

12 January 2017

## Comvita to realise NZ\$30m from US transactions

Natural health products company Comvita (NZX:CVT), will realise a minimum of NZ\$30m as a result of two transactions concluded in the US.

### Medihoney

Comvita announced today that it has sold its Medihoney<sup>®</sup> brand and related intellectual property and goodwill to its long term US partner Derma Sciences, Inc (Nasdaq: DSCI) in a comprehensive transaction. Gross proceeds amount to US\$13.25m (approx. NZ\$19m) with a further US\$5m payable in the form of an earnout upon future annual sales milestones being achieved. The transaction also enables Comvita to strengthen its position as a long term Medical Honey supplier to Derma Sciences, as well as utilise Derma Sciences Medical Device manufacturing and product development capability to more rapidly grow Medihoney<sup>®</sup> consumer product sales by Comvita.

Derma Sciences currently holds the exclusive global licence for the Comvita owned Medihoney<sup>®</sup> brand and patents for the medical and professional segments. Derma Sciences currently pay royalties to Comvita for use of the brand and trademarks and as a result of this transaction these royalties will cease. In the 2016 calendar year, these revenues amounted to \$2.1m for Comvita.

Under the terms of the Agreement, Comvita will retain the exclusive use of the Medihoney<sup>®</sup> brand to develop its over-the-counter (OTC) business. OTC includes any retail outlet or website where an end customer can purchase products without the need for a prescription or an order from a clinician or physician.

Comvita CEO Scott Coulter, says “We have an exciting range of OTC woundcare and Therapeutic Skincare products, in particular supporting customers who are prone to Eczema, where we can leverage Derma Sciences’ success in the use of the Medihoney<sup>®</sup> brand in the professional medical market. As part of this transaction we are pleased to announce the launch of our first Medihoney<sup>®</sup> “adhesive bandage” range which will be available in 2017.”

“Derma Sciences will hold all the regulatory approvals to make to CE (European) and FDA (US) Medical device quality standards, and having a partner who can manufacture to these standards is invaluable, as we plan to take the OTC Medihoney<sup>®</sup> business to the next level globally.”

Derma Sciences CEO and Chairman Stephen T. Wills, said “Under Derma’s leadership, the Medihoney<sup>®</sup> brand has grown to be the largest line of medical grade honey products for advanced wound care use in the world, totaling global sales of approximately \$20.0 million in 2016. What is important to Derma Sciences and to the healthcare professionals and patients who benefit from these important products, is security of supply. Under the terms of the deal, we have a new 10-year medical honey supply agreement with Comvita, which gives Derma Sciences surety with respect to its needs. Comvita has supplied us for more than a decade, and having the backing of Comvita, its supply chain, and related partnerships gives us the confidence to continue to invest in the growth of our Medihoney<sup>®</sup> business.”

Settlement of this transaction will be paid in January. The proceeds will initially be applied to debt reduction and then for funding strategic initiatives and potential acquisitions currently under consideration by Comvita.

## Acquisition of Derma Sciences by Integra

On 10 January Derma Sciences announced that they are to be acquired by Integra LifeSciences (Nasdaq: IART) for US\$7.00 per share. Comvita owns 1,098,213 shares in Derma Sciences with a book value at 30 June 2016 of NZ\$6.09m. The acquisition price of US\$7.00 per share values the Comvita stake at approximately \$11m and a non-operating after tax profit of approximately NZ\$4.95m. The acquisition of Derma Sciences by Integra is expected to be completed by 31 March 2017.

The Medihoney® transaction will be unaffected by the Derma Sciences acquisition by Integra. Indeed, a significantly expanded revenue opportunity for Comvita should result as a result of the new ownership of Medihoney®.

Ends.

### For further information:

Comvita CEO, Scott Coulter, 021 386 988

Comvita Chairman, Neil Craig, 021 731 509

Comvita Communications Manager, Julie Chadwick, 021 510 693

## Background information

### *About Comvita* ([www.comvita.com](http://www.comvita.com))

Comvita (NZX:CVT) is a global natural health company committed to the development of innovative products, backed by ongoing investment in scientific research.