

PRESS RELEASE

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Subject Vifor Pharma strengthens company management – division of Galenica to take place once the new management is in place

**Vifor Pharma to further strengthen company management to ensure continued strong growth.
The Galenica Group will be divided once the new CEO of Vifor Pharma has been appointed and settled into their role.**

Vifor Pharma has reached a new phase in recent months and will become even more dynamic in the future. Net sales of Ferinject[®] increased by almost 50% year-on-year in the first four months of 2016. Further licensing and commercialisation agreements were also concluded during the first few months of the year. The most recent example is the licensing and commercialisation agreement with Pfizer for Retacrit[™] for the US dialysis market which will allow Vifor Pharma to exclusively offer a second EPO in the USA in addition to Roche's Mircera[®]. This opens up the opportunity for Vifor Pharma to achieve an important position in the US EPO market in the medium term.

In order to optimally exploit this very strong momentum and to further develop the relationships with the international partners, the Galenica Board of Directors has decided to further strengthen the management of Vifor Pharma by appointing a new CEO and the recruitment process has been initiated. The current CEO, Søren Tulstrup, will pursue his career outside the company. Vifor Pharma will be headed by the Vice-CEO, Gianni Zampieri, on an interim basis.

Upon the express wishes of the Galenica Board of Directors, the largest shareholders and its key partner Fresenius Medical Care, Etienne Jornod has decided to abandon his decision to hand over the management of Vifor Pharma following the division. He will remain for an unlimited period of time with Vifor Pharma as Executive Chairman and will support the long-term realisation of the projects he initiated.

Due to the change in management at Vifor Pharma, the division of the Group will take place once the new CEO has been appointed and settled into their role at Vifor Pharma. Hence, the division will be postponed by six to twelve months at the latest. Galenica anticipates that the division will be completed no later than the end of 2017. The preparatory work for the division is on track and continues to move ahead.

Review and outlook

In August 2014, Galenica unveiled the vision of transforming Vifor Pharma and Galenica Santé into two independent, listed companies within three to five years (2017–2019). The time frame was subsequently reduced and scheduled for the fourth quarter of 2016. At the same time, Etienne Jornod announced his intention of entrusting the management of the two new companies to new hands following the division of the Group.

The extraordinarily dynamic progress of the Group companies and of the projects launched by Etienne Jornod and his team have convinced the largest shareholders, its key partner Fresenius Medical Care, the Board of Directors and Etienne Jornod to revise these plans to ensure that the potential is fully exploited.

In 2014, Søren Tulstrup took over the Business unit Vifor Pharma of the Galenica Group, under the strong leadership of the Corporate Executive Committee of the Galenica Group. This enabled him to concentrate on the development of Ferinject[®] in the three core indications of nephrology, cardiology and gastroenterology defined by the Board of Directors and as a result the objectives set were rapidly achieved. The Board of Directors thanks the entire management of Vifor Pharma and Søren Tulstrup to this success.

As a fast-expanding company Vifor Pharma needs highly experienced management

With its future as a fast-expanding independent company, Vifor Pharma needs highly experienced leadership, particularly because the company's strategy is heavily reliant on partnerships with large, international, companies such as Fresenius Medical Care, Roche, Pfizer and Daiichi Sankyo, some of which are market leaders. With this in mind, the Vifor Pharma management team was further reinforced and the Board of Directors has now also decided to strengthen the role of the CEO of Vifor Pharma. The Board offers its thanks to Søren Tulstrup for his commitment.

Strong growth and new agreements strengthen the market position of Vifor Pharma and Vifor Fresenius Medical Care Renal Pharma (VFMCRP)

The following elements have driven the positive performance of Vifor Pharma:

- In the first four months of 2016, global net sales of Ferinject[®] increased by almost 50% year-on-year and more than doubled in the USA. This means that the USA has become the leading market by some distance for Ferinject[®]/Injectafer[®] in a short period of time. Their mid-double-digit growth means that European markets are also contributing to this satisfactory progress.
- The successful start to the US launch of Mircera[®] in mid-2015 is being confirmed in the current year.
- Venofer[®] has also successfully defied the challenge of price and competition pressures and the other Vifor Pharma products are on track.

In addition to this strong organic growth, promising new partnerships have been concluded in the past few months that will contribute to future progress, in particular the setting up of a marketing and distribution organisation in Europe for VFMCRP, the agreement with Relypsa for the potassium binder Veltassa[®], the cooperation and licensing agreement with the US company OPKO Health for the development and marketing of Rayaldee[®] and the acquisition of the marketing rights for the 5aR-inhibitor CCX168 from ChemoCentryx.

EPO: The strategic licensing and commercialisation agreements with Roche and now with Pfizer open up new opportunities for Vifor Pharma

The most recent example is the licensing and commercialisation agreement with Hospira, a Pfizer company, for Retacrit[™] for the US dialysis market. Vifor Pharma will in future be able to offer both a short-acting (Retacrit[™]) and a long-acting ESA (Mircera[®], in-licensed from Roche) on the US dialysis market. This opens up the opportunity for Vifor Pharma to achieve an important position in the US EPO market in the medium term.

Division: Galenica remains on track to meet its original target time frame of 2017-2019

The preparatory work for the division is on track and continues to move forward. As part of its forward-thinking, responsible management, the Board of Directors has decided to allow extra time for the division process until a new CEO for Vifor Pharma has been appointed and settled into their role. Hence, the division will be postponed by six to twelve months at the latest. Galenica anticipates that the division of the Group will be completed no later than the end of 2017, assuming that the economic environment remains stable during the period. This means that the plans of Galenica continue to aim for the earlier part of the original time frame of between 2017 and no later than the end of 2019.

A new CEO for Vifor Pharma: the search has begun

Until the appointment of a new CEO, Deputy CEO Gianni Zampieri (59) will head up Vifor Pharma on an interim basis. Gianni Zampieri joined the Galenica Group in 1996. In 1997, he was appointed Head of Vifor International, which develops and produces iron replacement products. He has been Vice-CEO of Vifor Pharma since 2008 and has made a considerable contribution to the development of the company in recent years, initially under the leadership of Etienne Jornod and subsequently under Søren Tulstrup. The Board of Directors is confident that Vifor Pharma will continue to perform strongly under the interim leadership of Gianni Zampieri until a new CEO takes over.

Ensuring management continuity: Etienne Jornod will continue in his role as Executive Chairman of the Board of Directors of Vifor Pharma following planned division

Upon the express wishes of the Galenica Board of Directors, the largest shareholders and its key partner Fresenius Medical Care, Etienne Jornod has decided to abandon his decision to hand over the management of Vifor Pharma following the division. He will remain for an unlimited period of time with Vifor Pharma as Executive Chairman and will support the long-term realisation of the projects he initiated.

Etienne Jornod has therefore agreed to remain in this role over the long-term after the division so that his vision for the company's development can be realised. Under his leadership, Vifor Pharma has grown from a manufacturing company with annual sales of CHF 10 million to an international pharmaceutical company with its own network of affiliates, first-class strategic partners and sales measured in billions.

Galenica will announce more details of Etienne Jornod's successor as Chairman of the Board of Directors of Galenica Santé and the composition of the members of the Boards of Directors of the two companies in due course.

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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.