Bayer AG
Communications
51368 Leverkusen
Germany
Phone +49 214 30-1
www.bayer.com/en/media

News Release

Bayer Q2 Media Update
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Address by

Board of Management

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Bill Anderson,
Chairman of the Board of Management (CEO) of Bayer AG:

Thanks for joining our call. We issued a comprehensive update on our 2025 performance and outlook, as well as litigation provisions, last week. To avoid repetition, I'll focus my remarks mainly on what we're seeing in our businesses and the bigger picture for Bayer.

Let's start with the numbers. As always, we'll speak about our sales growth in currency and portfolio adjusted terms. Across the group, sales remained flat throughout the first half of the year. Core EPS amounted to 3.72 euros. Our Free Cash Flow is at minus 1.4 billion euros, on track to reach our initial 2025 outlook.

In Crop Science, we grew sales in Q2, primarily driven by our corn business, bringing our H1 sales to minus 1 percent. Our margin is at 26 percent, stable year-over-year despite sales headwinds from the loss of both Dicamba and Movento due to regulatory events.

Consumer Health is up 1 percent on the year. Growth was muted due to soft market conditions in key regions and an allergy season that was weaker than expected. For the remainder of 2025, we expect the softer market conditions to persist, particularly in North America. But we're starting to see a healthier growth contribution from our top brand and country intersections, which we call power couples. This is a promising early indicator that our investment and portfolio strategy is paying off. The margin is at 23 percent, ahead of last year at this point.

Pharmaceuticals continues to grow. We're at 2 percent at the half-year mark, thanks to sustained growth behind Nubeqa™ and Kerendia™, which were up a combined 65 percent year over year. Our Pharma margin is at 27 percent. Looking at the broader industry, we continue to monitor ongoing developments in the geopolitical landscape. Our 2025 Pharma outlook includes what we know of the impact. Thanks to our year-to-date performance in Pharmaceuticals, we're raising 2025 currency-adjusted guidance for the Group on both sales and earnings.

Looking ahead, we're beginning an important second half of 2025, which will be marked by further progress on all strategic priorities, continued launches, and geopolitical and currency crosswinds to navigate.

I’ll now address our priorities, calling out some highlights. First, beyond the operational success of our Pharma business, we continue to see news flow on our pipeline and launch assets. We launched Beyonttra™ in Germany on April 1st and we’re working to rapidly scale it to countries across Europe, with encouraging signs in the early months. Beyond that, we’ve garnered important approvals for additional key medicines and pipeline assets with important label extensions for Eylea™, Kerendia™ and Nubeqa™. On elinzanetant, branded as Lynkuet™, the FDA has extended the review timeline and we expect it to conclude within the next 90 days. In the UK and Canada, we’ve received first approvals from health authorities.

Our Crop Science team is making headway on their plan to improve profitability. We’ve reached agreement on the central points of a joint declaration with our workers’ representatives and can begin streamlining production and operations. We’ve also reached important milestones for our crop protection portfolio. The EPA has proposed approval for dicamba, and we recently submitted icafolin – our blockbuster herbicide molecule – for approval in the US, Canada, Brazil, and the EU.

Next, I’ll address where we stand in the fight against litigation. Last week we communicated settlements and significant provisioning to limit our exposure to the litigation industry. These decisions are part of our multi-pronged strategy to significantly contain the litigation risk by the end of 2026, which we affirm today. Simply put, every decision we make has the goal of positioning the company to move past our litigation woes. Here’s an overview of the current state of affairs:

- In June the U.S. Supreme Court requested input from the Solicitor General in the glyphosate case. We welcome this step and expect a recommendation in the coming weeks or months. This decision keeps intact the broader timeline of having a SCOTUS ruling by summer of next year. But our strategy is multi-pronged and not dependent on a singular milestone like a positive SCOTUS decision.
- As we’ve said all along, most disputes of this nature are settled with an agreement inside or outside of the courtroom. So when it serves company interests and our broader strategy, we will consider settling. More specifically just recently, we’ve taken thousands of cases off the table through confidential settlements on a low cost-per-case average in the glyphosate litigation.
- In PCBs, we also reached an important settlement on confidential terms on the Burke case. With respect to the past Sky Valley Education Center verdicts, we continue to

await a ruling from the Washington Supreme Court on the Erickson case. Independent of the merits, the court processes in these SVEC cases have proven to be particularly challenging. We have a strategy in place to limit our exposure. Therefore, we are provisioning for potential settlements.

