Bayer
Q2 2025 Results

Wednesday, 06th August 2025

Introduction

Jost Reinhard

Head of Investor Relations, Bayer AG

Welcome

Good afternoon. Good morning, everybody. And welcome to our Conference Call to discuss the Second Quarter Results for 2025.

Agenda

You have already seen our release end of last week. Bill and Wolfgang will keep the prepared remarks focused today on the business drivers and market dynamics behind the figures and a few more clarifying comments on litigation. Together with the presidents of our three divisions, they are then available for the Q&A.

Disclaimer

Before we begin, please note the cautionary language in our safe harbor statement.

And with that, over to you, Bill.

Business Overview

Bill Anderson

CEO, Bayer AG

Introduction

Thanks, Jost. Hi, everyone. Thanks for joining our call.

So as you know we issued a comprehensive update on our '25 performance and outlook as well as litigation provisions last week.
I'm sure those topics are of interest and we're happy to address them in the Q&A. But to avoid repetition, I'll focus my remarks mainly on what we're seeing in our businesses and the bigger picture for Bayer.

Pharmaceuticals Drives Upgrade of Group Sales and Earnings Outlook

So great. There's the first chart. So let's start with the numbers.

As always, we'll speak about our sales growth in currency and portfolio adjusted terms. Across the group, sales remained flat throughout the first half of the year.

Core EPS amounted to EUR3.72. Our free cash flow is at minus EUR1.4 billion, and we're on track to reach our initial 2025 outlook.

In Crop Science, we grew sales in Q2, primarily driven by our corn business, bringing our half one sales to minus 1%. Our margin is at 26%, stable year-over-year despite sales headwinds from the loss of both Dicamba and Movento due to regulatory events.

Consumer Health is up 1% on the year. Growth was muted due to soft market conditions in key regions and an allergy season that was weaker than expected. For the remainder of '25, we expect the softer market conditions to persist, particularly in North America, but we're starting to see a healthier growth contribution from our top brand and country intersections, which we call power couples. This is a promising early indicator that our investment and portfolio strategy is paying off. The margin is at 23%, a bit ahead of last year at this point.

Pharmaceuticals continues to grow. We're at 2% at the half one mark, thanks to sustained growth behind Nubeqa and Kerendia, which were up a combined 65% year-over-year. Our Pharma margin is at 25% *[should be:27%]*.

Looking at the broader industry, we continue to monitor ongoing developments in the geopolitical landscape.

Our '25 Pharma outlook includes what we know of the impact of that. So, thanks to our year-to-date performance in Pharma, we're raising 2025 currency adjusted guidance for the group on both sales and earnings.

Now looking ahead, we're beginning an important second half of '25, which will be marked by further progress on all strategic priorities, our continued launches and geopolitical and currency crosswinds that we have to navigate.

Progressing on All Strategic Priorities

I'll now address our priorities, calling out some highlights.

First, beyond the operational success of our Pharma business, we continue to see news flow on our pipeline and launch assets.

We launched Beyonttra in Germany on April 1, and we're working to rapidly scale it to countries across Europe with encouraging signs in the early months. Beyond that, we've garnered important approvals for key additional medicines and pipeline assets with important label extensions for Eylea, Kerendia and Nubeqa.

On elinzanetant, branded now as Lynkuet, the FDA has extended the review timeline, and we expect it to conclude within the next 90 days. In the U.K. and Canada, we've received first approvals from our health authorities.

Our Crop Science team is making headway on their plan to improve profitability. We've reached agreement on the central points of a joint declaration with our workers' representatives, and we can begin streamlining production and operations.

We've also reached important milestones for our crop protection portfolio. The EPA has proposed approval for dicamba, and we recently submitted icafolin, our blockbuster herbicide molecule, for approval in the U.S., Canada, Brazil and the E.U.

Next, I'll address where we stand in the fight against litigation. Last week, we communicated settlements and significant provisioning to limit our exposure to the litigation industry. These decisions are part of our multi-pronged strategy to significantly contain litigation by the end of 2026, which we affirm today.

Simply put, every decision we make has the goal of positioning the company to move past our litigation woes.

So here's an overview of the current state of affairs.

In June, the U.S. Supreme Court requested input from the Solicitor General in the glyphosate case. We welcome this step, and we expect a recommendation in the coming weeks or months. This decision keeps intact the broader timeline of having a SCOTUS ruling by summer of next year.

But our strategy is multi-pronged and we're not dependent on a singular milestone like a positive SCOTUS decision. As we said all along, most disputes of this nature are settled with an agreement inside or outside of the courtroom.

So when it serves company interest and our broader strategy, we will consider settling. More specifically, just recently, we've taken thousands of cases off the table through confidential settlements on a low cost per case average in the glyphosate litigation.

In PCBs, we also reached an important settlement on confidential terms with the Burke case. With respect to the past Sky Valley Education Center verdicts, we continue to await a ruling from the Washington Supreme Court on the Erickson case.

Independent of the merits, the court processes in these Sky Valley cases have proven to be particularly challenging. We have a strategy in place to limit our exposure. Therefore, we're provisioning now for potential settlements.

We also remain active outside of the courtroom. We welcome legislation at the state and federal level that reaffirms the authority of the U.S. EPA. Beyond these measures, we continue to examine additional options to protect the company and everything remains on the table.

