



Bayer AG  
Communications  
51368 Leverkusen  
Germany  
Tel. +49 214 30-1  
[media.bayer.com](http://media.bayer.com)

## News Release

### Annual Stockholders' Meeting April 27, 2021

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Address by

**Werner Baumann,**

Chairman of the Board of Management

(Please check against delivery)

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Ladies and gentlemen, dear shareholders,  
Welcome to our 2021 Annual Shareholders' Meeting. Last year we became the first company in the DAX, Germany's lead index, to hold its shareholders' meeting completely online.

Today's Annual Shareholders' Meeting is again taking place in a virtual format. We've taken note of your feedback from last year and included more interactive features, for example. We hope this format will meet with your approval.

I'm going to start straight away by telling things like they are. I'm talking about our company – about the trust that was lost last year. And about the disappointing performance of our stock. Let me say quite clearly: we can't be satisfied with that. We didn't meet your expectations last year, and we didn't meet ours either.

At this point I could mention the substantial special charges or the currency effects that in some cases were unexpected. But the fact is, irrespective of which factors were under our control and which were not: we bear the responsibility – with no ifs or buts. So, it's important to me to emphasize right from the start: we want to regain your trust. We're working hard to do that. And we will deliver.

Now let me come to the main topics from fiscal 2020. The COVID-19 pandemic poses an unprecedented global challenge. A challenge that also places the highest demands on us as a company.

Our first responsibilities in this crisis are to supply products to our customers and ensure the safety and the health of our employees throughout the world. We've shown once again that what we do at Bayer with respect to health and nutrition puts us in the center of society. And that we can provide practical help to hospitals, aid organizations, local or government authorities. They have relied on our support – and we were able to justify their trust.

We've taken extensive protective measures at all our sites right from the beginning of the pandemic. And since then we've continually reviewed them and adapted them to the situation. And for more than a year now, we've generally been working from home wherever possible.

Thanks to the comprehensive measures, we've succeeded in keeping our promise to customers even under historically difficult circumstances. We've been able to avoid supply disruptions caused by the pandemic. And we've continued to provide what are in some cases life-saving products to patients, farmers and consumers. That's something we're very proud of.

Here are some images of our colleagues on site. They represent the tremendous dedication our global teams have shown in responding to the pandemic. They've been working under exceptional circumstances in both their professional and their private lives for more than a year. I'd like to express my sincere thanks to them on behalf of the entire Board of Management, and, I'm sure, on your behalf as shareholders as well.

Thanks to their commitment we've weathered the crisis well from an operational point of view. And that shows very clearly that we are active in the right industries. After all, few things are more important to people than health and nutrition.

Nevertheless, we also felt the special challenges of the pandemic in all of our businesses last year. For our agriculture business, 2020 was a year of ups and downs. We achieved sales growth of one percent overall. That was less than we had originally planned. While we saw currency adjusted growth in the Asia/Pacific and Latin America regions, our business in North America declined.

For example, the pandemic led to a drop in demand for biofuels, especially in the first half of the year, resulting in significantly lower prices for agricultural commodities. On top of that, we temporarily lost the registration for our important herbicide dicamba. So, it was all the more significant for us that we received a new five-year registration in October.

The low rate of growth – and, above all, the massive negative currency effects of more than half a billion euros – weighed heavily on the earnings of our Crop Science business. We couldn't entirely compensate for this, even though we accelerated our integration measures and achieved substantial further cost reductions. So, in the end our clean EBITDA was down by 178 million euros to about 4.5 billion euros.

Now we have a different situation: the market environment has since improved considerably. A sizable increase in the demand for agricultural products has led to rising prices. Of course, we hope that this momentum will continue. As a leading company in the global agriculture business, we are in an excellent position to benefit from this trend.

Our aim is to grow above market starting next year – by between 3 and 5 percent. We also aim to raise the profitability of the business by 2024 and achieve a clean EBITDA margin of 27 to 29 percent.

But to return to fiscal 2020: this was a very eventful year for our Pharmaceuticals business too. COVID-19 led to a tangible reduction in the number of elective treatments, especially in the first half of the year. We probably all know this from our private lives that doctor's appointments have been postponed or cancelled. This distinctly impacted our ophthalmology drug Eylea™, our long-term contraceptives and the radiology business.

In addition, a new purchasing procedure for medicines was introduced in China. The significant price reductions this entailed negatively impacted the sales and earnings contributions of our products Glucobay™ and Avelox™. Standing out positively once again, however, was our anticoagulant Xarelto™, which performed strongly last year, with sales rising by 12 percent to 4.5 billion euros.

