



Q3 2018 Analyst and Investor Briefing

November 13, 2018

- Good performance in a challenging environment
- Group sales €9.9 billion (Q3 2017: €8.0 billion; Fx & portfolio adj. +1.9%)
- EBITDA before special items level year on year at €2.2 billion (-0.1%)
- Business performance at Pharmaceuticals remains strong
- Consumer Health with increase in sales (Fx & portfolio adj.), while currency effects weigh on earnings
- Crop Science posts substantial rise in sales and earnings due to Monsanto contribution – successful start to integration process
- Sales and earnings of Animal Health decline following a strong second quarter
- €3.9 billion one-time gain (before taxes) from divestments
- Net income €2.9 billion
- Core earnings per share €1.19
- Adjusted 2018 Group outlook confirmed

The full interim report is available at <https://www.investor.bayer.com/en/reports/quarterly-reports/>

Group Key Figures for Q3 2018

Euro million	Q3 2017	Q3 2018	% y-o-y	Consensus**
Sales	8,025	9,905	23.4 / 1.9*	10,032
Volume	2.2%	2.8%	•	•
Price	-1.0%	-0.9%	•	•
Currency	-4.1%	-2.6%	•	•
Portfolio	0.1%	24.1%	•	•
EBITDA	1,969	5,333	170.8	•
Net special items (EBITDA)	-235	3,131	•	1,119
EBITDA before special items	2,204	2,202	-0.1	2,079
EBIT	1,388	4,423	218.7	•
Net special items (EBIT)	-249	3,123	•	•
EBIT before special items	1,637	1,300	-20.6	•
Financial result	-403	-678	-68.2	-496
Income taxes	-212	-851	•	•
Income after income taxes	4,196	2,894	-31.0	•
Net income	3,881	2,886	-25.6	1,837
EPS (Euro/share)	4.38	2.94	-32.9	•
Core EPS (Euro/share)	1.45	1.19	-17.9	1.03
Delta working capital	658	1,366	•	•
Operating cash flow	1,903	2,051	7.8	•
CapEx (cash relevant)	441	659	49.4	•
Euro million	June 30, 2018	Sept. 30, 2018		
Net financial debt	44,697	36,524		
Net pension liability	8,181	7,798		

2017 figures restated
 *) Currency and portfolio adjusted sales growth
 **) Consensus figures as of November 5, 2018 provided by Vara Research GmbH



Core Earnings per Share

<i>Euro million</i>	Q3 2017	Q3 2018
EBIT (as per income statement)	1,388	4,423
Amortization and impairment losses / loss reversals on intangible assets	319	578
Impairment losses / loss reversals on property, plant and equipment, and accelerated depreciation included in special items	22	10
Special items (other than accelerated depreciation, amortization and impairment losses / loss reversals)	235	-3,131
Core EBIT	1,964	1,880
Financial result (as per income statement)	-403	-678
Special items in the financial result	162	166
Income taxes (as per income statement)	-212	-851
Special items in income taxes	0	84
Tax effects related to amortization, impairment losses / loss reversals and special items	-228	572
Income after income taxes attributable to non-controlling interest (as per income statement)	3	-8
Core net income from continuing operations	1,286	1,165
Weighted average number of shares	885,546,889	980,151,964
Core earnings per share from continuing operations (Euro)	1.45	1.19

2017 figures restated

Sales and Earnings Contribution from Monsanto

- The Monsanto business contributed €2,199 million in sales and €255 million in EBITDA before special items in the quarter.

Bayer Group Forecast 2018

- We confirm the outlook for the Bayer Group that was updated in the second quarter of 2018 to reflect the acquisition, although the forecasts for Consumer Health and Animal Health are now becoming increasingly ambitious.

Forecast for key Financial Data of the Group for 2018

	Closing rates on Sept. 30, 2018	Currency adjusted
Sales	More than €39 billion	Increase by a mid-single-digit percentage*
Development of EBITDA before special items	Increase by a low- to mid-single-digit percentage	Increase by a high-single-digit percentage
Development of core earnings per share	€5.70 - €5.90	Decrease by a high-single-digit percentage

*) adjusted for currency and portfolio effects



Pharmaceuticals in Q3 2018

Euro million	Q3 2017	Q3 2018	% y-o-y	Consensus**
Sales	4,065	4,163	2.4 / 4.8*	4,104
EBITDA before special items	1,493	1,554	4.1	1,387
EBITDA-margin before special items	36.7%	37.3%		33.8%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of November 5, 2018 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

