



Commerzbank German Investment Seminar 2020

January 13, 2020

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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.

Guidance at constant currencies, not including portfolio divestitures if not mentioned differently.



Today's agenda



2019 – a transformational year

Our leading businesses

Our financial targets 2022

Bayer: A compelling investment

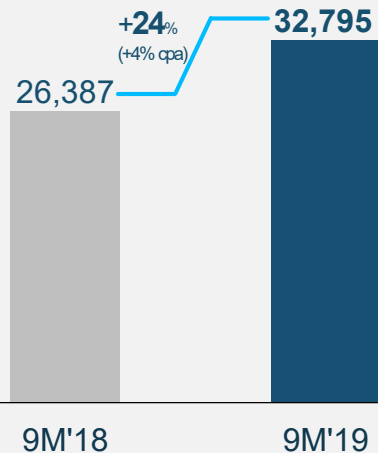


Positive operating performance - first 9 months 2019

Sales

In million €, Δ% yoy, (Fx & portfolio adj.)

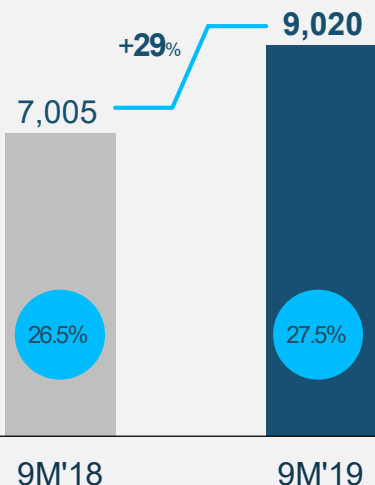
- Positive Fx effect of €413m



EBITDA

In million €, before special items

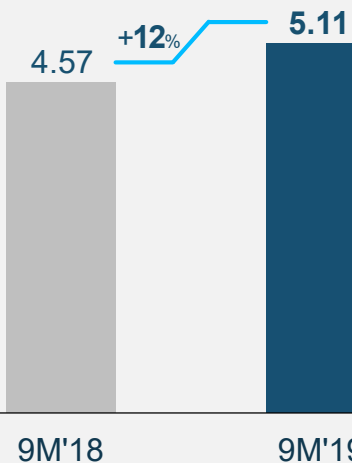
- Negative Fx effect of €-92m



Core EPS

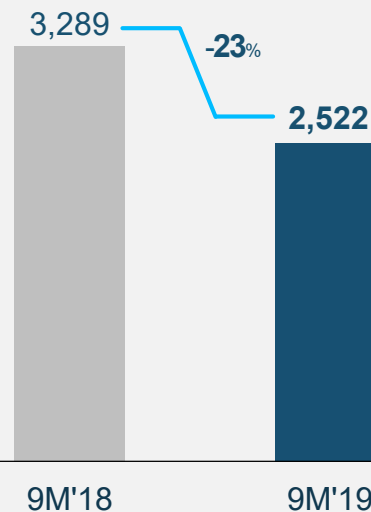
In €

- # shares increased from 927m to 981m



Free Cash Flow

In million €



● EBITDA Margin before special items

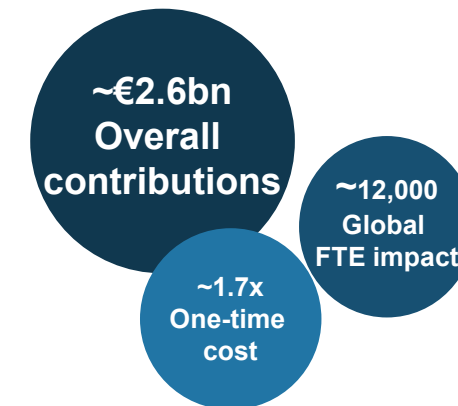
➤ Well on track to meet our financial guidance for the full year



