



Investor Relations

Bayer

Q1 2026 Results

TRANSCRIPT

Tuesday, 12th May 2026

Jost Reinhard***Head of Investor Relations, Bayer AG***

Good afternoon and good morning everybody. And welcome to our Conference Call to present the First Quarter Results for 2026. We will keep today's remarks focused. Bill will comment on the overall business performance and report progress on our strategic priorities. And Wolfgang will share more insights into the Q1 financials, the current geopolitical environment and our outlook.

We will then turn to the Q&A session where the presidents of our three divisions will join Bill and Wolfgang to answer your questions. Before we begin, please note the cautionary language in our safe harbor statement. And with that, over to you, Bill.

Bill Anderson***CEO, Bayer AG***

Thanks, Jost. Hi, everyone. It's good to be here with you today.

Two months ago we presented our plan for 2026. And this afternoon we're reporting that our businesses are performing in line with our expectations. So I'll get started by going through the group numbers and then provide color on each of the businesses. So as a group, we posted sales of EUR 13.4 billion, and that's 4% up on a currency and portfolio adjusted basis which we'll refer to throughout the call today.

Core EPS came in at EUR 2.71. That's also up from last year at this time. Our free cash flow in the first quarter is at negative EUR 2.3 billion and that's in line with our outlook as a significant portion of our litigation-related payments fell in the first quarter.

So on to our businesses.

In Crop Science, sales grew nearly 7% year-over-year. This result was bolstered by roughly EUR 450 million in additional Soy licensing resolution revenue as we communicated last quarter. Excluding this impact, our core business grew 1.4% driven by strong growth in Corn offsetting declines we expected in Crop Protection. EBITDA was up with our margin coming in around 40%. Of course, the additional licensing resolution revenue helped. We also made underlying gains with higher margin sales and operational efficiency.

In Pharma, sales were roughly flat. Nubeqa and Kerendia continued their momentum compensating for declines in Xarelto and Eylea. Our EBITDA margin came in at 29.2%. This was positively affected by divestment incomes coming in behind last year due to pricing pressures and investments in launches.

Finally, Consumer Health grew 5% with contributions from almost every category. Dermatology and Nutritionals were in the double digits with Nutritionals benefiting from our growing e-commerce business. At 22.6%, our EBITDA margin is slightly trailing 2025.

Overall, we're pleased with how our businesses started the year and we're in a good position to confirm our 2026 outlook. At the same time it's early. We know that the world around us is volatile, and we'll have to stay vigilant. So we're focused on hitting our goals and delivering for farmers, patients and consumers.

So on to our strategic priorities.

The first four months of 2026 have been eventful and we have some big weeks ahead. You see the highlights captured on the slide. I'll start by focusing on litigation as we're in a crucial phase of our containment efforts.

We continue to make progress with the class settlement agreement we announced with leading plaintiffs firms in February. The settlement has passed several hurdles. In terms of upcoming milestones, objections and opt-outs are due by June 4, and the court's final approval hearing is scheduled for July. Further, two weeks ago, the U.S. Supreme Court heard our argument on why pre-emption is not only necessary for American agriculture, but consistent with the law. We appreciate the justices taking our case and seriously engaging with the legal theory that we put forward. We feel our arguments were well represented. Now it's in the court hands to interpret the law and make a ruling. We'll be ready for all outcomes.

Our multipronged strategy continues. We continue to make the case for regulatory clarity for American farmers, and we've seen progress and setbacks for this cause including passage of legislation in Kentucky and a setback in the farm bill discussion. Why does this matter?

The stakes of this issue are bigger than scoring political points. Americans want a food system that is safe, bountiful and sustainable. They want agriculture that keeps food affordable while keeping chemical inputs to only what's necessary and also preserving biodiversity. Farmers, particularly in times like this, when farm economics are stretched, they want new, safe tools that secure their harvest.

Last year, Bayer introduced Plenexos, an innovative insecticide that protects yields by killing the insects that destroy harvest while preserving pollinators. It can be applied precisely, getting rid of pests with doses as few -- as low as a few grams per acre. When I say low dose, this is what I mean. Imagine a soybean field the size of an American football field. You could treat it with around 11 grams of Planexos' active ingredient.

I have a prop here. These are American quarters, okay? We got George Washington on the front. And these little guys -- these two are worth about \$0.50. But the weight of these two quarters, that's how much Plenexos it would take to treat a football field. So that -- this is what -- this is what people are looking for. They want greener, healthier, more productive agriculture and Plenexos is just the kind of innovation that we need.

And it's already being applied in South America. And we want to be able to bring it to U.S. farmers as soon as possible. They want it too. But there's a really big thing standing in its way, a system that gives trial lawyers the authority to undermine years of regulatory and scientific scrutiny. Why introduce new products, products that cost decades and billions of

dollars to research and develop if even after a rigorous approval process, you're subject to billions of dollars in legal costs. That's a question we'll have to ask more going forward.

