Investor Relations

Bayer
Q2 2026 Results

TRANSCRIPT

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Head of Investor Relations, Bayer AG

Good afternoon and good morning, everyone, and welcome to our conference call to discuss Bayer's second quarter 2026 results. Bill will begin by sharing his perspective on the key achievements of the past few weeks and our path forward. And we are delighted today to have Judith with us for her first quarterly earnings call. She will offer her initial perspectives and provide further insights into business performance and the outlook. Following the prepared remarks, we will open the call for Q&A. And our three divisional presidents will join Bill and Judith then to address your questions. Before we get started, I would also like to encourage you to join our Crop Science field event on September the 2nd in Iowa. If you have any questions regarding registration or logistics, please reach out to our investor relations team. As always, please note the cautionary language in our Safe Harbor statement.

And with that, over to you, Bill.

Bill Anderson

CEO, Bayer AG

Hey, thanks, Jost. And hi, everyone. And by the way, I think most of you know this is Jost's last time leading the call before he runs off to lead the Radiology business. So, we'll try to make it a good one. But the past 90 days have been really important for Bayer. And operationally, we're on track for the year. We've made decisive progress on our long-term strategic priorities. And we're going to cover both of those things today. So let's start with the performance in the first half of 2026. Across the group, our businesses are delivering what we committed. Sales are at EUR 24 billion, growing 3% on a currency and portfolio adjusted basis, which we'll refer to throughout the call today. Core EPS is at EUR 3.66, which is also up 3% from our last year at this time.

Our free cash flow in the first half is at negative EUR 2.7 billion euros. This compares with negative EUR 1.4 billion last year at this point. And it's due to the litigation-related payouts that we've previously communicated. So onto our businesses. Crop Science delivered sales growth of 5.5%. This was driven by strong momentum in seeds and traits, including the additional licensing revenue we posted in the first quarter. EBITDA margin expanded to 31%, a considerable improvement over last year, reflecting higher margin sales, the licensing revenue I just mentioned, and disciplined execution. In Pharma, we demonstrated continued resilience. Sales remained flat with Nubeqa and Kerendia combining to grow 66%, overcoming significant and expected declines in Xarelto. Eylea is down 27%, driven by pressures from biosimilars, with the 8 mg business now representing half of our Eylea sales.

Beyonttra continues to progress well, and our base business is growing, in part due to strong volume growth in Radiology. Our EBITDA margin is at 26%. This puts us in line with

expectations as we continue to invest in future growth in the second half of the year. Finally, Consumer Health posted growth of 3.5% with contributions from all but one category, and particularly strong growth in Nutritionals and Dermatology. EBITDA margin is trailing prior year, but on track to meet our outlook. Overall, we're pleased with our trajectory. Despite an uncertain environment, we're pacing well to meet our targets, and we'll continue executing our plan. Team Bayer has what it takes to deliver. Now I'll touch on our strategic priorities, including some recent highlights.

In Pharma, we've received priority review for asundexian in both the U.S. and China, and we're preparing for a planned launch in the end of 2026 or beginning of 2027. Further, we closed the acquisition of Perfuse Therapeutics, which we announced last quarter. This is a novel development medicine in glaucoma and diabetic retinopathy.

Crop Science continues to execute its five-year framework, and our efforts here are beginning to deliver tangible results, as seen in the expansion of our margins. We're also optimizing our business setup. Last month, we consolidated our U.S. glyphosate business into Ruveon, a distinct entity that will be nimbler and better positioned in a commodity-driven market. Further, we continue to build our innovative portfolio. For instance, we announced a license agreement for broad commercialization of hybrid wheat, one of the world's most important staple crops.

Across the company, we continue to push for productivity gains with our operating model. Teams working on launches in Pharma, driving profitability gains in Crop Science, and those making investment decisions in Consumer Health have much more ownership over their work. We think our lean entrepreneurial operating model positions us well to capitalize on the opportunities of artificial intelligence. We're investing in AI in both enterprise systems and tools for our people so that each person at Bayer can extend their productivity, making the greatest impact at the fastest pace and lowest cost.

Finally, litigation. The last 90 days have been decisive in the company's years-long efforts to contain the litigation uncertainty. On June 25th, in Monsanto versus Durnell, the U.S. Supreme Court announced a landmark ruling for the cause of regulatory clarity for American agriculture and for the company. The decision was in no way ideological, with a majority of justices nominated by both Republicans and Democrats siding with the company. Further, the opinion was unequivocal. The Environmental Protection Agency is the authority when it comes to regulating crop protection products. Claims grounded in states' failure-to-warn theories are preempted and should be dismissed. Lower courts have already started acting on the Supreme Court's ruling.

What does this decision mean for the company's multi-pronged strategy? The proposed class settlement between Monsanto and leading plaintiffs firms is moving ahead, and we remain convinced it is the best path to resolution, including for plaintiffs whose primary legal theory was deemed without merit by the nation's highest court.

We're in a stronger position following the court's ruling. The final approval hearing in the state court in Missouri is now scheduled for August 19th, with a final decision expected later

this year. During the interim, the company will participate in the class process, including briefing the court regarding objections and assessing the quality and quantity of opt-outs.

On PCBs, as previously communicated, we aim to enforce the indemnity agreements Monsanto had in place. And there's a case moving forward now in federal court. Overall, our containment strategy is in a strong place with some important milestones ahead. We remain focused on making the right decisions for the company, both in the moment and for the long-term.

Over the past two and a half years, we've been laser-focused on a clear set of priorities, rejuvenating the Pharma pipeline. Significantly containing litigation. Deleveraging. Improving profitability at Crop Science. And making Bayer leaner, more dynamic, and more productive. We've progressed in each of these five areas. And each of them has demanded intense focus, and it's imperative that we maintain that focus.

