Agenda

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8. Regulatory projects update H1 2019 40
Building the leading Swiss healthcare platform over 90 years

Foundation of Galenica as a wholesaler

Expansion of distribution activities

Organic and acquisition-led expansion of pharmacies network

Creation of Amavita uniform brand in Switzerland

GalenCare

Galexis

Partnership with Alliance UniChem

Acquisition of Anti-Brumm® and Perskindol®

Acquisition of MediService

Acquisition of Sun Store pharmacies

Opening of highly automated distribution centre in Niederbipp

Acquisition of medifilm

Acquisition of Pharmapool

Acquisition of care product

IPO of Galenica Santé

Acquisition of Bichsel Group

Acquisition of Pharmapool

Acquisition of Merfen® and Vita-Merfen®

Acquisition of Bahnhof Apotheke

1927

1927

1995

1996

1999

2000

2002 / 2004

2005

2007

2008

2009

2013

2017

2018

2019

1995

1996

1999

2000

2002 / 2004

2005

2007

2008

2009

2013

2017

2018

2019

Corporate

Services

Retail

Products & Brands
## History of resilient growth and margin improvement

### Sales and EBIT CAGRs

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (CAGR)</th>
<th>EBIT (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-18</td>
<td>3.4%</td>
<td>14.7%</td>
</tr>
<tr>
<td>2008-18</td>
<td>3.4%</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

### Margin Improvement

- **2008-18**: +314bps

### 2018 Cash Conversion

- 74%

### FTEs as of 31 December 2018

- 6'580

### Notes

1. Not including Vifor Consumer Health
2. Retail market sales include direct and indirect pharmaceutical sales through pharmacies, self-dispensing doctors and drugstores (IQVIA Market Prognosis 2018-2022, Switzerland; published March 2018)
3. 2013-16 EBIT from combined financial statements, 2017 and 2018 EBIT, excludes IAS 19 expense
4. 2013 financials as per 2014 financial statements due to changed segment structure (Galenica Santé is reported as a separate segment since 2014). Financials not adjusted to include Products & Brands.
5. Calculated as (EBITDA-capex)/EBITDA. 2014-18 EBITDA excludes IAS 19 adjustment; capex includes investments in tangible and intangible assets
6. Adoption of IFRS15 starting from 2017.

### Source

Company information, Galenica Annual Reports, IQVIA (former IMS Health)

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August 2019 © Galenica Group
7 April 2017: Outstanding IPO of Galenica Santé

- Largest IPO in Europe in H1 2017 and first sizeable 100% subsidiary IPO since years
- Multiple oversubscription with pricing at the top end of the price range at CHF 39.00
- Broadly diversified allocation
- Today already about 14’000 shareholders

- Strong and stable trading after IPO

1 Allocation of the shares at the IPO on 7 April 2017
Galenica is the leading healthcare provider in Switzerland

- **Leading provider of specialised pre-wholesale and wholesale distribution services**
- **Specialised databases and solutions for clinical decision support**

**Health & Beauty**

- **Market position²**
- **Leading provider of specialised pre-wholesale and wholesale distribution services**
- **Specialised databases and solutions for clinical decision support**

**Retail**

- **2018 net sales**: CHF1'525m
- **2018 EBIT**: CHF1'10m
- **Market position²**: #1
- **Leading domestic network of own, joint venture and independent partner pharmacies**
- **Provision of health and beauty products, patient advice and new services**

**Products & Brands**

- **Consumer Health market position²**: #1
- **2018 net sales**: CHF1'525m
- **2018 EBIT**: CHF1'10m
- **Leading domestic network of own, joint venture and independent partner pharmacies**
- **Provision of health and beauty products, patient advice and new services**
- **Broad range of own, exclusive and partner products for consumer health, beauty and well-being**
- **Strong sales and marketing force in Switzerland**

**Services**

- **Market position²**: #1
- **2018 net sales**: CHF2'372m
- **2018 EBIT**: CHF44m
- **Leading provider of specialised pre-wholesale and wholesale distribution services**
- **Specialised databases and solutions for clinical decision support**

---

1 Excludes IAS 19 effects
2 Services based on sales reported at ex-manufacturer price level as of MAT December 2018. Source: IQVIA Market Prognosis 2018-2022, Switzerland; Retail based on number of pharmacies. Source: IQVIA Market Prognosis 2018-2022, Switzerland, pharmaSuisse 2018 and company websites; Products & Brands based on IQVIA MAT December 2018 sales value for OTC, Patient Care, Personal Care and Nutritional products
Operating in a stable and attractive Swiss healthcare market with favourable long-term fundamentals

