## Agenda

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Building the leading Swiss healthcare platform over 90 years

Foundation of Galenica as a wholesaler

Organic and acquisition-led expansion of pharmacies network

Creation of Amavita uniform brand in Switzerland

Acquisition of Merfen® and Vita-Merfen®

Acquisition of Bahnhof Apotheke

Expansion of distribution activities

Joint Venture with Coop Vitality

Acquisition of Mediservice

Acquisition of Sun Store pharmacies

Acquisition of Pharmapool

Corporate

Services

Retail

Products & Brands

1927

1995

1996

1999

2000

2002 / 2004

2005

2007

2008

2009

2013

2017

2018

2019

1995

Strategy to engage in the entire Swiss healthcare value chain

Partnership with Alliance UniChem

Acquisition of Anti-Brumm® and Perskindol®

Opening of highly automated distribution centre in Niederbipp

Acquisition of medifilm

Acquisition of Pharmapool

IPO of Galenica Santé

Acquisition of Bichsel Group

1

2019

Acquisition of care product
1 History of resilient growth and margin improvement

2009–19 CAGRs
Retail market sales^2 1.7%
Galenica net sales 3.0%
Galenica EBIT^3 11.5%

2009-19 sales CAGR 3.0%
2009-19 EBIT CAGR^3 11.5%
2009-19 EBIT margin improvement^3 +282bps
2019 cash conversion^5 75%

Employees as of 31 December 2019 7’071

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 (now renamed Vifor Pharma AG) and represent its Logistics, Retail and Other (Healthcare Information) businesses, excluding the Pharma business. The Company, a former wholly-owned subsidiary of Galenica AG (now renamed Vifor Pharma AG), prepared combined financial statements for the financial years ended 31 December 2014, 2015 and 2016. Accordingly, the financial information derived from the combined financial statements of the Company and from the consolidated financials of Galenica AG (now Vifor Pharma AG) for its Logistics, Retail and Other (Healthcare Information) businesses, excluding the Pharma business, for prior periods may not be fully comparable.

1 Not including Verfora (former Vifor Consumer Health)
2 Retail market sales include direct and indirect pharmaceutical sales through pharmacies, self-dispensing doctors and drugstores (IQVIA Market Prognosis 2019-2023, Switzerland; published September 2019)
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 expense and 2019 EBITDA excludes IAS 19 expense and effects of IFRS 16 leasing; capex includes investments in tangible and intangible assets, details adjustments, Annual Report 2019, pages 95, 96 and 97
6 Adoption of IFRS15 starting from 2017.

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**History of share price since IPO**

- **Initial trade price**: 7 April 2017, CHF 43.00
- **IPO offer price**: CHF 39.00

Graph showing the share price history from 7 April 2017 to 31 July 2020, with notable peaks and troughs. The final share price on 31 July 2020 is CHF 67.95.
Galenica is the leading healthcare provider in Switzerland

2019 net sales
2019 EBIT
CHF3’301 million
CHF167 million

Health & Beauty

Retail

Products & Brands

Services

Market position²

Market position²

Market position²

Leading provider of specialised pre-wholesale and wholesale distribution services

Specialised databases and solutions for clinical decision support

Leading domestic network of own, joint venture and independent partner pharmacies

Provision of health and beauty products, patient advice and new services through our pharmacy network as well as via different online offerings

Broad range of own, exclusive and partner products for consumer health, beauty and well-being

Strong sales and marketing force in Switzerland

2019 net sales (pre eliminations of intercompany positions)

CHF1’621m

CHF124m

CHF2’441m

CHF45m

2019 net sales (pre eliminations of intercompany positions)

1 Excludes IAS 19 and IFRS 16 effects, Details adjustments, Annual Report 2019, page 95

2 Services based on sales reported at ex-manufacturer price level as of MAT December 2019. Source: IQVIA Market Prognosis 2019-2023, Switzerland; Retail based on number of pharmacies. Source: IQVIA Market Prognosis 2019-2023, Switzerland, pharmaSuisse 2019 and company websites; Products & Brands based on IQVIA MAT December 2019 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 ex-manufacturer price)

- Financial crisis
- Unpegging of Swiss Franc by SNB
- Mandatory price cuts

- 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

Pharmaceutical market in Switzerland (2019)

