

Fiscal 2019:

## **Bayer strategically and operationally successful**

- Group sales advance by 3.5 percent (Fx & portfolio adj.) to 43.545 billion euros
- EBITDA before special items increases by 28.3 percent to 11.503 billion euros
- Core earnings per share up by 14.3 percent to 6.40 euros
- Net income rises 141.4 percent to 4.091 billion euros – gain of 1.637 billion euros on sale of Currenta stake
- Free cash flow of 4.214 billion euros above expectations
- Proposed dividend of 2.80 euros per share
- Crop Science shows solid performance in challenging environment, substantial increase in earnings due to acquired business
- Pharmaceuticals shows encouraging business development
- Sales growth at Consumer Health, earnings at prior-year level despite divestments
- Ongoing portfolio, structural and efficiency measures implemented successfully
- Glyphosate's positive safety profile confirmed – appeal and mediation proceedings moving forward
- Outlook for 2020: increase in sales, earnings and free cash flow
- Ambitious sustainability targets set

---

**Leverkusen, Germany, February 27, 2020** – Bayer was strategically and operationally successful last year. “We delivered in 2019 and kept our promises in all areas,” Werner Baumann, Chairman of the Board of Management, said on Thursday at the Financial News Conference in Leverkusen. “We achieved our financial targets despite coming up against a challenging market environment in the agriculture sector in particular,” Baumann said. Bayer is also optimistic for the current year, with the company targeting an increase in sales, earnings and free cash flow.

“We’ve also delivered in terms of the portfolio, efficiency and structural measures announced in late 2018,” Baumann continued. In 2019, Bayer agreed the divestment of its Animal Health business to Elanco for 7.6 billion U.S. dollars, completed the sale of its stake in site services provider Currenta and also divested the Dr. Scholl’s™ and Coppertone™ brands. Including the synergies from the acquired agriculture business, the efficiency and structural measures last year already delivered around 30 percent of the 2.6 billion euros in annual contributions targeted by 2022.

The company also significantly stepped up its sustainability efforts in 2019 and set itself ambitious targets. “We have made sustainability an integral part of our strategy, reflecting our responsibility as a company and society’s increased expectations,” Baumann said. “We are pursuing our sustainability targets with the same vigor as our financial targets. In line with this, we will submit a proposal to the Annual Stockholders’ Meeting in April that the sustainability targets be integrated into the compensation system for the Board of Management.”

### **Increase in Group sales and earnings**

Group sales increased by 3.5 percent on a currency- and portfolio-adjusted basis (Fx & portfolio adj.) to 43.545 billion euros last year. On a reported basis, sales were up by 18.5 percent. EBITDA before special items rose by 28.3 percent to 11.503 billion euros. It was diminished by negative currency effects of 43 million euros.

EBIT increased by 21.3 percent to 4.189 billion euros after net special charges of 2.818 billion euros. The special charges were primarily related to the ongoing restructuring program, the acquisition and integration of Monsanto, impairments in connection with the dicamba production facility at Crop Science and the divestment of Dr. Scholl’s™ at Consumer Health, and legal fees. Net income advanced by 141.4 percent to 4.091 billion euros and included the gain from the sale of Bayer’s stake in the Currenta Group (1.637 billion euros). Core earnings per share from continuing operations rose by 14.3 percent to 6.40 euros.

The Board of Management and Supervisory Board of Bayer AG will propose to the Annual Stockholders’ Meeting on April 28, 2020, a dividend payment for fiscal 2019 of 2.80 euros (fiscal 2018: 2.80 euros) per share entitled to the dividend. With 982.42 million (2018:

932.55 million) shares entitled to the dividend, the total dividend payment would amount to 2.751 billion euros (fiscal 2018: 2.611 billion euros).

In 2019, free cash flow declined by 9.4 percent to 4.214 billion euros, “but was still well above the 3 to 4 billion euros we originally anticipated and we’re therefore very satisfied,” said Chief Financial Officer Wolfgang Nickl. Bayer reduced its net financial debt by 4.5 percent year on year to 34.068 billion euros.

### **Crop Science substantially raises earnings thanks to acquired business**

In the agricultural business (Crop Science), Bayer increased sales by 1.4 percent (Fx & portfolio adj.) to 19.832 billion euros. This development was largely due to growth in Latin America, while business in North America was at the prior-year level despite flooding and heavy rains in the Midwestern United States in the first half of the year.

On a pro-forma basis – presented as if both the acquisition of Monsanto and the associated divestments had already taken place as of January 1, 2018 – Crop Science saw sales decline by 1.4 percent after adjusting for currency effects (Fx adj.). On this basis, sales were up at Insecticides, Fungicides and Corn Seed & Traits, for instance. Declines were primarily recorded at Soybean Seed & Traits, particularly in North America, where business was held back by a decrease in acreages, strong competition, the weather conditions and ongoing uncertainties due to trade conflicts.

