

## **PRESS RELEASE**

Date 12 August 2014  
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Subject Galenica lays foundation for two listed, independent companies

### **Galenica lays foundation for two listed, independent companies**

#### **New management structure with two CEOs will enable focused development of both units.**

Following the successful systematic implementation of its transformation strategy since 1995, the Galenica Group is now preparing for a new phase. Accordingly, its operational management structure is being adapted.

In future, the Group will be headed by two CEOs: one CEO for Vifor Pharma (former Pharma Division) and one CEO for Galenica Santé (former Santé Division). Both CEOs will report directly to the Executive Chairman. The role of CEO Galenica Group is being abolished.

The new management structure will enable the different Pharma and Santé business models to develop in an even more focused way, taking into account their individual growth dynamics. With this move, the Board of Directors of the Galenica Group is creating the best possible conditions for both the Vifor Pharma and Galenica Santé units to prepare to become listed, independent companies when the time is right.

The Board of Directors of the Galenica Group has appointed Søren Tulstrup as CEO of the Vifor Pharma Division and Jörg Kneubühler as CEO of the Galenica Santé Division. Jörg Kneubühler will also continue to be CFO of the Galenica Group. The new structure will enter into effect immediately.

David Ebsworth, who has been CEO of Vifor Pharma since 2009 and was appointed CEO Galenica Group in 2011, has decided to step down from his operational duties and to take well-earned retirement from 31 August 2015. He will continue to support the Galenica Group in a Special Projects role given his knowledge and excellent pharma expertise. David Ebsworth has made a considerable contribution to the success of the Galenica Group through his tireless commitment over the past five years.

### **GALENICA GROUP: TWO DIFFERENT STRATEGIES AND MANAGEMENT STRUCTURES**

#### **PHARMA**

Galenica has successively strengthened and expanded its pharma business in recent years and made large investments in a strong organisation. Thanks to an international distribution network comprising own affiliates and partners and an organisation with first-class pharma expertise, Vifor Pharma is today a world leader with its iron replacement products and has a strong market position with its immunostimulants.

Ferinject<sup>®</sup> is now registered in more than 60 countries and has also been on the market in the USA for almost a year under the name Injectafer<sup>®</sup>. Velphoro<sup>®</sup> was launched in the USA in March 2014; further approvals are expected during the course of this year, especially this autumn in the EU following the recommendation for approval by the CHMP in June 2014. Despite an isolated problem in France due to a temporary ban on promotion and the regulatory restriction that intravenous iron replacement products can be administered in hospitals only, sales of Ferinject<sup>®</sup> are increasing at a double-digit percentage in Europe and doing well in other regions. In addition, Luitpold Pharmaceuticals, Inc., the distribution partner for Injectafer<sup>®</sup> in the USA, has set itself a sales target of USD 100 million for the period April 2014 until March 2015 based on the good launch.

These key milestones strengthen the promising prospects of Vifor Pharma. To be able to maximise and tap the full potential, Galenica wants to strengthen its focus on the independent development of the pharma business, which currently already accounts for approximately 75% of Group EBIT. Accordingly, the new organisation will focus exclusively on the pharma business and introduce a structure independent from the Group's other activities. The existing Pharma Business sector will develop to become an independent company with an appropriate specific specialty pharma culture, meaning a company characterised by a strong entrepreneurial culture that specialises in a single area and with a strictly strategic focus.

#### **Søren Tulstrup new CEO of Vifor Pharma**

Through the appointment of Søren Tulstrup as the new CEO of Vifor Pharma, the Board of Directors of the Galenica Group is underpinning its intention to develop Vifor Pharma into a specialty pharma company.

Søren Tulstrup (49) is a Danish national who has a Master of Science, Economics and Business Administration from Copenhagen Business School and has completed various management courses at universities in Europe and the USA. He gained his outstanding wealth of experience in various roles as a commercial and general manager at companies such as Abbott Laboratories (AbbVie), Sandoz Pharma Ltd. (Novartis) and Merck&Co. Inc. In 2008 he became President and CEO of Santaris Pharma A/S, a biopharmaceutical company specialising in the development of RNA-targeted (ribonucleic acid) medications for various therapeutic areas. In 2012 he joined Shire Pharmaceuticals, a world-leading specialist biopharmaceutical company, as Head of Global Franchise, with responsibility for Elaprase<sup>®</sup> (Hunter syndrome or mucopolysaccharidosis type II (MPS II)) as well as the development of new MPS medications.

The Board of Directors is confident that Søren Tulstrup is the right CEO to maximise the potential of Vifor Pharma as a successful, independent specialty pharma company. A key priority for Søren Tulstrup will be the corresponding organisational structure and the introduction of the specific corporate culture needed in a specialty pharma company. This will further strengthen Vifor Pharma's position in the international pharma market and its ability to negotiate strategic cooperations and acquisitions. In this, Søren Tulstrup will be able to rely on the extensive experience and support of Gianni Zampieri, Deputy CEO of Vifor Pharma and Head of Pharma Operations.

