

## **MEDIA RELEASE**

Date 19 January 2010  
Contact Investor Relations: Fritz Hirsbrunner, Deputy CEO and CFO, Head of Finance & Corp. Services Division, Galenica Group  
Media Relations: Christina Hertig, Head of Corporate Communications, Galenica Group  
Subject Galenica Group Sales 2009

*(( for public release on 19 January 2010, 7.30 a.m. CET ))*

### **Galenica 2009: significant investments for future success**

**2009 was a pivotal year for Galenica. The Group made huge investments to prepare for the future: two strategically important acquisitions were made to support future success with the Sun Store pharmacy chain and the pharmaceutical company OM Pharma. Furthermore, Vifor Pharma increased clinical development activities and expanded its own sales affiliates. Vifor Pharma's top priority is to increase the medical community's awareness of iron deficiency anaemia outside of the field of dialysis and prove that Ferinject<sup>®</sup> is the best therapy through clinical studies. The positive results of the FAIR-HF study are an enormous first step of international importance.**

**The Galenica Group increased its sales by 7.5% to CHF 2,907.1 million in 2009 and, as expected, will post double-digit percentage profit growth for the fourteenth consecutive year in the 10% range.**

The Galenica Group companies further strengthened their position despite the difficult economic conditions and the political climate surrounding healthcare. The Galenica Group's sales increased by 7.5% year-on-year, from CHF 2,704.0 million to CHF 2,907.1 million. As expected, profit growth will be in the double-digit percentage range for the fourteenth consecutive year and around 10% up on the previous year.

Galenica made two key strategic acquisitions in 2009: the Sun Store pharmacy chain complements the existing pharmacy formats extremely well and strengthens the Retail business sector, which has thus attained critical mass. OM Pharma will contribute to the further expansion of the Pharma business. The company brings an established product portfolio which complements the ones in the existing therapeutic areas. Both acquisitions underpin the Galenica Group's strategy of growth and risk diversification.

### **PHARMA**

Vifor Pharma entered a new phase of development in 2009 and focused on two main strategic directions: expanding the market for intravenous iron replacement products outside the established field of dialysis and stepping up its activities in Consumer Healthcare (OTX and OTC products). This process involves targeted investment of significant resources in research, development and commercialisation. It was initiated in 2009 and will be a major focus over the next few years.

### **Rx products: expanding the potential of Ferinject<sup>®</sup> in promising indications**

Vifor Pharma generated sales of CHF 440.9 million in 2009 (+1.6%). Adjusted for currencies and changes in the product portfolio, this represents a 3.6% increase over prior year. The changes in the

#### **Galenica Ltd.**

Untermattweg 8 · P.O. Box · CH-3001 Bern  
Phone +41 58 852 85 17 · Fax +41 58 852 85 58  
media@galenica.com · www.galenica.com

Date 19 January 2010  
Page 2/6  
Subject Galenica Group Sales 2009

product portfolio include in particular contracts with 3M and Astellas which have not been extended, thus having an impact on sales in the CHF 15 million range. OM Pharma, which was integrated on 1 November 2009, accounted for CHF 16.6 million of sales. Licence fee income from CellCept was CHF 302.8 million, and fell as expected compared to the previous year (CHF 354.2 million) due to the expiry of the US patent.

International sales of the intravenous iron products Ferinject<sup>®</sup> and Venofer<sup>®</sup> increased by 7.1% - or by 10.2% in local currency - to CHF 221.4 million (prior year CHF 206.6 million), while those of the oral iron replacement product Maltofer<sup>®</sup> declined by 8.8% to CHF 44.4 million (prior year CHF 48.7 million). Maltofer<sup>®</sup> competes in a highly fragmented and complex business environment. Moreover, various international distribution partners reduced their inventories.

