

PRESS RELEASE

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Subject 2015 sales of the Galenica Group

Galenica in 2015: strong sales growth and confirmation of the 20th consecutive increase in profit

The Galenica Group grew strongly in 2015, increasing consolidated net sales by 11.0% to CHF 3,791.6 million. This growth is broadly based, with contributions from all areas. Group management has confirmed the forecast communicated in the half-year report 2015 that it will increase profit, both before and after deduction of minority interests, for the 20th consecutive year.

Preparatory work for the transformation of Vifor Pharma and Galenica Santé into two independent companies is proceeding as planned, with the goal of dividing the Galenica Group in the fourth quarter of 2016.

Vifor Pharma: Ferinject[®]/Injectafer[®] shows strong growth in all regions

In 2015, Vifor Pharma increased net sales by 36.9% from the previous year to CHF 967.0 million. In addition to very good organic growth, in particular by Ferinject[®] of over 33%, the distribution agreement concluded with Roche for Mircera[®] in the spring has already made a significant contribution with sales of CHF 206.8 million.

Spurred by expansion in the USA, the leading iron product Ferinject[®]/Injectafer[®] increased sales by 33.2% to CHF 250.9 million. These sales comprise sales by Vifor Pharma sales affiliates as well as sales by partners. As a result, the outstanding growth trend from the first half of 2015 was improved further still. According to IMS data, global market sales of Ferinject[®]/Injectafer[®] (December 2014 to November 2015) totalled approximately CHF 350 million, an increase of 46%. The number of units sold (100 mg) grew worldwide by 49%.

Galenica Santé: new offers, new customers

Galenica Santé recorded sales of CHF 2,891.3 million in 2015, an increase of 3.9%. This is a pleasing result in view of the market environment, with cosmetic products and non-prescription medicines in particular under heavy pressure from the euro exchange rate and consumer tourism.

The newly established Galenica Santé launched new offerings and acquired new customers across all Business sectors. Business was also positively impacted by the widespread flu epidemic in the first half of 2015, as well as the significant increase in high-priced medicines over the course of the year.

The investment of CHF 25 million in the Niederbipp distribution centre allows Galenica Santé capacity for further growth.

Galenica Group consolidated net sales in 2015

| (in million CHF) | 2015 | 2014 | in % |
|--|----------------|----------------|---------------|
| Vifor Pharma | 967.0 | 706.2 | +36.9% |
| Galenica Santé | 2,891.3 | 2,781.9 | +3.9% |
| Health & Beauty | 1,396.7 | 1,297.1 | +7.7% |
| - Products & Brands | 113.0 | 67.1 | +68.3% |
| - Retail | 1,307.6 | 1,251.2 | +4.5% |
| Services | 2,224.6 | 2,151.6 | +3.4% |
| Galenica Santé intersegment net sales | (730.0) | (666.8) | |
| Intersegment net sales with other Business units | (66.7) | (71.8) | |
| GALENICA GROUP | 3,791.6 | 3,416.3 | +11.0% |

VIFOR PHARMA

Vifor Pharma not only expanded in the iron replacement product segment, but also took advantage of external growth opportunities. In the first half of 2015, an exclusive license agreement was signed for the commercialisation of Roche's drug Mircera® in the USA and Puerto Rico. This was followed in the second half of 2015 by the announcement of an exclusive partnership between Vifor Fresenius Medical Care Renal Pharma and the US company Relypsa to commercialise the potassium binder Patiromer FOS in all markets outside the USA and Japan. Furthermore, Vifor Pharma sharpened its specialty pharma profile by moving the Vifor Consumer Health unit to Galenica Santé, and by selling Poters, the UK-based manufacturer and supplier of traditional herbal treatments, to Soho Flordis International.

Vifor Pharma growing both organically and as a result of Mircera®

Vifor Pharma generated total net sales of CHF 967.0 million, up 36.9% from the previous year. Adjusted for currency effects, the increase was 40.1%. Within this context, the distribution agreement with Roche for Mircera®, effective as of May 2015, contributed already with significant sales of CHF 206.8 million. On the other hand, with Vifor Consumer Health having been transferred to Galenica Santé, the respective revenues, both in Switzerland and export sales, have not been attributed to Vifor Pharma since 1 July 2015. Income from licensing fees for CellCept was CHF 88.5 million (previous year: CHF 91.8 million).

