

Galenica Group

Investor Presentation

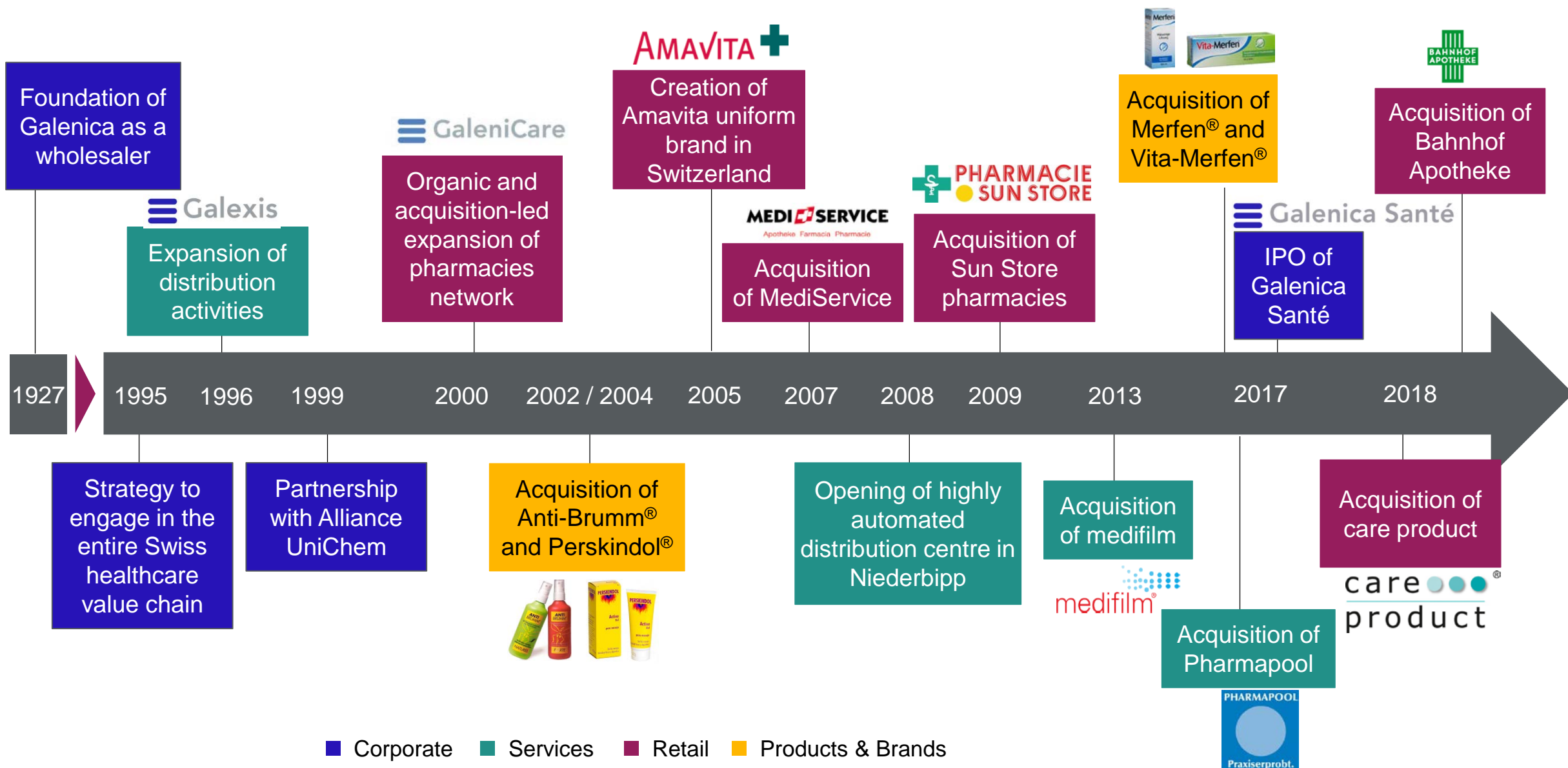
August 2018



Agenda

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1 Building the leading Swiss healthcare platform over 90 years



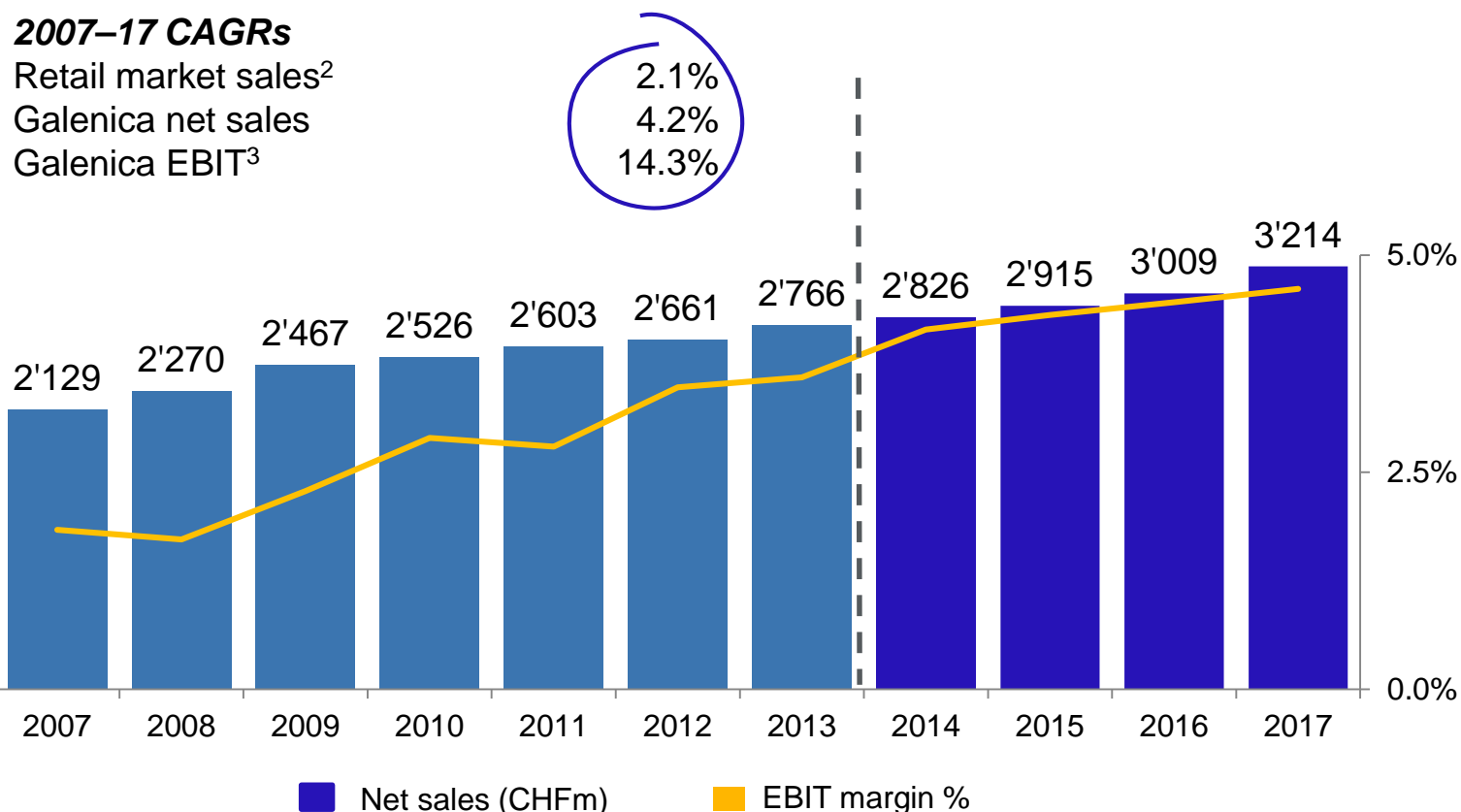
1 History of resilient growth and margin improvement



Logistics, HealthCare Information & Retail^{1,4}

Galenica

2007-17 sales CAGR	4.2%
2007-17 EBIT CAGR ³	14.3%
2007-17 EBIT margin improvement ³	+278bps
2017 cash conversion ⁵	70%
FTEs as of 31 December 2017	c.4'944



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

Notes: The financial information presented with respect to the financial years ended 31 December 2007 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 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

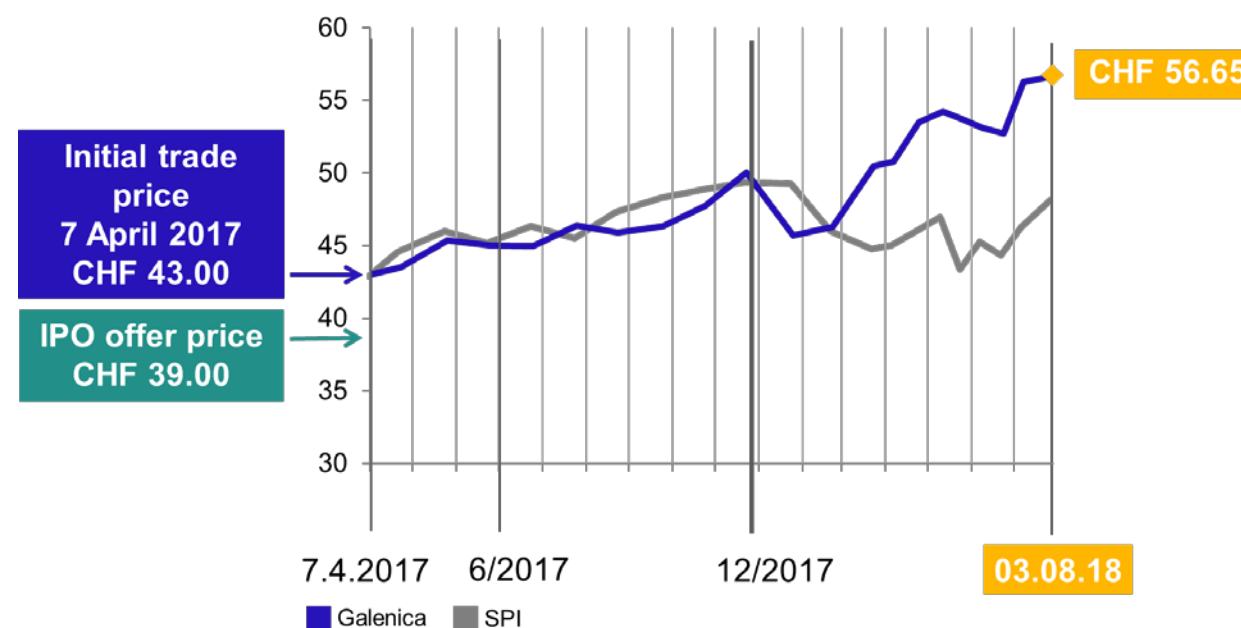
5 Calculated as (EBITDA-capex)/EBITDA. 2014-17 EBITDA excludes IAS 19 adjustment; capex includes investments in tangible and intangible assets

1 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

2 Galenica is the leading healthcare provider in Switzerland

	2017 net sales 2017 EBIT¹	CHF3'214m CHF148m
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Health & Beauty

Retail

Market position²

#1



2017 net sales
(pre eliminations of intercompany positions)

CHF1'483m

- 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

#2



2017 EBIT

CHF100m

- 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



2017 net sales
(pre eliminations of intercompany positions)

CHF2'502m

CHF51m

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

1 Excludes IAS 19 expense

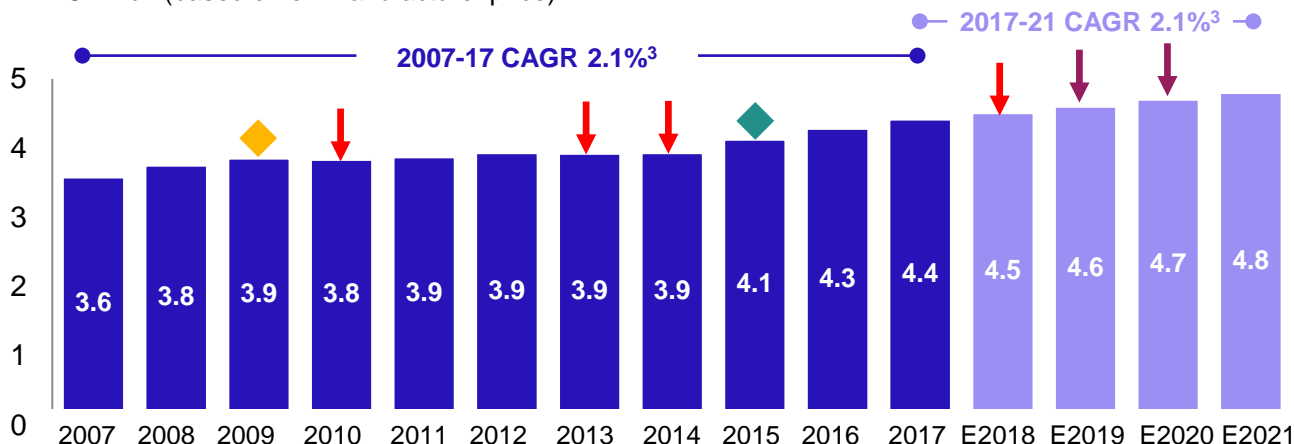
2 Services based on sales reported at ex-manufacturer price level as of MAT December 2017. Source: QuintilesIMS Market Prognosis 2017-2021, Switzerland; Retail based on number of pharmacies. Source: QuintilesIMS Market Prognosis 2017-2021, Switzerland, pharmaSuisse 2017 and company websites; Products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

