Debt Investor Information

Status: June 30, 2020
Cautionary Statements Regarding Forward-Looking Information

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. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.
Our Business Areas

Crop Science
- Innovative chemical & biological crop protection, seeds & traits, digital technologies & services

Pharmaceuticals
- Prescription drugs

Consumer Health
- Over-the-counter medicines, dietary supplements and dermatology products
We address megatrends that impact lives across the globe

**Megatrends through 2050**

**Aging population**

<table>
<thead>
<tr>
<th>Year</th>
<th>People aged 60 and older, in bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.0</td>
</tr>
<tr>
<td>2050</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Age 60+ ↔ 100%

>20% of total population¹

**Growing population**

<table>
<thead>
<tr>
<th>Year</th>
<th>People, in bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.6</td>
</tr>
<tr>
<td>2050</td>
<td>9.8</td>
</tr>
</tbody>
</table>

+2.2bn people¹

**Pressure on ecosystems**

<table>
<thead>
<tr>
<th>Year</th>
<th>Area, in m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,129</td>
</tr>
<tr>
<td>2050</td>
<td>1,700</td>
</tr>
</tbody>
</table>

-20% Significant loss in arable land per capita³


¹ Bayer Debt Investor Relations // Status: June 30, 2020
Measurable Group-level targets for Sustainable Development until 2030
Help more people thrive within planetary boundaries

**Support 100m smallholder farmers**
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

Help more people thrive

**Decrease environmental footprint**

Our targets are in sync with the UN Sustainable Development Goals

**Foundation of responsibility and good Corporate Governance**
- Responsibility along the entire value chain: Leading ethical business-, procurement-, and product stewardship practices
- Clear and measurable targets tied to mgmt. compensation; transparency on actions
- CEO Chief Sustainability Officer; independent external Sustainability Council advising the BoM; sustainability expertise in Sup. Board

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

/// Bayer Debt Investor Relations /// Status: June 30, 2020

Making our own operations carbon neutral and working with our suppliers to reduce emissions across our value chain
Transformation into a Leader in Health & Nutrition Completed

Group Profile

Past
- HealthCare
- Crop-Science
- Polymers
- Basic and Fine Chemicals
- Specialty Products
- Animal Health
- Wolff Walsrode
- H. C. Starck

Today
- Crop Science
- Consumer Health
- Pharma-ceuticals
- Biological Products
- Consumer Care, Diagnostics
- Animal Health
- Wolff Walsrode
- H. C. Starck

Measures
- Organic top-line growth and profitability improvement
- Transformational M&A in all of today’s businesses
- Synergies realized from strategic acquisitions
- Value crystallized through optimally-timed divestments
- Growth ahead of competition in health and nutrition
- Driving long term profitable growth
- Strong free cash flow generation
- Disciplined capital allocation

Focus
- Shaping the future of health & nutrition

// Bayer Debt Investor Relations // Status: June 30, 2020
Our Strategic Priorities

Group Strategic Priorities

1. Positioning businesses to mega-trends
   Contribution to health and nutrition\(^1\)

2. Developing a leading portfolio
   Leadership in our relevant markets

3. Driving value
   Long-term profitable growth

4. Focusing on our key strength
   Innovation

Divisional Focus

Crop Science
Create a leading innovation engine that transforms agriculture

Pharmaceuticals
Deliver growth and create value from focused leadership strategy

Consumer Health
Maintain a leading OTC position and improve profitability

---

\(^1\) We also seek to make a responsible contribution to the United Nations Sustainable Development Goals “Good Health and Well-Being” and “Zero Hunger”

// Bayer Debt Investor Relations // Status: June 30, 2020
## Our Position: Global Leadership in Health & Nutrition

### Crop Science
- €19.8bn 2019 Sales
  - Growing ahead of competition over last five years on average
  - Best-in-class profitability through the cycle
  - Leading portfolio of seed & traits, crop protection and digital farming
  - World-class R&D platform with best talent and technology in the industry
  - Positioned to shape the future of agriculture: development of tailored solutions to address farmers’ individual needs and challenges

### Pharmaceuticals
- €18.0bn 2019 Sales
  - One of the fastest growing Pharma businesses over the past five years
  - Xarelto and Eylea among the world’s leading Pharma brands
  - Innovative medicines in areas of high unmet medical need
  - Therapeutic focus areas: Cardiology, Oncology, Gynecology, Hematology and Ophthalmology
  - Strong position in emerging markets
  - Leading in Radiology and Women’s Health

