



Recipharm
good for business

Company presentation

Avanzadagen May 27, 2014

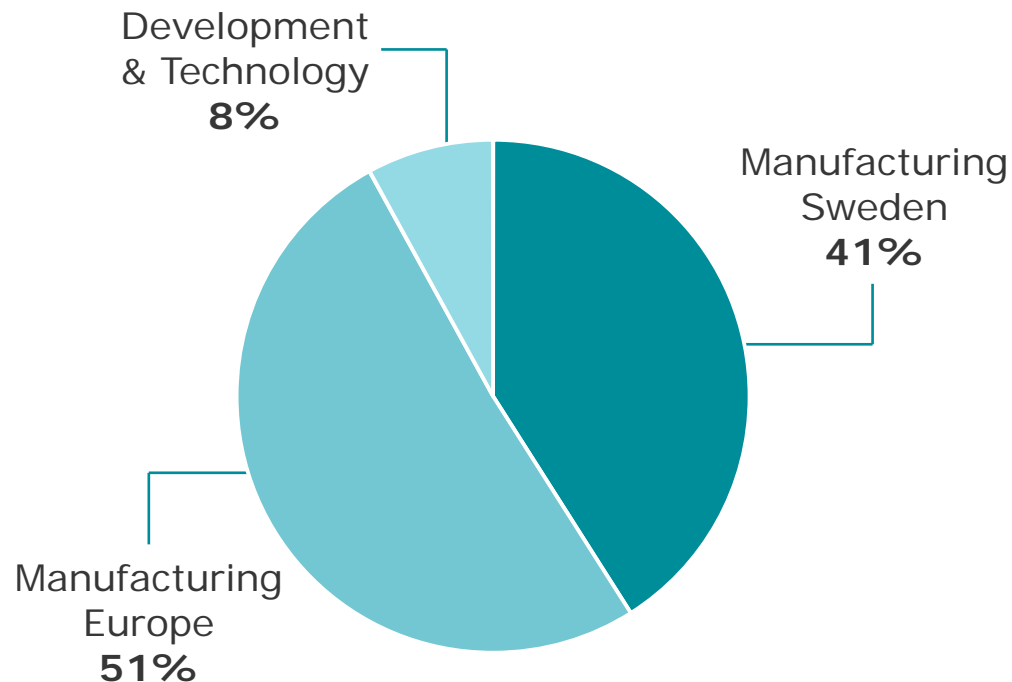
Recipharm – a leading CDMO on the global arena

- **Founded** by Lars Backsell and Thomas Elderer in **1995**
- Annual sales of **SEK 2.1 bn**
- Approximately **1,500 FTEs**
- More than **100 customers** characterized by long relationships



Recipharm – a leading CDMO on the global arena

Sales per segment 2013



- Secondary manufacturing
- 9 manufacturing sites
- Pharmaceutical development
- Intellectual property

