals S.p.A. ("Cosmo"), to the best of its knowledge and belief, solely for your information and is strictly confidential. This document is not to be (i) used for any purpose other than in connection with the purpose of this presentation, (ii) reproduced or published or (iii) circulated to any person other than to whom it has been provided at this presentation.

The information contained in this document has been provided by Cosmo, unless otherwise noted. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of Cosmo, its advisors or any of their respective representatives or affiliates undertakes to update the information contained herein subsequent to the date hereof. Furthermore, none of Cosmo, the Joint Global Coordinators named herein, or any of their respective representatives or affiliates shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

The statements contained in this document that are not historical facts, such as statements regarding (i) Cosmo's ability to develop and expand its business, successfully complete development of its current product candidates and current and future collaborations for the development and commercialisation of its product candidates and reduce costs (including staff costs), (ii) the market for drugs to treat IBD diseases, and (iii) Cosmo's anticipated future revenues, capital expenditures and financial resources and other similar statements, may be "forward-looking" and as such involve risks and uncertainties. No assurance can be given that the results anticipated in such forward looking statements will occur. Actual events or results may differ materially from Cosmo's expectations due to factors which include, but are not limited to, increased competition, Cosmo's ability to finance expansion plans, the results of Cosmo's research and development activities, the success of Cosmo's products, regulatory, legislative and judicial developments or changes in market and/or overall economic conditions. Cosmo assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

This document does not constitute an offer or invitation to purchase or subscribe for any securities of Cosmo and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This document is not being issued in the United States of America and should not be distributed or otherwise transmitted in the United States or to U.S. persons (as defined in the U.S. Securities Act of 1933, as amended (the "Securities Act")) or publications with a general circulation in the United States. The securities of Cosmo have not been and will not be registered under the Securities Act and are not being offered or sold in the United States or to U. S. persons. Securities may not be offered or sold in the United States or to U.S. persons absent registration or an applicable exemption from the registration requirements of the Securities Act.

This document has not been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 and the information contained herein does not constitute an offer of securities to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995. No prospectus offering securities to the public will be published in the United Kingdom. This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

This document constitutes neither an offer to sell nor an invitation or solicitation to buy securities in Italy and does not constitute a public offering under the meaning of sections 1, item (t) and 94(1) of the Legislative Decree n. 58 of 24 February 1998. The securities referred to herein cannot be offered, distributed, marketed, promoted or solicited in Italy to investors other than "Professional Investors" as defined by Articles 25 and 31(2) of Consob's Regulation No. 11522 of 1 July 1998, as amended, (including, *inter alia*, investment firms, ("SIMs"), banks authorized to provide investment services, stockbrokers, SICAVs, pension funds, insurance companies, entities enrolled in the register referred to in Articles 106, 107 and 113 of the Legislative Decree 385 of 1 September 1993, financial salesmen, individuals possessing the professionalism requirements referred to in Article 31(2) of the Regulation No. 11522, legal persons stating to have specific expertise and experience in financial transactions) without Consob's prior authorization. Cosmo intends neither to carry out a public offering of the securities in Italy nor to apply for the relevant Consob's authorization. This press release is not directed to Italian residents other than Professional Investors as defined above.

Any offer of securities to the public that may be deemed to be made pursuant to this communication in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive.

This document is not a prospectus pursuant to art. 652a of the Swiss Code of Obligations or art. 32 et seq. of the SWX Swiss Exchange Listing Rules. Investment decisions of investors and shareholders should be based on the Offering Memorandum issued by Cosmo in connection with the Offering. Investors are furthermore advised to consult an independent financial advisor before making such investment decisions.

By accepting this document, you acknowledge and agree to each of the foregoing notices.

Agenda

- Introduction and 2008 highlights Mauro Ajani, CEO
- 2008 Financial review Chris Tanner, CFO
- Pipeline update Luigi Moro, CSO
- 2009 Outlook Mauro Ajani, CEO
- Questions & Answers All

2008 Highlights

- Excellent market performance of Lialda™ in USA attaining a 14% share in 5- ASA market
- Agreement with Santarus for Budesonide MMX® & Rifamycin MMX® brings a strategic US partner
- licensing agreement with Dr. Falk Pharma brings best in class partner in EU for Rifamycin MMX®
- Successful conclusion of LMW Heparin MMX® phase IIb trial
- Start of phase III for Budesonide MMX® (with SPA) and Rifamycin MMX®
- CB-03-01 moved to the clinic, proof of concept phase II trial approved
- Further proof that MMX® technology is applicable for peptide and protein delivery to the colon

