

MEDIA RELEASE

23 April 2019

Invitation to the 31st Annual General Meeting of Valartis Group AG

The Board of Directors of Valartis Group AG invites the Shareholders to the Annual General Meeting 2019. The meeting will take place on Tuesday, 14 May 2019 at 5 p.m., at the Zunfthaus zur Waag (www.zunfthaus-zur-waag.ch), Munsterhof 8 in 8001 Zurich (doors open at 4.30 p.m.).

Agenda Items and Proposals of the Board of Directors

1 Annual Report 2018

Proposal: Approval of the Group financial statements and the management report of Valartis Group and the financial statements of Valartis Group AG and acknowledgement of the reports of the auditors.

2 Allocation of disposable profit of Valartis Group AG

Proposal:

Retained earnings carried forward from previous year	CHF	67,482,901
2018 net profit for the year	CHF	70,292
Disposable profit for the year	CHF	67,553,193
Dividends on capital entitled to dividends	CHF	-436,200
Balance carried forward of retained earnings	CHF	67,116,993

Dividend payments:

The Board of Directors proposes a dividend of CHF 0.10 per share for the 2018 financial year for 4,361,997 shares entitled to dividend distribution as of 31 December 2018 (previous year: dividend of CHF 0.20 per share). The actual total amount of distribution will depend on the number of shares outstanding and entitled to distribution as of 17 May 2019. No distribution is made on own shares held by the Company or its subsidiaries. The ordinary dividend will be paid, after deduction of 35 per cent Swiss Federal withholding tax, beginning 20 May 2019, to all shareholders who possess shares on 17 May 2019. As of 16 May 2019, the shares will be traded ex-dividend.

3 Discharge of the members of the Board of Directors and Executive Management

Proposal: Discharge of the members of the Board of Directors and Executive Management for the financial year 2018.

4 Amendments to the Articles of Association

4.1 Amendment to the Articles of Association: Capital reduction

The 2018 Annual General Meeting authorised the repurchase of up to a maximum of 400,000 shares of Valartis Group's own shares prior to the 2019 Annual General Meeting by way of a public share buy-back programme for cancellation purposes. As of 12 April 2019, the end of the 2018/2019 share buy-back programme, a total volume of shares had been purchased for CHF 2.553 million at an average purchase price of CHF 11.03. This corresponds to a total number of shares bought of 230,705 shares or 58 per cent of the programme total (400,000 shares).

4.1 Amendment to the Articles of Association: Capital reduction (continued)

The Board of Directors proposes that, based on the 230,705 shares repurchased with a nominal value of CHF 1.00 each, the share capital should be reduced by a total amount of CHF 230,705.00, and that the company's Articles of Association should be changed accordingly.

Proposal: Reduction of the share capital and amendment to Article 3 of the Articles of Association as follows:

1. a) Reduction of the current share capital, amounting to CHF 5,000,000.00, by CHF 230,705.00 to a new share capital of CHF 4,769,295.00 by cancellation of the 230,705 shares which have been repurchased within the scope of the share buy-back programme, announced on 23 May 2018 and ended on 12 April 2019. The Company has repurchased treasury shares since 10 August 2018.
- b) The reduction amount of CHF 230,705.00 will be used to release the corresponding reserve created for treasury shares.
- c) Any book profit resulting from the capital reduction shall be used exclusively for depreciation within the meaning of Art. 732 para. 4 of the Swiss Code of Obligation.
2. As a result of the audit report of BDO SA dated 18 April 2019, the creditors' claims are fully covered in spite of the reduction of the share capital.
3. Amendment to Article 3 of the Statutes as follows:

Current article	Revised article (changes marked in grey)
Art. 3	Art. 3
The share capital of the Corporation is CHF 5,000,000.00, divided into 5,000,000 registered shares with a par value of CHF 1.00 each. The share capital is fully paid up.	The share capital of the Corporation is CHF 4,769,295, divided into 4,769,295 registered shares with a par value of CHF 1.00 each. The share capital is fully paid up.

Regarding the following amendments to the Articles of Association, agenda points 4.2 to 4.4 and Articles 27, 29 new and 30, respectively

Following the restructuring of Valartis Group in recent years and the associated adjustment of the business model, the Compensation Committee of Valartis Group approved a new remuneration policy in 2018 that is better tailored to a Valartis of today. Based on the revision of the remuneration policy, the Articles of Association must now also be adjusted in certain aspects. In general, the Valartis remuneration system provides incentives that promote a performance, team and risk-conscious culture as well as entrepreneurial thinking and action and thus strengthen Valartis Group as a whole. The variable compensation component depends to an appropriate extent on individual performance, the result of the business unit and the success of the Group as a whole. Due to the structure of Valartis Group, the proximity of the current Board of Directors to the actual operating business and current project developments, and the fact that in 2019 there will be two executive board members, these incentives should also be able to be extended to executive members of the Board of Directors; accordingly, the Board of Directors proposes a change to Article 27 to provide for a variable compensation component for executive board members as well.

