



# Debt Investor Information

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Status: FY 2022/Q1 2023

As of 11 May 2023



# Cautionary Statements Regarding Forward-Looking Information

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at <http://www.bayer.com/>.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



# Our Business Areas

## CropScience



// Innovative chemical & biological crop protection, seeds & traits, digital technologies & services

## Pharmaceuticals



// Prescription drugs

## Consumer Health



// Over-the-counter medicines, dietary supplements and dermatology products



# Our Strategic Priorities

## Group Strategic Priorities

1

**Positioning businesses to mega-trends**  
*Contribution to health and nutrition<sup>1</sup>*

2

**Developing innovative products**  
*Leadership in our relevant markets*

3

**Sustainability**  
*Long-term, sustainable growth*

4

**Focusing on our key strength**  
*Innovation & operational performance*

## Divisional Focus



### Crop Science

Create a leading innovation engine that transforms agriculture



### Pharmaceuticals

Driving performance and delivering new growth opportunities



### Consumer Health

Maintain a leading OTC position and improve profitability

<sup>1</sup> We also seek to make a responsible contribution to the United Nations Sustainable Development Goals "Good Health and Well-Being" (SDG 3) and "Zero Hunger" (SDG 2)



# Leadership and Innovation

## Set the Course for Our Future Growth



### KEY GROWTH DRIVERS



**Long-term megatrend** tailwinds are propelling growing demand in the Life Sciences



**Number one position** in Ag inputs and leading positions in key Pharma and Consumer categories



**World-class innovation:** technological breakthroughs driven by the bio-revolution



**Accelerated transformation** and further efficiency gains in our operations



**Focus on sustainability** to create new value



### CROP SCIENCE INNOVATION PIPELINE

Annual R&D Investment:

€2.6bn<sup>1</sup>

Key Current Launch Products:



#### Key Mid-/Late-Stage Pipeline Opportunities

- // Smart Corn System featuring Short Stature Corn
- // Soybean Herbicide Trait Stack with Five-Tolerances
- // New Herbicide Molecule

01



### PHARMACEUTICALS INNOVATION PIPELINE

Annual R&D Investment:

€3.4bn

Key Current Launch Products:



#### Key Mid-/Late-Stage Pipeline Opportunities

- Finerenone**
  - // Non-diabetic CKD
  - // Heart Failure
- Factor XI(a) portfolio**
  - // Thrombo-embolic diseases
- Elinzanetant (KaNDy NT-814)**
  - // Vasomotor symptoms during menopause

02

Note: Subject to regulatory approvals and pending registrations. Represents a subset of the pipeline.

<sup>1</sup>Bayer R&D expenses exclude special items <sup>2</sup>In collaboration with Sumitomo



# Global Megatrends in Health & Nutrition

Attractive Macro Drivers of Our Strategy and Underpin the Need for Innovation

## PHARMACEUTICALS • CONSUMER HEALTH • CROP SCIENCE

Megatrends through 2050

Societal Needs

Our Mission

### AGING POPULATION



**People 60+ more than doubling<sup>1</sup>**

>20% of total population <sup>1</sup>



**Preserve and restore health**

### GROWING POPULATION



**+2.2bn**

People <sup>1</sup>



**+50%**

more food and feed required to meet growing demand <sup>2</sup>



**Secure sufficient supply of quality food**



### PRESSURE ON ECOSYSTEMS



**-17%**

Harvest losses from climate change <sup>3</sup>

**-20%**



2016 2050  
Significant loss in arable land per capita <sup>4</sup>



**Use natural resources more efficiently and responsibly**

**We leverage science to address these societal needs – with the ultimate goal to improve people’s lives**



Science For A Better Life

<sup>1</sup> UNDESA 2017 (United Nations Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision)

<sup>2</sup> FAO 2017, (FAO Global Perspective Studies)