So we're concentrating on delivering our commitments and ensuring the best future for Bayer. So with that, I'll hand it over to Judith to walk you through the financials as well as her first impressions of the company. She's joined at a pivotal moment for Bayer and has been all in from day one. Judith, over to you.

Judith Hartmann

CFO, Bayer AG

Thank you, Bill. And welcome to everyone on the call. It's a pleasure to be with you here today. I'm delighted to have joined Bayer at such an exciting time.

The team has made significant progress on litigation, and we remain firmly focused on containing the overhang. The goal remains that Bayer is increasingly valued for the strength of its businesses, innovation, and its growth potential.

Having spent my first month listening to customers, colleagues, and investors, the following themes stand out.

First, Bayer's innovation engine is a fundamental competitive advantage. Our leadership positions are built on decades of R&D investments, delivering breakthrough innovation that farmers, patients, and consumers rely on. Our teams are committed to innovate for our mission.

Second, we have attractive growth opportunities ahead of us, supported by powerful long-term trends.

We have strong positions in large markets with growing and aging populations. Our new operating model has made us leaner and more customer focused.

Third, our financial priorities are clear: to continue to strengthen the balance sheet, to improve productivity and cash generation, and to create flexibility to invest for future growth in next generation medicines, ag technologies, and consumer health.

While we've made good progress on the transformation, there's still important work ahead. I see a clear opportunity to build on the momentum with strong execution and financial discipline to deliver sustainable value.

With that, let me turn to our financial results.

Net sales increased by 3% to EUR 24.3 billion in the first six months. In Q2, sales increased by 2% to EUR 10.9 billion. EBITDA before special items rose 7% to EUR 6.6 billion in the first half, including an increase of 2% to EUR 2.1 billion in the second quarter. Foreign exchange effects were not a material headwind this quarter.

Core earnings per share came in at €3.66 for the first six months. This is consistent with the underlying business seasonality and our expectations for the year. If you look at Q2 specifically, Core EPS of €0.95 was 17% below prior year, given non-recurring benefits in taxes and the reconciliation result in 2025. Both items show a more normalized pattern this year, in line with our expectations.

Let's move on to free cash flow. This year, material litigation-related payouts amounting to €2.5 billion in the first half drove the negative cash flow and explained the decline versus the prior year. For the second quarter, we saw higher incentive payouts compared to prior year.

Finally, net financial debt remained rather stable with a slight increase to €33.6 billion compared to the second quarter of 2025. Compared to the end of the first quarter this year, net financial debt increased by €1.1 billion, driven by litigation payouts, the Perfuse acquisition for our Pharma business, and foreign exchange.

In recent weeks, we successfully completed two important financing transactions. The €3 billion equity investment from Apollo marks an important strategic milestone. It strengthens our capital structure and provides additional flexibility for future financing needs. Upon closing, it will reduce our net financial debt in the second half of the year. We have since successfully placed $5 billion in U.S. dollar bonds, further demonstrating our ability to access the capital markets.

These achievements have been an important team effort, and I would like to sincerely thank all of our colleagues who contributed to this, and importantly, to our first half results. Overall, our performance puts us well on track to deliver our full-year guidance.

Let's now take a closer look at the performance of our businesses.

For Crop Science, disciplined execution of our Five-Year Framework drives growth and margin expansion. Year-to-date we saw sustained momentum across the Seed & Traits portfolio, and improved profitability, while Core Crop Protection continued to face pressure. Overall, the strong first half reinforces our confidence in delivering full-year guidance, even as sales mix is expected to shift towards lower-margin products in the second half.

In the second quarter, net sales grew 4% to €4.9 billion, driven by strong Seed & Traits performance, and improved Glyphosate volumes and pricing.

Soybean sales exceeded expectations with 17% growth for the quarter, driven strong North America performance, including higher prices from the return of the dicamba label in the U.S.

Soy growth reached nearly 70% year-to-date, or 13% excluding licensing income. In the second half, we expect lower excess seed sales in the United States due to improved utilization rates. Additionally, our transition from Intacta Roundup Ready 2 Pro to Intacta 2 Xtend is expected to weigh on Brazil sales.

Cotton also benefited from return of the dicamba label, driving both volumes and prices as expected for the quarter and contributing to 9% year-to-date growth. Other Seeds & Traits grew 21% for the quarter on solid Canola expansion, growing 63% year-to-date.

Following the strong Q1, corn declined by 3% in the second quarter. It includes the anticipated phasing impacts in North America, partly compensated by double-digit growth in EMEA and APAC. For the first half, the business grew 4% with strong growth across all regions despite reduced acres in the U.S.

Core Crop Protection declined 2% in the second quarter, driven by lower prices. The expected volume recovery was muted by dry weather, mainly in parts of Europe. The temporary reintroduction of Movento in France drove insecticide growth in the second quarter. Year-to-date, Core Crop Protection declined 5% from ongoing generic pressure and portfolio pruning impacts. We expect growth in the second half of the year, supported by higher volumes. However, continued regulatory and pricing headwinds are anticipated to weigh on performance.

Glyphosate sales recovered this quarter with higher pricing and increased volumes contributing to a 13% increase. A price spike in the second quarter nearly offset volume decline from the first quarter, leaving Glyphosate broadly flat over the first half of the year.

