RECIPHARM ACQUIRES LUSOMEDICAMENTA
14 NOVEMBER 2014
ONE OF THE STRONGEST CDMO’S IN EUROPE

**Access to new customers, markets and technologies**
- Little overlap of customers
- Strong sales in Portugal and export markets incl Africa
- Adds several interesting new technologies and niches to offering

**Own products business in Portugal**
- A number of distribution agreements in the Portuguese market
- Supports Recipharm’s ambition to have more sales based on an IP offering

**Attractive financial impact**
- Increases sales by 20% and EBITDA margin by 32%*  
- Lusomedicamenta has a history of strong sales and profitability development  
- Acquisition expected to be accretive to profitability and EPS  
- Favourable cost base

*YTD September 2014
RECIIPHARM + LUSOMEDICAMENTA

The transaction values Lusomedicamenta at an enterprise value of EUR 112.3m (SEK 1 040m)
- adjusted EBITDA multiple for LTM September of 8.8
- net debt negligible

Consideration paid in a combination of cash and newly issued shares
- EUR 67.1m (SEK 621.6m) in cash
- 3 500 000 RECI B shares at a value of EUR 43.9m (SEK 406.0m)
- Potential supplementary payment of EUR 1.3m (SEK 12.0m) in 2015

The combined entity enhances Recipharm’s scale and profitability
- Revenue of SEK 2 725m*
- EBITDA of SEK 444.6m*

*LTM September 2014, pre-Corvette
AGENDA

Lusomedicamenta overview
Transaction rationale
Financials and terms
Concluding remarks
Q&A
ABOUT LUSOMEDICAMENTA
LUSOMEDICAMENTA

A successful Portuguese CDMO

• Established in 2004
• Based in Lisbon and operating from two manufacturing facilities.
• Former owner management
• Specialised in the development and manufacture of:
  – solid, liquid, semi solid dose forms and sterile ophthalmic products
  – dedicated effervescent facility
• Own products and IP rights business
  – agreements with Boehringer Ingelheim, Gideon Richter and OM Pharma
  – Product marketing authorisations
LUSOMEDICAMENTA

- New product development capabilities
  - Management of product development through to the registration dossier
- Around 340 employees
- Supply more than 600 SKU’s and export to around 45 countries worldwide
- Financials LTM September 2014
  - Revenues of EUR 50.7m
  - EBITDA of EUR 12.7m
TRANSACTION RATIONALE
COMPLEMENTS RECIPHARM’S EXISTING BUSINESS

• Creates one of Europe strongest CDMO’s
  – Combined with Lusomedicamenta, Recipharm will be the one of strongest CDMO’s in Europe with added presence in fragmented southern European market.
ACCESS TO NEW CUSTOMERS, MARKETS AND TECHNOLOGIES

• Good cross selling opportunities
  – Little overlap of customers presenting good cross selling opportunities.

• Access to new markets
  – Lusomedicamenta has strong sales in Portugal and also in export markets including Africa where Recipharm is not present.

• New technologies and niches
  – Adds several new interesting new technologies and niches to Recipharm’s offering including effervescent solid dose forms and sterile ophthalmic preparations.
OWN PRODUCTS BUSINESS IN EUROPE

• Distribution agreements secured
  – A number of distribution agreements in the Portuguese market have been secured with companies such as Boehringer Ingelheim, Gedeon Richter and OM Pharma (Vifor).

• Supports Recipharm’s ambition to have more sales based on an IP offering.
  – 30% of sales relate to IP rights mainly in the Portuguese market.
ATTRACTIVE FINANCIAL IMPACT

• Increased margins
  – Lusomedicamenta will increase Recipharm sales by 20 %* and EBITDA by 32%*

• Strong sales and profitability development
  – Lusomedicamenta has a history of strong sales and EBITDA development

• Accretive acquisition
  – The acquisition is expected to be accretive to profitability and EPS already from Q1 2015

• Attractive cost environment
  – Given Lusomedicamenta’s attractive cost environment, additional non quantified benefits are expected to be realized, including optimization and specialization in Recipharm’s network for oral solids

*YTD figures September 2014
## PROFORMA FINANCIAL SUMMARY

### End September 2014

<table>
<thead>
<tr>
<th>LTM Pf (SEK m)</th>
<th>Recipharm</th>
<th>Lusomed.(^1)</th>
<th>Corvette(^2)</th>
<th>Total</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>2 269</td>
<td>456</td>
<td>499</td>
<td>3 224</td>
<td>42,1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>332</td>
<td>114</td>
<td>130</td>
<td>576</td>
<td>73,5%</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>14.6</td>
<td>25.0</td>
<td>26.1</td>
<td>17.9</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)Based on an average EUR/SEK-rate of 9,00

