Bayer
Q4 / FY 2024 Results

Wednesday, 5th March 2025

Introduction

Jost Reinhard

Head of Investor Relations, Bayer AG

Welcome

Good afternoon and good morning, everybody. And welcome to our conference call to discuss the fourth quarter and full year results for 2024.

Agenda

To begin, Bill will share his perspective on our business development, the progress we've made in our transformation and the path ahead of us. Wolfgang will then provide an overview of our financial performance in 2024 along with the outlook for 2025. We will then hear from our divisional heads who will delve into last year's performance of their businesses as well as the future ambitions and action plans. We will conclude the presentations with the Q&A session as usual.

Disclaimer

Before we begin, please note the cautionary language in our safe harbor statement.
With that, over to you, Bill.

Business Overview

Bill Anderson

CEO, Bayer AG

Introduction

Well thanks, Jost. Thank you, everyone, for joining. And I'm going to start with our 2024 results and our 2025 outlook, and then I'll outline what you can expect from us this year as we continue our turnaround.

2024: Achieved Our Revised Financial Outlook

So, let's start with '24. We adjusted our full year EBITDA guidance in November of last year. And as a group, our results were in line with that revised outlook.

In fact, EBITDA before special items actually netted out just shy of our original target, thanks to our Pharmaceuticals division, which performed better than expected, compensating for other areas. We were slightly ahead of our guidance on cash flow, and we reduced our net debt to EUR 32.6 billion. But it's clear we still have work to do. We have three great businesses with attractive

long-term prospects. We expect them to compete at the forefront of their fields. Whenever that's not the case, we're going to take action.

2025: A Pivotal Year For Our Turnaround

That brings me to 2025. So it's the second year in our turnaround. And as indicated in November, we expect it to be the most difficult in terms of financial performance, with net sales roughly in line with and earnings and cash flow behind prior year.

Let's look at it business by business. In Pharmaceuticals, we're planning on net sales slightly below '24. We expected slight margin declines as the impact of the Xarelto patent loss accelerates. In Consumer Health, we're targeting growth that's in line with the market and an EBITDA margin before special items in the same corridor as 2024.

In Crop Science, we anticipate a slow market recovery with earnings pressure from regulatory challenges and crop protection pricing, keeping margins at current levels. 2024 exacerbated these headwinds for our Crop Science business. That's evident in our results, and we expect continued impact in 2025. You'll note that we've added Crop Science profitability to our agenda as a fifth focus area. Take that as a first sign that we're committed to improving.

Our Three-Year Turnaround

We're one year into a multi-year effort. In 2024, we kicked off a comprehensive transformation to address Bayer's most pressing challenges and to set the company up for a better future. We see an improved trajectory starting in 2026. And later today you'll hear reasons why we are optimistic. However, to get to these opportunities, we need to steer through a tight 2025. It's a pivotal year for our turnaround from managing litigation, generating cash, paying down debt, to operating each of our businesses. We have a big, big year ahead of us. Here's what you can expect.

Advancing Our Strategic Priorities: Pharma Growth & Pipeline

First, on our Pharmaceuticals growth and pipeline: Our two flagship launches, Nubeqa and Kerendia grew to a combined 2 billion EUR in sales last year. In 2025, we plan to grow cumulative sales on those two medicines to more than EUR 2.5 billion. And we have two more Pharmaceutical launches coming in 2025, with Beyonttra launching in European markets starting in April and Elinzanetant expected in the U.S. in the second half of the year.

We're also rejuvenating the pipeline. In 2024, we saw the successful completion of nine positive Phase III trials, and we've advanced more than 20 clinical programs over the past 18 months. We're very confident that our Pharma business will return to growth from 2027 onwards and expand margins beginning in 2028.

Advancing Our Strategic Priorities: Litigation

On to litigation. In 2024, we were active in the courtroom with lawmakers and in communicating important facts to the public. We're continuing our multipronged strategy in 2025 including working with the new administration, with the U.S. Congress and lawmakers in a number of

states to provide important regulatory clarity for the future of farming and crop protection. I have personally invested a lot of my time on this effort so far this year, and obviously in 2024 as well.

In this calendar year, we're going to strive to make major steps toward containment. We want to build on important progress from 2024 in the appellate courts, and we expect to hear from the Washington State Supreme Court on PCBs and we hope to advance the labeling preemption topic to the U.S. Supreme Court as well. These are all milestones toward our goal of significantly containing litigation by the end of 2026, and we reaffirm that goal today.

Advancing Our Strategic Priorities: Cash & Deleveraging

On to cash and deleveraging. One year ago, we committed to prioritizing debt reduction, and you see that reflected in our 2024 numbers. For '25, that commitment has not changed. Wolfgang is going to say more about that later.

Advancing Our Strategic Priorities: Crop Science Profitability

Next, our additional focus area, Crop Science profitability. Our Crop Science business is home to outstanding assets, exceptional global platforms including a highly profitable Seeds business, an industry-leading pipeline and excellent people, but our business is exposed to cost pressures in ways that are both unique to our business, and general to our industry, the biggest factor being generic pricing pressure on our leading crop protection business. This is eroded earnings, specifically in crop protection that a leading business simply can't accept.

Our Crop Science team has kicked off a comprehensive plan to address earnings headwinds. What I want to emphasize is that we are pursuing a path to fuel more growth and significantly improving our margins through measures that are in our control. The entire Board of Management backs these efforts. We're targeting above market growth including more than EUR 3.5 billion of incremental sales from innovation and an EBITDA margin improvement to the mid-20s by 2029. Rodrigo will say more about the measures we're taking to get there.

Advancing Our Strategic Priorities: Dynamic Shared Ownership

The Crop Science program is incremental to and will complement our operating model, dynamic shared ownership, which is moving forward fast. We activated the system across the organization last year, reducing about 7,000 positions in 2024. If you go back to the beginning of our work on this, to the summer of 2023, and you go forward all the way through January of this year, it's actually 10,000 positions that have been eliminated, most of them management roles. So, we expect continued reduction as the new setup is established.

In 2025, our focus is on ensuring all the teams and networks of teams become proficient at the new ways of working with people and resources flowing toward the highest priority outcomes, delivering more speed and impact as well as the committed savings. We have EUR 800 million planned in savings for 2025. By 2026, I'm confident that we will not only deliver the EUR 2 billion in committed savings, but more importantly, we're going to see broader performance benefits.

In conclusion, 2025 is a year when you will see Team Bayer dialed in on the biggest things facing the company with a clear commitment to deliver.

So, thank you for your attention and Wolfgang, over to you.

Financials

Wolfgang Nickl

CFO, Bayer AG

FY 2024: Group performance

Thank you, Bill. I'd like to go into some more details on the group performance for '24 before focusing on the outlook for '25.

In 2024, net sales grew slightly by 1% versus the prior year on a currency and portfolio-adjusted basis. This is in line with the guidance given at the Capital Markets Day back in March. Growth in Pharmaceuticals and Consumer Health offset the decline in Crop Science. EBITDA before special items came in at EUR 10.1 billion, which is 14% or about EUR 1.6 billion below the prior year, but in line with the revised guidance we discussed in November. The year-on-year delta is largely driven by lower Crop Science and Reconciliation results as well as negative foreign currency effects.

