Q2 2023 Aide Memoire

as of July 18th, 2023

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

***** Please note that our Quiet Period starts on July 24th, 2023. *****

Group

Full Year Guidance (as of Feb 28th, 2023)

- Guided towards the **lower end** of the ranges for our full year guidance for net sales, EBITDA before special items, and core EPS, in our Q1 conference call.
- Anticipated our net financial debt guidance to come in at the **higher end** of the range provided.

- Please find here our updated FX Simulation Tool for net sales, at **June month end rates.**
- Guidance at constant FX reflects our 2023 plan at average actual 2022 rates. As of Q1 FX impact estimate expected a stronger headwind in topline of about €1.7bn (based on March 2023 month end rates).

	At constant FX	Estimated FX impact
Net Sales	**€51bn – €52bn***	~ - €1.7bn
EBITDA (before special items)	**€12.5bn – €13bn**	not material
Core EPS	**€7.20 – €7.40**	
Free Cash Flow	**~ €3bn**	
Net Financial Debt	**€32bn – €33bn**	

	At constant FX	Estimated FX impact
Special Items (EBITDA)	**~ - €1bn**	not material
Core Depreciation	**~ - €1.6bn**	
Core Financial Result	**~ - €1.9bn**	
Core Tax Rate	**~ 23%**	
Reconciliation (cEBITDA)	**- €0.7bn to - €0.8bn**	

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

- Previous quarter transcripts and Investor Call presentations can be found HERE.

Crop Science

Q2 2022

- In Q2 2022, Crop Science showed strong growth in **net sales** (+17% cpa to €6.5bn) with
  - Herbicides (+51%) the single largest contributor, driven mostly by pricing for our glyphosate-based herbicides
  - Corn S&T (+10%) supported by pricing and the launch of new hybrids globally
  - Soy S&T (-16%) impacted by reduction of excess seed sales and exit of Argentina business
  - Fungicides (+4%) benefited from price increases and volume growth particularly in EMEA and LATAM
- **EBITDA before special items** increased 72% yoy to €1.7bn and a margin of 27.1% (from 20.3% in Q2'21), driven by improved pricing and mix as well as savings from the ongoing

efficiency programs and positive foreign exchange effects more than offsetting cost inflation.

Full Year Guidance 2023 (as of May 11th, 2023)

- In the Q1 conference call, reduced full year 2023 **net sales** growth expectation to approximately 1.5% cpa due to faster than expected decline in glyphosate market prices.
- **Glyphosate-based herbicide** sales expected to decline by roughly 30% to 35%, or €1.7bn at the midpoint, compared to the previously indicated -15% to -20% or -€900m at the midpoint. Anticipating continued normalization of pricing as a result of improving supply, partially offset by higher sales volumes.
- **Portfolio ex. glyphosate** expected to grow by ~10% cpa (or ~€2.0bn), up from the previously indicated ~8% (or ~€1.6bn): Anticipating double-digit percent sales increases in corn S&T, fungicides, insecticides, supported by higher prices from continued innovation and strong farm incomes. Expecting share and volume gains in corn S&T from higher planted acres and volume gains in fungicides and insecticides, particularly in Q4 in LATAM.
- Out of the €500m portfolio effect mentioned in the Group net sales guidance, approx. 75% relate to the divestment of the **Environmental Science Professional portfolio.** For modeling purposes, one could assume a linear quarterly phasing for Q1 until Q3.
- **EBITDA margin before special items** for the full year expected to come in at the lower end of the previously indicated range at 25% at constant currencies. Stronger pricing (ex. glyphosate) and >€500m cost saving measures to partially offset incremental inflation (~4% of sales) and declines in glyphosate-based herbicide sales.
- **HY1 2023 / Calendarization:** Quarterly development of the outlook significantly influenced by glyphosate-based herbicide sales, with most of the expected downturn occurring in **HY1.** As a result, divisional sales to decline in **Q2,** followed by slight recovery in **Q3** and a strong finish of the year, mostly in Latin America.

