Pharmacy Pulse

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

Q3 2021

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Summary Q3 2021

Wages

Wages have continued to rise across the pharmacy sector over the past three quarters due to an increase in locum rates and a shortage of qualified staff and of hourly paid workers. Pharmacy Pulse, Q4 2021 will discuss labour trends in the sector in detail.

Market News

US pharmaceuticals group McKesson Corp has agreed to sell its Irish business to the pan-European wholesaler Phoenix Group. This includes the 90-outlet chain of Lloyds pharmacies and the United Drug wholesale business. McKesson announced its exit from the Irish market as part of a deal to sell its operations in eight European countries.

The Irish business has estimated turnover of approximately €2 billion and employs about 1,800 staff here, including more than 900 in Lloyds, which is the second largest pharmacy chain in the market. United Drug employs about 650 staff, while TCP has approximately 165 staff, including 90 nurses.

IPU Annual Report

The Irish Pharmacy Union's (IPU) annual report, produced by KPMG, found community pharmacies' finances were impacted by a range of financial threats in 2020, including lower footfall, changes in dispensing, and higher operating costs in response to the pandemic.

Budget 2022

In this year's budget the government provided €31 million to a women's health package which provided access to free contraception for those aged between 17 and 25. This access to contraception will be provided at the pharmacy level, and has been welcomed by the sector.

Vaccinations

As of Wednesday 30th September, 7.21 million vaccine doses had been administered in Ireland, meaning 90.1% of those over 12 had received at least a first dose. 3.04 million doses were administered in Q3.

Revenue Pulse

Turnover

The volume of sales, as measured by the CSO, increased by 9.8% in September 2021 against the same period last year.

Volume of Sales: CSO	9.8%	↑

SOURCE: CSO

Unit Trends

According to HMR Ireland research, the Irish prescription market grew by 7.47% in units compared to the same period last year.

Unit Growth: HMR Ireland	7.47%	↑

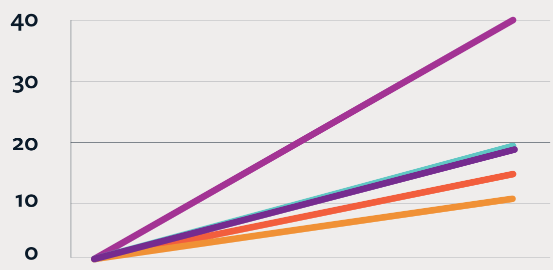
SOURCE: HMR IRELAND

Footfall Pulse

Mobility data for supermarkets and pharmacies showed significant growth over the quarter, increasing by 19% compared to the same period in 2020.

The biggest increase was in Kerry at 40%, but increases were seen across counties, with Dublin, Cork and Limerick showing 11%, 15% and 19% increases respectively.

Changes in footfall Mobility



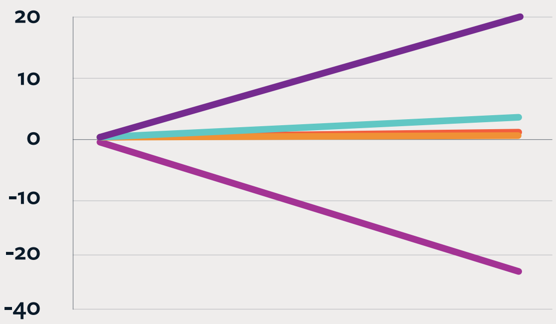
- Overall 19%
- Limerick 19%
- Cork 15%
- Kerry 40%
  Biggest positive movement
- Dublin 11%

SOURCE: GOOGLE MOBILITY

OTC Tracker

IQVIA data shows the largest growth in Major OTC classes was in the VMS & tonics category this quarter, whereas the biggest decline was in cough, cold and other respiratory medications.

