

## **PRESS RELEASE**

Ad hoc announcement in accordance with Art. 53 LR

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Subject Galenica Group half year results 2021

### **Strong growth in first half of 2021**

The Galenica Group experienced strong growth in the first half of 2021. Consolidated net sales in the first half of 2021 rose by 9.9% to CHF 1,857.1 million and adjusted EBIT increased by 21.3% to CHF 101.4 million. This despite significant declines in sales due to the absence of seasonal colds and the lack of any flu epidemic at the beginning of the year.

This was due in particular to one-off additional sales in connection with COVID-19, Verfora's portfolio expansion, a pleasing increase in sales of the specialty pharmacy Mediservice and further market share gains in the physicians segment.

### **Highlights from the first half of 2021**

- By the end of June 2021, more than 80,000 antigen and PCR tests and over 38,000 vaccinations were performed in the pharmacies of the Galenica Group.
- The distribution of COVID-19 self-tests as at 7 April 2021 marked the start of one of the largest distribution campaigns in the history of Swiss pharmacies.
- The importance of pharmacies as the first point of contact for healthcare advice increased even further in the period under review due to COVID-19.
- The logistics companies of the Galenica Group are supporting the authorities to assure COVID-19 vaccination-related logistics.
- Verfora is strengthening its leading position in the Swiss consumer healthcare market through acquisitions and new products.
- Thanks to the doubling of online sales of Amavita and Sun Store and the strong growth of the speciality pharmacy Mediservice, "Pharmacies at Home" (mail-order and Home Care) realised a 30.9% increase in sales.
- New offers for specialised physicians enabled Galexis to gain further market shares.

### **Galenica raises its guidance for 2021**

Due to the strong growth and the good results of the first half year, Galenica revises its sales and EBIT guidance for the 2021 financial year: Provided that the increasing mobility of the population will not be restricted again by tighter official measures, Galenica now expects a sales growth of between 5% and 8% (previously: 3% to 5%) and an increase of the adjusted operating result (EBIT, excluding the effects of IFRS 16 and IAS 19) of between 10% and 14% (previously: 5% to 8%). Galenica thereby expects that colds and seasonal flus will remain at a relatively low level in the coming autumn and winter.

## Explanations regarding the new reporting structure in 2021

For the first time, Galenica reports its 2021 half year financial statements on the basis of the new organisational and management structure introduced as of 1 January 2021. The results for the first half of 2020 have been restated for the purposes of comparability with the prior-year period.

The main reporting comprises the two segments “Products & Care” and “Logistics & IT”.

### “Products & Care” segment

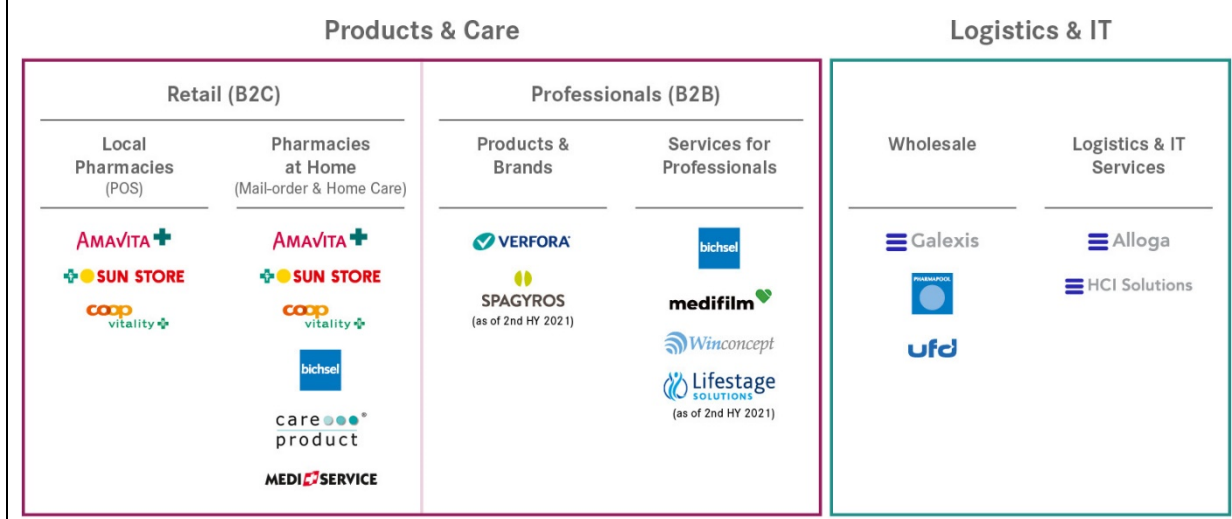
The “Products & Care” segment comprises the “**Retail**” business area with offerings for patients and end customers (B2C) and the “**Professionals**” business area with offerings for business customers and partners in the healthcare sector (B2B).

