

PRESS RELEASE

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Subject Division of the Galenica Group planned for the 4th quarter of 2016

Galenica plans to divide the Group in the 4th quarter of 2016

Since 1995, the Galenica Group has implemented its transformation strategy rigorously and with great success. In August 2014, the Board of Directors concluded that the Group was ready to prepare for a new phase, with the objective of developing the two Business units Vifor Pharma and Galenica Santé into two independent listed companies.

Both Business units, Vifor Pharma and Galenica Santé, have continued to develop successfully since then. Vifor Pharma in particular has attained a solid scale for independence, thanks to the pleasing growth in sales from its key products and the extension of its product portfolio. In fact, revenues are expected to break through the CHF 1 billion mark as early as 2016.

The Board of Directors of the Galenica Group has concluded that the preconditions have now been met for dividing the Group in the 4th quarter of 2016, provided there are no negative changes in the economic environment prior to that date. The preparatory work for this is moving ahead as scheduled.

VIFOR PHARMA

Strengthened by internal growth and acquisitions

The pleasing growth in sales – especially for the key products Ferinject[®] and Velphoro[®] – demonstrate the company's capacity to tap into internal growth potential. Vifor Pharma has also been able to strengthen itself through various partner agreements, especially the exclusive licence from Roche to market Mircera[®] in the USA and the agreement between Vifor Fresenius Medical Care Renal Pharma and Relypsa for Patiromer FOS. The expansion of the product portfolio and build-up of a marketing and sales organisation in Europe by Vifor Fresenius Medical Care Renal Pharma and the recent approval of Velphoro[®] (P-TOL[®]) received by Japanese partner Kissei are further milestones on the way to independence.

A specialty pharma company that is a global leader in its key therapeutic areas

Vifor Pharma has made great progress in recent months towards its objective of becoming a specialty pharma company. The company has further strengthened and extended its global leadership in iron products and been able to make focused additions of very attractive products to the portfolio thanks to new partnerships. Vifor Pharma also has a promising pipeline in Patiromer FOS and other projects that should be further developed and expanded. The company is well placed to successfully build on its core strengths in iron deficiency and infectious diseases.

A top-level CEO and international management team

Søren Tulstrup started in his position in August 2014 with the aim of turning Vifor Pharma into a global specialty pharma company, and immediately made an impression with his ability in terms of vision, strategy and leadership. He at once surrounded himself with first-class executives hired from the best firms in the industry and has been able to integrate them into the highly experienced team behind the success at Vifor Pharma. From the very beginning, he has enjoyed the full support of Etienne Jornod, the Executive Chairman of the Galenica Group, who had recommended him to the Board of Directors. Søren Tulstrup has fully lived up to the confidence placed in him, as the recent success of Vifor Pharma clearly demonstrates.

GALENICA SANTÉ

Leader in the Swiss healthcare market

In a changing market environment, Galenica Santé has performed excellently in all its business activities. Today, Galenica Santé is already the leading provider of logistics, retail and information services for all players in the Swiss healthcare market, and has set itself the objective of playing an even more active and dynamic role in the market in future.

Galenica Santé has all the assets to develop sustainably and successfully

To this end, a new organisational and management structure was introduced as of 1 September 2015. The new "Products & Brands" Business sector will develop the existing OTC products business of Vifor Consumer Health, as well as other own brands belonging to the Group, and establish itself as an attractive partner for third-party and exclusive brands. Products & Brands will play a key role in the development of partnerships for targeted products, as well as in capturing synergies with the Retail Business sector, which possesses a unique pharmacy network of around 500 own and partner pharmacies in the best locations throughout Switzerland. Products & Brands and Retail will be supplemented by the logistics business of the Services Business sector, which has a top-performing infrastructure, combined with services and information relating to the medication process provided by HCI Solutions.

The synergies between these three activities are promising and will enable Galenica Santé to respond to the challenges facing the healthcare sector in general. Galenica Santé has all the assets to make this unit too to become an independent listed company.

