



Financials

Value Creation by Accelerating our Transformation

//////////

Capital Markets Day
March 10-11, 2021

Wolfgang Nickl
CFO Bayer AG





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.



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



Clear Plan for Achieving Growth over the Next Years

	Sales / Sales Growth				
	act	cpa ¹	At month-end Dec' 20 rates ²		
	2020	2021e	2021e	2022e-2023e	2024e
Crop Science	€18.8bn	~ 2%	~€18bn	3% to 5%	
Pharmaceuticals	€17.2bn	~ 4%	~€17.5bn	3% to 5%	Low to mid single digit decline in 2024
Consumer Health	€5.1bn	2%-3%	~€5bn	3% to 5%	

Divisional Drivers

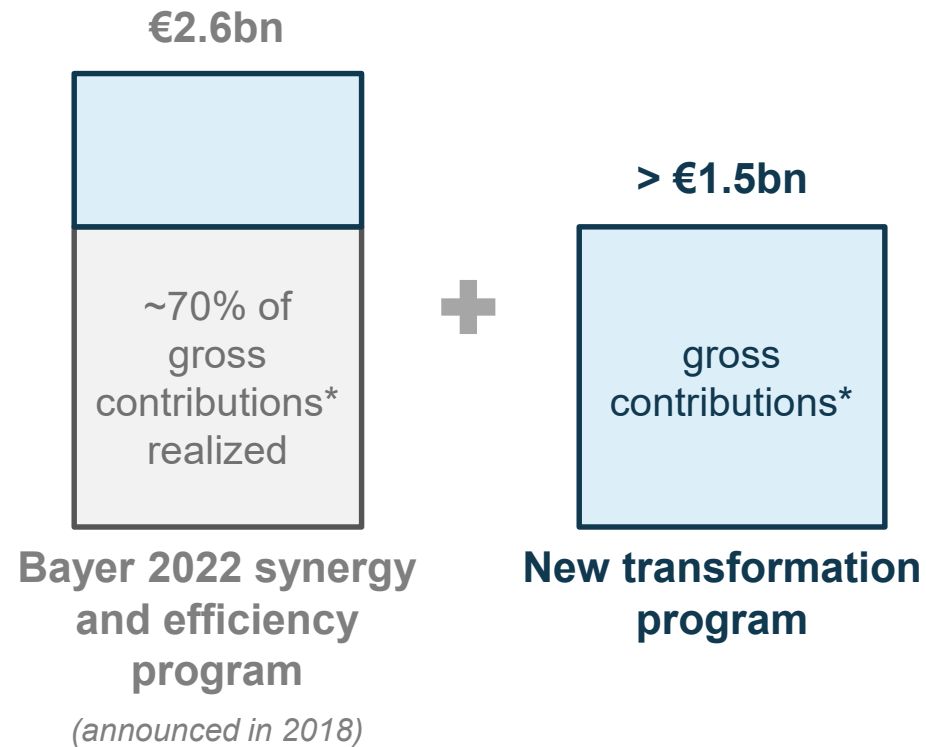
- Build on R&D leadership
- Expand leading digital platform
- Short stature corn and HT4 Soy are game changers in second half of decade
- Finerenone, Verquvo (CV) and Nubeqa (Onc)
- Limited impact from LoE gradually returning to long-term growth
- Long-term opportunity of cell and gene therapy
- Above market growth based on innovation and increased focus on self-care
- Accelerate growth markets (e.g., US, China, India)
- Digital transformation

¹ Currency and portfolio adjusted ² Currency assumptions based on month-end December spot rates (1 EUR=) 1.23 USD, 6.37 BRL, 7.98 CNY, 126 JPY, 24.4 MXN, 91.5 RUB
 Note: excludes Reconciliation at about €0.3bn



New Transformation Program with Gross Contributions of >€1.5bn

Transformation programs



Delivery

- Implementation of **Bayer 2022 ahead of plan**
- We **accelerate our transformation** to become leaner and more agile
 - Divisions and Enabling Functions
 - Improving our go-to-market models
 - Strengthening our digital and data capabilities
 - Structural measures and optimization of external spend
- Going forward, we will keep you updated and **jointly implement and track** both programs

* Gross contributions will be partially re-invested to fuel growth and are included in our guidance for 2021-24
Note: One-time costs in same magnitude as for Bayer 2022 (1.7x the total contribution)



