



Investor Conference Call



FY/Q4 2017 Results

February 28, 2018 / Werner Baumann, CEO





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: uncertainties as to the timing of the transaction; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all and to successfully integrate Monsanto’s operations into those of 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, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the announcement of the transaction; the retention of certain key employees at Monsanto; risks associated with the disruption of management’s attention from ongoing business operations due to the transaction; the conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; the parties’ ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger; the impact of the refinancing of the loans taken out for the transaction, the impact of indebtedness incurred by Bayer in connection with the transaction and the potential impact on the rating of indebtedness of Bayer; 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 SEC for the fiscal year ended August 31, 2017 and Monsanto’s other filings with the SEC, which are available at 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 and Monsanto assume 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.



FY 2017 – Highlights

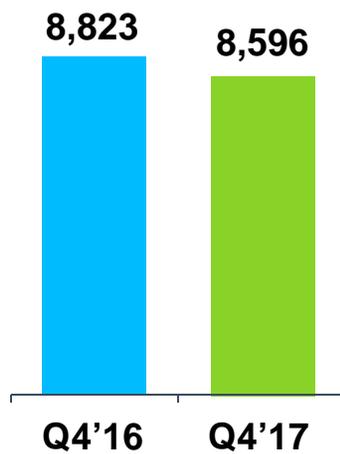
- // Pharmaceuticals records higher sales and encouraging earnings growth
- // Weak business development at Consumer Health
- // Crop Science business down against prior year, as expected – measures in Brazil taking effect
- // Group sales €35.0 billion (Currency & portfolio adjusted + 1.5%)
- // EBITDA before special items €9.3 billion (– 0.3%)
- // Core earnings per share €6.74 (+ 1.0%)
- // Covestro deconsolidated



Q4 2017 – Increase in Sales and core EPS – Adjusted EBITDA on Prior Year Level

Sales

in € million
% currency & portfolio adj.



