



CEO Werner Baumann at the Annual Stockholders' Meeting of Bayer AG:

“We made great progress – both operationally and strategically”

- Bayer now the leader in agriculture
- Lawsuits and first verdicts concerning glyphosate weigh on company
- Sales and earnings increased in 2018
- Proposed dividend of 2.80 euros marks record payout by Bayer
- Successful start to fiscal 2019 – outlook confirmed

Leverkusen/Bonn, April 26, 2019 – The Bayer Group can look back on a successful yet difficult year. “We made great progress – both operationally and strategically,” said Werner Baumann, Chairman of the Board of Management, on Friday at the company’s Annual Stockholders’ Meeting in Bonn. On the other hand, shareholders saw a substantial decline in the share price, he added. “There’s no getting around it. The lawsuits and the first verdicts concerning glyphosate are placing a heavy burden on our company and worrying many people,” Baumann explained. The current share price does not reflect the company’s true value, he said, adding that Bayer is working relentlessly to successfully defend itself in the appeal proceedings and the coming trials.

The CEO also spoke again in detail about the acquisition of Monsanto. Bayer is now the leader in agriculture, Baumann noted. “Given the outstanding positions of our businesses, the great potential for our customers, the possibilities for more sustainable agriculture and also the economic rationale, the acquisition of Monsanto was and remains the right move for Bayer,” he continued. The integration is proceeding faster than planned and successfully on the whole, he added.

Baumann also justified the acquisition as an important step in the company’s strategic development. “In recent years, we’ve consistently aligned our business to long-term growth trends in attractive markets, and in doing so we’ve developed Bayer into a

focused, fast-growing and profitable enterprise.” As a leading life science company for health and nutrition, Bayer is in a position to help solve some of the biggest social challenges of our time, such as combating hunger and improving health care, Baumann said.

In the agriculture industry, Bayer has leading businesses in chemical and biological crop protection, in seeds and in digital farming. “Today we are already more profitable than our direct competitors. We have the right people and an outstanding regional positioning, which enables us to continue increasing our earning power and outpace market growth in the coming years,” he explained. “What’s more, our innovation capability puts us in a better position than any other company to contribute to more sustainable agriculture and at the same time ensure an adequate supply of healthy food.”

In addition, the transaction is financially worthwhile, he noted. “We will realize one billion euros a year in synergies from the Monsanto acquisition from 2022 onward,” Baumann added. The divestments to BASF that were required for antitrust reasons were accomplished at an attractive price of 7.3 billion euros and with a gain of 4.0 billion euros, Baumann pointed out. In addition, the company’s financial debt level is now much lower than expected, he added.

“The safety of our customers always comes first”

“Throughout the world, Bayer stands for quality, transparency and trust. This reputation is in line with our mission as a leading life science enterprise and at the same time provides an incentive for our work in the future. That’s also the case for the combined Crop Science business, which we will run according to Bayer standards – just like all our businesses. With no ifs or buts,” Baumann said. “For all of us here at Bayer, the safety of customers, patients and consumers always comes first everywhere.”

Prior to the signing of the acquisition agreement with Monsanto in September 2016, the Board of Management discussed the transaction in great detail and carefully weighed the opportunities and risks involved, Baumann stressed. This naturally included an assessment of the risks associated with glyphosate, he noted. Based on all the information available, the Board of Management considered the liability risk in connection with glyphosate to be low, Baumann said. Overall, the Board of Management acted conscientiously in every respect, the CEO added. That is the conclusion reached in an

external expert opinion from the leading law firm Linklaters which the Supervisory Board commissioned in September 2018, and in a second independent opinion given by Professor Mathias Habersack of Munich University in the spring of 2019.

Bayer's assessment of glyphosate is based on science and on the practical experience of farmers over a period of more than 40 years, Baumann continued. Regulatory authorities worldwide have approved glyphosate-based products and have confirmed time and again that, when used as directed, glyphosate is a safe product that does not cause cancer. After the International Agency for Research on Cancer – the IARC – classified glyphosate as “probably carcinogenic” in 2015, the major regulatory authorities carried out a thorough reassessment – and confirmed their previous evaluation. Bayer therefore remains convinced of the safety of glyphosate, Baumann said.