Resilient, stable Swiss healthcare retail sector

CHF bn (based on exmanufacturer price)

By value—CHF6.0bn

By volume—187 million packs

Pharmaceutical market in Switzerland (2018)

Pharmacists play a crucial role in the provision of medicines

- Indispensable role in one of the world’s highest quality health care systems, providing drugs, advice and services
- Continued efforts by government and health insurers to make pharmacists the first point of contact
- Growing importance to meet consumer trends towards more personalized healthcare and self-medication

Underlying healthcare sector growth drivers, including demographics, lifestyle and innovation
- One of the highest life expectancy rates in the world
- Non-discretionary nature of products and services

Source: IQVIA, Pharmamarkt Schweiz: YTD December 2018, IQVIA Market Prognosis 2018-2022, Switzerland; published March 2018
1 Medicines Swissmedic list A, B, C, D sold from suppliers and wholesalers to hospitals, physicians, pharmacies and drugstores
2 Total market without hospitals
3 IQVIA Market Prognosis 2018-2022, Switzerland; published March 2018

August 2019 © Galenica Group
Experienced management team with proven track record

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean-Claude Clémençon</td>
<td>CEO</td>
<td>- CEO since IPO&lt;br&gt;- 30 years industry experience of which 24 years at Galenica Group&lt;br&gt;- Joined Galenica Group in 1995&lt;br&gt;- Previously, Head of Retail Business Sector, Head of Logistics and HCI at Galenica Group, Head of Manufacturing at Rheintub, Rheinsulz and CEO of Raintec</td>
</tr>
<tr>
<td>Felix Burkhard</td>
<td>CFO</td>
<td>- CFO since 2017&lt;br&gt;- 28 years industry experience of which 24 years at Galenica&lt;br&gt;- Joined Galenica in 1995&lt;br&gt;- Previously, Head of Strategic Projects of Galenica Group and Head of Retail Business Sector</td>
</tr>
<tr>
<td>Daniele Madonna</td>
<td>Head of Retail Business sector</td>
<td>- Pharmacist&lt;br&gt;- 17 years industry experience of which 15 years at Galenica&lt;br&gt;- Previously Store Manager, Regional Sales Manager and CEO of the joint venture Coop Vitality</td>
</tr>
<tr>
<td>Thomas Szuran</td>
<td>Head of Products &amp; Brands Business sector</td>
<td>- 22 years industry experience&lt;br&gt;- Joined Galenica 2019&lt;br&gt;- Previously, CEO at Biomed AG, President at ASSGP</td>
</tr>
<tr>
<td>Christoph Amstutz</td>
<td>Head of Services Business sector</td>
<td>- 31 years industry experience of which 12 years at Galenica&lt;br&gt;- Joined Globopharm in 2007 (led integration process into Galenica)&lt;br&gt;- Previously, Head of G-Pharma &amp; Alloga and Business Unit Head at Bristol-Myers Squibb</td>
</tr>
</tbody>
</table>
Our ambition and self-perception

Galenica: The first choice for health, beauty and wellbeing.
Our Strategy - the power of 3 drives sustained value creation

- Leverage scale advantages to develop new, value-added services
- Develop and launch own and partner brands and products for pharmacies
- Further expand and optimise retail network
- Drive efficiency through one single process for all three pharmacy formats
- Leverage leading positions to promote higher margin and exclusive products
- Continue to drive synergies across the entire organisation
- Drive efficiency through one single process for all three pharmacy formats

Products & Brands

Support

Services

Retail

Click & Collect

Loyalty cards

medifilm

GDP-qualified fleet

e-health

2016

2017

2018
The largest pharmacy retailer in Switzerland

Network of chains (# of pharmacies as of 30 June 2019) Webshop

- **AMAVITA** 175
  - Largest branded pharmacy network by number of pharmacies in Switzerland

- **Pharmacy Sun Store** 96
  - The first Swiss pharmacy chain

- **Coop Vitality** 80
  - Joint venture (49:51) with Coop, the 2nd largest retail group in Switzerland

- **Winconcept** 155
  - Service provider for independent pharmacies under Feelgood’s brand

- **MEDI Service** 1
  - Specialty pharmacy focused on home healthcare for patients with chronic illnesses

- **Bichsel** 1
  - Specialty pharmacy with manufacture of individual medicines & medical devices and home care services

Competitive positioning—#1 market position

By number of pharmacies

<table>
<thead>
<tr>
<th>By number of pharmacies</th>
<th>Total # of pharmacies as of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 1</td>
<td>1'800</td>
</tr>
<tr>
<td>No. 2</td>
<td>353</td>
</tr>
<tr>
<td>No. 3</td>
<td>155</td>
</tr>
</tbody>
</table>

