



BAYER

# CONSUMER HEALTH

*Driving Sustainable Industry Leading Performance*

*Capital Markets Day 2024*

**HEIKO SCHIPPER**

President of the Consumer Health Division



# The Consumer Health Market Continues to Remain Attractive

Category dynamics to settle again on a steady and attractive mid-single digit growth percentage

## INDUSTRY GROWTH OUTLOOK

**3-5%  
CAGR**

CH global market  
outlook



## INDUSTRY GROWTH DRIVERS



Self-Care  
focus



Healthcare systems  
overstretched



Digital ecosystems  
& personalization



Digital  
commerce



Cough &  
cold dynamics

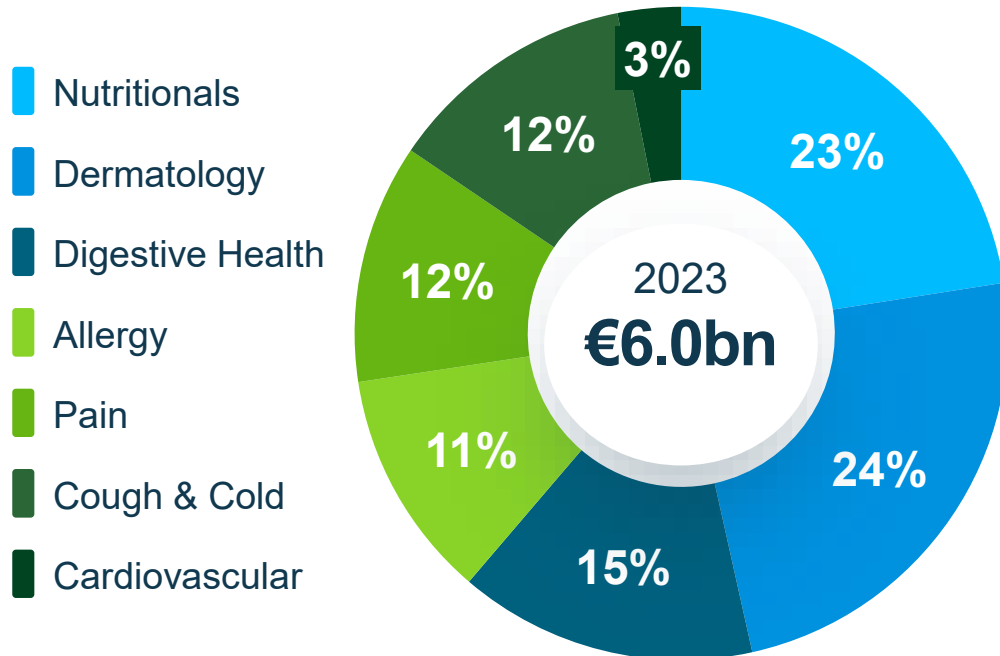


Ageing population &  
growing middle class

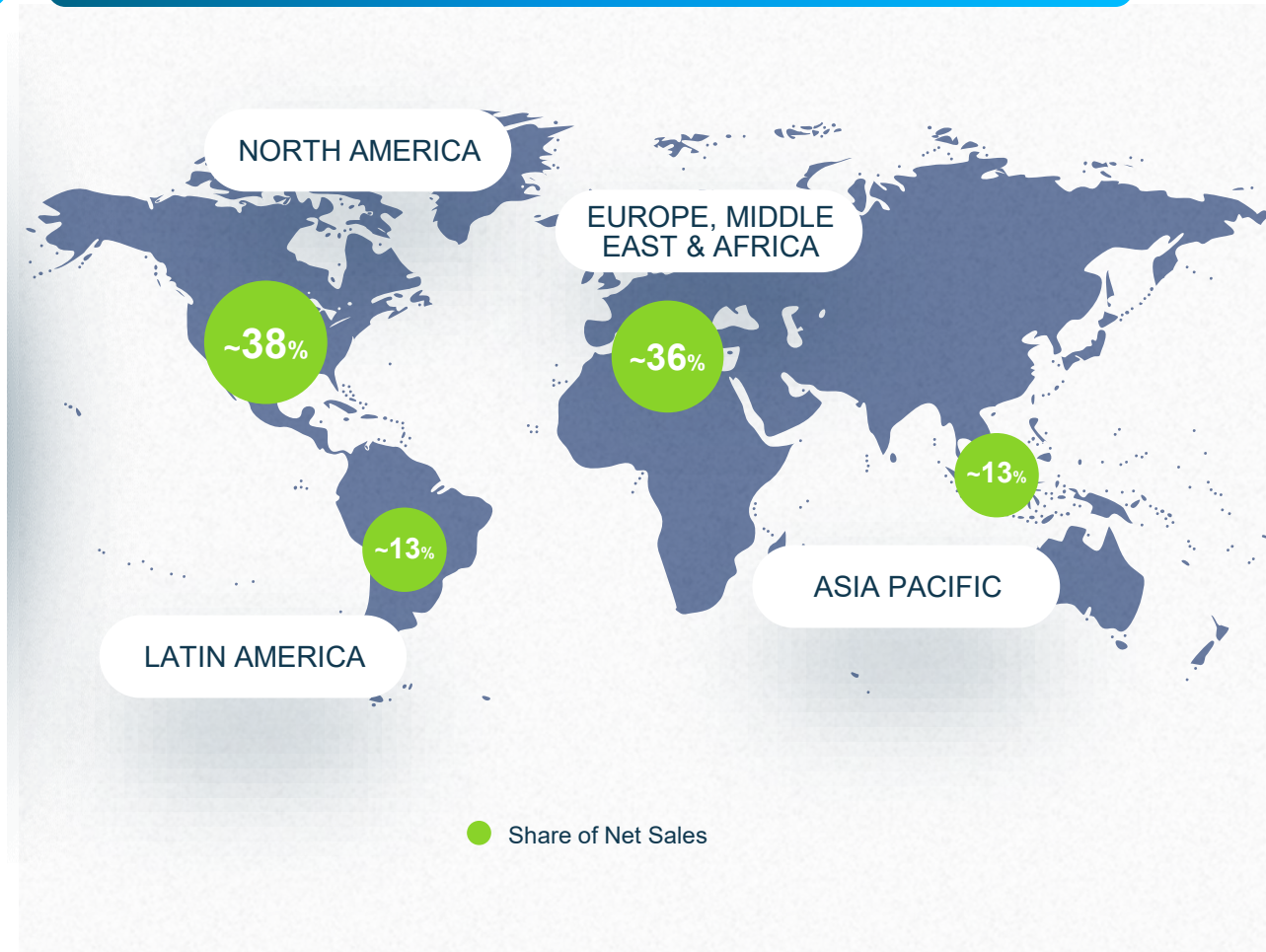


# A Leading Player With a Well-Balanced Core Consumer Health Portfolio

## CATEGORY PORTFOLIO



## GEOGRAPHIC FOOTPRINT



Sources: Bayer CH Portfolio – Company DB, IQVIA, IRI, & Nielsen, Oct MAT 2023; Bayer Geographic Footprint – Net Sales 2023

