

Pharmacy Pulse

Analysis of the key trends in the Irish Community Pharmacy sector, prepared by Fitzgerald Power on a quarterly basis.

Q2 2021



Summary Q2 2021

Covid Vaccinations

At the end of June, as the incidence of the Delta variant increased in the population, pharmacists were allowed to administer the J&J vaccine to younger age groups to speed along the vaccine rollout. Pharmacists reported a huge demand for the vaccine, but noted significant supply issues.

Merger

Haven Pharmacy and totalhealth Pharmacy have agreed to merge, following the approval of members. Haven currently has 49 pharmacies and totalhealth 78 throughout Ireland. The merger will enable the combined entity, which will trade as CommCare Pharma, to manage a supply chain value in the order of €200m per annum. Fitzgerald Power advised on the deal.

Chemist Warehouse

Chemist Warehouse, Australia's biggest pharmacy chain, has signed a 10-year lease on the former Hickey's Home Focus store on Henry Street in Dublin. It represents one of the first significant new lettings in a year when retail has been blighted by Covid uncertainty. The group has previously agreed a deal on another location in the capital and has plans for more outlets across the country.

Consolidation

There was notable transaction activity amongst large corporate groups in Q2 2021 with Boots, McCauley's and Uniphar all completing deals. Of these transactions Boots is potentially the most noteworthy. Their acquisition of Butler's Medical Hall in Wicklow Town is the group's first acquisition for 10 years, and marks a change in direction from the previous strategy of opening greenfield units.

Vaccinations

As of Wednesday 30th June, 4.17million vaccine doses had been administered in Ireland, meaning 63.2% of the adult population had received at least a first dose. This means that 3.2million doses were administered in Q2, which is a significant increase from the first quarter figure of 932,234. The government aims to have a vaccine available for everyone who wants one by the end of the summer.

Revenue Pulse

Turnover

Retail Excellence reports an increase of 13.39% in total sales value in Q2 2021 versus the same period last year.

Value of Sales: Retail Excellence **13.39% ↑**

SOURCE: RETAIL EXCELLENCE

The volume of pharmaceutical, medical and cosmetic sales as measured by the CSO, increased by 20% in June 2021 against the same period last year.

Volume of Sales: CSO **20% ↑**

SOURCE: CSO

Unit Trends

According to HMR Ireland research, the Irish prescription market grew by 8.71% in units compared to the same period last year. Retail Excellence reported dispensary volume growth of 5.51% in Q2 2021 versus Q2 2020.

Unit Growth: HMR Ireland **8.71% ↑**

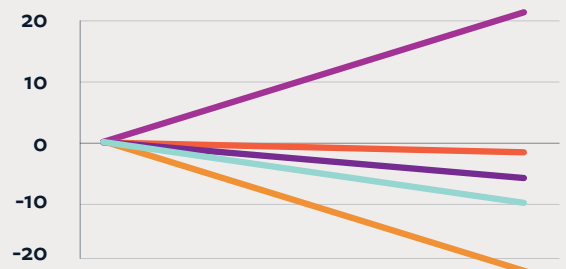
SOURCE: HMR IRELAND

Footfall Mobility

Compared to the previous period in 2020, mobility was down 10% in retail and recreation.

The largest decrease was seen in Dublin where mobility declined 23%, whereas the biggest increase was in Kerry at 22%. Mobility declined 1% in Cork and 6% in Limerick over the period.

Changes in footfall Mobility



Overall -10% Limerick -6% Cork -1%
Kerry 22% Dublin -23%
Biggest positive movement Biggest negative movement

SOURCE: GOOGLE MOBILITY

OTC Tracker

IQVIA data shows the largest growth in OTC sales was in the VMS & tonics category this quarter, whereas the biggest decline was in cough, cold and other respiratory medications. IQVIA report that the OTC market in Ireland contracted by 3% in value and 10% in volume in the year to June 2021 versus the year to June 2020.

