



## **ViatriS Inc. Announces Additional Details of Previously Disclosed Global Restructuring Initiative**

December 11, 2020

**Initiative to Ensure Company is Set Up to Meet its Stated Commitments in Order to Deliver Sustainable Value to Patients, Customers, Shareholders and other Stakeholders**

**- Targeting at least \$1 billion in cost synergies to be achieved by the end of 2024 or sooner**

**- Up to 20% of global workforce may be impacted**

**- Plans to continue to rationalize its global manufacturing and supply chain network by either closing, downsizing or divesting up to 15 facilities**

PITTSBURGH, Dec. 11, 2020 /PRNewswire/ -- ViatriS Inc. (NASDAQ: VTRS) today announced additional details of its previously disclosed multi-year global restructuring initiative. The restructuring initiative is part of the company's previously announced roadmap to maximize long-term value creation and is intended to ensure the new company is optimally structured to sustainably achieve its bold mission while also delivering on its financial commitments.



ViatriS' restructuring initiative incorporates and expands on the restructuring program announced by Mylan earlier this year as part of its business transformation efforts. ViatriS' initiative is intended to reduce the company's cost base by at least \$1 billion by the end of 2024 or sooner, with a significant portion of the reduction expected to be achieved within the first two years.

The company expects to optimize its commercial capabilities and enabling functions, and close, downsize or divest up to 15 manufacturing facilities globally that are deemed to be no longer viable either due to surplus capacity, challenging market dynamics or a shift in its product portfolio toward more complex products. As a result, ViatriS expects that up to 20% of its global workforce of approximately 45,000 may be impacted upon completion of the restructuring initiative. The company will maintain an extensive overall employee base and global manufacturing network that aligns with its go-forward operations.

### **Initial Facility Impacts**

ViatriS is also announcing today five of the sites that will be impacted:

- Its oral solid dose manufacturing facilities in Morgantown, West Virginia; Baldoyle, Ireland and Caguas, Puerto Rico; and
- Its Unit 11 and Unit 12 active pharmaceutical ingredient (API) manufacturing facilities in India.

In addition, the divestiture of the company's injectables manufacturing site in Poland was recently completed.

The workforce reductions at the impacted manufacturing sites announced today are expected to occur in phases over the next few years.

Wherever feasible, ViatriS will seek to find potential buyers for its facilities in order to preserve as many jobs as possible and will work with impacted communities to identify appropriate potential alternatives.

Any workforce actions the company takes as part of this restructuring initiative will be implemented in a way that is consistent with its long-standing commitment to treating employees fairly and with respect. ViatriS is exceptionally grateful for the consistent dedication of its employees around the globe.

The company is also committed to ensuring supply continuity so that patients' needs for critical medicines are met. Supply continuity will be achieved, in some cases, within the company's network.

ViatriS CEO Michael Goettler said, "ViatriS has a tremendous opportunity to impact healthcare in a sustainable way through a focus on access and

empowering patients worldwide to live healthier at every stage of life. The actions we are announcing today are consistent with our commitment to optimally design our new company to operate efficiently. This initiative is part of Viatris' roadmap to ensure we can maximize long-term value creation for shareholders and for all stakeholders, including the patients and customers we serve."

Viatris president Rajiv Malik said, "After more than a decade of building a robust global platform, today we are taking the natural next step as we shape a new company that we believe can meet the needs of patients and customers in this evolving healthcare landscape. As we do so, we are intently focused on ensuring supply continuity within the markets we serve, which includes continuing our ongoing engagement with health authorities and customers to ensure patients' needs are met."

Viatris chief financial officer Sanjeev Narula said, "Today's announcement is a significant next step in ensuring Viatris meets the financial commitments it has made to shareholders and other key stakeholders. The company is currently in the process of defining the remaining parameters of this global restructuring initiative. We expect to continue to provide further details as they are finalized. At our Investor Day on March 1, 2021, we will review our roadmap on how we intend to deliver on our stated commitments, maximize value creation, and generate strong and accelerating free cash flows while positioning Viatris for a sustainable future."

For the committed restructuring actions related to the five impacted sites announced today, the company expects to incur total pre-tax charges ranging between \$500 million and \$600 million. Such charges are expected to include between \$225 million and \$275 million of non-cash charges mainly related to accelerated depreciation and asset impairment charges, including inventory write-offs. The remaining estimated cash costs of between \$275 million and \$325 million are expected to be primarily related to severance and employee benefits expense, as well as other costs, including those related to contract terminations and decommissioning costs. In addition, management believes the potential annual savings related to these committed restructuring activities to be between \$250 million and \$300 million once fully implemented, with most of these savings expected to improve operating cash flow.

#### **About Viatris**

Viatris Inc. (NASDAQ: VTRS) is a new kind of healthcare company, empowering people worldwide to live healthier at every stage of life. We provide access to medicines, advance sustainable operations, develop innovative solutions and leverage our collective expertise to connect more people to more products and services through our one-of-a-kind Global Healthcare Gateway<sup>TM</sup>. Formed in November 2020 through the combination of Mylan and Pfizer's Upjohn business, Viatris brings together scientific, manufacturing and distribution expertise with proven regulatory, medical and commercial capabilities to deliver high-quality medicines to patients in more than 165 countries and territories. Viatris' portfolio comprises more than 1,400 approved molecules across a wide range of therapeutic areas, spanning both non-communicable and infectious diseases, including globally recognized brands, complex generic and branded medicines, a growing portfolio of biosimilars and a variety of over-the-counter consumer products. With a global workforce of approximately 45,000, Viatris is headquartered in the U.S., with global centers in Pittsburgh, Shanghai and Hyderabad, India. Learn more at [viatris.com](http://viatris.com) and [investor.viatris.com](http://investor.viatris.com), and connect with us on Twitter at [@ViatrisInc](https://twitter.com/ViatrisInc), [LinkedIn](https://www.linkedin.com/company/viatris) and [YouTube](https://www.youtube.com/channel/UCpR0T0R0R0R0R0R0R0R0R0R0).

