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News Release

Financial News Conference:

Bayer aims to enhance performance and regain strategic flexibility by 2026 – adjusted guidance for 2023 achieved

- Anderson: Bayer to strengthen Pharmaceuticals pipeline, address litigation, reduce debt and radically overhaul operating model
- Dynamic Shared Ownership to deliver growth through customer centricity and innovation speed as well as annual savings of two billion euros from 2026
- Structural changes remain an option, but “not now”
- Fiscal 2023: Group sales at 47.637 billion euros (Fx & portfolio adj. minus 1.2 percent), currency headwinds of around 2 billion euros
- EBITDA before special items falls to 11.706 billion euros (minus 13.4 percent)
- Core earnings per share at 6.39 euros (minus 19.5 percent)
- Free cash flow at 1.311 billion euros, net financial debt rises to 34.498 billion euros
- Outlook for 2024: sales roughly level year on year (Fx & portfolio adj.), currency-adjusted EBITDA before special items and core earnings per share to decline

Leverkusen/London, March 5, 2024 – The Bayer Group achieved its adjusted guidance for 2023. In his speech at the Financial News Conference in London on Tuesday, CEO Bill Anderson took stock of the company’s situation and looked toward the future. “We are a high-impact, mission-driven, life-science company with three strong businesses, but we have four challenges that urgently must be addressed,” said Anderson, referring to the loss of exclusivities and the pipeline at Pharmaceuticals, the US litigation, the company’s high debt levels and a hierarchical bureaucracy that blocks progress.

For the next 24 to 36 months, the company will put its energy and focus into building a strong Pharmaceuticals pipeline, addressing litigation, reducing debt, and continuing to implement its radical new operating model Dynamic Shared Ownership (DSO) to improve performance, said Anderson. DSO will reduce hierarchy levels, cut bureaucracy, streamline structures and significantly accelerate decision-making. The company will be fully centered on customers and products, with each one of its businesses leaner and more effective than their competitors, explained Anderson. These steps will take out 2 billion euros in annual organizational costs from 2026, he noted, with cost reduction representing just one outcome. Ultimately, DSO will fuel growth through improved customer proximity and accelerated innovation, enabling a strengthening of the Pharma pipeline, for example. Further, DSO will enable Crop Science to strengthen its leading position in agriculture through generational innovation, with 10 blockbusters reaching the market over the next decade. Consumer Health will likewise be in a position to outperform its competition with its leading brands.

In order to reduce legal risks and the related uncertainty, the company is updating its strategy and pursuing new approaches both inside and outside the courtroom. Bayer will also address its debt. The company aims to advance toward an A rating through profitable growth as well as a planned amendment to its dividend policy. Bayer has proposed to pay out the legally required minimum for three years, as previously announced.

On the question of the company's structure and a possible break-up of the Group, "our answer is 'not now' – and this shouldn't be misunderstood as 'never'," said Anderson. "Of course, we will keep an open mind," he added. Given the company's very limited room to maneuver, "our priority is on tackling our challenges, boosting performance and creating strategic flexibility. We are convinced that this approach is what's best for Bayer."

2023: Sales and earnings decline, adjusted guidance met

Looking at the company's performance in 2023, CFO Wolfgang Nickl said: "We achieved the revised outlook on all key financial metrics." Group sales came in at 47.637 billion euros, down 1.2 percent on a currency- and portfolio-adjusted basis (Fx & portfolio adj.). EBITDA before special items fell by 13.4 percent to 11.706 billion euros. This figure included a negative currency effect of 375 million euros (2022: positive currency effect of 429 million euros). Due to lower target attainment, the expense for the Group-wide short-term incentive program declined across all divisions, falling by around 1 billion euros overall. In addition, the expense for the long-term incentive program was around 0.4 billion euros lower than in the previous year. The EBITDA margin before special items came in at 24.6 percent, down 2.0 percentage points against the prior year. EBIT amounted to 612 million euros (2022: 7.012 billion euros) after net special charges of 6.977 billion euros (2022: 2.245 billion euros). The special charges mainly resulted from impairment losses, which were primarily attributable to the Crop Science Division. Net income came in at minus 2.941 billion euros (2022: plus 4.150 billion euros). Core earnings per share decreased by 19.5 percent to 6.39 euros.

Free cash flow declined by 57.9 percent to 1.311 billion euros. Net financial debt as of December 31 increased by 8.5 percent against year-end 2022, to 34.498 billion euros. Cash inflows from operating activities and positive currency effects were unable to fully offset the outflow for the dividend payment and the settlement payments for the litigations in the United States.

Crop Science records significant decline in sales and earnings against very strong prior year, mainly due to lower glyphosate prices

Despite gains in Europe/Middle East/Africa and Asia/Pacific, Bayer's agricultural business (Crop Science) saw overall sales fall by 3.7 percent (Fx & portfolio adj.) to 23.270 billion euros. This decline was mainly attributable to significantly lower prices for glyphosate-based products due to reduced prices for generics, resulting in a 26.0 percent (Fx & portfolio adj.) decline in sales at Herbicides. Amid an inflation-driven market environment, the rest of the portfolio saw a positive price development overall, driven by innovative products and higher commodity prices. The Corn Seed & Traits business achieved the strongest growth, with sales rising 13.8 percent (Fx & portfolio adj.), primarily due to higher prices. Business was also up at Fungicides, which posted growth of 8.8 percent (Fx & portfolio adj.) that was mainly driven by higher prices in Europe/Middle East/Africa and increased volumes in Latin and North America. Sales at Soybean Seed & Traits advanced by 5.5 percent (Fx & portfolio adj.), mainly thanks to higher license revenues in Latin America.

