

Business unit

Galenica Santé



Building trust through credibility and competence

Dear Shareholders,
Ladies and Gentlemen,

Galenica Santé and 2016: a year full of action! All Business sectors performed well during the course of the year. The increase in sales of Galenica Santé of 3.2% to CHF 3,008.9 million indicates that we have correctly pursued our core activities on our path to being our customers' first choice in Switzerland for health, beauty and wellbeing. We have concentrated our strengths in the face of continuing pressure on drug prices and consumer tourism outside Switzerland, which has developed from a one-time effect to a permanent state of affairs. In addition, the 2016 flu season was comparatively mild, leading to considerably lower sales of flu medicines.

Galenica Santé was nonetheless able to increase its sales in 2016, by acquiring new customers and expanding its pharmacy network. We are confident of being able to tap further potential and are well-positioned to do so, as evidenced by the earnings before interest and taxes (EBIT), which again exceeded sales growth in the year under review, increasing by 6.2% to CHF 136.0 million. We made investments totalling CHF 34.7 million in 2016 (previous year: CHF 43.8 million), which were, among others, used to finalise the expansion works of Galexis in Niederbipp.

We want to broaden our sales and profit base. To do so, we must stay flexible and agile. Our customers expect offers tailored to their needs. Our challenge is to anticipate trends and help shape the Swiss healthcare market with innovations.

In the second half of 2016, the Federal Council decided that the function of pharmacies as the first point of contact for



Jörg Kneubühler
CEO Galenica Santé

Net sales

in million CHF



Galenica Group CHF 4,118.4 million

EBIT

in million CHF



Galenica Group CHF 361.5 million

Number of employees



Galenica Group 8,661

medical services should be expanded. Pharmacies should also play a key role in health prevention and the treatment of chronic diseases. This assumes a separate room in the pharmacy in which consultations can be held. Under a pilot project, Galenica Santé plans to operate two pharmacies with this expanded range of medical services in 2017, with the aim of obtaining new insights into customers' primary care needs.

While these types of services are becoming more important, the comprehensive product range with strong brands remains the core of our offering. Our own brands Algifor®, Anti-Brumm®, Perskindol® and Trioфан® are among the market-leading products in their segments. Galenica Santé's product range is increasingly complemented by exclusive beauty and grooming products from well-known partners. For example, an agreement was signed in 2016 for the exclusive distribution of A-Derma products from the world's second-largest dermo-cosmetics laboratory, Pierre Fabre. The launch was extremely successful in all three pharmacy formats: Amavita, Sun Store and Coop Vitality. Since the beginning of 2017 we have been distributing exclusively in Switzerland the Lierac skincare brand and the Phyto haircare brand from the French Alès Groupe. Further exclusive partnerships are set to follow.

Galenica Santé operates the largest pharmacy network in Switzerland and ensures efficient, safe distribution to some 500 own locations, Coop Vitality pharmacies as well as Amavita and Winconcept partner pharmacies. The expansion in 2016 of the Niederbipp logistics centre enables high volumes to be processed on schedule. The acquisition of the physicians wholesaler Pharmapool at the beginning of 2017 will contribute to providing market participants throughout Switzerland with integrated solutions from a single source.

Increasing efficiency is one of the main objectives of Galenica Santé. To this end, we increased cooperation both within and between the three Business sectors in 2016, coordinating common processes more closely. The two headquarters of the Retail Business sector in St-Sulpice and Bern are being merged gradually at a single location in Bern. The project will be completed by mid-2017.

Our journey to date shows that we have the necessary experience and skills for a successful future: entrepreneurial thinking, willingness to change and passion. We place high demands on ourselves – and on all employees. Our thanks go to them. Their performance deserves respect. Because they strive every day to live up to our aspiration to build trust through credibility and

competence. As an experienced team, they contribute to Galenica Santé continuing successfully on its path in the future.

Bern, 14 March 2017



Jörg Kneubühler
CEO Galenica Santé

+6.2 %

EBIT increase

CHF
34.7 million

investments



HCI Solutions maintains databases and develops management solutions that focus specifically on needs for the networked healthcare market.



