Q2 2018 Analyst and Investor Briefing

September 5, 2018

- Bayer completes biggest acquisition in its history
- Monsanto business included on prorated basis from June 7
- Group sales €9.5 billion (Fx & portfolio adj. + 8.5%)
- EBITDA before special items increases to €2.3 billion (+ 3.9%) despite unfavorable currency effects
- Pharmaceuticals registers higher sales (Fx & portfolio adj.) but lower earnings – substantial increase in R&D investment
- Consumer Health business weak again
- Crop Science achieves strong increase in sales and earnings after weak prior-year quarter
- Animal Health improves sales (Fx & portfolio adj.) and earnings
- Net income €0.8 billion
- Core earnings per share €1.54 (+ 1.3%)
- Group outlook for 2018 confirmed, with adjustments to reflect acquisition

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

Group Key Figures for Q2 2018

Euro million	Q2 2017	Q2 2018	% y-o-y	Consensus**
Sales	**8,714**	**9,481**	**8.8 / 8.5***	**9,245**
Volume	*-2.7%*	*9.9%*	•	•
Price	*-0.1%*	*-1.4%*	•	•
Currency	*1.1%*	*-5.8%*	•	•
Portfolio	*0.1%*	*6.1%*	•	•
EBITDA	**2,135**	**2,017**	**-5.5**	•
Net special items (EBITDA)	**-112**	**-318**	•	**-203**
EBITDA before special items	**2,247**	**2,335**	**3.9**	**2,374**
EBIT	**1,463**	**1,351**	**-7.7**	•
Net special items (EBIT)	**-244**	**-363**	•	•
EBIT before special items	**1,707**	**1,714**	**0.4**	•
Financial result	**-369**	**-322**	•	**-331**
Income taxes	**-258**	**-216**	**16.3**	•
Income after income taxes	**836**	**813**	**-2.8**	•
Net income	**1,224**	**799**	**-34.7**	**1,012**
EPS *(Euro/share)*	**1.38**	**0.87**	**-37.0**	•
Core EPS *(Euro/share)*	**1.52**	**1.54**	**1.3**	**1.50**
Delta working capital	**325**	**876**	•	•
Operating cash flow	**1,901**	**2,240**	**17.8**	•
CapEx *(cash relevant)*	**476**	**459**	**-3.6**	•

Euro million	Mar. 31, 2018	June 30, 2018
Net financial debt	**1,650**	**44,697**
Net pension liability	**8,059**	**8,181**

2017 figures restated
**) Currency and portfolio adjusted sales growth*
***) Consensus figures as of August 21, 2018 provided by Vara Research GmbH*

Core Earnings per Share

Euro million	Q2 2017	Q2 2018
EBIT (as per income statement)	**1,463**	**1,351**
Amortization and impairment losses / loss reversals on intangible assets	416	416
Impairment losses / loss reversals on property, plant and equipment, and accelerated depreciation included in special items	33	2
Special items (other than accelerated depreciation, amortization and impairment losses / loss reversals	112	318
Core EBIT	**2,024**	**2,087**
Financial result (as per income statement)	-369	-322
Special items in the financial result	164	106
Income taxes (as per income statement)	-258	-216
Tax effects related to amortization, impairment losses / loss reversals and special items	-214	-240
Income after income taxes attributable to non-controlling interest (as per income statement)	-2	-6
Core net income from continuing operations	**1,345**	**1,409**
Weighted average number of shares	885,186,889	915,694,644
Core earnings per share from continuing operations *(Euro)*	**1.52**	**1.54**

2017 figures restated

Sales and Earnings Contribution from Monsanto

The Monsanto business has been consolidated as of June 7, 2018, and contributed €543 million in sales and €70 million in EBITDA before special items in the quarter.

