

# *Consumer Health*



*Investor Webinar  
September 15, 2022*





# Agenda

1

**Welcome – Oliver Maier** (Head of Investor Relations Bayer AG)

2

**Consumer Health - Driving sustainable outperformance in Consumer Health**



**Patrick Lockwood-Taylor**

President Bayer USA /  
Head of Commercial  
Operations North America  
Consumer Health



**David Evendon-Challis**

Chief Scientific Officer,  
Head of R&D  
Consumer Health



**Patricia Corsi**

Strategic Marketing,  
Digital & IT  
Consumer Health



**Oliver Rittgen**

CFO  
Consumer Health

3

**Q&A**



# Cautionary statements regarding forward-looking information

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management.

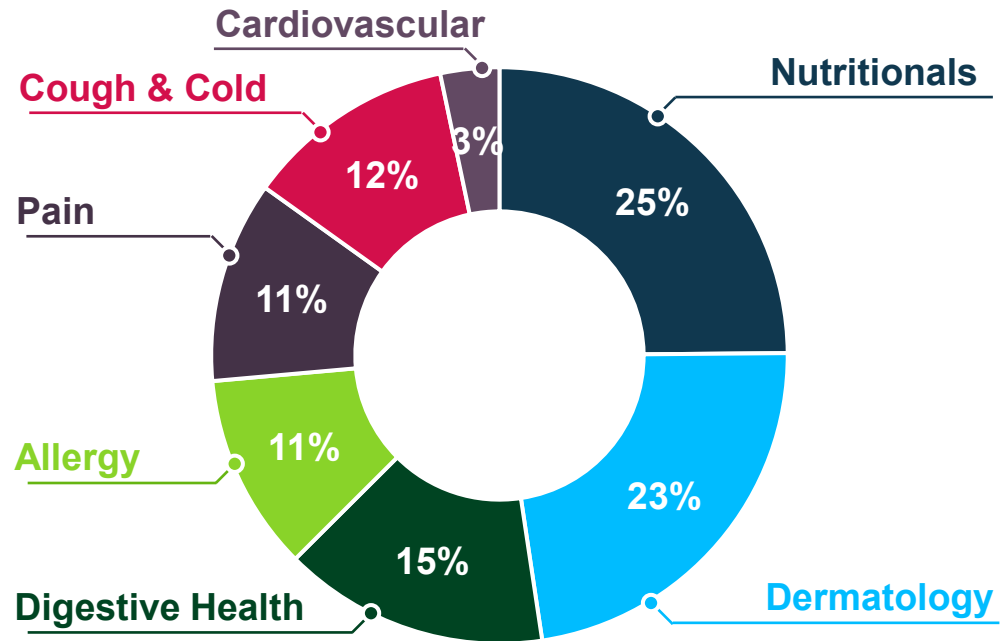
Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at <http://www.bayer.com/>.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

