



# 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**

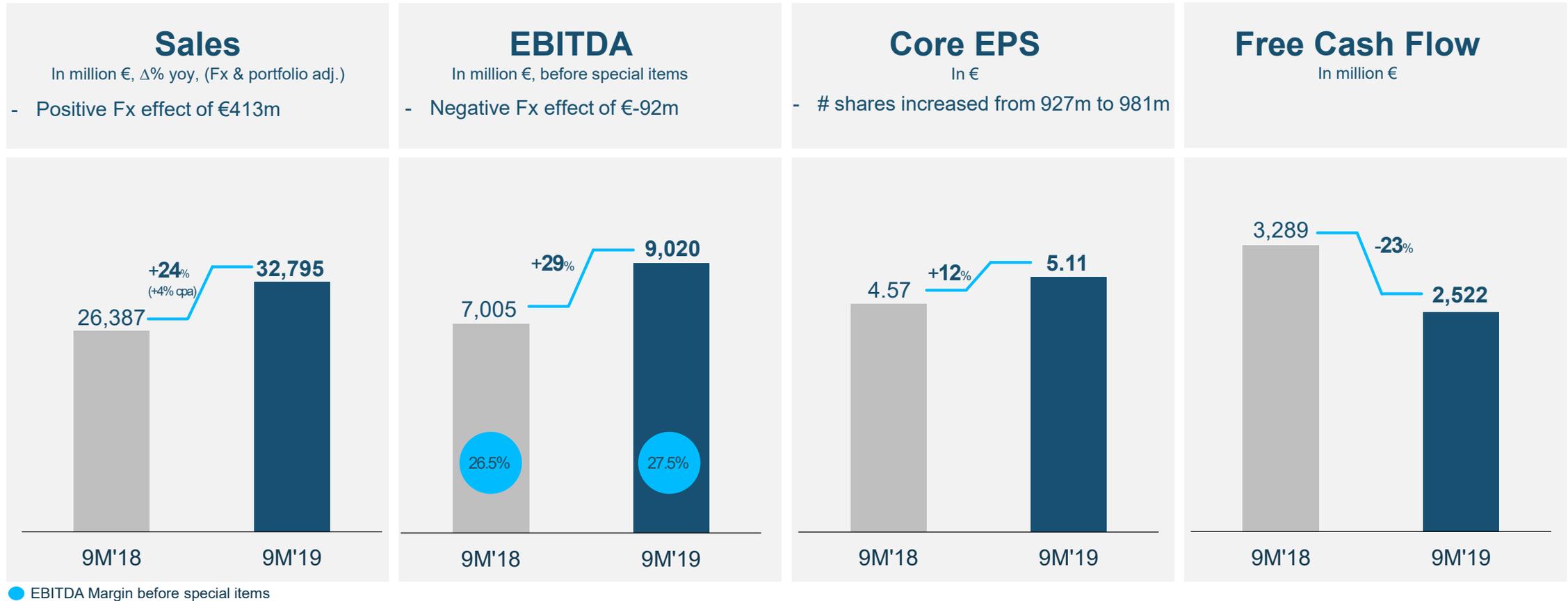
**Our leading businesses**

**Our financial targets 2022**

**Bayer: A compelling investment**



# Positive operating performance - first 9 months 2019



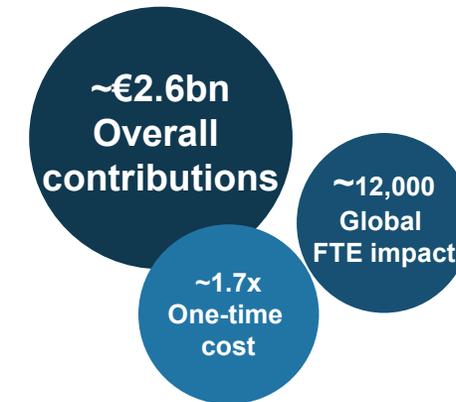
➤ Well on track to meet our financial guidance for the full year