Value: €421.9m

3% ↓

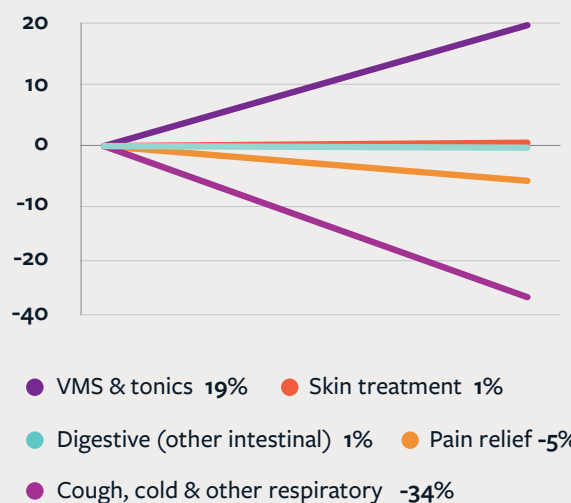
SOURCE: IQVIA OIRMTH MAT 6/2021

Volume: €44.3m

10% ↓

SOURCE: IQVIA OIRMTH MAT 6/2021

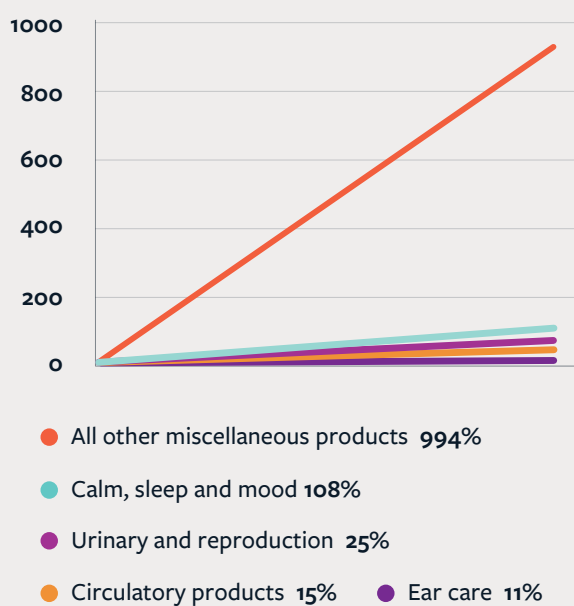
Top OTC Classes by Growth



SOURCE: IQVIA OIRMTH MAT 6/2021

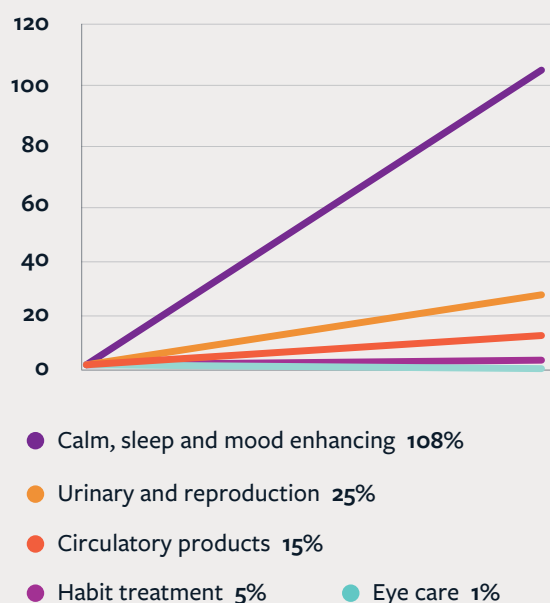
Minor OTC categories have seen significant growth, with sleep enhancing medications in particular growing at 108% over the period.

Top Minor OTC Classes by Growth



SOURCE: IQVIA OIRMTH MAT 6/2021

Top Minor OTC Classes by Value



SOURCE: IQVIA OIRMTH MAT 6/2021

Market Pulse

It was another strong quarter for sales, with Fitzgerald Power estimating that six transactions completed in the 2nd Quarter of 2021. Although this is lower than the 15 transactions noted in Q1, it suggests strong consistent growth in the market, particularly when the Cara deal (13 units) is excluded from the Q1 data.

A corporate group (Boots, McCauley's and Unipharm) was the purchaser in three of the six transactions recorded in Q2.

New Openings and Closures

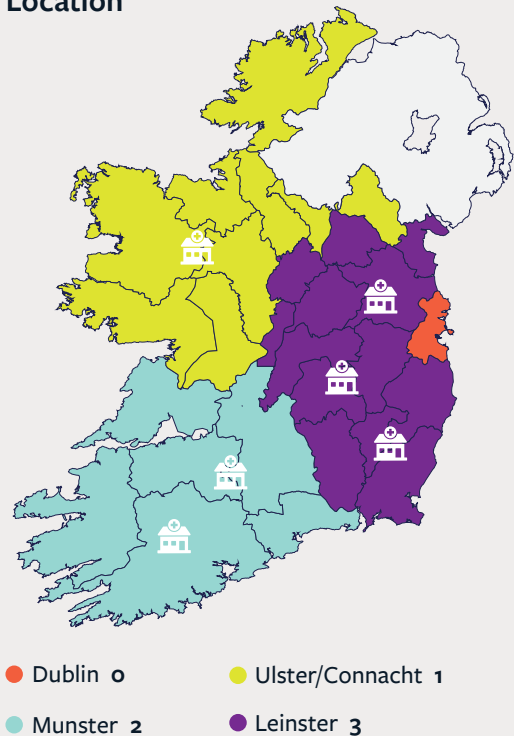
New Openings between
1st January – 1st June 2021 **5**