By value—CHF6.1bn

- 25.4% Pharmacies
- 48.3% Physicians
- 25.3% Hospitals
- 9.0% Drugstores

By volume—187 million packs

- 64.9% Pharmacies
- 22.7% Physicians
- 3.4% Hospitals
- 9.0% Drugstores

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

Source:
1 IQVIA, Pharmamarkt Schweiz, YTD December 2019, IQVIA Market Prognosis 2019-2023, Switzerland; published September 2019
2 Total market without hospitals
3 IQVIA Market Prognosis 2019-2023, Switzerland; published September 2019
# Experienced management team with proven track record

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience Details</th>
</tr>
</thead>
</table>
| Marc Werner           | CEO                                 | - CEO from 1st April 2020  
- 23 years industry experience  
- Joined Galenica 2020  
- Previously, Head Marketing & Sales division and Member of the Group Executive Board at Swisscom |
| Felix Burkhard        | CFO                                 | - CFO since 2017  
- 29 years industry experience of which 25 years at Galenica  
- Joined Galenica in 1995  
- Previously, Head of Strategic Projects of Galenica Group and Head of Retail Business Sector |
| Daniele Madonna       | Head of Retail Business sector      | - Pharmacist  
- 18 years industry experience of which 16 years at Galenica  
- Previously Store Manager, Regional Sales Manager and CEO of the joint venture Coop Vitality |
| Thomas Szuran         | Head of Products & Brands Business sector | - 23 years industry experience  
- Joined Galenica 2019  
- Previously, CEO at Biomed AG, President at ASSGP |
| Christoph Amstutz     | Head of Services Business sector    | - 32 years industry experience of which 13 years at Galenica  
- Joined Globopharm in 2007 (led integration process into Galenica)  
- Previously, Head of G-Pharma & Alloga and Business Unit Head at Bristol-Myers Squibb |
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 leading positions to promote higher margin and exclusive products
- Further expand and optimise retail network on- and offline (omni-channel)
- Drive efficiency through one single process for all three pharmacy formats

Develop and launch own and partner brands and products for pharmacies

- Leverage scale advantages to develop new, value-added services
- Continue to drive synergies across the entire organisation

Support

Products & Brands

Retail

Services

Click & Collect
Loyalty cards

2016
2017
2018
2019

medifilm
GDP-qualified fleet
e-health
The largest pharmacy retailer in Switzerland

Network of chains (# of pharmacies as of 30 June 2020) Webshop

- **AMAVITA** 178 - Largest branded pharmacy network by number of pharmacies in Switzerland
- **PHARMACIE SUN STORE** 93 - The first Swiss pharmacy chain
- **coop vitalité** 85 - Joint venture (49:51) with Coop, the 2nd largest retail group in Switzerland
- **Winconcept** 156 - 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
  - **GALENICA** 156 (9%)
  - **Total # of pharmacies as of 2018** 1,806
  - ~5.8x more pharmacies than next competitor

Net sales performance (CHFm)

- 2014: 1,251
- 2015: 1,308
- 2016: 1,349
- 2017: 1,387
- 2018: 1,431
- 2019: 1,516

Health & Beauty

- Sales: 1,335 (6.0%) in 2014, 1,393 (6.4%) in 2015, 1,437 (6.5%) in 2016, 1,479 (6.7%) in 2017, 1,525 (7.2%) in 2018, 1,621 (7.6%) in 2019

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 > 1.4x Swiss market average

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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 10 pharmacies acquired and 8 net pharmacies added per year over the last 8 years

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</tr>
</thead>
<tbody>
<tr>
<td>Pharmacies acquired</td>
<td>10</td>
<td>20</td>
<td>5</td>
<td>2</td>
<td>13</td>
<td>6</td>
<td>10</td>
<td>11</td>
<td>5</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>11</td>
<td>2</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>356</td>
<td>358</td>
</tr>
</tbody>
</table>

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

Galenicare’s retail product offering in % of sales

- Beauty: 18%
- Nutrition, Personal and Patient Care: 4%
- OTC medicines: 17%
- Prescription medicines: 53%
  - of which originals: 12%
  - of which generics: 17%
  - of which service fees: 37%

1 Sales YTD December 2019, includes Amavita and Sun Store pharmacies, without Mediservice, Winconcept and Coop Vitality
Leading role in Consumer Health with broad and innovative product portfolio

