

Half year results 2023

Conference Call

8 August 2023, 2 p.m. CEST

Your speakers

Focus on high quality and sustainable growth

Marc Werner, CEO



Half year results 2023 and guidance update

Felix Burkhard, CFO



Q&A

We continue our path...



...uphill, after a short descent!



Focus on high quality and sustainable growth

Marc Werner, CEO Galenica Group



The new Joint Venture with Redcare pharmacy:
A great step forward in our omni-channel strategy!

**Two strong partners build the leading
pure online pharmacy in Switzerland.**

Sun Store becomes Amavita

In German-speaking Switzerland



The pharmacy as the first point of contact for health issues

A woman with curly hair is looking towards a pharmacist in a white coat. The pharmacist is looking down, possibly at a patient's chart or a device. The background is a blurred pharmacy setting.

Services & Consultation
+34%
a promising development!

Swiss Skills Shortage

Top 5 occupational groups

1. **Specialists in health care professions**
2. Developers and analysts of software and IT applications
3. Engineering and similar specialists
4. Construction foremen, polishers and production managers
5. Polymechanics, machine technicians, machinery workers

Verfora - by far #1 in the Swiss OTC market

Recent acquisitions & partnerships



His Holiness Sakya Trizin visiting Padma in July 2023

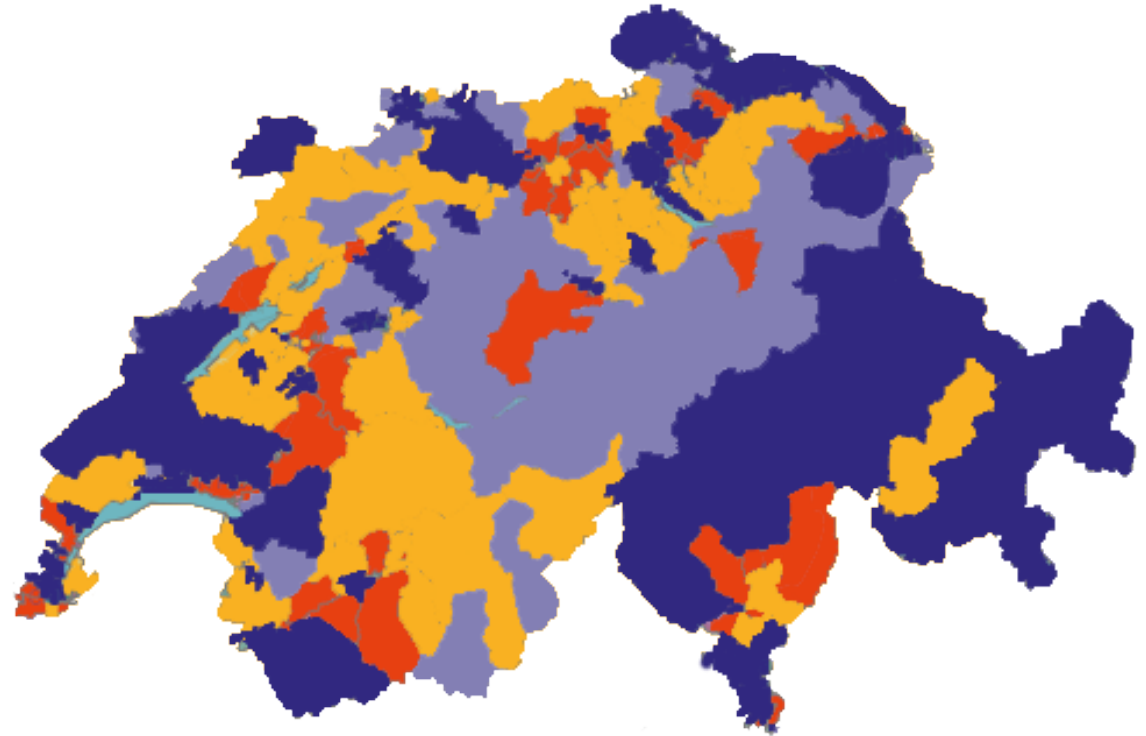
Strong growth in the «Logistics & IT» segment



Growth in the physician market - but only high quality and sustainable

"In the next 2 to 3 years there will no longer be enough doctors to care for the population, patients will have to expect several months of waiting time."

Philippe Luchsinger, President of the Association of General Practitioners and Paediatricians



Primary health care:
= **good** to **overprovided**
= **poorly** and **underprovided**

Source: Galexis

Half year results 2023 and guidance update

Felix Burkhard, CFO Galenica Group

Strategic partnership with Redcare Pharmacy

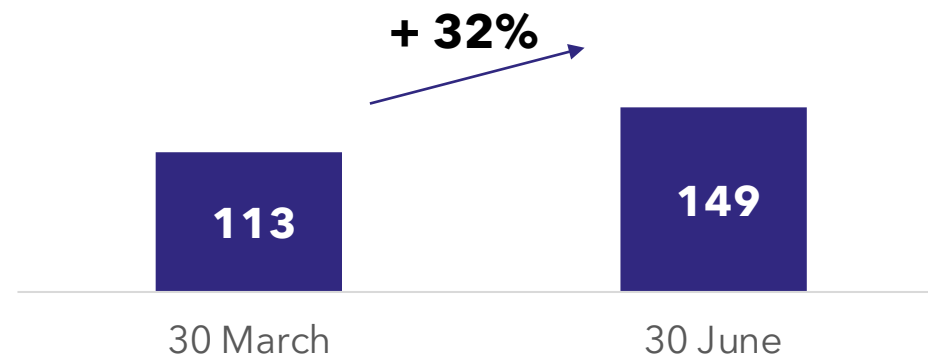
Extraordinary profit from
creation of Joint Venture:

