

Pharmacy Pulse

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

Q2 2022



Summary Q2 2022

Pharmacy awards

The Irish Pharmacy awards took place in May; winners included Laura Dowling of Lloyds Pharmacy for PrecisionBiotics Community Pharmacist of the Year, and Perrystown Allcare Pharmacy for the Originalis Community Pharmacy Team of the Year Award. Congratulations to all the winners!

Rising prices

Inflation in the Eurozone rose 8.6% year on year in June, with energy prices remaining the biggest contributor to accelerating prices, rising 41.9%. Core inflation, which excludes volatile factors such as energy but also food, alcohol and tobacco, and is watched closely by European Central Bank policymakers, remained stable at 3.7%.

Walgreens halts Boots sale

Upheaval in the credit markets has led Walgreens Boots Alliance to stop the sale process for the Boots chain in the UK. Walgreens announced that despite interest no offers had been received that reflected the value of the business.

Global economic trends

Global economic growth is expected to decrease over the year as the US Federal Reserve continued to increase interest rates, targeting a range of 2.25% to 2.5%. The United States officially entered a recession, although there are debates whether an economy still creating 528,000 jobs a month can be in recession.

Irish economy

Irish economic growth is projected to remain strong, but faces substantial uncertainty due to the indirect effects from the war in Ukraine. In the latest health check on the country's economy the IMF said that energy and commodity prices would likely push average inflation above 6% this year, projected to average 6.5%, before falling to 2.8% next year.

Revenue Pulse

Volume of sales

The volume of sales, as measured by the CSO, increased by 6.6% in June 2022 against the same period last year.

Volume of Sales: CSO

6.6%



SOURCE: CSO

Unit Trends

According to HMR Ireland research, the Irish prescription market grew by 3.92% in units compared to the same period last year.

Unit Growth: HMR Ireland

3.92%



SOURCE: HMR IRELAND

Turnover

Retail Excellence & AIB report an increase of 9% in pharmacy sales by card in June 2022 versus the same period last year. This includes an increase of 11% instore and 25% online.

Value of Sales: Retail Excellence/AIB

9%



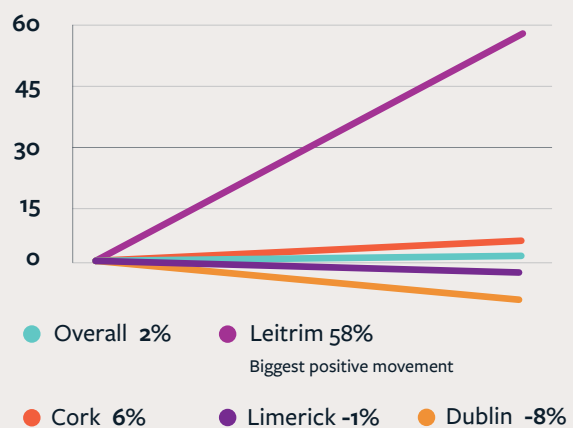
SOURCE: RETAIL EXCELLENCE/AIB

Footfall Pulse

Compared to the previous period in 2021, mobility increased 2% in supermarkets and pharmacies.

The largest increase was in Leitrim at 58%. Mobility decreased 8% in Dublin and 1% in Limerick, but increased 6% in Cork over the period.