Now outside of the litigation space, we continue to execute on each of our priorities. Take pharma growth and the pipeline as an example. Earlier, I mentioned Kerendia's strong revenue growth driven by its momentum in treating patients with chronic kidney disease and type 2 diabetes as well as in heart failure. Now in addition, we've presented data in chronic kidney disease with type 1 diabetes and last month, just last month, we announced positive top line data in treating nondiabetic patients with kidney disease.

So this means that once approved in these additional indications, Kerendia has the potential to help patients in both heart failure and across a wide spectrum of chronic kidney disease including in areas where there aren't many alternative options today. This is a great example of how we're not just growing the reach of our medicines, we're widening the pool of people they can serve.

In addition, we just announced an agreement to acquire Perfuse Therapeutics and their first-in-class development medicine in glaucoma and diabetic retinopathy which very nicely complements our established footprint and expertise in ophthalmology. We continue to advance our plan, and we're dialed in on delivering our commitments in 2026.

Now I'd like to hand it over to Wolfgang, who will walk you through our numbers, and he's going to be doing this for the last time for Bayer today. So over to you, Wolfgang.

Wolfgang Nickl

CFO, Bayer AG

Thank you, Bill, and also a very warm welcome from my end. As Bill said, this is the last time I get to share our quarterly results with you before handing over to Judith in June. Before diving into the business, I would like to sincerely thank all of you for the constructive discussions over the past eight years. It's been an eventful time, turbulent at times, but I've always appreciated our close exchange. I'm deeply grateful to my team and the people I've gotten to work with across Bayer. And I'm very confident we are setting the company up for a lot of success in the future.

Let's now look at the group results for the first quarter. Q1 net sales grew 4% versus the prior year quarter, driven by Crop Science and Consumer Health, while Pharma was in line with the prior year. EBITDA before special items came in at EUR 4.5 billion which is 9% or about EUR 370 million above the prior year quarter led by a higher Crop Science result. Profits in our Pharma division declined. EBITDA before special items for Consumer Health and Recon came in at almost the same level as in the prior year.

Across divisions, we experienced the anticipated significant FX headwinds in the first quarter, totaling about EUR 890 million to our top line and about EUR 320 million to the bottom line. The effects were driven mainly by the U.S. dollar this time.

Core earnings per share came in at EUR 2.71. The increase of EUR 0.31 or 13% compared to the prior year is largely driven by about EUR 0.40 of licensing resolution income and EUR 0.10 from tail-end divestment income in Pharma. These expected nonrecurring effects were more than offset in foreign exchange headwinds of about EUR 0.20.

Free cash flow of minus EUR 2.3 billion was EUR 800 million below the prior year quarter. As expected, this was driven by a material payout related to the previously announced settlement activities for PCB and also glyphosate, totaling about EUR 2 billion in Q1. Operational cash contributions improved by about EUR 1.2 billion including the licensing resolution payments and Avelox divestment income.

Net financial debt increased to EUR 32.5 billion since year-end '25 due to the negative cash flow. Year-on-year net financial debt was down by about EUR 1.7 billion.

Let's now take a closer look at the divisional performance. For Crop Science, the team is focused on execution of our five-year framework, driving resilience and margin improvement.

In Q1, net sales came in at EUR 7.6 billion, plus 7% versus the prior year. The core business grew by 9%, led by an 18% increase in seeds and trades.

Corn increased 7%, driven by growth across all the regions. Strong volume gains were delivered in EMEA and LATAM. While we noted higher volumes to start the season in North America, timing of sales and anticipated lower acreage are expected to reduce sales year-over-year in the coming quarter.

Soybean sales posted a very significant increase from the noted licensing resolution. Excluding this effect, higher prices from the recovery of the dicamba label in the U.S. and strong volumes in Latin America drove a 9% increase in sales for the quarter. Driven by the Brazil soybean transition and continued focus on U.S. margins, we expect these Q1 benefits to moderate throughout the year.

Purchase delays in cotton and declines in vegetable seeds were nearly offset by growth in canola.

The core crop protection business declined 7% on an anticipated soft start to the season amid continued generic pressure and challenged farmer profitability. We expect partial volume recovery in Q2, led by North America and supported by Stryax herbicide growth with the remaining recovery focused on Latin America in the second half of the year.

Glyphosate sales declined by 15% on lower volumes due to delayed purchases. We are focused on recovery in North America in the second quarter and in Latin America in the second half of the year. We are closely monitoring recent market price developments and will strategically adjust our pricing accordingly.

On profitability, EBITDA before special items of EUR 3 billion came in 18% higher compared to the prior year, resulting in a margin of 39.9%. The higher margin is primarily an effect of the higher-margin sales and soil licensing resolution combined with disciplined cost savings execution. These efforts offset FX headwinds of about 80 basis points.