On profitability, EBITDA before special items of approximately EUR 900 million came in 30% higher than prior year, resulting in a margin of 18.4% in the second quarter. In addition to higher seed and trait sales, the strong execution of our Five-Year Framework contributes through low-margin exits in Core Crop Protection as well as COGS efficiencies. Furthermore, we benefited from insurance income and divestment gains. Year-to-date, EBITDA before special items margin of 31.4% is expected to moderate in the second half. This also includes a different distribution of licensing resolution income, which was realized in the first quarter this year compared to the fourth quarter last year, as well as pricing pressure and the impact from the Middle East war.

Our Pharmaceuticals business continues with solid delivery against its strategic priorities. This is clearly shown with strong growth of our new products and a solid Base Business contribution, which balanced the expected declines of Xarelto and Eylea. We are now at the inflection point of turning to growth going forward. While sales were in line with the prior year in the first six months, we expect to accelerate growth in the second half, putting us on track to achieve our full-year outlook.

For the second quarter, we achieved net sales of EUR 4.5 billion, representing 1% growth versus the prior year period.

Our key growth drivers continued their strong momentum. Nubeqa grew by 64% in Q2 across regions, while Kerendia sales increased by 83%, mainly driven by the U.S. and China. With

combined sales of more than EUR 2 billion for the half year, and based on the current dynamics, we are well-positioned to meet the market expectations for the full year.

On our new launches, performance of Lynkuet and Beyonttra continues to be in line or even above our expectations, and we are continuing to drive launches in additional markets throughout 2026 and beyond.

Xarelto and Eylea declined by 42% and 33% in Q2 respectively, driven by the expected effects of loss of exclusivity and biosimilar competition. While both declines were modestly above our guidance range, this was against a stronger prior-year comparison. For the second half, we expect a softer comparison base. Importantly, Eylea 8 mg continues to see strong uptake, reaching around 55% of franchise sales in the second quarter and remaining on track for about 70% share by year-end.

Our Base Business grew 4% in the second quarter, with continued strength in Radiology and Women's Health, more than offsetting volume-based-procurement-related impacts on Aspirin Cardio and Stivarga in China, as well as declines across other parts of our mature portfolio. For the first half, Base Business growth was 1% and we foresee broadly stable performance going forward.

EBITDA before special items was down by 4% to EUR 1.1 billion in Q2, resulting in a margin of 23.7%. The year-on-year decline was mainly driven by our decision to increase growth investments as well as pricing pressures, partially compensated by higher volumes, a write-back for inventory, and continued savings from efficiency programs. While our margin for the first half of the year was 26.4%, we will continue to invest into growth going forward and expect to end the year in line with our guidance.

Turning to Consumer Health, we continued to focus on driving sustainable growth while navigating a volatile market environment, particularly in the United States, where consumer sentiment remains subdued.

Against this backdrop, net sales increased by 1.5% in the second quarter and 3.5% in the first six months. With that, we remain well positioned to deliver within our full-year guidance range.

Growth was driven by all non-seasonal categories, highlighting the strength of our balanced portfolio, strong category positions, and focused investments.

E-commerce continued to be an important growth driver, reflecting our investments in digital capabilities and our ability to adapt to evolving consumer purchasing behaviors across channels. In Nutritionals, brands such as Natural Elements and Elevit delivered strong online growth.

These favorable sales dynamics helped offset the decline in Allergy and Cold, reflecting softer seasonal demand, as well as the pull-forward of customer orders in the first quarter due to timing of seasonal orders in Allergy as previously highlighted.

Turning to profitability, the EBITDA margin before special items was 22.1% in the second quarter and 22.3% in the first half of the year. Benefits from our new operating model and

ongoing cost efficiencies continue to support profitability while targeted investments in brands, innovation, and digital capabilities are positioning the business for future growth. Foreign exchange headwinds impacted the first half year margin by about 50 basis points. Excluding these, profitability remained broadly in line with the prior year and within our full-year guidance corridor.

On to our outlook for 2026.

We reiterate our group outlook on sales, earnings, and free cash flow at constant currencies for the full year 2026. Our outlook reflects a strong performance in the first half, but also the anticipated dynamics for the remainder of the year. In addition, we remain mindful of the dynamic external environment.

On Net Financial Debt, we have reflected the minority equity investment by Apollo with closing expected in the second half of this year. With that, we now anticipate net financial debt in the range of EUR 29 billion to EUR 30 billion, down from previously guided EUR 32 billion to EUR 33 billion.

Overall, we currently see a balanced risk and opportunity profile for our full-year outlook, which continues to include our latest assessments on several external factors and geopolitics. Looking ahead, we continue to closely follow several key topics that remain fluid:

For Crop Science, we continue to monitor geopolitical and weather-related developments, including potential El Niño impacts. Weather volatility could affect planting and yields in some regions, and our technology-based seed and crop protection solutions are helping growers to manage these challenges.

For our Pharma business, we do not expect tariffs to materially affect our outlook this year. At the same time, we remain focused on developments in global drug pricing, particularly around MFN policies, and continue to evaluate the potential implications for our pricing and launch strategies.

For Consumer Health, key variables in the second half of the year remain the trajectory of the consumer sentiment in the U.S. and other key markets, the performance of seasonal categories, and developments in the macroeconomic environment.

Finally, on Foreign Exchange Rates: In line with our practice, we have updated the foreign exchange estimate based on June month-end spot rates. Compared to constant currencies, this leads to a slightly lower headwind to net sales and to Core Earnings Per Share compared to the last estimate.

And with that, over to you, Jost, for the Q&A.

Q&A

Jost Reinhard: We will now begin the Q&A session. Before we start, just a few housekeeping comments. (Operator Instructions)
First question today comes from Richard Vosser from JPMorgan. He is followed by Sachin Jain from Bank of America. Richard, please go ahead.

