Galenica Group

Sales and Guidance Update

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CFO

January 2021
Swiss pharmaceutical market by channel 2020

**Value (ex-factory): CHF 6'331.7 million**
CHF +176.9 million / +2.9%

- Hospitals: 1'633.9 million (+3.1%)
- Drugstores: 67.5 million (+13.1%)
- Physicians: 1'600.4 million (+3.1%)
- Pharmacies: 3'029.8 million (+2.4%)
- Stationary: 2'745.3 million (+2.5%)
- Mail-order: 284.5 million (+1.9%)

**Volume (packs): 183.0 million**
- Hospitals: 16.6 million (-3.2%)
- Drugstores: 6.6 million (+8.7%)
- Physicians: 41.2 million (-3.1%)
- Pharmacies: 118.6 million (-1.6%)
- Stationary: 116.4 million (-1.7%)
- Mail-order: 2.1 million (-1.0%)

Source: APO/SD/GR/DPI Index, Swissmedic A, B, C, D
Medicines Swissmedic lists A, B, C, D, sold from suppliers and wholesalers to hospitals, physicians and drugstores

IQVIA Switzerland - Swiss pharmaceutical market 2020
Swiss pharmaceutical market monthly development

**Value (ex-factory) 2020:** CHF 6'331.7 million

CHF +176.9 million / +2.9%

Source: APO/SD/DRO/SPI Index, Swissmedic A, B, C, D
Medicines Swissmedic lists A, B, C, D, sold from suppliers and wholesalers to hospitals, physicians and drugstores
Generics growth (in volume) in the pharmacy channel 2020

Market with generics potential
56.2 million
-0.2%

Market with generics
35.9 million
-1.5%

Substitution rate 58%3)
Pharmacies Galenica Group4) 72%

Total Packs reimbursable by health insurance
76.9 million / +1.8%

- Patent protected products
  4.4 million / +12.6%

- Products with expired patent protection without generics
  20.3 million / +2.2%

- Generics
  20.7 million / +0.4%

Pharmacies Galenica Group4)

- Originals1)
  15.2 million / -3.9%

- Others2)
  16.3 million / +6.5%

1) Products with expired patent protection and at least one generic
2) 1. Natural substance (e.g. vitamins, minerals, herbal ingredients)
  2. Vaccines
  3. Biosimilars
  4. Reference products
3) Generics 20.7 million / market with generics 35.9 million = 58%

Source: Market Segmentation, reimbursable products (FOPH) in the pharmacy channel
Monthly calculation basis, delineated market division, data as of December 2020

4) Source: Galenica Group
Galenica Group
Strong sales growth

Net sales (in million CHF)

H1 | H2 | 2019 | H1 | H2 | 2020
---|---|------|---|---|------
1'600 | 1'701 | 3'301 | 1'690 | 1'789 | 3'480
48% | 52% | +5.4% | 49% | 51% | +5.2%
Galenica Group
Sales growth in all business sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Net sales (in million CHF)</th>
<th>2020</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galenica Group</td>
<td>3'480</td>
<td>3'301</td>
<td></td>
<td>+5.4%</td>
</tr>
<tr>
<td>Retail</td>
<td>1'556</td>
<td>1'516</td>
<td></td>
<td>+2.7%</td>
</tr>
<tr>
<td>Products &amp; Brands</td>
<td>112</td>
<td>102</td>
<td></td>
<td>+9.4%</td>
</tr>
<tr>
<td>Services</td>
<td>2'632</td>
<td>2'441</td>
<td></td>
<td>+7.8%</td>
</tr>
</tbody>
</table>
Retail

Strong impact of expansion on sales growth

Elements of growth:

**Net sales** (in million CHF)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>726</td>
<td>1'556</td>
</tr>
<tr>
<td>H2</td>
<td>790</td>
<td>1'516</td>
</tr>
</tbody>
</table>

