

Galénica Group

Annual financial statements 2019

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CFO

Media and analysts' conference, 10 March 2020

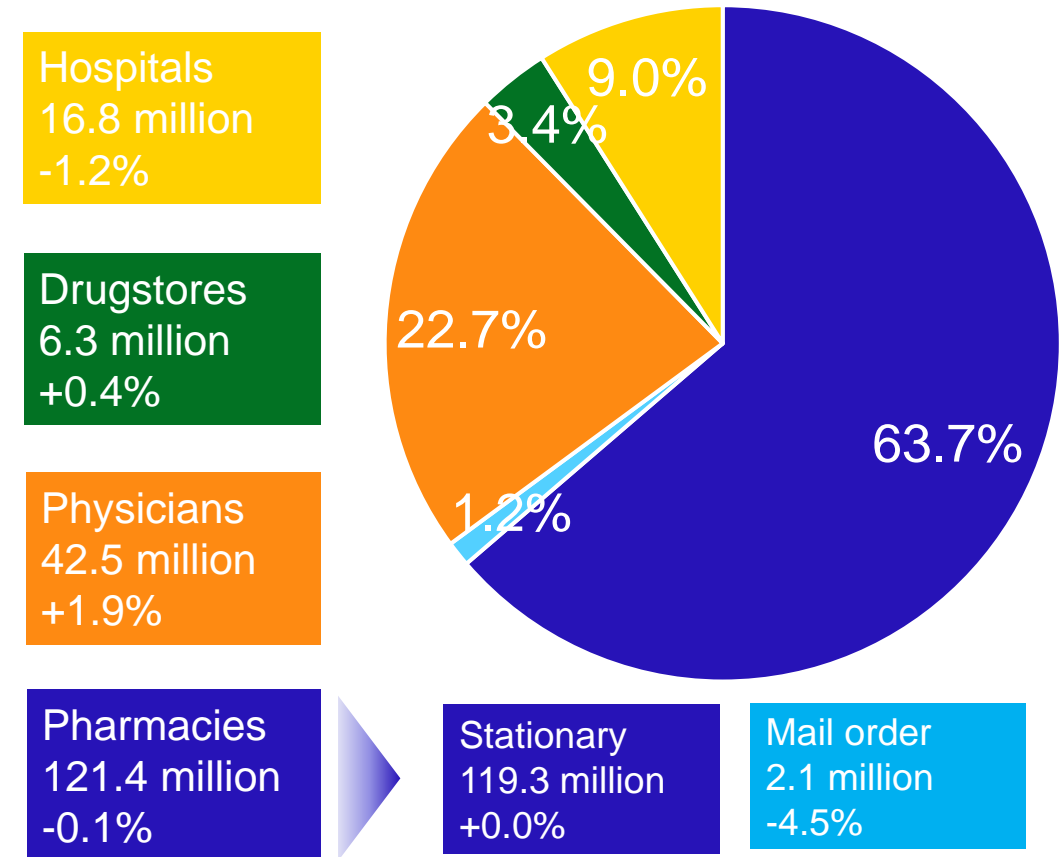
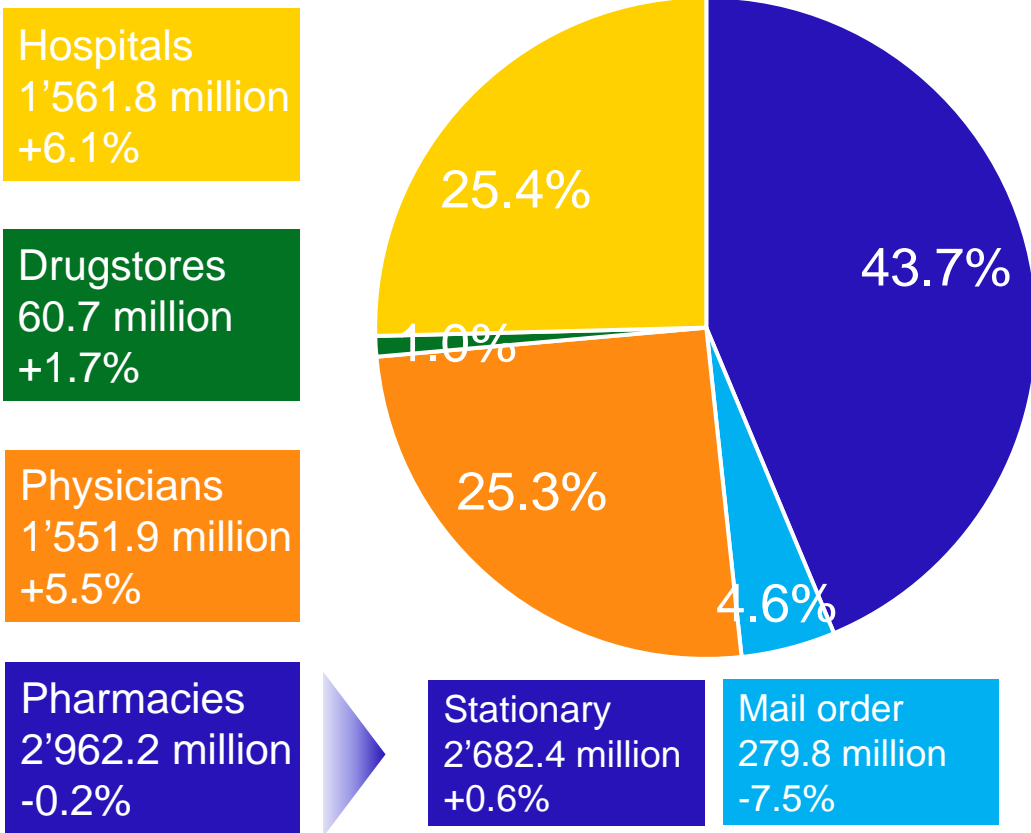
Step by step
upwards



