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# Strategic positioning of Galenica

Well prepared  
in a challenging market environment

Jean-Claude Clémenton  
CEO

Media and Analyst Conference, 12 March 2019

# 2018 in figures

## Pleasant development in all Business sectors

### Despite additional drug price reductions

→ Solid sales growth

→ Above-average EBIT growth

→ Dividend increase of 3%

### Galenica Group:

In million CHF

Sales:	3,165.0	+ 0.8%
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EBIT <sup>1)</sup> :	154.1	+ 9.1%
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Net profit <sup>1)</sup> :	124.7	+ 9.5%
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Dividend <sup>2)</sup> :	CHF 1.70 per share
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<sup>1)</sup> Comparable basis

<sup>2)</sup> Proposal to the Annual General Meeting on 2 May 2019

# Corporate Executive Committee

## New Head Products & Brands (as of January 2019)

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**Jean-Claude Cléménçon**  
CEO



**Felix Burkhard**  
CFO



**Daniele Madonna**  
Head Retail



**Thomas Szuran**  
Head Products & Brands



**Christoph Amstutz**  
Head Services

## New Chairwoman and strengthening of the Board of Directors

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### **Daniela Bosshardt-Hengartner**

proposed for election as the new Chairwoman

- Pharmacist ETH
- Management consulting & finance
- Member of the Board of Directors since 2017



