Bayer AGAG

FY/Q4 2017 Investor Conference Call

28 February 2018

Opening Remarks

Oliver Maier

Head of Investor Relations

Emma, thank you very much. Hello, everybody joining us on the call and also from the Internet. Very much appreciate your interest and your participation. I would like to welcome all of the participants to Bayer's fourth-quarter and fiscal-year 2017 conference call. With me on the call are Werner Baumann, our CEO; Hanno Dietsch, our CFO; and the different businesses are represented by the responsible management-board members. So, for Pharma, we have Dieter Weinand; for Consumer Health, we have Erica Mann with us; and for Crop Science, we have Liam Condon.

Werner will start off the call today by presenting some of the highlights for the fourth quarter as well as for the fiscal year, cover the status on the Monsanto transaction and our outlook for 2018, and finally including some more insight on currency sensitivity, since we get the impression that some more insight would be helpful for you guys. A little heads-up, again, from my end: I know there are always lots of questions but we would appreciate if each participant would ask maximum two to three questions, so that we are able to cover as much ground as possible in the timeframe available. I really would appreciate your support on this matter. So, from my end, I would like to start out the call by mentioning our cautionary language, as always, that is in our safe-harbour statement in all the materials that we have distributed today.

See disclaimer

With that Werner, the floor is yours.

FY/Q4 2017 Performance

Werner Baumann

Chief Executive Officer

Yes. Thank you, Oliver, and also welcome from my side to our full-year earnings call. And clearly, our operation in 2018 was a mixed year for Bayer. While we saw higher sales and also encouraging growth in earnings in Pharma – as a matter of fact, another record year – business in Consumer receded, mainly as a result of the weak business development in the US and, of course, some of the more recent issues in China, with the two products that had been re-categorised. And

then Crop Science: all of you are, of course, aware the mid-year effect we had on the inventory adjustments, which is, actually, an industry issue that we addressed as a leader first, in Brazil.

On Group level, with that we came in at about €35 billion, which is 1.5 percentage points up on a currency-and-portfolio-adjusted basis versus a year ago; earnings were flat with 2016, with €9.3 billion; and core EPS was 1% up and came in at €6.74. On earnings per share, if we adjust that for the mandatory convertible that is included in the numbers, if you back that out, core EPS would have been up by 6% without that technical impact.

So, looking at the dividend proposal, our proposal is to increase the dividend by 10 eurocents to €2.80 per share for fiscal 2017, which is a 4% increase year over year, and that will also bring the payout ratio slightly above the 30-40% corridor. It's going to stand at 42% of core EPS, and that is also a signal of our strong confidence in terms of earnings growth going forward that we will see with the combination of Monsanto. So, it's actually going to be a continued growth of our dividend also going forward that we expect.

Coming to Covestro – certainly one of the highlights last year – we further reduced our interest from 64% going out of 2016 to just about 25% at the end of last year, and we further reduced our stake by another 10% in January. Looking at 2017, we generated proceeds of about €4.7 billion and benefited very strongly from the strong stock performance of Covestro. And of course, with the remaining 14% we own directly still, we continue to look for opportunities to fully divest in a value-optimising fashion.

Now let me come to some key figures very briefly, also looking at quarter four. Sales were up 3% year on year and came in at 8.6 billion currency and portfolio-adjusted. Adjusted EBITDA was about 1.8 billion and 1% below previous year, predominantly driven by the weak business at Consumer Health but, of course, also looking at about 100 million we had in negative FX in the quarter. Special charges on EBIT came in at 632 million for quarter four 2017, and that was the combination of about half of it – 300 million – in impairment losses on intangible assets and a little bit more than 130 million in cost that was related to the preparation for the acquisition of Monsanto. Last but not least, we also increased our provisions for litigation and defence costs by roughly 90 million.

US tax reform led to another adjustment in our deferred-tax position, which hit us with about 455 million. That was a one-off overall and, looking at the sustained effects of the US tax reform, it will be a net positive for the company going forward, offsetting the one-off adjustment of our deferred-tax position in the balance sheet. Core earnings per share advanced by 28% to €1.41 per share, very much driven by positive tax effects in our ongoing tax position and, of course, the effect of the changed reporting of Covestro, which now in quarter four was reported at equity in our figures.

Looking at the individual businesses for the quarter:

- Pharma grew by 4%, again very much driven by our key growth products; so, Xarelto, Eylea, Stivarga, Xofigo and Adempas – which increased overall by 16% – just about the same rate as for the full year – to €1.7 billion. EBITDA before special items increased by 1% – and we had already guided for a more expense-heavy fourth quarter during our Q3 call – to 1.2 billion, and of course, also here, currency has started to weigh heavy on us in quarter four, looking at where the currency basket has ended the year.

- Consumer Health was down on the sales level by 4% versus prior year, one effect being the US situation that has already been mentioned. Second, we have two products – Kang Wang and Pi Kang Wang – that, surprising to us and without any further or, let's say, any advance notice, were reclassified from OTC to Rx Only – now behind the counter – and that does, of course, affect the product. It meant an overall effect of about 70 million in top line in the quarter, and that, combined with the overall weaker business, also means that we saw an effect on the earnings line, with EBITDA declining significantly to roughly 250 million. The Chinese effect in that was about 50 million that burdened quarter four for Consumer Health.

- Crop Science continues to normalise. We were up 1% to €2.3 billion in the fourth quarter. The situation in Brazil in particular is very much under control and we are ending the year better in Brazil than we had originally expected at the time when we announced the Brazilian situation midyear. Seeds growth was very pleasing, with 7% growth, very much driven by strong canola business in Canada. EBITDA before special items at Crop was down by 13% and came in at just slightly above 300 million, very much driven by lower prices in Brazil and, of course, also here, almost 40 million in FX impact.

- Animal Health top line grew 2% in line with full-year growth compared to prior year, driven by Seresto, which, again, had a very strong quarter. Overall, the product grew by 25% full-year. And then EBITDA before special items increased by 29%, of course also helped by the acquisition of Cydectin from Boehringer that has actually benefited Animal Health.

