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## News Release

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Second quarter of 2022

### **Bayer: Strong growth, outlook raised**

- Group sales increase by 9.6 percent (Fx & portfolio adj.) to 12.819 billion euros
  - EBITDA before special items rises by 30.0 percent to 3.349 billion euros
  - Crop Science and Consumer Health achieve strong sales and earnings growth
  - Pharmaceuticals reports slight increase in sales and earnings
  - Core earnings per share advance by 19.9 percent to 1.93 euros
  - Net income at minus 298 million euros
  - Free cash flow of 1.140 billion euros
  - Improved ESG rating from MSCI
  - Full-year Group outlook raised
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**Leverkusen, August 4, 2022** – The Bayer Group achieved substantial growth in the second quarter of 2022. “We delivered strong operational performance. In terms of sales, we posted significant gains at Crop Science and strong growth at Consumer Health, as well as a slight increase at Pharmaceuticals, too. And with EBITDA before special items, we even achieved growth of 30 percent,” said Werner Baumann, Chairman of the Board of Management, on Thursday while presenting the company’s half-year financial report. “In view of our good business performance and higher growth expectations, we have raised our full-year guidance,” he explained.

Bayer does not currently see any material financial impact in 2022 from any potential gas supply bottlenecks as a result of the war in Ukraine, Baumann said. The company has taken steps to ensure that the direct impact of any potential gas shortages on its own production capabilities this year is contained to the greatest degree possible, he explained. “From a technical perspective, we are well prepared to significantly reduce our reliance on natural gas by switching to alternative and renewable sources of energy. We

have also launched programs to save energy and have built up our stocks of products where possible.” A higher degree of uncertainty stems from the company’s indirect exposure via its global supplier network, Baumann said. “That’s why we are expanding our network of suppliers and building up additional inventory of key raw materials and packaging materials.”

In the second quarter of 2022, Group sales increased by 9.6 percent to 12.819 billion euros on a currency- and portfolio-adjusted basis (Fx & portfolio adj.). EBITDA before special items advanced by 30.0 percent to 3.349 billion euros. Positive currency effects benefited sales by 915 million euros (Q2 2021: minus 524 million euros) and EBITDA before special items by 300 million euros (Q2 2021: minus 153 million euros). EBIT came in at 169 million euros (Q2 2021: minus 2.281 billion euros) after net special charges of 2.111 billion euros (Q2 2021: 3.901 billion euros) that mainly comprised 1.322 billion euros in impairment losses on intangible assets at the Crop Science Division. These impairment losses were recognized as part of impairment testing that was performed due to a strong rise in capital market interest rates. Other special charges related to ongoing litigations and restructuring measures.

Bayer has taken an additional provision of 694 million euros in the second quarter mainly due to ongoing settlement negotiations with the State of Oregon. The settlement, when finalized, would resolve a pending environmental impairment case, involving legacy Monsanto PCB products, and result in the dismissal of the case. Given the unique challenges, trial procedures, and substantive law for this case in this Oregon venue, the company decided to pursue settlement, even though Monsanto voluntarily ceased production of PCBs in 1977 and never disposed of the chemical in this state. Bayer remains committed to defend future cases through the litigation process. Recently, a Delaware State Court dismissed all of the state’s claims in a similar PCB-related case alleging environmental impairments.

Monsanto has broad indemnity agreements with its former customers and the company will pursue its rights to recover costs associated with the PCB-related litigation. The company recently filed a complaint in the Circuit Court of St. Louis County for the State of Missouri to enforce its rights.

In the second quarter, net income amounted to minus 298 million euros (Q2 2021: minus 2.335 billion euros), while core earnings per share from continuing operations rose by 19.9 percent to 1.93 euros.

Free cash flow was level with the prior-year period, at 1.140 billion euros. Net financial debt as of June 30, 2022, came in at 36.575 billion euros, up 5.9 percent from March 31, 2022.