Let's move on to our pharma business, where we continue to see strong growth of our launch assets balancing the anticipated declines in Xarelto and also Eylea. For Q1, this resulted in net sales of EUR 4.2 billion which were level with the prior year.

Nubeqa grew by 57% across regions, while Kerendia sales increased by 84% mainly driven by the U.S. and also China. Together, they contributed EUR 1 billion in net sales in the first quarter. We are also satisfied with the uptake of our two new launch assets, Beyontra and Lynkuet. Beyontra has now launched and reimbursed in 18 European countries, Lynkuet has been brought to the market in Germany and Switzerland as of April 1st and shows good early uptake signals following the first launch in the U.S. at the end of last year.

As expected, Xarelto continued to decline in Q1. LoE impacts across markets led to the anticipated sales drop of 40% compared to the prior year. For Eylea, we recorded a 21% decline compared to the first quarter of last year. While we're seeing a continued positive volume development for Eylea 8 milligram which is now contributing 46% to the Eylea franchise, we continue to face pressure from the market entry of biosimilars, and that's especially on pricing.

Our base business declined by 1% as continued growth in Radiology was offset by declines in other parts of the portfolio particularly driven by lower demand in Women's Health as well as volume-based pricing-related impacts on Cardio Aspirin and Stivarga in China.

On the bottom line, EBITDA before special items decreased by 8% to EUR 1.2 billion, resulting in a margin of 29.2%, slightly lower than the prior year. As expected, we are seeing the impacts from continued pricing pressures while continuing our growth investments into launches and innovation. This was compensated by savings, solid volume uptake as well as income for two smaller tail-end divestments of about EUR 120 million.

Now turning to Consumer Health. We focus on sustainable growth while navigating anticipated soft consumer sentiment in our two biggest markets. Against this backdrop, net sales increased by 5% in the first quarter. Growth was supported by a more balanced mix of volume and price driven by focused investments in our power couples and the integration of Natsana, the Nutritionals e-commerce business we acquired.

Almost all categories grew, led by Dermatology and Nutritionals, fueled by innovation and strong e-commerce momentum. Within the seasonal categories, Cough & Cold declined due to a softer season in North America and parts of EMEA. Performance in Digestive Health was impacted by an ongoing pharmacy consolidation in China, and a continued channel shift towards e-commerce. This resulted in structural reductions in retail inventory requirements.

At the same time we saw some pull forward of customer orders into the first quarter, and that was, in particular, in Nutritionals and Allergy. These timing effects shape the quarterly profile, but they do not change the underlying demand outlook and are fully reflected in our full year guidance assumptions.

Our EBITDA margin before special items was 22.6%, reflecting solid underlying profitability within our full year guidance corridor, though slightly below last year. FX headwinds diluted margins by 70 basis points. Productivity gains from our new operating model and active cost management, together with divestment gains of some tail-end products created additional

financial flexibility. This enabled us to step up investments behind our brands and portfolio priorities to support growth.

Let's now look at the outlook for our divisions. With the Q1 results, we are on track to deliver our full year guidance at constant currencies for each one of our businesses. For the quarters to go, let me just highlight a few items. For Crop Science, we have a different distribution of the licensing resolution income which was realized in Q1 this year compared to Q4 last year.

For the second quarter in total, we expect top and bottom line results at constant currencies to be broadly stable year-over-year. Following a strong Q1, Corn and Soy sales are anticipated to moderate with a decline versus prior year. This is expected to be largely offset by growth in Cotton, partial volume recovery in Glyphosate and Core CP as well as Stryax growth in North America.

For Pharmaceuticals, we are well on track to deliver our full year outlook. As guided, we expect the second half of the year to come in stronger than the first half in terms of top line growth. While on margins, we anticipate increasing growth investments behind launches and pipeline in the coming quarters.

For Consumer Health, the market environment in our two biggest markets, the U.S. and China, remains challenging. In the U.S., market conditions weakened further in the first quarter with expectations of an overall decline for the full year. Supported by a solid start to the year, we remain confident in delivering our full year guidance here as well.

Moving on to the group. We iterate our outlook at constant currencies for the full year '26 while continuing to monitor geopolitical dynamics and foreign exchange rate movements.

On geopolitics: Based on our latest assessments, we expect to cover potential impacts within the guidance ranges provided for '26. We continue to closely monitor the evolving situation in particular in the following areas.

In Crop Science, we expect some direct impacts on sales and incremental costs, most notably in fuel transportation and energy which are manageable this year. However, we are closely monitoring rising energy prices and structural inflation across petrochemical supply chains. Resulting production cost increases will be largely captured in inventory with higher COGS impacting the P&L in later periods. Timing and duration of these variables may also have indirect effects on acreage mix, farmer profitability and the evolving crop protection landscape. For instance, favorable PRC prices could support Glyphosate pricing opportunities, should conditions remain supportive. Overall, it is harder to predict how these indirect effects will ultimately unfold and impact final planting and buying decisions.