CHF 112.8 million¹

(discontinued operations)

Value gain on 8% participation
in Redcare Pharmacy:

CHF 35.8 million²



¹ Including value gain on 6.1% of shares in Redcare pharmacy of CHF 26.3 million (value increase between signing on 30 March and closing on 16 May 2023)

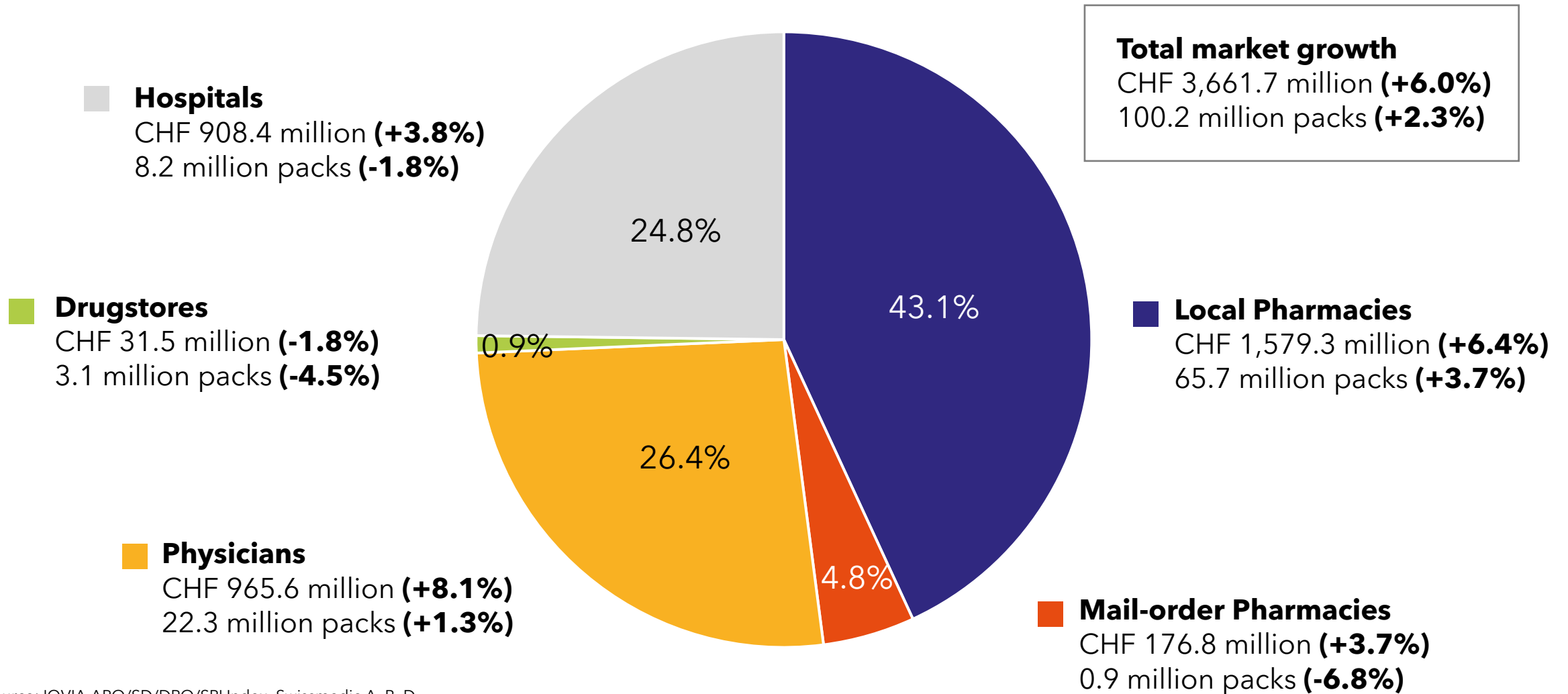
² Value gain on 8% participation in Redcare Pharmacy N.V. between 30 March (share price EUR 72) and 30 June (share price EUR 94.76)

Restatement of comparison period

in million CHF	H1 2022A (as reported)	Elimination Mediservice (disc. ops)	H1 2022A (continuing operations)	in %
Net Sales	1'959.9	-205.7	1'754.2	-10.5%
Products & Care	986.8	-215.1	771.7	-21.8%
EBIT adjusted¹	100.0	-5.0	95.0	-5.0%
ROS	5.1%		5.4%	
Products & Care ¹	75.8	-5.0	70.8	-6.6%
ROS	7.7%		9.2%	
Net profit adjusted¹	81.3	-4.1	77.2	-5.0%