+3%

EBITDA

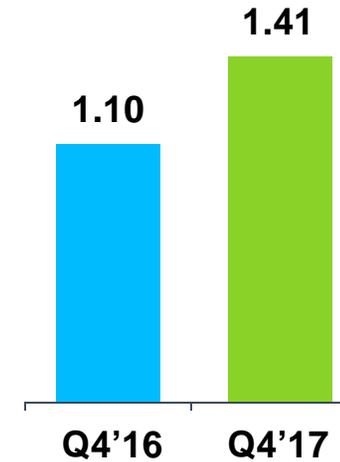
before special items
in € million



-1%

Core EPS

cont. operations
in €



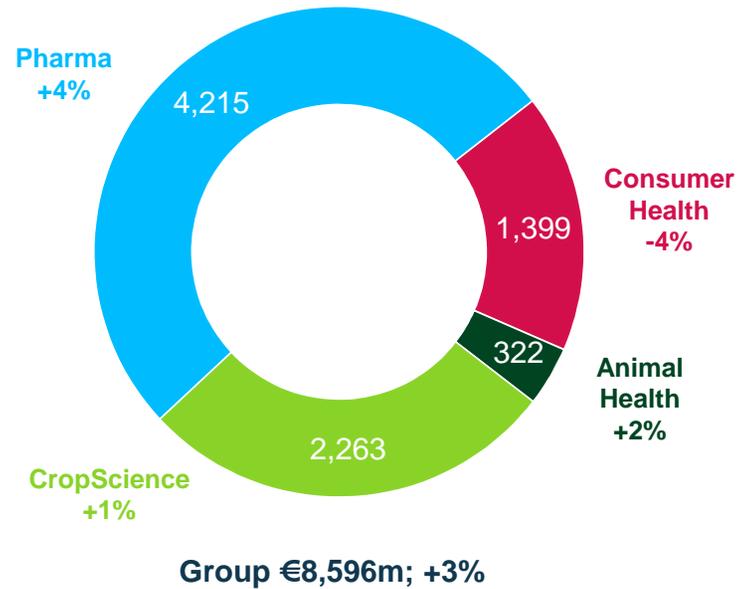
+28%



Q4 2017 – Breakdown by Segment

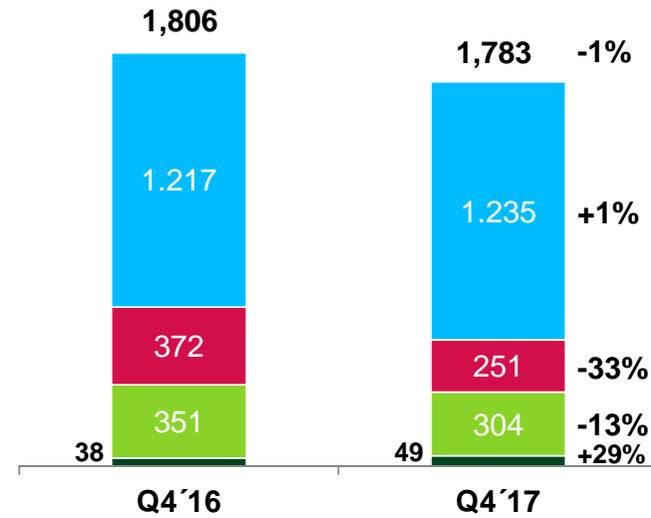
Sales

in € million; Δ% yoy, Fx & portfolio adj.



EBITDA

before special items, in € million; Δ% yoy





Status of the Planned Acquisition of Monsanto

- // Filed for approval in about 30 jurisdictions with more than half of the regulatory approvals achieved
- // CFIUS approval achieved end of 2017
- // Transaction approved in Brazil
- // Constructive, solution oriented discussions with all relevant regulators
- // Expect closing of the transaction in Q2 2018
- // Agreement signed to sell selected Crop Science businesses to BASF for €5.9 billion
- // Agreed to sell the entire vegetables seed business
- // Divestments are subject to regulatory approval and the successful closing of the acquisition of Monsanto

CFIUS: Committee on Foreign Investment in the United States
Acquisition of Monsanto pending regulatory approval



FY 2017 – Performance Against Targets

Sales $\Delta\%$ yoy, Fx & portfolio adj., EBITDA before special items, continuing operations

	2016 Actual	2017 Guidance (Oct 2017)	2017 Actual	Δ 2017 vs. 2016	
Sales	€34.9bn	low-single-digit % increase to €35-36bn	€35.0bn	+2%	✓
Adj. EBITDA	€9.3bn	Slightly above prior year	€9.3bn	$\pm 0\%$	—
Core EPS cont.	€6.67	Low-single-digit % decline	€6.74	+1%	✓✓
Core EPS (excl. MCN)	€6.67	low-single-digit % increase	€7.06	+6%	✓✓

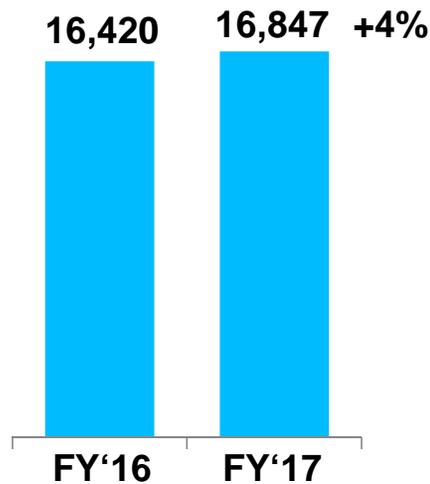
MCN: Mandatory convertible notes issued in November 2016
2016 figures restated