Spurred by expansion in the USA, the leading iron product **Ferinject®/Injectafer®** increased global sales by 33.2% to CHF 250.9 million. These sales comprise own sales by Vifor Pharma sales affiliates and sales by partners, with Vifor Pharma receiving a share of partner sales. The number of units sold (100 mg) grew in all regions in total by 49%. The lower growth in net sales in CHF is primarily due to negative currency effects relating to the euro. Also, prices remained under pressure due to competition and regulatory cost containment measures.

However, the IMS market data reflect the actual sales development, which continues to accelerate. Global market sales (December 2014 to November 2015) totalled approximately CHF 350 million, an increase of 46%.

In the USA, 138.4% more units were sold than in 2014 – a strong result in the second full year of launch. Injectafer® has become the market-leading high dose product in the USA. US partner Luitpold Pharmaceuticals, Inc. recorded net sales of USD 117.4 million in 2015. As a result, Vifor Pharma posted net sales of CHF 38.5 million.

The number of units sold (100 mg) grew worldwide by 49%. Increases were particularly strong in Australia (+115%), Germany (+46%), Spain (+44%), Nordics (+36%), as well as UK/Ireland (+35%). France showed good performance with numbers of units sold up 28% after a regulatory restriction that had impacted the business in the prior year. In Switzerland, the number of 100 mg units of Ferinject[®] grew by 10%.

In 2015, Vifor Pharma recorded sales of CHF 43.2 million for the phosphate binder **Velphoro[®]**. Launched in the USA in 2014 by partner Fresenius Medical Care North America, its roll-out continued in 2015. By the end of 2015, Velphoro[®] had been approved in 36 markets and launched in 15 countries.

Price pressure was felt on sales of **Venofer[®]**, which were CHF 108.9 million in 2015 (-4.0%). Venofer[®] is still the leading intravenous iron brand globally.

Sales of **other iron products** totalled CHF 63.5 million by year-end (+5.4%). Of these, the oral iron product Maltofer[®] reported sales of CHF 53.2 million (+5.4%). Sales of other prescription medicines amounted to CHF 75.3 million (+5.2%).

Following outstanding sales growth in the previous year, sales in the **Infectious Diseases/OTX** franchise fell slightly in 2015 to CHF 122.0 million (-3.7%), which was due in particular to the negative impact of the euro exchange rate as well as regulatory-based delays to deliveries in South America.

Sales in the **third-party manufacturing business** were CHF 47.7 million (+12.9%). This increase is solely due to the sales for the production of the OTC products now being listed as sales with Galenica Santé following the transfer of Vifor Consumer Health (previously eliminated by consolidation within Vifor Pharma).

Total net sales of Rx products Vifor Pharma

| (in million CHF) | 2015 | 2014 | in % |
|---|-------|-------|---------|
| Intravenous (i.v.) iron replacement products | | | |
| Ferinject [®] and Injectafer [®] | 250.9 | 188.3 | +33.2% |
| of which Injectafer [®] USA (Vifor Pharma share) | 38.5 | 15.6 | +147.7% |
| Venofer [®] | 108.9 | 113.4 | -4.0% |
| Other iron replacement products | 63.5 | 60.2 | +5.4% |
| of which Maltofer [®] | 53.2 | 50.5 | +5.4% |
| Erythropoietin (ESA/EPO) | | | |
| Mircera [®] | 206.8 | - | - |
| Phosphate binder | | | |
| Velphoro [®] | 43.2 | 14.9 | +190.6% |
| Other Rx products | 75.3 | 71.5 | +5.2% |

Revenues and license fee income

| | | | |
|----------|------|------|-------|
| CellCept | 88.5 | 91.8 | -3.6% |
|----------|------|------|-------|

GALENICA SANTÉ

Galenica Santé recorded sales of CHF 2,891.3 million in 2015, representing an increase of 3.9%. This is a pleasing result in view of the market environment, with cosmetic products and non-prescription medicines in particular under heavy pressure from the euro exchange rate and consumer tourism. Since July 2015 the newly created Vifor Consumer Health has come under the umbrella of Galenica Santé. Thanks to its strong brands, Vifor Consumer Health complements the portfolio perfectly. With the largest pharmacy network in Switzerland, Galenica Santé offers unique potential for the sale of these and other brands.