Now let me switch gears and come to the status of the planned acquisition of Monsanto before we then go into full-year 2017. First of all, we continue to make real good progress on the regulatory front. We continue to be in very, very good and constructive discussions with the remaining regulators that have not approved the transaction as of yet. Roughly half of them have so far; very importantly, the Brazilians that approved the transaction in early February. Of course, we also achieved CFIUS approval, very importantly, last year and we continue to work diligently on getting the remaining approvals; of course, very importantly, in the US, where the authority in charge is the Department of Justice, and at the European Commission.

One of the things we had already proactively done in order to ready ourselves for an early-as-possible closing and an ability to close was that, in October, we announced that we had come to an agreement with BASF to sell select assets – essentially, a large part of our Seeds business and then our non-selective Herbicides platform, so the LibertyLink platform – to BASF for €5.9 billion, and the sales level that relates to the package that goes to BASF was about €1.5 billion, if you look at sales and turnover in full-year 2017.

Based on the feedback of the agencies, we have by now also offered our Vegetable Seeds business to be added to the divestitures that we are willing to consider. The Vegetable Seeds business had a top line of about 430 million in full-year 2017. Very important, all of the contracts that have been inked or will be inked will always be subject and contingent on the entire transaction closing successfully. So, given where we are today – essentially, the end of February, starting into March – and looking at the discussions status where we are today, we now see that the transaction is going to close – that's our expectation – in the second quarter, so it will not close in the remaining four weeks of Q1.

Let me now move to 2017 full-year and our performance against our most recent guidance as of quarter three update:

- Sales came in, in line with guidance. We had guided for about 35 billion and a low-single-digit increase – €35-36 billion – at the end of year; we reached 35 billion euros, of course. We do also here see a significant currency impact that weighs on top but also on bottom line.

- Adjusted EBITDA was flat year over year and, thus, slightly missed also our own expectations. In the numbers, we had roughly €200 million of currency effect at the adjusted-EBITDA level.

- Core EPS came in slightly better than expected, up by 1% in 2017 or, as already mentioned, 6% on a like-for-like basis, if we adjust for the mandatory-convertible effect.

- Special charges came in at €1.2 billion, if you look at EBIT level, mostly driven by 450 million in impairment losses on intangible assets, and then 300 million in expenses that are related to the preparation of the acquisition of Monsanto. Further special items of 227 million were related to some efficiency-improvement programmes that continue to run in the company and, last but not least, close to 200 million – or 188 to be exact – were related to provisions for legal risk and litigation.

Let me now go into some operational details, and starting with Pharma. Pharma overall grew by 4%, which is better than market in 2017, and reached a top line of 16.8 million, as already mentioned, very much driven by our key growth products. It could have been even better if CSL – that's the company that distributes Kogenate under the brand name of Helixate – had lived up to its contractual obligations. They started to actually cease their orders in the second half of the year and, if they had had their normal contractual order pattern, Pharma sales would have been up by 6% year over year.

- Xarelto continued to develop very nicely also last year. Growth came very much from higher volumes, in particular in Europe, China and Japan, and the US grew as well.

- Eylea saw very strong growth, particularly driven by strong volumes in Europe, Canada and Japan.

- Xofigo was up almost 26%, mainly driven by the launch in Japan and higher demand in the US.

- Stivarga increased as well very nicely. Here, we benefited from approvals for Stivarga in 2017 for second-line treatment for patients with hepatocellular carcinoma, and that was very much driven by effects then positively in the US and Japan.

- Adempas volumes were up in particular in the US and, with that, Adempas also grew solidly double-digit with 18%.

EBITDA before special items increased by a very nice 9% year over year, despite a negative currency effect of roughly 100 million. If adjusted for currency, it would have been even double-digit with 11%. Growth was very much driven by high volumes and, with that, efficiencies in our cost-of-goods position. R&D was on prior-year level and we had also included in our R&D line a mid-double-digit-million amount from a development collaboration that we booked at income and that netted against the R&D line. In addition, we recorded a positive earnings effect from a receivable in the mid-double-digit millions, as one of our distribution partners, which is CSL, for Kogenate did not fulfil its purchase obligations, and we booked a corresponding receivable that they owe and that we will go after.

Sales of Consumer Health fell by 2% in 2017 and came in at 5.9 billion, as mentioned very much driven by the US situation and then further enhanced by the Chinese situation, with Kang Wang and Pi Kang Wang. I already mentioned the 70 million impact on top line in quarter four.

- Aspirin, including Aspirin Cardio, was up 6% year over year to €1 billion euro.

- Claritin was down slightly versus previous year, where we benefited from a product-line extension in the US. And the reason for Claritin being down was very much driven by fairly stiff competition both in the US and in Japan.

- Very nice growth came from Bepanthen, here particularly driven by Europe/Middle East/Africa, while Aleve faced heavy competitive pressure in the US and also cycled over a product-line extension in 2016.

EBITDA before special items at Consumer fell by 13% to 1.2 billion. Negative currency effects weighed in with 25 million, and the decline overall was very much driven by lower volumes, of course with the reverse switch in China that contributed with an additional expense of 50 million, as already mentioned; so, full-year, the same as for quarter four. And then with lower volumes than expected, we had a higher cost-of-goods position and also saw some further inventory write-downs. Earnings were, on top of that, held back by further investments in sales and marketing and, in contrast, we had some positive impact from divestment of non-core brands, so we continued to cleanse the tail, as every other company does it, in order to optimise and streamline our product portfolio, and that had a positive effect year over year.

Let me now come to Crop Science, where sales fell by 2% to 9.6 billion, mainly attributable to the Crop Protection business in Brazil. If you adjust for that, sales would actually have been up by 3% year over year at Crop Science, so, absent the Brazilian issue, we had actually a good underlying growth momentum in Crop.

Except for Latin America, all regions improved. In Latin America, of course, Brazil weighed heavily on the performance and, with that, resulted in an overall decline of 18% year over year, whereas, in the other regions, we saw a much nicer picture. The deloading programme in Brazil continues to work very well. After the announcement and implementation of the measures after Q2, we have seen a significant reduction of channel inventories and we are slightly ahead of our plan at year-end. We have also seen a significant adjustment – a positive adjustment in our remaining working capital, and that means in our days of sales outstanding in Brazil in particular.

