

MEDIA & INVESTOR RELEASE

Sandoz announces plans to further strengthen its antibiotics manufacturing setup in Europe

- *Sandoz to invest €150 million in new antibiotics manufacturing technology in Europe over next three to five years, to be optimally prepared for future needs*
- *Kundl, Austria further strengthens production for oral antibiotics while facility in Palafolls, Spain expands for sterile active pharmaceutical ingredients*
- *Investment affirms long-term confidence in antibiotics strategy, delivering and building on published plans for European-based manufacturing network*

Basel, May 18, 2021 — Sandoz, a Novartis division, today announces plans to further strengthen its European antibiotics manufacturing network by further expanding production capabilities in Kundl, Austria and in Palafolls, Spain. By modernizing and simplifying its manufacturing setup, Sandoz will improve its ability to consistently deliver high-quality medicines to patients, while remaining cost-competitive on the global market.

In line with plans announced with the Austrian government in July 2020, Sandoz confirms that in a first step it will proceed to invest more than €100 million to introduce new manufacturing technology for the production of oral amoxicillin, an active pharmaceutical ingredient (API) for its leading penicillin product. This investment will allow Sandoz to leverage its position in Kundl as the hub and center of the only major end-to-end antibiotics supply chain in Europe, covering all production steps from API to Finished Dosage Forms (FDF) for many leading antibiotics.

In addition to the investment in Kundl, Sandoz announces plans for an expansion of its Palafolls site in Spain, planning to invest around €50 million in new production technology and increased capacity for the production of sterile penicillin APIs and sterile API mixtures.

As part of this network modernization plan, Sandoz will phase out the current production of oral APIs at the Les Franqueses site in Spain, which it plans to close in 2024. Sterile API production is planned to transfer from Kundl to the new facility at Palafolls in 2025. Sandoz is committed to its people and will offer full support to its associates who might be impacted.

Sandoz CEO Richard Saynor said: “Antibiotics are the backbone of modern healthcare and a key strategic pillar of our business. Despite a temporary drop in demand due to the pandemic, we remain as confident as ever in the mid- to long-term prospects for this segment, which meets a significant quantity of the global disease burden. This investment, which comes shortly after we announced plans to acquire GSK’s global cephalosporin antibiotics, confirms our commitment to securing the future of our leading global business”.

Giovanni Barbella, Head of Sandoz Technical Operations, said: “Our goal is to produce and supply high-quality antibiotics at a cost-competitive price to patients around the world. The important investments announced today will enable our world-class manufacturing network in Europe to meet future requirements”.

Sandoz is the global leader in generic antibiotics and operates the only vertically-integrated antibiotic network left in Europe, despite fierce competition from Asia.

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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 2020 sales of USD 9.6 billion.

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