Richard Vosser (JPMorgan): Thanks, Jost. Couple of questions, please. First question on Pharma. Obviously, you pointed to the Beyonttra launch being relatively strong. We've seen the CARDIO-TTRansform trial failing for a potential competitor there. So just, what's your thoughts on the changing environment for Beyonttra? How do you see potential going forward in terms of maybe peak sales, and should we anticipate Beyonttra sales being disclosed in Q3 this year? Then one question on Crop. Maybe just one question on Soy. If you could give us a little bit more color on the dynamics going forward into the Latin America season, but also how your market share has developed with the return of dicamba, and how we should think about potential further market share gains in coming seasons, maybe with Viconic. Thanks very much.

Stefan Oelrich: Yeah. Hi, Richard, and thanks for the question on Beyonttra. So we're extremely pleased with the uptake. Obviously, the competitive environment is something that we're closely monitoring. We believe that the stabilizers as a group has proven clinical efficacy, and this is the standard that people have to go against. And we have clearly the strongest data set in that class with over 90% stabilization. Can we expect to report out Beyonttra in the third quarter? So, I hope so. Certainly, I expect to report out Beyonttra sometime in the second half of this year. Over to Rodrigo.

Rodrigo Santos: Thank you, Stefan, and thank you, Richard, for the question, and it's an important one for soybean, both in Latin America and North America. So let me start with the Latin America because it's an important one. Before I go to the details here, I just want to highlight this is very in line with our Five-Year Framework. If you go back on the May 13 last year and you take the slide of soybean, what is happening right now is very in line with the plans that we have for the soybean. And what is that? So Latin America first, and I'll invest a little bit on time here to share a little bit. Latin America, we are making a technology transition there. We have Intacta, as said by Judith, for the last many years. But Intacta is coming off patent in the coming years.

So for that reason, we launched Intacta 2 Xtend at the same time that our competitor launched their first technology. And we are growing dramatically the new technology to the market. But it's expected, as we planned, that you're going to see a decline on the penetration of Intacta. We had Intacta over 85% penetration in Brazil. And of course, naturally right now, you have less varieties being launched because of the patent expiration in the coming years. So we do expect, and that's the impact on sales that we predicted, the lower penetration of Intacta. But at the same time, and that's very important, Intacta 2 Xtend, we launched it and we are growing again, double-digit again. We are coming to 40% penetration while our competitor is low-digit still. So 40% penetration with Intacta 2 Xtend, over 50 million acres with that new technology. And this is just the preparing for the launch of Intacta 5+ that will come in the next years.

And this is also very aligned to the North America. When we plan for the soybean, we plan 2027 and 2028 as being transition years because of what I just mentioned in Latin America, as well for North America. North America, it's great to have the label back and to be able to grow the soybean in North America in the first six months by 13%, excluding the licensing agreement. What is even more important is the prepare for the launch of Viconic, as you mentioned. This is coming in the coming years for soybean. So soybean overall, we are in a transition period, technology transition in Latin America, the preparation of the launch of Vyconic.

But if you think about the next five years, we are planning to grow soybean, especially in North America, but also with the new launches in Latin America. So thank you for the question because it allowed me to go a little bit deeper on the soybean dynamics. Again, very aligned to what we shared before on the five-year plan that we have.

Jost Reinhard: Great. Following from Sachin, we have Charles Pitman-King from Barclays on the line. But Sachin, you're first. Please go ahead.

Sachin Jain (Bank of America): Thanks very much. Sachin Jain from Bank of America. But firstly, I'd just like to reiterate what Bill said. Jost, thanks for your help through what's been a volatile period, and best of luck in your new role. For my questions, Big picture for Bill, you comment on the whys of your open mind to group structure. So I wonder if you could just provide a bit more color on your latest thought process on what could trigger a formal strategic review. Secondly, you referenced August the 19th. Could you just clarify whether you expect to communicate where your opt-in is at relative to threshold? And I'm assuming you have a high-level view already. I wonder if you could share any color. And then I wonder, Jost, if I could just squeeze in a third.

So asundexian for Stefan, factors to think about regarding the launch trajectory of this in terms of physician excitement, hospital formularies. And then I wonder if you could comment on pricing, given that you most likely have to price this now pre the milvexian AF data, and Judith referenced MFN thoughts in her introductory comments. Thank you.

Bill Anderson: Yeah thanks Sachin. Yeah regarding the question about the kind of group strategy and group structure. You know I think we've got a group here, the board of management, five of the six of us are here today, and we think about this a lot. Because key question for us is, you know, what's the most effective way to pursue our mission and also to secure the future of the company, which, as you know, was no trivial matter over the last few years with some of the challenges we faced. And so we're thinking about this all the time. I mean, we're definitely in a better position now than we've been at any point in the last few years to make strategic choices, you know. But we still have these five key priorities, and if you think about them, you know we have the Pharma, you know, continuing to make progress and invest there.

We've done a good job rebuilding the late-stage pipeline, but we got more work to do on the mid-stage pipeline. In Crop Science, we've begun the work of improving profitability, but we've got more to deliver there, and that's a five-year horizon that we have to cover, and so that needs continued focus. We've also got these things like the debt, that we've demonstrated the ability to pay it down, but the balance sheet isn't yet where we want it to be. We're making progress, but again, more work to do there. On litigation is a topic, again, good progress, but we got to close the door. And finally, this question of bureaucracy. I mean I think certainly three years ago, we believed that bureaucracy was a significant, even additional burden on Bayer compared to some of our peer companies.