#### **Forward-Looking Statements**

This press release includes forward-looking statements. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include that the restructuring initiative is intended to ensure the new company is optimally structured to sustainably achieve its bold mission while also delivering on its financial commitments; Viatris Inc.'s ("Viatris") initiative is intended to reduce the company's cost base by at least \$1 billion by the end of 2024 or sooner, with a significant portion of the reduction expected to be achieved within the first two years; the company expects to optimize its commercial capabilities and enabling functions, and close, downsize or divest up to 15 manufacturing facilities globally that are deemed to be no longer viable either due to surplus capacity, challenging market dynamics or a shift in its product portfolio toward more complex products and that as a result, Viatris expects that up to 20% of its global workforce of approximately 45,000 may be impacted upon completion of the restructuring initiative; the company will maintain an extensive overall employee base and global manufacturing network that aligns with its go-forward operations; the workforce reductions at the impacted manufacturing sites announced today will occur in phases over the next few years; wherever feasible, Viatris will seek to find potential buyers for its facilities in order to preserve as many jobs as possible and will work with impacted communities to identify appropriate potential alternatives; any workforce actions the company takes as part of this restructuring initiative will be implemented in a way that is consistent with its long-standing commitment to treating employees fairly and with respect; the company is also committed to ensuring supply continuity so that patients' needs for critical medicines are met; supply continuity will be achieved, in some cases, within the company's network; this initiative is part of Viatris' roadmap to ensure we can maximize long-term value creation for shareholders and for all stakeholders, including the patients and customers we serve; Viatris is taking the natural next step as it shapes a new company that it believes can meet the needs of patients and customers in this evolving healthcare landscape and that as it does so, it is intently focused on ensuring supply continuity within the markets it serves, which includes continuing its ongoing engagement with health authorities and customers to ensure patients' needs are met; Viatris expects to continue to provide further details as they are finalized; at its Investor Day on March 1, 2021, Viatris will review its roadmap on how it intends to deliver on its stated commitments, maximize value creation, and generate strong and accelerating free cash flows while positioning Viatris for a sustainable future; for the committed restructuring actions related to the five impacted sites announced today, the company expects to incur total pre-tax charges ranging between \$500 million and \$600 million; such charges are expected to include between \$225 million and \$275 million of non-cash charges mainly related to accelerated depreciation and asset impairment charges, including inventory write-offs; the remaining estimated cash costs of between \$275 million and \$325 million are expected to be primarily related to severance and employee benefits expense, as well as other costs, including those related to contract terminations and decommissioning costs; and management believes the potential annual savings related to these committed restructuring activities to be between \$250 million and \$300 million once fully implemented, with most of these savings expected to improve operating cash flow. Because forward-looking statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such statements. Factors that could cause or contribute to such differences include, but are not limited to: the potential impact of public health outbreaks, epidemics and pandemics, including the ongoing challenges and uncertainties posed by the COVID-19 pandemic; the integration of Mylan N.V. ("Mylan") and Pfizer Inc.'s Upjohn business (the "Upjohn Business") being more difficult, time consuming or costly than expected; the possibility that Viatris may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the transaction pursuant to which Mylan combined with the Upjohn Business in a Reverse Morris Trust transaction (the "Combination") and Upjohn Inc. ("Upjohn") became the parent entity of the combined Upjohn Business and Mylan business and was renamed Viatris effective as of the closing of the Combination within the expected timeframe or at all or to successfully integrate Mylan and the Upjohn Business; uncertainties and matters beyond the control of management; inherent uncertainties involved in the estimates and judgments used in the preparation of financial statements, and the providing of estimates of financial measures, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and related standards or on an adjusted basis; and the other risks described in the Registration Statement on Form S-4, as amended, which includes a proxy statement/prospectus, which was filed by Upjohn with the Securities and Exchange Commission ("SEC") on October 25, 2019 and declared effective by the SEC on February 13, 2020, the Registration

Statement on Form 10, which includes an information statement, which was filed by Upjohn with the SEC on June 12, 2020 and declared effective by the SEC on June 30, 2020 and the final information statement, dated August 6, 2020, which is attached as Exhibit 99.1 to Upjohn's Current Report on Form 8-K filed on August 6, 2020. Viatris routinely posts information that may be important to investors on its website at [investor.viatris.com](http://investor.viatris.com) and uses that website as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (Reg FD). Viatris undertakes no obligation to update these statements for revisions or changes after the date of this release other than as required by law.

#### **Non-GAAP Financial Measures**

This press release includes the presentation and discussion of certain financial information that differs from what is reported under U.S. GAAP. These non-GAAP financial measures, including, but not limited to, free cash flows are presented in order to supplement investors' and other readers' understanding and assessment of the financial performance of Viatris. Viatris is not providing forward looking information for U.S. GAAP reported financial measures or quantitative reconciliations of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items include, but are not limited to, acquisition-related expenses, including integration, restructuring expenses, asset impairments, litigation settlements and other contingencies, including changes to contingent consideration and certain other gains or losses. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP reported results for the relevant period. References to Viatris free cash flows are to U.S. GAAP net cash provided by operating activities minus capital expenditures.

See Viatris' website at [investor.viatris.com](http://investor.viatris.com) for more information about Non-GAAP financial measures.

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