### **Markus R. Neuhaus**

proposed for election as a member of the Board of Directors

- PhD in law
- Certified tax expert
- Finance and business administration



# Galenica is well prepared...



## Retail



## Products & Brands



## Services



# Galenica is well prepared

... and is a partner for all players in the healthcare market



**Retail**

**Products & Brands**

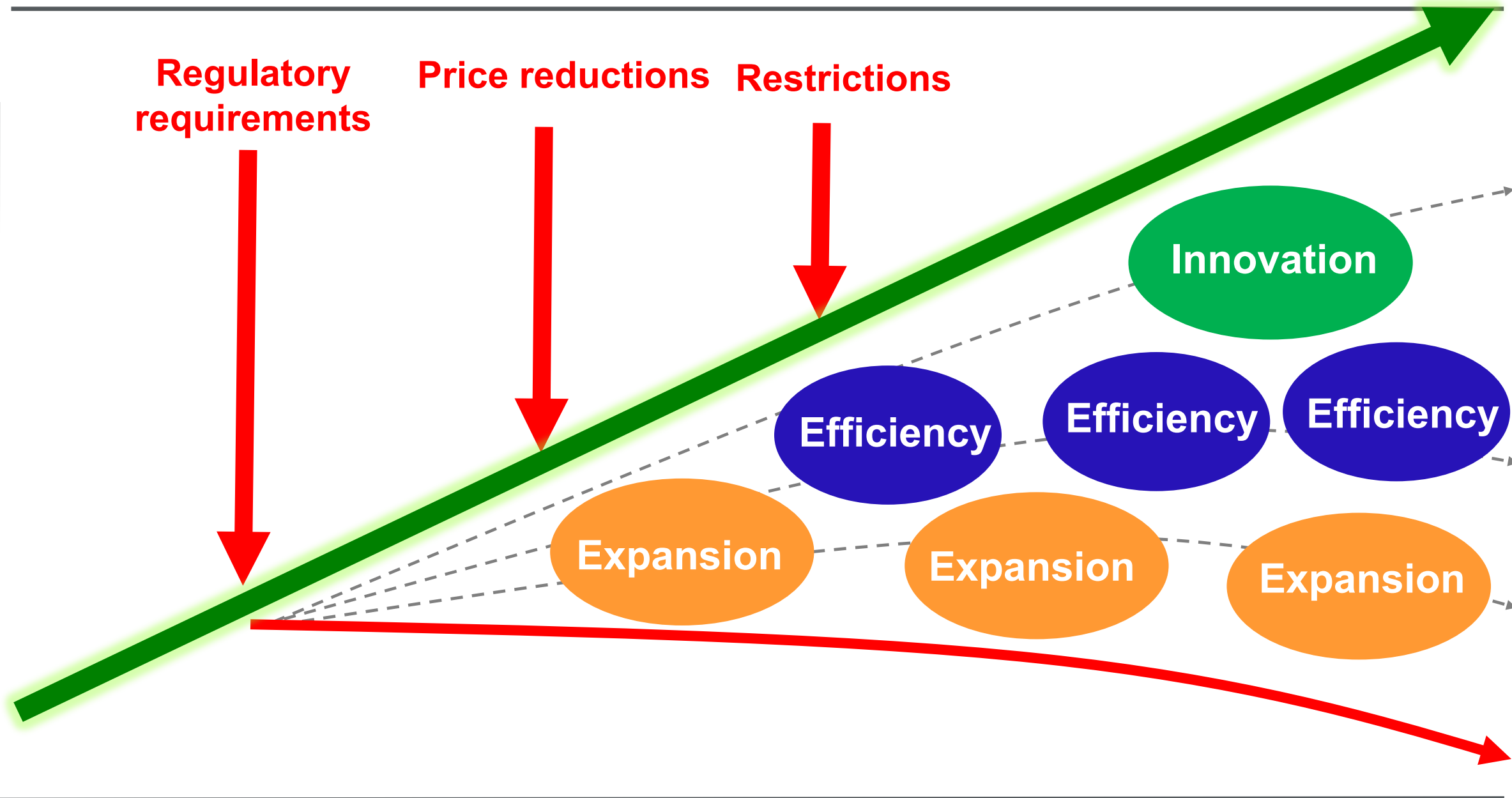