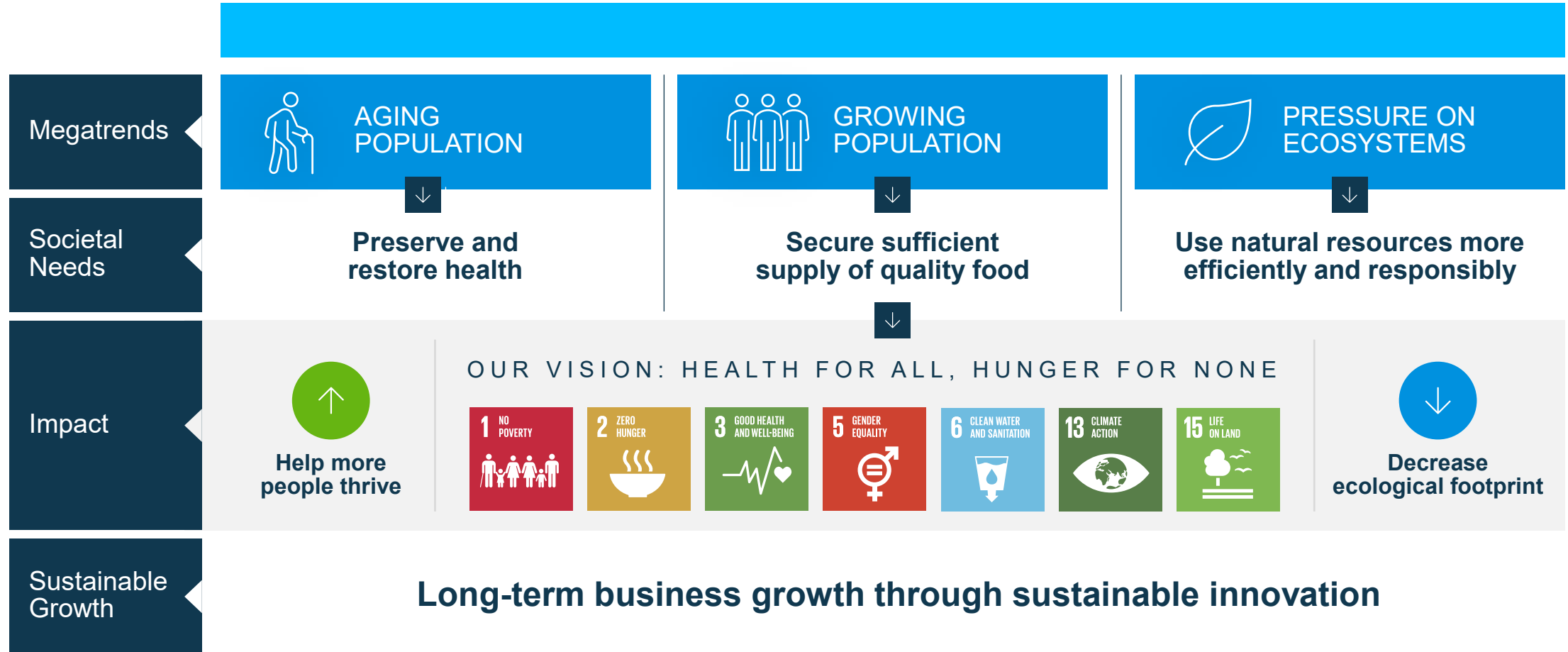
<sup>3</sup> Nelson et. al, (2014); FAO 2016 "Climate change and food security"

<sup>4</sup> FAOSTAT (accessed Oct 30, 2018) for 1961-2016 data on land, FAO 2012 for 2030 and 2050 data on land, and UNDEDA 2017: World Population Prospects for world population data



# Sustainability is Integral to Our Values, Strategy and Operations

We intend to create bold impact and generate sustainable business opportunities





# We Create Value by Accelerating our Transformation

Driving Innovation and Returns

## 1 Enable growth

- Clear plan for translating innovation into top-line growth

## 2 Drive profitability

- Comprehensive transformation program launched

## 3 Focus on cash

- Strong capacity to generate cash

## 4 Sustainability

- Inclusive growth by helping more people thrive, and decreasing our ecological footprint

## 5 Disciplined capital allocation

- Priorities: deleveraging, dividends, external growth investments

**Value creation**



# Focus on Cash Generation Embedded in Incentive Plans

Improvements Expected from Sales Growth, Working Capital & Divestments;  
Litigation Pay-outs and One-Time Costs for Transformation Mitigating Factors



## Improve free cash flow

**Optimize working capital focusing on overdue management, inventory and payables; prioritizing CapEx**



## Adapt incentive scheme

**Free Cash Flow integrated as a key performance metric in our short-term incentive plan for all managerial employees**



## Capital Employed / Divestments

**Optimization of fixed asset portfolio, for example, sale of property**

**Sale of businesses / brands below division level (e.g. ES professional)**



## Litigation pay-outs & special items

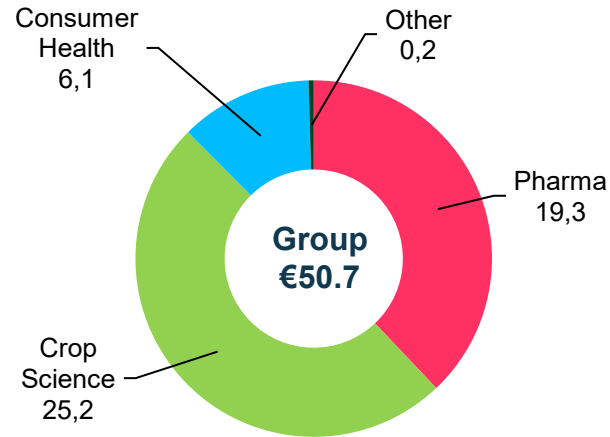
**Our Free Cash Flow is impacted by litigation pay-outs and cash-effective one-time costs for transformation**