Products & Brands

Portfolio

- Consumer Health & Skincare brands
  - VERFORA
- Exclusive partner brands
  - Health & beauty
- 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\(^1\) market position

<table>
<thead>
<tr>
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<th>Market share(^2) (%)</th>
</tr>
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<tbody>
<tr>
<td>ORAL PAIN REMEDIES(^3)</td>
<td>No. 1 55%</td>
</tr>
<tr>
<td>TOPICAL PAIN REMEDIES(^3)</td>
<td>No. 3 14%</td>
</tr>
<tr>
<td>COUGH &amp; COLD REMEDIES(^3)</td>
<td>No. 2 16%</td>
</tr>
</tbody>
</table>

### Net sales performance (CHFm)\(^3\)

- **CAGR 5.0%**
- **Growth on a comparable basis**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (CHFm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>80(^4)</td>
</tr>
<tr>
<td>2015</td>
<td>84(^4)</td>
</tr>
<tr>
<td>2016</td>
<td>89</td>
</tr>
<tr>
<td>2017</td>
<td>89</td>
</tr>
<tr>
<td>2018</td>
<td>92(^6)</td>
</tr>
<tr>
<td>2019</td>
<td>102</td>
</tr>
</tbody>
</table>

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1. Includes OTC, Patient Care, Personal Care and Nutritional products
2. Based on IQVIA Sell Out MAT Dec 2019 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 (former Vifor Consumer Health) sales and G-Pharma adjustment
4. Adjusted for disposal of Equazen® in November 2015
5. Market shares in categories are shown for Verfora (former Vifor Consumer Health), not including OTC retail own brands
6. Adoption of IFRS15 starting from 2017.
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

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

- **HCI Solutions**
  - Access to nearly all dispensers
  - Present in all three language regions
  - Systemically relevant information and databases
  - Solutions for safe and cost-effective provision and application of medicines

**Competitive positioning - #1 market position**

- **Pre-wholesale market share %**
  - **Alloga**: No. 2
  - **Galexis**: No. 3
  - **2.5x larger than next competitor**

- **Wholesale market share % (pharmacy)**
  - **Alloga**: No. 2
  - **Galexis**: No. 3
  - **2.0x larger than next competitor**

**Net sales performance (CHFm)**

- **CAGR 2.4%**
  - 2014: 2'171
  - 2015: 2'245
  - 2016: 2'329
  - 2017: 2'362
  - 2018: 2'372
  - 2019: 2'441

- **EBIT margin (%)**
  - 2014: 1.7
  - 2015: 1.6
  - 2016: 1.7
  - 2017: 2.1
  - 2018: 1.9
  - 2019: 1.8

---

1. Based on market share. Source: IQVIA Market Prognosis 2019-2023,
2. Prescription products
3. Good Distribution Practice
5. 2017 including one-off effect, ROS without one-off effect 1.8%
6. 2019 excludes effects of IFRS 16 leasing, details adjustments, Annual report 2019, page 95

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## Long-term track record of sustainable growth and attractive cash generation ...

