

## **PRESS RELEASE**

Date 17 January 2012  
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Subject Galenica Group Sales 2011

*((for public release on 17 January 2012 from 7.00 a.m. CET))*

### **Galenica confirms 2011 profit target: at least on par with previous year**

Despite the currency crisis and a difficult economic environment, the Galenica Group continued to grow in 2011 and generated sales of CHF 3,186.2 million (+2.6%). Significant progress was made in a number of key areas:

- In January 2011 Vifor Fresenius Medical Care Renal Pharma began operations in the USA and in October received approval from European competition authorities to expand its operations in Europe and other countries.
- In the same period, US partner Luitpold Pharmaceuticals submitted a New Drug Application to the US Food and Drug Administration (FDA) for Injectafer<sup>®</sup>, the brand name of Ferinject<sup>®</sup> in the USA.
- Investment in research and development also continued as planned for clinical studies to support the filing of PA21 in the USA and Europe, and to provide scientific evidence of the efficacy of Ferinject<sup>®</sup>.

Galenica confirms its 2011 target of consolidated profit (before minority interests) of at least the same level as the previous year and improving results for the 16th consecutive year.

The sales generated by the Pharma business sector were significantly impacted by currency effects and healthcare policies in a number of countries. Sales grew by 1.0% to CHF 584.1 million (+8.4% in local currency). Ferinject<sup>®</sup> had a strong year, increasing sales by 23.0% (+32.1% in local currency) to CHF 85.7 million. In the Swiss market, where Ferinject<sup>®</sup> already had a very strong market position, sales showed only limited growth versus the previous year. Venofer<sup>®</sup> achieved sales of CHF 167.1 million (-9.5%; +1.9% in local currency) and retained its leading market position. Other iron products grew by 14.2% (+19.7% in local currency) to CHF 62.3 million, led by Maltofer<sup>®</sup> which recorded an impressive increase of 20.3% to CHF 53.7 million (+26.9% in local currency). The Vaxom products likewise recorded good growth in local currency.

Thanks to innovations and the high quality of its services the Logistics business sector continued to attract new customers in 2011 and increased sales to CHF 2,080.5 million (+3.2%). The Retail business sector was able to offset negative market trends using targeted promotions and expanding the business. Sales increased by 2.6% to CHF 1,117.9 million.

After 16 years of continuity in the senior leadership, on 1 January 2012 a number of management changes were implemented which were announced in March 2011 and, in themselves, ensure continuity. David Ebsworth, who successfully managed Vifor Pharma for two years, became CEO of the Galenica Group. Thanks to his wealth of international experience, he has been able to thoughtfully prepare for his new role. Jörg Kneubühler took over from Fritz Hirsbrunner as CFO of the Galenica Group. A proposal will be made at the next Annual General Meeting that Fritz Hirsbrunner be elected to the Board of Directors.

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**David Ebsworth reports directly to Etienne Jornod, who, as the full-time Executive Chairman of the Board of Directors, has responsibility for the strategy of the Group as well as its communication, culture, and relationships with partners.**

The turbulence in the global financial markets in 2011 also had a considerable impact on the Galenica Group. Nevertheless, the Group's long-term strategy and diversification once again made further growth possible, with sales up 2.6% to CHF 3,186.2 million. In the current environment, this positive development should not be taken for granted. Galenica confirms its 2011 target of consolidated profit (before minority interests) of at least the same level as the previous year and of improving its results for the 16th consecutive year.

## PHARMA

The Pharma business sector generated net sales of CHF 584.1 million in 2011 (+1.0%). Sales were considerably impacted by currency effects and healthcare policies in a number of countries. In local currency, sales grew 8.4%. Income from licensing fees for CellCept was CHF 120.5 million compared with CHF 187.5 million in the previous year. This decline was in line with expectations and is due to increased availability of generics in several countries and the effects of currency fluctuations.