/// Bayer Capital Markets Day 2024 /// March 5, 2024 /// Consumer Health



# Iconic Brands With Leading Market Positions

**ASPIRIN<sup>®</sup>**

#1 Cardio

**Bepanthen<sup>®</sup>**

#1 Wound Care

**Redoxon<sup>®</sup>**  
IMMUNITY SUPPLEMENTS

#2 Immunity

**elevit<sup>®</sup>**

#1 Healthy Baby

**Canesten<sup>®</sup>**

#1 Women's Intimate Health

**Rennie<sup>®</sup>**

#2 Heartburn EMEA

**Claritin<sup>®</sup>**

#2 Allergy NA



#2 Digestive Health EMEA

**MiraLAX<sup>®</sup>**

#2 Constipation US

**Afrin<sup>®</sup>**

#1 Nasal Cold US



#1 Energy

**ONE 1 DAY<sup>®</sup>**

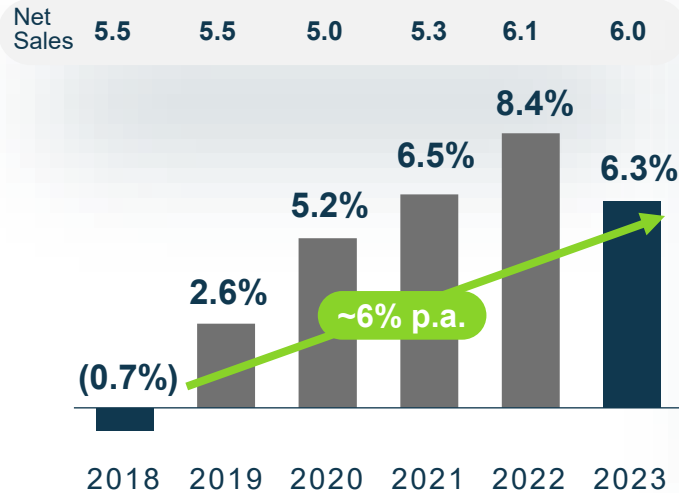
#1 Multivitamins NA



# Consistent Track Record in Delivering Profitable Growth and Cash

## GROWTH ACCELERATED ABOVE MARKET

NET SALES €bn / GROWTH %<sup>1</sup>

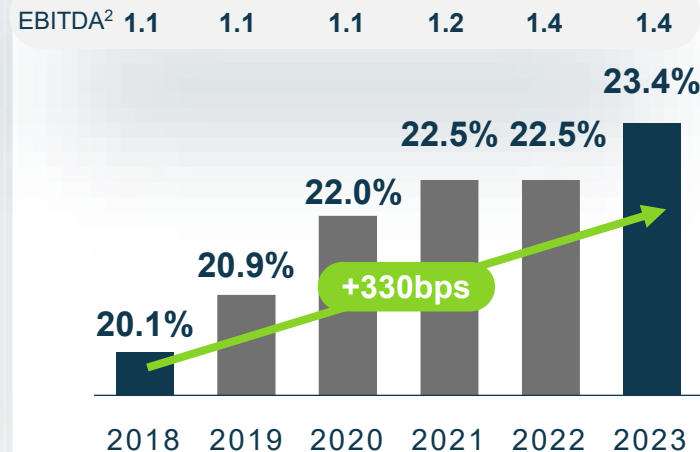


Outperformed vs. CH peer growth

Exceeded 3-5% p.a. growth guidance

## CONSTANT MARGIN EXPANSION DESPITE INFLATION

EBITDA<sup>2</sup> €bn / AS % OF NET SALES

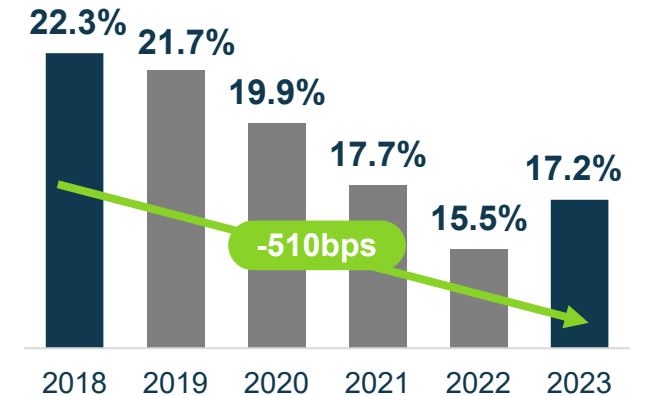


Productivity program > Inflation

Committed “mid-20s” margin in reach

## IMPROVED CASH CONVERSION DRIVEN BY LOWER WSR

WORKING CAPITAL AS % OF NET SALES<sup>3</sup>



Cash productivity focus

Stable cash delivery of ~€800m

2023 rebound to secure supply

<sup>1</sup> cpa = currency and portfolio adjusted; <sup>2</sup> EBITDA before Special Items <sup>3</sup> WSR = Working Capital to Sales ratio: Sum of average inventories, trade accounts receivable less trade accounts payable (excl. refund liabilities), divided by net sales of last 12 months, bps 2023 vs 2018



# A Clear Game Plan to Sustain Outperformance

## // VISION



Help **over 1 billion people** to live **healthier lives** with **most trusted self-care** solutions