In Switzerland, sales of Ferinject<sup>®</sup> exceeded those of Venofer<sup>®</sup> for the first time in 2009. In total, sales of both parenteral iron replacement products increased by 10.4% to CHF 32.2 million (previous year approx. CHF 30.0 million), clearly demonstrating that the Swiss market has recognised the advantages of Ferinject<sup>®</sup> and that the strategy of cannibalising Venofer<sup>®</sup> sales while expanding the market for intravenous iron was successful. After the end of the distribution contract with Astellas which was not extended in the second half of 2009, Vifor Pharma recorded CHF 50.6 million in sales of other prescription products in Switzerland, a year-on-year increase of 7.5% on a comparable basis.

#### **FAIR-HF study: an enormous first step of international importance**

Vifor Pharma increased investment in clinical development, communication with opinion leaders and commercialisation in 2009 in order to achieve the full potential of the intravenous iron product Ferinject<sup>®</sup> internationally. This has already proven successful: in the major FAIR-HF clinical study (Ferinject<sup>®</sup> Assessment in patients with **IR**on deficiency and chronic **H**eart **F**ailure), patients with chronic heart failure and iron deficiency treated with Ferinject<sup>®</sup> showed a significant improvement in quality of life and the severity of the disease was reduced. Ferinject<sup>®</sup> thus provides a new therapy option to doctors. The results of the study were first presented in November 2009 at the American Heart Association (AHA) congress in Orlando (USA), as "late breaking trial news in heart failure", and published in the renowned journal, the New England Journal of Medicine (NEJM). Further clinical data will be provided by a series of ongoing Ferinject<sup>®</sup> studies.

The market launch of Ferinject<sup>®</sup> progressed according to plan in 2009, and Vifor Pharma had established its own sales affiliates in ten countries by the end of the year. The Vifor Pharma sales affiliate founded in Germany in 2007 increased its sales in 2009 by over 60%. The sales affiliates founded in the UK and Scandinavia in 2008, and the new Spanish affiliate founded in 2009 all posted pleasing sales growth, with sales significantly outpacing market growth. The company was thus able to further successfully implement its strategy of strengthening its presence in key markets while at the same time expanding the market for intravenous iron replacement therapy.

#### **Venofer<sup>®</sup> still the gold standard in haemodialysis**

The strategic partnership with Fresenius Medical Care (FMC) bases on FMC's high level of expertise as a leader in dialysis so that Venofer<sup>®</sup> remains the gold standard for treatment of iron deficiency anaemia in haemodialysis. The US market share of Venofer<sup>®</sup> grew further, indicating that the cooperation with Fresenius Medical Care and Luitpold Pharmaceuticals, Inc. is bearing fruit.

Date 19 January 2010  
Page 3/6  
Subject Galenica Group Sales 2009

Phase II clinical studies for the phosphate binder PA21 were successfully completed. The last patients have been treated and the results will be published during 2010.

The US patent for CellCept expired in May 2009. As expected, the launch of generics had an impact on licence revenues to year-end. The collaboration with Roche and the current studies will be continued as planned.

**Consumer Healthcare: position as Switzerland's third-largest OTC provider confirmed**

Consolidated sales of Vifor Pharma Consumer Healthcare declined altogether by 11.8% to CHF 107,8 million. Adjusted for currencies and changes in the product portfolio, the decrease amounts to 4.9%. Including OM Pharma, which was integrated with effect from 1 November 2009, sales increased by 1.7% to CHF 124.4 million.

In Switzerland, sales of Vifor Pharma Consumer Healthcare declined by 6.0% to CHF 79.8 million in 2009 (prior year CHF 84.9 million), which is mainly ascribable to a strong decrease in production for third parties tenders. While the cooperation with 3M has ended, the contract with IVF Hartman has been expanded and renewed. The relevant income is now only shown under operating result rather than sales, as a service fee is paid under the agreement. Adjusted for these changes, sales remain at the previous year's level. Overall, Vifor Pharma confirmed its position as Switzerland's third-largest OTC provider, and strong brands in a number of core therapeutic areas were further developed on the Swiss market.

Income from exports of Vifor Pharma Consumer Healthcare products declined 24.6% year-on-year to CHF 28.2 million. Essential factors here included the difficult economic situation in various export countries and unfavourable exchange rates. Adjusted for currencies, sales declined by 15.0%.