EBITDA before special items for Crop declined by 16% to 2 billion. Included in that number is about a 63 million currency impact. The significant decrease in earnings was, of course, driven by the 355 million hit we took in line with the end-of-Q2 announcement of the Brazilian issue, and us working through the cleansing of the Brazilian situation.

Let me now come to Animal Health, where we saw an increase, currency and portfolio-adjusted, of 2% to 1.6 billion. We have seen very, very nice and strong growth of Seresto, which grew by 25% and, with that, offset the erosion that we continue to see in our Advantage family. Adjusted EBITDA benefited, among other things, from the acquisition of Cydectin and very, very good cost management plus the increased margin from increased sales, and came in at 381 million for full-year 2017.

Now moving on to the Group outlook for 2018, and given the fact that we see a significantly adverse currency environment compared to full-year 2017 or, even worse, beginning of 2017, we added to our guidance that is based on the currency rates as of the end of 2017 also a

currency-adjusted view, so that you can better see the underlying business development that we would see, absent these massive changes in our currency basket.

- So, first of all, for 2018, we expect flat sales, based on December 31 currencies, to come in at €35 billion. Adjusted for currency and portfolio, this corresponds to a low-to-mid-single-digit increase, and EBITDA before special items is to come in at prior-year level as well. Also here, currencies hold back the underlying development, which would otherwise have seen a mid-single-digit increase on a comparable like-for-like basis year over year.

- We have also included the temporary supply interruptions due to the remediation issues that are being addressed in our production facilities, most predominantly in Leverkusen. We expect an adjusted EBITDA impact of about 300 million that is included in our guidance. And out of that 300 million, the by-far-largest proportion relates to Pharmaceuticals, and a minor part also impacts our Consumer Health business.

- Core earnings per share in continuing operations are expected to come in at prior-year level. Also here, if we were to adjust for currency effects, we would see an increase of core EPS by a mid-single-digit percentage.

Now looking at the divisional guidance, for Pharma we plan to generate sales in excess of €16.5 billion, taking into account the aforementioned supply constraints coming out of Leverkusen predominantly. The corresponding underlying growth rate would be a low-single-digit increase year over year on a currency-and-portfolio-adjusted basis. And looking at our key growth products, we target a sales level that moves us towards 7 billion top line by the end of 2018. EBITDA before special items will decline by a low-single-digit percentage and we also anticipate a slight decline in the EBITDA margin before special items, based on the rates as of the end of 2017. If we also here look at constant currencies, we would see an increase of EBITDA before special items by a low-single-digit percentage, so you really see the severe impact that currencies will have, based on where we stand today, on our business going into 2018.

Consumer Health sales will come in at a targeted level of about 5.5 billion, which would then translate to be at prior-year level on a currency-and-portfolio-adjusted basis. EBITDA before special items declined by a low-single-digit percentage. Here, adjusted for currency, we would see a low-single-digit increase of our earnings in Consumer Health.

Crop is expected to come in at a sales level of above €9.5 billion. That corresponds to mid-single-digit growth on a currency-and-portfolio-adjusted basis. EBITDA is expected to increase by a mid-to-high-single-digit percentage. Currency-adjusted, we would see mid-teens year-over-year earnings performance in Crop, which then also takes into account and normalises the negative effects from the Brazilian issue we have been exposed to in 2017.

In Animal Health, we expect a currency-and-portfolio-adjusted increase in sales by a low-single-digit percentage. The expected EBITDA before special items is going to be below last year by a single-digit percentage. Currency-adjusted, EBITDA before special items would come in at prior-year level. We have a technical effect in Animal Health, and that is that both sales and EBITDA before special items are negatively impacted by an accounting regulation, and that is the revised IFRS 15 in financial-reporting standards for multiyear contracts and how they have to be accounted for.

Let me now come to currencies and what they do. I think it is very important to understand also in order to properly judge our underlying performance and the exposure we see, based on where we

stand currently with the overall currency basket. In terms of sensitivities, you see on the chart that a one-percentage-point move of the currency basket against the euro would impact top line by a quarter of a billion euros, and bottom line, looking at the adjusted-EBITDA impact, by roughly 70 million. If you now look at what that would mean, based on the rates as of the end of 2017, for 2018, we will see a top-line impact of -€1.4 billion euros, and EBITDA will be impacted by roughly €450 million, due to the currency exposure we see as of the end of 2017 and going into 2018, where currencies stand today.

So, the most important foreign currencies are depicted here as well. You can see that it's very much driven by the US dollar, the Chinese renminbi and the Japanese yen, but I would also draw your attention to others on the EBITDA line, because a number of currencies that are very expensive to hedge are here and floating freely in our exposure, and they contribute a significant part of the overall currency exposure.

So, with that, I think the overall sensitivity should be well understood. And then, in terms of divisional exposure, both top and bottom line, a one-percentage-point impact, Pharma, roughly 50% of the company exposure; for Consumer health, top line 20 and bottom line 15%; and then, for Crop, it's about a 30% impact on top line, and 35% of the overall company exposure on bottom-line impact.

With that, I'd like to conclude my remarks and we are now happy to take your questions. Thank you.

Oliver Maier

Thank you very much, Werner. Emma, I think we are ready to open up the lines for Q&A.

Questions and Answers

Peter Verdult, Citi

Thank you. Peter Verdult, Citi. Just three questions, please. Werner, number one, I understand you have meetings with DOJ coming up next week. I know that the Attorney General was in Europe last week. In the event you do get both US and European clearance over the coming weeks, are you willing to provide today an update on potential deal financing and likely size of the rights issue? Effectively, is 9 billion a sensible number to assume?

Secondly, on guidance, either for Johannes or Werner, 2017 only includes one quarter of contribution from Covestro. Should we assume that your guidance that you've laid out for today for '18 only includes one quarter's contribution from Covestro? I just want to make sure that there is a proper like-for-like comparison when we compare the numbers.

And then lastly, Dieter, on Pharma, could you provide a rough split between what you think will be lost revenues and the actual remediation costs as it relates to the 300 million EBITDA hit that you've laid out? And then, ending on a positive note, the Loxo collaboration: with the filing and the potential launch this year, what is Bayer's peak-sales expectation for the lead asset larotrectinib?

