



Investor Conference Call



Q3 2018 Results

November 13, 2018

Werner Baumann, CEO
Wolfgang Nickl, CFO





Cautionary Statements Regarding Forward-Looking Information

Certain statements contained in this communication may constitute “forward-looking statements.” Actual results could differ materially from those projected or forecast in the forward-looking statements. The factors that could cause actual results to differ materially include the following: the risk that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected timeframes (or at all) and to successfully integrate the operations of Monsanto Company (“Monsanto”) into those of Bayer Aktiengesellschaft (“Bayer”); such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption (including difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater or more significant than expected following the transaction; the retention of certain key employees at Monsanto; the parties’ ability to meet expectations regarding the accounting and tax treatments of the merger; the impact of refinancing the loans taken out for the transaction; the impact of indebtedness incurred by Bayer in connection with the transaction and the potential impact on Bayer’s rating of indebtedness; the effects of the business combination of Bayer and Monsanto, including the combined company’s future financial condition, operating results, strategy and plans; other factors detailed in Monsanto’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) for the fiscal year ended August 31, 2017, and Monsanto’s other filings with the SEC, which are available at <http://www.sec.gov> and on Monsanto’s website at www.monsanto.com; and other factors discussed in Bayer’s public reports which are available on the Bayer website at www.bayer.com. Bayer assumes no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.



**1. Business Update Q3 2018 & Outlook
FY 2018**

2. Financials Q3 2018

Agenda

Werner Baumann, CEO



Q3 2018 – Key Takeaways

- // Good performance in a challenging environment
- // Group outlook for 2018 confirmed
- // Positive pipeline developments at Pharmaceuticals
- // Divestments to BASF completed
- // Successful start of integration process
- // Net debt further reduced
- // Glyphosate litigation: Filing of an appeal in preparation



Q3 2018 - Divisional Highlights

Pharmaceuticals

- // Key growth products continued strong performance
- // FDA approval of Xarelto for patients with CAD/PAD
- // Expanded larotrectinib data confirm efficacy and safety profile
- // Phase III trial of darolutamide met primary endpoint

Consumer Health

- // Positive sales development supported by all regions
- // APAC with strong sales growth

Crop Science

- // Pro forma sales grew by 1.4%, driven by growth in soybean and corn seed & traits in the Americas, as well as by improved pricing and volumes for glyphosate-based herbicides
- // Fungicide and insecticide sales were negatively impacted by the prior year benefit from accounting measures in Brazil, as well as the drought in Europe

Animal Health

- // Sales development impacted by phasing effects from Q3 into Q2
- // Animal Health and NeuroCycle Therapeutics signed global license agreement



FY 2018 Group Outlook Confirmed

	2017	Group Forecast 2018 (at closing rates of September 30, 2018)	Group Forecast 2018 (currency adjusted)
Sales	€35.0bn	// >€39.0bn	// Mid-single-digit % increase (currency and portfolio adjusted)
EBITDA (before special items)	€9.3bn	// Low-to-mid-single-digit % increase	// High-single-digit % increase
Core EPS	€6.64 ¹	// €5.70 - €5.90	// High-single-digit % decrease

¹ Adjusted for the bonus element in the context of the discounted rights issue in June 2018



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Wolfgang Nickl, CFO

Agenda

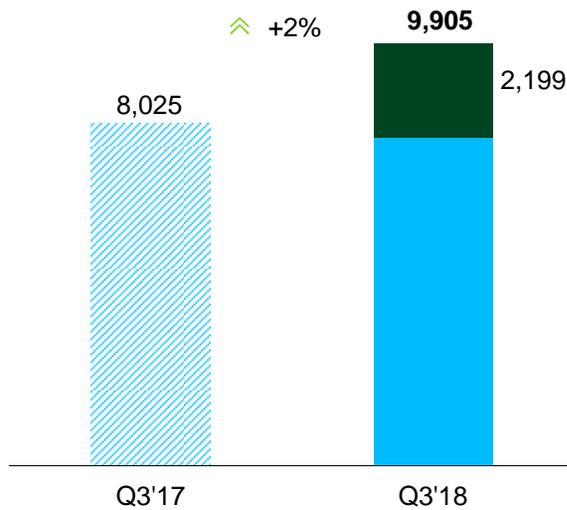


Q3 2018 – On Track for FY Group Guidance

Sales

in € million; $\Delta\%$ yoy, Fx & portfolio adj.