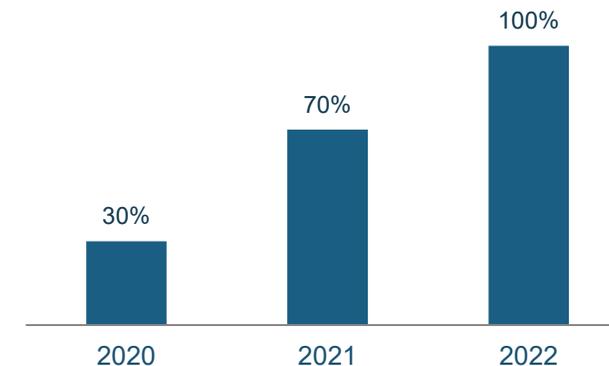
# Good progress on efficiency measures / Bayer 2022

- ✓ 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

	<b>confirmed</b> 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 <i>(before special items)</i>	~ €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 farmers<sup>1</sup>**

in low- and middle-income countries (LMIC)



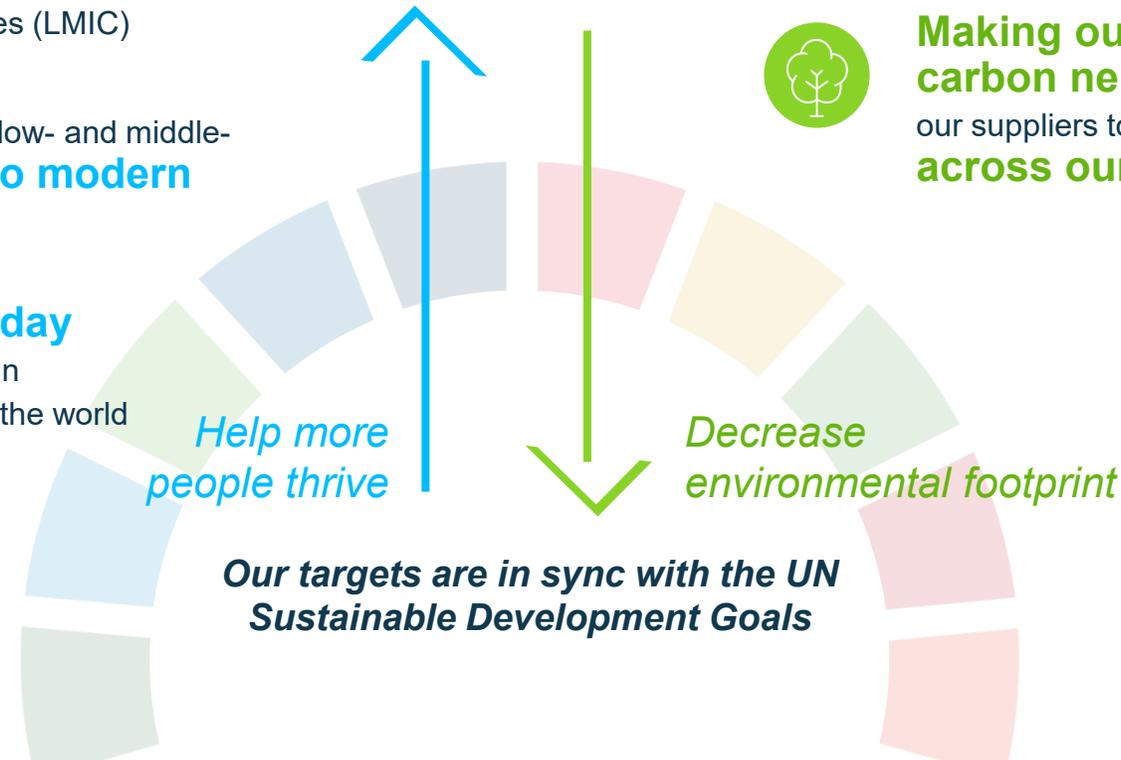
**Provide 100m women** in low- and middle-income countries with **access to modern contraception**