¹ Excluding effects of IAS 19 and IFRS 16, see chapter "Alternative performance measures" of the Half year report 2023
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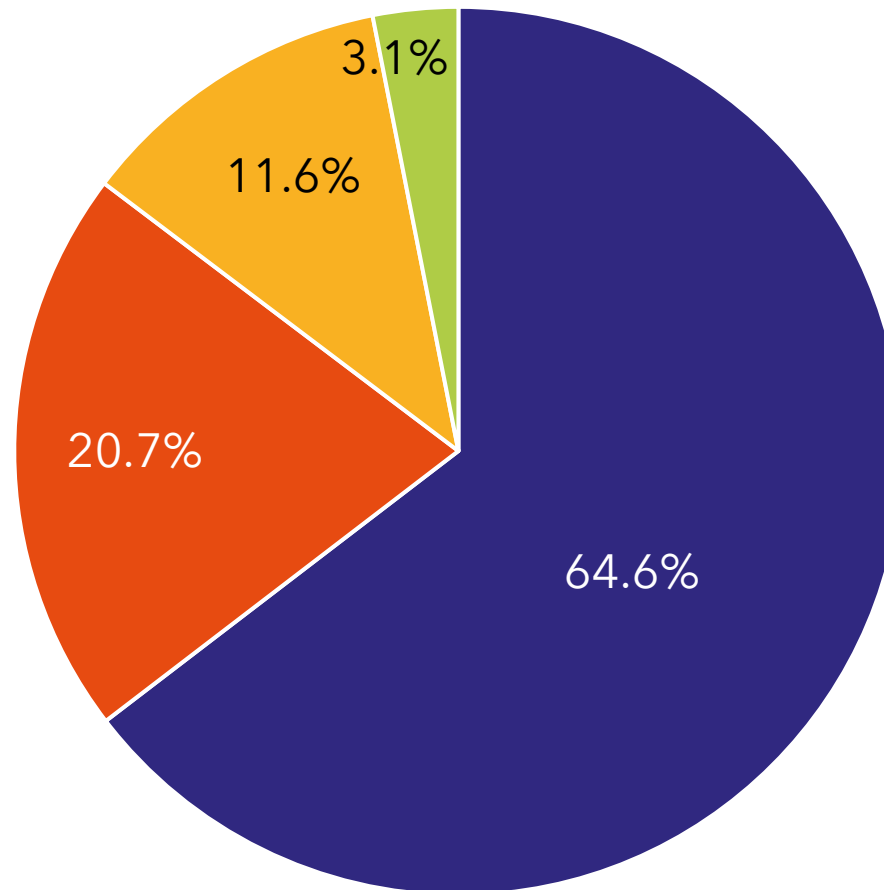
Swiss pharmaceutical market H1 2023



Source: IQVIA APO/SD/DRO/SPI Index, Swissmedic A, B, D
Medicines Swissmedic lists A, B, D, sold from suppliers and wholesalers to hospitals, physicians, pharmacies and drugstores
© IQVIA - Swiss pharmaceutical market June 2023