EBITDA before special items at Crop Science advanced by 80.9 percent to 4.796 billion euros. The increase was primarily attributable to the earnings contribution from the newly acquired business and the realization of synergies as its integration progressed.

As of February 6, 2020, lawsuits from approximately 48,600 plaintiffs had been served in the United States in connection with the crop protection product glyphosate. Bayer believes that the verdicts in the first three cases that went to trial are not supported by the evidence at trial and the law and therefore is pursuing the appeals vigorously. “The U.S. government just recently expressed its explicit support for key elements of our reasoning,” Baumann said, referring to the official court filing to this effect issued in December 2019. “We will pursue the three appeals through all judicial instances if necessary.” Meanwhile, Bayer continues to constructively engage in the confidential court-ordered mediation proceedings to explore whether a settlement can be reached on reasonable terms that is

structured in a way that will bring this entire series of litigations to a reasonable conclusion.

### **Strong earnings growth at Pharmaceuticals**

Sales of prescription medicines (Pharmaceuticals) increased by 5.6 percent (Fx & portfolio adj.) to 17.962 billion euros. Growth in China remained strong, while the oral anticoagulant Xarelto™ and the eye medicine Eylea™ again delivered substantial sales gains, with both products up 12.6 percent (Fx & portfolio adj.). Xarelto™ primarily benefited from expanded volumes in China, Russia and Europe, whereas Eylea™ showed particularly strong development in the Europe/Middle East/Africa region, especially the United Kingdom and Germany, and in Japan. The radiology business also delivered encouraging performance.

Bayer also posted substantial sales gains for its cancer drug Stivarga™ (Fx & portfolio adj.: 27.3 percent) and the pulmonary hypertension treatment Adempas™ (Fx & portfolio adj.: 14.4 percent). While sales of Adempas™ were driven by positive development in the United States, Stivarga™ primarily benefited from expanded volumes in China. Sales of the multiple sclerosis treatment Betaferon™/Betaseron™ continued to decline substantially (Fx & portfolio adj.: minus 18.0 percent), mainly as a result of strong competition in the United States.

EBITDA before special items at Pharmaceuticals advanced by 6.7 percent to 5.975 billion euros. The growth in earnings was driven by higher volumes and a decrease in the cost of goods sold. By contrast, earnings were diminished by an increase in selling expenses for product launches and new indications. In addition, earnings in the prior year included a positive one-time effect of around 190 million euros in connection with income from a development collaboration.

### **Consumer Health sees growth in all categories**

Bayer increased sales of self-care products (Consumer Health) by 2.6 percent (Fx & portfolio adj.) to 5.462 billion euros. After adjusting for currency and portfolio effects, the division grew sales in all categories and in three of the four regions. Sales growth was strongest in the Allergy & Cold (Fx & portfolio adj.: 5.0 percent) and Dermatology (Fx & portfolio adj.: 3.8 percent) categories.

EBITDA before special items at Consumer Health came in at 1.090 billion euros, matching the level of the prior year (minus 0.5 percent). Positive contributions to earnings came primarily from the growth of the business as well as the ongoing efficiency program, which led to a significant decrease in selling expenses. Earnings were primarily held back by the absence of the contribution from the divested prescription dermatology business.

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

For 2020, Bayer expects currency-adjusted sales from continuing operations to amount to around 44 billion to 45 billion euros. This corresponds to an increase of about 3 to 4 percent on a currency- and portfolio-adjusted basis. Bayer aims to raise the Group's EBITDA margin before special items to around 28 percent after adjusting for currency effects. EBITDA before special items is seen rising to between 12.3 billion and 12.6 billion euros on a currency-adjusted basis. Core earnings per share are expected to increase to between 7.00 and 7.20 euros on a currency-adjusted basis, while free cash flow is planned to amount to around 5 billion euros after adjusting for currency effects. The forecast does not yet include an estimate of the potential impact of the coronavirus outbreak. In addition, the outlook is based on the assumption that the Animal Health business will transfer to the acquirer effective July 1, 2020, and that the purchase price will be received on that date in cash and Elanco shares as agreed.

Following the divestments last year, Bayer changed the way the costs of the enabling functions are allocated to the divisions, which has an impact on the EBITDA margin before special items. At Crop Science, the margin for 2019 amounted to 24.2 percent as reported or 23.8 percent when adjusted to reflect this change. On this basis, Bayer expects an increase to around 26 percent after adjusting for currency effects. At Pharmaceuticals, the margin came in at 33.3 percent as reported or 32.6 percent when adjusted, and is expected to reach around 33 percent this year on a currency-adjusted basis. At Consumer Health, the margin in 2019 amounted to 20.0 percent or 20.9 percent when adjusted, and is anticipated to increase to a currency-adjusted 22 to 23 percent in 2020.

