

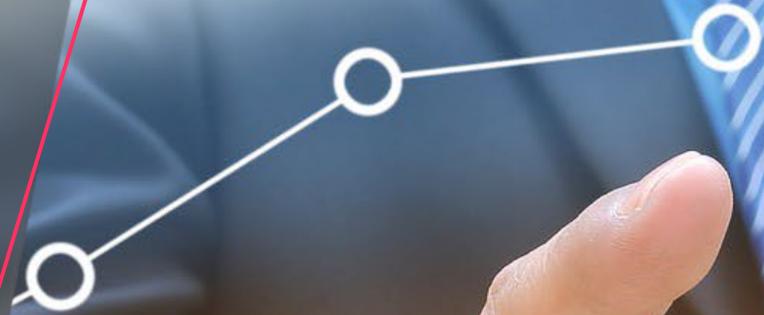


# Debt Investor Information

//////////

Status: Q2 2022 / FY 2021

As of 4 August 2022



# Cautionary Statements Regarding Forward-Looking Information

This presentation 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 <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.



# Our Business Areas

## Crop Science



// Innovative chemical & biological crop protection, seeds & traits, digital technologies & services

## Pharmaceuticals



// Prescription drugs

## Consumer Health



// Over-the-counter medicines, dietary supplements and dermatology products



# Our Strategic Priorities

## Group Strategic Priorities

1

**Positioning businesses to mega-trends**  
*Contribution to health and nutrition<sup>1</sup>*

2

**Developing innovative products**  
*Leadership in our relevant markets*

3

**Sustainability**  
*Long-term, sustainable growth*

4

**Focusing on our key strength**  
*Innovation & operational performance*

## Divisional Focus



### Crop Science

Create a leading innovation engine that transforms agriculture



### Pharmaceuticals

Driving performance and delivering new growth opportunities



### Consumer Health

Maintain a leading OTC position and improve profitability

<sup>1</sup> We also seek to make a responsible contribution to the United Nations Sustainable Development Goals "Good Health and Well-Being" (SDG 3) and "Zero Hunger" (SDG 2)



# Leadership and Innovation Set the Course for Our Future Growth

## Key Growth Drivers

- Long-term megatrend tailwinds are propelling growing demand in the Life Sciences
- Number one position in Ag inputs and leading positions in key Pharma and Consumer categories
- World-class innovation: technological breakthroughs driven by the bio-revolution
- Accelerated transformation and further efficiency gains in our operations
- Focus on sustainability to create new value

## Crop Science Innovation Pipeline

Annual R&D Investment:

€2.0bn

Key Current Launch Products:



Key Mid-/Late-Stage Pipeline Opportunities:

- **Short Stature Corn**
- **Soybean Herbicide Trait Stack with Five-Tolerances**



Fox Supra (Indiflin®)<sup>1</sup>

## Pharmaceuticals Innovation Pipeline

Annual R&D Investment:

€2.7bn

Key Current Launch Products:



Key Mid-/Late-Stage Pipeline Opportunities:

- |                                       |                               |
|---------------------------------------|-------------------------------|
| <b>Finerenone</b>                     | <b>Factor XI(a) portfolio</b> |
| • Non-diabetic CKD                    | • Thrombo-embolic diseases    |
| • Heart Failure                       |                               |
| <b>Elinzanetant</b> (KaNDy NT-814)    |                               |
| • Vasomotor symptoms during menopause |                               |