I would like to note that on Reconciliation, we actually came in better than our guidance assumptions. We were cycling over a positive EBITDA before special items in 2023. On foreign exchange, we digested significant headwinds, both on our top and bottom line. On group level, net sales were impacted by over EUR 1.3 billion and EBITDA before special items by almost EUR 600 million. On our group EBITDA margin, currencies had a 60 basis points dilutive effect. Due to the geographic distribution of our sales and cost base, the Pharma margin saw a significant headwind of 190 basis points, whereas Crop Science and Consumer Health saw margin tailwinds.

On short-term incentive provisions, we accounted for higher expenses of about EUR 600 million compared to the prior year, which was mostly driven by the results of our Pharma division. Related to our dynamic shared ownership model, we accounted for about EUR 500 million in total organizational savings at the group level in '24 that partly compensated for increased STI and inflation in '24. The core financial result was in line with the prior year as higher interest expenses were compensated by lower hedging costs versus '23.

Our core tax rate came in at 25.4% for the full year. The increase versus '23 was largely driven by the devaluation of deferred tax assets in the United States. Consequently, core earnings per share of EUR 5.05 were below the prior year, driven by the decline in EBITDA before special items. The FX headwind on core earnings per share was about 40 cents. Reported earnings per share came in at minus EUR 2.60, as you can see in the appendix.

The delta to core earnings per share is largely driven by regular amortization as well as non-cash relevant impairment losses on intangibles of approximately EUR 4.2 billion. The latter was primarily driven by the Crop Science impairment already posted in Q3 and impairment losses related to increased development costs and regulatory uncertainties in Pharma posted in Q4. Furthermore, special items in EBITDA accounted for approximately EUR 1.4 billion and were primarily driven by restructuring.

Our free cash flow came in ahead of our guidance at EUR 3.1 billion compared to EUR 1.3 billion last year. The year-on-year increase is mainly driven by lower settlements and incentive payouts as well as reduced inventory levels. We made progress with our working capital management measures in '24, particularly on optimizing inventories in Pharma and Crop Science. Net financial debt was reduced to EUR 32.6 billion by the end of '24 due to the positive cash contribution and clearly in line with our guidance given at the Capital Markets Day. It is noteworthy that we experienced a significant debt increasing FX translation effect based on the strengthened U.S. dollar.

Outlook 2025: Savings and Business Growth to Partially Compensate Xarelto LoE and Crop Regulatory Impact

Let's now move to the outlook for '25. I would like to start with the main drivers of changes to core earnings per share year-over-year. As already indicated in November, the accelerated decline of high-margin Xarelto sales as well as the loss of the Dicamba label and Movento registration in Europe in Crop Science will negatively affect earnings year-over-year in a significant way.

Furthermore, our outlook accounts for merit and inflation. On the positive, we expect growth contributions from higher corn and crop protection volumes as well as our Pharma launch assets. We also anticipate that our Consumer Health business will return to volume growth.

We also plan to generate the next wave of EUR 800 million in incremental savings towards our target of about EUR 2 billion in total by the end of '26. Core financial result and our core tax rate are expected to remain largely in line with what we saw last year. As a result, we expect core earnings per share to come in between EUR 4.50 and EUR 5.00 at constant currencies. You will find all of our modeling assumptions in the appendix to our presentation.

Outlook 2025: Group

But let's now look at our outlook for all group KPIs for '25. We anticipate net sales of between EUR 45 billion and EUR 47 billion, representing a growth range of minus 3% and to plus 1% in currency and portfolio adjusted terms. For EBITDA before special items, we anticipate EUR 9.5 billion to EUR 10 billion in '25, representing a 1% to 6% decline at constant currencies, and this is mainly driven by the negative product mix effect from the accelerated Xarelto decline as well as the loss of Movento and Dicamba in Crop Science.

As mentioned already, core earnings per share are expected to come in between EUR 4.50 and EUR 5.00 at constant currencies. Our free cash flow -- for free cash flow, our outlook is EUR 1.5 billion to EUR 2.5 billion at constant currencies and accounts for the lower expected year-over-

year profitability, higher severance payouts and short-term incentive payouts related to the year 2024. These effects will be partially offset by additional working capital reductions. We expect net financial debt to decrease to EUR 31 billion to EUR 32 billion at constant currencies. Our plans include the proposed minimum dividend payout as well as minor M&A milestone payments, pension funding and other items consuming free cash flow.

In the last column of this slide, you will find the estimated foreign exchange impact based on month-end December 24 spot rates.

Outlook 2025: Key Swing Factors

Let me also take the opportunity here to summarize key swing factors for our '25 guidance. My colleagues will obviously add more color to that later.

For Pharma, the main source of risk and opportunity to our guidance range relates to the speed and magnitude of Xarelto generalization. Our Crop Science outlook depends on the development of channel inventory levels in the industry and pricing pressure in Crop Protection as well as the level of ag market recovery this year. For Consumer Health, our guidance accounts for potential further trade inventory pressure in retail markets. Our current guidance does not account for any geopolitical uncertainty, particularly around potential tariffs as well as exchange rate fluctuations.

Advancing Our Strategic Priorities: Cash & Deleveraging

In terms of our strategic priorities, I would like to reaffirm that we remain completely focused on and committed towards debt reduction with the target to enhance strategic flexibility and improve towards a single A category. You could observe our focus on cash generation and targeted capital allocation last year.

Continued Strong Focus on Improving Working Capital and Prioritizing Capital Expenditures

In '24, our improvement initiatives led to a reduction of the working capital to sales ratio to 25%. As I mentioned, we saw progress in particular in inventories, but also in weighted average terms with suppliers.

On CapEx, we need to differentiate between investments in property, plant and equipment or PP&E and intangible assets. Fixed assets as a percentage of net sales came down significantly to 3.5% last year due to diligent assessment and reprioritization. This is reflected by the blue line in the bottom right chart. Total CapEx in percent of sales increased slightly year-on-year. This was driven by intangible CapEx including higher milestone payments and investments in business development and licensing, given our strategic priority of replenishing our Pharma pipeline.

In 2025, we expect a lower profit, but will further intensify our efforts on cash conversion and scrutinizing CapEx. Let me highlight some examples. Our Pharma division launched an extensive project last year, aiming to reduce inventory levels significantly. The focus is on addressing both the supply and the demand side and the premise that cash-intensive launch products need to be overcompensated by optimizations elsewhere in the portfolio.

Within Crop Science, the team plans to realize a total of more than EUR 1.5 billion in working capital improvements until the end of 2029. Rodrigo will elaborate on that during his remarks. And as a matter of fact, I'm handing over to Rodrigo right now.

Crop Science Overview

Rodrigo Santos

President, Crop Science, Bayer AG

2024: Results Reflect Market Challenges and Factors Specific To Our Business

Thank you very much, Wolfgang. Good morning. Good afternoon, everyone. I appreciate your time as we walk through our full year results for Crop Science.

2024 was a challenging year for agriculture and for the farmers, and we are not immune to that one. So, market headwinds regulatory hurdles and competitive pressures impacted our performance and tested our resilience.

Today I want to give you a clear picture where we stand, the strategic steps we are taking and why I remain confident in the future of our business.

