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News Release

Bayer Q1 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:

Hello and thank you for joining our Media Update today. We're looking forward to going through our Q1 business results and strategic priorities with you. We're also aware that the present geopolitical and economic uncertainty is top of mind, so Wolfgang and I will give you a sense of how we are approaching that as well.

Let's start with our first quarter performance. First, a reminder that we speak about our sales growth in currency and portfolio adjusted terms. As a group, our sales are flat year-over-year, positioning us well within the minus 3 percent to plus 1 percent corridor we guided for in 2025. Core EPS came in at 2.49 euros, on track to reach our outlook of 4.50 to 5 euros at constant currencies. Free Cash Flow is at minus 1.5 billion euros. As we've explained before, the negative figure is due to the seasonality of the crop business. It's also 1 billion euros ahead of where we were last year at this time, pacing well to land within our 2025 guidance.

I'll now go through our businesses one by one. In March, we said we expected mid-single-digit sales declines in Crop Science in Q1. Sales declined 3 percent. As expected, regulatory impact cut into some of our higher margin sales, which is why our EBITDA margin is behind last year's Q1 number. Overall, we expect growth in Q2 and are on track to deliver our outlook for the year.

In Pharmaceuticals, we posted a strong first quarter, with 4 percent growth. Nubeqa™ and Kerendia™ continued their exceptional momentum. Together, they grew 80 percent year over year. These gains more than offset the declines we're seeing behind Xarelto™.

I also want to call out our cost management in Pharma. We have launch activities underway across the business, so 12-percent earnings growth is a remarkable feat and an encouraging sign that our model is helping teams do more with less. We know the Xarelto™ declines will weigh heavily on our top and bottom line over the remainder of the year, but we're equally confident in the momentum of our launches and the fundamentals of our business. In fact, in a more certain environment, we likely would have adjusted our guidance for Pharmaceuticals upward. But given the uncertainty around tariffs, we feel it's prudent to reaffirm what we said in March and closely monitor developments. Overall, we expect our Pharma business to come in at the upper end of our 2025 outlook in both the top and bottom line.

In Consumer Health we grew 2.5 percent, with contributions from across the business, while experiencing soft conditions in key markets. Most importantly, we saw 2 percent volume growth in Q1. On margins, we were slightly behind prior year, but our guidance of 23 to 24 percent is well within reach.

Overall, these results put us in a good position to deliver the year.

On to our strategic priorities. Let’s start with the Pharmaceuticals pipeline: The Beyonttra™ launch is underway in the EU, and we’re prepping to launch elinzanetant in the second half of the year.

On litigation: we received an adverse decision by the Superior Court of Pennsylvania last week. That led to a technical revision of the provision, while we will continue to appeal. This also underscores the need of the U.S. Supreme Court to provide clarity on federal preemption.

Our multi-pronged strategy to significantly contain proceeds apace. We’ve filed for U.S. Supreme Court review in the Durnell case and received notable amici briefs in support of the argument from legal scholars, commodity groups and other experts in support of the merits of our petition. We also filed two “hold” petitions with SCOTUS for the Johnson and Salas cases, as the issue of federal preemption exists for both as in Durnell and we seek court to hold cases pending final resolution of that case.

In the legislative realm, we welcome the progress we have seen in several states, including passage in North Dakota and in Georgia, where the Governor just signed this important bill last Friday. We await developments in additional key states as legislative sessions conclude in the coming weeks and months.

And on Crop Science profitability: Yesterday, we announced that we are reorganizing Crop Science’s production and R&D activities in Germany, discontinuing some activities by the end of 2028 and reallocating other activities to other German sites. This is a difficult step, but it’s necessary to guarantee the division’s competitiveness.

Let me spend some time on it, as it merits explanation. In recent years, Asian manufacturers of generic crop protection products have built significant overcapacities, driving the prices of crop protection products down – with lasting effects. In fact, the market prices of some crop protection products are significantly lower than the cost of manufacturing them in Europe. On top of that, increasing regulatory hurdles make it harder to operate in the status quo. In this environment, we're forced to focus our work only on the highly innovative technologies and products that differentiate us from generics companies and consolidate or stop some activities.

We won't continue our research and production activities in Frankfurt beyond the end of 2028. We aim to sell parts of the activities, and others will be relocated to other German sites. Production at our Dormagen site will be streamlined and optimized for future growth. These are difficult decisions. We don't make them lightly. We're in close contact with employee representatives and we will work with them to find viable solutions for our colleagues. We know that we are in dynamic industries, and that calls for decision-making that safeguards the future of Bayer's organization, business, and the future success of our customers.

