

## Recipharm completes acquisition of Kemwell AB and Cirrus Pharmaceuticals Inc. and resolve on share issues

On 18 April 2016, Recipharm announced that it had entered into two separate agreements to acquire pharmaceutical contract development and manufacturing operations (CDMO) from Kemwell. The first acquisition comprises operations in the US and Sweden, and the second acquisition comprises operations in India. The conditions for the first acquisition have now been fulfilled and Recipharm will complete this transaction today. The second acquisition, regarding Kemwell's pharmaceutical operations in India, is conditional on governmental approvals, and is expected to close before year end.

The acquisition now to complete is comprising Cirrus Pharmaceuticals Inc., with operations in the US, with services including development of inhalation, liquid, semi-solid, solid and parenteral products with emphasis on early formulation work as well as development of analytical methods and testing, and Kemwell AB in Sweden, with services primarily including manufacturing of APIs, solids and semi-solid formulations. The sellers of Kemwell's operations in the US and Sweden are Kemfin Holdings Private Ltd ("Kemfin") and a minority seller (the "Minority Seller").

### *Purchase price and issue of shares*

The acquisition price for Kemwell AB and Cirrus Pharmaceuticals Inc. amounts to approximately USD 85 million (approximately SEK 706 million)<sup>1</sup> on a cash and debt free basis. With regard to the estimated net debt of USD 10.2 million (approximately SEK 85 million)<sup>1</sup>, the preliminary purchase price amounts to approximately USD 75 million (approximately SEK 621 million)<sup>1</sup>, of which USD 55 million (approximately SEK 458 million)<sup>1</sup> is to be paid through a share issue of class B shares at a subscription price of SEK 145.06 per share, and the remainder in cash. The Board of Directors today, by virtue of the authorisation from the Extraordinary General Meeting on 10 May 2016, resolved on a share issue in kind of 3,159,572 series B shares to the sellers of Kemwell AB. The new shares are expected to be registered with the Swedish Companies Registration Office around 26 May 2016. The cash part of the purchase price for Kemwell AB and Cirrus Pharmaceuticals Inc. preliminarily amounts to approximately USD 19.6 million (approximately SEK 163 million)<sup>1</sup>.

Kemfin and the Minority Seller have undertaken not to sell or in other respects transfer their respective shareholdings in Recipharm in respect of the share issue in kind during a period of 12 months from the closing date.

### *Directed share issue in cash*

As previously announced, Kemfin and the Minority Seller, provided they receive shares in the issue in kind as described above prior to the record date 23 May 2016 in the ongoing rights issue of Recipharm, have agreed to participate in the rights issue through the exercise of subscription rights. Since Kemfin and the Minority Seller will not receive any subscription rights in the rights issue, the Board of Directors today, by virtue of the authorisation from the Extraordinary General Meeting on 10 May 2016, resolved on a directed share issue in cash of 631,914 series B shares to

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<sup>1</sup> Exchange rate of USD/SEK of 8.3331.



the sellers of Kemwell AB at a subscription price of SEK 82 per share, corresponding to the subscription price in the rights issue. At full subscription, the rights issue of approximately SEK 805 million and the directed share issue of approximately SEK 51 million as stated above means that Recipharm will receive a total of approximately SEK 856 million before issue costs.

*Information on Kemwell AB and Cirrus Pharmaceuticals Inc.*

The US development business is located in Research Triangle Park, North Carolina and employs just under 50 people (full-time equivalent). There are about 120 customers and services offering include both development capability of inhalation, nasal and transdermal products new to Recipharm, and liquid, semi-solid, solid and parenteral products with emphasis on early formulation work as well as development of analytical methods and testing. Recently, the business has also commissioned a GMP suite allowing for expansion into manufacturing of clinical trial material. The services are provided either on a stand-alone basis or as a more comprehensive pharmaceutical product development program.

The Swedish business is located in Uppsala and employs around 240 people (full-time equivalent). It consists of two production units including a fully integrated primary and secondary manufacturing facility dedicated to a limited number of products, based on the same API and supplied essentially to one Big Pharma customer. There is also a small general pharmaceutical manufacturing unit. Manufacturing services offering include APIs, solids and semi-solid formulations. More than 95 per cent of the Swedish production is exported to over 60 countries including the US and Japan.

For the 12-month period ending on 31 December 2015, the US and Swedish businesses reported net sales of SEK 462 million and adjusted EBITDA of SEK 56 million.<sup>2</sup> Cost savings and synergies are expected to yield more than SEK 25 million per annum when fully realized, expected in Q4 2017. These cost savings and synergies will be driven by asset rationalization and savings in general within administration activities. The non-recurring costs for implementation are expected to amount to approximately SEK 7 million.

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 Stockholm. This information was submitted for publication on 23 May 2016, at 8:30 am CET.*

## About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 3,200 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, 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 4.6 billion and the Company operates development and manufacturing facilities in France, Germany, India, Israel, Italy, Portugal, Spain, Sweden and the UK 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](http://www.recipharm.com)

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<sup>2</sup> Numbers according to local GAAP and adjusted for non-recurring losses of approximately SEK 14 million.