**Services**

Reliable partner for all market participants



# Overcoming challenges

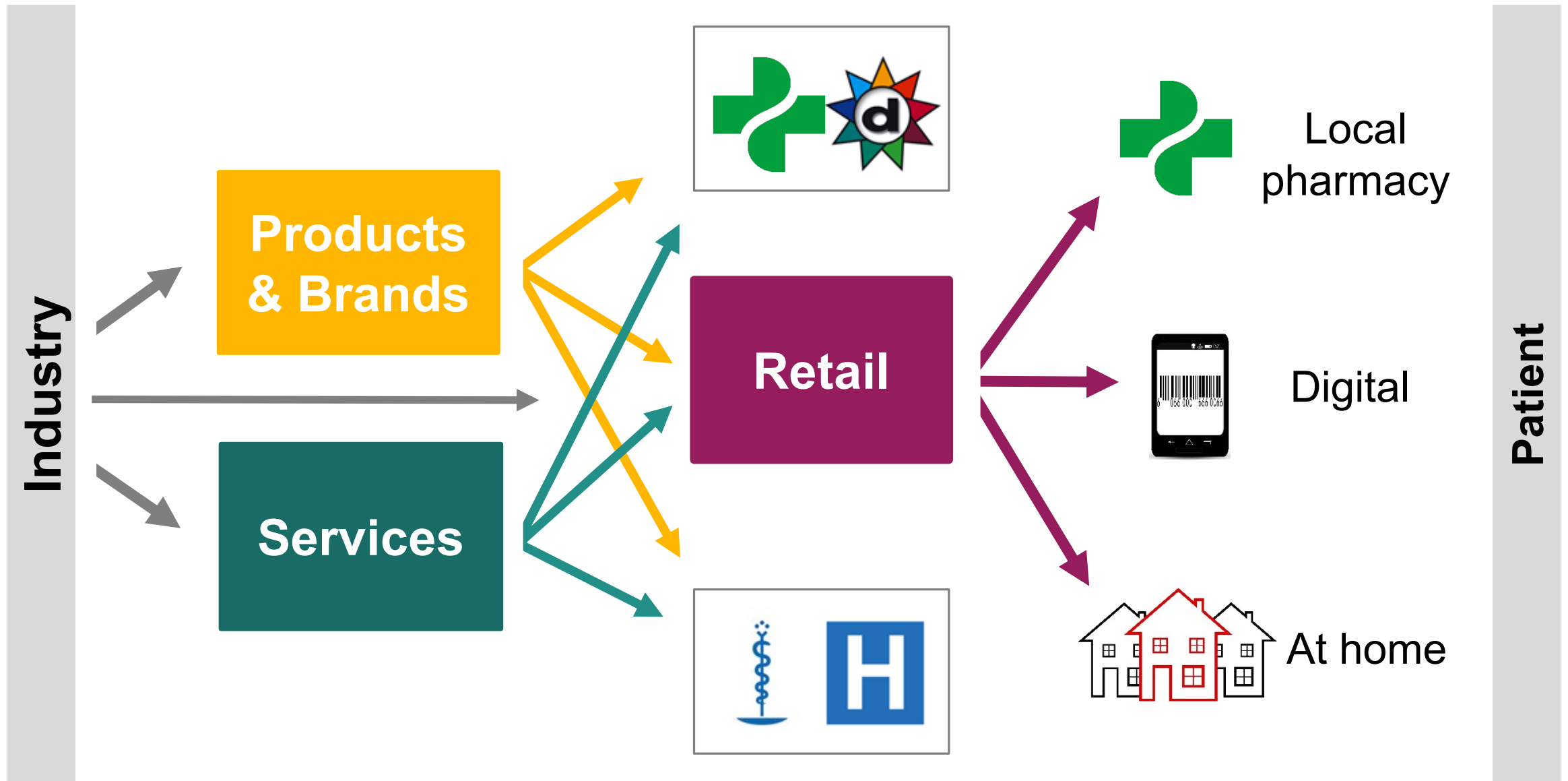
thanks to expansion, innovation and efficiency





# Omni-Channel

Networked with all healthcare market players and across all channels





## Further progress on all three development axes

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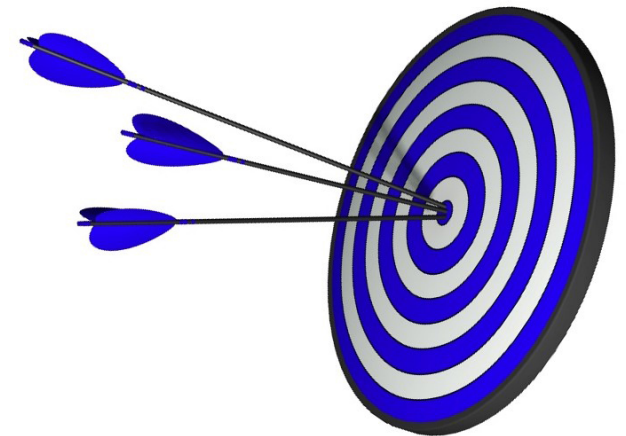
**Expansion**