The “**Retail**” business area comprises the two sectors “**Local Pharmacies**” (POS) and “**Pharmacies at Home**” (mail-order and home care), while the “**Professionals**” business area comprises the “**Products & Brands**” and “**Services for Professionals**” sectors.

These activities focus on the development and marketing of healthcare services and products via the various sales channels: in-store at pharmacies (POS), shipments via mail-order pharmacies and e-shops or at home (home care), as well as business customers.

### “Logistics & IT” segment

The “Logistics & IT” segment comprises the two sectors “**Wholesale**” and “**Logistics & IT Services**”. These provide services for all those involved in the healthcare sector – pharmacies, drugstores, doctors, hospitals and care homes, partners and suppliers. Their activities focus on optimising and further developing the logistics services and service offering as well as providing innovative solutions that promote digitalisation in the healthcare market.



### Key figures of the Galenica Group in the first half of 2021

in CHF million	1st half year 2021	1st half year 2020	Change
<b>Net sales</b>			
<b>Products &amp; Care segment</b>	<b>918.9</b>	<b>809.0</b>	13.6%
- <b>Retail (B2C)</b>	<b>834.3</b>	<b>729.0</b>	14.4%
- Local Pharmacies	616.9	563.0	9.6%
- Pharmacies at Home	217.5	166.1	30.9%
- <b>Professionals (B2B)</b>	<b>88.5</b>	<b>84.0</b>	5.4%
- Products & Brands	59.6	54.6	9.1%
- Services for Professionals	28.9	29.4	-1.5%
<b>Logistics &amp; IT segment</b>	<b>1,377.9</b>	<b>1,283.4</b>	7.4%
- Wholesale	1,328.8	1,237.0	7.4%
- Logistics & IT Services	50.5	48.4	4.4%
Corporate and eliminations	-439.7	-402.0	
<b>Galenica Group</b>	<b>1,857.1</b>	<b>1,690.4</b>	9.9%
<b>EBIT adjusted<sup>1)</sup></b>			
Products & Care segment	<b>76.2</b>	<b>61.8</b>	23.2%
Logistics & IT segment	<b>26.3</b>	<b>22.5</b>	17.2%
Corporate and eliminations	<b>-1.1</b>	<b>-0.7</b>	
<b>Galenica Group</b>	<b>101.4</b>	<b>83.6</b>	21.3%
<b>Net profit adjusted<sup>1)</sup></b>	<b>82.5</b>	68.4	20.6%

1) Excluding the effects of IAS 19 and IFRS 16. Details of the adjusted key figures are explained in the [half year report 2021](#) of the Galenica Group.

## GALENICA GROUP

### Strong growth despite decline in sales in the first quarter of 2021

The Galenica Group generated consolidated net sales of CHF 1,857.1 million in the first half of 2021, corresponding to strong growth of 9.9% compared to the first half of 2020.

After the absence of seasonal colds and people's continued low mobility slowed down the course of business in the first quarter of 2021, it picked up considerably from April 2021 onward. This upward sales trend was driven in particular by one-off additional sales in connection with COVID-19, Verfora's portfolio expansion, a pleasing increase in sales of the specialty pharmacy Mediservice (home care) and further market share gains in the physicians segment.

By way of comparison: the Swiss pharmaceutical market grew by 3.4% in the reporting period (IQVIA, Pharmaceutical Market Switzerland, first half of 2021). As in 2020, this growth was driven by increased sales of high-priced medications, whereas the sold volumes decreased by 7.5% (IQVIA, Pharmaceutical Market Switzerland, first half of 2021).

The adjusted<sup>1</sup> operating result (EBIT), i.e. excluding the effects of the IFRS 16 (Leases) and IAS 19 (Employee Benefits) accounting standards, grew by 21.3% to CHF 101.4 million, in part due to the one-off additional sales in connection with COVID-19.

Adjusted<sup>1</sup> return on sales (ROS) was also increased year-on-year from 4.9% to 5.5%.

Net profit amounted to CHF 79.6 million (+19.9%; previous year: CHF 66.3 million). On a comparable basis, adjusted<sup>1</sup> net profit totalled CHF 82.5 million (+20.6%).