Net sales performance (CHFm)

- CAGR 3.4%

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1'251</td>
<td>6.0%</td>
</tr>
<tr>
<td>2015</td>
<td>1'308</td>
<td>6.4%</td>
</tr>
<tr>
<td>2016</td>
<td>1'349</td>
<td>6.5%</td>
</tr>
<tr>
<td>2017</td>
<td>1'387</td>
<td>6.7%</td>
</tr>
<tr>
<td>2018</td>
<td>1'431</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Highlights

- Largest pharmacy network, including online presence
- Offers broad product range, including well-known own brands, as well as health services and tests
- Built organically and through targeted acquisitions since 2000
- Including attractive, high customer traffic locations across Switzerland
- Average sales per pharmacy of CHF4.3m > 1.5x Swiss market average

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1 Amavita figures include 6 majority holdings in other pharmacies
2 Based on 1976 Federal Court law permitting non-pharmacists to own a pharmacy for the first time
3 Includes 7 Amavita partnerships
4 Based on number of pharmacies. Source: pharmaSuisse 2019, IQVIA Market Prognosis 2018-2022, Switzerland; published March 2018 and company websites
5 Own includes 80 pharmacies through joint venture with Coop; independent includes 7 Amavita partners
6 Retail pharmacy sales for GaleniCare on a like-for-like basis, including Amavita and Sun Store pharmacies only. Swiss market average based on Pharmasuisse, Roka 2017 (financial year 2016)
7 H&B post-inter-segmental eliminations
8 Restatement upon adoption of IFRS15 starting from 2017.
3 Ongoing pharmacy network consolidation and optimisation

✓ Proven track record of delivering synergies through streamlining of business processes and creating value through acquisitions and network optimisation

✓ Widely spread pharmacy network covers every Region in Switzerland

✓ Demonstrated M&A track record with an average of 9 pharmacies acquired and 8 net pharmacies added per year over the last 7 years

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharamcies acquired</td>
<td>10</td>
<td>20</td>
<td>5</td>
<td>2</td>
<td>13</td>
<td>6</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Net pharmacies added¹</td>
<td>11</td>
<td>12</td>
<td>6</td>
<td>0</td>
<td>11</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Total own Pharmacies</td>
<td>300</td>
<td>312</td>
<td>318</td>
<td>318</td>
<td>329</td>
<td>337</td>
<td>345</td>
<td>353</td>
</tr>
</tbody>
</table>

¹ Includes the impact of acquisitions with concurrent mergers, new openings and closings
Diversified product portfolio for health, beauty and wellbeing

GaleniCare’s retail product offering in % of sales

1 Sales YTD December 2018, includes Amavita and Sun Store pharmacies, without Mediservice, Winconcept and Coop Vitality
Leading role in Consumer Health with broad and innovative product portfolio

**Portfolio**

- OTC Consumer Health & Skincare brands
  - VERFORA
- Exclusive partner Health & beauty brands
  - Oral B
  - Lierac
  - Clearblue
- OTC retail own brands
  - G-Pharma

**Highlights**

- Preferred Consumer Healthcare partner for Swiss Pharmacies & Drugstores
- Broad Consumer Healthcare Sales & Training force -> Distribution partner of choice
- Expanding portfolio of own and exclusive brands & products
- Ability to leverage Galenicare Retail platform to distribute VERFORA brands

**Competitive position: #1 Consumer Healthcare**

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oral Pain Remedies¹</td>
<td>33%</td>
</tr>
<tr>
<td>Cough &amp; Cold Remedies²</td>
<td>13%</td>
</tr>
<tr>
<td>Topical Pain Remedies³</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Net sales performance (CHFm)³**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>80</td>
<td>84³</td>
<td>89³</td>
<td>89⁶</td>
<td>92⁶</td>
</tr>
</tbody>
</table>

**Growth on a comparable basis**

CAGR 3.5%

---

1. Includes OTC, Patient Care, Personal Care and Nutritional products
2. Based on IQVIA Sell Out MAT Dec 2018 Street Price - net sales incl. VAT, price actually paid by final customer
3. 2014-16 net sales on a comparable basis including 12 month VERFORA sales and G-Pharma adjustment
4. Adjusted for disposal of Equazen® in November 2015
5. Market shares in categories are shown for VERFORA, not including OTC retail own brands
Leader in pre-wholesale and wholesale distribution, supported by an innovative healthcare information business

**Services**

- **Alloga**
  - Pre-wholesale outsourced storage and distribution
  - Logistics services to pharmaceutical and various healthcare clients