EBITDA before special items at Crop Science fell by 26.6 percent to 5.038 billion euros, primarily due to significant price declines for glyphosate-based products. Earnings were also diminished by a mainly inflation-related increase in the cost of goods sold. There was a positive currency effect of 103 million euros (2022: 284 million euros). The EBITDA margin before special items declined by 5.6 percentage points to 21.7 percent.

Pharmaceuticals registers stable sales (Fx & portfolio adj.), lower earnings

Sales of prescription medicines (Pharmaceuticals) were level year on year at 18.081 billion euros (Fx & portfolio adj. minus 0.4 percent). The division's most recent product launches achieved significant gains, with growth rates of 93.6 percent (Fx & portfolio adj.) for the cancer drug Nubeqa™ and 160.6 percent (Fx & portfolio adj.) for Kerendia™, for the treatment of chronic kidney disease associated with type 2 diabetes. The division also posted continued sales growth for the ophthalmology drug Eylea™, with an increase of 5.6 percent (Fx & portfolio adj.), as well as in the Radiology business, which includes the Ultravist™, CT Fluid Delivery and Gadovist™ product families. By contrast, sales declined significantly in China, in part due to pandemic-related developments at the start of the year, and tender procedures for Adalat™; on a global level, sales of the cardiovascular drug decreased by 27.2 percent (Fx & portfolio adj.). In addition, China's anti-corruption campaign in the healthcare sector indirectly had a negative impact on demand in the second half of the year. As expected, sales of the oral anticoagulant Xarelto™ were also down, falling 6.1 percent (Fx & portfolio adj.) as a result of competitive and pricing pressure from generics.

EBITDA before special items at Pharmaceuticals decreased by 11.6 percent to 5.189 billion euros. This was primarily due to an unfavorable product mix, inflation-driven cost increases, and higher research and development investments in cell and gene therapy and chemoproteomics technologies, as well as in projects in advanced clinical development. By contrast, earnings benefited from lower costs for marketing activities and, to a lesser extent, an increase in income from the sale of non-core businesses. There was a negative currency effect of 221 million euros (2022: positive currency effect of 9 million euros). The EBITDA margin before special items declined by 1.8 percentage points to 28.7 percent.

Consumer Health continues positive business performance

Sales of self-care products (Consumer Health) increased by 6.3 percent (Fx & portfolio adj.) to 6.027 billion euros against a strong prior year. Business was up in all regions except North America, where sales were at the prior-year level. The division registered double-digit percentage gains in the Dermatology and Pain & Cardio categories. The 12.1 percent (Fx & portfolio) increase in sales at Dermatology was partly driven by continued strong demand for Bepanthen™ and Canesten™, while the Pain & Cardio business registered growth of 11.5 percent (Fx & portfolio adj.). Despite a weaker allergy season, sales in the Allergy & Cold category rose by 6.8 percent (Fx & portfolio adj.) due to a strong cold season, especially in Europe. Business at Nutritionals was at the prior-year level (Fx & portfolio adj. minus 0.4 percent).

EBITDA before special items at Consumer Health rose by 3.2 percent to 1.411 billion euros, while the EBITDA margin before special items advanced by 0.9 percentage points to 23.4 percent. These increases were driven by the division's multi-year efficiency program, successful price management and sustained sales growth, which more than offset a strong rise in costs due to inflation, higher investments in marketing innovative products, and negative impacts from currency developments of 133 million euros (2022: positive currency effect of 85 million euros).

Outlook: decreased earnings, higher free cash flow expected

On a currency-adjusted basis (i.e. based on the average monthly exchange rates in 2023), Bayer expects to generate sales of 47 billion to 49 billion euros in 2024. The company anticipates EBITDA before special items of 10.7 billion to 11.3 billion euros on a currency-adjusted basis (Fx adj.). It forecasts core earnings per share of 5.10 to 5.50 euros (Fx adj.), and free cash flow of 2 billion to 3 billion euros (Fx adj.). Net financial debt as of year-end 2024 is expected to amount to 32.5 billion to 33.5 billion euros (Fx adj.).

With respect to the divisions, Bayer anticipates sales growth (Fx & portfolio adj.) of minus 1 to plus 3 percent at Crop Science, minus 4 to 0 percent at Pharmaceuticals, and plus 3 to 6 percent at Consumer Health. In addition, it expects the EBITDA margin before special items (Fx adj.) to come in at 20 to 22 percent at Crop Science, 26 to 29 percent at Pharmaceuticals, and 23 to 24 percent at Consumer Health.