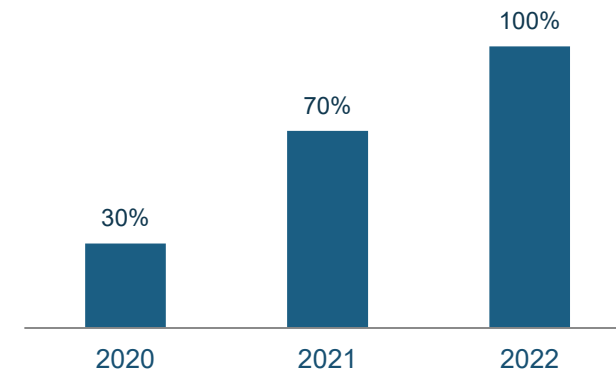
Good progress on efficiency measures / Bayer 2022

- ✓ Implementation of Bayer 2022 platform program well on track
 - ✓ Crop Science: Integration and synergy realization well underway, better than expected
 - ✓ Pharmaceuticals: Target operating model for realigned R&D defined
 - ✓ Consumer Health: Turnaround implementation in full swing
- At least €600m gross savings expected across all programs end of 2019

Outlook 2022



Indicative phasing of contributions





Bayer delivers on announced portfolio measures

Animal Health

CURRENTA 
Leistung für Chemie und Industrie

Coppertone 

Dr. Scholl's 

| | | | | |
|----------------------|---|--|---|---|
| Sales & EBITDA* 2018 | // Sales: €1,501m // EBITDA: €358m | // Sales: €1,344m // EBITDA: €220m | // Sales: 213m USD // Below average margin | // Sales: 234m USD // Below average margin |
| Gross Proceeds | // US\$7.6bn, thereof // US\$5.3bn in cash and // US\$2.3bn in Elanco stock** | // ~€1.4bn (60% stake and selected real estate) | // US\$550m | // US\$585m |
| Acquirer | // Elanco | // Macquarie Infrastructure and Real Assets (MIRA) | // Beiersdorf | // Yellow Wood Partners |
| Signing | // August 20, 2019 ✓ | // August 6, 2019 ✓ | // May 13, 2019 ✓ | // July 19, 2019 ✓ |
| Expected Closing | // Mid 2020 | // December 2019 ✓ | // Closed on August 30, 2019 ✓ | // November 2019 ✓ |
| Consolidation | // Discontinued operations | // Discontinued operations | // Until closing | // Until closing |

* EBITDA = EBITDA before special items

** based on the unaffected 30-day volume weighted average price as of August 6, 2019 of 33,60 USD. The number of shares constituting the equity consideration is fixed within a 7.5% collar. This means that the number of Elanco shares that Bayer receives increases (decreases) in the event of share price decreases (increases) within this 7.5% corridor. Based on the closing price of Elanco shares on September 30, 2019, Bayer would receive approx. 73 million Elanco shares.



FY 2019 guidance confirmed, aligned to continuing operations and including expected currency impact

| | confirmed 2019 outlook (excl. portfolio measures) | Of which discontinued operations | 2019 outlook for continuing operations | Expected currency impact | 2019 outlook for continuing operations incl. currency impact |
|----------------------------------|---|--|---|-----------------------------|--|
| Sales | ~ €46 bn | ~ €3bn | ~ €43 bn | approx. +€0.5bn | ~ €43.5 bn |
| EBITDA (before special items) | ~ €12.2 bn | ~ €0.6bn | ~ €11.6 bn | approx. -€0.1bn | ~ €11.5 bn |
| Core EPS | ~ €6.80 | ~ €0.35 | ~ €6.45 | approx. -€0.10 | ~ €6.35 |
| Free cash flow | ~ €3-4 bn | No impact | ~ €3-4 bn | approx. -€0.1bn | ~ €3-4 bn |
| Net financial debt | ~ €36 bn | ~ €2.0bn <small>Proceeds from the sale of Coppertone, Dr. Scholl's and Currenta</small> | ~ €34 bn | approx. +€1.1bn | ~ €35 bn |



Bayer 2030 sustainable development objectives announced

Our ambition is to generate a **positive sustainable impact** for **society** and the **environment** through our business operations.