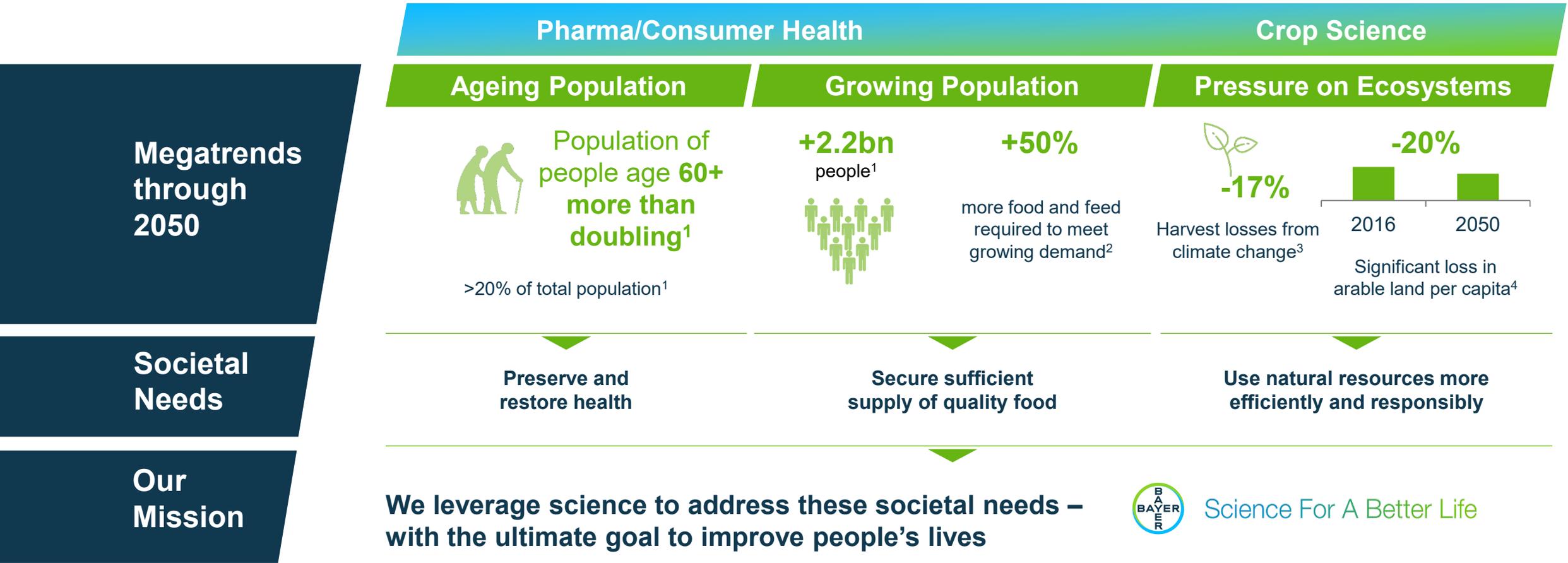
Note: Subject to regulatory approvals and pending registrations. Represents a subset of the pipeline.

<sup>1</sup> In collaboration with Sumitomo Chemical Co., Ltd.



# Global Megatrends in Health & Nutrition

Attractive Macro Drivers of Our Strategy and Underpin the Need for Innovation



Science For A Better Life

<sup>1</sup> UNDESA 2017 (United Nations Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision)  
<sup>2</sup> FAO 2017, (FAO Global Perspective Studies)  
<sup>3</sup> Nelson et. al, (2014); FAO 2016 "Climate change and food security"  
<sup>4</sup> FAOSTAT (accessed Oct 30, 2018) for 1961-2016 data on land, FAO 2012 for 2030 and 2050 data on land, and UNDEDA 2017: World Population Prospects for world population data



# Ambitious Measurable Targets for Sustainable Development

2030 Targets in Line with UN SDGs and Our Vision: *Health for All, Hunger for None*

## Help More PEOPLE Thrive: Drive Growth in Underserved Regions



Support **100m<sup>1</sup> smallholder farmers** in LMICs<sup>2</sup>



Provide **100m<sup>1</sup> women** in LMICs with **access to modern contraception**



Expand **access to self-care for 100m<sup>1</sup> people** in underserved<sup>3</sup> communities



## Decrease ECOLOGICAL Footprint: Drive Growth Through Sustainable Resource Use



**Climate neutrality at own sites + reduced emissions in our supply chain**

// 42%<sup>1</sup> reduction target for Scope 1 & 2<sup>4</sup>

// 12.3%<sup>1</sup> reduction target for Scope 3<sup>4</sup>

**+ Net Zero emission target until 2050** in line with long term goal of Paris Agreement (Scope 1, 2 & 3)<sup>4</sup>

**Established a Sustainability Council comprised of highly renowned experts to provide advice and review progress on sustainable business strategy and social innovation in consultation with our CEO and Boards**

<sup>1</sup> Baseline (2019). Numbers reflect people; preliminary figures; pending external audit : ~42m smallholder farmers; ~38m women; ~41m people; 3.7m tCO<sub>2</sub>e for Scope 1&2; 10m tCO<sub>2</sub>e for Scope 3.

<sup>2</sup> LMICs: low and middle income countries - All countries included in the [World Bank list](#) as per 1 July 2019

<sup>3</sup> Underserved defined in economical/medical terms

<sup>4</sup> Scope 1: emissions from own operations; Scope 2: emissions from purchased energy; Scope 3: emissions along the value chain



# We Create Value by Accelerating our Transformation

Driving Innovation and Returns

## 1 Enable growth

- Clear plan for translating innovation into top-line growth

## 2 Drive profitability

- Comprehensive transformation program launched

## 3 Focus on cash

- Strong capacity to generate cash

## 4 Sustainability

- Inclusive growth by helping more people thrive, and decreasing our ecological footprint

## 5 Disciplined capital allocation

- Priorities: deleveraging, dividends, external growth investments

**Value creation**



# We Focus on Cash Generation



## Improve Free Cash Flow

Optimize **working capital** focusing on overdue management, inventory and payables; prioritizing **CapEx**