In view of the Group's vision to develop Galenica Santé into an independent listed company, its organisational structure has been adapted. Reporting by Galenica Santé is now divided into two segments: Health & Beauty, comprising the Products & Brands and Retail Business sectors, and the Services segment, which comprises the former Logistics and HealthCare Information Business sectors.

Health & Beauty segment

The Health & Beauty segment was created in the second half of 2015 as a core element of the new Galenica Santé strategy and comprises the Products & Brands and Retail Business sectors. The Products & Brands strategy is to further strengthen the current leading position in pain, coughs, colds and respiratory diseases, and better exploit areas such as cosmetics and beauty. The focus of Retail is on generating further growth and added value. This also includes increasing efficiency by implementing identical processes and procedures consistently across all formats in order to allow the pharmacy employees to have more time to advise customers. The Health & Beauty segment grew net sales by 7.7% to CHF 1,396.7 million. This growth also includes the newly added sales of Vifor Consumer Health as of 1 July 2015. On a comparable basis sales increased by 4.4%.

The new **Products & Brands Business sector** is made up of the newly created Vifor Consumer Health and G-Pharma. Including the sales of Vifor Consumer Health, which were added as of 1 July 2015, Products & Brands generated sales of CHF 113.0 million in 2015, up by 68.3%. On a comparable basis sales grew by 4.5%.

Vifor Consumer Health has clearly outperformed its market. In 2015, sales in Switzerland grew by 6.3% compared to the previous year to CHF 63.4 million. The export business declined by 13.1% to CHF 18.1 million due to destocking and currency effects.

The approach where experts train personnel in pharmacies yielded positive results. In the period under review, Vifor Consumer Health was again successful in expanding its product range by signing agreements with established consumer brand companies, including taking over pharmacy distribution of the brands OralB® and Clearblue®, the worldwide market leader in pregnancy tests.

The **Retail Business sector** was able to increase sales by 4.5% in 2015 to CHF 1,307.6 million. As in 2014, sales development reflects like-for-like growth, with the number of consolidated pharmacies remaining stable at 318 locations.

The new Amavita and Coop Vitality webshops, as well as those already existing of Sun Store, mean that their extensive ranges of health and beauty products are now available to customers around the clock. There was great demand for the range of rapid allergy tests offered in the Amavita and Coop Vitality pharmacies again in 2015, while the cardiac, vascular and polymedication checks also proved popular. A new, lean quality assurance system by Winconcept is helping independent pharmacies to trade more successfully while simultaneously reducing their administrative burden.

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Services segment

The Services segment, incorporating the former Logistics and HealthCare Information (HCI) Business sectors, experienced a clear increase in sales in 2015 compared to the previous year, growing by 3.4% to CHF 2,224.6 million, despite strong competition and stricter legal requirements. Important drivers were the launch of new offers and the acquisition of new customers, boosted by the wide-spread flu epidemic, which had a beneficial effect on business in the first half of 2015, and the significant increase in high-priced medicines for the whole year.

This pleasing increase in sales came about primarily thanks to the good performance by the pharmaceutical wholesaler Galexis, whose new services allow pharmacies and drugstores to achieve efficiency gains. One example of this is the electronic batch communication introduced in mid-2015, which eliminates the need for time-consuming manual registration. It has also expanded the Focus medical technology range in the area of gynaecology and extended the "DEAL" offering for pharmacies. The strong demand for the services of Medifilm continues to grow.

Galenica is investing around CHF 25 million in extending its distribution centre in Niederbipp, creating a new 3,300 m² warehousing space for over 9,000 additional articles. The extension is expected to be completed in spring 2016.

Finally, another pioneering eHealth offer was created in 2015 in the form of the Medication Plan, which, with the assistance of HCI Solutions, was successfully piloted in the cantons of St. Gallen, Thurgau and Zug.

Dates for the diary

The Galenica Group will present the results of the 2015 financial year to the media and financial analysts on 15 March 2016.

The Annual General Meeting will take place on 28 April 2016.

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***Galenica** is a diversified Group active throughout the healthcare market which, among other activities, develops, manufactures and markets pharmaceutical products, runs pharmacies, provides logistical and database services and sets up networks. With its two Business units Vifor Pharma and Galenica Santé, the Galenica Group enjoys a leading position in all its core business activities. A large part of the Group's income is generated by international operations. Galenica is listed on the Swiss Stock Exchange (SIX Swiss Exchange, GALN, security number 1,553,646).*

Additional information concerning the Galenica Group can be found at www.galenica.com.