Bayer Group Forecast 2018

- Following the closing of the Monsanto acquisition on June 7, 2018, and taking into account the business development described in this report and the potential risks and opportunities, we have revised our expectations for fiscal 2018.
- Our outlook now includes the sales and earnings contributions from Monsanto since the date of acquisition. As the transaction closed later than we had anticipated, 2018 earnings will be lower than we had projected in our February forecast including Monsanto due to the seasonality of the agricultural business. Our outlook takes into account the financing costs for the acquisition of Monsanto shares as well as the higher number of shares of Bayer AG following the capital increases on a pro rata temporis basis. The businesses divested to BASF are excluded as of their respective divestment dates.
- The forecasts are based on the exchange rates as of June 30, 2018, and adjusted for currency effects (using the average monthly exchange rates from 2017) to enhance the comparability of operating performance.
- We now expect **Bayer Group sales** of more than €39 billion (previously: below €35 billion), with more than €5 billion attributable to the acquired business. The divestment of selected businesses to BASF will reduce

anticipated sales by approximately €1 billion. This forecast now corresponds to a mid-single-digit percentage increase (previously: low- to mid-single-digit percentage increase) on a currency- and portfolio-adjusted basis.

- We now expect **EBITDA before special items** to increase by a low- to mid-single-digit percentage (previously: decline by a low-single-digit percentage). On a currency-adjusted basis, this corresponds to an increase by a high-single-digit percentage (previously: increase by a mid-single-digit percentage).
- We now expect **core earnings per share** to come in at between €5.70 and €5.90 (previously: at the prior-year level). On a currency-adjusted basis, this corresponds to a decrease by a high-single-digit percentage (previously: increase by a mid-single-digit percentage). Prior-year core earnings per share were restated to €6.64 to reflect the bonus component of the capital increase with subscription rights, and this is taken into account here.

Forecast for key Financial Data of the Group for 2018

	Closing rates on June 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*

- We aim to pay out a **dividend for 2018** that is at least at the same level as in the prior year, which would represent an upward deviation from our existing dividend policy (30-40% of core earnings per share as a mathematical basis for calculating the dividend payout). Due to the late closing of the Monsanto acquisition, anticipated core earnings per share for the full year will only include a small contribution from the acquired business. However, we will be able to utilize substantial operating cash flows from the acquired business due to seasonal trends. Bayer is also able to benefit from earnings contributions in the form of expected proceeds from the divestments to BASF and income from the sale of Covestro shares that has already been recognized. Overall, net financial debt at the end of the year will therefore be significantly lower than originally anticipated. Taking into account the cash flows and in view of the successful performance the combined business is expected to deliver, we want to enable our shareholders to share in our company's success by paying out an attractive dividend.

- For **Pharmaceuticals**, we confirm our previous sales and earnings guidance.
- For **Consumer Health**, we confirm our expectations for sales and currency-adjusted EBITDA before special items. As for EBITDA before special items, we now anticipate a decline by a mid-single-digit percentage (previously: decline by a low-single-digit percentage) as a result of currency effects.
- For **Crop Science,** we now forecast sales of slightly more than €14 billion (previously: more than €9.5 billion). As previously outlined, this includes a positive sales effect of more than €5 billion from the acquired business as well as a negative effect of approximately €1 billion from the divestment of selected businesses to BASF. We continue to expect a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. As for EBITDA before special items, we anticipate an increase by a mid-twenties percentage (previously: mid- to high-single-digit percentage). On a currency-adjusted basis, we now anticipate an increase of around 30% (previously: mid-teens percentage increase).

