



## PRESS RELEASE

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Subject Galenica launches IPO of Galenica Santé on SIX Swiss Exchange and sets price range

### Galenica launches IPO of Galenica Santé and sets price range

The Galenica Group today announced the launch of the initial public offering (IPO) of Galenica Santé and its listing on SIX Swiss Exchange. The publication of the offering memorandum and the start of the book-building process will take place on Monday, 27 March 2017.

The share capital of Galenica Santé is divided into 50,000,000 ordinary registered shares with a nominal value of CHF 0.10 each. The price range for the offered shares has been set at CHF 31.00 to CHF 39.00 per share, implying a total market capitalisation of Galenica Santé of approximately CHF 1,550 million to CHF 1,950 million.

The IPO consists of 37,500,000 ordinary registered shares (the “Offering”) plus an over-allotment option of up to 5,625,000 shares.

The placement volume amounts to approximately CHF 1,337 million at the minimum to CHF 1,682 million assuming the over-allotment option is exercised in full.

Galenica Group will receive all of the net proceeds from the sale of the offered shares. Together with the net debt assumed by Galenica Santé of around CHF 350 million, the Galenica Group is therefore in a position to more than refinance the acquisition of Relypsa, even if the over-allotment option is not exercised.

The free float of Galenica Santé is expected to amount to 75% of the shares before exercise of the over-allotment option and 86.25% if the over-allotment option is exercised in full. After the listing and assuming the over-allotment option is exercised in full, Galenica Group will hold approximately 13.75% of the share capital. The first day of trading of Galenica Santé on SIX Swiss Exchange is expected to be on or around 7 April 2017.

Subject to the expected results 2017, Galenica Santé confirms its intention to pay out a dividend of CHF 80 million in 2018 for the financial year ending 31 December 2017. Based on the expected strong cash flows and its intention to keep the mid-term debt ratio to around 2x EBITDA, Galenica Santé also affirms its planned future dividend policy with a pay-out ratio of over 65% of consolidated net profit (excluding the effects of IAS 19).

At the Annual General Meeting on 11 May 2017, shareholders will vote on the name change of Galenica Group to Vifor Pharma Group.

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With net sales of over CHF 3 billion in 2016, Galenica Santé is the leading fully-integrated healthcare provider in Switzerland. The company operates the largest network of pharmacies in Switzerland. Galenica Santé is offering well-known own brands and products, exclusive brands and products from business partners as well as a variety of on-site health services and tests for customers. With nearly 500 own, joint venture and independent partner pharmacies, Galenica Santé offers unique potential for the sale of these and other brands. Galenica Santé is also the leading provider of pre-wholesale and wholesale distribution services in the Swiss healthcare market. The IPO will enable Galenica Santé to further implement its strategy and build on its strengths.

### **Attractive dividend policy**

Subject to the expected results in 2017, Galenica Santé confirms its intention to pay out a dividend of CHF 80 million in 2018 (for the financial year ending 31 December 2017). Based on the expected strong cash flows and its intention to keep the mid-term debt ratio to around 2x EBITDA, Galenica Santé also affirms its planned future dividend policy with a pay-out ratio of over 65% of consolidated net profit (excluding the effects of IAS 19).

Dividends will be paid out of the capital contribution reserve in first priority. This reserve of approximately CHF 560 million will allow the company to pay out dividends which are exempt from Swiss withholding tax and, for Swiss resident individuals, exempt from income tax, for several years.

More information about Galenica Santé and its financial track-record is available in the annual report 2016 of the Galenica Group at [www.galenica.com](http://www.galenica.com), under the heading "Reports", and in the Galenica Santé Investor Presentation including the combined financial statements 2014-2016 at [www.galenica.com](http://www.galenica.com), under the heading "IPO Galenica Santé".

Any investment decision involves risks and must be based on the offering memorandum which will be published on 27 March 2017.