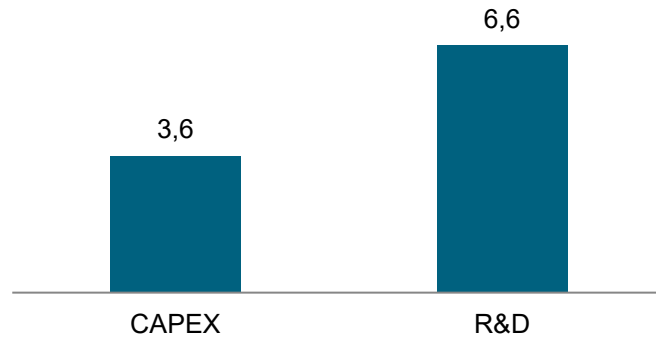


# Bayer Key Financials

### 2022 Sales in €bn

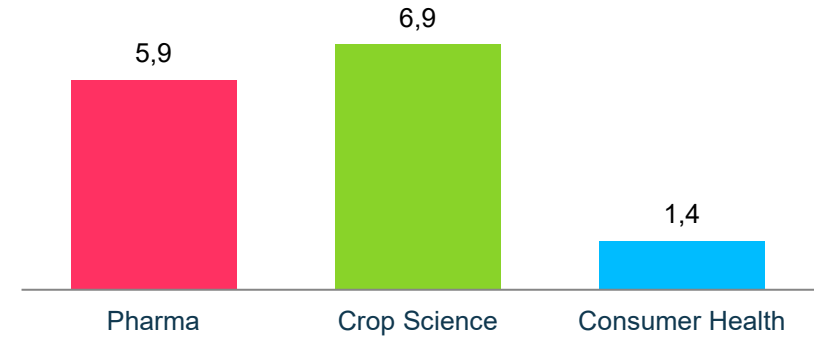


### Capital Expenditures 2022 in €bn

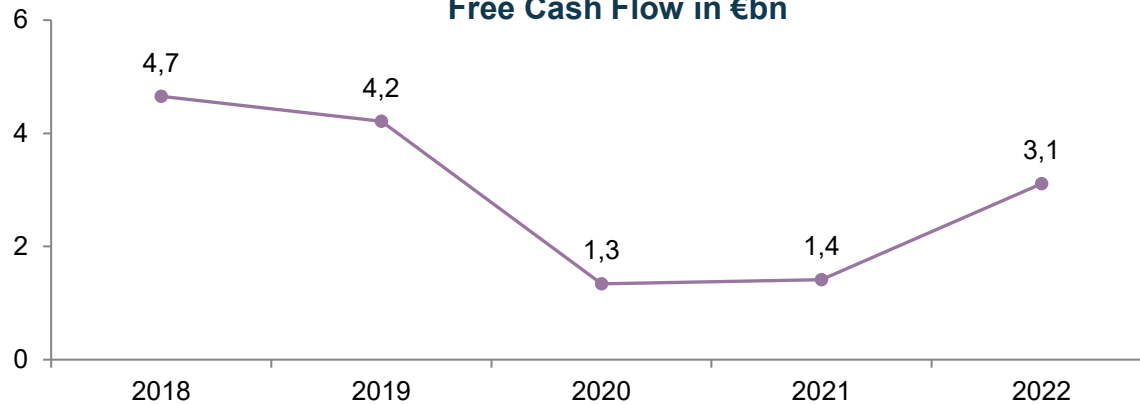


### Research & Development Expenses 2022 in €bn

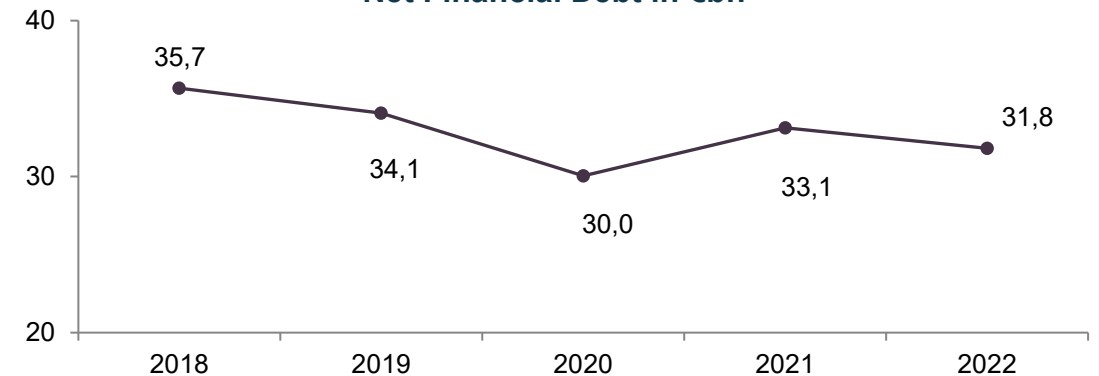
### 2022 EBITDA before Special Items in €bn



### Free Cash Flow in €bn



### Net Financial Debt in €bn



#### Notes:

- 2022 figures and net financial debt figures as initially reported
- Free cash flow was initially reported in 2018; 2017 free cash flow figure were taken from 2019 annual report; Free cash flow includes litigation payments



# Group P&L Outlook confirmed towards lower end of range

in €

## FY 2023 OUTLOOK at constant currencies <sup>1</sup>

**Net Sales**

**51bn – 52bn**

**EBITDA**  
(before special items)

**12.5bn – 13bn**

**Core EPS**

**7.20 – 7.40**

**Free Cash Flow**

**~ 3bn**

**Net Financial Debt**

**~ 32bn – 33bn**

## Key Assumptions

- Representing sales growth of **2% to 3% cpa**
- Including **portfolio effects** of -€500m in sales
- **FX** headwinds of **~€1.7bn** estimated for sales <sup>2</sup>
- Price pressure and inflation to be partially compensated by higher volumes, active pricing management and cost savings
- Including expected settlement payouts of **€2-3bn**
- **Net Financial Debt** expected towards upper end

<sup>1</sup> Reflects our 2023 plan at the average actual currencies for 2022

<sup>2</sup> Currency assumptions based on month-end March 2023 spot rates (1 EUR=) 1.09 USD, 5.54 BRL, 7.47 CNY. Impact is calculated as difference to constant currencies.