Support 100m smallholder farmers¹

in low- and middle-income countries (LMIC)



Provide 100m women in low- and middle-income countries with **access to modern contraception**



Expand access to everyday health for 100m people in

underserved communities around the world



Making our own operations carbon neutral and working with our suppliers to **reduce emissions across our value chain**

Help more people thrive

Decrease environmental footprint

Our targets are in sync with the UN Sustainable Development Goals

¹ A farmer who farms crops on less than 10 ha (FAO definition)



Supervisory Board took important actions

- ✓ Established a new committee to monitor Glyphosate litigation
- ✓ Retained US lawyer John H. Beisner as an advisor on an ongoing basis
- ✓ Decided to constructively engage in the court-ordered mediation process in parallel to the continued litigation of further cases
- ✓ Appointment of Ertharin Cousin as a new member of the Supervisory Board



Today's agenda

◆ 2019 – a transformational year

◆ **Our leading businesses**

◆ Our financial targets 2022

◆ **Bayer: A compelling investment**



We are a global leader in health and nutrition



Science For A Better Life

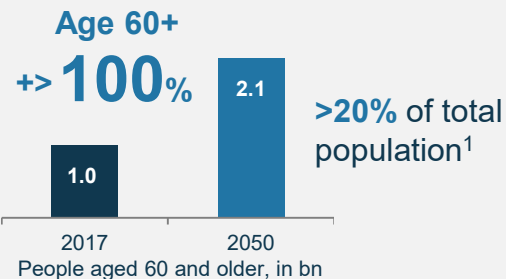
We leverage science to address urgent societal needs – with the ultimate goal to *improve people's lives*



We address megatrends which impact lives across the globe

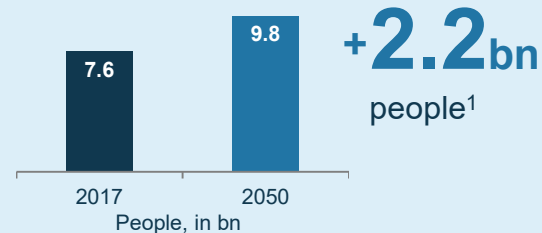
Megatrends through 2050

Aging population



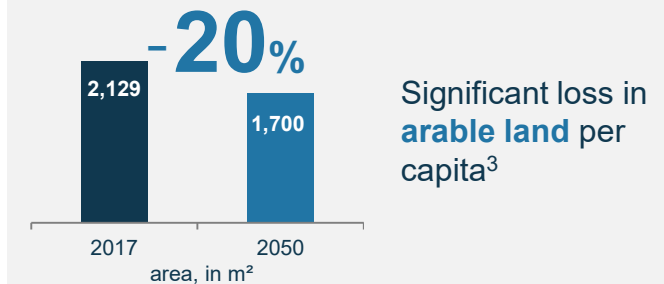
Age 80+
+> 200%
Number of people aged 80 and older to increase from **137m to 425m¹**

Growing population



+ 50%
More food and feed required to meet growing demand²

Pressure on ecosystems



-17%
Harvest losses from climate change⁴

¹ World Population Prospects: The 2017 Revision | ² FAO 2017, (FAO Global Perspective Studies) | ³ 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 | ⁴ Nelson et. al, (2014); FAO 2016 "Climate change and food security"

