



Bayer Consumer Health

Empowering the Transformation of Everyday Health



**Bernstein's Consumer
Health & Nutrition Seminar**
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Consumer Health Market Remains Attractive

**Global Megatrend
through 2050:
Growing & Aging
Population**

**Key trends
OTC market²**

**+2.2bn
people¹**



**People 60+ more
than doubling¹**

**>20% of total
population¹**

Societal need: Preserve and restore health



Changing consumer behavior and move to 'self care'



Consolidation of traditional pharmacies and shift to drugstores, retail and e-commerce



Digitalization reshaping marketing, sales, and business models



Lower entry barriers, increasing competition

OTC market dynamics²



Long-term growth rates above GDP and CPG industry at 3-4% p.a.



Growing across categories and geographies



Driven by favorable consumer trends, government desire to lower healthcare costs, and Rx-to-OTC switches



Market profitability above CPG industry benchmarks



Nutritionals Market - Important Driver of the Overall OTC Market

Our definition of the Nutritionals market

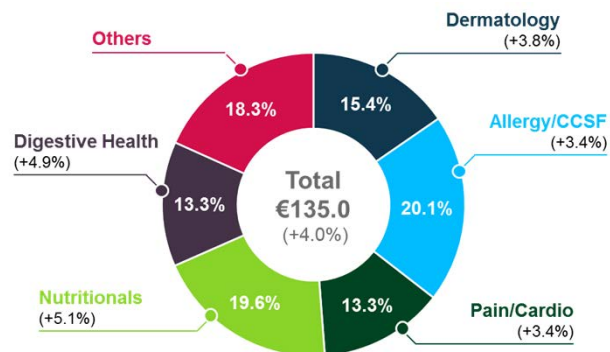
**Healthy Eating,
Nutrition**

**Nutritionals
market**
(~€27bn)

**Consumer
Health market**
(~€135bn)

Nutritional supplementation to meet a variety of consumer needs

OTC market categories¹ (2018)



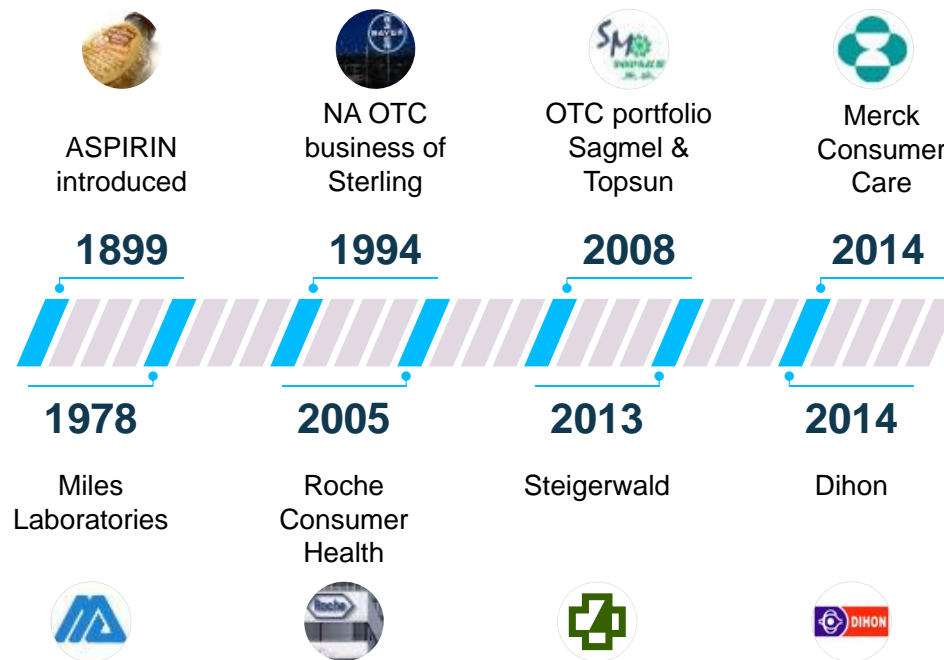
Nutritionals market dynamics

- // Robust historical market growth of 4-5% p.a.² predicted to continue at same pace
- // Driven by global megatrends
 - // **Malnutrition** or undernutrition - a global health concern
 - // **Consumer awareness & interest** - healthy look & lifestyle
 - // **“Better solutions”** with natural and ‘free-from’ products
- // OTC & FMCG companies as main competitors
- // Lower (regulatory) barriers to enter market compared to conventional OTC
- // Lower average market profitability vs. OTC

