



## **Guerbet to double its turnover with the acquisition of Mallinckrodt's contrast media and delivery systems business**

Villepinte, 27 July 2015 - Guerbet (FR0000032526 GBT) announced today that it has entered into a definitive agreement under which it will acquire Mallinckrodt's contrast media and delivery systems business ("CMDS"). With this acquisition, Guerbet aims to create a new global leader in medical imaging.

The pro forma combined sales of Guerbet and the CMDS business were close to €800M<sup>1</sup> in 2014 with a global workforce of around 2,500.

### **Process and key terms of the acquisition**

This competitive acquisition process has been conducted by Guerbet's management under the supervision of Guerbet's Board of Directors and its Strategic Committee. Guerbet has been advised in this process by Lazard and Gide Loyrette Nouel, respectively, as financial and legal advisors. The due diligence has been conducted in collaboration with PwC.

The key strengths of the CMDS business identified by Guerbet are:

- An efficient industrial and commercial platform with four production sites in Ireland and in North America and a global distribution network covering approximately 65 countries,
- A comprehensive range of delivery systems and imaging solutions for X-ray scanners, X-ray cardiac and vascular imaging, urological imaging and magnetic resonance imaging,
- A large portfolio of patents and other intellectual property rights.

For the first six months of fiscal 2015, Mallinckrodt's CMDS business recorded sales of close to \$210 million.

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<sup>1</sup> 2014 pro forma Sales on the basis of a EUR/USD exchange rate of \$1.1

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Guerbet is acquiring 100% of the CMDS business including the production sites, the intellectual property rights and the distribution subsidiaries in the various geographical areas, in a transaction valued approximately \$270M, entirely paid in cash and financed through term loan facilities syndicated by BNP Paribas.

In connection with this acquisition, Guerbet will be in a position to finance additional investments in an amount of \$50M, will refinance its existing debt and benefit from a revolving credit facility in order to finance its additional working capital requirements.

Consequently Guerbet pro forma net debt/EBITDA ratio could temporarily rise to a multiple of more than three before returning rapidly to a ratio of less than two.

The transaction is subject to customary closing conditions and is expected to close in the next few months.

Guerbet's works council has unanimously issued a favorable opinion in respect of the acquisition of the CMDS business.

### **CMDS acquisition to strongly support Guerbet development**

The Group should be able to rapidly benefit from the complementarity of its historic business and the CMDS business:

- In contrast media, the CMDS business is well positioned with Optiray<sup>®</sup> and Optiject<sup>®</sup> (Europe)/Ultraject<sup>®</sup> (United States) in X-ray, whereas Guerbet holds a similar position in MRI with Dotarem<sup>®</sup>,
- In imaging solutions and services, this acquisition will open up technological synergies, with the CMDS business mastering syringe-based delivery systems and Guerbet the innovative hydraulic injection technique for softbags,
- The businesses are also geographically highly complementary, with the CMDS business holding a strong position in the United States and Guerbet likewise in Europe. The operation will enable Guerbet to accelerate Dotarem commercial success in the United States and envisage a much quicker launch of the Group's new products around the world. Guerbet will also reinforce its presence in high growth potential markets including China, Russia and Turkey.

Lastly, the growth of sales is expected to increase production volumes and reduce costs through a better absorption of fixed expenses.

### **A unique opportunity for Guerbet**

Guerbet's acquisition of Mallinckrodt's CMDS business represents a unique opportunity for the Company for several reasons:

- It fits with the strategy of reinforcing the Guerbet X-ray business and developing its Imaging Solutions and Services business,
- It enables the Group to accelerate its geographic expansion, in particular on two of its target markets (United States and Asia),
- It offers significant commercial and industrial complementarities while allowing for certain operating costs to be rationalized.

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The acquisition also comes at a time of historic strength for Guerbet. With a robust financial position and rapid reduction of debt over the last three years, the Group is well positioned to integrate an operation of this scale.