- We also remain active outside of the courtroom. We welcome legislation at the state and federal level that reaffirms the authority of the US EPA.
- Beyond these measures, we continue to examine additional options to protect the company – and everything remains on the table.

We remain acutely aware of the threat of this issue – for US farmers, US consumers, and our company. This is an important time, with numerous prongs of our strategy advancing toward important junctures. As we move forward, we're making each decision with one broader goal in mind: narrowing the overall threat and bringing our company closer to containment.

I'll close with a personal comment. You've seen the news that the Supervisory Board unanimously agreed to extend my contract to end of March 2029. I'm humbled by their trust. It's an honor to lead this company – with its great mission and amazing people – for an additional three years. I know that the extended time horizon invites questions about what Bayer will look like at the end of the decade. Those are valid and important questions, ones that we take very seriously. Right now, you'll understand that our focus is on the biggest work facing the company – delivering the year, building our pipelines, resolving litigation, improving Crop Science profitability, making all of Team Bayer leaner and faster, with maximum mission impact. I can assure you we will emerge from that work with a vision for how Bayer can best deliver its mission for the remainder of this decade and beyond.

Thank you, and over to you Wolfgang.

Wolfgang Nickl,
Chief Financial Officer of Bayer AG:

Let’s start with some more background to our preliminary Q2 release last week. I will focus on business drivers and discuss currency impacts.

For the Group, Q2 net sales grew slightly by 1 percent versus the prior year quarter in currency and portfolio adjusted terms. As reported, we saw a decline of 4 percent with material foreign exchange headwinds affecting our topline with 550 million euros.

EBITDA before special items came in at 2.1 billion euros in line with the prior year quarter. Lower earnings in Pharma were offset by better results in Crop Science, Consumer Health and Reconciliation. The better Reconciliation result was mainly driven by income from the transfer of some of our soccer players, partly offset by higher incentive provisions and balance-sheet related hyperinflation postings. The FX headwind on EBITDA before special items amounted to 184 million euros in the second quarter.

Core earnings per share of 1.23 euros were 29 cents or 31 percent above prior year driven by a better financial result and lower taxes. The core financial result improved by about 150 million euros year-on-year due to lower interest expenses. The core tax rate was only 9 percent in Q2 benefitting from a reduction of tax provisions. I would like to also comment on the bridge from core to reported earnings per share of minus 20 cents in Q2, which you will find in the appendix to this presentation. Main drivers for the delta are litigation related expenses, classified as special items with some offset coming from write-backs to Crop Science intangibles.

For glyphosate, we recorded about 1.2 billion euros, significantly impacted by the adverse Anderson et al verdict. We will continue to appeal this case. However, a second instance ruling leads to an adjustment of our provision, as we have done in the past. We also updated other litigation cost. On the number of cases, we settled 17,000 cases but also accounted for new claims.

For PCB, we recorded about 530 million euros as provisions and liabilities for the Burke case and potential future settlements related to the Sky Valley Education Center. The provision also includes other litigation cost.

Against the backdrop of the five-year framework for Crop Science, we also recorded 840 million euros in write backs on intangible assets in Q2 2025.

In Q2, we recorded a free cash flow of 125 million euros compared to 1.3 billion euros in the prior year. The delta is largely driven by the higher incentive payouts, as considered in our full year outlook, and a prior year baseline effect from phasing of Crop customer payments. On a year-to-date basis, free cash flow is at minus 1.4 billion euros, only slightly behind the prior year and despite lower earnings as well as higher incentive and restructuring payouts. Compared to the end of Q1, net financial debt decreased by about 1 billion euros to 33.3 billion euros, mainly driven by FX translation effects related to US Dollar denominated debt. Year-on-year, net financial debt was down by about 3.5 billion euros.