Swiss pharmaceutical market by channel 2019

Value (ex-factory): CHF 6'136.5 million
 CHF +165.2 million / **+2.8%**

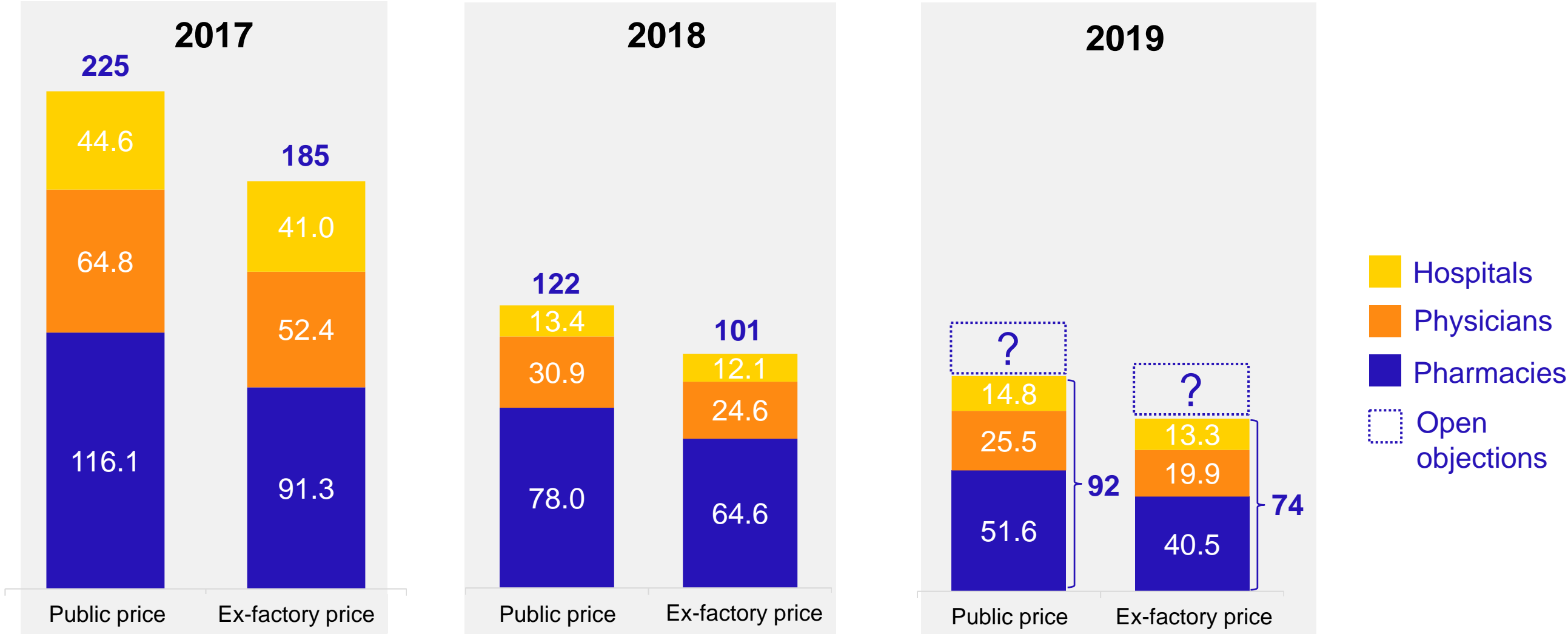
Volume (packs): 187.1 million
 +0.5 million / **+0.3%**



Source: APO/SD/DRO/SPI Index, Swissmedic A, B, C, D
 Medicines Swissmedic lists A, B, C, D, sold from suppliers and wholesalers to hospitals, physicians and drugstores

