RECIPHARM TO ACQUIRE MAJORITY STAKE IN NITIN LIFESCIENCES
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RECIPHARM + NITIN
A JOURNEY TO GLOBAL LEADERSHIP

Combined entity set to enhance Recipharm’s scale, reach and profitability
Proforma revenue set to reach SEK 3.5 billion (+13 %) and EBITDA set to reach SEK 607 million (+19 %)

Recipharm will initially acquire 74 % of Nitin with options on the remainder

The estimated purchase consideration for the 74 % stake is INR 6,712 million (SEK 872 million)
On a cash and debt free bases
AN EMERGING MARKETS PLATFORM

Entry into emerging markets
Allows market opportunities for Recipharm’s current customers and creates a platform for further growth in emerging markets

Strengthened position in sterile injectables
Business focus on sterile injectables including lyophilization

High quality customer base
Supply to a number of multinationals operating in the Indian market and serving a number of domestic and regional pharma companies

Attractive financial impact
Accretive to organic growth and EPS
AGENDA

Nitin Lifesciences

Indian Pharma market

Transaction rationale

Financials and terms

Concluding remarks

Q&A
NITIN LIFESCIENCES
A HIGH QUALITY INDIAN CMO

• Rapidly growing Indian CMO supplying leading customers
  – One of the largest small volume parenteral manufacturers in India
  – Approximately 500 employees

• Established in 1994 and owned by the Sobti family

• Provides high technology pharmaceutical manufacturing solutions
  specialised in injectable manufacturing
  – Liquid ampoules, liquid vials, sterile dry powder (beta lactam & non beta lactam), multidose
    eye/ear drops, lyophilized vials

• Sales LTM August 2015 of INR 3,169 million (SEK 412 million)
  – CAGR of over 20 % since 2012FY

• EBITDA LTM August 2015 of INR 732 million (SEK 95 million)
  corresponding to an EBITDA margin of 23.1 %
  – EBITDA margin between 19 % and 24 % the last three financial years.

• Sales in India dominates but growing export to currently 11 countries
MODERN MANUFACTURING FACILITIES

• Three manufacturing facilities in northern India located in Karnal and in Paonta Sahib, with dedicated blocks for:
  – Beta Lactam
  – Cephalosporins
  – Lyophilized vials

• New state-of-the-art facility in Paonta Sahib taken into operations in 2014

• Good environmental record
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HIGH GROWTH INDIAN PHARMA MARKET

Injectable antibiotics market, worth $425 million, has been growing at a CAGR of 21% the last three years.

MUSD at constant INR/USD exchange rate=65 for all years

Source: AIOCD (All India Organisation of Chemists and Druggists) Retail Audit
INDIAN PHARMA INDUSTRY IN NUMBERS

• Pharmaceutical exports from India have grown at a CAGR of 21% over the last decade
• India’s pharma exports stood at US$ 15 billion in 2013-14
• Manufacturing costs in India are approximately 35-40% of those in the US due to low installation and manufacturing costs
• India’s pharmaceutical industry accounts for about 1.4% of the global pharmaceutical industry in value terms and 10% in volume terms
• India has about 1,400 WHO GMP approved manufacturing units

Source: Brand India Pharma; http://www.brandindiapharma.in/infographic-on-pharma-sector-business
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ENHANCED REACH, SCALE AND PROFITABILITY

Proforma net sales

Proforma EBITDA

Margin increase 16.4% to 17.2%

1) LTM July 2014-Jun 2015
2) Non-audited local Indian GAAP Sep 2014-Aug 2015
ENTERING THE HIGH GROWTH EMERGING MARKETS

• Significant presence in the expanding Indian Pharma market
• Creates a platform for further growth in emerging markets
• Will allow market access opportunities for Recipharm’s current customers
STRENGTHENS POSITION IN STERILE INJECTABLES

• The business focus is on the priority area sterile injectables including lyophilization
• High GMP and quality level
• A new state-of-the-art manufacturing facility offering freeze-drying of injectables and bulk powder and small volume parenterals (ampoules and vials)
ACCESS TO A NEW QUALITY CUSTOMER BASE

• High quality customer base with significant multinationals operating in the Indian market
• Serving a number of domestic and regional pharma companies
ATTRACTIVE FINANCIAL IMPACT

• High margin, high growth business
• Accretive to organic growth and EPS
• Attractive manufacturing and cost environment
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TRANSACTION TERMS

• Recipharm will acquire 74% of Nitin for INR 6,712 million (SEK 872 million)
  – On a debt and cash free basis

• Put/call option for remaining shares
  – Recipharm will from May 15, 2017 have the option to acquire the remaining 26% of Nitin, and current owner will until December 2017 have the option to sell to Recipharm their remaining 26% of Nitin. The valuation of the 26% remaining shares will be based on Nitin’s EBITDA performance until the options are exercised

• Dr Chetan Sobti will continue as CEO and Mr Nitin Sobti will continue as COO of Nitin

• 12.4 EV to EBITDA
  – Based on an Enterprise Value for 100% of Nitin (equates to INR 9,071 million or SEK 1,179 million and LTM EBITDA)
TRANSACTION TERMS

• Closing expected Q1 2016
  – following approval from the Indian Foreign Investment Promotion Board ("FIPB"). Closing is not subject to any other material condition.

• Financing under the existing credit agreement, potentially equity instrument as well
  – Recipharm has approximately SEK 1.5 billion in unutilized, approved available credit facilities. To maintain a long-term financial capacity for further acquisitions, the Company will evaluate financing options that may involve the issuance of shares or other financial instruments in order to increase financial flexibility going forward.
### PROFORMA FINANCIAL SUMMARY

<table>
<thead>
<tr>
<th>P&amp;L (SEKm)</th>
<th>Recipharm&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Nitin&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Net sales</td>
<td>3 122</td>
<td>411</td>
<td>3 533</td>
</tr>
<tr>
<td>EBITDA</td>
<td>512</td>
<td>95</td>
<td>607</td>
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<tr>
<td>EBITDA margin (%)</td>
<td>16.4</td>
<td>23.2</td>
<td>17.2</td>
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<sup>1</sup> LTM July 2014-Jun 2015  
<sup>2</sup> Non-audited local Indian GAAP Sep 2014-Aug 2015
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RECIIPHARM - A GLOBAL CDMO
BECOMING A WORLD LEADING CDMO

• Presence in all major European markets and India
• Global supply
• Broad technology base
• High quality, high performance manufacturing facilities
• Access to competitive drug delivery technologies
• Technology and product development partnerships and joint projects
• Strong IP backed business
DELIVERING ON OUR ACQUISITION STRATEGY

TECHNOLOGY
- Freeze dried ampoules
- Injectable hormones
- Effervescent tablets
- Ophthalmics
- Niche APIs
- Pre-clinical chemistry
- Coated pellets
- Cytotoxics
- Pre-filled syringes
- Niche dosage forms

MARKET
- Europe
- North America
- India
- Israel

RELATIONSHIP
- ~ 100 new customers gained through acquisitions

Note: Empty boxes reflect gaps in current portfolio which can be the focus of M&A
AGENDA

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- Concluding remarks
- Q&A
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