# Bayer Pursues a Conservative Financial Policy...



## Financing Instruments

// Syndicated credit facilities

// Global Commercial Paper program

// Senior bonds in different currencies

// Hybrid bonds

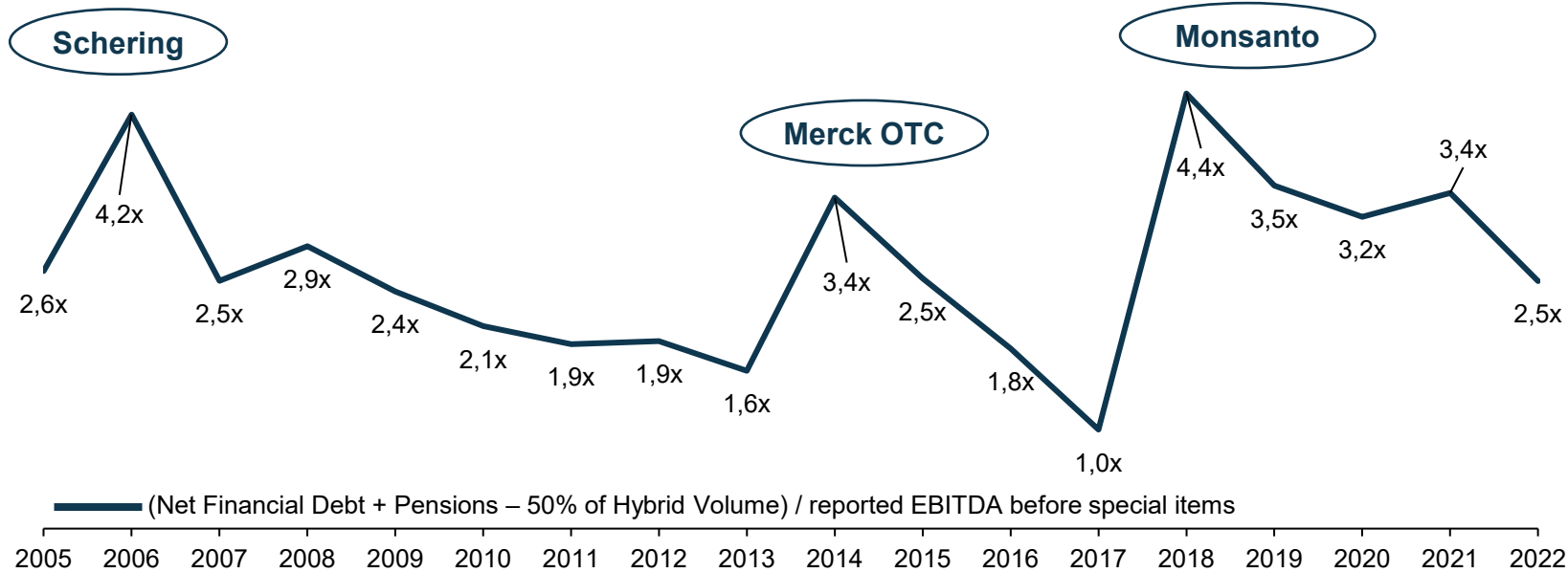
// Equity-linked instruments

**Prudent debt management with excellent access to diverse sources of liquidity**



# ... and Remains Committed to a Rating in the Single A Target Category

## Development