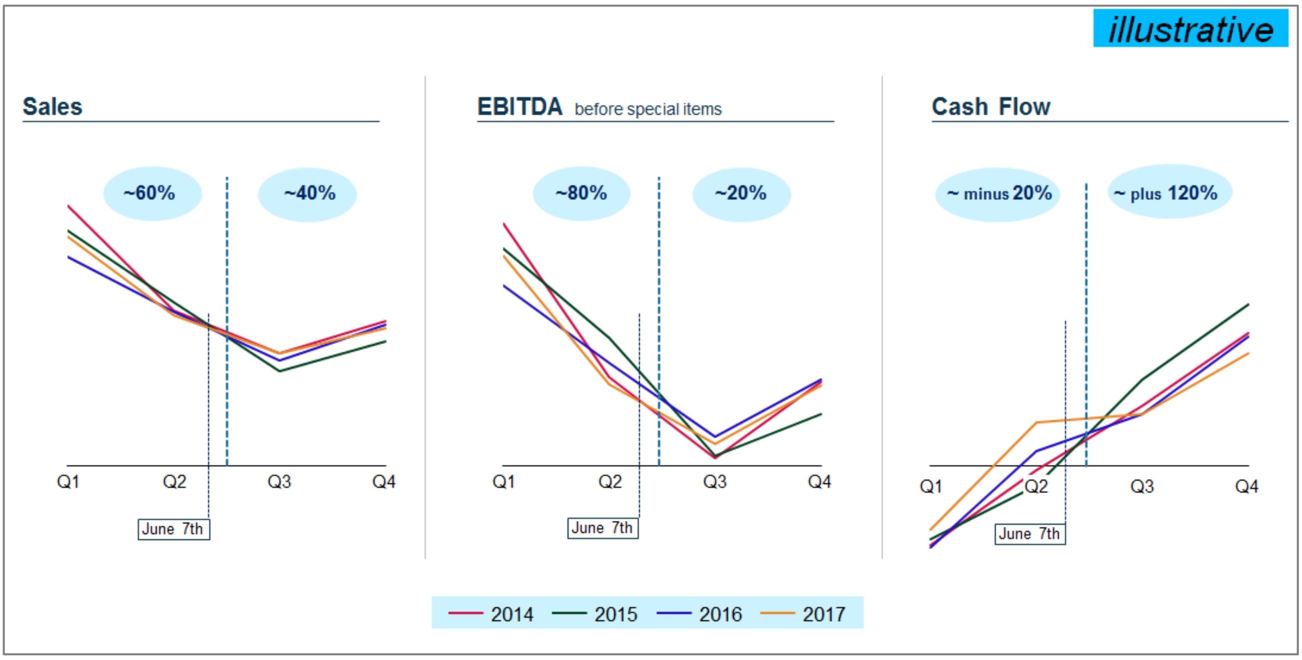
- For the **Animal Health** segment, the **Reconciliation** and Bayer AG, we confirm our sales and earnings guidance.

Forecast for Other Key Data of the Group for 2018

	Updated forecast	Forecast as of Feb. 28, 2018
Special charges	Special gain[1] of ~€1.9 billion	Special charges of ~€0.4 billion
R&D expenses	Around €4.9 billion	Around €4.1 billion
Capital expenditures	Around €2.8 billion	Around €2.2 billion
of which for intangible assets	Around €0.6 billion	Around €0.6 billion
Depreciation and amortization	Around €3.0 billion	Around €2.2 billion
of which on intangible assets	Around €2.0 billion	Around €1.2 billion
Financial result	Around minus €1.2 billion	Around minus €1 billion
Effective tax rate	21.0%	20.0%
Net financial debt	Around €37 billion	Net liquidity position[2]

1) Mainly comprising income from disposals of certain Crop Science activities as required by antitrust authorities
2) Excluding capital and portfolio measures

Understanding the Seasonality of Monsanto´s Business



Pharmaceuticals in Q2 2018

Euro million	Q2 2017	Q2 2018	% y-o-y	Consensus**
Sales	**4,304**	**4,217**	**-2.0 / 3.1***	**4,157**
EBITDA before special items	**1,481**	**1,363**	**-8.0**	**1,402**
EBITDA-margin before special items	**34.4%**	**32.3%**		**33.7%**

**) Currency and portfolio adjusted sales growth*
***) Consensus figures as of August 21, 2018 provided by Vara Research GmbH*

