Bayer Pharmaceuticals

39th Annual J.P. Morgan Healthcare Conference

Stefan Oelrich,

President Pharmaceuticals

January 13, 2021

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Guidance at constant currencies, not including portfolio divestitures if not mentioned differently.

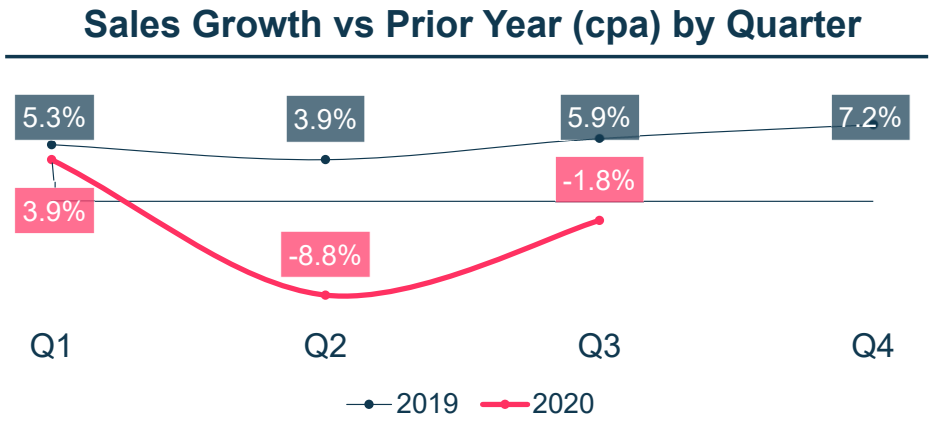
Driving Performance and Delivering New Growth Opportunities

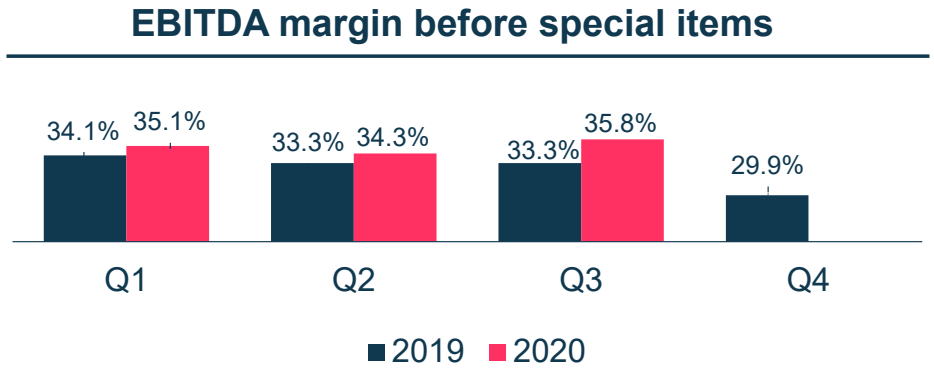
Maximize the value of the existing portfolio
Exploit full potential of Xarelto and Eylea

Deliver on key pipeline assets
Three new potential blockbusters in Oncology, Cardiovascular and Women's Healthcare

Take advantage of breakthrough technologies
Expand into Cell & Gene Therapy

After a Challenging Q2, V-shaped Recovery in Q3





- Pharma business recovering in Q3 from Covid-19 impact
- Xarelto´s growth trajectory intact (+13% YTD)
- Stringent cost management to protect the bottom-line
- Outlook for FY2020 confirmed on November 3, 2020:
  - Expected Sales growth: -1%
  - Expected underlying EBITDA margin: 34-35%

* Sales related growth rates are reported as currency and portfolio adjusted, and compared to the previous year

Increased Momentum to Deliver Innovation for Patients

Major achievements 2019/2020

Phase Transitions; New Trials[1]

- Finerenone HFmr/pEF
- Aflibercept high dose nAMD & DME
- Aflibercept retinopathy of prematurity
- Regorafenib IO combi
- Regorafenib glioblastoma
- Factor XI portfolio
- P2X3 inhibitor
- PEG ADM inhale
- Runaciguat

Positive Phase III Trial Results

- Finerenone (FIDELIO-DKD)
- Vericiguat (VICTORIA)
- Copanlisib (CHRONOS-3)
- Darolutamide (ARAMIS OS-data)
- Rivaroxaban (PRONOMOS, VOYAGER PAD, EINSTEIN-Jr.)