of Ratings and Leverage<sup>1</sup>



Proven track record of disciplined deleveraging

Agency	Long Term Rating over time				
S&P	A	BBB+	A-		BBB
Moody's	A3			Baa1	Baa2
Fitch <sup>2</sup>	BBB+		A-	A	A- / BBB+

Agency	LT-Rating	Outlook	ST-Rating
S&P	BBB	Stable	A2
Moody's	Baa2	Negative	P2
Fitch	BBB+	Stable	F2

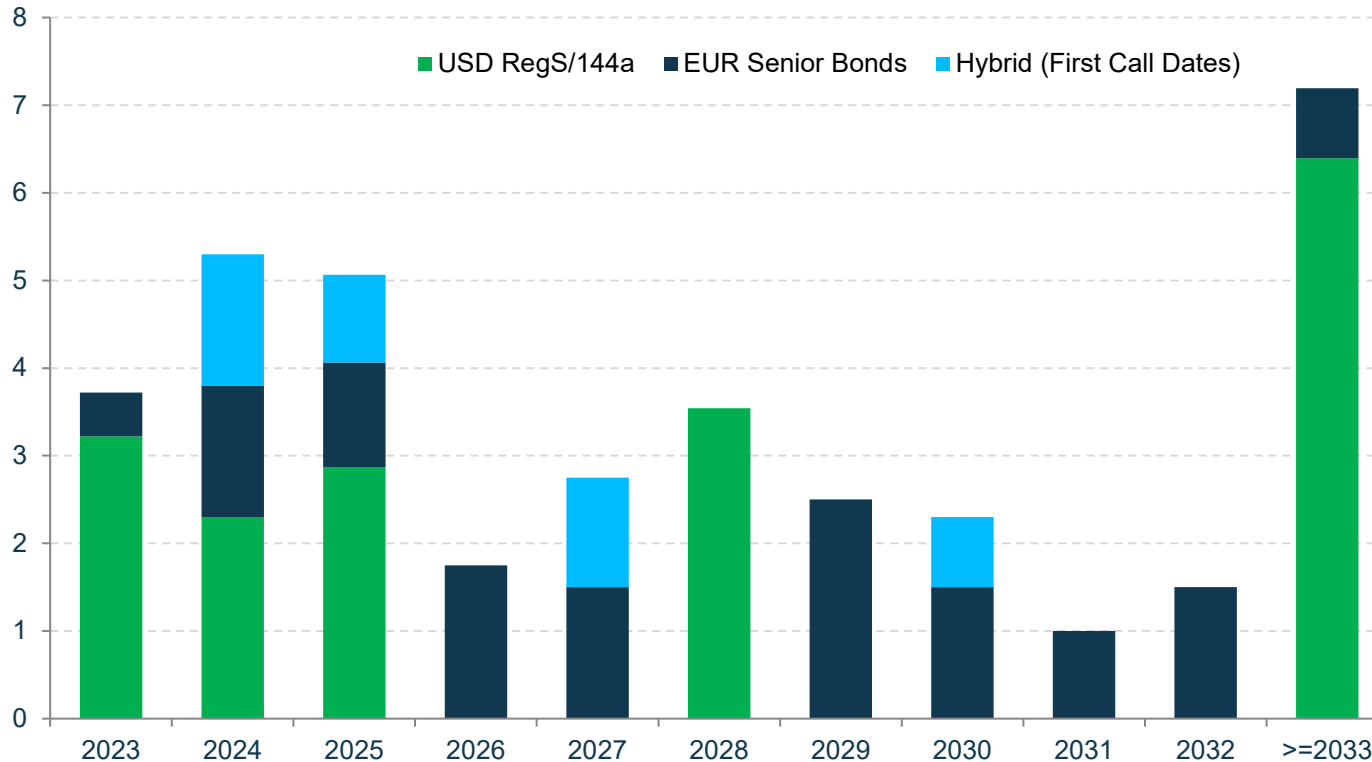
<sup>1</sup> Figures as reported in the respective year's annual report without restatements

