Q1 2018 Analyst and Investor Briefing

May 3, 2018

- Operational business held back by currency effects
- Major progress with Monsanto acquisition
- Group sales €9.1 billion (Fx & portfolio adj. +2.0%)
- EBITDA before special items down year on year at €2.9 billion due to currency effects (Fx adj. level with prior-year quarter)
- Sales increase at Pharmaceuticals (Fx and portfolio adj.)
- Consumer Health down year on year, as expected
- Sales of Crop Science match strong-prior year quarter (Fx & portfolio adj.)
- Animal Health raises sales (Fx & portfolio adj.) and earnings
- Net income €2.0 billion (-6.2%)
- Core earnings per share €2.28 (-1.3%)
- European Commission and additional regulators conditionally approve Monsanto acquisition
- Currency-adjusted Group outlook for 2018 confirmed

Group Key Figures for Q1 2018 (continuing operations, unless stated differently)

Euro million	Q1 2017	Q1 2018	% y-o-y	Consensus**
Sales	9,680	9,138	-5.6 / 2.0*	9,324
Volume	*+4.5%*	*+3.2%*	•	•
Price	*+0.4%*	*-1.2%*	•	•
Currency	*+2.5%*	*-7.5%*	•	•
Portfolio	*+0.1%*	*-0.1%*	•	•
EBITDA	2,999	2,818	-6.0	2,701
Net special items (EBITDA)	-55	-78	•	-102
EBITDA before special items	3,054	2,896	-5.2	2,776
EBIT	2,427	2,310	-4.8	2,130
Net special items (EBIT)	-102	-78	•	•
EBIT before special items	2,529	2,388	-5.6	2,252
Financial result	-296	130	•	-277
Income taxes	-424	-494	-16.5	•
Income after taxes from cont. operations	1,707	1,946	14.0	•
Income after taxes from discont. operations	564	8	•	•
Net income - total	2,083	1,954	-6.2	1,458
EPS - cont. operations *(Euro/share)*	1.96	2.23	13.8	1.71
EPS - discont. operations *(Euro/share)*	0.43	0.01	•	•
EPS - total *(Euro/share)*	2.39	2.24	-6.3	•
Core EPS - cont. operations *(Euro/share)*	2.31	2.28	-1.3	2.04
Delta working capital	-1,842	-1,654	10.2	
Operating cash flow	551	658	19.4	
CapEx *(cash relevant)*	341	349	2.3	

Euro million	Dec. 31, 2017	Mar. 31, 2018
Net financial debt	3,595	1,650
Net pension liability	7,984	8,059

2017 figures restated
*) Currency and portfolio adjusted sales growth
**) Consensus figures as of April 23, 2018 provided by Vara Research GmbH

Bayer Group Forecast 2018

- Based on the business development described in the Q1 2018 interim report and taking into account the potential risks and opportunities, we confirm the currency-adjusted forecasts published in February for operating performance (see Annual Report 2017, A 3.1.2). We continue to expect 2018 sales to increase by a low- to mid-single-digit percentage on a currency- and portfolio-adjusted basis. As before, we aim to increase EBITDA before special items and core earnings per share by a mid-single-digit percentage on a currency-adjusted basis.
- Taking into account the exchange rates as at March 31, 2018, reported sales would decline in 2018 overall by a low-single-digit percentage (previously: remain at the prior-year level). In absolute terms, sales would now come in at below €35 billion (previously: around €35 billion). EBITDA before special items would decline by a low-single-digit percentage (previously: match the prior-year level). Core earnings per share would come in at the prior-year level, as previously forecast. Including the additional shares sold to Temasek, core earnings per share is also expected to remain on prior-year level.