Best Selling Pharmaceutical Products

Euro million	Q2 2017	Q2 2018	% y-o-y	% y-o-y cpa
Xarelto	**834**	**891**	**6.8**	**10.6**
of which USA	*117*	*126*	*7.7*	*7.2*
Eylea	**458**	**540**	**17.9**	**22.5**
of which USA	*0*	*0*	•	•
Xofigo	**105**	**89**	**-15.2**	**-9.2**
of which USA	*62*	*52*	*-16.1*	*-10.3*
Adempas	**75**	**89**	**18.7**	**23.4**
of which USA	*38*	*41*	*7.9*	*16.2*
Stivarga	**83**	**82**	**-1.2**	**7.5**
of which USA	*46*	*41*	*-10.9*	*-4.8*
Main Growth Products	**1,555**	**1,691**	**8.7**	**13.2**
Mirena family	**276**	**276**	**0.0**	**7.4**
of which USA	*176*	*177*	*0.6*	*8.2*
Kogenate/Kovaltry	**260**	**213**	**-18.1**	**-13.7**
of which USA	*91*	*74*	*-18.7*	*-11.8*
Nexavar	**229**	**193**	**-15.7**	**-10.5**
of which USA	*86*	*59*	*-31.4*	*-24.8*
Adalat	**171**	**165**	**-3.5**	**-1.2**
of which USA	*0*	*0*	•	•
YAZ family	**158**	**159**	**0.6**	**8.2**
of which USA	*25*	*22*	*-12.0*	*-7.6*
Glucobay	**139**	**151**	**8.6**	**10.3**
of which USA	*0*	*1*	•	•
Aspirin Cardio	**148**	**139**	**-6.1**	**-3.1**
of which USA	*0*	*0*	•	•
Betaferon/Betaseron	**185**	**142**	**-23.2**	**-18.6**
of which USA	*108*	*77*	*-28.7*	*-22.3*
Gadavist/Gadovist	**97**	**103**	**6.2**	**13.0**
of which USA	*34*	*38*	*11.8*	*21.8*
Avalox/Avelox	**87**	**77**	**-11.5**	**-6.6**
of which USA	*2*	*0*	•	•

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

- Price -2.7%, volume +5.8%, currency -4.9%, portfolio -0.2%
- At Pharmaceuticals, our key growth products Xarelto, Eylea, Xofigo, Stivarga and Adempas maintained their strong performance overall, with their combined sales rising by 13.2% (Fx and portfolio adj.) to €1,691 million (Q2 2017: €1,555 million). Combined sales of the 15 best-selling Pharmaceuticals products advanced by 4.8% (Fx & portfolio adj.). Sales of Kogenate again declined significantly, impacted by the termination of an agreement with a distribution partner at the end of 2017. After adjusting for this effect,

sales of Pharmaceuticals rose by 4.2% (Fx & portfolio adj.). As expected, sales were also held back by temporary supply disruptions for some of our established products, such as Adalat and Aspirin Cardio, as was the case in the first quarter.

- Sales of **Xarelto** once again rose significantly, driven by higher volumes in Europe, Japan and China. Our license revenues – recognized as sales – in the United States, where Xarelto is marketed by a subsidiary of Johnson & Johnson, also developed positively.
- We recorded substantial sales gains for **Eylea**, due primarily to expanded volumes in Europe, Japan and Canada. Among other things, the differentiated clinical profile of Eylea had a positive impact.
- Sales of **Xofigo** declined markedly as a result of lower volumes in the United States, Japan and other countries. This was also partly due to the Phase III trial of radium Ra 223 dichloride in combination with abiraterone acetate and prednisone / prednisolone being halted prematurely in November 2017.
- Sales of **Adempas** increased 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 posted encouraging growth in sales of **Stivarga** on a currency- and portfolio-adjusted basis. The increase resulted primarily from expanded volumes in Japan and China, where we benefited from the market launches in previous years. By contrast, sales in the United States came in below the level of the prior-year quarter due to intensified competitive pressure.
- Sales of the **Mirena** product family (Mirena, Kyleena and Jaydess/Skyla) increased, especially in the United States, with the successful launch of Kyleena continuing to have a positive impact on sales.
- We again registered significant sales declines for **Kogenate/Kovaltry** that resulted from the termination of an agreement with a distribution partner at the end of 2017. Adjusted for this effect, sales rose by 3.2% (Fx & portfolio adj.).
- Sales of **Nexavar** fell considerably, with intensified competitive pressure in the United States and Japan weighing on performance.
- We registered a decline in sales of **Adalat** and of **Aspirin Cardio**. The continued strong expansion of volumes in China was not sufficient to offset declines in Europe.
- We once again recorded encouraging sales gains for **Glucobay**, with performance driven by expanded volumes in China.
- Sales of **YAZ/Yasmin/Yasminelle** developed very positively, due primarily to good business performance in Russia, China and Japan.
- Sales of **Betaferon/Betaseron** declined significantly. This was mainly due to the competitive market environment in the United States.
- We posted robust growth in sales of **Gadavist/Gadovist** that resulted especially from the good business performance in the United States.
- We registered a decline in sales of **Avalox/Avelox**, primarily due to generic competition in the United States.