We remain acutely aware of the threat of this issue for U.S. farmers, U.S. consumers and our company. This is an important time, with numerous prongs of our strategy advancing toward important junctures.

As we move forward, we're making each decision with one broader goal in mind, narrowing the overall threat and bringing our company closer to containment.

I'll close with a personal comment. You've seen the news that the Supervisory Board agreed to extend my contract to the end of March in 2029. I'm humbled by their trust. It's an honor for me to lead this company with its great mission, amazing people for an additional three years.

I know that the extended time horizon invites questions about what will Bayer look like at the end of the decade. These are valid and important questions and ones that we all take very seriously.

But right now you'll understand that our focus is on the biggest work facing the company, delivering the year, building our pipelines, resolving litigation, improving crop science profitability and making all of Team Bayer leaner and faster and with maximum mission impact.

I can assure you we will emerge from that work with a vision for how Bayer can best deliver its mission for the remainder of this decade and beyond.

So thank you. And over to you, Wolfgang.

Financials

Wolfgang Nickl

CFO, Bayer AG

Q2 2025: Group Performance

Thank you, Bill, and also a warm welcome to all of you from my side.

Let's start with some more background to our preliminary Q2 release last week. I will focus on business drivers and discuss, amongst others, the currency impacts as well.

For the group, Q2 net sales grew slightly by 1% versus the prior year quarter in currency and portfolio adjusted terms. As reported, we saw a decline of 4% with material foreign exchange headwinds affecting our top line with approximately EUR550 million.

EBITDA before special items came in at EUR2.1 billion, in line with the prior year quarter. Low earnings in Pharma were offset by better results in Crop Science, Consumer Health and our

reconciliation. The better reconciliation result was mainly driven by the income from the transfer of some of our soccer players, partially offset by higher incentive provisions and balance sheet-related hyperinflation postings. The FX headwind on EBITDA before special items amounted to EUR184 million in the second quarter.

Our core earnings per share of EUR1.23 were EUR0.29 or 31% above prior year, driven by a better financial result and lower taxes. The core financial result improved by about EUR150 million year-on-year due to lower interest expenses. The core tax rate was only 9% in Q2, benefiting from a reduction of tax provisions.

I would also like to comment on the bridge from core to reported earnings per share, which came in at minus EUR0.20 in Q1 *[should be: Q2]*. And you'll also find this in the appendix to the presentation. Main drivers for the delta are litigation-related expenses, classified as special items with some offset coming from write-offs to -- write-backs, excuse me, to Crop Science intangibles.

For glyphosate, we recorded about EUR1.2 billion, significantly impacted by the adverse Anderson verdict. We will continue to appeal this case. However, a second instance ruling leads to an adjustment of our provision as we have done this in the past. We also updated other litigation costs. On the number of cases, we settled 17,000 cases, but also accounted for new claims.

For PCBs, we recorded about EUR530 million as provisions and liabilities for the Burke case and the potential future settlements related to the Sky Valley Education Center. Also here, the provision includes other litigation costs.

Against the backdrop of the 5-year framework of Crop Science, we also recorded EUR840 million in write-backs on intangible assets in Q2 '25.

In Q2, we recorded a free cash flow of EUR125 million compared to EUR1.3 billion in the prior year. The delta is largely driven by the higher incentive payouts as considered in our full year outlook and a prior year baseline effect from phasing of crop customer payments.

On a year-to-date basis, free cash flow is at minus EUR1.4 billion, only slightly behind the prior year, and despite lower earnings as well as higher incentive and restructuring payouts. Compared to the end of Q1, net financial debt decreased by about EUR1 billion to EUR33.3 billion, mainly driven by FX translation effects related to U.S. dollar-denominated debt. Year-on-year, net financial debt was down by about EUR3.5 billion.

Let's now take a closer look at the divisional performance.

Q2 2025: Corn Seeds & Traits Outweigh Regulatory Challenges

For Crop Science, net sales came in at EUR4.8 billion in the second quarter, up 2% versus the prior year. The core business grew by 3% versus the prior year with seeds and trades up 11% for the quarter. Corn sales rose by 30% in Q2 based on global price increases and acreage expansion.

This growth was amplified by the expected volume phasing from the first quarter following the strategic adjustment of our distribution network.

Due to the U.S. dicamba label vacatur, soy and cotton sales declined by 18% and 26%, respectively. Core crop protection was down 6% for the quarter. Drivers were a 13% decline in insecticides due to the expiration of the Movento registration in the E.U. and lower fungicides partially offset by higher demand for non-glyphosate herbicides. The regulatory impact related to dicamba and Movento remains in line with the previously communicated 200 to 300 basis points impact for the full year.

Glyphosate sales remained stable compared to prior year as volume recovered from the first quarter, while prices declined.

On profitability, EBITDA before special items came in at EUR0.7 billion, resulting in a margin of 14.5%. The margin expansion was supported by corn growth and substantial cost savings initiatives.

Q2 2025: Topline Resilience Despite Ongoing Xarelto LoE

Let's move now to our Pharma business. Net sales here grew by 1% to EUR4.5 billion in the second quarter. Sustained growth of our launch assets continued to more than offset the expected Xarelto decline.

In Q2, Nubeqa and Kerendia reached combined sales of EUR729 million. Nubeqa grew by 51%, showing strong growth across all regions, but in particular in the U.S. and Europe. While we saw the IRA weighing on pricing in the U.S., we also recorded corresponding positive volume momentum. Kerendia sales increased by 67% year-on-year, particularly driven by the U.S. and China.