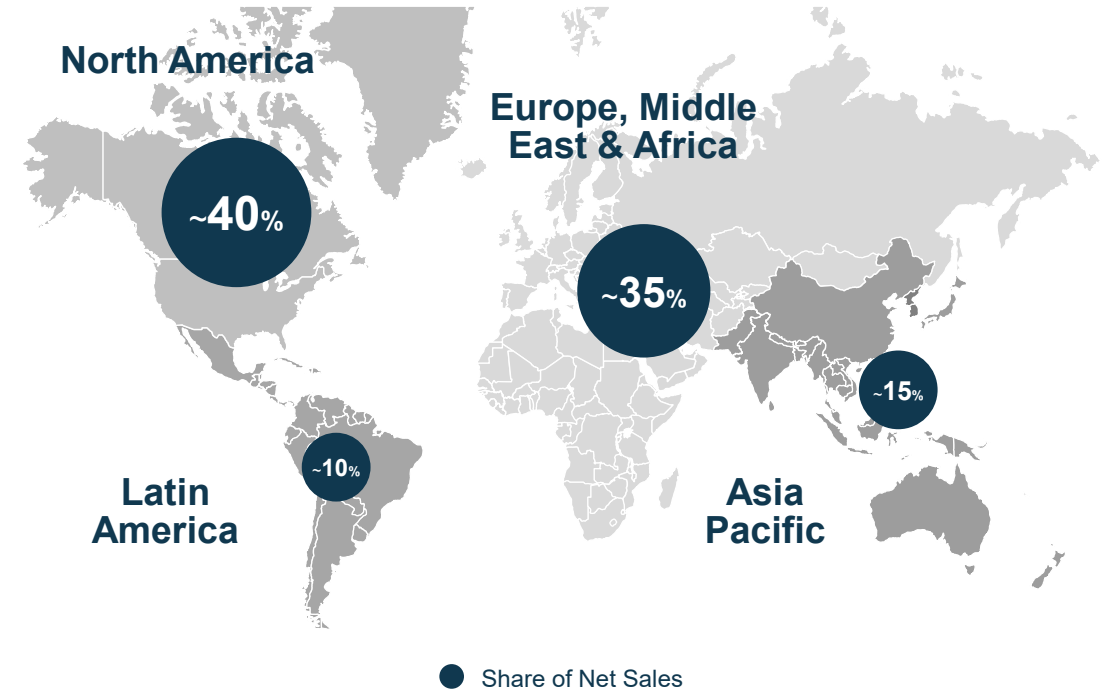


# A leading Consumer Health player with a well-balanced portfolio

## Category Portfolio



## Geographic Footprint

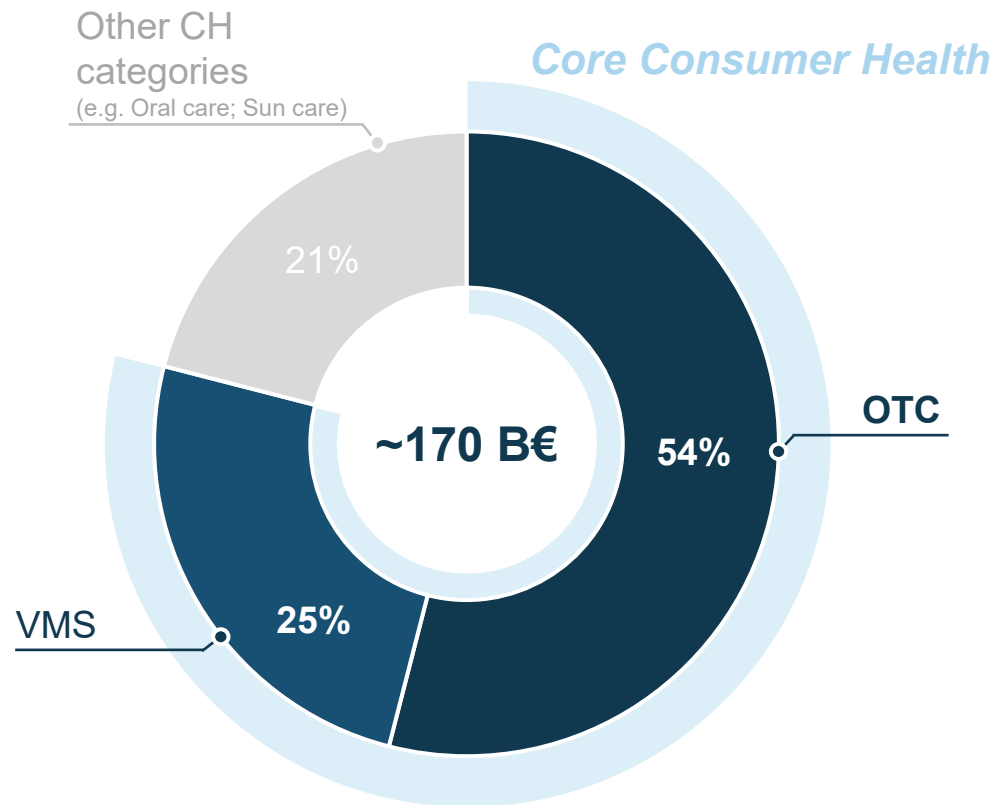






# Focused portfolio on core Consumer Health where we can win

## Clear Focus on Core CH Market



## Key Portfolio Moves Executed

### Divestitures



Derma Rx  
Jul 2019



Sun care  
Sep 2019



Foot care  
Nov 2019

### Acquisitions / Licenses



Personalized  
Nutritionals  
Nov 2020



Nutritionals eCom  
Pure-players  
Oct 2021 & Jun 2022\*



Astepro (Rx-to-  
OTC Switch)  
Jun 2022 (Launch)

\* Strategic minority stake in Natsana

Sources: OTC, VMS - Nicholas Hall DB, Global CHC Sales 2021; Others – Euromonitor Retail Value MSP, 2021

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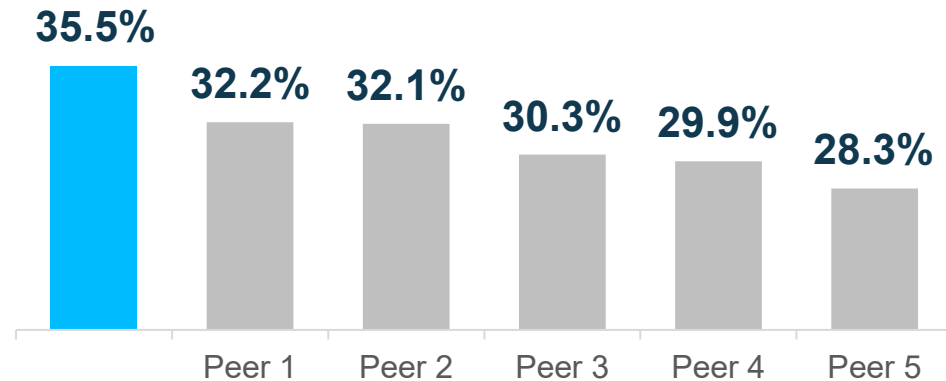
# Industry-leading science trusted by consumers

## #1 Trusted Science Brand

Q: "Which of these brands are based on science?"



