

# Galenica Group

## **Annual financial statements 2020**

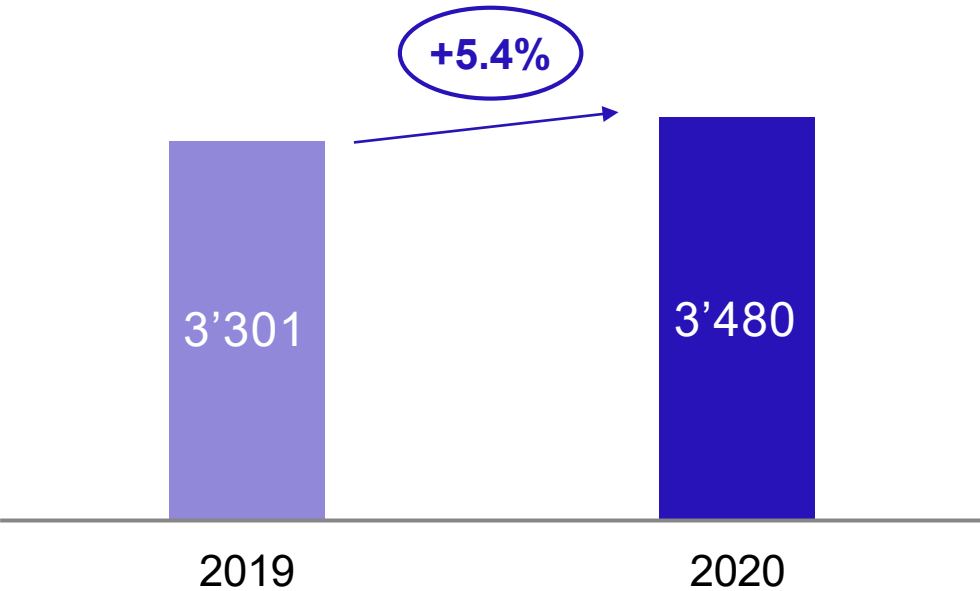
Felix Burkhard, CFO

Media and analysts' conference, 9 March 2021

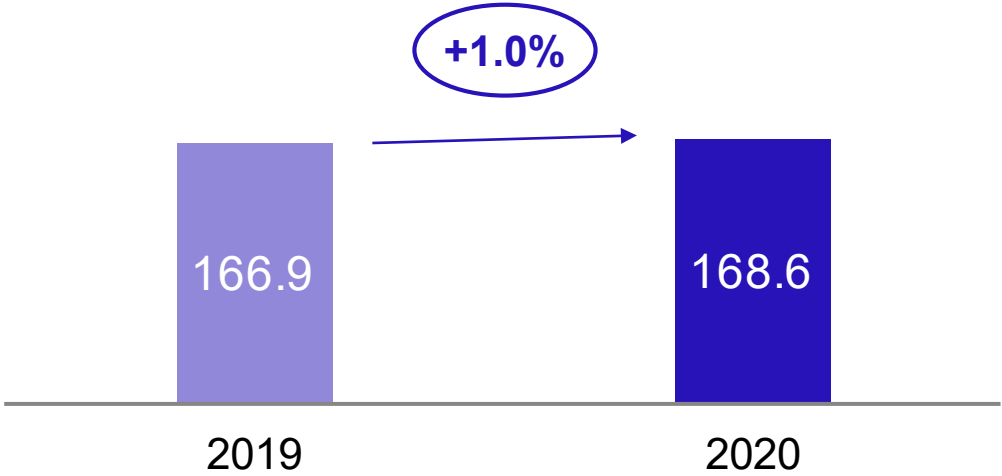
**Step by step upwards**  
2020: Break due to  
COVID-19



**Net sales** (in million CHF)

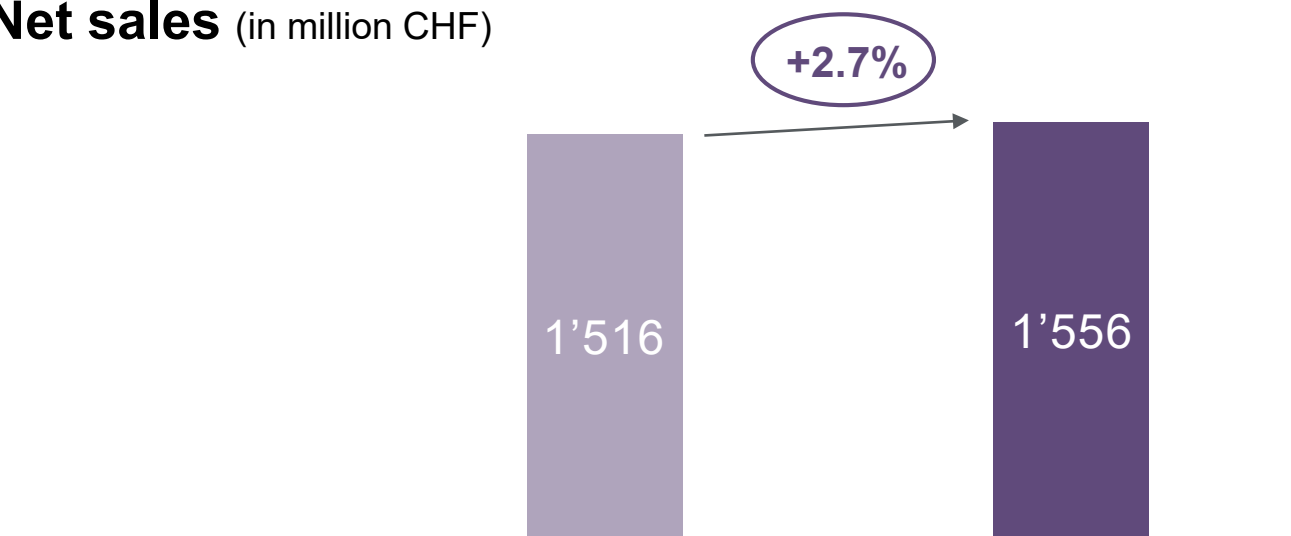


**EBIT adjusted<sup>1)</sup>** (in million CHF)



# Strong expansion of the pharmacy network

## Net sales (in million CHF)



## Expansion of the pharmacy network

	2019	2020
Pharmacies added	+19	+17
Pharmacies restructured	-8	-7
Net pharmacies added	+11	+10