Changes in Footfall Mobility

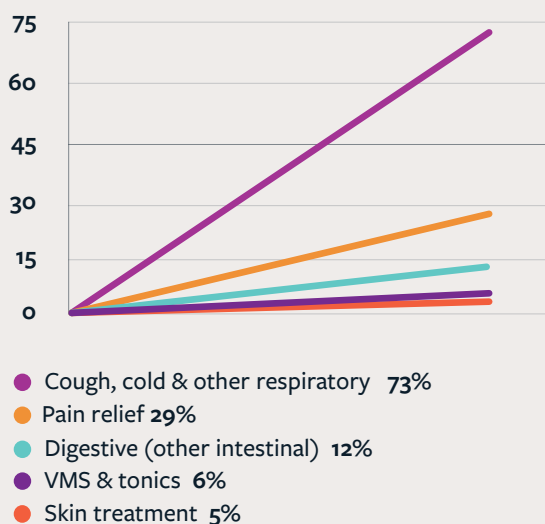


SOURCE: GOOGLE MOBILITY

OTC Tracker

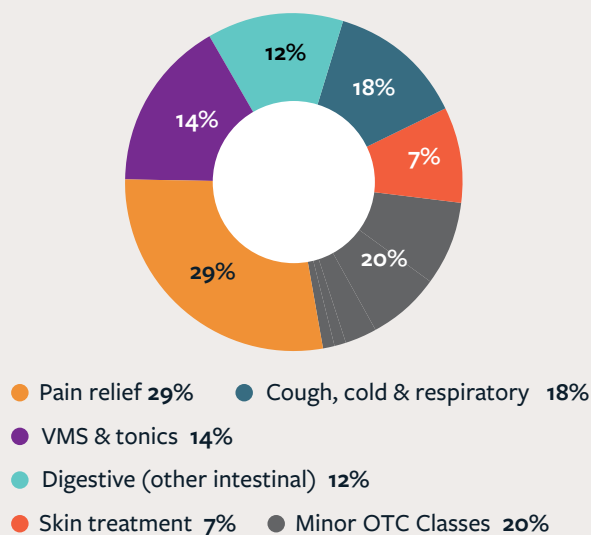
IQVIA data shows the largest growth in OTC classes was in the cough, cold & other respiratory category this quarter.

Top 5 Major OTC Classes by Growth



SOURCE: IQVIA

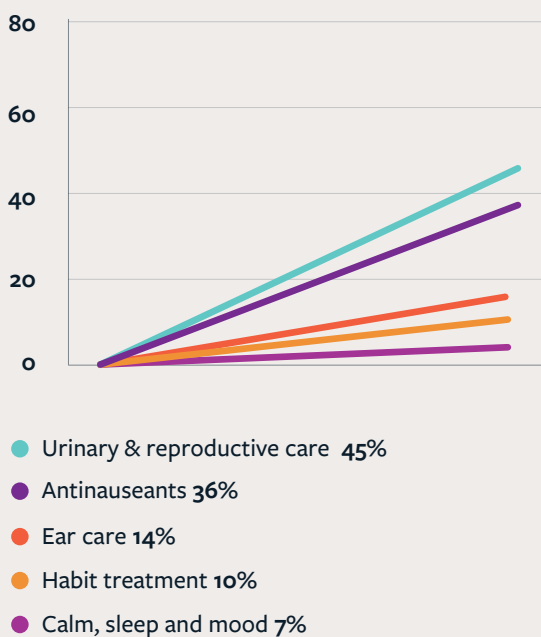
Top 5 Major OTC Classes by Value



SOURCE: IQVIA

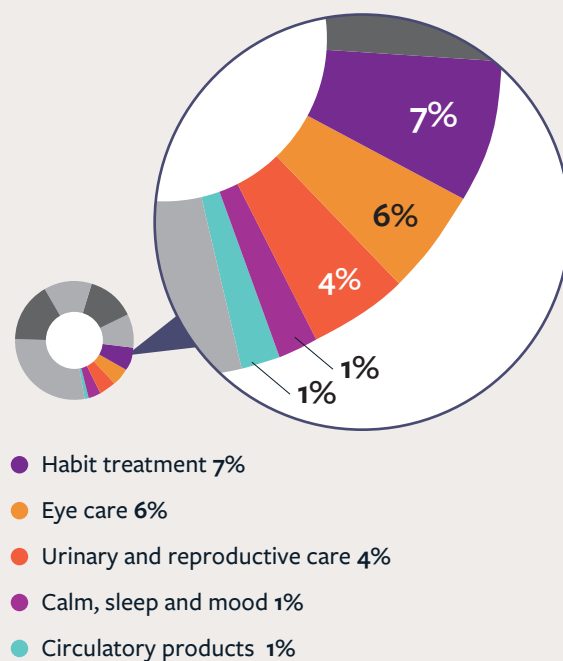
Minor OTC categories have seen significant growth, with urinary & reproductive care seeing 45% growth over the period.

Top 5 Minor OTC Classes by Growth



SOURCE: IQVIA

Top 5 Minor OTC Classes by Value



SOURCE: IQVIA

Market Pulse

It was another strong quarter for sales, with Fitzgerald Power estimating 8 transactions completed in the 2nd Quarter of 2022. Out of those 8 sales, 5 were bought by independents, 2 by indigenous groups, and 1 by a corporate group.

PSI data suggests there have been 2 net closures since the December 2021 (the period we ended the Q4 2021 report on due to data availability), bringing the number of community pharmacies in Ireland to 1,905.

There has been a steep increase in closures over the quarter. This may be partly explained by as a consequence from the experience of the pandemic changing pharmacists desire to work in the sector.

These figures are different than in the first quarter due to changes in data reporting in the PSI dataset.

