Galenica Group
Investor Presentation
March 2018
## Agenda

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History of resilient growth and margin improvement

**2007–17 CAGRs**

<table>
<thead>
<tr>
<th>Category</th>
<th>2007-17 sales CAGR</th>
<th>2007-17 EBIT CAGR</th>
<th>2007-17 EBIT margin improvement</th>
<th>2017 cash conversion</th>
<th>FTEs as of 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics, HealthCare Information &amp; Retail¹,⁴</td>
<td>4.2%</td>
<td>14.3%</td>
<td>+278bps</td>
<td>70%</td>
<td>c.4’944</td>
</tr>
<tr>
<td>Galenica</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

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

Notes:

1. Not including Vifor Consumer Health
2. Retail market sales include direct and indirect pharmaceutical sales through pharmacies, self-dispensing doctors and drugstores
3. 2014-16 EBIT from combined financial statements and 2017 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. 2014-17 EBITDA excludes IAS 19 adjustment; capex includes investments in tangible and intangible assets
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

Performance of Galenica share 2017

First traded price CHF 43.00, 7.4.2017
Galenica is the leading healthcare provider in Switzerland

Health & Beauty

Retail

Market position²

- 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

- 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

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

2017 net sales

| CHF1'483m |

2017 EBIT

| CHF100m |

1 Excludes IAS 19 expense
2 Services based on sales reported at ex-manufacturer price level as of MAT December 2017. Source: QuintilesIMS Market Prognosis 2017-2021, Switzerland; Retail based on number of pharmacies. Source: QuintilesIMS Market Prognosis 2017-2021, Switzerland, pharmaSuisse 2017 and company websites; Products & Brands based on IQVIA MAT December 2017 sales value for OTC, Patient Care, Personal Care and Nutritionals products

March 2018 — © Galenica
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)**
  - 2007-17 CAGR 2.1%
  - 2017-21 CAGR 2.1%

- **Pharmaceutical market in Switzerland (2017)**
  - **By value—CHF5.8bn**
    - 50.4% Pharmacies
    - 24.8% Self-dispensing doctors
    - 22.3% Hospitals
    - 3.6% Drugstores
  - **By volume—185 million packs**
    - 65.0%
    - 23.7%
    - 9.1%
    - 3.6%

**Pharmacists play a crucial role in the provision of medicines**

- Indispensable role in one of the world’s highest quality healthcare 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 2017, QuintilesIMS Market Prognosis 2017-2021, Switzerland

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 QuintilesIMS Market Prognosis 2017-2021, Switzerland; published September 2017
2 Experienced management team with proven track record

Jean-Claude Clémençon
CEO
- CEO since IPO
- Head of Business Sector Retail since 2015, 29 years industry experience of which 23 years at Galenica Group
- Joined Galenica Group in 1995
- Previously, Head of Logistics and HCI at Galenica Group, Head of Manufacturing at Rheintub, Rheinsulz and CEO of Raintec

Felix Burkhard
CFO
- CFO since 2017
- 27 years industry experience of which 23 years at Galenica
- Joined Galenica in 1995
- Previously, Head of Strategic Projects of Galenica Group and Head of Business Sector Retail

Daniele Madonna
Head of Retail
Business sector
- Pharmacist
- 16 years industry experience of which 14 years at Galenica
- Previously Store Manager, Regional Sales Manager and CEO of the joint venture Coop Vitality

Torvald de Coverly Veale
Head of Products & Brands
Business sector
- 36 years industry experience of which 3 years at Galenica
- Joined Galenica 2015
- Previously, responsible for international expansion at Walgreens Boots Alliance and Global Brand Director at Unilever

Christoph Amstutz
Head of Services
Business sector
- 30 years industry experience of which 11 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
- Drive efficiency through one single process for all three pharmacy formats

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

- Develop and launch own and partner brands and products for pharmacies

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Click & Collect
Loyalty cards

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Products & Brands
Growth
Retail
Support
Services

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

Network of chains (as of 31 December 2017) | Webshop

- **AmaVita** 164
  - Largest branded pharmacy network by number of pharmacies in Switzerland

- **Pharmacie Sun Store** 97
  - The first Swiss pharmacy chain

- **coop vitality** 75
  - Joint venture (49:51) with Coop, the 2nd largest retail group in Switzerland

