



Strategic partnership with Almirall and full-year forecast for 2006

Meda and Almirall, a Spanish-based pharma company, have entered into a strategic partnership agreement regarding the inhalation products division of Meda that develops Novolizer, a multidose dry powder inhaler for administration of products to treat respiratory conditions. Through the partnership agreement, Meda can concentrate on marketing Novolizer products currently on the market, while Almirall takes over and funds continued R&D for pharmaceutical substances, including Almirall's pipeline products with the Novolizer system. The collaboration agreement regulates the way in which future market rights and market initiatives for certain defined development projects are divided between the partners. Through this partnership, Meda achieves considerable profitability gains, while product development can be accelerated. Almirall on the other hand gains access to an inhalation platform to enhance its overall respiratory R&D capabilities.

2006 full-year forecast

Considering the financial effect from the new partnership with Almirall and Meda's development so far this year, the following forecast for 2006 full-year is given;

"Meda's earnings before interest, taxes, depreciation, and amortisation (EBITDA) for all of 2006 are expected to exceed SEK 1 500 million."

Meda's 2005 annual report and Q1 2006 report stated this profitability goal: "to achieve an EBITDA margin of at least 25% already during 2007". The company now expects to achieve this goal in 2006.

Strategic partnership, Meda - Almirall

In August 2005, Meda acquired Viatris, a German pharma group, which included an R&D unit that worked with inhalation technology for respiratory treatment. Novolizer, which was developed in this unit, is a patented dry powder inhaler, with unique technical features. So far, three Novolizer products with different pharmaceutical substances for asthma treatment have been introduced in the market. Sales of these Novolizer products reached SEK 240 million in 2005.

For several years, an agreement has existed with Almirall for the development of one of its leading respiratory pipeline products in Novolizer. The partnership is now strengthened through Almirall's acquisition of Meda's

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development unit and intellectual property rights to the Novolizer technology. Meda retains license rights that are necessary for its own operation.

Through this partnership, Almirall will take over and fund all continued R&D of new pharmaceutical substances in the Novolizer product line. Consequently, all employees (about 70 persons) within Meda's asthma-product research unit will be offered employment at Almirall. Meda is gathering marketing forces that will contribute to increased patient use of the Novolizer system in the long and short terms. Meda continues to exclusively market the Novolizer line with current pharmaceuticals substances (budesonide, formoterol, and salbutamol). Almirall has a strong pipeline of new substances that are well-suited for the Novolizer system, and the company will carry responsibility and costs for these development projects. The collaboration agreement regulates the way in which market rights and market initiatives for certain defined projects are divided between the partners. Meda and Almirall will also co-operate in the production area.

"With this partnership, Meda can concentrate on marketing," says Anders Lönner, Meda's CEO. "Almirall has extensive expertise and a strong pipeline within the respiratory area. Both partners gain considerable advantage and employees in the development unit are assured of long-term investment in a leading technology."

"I'm very pleased to have reached this agreement with Meda" says Jorge Gallardo, Almirall's CEO. "It will allow us to strengthen our overall development capabilities, particularly in respiratory. I'm certain that this is a win-win situation for both companies, and we look forward to continue the collaboration with Meda."

For more information, contact:

Meda

Anders Lönner, CEO

Phone: +46 8 630 19 00

Anders Larnholt, Investor relations

Phone: +46 8 630 19 62

Meda AB

Meda is a leading European specialty pharma company that concentrates on marketing and market-adapted product development. Acquisitions and long-term partnerships are fundamental factors that drive the company's strategy. Meda is represented in more than 20 countries and has about 900 employees within marketing and sales. The Meda share is quoted on the Stockholm stock exchange (*Stockholmsbörsen*). Find out more, visit www.meda.se.

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