### Elements of growth:

	2019	2020
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**Expansion<sup>1)</sup>:** +5.6%

+3.2%

**Organic<sup>2)</sup>:** +0.4%

-0.5%

thereof one-time effect of  
process optimisation<sup>3)</sup>:

-1.7%

thereof impact of price cuts<sup>4)</sup>:

-1.6%

**+1.2% Organic growth w/o one-time effect**

<sup>1)</sup> Calculated only including point of sales without a full year period comparison, Annual Report 2020, page 88

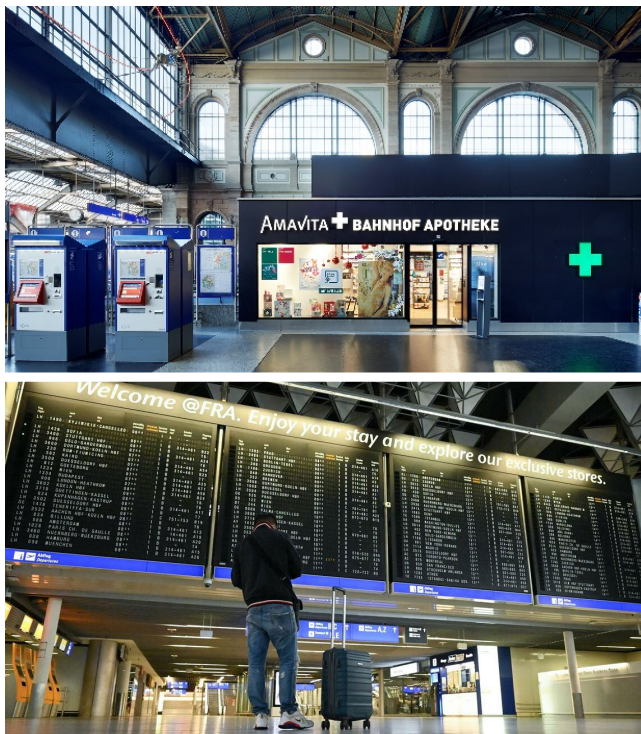
<sup>2)</sup> Consolidated net sales less expansion effect, Annual Report 2020, page 88

<sup>3)</sup> As a part of a process optimisation, various intersegmental sales transactions were discontinued at the beginning of 2020.

<sup>4)</sup> Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period, Annual Report 2020, page 88



## COVID-19 related sales losses compensated by strong online growth



### Pharmacies in high-frequency locations strongly affected:

- Average fall in sales -23%
- Impact on organic sales growth of Retail business sector -1.9%

### Strong online growth:

- Sales of webshops tripled
- Mediservice sales > CHF 300 Mio. (+5.7%)

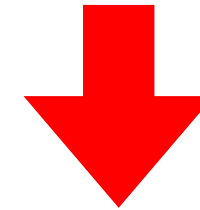
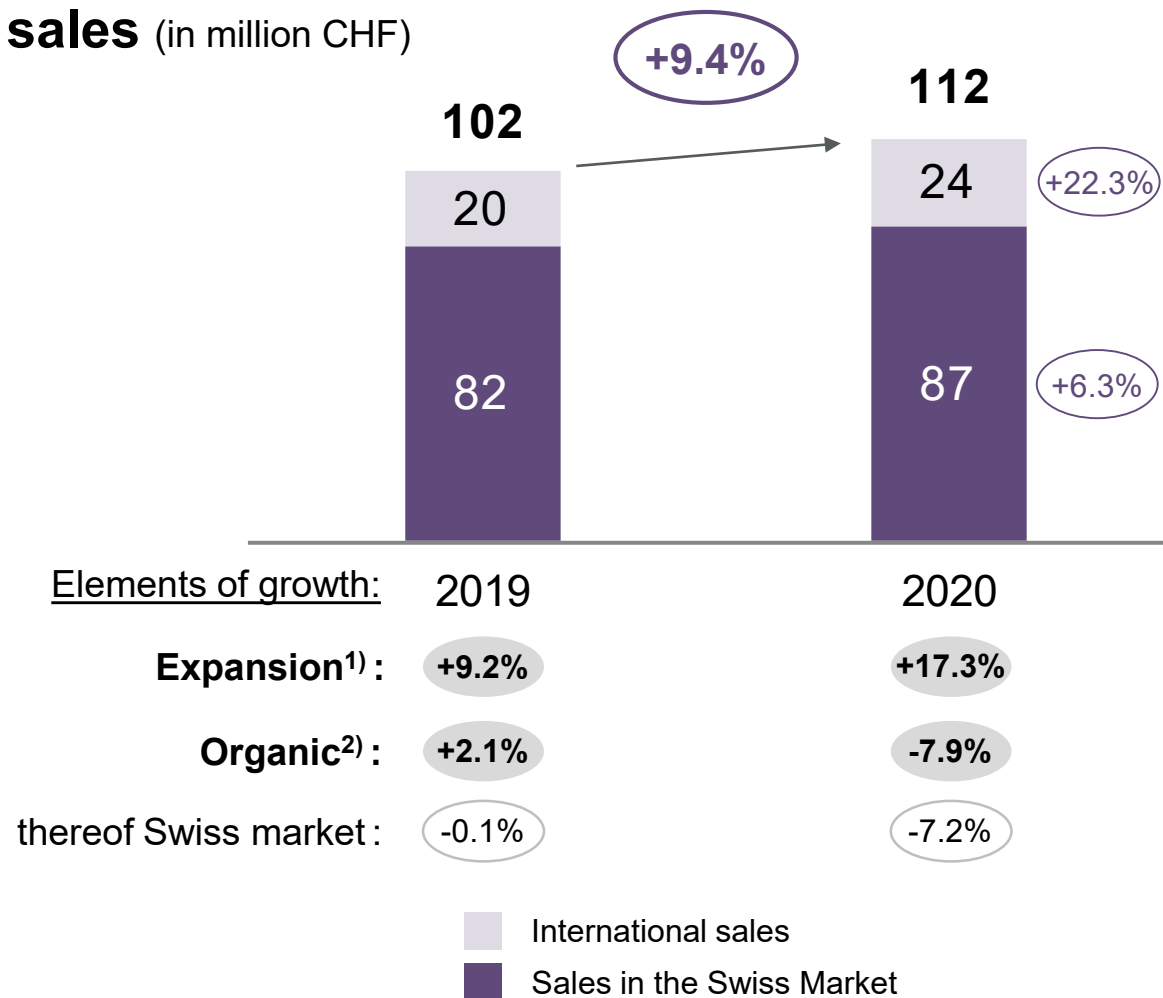
### Absence of cough & colds:

Sales losses of cough & cold and travel-related products compensated by higher sales of nutrition, prevention, hygiene products

# Products & Brands

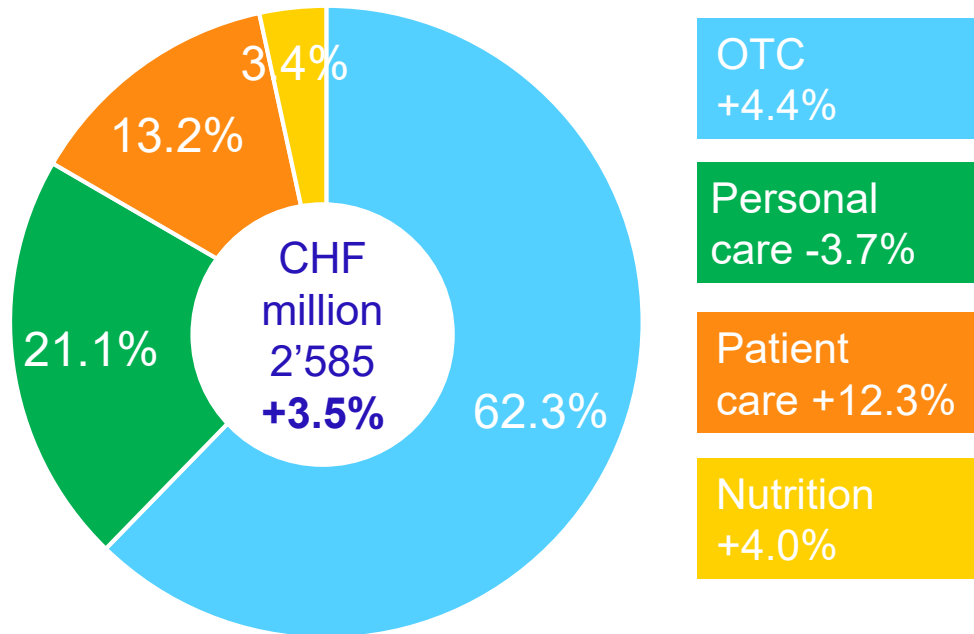
## Strong sales growth due to expansion of product portfolio

**Net sales** (in million CHF)



# Growth of OTC market driven by prevention products

## Consumer Healthcare Market 2020



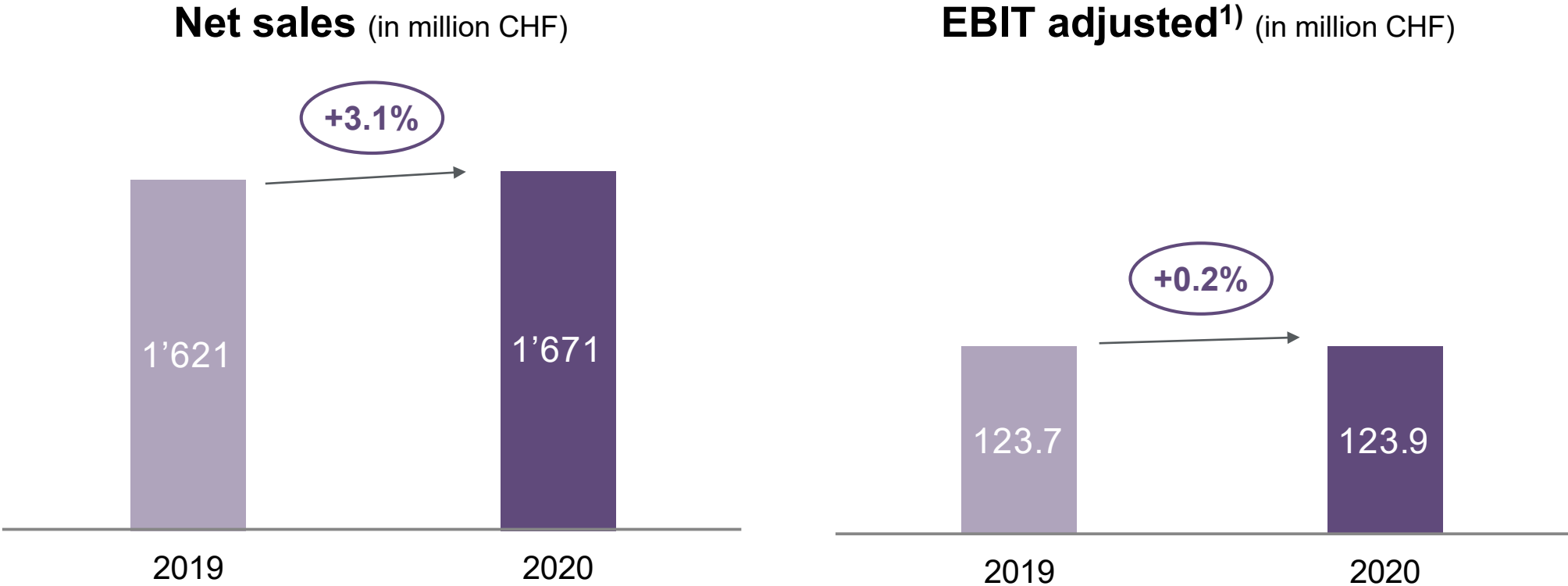
## Total cough & cold products part of OTC segment:

Top 10 markets in 01	Value streetprice 2020 in M CHF	Growth 2020
Total cough & cold, others	295.0	-4.5%
Immunostimulants	47.3	+135.3%
Nasal decongestants	43.8	-11.8%
Sore throat remedies	43.5	-16.3%
Cold remedies	40.5	-22.7%
Chesty Cough Products	29.5	-24.3%
Anti-allergics	22.9	+32.4%
Nasal saline solutions	21.2	-0.5%
Products for oth. resp. conditions	17.5	-12.6%
Dry cough products	15.6	-30.4%
Decongestant rubs& inhalants	12.3	-9.5%
Rest	1.0	-14.6%

Source: IQVIA Pharmatrend for pharmacies and drugstores in Switzerland, streetprices

# Health & Beauty Segment

## Stable EBIT despite significant impact of COVID-19

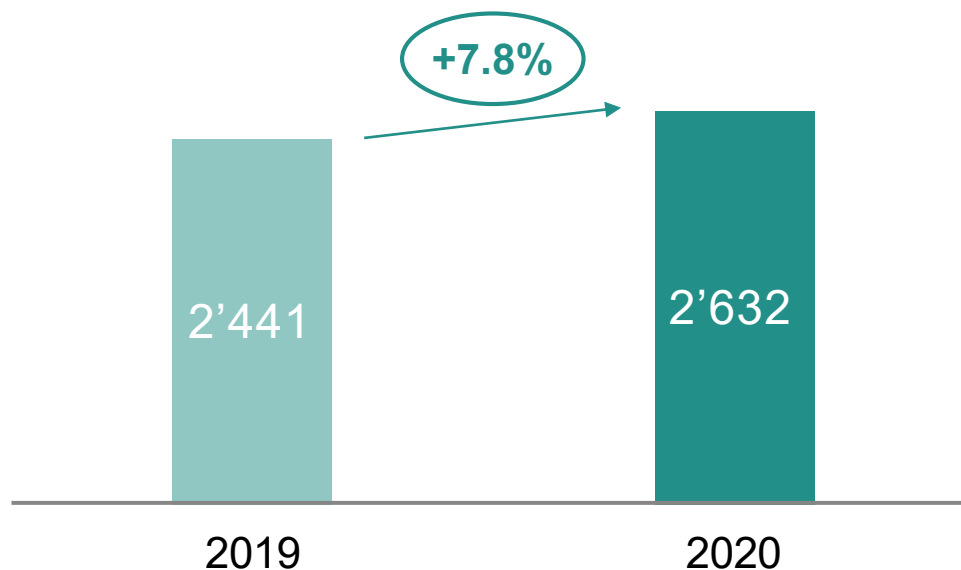


**Estimated impact of COVID-19:**  
– EBIT: negative impact of **CHF -8 to -10 million**

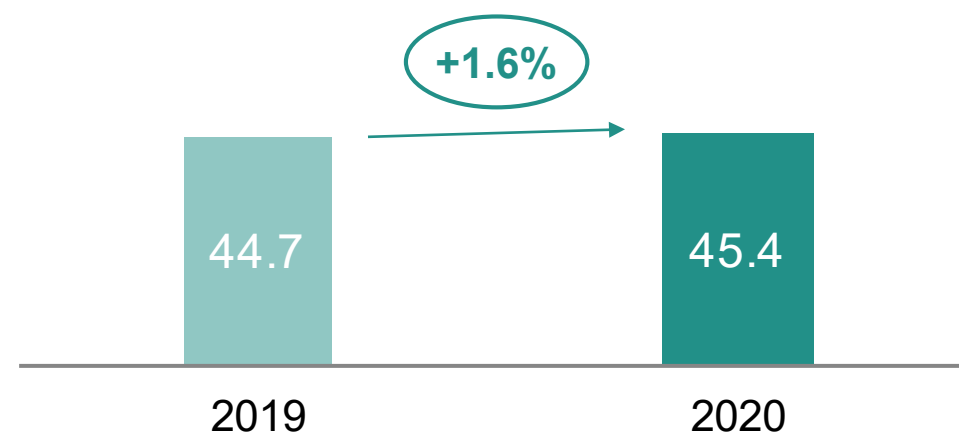


## Strong sales development due to market share gains

**Net sales** (in million CHF)



**EBIT adjusted<sup>1)</sup>** (in million CHF)



One-time effect of adapted  
invoicing models<sup>2)</sup>:

+2.3%

**Growth w/o one-time effect:**

**+5.5%**

impact of price cuts<sup>3)</sup>:

-2.3%

-1.8%

**Estimated impact of COVID-19:**

- Net sales: **+1.4%**
- Neutral impact on EBIT: **additional sales compensated by additional costs**

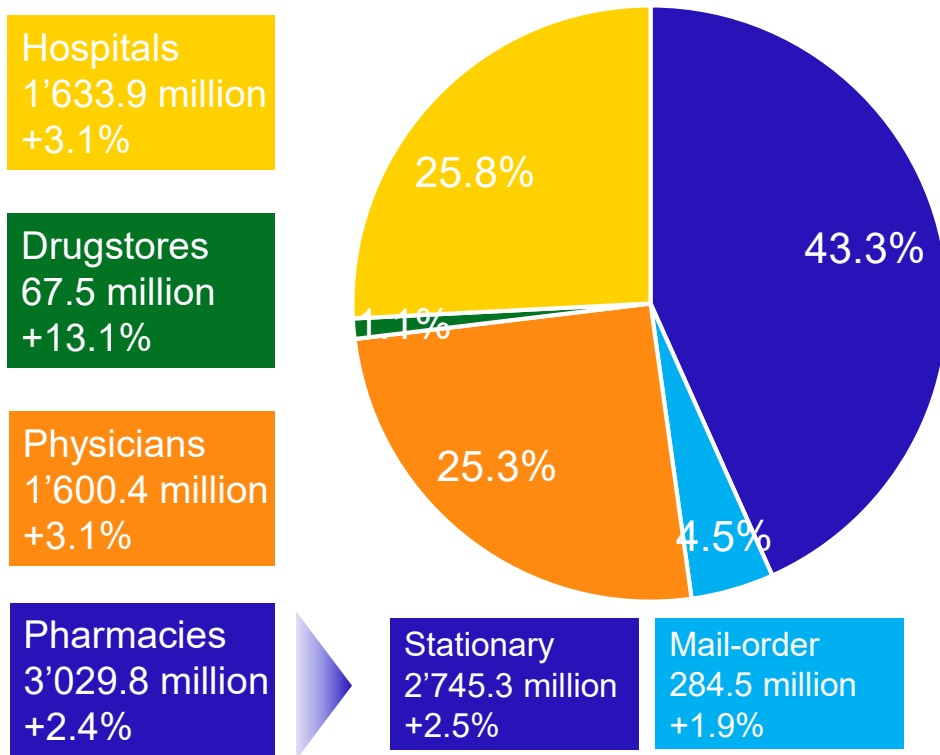
<sup>1)</sup> Details of the adjustments of IAS19 and IFRS16 effects, in the Annual Report 20, pages 89 and 90