## Adapt Incentive Scheme

Free Cash Flow integrated as a key performance metric in our **short-term incentive** plan for all managerial employees



## Capital Employed / Divestments

Optimization of **fixed asset** portfolio, for example sale of property

**Sale of businesses / brands** below division level (e.g., ES<sup>1</sup> professional)



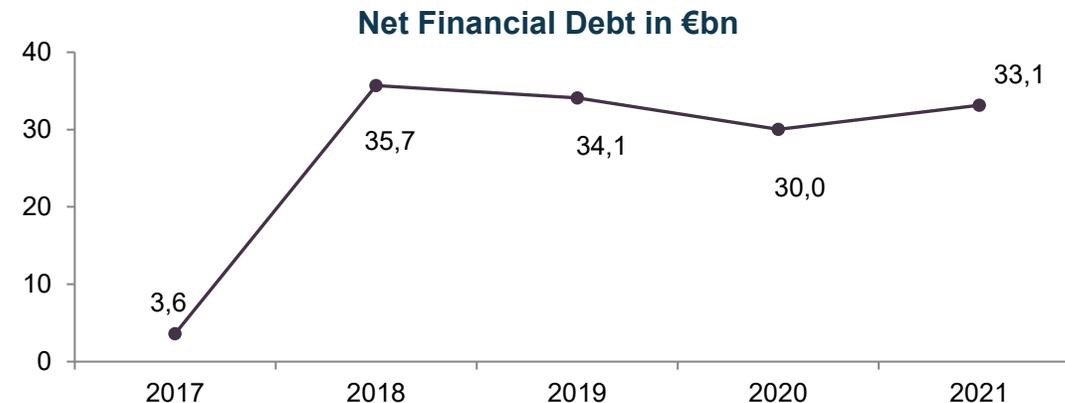
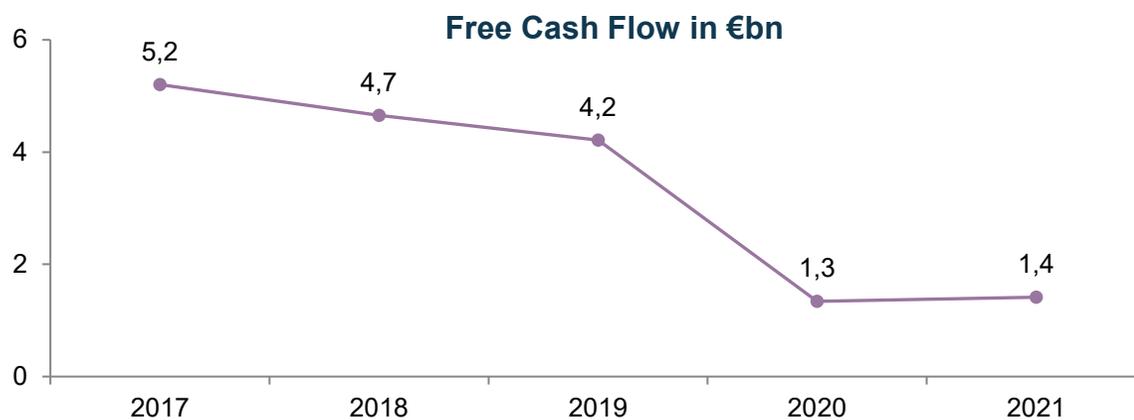
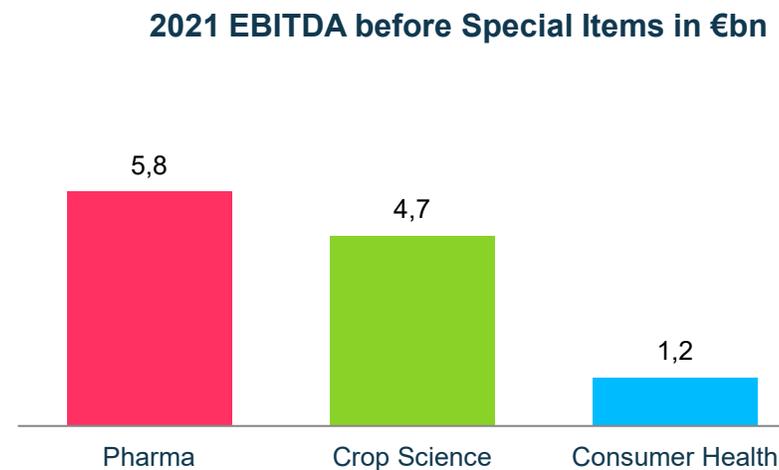
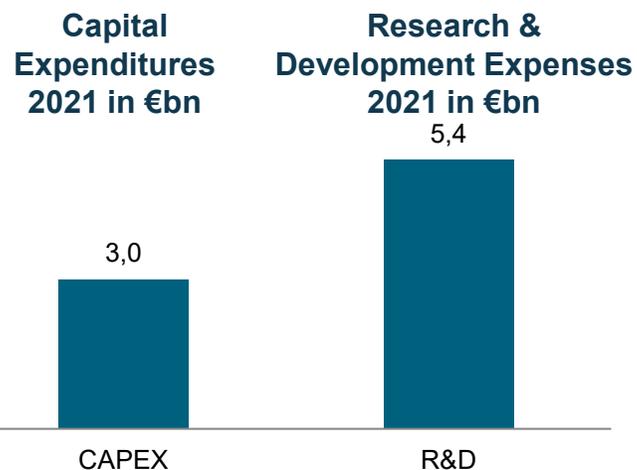
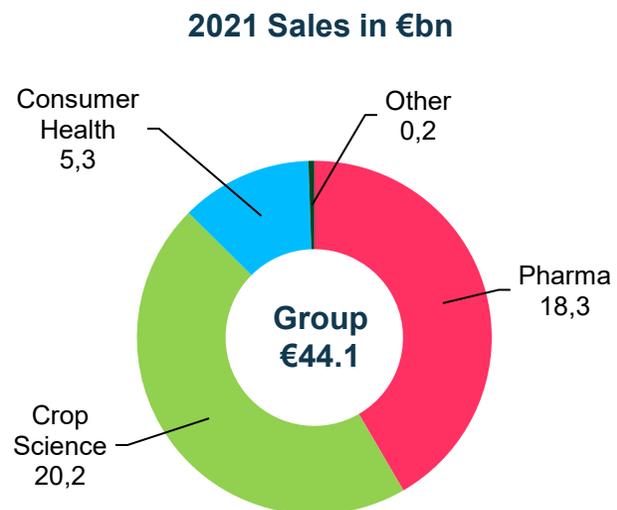
## Litigation Pay-outs & Special Items

