

PRESS RELEASE

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Subject Strategy of the Galenica Group: Milestone 2020

Board of Directors launches “Milestone 2020” strategy plan: Galenica Group to become Vifor Pharma Group and float Galenica Santé on the stock exchange

With the exceptional and highly successful growth of Vifor Pharma, the Galenica Group has become a pharmaceutical company. The Board of Directors wants to build on this momentum. To promote the promising growth potential of Vifor Pharma in the best possible way, it has launched the “Milestone 2020” strategy plan, based on five strategically important decisions:

- The Galenica Group will be renamed Vifor Pharma Group.
- The Vifor Pharma Group will invest around CHF 850 million in the development and launch of new products by 2019.
- To finance these projects and to consolidate the company, Galenica is planning to float the Galenica Santé Business unit on the stock market by way of an IPO.
- The Board of Directors intends to propose a dividend of CHF 20 for each of 2017, 2018 and 2019 to the Annual General Meeting.
- The Executive Chairman Etienne Jornod will continue to be remunerated exclusively in shares, confirming his personal belief in the strategy and commitment to implementing it.

Vifor Pharma is in the perfect position to successfully establish itself as a global pharmaceutical company.

Vifor Pharma has laid a solid foundation on which to establish itself as a global pharmaceutical company in select therapeutic areas, including iron deficiency, nephrology and cardio-renal therapies. Vifor Pharma exceeded **one billion francs in sales** for the first time in 2016, primarily due to further increases in the sales of the iron preparation Ferinject[®]/Injectafer[®] and of Mircera[®], licensed from Roche.

In the area of nephrology, **additional partnerships** were entered into, including

- between OPKO Health and Vifor Fresenius Medical Care Renal Pharma (VFMCRP) for the rights to distribute RAYALDEE[®] in Europe, Canada and certain other markets;
- with ChemoCentryx for certain marketing rights for CCX168 for the treatment of rare kidney diseases;
- with the Pfizer company Hospira for the commercialisation rights to ESA drug Retacrit[™] in the US;
- and the expansion of the partnership with ChemoCentryx announced in late 2016 for CCX140, which is also being developed to treat rare kidney diseases.

In addition, the **acquisition of US company Relypsa** in 2016 has enabled the future Vifor Pharma Group to integrate a full sales organisation in the key US market and to acquire the global rights to potassium binder Veltassa[®], the first drug for the treatment of hyperkalaemia to be approved in the USA for more than 50 years in 2015.

The “Milestone 2020” strategy plan

With the exceptional and highly successful growth of Vifor Pharma, the Galenica Group has become a pharmaceutical company. The Board of Directors of Galenica wants to build on this excellent performance and continue to optimally promote the promising growth potential in Vifor Pharma. To do so, it has launched the “Milestone 2020” strategy based on five key strategic decisions:

1. Galenica Group will become the Vifor Pharma Group

Given Vifor Pharma's growth and the fact that Galenica has become a pharmaceutical company, a motion will be put to the shareholders of Galenica Ltd. at the next Annual General Meeting to change the name of the Galenica Group to the Vifor Pharma Group. This will happen regardless of any IPO of Galenica Santé.

2. Significant investment in the future

In order to fully exploit the promising growth potential of Vifor Pharma, the Group will invest some CHF 850 million in projects to develop and launch new products over the next three years. This includes in particular the ongoing market launch of Veltassa[®] in the US and the planned launches of Retacrit[™] in the US and RAYALDEE[®] in Europe between 2017 and 2020. Additional investment is planned to further expand the market for Ferinject[®]/Injectafer[®], Velphoro[®] and Mircera[®].

These investment costs, as well as the refinancing of the acquisition of Relypsa, will impact the Vifor Pharma Group's results and profits from 2017 to 2019. The Board of Directors of Galenica / Vifor Pharma is confident that these investments will unlock further potential. By making these investments, it is also affirming its conviction that the long-term strategy which it has consistently implemented and to which Galenica's success is attributable, must be continued.

3. Refinancing of the Relypsa acquisition through the planned IPO of Galenica Santé

In addition to the planned investments, Vifor Pharma also has financial burden in the form of a bridge loan used to finance the acquisition of Relypsa, which it intends to pay off as soon as possible. In order to ensure both Business units are in the best possible position for the future, Galenica is planning to float the Galenica Santé Business unit on the market by way of an IPO. Galenica expects to sell the majority of its Galenica Santé shares. The objective is to fully divest Galenica Santé over the medium term in order to complete the separation of the two businesses.