Filings & Approvals

- Darolutamide
- Larotrectinib
- Vericiguat
- Finerenone
- Eylea PFS
- Rivaroxaban pediatric

External Innovation

- BlueRock
- AskBio
- KaNDy
- Atara
- Daré Bioscience
- leaps investments

[1] Key Phase II and III trials only

A Successfully Matured Late-stage Pipeline that May Deliver Three New Potential Blockbusters

Nubeqa[1] – AR-Antagonist

- Launched in nmCRPC - global roll-out underway
- Differentiated clinical profile - 31% OS benefit & favourable safety profile (ARAMIS)
- Prim. completion of phase III trial in mHSPC mid-2021e (ARASENS)
- Peak sales potential ≥€1bn

KaNDy NT-814 – Dual NK 1,3 Receptor-Antagonist

- First-in-class oral, non-hormonal, once-daily neurokinin-1,3 receptor antagonist
- Positive phase IIb data for the treatment of frequent menopausal symptoms
- Phase III to be initiated in 2021
- Peak sales potential >€1bn

Finerenone – MR-Antagonist

- Significant reduction of renal and cardiovascular outcomes in patients with CKD and T2D
- Filed in key markets for CKD in T2D
- Phase III trials in CKD/T2D (FIGARO) and in HFm/pEF (FINEARTS-HF) ongoing
- Peak sales potential ≥€1bn

Vericiguat[2] – sGC-Stimulator

- Significant reduction of the combined risk of CV-death or HF-hospitalization in HFrEF-patients (VICTORIA)
- Dosed on top of existing HF-therapies
- Filed - FDA action date January 20, 2021
- Peak sales potential ~€500m

[1]In collaboration with Orion Corporation; [2]In collaboration with Merck & Co. Inc., Kenilworth, NJ, USA

We Provide the Resources Needed for a Successful Commercialization of our Late-stage Pipeline Assets

Asset	Short- to mid-term Investment Areas
Nubeqa[1]	• Continued global rollout in additional markets • Preparation for ARASENS readout • Continue to leverage positive OS data and differentiated safety profile
Finerenone	• Preparation for potential first launches in 2021 • Investing to re-enter the US-market in CV diseases • Preparation for FIGARO readout • Continuation of the HFm/pEF development program
KaNDy NT-814	• Initiation of pivotal Phase III trial in 2021
Vericiguat[2]	• Potential launches in first markets in 2021

[1]In collaboration with Orion Corporation; [2]In collaboration with Merck & Co. Inc., Kenilworth, NJ, USA

Increased Focus on External Innovation to Accelerate Replenishment of Pipeline and Broaden Modalities

Selected high-level overview

Momentum Significantly Increased

- **More than 20 Transactions** signed in 2020
  - Deals covering the entire spectrum from **equity investments** (with LEAPS), over **licensing agreements** to **acquisitions**
  - **Active portfolio management** taking internal assets outside (e.g. Vincera Pharma)

Strategic Focus

- Venturing into **new modalities** (Cell & Gene Therapy)
- Broadening the **Oncology** pipeline (e.g. Systems Oncology, Atara)
- Commercial partnerships in **China** (e.g. Hua Medicine)
- Deals in the **Digital** Space (e.g. R&D: Schroedinger, Exscientia, Recursion; Commercial: One Drop)
- Continued augmentation of core TAs: (**WHC**: KaNDy)
- Strengthening the **Cardiovascular** pipeline (PeptiDream, Broad Institute)

Our Cell & Gene Therapy Strategy Builds on Four Integrated Platforms to Drive the Next Wave of Innovation at Pharma

Gene Augmentation

AskBio™

- Industry-leading AAV vector gene augmentation platform
- Monogenic & pathway diseases
- CDMO business (Viralgen) already generates revenues

Stem Cells

BlueRock Therapeutics

- Creating induced pluripotent stem cells (iPSC) with broad differentiation
- Create an entirely new generation of cellular medicines
- IND for lead program in Parkinson's disease

