



Meda to acquire Rottapharm, creating a European specialty pharma leader

- The combined entity will have enhanced scale, reach and profitability with 2013 proforma revenue and EBITDA of SEK 18 billion (€1.9 billion)¹ and SEK 5 billion (€0.5 billion) respectively
- Acquisition for SEK 21.2 billion (€2.275 billion) including net debt of SEK 2.8 billion (approx. €300 million) implying an equity value of SEK 18.4 billion (€1.975 billion)
- Increases revenue profile, driven by the addition of a portfolio of strong consumer healthcare brands
- Expands presence in Emerging Markets by around 50% to SEK 3 billion in sales
- Cost synergies estimated to be approximately SEK 900 million per annum, with full effect in 2016
- EPS and Cash EPS accretion expected to be in excess of 20% after full integration 2016
- Strong combined cash flow generation which will lead to rapid deleveraging back to current Net debt / EBITDA level in 2016² and therefore enables further organic and inorganic investments in the future
- Completion expected in Q4 2014 following customary antitrust approvals

¹ SEK/EUR 9.3

² Post rights issuance

Meda announced today that it has entered into a definitive agreement to acquire Rottapharm|Madaus ("Rottapharm"), an Italian company owned by the Rovati family, for a consideration of SEK 21.2 billion (€2.275 billion) on a cash and debt free basis. The consideration will comprise SEK 15.3 billion (€1.643 billion) in cash, 30 million Meda shares corresponding to a value of SEK 3.3 billion (€357 million) and a non-contingent deferred payment in January 2017 of SEK 2.6 billion (€275 million). Following completion of the transaction, the Rovati family will own 9% of Meda.

Rottapharm S.p.A., headquartered in Monza, Italy, was founded by Professor Luigi Rovati in 1961 and has grown into a leading consumer healthcare focused branded specialty pharma company. The company's products are differentiated through the professional endorsement of doctors and pharmacists within the consumer healthcare segment. The company combines Rx-reimbursed medications with more traditional consumer healthcare products, characterized by high scientific credibility (clinically-proven consumer healthcare products or Cx); these are high-margin, non-reimbursed, by doctors prescribed or recommended products with nearly no generic competition. Rottapharm has a global footprint with a presence in 90 countries worldwide and generated revenues of €536 million, of which 75% from Cx, with a gross margin of 67% and an adjusted EBITDA of €149 million implying a margin of 28% in 2013. Year-to-date trading as at June 30 showed sales growth excluding acquisitions of around 5%³.

"The acquisition of Rottapharm is an important step in creating a stronger, improved Meda", says Dr. Jörg-Thomas Dierks, CEO of Meda. "Rottapharm is a preeminent specialty pharma company with highly differentiated brands and a leading position within Cx. The combined business will have an improved Rx / Cx balance and increased investment opportunities. This acquisition is in-line with our strategic priorities to execute value-accretive M&A, invest in consumer healthcare and Emerging Markets. We are impressed by the business which the Rovati family has built up and we are honored to welcome the Rovati family as a major Meda shareholder."

"From our foundation in 1961, we have built Rottapharm into a leading consumer-focused branded specialty pharma business, leveraging our heritage in science and clinical development," says Mr. Luca Rovati, CEO of Rottapharm. "We are now ready to take the next

³ Unaudited figures, 6M 2014A vs. 6M 2013A

step. We are very pleased to have reached this agreement with Meda and are confident that this will create significant value in the long-term for all our stakeholders. Through Meda's expertise and resources, we are also confident that our medications will continue to serve patients and doctors alike going forward. Also, I very much look forward to contributing to the future success of the combined business as second largest shareholder in Meda."

Transaction rationale

Enhanced scale, reach and profitability

- The transaction creates a preeminent branded specialty pharma business with pro-forma revenues of over SEK 18 billion in 2013 and good growth prospects
- The combined business will be better positioned to leverage a number of attractive brands through a broader reach to physicians, pharmacists and consumers
- The combination will benefit from enhanced profitability, through the realization of synergies from overlapping infrastructure

Increased consumer healthcare presence

- Cx is an attractive space with free pricing (not reimbursed), limited generic competition and a short time to market, while still offering science-based and clinically effective treatments
- Meda will on a combined basis have a good balance between their Rx segment (~60%) and Cx / OTC treatments (~40%). The resources will be dedicated to key brands with a view to drive in-market sales growth, internationalization and line extensions

Acquisition of diverse portfolio of strong brands

Rottapharm markets a balanced portfolio of strong brands, such as:

- Dona® (Cx), the original and global market leading glucosamine sulfate for osteoarthritis with strong sales in emerging markets such as Russia, China and Thailand
- Saugella® (Cx), a market leader in Italy, Germany and Taiwan for intimate feminine hygiene, to be launched in several other countries
- ArmoLIPID® (Cx), the leading nutraceutical in Italy for dyslipidemia management with a 60% market share, which was recently launched in a number of other countries, including Spain, Portugal, Belgium, Austria and Thailand

- Legalon® (Rx), used in the treatment of liver degenerative, inflammatory and fibrotic diseases. Legalon SIL is an injectable version of the medication indicated for mushroom intoxication and under study for prevention of recurrent hepatitis C in liver transplant patients

Stronger presence in Emerging Markets

- Meda's global reach will be further supported by an enlarged business in Emerging Markets with sales of over SEK 3 billion (17% of pro-forma 2013 sales). This corresponds to an increase of around 50%
- Rottapharm's presence, with its own sales forces, in Southeast Asia is particularly complementary to Meda, providing additional opportunities to sell Meda's products in new geographic markets

Attractive financial impact

- The acquisition is expected to yield approximately SEK 900 million per annum of cost synergies, with full effect in 2016. Synergies are anticipated to be driven by efficiencies in sales and marketing, administration and research and development. There is an additional upside, outside of these areas, from selling Meda products in new geographic markets as well as repatriating certain licenses to Meda
- The acquisition is expected to be both EPS and Cash EPS accretive, in excess of 20%, following integration in 2016
- The combination is anticipated to generate strong cash flows, enabling the business to rapidly de-lever the balance sheet from a level above 5x Net debt / EBITDA as estimated at year end 2014 back to current Net debt / EBITDA level in 2016

Transaction terms

The transaction will comprise SEK 15.3 billion (€1.643 billion) in cash, 30 million Meda shares corresponding to a value of SEK 3.3 billion (€357 million) and a SEK 2.6 billion (€275 million) of non-contingent, deferred payment in January 2017, which totals SEK 21.2 billion (€2.275 billion) on a cash and debt free basis.

Financing

The acquisition will be funded through a combination of new debt facilities, an equity issue with preferential rights to existing shareholders and payment in Meda shares. SEK 28 billion in

bridge financing has been secured, which includes refinancing of Meda's existing credit facilities. Take out financing is expected to be a combination of syndicated bank debt (SEK 26 billion) and an equity rights issue (SEK 2 billion). The payment in Meda shares, as mentioned above, corresponds to SEK 3.3 billion.

The Rovati family will on closing become a meaningful shareholder in Meda with an ownership stake of 9%. The Rovati family and Stena Sessan Rederi AB have both committed to subscribe for their pro rata share in the equity issue with preferential rights to existing shareholders.

Approvals and timing

The acquisition of Rottapharm must be reported to the competition authorities of multiple jurisdictions. Filings for gaining approvals will be initiated within days and the transaction is expected to complete in Q4 2014 following such clearances.

Closing of the transaction is not subject to any other material conditions.

The Board of Directors of Meda will call for an Extraordinary General Meeting to decide upon an equity issue with preferential rights to existing Meda shareholders. Shareholders will be notified as soon as practically possible following completion of the transaction.

Pro forma financials

The following pro-forma summary provides an overview of the combined businesses in terms of key financials excluding synergies.

(SEK billion)	Meda (2013)	Rottapharm (2013)	Combined (2013)
Sales	13.1	5.0	18.1
Gross profit	8.0	3.4	11.4
Gross margin	61%	67%	63%
EBITDA	3.7	1.4	5.1
EBITDA margin	28%	28%	28%

Advisors

Rothschild is acting as financial advisor to Meda and ReedSmith is acting as legal advisor to Meda in connection with the transaction.

Rottapharm Madaus had no financial advisor for the transaction, Pavesi Gitti Verzoni is acting as their legal advisor and Tremonti-Vitali-Romagnoli-Piccardi as tax advisor.

The bridge financing for the transaction, as well as the arrangement of the rights issue and subsequent take out in the syndicated loan market, has been provided by Danske Bank, Nordea and SEB.

Teleconference and Q&A

A teleconference followed by a Q&A session will be held today at 10:00 am CET.

The webcast presentation can be heard at <http://www.media-server.com/m/p/ceynomw4>.

Informational materials will be published on www.meda.se.

To participate in the telephone conference, please call:

SE:+46 8 505 56 474

UK:+44 203 364 5374

US: +1(855) 753-2230

For further inquiries, please contact:

Paula Treutiger, Head of Corporate Communications and IR

ph: +46 733-666 599

paula.treutiger@meda.se

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MEDA AB (publ) is a leading international specialty pharma company. Meda's products are sold in more than 120 countries worldwide and the company is represented by its own organizations in close to 60 countries. The Meda share is listed under Large Cap on the Nasdaq OMX Nordic Stock Exchange in Stockholm. Find out more, visit www.meda.se.