Consumer healthcare market H1 2023

Total market
CHF 1,369 million
+3.3%

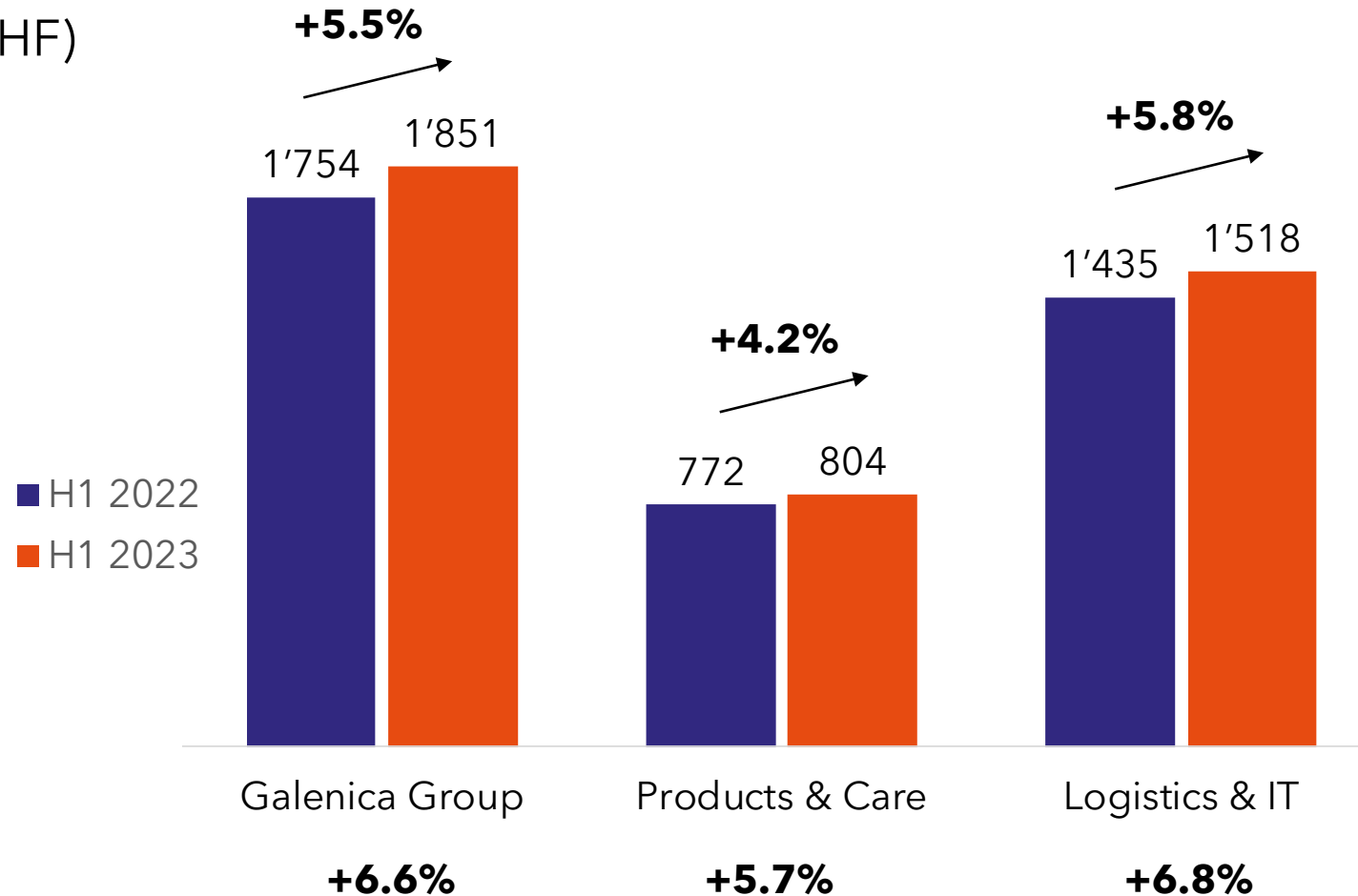


Source: IQVIA PharmaTrend for pharmacies and drugstores in Switzerland, streetprices
© IQVIA - Consumer Health market June 2023 (without Covid-19 self-tests)

Galenica Group

Pleasing sales growth

Net sales (in million CHF)



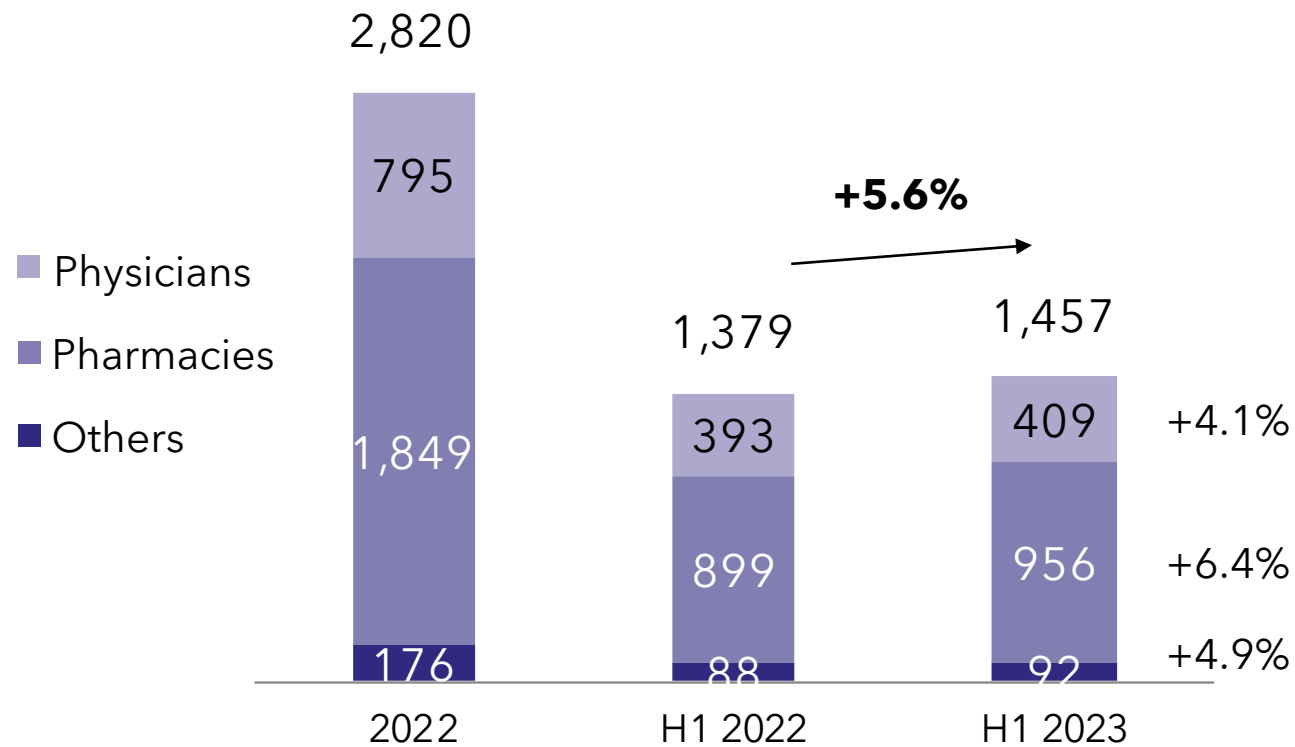
**Growth without
COVID-19 initiatives¹**

¹ Impact of COVID-19 initiatives includes net sales of PCR tests, Rapid Antigen tests, self-tests as well as vaccinations

Wholesale

Market share gains with pharmacies

Net sales (in million CHF)



Growth without
COVID-19 self-tests:

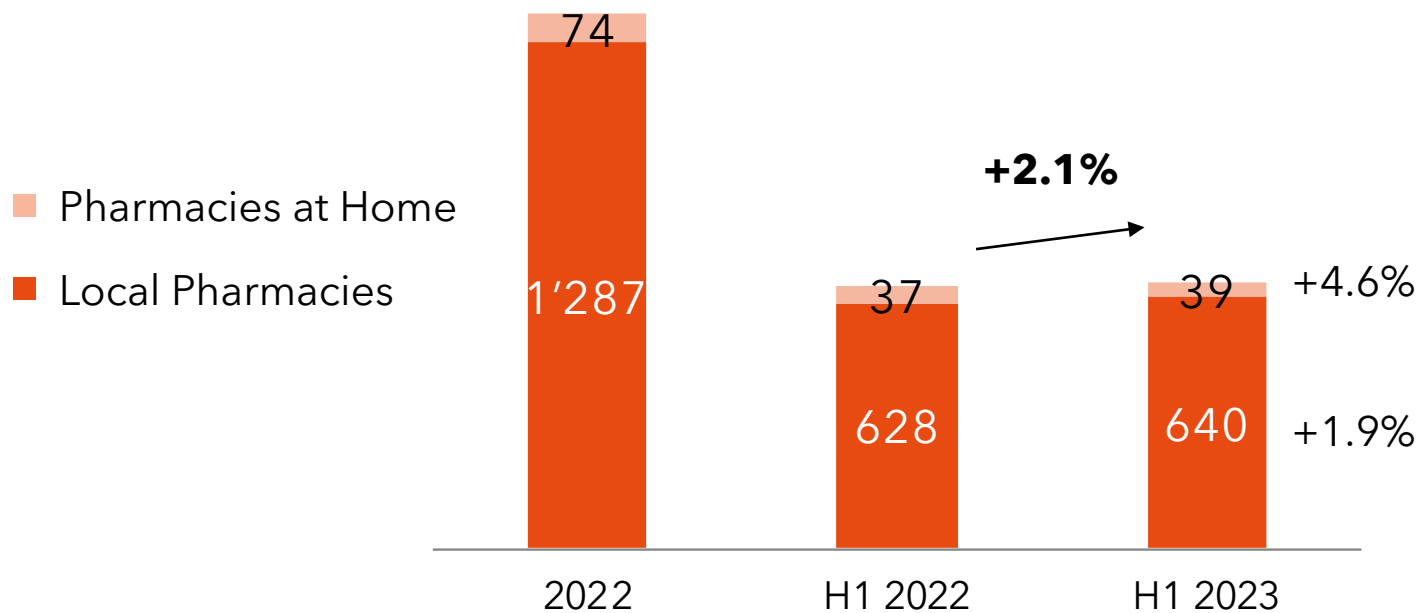
+6.6% in total wholesale

+7.9% in pharmacies segment

Retail B2C

Solid sales growth

Net sales (in million CHF)



Portfolio of local pharmacies optimised in H1 2023:
expansion impact of +0.4%

AMAVITA+

+ SUN STORE

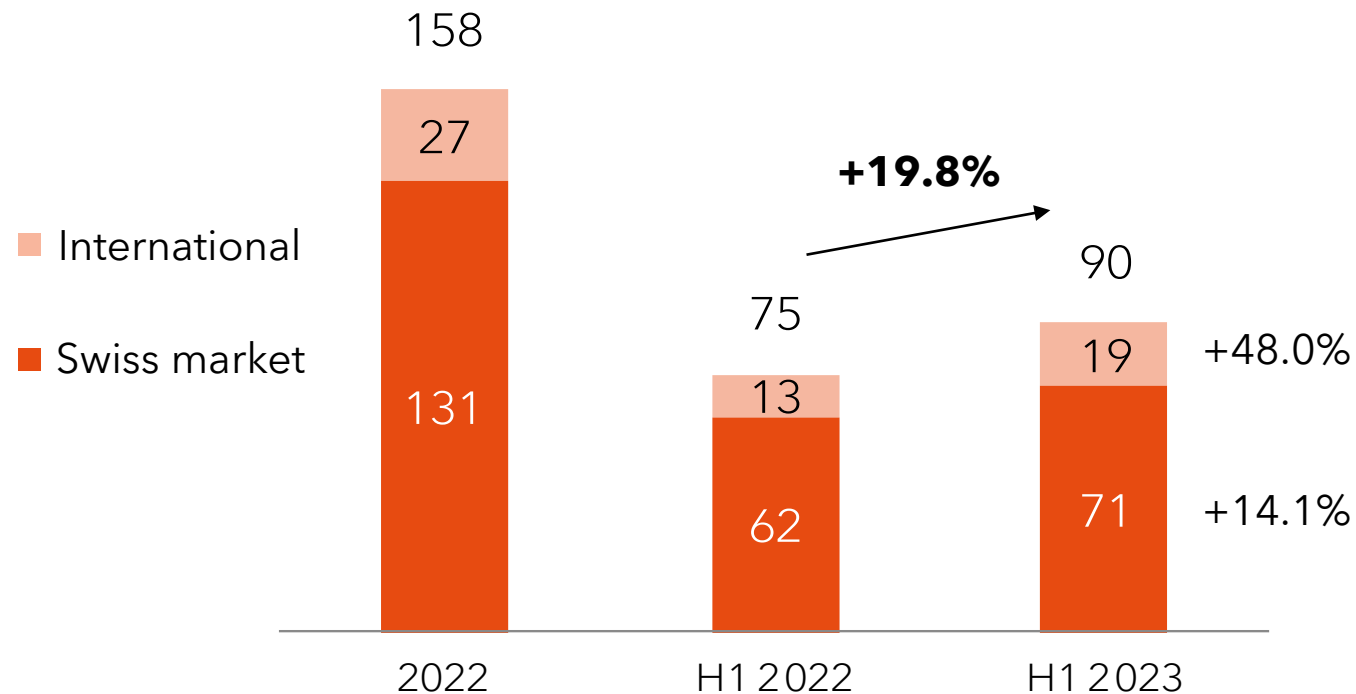
Growth without COVID-19 initiatives¹ in local pharmacies:
+ 3.7%