Forecast for Key Financial Data of the Group for 2018

	Closing rates on Mar. 31, 2018	Currency-adjusted
Sales	Low-single-digit % decline to <€35 billion	Increase by a low-to-mid-single-digit percentage
Development of EBITDA before special items	Low-single-digit % decline	Increase by a mid-single-digit percentage
Development of core earnings per share	Prior-year level	Increase by a mid-single-digit percentage

Pharmaceuticals in Q1 2018

Euro million	Q1 2017	Q1 2018	% y-o-y		Consensus**
Sales	**4,263**	**4,075**	**-4.4 / 2.9***		**4,091**
EBITDA before special items	**1,502**	**1,415**	**-5.8**		**1,402**
EBITDA-margin before special items	**35.2%**	**34.7%**			**34.3%**

*) Currency and portfolio adjusted sales growth
**) Consensus figures as of April 23, 2018 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

Euro million	Q1 2017	Q1 2018	% y-o-y	% y-o-y Fx
Xarelto	**751**	**814**	**8.4**	**13.0**
of which USA	*86*	*83*	*-3.5*	*-2.7*
Eylea	**446**	**504**	**13.0**	**19.2**
of which USA	*0*	*0*	•	•
Xofigo	**100**	**92**	**-8.0**	**2.0**
of which USA	*62*	*51*	*-17.7*	*-3.9*
Adempas	**73**	**81**	**11.0**	**21.2**
of which USA	*38*	*37*	*-2.6*	*14.8*
Stivarga	**75**	**70**	**-6.7**	**3.3**
of which USA	*39*	*29*	*-25.6*	*-12.3*
Main Growth Products	**1,445**	**1,561**	**8.0**	**14.1**
Mirena family	**315**	**317**	**0.6**	**13.4**
of which USA	*219*	*224*	*2.3*	*18.2*
Kogenate/Kovaltry	**275**	**214**	**-22.2**	**-15.9**
of which USA	*94*	*80*	*-14.9*	*-1.5*
Adalat	**174**	**176**	**1.1**	**9.0**
of which USA	*0*	*0*	•	•
Glucobay	**158**	**168**	**6.3**	**13.7**
of which USA	*1*	*0*	•	•
Nexavar	**207**	**162**	**-21.7**	**-14.3**
of which USA	*75*	*43*	*-42.7*	*-34.0*
YAZ family	**170**	**152**	**-10.6**	**-1.8**
of which USA	*20*	*15*	*-25.0*	*-13.3*
Aspirin Cardio	**157**	**148**	**-5.7**	**1.1**
of which USA	*0*	*0*	•	•
Betaferon/Betaseron	**171**	**130**	**-24.0**	**-16.5**
of which USA	*94*	*58*	*-38.3*	*-28.8*
Avalox/Avelox	**100**	**97**	**-3.0**	**3.6**
of which USA	*3*	*3*	•	•
Gadavist/Gadovist	**89**	**87**	**-2.2**	**4.7**
of which USA	*27*	*25*	*-7.4*	*6.9*

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

- Price -2.8%, volume +5.7%, currency -7.1%, portfolio -0.2%
- At Pharmaceuticals, our key growth products Xarelto, Eylea, Xofigo, Stivarga and Adempas once again delivered strong performance overall, with their combined sales rising by 14.1% (Fx adj.). Combined sales of the 15 best-selling Pharmaceuticals products advanced by 5.8% (Fx adj.). We registered a noticeable decline in sales of Kogenate that resulted from the termination of an agreement with a distribution partner at

the end of 2017. After adjusting for this effect, sales of Pharmaceuticals rose by 4.6% (Fx & portfolio adj.). In addition, temporary supply disruptions for some of our established products had a negative impact on sales, as expected.