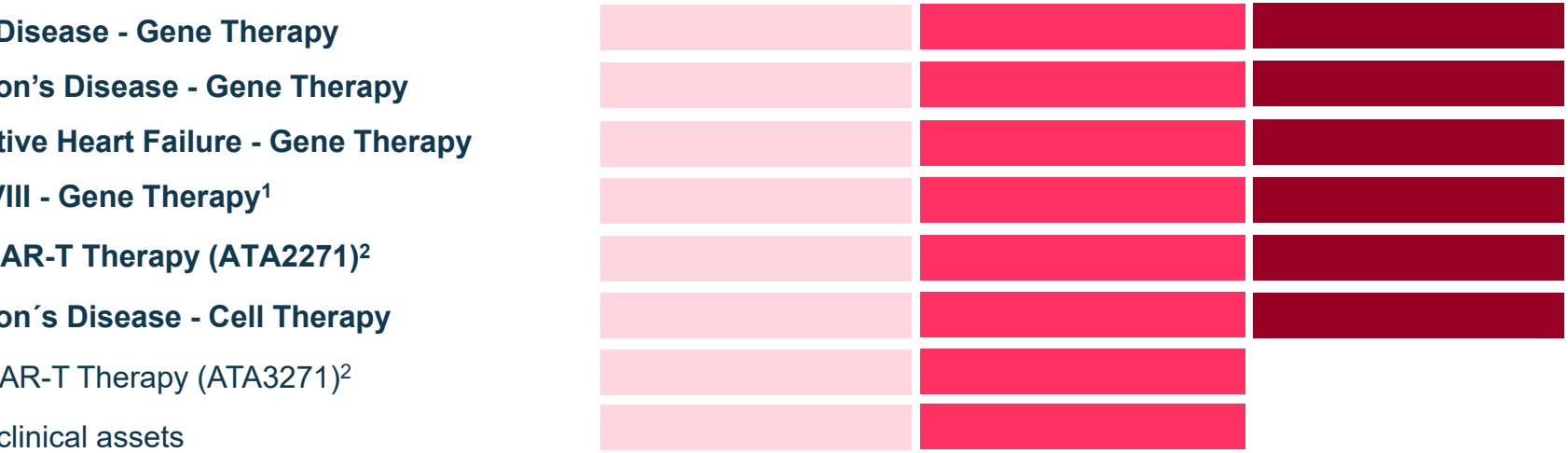
Allogeneic Cell Therapy

Collaboration with Atara Biotherapeutics

- Next-generation, mesothelin-directed CAR-T cell therapies
- Focus on potential allogeneic, "off the shelf" tumor therapies

Gene Editing as cross-functional enabling technology

Comprehensive Cell & Gene Therapy Pipeline that has Proven Ability to Yield Commercial Stage Assets



- Comprehensive Cell & Gene Therapy pipeline established
- Pipeline already comprises 6 clinical assets and multiple IND generating opportunities
- AAV technology included in commercialized assets

[1] In collaboration with Ultragenyx; [2] In collaboration with Atara Biotherapeutics

Key Takeaways

1. We continue to maximize the value of the existing portfolio
2. Increased momentum to deliver innovation - late-stage pipeline may deliver three new potential blockbuster products
3. We provide the resources needed for a successful commercialization of our late-stage pipeline assets
4. Cell & Gene Therapy platform in place to drive the next wave of breakthrough innovation
5. C&GT-Pipeline established – 6 clinical assets and multiple IND generating opportunities

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Abbreviations

AAV	Adeno-associated virus
AR	Androgen receptor
CAR-T	Chimeric antigen receptor modified T cells
CDMO	Contract development and manufacturing organization
CKD	Chronic kidney disease
C&GT	Cell and gene therapy
cpa	Currency and portfolio adjusted
CV	Cardiovascular
DKD	Diabetic kidney disease
DME	Diabetic macula edema
EBITDA	Earnings before interest, tax, depreciation, and amortization
FDA	U.S. Food and drug administration
HF	Heart failure
HFmrEF	Heart failure with mid-range ejection fraction
HFpEF	Heart failure with preserved ejection fraction
HFrEF	Heart failure with reduced ejection fraction
IND	Investigational New Drug
IO	Immuno-oncology
iPSC	Induced pluripotent stem cells
mHSPC	Metastatic hormone sensitive prostate cancer
MRA	Mineralocorticoid receptor antagonist
nAMD	Neovascular age-related macular degeneration
NK	Neurokinin
nmCRPC	Non-metastatic castration resistant prostate cancer
OS	Overall survival
PAD	Peripheral artery disease
PFS	Pre-filled syringe
R&D	Research & Development
sGC	Soluble guanylate cyclase
T2D	Type 2 diabetes mellitus
YTD	Year to date

Bayer

Bayer presentation delivered at the 39th Annual J.P. Morgan Healthcare Conference on Wednesday, January 13, 2021 at 7:30 AM

[music]

Richard Vosser: Good morning, good afternoon. Welcome to the third day of the 39th J.P. Morgan Healthcare Conference. I'm Richard Vosser, European Pharma Analyst at J.P. Morgan. It's my great pleasure to introduce the head of the pharma business at Bayer, Stefan Oelrich, to the conference now.

Just before I hand over to Stefan, I just point out after the presentation, in the Q&A period, you can ask questions through using the chat function on the conference website, and I will ask your questions for you.

With that, it's my pleasure to see Stefan, and over to you, Stefan. Welcome.

Stefan Oelrich: Thank you, Richard. Good morning, good afternoon, good evening around the world. We're reaching you live from Berlin, Germany this afternoon, our time, so ladies and gentlemen, welcome to our presentation about Bayer Pharmaceuticals. I am Stefan Oelrich, and I'm the president of Bayer's Pharmaceutical Division, and also member of the board of management of Bayer AG in Germany.

Can we please move to slide number three. I'll jump over my disclaimers. Let me get started on this slide three with the key messages for today's presentation. First, we will continue to clearly maximize our existing portfolio.

This is of particular importance for our leading products XARELTO and EYLEA. On pipeline, secondly, we're focused on the successful market introduction of vericiguat and finerenone with first launches expected 2021.

Also on the ongoing rollout of our new cancer products, VITRAKVI and NUBEQA. We will also initiate a Phase III program for KaNDY NT-814, a drug candidate for non-hormonal treatment of menopause symptoms.

We are committed to significantly invest in cell and gene therapy, an area that is leading innovation in healthcare. It is clearly our goal to be at the forefront of this revolution in science. Let's move to slide number four please.