¹ Impact of COVID-19 initiatives includes net sales of PCR tests, Rapid Antigen tests, self-tests as well as vaccinations

Products & Brands

Strong growth and expansion of product portfolio

Net sales (in million CHF)



International:

- Organic growth **+40.0%**

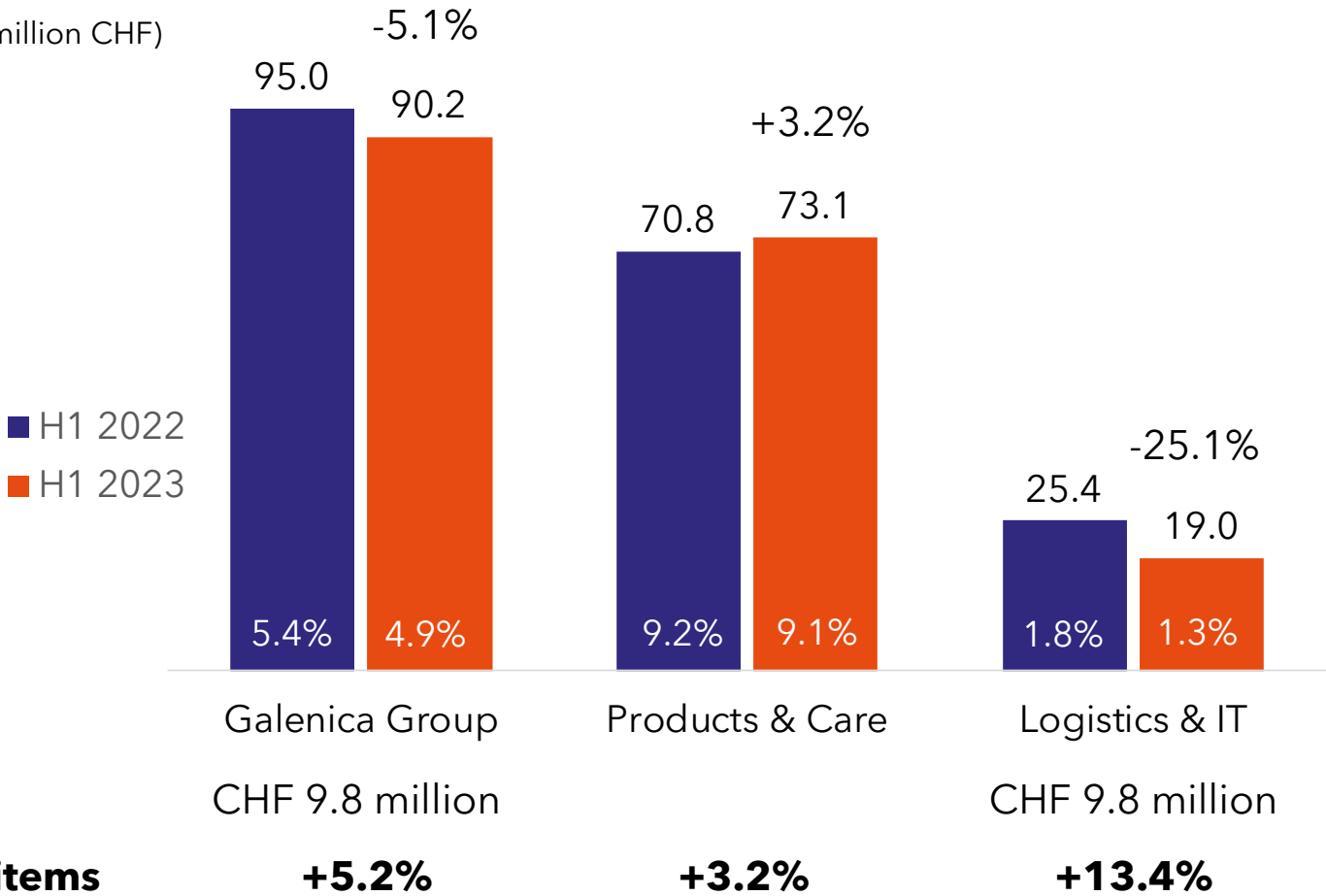
Swiss market:

- Organic growth **+6.0%**
- Growth of market sales CH¹ **+3.6%**
- Market share of **10.2%**¹

1) Product sales to endcustomers of Verfora, Spagyros and Padma products (like-for-like, streetprices), IQVIA PharmaTrend for pharmacies and drugstores in Switzerland, Consumer Health market June 2023

Solid EBIT growth without one-off items

EBIT adjusted¹⁾ (in million CHF)
ROS (in %)