#### **Vifor Pharma remains within the holding structure of Galenica Ltd.**

Vifor Pharma and its sales affiliates will continue to operate within the holding structure of Galenica Ltd. Shareholders will therefore be able to benefit from the development potential. At the same time, this will also avoid the risk of the price fluctuations to which a small, listed specialty pharma company can be subject. Vifor Pharma is currently at an inflection point and has the potential to become a successful stand-alone specialty pharma company in the future. However Galenica believes it may take three to five years to achieve the necessary critical mass.

## **GALENICA SANTÉ – LOGISTICS, RETAIL, HEALTHCARE INFORMATION**

Jörg Kneubühler, CFO and Head of Human Resources of the Galenica Group, will become CEO of Galenica Santé, assuming responsibility for overall management and coordination of the Logistics, Retail and HealthCare Information Business sectors. These areas already comprise well-established, professional teams and will continue to be managed competently by Felix Burkhard, Head of the Retail Business sector, and Jean-Claude Cléménçon, Head of the Logistics Business sector and responsible for HealthCare Information.

Galenica Santé has everything it takes for this unit too to become an independent listed company. The logistics organisation has a top-performing infrastructure and is now benefiting from measures taken to prepare for changes facing the market both today and in the future (invoicing system, new services, cooperation with all market players, etc.). HealthCare Information is a very innovative unit offering services and information that address changes under eHealth, which are currently being implemented by the Swiss authorities. Finally, with nearly 500 points of sale at the best locations in the country, the Galenica Group's network of own and partner pharmacy chains has become a benchmark in the sector. The synergies between these three activities, each of which has already achieved critical mass, are promising and will enable Galenica Santé to respond to the challenges facing the sector in general. In addition, the attractiveness of the organisation should allow Galenica Santé over the next few years to expand its position in the own-brand market and with respect to licences for products marketed in different areas.

### **Jörg Kneubühler, new CEO Galenica Santé and CFO Galenica Group**

Jörg Kneubühler (54) has a PhD in economics and business administration from the University of Bern. After spending ten years in a number of different roles in financial management at the Swatch Group, he joined the Galenica Group in 2002 as Head of Finance & Administration of Vifor Ltd. In 2006, he took over as Head of Corporate Controlling of the Galenica Group. He was appointed a member of the Corporate Executive Committee in 2009. In 2012, Jörg Kneubühler took on the roles of CFO and of Head of Human Resources of the Galenica Group.

Jörg Kneubühler will continue in his role as CFO of the Galenica Group, whereas he will transfer his responsibilities as Head of Investor Relations to Julien Vignot who has already supported him in this assignment.

### **David Ebsworth stepping down as CEO, but will continue to support the Group in a Special Projects role**

David Ebsworth (60), CEO Galenica Group and Vifor Pharma, has decided to step down from his operational duties and to take well-earned retirement from 31 August 2015. He will continue to support the Group in a Special Projects role, particularly supporting the new CEO of Vifor Pharma, Søren Tulstrup.

David Ebsworth joined the Galenica Group in 2009 as CEO of Vifor Pharma; in 2011, he was appointed CEO Galenica Group in addition to his existing role. Through his exceptional industry experience and high level of international expertise, he has made a vital contribution to the excellent positioning of Vifor Pharma. Under his leadership, a strong international distribution structure was introduced, the phosphate binder Velphoro<sup>®</sup> was developed to readiness for launch, and in 2013 two FDA registrations (Injectafer<sup>®</sup> and Velphoro<sup>®</sup>) were obtained in the same year.

The Board of Directors thanks David Ebsworth for his exceptional commitment, through which he applied his professionalism and expertise in an extremely valuable manner. Etienne Jornod, Executive Chairman of the Board of Directors of Galenica Ltd. and Vifor Pharma Ltd. highlighted: "Thanks to the excellent quality of his achievements, David Ebsworth has made an essential contribution to the transition into the new phase. We are extremely grateful to him for this."

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### **FOCUSED FURTHER DEVELOPMENT OF THE DIFFERENT BUSINESS MODELS**

The new management structure will enable the different Pharma and Santé business models to develop in an even more focused way, taking into account their individual growth dynamics. It enters into effect immediately. The role of CEO of the Galenica Group is being abolished. With its new organisation, Galenica is remaining true to its philosophy of a lean management structure. With the exception of the retirement of David Ebsworth, CEO of the Galenica Group and CEO of Vifor Pharma, and the new entry of Søren Tulstrup, CEO of Vifor Pharma, there are no changes to the members of the Corporate Executive Committee.

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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).*

*For more information, please visit the company's website at [www.galenica.com](http://www.galenica.com).*