Operating in a stable and attractive Swiss healthcare market

2 with favourable long-term fundamentals

Resilient, stable Swiss healthcare retail sector²

CHF bn (based on ex-manufacturer price)



Financial crisis

Unpegging of Swiss Franc by SNB

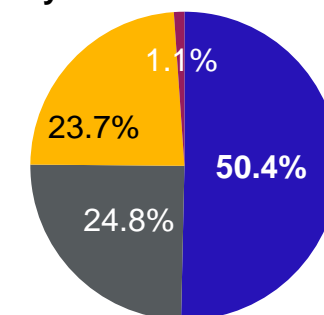
Mandatory price cuts

Proposed mandatory price cuts

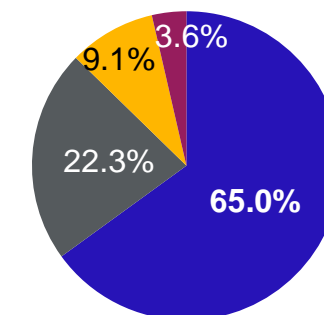
- Underlying healthcare sector growth drivers, including demographics, lifestyle and innovation
- One of the highest life expectancy rates in the world
- Non-discretionary nature of products and services

Pharmaceutical market in Switzerland (2017)¹

By value—CHF5.8bn



By volume—185 million packs



■ Pharmacies ■ Self-dispensing doctors ■ Hospitals ■ 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: 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 Cléménçon

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*

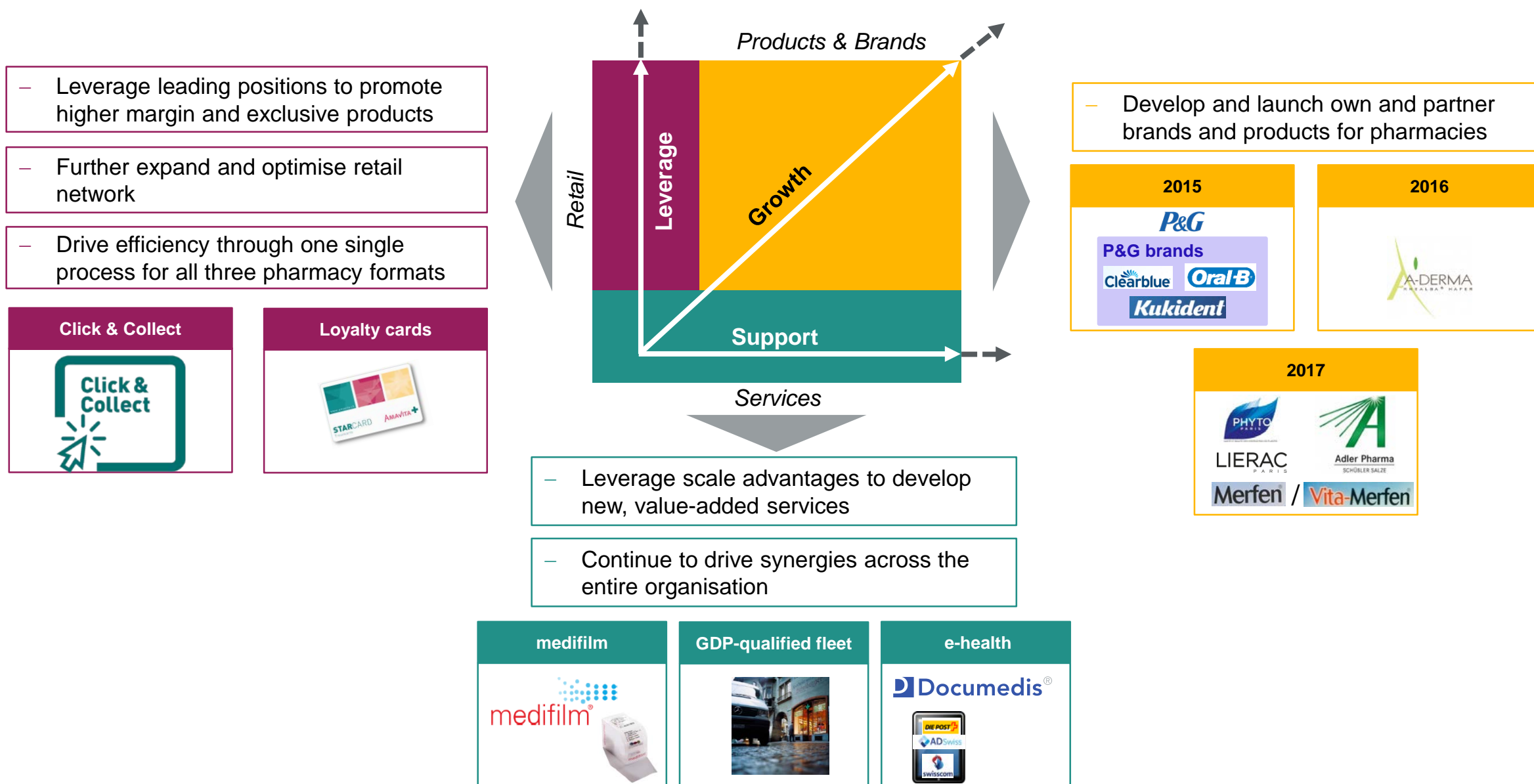
- 30 years industry experience of which 11 years at Galenica
- Joined Globopharm in 2007 (led integration process into Galenica)
- Previously, Head of G-Pharma & Alloga and Business Unit Head at Bristol-Myers Squibb

2 Our ambition and self-perception



**Galenica:
The first choice for health,
beauty and wellbeing.**







2 Our Strategy - the power of 3 drives sustained value creation



3 The largest pharmacy retailer in Switzerland

Retail

Network of chains (# of pharmacies as of 30 June 2018) Webshop

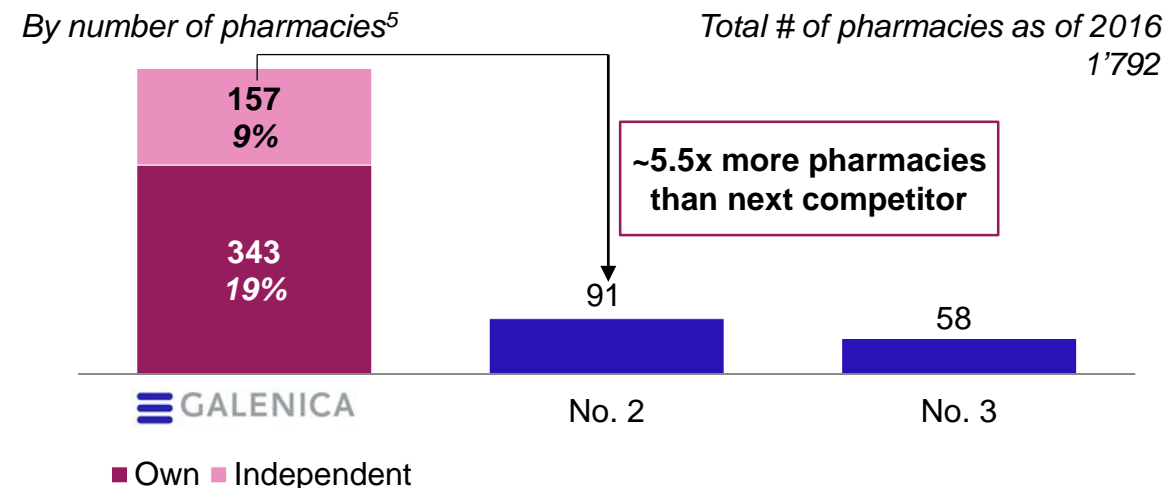
 AMAVITA  168 ¹	– Largest branded pharmacy network by number of pharmacies in Switzerland	✓
 PHARMACIE SUN STORE 97	– The first Swiss pharmacy chain ²	✓
 coop vitality  77	– Joint venture (49:51) with Coop, the 2 nd largest retail group in Switzerland	✓
 Winconcept 157 ³	– Service provider for independent pharmacies under Feelgood's brand	
 MEDI SERVICE 1	– Specialty pharmacy focused on home healthcare for patients with chronic illnesses	

Highlights

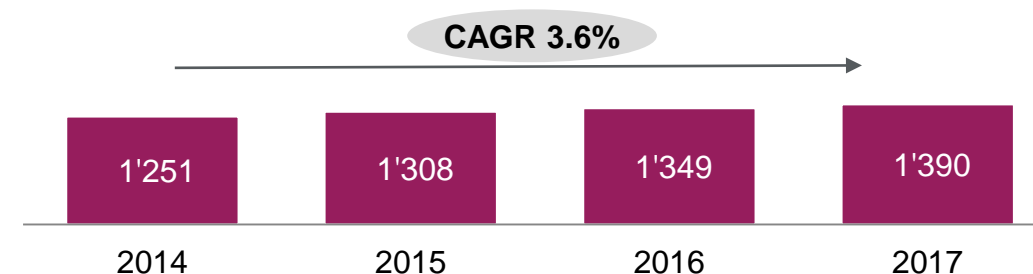
- Largest pharmacy network, including online presence
- Offers broad product range, including well-known own brands, as well as health services and tests
- Built organically and through targeted acquisitions since 2000
- Including attractive, high customer traffic locations across Switzerland
- Average sales per pharmacy of CHF4.2m > 1.4x Swiss market average⁶

1 Amavita figures include 6 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 7 Amavita partnerships
 4 Based on number of pharmacies. Source: pharmaSuisse 2017, QuintilesIMS Market Prognosis 2017-2021, Switzerland; and company websites

Competitive positioning—#1 market position⁴



Net sales performance (CHFm)



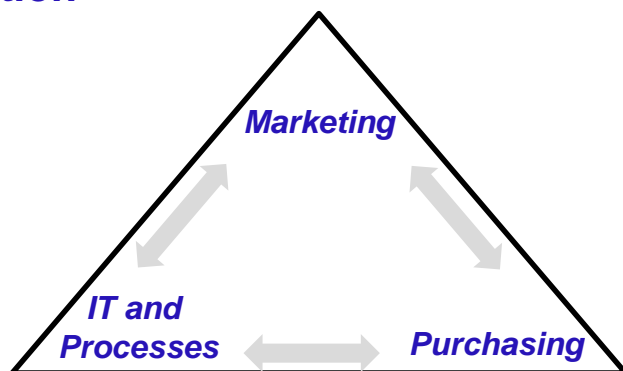
	2014	2015	2016	2017
Health & Beauty⁷				
Sales	1'335	1'393	1'437	1'483
EBIT margin	6.0%	6.4%	6.5%	6.7%

5 Own includes 77 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 2015
 7 H&B post-inter-segmental eliminations

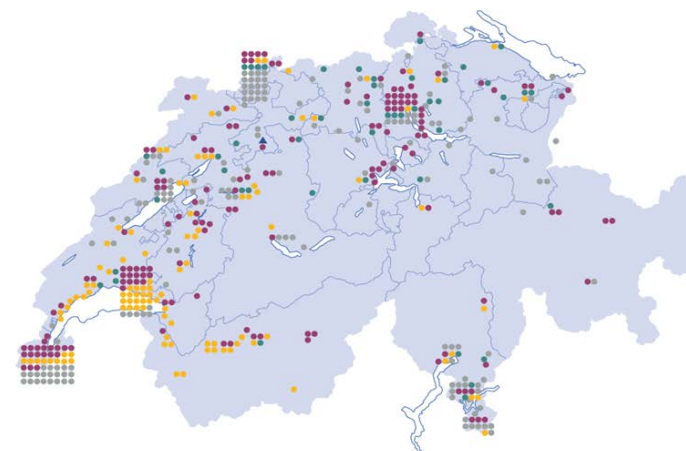
3 Ongoing pharmacy network consolidation and optimisation