Werner Baumann

Okay. Thanks, Peter. So, let me start with your question on Monsanto and our meetings. We cannot comment on meetings that are supposedly scheduled or not, and I hope you understand because, to the extent that we are concerned, those are confidential dates that we cannot comment on. As a matter of fact, it's of course true that Mr Delrahim was in Europe last week and had a number of discussions both in Brussels and, to the extent we know, also in other countries such as Germany.

Your second question relates to the expected clearance and when that would happen. You can safely assume that we will update you as fast as possible once we have higher visibility on clearance in the US and the European Union in particular, because those two are of paramount importance for the level of comfort we need to start our financing measures and, very importantly, also the equity issuance. So, whenever that's going to be, we will very swiftly inform you and, with that, then also inform about the size of the equity issuance. What we have said here all along is that we do, as a matter of fact, benefit from the significant proceeds – also substantially better than expected, I have to say – from the Covestro divestiture, and that will weigh in when it comes to sizing the equity issuance. And we are on record – have been for some time – that it will be quite a bit lower than what we had originally guided for. What the final number is going to be, we will update you with, once we know that we really start the equity measures.

So, with that, Hanno will take the question on guidance and the Covestro at equity, then followed by Dieter.

Hanno Dietsch

Yes, Peter. Covestro was included in Q4 with 25% of their net result. That's translated into roughly 16 cents per share, which was included in Q4. Now, in January, we did another block trade and our share in Covestro is now 14.6%. And with this share, we will include the net results of Covestro going forward until we have further reduced our shareholding in Covestro. So, you can assume roughly 15% of net results to be included in our financial results.

Dieter Weinand

Hi, Peter. The impact of the supply is mainly on the revenue that we have included. There are some minor investments associated with that, and that is due to the time periods of shutting down and restarting lines across a number of mature products in our established products portfolio, so the fairly broad number of products that includes Adalat, Aspirin, Nimotop, Levitra and so on. Each part is only a small impact, but the accumulation of that then impacts – it adds up to the total. But it's mainly the revenue impact and margin associated with that.

With regards to Loxo, we have not really finalised our peak-sales forecast yet. As I said before, it was tested across 19 tumour types. It had an 80% response rate. It was a dramatic response in those patients treated, with a very durable response. We estimate that roughly 0.5-1% of all patients across these tumour types – it varies by tumour – are affected with that TRK mutation. We believe that, once more commercial routine testing is in place, we will see more accurate numbers of the prevalence of that mutation. So, suffice to say, with that kind of efficacy and the broad applicability across tumours we have, we are optimistic about the outlook.

Vincent Meunier, Morgan Stanley

Hello. Thank you for taking my questions. The first one is a follow-up ono Monsanto. Assuming the later closing in second quarter of this year, would you consider selling more Covestro shares to further reduce the size of the rights issue?

Regarding Pharma, a broad question on the evolution of your R&D budget for ’18 but also the period covering ’18-’20, because more products are entering clinical stage and so we would assume an increase of the R&D budget.

And I have a question on Crop Science as well. So, you talk about the measures in Brazil taking effect. Can you give more colour on the dynamics and particularly what kind of inventory adjustments should we expect in ’18? Thank you.

Werner Baumann

Okay, Vincent. Thank you. So, regarding the Monsanto financing and what we do with Covestro, our objective for Covestro has been stated very clearly: we want to divest fully and completely of our Covestro stake in the mid-term, and we are timing the divestiture such that we can actually value-optimise our exit. So, we have done another step, as Hanno Dietsch has already mentioned, in January. There’s 14.2% that we still own directly and we’re looking at further opportunities to reduce that stake during the remainder of the year. And of course, the net proceeds will weigh in when it comes to sizing the equity.

So, Dieter, on R&D?

Dieter Weinand

Hi, Vincent. The evolution from 2017 to ’18 overly benefited a bit from the winding down of the COMPASS trial early, and that is what you see reflected. We will continue – we have always and we will continue to invest as the opportunities present themselves in our pipeline to optimise our pipeline, augmented by external opportunities, to offset the loss of exclusivity. That is not only holding true for 2018 but beyond, as you asked for that guidance beyond or that direction beyond. We don’t have a particular ratio target or amount target in mind. We will properly fund our R&D pipeline to achieve our long-term objectives.

Werner Baumann

Okay. And then on Brazil and the dynamics, Liam?

Liam Condon

Yes. Vincent, you mentioned the measures. I’ll just outline three of the key measures that were taken. One is, of course, there’s always a personnel implication here, so there were personnel consequences that were taken out of the issue in Brazil. The second one was ensuring transparency in the distribution system, so this is now being ensured by a much more IT-based information system as opposed to a purely human-communication-based information system. And the third one is related to incentivisation, ensuring that the right incentives are in place to encourage usage at the farm-gate level as opposed to just product going into the distribution channel.

So, these were key measures that were taken to ensure that the issue has now been fully addressed. Thanks to very robust underlying demand in Brazil, the inventory channels have been worked down very significantly already now, and we expect them to be completely normal now at the end of the season, which is coming up in Brazil. So, going into the new season, we will be at a completely normal and healthy level of channel inventories and, with that, you shouldn't expect any other changes or any additional provisions related to the Brazil effect this year; quite to the contrary, you'll see a rebound in our Brazilian results this year.

Florent Cespedes, Société Générale

Good afternoon, gentlemen. Thank you very much for taking my questions. Florent Cespedes from Société Générale. Three quick ones: first, a follow-up on the manufacturing issues in Leverkusen. Just to clarify, it's really the tail-portfolio products which are impacted. Should we see some impact on top line during the course of the year? And more importantly, when do you believe that all the issues will be fixed?

Then two other-product related questions: first, on Kogenate, could you give us more colour on the Kovaltry ramp-up? And how do you see the market going forward given the entry of new products in the coming quarters?

And a last one on Xofigo: after the strong Q4, with a 10% growth guidance for 2018, why such a relatively modest guidance for this year, given the strong Q4? Thank you.

Werner Baumann

Okay. Thanks, Florent. So, Dieter is going to take your questions.