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



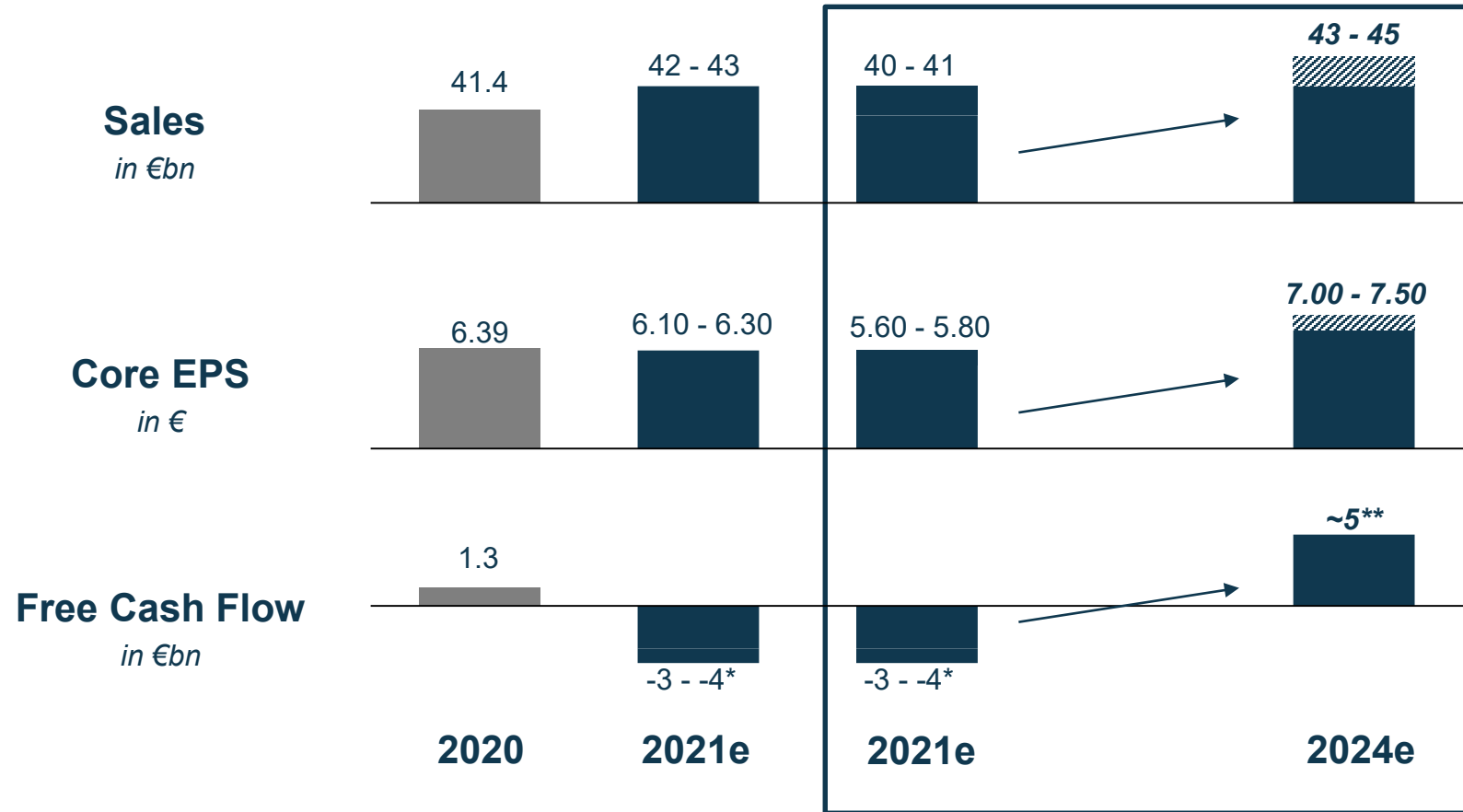
Profitable Growth until 2024

At constant currencies¹ At ,month-end Dec' 20 rates²

1 Enable growth

2 Drive profitability

3 Focus on cash

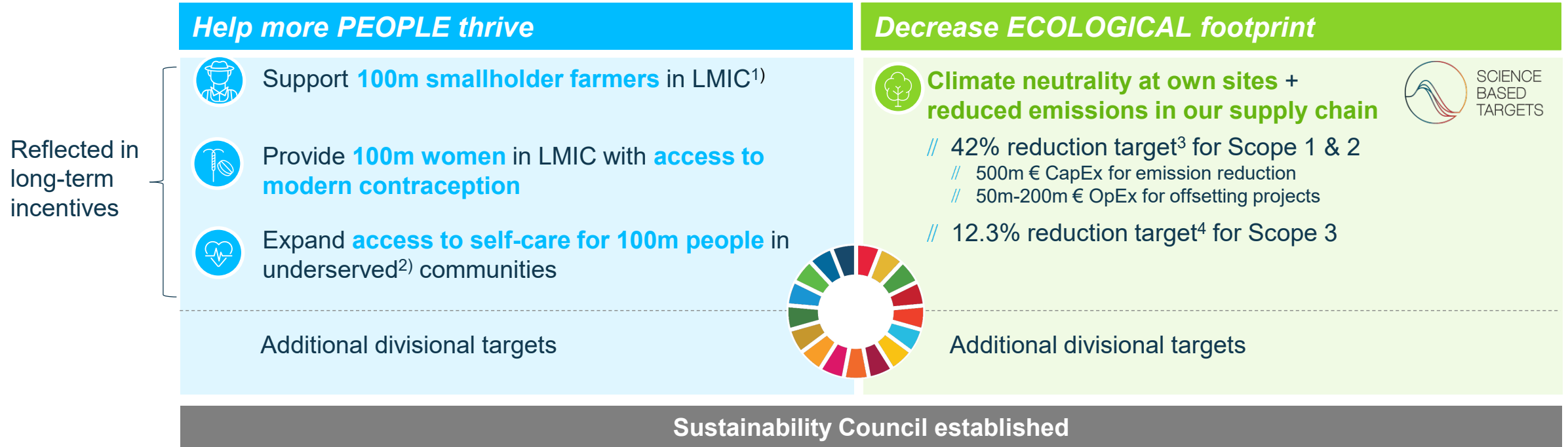


¹ Reflects our 2021 plan at the average actual currencies for 2020 ² Currency assumptions based on month-end December spot rates (1 EUR=) 1.23 USD, 6.37 BRL, 7.98 CNY, 126 JPY, 24.4 MXN, 91.5 RUB