**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**



<sup>1</sup> 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

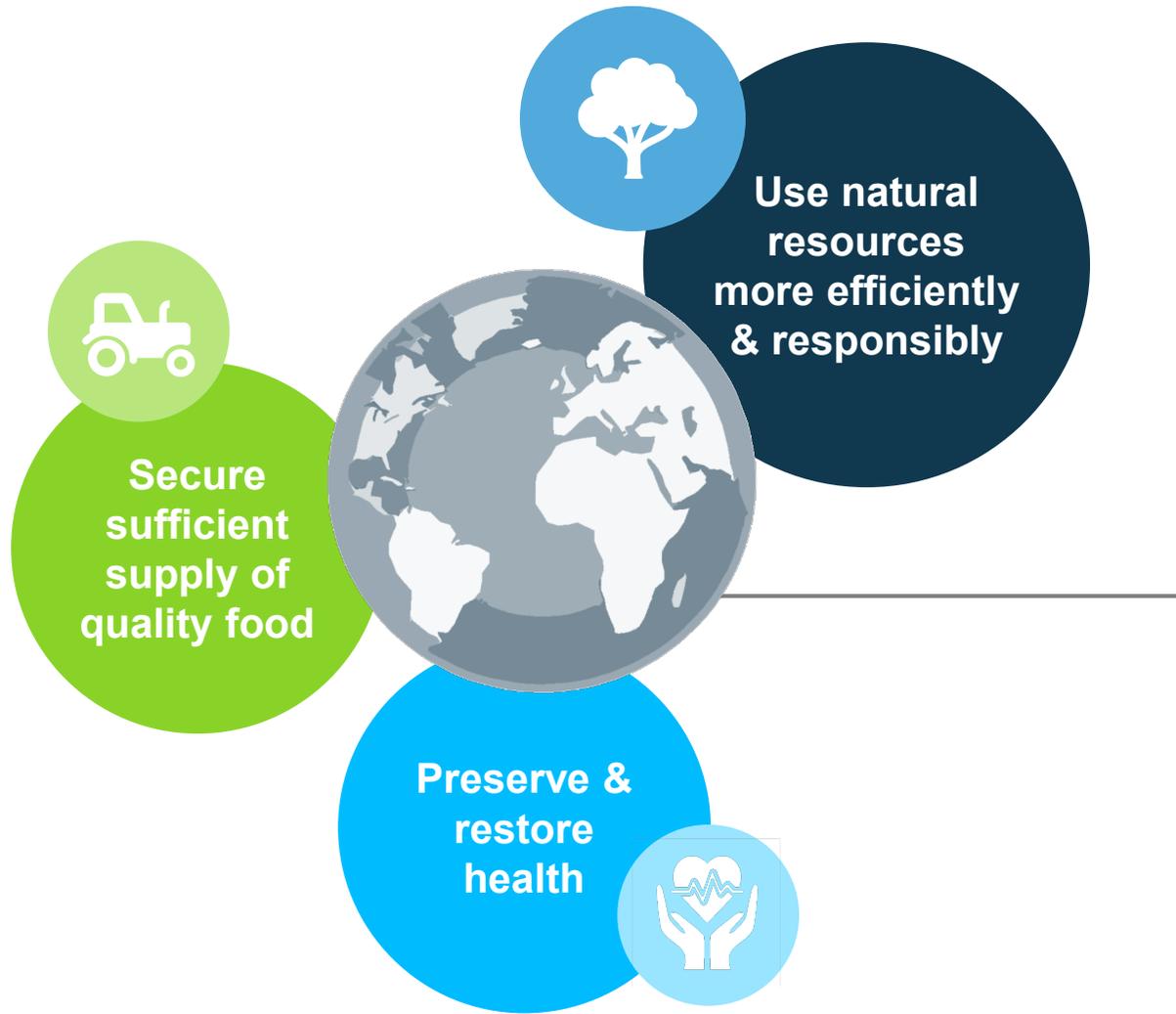
◆ **Our leading businesses**

◆ Our financial targets 2022

◆ **Bayer: A compelling investment**



# We are a global leader in health and nutrition



## Science For A Better Life

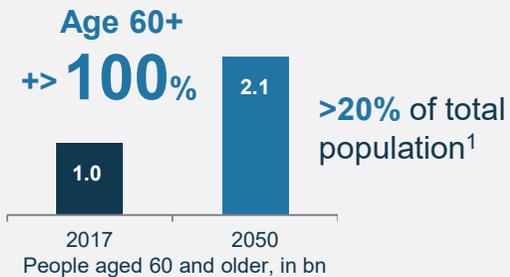
We leverage science to address urgent societal needs – with the ultimate goal to *improve people's lives*