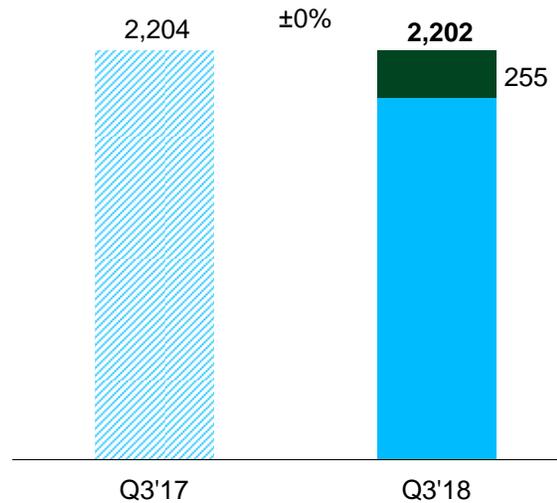
➤ Negative Fx impact of €207m *



EBITDA

before special items; in € million

➤ Negative Fx impact of €159m *



Core EPS

cont. operations; in €

➤ Impacted by increased share count and incremental interest expense

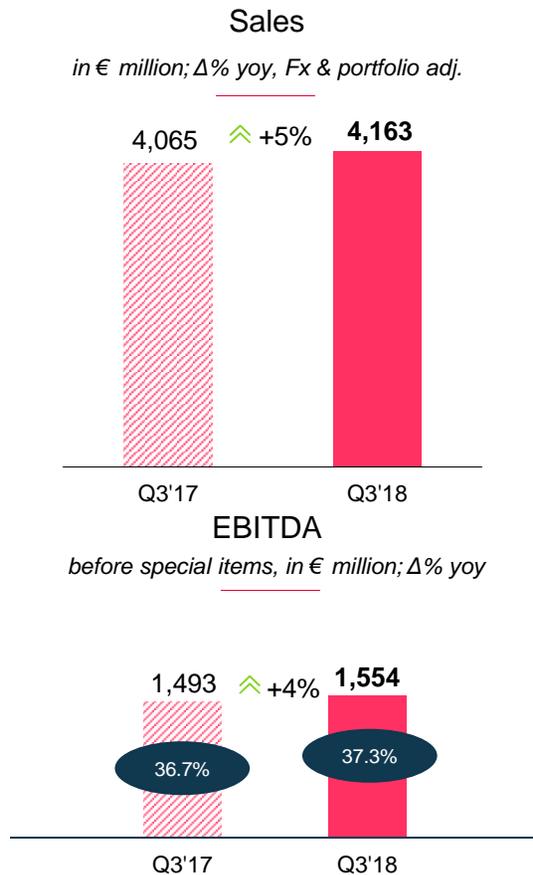


■ Monsanto contribution

* Bayer legacy business



Q3 2018 – Pharmaceuticals Driven by Key Growth Products



// Volume	+7%	// Currency	-2%
// Price	-2%	// Portfolio	0%

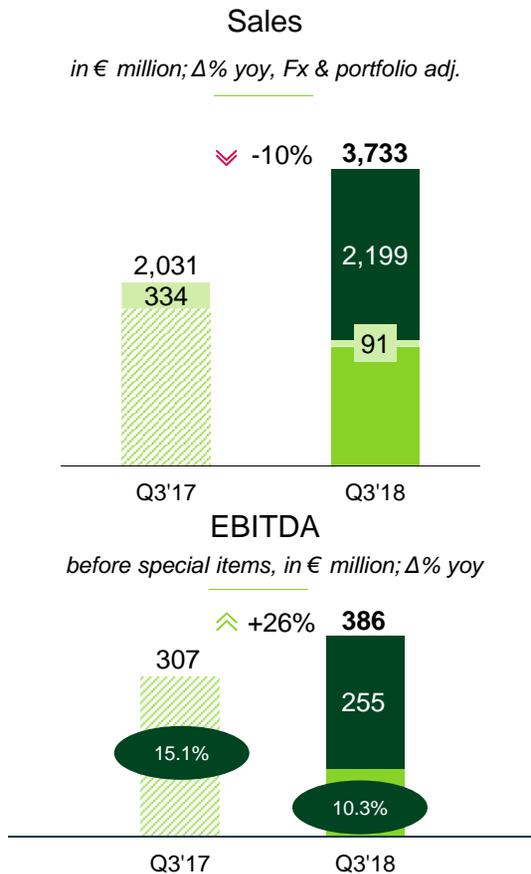
// Key growth products combined up by 16% year on year