### **Significantly improved market environment at Crop Science**

In the agricultural business (Crop Science), Bayer increased sales by 17.2 percent (Fx & portfolio adj.) to 6.461 billion euros, driven by a substantial improvement in the market environment. The division recorded double-digit percentage growth in Latin America and Europe/Middle East/Africa, and also registered an expansion of business in North America and Asia/Pacific. Herbicides posted the strongest growth, at 51.3 percent (Fx & portfolio adj.), with sales rising particularly in Latin and North America, as well as in Europe/Middle East/Africa as a result of prices for glyphosate-based products remaining high. Sales at Corn Seed & Traits advanced by 9.5 percent (Fx & portfolio adj.), mainly due to price increases in North America, Europe/Middle East/Africa and Latin America. In addition, volumes expanded in all regions except North America. Sales at Fungicides rose by 4.3 percent (Fx & portfolio adj.), with growth in all regions except North America, where volumes declined as a result of unfavorable weather conditions. Soybean Seed & Traits saw sales decline by 16.1 percent (Fx & portfolio adj.), largely due to the significant reduction in sales from overproduction in North America and the unit's withdrawal from the Argentinian market.

EBITDA before special items at Crop Science climbed by 71.8 percent to 1.749 billion euros. The growth in earnings was mainly driven by the substantial improvement in business performance, as well as contributions from ongoing efficiency programs. There was also a positive currency effect of 215 million euros (Q2 2021: minus 111 million euros). By contrast, earnings were diminished by an increase in costs, particularly in the cost of goods sold, which was mainly due to high inflation. The EBITDA margin before special items rose by 6.8 percentage points to 27.1 percent.

## **Successful product launches at Pharmaceuticals**

Sales of prescription medicines (Pharmaceuticals) increased by 2.1 percent (Fx & portfolio adj.) to 4.818 billion euros. The division's new products, especially Nubeqa™ and Kerendia™, continued their successful market launch, with sales of the cancer drug Nubeqa™ doubling compared with the prior-year quarter. However, overall sales growth was held back by additional tender procedures in China, particularly for the cancer drug Nexavar™ and the oral anticoagulant Xarelto™, which saw their global sales fall by 29.5 percent (Fx & portfolio adj.) and 6.4 percent (Fx & portfolio adj.), respectively. Xarelto™ sales were also impacted by the expiration of the product's patent in Brazil. By contrast, sales of the ophthalmology drug Eylea™ rose by 11.7 percent (Fx & portfolio adj.), with business up in all regions. The company was able to capture market share, particularly in Europe, thanks in part to Eylea™ prefilled syringes. The division also registered significant growth for Adalat™, its heart disease treatment, and Aspirin™ Cardio, its product for secondary prevention of heart attacks. Sales of these two products were up 11.2 percent (Fx & portfolio adj.) and 18.9 percent (Fx & portfolio adj.), respectively, due to higher volumes in China. Sales of the cancer drug Stivarga™ increased at an even stronger rate of 27.6 percent (Fx & portfolio adj.), mainly driven by expanded volumes in China and the United States.

EBITDA before special items at Pharmaceuticals advanced by 4.9 percent to 1.478 billion euros. Higher raw material costs and increased marketing investments in new products were largely offset by the growth in sales. The division also generated income from the sale of non-core businesses. There were positive currency effects of 41 million euros (Q2 2021: minus 26 million euros). The EBITDA margin before special items amounted to 30.7 percent.

## **Consumer Health grows business in all regions**

Bayer's sales of self-care products (Consumer Health) advanced by 6.8 percent (Fx & portfolio adj.) to 1.496 billion euros, with broad-based growth in all regions and nearly all categories. Sales in the Allergy & Cold category rose by 16.9 percent (Fx & portfolio adj.), largely due to continuously high cold incidence rates in Europe and North America. In June, the division also started selling Astepro™, a product that it switched from Rx to OTC status. As the first and only steroid-free antihistamine nasal spray available over the counter on the U.S. market, Astepro™ is a differentiated, fast-working solution. Sales rose

by a double-digit percentage (Fx & portfolio adj.) in the Digestive Health category as well, and the Dermatology and Pain & Cardio categories also recorded significant growth. After posting substantial gains since 2020, sales in the Nutritionals category declined by 3.7 percent (Fx & portfolio adj.) but remained at a high level overall.