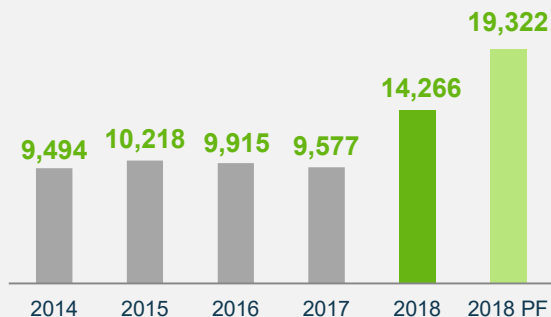


Crop Science: Number one global platform

FINANCIALS

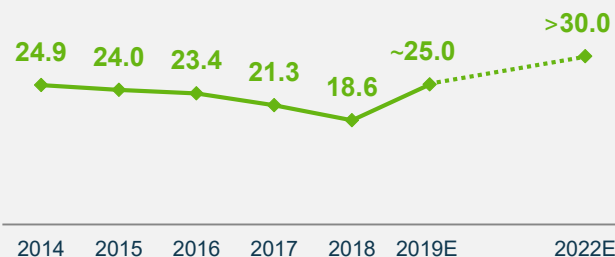
Sales development

In €m



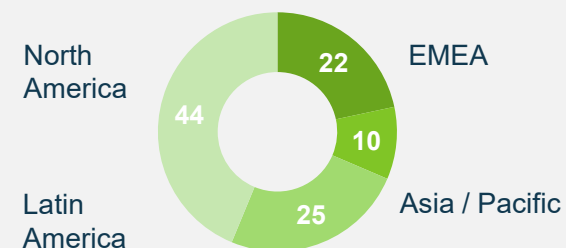
EBITDA margin development

In %, before special items



Sales by region (pro-forma)

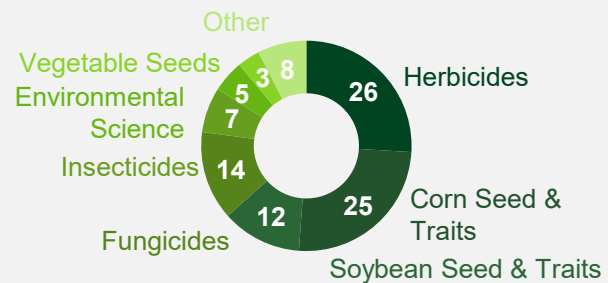
In %, in 2018



PRODUCTS

Leading product areas (pro-forma)

In %, based on sales 2018



Market positions¹ (pro-forma)



