Bayer AG Deep Dive: Investor Analysis for Ada Patient Finder

March 2026 | Prepared by Ada Cockpit

Executive Summary - Key Metrics

FY2024 REVENUE
€46.6B

EBITDA MARGIN
21.7%

MARKET CAP (MAR 2026)
€36-43B

EMPLOYEES
88,078

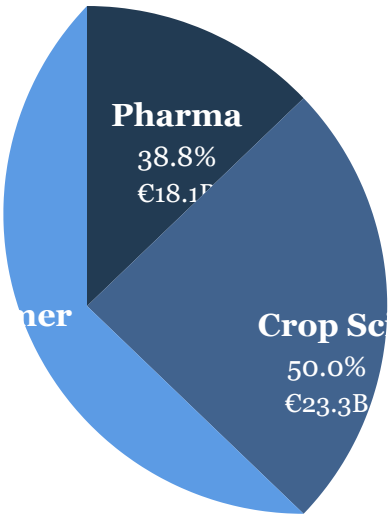
NET DEBT (2025)
€29.8B

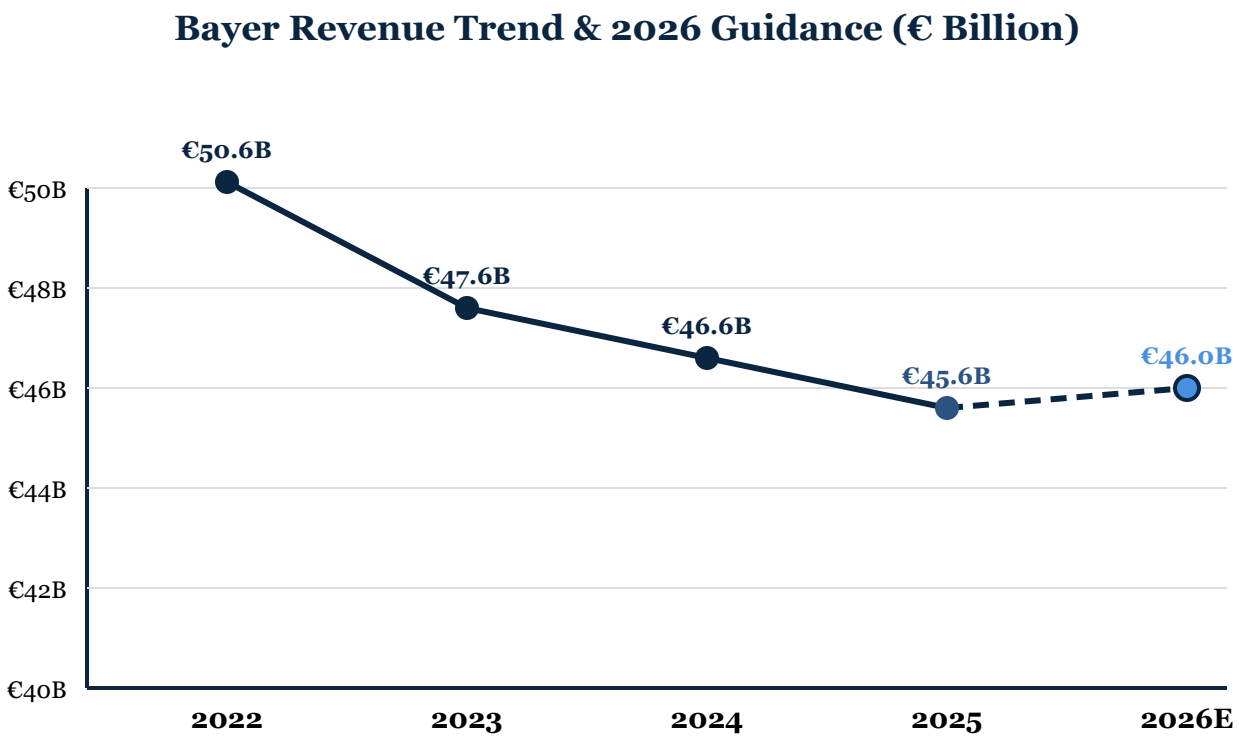
LITIGATION PROVISIONS
€11.8B

LAUNCH PRODUCTS GROWTH
+74-78%

VALUATION DISCOUNT
65-70%

FY2024 Revenue Mix by Division (€46.6B Total)





2026E represents midpoint of €45-47B guidance range

Company Overview

Bayer AG is a German multinational pharmaceutical and biotechnology company headquartered in **Leverkusen, Germany**, founded **August 1, 1863**. The company operates across three main divisions: Pharmaceuticals, Consumer Health, and Crop Science, serving as one of the world's largest pharmaceutical and biomedical companies with **88,078 employees globally** (2024/2025).