Science for a **better life**



## World-class Science, Consumer and HCP capabilities

// 4% R&D spend, top-tier in industry

// Leading regulatory, medical & evidence generation capabilities

// Proven Rx-to-OTC Switch capabilities

// Top-tier customer engagement in key pharmacy markets

// World-class brand building capabilities

Sources: Trusted Science Brand – Kantar Global Brand Health Tracking Program 2020; Top-tier Customer Engagement – IPSOS Study 2021 (Top 15 Pharmacy Markets)



# Iconic power brands





# A management team with a proven track record



**Heiko Schipper**  
President  
Consumer Health



**Oliver Rittgen**  
Finance



**Patricia Corsi**  
Strategic Marketing,  
Digital, & IT



**Patrick Lockwood-Taylor**  
Commercial  
Operations NA



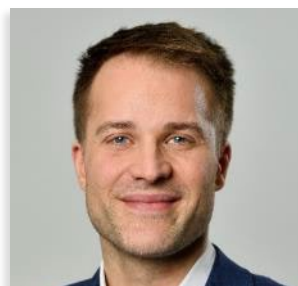
**Stefan Meyer**  
Commercial  
Operations EMEA



**Lance Yuen**  
Commercial  
Operations APAC



**Arturo Sanchez**  
Commercial  
Operations LATAM



**David Evendon-Challis**  
Research &  
Development



**Abbie Lennox**  
Regulatory, Medical,  
Safety, & Compliance



**Dan Hallett**  
Product Supply



**Daniella Foster**  
Sustainability



**Maria Overgaard**  
Human  
Resources



**Thomas Barzan**  
Strategy &  
Transformation



**Jeremy Jessen**  
Legal

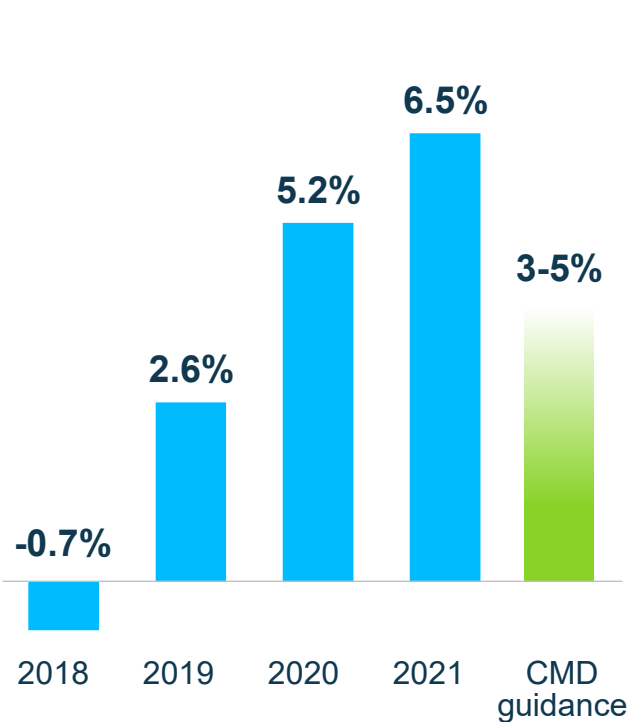




# Financials reflect strong execution

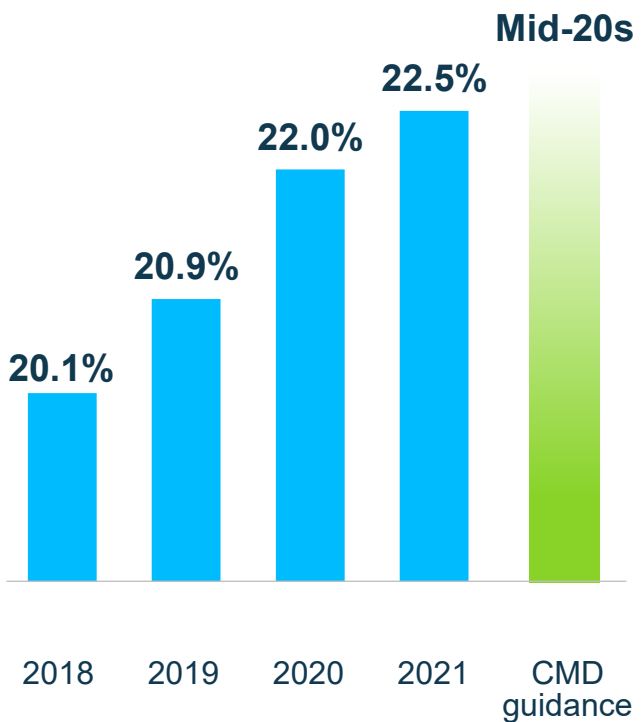
## Net Sales Growth

% cpa



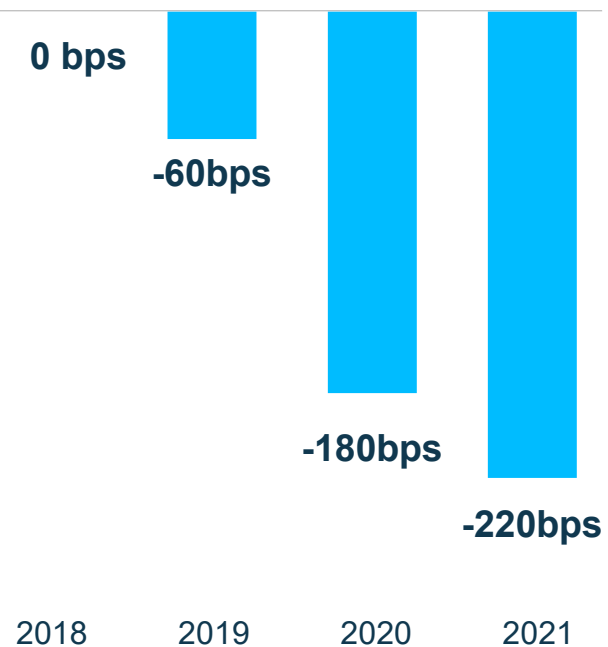
## EBITDA Margin

% of Net Sales



## Trade Working Capital\*

% of Net Sales reduction yoy in bps



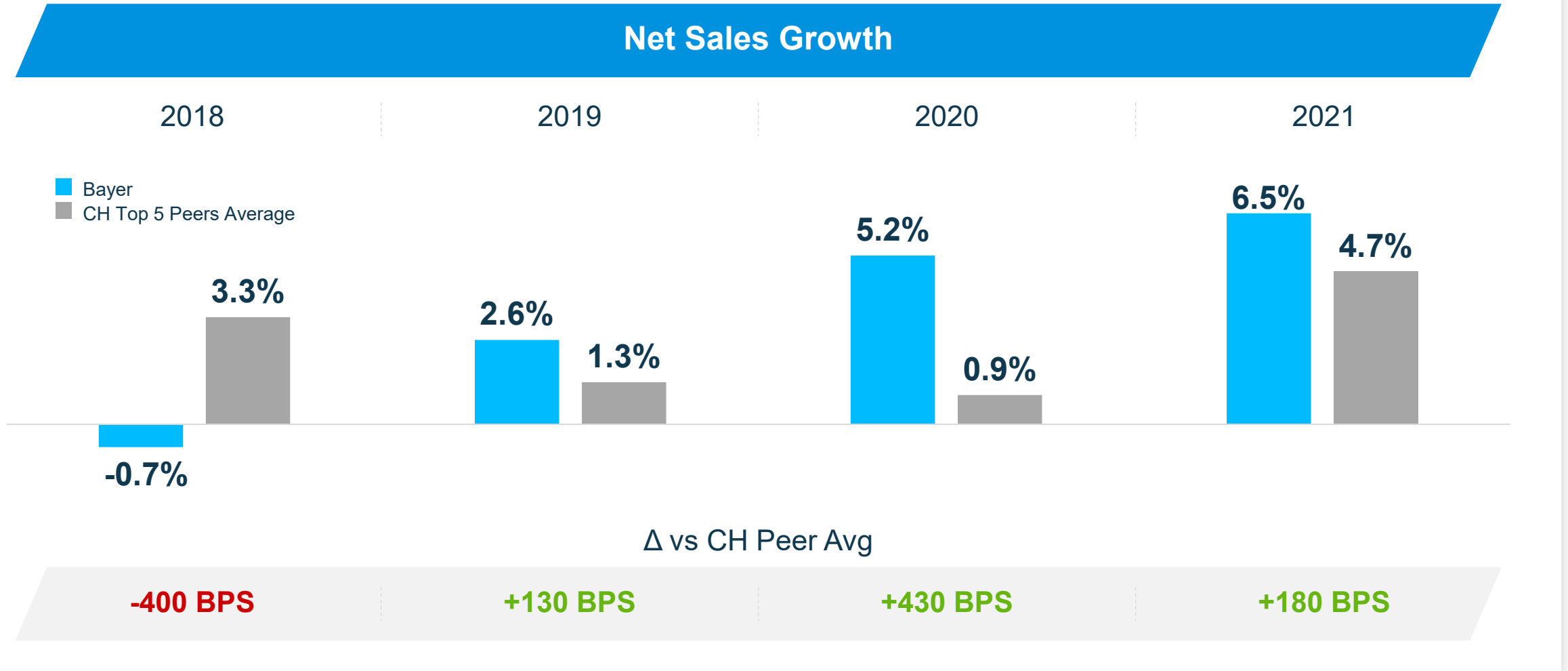