## // AMBITION



**Grow our brands ahead of market**, achieve industry competitive **EBITDA**

## // WHERE TO PLAY



Winning **Portfolio** in **attractive categories and geographies** where Bayer has a right to win

## // HOW TO WIN



Driving growth-focused **innovation**



Industry leading **commercial capabilities**



Optimizing **Cost & Cash** and Resilience



Agile and focused **organization**

## // OUR ACCELERATORS



**Digital Transformation**



**Sustainability**

## // OUR DIFFERENTIATOR



Science for a **better life**



# Growing our Brands and Innovating Across Four Growth Drivers

## Core Business



## Innovation on unmet needs



## Geographic expansion & access



## Digital commerce & health platforms



Household penetration

Trial and awareness

Net Revenue Mgmt

Rx-to-OTC Switch

Holistic gut health

Relax & Restore

Brand expansion

India, ASEAN

Low-income consumers

eCommerce

Digital Diagnostics

Digital Therapeutics

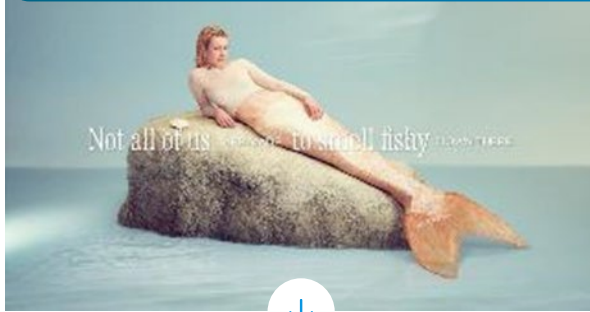
**Innovation pipeline value increased by 82% to €1bn<sup>1</sup>**

<sup>1</sup> 2020 vs. 2023 Period - Value of late-stage new-product-development pipeline as measured by Year 5 incremental sales



# Industry Leading Commercial Capabilities

## Creative excellence

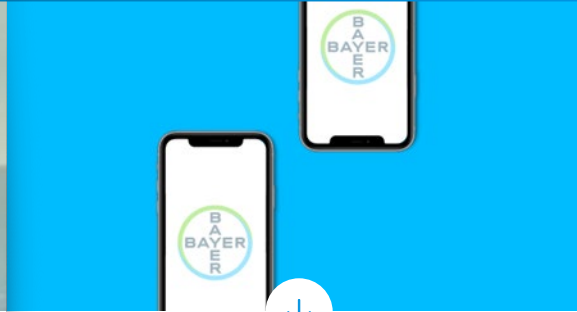


**Best-in-class** creativity

**Top-tier content quality**  
score (84% in 2023)

**External recognition**  
(11 awards, 3 Cannes Lions<sup>1</sup>)

## Full funnel precision marketing



**Personalized**  
consumer experience

**Precision marketing**  
(55% of media)

**AI technology** integration

## Leading eCommerce capabilities



**Strategic acquisitions**  
in eCommerce

**Capability transfer**  
to base portfolio

**12% of Net Sales**  
from eCommerce

## Customer and HCP centric mindset



**Strategic customer**  
partnerships in key markets

**Joined Business Planning**

**HCP engagement**

<sup>1</sup> Cannes Lions International Festival of Creativity is home of the world's most prestigious advertising awards.