- **Galexis**
  - Wholesale distribution with three modern sites; main site at Niederbipp operates at c.70% automation
  - Supplies to pharmacies, self-dispensing doctors’ practices, drugstores, nursing homes and hospitals

- **ufd**
  - One-stop shop
  - Prepared medication in blisters

- **medfilm**
  - Product master data and scientific databases
  - IT platforms relating to electronic medication process
  - Software solutions and services for pharmacies

- **HCI Solutions**
  - Systemically relevant information and databases
  - Solutions for safe and cost-effective provision and application of medicines

**Competitive positioning - #1 market position**

<table>
<thead>
<tr>
<th></th>
<th>Pre-wholesale market share %</th>
<th>Wholesale market share % (pharmacy)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Alloga</td>
<td>Galexis</td>
</tr>
<tr>
<td>Pre-wholesale</td>
<td>No. 2</td>
<td>No. 3</td>
</tr>
<tr>
<td>Wholesale</td>
<td>2.5x larger than next competitor</td>
<td>2.0x larger than next competitor</td>
</tr>
<tr>
<td>market share %</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net sales performance (CHFm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales performance</td>
<td>2'171</td>
<td>2'245</td>
<td>2'329</td>
<td>2'362</td>
<td>2'372</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>1.7</td>
<td>1.6</td>
<td>1.7</td>
<td>2.1</td>
<td>1.9</td>
</tr>
</tbody>
</table>

**Highlights**

- 75 customers
- >10,000 products
- Temperature zones:
  - (i) -80°C, (ii) 2-8°C, (iii) 15-25°C
- >9,000 customers
- 100,000 products (c.11,000 Rx2)
- >1,100 suppliers
- Access to nearly all dispensers
- Present in all three language regions
- GDP3-compliant services
- Systemically relevant information and databases
- Solutions for safe and cost-effective provision and application of medicines

---

1 Based on market share. Source: IQVIA Dec 2018
2 Prescription products
3 Good Distribution Practice
4 Restatement upon adoption of IFRS15 starting from 2017.
5 2017 including one-off effect, ROS without one-off effect 1.8%

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August 2019
Long-term track record of sustainable growth and attractive cash generation …

- Above market growth
- History of margin improvement
- Attractive cash flow generation
- Well-invested infrastructure

**2008–18 CAGRs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail market sales</th>
<th>Galenica net sales</th>
<th>Galenica EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2'270</td>
<td>3.4%</td>
<td>14.7%</td>
</tr>
<tr>
<td>2009</td>
<td>2'467</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2'526</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2'603</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2'661</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2'766</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2'826</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2'915</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>3'009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3'141</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>3'165</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net sales (CHFm)**

- Retail market sales
- Galenica net sales
- Galenica EBIT

**Reported EBIT (CHFm)**

- % Cash conversion
- EBIT margin (%)

**Source:** Company information, Galenica Annual Reports, IQVIA (former IMS Health)

**Notes:**
- The financial information presented with respect to the financial years ended 31 December 2008 through 2013 has been derived from the audited consolidated financial statements of Galenica AG and represent its Logistics, Retail and Other (Healthcare Information) businesses, excluding the Pharma business (please refer to the footnote on page 4)
- Not including Vifor Consumer Health
- Retail market includes direct and indirect pharmaceutical sales through retail pharmacies, self-dispensing doctors and mail-order services (IQVIA Market Prognosis 2018-2022, Switzerland; published March 2018)
- 2013 financials as per 2014 financial statements due to changed segment structure (Galenica Santé is reported as a separate segment since 2014). Financials not adjusted to include Products & Brands
- Calculated as (EBITDA-capex)/EBITDA. 2014-17 EBITDA excludes IAS 19 adjustment; capex includes investments in tangible and intangible assets
- Cash conversion impacted by high Capex due to construction of Niederbipp logistic centre
- Adoption of IFRS15 starting from 2017
- 2017 cash conversion without acquisition trademark Merfen 78%
- 2017 EBIT including one-off effect (CHFm 7.0), comparable EBIT CHFm 141.3
4... demonstrating strong performance in both segments

Source: Company information, Galenica Annual Reports
Note: The financial information presented with respect to the financial years ended 31 December 2008 through 2013 has been derived from the audited consolidated financial statements of Galenica AG and represent its Logistics, Retail and Other (Healthcare Information) businesses, excluding the Pharma business (please refer to the footnote on page 4)