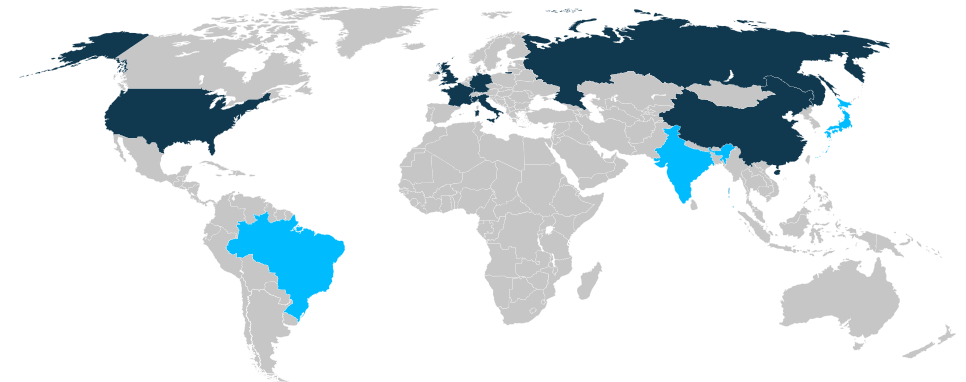


Consumer Health: A Leading Player Globally ...

Built up top leading position



Strong positions in 7 out of Top 10 OTC markets



Top 10 OTC markets¹

1. USA	6. Russia
2. Germany	7. Italy
3. Japan	8. Brazil
4. France	9. UK
5. China	10. India

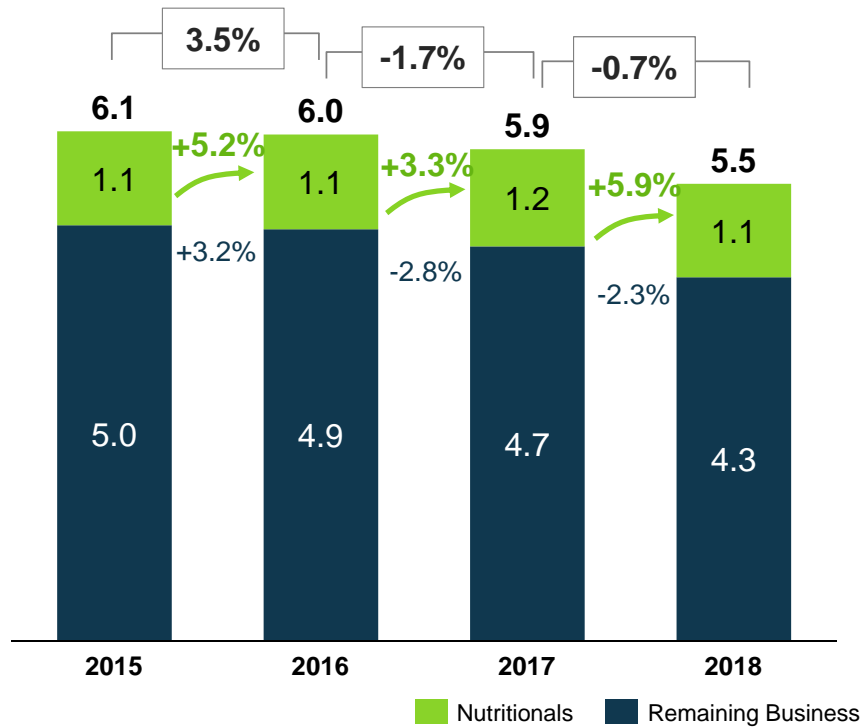
■ Top 5 position
■ Position outside of Top 5



