



Meda acquires European businesses from American Valeant and enters the Russian market

- Meda acquires Valeant's pharmaceutical business in Western and Eastern Europe
 - Consistent step in Meda's growth strategy
 - Sales level of 1 100 MSEK
 - Organisation of 380 employees
- Meda gains
 - Russian entry with own organisation
 - Significant market synergies in Eastern Europe
 - Strengthened position in Western Europe, especially in the UK
 - Enhanced position in key therapy areas, neurology and dermatology
- Purchase price on a debt free basis 392 MUSD, equivalent to approx. 2 times sales
- New share issue of about 1 500 MSEK, 100% guaranteed by Stena AB

Meda has signed an agreement to acquire Valeant's pharmaceutical business in Western and Eastern Europe. The acquisition will benefit Meda in many different respects, both short term and long term. It will give Meda the entry into Russia. In Eastern Europe, it means a potential for significant market synergies with products in Meda's existing pipeline. In Western Europe, Meda's position will be strengthened, especially in the UK. The majority of the acquired products are also within Meda's key therapy areas; neurology and dermatology, which in-line with the company's focused approach will offer good synergies.

The total sales level of the acquired business is 1 100 MSEK, of which Eastern Europe account for 200 MSEK. Major markets are Germany, UK, Italy, Spain and Russia, both in terms of sales and employees. Total headcount is 380 employees. The 230 employees in marketing and sales primarily visit specialists within dermatology and neurology. The regional headquarter is based in Basingstoke, UK.

"I'm really glad that we have reached this deal with Valeant. This acquisition has a perfect fit with our operations in Europe. It also gives a very important contribution to our strategy to become stronger in Eastern Europe. We now get a foothold in Russia and we will use that platform to introduce many of our pipeline products. We also look forward to a long term collaboration in other areas with Valeant", says Anders Lonner, CEO Meda.

Russian entry

The Russian pharmaceutical market is worth around 6 billion USD and growing rapidly. At present, only a few Meda products are sold in the Russian market. Valeant's operation in Russia has grown quickly during the last years. A strong marketing organisation has been established and Meda's plan is to expand this platform when Meda's current and future products will be launched.

Synergies

Meda's foresees synergy effects both on cost and revenue side when integrating organisations in Western Europe. In Eastern Europe, Meda's position in turnover will double. Several new countries in Eastern Europe are also entered, Russia being the largest. In these new markets, Meda will now be able to launch certain existing products and products from its pipeline through own organisations. Synergies within marketing will also be possible since both companies have complementary products in both neurology and dermatology.

Product portfolio

Valeant's product portfolio consists of many well established products. The majority are specialist products in the key therapeutic areas; neurology and dermatology. A dominant part of the acquired products have strong trademarks and are well proven since a long time.

Neurology

Mestinon (pyridostigmine bromide) is used in the treatment of myasthenia gravis. Myasthenia gravis is a chronic neuromuscular, autoimmune disorder that causes varying degrees of fatigable weakness in muscles. Sales during 2007 were about 210 MSEK.

Tasmar (tolcapone) is used in combination with levodopa and carbidopa for the treatment of patients with severe Parkinson's disease. Sales during 2007 were approximately 40 MSEK. Market synergies exist with Meda's Parlodel (treatment of Parkinson's disease).

Dermatology

Solcoseryl (haemodialysate) is used for treating trophic disorders, dry and wet wounds. The product is used in a variety of medical fields that includes neurology and surgery. Sales during 2007 were approximately 140 MSEK.

Dermatix is a transparent, topical silicone gel that helps maintain the skin's moisture balance, improving the appearance and size of scars. Sales during 2007 were approximately 80 MSEK.

Efudix is indicated for topical treatment of multiple actinic or solar keratosis and superficial basal cell carcinoma. Sales during 2007 were 50 MSEK and market synergies exist with Meda's Aldara.

Cancer

Cesamet (nabilone) is used for treating patients with chemotherapy-induced nausea and vomiting (CINV) who fails to respond adequately to conventional antiemetic treatments. Market synergies exist with Meda's BEMA-Fentanyl which is in registration phase (treatment of breakthrough pain in cancer patients).

Financial effects and profitability

In line with earlier acquisitions, the intention is to quickly integrate Valeant into Meda and thereby create a stronger company. This will involve non-recurring restructuring costs that will affect the operating profit in the near term while the future profitability can increase.

The EBITDA margin of the acquired business was around 14% during 2007. As a consequence of the industrial integration, the ambition is to increase this to above 30%. Based

on the proposed financing, and excluding non-recurring restructuring costs, the acquisition is expected to be accretive to Meda's earnings per share already during 2009.

Financing and time table

Meda will pay to Valeant 392 MUSD in cash on a debt free basis, which is equivalent to around 2 times sales for the acquired business. Closing of the transaction is dependent on antitrust approvals. Initially, the purchase will be financed via bank loans. Meda's board of directors intends to take a decision to propose a new preferential-rights share issue for existing shareholders to raise approximately 1 500 MSEK. The details of this proposed issue will be announced before an extraordinary shareholders' meeting. The new share issue is 100% guaranteed by Stena AB.

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MEDA AB (publ) is an international 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 by its own organisations in 26 countries and has more than 1 500 employees within marketing and sales. Meda's products are sold in about 120 countries worldwide. The Meda share is listed under Large Cap on the OMX Nordic Stock Exchange. Find out more, visit www.meda.se.