Our Free Cash Flow is impacted by **litigation** pay-outs and cash-effective **one-time costs** for transformation

<sup>1</sup> Environmental Science



# Bayer Key Financials



#### Notes:

- 2021 figures and net financial debt figures as initially reported; Net financial debt increase in 2021 mainly due to litigation payments
- Free cash flow was initially reported in 2018; 2017 free cash flow figure were taken from 2019 annual report; Free cash flow includes litigation payments



ES divestment effects not included;  
at constant currencies  
(based on 2021 average Actual rates)

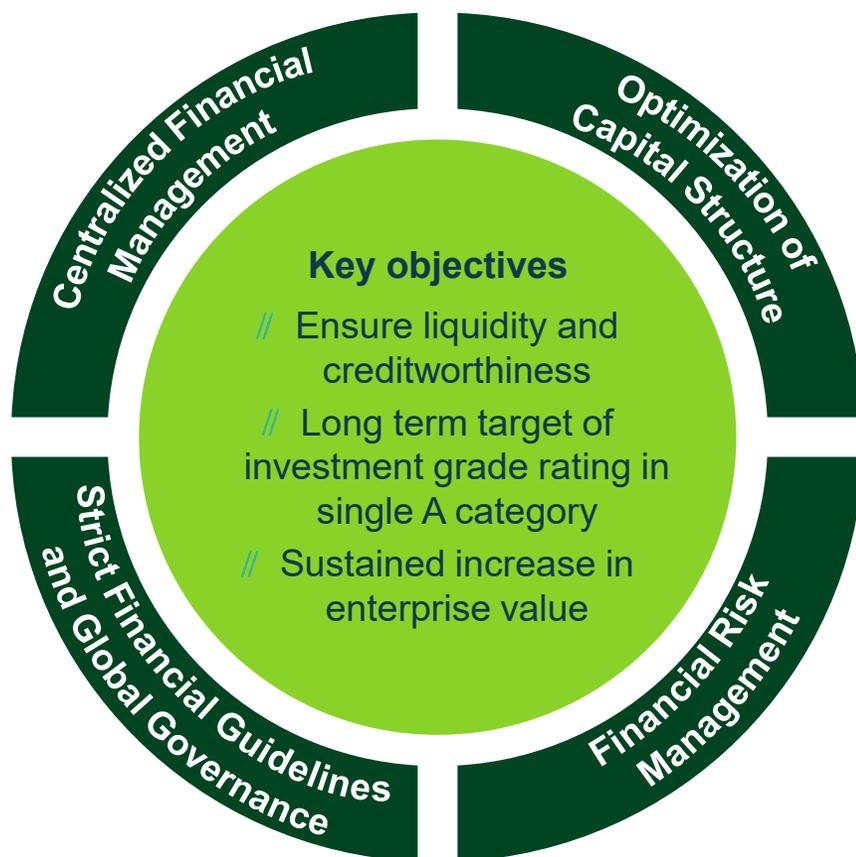
# FY 2022: Group Outlook Raised

	OLD	NEW	
	(as of Mar '22)	(as of Aug '22)	
	At constant currencies	At constant currencies	Estimated currency impact <sup>1</sup>
<b>Net Sales</b>	~ €46bn	€47bn – €48bn	↑ ~ + €3bn
<b>EBITDA margin</b> (before special items)	~ 26%	26 - 27%	↑ ~ - 0.4%pts
<b>Core EPS</b>	~ €7.00	~ €7.30	↑ ~ + €0.40
<b>Free cash flow</b>	~ €2.0 - €2.5bn <sup>2</sup>	~ €2.5bn <sup>2</sup>	↑ not material