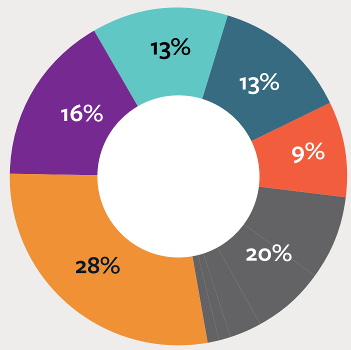
Top 5 Major OTC Classes by Growth



- VMS & tonics **20%**
- Digestive (other intestinal) **5%**
- Skin treatment **2%**
- Pain relief **2%**
- Cough, cold & other respiratory **-27%**

SOURCE: IQVIA OIRMTH MAT 9/2021

Top 5 Major OTC Classes by Value

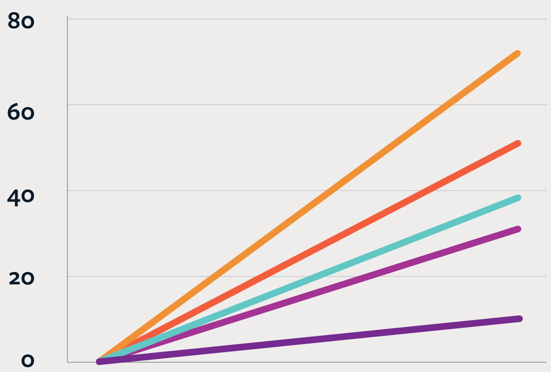


- Pain relief **28%**
- VMS & tonics **16%**
- Digestive (other intestinal) **13%**
- Cough, cold & other respiratory **13%**
- Skin treatment **9%**
- Minor OTC Classes **20%**

SOURCE: IQVIA OIRMTH MAT 9/2021

There has been significant growth among Minor OTC categories this quarter, with sleep and mood enhancing products seeing a 54% increase over the period.

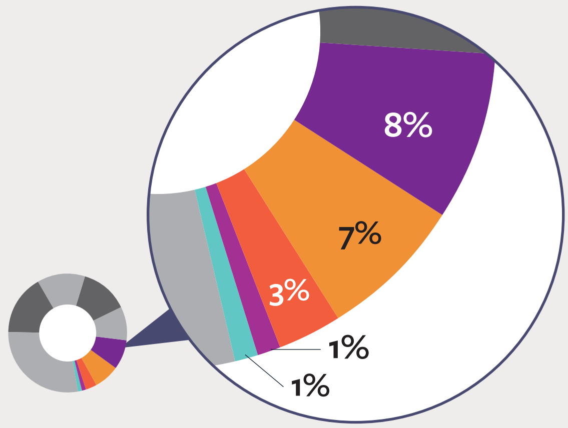
Top 5 Minor OTC Classes by Growth



- All other miscellaneous products **75%**
- Calm, sleep and mood **54%**
- Urinary and reproductive care **39%**
- Circulatory products **31%**
- Ear care **10%**

SOURCE: IQVIA OIRMTH MAT 9/2021

Top 5 Minor OTC Classes by Value



- Habit treatment **8%**
- Eye care **7%**
- Urinary and reproductive care **3%**
- Calm, sleep and mood **1%**
- Circulatory products **1%**

SOURCE: IQVIA OIRMTH MAT 9/2021

Market Pulse

It was another strong quarter for sales, with Fitzgerald Power estimating seven transactions completed in the 3rd Quarter of 2021.

Four of the seven Q3 acquisitions were completed by independents, two by indigenous groups and one by a corporate group.

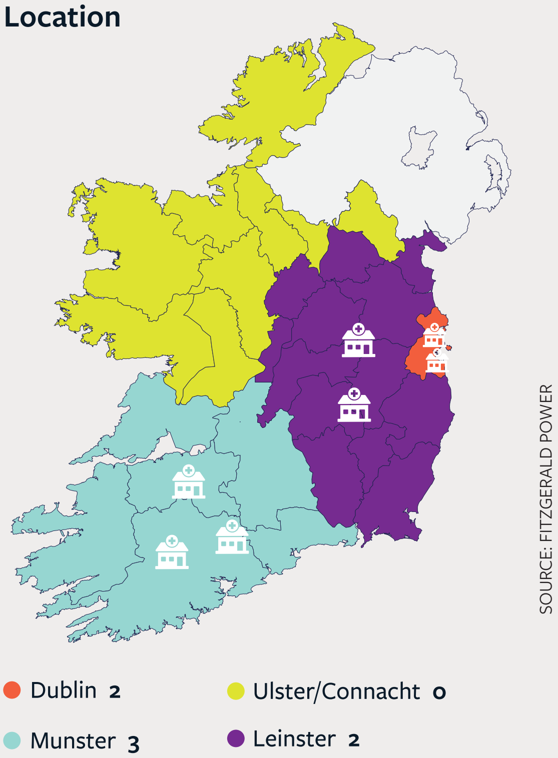
PSI data suggests there have been 14 new openings since the beginning of 2021, bringing the number of community pharmacies in Ireland to 1,902.