Segment

Health & Beauty

Products & Brands and Retail Business sectors



Jörg Kneubühler
CEO Galenica Santé

Health, beauty and wellbeing

Galenica Santé has the largest pharmacy network in Switzerland, giving it an excellent distribution network both for strong own brands as well as the products of its business partners. In terms of strategy, it aims to strengthen its leading position in pain relief, coughs, colds and respiratory diseases, and expand the cosmetics and beauty market segments.

Net sales in the Health & Beauty segment, comprising the Products & Brands and Retail Business sectors, rose by 3.1% to CHF 1,437.0 million in 2016. EBIT improved by 7.2% to CHF 96.2 million. Compared to the previous year, return on sales (ROS) increased to 6.7%. Investments totalled CHF 14.9 million in 2016 (previous year: CHF 17.7 million).

Segment Health & Beauty

Key figures 2016

- Net sales: CHF 1,437.0 million
- EBITDA: CHF 118.7 million
- EBIT: CHF 96.2 million
- ROS: 6.7%
- Investments: CHF 14.9 million
- Employees: 4,637
(3,423 full-time equivalents)
Of which:
- Products & Brands: 107
(93 full-time equivalents)
- Retail: 4,530
(3,330 full-time equivalents)

Net sales
in million CHF



Galenica Santé CHF 3,008.9 million

EBIT
in million CHF



Galenica Santé CHF 136.0 million

Products & Brands

Health, beauty and exclusivity from one source

“We offer business partners a unique network,
comprehensive know-how and speed to market.”

Strategic priorities 2017

- Sustain leadership of the top OTC categories, with focus on pain, coughs, colds and respiratory diseases
- Consolidate and further grow share of the consumer health market in pharmacies and drugstores throughout the country
- Expand branded business into new areas and develop related skills
- Build sourcing competencies to meet the entire spectrum of opportunities

Strong health portfolio

The Products & Brands Business sector increased sales by 0.5% to CHF 89.3 million in 2016. The growth was influenced by the discontinuation of the Equazen™ brand portfolio, which was sold along with Potters to Soho Flordis International at the end of 2015. Without this effect, Products & Brands grew by 6.2%.

Vifor Consumer Health generated total sales of CHF 81.4 million, which is on a par with the previous year. In Switzerland, the company clearly outperformed the overall growth of the stable market (IMS Health 2016) thanks to its renowned OTC brands, with year-on-year sales increasing by 3.5% to CHF 65.6 million. One of the contributing factors to this was the exclusive distribution of A-Derma products from the French dermo-cosmetics company Pierre Fabre, which have been very well received by customers in Switzerland since the launch in summer 2016.

At CHF 15.8 million, export sales declined by 12.6% due to the impact of the previously mentioned discontinuation of the Equazen™ brand portfolio.

More than 60 product brands are managed by Vifor Consumer Health, including famous brands such as Algifor®, Triofan®, Perskindol® and Anti-Brumm®. Algifor®, Swiss market leader in the pain relief category, outperformed the market in the period under review, and the new Algifor®



Torvald de Coverly Veale
Head Products & Brands Business sector

Net sales

in million CHF



Galenica Santé CHF 3,008.9 million

Number of employees



Galenica Santé 6,131

“Since January 2017, the Lierac brand of high-quality skincare products and Phyto haircare products have been distributed exclusively in Switzerland.”

Liquid capsules 400mg Ibuprofen launch was very well received by the market. Sales of the market-leading insect repellent Anti-Brumm® grew significantly in both national and international markets, reinforcing its prime position in Germany. The comprehensive range of Vifor Consumer Health over-the-counter products (OTC) is available in all pharmacies and drugstores in Switzerland. The Vifor Consumer Health team is able to respond quickly to client demand, plan new campaigns accordingly, and implement offers. An integral and very successful part of Vifor Consumer Health support for pharmacists is the regular training programme provided by the Vifor Consumer Health team of experienced consultants, which has become increasingly recognised as a key element in first-class client service.

Exporting selected brands

The intention of Vifor Consumer Health, with its strong position in the Swiss healthcare market, is to better exploit this potential across all Swiss pharmacies.

Vifor Consumer Health also plans to reinforce its international presence with selected products.

Anti-Brumm® and Perskindol® already enjoy good demand and brand recognition in countries such as Germany and Thailand.