Eylea maintained its leading market position with growth of 4% over the prior year quarter with the 8mg dosage now contributing 25% to overall Eylea sales.

Our base business declined slightly by 1% in Q2. Ongoing solid growth in our radiology and women's health portfolio largely compensated negative volume-based procurement effects in China for Aspirin Cardio and Stivarga.

As expected, Xarelto declined in Q2, coming in 27% below the prior year. This was mainly driven by continued generic pressure in Europe and also in Japan.

On the bottom line, EBITDA before special items dropped by 17% to EUR1.1 billion in Q2, resulting in a margin of 24.5%. The margin decline is largely driven by the changing product mix, growth investments into launches and pipeline, higher incentive provisions and a FX headwind.

Q2 2025: Sales on Prior Year Level Amid Market Challenges

Sales of our Consumer Health business remained at prior year levels, ongoing challenging market conditions in both the U.S. and China held back growth across the portfolio. The market softness in China particularly impacted sales in our nutritionals business compounded by the discontinuation of our direct-to-consumer business Care/Of last year in the United States.

While we experienced a 6% sales increase in allergy and cold cycling over a very soft prior year quarter, a weaker-than-anticipated allergy season in the U.S. hindered further growth.

As Bill already pointed out, we are seeing early indications that our enhanced focus on innovation, power couples, is paying off. We particularly saw a strong performance of our dermatology product Priorin in Germany, Kang Wang in China and of our pain & cardio product, Actron in LATAM.

Digestive Health saw a decline of 4%, cycling over a strong prior year quarter, which benefited from supply recovery. However, this decline was partially offset by growth in MiraLAX, supported by the launch of MiraFAST in the United States.

Our EBITDA before special items increased to EUR331 million, primarily driven by efficiency gains from our new operating model and ongoing cost management efforts while we continue strategic reinvestments in our brands and innovation. The resulting margin of 23.2% is considerably above the prior year and within our guidance range.

Outlook 2025: Pharma Guidance Raised at Constant Currencies

Let's now move on to the divisional outlook for the full year 2025.

For Crop Science, we reaffirmed our full year outlook at constant currencies, including the expected regulatory impacts.

With the recent proposal of the EPA to approve dicamba, we are optimistic in regaining registration for the next season, which could also help in soy and cotton pricing going forward.

Global corn growth and core crop protection volume increases supported our year-to-date performance. Going forward, we are monitoring potential headwinds that could follow a historically high U.S. corn season and strong recovery in other key geographies. We also remain cautious on the crop protection dynamics.

For the second half of this year, we project solid acreage recovery and a strong market positioning in Latin America, underpinning our confidence to deliver our financial guidance for 2025.

On profitability, we continue to project cost savings and mix effects to secure a stable margin at constant currencies in 2025 versus '24. Due to market volatility, we are intensely focused on margin resilience through execution of our 5-year framework.

For Pharma, we raised our currency and portfolio-adjusted sales growth guidance based on robust business performance in the first half of the year, with growth of our launch products more than offsetting declines in our maturing portfolio.

Specifically for Xarelto, we now expect a sales decline towards the lower end of the EUR1 billion to EUR1.5 billion range previously provided. As this pushes part of the LOE impact to 2026, we anticipate next year's sales erosion of Xarelto at a comparable level to 2025, which is, again, likely to be balanced by the continued growth dynamics of our launch products.

Switching to profitability. We expect the 2025 EBITDA margin before special items within a narrowed range between 24% and 26% at constant currencies.

For Consumer Health, net sales were up 1% in the first half of the year, with balanced price and volume dynamics. While we anticipate that innovation and the strong performance of our power couples accelerate sales growth during the second half of the year, we foresee full year growth now to be at the lower end of our guidance corridor.

But with continued emphasis on our operational efficiency initiatives, we expect that our EBITDA margin before special items will stay within the previously guided range.

In the last column of the chart, you'll find the latest FX estimates based on June month end rates for each one of our three businesses. The headwinds on sales increased, while the individual impacts on margin fell below the materiality threshold.

Outlook 2025: Group Outlook Upgraded at Constant Currencies – Material FX Headwinds Expected

Based on the divisional projections, we raised our net sales and EBITDA before special items outlook for the group at constant currencies, as you can see on slide 12 of the presentation.

We are also seeing a slightly better core financial result, which we now projected between minus EUR1.7 billion and minus EUR1.9 billion for the full year. The improvements in EBITDA and financial results allow us to raise our forecast for core earnings per share by EUR0.30 at constant currencies.

Based on the additional litigation-related liabilities and provisions we booked in Q2 and our trajectory for restructuring expenses in the second half, we now expect special items in the range of between minus EUR2.5 billion and minus EUR3.5 billion for the full year.

We are confirming our free cash flow and net financial debt outlook as previously guided.

Let's now look at the impact of foreign exchange rates and the latest geopolitical developments.

We have updated our FX estimate based on June month end rates. Given the continued depreciation of the U.S. dollar as well as a weaker Brazilian Real and Chinese Yuan, we expect material FX headwinds for sales and earnings for this year.

For net debt, we anticipate a reducing FX translation effect. We are monitoring the currency development closely. It's a big swing factor for our business with expected material impacts also in '26.