New Openings and Closures

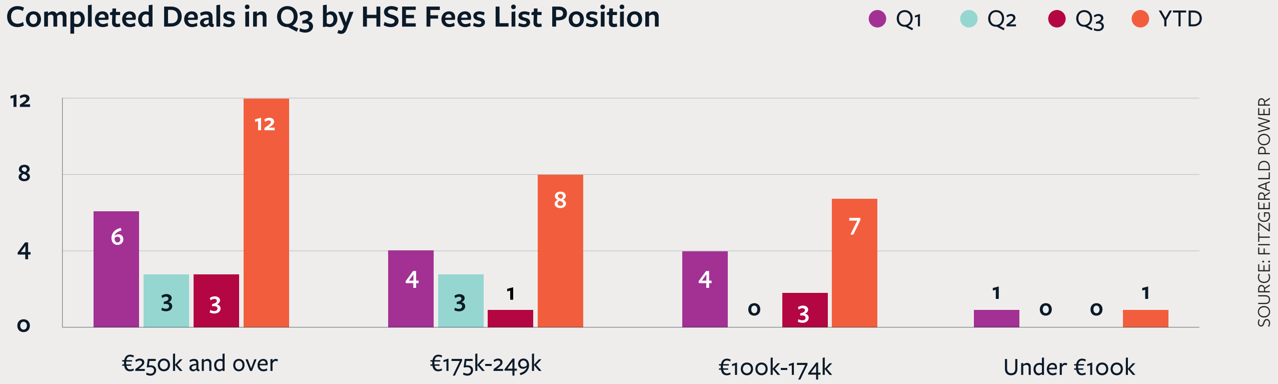
New Openings between 1st January – 1st October 2021	14
Closures between 1st January – 1st October 2021	5
Net Openings between 1st January – 1st October 2021	**9**

SOURCE: PSI

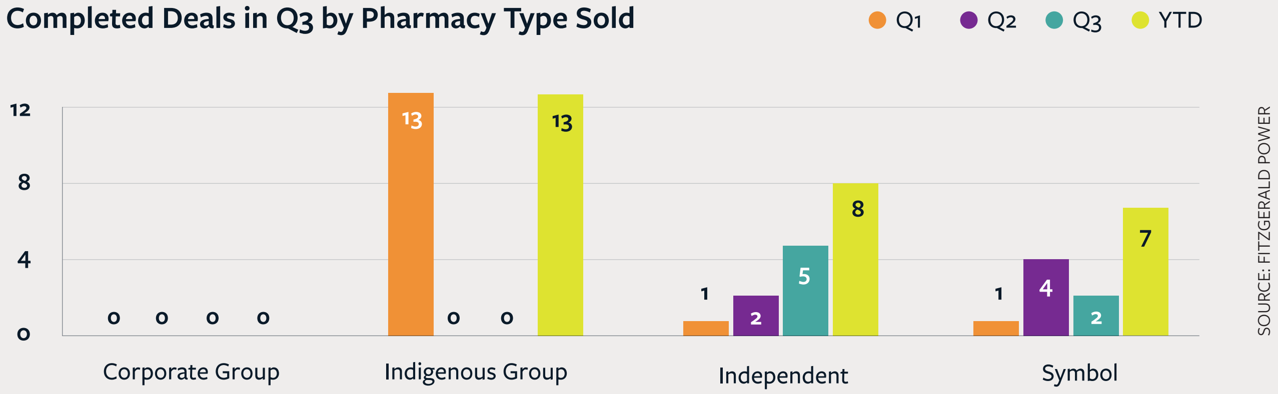
Completed Deals in Q3 by Geographical Location