Let’s now move on to our divisional outlook for the full year 2025. For Crop Science, we reaffirmed our full year outlook at constant currencies, including the expected regulatory impacts. With the recent proposal of the EPA to approve dicamba, we are optimistic in regaining registration for the next season which could also help in soy and cotton pricing going forward. Global corn growth and core crop protection volume increases supported our year-to-date performance. Going forward, we are monitoring potential headwinds that could follow a historically high U.S. corn season and strong recovery in other key geographies. We also remain cautious on the crop protection dynamics. For the second half of this year, we project solid acreage recovery and strong market positioning in Latin America, underpinning our confidence to deliver our financial guidance for 2025.

On profitability, we continue to project efficiency gains, cost management and mix effects to secure a stable margin at constant currencies in 2025 versus the prior year. Due to market volatility, we are intensely focused on margin resilience through execution of our five-year framework.

For Pharma, we raised our currency and portfolio adjusted sales growth guidance based on robust business performance in the first half of the year with growth of our launch products more than offsetting declines in our maturing portfolio. Specifically, for Xarelto, we now expect a sales decline towards the lower end of the 1 billion to 1.5 billion euros range previously provided. As this pushes part of the LoE impact to 2026, we anticipate next year’s sales erosion of Xarelto at a comparable level to 2025, which is again likely to be balanced by the continued growth dynamics of our launch products. Looking at profitability, we expect the 2025 EBITDA margin before special items within a narrowed range between 24 percent to 26 percent at constant currencies.

For Consumer Health, net sales were up 1 percent in the first half year, with balanced price and volume dynamics. While we anticipate that innovation and the strong performance of our power couples accelerate sales growth during the second half of the year, we foresee full-year growth now to be at the lower end of our guidance corridor. With continued emphasis on our operational efficiency initiatives, we expect that our EBITDA margin before special items will stay within the previously guided corridor.

Based on the divisional projections, we raised our net sales and EBITDA before special items outlook for the Group at constant currencies. We also see a slightly better core financial result, which we now project at minus 1.7 to minus 1.9 billion euros for the full year. The improvements in EBITDA and financial result allowed us to raise our forecast for core earnings per share by 30 cents at constant currencies.

Based on the additional litigation-related liabilities and provisions we booked in Q2 and our trajectory for restructuring expenses in the second half, we now expect special items in the range of minus 2.5 and minus 3.5 billion euros for the full year.

We are confirming our Free Cash Flow and Net Financial Debt outlook as previously guided.

Let’s now look at the impact of foreign exchange rates and the latest geopolitical developments. We have updated our FX estimate based on June month end rates. Given the continued depreciation of the US Dollar, as well as a weaker Brazilian Real and Chinese Yuan, we expect material FX headwinds for sales and earnings for this year. For net debt we anticipate a reducing FX translation effect. We are monitoring the currency development closely. It is a big swing factor for our business with expected material impacts in 2026 as well.

Let me close with some comments on geopolitics and the potential direct and indirect effects on our business. Overall, we still continue to observe high volatility. We have gained more clarity around tariffs on European exports to the US, establishing a 15 percent baseline ceiling without stacking for most EU exports, including pharmaceutical products. It remains to be seen if the ongoing sectoral investigations will lead to additional pharma tariffs. Indirect effects remain hard to predict, particularly around the development of consumer confidence impacting our Consumer Health business as well as the timing and execution of Most Favored Nation principles and their effects on drug pricing.

Overall, we need to deal with a new reality of geopolitical volatility. We have established very effective and flexible work streams to react quickly in this new environment. We also continue our efforts to effectively manage our supply chains with mitigation measures around sourcing and inventory management. In areas like seeds and traits production, our regional footprint continues to be a benefit.

For 2025 – based on the latest status of announcements – we still feel well positioned to digest potential impacts within our full year outlook at constant currencies. Looking forward into next year, we continue to carefully monitor any potential direct and indirect developments.

We relentlessly work on counter measures to ensure the stability of our supply chains and minimize any potential impacts on our business performance. We will – of course – keep updating you accordingly.

Forward-Looking Statements
This release 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 www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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