Against a challenging backdrop, 2024 sales were in line with the ag market down 2%. This is cycling over a very strong 2023 performance in our core business. Our EBITDA margin landed at 19.4% impacted by lower crop protection prices and inflationary cost increases, while partially offset by DSO improvements and reduced cost of goods sold.

Let me highlight two facts on the Glyphosate business. First, it represents the vast majority of the divisional price decline we saw this year and is strongly dilutive to our overall margin, contributing more than 200 basis points of headwinds. It's also important to understand that our performance defers across our business segments.

So let me break down how we look to our portfolio.

For our seeds and traits sales remained flat in a weakened market. Corn sales declined 3% on an area reduction due to droughts and disease pressure in Latin America and slightly lower volumes in North America. This impact was offset by growth in soy, in other seed and trade segments such as vegetables, oil seeds, cotton.

And in Crop Protection, we had a decline of 4%, in line with the market, reflecting the pricing pressures from generics, continued destocking and lower herbicide volumes of acreage decline.

Glyphosate sales declined 6%, reflecting significant market price pressure despite volume recovery.

Outlook 2025: Holding Sales and Margin Flat, Despite Headwinds

So let's look ahead to 2025. We anticipate a slow market recovery. We will take this opportunity to strengthen our foundation, then transition to growth. Despite notable challenges, especially on the regulatory side, our top-line growth outlook for the year is expected within the range of minus 2% to plus 2%. Additionally, we anticipate an EBITDA margin consistent with the prior year levels in the range of 18% to 20%. To get there, we will take measures to compensate for the headwinds.

Seeds and traits are expected to slightly decrease in the U.S. due to the regulatory headwinds from the Dicamba label loss. We expect recovery in Latin America, with EMEA and APAC projecting double-digit growth.

Our core crop protection business is expected to see slight growth driven by increased adoption in acres planted. This will be partially offset by continued pricing pressure and the regulatory impact of the expiring Movento registration. As you remember, in November, we guided towards an expected regulatory impact of around 200 to 300 basis points on top and bottom line.

Turning to Glyphosate. We anticipate remaining strong for the year with continued pricing pressures throughout at least the first half of the year. In this business context including the highly dilutive effect of this part of the business that I mentioned before, we are adjusting our model to run Glyphosate as a separately managed business.

So let me briefly comment on the first quarter of 2025. We expect a significant portion of the regulatory impact we communicated to materialize in Q1. In addition, the strategic decision to consolidate our regional brands in the U.S. will shift revenue recognition from the first quarter to the second quarter of this year, close to the customer purchases. As a result, in Q1, we anticipate a sales decline in the mid-single digits compared with the first quarter of last year. Looking to the entire year, I will tell you that the demand is strong with corn acres positioned to rebound, and we are confident in our full year guidance.

Five Year Framework to Drive Mid-Term Growth, Margin and Cash Improvements

So now let's talk about how we are strengthening our Crop Science to ensure long-term success for Bayer and for our customers. We established a comprehensive 5-year framework to enhance our resilience and unlock our full bottom and top-line potential.

In Q2, we will invite investors to a virtual session where we will lay out further details on our pathway to sustain long-term market leadership. Today I would like to walk through a few of the core measures in this framework, which builds on the progress we've made installing our new operating model. Last year, we focused everything on the customer establishing cross-functional teams and clear P&L responsibility. Our 5-year framework builds on that foundation and is structured in three phases.

First, strength the foundation; second, capitalize pipeline value in the core; and third, expand beyond the core.

In carrying out the first two phases of our framework, we expect to generate over EUR 1 billion in margin improvement, greater than EUR 1.5 billion in additional cumulative cash through working capital improvements and over EUR 3.5 billion in incremental revenue through innovation before the end of the decade.

We have already started executing our 5-year framework with initial steps, our four key margin initiatives and one cash initiative. Strengthening the foundation will drive margin improvements across the value chain, delivering over EUR 1 billion to the bottom line, efforts focused on our product portfolio, research and development, product supply, go-to-market, digital and enabling functions.

We are also taking action to improve cash productivity with over EUR 1 billion in incremental cumulative cash by 2024. This will be achieved largely through working capital improvements. For example, we will further optimize our inventory position through end-to-end accountability across production, supply chain and commercial. We are also refocused our industry-leading innovation pipeline.

We've sharpened our focus on a clear midterm strategy across our three key platforms which we were confident will deliver an incremental EUR 3.5 billion of net sales by 2029 and allow us to outpace the market and our key competitors.

In corn, farmers continue to show confidence in our platform, which starts with our germplasm and we will advance even further our #1 position as we scale up Preceon Smart Corn, the next generation of biotech traits and further expansion in other markets like European silage or traits in Africa.

In soy, we have a clear path to our global position, starting with the leading insect control in Latin America. In the U.S., we expect to regain market share with our solid germplasm, target go-to-market actions and the upcoming 2027 launch of Vyconic, our newly branded HT4 trait. And in CP, we are sharpening our focus, aligning both R&D and commercial teams on high-value opportunities, high-yielding crops and markets. Our pipeline is set to deliver blockbuster products like the fungicide Iblon, the insecticide Plenexos, and the herbicide Icafolin.

Beyond these core platforms, we are tapping into future growth opportunities that will unlock further value for regenerative ag systems, and this includes novel biofuel crops, biologics, and significant value that will follow in the decade.

We Will Deliver Above Market Growth, Mid-20% Margin and Resilient and Flexible Steering

As I previously mentioned, we are confident that our 5-year framework optimizes our business today and lays the foundation for market leadership in growth, profitability and resilience business steering.

First, we are targeting above-market growth in the top line. This will be fueled by the incremental EUR 3.5 billion of sales from both our base innovation like our germplasm and crop protection life cycle management as well the new blockbuster launches that we have.

And second, we are targeting an EBITDA margin in the mid-20s by the end of the decade. This will be achieved by driving on average, 100 to 150 basis points on annual EBITDA margin expansion. During the front-end of that time window, we aim to expand margins through improvements across our value chain. On the back-end, we expect our margin expansion to be more top-line driven as our key high-margin blockbusters begin launching in 2027. It's important to note this ambition also includes our Glyphosate business on the range of EUR 2.6 billion, which is expected to remain dilutive to our EBITDA margin.

We will steer this business according to each element of the triangle, growth, margin and cash, with our new operating model in the center, ensuring our organization remains focused on the right priorities. We are also building more resilience and adaptability into our organization to manage uncontrollable macroeconomic and geopolitical uncertainties.

In closing, we'll leave you with this. We are committed to decisive action, focused growth, margin expansion and market leadership. Both in the Q&A and in more detail at our upcoming event, I look forward to engaging with you on our 5-year framework including an update on our pipeline advancements and insights into the future growth opportunities. Thank you.

And with that, I will hand it over to Julio.

Consumer Health Overview

Julio Triana

President, Consumer Health, Bayer AG

2024: Performance in Line With Revised Guidance

Thank you, Rodrigo, and hello to everyone.

2024 was marked by ups and downs with significant market changes, including economic uncertainties and shift in retailer behaviors.

We flagged these uncertainties during our Q3 call and they materialize as expected. Our teams were able to navigate them and reach our revised guidance while laying the foundation for future growth. You will recall that in November, I shared our ambition for a healthier mix of growth in volumes and pricing. We're taking steps to improve that, and I draw confidence from the fact that consumption or how our products performed at the point of sale remain consistent with market trends last year. This is a strong sign of our robust position and consumer trust in our brands.