**Note:**

*Below you will find tables containing the key data of the Bayer Group and its divisions for the full year and the fourth quarter of 2019.*

*The complete Annual Report 2019 is available on the Internet at [www.investor.bayer.com](http://www.investor.bayer.com)*

*Supplementary material at [www.investor.bayer.com](http://www.investor.bayer.com) includes:*

- Presentation charts for the **Investor Conference Call** at 7:30 noon CET*
- Live webcast of the **Financial News Conference** from approx. 10:00 a.m. CET*
- Live webcast of the **Investor Conference Call** from approx. 2:00 p.m. CET*
- Recording of the **Investor Conference Call** from approx. 6:00 p.m. CET*

**Bayer Investor Relations Team**

Bayer AG  
Investor Relations  
51368 Leverkusen, Germany  
E-mail: [ir@bayer.com](mailto:ir@bayer.com)  
Internet: <http://www.investor.bayer.com>

**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 Group Key Data, Fourth Quarter and Full Year 2019

(Continuing operations – prior-year data are restated.)

<b>Bayer Group</b> (EUR million)	Q4 2018	<b>Q4 2019</b>	Change (%)	FY 2018	<b>FY 2019</b>	Change (%)
Sales	10,355	<b>10,750</b>	+3.8	36,742	<b>43,545</b>	+18.5
EBITDA before special items	1,964	<b>2,483</b>	+26.4	8,969	<b>11,503</b>	+28.3
EBIT	-4,206	<b>396</b>	-	3,454	<b>4,189</b>	+21.3
<i>Special items</i>	-5,249	<b>-923</b>	-	-2,559	<b>-2,818</b>	-
EBIT before special items	1,043	<b>1,319</b>	+26.5	6,013	<b>7,007</b>	+16.5
Net income *	-3,924	<b>1,414</b>	-	1,695	<b>4,091</b>	+141.4
Earnings per share (EUR) *	-4.00	<b>1.44</b>	-	1.80	<b>4.17</b>	+131.7
Core earnings per share (EUR)	1.05	<b>1.29</b>	+22.9	5.60	<b>6.40</b>	+14.3
Free cash flow *	1,363	<b>1,692</b>	+24.1	4,652	<b>4,214</b>	-9.4
Number of employees **	107,894	<b>103,824</b>	-3.8	107,894	<b>103,824</b>	-3.8

<b>Crop Science</b> (EUR million)	Q4 2018	<b>Q4 2019</b>	Change (%)	FY 2018	<b>FY 2019</b>	Change (%)
Sales	4,661	<b>4,652</b>	-0.2	14,266	<b>19,832</b>	+39.0
EBITDA before special items	543	<b>872</b>	+60.6	2,651	<b>4,796</b>	+80.9
EBIT	-933	<b>-453</b>	-	3,138	<b>582</b>	-81.5
<i>Special items</i>	-984	<b>-596</b>	-	1,841	<b>-1,423</b>	-
EBIT before special items	51	<b>143</b>	+180.4	1,297	<b>2,005</b>	+54.6

<b>Pharmaceuticals</b> (EUR million)	Q4 2018	<b>Q4 2019</b>	Change (%)	FY 2018	<b>FY 2019</b>	Change (%)
Sales	4,291	<b>4,682</b>	+9.1	16,746	<b>17,962</b>	+7.3
EBITDA before special items	1,266	<b>1,436</b>	+13.4	5,598	<b>5,975</b>	+6.7
EBIT	-302	<b>1,085</b>	-	3,213	<b>4,762</b>	+48.2
<i>Special items</i>	-1,289	<b>-72</b>	-	-1,362	<b>-137</b>	-
EBIT before special items	987	<b>1,157</b>	+17.2	4,575	<b>4,899</b>	+7.1

<b>Consumer Health</b> (EUR million)	Q4 2018	<b>Q4 2019</b>	Change (%)	FY 2018	<b>FY 2019</b>	Change (%)
Sales	1,331	<b>1,337</b>	+0.5	5,450	<b>5,462</b>	+0.2
EBITDA before special items	279	<b>285</b>	+2.2	1,096	<b>1,090</b>	-0.5
EBIT	-2,607	<b>360</b>	-	-2,077	<b>713</b>	-
<i>Special items</i>	-2,781	<b>161</b>	-	-2,776	<b>-18</b>	-
EBIT before special items	174	<b>199</b>	+14.4	699	<b>731</b>	+4.6

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).

\* Including discontinued operations

\*\* Full-time equivalents at end of period