### Vifor Pharma Rx

**A strong year for Ferinject®.** Ferinject® performed extremely well with an increase of 44% in units sold (100 mg). Global sales results, however, were negatively affected by the weakness of the euro as well as the state of many European economies. Sales reached CHF 85.7 million (+23.0%; +32.1% in local currency). In Switzerland, the company's home market, Ferinject® already had a very strong market position, and sales showed only limited growth of 0.7% to CHF 30.9 million versus the previous year. Efforts are being renewed in Switzerland to find additional sources of growth. In all other key European markets Ferinject® local net sales growth was mainly double digit.

Vifor Pharma continued to expand the geographic reach of Ferinject® with launches in France, Russia, South Korea, Singapore, Argentina and Australia. Today, it is registered in 38 countries around the world and has now been launched in 29 markets. Hikma Pharmaceuticals entered into an agreement to market Ferinject® in the Middle East and North African region. The Medicines and Healthcare products Regulatory Agency (MHRA) of the UK (the Mutual Recognition Procedure Reference Member State), approved a new simplified dosing regimen for Ferinject®.

Several clinical studies with Ferinject® further expanded the data base of clinical evidence demonstrating the efficacy of intravenous iron in a number of different conditions. Results of FERGI-MAIN, a clinical trial in patients with inflammatory bowel disease and iron deficiency, showed that Ferinject® can delay the onset of anaemia recurrence. Additional analyses of FERGI-COR and FAIR-HF showed the positive effects of Ferinject® on quality of life and renal function, respectively. Results from PREFER, a study in women with iron deficiency without anaemia, are expected in 2012. Studies in oncology, pregnancy and chronic kidney disease are ongoing. Two new studies in chronic heart failure patients with iron deficiency started in 2011.

**New Drug Application for Injectafer® submitted in the USA.** In the USA, Luitpold Pharmaceuticals, the US partner of Vifor Pharma, submitted a New Drug Application to the US Food and Drug Administration (FDA) for Injectafer®, the brand name of Ferinject® in the USA. Luitpold provided the FDA with additional safety and efficacy data from two large-scale, multi-centre, randomised clinical trials. One

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trial compared Injectafer<sup>®</sup> to Venofer<sup>®</sup> in patients with iron deficiency anaemia and chronic kidney disease. The second study compared Injectafer<sup>®</sup> to either oral or intravenous iron (the standard-of-care therapy) in patients with iron deficiency anaemia due to various diseases. Both studies met their efficacy and safety endpoints. In total, the studies included more than 3,500 patients of which approximately 1,800 were treated with Injectafer<sup>®</sup>, bringing the total number of patients treated with Injectafer<sup>®</sup> and analysed in a clinical trial setting to nearly 5,800.

**Venofer<sup>®</sup> maintains market position.** Venofer<sup>®</sup> achieved sales of CHF 167.1 million (-9.5%; +1.9% in local currency), and retained its leading market position despite the launch of similar products and the substitution with Ferinject<sup>®</sup> in many countries. Unit sales continued to grow in North America due to the increasingly strong collaboration between US partners Luitpold Pharmaceuticals and Fresenius Medical Care. The price pressure in the US market was offset by increased volumes sold. The results of the FERRIM study show that Venofer<sup>®</sup> improves fatigue and is well tolerated in non-anaemic patients with low serum ferritin levels.

**Vifor Fresenius Medical Care Renal Pharma.** The company owned by Galenica and Fresenius Medical Care began operations in the USA in January 2011 and received approval from European competition authorities to expand its operations in Europe and other countries in October 2011.

**Other iron replacement products: impressive results.** The other iron products delivered some excellent results in 2011, generating sales of CHF 62.3 million, up 14.2% (+19.7% in local currency). This growth was driven by the oral iron therapy Maltofer<sup>®</sup> with sales of CHF 53.7 million (+20.3%), an increase in local currency of 26.9% over the previous year due to success in emerging markets where management of iron deficiency in women and children is a key health priority.

Sales of other prescription products of Vifor Pharma grew by 13.6% to CHF 47.8 million (+17.3% in local currency).

