

# **Acquisition of Generic Drug Business from Esteve Group (Spain)**

December 23, 2019

# Agenda

1 Outline and Strategic Significance of the Acquisition

2 Overview of Generic Drug Business of Esteve Group

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# Outline of the Acquisition

## Target company

Pensa Investments, S.L. (“Pensa”), which consolidates generic drug business of Esteve Group

## Acquisition price

320 million euro (38.9 billion yen)  
(1€=¥121.63\*) \*as of December 20, 2019

## Financing

Borrowing from financial institutions and cash on hand

## Scheduled acquisition completion date

The end of January 2020

## Other remarks

The impact of this transaction on our consolidated business performance for the fiscal year ending March 31, 2020 is currently being carefully evaluated. In case that any matters necessary to be disclosed is found in the future, it will be promptly notified and disclosed.

# Basic Policies of the Mid-term Business Plan 2018-2020

## PROACTIVE

Current

### Basic Policy (3)

Entry to new market and creation of new business

### Basic Policy (1)

**Steady growth of  
domestic GE business**

Continuation  
of stable  
supply

### Basic Policy (2)

Further improvement of product quality for  
sustainable growth

# Outline of Measures for New Markets in the Mid-term Business Plan



# Pensa Investments, S.L. as Generic Drug Business of Esteve Group

Pensa Investments, S.L. (“Pensa”), which consolidates generic drug business of Esteve Group

**ESTEVE**

Corporación Químico Farmacéutica Esteve, S.A.

**ESTEVE**  
química

API manufacture

**ESTEVE**

Esteve Pharmaceuticals, S.A.

New drug development

**pensa**

Pensa Investments, S.L.

Generic drug business

Pensa Pharma, S.A.

Breckenridge  
Pharmaceutical, Inc.

Dose Innova, S.L.

Esteve Group is one of leading pharmaceutical companies in Spain, and has “new drug development and OTC”, “API manufacture” and “generic drug manufacture” as main businesses.

# Purpose of the Acquisition

1

## **Generic drug sales network in Europe and the United States**

- Business sites in five European countries, and a sales subsidiary in the United States
- Over 300 products to more than 20 countries

2

## **Strength for approval processes and business practices in Europe and the United States**

- Complex business customs, sales/distribution channels
- Know-how on EMA, FDA and other authority's approval process in each country

3

## **Manufacturing site and facilities (Martorelles Plant)**

- Manufacturing site complying with standards in Europe and the United States, and experience of export
- Possibility of manufacturing Towa's value-added products abroad in the future

**Role of “bridgehead” for business development in overseas markets**



# Strategic Significance

To realize simultaneous entry into generic drug markets in Europe and the United States through Pensa



**TOWA**  
PHARMACEUTICAL

High quality and value-added generic drugs  
(over 700 products)

Value-added formulation development  
technologies

Stable supply system including API  
procurement



Sales in Europe and the United States  
(over 300 products)

Strength for approval processes and business  
practices in Europe and the United States

Manufacturing site and facilities complying with  
standards of EMA and FDA (Martorelles Plant)

**Enhancement of measures for  
Towa's expansion to overseas market**

**Establishment of global business platform capable of  
providing high quality and value-added generic drugs to  
patients around the world**

# Agenda

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Outline and Strategic Significance of the Acquisition

2

**Overview of Generic Drug Business of Esteve Group**

# Overview of Pensa Investments, S.L.



**Business results, financial status and estimate of FY2019 (IFRS, million Euro)\*1**

	2016	2017	2018	2019E
Net assets	219	202	241	258
Total assets	323	320	293	295
Sales	316	289	269	281
Operating profit	18	8	2	17
EBITDA*2	33	22	16	30
Profit	6	0	17	8

\*1 Pensa Investments, S.L. established on December 20, 2019 and has no results. Subsidiaries operating generic drug business of Esteve Group will be invested in kind to Pensa Investments, S.L. until closing of this transaction. Therefore, total of financial values and figures, which are unaudited on a consolidated basis, are described for Pensa Investments, S.L.

\*2 EBITDA is calculated as figures of operating profit adding depreciation, etc.