**Innovation**



**Efficiency**



# Expansion

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# Expansion

## 2018: 13 new pharmacies – 2 new online offerings

### Over 500 points of sale!

- Own pharmacies: **345**
- Total network: **> 500**

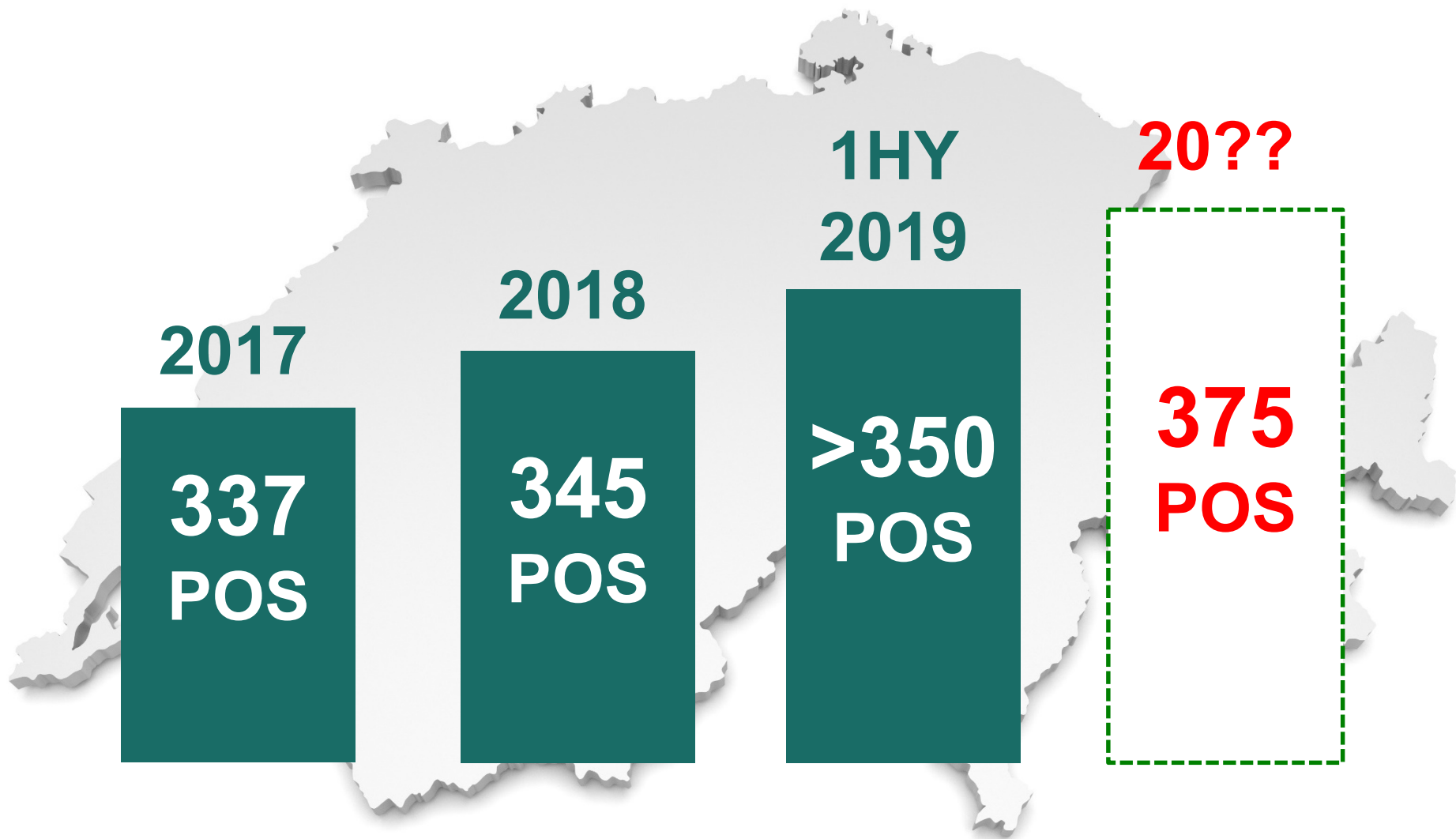


### Online offerings

- Careproduct
- Puresense



2019: further expansion and optimisation of the pharmacy network



# Expansion

## 2018: product portfolio and partnerships expanded



No. 1 in the Swiss Consumer Healthcare market

### Product portfolio

- Algifor®
- Perskindol®
- Anti-Brumm®



### New partnerships

- Spagyros
- Oenobiol





Expansion

2019: develop partnerships and portfolio (from January 2019)



# Innovation

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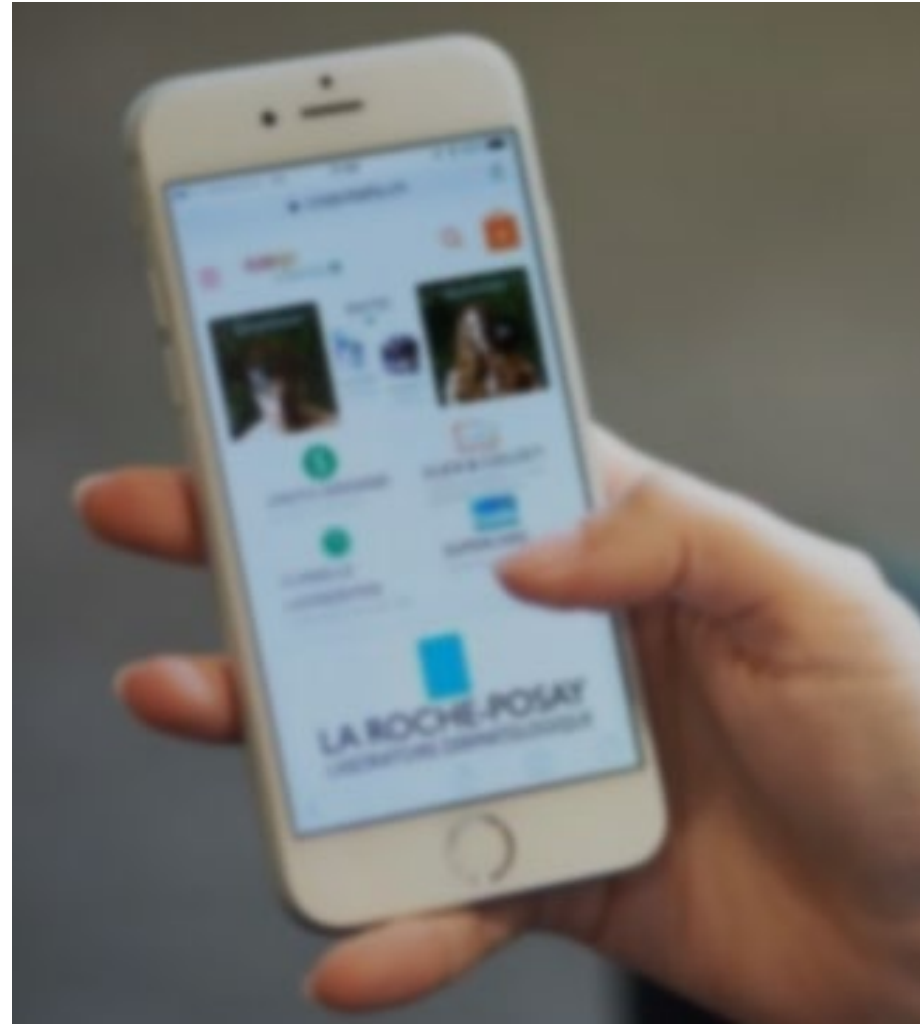


