Debt Investor Information

Status: Q3 2021/FY 2020
As of 9 November 2021
Cautionary Statements Regarding Forward-Looking Information

This presentation 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 http://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
Our Strategic Priorities

Group Strategic Priorities

1. Positioning businesses to mega-trends
   Contribution to health and nutrition

2. Developing innovative products
   Leadership in our relevant markets

3. Sustainability
   Long-term, sustainable growth

4. Focusing on our key strength
   Innovation & operational performance

Divisional Focus

Crop Science
Create a leading innovation engine that transforms agriculture

Pharmaceuticals
Driving performance and delivering new growth opportunities

Consumer Health
Maintain a leading OTC position and improve profitability

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1 We also seek to make a responsible contribution to the United Nations Sustainable Development Goals “Good Health and Well-Being” (SDG 3) and “Zero Hunger” (SDG 2)
We address megatrends that impact lives across the globe

**Megatrends through 2050**

**Aging population**
- Age 60+
  - 2017: 1.0 bn people aged 60 and older
  - 2050: 2.1 bn people aged 60 and older
  - \( +100\% \)
  - >20% of total population

**Growing population**
- 2017: 7.6 bn people
- 2050: 9.8 bn people
- \(+2.2\text{bn people}\)

**Pressure on ecosystems**
- 2017: 2,129 m² area
- 2050: 1,700 m² area
- \(-20\%\)
- Significant loss in arable land per capita

**Additional notes:**
- World Population Prospects: The 2017 Revision
- FAO 2017, (FAO Global Perspective Studies)
- Nelson et al. (2014); FAO 2016 “Climate change and food security”
Ambitious Measurable Targets for Sustainable Development

2030 Targets, in line with the UN SDGs

Help more PEOPLE thrive

Support 100m smallholder farmers in LMIC\(^1\)

Provide 100m women in LMIC with access to modern contraception

Expand access to self-care for 100m people in underserved\(^2\) communities

Decrease ECOLOGICAL footprint

Climate neutrality at own sites + reduced emissions in our supply chain

\(\text{42\% reduction target}^3\) for Scope 1 & 2

\(\text{500m \€ CapEx for emission reduction}\)

\(\text{50m-200m \€ OpEx for offsetting projects}\)

\(\text{12.3\% reduction target}^4\) for Scope 3

Additional divisional targets

Reflected in long-term incentives

Sustainability Council established

\(^1\)LMIC: low and middle-income countries- All countries included in the World Bank list as per 1 July 2019

\(^2\)underserved: Economically or medically

\(^3\)Scope 1 & 2

\(^4\)Scope 3
We Create Value by Accelerating our Transformation
Driving Innovation and Returns

1.Enable growth
   • Clear plan for translating innovation into top-line growth

2.Drive profitability
   • Comprehensive transformation program launched

3.Focus on cash
   • Strong capacity to generate cash

4.Sustainability
   • Inclusive growth by helping more people thrive, and decreasing our ecological footprint

5.Disciplined capital allocation
   • Priorities: deleveraging, dividends, external growth investments

Value creation
We Focus on Cash Generation

### Improve Free Cash Flow
Optimize **working capital** focusing on overdue management, inventory and payables; prioritizing **CapEx**

### Adapt incentive scheme
Free Cash Flow integrated as a key performance metric in our **short-term incentive** plan for all managerial employees

### Capital Employed / Divestments
Optimization of **fixed asset** portfolio, for example sale of property

**Sale of businesses / brands** below division level (e.g. ES professional)

### Litigation pay-outs & special items
Our Free Cash Flow is impacted by **litigation** pay-outs and cash-effective **one-time costs** for transformation

ES: Environmental Science
Bayer Key Financials

**2020 Sales in €bn**
- Consumer Health: 5.1
- Crop Science: 18.8
- Other: 0.3
- Pharma: 17.2
- Group: €41.4

**Capital Expenditures 2020 in €bn**
- CAPEX: 3.1

**Research & Development Expenses 2020 in €bn**
- R&D: 7.1

**2020 EBITDA before Special Items in €bn**
- Pharma: 6.0
- Consumer Health: 1.1
- Crop Science: 4.5

**Free Cash Flow in €bn**
- 2016: 5.8
- 2017: 5.2
- 2018: 4.7
- 2019: 4.2
- 2020: 1.3

**Net Financial Debt in €bn**
- 2016: 11.8
- 2017: 3.6
- 2018: 35.7
- 2019: 34.1
- 2020: 30.0

**Notes:**
- 2020 figures and net financial debt figures as initially reported
- Free cash flow was initially reported in 2018; 2016 and 2017 free cash flow figures were taken from 2019 annual report; Free cash flow includes litigation payments

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// Bayer Debt Investor Relations // Status: Q3 2021/FY 2020
# We Update Our Full-Year Group Guidance for 2021