Let me close with some comments on geopolitics and the potential direct and indirect effects on our business. Overall, we still continue to observe high volatility. We have gained more clarity around tariffs on European exports to the U.S., establishing a 15% baseline ceiling without stacking for most E.U. experts including pharmaceutical products. It remains to be seen if the ongoing sectoral investigations will lead to additional pharma tariffs.

Indirect effects remain hard to predict, particularly around the development of consumer confidence impacting our Consumer Health business as well as the timing and execution of most favored nation principles and their effects on drug pricing.

While we need to deal with the new reality of geopolitical volatility, we have established very effective and flexible work streams to react quickly in this new environment. We also continue our efforts to effectively manage our supply chains with mitigation measures around sourcing and inventory management. In areas like seeds, for example, in production, our regional footprint continues to be a benefit.

For '25, based on the latest status of the announcements, we still feel very well positioned to digest potential impacts within our full year outlook at constant currencies. Looking forward into next year, we continue to carefully monitor [and potentially] any potential direct and indirect developments.

We relentlessly work on countermeasures to ensure the stability of our supply chains and minimize any potential impacts on our business performance. We will, of course, keep you updated as we move along.

And with that, I'll hand back over to you, Jost, to facilitate the Q&A.

Q&A

Jost Reinhard: Thanks, Wolfgang. Thanks, Bill.

We will now move to the Q&A session. Before we start, just a few housekeeping comments.

(Q&A Instructions)

Our first question today comes from James Quigley from Goldman Sachs, followed by Sachin Jain from Bank of America. James?

James Quigley (Goldman Sachs): I've got two questions, please.

So the first one on the Pharma upgrade. So looking at Xarelto versus the underlying. So your original assumption for Xarelto was EUR1 billion to EUR1.5 billion reduction due to generics. And now maybe look at the bottom end of that, the guidance implies around EUR725 million or so an uplift in revenue. So should we think about amount a third of that is Xarelto, maybe two-thirds of the other products.

And related to that as well. you said Nubeqa and Kerendia could be EUR2.5 billion. We're currently annualizing at EUR2.8 billion. So to what extent is there upside to this in your guidance? Or could there be additional upside from stronger performance there?

Then second of all, on the glyphosate litigation. So you had additional 17,000 cases settled recently at a low cost per case. How important is this as a turning point or turning the corner for glyphosate litigation?

Could you also talk to the quality of those cases? Previously, you've talked to some non-blood cancer cases in the inventory. So is this just a cleanup of lower-quality cases? Could it be a capitulation by some of the plaintiff lawyers or could there potentially be some read across here to other cases within the inventory?

Stefan Oelrich: So James, thanks for the question.

So on Xarelto, you're right. So we've given some more precision on our guidance. So we now will end up at the lower range of the EUR1 billion to EUR1.5 billion decrease on Xarelto.

We thought it would be a good time to do so now also given that we just had additional court proceedings that have invalidated our patent in Germany. So, we will not be able to uphold our preliminary injunction there, most likely, even though we will appeal this. In later instance, hopefully, can return this ruling. So we now have a pretty good understanding of where we're going to land for this year in Europe with Xarelto, and that's included in the numbers that we've given.

But you're right. I mean when you look at the favorable Pharma business, a big part of this is the performance of our launch brands, and we're particularly happy about what we're seeing [was] with Nubeqa and with Kerendia.

You're right, we have guided more than EUR2.5 billion in total sales for this year. We're going to exceed that, but that's also why we guided more than EUR2.5 billion. The consensus right now if my memory serves me well stands around at EUR2.9 billion. So our teams are working hard to get there and beat that. And that's all I can say for now.

I don't want to be more precise because we're launching a number of new indications. And be it the ARANOTE for Nubeqa and heart failure for Kerendia.

So there is some uncertainty right now in how this is going to affect further uptake, but it should be positive news overall.

Bill Anderson: Great. Then, James, regarding the glyphosate settlements. And you mentioned correctly that we settled 17,000 cases at a low cost per case.

But we don't actually comment on things like quality. I don't want to get into whether this is a turning point. I would simply say that we are, yes, we're turning over every stone to make sure that we're executing on all of the various approaches that we've called out in the past, and we remain committed to substantially containing this litigation threat to the company by the end of next year.

But beyond that, I can't really say much more.

Jost Reinhard: And the next one in line is Sachin.

Sachin Jain (Bank of America): I'll try another two on litigation and one for Wolfgang related on free cash flow for me.

So with glyphosate, you're increasingly vocal on settling by the end of '26. How do we think about the cost of settling this to put it to end relative to the size of the existing provision?

I'm just wondering how SCOTUS changes that equation. We'd assume that SCOTUS would be important within that, so why do the initial settlement pre-SCOTUS?

And second, similar question on PCB. Just trying to get a sense of how this initial settlement reduces the exposure in Sky Valley relative to the Washington appeal on going on Erickson. And any color on how big you're seeing a personal injury complex outside of Sky Valley?

And if I may just one for Wolfgang, given the litigation, obviously, dominates discussion, how should we think about free cash flow outlook in the midterm if you're increasingly settling and you're seeing cash outflows relative to your balance sheet structure?

Bill Anderson: Great. Yes.