Investments in the first half of 2021 amounted to CHF 24.7 million (first half of 2020: CHF 26.7 million). These were mainly attributable to the modernisation of the distribution centre in Lausanne-Ecublens and the introduction of the new ERP (Enterprise Resource Planning) system at Alloga and Galexis.

### **“PRODUCTS & CARE” SEGMENT**

The “Products & Care” segment generated net sales of CHF 918.9 million (+13.6%) in the first half of 2021. CHF 834.3 million (+14.4%, excluding Coop Vitality) thereof was accounted for by the “Retail” business area (B2C) and CHF 88.5 million (+5.4%) by the “Professionals” business area (B2B).

The “Products & Care” segment therefore clearly outperformed the positive +3.4% trend of the overall market (IQVIA, Pharmaceutical Market Switzerland, first half of 2021).

The adjusted<sup>1</sup> operating result (EBIT), i.e. excluding the influence of the IFRS 16 (Leases) accounting standard, increased by 23.2% to CHF 76.2 million in the first half of 2021 and the adjusted<sup>1</sup> return on sales (ROS) rose from 7.6% to 8.3%.

EBIT in the reporting period was negatively impacted by the continued reduction in sales of pharmacies at high-frequency locations as well as the absence of a seasonal flu outbreak in winter 2020/2021. These negative effects were more than offset by the one-off additional sales generated through offers to combat the COVID-19 pandemic as well as additional sales attributable to Verfora’s portfolio expansion.

Investments in the “Products & Care” segment amounted to CHF 10.6 million (first half of 2020: CHF 11.5 million). They were mainly used for pharmacy reconstructions.

#### **“Retail” business area (B2C)**

In the first half of 2021, the “Retail” business area generated net sales of CHF 834.3 million (+14.4%, excluding Coop Vitality). CHF 616.9 million (+9.6%) thereof was attributable to “Local Pharmacies” (POS) and CHF 217.5 million (+30.9%) to “Pharmacies at Home” (mail-order and home care).

The main drivers of revenue growth in the “Local Pharmacies” sector were the various services offered to combat the COVID-19 pandemic, in particular also the distribution of COVID-19 self-tests.

Mediservice generated a pleasing growth with new drugs for rare diseases in the “Pharmacies at Home” sector. Government-mandated drug price reductions caused sales to decline by -1.1% during the reporting period. Excluding this effect, net sales in the “Retail” business area would have risen by 15.5%.

By way of comparison: medication sales (prescription [Rx-] and OTC products) in the Swiss pharmacy market grew by 2.5% (IQVIA, Pharmaceutical Market Switzerland, first half of 2021).

**Distribution of COVID-19 self-tests at pharmacies:** On 7 April 2021 one of the largest distribution campaigns in the history of the Swiss pharmacies was launched. To combat the COVID-19 pandemic, five COVID-19 self-test kits could be obtained free of charge per person per month upon presentation of a health insurance card. Amavita and Sun Store customers can also have their five tests sent to their home monthly via a subscription.

**Focus on customer needs:** The importance of pharmacies as the first point of contact for healthcare advice increased even further in the period under review due to COVID-19.

By the end of 2020, the pharmacies of the Galenica Group were already offering antigen and PCR tests. In spring 2021, services to combat COVID-19 were expanded with the offer of vaccination by the pharmacies. Additional pharmacy staff has been specially trained for this purpose and the available space in the pharmacies has been adapted accordingly. By the end of June 2021, the pharmacies of the Galenica Group have performed over 80,000 antigen and PCR tests. Additionally, more than 150 Amavita, Sun Store and Coop Vitality pharmacies in 12 cantons were granted permission to vaccinate and have administered over 38,000 doses.

**Mail-order pharmacy gathers pace:** Galenica also linked its online and offline offerings even more closely in the first half of 2021 in order to be present wherever its customers are. Including COVID-19 self-test subscriptions, sales generated by the Amavita and Sun Store mail-order pharmacies doubled in the first six months of 2021; even disregarding COVID-19-related products, they still rose by a pleasing 31.4%.

Since early 2021, Sun Store and therefore all the Galenica Group's pharmacy formats are offering the services of a mail-order pharmacy, which allows patients to order their prescription medication to be delivered directly to their home.

**Mediservice – strong development with drugs for rare diseases:** The specialty pharmacy Mediservice, which focuses on caring for people with chronic diseases, saw a substantial increase in sales of new drugs for rare diseases during the period under review. Mediservice thus made a significant contribution to the strong growth of the "Pharmacies at Home" sector.

