

Galénica Group

Annual financial statements 2018

Felix Burkhard
CFO

Media and Analyst Conference, 12 March 2019

2018

Solid, sustainable business performance!

**Dividend
increased**

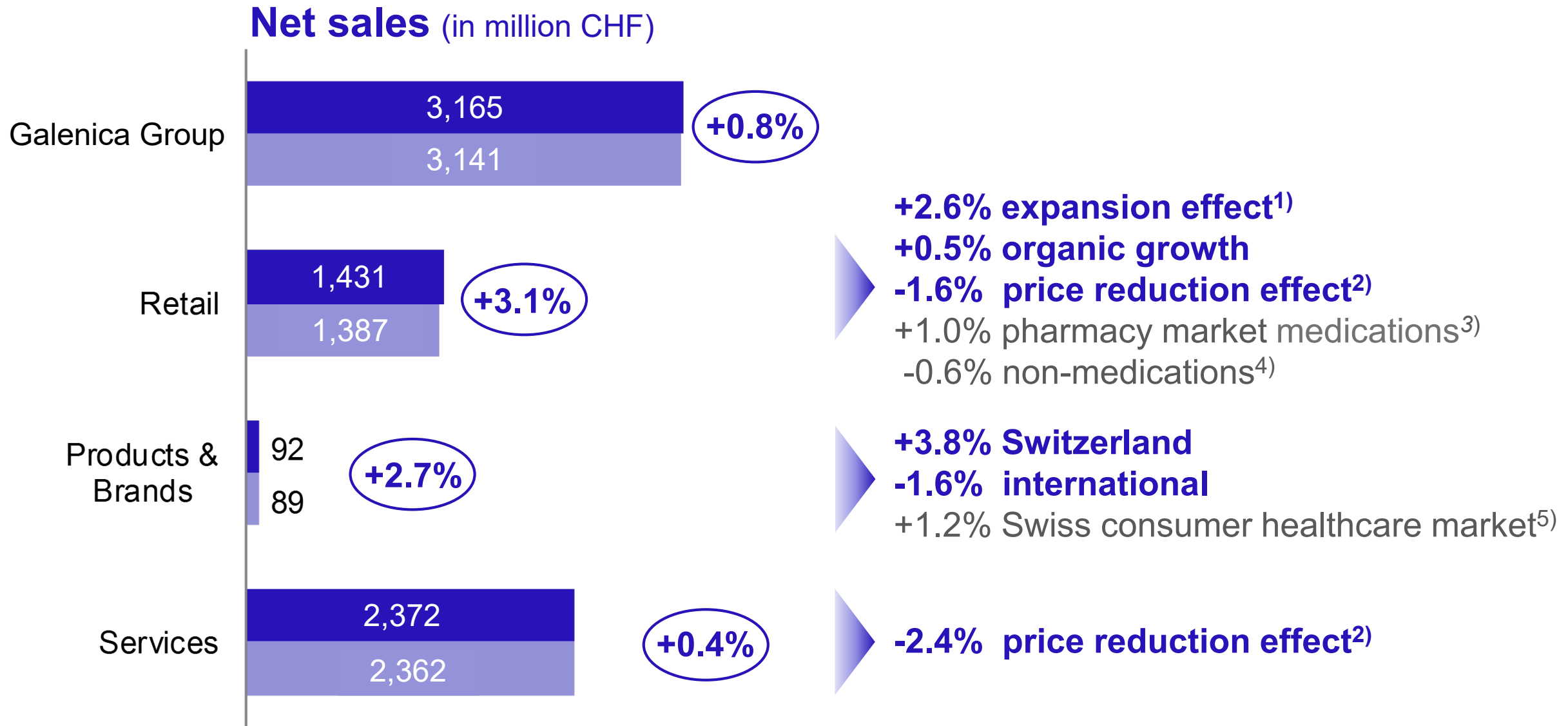
**Pharmacy network
expanded**

**Sales increased
despite price reductions**

**Profitability
sustainably improved**

**Balance sheet
strengthened**

Solid sales growth despite price reductions



■ 2018 ■ 2017

¹⁾ Calculated for points of sale without full-year comparison period 2017 and 2018

²⁾ Price reductions on reimbursable medications (SL), calculated with 2017 volumes

³⁾ IQVIA, Swiss pharmaceutical market 2018: sales from Swissmedic therapeutic products lists A, B, C, D by suppliers and wholesalers to pharmacies

⁴⁾ IQVIA, Swiss consumer healthcare market 2018, personal care, patient care and nutrition sales in pharmacies and drugstores at street price