Article 19 of the Swiss Ordinance against Excessive Remuneration for Listed Companies (VegüV) provides the possibility of an additional amount for Executive Management in the event of reorganisations and similar. To date, the Articles of Association have not provided for this case in accordance with VegüV. For future restructurings of the Group, the Articles of Association are to take over the provisions of VegüV; this corresponds to the proposed amendment to Article 29.

Article 30 of the Articles of Association must be amended so that the new variable compensation component of the Board of Directors (see revision of Article 27) is submitted to the General Meeting of Shareholders separately for approval in accordance with the provisions of VegüV. As with regard to the variable compensation of Executive Management, the Annual General Meeting should vote retrospectively on any variable compensation for members of the Board of Directors, i.e. after the end of the respective term of office and thus with knowledge of the course of business of Valartis Group.

4.2 Amendment to the Articles of Association: Art. 27

Proposal: Amendment to Article 27 of the Statutes as follows:

Current article	Revised article (changes marked in grey)
Art. 27	Art. 27
The members of the Board of Directors have a right to a fixed compensation (i) defined according to the duties and functional responsibilities of the board members and which is (ii) independent from the business result.	The members of the Board of Directors have a right to (a) a fixed compensation (i) defined according to the duties and functional responsibilities of the board members and which (ii) is independent from the business result and (b) for executive members of the Board of Directors a variable compensation component (bonus). The variable compensation component takes appropriate account of the individual performance and the success of the Corporation as a whole. Variable compensation can be paid in cash or equity securities of the Corporation. The performance goals and the type of compensation (i.e. cash and/or equity securities) are determined by the Board of Directors upon proposal of the Compensation Committee. With regards to the compensation in equity securities, the Board of Directors determines the terms and conditions for the allocation which shall be carried out at market value, and, in particular, any blocking periods or vesting periods.
Each year, the Board of Directors submits the total amount of this Compensation to the General Meeting for its binding approval.	—

4.3 New Article to the Articles of Association: Art. 29

Proposal: Addition of new Article 29 to the Statutes as follows:

—	New article (marked in grey)
—	Art. 29
—	There is an additional amount which may be used by the Company or companies controlled by it for the compensation of members of the Executive Management who are appointed only after the maximum aggregate compensation for the Executive Management was approved. The additional amount may also be used for payment of compensation for disadvantages incurred by a new member of the Executive Management as a result of his or her change of employment. The additional amount may only be used if the aggregate compensation approved by the general meeting for the Executive Management until the next vote by the general meeting is not sufficient for the compensation of the new members. The additional amount per compensation period shall not exceed 40 per cent of the maximum aggregate amount of compensation of the Executive Management last approved.

All Articles following the insertion of the new Article 29 have been renumbered.

4.4 Amendment to the Articles of Association: current Art. 29 (Article 30 after insertion of the new article 29)

Proposal: Amendment to current Article 29 of the Statutes as follows:

Current article	Revised article (changes marked in grey)
Art. 29	Art. 30
<p>The General Meeting approves the Board of Directors' proposals relating to the maximum total amounts for each of the following, individually:</p> <p>a) for the Compensation of the Board of Directors for the period up to the next Annual General Meeting;</p> <p>b) for the Compensation of the Executive Management (excluding the bonuses paid to the members of the Executive Management) for the next business year; and</p> <p>c) variable compensation paid to the members of the Executive Management for the previous business year.</p> <p>The Board of Directors may submit to the General Meeting for its approval proposals in respect of maximum aggregate amounts and/or individual Compensation components for other time periods and/or propose the payment of additional amounts for special or extraordinary services of some or all of the members of the Executive Management or the Board of Directors.</p>	<p>The General Meeting approves the Board of Directors' proposals relating to the maximum total amounts for each of the following, individually:</p> <p>a) for the Compensation of the Board of Directors (excluding the bonuses paid to the members of the Board of Directors) for the period up to the next Annual General Meeting;</p> <p>b) for the Compensation of the Executive Management (excluding the bonuses paid to the members of the Executive Management) for the next business year; and</p> <p>c) variable compensation paid to the Members of the Board of Directors for the previous business year.</p> <p>d) variable compensation paid to the members of the Executive Management for the previous business year.</p> <p>The Board of Directors may submit to the General Meeting for its approval proposals in respect of maximum aggregate amounts and/or individual Compensation components for other time periods and/or propose the payment of additional amounts for special or extraordinary services of some or all of the members of the Executive Management or the Board of Directors.</p>

Apart from above amendments to Articles 3, 27 and 30 and the insertion of the new article 29 of the Articles of Association, the other provisions of the company's Articles of Association remain unchanged. All Articles following the insertion of the new Article 29 have been renumbered.