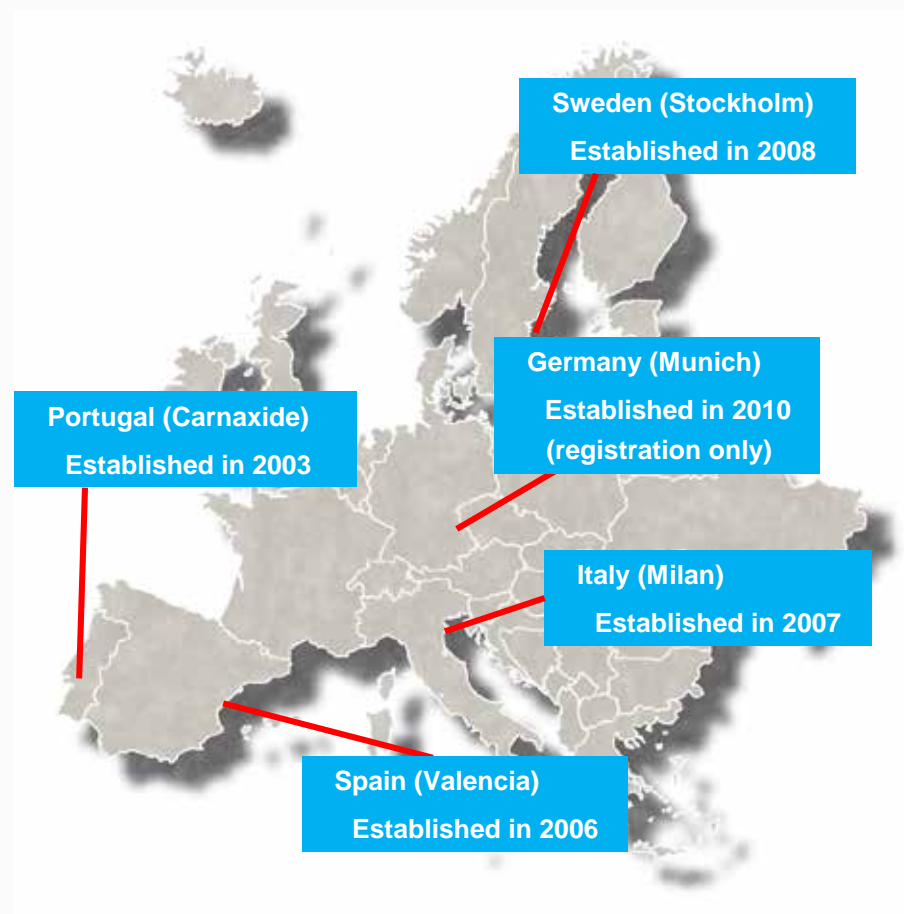
# Generic Drug Business in Europe

## Overview of Pensa Pharma, S.A.



### Business locations in Europe

<b>Headquarters</b>	Valencia, Spain
<b>Established</b>	2006
<b>Business</b>	Generic drug business mainly in Europe
<b>Employee</b>	Approximately 180 Headquarters and sales subsidiaries
<b>Business location</b>	5 sites in Europe



# Generic Drug Business in the United States

## Overview of Breckenridge Pharmaceutical, Inc.



**Headquarters**

Connecticut, the United States

**Established**

1983

**Business**

Generic drug business  
in the United States

**Employee**

Approximately 40

**Business  
location**

1 site in the United States



# R&D, Manufacture and Contract Manufacturing Business

## Dose Innova, S.L.



**Headquarters**

Catalonia, Spain

**Established**

2019\*

**Business**

Pharmaceutical contract manufacturing business, plant, R&D site

**Employee**

Approximately 600  
(R&D and contract manufacturing)

**Building area**

Approximately 35,000 m<sup>2</sup>

**Dosage forms**

Pellet, capsule, tablet, liquid, ointment, etc.