FY 2017 – Pharmaceuticals Records Higher Sales and Encouraging Earnings Growth

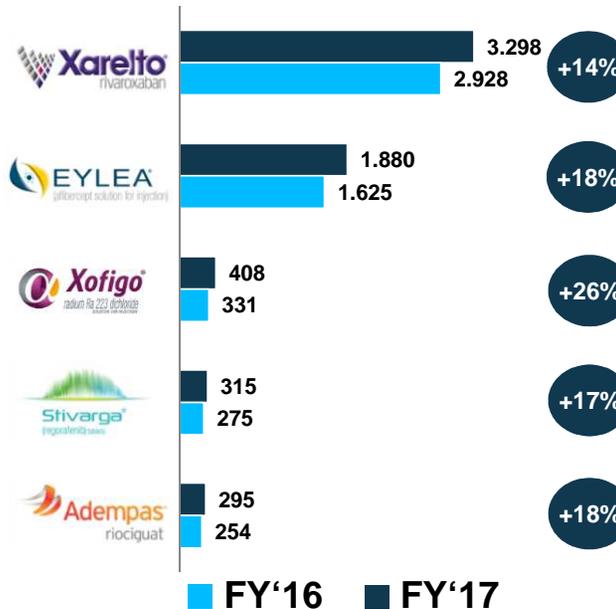
Sales

in € million; Δ% yoy, Fx & portfolio adj.



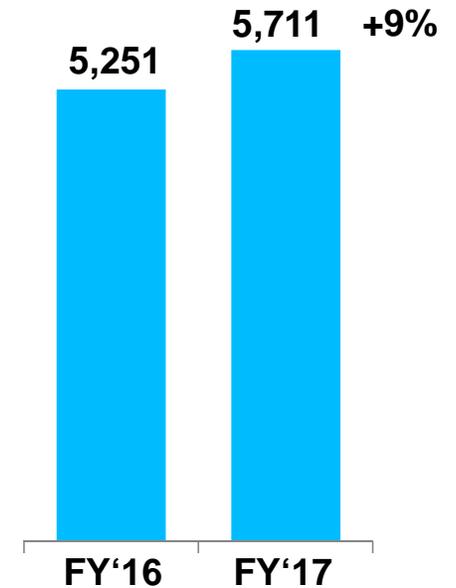
Key Growth Products

FY'17 sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy

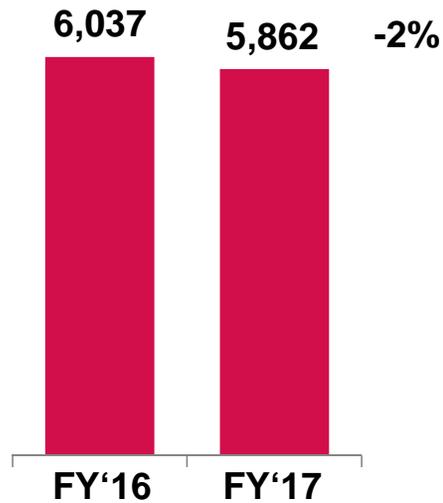




FY 2017 – Weak Business Development at Consumer Health

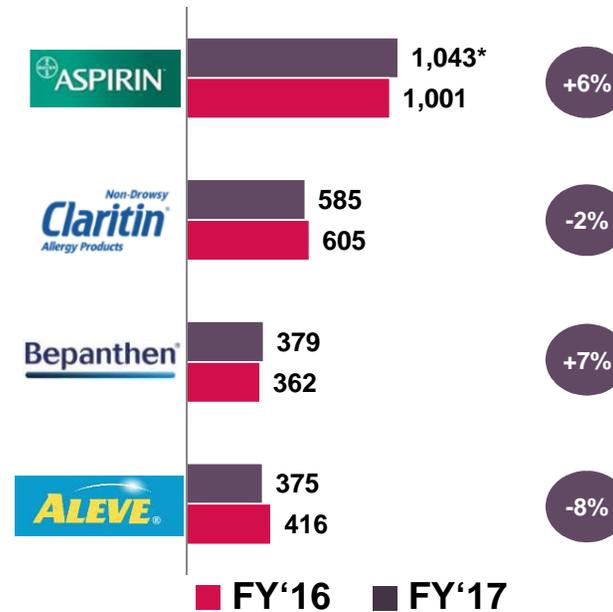
Sales

in € million; Δ% yoy, Fx & portfolio adj.



