



Q4 2023 Aide Memoire

as of January 22nd, 2024

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

***** Please note that our Quiet Period starts on February 06th, 2024. *****

Group

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

- Group Outlook confirmed.
- In Group sales growth, this equals a decline of -2% to -3% cpa.
- In the Q3 earnings call, we indicated that we expect a strong momentum in the fourth quarter for our CS business, particularly in LATAM. For PH, we stated that we are confident to remain in line with the parameters guided previously. For CH, we expected the division to remain on track.
- Please refer to the following table for an overview of all KPIs:

	Outlook at constant FX	Estimated FX impact
Net Sales	€48.5bn – €49.5bn*	- €1.7bn
EBITDA (before special items)	€11.3bn – €11.8bn	-€0.2bn
Core EPS	€6.20 – €6.40	not material
Free Cash Flow	~ €0bn	
Net Financial Debt	~ €36bn	

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

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

- Reconciliation (cEBITDA) includes expenses in long-term incentive provisions based on assumed share price of now about €45.45 at year-end.
- Guidance at constant FX reflects our 2023 plan at average actual 2022 rates.
- Please find [HERE](#) our updated **FX Simulation Tool** for net sales 2023.
- Previous quarter transcripts and Investor Call presentations can be found [HERE](#).

Crop Science

Q4 2022

- In Q4 2022, Crop Science grew significantly by +11% cpa over 2021, achieving Net Sales of €5.7bn:
 - Double-digit growth in NA, LATAM and EMEA
 - Corn S&T (+24%) and Soy S&T (+23%) driven by price and volume expansion in NA and LATAM
 - Strong herbicides sales (+17%) supported by GLY price and higher volumes in NA
 - Insecticides (-7%) and Fungicides (-6%) impacted by drought in LATAM

- EBITDA before special items increased +8% yoy to €0.8bn and a margin of 14.7% (from 16.2% in Q4'21), Margin declined as sales growth was offset by continued inflationary pressures on COGS and OPEX.

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

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

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

Latest Market Information

- Dec. 2024 corn contracts at ~\$4.75/bu and Nov. 2024 soybean contracts at ~\$11.90/bu as of January 18th.
- Reference price for generic glyphosate technical at ~\$3.65/kg as of January 10th, close to the 15-year median price of \$3.80/kg; ~45% decline YOY.

- The November 2023 USDA 10-year baseline projections report estimated U.S. planted corn acres to decline to 91 million (-4%), in the 2024/25 season, and planted soybean acres to increase to 87 million (+4%).

Pharmaceuticals

Q4 2022

- In Q4 2022, Pharmaceuticals **net sales** declined by -3% cpa to €4.9bn driven by
 - Nubeqa & Kerendia more than doubling sales, becoming #1 growth driver
 - Eylea (+8%) continuing volume growth across regions
 - Topline held back by Xarelto (-4%, as a result of lower volumes in China and non-EU markets in Europe), Adalat (-28%, first impacts from China VBP) and Adempas (-51%, lacking €190m milestone payment from previous year);
- **EBITDA before special items** declined by -5% to €1.4bn with a margin of 29.5% (from 30.4% in Q4'21); Robust EBITDA margin despite headwinds from lower sales, FX (-80 bps) and inflation.

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

- **Net sales** on par with the prior year on a currency on a currency and portfolio adjusted basis, particularly as a result of:
 - Combined sales for NubeqaTM and KerendiaTM to exceed €1bn;
 - EyleaTM expected to more than offset increasing price pressure through higher volumes, with sales growing low single digits;
 - China with soft overall post-pandemic recovery while volume-based procurement continues to weigh on AdalatTM;
 - XareltoTM to decline mid-single digit driven by ongoing pricing headwinds and expired patents in various non-EU markets;
 - Expecting sequential sales growth to improve quarterly performance throughout the year as a result of growing contributions of launch assets.
- **Calendarization:** HY2 expected to be above HY1 in top and bottom line.
- Out of the €500m portfolio effect mentioned in the Group net sales guidance, approx. 25% relate to the **Pharma divestments**. For modeling purposes, one could assume a linear quarterly phasing for Q1 until Q4.

- **EBITDA margin before special items** expected to be approximately 28% at constant currencies driven by adverse product mix effects and continued investments in R&D.

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

Newsflow (until January 19, 2024)

- Jan 18 Eylea 8mg approved in Japan
- Jan 08 Announcement of Phase II study start NIRVANA to evaluate elinzanetant in women with sleep disturbances associated with menopause
- Jan 08 Announcement of positive top-line results of the pivotal Phase III studies OASIS 1 and 2: Elinzanetant met all primary and key secondary endpoints in pivotal OASIS 1 and 2 Phase III studies
- Jan 08 Eylea 8mg approved in EU
- Jan 05 AskBio Announces Initiation of Phase 2 GenePHIT Trial in Congestive Heart Failure (CHF)
- Jan 04 AskBio Phase Ib trial of AB-1005 gene therapy in patients with Parkinson's disease meets primary endpoint
- Nov 11 Announcement of Asundexian OCEANIC-AF study termination

Consumer Health

Q4 2022

- In Q4 2022, Consumer Health **net sales** increased by +6% cpa to about €1.5bn, driven by continued underlying strength in all regions and categories.
 - Allergy & Cold (+16%) with exceptional performance due to one of the highest incidences of cough, cold and flu in a decade and supported by the launch of Astepro
 - Dermatology (+9%) benefitted from ongoing roll-out of Bepanthen Derma innovation

- **EBITDA before special items** stable on Prior Year level (€0.3bn); operational efficiencies and active price management compensating for inflationary pressure.

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

- **Net sales** growth guidance was reconfirmed at Q3 earnings call with approximately +5% cpa for the full year 2023.
- Supply constraints and price elasticity expected to continue, leading to market growth expectation of 3% - 5% p.a.; executing on our mid-term ambitions, innovation and the value of our brands will drive outperformance vs. market.
- **EBITDA margin before special items** expected to be around 23% at constant currencies, overcompensating cost pressures by firmly executing on ongoing comprehensive cost productivity program.
- Strong focus on optimizing gross margin, enhancing digital capabilities and lifting SG&A efficiencies.

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

Forward-Looking Statements

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports, which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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