Closures between 1st January
– 1st June 2021 **3**

Net Openings between
1st January – 1st June 2021 **2**

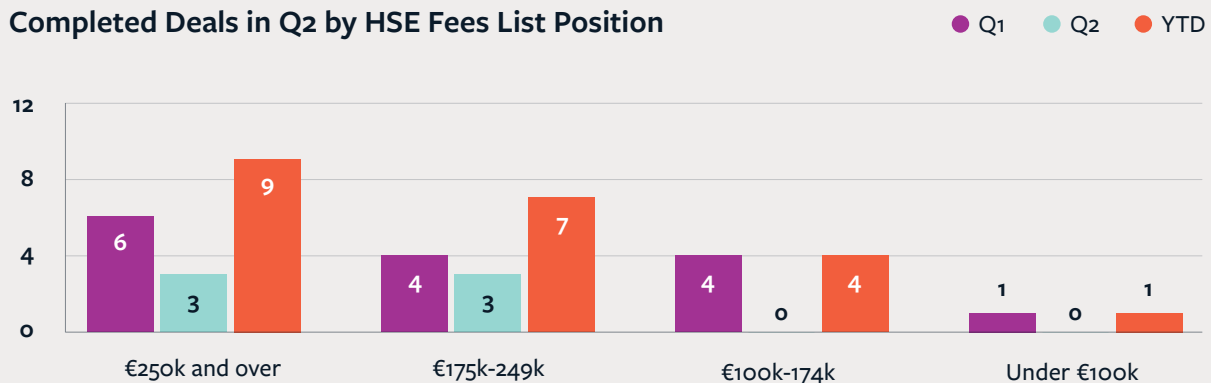
SOURCE: PSI

Completed Deals in Q2 by Geographical Location



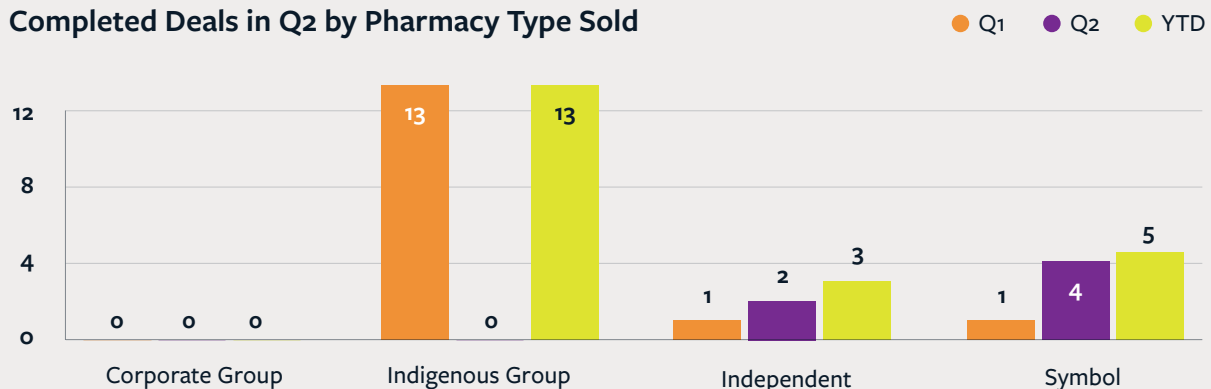
SOURCE: FITZGERALD POWER

Completed Deals in Q2 by HSE Fees List Position



SOURCE: FITZGERALD POWER

Completed Deals in Q2 by Pharmacy Type Sold



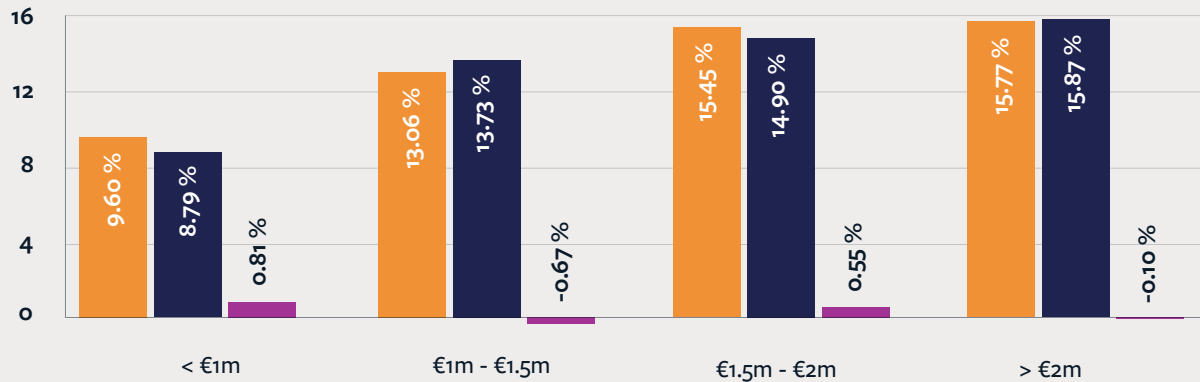
SOURCE: FITZGERALD POWER

Performance Pulse

Overhead spend and operating profit margins remained relatively flat in 2020 with pharmacies in the < €1m and €1m - €1.5m range showing the greatest variance.