# We address megatrends which impact lives across the globe

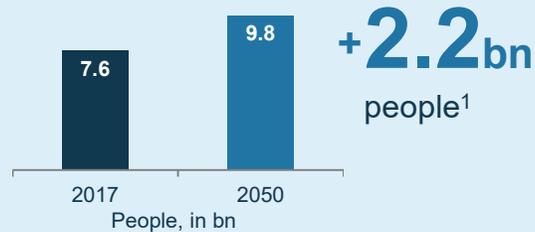
## Megatrends through 2050

### Aging population



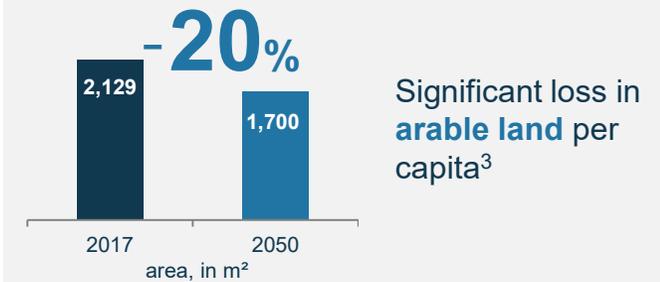
Age 80+  
+> **200%**  
Number of people aged 80 and older to increase from **137m to 425m**<sup>1</sup>