Retail

- ✓ 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 6 years

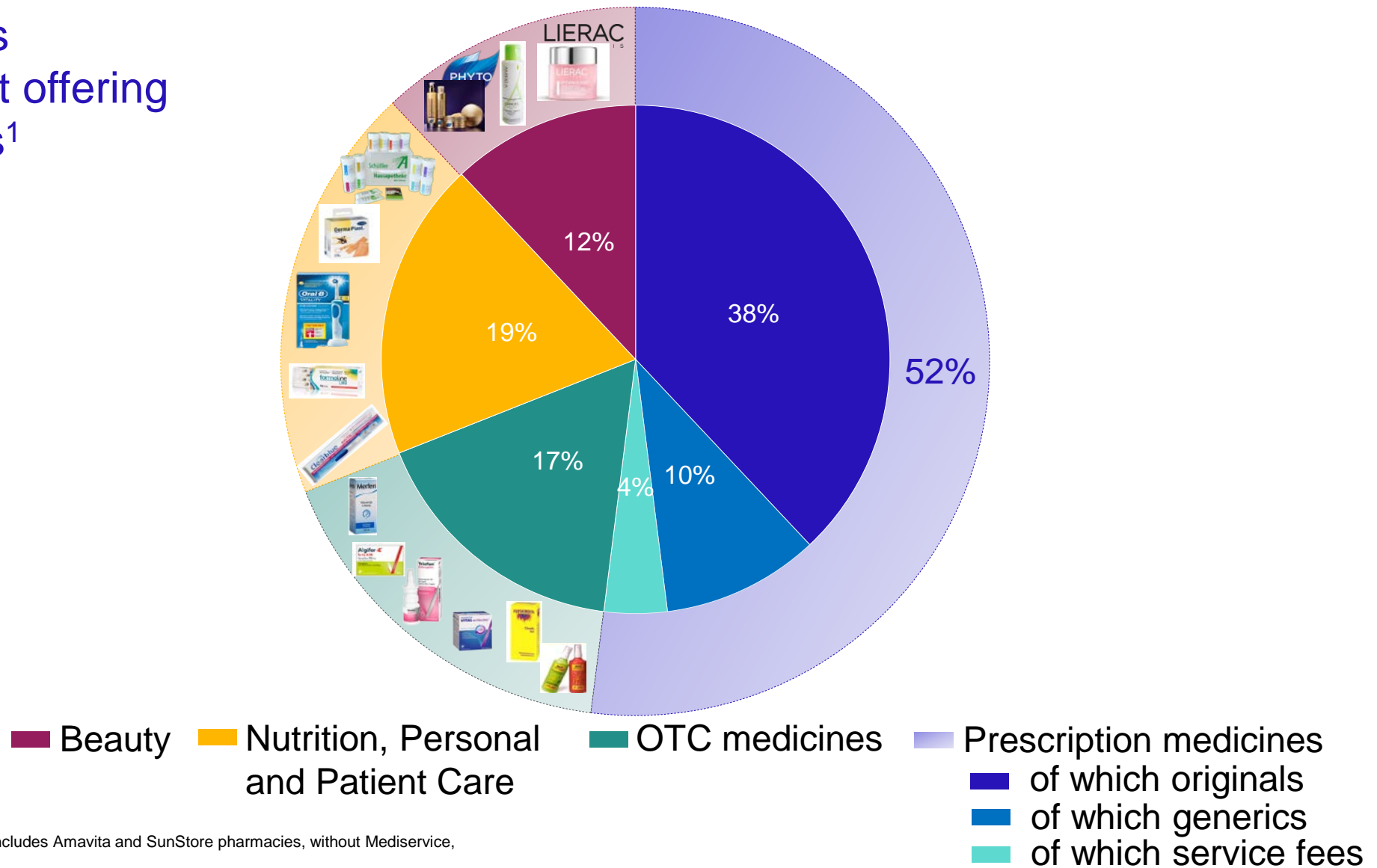
	2012	2013	2014	2015	2016	2017	H1 2018
Pharmacies acquired	10	20	5	2	13	6	7
Net pharmacies added ¹	11	12	6	0	11	8	6
Total own Pharmacies	300	312	318	318	329	337	343

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

3 Diversified product portfolio for health, beauty and wellbeing

Retail

Galenicare's retail product offering in % of sales¹



¹ Sales YTD December 2017, includes Amavita and SunStore pharmacies, without Mediservice, Winconcept and Coop Vitality

Leading role in Consumer Health

3 with broad and innovative product portfolio

Products & Brands

Portfolio

OTC consumer health brands
 Vifor Consumer Health

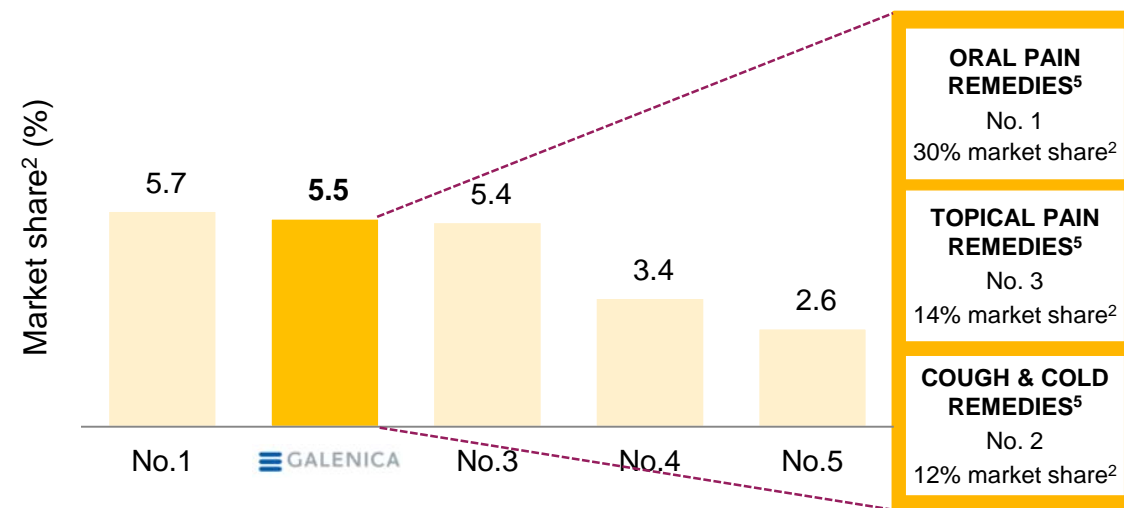
Exclusive partner health and beauty brands

OTC retail own brands
 G-Pharma

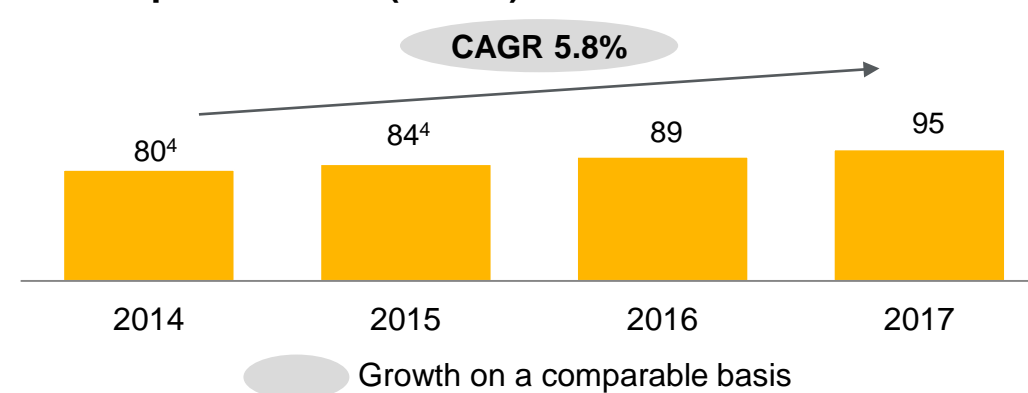
Highlights

- 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 Health¹ market position



Net sales performance (CHFm)³



1 Includes OTC, Patient Care, Personal Care and Nutritionals 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

Leader in pre-wholesale and wholesale distribution, supported by an innovative healthcare information business

Services

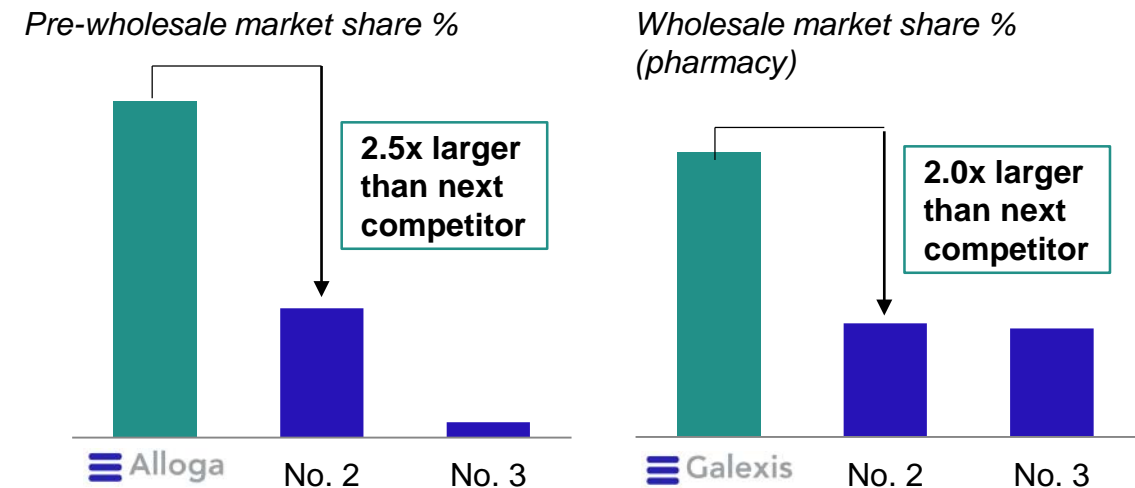
- Alloga**
 - Pre-wholesale outsourced storage and distribution
 - Logistics services to pharmaceutical and various healthcare clients
- Galexis**
 - Wholesale distribution with three modern sites; main site at Niederbipp operates at c.70% automation
 - Supplies to pharmacies, self-dispensing doctors' practices, drugstores, nursing homes and hospitals
- medifilm**
 - One-stop shop
 - Prepared medication in blisters
- HCI Solutions**
 - Product master data and scientific databases
 - IT platforms relating to electronic medication process
 - Software solutions and services for pharmacies

Highlights

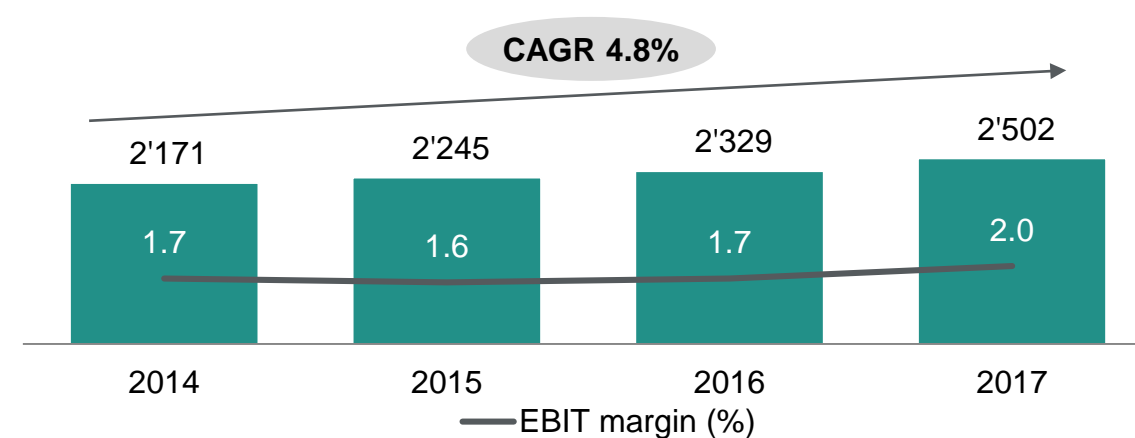
- Alloga**
 - 75 customers
 - >10,000 products
 - Temperature zones: (i) -80°C, (ii) 2-8°C, (iii) 15-25°C
- Galexis**
 - 10,000 customers
 - 100,000 products (c.9,000 Rx²)
 - >1,100 suppliers
 - Access to nearly all dispensers
 - Present in all three language regions
 - GDP³-compliant services
- HCI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