For our Pharma business, we do not expect any major impact from tariffs to our outlook this year as they would only become effective at the end of September and should be kept at the 15% as part of the EU-U.S. trade deal, and we are monitoring the latest developments here closely. We will also continue to apply tariff mitigation measures. On drug pricing around the world and MFN in particular, we continue to monitor the situation and continue to review our pricing and launch strategies.

For Consumer Health, ongoing geopolitical tensions could primarily affect our business regarding consumer sentiment and demand while higher oil prices may also affect supply and

production cost. Following our latest assessment and continued focus on cost control, we anticipate staying within our '26 guidance range.

And finally, on FX. In line with our practice, we have updated the FX estimates based on months end rates in March. Compared to constant currencies, this leads to the effect shown in the last column on Slide 12. However, this is just a point in time analysis and we would still expect ongoing volatility around foreign exchange rate developments for the remainder of the year. To illustrate this, we have also looked at the FX impact at five months forward rates as of April. Applying those rates, we would end up at around EUR 1 billion headwind in net sales, approximately EUR 400 million headwind in EBITDA before special items and about EUR 0.30 headwind in core EPS which is more in line with our previous estimates. And with that, I hand it back over to you, Jost, to facilitate the Q&A.

Q&A

Jost Reinhard: We now start our Q&A session. And before we begin, just a few housekeeping comments. (Operator Instructions)

So the first two in line today are Sachin Jain from Bank of America and James Quigley from Goldman Sachs. Sachin, please kick us off. Sachin can you hear us?

Sachin Jain (Bank of America): Hi can you hear me?

Jost Reinhard: Yes we can hear you now.

Sachin Jain (Bank of America): Sorry. So I just wanted to kick off by thanking Wolfgang for support over the years and wish him all the best for the future. Two questions on litigation, if I may. So the first one is on the opt-in, opt-out. Just wondering if you can give us a perspective on what visibility you have on the rates in the coming weeks before the June 4 date. And how you think you will be able to communicate on whether it's been successful or not between the June 4 and July 9 fairness hearing?

And then the second question is your perspective as a company on the oral hearing, Investors perceived it as mix. Obviously stock was down on the day. Just interested in your thoughts and how it will impact the opt-in, opt-out rate from your perspective?

Bill Anderson: Yes. Let's see, so visibility before June 4, yes, we have some limited amount of knowledge, but there's sort of an administrator for the class that is the official recipient of opt-outs, and we'd expect to get some update from the administrator about a week after the June 4 deadline for opt-outs. And then I think we'll definitely take some time to evaluate that information.

We're looking for an opt-out rate, as we've said before that's sort of essentially zero. And we have to see, depending on what are the opt-outs, what are the strengths or the merits of their cases with respect to, I don't know whatever the fact set of the cases is and that I would anticipate will take some weeks.

So bottom line is, nobody should be holding their breath on June 5 because there won't be any information from the company. Yes, for at least some weeks after that.

And then, yes, on the oral hearing, I was there two weeks ago yesterday, and we felt like we had a good opportunity to present our case. The U.S. Supreme Court is not -- they're not hearing about a question about whether our product caused someone's illness. They're looking very focused at questions of interpretation of the constitution or interpretation of the law.

In this case, the law in question is pre-emption. And I think we -- yes, I think we felt good about our ability to present those arguments. And yes, I won't get into the merits of our case or the other side's arguments, but I think the essential point was important to make which is that FIFRA included explicit guidelines for pre-emption and without it, there is, frankly, regulatory anarchy in the United States, at least on the question of pesticides. And so yes, we think that the court should rule in our favor because we have a very compelling case.

Jost Reinhard: Thank you, Bill. So we have James Quigley from Goldman Sachs coming up next, and he's followed by Richard Vossler from JPMorgan. James, please go ahead.

James Quigley (Goldman Sachs): Great thanks Jost and thanks for taking my questions. I'd also like to extend my best wishes to Wolfgang for the future as well. A couple of questions from my side. So firstly, on Kerendia. You had another strong beat this quarter. If we look at the slide in the appendix year-over-year, sequential growth in the U.S. seems to have declined. So is this just seasonality? Is it mainly FX related, and can you talk to the relative growth that you're seeing across the approved indications in the U.S. and China?

And maybe one for Rodrigo as well on Crop. So you talked about some of the volume has been shifted out in the Crop Protection business into the second quarter, we might see a partial recovery of Glyphosate and a maybe recovery of some of the other Crop Protection products there. But how confident are you that this volume is going to come back? What visibility do you have on farmer inventories? And what do you sort of -- and how confident -- how much visibility do you have on the potential price moves in Glyphosate given that was quite a tailwind a few years ago?