#### **"Professionals" (B2B) business area**

In the first half of 2021, the "Professionals" business area generated net sales of CHF 88.5 million (+5.4%), CHF 59.6 million (+9.1%) thereof was attributable to "Products & Brands" and CHF 28.9 million (-1.5%) to "Services for Professionals".

Sales in the "Products & Brands" sector, which mainly comprises the business activities of Verfora, were driven by the broadened partnerships with Angelini Pharma and Allergosan in 2020 as well as the Hedoga Group, which was acquired in July 2020. In addition, the popular ointment Vita-Merfen® was relaunched on the market at the end of 2020. Due to the absence of a seasonal flu season, cold remedies suffered a substantial decline in sales, just as travel-related products.

By way of comparison: the consumer healthcare market declined by 3.7% year-on-year (IQVIA, Consumer Health Market Switzerland, first half of 2021, excluding COVID-19 self-tests).

In the "Services for Professionals" sector, the decline in sales at Winconcept and the year-on-year normalisation of sales at Bichsel Laboratory were offset in part by strong sales growth at Medifilm.

**Acquisitions and new products:** Verfora's acquisition of the range of therapeutic products from Dr. Wild & Co. Ltd., which includes well-known brands such as Vitamin D3 Wild Oil® and VI-DE 3®, allowed the company to secure the rights to strong brands and high-potential marketing authorisations

that ideally complement the current portfolio. With this acquisition Verfora will establish its own physician field service.

In May 2021, the product Algifor® Dolo Duo was added to the Algifor® range – the first painkiller in Switzerland to combine the active ingredients ibuprofen and paracetamol in one tablet.

## “LOGISTICS & IT” SEGMENT

The “Logistics & IT” segment generated net sales of CHF 1,377.9 million (+7.4%) in the first half of 2021. CHF 1,328.8 million (+7.4%) thereof was attributable to the “Wholesale” sector and CHF 50.5 million (+4.4%) to the “Logistics & IT Services” sector.

“Logistics & IT” therefore clearly exceeded the growth of the overall market of 3.4% (IQVIA, Pharmaceutical Market Switzerland, first half of 2021).

COVID-19 continued to impact sales in the “Logistics & IT” segment in the first half of 2021. Additional sales, driven primarily by the coronavirus pandemic, contributed an estimated +4.1% to sales growth. In addition, further gains were made in market share in the physicians segment. On the other hand, the absence of a flu and cold season impacted sales negatively. The negative impact on sales development due to the government-mandated drug price reduction also continued and amounted to -1.2% in the reporting period. Excluding this effect, net sales in the segment would have risen by 8.6%.

The adjusted<sup>1</sup> operating result (EBIT), i.e. excluding the influence of the IFRS 16 (Leases) accounting standard, rose by 17.2% to CHF 26.3 million year-on-year.

The adjusted<sup>1</sup> return on sales (ROS) for the first half of 2021 was 1.9% (first half of 2020: 1.8%), Additional COVID-19-related sales in particular contributed to this development.

Investments totalled CHF 14.4 million in the reporting period (first half of 2020: CHF 15.3 million) and were largely used for the modernisation and renovation of the Galaxis distribution centre in Lausanne-Ecublens as well as for the gradual roll-out of the new ERP software at Alloga and Galaxis.

## “Wholesale” sector

The strong sales growth of +7.4% is partly based on additional sales due to the COVID-19 pandemic. On the other hand, further market share gains were realised with physicians and medical practices, so that sales in this segment increased by 10.5%. This was mainly attributable to offers for oncologists and rheumatologists. In this group of customers, Galaxis was able to position itself as a partner for specialised physicians.

By way of comparison: The physician market grew by 7.2% in the first half of the year (IQVIA, Pharmaceutical Market Switzerland, first half of 2021). As was the case in 2020, non-essential operations and elective interventions in hospitals and by specialist doctors were postponed nationwide in the first half of 2021 due to COVID-19. As a result, hospitals (+2.3%, IQVIA, Pharmaceutical Market Switzerland, first half of 2021) lagged behind the overall market (+3.4%, IQVIA, Pharmaceutical Market Switzerland, first half of 2021).

**Support in assuring COVID-19 vaccine logistics:** In Switzerland, the military pharmacy takes priority, after which each canton determines its own necessary COVID-19 vaccine logistics. As a result, the distribution concept differs from canton to canton. The logistics companies of the Galenica Group are supporting the authorities to assure COVID-19 vaccine logistics, particularly Alloga in the Canton of Bern and UFD in Ticino.

