



Q4 2017 Analyst and Investor Briefing

February 28, 2018

Q4 2017:

- Sales at €8,596 million (+2.7% Fx & portf. adj.)
- EBITDA before special items at €1,783 million (-1.3%)
- Core EPS from continuing operations at €1.41 per share (+28.2%)

FY 2017

- Business at prior-year level - on track with strategy
- Group sales €35.0 billion (Fx & portfolio adj. + 1.5%)
- Another record year for Pharmaceuticals
- Weak business development at Consumer Health
- Crop Science business down against prior year due to Brazil effect - measures taking effect
- EBITDA before special items €9.3 billion (-0.3%)
- Net income €7.3 billion (+61.9%)
- Core earnings per share €6.74 (+1.0%)
- Group outlook for 2018: currency and portfolio-adjusted increase in sales, EBITDA before special items and core EPS at prior year level due to Fx - mid-single-digit percentage increase if currency adjusted

Group Key Figures for Q4 2017 (continuing operations, unless stated differently)

Euro million	Q4 2016	Q4 2017	% y-o-y	Consensus**
Sales	8,823	8,596	-2.7 / 2.7*	8,842
Volume	+3.3%	+5.1%	•	•
Price	+0.3%	-2.4%	•	•
Currency	+0.1%	-5.3%	•	•
Portfolio	±0.0%	±0.0%	•	•
EBITDA	1,541	1,460	-5.3	1,635
Net special items (EBITDA)	-265	-323	•	-156
EBITDA before special items	1,806	1,783	-1.3	1,794
EBIT	586	625	6.7	1,094
Net special items (EBIT)	-587	-632	•	•
EBIT before special items	1,173	1,257	7.2	1,193
Financial result	-224	-258	-15.3	-288
Income taxes	-63	-435	•	•
Income after taxes from cont. operations	299	-68	•	•
Income after taxes from discont. operations	208	218	5.1	102
Net income - total	453	148	-67.3	753
EPS - cont. operations (Euro/share)	0.35	-0.08	•	0.81
EPS - discont. operations (Euro/share)	0.18	0.25	38.9	•
EPS - total (Euro/share)	0.53	0.17	-67.9	•
Core EPS - cont. operations (Euro/share)	1.10	1.41	28.2	1.16
Delta working capital	1,050	1,088	3.6	
Operating cash flow	2,000	2,256	12.8	
CapEx (cash relevant)	770	918	19.2	
Euro million	Sept 30, 2017	Dec. 31, 2017		
Net financial debt	4,749	3,595		
Net pension liability	7,799	7,984		

2016 figures restated
 *) Currency and portfolio adjusted sales growth
 **) Consensus figures as of January 25, 2018 provided by Vara Research GmbH



Bayer Group Forecast 2018

- The following forecast is based on the current business development and our internal planning. The planned acquisition of Monsanto is not yet included in this forecast and is dealt with separately below.
- Our forecast is based on the exchange rates as of December 31, 2017. To enhance the comparability of operating performance, the forecasts are also adjusted for currency effects, applying the average monthly exchange rates from 2017. A 1% appreciation (depreciation) of the euro against all other currencies would decrease (increase) sales on an annual basis by some €250 million and EBITDA before special items by about €70 million.
- For 2018, we expect sales of around €35 billion. This corresponds to a low-to-mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. EBITDA before special items is expected to match the prior-year level (currency-adjusted: mid-single-digit percentage increase). Core earnings per share in continuing operations are expected to come in at the prior-year level (currency-adjusted: increase by a mid-single-digit percentage).
- The forecast takes into account temporary supply interruptions due to remediation measures in production. Bayer expects the impact on adjusted EBITDA to be about 300 million euros. The largest proportion of this amount is related to the Pharmaceuticals Division and a minor part to the Consumer Health Division.

Forecast for Key Financial Data of the Group for 2018

	Closing rates on Dec. 31, 2017	Currency-adjusted
Sales	Prior-year level	Increase by a low-to-mid-single-digit percentage
Development of EBITDA before special items	Prior-year level	Increase by a mid-single-digit percentage
Development of core earnings per share	Prior-year level	Increase by a mid-single-digit percentage