Strategic Position

Under CEO **Bill Anderson** (appointed June 2023), Bayer is executing a major turnaround focused on five strategic priorities:

1. Pharmaceuticals pipeline growth
2. Crop Science profitability improvement
3. Dynamic Shared Ownership operating model
4. Deleveraging
5. U.S. legal risk containment

The company faces near-term headwinds from **Xarelto patent expiry** (~€1.5 billion annual impact) and **Monsanto litigation** (~€11.8 billion total provisions), but is positioning for **mid-single-digit pharma growth by 2027** and **EBITDA margin expansion to ~30% by 2030**.

> **Forward-Looking Disclaimer:** This report contains forward-looking statements based on current expectations and available data as of March 2026. Actual results may differ materially due to risks outlined in the Risks section, including litigation outcomes, competitive dynamics, regulatory approvals, patent challenges, and macroeconomic conditions.

Key Investment Highlights

> ### Launch Products Momentum
>
> **Nubeqa** and **Kerendia** achieved blockbuster status (>€1B each) in 2024, growing 78% and 74% respectively. Combined €2B revenue (2024) projected to exceed €2.5B (2026) and €7-10B (2030), offsetting Xarelto/Eylea patent cliff losses.

Pipeline Breakthrough: Asundexian

Phase III **OCEANIC-STROKE** trial met primary endpoint (November 2025): **26% reduction in recurrent stroke** (csHR 0.74, P<0.0001) with no increase in major bleeding. Regulatory submissions planned 2026; potential €2-3B peak sales as Xarelto successor if approved 2026-2027.

Litigation Update

$7.25 billion Roundup class settlement proposed (February 2026), with preliminary court approval granted March 2026 and final approval pending July 2026. Settlement provides declining capped annual payments over 21 years, offering financial certainty but burdening 2026 free cash flow (-€2.5 to -€1.5B). Total litigation provisions: **€11.8 billion**.

Drug Portfolio Highlights

Top Pharmaceutical Products (FY2024)

Product	Indication	FY2024 Revenue	Growth (CPA)	Status
Xarelto	Anticoagulant (AFib, VTE)	€3.24B	**-31.6%**	⚠️ Patent expired (US Feb 2025, EU Apr 2024)
Eylea	Wet AMD, DME	€3.06B	**-3.7%**	⚠️ Biosimilar competition (patent expired Jun 2024)
Nubeqa	nmCRPC, mHSPC	>€1.0B	**+78%**	✅ Blockbuster, patent protected
Kerendia	CKD in T2D	~€1.0B	**+74%**	✅ Blockbuster, patent protected
Lynkuet	Menopausal symptoms	Launched Nov 2025	**New**	✅ US approval Oct 2025, patent protected

Consumer Health Portfolio (FY2024)

Category	Key Brands	FY2024 Revenue	Growth (CPA)
Nutritionals	One-A-Day, Elevit, Berocca	€1.46B	-4%
Dermatology	Dr. Scholl's, Canesten, Bepanthen	€1.42B	+2%
Allergy & Cold	Claritin, Afrin, Alka-Seltzer	€1.17B	-3%
Digestive Health	Iberogast, Phillips', Rennie	€0.90B	+4%
Pain & Cardio	Aspirin, Aleve	€0.83B	+2%

Ada Patient Finder Analysis - Priority Opportunities

PRIORITY 1: Kerendia (CKD in Type 2 Diabetes) - Fit Score 9/10 ✅

HIGHEST PRIORITY - Perfect Patient Finder Fit

Massive Undiagnosed Population

- **10-12 million undiagnosed US patients** with CKD in type 2 diabetes
- **90% of people with CKD don't know they have it** (early stages asymptomatic)
- Only 30-40% of T2D patients receive recommended annual kidney screening (eGFR + urine albumin)
- Median delay from T2D diagnosis to CKD detection: **5-10 years**

Clear Diagnostic Pathway

Simple blood and urine tests (eGFR and albumin-to-creatinine ratio) can identify eligible patients. Ada's symptom assessment can flag T2D patients for kidney screening (not routine in primary care).