- **EBITDA before special items** of Pharmaceuticals declined by 8.0%. Adjusted for negative currency effects in the amount of €54 million, earnings were down by 4.3%. The decline was mainly attributable to higher R&D and selling expenses, as well as to effects relating to temporary supply disruptions. An increase in the cost of goods sold also weighed on earnings. These effects were partly offset by a substantial expansion in volumes for our key growth products.

Consumer Health in Q2 2018

Euro million	Q2 2017	Q2 2018	% y-o-y	Consensus**
Sales	**1,542**	**1,413**	**-8.4 / -1.4***	**1,426**
EBITDA before special items	**314**	**256**	**-18.5**	**297**
EBITDA-margin before special items	**20.4%**	**18.1%**		**20.8%**

**) Currency and portfolio adjusted sales growth*
***) Consensus figures as of August 21, 2018 provided by Vara Research GmbH*

- Price +0.8%, volume -2.2%, currency -7.0%, portfolio ±0.0%
- The sales decline at Consumer Health as primarily due to a decline in business in Europe / Middle East / Africa and weaker business performance in North America. Business picked up in Asia / Pacific, returning to growth in the second quarter.
- **EBITDA before special items** of Consumer Health declined by a substantial 18.5% to €256 million in the second quarter of 2018 (Q2 2017: €314 million). Adjusted for negative currency effects in the amount of €12 million, earnings were down by 14.6%. This decline is predominantly attributable to lower volumes and a higher cost of goods sold, in part due to a shift in the product mix. Earnings included one-time gains from the sale of a noncore brand in the amount of €14 million (Q2 2017: €0 million).

Crop Science in Q2 2018

Euro million	Q2 2017	Q2 2018	% y-o-y	Consensus**
Sales	**2,163**	**3,011**	**39.2 / 21.4***	**2,921**
EBITDA before special items	**317**	**631**	**99.1**	**598**
EBITDA-margin before special items	**14.7%**	**21.0%**		**20.5%**

**) Currency and portfolio adjusted sales growth*
***) Consensus figures as of August 21, 2018 provided by Vara Research GmbH*

Crop Science sales by business unit

Euro million	Q2 2017	Q2 2018	% y-o-y	%y-o-y Fx and portf. adj.
Crop Science	2,163	**3,011**	**39.2**	**21.4**
Herbicides	741	1,028	38.7	12.7
Corn Seed & Traits	19	134	•	0.0
Soybean Seed & Traits	37	147	•	37.8
Fungicides	502	709	41.2	47.8
Insecticides	256	329	28.5	37.1
Environmental Science	192	183	-4.7	-14.1
Vegetable Seed	85	128	50.6	5.9
Other	331	353	6.6	12.7

Crop Science sales by region

Q2 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	**986**	**5.5**	**1,076**	**-1.9**	**508**	**10.2**	**441**	**•**