Sales and Earnings Forecast for 2018 by Segment

- For **Pharmaceuticals**, we plan to generate sales of more than €16.5 billion, taking into account product supply constraints out of the Leverkusen Supply Center. This corresponds to a low-single-digit percentage increase on a currency- and portfolio-adjusted basis. We aim to raise sales of our key growth products Xarelto, Eylea, Stivarga, Xofigo and Adempas towards €7 billion. We expect EBITDA before special items to decline by a low-single-digit percentage (currency-adjusted: increase by a low-single-digit percentage), and anticipate a slight decline in the EBITDA margin before special items.
- In the **Consumer Health** segment, we expect sales of more than €5.5 billion, which will be at the prior-year level on a currency- and portfolio adjusted basis. We expect EBITDA before special items to decline by a low-single-digit percentage (currency-adjusted: increase by a low-single-digit percentage).
- For **Crop Science**, we see sales coming in at more than €9.5 billion. This corresponds to a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. We expect to increase EBITDA before special items by a mid-to-high-single-digit percentage (currency-adjusted: mid-teens percentage increase).
- In the **Animal Health** segment, we expect a currency- and portfolio-adjusted increase in sales by a low-single-digit percentage. We expect EBITDA before special items to decline by a mid-single-digit percentage (currency-adjusted: at the prior-year level). Both sales and EBITDA before special items are negatively impacted by the revised financial reporting standards (IFRS 15).



- **Reconciliation:** We expect sales of around €1.5 billion in 2018. We plan EBITDA before special items in the region of minus €0.2 billion.

Forecast for Other Key Data of the Group for 2018

	Closing rates on Dec. 31, 2017
Special charges ¹	around €0.4 billion
Research and development expenses	around €4.1 billion
Capital expenditures	around €2.2 billion
of which for intangible assets	around €0.6 billion
Depreciation and amortization	around €2.2 billion
of which for intangible assets	around €1.2 billion
Financial result	around minus €1 billion
Effective tax rate	20.0%
Net financial debt ²	Net liquidity position

¹ Mainly comprising costs in conjunction with the planned acquisition of Monsanto until closing, restructuring measures and efficiency improvement programs

² Excluding capital and portfolio measures

Outlook including Monsanto

Through the expected acquisition in the second quarter of 2018, we anticipate a significant increase in sales and EBITDA before special items. Based on current assumptions about the equity and financing measures to be undertaken, we expect a moderate decline in core earnings per share. For the first full year following the acquisition, we continue to expect a significant increase in sales and EBITDA before special items, and an increase in core earnings per share.



Pharmaceuticals in Q4 2017

Euro million	Q4 2016	Q4 2017	% y-o-y
Sales	4,275	4,215	-1.4 / 3.6*
EBITDA before special items	1,217	1,235	1.5
EBITDA-margin before special items	28.5%	29.3%	

Consensus**
4,393
1,271
28.9%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of January 25, 2018 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

Euro million	Q4 2016	Q4 2017	% y-o-y	% y-o-y Fx	FY 2016	FY 2017	% y-o-y	% y-o-y Fx
Xarelto	836	914	9.3	12.5	2,928	3,298	12.6	13.9
of which USA	161	178	10.6	10.1	489	519	6.1	6.0
Eylea	426	507	19.0	24.2	1,625	1,880	15.7	18.5
of which USA	0	0	•	•	0	0	•	•
Xofigo	90	101	12.2	20.0	331	408	23.3	25.6
of which USA	59	59	•	8.4	225	242	7.6	9.6
Stivarga	77	80	3.9	12.4	275	315	14.5	17.2
of which USA	42	41	-2.4	7.2	142	166	16.9	19.3
Adempas	70	72	2.9	8.7	254	295	16.1	17.8
of which USA	35	30	-14.3	-3.3	121	144	19.0	21.3
Main Growth Products	1,499	1,674	11.7	16.1	5,413	6,196	14.5	16.3
Mirena family	268	255	-4.9	2.0	1,043	1,126	8.0	9.2
of which USA	178	161	-9.6	-1.3	701	746	6.4	8.1
Kogenate/Kovaltry	288	217	-24.7	-21.2	1,166	967	-17.1	-15.9
of which USA	106	68	-35.8	-30.4	394	322	-18.3	-17.0
Nexavar	224	204	-8.9	-3.3	870	834	-4.1	-2.7
of which USA	80	67	-16.3	-8.8	312	294	-5.8	-4.1
Betaferon/Betaseron	185	152	-17.8	-12.6	734	651	-11.3	-10.0
of which USA	94	80	-14.9	-7.5	386	357	-7.5	-6.1
Adalat	147	147	•	•	624	648	3.8	7.0
of which USA	0	0	•	•	1	0	•	•
YAZ family	159	153	-3.8	-0.1	678	648	-4.4	-4.2
of which USA	21	14	-33.3	-29.3	128	83	-35.2	-34.7
Aspirin Cardio	135	137	1.5	7.1	538	581	8.0	10.5
of which USA	0	0	•	•	0	0	•	•
Glucobay	123	130	5.7	12.3	515	563	9.3	13.0
of which USA	1	0	•	•	3	2	•	•
Gadavist/Gadovist	88	89	1.1	6.3	346	365	5.5	7.2
of which USA	24	25	4.2	10.7	104	116	11.5	12.7
Avalox/Avelox	81	75	-7.4	-13.3	353	333	-5.7	-5.1
of which USA	1	1	•	•	5	7	•	•