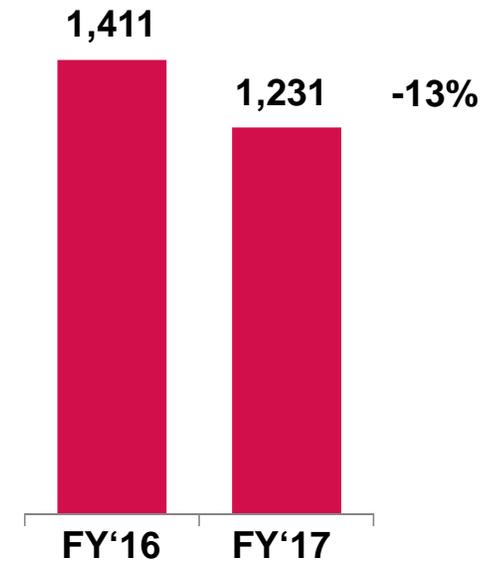
Top Products

FY'17 sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy



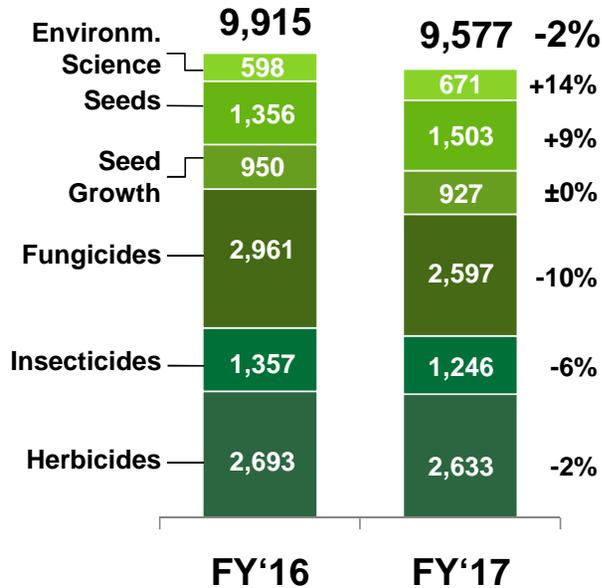
*incl. Aspirin Cardio



FY 2017 – Crop Science Business Down Against Prior Year, as Expected – Measures in Brazil Taking Effect

Sales

in € million; Δ% yoy, Fx & portfolio adj.



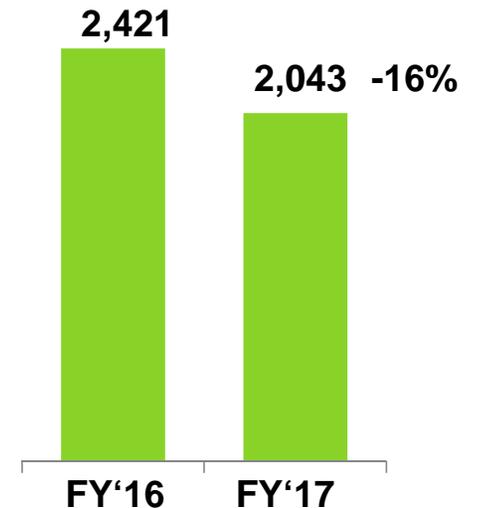
Regions

FY'17 sales in € million, Δ% yoy, Fx adj.

Europe / Middle East / Africa	3,335	+1%
North America	2,772	+6%
Asia / Pacific	1,563	+2%
Latin America	1,907	-18%

EBITDA

before special items, in € million; Δ% yoy

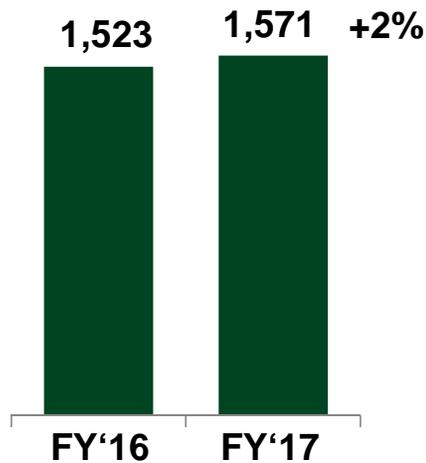




FY 2017 – Animal Health With Sales and Earnings Growth Despite Weak Market Environment