EBITDA before special items at Consumer Health climbed by 18.7 percent to 330 million euros. The growth in earnings was on the back of a strong rise in sales, as well as the division's continuous cost and price management efforts in an environment of accelerating inflation. There were also positive currency effects of 49 million euros (Q2 2021: minus 20 million euros). The EBITDA margin before special items rose by 0.5 percentage points to 22.1 percent.

### **Outlook for 2022 raised**

Following the positive development of business in the first half of 2022, Bayer remains optimistic for the remainder of the year. It has therefore raised its guidance for the Crop Science and Consumer Health divisions, and thus also for the Group as a whole.

**On a currency-adjusted basis (i.e. based on the average monthly exchange rates from 2021)**, Bayer now expects to generate sales of 47 billion to 48 billion euros in 2022 (previously: approximately 46 billion euros). This now corresponds to an increase of about 8 percent (previously: around 5 percent) on a currency- and portfolio-adjusted basis. The company is now targeting an EBITDA margin before special items of around 26 to 27 percent (previously: around 26 percent) on a currency-adjusted basis. Based on the aforementioned sales figure, this would now correspond to EBITDA before special items of around 12.5 billion euros (previously: around 12.0 billion euros) on a currency-adjusted basis. Core earnings per share are now expected to come in at approximately 7.30 euros (previously: approximately 7.00 euros) on a currency-adjusted basis. Free cash flow is now forecast to amount to around 2.5 billion euros (previously: around 2 billion to 2.5 billion euros) on a currency-adjusted basis. In addition, the company continues to expect year-end net financial debt of approximately 33 billion to 34 billion euros on a currency-adjusted basis. As in the overall guidance, this figure does not take into account the contractually agreed divestment of the Environmental Science Professional business.

Bayer has also prepared its guidance **based on the closing exchange rates as of June 30, 2022**, and the differences to the currency-adjusted targets above are as follows: the

company now expects to generate sales of 50 billion to 51 billion euros (previously: approximately 47 billion euros). Based on the aforementioned sales figure, Bayer is now targeting EBITDA before special items of around 13.0 billion euros (previously: around 12.0 billion euros). Core earnings per share are now expected to come in at approximately 7.70 euros (previously: approximately 7.10 euros). In addition, the company now expects year-end net financial debt of approximately 34 billion to 35 billion euros (previously: approximately 33 billion to 34 billion euros).

### **Sustainability: access to innovative seeds and farming solutions**

Bayer also continued to make good progress in terms of sustainability. The company is supporting the Zero Hunger Pledge, which will involve helping smallholder farmers access innovative seeds, sustainable agricultural practices and farming solutions, and thus providing them with new income-generating opportunities.

Bayer has also made important progress in a major ESG rating: MSCI ESG Research recently updated their ESG Controversies Report and lifted the red flag related to “environmental concerns over GMO crops” as well as their related allegation of a breach of the UN Global Compact Principles. This marks another important milestone in improving Bayer’s ESG rating profile.

#### Notes:

*The following tables contain the key data for the Bayer Group and its divisions for the second quarter and the first six months of 2022.*

*The full half-year financial report is available online at:*

[www.bayer.com/halfyearreport](http://www.bayer.com/halfyearreport)

*Additional information for investors and access – from around 3 p.m. CEST – to the live broadcast of the investor conference call at: [www.bayer.com/live-ic](http://www.bayer.com/live-ic)*

*Print-quality photos can be found online at: [www.bayer.com/photo-footage](http://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](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.