Looking closer at the numbers, global sales increased 1.9% year-over-year. We grew nearly all categories, helping offset a 12% decline in allergy and cold due to weak seasonal demand. Dermatology grew 10%, driven by strong demand for Bepanthen, for Canesten along the innovations like KangWang in China. Digestive Health was up 8%, thanks to improved supply and the launch of Iberogast in the U.S. Pain & Cardio grew 7% and Nutritionals came up 3%.

On profitability, our clean EBITDA margin remained solid at 23.3%, in line with last year. We reported clean EBITDA of around EUR 1.4 billion, down 3% year-on-year, primarily due to currency effects. Despite these headwinds, we kept our margin steady thanks to the ongoing efforts of efficiency programs.

Sustainable Growth while Gradually Improving Profitability

Moving forward, we're focusing on our recalibrated strategy, which we call road to billions. Implicit in this strategy is our ambition to expand volume-driven growth, particularly in the spaces where our top brands and attractive markets intersect.

We're concentrating in three levers in particular.

First, we're executing our brand growth model: This has to do with the fundamentals of brand building. That means distinctive communications, seamless availability across physical and digital channels, strategic pricing and science-led innovation.

Second, shaping our portfolio: We will prioritize key growth contributors while simplifying our portfolio. We're focusing on the top brand and country intersections freeing up resources to invest in the highest potential combinations while reducing complexity.

Third, fostering an agile and empowered organization: Our new operating model allows us to grow through rapid innovation and customer response and become more efficient through increased empowerment.

So how does this all translate to our outlook? In 2025, we expect the market to normalize with diminished effects from pricing and a stable, attractive growth trajectory. We aim to deliver sales growth between 2% and 5%, with a broad-based profile across all regions and categories. We expect the foundational work we did in 2024 to translate to a more balanced volume and price dynamic in our results. Our operating model will drive speed and efficiency, helping us compensate for lingering inflation effects. We expect a clean EBITDA margin between 23% and 24%, navigating cost efficiencies, investment in brands and economic headwinds.

Beyond 2025, our midterm ambition is clear. We aim to grow sustainably above the market, deliver profitability competitive in our industry and generate consistent and robust cash flow.

In conclusion, I am confident in our fundamentals. We have a bold vision, a dedicated team and a strong portfolio. Together, we will reach billions of people with the most trusted solutions they need.

With that, over to you, Stefan.

Pharmaceuticals Overview

Stefan Oelrich

President, Pharmaceuticals, Bayer AG

2024: Solid Performance Despite Accelerating Xarelto LoE

Thank you, Julio. Over to pharma, where in our division, we over-delivered on our promise and finished 2024 with a net sales growth of 3.3% on a currency and portfolio adjusted basis. We also achieved a 26% EBITDA margin, which was at the higher end of our 2024 guidance for pharma. With strong growth of our launch medicines, Nubeqa and Kerendia of 78% and 74%, respectively, we were able to more than offset the significant but well-flagged declines for Xarelto that were related to patent expiries as well as generic at-risk launches. Both Eylea and our base business once again demonstrated robust performance. The 5% xpa growth for Eylea was supported by a successful launch performance of our Eylea 8mg dose following its approval and the launch of the prefilled syringe last year.

Looking at Bayer Pharma's regional performance, North America accounted for approximately 30% of divisional sales in 2024, driven by double-digit growth in the last quarter. In addition, we are glad to see sales in China stabilizing after the multiple industry-wide market challenges we were exposed to over the last years.

Both the division's top and bottom line were significantly impacted by FX headwinds in 2024, which reduced EBITDA before special items by about EUR 0.5 billion compared to prior year. In addition, we saw an ongoing unfavorable shift in product mix, primarily reflecting the sales decline of Xarelto, while license fee bearing sales of Nubeqa and Eylea were up. R&D and its cost came down year-on-year following the discontinuation of the OCEANIC-AF trial in Q4 2023. We also managed to more than offset higher investments into launches by adapting our selling expenses for our mature products. In contrast, we saw normalized incentive provisions in 2024 and a lower income from non-core asset disposals year-on-year.

Outlook 2025: Managing Xarelto Genericization while Continuing to Drive Launches

For 2025, we expect continued growth of our launch medicines, Nubeqa and Kerendia, with combined sales exceeding the EUR 2.5 billion mark. And also, we are anticipating the resilience of our base business and the Eylea franchise to continue.

On the downside, a likely acceleration of sales decline of Xarelto will weigh in on our top-line as we will not only be facing additional patent expiries, but also additional risk from EU patent rulings and at-risk launches of generics. Given the sizes of our regional businesses and considering that we are still early in the year, our scenario planning still spans a large corridor of outcomes with Xarelto sales declines in 2025, presumably anywhere between EUR 1 billion and EUR 1.5 billion.

We will be able to provide more color and potentially narrow this corridor as the year progresses. However, as of today it fully translates into our outlook for the division for which we see sales to decline between 4% and 1% on a currency and portfolio-adjusted basis. The ongoing change in

product mix will also continue to weigh in on our margin, but we expect tight cost management and savings from our efficiency programs to largely balance this out. We are therefore anticipating the 2025 EBITDA margin to come in between 23% and 26% at constant currencies.

For both top and bottom line, we expect the first half of this year to come in stronger than the second half.

Building Momentum for Long-Term Growth as of 2027

Looking at our mid-term ambition, we will continue to deliver on our strategic agenda and drive top-line renewal and value growth of our pipeline while leveraging our new operating model.

As a reminder, the division sales should remain about stable at the 2023 levels for the 2024 to 2026 timeframe, effectively minimizing the impact of the overall Xarelto loss of exclusivity to our top-line. Due to the Xarelto genericization dynamics I outlined earlier, we will see a sales trough for the division either in 2025 or 2026 with our next wave of growth following latest by 2027, led, of course by Nubeqa and Kerendia as well as our new launches of Beyonttra and Elinzanetant. The expected data readout for Asundexian in secondary stroke prevention in the second half of this year could provide an additional potential growth opportunity in that timeframe, should the data read out positively.

With the implementation of our new operating model, we have shifted resources towards our most promising assets and regions. We have rigorously delayered and eliminated roles, non-mission focused processes and activities. In return, we've seen an increased productivity and efficiency of our organization already today. This is supported by ongoing stringent cost management, so we expect our EBITDA margin to expand by 2028 at the latest.

Finally, our new innovation model focused on value generation and breakthrough innovation is gaining significant momentum. As outlined by Bill earlier, and we are highly committed to rebuild a pipeline of high quality and differentiation through increased R&D productivity. I'm looking forward to keeping you all updated as we move ahead.

With that, back to you, Jost.

Q&A

Jost Reinhard: Thank you very much, Stefan. Thank you, all. We will now begin our Q&A session. Before we start, just a few housekeeping comments: If you have a question, please raise your hand and follow the instructions provided in the chat. And as usual, to allow as many participants as possible to join, please limit yourself to two questions.

The first two in line are James Quigley from Goldman Sachs and then Richard Vosser from JP Morgan. James, you go first. Go ahead.

