

PRESS RELEASE

Date 19 January 2017
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Subject 2016 sales of the Galenica Group

Galenica 2016: Further increase in sales and confirmation of profit forecasts

The Galenica Group continued its dynamic growth in 2016, increasing consolidated net sales by 8.6% to CHF 4,118.4 million. Both Business units, Vifor Pharma and Galenica Santé, contributed to this growth.

Management confirms the profit and EBIT forecasts for financial year 2016 communicated in October 2016.

The Galenica Group confirms its intention to develop Vifor Pharma and Galenica Santé into two independent listed companies in 2017. A separate press release has been issued today on the status of the current preparatory work.

Vifor Pharma: sales in excess of CHF 1 billion

2016 was another successful year for Vifor Pharma. Net sales increased by 24.8% to CHF 1,167.0 million. This growth was achieved organically.

Sales of iron deficiency product Ferinject[®]/Injectafer[®] generated by Vifor Pharma affiliates and partners once again grew impressively all over the world, totalling CHF 349.5 million (+39.3%). The distribution agreement with Roche for Mircera[®] contributed sales of CHF 328.6 million. The combination with Relypsa, which was completed according to schedule in the second half of the year, makes Vifor Pharma a significant player in cardio-renal care in the USA.

Galenica Santé: growth through innovations and new customers

With an increase in sales of 3.2% to CHF 3,008.9 million, Galenica Santé performed well in the market in 2016. CHF 1,437.0 million (+3.1%) of this was contributed by the Health & Beauty segment, and CHF 2,328.9 million (+3.8%) by the Services segment. The growth is based on the expansion of the pharmacy network, innovative new offerings and the acquisition of new customers. For example, Galenica Santé complemented its product range with exclusive beauty and grooming products from well-known partners such as the dermo-cosmetics laboratory Pierre Fabre. In order to further increase efficiency, cooperation was more closely coordinated across all segments and areas of Galenica Santé, while the Galaxis logistics centre in Niederbipp was expanded to ensure the timely processing of even higher volumes.

Consolidated net sales Galenica Group 2016

in million CHF	2016	2015	Change in %
Vifor Pharma	1,167.0	935.4 ¹⁾	+24.8%
Galenica Santé	3,008.9	2,914.9 ²⁾	+3.2%
Health & Beauty	1,437.0	1,393.3 ³⁾	+3.1%
- Products & Brands	89.3	88.8 ⁴⁾	+0.5%
- Retail	1,348.6	1,307.6	+3.1%
Services	2,328.9	2,244.5 ⁵⁾	+3.8%
Galenica Santé intersegment net sales	(757.0)	(722.9)	
Net sales with other Business units	(57.5)	(58.7)	
GALENICA GROUP	4,118.4	3,791.6	+8.6%

Restatements:

- 1) Vifor Pharma excluding 6 months Vifor Consumer Health, which was transferred from Vifor Pharma to Galenica Santé on 1.7.2015
- 2) Galenica Santé including 12 months Vifor Consumer Health, which was transferred from Vifor Pharma to Galenica Santé on 1.7.2015
- 3) Health & Beauty including 12 months Vifor Consumer Health and transfer of G-Pharma activities to Services
- 4) Products & Brands including transfer of G-Pharma activities to Services
- 5) Services including G-Pharma activities

VIFOR PHARMA

Vifor Pharma can look back on a successful 2016 financial year. The company generated total net sales of CHF 1,167.0 million, up 24.8% compared to the previous year. This growth was achieved organically. Adjusted for currency effects, the increase was 23.0%.

Spurred by expansion in Europe and the USA, the leading iron product **Ferinject[®]/Injectafer[®]** increased sales by 39.3% to CHF 349.5 million. This included own sales by Vifor Pharma affiliates and partners, with Vifor Pharma receiving a share of partner sales. According to IMS data, global market sales of Ferinject[®]/Injectafer[®] (December 2015 to November 2016) totalled approximately CHF 520 million, an increase of nearly 50%. The number of units sold grew in all regions in total by 55%. Injectafer[®] (US name of Ferinject[®]) keeps driving the growth of the US intravenous iron market. US partner Luitpold Pharmaceuticals, Inc., recorded net sales of USD 200.6 million in 2016, an increase of 70.8%. Effective January 1, 2017, the sales and marketing performed by Luitpold Sales were transferred to Daiichi Sankyo, Inc., to maximise sales potential of Injectafer[®]. This will increase the Injectafer[®] footprint fourfold to more than 300 sales professionals to promote Injectafer[®].