// EBITDA benefited from good operating performance as well as a payment from a development partner of ~€190m but was negatively affected by Fx effects; higher COGS and temporary supply limitations

// Leverkusen remediation activities on track, FDA inspection date expected early 2019



Q3 2018 – Crop Science’s First Quarter with Full Contribution from the Acquired Business



// Volume	-11%	// Currency	-3%
// Price	+1%	// Portfolio	+96%

// Fx & portfolio adj. sales negatively impacted by special PY effects in Brazil and decline in EMEA while Q3 pro forma sales grew slightly

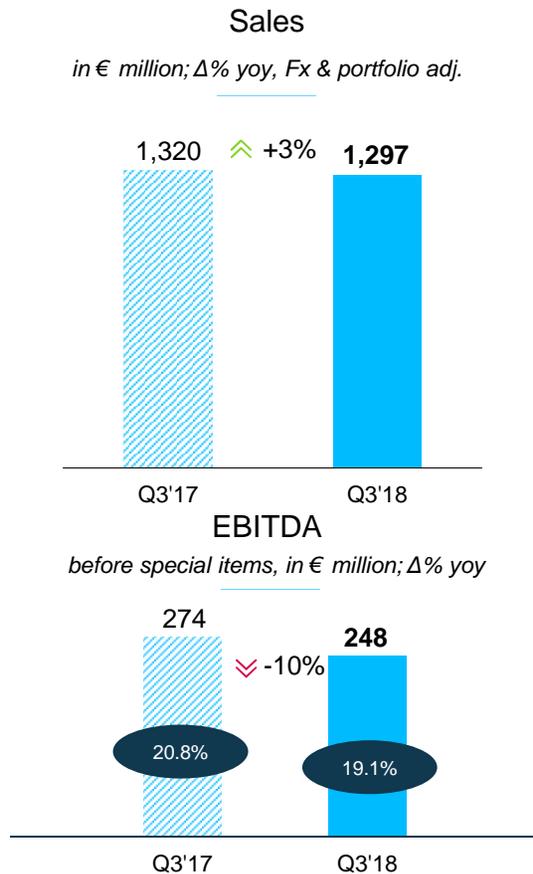
// Overall EBITDA margin lower mainly due to negative Fx effects and the reduced sales in Brazil resulting from PY accounting measures, as well as lower volumes in EMEA

// Monsanto EBITDA contribution better than expected

● EBITDA Margin ■ Monsanto contribution ■ BASF divestment



Q3 2018 – Consumer Health with Positive Sales Development



// Volume	+4%	// Currency	-4%
// Price	-1%	// Portfolio	-1%

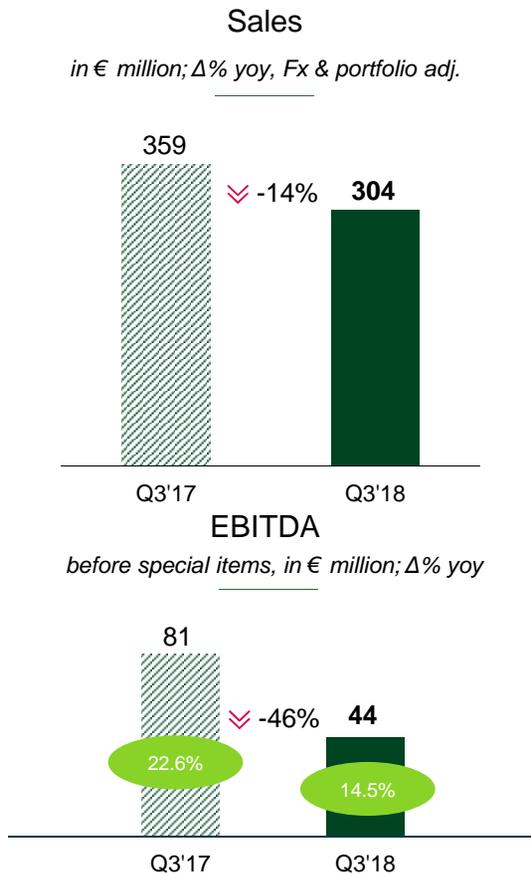
// All regions contributing to topline growth with APAC standing out at +9%