⁵⁾ IQVIA, Swiss consumer healthcare market 2018

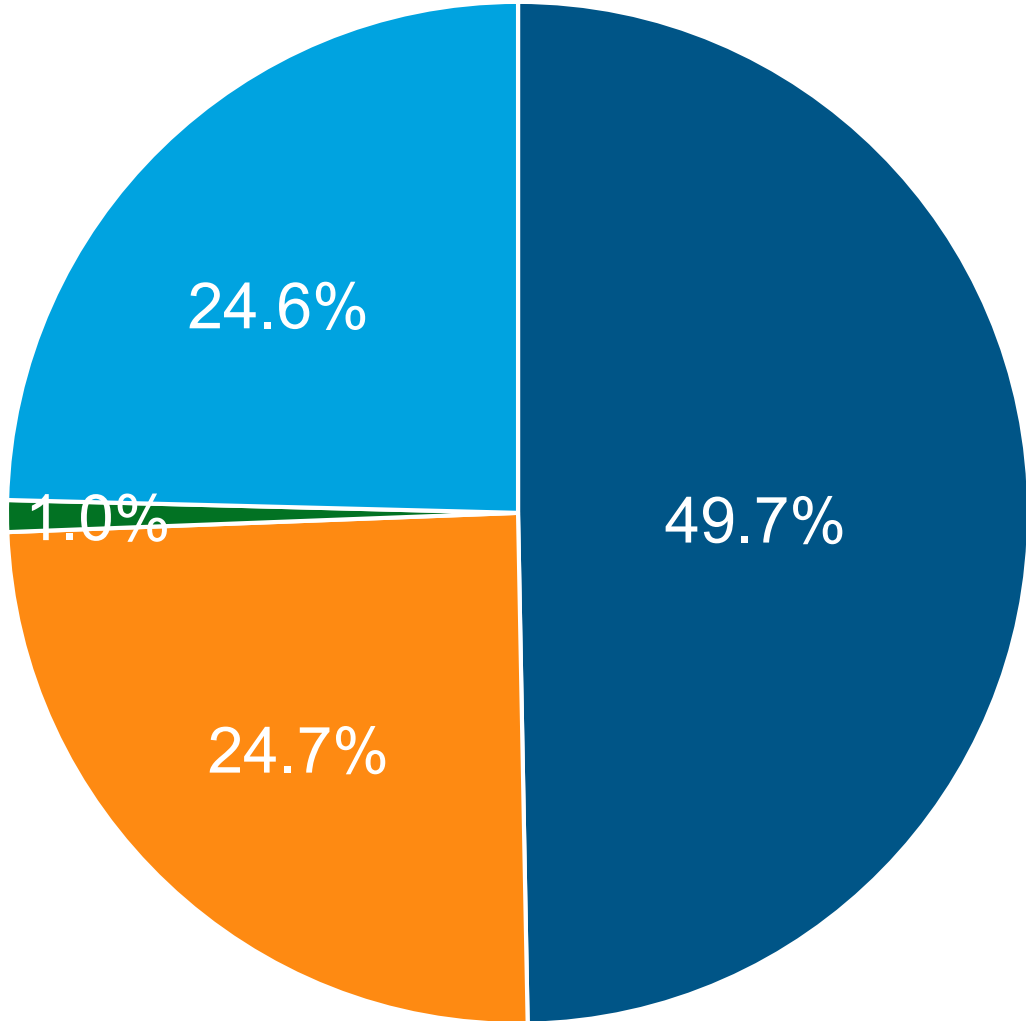
Swiss pharmaceutical market by channel 2018

Ex-factory value: CHF 5,969.2 million (CHF +130.8 million / +2.2%)

