PRESS RELEASE 19 December 2018

Recipharm to potentially end operations in Ashton-under-Lyne facility

Recipharm today announces that it will initiate a process to explore the discontinuance of operations at its solid dose manufacturing facility in Ashton-under-Lyne, UK.

The decision to initiate this process has been taken following a strategic review of the operation which has not been profitable for several years. The facility employs approximately 140 people and if a final decision is taken to discontinue operations these people are likely to affected.

As part of this activity, appropriate consultation with employees will now commence. Recipharm will also discuss with clients the potential to transfer manufacturing to other facilities in the Group to minimise any possible impact on patients.

Thomas Eldered, CEO of Recipharm, says: "We have taken this decision as there is no likely prospect of the facility in Ashton-under-Lyne being able to deliver an acceptable return in the medium term. It has clearly been a difficult choice as any closure will affect approximately 140 of our employees who have demonstrated commitment and hard work to provide high quality products and services. It is our intention to ensure fair and respectful treatment to all throughout this process and redeploy people where possible within the Group in the event of closure".

"Such a change will enable us to focus our attention on the most competitive and efficient manufacturing facilities in our Group. At a strategic level, we continue to pursue our mission to develop and manufacture pharmaceuticals for demanding customers for global use. As such, our financial objectives remain unchanged."

The operations in Ashton-under-Lyne generated a negative EBITDA over several years, averaging approximately SEK 18 million over the past three years. In addition to this the licence restrictions imposed by the UK Medicines and Healthcare products Regulatory Agency (MHRA) will impact 2018 result by approximately SEK 8 million. Activities to address the deficiencies identified are currently being executed according to schedule but the licence restriction is likely to remain in place until these are completed which we anticipate being during the first half of 2019. Discontinuing operations in Ashton would lead to an EBITDA margin and profitability improvement in the strategic business segment Solids & Others. Estimated non-recurring costs of SEK 122 million associated with a decision to discontinue operations will be charged to the Q4 2018 results. This includes severance costs, asset impairment and the effect of fulfilling contractual commitments.

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This information is information that Recipharm AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 19 December 2018, at 10:00 CET.

About Recipharm

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing around 6,000 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 6.0 billion and the company operates development and manufacturing facilities in France, Germany, India, Israel, Italy, Portugal, Spain, Sweden, the UK and the US and is headquartered in Stockholm, 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