



Q4 2022 Aide Memoire

as of January 30th, 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 February 3rd, 2023. *****

Group

// Full Year Guidance (as of Nov 8th, 2022)

- // Confirmed **Group** P&L outlook and core EPS guidance upgraded in August, now including the effect from the Environmental Science Professional divestment.
- // In the Q3 earnings call, indicated that we are expecting some upside potential for **Crop Science** and **Consumer Health**, whereas targets remain challenging for **Pharmaceuticals**.
- // Increased Free Cash Flow guidance to €3.0bn and expect net financial debt to be at around €31bn at constant FX.

// Guidance at constant FX reflects average actual 2021 rates; latest FX impact estimate as shown below was based on **September** month end rates.

	At constant FX	Estimated FX impact
Net Sales	€47bn – €48bn	~ + €3.5bn
EBITDA margin (before special items)	26% – 27%	~ - 0.7%pts
Core EPS	~ €7.30	~ + €0.40
Free Cash Flow	~ €3.0bn	not material
Net Financial Debt	~ €31bn	~ + €2.0bn

	At constant FX	Estimated FX impact
Special Items (EBITDA)	~ + €0.2bn	not material
Depreciation & amortization (clean) t/o for intangible assets (clean)	~ €4.0bn ~ €2.5bn	
Core Financial Result	~ - €1.8bn	- €0.1bn
Core Tax Rate	~ 23%	not material
Reconciliation (cEBITDA)	~ - €700m	

// Links

- // Please find here our updated [FX Simulation Tool](#) for net sales, at **December** month end rates.
- // Previous quarter transcripts and Investor Call presentations can be found [HERE](#).

Crop Science

Q4 2021

- // In Q4 of 2021, Crop Science **net sales** increased by almost 9% cpa to about €4.7bn with
 - // Double-digit sales growth in Latin America and Asia Pacific
 - // Higher volumes in Latin America buoying growth in corn seeds and traits (+2% cpa), soy seeds and traits (+4% cpa) and fungicides (+4% cpa)
 - // Strong herbicides sales (+17% cpa), despite lost volumes from Q3 Luling plant closure
 - // Insecticides benefitting from early demand (+17% cpa)

// **EBITDA before special items** grew to roughly €760m and a margin of 16.2% (+200 bps vs. Q4 2020) due to price performance and contributions from ongoing efficiency measures outpacing inflationary cost effects.

Market Information

// Commodity prices for corn and soybeans remain strong; Dec. 2023 corn contracts at \$5.90/bu and Nov. 2023 soybean contracts at ~\$13.52/bu as of Jan. 26.

// The January USDA WASDE report indicates ~5m less acres of corn planted compared to the prior-year and soybean planted acres to come in roughly on prior-year level in 2022. For cotton, the USDA expects planted acres to have increased by ~2 to 3m vs. PY.

// For the upcoming 2023 season, USDA's preliminary baseline projections (from Nov. 2022) imply corn acres to increase by ~3 to 4m acres, soybean acres to decline by <1m acres and cotton acres to decline by ~4m acres.

Full Year Guidance 2022

// Expecting full year 2022 **net sales** growth of approximately 13% cpa (upgraded in Q2 2022 earnings call from previously around 7% cpa).

// Full year guidance assumes continued favorable market environment for glyphosate pricing into HY2 2022. We indicated in the Q3 earnings call that Glyphosate pricing contributed nearly €1.9bn in the first nine months of 2022 and that we maintained a brand premium over generics sourced out of China, where supply was tight. We also stated that market prices in Q3 were down when compared to the first half of the year and that going forward, we expect further normalization in Q4, against an already strong comp, and into next year.

// Full year guidance also assumes mid-single digit percent price increases in fungicides, insecticides, corn seed and traits and other herbicides.

// **EBITDA margin before special items** expected to come in at approximately 27% (upgraded in Q2 2022 from previously a range of 25% to 26%) at constant currencies, despite significant cost inflation. For the first nine months of 2022, we indicated to an effect of around 4% of net sales or approximately €700m vs. PY related to higher cost for input materials, energy, freight, warehousing and personnel.