**PA21: excellent progress.** Thanks to the collaboration with Fresenius Medical Care, work on clinical studies made rapid progress. Phase III trials for the novel phosphate binder PA21 were started in 2011. Preparations for filing in 2012 in the USA and Europe have started. Japanese partner Kissei Pharmaceutical has also made impressive progress in the clinical development of PA21 for Japanese patients. Japan is the second-largest dialysis market in the world.

### **Infectious Diseases/OTX**

**Targeting unmet needs.** The Infectious Diseases/OTX franchise, which was created at the start of 2011, saw strong sales of its immuno-stimulant products. Sales of Uro-Vaxom<sup>®</sup> in particular increased by 19.9% to CHF 12.7 million (+27.7% in local currency). Global net sales of Broncho-Vaxom<sup>®</sup> grew 3.6% in local currency and totalled CHF 47.8 million (-2.4%). Here too, sales were heavily affected by currency fluctuations and the tough economic environment since these products are rarely reimbursed. Work is underway to relaunch these products targeting significant unmet needs in the prevention of infections of the respiratory tract and urinary tract infections.

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## Vifor Pharma Consumer Healthcare

**New offers and new markets.** Sales of Consumer Healthcare products in Switzerland slowed slightly year-on-year, reaching CHF 107.5 million (-2.2%), due to a weak rhinitis season and a mild summer, which had a negative effect on sales of seasonal products. The drop in sales was partly offset by developments in third-party manufacturing.

Marketing campaigns helped boost sales of Algifor<sup>®</sup> and Itinerol<sup>®</sup>. The reach of the Anti-Brumm<sup>®</sup> brand was extended with the launch of a tick test. Vifor Pharma Consumer Healthcare Switzerland further strengthened its collaboration with Nycomed when it took over the promotion of the Nycomed over-the-counter gastroenterology products.

International sales of Consumer Healthcare products totalled CHF 23.6 million (-17.4%; -7.6% in local currency) and were affected by the dampened economic environment in many key markets. A number of products were launched in new markets, including Equazen eye q<sup>™</sup> in Portugal, Anti-Brumm<sup>®</sup> in Germany by partner Hermes, and Nasmer<sup>®</sup> (Nycoklar) by Nycomed in Norway.

## LOGISTICS

Thanks to innovations and the high quality of its services, the Logistics business sector continued to attract new customers in 2011, increasing sales by 3.2% year-on-year to CHF 2,080.5 million. The continued leveraging of synergies within the Group also contributed to this development.

**Service offering expanded.** Galexis continued to expand its service offering, for example with the introduction of the Parcel Service. Thanks to strong partnerships with its suppliers, Galexis was the first company to negotiate a euro rebate on approximately 5,000 items and pass on the resulting price reductions to its customers. The Lausanne-Ecublens distribution centre was renovated in 2011. At the same time, the system's capacity to respond to a possible failure was tested: in an emergency exercise in the summer of 2011, the distribution centre in Niederbipp clearly demonstrated that it could guarantee supply throughout Switzerland in the event of a crisis.

Unione Farmaceutica Distribuzione continued to expand its offering in 2011, incorporating new services. Alloga consolidated its position as the leading prewholesale service provider with the development of an innovative coolbox for transporting products that need refrigeration.

## RETAIL

In a declining market, sales in the Retail business sector increased by 2.6% to CHF 1,117.9 million (excluding Coop Vitality). Internal sales growth was 0.6%. Sales of Coop Vitality pharmacies are not consolidated. They amounted to CHF 125.6 million and were up 7.5% versus the previous year.

**Negative market influences offset through targeted measures.** Targeted measures such as active sales promotion, the development of new offerings in collaboration with suppliers as well as the opening of new locations and the acquisition of existing locations, enabled the Retail business sector to significantly offset negative market influences.