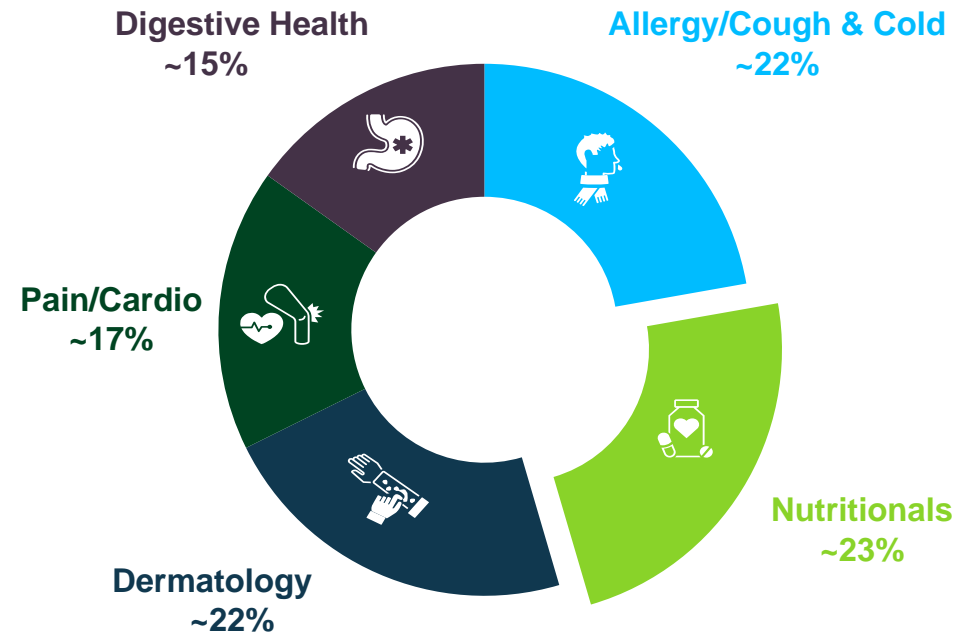
... with a Fast Growing Nutritionals Category

Sales development

€ bn; sales growth currency and portfolio adjusted



Category focus¹





Well Positioned to Capture Growth Opportunities in a Trend-Oriented Nutritionals Market

Main growth drivers for the category



Strong positioning of Consumer Health

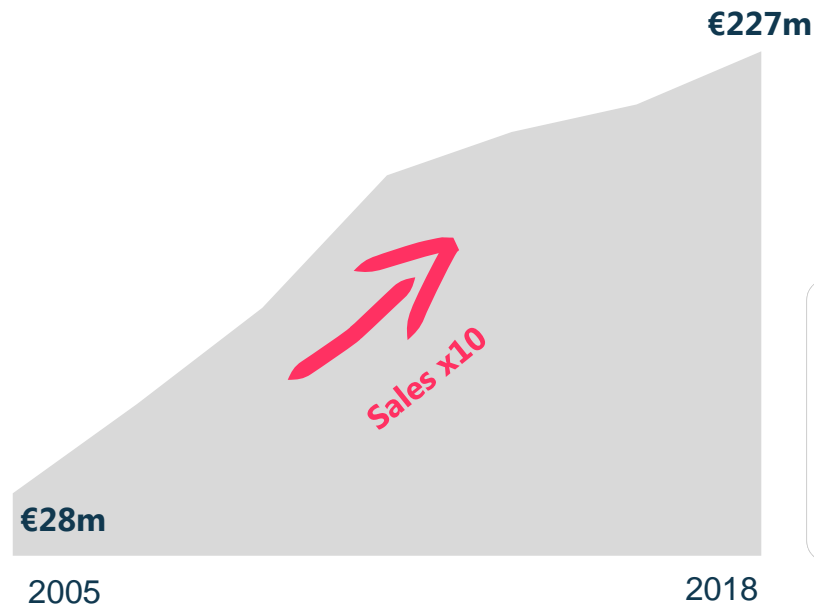
- // Bayer the **Global #2 in Vitamins & Minerals** (~1/3 of total market), with #1 position in Healthy Baby and a leading position in Immunity
- // Our **Nutritional solutions are rooted in science** and expert-endorsed to deliver meaningful health benefits
- // **Sustained sales growth** rate ahead of divisional average
- // **5 blockbuster brands > €100m** annual sales:
Elevit, One A Day, Berocca, Redoxon, Supradyn
- // **e-commerce** a key growth driver in China & US