- **Winconcept** 160
  - Service provider for independent pharmacies under Feelgood’s brand

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

Competitive positioning—#1 market position

By number of pharmacies

<table>
<thead>
<tr>
<th>Total # of pharmacies as of 2016</th>
<th>No. 2</th>
<th>No. 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1'792</td>
<td>160</td>
<td>9%</td>
</tr>
<tr>
<td>337</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

~5.5x more pharmacies than next competitor

Net sales performance (CHFm)

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1'251</td>
<td>1'308</td>
<td>1'349</td>
<td>1'390</td>
</tr>
</tbody>
</table>

CAGR 3.6%

Health & Beauty

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1'335</td>
<td>1'393</td>
<td>1'437</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>6.0%</td>
<td>6.4%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

1 AmaVita figures include 7 majority and minority holdings in other pharmacies
2 Based on 1976 Federal Court law permitting non-pharmacists to own a pharmacy for the first time
3 Includes 8 AmaVita partners
4 Based on number of pharmacies. Source: pharmaSuisse 2017, QuintilesIMS Market Prognosis 2017-2021, Switzerland; and company websites
5 Own includes 75 pharmacies through joint venture with Coop; independent includes 8 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 2015
7 H&B post-inter-segmental eliminations
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

- Demonstrated M&A track record with an average of 9 pharmacies acquired and 8 net pharmacies added per year over the last 6 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Pharmacies acquired</th>
<th>Net pharmacies added¹</th>
<th>Total own Pharmacies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10</td>
<td>11</td>
<td>300</td>
</tr>
<tr>
<td>2013</td>
<td>20</td>
<td>12</td>
<td>312</td>
</tr>
<tr>
<td>2014</td>
<td>5</td>
<td>6</td>
<td>318</td>
</tr>
<tr>
<td>2015</td>
<td>2</td>
<td>0</td>
<td>318</td>
</tr>
<tr>
<td>2016</td>
<td>13</td>
<td>11</td>
<td>329</td>
</tr>
<tr>
<td>2017</td>
<td>6</td>
<td>8</td>
<td>337</td>
</tr>
</tbody>
</table>

¹ Includes the impact of acquisitions with concurrent mergers, new openings and closings

- Widely spread pharmacy network covers every Region in Switzerland
Diversified product portfolio for health, beauty and wellbeing

GaleniCare’s retail product offering in % of sales

- Beauty: 38%
- Nutrition, Personal and Patient Care: 52%
- OTC medicines: 12%
- Prescription medicines:
  - of which originals: 17%
  - of which generics: 4%
  - of which service fees: 10%

1 Sales YTD December 2017, includes Amavita and SunStore pharmacies, without Mediservice, Winconcept and Coop Vitality
Leading role in Consumer Health with broad and innovative product portfolio

Portfolio

OTC consumer health brands
- Vifor Consumer Health

Exclusive partner health and beauty brands
- Oral-B
- Lierac
- A-Derma
- Clearblue
- Phyto
- Adex Pharma

OTC retail own brands
- G-Pharma

Highlights

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

Competitive position: #2 Consumer Health\(^1\) market position

<table>
<thead>
<tr>
<th>Category</th>
<th>No. 1</th>
<th>No. 3</th>
<th>No. 4</th>
<th>No. 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORAL PAIN REMEDIES(^5)</td>
<td>5.7</td>
<td>5.5</td>
<td>5.4</td>
<td>3.4</td>
</tr>
<tr>
<td>TOPICAL PAIN REMEDIES(^5)</td>
<td></td>
<td></td>
<td></td>
<td>2.6</td>
</tr>
<tr>
<td>COUGH &amp; COLD REMEDIES(^5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

- ORAL PAIN REMEDIES\(^5\) No. 1
  - 30% market share\(^2\)
- TOPICAL PAIN REMEDIES\(^5\) No. 3
  - 14% market share\(^2\)
- COUGH & COLD REMEDIES\(^5\) No. 2
  - 12% market share\(^2\)

Growth on a comparable basis

- CAGR 5.8%
- \(80^4\) to \(95\)