// Strong performance of Nutritionals in China and Kang Wang brand back in the market

// EBITDA below PY level largely due to negative Fx effects; PY included a gain from tail-end brand disposal (€30m)



Q3 2018 – Animal Health with Soft Quarter due to Phasing



// Volume	-13%	// Currency	-2%
// Price	-1%	// Portfolio	±0%

// Sales in North America and EMEA declined; in NA due to shifts in demand from Q3 into Q2 and in Europe due to challenging environment

// Continued positive growth momentum for Seresto (+23% YTD)

// EBITDA declined primarily attributable to lower volumes



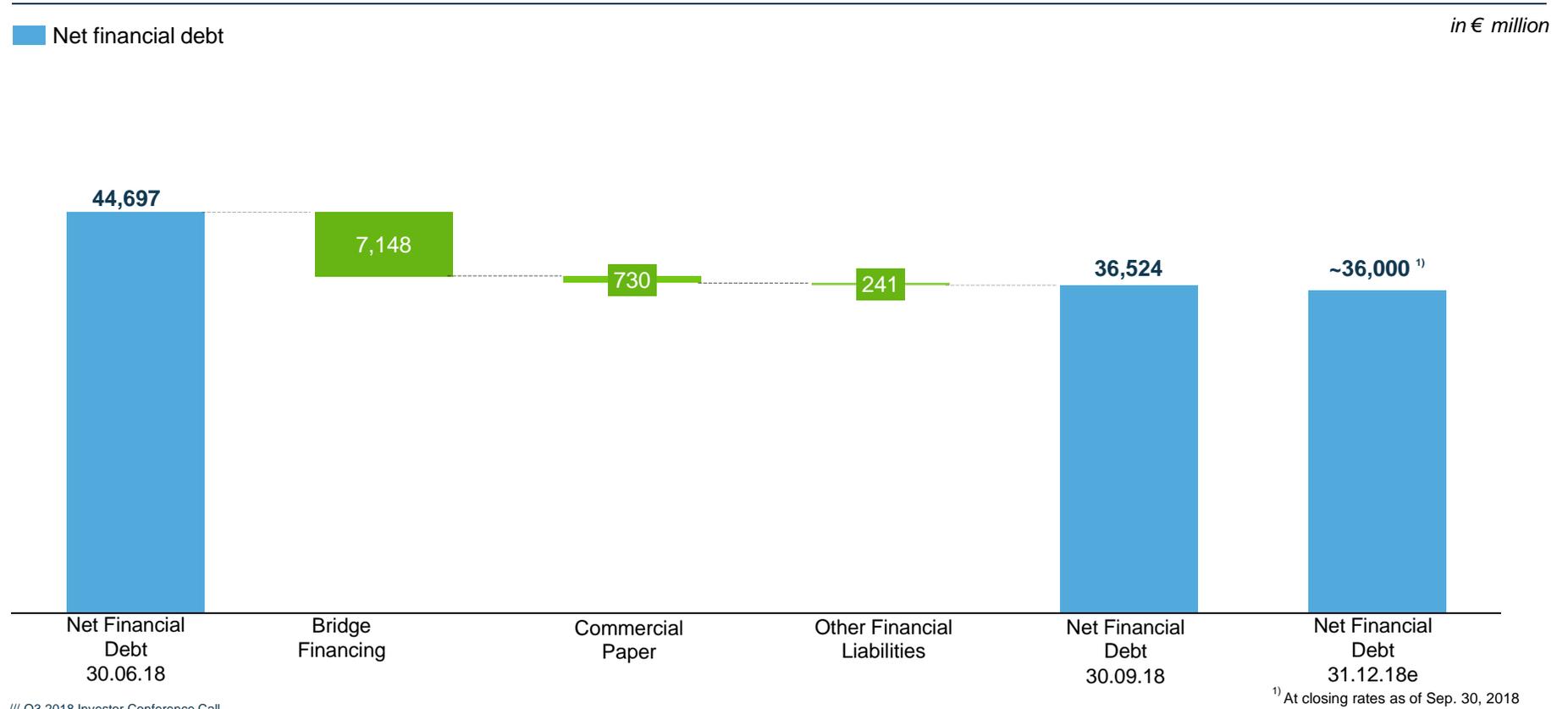
Q3 2018 P&L: Key Developments

P&L	Q3 2017	Q3 2018	
	€ million	€ million	
EBITDA before special items	2,204	2,202	€3,131m - divestiture gain of ~€3.9bn partially offset by expenses mainly related to Monsanto acquisition
Special items (BASF divestment)	-	3,935	
Special items (others)	-235	-804	
Reported EBITDA	1,969	5,333	