### Consumer Health
- €5.5bn 2019 Sales
  - Strong positions in 7 of the top 10 OTC markets
  - Focus categories: Allergy & Cold, Cough, Sinus and Flu; Nutritionals; Dermatology; Pain and Cardio; Digestive Health
  - Concentrated portfolio of 16 mega-brands with annual sales of >€100m

---

1 2019 Sales show continuing operations of the Divisions plus €0.2bn attributable to all other segments

// Bayer Debt Investor Relations // Status: June 30, 2020
Bayer Key Financials

2019 Sales in €bn

- Consumer Health €5.5
- Crop Science €19.8
- Pharma €18.0
- Other €0.2
- Group €43.5

CapEx 2019: €2.9bn

R&D 2019: €5.3bn

2019 EBITDA before Special Items:

- Pharma €6.0bn
- Consumer Health €1.1bn
- Crop Science €4.8bn

Free Cash Flow in €bn

- 2015: €2.0bn
- 2016: €3.7bn
- 2017: €2.8bn
- 2018: €2.2bn
- 2019: €1.6bn

Net Financial Debt in €bn

- 2015: €17.5bn
- 2016: €11.8bn
- 2017: €3.6bn
- 2018: €35.7bn
- 2019: €34.1bn

// Bayer Debt Investor Relations // Status: June 30, 2020
## Updated guidance for 2020

### Excluding currency impact

<table>
<thead>
<tr>
<th></th>
<th>Outlook as of Feb 2020</th>
<th>Delta</th>
<th>Outlook(^1) as of Aug 2020 incl. COVID19</th>
<th>Expected currency impact(^2)</th>
<th>Outlook as of Aug 2020 incl. COVID-19 and currency impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>€44-€45bn</td>
<td>~ €1 bn</td>
<td>€43-€44bn</td>
<td>~ - €1bn</td>
<td>€42-€43bn</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>~ 28%</td>
<td>no material effect</td>
<td>~ 28%</td>
<td>no material effect</td>
<td>~ 28%</td>
</tr>
<tr>
<td><strong>Core EPS</strong></td>
<td>€7.00 – €7.20</td>
<td>~ €0.30</td>
<td>€6.70 – €6.90</td>
<td>~ - €0.30</td>
<td>€6.40 – €6.60</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>~€5bn</td>
<td>~ €5 bn</td>
<td>-€0.5 - €0bn</td>
<td>no material effect</td>
<td>-€0.5 - €0bn</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>~€27bn</td>
<td>~ + €6 bn(^3)</td>
<td>~€33bn</td>
<td>no material effect</td>
<td>~€33bn</td>
</tr>
</tbody>
</table>

1. Based on underlying assumption that there is no second COVID-19 wave in H2
2. Currency assumptions based on month-end June spot rates (1 EUR= 1.12 USD, 6.09 BRL, 7.92 CNY, 121 JPY, 25.9 MXN, 79.6 RUB, 7.76 TRY
3. Including settlement payouts of ~€4.5 bn

---

\(\text{\textsuperscript{1}}\) Bayer Debt Investor Relations \(\text{\textsuperscript{2}}\) Status: June 30, 2020
Bayer Pursues Conservative Financial Policy…

Key objectives
- Ensure liquidity and creditworthiness
- Long term target of investment grade rating in single A category
- Sustained increase in enterprise value

Financing instruments
- Syndicated credit facilities
- Global Commercial Paper program
- Senior bonds in different currencies
- Hybrid bonds
- Equity-linked instruments

Prudent debt management with excellent access to diverse sources of liquidity

// Bayer Debt Investor Relations /// Status: June 30, 2020
... and Remains Committed to Rating in Single A Target Category

## Development of Ratings and Leverage

<table>
<thead>
<tr>
<th>Agency</th>
<th>Long Term Rating over time</th>
<th>Agency</th>
<th>LT-Rating</th>
<th>Outlook</th>
<th>ST-Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB+</td>
<td>S&amp;P</td>
<td>BBB</td>
<td>Stable</td>
<td>A2</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A-</td>
<td>Moody’s</td>
<td>Baa1</td>
<td>Negative</td>
<td>P2</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB+</td>
<td>Fitch</td>
<td>BBB+</td>
<td>Stable</td>
<td>F2</td>
</tr>
</tbody>
</table>

1 Figures as reported in the respective year’s annual report without restatements
2 Ratios of years were closing of acquisition took place are not fully comparable as EBITDA before special items of acquired business is only considered for months after closing
3 Full year 2018 multiple results in 3.7x instead of 4.4x if based on 2018 unaudited pro forma EBITDA of combined business as shown on Capital Markets Day in December 2018
4 Pensions 2020 flat at 2019 level
5 Solicited since 2018

