

# Guidance Update & Financial Outlook

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# Market development expectations<sup>1</sup>

- Based on the demographic trends and innovation with many new, high-priced medications, Galenica expects continued strong growth of **+/- 5%** in the Swiss pharmaceutical market<sup>2</sup> in the next years.
- The strongest growth is expected in the hospital channel. For **pharmacies and physicians**, Galenica expects pharmaceutical market<sup>2</sup> growth of between **3% and 5%**, with a stronger growth in the physicians' channel.
- For the **non-medication** product ranges<sup>3</sup> in pharmacies, we expect a **stagnating** market development in the next years. These product ranges will continue to face strong competition from other retailers, online and offline.
- For the sales mix of an average Galenica **local pharmacy**, excluding high-priced medications, results an expected market growth of between **1% and 3%**.

<sup>1</sup> Company estimates

<sup>2</sup> Medications Swissmedic lists A, B and D

<sup>3</sup> Beauty, personal care, patient care and nutrition

# Updated mid-term Guidance

- Galenica expects **net sales** to grow by **3% to 5%** in the next years.
- **Until 2025**, Galenica expects a **stable** development of its **return on sales (ROS)**<sup>1</sup> due to
  - an intensive final phase of the ERP project in the Logistics & IT segment, scheduled to be completed in 2025,
  - ongoing investments in the digital omni-channel infrastructure,
  - and further investments in staff as a basis for the successful further development of the Group.
- Thanks to these investments, Galenica expects significant efficiency gains and additional growth potential. Together with the impact of the further expansion and optimisation of the pharmacy network and the Verfora product portfolio, Galenica expects to increase its return on sales (ROS)<sup>1</sup> in the mid-term
  - to over **9.5%** in the **Products & Care** segment
  - and up to **2%** in the **Logistics & IT** segment.
- Galenica aims to achieve these targets in its centenary year **2027** with an **EBIT**<sup>2</sup> of over **CHF 250 million**.
- Galenica expects **Capex**<sup>3</sup> to remain stable in the next years and continues to aim for **net debt**<sup>2</sup> of around **+/- 2 × EBITDA**<sup>2</sup>.
- Galenica continues to pursue a policy of **at least stable dividends** that grow in line with results.

<sup>1</sup> ROS = EBIT adjusted (excluding effects of IAS 19 and IFRS 16) / net sales; basis ROS 2023 excluding extraordinary factors

<sup>2</sup> Adjusted, i.e. excluding effects of IAS 19 and IFRS 16

<sup>3</sup> Investments in tangible and intangible assets

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