An extremely cohesive management team with a long and successful track record, led by a CEO deeply familiar with Galenica Santé

Jörg Kneubühler was appointed CEO of Galenica Santé in August 2014 to prepare it for independence. Selected because of his in-depth knowledge of the Galenica Group gained over the past 14 years, he has risen to the challenge and immediately set about his task with the efficiency expected. Jörg Kneubühler is backed by the team that created the undisputed Swiss leader in logistics, information and pharmacy chains. The trusted right-hand man of the Executive Chairman, he enjoys the confidence and support of the full Board of Directors.

Independence offers the best prospects for shareholders, partners, customers and employees

Over recent months, both Vifor Pharma and Galenica Santé have continued to develop successfully and implemented the structural and organisational measures needed for the division. Both Business units have now reached a scale and strength that makes it possible for them to move forward independently.

The Board of Directors of the Galenica Group has concluded that the preconditions have now been met for dividing the Group into two independent listed companies in the 4th quarter of 2016. This is subject to the current market situation and political framework conditions remaining stable.

The preparatory work for the decisions required is moving ahead as scheduled. The Board of Directors will continue to inform the Group's shareholders and the general public of the progress made and any decisions that will have to be taken as the break-up draws nearer.

Etienne Jornod carefully preparing planned handover of management

After successfully leading the Galenica Group for the last 20 years, Etienne Jornod has deemed the creation of two new companies as the right time to entrust the management of the company to new hands. He will continue to lead the Galenica Group as Executive Chairman until its division, and will be available afterwards in order to support his successors.

Over the last 20 years, Etienne Jornod has led the Galenica Group with considerable success, while also designing, implementing and realising its transformation strategy. Under his leadership, the company has grown from a Swiss pharmaceutical wholesaler into an internationally diversified group. During this time, the number of employees has increased from 950 to around 8,000, Group profit has grown annually between 10% and 40%, and the enterprise value has risen by around 4,000%, from CHF 250 million to nearly CHF 10 billion.

After over 20 years chairmanship, Etienne Jornod, Executive Chairman, will entrust the management of the two new companies to younger hands

The division of the Group will see a conclusion to the transformation strategy led by Etienne Jornod, during which all objectives were exceeded. Two new independent companies will be formed, which will develop and implement their own individual visions and strategies. Etienne Jornod has deemed this as the right time to entrust the management of the newly created companies to new hands from their outset. He will continue to lead the Galenica Group as Executive Chairman until its division, and will be available until 2018 in order to support his successors.

The Board of Directors very much regrets Etienne Jornod's decision, but also backs and understands his view to leave the company by the conclusion of the transformation strategy, which he implemented and realised. The Board of Directors will pay tribute to Etienne Jornod's achievements at a later date.

A carefully prepared handover to ensure continuity

The early announcement of Etienne Jornod's decision will enable the Board of Directors to ideally prepare for his succession. Etienne Jornod will hand over his responsibilities until the separation and will gradually transfer his experience and international network. He will also be available upon request to provide support to both elected Executive Chairmen until the end of 2018, thus ensuring a carefully implemented handover as well as continuity.

Curriculum vitae Etienne Jornod

Etienne Jornod (born 1953) joined Galenica Group as a Junior Product Manager in 1975. After studying business administration in the Faculty of Business and Economics at the University of Lausanne, he returned as assistant to the Corporate Executive Committee. Over the following years, he held numerous positions, including Director of Marketing and Sales at Hausmann Vifor in St. Gallen and then CEO of Hausmann Vifor. In 1989, he became a member of the Corporate Executive Committee with responsibility for diversification activities (iron replacement products, OTC products, Galenica agencies and distribution). At the end of 1995, he was appointed Chairman of the Board of Directors and CEO; the election took place during the Annual General Meeting in May 1996. He held this dual mandate until the end of 2011. Since January 2012, Etienne Jornod has been Executive Chairman of the Galenica Group.

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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).*

For more information, please visit the company's website at www.galenica.com.