We nevertheless saw a slight decline in the sales of our pharmaceuticals business overall. Thanks to across-the-board cost reductions, we succeeded in raising clean EBITDA by 2.6 percent to six billion euros.

We are working hard this year to bring several major pharmaceutical products to market or launch them in additional markets. They all have blockbuster potential – which means possible peak annual sales of more than one billion euros each.

Our new cancer drug Nubeqa™ and Verquvo™ against heart failure have already seen first market launches. We had to organize that almost entirely by virtual means because of the pandemic. The launches were outstandingly successful, and especially for Nubeqa™, we clearly exceeded our expectations. These are to be joined later in the year by finerenone to treat chronic kidney disease and the start of the Phase III clinical trial with elinzanetant for menopausal symptoms.

We anticipate robust annual growth of 3 to 5 percent in total sales at Pharmaceuticals through 2023, with a clean EBITDA margin of between 32 and 34 percent. In 2024, the patent expirations for Xarelto™ and Eylea™ will lead to a low- to mid-single-digit percentage decline in sales. But even for 2024 we expect a clean EBITDA margin of more than 30 percent. From 2025 onward, our Pharmaceuticals business is set to grow again thanks to our new products and our innovation pipeline.

Ladies and gentlemen,

During the pandemic there's a special focus on health. We have also seen this in our Consumer Health business. Sales in the Nutritionals category jumped by 23 percent last year, with double-digit growth in all regions.

At the same time, COVID-19 also adversely affected our business. For example, masks and distancing meant fewer people got colds or flu. That reduced the demand for cold treatments.

Overall, we are all the more encouraged by the fact that our Consumer Health Division ranked at the top of our industry, with adjusted sales growth of 5.2 percent to more than five billion euros. The clean EBITDA margin also rose by a significant 110 basis points. Clean EBITDA came in slightly below the prior-year level due to portfolio effects.

Our team got a lot of things right over the past two years and has laid the foundation for strong future development. At Consumer Health, too, we anticipate sales increasing at an annual rate of 3 to 5 percent in the coming years. We want to grow faster than the market and position ourselves as a leader in this industry, with the clean EBITDA margin moving toward 25 percent.

So, what does all this mean for Bayer as a whole? Group sales in 2020 totaled 41.4 billion euros and thus grew by 0.6 percent after adjusting for currency and portfolio effects. This means the business was stable despite the crisis.

That also applies to clean EBITDA and to core earnings per share – the profitability indicators for our operational business before special items. Our clean EBITDA of 11.5 billion euros and core earnings per share of 6.39 euros almost exactly matched last year's figures.

With the focus on cash flow and liquidity assurance and through the sale of the animal health business, we were able to significantly reduce our financial debt to about 30 billion euros.

Ladies and gentlemen,  
we didn't reach the targets we had originally set for the year 2020. However, we worked very hard to achieve an acceptable operating result despite the pandemic and a number of other negative effects, and to pay an appropriate dividend on that basis.

At today's Annual Shareholders' Meeting, we are proposing a dividend of 2.00 euros per share. This means we are maintaining our dividend policy of distributing between 30 and 40 percent of core earnings per share.

As I mentioned at the beginning, we had to take massive extraordinary charges in 2020, which are partly continuing into 2021. Last year we announced settlements totaling to approximately 12 billion U.S. dollars for the relevant US litigations. The greater part of this – up to 9.6 billion U.S. dollars – relates to the current claims in the Glyphosate litigation. We have since settled by far the majority of the existing claims.

Contrary to our expectations – and yours – we haven't yet been able to achieve a final resolution despite the progress made. This applies particularly to the management of future cases. The original settlement proposal submitted to the court in summer 2020 had to be withdrawn. A new proposal agreed upon with and supported by plaintiffs' counsel has been submitted to the responsible judge in California for a decision. For the revised proposal, both parties have worked diligently to address the points mentioned by the court.

In addition, we had to recognize impairment losses of 9 billion euros on our agricultural business. The actual market growth and business development have lagged behind our expectations over the past three years. On top of that came massive negative currency effects as well as changes in discount rates. That meant the original asset valuations couldn't be sustained.

Due to these extraordinary charges, Group net income was negative by 10.5 billion euros last year despite the stable operational development.

Ladies and gentlemen,

The burdens we bore last year shouldn't obscure the view of Bayer's perspectives. I'll say this quite clearly: we're optimistic for the future. Our divisions are clearly set to grow and to increase their earning power over the next few years, even if 2021 will be a transition year. And that brings us to the outlook for the current year that we presented at the end of February. Assuming constant exchange rates, we expect sales to grow by around 3 percent, with earnings per share coming in slightly below the 2020 level.

