



Bayer AG  
Investor Relations  
51368 Leverkusen  
Germany  
www.investor.bayer.com

## Q1 2017 Analyst and Investor Briefing April 27, 2017

- Strong start to the year for Bayer
- Group sales increase to €13.2 billion (Fx & portfolio adj.: + 9.4%)
- EBITDA before special items raised to €3.9 billion (+ 14.9%)
- Growth momentum across all segments
- Very good business development at Pharmaceuticals
- Significant increase in sales and earnings at Covestro
- Net income €2.1 billion (+37.9%)
- Core earnings per share €2.62 (+11.5%)
- Group outlook for 2017 raised, driven by Covestro performance

### Group Key Figures for Q1 2017 (continuing operations, unless stated differently)

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	<b>11,854</b>	<b>13,244</b>	<b>11.7 / 9.4*</b>	<b>12,647</b>
Volume	+5.2%	+5.9%	•	•
Price	-2.0%	+3.5%	•	•
Currency	-2.8%	+2.3%	•	•
Portfolio	+0.1%	0.0%	•	•
<b>EBITDA</b>	<b>3,359</b>	<b>3,846</b>	<b>14.5</b>	<b>3,497</b>
<b>Net special items (EBITDA)</b>	<b>-28</b>	<b>-47</b>	<b>•</b>	<b>-79</b>
<b>EBITDA before special items</b>	<b>3,387</b>	<b>3,893</b>	<b>14.9</b>	<b>3,563</b>
<b>EBIT</b>	<b>2,320</b>	<b>3,116</b>	<b>34.3</b>	<b>2,733</b>
<b>Net special items (EBIT)</b>	<b>-272</b>	<b>-85</b>	<b>•</b>	<b>•</b>
<b>EBIT before special items</b>	<b>2,592</b>	<b>3,201</b>	<b>23.5</b>	<b>2,812</b>
<b>Financial result</b>	<b>-315</b>	<b>-349</b>	<b>-10.8</b>	<b>-320</b>
<b>Income taxes</b>	<b>-474</b>	<b>-595</b>	<b>-25.5</b>	<b>•</b>
<b>Income after taxes from cont. operations</b>	<b>1,531</b>	<b>2,172</b>	<b>41.9</b>	<b>•</b>
<b>Income after taxes from discount. operations</b>	<b>50</b>	<b>99</b>	<b>•</b>	<b>26</b>
<b>Net income - total</b>	<b>1,511</b>	<b>2,083</b>	<b>37.9</b>	<b>1,784</b>
<b>EPS - cont. operations (Euro/share)</b>	<b>1.77</b>	<b>2.28</b>	<b>28.8</b>	<b>2.01</b>
<b>EPS - discount. operations (Euro/share)</b>	<b>0.06</b>	<b>0.11</b>	<b>•</b>	<b>•</b>
<b>EPS - total (Euro/share)</b>	<b>1.83</b>	<b>2.39</b>	<b>30.6</b>	<b>•</b>
<b>Core EPS - cont. operations (Euro/share)</b>	<b>2.35</b>	<b>2.62</b>	<b>11.5</b>	<b>2.39</b>
<b>Core EPS - discount. operations (Euro/share)</b>	<b>0.07</b>	<b>0.12</b>	<b>•</b>	<b>•</b>
<b>Core EPS - total (Euro/share)</b>	<b>2.42</b>	<b>2.74</b>	<b>13.2</b>	<b>•</b>
<b>Delta working capital</b>	<b>-2,228</b>	<b>-2,387</b>	<b>-7.1</b>	<b>•</b>
<b>Operating cash flow</b>	<b>552</b>	<b>826</b>	<b>49.6</b>	<b>•</b>
<b>CapEx - total (cash relevant)</b>	<b>363</b>	<b>415</b>	<b>14.3</b>	<b>•</b>
<i>Euro million</i>	<b>Dec. 31, 2016</b>	<b>Mar. 31, 2017</b>	2016 figures restated *) Currency and portfolio adjusted sales growth **) Consensus figures as of April 12, 2017 provided by Vara Research GmbH	
<b>Net financial debt</b>	<b>11,778</b>	<b>10,400</b>		
<b>Net pension liability</b>	<b>11,108</b>	<b>10,496</b>		



## Bayer Group Forecast 2017

- For 2017, Covestro is now budgeting a substantial sales increase (previously: increase) and a significant improvement in EBITDA after adjustment for special items (previously: on or above the prior-year level).
- This development leads to the following changes for the Bayer Group: Sales are now expected to increase to around €51 billion (previously: more than €49 billion). This now corresponds to a mid- to high-single-digit (previously: low- to mid-single-digit) percentage increase on a currency- and portfolio-adjusted basis.
- EBITDA before special items is now expected to improve by a low-teens percentage (previously: mid-single-digit percentage).
- We now aim to grow core earnings per share from continuing operations by a mid- to high-single-digit percentage (previously: mid-single-digit percentage). Here it must be noted that Bayer's interest in Covestro amounts to only 53% as of March 2017 (previously: 64% for the full year).
- Excluding capital and portfolio measures, net financial debt is targeted to be around €8 billion at the end of 2017 (previously: around €10 billion).
- Taking into account the potential risks and opportunities, at this point in time we are not adjusting the forecasts issued for our Life Science businesses in February 2017.
- For more information on our business outlook, please consult our Annual Report 2016, Chapter 3.1.2.
- This forecast is based on the exchange rates as of March 31, 2017. There were no significant changes compared with December 31, 2016.



