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Presse-Information

Fiscal 2021:

Bayer: Dynamic growth – progress in innovation

- Group sales increase by 8.9 percent (Fx & portfolio adj.) to 44.081 billion euros
 - EBITDA before special items declines by 2.5 percent to 11.179 billion euros – inflation-related increase in costs and negative currency effects largely offset
 - Crop Science grows sales by double-digit percentage (Fx & portfolio adj.) and increases earnings
 - Pharmaceuticals posts higher sales – earnings decline slightly year on year due to extensive forward-looking investment
 - Consumer Health delivers excellent performance
 - Core earnings per share rise by 1.9 percent to 6.51 euros
 - Net income: 1 billion euros
 - Free cash flow (1.415 billion euros) and net financial debt (33.137 billion euros) much better than expected
 - Proposed dividend: 2.00 euros per share
 - Successful product launches and progress with platform technologies
 - Good progress with the implementation of long-term sustainability goals: direct and indirect CO₂ emissions down by 11.5 percent
 - Outlook for 2022: Significant increase in sales, earnings and free cash flow
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Leverkusen, March 1, 2022 – The Bayer Group had a successful year in 2021, both operationally and strategically. “We posted substantial growth, strengthened our innovation pipeline and made progress toward our sustainability targets. All this shows that Bayer is on the right track!” said Werner Baumann, Chairman of the Board of Management, on Tuesday during the company’s Financial News Conference. “We not only met our updated Group forecast, but in fact exceeded it. What’s particularly

encouraging is that all three divisions grew dynamically in 2021, and what's more, they all outpaced their respective markets.”

All divisions successfully launched innovations last year, with Baumann naming the Kerendia™ kidney disease drug, Intacta 2 Xtend™ soybean seeds and the Bepanthen™ Derma skincare product as examples. The company invested a record amount in research and development and continued to strengthen its innovation capabilities by making numerous acquisitions, taking stakes in other companies and entering into partnerships, he explained. The company's objective is to harness the huge opportunities of the Bio Revolution offered by the state-of-the-art technologies emerging in this digital age, Baumann continued. “We are leveraging the potential of gene editing in the fields of both healthcare and agriculture. In medicine, we are researching the targeted editing of individual genes responsible for illnesses such as Parkinson’s disease. And in agriculture, we can give crops the traits they need to better withstand extreme weather conditions.”

Baumann also emphasized Bayer's progress in its transformation toward becoming a carbon-neutral company. He said Bayer had reduced its direct and indirect greenhouse gas emissions by 11.5 percent in 2021 and is on course to be carbon-neutral by 2030. “Last year we grew our business while at the same time reducing emissions. This means we’ve decoupled growth and CO₂ emissions. So, we’re on the right track here, too!” A contributing factor was that Bayer concluded agreements in 2021 covering around 600,000 megawatt-hours of green electricity, thereby raising its share within the electricity mix to approximately one quarter. In addition, Bayer has set an internal CO₂ price of 100 euros per metric ton to be factored into investment decisions and to accelerate its decarbonization efforts.

Group sales and earnings per share increase

Sales of the Bayer Group rose by 8.9 percent to 44.081 billion euros in 2021 after adjusting for currency and portfolio effects (Fx & portfolio adj.). EBITDA before special items fell by 2.5 percent to 11.179 billion euros. The Group was able to largely offset an increase in the cost of goods sold – partly inflation-related – as well as significant currency headwinds. The EBITDA margin before special items was 25.4 percent. EBIT amounted to 3.353 billion euros (2020: minus 16.169 billion euros) after net special charges of 3.942 billion euros (2020: 23.264 billion euros) that mainly resulted from the allocation to provisions in connection with the glyphosate litigations. Further special

charges were mostly attributable to established restructuring programs, which were offset by impairment loss reversals primarily attributable to the Crop Science Division. Net income came to 1.000 billion euros (2020: net loss of 10.495 billion euros), while core earnings per share from continuing operations rose by 1.9 percent to 6.51 euros.

Free cash flow increased by 5.4 percent to 1.415 billion euros in 2021 despite higher payments in connection with litigations. “This once again underscores our operational strength,” said CFO Wolfgang Nickl. Net financial debt increased by 10.3 percent year on year to 33.137 billion euros in 2021. Cash inflows from operating activities were offset by outflows for dividends and the acquisition of U.S. biopharmaceutical company Vividion Therapeutics, Inc., as well as settlement payments in the United States and negative currency effects.

The Board of Management and Supervisory Board of Bayer AG will propose to the Annual Stockholders’ Meeting on April 29, 2022, that the dividend remain unchanged at 2.00 euros per share for fiscal 2021. The company is thus upholding its dividend policy of distributing 30 to 40 percent of core earnings per share. With 982.42 million shares entitled to the dividend, the total dividend payment would amount to 1.965 billion euros, as in the previous year.