James Quigley (Goldman Sachs): James Quigley from Goldman Sach. Two, please. On the pharma business. So firstly, Asundexian Phase III OCEANIC-STROKE should read out later this year. Recently completed agreement on clinicaltrials.gov with the primary completion still expected in October this year. So is it safe to assume, but if futility analysis or an interim analysis has been passed and that the event rate is tracking in line with expectations. So, we should still see the data by the end of the year. And how are you thinking about the market potential here, given competition, given Milvexian with a potential broader label and Novartis reentering this space with an antibody option?

And the second question on pharma margins. So, Stefan, your mid-term commentary suggested 2027 could be the trough year for margins as you balance Xarelto's patent expiries with R&D investment. Firstly, consensus has a trough of around 23.3% EBITDA margin, would you say it's broadly reasonable as a trough? And secondly, to what extent does this take into account potential late-stage business development deals that could come with additional R&D? Would any BD deal in the clinical stage need to compete with current programs in -- for R&D? Or have you already built some room in the budget for this?

Stefan Oelrich: Thank you, James. Very good questions. First, on Asundexian, I think your assumptions are reasonable. So, I will not contradict them. We expect that we will have completion and publishing of top-line data for the trial in the second half. So, in order to get there, obviously we need to have the corresponding accrual of events. So, I think we're in in a territory where at this point, we're confident that we're going to see that.

In terms of its potential, I've said this many times, it very much will depend on what will happen ultimately in this marketplace with other products reading out at a later stage and potentially also in additional indications. But for the stroke prevention indication itself, at -- always provided that our data is reading out positive, we would be first and only product to be approved in that patient group. I could see definitely blockbuster potential for this type of indication alone.

In terms of our margins, I think we've been very consistent since Capital Markets Day where we have guided for mid-20s range margins in the outlook -- in the midterm outlook. We stand by that. We've always said that without the FX impact that comes with that. So, the number you're giving would be also in that range more or less looking at FX, at least over the last 2 years, so I think that's also an okay model. But we are -- we will be guiding in time for '27. I think it's a little early to do that at the onset of '25.

Jost Reinhard: Thanks, Stefan. Thanks, James. Next one is Rich Vosser from JP Morgan. Rich, please go ahead.

Richard Vosser (JP Morgan): Thanks, Jost. Two questions, two related to Crop, please. So firstly, on Dicamba and soybeans this year: could you talk about the ongoing work to actually bring Dicamba back to the market in '26 and what you're seeing around the changes to the market around soy in '25 and how much lost sales/royalty income do you think you can win back?

Second question, just on Glyphosate, and it's slightly related to tariffs, I suppose. You pointed to increased price pressure or some price pressure in the U.S. Given the tariffs we already know about on China, do you think that could actually change some of the pricing dynamics around Glyphosate there from Chinese supply Glyphosate and actually have a positive pricing benefit in

’25? Obviously, there could be other tariffs in Europe getting our Crop Protection business, but just that thought. And I'll stop there. Thanks very much.

Rodrigo Santos: Let me start with the soybean question, right? We are continuing to work with EPA in the U.S. We saw recently in the last months, the Farmers Association really pushing to have the solution for the next season. So, we are confident on the registration of the new herb side for the next season, as you said.

For the dynamics of this year, you asked a little bit about the soybean. We see a growth area in U.S. on corn, anything between 92 million to 94 million. That should have an area reduction in soybean, but we are confident for the new herbicide for the next season, that's important. And we have benefits on that for '26 is less related to the licensing that you said because some of the licenses that we are talking about here, the big companies, they transition to the other platform, we have much more in terms of our investments in the market and what we did this year, and this will be positive for '26 for sure.

On Glyphosate, yes, potentially, you could have -- and this is the tariff discussions that we are having, depending on where will this be finished and it's still a lot of volatility. We are talking about that today here. There is still a lot to be defined. But if is finally, an impact on the imports from China that should have a positive impact on the pricing for us in U.S. That should have flatter. We don't have that in the plan, as Wolfgang mentioned, but that should have a positive impact.

Jost Reinhard: Thanks, Richard. Thanks, Rodrigo. Next two in line are Steve Byrne from Bank of America and Jo Walton from UBS. Steve, please go ahead. Steve, can you hear us? Could you unmute yourself? Okay. Then maybe we take Jo Walton from UBS first. Jo, please go ahead. Then maybe try with Jo or Steve, if any one of you can unmute yourself and go ahead, please.

Steve Byrne (Bank of America): Yes. This is Steve. Rodrigo, I was curious about your short-stature corn trials in 2024, how did the yields turn out comparative to similar genetics and similar geographies? And did you see any increased weed pressure or fungal disease pressure because the crop is shorter and increased density?

Rodrigo Santos: Steve, thanks for the question. We are very excited with the Preceon. We just recently have the 300 farmers that are our groundbreakers with us in a meeting. We are more and more hearing about the 300 club, that's basically the farmers reaching more than 300 bushels per acre with a short stature of corn. I think you visit one of that. Bill had opportunity to be with one of those farmers this year.

Bill Anderson: 350.

Rodrigo Santos: 350? That was good one. So, Steve, what we see is the following. All the data that we are seeing so far, and we're going to have much more data in the next years with expansion that we are taking, we are expanding the farmers’ experience. We are seeing with off the density use using high density, we are seeing higher yields. This is exactly the tailor launch that we are doing on that one and the great work of the U.S. team working specifically with the farmers with the right recommendation of density, variable seed rate, and we should every time that we are doing that, we are seeing that yield increase.

One thing that was very interesting as well that we are working with partners in U.S, and they were saying, we are helping the farmers to seed. They're helping the farmers to feed further those plants to be able to drive those higher yields. I didn't -- we didn't see any other results that you said in terms of weed pressure or disease. We're going to need to continue to check that as we advance. But the excitement is there. I think that not only -- I focus a little bit more in U.S., but if you go to Italy, Spain, where we're expanding on silage as well, it's really good results that we are seeing. So, we're excited about that to our plans in the future. Thank you.

Steve Byrne (Bank of America): Maybe one quick follow-on on that.

Rodrigo Santos: Sure.

Steve Byrne (Bank of America): Where do you think acreage could get in 2025? I mean what's your longer-term expectation now for Preceon? And any update on the gene edit version you have in development?

Rodrigo Santos: Yes. So, Steve, that's a great question. We -- with all the discussions on the tariffs in U.S., you have that volatility right now in the market. I saw USDA reports last week, ranging -- depending on where you go from 92 million acres of corn to up to 94 million acres of corn. Definitely it's an increase versus last year. We saw recent dynamics also impacting Canola. So that's a little bit of -- it's too hard to predict where we're going to be landing finally the planted acre in U.S., but we see that.

On Preceon, we are advancing with our germplasm, with our breeding version that you know. We are also advancing with our biotech version that is coming and that we will expand dramatically the penetration of that one. And finally, we're also working with a gene editing that could give us even more in terms of market expansion geographically, right? So, the expansion in Preceon will happen mainly when we launched the biotech version, and this is part of one of our blockbusters launching in 2027 and beyond.

Jost Reinhard: Super. Thank you. So, we give it another try with Jo Walton, who's still lined up. Jo, please go ahead. Apparently still not working out. We have Thibault Boutherin from Morgan Stanley and Florent Cespedes from Bernstein next in line. Thibault, please go ahead.