I think what we've done now with the progress we've made, the radical change in our operating model, we actually have an asset here, but we've got momentum. We're getting basically better every quarter, and we don't want to break that up right at the moment. I would say we've been very disciplined on these five topics, and we remain very disciplined on that. As a leadership group, you know, we have our heads up, and we're thinking about what other options are there, what opportunities are there, and we're always thinking about that. But from where we look right now, we think our best option today is to basically keep driving home on

these five topics so that, you know, we believe basically improvements and continued improvements on these five areas will make our future better, whatever we decide to do structurally in the future.

Whether we're staying together as one Bayer or whether we do something different with a division. In any case, a better balance sheet, having clarity on litigation, a more efficient, high-performing operating model, you know, stronger Pharma division, stronger Crop Science division. These are all kind of no-regret moves, and so we believe, at least right now, we want to stay focused on that and keep moving forward. And, you know, I think we'll know when we see an opportunity. We'll talk about that, and we'll make sure you're the first to know, Sachin. So, but, meanwhile, we're going to keep our heads down and keep focused.

Regarding August 19th, that's the scheduled date for the fairness hearing. It's an interesting time because, you know, obviously it's not a normal thing that happens in a class proceeding that you have a Supreme Court ruling that happens. Obviously, this one's very much to our favor. So as I said, we're evaluating kind of the quantity and quality of outstanding claims or the people who opted out. As you can imagine, if people want to come back in, just like there was a process to opt-out that involves paperwork and all that sort of thing, to reverse that also requires paperwork, and that can be a bit cumbersome. So we're working on all that. I wouldn't expect that we're going to share anything about it until yeah, basically until it's over, until we've got a final number and we've had the fairness hearing. And so we'll update folks when there's something concrete to update on. But as it stands, we're pleased with how that's going, and we keep moving forward. Stefan, you want to talk about asundexian?

Stefan Oelrich: Yeah, sure. Hi, Sachin. So thanks for the question. And I think we all share the excitement around the strong data set on asundexian. We're getting ready to get this into the marketplace in the fourth quarter. Let me reiterate. This is a product that we believe is going to establish a new standard of care in the treatment of prevention of secondary strokes. In terms of the trajectory, given that this is a truly new game in town. On the one hand, we need to educate physicians, on the other hand, I do expect that physicians are going to broadly welcome and are going to start prescribing, especially in the acute setting in the beginning, as we launch. So we're getting ready for that. Of course, the limiting factor, as usual, is access. So that's the only thing that's going to probably slow things a little bit down. But I would hope that we see a slightly improved access versus normal cardiovascular launches as we've seen them, like with Kerendia, for example. On the pricing topic, we're pricing on the back of very very strong clinical evidence, which gives strong value for our product. I think many people were surprised by the strong showing, both on efficacy but also on this immaculate safety that adds no additional bleeding versus given anti-platelet therapy.

So, we will be starting to price in the U.S. and in China, and Europe will come next. So MFN considerations are more for some time next year. In the meantime, let me be very clear, we're making the point today already with reimbursement entities across those geographies that are being looked into as a comparator for MFN, that we will need to have comparable pricing. And if that is not the case, that will, or that may create delays in access. That's going to be an interesting battle to fight. But I think we're very clear on this. It's not going to be a pushover in those markets, where we would follow the U.S. launch sometime in 2027.

Jost Reinhard: Excellent. After we hear Charles from Barclays, we have Matthew Weston from UBS in the line. But Charles, you go first.

Charles Pitman-King (Barclays): Thank you Jost for your help and wish you the best for the next role. Two questions from me. Firstly, on Crop. Just thinking about in terms of the glyphosate mix, could you provide any details around the price and volume growth breakdown for your glyphosate and non-glyphosate-based herbicides? Just thinking about the FY 2026 volumes, you noted in the early remarks that global demand should remain stable, implying a 2H volume increase. Just what is it that gives you this confidence, and how does the separation of glyphosate into Ruveon support this target?

And then maybe a question on guidance for Judith. Noting that your guidance has been restated despite 2Q representing another strong EBITDA beat versus consensus expectations driven by the better-than-expected Crop Science delivery. How can we interpret this? Are you suggesting that you think the global uncertainty has worsened? If you could also touch on whether or not you're considering El Niño as a tail or a headwind in this, and maybe just more broadly, what your typical guidance philosophy looks like. Thank you.

Bill Anderson: Let's see. Rodrigo, could you hear? The sound was a little rough, but could you hear that all right?

Rodrigo Santos: Yeah I think so, Bill. And Charles, I'll answer here because the sound here, but if I don't reach your point here, please let me know. But on the glyphosate question that you made. So let me go a little bit of the dynamics that we had, right? So Q1 started a little bit soft on glyphosate. Then we had a price increase globally on glyphosate, and we had a recovery that was mentioned by Judith on Q2. But Glyphosate is a very dynamic business, right? Some weeks ago, we were on zero tariff [should be: near zero tariff] for the U.S. import of China. We just recently had a resolution now that you had another tariff for importing from China to the U.S.
And this is one of the key elements of how we are managing glyphosate. Different from our Core Crop Protection or our Seeds & Traits, this is a commodity market that you really need to manage very agile. Pricing dynamics and adjustments that you need to do is almost like in a monthly basis. And this is one of the core concepts that we designed when we put the glyphosate team to operate as a unit here to really make that business as agile as possible. Bringing this to the business for this year, what we have today, on the first six months and on the next six months, gives us confidence that we're going to be on the guidance that we had for glyphosate. We're going to be monitoring right now, of course, the dynamic of global pricing. I mentioned about the tariffs in U.S., but also we're going to see that in the global dynamics.

