

MEDIA & INVESTOR RELEASE

Sandoz announces agreement to acquire GSK's cephalosporin antibiotics business, reinforcing its leading global position in antibiotics

- *Sandoz to acquire three established brands sold in more than 100 markets*
- *Acquisition, including leading global brand Zinnat[®], confirms Sandoz commitment to antibiotics, following plans to expand its integrated manufacturing site in Kundl*
- *Transaction complements Sandoz leadership in generic penicillins with a leading position in cephalosporins – largest antibiotic segment by global sales*

Basel, February 11, 2021 – Sandoz, a Novartis division, has signed an agreement to acquire GSK's cephalosporin antibiotics business, reinforcing its leading global position in antibiotics.

The agreement includes the global rights to three established brands (Zinnat[®], Zinacef[®] and Fortum[®]) in more than 100 markets. It excludes the rights in the US, Australia and Germany to certain of those brands, which were previously divested by GSK, and in India, Pakistan, Egypt, Japan (to certain of the brands) and China, which will be retained by GSK.

Sandoz will pay GSK USD 350 million at closing, plus additional milestone payments of up to USD 150 million, subject to the terms of the transaction. Closing of the transaction is expected in the second half of 2021, subject to customary closing conditions including regulatory approvals. In 2020, the three brands had combined sales of approximately USD 140 million in the relevant markets.

In line with its integrated manufacturing strategy, Sandoz intends in the longer term to manufacture Zinnat[®] at sites in its own network, which has global antibiotics production centered on its lead production site in Kundl, Austria. Once the transaction is completed, GSK will supply Zinnat[®] to Sandoz under a manufacturing and supply agreement (MSA), while supporting a transfer of the related manufacturing operations to Sandoz. We expect this process to last for approximately four years from the close of the transaction onwards.

"This important transaction will further position Sandoz as a global leader in antibiotics – truly essential medicines that are the backbone of modern healthcare systems," said Sandoz CEO Richard Saynor.

"Cephalosporins are the largest antibiotic segment by global sales and acquiring this leading business, including the established global Zinnat[®] brand, will complement our #1 position in generic penicillins, the other key segment. It will also set us up for additional synergies driven by an increased promotional footprint that will support growth of both the acquired brands and the current existing Sandoz portfolio."

The agreement confirms the Sandoz commitment to further grow its antibiotics business, following the announcement last year of a joint investment with the Austrian government of more than EUR 150 million to strengthen the long-term competitiveness of its Kundl antibiotic manufacturing site and help to ensure long-term supply resilience.

Kundl is the hub and center of the last major integrated production chain for antibiotics in the western world. Its focus is on generic penicillin products, but the plant also produces finished dosage forms of several generic cephalosporin products.

Disclaimer

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as “potential,” “can,” “will,” “plans,” “commitment,” “to acquire,” “to expand,” “expected,” “intends,” “expect,” “focus,” or similar terms, or by express or implied discussions regarding the agreement to acquire GSK’s cephalosporin antibiotics business; or regarding potential future revenues from Zinnat, Zinacef or Fortum. You should not place undue reliance on these statements. Such forward-looking statements are based on our current beliefs and expectations regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that the transaction described in this press release will be completed in the expected time frame, or at all. Neither is there any guarantee that the expected benefits or synergies from such transaction will be achieved in the expected timeframe, or at all. Nor can there be any guarantee that Zinnat, Zinacef or Fortum will be commercially successful in the future. In particular, our expectations regarding the transaction described in this press release and Zinnat, Zinacef and Fortum could be affected by, among other things, the satisfaction of customary closing conditions including regulatory approvals; regulatory actions or delays or government regulation generally; the particular prescribing preferences of physicians and patients; competition in general, including potential approval of additional generic or biosimilar versions of such products; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures and requirements for increased pricing transparency; litigation outcomes, including intellectual property disputes or other legal efforts to prevent or limit Sandoz from selling its products; general political, economic and business conditions, including the effects of and efforts to mitigate pandemic diseases such as COVID-19; safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, and other risks and factors referred to in Novartis AG’s current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

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 major therapeutic areas, accounted for 2020 sales of USD 9.6 billion.

Sandoz on social media:

LinkedIn: <https://www.linkedin.com/company/sandoz/>

Twitter: https://twitter.com/sandoz_global

Facebook: <https://www.facebook.com/sandozglobal/>

Instagram: <https://www.instagram.com/sandozglobal>

CEO Richard Saynor on LinkedIn: <https://www.linkedin.com/in/richard-saynor/>

Sandoz Global Communications

Chris Lewis
Sandoz Global Communications
+49 174 244 9501 (mobile)
chris.lewis@sandoz.com

Michelle Bauman
Sandoz Global Communications
+1 973 714 8043
michelle.bauman@sandoz.com

Novartis Media Relations

E-mail: media.relations@novartis.com

Richard Jarvis
Novartis Communications and Engagement
++44 7966 118 652
richard.jarvis@novartis.com

Novartis Investor Relations

Central investor relations line: +41 61 324 7944
E-mail: investor.relations@novartis.com

Central
Samir Shah +41 61 324 7944
Thomas Hungerbuehler +41 61 324 8425
Isabella Zinck +41 61 324 7188

North America
Sloan Simpson +1 862 778 5052