

Important Announcement: Avara has acquired our plant and development center in Boucherville ^[1]

Global Impact ^[2]

We are pleased to announce that the agreement with Avara Pharmaceutical Services for the acquisition of our sterile manufacturing facility and development center in Boucherville, Quebec is now effective, as of September 1, 2018. The transaction announced in May 2018 has been finalized, following the completion of a number of closing conditions, including receipt of anti-trust approvals.

We believe that this asset purchase is the best option to support the continuity of jobs and the long-term sustainability of the facilities against the background of rapid changes in the global healthcare industry. One of the top priorities for both parties in structuring this agreement is to ensure that there is minimal impact on the facilities' employees.

Sandoz Canada remains the owner of the marketing authorizations for its products manufactured by Avara in Boucherville and will continue to support hospitals and community pharmacies with strong customer service and sales force representation.

"We truly believe that this transaction with Avara is a win-win situation for all stakeholders, maintaining local jobs and expertise while continuing the supply of lifesaving injectable products to patients and customers," says Michel Robidoux, President and General Manager of Sandoz Canada.

"Avara was selected following a very thorough search process to identify the best fit for us. With Avara as our contract development and manufacturing organization (CDMO), we will continue to focus on helping patients in Canada to get access to the same high quality and affordable medicines. There will be no change in terms of supply, quality and service for our customers as both parties have signed long-term supply and development agreements. With this development, a new chapter is beginning for both our companies, one that promises to bring benefits for employees, patients and Canada's healthcare system."

Disclaimer

This announcement 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 "can," "will," "believe," "expected," "to support," "to ensure," "focus on," "beginning," "promises," "priorities," "plan," "expect," "anticipate," "look forward," "committed," "investigational," or similar terms, or by express or implied discussions regarding the agreements with Avara, potential marketing approvals, new indications or labeling for the investigational or approved products described in this announcement, or regarding potential future revenues from such agreements and products. 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 with Avara to divest the Novartis sterile manufacturing facility in Boucherville (Quebec), Canada, and the Sandoz Development Center located on the same site, will close at any particular time, or at all. Neither can there be any guarantee that the long term supply agreement with Avara, or any other agreements with Avara, will be fulfilled, or achieve any or all of their intended goals and objectives, or be commercially successful. Nor can there be any guarantee that the investigational or approved products described in this announcement will be submitted or approved for sale or for any additional indications or labeling in any market, or at any particular time. Nor can there be any guarantee that the investigational or approved products described in this announcement will be commercially successful in the future. In particular, our expectations regarding such products, the divestment of these facilities to Avara, and the supply agreement and other agreements with Avara, could be affected by, among other things, regulatory actions or delays or government regulation generally; the uncertainties inherent in research and development, including clinical trial results and additional analysis of existing clinical data; competition in general, including potential approval of additional generic or biosimilar versions of such products; the particular prescribing preferences of physicians and patients; global trends toward health care cost containment, including government, payor and general public pricing and reimbursement pressures; litigation outcomes, including intellectual property disputes or other legal efforts to prevent or limit Sandoz from selling its products; general political and economic conditions; safety, quality 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. We are providing the information in this announcement as of this date and do not undertake any obligation to update any forward-looking statements contained in this announcement as a result of new information, future events or otherwise.

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