Before we go into more qualitative statements, let's take a first look at the numbers. While the second quarter was really heavily impacted by COVID-19 and also volume-based pricing in China, we saw a continuous improvement of our sales performance in the third quarter coupled with a significant margin uplift through tight expense control.

We're really seeing a V-shaped recovery of our business as we would have expected. Our best-selling products are also delivered, continued strong momentum through the first nine months. Furthermore, the resumption of some of the elective treatments led to the recovery of EYLEA NIID franchise in Q3.

Following our increased focus on protecting the bottom line, I'm very happy to report that our EBITDA margin rose to about 36 percent throughout the first three quarters of the year.

Against this backdrop, we confirmed our guidance for the full year 2020 in November, and continue to expect sales at pharma to come in about one percent down compared to 2019. We also expect an underlying EBITDA margin of between 34 and 35 percent for full year 2020.

You have seen that the context of the COVID-19 pandemic, that last week we announced to join forces with CureVac and their COVID-19 vaccine candidate. We will contribute our expertise and established infrastructure in areas such as clinical operations, regulatory affairs, but also pharmacovigilance, medical information, supply chain performance, as well as some support in selected countries.

We are highly committed to making our capabilities and networks available to help end this pandemic like we have done so from the get-go. Let's move to the next slide please.

Looking at our innovation pipeline, I think I can say we have made tremendous progress over the last 24 months. We initiated a number of new late stage trials to support the lifecycle management of EYLEA, and also of Stivarga and progress finerenone into heart failure.

In our mid-stage pipeline, we proceeded our Factor XI portfolio, and also the PTX3 inhibitor into phase 2b. We delivered successful completion of important phase 3 trials including the FIDELIO

trial with finerenone, and also the VICTORIA trial with vericiguat.

We also successfully finalized the lifecycle management program for XARELTO with additional positive clinical outcomes that will support further commercialization of the asset in the coming years.

Filings and approvals include such important assets like darolutamide, now branded NUBEQA, larotrectinib, vericiguat, finerenone, and, of course, the prefilled syringe for EYLEA.

We also made great progress in strengthening our innovation pipeline by expanding our efforts to access external innovation. We have made significant steps towards building a leading cell and gene therapy platform through the acquisitions of BlueRock and AskBio and also the collaboration with Atara.

We also strengthened our women's healthcare business through the acquisition of KaNDY Therapeutics and the collaboration with DarÃ©. Last but not least, we continue the investments in attractive leads projects to get early access to potentially disruptive technologies.

Let's move to the next slide, number six. Our late-stage pipeline now has the potential to deliver three new blockbusters within the next three to four years.

NUBEQA is our latest antigen receptor antagonist for the treatment of non-metastatic, castration-resistant prostate cancer. The product is a structurally specific AR inhibitor demonstrating a significant overall survival benefit while showing a favorable and differentiated safety profile.

An additional trial in metastatic hormone-sensitive prostate cancers is expected to be completed and to inform this year. Launch of the first indication's in full swing. We've launched both in the US and throughout Europe.

With this first indication and early launch experience, we have truly exceeded our internal expectations. We, therefore, expect peak sales of at least one million euros for NUBEQA.

Let me move to KaNDY. KaNDY NT-814 is a potential non-hormonal treatment for vasomotor systems during menopause. Up to 75 percent of women going through menopausal transition experience these symptoms.

The start of phase 3 clinical trials is expected for this year. Once approved, the compound could

generate peak sales of more than one billion globally as well. It hits some of our really strong expertise, especially in the United States where we have a leading position in the field of women's healthcare.

Let's move to finerenone. Finerenone is a novel selective non-steroidal mineralocorticoid receptor antagonist that demonstrated renal and cardiovascular outcome benefits in patients with chronic kidney disease and type 2 diabetes.

We applied for approval in all major key markets. FDA, as you may have seen, granted priority review, a testament to the strength of our data. We expect that first launch in the United States the third quarter of this year.

Based on promising phase 2 data, we now also investigate finerenone in patients with symptomatic heart failure and left ventricular ejection fraction of more than 40 percent. Again, we expect peak sales north of one billion euros.

Let me also mention a fourth that we co-develop with Merck, vericiguat. This is a direct sGC stimulator being developed in patients with symptomatic chronic heart failure with reduced ejection fraction.

Our pivotal VICTORIA trial demonstrated that vericiguat shows a significant reduction of risk of the composite primary endpoint of cardiovascular death or heart failure and hospitalization on top of existing heart failure therapy.

Vericiguat has been filed for approval in key markets. Our PDUFA date in the United States is January 20th, a week from here. Peak sales may reach in market above one billion. As we share revenue and costs with our partners Merck & Co, for us, this means peak sales may reach about 500 million and more.

Let's move to the next slide, please. Preparing for successful commercialization of these new medicines requires significant investments into the future. NUBEQA has been launched in first markets, as I was saying previously. The global rollout in additional markets is ongoing.