Different from other outsourcing industries

Long product lifecycles



+ 100 years

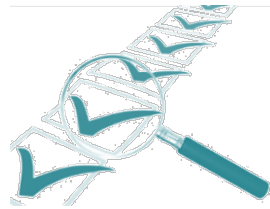


+ 70 years



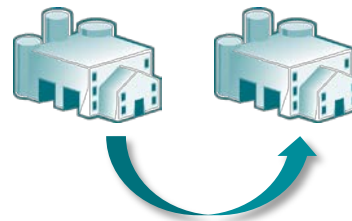
+ 60 years

Strict regulatory environment



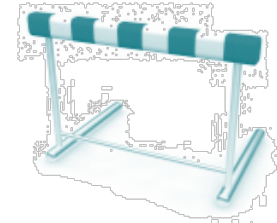
Heavily regulated industry

High switching costs



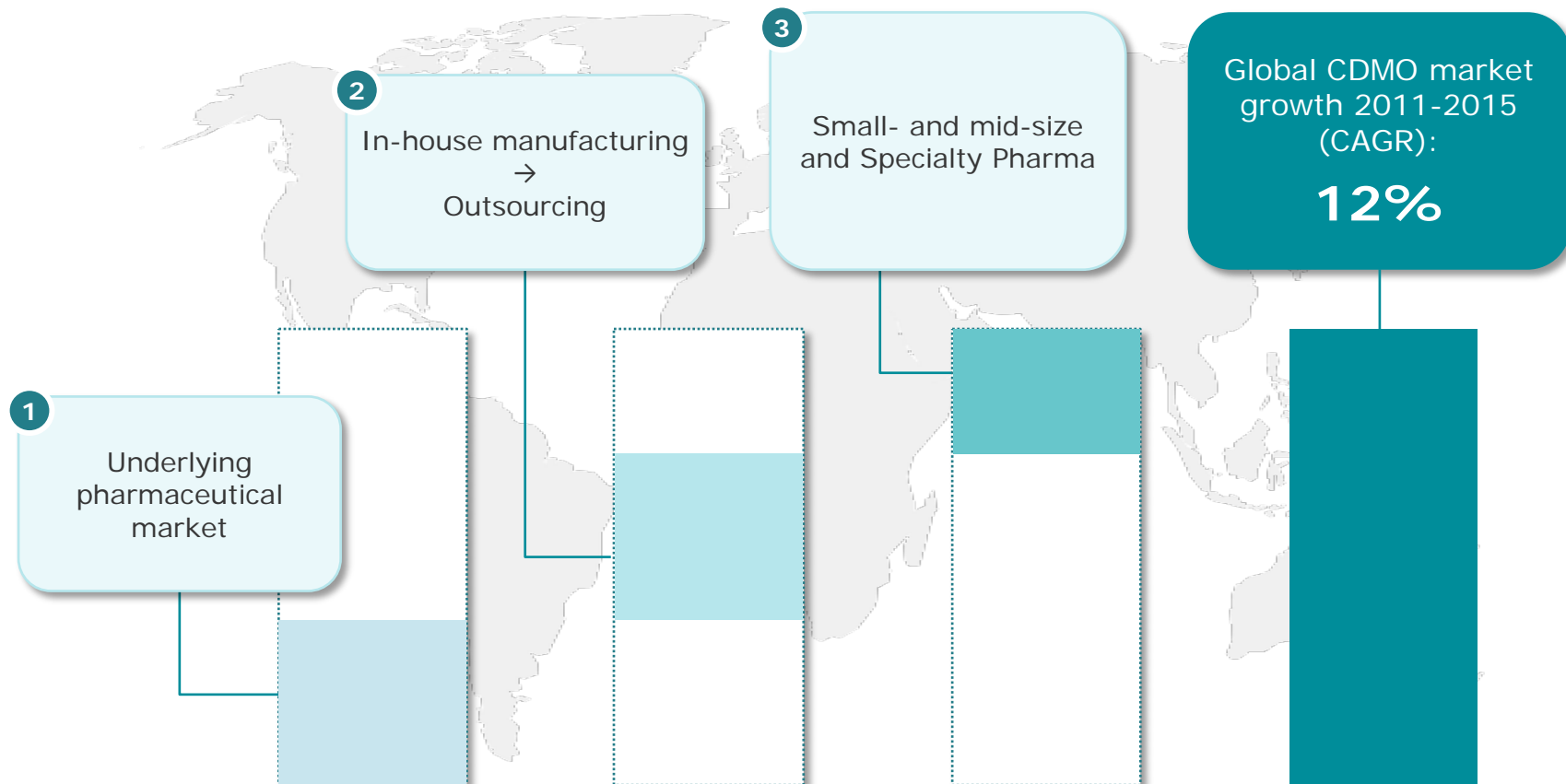
18-24 months by product

High barriers to entry



New entrants need significant initial capital outlay

The global CDMO market is expected to grow rapidly



Loyal and strong customer base

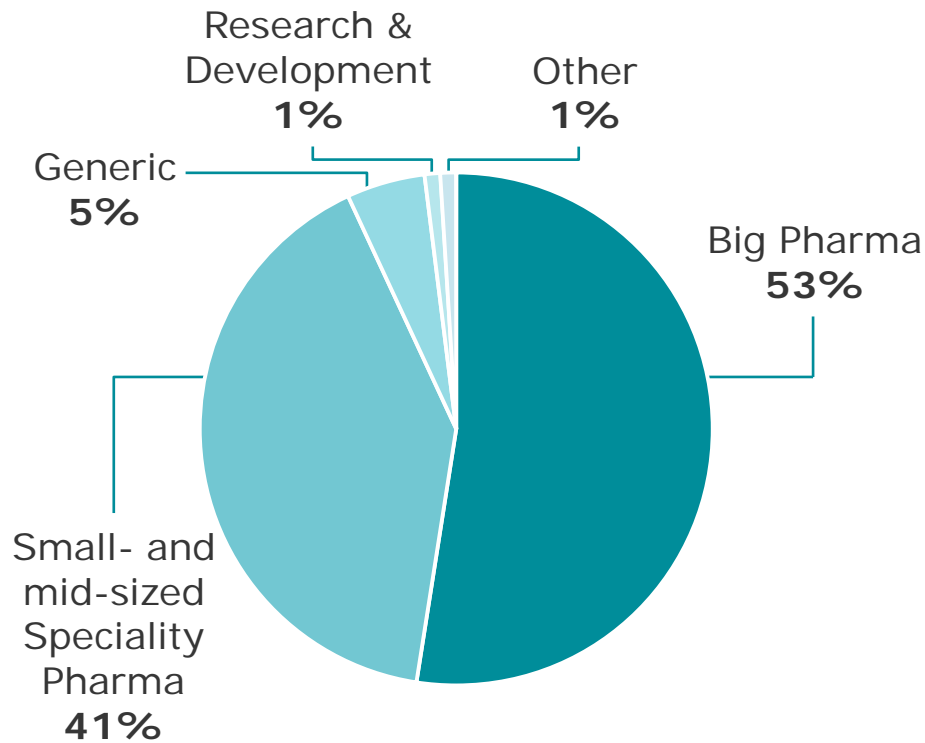
Why do customers choose Recipharm?