- Corn
- Soybean
- Horticulture
- Cereals
- Digital Farming

Key products



¹ Source: Bayer CS market model

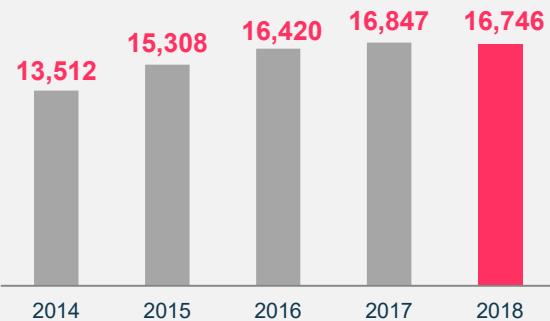


Pharma: Focused on therapeutic areas with high unmet needs

FINANCIALS

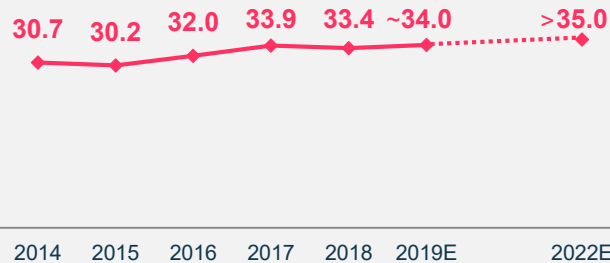
Sales development

In €m



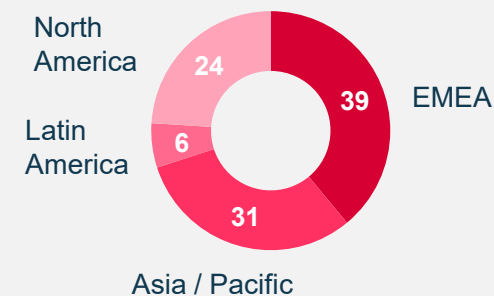
EBITDA margin development

In %, before special items



Sales by region

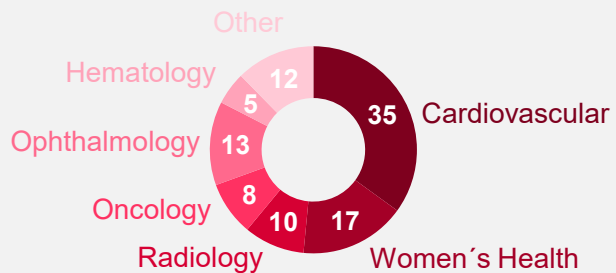
In %, in 2018



PRODUCTS

Therapeutic areas

In %, based on sales 2018



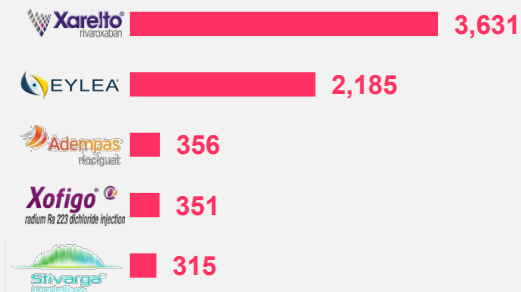
Leading positions in key therapeutic areas¹



Cardiovascular
Hematology
Retinal Diseases
Women's Health
Radiology

Key products

In €m



¹ Source: IQVIA 2017

Late-stage Pipeline with Progress in Oncology

| | Larotrectinib (Vitrakvi) | Darolutamide (Nubeqa) | Copanlisib (Aliqopa) | Finerenone | Vericiguat |
|-------------------------|---|--|--|--|--|
| Indication | // TRK-fusion Cancer | // Prostate Cancer | // Lymphoma | // Diabetic Kidney Disease | // Chronic Heart Failure |
| Status | // Launched in the US and EU/ in registration | // Launched in the US (nmCRPC) // Phase III (mHSPC) | // Launched in the US // Phase III | // Phase III | // Phase III (HFrEF) // Phase II (HFpEF) |
| Commercial Potential | // PSP >€750m | // PSP ≥€1bn | // PSP ≥€0.5bn | // PSP ≥€1bn | // PSP ~€0.5bn |
| Clinical Completion | // Clinical program ongoing | // Completed (ARAMIS, nmCRPC) // Aug 2022e (ARASENS, mHSPC) | // May 2020e (CHRONOS-3) // Sep 2021e (CHRONOS-4) | // Apr 2020e (FIDELIO-DKD) // June 2021e (FIGARO-DKD) | // Completed (VICTORIA, HFrEF) // Completed (VITALITY, HFpEF) |

NTRK: Neurotrophic receptor tyrosine kinase; nmCRPC: Non-metastatic castration resistant prostate cancer; mHSPC: Metastatic hormone sensitive prostate cancer; HFrEF: Heart failure with reduced ejection fraction; HFpEF: Heart failure with preserved ejection fraction; PSP: Peak sales potential

