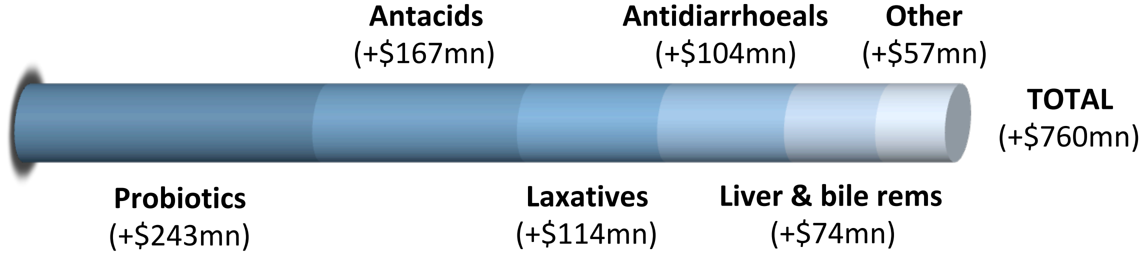
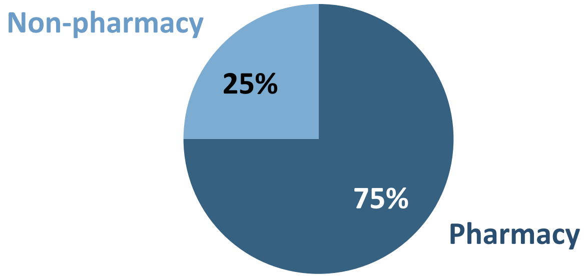
Executive Summary – Global overview

- Growth in GIs & probiotics market added $760mn in net additional sales in year to mid-2020, over half added by probiotics and antacids, with laxatives and antidiarrhoeals also significant contributors

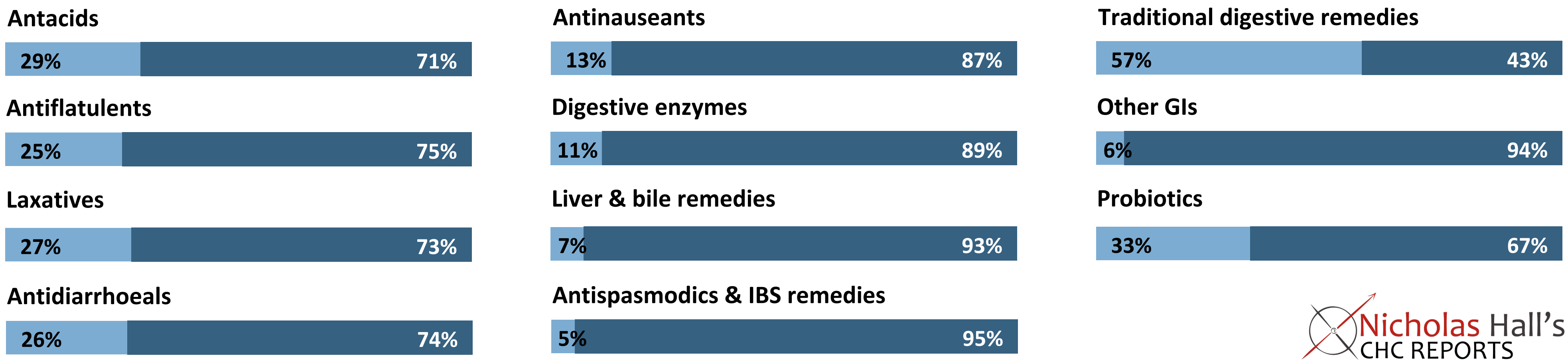
Net contribution of categories to global GIs & probiotics growth mid-2020 (*MSP, $mn*)



Global GIs & probiotics sales by pharmacy / non-pharmacy channel 2019 (*MSP, $mn*)



- GIs & probiotics brands generate vast majority of sales via pharmacy (75%), the primary channel in most markets worldwide; the notable exception is largest market USA, where mass market is most significant channel
- A decent proportion of common GI ingredients are restricted to pharmacy-only sale (or pharmacist-only where this class exists) in markets worldwide but particularly in Europe



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Germany – Digestive enzymes

- Pankreatin 40,000 version spelled differently to distinguish from other options, website calls it “Pankreatan with an i: Pankreatin 40,000 Nordmark”

- Leading lactase-based brands, **Lactrase** and **Lactostop** both hit hard by increasing availability of lactose-free foods

- **Daosin** (amine oxidase) for histamine intolerance grew well; Stada also fields **Fructosin** (xylose isomerase) for fructose intolerance, launched October 2018, with digestive enzyme portfolio united under website alles-essen.de (Eat Everything)

Germany leading digestive enzymes mid-2020 (*MSP, $mn*)

	Brand	mid-2020	mid-20/ mid-19	CAGR 19/15
1	**Kreon** (Viatris)	**27.8**	+6%	-1%
2	**Pangrol** (Berlin-Chemie / Menarini)	**16.8**	+13%	+5%
3	**Pankreatan** (Nordmark)	**8.2**	+74%	+68%
4	**Panzytrat** (Abbvie)	**7.4**	-27%	+3%
5	**Lactrase** (Pro Natura)	**3.6**	-9%	-8%
6	**Daosin** (Stada)	**2.4**	+9%	+4%
7	**Pankreatin Mikro Ratiopharm** (Ratiopharm / Teva)	**1.4**	-11%	+0%
8	**Nortase** (Repha)	**1.2**	+10%	+14%
9	**Enzym-Lefax** (Bayer)	**1.2**	-11%	-11%
10	**Fructaid** (Pro Natura)	**1.2**	+3%	n/a
11	**Ozym** (Trommsdorff / Dermapharm)	**1.2**	-9%	-11%
12	**Lactostop** (Hübner / Dermapharm)	**1.0**	-16%	-24%
	Others	**5.7**	-3%	-9%