**Expansion**: ❍ +5.6% ❍ +4.3% ❍ +2.1% ❍ +3.2%

**Organic**: ❍ +0.4% ❍ -1.4% ❍ +0.3% ❍ -0.5%

thereof impact of price cuts**: ❍ -1.8% ❍ -1.9% ❍ -1.4% ❍ -1.6%

thereof one-time effect of process optimisation**: ❍ -1.8% ❍ -1.5% ❍ -1.7%

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1) Calculated only including point of sales without a full year period comparison
2) Consolidated net sales minus expansion effect
3) Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period
4) As a part of a process optimisation, various intersegmental sales transactions were discontinued at the beginning of 2020.
Retail
Key developments

→ Strong expansion of pharmacy network: 17 added, 7 restructured, net +10
  → thereof +7 Amavita/Sun Store and +3 Coop Vitality

→ COVID-19 related sales losses of pharmacies in high-frequency locations (-23% on average) had a -1.9% impact on organic sales growth of business sector Retail.

→ COVID-19 related sales losses of OTC medications and beauty products were compensated by higher sales of nutrition, prevention and hygiene products.

→ Online sales of Amavita and Sun Store e-shops tripled compared to prior year and represent approx. 1% of total sales of business sector Retail.

→ Mediservice increased mail order sales by 5.7% and exceeded CHF 300 million sales for the first time.
Products & Brands
Negative COVID-19 impact on sales growth

Net sales (in million CHF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in the Swiss Market</th>
<th>International sales</th>
<th>Expansion 1)</th>
<th>Organic 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>54</td>
<td>48</td>
<td>+9.2%</td>
<td>+2.1%</td>
</tr>
<tr>
<td>H2</td>
<td>102</td>
<td>20</td>
<td>+1.0%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>2019</td>
<td>82</td>
<td>55</td>
<td>+18.8%</td>
<td>-15.6%</td>
</tr>
<tr>
<td>H1</td>
<td>112</td>
<td>24</td>
<td>+22.3%</td>
<td>+7.9%</td>
</tr>
<tr>
<td>H2</td>
<td>87</td>
<td></td>
<td>+6.3%</td>
<td>-7.2%</td>
</tr>
</tbody>
</table>

Elements of growth:

Expansion 1): Calculated only including business activities without a full year period comparison (acquisitions and new license agreements)
Organic 2): Consolidated net sales minus expansion effect

thereof Swiss market:
-0.1%   -2.0%   -10.9%   -7.2%
Products & Brands
Key developments

→ COVID-19 related sales decline of Algifor® (Ibuprofen), cough & cold medications, beauty and travel related products led to the negative organic sales growth of -7.2% in the Swiss market.

→ Expansion related sales growth thanks to the acquisition of the Hedoga Group as of 1.7.2020, new distribution of Bucco-Tantum®, Omni-Biotic®, ThermaCare®, relaunch of Vita Merfen® and discontinuation of distribution of Ginsana® and Equazen®.
Services
Strong sales growth above market

Net sales (in million CHF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (in million CHF)</th>
<th>Impact of Price Cuts</th>
<th>Impact of COVID-19</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>1'192</td>
<td>-2.3%</td>
<td>+1.4%</td>
<td>+5.3%</td>
</tr>
<tr>
<td>H2</td>
<td>1'249</td>
<td>-1.8%</td>
<td></td>
<td>+11.1%</td>
</tr>
<tr>
<td>2019</td>
<td>2'441</td>
<td>+7.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1</td>
<td>1'287</td>
<td>-1.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>1'345</td>
<td>+7.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>2'632</td>
<td>+7.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

One-time effect of adapted invoicing models:

- Impact of price cuts:
  - H1: 49% decrease
  - H2: 51% decrease
  - 2019: 49% increase
  - H1: 49% decrease
  - H2: 51% decrease

- Impact of COVID-19:
  - Estimated impact: +1.4%

- Growth in the pharmacy wholesale market:
  - 5.3% growth (63% of net sales)
  - 3.4% growth due to the expansion of the Retail business sector

- Growth in the physician wholesale market:
  - 11.1% growth (26% of net sales)

1) Mandatory price reductions of medications reimbursed by health insurers of the specialties list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period

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.
EBIT and Dividend guidance 2020

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

→ Dividend for 2020 at least at prior year level
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