



Q3 2023 Aide Memoire

as of October 17th, 2023

As a service to our investors and analysts, we are providing a quarterly Aide Memoire ahead of our quiet period and concurrent with our publication schedule. This document is intended to provide a summary of relevant information that we have communicated previously and of the key drivers in the corresponding prior year's quarter. It may also include key macroeconomic developments that have an impact on our businesses. Please note that this release and all information therein is unaudited. Consistent with our general practices, any updates to our guidance or business prospects will be provided in our quarterly or ad-hoc disclosures.

***** Please note that our Quiet Period starts on October 23rd, 2023. *****

Group

Full Year Guidance (as of July 24th / August 8th, 2023)

- As per our announcement on July 24th, Group sales growth now estimated at -2% to -3% cpa.
- This downward adjustment in our full year outlook was mainly due to significant further declines in sales of glyphosate-based herbicides in our Crop Science division. As a consequence, at the Group level, our guidance at Q2 anticipated a slight single digit percentage cpa sales decline and a mid-teens percentage EBITDA margin before special items in the third quarter, followed by a strong recovery in Q4, mostly driven by the trends in our Crop Science division. See below for divisional specifics.
- Please refer to the following table for an overview of all KPIs:

	NEW as of Jul/Aug, at constant FX	Estimated FX impact
Net Sales	€48.5bn – €49.5bn*	~ - €1.7bn
EBITDA (before special items)	€11.3bn – €11.8bn	not material
Core EPS	€6.20 – €6.40	
Free Cash Flow	~ €0bn	
Net Financial Debt	~ €36bn	

Special Items (EBITDA)	~ - €1bn	not material
Core Depreciation	~ - €1.6bn	
Core Financial Result	~ - €1.9bn	
Core Tax Rate	~ 23%	
Reconciliation (cEBITDA)	- €0.5bn	

* Includes portfolio effects of -€500m related to 2022 divestitures

- Guidance at constant FX reflects our 2023 plan at average actual 2022 rates.
- As of Q2, FX impact estimated at €1.7bn headwind on net sales (based on June 2023 month end rates), same number as previously guided but effectively calculated with updated exchange rates on lower sales.
- Please find [HERE](#) our updated **FX Simulation Tool** for net sales, at September month end rates.
- Previous quarter transcripts and Investor Call presentations can be found [HERE](#).

Crop Science

Q3 2022

- In Q3 2022, Crop Science sustained growth momentum with **net sales** growing 8% cpa over 2021 to €4.7bn:
 - Herbicides (+45%) with pricing as main growth driver due to continued favorable market dynamics.
 - Strong start to LATAM (+31%) season driven by herbicides, corn, soy and insecticides.
 - Corn S&T (-16%) with typical phasing of returns due to lower planted acres in NA; increased market share and up 5% YTD.
 - Soy S&T (-8%) impacted by higher returns.

- Fungicides (+4%) benefited from price increases and volume growth particularly in EMEA and LATAM.
- **EBITDA before special items** increased 34% yoy to €0.6bn and a margin of 13.4% (from 12.2% in Q3'21), as higher prices and efficiency measures more than offset ~€250m of cost inflation.

Full Year Guidance 2023 (as of August 8th, 2023)

- With Q2 publication, reduced full year 2023 **net sales** growth expectation to approximately -5% cpa (previously: 1.5% cpa).
 - **Core Business** (Crop Science business excl. glyphosate-based herbicides) expected to grow 5% to 7% cpa, or more than €1.0bn, mostly from pricing. Corn expected to be the leading contributor with double-digit sales growth mainly driven by price, while insecticides and fungicides are expected to accelerate in HY2. This acceleration is expected in LATAM, where these segments are anticipated to recover nicely from the double-digit percentage sales declines in Q4 of 2022, that arose mostly from adverse weather conditions.
 - **Glyphosate-based herbicide** sales expected to decline by roughly half (-45% to -50%), or more than €2.3bn, normalizing back to 2020 levels, and assuming a strong volume recovery in the second half and weighted average pricing roughly on par with Q2.
- **Calendarization:** Our Q2 guidance for Crop Science assumed low-single digit percentage cpa sales declines and near-zero EBITDA margin in our seasonally low third quarter, followed by a Q4 reflecting strong growth in our core business, particularly in LATAM, paired with disciplined global cost savings.
- Out of the €500m portfolio effect mentioned in the Group net sales guidance, approx. 75% relate to the divestment of the **Environmental Science Professional portfolio**. For modeling purposes, one could assume a linear quarterly phasing for Q1 until Q3.
- **EBITDA margin before special items** of approx. 21% at constant currencies.