1 Restatement upon adoption of IFRS15 starting from 2017.
2 2017 including one-off effects (CHFm 7.0), comparable EBIT CHFm 43.6 and ROS 1.8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (CHFm)</th>
<th>EBIT (CHFm)</th>
<th>EBIT margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008A</td>
<td>557</td>
<td>23</td>
<td>17.5%</td>
</tr>
<tr>
<td>2013A</td>
<td>1'246</td>
<td>63</td>
<td>22.5%</td>
</tr>
<tr>
<td>2014A</td>
<td>1'335</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>2015A</td>
<td>1'393</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>2016A</td>
<td>1'437</td>
<td>93</td>
<td>8.5%</td>
</tr>
<tr>
<td>2017A</td>
<td>1'479¹</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2018A</td>
<td>1'525¹</td>
<td>110</td>
<td>9%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Logistics and HCI</th>
<th>Services</th>
<th>CAGRs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008A</td>
<td>2'076</td>
<td>18</td>
<td>0.8%</td>
</tr>
<tr>
<td>2013A</td>
<td>2'158</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>2014A</td>
<td>2'171</td>
<td>36</td>
<td>14.9%</td>
</tr>
<tr>
<td>2015A</td>
<td>2'245</td>
<td>40</td>
<td>5.3%</td>
</tr>
<tr>
<td>2016A</td>
<td>2'329</td>
<td>51²</td>
<td></td>
</tr>
<tr>
<td>2017A</td>
<td>2'362¹</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>2018A</td>
<td>2'372¹</td>
<td>44</td>
<td></td>
</tr>
</tbody>
</table>

CAGRs

August 2019 © Galenica Group

17
Based on the good 1st HY results:
Guidance 2019 slightly increased

- Increase of
  - net sales: + 2.2%
  - EBIT\(^1\): + 8.3%

- sustainable sales growth above market
- strong improvement of profitability
- progress in efficiency and synergy projects

\(^1\) adjusted: on a comparable basis, excluding the effects of IAS 19 and IFRS 16
Networked with all healthcare market players

All Business sectors contributed to the good results
Highlights 1st HY 2019

Retail: Strong expansion activities

→ + 8 additional own pharmacies
→ network of total 508 POS

→ new services
→ more than 40,000 products

→ Bichsel acquisition
→ Curarex acquisition
Highlights 1st HY 2019

5 Retail: our latest acquisition – The Bichsel Group

- Pharmacy store
- Magistral Prescriptions customised production
- Manufacture infusions, rinsing solutions
- Home Care
Highlights 1st HY 2019

Products & Brands: Expansion of partnerships and portfolio

→ New own derma-cosmetic brand

→ National advertising campaign

→ Expansion of partnerships and product portfolio
Highlights 1st HY 2019

5 Services: Pleasing progress with key strategic projects

→ Introduction new ERP system on track

→ Modernisation logistic centre on track

→ New products and services
Outlook 2019

Focus on our 3 strategic axes

Expansion

- Further strengthening the three B2C channels
- New services and products

Innovation

- New partnerships
- Continue the positive momentum of the strategic projects
  - ERP system
  - Logistic centre Lausanne

Efficiency
Long-term outlook

From multi-channel to omni-channel …

multi-channel

omni-channel
### Galenica Group

#### Sales growth above market

<table>
<thead>
<tr>
<th></th>
<th>Net sales (in million CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Galenica Group</strong></td>
<td></td>
</tr>
<tr>
<td>H1 2019</td>
<td>1’600.4</td>
</tr>
<tr>
<td>H1 2018</td>
<td>1’566.1</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td></td>
</tr>
<tr>
<td>H1 2019</td>
<td>726.1</td>
</tr>
<tr>
<td>H1 2018</td>
<td>695.8</td>
</tr>
<tr>
<td><strong>Products &amp; Brands</strong></td>
<td></td>
</tr>
<tr>
<td>H1 2019</td>
<td>54.1</td>
</tr>
<tr>
<td>H1 2018</td>
<td>48.7</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
</tr>
<tr>
<td>H1 2019</td>
<td>1’192.4</td>
</tr>
<tr>
<td>H1 2018</td>
<td>1’177.1</td>
</tr>
</tbody>
</table>

+2.2% increase overall, with the highest growth in Products & Brands (+11.1%).
Retail Business sector

Important sales growth driven by expansion

Net sales (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expansion</strong></td>
<td>+2.6%</td>
<td>+1.3%</td>
<td>+5.1%</td>
</tr>
<tr>
<td><strong>Organic</strong></td>
<td>+0.5%</td>
<td>+1.3%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>thereof impact of price reductions</td>
<td>-1.6%</td>
<td>-1.2%</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

Strong expansion of pharmacy network: 13 pharmacies added, 5 restructured, net + 8
Thereof: + 6 Amavita/SunStore and + 2 Coop Vitality
Significant growth of generics (+4.3% like-for-like)