### Notes:
- **Schering**: 4.2x
- **Merck OTC**: 4.4x
- **Monsanto**: 3.5x

---

Proven track record of disciplined deleveraging
Bayer’s Maturity Profile is Well Balanced

**Currency Exposure incl. Derivatives**

1 Converted at quarter-end FX rates EURUSD 1.12 and EURJPY 121; including €6bn bond issuance beginning of July
2 Based on quarter-end FX rates

**Bond and Loan Maturity Profile (€bn)**
as of July 6th, 2020

- Hybrid (First Call Dates)
- EUR Senior Bonds
- JPY Private Placements
- USD RegS/144a
- New EUR Senior Bonds
- USD Term Loan

---

---
### Overview of Bayer’s Funding Structure

#### Net Financial Debt

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2019</th>
<th>March 31, 2020</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and notes / promissory notes</td>
<td>€33,569</td>
<td>€34,150</td>
<td>€32,678</td>
</tr>
<tr>
<td>of which hybrid bonds(^2)</td>
<td>€4,528</td>
<td>€4,529</td>
<td>€4,530</td>
</tr>
<tr>
<td>Liabilities to banks(^3)</td>
<td>€4,062</td>
<td>€4,305</td>
<td>€4,075</td>
</tr>
<tr>
<td>Lease Liabilities</td>
<td>€1,251</td>
<td>€1,216</td>
<td>€1,186</td>
</tr>
<tr>
<td>Liabilities from derivatives(^4)</td>
<td>€123</td>
<td>€113</td>
<td>€202</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>€89</td>
<td>€228</td>
<td>€3,178</td>
</tr>
<tr>
<td>Receivables from derivatives(^4)</td>
<td>(€76)</td>
<td>(€371)</td>
<td>(€243)</td>
</tr>
<tr>
<td><strong>Financial debt</strong></td>
<td><strong>€39,018</strong></td>
<td><strong>€39,641</strong></td>
<td><strong>€41,046</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(€3,185)</td>
<td>(€2,289)</td>
<td>(€3,148)</td>
</tr>
<tr>
<td>Current financial assets(^5)</td>
<td>(€1,765)</td>
<td>(€1,953)</td>
<td>(€1,935)</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td><strong>€34,068</strong></td>
<td><strong>€35,399</strong></td>
<td><strong>€35,993</strong></td>
</tr>
</tbody>
</table>

1. For definition see Annual Report 2019, A 2.3 “Alternative Performance Measures Used by the Bayer Group.”
2. Classified as debt according to IFRS
3. Including both financial and nonfinancial liabilities
4. Including the market values of interest-rate and currency hedges of recorded transactions
5. Including short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies, financial investments in debt and equity instruments that were recorded as current on first-time recognition, and Covestro shares

#### Nominal Volume of Mayor Instruments (bn)

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Nominal Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior EUR Bonds</td>
<td>€6.3</td>
</tr>
<tr>
<td>Senior USD Bonds</td>
<td>$24.7</td>
</tr>
<tr>
<td>JPY Private Placements</td>
<td>¥20.0</td>
</tr>
<tr>
<td>Hybrid EUR Bonds</td>
<td>€4.6</td>
</tr>
<tr>
<td>USD Term Loan</td>
<td>$3.8</td>
</tr>
<tr>
<td>Syndicated Loan Facility</td>
<td>€4.5</td>
</tr>
<tr>
<td>Commercial Paper Program</td>
<td>$8.0</td>
</tr>
</tbody>
</table>

// Bayer Debt Investor Relations // Status: June 30, 2020
Main Issuing Entities at Bayer Group

- **Bayer AG**
  - Germany

- **Bayer Holding Ltd.**
  - Japan
  - JPY Bonds

- **Bayer US Finance LLC**
  - USA
  - USD Bonds

- **Bayer US Finance II LLC**
  - USA
  - USD Bonds

- **Bayer Corp.**
  - USA
  - USD Bonds

- **Bayer Capital Corp. B.V.**
  - Netherlands
  - EUR Bonds

- **Monsanto Company**
  - USA
  - USD Bonds

Instruments issued or guaranteed by Bayer AG

Indirect Hold through other entities

// Bayer Debt Investor Relations // Status: June 30, 2020
## Hybrid Bonds at Bayer

### Graphical Representation
- **NC10**: Issuance July 14, 1st Call Date July 24, Maturity July 74
- **NC7.5**: Issuance April 15, 1st Call Date October 22, Maturity July 74
- **NC8**: Issuance November 19, 1st Call Date August 27, Maturity May 79
- **NC5.5**: Issuance November 19, 1st Call Date February 25, Maturity May 79

