Strategic positioning of Galenica

Well prepared in a challenging market environment

Jean-Claude Clémençon
CEO

Media and Analyst Conference, 12 March 2019
2018 in figures
Pleasing development in all Business sectors

Despite additional drug price reductions

→ Solid sales growth

→ Above-average EBIT growth

→ Dividend increase of 3%

Galenica Group:

In million CHF
Sales: 3,165.0 + 0.8%

EBIT\(^1\): 154.1 + 9.1%

Net profit\(^1\): 124.7 + 9.5%

Dividend\(^2\): CHF 1.70 per share

\(^1\) Comparable basis

\(^2\) Proposal to the Annual General Meeting on 2 May 2019

12.03.2019 © Galenica Group
Corporate Executive Committee
New Head Products & Brands (as of January 2019)

Jean-Claude Clémençon
CEO

Felix Burkhard
CFO

Daniele Madonna
Head Retail

Thomas Szuran
Head Products & Brands

Christoph Amstutz
Head Services
AGM 2019

New Chairwoman and strengthening of the Board of Directors

Daniela Bosshardt-Hengartner proposed for election as the new Chairwoman

- Pharmacist ETH
- Management consulting & finance
- Member of the Board of Directors since 2017

Markus R. Neuhaus proposed for election as a member of the Board of Directors

- PhD in law
- Certified tax expert
- Finance and business administration
Galenica is well prepared...
Galenica is well prepared
... and is a partner for all players in the healthcare market

Reliable partner for all market participants
Overcoming challenges thanks to expansion, innovation and efficiency
Omni-Channel
Networked with all healthcare market players and across all channels
Further progress on all three development axes

Expansion

Innovation

Efficiency
Expansion
Expansion

2018: 13 new pharmacies – 2 new online offerings

Over 500 points of sale!
- Own pharmacies: 345
- Total network: > 500

Online offerings
- Careproduct
- Puresense
Expansion

2019: further expansion and optimisation of the pharmacy network
Expansion
2018: product portfolio and partnerships expanded

VERFORA®
No. 1 in the Swiss Consumer Healthcare market

Product portfolio
- Algifor®
- Perskindol®
- Anti-Brumm®

New partnerships
- Spagyros
- Oenobiol
Expansion

2019: develop partnerships and portfolio (from January 2019)
Innovation
Innovation
2018: Omni-Channel expanded

Online pharmacy
- All formats
- 40,000 products
- Incl. product information
- Know-how expansion
Innovation
Ambition: > 100,000 products

2017
10,000

2018
40,000

20??
> 100,000
Innovation: supporting patients
Combine Omni-Channel!
Innovation: supporting patients
The right medicine at the right time in the right dosage

ePRESCRIPTION

CDS check
Polymedication check

eMediplan

eMediplan

AmaVita
Health Center
Our healthcare benefits

Healthcare
Benefits

Webshop
Over 40'000 items

Starcard
Your loyalty is rewarded

Upload rec...
Find us
Promotions
Newsletter
Innovation: health centre
Online services and prevention offerings
Innovation: fast, simple, safe, everywhere
Providing personal care to patients at home with new technologies

Mediservice personally cares for 10,000 patients

- At home
- By phone
- Via e-mail
- And now also with video therapy support
Innovation: umbrella brand strengthens recognition
For the specialist retail trade and for patients!
Efficiency
Efficiency
Retail: standardisation shows effect

- Triapharm®
- Central back office
- Direct invoicing

- Generics substitution rate in Retail: 70%!
Efficiency
Services: investing in the future

- New ERP solution at Alloga and Galexis

- Modernisation of Galexis distribution centre at Lausanne-Ecublens

- Introduction of new blister machines at Medifilm

- Solar energy production at Alloga
Regulatory and political environment
## Authorities: measures and projects

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in drug prices</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Category change of OTC products</td>
<td></td>
<td>✔️</td>
<td></td>
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<tr>
<td>Distribution margin LOA IV → LOA V</td>
<td></td>
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<td>✔️</td>
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<tr>
<td>Generics prices Amendment of Health Insurance Act (KVG)</td>
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<td>from 2021 …</td>
</tr>
</tbody>
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1) Swissmedic categories C, D
## Reduction of drug prices 2018 – 2020

<table>
<thead>
<tr>
<th>in million CHF</th>
<th>Originally announced (average)</th>
<th>Subsequent increase</th>
<th>Effective savings 2018</th>
<th>Effective savings 2019</th>
<th>Effective savings 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>80</td>
<td>190</td>
<td>225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>80</td>
<td>100</td>
<td>–</td>
<td>open</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>80</td>
<td>open</td>
<td>–</td>
<td>–</td>
<td>open</td>
</tr>
<tr>
<td>Total</td>
<td>240</td>
<td></td>
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</table>

Source: Various press releases from the Federal Office of Public Health (FOPH)
Category change of OTC products
Strengthening of the specialist retail trade

→ Less than 10% of products will leave the specialist retail trade!

List D
CHF 575 million

C → D
CHF 142 million

C → B
CHF 30 million

D → E
CHF 13 million

Source: IQVIA, ex-factory, MAT 10/2018
Distribution margin – LOA V – Reference price system

- Distribution margin LOA IV → LOA V
- Generics prices Amendment of Health Insurance Act (KVG)
- 2020
- from 2021 ...
Overcoming challenges thanks to expansion, innovation and efficiency
We operate in a stable market environment

Development of the pharmaceutical market (excluding hospitals)

- 2008-2018: Ø +1.9%
- 2018-2022: Ø +1.7%

Growth drivers

- Population growth
- Over-65 generation
- Innovation
- New medications

Source: IQVIA
Galenica: well prepared across all channels

Advice

Product range

Omni-Channel

Services