 * Settlement payouts of ~€8bn included, ** Settlement payouts and special items of ~€1bn included ▨ = Indicates corridor between high- and low case



Ambitious Measurable Targets for Sustainable Development

2030 Targets, in line with the UN SDGs



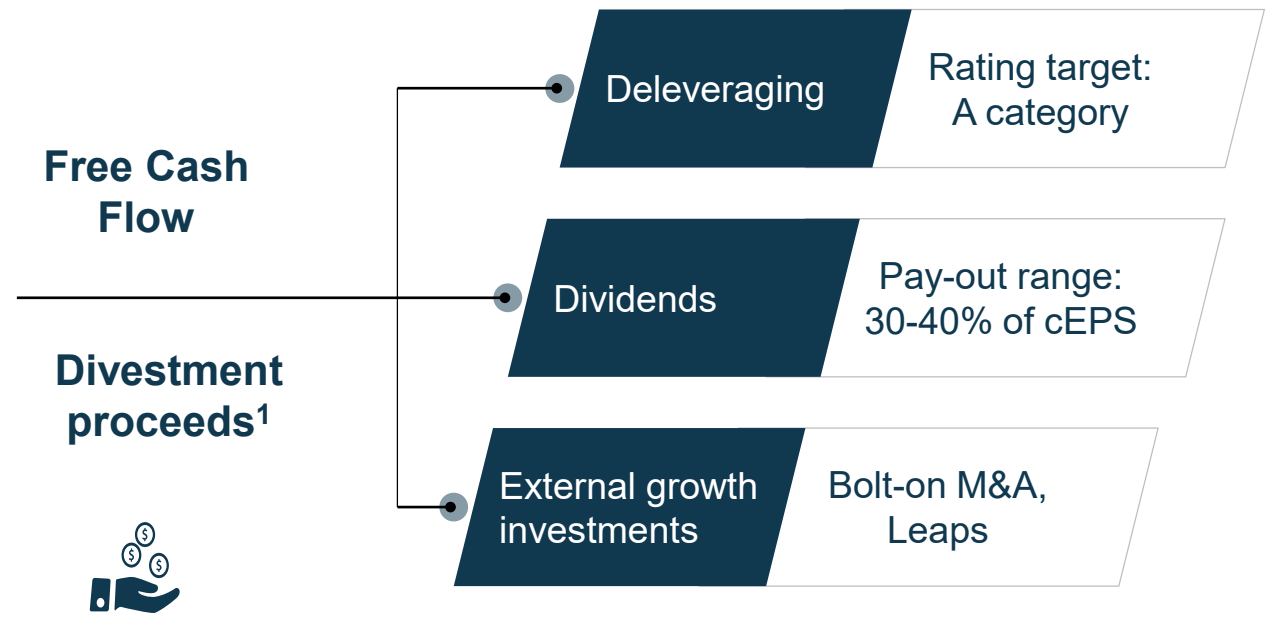
¹⁾LMIC: low and middle- income countries- All countries included in the [World Bank list](#) as per 1 July 2019