¹ Excluding effects of IAS 19 and IFRS 16, see chapter "Alternative performance measures" of the Half year report 2023
² One-off items of CHF 9.8 million include ComCo sanction of CHF 3.8 million and extraordinary bad debt allowances of CHF 6.0 million (both affecting Logistics&IT)

Products & Care

Investments in future growth slightly reduce ROS

in million CHF	H1 2023	H1 2022	in %
Net sales	804	772	+4.2%
Personnel costs ¹	-185	-168	+10.5%
<i>in % of net sales</i>	-23.0%	-21.7%	
Other operating costs	-110	-104	+5.7%
<i>in % of net sales</i>	-13.7%	-13.5%	
EBIT adjusted¹	73	71	+3.2%
<i>ROS</i>	9.1%	9.2%	

¹ Excluding effects of IAS 19 and IFRS 16, see chapter "Alternative performance measures" of the Half year report 2023

Pleasing EBIT growth without one-off items

in million CHF	H1 2023	H1 2022	in %
Net sales	1,518	1,435	+5.8%
Personnel costs ¹	-75	-72	+4.8%
<i>in % of net sales</i>	-5.0%	-5.0%	
Other operating costs	-60	-46	+29.7%
<i>in % of net sales</i>	-4.0%	-3.2%	
EBIT adjusted¹	19	25	-25.1%
<i>ROS</i>	1.3%	1.8%	

Without one-off items²:

- Other operating costs
CHF -50 million (+ 8.5%)
- EBIT adjusted¹
CHF 29 million (+13.4 %)
- ROS 1.9%

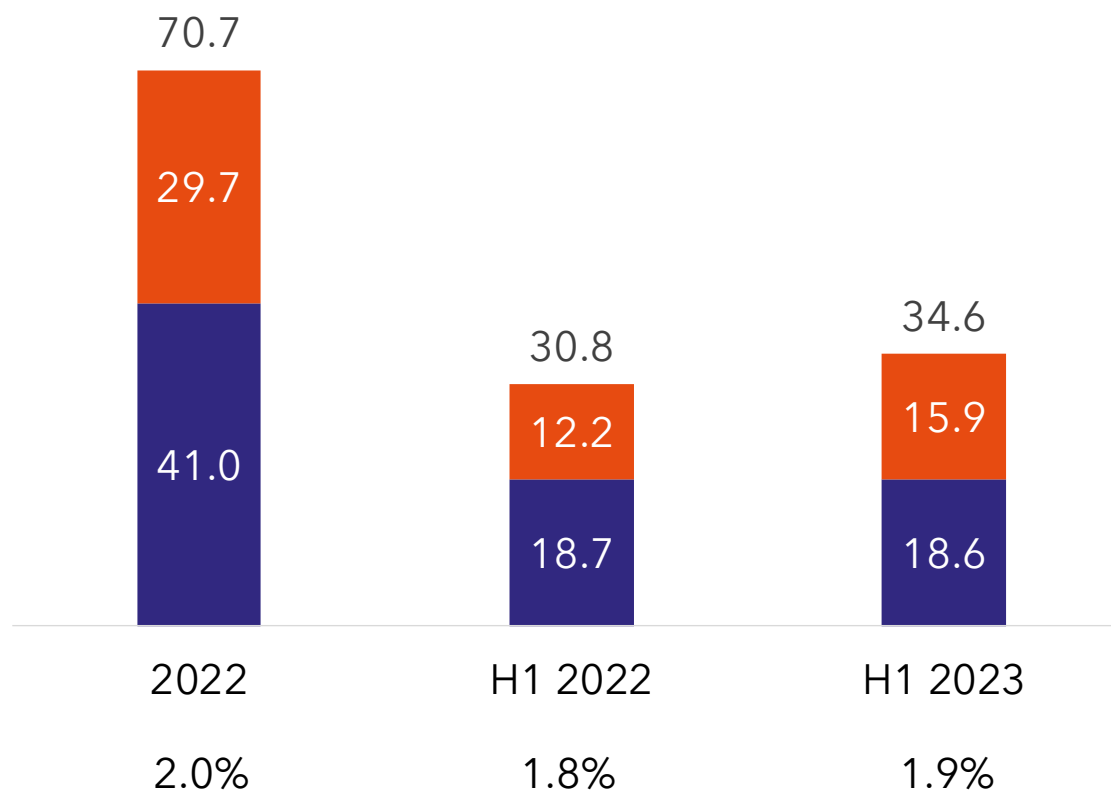
¹ Excluding effects of IAS 19 and IFRS 16, see chapter "Alternative performance measures" of the Half year report 2023

² One-off items of CHF 9.8 million include ComCo sanction of CHF 3.8 million and extraordinary bad debt allowances of CHF 6.0 million