Powerful partner services

Vifor Consumer Health also distributes pharmaceutical and para-pharmaceutical products on behalf of third parties. Sales increased in this business segment, stimulated by the introduction of new brands. A good example is the agreement signed with Procter & Gamble in 2015 to market and distribute Clearblue® and OralB® in all Swiss pharmacies.

Healthy Beauty – exclusive brands

Products & Brands signed an exclusive distribution contract with the French dermo-cosmetics company Pierre Fabre, the worldwide number two in this market. Their A-Derma range of products, exclusively offered by Galenica Santé in Switzerland, has been very well received. Based on a unique active ingredient called Rhealba® Oat, A-Derma is the first dermo-cosmetics brand with a natural, plant-based active ingredient that soothes and protects irritated and delicate skin. The agreement with Pierre Fabre was a first step in building a stronger franchise in the Swiss skin care market. The distribution agreement is being reinforced by various marketing activities as well as staff training in Amavita, Sun Store and Coop Vitality pharmacies.

A contract with the French Alès Group was signed mid-2016; the exclusive distribution in Switzerland by Galenica Santé of their Lierac skincare brand and their Phyto haircare brand started in early 2017.

New year, new launches

Going forward, the Products & Brands Business sector intends to continue with the strategy that has already proven its success: strengthen the health franchise in the Swiss OTC healthcare market; launch products with new partnerships, particularly with cosmetics and beauty products; and stimulate export sales with selected products.

To this end, Vifor Consumer Health signed a contract with the Austrian company Adler in 2016. The plan is to launch their proprietary “Schüssler Salze” products exclusively in Switzerland. These mineral salts are gluten free food supplements to promote general wellbeing, or compensate for deficiency or imbalance of specific minerals causing organ dysfunction. Also planned is the exclusive distribution in Switzerland of Excilor®, an anti-fungus medication. The introduction of new products will support growth of existing brands as well as strengthening the portfolio in new categories.

The companies of the Products & Brands Business sector

Vifor Consumer Health

- Markets non-prescription drugs (over-the-counter products) developed by Vifor Consumer Health, sold under licence or distributed for third parties.
- Plays a leading role in its home market Switzerland with key brands such as Algifor®, Trioфан®, Perskindol® and Anti-Brumm®.

G-Pharma

- Launch and distribution of Consumer Healthcare products for Retail own brands.

Retail

“Staying flexible thanks to efficiency.”

“Our customer service is characterised by competence, credibility and passion.”

Strategic priorities 2017

- Focus on customer service: tailored offerings, new services, innovative own brands and a compelling presence for all pharmacy formats
- Create a lean, flexible organisation: take advantage of synergies in procurement, product range management and all services
- Leeway for future price reduction measures: improve efficient business processes
- Promote growth: organically and inorganically with network expansion through own and independent partner pharmacies

Sales growth in a challenging market environment

The Retail Business sector continued to perform successfully in a challenging market environment in 2016, posting net sales of CHF 1,348.6 million (+3.1%, without Coop Vitality). The expansion of the pharmacy network was the key driver of this growth. The number of own pharmacies was increased by eleven locations to reach a total of 329, while like-for-like sales grew by 1.6%. Together with the Coop Vitality pharmacies, which are not consolidated, and the Amavita and Winconcept partner pharmacies, the pharmacy network of Galenica Santé comprised around 500 locations at the end of 2016.

Various strategic measures for the coming months were launched to provide broader support for sales development.

The environment was again challenging in 2016 as price reductions on prescription medicines continued to have a negative impact. Ongoing consumer tourism, price pressure from retailers and a milder flu season than last year also left their mark on the pharmacy market.



Jean-Claude Cléménçon
Head Retail Business sector

Net sales

in million CHF



Galenica Santé CHF 3,008.9 million

Number of employees



Galenica Santé 6,131

“Customers can now upload a scanned prescription to a platform and send it to the pharmacy of their choice electronically. The pharmacy receives the prescription by e-mail and can then prepare the medication, allowing waiting time to be kept to a minimum when it is collected.”

Cost reduction thanks to direct invoicing

With all Sun Store pharmacies having switched to directly invoicing health insurers in the previous year, Amavita pharmacies followed in 2016. Thanks to the TriaFact® platform developed by HCI Solutions and direct exchange between pharmacies and health insurers, invoice processing costs were reduced and data quality improved. The project was implemented on time and health insurers' rejection rates further diminished.