1 Includes OTC, Patient Care, Personal Care and Nutritional products
2 Based on IQVIA Health MAT Dec 2017 gross sales value; IQVIA not including rebates, refunds or any sales deductions
3 2014-16 net sales on a comparable basis including 12 month 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 Vifor Consumer Health, not including OTC retail own brands

March 2018 – © Galenica
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

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

- **HCI Solutions**
  - IT platforms relating to electronic medication process
  - Software solutions and services for pharmacies

Highlights

- **Alloga**
  - 75 customers
  - >10,000 products
  - Temperature zones:
    - (i) -80°C
    - (ii) 2-8°C
    - (iii) 15-25°C

- **Galexis**
  - 10,000 customers
  - 100,000 products (c.9,000 Rx)
  - >1,100 suppliers
  - Access to nearly all dispensers
  - Present in all three language regions
  - GDP3-compliant services

- **HCI Solutions**
  - 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

**Wholesale market share %**

- Alloga: No. 2
- Galexis: No. 3

Net sales performance (CHFm)

- **2014**: 2'171
- **2015**: 2'245
- **2016**: 2'329
- **2017**: 2'502

CAGR 4.8%

EBIT margin (%)

- **2014**: 1.7
- **2015**: 1.6
- **2016**: 1.7
- **2017**: 2.0

1 Based on market share. Source: IQVIA Dec 2017

2 Prescription products

3 Good Distribution Practice

March 2018 – © Galenica
Long-term track record of sustainable growth and attractive cash generation …

**Logistics, HealthCare Information & Retail**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (CHFm)</th>
<th>Reported EBIT (CHFm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2'129</td>
<td>39</td>
</tr>
<tr>
<td>2008</td>
<td>2'270</td>
<td>39</td>
</tr>
<tr>
<td>2009</td>
<td>2'467</td>
<td>56</td>
</tr>
<tr>
<td>2010</td>
<td>2'526</td>
<td>73</td>
</tr>
<tr>
<td>2011</td>
<td>2'603</td>
<td>73</td>
</tr>
<tr>
<td>2012</td>
<td>2'661</td>
<td>93</td>
</tr>
<tr>
<td>2013</td>
<td>2'766</td>
<td>99</td>
</tr>
<tr>
<td>2014</td>
<td>2'826</td>
<td>117</td>
</tr>
<tr>
<td>2015</td>
<td>2'915</td>
<td>126</td>
</tr>
<tr>
<td>2016</td>
<td>3'009</td>
<td>134</td>
</tr>
<tr>
<td>2017</td>
<td>3'214</td>
<td>148</td>
</tr>
</tbody>
</table>

**Galenica**

- **2007–17 CAGRs**
  - Retail market sales: 2.1%
  - Galenica net sales: 4.2%
  - Galenica EBIT: 14.3%

- **2007–17 EBITDA**
  - 2007: 39
  - 2008: 39
  - 2009: 56
  - 2010: 73
  - 2011: 73
  - 2012: 93
  - 2013: 99
  - 2014: 117
  - 2015: 126
  - 2016: 134
  - 2017: 148

**Notes:**
- 1 Not including Vifor Consumer Health
- 2 Retail market includes direct and indirect pharmaceutical sales through retail pharmacies, self-dispensing doctors and mail-order services
- 3 2014-16 EBIT from combined financial statements and 2017 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. 2014-17 EBITDA excludes IAS 19 adjustment; capex includes investments in tangible and intangible assets
- 6 Cash conversion impacted by high Capex due to construction of Niederbipp logistic centre

Source: Company information, Galenica Annual Reports, IMS Health

**March 2018 – © Galenica**
... demonstrating strong performance in both segments

**Health & Beauty**

- **Retail**
  - Net sales (CHFm): 429, 1,246, 1,335, 1,393, 1,437, 1,483
  - EBIT (CHFm): 16, 63, 80, 89, 93, 100
  - EBIT margin (%): 19.5%, 25.3%, 7.7%, 6.7%

- **Health & Beauty**
  - EBIT margin (%): 3.6%

**Services**

- **Logistics and HCI**
  - Net sales (CHFm): 2,011, 2,158, 2,171, 2,245, 2,329, 2,502
  - EBIT margin (%): 1.2%, 10.3%

- **Services**
  - EBIT margin (%): 4.8%, 12.0%

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Source: Company information, Galenica Annual Reports

