The Services segment comprises logistics services for the Swiss healthcare market from Alloga (pre-wholesale), Galexis, Unione Farmaceutica Distribuzione and Pharmapool (whole-sale), as well as Medifilm, which is active in drug blister packaging. These are complemented by services from HCI Solutions, which provides master data for the Swiss healthcare market and offers management software solutions for pharmacies. HCI Solutions also develops tools to securely manage, communicate and distribute sensitive health data and improve patient safety.

**Increased growth, improved processes**

Net sales and operating result

The Services segment generated net sales of CHF 1,177.1 million in the first half of 2018, an increase of 0.9% compared to the prior-year period. This was achieved in an overall market whose growth (+3.6%, IQVIA, first half of 2018) was driven especially by the sales performance of hospitals (+6.5%, IQVIA, first half of 2018) as well as by high-priced special medications that are for the most part not supplied via wholesale but directly to specialist doctors (doctors: +2.4%, IQVIA, first half of 2018). At the same time, the federal price reduction measures, which were significantly higher than announced, and strong growth in generics also had an impact on the sales of Services.

The operating result (EBIT) declined by 22.1% to CHF 22.3 million due to one-off effects from the prior-year period totalling CHF 7.0 million that did not recur in the period under review (sale of rights of the medical practice software Triamed® and a non-operational building in Schönbühl). Excluding these one-off effects, EBIT rose by 2.8%.

Return on sales (ROS) was maintained at a high level of 1.9%. Investments in the first half of 2018 amounted to CHF 16.1 million and were used in particular to finance the new ERP software that is being rolled out progressively at Alloga and Galexis.

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### Services Segment

<table>
<thead>
<tr>
<th></th>
<th>Net sales in million CHF</th>
<th>EBIT in million CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galenica Group</td>
<td>CHF 1,566.1 million</td>
<td>CHF 70.1 million</td>
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<tr>
<td></td>
<td>CHF 1,177.1</td>
<td>CHF 22.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Galenica Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,651</td>
<td>6,328</td>
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</table>
Success thanks to tailored offerings

Pre-wholesaler Alloga put a third cold room into operation at its Burgdorf site in the first half of 2018, expanding internal capacity for the refrigerated storage of medications by around one third. Uninterrupted, temperature-controlled transport logistics is further facilitated by direct docking to the cold room introduced in 2017, thanks to which delivered goods can be transferred straight from the lorry to the refrigerated zone. Initiated in 2017, the Modulo project to switch to SAP’s new ERP (Enterprise Resource Planning) system advanced, and a start with initial pilot customers is scheduled in early 2019.

Construction work for the photovoltaic system which is to be installed on the roof of the Alloga building in Burgdorf is progressing as planned: it should go into operation by the end of 2018, providing an average of one megawatt of electricity. It will not only generate electricity for the company’s own use, but in summer, shade provided by the solar panels will reduce energy consumption for cooling the building. With a surface area of some 10,000 m², it will be one of the largest systems in the region and will quadruple the production capacity of operator Solarstadt Burgdorf AG.

More effective refrigerated box from Galexis

Galexis gained a new partner in the first half of 2018: The Japanese company Shiseido, which produces cosmetics for the specialist retail trade, is banking on Galexis expertise to handle inventory management, shipment preparation and dispatch for Switzerland. Furthermore, in the period under review, Galexis commissioned a new, optimised refrigerated box that guarantees the required temperature of transported goods for 30 hours instead of four, thereby making a further contribution to drug safety. This is particularly important for the rapidly growing market segment of biologics – modern medicines produced using biotechnology that must be stored in cold conditions.

Strong growth in Ticino

Demand for logistics services in Ticino has increased sharply, with Unione Farmaceutica Distribuzione (UFD) growing faster than the market in the first half of 2018. Companies from German- or French-speaking Switzerland that do not employ their own sales staff in Ticino can now use representatives from UFD for promotional purposes, such as advertising campaigns for cosmetics in Ticino pharmacies.

New Medifilm blistering machines set for launch

As of mid-2018, Medifilm served around 8,500 patients throughout Switzerland, increasingly easing the burden of carers responsible for administering medications. Over the course of the year, the company will roll out a new generation of blistering machines that will double the number of blistered units per hour. They are also more precise than the current equipment and can produce sachets labelled in three languages.

HCI: Documedis® recognised as a Class I medical device

The registration of E-medication solution Documedis® as a Class I medical device was confirmed by the Swiss Agency for Therapeutic Products Swissmedic in the first half of 2018. This is thanks to its Clinical Decision Support (CDS) functions, which allow a detailed, patient-specific risk assessment of a medication and provide indications for adjusting drug therapy. CDS from Documedis® is the first system of its kind in Switzerland that complies with the requirements of the Medical Devices Ordinance (MedDO). Following an initial pilot phase, Documedis® will be used in the nine hospitals in the hospital region of St. Gallen as well as the St. Gallen Geriatric Clinic. The certification means that other hospitals in particular can now also use Documedis® as an officially recognised tool for the medication process. Consequently, new users have been acquired.

HCI Solutions is also supporting the further development of online shops and Click & Collect, working intensively to photograph products from the pharmacy range according to a defined standard so that the necessary pictures are available for the online offerings of Amavita, Sun Store and Coop Vitality. The plan is to also offer these images to other interested customers in the online sales market at a later time.