## Pharmaceuticals in Q1 2017

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	3,889	4,263	9.6 / 7.4*	4,211
<b>EBITDA before special items</b>	1,261	1,502	19.1	1,378
<b>EBITDA-margin before special items</b>	32.4%	35.2%		32.7%

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 12, 2017 provided by Vara Research GmbH

## Best Selling Pharmaceutical Products

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	% y-o-y Fx
<b>Xarelto</b>	617	751	21.7	19.6
of which USA	86	86	•	•
<b>Eylea</b>	372	446	19.9	19.3
of which USA	0	0	•	•
<b>Mirena product family</b>	248	315	27.0	22.7
of which USA	169	219	29.6	24.8
<b>Kogenate / Kovaltry</b>	296	275	-7.1	-8.5
of which USA	96	94	-2.1	-5.0
<b>Nexavar</b>	213	207	-2.8	-5.7
of which USA	81	75	-7.4	-10.0
<b>Adalat</b>	160	174	8.8	8.5
of which USA	1	0	•	•
<b>Betaferon / Betaseron</b>	190	171	-10.0	-12.1
of which USA	100	94	-6.0	-9.3
<b>YAZ product family</b>	172	170	-1.2	-7.3
of which USA	40	20	-50.0	-52.3
<b>Glucobay</b>	139	158	13.7	14.6
of which USA	1	1	•	•
<b>Aspirin Cardio</b>	137	157	14.6	13.8
of which USA	0	0	•	•
<b>Xofigo</b>	75	100	33.3	30.5
of which USA	50	62	24.0	18.7
<b>Avalox / Avelox</b>	98	100	2.0	2.3
of which USA	0	3	•	•
<b>Gadavist / Gadovist</b>	82	89	8.5	6.2
of which USA	27	27	•	-3.1
<b>Ultravist</b>	71	84	18.3	18.0
of which USA	1	1	•	16.4
<b>Stellant</b>	70	78	11.4	7.6
of which USA	52	57	9.6	6.1

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

- Price -0.4%, volume +7.8%, currency +2.2%, portfolio ±0.0%
- Our recently launched pharma products once again delivered strong performance, with their combined sales rising by 20.0% (Fx adj.) to €1,445 million (Q1 2016: €1,187 million). Our Pharmaceuticals business expanded in all regions on a currency-adjusted basis.



- Xarelto achieved strong sales growth, primarily due to an expansion of volumes in Europe and Japan. Our license revenues – recognized as sales – in the United States, where Xarelto is marketed by a subsidiary of Johnson & Johnson, matched the prior-year quarter.
- We once again significantly expanded business with Eylea, with performance driven by higher sales volumes in Europe. Encouraging sales gains were also achieved in Canada and Japan.
- We substantially increased sales of the Mirena product family (Mirena, Kyleena und Jaydess /Skyla), particularly in the United States, where we also benefited from the successful market launch of the new Kyleena intrauterine device.
- Business with Kogenate / Kovaltry was down overall, largely due to fluctuations in the order volumes placed by our distribution partner.
- We registered a decline in sales for Nexavar, primarily due to higher competitive pressure in the United States and Europe.
- Encouraging sales gains for Adalat were mainly the result of increased volumes in China.
- As expected, sales of Betaferon / Betaseron were lower than in the prior-year quarter due to reduced demand in Europe and the United States.
- Business with the YAZ product family was down overall. Sales gains in Russia and China were insufficient to offset declines caused by intensified generic competition in the United States.
- Substantial sales increases for Glucobay and Aspirin Cardio, as well as slight sales gains for Avalox / Avelox were largely the result of a favorable market environment in China.
- Business with Xofigo increased significantly, driven by the successful launch of the product in Japan as well as growth in the United States and Europe.
- Sales of Gadavist / Gadovist advanced, mainly due to good business performance in Japan.
- Substantial sales gains for Ultravist were primarily the result of positive business performance in China.
- Business with our Stellant contrast agent injection system benefited from higher volumes, primarily in the United States.
- Sales of Stivarga increased by 9.1% (Fx adj.) to €75 million (Q1 2016: 67 million), especially due to gains in the United States and Europe.
- Sales of Adempas amounted to €73 million (Q1 2016: €56 million; Fx adj. +27.5%) and, as in the past, reflected the proportionate recognition of the one-time payment resulting from the sGC collaboration with Merck & Co. Business benefited mainly from a positive performance in the United States.
- The increase in **EBITDA before special items** was the result of increased sales, while selling expenses and research and development expenditures were at around the same level as the prior-year quarter. Positive currency effects amounted to around €15 million.