<sup>2</sup> Solicited since 2018

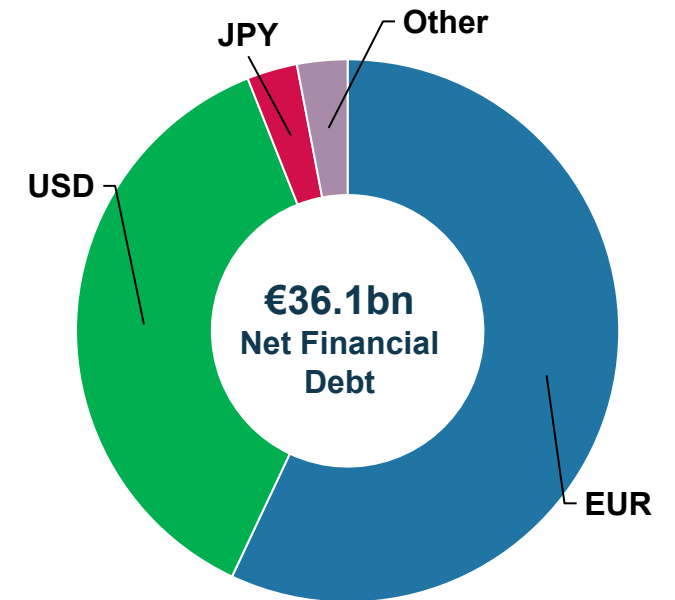


# Bayer's Maturity Profile is Well Balanced

**Bond Maturity Profile (€bn)**  
as of March 31, 2023<sup>1</sup>



**Currency Exposure incl. Derivatives**  
as of March 31, 2023<sup>2</sup>



<sup>1</sup> Converted at quarter-end FX rate EURUSD 1.09

<sup>2</sup> Based on quarter-end FX rates



# Overview of Bayer's Funding Structure

Net Financial Debt <sup>1</sup>				Nominal Volume of Major Instruments (bn) as of March 31, 2023	
	Dec. 31, 2021	Dec. 31, 2022	March 31, 2023		
	€ million	€ million	€ million		
Bonds and notes / promissory notes	37,593	36,602	36,287	1	Senior EUR Bonds €13.8
of which hybrid bonds <sup>2</sup>	4,537	4,528	4,529		Senior USD Bonds \$19.9
					Hybrid EUR Bonds €4.6
Liabilities to banks <sup>3</sup>	773	3,484	3,549	2	Loan Facility €3.0
Lease Liabilities	1,165	1,234	1,227		
Liabilities from derivatives <sup>4</sup>	69	190	155	3	Commercial Paper €2.0
Other financial liabilities	1,272	142	2,081		
Receivables from derivatives <sup>4</sup>	(114)	(61)	(82)		
<b>Financial debt</b>	<b>40,758</b>	<b>41,591</b>	<b>43,217</b>		
Cash and cash equivalents	(4,564)	(5,171)	(4,854)		
Current financial assets <sup>5</sup>	(3,057)	(4,611)	(2,286)		
<b>Net financial debt</b>	<b>33,137</b>	<b>31,809</b>	<b>36,077</b>		Further undrawn Source of Liquidity: Syndicated Loan Facility €4.5

<sup>1</sup> For definition see Annual Report 2022, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

<sup>2</sup> Classified as debt according to IFRS

<sup>3</sup> Including both financial and nonfinancial liabilities

<sup>4</sup> Including the market values of interest-rate and currency hedges of recorded transactions

<sup>5</sup> Including short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies, financial investments in debt and equity instruments that were recorded as current on first-time recognition



# Short- and Long-Term Funding Programs

## Short-Term Funding: Commercial Paper Program

Commercial Paper (CP) is a short-term unsecured debt instrument. CP are normally issued at a discount and redeemed at nominal value. It is structured as a SEC regulation's section 4(a)(2) program so that there are no restrictions related to the use of proceeds.