Stefan Oelrich: James, thanks for the question, and thanks for also being with us and really liking more and more Kerendia because we continue to beat expectations. So I think there is nothing to worry about in the U.S. We're seeing continued strong demand. Yes. We're comparing against also some -- we're starting to compare against some strong months or quarters sometimes. But I have nothing to be concerned about.

We're continuing to roll out additional indications now having it in a nondiabetic population is giving us an additional boost in the renal patient group. And I think the halo of the product is growing month by month, and we're seeing increased confidence in prescribers. We're continuing to broaden our prescriber base. So nothing to be concerned about in the U.S. or in China on Kerendia. So expect continued strength there.

Rodrigo Santos: James, let me address the Crop Science question here. So we're glad to report the Q1 and confirm the guidance, as you heard from Bill and Wolfgang for the full year. This is in line to what we planned. In Crop Protection, specifically, this is also very in line with the plan. We are exactly right now executing our five-year framework and in the case of Crop Protection, there is a high focus on that one, as we announced one year ago on the May 13 on the five-year framework presentation.

We are pruning the portfolio. We are doing some divestments. So we do expect, especially in Q1, moderate on the top line of the Crop Protection that was part of the planning including some regulatory effects as well. But as you asked about Q2, the main event we have is Stryax, the new dicamba formulation. We got the approval. We managed the orders and the production, and this will impact especially Q2. And in the second part of the year, we see more growth in the southern hemisphere, especially Latin America, with the launches that we have, like mentioned by Bill of Plenexos or the Fox family, Supra, Covintro, a new herbicide as well. So we have more launches and growth that is coming in the second half of the year.

With that, I just reconfirm that we are in line with the guidance for this year, and we are executing as we have. Specifically on glyphosate, the beginning of the year was a decline on PRC at the beginning of the year. So there was a pause -- purchase from farmers waiting to see what happens now is the opposite direction that you heard as well.

So we are confident on the phasing of the volume that we have for Q2, Q3 and Q4. And we are -- as you know we have a specific team, a separate team managing Glyphosate, very lean and very effective, and we are reacting to the opportunities that we have like pricing mentioned by Wolfgang or other opportunities that we have here. So we are really looking very close with this team on how we best manage this business to capture if any opportunity will consist over the next three quarters that we have. So thank you very much.

James Quigley (Goldman Sachs): Thank you.

Jost Reinhard: Great. So following from Richard Vosser from JPMorgan, we'll hear from Laurent Favre from BNP Paribas. But Richard, you're next in line. Please go ahead.

Richard Vosser (JPMorgan): Thank you hi. I hope you can hear me well. A couple of questions, please. One on Crop Science on Corn. You saw strong performance may be stronger than expected in Q1, could you talk about your expectations for the rest of the North America season, both in terms of price and volume, we can see acreage going down, but it didn't seem to have as much an effect. How should we think about that?

And then a question on Pharma, please. The launch of Lynkuet if we could drill in there, Stefan, please. Prescriptions in the U.S. seem to be broadly in line with the Veozah launch. How is that going? What's the reception like? What's the ramp like from here? That would be great. Thanks very much.

Rodrigo Santos: So Richard, let me address the first part of the question on Crop Science. You're spot on. We are very happy with after 2025, where we had a great performance on the Seeds and Traits. Q1, also a very strong performance on the Seeds and Traits even if you don't include the licensing resolution, you have the Seeds and Traits business growing by 7% is the same that you saw for corn by 7%.

Specifically about U.S., you are right. So last year, we had 98 million acres. Initial projections would be a significant decrease. Probably going to see less of that. The last USDA report, they were talking about something between 94 million – 95 million acres, and we're going to need to see this in the next weeks or so because of the commodity prices and fertilizers cost farmers will make these decisions on how much will be the final planting of corn in the U.S.

So it will be probably lower than last year, as you mentioned, not as low as initial thoughts, and this will be what was impacting Q2 mentioned by Wolfgang as well. But overall, also soybean 9%, even if you don't include the licensing, I just want to -- remember that some of these licensing resolution should also impact '26. But even if you don't include them, you have a 9% growth in soybean as well. So Seeds and Traits, great performance, and we hope that we keep the momentum for the next quarters as well. With that, Stefan?

Stefan Oelrich: Yes. Thanks, Rodrigo. Richard, yes, thanks for the question on Lynkuet. So of course, I sound like a broken record, but it's early days. So I'll be careful not to go too far and project too far into the future, but we're happy with the uptake. It's in line with what we would have expected. It's about -- still about creating awareness. It's about broadening the NKT class based on our unique a double mechanism of action. So that, I think, sets us apart, and it's also being more and more recognized by prescribing physicians. And I think the proof of it is that we're really gaining in breadth of prescribers. We're adding about 500 physicians a week that are newly prescribing Lynkuet. It doesn't really show much in the audits because a lot of this is also used in samples. So we're getting there. It's -- again, as I said, early days. What else can I say? Let me see -- we have about -- on access, of course, that's the second one. We're looking to increase access. All this works in the U.S. So after a few months, now we're about a third into it and adding accounts on a monthly basis. So progress is slow as expected, but we're happy with what we're seeing.