Euro million	Q3 2017	Q3 2018	% y-o-y	% y-o-y cpa
Xarelto	799	933	16.8	18.8
of which USA	138	140	1.4	1.5
Eylea	469	541	15.4	17.9
of which USA	0	0	•	•
Xofigo	102	89	-12.7	-13.0
of which USA	59	54	-8.5	-9.0
Adempas	75	90	20.0	22.1
of which USA	38	44	15.8	13.6
Stivarga	77	77	0.0	1.9
of which USA	40	37	-7.5	-10.1
Main Growth Products	1,522	1,730	13.7	15.7
Mirena family	280	280	0.0	0.6
of which USA	190	185	-2.6	-3.0
Kogenate/Kovaltry/Jivi	215	212	-1.4	-1.0
of which USA	69	79	14.5	13.2
Nexavar	194	180	-7.2	-5.0
of which USA	66	60	-9.1	-11.4
YAZ family	167	167	0.0	6.1
of which USA	24	20	-16.7	-16.0
Glucobay	136	154	13.2	14.3
of which USA	1	0	•	•
Adalat	156	143	-8.3	-6.4
of which USA	0	0	•	•
Aspirin Cardio	139	133	-4.3	-0.5
of which USA	0	0	•	•
Betaferon/Betaseron	143	133	-7.0	-6.2
of which USA	75	71	-5.3	-6.8
Gadavist/Gadovist	90	89	-1.1	1.0
of which USA	30	29	-3.3	-4.7
Stellant	82	87	6.1	6.4
of which USA	58	63	8.6	7.7

%y-o-y cpa: Currency and portfolio adjusted sales growth

- Price -2.3%, volume +7.1%, currency -2.1%, portfolio -0.3%
- At Pharmaceuticals, our key growth products Xarelto, Eylea, Xofigo, Stivarga and Adempas once again showed strong performance overall, with their combined sales rising by 15.7% (Fx & portfolio adj.) to €1,730 million (Q3 2017: €1,522 million). Combined sales of the 15 best-selling Pharmaceuticals products advanced by 7.8% (Fx & portfolio adj.). All regions contributed to this growth on a currency- and portfolio-



adjusted basis, with an especially positive development registered in Europe and China. Sales were held back by expected temporary supply disruptions for some of our established products, such as Adalat and Aspirin Cardio, as was the case in the first six months.

- We once again posted robust sales gains for **Xarelto**, due mainly to higher volumes in Europe, particularly in Germany, and China. Our license revenues – recognized as sales in the United States, where Xarelto is marketed by a subsidiary of Johnson & Johnson – were up slightly year on year.
- We significantly increased sales of **Eylea** compared with the prior-year quarter, primarily due to higher volumes in Europe and Canada. We also benefited from the differentiated clinical profile of Eylea compared with rival products.
- We registered a significant decline in sales of **Xofigo** that was attributable to lower volumes particularly in the United States and Japan. This was mainly due to the Phase III trial of radium-223 dichloride in combination with abiraterone acetate and prednisone / prednisolone being halted prematurely in November 2017.
- Business with **Adempas** expanded significantly due to positive business development in the United States and Europe. As in the past, sales reflected the proportionate recognition of the upfront and milestone payments resulting from the sGC collaboration with Merck & Co., United States.
- We registered a slight increase in sales of **Stivarga** on a currency- and portfolio-adjusted basis, primarily in China, where we continued to benefit from the market launches undertaken in previous years. In the United States, however, sales were down due to a highly competitive market environment.
- Sales of the **Mirena** product family (Mirena, Kyleena and Jaydess / Skyla) were flat with the prior-year quarter. Business in China, Canada and Brazil benefited from a considerable expansion of volumes, while sales declined in the United States due to lower demand.
- Sales of **Kogenate / Kovaltry / Jivi** came in slightly below the level of the prior-year quarter. Sales declines for Kogenate were almost completely offset by encouraging sales gains for Kovaltry.
- Sales of **Nexavar** declined in the face of continuing high competitive pressure in the United States and Japan. Strong sales growth in China was not sufficient to offset this effect.
- Sales were down for **Adalat**. Expanded volumes in China did not suffice to compensate for declines in Japan and Canada.
- Sales of **YAZ / Yasmin / Yasminelle** saw encouraging development on a currency- and portfolio-adjusted basis. This was primarily attributable to good business development in China and Japan following a product line extension in those countries in the previous year to include YAZ Flex, which more than offset the lower demand in the United States.
- We posted strong gains for **Glucobay** that were driven by a robust expansion of volumes in China.
- Sales of Aspirin Cardio were level with the prior-year quarter on a currency- and portfolio-adjusted basis. Gains in China stood against declines in Europe.
- The decline in sales of **Betaferon / Betaseron** was mainly attributable to the competitive market environment in the United States.
- Business with our **Stellant** contrast agent injection system benefited from higher volumes, particularly in the United States.
- **EBITDA before special items** of Pharmaceuticals rose by 4.1%. Adjusted for negative currency effects in the amount of €73 million, earnings were up by 9.0%. This increase was predominantly attributable to the very good development of business – especially for our key growth products – and to income of approximately €190 million from a Xarelto development collaboration with Janssen Research & Development, LLC, a subsidiary of Johnson & Johnson. The principal negative effects on earnings resulted from temporary supply disruptions and an increase in the cost of goods sold. In addition, the prior-year figure included a one-time gain in the mid-double-digit millions.