<sup>2)</sup> In the context of the new Ordinance on Integrity and Transparency in the Therapeutic Products Sector (OITTP), agreements with suppliers as well as invoicing models were adapted to the new transparency obligations, which influenced the sales development in the Services business sector.

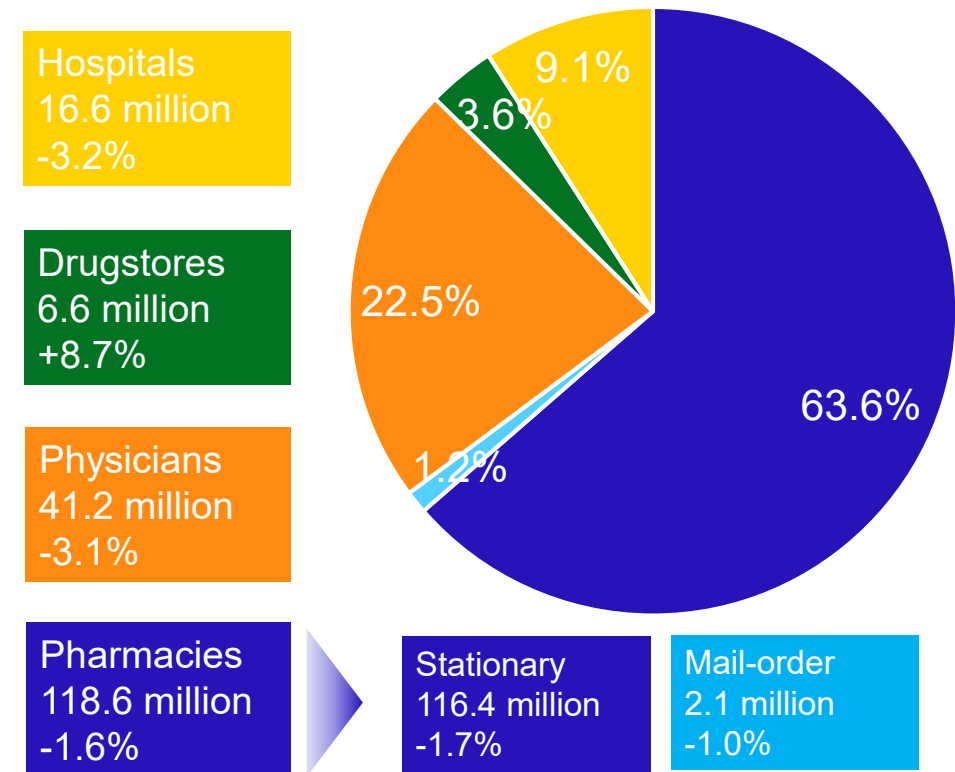
<sup>3)</sup> Mandatory price reductions of medications reimbursed by health insurers of the specialities list (SL/LS) released by the Federal Office of Public Health (FOPH), calculated based on volumes of previous period, Annual Report 2020, page 88

# Swiss pharmaceutical market by channel 2020

**Value** (ex-factory): CHF 6,331.7 million  
CHF +176.9 million / **+2.9%**



**Volume** (packs): 183.0 million  
-3.3 million / **-1.8%**



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

# Galenica Group

## EBITDA and EBIT adjustments<sup>1)</sup>

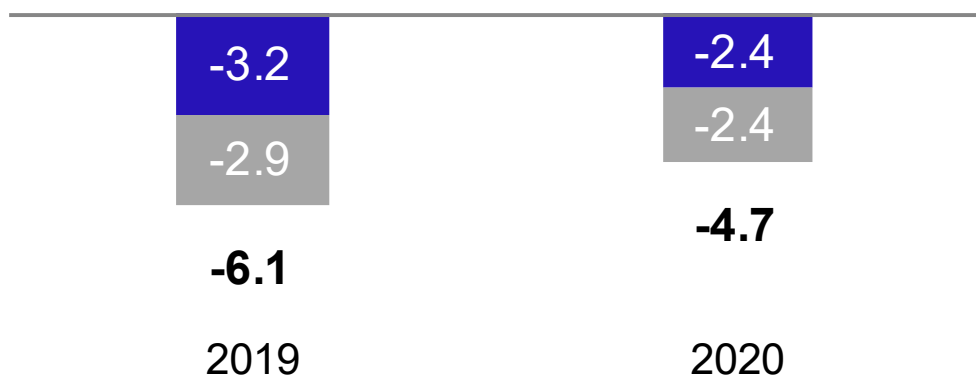
### EBITDA (in million CHF)

	2019	2020	in %
<b>EBITDA adjusted</b>	<b>210.4</b>	<b>213.6</b>	<b>+1.5%</b>
Adjustment IAS 19	-0.1	43.0	
Adjustment IFRS 16	50.0	52.9	
<b>EBITDA</b>	<b>260.3</b>	<b>309.5</b>	<b>+18.9%</b>