Note: The financial information presented with respect to the financial years ended 31 December 2006 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)
2017 in figures - Pleasing performance thanks to all Business sectors

Galenica Group:

in million CHF

Sales: 3,214.2  + 6.8%
EBIT\(^1\): 148.2  + 10.5%
Net profit\(^1\): 124.4
Dividend\(^2\): CHF 1.65 per share

\(^1\) Excluding the effects of IAS 19
\(^2\) Proposal to the Annual General Meeting on 9 May 2018
2017: expansion in all Business sectors

**Retail**
8 new locations
- Own pharmacies: **337**
- Total network: ~ **500**

**Products & Brands**
- New products and partnerships
  - Merfen® and Vita-Merfen®
  - Beauty brands: Lierac, Phyto
  - Partner brands: Excilor, Adler Schüssler mineral salts

**Services**
- Acquisitions
  - Pharmapool
  - New exclusive partnerships with Clarins and Coty

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INNOVATION

2017: new services for clients and partners

Retail - online

Uninterrupted cold chain
(Deep freeze) cold chain (down to -80°C)

Services

New products

Aprioris

Documedis
EFFICIENCY

2017: synergies developed and consistently utilised

1. New ERP project (pre-wholesale and wholesale)
2. Triapharm® introduced throughout the Group (incl. direct invoicing)
3. Back-office functions in Retail centralised and further process adjustments
**Swiss Pharmaceutical market – continuous value growth (YTD Dec 2017)**

<table>
<thead>
<tr>
<th>Market¹</th>
<th>Value CHFm</th>
<th>Share</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total:</td>
<td>5'824.6</td>
<td>100%</td>
<td>-1.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.2%</td>
</tr>
<tr>
<td>Hospitals:</td>
<td>1'382.3</td>
<td>23.7%</td>
<td>-4.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8.1%</td>
</tr>
<tr>
<td>Physicians:</td>
<td>1'446.7</td>
<td>24.8%</td>
<td>-0.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4.9%</td>
</tr>
<tr>
<td>Pharmacies:</td>
<td>2'933.8</td>
<td>50.4%</td>
<td>-0.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.3%</td>
</tr>
<tr>
<td>Drugstores:</td>
<td>61.8</td>
<td>1.1%</td>
<td>-7.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-5.4%</td>
</tr>
</tbody>
</table>

- Volume (sold packages)
- Value (at ex-factory prices)

<table>
<thead>
<tr>
<th>Market¹</th>
<th>Value CHFm</th>
<th>Share</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail²:</td>
<td>4'442.3</td>
<td>100%</td>
<td>-1.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.0%</td>
</tr>
<tr>
<td>RX³:</td>
<td>3'705.0</td>
<td>83.4%</td>
<td>-0.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.7%</td>
</tr>
<tr>
<td>OTC⁴:</td>
<td>737.3</td>
<td>16.6%</td>
<td>-1.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

**Market development highlights:**

- Growth of high-priced special medications
- Growth in hospitals and specialist doctors channel
- Declining volumes
- Declining beauty and personal care market (~ -3.5%)²

Source: IQVIA, Pharmamarkt Schweiz, YTD December 2017

¹ Medicines Swissmedic list A, B, C, D sold form suppliers and wholesalers to hospitals, physicians, pharmacies and drugstores
² Medicines Swissmedic list A, B, C, D sold form suppliers and wholesalers to pharmacies, physicians and drugstores
³ Medicines Swissmedic list A, B
⁴ Medicines Swissmedic list C, D
⁵ IQVIA, PharmaTrend, YTD Dec, personal care, patient care and nutrition products sold in pharmacies and drugstores to street prices

March 2018 – © Galenica
Pleasing development in challenging market environment

<table>
<thead>
<tr>
<th>Net sales (in million CHF)</th>
<th>EBIT adjusted¹ (in million CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1</strong></td>
<td><strong>H1</strong></td>
</tr>
<tr>
<td>1'487 49%</td>
<td>67.2  -50%</td>
</tr>
<tr>
<td>1'522 51%</td>
<td>67.0  -50%</td>
</tr>
<tr>
<td><strong>H2 2016</strong></td>
<td><strong>2016</strong></td>
</tr>
<tr>
<td>1'587 49%</td>
<td>134.2  52%</td>
</tr>
<tr>
<td>1'627 51%</td>
<td>76.6  48%</td>
</tr>
<tr>
<td><strong>H2 2017</strong></td>
<td><strong>2017</strong></td>
</tr>
<tr>
<td>3'214</td>
<td>148.2  48%</td>
</tr>
</tbody>
</table>