Expanded pharmacy network

Galenica Santé expanded the pharmacy network considerably over the year. The closure of three Sun Store pharmacies was compensated by new entrants of five Amavita pharmacies, five Coop Vitality pharmacies and four majority holdings. With three Amavita and three Winconcept partnerships discontinued, the pharmacy network comprised a total of 496 locations at 31 December 2016.

The proportion of own brands in the product range grew steadily at Amavita and Coop Vitality. These help to increase the recognition and market presence of both pharmacy formats.

Customer satisfaction is affected by the quality of advice they receive. The Team Performance programme ensures that administrative processes can be completed simply and quickly, allowing staff more time to dedicate to giving advice and selling. The programme was introduced at all Coop Vitality points of sale in 2015 and implemented at additional Amavita and Sun Store locations in 2016. The comprehensive range of health and beauty products is now available to customers outside opening times as well, thanks to the Sun Store, Amavita and Coop Vitality webshops. New insights into customer needs and behaviour are also expected from the presence of Coop Vitality on the online marketplace Siroop. Siroop is a start-up launched by Coop and Swisscom that allows providers from various sectors to sell their products online.

Team spirit is also taken very seriously when it comes to developing the next generation of talent. Based on the conviction that people who know each other are more committed to their work and colleagues, a three-day training camp for apprentices has been held for the past 15 years. The success of “KuuHli” shows that this commitment is very much appreciated by young employees.

New health checks on offer

Coop Vitality pharmacies expanded the health check service offering with the GlutenCheck, while Sun Store pharmacies offered rapid allergy tests for the first time. There was also a high level of participation in the bowel cancer screening campaign launched by pharmaSuisse, with over 3,800 tests conducted in Amavita and Coop Vitality pharmacies. A further step towards eHealth was achieved in the form of the "Prescription Upload" pilot project at a Sun Store location in Lausanne. This allows customers to upload the scanned prescription to a platform and send it to the pharmacy of their choice electronically. The pharmacy receives the prescription by e-mail and can then prepare the medication, allowing waiting time to be kept to a minimum when it is collected. The service is currently offered at all Sun Store, Coop Vitality and Amavita pharmacies.

Vaccination service remains popular

The service for in-pharmacy vaccination without a medical prescription, introduced in 2015, was extended to additional cantons. Vaccination licences for pharmacists are issued by the cantons. The requirement remains that the pharmacist carrying out the immunisations has completed a five-day training course to attain the FPH certificate of competence in vaccination and blood collection. At present, vaccinations are possible in the cantons of Fribourg, Neuchâtel, Solothurn, Zurich, Grisons, St. Gallen, Schwyz, Thurgau, Schaffhausen, Basel-Land, Jura and Geneva. A pilot project for seasonal flu vaccinations in pharmacies was also launched in Bern, Vaud and Valais. A platform run by pharmaSuisse (www.impfapotheke.ch) shows the vaccination offering and location for all authorised pharmacies, including many Amavita and Coop Vitality locations.

CardioSnip – listening to the body

Working life has become more hectic. People work long hours, eat on the go and travel between time zones. Although there is an increasing trend towards a healthy lifestyle, such as eating little or no meat, avoiding tobacco and alcohol, or only consuming the latter in moderation, an increasing number of people are coming up against their limits. If the warning signals are not recognised in time, this can sometimes have serious consequences, such as heart attacks, stomach ulcers or burnout.

A small device can be helpful: CardioSnip is a new system that identifies signs of mental and physical overload, whereby an individual takes a series of ECGs (electrocardiograms) over a normal 24-hour day. CardioSnip is attached directly to the chest in the form of a patch, with no wires or other recording devices. Immediately after measurement, users can perform a simple evaluation using an app that identifies potential physical and mental overloads. The evaluation is based on a patented algorithm. The pilot phase was completed successfully in the fourth quarter of 2016, with the product scheduled for market launch in 2017. The device was developed by MediService and external partners and will be sold in Switzerland exclusively in Sun Store, Coop Vitality and Amavita pharmacies.