\* Reduction in bps yoy; Trade Working Capital: Sum of inventories, trade accounts receivable less trade accounts payable (excl. refund liabilities), divided by net sales of last 12 months

CMD = Bayer Capital Markets Day – March 10, 2021

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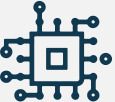
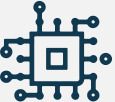
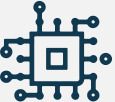
# Growing ahead of Consumer Health peers



Source: Peer Net Sales growth vs previous year – Company analysis for Peer Like-For-Like growth estimates  
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# A clear Game Plan to sustain outperformance

// AMBITION	 <b>Grow ahead of the market and increase margins</b>			
// WHERE TO PLAY	 Winning <b>Portfolio</b> focused on where Bayer can win			
// HOW TO WIN	<table><tr><td data-bbox="800 525 1294 786"> <b>Driving Growth-focused Innovation</b></td><td data-bbox="1294 525 1870 786"> <b>Modernizing Marketing &amp; Sales</b></td><td data-bbox="1870 525 2397 786"> <b>Optimizing Costs &amp; Cash</b></td></tr></table>	 <b>Driving Growth-focused Innovation</b>	 <b>Modernizing Marketing &amp; Sales</b>	 <b>Optimizing Costs &amp; Cash</b>
 <b>Driving Growth-focused Innovation</b>	 <b>Modernizing Marketing &amp; Sales</b>	 <b>Optimizing Costs &amp; Cash</b>		
// OUR ACCELERATORS	<table><tr><td data-bbox="800 786 2397 925"> <b>Digital Transformation</b></td></tr><tr><td data-bbox="800 925 2397 1068"> <b>Sustainability</b></td></tr></table>	 <b>Digital Transformation</b>	 <b>Sustainability</b>	
 <b>Digital Transformation</b>				
 <b>Sustainability</b>				
// OUR DIFFERENTIATOR	 <i>Science for a better life</i>			