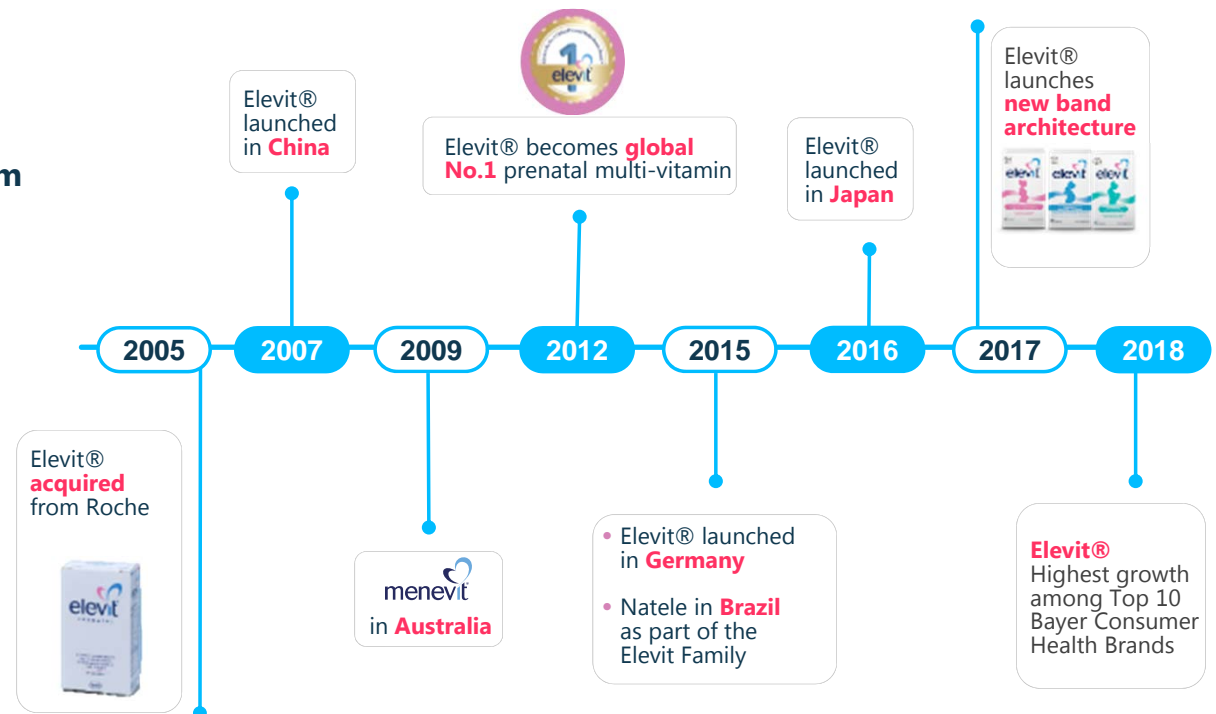
Case Study: Expanding Elevit's Brand Equity as Premium Product

35 years of Elevit – the first global pre-natal multivitamin

Elevit Family growth history



Milestones in brand development





Case Study: Elevit's Success Factors for Further Growth

Strong purpose - "Give every baby the best start in life" - backed by science

Science



- // Strong **clinical heritage**
- // **World most** studied prenatal
- // Trusted brand with high **HCP recommendation**¹