5 Consultative vote on the Compensation Report 2018

The Compensation Report 2018 presents the remuneration policy and the remuneration process of Valartis Group and shows the link between performance components and remuneration. The compensation report of Valartis Group describes the compensation committee, the compensation principles, and the determination of remuneration as well as the overview of remuneration and loans, share and option holdings of the members of the Board of Directors and Executive Management at the end of 2018.

Shareholders can download the Compensation Report 2018 as part of the Annual Report from the Valartis website under Investor Relations: www.valartisgroup.ch/en/#geschaeftsberichte

Proposal: Approval of the Compensation Report 2018 (advisory vote).

6 Approval of the remuneration of the members of the Board of Directors and Executive Management

According to Article 29 of the Articles of Association, the Board of Directors **proposes** to vote separately on the remuneration of the Board of Directors and Executive Management at the General Meeting.

6.1 Total Compensation of the Board of Directors (excluding the bonuses to be paid to the members of the Board of Directors) from the 2019 Annual General Meeting to the 2020 Annual General Meeting

Proposal: Approval of the total compensation of the Board of Directors for the period from the Annual General Meeting 2019 to the Annual General Meeting 2020 in the amount of CHF 850,000 (fixed compensation). This total amount includes the fixed compensation of the Board Members and their activities and additional tasks as members of the Board of Directors of Valartis Group as well as in the various committees such as the Business Development Committee or the Compensation Committee.

6.2 Total compensation of Executive Management (excluding the bonuses to be paid to members of Executive Management) for the 2020 financial year

Proposal: Approval of the total amount of Executive Committee compensation to be allocated for the financial year ending 31 December 2020, i.e. CHF 650,000 (fixed compensation). This total amount includes the fixed compensation of the Delegate of the Board of Directors and the fixed compensation of the CFO/CRO.

7 Re-elections to the Board of Directors

The General Meeting elects the members of the Board of Directors individually each year (as per Article 15 of the Articles of Association). Information on the former members of the Board of Directors can be found in the Annual Report under Corporate Governance, Board of Directors or at www.valartisgroup.ch/en/#verwaltungsrat.

Proposal: Re-election of Mr Gustav Stenbolt as Chairman of the Board of Directors for a term of office until the conclusion of the next Annual General Meeting and re-election of Mr Philipp LeibundGut and Mr Olivier Brunisholz as members of the Board of Directors for a term of office until the conclusion of the next Annual General Meeting.

7.1 Re-election of Gustav Stenbolt as Chairman of the Board of Directors

7.2 Re-election of Philipp LeibundGut as a member of the Board of Directors

7.3 Re-election of Olivier Brunisholz as a member of the Board of Directors

8 Elections to the Compensation Committee

Each year, the General Meeting elects the members of the Compensation Committee from the Board of Directors individually (as per Article 24 of the Articles of Association).

Proposal: Election of Philipp LeibundGut, Gustav Stenbolt and Olivier Brunisholz as members of the Compensation Committee of the Board of Directors, each for a term of office until the conclusion of the next Annual General Meeting. If Philipp LeibundGut is elected as a member of the Compensation Committee, the Board intends to appoint him as Chairman of the Compensation Committee.

8.1 Election of Philipp LeibundGut as a member of the Compensation Committee

8.2 Election of Gustav Stenbolt as a member of the Compensation Committee

8.3 Election of Olivier Brunisholz as a member of the Compensation Committee

9 Re-election of the Auditors

Proposal: Re-election of BDO SA, in 1215 Genève 15, Switzerland, as auditors for one year.

Further information on the Auditors can be found in the Corporate Governance Chapter of the Annual Report 2018.

10 Election of the Independent Proxy

The General Meeting elects the independent proxy until the end of the next Annual General Meeting.

Proposal: Election of Martin Rechtsanwälte – Attorneys at Law, Garnmarkt 10, 8400 Winterthur, as independent proxy of Valartis Group AG until the conclusion of the next Annual General Meeting.