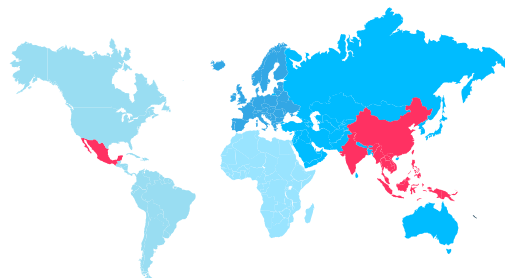
# Key platforms to sustain above-market growth

## Attractive Demand Spaces



- // Premium Nutritionals
- // Healthy Ageing
- // Stress and Sleep
- // Medicated Skin

## High-growth Markets



- // China
- // India
- // Mexico
- // ASEAN

## Rx-to-OTC Switches



- // Astepro
- // Switch #2
- // Switch #3

## Digital Commerce & Health Platforms



- // eCommerce
- // Digital Diagnostics
- // Digital Therapeutics





# Consumer Health as a force for good

## Expand Access to Everyday Health



**59** Million people with improved access to self-care in underserved communities

- // Investing in accessible and more sustainable products
- // Reached 4+ Million underserved women and babies through the Nutrient Gap Initiative

## Path to Climate Neutrality

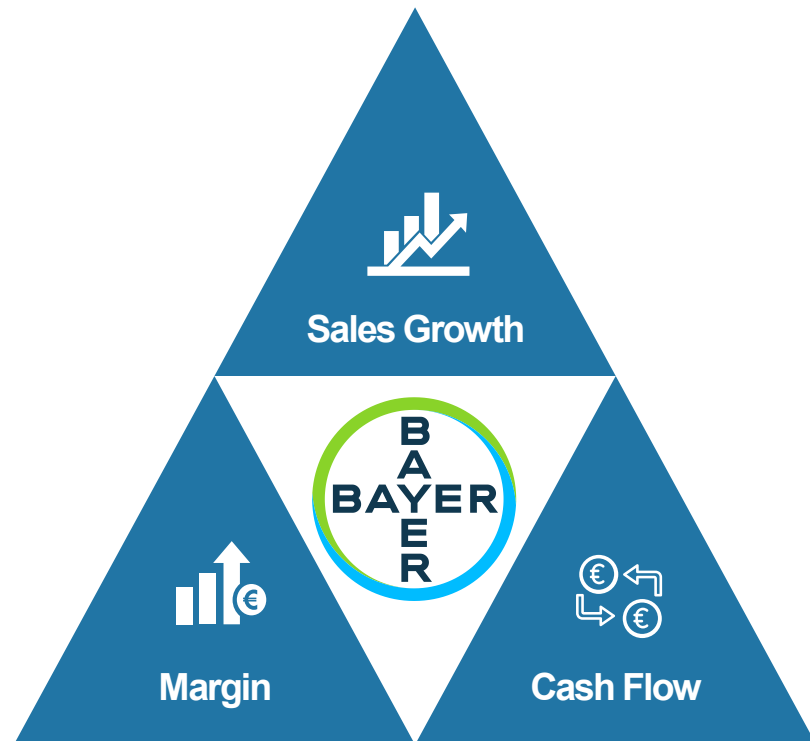


**35%** CO<sub>2</sub> emissions reduction achieved across our operations

- // Investing in energy efficiency projects and increasing green energy across our sites
- // Advancing sustainable packaging



# A sustainable value creation model



**GROWTH**

Drive above-market growth focusing on attractive categories, markets, channels, and superior execution



**MARGIN**

Continuously improve margin towards mid-twenties through scale effects and continuous efficiency programs



**CASH**

Drive absolute growth and EBITDA at optimized working capital to increase cash generation