In addition, we plan to prepare for the readout of the Arasens trials, which is expected to be clinically completed in the summer. Finerenone is due to be launched in its first market also this year. Most importantly, we plan to reenter the US market in the cardiovascular disease area, where we plan to establish a new marketing and sales organization, which is right now well

underway in its buildup.

Preparations for the readout of the second phase three trial in chronic kidney diseases in patients with type two diabetes as well as the continuation of the heart failure program on the agenda for finerenone as well. We actually accrued for that FIGARO study a little faster than anticipated, which will give us an advantage this year as well.

The KaNDy asset will go into pivotal phase three trials this year. We're planning for a potential launch somewhere around '24, '25. We also expect first launches for vericiguat this year, as I mentioned. We're already in the process of providing the required resources for a successful launch.

Let's move to slide eight, please. We have not only made progress in our late-stage pipeline assets, but we have also significantly increased our focus on external innovation to accelerate the replenishment of our pipeline -- thereby fostering future growth.

In 2020, we had an unprecedented deal flow for Bayer covering the entire spectrum, from equity investments via Leaps, licensing agreements such as, for example, our collaboration with Atara, up to acquisitions, like us acquiring AskBio in the fourth quarter.

Strategically, we have made significant steps to venture into new modalities by building a leading cell and gene therapy platform. The acquisition of AskBio but also the collaboration with Atara, both are fundamental building blocks of our cell and gene therapy strategy here and complements our 2019 acquisitions of BlueRock as well as the already existing collaboration with Ultragenyx in the field of hemophilia.

We were also able to broaden our oncology pipeline with the aforementioned collaboration with Atara. We continue to augment our core therapeutic areas, such as women's health and our cardiovascular business.

On top of all of that, we also increase our footprint in the digital space. Here I'd like to highlight our agreement with One Drop that is a venture in which we jointly develop digital health product for multiple chronic conditions.

Let's move to slide number nine, please. Cell and gene therapy has been a focus area for our investments and new modalities with an objective to build a robust therapy platform with broad application potential.

You may ask, "But why cell and gene?" Traditionally-used modalities fall short in many diseases, particularly those caused by undruggable proteins, multifactorial diseases, or gene defects. Therefore, we really need to leverage novel technologies that have the potential to treat diseases at the root.

Cell and gene therapies employ disease intervention mechanisms -- for example, replacing a faulty gene in the right tissue -- really distinct from traditional treatments and therefore may offer curative and regenerative treatments. Based on early evidence, we believe cell and gene therapies will dramatically alter the standard of care across multiple conditions. Let me tell you also that we see a clear maturing of these platforms.

Our cell and gene therapy strategy is based on four distinct but interlinked platforms, compromising clinical assets and future IND potential. Let me walk you through these platform one by one.

A gene augmentation platform, which now comprise the recently acquired AskBio AAV technology, comes first. AskBio gives us access to an industry-leading AAV vector gene augmentation platform, which has demonstrated applicability across different therapeutic areas and has already yielded commercial- and clinical-stage assets.

This platform represents one of the most advanced gene therapy platforms with a promise to not only tackle monogenetic but also pathway diseases, thereby also helping a larger number of patients.

This acquisition also comprises an established contract development and manufacturing organization, which already generates significant revenues today and will add even more so to our top-line in 2021.

A stem cell platform, represented by BlueRock -- a company focused on developing engineered cell therapies in the fields of neurology, cardiology, and also immunology using a proprietary induced pluripotent stem cell platform -- was one that we originally founded as a joint venture between Versant and us in 2016.

We fully acquired BlueRock in 2019, which is really a testament to how successful our Leaps platform works. This new BlueRock platform builds the basis for our cell therapy portfolio. BlueRock's lead program is in Parkinson's disease, for which we were granted an IND just a few

days ago. It's expected to enter the clinic in the coming days and weeks.

An oncology cell therapy platform -- focusing on novel cell therapies that have the potential to disrupt cancer care and also potentially even provide cures -- is our third platform.

As an example, we recently entered into a strategic collaboration with Atara Biotherapeutics for next-generation mesothelin-targeted CAR-T cell therapies for solid tumors. Atara is a pioneer in allogenic T-cell immunotherapies with industry-leading allogenic cell manufacturing processes and next-generation CAR-T technologies.

This transaction is a fundamental element to our new cell and gene therapy strategy. It strengthens our development portfolio through allogeneic cell therapies and also consolidates our emerging leadership in this field.

Let me come to a fourth. Gene editing is the cross-functional enabling technology for most gene and cell therapies. Here we have access to the latest CRISPR-Cas technology.

Our approach in building the cell and gene therapy platform is somewhat different from most of our competitors because we do not focus on individual assets. In order to leverage external innovation together with the internal expertise at Bayer, we established a cell and gene therapy platform that steers all of our CGT activities strategically.

Operating model for cell and gene therapies Lease partners operate autonomously and fully accountable to develop and progress their portfolio and technology. This is essential for preserving their entrepreneurial culture and positions Bayer as a partner of choice, as witnessed by the way how we operate BlueRock and also AskBio.

