



## **Meda acquires Viatris**

**Meda acquires the German pharmaceutical group Viatris  
and creates a leading European Specialty Pharma Company.**

- Acquisition value of EUR 750m, around two times sales
- New share issue of approximately EUR 270m with preferential rights for existing shareholders
- Compelling industrial logic
- Significantly broadened marketing coverage – new opportunities for in-licensing of pharmaceuticals
- Excellent growth potential – Novolizer, an innovative device for the treatment of asthma
- Increased resources for market-oriented product development

### **Preliminary interim report for Meda, January - June 2005**

- Meda's sales amounted to SEK 835m (previous year 511 MSEK)
- Meda's preliminary operating profit reached SEK 215m (previous year 64 MSEK)

### **Outlook guidance**

- Increased forecast of Meda's operating profit for 2005 (excluding Viatris) from around SEK 300m to at least SEK 350m
- EBITDA for Meda during 2005, including the acquisition of Viatris on 1 July 2005, is estimated to reach around SEK 800m

The Swedish Specialty Pharma Company Meda, announced today that it has signed an agreement to acquire the German pharmaceutical group Viatris from Advent International, one of the largest private equity companies in the world. Meda will pay EUR 583m for all shares in Viatris and assume net debt (including pension provisions and similar obligations) of EUR 167m as at 30 June 2005.

Viatris is a well-established and profitable pharma company with sales of SEK 377m and operating profit before depreciation and amortisation (EBITDA) of EUR 49m in 2004. Sales and EBITDA for the first 6 months of 2005 were EUR 204m and EUR 34m respectively.

Viatris has operations through its own affiliates in 14 countries with a strong focus on larger European markets. Sales in 2004 in the leading markets were; Germany EUR 63m, France EUR 62m, Benelux EUR 45m, Spain EUR 29m, Italy EUR 25m, Austria EUR 20m and Great Britain EUR 19m.

Viatris' most important therapeutic area is Respiratory. Viatris has developed and currently markets the patented Novolizer device, an innovative multi-dose dry powder inhaler. The rollout of the device and associated active substances gives the combined group significant organic growth opportunities. Viatris has successfully launched the active substance budesonide in Germany and has swiftly become the market leader. The current European rollout is proving successful and the Novolizer is demonstrating rapid growth. Net sales during the first 6 months of 2005 were EUR 13.5m, an increase of over 130% compared to the same period last year.

Viatris has also a strong position in the therapeutic area of Pain/Inflammation, which is also a core therapeutic area for Meda.

## **Rationale**

Meda had previously announced its intentions to establish marketing affiliates in certain larger European markets. The acquisition of Viatris achieves this aim immediately and provides Meda with a well established and respected marketing and sales infrastructure in each of these key countries.

There are substantial product cross selling opportunities. Meda's main market is the Nordic area where Viatris does not have any subsidiaries. Product synergies are substantial as Meda's products could now be marketed in several new markets whilst at the same time, Meda's organisation can market Viatris' products in the Nordic countries. The combined company will also get a good position in southern Europe.

Meda has no own production facilities as manufacturing is done by contract manufacturers. Viatris has modern production sites for inhalation products and tablet production. In addition, Viatris has capacity for pharmaceutical development which will improve the value of existing product portfolios of mature products.

The aim is to swiftly consolidate and rationalise the new corporate structure in order to quickly reach full benefits of the synergies. In parallel, marketing resources will be prioritised to achieve the highest growth opportunities within areas such as Respiratory. The aim for the combined company is to reach an EBITDA margin of at least 25% already during 2007.

"Meda / Viatris will become one of the leading European Specialty Pharma companies. The combined company will also be an attractive in-licensing partner with its pan-European coverage / organisation in marketing and sales, but also through its capacity in regulatory affairs and product development. The new group means a long term and wise industrial solution that will create values for both shareholders and employees", says Anders Lonner, CEO of Meda.

"There is a very good fit between Viatris and Meda which was an important factor in selecting the buyer. Many companies have shown great interest in acquiring Viatris. Decisive for Advent is the compelling industrial logic between the companies plus a strong preference from the Viatris management for Meda being a successful and well-managed company with industrial competence. We are very satisfied with the progress made by Viatris since Advent invested in the company in 2002. We wish the new combined group further success in view of the next development phase." says Ralf Huet, Managing Director at Advent International.

## Outlook guidance

With regard to the size of the Viatris acquisition, Meda's Board of Directors has chosen to announce guiding forecasts for 2005, both excluding and including the acquisition.

