



Capital Markets Day 2021

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Presentation by

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Good morning, good afternoon and good evening to all of you – and welcome to Bayer's Capital Markets Day. Great to have you join today! Of course, it would have been much better to meet in person. Unfortunately, this is not possible during these times, but let's hope that we can do so again soon!

Before we start with our program, let me introduce our new board member Serena Lin to you. Sarena joined our company as Chief Transformation and Talent Officer very recently on February 1st. Sarena, the floor is yours:

[Introduction video of Sarena Lin has been played]

As we now start our Capital Markets Day, I'm sure I speak for all of us: Covid-19 is affecting everyone – personally and professionally. The pandemic will have a lasting impact on society. It will change our everyday lives from how we travel to the way we work.

Things have been difficult for all of us over the last twelve months, but there are also positive things I want to highlight. I am deeply impressed by the engagement and solidarity I have seen amongst our employees around the world.

Beyond, global supply chains have proven to be resilient and adapted very quickly to the Covid-related challenges to meet customer demands. Moreover, the impressive acceleration of digitalization as well as the broad and more flexible use of technology is very inspiring and encouraging as we transition into a new - and different - new normal!

As far as our company is concerned, we are excited to be here today with you. We will discuss our strategy. We will lay out our transformation and our mid-term plan that will set the stage for the exciting future development of Bayer. Our plans will drive further improvements and increased value for our owners.

We are a leading Life Sciences company. We are well positioned at the intersection of Health and Nutrition. And we have attractive growth prospects, earnings and cash flow potential.

- Our strategy is to build and operate leading businesses in our core areas of expertise within Health and Nutrition.
- Our strategy is aligned with longer term societal megatrends.
- Our strategy also has sustainability as an integral building block for all businesses.

We expect our growth and shareholder value to be driven by four factors:

- First, the long-term megatrend tailwinds that are propelling growing demand in the Life Sciences.
- Second, technological breakthroughs across our divisions that are driven by the bio-revolution.
- Third, our focus on sustainability as a value driver.

- And last, accelerated transformation and further efficiency gains in our operations.

Several megatrends support our business dynamics for the next decades. It is evident that a growing and ageing population requires innovation to restore and preserve people's health and to secure sufficient supply of affordable quality food.

And the increased pressure on our ecosystems requires solutions to use natural resources more efficiently and responsibly.

Furthermore, the acceleration of the bio-revolution will have substantial implications across the Life Sciences. The convergence of biological sciences and data analytics is massively accelerating the pace of innovation. For human health, a deeper understanding of genetics and disease biology in combination with the accelerated development of computing and artificial intelligence has led to the emergence of precision medicine and gene therapies, which are poised to change the paradigm of medicine. In the future, these and other new technologies will help us not only treat, but potentially cure or even prevent diseases.

In agriculture, the bio revolution will offer new opportunities to help address important health and nutrition needs. For example, the growth of plant-based protein and lab-grown meat. Or, take the development of new high yield seed varieties that will reduce a plant's need for fertilizer, crop protection and water, which helps to reduce the environmental impact of agriculture.

Sustainability is an integral part of our business strategy and our growth plans. It is also integral part of our incentive systems. We pursue our vision "health for all, hunger for none" with measurable achievements against clear commitments. We drive more inclusive growth and help more people thrive - while at the same time decreasing our ecological footprint along the value chain. Let me also highlight that, with our decision to become climate neutral in our own operations by 2030, we are leading the way in decarbonization.

Another great testimony to our vision is the collaboration with CureVac on their COVID-19 vaccine candidate. We are literally working 24/7 with CureVac to help to bring this pandemic to an end and thus allow people to return to their normal lives.

Societal megatrends and the accelerating bio-revolution will change the dynamics of the markets we operate in. We expect our markets to show broad-based growth with attractive market profitabilities. Our markets are innovation-driven, highly regulated and are characterized by significant barriers to entry.

In Pharmaceuticals, companies are expected to adapt business models in response to therapies that cure rather than treat over a lifetime. In agriculture, the emergence of outcome-oriented business models and tailored solutions is expected to accelerate. Our sustainability efforts will also lead to new business models - for example by helping farmers getting paid for carbon sequestration. Or, by providing them with new plant varieties that can fixate nitrogen from the air and thus don't need fertilizer. We are very well positioned to take advantage of these dynamics for the benefit of consumers, farmers, patients and ultimately our owners.

Now, it goes without saying that society is not a static system, but constantly evolving. We, as a company, are anchored in the middle of society; our products are part of everyday life - which requires us to evolve as well. At Bayer, we have a long history of evolution and transformation. I

just described the societal megatrends that will shape our businesses – but we have the power to impact our industries as well. Our aim is to transform our industries with breakthrough innovations in Health and Nutrition and to contribute to a more sustainable society. To fully leverage our impact, we are now accelerating the transformation we started two years ago.

At our last Capital Markets Day in December 2018, we laid out the path towards becoming a leading Life Sciences company. We set high expectations – and we have fallen short of delivering our growth and earnings aspirations. We take responsibility for these misses. Regardless of whether they are the result of factors that are outside of our control - or our own operational shortcomings. No excuses, full stop.

We faced macro driven headwinds, for example the impact of the pandemic on our pharmaceutical business or the massive foreign exchange headwinds. But, other issues are company specific. Be assured that we are laser-focused on resolving them. And here is what we do!