1 Calculated for points of sale without a full year period comparison, half-year report on page 19
2 Consolidated net sales minus expansion effect, half-year report on page 19
3 Mandatory price reductions of reimbursed medications of the specialties list, calculated based on volumes of previous period, half-year report on page 19
Distribution of P&G brands Vicks® and Metamucil® and launch of Dermafora® with ~ 10% impact on sales growth in the Swiss Market.
Services Business sector

Gain of market shares in the pharmacy market

- Pleasing growth of ~ 2.2% in the pharmacy wholesale market (portion ~ 65%) outweighs slight decline of ~ 0.8% in the physician wholesale market (portion ~ 25%).
- Gain of market shares also with independent pharmacies. ~ 0.7% of the ~ 2.2% growth in the pharmacy wholesale market comes from the expansion of the Retail Business sector.

1 Mandatory price reductions of reimbursed medications of the specialities list, calculated based on volumes of previous period, half-year report on page 19
Galenica Group
Results and profitability improved

**EBITDA** (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>154.0</td>
<td>89.4</td>
<td>126.7</td>
</tr>
<tr>
<td>Growth</td>
<td>+41.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EBIT** (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>113.0</td>
<td>70.1</td>
<td>82.8</td>
</tr>
<tr>
<td>Margin</td>
<td>4.9%</td>
<td>4.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Growth</td>
<td>+18.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## EBITDA and EBIT adjustments

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>126.7</td>
<td>89.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment IAS 19</td>
<td>-0.3</td>
<td>+4.8</td>
<td>-0.3</td>
<td>+4.8</td>
</tr>
<tr>
<td>Adjustment IFRS 16</td>
<td>-24.6</td>
<td>-</td>
<td>-1.4</td>
<td>-</td>
</tr>
<tr>
<td><strong>EBITDA adjusted</strong></td>
<td><strong>101.8</strong></td>
<td><strong>94.2</strong></td>
<td><strong>81.1</strong></td>
<td><strong>74.9</strong></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>82.8</td>
<td>70.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment IAS 19</td>
<td>-0.3</td>
<td>+4.8</td>
<td>-0.3</td>
<td>+4.8</td>
</tr>
<tr>
<td>Adjustment IFRS 16</td>
<td>-1.4</td>
<td>-</td>
<td>-1.4</td>
<td>-</td>
</tr>
<tr>
<td><strong>EBIT adjusted</strong></td>
<td><strong>81.1</strong></td>
<td><strong>74.9</strong></td>
<td><strong>81.1</strong></td>
<td><strong>74.9</strong></td>
</tr>
</tbody>
</table>

1 Details of the adjustments in the half-year report on pages 20 and 21
Galenica Group

Results and profitability improved

**EBIT / EBIT margin adjusted**
(in million CHF / %)

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galenica Group</td>
<td>81.1</td>
<td>74.9</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>60.3</td>
<td>54.3</td>
</tr>
<tr>
<td>Services</td>
<td>22.6</td>
<td>22.3</td>
</tr>
</tbody>
</table>

- **Galenica Group:**
  - H1 2019: 81.1 CHF, 5.1% margin
  - H1 2018: 74.9 CHF, 4.8% margin
  - Increase: +8.3%

- **Health & Beauty:**
  - H1 2019: 60.3 CHF, 7.7% margin
  - H1 2018: 54.3 CHF, 7.3% margin
  - Increase: +11.0%

- **Services:**
  - H1 2019: 22.6 CHF, 1.9% margin
  - H1 2018: 22.3 CHF, 1.9% margin
  - Increase: +1.2%

1. Excluding effects of IAS 19 and IFRS 16, half-year report on pages 20 and 21
Galenica Group

Stable financial and tax costs

Financial result (in million CHF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial result</th>
<th>IAS 19 and IFRS 16 effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-1.9</td>
<td>-0.2</td>
</tr>
<tr>
<td>H1 2018</td>
<td>-1.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>H1 2019</td>
<td>-1.3</td>
<td>-1.5</td>
</tr>
</tbody>
</table>

Tax rate

- 2018: 17.6%
- H1 2018: 18.0%
- H1 2019: 18.9%

The Swiss Tax Reform has had no material impact on income taxes

1. Effective tax rate excluding one-off effect of CHF 56.2 million for the release of provisions for deferred taxes
2. Details of the adjustments in the half-year report on pages 20 and 21
Galenica Group