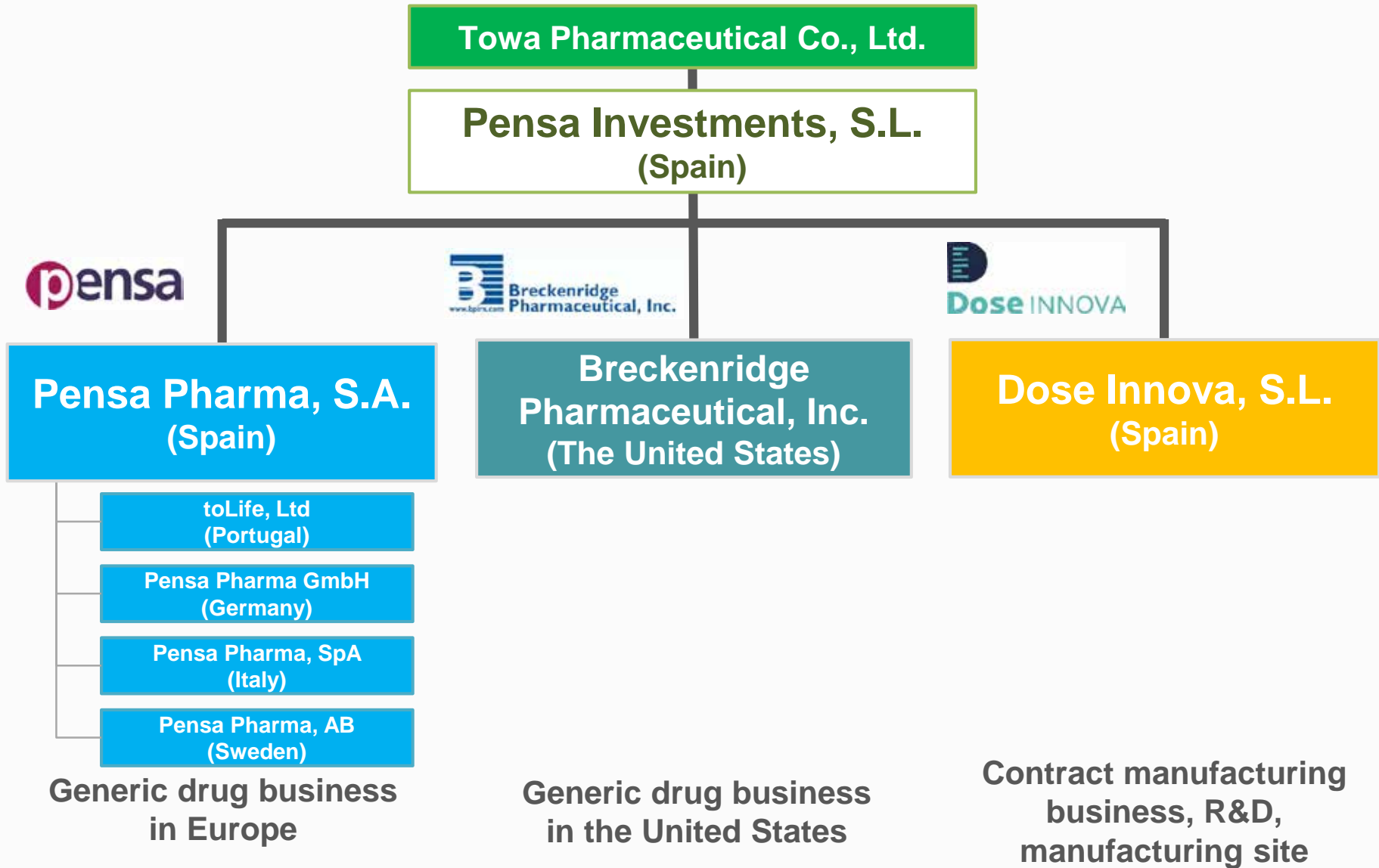


Martorelles Plant – Barcelona, Catalonia, Spain



\*A portion of plant and R&D site of Esteve Group were carved out as business unit and consolidated to Dose Innova, S.L.

# Consolidated Structure



# Towa Group Philosophy

**We contribute to people's health.**

**We are dedicated to people's genuine smile.**

Towa group contribute to people's health through creation of excellent products and services.

We aim to become a corporation heartily appreciated and desired by patients, medical professionals, local community, and other people through our corporate activities.



## Disclaimer

**This presentation contains forward-looking statements related to management's expectations about future business conditions. Actual business conditions may differ significantly from management's expectation and accordingly affect the Company's sales and profitability. Actual results may differ because of factors over which the Company has no control, including unexpected changes in competitive and economic conditions, government regulations, technology and other factors.**

## Contact information

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