# *The Science of Self-Care*

*Growth-focused Innovation*

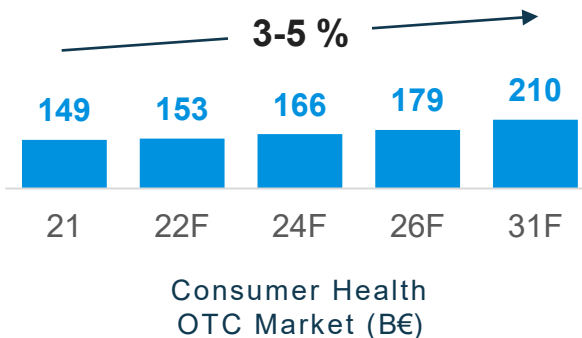
*September 2022*





# Innovation is a key value driver in Consumer Health

**No1**  
OTC  
growth driver



**Drives brand relevance**  
and builds brand equity with consumers



**Plays a defence role vs commoditization**  
and an offence role through share gain



**Fuels total category growth**  
along with marketing, pricing and distribution





# World-class innovation network

## 9 R&D Centers of Excellence



**4% R&D spend**  
Top-tier in industry



**End-to-end capabilities**  
Idea to launch, deep science



**Talent & Diversity**  
700+ scientists and innovators



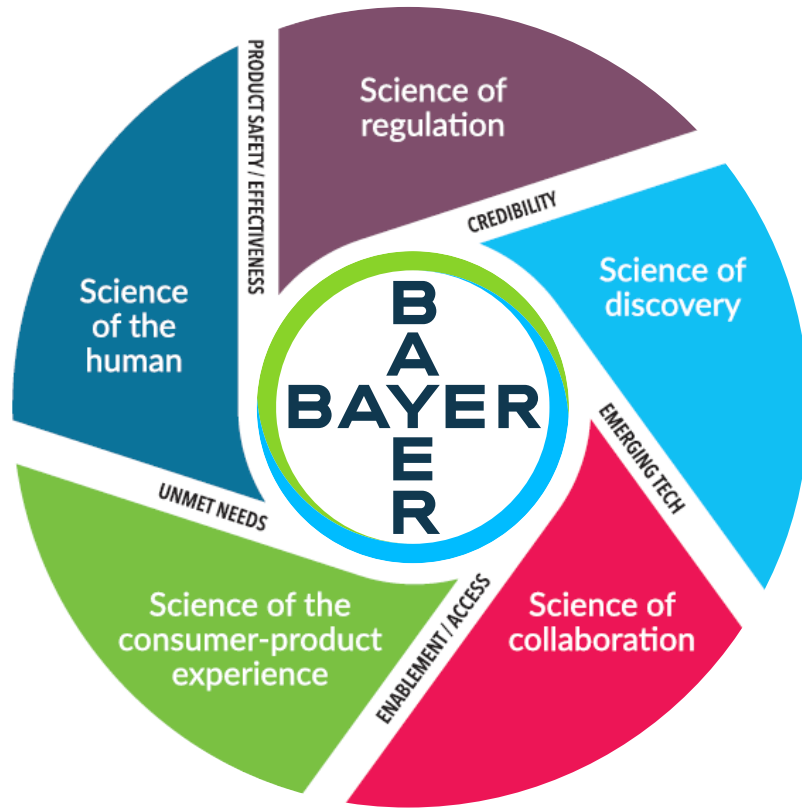
**Open ecosystem**  
External partnerships and collaboration



**Acquire & scale**  
Asset transactions including switch



# Science-led innovation model that drives overall category growth



Science for a **better life**

## Our Category Growth Model



**20% TRANSFORM**  
categories and consumer experience



**30% EXPAND**  
brands into adjacent consumer & medical needs



**50% STRENGTHEN**  
core brand propositions



# Strengthen core brand propositions



## Medical Need

Sleep, environment, diet, stress, and activity can influence micronutrient status and threaten our immunity



## Consumer Need

With the constant threat of upper respiratory infections, people want to be more resilient



## Differentiated Science

Clinically proven to reduce:  
// risk of getting sick in a polluted environment  
// **severity and duration of acute respiratory tract infections** and reduce sick days by 64% (elderly)





# Expand brands into adjacent consumer and medical needs



## Medical Need

Efficacious prevention and **multi-symptom relief** from constipation and diarrhea



## Consumer Need

Gut wellbeing from a specially designed probiotic compatible with **Chinese dietary habits**



## Differentiated Science

- // **Patented strains** derived from **Chinese infant gut**
- // **Superior efficacy** demonstrated by clinical trials



江南大学



Science of **Collaboration**



Science of **Discovery**



Science of the **Human**





# Transform categories and consumer experience



## Medical Need

**Target histamine receptors**  
in the nasal cavity for faster relief



## Consumer Need

Fast relief is the **#1 demand**  
for allergy sufferers



## Differentiated Science

**Fast:** Starts working in 30 minutes  
**Powerful:** 24 hours of relief  
**Steroid-free:** Unique proposition



- > Science of **Collaboration**
- > Science of **Regulation**
- > Science of **Discovery**



# Sustainability by design: for access and environment



## Design for Environment



Developing products **with lower environmental impact**



## Design for Access



Developing **self-care products for the underserved**



# Precision health enabling self-care across the consumer journey

QUESTIONNAIRE ON LIFESTYLE AND DIET



ALGORITHM PERSONALIZES OFFER



DELIVERED IN A PERSONALIZED PACK



BECOME PART OF THE COMMUNITY

How many vitamins or supplements do you currently take?

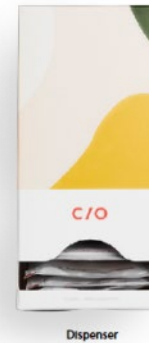
None	1-4	5+
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**30**  
DIFFERENT VITAMINS AND SUPPLEMENTS AT LAUNCH

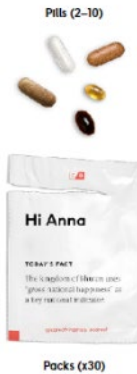
**FUELED**

**226,000**  
UNIQUE PACK COMBINATIONS TO DATE

*Each product scored based on existing research (# of studies, consistency and magnitude of results and methodology)*



Dispenser



Packs (x30)