Crop Science achieves record sales and grows earnings

In the agricultural business (Crop Science), Bayer increased sales by 11.1 percent (Fx & portfolio adj.) to 20.207 billion euros. The division grew sales significantly across all regions, especially in Latin America and Asia/Pacific. At Corn Seed & Traits, sales were up 9.2 percent (Fx & portfolio adj.) thanks to increased market share in North America and Latin America, as well as to higher prices worldwide. Bayer grew sales by double-digit percentages at Herbicides (15.4 percent), Fungicides (13.8 percent) and Soybean Seed & Traits (14.9 percent) on a currency- and portfolio-adjusted basis. The main drivers were price increases for glyphosate-based products at Herbicides, and higher Fox Xpro™ volumes in Latin America at Fungicides. Soybean Seed & Traits benefited from higher volumes and prices, particularly in North America and Latin America.

EBITDA before special items at Crop Science increased by 3.6 percent to 4.698 billion euros, resulting in a margin of 23.2 percent. The growth in earnings was mainly driven by higher prices and volumes as well as contributions from ongoing efficiency programs. By

contrast, earnings were diminished by a largely inflation-fueled increase in the cost of goods sold, as well as by negative currency effects of 387 million euros.

Bayer sees encouraging steps regarding the glyphosate litigation in the United States. The U.S. Supreme Court showed interest in the Hardeman case by inviting the Solicitor General, representing the U.S. Government, to file a brief on whether this case should be accepted. Moreover, the company has won two consecutive jury trials on product liability cases in California. The company is continuing to execute its five-point plan and is prepared for any outcome at the Supreme Court.

Pharmaceuticals benefits greatly from Eylea™ growth

Sales of prescription medicines (Pharmaceuticals) rose by 7.4 percent (Fx & portfolio adj.) to 18.349 billion euros. The ophthalmology, radiology and women's healthcare businesses recovered from the impact of the COVID-19 restrictions, with this positive development more than offsetting price-related sales headwinds caused by tender procedures in China. The division's ophthalmology business additionally benefited from growth in market share and the launch of Eylea™ prefilled syringes, with total Eylea™ sales up 18.7 percent (Fx & portfolio adj.). Within the radiology business, the CT Fluid Delivery, Gadovist™ and Ultravist™ product families all delivered double-digit percentage growth (Fx & portfolio adj.). Sales of the oral anticoagulant Xarelto™ grew by 6.0 percent (Fx & portfolio adj.). Higher volumes in China and Russia were partially offset by price declines. Sales of Adalat™, a product for the treatment of heart disease, surged by 21.3 percent (Fx & portfolio adj.) due to strong volume growth in China. The cancer drug Nubeqa™ also performed well, primarily driven by higher volumes in the United States. By contrast, sales of the cancer drug Nexavar™ decreased by 30.9 percent (Fx & portfolio adj.), with business down in China in particular due to strong competition and modified tender procedures for various classes of active ingredients.

EBITDA before special items at Pharmaceuticals declined by 3.9 percent to 5.779 billion euros, resulting in a margin of 31.5 percent. Earnings were impacted by an increase in marketing costs, largely attributable to the launch of Kerendia™, Verquvo™ and Nubeqa™, and a rise in research and development expenses, which was partly related to the cell and gene therapy unit. An increase in the cost of goods sold and negative currency effects of 77 million euros also weighed on earnings.

Consumer Health increases sales and earnings

Sales of self-care products (Consumer Health) advanced by 6.5 percent (Fx & portfolio adj.) to 5.293 billion euros against a very strong prior year, with growth across all regions. Intensified by the COVID-19 pandemic, greater focus on health and prevention led to higher demand, especially in the Nutritionals category, which saw sales increase by 11.7 percent (Fx & portfolio adj.). Growth was also driven by the launch of innovative products across all categories. Sales in the Digestive Health category also showed particularly strong growth of 9.7 percent (Fx & portfolio adj.).

EBITDA before special items increased by 6.8 percent to 1.190 billion euros. The EBITDA margin before special items improved for the third year in a row, rising by 0.5 percentage points to 22.5 percent. Earnings primarily benefited from the division's strong business performance and continuous price and cost management, while allowing for investment in the launch of innovative products and compensating for inflation-related cost increases. Earnings were impacted by negative currency effects of 39 million euros.

Outlook: Bayer aiming to significantly increase sales, earnings and free cash flow

In 2022, Bayer expects to generate sales of approximately 46 billion euros on a currency-adjusted (Fx adj.) basis (i.e. based on the average monthly exchange rates from 2021). This corresponds to an increase of about 5 percent after adjusting for currency and portfolio effects. The Group expects the EBITDA margin before special items to come in at around 26 percent (Fx adj.), corresponding to EBITDA before special items of around 12 billion euros (Fx adj.). Bayer expects to post core earnings per share of approximately 7.00 euros (Fx adj.). Free cash flow is forecast to come in at around 2 billion to 2.5 billion euros (Fx adj.) after deducting settlement payments. The company also expects net financial debt to be approximately 33 billion to 34 billion euros (Fx adj.) as of December 31, 2022.