Finally, on our new system: The people of Bayer forge ahead in our journey to make Bayer leaner, faster, and more productive. We reduced around 2,000 roles in the first quarter of 2025, amounting to a reduction of roughly 11,000 roles since rolling out the system in July 2023. We're currently focused on two big enablers: First, freeing up resources so our teams can flow them to the highest impact work. Second, installing people enablement tools that are fit for our new system, and continue to attract and retain top talent.

I'll close with three points. First, despite headwinds from patent expiries and regulatory impact, our first quarter puts us in a good spot to deliver in a challenging and important year for the company. Second, we have a plan to address the company's biggest priorities. You have a chance to get some more color on one of them – Crop Science profitability – later today. Finally, it is our mission to provide health and nutrition solutions whatever comes, so we're keeping a close eye on the macro-environment and we will adapt as required.

Over to you Wolfgang.

Wolfgang Nickl,
Chief Financial Officer of Bayer AG:

I'd like to start with some more color on the drivers of our first quarter results. For the Group, Q1 net sales were flat versus the prior year quarter, both in currency and portfolio adjusted terms and as reported. A decline in Crop Science was offset by growth in Pharmaceuticals and Consumer Health.

EBITDA before special items came in at 4.1 billion euros which is 7 percent or about 300 million euros below the prior year quarter. The decline is largely related to lower Crop Science earnings and a lower Reconciliation result. The latter was driven by higher long-term incentive provisions and balance-sheet related hyperinflation postings. For Q1, the FX headwind on EBITDA before special items was 165 million euros, largely driven by the before mentioned hyperinflation impacts.

Core earnings per share of 2.49 were 33 cents or 12 percent below the prior year quarter, mainly impacted by the lower EBITDA before special items.

In Q1, we recorded EBITDA relevant special items of 587 million euros, including the glyphosate litigation related provision update Bill referred to earlier. Consequently, we now expect to come in rather towards the minus 1.5 billion euros of our full year modelling range provided.

Driven by the crop business seasonality, we saw a negative free cash flow of 1.5 billion euros in the first quarter. This reflects an improvement of about 1 billion euros compared to last year primarily due to effects relating to advance payments from our Crop Science customers and including the change in factoring.

In line with the seasonality of our cash flow profile, net financial debt increased by 1.7 billion euros to 34.3 billion euros since year-end 2024. Year-on-year, net financial debt was down by about 3 billion euros.

Let's now take a closer look at the divisional performance. When I talk about sales growth, I always refer to currency and portfolio adjusted figures.

For Crop Science, net sales came in at 7.6 billion euros in the first quarter, down 3 percent versus the prior year. As a reminder, we had projected mid-single digit declines for the first quarter, so we are largely in line with our internal assumptions.

The Core Business declined by 3 percent with Seeds & Traits down 5 percent impacted by lower soybean and cotton sales due to the US dicamba label vacatur and also corn volume phasing to the second quarter following a strategic adjustment of our distribution network.

The Core Crop Protection business was up 2 percent driven by higher non-glyphosate herbicide volumes, partially offset by lower insecticide volumes in the EU due to the expiration of the Movento™ registration. The regulatory impact related to dicamba and Movento™ in Q1 is in line with the previously communicated 200 to 300 bps margin impact for the full year. We expect the majority of the effect in the first half year.

Glyphosate sales declined by 10 percent, driven by phasing into subsequent quarters to support just-in-time purchases in the southern hemisphere.

On profitability, EBITDA before special items came in 10 percent lower at 2.6 billion euros resulting in a margin of 33.7 percent. As expected, the lower margin is primarily an effect of high margin sales losses due to the regulatory impacts and the corn phasing to Q2. We were able to partially compensate these effects by cost savings.

Let’s move on to our Pharma business. Net sales of 4.5 billion euros were up 4 percent in the first quarter, with growth across the portfolio more than offsetting the expected Xarelto™ decline. Our launch assets Nubeqa™ and Kerendia™ continued to perform particularly well, growing 80 percent year-on-year and reaching combined sales of 680 million euros. This was largely driven by strong contributions from the US. Eylea™ grew by a solid 5 percent, supported by the ongoing roll-out of 8mg and sales were particularly strong in Europe and Japan.

Our Base Business grew by 6 percent driven by strong contributions from our Radiology and Women’s Health portfolio, in addition to high demand for Aspirin™ Cardio and Adalat™ in China. As expected, Xarelto™ declined in the first quarter, coming in 31 percent below the prior year. This was mainly driven by continued generic pressure in Europe and Japan.