Jost Reinhard: Fantastic. So following from Laurent Favre from BNP Paribas, -- we'll hear from Alek Ebbeling from UBS. But Laurent, please proceed.

Laurent Favre (BNP Paribas): Thank you Jost and good afternoon. My two questions are for Rodrigo. The first one on Soy. Did I get it right from Wolfgang that you're looking at a year-on-year decline in sales in Soy in Q2? And it was a bit surprising as, I guess, Soy acreage should be up about 4%. And I was assuming that you would be gaining share this year with the Dicamba registration. So it was sort of -- was it all about the pull forward into Q1 and you're assuming limited share gain for the overall H1? That's question number one. And the second one is, I guess, a broader topic on inflation and what we're seeing on supply chain in India and China. Are you seeing less pressure? Are you assuming there will be less pressure from the generic companies given all the issues on especially petrochemical availability down there? Thank you.

Rodrigo Santos: Thank you, Laurent. Let me start with the second question, Laurent, because this is a little bit of an interesting -- the uncertainty on the market is very high right now. So if you think about all this Middle East war, how long will last and what is the impact on the energy cost and in the end of the day, the pricing. You do see some of reaction in terms of the generic pricing right now.

So in the short term, you could have some opportunities in terms of pricing that you could capture here. Also, and I think you just need to take in consideration that this also has, have an effect on next season as the higher cost also is impacting the production and will impact the inventory that the products that we're going to be selling next year and that we're going to talk later about that one.

But for this year, as much as Glyphosate, and we are watching this, as you can imagine, on a weekly basis. We may have an opportunity to capture some opportunities that we're going to look for that one, not only on Glyphosate, but some other Crop Protection products as well.

You're right. So this is potentially on the short term, you could have some opportunities on that, and we are watching very closely.

On Soybean, 9% growth on the first quarter if did not include the licensing resolution, we do expect this year for Soybean to be the beginning of the regaining that we're going to have. We are very excited about the work that we are doing right now.

I had the team yesterday, and we revisit the launching plans for Vyconic in U.S. And we're going to have the opportunity to demonstrate that in September, in Iowa, where we're going to have our innovation event there that you are all invited and I hope that you can make it because this is like we are excited about the launch of Vyconic in the next seasons to the U.S. farmers as much as Preceon and the other launches that we have.

Soybean specifically this year, we had a great start. We don't see a major impact in Q2, no, but we need to see what will happen in LATAM in the second part of the year, right? We are advancing with our Intacta 2 Xtend is more than 30% penetration right now at the same time that our competitor launched there is below 10%. So we are excited also the development of the new technology in LATAM.

We are preparing also the next launches of Intacta 5+ that's also coming in the next years. But Soybean this year is the regaining. We are seeing some pricing development that you mentioned. We have the new herbicide that is launching but there is a lot of preparation of Soybean as we plan to regain a lot of share in U.S. in '27, '28, '29 and beyond. So some preparation and some excitement for the next seasons as well. Thank you.

Laurent Favre (BNP Paribas): Thank you.

Jost Reinhard: Alek Ebbeling from UBS is followed by Christian Faitz from Kepler Cheuvreux. Alek, the floor is yours.

Alek Ebbeling (UBS): Hi thanks for taking my questions. Two, please. First on crop and the timing of the potential Middle East impact. So is any potential impact expected in the first half, given that most U.S. farmers may already have fertilizer for the season? And then what potential impact could the conflict in the Middle East have in the second half? Have you quantified that impact? And are there any active mitigation steps you can take?

Second, on pharma, specifically pharma tariffs. So you've noted no expected impact from pharma tariffs this year. To avoid potential tariffs, much like some of your competitors. Are you engaging in discussions with the U.S. administration? Thank you.

Rodrigo Santos: Alek, thanks for that one. And let me start on the Crop Science here, and you are spot on, right? So the impact in U.S. is more of the final planting season, right? So -- and this is a good example of what I was mentioned about USDA saying while you may have 94 million, 95 million acres of corn, and this could swing between 96 million to 93 million acres of corn as an example because of what you just described.

The reaction of farmers to the fertilizers, depending on how they are being able to purchase the final piece of that equation, and they can shift a little bit more to Soybean or not. This is the -- so in U.S., your spot on is more impacting the closing of the season, the closing of planting from the farmers and the swing that they can make here. The book of the season is

done. The key question depending on the duration of the war in the Middle East is the second half of the year and the impact in the Southern Hemisphere, right? And especially on fertilizer costs and the farmers' economics.

So we're going to be watching that one. We are working closely with our teams as well to mitigate. We are putting our plans in place to mitigate any major risks that we have. A good example of what I just described is how we -- we're putting efforts in our Seeds and Traits business, our new launches of CP to help us to offset some of that one. But a lot of uncertainty on the Middle East, we're going to be watching this very close and communicate more with you in the coming quarters as well. Stefan?