Pleasing net profit evolution

**Net profit (in million CHF)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>Adjusted1</th>
<th>One-off deferred tax effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>124.7</td>
<td>56.2</td>
<td>-33.2</td>
</tr>
<tr>
<td>H1 2018</td>
<td>60.4</td>
<td>56.5</td>
<td>-3.9</td>
</tr>
<tr>
<td>H1 2019</td>
<td>65.0</td>
<td>64.9</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

1 Details of the adjustments in the half-year report on pages 20 and 21

- Net profit adjusted¹, excluding effects of IAS 19 and IFRS 16, 2018 w/o one-off tax effect
- IAS 19 and for H1 2019 IFRS 16 and IAS 19 effects

¹ One-off deferred tax effect
Galenica Group

Investments in efficiency projects

**Investments** in million CHF

<table>
<thead>
<tr>
<th></th>
<th>% of net sales</th>
<th>Cash conversion¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.6%</td>
<td>74%</td>
</tr>
<tr>
<td></td>
<td>1.4%</td>
<td>77%</td>
</tr>
<tr>
<td></td>
<td>1.5%</td>
<td>76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments in intangible assets</th>
<th>Investments in tangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>22.6</td>
<td>27.4</td>
</tr>
<tr>
<td>H1 2018</td>
<td>21.4</td>
<td>12.8</td>
</tr>
<tr>
<td>H1 2019</td>
<td>24.7</td>
<td>14.2</td>
</tr>
</tbody>
</table>

¹ Calculated as (EBITDA adjusted-CAPEX)/EBITDA adjusted, EBITDA adjusted excluding effects of IAS 19 and IFRS 16, CAPEX includes investments in tangible and intangible assets, half-year report on page 22
Galenica Group - Free cash flow impacted by working capital, investments and acquisitions

<table>
<thead>
<tr>
<th>in million CHF</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before working capital changes</td>
<td>116.0</td>
<td>87.0</td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td>-23.4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities before working capital changes adjusted</strong></td>
<td><strong>92.6</strong></td>
<td><strong>87.0</strong></td>
</tr>
<tr>
<td>Working capital changes</td>
<td>-41.2</td>
<td>-5.4</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities adjusted</strong></td>
<td><strong>51.5</strong></td>
<td><strong>81.6</strong></td>
</tr>
<tr>
<td>Cash flow from investing activities without M&amp;A</td>
<td>-24.6</td>
<td>-21.4</td>
</tr>
<tr>
<td><strong>Free cash flow before M&amp;A</strong></td>
<td><strong>26.8</strong></td>
<td><strong>60.2</strong></td>
</tr>
<tr>
<td>Cash flow from M&amp;A</td>
<td>-54.6</td>
<td>-21.0</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>-27.8</strong></td>
<td><strong>39.2</strong></td>
</tr>
</tbody>
</table>

1 Details in the half-year report on page 22
### Galenica Group

**Strong balance sheet**

#### Net debt / Equity in million CHF

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt adjusted</th>
<th>IFRS 16 effect on net debt</th>
<th>Equity adjusted</th>
<th>IAS 19 and IFRS 16 effect on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>934</td>
<td>996</td>
<td>300</td>
<td>417</td>
</tr>
<tr>
<td>H1 2018</td>
<td>-31</td>
<td>-62</td>
<td>16%</td>
<td>21%</td>
</tr>
<tr>
<td>H1 2019</td>
<td>918</td>
<td>662</td>
<td>982</td>
<td>417</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>350%</td>
<td>19%</td>
<td>16%</td>
</tr>
</tbody>
</table>

### Notes:

1. Calculated as net debt divided by EBITDA and for H1 net debt divided by 2x half year EBITDA, half-year report on page 23.
2. Calculated as net debt adjusted divided by EBITDA adjusted and for H1 net debt adjusted divided by 2x half year EBITDA adjusted, w/o effects of IAS 19 and IFRS 16, half-year report on page 23.
3. % of total liabilities and shareholders' equity.
4. % of total liabilities and shareholders' equity adjusted.
5. Details of the adjustments in the half-year report on page 23.
Swiss pharmaceutical market by channel YTD June 2019

Modest growth marked by price reductions

Value (ex-factory): CHF 2,984.9 million
(CHF +26.8 million / +0.9%)

Drugstores 30.1 million
+0.8%

Physicians 762.5 million
+3.7%

Pharmacies 1,438.7 million
-2.1%

Hospitals 753.6 million
+4.2%

Volume (packs): CHF 93.2 million
(CHF -0.9 million / -0.9%)