// Please note that as of Q3 2022, Environmental Science Professional divestment effects are included in the below guidance.

	at constant FX (average 2021 rates)
Net Sales Growth (cpa)	~ 13%
EBITDA margin (before special items)	~ 27%

Pharmaceuticals

Q4 2021

- // In Q4 of 2021, Pharmaceuticals **net sales** grew by around 8% cpa to almost €5.0bn with
 - // Eylea™ (+14% cpa) supported by growing adoption of pre-filled syringes
 - // Xarelto™ (+1% cpa) as volume expansion more than offset VBP price reductions
 - // Adalat™ and Adempas™ contributing ~1/3 to higher sales, incl. Adempas™ milestone payment of €190m
- // **EBITDA before special items** declined slightly to about €1.5bn (margin at 30.4%) due to continued investments into R&D and launch activities, largely attributable to Kerendia™, Verquvo™ and Nubeqa™. An increase in the cost of goods sold also weighed on earnings.

Full Year Guidance 2022

- // Full year 2022 guidance expects **net sales** growth of 3 to 4% cpa with new launches increasingly contributing to topline
 - // Eylea™ expected to grow mid-single-digit percent
 - // Xarelto™ to see a slight decrease
 - // China VBP impact on Adalat™ expected to kick in in Q4 2022, fully materializing in 2023. Net sales in FY 2022 expected to be flat.
- // In the Q3 earnings call, indicated that we are expecting that targets remain challenging for Pharmaceuticals.
- // **EBITDA margin before special items** expected to be around ~32% at constant currencies despite ongoing investments into technologies, early- to late-stage pipeline as well as launches and rollouts. For the first nine months of 2022, Pharmaceuticals faced inflationary cost pressure of around €450m vs. PY.

	at constant FX (average 2021 rates)
Net Sales Growth (cpa)	3% to 4%
EBITDA margin (before special items)	~ 32%

Newsflow (until Jan 27th, 2023)

- // Nov 11, 2022 Bayer receives positive CHMP opinion for EyleaTM in the EU for treatment of preterm infants with retinopathy of prematurity
- // Dec 16, 2022 Finerenone receives positive CHMP opinion for EU-label extension for broad range of patients with chronic kidney disease and type 2 diabetes
- // Jan 10, 2023 Bayer raises combined peak sales potential of NubeqaTM and KerendiaTM to >€6bn and projects another >€6bn of combined peak sales for Phase III drug candidates Asundexian and Elinzanetant
- // Jan 27, 2023 CHMP recommends Bayer's darolutamide for the treatment of metastatic hormone-sensitive prostate cancer

Consumer Health

Q4 2021

- // In Q4 of 2021, Consumer Health **net sales** increased by almost 9% cpa to roughly €1.4bn with Nutritionals (+7% cpa) as key growth driver, robust growth in Allergy and Cold (+14% cpa) due to strong flu season, as well as Pain and Cardio (+4% cpa) fueled by innovation, esp. in AleveTM
- // **EBITDA before special items** expanded to €312m and a margin of 22.2% due to strong business performance and despite inflationary cost pressure and investment into innovation.

Full Year Guidance 2022

- // **Net sales** growth guidance at 6% to 7% cpa for the full year 2022, based on exceptionally strong growth in HY1 2022 (upgraded in our Q2 2022 earnings call from previously a range of 4% to 5% cpa).
- // In HY2, cycling over a very high growth comparison from the previous year (HY2 2021: +9.7%).

// **EBITDA before special items** margin expected to be within the 22-23% range. Efficiency measures as well as a focus on pricing are put in place to compensate rising input costs (cost inflation amounted to about €180m vs. PY for the first nine months of 2022). Higher investment in the brands behind our launches as well as in research and development foreseen to step up in innovation.

	at constant FX (average 2021 rates)
Net Sales Growth (cpa)	6% to 7%
EBITDA margin (before special items)	22% to 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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