Stefan Oelrich: Yes. Thanks, Rodrigo. So a question on tariffs. We're indeed baking in tariffs into this year's guidance. So nothing there. But for next year, it's a little early, but we're considering all options, and we're talking to a lot of people. So stay tuned, and you'll hear more from that.

Jost Reinhard: Excellent. After Christian from Kepler, we'll hear from Charles Pitman-King from Barclays and Rajesh Kumar from HSBC. Christian, you're next in line. Please go ahead.

Christian Faltz (Kepler Cheuvreux): Yes. Good afternoon and good day, and Wolfgang, all the best for your post-Bayer time. Two questions on two small activities actually, consumer health with a pretty stable operating performance. Why did operating cash flow decreased by more than 25% in the quarter. Any special reason other than working capital? And on veggie Seeds, I noticed that veggie Seeds sales were down quite heavily.

I assume a part of this is due to the Middle East situation per March. If my assumption is true, i.e., the Middle East situation, should we count on an even bigger decline for the second quarter?

Bill Anderson: Let's see. Wolfgang or Julio which one of you guys wants to talk about consumer health cash flow? Okay. Go ahead, please.

Wolfgang Nickl: Good question, it's Wolfgang. Nothing to worry about in Consumer Health which just happened to have had an exceptional Q1 last year. You remember, we had over EUR 1 billion in free operating cash flow there. We expect a little bit less for the year, just because of timing of certain working capital items and a bit more investments there. So yes, we are a little bit down year-over-year but nothing to write home about. We have a very good year on cash flow here as well.

Rodrigo Santos: Okay thanks. On the Crop Science question, you're spot on. The impact on veggies Middle East, not only in Iran but also in the other countries that we have and the team is working on logistics to recover that in Q2 and Q3. We don't see further than that for the year. Again, Middle East war, we're going to need to see how this will evolve.

But the impact that we saw in Q1 on veggies specifically was the war in the Middle East and the impact of our sales in that region. Again, the team is working on Q2 and Q3 for alternative routes and logistics and to recover part of that. Of course, the Iran one is specifically is a small portion of that, that is probably a full year impact, but it's a small portion of nonmaterial for the full year for the Crop Science division. Thank you very much.

Christian Faitz (Kepler Cheuvreux): Thanks very much, both. That's very helpful.

Jost Reinhard: Excellent. So we have Charles Pitman-King from Barclays coming up next and then followed by Rajesh before we conclude the call. Charles, please go ahead.

Charles Pitman-King (Barclays): Hi guys thanks so much for taking my questions. First one from me, just coming back to the litigation. I'd just be interested in any further information you are able to provide us in relation to the progress on this opt-out rate? Just noting that the Bayer briefing documents from the 21st of April suggested that 60% around roundup claims remain represented under the class action across the 12 law firms also.

I'm just wondering, in the past three weeks or so, have you seen any change in those conversations to kind of update us on that number following the SCOTUS hearing or the comments from judge Chhabria on the 30th of April?

And then just secondly, on your ophthalmology franchise, noting that Eylea 8 mg is now 46% of Bayer-Eylea sales. I'm wondering how this record rise and share could potentially change your outlook for Eylea beyond '26? I'm just thinking about this Perfuse Therapeutic acquisition.

In the view we're trying to maintain your SG&A relationships within the ophthalmology section as we await the Phase III trial results, how you expect to kind of bridge and maintain those relations over that time? Thank you.

Bill Anderson: Yes. Thanks, Charles. Regarding the opt-out rate, there's really nothing more to say because basically, these are decisions that the law firms have to make in conjunction with their clients. And so we don't get in the middle of that. So there's not a lot to say there. We did pass a couple of hurdles. There were objections and things, but those were dealt with. And yes, as far as we can see, the class program is on track.

Stefan Oelrich: Yes. Thanks. And on ophthalmology, first, let's say, let's talk about Eylea and then go over to the bridging, as you call it. So 8 milligrams, indeed, about half of our sales now which is good. But unfortunately, the overall franchise is actually there where we guided you that it would be. So we're in the minus 20s, and that is expected to continue.

So there's a logic that 8-milligram would take over and we expect some sustained Eylea business from that even though we continue to really suffer on pricing here across the board. So Perfuse, the acquisition, you have to see this not just as a commercial play, but also as something where we leverage our knowledge in the space. When I talk about knowledge is both on the science side, but also in our KOL network and being really good at hopefully setting up a good and fast late-stage clinical development for this new medicine.

Please also be reminded that we don't have a commercial infrastructure for ophthalmology in the U.S. So a lot of this needs to be built. But of course, of what we will still have for Eylea depending on how fast we can get this over the finishing line, and there are still a couple of risks along the way for the Perfuse asset. We will try to bridge as much as possible, but don't see this just as a commercial bridge play.