Let me start with our Crop Science business. We have delivered on the integration synergies. But we are not satisfied with the market growth and the in-market performance, particularly in North America. External headwinds combined with the registration loss for XtendiMax in June 2020 have impacted our business.

Now, here is what we do: Our short-term action plan is focused on strengthening our product offering. Major drivers are the recent 5-year registration of Xtendimax with VaporGrip Technology in the US and the launch of new soybean varieties in the US and Brazil during 2021. In addition, we are rolling out a flurry of new products in crop protection and our seeds business. Last but not least, we have taken important steps to lower our cost base. Those measures position us strongly going forward as we move beyond 2021. We plan to return to above market growth over the cycle and set the stage for game-changer innovations like short-stature corn and HT4 in soy as well as the first new Mode of Action for post emergence weed control in 30 years.

In Pharmaceuticals, our blockbusters Xarelto and Eylea are further maturing within their lifecycles. We remain fully on track towards maximizing their value. But, we must replenish our marketed product portfolio and strengthen our pipeline to deliver sustainable long-term growth. Here is what we do: we are well under way with the launch of our late-stage pipeline assets Finerenone, Nubeqa, and Verquvo. We acquired KaNDy Therapeutics and AskBio to name just two, gaining access to highly attractive assets, and have entered into many partnership agreements with partners such as Atara Biotherapeutics.

In the Consumer Health business, we have successfully delivered the turnaround. This has resulted in an attractive growth and margin trajectory over the past 18 months. This is very good, but not yet good enough. Here is what we do: We will further build on this positive momentum. We have significantly upgraded our innovation funnel and our commercial capabilities. Our focus is now on sustainable, profitable above market growth at the top of our industry. We have a strong and proven leadership team and a clear action plan in place.

Lastly, our litigation issues. We have made good progress on settling our current cases and with the recent filing of the settlement proposal for the future cases. We expect the court's ruling on preliminary approval towards the end of the second quarter 2021. It goes without saying that we remain strongly committed to a resolution that addresses the litigation on reasonable terms.

Now, let me come to the areas where we have made very good progress in the past years. We delivered on our commitment to divest non-strategic assets. We have adjusted our cost base ahead of time and above expectations. We also promised to turnaround our Consumer Health business. As I just mentioned, our Consumer Health business has moved from an underperformer to an industry outperformer much faster than expected.

Furthermore, sustainability has become an integral part of our business strategies and will drive value going forward. We set bold 2030 targets, in line with the UN Sustainable Development Goals. We also established a Sustainability Council with renowned experts in their fields.

Lastly, we promised to strengthen our Pharma pipeline and to intensify external sourcing of innovative assets. Today, we can see our late stage pipeline move into launch phase with new potential blockbuster drugs. Let me also underline that in 2020 alone, we concluded more than 25 transactions, among them acquisitions in the gene & cell therapy space, in women's health, and in personalized nutrition. They all significantly strengthen our mid-term growth potential.

Now coming to the mid-to long term potential of our businesses. We live up to our purpose of "Science for a better life" as we continue to strengthen our innovation capabilities and accelerate our transformation.

Indeed, Crop Science, Pharmaceuticals and Consumer Health are all science-led and innovation-driven. We are at the very forefront of the bio-revolution in Life Sciences. As different technologies become more and more interdependent, we can take advantage of our world class expertise in chemistry and build on our knowledge in biology, biotechnology and data science. These technologies and scientific breakthroughs are highly relevant to all our businesses. Our LEAPS by Bayer organization is a key pillar when it comes to breakthrough innovation for the company.

In Pharmaceuticals, we are expanding into new modalities beyond small molecules. We build innovation platforms with breakthrough technologies that could cure currently untreatable diseases with significant patient populations. Our goal is to deliver innovative treatments for patients and transform our long-term innovation potential in this area. As a matter of fact, I am not only talking about the far distant future. We are seeing the first proof points already: we have two potentially regenerative treatments for Parkinson's disease in the clinic.

In Crop Science, we are combining different technologies into smart, digitally enabled solutions to create new or enhanced value for farmers and make agriculture more sustainable. For example, our short-stature corn which was launched recently in Mexico. It is much more resilient against stalk lodging and greensnap. It is also more sustainable as it uses less water and nutrients at comparable yields. Another example is "Unfold", a new company we set up together with Temasek. Unfold utilizes our vegetable crops germplasm to develop new seed varieties and agronomic advice for vertical farms. And, I could literally go on and on with more examples...

All of this makes us very optimistic for the future. Let me now provide a brief overview of our mid-term targets up to 2024. My colleagues will provide more details in their sessions.

We plan solid growth across our financial KPIs, all based on December 2020 foreign exchange rates:

1. Net sales in the range of 43 to 45 billion euros
2. Core earnings per share in the corridor of 7 to 7.5 euros
3. FCF projected at around 5 billion euros
4. Net financial debt in the range of 28 to 30 billion euros

Let me sum up by saying: Bayer operates leading businesses in highly attractive markets. We are laser focused on addressing current issues. We have well defined plans to accelerate value creation for the next years to come. Beyond, we have laid the foundation for sustainable, innovation driven growth for the mid and longer term.

We have a clear plan that the Board of Management and our senior leadership are fully committed to, and that I am fully committed to.

We have the right team in place to deliver. You will have a chance to form your own opinion on the quality and execution capabilities of our top management during the sessions to come.

I am looking forward to our discussion with you at our Capital Markets Day. Thank you very much.

Cautionary Statements Regarding Forward-Looking Information

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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/>.

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