### EBIT (in million CHF)

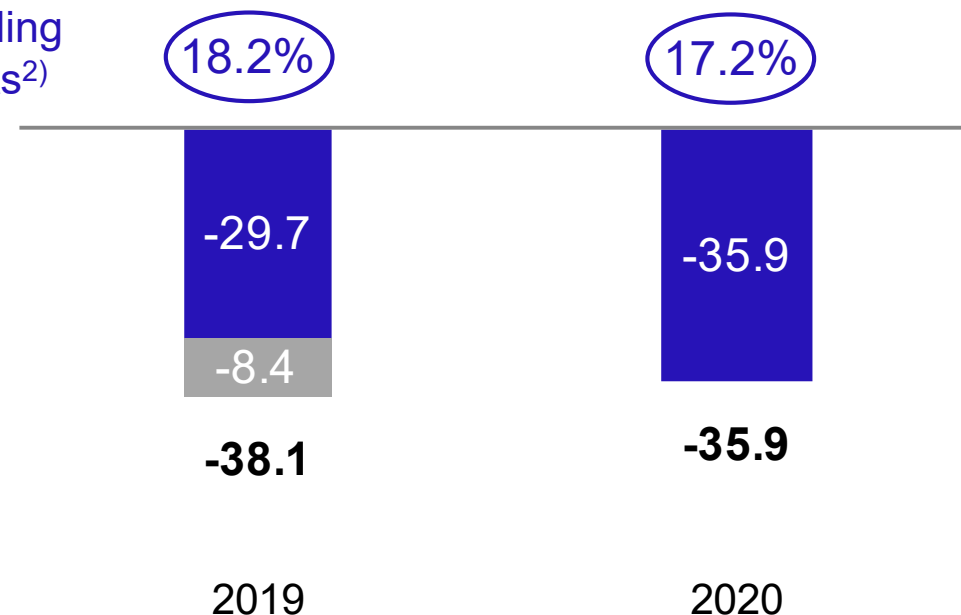
	2019	2020	in %
<b>EBIT adjusted</b>	<b>166.9</b>	<b>168.6</b>	<b>+1.0%</b>
Adjustment IAS 19	-0.1	43.0	
Adjustment IFRS 16	2.7	1.8	
<b>EBIT</b>	<b>169.5</b>	<b>213.3</b>	<b>+25.9%</b>

### Financial result (in million CHF)



### Taxes (in million CHF)

Tax rate excluding one-time effects<sup>2)</sup>



■ Financial result adjusted<sup>1)</sup>

■ Effects of IAS19 and IFRS16<sup>1)</sup>

■ Taxes excluding one-time effects

■ One-time effects of deferred taxes 2019<sup>2)</sup>

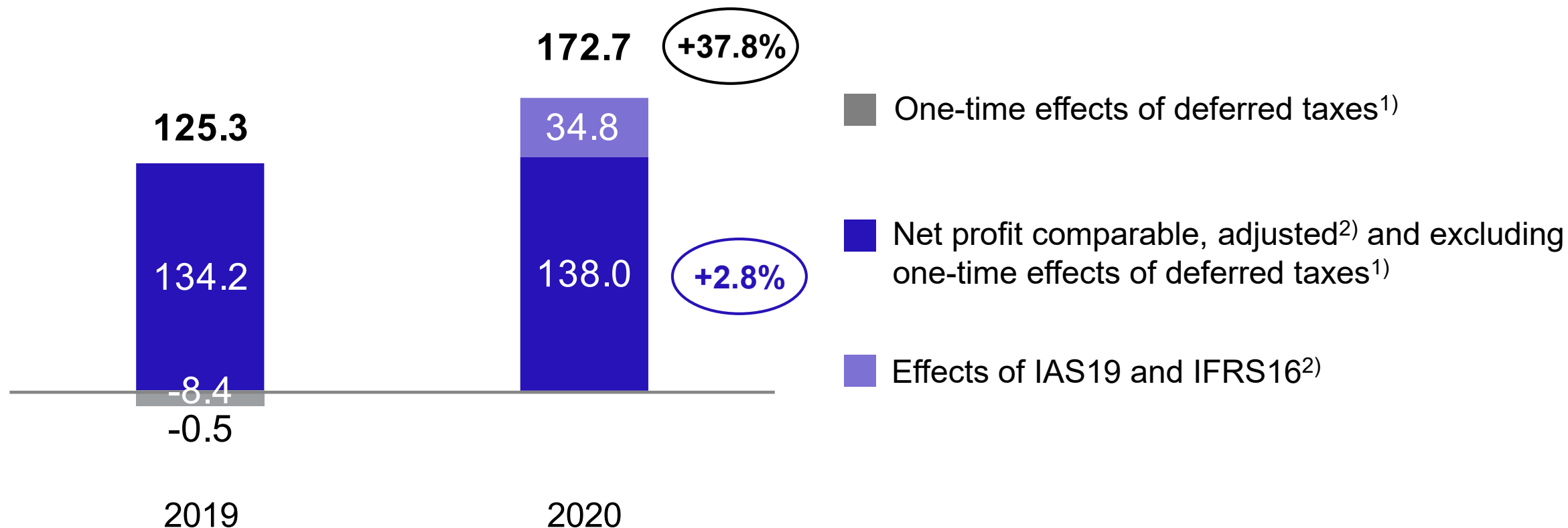
<sup>1)</sup> Details of the adjustments of IAS19 and IFRS16 effects, in the Annual Report 2020, pages 89 and 90

<sup>2)</sup> Details of one-time effects of deferred taxes, in the Annual Report 2020, pages 112

# Galenica Group

## Pleasing net profit growth

(in million CHF)



<sup>1)</sup> Details of one-time effects of deferred taxes, in the Annual Report 2020, pages 112