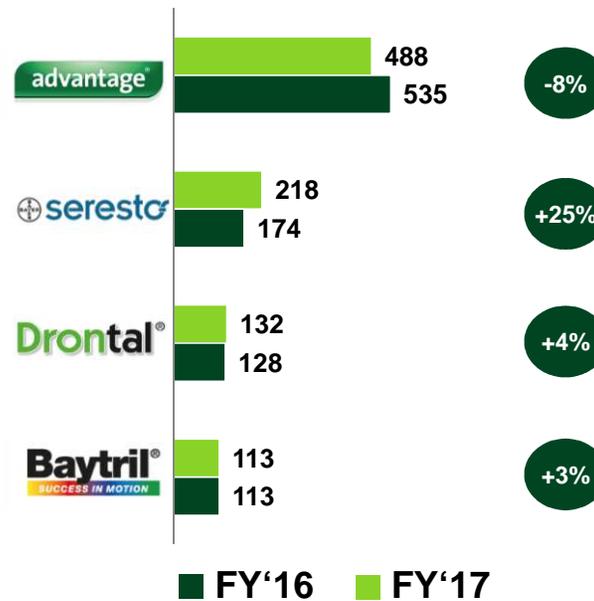
Sales

in € million; Δ% yoy, Fx & portfolio adj.



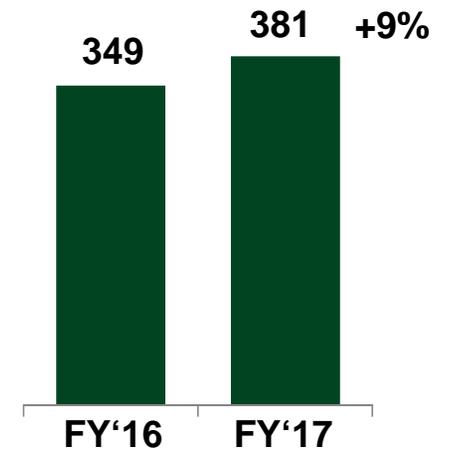
Top Products

FY'17 sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy





Group Outlook for FY 2018

Outlook depends on specific planning assumptions outlined in the Annual Report

Sales Δ % yoy, Fx & portfolio adj., EBITDA before special items

Continuing operations	2017		Group Forecast 2018
Sales	€35.0bn	As reported *	Prior year level; ~€35bn
		Currency adjusted	Low- to mid-single-digit % increase
Adj. EBITDA	€9.3bn	As reported *	Prior-year level
		Currency adjusted	Mid-single-digit % increase
Core EPS	€6.74	As reported *	Prior-year level
		Currency adjusted	Mid-single-digit % increase

*) At closing rates as of December 31, 2017



FY 2018 – Guidance by Segment

Outlook depends on specific planning assumptions outlined in the Annual Report

Sales Δ % yoy Fx and portfolio adj.; EBITDA before special items; Continuing operations

	Sales	Adj. EBITDA	
		As reported *	Currency-adjusted
Pharma	Low-single-digit % increase to >€16.5bn Key growth products towards €7bn	Low-single-digit % decline Slight margin decline	Low-single-digit % increase
Consumer Health	>€5.5bn (prior-year level)	Low-single-digit % decline	Low-single-digit % increase
Crop Science	Mid-single-digit % increase to >€9.5bn	Mid-to-high-single-digit % increase	Mid-teens % increase
Animal Health	Low-single-digit % increase	Mid-single-digit % decline	Prior-year level

*) At closing rates as of December 31, 2017



Fx-Sensitivity by Currency

A 1% appreciation (depreciation) of the euro against all other currencies would decrease (increase) sales on an annual basis by some €250 million and EBITDA before special items by about €70 million.