Own pharmacies and shareholdings

	31.12.2016	31.12.2015	Change
Amavita pharmacies ¹⁾	150	145	+ 5
Sun Store pharmacies ¹⁾	99	102	- 3
Coop Vitality pharmacies (Joint venture with Coop) ²⁾	69	64	+ 5
MediService specialty pharmacy ¹⁾	1	1	-
Majority holdings in other pharmacies ¹⁾	8	4	+ 4
Minority holdings in other pharmacies ²⁾	2	2	-
Total own points of sale	329	318	+ 11

¹⁾ Fully consolidated

²⁾ Consolidated at equity level

Independent partners

	31.12.2016	31.12.2015	Change
Amavita partnerships	9	12	- 3
Winconcept partner pharmacies	158	161	- 3
Total independent partners	167	173	- 6

15 years of Winconcept

Winconcept is a success story: as of 31 December 2016 the service provider offers marketing concepts focused on communication and quality to 158 stand-alone, independent pharmacies. From the quality management system and advisory services such as mystery shopping and customer surveys to staff training, the entire offering is designed to create value and reduce the workload of pharmacists.

The offering is marketed under the Feelgood's brand. The self-produced magazine Feelgood's News allows affiliated pharmacies to regularly inform their customers in German-speaking Switzerland, French-speaking Switzerland and Ticino about current medical and healthcare issues, while loyal customers are rewarded with a customer card and calendar.

A 15th anniversary celebration was held for 130 guests in October 2016. The guest speaker Adolf Ogi, former member of the Swiss Federal Council, praised light-heartedly the perseverance and achievements of Winconcept using the expression his father had always preached to him: "If you want to, then you can!"

"Team spirit is also taken very seriously when it comes to developing the next generation of talent. The success of 'Kuuqli', a three-day training camp for apprentices, shows that this commitment is very much appreciated by young employees."

Federal Council looking to give more powers to pharmacies

The decision by the Federal Council to give more powers to pharmacies in Switzerland has received widespread public attention. In October 2016, the Federal Council published a report that, for the first time, would make it possible for pharmacies, and not just general practitioners, to provide people with "simple and low-threshold access" to medical services. Pharmacies should also play a key role in preventative healthcare and the treatment of chronic diseases. However, this assumes a separate room in the pharmacy in which consultations can be held. While the recognition of pharmacies as the first point of contact for minor complaints is to be welcomed, further developments and decisions are still pending. The next step is for the Federation to scientifically supervise two pilot projects for children and chronically ill patients that will test new models for cooperation. The evaluation of the results is scheduled to be made available in 2018. Galenica Santé will also conduct a pilot project involving two pharmacies with extended medical services in 2017, one in German-speaking Switzerland and one in the French-speaking part of the country. The aim is to gather new information about customer needs in terms of basic medical care.

Promoting professionalism and quality

Demand for professional support from Winconcept remained strong in 2016. The greatest interest was in Process One, a lean quality management system for independent pharmacies that assists them in their planning without generating an excessive administrative burden.

The continuing education course CAS Management for Pharmacists, which was developed in collaboration with the University of Basel, is similarly dedicated to upholding quality standards. The two-year, part-time vocational course focuses on the topics of management, personnel management and business administration in pharmacies. An average of ten pharmacists attend the course, with 13 enrolled in the current, sixth, intake.

Centrally accessible knowledge and information

MediService made gains in expanding its various cooperative activities and niche programmes. After a successful pilot test at Sun Store in 2015, the switch was made in full in 2016, with centralised delivery of high-priced medicines now being carried out by MediService. This minimises risks such as incorrect orders or over-run expiry dates.

The introduction of SharePoint at the three pharmacy formats Amavita, Sun Store and Coop Vitality has resulted in a single communication platform. The web application simplifies cooperation, allows information to be exchanged quickly and easily, and also serves as a central file archive.

2016 saw the completion of the preparatory work for the introduction of TriaPharm® software at Coop Vitality. The application supports pharmacists in the areas of sales and order management, receipt of goods and inventory management, pricing and administrative support. The switch to TriaPharm® at Coop Vitality is scheduled for completion by the end of 2017.

Outlook: Growth both organically and through increased efficiency

The Retail Business sector continues to pursue its established strategy. Growth is to be achieved both organically, for example with new offerings and services, and through targeted acquisitions and new openings. Efficiency will also be improved by simplifying and harmonising processes, the systematic introduction of the pharmacy software TriaPharm® being one example of this. Standardised platforms make cooperation easier in the shared back office of the pharmacy formats, thereby creating added value for all. Appropriate measures also support efforts to maintain room for manoeuvre as regards future price reduction measures.