Thibault Boutherin (Morgan Stanley): Yes. Thank you very much. Just a couple of quick questions. One on the timing for the SCOTUS review, if you could give us an idea of the past year in terms of your expectation on timing of filing of the first case. When do you think the SCOTUS will give an answer on whether or not it takes the case? And from here, how long it would take for the final ruling?

And then just a second question is just -- do you expect any tail value for Xarelto in some excess markets? So, are there some markets where, for example, the LoE is coming a bit later? So should we model any sort of tail value here.

Bill Anderson: Thanks, Thibault. So, in terms of the timing on Supreme Court review on the preemption topic, it's a little complicated because there's actually several cases that could form the basis for the Supreme Court appeal, and each of those cases is working its way through the

lower appellate courts. So, what we do expect is that we will file something this year that will allow us to get into the docket for the '25-'26 sort of Supreme Court docket, which means that ruling would be either towards the end of this year or in the -- I think it's in the first half of 2026. So, watch this space. We should know more about that in the next, I would say 90 to 120 days. Maybe the picture starts to clarify a little bit more.

Then, Stefan, do you want to comment on Xarelto?

Stefan Oelrich: Yes. So, Thibault, like with other let's say brands that are post-exclusivity, we foresee a tail remaining. Now I will not give you a pinpointed number, but somewhere around EUR 1 billion plus/minus, is probably where we're going to land this plane.

Jost Reinhard: Excellent. The next two in lines are Sachin Jain from Bank of America and Emily Field from Barclays.

Bill Anderson: You skipped Florent.

Jost Reinhard: Sachin, you're next. Oh, you're right. Yes, Florent, I'm sorry for that, Florent is our next one in line. Florent, please go ahead.

Florent Cespedes (Bernstein): Two quick ones, please, for Stefan. First, on your launches this year, Beyonttra and Elinzanetant, could you give us a little bit some color on how you see the dynamic if there is some, let's say possibilities to have a good surprise on this front? That's my first question.

And my second question, I attended your R&D Day back in 2023 in Boston. And I would like to know when we should start to have -- to see some -- to have some visibility on some of these projects or overall on your early phase pipeline, because of course we would like to see the growth and the long-term contribution from this asset space.

Stefan Oelrich: Florent, thank you for those excellent questions. I like them both. The first maybe for this year. Surprise is going to be hard to create a real element of surprise because it's just I don't have that much time to surprise you probably in terms of total sales for this year. But obviously we may be able to surprise in our uptake curve. I'm following closely, and I'm sure you are too, the launch uptake of the equivalent of Beyonttra in the U.S. and early signs are very positive about that.

So, we -- of course we aim to repeat and hopefully even do better. I know that our European organization is absolutely pumped when it comes to the Beyonttra launch and especially in markets where we will get probably relatively quick access like Germany. I hope we can show you some data towards the end of the year of how well we're doing.

For Elinzanetant, this year, I doubt that we will have a big splash for this year. But I think we're all noticing that there's a there's a higher appreciation for nonhormonal treatments in this category for women seeking relief from hot flashes. We believe we have, from a data standpoint, more than competitive medicine at the starting line, plus our legacy. When you look at that that there is a more -- there's a gaining acceptance of this type of therapy. We may be just at the right moment

for our launch as we come into the U.S. market in the second half right after the summer break, I guess.

But I really -- Florent, I really loved your second question because we haven't spoken obviously as we guide for 2025 about our early to mid-stage pipeline. Indeed, we're looking into at some point in the year giving you a more detailed update on that. But you saw that we received RMAT designation now also for our second program in Parkinson's with AskBio, a gene therapy program. So, we're accelerating a lot of these programs, and it's getting late early to use one of my favorite quotes.

And I mean it's -- we're not going to give you a sales number to it, but I think we're approaching launches. We'd always said that we want to mature our early pipeline by the end of the decade, and I see more and more proof points of that being the case. Add to that our PSMA-TAT, which looks good, add to that our early pipeline in Vividion, which is a very promising technology platform, add to that some of our in-house cardiovascular assets. So -- it's starting to look much better, and I'm sure you will have followed our presentation at JP Morgan in January, where we sort of like gave a little bit of a sneak preview on this. But stay tuned, there will be more this year.

Jost Reinhard: And with that, we move to Sachin Jain from Bank of America, and Emily Field from Barclays. Sachin, you go first.

Sachin Jain (Bank of America): Hi, there. Thanks for taking my questions. Two, please. The first one is on litigation. I wonder if you could just comment on the ongoing PCB Erickson review, when do you expect a ruling, if you could remind us what the debates for the judge are? Then most importantly, how do you think that ruling would be applied to the broader PCB litigation complex?

Then the second one is a follow-up on Asundexian for Stefan, given we are approaching the phase 3, if you may. A couple of years ago, I think the Phase II in stroke was perceived as mixed, there's no trial design papers yet. So, can you just comment as to how you reflect the learnings from Phase II into Phase III? Then I just wanted to follow on James' question on the futility analysis. I'm assuming you've been through some, is there any commentary you can give us as to what you've learned from those? Thank you.

Bill Anderson: Yes. Thanks, Sachin. So, on the Erickson -- the Supreme Court in Washington State agreed to hear the appeal. The topics in play, one is this statute of repose question. Second has to do with the quality of the expert evidence which the appeals court went in great detail on and I think called junk science. Then, there was also considerations about the applicability of Missouri law in Washington State and specifically on the question of whether punitive damages are permitted under the constitution in Washington State, and I think punitive damages is something like 80% of the total in the -- yes, in that Sky Valley set of litigation.

How the ruling would apply to the other cases that are being disputed will depend on how they rule on those -- on the four topics. So, it could be quite a massive impact on the -- yes, on the other verdicts. We look forward to learning the outcome from the Washington State Supreme Court. Timing: it could come -- we understand it could come as soon as May, June but it also

could be much longer. So, it could even flow over into next year. So, it's hard to say, but that's the best estimates we have.

Then I'll let Stefan comment on the other questions.

Stefan Oelrich: Yes. Thank you, Sachin. So, on Asundexian, obviously I think we've learned a few lessons on our Phase II program. You remember we had three Phase II different programs and three different settings and AMA in stroke prevention and atrial fibrillation. In hindsight, with the learnings, we've clearly seen in all three programs the tremendous bleeding advantage, but we only saw in the stroke trial in a subgroup a[n] evidence or signal for an improved outcome in terms of efficacy.

That's exactly the group that we're focusing on in our trial. You know that we're going against placebo as standard of care, which in hindsight was one of the main reasons why we failed in atrial fibrillation because we went against an extremely effective comparator arm. So, this one is very different. I think we've modeled our trial on the learnings of our Phase II and now we need to wait and see what the data gets us. I hope we can add another catalyst to something that already looks much more promising than a few years ago when it comes to our late-stage pipeline.

Jost Reinhard: Great. We continue with Emily from Barclays. Emily, please go ahead.