<table>
<thead>
<tr>
<th>Logistics, HCl &amp; Retail&lt;sup&gt;1,4&lt;/sup&gt;</th>
<th>Galenica</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2009–19 CAGRs</strong></td>
<td></td>
</tr>
<tr>
<td>Retail market sales&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1.7%</td>
</tr>
<tr>
<td>Galenica net sales&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3.0%</td>
</tr>
<tr>
<td>Galenica EBIT&lt;sup&gt;3&lt;/sup&gt;</td>
<td>11.5%</td>
</tr>
<tr>
<td>Net sales (CHFm)</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2,467</td>
</tr>
<tr>
<td>2010</td>
<td>2,526</td>
</tr>
<tr>
<td>2011</td>
<td>2,603</td>
</tr>
<tr>
<td>2012</td>
<td>2,661</td>
</tr>
<tr>
<td>2013</td>
<td>2,766</td>
</tr>
<tr>
<td>2014</td>
<td>2,826</td>
</tr>
<tr>
<td>2015</td>
<td>2,915</td>
</tr>
<tr>
<td>2016</td>
<td>3,009</td>
</tr>
<tr>
<td>2017</td>
<td>3,141&lt;sup&gt;6&lt;/sup&gt;</td>
</tr>
<tr>
<td>2018</td>
<td>3,165</td>
</tr>
<tr>
<td>2019</td>
<td>3,301</td>
</tr>
<tr>
<td>% Cash conversion&lt;sup&gt;5&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>63%</td>
</tr>
<tr>
<td>2010</td>
<td>70%</td>
</tr>
<tr>
<td>2011</td>
<td>70%</td>
</tr>
<tr>
<td>2012</td>
<td>78%</td>
</tr>
<tr>
<td>2013</td>
<td>78%</td>
</tr>
<tr>
<td>2014</td>
<td>74%</td>
</tr>
<tr>
<td>2015</td>
<td>74%</td>
</tr>
<tr>
<td>2016</td>
<td>80%</td>
</tr>
<tr>
<td>2017</td>
<td>70%&lt;sup&gt;7&lt;/sup&gt;</td>
</tr>
<tr>
<td>2018</td>
<td>74%</td>
</tr>
<tr>
<td>2019</td>
<td>75%</td>
</tr>
<tr>
<td>Reported EBIT (CHFm)&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>56</td>
</tr>
<tr>
<td>2010</td>
<td>73</td>
</tr>
<tr>
<td>2011</td>
<td>73</td>
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<td>2012</td>
<td>93</td>
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<td>99</td>
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<td>2014</td>
<td>117</td>
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<td>2015</td>
<td>126</td>
</tr>
<tr>
<td>2016</td>
<td>134</td>
</tr>
<tr>
<td>2017</td>
<td>148&lt;sup&gt;8&lt;/sup&gt;</td>
</tr>
<tr>
<td>2018</td>
<td>154</td>
</tr>
<tr>
<td>2019</td>
<td>167</td>
</tr>
</tbody>
</table>

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

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- 2 Retail market includes direct and indirect pharmaceutical sales through retail pharmacies, self-dispensing doctors and mail-order services (IQVIA Market Prognosis 2019-2023, Switzerland; published September 2019)
- 3 2014-16 EBIT from combined financial statements, 2017 and 2018 EBIT, excludes IAS 19 expense, 2019 excludes IAS 19 expense and effects of IFRS 16 leasing, details adjustments, Annual report 2019, pages 95 and 96
- 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. 2014-19 EBITDA excludes IAS 19 and IFRS 16 adjustment; capex includes investments in tangible and intangible assets, details adjustments, Annual report 2019, pages 95, 96 and 97
- 6 Adoption of IFRS15 starting from 2017.
- 7 2017 cash conversion without acquisition trademark Merfen 78%
- 8 2017 EBIT including one-off effect (CHFm 7.0), comparable EBIT CHFm 141.3

### Key Points
- **Above market growth**
- **History of margin improvement**
- **Attractive cash flow generation**
- **Well-invested infrastructure**
4 … demonstrating strong performance in both segments

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail</th>
<th>Health &amp; Beauty</th>
<th>Logistics and HCI</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009A</td>
<td>838</td>
<td>42</td>
<td>2'105</td>
<td>13</td>
</tr>
<tr>
<td>2013A</td>
<td>1'246</td>
<td>63</td>
<td>2'158</td>
<td>35</td>
</tr>
<tr>
<td>2014A</td>
<td>1'335</td>
<td>80</td>
<td>2'171</td>
<td>36</td>
</tr>
<tr>
<td>2015A</td>
<td>1'393</td>
<td>89</td>
<td>2'245</td>
<td>36</td>
</tr>
<tr>
<td>2016A</td>
<td>1'437</td>
<td>93</td>
<td>2'329</td>
<td>40</td>
</tr>
<tr>
<td>2017A</td>
<td>1'479</td>
<td>100</td>
<td>2'362</td>
<td>51²</td>
</tr>
<tr>
<td>2018A</td>
<td>1'525</td>
<td>110</td>
<td>2'372</td>
<td>44</td>
</tr>
<tr>
<td>2019A</td>
<td>1'621</td>
<td>124</td>
<td>2'441</td>
<td>45</td>
</tr>
</tbody>
</table>

- Net sales (CHFm)
- EBIT adjusted³ (CHFm)
- EBIT margin (%)
- CAGRs

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 Adoption of IFRS 15 starting from 2017.
2 2017 including one-off effects (CHFm 7.0), comparable EBIT CHFm 43.6 and ROS 1.8%
3 2014-16 EBIT from combined financial statements, 2017 and 2018 EBIT, excludes IAS 19 expense, 2019 excludes IAS 19 expense and effects of IFRS 16 leasing, details adjustments, Annual report 2019, pages 95 and 96
COVID-19 “lows”