But I feel that we have an opportunity, and of course, clearly, if you have a tariff in U.S., brings an opportunity for our business in U.S., and we're going to be capturing that with this model that I just mentioned. But this is a little bit of what we have for the year. And overall, you asked me about the sales. Again, overall, glyphosate business represents 10% of our total sales, just to give you a little bit of a range here that we have. But that should be helping us to deliver what we have planned for the full year. With that, Judith, back to you.

Judith Hartmann: Yes. Thank you, Rodrigo, and thank you, Charles, for the question. There was indeed about a EUR 200 million beat on Crop Science in the first half, and Rodrigo has just gone through again, and I did in my prepared remarks on what are some of the standout topics here. We also see, though, in the second half the – well, first of all, the seasonality is such as the first half is much bigger, and so a bigger opportunity there, too – and the second half in Crop Science, we see a mix change, so higher crop protection with a lower margin than the seed business. And indeed, we planned in for, you know, potential to see if there's any –

it's not without risk, let's just put it that way, versus the full year, and so that's why we are confident of confirming.

If you ask me about the philosophy of, you know, how I look at guidance. It is our best knowledge, needless to say, but it's also one where we are very committed to, and so you have our commitment that we will meet this guidance. Maybe one last topic, even though it's smaller. When I had mentioned there were some positives in there that will not repeat in the second half. They're smaller of nature, but we mentioned divestment, we mentioned some insurance, and that's what maybe 20% of the EUR 200 million. Much smaller, so I just want to give credit where credit belongs, it really has been an operational beat.

Charles Pitman-King (Barclays): Thank you so much.

Jost Reinhard: Super. Fantastic. So following Matt from UBS, we will hear from James Quigley from Goldman Sachs. But Matt, you are the next one in line. Please go ahead.

Matthew Weston (UBS): Thank you, Jost. Two questions for Judith, please. The first on the LARC transaction. Is there any additional color you can give us so we can get our models right when we get the consolidation as to where we can land on a % ownership? But more importantly, the profitability of LARC? And if you are not prepared to give us a number, can you help us out with relative to that 25% around for Pharma, I assume it's a meaningfully more profitable business with no R&D burden. But some help would be great to get that minority in our model more accurate.

And then the second question is more of a medium-term one. Stronger cash generation, a number of moves to reinforce the balance sheet, and a strong business outlook, I think, have been messages today. Investors have had an EUR 0.11 dividend for the last three years, totally understandably, as you rebuild the balance sheet through litigation.

But when should investors think about a return to a more normalized dividend payout from Bayer? Is 2027 from 2026 earnings too early, or do we just have to wait and see?

Judith Hartmann: Thank you for those questions. First, on the LARC Apollo transaction. We're not going to give details on exactly. So I think we're going to have to think about with the investor relations team on how we help you model this. I mean, I guess the way you have to think about it, on the one hand, we are selling equity, so that's an impact on our EPS. On the other hand, partially offsetting is, of course, we have better access to debt at this stage. And Clearly, proof point was the EUR 5 billion that we were able to tap into right after the Apollo transaction. It's not very significant, but I hear your point. We're going to have to help you on, you know, model this better. So stay tuned.

On the dividend, indeed, we had – you know, given where the debt was – to pay minimum dividend over the last three years, I think, was the thing to do. The right next time to come back to you on this question will be our total year results in February. As we will work through our medium-term plan, we will have a better view, and that's the time that you should expect a communication around this.

Bill Anderson: And Judith, I wonder if you want to mention in the first part, because you mentioned about selling equity. You said it'll show up in EPS, but it'll show up as the cost of the dividend, right? As opposed to a change in the share base or the equity base.

Judith Hartmann: Yep, exactly. It's a minority interest impact. Absolutely.

Bill Anderson: So it'll show up on the P&L more as a, yeah like a cost of capital as opposed to, like a diluting the share base.

Judith Hartmann: Yeah. Exactly.

Bill Anderson: I'm sure we can provide some estimate of –

Judith Hartmann: Some mechanics.

Bill Anderson: – what the future estimated EPS impact is or something.

Jost Reinhard: Okay. Great. So next is James from Goldman Sachs, and he's followed by Joel Jackson from BMO. James?

James Quigley (Goldman Sachs): Great. Thank you for taking my questions. Again, thank you for all your help, Jost, and best of luck in the Radiology business. The first question for me is for Judith. Thank you for laying out your initial impressions. From what you've seen so far and your experience in other companies, what are the key levers you can use to reduce the net debt? Are there any easy wins that you can implement from what you've seen so far? How do you balance priorities here in terms of fixing the balance sheet versus investing in innovation and then obviously reinstating the dividend as you've spoke to before? Are there any innovative ways, like the Apollo deal, that you can use to reduce the debt burden or to engineer flexibility to invest?

The second question is for Stefan. Investors are increasingly looking at the mid to long-term outlook in pharma businesses, particularly with the patent cliffs in the mid 2030s that are coming around the corner. You've closed Perfuse Therapeutics. How are you thinking about organic versus inorganic investments, and potential for more pharma deals versus some progress you've made with the pipeline, as we've seen today? Nubeqa and Kerendia are launching very well, as we've seen. Investors will start to have one eye drifting towards the patent expirations. How are you approaching this in the longer term? Thank you.

Judith Hartmann: Yes. Thank you, James. Very good question. The way I look at it, really coming into the company, I think there are very credible plans from the divisions on each improving their growth profile and their margin. I think the most obvious that you're going to see, just because parts of the launches have already happened and you can see it with Nubeqa and Kerendia is, of course, in the pharma business as of the third quarter. We're all working on this, and all the different parts of the companies are going to be contributing. Once you have increasing results, you have reduced payouts also for litigation. Quite frankly, that's where I feel we will have good opportunity on both reducing the debt, but also of course, investing and potentially increasing the investments even into the future.