Rationale for the Santarus Agreement

- **Santarus has a 200 person own sales force and 100 contract sales force**
 - Setting up the infrastructure and hiring such a sales force would have cost up to \$ 100 m cash out
 - Complex management issues
 - High additional costs in case of approval delays
- **Santarus has one main product, Zegerid patent to expire 2016; Parr patent invalidation lawsuit**
 - Santarus strategically needs new drugs for its sales force
 - Sales force is hungry
 - Santarus will dedicate full attention to developing and launching the product
- **Good fit in management philosophy**
- **Our equity stake of 10.4% aligns interests**
- **Transaction eliminates a substantial cost element from Cosmo's budget**

Key Financial Highlights for 2008

- Revenue increased by 56.0% to € 34.2 million of which € 10.4 million is non recurring
- Costs increased only by 3.8% to € 23.0 million reflecting increase in G&A expenses
- EBITDA of € 12.8 million
- Net profit of € 9.4 million
- Cash € 22.2 million

Income Statement

EUR/1,000	31.12.2008	31.12.2007
Revenues	34,173	21,900
Other Income	47	516
Cost of sales	(13,203)	(13,162)
Research and development costs	(4,287)	(4,772)
Selling, general and administrative costs	(5,546)	(4,730)
Net Operating expenses	(22,989)	(22,148)
<i>Operating Result</i>	<i>11,184</i>	<i>(248)</i>
Financial income	1,369	870
Financial expenses	(940)	(469)
<i>Profit Before Taxes</i>	<i>11,613</i>	<i>153</i>
Income tax expenses	(2,212)	(37)
<i>Profit For The Year</i>	<i>9,401</i>	<i>116</i>

Discussion of Income Statement

- **Overall revenue grew by 56.0% to € 34.2 million**
 - MMX® related revenues grew by 188% to € 21.0 million and now account for 61.7% of total revenues (up from 33.5% in 2007)
 - Manufacturing of Lialda™/Mezavant® increased by € 4.5 million or 168% to € 7.1 million
 - Royalties on Lialda™/Mezavant® increased by 207% to € 3.5 million
 - License fees up-front and milestones reached € 10.4 million
 - € 2.5 million for Budesonide MMX®
 - € 7.8 million for Rifamycin SV MMX®
 - Contract drug manufacturing decrease due to lower generic orders
- **Flat operating costs**
 - R&D costs down because € 3 m Budesonide MMX® costs reimbursed by Santarus and € 3.5 m Budesonide MMX® costs capitalized
- **EBITDA up to € 12.8 m from € 1.2m**
- **€ 2 m of Santarus payments were booked as deferred income to be credited to P&L in 2009**