## Bayer Key Data, Second Quarter and First Half of 2022

(Continuing operations)

<b>Bayer Group</b> (EUR million)	Q2 2021	Q2 2022	Change (%)	H1 2021	H1 2022	Change (%)
Sales	10,854	<b>12,819</b>	+18.1 +9.6*	23,182	<b>27,458</b>	+18.4 +12.1*
EBITDA before special items	2,577	<b>3,349</b>	+30.0	6,695	<b>8,600</b>	+28.5
EBITDA margin before special items	23.7%	<b>26.1%</b>	-	28.9%	<b>31.3%</b>	-
EBIT	-2,281	<b>169</b>	-	802	<b>4,381</b>	-
<i>Special items</i>	-3,901	<b>-2,111</b>	-	-3,886	<b>-2,071</b>	-
EBIT before special items	1,620	<b>2,280</b>	+40.7	4,688	<b>6,452</b>	+37.6
Net income**	-2,335	<b>-298</b>	-87.2	-246	<b>2,993</b>	-
Earnings per share (EUR)**	-2.38	<b>-0.30</b>	-87.4	-0.25	<b>3.05</b>	-
Core earnings per share (EUR)	1.61	<b>1.93</b>	+19.9	4.20	<b>5.46</b>	+30.0
Free cash flow**	1,152	<b>1,140</b>	-1.0	-2,074	<b>-47</b>	-97.7
Number of employees***	99,439	<b>101,914</b>	+2.5	99,439	<b>101,914</b>	+2.5

<b>Crop Science</b> (EUR million)	Q2 2021	Q2 2022	Change (%)	H1 2021	H1 2022	Change (%)
Sales	5,021	<b>6,461</b>	+28.7 +17.2*	11,667	<b>14,908</b>	+27.8 +19.7*
EBITDA before special items	1,018	<b>1,749</b>	+71.8	3,466	<b>5,418</b>	+56.3
EBITDA margin before special items	20.3%	<b>27.1%</b>	-	29.7%	<b>36.3%</b>	-
EBIT	-3,483	<b>-258</b>	-92.6	-1,730	<b>2,770</b>	-
<i>Special items</i>	-3,945	<b>-1,369</b>	-	-3,997	<b>-1,324</b>	-
EBIT before special items	462	<b>1,111</b>	+140.5	2,267	<b>4,094</b>	+80.6

<b>Pharmaceuticals</b> (EUR million)	Q2 2021	Q2 2022	Change (%)	H1 2021	H1 2022	Change (%)
Sales	4,494	<b>4,818</b>	+7.2 +2.1*	8,859	<b>9,442</b>	+6.6 +2.4*
EBITDA before special items	1,409	<b>1,478</b>	+4.9	2,907	<b>2,867</b>	-1.4
EBITDA margin before special items	31.4%	<b>30.7%</b>	-	32.8%	<b>30.4%</b>	-
EBIT	1,312	<b>1,206</b>	-8.1	2,681	<b>2,408</b>	-10.2
<i>Special items</i>	152	<b>-10</b>	-	277	<b>38</b>	-
EBIT before special items	1,160	<b>1,216</b>	+4.8	2,404	<b>2,370</b>	-1.4

<b>Consumer Health</b> (EUR million)	Q2 2021	Q2 2022	Change (%)	H1 2021	H1 2022	Change (%)
Sales	1,290	<b>1,496</b>	+16.0 +6.8*	2,542	<b>3,008</b>	+18.3 +11.9*
EBITDA before special items	278	<b>330</b>	+18.7	570	<b>718</b>	+26.0
EBITDA margin before special items	21.6%	<b>22.1%</b>	-	22.4%	<b>23.9%</b>	-
EBIT	187	<b>239</b>	+27.8	388	<b>523</b>	+34.8
<i>Special items</i>	-8	<b>-3</b>	-	-14	<b>-21</b>	-
EBIT before special items	195	<b>242</b>	+24.1	402	<b>544</b>	+35.3

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](http://www.bayer.com).

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