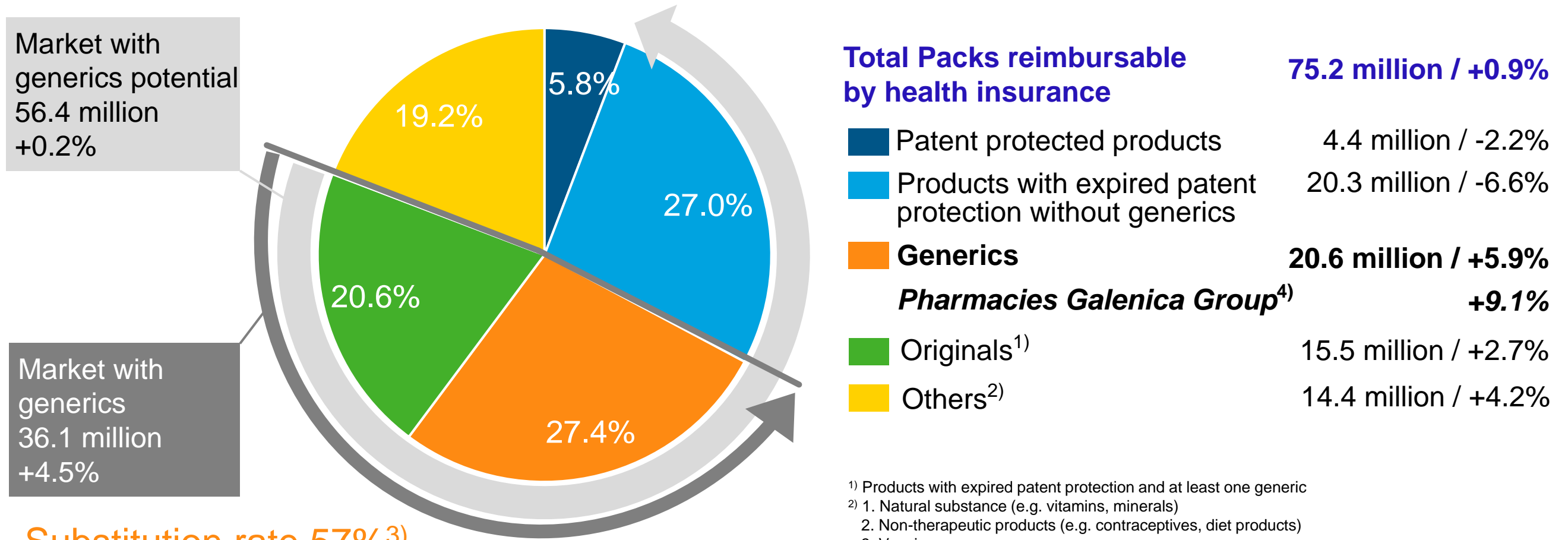
Price reduction rounds 2017 to 2019

Annual savings per channel at public and ex-factory price in million CHF



Analysis FOPH price reductions 2019 – Source: iQPharma - Input FOPH

Generics growth (in volume) in the pharmacy channel 2019

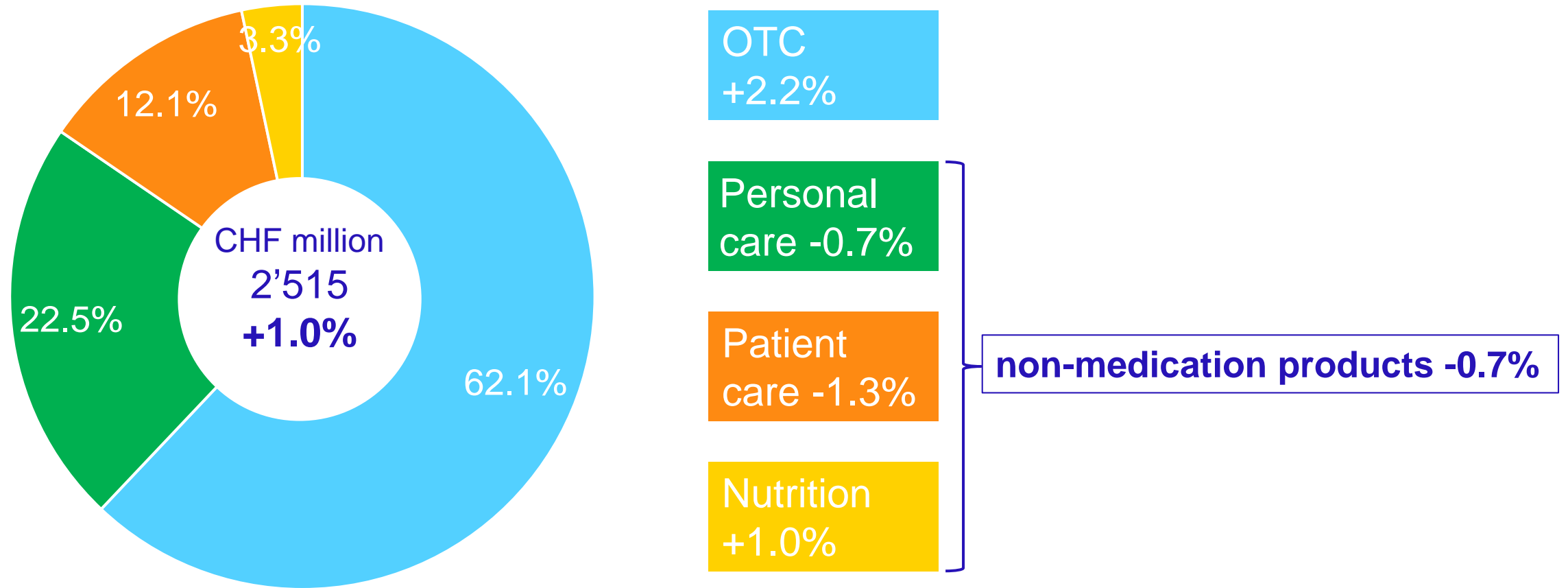


Substitution rate 57%³⁾
Pharmacies Galenica Group⁴⁾ 70%

Source: Market Segmentation, reimbursable products (FOPH) in the pharmacy channel
 Monthly calculation basis, delineated market division, data as of December 2019
⁴⁾ Source: Galenica Group

¹⁾ Products with expired patent protection and at least one generic
²⁾ 1. Natural substance (e.g. vitamins, minerals)
 2. Non-therapeutic products (e.g. contraceptives, diet products)
 3. Vaccines
 4. Diagnostics
 5. Biosimilars
 6. Reference products
³⁾ Generics 20.6 million / market with generics 36.1 million = 57%

