

Jordbro, 1<sup>st</sup> October 2014

## Press release

# Recipharm completes acquisition of Corvette Pharmaceutical Services Group for SEK1.1 billion.

The contract development and manufacturing organisation, Recipharm AB has completed the purchase of Milan based Corvette Pharmaceutical Services Group (Corvette) from Italian private equity group, LBO Italia Investimenti s.r.l.

## Highlights

- Corvette had 2013 revenue and EBITDA of EUR 57.7 million (SEK 499 million) and EUR 15 million (SEK 130 million) respectively.
- The combined entity enhances Recipharm's scale and profitability. Based on 2013 proforma financials, the combined entity's revenue and EBITDA would have been SEK 2.6 billion and SEK 408 million respectively.
- The preliminary equity purchase price at closing was EUR 100 million, of which EUR 50 million was paid in cash and EUR 50 million by a convertible bond.
- The duration of the convertible bond is one year until September 30, 2015 and if not converted will be repaid at 90% of the nominal value. If converted to shares, they are subject to a lock up until March 1, 2015.
- If fully converted, the convertible bond can be converted to 5,030,549 Recipharm B-shares (RECI B) and the additional shares will represent 11.9% of the share capital and 3.2% of voting rights. The conversion price is SEK 91.10
- In addition to the purchase price consideration, debt in the acquired companies of EUR 21.8 million was amortized at closing. The estimated transaction cost for advisors and others is less than EUR 1 million.
- The deal provides access to highly interesting geographical areas including Italy and a number of emerging markets, many of which are new to Recipharm.
- Recipharm now has an asset base in each of the five largest European pharmaceutical markets.
- Corvette has a stable and reputable customer base with little overlap with Recipharm thus presenting significant cross-selling opportunities.
- Increases manufacturing capacity and strengthened capability in the highly sought after technology of lyophilisation.
- Corvette will contribute to Recipharm's Intellectual Property (IP) backed manufacturing business as Corvette's IP portfolio supports circa 40% of their sales.
- Accretive to profitability and EPS with both set to increase already in 2014.

## About Corvette Pharmaceutical Services Group

Corvette Pharmaceutical Services Group (consisting of Corvette Group SpA and LIO Immobiliare s.r.l.) has three manufacturing facilities located in the Milan region of Northern Italy. Each facility specialises in a different technology and business area:

- Masate - Sterile injectable manufacturing facility with capabilities for both lyophilisation and liquid filling of vials and ampoules including hormones supplied to numerous territories including Japan.
- Paderno Dugnano - API and finished dose form development and manufacturing facility with a number of owned product rights including Erdosteine, an important mucolytic product. The facility supplies the global market including the US and Japan.
- Lainate - Bulk lyophilisation of sterile beta lactam antibiotics supplied to numerous markets including Japan.

Under the leadership of Roberto Teruzzi (CEO of Corvette), around 265 people are employed across the three facilities. Over 100 customers are served including big pharma, mid-size speciality pharma as well as global generic companies. Mr Teruzzi will continue in his existing role and lead Recipharm's activities in Italy. Commenting on the closure, he said:

*"I am very pleased that we are now part of a significant global player in the CDMO industry. The combination of Corvette and Recipharm opens up a whole new set of opportunities for both companies and the management team is looking forward to contributing to the growth of Recipharm"*

Reported net sales in 2013 amounted to EUR 57.7 million with an EBITDA of EUR 15.0 million giving an EBITDA margin of 26% and operating profit (EBIT) of EUR 11.4 million. The net asset position at 31<sup>st</sup> December 2013 was EUR 25.2 million. The first six months of trading in 2014 is performing well with an improvement in both net sales and EBITDA compared to the same period last year. All reported numbers are according to Italian GAAP.

### For further information please visit [www.recipharm.com](http://www.recipharm.com) or contact:

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*This information is published in accordance with the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act and/or the regulations of NASDAQ OMX Stockholm. This information was submitted for publication on 1<sup>st</sup> October 2014 at 16:00 CET.*

### About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry based in Sweden employing some 1,750 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material including API and pharmaceutical product development. Recipharm manufactures more than 250 different products to customers ranging from Big Pharma through to smaller research- and development companies. Recipharm's turnover is approximately SEK 2.6 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain and Italy and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on Nasdaq OMX Stockholm.

For more information on Recipharm and our services, please [visit www.recipharm.com](http://www.recipharm.com).