Dieter Weinand

Yes. So, I'll start with the manufacturing. You asked if there's a top-line impact. I'd say yes, that is what we referred to earlier. It goes across a number of the more mature products that I mentioned, such as Levitra, Adalat, Nimotop and so on, each affected to a small bit but, when you add it up, it adds up quite a bit. We will see that in a rolling fashion throughout the year, depending on when we shut down what line and restart what line, so it will be staggered throughout the year.

You asked us when we believe we have resolved this. We are working feverishly on addressing the issues outlined since we first got the observations, and we hope that we will bring this to a conclusion before the end of the year to resolve this.

You asked about Kogenate and Kovaltry. If you exclude Helixate for a moment, the order patterns, we had a very good quarter, with over 9% growth in the fourth quarter of our Kogenate/Kovaltry franchise, excluding the Helixate orders to CSL, but you can never look at quarter-to-quarter because of timing of orders in that business. Overall, we grew Kogenate/Kovaltry, excluding Helixate orders, 1% last year.

And you asked me about the Kovaltry performance that is included in that, so we give up some on Kogenate. We are converting to Kovaltry and we're pleased with the performance of Kovaltry thus far.

You asked about the haematology market. We believe that you will still see Factor VIII as a mainstay, particularly short-acting Factor VIII products, based on pricing, and you will see most of

the children will be started on that. The patients that we have seen switch to longer-acting Eloctate or Kovaltry are patients that have had some kind of dissatisfaction, either with breakthrough bleeds or others, rather than convenience. We believe that the switching will continue to be slow and steady over time, as it's only once or twice per year that the patients will see physicians, and that provides an opportunity to switch, mostly patient-initiated rather than physician-initiated.

The switch might come with too-long acting products – once-weekly products coming to market. This would be our damoctacog alfa, hopefully launched this year, and you will see that with, ACE 910, Hemlibra potentially coming to market first in the inhibitor-patient population only. You will get, with one damoctacog alfa, once-weekly dosing potentially, with the familiarity of a Factor VIII product, with the known PEG-inhibitor potential that we see with PEGylated Factor VIII products. On the other side, you get ACE 910, or Hemlibra, with a new mechanism of action, with the risk of rare but quite severe thrombotic events. So, I believe that the market will still be favourable for Factor VIII products going forward in that environment.

You asked about Xofigo. We grew new patients, going over the year by about 18% of patient starts last year. We see Xofigo continuing to develop nicely going forward. We had obviously anticipated different results in the abiraterone/prednisone combination trial. That will probably impact our growth a little bit going forward but the underlying business is healthy, continues to increase in new patient starts, as well as the number of the administrations is now at 4.5 per patient. So, overall, good progress being made with Xofigo.

Richard Vosser, JP Morgan

Hi. It's Richard Vosser from JP Morgan. Three questions, please. Just thinking about the disposals and your guidance for Monsanto in the release, obviously saying the core EPS would be a slight decline in the guidance. So, is the Vegetable Seeds disposal and the BASF disposal included in that guidance? And also how should we think of synergies included in that guidance, or maybe even cost-avoidance-plus synergies. Those two together, would they be a similar positive impact on EBITDA from the transaction that you originally highlighted when Monsanto was announced?

Second question, on Crop Science: just looking at Insecticides in fourth quarter, it seemed pretty weak. So, just could you give us some colour on the underlying demand, particularly in Brazil there, and maybe, more generally, the underlying growth in sales and EBITDA when you take out the provision relative to the market for Crop Protection products?

And then, finally, just on Xarelto, had maybe a slightly weaker fourth quarter – not in the teens growth – and I think you're guiding to high-single-digit growth in 2018 with some impact of COMPASS, I would suspect. So, just what's the thought process in that high-single-digit guidance, and can we see that accelerating throughout the year? Thanks very much.

Werner Baumann

So, Richard, let me start briefly with guidance on core EPS, and what is in and what is not in. Our existing guidance for 2018 is a standalone guidance for Bayer only, excluding a closing of Monsanto. So, the only effects we are going to have as part of our guidance is, of course, the ongoing preparation costs that we will incur and, of course, the ongoing financing costs that we will incur already prior to the closing and the consummation of the transaction.

Our perspective on core EPS accretion after closing, in terms of accretion, year one, single digits and thereafter, increasing to double digits, has not changed either. So, I think that's been a very,

very important question you're asking because it allows us to clarify. And then the effects on fiscal 2018, with the combination of Monsanto, really depends very much on the time of closing, because, this being a seasonal business, the first half of the year has a disproportionately higher contribution to sales and, particular, earnings compared to the second one. So, the earlier the closing would be, the higher the positive impact would be from a combination. And then, of course, one-time-cost integration, purchase-price accounting, inventory adjustments and all the technical things that will then have to be calculated and explained will weigh in, but really this is standard accounting then. But it really depends, in terms of the overall impact, on the time of closing, and again the perspective has not changed a bit.

So, with that, we come to Insecticides and Q4.

Liam Condon

Yes. So, there was, in Q4, basically a weak performance, particularly again driven by Latin America – specifically Brazil – but this time also North America. And on the positive side, there was a very strong double-digit growth in Europe on the Insecticides portfolio. For the full year, the picture is again heavily distorted overall by the Brazilian situation. That had a heavy negative impact. Apart from Brazil, Europe was again very strong on a full-year basis, and North America and APAC were weaker. And if you look at it overall, the overall Crop business without the Brazilian effect, we had 3% underlying growth and, specifically for Crop Protection, we grew in every region except for LATAM. And LATAM, again was completely driven by the Brazilian situation. So, we see this as a specific one-time issue which we believe has now been addressed and will have been completely cleared out of the system by the end of the ongoing season, which ends in April in Brazil.

Dieter Weinand

Okay. Hi, Richard. So, Xarelto: quarter four '17 versus quarter four'16 grew 13%; full year grew 14%. Quarter four over quarter three grew 14%. So, the performance of Xarelto in the fourth quarter didn't seem to be out of line with what we had actually seen throughout the year. We took a price reduction, as we had mentioned at one point earlier to you in the last quarter, in China, on purpose. So, that was a decision we made in order to get the national drug-price listing that we'll be compensated for over time with increased volumes, and we see that already picking up. So, I think that Xarelto continues to do well and we see that going forward, but the full-year negative price impact of China is included in our guidance.