Corona pandemic decelerated our business

- Sales
- EBIT
- New projects
- Ongoing projects
COVID-19 “highs”

The way we dealt with corona challenges was a highlight

- high increase in digital demand
- stronger link between online and offline world → Omni-channel!
- Bichsel classified as a systemically important company

THANKS TO THE GREAT COMMITMENT OF ALL EMPLOYEES, BASIC SUPPLY OF MEDICATIONS IN SWITZERLAND ASSURED AT ALL TIMES.
Conclusion

Results improved despite COVID-19!

NET SALES
+5.6%
Galenica Group
CHF 1,690.4 million

EBIT\(^1\)
+3.0%
Galenica Group
CHF 83.6 million

NET PROFIT\(^1\)
+5.3%
Galenica Group
CHF 68.4 million

\(^{1}\) adjusted: excluding the effects of IAS 19 and IFRS 16

"DESPITE COVID-19, WE CLEARLY EXCEEDED MARKET GROWTH WITH SALES, AND WE FURTHER IMPROVED EBIT AND NET PROFIT."
COVID-19

Some key figures from March 2020 - Retail

- ~ 30 COVID-19 infos to employees
- 1’700 plexiglas safety barriers
- + 220% online-sales
COVID-19

Some key figures from March 2020 – Products & Brands

+ 717%  
Septo Clean® sales

+ 49%  
Eubos® sales

+ 51%  
Algifor® sales
COVID-19

Some key figures from March 2020 - Services

6 x more online-order packages / day

700’000 packages per day peak

+ 60% logistics volumes
Conclusions

The pandemic has clearly ...

“... DEMONSTRATED THE KEY ROLE THAT THE GALENICA GROUP PLAYS IN THE SWISS HEALTHCARE MARKET.

... BOOSTED THE USE OF DIGITAL CHANNELS AND CONFIRMED OUR OMNI-CHANNEL STRATEGY."
Expansion

Despite COVID-19 we further developed operations.

- 6 new own pharmacies
- 1 new mail-order pharmacy
- 3 new partner products
- 1 company acquisition

"The pharmacy network was extended by 6 new locations and Verfora strengthened its partnerships and product portfolio."
WE WILL CONTINUE TO FURTHER DEVELOP OUR PHARMACY NETWORK AND CONSISTENTLY EXPAND THE DIGITAL MARKET PRESENCE.
New Head Services Business Sector as of 1st September 2020

Christoph Amstutz
Head Services Business Sector
till 30 August 2020

Andreas Koch
Head Services Business Sector
as of 1st September 2020
5 Strategic frame and business model

Networked with all healthcare market players
We are uniquely positioned
5 Analysis of strategic framework

Strategic projects

- Expansion logistics capacities
- New ERP system
- New mail-order pharmacy
- Expansion online offering
- Primary Care
- .......

Strategic programmes

- Omni-Channel
- Care
- Professionals
- Efficiency
- Transformation & organisational development
5 We want to shape the change!

WHAT we do and …

Strategic programmes

Omni-Channel
Care
Professionals
Efficiency

Transformation & organisational development

… HOW we do it.
H1 2020

Strong sales growth

<table>
<thead>
<tr>
<th>Category</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galenica Group</td>
<td>1’690</td>
<td>1’600</td>
<td>+5.6%</td>
</tr>
<tr>
<td>Retail</td>
<td>747</td>
<td>726</td>
<td>+2.9%</td>
</tr>
<tr>
<td>Products &amp; Brands</td>
<td>55</td>
<td>54</td>
<td>+1.0%</td>
</tr>
<tr>
<td>Services</td>
<td>1’287</td>
<td>1’192</td>
<td>+7.9%</td>
</tr>
</tbody>
</table>
Retail Business sector
Sales growth driven by expansion

Net sales (in million CHF)

2019 | H1 2019 | H1 2020
---|---|---
1'516 | 726 | 747

Elements of growth:

Expansion\(^1\): +5.6% +5.1% +4.3%
Organic\(^2\): +0.4% -0.7% -1.4%
thereof impact of price reductions\(^3\): -1.8% -1.9% -1.9%
thereof one-time effect of process optimisation\(^4\): -1.3%

thereof Bichsel Group: +3.2%

\(\rightarrow\) Estimated impact of COVID-19 on sales: -1%

\(\rightarrow\) Ongoing COVID-19 impact on high-frequency locations (part of around 10% of sales of Amavita and Sun Store pharmacies)

---

1) Calculated for points of sale without a full year period comparison, Half-year Report 2020, page 28
2) Consolidated net sales minus expansion effect, Half-year Report 2020, page 28
3) Mandatory price reductions of reimbursed medications of the specialties list, calculated based on volumes of previous period, Half-year Report 2020, page 28
4) As a part of a process optimisation, various intersegmental sales transactions were discontinued at the beginning of 2020.
Products & Brands Business sector

Strong growth of international sales

Net sales (in million CHF)

- 2019: 82 (53%)
- H1 2019: 42
- H1 2020: 41

+1.0% net impact on Swiss market sales growth

-2.6%

New distribution of Bucco-Tantum®, Omni-Biotic®, launch of Veractiv® and discontinuation of distribution of Ginsana® and Equazen® with +2.6% net impact on Swiss market sales growth
Services Business sector

Strong sales growth

Net sales (in million CHF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (in million CHF)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2'441</td>
<td>-2.3%</td>
</tr>
<tr>
<td>H1 2019</td>
<td>1'192</td>
<td>-2.6%</td>
</tr>
<tr>
<td>H1 2020</td>
<td>1'287</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

Impact of price reductions:
-2.3% (1)

One-time effect of adapted invoicing models:
+1.9% (2)

Estimated impact of COVID-19 on sales: +3%

- Growth of 5.9% in the pharmacy wholesale market (63% of net sales)
  - thereof 3.0% thanks to the expansion of the Retail business sector
  - thereof 3.0% thanks to the expansion of the Retail business sector
- Growth of 10.4% in the physician wholesale market (26% of net sales)

1) Mandatory price reductions of reimbursed medications of the specialities list, calculated based on volumes of previous period, Half-year Report 2020, page 28
2) In the context of the new Ordinance on Integrity and Transparency in the Therapeutic Products Sector (OITTP), agreements with suppliers as well as invoicing models were adapted to the new transparency obligations, which influenced the sales development in the Services business sector.
H1 2020

Solid results

**EBITDA** (in million CHF)

- 2019: 260.3
- H1 2019: 126.7
- H1 2020: 129.3

**EBIT** (in million CHF)

- 2019: 169.5
- H1 2019: 82.8
- H1 2020: 82.3

+2.1% increase

-0.6% decrease
## H1 2020

### EBITDA and EBIT Adjustments

<table>
<thead>
<tr>
<th></th>
<th>EBITDA (in million CHF)</th>
<th>EBIT (in million CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1 2019</td>
<td>H1 2020</td>
</tr>
<tr>
<td>EBITDA</td>
<td>126.7</td>
<td>129.3</td>
</tr>
<tr>
<td>Adjustment IAS 19</td>
<td>-0.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Adjustment IFRS 16</td>
<td>-24.6</td>
<td>-26.4</td>
</tr>
<tr>
<td>EBITDA adjusted</td>
<td>101.8</td>
<td>105.3</td>
</tr>
</tbody>
</table>

1) Details of the adjustments in the Half-year Report 2020, pages 29 and 30
H1 2020
EBIT growth despite negative COVID-19 impact

EBIT and EBIT margin adjusted\(^1\)
(in million CHF / %)

<table>
<thead>
<tr>
<th></th>
<th>H1 2020</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galenica Group</td>
<td>83.6</td>
<td>81.1</td>
</tr>
<tr>
<td></td>
<td>4.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>61.7</td>
<td>60.3</td>
</tr>
<tr>
<td></td>
<td>7.7%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Services</td>
<td>22.6</td>
<td>22.6</td>
</tr>
<tr>
<td></td>
<td>1.8%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

\(^1\) Excluding effects of IAS 19 and IFRS 16, Half-year Report 2020, pages 29 and 30
# Financial result and taxes

## Financial result (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>H1 2019</th>
<th>H1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial result adjusted 1)</td>
<td>-3.2</td>
<td>-1.3</td>
<td>-1.1</td>
</tr>
<tr>
<td>Effects of IAS19 and IFRS16 1)</td>
<td>-2.9</td>
<td>-2.7</td>
<td>-2.3</td>
</tr>
</tbody>
</table>

