Products & Care Segment

Development and marketing of healthcare services and products

Products & Care

The “Products & Care” segment comprises the “Retail” business area with offerings for patients and end customers (B2C) and the “Professionals” business area with offerings for business customers and partners in the healthcare industry (B2B). These activities focus on the development and marketing of healthcare services and products via the various sales channels: in-store at pharmacies (POS), shipments via mail-order pharmacies and e-shops or at home (home care), as well as business customers.

Net sales

+13.6%

Products & Care CHF 918.9 million

EBIT adjusted [1]

+23.2%

Products & Care CHF 76.2 million

Number of employees

5,165

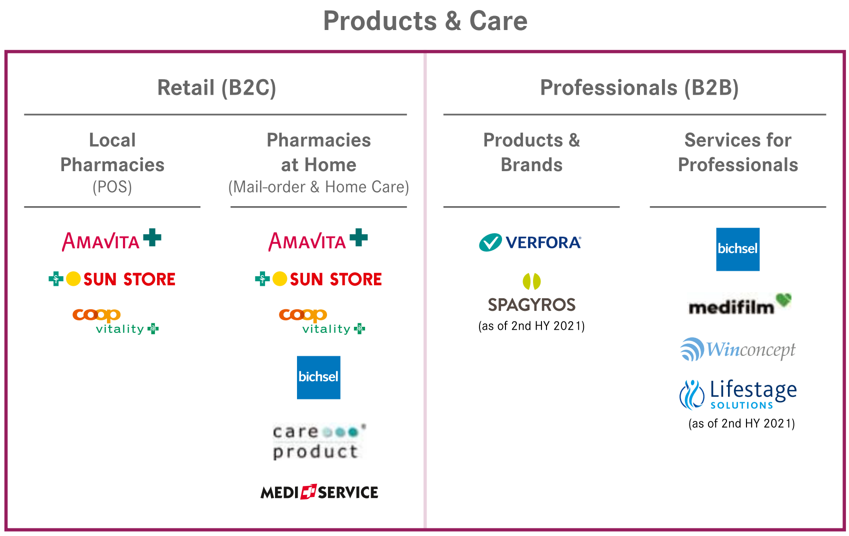
Galenica Group 7,095

Net sales and operating result

The “Products & Care” segment generated net sales of CHF 918.9 million (+13.6%) in the first half of 2021. CHF 834.3 million (+14.4%, excluding Coop Vitality) thereof was accounted for by the “Retail” business area (B2C) and CHF 88.5 million (+5.4%) by the “Professionals” business area (B2B). The “Products & Care” segment therefore clearly outperformed the positive +3.4% trend of the overall market (IQVIA, Pharmaceutical Market Switzerland, first half of 2021).

The adjusted[1] operating result (EBIT), i.e. excluding the influence of the IFRS 16 (Leases) accounting standard, increased by 23.2% to CHF 76.2 million in the first half of 2021 and the adjusted[1] return on sales (ROS) rose from 7.6% to 8.3%. EBIT in the reporting period was negatively impacted by the continued reduction in sales of pharmacies at high-frequency locations as well as the absence of a seasonal flu outbreak in winter 2020/2021. These negative effects were more than offset by the one-off additional sales generated through offers to combat the COVID-19 pandemic as well as additional sales attributable to Verfora’s portfolio expansion.
Investments in the “Products & Care” segment amounted to CHF 10.6 million (first half of 2020: CHF 11.5 million). They were mainly used for pharmacy reconstructions.

1) Excluding the effects of IAS 19 and IFRS 16. See section Alternative performance measures.


Products & Care
Retail (B2C)
Professionals (B2B)
Local Pharmacies (POS)
Pharmacies at Home (Mail-order & Home Care)
Products & Brands
Services for Professionals
AMAVITA
SUN STORE
coop vitality
AMAVITA
SUN STORE
coop vitality
bichsel
care product
MEDISERVICE
VERFORA
SPAGYROS
(as of 2nd HY 2021)
bichsel
medifilm
Winconcept
Lifestage SOLUTIONS
(as of 2nd HY 2021)

The customer at the centre

Retail

The online and offline offerings were linked even more closely in the first half of 2021 in order to be present wherever its customers are.

Net sales development

In the first half of 2021, the "Retail" business area generated net sales of CHF 834.3 million (+14.4%, excluding Coop Vitality). CHF 616.9 million (+9.6%) thereof was attributable to "Local Pharmacies" (POS) and CHF 217.5 million (+30.9%) to "Pharmacies at Home" (mail-order and home care). The main drivers of revenue growth in the "Local Pharmacies" sector were the various services offered to combat the COVID-19 pandemic, in particular also the distribution of COVID-19 self-tests. Mediservice generated a pleasing growth with new drugs for rare diseases in the "Pharmacies at Home" sector. Government-mandated drug price reductions caused sales to decline by -1.1% during the reporting period. Excluding this effect, net sales in the "Retail" business area would have risen by 15.5%.