Hospitals
1,467.5 million
+5.5%

Drugstores
60.4 million
-2.3%

Physicians
1,475.1 million
+1.9%

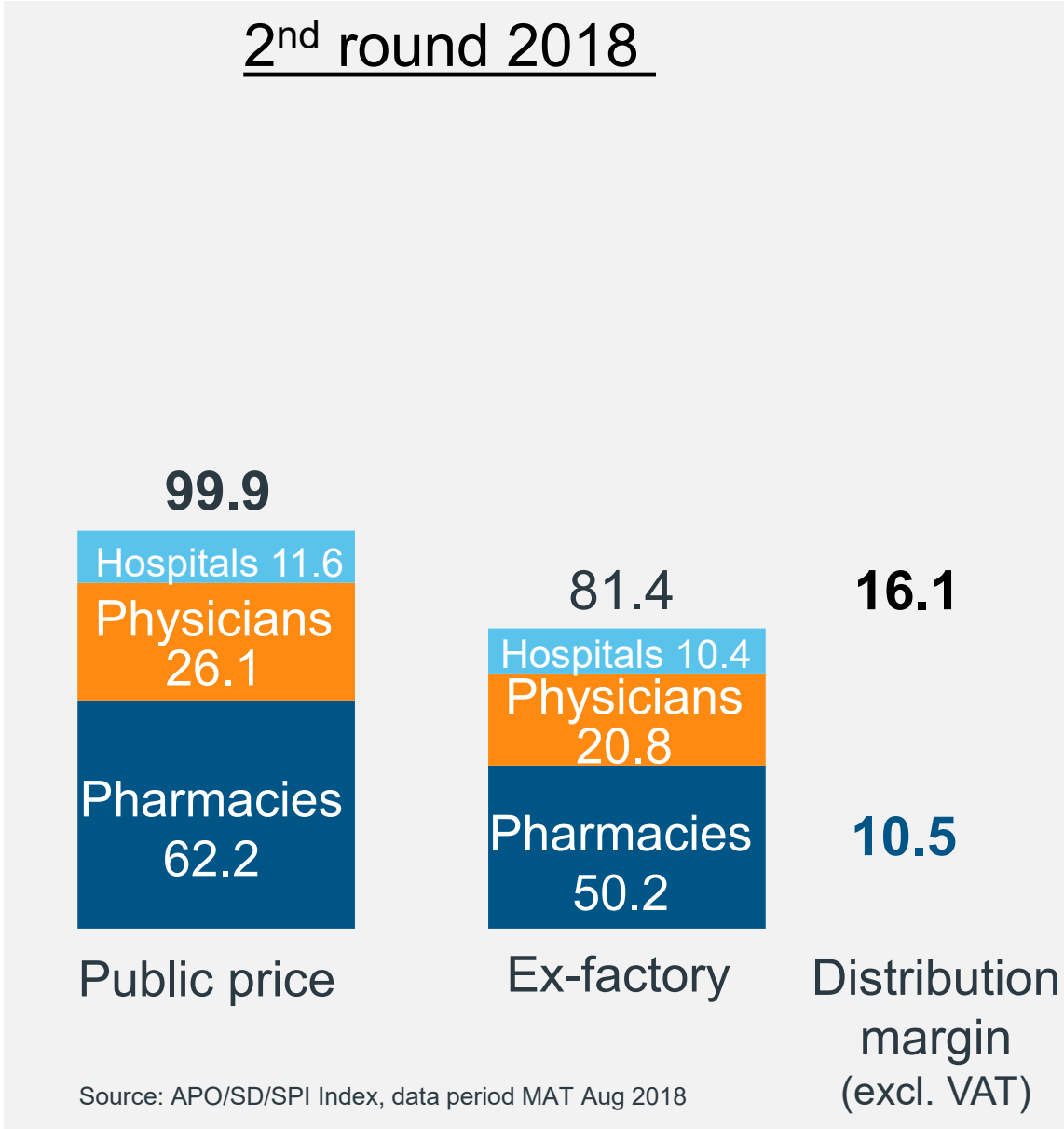
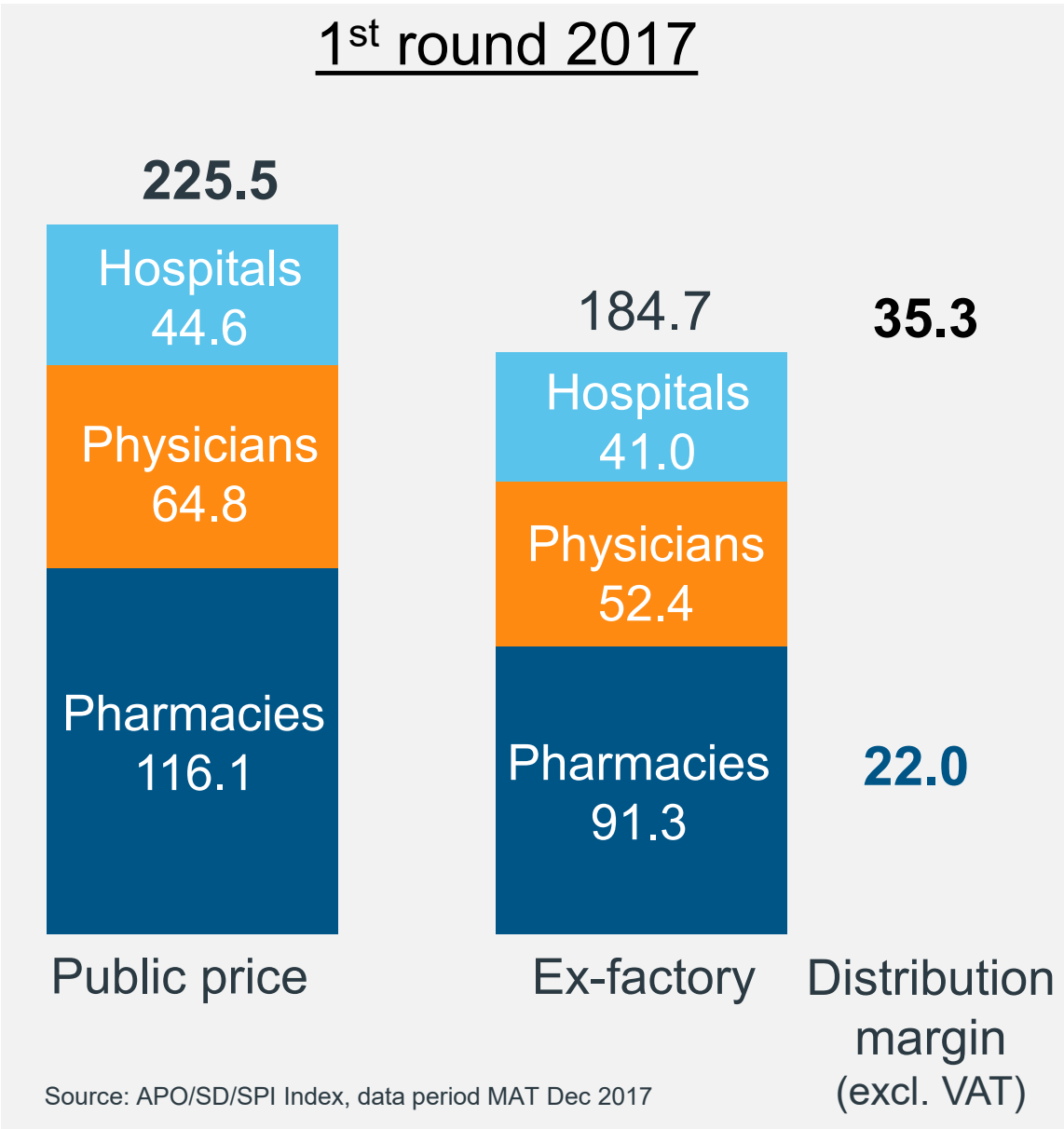