## Consumer Health in Q1 2017

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	1,520	1,601	5.3 / 2.6*	1,570
<b>EBITDA before special items</b>	383	392	2.3	382
<b>EBITDA-margin before special items</b>	25.2%	24.5%		24.3%

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 12, 2017 provided by Vara Research GmbH



- Price +2.3%, volume +0.3%, currency +2.7%, portfolio ±0.0%
- Business at Consumer Health registered encouraging growth in Europe / Middle East / Africa and Asia Pacific. Sales in North America were level year on year on a currency-adjusted basis, while business declined substantially in Latin America.
- The increase in **EBITDA before special items** of Consumer Health resulted from the positive development of sales as well as from one-time gains of around €20 million, primarily arising from the sale of brands. A higher cost of goods sold, in part due to write-downs on inventories, had an opposing effect.

## Crop Science in Q1 2017

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	<b>2,936</b>	<b>3,120</b>	<b>6.3 / 3.2*</b>	<b>3,012</b>
Crop Protection / Seeds	2,819	2,973	5.5 / 2.5*	•
Environmental Science	117	147	25.6 / 20.5*	•
<b>EBITDA before special items</b>	<b>1,089</b>	<b>1,115</b>	<b>2.4</b>	<b>1,083</b>
<b>EBITDA-margin before special items</b>	<b>37.1%</b>	<b>35.7%</b>		<b>36.0%</b>

2016 figures restated

\*) Currency and portfolio adjusted sales growth

\*\*\*) Consensus figures as of April 12, 2017 provided by Vara Research GmbH

Q1 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
<b>Crop Science</b>	<b>1,462</b>	<b>2.0</b>	<b>1,042</b>	<b>8.9</b>	<b>366</b>	<b>2.9</b>	<b>250</b>	<b>-9.8</b>

2016 figures restated

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

- Price -0.2%, volume +3.4%, currency +3.1%, portfolio ±0.0%
- Sales in Europe / Middle East / Africa increased. We recorded double-digit sales gains in both the Insecticides and Seeds businesses. Slight increases at Herbicides stood against declines at Fungicides and SeedGrowth.
- In North America, we registered especially positive performance for the SeedGrowth business, as a result of strong demand for application in soybeans and cereals, and for the Herbicides business in Canada. We also grew sales at Insecticides and Fungicides. At Seeds, gratifying gains for oilseed rape/canola and soybean seeds more than offset substantial declines for cotton seeds.
- In the Asia / Pacific region, we achieved double-digit growth at Herbicides, where we benefited from product launches in Japan and China as well as favorable weather conditions in Australia, among other things. The SeedGrowth and Fungicides businesses also delivered positive performance. By contrast, weak demand in India led to substantial declines in sales at Insecticides.
- Sales in Latin America decreased. Our Fungicides business in Brazil saw a substantial decline, primarily due to inventories in the market remaining high. Double-digit sales increases at Herbicides, particularly in Argentina, and in the Seeds business were unable to offset this development.
- **EBITDA before special items** increased due to positive earnings effects resulting primarily from higher volumes. Higher cost of goods sold, increased research and development expenses as well as lower selling prices diminished earnings.



## Animal Health in Q1 2017

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	<b>408</b>	<b>440</b>	<b>7.8 / 2.9*</b>	<b>418</b>
<b>EBITDA before special items</b>	<b>122</b>	<b>135</b>	<b>10.7</b>	<b>118</b>
<b>EBITDA-margin before special items</b>	<b>29.9%</b>	<b>30.7%</b>		<b>28.2%</b>

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 12, 2017 provided by Vara Research GmbH

- Price +3.2%, volume -0.3%, currency +3.1%, portfolio +1.8%
- Business development at Animal Health in the Asia / Pacific region in particular was encouraging. We also achieved growth in the Europe / Middle East / Africa region. The increase registered in North America is in part attributable to the U.S. sales generated by the Cydectin product portfolio that we acquired.
- **EBITDA before special items** of Animal Health increased mainly due to positive earnings contributions resulted from both price increases as well as the Cydectin business that we acquired. By contrast, there was an increase in selling expenses and research and development expenditures

## Life Sciences in Q1 2017

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	<b>9,004</b>	<b>9,680</b>	<b>7.5 / 4.9*</b>	<b>9,468</b>
<b>EBITDA before special items</b>	<b>2,883</b>	<b>3,054</b>	<b>5.9</b>	<b>2,923</b>
<b>EBITDA-margin before special items</b>	<b>32.0%</b>	<b>31.5%</b>		<b>30.9%</b>