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

- Price -0.6%, volume +22.0%, currency -7.2%, portfolio +25.0%
- Sales in the **Europe / Middle East / Africa** region climbed by 12.7% (Fx adj.) to €986 million. The acquired Monsanto business contributed €65 million to this figure. Sales increased by 5.5% on a currency- and portfolio-adjusted basis. Fungicides performed particularly well, benefiting from catch-up effects from the delayed start to the season in France and a successful product launch in Germany. Sales also increased at Herbicides. By contrast, there was a decline at Environmental Science.
- Sales in **North America** advanced by 31.0% (Fx adj.) to €1,076 million. The contribution of the acquired Monsanto business was €284 million. Sales fell by 1.9% on a currency- and portfolio-adjusted basis, due chiefly to intensified competitive pressure at Herbicides in the United States and to a significant decline at Environmental Science as a result of planned lower product deliveries to the company that acquired our consumer business in 2016. These effects were partly offset by higher license revenues for soybean seed in the United States.
- In the **Asia / Pacific** region, sales increased by 18.7% (Fx adj.) to €508 million. The contribution by the acquired Monsanto business was €38 million. We posted an encouraging 10.2% sales increase on a currency- and portfolio-adjusted basis. We registered double-digit-percentage increases in sales at Insecticides, due particularly to the weak prior-year quarter in India, and at Fungicides, due to a product launch in China. We also considerably expanded business at Herbicides, especially in Australia.
- Sales in the **Latin America** region increased to €441 million (Q2 2017: minus €69 million). The contribution by the acquired Monsanto business was €155 million. After a negative currency effect of €25 million, the currency- and portfolio-adjusted sales increase was largely attributable to the significantly higher provisions for crop protection product returns recognized in Brazil in the prior-year period due to high inventory levels. The related measures undertaken to normalize inventories of crop protection products were successfully completed at the end of the season during the second quarter. Excluding Brazil, the other countries in the region registered a slight increase overall.
- The substantial increase in **EBITDA before special items** of Crop Science is largely down to the aforementioned situation in Brazil in the prior-year quarter, when earnings were impacted by the recognition of provisions for product returns, impairment losses on receivables and inventory write-offs. The newly acquired business also provided a positive contribution of €70 million to earnings. By contrast, earnings were diminished by a negative currency effect of €52 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 better show the 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 divestments had taken place as of January 1, 2017.

Euro million	Q2 2017	Q2 2018	% y-o-y	%y-o-y Fx and portf. adj.
Crop Science	5,013	**5,095**	**1.6**	**10.0**
Herbicides	1,402	1,454	3.7	11.4
Corn Seed & Traits	989	961	-2.8	7.7
Soybean Seed & Traits	805	686	-14.8	-6.6
Fungicides	502	710	41.4	47.7
Insecticides	256	329	28.5	37.2
Environmental Science	320	283	-11.6	-4.6
Vegetable Seed	185	175	-5.4	0.3
Other	553	497	-10.1	-0.3

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 discontinued 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 second quarter of 2018 increased by 10.0% (Fx adj.) on a pro forma basis.
- The increase in sales at Corn Seed & Traits was predominantly attributable to a one-time effect and associated higher license revenues in Brazil, as well as expanded volumes due to a late start to the season in North America and Eastern Europe.
- Sales at Soybean Seed & Traits were down, primarily as a result of a challenging market environment in the United States. This was partly offset by the higher level of market penetration achieved by Roundup Ready 2 Xtend in North America and by Intacta RR2 PRO in Latin America.
- Sales growth at Herbicides, Fungicides and Insecticides was largely attributable to the significantly higher provisions for crop protection product returns in Brazil recognized in the prior year, as previously outlined. Higher prices at Herbicides also had a positive impact.
- We registered a decline in sales at Environmental Science as a result of planned lower product deliveries to the acquirer of our consumer business.

Animal Health in Q2 2018

Euro million	Q2 2017	Q2 2018	% y-o-y		Consensus**
Sales	**450**	**453**	**0.7 / 7.6***		**437**
EBITDA before special items	**116**	**128**	**10.3**		**112**
EBITDA-margin before special items	**25.8%**	**28.3%**			**25.6%**

*) Currency and portfolio adjusted sales growth
**) Consensus figures as of August 21, 2018 provided by Vara Research GmbH

- Price -2.0%, volume +9.6%, currency -6.9%, portfolio ±0.0%
- Sales of Animal Health in the second quarter of 2018 increased by 7.6% (Fx & portfolio adj.), despite the negative impact of amended financial reporting standards (IFRS 15). We posted considerable currency- and portfolio-adjusted sales increases in the North America region that resulted mainly from shifts in demand at the expense of subsequent quarters. We achieved encouraging sales gains (Fx & portfolio adj.) in the Asia / Pacific and Latin America regions. By contrast, sales declined in the Europe / Middle East / Africa region.
- **EBITDA before special items** of Animal Health increased by 10.3%. Adjusted for negative currency effects in the amount of €10 million, earnings were up by 19.0%. This development was attributable to significantly higher volumes, in part due to the aforementioned shifts in demand. By contrast, earnings were diminished by the application of IFRS 15, negative price effects, higher selling expenses and an increase in the cost of goods sold.