1 Based on market share. Source: IQVIA Dec 2017
 2 Prescription products
 3 Good Distribution Practice

Competitive positioning - #1 market position¹

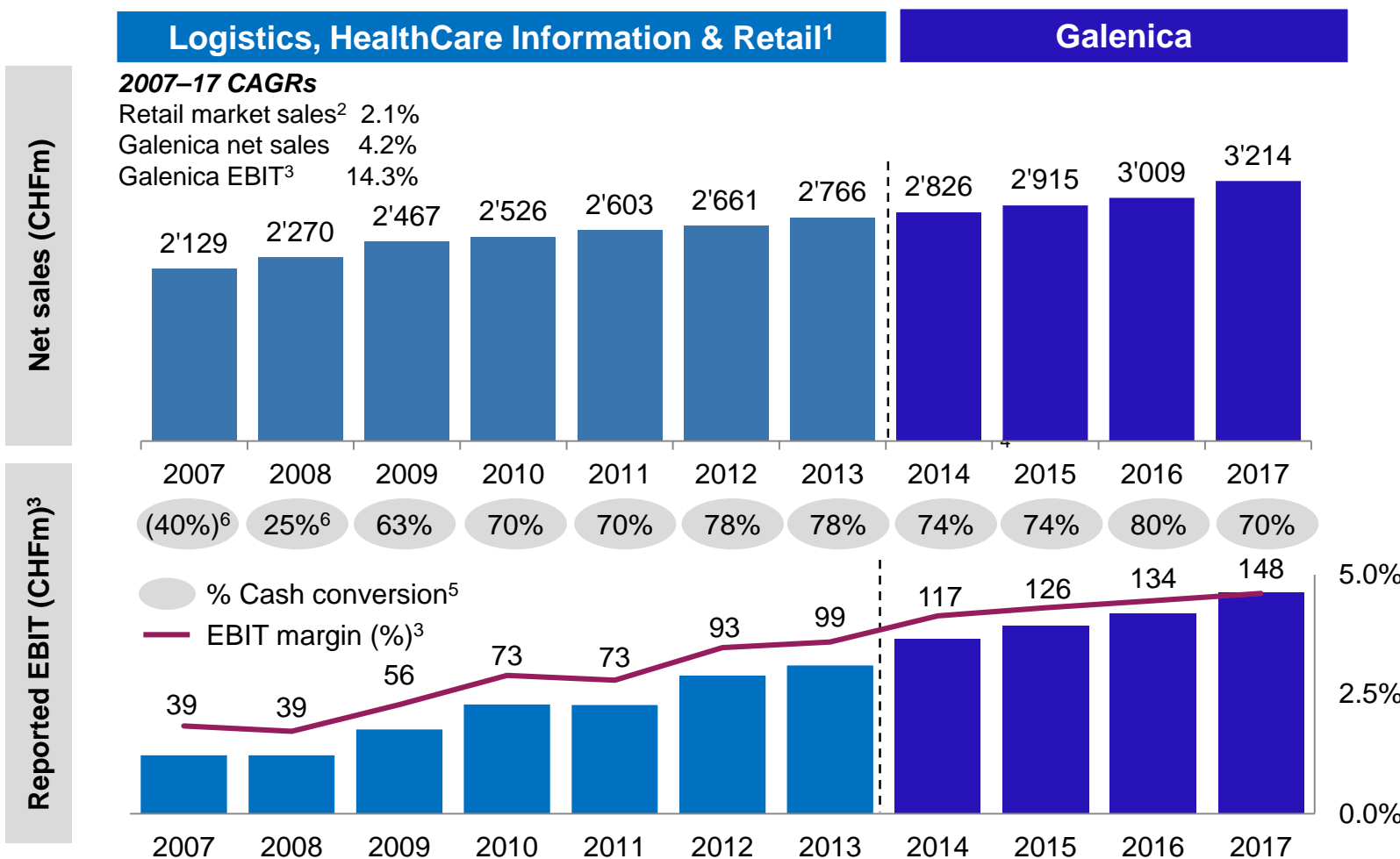


Net sales performance (CHFm)



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

4



✓ Above market growth

✓ History of margin improvement

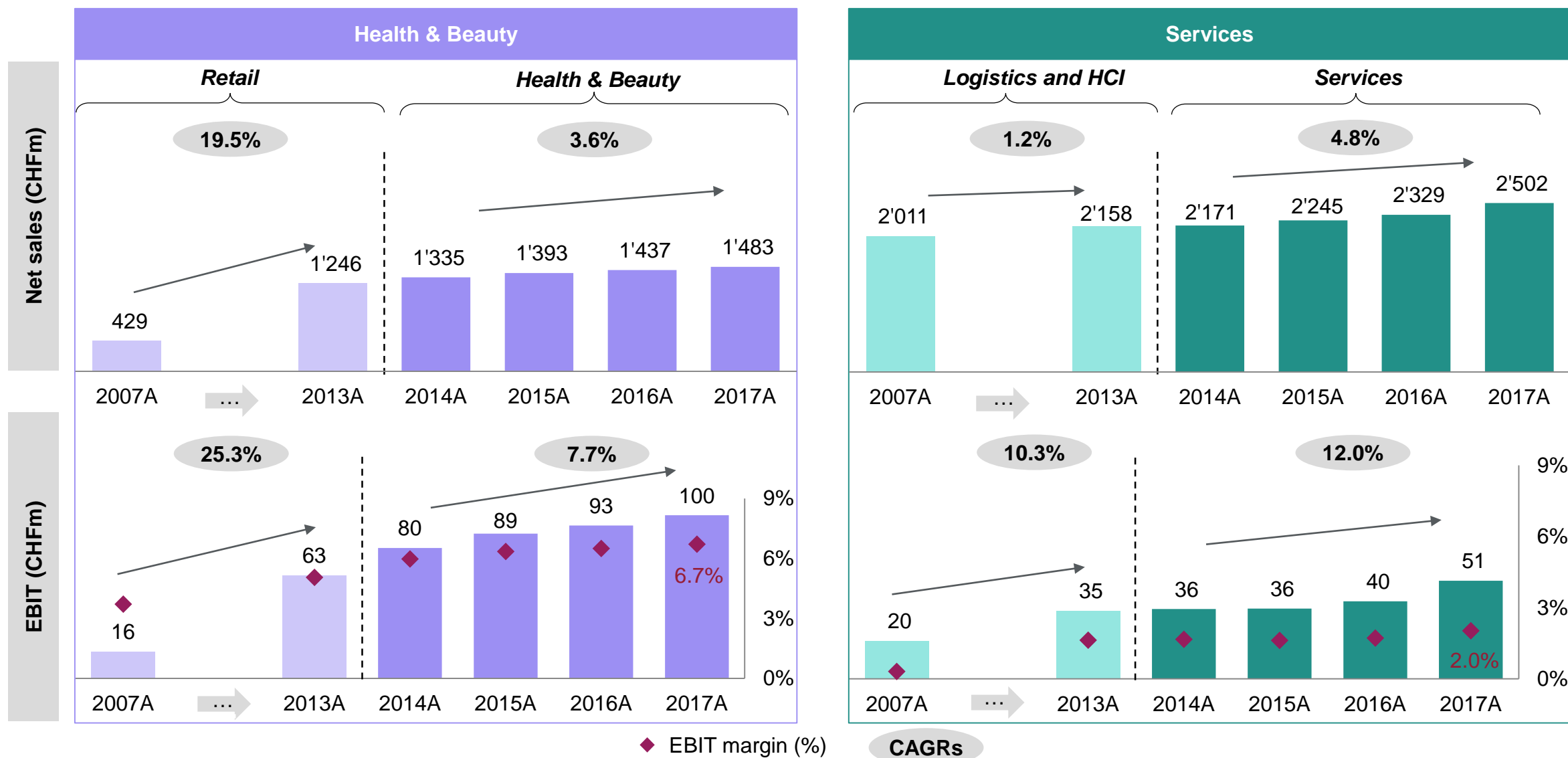
✓ Attractive cash flow generation

✓ Well-invested infrastructure

Source: Company information, Galenica Annual Reports, IMS Health
 Notes: The financial information presented with respect to the financial years ended 31 December 2007 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 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

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 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)

First half year 2018

5 Result and profitability significantly improved

1. **Solid sales growth → +0.9%**

affected by price reduction measures

2. **EBIT increased → +7.5%**

on a comparable basis

3. **Net profit increased → +8.2%**

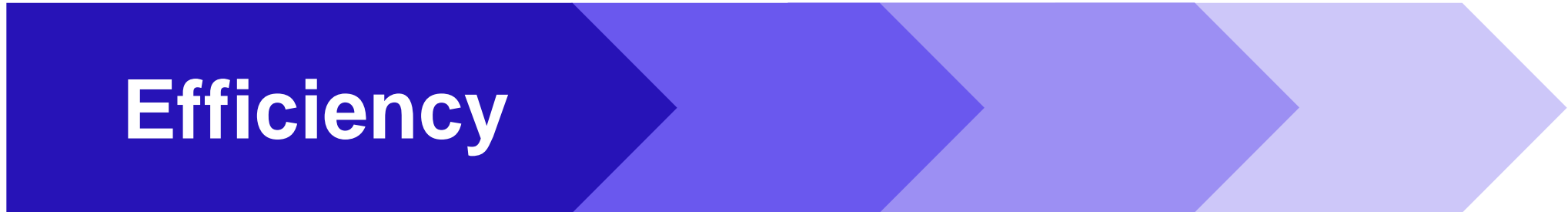
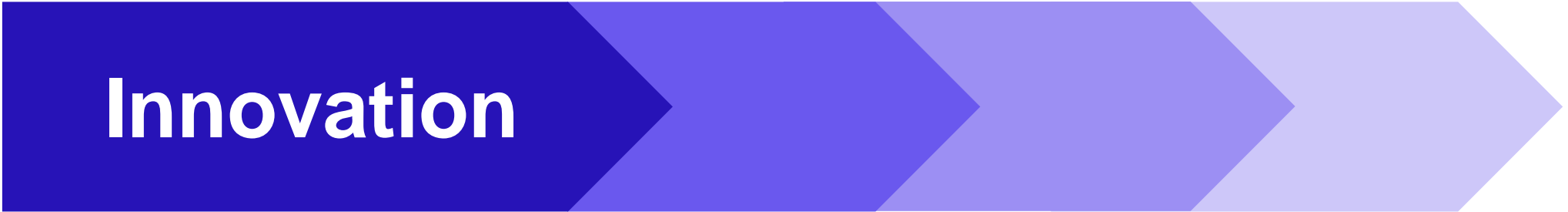
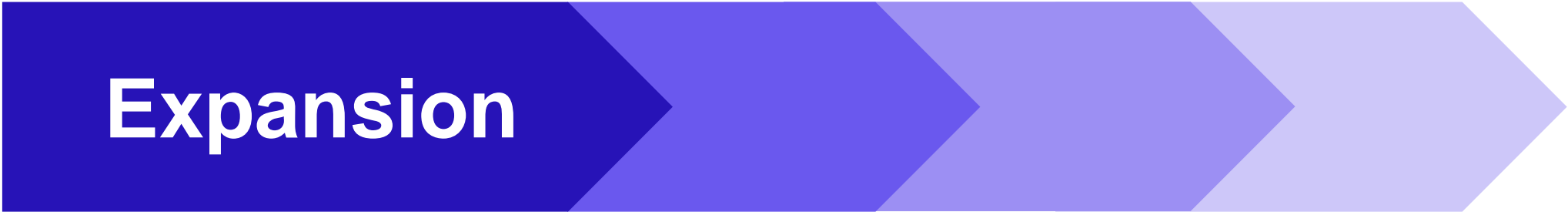
on a comparable basis

4. **ROS improved → 4.8%**

(PY: 4.5%) on a comparable basis

Retrospect 1st HY 2018

5 Further progress on our 3 development axes



Expansion

5 New locations – expansion of offerings

<ul style="list-style-type: none"> – 500 pharmacies 	<ul style="list-style-type: none"> → Since July: “Bahnhof Apotheke” pharmacy in Zurich main station
<ul style="list-style-type: none"> – Click & Collect: 16,000 items 	<ul style="list-style-type: none"> → Target by end of 2018: 40,000 items
<ul style="list-style-type: none"> – Careproduct 	<ul style="list-style-type: none"> → Strengthening of online market position & offering

Retail innovations

5 Contribution to reducing healthcare cost evolution - new services

Generics Check



Distance healthcare



Services innovations

5 Drug and patient safety - sustainability

Galexis new refrigerated box:
Cold chain guaranteed for up to 30
hours!