## Taxes (in million CHF)

<table>
<thead>
<tr>
<th>Tax rate excluding one-time effects 2)</th>
<th>2019</th>
<th>H1 2019</th>
<th>H1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-29.7</td>
<td>-15.1</td>
<td>-13.6</td>
</tr>
</tbody>
</table>

1) Details of the adjustments of IAS19 and IFRS16 effects, in the Half-year Report 2020, pages 29 and 30
2) Details of one-time effects of deferred taxes, in the Annual Report 2019, pages 118 and 119
3) Tax rate would be at 17.9% excluding the effects of changes in tax rates of +0.7 million CHF
H1 2020

Pleasing net profit growth

(in million CHF)

2019 | H1 2019 | H1 2020
---|---|---
134.2 | 65.0 | 68.4
125.3 | 64.9 | 66.3

One-time effects of deferred taxes\(^1\)

Net profit comparable, adjusted\(^2\) and excluding one-time effects of deferred taxes\(^1\)

Effects of IAS19 and IFRS16\(^2\)

---

\(^1\) Details of one-time effects of deferred taxes, in the Annual Report 2019, pages 118 and 119
\(^2\) Details of the adjustments of IAS19 and IFRS16 effects, in the Half-year Report 2020, pages 29 and 30
H1 2020

6 Investments

<table>
<thead>
<tr>
<th>(in million CHF)</th>
<th>% of net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.6%</td>
</tr>
<tr>
<td></td>
<td>18.9</td>
</tr>
<tr>
<td></td>
<td>34.2</td>
</tr>
<tr>
<td>2019</td>
<td>1.6%</td>
</tr>
<tr>
<td></td>
<td>24.7</td>
</tr>
<tr>
<td></td>
<td>14.2</td>
</tr>
<tr>
<td>H1 2019</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td>26.7</td>
</tr>
<tr>
<td></td>
<td>16.2</td>
</tr>
<tr>
<td>H1 2020</td>
<td>1.6%</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COVID-19 has delayed the strategic efficiency projects in the Services business sector:

- Replacement of the ERP system in Wholesale and Prewholesale
  - Duration of the project expected until 2023 with investments to be made of ~CHF 13 million
- Renovation and modernisation distribution center Lausanne-Ecublens
  - Duration of the project expected until 2022 with investments to be made of ~CHF 22 million
## H1 2020

### Solid free cash flow\(^1\)

<table>
<thead>
<tr>
<th>(in million CHF)</th>
<th>H1 2019</th>
<th>H1 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities before working capital changes</strong></td>
<td>116.0</td>
<td>118.7</td>
<td>+2.7</td>
</tr>
<tr>
<td><strong>Payment of lease liabilities</strong></td>
<td>-23.4</td>
<td>-24.4</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from operating activities before working capital changes adjusted</strong></td>
<td>92.6</td>
<td>94.3</td>
<td>+1.7</td>
</tr>
<tr>
<td><strong>Working capital changes</strong></td>
<td>-41.2</td>
<td>-53.9</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from operating activities adjusted</strong></td>
<td>51.5</td>
<td>40.4</td>
<td>-11.0</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities without M&amp;A</strong></td>
<td>-24.6</td>
<td>-22.1</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow before M&amp;A</strong></td>
<td>26.8</td>
<td>18.4</td>
<td>-8.5</td>
</tr>
<tr>
<td><strong>Cash flow from M&amp;A</strong></td>
<td>-54.6</td>
<td>-2.4</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>-27.8</td>
<td>16.0</td>
<td>+43.8</td>
</tr>
</tbody>
</table>

\(^1\) Details of free cash flow in the Half-year Report 2020, page 31
H1 2020

6 Solid balance sheet

(in million CHF)

Debt coverage\(^1\) 2.1x

Debt coverage adjusted\(^2\) 1.5x

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt coverage</th>
<th>Equity adjusted(^3)</th>
<th>Effect of IFRS16(^3)</th>
<th>Net debt adjusted(^3)</th>
<th>IAS19 and IFRS16 effects on equity(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2.1x</td>
<td>1'053</td>
<td>557</td>
<td>326</td>
<td>-53</td>
</tr>
<tr>
<td>H1 2019</td>
<td>2.6x</td>
<td>918</td>
<td>982</td>
<td>417</td>
<td>-64</td>
</tr>
<tr>
<td>H1 2020</td>
<td>2.4x</td>
<td>948</td>
<td>1'034</td>
<td>223</td>
<td>-86</td>
</tr>
</tbody>
</table>