Emily Field (Barclays): Hi. Thanks for asking my questions. I'll ask two. And then -- and forgive me, just for clarification following on James and Sachin, if there was a futility analysis for OCEANIC-STROKE, I apologize if I missed in the last answer, just if you can provide confirmation on that? So anyways, my questions are firstly a question on consumer. A number of your consumer peers have made comments around inventory levels highlighting destocking in the U.S. and some liquidity with distributors in APAC, and I was wondering if you are seeing any of these issues as we get into 2025? And any update on cough-cold-flu dynamics?

Then more of a higher-level question. I know that, obviously a lot of questions on Dicamba and EPA there. But maybe taking a step back, I know you talked about a more onerous regulatory environment at Q3 kind of more broadly. We've been getting a lot of questions about HHS and commentary on GMOs and ultra processed foods. However, on the other hand, the broader administration goals seem to be a little bit more deregulation and Lee Zeldin in at EPA I would think would be somebody that would be more favorable to your crop business. So just kind of wondering how you're weighing thinking about the next 4 years across the regulatory spectrum in the U.S. for crop? Thank you.

Stefan Oelrich: So, Emily, on Asundexian, so we did not pre-specify futility analysis in the trial, but we have reason to be of -- in good spirits that this is not a futile trial.

Julio Triana: Yes. And Emily, thank you so much for the question. With respect to the wholesalers and retail partners adjusting their inventories, we did see a lot of that, and you probably remember we reported that in the first half of 2024. We -- and you're completely right. That has happened not only in the U.S., but also, I would say all across the world. And actually, I think we're all watching cash. We are all dealing with inflation and so on. So, everyone is being very cautious in terms of how they do the cash allocations.

We will continue to see that already also in this year. We expect that that has been already factored into our numbers, not to the extent in our business and the way that we saw it in 2024, but we will continue to see that. Again, across the world, we did see that in the U.S., China, we saw in some countries in Asia Pacific, as well as in Latin America.

Now with your other question about cold and flu season, actually for 2025, it is one of the strongest ones we've seen in a couple of decades. There's been already two spikes, one at the beginning of the year. The other one took place in the middle of February. And of course, that is going to drive some of the consumption out there. For 2024, it was also -- it was very soft, the impact of cough and cold. Thank you. Thanks, Emily.

Bill Anderson: Yes. And Emily, on the regulatory questions, I think you're asking the same question. Yes, a lot of people are asking -- I know farmers are asking that question as well. I think we have to wait and see a bit. We have a huge interest in, yes, providing a nutritious food supply for the world and that's a core part of our mission. We do very rigorous safety testing on all our products. Crop protection products undergo very rigorous safety, there's a huge amount of information published on this. You can go on -- I invite you go on the FDA website. You can look up the pesticide monitoring programs and you can see the data and the food sampling.

And so, I think what matters the most is that the facts are laid out and that we have a scientific discussion of the facts. We feel -- Bayer feels incredibly strong about our position on this. As long as there's a fact-based discussion, we -- yes, we're quite happy, and I think we can work with -- yes, we work with different administrations from all over the world. But because we have the solid science on our side, we come to the same conclusion. For example, on Glyphosate, where every regulator on the planet has given it the same sort of stamp of approval, and that's really our interest. So we're planning to continue that.

Jost Reinhard: Good. The next questions comes from Sebastian Bray from Berenberg and Christian Faitz from Kepler. Sebastian, please go ahead.

Sebastian Bray (Berenberg): Hello. Good afternoon. And thank you for taking my questions. I have two, please. The first is on Dicamba. Is there any indication of when the EPA is actually going to come back? And how do you view the risk that the criteria applied for spraying are so onerous that the product continues to lose market share?

My second is on margin development in ag on a 2-year view, and it comes back to the 2029 targets that have been set to move back up into the very high 20s on the EBITDA margin. But is this a hockey stick development? Because I assume in 2026, okay, agricultural commodity pricing is a bit of a guess, but Bayer is going to have to invest resource to retake market share in Dicamba and may end up using price as a lever to achieve this. Is it fair to think of this is more as a curve steepening at the end of the process in the shape line for margin improvement? Thank you.

Rodrigo Santos: So, thank you, Sebastian. So let me address the two questions here. So first, on the Dicamba, right? We are following -- we've been working with EPA since last year. So, we're going to continue following their process. We believe when we look to the different scenarios that we have here, we believe that we have the approval of the new herbicide for the next season.

That's a little bit of what we are planning in our plans today is that for the next season for '26, we would have the new herbicide.

We believe that also we put all the technical data to support what should be the label for that herbicide. With that, we feel good about what we are recommending for EPA, and we believe that the technical data is there to support, and we should be able to have another good season in '26 and to drive a little bit.

And that will be the transition for the '27, as I said, right? So '27, we're already bringing to the farmers, the Vyconic, the HT4 with a five mode of actions, and we see with that '27 launch on soybean regaining share, and that's really a high expectation from the farmers. We launched on the commodity classic the new brand, and we can see the expectation on that new technology for that one.

On our margin. Our margin, the mid-20 that we gave here at the end of the decade, is composed by two elements, right? One is the innovation that we're talking like the Vyconic or the Preceon or the launches that we have on crop protection. So this is one part that generates the 3.5, and that probably comes more in the end of the decade that you said, but also the margin improvement measures that we have, the over a 1 billion that we communicate here that should be more at the beginning of that period.

So combining these two elements is what we are driving to the mid-20 EBITDA margin that we have. It's a combination of growth by the innovation that we have and the 10 blockbusters by the measures that we are putting in place for the expansion of the margin as well in the entire value chain, as I said, and that should be expected earlier on that period of time. Thank you.

Sebastian Bray (Berenberg): Thank you.

Jost Reinhard: Okay. Christian, please go ahead.

Christian Faitz (Kepler): Yes. Thanks for taking my questions. Hope you can hear me. Two questions, please. First of all, a product question. I mean Bayer has a relatively large transaction and exposure with lots of products being produced centrally and being shipped across regions. Hence, how affected are you by any tariffs, whether in agrochemicals or in pharmaceuticals or OTCs? Have you done any modeling on that?

Second, you mentioned you want to manage Glyphosate separately. Would that also entail at some point that you as Bayer don't want to manage it at all anymore, i.e. put the Glyphosate business up for sale? Thanks.

Bill Anderson: Yes. Thanks, Christian. On the question of tariffs. So yes, we've modeled this extensively. I would say over the recent years, we've actually done quite a bit to, yes, insulate our business from exposure to kind of changes in trade conditions. So, for example, in terms of impact on tariffs from China, Mexico, and Canada into the U.S. that has a very minimal impact on us. We just don't have much of flow in those directions.

Most of our products that are sold in the U.S. in Crop Science and in Consumer Health are manufactured in the U.S. The -- probably the exposure we have a little more on would be

Pharmaceuticals, where we have quite a bit of production in the EU and so if there were tariffs EU to U.S., that's probably something we have to contend with a little more.

It's very difficult to say what the impact would be because of course it depends on the duration of the patents -- sorry, of the tariffs, are these sticky? Is this part of a negotiation and gets resolved? And obviously we have various levers that we can pull in terms of inventories and timing and things to try to minimize the impact. But yes, it's something that we take very seriously, and we're prepared to act on.

Christian Faitz (Kepler): Very helpful. Thanks.

