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Top Five Takeaways From Bayer Consumer Health's 2022 Results

by [Tom Gallen](#)

Beating global market growth, continuing macroeconomic headwinds and spin-off perspectives were among the key talking points as Bayer Consumer Health reported its 2022 sales and earnings.

Bayer Grew Faster Than The Market In '22

Bayer Consumer Health beat the market in 2022 as a combination of rising prices (+6.2%) and higher volumes (+2.2%) helped currency and portfolio adjusted sales to increase by 8.4% to €6.08bn (\$6.47bn). The German firm outstripped the global consumer health market growth rate of 8% in 2022, as it recorded a notable jump in demand for cough and cold and digestive health products.

Broad-based growth across all regions and categories helped Bayer to outperform its 2022 sales guidance of 6-7%. Europe/Middle East/Africa adjusted sales advanced by 6.8%, mainly driven by dermatology and double-digit gains in the allergy and cold category. In North America, adjusted sales improved by 5.7%, with Alka Seltzer cough and cold products and the recently-launched Astepro Allergy the best sellers.

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Innovation Investments Driving Growth

Key to Bayer Consumer Health's success in 2022 was its "substantial investment in innovation," according to division head Heiko Schipper. The business pumped 4% of net sales into research and development last year resulting in around 50 new consumer-validated product innovations. Europe saw the introduction of Bepanthen Derma Hand Cream in Germany and Greece, as well as Bepanthen Tattoo products in Italy, contributing to a 10.5% rise in adjusted global dermatology category sales.

Global nutritional sales – up 1% adjusted – benefited from line extensions taking Berocca into the immunity segment in the UK and France, as well as the launches of Supradyn Immuno in India and Redoxon Immunity in the Asia Pacific region. (Also see "[Bayer UK Targets Mega-Brand Status For Berocca With Immuno Product Launch](#)" - HBW Insight, 21 Sep, 2022.)

Meanwhile, in the US, Astepro Allergy was launched as the first and only steroid-free antihistamine nasal spray available OTC for adults and children following a successful switch. According to Schipper, Bayer is now “totally focused on making sure that Astepro is the nasal spray of choice in the upcoming US allergy season.” (Also see "[Astepro Launch And Strong Cold Season Boost Bayer In Q3](#)" - HBW Insight, 9 Nov, 2022.)

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Q4 Showing Points To Challenges Ahead

While Bayer Consumer Health delivered a strong showing overall in 2022, the final quarter of the year saw a more mixed performance. Adjusted sales advanced by 5.8% in Q4 but thanks entirely to pricing as volumes declined by 0.8%.

The strongest performing category in three months was allergy & cold, which posted adjusted sales up by 16.0%, driven by a “particularly elevated cold incidence rate.” Nutritional sales edged up by 1.2%, while digestive health sales were flat. On a regional basis, turnover moved ahead by 1.3% in Europe/Middle East/Africa and just 0.1% in North America.

Moving to the bottom line, EBITDA before special items was flat at €313m, which Bayer said reflected inflationary pressure. The EBITDA margin slipped back from 22.2% in the prior-year period to 20.5%.

High Expectations Despite Tough Start To '23

Looking ahead to 2023, Bayer said it expects to see continued inflation in the first half of the year before this normalizes over the following six months. With supply constraints also predicted to continue, global consumer market sales growth will slow next year to around 3-5%, according to the company.

Schipper said Bayer Consumer Health plans to grow at the top end of this range, at around 5%, by continuing to invest in innovation and brand building. However, the firm is expecting softer development in the opening six months of 2023 due to the challenging macroeconomic environment and a strong prior-year comparable.

For the full year, the business is also targeting an increase of its EBITDA margin before special items to around 23%, which it hopes to achieve in part by firmly executing on its ongoing cost

productivity program.

No Plans To Go It Alone

Moves by competitors GSK and J&J to spin off their respective consumer health businesses are yet to persuade Bayer to follow suit. Asked on the company's financial news call if Consumer Health would perform better with "more independence," Schipper said Bayer is well placed "to operate at the forefront of this industry." The Bayer name is a very valuable asset to Consumer Health, he insisted, bringing "huge trust that our products are effective."

"We feel very good about the way we are operating. The results show that over the past few years we have been at the high end of growth within the industry and we have been able to increase margins quite well and have increased cash flow year after year."

Speculation about Bayer's future participation in the consumer health market has been ongoing for some time, with activist investors pushing for the business to be spun off to create value. Consumer Health's future will be decided by Roche's Bill Anderson, who will take over from Werner Baumann as Bayer's CEO on 1 June. (Also see "[Bayer's Incoming CEO Faces Consumer Health Decision](#)" - HBW Insight, 10 Feb, 2023.)