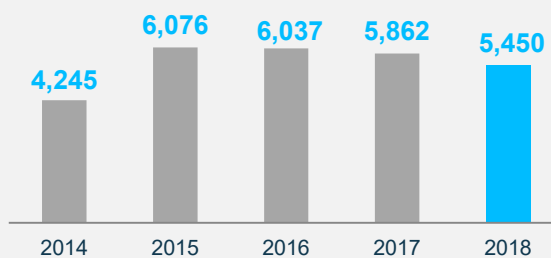


Consumer Health: Focus on five core OTC categories

FINANCIALS

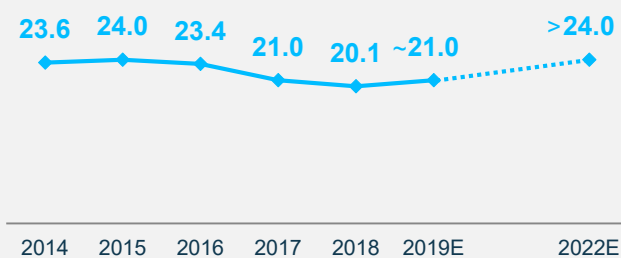
Sales development

In €m



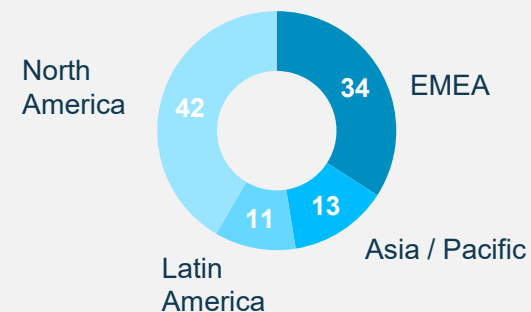
EBITDA margin development

In %, before special items



Sales by region

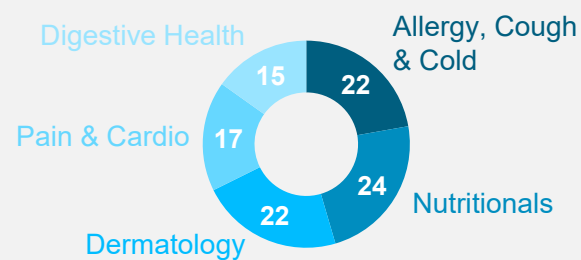
In %, in 2018



PRODUCTS

Categories

In %, based on sales 2018



Market positions¹



Key products



¹ PARS database January 2019



Today's agenda

◆ 2019 – a transformational year

◆ Our leading businesses

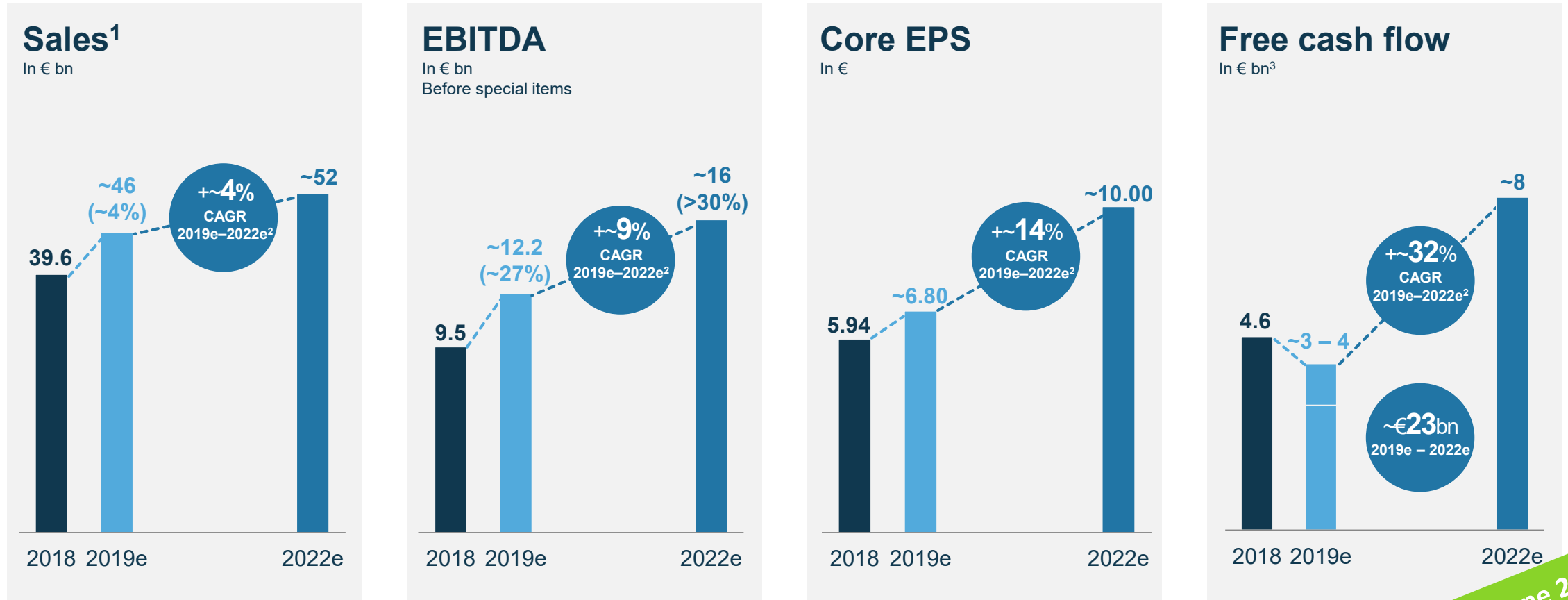
◆ **Our financial targets 2022**

◆ Bayer: A compelling investment



Group sales, EBITDA and EPS guidance 2019 & financial targets 2022

(not including portfolio measures, at constant 2018 currencies)



2022 targets at constant currencies, not including portfolio measures except for Consumer Health

¹ Sales: cpa growth | ² CAGR from 2019e base year