Operating profit performance by turnover bracket – 2019 vs. 2020

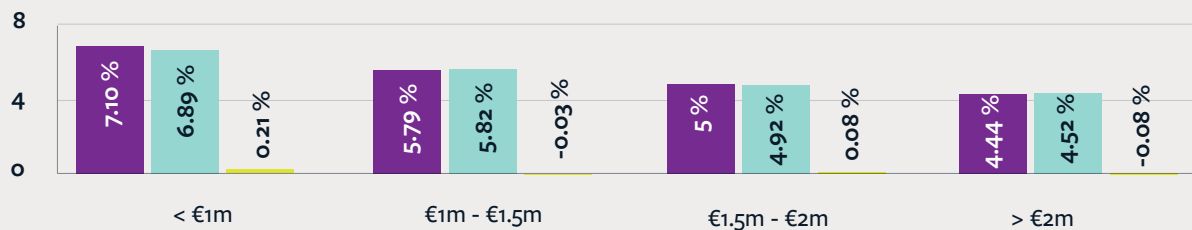
2020 2019 YOY



SOURCE: FITZGERALD POWER

Other overheads %

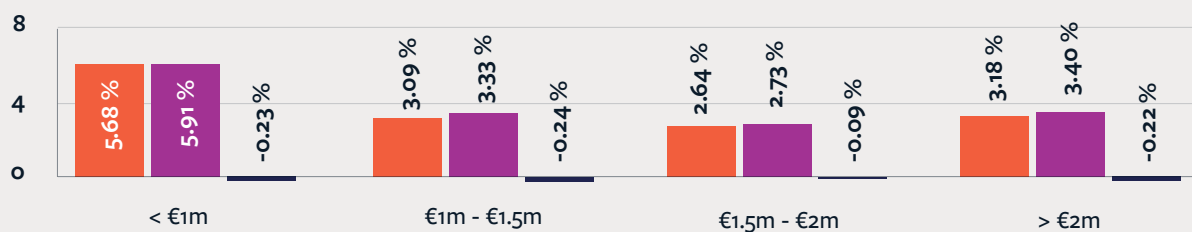
2020 2019 YOY



SOURCE: FITZGERALD POWER

Rent %

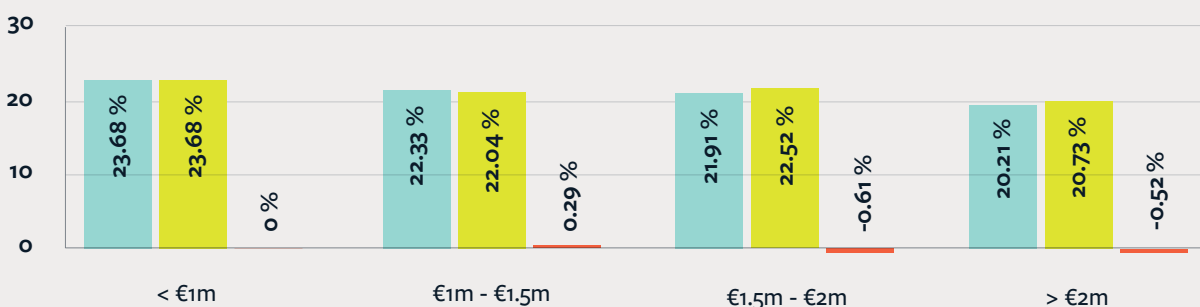
2020 2019 YOY



SOURCE: FITZGERALD POWER

Wages %

2020 2019 YOY



SOURCE: FITZGERALD POWER

Fitzgerald Power is the leading financial advisor to the Irish community pharmacy sector and the leading pharmacy sales brokerage firm in Ireland.

We'd love to hear from you so please get in touch if you think we can help.



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