By way of comparison: medication sales (prescription [Rx-] and OTC products) in the Swiss pharmacy market grew by 2.5% (IQVIA, Pharmaceutical Market Switzerland, in the first half of 2021).

Further development of the pharmacy network

The number of own pharmacies as of the end of June 2021 was 367 locations (net plus one compared to the end of 2020). Two new pharmacies were acquired and one new pharmacy opened during the first half of the year. At the same time, two locations were closed down as part of the optimisation of the pharmacy network. At the end of the first half of the year, the number of partner pharmacies was 150 (minus six compared to the end of 2020).

Own pharmacies and shareholdings

	30.06.2021	31.12.2020	Change
Amavita pharmacies [1]	179	179	–
Sun Store pharmacies [1]	94	94	–
Coop Vitality pharmacies [2] (joint venture with Coop)	88	87	1
Mediservice specialty pharmacy [1]	1	1	–
Majority holdings in other pharmacies [1]	5	5	–
Total own points of sale	**367**	**366**	**1**

1) Fully consolidated
2) Consolidated at equity

Independent partners

	30.06.2021	31.12.2020	Change
Amavita partners	5	5	–
Winconcept partner pharmacies	145	151	–6
Total independent partners	**150**	**156**	**–6**

Distribution of coronavirus self-tests at pharmacies

On 7 April 2021 one of the largest distribution campaigns in the history of the Swiss pharmacies was launched. To combat the COVID-19 pandemic, five COVID-19 self-test kits could be obtained free of charge per person per month upon presentation of a health insurance card. Amavita and Sun Store customers can also have their five tests sent to their home monthly via a subscription.

The Federal Council passed the corresponding resolution a few days prior to the launch, which gave pharmacy staff little time to prepare for the distribution of the self-tests. Another logistical challenge was that the self-tests were delivered to pharmacies in packs of 25 and had to be repackaged by them into sets of five. The regulatory requirements meant that the pharmacies had to repackage the self-tests so they could be dispensed to customers.

Thanks to the hard work of all the pharmacy staff, supported by numerous employees from other Service and Business Units, sufficient tests were available at all pharmacies from the outset of the dispensing campaign.

Focus on customer needs

The importance of pharmacies as the first point of contact for healthcare advice was once again increased in the period under review due to COVID-19. By the end of 2020, the pharmacies of the Galenica Group were already offering antigen and PCR tests. In spring 2021, services to combat COVID-19 were expanded with the offer of vaccination by the pharmacies. Additional pharmacy staff has been specially trained for this purpose and the available space in the pharmacies has been adapted accordingly. By the end of June 2021, the pharmacies of the Galenica Group have performed over 80,000 antigen and PCR tests. Additionally, more than 150 Amavita, Sun Store and Coop Vitality pharmacies in 12 cantons were granted permission to vaccinate and have administered over 38,000 doses.

«The modernisation of the appearance improves customer guidance in the Sun Store pharmacies and enhances the customer experience.»

Mail-order pharmacy gathers pace

Galenica also linked its online and offline offerings even more closely in the first half of 2021 in order to be present wherever its customers are. Including COVID-19 self-test subscriptions, sales gener-ated by the Amavita and Sun Store mail-order pharmacies doubled in the first six months of 2021; even disregarding COVID-19-related products, they still rose by an encouraging pleasing 31.4%. Since early 2021, Sun Store and therefore all the Galenica Group's pharmacy formats are offering the services of a mail-order pharmacy, which allows patients to order their prescription medication to be delivered directly to their home.

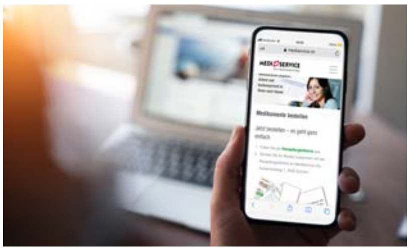
A fresh look for Sun Store

Galenica is also investing in physical pharmacies and aims to further improve the quality of the advice and services it offers. From the second half of 2021 onwards, the appearance of the Sun Store pharmacies will be gradually updated in accordance with a new concept. In particular, the branches will optimise their customer guidance in order to improve the shopping experience and self-operated payment machines will be added to expand the payment options. The ongoing modernisation of the window display concept for the Amavita stores was continued.