With the acquisition of the **US pharma company Relypsa**, a significant investment has been made in intensifying Vifor Pharma's global business. As a result of the acquisition, Vifor Pharma can now build on a fully integrated commercial organisation in the key US cardio-renal market by leveraging its extensive and growing specialty portfolio. Relypsa's potassium binder Veltassa[®] (brand name in the USA) recorded sales of CHF 12.3 million in the USA in 2016, thereof CHF 7.4 million since its acquisition in September 2016.

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During 2016, Vifor Pharma continued to form **partnerships** with leading pharmaceutical and biotechnology companies. In May 2016, the company licensed rights to commercialise CCX168 (international nonproprietary name: Avacopan), a complement 5a inhibitor ready for Phase 3 development for orphan and rare renal diseases, from ChemoCentryx. At the end of December 2016, due to the encouraging clinical development of CCX168, Vifor Fresenius Medical Care Renal Pharma (VFMCRP) decided to exercise its option to acquire from Vifor Pharma the exclusive license agreement to develop and commercialise CCX168. At the same time, Vifor Pharma and ChemoCentryx broadened the unique kidney health alliance to include the development and commercialisation of CCX140 for renal diseases.

The erythropoiesis stimulating agent (ESA) portfolio was expanded with the acquisition of marketing rights to Pfizer's proposed biosimilar epoetin Retacrit™ in the US dialysis market. In addition, VFMCRP obtained rights from OPKO Health to develop and commercialise modified-release calcifediol capsules (US brand name: RAYALDEE®) for the treatment of secondary hyperparathyroidism in chronic kidney disease (CKD) and vitamin D deficiency in Europe, Canada and certain other international markets.

The phosphate binder **Velphoro**® generated sales of CHF 54.4 million (+25.8%) in 2016. Launched in the USA in 2014 by Vifor Pharma's partner Fresenius Medical Care, its roll-out continued in 2016. Velphoro® is now approved in 37 countries and has been launched in 23 countries; it is available in all key markets, including Japan, the USA and the five major European pharmaceutical markets.

Venofer® showed an excellent sales development of 14.7% up to CHF 125.0 million. Sales of **other iron products** totalled CHF 64.2 million (+1.1%) by year-end, of which the oral iron product Maltofer® accounted for CHF 55.0 million (+3.4%).

Sales of **Mircera**® for the treatment of symptomatic anaemia associated with chronic kidney disease totalled CHF 328.6 million in 2016 (12 months on the market in 2016, compared to 7 months in 2015, as Mircera® was integrated in June 2015). The product is an ideal complement to the Vifor Pharma portfolio. In May 2015, Galenica and Roche entered into an exclusive licensing agreement for the commercialisation of Mircera® in the USA and Puerto Rico.

The **Infectious Diseases/OTX franchise** recorded a further decline in global sales of 15.4% to CHF 103.1 million in 2016. This decrease was mainly due to changes in commercial partners and the generally challenging economic situation in South America. However, in the past two years the Infectious Diseases/OTX franchise recorded a growth of more than 5% p.a. according to IMS data.

Total net sales Rx products Vifor Pharma 2016

in million CHF	2016	2015	Change in %
Intravenous (i.v.) iron replacement products			
Ferinject [®] and Injectafer [®]	349.5	250.9	+39.3%
of which Injectafer [®] USA (Vifor Pharma share)	67.4	38.5	+74.9%
Venofer [®]	125.0	108.9	+14.7%
Other iron replacement products	64.2	63.5	+1.1%
of which Maltofer [®]	55.0	53.2	+3.4%
Erythropoietin (ESA/EPO)			
Mircera [®]	328.6	206.8	+59.0%*
Phosphate binder			
Velphoro [®]	54.4	43.2	+25.8%
Potassium binder			
Veltassa [®]	7.4	–	–
Other Rx products	82.6	75.3	+9.8%

*12 months on the market compared to 7 months (as of June) in 2015

Revenues and licence fee income

CellCept [®]	86.4	88.5	-2.4%
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GALENICA SANTÉ

Despite a consistently high level of consumer tourism and a milder flu season in the first quarter of the year, Galenica Santé increased sales year-on-year by 3.2% to CHF 3,008.9 million in 2016. Both the Health & Beauty segment – comprising the Products & Brands and Retail Business sectors – and the Services segment contributed to this pleasing growth.