Sales	~ €250 million
USD	~33%
CNY	~10%
JPY	~9%
CAD	~6%
BRL	~2%
others	~40%



Adj. EBITDA	~ €70 million *
USD	~9%
CNY	~9%
JPY	~8%
CAD	~7%
BRL	~1%
others	~66%



Adj. EBITDA: EBITDA before special items; *) after hedging

Share of 1% sensitivity Sales Fx by division



■ Pharmaceuticals ■ Cropsience ■ Consumer Health

Share of 1% sensitivity adj. EBITDA Fx by division



■ Pharmaceuticals ■ Cropsience ■ Consumer Health



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Appendix

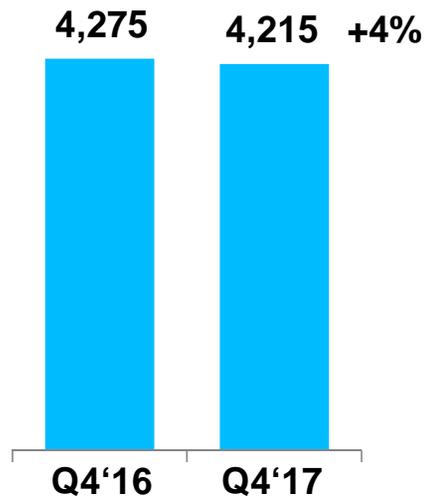




Q4 2017 – Continued Growth at Pharmaceuticals

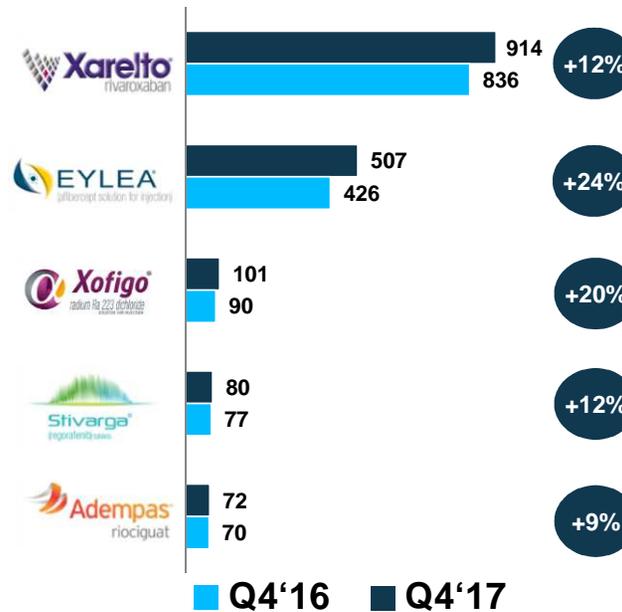
Sales

in € million; Δ% yoy, Fx & portfolio adj.