- Sales of **Xarelto** increased markedly again, due particularly to expanded volumes in Europe and Asia / Pacific. Our license revenues – recognized as sales – in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson, were down year on year.
- Business with **Eylea** expanded strongly, primarily due to higher volumes in Europe.
- We registered a slight increase in sales of **Xofigo**. Higher demand in Japan and Europe more than offset the decline in the United States.
- Sales of **Adempas** rose strongly due primarily to positive development in the United States and Europe and, as in the past, reflected the proportionate recognition of the upfront and milestone payments resulting from the sGC collaboration with Merck & Co., United States.
- We posted growth in sales of **Stivarga** that was attributable to expanded volumes in Japan and China, where we benefited from the market launches in previous years. By contrast, sales declined significantly in the United States as a result of competitive pressure.
- Sales of the **Mirena product family** (Mirena, Kyleena and Jaydess/Skyla) rose considerably, especially in the United States, where the successful launch of Kyleena continued to have a positive impact.
- Business with **Kogenate/Kovaltry** was negatively impacted by the termination of an agreement with a distribution partner at the end of 2017. Adjusted for this effect, sales climbed 11.1% (Fx adj.).
- The marked rise in sales of **Glucobay** and of **Adalat** was mainly attributable to the expansion of volumes in China.
- We registered a significant decline in sales of **Nexavar** that was mainly the result of lower demand in the United States.
- Sales of the **YAZ product family** moved back, due chiefly to generic competition in Europe and the United States. Business developed positively in Japan and China.
- We posted a slight increase in sales of **Aspirin Cardio**, primarily due to the continuation of our good business performance in China. Slightly lower volumes in Europe had an opposing effect.
- Business with **Betaferon/Betaseron** moved back significantly, as expected. This was mainly due to the highly competitive market environment in the United States.
- We posted an increase in sales of **Avalox/Avelox** that resulted particularly from the good development of business in China.
- Sales of **Gadavist/Gadovist** rose, especially in the United States.

- **EBITDA before special items** of Pharmaceuticals declined by 5.8%. Adjusted for negative currency effects in the amount of €69 million, earnings were down by 1.2%. This decline was driven by a higher cost of goods sold, primarily due to higher project costs in connection with capital expenditures for production facilities, as well as an increase in research and development expenses and higher selling expenses. By contrast, positive earnings contributions primarily came from a significant expansion of volumes, particularly for our key growth products.

Consumer Health in Q1 2018

Euro million	Q1 2017	Q1 2018	% y-o-y	Consensus**
Sales	**1,601**	**1,409**	**-12.0 / -2.2***	**1,457**
EBITDA before special items	**392**	**313**	**-20.2**	**338**
EBITDA-margin before special items	**24.5%**	**22.2%**		**23.2%**

*) Currency and portfolio adjusted sales growth
**) Consensus figures as of April 23, 2018 provided by Vara Research GmbH

- Price +1.1%, volume -3.3%, currency -9.8%, portfolio ±0.0%
- The sales decline at Consumer Health was driven by the sharp decline in Asia/Pacific that resulted mainly from the reclassification of two of our medicated skin care brands from OTC to prescription by the Chinese authorities in the fall of 2017. Sales also developed negatively in North America and in Europe/Middle East/Africa. In Latin America, by contrast, we posted encouraging sales gains on a currency-adjusted basis.
- **EBITDA before special items** of Consumer Health declined by a substantial 20.2%. Adjusted for negative currency effects in the amount of €34 million, earnings were down by 11.5%. This decline was driven by lower volumes that chiefly resulted from anticipated temporary supply disruptions and the reclassification of two of our brands in China. In the prior-year quarter, earnings had included one-time gains of €34 million. Positive earnings contributions in the first quarter of 2018 predominantly came from a lower cost of goods sold.

Crop Science in Q1 2018

Euro million	Q1 2017	Q1 2018	% y-o-y	Consensus**
Sales	**3,120**	**2,861**	**-8.3 / -1.0***	**3,031**
EBITDA before special items	**1,115**	**1,042**	**-6.5**	**986**
EBITDA-margin before special items	**35.7%**	**36.4%**		**32.5%**

*) Currency and portfolio adjusted sales growth
**) Consensus figures as of April 23, 2018 provided by Vara Research GmbH

Q1 2018	**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	**1,294**	**-8.8**	**969**	**4.5**	**368**	**10.4**	**230**	**4.8**

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

- Price -0.4%, volume -0.6%, currency -7.3%, portfolio ±0.0%
- In the **Europe/Middle East/Africa** region, we recorded lower sales at Fungicides, Herbicides and Vegetable Seeds, mainly due to the weather conditions in Europe. At Fungicides, business was also held back by a substantial market decline in France. Sales at SeedGrowth were also down year on year. In contrast, sales increased at Insecticides, but this growth was insufficient to offset the declines elsewhere.
- Sales in **North America** were driven by the canola seed business in Canada which performed very well due to increased acreages. Higher demand in Canada resulted in sales gains at Herbicides. On the other hand,

there was a significant decline at Environmental Science due to lower product deliveries to the purchaser of our consumer business and at Insecticides due to lower pest pressure in the United States.