Amavita continued to implement its strategy of concurrent expansion and consolidation. Amavita's own label-branded products developed positively. Nestlé chose Amavita as its exclusive partner for the launch of BabyNes. Sun Store opened new stores in prime locations and expanded its online shopping channel. Coop Vitality had the strongest growth of all Galenica pharmacy formats. MediService attracted new customers as pharmaceutical partners in the Pharma Care sector which developed

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very well in 2011. With 22 new Feelgood's pharmacies, Winconcept's entry into the Ticino market was successful. Galenica's pharmacy network is the largest in Switzerland, with 289 pharmacies owned by Galenica and 161 partner pharmacies.

### **HEALTHCARE INFORMATION**

The HealthCare Information business sector generated sales of CHF 47.8 million in 2011, a decline of 2.5% which can be attributed to internal factors.

**Swiss Drug Compendium<sup>®</sup> for iPhones and other smartphones.** Within the INDEX range, logINDEX<sup>®</sup> was developed for wholesalers and hospINDEX<sup>®</sup> expanded with the «Clinical Decision Support» module. Documed developed an application of the Swiss Drug Compendium (Arzneimittel-Kompendium der Schweiz<sup>®</sup>) for the iPhone, iPad and iPod touch. Optimised online versions of the compendium are available for all other smartphones, e-book readers and for PC and Mac applications. Development of the master registry was successfully completed. The roll-out of TriaPharm<sup>®</sup> in Amavita pharmacies continued. The functionalities of TriaMed<sup>®</sup> have been further expanded for collaborative practice models.

### **GALENICA GROUP**

#### **A well prepared change after 16 years of continuous management**

After 16 years of continuity in senior leadership, on 1 January 2012, a number of management changes, which were announced in March 2011, were implemented, which in themselves ensure continuity.

Etienne Jornod's dual roles as Executive Chairman of the Board of Directors and CEO were separated. Effective 1 January, Etienne Jornod serves full-time as Executive Chairman. He has responsibility for the ongoing strategic development of the Group, alliances and acquisitions, communications and culture of the Group as well as relations with partners.

At the same time, David Ebsworth, CEO of Vifor Pharma, took over as CEO of the Galenica Group. He has extensive experience at all levels of the pharmaceutical industry as well as in-depth knowledge of key international markets and served as President and General Manager of the Global Pharmaceutical Division of Bayer AG. His international experience in the pharmaceutical sector ideally complements the Group's management team. David Ebsworth will also retain his role as CEO of Vifor Pharma.

With these changes, the Board of Directors recognises not only the complexity of the Group but also its considerable growth potential for its shareholders. It opted for a solution which focuses on operational efficiency, with the Executive Chairman creating an environment that enables the CEO to fully concentrate on implementation.

The Galenica Group's former Deputy CEO and CFO, Fritz Hirsbrunner, will be proposed for election to the Board of Directors at the 2012 Annual General Meeting. To ensure the succession of the CFO function early on, Fritz Hirsbrunner transferred his operational responsibilities as CFO to Jörg Kneubühler, former Head of Corporate Finance & Controlling, over the course of 2011. Jörg Kneubühler assumed full responsibility as CFO of the Galenica Group on 1 January 2012. Fritz Hirsbrunner will continue to assure the function of Head of Investor Relations until 2014.

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**Dates for the diary**

The Galenica Group will announce the results of the 2011 financial year at a conference for media and financial analysts on 13 March 2012.

The Annual General Meeting will be held on 3 May 2012.

**2011 consolidated net sales of the Galenica Group (in million CHF)**

	<b>2011</b>	<b>2010</b>	<b>%</b>
Pharma	584.1	578.5	+1.0
Logistics	2,080.5	2,015.0	+3.2
Retail	1,117.9	1,089.5	+2.6
HealthCare Information	47.8	49.0	(2.5)
Consolidation	(644.1)	(627.7)	
<b>Galenica Group</b>	<b>3,186.2</b>	<b>3,104.3</b>	<b>+2.6</b>

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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. The Galenica Group enjoys a leading position in all its business sectors – Pharma, Logistics and Retail. 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](http://www.galenica.com).*