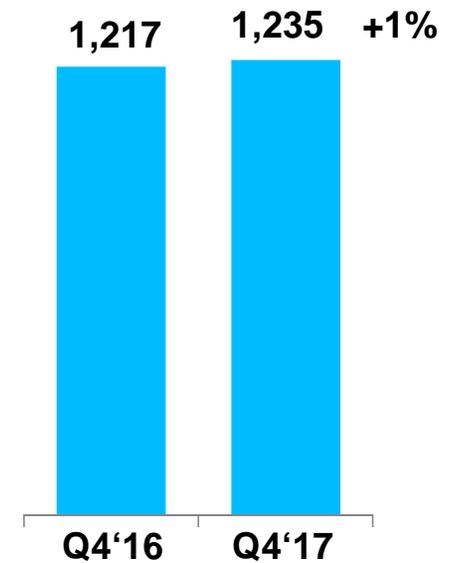
Key Growth Products

Q4'17 sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy

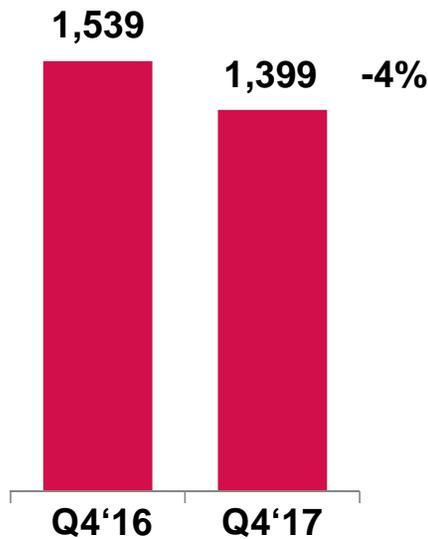




Q4 2017 – Decline in Sales and Earnings at Consumer Health

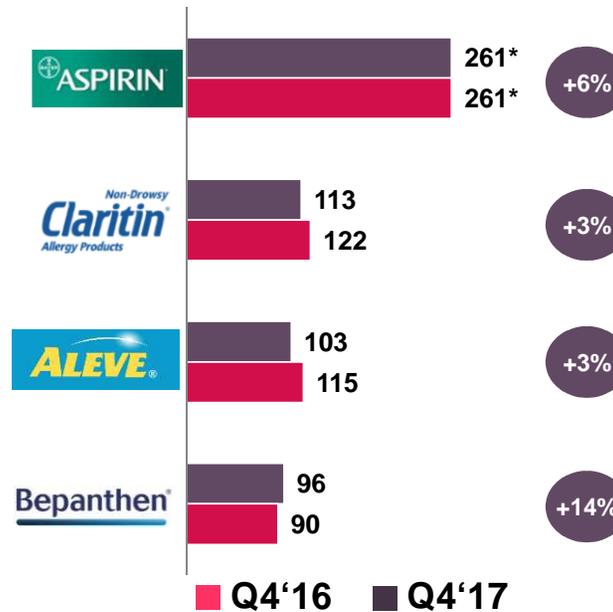
Sales

in € million; Δ% yoy, Fx & portfolio adj.



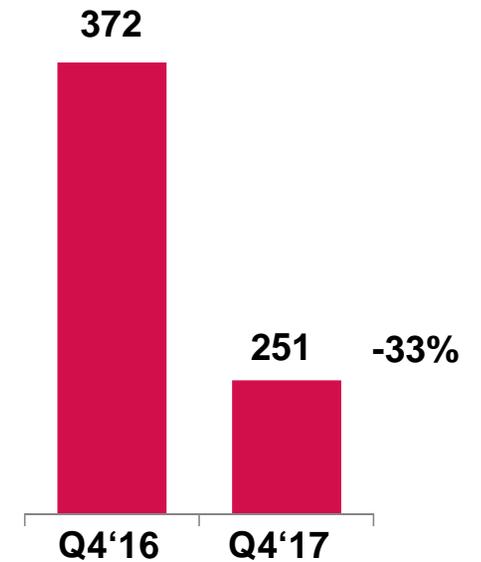
Top Products

Q4'17 sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy



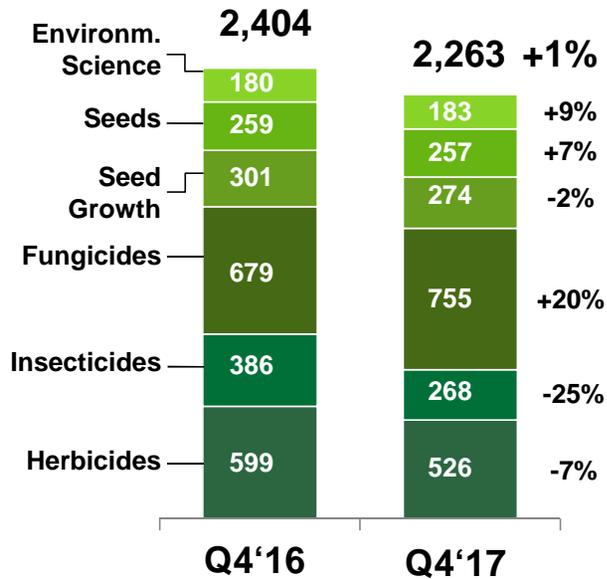
*incl. Aspirin Cardio



Q4 2017 – Sales at Crop Science Driven by EMEA – Business in Brazil Stabilized

Sales

in € million; Δ% yoy, Fx & portfolio adj.



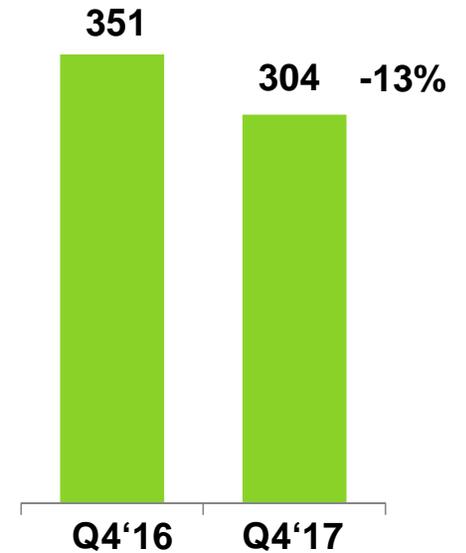
Regions

Q4'17 sales in € million, Δ% yoy, Fx adj.