Strong Economics

Metric	US Market
Net Revenue per Patient/Year	**$4,000-7,200** (after 40-60% rebates)
Patient Lifetime Value (10 years)	**$40,000-72,000**
Ada Fee (8-12% Year 1)	**$3,200-8,640** per patient found

Clinical Value Proposition

CKD progression to end-stage kidney disease (ESKD) requires dialysis/transplant (~$90,000+/year). **30% of diabetic CKD patients progress to ESKD within 10 years** without intervention. Kerendia reduces kidney failure risk by **18%** (FIDELIO-DKD: HR=0.82, P=0.001).

Pitch Hook

> *"Chronic kidney disease in type 2 diabetes is a silent epidemic - 90% of CKD patients don't know they have it. Yet it's easily detectable with simple blood and urine tests (eGFR and albumin), which only 30-40% of diabetics receive annually. Ada Patient Finder can bridge this massive screening gap and prevent progression to dialysis, saving lives and healthcare costs."*

PRIORITY 2: Nubeqa (Prostate Cancer) - Fit Score 8/10 ✅

HIGH PRIORITY - Strong Commercial Opportunity

Significant Diagnostic Delays

- **6-year median** from primary treatment to nmCRPC recognition
- **31-month median** from nmCRPC to metastasis (20% progress to mCRPC)
- **51% of mCRPC patients** don't receive second-line therapy (care gaps)

High Mortality Stakes

- **50% annual mortality** once metastatic
- **8.3-month median survival** post-metastasis
- Early nmCRPC detection and Nubeqa treatment delays metastasis and extends survival

Strong Economics

Metric	US Market
Net Revenue per Patient/Year	**$40,000-60,000** (after 40-60% rebates)
Patient Lifetime Value (3 years)	**$120,000-180,000**
Ada Fee (8-12% Year 1)	**$3,200-7,200** per patient found

Differentiated Product

Nubeqa's **superior CNS safety profile** (no seizure risk vs. Xtandi/Erleada) makes the clinical case compelling. ARANOTE trial showed **46% reduction in progression or death** in mHSPC.

Pitch Hook

> *"Prostate cancer progression to castration-resistant disease is often delayed or missed, costing lives. The median time from primary treatment to nmCRPC recognition is 6 years, and once metastasis occurs, median survival is only 8.3 months. Ada Patient Finder can identify high-risk patients earlier through targeted PSA monitoring and symptom assessment."*

Other Products Assessment

Product	Fit Score	Recommendation	Rationale
Eylea (Wet AMD)	6/10 ⚠️	MARGINAL	Biosimilar erosion, diagnostic pathway requires ophthalmology, limited screening gaps. Only pursue if Bayer requests with favorable terms.
Lynkuet (Menopause)	4/10 ❌	LOW PRIORITY	Not underdiagnosed - women self-identify hot flashes. Barriers are awareness/access, not identification. Patient Finder not the right tool.
Xarelto (Anticoagulation)	2/10 ❌	PASS	Post-patent (US Feb 2025, EU Apr 2024); generics active; commoditized market; no commercial value for patient finding.

Risks and Challenges

1. Monsanto/Roundup Litigation Overhang ⚠️ CRITICAL

- Total litigation provisions: **€11.8 billion** (including €9.6B for glyphosate)
- $7.25 billion class settlement proposed (Feb 2026), preliminary approval March 2026, final approval pending July 2026
- ~65,000 claims remain pending outside proposed class
- Expected 2026 cash outflow: €1-1.5 billion will burden free cash flow
- Net debt rising from €29.8B (2025) to €32-33B (2026) due to litigation payouts

2. Xarelto Patent Cliff 📉

- FY2024: €3.24B (-31.6%); FY2025: €2.3B (-33%); FY2026 forecast: -35-40%
- CEO cited **€1-1.5 billion annual impact** from patent expiry
- US generics launched 2H 2025; EU generics active since April 2024
- Expected stabilization at ~€1.5-2 billion by 2027-2028

3. Eylea Biosimilar Competition 📉

- FDA approved two interchangeable biosimilars (May 2024), but launches delayed by litigation
- EU SPC expires November 2025; biosimilars active 2025-2026
- NHS expects £300M annual savings from biosimilars; similar pressure in US/EU
- Expected 30-50% share erosion over 3-5 years; stabilization at €2-2.5B by 2027-2028

4. Crop Science Profitability Challenges

- FY2024 EBITDA margin: **19.4%** (down from 22-24% historical)
- €3.78B impairments (€3.27B goodwill) reflecting lower long-term profitability outlook
- Destocking, price declines, Chinese competition, regulatory pressure on glyphosate
- Multi-year repositioning required; drag on group profitability near-term