### Table

<table>
<thead>
<tr>
<th>Hybrid Bond</th>
<th>Coupon (in%)</th>
<th>Outstanding Volume (in bn €)</th>
<th>Initial Credit Spread</th>
<th>1st Step-Up</th>
<th>2nd Step-Up</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC10</td>
<td>3.75</td>
<td>1.5</td>
<td>230 bps spread + 5Y Swap(^1)</td>
<td>+25 bps/Jul 24</td>
<td>+75 bps/Jul 44</td>
</tr>
<tr>
<td>NC7.5</td>
<td>2.45</td>
<td>1.3</td>
<td>200.7 bps spread + 5Y Swap(^1)</td>
<td>+25 bps/Oct 27</td>
<td>+75 bps/Jul 42</td>
</tr>
<tr>
<td>NC8</td>
<td>3.125</td>
<td>0.75</td>
<td>310.8 bps spread + 5Y Swap(^1)</td>
<td>+25 bps/Nov 32</td>
<td>+75 bps/Nov 47</td>
</tr>
<tr>
<td>NC5.5</td>
<td>2.375</td>
<td>1</td>
<td>264.7 bps spread + 5Y Swap(^1)</td>
<td>+25 bps/May 30</td>
<td>+75 bps/May 45</td>
</tr>
</tbody>
</table>

\(^1\) Swap is reset every fifth year starting with the first call date

// Bayer Debt Investor Relations // Status: June 30, 2020
### $56.9bn Monsanto Acquisition Loan Facilities

#### Transaction Value at Closing
- **Net Debt**: $6bn
- **Equity Value**: $57bn
- **Total**: $63bn

#### Acquisition Facilities
- **Bridge Loan**: $46.9bn
- **Term Loan**: $10bn

<table>
<thead>
<tr>
<th>Bridge Loan</th>
<th>Tranche</th>
<th>Final Maturity</th>
<th>Initial Amount in $bn</th>
<th>Outstanding in $bn Dec. 31 2019</th>
<th>Outstanding in $bn June 30 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan A1</td>
<td>Jun. 2019</td>
<td>39.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan A2</td>
<td>Jun. 2020</td>
<td>7.0</td>
<td>-</td>
<td>3.8</td>
<td>3.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term Loan</th>
<th>Loan B1</th>
<th>Jun. 2020</th>
<th>4.0</th>
<th>-</th>
<th>3.8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan B2</td>
<td>Sep. 2021</td>
<td>6.0</td>
<td>3.8</td>
<td></td>
</tr>
</tbody>
</table>

---

Bayer Debt Investor Relations // Status: June 30, 2020
### Commercial Paper Program

Commercial Paper (CP) is a short-term unsecured debt instrument. CP are normally issued at a discount and redeemed at nominal value. The term of CP generally lie between 1 and 364 days. Bayer’s CP program allows the company to issue in both the U.S. market (USCP) and the Euro market (ECP). It is structured as a SEC regulation’s section 4(a)(2) program so that there are no restrictions related to the use of proceeds.

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Bayer AG, Germany // Bayer Corporation, USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Amount</td>
<td>€4.5bn, thereof €1.5bn/$1.5bn Swingline</td>
</tr>
<tr>
<td>Signing</td>
<td>December 2018</td>
</tr>
<tr>
<td>Initial Tenor</td>
<td>5Y + two 1Y extension options (first extension option already used)</td>
</tr>
<tr>
<td>Syndicate Size</td>
<td>23 Banks</td>
</tr>
<tr>
<td>Purpose</td>
<td>General Corporate Purposes</td>
</tr>
<tr>
<td>Issuer</td>
<td>Bayer AG, Germany // Bayer Corporation, USA</td>
</tr>
<tr>
<td>Guarantor</td>
<td>Bayer AG</td>
</tr>
<tr>
<td>Total Amount</td>
<td>$8bn or equivalent</td>
</tr>
<tr>
<td>Date</td>
<td>Event/ Publication</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Tuesday, August 4, 2020</td>
<td>Half-Year Report 2020</td>
</tr>
<tr>
<td>Tuesday, November 3, 2020</td>
<td>Q3 2020 Quarterly Statement</td>
</tr>
</tbody>
</table>

Please note that the event calendar might be subject to changes

// Bayer Debt Investor Relations // Status: June 30, 2020
Contacts at Bayer

Dr. Sven Vorstius
Head of Capital Markets
E-Mail: Sven.Vorstius@bayer.com
Building W 11
D-51368 Leverkusen

Dr. Jürgen Beunink
Senior Manager Investor Relations
E-Mail: Juergen.Beunink@bayer.com
Building W 11
D-51368 Leverkusen