Christian Faitz, Kepler Cheuvreux

Good afternoon, gentlemen. Christian Faitz here, Kepler Cheuvreux. A couple of questions on the Ag side. First of all, in US Herbicides, it seems like you are losing some market share potentially against a competitor who actually has the intention to buy a good chunk of your US Herbicide business. Can you just highlight how glufosinate sales in both the US and also in LATAM have evolved lately?

And then again, on the deloading programme in Brazil, where are we at present compared to, say, a somewhat more normal historical average in terms of channel inventories?

And then, third and final question: can you give us an early indication about demand trends in the northern hemisphere starting into the crop season? Thanks.

Werner Baumann

Yes, Liam?

Liam Condon

Yes. Thank you, Christian. So, on the US Herbicides side, we have continued robust growth, particularly very strong volume growth for glufosinate-ammonium, but we have had significant generic entries, so there's been a pricing issue, and that's where you refer to what looks like a market-share loss. There has been a loss in value due to the pricing situation, due to the entry of, basically, a generic Chinese company into the glufosinate-ammonium market. The underlying growth, as I said, with GA is, actually, very, very robust and will continue to grow.

On the Brazilian channel-inventory situation, we consider a healthy channel inventory at around about – for Crop Protection now – round about 25-30%, and that's kind of a minimum that's required, given the logistics involved in such a big country, with sometimes a relatively weak infrastructure. And we are already now pretty close to that level and we will be, for sure, there at the end of the season, which, again, is end of April. So, we believe here we're fully on track towards what we would call healthy channel-inventory levels.

And indications now – where is the market going – our overall expectation is that there will be low-to-mid-single-digit growth for the overall market this year. As you know, very difficult to call right now because we're basically between seasons. A lot depends now on the planting conditions in the northern hemisphere. A lot depends on the quality of the harvests coming in now from the remainder of the season, particularly in Argentina and, to a lesser degree, in Brazil.

What we can see is significant negative weather impacts in Argentina, where there's a severe drought – the worst drought in the last 44 years – which will, for sure, negatively impact the harvest. And with that, there's already been an increase in the Chicago Board of Trade future prices for soybeans and, to a lesser degree, for corn, based on concerns about the quality of the harvest coming out now. It's still too early to make any call but we believe there will be a return to growth for the overall industry this year. And apart from southern hemisphere and acreage growth for soybeans, there will be technology upgrade in North America, and also further adoption of technology in APAC that we expect to drive growth.

Christian Faitz, Kepler Cheuvreux

That's great. Thanks very much, Liam.

Michael Leuchten, UBS

Three questions, please. One for Werner and Hanno, and two for Liam, please. It's Michael Leuchten from UBS, sorry. Just given what you said about the sort of sensitivity around timing of the closing of the transaction, I was wondering what the intention was of giving a pro-forma EPS 2018 indication of a slight decline. I'm just trying to figure out what the financing assumptions are around that. That would be question number one.

And then two questions for Liam: firstly, given that we're going into the second half, and then Monsanto having the most important part of its season sort of in Q1 and Q2, do you think there's enough time to run potentially a full integration ahead of that season and not run the risk of

disruption in the season? So, with the season or would you have to go slow and then go full-blast in 2019?

And then, just going back to your commentary around Argentina right now, if I strip out the impacts in Brazil out of sales and EBITDA in 2017, and then look at your guidance from an underlying perspective for the division, you don't seem to indicate a lot of growth on EBITDA in underlying terms. Is there anything else beyond Argentina – the weather that you just flagged – that makes you cautious? Thank you.

Werner Baumann

So, Liam, why don't you go first and then we come back to the EPS guidance?

Liam Condon

Yes. Thanks, Michael. So, on the question of how much integration can we actually do and what would be the business impact, for sure this is going to be a rolling process from an integration point of view. Our very first and utmost priority is to ensure business continuity of the two standalone companies. So, we have, as you know, we've given out guidance for synergies, both on the cost and the commercial point of view, which would be phased in over three to four years post-closing. And for sure, you shouldn't expect much of that to be coming in 2018, for the simple reason that you already stated: the main season is definitely gone in the northern hemisphere. And for the southern hemisphere, by and large, we will not be a fully integrated company already in 2018. That will take some time. So, we will, at the time of closing, be giving an update on synergies guidance but, basically, we'll be ensuring solid business continuity for the business going forward, and we'll do the integration at the right pace that will ensure that we can maximise the benefits out of the whole combination.

On the EBITDA side, our outlook – again, currency-adjusted – is mid-teens increase, which we believe is a good reflection of what's achievable. There are some additional headwinds that we simply need to absorb within our business and take countermeasures to try and cushion those headwinds. Just a couple I would mention: one is some registration losses of important products in western Europe. This has an impact on profitability that we will need to absorb through other measures – basically, cost efficiency in running our business – and we also have some idle costs, given the fact that our volumes are, given the Brazilian situation from last year, somewhat higher. Our production volumes are lower than what we would have originally been planning, so, here, overall, we simply need to take additional measures and do not want to be over-bullish on giving out an EBITDA growth forecast that is higher than mid-teens growth.

Werner Baumann

Yes, Michael. Thanks again for the follow-up question on core EPS and the core EPS guidance. Maybe I try to repeat what I said earlier with different words. Given the seasonality of the Ag business, the incurrence of earnings is not evenly distributed over the quarters. And due to the fact that we now expect the closing to only take place in Q2, the overall impact on the combination, irrespective of the fact that, for our first full 12-month period, nothing has changed, may lead to a slightly negative impact on core earnings per share, based on our current assumptions.

But I think one of the questions that was out there was: if the guidance that is reflected on, let's say, 'pro forma impact' of the Monsanto transaction, is that reflective of a higher-than-anticipated rights

issuing? And the answer clearly is no. We cannot comment on the number Peter Verdult has mentioned earlier. I can clearly tell you that we are very cognisant of the sensitivity of the size of the equity issuance. We are working on optimising it and nothing has changed in that respect compared to where we were a month, two months or four months ago, when we assumed a somewhat-earlier-than-Q2 closing still.

Michael Leuchten

Thank you very much.

Werner Baumann

Thank you.