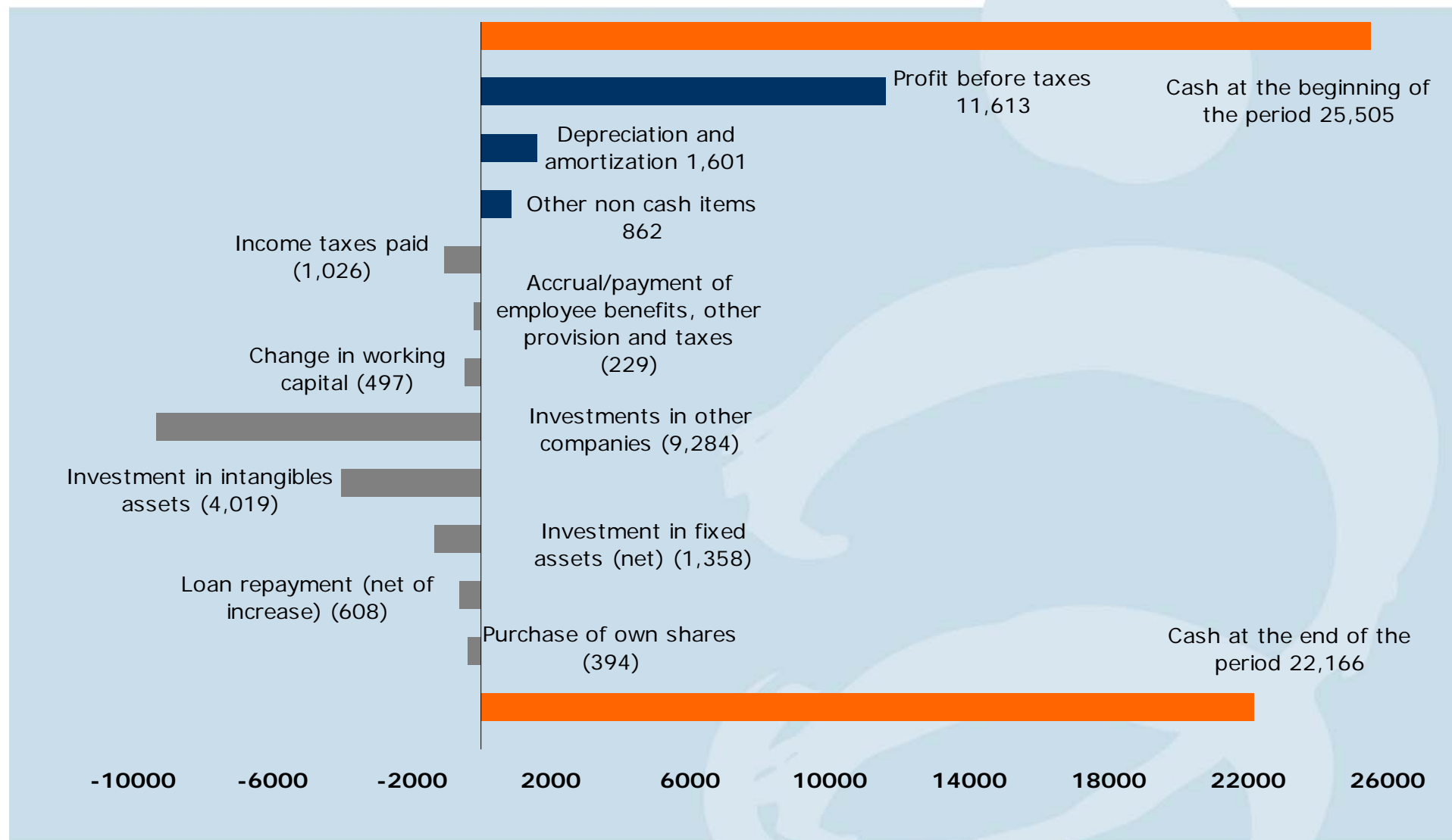
Balance Sheet

EUR/1,000	31.12.2008	31.12.2007
Non-current assets	24,072	13,562
Cash and cash equivalents	22,166	25,505
Other current assets	11,527	8,161
Total assets	57,765	47,228
Medium-to long-term interest-bearing loans and borrowings	2,903	3,658
Other non-current liabilities	2,242	1,845
Short-term interest-bearing loans, borrowings and bank overdraft	1,391	1,540
Other current liabilities	7,993	5,038
Equity	43,236	35,147
Total equity and liabilities	57,765	47,228

Discussion of Balance Sheet

- **Cash and Cash equivalents down 13% to € 22.2 m however**
 - Additional € 3 m cash due from Santarus in Q1 09
 - Additional financial assets of € 6.8 m (Santarus shares locked up until March 2010)
- **Intangible assets up 116% to € 6.9 m due to capitalization of patents and development cost of Budesonide MMX®**
- **Comfortable Equity to Total Liabilities ratio of 74.8%**
- **Bank debt decreased by 17% to € 4.3**
 - 19% is a bank overdraft for normal commercial operations
 - 51% are subsidized loans
 - 30% of this are leasing obligations