So I can just say that we're working all of the various areas from legislation to court appeals at various levels including the Supreme Court and we're talking to policymakers. I mean this is a big issue that affects American farmers, American consumers, American food security, and there's a lot of people that are interested in this.

And I can just say that we want to resolve this and we're not sure which combination of factors are going to be involved and what the exact cost of resolving it is. Those are things that depend on a number of factors, but we believe we've put in place the mechanisms that will allow us to keep our commitments on it.

Regarding PCBs, I would just say, the situation in Washington State and this particular litigation related to the Sky Valley Education Center, we've encountered processes and procedural things that are very specific and local that are particularly challenging, and we've made some decisions

about, yes, working to resolve some of this and this litigation. And so, it's part of the overall picture. And I can assure you, we're asking all the right questions about how this relates to other potential personal injury cases outside of the Sky Valley complex. There has not been much development on that.

And in the end, this has a lot to do with the fact that, yes, evidence for exposure is very low. And yes, we believe that we're in a good position overall, but we continue to work all the different angles.

And Wolfgang, maybe you want to talk about the cash flow?

Wolfgang Nickl: Yes, gladly.

Sachin, yes, first of all, on the cash flow for this year, despite the high provision, we keep the free cash flow guidance range of EUR1.5 billion to EUR2.5 billion for the year.

And this simply has to do with the fact that some of the provisions don't even have an underlying agreement. If you think about Anderson, for instance, we have to technically reserve that what we're going into appeals on that. So it's not leading to a cash out.

And where we do have an agreement, we, obviously, try to phase that into the future. That's the reason why we keep the free cash flow.

Our prime focus is to maximize the free cash flow outside of litigation. And wherever we come to solutions, we're trying to face it wherever we can. I can't talk about today how that will impact '26, '27, '28. But rest assured, we're trying to face it and we'll tailor our other financials according to it.

Jost Reinhard: We have more questions to come.

First from Richard Vosser from JPMorgan; and then from Matthew Weston from UBS. Richard, please go ahead.

Richard Vosser (JP Morgan): Thanks, Jost. Two questions from me, please.

First question, just if Stefan could give us an update on the acoramidis launch in Europe, how that's going, how the rollout is going beyond Germany and in Germany and expectations there?

Then secondly, on crop, just thinking about the second half. You alluded to a strong season in LatAm. But I wondered if you could give us more color on both corn and soy and how to think about the price / volume elements of that as we go into the second half.

Stefan Oelrich: Richard, thanks for the question.

So we're very pleased with the uptake. So, so far, we're introduced in Germany and in Denmark and getting ready for other countries to launch.

What we're seeing is extreme good reception of our reimbursement dose here. So we should be actually beating the usual time to market in Europe with this product, which I think is a testament to the efficacy that is seen both by prescribing physicians as well as also by payers across Europe.

And so far, we're having a really, really good start into our first quarter in the market with probably also higher-than-expected uptake, very strong new-to-brand share in Germany, something that caught us a little bit by surprise positively, but it's early days. So I don't want to take those two months as an indicator for what is yet to come, but it's a strong start.

Rodrigo Santos: And Richard, let me address the Crop Science one here.

So yes, we are confident on the second half of the year because of some of the elements that you mentioned. And just to bring a little bit of '24 here. Last year, we had a major reduction in terms of acreage for corn in key markets like Mexico, like Argentina as well.

So there is a portion of recovery of that market that will help this season in corn. So we continue to see a great season for corn globally. We saw that on the first six months of the year with a 7% growth that we had, but we see that on the second half as well.

But also in soybean, as you mentioned, soybean, we are excited that you see that our second generation of Intacta, Intacta 2 Xtend in Brazil will probably reach more than 20% penetration this year, much ahead of any projection that we had before in terms of the speed that we are going.

Of course, we have Intacta as the majority of the market. but we are seeing the growth of our second generation happening with the new varieties that we are bringing to the market.

So when we combine those elements, both on corn, soybean, but also the measures that we are taking in cost savings and the operation that we are putting, that is our confidence for the second half of the year, plus the performance that we had in the first six months, and that's why we are confirming our guidance today here. So we are on track on '25.

In parallel, a lot of execution on the 5-year framework, as was said by both Bill and Wolfgang. Thank you for your question, Richard.

Jost Reinhard: And the next one is Matthew Weston from UBS. Matthew?

Matthew Weston (UBS): Three questions, if I can. A little one at the end to cheat.

First, if I can ask on the dicamba reregistration and the potential for it to impact 2026.

I'd love to understand whether or not you think the registration timeline is such it could have a full impact in '26. Or we think it might be starting with more of beyond that?

Then also, do you think the market is in a situation where we could see customer leverage to raise price as you add the trade back? Or has the market moved on and that's going to be very challenging.

Then secondly, on asundexian. Obviously, there's all of increased investor focus on OCEANIC-STROKE, primary completion in clinicaltrials.gov is October of this year. Is the event rate tracking as expected? And is that October timeline still a reasonable assumption?

And then the final third one, if I can cheat just quickly. We had phasing impacts in crop in the first half because of your change in distribution. Should we anticipate any phasing impacts in the second half?

Bill Anderson: Rodrigo, why don't you take the first one and the third one, and then Stefan can talk about asundexian.

Rodrigo Santos: I'll do that. Matthew, on the third question, that is a simple one.

We had some phasing of the adjustment of the go-to-market in North America from Q1 to Q2, and we are not expecting any changes of that for the second half of the year. So that is an easy one.

