

PRESS RELEASE

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Subject Results of the Galenica Group for 2014

Double-digit growth in earnings per share on a comparable basis: Galenica increases net profit for the 19th consecutive year.

The Galenica Group increased net profit for the 19th consecutive year in 2014. On a comparable basis excluding one-time effects, net profit increased by 5.3% to CHF 312.0 million before deduction of minority interests, and by 10.4% to CHF 284.5 million after deduction of minority interests. Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 0.8% to CHF 446.8 million, and earnings before interest and taxes (EBIT) by 0.7% to CHF 370.2 million.

Galenica management has set itself the target of achieving at least the same level of profit in 2015 as in the previous year, both before and after deduction of minority interests and calculated on a comparable exchange rate basis to 2014 and considering all current projects. Should the average exchange rate of February 2015 prevail for the remainder of the year, this would negatively affect net profit versus 2014 by less than 10%.

The Board of Directors will recommend a dividend of CHF 15.00 per registered share (previous year: CHF 14.00) to the Annual General Meeting on 7 May 2015.

VIFOR PHARMA

Vifor Pharma increased net sales by 6.6% to CHF 706.2 million. Earnings before interest and taxes (EBIT) decreased by 1.6% to CHF 265.0 million, almost offsetting the planned decline in other operating income.

In 2014, the USA became the strongest sales market for Ferinject[®]/Injectafer[®], with market sales rising by an average of more than 10% every month. Based on the IMS data, global market sales in 2014 totalled approximately CHF 265 million, representing an increase of 42%. The novel phosphate binder Velphoro[®] was launched in the USA in March and in initial European countries in the fourth quarter.

The highest priorities for 2015 are: continual expansion of iron replacement products; successful launch of Velphoro[®] in additional countries; and Business unit development through internal growth, new partnerships and targeted acquisitions.

GALENICA SANTÉ

Galenica Santé asserted itself very well in a stagnating market through new services and the acquisition of new customers. The Business unit achieved higher sales year-on-year of CHF 2,781.9 million (+0.6%), thereby gaining market share. Operating income (EBIT) was increased by 3.6% to CHF 102.9 million.

The activities of Vifor Pharma Consumer Health will be transferred to the Galenica Santé Business unit as a fourth Consumer Health Business sector by mid-2015. At the same time, top priorities for 2015 remain the successful implementation of ongoing strategic projects and continuing exploitation of potential synergies.

EBIT, EBITDA and consolidated net profit of the Galenica Group

| in million CHF | 31.12.2014 | 31.12.2013 | | | |
|---------------------------------|--------------|----------------------------|--------------|----------------------------|--------------|
| | | excluding one-time effects | | including one-time effects | |
| Vifor Pharma | 265.0 | 269.3 | -1.6% | 269.3 | -1.6% |
| Galenica Santé | 102.9 | 99.3 | +3.6% | 99.3 | +3.6% |
| - Retail | 65.0 | 63.0 | +2.0% | 63.0 | +2.0% |
| - Logistics | 31.4 | 31.1 | +1.0% | 31.1 | +1.0% |
| - HealthCare Information | 5.0 | 4.0 | +23.9% | 4.0 | +23.9% |
| - Galenica Santé eliminations | 1.5 | 1.2 | - | 1.2 | - |
| Corporate and eliminations | 2.3 | (1.1) | - | 22.0 | - |
| EBIT | 370.2 | 367.5 | +0.7% | 390.6 | -5.2% |
| EBITDA | 446.8 | 443.1 | +0.8% | 466.2 | -4.2% |
| Net profit | 312.0 | 296.2 | +5.3% | 334.8 | -6.8% |
| Attributable to: | | | | | |
| - shareholders of Galenica Ltd. | 284.5 | 257.6 | +10.4% | 296.2 | -4.0% |
| - minority interests | 27.5 | 38.6 | -28.8% | 38.6 | -28.8% |

GALENICA GROUP

In 2014, the Galenica Group realised consolidated net sales of CHF 3,416.3 million (+1.7%). On a comparable basis and excluding one-time effects, consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 0.8% to CHF 446.8 million and earnings before interest and taxes (EBIT) by 0.7% to CHF 370.2 million. Net profit increased by 5.3% to CHF 312.0 million before deduction of minority interests, and by 10.4% to CHF 284.5 million after deduction of minority interests.

