

**20 December 2012**

**Consort Medical plc (“Consort” or the “Company”)**

**Proposed disposal of King Systems Corporation (“King”) to Ambu A/S (“Ambu”)**

**Overview**

Consort, a leading designer and manufacturer of medical devices, today announces the proposed disposal of King to Ambu for a maximum consideration of US\$170 million (£105 million) (the “Disposal”), consisting of an initial payment of US\$120 million and further contingent payments of up to US\$50 million, receivable over the next three years.

Consort and Ambu have signed a sale and purchase agreement under which Ambu will acquire the entire issued capital stock of King. The Disposal will be subject to Consort shareholder approval and other customary conditions precedent. A circular will be despatched to Consort shareholders as soon as practicable.

**Background to and reasons for the Disposal**

Consort has two business divisions: Bepak, a global market leader in the manufacture of medical devices for pharmaceutical partner companies, and King, which manufactures and markets airway management products.

Consort’s strategy is to focus increasingly on pharmaceutical services and drug delivery opportunities that complement Bepak’s core competencies and capabilities. The contract with Nicoventures, for an innovative nicotine inhalation product, and the investment in the Point-of-Care diagnostics market through Atlas Genetics, are both recent examples of such strategic growth opportunities.

Consort has made significant progress in recent years to position King for growth; through a reduction in its cost base, transformation of its core manufacturing processes and the development and launch of new products. However, the board of directors of Consort (the “Board”) recognises that there has been recent consolidation in the global anaesthesia sector, and that this is likely to continue.

Following interest in King from a number of parties, Consort initiated a process which has resulted in the announcement today. The Board believes that Ambu is well placed over the medium to long term to maximise the potential value of the King business, as part of Ambu’s broader anaesthesia and cardiology offering.

## **Information on King**

Founded in 1977, King is a leading US supplier of disposable airway management products, based in Indianapolis, Indiana. The business has a wide range of disposable face masks, breathing circuits and laryngeal tubes used to maintain the patient's airway in critical care settings, such as during general anaesthesia or in intensive care units. King receives approximately 87% of its revenue from the US market, where it sells through a sales force of approximately 40 persons calling on anaesthetists, hospitals and hospital purchasing networks. It also has distributors in Canada, Mexico, South America, Europe and the Asia Pacific region. King has entered the final year of a transformation programme to increase margins through the automation and improvement of its core manufacturing processes. In October 2010, King launched the King Vision Video Laryngoscope and, in June 2011, shipped the first commercial King Vision product.

As at 31 October 2012, the business had gross assets of £85.9 million and, for the year ended 30 April 2012, generated a loss before tax and after special items of £0.8 million.

## **Principal terms of the Disposal**

Ambu will acquire the entire issued capital stock of King from Consort in return for an initial payment in cash of US\$120 million, subject to certain adjustments for working capital and net indebtedness at completion.

In addition, Ambu will pay Consort further contingent payments of up to US\$50 million, related to the success in the development and sales progression of the King Vision products. The contingent payments comprise a payment of US\$10 million upon the first commercial sale of the King Vision low-cost blade, expected in H1 2013. The remaining contingent payments of up to US\$40m are based on an earn-out mechanism, US\$20 million of which is dependent upon the King Vision products achieving sales in line with the current business plan, over a three year period.

The Disposal, which is expected to be completed in the first quarter of calendar 2013, is conditional upon the approval of Consort shareholders and other customary conditions precedent.

## **Use of proceeds and financial effects of the Disposal on Consort**

Following completion of the Disposal, Consort plans to retain the disposal proceeds to strengthen its balance sheet, which will result in a net cash position. In the near term, this net cash position will be used to finance current capital expenditure commitments, including those connected to the Nicoventures contract announced on 3 December 2012. To maintain flexibility, Consort will retain its existing bank debt facilities.

Following the Disposal, Consort will be a focused pharmaceutical services business and will consider organic and inorganic investments to expand into growth opportunities that complement Bepak and continue to move Consort's activities up the value chain. These opportunities will be complementary to Consort's strategy of leveraging Bepak's world class competencies of design for manufacture and high volume manufacturing in regulated markets. All opportunities considered will be subject to Consort's strict financial appraisal criteria.

Commenting on the transaction, Jonathan Glenn, Chief Executive of Consort, said:

"We are delighted to have agreed terms of the Disposal with Ambu at a price which fully reflects the quality of the King business and its prospects, whilst enabling Consort to participate in the returns arising from the roll-out of the King Vision products.

With our strengthened balance sheet, we will be able to consider investments to re-allocate our capital into growth opportunities that complement Bepak, but only within strict financial criteria."

### **General Meeting**

The Disposal is conditional upon Consort shareholder approval and other customary conditions precedent. A circular will be despatched to Consort shareholders as soon as practicable, including details of the Disposal and notice of a General Meeting of the Company, at which a resolution seeking Consort shareholder approval for the Disposal will be proposed.

### **Financial Advice**

Evercore Partners is acting as sponsor and financial adviser to Consort in relation to the Disposal.

### **Conference Call**

There will be an analyst conference call starting today at 8.30am – please contact Brunswick Group, on +44 20 7404 5959, for the dial-in details.

A short slide presentation summarising the Disposal will be made available at [www.consortmedical.com](http://www.consortmedical.com) from 8.00am today.

Neither the content of the website referred to in this announcement nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

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**Consort Medical plc** is an international medical devices company, focused on developing and manufacturing disposable medical devices for drug delivery and anaesthesia. The Company is comprised of two businesses:

Bespak is a global market leader in the manufacture of drug delivery devices for pharmaceutical partner companies, including products across the respiratory, injectables and Point-of-Care diagnostics markets.

King Systems manufactures and markets airway management products, used primarily by anaesthetists and emergency room practitioners.

The Company has facilities in King's Lynn, Cambridge, Nelson and Hemel Hempstead in the UK, and Indianapolis, Indiana and Kent, Ohio in the US.

Consort Medical is a public company quoted on the full list of the London Stock Exchange (LSE: CSRT). The Company's website address is [www.consortmedical.com](http://www.consortmedical.com).

**Evercore Partners**, the marketing name for Evercore Partners International LLP, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Disposal, and will not be responsible to anyone

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Certain statements in this announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this announcement or to correct any inaccuracies which may become apparent in such forward-looking statements.

No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per Consort ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings per Consort ordinary share. Prices and values of, and income from, shares may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.

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