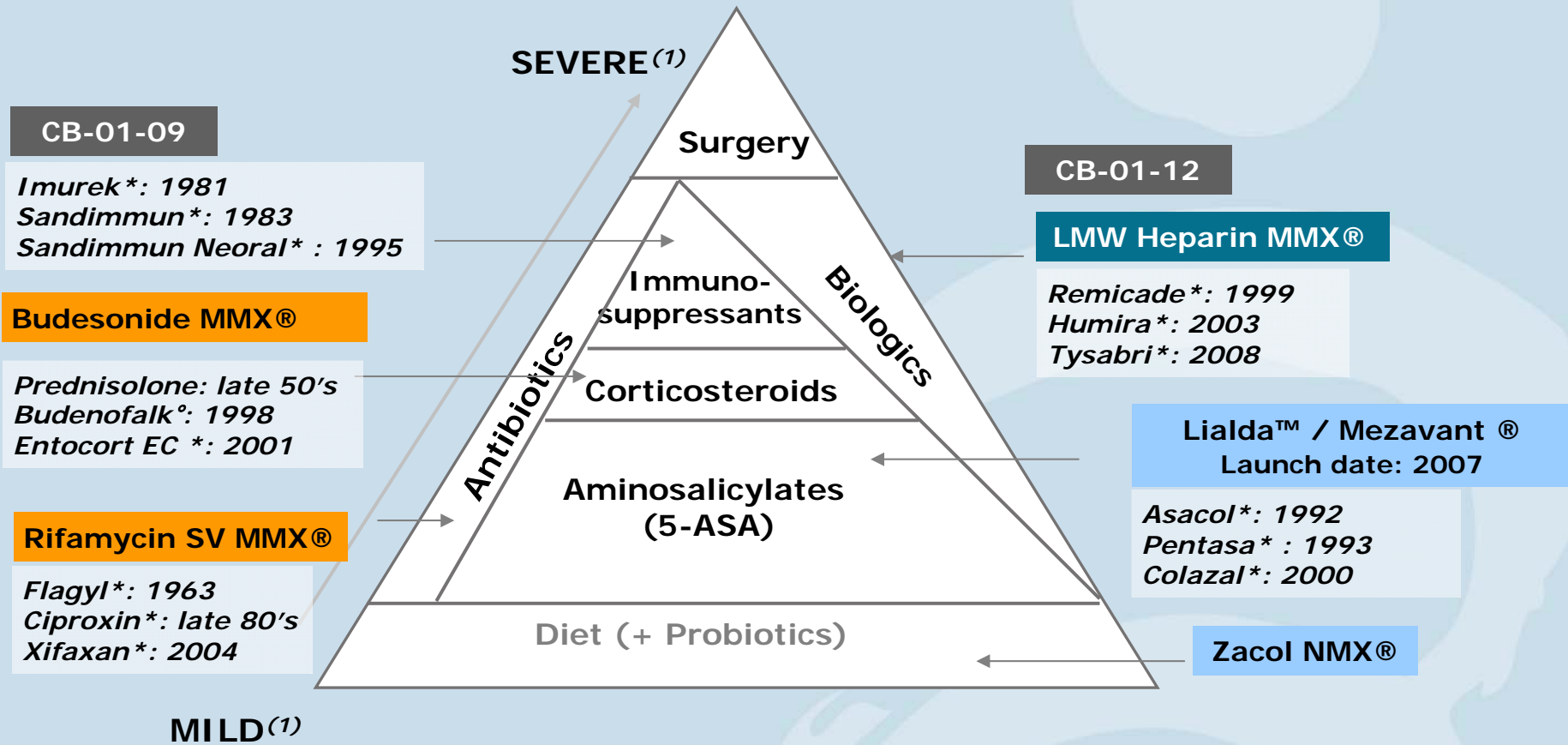
Cash Flow





Pipeline Update

Extensive Portfolio in IBD, a disease with very little recent innovation



1. Status of disease severity
° EU
* US

Product Pipeline: Strong Potential to Improve Existing Treatments in Terms of Compliance, Efficacy and Safety