²⁾underserved : Economically or medically

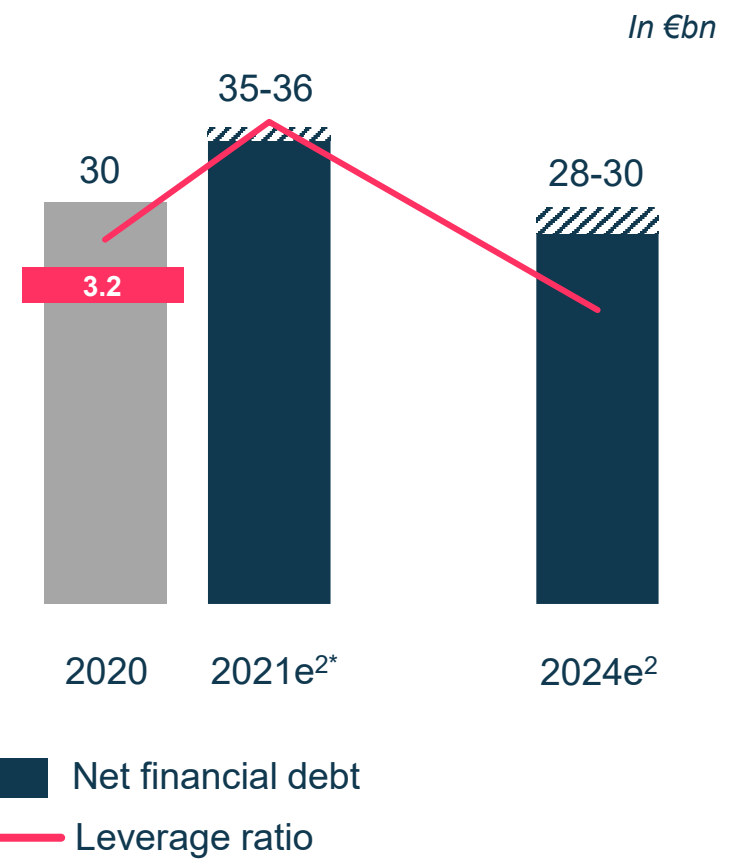


Disciplined Capital Allocation

Capital allocation priorities



Net financial debt development

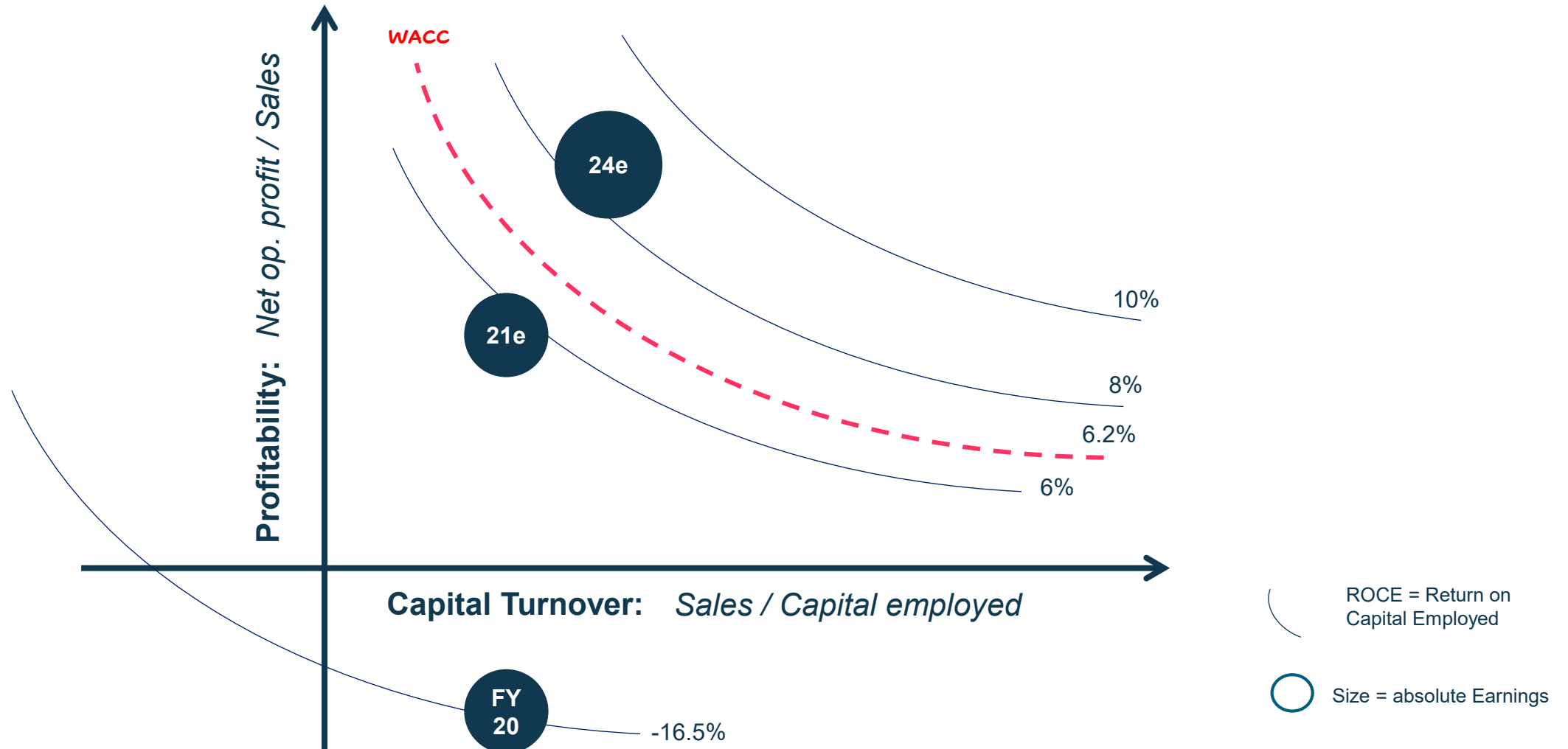


¹ From non-strategic divestments below divisional level and sale of other fixed assets ² Currency assumptions based on month-end December spot rates (1 EUR=) 1.23 USD, 6.37 BRL, 7.98 CNY, 126 JPY, 24.4 MXN, 91.5 RUB
 * incl. expected currency impact of ~€1bn (Impact is calculated as difference to constant currencies) = Indicates corridor between high- and low case



We Aim to Exceed our Cost of Capital Substantially by 2024

ROCE (Return on Capital Employed) is a Key Performance Metric in our Long-term Incentive Plan





We Create Value by Accelerating our Transformation

Driving Innovation and Returns

1 Enable growth

- Despite the PH LoE impact, our new mid-term guidance for 2024 shows solid growth with long-term blockbuster potential: Short stature corn, HT4 Soy, Cell & Gene Therapy

2 Drive profitability

- We drive profitability expansion to which our additional transformation program will contribute

3 Focus on cash

- We have a strong capacity to generate cash and significant Free Cash Flow potential

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



Thank You!