### Growing population



+ **50%**  
More food and feed required to meet growing demand<sup>2</sup>

### Pressure on ecosystems



- **17%**  
Harvest losses from climate change<sup>4</sup>

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



# Crop Science: Number one global platform

## FINANCIALS

### Sales development

In €m



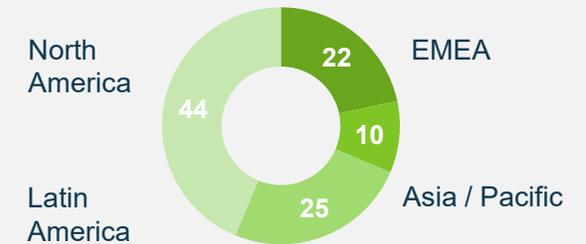
### EBITDA margin development

In %, before special items



### Sales by region (pro-forma)

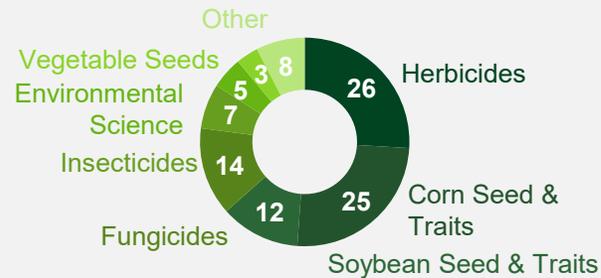
In %, in 2018



## PRODUCTS

### Leading product areas (pro-forma)

In %, based on sales 2018



### Market positions<sup>1</sup> (pro-forma)



- Corn
- Soybean
- Horticulture
- Cereals
- Digital Farming

### Key products



<sup>1</sup> Source: Bayer CS market model

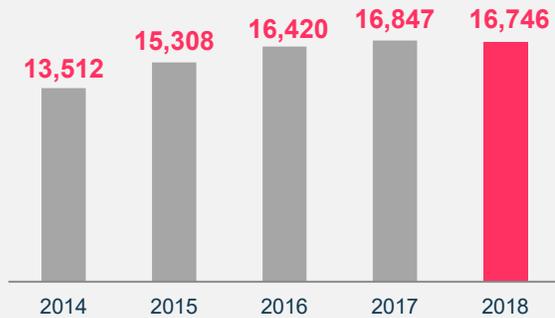


# Pharma: Focused on therapeutic areas with high unmet needs

## FINANCIALS

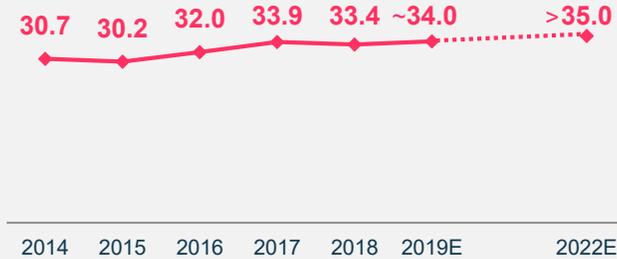
### Sales development

In €m



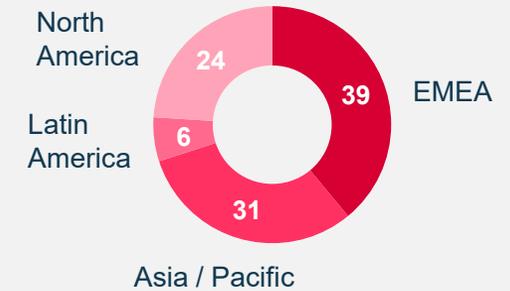
### EBITDA margin development

In %, before special items



### Sales by region

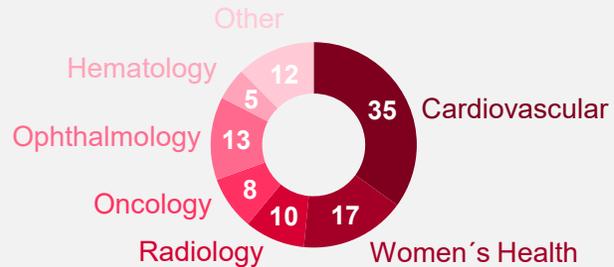
In %, in 2018



## PRODUCTS

### Therapeutic areas

In %, based on sales 2018



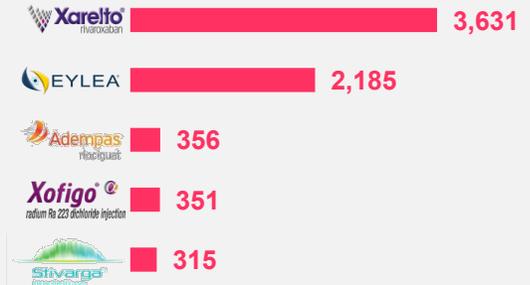
### Leading positions in key therapeutic areas<sup>1</sup>



- Cardiovascular
- Hematology
- Retinal Diseases
- Women's Health
- Radiology

### Key products

In €m



<sup>1</sup> Source: IQVIA 2017



# Late-stage Pipeline with Progress in Oncology

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

NTRK: Neurotrophic receptor tyrosine kinase; nmCRPC: Non-metastatic castration resistant prostate cancer; mHSPC: Metastatic hormone sensitive prostate cancer; HF<sub>r</sub>EF: Heart failure with reduced ejection fraction; HF<sub>p</sub>EF: Heart failure with preserved ejection fraction; PSP: Peak sales potential