### **Offer structure**

The bookbuilding process will begin on Monday, 27 March 2017, and is expected to end on or around 6 April 2017. The final offer price and the final number of offered shares sold in the offering is expected to be published on or around 7 April 2017, prior to the commencement of trading on SIX Swiss Exchange. Galenica expects that the shares will be listed and that trading in the shares will commence on or around 7 April 2017 under the SIX ticker symbol "GALE".

The Offering consists of up to 37,500,000 registered shares. In addition, Galenica Group has granted the banking consortium an over-allotment option of up to 5,625,000 shares. The price range for the offered shares has been set at CHF 31.00 to CHF 39.00 per share, implying a total market capitalisation of approximately CHF 1,550 million to CHF 1,950 million. The placement volume amounts to approximately CHF 1,337 million at the minimum to CHF 1,682 million assuming the over-allotment option is exercised in full.

Galenica Group will receive the entire net proceeds from the sale of the offered shares. Together with the net debt assumed by Galenica Santé of around CHF 350 million, the Galenica Group is therefore in a position to more than refinance the acquisition of Relypsa, even if the over-allotment option is not exercised.

The free float is expected to amount to 75% of the shares before exercise of the over-allotment option and 86.25% if the over-allotment option is exercised in full. After the listing and assuming the over-allotment option is exercised in full, Galenica Group will hold approximately 13.75% of the share capital.

Galenica Group, Galenica Santé and its Board of Directors and all members of Corporate Executive Management have committed to a lock-up period of nine months from the first day of trading, subject to customary exceptions.

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The offering for Galenica Santé consists of a public offering in Switzerland, private placements in certain jurisdictions outside the United States and Switzerland in accordance with applicable securities laws and on the basis of exemptions provided by the EU Prospectus Directive, private placements within the United States to QIBs in reliance on Rule 144A and private placements in Canada to accredited investors and permitted clients in the provinces of Alberta, British Columbia, Ontario and Quebec. All offers and sales outside the United States will be made in compliance with Regulation S.

Citigroup, Credit Suisse and UBS have been appointed as Joint Global Coordinators and Joint Book-runners for the planned IPO of Galenica Santé. Deutsche Bank is also acting as a Joint Bookrunner. Baader Bank, Bank am Bellevue, Bank Vontobel AG and Zürcher Kantonalbank are acting as Co-Lead Managers.

Centerview Partners is acting as the independent financial advisor to the Galenica Group.

### Key data

Listing	SIX Swiss Exchange (International Reporting Standard)
Ticker symbol	GALE
Swiss security number	36 067 446
ISIN	CH036 067 446 6
Total number of ordinary registered shares	50,000,000
Nominal Value	CHF 0.10 per registered share
Price range	CHF 31.00 to CHF 39.00 per share
Offering	Base offer of up to 37,500,000 shares
	Over-allotment option of up to 5,625,000 additional shares
<b>Indicative schedule</b>	
Publication of Offering Memorandum	27 March 2017
Bookbuilding period	27 March until on or around 6 April 2017 noon CEST for retail and private banking orders and at 15:00 CEST for institutional investors, respectively
Publication of final offer price	On or around 7 April 2017
Listing and first day of trading	On or around 7 April 2017
Book-entry delivery of offered shares against payment of the offer price	On or around 11 April 2017

Any investment decision involves risks and must be based on the offering memorandum which can be obtained as of 27 March 2017 from Credit Suisse AG, Zurich, Switzerland (email: equity.prospectus@credit-suisse.com) and from UBS AG, Zurich, Switzerland (telephone number: +41 44 239 47 03; fax number: +41 44 239 69 14; email: swiss-prospectus@ubs.com).

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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](http://www.galenica.com).*

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*The Joint Bookrunners and Co-Lead Managers are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.*

*This document contains forward-looking statements. These statements are based on the current views, expectations, assumptions and information of the management of the Company. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to a number of factors. The Company does not assume any obligations to update any forward-looking statements.*