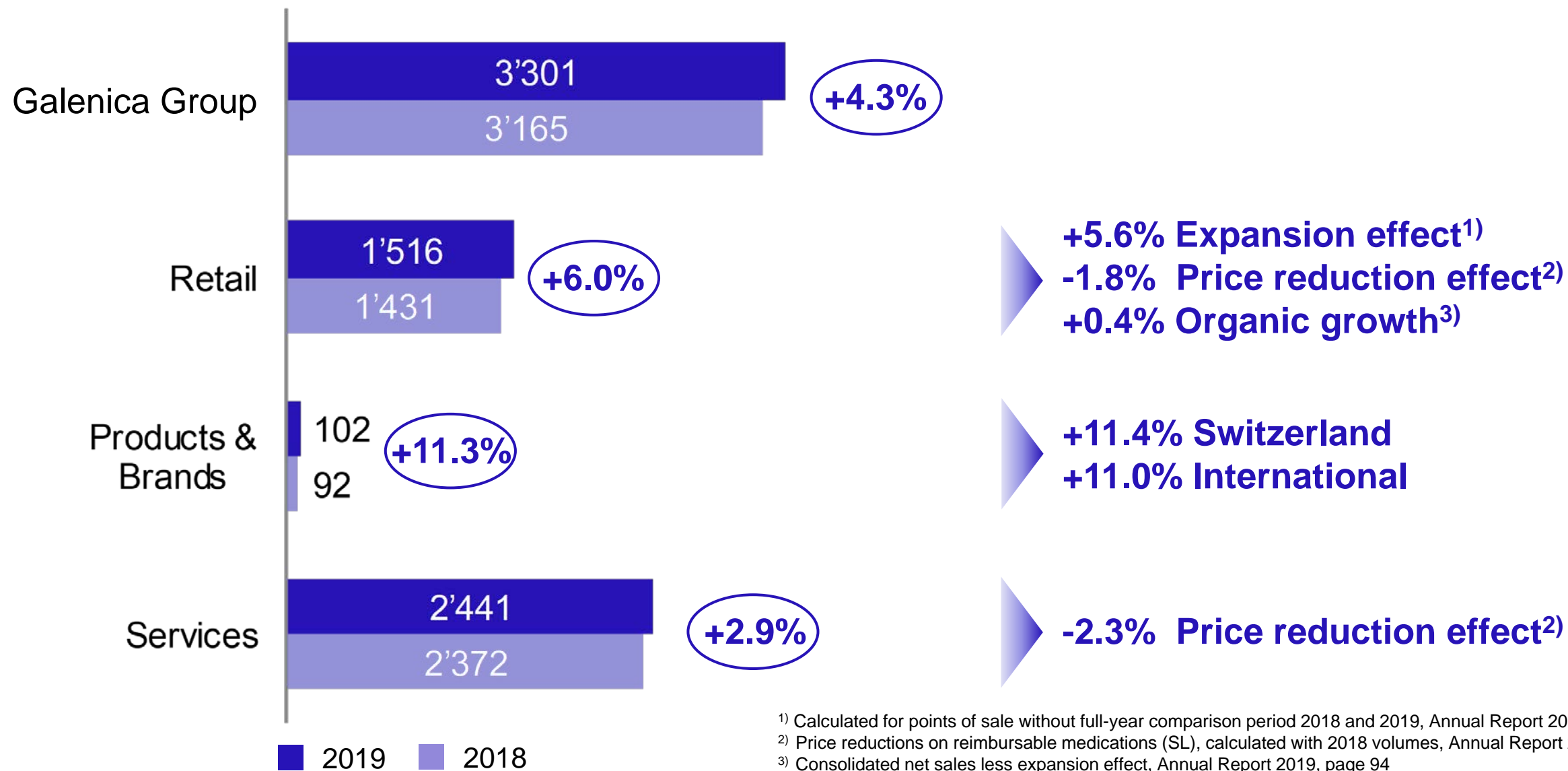
Consumer healthcare market 2019



Source: Pharma Trend for pharmacies and drugstores in Switzerland, streetprices

Sales growth above market

Net sales (in CHF million)

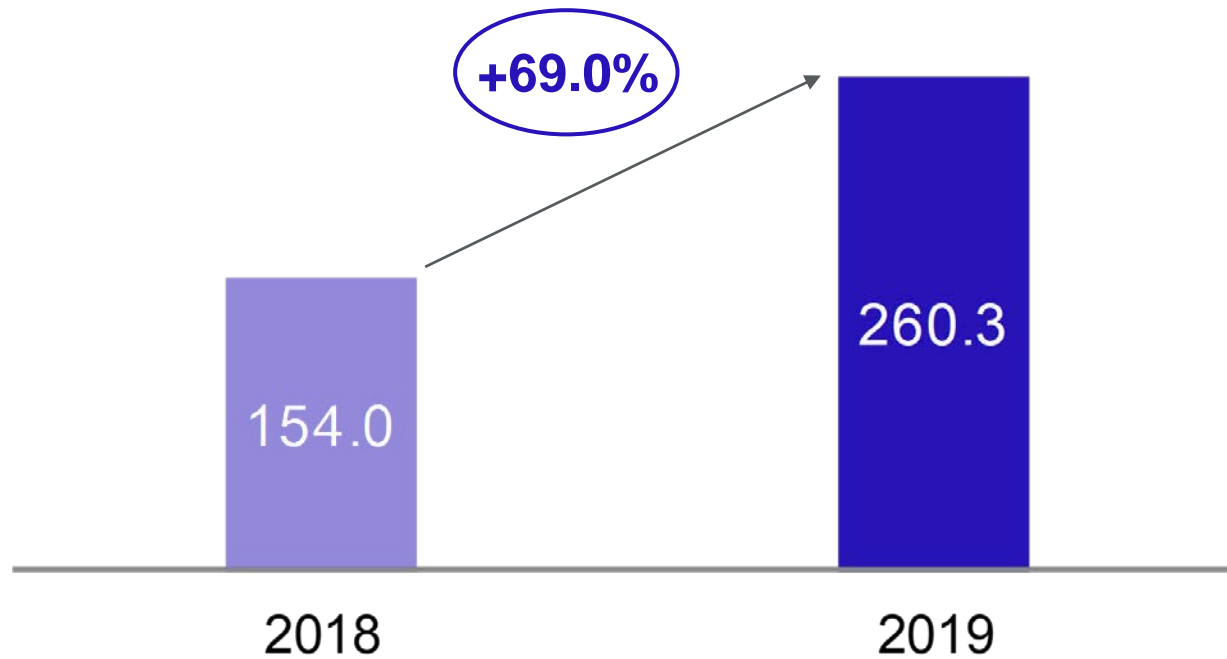


1) Calculated for points of sale without full-year comparison period 2018 and 2019, Annual Report 2019, page 94
 2) Price reductions on reimbursable medications (SL), calculated with 2018 volumes, Annual Report 2019, page 94
 3) Consolidated net sales less expansion effect, Annual Report 2019, page 94