**LOGISTICS**

The Logistics business sector, incorporating the logistics companies Galexis, Unione Farmaceutica Distribuzione and Alloga, registered a 1.3% increase in sales to CHF 2,061.8 million in 2009.

**Target availability achieved in new distribution centre**

The initial teething problems at the new Galexis distribution centre in Niederbipp were successfully overcome in the second half of the year. The target availability of over 98% has now been achieved, which testifies to the highest level of quality, even by European standards. Measures were taken in order to be able to enhance profitability and make full use of automation potential in the future; however, these were linked with additional ad hoc costs.

Alloga reinforced its position as the leading service provider in the prewholesale business. The company considerably increased volumes through the ongoing integration of Globopharm. The Federal Office of Public Health (FOPH) and the military pharmacy selected Alloga as a partner for the distribution of the A H1N1 pandemic flu vaccine due to its proven expertise and reliability.

Date 19 January 2010  
Page 4/6  
Subject Galenica Group Sales 2009

## **RETAIL**

In a market characterised by consolidation, the Retail business sector increased its sales by 50.4% to CHF 837.7 million (excluding Coop Vitality). This was primarily driven by the acquisition of the Sun Store pharmacy chain, which took effect on 1 July 2009, and contributed 39.0% to sales growth. Other acquisitions accounted for 6.0% of sales growth, and organic growth for 5.4%. Coop Vitality pharmacies, which are consolidated at an equity level, broke the 100 million-franc sales barrier with sales of CHF 105.6 million (+23.9% year-on-year).

### **Steady growth**

The acquisition of the Sun Store pharmacy chain with over 100 points of sale throughout Switzerland was a decisive step forward for GaleniCare on its strategic path to expansion. Sun Store ideally compliments the existing pharmacy formats.

Galenica's pharmacy network is the largest in Switzerland, with attractive stores throughout the country. By the end of 2009, it comprised a total of 377 locations (+118 year-on-year), including 268 own stores and 109 partner pharmacies. Developments in the canton of Ticino were particularly dynamic, as in addition to three Amavita pharmacies and three Amavita partner pharmacies, as well as two Sun Store (+2) and four Coop Vitality pharmacies (+1) by the end of 2009.

The Amavita network expanded by a total of eight stores in 2009, from 125 to 133 points of sale, 121 of which were own pharmacies and 12 Amavita partner pharmacies. By revising its brand image, Amavita aims to position itself more clearly in the market as "The expert in health and beauty". Services such as CardioTest<sup>®</sup>, Diavita for diabetics, bone density measurement tests and free hearing tests continued to draw plenty of customer interest in 2009.

The number of Coop Vitality pharmacies rose from 31 to 39 in 2009. Coop Vitality recorded extremely strong organic growth of 6.7%. A representative survey conducted in 2009 revealed that Coop Vitality pharmacies are very popular among their customers.

A further 97 independent pharmacies (prior year 95) operated under the Winconcept brand Feelgood's and benefited from comprehensive marketing services.

The specialty pharmacy MediService also continued to grow in 2009, proving its success yet again in a highly specific, niche market. The Pharma Care therapy support service in particular increased sales by 47.4%, around ten times the growth of the pharmaceutical market.

## **OTHER: HEALTHCARE INFORMATION**

At CHF 43.1 million, sales for HealthCare Information were 4.0% above the previous year's level. The government's eHealth strategy, which was strengthened in 2009, confirms Galenica's strategy in the area of information management. HealthCare Information has a leading role in the Swiss healthcare market through the development and implementation of pioneering eHealth offerings. e-mediat pushed ahead with the development and expansion of an image database for medicines in 2009, and extended this to all INDEX products. The pharmacy software TriaPharm<sup>®</sup> was also adapted to the specific needs of independent pharmacies and very small pharmacy chains. The roll-out of TriaMed<sup>®</sup> to doctors' offices was successful.