Investments in our future

in million CHF

- Investments in intangible assets
- Investments in tangible assets



Cash Flow Statement

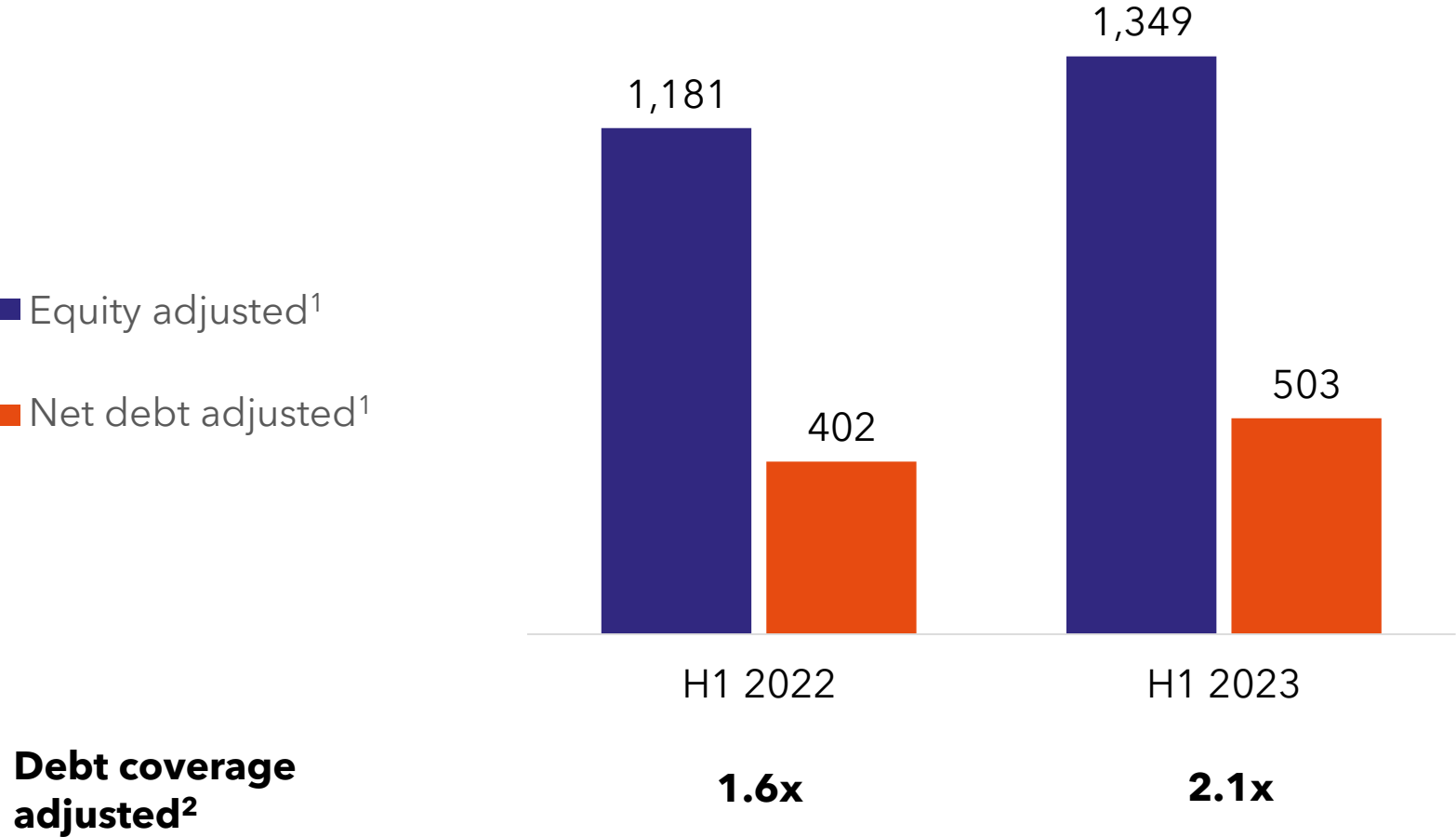
Investments and seasonal effects burden cash flow

in million CHF	H1 2023	H1 2022
Cash flow from operating activities before working capital changes adjusted¹	87.5	104.9
Working capital changes	-109.4	-79.3
Cash flow discontinued operations (operating)	0.9	-12.6
Cash flow from operating activities adjusted¹	-21.0	13.0
Investments in tangible and intangible assets	-31.0	-29.2
Investments in participations	-30.5	-5.4
Cash flow from financial assets	29.3	-4.4
Cash flow discontinued operations (investing)	-0.2	-0.3
Free cash flow before M&A	-53.4	-26.2
Cash flow from M&A	-28.3	-8.5
Free cash flow	-81.7	-34.7

¹ reduced by payment of lease liabilities IFRS16, see chapter "Alternative performance measures" of the Half year report 2023

Strong balance sheet

in million CHF



1 Detail of the adjustments in the Half year report 2023, see chapter “Alternative performance measures”

2 Net debt adjusted / EBITDA adjusted (excluding effects of IAS 19 and IFRS 16), see chapter “Alternative performance measures” of the Half year report 2023

Major regulatory initiatives are delayed

Topic/Initiative	Current status
Distribution margin / SBR V	<ul style="list-style-type: none">– Proposal of SBR V contract and distribution margin model still under discussion– Implementation of a new model expected earliest mid 2024
OTC products: online trade	<ul style="list-style-type: none">– Federal Council will present a proposal, consultation starting in 2023– Implementation of a new law expected earliest in 2027

EBIT guidance lowered due to special factors

- Galenica Group net sales **+3% to +6%**
- EBIT adjusted¹ **at prior year level**
- Dividend for 2023 **at least at prior-year level**

¹ Excluding effects of IAS 19 and IFRS 16, see chapter “Alternative performance measures” of the Half year report 2023

After a short descent we continue uphill!



Q & A

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