

# Concordia Healthcare Announces Agreement to Acquire Donnatal®

Mar 20, 2014, 07:30 ET from Concordia Healthcare Corp.

TORONTO, March 20, 2014 /PRNewswire/ - **Concordia Healthcare Corp. (Concordia or the Company)** (TSX: CXR) (OTCQX: CHEHF), announced today that it has entered into a definitive agreement to acquire Donnatal®, an adjunctive therapy in the treatment of irritable bowel syndrome ("IBS") and acute enterocolitis, from a privately held specialty pharmaceutical company carrying on business as Revive Pharmaceuticals ("Revive Pharmaceuticals").

"The acquisition of Donnatal® represents an important advancement in the execution of Concordia's legacy product strategy, providing substantial and sustainable revenue going forward," said Mark Thompson, CEO of Concordia. "In addition, we believe that Donnatal will have a significant and positive impact on Concordia's net earnings and EBITDA."

Donnatal® comes in two formulations: immediate release Donnatal® Tablets, and immediate release Donnatal® Elixir, a fast acting liquid. For over forty years, Donnatal® has delivered gentle, symptomatic relief from the symptoms of IBS. In addition to the drug, Concordia is acquiring the sales and marketing infrastructure related to the product.

The International Foundation for Functional Gastrointestinal Disorders reports that irritable bowel syndrome affects between 25 and 45 million people in the United States (10 to 15 percent of the population) with a greater incidence in women. According to the National Institutes of Health, as many as 30 percent of Americans suffer from IBS at some time in their lives. It is not associated with hospitalization and surgery, but it can severely compromise a person's quality of life.

IBS is second only to the common cold as a cause of absenteeism from work. IBS is one of the top 10 reasons for physician visits and the second most frequently encountered diagnosis in clinical practice, accounting for more physician visits than any symptoms other than those for respiratory tract infections.

The Company has agreed to acquire Donnatal® for US\$200 million in cash and an aggregate of 4,605,833 common shares of Concordia. The common shares issuable have an aggregate value of approximately US\$65.3 million based on the closing trading price of the Company's common shares on the Toronto Stock Exchange on March 18, 2014, and represent approximately 16.19% of the Company's outstanding common shares on a non-diluted basis (approximately 14.99% on a fully-diluted basis) after giving effect to the acquisition. Revive Pharmaceuticals will also be entitled to have a representative nominated to the board of directors of the Company provided that it maintains a certain shareholding level in the Company. Completion of the acquisition is subject to customary closing conditions (including approval of the TSX), and acceptable financing. Management anticipates that the deal will close in the second quarter of 2014. Management plans to pay for the cash component of the acquisition through a combination of available cash and debt financing. Accordingly, the Company has entered into a commitment letter with GE Capital, Healthcare Financial Services and its affiliated entities ("GE"). Pursuant to the commitment letter, GE has agreed to provide a secured credit facility having a principal amount of up to US\$195 million, consisting of a \$170 million term loan and a \$25 million operating line (the "Credit Facility"). The Credit Facility will be secured by the assets of the Company and the assets of its subsidiaries. The Credit Facility is subject to a number of customary conditions, including entering into definitive documentation.

"Donnatal® is a medication that I have been prescribing for decades. It remains an effective treatment and provides value for the management of symptoms of irritable bowel syndrome," said Dr. David A. Peura, MD, Emeritus Professor of Medicine at University of Virginia, former President and Chairman of the Board of Governors of the American Gastroenterological Association ("AGA") and recipient of the 2011 Julius Friedenwald Medal, the highest honor awarded by the AGA.

During 2013, Donnatal® generated revenues of approximately US\$49.8 million.

Torrey Partners and GMP Securities are acting as financial advisors to Concordia. Lazard Middle Market is acting as Revive Pharmaceutical's financial advisor.

## About Revive Pharmaceuticals

Charlottesville, Virginia-based Revive Pharmaceuticals is a privately held specialty pharma company that specializes in selling, distributing, marketing and manufacturing Rx products that help improve patients' health and quality of life.

## About Concordia

Concordia is a diverse healthcare company focused on legacy pharmaceutical products, orphan drugs, and medical devices for the diabetic population. The company's legacy pharmaceutical business consists of an ADHD-treatment drug, Kapvay® (clonidine extended release tablets), Ulesfia® (benzyl alcohol) Lotion a Head Lice Treatment, and an Asthma-related medication, Orapred ODT® (prednisolone sodium phosphate orally disintegrating tablets). Concordia's Specialty Healthcare Distribution (SHD) division (Complete Medical Homecare) distributes medical supplies targeting diabetes and related conditions. Concordia's orphan division, Pinnacle, markets Photofrin® in the United States.

Concordia operates out of facilities in Oakville, Ontario, Lenexa, Kansas (near Kansas City, Missouri), Bannockburn, (near Chicago), Illinois and Bridgetown, Barbados.

*Notice regarding forward-looking statements:*

*This release includes forward-looking statements regarding Concordia and its business, which may include, but is not limited to, statements with respect to the acquisition, the impact of the acquisition on Concordia's financial performance, Concordia's growth and other factors. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of Concordia's management, and are based on assumptions and subject to risks and uncertainties. Although Concordia's management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this release may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting Concordia, including risks regarding the pharmaceutical industry, the failure to obtain regulatory approvals, economic factors, market conditions, the equity markets generally, risks associated with growth and competition, risks associated with the acquisition and many other factors beyond the control of Concordia. Although Concordia has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Concordia undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

SOURCE Concordia Healthcare Corp.