- **19 years** of pharma contract manufacturing experience
- **Highly reliable** with a solid reputation as a high quality supplier
- **Full service provider** with broad range of capabilities and ability to offer customized solutions
- **Value added development** services offering
- **Financial stability** and transparency



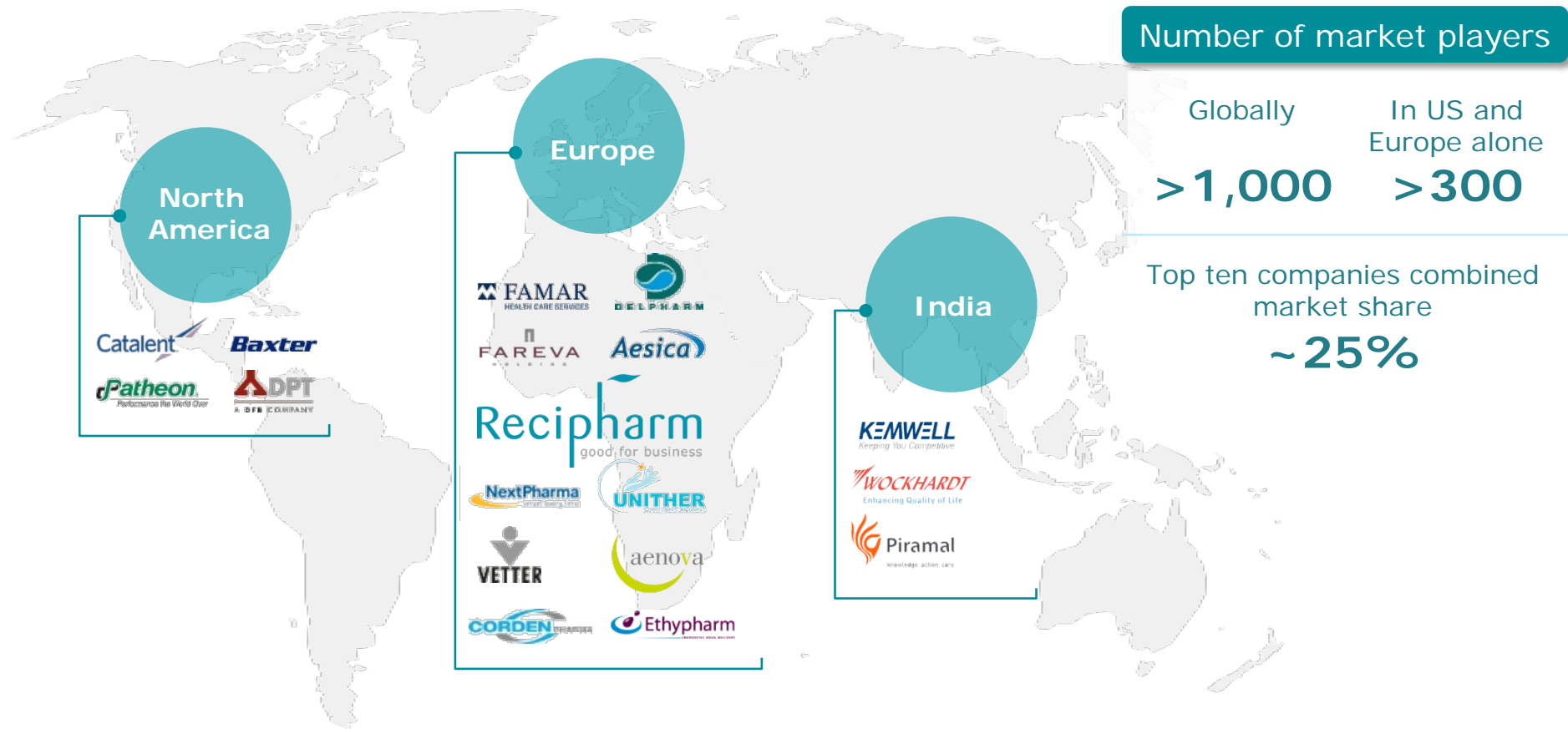
Loyal and strong customer base

2013 customers sales split by segment



- Big Pharma
 - large portfolio contracts (including site)
- Small- and mid-sized Speciality Pharma
 - focus for Sales force

A highly fragmented competitive landscape



Vision, mission and objectives

Vision