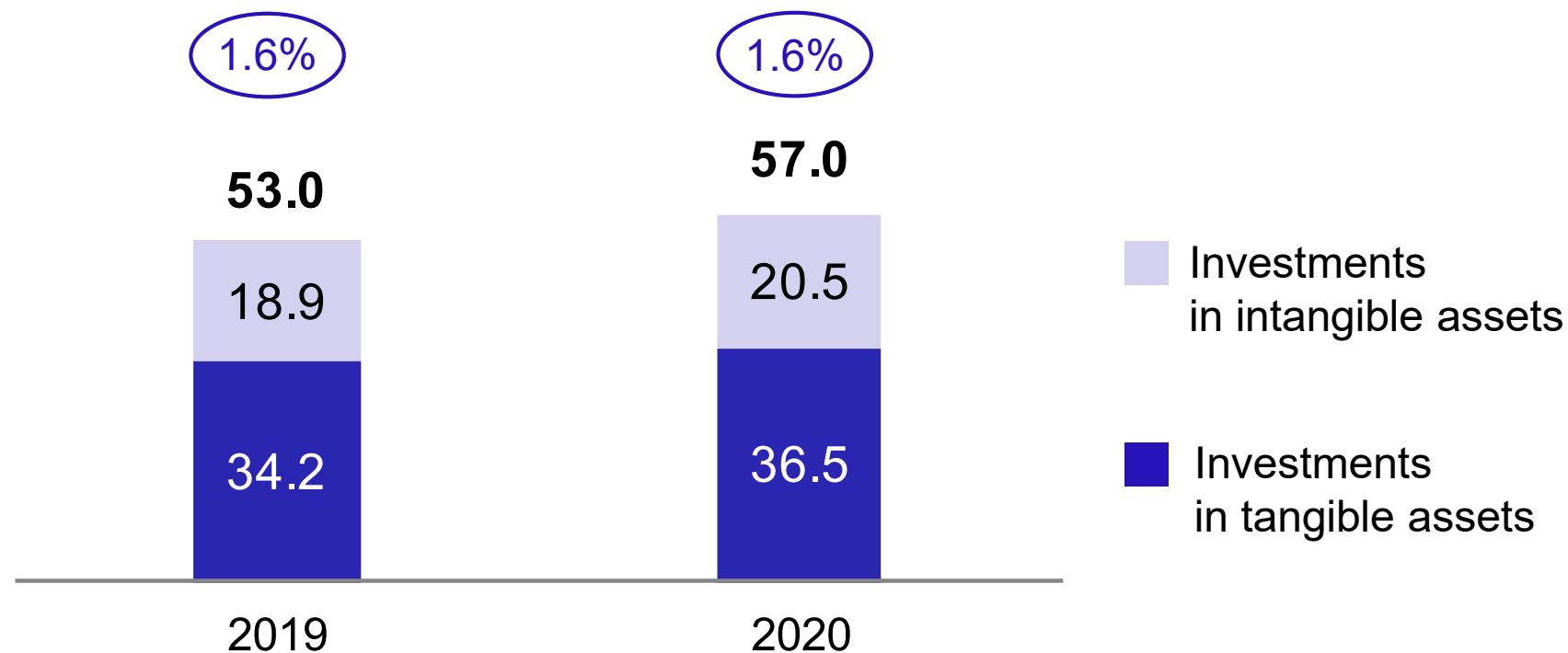
<sup>2)</sup> Details of the adjustments of IAS19 and IFRS16 effects, in the Annual Report, pages 89 and 90



# Galenica Group Investments

(in million CHF)

% of net sales



## Ongoing investments in strategic efficiency projects :

- Replacement of the ERP system in Wholesale and pre-wholesale as well as renovation of distribution center Lausanne-Ecublens to be completed by 2023
- Remaining investments of ~CHF 44-48 million (investments in 2020: CHF 15.2 million)

# Galenica Group

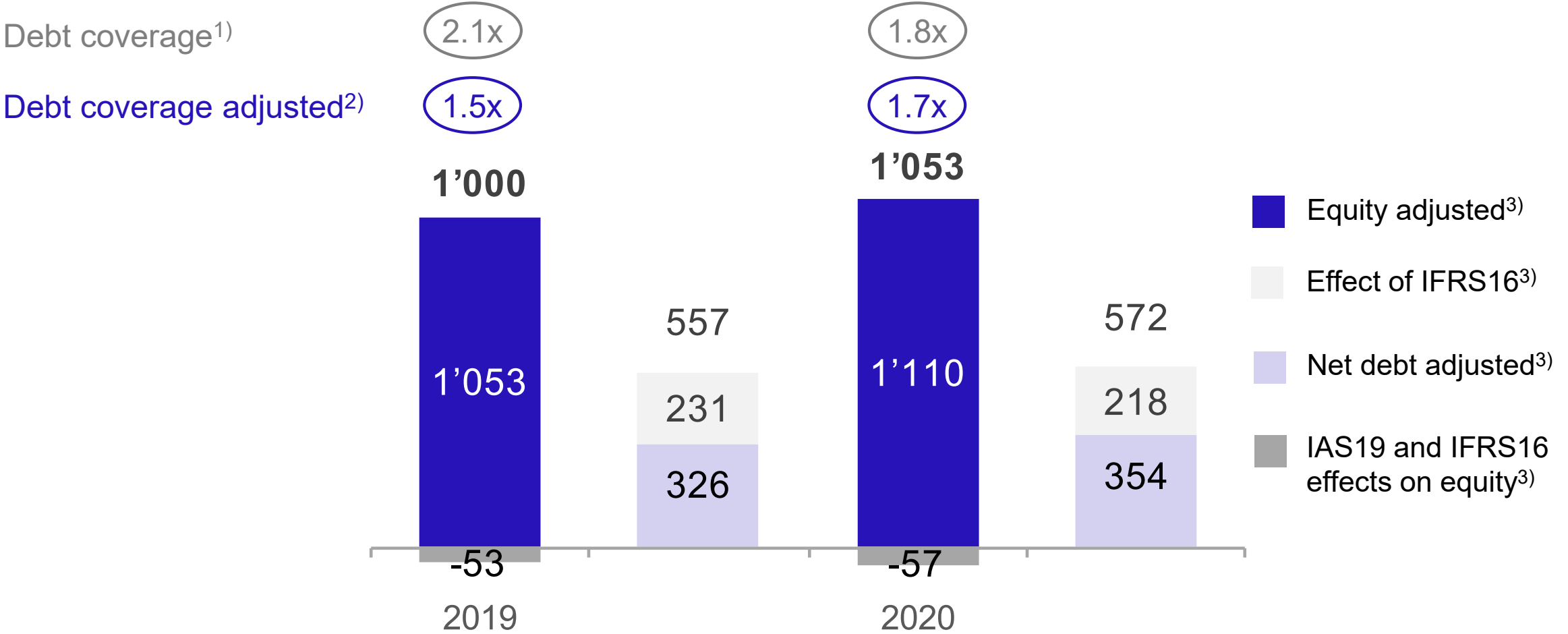
## Condensed Cash Flow Statement

in million CHF	2019	2020
<b>Cash flow from operating activities before working capital changes</b>	<b>237.4</b>	<b>238.8</b>
Payment of lease liabilities	-47.6	-49.1
<b>Cash flow from operating activities before working capital changes adjusted</b>	<b>189.8</b>	<b>189.7</b>
Working capital changes	13.0	-14.4
<b>Cash flow from operating activities adjusted</b>	<b>202.8</b>	<b>175.3</b>
Cash flow from investing activities without M&A	-57.8	-57.3
<b>Free cash flow before M&amp;A</b>	<b>145.0</b>	<b>118.0</b>
Cash flow from M&A	-77.1	-58.4
<b>Free cash flow</b>	<b>67.9</b>	<b>59.6</b>

