Sandoz announces further investment in key manufacturing facility in Austria, to support increased global demand for essential antibiotics

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- *EUR 50m planned investment to support increased manufacturing capacity for finished dosage form penicillins, the leading class of antibiotics worldwide*
- *New project brings total planned investment into Sandoz antibiotics network across Europe to over EUR 250 million*
- *Technology upgrades at Kundl site will help to meet increasing global penicillins demand and partially offset impact of high energy costs at unit cost level*
- *Sandoz stresses importance of fundamental market reforms to ensure long-term sustainability of European-based antibiotic manufacturing and supply*

Basel, November 7, 2022 – Sandoz, a global leader in generic and biosimilar medicines, today announced an additional investment of EUR 50 million to support increased European manufacturing capacity for finished dosage form (FDF) penicillins, the leading class of antibiotics worldwide.

The new commitment follows plans announced last year to invest more than EUR 100 million in new manufacturing technology for production of oral amoxicillin active pharmaceutical ingredient (API) at Kundl, Austria. This investment will increase manufacturing capacity for FDFs of amoxicillin and other key penicillin products.

Sandoz also announced last year that it was investing an additional EUR 50 million for sterile API production at Palafolls, Spain. Combined with Austrian federal government plans to contribute or coordinate public funding of approximately EUR 50 million, the total amount now being invested in the Sandoz antibiotics

network across Europe is over EUR 250 million.

Speaking today at a groundbreaking ceremony in Kundl, Sandoz CEO Richard Saynor said: “Antibiotics remain the backbone of modern medicine and we are seeing rapidly increasing demand following the unprecedented market swings of the past few years. This investment will help to meet that growing patient need, to support the creation of hundreds of new jobs, and to partially offset the impact of high energy prices by lowering unit costs.”

Sandoz Global Operations Head Glenn Gerecke added: “This new building, which will be ready for operation by early 2024, is part of our broader plan to drive long-term competitiveness while making a further important contribution to security of supply for critical penicillin medicines.”

The new three-floor building will be connected to the existing penicillin production facility and will cover an additional area of 1875m². It will focus on bulk formulation and fill-finish activities for penicillins for global distribution.

Automation, state-of-the-art technology for API manufacturing and simplified processing will allow Sandoz to integrate all production steps into a single process in one location, resulting in increased capacity and supply reliability. The expansion will support a double-digit increase in our future output capacity for penicillins.

Saynor added: “Minimizing production costs, particularly in the face of soaring energy costs in Europe, is key to our future success, but we also need a market framework that is sustainable in the long run.

“In economic terms, antibiotics in Europe are still treated largely as commodities, but with one big difference – producers have to supply at fixed price levels, regardless of supply and demand changes. We urgently need to change the operating framework, to introduce basic concepts such as inflation-linked pricing and tenders with criteria that go beyond price.”

Sandoz is the global leader in generic antibiotics and has been producing quality antibiotics out of Kundl for the past 75 years. It remains committed to building on that leadership and continuing a stable supply of essential antibiotics to the patients who rely on them.

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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 all major therapeutic areas, accounted for 2022 sales of USD 9.2 billion.

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