Excluding currency impact

<table>
<thead>
<tr>
<th></th>
<th>Outlook as of Aug 2021¹</th>
<th>Outlook as of Nov 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>~ €44bn</td>
<td>~ €44bn</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>~ 26%</td>
<td>~ 26%</td>
</tr>
<tr>
<td>(before special items)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Core EPS</strong></td>
<td>€6.40 – €6.60</td>
<td>€6.50 – €6.70</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>~ -€2 – ~€3bn²</td>
<td>~ -€0.5 – ~€1.5bn⁴</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>~ €36bn</td>
<td>~ €35.5bn</td>
</tr>
</tbody>
</table>

**Expected currency impact²**

<table>
<thead>
<tr>
<th></th>
<th>Outlook as of Nov 2021 incl. currency impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>~ -€1bn</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>~ -50 bps</td>
</tr>
<tr>
<td><strong>Core EPS</strong></td>
<td>~ -€0.40</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>no material effect</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>~ €0.5bn</td>
</tr>
</tbody>
</table>

¹ At average actual currencies for 2020
² Currency assumptions based on month-end September spot rates (1 EUR=1.16 USD, 6.26 BRL, 7.49 CNY, 130 JPY, 23.8 MXN, 84.3 RUB. Impact is calculated as difference to constant currencies.
³ Settlement payouts of ~€7bn included; ⁴ Settlement payouts of ~€5.5bn included
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
... and Remains Committed to Rating in Single A Target Category

Development of Ratings and Leverage

(Net Financial Debt + Pensions – 50% of Hybrid Volume) / reported EBITDA before special items

<table>
<thead>
<tr>
<th>Agency</th>
<th>Long Term Rating over time</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB+</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Baa1</td>
</tr>
<tr>
<td>Fitch4</td>
<td>BBB+</td>
</tr>
</tbody>
</table>

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1 Figures as reported in the respective year’s annual report without restatements
2 Ratios of years where 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 Solicited since 2018

Proven track record of disciplined deleveraging

Agency | LT-Rating | Outlook | ST-Rating
--- | --- | --- | ---
S&P | BBB | Stable | A2
Moody’s | Baa2 | Negative | P2
Fitch4 | BBB+ | Stable | F2

// Bayer Debt Investor Relations // Status: Q3 2021/FY 2020
Bayer’s Maturity Profile is Well Balanced

**Bond and Loan Maturity Profile (€bn)**
as of September 30, 2021¹

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

**Currency Exposure incl. Derivatives**
as of September 30, 2021²

- **€34.0bn Net Financial Debt**
  - **EUR**
  - **USD**
  - **Other**

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1 Converted at quarter-end FX rates EURUSD 1.16 and EURJPY 130; not included: $3.8bn USD term loan (repaid in January 2021), €0.75bn EUR bond (repaid in January 2021), ¥10bn JPY bond (repaid in May 2021) and $3.0bn USD bonds (repaid in May, June and July 2021)

2 Based on quarter-end FX rates
## Overview of Bayer’s Funding Structure

### Net Financial Debt\(^1\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and notes / promissory notes</td>
<td>€33,569</td>
<td>€36,745</td>
<td>€38,505</td>
</tr>
<tr>
<td>of which hybrid bonds(^2)</td>
<td>€4,528</td>
<td>€4,532</td>
<td>€4,536</td>
</tr>
<tr>
<td>Liabilities to banks(^3)</td>
<td>€4,062</td>
<td>€3,671</td>
<td>€508</td>
</tr>
<tr>
<td>Lease Liabilities</td>
<td>€1,251</td>
<td>€1,137</td>
<td>€1,144</td>
</tr>
<tr>
<td>Liabilities from derivatives(^4)</td>
<td>€123</td>
<td>€136</td>
<td>€72</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>€89</td>
<td>€77</td>
<td>€1,537</td>
</tr>
<tr>
<td>Receivables from derivatives(^4)</td>
<td>(€76)</td>
<td>(€141)</td>
<td>(€139)</td>
</tr>
<tr>
<td><strong>Financial debt</strong></td>
<td><strong>€39,018</strong></td>
<td><strong>€41,625</strong></td>
<td><strong>€41,627</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(€3,185)</td>
<td>(€4,191)</td>
<td>(€4,316)</td>
</tr>
<tr>
<td>Current financial assets(^5)</td>
<td>(€1,765)</td>
<td>(€7,393)</td>
<td>(€3,330)</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td><strong>€34,068</strong></td>
<td><strong>€30,041</strong></td>
<td><strong>€33,981</strong></td>
</tr>
</tbody>
</table>

1. For definition see Annual Report 2020, 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

### Nominal Volume of Major Instruments (bn) as of September 30, 2021

- **Senior EUR Bonds** €15.5
- **Senior USD Bonds** $21.7
- **JPY Private Placements** ¥10.0
- **Hybrid EUR Bonds** €4.6

### Other Sources of Liquidity

- **Syndicated Loan Facility** €4.5
- **Commercial Paper Program** $8.0
Main Issuing Entities at Bayer Group