# Galenica Group

## Solid balance sheet

(in million CHF)



<sup>1)</sup> Net debt / EBITDA, Annual Report 2020, page 93

<sup>2)</sup> Net debt adjusted / EBITDA adjusted excluding effects of IAS19 und IFRS16, Annual Report 2020, page 93

<sup>3)</sup> Detail of the adjustments in the Annual Report 2020, page 92

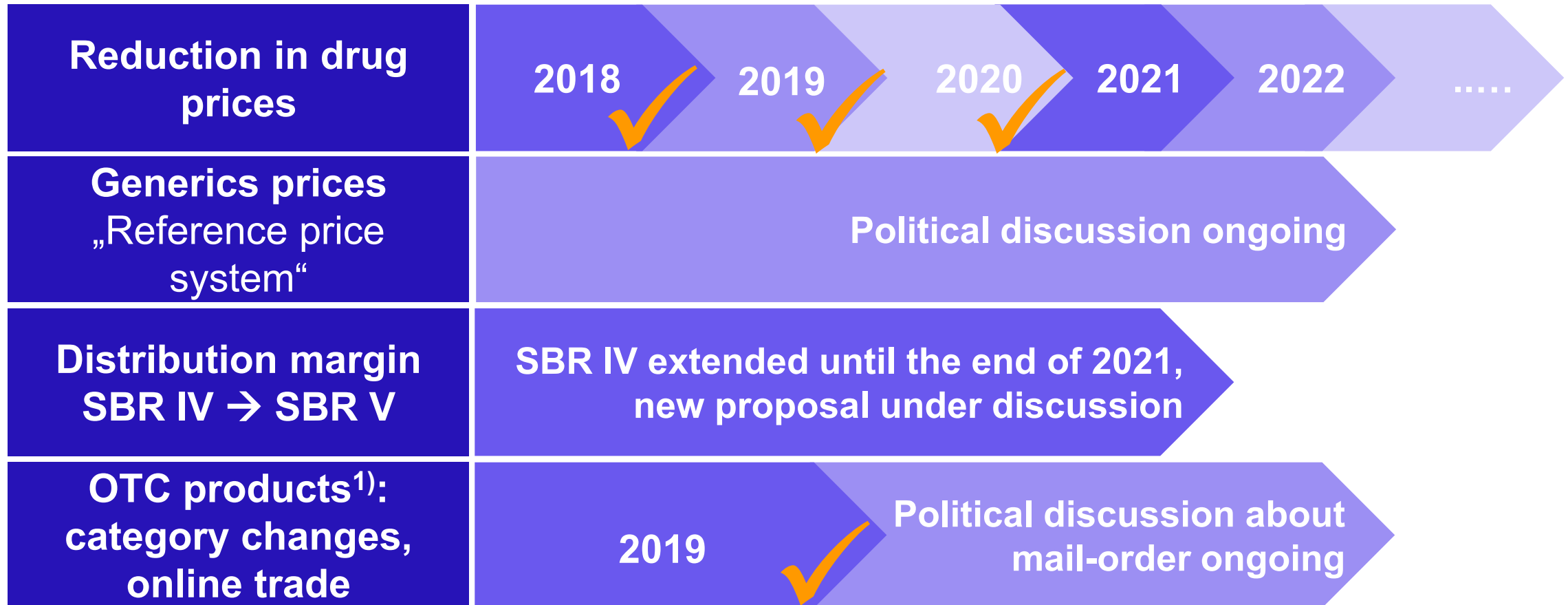
# Dividend 2020

## Proposal to the Annual General Meeting

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(in CHF)	2019	2020
<b>Gross dividend per share</b>	<b>1.80</b>	<b>1.80</b>
of which paid out from retained earnings	0.90	0.90
of which paid out from capital contribution reserves	0.90	0.90

# Outlook regulation





# New Segment structure as of 1st January 2021



- **No major changes** within the segments
- As in the past, **additional details on net sales** within the segments will be provided

## Guidance 2021

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### Assumptions:

- Persistent negative impact of COVID-19 in the first months of 2021.
- Lack of colds, absence of a seasonal flu epidemic and continued low mobility will continue to have a particularly strong impact on pharmacy sales in high-frequency locations and at Verfora.
- Significant improvement and normalisation of the situation from Q2 and especially in H2 of 2021.

### Guidance 2021:

- Galenica Group **net sales +1% to +3%**
- **EBIT** (excluding the effects of IAS 19 & IFRS 16) **+2% to +5%**
- **Dividend** for 2021 **at least at prior-year level.**

## Mid-term Guidance

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- Expected market growth in the next few years: **+1% to +2%**
- Galenica plans to **grow faster than the market** thanks to
  - consistent implementation of the strategic programs,
  - further expansion and optimisation of the pharmacy network and the Verfora product portfolio.
- Galenica expects to increase its return on sales (**ROS**) in the medium term, i.e. in three to five years (2024 – 2026),
  - to **over 8%** in the **Products & Care** segment
  - and to **up to 2%** in the **Logistics & IT** segment.
- Galenica continues to pursue a policy of **at least stable dividends** that grow in line with results and continues to aim for **net debt** in the order of **+/- 2 × EBITDA** (adjusted for leasing in accordance with IFRS 16) in the medium term.

# Step by step upwards

Determined despite  
persistent COVID-19  
headwinds





# Disclaimer

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