%y-o-y Fx: Currency adjusted sales growth

- Price -2.8%, volume +6.4%, currency -4.8%, portfolio -0.2%
- Our key growth products Xarelto, Eylea, Xofigo, Stivarga and Adempas once again delivered strong performance, with their combined sales rising by 16.1% (Fx adj.) to €1,674 million (Q4 2016: €1,499 million).



- We registered a marked decline in sales in our business with **Kogenate**, which was due in particular to a distribution partner placing a lower volume of orders for the active ingredient. After adjusting for this effect, sales of Pharmaceuticals rose by 5.6% (Fx & portfolio adj.).
- Growth in sales of **Xarelto** was mainly due to higher sales in Europe and in Japan. Higher royalty income from J&J - booked as sales - contributed as well.
- Sales of **Eylea** advanced significantly, mainly due to higher volumes in Europe, Canada and Japan.
- We also posted strong gains for **Xofigo**, with business continuing to benefit from a successful market launch in Japan and higher demand in Europe.
- Business expansion with **Stivarga** is mainly reflecting the new approval for the drug as a 2nd-line treatment for patients with hepatocellular carcinoma.
- Sales growth of **Adempas** was chiefly attributable to positive performance in Europe. As in the past, sales of the product reflected the proportionate recognition of the one-time payment resulting from the sGC collaboration with Merck & Co., United States.
- Growth in sales of the **Mirena** product family mainly reflected higher sales in Europe and Latin America. Within Europe we benefitted especially from the successful market launch of Kyleena.
- Sales of **Kogenate / Kovaltry** were significantly lower than in the prior-year quarter due primarily to lower order volumes for the active ingredient placed by a distribution partner.
- We also registered a decline in sales of **Nexavar** that was mainly the result of lower demand in the United States.
- Sales of **Adalat** were flat in the quarter. Lower demand in Europe and in Japan were compensated by expanded volumes in China.
- The decline in business with **Betaferon / Betaseron** continued as a result of lower demand in Europe and the United States.
- Business with the **YAZ** product family remained at prior year level, primarily due to generic competition in the United States. The business developed positively in Japan, where we benefitted from the launch of Yaz-Flex.
- We posted substantial sales gains for **Aspirin Cardio** and **Glucobay** as a result of a persistently favorable market environment in China.
- The increase in sales of **Gadovist** was primarily attributable to the positive development of business in the United States.
- We posted a sharp decline in sales of **Avalox / Avelox** that was mainly the result of lower demand in Europe.
- **EBITDA before special items** of Pharmaceuticals increased by 1.5%. Positive earnings effects resulted primarily from higher volumes, lower cost of goods sold and lower selling expenses. In contrast, negative currency effects diminished earnings by about €40 million.



Consumer Health in Q4 2017

Euro million	Q4 2016	Q4 2017	% y-o-y
Sales	1,539	1,399	-9.1 / -4.2*
EBITDA before special items	372	251	-32.5
EBITDA-margin before special items	24.2%	17.9%	

Consensus**
1,467
304
20.7%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of January 25, 2018 provided by Vara Research GmbH

- Price $\pm 0.0\%$, volume -4.2% , currency -4.9% , portfolio $\pm 0.0\%$
- Sales of Consumer Health continued to be negatively impacted by the US business which is facing a difficult market environment. We also registered a decline in Asia-Pacific driven by a regulatory status change of two of our medicated skincare brands from OTC to prescription status in China which led to a sales decline of €70 million.
- **EBITDA before special items** of Consumer Health declined due to lower volumes, higher cost of goods sold and higher marketing investments. The reverse switch in China led to a shortfall in EBITDA before special items of €50 million. In addition, currency effects diminished earnings by around €20 million. Earnings also included one-time gains in the amount of around €25 million mainly related to the sale of non-core brands.