FY 2023 Outlook	at constant FX (average 2022 rates)
Net Sales Growth (cpa)	~ -5%
EBITDA margin (before special items)	~ 21%

Latest Market Information

- Commodity prices for corn and soybeans remain strong, but below 2022 levels in the case of corn; Dec. 2023 corn contracts at ~\$4.94/bu and Nov. 2023 soybean contracts at ~\$12.82/bu as of October 13.
- Reference price for generic glyphosate technical has strengthened slightly (~\$4.20/kg); a ~40% decline YTD and ~50% YOY.
- The October WASDE report indicates a 7% increase in U.S. corn acres planted in 2023 to 94.9m acres compared to the prior-year, and a decline of U.S. soybean planted acres by 5% to 83.6m acres. For cotton, the U.S. planted acres declined by 26% vs. PY to 10.2m acres.

Pharmaceuticals

Q3 2022

- In Q3 2022, Pharmaceuticals **net sales** grew by 3% cpa to €5.0bn driven by
 - Strong performance of launch products Nubeqa™ and Kerendia™;
 - Eylea™ (+4%) growing across regions, particularly Europe and China;
 - Xarelto™ (-8%) impacted by volume-based procurement (VBP) in China as well as the expiration of our patent in Brazil;
 - Sales included milestones from Cell & Gene and chemoproteomics platforms.
- **EBITDA before special items** increased by 15% to €1.6bn with a margin of 31.7% (from 30.1% in Q3'21); earnings also benefited from focused marketing and R&D investments as well as sale of non-core businesses.

Full Year Guidance 2023 (as of August 8th, 2023)

- **Net sales** on par with the prior year on a currency on a currency and portfolio adjusted basis, particularly as a result of:
 - Combined sales for Nubeqa™ and Kerendia™ to exceed €1bn;
 - Eylea™ expected to more than offset increasing price pressure through higher volumes, with sales growing low single digits;
 - China with softer than previously anticipated overall post-pandemic recovery while volume-based procurement continues to weigh on Adalat™
 - Xarelto™ to decline mid-single digit driven by ongoing pricing headwinds and expired patents in various non-EU markets;

- Expecting sequential sales growth to improve quarterly performance throughout the year as a result of growing contributions of launch assets.
- **Calendarization:** HY2 expected to be above HY1 in top and bottom line.
- Out of the €500m portfolio effect mentioned in the Group net sales guidance, approx. 25% relate to the **Pharma divestments**. For modeling purposes, one could assume a linear quarterly phasing for Q1 until Q4.
- **EBITDA margin before special items** expected to be approximately 28% at constant currencies driven by adverse product mix effects and continued investments in R&D.

FY 2023 Outlook	at constant FX (average 2022 rates)
Net Sales Growth (cpa)	~ 0%
EBITDA margin (before special items)	~ 28%

Newsflow (until October 17th, 2023)

- Oct 5 Announcement of license agreement to access Twist Bioscience's pool of phage display libraries to support Bayer's antibody discovery programs
- Sept 18 Vividion Therapeutics starts Phase I clinical trial in advanced solid tumors with KEAP1 activator
- Aug 28 BlueRock's Phase I study data with bemdaneprocel in patients with Parkinson's disease presented at the International Congress of Parkinson's Disease and Movement Disorders in Copenhagen
- Aug 24 Additional Phase III studies initiated with finerenone in patients with heart failure

Consumer Health

Q3 2022

- In Q2 2022, Consumer Health **net sales** increased by 4% cpa to about €1.5bn with Allergy & Cold (+17%) driven by high number of cold incidences and U.S. Astepro™ launch; Dermatology (+14%) especially driven by Bepanthen™; Nutritionals (-8%).
- **EBITDA before special items** expanded by 9% to €336m, driven by continuous spending discipline and price management offsetting increasing cost inflation; margin of 21.7% (from 22.9% in Q3'21) included substantial investment into Astepro™ launch.

Full Year Guidance 2023 (as of Aug 8th, 2023)

- **Net sales** growth guidance was reconfirmed at Q2 at approximately 5% cpa for the full year 2023.
- Supply constraints and price elasticity expected to continue, leading to market growth expectation of 3% - 5% p.a.; executing on our mid-term ambitions, innovation and the value of our brands will drive outperformance vs. market.
- **EBITDA margin before special items** expected to be around 23% at constant currencies, overcompensating cost pressures by firmly executing on ongoing comprehensive cost productivity program.
- Strong focus on optimizing gross margin, enhancing digital capabilities and lifting SG&A efficiencies.

FY 2023 Outlook	at constant FX (average 2022 rates)
Net Sales Growth (cpa)	~ + 5%
EBITDA margin (before special items)	~ 23%

Forward-Looking Statements

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

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