The pharmacy formats of the Retail Business sector

Amavita	Sun Store	Coop Vitality	MediService	Winconcept
<ul style="list-style-type: none"> - Largest pharmacy network in Switzerland. - Founded and managed by GaleniCare. - Product focus: prescription and non-prescription medicines and beauty products. - Points of sale in attractive public locations. - Strong customer focus (employee training, services, own-label brands). 	<ul style="list-style-type: none"> - First pharmacy chain in Switzerland, has belonged to Galenica since 2009 and is managed by GaleniCare. - Product focus: non-prescription medicines, beauty, wellness and health. - Larger-than-average retail space in places with high customer traffic such as shopping centres. 	<ul style="list-style-type: none"> - Joint venture between Coop and Galenica. - Located in larger Coop centres. - Comprehensive range in the fields of health, prevention and beauty combined with professional advice and services. 	<ul style="list-style-type: none"> - Specialty pharmacy for care of patients with chronic illnesses. - Home and Pharma Care therapy support service for in-home care of long-term patients, including specialist care and direct delivery of medications. 	<ul style="list-style-type: none"> - Service provider for autonomous and independent pharmacies. - Marketed under the Feelgood's brand. - Management and marketing concepts for members focusing on communication and quality.

Segment

Services

Services Business sector



Christoph Amstutz
Head Services Business sector

Dynamic sales growth

The Services segment made gains in both business volume and profitability in 2016. Net sales increased by 3.8% to CHF 2,328.9 million and earnings before interest and taxes (EBIT) rose disproportionately by 11.7% to CHF 41.4 million. Return on sales (ROS) could therefore be further increased to 1.8%. A milder flu season than last year was more than offset by gaining new customers and continuing range expansion, particularly in the cosmetics market. In-

creasing regulation, such as the now binding EU GDP Guidelines for Good Distribution Practice of Medicinal Products for Human Use, demands comprehensive solutions, which the Services segment is well-equipped to provide. Investments totalled CHF 20.2 million (previous year: CHF 26.9 million), related, among others, to the final construction phase of the Niederbipp distribution centre expansion.

Segment Services

Key figures 2016

- Net sales: CHF 2,328.9 million
- EBITDA: CHF 61.7 million
- EBIT: CHF 41.4 million
- ROS: 1.8%
- Investments: CHF 20.2 million
- Employees: 1,494
(1,234 full-time equivalents)

Net sales

in million CHF



Galenica Santé CHF 3,008.9 million

EBIT

in million CHF



Galenica Santé CHF 136.0 million

Services

Investment boost proving effective

“The Services Business sector operates successfully by applying the various components of pharmaceutical logistics in flexible and efficient modules for the benefit of its customers.”

Strategic priorities 2017

- Reinforce customer competitiveness with high-quality services and innovative offerings
- Bundle the competences as a wholesaler and in prewholesale for customers and suppliers
- Develop trend-setting eHealth offerings for the Swiss healthcare market
- Improve efficiency by further optimising processes

Greater capacity and efficiency at Galexis

The Services Business sector comprises the logistics companies Galexis, Unione Farmaceutica Distribuzione, Alloga and Medifilm, as well as database and management solution provider HCI Solutions.

Galexis completed the expansion of the Niederbipp distribution centre in the year under review, thus increasing its capacity and efficiency. In the first instance, it now has space for an additional 6,100 items, expandable to 11,000 if required, allowing it to align its product range to the future needs of customers, particularly in the area of cosmetics. The additional capacity also means that on-trend assortments such as vegan products, smoothies and tattoo-related products (Tattoo-Med®) can be catered for.

Furthermore, the expansion ensures that the structural conditions for further efficiency gains are now in place, as a greater number of transport containers can be processed per hour and per day; the hourly throughput rate increased by more than 30% to 4,000 containers. At the same time, Galexis implemented a range of other projects to improve efficiency. New scheduling software, for example, automatically orders around 80% of products and medications from manufacturers and business partners, thereby optimising the warehouse inventory and significantly reducing the more than 50 deliveries made each day.