# Innovation

## 2018: Omni-Channel expanded

### Online pharmacy

- All formats
- 40,000 products
- Incl. product information
- Know-how expansion

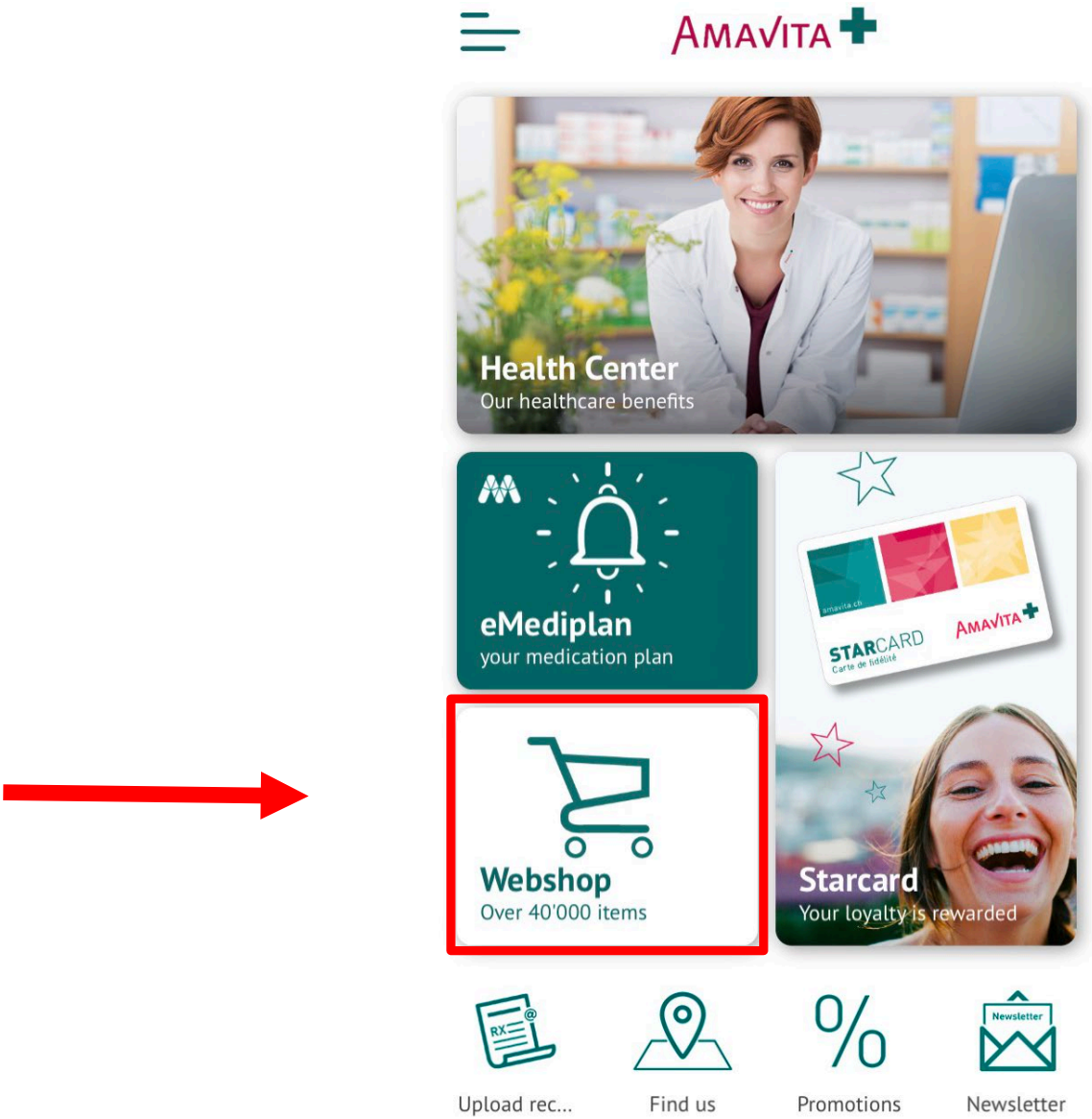


Ambition: > 100,000 products



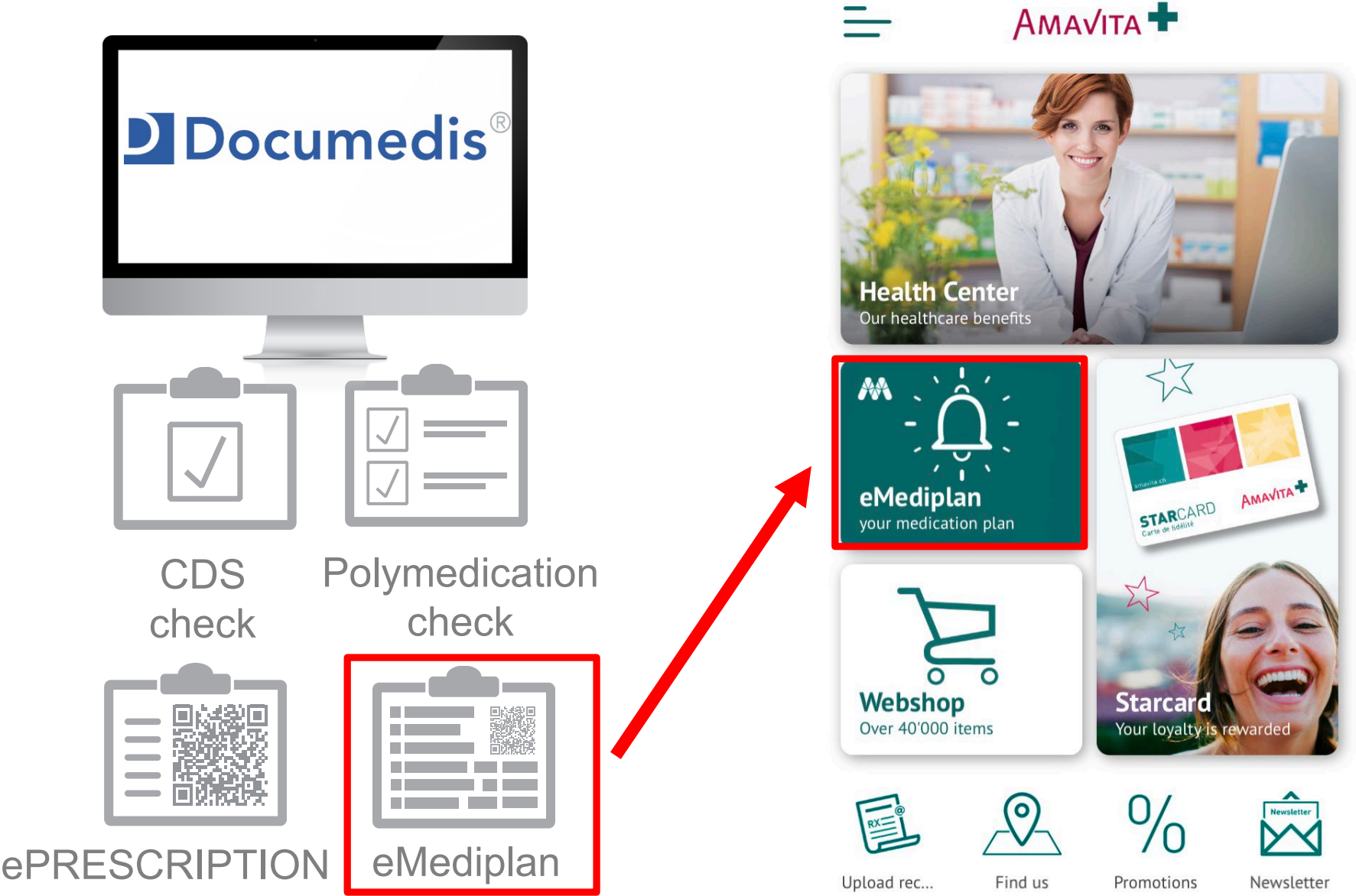
# Innovation: supporting patients

## Combine Omni-Channel!



# Innovation: supporting patients


## The right medicine at the right time in the right dosage




# Innovation: health centre


## Online services and prevention offerings




AMAVITA+




**Health Center**  
Our healthcare benefits




**eMediplan**  
your medication plan




**Webshop**  
Over 40'000 items




**Starcards**  
Your loyalty is rewarded




Upload rec...



