



PRESS RELEASE

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Recipharm Offers to Acquire Consort Medical to Become a Leading Inhalation Company and Top Five Global CDMO Player

Recipharm AB ("Recipharm") and Consort Medical plc ("Consort") have reached an agreement on the terms of a recommended cash offer by Recipharm Holdings Limited, a wholly-owned direct subsidiary of Recipharm, for Consort, a leading global drug delivery and device company and integrated contract development and manufacturing organisation ("CDMO"). The Board of Consort has confirmed its unanimous intention to recommend a cash offer for an equity value of GBP 505 million (approximately SEK 6,284 million⁽¹⁾). The company is headquartered in the United Kingdom and listed on the London Stock Exchange.

Highlights

- The combination of Recipharm and Consort is highly complementary given that both organisations provide different products and services within the same value chain for a number of customers
- The enlarged Recipharm Group is set to become a top five global CDMO, able to offer integrated device development and supply combined with commercial scale finished dose manufacturing
- The acquisition will add significant technological IP and know-how to Recipharm's offering, delivering on a key strategy of increasing its share of the value chain
- It is intended that the acquisition will be implemented by way of a takeover offer under the UK Companies Act, under which the shareholders of Consort will receive GBP 10.10 in cash per share, valuing the entire share capital at GBP 505 million (SEK 6,284 million) on a fully diluted basis
- The offer is fully financed through bank facilities intended to be partly repaid by proceeds from a proposed share issue following closing
- The combined entity will enhance Recipharm's scale and profitability with annual pro forma revenue of SEK 10,847 million and pro forma EBITDA of SEK 1,793 million⁽²⁾
- Consort had annual pro forma revenue of GBP 292 million (SEK 3,633 million) and pro forma EBITDA of GBP 47 million (SEK 587 million)⁽³⁾
- Financially compelling and significantly accretive to Cash EPS⁽⁴⁾ (immediately accretive in the first fiscal year after completion) with potential for future growth and operating margin expansion

Recipharm's aim is to become a leading global CDMO and it is successfully executing against its ambitious growth strategy, targeting annual sales of over SEK 8 billion by 2020. This target has been set amid consolidation in the fragmented CDMO industry, as pharmaceutical companies seek to reduce their fixed costs by rationalising supply chains and focusing on core R&D and sales capabilities. Consequently, they are turning to trusted partners with the necessary scale and breadth of technologies to support them through the drug development process and the subsequent commercial manufacturing and supply.

Given these sector dynamics, and Consort's strength in pharmaceutical device development and manufacturing, Recipharm believes that the combination is an excellent match. Recipharm has been an admirer of Consort's innovative delivery technologies, which are highly complementary to Recipharm's capabilities in the development and commercial supply of both inhaled and sterile injectable finished dose forms. The Aesica division provides expansion through additional capabilities and access to new customers. The combination of Consort's product portfolio and services with Recipharm's existing business will allow the enlarged organisation to become a best-in-class technology based CDMO, positioning it to compete more effectively within a wider part of the value chain.

Commenting on the transaction, Thomas Eldered, Chief Executive Officer of Recipharm, said: "I am excited at the prospect of combining Recipharm with Consort, which is extremely complementary. In our view, Bepak is already acknowledged as a leading drug device developer and manufacturer and is a perfect fit for Recipharm's broader pharmaceutical capabilities. The enlarged group will be able to provide finished dose forms in Bepak's key technologies and provide customers with a far more integrated approach. The Aesica business will further expand our capabilities and capacities in both API and finished dose manufacturing whilst providing access to a new customer base".

Commenting on the transaction, Christopher Brinsmead CBE, Chairman of the Board of Consort, said: "Consort's leading technologies and market positions provide innovative solutions and products to a blue-chip customer base. We believe that Recipharm's businesses are highly complementary to our own and the Board intends to unanimously recommend the offer from Recipharm which represents a 39% premium to our share price".

Jonathan Glenn, Chief Executive Officer, of Consort added: "Consort's strategy has been to focus on expanding its businesses into new markets and geographic territories, and on developing our combined drug/device offering. Recipharm's capabilities and footprint in drug manufacturing will enhance both our Bepak and Aesica businesses. We believe that customers of both businesses will value the offering and enhanced scale of the combined business".