Consumer Health in Q3 2018

Euro million	Q3 2017	Q3 2018	% y-o-y	Consensus**
Sales	1,320	1,297	-1.7 / 3.0*	1,294
EBITDA before special items	274	248	-9.5	271
EBITDA-margin before special items	20.8%	19.1%		20.9%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of November 5, 2018 provided by Vara Research GmbH

- Price -0.5%, volume 3.5%, currency -4.1%, portfolio -0.6%
- Sales of Consumer Health increased by 3.0% (Fx & portfolio adj.) in the third quarter of 2018, to €1,297 million. All regions contributed to this growth on a currency- and portfolio-adjusted basis. We registered a substantial increase in Asia / Pacific in particular.
- **EBITDA before special items** of Consumer Health declined by 9.5%. Adjusted for negative currency effects of €23 million, earnings were almost level with the prior-year period (-1.1%). Higher volumes, lower selling expenses and a decrease in general administration expenses had a positive impact on earnings. By contrast, prior-period earnings included one-time gains of approximately €30 million that mainly related to the sale of non-core brands.

Crop Science in Q3 2018

Euro million	Q3 2017	Q3 2018	% y-o-y	Consensus**
Sales	2,031	3,733	83.8 / -9.5*	3,923
EBITDA before special items	307	386	25.7	403
EBITDA-margin before special items	15.1%	10.3%		10.3%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of November 5, 2018 provided by Vara Research GmbH

Crop Science sales by business unit

Euro million	Q3 2017	Q3 2018	% y-o-y	%y-o-y Fx and portf. adj.
Crop Science	2,031	3,733	83.8	-9.5
Herbicides	454	1,171	157.9	-13.2
Corn Seed & Traits	13	600	•	-15.8
Soybean Seed & Traits	48	392	•	-9.9
Fungicides	553	453	-18.1	-15.0
Insecticides	421	353	-16.2	-13.8
Environmental Science	149	206	38.3	6.1
Vegetable Seed	85	266	•	10.7
Other	308	292	-5.2	-1.4



Crop Science sales by region

Q3 2018	Europe / Middle East / Africa		North America		Asia / Pacific		Latin America	
	Euro million	% y-o-y cpa	Euro million	% y-o-y cpa	Euro million	% y-o-y cpa	Euro million	% y-o-y cpa
Crop Science	817	-7.9	948	5.4	452	-5.3	1,516	-20.4

