

Healthcare

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Key figures

€ million	2023	2022	Change	
			€ million	%
Net sales	8,053	7,839	214	2.7%
Operating result (EBIT) ¹	2,225	1,895	330	17.4%
Margin (% of net sales) ¹	27.6%	24.2%		
EBITDA ²	2,545	2,385	160	6.7%
Margin (% of net sales) ¹	31.6%	30.4%		
EBITDA pre ¹	2,543	2,477	66	2.7%
Margin (% of net sales) ¹	31.6%	31.6%		

¹ Not defined by International Financial Reporting Standards (IFRS).

² Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

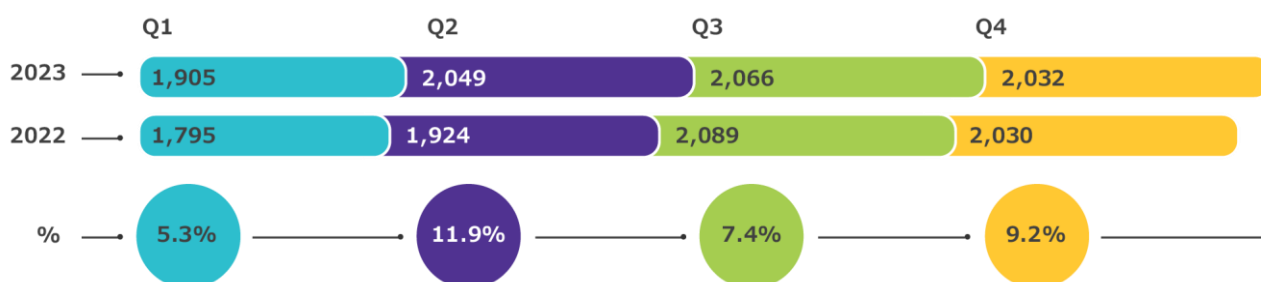
Development of sales and results of operations

The net sales in the individual quarters as well as the respective organic growth rates in 2022 are presented in the following graph:

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Net sales and organic growth¹ by quarter²

€ million/organic growth in %



¹ Not defined by International Financial Reporting Standards (IFRS).

² Quarterly breakdown unaudited.

Net sales of the key product lines and products developed as follows in 2023:

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Net sales by major product lines/products

€ million	2023	Share	Organic growth ¹	Exchange rate effects	Total change	2022	Share
Oncology	1,819	22%	17.3%	-9.2%	8.1%	1,683	22%
thereof: Erbitux®	1,025	13%	10.9%	-10.6%	0.3%	1,023	13%
thereof: Bavencio®	713	9%	23.4%	-6.8%	16.6%	611	8%
Neurology & Immunology	1,665	21%	-0.9%	-3.5%	-4.5%	1,743	22%
thereof: Mavenclad®	956	12%	15.9%	-4.3%	11.7%	856	11%
thereof: Rebif®	709	9%	-17.2%	-2.9%	-20.1%	887	11%
Fertility	1,547	19%	14.9%	-7.8%	7.0%	1,446	18%
thereof: Gonal-f®	847	11%	10.5%	-7.8%	2.7%	825	11%
Cardiovascular, Metabolism & Endocrinology	2,786	35%	4.0%	-4.6%	-0.7%	2,805	36%
thereof: Glucophage®	882	11%	-0.5%	-4.6%	-5.1%	930	12%
thereof: Concor®	571	7%	1.6%	-4.9%	-3.3%	590	8%
thereof: Euthyrox®	565	7%	5.4%	-3.2%	2.2%	553	7%
thereof: Saizen®	332	4%	35.7%	-10.6%	25.1%	266	3%
Other	235	3%				161	2%
Healthcare	8,053	100%	8.5%	-5.8%	2.7%	7,839	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