Net sales

in million CHF



Galenica Santé CHF 3,008.9 million

Number of employees



Galenica Santé 6,131

Stress testing the expansion in Niederbipp

More than 500 employees work in the Galexis logistics centre in Niederbipp. Work processes are clearly defined and operating processes run smoothly. In order to minimise issues following the commissioning of the expansion, Galexis performed a stress test involving all employees at the beginning of August 2016, including those not employed directly at the warehouse but with an office workstation, for example. Everyone was given the opportunity to put the distribution centre through its paces for a day, testing the picking process in the new manual picking warehouse. It was a day with a steep learning curve. Regular operations were resumed once the teething problems had been eliminated. Just as one of the five key values of Galenica states: Together, we are stronger!

“The expansion of the distribution centre in Niederbipp means that Galexis can serve new customers and offer new ranges, such as exclusive cosmetic or on-trend assortments.”

A new IT platform simplifies the ordering procedure for pharmacies. Finally, the new logistics centre enables all products to be transported automatically from arrival to the “pick zone” (the hub for picking), which cuts out multiple stages in the process.

An increasing number of options are open to pharmacists when it comes to medical treatment. Thanks to its expertise in medical technology, Galexis can also supply customers with the required infrastructure. In 2016, its specialised medical technology range “Focus”, which is offered at euro prices, was expanded with a comprehensive pharmacy range including vaccinations and CardioTests® in pharmacies.

In May 2016, Galenica submitted a takeover bid to the shareholders of the physician wholesaler Pharmapool. By the acceptance deadline at the end of August 2016, 100% of the shareholders of Pharmapool AG had accepted the purchase offer from Galexis, with the Competition Commission (COMCO) approving the acquisition without conditions or requirements at the end of December 2016. The acquisition of Pharmapool was thus completed at the beginning of January 2017 and will strengthen the logistics business of Galenica Santé.

Unione Farmaceutica Distribuzione expands webshop offering

Unione Farmaceutica Distribuzione (UFD) performed well in its home market of Ticino in 2016, while its webshop specialisation for third party customers, offered throughout Switzerland, also bore fruit. Logistics and IT are seamlessly linked, from ordering through the webshop to mailing.

UFD is also expediting the growth of the pharmacy management system pharma4.net, which HCI Solutions distributes to smaller pharmacies and drugstores in German-speaking and French-speaking Switzerland. This allows faster and more efficient processing of sales, as well as simplified stock management and invoicing.

Alloga ensures GDP compliance across all sales channels

The new European guidelines for Good Distribution Practice of Medicinal Products for Human Use (GDP) stipulate that medicines must be stored and shipped at temperatures of 15–25 °C. To this end, all 110 delivery vans operated by Galexis have been refitted and certified according to GDP, while the prewholesale company Alloga has developed a solution for postal deliveries in collaboration with a logistics partner. This involves shipping packages to doctors and smaller hospitals using temperature-controlled mini vans. As a result, Alloga has ensured GDP conformity across all of its sales channels.

“An increasing number of options are open to pharmacists when it comes to medical treatment. Galexis is there to support them.”

A further challenge to logistics is posed by a new class of cancer drug, for which a temperature of -80°C must be maintained throughout the entire supply chain. These drugs have been on the market since December 2016. In response, Alloga has established an ultra-deep freeze logistics system.

Medifilm simplifies ordering procedure

Medifilm continues to develop. In 2016, the pioneer in blister packaging of drugs for individual patients expanded its capacity at the existing site and is now able to serve up to 30,000 patients across Switzerland. The existing Mediproc software platform has been equipped for direct connection to nursing homes, thus simplifying the ordering procedure.

HCI Solutions assists hospitals with medication data

By introducing direct invoicing to health insurers, HCI Solutions has, at minimal cost, enhanced billing process quality for pharmacies working with TriaPharm®. In addition, digital vaccination records have been integrated into the TriaMed® and TriaPharm® systems.

The pilot project with the Cantonal Hospital of St. Gallen to simplify administration of the hospital's own medication data was a success and has since been expanded to several cantons and additional cantonal hospitals. Others are scheduled to follow. St. Gallen has also been selected for a further pilot project: every time a medication is dispensed at its cantonal hospital, the newly-installed software application checks whether this is actually suitable for the patient in question or whether there are contraindications.