Galenica Santé is a strong company and has been prepared for independence for some time. The timing of the IPO was chosen in the interests of the entire Group. The management of Galenica Santé has an extraordinary track record demonstrating its expertise and ability to continue the company's success story. A separate press release about the planned IPO of Galenica Santé has been published on 14 March 2017.

4. Strong signal to shareholders: steady dividend policy

At the next Annual General Meeting, the Board of Directors will propose to shareholders an increase in the dividend by more than 10% to CHF 20 (previous year: CHF 18) per registered share. The Board of Directors is fully committed to proposing to the Annual General Meeting a dividend of CHF 20 for each of 2017, 2018 and 2019, despite the significant investments in the company's future. This is a strong signal to shareholders of the Board of Directors' confidence in the strategy and of the company's ability to achieve its targets.

5. Executive Chairman continues to be paid exclusively in shares

Etienne Jornod, who retains his role as Executive Chairman of what will become the Vifor Pharma Group, will continue to be paid exclusively in shares. These shares, as well as the shares he has already received, will remain locked up until 2020. This demonstrates Etienne Jornod's personal confidence in the strategy and his commitment to implementing it.

Guidance Vifor Pharma Group

At constant exchange rates Vifor Pharma net sales are expected to grow by high single digit in 2017. Excluding the costs to support the launch and ramp-up of Veltassa[®] of approximately CHF 260 million, EBITDA is also expected to increase at a mid to high single digit rate. In the medium term net sales are expected to exceed CHF 2 billion in 2020 and EBITDA is expected to reach a high triple-digit level in 2020.

From 2017 to 2019 the dividend is expected to be at the same level as for 2016. From 2020 onwards the payout ratio is targeted at 35% of net income.

Other agenda items for the Annual General Meeting of Galenica Ltd.

Members of the Board of Directors: Stefano Pessina, a member since 2000, and This E. Schneider, a member since 2004, will not stand for re-election to the Board of Directors at the upcoming Annual General Meeting.

As previously announced, the Board of Directors will propose Gianni Zampieri to the shareholders for election as a new Board member. Gianni Zampieri is currently the CEO of Vifor Pharma, but will hand over his operational duties to Stefan Schulze at the time of the Annual General Meeting.

Amendments to the Articles of Association: In addition, several amendments to the Articles of Association are being proposed to the shareholders: aside from the planned name change from Galenica Group to Vifor Pharma Group, the lifting of existing registration and voting restrictions (transferability) will be proposed. Shareholders will also be offered a 1:10 share split in order to increase the tradability of the company's shares.

Corporate Governance of the Galenica Group / Vifor Pharma Group following the IPO of Galenica Santé: In the event of the IPO of Galenica Santé, the following members of Galenica's Corporate Executive Committee will step down:

- **Jörg Kneubühler**, currently CEO of Galenica Santé and designated Chairman of the Board of Directors of Galenica Santé;
- **Felix Burkhard**, currently CFO of the Galenica Group and future CFO of Galenica Santé;
- **Jean-Claude Cléménçon**, currently Head of the Retail Business sector and designated CEO of Galenica Santé.

Jörg Kneubühler has been with the Galenica Group for 15 years, and both Jean-Claude Cléménçon and Felix Burkhard for 22 years. Each has fulfilled a number of roles in this time and contributed significantly to the growth and success of the Group. The Board of Directors of the Galenica Group would like to thank them for their dedication and contribution, and is proud to hand over the management of Galenica Santé to this well-established, highly professional and experienced team. Together with the Management Team of Galenica Santé, the Board is confident that they will lead the company to continued success thanks to their smart and visionary approach, as well as their years of experience in the business of Galenica Santé, their expertise and leadership skills.

After the planned IPO of Galenica Santé, or following the 2017 Annual General Meeting, the Board of Directors will appoint a number of new members of the Corporate Executive Committee of the Galenica Group, i.e. what will be the Vifor Pharma Group:

- **Stefan Schulze**, currently CEO VFMCRP and nominated President of the Corporate Executive Committee and COO of the Vifor Pharma Group
- **Colin Bond**, CFO Vifor Pharma Group
- **Dario Eklund**, Chief Commercial Officer Vifor Pharma
- **Scott Garland**, President Relypsa
- **Michael Puri**, Human Resources Vifor Pharma Group
- **Chris Springer**, Business Development Vifor Pharma Group

The successor of Stefan Schulze as CEO of VFMCRP will also be a member of the Corporate Executive Committee. The recruitment has been launched.

This new Management Team comprises experts with many years of international experience who will implement the strategy of the Vifor Pharma Group with conviction and dedication using their wealth of experience and broad-based expertise.

Dates for the diary

Annual General Meeting:	11 May 2017
Half-year results 2017:	8 August 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.

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