<b>Net financial debt</b>	~ €33 - 34bn	~ €33 - 34bn	↔ ~ + €1.3bn

<sup>1</sup> Currency assumptions based on month-end June 2022 spot rates (1 EUR=) 1.04 USD, 5.42 BRL, 6.97 CNY, 141.63 JPY, 56.38 RUB. Impact calculated as difference to constant currencies.  
 /// Bayer Debt Investor Relations /// Status: Q2 2022 / FY 2021 <sup>2</sup> Incl. net settlement payments of approx. -€2.5bn



# Bayer Pursues a Conservative Financial Policy...



## Financing Instruments

// Syndicated credit facilities

// Global Commercial Paper program

// Senior bonds in different currencies

// Hybrid bonds

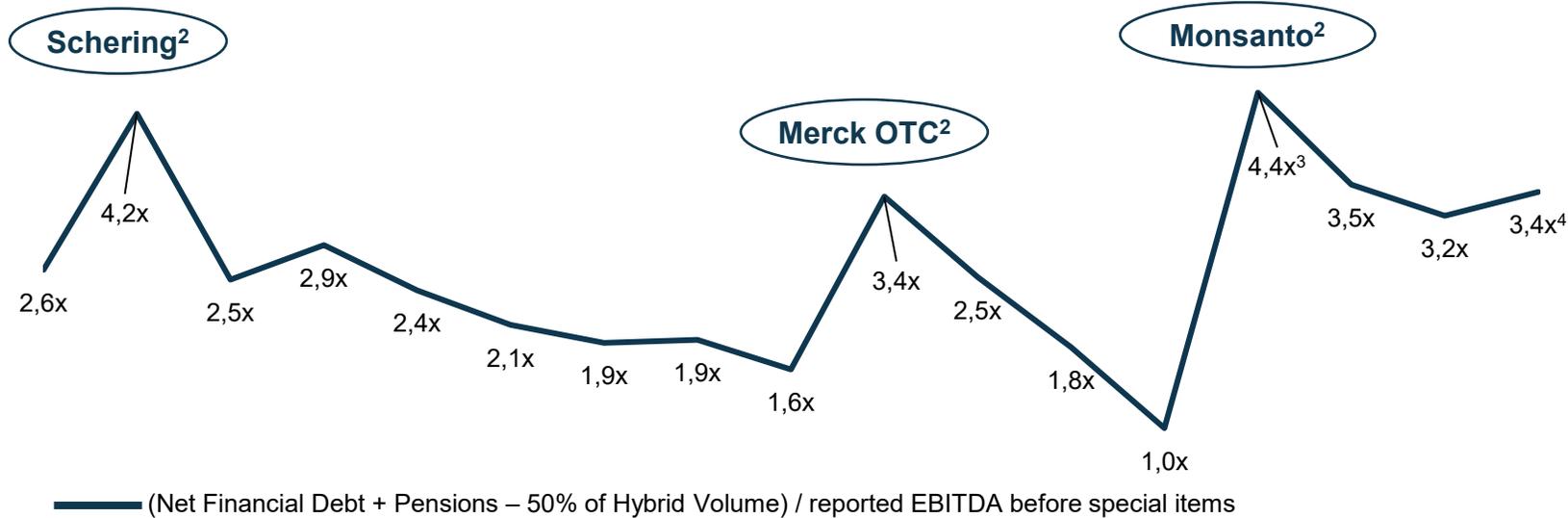
// Equity-linked instruments

**Prudent debt management with excellent access to diverse sources of liquidity**



# ... and Remains Committed to a Rating in the Single A Target Category

## Development of Ratings and Leverage<sup>1</sup>



Proven track record of disciplined deleveraging

Agency	Long Term Rating over time				
S&P	A	BBB+	A-		BBB
Moody's	A3			Baa1	Baa2
Fitch <sup>5</sup>	BBB+	A-		A	A- / BBB+