Completed Deals in Q3 by HSE Fees List Position

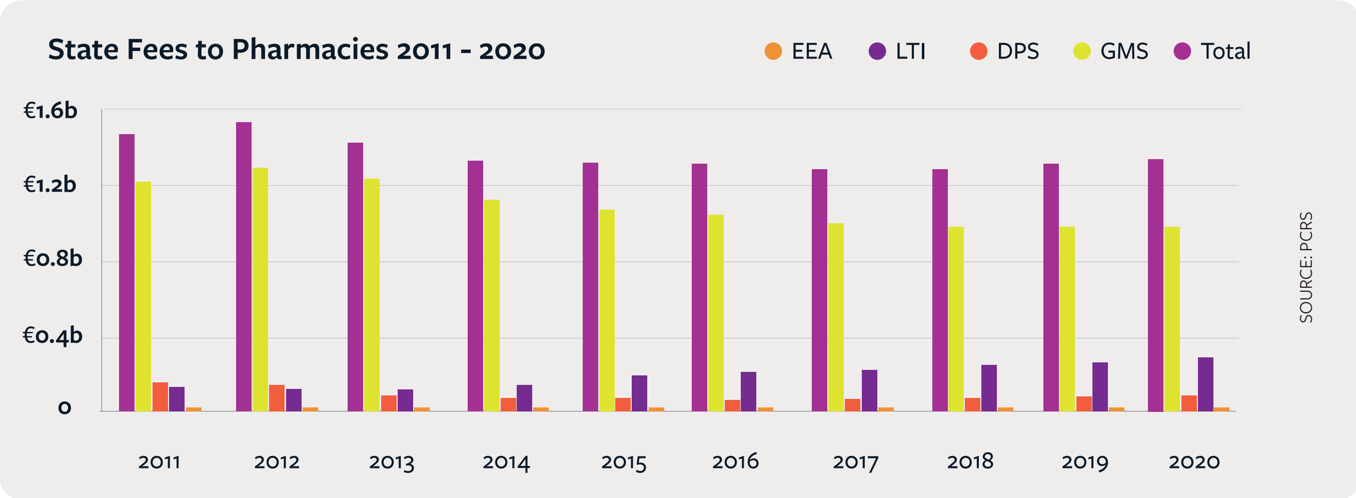


Completed Deals in Q3 by Pharmacy Type Sold

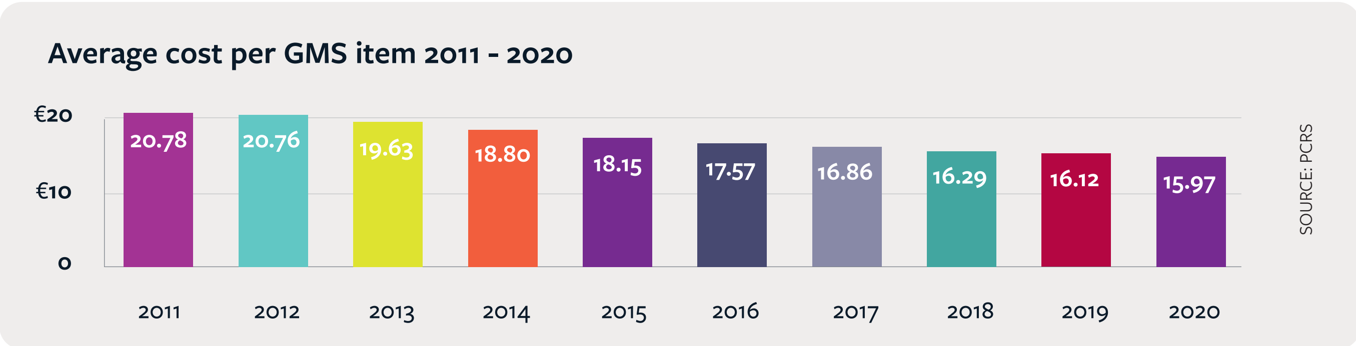


Performance Pulse

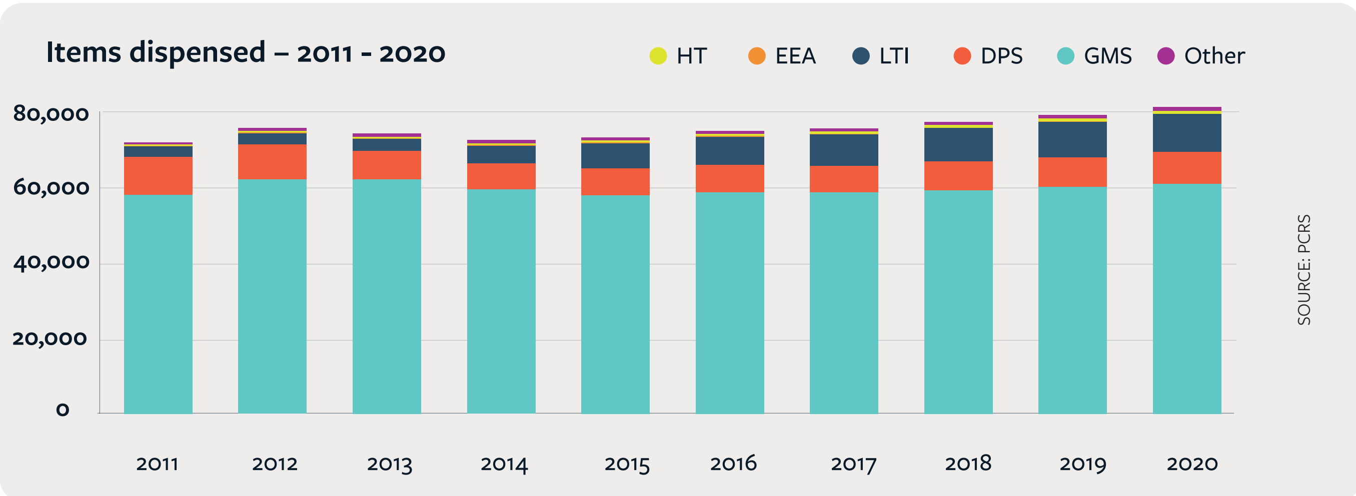
Data just released from the HSE's Primary Care Reimbursement Service (PCRS) shows a decline in state fees from 2011 to 2020.