Pharmacies
2,966.2 million
+1.0%

Source: APO/SD/DRO/SPI Index
Swissmedic A, B, C, D

Price reduction rounds 2017 and 2018

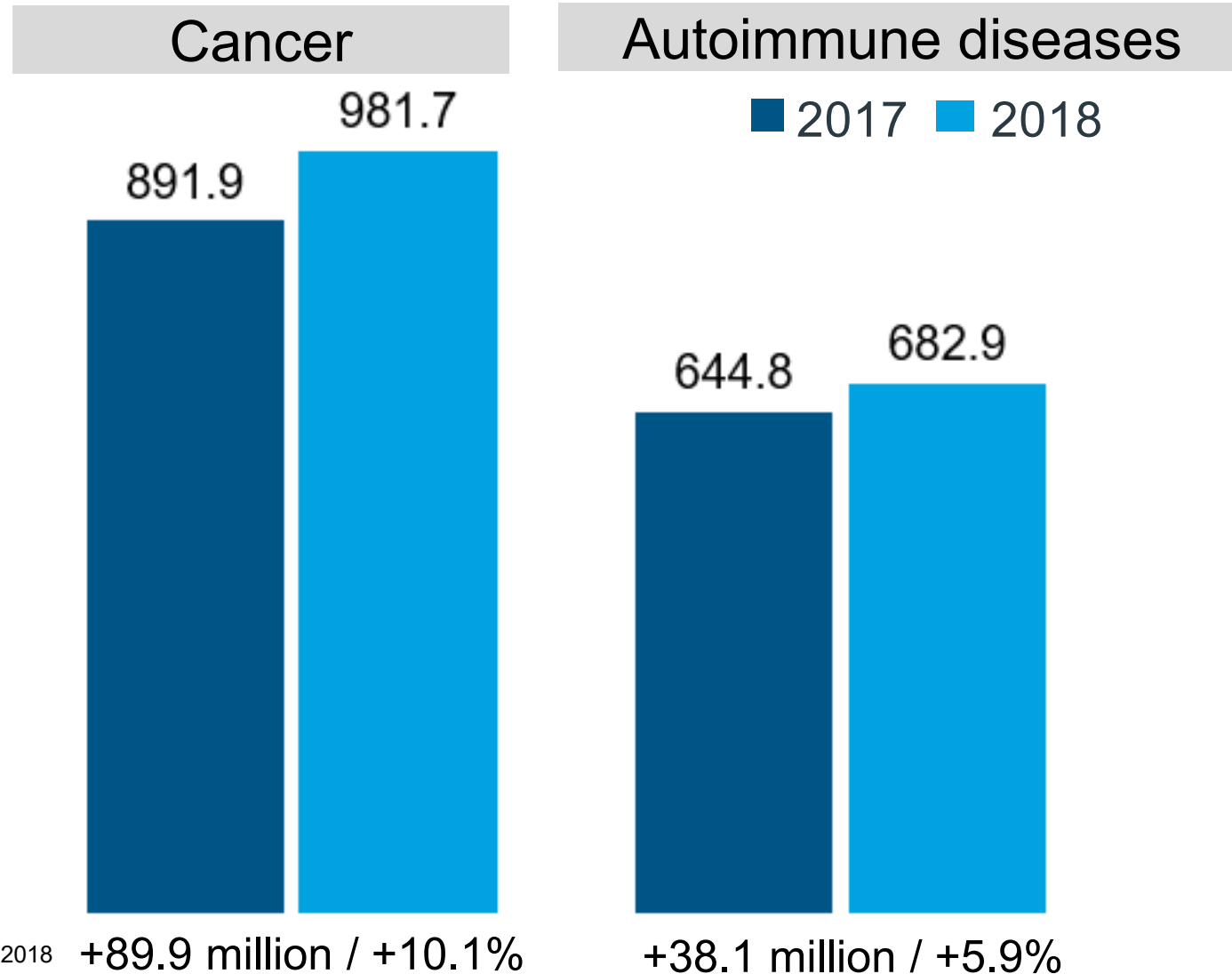
Annual savings per channel at public price and ex-factory in million CHF



2018: Strong growth in high-priced medications

2 therapeutic areas are generating over 95% of total market growth

Ex-factory value: CHF 1,664.6 million (CHF +127.9 million / +8.3%)



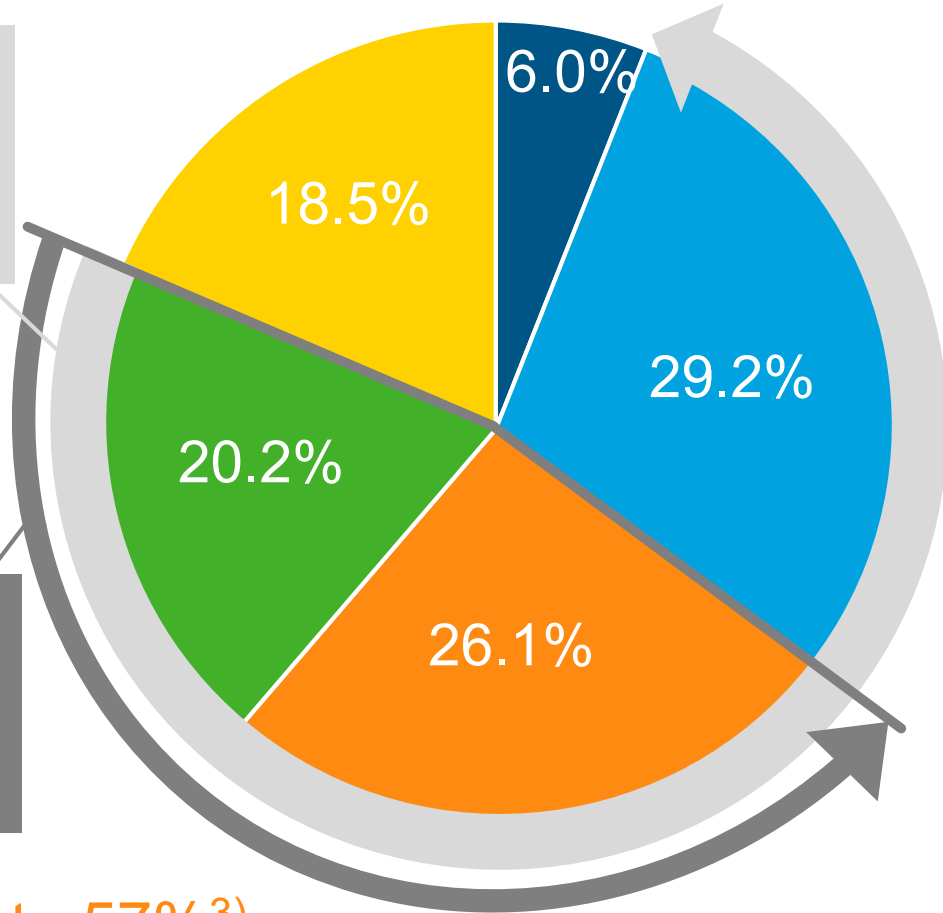
Source: APO/SD/DRO/SPI Index
Swissmedic registered articles
Data as at December 2018