Alloga solar roof:
Energy generation on 10,000m²



Products & Brands innovation

5 New name – expanded product range



Efficiency

5 Processes – IT – blistering capacity

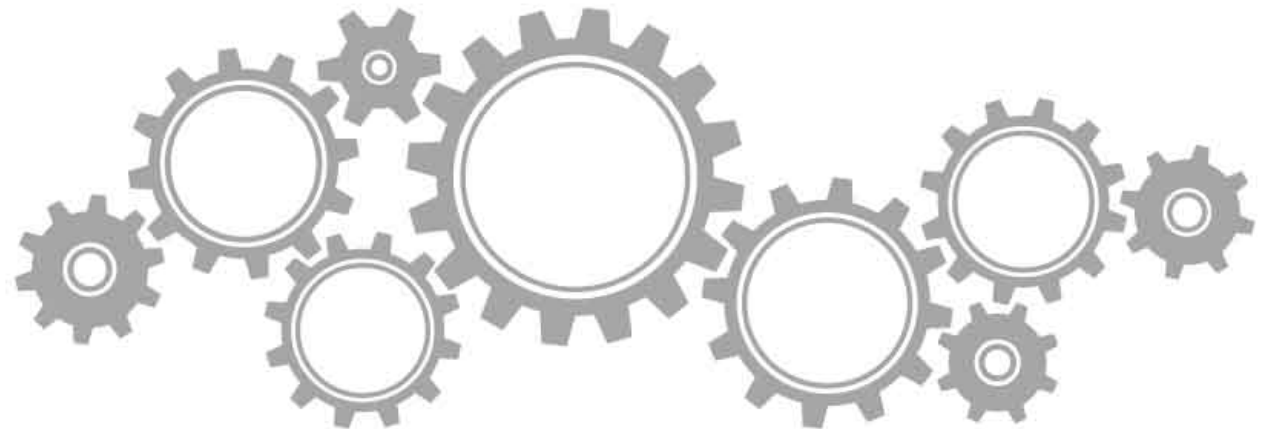


Retail:

- Process management

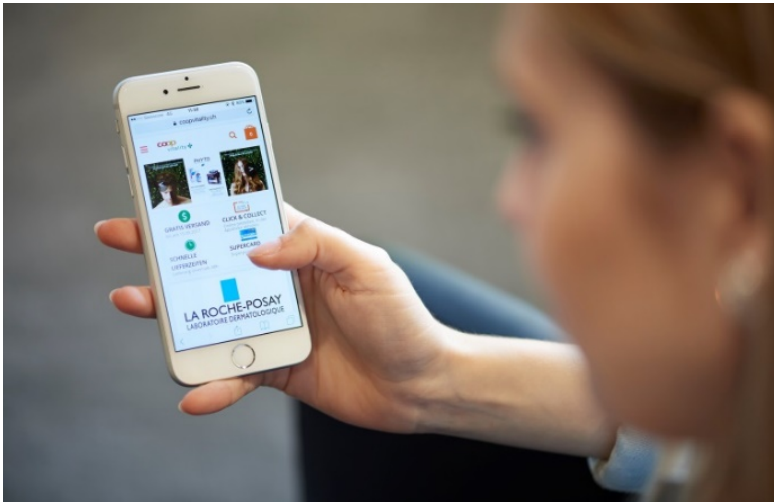
Services:

- Modulo
- New blistering machines



5 Focus 2018/2019

1. Strengthening of online platforms



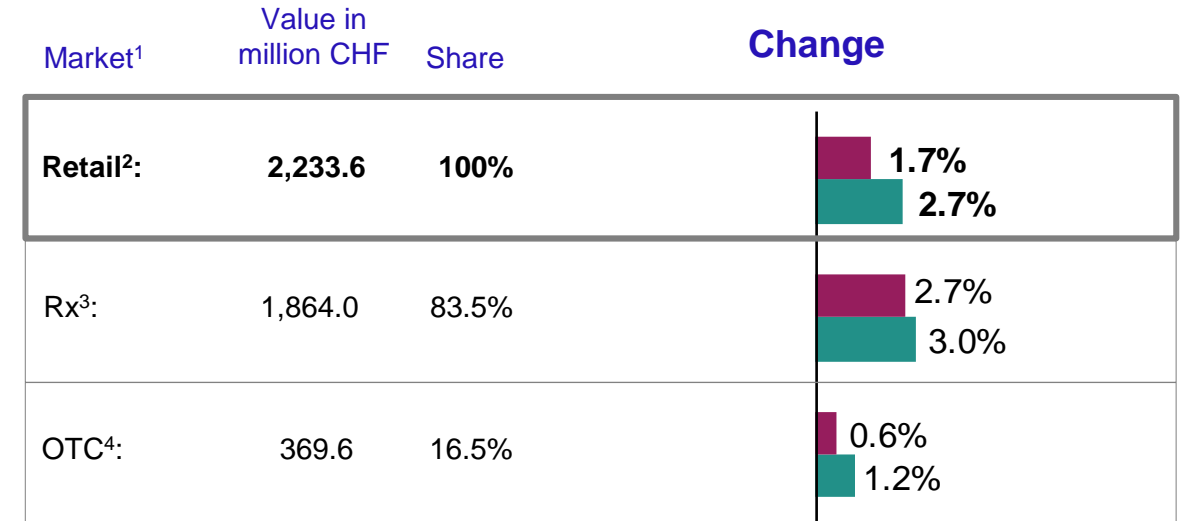
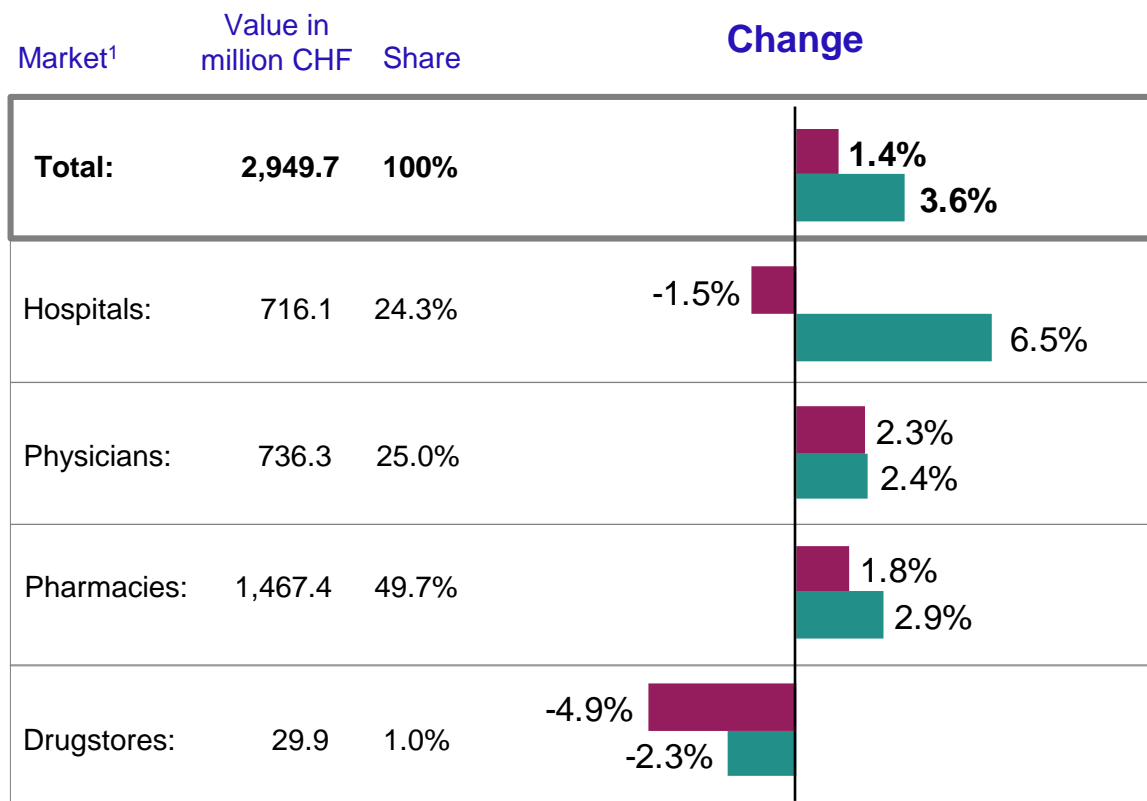
2. Expansion



3. Efficiency projects



5 Swiss pharmaceutical market – stable growth (YTD June 2018)



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

Source: IQVIA, Pharmamarkt Schweiz, YTD June 2018

¹ Medicines Swissmedic list A, B, C, D sold from suppliers and wholesalers to hospitals, physicians, pharmacies & drugstores

² Total market without hospitals

³ Medicines Swissmedic list A, B

⁴ Medicines Swissmedic list C, D

⁵ IQVIA, Pharma-Trend, YTD June 2018; personal care, patient care and nutrition products sold in pharmacies and drugstores to street prices

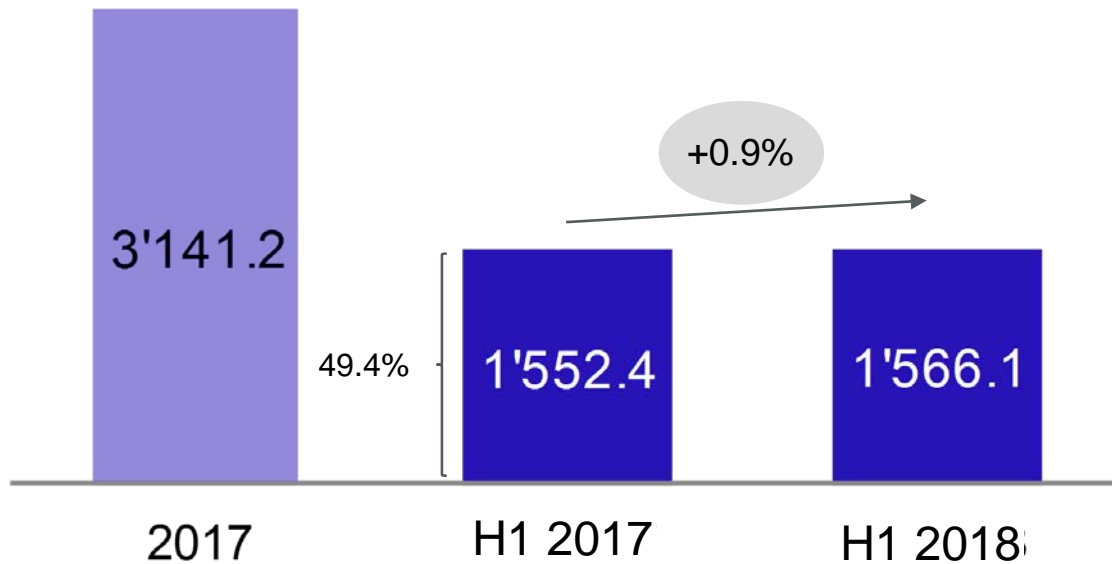
⁶ Press release FOPH (Federal Office of Public Health) 22.3.2018

Market development highlights:

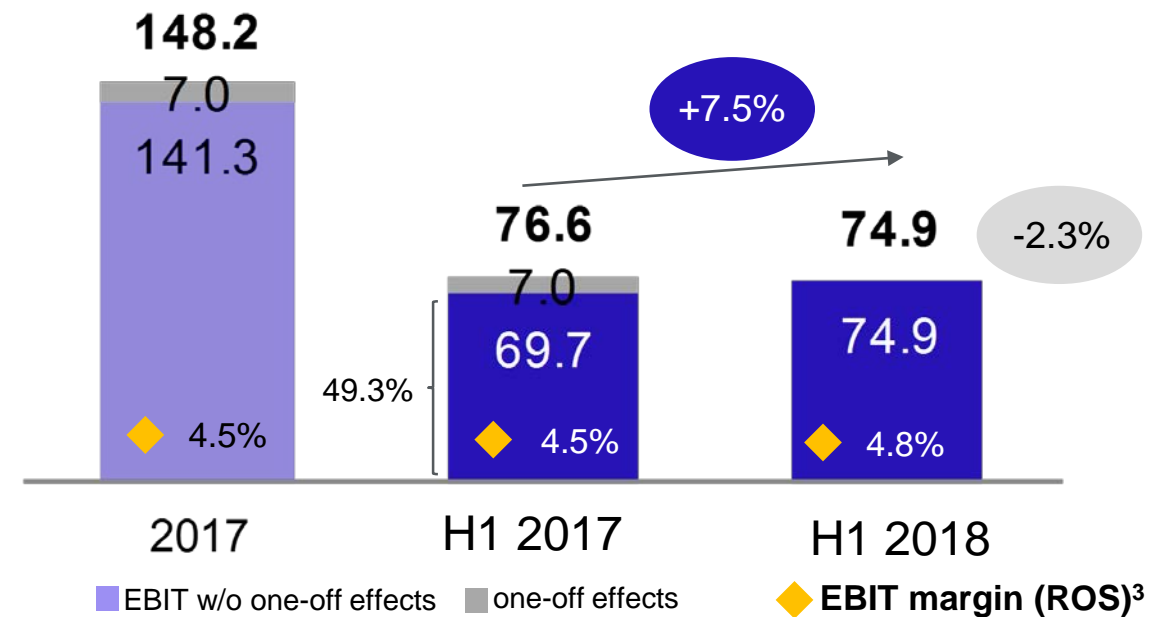
- Price cuts ~ CHF 190 million⁶ in 2018 (~ 3.2% of total market), previously announced ~ CHF 240 million over 3 years
- Growth of high-priced special medications
- Declining beauty and personal care market (~ -2.2%⁵)

5 Galenica Group – result and profitability improved

Net sales¹ (in million CHF)



EBIT adjusted² (in million CHF)



Highlights:

- 7.5% EBIT growth without one-off effects (CHF 7.0 million in 2017 / H1 2017)
- Sales growth weakened by higher than announced price cuts

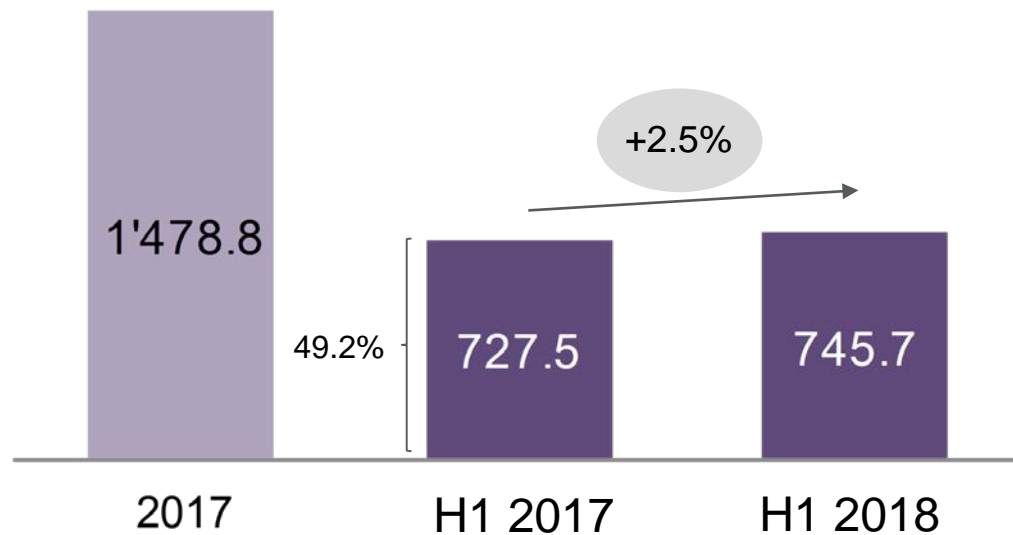
¹ Sales figures for 2017 restated (IFRS 15)

² excluding the effects of IAS19

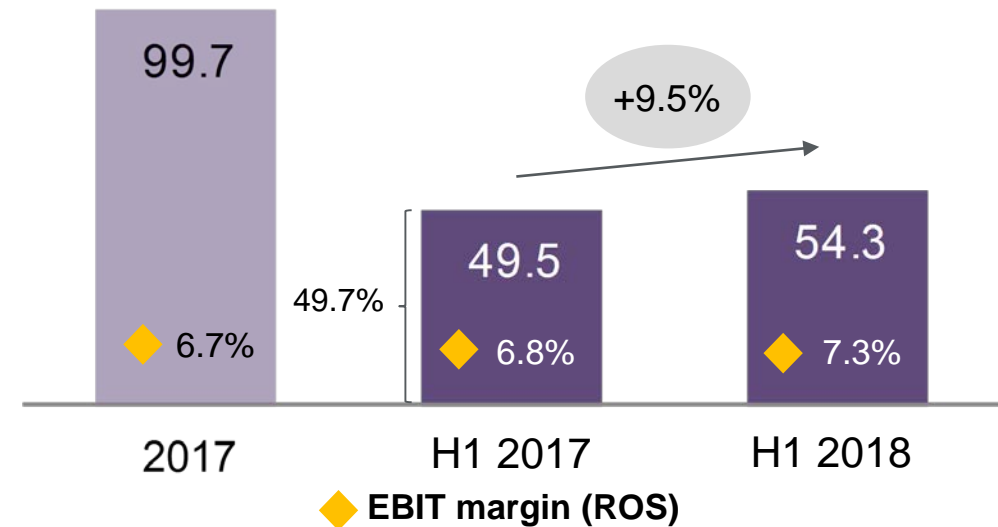
³ excluding one-off effects

5 Health & Beauty segment – EBIT margin increased

Net sales¹ (in million CHF)



EBIT (in million CHF)



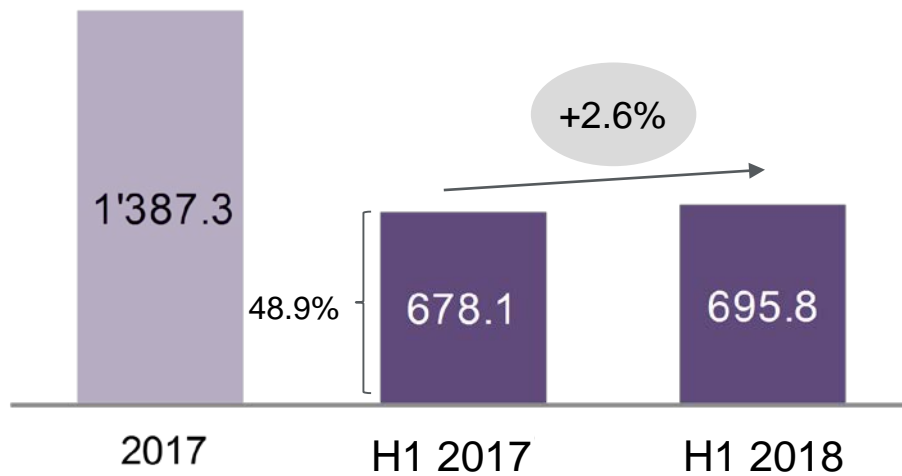
Highlights:

- Pleasing EBIT margin increase by 50 basis points up to 7.3%
- Solid sales growth despite price cuts and strong growth of generics (+ 8.3% like-for-like)

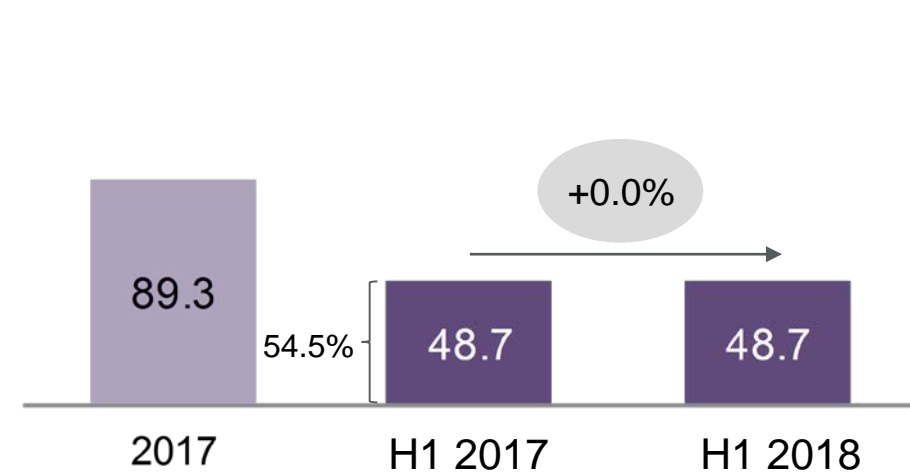
¹ Sales figures for 2017 restated (IFRS 15)

5 Health & Beauty segment – net sales

Retail¹ (in million CHF)



Products & Brands¹ (in million CHF)



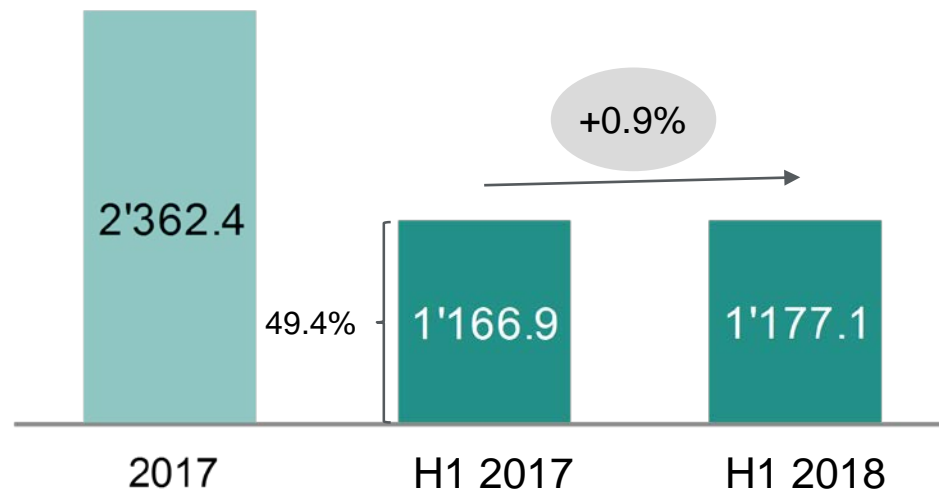
Highlights:

- 1% Retail sales growth thanks to the expansion of the pharmacy network
- Specialty pharmacy Mediservice (mail-order Rx) grew around 4%
- 3.7% Products & Brands sales growth in Swiss market:
 - Effects of launches and acquisitions of brands in H1 2017: ~ -3.4%
 - Stock-in effects rebranding Verfora H1 2018: ~ +5.8%
 - Comparable sales growth in Swiss market: ~ +1.3%

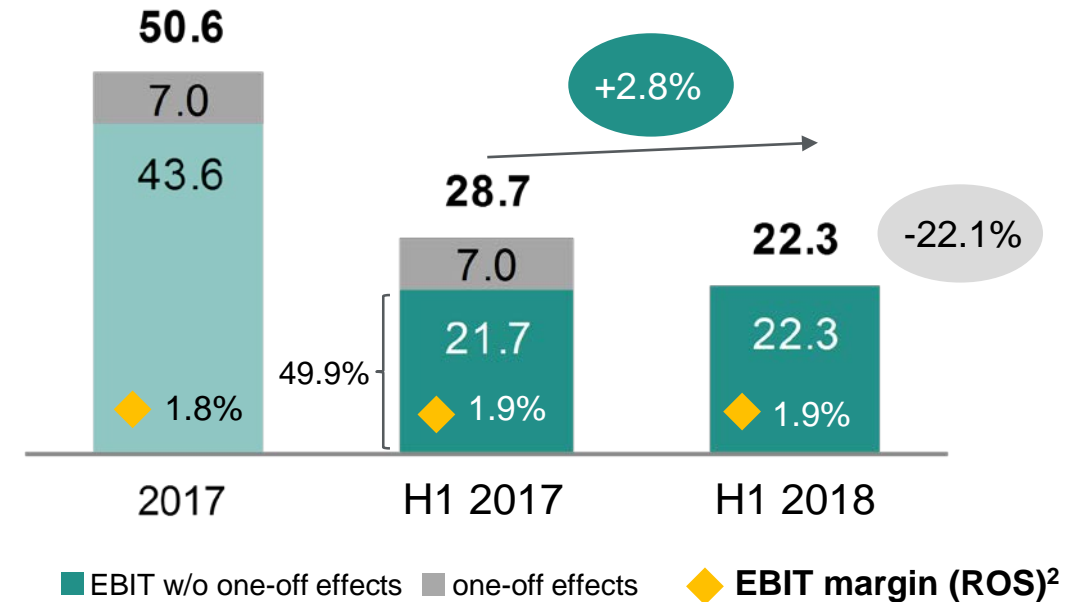
¹ Sales figures for 2017 restated (IFRS 15)