Find us



Promotions



Newsletter

Innovation: fast, simple, safe, everywhere

## Providing personal care to patients at home with new technologies

Mediservice personally cares for 10,000 patients

- At home
- By phone
- Via e-mail
- And now also with video therapy support





# Innovation: umbrella brand strengthens recognition

## For the specialist retail trade and for patients!



**Pollus Juckus**  
kitzelt wieder  
in der Nase

**Wirkt bei Heuschnupfen**  
natürlich antiallergisch.

Erhältlich in Ihrer Apotheke und Drogerie. VERFORA AG

**Gegen**  
**Heuschnupfen**

**VERFORA®**  
**Trioфан®**  
Heuschnupfen

Ectoin 2%

Erwachsene und Kinder

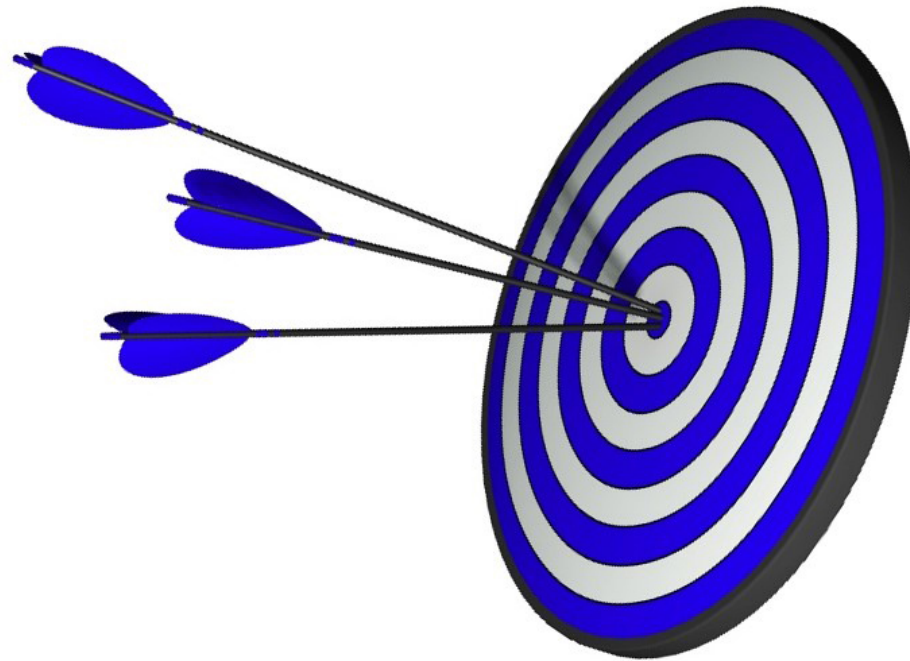
Antiallergischer  
Nasenspray

20 ml



# Efficiency

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## Retail: standardisation shows effect

- Triapharm®
- Central back office
- Direct invoicing
- Generics substitution rate in Retail: **70%!**



## Services: investing in the future

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- New ERP solution at Alloga and Galexis
- Modernisation of Galexis distribution centre at Lausanne-Ecublens
- Introduction of new blister machines at Medifilm
- Solar energy production at Alloga



Galexis – Lausanne-Ecublens distribution centre



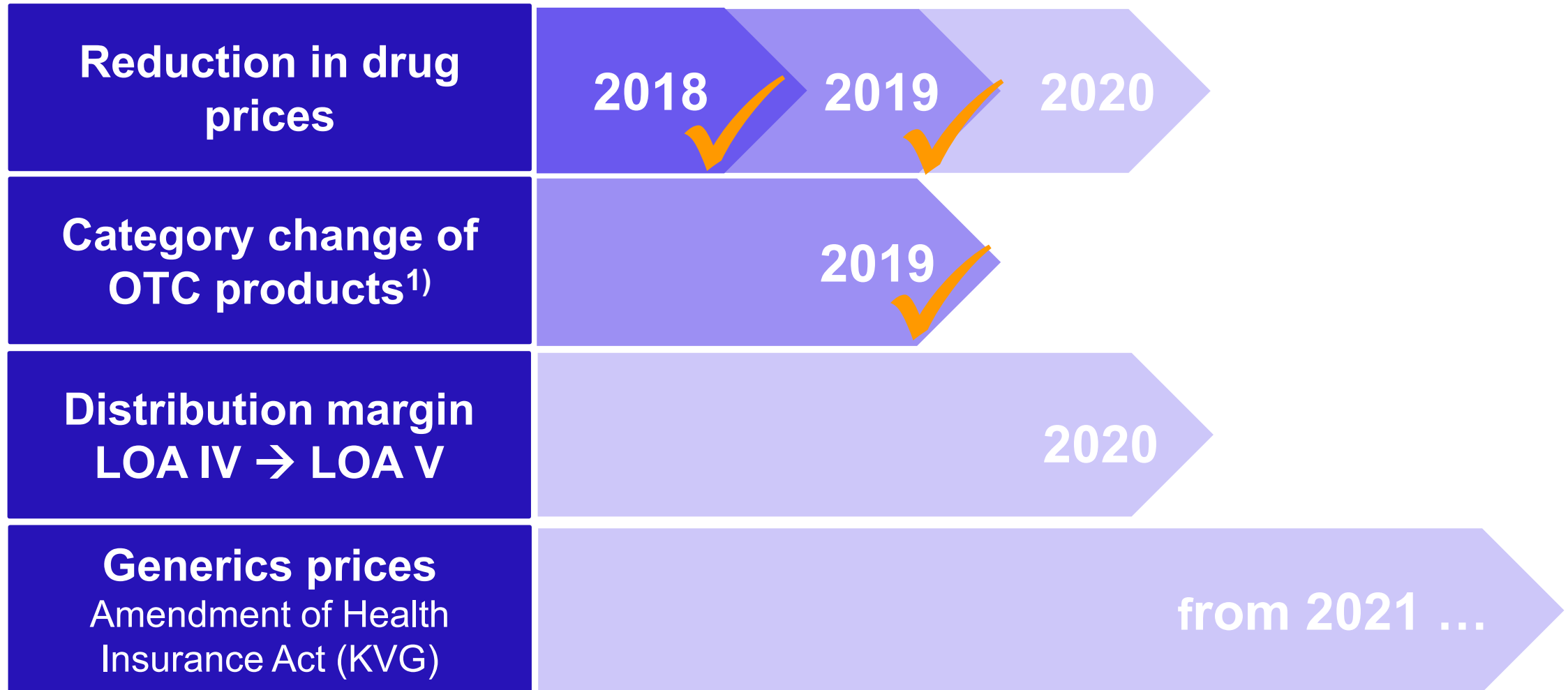
Alloga – largest solar installation in the Bern region