%y-o-y cpa: Currency and portfolio adjusted sales growth

- Price 1.0%, volume -10.5%, currency -3.0%, portfolio +96.3%
- Crop Science posted sales of €3,733 million. The businesses divested to BASF contributed approximately €100 million to third-quarter sales prior to the closing of the respective transactions in August. Sales increased by 83.8% on a reported basis, thanks mainly to a positive portfolio effect of 96.3% due to the acquisition of Monsanto (€2,199 million) less the prorated contribution from the divested businesses in the prior year (€243 million). Sales were also impacted by a negative currency effect of 3.0%. The 9.5% decline on a currency- and portfolio-adjusted basis resulted especially from the accounting measures taken in Brazil in the prior year and lower volumes in the Europe / Middle East / Africa region.
- Sales in the **Europe / Middle East / Africa** region increased by 59.3% (Fx adj.) to €817 million, with a portfolio effect of €353 million. Sales fell by 7.9% on a currency- and portfolio-adjusted basis. The SeedGrowth business (Other) saw a decline due to a loss of registration in France. We also saw a decline in sales at Herbicides and Fungicides as a result of the dry weather.
- Sales in **North America** increased by 145.5% (Fx adj.) to €948 million, with a portfolio effect of €541 million. The 5.4% increase on a Fx- and portf.-adjusted basis was mainly attributable to the Fungicides business, which posted gains due partly to a product launch in Canada, and the SeedGrowth business (Other). We also registered double-digit-percentage sales growth at Environmental Science. By contrast, there was a decline in sales at Soybean Seed & Traits, and sales of selective herbicides were down in the U.S.
- In the **Asia / Pacific** region, sales increased by 23.1% (Fx adj.) to €452 million, with a portfolio effect of €107 million. Sales fell by 5.3% on a Fx- and portf.-adjusted basis. Insecticides in particular saw a decline in sales in India against a strong prior-year quarter due to the introduction of a new sales tax system in the previous year.
- In **Latin America**, sales advanced by 108.7% (Fx adj.) to €1,516 million, with a portfolio effect of €955 million. Sales fell by 20.4% after adjusting for currency and portfolio effects, due primarily to the accounting measures taken in Brazil in the prior year. We posted a slight increase in sales overall in the other Latin American countries on a currency- and portfolio-adjusted basis.
- **EBITDA before special items** of Crop Science climbed by 25.7% to €386 million. This increase was primarily attributable to earnings contributions from the newly acquired business in the amount of €255 million. Negative factors included the aforementioned accounting measures taken in Brazil in the prior year, lower volumes in Europe, higher other operating income in the prior-year quarter, the prorated Q3 2017 earnings contributions from the businesses divested to BASF, and a negative currency effect of €59 million (excluding the acquired business).

Pro-forma Sales of Crop Science by Business Unit (unaudited)

Due to the scope of the acquired activities and the seasonality of the business, we are presenting sales by strategic business entity on an unaudited, pro-forma basis, to more transparently reflect the underlying operational business development for the combined business of Crop Science and Monsanto, among other reasons. In this context, sales are presented as if both the acquisition of Monsanto and the associated divestitures had taken place already as of January 1, 2017.



Euro million	Q3 2017	Q3 2018	% y-o-y	%y-o-y Fx and portf. adj.
Crop Science	3,704	3,578	-3.4	1.4
Herbicides	1,079	1,132	4.9	9.7
Corn Seed & Traits	572	600	4.9	9.2
Soybean Seed & Traits	303	375	23.8	39.8
Fungicides	552	453	-17.9	-13.8
Insecticides	421	353	-16.2	-12.7
Environmental Science	208	206	-1.0	0.7
Vegetable Seed	217	228	5.1	7.3
Other	352	231	-34.4	-31.0

The unaudited pro forma data are presented as if both the acquisition of Monsanto and the associated divestments had taken place as of January 1, 2017. Sales of Monsanto are presented in periods as per the Bayer fiscal year. One-time effects of business operations, the accounting for discount operations and the recognition and measurement of sales from certain business transactions have been adjusted in line with our accounting. Due to this simplified procedure, they explicitly do not reflect sales according to IFRS or IDW RH HFA 1.004.

- Sales in the third quarter of 2018 increased by 1.4% (Fx adj.) on a pro-forma basis.
- The increase at Herbicides resulted mostly from higher prices and from higher volumes in Latin America and North America. This was partly offset by the accounting measures taken in Brazil in the prior year.
- Corn Seed & Traits developed positively, particularly in North America, thanks to seasonal shifts and a strong start to the season in Latin America.
- The increase in sales at Soybean Seed & Traits was attributable especially to phasing from the upcoming quarters as well as the higher market penetration achieved by Intacta RR2 PRO™ in Latin America.
- At Fungicides and Insecticides, we registered a decline in sales due to the accounting measures taken in Brazil in the prior year and weather conditions in Europe.
- The decline at Other was attributable particularly to SeedGrowth and the aforementioned loss of registration in France, as well as to a decline in the rapeseed / canola market in Europe.