# Agile and Focused Organization with Dynamic Shared Ownership

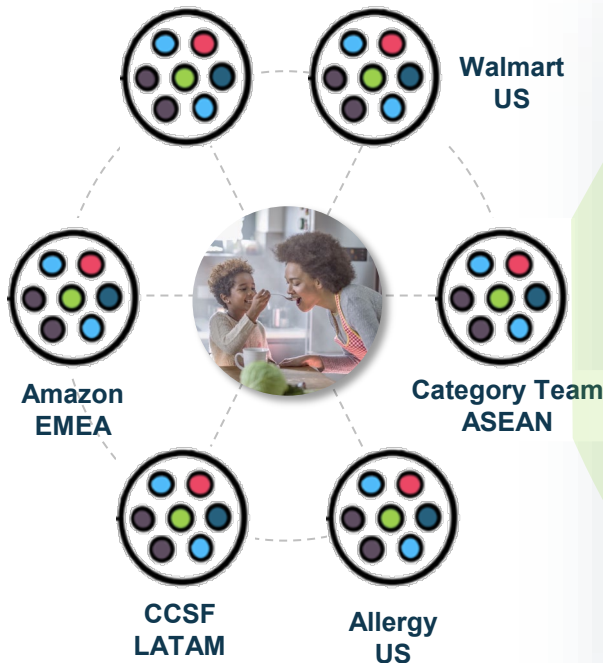
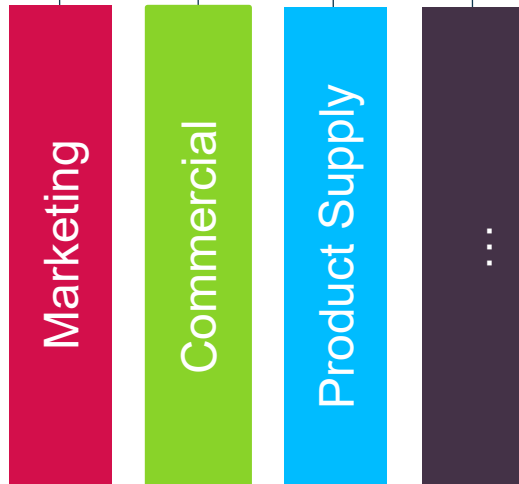
FROM → TO

**Functional Orientation**

**Consumer & Customer Centric Teams**

**Value creation through speed & simplification**

Senior Management



**ASEAN Dermatology & Allergy Impact**



**+ 30%** Net Sales from Innovation<sup>1</sup>

**3x** Faster time to market<sup>2</sup>

**- 50%** Supply Chain lead times

Note: ASEAN Results: <sup>1</sup>Net Sales from Innovation for 2024 ; <sup>2</sup>Time to market relative to cosmetic registered products



# Consumer Health as a Force for Good – and Growth



## Expand Access to Everyday Health



**75 million people<sup>1</sup>** with improved access to **self-care in underserved communities** 2023  
*Target: 100M in 2030*

