

18 Oct 2021 | Analysis

Euro Q3 Consumer Health Earnings Preview: GSK, Sanofi, Bayer And Reckitt

by [Tom Gallen](#)

Major Europe-based consumer health players GSK, Sanofi, Bayer and Reckitt continue to deal with the fallout of the COVID-19 pandemic while implementing long-term strategies to drive growth. This earnings preview highlights what to look out for as these four firms report their third-quarter results over the coming weeks.

GSK Pressing Ahead With Spin-Off

GlaxoSmithKline will continue to face questions regarding its spin-off strategy for its Consumer Healthcare business when the firm's third quarter results are reported on 27 October.

Over the summer, major shareholder Elliott Management urged GSK to listen to offers for Consumer Healthcare as an alternative to its demerger plan, and in the past week media reports have claimed major private equity players are interested in acquiring the business in a deal which could be worth in excess of \$50bn. (Also see "[Activist Investor Urges GSK To Consider Consumer Healthcare Sale](#)" - HBW Insight, 1 Jul, 2021.)

While GSK has said it will evaluate any alternative options that are presented, the company has continued to press ahead with its separation plan, announcing on 11 October plans to build a new campus in Weybridge, UK, to house the global headquarters for the standalone Consumer Healthcare business.

Subject to consultation and planning approvals, GSK expects its new Consumer

GSK Hits Consumer Brand Divestment Target As Q3 Performance Mixed

By [Tom Gallen](#)

29 Oct 2020

GSK's Brian McNamara says the firm has hit its £1bn brand divestment target which will help fund the restructuring of its Consumer

Healthcare base to open at the end of 2024. With GSK scheduled to spin-off Consumer Healthcare in mid-2022, employees will move at that time from GSK House in Brentford, to a temporary headquarters in Weybridge.

Healthcare business before it is spun off in 2022.

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As for the Q3 results, GSK faces a difficult comparison with the prior-year period when sales rose across most product categories, thanks to the addition of the Pfizer Consumer Healthcare brands. Turnover from Vitamins, minerals and supplements jumped 67% at constant currencies, while Pain relief was up 8%.

GSK continues to expect low to mid-single digit percent revenue growth for the full year, excluding brands divested or under review, but has had a mixed opening six months. First-quarter sales dropped 9% at constant exchange rates, but picked up in Q2, rising by 3%. (Also see "[GSK Highlights E-Commerce Gains As Sales Growth Returns](#)" - HBW Insight, 29 Jul, 2021.)

Sanofi Measures Turnaround Progress

A year has passed since Julie Van Ongevalle gave her first quarterly report as head of Sanofi Consumer Healthcare, announcing she had identified "major opportunities" to drive the business' top and bottom line.

The French firm's earnings briefing on 28 October offers investors and analysts a good opportunity to measure Van Ongevalle's performance so far.

Since taking the reins at Sanofi Consumer Healthcare, Van Ongevalle has begun implementing a wide-ranging turnaround strategy. Her plan is to offload around 150 brands to reshape the portfolio around certain priority categories. (Also see "[Sanofi To Divest 60% Of Brands In Consumer Healthcare Overhaul](#)" - HBW Insight, 10 Feb, 2021.)

Progress has been made, with a number of key divestments to Brazil's Hypera and Germany's Stada, plus the complete reorganization of the portfolio into new categories.

Sanofi's New Consumer Chief Identifies 'Untapped Potential' In Digital

By [Tom Gallen](#)

30 Oct 2020

Sanofi's recently-appointed Consumer Healthcare head Julie Van Ongevalle says she has identified "untapped potential" for the business to utilize "cutting edge digital platforms." Van Ongevalle revealed her early plans for Sanofi as it reported a drop in Q3 sales.

This “new focus on our key brands and markets” was the main driving force behind Consumer Healthcare’s 11.9% sales rise in the second quarter, according to Van Ongevalle. (Also see “[Sanofi’s Focus On Priority Categories Bears Fruit In Second Quarter](#)” - HBW Insight, 30 Jul, 2021.)

[Read the full article here](#)

Sanofi will hope to further cement these gains in Q3, where it faces a favorable comparison with the prior-year period, when sales declined by 1.1% due largely to the COVID-19 pandemic.

While Sanofi has stated it expects the overall COVID environment to have a continued negative impact on the 2021 OTC market growth rate, it believes its Cough, Cold and Flu will at least to stabilize in the second half of the year.

The ongoing divestment plan will however weigh on the performance, with Sanofi anticipating a €5m hit to sales in Q3.

Bayer Building On Solid First Half

Bayer is expected to post solid sales gains for its Consumer Health business when it reports Q3 results on 9 November given the company raised its guidance for the unit following a good first-half showing.

First-half sales advanced by 3.5% leading Bayer to revise up its original forecast of portfolio and currency adjusted growth of 2-3% to 3-4%. (Also see “[Bayer Raises Consumer Health Guidance Following Double-Digit Gain In Q2](#)” - HBW Insight, 6 Aug, 2021.)

The firm has in particular benefited from surging sales of dietary supplements, reflecting consumers’ growing interest in self-care during the pandemic.

Bayer Consumer Health does though face a tough comparison with the prior-year period, when adjusted sales advanced by 6.2%, thanks to double-digit gains for its Nutritionals and Digestive Health categories.

Furthermore, the market environment remains “volatile,” Bayer noted in its Q2 report, due to the uncertain trajectory of the COVID-19 pandemic.

Bayer ‘Outperforming’ Market As Turnaround Plan Bears Fruit

By [Tom Gallen](#)

04 Nov 2020

Bayer says its Consumer Health sales grew at twice the rate of the market in Q3, thanks to a number of operational changes instituted by business head Heiko Schipper back in 2018.

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“The potential continuation of increased protective and hygiene measures in the second half of the year will impact the cough and cold segment in particular,” the company admitted.

Reckitt Having A Tough Year

Analysts anticipate Reckitt will post a drop in turnover when the UK-based firm reports its Q3 results on 26 October, with lower sales at its Health and Nutrition businesses.

The consensus of those investment firms covering Reckitt is that like-for-like group sales will slip back by 0.7% for the three-month period. In the worst case scenario, sales could drop by 2.4%, according to the analysts, while the best case is a 1.4% rise.

According to analysts, Health and Nutrition continued to struggle in Q3, following a poor showing from both businesses in the first half of the year.

On a like-for-like basis, Health sales dropped 10.2% in the six months, with Nutrition turnover declining at the slightly slower rate of 8.5%. The Health business had struggled due to falling cough and cold sales, Reckitt reported, but was showing strong growth in its Intimate Wellness and Personal Care categories. (Also see "[Reckitt Sees Positive Signs For Cold & Flu Brands After Difficult First Half](#)" - HBW Insight, 28 Jul, 2021.)

Reckitt Spies Opportunity For Global Supplements Business

By [Tom Gallen](#)

21 Oct 2020

RB CEO Laxman Narasimhan sees the potential for the company to establish a global supplements business built on the successes it has enjoyed in the US and China. The comments came as RB reported solid growth in the third quarter, despite struggles for its OTC brands.

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Compounding the difficult market environment, Reckitt faces a tough comparison with the prior-year period when Health posted sales up 12.6% and Nutrition turnover advanced by 4.1%.