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News Release

Annual Stockholders' Meeting
April 25, 2025

Address by

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Chairman of the Board of Management

(Please check against delivery)

(2025-1501e)

Dear Shareholders,

On behalf of Team Bayer, welcome to our Annual Stockholders' Meeting! It's great to have you here today. And there's plenty to discuss. Let's cut to the chase. There's a lot happening – not only at Bayer, also in the world at large. Things are moving fast and that raises important questions.

Today, I'd like to answer the most important questions for Bayer. Where are we? What's next? And how do we navigate a rapidly changing world? These questions call for an honest analysis - and a clear plan. We're working very hard on our strategic priorities - and thus on Bayer's turnaround. Because our mission is worth it. For our customers. For you. And for my more than 90,000 colleagues at Bayer.

Let's move on to the first question: Where do we stand? At the beginning of the month, I openly discussed this very question with our works councils in Germany. Simply put, at Bayer, there's no such thing as "lukewarm" or "lauwarm" in German.

On the one hand, every day our teams do important work to improve in health and nutrition – with our products and services. So farmers can feed people with their harvests. So people can get through cold and flu season. So that, one day, groundbreaking research can put an end to the terror wrought by devastating diseases.

Take Parkinson's disease, for example. We plan to treat the first patient in a registrational phase III cell therapy trial in the first half of this year. We also started a clinical phase II trial for a novel gene therapy earlier this year. Both programs have been designated "Regenerative Medicine Advanced Therapies" by the U.S. Food and Drug Administration (FDA). No other company in the world can claim as much progress in this area as we can. While we're still years away from a potential market launch, there's hope for millions of patients worldwide. That's what we're fighting for. These are some of the many positives at Bayer.

But as you know, there are also things that weigh heavily on us. There are the legal disputes in the US, which are costing us a great deal of money and are hanging over us like a dark shadow. There is our net financial debt. Although it fell to 32.6 billion euros last year, it is still too high. You, as shareholders, are also feeling the consequences: The uncertainty puts pressure on our share price, and the dividend was reduced to the statutory minimum last year. We’re proposing the same measure to you this year and next.

We're working hard to remove these obstacles and put Bayer back on a profitable growth path. We're making excellent progress, but there's still a lot to do. There’s no "lukewarm" at Bayer.

You see this also reflected in our 2024 business results. We saw great progress in some areas and serious challenges in others. In November of 2024, we adjusted our full year EBITDA guidance while confirming all other metrics. As a group, our results were in line with that revised outlook. Group sales grew one percent on a currency and portfolio adjusted basis. Core earnings per share came in at 5.05 euros. We generated 3.1 billion euros of free cash flow, exceeding our guidance. Breaking it down business by business, our Pharmaceuticals division performed better than expected, partly compensating for earnings pressures in Crop Science and slower topline development in Consumer Health.

Let’s continue with our financials, looking at our outlook for the current year. We have called 2025 the most difficult year of our turnaround. On a group level, we anticipate net sales roughly in line with and earnings and cash flow behind prior year. In Pharmaceuticals, we're planning on net sales slightly below 2024. And we expect slight margin declines as the impact of the Xarelto™ patent loss accelerates. In Consumer Health, we're targeting growth that's largely in line with the market and an EBITDA margin before special items in the same corridor as 2024. In Crop Science, we anticipate a slow market recovery with earnings pressure from regulatory challenges and crop protection pricing, keeping margins at current levels. As we communicated in March, we anticipate year-over-year sales declines in Crop Science in Q1.

The pressures on our 2025 financial performance up the stakes for our strategic priorities. We made progress on each in 2024, and in 2025 we see the opportunity to take additional steps forward. I’ll go through them one by one, highlighting where we stand and what’s next this year.

First, we've made rapid progress in our Pharmaceutical pipeline. Allow me to zoom out and reflect on how far we've come. In November of 2023, the OCEANIC-AF study for asundexian was halted on short notice due to inferior efficacy. Sometimes the harsh truth of being an innovation-driven company is that you pursue a potentially life-changing treatment, and it doesn't materialize. Our scientists know this, but it doesn't deter them. Because that harsh truth has a beautiful flip side. In less than two years, our team has advanced or completed more than 25 clinical trials. Since November of 2023, we've announced nine positive Phase III readouts. Those milestones are made possible by the passion, expertise, and dedication of tens of thousands of Bayer people. And they are making a difference for millions of men suffering from prostate cancer, women struggling with menopause symptoms, and many more! In 2025, we're launching two new molecules and two new indications. Just three weeks ago, less than ten kilometers from our headquarters here in Leverkusen, the first patient was treated with Beyonttra™, a cardiology medicine we've in-licensed to treat a fatal heart condition. Elinzanetant, our non-hormonal treatment for menopause symptoms, will launch in key markets, including the United States, in the second half of the year. And we expect new indications behind Kerendia™ and Nubeqa™ to help propel these two medicines to cumulatively more than 2.5 billion euros in sales this year.