Generics 2018: strong growth in the pharmacy market

74.5 million packs reimbursable by health insurance (+1.7 million / +2.4%)

Market with generics potential
56.2 million
+2.4%

Market with generics
34.5 million
+5.0%



Patent protected products	4.5 million / -5.3%
Products with expired patent protection without generics	21.7 million / -0.4%
Generics	19.5 million / +9.3%
Originals ¹⁾	15.0 million / -1.3%
Others ²⁾	13.6 million / +4.5%

1) Product with expired patent protection and at least one generic
 2) 1. Natural substance (e.g. vitamins, minerals);
 2. Non-therapeutic products (e.g. contraceptives, diet products);
 3. Vaccines;
 4. Diagnostics;
 5. Biosimilars;
 6. Reference products

³⁾ Generics 19.5 million / market with generics 34.5 million = 57%

Substitution rate 57%³⁾

Source: Market segmentation, reimbursable products (FOPH) in the pharmacy channel
 Monthly calculation basis, delineated market division
 Data as at December 2018

Sales growth despite price reductions

Market development affected by:

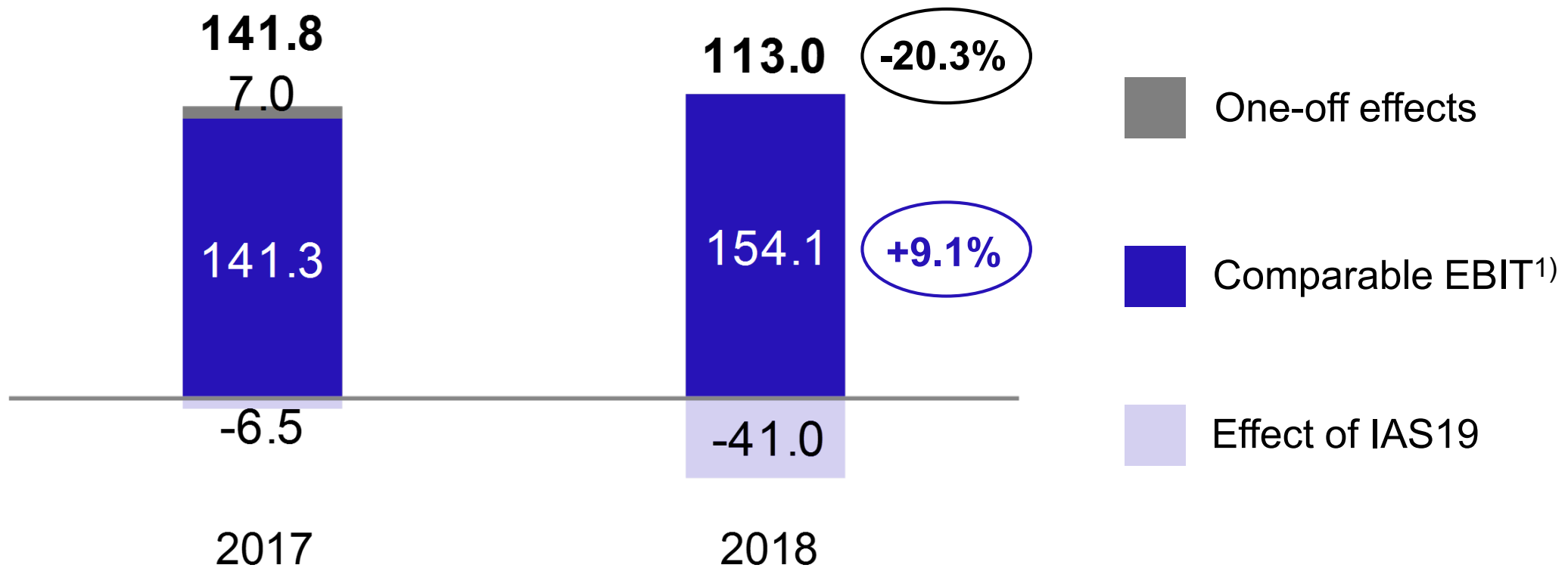
- Price reductions
- Strong growth of high-priced medications
- Growth of generics

Outlook for Galenica sales in 2019:

- Galenica Group sales at least at prior-year level
 - Health & Beauty sales +1% to +3%
 - Services sales at around the prior-year level