11 Approval of a 2nd Share Buy-back Programme for cancellation purposes (for the period 2019/2020)

The proposed public share buy-back programme (the «Programme») is a market-tested and efficient platform for excess capital distribution that can be used flexibly over time. The new Programme and its repurchasing methods will commence at the discretion of the Board of Directors after the approval of the Annual General Meeting and subject to the necessary regulatory approvals being obtained. The repurchase will be carried out either by buying back via a second trading line (i.e. buying back at market price) or by other means (e.g. buying back at a fixed price). This further increases the flexibility of implementation for the Board of Directors.

Apart from the approvals of the Board of Directors and the authorities and the consideration of Valartis Group's capital management priorities, no further requirements need to be met before the Programme can start. Valartis Group's capital management priorities (1. ensuring a solid capital base at all times and maximising financial flexibility; 2. deploy capital for business growth where it meets our strategy and profitability requirements; 3. repatriate further excess capital to shareholders; 4. maintaining the level of the ordinary dividend in line with long-term earnings performance) are regularly monitored and can be applied from time to time throughout the year.

The Board of Directors has opted for a staged procedure in which shareholders make a basic decision at an initial Annual General Meeting to approve the new Programme and thereafter at the following Annual General Meeting adopt a resolution cancelling the shares repurchased. The advantage of this procedure is that immediately upon repurchase, the relevant shares will not fall under the legal restriction prohibiting corporations from holding more than 10 per cent of their own shares. This will provide Valartis Group with greater flexibility which is in the interest of the Company's capital management approach.

Proposal: Authorisation to repurchase up to a maximum of 470,000 shares of the Company's own shares prior to the 2020 Annual General Meeting optionally via a second trading line on SIX Swiss Exchange or in any other way. The Board of Directors may determine the details of the public share buy-back programme. Any shares repurchased under the public share buy-back programme are to be cancelled and, therefore, will not fall within the scope of the 10 per cent limit on a company's own shares pursuant to Art. 659 of the Swiss Code of Obligations. The amendment of the Articles of Association (reduction of share capital) in respect of the actual number of shares repurchased will be submitted to the Annual General Meeting 2020 for approval. This share buyback program would end in April 2020.

Fribourg FR, 23. April 2019

For the Board of Directors
The Chairman
Gustav Stenbolt

ORGANISATIONAL MATTERS

Annual report and audit reports

The Annual Report 2018 (including Compensation Report and Reports of the Auditors) was published on Tuesday, 9 April 2019. It can be downloaded from the Valartis Group website (www.valartisgroup.ch/en/): www.valartisgroup.ch/EN/#geschaeftsberichte.

Personal attendance at the Annual General Meeting

If you wish to attend the Annual General Meeting in person, please use the enclosed reply form to order your admission card.

Representation, return of the reply form and admission cards

Shareholders who will not attend the Annual General Meeting in person are encouraged to appoint a proxy. A shareholder of Valartis Group AG may only be represented at the General Meeting by his legal representative, another shareholder with voting rights or the independent proxy. Martin Rechtsanwälte, Garnmarkt 10, 8400 Winterthur, was elected as independent proxy. If you wish to authorise Martin Rechtsanwälte, please send the admission card with your power of attorney and written voting instructions to the independent proxy no later than by Tuesday, 7 May 2019 (receipt).

Please return your reply form, duly completed and signed, using the envelope provided as soon as possible, but no later than Tuesday, 7 May 2019. Between 29 April and 10 May 2019, admission cards and voting slips will be sent out to shareholders who register to attend the Annual General Meeting.

Sherpany online platform – electronic remote voting via proxies and instructions to the Independent Proxy

Shareholders who do not attend the Annual General Meeting in person can participate in votes and elections by remote electronic voting by means of proxies and instructions to the Independent Proxy via the investor web service at www.sherpany.com/valartis. The login data required will be sent to the shareholders together with the General Meeting information upon receipt of the reply form. The Independent Proxy may be instructed via the investor web service until Tuesday, 7 May 2019, 23:59 CEST on.

Voting entitlement

Those shareholders entered in the Share Register on Friday, 26 April 2019 are entitled to vote.

Invitation

The German invitation is published in the Swiss Commercial Gazette ('Schweizerisches Handelsamtsblatt') on Tuesday, 23 April 2019. In case of inconsistencies between this English and the German version, the German version prevails.

Premature departure from the General Meeting

In order to determine attendance correctly, unused voting material must be handed in at the exit in the event of premature departure from the General Meeting.

Shareholder proposals on items on the agenda

Proposals by shareholders on items on the agenda are only permissible if they are submitted to the General Meeting either by the shareholder himself or by an individual proxy appointed by him. The independent proxy cannot be appointed as an individual proxy in this sense.