# Regulatory and political environment



# Authorities: measures and projects



<sup>1)</sup> Swissmedic categories C, D

# Reduction of drug prices 2018 – 2020

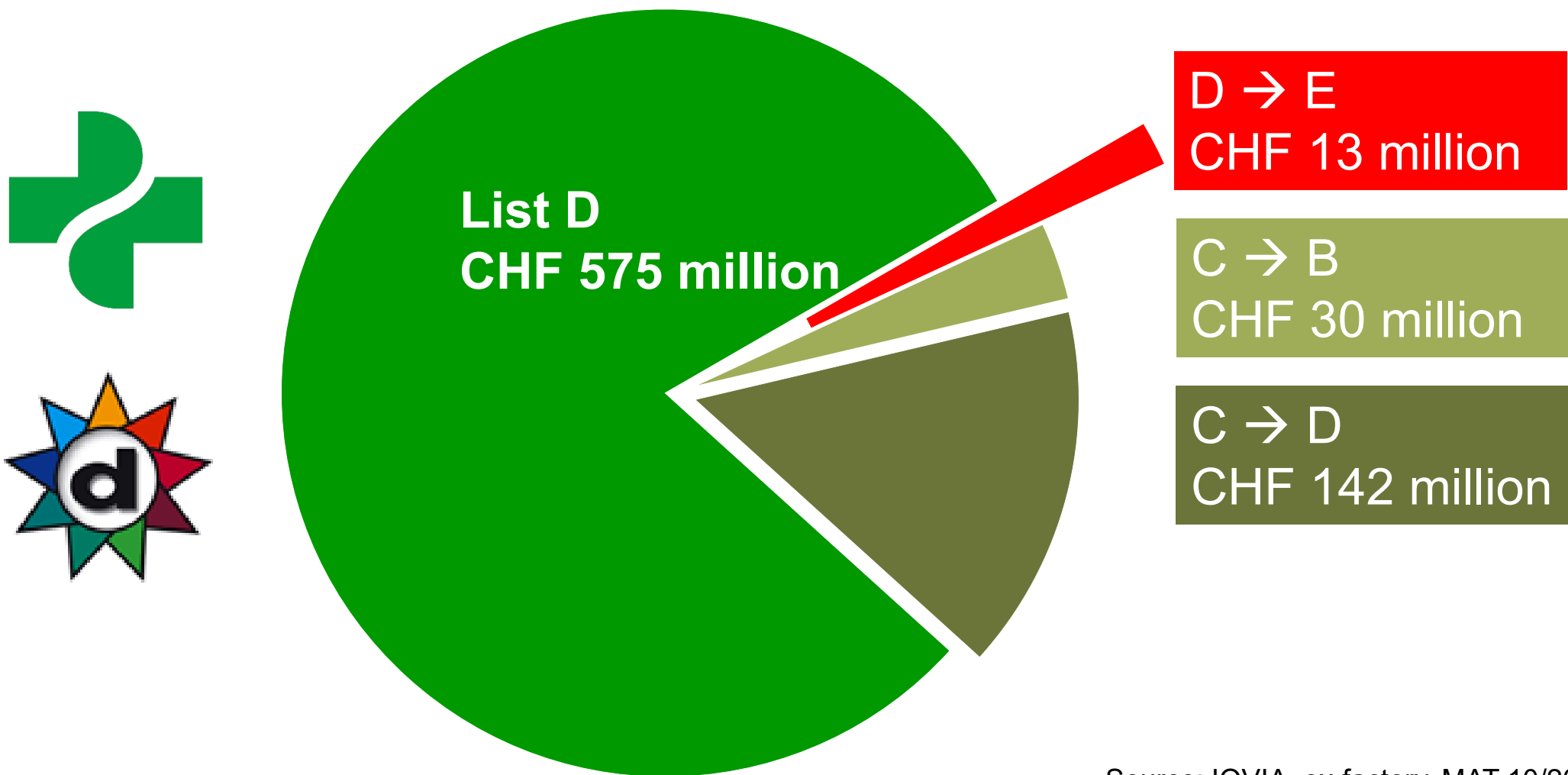
in million CHF	Originally announced (average)	Subsequent increase	Effective savings 2018	Effective savings 2019	Effective savings 2020
2017	80	190	225		
2018	80	100	–	open	
2019	80	open	–	–	open
Total	240				

Source: Various press releases from the Federal Office of Public Health (FOPH)

# Category change of OTC products

## Strengthening of the specialist retail trade

→ Less than 10% of products will leave the specialist retail trade!



