

Press release

21 June 1999

The merger between Meda and Cross Pharma, pro forma

On 27 May it was announced that Meda AB and Cross Pharma AB had agreed in principle on a merger. The pro forma accounts in connection with the merger between Meda and Cross Pharma show that Meda's net turnover pro forma for 1998 will increase from 554 SEK M to 1 152 SEK M. Meda's operating profit pro forma for 1998 will increase from -19 SEK M to 28 SEK M after the merger. Excluding items affecting comparability, operating profit will increase from 2 SEK M to 49 SEK M after the merger.

Effects of the merger

- Cross Pharma brings Meda strong cash flow which will increase Meda's strategic potential
- Meda's strong sales organisation combined with Cross Pharma's successful strategy will create the right conditions for stronger market positions
- Cost savings are expected as a result of better utilisation of Meda's infrastructure
- Cross Pharma has prematurely cancelled an agreement with its main pharmaceuticals supplier. This premature cancellation is expected to give a higher profit margin even though the company has undertaken to disburse a lump sum of 300 000 GBP annually over the following two years, as well as half the net profit before tax that is generated from parallel import exceeding 50 SEK M annually up to and including 30 June 2001.

The merger will take place by means of Meda issuing 2 515 963 shares in exchange for all outstanding shares in Cross Pharma. The owner of Cross Pharma, Volati BV, will receive after the merger shares equivalent to 51 percent of the capital and votes in Meda but will after the merger sell shares so that the share holding amounts to a maximum of 49.9 percent of the capital and the votes.

Pro forma accounts

In order to show the estimated effects of the proposed merger between Meda and Cross Pharma a summarised set of outline pro forma accounts is shown. The balance sheet has been prepared as if the merger took place as per 31 December 1998. The pro forma income statements for the 1998 calendar year and for the period 1 January – 31 March 1999 have been prepared as if the merger took place as per 1 January 1998. It has not been possible to show a purchaser and so the pro forma accounts for the merger have been prepared using the pooling of interests method.

Financial summary pro forma	Full year 1998		1 st Quarter 1999
	Meda	The new group	The new group
Net turnover, SEK M	554	1 152	309
Operating profit, SEK M	-19	28	18
Profit after financial items, SEK M	-20	24	16
Operating margin, %	-3.4	2.4	5.9
Profit margin, %	-3.7	2.1	5.2
Balance sheet total, SEK M	328	512	-
Interest coverage ratio, times	-3.3	4.4	5.7
Equity/assets ratio, %	33.7	23.3	-
Return on equity, %	-15.9	9.0	-
Profit per share before tax, SEK	-8.40	4.86	3.26
Profit per share after tax, SEK	-8.07	2.17	2.25

Extraordinary general meeting

The merger is conditional on the extraordinary general meeting of Meda, 30 June 1999 making a decision in accordance with the board's proposal concerning a non-cash issue of shares in Meda. Complete background documentation for the extraordinary general meeting will be sent to Meda's shareholders around 23 June 1999.

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Meda AB
The Board

For further information, please contact

Per Carendi Chairman of the board

Phone +46 36-10 07 00

or +46 70-811 21 11

Annette Johansson Public Relations Manager

Phone +46 31-701 29 04

or +46 70-445 03 00

Meda develops profitable partnerships in the Nordic and Baltic areas in collaboration with international producers of pharmaceuticals, nutrition and medical device products.

With our thorough knowledge and our expertise in marketing and sales, we offer benefits to the health and medical care sector at the same time as we promote our own and our partner's growth and development.