- Bayer AG
  - Germany
- Bayer Holding Ltd.
  - Japan
- Bayer Capital Corp. B.V.
  - Netherlands
- Bayer US Finance LLC
  - USA
  - USD Bonds
- Bayer US Finance II LLC
  - USA
  - USD Bonds
- Bayer Corp.
  - USA
  - USD Bonds
- Monsanto Company
  - USA
  - USD Bonds
- EUR Bonds
- Hybrid Bonds
- JPY Bonds

Instruments issued or guaranteed by Bayer AG
Indirect Hold through other entities
Hybrid Bonds at Bayer

<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>NC7.5</td>
<td>2.375</td>
<td>1.3</td>
<td>200.7 bps spread + 5Y Swap¹</td>
<td>+25 bps/Oct 27</td>
<td>+75 bps/Oct 42</td>
</tr>
<tr>
<td>NC10</td>
<td>3.75</td>
<td>1.5</td>
<td>230 bps spread + 5Y Swap¹</td>
<td>+25 bps/Jul 24</td>
<td>+75 bps/Jul 44</td>
</tr>
<tr>
<td>NC5.5</td>
<td>2.375</td>
<td>1</td>
<td>264.7 bps spread + 5Y Swap¹</td>
<td>+25 bps/May 30</td>
<td>+75 bps/May 45</td>
</tr>
<tr>
<td>NC8</td>
<td>3.125</td>
<td>0.75</td>
<td>310.8 bps spread + 5Y Swap¹</td>
<td>+25 bps/Nov 32</td>
<td>+75 bps/Nov 47</td>
</tr>
</tbody>
</table>

¹ Swap is reset every fifth year starting with the first reset date

2014: NC10
2015: NC5.5
2019: NC8
2020: NC7.5
2022: NC7.5
2024: NC10
2025: NC7.5
2027: NC7.5
2028: NC10
2029: NC7.5
2030: NC7.5
2031: NC10
2032: NC7.5
2033: NC7.5
2034: NC10
2035: NC7.5
2036: NC7.5
2037: NC10
2038: NC7.5
2039: NC7.5
2040: NC10
2041: NC7.5
2042: NC7.5
2043: NC10
2044: NC7.5
2045: NC7.5
2046: NC10
2047: NC7.5
2048: NC7.5
2049: NC10
2050: NC7.5
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2052: NC10
2053: NC7.5
2054: NC7.5
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2056: NC7.5
2057: NC7.5
2058: NC10
2059: NC7.5
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2061: NC10
2062: NC7.5
2063: NC7.5
2064: NC10
2065: NC7.5
2066: NC7.5
2067: NC10
2068: NC7.5
2069: NC7.5
2070: NC10
2071: NC7.5
2072: NC7.5
2073: NC10
2074: NC7.5
2075: NC7.5
2076: NC10
2077: NC7.5
2078: NC7.5
2079: NC10

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### 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 lies 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>Issue</th>
<th>Bayer AG, Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantor</td>
<td>Bayer AG</td>
</tr>
<tr>
<td>Total Amount</td>
<td>$8bn or equivalent</td>
</tr>
</tbody>
</table>

### Syndicated Loan Facility

The multicurrency Syndicated Loan Facility can be used for general corporate purposes and is primarily a back-up line. Thus, it is not intended to be drawn in the course of ordinary business. The participating banks form Bayer’s global banking group. Last renewed in December 2018, the credit facility was self-arranged.

| Borrower | Bayer AG, Germany Bayer Corporation, USA |
| Total Amount | €4.5bn, thereof €1.5bn/$1.5bn Swingline |
| Signing | December 2018, amended with an ESG feature in July 2021 |
| Initial Tenor | 5Y + two 1Y extension options (second extension option also used) |
| Syndicate Size | 23 Banks |
| Purpose | General Corporate Purposes |
| Guarantor | Bayer AG |
| Total Amount | $8bn or equivalent |
## Upcoming Events 2021

<table>
<thead>
<tr>
<th>Date</th>
<th>Event/ Publication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, November 9, 2021</td>
<td>Q3 2021 Quarterly Statement</td>
</tr>
<tr>
<td>Tuesday, March 1, 2022</td>
<td>2021 Annual Report</td>
</tr>
<tr>
<td>Friday, April 29, 2022</td>
<td>Annual Stockholders’ Meeting 2022</td>
</tr>
<tr>
<td>Tuesday, May 10, 2022</td>
<td>Q1 2022 Quarterly Statement</td>
</tr>
</tbody>
</table>

Please note that the event calendar might be subject to changes.
Contacts at Bayer

Dr. Sven Vorstius
Head of Corporate Funding
Building Q 26
E-Mail: Sven.Vorstius@bayer.com
D-51368 Leverkusen

Tobias Feld
Manager Investor Relations
Building W 11
E-Mail: Tobias.Feld@bayer.com
D-51368 Leverkusen