Comparable EBIT significantly increased

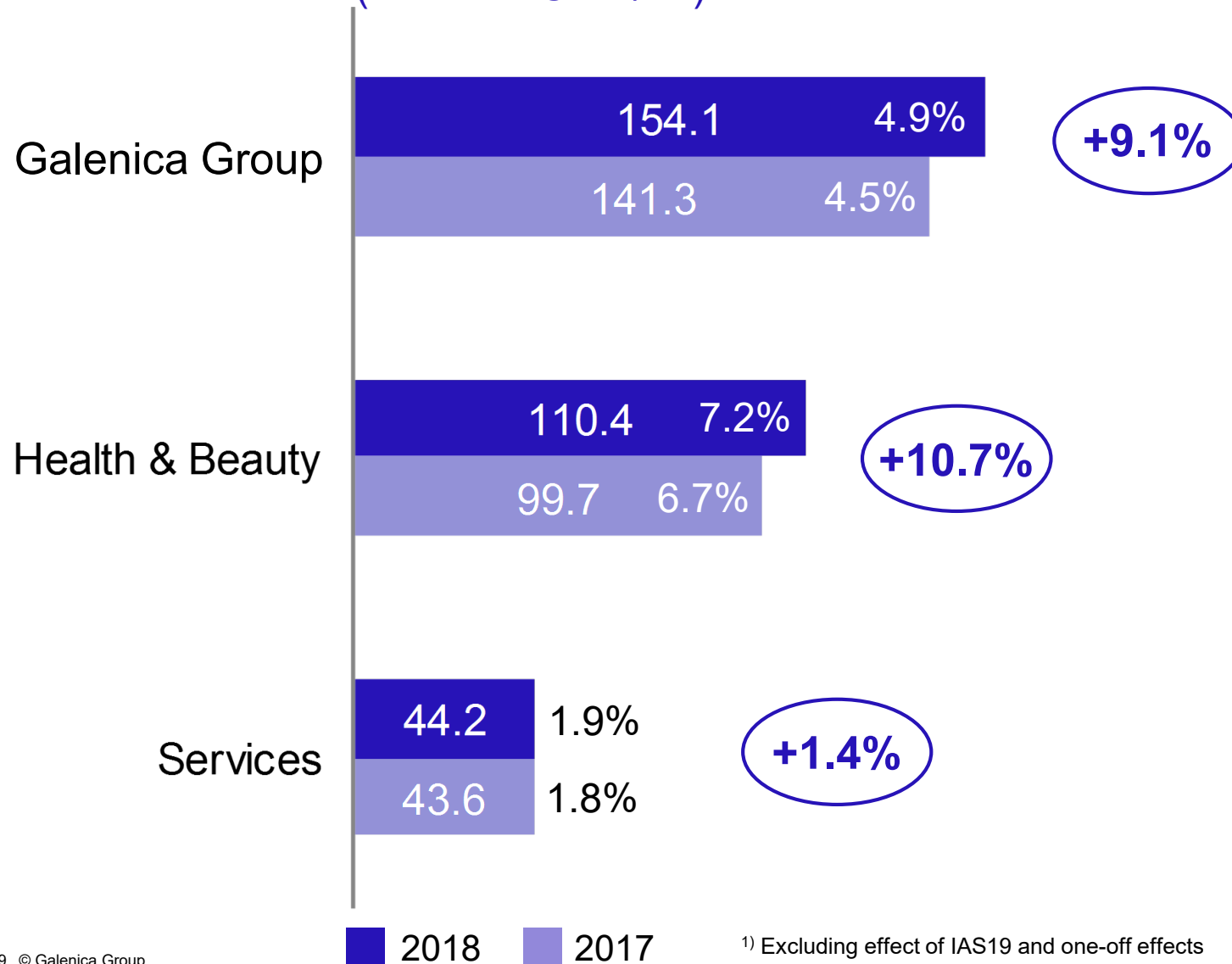
(in million CHF)



Profitability sustainably improved

Comparable EBIT¹⁾ / EBIT margin

(in million CHF / %)

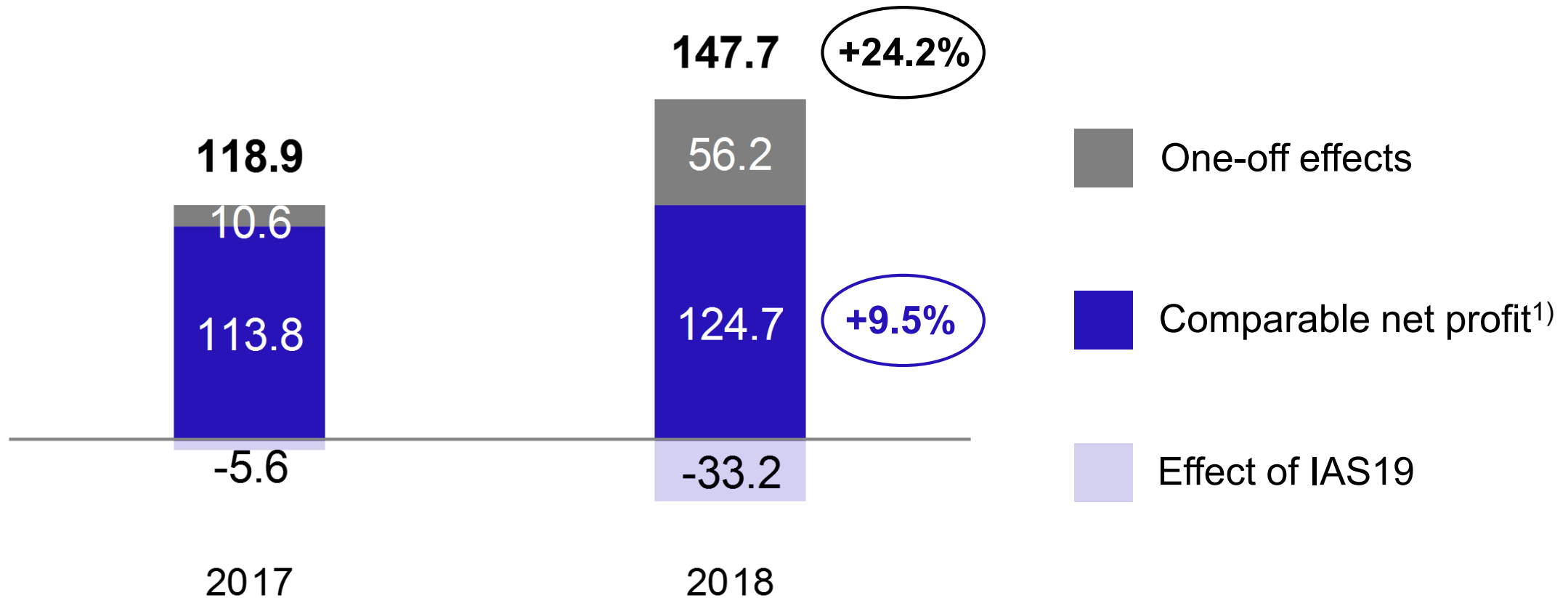


■ 2018 ■ 2017

¹⁾ Excluding effect of IAS19 and one-off effects

Net profit above expectations

(in million CHF)