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

Jost Reinhard: Super. And the last question today comes from Rajesh Kumar from HSBC. Rajesh, please go ahead.

Rajesh Kumar (HSBC): Good afternoon thanks for taking my questions. My first question is for Bill. I appreciate you're deploying capital into M&A. We will probably get updates on Class Action and Supreme Court new around the same time. And then we probably will have fairness hearing. So the clarity on balance sheet probably only comes much later in the year.

So what are the capital allocation strategic choices you're making given we still don't know how the balance sheet impact of this litigation situation might evolve? Any background on how you're thinking about the problem would be much appreciated.

And the Second question is on Crop Science. Very difficult problem to crack in terms of predicting what the second, third order impacts would be. But mechanically, if you can help us understand that say, if feed prices are going up, or what period are you hedged for your input costs? How long does it take for you to increase the prices path-on through what are the mechanics or the clock work behind how that filters through your P&L and cash flows would be much appreciated.

Bill Anderson: Great. Yes. Thanks, Rajesh. So in terms of capital allocation, I would say our primary source of funds is operating income and we want to continue to significantly increase our operating income over the next few years. This is a company that should be capable of generating a lot more cash than we've been generating.

It's one of the reasons we like the structure of the class because we kind of put this -- the big bulk of the cost behind us and can move forward. We've put in place a system, our dynamic shared ownership system that turns on 90-day cycles where every team in the company is working to make improvements every 90 days. And we see continued improvements, cost reductions, additional growth opportunities in abundance across all three divisions.

So make no mistake, I mean we're definitely planning on investing in our future in R&D in all three divisions. But the primary source of funds should be from our operating income. And we've been able to do that in the past. We're going to be able to do that in the future. We're having other conversations about what do we want to do in terms of the pharma pipeline, crop science opportunities, OTC switches in consumer health. But this is things that are -- yes, we see that we're able to fund through the plans that we have for the most part. So I'll hand it over to Rodrigo.

Rodrigo Santos: Yes, Rajesh, so thank you for that one. So let me address your specific question about Crop Protection. The far majority of what we are selling in 2026 was produced because of the lead time was produced in 2025. So in the end of the day, the impact of the raw materials or the energy costs that we are seeing today is going through the production of the crop protection that will be -- we're going to sell next year.

So in terms of dynamics that you asked of me, this is a little bit of the lead time in crop protection and the impact you're going to see more on that. And we're going to talk about '27 later in the season. And again, the duration of the war, the impact we're going to need to monitor this year to see what is that.

But I bring back with this -- the opportunity to just reframe here. When we designed '26, we designed '26 after the performance of '25 and confirming the performance of '25 is another step towards the direction that we are taking with a five-year framework. And we are glad that we are having another step forward on that direction and we are working heavily including in Crop Protection to expand our margin.

And the performance of Q1 is in line with that one, and we are expecting this year 20% to 22% EBITDA margin for the overall business. And this is the book of the work that the team is doing right now. So confident that we can deliver '26, and we're going to prepare all the plans that we have for '27 and beyond with a five-year framework. So thank you for the opportunity to address that with a question.

Wolfgang Nickl: Rajesh, I probably -- on the second part on how we hedge this. We obviously do not only engage in currency hedging, we are also hedging like corn and soy prices for our input, what we have to pay to the growers. We also hedge energy to the degree that's economically viable.

And then, of course, we have a major focus in this environment on hedging the currencies. Just as a reminder, we don't hedge translational risks, but we hedge all booked transaction risks and a good chunk of the anticipated transactional risk. So I think we are pretty state of the art there and do whatever we can to buffer volatility.

Rajesh Kumar (HSBC): Thank you.

Bill Anderson: Great. So I'm going to close things out actually today. I just want to say a few words about Wolfgang. On behalf of the Board of Management, and I know I speak for many of the investors as well that gotten to know Wolfgang over his time at Bayer and before. I arrived here three years ago.

And at that point, Wolfgang was about five years into his time. And I think eight years at Bayer from 2018 to 2026 is not a walk in the park as Wolfgang always like -- he likes that phrase, so I'll use it in this case.

But I think he's -- I found him to be always on top of what's going on to know both the details but also to always be understanding the bigger picture. He's a great help to all of us on the management board in terms of, yes, the kind of help you need when you're in pressure situations. Coolheaded, clear thinking and just an incredibly fine human being and friend.

And so I don't think we've -- I don't think any of us have seen the last of Wolfgang. But we are happy for him to move on to the next phase of his life. And we wish you all the best, Wolfgang. And yes.

Wolfgang Nickl: Thanks so much.

Bill Anderson: Thanks again all of you for joining us today.

Jost Reinhard: So thank you, Bill. I guess this concludes Wolfgang's last conference call. We'll all miss you Wolfgang for sure. And I wish you all a great day. Thank you very much.