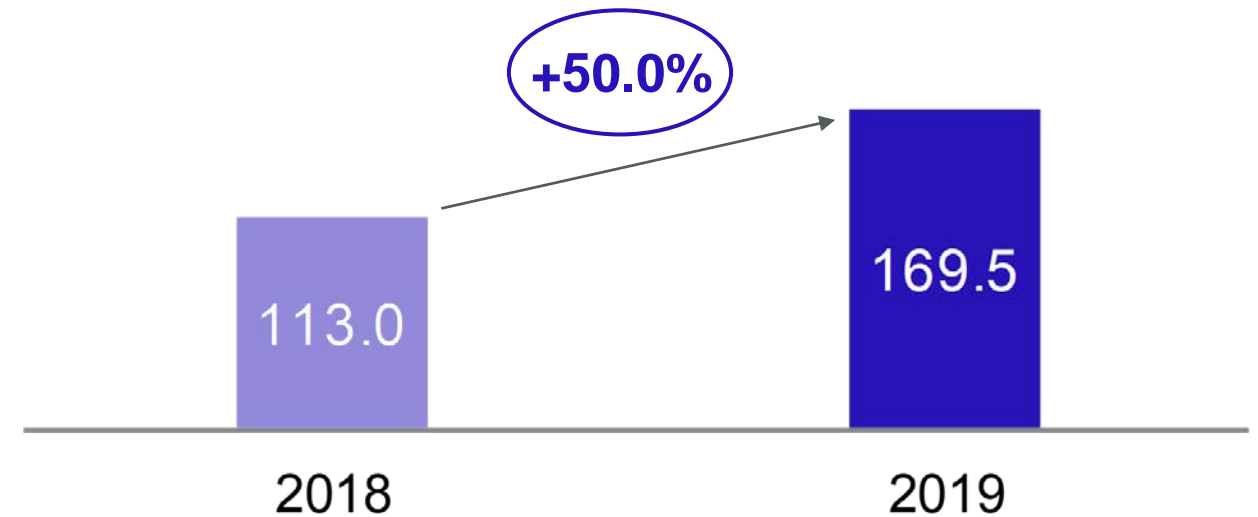
2019

Strong improvement in results

EBITDA (in million CHF)



EBIT (in million CHF)



EBITDA and EBIT adjustments¹⁾

EBITDA (in million CHF)

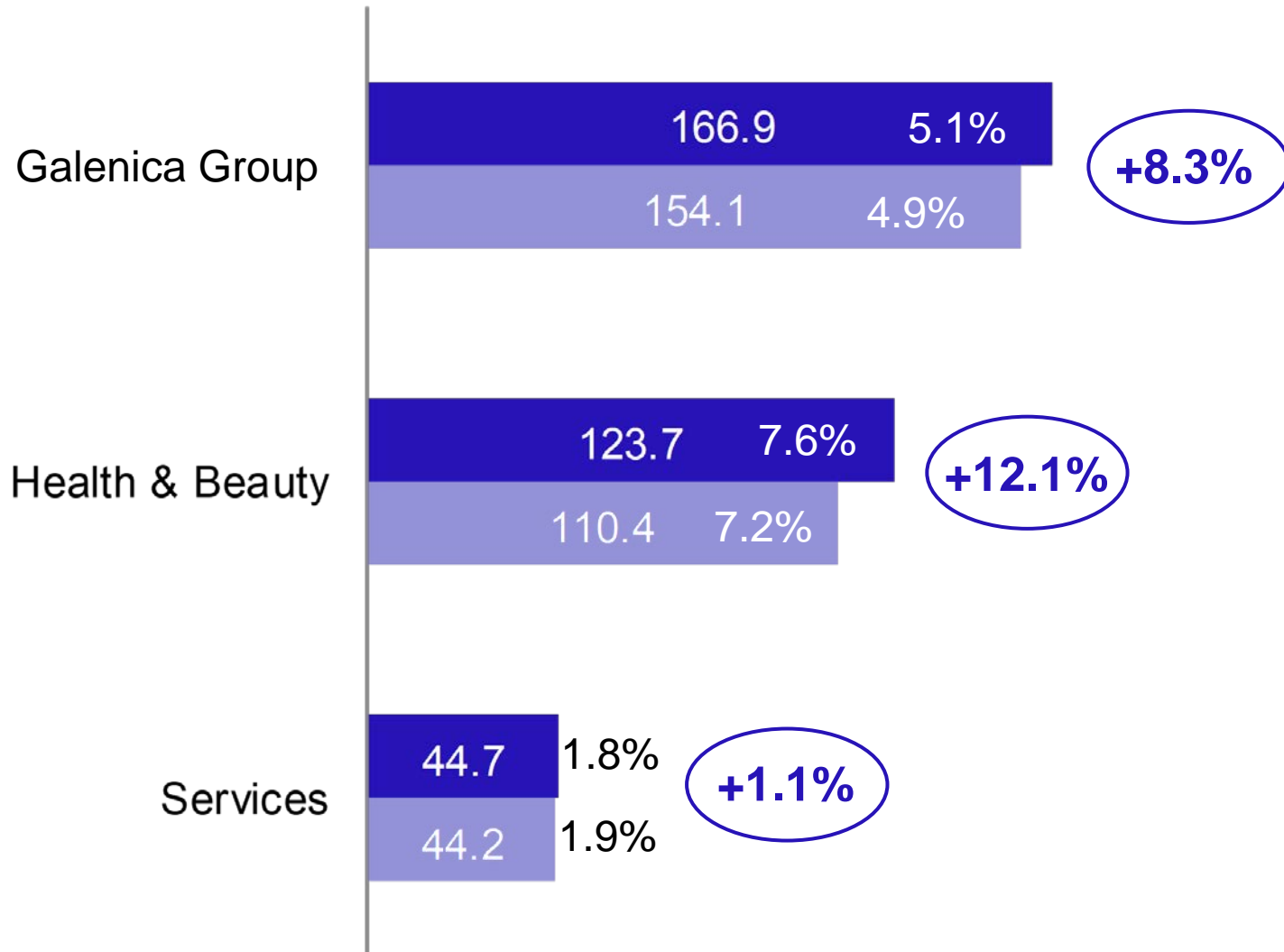
EBIT (in million CHF)