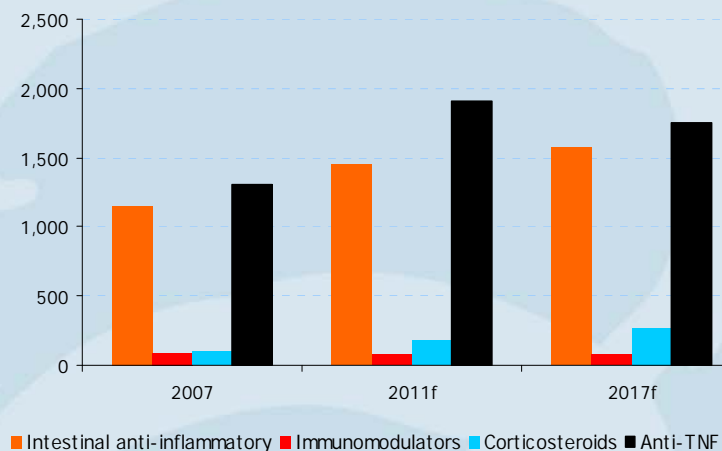
Product	Drug type	Indication	Ph I	Ph II	Ph III	MA	Launch	Partner	
Lialda™/Mezavant®	5-ASA	Mild to moderate Ulcerative Colitis	[Progress bar]				03/07 USA 10/07 UK	Shire	
Zacol NMX®	Dietary supplement	Intestinal disorders (nutraceutical)	[Progress bar]				12/05 ITA		
Budesonide MMX®	Corticosteroid	Mild to moderate Ulcerative Colitis	[Progress bar]				1Q 10	Ferring – Worldwide (excluding Japan & USA) Santarus - USA	
Rifamycin SV MMX®	Antibiotic	TD/ID	[Progress bar]				3Q 10	Dr. Falk – Europe & Australia (excluding Italy) Santarus - USA	
LMW Heparin MMX®	Biologic	(Mild to moderate) Ulcerative Colitis	[Progress bar]				4Q 10		
CB-03-01 (NCE)	Steroid ester, androgen antagonist	Acne, male pattern baldness, and hirsutism	PK Study	POC	[Progress bar]				2Q 10
			Steady State PK	[Progress bar]					
			Sensitivity Study	[Progress bar]					
Rifamycin SV MMX®	Antibiotic	CDAD	[Progress bar]				4Q 09		

IBD Markets Size

Main Brand products	2007 Sales	2009f	2011f	2017f
Anti-TNF				
Remicade	1.2 b	1.3 b	1.2 m	483 m
Humira	149 m	348 m	604 m	636 m
Golimumab	0	0	33	222
Cimzia	0	21 m	87 m	97 m
Other	0	0	0	315
Total	1,306	1,628	1,906	1,754
Intestinal anti-inflammatory				
Lialda	27 m	161 m	237 m	334 m
Salofalk	47 m	89 m	152 m	235 m
Pentasa	321 m	343 m	260 m	222 m
Asacol	457 m	447 m	383 m	142 m
Claversal	29 m	28 m	26 m	27 m
Canasa	30 m	29 m	26 m	26 m
Azulfidine	26 m	26 m	26 m	25 m
Colazal	97 m	27 m	27 m	30 m
Other	118 m	198 m	313 m	540 m
Total	1,152	1,348	1,450	1,581
Corticosteroids				
Entocort	85 m	96 m	77 m	30 m
Budesonide MMX	0	0	54 m	134 m
Other	19 m	20 m	42 m	103 m
Total	104	116	173	267
Immunomodulators				
Sandimmune/Neoral	19 m	17 m	15 m	14 m
Purinethol	4 m	5 m	5 m	6 m
Other	64 m	62 m	61 m	61 m
Total	87	84	81	78
Other				
Tysabri	0	46 m	99 m	62 m
CCX-282	0	0	0	298 m
Ustekinumab	0	0	0	78 m
Generic	0	0	0	22 m
Total	0	46	99	460
TOTAL IBD MARKET	2,649	3,222	3,709	4,140
Growth rate	0	22%	15%	12%

IBD Market Sales 2006-2007 (US\$)

Region	2006	2007	Growth rate
7 Major markets	1,956	2,399	23%
Rest of Europe	160	209	31%
Canada	74	96	30%
Asia-Pacific	29	41	41%
South America	7	9	29%
Others	5	7	
Total	2,231	2,761	24%



Lialda™

- **Indication**
 - Patients with Ulcerative Colitis of mild to moderate severity
- **Analyst projections of Net Sales**
 - 2009: \$ 215 m
 - 2010: \$ 284 m
 - 2011: \$ 322 m
- **Cosmo NPV of revenue streams**
 - At 10% discount rate, with minimally contractually guaranteed production, Sfr 124 m ie Sfr 8.9 pS

Budesonide MMX®

- **Indication**

- Patients with Ulcerative Colitis of mild to moderate severity, mainly that are refractory to 5-ASA's

- **Market Size**

- Targeted first at the 21% of all patients that have mild to moderate disease but do not respond to 5-ASA treatments and also at the entire 5-ASA market because corticosteroids are more effective

- **Market need**

- A corticosteroid tablet with the efficacy of a corticosteroid and the few side effects of salicylates