Key Figures for Q2 2018

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Group	
	Q2'17	Q2'18	Q2'17	Q2'18	Q2'17	Q2'18	Q2'17	Q2'18	Q2'17	Q2'18	Q2'17	Q2'18
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	4,304	4,217	1,542	1,413	2,163	3,011	450	453	255	387	8,714	9,481
Sales by region:												
Europe / Middle East / Africa	1,647	1,653	503	466	908	986	122	116	246	382	3,426	3,603
North America	1,101	992	661	595	865	1,076	208	220	0	4	2,835	2,887
Asia / Pacific	1,290	1,323	195	202	459	508	80	81	3	-1	2,027	2,113
Latin America	266	249	183	150	-69	441	40	36	6	2	426	878
EBITDA	1,474	1,350	307	257	233	353	116	125	5	-68	2,135	2,017
Special items	-7	-13	-7	1	-84	-278	0	-3	-14	-25	-112	-318
EBITDA before special items	1,481	1,363	314	256	317	631	116	128	19	-43	2,247	2,335
EBITDA margin before special items	34.4%	32.3%	20.4%	18.1%	14.7%	21.0%	25.8%	28.3%	7.5%	-11.1%	25.8%	24.6%
EBIT	1,102	1,053	195	157	117	154	107	116	-58	-129	1,463	1,351
Special items	-120	-56	-15	1	-95	-280	0	-3	-14	-25	-244	-363
EBIT before special items	1,222	1,109	210	156	212	434	107	119	-44	-104	1,707	1,714
EBIT margin before special items	28.4%	26.3%	13.6%	11.0%	9.8%	14.4%	23.8%	26.3%	-17.3%	-26.9%	19.6%	18.1%
Operating cash flow	528	629	297	148	1,170	1,653	97	88	-191	-278	1,901	2,240
Financial result											-369	-322
Income after taxes from continuing operations											836	813
Income after taxes from discontinued operations											641	-8
Net income											1,224	799
Earnings per share (€)											1.38	0.87
Core earnings per share - continuing operations (€)											1.52	1.54
CapEx (cash effective)											476	459
R&D											-1,097	-1,261
D&A and Write-downs	372	297	112	100	116	199	9	9	63	61	672	666
Employees at end of period	37,999	39,002	11,898	11,659	20,969	43,717	3,621	3,720	25,233	25,957	99,720	124,055

2017 figures restated

Supplemental Financial Information Regarding the Purchase Price Allocation (PPA) in the Context of the Monsanto Acquisition

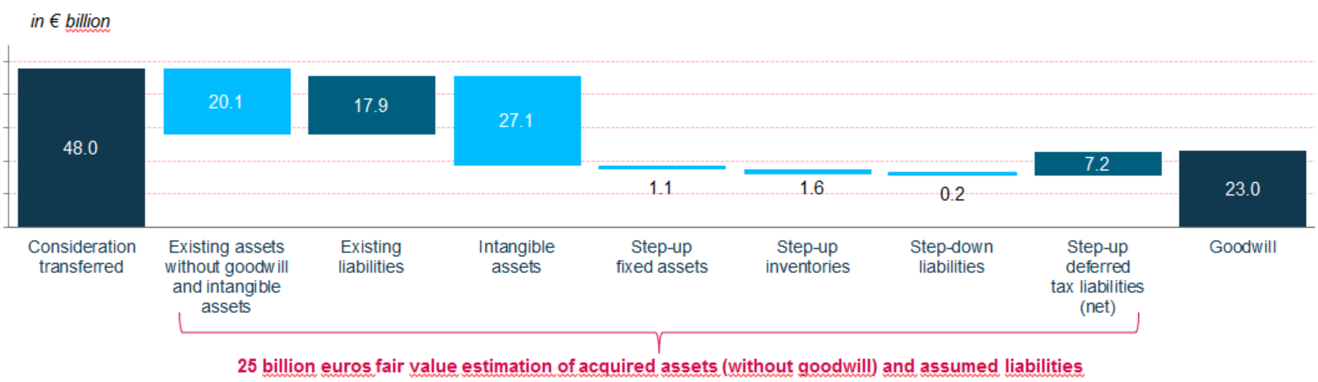
Please find enclosed selected unaudited financial information regarding the Purchase Price Allocation (PPA) in the context of the Monsanto acquisition.