	2019	2018		2019	2018
EBITDA	260.3	154.0	EBIT	169.5	113.0
Adjustment IAS 19	0.1	41.0	Adjustment IAS 19	0.1	41.0
Adjustment IFRS 16	-50.0	-	Adjustment IFRS 16	-2.7	-
EBITDA adjusted	210.4	195.1	EBIT adjusted	166.9	154.1

¹⁾ Details of the adjustments in the Annual Report 2019, pages 95 and 96

Profitability significantly improved

EBIT und EBIT margin adjusted¹⁾
(in CHF million / %)



■ 2019 ■ 2018

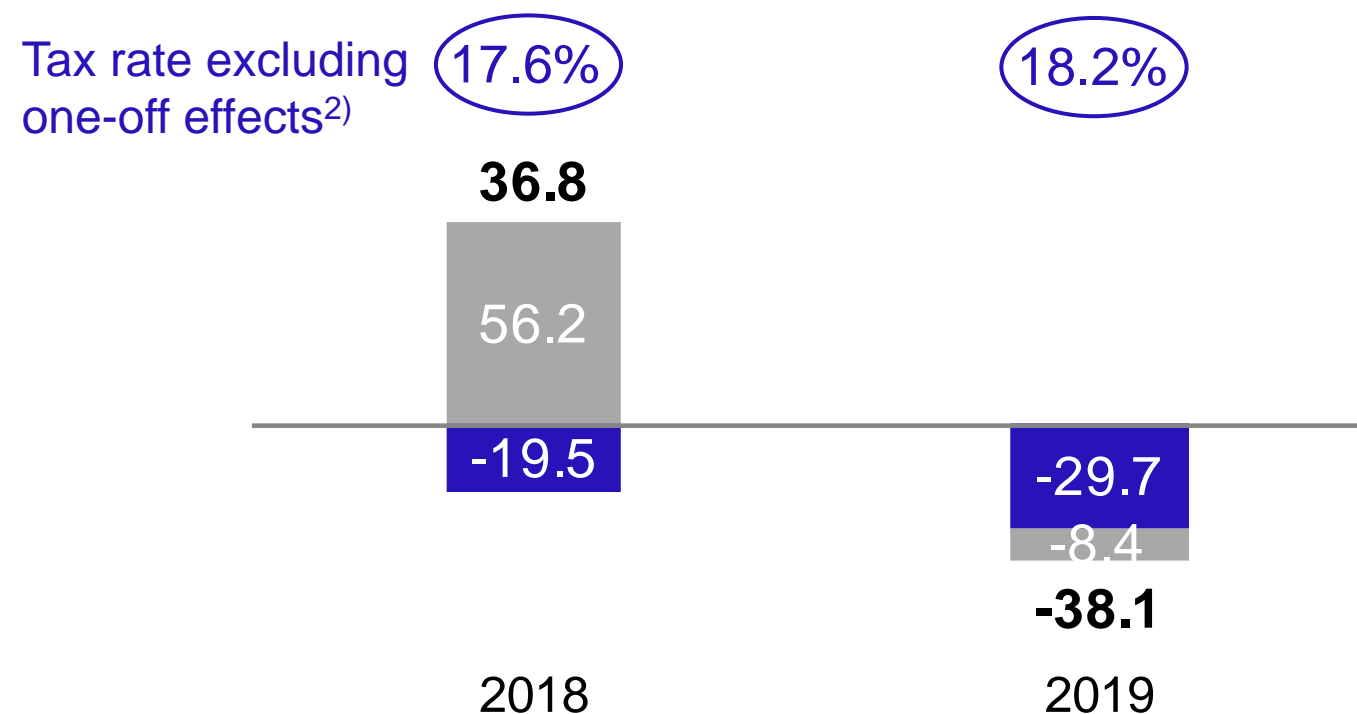
¹⁾ Excluding effects of IAS19 and IFRS16, details of the adjustments in the Annual Report 2019, pages 95 und 96

Financial result and taxes

Financial result (in million CHF)



Taxes (in million CHF)