- Changed forecast for 2005 of Meda (excluding the acquisition)

The previously announced divestment of the parallel trading operations has now been completed, which will result in a positive non-recurring effect of around SEK 30m on operating profit. With regard to this and the positive development so far this year, the forecast for 2005 is changed to: "Meda's operating profit for 2005 is estimated to reach at least SEK 350m". The previous forecast was "Meda's operating profit for 2005 is expected to reach around SEK 300m".

- Forecast for Meda 2005 including the acquisition of Viatris on 1 July 2005.

"The EBITDA for Meda after the acquisition of Viatris on 1 July 2005 is estimated to reach around SEK 800m."

Above judgements is conditional on the acquisition being completed with due permission from authorities within a reasonable time.

## Pro forma January – June 2005 (SEK m)

The pro forma summary below can serve as an illustration of the companies' structures prior to synergies.

	<b>Meda</b> (6 months)	<b>Viatris</b> (6 months)	<b>Combined</b> (6 months)
Sales	835	1 875	2 710
Gross profit	462	1 070	1 532
Operating expenses	-183	-763	-946
EBITDA	278	308	586
EBITDA %	33%	16%	22%
Number of employees	170	1 582	1 752

Meda's auditors have not reviewed figures above.

The following summary financials (EUR m) relate to Viatris for the two years ended 31 December 2003 and 2004.

	<b>Viatris 2003</b> (12 months)	<b>Viatris 2004</b> (12 months)
Sales	365	377
EBITDA	44	49
EBITDA %	12%	13%

### **Financing and timetable**

Payment of the cash consideration for the acquisition of Viatris will occur on completion of the transaction, which is expected at the end of September or early October 2005. The transaction will require the approval of the relevant competition authorities in some European countries. The process for gaining such approvals has been initiated.

The acquisition value for Viatris, including existing debt and pension provisions assumed by Meda, amounts to EUR 750 million. The acquisition will be financed in total by a debt facility provided by SEB Merchant Banking. The Board of Directors of Meda have resolved, in connection with the acquisition and subject to the approval of an Extraordinary General Meeting, a new share issue in the amount of approximately SEK 2 500m to partially refinance the bank facility. The share issue will be carried out with preferential rights for the existing shareholders of Meda. The shareholders will be offered to subscribe for new shares in Meda in relation to the number of shares held on the record date for the share issue. Shareholders will be offered to subscribe for 2 new shares for every 3 shares held in Meda, resulting in a total of 104 479 358 shares. The subscription price will be SEK 60 per share. The Board of Directors of Meda will issue a notice for an extraordinary meeting of shareholders, in which complete terms and conditions as well as a timetable for the new share issue will be made public.

A number of major shareholders of Meda, including Stena Sessan Rederi AB, together representing more than 41% of the share capital of Meda, have committed to subscribe for their respective parts of the share issue. Furthermore, additional shareholders, together representing approximately 17% of the share capital of Meda, have stated that they intend to subscribe for their respective parts of the share issue. All of these shareholders, in total representing around 58% of the share capital of Meda, have also stated to the Board of Directors of Meda that they intend to vote in favour of the share issue at the Extraordinary General Meeting.

Enskilda Securities is acting financial advisor to Meda in relation to the new share issue. The debt facility financing the transaction will be provided by SEB Merchant Banking.

Rothschild is acting as sole financial advisor to Advent International on this transaction.

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**Meda AB (publ)** – the Swedish speciality pharmaceutical company. Meda markets prescription and non-prescription medications and med-tech equipment in 25 countries. The company has subsidiaries in important markets in Europe. Meda is listed on the Stockholm stock exchange (Stockholmsbörsen). For more information, visit [www.meda.se](http://www.meda.se) or [www.viatris.com](http://www.viatris.com).

#### **About Advent International**

Advent International is one of the world's largest private equity firms, with \$10 billion in cumulative capital raised and offices in 13 countries across North America, Europe, Latin America and Asia Pacific. Since its founding in 1984, Advent has been committed to helping management teams build successful businesses by applying its industry expertise, international resources and local market knowledge. Over 130 of Advent's portfolio companies have completed IPOs on major stock exchanges worldwide.

Its portfolio companies have raised more than \$10 billion through public equity and debt offerings. In April 2005, Advent announced the final close of its most recent global private equity fund, Advent International GPE V, at \$3.3 billion. For more information, visit [www.adventinternational.com](http://www.adventinternational.com).