Crop Science in Q4 2017

Euro million	Q4 2016	Q4 2017	% y-o-y
Sales	2,404	2,263	-5.9 / 1.1*
Crop Protection / Seeds	2,224	2,080	-6.5 / 0.4*
Environmental Science	180	183	1.7 / 9.4*
EBITDA before special items	351	304	-13.4
EBITDA-margin before special items	14.6%	13.4%	

Consensus**
2,367
•
•
324
13.7%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of January 25, 2018 provided by Vara Research GmbH

Q4 2017	Europe / Middle East / Africa		North America		Asia / Pacific		Latin America	
	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx
Crop Science	440	3.7	479	-1.1	358	0.5	986	1.1

%y-o-y Fx: Currency adjusted sales growth

- Price -4.2% , volume $+5.3\%$, currency -7.0% , portfolio $\pm 0.0\%$
- Business in **Europe / Middle East / Africa** benefited from a good autumn season for Insecticides and Fungicides, especially in Eastern Europe.



- Sales in **North America** were almost flat compared to a strong prior-year quarter. A sales decline in the US driven by Herbicides and Insecticides was nearly offset by strong growth in canola seed sales in Canada due to an increase in acreage planted.
- Business in **Asia / Pacific** came also in at prior year level. A sales decline in India where sales were impacted by erratic monsoon rainfalls was compensated by pleasing growth in Japan and several other countries in the region.
- Sales in the **Latin America** region were slightly up year on year. Importantly, the situation in Brazil stabilized. Higher volumes driven by phasing from Q3 and a positive impact from the adjustment of provisions for product returns were partly offset by significantly lower prices in Brazil.
- **EBITDA before special items** of Crop Science decreased primarily driven by significantly lower prices and negative currency effects of €36 million. This was partly offset by a release of provisions for bad debt in Brazil as well as lower operating expense. Adjusted for currency effects, EBITDA before special items declined slightly by 3%.

Animal Health in Q4 2017

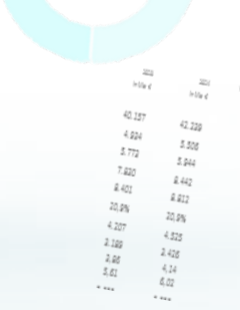
<i>Euro million</i>	Q4 2016	Q4 2017	% y-o-y
Sales	329	322	-2.1 / 1.8*
EBITDA before special items	38	49	28.9
EBITDA-margin before special items	11.6%	15.2%	

Consensus**
335
46
13.7%

*) Currency and portfolio adjusted sales growth

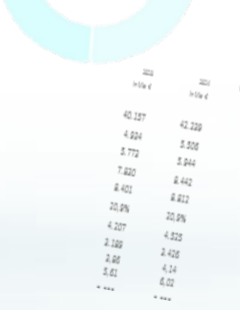
**) Consensus figures as of January 25, 2018 provided by Vara Research GmbH

- Price -0.3%, volume +2.1%, currency -6.1%, portfolio +2.2%
- Sales of Animal Health increased in the fourth quarter driven by gains in all regions except Europe / Middle East / Africa. The Cydectin product portfolio acquired in January 2017 contributed as well.
- **EBITDA before special items** of Animal Health increased significantly due to positive contributions from the Cydectin business we acquired and due to lower selling expenses.



Key figures for Q4 2017

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Group	
	Q4'16	Q4'17	Q4'16	Q4'17	Q4'16	Q4'17	Q4'16	Q4'17	Q4'16	Q4'17	Q4'16	Q4'17
	€ million		€ million		€ million		€ million		€ million		€ million	
Sales	4,275	4,215	1,539	1,399	2,404	2,263	329	322	276	397	8,823	8,596
Sales by region:												
Europe / Middle East / Africa	1,684	1,720	499	491	431	440	84	82	264	382	2,962	3,115
North America	1,107	1,027	649	581	527	479	129	126	1	6	2,413	2,219
Asia / Pacific	1,203	1,188	194	145	384	358	79	79	2	4	1,862	1,774
Latin America	281	280	197	182	1,062	986	37	35	9	5	1,586	1,488
EBITDA	1,065	1,107	334	197	314	193	34	28	-206	-65	1,541	1,460
Special items	-152	-128	-38	-54	-37	-111	-4	-21	-34	-9	-265	-323
EBITDA before special items	1,217	1,235	372	251	351	304	38	49	-172	-56	1,806	1,783
EBITDA margin before special items	28.5%	29.3%	24.2%	17.9%	14.6%	13.4%	11.6%	15.2%	-62.3%	-14.1%	20.5%	20.7%
EBIT	606	795	68	-110	153	64	25	10	-266	-134	586	625
Special items	-310	-187	-199	-258	-39	-155	-5	-23	-34	-9	-587	-632
EBIT before special items	916	982	267	148	192	219	30	33	-232	-125	1,173	1,257
EBIT margin before special items	21.4%	23.3%	17.3%	10.6%	8.0%	9.7%	9.1%	10.2%	-84.1%	-31.5%	13.3%	14.6%
Operating cash flow	1,326	1,330	221	297	622	552	85	75	-254	2	2,000	2,256
Financial result											-224	-258
Income after taxes from continuing operations											299	-68
Income after taxes from discontinued operations											208	218
Net income											453	148
Earnings per share - continuing operations (€)											0.35	-0.08
Earnings per share - discontinued operations (€)											0.18	0.25
Earnings per share (€)											0.53	0.17
Core earnings per share - continuing operations (€)											1.10	1.41
CapEx (cash effective)											770	918
R&D											1,245	1,234
D&A and Write-downs	459	312	266	307	161	129	9	18	60	69	955	835
Employees at end of period	40,093	38,295	12,821	11,760	22,399	20,736	3,957	3,582	20,322	25,501	99,592	99,820
2016 figures restated												



