

MEDIA & INVESTOR RELEASE

Sandoz announces plans for joint investment to help strengthen future of antibiotics manufacturing in Europe

- *Sandoz and Austrian government announce joint plans to drive long-term competitiveness of European production for key antibiotics in Europe*
- *Planned combined investment of more than EUR 150 million would include major innovative technology development and implementation for large-scale manufacture of active ingredients for leading penicillin products*
- *Kundl manufacturing site in Austria is hub of last vertically integrated antibiotics production chain in Europe; Sandoz is #1 global supplier of generic antibiotics*

Holzkirchen, July 27, 2020 – Sandoz, the Novartis generics and biosimilars division, is pleased to announce plans for a joint investment, together with the Austrian federal government, to strengthen the long-term future of integrated antibiotics manufacturing in Europe.

Sandoz CEO Richard Saynor said: “This plan is a great example of government and the private sector working closely together to protect the long-term interests of patients in Europe and beyond. Antibiotics are the backbone of modern medicine and our Kundl facility in Austria is the hub and center of the last remaining integrated production chain for antibiotics in the western world. This joint investment will help to keep it that way.”

Sandoz intends to invest more than EUR 150 million over the next five years to strengthen the long-term competitiveness of its integrated antibiotic manufacturing operations at Kundl, developing and introducing innovative manufacturing technology for both active pharmaceutical ingredients (APIs) and finished dosage forms (FDFs).

Under the joint plan, which is subject to formal approvals by both parties, the Austrian federal government would contribute or coordinate public funding totalling approximately EUR 50 million towards the total investment, as part of its efforts to increase European-based production of essential medicines. Sandoz and the Austrian government anticipate a formal closing of the agreement before the end of the year.

The government funding would primarily support new process technology to produce API for penicillin products at Kundl. Sandoz would commit to related penicillin API production in Europe for the next 10 years, despite fierce global price competition, particularly from China.

Steffen Lang, Global Head of Novartis Technical Operations (NTO), said: “Novartis is committed to sustain a resilient and competitive supply chain for the essential medicines Sandoz markets. I am proud that NTO is leveraging its market-leading manufacturing

expertise to enable Sandoz to further strengthen supply of these vital medicines, and we can build upon the high manufacturing and quality standards at the Kundl site and further deepen its vertical integration.”

Sandoz produces enough penicillin products at Kundl to potentially meet all current Europe-wide demand. Kundl is the Sandoz competence center for antibiotic FDFs and the focal point of its European antibiotics manufacturing network. Sandoz is the #1 global supplier of generic antibiotics.

For more information, please visit our digital press kit: <https://www.sandoz.com/future-antibiotics-manufacturing-europe>

Disclaimer

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About Sandoz

Sandoz, a Novartis division, is a global leader in generic pharmaceuticals and biosimilars. Our purpose is to pioneer access for patients by developing and commercializing novel, affordable approaches that address unmet medical needs. Our ambition is to be the world’s leading and most valued generics company. Our broad portfolio of high-quality medicines, covering all

major therapeutic areas, accounted for 2019 sales of USD 9.7 billion. Sandoz is headquartered in Holzkirchen, in Germany's Greater Munich area.

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