New Openings and Closures

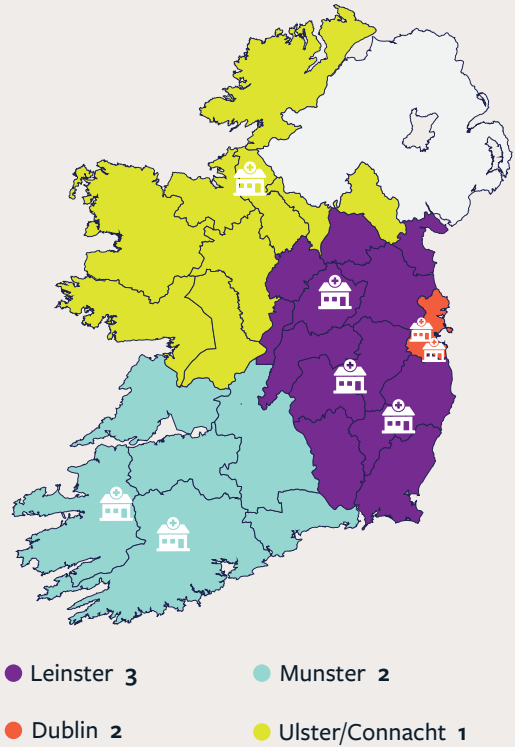
New Openings between
1st December '21 – 30th June '22 **5**

Closures between
1st December '21 – 30th June '22 **7**

Net Closures between
1st December '21 – 30th June '22 **2**

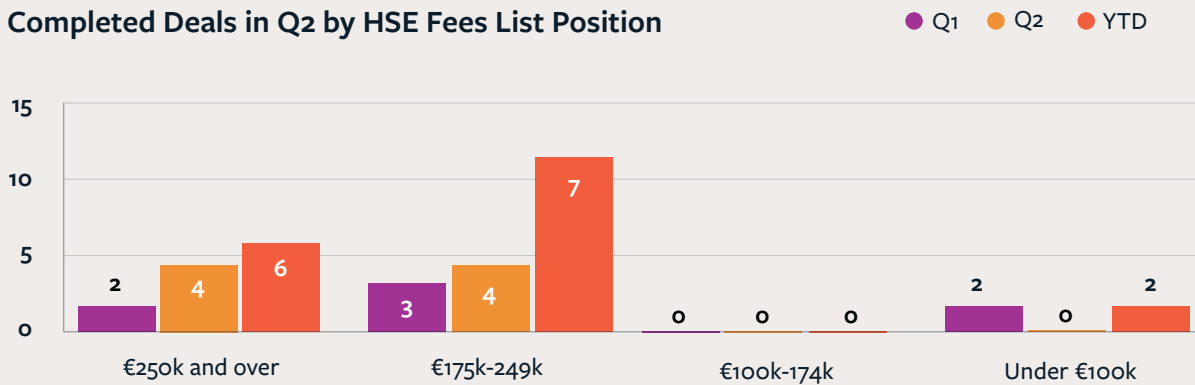
SOURCE: PSI

Completed Deals in Q2 by Geographical Location



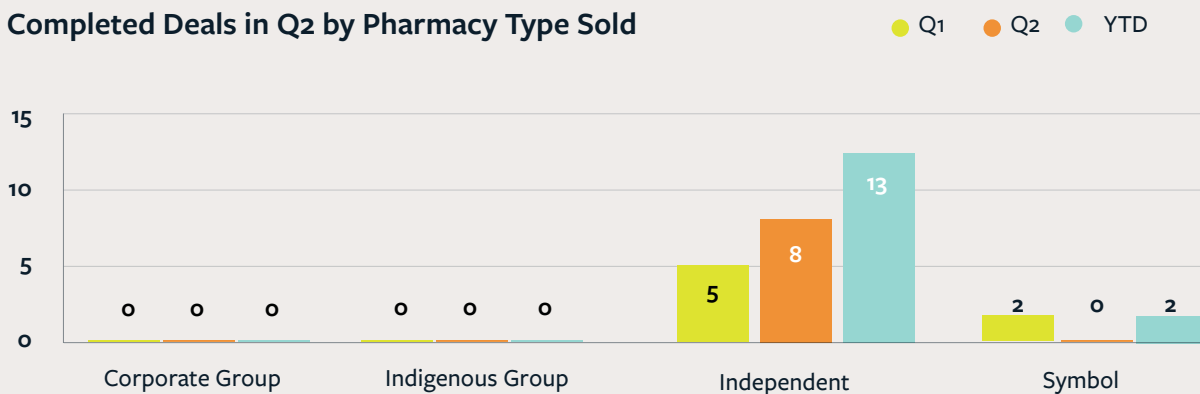
SOURCE: FITZGERALD POWER

Completed Deals in Q2 by HSE Fees List Position



SOURCE: FITZGERALD POWER

Completed Deals in Q2 by Pharmacy Type Sold



SOURCE: FITZGERALD POWER

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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