//////////

**Capital Markets Day
March 10-11, 2021**

**Wolfgang Nickl
CFO Bayer AG**





Key Assumptions

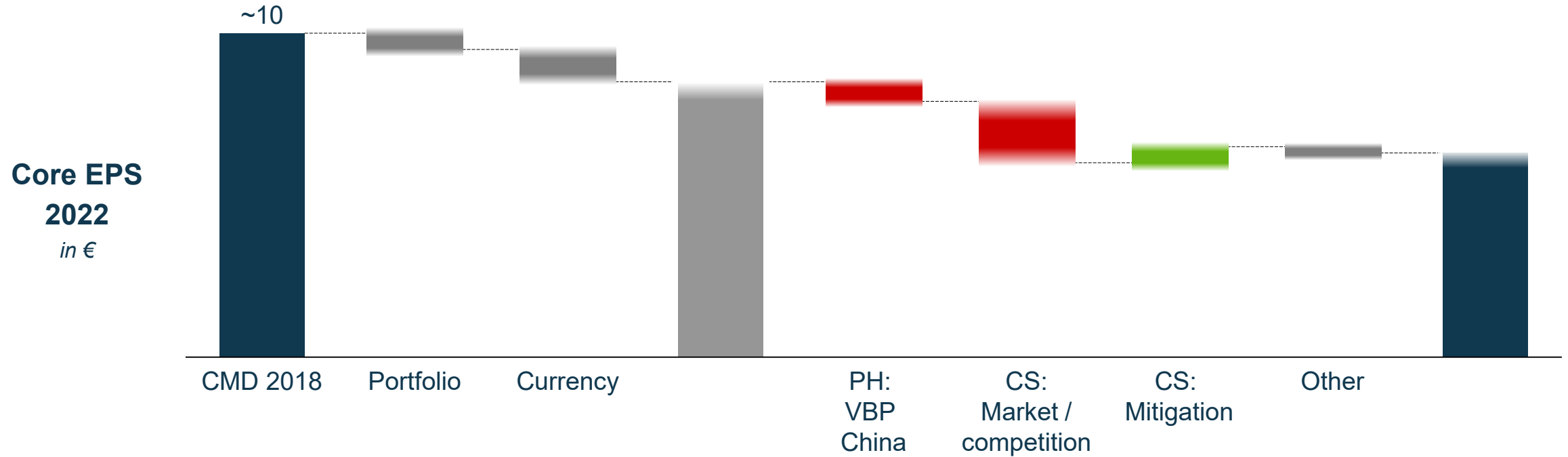
- **FX rates:** All figures based on 2020 month-end December rates as disclosed below

€1/		FX Rate
BRL	Brazil	6.37
CAD	Canada	1.56
CHF	Switzerland	1.08
CNY	China	7.98
GBP	United Kingdom	0.90
JPY	Japan	126
MXN	Mexico	24.4
RUB	Russia	91.5
USD	<i>United States</i>	1.23

- **Free cash flow (FCF)** defined as = Net cash flow provided by operating activities - Capex (PPE and Intangible assets) + interest & dividends received - interest paid + interest received from interest rate swaps
- **Number of shares:** ~982m
- Assumption for **Core Tax Rate** (2020-2024): ~ 23%
- Assumption for **Core Financial Result** (2024): ~ -€1.4bn
- Assumption for **cEBITDA Recon** (2024): ~-300m



Updated Earnings Profile since Capital Markets Day in 2018





Summary: Bayer Group Targets until 2024

1

Enable growth

2

Drive profitability

3

Focus on cash

4

Disciplined Capital allocation

Sales

EBITDA margin
before special items

Core EPS

Free cash flow

Net financial debt

Targets 2024¹

€43bn - €45bn

~ 28%

€7.00 - €7.50

~ €5bn²

€28bn - €30bn

¹ Currency assumptions based on month-end December spot rates (1 EUR=) 1.23 USD, 6.37 BRL, 7.98 CNY, 126 JPY, 24.4 MXN, 91.5 RUB.

² Settlement payouts and special items of ~€1bn included



Summary: Divisional Targets until 2024

	Sales 2020 <i>act</i>	Sales Growth 2021e <i>cpa</i> ¹	Sales Growth 2022e/2023e 2024e <i>At month-end Dec' 20 rates</i> ²	EBITDA margin 2020 <i>act</i> (before special items)	EBITDA margin 2021e <i>At month-end Dec' 20 rates</i> ² (before special items)	EBITDA margin 2022e/2023e 2024e (before special items)
Crop Science	€18.8bn	~ 2%	3% to 5%	24.1%	~23%	27% - 29%
Pharmaceuticals	€17.2bn	~ 4%	3% to 5% until 2023 / Low to mid single digit decline in 2024	34.9%	~32%	32% - 34% until 2023 / above 30% in 2024
Consumer Health	€5.1bn	2% to 3%	3% to 5%	22.0%	22% - 23%	Towards mid-twenties

¹ Currency and portfolio adjusted

² Currency assumptions based on month-end December spot rates (1 EUR=) 1.23 USD, 6.37 BRL, 7.98 CNY, 126 JPY, 24.4 MXN, 91.5 RUB