Animal Health in Q3 2018

Euro million	Q3 2017	Q3 2018	% y-o-y	Consensus**
Sales	359	304	-15.3 / -13.5*	358
EBITDA before special items	81	44	-45.7	75
EBITDA-margin before special items	22.6%	14.5%		20.9%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of November 5, 2018 provided by Vara Research GmbH

- Price -0.6%, volume -12.9%, currency -1.8%, portfolio ±0.0%
- Sales of Animal Health in the third quarter of 2018 fell by 13.5%. Business in the North America region declined sharply due to shifts in demand from the third quarter into the first six months. Sales were also down year on year in the Europe / Middle East / Africa and Latin America regions. By contrast, we achieved gains in the Asia / Pacific region on a currency- and portfolio adjusted basis. Sales continue to be negatively impacted by amended financial reporting standards (IFRS 15).
- **EBITDA before special items** of Animal Health declined by 45.7%. Adjusted for negative Fx-effects in the amount of €3 million, earnings were down by 42.0%. This significant decline is primarily attributable to lower volumes, mainly due to shifts in demand from the third quarter into the first half of the year, and to a negative impact on earnings from the application of IFRS 15. A decline in expenses, especially selling expenses, was insufficient to offset these negative factors.



Key Figures for Q3 2018

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Group	
	Q3'17	Q3'18	Q3'17	Q3'18	Q3'17	Q3'18	Q3'17	Q3'18	Q3'17	Q3'18	Q3'17	Q3'18
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	4,065	4,163	1,320	1,297	2,031	3,733	359	304	250	408	8,025	9,905
Sales by region:												
Europe / Middle East / Africa	1,548	1,627	430	421	525	817	94	77	250	403	2,847	3,345
North America	1,028	1,031	537	538	386	948	144	112	0	5	2,095	2,634
Asia / Pacific	1,223	1,268	178	188	380	452	82	81	-1	2	1,862	1,991
Latin America	266	237	175	150	740	1,516	39	34	1	-2	1,221	1,935
EBITDA	1,496	1,538	257	259	199	3,555	73	41	-56	-60	1,969	5,333
Special items	3	-16	-17	11	-108	3,169	-8	-3	-105	-30	-235	3,131
EBITDA before special items	1,493	1,554	274	248	307	386	81	44	49	-30	2,204	2,202
EBITDA margin before special items	36.7%	37.3%	20.8%	19.1%	15.1%	10.3%	22.6%	14.5%	19.6%	-7.4%	27.5%	22.2%
EBIT	1,209	1,299	155	162	84	3,054	64	31	-124	-123	1,388	4,423
Special items	3	-16	-18	9	-121	3,163	-8	-3	-105	-30	-249	3,123
EBIT before special items	1,206	1,315	173	153	205	-109	72	34	-19	-93	1,637	1,300
EBIT margin before special items	29.7%	31.6%	13.1%	11.8%	10.1%	-2.9%	20.1%	11.2%	-7.6%	-22.8%	20.4%	13.1%
Operating cash flow	1,036	928	200	210	841	1,244	68	99	-242	-430	1,903	2,051
Financial result											-403	-678
Income after taxes from continuing operations											773	2,894
Income after taxes from discontinued operations											3,423	0
Net income											3,881	2,886
Earnings per share (€)											4.38	2.94
Core earnings per share - continuing operations (€)											1.45	1.19
CapEx, cont. operations (cash effective)											441	659
R&D	287	239	102	97	115	501	9	10	68	63	1,079	1,180
D&A and Write-downs	38,110	38,918	12,050	11,391	20,747	38,324	3,554	3,767	25,384	25,796	99,845	118,196
Employees at end of period												
2017 figures restated												



Bayer Investor Relations Team

Bayer AG
 Investor Relations
 51368 Leverkusen, Germany
 E-mail: ir@bayer.com
 Internet: <http://www.investor.bayer.com>

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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: the risk that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected timeframes (or at all) and to successfully integrate the operations of Monsanto Company (“Monsanto”) into those of Bayer Aktiengesellschaft (“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 difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater or more significant than expected following the transaction; the retention of certain key employees at Monsanto; the parties’ ability to meet expectations regarding the accounting and tax treatments of the merger; the impact of refinancing the loans taken out for the transaction; the impact of indebtedness incurred by Bayer in connection with the transaction and the potential impact on Bayer’s rating of indebtedness; 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 U.S. Securities and Exchange Commission (the “SEC”) for the fiscal year ended August 31, 2017, and Monsanto’s other filings with the SEC, which are available at <http://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 assumes 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 hereof.

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