2016 figures restated

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 12, 2017 provided by Vara Research GmbH

## Covestro in Q1 2017

<i>Euro million</i>	Q1 2016	Q1 2017	% y-o-y	Consensus**
<b>Sales</b>	<b>2,850</b>	<b>3,564</b>	<b>25.1 / 23.6*</b>	<b>3,179</b>
<b>EBITDA before special items</b>	<b>504</b>	<b>839</b>	<b>66.5</b>	<b>641</b>
<b>EBITDA-margin before special items</b>	<b>17.7%</b>	<b>23.5%</b>		<b>20.2%</b>

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 12, 2017 provided by Vara Research GmbH

- Price +13.3%, volume +10.3%, currency +1.5%, portfolio ±0.0%
- Sales of Covestro benefited from much higher selling prices, especially at Polyurethanes, while volumes increased substantially in all business units.
- The increase in **EBITDA before special items** was driven by substantially higher selling prices that more than offset the effect of a slight increase in raw material prices. In addition, higher volumes had a positive effect on earnings.

## Key figures for Q1 2017

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Life Sciences		Covestro		Group	
	Q1'16	Q1'17	Q1'16	Q1'17	Q1'16	Q1'17	Q1'16	Q1'17	Q1'16	Q1'17	Q1'16	Q1'17	Q1'16	Q1'17	Q1'16	Q1'17
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	3,889	4,263	1,520	1,601	2,936	3,120	408	440	251	256	9,004	9,680	2,850	3,564	11,854	13,244
Sales by region:																
Europe / Middle East / Africa	1,542	1,606	482	538	1,420	1,462	138	144	236	250	3,818	4,000	1,210	1,413	5,028	5,413
North America	989	1,073	677	701	909	1,042	162	177	2	1	2,739	2,994	683	761	3,422	3,755
Asia / Pacific	1,130	1,312	201	220	342	366	67	76	3	0	1,743	1,974	793	1,182	2,536	3,156
Latin America	228	272	160	142	265	250	41	43	10	5	704	712	164	208	868	920
EBITDA	1,261	1,499	364	384	1,086	1,091	121	135	23	-110	2,855	2,999	504	847	3,359	3,846
Special items	0	-3	-19	-8	-3	-24	-1	0	-5	-20	-28	-55	0	8	-28	-47
EBITDA before special items	1,261	1,502	383	392	1,089	1,115	122	135	28	-90	2,883	3,054	504	839	3,387	3,893
EBITDA margin before special items	32.4%	35.2%	25.2%	24.5%	37.1%	35.7%	29.9%	30.7%	11.2%	-35.2%	32.0%	31.5%	17.7%	23.5%	28.6%	29.4%
EBIT	698	1,219	243	278	955	970	114	126	-26	-166	1,984	2,427	336	689	2,320	3,116
Special items	-231	-36	-32	-9	-3	-37	-1	0	-5	-20	-272	-102	0	17	-272	-85
EBIT before special items	929	1,255	275	287	958	1,007	115	126	-21	-146	2,256	2,529	336	672	2,592	3,201
EBIT margin before special items	23.9%	29.4%	18.1%	17.9%	32.6%	32.3%	28.2%	28.6%	-8.4%	-57.0%	25.1%	26.1%	11.8%	18.9%	21.9%	24.2%
Operating cash flow	734	973	197	265	-666	-679	-20	-31	138	23	383	551	169	275	552	826
Financial result																
Income after taxes from continuing operations																
Income after taxes from discontinued operations																
Net income																
Earnings per share - continuing operations (€)																
Earnings per share - discontinued operations (€)																
Earnings per share (€)																
Core earnings per share - continuing operations (€)																
Core earnings per share - discontinued operations (€)																
Core earnings per share (€)																
CapEx (cash effective)																
R&D																
D&A and Write-downs	563	280	121	106	131	121	7	9	49	56	871	572	168	158	1,039	730
Employees at end of period	40,315	37,840	13,297	12,040	23,224	21,256	3,853	3,598	19,796	25,125	100,485	99,859	15,740	15,719	116,225	115,578
2016 figures restated																



**Bayer Investor Relations contacts:**

Oliver Maier (+49-214-30-81013)

Dr. Jürgen Beunink (+49-214-30-65742)

Judith Nestmann (+49-214-30-66836)

Prof. Dr. Olaf Weber (+49-214-30-33567)

Peter Dahlhoff (+49-214-30-33022)

Constance Spitzer (+49-214-30-33021)

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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: 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, 2016 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](http://www.monsanto.com); and other factors discussed in Bayer's public reports which are available on the Bayer website at [www.bayer.com](http://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.