Track record of growth



- // **#1 Prenatal vitamin**²
- // Solid **global footprint** in **60+ countries**
- // Continuous **above-market growth**³

Connecting to consumers



Digital & e-commerce

⬆ **+49%⁴**
4yCAGR



- // Strong growth driver in **Asia/Pacific**
- // Digital activation via **social platforms**
- // Japan **DTC model** with subscription

Brand expansion



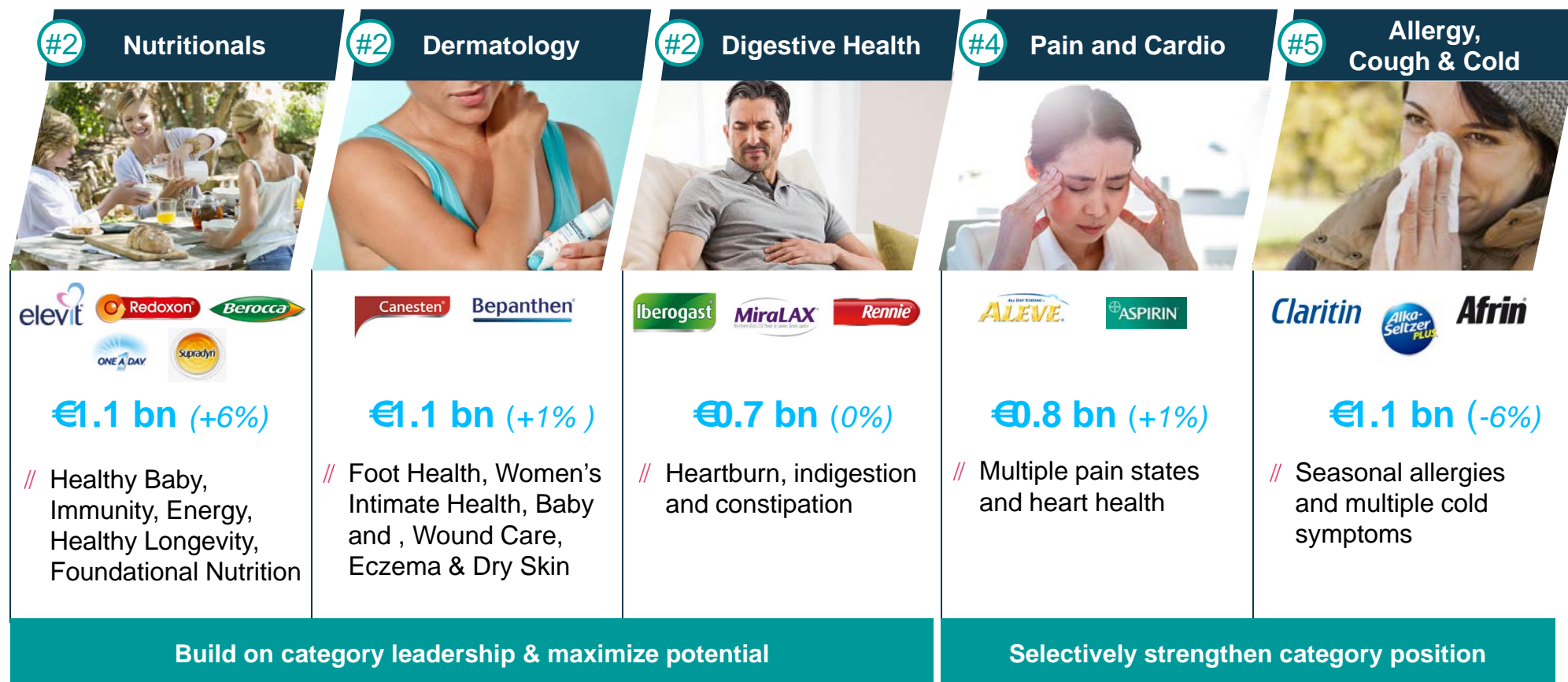
- // Brand architecture with **specific formulations** for planning, pregnancy, breastfeeding
- // **Menevit** doubling sales in 4 years in Asia/Pacific⁵



