

## PRESS RELEASE

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### EQT Private Equity to sell Fertin Pharma to Philip Morris International

- EQT Private Equity to sell Fertin Pharma, a leading specialist contract development and manufacturing organization (CDMO) in innovative oral and intra-oral delivery technologies, to Philip Morris International for a headline Enterprise Value of DKK 5.1 billion
- Fertin Pharma's products enable people to live healthier lives – supporting millions of customers with reducing and quitting harmful cigarette smoking, and easier-to-consume oral care products, among other platforms
- Under EQT Private Equity's ownership, Fertin Pharma has continued and strengthened its transformation from a niche champion to a leader in innovative oral and intra-oral drug delivery technologies, through investments in its manufacturing and development capabilities, product diversification, sustainability efforts and expanded customer base, which includes some of the world's largest pharmaceutical and healthcare companies

EQT is pleased to announce that the EQT Mid Market Europe fund ("EQT Private Equity") has agreed to sell Fertin Pharma (the "Company"), a specialist CDMO in innovative oral and intra-oral delivery technologies, to Philip Morris International Inc. ("PMI") for an enterprise value of DKK 5.1 billion.

Headquartered in Vejle, Denmark, Fertin Pharma is a leading specialist CDMO in innovative oral and intra-oral delivery technologies to support healthier living. The Company develops and manufactures innovative delivery systems, such as chewing gums, tablets and powders, used for pharmaceutical- and nutraceutical applications. Innovative- and consumer relevant solutions that when consumed enhance the efficacy of active and functional ingredients.

Fertin Pharma's patented delivery technologies enable people all around the world to live healthier lives, whether it be helping to reduce and ultimately quit cigarette use or gaining access to a broad range of easy-to-consume formats for consumer healthcare applications. In 2020, nearly three billion Nicotine Replacement Therapy ("NRT") doses were manufactured, supporting more than 3.2 million people with reducing and quitting smoking.

The Company's heritage dates back to 1915 when the Danish Bagger-Sørensen family founded the Dandy Group, focusing on confectionery production. In 1978, Fertin Pharma was set up within the Group and eventually separated as an independent subsidiary in 2001 to pioneer the use of chewing gum as a medical delivery technology. Today, Fertin Pharma is a global business with fully integrated and automated manufacturing and R&D capabilities through sites in Denmark, Canada and India, and a total employee base of more than 860 people.

EQT Private Equity acquired a 70 percent stake in Fertin Pharma in 2017 from the Bagger-Sørensen family, which has remained invested and actively supportive of the Company's diversification journey throughout EQT's ownership period. Since then, Fertin Pharma has transformed from a niche champion to a leader in its application areas. EQT has supported the broadening of the Company's platform of delivery technologies, from solely focusing on medicated chewing gum to now offering a diverse range of oral care applications, including tablets that liquefy when chewed, fast- or slow-dissolving tablets for controlled release, extruded and compressed gum, and pouches with powder that dissolves under the upper lip. Fertin Pharma has also grown its customer base with several blue-chip industry leaders, including the world's largest pharmaceutical and healthcare companies.

Moreover, Fertin Pharma has doubled its productivity through upgrading of business-critical systems,



digitizing and automizing of production facilities, and increased investments in R&D and sustainability. Under EQT Private Equity's ownership, the Company has grown EBITDA by close to 50 percent.

Rikke Kjær Nielsen, Partner within EQT Private Equity's Advisory Team, "Since EQT entered in 2017, the strategy has been to develop the path for Fertin Pharma's diversification journey. We are extremely proud of what we have accomplished together with the Bagger-Sørensen family, the board and the management team, taking the Company from a niche Nicotine Replacement Therapy champion to an international industry leader with a diversified portfolio of technologies and blue-chip customers in consumer health. I would particularly like to thank the Bagger-Sørensen family for the great cooperation and partnership over the years. We are confident that PMI will be a good long-term home for Fertin Pharma with their ambition to lead the transformation of the tobacco industry to create a smoke-free future – an ambition closely aligned with Fertin's vision of supporting healthier living."

Claus Bagger-Sørensen, Co-owner and board member of Bagger-Sørensen & Co. said, "On behalf of the Bagger-Sørensen family, it has been a true pleasure to partner with EQT during this phase of Fertin Pharma's growth journey. We have had a great partnership based on shared ambitions for Fertin Pharma, which we have realised in successful collaboration. I hope and believe the sale will further strengthen the journey towards a smoke-free future and healthier lives."

Peter Halling, CEO of Fertin Pharma, commented: "Fertin Pharma has been on a fantastic journey with EQT and the Bagger-Sørensen family as owners. With the new ownership in place, Fertin Pharma will be in a great position to continue delivering on our vision and mission, including our work as a CDMO for our customers. PMI is going through an inspiring transformation as a company with an ambition to deliver a smoke-free future and building a beyond nicotine product portfolio. An ambition that perfectly matches that of Fertin Pharma, namely to enable people to live healthier lives. In PMI we have found a new owner and partner who shares our vision, who is committed to science and who will enable Fertin Pharma to further accelerate and grow as a company."

Jacek Olczak, Chief Executive Officer of PMI added, "The acquisition of Fertin Pharma will be a significant step forward on our journey toward delivering a smoke-free future – enhancing our smoke-free portfolio, notably in modern oral, and accelerating our progress in beyond nicotine. Both PMI and Fertin share a commitment to science and consumer-centric innovations for better living, and I am delighted we have reached this agreement. Fertin's diverse portfolio of technologies, evolving business mix, and world-class expertise will enrich our innovation pipeline and capabilities, providing speed and scale in oral delivery to support our 2025 goals of generating more than 50% of our net revenues from smoke-free products and at least USD 1 billion from products beyond nicotine."

The transaction is subject to customary conditions and approvals and is expected to close later in 2021.

EQT Private Equity was advised by FIH Partners (M&A), Accura (legal), PwC (financial & tax), BCG (commercial), Implement (operations) and COWI (EHS).

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#### **About EQT**

*EQT is a purpose-driven global investment organization with more than EUR 67 billion in assets under management across 26 active funds. EQT funds have portfolio companies in Europe, Asia-Pacific and the Americas with total sales of approximately EUR 29 billion and more than 175,000 employees. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership.*

More info: [www.eqtgroup.com](http://www.eqtgroup.com)

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#### **About Fertin Pharma**



*Fertin is a Danish contract development and manufacturing organization specializing in innovative oral dosage formats with nutraceutical and pharmaceutical ingredients. The company provides patients and consumers with convenient, pleasurable and efficient delivery formats, based on substantial know-how, technological capabilities and consumer insight.*

*More info: [www.fertin.com](http://www.fertin.com)*