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## Inside information as per Section 17 MAR

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### **Bayer to strengthen core life science businesses while significantly enhancing productivity and profitability**

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**Leverkusen, November 28, 02:45 p.m. CEST**

The Bayer Group aims to strengthen its core life science businesses through a series of portfolio, efficiency and structural measures designed to enhance productivity and innovation while significantly improving competitiveness. In a meeting on Thursday, the Supervisory Board of Bayer AG discussed the plans laid out by the Board of Management and unanimously expressed their support. Through these measures, the company is paving the way for sustainable business success in attractive, long-term growth markets.

Bayer intends to advance the portfolio measures in 2019. The company intends to exit the Animal Health business and is assessing available options. Although this unit offers growth options in an attractive market, Bayer intends to allocate the investment resources necessary to support Animal Health to Bayer's core businesses of Pharmaceuticals, Consumer Health and Crop Science.

At Consumer Health, the company has initiated measures to enable the division to catch up to market growth in the coming years and improve profitability. These measures include a planned exit from product categories that have more favorable development potential outside of Bayer. In addition to the previously announced divestment of prescription dermatology products, Bayer will review its strategic options in the coming months with a view to exiting the sun care (Coppertone(TM)) and foot care (Dr. Scholl's(TM)) product lines. Through these moves, the company intends to focus on driving profitable growth in its core Consumer Health categories.

Furthermore, Bayer is in discussions regarding the divestment of its 60-percent interest in German site services provider Currenta. Following the successful carve-out of Covestro, Bayer's use of Currenta's services no longer justifies this 60-percent stake.

In addition to the planned portfolio measures, Bayer intends to significantly improve its cost structure. The company aims to further strengthen innovation and productivity, to accelerate access to future technologies, and to further enhance competitiveness and profitability. In this context, the company will seek to achieve greater efficiency across its supporting functions and services.

Including the synergies expected from the acquisition of Monsanto, Bayer anticipates annual contributions of 2.6 billion euros from 2022 on as a result of its planned efficiency and structural measures. These measures will include a reduction of around 12,000 of 118,200 jobs worldwide, a significant number of them in Germany. Details will be worked out in the months ahead. The total one-time costs related to these measures are expected at a factor of 1.7 times the annual contributions. A portion of the freed-up funds are set to be used to strengthen innovation and competitiveness at the divisions. Through the end of 2022 alone, the company aims to invest a total of around 35 billion euros in its future, with research and development (R&D) accounting for over two thirds of this figure and capital expenditures for just under one third.

Assuming a constant portfolio and stable exchange rates, the company expects core earnings per share of 6.80 euros in 2019 (2018: 5.70 to 5.90 euros), with a target of around 10 euros in 2022. The Group EBITDA margin before special items is targeted to increase to over 30 percent in the period through 2022.

Bayer's corporate strategy, financial targets and capital allocation priorities will be outlined at the Capital Markets Day in London on December 5.

At the Consumer Health and Pharmaceuticals divisions, non-cash impairments and write-offs totaling approximately 3.3 billion euros are anticipated in the fourth quarter of 2018. At Consumer Health, these primarily concern brands acquired with the Merck & Co. and Dihon businesses as well as some of the goodwill recognized in the balance sheet (totaling some 2.7 billion euros). In the case of Pharmaceuticals, impairments and write-offs of around 0.6 billion euros are due especially to the decision not to utilize the factor VIII facility that was built in Wuppertal, Germany, and to focus all recombinant factor VIII production in Berkeley, United States.

At the Crop Science Division, the focus is on successfully integrating the acquired business. As previously communicated, Bayer expects synergies to deliver annual contributions of 1.04 billion euros (1.2 billion U.S. dollars) to EBITDA before special items

as of 2022. This figure, which comprises 0.87 billion euros (1 billion U.S. dollars) in cost synergies, is included in the contribution target outlined above.

The aforementioned changes in the divisions and the efforts to streamline the portfolio will be complemented by extensive adjustments within the company, particularly within the Corporate Functions and supporting functions, Business Services and the country platforms. The objective of these adjustments is to implement an efficient organizational structure and infrastructure that best support Bayer's businesses and the company's customers.

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For more information on factors that could cause actual results and future events to differ from those anticipated in forward looking statements, please refer to the factors discussed in Bayer's public reports which are available on the Bayer website at <https://www.investor.bayer.de/en/reports/annual-reports/overview>, including in the Annual Report 2017 under the caption "Report on Future Perspectives and on Opportunities and Risks".