Health & Beauty segment

The Health & Beauty segment increased net sales by 3.1% to CHF 1,437.0 million. Within Health & Beauty, considerable emphasis was placed on agility and innovation in the year under review, with both Products & Brands and Retail launching new product and service offerings for pharmacy customers.

The **Products & Brands Business sector** increased sales by 0.5% to CHF 89.3 million in 2016. The growth was influenced by the discontinuation of the Equazen™ brand portfolio, which was sold along with Potters to Soho Flordis International at the end of 2015. Without this effect, Products & Brands grew by 6.2%.

Vifor Consumer Health generated total sales of CHF 81.4 million, which is on a par with the previous year. In Switzerland, the company clearly outperformed the overall growth of the slightly declining market (IMS Health – November 2016) thanks to its renowned OTC brands, with year-on-year sales increasing by 3.5% to CHF 65.6 million. One of the contributing factors to this was the exclusive distribution of A-Derma products from the French dermo-cosmetics company Pierre Fabre, which have been very well received by customers in Switzerland since the launch in summer 2016.

At CHF 15.8 million, export sales declined by 12.6% due to the impact of the previously mentioned discontinuation of the Equazen™ brand portfolio.

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More than 60 product brands are managed by Vifor Consumer Health, including famous brands such as Algifor[®], Triofan[®], Perskindol[®] and Anti-Brumm[®]. Algifor[®], Swiss market leader in the pain relief category, outperformed the market in the period under review, and the new Algifor[®] Liquid caps 400 launch was very well received by the market. Sales of the market-leading insect repellent Anti-Brumm[®] grew significantly in both national and international markets, reinforcing its prime position in Germany. The comprehensive range of Vifor Consumer Health over-the-counter products (OTC) is available in all pharmacies and drugstores in Switzerland.

The **Retail Business sector** continued to perform successfully in a challenging market environment in 2016, posting net sales of CHF 1,348.6 million (+3.1%, without Coop Vitality). The expansion of the pharmacy network was the key driver of this growth. The number of consolidated pharmacies was increased by eleven locations to reach a total of 329, while like-for-like sales grew by 1.6%. Together with the Coop Vitality pharmacies, which are not fully consolidated, and the Amavita and Winconcept partner pharmacies, the pharmacy network of Galenica Santé comprised around 500 locations at the end of 2016.

The comprehensive range of health and beauty products is now available to customers outside opening times as well, thanks to the Sun Store, Amavita and Coop Vitality webshops.

Coop Vitality pharmacies expanded the health check service offering with the GlutenCheck, while Sun Store pharmacies offered rapid allergy tests for the first time. There was also a high level of participation in the bowel cancer screening campaign launched by pharmaSuisse.

A further step towards eHealth was achieved in the form of the Prescription Upload pilot project at a Sun Store location in Lausanne. This allows customers to upload a scanned prescription to a platform and send it to the pharmacy of their choice electronically. The pharmacy receives the prescription by e-mail and can then prepare the medication, allowing waiting time to be kept to a minimum when it is collected. The service is currently offered at all Sun Store, Coop Vitality and Amavita pharmacies.

Services segment

The Services segment increased net sales by 3.8% to CHF 2,328.9 million in 2016. A milder flu season than last year was more than offset by gaining new customers and continuing range expansion, particularly in the cosmetics market.

The expansion of the distribution centre in Niederbipp was successfully completed in 2016, allowing Galexis to align its product range even better to the future needs of customers, for example with on-trend ranges such as vegan products. Up to 4,000 transport containers can now be processed per hour, representing an increase of 30%.

By the end of August 2016, 100% of the shareholders of Pharmapool AG had accepted the purchase offer from Galexis, with the Competition Commission (COMCO) approving the acquisition without conditions or requirements at the end of December 2016. The acquisition of Pharmapool was thus completed at the beginning of January 2017 and will strengthen the logistics business of Galenica Santé.

The sale of TriaMed[®] rights to Swisscom Health will enable HCI Solutions to focus more intently in the future on its core business of knowledge databases, IT logistics and the development of software tools to improve the medication process and provide support for clinical decisions. HCI Solutions will continue to support the pharmacy software TriaPharm[®], which is also due to be rolled out at all Coop Vitality pharmacies by the end of 2017.

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Dates for the diary

The Galenica Group will present the results of the 2016 financial year to the media and financial analysts on 14 March 2017.

The Annual General Meeting of Galenica Ltd. will take place on 11 May 2017.

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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.