New pharmacy layout for Sun Store

Successful partnership with onlinedoctor.ch

Amavita's pilot project with the online-based dermatologists' network onlinedoctor.ch was a success and will be rolled out in around 110 Amavita pharmacies throughout Switzerland in the second half of the year. This will enable Amavita to offer customers an even better, easily accessible service for dermatological ailments: in addition to an expert initial consultation and treatment at the pharmacy, people with skin problems will also receive professional support for complex issues from onlinedoctor.ch, including a medical report and any necessary drug prescriptions.



Consistently high generic substitution rate

The generic substitution promoted by Galenica also curbed sales due to lower drug prices. The generic substitution rate remained stable at 72% at the end of the reporting period. This contribution by Galenica to minimising the effects of cost increases in the Swiss healthcare system will therefore have a lasting impact.

Mediservice – strong development with drugs for rare diseases

The specialty pharmacy Mediservice, which focuses on caring for people with chronic and rare diseases, saw a substantial increase in sales of new drugs for rare diseases during the period under review. Mediservice thus made a significant contribution to the strong growth of the "Pharmacies at Home" sector.

Dynamic development thanks to acquisitions and new products

Professionals

The systematic expansion of the portfolio of products and services expanded the offering for Professionals even further and strengthened this business area's position in the market.

Net sales development

In the first half of 2021, the "Professionals" business area generated net sales of CHF 88.5 million (+5.4%). CHF 59.6 million (+9.1%) thereof was attributable to "Products & Brands" and CHF 28.9 million (-1.5%) to "Services for Professionals". Sales in the "Products & Brands" sector, which mainly comprises the business activities of Verfora, were driven by the broadened partnerships with Angelini Pharma and Allergosan in 2020 as well as the Hedoga Group, which was acquired in July 2020. In addition, the popular ointment Vita-Merfen® was relaunched on the market at the end of 2020. Due to the absence of a seasonal flu season, cold remedies suffered a substantial decline in sales, just as travel-related products.

By way of comparison: the consumer healthcare market declined by 3.7% year-on-year (IQVIA, Consumer Health Market Switzerland, first half of 2021, excluding COVID-19 self-tests).

In the "Services for Professionals" sector, the decline in sales at Winconcept and the year-on-year normalisation of sales at Bichsel Laboratory were offset in part by strong sales growth at Medifilm.

Dynamic trend at "Products & Brands"

COVID-19 continued to define the business of "Products & Brands" in the first half of 2021. Sales of products for colds plummeted by over 30%, with some cough medicines down by as much as 70%. The probiotics segment performed well, despite the persistently low footfall in pharmacies: sales of Omni-Biotic® from the Allergosan Institute, which has been part of Verfora's portfolio since the first quarter of 2020, saw continued strong growth.

Acquisitions and...

The acquisition of Dr. Wild & Co. Ltd.'s range of pharmaceutical products with well-known brands such as Vitamin D3 Wild Oil® and VI-DE 3® in May 2021 has further expanded Verfora's leading position in the Swiss consumer healthcare market and reinforced its standing as a competent partner in the B2B market. This move has secured Verfora the rights to strong brands and high-potential marketing authorisations that ideally complement the current portfolio. With this acquisition Verfora will establish its own physician field service.

...new products

More info

In May 2021, the product Algifor® Dolo Duo was added to the Algifor® range – the first painkiller in Switzerland to combine the active ingredients ibuprofen and paracetamol in one tablet. This new duo of active ingredients therefore acts in two ways to treat mild to moderate pain, for example in joints and ligaments, following injuries or in the back.

Continuing COVID-19 situation affecting sales development

At the Bichsel laboratory, sales returned to a normal level again following the extraordinarily high sales in the previous year. In the first half of 2020 in particular, the Bichsel Group recorded significantly higher demand for infusion and injection solutions, emergency medications and disinfectants due to COVID-19, which stabilised again in the reporting period. The development of Winconcept was also hampered by COVID-19 in the first half of the year.

Increased production capacities at Bichsel

The growth potential in the home care market is reflected in the increasing demand for home care services in the field of clinical nutrition and infusion therapies. In order to be able to also meet future demand, Bichsel increased its capacities with the addition of a new, more modern filling plant for solutions in plastic bottles. This also further improves both efficiency and occupational and product safety.

Click here for the outlook

40 years of Perskindol®

Perskindol® celebrates its 40th anniversary in 2021. This anniversary is being extensively celebrated in the form of great competitions, attractive offers and a strong media presence.

Incidentally, Perskindol® was developed by a Swiss tennis player and businessman. After extensive research, he launched the first Perskindol® product on the market in 1981. In the years that followed, the range of products was constantly expanded and adapted to the needs of customers. In addition to the pain-relieving therapeutic products, a variety of care products are available to support well-being when playing sports and in everyday life.

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More info