To be acknowledged as the **best in class provider** of contract development and manufacturing solutions to the pharmaceutical industry as judged by our customers, employees and other stakeholders



Mission

Recipharm offers its expertise and facilities in the development, production and supply of pharmaceuticals to demanding customers for global use



Recipharm's goal is to be a world leading supplier of CDMO-services

Strategy

Financial targets

Sales growth



Double sales
within five
years

Return on
operating capital



> 15%

Dividend policy



30-50%
of net profit

The Recipharm model

Development & Technology  8%

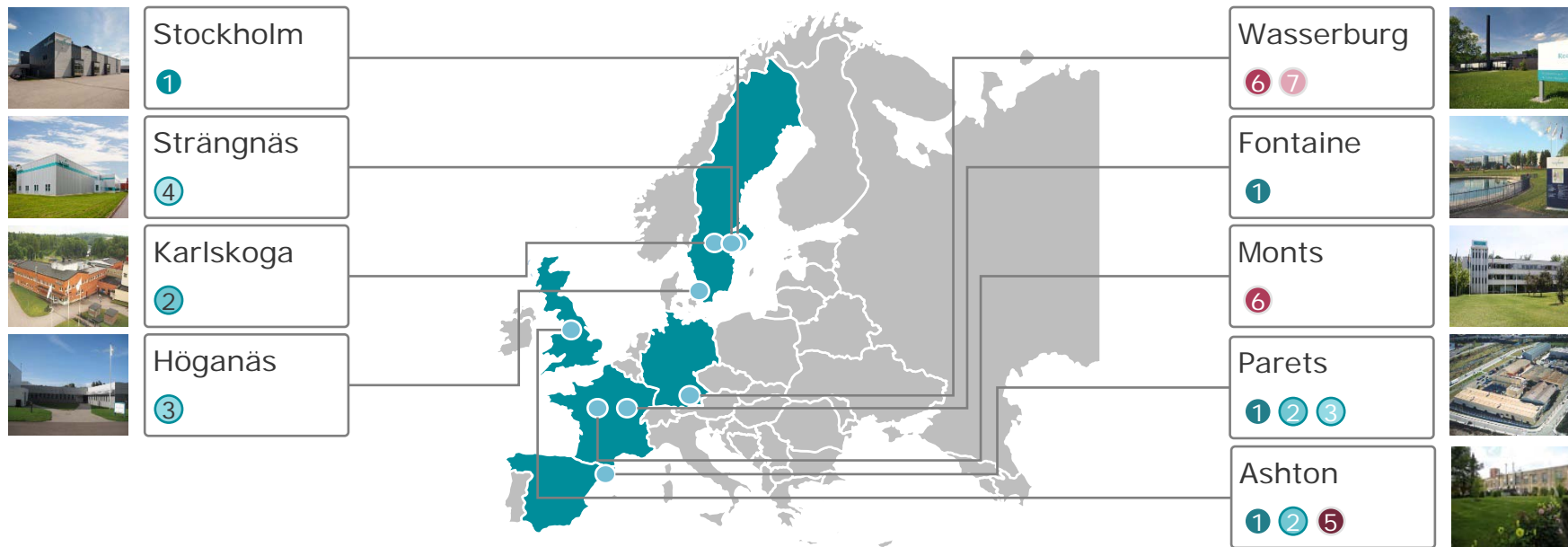


Manufacturing Services  92%



- Strategically aligned
- Decentralised and scalable
- Key business functions centralised