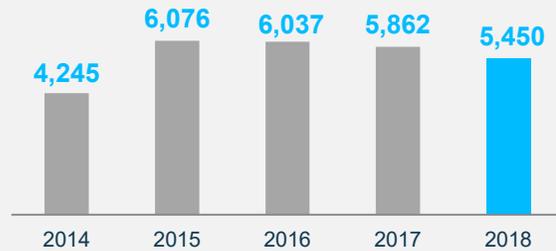


# Consumer Health: Focus on five core OTC categories

## FINANCIALS

### Sales development

In €m



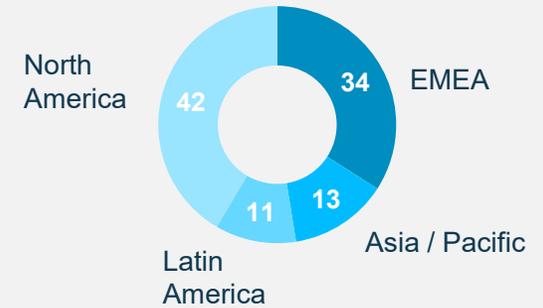
### EBITDA margin development

In %, before special items



### Sales by region

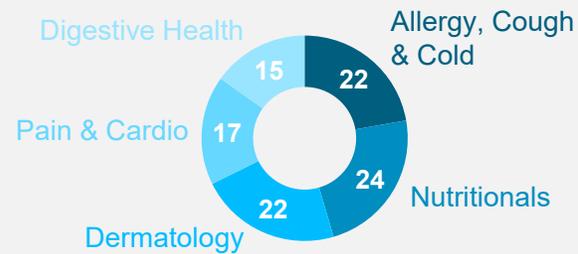
In %, in 2018



## PRODUCTS

### Categories

In %, based on sales 2018



### Market positions<sup>1</sup>



### Key products



<sup>1</sup> PARS database January 2019



# Today's agenda

◆ 2019 – a transformational year

◆ Our leading businesses

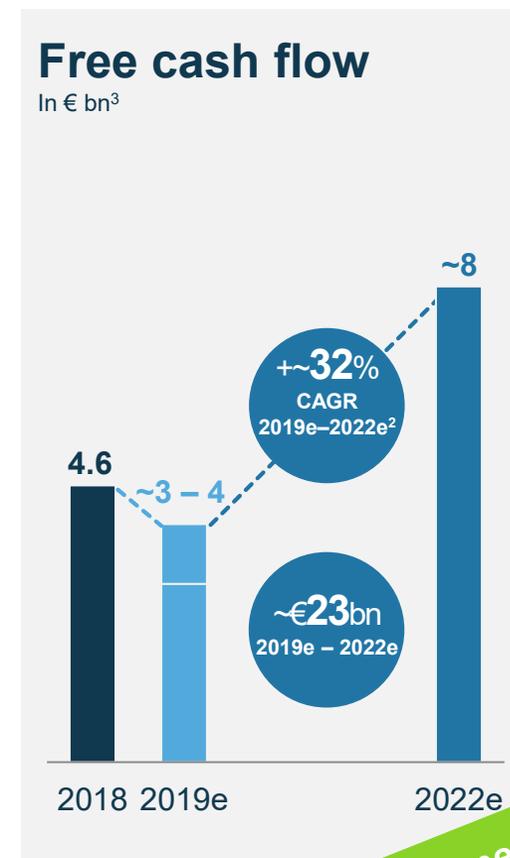
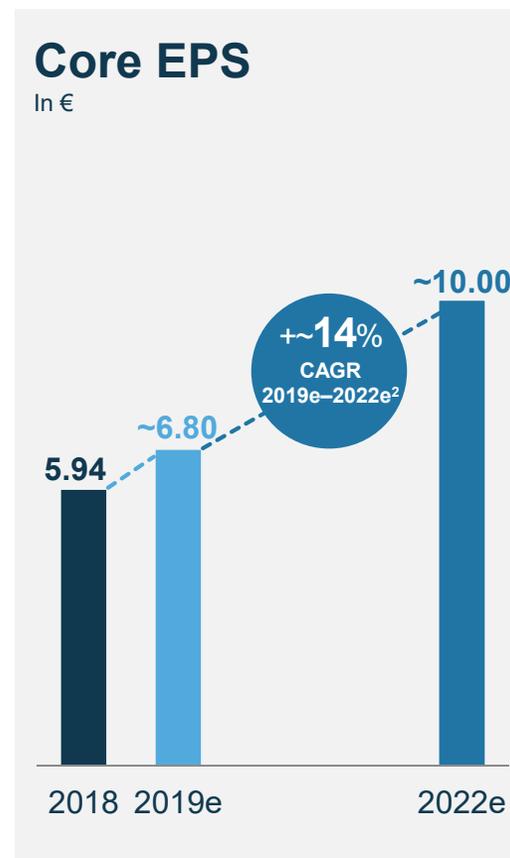
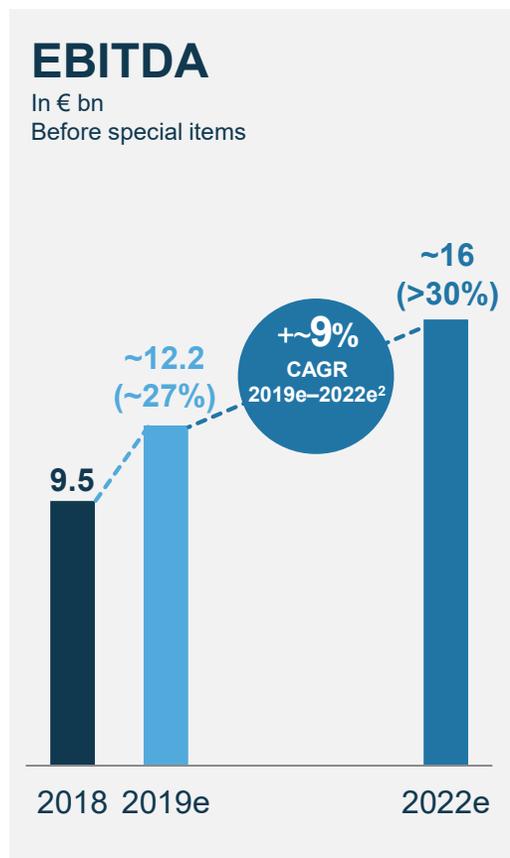
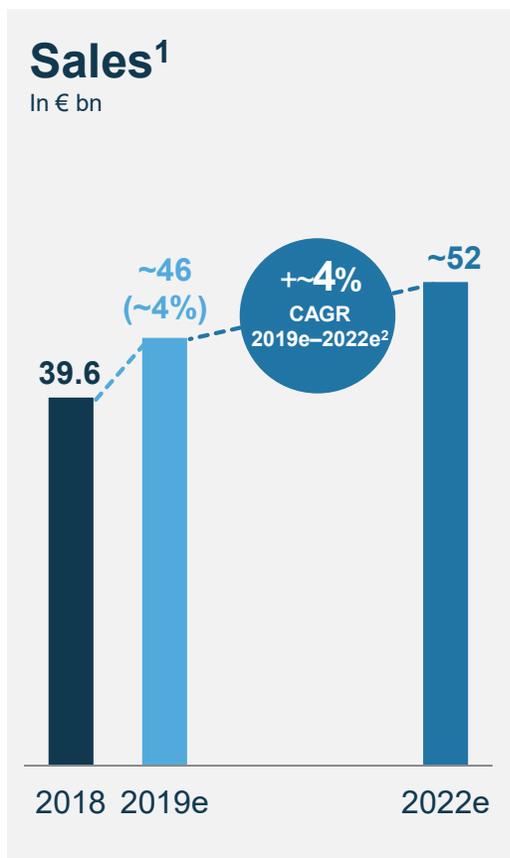
◆ **Our financial targets 2022**