Let's move to slide number 10, please. In terms of preclinical and clinical assets, we already established a vibrant cell and gene therapy pipeline. It does compromise six clinical assets across multiple disease areas, such as Pompe disease, a rare and often fatal metabolic disorder, Parkinson's disease, congestive heart failure, and hemophilia.

As I just mentioned recently, BlueRock in collaboration with Memorial Sloan Kettering received IND clearance for a stem-cell-based therapy candidate for Parkinson's disease. This is an unbelievable big step. We're breaking really new ground to test in men for the first time, ever, a dopamine neuron product in human Parkinson's disease patients. Incredible advance in science.

Our cell and gene therapy pipeline also includes multiple IND-generating opportunities for the goal to generate at least three investigational new drug applications annually for the next years.

Overall, we aim to generate and maintain a sustainable pipeline with the goal of bringing breakthrough science in, for our company at least, unprecedented fashion to market as fast as possible.

Let's move to the final slide. Ladies and gentlemen, let me summarize.

We continue to maximize the value of our existing portfolio with focus on XARELTO and EYLEA. After significant COVID-19 headwinds on our business in Q2, we overall see a continuous improvement on our performance in the third quarter coupled with a significant margin uplift through tight expense control. As I was saying, a clearly V-shaped recovery.

We significantly increased momentum to deliver innovation and established a late-stage R&D pipeline that has the potential to deliver three new products with blockbuster potential in the years to come. We will provide the right level of investment to successfully commercialize these late-stage assets.

Last but not least, we launched our cell and gene therapy platform to drive really the next wave of breakthrough innovation in pharma and have established a vibrant and comprehensive cell and gene therapy pipeline with multiple clinical and preclinical assets.

This concludes my presentation. We're now happy to take your questions.

I do invite, at the same time also, to switch on their cameras to my colleagues that are joining me today. I am joined here by Axel Hamann, who is the CFO of our pharmaceutical business, by Marianne De Backer, who is our EVP for strategy and business development and licensing, and by Juergen Beunink, who heads up investor relations for the pharmaceutical business. Richard?

Richard: Thank you very much, Stefan. Just remind everyone, they can submit questions on the website. We do have a couple of questions.

The first was on finerenone. Stefan, you touched on the potential above one billion. This person is asking about the launch potential. They're asking the growth over the next 5, 10 years. That's the exact question. Maybe I'll follow up on that.

Stefan: Thanks for the question. It's hard for me to give you a new guidance as we are in January, in the middle of the quiet period. Stay tuned. We have a couple of market's day coming up exactly two months from now where we're going to give a little bit more guidance about the coming years.

Let me tell you the following in terms of why we believe this is such a great opportunity, because we see this as a highly differentiated new medicine. This is an area where traditionally, there was very little you could do for these patients. Recently, we've seen emerging evidence that SGLT-2s can be effective in this space, especially for diabetic patients.

The difference, we're taking a very different mechanism of action. Most importantly, this is a mechanism of action that does not interfere with the diabetic and the glycemic state of these patients.

All of these patients are pretreated either with a combination of oral antidiabetics or, very often at this stage, also with insulin on board. We believe that tampering with that and adding new oral antidiabetics is, especially for cardiologists and nephrologists, something that they're not so used to.

Adding a mechanism of action that they know well and that has been now established hopefully by the time we launch with a second pivotal trial that we're waiting for the readouts -- but already with the data from the first trial -- we feel that we have a product that gives a significant advantage to HCPs but also to patients that do not want any additional risk of hypos.

Plus, don't forget, in the clinical trials, our product came on top of all existing baseline therapies, that includes SGLT-2s.

Richard: Maybe I'll build on that just one thing. One of the elements of the class has been hypokalemia. There was some raise of hypokalemia in the trial results as well. Just do a feedback from doctors on that. How manageable is that? How should we think about it?

Stefan: Sorry for the light. I have the sun coming just out, right in my face.

Richard: We're good.

Stefan: It looks like the sun is shining on us. It's a very, very good question because that was obviously the one area that we were all interested in to see compared to steroidal MRAs, how a

non-steroidal would perform with regards to that.

We have seen basically no meaningful clinical effect on this. No discontinuation, or no meaningful discontinuation, compared to the placebo group. Yes, we've seen some different parameter readouts in those two groups. Nothing that became a concern clinically. All of the investigators gave us that same feedback.

Richard: Excellent. I have a question here asking about your M&A and balance sheet capacity. The question from this person is, "Does Bayer have the balance sheet capacity to keep pace with the recent M&A activity? Can Bayer execute another AskBio-size deal?"

Stefan: It's funny. I get that question every year. When people would ask me that last year or the year before, I would say, "Yes, we do," because we always have the possibility to juggle around our portfolio. We also have still some cash flow coming into this from our ongoing business and a significant one.

Do we have capacity to do more? Yes. Do we want to do the exact amount that we've done in the last year? Not necessarily, because it depends on what fits our strategic direction.