The first one on the dicamba. We are working very close with EPA and the process. So we feel confident that we're going to have the label for the '26 season. It's still early to talk about the full impacts of '26 season in our business because we are working on that on Q3, as you know. I would say that the projections today from the market perspective because we're going to have a full season of corn. We had 95 million acres of corn in U.S. this year. You see that on the future price of corn.

So you're probably going to see a little bit more favorable market for soybean next year versus corn. And we see some opportunities with soybean with the label, but also with the business that we have.

So yes, we potentially see more benefits for soybean next year, but it's still early to be precise on that one, and we're going to come back to you on that one on Q3. Thank you.

With that, Stefan.

Stefan Oelrich: Matthew, thanks for the question.

Asundexian, I shared with you. My excitement is growing as we approach the readout of the OCEANIC-STROKE trial. Unfortunately, I have nothing really new to report.

We've been saying that we expect readout in the fourth quarter. That's exactly along those lines that you just quoted.

So I have no further update. So let's stand by. I have no negatives, no positives, which may be that in itself is a positive.

Bill Anderson: Yes. And Matthew, did I understand right? He said October?

Stefan Oelrich: Yes. Well it's the fourth quarter.

Bill Anderson: Yes. And I would emphasize fourth quarter. So I wouldn't want people to be disappointed if, at Halloween, there's no asundexian stroke result because I mean it's Q4, but it's not necessarily October.

Jost Reinhard: So the next two in line are Emily Field from Barclays and Vincent Andrews from Morgan Stanley. Emily, please go ahead.

Emily Field (Barclays): I guess this is kind of a one long multipart question involving policy and a potential launch.

Bill, I guess depending on your perspective, you're either, fortunately or unfortunately, not a recipient of one of letters from President Trump last week discussing the administration's demands on the industry for pharma pricing.

So I was just wondering if you could comment if you have any thoughts on MFN and how it would update or impact your business in the U.S.

And one of the components of that letter was discussing new launches. With elinzanetant, you could be on the barge of launching a new medicine in the United States. And is this something that's factoring into your calculus on pricing?

And then last one would just be your confidence in being able to get a label without a box warning for that medication.

Stefan Oelrich: Do you want me to take it? I'll take it. I'll gladly hand it to you.

Bill Anderson: I'll start and then you can -- so yes, we didn't get a letter, but, obviously, the U.S. is a very important market for us.

I think we've mentioned before, we're a net exporter of pharmaceutical products from a value standpoint from the U.S. to the world. And we have a lot at stake in having global supply chains and free trade.

So we really do hope that the policymakers in the U.S. and from other countries can work out agreements that allow for continued free trade because, yes, I think the world's got a lot at stake on this.

In terms -- we've talked about '25 impact. I think we've largely mitigated that.

But over time it's, yes, it's going to be in the best interest of the peoples of America and other countries to figure out a better solution than certainly than high tariffs.

Maybe, Stefan, you want to talk about elinzanetant and where we are on that?

Stefan Oelrich: Yes. Emily, so obviously, the fact that we didn't get a letter doesn't preclude us from thoroughly looking at the situation and also preparing for potential consequences.

We understand that the U.S. administration is closely looking at pricing in other countries. And I think that's their perfect right to do so.

At the same time let's not forget the investments that us and other companies are bringing to a very innovative landscape in the U.S., which in itself creates tremendous value to U.S. citizens, the economy. And last but not least, of course, also patients.

But what does that mean for us?

So when we price, generally, we look at global pricing and potential interdependencies and now maybe even a little bit more so, that includes, obviously, Lynkuet as we await approval by the FDA.

And I've been on record saying that this is also a clear shout out when it comes to innovation and new launches to European payers and European governments that we need stronger support to innovation like we've seen it in the U.S. over a long period of time when it comes to newly introduced medicines into Europe and other geographies.

And I think we will make that point even more significantly going forward.

Bill Anderson: Label, she asked about whether black box.

Stefan Oelrich: Well, this is at this point, on Lynkuet, the label, that's currently under discussion. So you've heard me be cautiously optimistic about our Lynkuet label for the U.S.

We've had very positive label action in the U.K. and in Canada. And I'm happy to report that last night, Swissmedic approved Lynkuet in Switzerland as well.

We have no indication from the FDA that there is any reason not to approve the product. But there have been discussions about additional data. So we've agreed on an extension by 90 days of the PDUFA date.

And I think we have strong data. When you compare labels in the U.K. or also in Canada and now in Switzerland, you can see that we have a very strong product, a differentiated product, differentiated by the fact that we have a different mechanism of action, and we have very strong data to support that.

Jost Reinhard: Excellent.

So Vincent, you're next.

Vincent Andrews (Morgan Stanley): Rodrigo, wondering if you can talk a little bit about seed production costs. How much they're down this year? And how much do you think they'll be down next year in both the Northern Hemisphere and Southern Hemisphere?

Rodrigo Santos: Thank you, Vincent. Yes. And especially, if you may add one element that we have is that with the season that we are having high yields for the farmers, high yields for us as well.

We are having a great season in terms of seed production, reducing our cost. But there is a lot of measures as well that we are taking in all the different lines that we have on the business.

On soybean, there are mainly items that we are taking to reduce cost on corn as well. Of course, you know the story about CP very well.