As part of its currency-adjusted forecast for the divisions, Bayer is anticipating sales growth (Fx & portfolio adj.) of around 7 percent at Crop Science, some 3 to 4 percent at Pharmaceuticals, and approximately 4 to 5 percent at Consumer Health. In addition, Bayer expects the currency-adjusted EBITDA margin before special items to come in at around 25 to 26 percent at Crop Science, some 32 percent at Pharmaceuticals, and approximately 22 to 23 percent at Consumer Health.

Based on the exchange rates as of December 31, 2021, Bayer expects to generate Group sales of approximately 47 billion euros in 2022.

The company's outlook assumed a stable geopolitical environment in Eastern Europe, which in the meantime has changed dramatically. Bayer will closely monitor and mitigate these risks to the extent possible.

Notes:

The following tables contain the key data for the Bayer Group and its divisions for the full year and the fourth quarter of 2021.

The complete Annual Report 2021 is available on the internet at:
www.bayer.com/annualreport

The Sustainability Report 2021 is also published on the internet at:
www.bayer.com/sustainability-report

The speech given by the Bayer Board of Management to the media will be available online from around 10 a.m. CET at: www.bayer.com/speeches

Live broadcast of the news conference call from around 10 a.m. CET and recording available from around 2 p.m. CET at: www.bayer.com/live-mc

Additional information for investors, including presentation charts, and access to the live broadcast of the investor conference call (from around 2 p.m. CET) and recording (from around 6 p.m. CET) available at: www.bayer.com/live-ic

Print-quality photos can be found online at: www.bayer.com/photo-footage

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Forward-Looking Statements

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Bayer Group Key Data, Fourth Quarter and Full Year 2021

(Continuing operations)

Bayer Group (EUR million)	Q4 2020	Q4 2021	Change (%)	FY 2020	FY 2021	Change (%)
Sales	9,995	11,118	+11.2 +8.0*	41,400	44,081	+6.5 +8.9*
EBITDA before special items	2,392	2,395	+0.1	11,461	11,179	-2.5
EBITDA margin before special items	23.9%	21.5%	-	27.7%	25.4%	-
EBIT	1,515	2,021	+33.4	-16,169	3,353	-
<i>Special items</i>	67	638	-	-23,264	-3,942	-
EBIT before special items	1,448	1,383	-4.5	7,095	7,295	+2.8
Net income**	308	1,161	-	-10,495	1,000	-
Earnings per share (EUR)**	0.32	1.18	-	-10.68	1.02	-
Core earnings per share (EUR)	1.32	1.26	-4.5	6.39	6.51	+1.9
Free cash flow**	-503	1,535	-	1,343	1,415	+5.4
Number of employees***	99,538	99,637	+0.1	99,538	99,637	+0.1

Crop Science (EUR million)	Q4 2020	Q4 2021	Change (%)	FY 2020	FY 2021	Change (%)
Sales	4,176	4,690	+12.3 +8.8*	18,840	20,207	+7.3 +11.1*
EBITDA before special items	594	761	+28.1	4,536	4,698	+3.6
EBITDA margin before special items	14.2%	16.2%	-	24.1%	23.2%	-
EBIT	91	1,435	-	-18,629	-495	-97.3
<i>Special items</i>	54	1,263	-	-20,420	-2,915	-
EBIT before special items	37	172	-	1,791	2,420	+35.1

Pharmaceuticals (EUR million)	Q4 2020	Q4 2021	Change (%)	FY 2020	FY 2021	Change (%)
Sales	4,476	4,951	+10.6 +7.6*	17,243	18,349	+6.4 +7.4*
EBITDA before special items	1,539	1,506	-2.1	6,016	5,779	-3.9
EBITDA margin before special items	34.4%	30.4%	-	34.9%	31.5%	-
EBIT	1,308	938	-28.3	3,467	4,469	+28.9
<i>Special items</i>	9	-305	-	-1,565	-324	-
EBIT before special items	1,299	1,243	-4.3	5,032	4,793	-4.7

Consumer Health (EUR million)	Q4 2020	Q4 2021	Change (%)	FY 2020	FY 2021	Change (%)
Sales	1,250	1,405	+12.4 +8.6*	5,054	5,293	+4.7 +6.5*
EBITDA before special items	258	312	+20.9	1,114	1,190	+6.8
EBITDA margin before special items	20.6%	22.2%	-	22.0%	22.5%	-
EBIT	352	201	-42.9	992	808	-18.5
<i>Special items</i>	174	-25	-	199	-46	-
EBIT before special items	178	226	+27.0	793	854	+7.7

Sales changes on a currency- and portfolio-adjusted basis (Fx & portfolio adj.), EBIT(DA), special items, core earnings per share and free cash flow are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. For the definition of these indicators, see the current annual report at www.bayer.com.

* Fx & portfolio adj. / ** Including discontinued operations / *** Full-time equivalents at end of period