Services Segment

Hospitals and high-priced medicines as market drivers

The Services segment comprises logistics services for the Swiss healthcare market from Alloga (pre-wholesale), Galexis, Unione Farmaceutica Distribuzione and Pharmapool (wholesale), 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.

Net sales and operating result

The Services segment generated net sales of CHF 1,192.4 million in the first half of 2019, an increase of 1.3% compared to the prior-year period. The federal price reduction measures madated in 2018 continued to impact negatively on sales in the period under review. Excluding the effect of the price reduction measures for medications by the authorities (−2.6%), sales growth would have amounted to a pleasing 3.9%. This was achieved in an overall market whose slight growth (+0.9%, IQVIA, Pharmaceutical Market Switzerland, first half of 2019) was driven especially by the positive sales performance of hospitals (+4.2%, IQVIA, Pharmaceutical Market Switzerland, first half of 2019) as well as by high-priced special medications that are usually not supplied via wholesale but directly to specialist doctors (doctors: +3.7%, IQVIA, Pharmaceutical Market Switzerland, first half of 2019).

The adjusted[1] operating result (EBIT), i.e. excluding the effects of the new lease accounting standard IFRS 16, was CHF 22.6 million (+1.2%). The impact of CHF 0.1 million from the first-time adoption of IFRS 16 had no significant effect on the EBIT of CHF 22.7 million (+1.6%, first half of 2018: CHF 22.3 million). Adjusted[1] return on sales (ROS) remained stable at 1.9%. Investments in the first half of 2019 amounted to CHF 16.3 million and were used in particular for the new enterprise resource planning (ERP) software that is being rolled out progressively at Alloga and Galexis and for the modernisation and renovation project at the Galexis distribution centre in Lausanne-Ecublens.
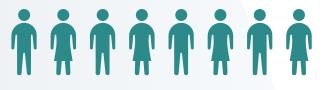
1,192.4
Net sales
in million CHF

Galenica Group CHF 1,600.4 million

22.6
EBIT adjusted[1]
in million CHF

Galenica Group CHF 81.1 million

1,750
Number of employees

Galenica Group 6,918

[1] Refer to chapter alternative performance measures from page 17

Services Business sector

Focus on customers thanks to high quality and expansion of services

Pre-wholesale company Alloga achieved a milestone in the switch to the new enterprise resource planning (ERP) system in the period under review: successful migration of the first pharma customer took place in June 2019. Preparations for the transfer of further business partners are in progress. Alloga is continuing to focus on carefully implementing and pushing ahead with this project, which is strategically and operationally important for the entire Galenica Group.

Galexis in Ecublens: contribution to ensuring security of supply

The Galexis distribution centre in Lausanne-Ecublens will be extensively renovated and modernised to significantly increase the level of automation and correspond to the even more stringent regulations in the future. By investing some CHF 30 million in this project, the Galenica Group is also making an important contribution to the availability of medications across Switzerland and to security of supply to patients. The relevant building application was approved in July 2019. Construction work is scheduled to begin in the third quarter of 2019.

The "Felan" own brand range for independent pharmacies, comprising cost-effective OTC products such as medicines containing paracetamol, that was launched at the end of 2018 has been well received and will be expanded in the second half of 2019.

In light of increasing regulatory requirements and cost pressure, more and more drug and cosmetics manufacturers wish Galexis to take on regional distribution of products instead of undertaking direct distribution themselves. Thus, the manufacturers use the logistic competence of Galexis to supply their customers. Two partners will take advantage of this service from Galexis for the first time in the second half of 2019.

Guaranteed quality despite volume growth

Thanks in particular to gaining further customers, Unione Farmaceutica Distribuzione (UFD) posted extremely pleasing growth in the first six months of 2019. Demand for services also grew in the period under review: this included in particular the "e-box", a logistics solution for online shops that has been offered by UFD throughout Switzerland since 2017. With the "e-box", UFD guarantees associated online shops all logistics processes that arise – from processing customer orders to handing over the package to the courier.

Medifilm blisters for more than 10,000 patients

As of the end of June 2019, Medifilm had more than 10,000 patients benefiting from its services for the first time. In doing so, Medifilm is making a significant contribution to correct administration and taking of medications, and thus to patient treatment compliance and easing the burden on carers. This includes, for example, information on the medications with which the patient is being treated but which are not included in the medifilm, such as eye drops or ointments, now being printed on the medifilms.

Documedis® integrated into e-health platforms

HCI Solutions created a complete set of images for all products available in the Amavita, Sun Store and Coop Vitality online shops to a uniform standard.

The e-medication solution Documedis® is also being used in the local systems of service providers (e.g. hospitals, doctors) and incorporated into the e-health platforms of various healthcare networks. These include organisations such as Cara (cantons of Fribourg, Geneva, Jura, Vaud and Valais) and Axsana (Zurich, Bern, Northwest Switzerland, Central Switzerland, St. Gallen and Schaffhausen) that create so called "reference communities". These reference communities are certified by the Federation and can then offer an electronic patient dossier under federal legislation.

HCI Solutions is planning to launch "Quickshop" in the second half of 2019 – an online shop for independent pharmacies via which they can, for example, offer among other things their house specialties. At the same time, HCI Solutions will support Galenicare with the further development and the use of the digitised medication plan "E-Mediplan", which is incorporated in the Amavita, Sun Store and Coop Vitality smartphone apps.