Transaction rationale

- Scale and capabilities
 - The combination positions Recipharm as a top five global CDMO with >USD 1 billion in sales
 - Ability to better compete for global contracts with pharma companies
- Inhalation technology leadership
 - Creates a leading end-to-end CDMO with significant technology capabilities
 - Enhanced value proposition in relation to high value projects for blue chip customers
 - Strong know-how and IP portfolio
- Access to innovation
 - Creates new avenue for growth within the large and rapidly expanding biologics sector
 - VapourSoft® technology validated through development contracts
 - Strong pipeline originating from Consort's Innovation Centre in Cambridge, UK
- Attractive financial impact

- Significantly accretive to Cash EPS⁽⁴⁾ (immediately accretive in the first fiscal year after completion)
- Potential for significant future growth and operating margin expansion
- Estimated SEK 125 million in annual cost synergies, realised within 18 months after completion with potential for additional cost and revenue synergies in the medium to long term

About Consort

Consort is a public limited company incorporated in England and Wales, with its shares admitted to trading on the premium segment of the London Stock Exchange. Consort is a leading, global, integrated pharma services drug and delivery device company. Consort is at the leading edge of innovation and is committed to investing in patient, clinician and customer driven innovation to create new treatments and new opportunities.

Consort's Bepak division is a leading player in the manufacture of drug delivery devices for pharmaceutical partner companies, including respiratory, nasal, injectables and ocular products, and the manufacture of devices for point of care diagnostics. The Aesica division is a leading provider of finished dose and active pharmaceutical ingredient (API) development and manufacturing services to pharmaceutical partners.

Consort employs approximately 2,000 people globally of which approximately 1,400 are located in the UK. Consort has UK facilities in King's Lynn, Cambridge, Nelson, Milton Keynes, Cramlington, Queenborough and Hemel Hempstead, German facilities in Monheim and Zwickau and a facility in Pianezza, Italy.

Transaction terms & structure

- Recipharm has reached an agreement with the Board of Consort on the terms of an offer to acquire all shares in Consort for a consideration of GBP 10.10 per share, in cash, which represents an equity value of GBP 505 million (SEK 6,284 million) on a fully diluted basis
- The offer represents a premium of 39% to Consort's closing share price on 15 November 2019, the last business day before today's announcement, and a premium of 37% to the three month daily volume-weighted average price
- The consideration reflects a valuation of GBP 627 million (SEK 7,802 million) including Consort's existing net debt⁽⁵⁾
- The transaction, intended to be effected by way of a takeover offer under Part 28 of the Companies Act and the UK Takeover Code, will be subject to customary closing conditions including antitrust clearance
- The Board of Directors of Consort has confirmed its unanimous intention to recommend the shareholders of Consort to accept the offer
- Transaction is expected to close in Q1 2020

Financing and share issue

The offer is fully financed through bank facilities arranged by, and made available by, Danske Bank A/S and DNB Bank ASA, Sweden Branch, including a bridge facility of SEK 2,000 million with a 12 month maturity. In order to repay the bridge facility, and to lower net debt, Recipharm intends to carry out one or several share issues of approximately SEK 2,500 million in total (the "Share Issues") whereof at least SEK 2,000 million through a rights issue, with preferential rights for Recipharm's shareholders, subject to approval by a general meeting (the "Rights Issue") and up to SEK 500 million without preferential rights for Recipharm's shareholders. Recipharm's largest shareholders, Thomas Eldered and Lars Backsell (who together hold 27.1% of the total number of shares in Recipharm), have undertaken to vote in favour of the Rights Issue at a general meeting and have

also undertaken to subscribe for an amount corresponding to their respective pro rata share in a Rights Issue of SEK 2,000 million. The Share Issues are expected to be resolved and completed during the first half of 2020, following completion of the transaction. Recipharm has retained Danske Bank A/S and DNB Bank ASA, Sweden Branch as financial advisers and lead managers in connection with the Share Issues.

Further information on the Share Issues will be provided by the company in due course.

Recipharm has retained Lazard as financial adviser, and Clifford Chance and Setterwalls Advokatbyrå as legal advisers in connection with this transaction.

- (1) Exchange rate of GBP/SEK 12.4359, used throughout the press release
- (2) Last twelve months for Recipharm ending on 30 September 2019 and for Consort ending on 30 April 2019, adjusted for the expected FY 2020 impact from the Cramlington facility incident, communicated on 11 September 2019
- (3) Revenue and EBITDA adjusted for the Cramlington facility incident, EBITDA defined as operating profit before special items plus depreciation and the part of amortisation not classified as special items
- (4) Defined as Earnings Per Share adjusted for non-recurring items and special items and excluding amortisation of acquisition related intangible assets
- (5) As per 30 April 2019

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This information is information that Recipharm AB (publ) 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 at 08:15 CET on 18 November, 2019.

About Recipharm

Recipharm is a leading Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry employing almost 7,000 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 7.2 billion. 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

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