Manufacturing Services – the backbone of Recipharm



Broad offering of technologies

① SOLIDS	② SEMI-SOLIDS	③ GRANULATES AND POWDER	④ BETA -LACTAMS	⑤ INHALORS	⑥ STERILES	⑦ LYOPHILISATES
						

200 products
1,200 SKUs

Development & Technology – strategic and important growth driver



Current

Development 17%

- 35 employees
- 5 PhDs
- Projects in the **development stage**



Technology 83%

- Mature portfolio of **22 branded generics**



Growth initiatives

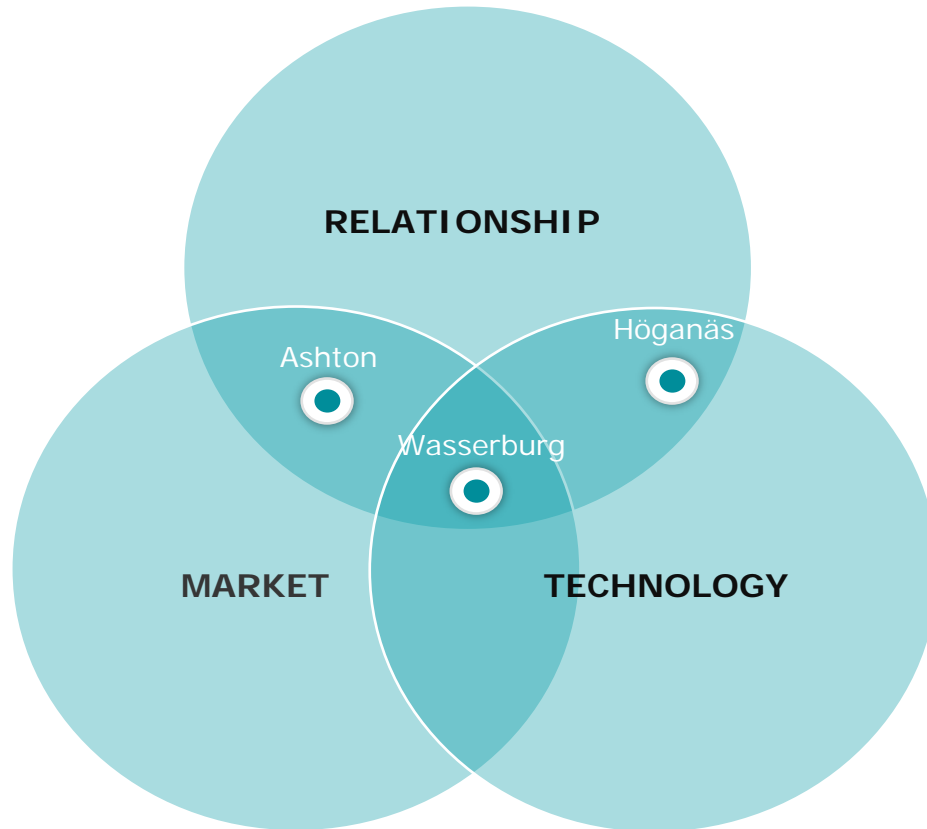
- Market extensions
- Line extensions
- New product entry



Growth initiatives

Growth initiatives	Cost of growth	Impact on future margins	Impact on growth
Growth in existing manufacturing footprint	Low	Medium	Low
High growth in strategic important D&T	Low/Medium	High	Low/Medium
New production agreements	Low	Low	High
Acquisition of CDMOs	High	Low/Medium	High

Clear target priorities define the acquisition strategy



- Technology focus
 - Cytotoxics
 - Pre-filled syringes
- Market focus
 - North America
 - India
 - Europe

Q1 in brief

- **Strongest first quarter** ever
- All segments **improved sales** and EBIT, especially D&T
- Strengthened sales organisation support sales growth

- Net sales amounted to **SEK 578 million** (517), an **increase of 11.7%** (9.4 in constant FX rates)
- EBIT amounted to **SEK 78 million** (38), giving a EBIT margin of 13.5% (7.2)
- Cash flow from operating activities was **SEK 57 million** (-23)

A highly attractive investment proposition



1. Attractive market with strong underlying fundamentals and long-term growth prospects
2. Leading Pan European CDMO with broad manufacturing capabilities and a clear road-map to double sales within five years (new contracts and acquisitions)
3. Strategic high-growth D&T division
4. High visibility on locked-in revenues and a strong customer base
5. Stable non-cyclical, highly cash generative business with impressive financial performance
6. Highly experienced and proven management with a successful track record

Sales growth

**Double sales
within five
years**

**Return on
operating capital**

> 15%

Dividend policy

**30-50% of
net profit**



A highly attractive investment proposition

Existing stable
business

+

Growth
opportunities



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