Clearly Defined OTC Category Focus

Focus and accelerate growth in core categories

○ = Global position



Our Purpose and Ambition

Deliver on our purpose: *Empower the transformation of everyday health*

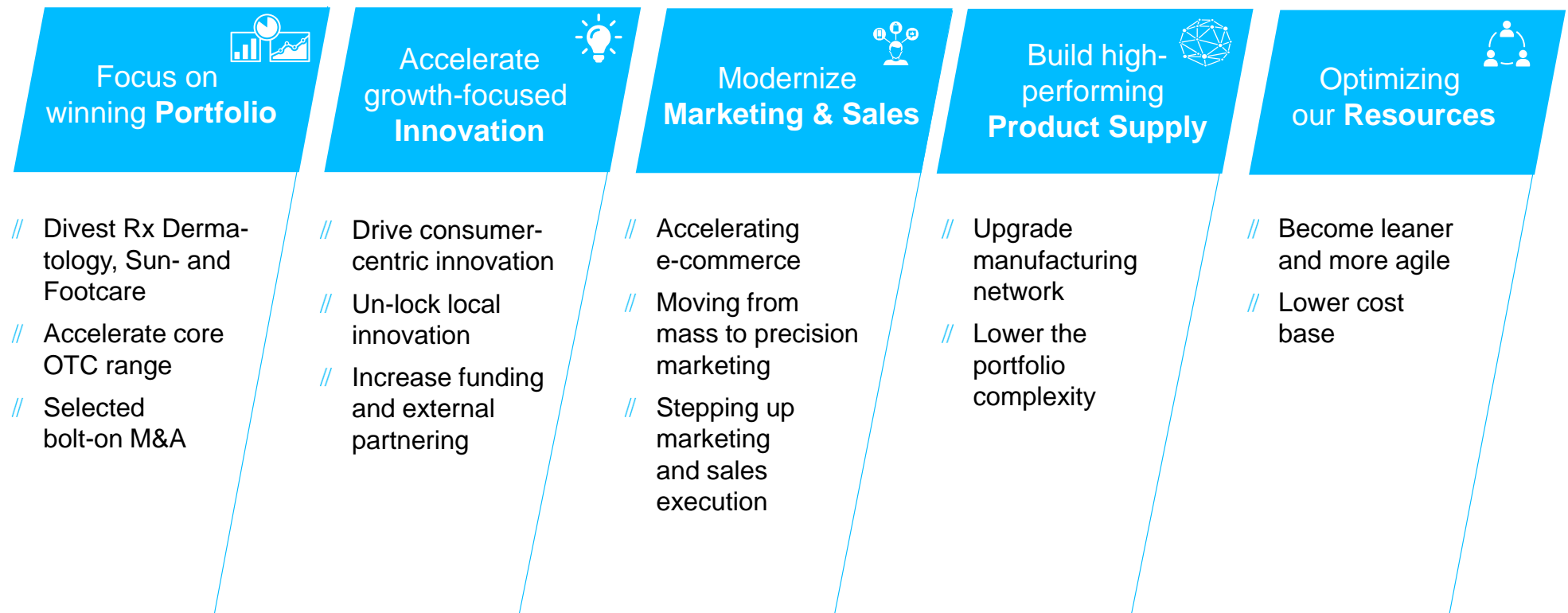
Grow brand
penetration

Win with consumers
& customers to
regain market share

Achieve top-tier
industry margins

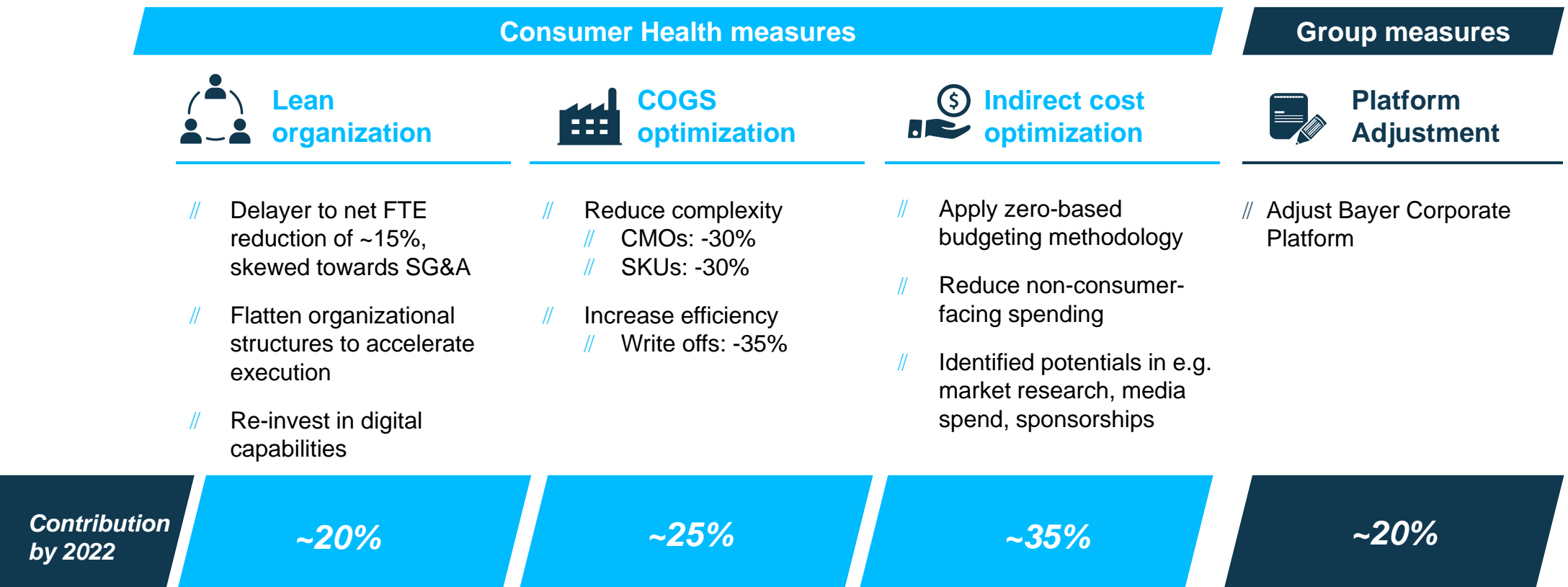


Focused on Executing a Comprehensive Turnaround Plan





Optimizing Resources: ~ €500m¹ Gross Efficiencies by 2022 to Reinvest in Growth and Improve Margins





First Achievements Through Activated Interventions



Strengthening leadership completed



Planned divestments fully on track

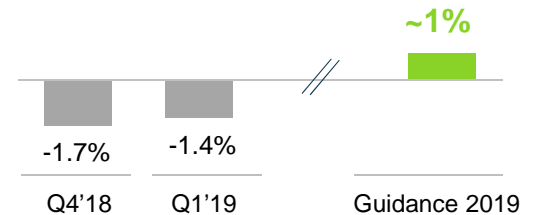
RX Dermatology
Coppertone
Dr. Scholl's

signed
signed
H2'19e



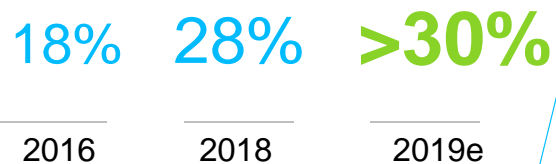
Returning to growth

Sales growth cpa.