1 excluding the effects of IAS19

**Highlights:**

- Strong growth thanks to:
  - Acquisition of Pharmapool (about +4.9% impact on Group sales growth)
  - Expanded pharmacy network (about +0.4% impact on Group sales growth)
  - Growth of high-priced special medications mainly at Mediservice
  - Launch of new products and partner brands
- CHF 7.0 million positive one-off EBIT effects
- 5.3% EBIT growth without one-off effects
### Health & Beauty segment – Solid growth and margin improvement

#### Highlights:
- **1.1%** Retail growth thanks to the expansion of the pharmacy network
- **More than 20%** growth of sales by mail order, mainly with high-priced special medications
- **Like-for-like sales** growth of generics in our pharmacies by about **6%**
- **Successful launch of Merfen®** and partner brands Lierac, Phyto and Adler’s Schüssler mineral salts
- **EBIT margin increase (+20 basis points)** mainly thanks to strong growth of Products & Brands
Net sales - Retail and Products & Brands

Retail (in million CHF)

<table>
<thead>
<tr>
<th>Period</th>
<th>2016</th>
<th>H1</th>
<th>H2</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>662</td>
<td>686</td>
<td>51%</td>
<td>1'349</td>
</tr>
<tr>
<td>Products &amp; Brands</td>
<td>679</td>
<td>49%</td>
<td>711</td>
<td>1'390</td>
</tr>
</tbody>
</table>

Net sales growth:
- Retail: +3.1%
- Products & Brands: +6.0%

March 2018 - © Galenica
5 Services segment – Expanded offering with Pharmapool

**Highlights:**

- Successful integration of Pharmapool from day one on (about +6.3% impact on sales growth of the Services segment)
- Stable organic growth of about +1.1%
- EBIT growth at 9.2% (resp. 7.5% H1) without one-off effects (CHF 7.0 million in H1)
- ROS stable at 1.7% without one-off effects

---

**Net sales** (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
<th>2016</th>
<th>H1</th>
<th>H2</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1'140</td>
<td>1'186</td>
<td>2'329</td>
<td>1'234</td>
<td>1'269</td>
<td>2'502</td>
</tr>
<tr>
<td>%</td>
<td>49%</td>
<td>51%</td>
<td>49%</td>
<td>51%</td>
<td>51%</td>
<td>51%</td>
</tr>
</tbody>
</table>

**EBIT** (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>H2</th>
<th>2016</th>
<th>H1</th>
<th>H2</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>20.2</td>
<td>19.7</td>
<td>39.9</td>
<td>28.7</td>
<td>21.9</td>
<td>50.6</td>
</tr>
<tr>
<td>%</td>
<td>51%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>57%</td>
<td>1.7%</td>
<td>43%</td>
</tr>
</tbody>
</table>
## Net profit exceeds expectations

<table>
<thead>
<tr>
<th>(in million CHF)</th>
<th>2017</th>
<th>2016</th>
<th>of which one-off effects 2017 disposals</th>
<th>deferred tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT adj.</strong>(^1)</td>
<td>148.2</td>
<td>134.2</td>
<td>7 million</td>
<td></td>
</tr>
<tr>
<td>(Effect of IAS 19)</td>
<td>-6.4</td>
<td>-10.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>141.8</td>
<td>123.8</td>
<td>7 million</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>-1.9</td>
<td>-19.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>139.9</td>
<td>104.3</td>
<td>7 million</td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>-21.0</td>
<td>-20.9</td>
<td>-0.7 million</td>
<td>4.3 million</td>
</tr>
<tr>
<td>Tax rates</td>
<td>15.0%</td>
<td>20.0%</td>
<td>+0.5% points</td>
<td>+3.1% points</td>
</tr>
<tr>
<td>Net profit</td>
<td>118.9</td>
<td>83.4</td>
<td>6.3 million</td>
<td>4.3 million</td>
</tr>
<tr>
<td>(Effect of IAS 19)</td>
<td>-5.5</td>
<td>-8.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit adj.</strong>(^1)</td>
<td>124.4</td>
<td>92.1</td>
<td>6.3 million</td>
<td>4.3 million</td>
</tr>
</tbody>
</table>
Pleasing free cash flow