Jeremy Redenius, Bernstein

Hi, it's Jeremy Redenius from Bernstein. Thanks for taking the questions. The first question I had was around the divestitures. You plan to divest a portion of the business in Crop Science to BASF, and now you've announced you expect to sell the entirety of Vegetable Seeds as well. So, by my maths, that gets you to about €1.9 billion of sales to be divested, which is well above the hurdle you set in your terms of the offer to Monsanto of $1.6 billion. And so I'm wondering about the implications for that. And so, presumably, that's exceeded your plans, so I'm wondering about the implications for that for the synergies that you've announced – the $1.5 billion in synergies – if there would be a revision there, knowing what you know now.

And then, secondly, in Brazil, I understand you saw some pricing weakness in Q4. I understand that's partly a strategy to help flush out some of that kind of stale or expiring inventory that you had in the region. I'm wondering a little bit more about the mechanism that you're able to do that by, to reduce prices but yet do so in such a way that you don't incite price competition as you go into the next season. Thanks very much.

Werner Baumann

Yes, Jeremy. Let me take the first part, and then Liam is going to comment on Brazil and pricing. As a matter of fact, the divestitures are higher than we had expected earlier. That is very clear but also based on our own assessment at the time. Secondly, when we gave initial guidance, we were very clear about the fact that that was on a pro-forma basis and that, of course, once we know what the divestitures are, the size of them, the areas, we would have to rerun the numbers. We will only do that once we know what the entire package that has to be divested of is, because otherwise we would kind of give you different reference points all the time, depending on where current discussions stand.

Having said that, there is no change in perspective on the overall profile of the business going forward, including the profitability of the combined business once fully synergised, where we talked about, let's say, an approx 30%-EBITDA-plus margin business going forward. The incurrence of synergies, the areas of synergy generation will, for sure, be somewhat affected. That is what we would share with you once we have rerun the model. And of course, there's also an element of maybe relabelling.

If you look at certain activities that we are going to give up as part of the divestiture packages, for example, if we have to sell an entire site, whereas we had priorly assumed that we will only sell and divest of certain activities of the site and we will have the right size, or divest of the site, some synergy value that would have been baked into our numbers, based on the right sizing or maybe, let's say, closing of the site would now be looked at as a site that has been fully divested of as part of the divestiture process. And with that, we come to the same cost position as if we had closed the site but by a different mechanism; in other words, this is actually getting rid of cost with no one-time cost and no effort, quote unquote, other than readying a complete site for divestiture.

So, all of these effects will weigh in, will be shared with you, but one more time: there is no change in the profile of the business once fully synergised, based on where we are today.

Liam Condon

Okay, Jeremy, thanks for the question. So, the mechanism or what's going on with prices in Brazil in Q4: the price decline is, clearly, directly linked to our channel-deloading programme, which we've done, I believe, in an extremely responsible manner. And the mechanism is also of such that we try to ensure that the premium quality of our products is also reflected in the pricing.

So, apart from offering to take back goods, we have also offered, of course, distributors the choice to keep inventory, and a lot of distributors actually prefer to do that because the underlying demands are more than we had expected, because the underlying demand is so strong. And in such cases, we then renegotiate the prices according to the current price list. That's what we call stock innovation. So, between the time when they originally bought the products, there's been a significant deterioration between the real and the dollar, so, basically, technically, the product value to them right now is too high, and so we simply have to restate, according to the current currencies. When we do that, we get a technical price decline, but this is literally just bringing the products up to the current market value according to the current currencies. And that basically ensures that we don't have an ongoing negative price impact in the market, because we're simply pricing according to the current currency rates. So, I think the system that we put in place is very responsible and will help ensure that, also in future, we can continue to get premium prices for innovation.

Jeremy Redenius

Thank you very much.

Luisa Hector, Exane

Thank you for taking my questions. It's Luisa Hector from Exane. I wanted to revisit the margin questions in specifically Consumer and Pharma, and then a question on Animal Health. So, looking at your 2018 guidance, in Consumer, really trying to tie in what looks like a bit of an improvement in margin but looking at that in the context of 2017 having those one-off disposal gains – around 18 million – are you anticipating a similar level, perhaps higher, in 2018?

And again in Consumer, with the situation in China, should we assume that the full hit is taken in 2017 with that 50 million on EBITDA? Did that include returns? Could there be any more to come in 2018?

And then the Pharma margin question again: so, looking at those numbers, a little bit of margin pressure. You highlight a slight decline. Is that completely to do with the manufacturing or is there anything else that we should be aware of putting a negative pressure on?

And finally, in Animal Health, still seeing a good performance. Obviously, some of your competitors sort of looking strategically there. Are you comfortable with your market share or is this an area where you maybe need to take onboard more assets or exit?

And I also just wanted to say thank you for the help with the currency this quarter. It's very useful. Thank you.

Werner Baumann

Okay. Thank you, Luisa. So, Hanno is going to take your questions on margins for 2018, and then I'll back to your Animal Health question.

Hanno Dietsch

Ms Hector, you had a specific question on China and the reclassification of the two products towards behind-the-counter. We have taken accounting measure for product returns and that is included already in the 2017 full-year financial statements. While we do not anticipate a further setup of provisions for product returns in this respect, but of course we will lose the margin from that business, which are still in the first nine months of 2017. So, when you compare 2018 to '17, please take care that those two products were in full steam in the first nine months of 2017. In our guidance, we have not put in a significant amount on disposals, so that is not reflected.

Dieter Weinand

Guidance pharma: we have said that, in revenue, currency and portfolio-adjusted, we grow in single digit. Actually, if you currency-adjust, we have a commensurate low-single-digit improvement also in EBITDA. It is the currency headwinds that impact our EBITDA next year.

Werner Baumann

Okay, Luisa. On Animal Health, we are actually continuing to grow our business, as you've also seen in 2017. 2018 growth is somewhat below market growth but that is a technical effect based on the accounting measures that we have to implement in line with IFRS 15. If you back that out, also growth would be just about in line, more or less, with the anticipated industry growth. But having said that, we are of course aware of the fact that the industry continues to consolidate and that we have lost in relative scale over the last years. We continue to look out for further ways to strengthen and build our business. Of course, we do have, going forward, some limitations in terms of financial muscle, which we also understand, and there is not much more to be said, other than the fact that, with bits and pieces, from time to time, we find opportunities to strengthen the business, such as with the acquisition of Cydectin that we acquired out of the disposal process of the combination of Boehringer's and Sanofi's animal-health business at the beginning of 2017.