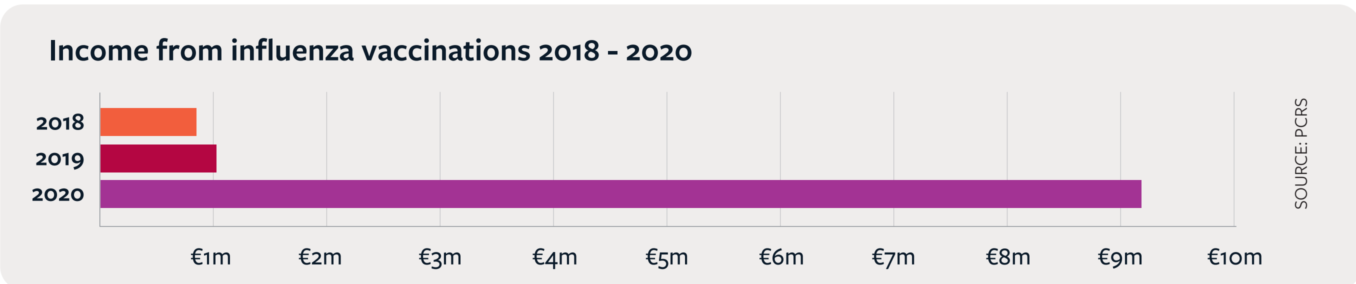
The average cost per GMS item has also declined over the period.



However, the number of items dispensed increased over the period.



Between 2018 and 2020 the income generated from administering influenza vaccines increased significantly.



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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