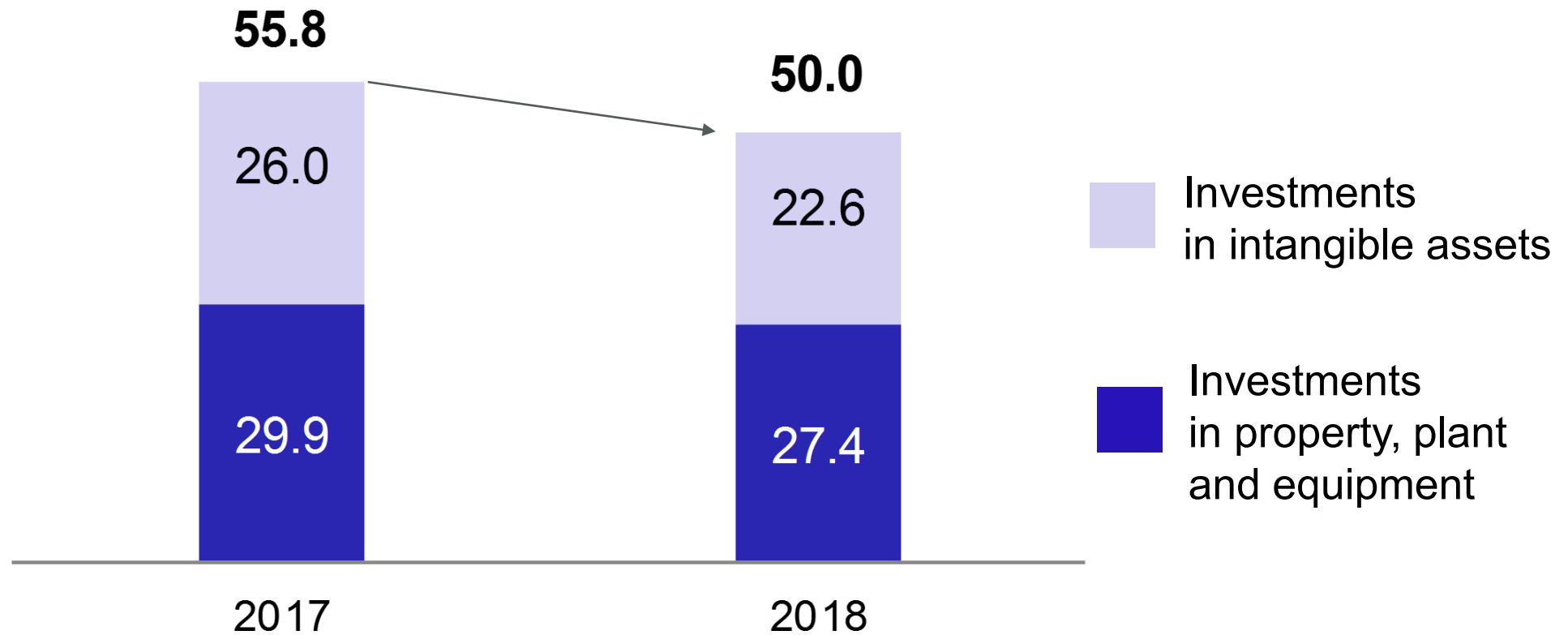
2018

Investments

(in million CHF)