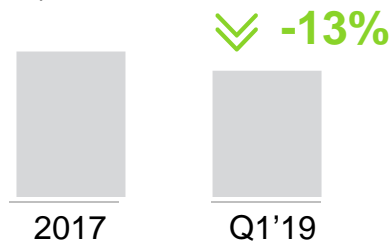
From mass to precision marketing

% Media spent on digital



Lean organization

FTE excl. production sites



SGA optimization

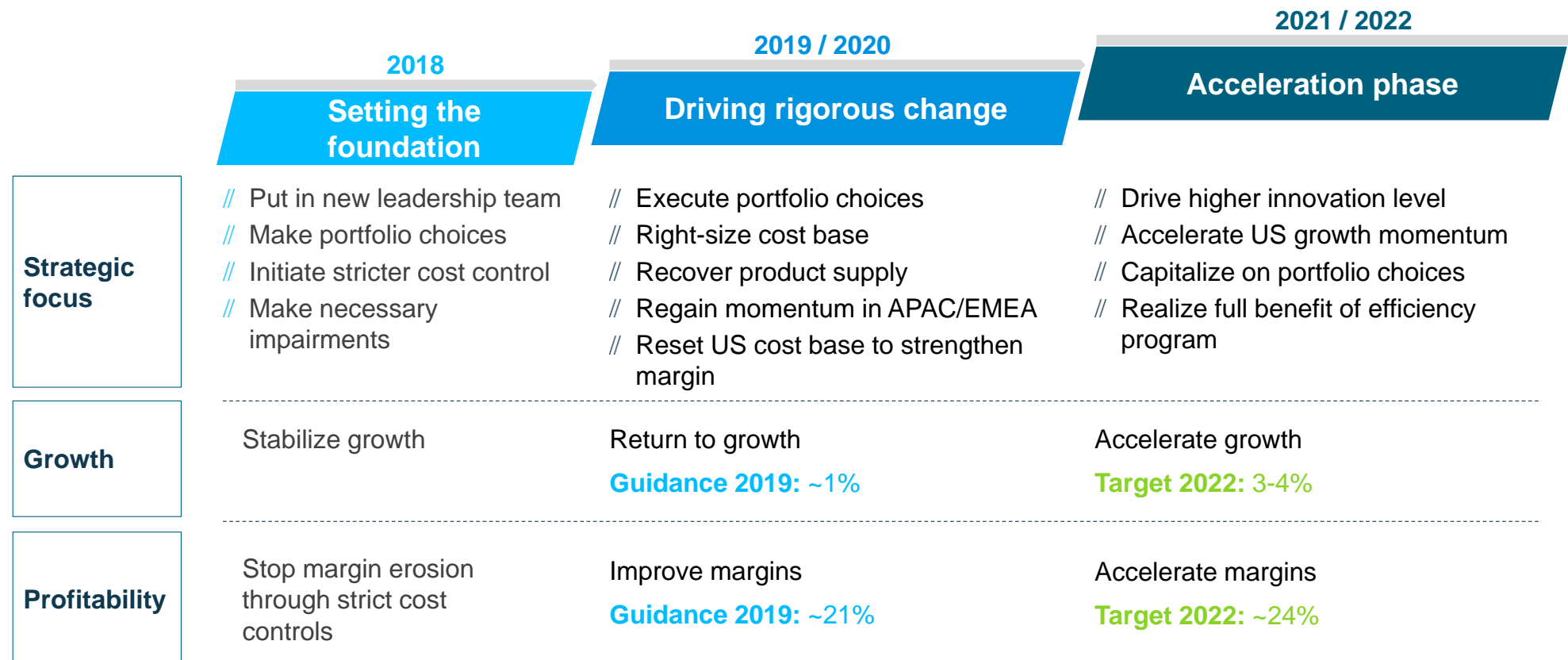
SG&A savings from leaner structures and ZBB first savings

Engraining **new cost culture** across organization



Our Strategic and Operational Roadmap

Acceleration of growth and profitability through 2022





Reinvigorating Our Leading OTC Position

- // New leadership team with proven track record of success in OTC and CPG companies
- // Focus on core OTC Portfolio
- // Accelerate innovation to drive growth
- // Modernize marketing and sales to charge our strong brands
- // Build high performing product supply to increase customer service
- // Create leaner organization and right-size cost base



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the Transformation
of Everyday Health*



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