Depreciation & Amortization	-581	-910	Amortization mainly resulting from acquisitions
Reported EBIT	1,388	4,423	
Amortization and impairment losses / loss reversals on intangible assets	319	578	
Special items (EBITDA)	235	-3,131	Excl. special charges of €166m mainly related to the deconsolidation of our company in Venezuela
Other	22	10	
Core EBIT	1,964	1,880	
Core financial result (before special items)	-241	-512	
Core EBT	1,723	1,368	
Core taxes (before special items)	-440	-195	Core tax rate lower than reported tax rate (22.7%) due to one-time effects from integration. FYe ~21%
Core tax rate	25.5%	14.3%	
Minorities	3	-8	
Core Net income	1,286	1,165	Increase in weighted number of shares due to equity measures
No. of shares (m)	885.5	980.2	
Core EPS (€)	1.45	1.19	



Net Financial Debt Further Reduced

Strong Commitment to De-lever





Pro-forma Core EPS at ~ 7€ for Fiscal Year 2018

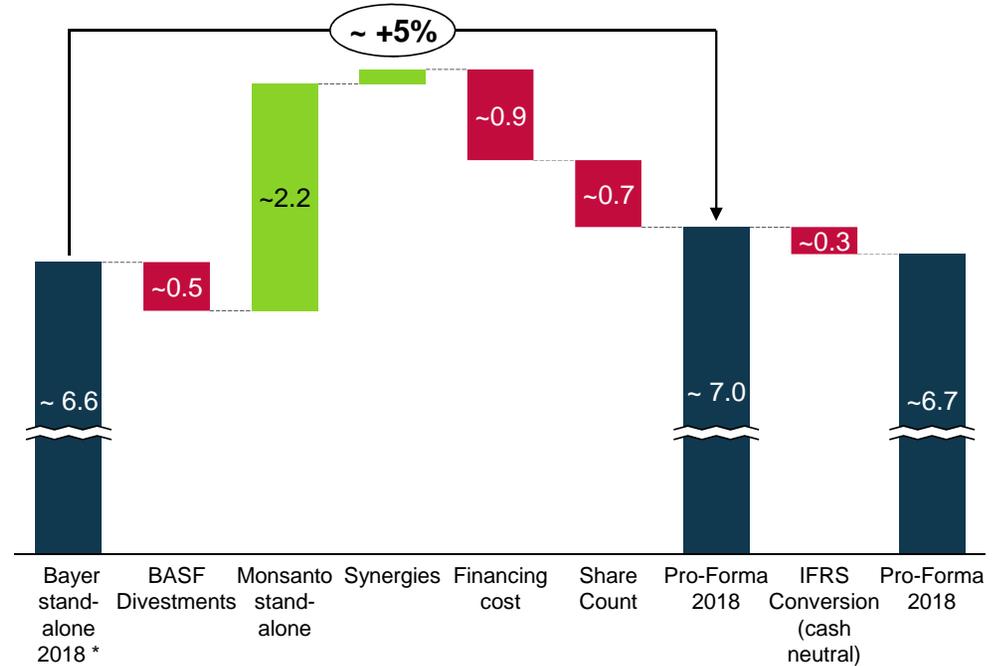
Illustrative pro forma 2018 calculation showing 5% accretion of Monsanto