Outlook and Valuation

2026 Guidance (at constant currencies)

Metric	2026 Guidance
Group Sales	**€45-47 billion** (0-3% growth CPA)
EBITDA before special items	**€9.1-10.1 billion**
EBITDA Margin	**23-25%**
Core EPS	**€4.00-4.50** (down from €4.91 in 2025)
Net Financial Debt	**€32-33 billion** (up from €29.8B in 2025 due to litigation)
Free Cash Flow	**-€2.5 to -€1.5 billion** (negative due to litigation)

Medium-Term Targets (2027-2030)

- **Pharmaceutical Sales Growth:** Return to mid-single-digit growth (4-6% CAGR) by 2027
- **EBITDA Margin:** Target ~30% pharma EBITDA margin by 2030 (from 26% in 2024)
- **Deleveraging:** Target net debt reduction to €25-28B by 2028-2030 (pending litigation resolution)

Valuation Analysis

Deep Value Opportunity

Bayer trades at **65-70% discount to sum-of-parts valuation** (~€36B market cap vs. €116-166B SOTP), primarily due to litigation overhang, patent cliff execution risk, and conglomerate discount.

Valuation Metric	Bayer	Peer Average	Discount
EV/Sales (2026E)	1.4-1.5x	4.0-5.0x	**(65-70%)**
P/E (2026E Core EPS)	8-11x	15-20x	**(45-50%)**
EV/EBITDA (2026E)	6.5-7.5x	12-15x	**(45-50%)**

Peer Comparison (Market Capitalization)

Company	Market Cap (USD)	2024 Revenue (USD)	EV/Sales
Roche	$343B	~$72B	~4.8x
Novartis	$312B	~$47B (pharma)	~6.6x
AstraZeneca	$302B	~$59B	~5.1x
J&J (Pharma)	$368B (total)	~$57B (pharma)	~6.5x
Pfizer	$154B	~$62B	~2.5x
Bayer	**$40-48B**	**~$50B**	**~1.4-1.5x**

Bull Case Catalysts

- **Litigation Resolution:** $7.25B class settlement approval (July 2026) removes uncertainty → **+15-20% re-rating**
- **Asundexian Approval:** FDA approval 2026-2027 → **+10-15% re-rating**
- **Kerendia HF Expansion:** FDA approval for HF indication → **+5-10% re-rating**
- **Launch Product Acceleration:** Nubeqa/Kerendia exceed €3B+ combined by 2027 → **+10-15% re-rating**
- **Crop Science Margin Recovery:** EBITDA margins return to 22-24% → **+5-10% re-rating**

Base Case Target: €50-70 billion market cap by 2027-2028

+40-65% upside from current levels if:

- Litigation resolves as planned
- Launch products deliver mid-single-digit pharma growth by 2027

- Asundexian approved and launched successfully
- Crop Science margins stabilize at 21-23%

Recommendation for Ada Business Development Team

Lead with Kerendia - Perfect Patient Finder Fit

Kerendia (CKD in Type 2 Diabetes) is an exceptional Patient Finder opportunity:

- ✅ **Massive undiagnosed population:** 10-12 million US patients (90% unaware)
- ✅ **Clear screening protocol:** Simple eGFR + urine albumin tests
- ✅ **Strong LTV economics:** $40,000-72,000 per patient over 10 years
- ✅ **Market expansion positioning:** Finding undiagnosed patients, not stealing share
- ✅ **Payer value story:** Prevent dialysis = save $90,000+/year in ESKD costs

Secondary Target: Nubeqa

Nubeqa (Prostate Cancer) is a strong secondary opportunity:

- ✅ **Diagnostic delays:** 6-year median to nmCRPC recognition
- ✅ **High mortality:** 50% annual mortality once metastatic; 8.3-month median survival
- ✅ **Strong economics:** $120,000-180,000 LTV (3-year treatment)
- ✅ **Differentiated product:** Superior CNS safety vs. Xtandi/Erleada

Pursue if Kerendia successful or in parallel if resources allow.

Pass on Lower-Priority Products

- ❌ **Xarelto:** Post-patent; generics active; no commercial rationale
- ❌ **Lynkuet:** Not underdiagnosed; awareness/education issue, not identification problem
- ⚠️ **Eylea:** Only if Bayer specifically requests with favorable economics; marginal ROI due to biosimilar erosion

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Note: This report cites 83 sources total. Full reference list available in the markdown version of this report. All data verified as of March 2026; financial figures sourced from Bayer AG official investor relations materials and regulatory filings.

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