Agency	LT-Rating	Outlook	ST-Rating
S&P	BBB	Stable	A2
Moody's	Baa2	Negative	P2
Fitch	BBB+	Stable	F2

<sup>1</sup> Figures as reported in the respective year's annual report without restatements

<sup>2</sup> Ratios of years where closing of acquisition took place are not fully comparable as EBITDA before special items of acquired business is only considered for months after closing

<sup>3</sup> Full year 2018 multiple results in 3.7x instead of 4.4x if based on 2018 unaudited pro forma EBITDA of combined business as shown on Capital Markets Day in December 2018

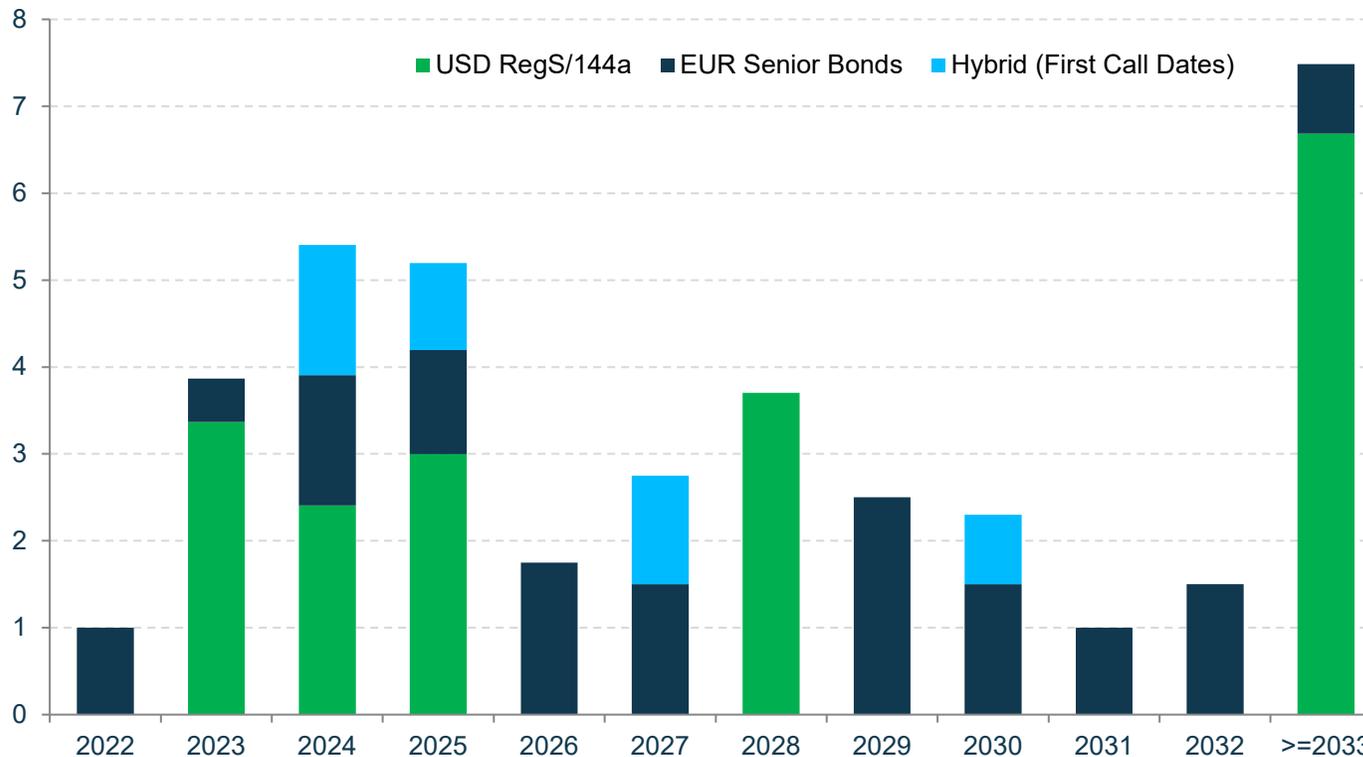
<sup>4</sup> Increase of ratio mainly driven by litigation payments