This is very encouraging but we also have considerable headwinds to overcome. In 2025 alone, we expect between 1 and 1.5 billion euros of impact due to Xarelto™ patent expiries. But our momentum is trending in the right direction, and I hope you see a new picture emerging. A rejuvenated pipeline, an improving growth trajectory for our business, and meaningful progress for patients around the world.

On to our next focus area. We have committed to significantly containing litigation by the end of 2026. And we press on toward that goal. In PCB litigation, we await an important decision on the Sky Valley Education Center cases by the Washington Supreme Court. Regarding glyphosate litigation, we maintain a winning record in trial, but we also recognize that adverse verdicts are part of the system, and the approach can't be limited to the courtroom. We continue to defend ourselves vigorously in court and we're appealing all adverse verdicts. We expect continued success in minimizing damages on appeal, having reduced prior damages by up to 90 percent. But given the dimension of this issue, we're pursuing a multi-pronged strategy.

- First, in the courtroom, we believe the critical issue of whether or not U.S. federal law preempts failure-to-warn claims in individual states should have its day in front of the United States' highest court. Three weeks ago, we filed a petition with the U.S. Supreme Court to review this question and we hope to soon learn if the court will accept the case.
- Outside the courtroom: U.S. farmers deserve regulatory clarity, particularly when it comes to pesticide labeling. We're making this case to lawmakers, and we appreciate the bi-partisan support we see. We welcome developments like the recent passage of important legislation in two states. Two days ago in North Dakota, a bill was signed into law that affirms the authority of regulators. A similar bill was passed in Georgia and awaits the signatures of the governor. We hope other states follow their lead.
- Beyond these paths, we're considering all available options to bring resolution to this critical issue. This includes settlements that meet specific criteria and other measures to protect the company. The status quo is not an option. And the stakes are really high, for us and for U.S. farmers. In fact, we're nearing a point where the litigation industry could force us to even stop selling this vital product. That's not something we want to do, but we need to be prepared for all outcomes.

In March I said to expect significant steps toward containment this year. The Supreme Court filing represents one, but there is certainly much more happening in this space.

Our next priority topic, cash & deleveraging, is closely connected to our efforts to contain the litigation threat. In it, I'd like to address one important resolution we are asking you to vote on. It relates to our authorized capital. Specifically, we are seeking your approval for a potential increase of capital by up to 35 percent. Let me first explain some background for this measure. First, why are we asking for it? We currently have no specific plans to make use of the authorized capital, but the capital authorization would give us important flexibility in containing litigation while maintaining a credit rating at an appropriate level. We feel strongly that this is in shareholder interests, and under German law it is necessary to seek shareholder approval to issue capital. Second, how would we use it? If we were to act on it, we would only do so in connection with measures to substantially contain litigation in the U.S. – and only after first considering other financing options. To be clear: the capital would not be used to fund external growth opportunities such as M&A. And the 35 percent we are seeking approval for is the maximum we would pursue, with subscription rights available to all shareholders. We put this resolution forward carefully, based on shareholder feedback. We commit to stewarding capital in the company's best financial interests and being transparent with you in our decisions on capital.

Our next topic has to do with Crop Science profitability. The crop protection market has seen a sharp decline, with more and more generics flooding the market from Asia. This, coupled with increasing production costs in Europe, has strained margins in our crop protection business to the extent that several of our products are both dilutive to our margins and no longer competitive with generics in the market. Our Crop Science team has a far-reaching five-year plan, which includes focusing our portfolio and getting the most out of our pipeline. They will share more when we communicate our Q1 results on May 13th. For now, I would like to reiterate our mid-term ambition for the Crop Science business. We're targeting above market growth including more than 3.5 billion euros of incremental sales from innovation and an EBITDA margin improvement before special items to the mid-20s by 2029.