\(^2\)Based on an average EUR/SEK-rate of 8.65 and 2013 FY figures

<table>
<thead>
<tr>
<th>Nine month YTD 2014 PF (SEK m)</th>
<th>Recipharm</th>
<th>Lusomed.(^1)</th>
<th>Total</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>1 696</td>
<td>337</td>
<td>2 034</td>
<td>19,9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>252</td>
<td>80</td>
<td>332</td>
<td>31,9%</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>14.8</td>
<td>23.8</td>
<td>16.3</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)Based on an average EUR/SEK-rate of 9,04
TRANSACTION TERMS

• Financing using existing credit facility and new issue of shares

• Initial equity consideration of EUR 111m has been paid in:
  - Cash - EUR 67.1m
  - RECI B Equity - EUR 43.9m representing 3 500 000 RECI B shares

• Lusomedicamenta owners have undertaken lock-up for 1 181 193 shares during the period commencing on closing date until 13 November 2016
  - RECI B shares not subject to look up will be offered by Carnegie Investment Bank to institutional investor in a private placement

• Further EUR 1.3m to be paid in cash
  - subject to 2014 financial outcome

• Transaction costs less than EUR 1.5m
CONCLUDING REMARKS
**RECIPHARM - A LEADING CDMO**

- **Ashton**
  - Solids
  - Semi-solids
  - Inhalors

- **Fontaine**
  - Solids

- **Höganäs**
  - Solids (granulates & powders)

- **Jordbro**
  - Recipharm’s Headquarters

- **Karlskoga**
  - Semi-solids

- **Lainate¹**
  - Lyophilisates
  - Sterile beta-lactams

- **Masate¹**
  - Steriles
  - Lyophilisates

- **Monts**
  - Steriles

- **Odivelas²**
  - Effervescent tablets
  - Ophthalmic products (liquids and semisolids)
  - Development Services

- **Parets**
  - Solids
  - Semi-solids
  - Liquids

- **Paderno Dugnano¹**
  - API development
  - Finished dose form development
  - Own product rights

- **Queluz²**
  - Solids
  - Liquids

- **Solna**
  - Development Services

- **Stockholm**
  - Solids

- **Strängnäs**
  - Beta-lactams (solid forms and dry syrups)

- **Wasserburg**
  - Lyophilisates
  - Steriles

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1) 1 October, 2014, 2) 14 November 2014

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**Masate/Lainate/Paderno Dugnano**
FURTHER ACCELERATING GROWTH

Sales (SEK m)

EBITDA (SEK m)

2009 2010 2011 2012 2013 2014

LTM PF

Corvette (2013 PF)
Lusomedicamenta
GROUP STRATEGY ON TRACK

<table>
<thead>
<tr>
<th>Growth initiatives</th>
<th>Track record</th>
<th>Q1-Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in existing manufacturing footprint and capacity</td>
<td>Strengthened sales organisation in 2013 3% growth 2013 at constant FX</td>
<td>Both segments increased sales</td>
</tr>
<tr>
<td>Capacity expansion in Manufacturing</td>
<td>Decision 2013 to expand lyophilisation site in Wasserburg</td>
<td>Wasserburg expansion SEK 55m</td>
</tr>
<tr>
<td>High growth in strategic important D&amp;T</td>
<td>12% of MFG sales 2013 origins from D&amp;T projects. Development of IP portfolio.</td>
<td>+80% vs 2013</td>
</tr>
<tr>
<td>New portfolio outsourcing with manufacturing asset</td>
<td>+3 since 2007</td>
<td>Projects under review</td>
</tr>
<tr>
<td>acquisitions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of CDMOs</td>
<td>+5 since 2007</td>
<td>Corvette Pharma Lusomedicamenta &amp; Projects under review</td>
</tr>
</tbody>
</table>

September
Authority to issue 3.7 million shares
New SEK 1 500 million credit facility
A HIGHLY ATTRACTIVE INVESTMENT PROPOSITION

Existing stable business + Growth opportunities
CONTACT INFORMATION

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Q&A
VISION
To be acknowledged as the best in class provider of contract development and manufacturing solutions to the pharmaceutical industry as judged by our customers, employees and other stakeholders.

MISSION
Recipharm offers its expertise and facilities in the development, production and supply of pharmaceuticals to demanding customers for global use.
OUR STRATEGY

Financial targets

- Sales growth
  - Double sales within 5 years

- Return on operating capital
  - 15%

- Dividend policy
  - 30-50% of net profit