Issuer	// Bayer AG, Germany // Bayer Corporation, USA
Guarantor	Bayer AG
Term	Between 1 and 364 days
Program Amount	\$8bn or equivalent
Markets	U.S. market (USCP) and Euro market (ECP)
Dealer	// <u>ECP</u> : Barclays, Bayerische Landesbank, Citigroup, Goldman Sachs, ING // <u>USCP</u> : Barclays, Bank of New York Mellon, Citigroup, J.P. Morgan, Wells Fargo
Issue and Paying Agent	// <u>ECP</u> : The Bank of New York Mellon // <u>USCP</u> : The Bank of New York Mellon

## Long-Term Funding: Debt Issuance Program

Under the Debt Issuance Program (DIP) Bayer may from time-to-time issue senior unsecured notes. The notes may be distributed by way of public or private placement and in each case on a syndicated or non-syndicated basis.

Issuer	// Bayer AG, Germany
Program Amount	€20bn
Term	12 months or more
Dealer	Deutsche Bank and further banks as dealer of the day
Arranger	Deutsche Bank
Paying Agent	Deutsche Bank
Listing	Regulated Market of Luxembourg Stock Exchange
Purpose	General Corporate Funding Purposes



# Back-up Revolving Credit Facility

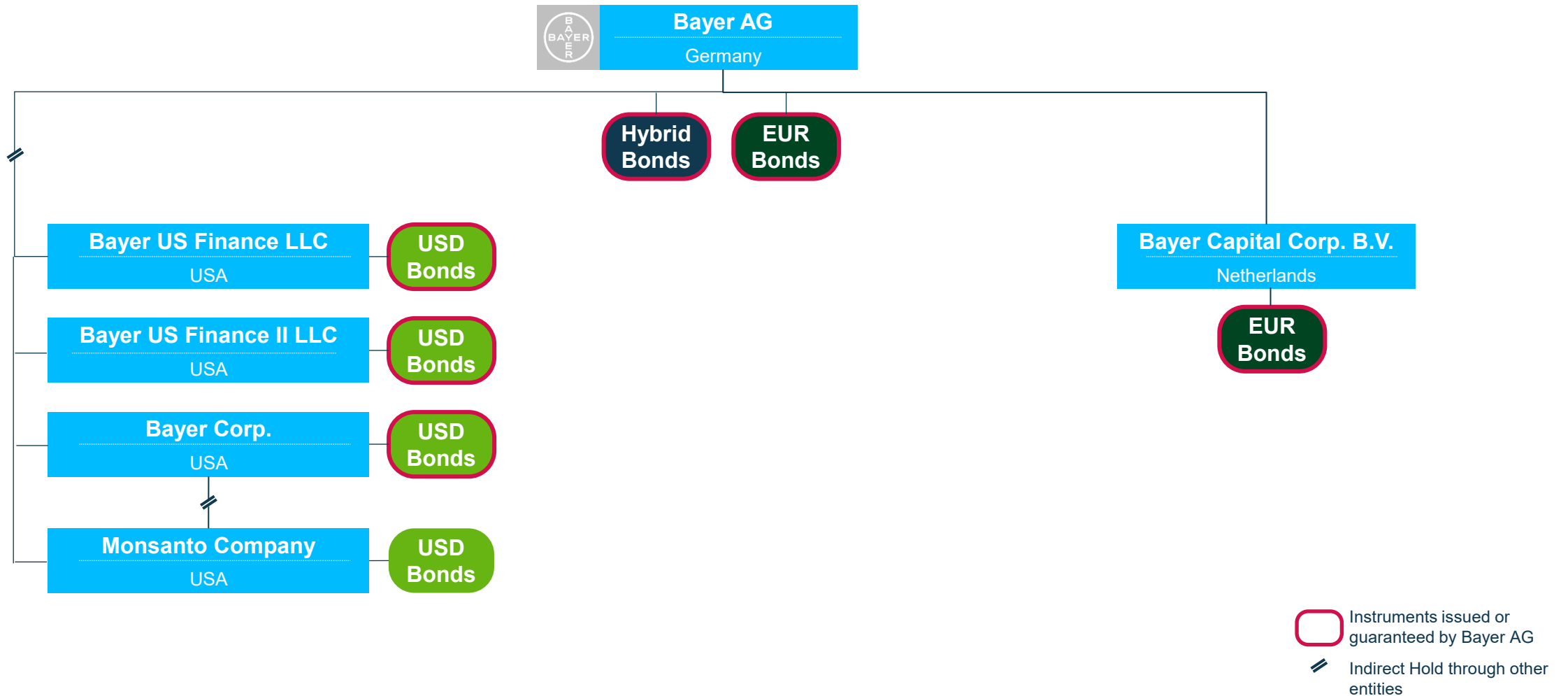
## Syndicated Loan Facility

The multicurrency Syndicated Loan Facility can be used for general corporate purposes and is primarily a back-up line. Thus, it is not intended to be drawn in the course of ordinary business. The participating banks form Bayer's global banking group. Last renewed in December 2018, the credit facility was self-arranged.