(in million CHF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Divestment of assets and disposal of subsidiaries</th>
<th>Cash flow from operating activities</th>
<th>Investments in assets</th>
<th>Purchase of subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-35.8</td>
<td>144.4</td>
<td>-30.3</td>
<td>-35.8</td>
</tr>
<tr>
<td>2017</td>
<td>1.8</td>
<td>98.9</td>
<td>-57.1</td>
<td>-35.8</td>
</tr>
</tbody>
</table>

March 2018 – © Galenica
Galenica Group – Robust balance sheet

**Investments in million CHF**

- **% of sales**
  - 2016: 1.2%
  - 2017: 1.7%
- **Cash conversion**
  - 2016: 80%
  - 2017: 70%

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments in intangible assets</th>
<th>Investments in tangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>35.0</td>
<td>3.6</td>
</tr>
<tr>
<td>2017</td>
<td>26.0</td>
<td>29.9</td>
</tr>
</tbody>
</table>

**Net debt / Equity in million CHF**

- **Debt coverage**
  - 2016: 45%
  - 2017: 48%
- **Cash conversion**
  - 2016: 1.7%
  - 2017: 2.0x

<table>
<thead>
<tr>
<th>Year</th>
<th>Net debt</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>745</td>
<td>350</td>
</tr>
<tr>
<td>2017</td>
<td>862</td>
<td>301</td>
</tr>
</tbody>
</table>

**Highlights:**
- Without the acquisition of Merfen® and Vita-Merfen®, capex at 1.3% of net sales and cash conversion at 78%
- Net debt reduced to CHF 301 million

---

1. shareholders’ equity and net debt of pro-forma balance sheet as of 1 January 2017
2. calculated as net debt / EBITDA adjusted, excluding the effects of IAS 19
3. calculated as (EBITDA-capex)/EBITDA, EBITDA excluding the effects of IAS 19, capex includes investments in tangible and intangible assets
### Swiss Pharmaceutical market – regulatory projects

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in drug prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change of category of OTC products(^1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOA IV (\rightarrow) LOA V</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price of generics Amendment of Health Insurance Act (KVG)</td>
<td></td>
<td></td>
<td>from 2020</td>
<td>....</td>
</tr>
</tbody>
</table>

\(^1\) Swissmedic categories C, D
Swiss Pharmaceutical market – regulatory matrix for products & channels

Upcoming distribution changes expected to be largely favourable for pharmacies

<table>
<thead>
<tr>
<th></th>
<th>Hospital</th>
<th>Doctor</th>
<th>Online pharmacies</th>
<th>Pharmacy</th>
<th>Drugstore</th>
<th>Large retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swissmedic A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swissmedic B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swissmedic C(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swissmedic D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swissmedic E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Praxis-Lab-Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medtec</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cosmetic and Body-Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>House and Home</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regulated

1. Prescription for select Cat. B drugs may no longer be required
   ▲ Still, consumers likely to continue purchasing non-prescription Cat. B drugs in pharmacies
2. Drugstores could start to compete for Cat. C products(2)
   ▲ Limited impact expected in light of market share drugstores already have in Cat. C drugs
3. Large retailers might compete strongly in Cat. D OTC products(3)
   ▲ Impact likely strongest on drugstores

Source: Swissmedic and company information
Notes: FOPH stands for Federal Office of Public Health.
1 Category C medicinal products can only be sold through drugstores on an exceptional basis, i.e., if a canton concludes that a canton-wide dispensation cannot otherwise be achieved
2 Once Category C is integrated into Category D
3 Once these are re-classified into Category E
4 With respect to market access
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)
  - + price-related surcharge
  - + surcharge per pack

<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
Galenica Group – Outlook

Dividends 2017

→ CHF 1.65 dividend per share from capital contribution reserve

Outlook for 2018

→ Sales growth of 2% to 3%

→ EBIT (excluding effect of IAS 19) similar to that in 2017

→ 2018 dividend at least at prior-year level

1) Proposal to the Annual General Meeting on 9 May 2018
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