Mark Trudeau, Mallinckrodt's President and CEO, comments: *"Our CMDS operation is a solid cash-generating business and given Guerbet's long industry experience we believe they are the best strategic owner for this asset. We believe they are ideally situated to maximize the value of this business and the enlarged global reach and scale of the combined business will enable Guerbet to substantially increase its ability to meet the needs of patients around the world"*.

Yves L'Epine, Guerbet's CEO comments: *"This acquisition transforms and accelerates Guerbet's future: it doubles our turnover, enables us to extend our geographical footprint and creates complementarities in both contrast media and imaging solutions and services. We will be very pleased to welcome Mallinckrodt's CMDS colleagues to successfully and rapidly complete this integration together after the closing and create a new global leader in medical imaging"*.

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### Upcoming events:

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Publication of Q2 2015 revenue:  
28 July 2015 after trading

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### About Guerbet

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Guerbet is a pioneer in the contrast agent field, with almost 90 years' experience, and is the only pharmaceutical group dedicated to medical imaging worldwide. It offers a comprehensive range of X-Ray, Magnetic Resonance Imaging (MRI) and Interventional Radiology and Theranostics (IRT) products, along with a range of injectors and related medical devices to improve the diagnosis and treatment of patients. To discover new products and ensure future growth, Guerbet devotes significant resources to R&D, spending around 9% of its sales each year. Guerbet (GBT) is listed on NYSE Euronext Paris (Segment B – Mid Caps) and generated revenue of €409 million in 2014. It had a total workforce of 1,461 employees at 31 December 2014.

For further information about **Guerbet**, please go to [www.guerbet.com](http://www.guerbet.com)

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### About Mallinckrodt

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Mallinckrodt is a global specialty biopharmaceutical and medical imaging business that develops, manufactures, markets and distributes specialty pharmaceutical products and medical imaging agents. Areas of focus include therapeutic drugs for autoimmune and rare disease specialty areas like neurology, rheumatology, nephrology and pulmonology; neonatal critical care respiratory therapies; and analgesics and central nervous system drugs for prescribing by office- and hospital-based physicians. The company's core strengths include the acquisition and management of highly regulated raw materials; deep regulatory expertise; and specialized chemistry, formulation and manufacturing capabilities. The company's Specialty Brands segment includes branded medicines; its Specialty Generics segment includes specialty generic drugs, active pharmaceutical ingredients and external manufacturing; and the Global Medical Imaging segment includes contrast media and nuclear imaging agents.

To learn more about **Mallinckrodt**, visit [www.mallinckrodt.com](http://www.mallinckrodt.com)

# Press release

## Forward-looking statements

This press release may contain forward-looking statements based on current assumptions and forecasts made by Guerbet Group management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performances of the company and the estimates given here. These factors include those discussed in Guerbet's public reports which are available on the Guerbet website at [www.guerbet.com](http://www.guerbet.com). The company assumes no liability whatsoever to update these forward-looking-statements or to conform them to future events or developments.

## Contacts

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### **Guerbet**

**Jean-François Le Martret**  
CFO  
+33 (0)1 45 91 50 00

**Anne-Laure Delasalle**  
Communications Director  
+33 (0)1 45 91 50 03  
[anne-laure.delasalle@guerbet-group.com](mailto:anne-laure.delasalle@guerbet-group.com)

### **Actifin**

**Christophe de Lylle/Benjamin Lehari**  
+33 (0)1 56 88 11 11  
[cdelylle@actifin.fr](mailto:cdelylle@actifin.fr) / [blehari@actifin.fr](mailto:blehari@actifin.fr)

Press

**Jennifer Jullia**  
+33 (0)1 56 88 11 19  
[jjullia@actifin.fr](mailto:jjullia@actifin.fr)

### **US Media Contact**

**Ted Deutsch**  
+1 (609) 578-8765  
[ted@taftandpartners.com](mailto:ted@taftandpartners.com)