



EUTICALS Spa acquired 100% of Polichimica Spa

Euticals Spa yesterday acquired 100% of Polichimica Spa, a society who acts in the same industry - above which the production of immunosuppressant molecules and muscle relaxant drugs. The pharmaceutical group, whose Head Office is located in Lodi, is specialized in the active pharmaceutical ingredients production for generic drugs which covers over 7 categories - from the anticancer therapeutical class to the central nervous system one.

Euticals Spa, previously constituted by 4 plants located in Lombardia, ended 2009 with a turn over of more than 55 million Euro and EBITDA higher than 11 million. In the same year Polichimica Spa, who owns only one plant in Rozzano nearby Milan, had a turnover of over 30 million Euro and a gross margin of over 7 million. The two societies have appraised a multiple of 7 times the EBITDA.

As a result it has been created a company which has an enterprise value of 130 million, (the enterprise value of Polichimica Spa is 50 million) and employs about 320 people, 5 plants and points to 100 million turn over. The activity range of Lodi group is focused 70 percent on the API's production and 30 percent on the activity for third parties (25 percent on the molecules production under patent license, 5 percent on the production in the R&D phase on commission).

"This is one of the first aggregations in the chemical-pharmaceutical industry which is usually fragmented and rich of small and medium realities - announces Maurizio Silvestri, President and CEO of Euticals Spa. Our purpose is to increase the production, the business volume and the penetration in new markets. We are also willing to become a public company in the next two years."

Rosotto & Partners Law Office has assisted Euticals Spa during the acquisition. It occurred by a leverage operation through the agency of Banca Intesa, Banca Popolare di Milano, GE Interbanca and Credito Valtellinese. The selling party has been assisted by Mit.fin under the financial aspects and by Gianni Origoni Grippo & Partners Law Office.

The majority shareholder of Euticals Spa which now controls Polichimica Spa is 63 percent Mandarin Capital Partners - the Chinese-Italian private equity fund - which acquired the company in 2008. Poli family, ex owner of Polichimica Spa, has decided to re-invest part of the profits participating with 25 percent. The ex owner of Euticals -Carinelli family will owe 8%. Maurizio Silvestri and the Management Team will hold 4% shares. The transfer of property of 100% shares of Polichimica Spa has been signed yesterday. In 6 months the merger will occur. Are you going to reorganize the company structure? "We won't make significant personnel cuts - assures Silvestri. We will rather centralize all the activities and take advantage of the synergies in the commercial and organisational teams."

Our goal is to look at Far East with new acquisitions, primarily in China. This is a foreseeable decision assuming the presence of Mandarin fund. We also want to expand our presence in India, Japan and South America. The number of individuals who can access to drugs does grow in countries like India and China, where GDP increases significantly.

"We have calculated that every year we might have 30 million new potential users" says Silvestri.

Despite the economic crisis you are expanding, aren't you? "Chemical industry is anti cyclical so that it doesn't suffer so much. Furthermore, Italy has a great tradition in the API production and exports around 3 billion Euro equal to 10% of world production."

Euticals Spa could continue and acquire in the Bel Paese? "Yes, we point towards the valorisation of our experience also by the acquisition of other Italian chemical-pharmaceutical companies."