FY 2023 Outlook	at constant FX (average 2022 rates)
Net Sales Growth (cpa)	**~ + 1.5%**
EBITDA margin (before special items)	**~ 25%**

Latest Market Information

- Commodity prices for corn and soybeans remain strong, but below 2022 levels in the case of corn; Dec. 2023 corn contracts at ~$5.00/bu and Nov. 2023 soybean contracts at ~$13.75/bu as of July 17.
- Drought conditions in parts of the U.S., while Argentina soybean production down >50% due to drought during 2022/23 season. According to USDA, 64% of corn production (vs. 30% in 2022) and 57% of soybean production (vs. 25% in 2022) is experiencing drought in the U.S. (as of July 11).
- Reference price for generic glyphosate technical reverted to 15-year average pricing (~$3.90/kg); a >40% decline YTD and >55% YOY.
- The June USDA Acreage report indicates a 6% increase in corn acres planted in the U.S. to 94.1m acres compared to the prior-year, and a decline of soybean planted acres by 5% to 83.5m acres (previously flat at 87.5m). For cotton, the USDA expects planted acres to decline by 19% vs. PY to 11.1m acres.

Pharmaceuticals

Q2 2022

- In Q2 2022, Pharmaceuticals **net sales** grew by around 2% cpa to €4.8bn driven by
  - Strong performance of launch products Nubeqa™ and Kerendia™
  - Eylea™ (+12%) with increases in all regions
  - Xarelto™ (-6%) impacted by volume-based procurement (VBP) in China that led to lower prices and volumes, as well as the expiration of our patent in Brazil
- **EBITDA before special items** increased by 5% to €1.5bn; slight margin decline to 30.7% reflecting continued launch investments in Kerendia™ and Nubeqa™

Full Year Guidance 2023 (as of Feb 28th, 2023)

- **Net sales** to grow about 1% cpa, particularly as a result of:
  - Combined sales for Nubeqa™ and Kerendia™ to exceed €1bn
  - Eylea™ expected to offset increasing price pressure through higher volumes
  - Xarelto™ to decline mid-single digit driven by ongoing pricing headwinds and patent expiries in various smaller markets like Mexico, Australia and Canada
  - Volume based procurement in China to lower Adalat™ sales by ~50%

- Out of the €500m portfolio effect mentioned in the Group net sales guidance, approx. 25% relate to the **Pharma divestments.** For modeling purposes, one could assume a linear quarterly phasing for Q1 until Q4.
- **EBITDA margin before special items** expected to be above 29% at constant currencies; continued investments in R&D as well as gross margin dilution from pricing headwinds, cost inflation and product mix mitigated by:
  - Shifts of marketing resources from mature franchises towards launch assets
  - Tightly managed operating expenses
  - Gains from efficiency measures.
- **HY1 2023 / Calendarization:** Top and bottom line in HY1 clearly below HY2 as sales declines from mature assets and soft trading conditions in China at the beginning of the year to come in earlier than offsetting dynamics from launch assets; improving sequential quarterly performance over the year.

FY 2023 Outlook	at constant FX (average 2022 rates)
Net Sales Growth (cpa)	**~ + 1%**
EBITDA margin (before special items)	**> 29%**

Newsflow (until July 17, 2023)

- June 29 Aflibercept 8 mg in diabetic macular edema first to achieve sustained vision gains with up to 83% of patients extended to 16-24 weeks at two years
- June 28 BlueRock's neuronal stem cell therapy for Parkinson's disease is first to show positive results in Phase I clinical study
- June 27 Bayer starts Phase III studies with novel contrast agent gadoquatrane
- June 22 Bayer to start Phase III study FINE-ONE with finerenone in adults with chronic kidney disease and type 1 diabetes
- May 30 Bayer submits aflibercept 8 mg for regulatory approval in China
- May 17 Kerendia™ (finerenone) granted expanded indication in China for broad range of patients with chronic kidney disease and type 2 diabetes
- May 16 Bayer receives U.S. FDA Fast Track Designation for asundexian atrial fibrillation program

Consumer Health

Q2 2022

- In Q2 2022, Consumer Health **net sales** increased by 7% cpa to about €1.5bn with Allergy & Cold (+17%) and Digestive Health (+13%); Nutritionals (-4%)
- **EBITDA before special items** expanded by 19% to €330m and a margin of 22.1% benefitting from strong topline, continuous spending discipline and ability to pass on cost increases.

Full Year Guidance 2023 (as of Feb 28th, 2023)

- **Net sales** growth guidance at approximately 5% cpa for the full year 2023.
- Supply constraints and price elasticity expected to continue, leading to market growth expectation of 3% - 5% p.a.; executing on our mid-term ambitions, innovation and the value of our brands will drive outperformance vs. market.
- Expecting softer development in HY1 due to challenging macroeconomic environment and strong prior year comparable.
- **EBITDA margin before special items** expected to be around 23% at constant currencies, overcompensating cost pressures by firmly executing on ongoing comprehensive cost productivity program.
- Strong focus on optimizing gross margin, enhancing digital capabilities and lifting SG&A efficiencies.

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

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