I think we're in a good position to do both. Delever materially, but also continue to invest into our businesses. The opportunity's there, we have the right teams and we're in the right markets.

Stefan Oelrich: Thanks, James. Needless to say that I love your question because I think your question states the obvious. We've really turned around this pharma business, we're now already talking about the next success cycle because we sort of like taking this one for

granted. Thank you for that. When it comes to the post-LOE for NUBEQA and KERENDIA, first of all, let me state, we still have a couple of years to go before that really hits your models, that's going to be still soon enough. We're working obviously tirelessly to come up with the next success cycle, and that includes things like Perfuse, of course. It includes some of what we believe are truly interesting oncology medicines from our radiopharmaceutical platform, but also from Vividion, where we're really advancing things fast on the immuno-oncology area side.

We're also seeing potential still with higher risk, but still good potential from our cell and gene business. We'll have some major readouts in the coming 12 months there as well. Just as a reminder, we should in the first quarter readout our cardiovascular trial there with gene therapy in severe heart failure patients, and a few smaller trials that are reading out. That will give us yes or no, some validation on these platforms, and we're advancing very nice on bemdaneprocel in Parkinson's as well, which is a phase III development asset. Add to that a few cardiovascular opportunities from our classic, let's say, research and early development platform. And, we need to up our game on deals. We're continuously doing deals, but you heard Judith, we're freeing up cash going forward because I'm so glad that we're starting to talk business and future.

That should give us some ability to invest. We're not going to do major acquisitions. I don't think that's in the cards. We're starting to beef up again, also our external growth momentum in the years to come. I'm looking forward to that. Obviously, in order to get there, we need to first drive up Nubeqa, Kerendia, asundexian, Beyonttra, Lynkuet, to be really big products. I think we're well underway to doing so, and that should give us headroom to do some of these investments that will be absolutely needed if we want to continue this nice success story that we've been building over the past few years. Thank you.

Jost Reinhard: Excellent. Following Joel, we'll hear from Christian Faitz from Kepler Cheuvreux. Joel, you're next.

Joel Jackson (BMO): Hi, thanks for taking my question. I want to ask about if we look at what you're doing with Ruveon and the other week, Bayer looked at seeking countervailing duties against glyphosate in the U.S., then pulled that back quickly. There's some executive orders around elemental phosphorus and glyphosate. The first question would be, maybe you could just give us an update on what the companies use on Ruveon and glyphosate, what that will do for Bayer, what your objectives are with everything you're doing on that side. Then my second question would be, and a little greedy here, but when you think of 2027 for Crop Science, do you think there's enough growth drivers at current crop prices to offset the one-time uplift you got from Corteva this year?

Bill Anderson: Rodrigo, maybe I'll just comment on Ruveon at a high level, then you can talk about Crop Science and your outlook. I think it's really simple. There's nothing much more to say on this. We announced more than a year ago that we need to be able to run the glyphosate business differently because it's a very commoditized market, and it needs real leanness, agility, and really fast adaptation to business conditions. It didn't fit very well in our portfolio. We've created a separate entity for that, and beyond that, we're not really prepared to comment about future outlook, that's where we are today, and that's where we'll be until further notice. Rodrigo, you want to talk about the business outlook?

Rodrigo Santos: Sure. Hey, Joel. Thanks for the question. A little bit early to go deeper on 2027. Of course, on Q3, we're going to talk more about that and a little bit of the dynamics.

High level, we continue to see momentum on our seeds and traits. I think I'm very pleased with the performance that we have on the seeds and traits over the first six months with a 6% growth excluding the resolution. We do expect continued growth on the corn business that we have. We were able to grow corn volume on the first six months despite the area decrease in U.S., also pricing as well. We continue to see momentum on the seeds and traits, and we are really preparing our CP business this year. We are doing some divestments, some pruning, some of the work that we have.

We're going to go into more details in 2027 in Q3. I would say that very consistent to the plans that we have on our five-year framework, we have that path of innovation and some of the launches is starting in 2027. At the same time, another important element, we are already harvesting the start of all the savings that we are putting in place, but the savings will hit even further in 2027, 2028, 2029 in our plan. The combination of the innovation on the top line and the savings that we are putting aligns us with a five-year framework for the 2027, but more details to come in Q3. Thank you.

Jost Reinhard: Next is Christian from Kepler Cheuvreux, and he is followed by Thibault Boutherin from Morgan Stanley. Christian, go ahead.

Christian Faitz (Kepler Cheuvreux): Hello, Bill, Judith, and Jost and team. Judith, welcome, and Jost, all the best for your new position. Two questions, please. Crop Science. I am a bit surprised by the robust organic growth in Europe, I would believe Europe is a bit more crop protection than seeds versus the Americas. Hence, given the severe drought we are seeing in large parts of Europe, are you concerned about inventory buildups, and how would you plan to manage this into the next season? My second question, actually also on Crop Science, just modeling question. D&A has been all over the place in Crop Science in the past several quarters. What would you consider a normalized depreciation and amortization level in Crop Science per year? Thanks very much.

Rodrigo Santos: Thank you, Christian. Let me jump here already on EMEA. The first thing that I want to highlight, I am very pleased with the double-digit growth in our seeds and traits in EMEA. That was a very important element, we are growing the business there. We have some very cool highlights of the Preceon in some of the countries, like in Italy, we continue to grow in some very key markets for us there. Double-digit growth in the seeds and traits. Inventory is at the same level that we had last year in overall EMEA. As you know, we manage a sellout very closely, we do not do selling if we are not seeing a great movement in sellout. You are right in terms of the weather impact.