- The cancer drug Erbitux® (cetuximab) saw low double-digit percentage organic net sales growth in 2023, largely on the back of increased demand in the Asia-Pacific (APAC), Latin America and Europe regions. By contrast, organic net sales performance in the Middle East and Africa region in the reporting period was negative.
- In immuno-oncology, net sales of the oncology drug Bavencio® (avelumab) saw organic growth in the low-twenties percentage range in the reporting period. This was driven by all regions, with Europe, North America and Asia-Pacific (APAC) enjoying particularly strong performance with double-digit organic growth rates. The main driver of this development was the continued growth in the drug's market share for first-line maintenance treatment for patients with locally advanced or metastatic urothelial carcinoma (UC).
- Mavenclad®, for the oral short-course treatment of highly active relapsing multiple sclerosis, recorded encouraging organic net sales growth in the mid-teen percentage range in the past fiscal year and reached blockbuster status with total net sales of more than US\$ 1 billion. The North America region made a particularly strong contribution to the positive sales performance, but Latin America, Europe and the Middle East and Africa region also saw organic growth in net sales. Net sales in the Asia-Pacific (APAC) region remained essentially unchanged year-on-year in organic terms.
- The reporting period saw a high-teens percentage decline in net sales of Rebif®, which is used to treat relapsing forms of multiple sclerosis (MS). The sustained downturn in sales was anticipated and largely reflects the momentum on the interferon market, which is expected to remain negative in the future due to the persistently difficult competitive situation and the competition from oral dosage forms and high-efficacy MS therapies.
- The Fertility franchise recorded strong organic net sales growth in the mid-teen percentage range in the reporting period. Gonal-f®, a leading recombinant hormone used in the treatment of infertility, saw low double-digit percentage growth in net sales on the back of higher demand as well as supply bottlenecks affecting a rival product. Other Fertility products also contributed to the strong growth in the franchise with organic net sales growth in the mid-teen percentage range in some cases. This development was also attributable to supply bottlenecks affecting a rival product as well as higher demand.
- The Cardiovascular, Metabolism and Endocrinology franchise, which includes drugs for the treatment of cardiovascular, thyroid and growth disorders and diabetes, recorded solid year-on-year growth in net sales in the past financial year. Net sales of the diabetes drug Glucophage® were largely stable, with organic sales growth in Europe and Latin America not quite offsetting the organic downturn in the Asia-Pacific (APAC) and Middle East and Africa (MEA) regions. Net sales of the beta-blocker Concor® increased slightly in organic terms in the reporting period, while the thyroid product Euthyrox® enjoyed solid organic growth compared with the previous year. The franchise also benefited from encouraging organic growth in the net sales of Saizen® in the mid-thirty percentage range, which was due to rising demand as well as supply bottlenecks affecting a rival product.

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Product sales and organic growth¹ of Erbitux®, Mavenclad® and Glucophage® by region – 2023

		Total	Europe	North America	Asia-Pacific (APAC)	Latin America	Middle East and Africa (MEA)
	€ million	1,025	421	–	464	87	53
Erbitux®	Organic growth ¹	10.9%	2.4%	–	14.2%	54.4%	-12.8%
	Share	100%	41%	–	45%	9%	5%
	€ million	956	360	490	20	45	41
Mavenclad®	Organic growth ¹	15.9%	3.4%	23.2%	-0.7%	62.6%	28.5%
	Share	100%	38%	51%	2%	5%	4%
	€ million	882	128	–	467	203	84
Glucophage®	Organic growth ¹	-0.5%	2.9%	–	-4.0%	14.9%	-12.8%
	Share	100%	14%	–	53%	23%	10%

¹ Not defined by International Financial Reporting Standards (IFRS).

Net sales in the Healthcare business sector by region in 2023 developed as follows:

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Net sales by region

€ million	2023	Share	Organic growth ¹	Exchange rate effects	Acquisitions/divestments	Total change	2022	Share
Europe	2,541	31%	9.6%	-5.1%	–	4.5%	2,433	31%
North America	1,793	22%	3.9%	-3.2%	–	0.6%	1,781	23%
Asia-Pacific (APAC)	2,232	28%	6.4%	-7.7%	–	-1.3%	2,261	29%
Latin America	941	12%	23.1%	-10.8%	–	12.3%	838	10%
Middle East and Africa (MEA)	546	7%	5.1%	-1.3%	–	3.8%	527	7%
Healthcare	8,053	100%	8.5%	-5.8%	–	2.7%	7,839	100%

¹ Not defined by International Financial Reporting Standards (IFRS).

The following table presents the composition of EBITDA pre in fiscal 2023 in comparison with 2022. The IFRS figures have been modified to reflect the elimination of adjustments included in the functional costs.