Keyur Parekh, Goldman Sachs

Good afternoon, it's Keyur Parekh from Goldman Sachs. Three questions, please. The first one: at a very big-picture level, one that you referenced is that you had some operational issues during

2017, be it on the OTC side, be it on the Crop side in Brazil, and now you're pointing to some production issues on the Pharma side. Can you give us some sense of comfort that, as you go through the Monsanto integration, which will be the biggest integration you've ever done, how are you confident of the base business kind of not going into operational issues? So, what comfort can you give us around that? That's one.

Secondly, not commenting on the size of the equity raise, I understand, but can you still remind us if doing a rights issue is, indeed, your preferred of raising that equity or, given the lowered size that one might be looking at, would you be open to considering other options beyond that?

And then lastly, talking about Xarelto, it seems like the Eliquis market-share battle seems to be going in favour of Eliquis. Is there anything you can do specifically to reverse those trends from your perspective? Thank you.

Werner Baumann

Okay, Keyur. Thank you for the questions. First of all, on Monsanto and the level of distraction, I guess, that your question is having, with some of the operational issues we've seen in 2017 and what it means for 2018, let me state very clearly that the operational issues we have seen in 2017 are not related to our preparations of the acquisition of Monsanto. These happened inside of our operating businesses, in different areas, that were unencumbered in terms of prep work, because the prep work is being done by dedicated resource. These are operational issues that we take, of course, full accountability for, and we do whatever we can in order to make sure that we run our businesses as well as we can.

Having said that, from time to time, things don't go according to plan or schedule. We have had a couple of negative surprises and issues last year. The last one was certainly the supply tightness we are going to see in the wake of the FDA inspection in Leverkusen. That will be an effect in 2018, as reflected in our guidance, but again just let me reemphasise one more time: nothing to do with Monsanto. So, in absence of the Monsanto activities, these issues would still have occurred.

Last point here: the acquisition of Monsanto and the size of the acquisition, while significantly bigger in terms of monetary value, in terms of level of complexity, the size of the organisation to be integrated and a few other dimensions you would typically look at in terms of getting a grasp of complexity, just about the same compared to the acquisition of, actually, Schering about 12 years ago, also an organisation with about 25,000 people around the globe and a very internationally dispersed business.

So, with that, I turn it to Hanno before Dieter is going to answer the question on Xarelto versus Eliquis.

Hanno Dietsch

Yes. Well, with the equity financing, we have to stay within the limits of the capital authorisation of our shareholders' meeting. Here, we have 10% authorisation to issue new shares without subscription rights. Out of this 10%, we have used already 5.5% for the mandatory convertible bond; therefore, it's only a small piece left for us to do a block trade or an ABB. Therefore, we will use authorised capital one, which is with subscription rights, and therefore the rights issue, as you mentioned, will be a major element for the capital financing going forward. And from my perspective, it's still very beneficial for existing shareholders because those subscription rights are allocated only to the current shareholders, and that is a shareholder-friendly way of raising equity.

Werner Baumann

Dieter?

Dieter Weinand

Okay. So, Xarelto is the market leader globally and still market leader in most major markets around the world. Globally, it has about a 33% market share versus 31.5% with apixaban. Later this year, we hope to get approval for the PAD/CAD indication that would be very unique to us. That represents a significant opportunity for us to continue to grow and regain share.

In addition to that, in China, apixaban is not applied for or submitted for SPAF, due to the clinical-data issues that they have there, and we are now nationally listed on the drug-reimbursement list, and that represents another significant value opportunity for us. So, I think, going forward, we are well positioned to continue to gain share and maintain our market leadership.

Werner Baumann

Okay. Thanks, Dieter.

Wimal Kapadia, Bernstein

Hi, there, It's Wimal Kapadia from Bernstein. Thanks for taking my questions. I had just a couple, please. The first one is: it's been a while since Bayer gave us peak-sales guidance for the pipeline of €6 billion. Can you provide us with any update as to how Bayer thinks about the potential, given we have seen additional data from some of your products in the clinic?

And then, number two: just following on from Peter's question earlier in the call on Loxo, should we expect to see any deals of similar size and nature over the next one to two years through the Monsanto acquisition, or is it less likely until at least some level of integration is complete? Thank you.

Werner Baumann

Okay, Wimal. Thank you for the question. On the first one, our guidance says that we expect sales in excess of 7.5 billion for our top-selling products at peak, and above 7.5 billion covers the entire range. We have traditionally been somewhat – what should I call it – conservative or careful that, once we reach a target, we are more than happy to update. Doing that permanently and jacking up numbers is not the most prudent way to do this. That's at least the policy we have been following. So, that was on our top-selling products.

On our pipeline, we have given the 6 billion number, and also here no update at this point in time. We have always been looking at peak numbers depending on different indications and, let's say, a fairly broad of indications for our pipeline products, if you, for example, look at anetumab and the breadth of potential indications it could work in. So, no news here at this point in time either.

And with that, I turned it over to Dieter on, let's say, Loxo likes.

Dieter Weinand

Yes. So, as I've said for quite a while now, we will continue to accelerate our internal pipeline and augment that with external bolt-on acquisitions and licensing deals. And it's a question that's related to Monsanto and how that might impact our strategy. You know that we have extended our partnership with IONIS for the Factor XI LICA technology product. We have done Loxo, so we continue to do deals and I would anticipate us to continue to evaluate opportunities externally, as we have done in the past, and stick with our strategy. No impact due to Monsanto on our strategy in Pharma.

Wimal Kapadia, Bernstein

Great. Thank you very much.

Oliver Maier

Thank you, Wimal. I think we have time for one more question, Emma. I'm not sure – are there any questions in the pipeline?

Operator

There are no further questions registered at this time.

Closing Remarks

Oliver Maier

Okay. Great. Thank you so much, everybody. Thank you so much for participating. Really anticipate your interest and your questions. Looking forward to talking to you soon. Thank you so much. Take care. Bye bye.

Werner Baumann

Bye bye.

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 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 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.