<sup>5</sup> Solicited since 2018

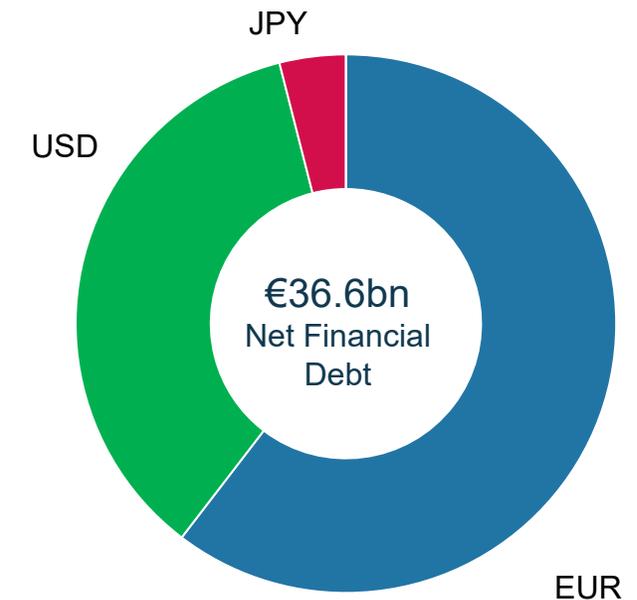


# Bayer's Maturity Profile is Well Balanced

**Bond Maturity Profile (€bn)**  
as of June 30, 2022<sup>1</sup>



**Currency Exposure incl. Derivatives**  
as of June 30, 2022<sup>2</sup>



<sup>1</sup> Converted at quarter-end FX rates EURUSD 1.04; Not included: € 1.3 bn Hybrid bonds with first call date in October 2022 (already refinanced in March and early repaid in April/May); \$ 250 m senior bonds (paid back in April 2022); JPY 10 bn bond (paid back in May 2022); € 750 m floating rate notes (paid back in June 2022)

<sup>2</sup> Based on quarter-end FX rates



# Overview of Bayer's Funding Structure

## Net Financial Debt<sup>1</sup>

	Dec. 31, 2020	Dec. 31, 2021	June 30, 2022
	€ million	€ million	€ million
Bonds and notes / promissory notes	36,745	37,593	38,088
of which hybrid bonds <sup>2</sup>	4,532	4,537	4,526
Liabilities to banks <sup>3</sup>	3,669	773	3,928
Lease Liabilities	1,143	1,165	1,194
Liabilities from derivatives <sup>4</sup>	136	69	106
Other financial liabilities	77	1,272	1,318
Receivables from derivatives <sup>4</sup>	(141)	(114)	(207)
<b>Financial debt</b>	<b>41,629</b>	<b>40,758</b>	<b>44,427</b>
Cash and cash equivalents	(4,191)	(4,564)	(3,412)
Current financial assets <sup>5</sup>	(7,393)	(3,057)	(4,440)
<b>Net financial debt</b>	<b>30,045</b>	<b>33,137</b>	<b>36,575</b>

2020 figures restated

<sup>1</sup> For definition see Annual Report 2021, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

<sup>2</sup> Classified as debt according to IFRS

<sup>3</sup> Including both financial and nonfinancial liabilities

<sup>4</sup> Including the market values of interest-rate and currency hedges of recorded transactions

<sup>5</sup> Including short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies, financial investments in debt and equity instruments that were recorded as current on first-time recognition

## Nominal Volume of Major Instruments (bn)

as of June 30, 2022

<b>1</b> Senior EUR Bonds	€14.8
Senior USD Bonds	\$19.9
Hybrid EUR Bonds	€4.6

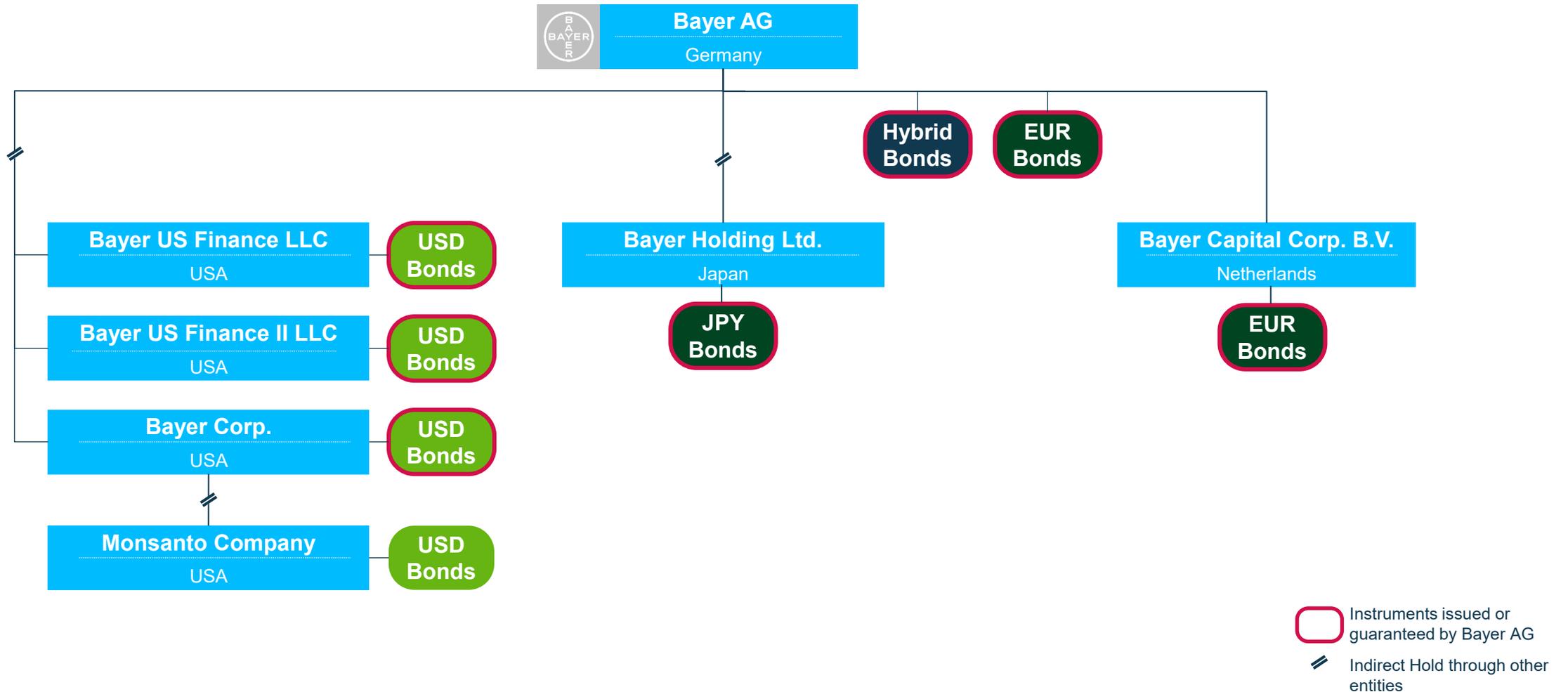
<b>2</b> Loan Facility	€3.0
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<b>3</b> Commercial Paper	€1.2
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Further undrawn Source of Liquidity:	
Syndicated Loan Facility	€4.5