Taking into account the positive one-time effects due to IAS 19 and the settlement of an international tax case in 2013, EBITDA declined by 4.2%, EBIT by 5.2% and net profit by 6.8% before deduction of minority interests, and by 4.0% after deduction of minority interests. However, the one-time positive effects of CHF 23.1 million on 2013 EBITDA and EBIT and of CHF 38.6 million on operating profit before and after deduction of minority interests impact the consolidated earnings of the Group only, and not the earnings of the Business sectors.

Galenica continued to invest in research and development, with CHF 104.2 million (previous year: CHF 121.9 million) for projects including clinical studies with Ferinject®. Investments in property, plant and equipment and intangible assets totalled CHF 70.0 million (previous year: CHF 71.7 million).

Annual General Meeting 2015. The Board of Directors will recommend a dividend of CHF 15.00 (+7.1%) per registered share (previous year: CHF 14.00) to the Annual General Meeting on 7 May 2015. The pay-out ratio will rise therefore to 34.2%.

Moreover, the election of Romeo Cerutti as a new member of the Board of Directors, will be proposed to the General Meeting. For several years Romeo Cerutti was an attorney-at-law with Homburger Rechtsanwälte, Zurich, and with Latham & Watkins, Los Angeles. Afterwards he had functions as Head of Corporate Finance at Lombard Odier Darier Hentsch & Cie, and as General Counsel for the Private Banking Division at Credit Suisse. Since 2009, he has been the General Counsel and a member of the Executive Board of Credit Suisse Group Ltd.

Outlook for 2015

Galenica management has set itself the target of achieving at least the same level of profit in 2015 as in the previous year, both before and after deduction of minority interests and calculated on a comparable exchange rate basis to 2014 and considering all current projects. Should the average exchange rate of February 2015 prevail for the remainder of the year, this would negatively affect net profit versus 2014 by less than 10%.

VIFOR PHARMA

The Vifor Pharma Business unit showed a solid performance in the 2014 business year. Total net sales increased by 6.6% to CHF 706.2 million; adjusted for currency effects, the increase amounted to 7.5%. Income from licensing fees for CellCept was CHF 91.8 million (previous year: CHF 100.2 million). Investments in research and development totalled CHF 98.1 million (-15.2%). They were mainly directed at clinical studies with Ferinject[®] to provide further evidence for the benefit of iron treatments in various therapeutic areas such as nephrology, cardiology and gynaecology. Consolidated earnings before interest and taxes (EBIT) decreased by 1.6% to CHF 265.0 million. The planned decline in other operating income of CHF 46.6 million was almost offset, thanks to significant sales increases.

Further expansion of Ferinject[®]/Injectafer[®], launch of Velphoro[®]

The expansion of the leading iron replacement product Ferinject[®] continued, with growth in existing markets and new market launches in other countries.

In the USA, where the product is branded Injectafer[®], market sales rose by an average of more than 10% every month. The USA already became the largest market for Injectafer[®]/Ferinject[®] in 2014 with annual sales of USD 50.5 million.

Based on the IMS data, which reflect actual market sales development, global market sales in 2014 totalled approximately CHF 265 million, representing an increase of 42%.

Total sales of Ferinject[®]/Injectafer[®] at Vifor Pharma increased by 19.0% to CHF 188.3 million, comprising own sales by Vifor Pharma sales affiliates and partner sales, of which Vifor Pharma receives a share.

The novel phosphate binder Velphoro[®] was launched in the USA in March 2014 and in initial European countries in the fourth quarter. In total, Vifor Pharma generated sales of CHF 14.9 million with Velphoro[®] in 2014.

In January 2015, the drug was also approved by the Swiss regulatory agency Swissmedic and has already been launched in Germany, Portugal, the UK and Denmark. Overall, Velphoro[®] is registered in 35 countries; further registration filings are being prepared.

Infectious Diseases/OTX

The immunostimulant product range reported strong sales growth in 2014 of 8.3% to CHF 126.7 million, which was supported in particular by Broncho-Vaxom[®] (+11.8%) and Uro-Vaxom[®] (+10.0%). This growth will continue to be promoted in 2015, especially through partnerships in Latin America, Asia Pacific and Russia.

Vifor Pharma Consumer Healthcare

After a solid performance in 2013, Vifor Pharma Consumer Healthcare had a challenging 2014. Switzerland experienced the lowest level of flu incidence in the last four years, and the rainy summer negatively impacted key product Anti-Brumm[®] in particular. In spite of this, sales of OTC products in Switzerland were maintained at almost the prior-year level at CHF 59.6 million (-0.2%). Consumer Healthcare expects a more positive year in 2015, thanks to both organic and external growth.