Europe / Middle East / Africa	440	+4%
North America	479	-1%
Asia / Pacific	358	+1%
Latin America	986	+1%

EBITDA

before special items, in € million; Δ% yoy





Q4 2017 – Animal Health with Higher Sales and Significantly Improved Earnings

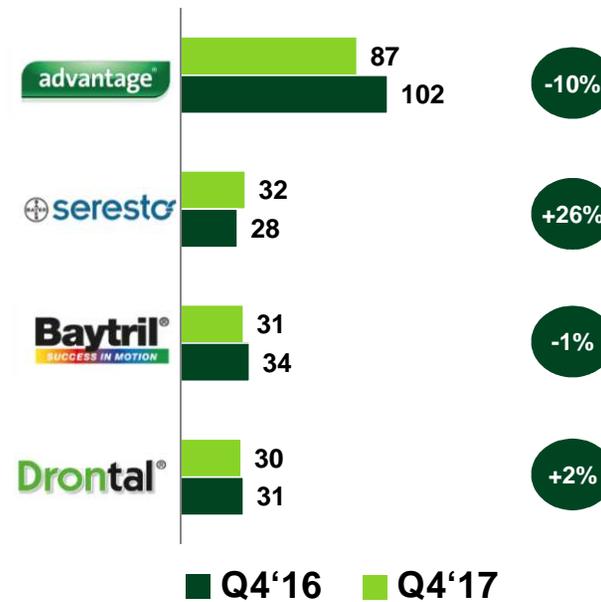
Sales

in € million; Δ% yoy, Fx & portfolio adj.



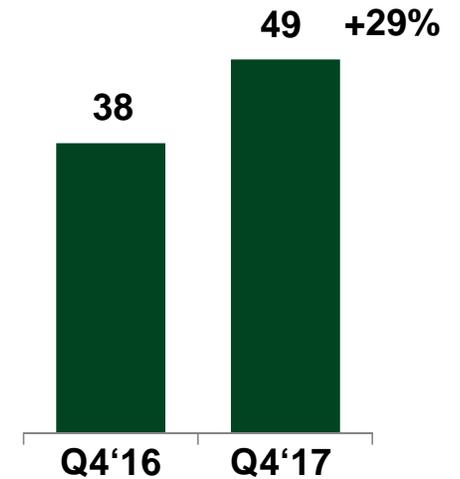
Top Products

Q4'17 sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy





2018 Guidance for other Key Data of the Group

Closing rates on Dec. 31, 2017

Special charges ¹	around €0.4 billion
R&D expenses	around €4.1 billion
Capital expenditures	around €2.2 billion
of which for intangible assets	around €0.6 billion
Depreciation and amortization	around €2.2 billion
of which for intangible assets	around €1.2 billion
Financial result	around minus €1 billion
Effective tax rate	20.0%
Net financial debt ²	Net liquidity position

1) Mainly comprising costs in conjunction with the planned acquisition of Monsanto until closing, restructuring measures and efficiency improvement programs

2) Excluding capital and portfolio measures



2018 Guidance for Key Pharma Products

Product	Guidance FY 2018 (Fx adjusted)
Xarelto	High-single-digit % sales increase
Eylea	Mid-teens % sales increase
Xofigo	~10% sales increase
Stivarga	High-teens % sales increase
Adempas	>20% sales increase
Mirena family	High-single-digit % sales increase
Kogenate / Kovaltry	Mid-single-digit % sales decline (mid-single-digit % sales increase w/o CSL)
Betaferon / Betaseron	Mid-single-digit % sales decline
YAZ family	Low-single-digit % sales increase
Nexavar	Low-single-digit % sales decline



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