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Reconciliation EBITDA pre¹

€ million	2023			2022			Change
	IFRS	Elimination of adjustments	Pre ¹	IFRS	Elimination of adjustments	Pre ¹	Pre ¹
Net sales	8,053	–	8,053	7,839	–	7,839	2.7%
Cost of sales	-2,029	-1	-2,030	-1,925	4	-1,921	5.7%
Gross profit	6,024	-1	6,023	5,914	4	5,917	1.8%
Marketing and selling expenses	-1,668	29	-1,639	-1,644	13	-1,631	0.5%
Administration expenses	-314	20	-294	-313	18	-296	-0.7%
Research and development costs	-1,657	2	-1,655	-1,694	73	-1,622	2.0%
Impairment losses and reversals of impairment losses on financial assets (net)	-41	–	-41	2	–	2	>100.0%
Other operating income and expenses	-120	-41	-161	-370	172	-198	-18.7%
Operating result (EBIT)¹	2,225			1,895			
Depreciation/amortization/impairment losses/reversals of impairment losses	320	-10	310	490	-187	303	2.3%
EBITDA²	2,545			2,385			
Restructuring expenses	32	-32	–	91	-91	–	
Integration expenses/IT expenses	20	-20	–	16	-16	–	
Gains (-)/losses (+) on the divestment of businesses	-53	53	–	-15	15	–	
Acquisition-related adjustments	–	–	–	–	–	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre¹	2,543	–	2,543	2,477	–	2,477	2.7%
of which: organic growth ¹							17.1%
of which: exchange rate effects							-14.4%
of which: acquisitions/divestments							–

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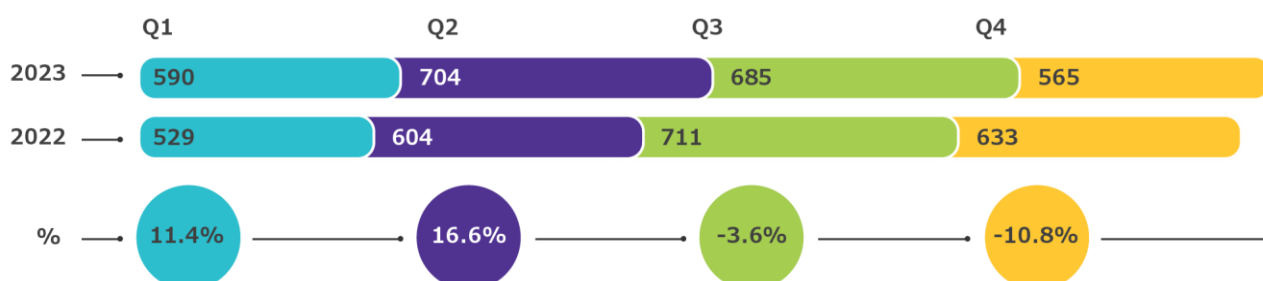
- Adjusted gross profit increased slightly in fiscal 2023, while the gross margin declined slightly to 74.8% (2022: 75.5%).
- Marketing and sales costs and administrative expenses were essentially unchanged year-on-year in the reporting period. The adjusted research and development costs increased slightly compared with the previous year, which was largely due to the provisions recognized for follow-on obligations in connection with the discontinuation of the development program for evobrutinib, a BTK inhibitor used in the treatment of relapsing multiple sclerosis (RMS).
- Net adjusted other operating expenses and income were negative but declined in fiscal 2023. This positive development was mainly driven by the end of the strategic alliance with Pfizer Inc., United States, on the co-development and co-commercialization of the oncology drug Bavencio® effective June 30, 2023. The royalties paid to Pfizer Inc., United States, instead of the profit share previously reported in other operating expenses have been reported in the cost of sales since July 2023, leading to a corresponding increase in this item. This development outweighed the year-on-year reduction in license income, meaning that the net figure improved as a result.
- The moderate increase in EBITDA pre in fiscal 2023 meant that the EBITDA pre margin amounted to 31.6% (2022: 31.6%).

The development of EBITDA pre in the individual quarters in comparison with 2022 is presented in the following overview:

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EBITDA pre¹ and change by quarter²

€ million/change in %



¹ Not defined by International Financial Reporting Standards (IFRS).

² Quarterly breakdown unaudited.