Last year, when I got the same question, when I would answer, I was hit with disbelief. This year, after having done it, I get the same question.

We need to also get something out of the acquisition that we've just done so. We need to consolidate a little bit on some of the things that we're doing. You've seen that operationally, we have our plate filled with things.

That being said, at the end of this week, I know that Marianne is going to come to me and tell me all the wonders that have come. It is true, because of [inaudible] moves that we've made in cell and gene therapy, we've become extremely attractive for many out there to collaborate with us.

But that doesn't necessarily have to always translate into a large M&A. We have the platforms that allow us to bolt on a lot of licensing agreements onto what we already have.

If something, however, shows up, you know yourself how hard this is in our therapeutic areas to actually find something that is fitting. Women's healthcare is a space that is extremely difficult to come up with late-stage opportunities. Even early-stage opportunities are hard to find.

In cardiology, it's the same. If you find something, as we've recently witnessed, the multiples you pay are tremendous.

I've stated this, since I've joined in this capacity over two years ago, this is not how I want to do M&A. We go in when we think we can still leverage the most value out of this after we acquired it. Not through some marketing and sales synergies, but really by developing products that are either early in the clinic or even preclinical and fully materializing the value as we take them on board.

I've been asked why I took such a risk with BlueRock. We're seeing that BlueRock is now in the clinic. Same holds true for AskBio. Could we do more? We could always do more. Do we always need the balance sheet for that? No, not always.

Richard: Very clear. Building on that, there is a question from a gentleman on the CureVac COVID collaboration. I think they seem somewhat skeptical. Is this going to be just the third mRNA vaccine or is this a competitive advantage or something here?

Stefan: Marianne, do you want to take that question?

Marianne De Backer: Sure. First of all, the unmet need is enormous in this field. I think there's an estimate out that we will need somewhere between 12 and 14 billion doses to really get a full handle on the pandemic. We do believe that every single company that is active in this field should continue to put all the effort in to try and really curb this pandemic and get it under control.

As part of our strategy, one of the things that we have been doing is very actively go out and form relationships with innovators. CureVac was one of those innovators. We think that their technology of using mRNA not just in the vaccines field, but also for other potential uses in the future is very, very promising.

When they had their initial study results and they were looking to scale their vaccine, they reached out to us to see if we could help them do that. We immediately jumped onto that opportunity because, from the very start of this pandemic, even though we were not developing a vaccine, we have put our people, our capabilities, our structure, everything to bear to really help address the pandemic.

Here now, with CureVac, we believe we can really help them. We bring in expertise on the clinical operation side, in pharmical vigilance, regulatory. We help them in managing some of their supply

chain organization, quality, and we bring on our country operational expertise. We think this is a true win-win for CureVac and for us, and we really do hope that we can contribute positively to ending this pandemic.

Richard: Makes a ton of sense. There are a couple of questions on glyphosate and the Roundup litigation. It wouldn't be this time of year if we didn't have those questions. It's just a general question. Where are you with the Roundup settlement? What's the latest?

Stefan: Normally, during healthcare conferences, we prefer to focus on healthcare topics. Juergen, can you give us a very quick and very short answer on this, please?

Juergen Beunink: Well, first, there is no new communication, no new information available at this point in time. We are working on the three elements of the glyphosate litigation complex. One is that we work on further settlements from the existing cases.

Second, we are working on the plan B to handle the future cases. The third element is that we work on the appeals of the three cases that we lost in court. That's it in short.

Richard: OK. There is another question that's coming from a gentleman that's asking about biopharma and its position within the group. I'll just read it out. Why does biopharma still fit with the crop protection business, ag seeds, etc.? Are there any meaningful synergies? Would it not get greater focus, the pharma business, and more resources on its own?

Stefan: First of all, we didn't build this company specifically to be a pharma and a crop company. We grew to be a pharma and crop company because we all grew from the same tree. We're just different branches within our 175-year-old history that have grown to be what we are. That being said, we feel, and believe me, we're focused on our pharmaceutical business in this company.

It's not just me. It's also my colleagues on the corporate board that are fully focused on the success of our pharmaceutical business. We've actually made it very clear that in terms of capital allocation, we're going to clearly prioritize pharma moving forward.

That's a great advantage for us as we move forward because we can then finally capitalize on the initial idea of bundling the capital allocation capabilities of the whole group and focus them on one business as we've demonstrated, by the way, especially in 2020 for our pharma business. I'm not concerned about lack of focus, and I'm not concerned about coming together.

We've never said that we were staying together because of operational synergies between the two businesses. That's never been the reason. Even though I must confess, with the establishment of our cell and gene therapy platform, for the first time, we're actually seeing a real synergy on the science because, obviously, our crop business is a leader in GMO.

We're seeing, especially on gene editing, some very advanced science that sits in our labs in crop science that we're taking a much closer look at now than we would have ever thought in the past.