Number of lawsuits continues to rise as expected

Baumann also highlighted the tremendous importance of glyphosate for the global food supply and for sustainable agriculture that uses less land, causes less soil erosion and releases less carbon dioxide. “Farmers throughout the world are using glyphosate responsibly to protect their harvests and provide people with food. For these reasons we will continue to vigorously defend glyphosate – also on behalf of our customers,” he said.

Meanwhile, the number of lawsuits has continued to rise, as expected. As of April 11, 2019, lawsuits from approximately 13,400 plaintiffs had been served upon Monsanto. “This figure says nothing about whether the allegations are justified or not,” Baumann noted. In addition, there is not a single final judgment relating to glyphosate at the present time, but two first-instance jury verdicts, he added. Bayer has appealed the first decision, in the Dewayne Johnson case, and will also challenge the second decision, in the Edwin Hardeman case.

Successful start to fiscal 2019

Bayer attained its 2018 operational targets, based on the forecast updated since the closing of the acquisition. To enable its stockholders to appropriately share in its success, the company proposes paying a dividend of 2.80 euros per share as in the prior year. This gives a record payout by the company due to the larger number of shares.

Sales of the Bayer Group in 2018 increased by 4.5 percent on a currency- and portfolio-adjusted basis (Fx & portfolio adj.) to around 39.6 billion euros. On a reported basis, sales were up by 13.1 percent. EBITDA before special items rose by 2.8 percent to approximately 9.5 billion euros despite negative currency effects. Core earnings per share from continuing operations were above expectations, at 5.94 euros, with the 10.5 percent decrease relating in part to the higher number of shares.

Baumann went on to thank the company's employees for their commitment. "With their tremendous dedication that in many cases far exceeded the norm, they also played a crucial role in the achievement of our operational targets last year."

Bayer has also made a successful start to 2019, with first-quarter sales rising by 4.1 percent (Fx & portfolio adj.) to around 13 billion euros. On a reported basis, sales were up by 42.4 percent, primarily due to the acquisition. EBITDA before special items advanced by 44.6 percent to 4.2 billion euros, despite negative currency effects diminishing earnings of the pre-acquisition Bayer businesses alone by 110 million euros.

For full-year 2019, the company expects sales to amount to around 46 billion euros. This corresponds to an increase of approximately 4 percent on a currency- and portfolio-adjusted basis. EBITDA before special items is seen rising to approximately 12.2 billion euros in 2019, and core earnings per share to around 6.80 euros.

Good progress with announced portfolio measures

Referring to the comprehensive series of portfolio, efficiency and structural measures the Board of Management and Supervisory Board decided on last November, Baumann said: "In this way we aim to further strengthen our core businesses and significantly raise the company's productivity and earning power." Alongside the announced divestment of the Coppertone™ and Dr. Scholl's™ brands, the portfolio measures include selling the company's 60-percent interest in Currenta and exiting the animal health business. "We are making good progress with all of these projects," said Baumann, who underlined the company's intention to sell Animal Health, as communicated the day before. However, Bayer will continue to consider all value-maximizing exit options, he noted.

The efficiency and structural measures involve the planned reduction of around 12,000 jobs worldwide by the end of 2021, including 4,500 in Germany. "We are aware of

the implications of these decisions for our employees and are therefore implementing the measures fairly, responsibly and in close collaboration with the employee representatives,” Baumann said.

He also confirmed Bayer’s ambitious medium-term targets. Disregarding the portfolio measures and based on 2018 exchange rates, Bayer aims to increase EBITDA before special items to approximately 16 billion euros by 2022, and core earnings per share to around 10 euros. Bayer also intends to invest a total of 35 billion euros in the company’s further development through 2022, with research and development accounting for over two-thirds of this figure. “These expenditures stand for our confidence in the future and our firm belief that we can shape the future with innovative solutions,” Baumann said.

About Bayer

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to benefit people by supporting efforts to overcome the major challenges presented by a growing and aging global population. At the same time, the Group aims to increase its earning power and create value through innovation and growth. Bayer is committed to the principles of sustainable development, and the Bayer brand stands for trust, reliability and quality throughout the world. In fiscal 2018, the Group employed around 117,000 people and had sales of 39.6 billion euros. Capital expenditures amounted to 2.6 billion euros, R&D expenses to 5.2 billion euros. For more information, go to www.bayer.com.

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Forward-Looking Statements

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