Content



Coaching



Community

**CARE/OF SCIENTIFIC ADVISORY BOARD: HARVARD SCHOOL OF PUBLIC HEALTH & TUFTS USDA NUTRITION CENTER M.D.S AND PHDS**



# Industry-leading science, trusted by consumers



World-class innovation  
**network & capabilities**



**Science-led innovation** model  
driving overall category growth



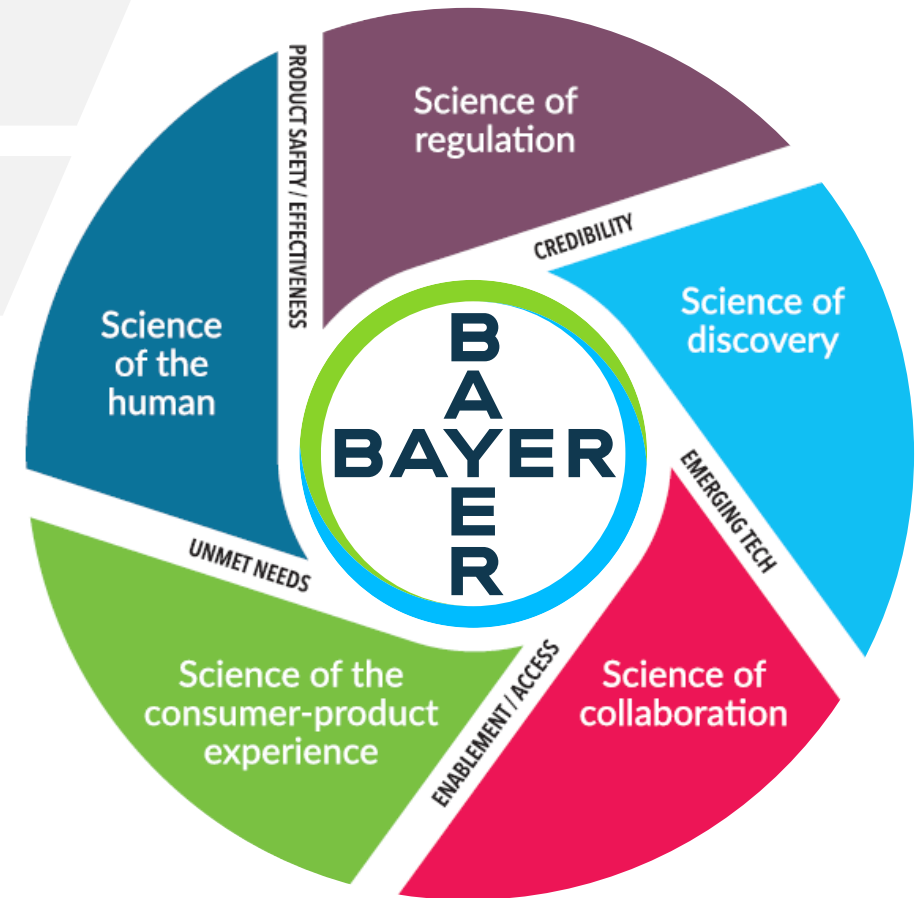
**Winning by strengthening,**  
expanding and transforming our brands



**Sustainability by design**  
for access and environment



**Future-fit with big brand innovation,**  
switch & precision health





# *Brand-building & Route to Market*

*Commercial Pillars for Success*

*September 2022*





# Building commercial capabilities to deliver sustainable outperformance

## Commercial Pillars for Success

### Modernized Marketing

### Customer-centric Sales

Iconic Purposeful Brands

Creative Powerhouse in Health

Data-driven Consumer Engagement

Tailored Customer Strategies

eCommerce Acceleration

Strategic Value Programs



Rooted in consumer and medical unmet needs and enabled by technology and people capabilities

**Levers:** Growth Differentiation Penetration Personalization





# Iconic brands backed by science, empowering everyday health

## Net Sales Growth



15 brands > 100M€ in sales  
Power Brands 75% of sales

## Modernized Brands in Action





# Purposeful brands positively impacting consumer lives & communities

Help Every Baby Have the Best Start in Life

Take Taboo Away from Intimate Health

Getting Kids and Parents Outside for Better Health



Over **7 million<sup>1</sup>** women and babies given access to essential prenatal vitamins

APAC

LATAM

EMEA



**40 million<sup>2+</sup>** views on TikTok  
**17k** classrooms educated

EMEA

LATAM

APAC



*Claritin*

**66 million<sup>3+</sup>** impressions  
**260k** Likes & Follows

EMEA

NA

APAC

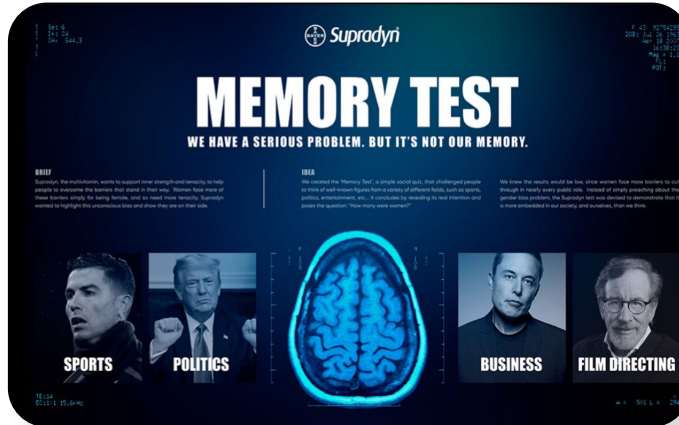
<sup>1</sup> Pregnant women and babies gaining access to essential prenatal vitamins through partnership with Vitamin Angels as of Aug'22. <sup>2</sup> Total impressions on the Intensivao da PPK TikTok channel. <sup>3</sup> Total impressions across social platforms for the Claritin Outsideologist campaign  
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# Leading transformation to world-class creativity enabling self-care