■ Financial result adjusted¹⁾

■ Effects of IAS19 and IFRS16¹⁾

■ Taxes excluding one-off effects²⁾

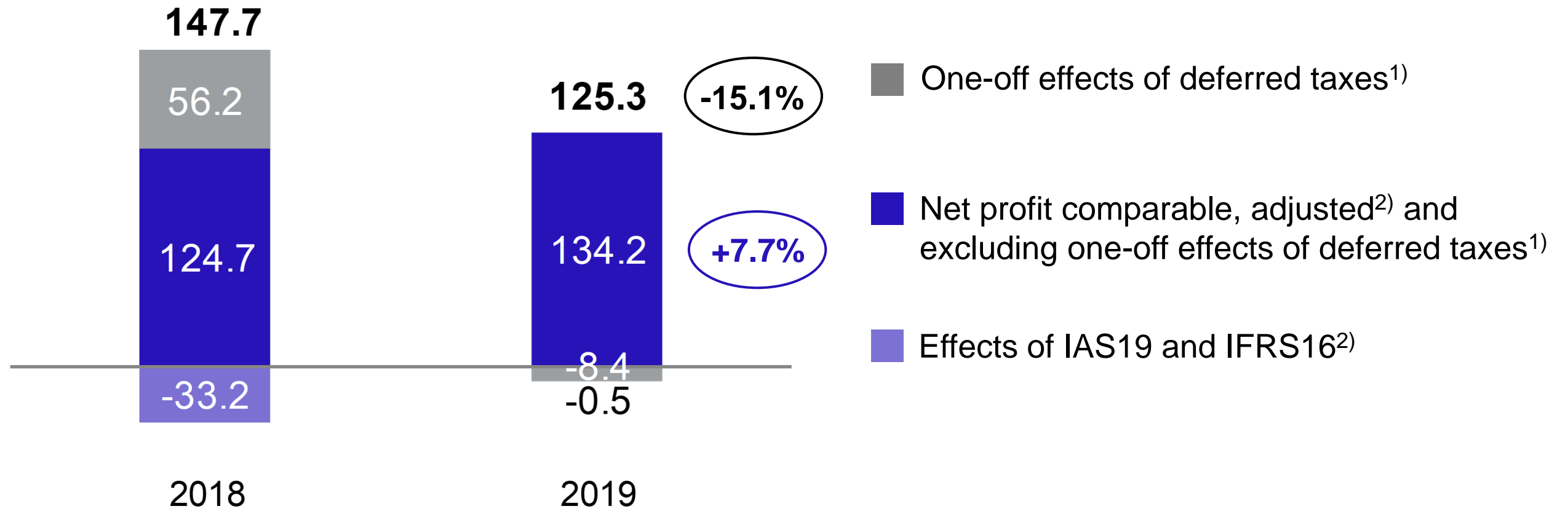
■ One-off effects of deferred taxes²⁾

¹⁾ Details of the adjustments of IAS19 and IFRS16 effects in the Annual Report 2019, pages 95 and 96

²⁾ Details of taxes and one-off effects of deferred taxes in the Annual Report 2019, pages 118 and 119

Comparable net profit improved

(in million CHF)



1) Details of taxes and one-off effects of deferred taxes in the Annual Report 2019, pages 118 and 119

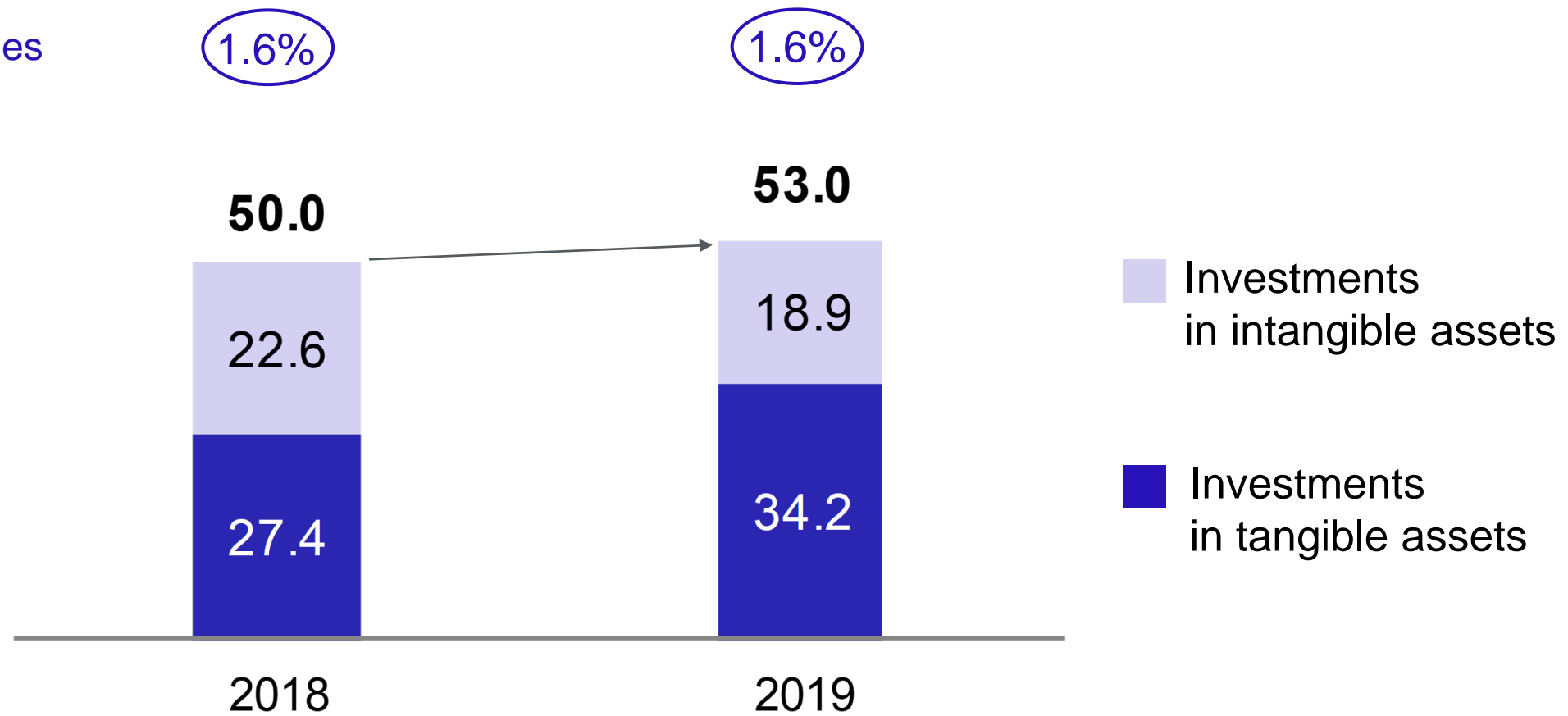
2) Details of the adjustments of IAS19 and IFRS16 effects in the Annual Report 2019, pages 95 and 96