Previously shown
Q2 2018

Major assumptions

- // As of January 1, 2018
- // Monsanto included and step-up fixed assets
- // Synergies partially included
- // Divestments to BASF
- // All Financing measures (equity and debt) resulting in 980m shares
- // Conversion US-GAAP to IFRS is cash neutral

Pro-forma calculation for 2018



* Adjusted for the bonus element in the context of the discounted rights issue in June 2018



Further Breakdown Pro-Forma cEPS 2018 to Adj. EBITDA by Segment 2018

GROUP pro-forma 2018

Core EPS	~€6.70
No. of shares	980 million
Core Net Income	~€6.6bn
Core Tax rate	~23%
Core EBT	~€8.6bn
Core Financial result	~ - €1.8bn
Core EBIT	~€10.3bn
Depreciation	~€1.2bn
Adj. EBITDA	~€11.5bn

SEGMENTS

Adj. EBITDA	2017a	Comments	Pro-forma 2018e
Pharma	€5.7bn	Low-single-digit % decline	~€5.6bn
Consumer Health	€1.2bn	Mid-single-digit % decline	~€1.2bn
Crop Science	€2.0bn	New Crop Science (~€5.3bn)¹⁾ + Synergies Jan.1 (~€0.2bn) - Divestments (~€0.6bn) - IFRS conversion (~€0.35bn)	~€4.5bn ²⁾
Animal Health	€0.4bn	Mid-single-digit % decline	~€0.4bn
Reconciliation	- €0.1bn		~- €0.2bn
GROUP	€9.3bn		~€11.5bn²⁾

1) Consists of ~€3.3bn from Monsanto and ~€2bn from legacy Bayer

2) Including synergies as of August 16th pro-forma Crop Science and Group EBITDA before special items amount to ~€4.4bn and ~€11.4bn respectively



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Back-up





9M 2018 P&L: Key Developments

P&L	9M 2017	9M 2018	
	€ million	€ million	
EBITDA before special items	7,505	7,433	€2,735m - divestiture gain of ~€3.9bn partially offset by expenses mainly related to Monsanto acquisition
Special items (BASF divestment)	-	3,936	
Special items (other)	-402	-1,201	
Reported EBITDA	7,103	10,168	
Depreciation & Amortization	-1,825	-2,084	Amortization mainly resulting from acquisitions
Reported EBIT	5,278	8,084	
Amortization and impairment losses / loss reversals on intangible assets	1,077	1,291	
Special items (EBITDA)	402	-2,735	Excl. special charges of €36m mainly related to the Monsanto acquisition
Other	68	19	
Core EBIT	6,825	6,659	
Core financial result (before special items)	-707	-834	
Core EBT	6,118	5,825	
Taxes (before special items)	-1,474	-1,252	Core tax rate close to reported tax rate (21.6%)
Core tax rate	24.1%	21.5%	
Minorities	3	-14	
Core Net income	4,647	4,559	Increase in weighted number of shares due to equity measures
No. of shares (m)	885.1	927.5	
Core EPS (€)	5.25	4.92	



2018 Guidance for Key Pharma Products

Product	Guidance FY 2018 (Fx adjusted)
Xarelto	~10% growth vs. 2017
Eylea	Mid-teens-% growth vs. 2017
Xofigo	High-single-digit-% decline vs. 2017
Stivarga	Mid-single digit-% growth vs. 2017
Adempas	>20% growth vs. 2017
Kogenate / Kovaltry	High-single-digit-% decline vs. 2017 (incl. CSL) Mid-single-digit-% increase vs. 2017 (excl. CSL)
Betaferon / Betaseron	High-single-digit-% decline vs. 2017
Mirena family	High-single-digit-% growth vs. 2017
YAZ family	Low-single-digit-% increase vs. 2017
Nexavar	High-single-digit-% decline vs. 2017



Coming Events

Coming Events

-  ***Capital Markets Day in London on December 5, 2018***
-  ***FY/Q4 2018 Investor Conference Call on February 27, 2019***
-  ***Q1 2019 Investor Conference Call on April 25, 2019***
-  ***Annual Stockholders' Meeting 2019 on April 26, 2019***
-  ***Q2 2019 Investor Conference Call on July 30, 2019***
-  ***Q3 2019 Investor Conference Call on October 30, 2019***