Richard: Very clear. I've got a clarification question from a gentleman, just on the vericiguat sales. Just wants to know, is that a worldwide estimate or it's ex-US? I know the answer but...

Stefan: It's a worldwide estimate in market sales, more than a billion. We just split in two. That means, for us, worldwide, more than 500 million sales for us, Bayer. Please note that we have global co-promotion rights to this medicine in all countries.

That doesn't mean that we're in the lead in all countries, but if we elect to promote it, we can leverage our existing infrastructure across all geographies where we see that fit.

Richard: Maybe Stefan, you touched on the COVID impact. In the UK, where I am, it's not very nice. Maybe you could just give us an idea. You talked about a V-shaped recovery. Are we seeing healthcare systems struggle a bit at the moment? Are things a bit different this time?

Stefan: Richard, it's a very good question. It's a mixed picture, and probably the right answer is, it depends. What we've seen though is in some of the elective treatments that are office-based, where people stayed away from seeing their doctor in the second quarter of 2020. That no longer is the case, even though the incidence is much higher now than it was in the first quarter.

In other words, people have learned, and also healthcare professions quite frankly, have learned to live with this and to create a safe environment to observe hygiene rules that enable patients to go seek medical attention with their physician. Why do I say it depends a little bit? Because we see a slightly different picture at the hospital level.

You see, depending on geographies, that hospitals can be right now can be overwhelmed with COVID patients. I know first hand because I serve on the board of [inaudible] myself. I know firsthand that the intensive care unit has never been under the stress of one particular disease like they are today in the respiratory units with COVID.

This is unprecedented. They have been creating space, and have been delaying surgeries. With the delay of surgeries, come also the use of certain medicines, or in our case, radiology imaging. I see potential impact there. For the remainder of our business at least, we see relative normality as we come back. If anything, I would even say that we have benefited to some degree.

We saw that during the pandemic in the ophthalmology space, people were turning more to EYLEA. Even though we lost in volume, we gained in market share, because we had the trusted data also with the treat-and-extend regimen that we have data for.

We also saw people turning to XARELTO because during the pandemic, being on a vitamin K antagonist may not be the best way to manage AFib as a condition. Just a factor 10a with a much better bleeding profile, it gives you a much better safety cushion when you don't have ready access to your physician.

Richard: Building on that, I have a question from a lady who's asking about the healthcare business in China. How are you performing? How are you reshaping the business there? You touched on VBP. Where are the opportunities and headwinds?

Stefan: Thank you for that question because, unfortunately, in a short presentation, it's really difficult to touch on all the points. We have seen an incredible success and an incredible run in China over the past years. I remember, on my very first presentation to capital markets, I said we were aiming to get to three billion sales in 2022. [laughs]

We basically got there in 2019. Then comes 2020 and VBP really hits. I mean, we were not the only one to get hit. We had Glucobay, our best-selling product, take a price hit north of 90 percent. We compensated with 40 percent of volume growth.

We probably, in this fermented product, have a really steady annuity going forward because we have such high volumes now that for any generic manufacturer to build up this production equipment at risk in a VBP situation would probably not be a great idea. We have a continued volume expansion there, but we lost both Glucobay and AVELOX big time in the first place.

The XARELTO exclusivity ended with January of this year. We now have a potential generic threat coming our way in China. There are not a lot of companies that have applied for approval for generic rivaroxaban. At some point, that will also be hit by VBP. Obviously, we knew all of this. [laughs]

Especially once VBP was really showing its face at the end of '19 basically when some others were hit before us. What we've done for China is a two-prong approach. One, accelerate our own internal pipeline.

We're now estimating that we're going to get products of the likes of NUBEQA, finerenone, vericiguat, and of course, also KaNDy, much earlier into the Chinese market than we would have anticipated before, which is a result of the Healthy China 2030 initiative that gives better access to innovation.

That's not enough and we know it's not enough to keep our very strong position that we have. We have engaged in a number of licensing plays. Maybe, Marianne, can you give a specific view on the deals we've done for China?

Marianne: Sure. In China, we're actually looking at a number of different approaches. One is certainly, as Stefan is saying, to grow our commercial presence, and to be able to compensate for some of the VBP impact. Last year, we actually already entered into three commercial partnerships. One was with WaveForm for a continuous glucose monitoring system.

One was with Hua Medicine to access and to co-commercialize an asset in China, again, in the type 2 diabetes space. We also partnered with Chiesi to jointly commercialize assets in the respiratory space. We will continue to look for those kind of partnerships.

In addition, we are actually also sourcing more innovation out of China. That is also subject to a lot of effort from us at this moment in time.

Stefan: Maybe just to add and close on that one. We also have seen, despite some pricing issues, continued very, very strong volume expansion in China. That is a trend that is absolutely unchallenged.

Richard: Excellent. I'd love to carry on, but we're at the top of the 40 minutes. That was a great discussion. Thank you very much Stefan, Marianne, Juergen, Axel as well. Hope everyone has a good day.

Stefan: Thank you. Thank you all.

Marianne: Thank you.

[music]