We will publish the results for the first quarter on May 12, as planned, so I can't give you any details today. But early indications suggest that we had a successful start to the year. In the agriculture business, in particular, we see a market environment that gives us an increasingly positive perspective.

Ladies and gentlemen,

Looking to the future, we have also every reason to be optimistic about combating the pandemic. People now understand better than ever before that scientific progress and innovation are the key to a better life.

In the record time of a few weeks, the genome of the novel virus was decoded. In the record time of less than a year, multiple vaccines were developed and approved. Most of them are based on the groundbreaking mRNA technology.

Not far from here – at our site in Wuppertal – our colleagues are currently working with great commitment to set up a production for CureVac's mRNA vaccine. At the end of this year, we plan to make available the first quantities of the CureVac vaccine from our own production. Next year, we aim to produce 160 million doses of the vaccine. In addition, we're actively supporting CureVac in developing and supplying the vaccine, which will hopefully be approved for use in the European Union within a few weeks.

I hope that as many people as possible will be vaccinated against COVID-19. I'm sure some of you already had the opportunity. I will get vaccinated too, as soon as it's my turn. Only systematic vaccination will end this pandemic. And what's just as important: only vaccination will protect us from what is in some cases serious and lasting health damage caused by the so-called "long Covid" syndrome.

We are all very proud that Bayer employees are able to make a decisive contribution to this effort. The partnership with CureVac is just one example of our commitment during the pandemic. That's what we stand for with our company's vision "Health for all – hunger for none."

The COVID-19 vaccine is a perfect example of the advances that can be made toward solving the major problems of our time through new technologies and global collaboration. But of course, there are also other pressing issues that need to be resolved through science: How can we ensure the food supply for more and more people in times of climate change? How can we ensure health care for an ever-increasing number of elderly people?

Finding answers to these questions is what underpins Bayer's attractive long-term growth prospects. We're working on it the way our company has always done – with an untiring focus on innovation. In 2020 we invested nearly five billion euros in research and development. On top of that comes the involvement of our "Leaps" unit, where we deliberately invest in groundbreaking technologies of the future.

In the area of agriculture, no company worldwide puts more money into research and development than Bayer. We invest nearly twice as much as our main competitor. Why is that so important? Because we need a more sustainable agriculture that is better able to cope with increasing weather extremes, benefit from the immense potential of data analysis and reduce its own use of resources while meeting the growing demand for food. Our researchers are working on all of these topics.

Last year alone, we commercialized ten new crop protection formulations and developed three important biotechnology products to market-readiness. Our leading digital farming platform Climate FieldView™ is now being used on over 60 million hectares of land worldwide. In the seeds area, we offered farmers across the world more than 430 new varieties of corn, soybeans, cotton and vegetables.

A striking example is the new short-stature corn variety we have introduced as a pilot in Mexico. You can see that here on the picture. The shorter stalks make the corn less susceptible to weather extremes. The new variety needs less land to grow on and uses smaller amounts of water, nitrogen and crop protection, yet farmers get the same yields. This technology has the potential to revolutionize corn production in the coming years and thus to help growers with one of the world's most important crops.



Looking at our pharmaceuticals business, we used last year to set the course for future growth. We drove forward our research and development and worked on the new blockbuster candidates. And we entered into the record number of 25 collaborations and acquisitions.

These included the acquisition of the U.S. biotech company AskBio, which greatly strengthens our position in the highly promising area of cell and gene therapy. Our researchers are working on pioneering innovations to treat or even cure diseases. That could apply to Parkinson's, for example, a neurodegenerative disorder. Today some ten million people worldwide suffer from this disease, and that number is increasing.

We currently have two different clinical studies underway for completely new therapeutic approaches to Parkinson's, which has so far proven impossible to cure. And we're now approaching a true milestone: In the coming weeks, doctors in the United States, and subsequently in Canada, will be conducting the first-ever human trial with our stem cell therapy.

One of the approaches was developed by BlueRock, a company we founded with partners in 2016 as one of the first "Leaps" investments and then wholly acquired in 2019. And now BlueRock forms part of our cell and gene therapy platform.

At Consumer Health, too, we invested substantially in new technologies last year. For example, we acquired a majority interest in the U.S. company Care/of, a leader in personalized nutrition and a digital pioneer in this field. This strengthens our position in the promising market for nutritional supplements, which showed such strong growth in 2020.