2015 outlook for Vifor Pharma

Vifor Pharma is now shifting from a phase of new drug registrations to commercialisation, with a focus on international markets. The top priority is now to fully exploit the commercial potential of growth drivers, particularly Ferinject[®]/Injectafer[®].

While results so far are promising, US growth is going to take time and investment in market education is essential. Partner Fresenius Medical Care will continue to focus on the roll-out of Velphoro[®] in the USA and Germany as well as further international expansion in Europe, Asia Pacific and South America. Vifor Pharma also intends to expand through internal growth, new partnerships and targeted acquisitions.

GALENICA SANTÉ

In a pharmaceutical and pharmacy market that is stagnating, and with an extremely mild flu season, Galenica Santé was able to generate higher sales year-on-year of CHF 2,781.9 million (+0.6%), thereby gaining market share. Operating income (EBIT) was increased by 3.6% to CHF 102.9 million. The companies of the Logistics and Retail Business sectors are in regular contact with their suppliers regarding the exchange rate situation. Pricing benefits resulting from exchange rates will be consistently passed on to customers of both Business sectors.

RETAIL: Efficiency gains

The Retail Business sector was able to increase sales in 2014 by 0.4% in 2014, to CHF 1,251.2 million (excluding Coop Vitality). The sales loss due to price erosion on medications was offset by increased traffic and growth in high-priced specialty medications. In contrast to previous years, sales development reflects like-for-like growth, with the number of consolidated pharmacies remaining stable at 254 locations. Earnings before interest and taxes (EBIT) increased by 3.2% in 2014 to CHF 65.0 million, while return on sales rose by 0.1% to 5.2%.

In the Retail Business sector, various strategic projects are being implemented to streamline processes and increase efficiency. For example, the introduction of a new system for staff resource planning has considerably reduced the administrative burden. The Team Performance programme, which aims to free up more time for advising customers, has seen success not only in terms of employee motivation, but also in the sales trends of participating pharmacies. Team Performance has since been launched in more than half of all Amavita and Sun Store pharmacies.

LOGISTICS: New services

The Logistics Business sector increased sales by 0.6% to CHF 2,130.9 million, despite difficult market conditions. The impact of government-mandated price reductions was offset by gaining new customers and expanding the range. Earnings before interest and taxes (EBIT) were CHF 31.4 million, slightly above the previous year's level (+1.0%).

Galexis introduced the vascular check in 2014: within five minutes, it gives pharmacy customers important information about the condition of their blood vessels and is an extremely useful parameter in diagnosing illnesses. A service which provides added-value to pharmacists and their customers.

Medifilm grew by around 40% in volume and had started to run out of capacity, so a fourth production machine was installed. Blister packaging is now available in French and Italian. In addition, the automatic control system was replaced, leading to increased quality and efficiency.

Alloga created an explosion-proof storage room with around 1,500 storage spaces for technically and chemically challenging products such as sprays and medicines with solvents containing alcohol. It also introduced automatic release at the end of the picking process of each batch as a double check. In addition, as part of the ongoing efforts to improve efficiency, processes were optimised, so, for example, it is now possible to process whole pallets.

HEALTHCARE INFORMATION: Expansion of existing and new offerings

In 2014, the HealthCare Information Business sector's sales declined by 3.2% to CHF 38.6 million. Earnings before interest and taxes (EBIT) improved significantly by 23.9% to CHF 5.0 million.

The functionalities of the Swiss Drug Compendium were expanded, meaning that pharma companies can now chose to enter technical information about their products themselves. Most customers are now using this new function.

Doctors and pharmacists in the canton of Aargau have launched an innovative model for the electronic transmission of prescriptions. HCI Solutions enables doctors to transmit prescriptions electronically, and for pharmacies to receive them in the same way.

Outlook for Galenica Santé 2015

In 2015, Galenica Santé will further develop its existing strengths and enhance the significant potential for synergies. This includes the transfer of Vifor Pharma OTC activities to Galenica Santé as a new Consumer Health Business sector. Another priority will be to successfully implement strategic projects. Furthermore, Galenica Santé aims to consolidate its position in the area of services, own-brands and licences in different sectors of the market.

2014 Annual Report of the Galenica Group

Further information can be found in the 2014 Annual Report of the Galenica Group. The PDF version can be downloaded from Galenica's website: [Link to the Annual report](#)

Dates for the diary

| | |
|------------------------|----------------|
| Annual General Meeting | 7 May 2015 |
| Half-year report | 11 August 2015 |

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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.