Those are elements, we're going to continue to do that for '26 and beyond because of our 5-year framework that includes that on our EUR1 billion margin expansion or cost saving, Vincent, 600 of that is coming from product supply from different areas that we are applying that one. Again a big portion of that is on CP, but also we have a portion of that on seeds and trades.

So we had EUR500 million of savings with the operating model with our product supply this season, and we're going to continue to work that with the same discipline for the next years as well.

But it's an important element of our plan for the next five years. Thank you, Vincent.

Vincent Andrews (Morgan Stanley): And as a follow-up on Crop Protection, could you just talk about the pricing outlook, both for your traditional products as well as what you're seeing in the glyphosate arena?

Rodrigo Santos: Yes. For the core CP, Vincent, we are still cautiously on that one because, well you have still the pricing dynamics in the market are very competitive with the generics, especially in markets like Latin America.

So we have, in the second half of the year, as an example, in Latin America, that is an important market. You have the pricing pressure will remain. This is our assumption here.

We have the new launches. We have the new Nematicide that we are launching in Latin America.

We have Fox Xpro expansion. We have Cubix expansion that will help our plans for the second half.

I had the opportunity to read the report that you guys issue on the chemistry. And hopefully, next season, we'll have a better market for that one, but we are still projecting a very competitive pricing of the core business in the second half of the year.

And that's the same for glyphosate. Glyphosate, you have different dynamics in North America because of the tariffs. You have better pricing.

But again, in Latin America, you have a very high competition of generics in glyphosate as well. So our assumption is that pricing will be very competitive on the second half of the year.

Our innovation and our launch should help our plans for the second half.

Jost Reinhard: Excellent.

We have waiting in line, Christian Faitz from Kepler Cheuvreux, Rajesh Kumar from HSBC.

The last one is Laurent Favre from BNP Paribas. Christian, you're the next one.

Christian Faitz (Kepler Cheuvreux): Yes. Congrats on the results and the litigation progress. Two questions, please. When do you see the currently sluggish market environment for Consumer Health products to improve?

Would it be fair to assume that '25 is kind of a loss year in this respect? And also, with the main allergy season having passed?

Second question, I know that the Movento registration expiration in Europe might have been the main reason for the minus 4% organic shrinkage in the region. Yet, could you also share your thoughts on a possible inventory buildup in Europe on the back of adverse weather?

I know that fungicides were also down and not only insecticides, so hence the question.

Julio Triana: Yes. So Christian, thank you so much for the question.

I actually -- even though the market is not as strong as we were predicting for the whole of 2025, I wouldn't actually call it a loss year.

I think there are many things that are taking place in the market. You have a market that is now more balanced between price and volume. We, ourselves, for example, our volumes have been developing extremely well.

We usually track the evolution index of how do we do against our competitors, be it multinational companies or local competitors, and we're actually pleased with what we're seeing in terms of this volume and price dynamics.

So I wouldn't call it and I wouldn't go as far as calling it a loss year. It's been softer than we were expecting. A lot of it is driven by the U.S., the consumer sentiment in the U.S. has impacted us in all of the industry. But not only the U.S., China also has been pretty soft.

You're right. We expect that to continue for the rest of the year 2025. And hopefully, in 2026, we see a pickup of the market, maybe not to the levels that we were expecting for this year, but we see a pickup.

So that is a question on 2025.

You're also right, the allergy season this year, especially in the Northern Hemisphere, was not as strong as we were expecting.

We usually, in the curves of allergy, we do see a little bit of a pickup towards the end of the year, believe it or not, in the Northern Hemisphere. And hopefully, in the Southern Hemisphere, we're going to have a better allergy season.

This is all what we are sort of expecting to happen for the rest for second half of the year to -- for us to be able to get to the lower end of our guidance in terms of sales. Thank you for the question.

Rodrigo Santos: Well, let me -- Christian, let me address your question about crop protection.

And you're right. So let me give you a number that I think is correlated to your question.

So first six months of the year, we had a minus 2% in crop protection. If we exclude the regulatory impact with Movento, we would be at plus 1%. We would be growing our core business in crop protection in the first six months of the year.

So really, the impact of the regulatory, as was mentioned by Wolfgang on the remarks in the beginning. And also, mainly driven by volume, not on pricing, connecting to the question that Vincent made. The second half of the year, we are seeing more innovation. We are working on the Plenexos launch, an insecticide, that were being 70 countries, 50 crops. We talk about the registration of icafolin.

So the innovation on crop protection will be an important element for the next years as we lay out on the plan, and this will continue to do.

On the specific market that you mentioned, you have always some weather events, and you could have an impact on the fungicide use as you said.

But in Europe, we are monitoring the inventory in the channel very close, and we work on that every month. So we don't see any major issue today.

Of course, summer, we're going to need to continue to monitor the weather and the impact of the market, but we are tracking that very close, and we don't foresee a major challenge so far on that one.

Thank you.

Jost Reinhard: Rajesh, you're the next one.

Rajesh Kumar (HSBC): My apologies. Two, if I may. Just coming back to the question Sachin asked about future of free cash flow.

If you could just help us understand, and I appreciate you can't give us a guide, you can't give us a guidance on '27, '28, '29 free cash flow, that would be ridiculous. But when we are thinking of cash conversion algorithm, right? So obviously, you are building out all these provisions, there will be some future cash flow tracks.