Galexis has put in place separate inventory and distribution logistics to manage the major logistical challenge of distributing COVID-19 self-tests. In the first four weeks after the launch alone, Galexis and UFD delivered over four million self-test kits to pharmacies.

#### **“Logistics & IT Services” sector**

“Logistics & IT Services” generated net sales of CHF 50.5 million (+4.4%) in the first half of 2021. Alloga and HCI Solutions as well as internal Group IT services contributed to this result.

**HCI Solutions programmes interface for coronavirus tests and vaccinations:** HCI Solutions’ activities were also strongly defined by COVID-19 in the period under review. Documedis®, the software for doctors and pharmacies, was approved by the Federal Office of Public Health (FOPH) as a reporting solution for coronavirus tests and vaccinations, whereupon HCI Solutions programmed the corresponding interfaces for the software connection. Since then, pharmacies and medical practices have been able to use the two new functions “Documedis® VAC” and “Documedis® Rapid Test” to capture patient data for vaccinations and tests, print confirmations and transmit the corresponding data to the relevant authorities at the touch of a button.

#### **OUTLOOK**

Due to the strong growth and the good results of the first half year, Galenica revises its sales and EBIT guidance for the 2021 financial year. Provided that the increasing mobility of the population will not be restricted again by tighter official measures, Galenica now expects a sales growth of between 5% and 8% (previously: 3% to 5%) and an increase of the adjusted<sup>1</sup> operating result (EBIT, excluding the effects of IFRS 16 and IAS 19) of between 10% and 14% (previously: 5% to 8%). Galenica thereby expects that colds and seasonal flus will remain at a relatively low level during the coming autumn and winter.

#### **Boosting and expanding pharmacy channels:**

- Boosting and expanding online and offline channels is one of the strategic objectives. Since July 2021, Apodoc Hardbrücke Ltd. in Zurich is part of Galenica’s network of pharmacies. With its own medical practice on its premises, Apodoc is considered a pioneer in integrated patient care.
- To further improve the quality of consultation and services, investments are also being made in physical points of sale. From the second half of 2021, the appearance of the Sun Store pharmacies will be gradually updated with a new concept.
- After the successful conclusion of Amavita’s pilot project with the online-based dermatologists’ network onlinedoctor.ch, this service will be rolled out in around 110 Amavita pharmacies throughout Switzerland during the second half of 2021.

#### **Boosting services for Professionals (B2B):**

- With the acquisition of the range of pharmaceutical products of Dr. Wild & Co. Ltd., Verfora will establish a competent physician field service.
- In addition, Spagyros Ltd. will be integrated into the Galenica Group in the third quarter of 2021. This will put Verfora in a position in future to cover the growing demand for phytotherapeutic and complementary medical drugs with its own products.

#### **Expansion of the nursing homes and home care market:**

- A further step in the Group’s expansion is the acquisition of Lifestage Solutions Ltd., which will enable Galenica to position itself even more strongly in the growth markets of home care and nursing homes. Lifestage Solutions develops and operates a fully integrated digital trading platform for

home care organisations and nursing homes, which simplifies daily workflows for its customers using digitalisation and state-of-the-art technology.

For further details, please see the Galenica Group [half year report 2021](#).

**Live conference call and webcast**

Galenica will host a conference call and webcast today, Tuesday, 3 August 2021, at 2:00 p.m. (CEST).

To watch the webcast, click on the [audio webcast link](#).

If you would like to ask the speakers questions afterwards, also click on the [conference call link](#).

The conference will be held in English. The documents will be available from the website on 3 August 2021 from about 1:30 p.m.

Afterwards, the webcast will be available in the "[Investors](#)" section of the [www.galenica.com](http://www.galenica.com) website.

**Dates for the diary**

20 January 2022:	Publication of 2021 sales figures for the Galenica Group
8 March 2022:	Publication of the results of the 2021 financial year for the Galenica Group
11 May 2022:	Annual General Meeting of Galenica Ltd.

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*Galenica is Switzerland's leading, completely integrated healthcare service provider. With over 500 own, joint venture and independent partner pharmacies, Galenica operates the largest network of pharmacies in Switzerland. In addition, Galenica further develops and offers well-known own brands and products, exclusive brands and products from business partners as well as a variety of on-site health services and tests for customers. Galenica is also the leading provider of pre-wholesale and wholesale distribution services as well as database services in the Swiss healthcare market. Galenica is listed on the Swiss Stock Exchange (SIX Swiss Exchange, GALE, security number 36,067,446).*

Additional information concerning Galenica can be found at [www.galenica.com](http://www.galenica.com).