- Also for fructose intolerance, **Fructaid** (launched in 2016) is backed by A+P and website aimed at raising awareness (with stat that 30% of Germans suffer from the condition), while Aixswiss launched **Fructoflor** in October 2019
- **Gluteostop** (Chrisana / Ineo) for gluten intolerance launched in June 2018, claiming to help break down gluten in food more easily (when accompanied by low gluten diet)

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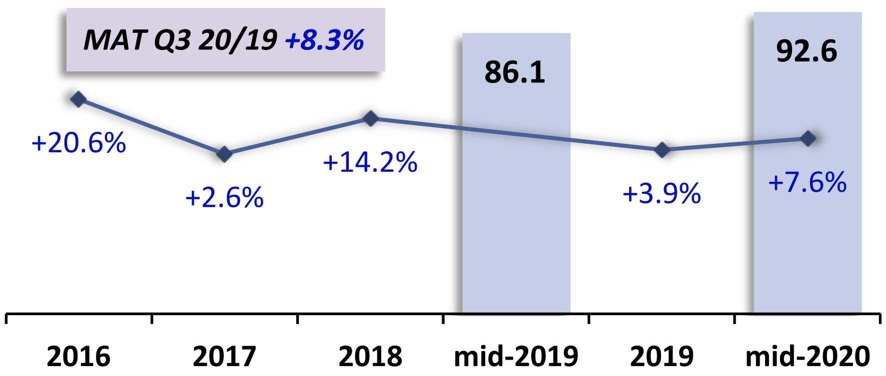
Russia – Antispasmodics & IBS remedies

Russia antispasmodics & IBS remedies sales mid-2019 & mid-2020 (*MSP, $mn*)



- Drotaverine-formulated **No-Spa** leads the category; brand is available as core (40mg) and high-strength Forte version (80mg), with the latter reportedly cannibalising the former in 2019-20
- Both were seen in TV ads stressing their gentle action to relieve spasms, while No-Spa Forte was focus of a series of TV and online ads in 2020, claiming it relieves abdominal pain caused by a range of factors, e.g. eating fast food, stress
- In January 2018 No-Spa packaging was revamped, while the marketer offered a free Garnier facemask (L'Oréal) with the purchase of core No-Spa in April 2018
- Meanwhile, No-Spa Forte was extended in early 2019 with a 10-count pack, joining the 24-count size that had been widely unavailable, but has since returned to shelves

Topline trends: Antispasmodics & IBS remedies

- Category posted solid value growth, although much of this was inflationary
- Majority of brands are positioned for women, either for IBS symptoms or menstrual cramps
- No-Spa is the clear category leader, thanks to established heritage (maintained by frequent consumer promotion); however, brand sales have been hit by generic drotaverine competition in recent years

TV ads for No-Spa Forte show a woman looking at her laptop and something stressful giving her abdominal pain

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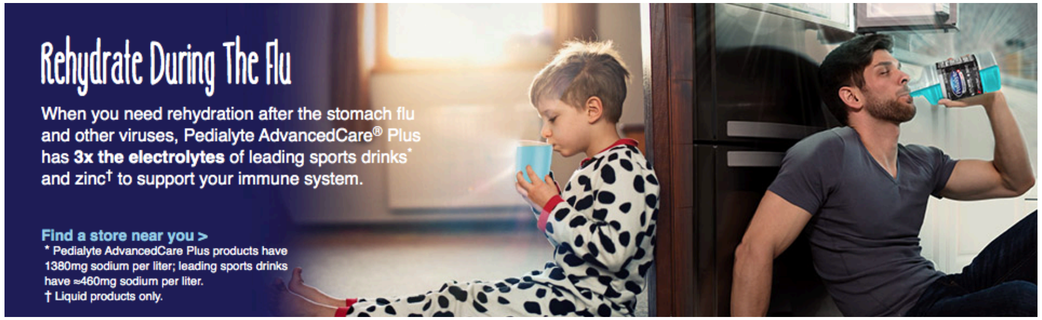
Brand Case Studies – Pedialyte (Abbott)



- Since 2015, when Abbott noticed social media postings of celebrities drinking Pedialyte to help hangovers, focus of A+P has shifted towards positioning brand for dehydration resulting from numerous causes, including exercise, heat, illness, etc.
- Brand is actively promoted on all main social media platforms; use of hashtag #mypedialyte (to win free Pedialyte) formed part of campaign in 2018

- Current humorous TV ad features a hungover father drinking Pedialyte that he finds in the fridge, only to be confronted by his daughter who complains that it is hers (*see right*); the father promises to buy her a pony to make up for it, the voiceover noting "Pedialyte's advanced rehydration isn't just for kids" and ending with tagline "Find us in the baby aisle"

Key learnings

- **Pedialyte's reinvention as a rehydration wellness brand** (not just an antidiarrhoeal) for adults (not just for kids) has seen sales rise dramatically as it **widened its appeal and user base**; A+P now **targets a wide group of consumers**, from athletes to dehydrated parents, stressing that brand was traditionally a paediatric remedy but can be used by adults too
- Abbott's expansion of Pedialyte for adult rehydration has been **driven by social media and events**, such as music festivals, as well as **humorous A+P campaigns**
- **New product development** extended brand with **new formats**, offering benefits such as convenience of on-the-go sachets, and **new positionings**, like expanding into immunity support