◆ 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

<sup>1</sup> Sales: cpa growth | <sup>2</sup> CAGR from 2019e base year

<sup>3</sup> 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

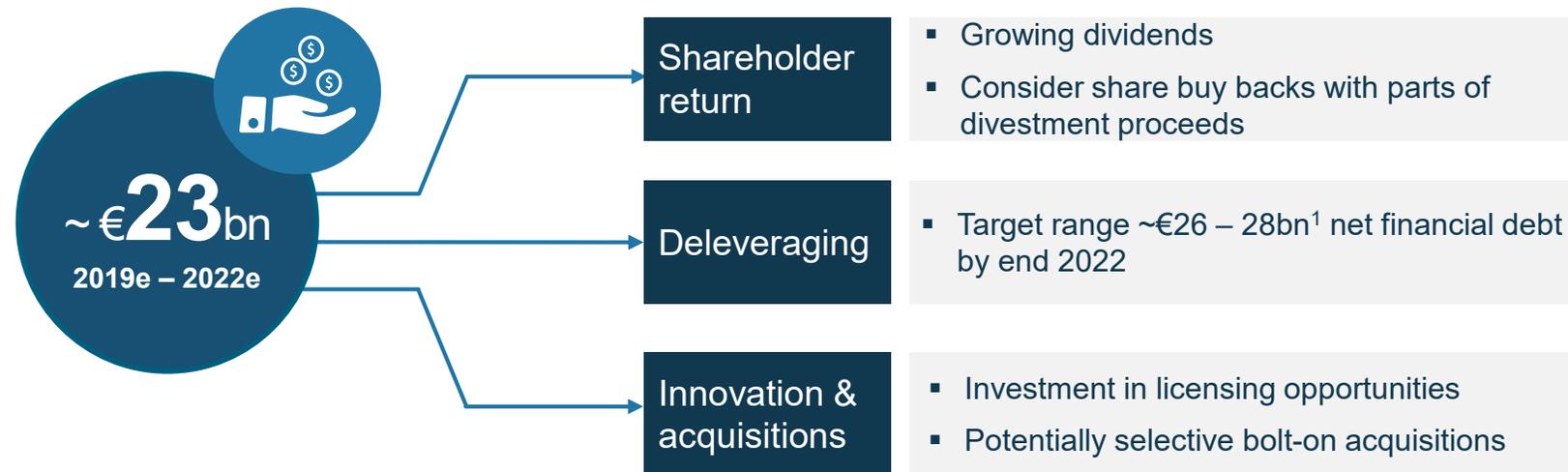


# Clear priorities for capital allocation

(not including portfolio measures)

## Targeted free cash flow

## Disciplined capital allocation



<sup>1</sup> 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