% of sales **1.8%** **1.6%**

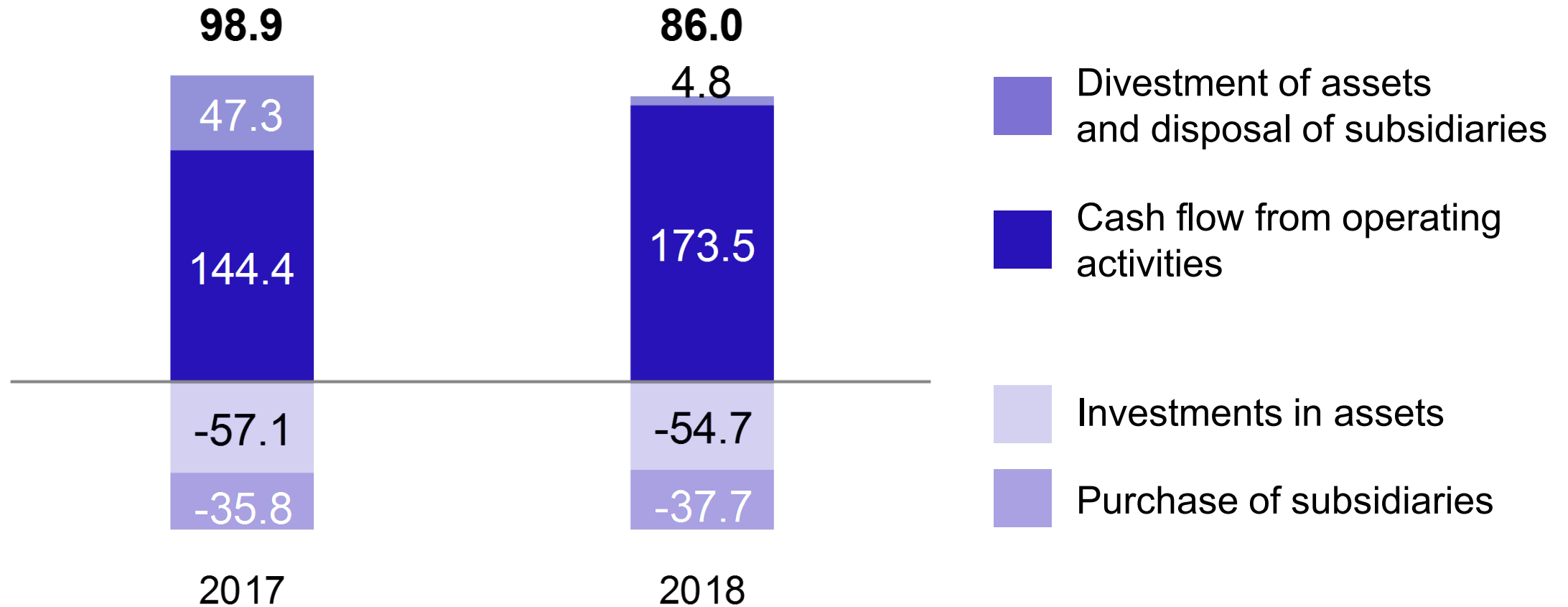
Cash conversion¹⁾ **70%** **74%**



2018

Pleasant free cash flow

(in million CHF)

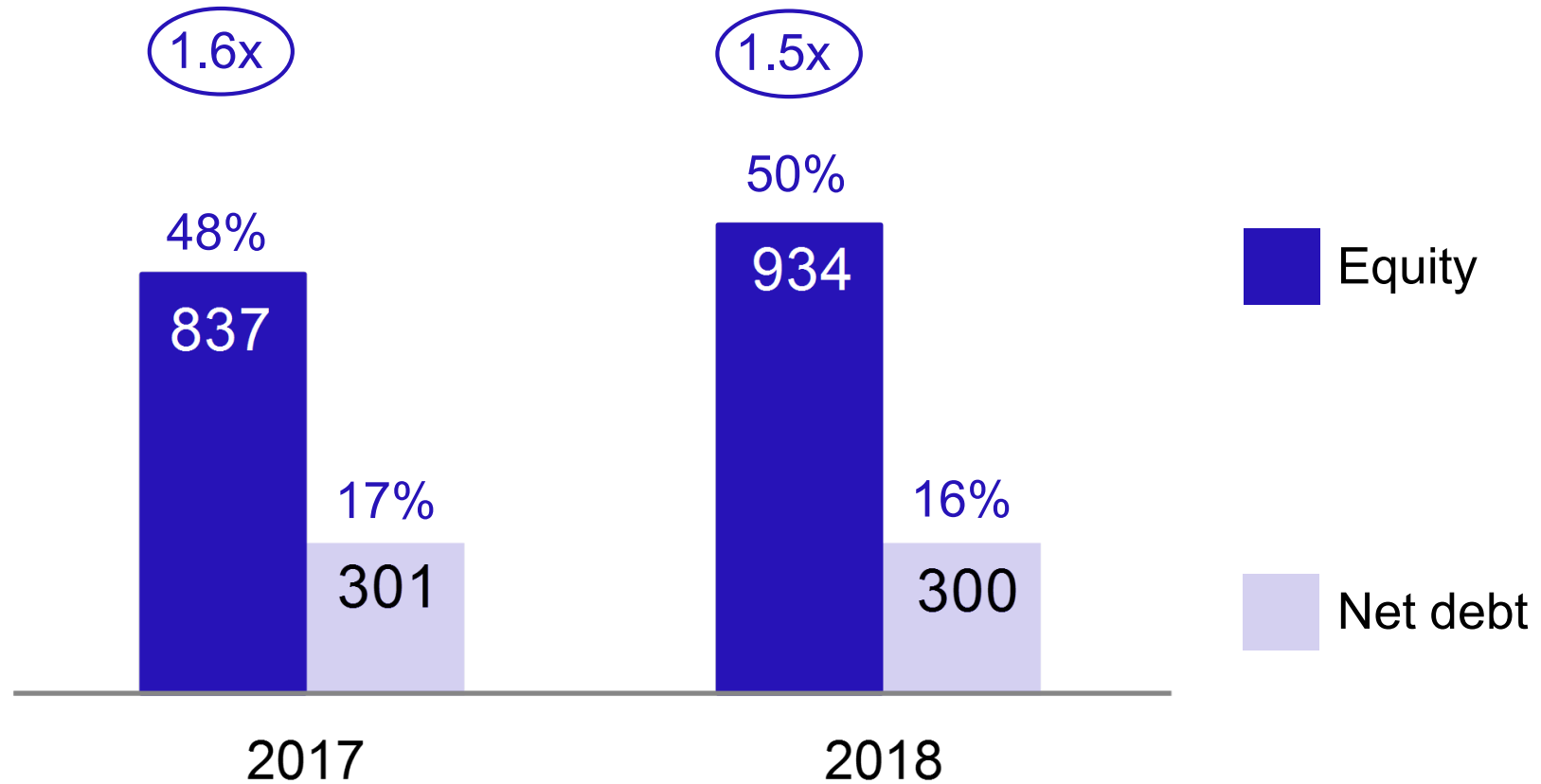


Balance sheet strengthened

(in million CHF)

Debt coverage¹⁾

% of total assets



Outlook 2019

- **Galenica Group sales at least at prior-year level**
 - **Health & Beauty sales +1% to +3%**
 - **Services sales at around the prior-year level**
- **EBIT (excluding the effects of IAS 19 and IFRS 16) +2% to +5%**
about 2 million CHF additionally due to IFRS 16
- **2019 dividend at least at prior-year level**

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