Key figures for FY 2017

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Group	
	FY'16	FY'17	FY'16	FY'17	FY'16	FY'17	FY'16	FY'17	FY'16	FY'17	FY'16	FY'17
	€ million		€ million		€ million		€ million		€ million		€ million	
Sales	16,420	16,847	6,037	5,862	9,915	9,577	1,523	1,571	1,048	1,158	34,943	35,015
Sales by region:												
Europe / Middle East / Africa	6,417	6,521	1,918	1,962	3,290	3,335	445	442	992	1,128	13,062	13,388
North America	4,194	4,229	2,627	2,480	2,616	2,772	621	655	8	7	10,066	10,143
Asia / Pacific	4,775	5,013	781	738	1,548	1,563	300	317	9	6	7,413	7,637
Latin America	1,034	1,084	711	682	2,461	1,907	157	157	39	17	4,402	3,847
EBITDA	5,084	5,576	1,296	1,145	2,280	1,716	343	352	-202	-226	8,801	8,563
Special items	-167	-135	-115	-86	-141	-327	-6	-29	-88	-148	-517	-725
EBITDA before special items	5,251	5,711	1,411	1,231	2,421	2,043	349	381	-114	-78	9,318	9,288
EBITDA margin before special items	32.0%	33.9%	23.4%	21.0%	24.4%	21.3%	22.9%	24.3%	-10.9%	-6.7%	26.7%	26.5%
EBIT	3,389	4,325	695	518	1,755	1,235	313	307	-414	-482	5,738	5,903
Special items	-558	-340	-292	-300	-143	-408	-7	-31	-88	-148	-1,088	-1,227
EBIT before special items	3,947	4,665	987	818	1,898	1,643	320	338	-326	-334	6,826	7,130
EBIT margin before special items	24.0%	27.7%	16.3%	14.0%	19.1%	17.2%	21.0%	21.5%	-31.1%	-28.8%	19.5%	20.4%
Operating cash flow	3,368	3,867	874	1,059	2,071	1,884	193	209	-71	-408	6,435	6,611
Financial result											-965	-1,326
Income after taxes from continuing operations											3,756	3,248
Income after taxes from discontinued operations											1,070	4,846
Net income											4,531	7,336
Earnings per share - continuing operations (€)											4.50	3.73
Earnings per share - discontinued operations (€)											0.94	4.68
Earnings per share (€)											5.44	8.41
Core earnings per share - continuing operations (€)											6.67	6.74
CapEx (cash effective)											2,163	2,084
R&D											4,405	4,504
D&A and Write-downs	1,695	1,251	601	627	525	481	30	45	212	256	3,063	2,660
Employees at end of period	40,093	38,295	12,821	11,760	22,399	20,736	3,957	3,528	20,322	25,501	99,592	99,820
2016 figures restated												



	2017	2016
EBIT	42.127	42.339
Umsatzerlöse	4.824	5.558
EBIT	5.772	5.944
EBIT vor Sondererf. Rückw.	7.420	8.442
EBITDA	8.422	8.822
EBITDA vor Sondererf. Rückw.	20.296	20.296
Ergebnis vor Sondererf. Rückw.	4.707	4.822
Ergebnis vor Ertragsteuern	3.139	2.428
Ergebnis	3.06	4.14
Ergebnis vor Ertragsteuern	3.81	6.02



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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 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.