If you look at the fungicide sales that we had in the first six months, this was impacted by the weather in EMEA. It is very dry, you probably have much less disease, and you may have less application of fungicides. We see that, but we adjust our selling. Inventory-wise, to your specific question, I think we are under control. You have some spots that you are going to have to manage, but overall, the inventory in EMEA is at the same level that we had last year. It is in a good place. Also when you talk about the performance highlight for the seeds and traits, also the Movento extension in France, that is also an important element of the performance of EMEA.

Bill Anderson: I don't know who wants to cover the D&A. Maybe we'll come back on that one.

Jost Reinhard: We cover the D&A question later. First is questions from Thibault Boutherin. Thibault, please go ahead.

Thibault Boutherin (Morgan Stanley): Thank you. Thank you very much. Just a couple of questions on pharma. Eylea 8 mg, a very strong growth performance. Can you just remind us what's happening in terms of IP in Europe and your key ex-US countries? Is there an IP protection on the dose, or is it just a question of biosimilars developing the same formulation to help us understand the shape of the 8 mg becomes more important? Second question on asundexian. When do you feel like you will be ready to share potential updates on potential new indications? Do you see a broad scope of potential indications as a mechanism? Obviously, worked very well in secondary stroke prevention, didn't show efficacy in a couple of other indications. Thank you.

Stefan Oelrich: Thank you, Thibault. Let me try to go one after the other. First, Eylea 8 mg. Yes, we're now more than half of our sales are 8 mg. That's very good to see. Unfortunately, the 2 mg is getting heavy fire both on pricing most importantly, also obviously volume wise now. We're going to be landing inside of our guidance, I would have wished for even some better results there. In terms of protection, we have limited protection for now on the 8 mg. It's something that we're working on. We would have to see some product that would be in development that in theory could enter the market. On asundexian, obviously love that question. Please stay put a little bit longer. We're working on this.

We see potential for more, I don't want to give up some of our thinking, because I think it's innovative thinking that has not necessarily been explored to the same degree up to now. We took our learnings from the failed OCEANIC-AF trial and try to apply those learnings as we move forward, potentially exploring also other indications. Let's also not get sidetracked here. We have an incredible opportunity ahead of us. We're recreating a new standard of care, and I think the unmet need is extremely high for stroke prevention. A lot of good things to have. Rest assured, we will inform you in due time, at the latest when we give our next R&D update about our ideas on anticoagulation. Thank you.

Jost Reinhard: Excellent. We will now hear questions from Tony Jones from Rothschild. He's followed by Alyna Shamsi from Jefferies. Tony, floor is yours.

Tony Jones (Rothschild): Thanks, all. Best of luck, Jost, and welcome, Judith. I've got two quick ones left. Firstly, for Bill, at the end of last year, you told me that over half your time quite often was spent on litigation. That should be changing for the better. What are you going to spend more time on now as that time in litigation come ... (breaking up) A question for Judith. You mentioned in the presentation that cost savings helped in the first ... (breaking up)

Jost Reinhard: Tony, you broke-

Tony Jones (Rothschild):
Yeah. The first one was for Bill, on litigation. Last year you told me that you spend a lot of time on litigation. As that now may be coming to an end, how will you be reallocating your time for the rest of the year and then 2027? Secondly, for Judith, you talked about efficiency gains in the first half. Any indication what the total year gain could be and whether there will be further benefits in 2027? Thank you.

Bill Anderson: Yeah. Thanks, Tony. Appreciate your curiosity about my schedule. I look forward to spending less time on litigation for sure. There's a number of interesting topics, but

I think probably the biggest one is working with this group on how we fully harness the power of our new operating model and the intersection of that with AI to more rapidly reinvent every part of our business. Through doing that, how we come up with basically incremental ways to invest in our pipelines, not just in pharma, but also to enhance our Consumer Health portfolio and take Crop Science to the next level. We have a lot of performance improvement potential. I think all of us are very convicted of that.

In fact, everyone we talk to at Bayer, it is pretty funny because we often talk to our folks and say, "Okay, how would you rate the progress we have made?" People rate it very high. When we ask them, "How much more progress do you think is possible?" They often rate that even higher than what we have done already. I think we are all looking forward to less time on litigation and more time on that fundamental driving the mission forward, driving our performance forward.

Judith Hartmann: That almost answers the question I had too. Thank you, Tony. Really it is the new operating model that has brought most of the savings. It is less layers. It is also 90-day cycles. It is faster. Clearly there is more to come. You have heard at different points in time from the colleagues on all of the efforts that are ongoing to improve margins, and that is literally the case for all three divisions, and enabling functions, if I may say so. Yes, there will be more to come and we will keep working on this. While I have the mic, maybe I will answer Christian's question on Crop Science D&A. As a point of reference, we are not giving today data about 2027. As a point of reference, in 2025 it was EUR 2.8 billion, and in the first half it was EUR 1.5 billion.

Hopefully that helps you to model.

Jost Reinhard: Fantastic. We have no more analysts in the line to ask further questions. I thank you very much. As many of you know, this is my last quarter as the Head of Investor Relations, and Bill has said it earlier, I look forward to working with the Bayer Radiology team. It has been a great privilege, a pleasure, and fun to engage with all of you over the years, I would really like to thank you a lot for the good discussions we had, the support, and the continued interest in Bayer. Please continue to reach out to the investor relations team and take the opportunity to get to know my successor, Jana Ackermann. She is with us today. She is great, I am very confident that you will be in the best hands. Thank you once more. With that, we conclude our Q2 2026 earnings call. Have a great day.