## Creativity that Drives Change



## Industry Leadership





# Accelerating use of data to personalize consumer engagement

## Data & Digital First

## Leading in Digital Platforms

## Contextual Engagement

2019 - 2022

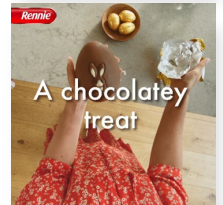
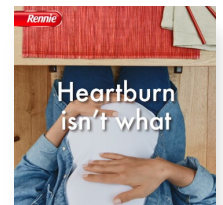
Share of Digital Media<sup>1</sup>



Take Away Lover



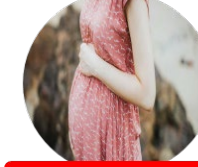
Foodies



Share of Data-driven Marketing Investments<sup>1</sup>

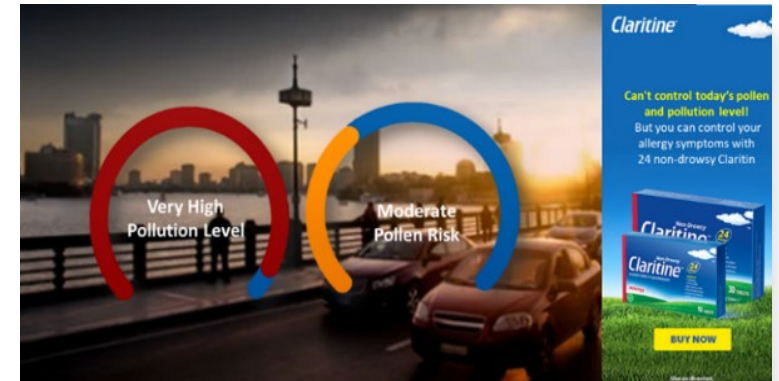
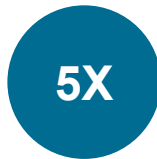


Seasonality



Pregnancy

Share of Personalized Creatives<sup>1</sup>



<sup>1</sup> Bayer internal data





# Forging strong customer partnerships to drive category growth

## Retail Key Accounts<sup>1</sup>



## Independent Pharmacies<sup>2</sup>

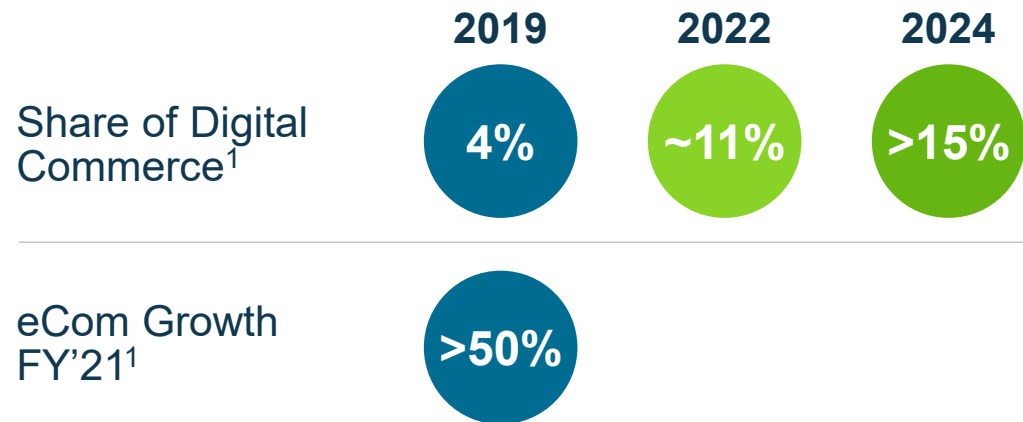


<sup>1</sup> Astepro activation Walmart US 2022. <sup>2</sup> Supradyn, Redoxon and Canesten activations in Superdrug UK 2021-22



# Doubling down on e-Commerce and growth platforms

## Winning in Key eCom Platforms



## Strategic Portfolio Moves

care/of	GloryFeel	n.
Nov. 2020	Oct. 2021	June. 2022*

## Digital Engagement Mechanisms

<sup>1</sup> Bayer internal sales data \* Strategic minority stake in Natsana  
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# Pricing and trade excellence to drive value creation with customers

## Innovations Playing Across Different Value Tiers

### Premium



### Value Offerings



160+

Innovation



140-160



120-130



100



<100

Low-income consumer solutions



Foundation



# Continuously progressing to be best in the industry

## Commercial Pillars for Success

### Modernized Marketing

**Iconic  
Purposeful  
Brands**

**Creative  
Powerhouse  
in Health**

**Data-driven  
Consumer  
Engagement**

### Customer-centric Sales

**Tailored  
Customer  
Strategies**

**eCommerce  
Acceleration**

**Strategic  
Value  
Programs**

**Rooted in consumer and medical unmet needs and enabled by technology and people capabilities**



# Driving sustainable outperformance in Consumer Health

- > **A leading Consumer Health player with a well-balanced portfolio**
- > **World-class science, consumer and HCP capabilities**
- > **Clear strategy to sustain outperformance**
- > **Track record of execution excellence**
- > **Attractive growth profile and cash flow generation**





# Q&A session