Date 19 January 2010  
Page 5/6  
Subject Galenica Group Sales 2009

## OUTLOOK

**The Galenica Group:** As a result of the new distribution centre in Niederbipp, the new information technologies and the pharmacy chains, Galenica is well equipped to deal with the agreed price reductions in Switzerland. However, the next few years will be very difficult for the entire pharmaceutical sector, including Galenica. The Galenica Group is confident of being able to navigate this phase with the best possible progress and emerge stronger. The major investments made in 2009 and planned future projects will make a decisive contribution to strengthening the position of the Group and preparing for the future.

**Pharma:** The focus in 2010 will be on the implementation of the established strategy and the integration of OM Pharma. Galenica will make considerable investments to finance these activities. All efforts will continue to be focused on persuading medical experts to use Ferinject<sup>®</sup> in new indications and the launch of the product in further markets. In addition, contact with opinion leaders in individual therapeutic fields will be increased, the clinical study programme will be continued as planned and supplemented by additional studies. The challenge of making the medical community aware of the benefits of treatment with Ferinject<sup>®</sup> is a long and costly process, but one which should be very positive for Galenica. The concurrent positioning of Venofer<sup>®</sup> as the gold standard in haemodialysis is also essential. To this end, the strategic partnership with Fresenius Medical Care is being strengthened.

Vifor Pharma Consumer Healthcare will expand the core therapeutic areas with intensive life cycle management of its key products.

**Logistics:** Improvements in the areas of availability, automation and capacities enable the Logistics business sector to adjust quickly and proactively to future requirements. Galexis will continue to optimise processes in the new distribution centre in Niederbipp and will harmonise the delivery runs in accordance with environmental and economic considerations. The integration of Globopharm will be completed in mid-2010 by leveraging existing synergies, thereby reinforcing the position of Alloga.

**Retail:** GaleniCare will be affected by the government measures to cut prices and distribution margins. However, the new conditions also give rise to opportunities that GaleniCare will take advantage of as part of its expansion strategy combined with consolidation. The Pharma Care concept of MediService will be expanded to include additional indications.

**Other: HealthCare Information:** The image database for INDEX products will be further expanded. e-mediast will supplement medINDEX with the web-based Medivista platform for doctors in private practice and those working in hospitals. Documed will continue to develop its existing products, taking eHealth into account in particular. Triamun products will be adapted to the requirements of the eHealth strategy. The roll-out of the latest version of the pharmacy management solution TriaPharm<sup>®</sup> will be continued, and distribution of the new version for individual pharmacies and very small pharmacy chains will be intensified.

Date 19 January 2010  
Page 6/6  
Subject Galenica Group Sales 2009

### Dates for the diary

The Galenica Group will hold a conference for media and financial analysts on 16 March 2010 to announce the results of the 2009 business year.

The Annual General Meeting will be held on 6 May 2010.

### Consolidated net sales of the Galenica Group in 2009 (in million CHF)

	2009	2008	%
Pharma	440.9	434.0	1.6
Logistics	2'061.8	2'034.4	1.3
Retail	837.7	557.1	50.4
Other: HealthCare Information	43.1	41.4	4.0
<b>Consolidation</b>	(476.4)	(362.9)	
<b>Galenica Group:</b>	<b>2'907.1</b>	<b>2'704.0</b>	<b>7.5</b>

### For further information:

#### Investor Relations:

Fritz Hirsbrunner, Deputy CEO and CFO  
Tel. +41 58 852 85 29  
E-mail: [investors@galenica.com](mailto:investors@galenica.com)

#### Media Relations:

Christina Hertig, Head of Corporate Communications  
Tel. +41 58 852 85 17  
E-mail: [media@galenica.com](mailto:media@galenica.com)

***Galenica** is a diversified group active throughout the healthcare market which, among other things, develops, manufactures and markets pharmaceutical products, runs pharmacies, provides logistical and database services and sets up networks. The Galenica Group enjoys a leading position in all of its business sectors – Vifor Pharma, Logistics and Retail. A large part of the Group's income is generated by international operations.*

*Additional information on the Galenica Group can be found at [www.galenica.com](http://www.galenica.com).*