³ Free cash flow (FCF) defined as = Net cash flow provided by operating activities - CAPEX (PPE and Intangible assets) + interest & dividends received - interest paid + interest received from interest rate swaps

To be updated at CMD June 2020

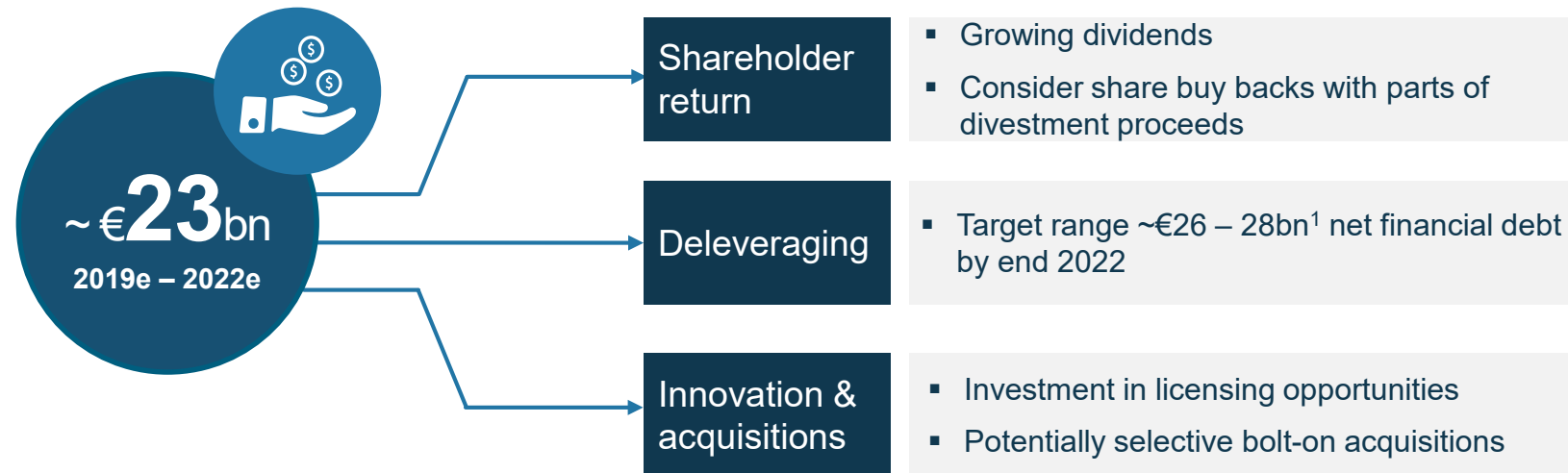


Clear priorities for capital allocation

(not including portfolio measures)

Targeted free cash flow

Disciplined capital allocation



¹ Before M&A / Portfolio

To be updated at CMD June 2020



Today's agenda

◆ 2019 – a transformational year

◆ Our leading businesses

◆ Our financial targets 2022

◆ **Bayer: A compelling investment**

Bayer: A compelling investment

- 1** Global leader in health and nutrition
- 2** Active in highly attractive, growing and profitable markets driven by megatrends
- 3** Focused strategy and ambitious targets for 2022
- 4** Strong deleveraging ability to achieve single-A rating again
- 5** Clear priorities for capital allocation