5 Services segment – solid development

Net sales¹ (in million CHF)



EBIT (in million CHF)



Highlights:

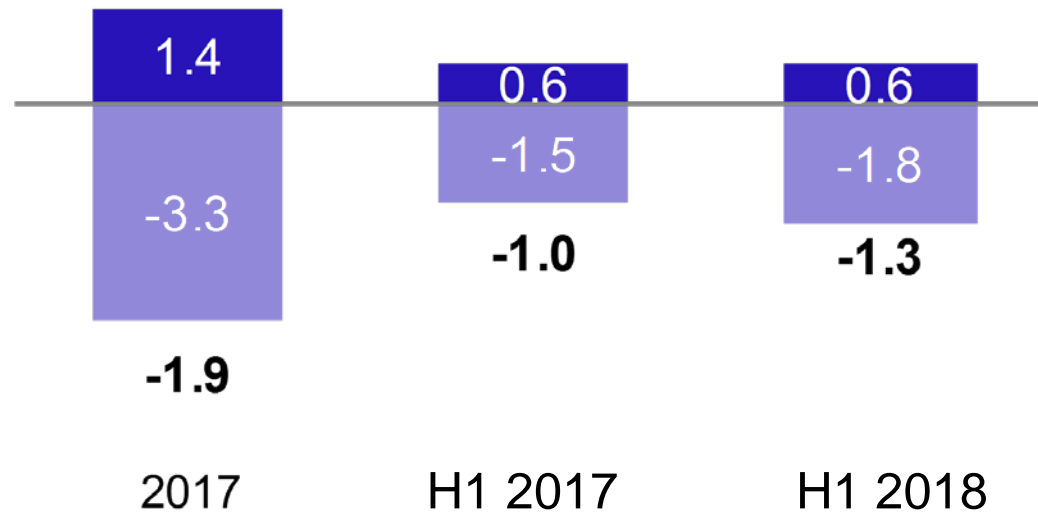
- EBIT margin stable at a high level of 1.9%
- Sales to self-dispensing doctors (~ 25% of total sales) declined by ~ 1.3% (Medbase)
- Remaining sales (~ 75%, predominantly with pharmacies) grew by ~ 1.6%

¹ Sales figures for 2017 restated (IFRS 15)

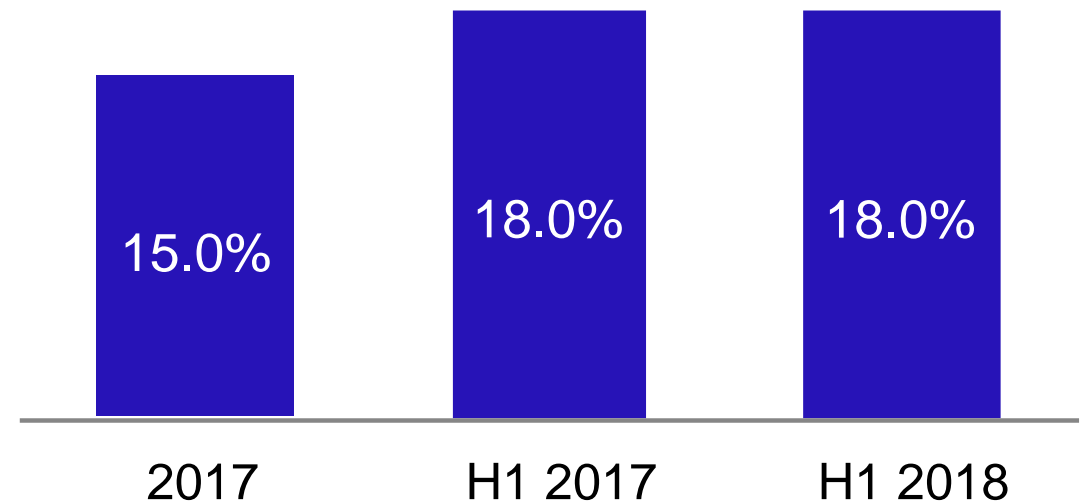
² excluding one-off effects

5 Galenica Group – stable financial and tax costs

Financial result (in million CHF)



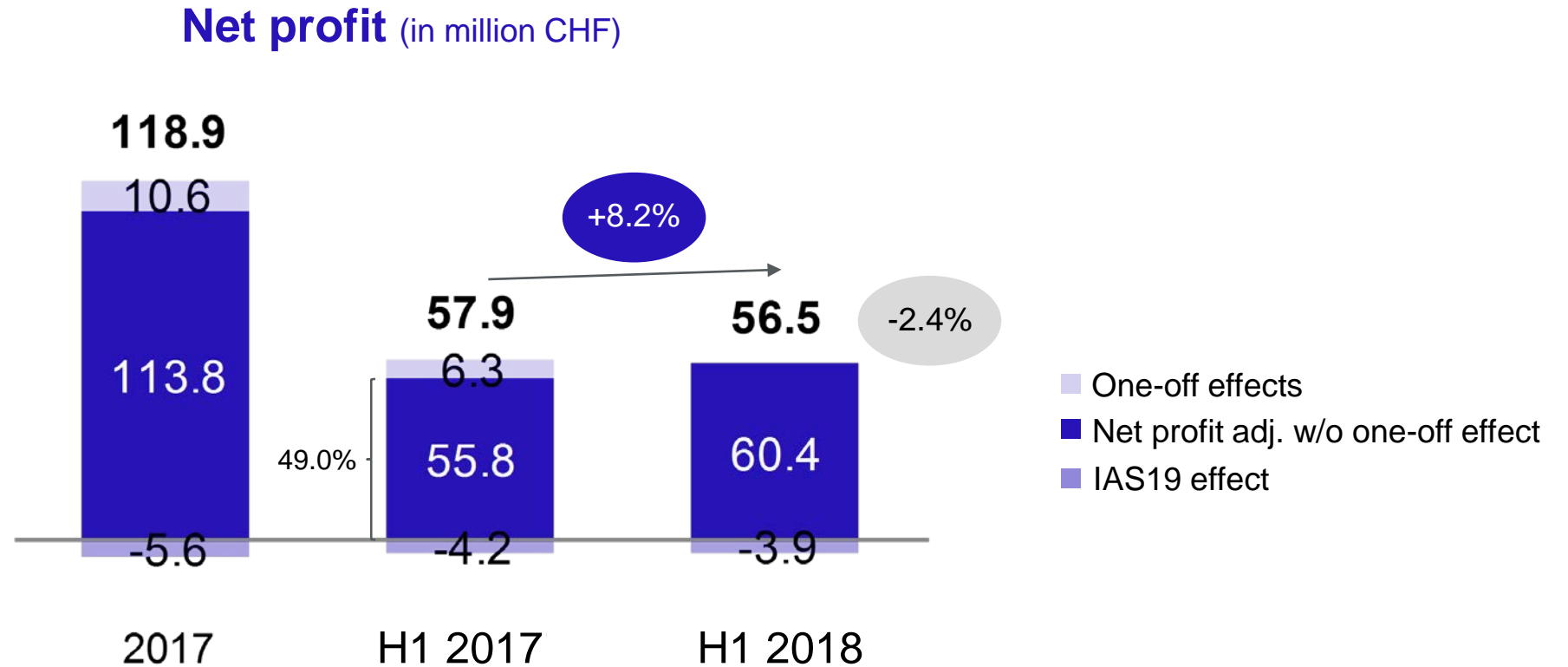
Tax rate



Highlights:

→ Like in H1 2017, tax rate includes positive one-off effects of around 1% (revision of taxation by tax authority)

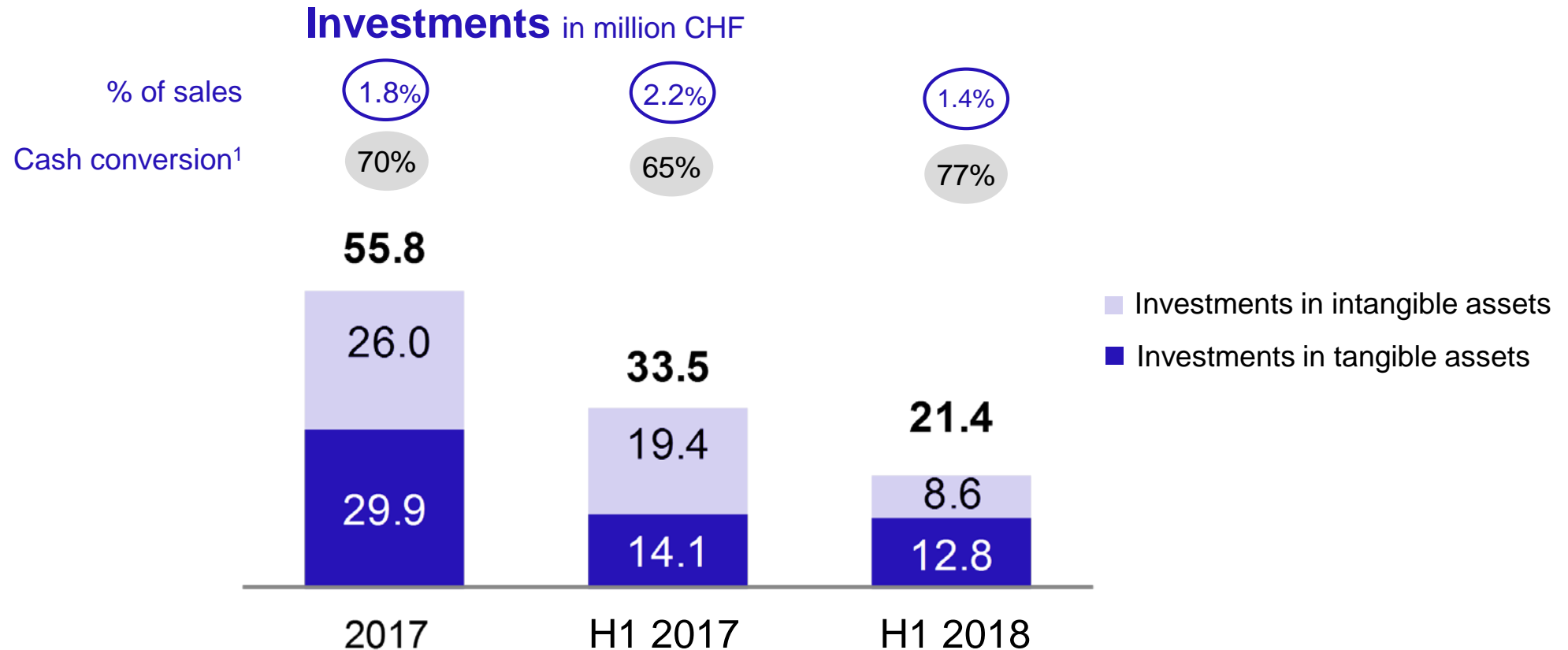
5 Galenica Group – robust net profit evolution



Highlights:

→ Like-for-like net profit growth at +8.2% without one-off effects

5 Galenica Group – investments



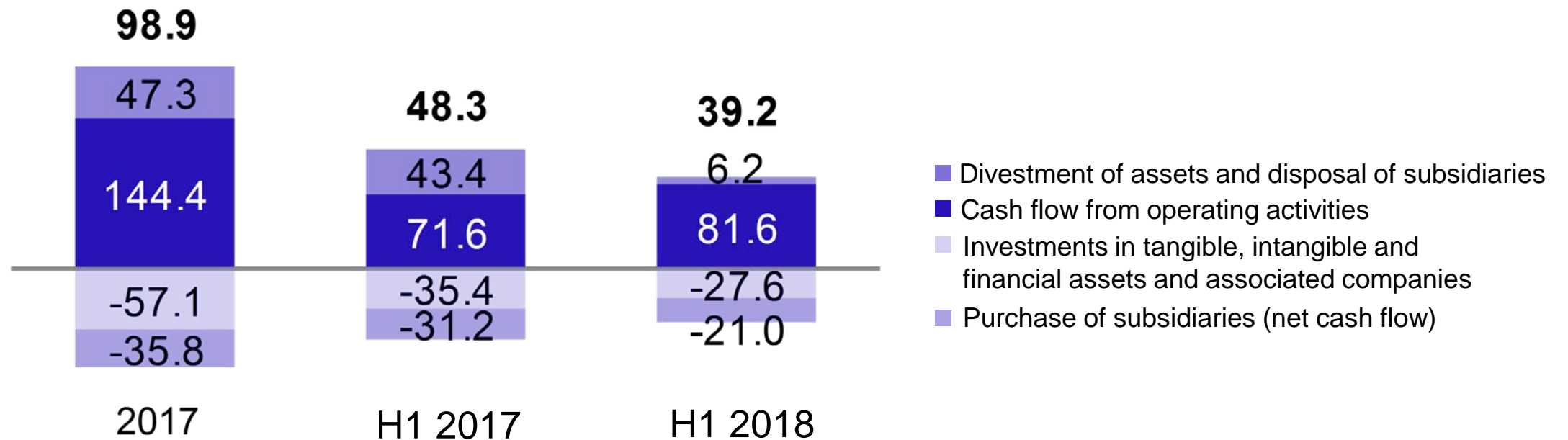
Highlights:

- H1 2017 (FY 2017) without the acquisition of Merfen[®] and Vita-Merfen[®]:
 - Capex 1.2% (FY 2017: 1.3%) of net sales
 - Cash conversion 81% (FY 2017: 78%)

¹ calculated as (EBITDA-capex)/EBITDA, EBITDA excluding the effects of IAS 19, capex includes investments in tangible and intangible assets

5 Galenica Group – Free Cash Flow

Free Cash Flow (in million CHF)

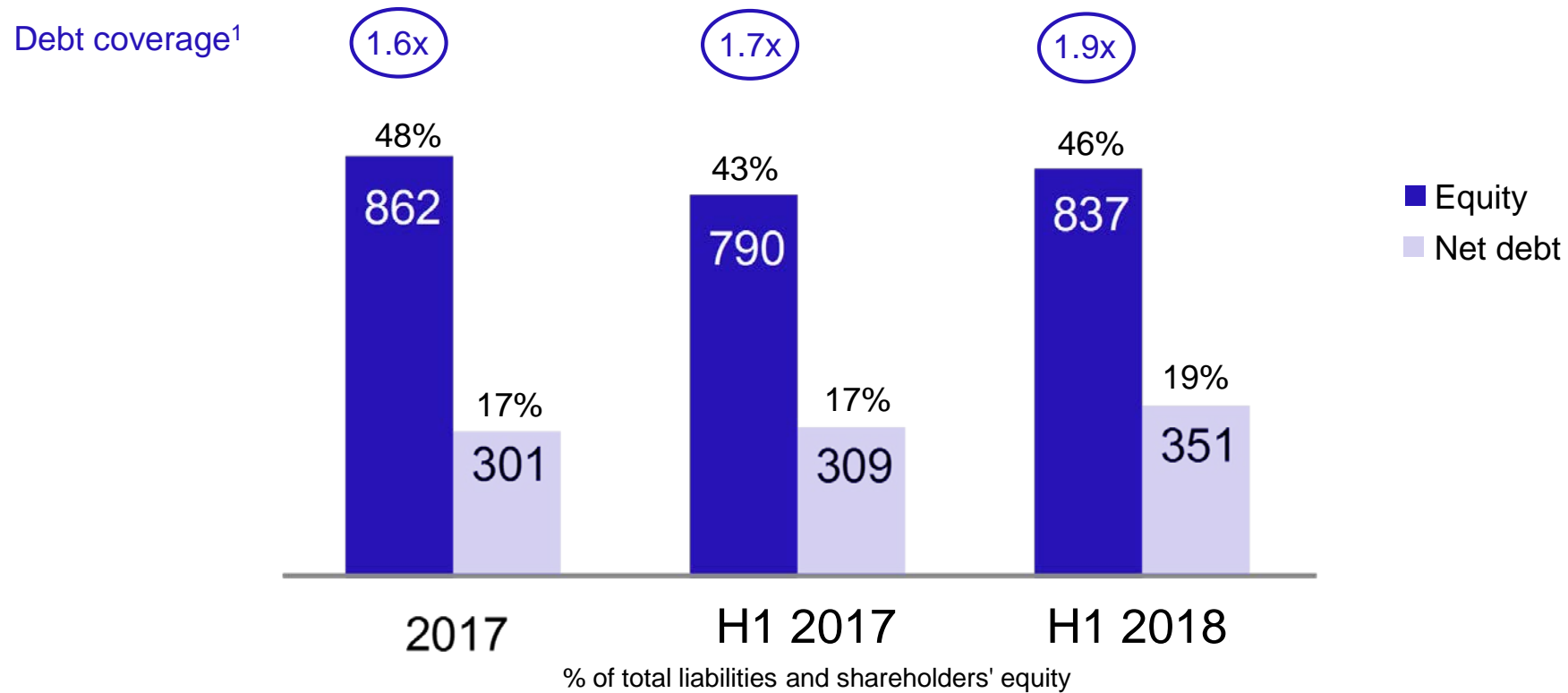


Highlights:

- Solid free cash flow of CHF 39 million including business combinations
- H1 2017 free cash flow including CHF 43 million one-off effects from divestments

5 Galenica Group – strong balance sheet

Net debt / Equity in million CHF



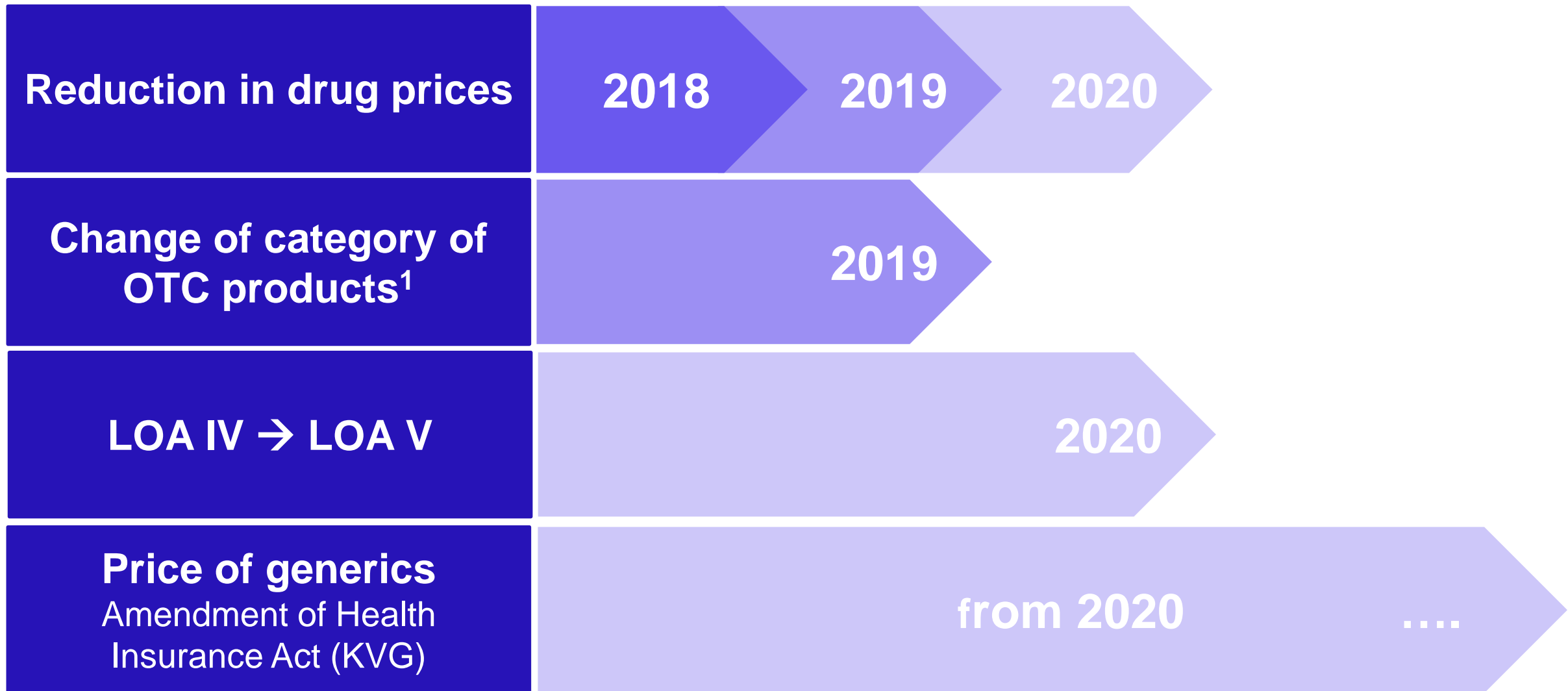
Highlights:

- Net debt at 1,9 x EBITDA, even after dividend payment
- 2017 without dividend payment

¹ calculated as net debt / EBITDA adjusted, excluding the effects of IAS 19

Swiss Pharmaceutical market

6 Authorities: measures and projects



¹ Swissmedic categories C, D

6 Swiss Pharmaceutical market – regulatory matrix for products & channels

Upcoming distribution changes expected to be largely favourable for pharmacies

		Hospital	Doctor	Online pharmacies	Pharmacy	Drugstore	Large retailers	Changes expected
Regulated ⁴⁾	Prescription	Swissmedic A						1 2 3 <i>Soft deregulation in drug categories towards the market</i>
		Swissmedic B						
	OTC	Swissmedic C ⁽¹⁾			Prohibited by law			
		Swissmedic D						
		Swissmedic E						
Non-regulated ⁴⁾	Praxis-Lab-Utilities							
	Medtec							
	Cosmetic and Body-Care							
	House and Home							

Regulatory changes in discussion have limited impact on Galenica

- 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

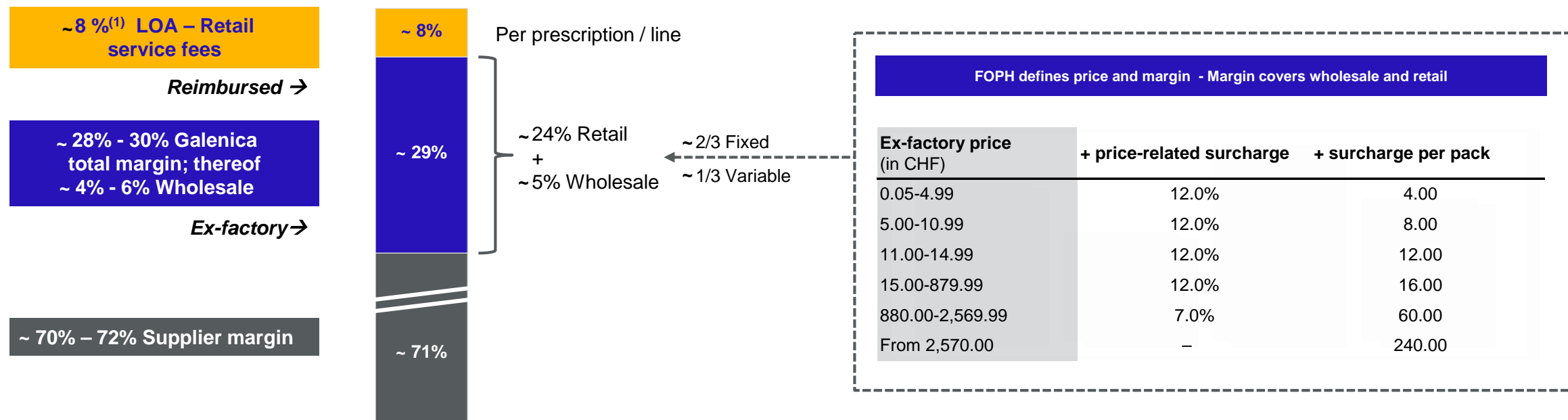
3 Once these are re-classified into Category E

4 With respect to market access

6 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



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

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

7 Galenica Group – outlook 2018

- Sales growth of +2% to +3%
expected at the lower end of the range
due to the higher than announced price cuts
- EBIT (excluding effects of IAS 19) at least at prior-year level
thanks to improved profitability
- 2018 dividend at least at prior-year level

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