Our final focus area is fighting bureaucracy. Less than two years ago, Bayer's organization was designed much like most large multinational companies, with up to twelve layers of hierarchy and resources tied up in dedicated cost centers and annual budgets. Today, the picture looks quite different. Our organization is considerably smaller. We have some 10,000 positions less overall. We've reduced the number of management positions by approximately 50 percent. Today, 90 percent of the organization is spread across six or seven layers, with some major units as flat as only three. The number of people assigned to a single manager has more than doubled. Some leaders have more than 80 direct reports. I don't think I need to tell you that these changes add up to a radical recalibration of our company's focus.

Is everything perfect? No. Nothing is as simple as snapping your fingers, reorganizing, and claiming victory. But our teams are figuring it out and many are seeing great results. Nubeqa™ and Kerendia™, two of our major launches with new indications hitting the market this year, each grew more than 70 percent last year. They did that because the decisions on how to invest and what to prioritize have moved to the teams doing the work! Our Crop Science small molecules development team is moving from a static organization with four to five employees per manager to a dynamic unit of self-organizing teams, with resources flowing to the highest impact innovation projects.

Our Consumer Health sales team in China is another great example. Traditionally, sales teams' responsibilities are grouped into hyper-specific customer segments, with clear top-down targets on whom to spend time with and how to spend budgets. Our team flipped that approach on its head. They gave the sales teams accountability for a larger area - on average three times as large - with no fixed budgets and full transparency on sales, cost and what's working for their peers. Essentially, they made the sales reps the General Managers of their work. Instead of top-down controls, the people closest to our customers got to decide how to invest their time and resources. The result? Our people were significantly more productive, we broke some of our own single-day sales records, and in a declining market, our business grew. More transparency, less micro-management. More ownership and better results.

As a group, in 2025 we're planning on expanding that power to more Bayer people and generating 800 million euros of savings toward our 2026 goal of 2 billion euros in organizational savings.

At this point, I would like to say a thank you to my colleagues at Team Bayer, both around the world and the employee representatives who oversee my work in our Supervisory Board. We kicked off this work less than two years ago. Along the way, we have had challenging, open conversations and enacted decisions that were painful at the time. We're on a journey to give every person at Bayer more co-determination over the mission of the company. And our continued partnership will be crucial as we navigate the market shifts I mentioned in agriculture and the other challenges in 2025.

Dear shareholders, dear customers and stakeholders of Bayer, I hope this gives you a sense of what's next at Bayer. We are in the midst of a challenging 2025. We've made no secret of that. But our businesses know what they need to do to compete. And we see an improved trajectory for our company in 2026, with healthy growth contributions from innovation in 2027 and onwards. Crop Science has numerous blockbusters on deck. We're building momentum in Pharmaceuticals, and plan to return to growth as of 2027. And Consumer Health has a plan to grow – with a focus on volumes – toward or even beyond a billion consumers.

Those are the big and exciting prospects we’re working towards in each of our businesses. And we are dialed in on five clear priorities that we know will create long-term value. Fueling growth with new and existing Pharmaceutical launches. Taking steps toward litigation containment. Generating cash. Making decisions to improve mid-term profitability at Crop Science. And creating a lean, highly productive organization that is totally focused on the mission.

Between everyday health medicines like allergy drugs, life-saving cancer treatments, or high-quality seed, crop protection and digital tools that help farmers secure a healthy harvest, billions of people depend on the work that the 90,000 people of Bayer do every day. I say that, because these are turbulent times. The old world order is shifting, and it’s not quite clear what the new one will look like. Moments like this can be unsettling. They can also be opportunities for clear values and leadership.

In the first four months of 2025, I’ve met with farmers, investors, colleagues and others in Germany, the United States, China, and elsewhere. I’ve heard from people who have a family member suffering from Parkinson’s. From farmers whose harvests feed neighboring villages and farmers whose harvests are exported around the world. I met with the more than 100 Bayer people who are getting our new maize seed production site up and running in Zambia. 90 percent of them moved their families more than two hours away from the nearest city to help a region still recovering from a drought turn into the maize growing hub for nearly seven million farmers in Sub Saharan Africa.

Each one of these encounters instilled something about the nature of our work. It’s fundamental. At kitchen tables, in medicine cabinets and hospital beds. As a new world order emerges and new agreements are made, we ask political leaders to recognize the importance of our basic needs like health and nutrition, to incentivize and support innovation, and to keep barriers to a minimum. We are carefully monitoring ongoing developments. And we are making preparations on behalf of the patients, farmers and consumers we serve.

To close, I would like to thank you for your attention and your interest in what’s going on in our company. There is no lukewarm at Bayer right now, no shortage of great opportunities and serious challenges. But our team has the right focus and the right plan. Team Bayer is all in and we are totally up to the task.

Forward-Looking Statements

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