So structurally, if we look at your cash conversion over the next three years, should we expect a lower cash conversion than we have seen historically for the business models?

And the second question is just a clarification. In the release, I noticed -- and this is in an adjusted number. So in the release, I noticed there was an impairment loss reversal in the crop science division. I know this is not flattering your adjusted numbers or numbers before one-offs. But just curious what drove that reversal because that means something is - was better than what you initially thought.

Wolfgang Nickl: Yes, Rajesh, Gladly.

We'll give you some indication. I think you'll appreciate that I also will not give guidance for '26 at this point.

I would say this though. Number one, we have always said we will deliver on ‘25 and we work on a ‘26 that's moving in the other direction. So it all starts with profitability, obviously. And like I said in my remarks, we watch, in particular, the operational stuff, but then we also have to watch FX on that front.

I'm actually quite pleased on the operational front on what we call cash conversion, when it comes to the cash conversion cycle, it was the progress we make on inventory, it was the progress we make on AP and AR that is going in the right direction. So that is in our hands. We're focusing relentlessly on that, by the way CapEx efficiency as well.

So that's on the operational front.

I cannot tell you today how potential settlements that we haven't done yet will impact that cash flow. So that's why internally, we'll completely focus on the operational piece.

And then, as I said in the response to Sachin's question, we try to be very thoughtful as we structure potential payouts that they fit into this picture.

The impairment question, Rajesh, is as follows.

We usually have to routinely look at our intangible assets every Q4 unless we have a triggering event. My colleague, Rodrigo, had a presentation of a 5-year plan in May that was such a triggering event.

And it leads to all sorts of effects. I would describe three or two.

Our corn business looked a bit better in the outward years, and that is positive. That means we could write back on the cash-generating units.

And then you have a lot of technical effects like you have seen that we wrote down further a bit the vegetables and that was purely due to an increase of the weighted average cost of capital, it's purely technical.

In balance, it was EUR840 million positive and no impact on the goodwill. So we were happy with that.

And I hope that answers your question.

Jost Reinhard: And the last one in line is Laurent Favre.

Laurent Favre (BNP Paribas): Yes. I hope you can hear me.

Two questions, please. The first one is for Stefan.

I think Stefan, Wolfgang mentioned that you would expect Xarelto sales decline next year to be similar to this year. And I was wondering if you could comment -- if this comment is about the absolute decline, i.e., at least EUR1 billion? Or is it more about the percentage year-on-year decline?

That's the first question.

And then the second one, I guess for Bill. You've mentioned that it's too early to talk about what Bayer may look like in 2029, and I'm assuming you are referring to the conglomerate structure.

But I guess maybe a slightly different one. Do you think Bayer will still own the Leverkusen Football Club. And is that a complete taboo question for what is, I guess a very noncore asset?

Stefan Oelrich: So I'll get started.

So it's a little early to talk too much about next year, but we've said that we expect Xarelto to land at about EUR1 billion.

So we're going to approach that landing with the exception of the U.S., which still has some exclusivity until early '27. But we're approaching the landing area, if you like, towards the end of '26.

So I think that should give you some guidance.

Bill Anderson: Great. And Laurent, Yes. I'm going to answer your question.

I just -- I do want to say returning to that question that Rajesh asked about free cash flow and our ability to generate cash.

I just want to say, on behalf of the whole Board, I mean we are very on this topic because I think all of us felt like when we started this journey a couple of years ago that the cash generation was entirely inadequate.

That's why we have a massive effort on this. We have incentives for people in the businesses on cash flow. We have a big part of our incentive is on cash flow.

And we look forward to better cash flow days, particularly cash flow from operations, as we plan to continue to grow Consumer Health through this sort of challenging time. Crop Science this year was a particular challenge because of these regulatory events.

But as we've said, we plan to be growing it consistently year-over-year and returning Pharma to growth in 2027.

So we look forward to many strong years of cash flow.

And -- but your question about the football club, first, let me say about the football club, in the last - a little over two - years since I've been a part of the management board.

I think we've spent a sum total of what we say about five minutes maybe talking about the football club.

We do not -- the football club is a beautiful legacy of Bayer because, for those of you who don't know, the reason we ended up with a football club is we had 70,000 employees in Leverkusen, and a lot of them were actually very good football players. So we had an amateur club.

And that -- and when the German professional clubs got going in earnest, our amateur club was competitive. So it became a professional club, and it is to this day. And I would say we're very proud for the club, but we don't spend any time managing the club.

But we're very proud that, last year, they won the Bundesliga with a payroll, about a third of the payroll of the best funded team. But we -- yes, that being said, as far as we can see, the club will remain a part of Bayer because for a simple reason, from a legal standpoint, there actually is no way to sell it.

And so, it's a permanent fixture, as it were, because of the rules of the Bundesliga about ownership. We have an exception there because of the historical reason we came to have a football club. But it's here to stay. We love it.

Everywhere we go in the world, people know the club. When I was in China was this year before last, I was actually in China the day we won the Bundesliga Championship, and all the senior party officials, they were congratulating us because they all watch the Bundesliga on -- I think it's Sunday afternoons. They have the games on.

So long answer to a short question, but Bayer 04 is here to stay.

Jost Reinhard: All right. And just a few weeks before the season starts. That concludes our call for today. Thank you very much for your questions and interest.

I wish you all a great day.