On the bottom line, EBITDA before special items increased by 12 percent to 1.3 billion euros in the first quarter, resulting in a margin of 29.5 percent. Both higher sales as well as continued efficiency gains more than offset slightly higher R&D investments and an FX headwind of 1 percentage point.

Turning to Consumer Health, sales grew by nearly 3 percent, with balanced category and regional growth. Volumes were up by 2 percent, while price increases contributed 1 percent. All regions performed well with growth in North America, APAC and EMEA. LATAM remained flat due to muted consumer sentiment influenced by the US/Mexico trade relations.

The Digestive Health category increased by 13 percent driven by product launches as well as supply improvements in products like Iberogast™. For Pain and Cardio we recorded growth of 7 percent, fueled by product launches and good consumption of Saridon™ in Asia/Pacific. Additionally, Aspirin™ also performed well across all regions. Dermatology was up 2 percent for the quarter, thanks to Bepanthen™ and Canesten™, along with innovations within our product range KangWang™ in China. The Allergy and Cold category grew by 2 percent, with strong growth for cold products in North America, partially offset by a slow start to the allergy season. Nutritionals declined by 5 percent year-over-year due to weak demand for our prenatal nutrition supplements in China and the discontinuation of the Care/of business in the US in June of 2024.

Our EBITDA before special items increased to 342 million euros resulting in a margin of 22.8 percent, slightly below prior year but within reach of our guidance range. The improvement in EBITDA before special items was primarily driven by increased sales. Additionally, our ongoing cost management efforts positively impacted profitability, including a reduction in the cost of goods sold. This was partially offset by lower divestment income and increased investment in marketing our innovative products.

Let’s now look at the outlook. As we see high volatility in the geopolitical environment, I will also share our thinking about the potential direct and indirect impacts around tariffs and FX.

We are continuously monitoring the various tariff announcements. Our experts are analyzing potential impacts and working on possible solutions to secure supply to our customers. We are focused on maintaining the stability of our supply chains and on minimizing any potential impact. Based on the current status of tariffs announcements and our mitigation measures, we expect to manage the impact, and we confirm our outlook at constant currencies for the full year 2025.

For Crop Science, we expect the direct tariff effects to be limited overall, mainly impacting the Crop Protection portfolio, as Seeds & Traits are mostly produced in the regions where they are sold. As of now, most of our Crop Protection active ingredients, as well as Glyphosate, are exempt from the latest tariffs. We are also evaluating indirect business implications. These could include, amongst others, the magnitude of acreage shifts from soy to corn in the US, potential soy shifts to LATAM, as well as several pricing and volume scenarios for Glyphosate and the broader crop protection portfolio.

For the full year for Crop Science, we are taking decisive measures to maintain stable sales and margins, in spite of notable regulatory headwinds. As the anticipated regulatory impact materializes, recovery in Latin America and Crop Protection, alongside strong efficiency gains, will help to compensate to achieve our full year guidance.

Moving on to Pharmaceuticals. On tariffs, we expect to see certain direct effects on parts of our portfolio, mainly product flows between the US and China. With our production footprint in the EU, there is an additional risk of potential tariffs on pharmaceutical imports from the EU into the US. As you know, these are currently exempt but under a Section 232 investigation. The business performance in the first quarter, particularly for our launch assets, provides confidence in our ability to substantially compensate the Xarelto™ genericization. Considering this, together with what we currently know about tariffs, we expect Pharma to deliver at the upper end of our sales and profitability guidance range.

For Consumer Health, our expectations for the phasing throughout the year are in line with the full year guidance. Based on the current tariff announcements, we expect to be able to manage the direct impacts within the guidance range. We are monitoring additional indirect risks, mainly related to potential demand impacts stemming from lower consumer confidence.

Let me close with some comments on foreign exchange rates. In the past weeks, we have seen a material depreciation of the US Dollar and other currencies against the Euro which negatively impacts our top line and – to a lesser extent – our bottom line.

In line with our long-standing practice and legal requirements, we are updating the FX estimate based on March month end spot rates. Compared to constant currencies, this leads to the numbers shown in the last column of the table on page 11 of our investor deck. However, as we all know, currencies have materially changed since the announcements from the US administration in early April. To illustrate the potential impact, we performed further analysis based on the spot rates of April 24th. In that scenario, there is an incremental FX headwind of about 900 million euros in net sales and approximately 10 cents in core EPS. On the other hand, this would reduce Net Financial Debt by another 500 million euros. We will monitor future developments and update you on the impact with our next reporting.