Also, through our "Leaps" unit, we have purchased an interest in Ukko. This is a company that harnesses artificial intelligence to develop therapies for food allergies. With about 2 to 4 percent of the global population suffering from food allergies, there is great demand for treatments. The potential uses for Ukko's innovations could become relevant for us in both the health and agriculture areas.

Ladies and gentlemen,

We're looking with great confidence to Bayer's future, even beyond the next few years. The scientific progress in biology and artificial intelligence is tremendous and offers great opportunities.

Looking back on the history of our company, we see there was an era of radical technological change at the end of the 19th and the beginning of the 20th century. That was when our predecessors had the foresight and the scientific understanding to recognize that the dyestuffs Bayer was developing at that time were just the beginning, and that with the same chemical raw materials there were quite different discoveries to be made that had seemed unimaginable to previous generations.

It was when organic chemistry began to revolutionize people's lives, with new materials, medicines and fertilizers coming onto the market. During that era about half of the Nobel prizes for chemistry went to German scientists. For example, for the pioneering Haber-Bosch process for developing artificial fertilizer.

Today we're at the beginning of a similar era. Today, there are again major urgent challenges that science is called upon to solve. And today, radical technological change is taking place once more. It's happening in the world of genes and proteins. Eight of the last ten Nobel prizes for chemistry have been awarded for work in these areas.

It's a world in which the boundaries between biology on the one hand, and data analysis and artificial intelligence on the other, are steadily merging. Experts are calling this the bio-revolution. The work being done in this field in research laboratories worldwide has the potential to give us a fundamentally new understanding of health and nutrition: to show that many diseases can not only be treated, but cured; that plants can be engineered to fertilize themselves; that sustainable agriculture is possible while saving resources at the same time.

Bayer is better positioned than almost any other company to realize this long-term innovation potential. Of our 37 current "Leaps" investments in new technologies, 32 are centered around the bio-revolution.

How profound these changes are can perhaps best be described in the words of a visionary: Former Apple CEO Steve Jobs was asked ten years ago about the greatest changes that lay ahead. He replied, and I quote: "The biggest innovations of the 21st

century will be at the intersection of biology and technology. A new era is beginning.” Bayer is in the process of transforming itself for this new era. And the special opportunity lies in the fact that foundational technologies such as gene editing and microbiome research will give rise to innovations in all businesses. We will drive Bayer’s development forward at full power, keeping our goals firmly in view.

The third decade of the 21st century is a period in which the international community must deliver. That means achieving maximum unity in the fight against the pandemic and ensuring the subsequent economic recovery. It means tackling climate change and pursuing the sustainability goals of the United Nations. And it also means ensuring cultural change and equal opportunities.

This year, Bayer announced extensive goals for inclusion and diversity in our company, such as gender parity on all management levels by 2030 at the latest.

About a year ago, as you know, we set ourselves ambitious sustainability goals. We plan to become a carbon-neutral company by 2030. And with our social sustainability goals, we aim to improve the lives of more people, especially in low- and middle-income countries. We have linked our long-term compensation to the achievement of the sustainability goals and are pressing ahead with their implementation.

Let me state quite clearly: By doing this we’re acting in Bayer’s fundamental interests. Only a company that clearly and resolutely pursues its transformation toward sustainable business models and an inclusive culture will be in a position to form the best teams to operate in a rapidly changing world.

There is a very recent event that shows how committed we are to sustainability. A few days ago, the LEAF initiative was founded. This is a coalition of governments and companies, led by U.S. climate protection envoy John Kerry. The common goal is to help countries in the global south in protecting rainforests and combating climate change. As one of only nine companies overall – and the only German company – Bayer is part of this initiative right from the start.

Ladies and gentlemen,

Those were the points I wanted to mention to you today. I’ve explained where we are with our company, what we’re currently doing and our timeline for achieving the

next milestones. We're firmly convinced that this is the right course for Bayer and our shareholders'. One thing the pandemic has taught us is that there is nothing more important than human health and nutrition. And that's where we can make a decisive contribution.

The importance of our businesses means we bear a great responsibility – for the safety of our products, for the sustainable use of resources, for research into new technologies, for an open dialog with others and for the economic success of our company. We at Bayer aim to live up to that responsibility. Our goals are clear, and so are our values. We have a strong workforce. And "Team Bayer" is gathered around an inspiring vision: "Health for all, hunger for none."

Together with all our employees around the world, we will continue to work hard for the success of our company and yours. And we will deliver. Thank you very much for your attention.

**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](http://www.bayer.com). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.