Possible stock market candidate

Swiss growth rocket Swixx

The pharmaceutical service provider represents pharmaceutical companies in markets that they do not want to serve themselves. An acquisition in Latin America makes it even more attractive.

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Swixx primarily sells medicines for cancer and rare diseases, but also for diabetes. Non-prescription products account for 7% of sales.
Picture: Luis Alvarez/Getty Images

Pharmaceutical contract manufacturers such as Lonza, Siegfried and Bachem are very successful on the Swiss stock exchange. However, the pharmaceutical industry is increasingly outsourcing not only the production but also the distribution of its medicines. One profiteer is Swixx BioPharma, based in Baar (Canton of Zug).

The company, which is still privately held, was only founded in 2014 and is already generating sales of more than €1 billion this year in Eastern Europe and Central Asia with more than 1,300 employees. A few days ago, the takeover of Biopas in twenty Latin

American countries added more than 300 additional employees and a turnover of USD 220 million.

Only a few markets of interest to the pharmaceutical industry

Swixx CEO Jean-Michel Lespinasse explains in an interview with Finanz und Wirtschaft that most pharmaceutical companies, whether small or large, focus their product launches on 10 to 25 countries, primarily the USA and the four largest EU countries, Germany, France, Italy and Spain, as well as the UK. "In other markets, the potential of the products is limited, especially in terms of price," says Lespinasse.

Swixx therefore has two types of customers: Companies that want to withdraw from markets and those that never want to be present in small markets themselves. Bristol-Myers-Squibb, for whom Lespinasse himself worked for fifteen years, was a pioneer in withdrawing from smaller countries. Like Sanofi, it is a Swixx customer.

Takeover of entire country organizations

The French pharmaceutical group left seventeen countries in Eastern Europe and Asia in 2022 and transferred its representation to Swixx. "We took over a total of 250 employees from Sanofi," says Lespinasse. Swixx has thus received all of its customer's expertise and network of contacts in one fell swoop.

"We represent Sanofi in all matters," says the CEO. So not only in sales, but also in contact with patient organizations, health insurance companies or regulatory authorities who, for example, want to have the frequency of side effects reported and carry out quality controls.

The pharmaceutical sector is highly regulated. Potential customers must be able to trust that Swixx meets all the requirements. "We are a service provider, but at the same time we are like a pharmaceutical company, because we completely replace our customers in the target markets." This has obviously worked well so far and word has gotten around.

On the way to the one-stop store

"Some customers have asked us whether we could offer our services in other countries," says Lespinasse. "They want a one-stop store." Swixx is already by far the number one in Europe. According to Lespinasse, the second-largest provider is three to four times smaller.

The acquisition in Latin America will also make Swixx the largest player there. Lespinasse is on the lookout for takeover candidates in the Middle East and North Africa (MENA). He has already opened an office in Dubai. "We could announce our first acquisition in the MENA region in the next few months," says the CEO.

The rapid growth has led to a snowball effect. "The more countries we cover, the more attractive we are to potential customers," explains Lespinasse. "Five years ago, most pharmaceutical companies didn't want to talk to us, but now they are interested."

Profitable and debt-free

According to the CEO, Swixx is profitable, generates a lot of cash flow and is debt-free. In view of the size of the company and its rapid growth, the question arises as to whether an IPO could be imminent. Lespinasse replies that the current focus is on the acquisition of

Biopas in Latin America and its integration. "However, as part of our continued expansion strategy, we will explore all options to support our further growth, including an IPO."

The company could finance smaller acquisitions from its cash flow. Larger ones would require external funds, according to Lespinasse. The last capital increase three years ago brought in €100 million. The French private equity player Mérieux has taken a 20.2% stake in the company.

HBM Healthcare, which is listed on the SIX, has been in the portfolio for seven years. Swixx was the second-largest position at the end of March with a portfolio share of 9.6%. HBM states the book value of the company, in which it holds just under 26.3%, at CHF 666 million. Should Swixx venture an IPO following the Biopas integration and the probable expansion in the MENA region, the valuation could already be in the billions.