Rodrigo Santos: And on the question of Glyphosate, Christian. So the decision today is we -- with the new operating model that we are operating today, we create micro enterprises, right? And we have product teams that they're fully accounted for the full P&L and the cash generation of that. You have all the functions working on that micro enterprise to maximize that business.

The decision today is that one. We are creating this team that -- the goal is to maximize that one. It's a different business than our innovation-driven business. This is a more commodity business with different measures that we take for the -- or we have the innovation that requires that one. So, the decision today that I can share with you is that is a micro enterprise cross-functional team maximizing the P&L and the cash generation of that business with different measures that we take on the innovation. That's it. And of course, as we're going to continue to discuss in the future, evaluating all the alternatives that we have for the business, that's always what we do.

Christian Faitz (Kepler): Ok. Thank you very much, both.

Jost Reinhard: And we have three more in line. Given the advanced time, can I ask you to just ask one question per person. We first have Laurent Favre from BNP Paribas, then Joel Jackson from BMO and then Rajesh Kumar from HSBC. Laurent, please go ahead.

Laurent Favre (BNP Paribas): Yes, good afternoon. Last question in the litigation multipronged approach. Related to state law, and I guess the Missouri vote, I was wondering if you could talk about when you're expecting clarity on that? And could you tell us how many of the 181,000 outstanding cases for Glyphosate are actually in the state of Missouri? Thank you.

Bill Anderson: Sure, Laurent. So first off, let me just clarify, though. The outstanding number of cases 67,000 now. So, I think you may be thinking of like some grand total that includes cases that were already settled. So -- and Missouri, it's a relatively high proportion, something like 80%, but it's not as simple as that because, yes, there's an applicability of the law where the person is from as well. So, for example, someone in Georgia, if they file suit in the state of Missouri, the trial would be in the state of Missouri, but there's a reference to the Georgia law. So, it's, yes. Just to provide a little clarity on that.

We're working with farmers groups across America on legislation at the U.S. Congress and then in a number of states, including Missouri. The timing is a little difficult to say. It has to do with the legislative calendars in each place, most of the state legislatures, though, are front-loaded at the beginning of the year. So, we probably -- by summer, we would have answers in most of the

states as to whether legislation will be possible in this legislative session. So, hopefully that answers your question.

Laurent Favre (**BNP Paribas):** Thank you.

Jost Reinhard: Ok. The next one in line is Joel. Please go ahead.

Joel Jackson (BMO Capital Markets): Hi. Can you hear me? A question maybe for Bill. I was surprised to see that you announced today that crop science is now improving -- excuse me, profitability in crop science is now a fifth focus area, and then it wasn't a focus area before. Can you just explain that? Like why when your core businesses had so much growth potential wasn't a focus area. I'm just sort of confused by that kind of terminology.

Bill Anderson: Yes. Sure. I wouldn't get too wrapped up in it. I think basically, we're always trying to improve profitability in all our businesses. I think what happened in the agriculture market, and particularly in Crop Protection in the last 18 months, was a real price crash, and I think if you look at the Crop Protection market in '20, '21, '22 was actually quite strong. In '23, the first half of the year was also quite strong. Then in the second half of the year, it got significantly worse.

So, when we went to the capital markets last year and said, look, we have four focus areas that was in a context where there had been some negative results in the industry in Crop Protection, but I think it was unclear whether is this a temporary phenomenon based on inventory levels in Latin America? You probably remember some of that dialogue across the industry. I think in the course of '24, it became clear that, no, this is not a short-term phenomenon. This is a structural issue.

And so, we said, hey, we have to -- this has to be a major, major priority, and so that's why you hear us talking about it that way. But we're -- Stefan is working on profit margins in Pharma and Julio is working on profit margins in Consumer Health, but we have kind of a special urgency on this in terms of some of the change that may be required to get there. So hopefully, that makes sense to you, Joel.

Jost Reinhard: Great. The last one in line is Rajesh. Please go ahead.

Rajesh Kumar (HSBC): Good afternoon. Thanks for taking my question. Appreciate your margin targets. Given that growth is perhaps a slightly bigger problem at the moment, how much of the cost savings you are generating, you might have to reinvest back into the business, most importantly, when we think of pipeline investments either in Pharma or other areas, and how much of a priority is that for you?

Bill Anderson: Yes. I would just say overall we have a program, our dynamic shared ownership program, which is it results in cost savings and those are the first things you see, because obviously if you have 10,000 positions that go away, there's an immediate sort of cost impact that you see that in the cost center report in that month. But the part that is coming shortly after that is speed. That's something that the real focus of everyone on the management board is basically how do we drive decision-making faster, and so we're seeing this, examples that are now too countless to name, whether it's in Consumer Health, where we have, I don't know, dozens of

products that we thought we were going to be launching in a 2 to 3-year timeframe that are getting launched in 12 to 18 months. I mean we're seeing this with our response to some demand softening we saw in some core products in Pharma in North America last year, one of our front runners. I mean they turned it around really fast.

These are -- and everywhere we go, we hear from Bayer employees who are saying, wow, we are moving way faster on this than we ever did before. We were just talking about this in Canada that -- this morning, that we had a 70% reduction in management positions, but we ended up with an 18% increase in customer-facing roles. And I don't think it's a coincidence that we're up in market share, like in seeds, in corn, in soy, in crop protection.

So, we're conscious of the fact -- more than conscious that we need to drive growth, that we're not going to cost cut our way to greatness. But we think we have with our operating system something that really taps into the full potential of all Bayer people that will drive the top-line and reduce costs. So that's what we're doing.

I don't think we're not looking at it in terms of like how much of the margin will we have to put back in. We have ongoing business development efforts in all three divisions, particularly in Pharma and in Crop Science, and I don't know if you like to comment on it.

Rodrigo Santos: If you allow me to say you think about us, a leading company in Crop Science, we are driving the triangle that you hear a lot from Wolfgang, from me and from all of us. The triangle is like how we deliver strong performance on growth, on margin and cash. Those three elements can coexist, and we need to drive strong performance.

Crop Science, if you take the last four years, our core business grew by 5.3% CAGR on the growth. The growth of the innovation that we were talking is coming with the pipeline and the 10 blockbusters. Yes. We put more focus on expanding the margin to drive that as well, but we're going to drive growth, we're going to drive the margin expansion and a massive effort as well on cash conversion.

So, the three elements of the triangle is important for us and we believe that we can lead on a strong performance in the three of them. We put a little bit more focus or emphasis here because it's providing more information, but that's the goal that we have.

Stefan Oelrich: Yes. I can add and build on that for Pharma. And looking at the last few years and how we've actually orchestrated our P&L, it's been a constant shuffling of line items, where we've done tremendous savings through the restructuring effort that we've made. And just to give you a few queues on that. R&D 5 years ago when I started was 14% of sales, today is 18%. So, we've shifted a lot of the money that we were investing into sales and marketing into R&D.

We've also shifted a lot of the money that we've been saving on sales and marketing in Europe over to the U.S. to finance our launch efforts there. So, I think a good company will always try to reinvest some of the so-called savings that you have. Of course you will also try to protect margin, especially when growth is not there. So, it's always a good mix of those.

Jost Reinhard: Thank you very much. What a great way of ending the meeting. With that, we conclude our call for today. Thanks for your questions. And I wish you all a great day ahead.

[END OF TRANSCRIPT]