Budesonide MMX®: Status and Opportunities

- **Status**

- Phase III clinical trials underway in USA and EU;
 - Efficacy and safety of new oral Budesonide MMX® 9mg and 6mg, multicenter, randomized, double-blind, double-dummy comparative study versus placebo, with an additional reference arm evaluating Asacol® 2400 mg (in USA) or Entocort ® EC capsules (in EU).
 - Two times 480 patients; due to end Q4 2009. per 2 March 2009 72 patients treated in US and 157 patients treated in EU

- **Opportunities**

- First steroid drug approved worldwide for patients with mild to moderate Ulcerative Colitis

Rifamycin SV MMX®

- **Indication**
 - Travellers and Infectious Diarrhoea
- **Market size**
 - Worldwide Travellers Diarrhoea market estimated at \$ 2 bn
- **Market need**
 - Most available drugs only address symptoms not the cause
 - Need for a non absorbable antibiotic that does not sterilize bacteria in stomach and upper gut and don't promote resistance

Rifamycin SV MMX®: Status and Opportunities

- **Status**

- Phase II trials completed
- Phase III trials in EU and US currently under design

- **Opportunities**

- Highly effective against Clostridium Difficile (CDAD)
- Given its anti inflammatory properties, Rifamycin SV MMX® could also be the drug of choice for the treatment of Diverticulitis, a chronic disease that affects more than 60% of people over the age of 60

LMW Heparin MMX®

- **Indication**

- Phase II demonstrated efficacy in patients with acute mild to moderate Ulcerative Colitis. Assessments under way to determine drug applicability to patients with acute moderate or moderate to severe Ulcerative Colitis and colonic Crohn's Disease

- **Market size**

- At a minimum, the 70% of all patients with mild to moderate disease
- Likely scenario is to go for the 500,000 patients worldwide with moderate to severe disease

- **Market need**

- An effective product for patients with moderate to severe IBD
 - Negligible side effects
 - Convenience of a once a day tablet

LMW Heparin MMX®: Status and Opportunities

- **Status**

- Completed phase II clinical trials demonstrated that LMW Heparin MMX® when associated to salicylates is substantially more effective than 5-ASA's alone and could have disease modifying properties
- Phase III clinical trials in EU and USA currently being prepared

- **Opportunities**

- Maximizing the activity of currently applied drugs, avoid the prescription shift to MoAbs
- Positioning the product in direct competition with immunosuppressants and potentially anti-TNF's

CB-03-01

- Acts on the skin androgen receptor; blocks the binding of androgen hormones to the sebaceous gland receptor and prevents their stimulating effect; has moderate anti inflammatory activity similar to hydrocortisone
- **Indication**
Topical treatment of Acne (currently under clinical development)
Hirsutism, Androgen-induced Alopecia (future developments)
- **Market size**
 - 16% of US population suffer from acne
 - 10% of all women have Hirsutism
 - 12% of all men have Alopecia
- **Market need**
 - A treatment that is effective by topical application and does not cause hormonal imbalance

CB-03-01: Status and Opportunities

- **Status**

- First phase I study successfully completed
 - Well tolerated
 - No measurable side effects
 - Drug permeates skin and is quantifiable in plasma
- Phase II proof of concept study on 80 patients started in January 2009;
 - comparison to Retin-A and placebo
 - 40 patients enrolled to date

- **Opportunities**

- First topically effective anti-androgen treatment in the market

Outlook for 2009: Recurring Revenue growth, continued profitability, pipeline expansion

- Analysts project Lialda™ sales to increase to \$ 215 m ie by 55%. royalties and manufacturing income are expected to increase accordingly.
- Slight increase in Contract Drug Manufacturing revenue
- Stable COGS
- No new licensing agreements projected
- Positive EBITDA, PAT and no cash consumption
- Conclusion of phase III trials for Budesonide MMX® and starting of Rifamycin SV MMX® pivotal trials
- One new product to move from pre clinic to clinic
- Identification of two new preclinical projects
- Cash position maintained; no external financing required

Contacts

Mauro Ajani; CEO

mauro.ajani@cosmopharmaceuticals.com

tf: 0039-02-9333'7506

Dr. Chris Tanner; CFO and Head of Investor Relations;

chris.tanner@cosmopharmaceuticals.com

tf: 0039-02-9333'7617

Dr. Luigi Moro; CSO

luigi.moro@cosmopharmaceuticals.com

tf: 0039-02-9333'7276

www.cosmopharmaceuticals.com