12% of net sales from low-income portfolio

Accelerating geographic expansion



**NUTRITION**



**CARDIO**



**PAIN**



## Path to Climate Neutrality

**42% CO<sub>2</sub> emissions** reduction achieved across operations since 2019  
*Target: climate neutral in 2030*

€2.4M/year savings through energy efficiency

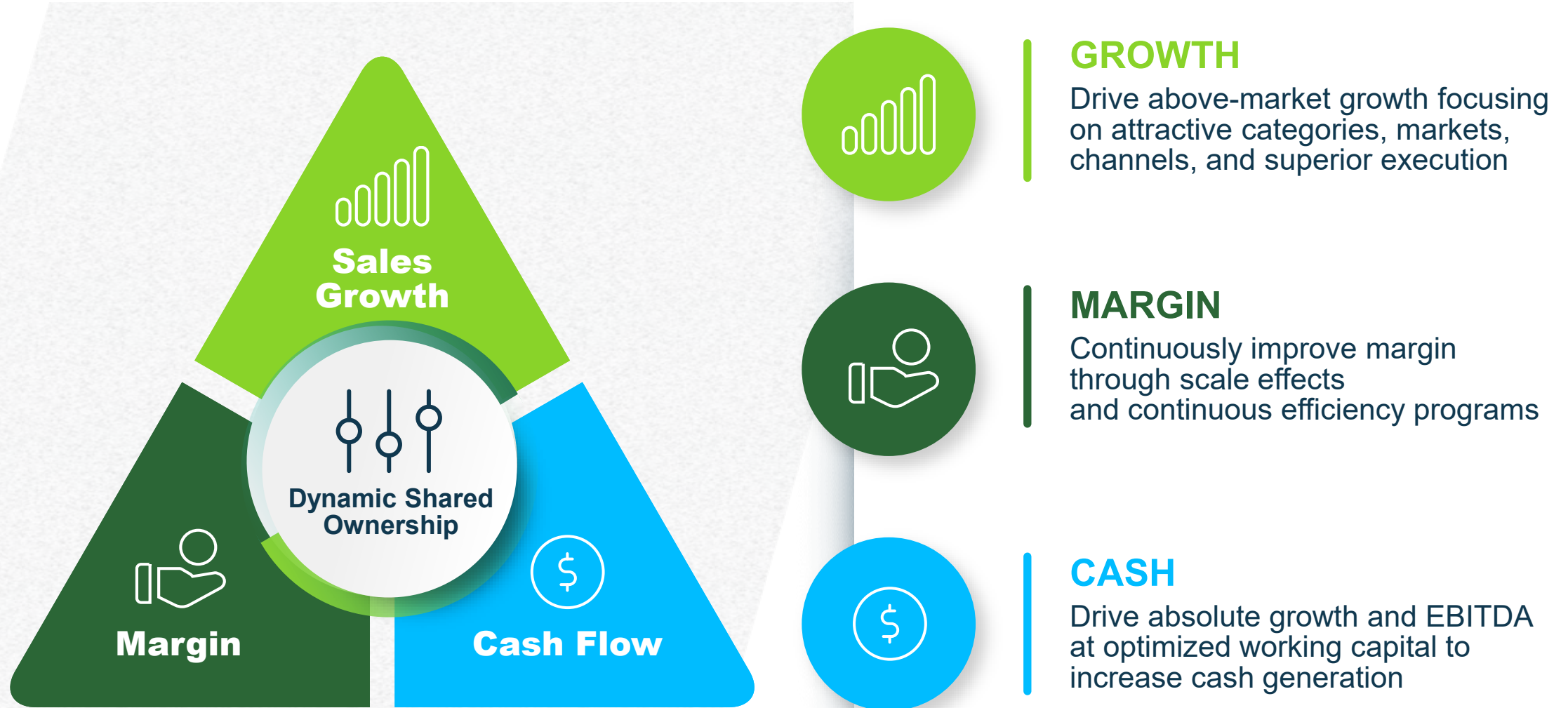
37% electricity from renewable sources across 60%+ sites

Advancing sustainable packaging

<sup>1</sup> 2023 Health access and environmental footprint achievements vs. 2019 baseline



# A Sustainable Value Creation Model, Accelerated by DSO





# Mid-term Outlook Anticipates Above Market Sales Growth

Disciplined Execution of New Operating Model to Improve Profitability and Operating Cash Flows

 **2023**      **2024e**  
at constant FX<sup>1</sup>

 **Mid-Term**

**Net Sales**      €6.0bn      **+3% to +6%<sup>2</sup>**

**EBITDA margin**      23.4%      **23% to 24%**  
(before special items)

**Innovation**

## Sustainable Growth above market

- // Investment for growth in attractive categories & geographies
- // Innovation behind unmet needs: Gut Health, Healthy Ageing
- // Accelerated growth expansion into growth markets like India, Mexico
- // Operational model to support stronger consumer and customer centricity

## Profitability at industry competitive margin levels

- // Delayed and consumer/customer centric organization
- // Continued roll-out of holistic, cross-organizational productivity program
- // Fund sustainable growth and manage headwinds (FX, inflation)

## Further build our iconic brands

- // Innovation on consumer unmet needs
- // Commercial excellence to continue winning with a growing number of consumers

<sup>1</sup> Reflects our 2024 plan at the average actual currencies for 2023 <sup>2</sup> Estimated FX impact: ~-5% (Currency assumptions based on month-end December 2023 spot rates (1 EUR=) 1.11 USD, 5.36 BRL, 7.87 CNY. Impact is calculated as difference to constant currencies = at average actual currencies for 2023)



# Driving Sustainable Peer Outperformance in Consumer Health

- > Further build iconic brands through innovation and commercial excellence
- > Consistent track record of delivering growth, margin and cash expansion
- > A Game Plan to sustain outperformance, industry leading capabilities
- > Agile and focused organization with Dynamic Shared Ownership
- > A leading player with a well-balanced portfolio focused on core CH





DRIVING  
***SUSTAINABLE  
INDUSTRY LEADING  
PERFORMANCE***

IN CONSUMER HEALTH

