



## Q1 2022 Aide Memoire

As of April 19, 2022

In an effort, to continually improve our level of transparency and service to our investors, we are providing a quarterly Aide Memoire ahead of our quiet period and concurrent with our publication schedule. This communication is intended to provide some of the influencing macroeconomic and business factors and a summary of previously shared information impacting the respective quarter. Please note that this release and all information therein is preliminary and unaudited. Consistent with our prior practices, any necessary updates to our guidance will be provided during our quarterly or ad-hoc disclosures.

### Group

#### // Impact from war in Ukraine

- // Several weeks have passed since Russia's invasion of Ukraine. We continue to prioritize the safety of our 700 colleagues in Ukraine and will continue to provide them and their families with financial aid, shelter, and evacuation assistance.
- // From a business perspective, Russia and Ukraine are not in our top ten countries, and we do not have major production facilities in the region. Combined they make up approx. 3% of our revenue.
- // Energy cost and supply:
  - // On cost impact, Bayer developed to a life sciences company, so that energy costs are not that material to our operations as in the past (about 2% of total production cost in 2021).

- // We also decreased dependency on fossil energy and increased the share of renewable electricity to approx. 25% of total purchased electricity mix in 2021.
- // Nevertheless, regarding supply security, we need reliable and affordable access to energy to secure our production. We work intensively on the supply security of our production sites.
- // The pandemic already showed the vulnerability of global supply chains to which we are seeing now elevated pressure. Along the entire supply chain, there are a lot of interdependencies and unknowns, which we are currently analyzing with highest priority.
- // Our guidance does not include any business impacts resulting from the war in Ukraine.

#### // **Guidance (as of March 1<sup>st</sup>, 2022)**

- // For FY 2022, we guided towards ~€46bn net sales and ~26% EBITDA margin before special items, core EPS of ~€7.00 and Free Cash Flow of ~€2.0bn to €2.5bn (all at average 2021 rates); expecting substantial topline and earnings contribution in HY1 and normalization in HY2.

#### // **Environmental Science**

- // As announced on March 10<sup>th</sup>, 2022, Bayer to sell its Environmental Science Professional business to Cinven for \$2.6bn.
- // Shown as continued operations; transaction expected to close in the second half of 2022, subject to the satisfaction of customary closing conditions. Net proceeds are to be used to reduce net financial debt.

#### // **Links**

- // Please find here the link to our updated [FX Simulation Tool](#) for net sales.
- // Previous quarter transcripts and Investor Call presentations can be found [HERE](#).

## **Crop Science**

### **Q1 2021**

- // In prior year quarter, strong sales cpa growth in improved market environment (6% cpa to €6.6bn).
- // EBITDA before special items declined 6% to €2.4bn; strong prices and volumes more than offset by €252m of negative currency effects.

## **Q1 2022**

- // Commodity prices for corn continue to strengthen; Dec. corn contracts at ~\$7/bu and Nov. soybean contracts remain strong at ~\$14.50/bu, creating positive macro environment.
- // Likewise, generic glyphosate pricing continues to be substantially higher than prior year.
- // High fertilizer costs drive potential 2-4m planted acre switch from corn to soybeans in the U.S.; expect +1m acres of planted cotton in U.S.
  
- // As shared in our Q4/FY earnings call, pricing expected to be the primary contributor to anticipated FY 2022 ~7% cpa sales growth. Roughly half of that pricing growth expected to come from herbicides, and about half from corn seeds & traits and the rest of our crop protection portfolio.
- // The annual refresh of our corn seed portfolio and upgrades to the next-generation technologies in fungicides like Fox Xpro, enable that growth with 6-7% price increases globally.
- // While volume is not expected to be as significant as pricing, we also expect share gains in corn and a strong demand for fungicides to contribute to our overall sales growth.
- // In our models, we expect herbicide prices to be higher in the first half of 2022, and lower in the second half with possible improvements of the global supply of glyphosate. This trend influences our total outlook with our total sales growth rate expected to be above ~7% cpa for the first half and below that level for the second half of the year.
- // EBITDA before special items margin expected to expand strongly in the first half and compress in the second half, on the path to the 25-26% guidance provided for the full year, despite significant cost inflation, particularly in crop protection.

## **Pharmaceuticals**

### **Q1 2021**

- // In prior year quarter, sales cpa leveled (-0.4% cpa to €4.4bn).
- // EBITDA before special items decreased 6% to €1.5bn, affected by negative pricing and currency headwinds of €57m.

### **Q1 2022 and news until April 19**

- // FY 2022 sales expected to grow 3-4% cpa, new launches increasingly contributing to topline, Eylea™ to grow mid-single-digit percent, Xarelto™ to see a slight decrease, VBP pricing headwinds in China impacting Xarelto™ and Adalat™
- // FY 2022 EBITDA margin before special items of around ~32% despite ongoing investments into technologies and early- to late-stage pipeline as well as launches and rollouts.

- // Study data of ARASENS (Phase 3 trial to examine safety and efficacy of Nubeqa™ in patients with metastatic hormone-sensitive prostate cancer (mHSPC) presented on February 18<sup>th</sup>, 2022 at ASCO GU; peak sales expectations of Nubeqa™ increased to >€3bn (up from >€1bn previously)
- // Submission of applications for use of Nubeqa™ in patients with mHSPC in the U.S. and EU
- // Approval of Kerendia™ in chronic kidney disease/type 2 diabetes in EU and Japan
- // Approval of Vitrakvi™ in NTRK fusion-positive advanced or recurrent solid tumors in adult and pediatric patients in China
- // Study data of PACIFIC-AF (Phase 2b trial to examine safety of asundexian in patients with atrial fibrillation) presented on April 3<sup>rd</sup>, 2022 at ACC

## Consumer Health

### Q1 2021

- // In prior year quarter, sales cpa declined (4% cpa to €1.3bn) due to continuing high level of protective and hygiene measures and ongoing lockdowns.
- // EBITDA before special items declined 3% to €292m, incl. currency headwinds of €26m.

### Q1 2022

- // FY 2022 sales growth expected at 4-5% cpa with a further step-up in innovation.
- // Growth is likely to be front-loaded to the first half of the year 2022 with an easier comp versus 2021, especially in Cough and Cold (PY: Allergy & Cold with -30% cpa in Q1)
- // FY 2022 EBITDA before special items margin expected to be within the 22-23% range. Efficiency measures as well as a focus on pricing are put in place to compensate rising input costs. Higher investment in the brands behind our launches as well as in research and development foreseen to step up in innovation.

### 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.

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