$6m Private Placement to Accelerate Commercialisation of Generic Drug Portfolio

… $6m private placement to institutional and sophisticated investors
…Further $2m to be raised in fully underwritten Share Purchase Plan
…Funds to enhance Boronia manufacturing capability to meet demand for generic drugs
…Company to explore outsourced manufacturing of specific portfolio drugs

19 November 2015, Melbourne: Australian pharmaceutical manufacturing and drug development company IDT Australia Limited (ASX: IDT) has raised $6 million in a private placement to institutional and sophisticated investors priced at $0.35 per share. A further $2 million will be raised in a Share Purchase Plan, with equivalent pricing to the placement, to existing shareholders. The placement was three times oversubscribed.

Capital raised will be used to enhance and expand world class drug manufacturing operations at the Company's Boronia, Melbourne headquarters, to meet expected near term global demand for its generic pharmaceutical products.

This follows IDT's USD18 million acquisition of an extensive generic drug product portfolio in 2014, including products to treat Parkinson's disease, depression, infections, hypertension and cancer. The addressable US market for IDT's generic portfolio is approximately USD800 million (IMS data).

At the time of the acquisition, IDT conservatively estimated US market penetration rates at less than 10% but has since appointed key distribution partners for a majority of its product range and upgraded projected revenues.

Mayne Pharma (ASX:MYX) will distribute IDT's generic version of the oral chemotherapy drug temozolomide in the US market, with commercial launch expected late CY2016/early 2017. This drug currently reports US annual sales of USD220 million.

A second high calibre distribution partner, ANI Pharmaceuticals (NASDAQ: ANIP) has been appointed to distribute 18 other products in IDT's US generic portfolio. These products are expected to start re-entering the US market through the second half of CY2016.

IDT Managing Director Dr Paul MacLeman said the company had now upgraded its US market share expectations, based on these partners' performances with their existing portfolios.

"ANI Pharma has stated that it is achieving 20-30% market penetration and Mayne is achieving significantly more than 10% for its US products," he said.

"As a result, IDT product volumes and revenues (post product launches) are likely to be higher than initially planned for."

"Upgrading our manufacturing capability will ensure we are positioned to meet market requirements in the short to medium term."

Dr MacLeman said IDT was further evaluating the possibility of engaging third parties in North America to manufacture selected products within its drug portfolio.

"More specifically, we will consider outsourcing the manufacture of those products that are not synergistic with the Boronia manufacturing facility and where the cost of goods will not be adversely impacted," he said.

"IDT's specialist manufacturing facilities are designed for high potency and high containment products. Some products within our portfolio do not align with this capability."

"Production of these drugs could be better accommodated elsewhere and we are considering this option as part of our ongoing commercial strategy."

Dr MacLeman said more products were likely to reach market earlier, "as there will be two plants working on validation processes across multiple products".

The SPP will open on Monday 23 November 2015 and is expected to close on Wednesday 15 December 2015 and will be fully underwritten by Wilson HTM Corporate Finance Ltd.

IDT's base service businesses – drug development, manufacture and clinical trials – continue to demonstrate robust growth, with sales pipelines increasing approximately 700% since 2013.

Dr MacLeman added: "As a result of this continued growth in the traditional business, together with new revenues from IDT's own drug portfolio, the Company expects strong future growth. This fund raising will support and where possible, bring forward those revenues."

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About IDT

IDT Australia Ltd recently acquired a portfolio of 23 generic drugs to manufacture and sell via US distribution partners. With IDT's 2013 Temozolomide ANDA filing this signifies IDT's move to rapidly become a specialty generics business with near term revenue build up.

IDT (ASX:IDT) is a public Australian pharmaceutical manufacturing company based in Boronia, Victoria, Australia. It has extensive experience in the development and production of high potency and high containment pharmaceutical products for local and international clients. IDT's facilities are fully cGMP compliant and are regularly audited by the US FDA and Australian TGA. With an experienced team of specialists within world-class facilities, IDT provides a full-scale service for new drug development and scale-up, commercial active drug manufacture as well as a variety of oral and injectable finished drug dose forms.

Through CMAX, its clinical research services business based at the Royal Adelaide Hospital in South Australia, IDT also provides full Phase I clinical trials management and delivery, recruitment in specific disease states for Phase II and Phase III trials as well as offering trial packaging, distribution and pharmacy services from the cGMP Boronia facilities.