Borrower	// Bayer AG, Germany // Bayer Corporation, USA
Total Amount	€4.5bn, thereof €1.5bn/\$1.5bn Swingline
Signing	December 2018, amended with an ESG feature in July 2021
Initial Tenor	5Y + two 1Y extension options (second extension option also used)
Syndicate Size	23 Banks
Purpose	General Corporate Purposes

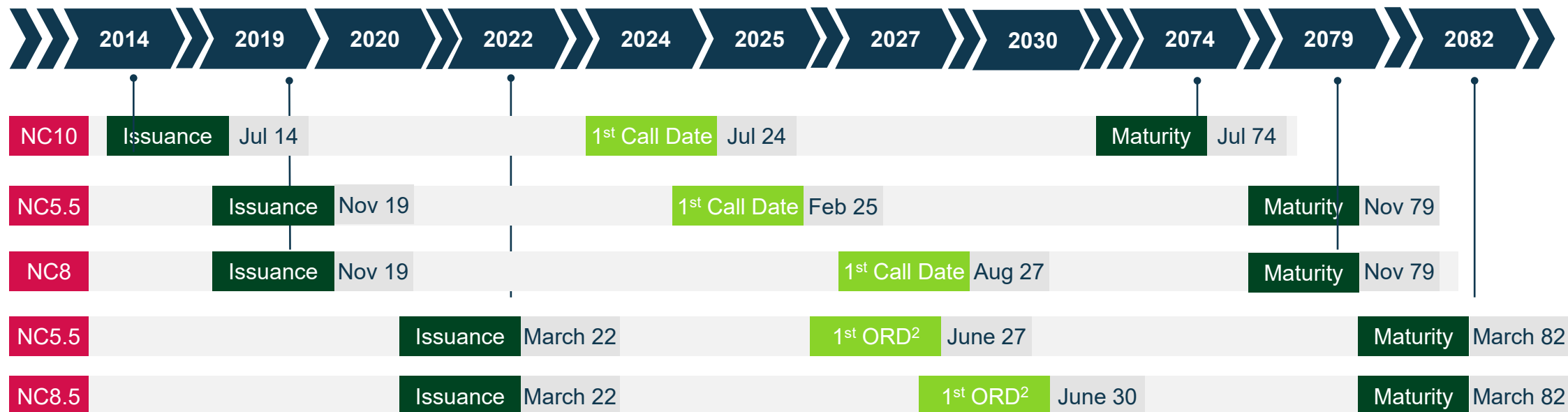


# Main Issuing Entities at Bayer Group





# Hybrid Bonds at Bayer



Hybrid Bond	Coupon ( in%)	Outstanding Volume (in bn €)	Initial Credit Spread	1st Step-Up	2nd Step-Up
NC10	3.75	1.5	230 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Jul 24	+75 bps/Jul 44
NC5.5	2.375	1	264.7 bps spread + 5Y Swap <sup>1</sup>	+25 bps/May 30	+75 bps/May 45
NC8	3.125	0.75	310.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Nov 32	+75 bps/Nov 47
NC5.5	4.5	0.5	375.1 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Sept 32	+75 bps/Sept 47
NC8.5	5.375	0.8	445.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Sept 35	+75 bps/Sept 50

<sup>1</sup> Swap is reset every fifth year starting with the first reset date

<sup>2</sup> Optional Redemption Date



# Upcoming Events 2023

Date	Event/ Publication
Friday, April 28, 2023	Annual Stockholders' Meeting 2023
Thursday, May 11, 2023	Q1 2023 Quarterly Statement
Tuesday, June 20, 2023	Crop Science Innovation Summit
Thursday, June 29, 2023	Pharmaceuticals R&D Event
Tuesday, August 08, 2023	Q2 2023 Quarterly Statement
Wednesday, November 08, 2023	Q3 2023 Quarterly Statement

Please note that the event calendar might be subject to changes



# Contacts at Bayer

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