In December 2016, the rights to TriaMed® practice software were sold to Swisscom Health. HCI Solutions will thereby focus on information logistics, knowledge databases and developing software tools to improve the medication process and provide the basis for clinical decisions. It will also continue to run TriaPharm®, a software for pharmacy chains, individual pharmacies and drugstores.

Investments to increase capacity, efficiency and ecology

Population growth and longer life expectancy are likely to remain two of the defining trends in the Swiss healthcare market in future, as is cost pressure. The price assessment, which is expected for the end of 2017, will certainly lead to the next round of government-mandated price reductions for medications.

Key figures Wholesale/Prewholesale 2016

	Wholesale: Galexis, Unione Farmaceutica Distribuzione	Prewholesale: Alloga
Storage		
- Number of prepared boxes	> 8,010,000	—
- Number of delivered order lines	> 37,654,000	> 1,939,000
- Number of prepared packages	> 118,192,000	> 90,066,000
Distribution		
- Annual tonnage	> 15,138	> 7,775
- Number of postal packages	> 98,295	> 524,000
- Number of pallets	—	> 64,674
Structure		
- Number of items in stock	> 45,000	> 9,560
- Number of suppliers/partners	> 1,200	> 75
- Number of points of sale supplied	> 9,000	> 13,150
Technology		
- Degree of automation in Niederbipp	70%	—
- Degree of automation in Lausanne-Ecublens	29%	—
- Degree of automation in Barbengo-Lugano	47%	—
- Degree of automation in Burgdorf	—	36.5%

“Alloga intends to invest in the building infrastructure on the Burgdorf site.

The cold room is due to be expanded and linked directly to incoming goods and dispatch via ‘direct docking’.”

The Services Business sector is prepared to operate successfully in this environment with its services and offerings and to apply the various components of pharmaceutical logistics in flexible and efficient modules for the benefit of its customers.

As of 2017, a key priority will be replacement of the current Alloga and Galexis ERP (Enterprise Resource Planning) systems. The software provider has been selected and the next stage is the implementation at Alloga.

Galexis intends to use the expanded logistics platform to extend its offering, for example with the Switzerland-wide exclusive distribution of cosmetics, additional medical technology products for pharmacies and new ranges in the areas of homeopathy and chemicals. In addition, Galexis is planning to introduce an end-to-end supply chain including room temperature returns logistics based on the solution offered by Alloga.

Alloga intends to invest in the building infrastructure of the Burgdorf site. The cold room is due to be expanded and linked directly to incoming goods and dispatch via “direct docking”. The roof is also set to be renovated. As part of the initial expansion, one of the largest photovoltaic systems in Switzerland is due to be installed over an area of 10,000m².

The companies of the Services Business sector

Galexis	Unione Farmaceutica Distribuzione	Alloga	Medifilm	HCI Solutions
<ul style="list-style-type: none"> – Market leader in Swiss healthcare logistics. – Distribution centres in Niederbipp and Lausanne-Ecublens. – Comprehensive product and service offerings. – Supplies pharmacies, medical practices, drugstores, nursing homes and hospitals. 	<ul style="list-style-type: none"> – Leading pharmaceutical wholesaler and the only full-range supplier in Ticino. – Distribution centre in Barbengo-Lugano with strong regional roots. – Supplies pharmacies, drugstores, nursing homes and hospitals. 	<ul style="list-style-type: none"> – Largest Swiss pre-wholesaler. – Logistics centre in Burgdorf. – Modular, process-managed full-service offering along the entire supply chain. – Logistics services in partnership with the pharmaceutical and healthcare industry. 	<ul style="list-style-type: none"> – Swiss pioneer in the area of blister packaging of drugs for individual patients with wholesaling and manufacturing licence. – Customers include pharmacies and nursing homes supplied with pharmaceuticals. 	<ul style="list-style-type: none"> – TriaMed[®] ¹⁾ and TriaPharm[®] comprehensive database. – Develops management solutions for pharmacies as well as tools to securely manage, communicate and distribute sensitive health data.

¹⁾ Rights sold to Swisscom Health at the end of 2016



With its distribution centres in **Niederbipp** and **Lausanne-Ecublens** and a wide range of products and services, **Galexis** is the ideal partner for pharmacies, medical practices, drugstores, nursing homes and hospitals.