

Recipharm to acquire Mitim Srl for SEK 640 million adding scale and niche technology in injectable beta lactams

Recipharm AB today announces that it has entered into an agreement to acquire Italian CDMO, Mitim Srl adding scale and capabilities to the group. Mitim is currently owned by a private Italian family and is specialised in the filling of injectable beta lactam products. It is located in Brescia close to Recipharm's existing operations in Northern Italy. The transaction will complete tomorrow, 24th February 2016.

Highlights

- Adds an important technology in the filling of injectable beta lactams with sales to the US and European markets.
- The transaction is valued to an Enterprise Value of EUR 68 million (SEK 640 million) equivalent to approximately 8 times pro forma 2015 EBITDA¹.
- Mitim had 2015 pro forma revenues of EUR 42.5 million¹ which would have represented an increase of almost 12% on Recipharm's total 2015 revenues.
- The acquisition will be accretive to both EBITDA margin and earnings per share from Q2 2016. Transaction costs of approximately SEK 4 million will be charged to Q1 results.
- Certain sellers will subscribe to a new issue of 1,039,724 RECI B shares valued at EUR 14 million and representing approximately 2% of the share capital.

Thomas Elderred, CEO Recipharm AB, commented: "This acquisition is very exciting for Recipharm and represents an important step in our consolidation of the CDMO industry. The transaction also cements our leading position in beta lactam production and provides Recipharm not only with additional scale but also opportunities to realise commercial and operational synergies as we combine it with our existing Italian business".

Giorgio Bruno, CEO of Recipharm Italia S.p.A. added: "We very much look forward to welcoming our new colleagues in Mitim to the Recipharm group. I am confident with their help and experience; we will continue to grow the business from our now substantial Italian platform"

Profile of Mitim Srl

Mitim is a pharmaceutical contract manufacturing company located in Brescia, Northern Italy. The product portfolio includes beta lactams in dry sterile powder for injectable solutions, tablets and oral suspensions. Other products include injectable sterile solutions, oral solids and liquids as well as semi-solids. The manufacturing site has five production lines and the company completed a significant investment in a new state-of-the-art production line for injectable beta lactams in March 2015. Mitim employs approximately 250 people.

Transaction rationale

The acquisition of Mitim consolidates Recipharm's leading position as a CDMO and adds an important new technology with FDA inspected facilities in the niche area of filling of sterile beta lactams. Sales to the US (the largest markets for these types of products) has significantly increased in recent years through the expansion of partnerships with existing customers who are making new product registrations in the territory. There is limited competition for this technology in Europe.

Mitim is a high quality CDMO which was acquired by the current owners in 1981 and has successfully grown since then building on a reputation of reliability and strong scientific knowhow. The assets are well invested and since 2012 have had over EUR 12 million capital expenditure on three new state of the art filling lines.

The transaction also complements Recipharm's existing Italian operations with a number of commercial and operational synergies expected to be realised through the integration of the operations which are geographically very close. These are still to be quantified. We also expect a number of opportunities to arise from Recipharm's existing beta lactam business's located in Sweden and Italy.

Transaction terms

- Mitim's shares will be acquired by Recipharm's Italian subsidiary, Recipharm Italia S.p.A.
- The acquisition is valued at EUR 68 million on a cash and debt free basis, corresponding to approximately 8 x 2015 pro forma EBITDA¹
- The acquisition will be paid in already available funds.
- The sellers will subscribe to a new issue of 1,039, 724 RECI B shares at a value of EUR 14 million². The shares will be subject to a 12 months lock-up.
- No further financing is required.
- The transaction will be completed on February 24, 2016.

¹ 2015 pro forma revenue and EBITDA is preliminary non audited numbers according to Italian GAAP

² The subscription price is EUR 13.4651 and equals the weighted average of the market prices of a single Class B Share during the period February 17-23, 2016 converted from SEK currency into Euro currency according to the exchange ratio for SEK/EUR on February 23, 2016.

Conference call and Q&A

A presentation with a Q&A session will be held directly after the presentation of the Full year report 2015 at 10 am, CET, tomorrow the 24th February. For details, see the Full year report 2015 press release.

For further information please visit www.recipharm.com or contact:

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About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 2,500 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material including API and pharmaceutical product development. Recipharm manufactures several hundred different products to customers ranging from Big Pharma to smaller research- and development companies. Recipharm's turnover is approximately SEK 3.4 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain, Italy, Portugal and Israel and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on NASDAQ Stockholm.

For more information on Recipharm and our services, please visit www.recipharm.com

Recipharm has retained Gatti Pavesi Bianchi as legal advisors and EY as financial advisors for this transaction.

The sellers have retained Roedl & Partner as legal advisor and CMC Consulting Group as financial advisors for this transaction.