The information is indicative as the PPA is still preliminary. Figures may change during the finalization of the PPA process.

General accounting and reporting treatment of the acquired business

Effective June 7, 2018 Bayer successfully completed the acquisition of Monsanto which is fully consolidated in the Group financial statements as of that date. The assets and liabilities of the acquired business as well as the related financing activities are fully recognized in the Q2 2018 financial statements. The profit and loss account and cash flow statement include the acquired business for the period between June 7 and June 30, 2018. As an effect of the acquisition, Bayer also recognizes additional cost of goods sold from the step-up of inventories (recorded as special item) and amortization of intangible assets (adjusted for in the Core EPS calculation) as well as depreciation of the step-up of fixed assets pro-rata for this period accordingly.

Overview of the PPA



Indicative impact of the intangible assets and step-ups of fixed assets/inventory

Depreciation and amortization

The amortization of intangible assets and depreciation of fixed asset step-ups related to the acquired business is expected to be between 1.7 and 2.1 billion euros per annum. This will be the run-rate of acquisition-related charges for up to about 12 years. Thereafter, the charges will decrease continuously.

A large portion of the intangible and fixed assets are related to manufacturing. Therefore, the depreciation and amortization of those assets (approx. 40% of the run-rate) is capitalized in inventories and is only recognized as expense when the inventories are sold. We assume an average lifespan of the inventories of 5 to 8 months. As a result, in 2018, the impact on EBIT before special items will be reduced from the approx. 7 months run-rate of 1.1 billion to 0.7 billion euros.

Inventory step-up

In addition, the 1.6 billion euros step-up of inventory has to be accounted for. Based on the assumed lifespan of the inventories and the seasonality of the business, the step-up results in expenses of 1.2 billion euros in the reported EBIT for 2018 and 0.4 billion euros in 2019. Expenses from the inventory step-up will be treated as a special item to derive the EBIT before special items.

Summary

	Q2 2018	FY2018e	FY2019e	FY2020e	FY2021e	FY2022e
Impact on:	€ million	€ million	€ million	€ million	€ million	€ million
Amortization of intangible assets	-77	-750	-1,400	-1,550	-1,650	-1,700
Depreciation of step-up of fixed assets	-2	-25	-50	-75	-75	-75
Expenses (special item) from the inventory step-up	-126	-1,250	-400	0	0	0
EBIT	**-205**	**-2,025**	**-1,850**	**-1,625**	**-1,725**	**-1,775**
EBIT before special items	**-79**	**-775**	**-1,450**	**-1,625**	**-1,725**	**-1,775**
EBITDA	**-126**	**-1,250**	**-400**	**0**	**0**	**0**
EBITDA before special items	**0**	**0**	**0**	**0**	**0**	**0**

Figures for FY2018e-FY2022e are indicative only and rounded

The data shown above include the amortization of intangible assets recognized already by Monsanto (approx. 0.3 billion euros p.a.) and the additional amortization/depreciation from the purchase price allocation, adjusted for capitalization into inventories. Future expenses will be impacted by the development of currency exchange rates since most assets are allocated in countries with currencies other than EUR (mostly USD).

Expenses from the inventory step-up (special items) are reported as cost of goods sold. Depreciation and amortization are reported in all functional cost lines depending on the allocation of the respective assets. Depreciation from the step-up of fixed assets will not be eliminated for the calculation of core EPS.

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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: 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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