Bayer has also prepared its guidance based on the closing exchange rates as of December 31, 2023, and the differences to the currency-adjusted forecast above are as follows: At Group level, it expects to post sales of 46 billion to 48 billion euros and core earnings per share of 4.95 to 5.35 euros.

Good progress toward achieving sustainability targets

Bayer continued to deliver on its sustainability strategy in 2023. The company once again made good progress toward achieving its 2030 targets, not only in terms of reducing its ecological footprint, but also with regard to its commitments to promoting self-care, ensuring access to contraception, and supporting smallholder farmers in low- and middle-income countries. In March, Bayer presented a new water strategy at the UN Water Conference in New York that will help tackle the global water crisis.

Notes:

The following tables contain the key data for the Bayer Group and its divisions for the full year and the fourth quarter of 2023.

The complete Annual Report 2023 is available on the internet at:
www.bayer.com/annualreport

The Sustainability Report 2023 is also published on the internet at:
www.bayer.com/sustainability-report

The speech given by the Bayer Board of Management to the media will be available online from around 7:30 a.m. CET at: ***www.bayer.com/speeches***

Live broadcast of the Financial News Conference from around 9:30 a.m. CET and recording available from around 3 p.m. CET at: ***www.bayer.com/live-mc***

Additional information for investors on fiscal 2023 ***here*** *and on the Capital Markets Day (presentations from around 1 p.m. CET, access to the live broadcast from around 2 p.m. CET as well as the recording and transcript as soon as they become available) found at:* ***www.bayer.com/live-cmd***

Print-quality photos will be available ***here*** *shortly after the news conference.*

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Forward-Looking Statements

Bayer Key Data, Fourth Quarter and Full Year 2023

(Continuing operations)

Bayer Group (EUR million)	Q4 2022	**Q4 2023**	Change (%)	FY 2022	**FY 2023**	Change (%)
Sales	12,000	**11,862**	-1.2 +5.5*	50,739	**47,637**	-6.1 -1.2*
EBITDA before special items	2,462	**3,023**	+22.8	13,513	**11,706**	-13.4
EBITDA margin before special items	20.5%	**25.5%**	-	26.6%	**24.6%**	-
EBIT	1,432	**2,189**	+52.9	7,012	**612**	-91.3
Special items	*-21*	***247***	-	*-2,245*	***-6,977***	-
EBIT before special items	1,453	**1,942**	+33.7	9,257	**7,589**	-18.0
Net income**	611	**1,337**	+118.8	4,150	**-2,941**	-
Earnings per share (EUR)**	0.62	**1.36**	+119.4	4.22	**-2.99**	-
Core earnings per share (EUR)	1.35	**1.85**	+37.0	7.94	**6.39**	-19.5
Free cash flow**	1,420	**4,260**	-	3,111	**1,311**	-57.9
Number of employees***	101,369	**99,723**	-1.6	101,369	**99,723**	-1.6

Crop Science (EUR million)	Q4 2022	**Q4 2023**	Change (%)	FY 2022	**FY 2023**	Change (%)
Sales	5,569	**5,630**	+1.1 +6.0*	25,169	**23,270**	-7.5 -3.7*
EBITDA before special items	820	**1,070**	+30.5	6,867	**5,038**	-26.6
EBITDA margin before special items	14.7%	**19.0%**	-	27.3%	**21.7%**	-
EBIT	127	**975**	-	2,950	**-3,486**	-
Special items	*-126*	***579***	-	*-1,460*	***-6,034***	-
EBIT before special items	253	**396**	+56.5	4,410	**2,548**	-42.2

Pharmaceuticals (EUR million)	Q4 2022	**Q4 2023**	Change (%)	FY 2022	**FY 2023**	Change (%)
Sales	4,855	**4,579**	-5.7 +1.7*	19,252	**18,081**	-6.1 -0.4*
EBITDA before special items	1,433	**1,266**	-11.7	5,873	**5,189**	-11.6
EBITDA margin before special items	29.5%	**27.6%**	-	30.5%	**28.7%**	-
EBIT	1,425	**935**	-34.4	4,985	**3,971**	-20.3
Special items	*282*	***-87***	-	*249*	***-224***	-
EBIT before special items	1,143	**1,022**	-10.6	4,736	**4,195**	-11.4

Consumer Health (EUR million)	Q4 2022	**Q4 2023**	Change (%)	FY 2022	**FY 2023**	Change (%)
Sales	1,524	**1,578**	+3.5 +14.1*	6,080	**6,027**	-0.9 +6.3*
EBITDA before special items	313	**384**	+22.7	1,367	**1,411**	+3.2
EBITDA margin before special items	20.5%	**24.3%**	-	22.5%	**23.4%**	-
EBIT	195	**424**	+117.4	957	**1,158**	+21.0
Special items	*-22*	***131***	-	*-47*	***110***	-
EBIT before special items	217	**293**	+35.0	1,004	**1,048**	+4.4

Sales changes on a currency- and portfolio-adjusted basis (Fx & portfolio adj.), EBIT(DA), special items, core earnings per share and free cash flow are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. For the definition of these indicators, see the current annual report at www.bayer.com.

* Fx & portfolio adj. / ** Including discontinued operations / *** Full-time equivalents at end of period