\(^1\) Net debt / EBITDA, Half-year Report 2020, page 33
\(^2\) Net debt adjusted / EBITDA adjusted excluding effects of IAS19 und IFRS16, Half-year Report 2020, page 33
\(^3\) Detail of the adjustments in the Half-year Report 2020, page 32
Swiss pharmaceutical market by channel YTD June 2020

**Value (ex-factory): CHF 3’090.6 million**
CHF +87.6 million / +2.9%

- Hospitals: 797.7 million (+3.5%)
- Drugstores: 33.1 million (+12.4%)
- Physicians: 780.4 million (+2.1%)
- Pharmacies: 1’479.4 million (+2.8%)
- Stationary: 1’345.5 million (+3.3%)
- Mail-order: 133.9 million (-1.7%)

**Volume (packs): 93.9 million**
+1.0 million / +1.1%

- Hospitals: 8.4 million (-2.0%)
- Drugstores: 3.4 million (+11.8%)
- Physicians: 20.9 million (-1.7%)
- Pharmacies: 61.2 million (+2.0%)
- Stationary: 60.2 million (+2.1%)
- Mail-order: 1.0 million (-1.3%)

Source: APO/SD/DR/SPA Index, Swissmedic A, B, C, D
Medicines Swissmedic lists A, B, C, D, sold from suppliers and wholesalers to hospitals, physicians and drugstores
Swiss pharmaceutical market monthly development

Value (ex-factory) YTD June 2020: CHF 3’090.6 million
CHF +87.6 million / +2.9%

Source: APO/SD/DR0/SPI Index, Swissmedic A, B, C, D
Medicines Swissmedic lists A, B, C, D, sold from suppliers and wholesalers to hospitals, physicians and drugstores
Consumer healthcare market YTD June 2020

- OTC: +5.7%
- Patient care: +10.4%
- Personal care: -5.2%
- Nutrition: +6.5%
- Non-medication products: +0.8%
- CHF million: 1’294 (62.8%)

Source: Pharma Trend for pharmacies and drugstores in Switzerland, streetprices
Generics growth (in volume) in the pharmacy channel 2019

**Substitution rate 57%**

*Pharmacies Galenica Group* 70%

Source: Market Segmentation, reimbursable products (FOPH) in the pharmacy channel
Monthly calculation basis, delineated market division, data as of December 2019

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

Generics 20.6 million / market with generics 36.1 million = 57%

Source: Market Segmentation, reimbursable products (FOPH) in the pharmacy channel
Monthly calculation basis, delineated market division, data as of December 2019

1) Products 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 20.6 million / market with generics 36.1 million = 57%
## Authorities: measures and projects

<table>
<thead>
<tr>
<th>Measure</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in drug prices</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Change of category of OTC products&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Sales margin SBR IV → SBR V</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generics prices „Reference price system“</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup> Swissmedic categories C, D

- SBR IV extended until the end of 2021
- From 2022?
Price reduction rounds 2017 to 2019

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

Analysis FOPH price reductions 2019 – Source: IQPharma - Input FOPH

August 2020 © Galenica Group
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

Distribution:
- 15% with a prescription
- 85% without prescription
- 85% without prescription
- 15% without prescription

On the right side:
- Category A: with a prescription
- Category B: with a prescription or pharmacy advice
- Category C: specialist retailer
- Category E: sale in all shops
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 ➔

~ 70% – 72% Supplier margin

Reimbursed ➔

~ 29%

~ 24% Retail

~ 5% Wholesale

~ 8% LOA – Retail service fees

~ 8%

Per prescription / line

~2/3 Fixed

~1/3 Variable

FOPH defines price and margin - Margin covers wholesale and retail

<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>

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

~ 28% - 30% Galenica total margin; thereof ~ 4% - 6% Wholesale

~70% – 72% Supplier margin
→ Galenica Group net sales +2% to +5%

→ EBIT (excluding the effects of IAS19 & IFRS16) approximately on prior year level

→ Dividend for 2020 at least at prior year level
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