Drugstores 3.1 million
-0.1%

Physicians 21.3 million
+0.0%

Pharmacies 60.4 million
-0.8%

Hospitals 8.3 million
-4.3%

Stationary 1,304.2 million
-0.9%

Mail order 134.5 million
-12.9%

Stationary 59.4 million
-0.7%

Mail order 1.0 million
-5.6%

Source: APO/SD/RO/SPI Index
Medicines Swissmedic A, B, C, D, sold from suppliers and wholesalers to hospitals, physicians, pharmacies and drugstores.
Consumer healthcare market in the specialist trade YTD June 2019

Stable market development

- OTC +0.5%
- Personal care +0.7%
- Patient care -2.7%
- Nutrition -0.8%
- non-medication products -0.4%

Source: PharmaTrend for pharmacies and drugstores in Switzerland, sales to streetprices
Regulatory update

Positive signal from authorities

- Reduction in drug prices: 2018, 2019, 2020
- Category change of OTC products\(^1\): 2019
- Distribution margin LOA IV \(\rightarrow\) LOA V: LOA IV extended to the end of 2021
- Generics prices Amendment of Health Insurance Act (KVG): from 2021 ...

\(^1\) Swissmedic categories C, D
### Price reductions 2017, 2018 and outlook 2019

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pharmacies</strong></td>
<td>116.1 (Public price)</td>
<td>91.3 (Public price)</td>
<td>73.0 (Public price)</td>
</tr>
<tr>
<td></td>
<td>116.1 (Ex-factory)</td>
<td>91.3 (Ex-factory)</td>
<td>73.0 (Ex-factory)</td>
</tr>
<tr>
<td><strong>Physicians</strong></td>
<td>64.8 (Public price)</td>
<td>52.4 (Public price)</td>
<td>35.0 (Public price)</td>
</tr>
<tr>
<td></td>
<td>52.4 (Ex-factory)</td>
<td>35.0 (Ex-factory)</td>
<td>35.0 (Ex-factory)</td>
</tr>
<tr>
<td><strong>Hospitals</strong></td>
<td>44.6 (Public price)</td>
<td>41.0 (Public price)</td>
<td>34.0 (Public price)</td>
</tr>
<tr>
<td></td>
<td>41.0 (Ex-factory)</td>
<td>34.0 (Ex-factory)</td>
<td>34.0 (Ex-factory)</td>
</tr>
</tbody>
</table>

- **Public price** vs **Ex-factory**
- **Source:** IQVIA calculations, based on Federal Office of Public Health FOPH
- **Outlook 2019:** Introduction planned for 1.12.2019

---

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Copyright IQVIA – price reductions
Reclassification of OTC’s

Category A
prescription without repetition
with a prescription

Category B
prescription
with a prescription

Category C
pharmacy only
without prescription

Category D
pharmacy & drugstore
without prescription

Category E
sale in all shops
without prescription

~15% ~85% ~85% ~15%

Category A
with a prescription

Category B
with a prescription or pharmacy advice

Category D
specialist retailer

Category E
sale in all shops
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

D → E
CHF 13 million

C → B
CHF 30 million

C → D
CHF 142 million

Source: IQVIA, ex-factory, MAT 10/2018
Swiss Pharmaceutical market – composition of drug prices

Fixed margin elements help to offset price reductions

Composition of the price of a prescription/reimbursable drug: c.3/4 of the retail margin secured by fixed elements

Ex-factory price (in CHF)

<table>
<thead>
<tr>
<th>Ex-factory price (in CHF)</th>
<th>+ price-related surcharge</th>
<th>+ surcharge per pack</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.05-4.99</td>
<td>12.0%</td>
<td>4.00</td>
</tr>
<tr>
<td>5.00-10.99</td>
<td>12.0%</td>
<td>8.00</td>
</tr>
<tr>
<td>11.00-14.99</td>
<td>12.0%</td>
<td>12.00</td>
</tr>
<tr>
<td>15.00-879.99</td>
<td>12.0%</td>
<td>16.00</td>
</tr>
<tr>
<td>880.00-2,569.99</td>
<td>7.0%</td>
<td>60.00</td>
</tr>
<tr>
<td>From 2,570.00</td>
<td>–</td>
<td>240.00</td>
</tr>
</tbody>
</table>

Market price structures and Galenica Santé’s retail service fees limit impact of price cuts

- Ongoing ex-factory price declines
- Potential reduction in distribution margin
- Potential new price model for generics
- Pricing structure likely limits impact on Galenica Santé from margin squeeze
- Potential reduction would be compensated with increase in service fee
- Would probably require change in legislation

Source: Swissmedic and company information
Note: FOPH stands for Federal Office of Public Health; sets prices based on basket of nine countries and quality aspects
1 Based on Company internal figures.

LOA: Service based compensation
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