Source: IQVIA, ex-factory, MAT 10/2018

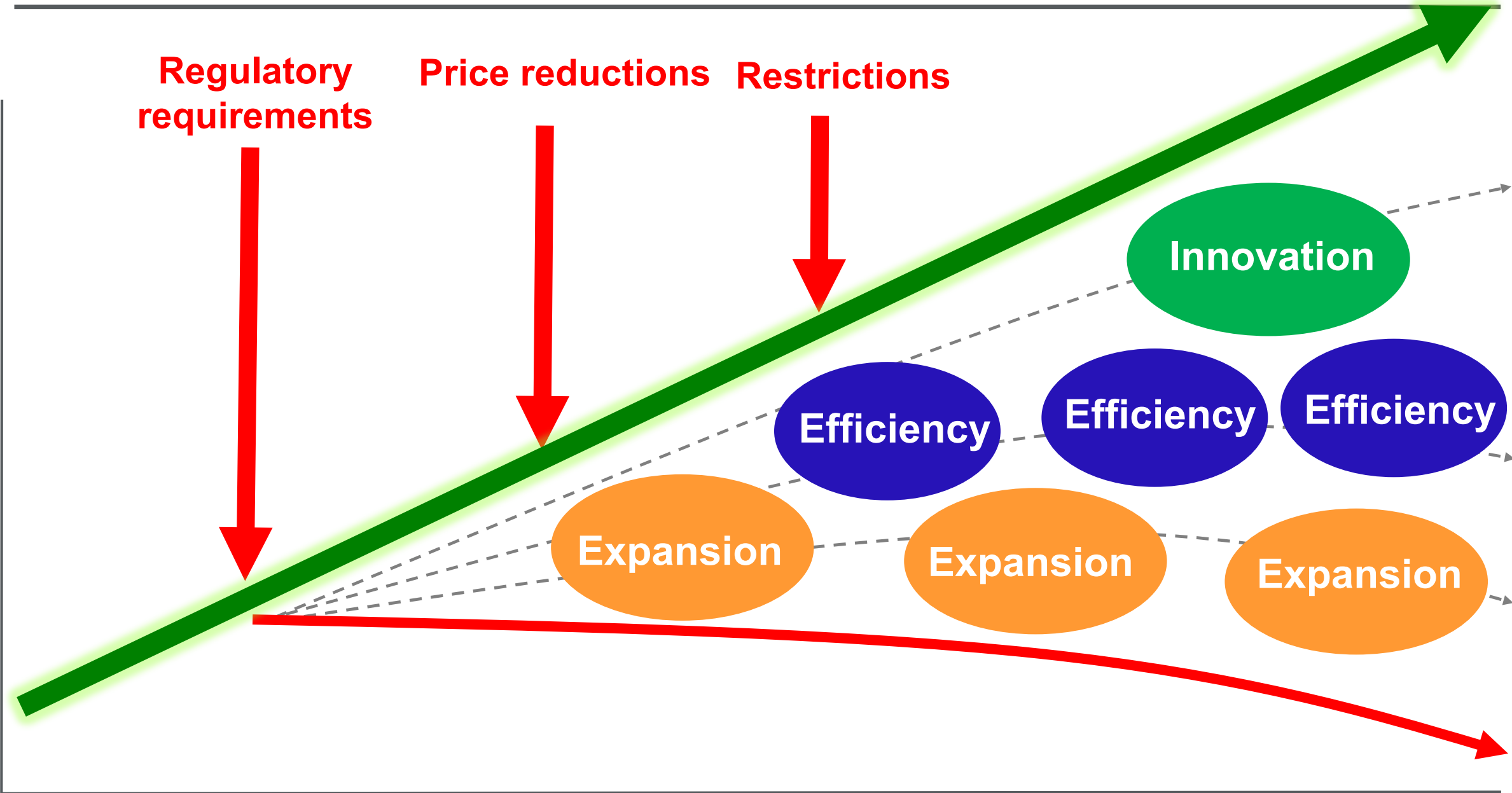


# Distribution margin – LOA V – Reference price system



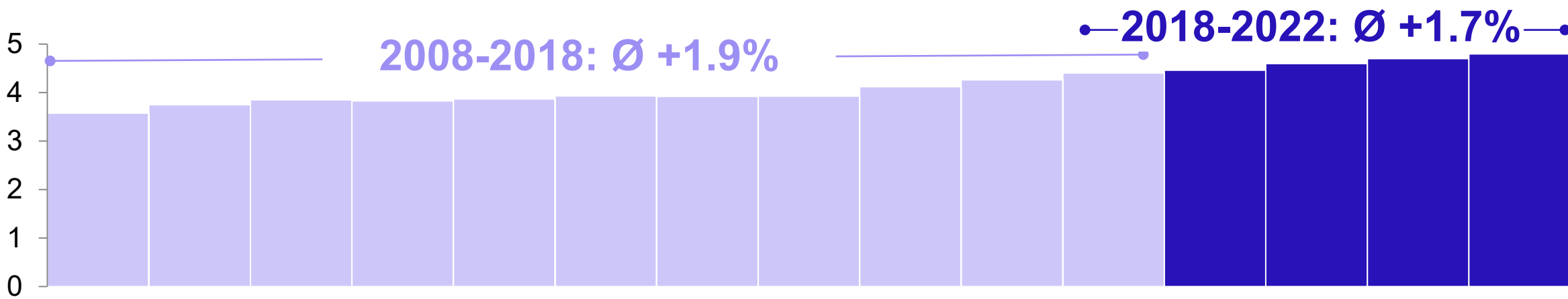
# Overcoming challenges

thanks to expansion, innovation and efficiency



# We operate in a stable market environment

## Development of the pharmaceutical market (excluding hospitals)



Source: IQVIA

## Growth drivers

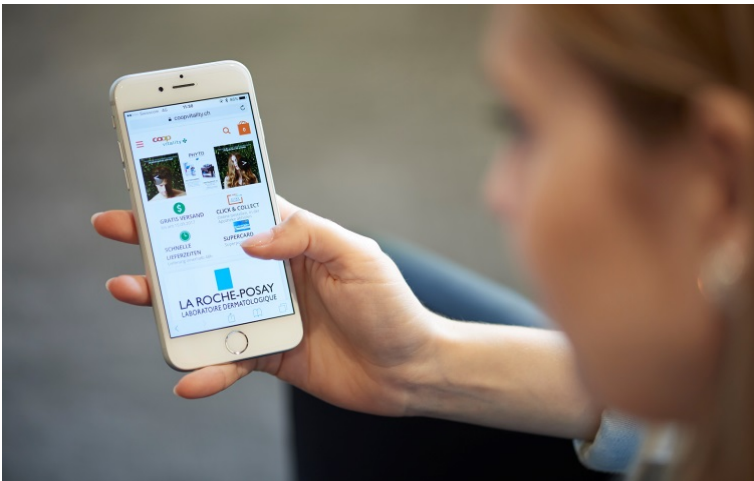


# Galenica: well prepared across all channels

## Advice



## Product range



## Omni-Channel



## Services