2019

Investments

(in million CHF)

% of net sales



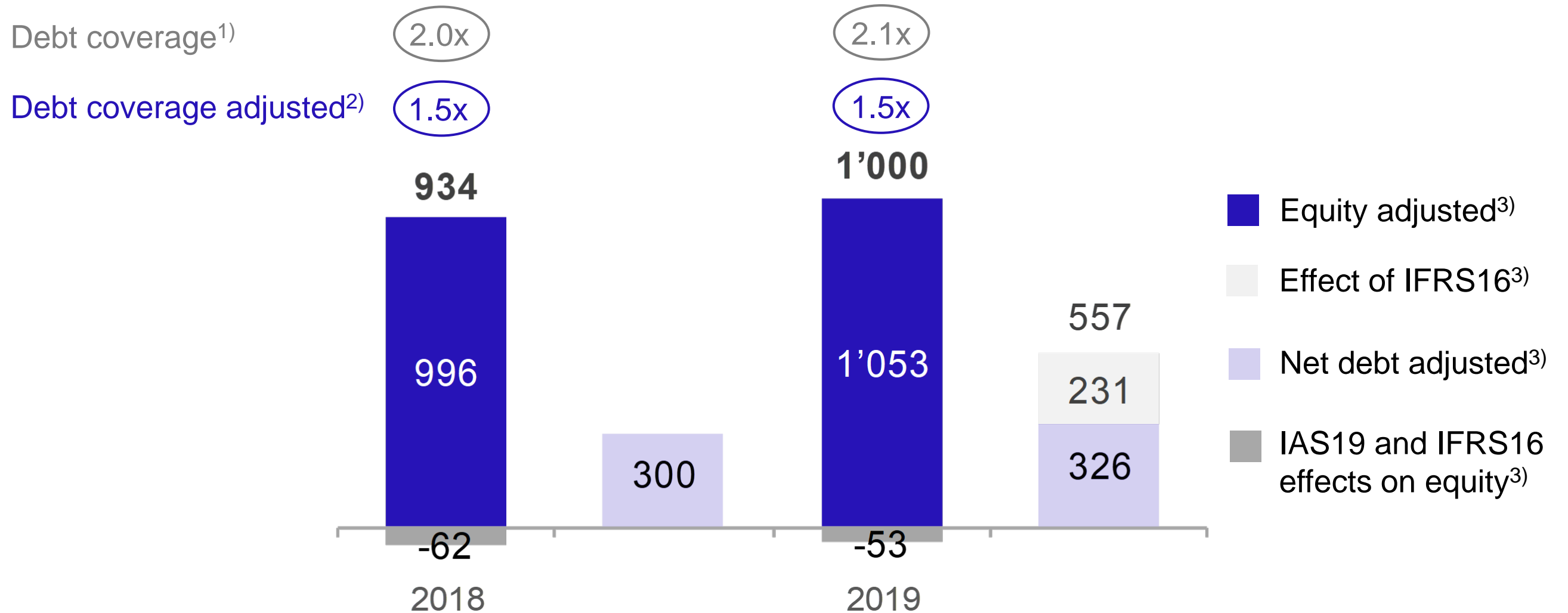
Solid free cash flow¹⁾

in million CHF

	2019	2018	Dev.
Cash flow from operating activities before working capital changes	237.4	181.0	+56.4
Payment of lease liabilities	-47.6	-	
Cash flow from operating activities before working capital changes adjusted	189.8	181.0	+8.8
Working capital changes	13.0	-7.5	
Cash flow from operating activities adjusted	202.8	173.5	+29.3
Cash flow from investing activities without M&A	-57.8	-49.8	
Free cash flow before M&A	145.0	123.7	+21.3
Cash flow from M&A	-77.1	-37.7	
Free cash flow	67.9	86.0	-18.0

Balance sheet strengthened

(in million CHF)



1) Net debt / EBITDA, Annual Report 2019, page 99

2) Net debt adjusted / EBITDA adjusted excluding effects of IAS19 und IFRS16, Annual Report 2019, page 99

3) Detail of the adjustments in the Annual Report 2019, page 98

Value based management¹⁾

(in million CHF)	2019	2018	Dev. %
Invested Capital	1'417.2	1'311.8	+8.0%
Average Invested Capital	1'364.5	1'279.8	+6.6%
Return on Invested Capital (ROIC)²⁾	9.8%	9.7%	
Net Operating Profit after Tax (NOPAT)	133.3	124.0	+7.5%
Cost of Capital ³⁾ (WACC 6.25%)	-85.3	-80.0	-6.6%
Galenica Economic Profit (GEP)	48.0	44.1	+9.0%

1) Details on value based management in the Annual Report 2019, page 100

2) Calculated with NOPAT in % of average invested capital, Annual Report 2019, page 100

3) Calculated with average invested capital multiplied with WACC (6.25%), Annual Report 2019, page 100

Dividend 2019

Proposal to the Annual General Meeting

(in CHF)	2019	2018	Dev. %
Gross dividend per share	1.80	1.70	+5.9%
of which paid out from retained earnings	0.90	-	
of which paid out from capital contribution reserves	0.90	1.70	

Outlook 2020

- Galenica Group net sales +1% to +3%
- EBIT (excluding the effects of IAS19 & IFRS16) +3% to +6%
- Dividend for 2020 at least at prior-year level

Step by step
upwards



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