# Main Issuing Entities at Bayer Group





# Hybrid Bonds at Bayer



Hybrid Bond	Coupon ( in%)	Outstanding Volume (in bn €)	Initial Credit Spread	1st Step-Up	2nd Step-Up
NC10	3.75	1.5	230 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Jul 24	+75 bps/Jul 44
NC5.5	2.375	1	264.7 bps spread + 5Y Swap <sup>1</sup>	+25 bps/May 30	+75 bps/May 45
NC8	3.125	0.75	310.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Nov 32	+75 bps/Nov 47
NC5.5	4.5	0.5	375.1 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Sept 32	+75 bps/Sept 47
NC8.5	5.375	0.8	445.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Sept 35	+75 bps/Sept 50

<sup>1</sup> Swap is reset every fifth year starting with the first reset date

<sup>2</sup> Optional Redemption Date



# Sources of Liquidity

## Syndicated Loan Facility

The multicurrency Syndicated Loan Facility can be used for general corporate purposes and is primarily a back-up line. Thus, it is not intended to be drawn in the course of ordinary business. The participating banks form Bayer's global banking group. Last renewed in December 2018, the credit facility was self-arranged.

Borrower	// Bayer AG, Germany // Bayer Corporation, USA
Total Amount	€4.5bn, thereof €1.5bn/\$1.5bn Swingline
Signing	December 2018, amended with an ESG feature in July 2021
Initial Tenor	5Y + two 1Y extension options (second extension option also used)
Syndicate Size	23 Banks
Purpose	General Corporate Purposes

## Commercial Paper Program

Commercial Paper (CP) is a short-term unsecured debt instrument. CP are normally issued at a discount and redeemed at nominal value. The term of CP generally lies between 1 and 364 days. Bayer's CP program allows the company to issue in both the U.S. market (USCP) and the Euro market (ECP). It is structured as a SEC regulation's section 4(a)(2) program so that there are no restrictions related to the use of proceeds.

Issuer	// Bayer AG, Germany // Bayer Corporation, USA
Guarantor	Bayer AG
Total Amount	\$8bn or equivalent
Dealer	// <u>ECP</u> : Barclays, Bayerische Landesbank, Citigroup, Goldman Sachs, ING // <u>USCP</u> : Barclays, Bank of New York Mellon, Citigroup, J.P. Morgan, Wells Fargo
Issue and Paying Agent	// <u>ECP</u> : The Bank of New York Mellon // <u>USCP</u> : The Bank of New York Mellon



# Upcoming Events 2022

Date	Event/ Publication
Tuesday, May 10, 2022	Q1 2022 Quarterly Statement
Thursday, August 4, 2022	Q2 2022 Quarterly Statement
Tuesday, November 8, 2022	Q3 2022 Quarterly Statement
Thursday, May 11, 2023	Q1 2023 Quarterly Statement

Please note that the event calendar might be subject to changes



# Contacts at Bayer

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