- In the **Asia/Pacific** region, we recorded encouraging growth at Fungicides and Insecticides that was attributable especially to advance sales in China and to high pest pressure in India. By contrast, sales were down at Herbicides.
- In **Latin America**, we posted double-digit percentage growth at Fungicides after a weak prior-year quarter. In Brazil, demand for our fungicides and insecticides increased, while inventories continued to normalize. However, sales at Herbicides declined, especially in Argentina.

- **EBITDA before special items** of Crop Science decreased by 6.5%. Adjusted for negative currency effects in the amount of €44 million, earnings were down by 2.6%. A decline in other operating income and a higher cost of goods sold were among factors that held back earnings. Lower expenses for research and development and for general administration had an opposing effect.

Animal Health in Q1 2018

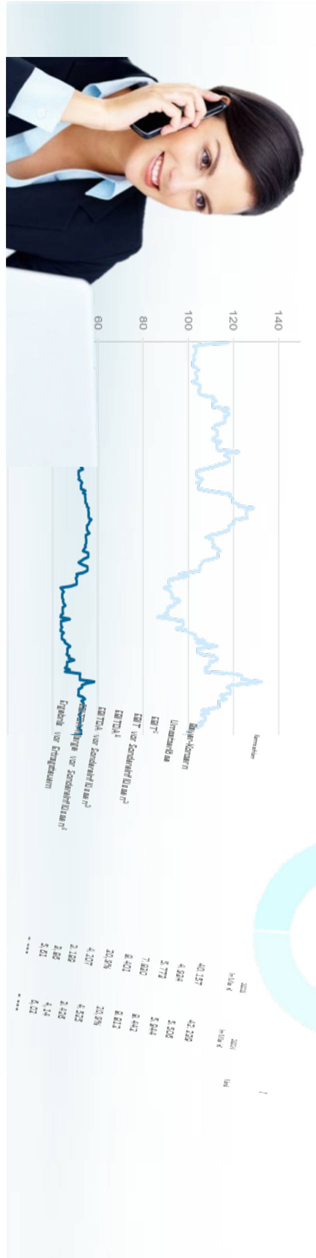
Euro million	Q1 2017	Q1 2018	% y-o-y	Consensus**
Sales	**440**	**414**	**-5.9 / 3.0***	**428**
EBITDA before special items	**135**	**139**	**3.0**	**121**
EBITDA-margin before special items	**30.7%**	**33.6%**		**28.3%**

*) Currency and portfolio adjusted sales growth
**) Consensus figures as of April 23, 2018 provided by Vara Research GmbH

- Price +0.5%, volume +2.5%, currency -8.9%, portfolio ±0.0%

- Sales of Animal Health in the first quarter of 2018 increased by 3.0% (Fx & portfolio adj.). Growth was negatively impacted by amended financial reporting standards (IFRS 15), among other factors. The Asia / Pacific region developed very positively. We also expanded business in Latin and North America on a currency-adjusted basis, while sales receded in Europe / Middle East / Africa.

- **EBITDA before special items** of Animal Health increased by 3.0%. Adjusted for negative currency effects in the amount of €10 million, earnings were up by 10.4%. Positive contributions came from lower selling expenses, while the aforementioned effect of the first-time application of IFRS 15 had a negative impact on earnings.



Key figures for Q1 2018

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Group	
	Q1'17	Q1'18	Q1'17	Q1'18	Q1'17	Q1'18	Q1'17	Q1'18	Q1'17	Q1'18	Q1'17	Q1'18
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	4,263	4,075	1,601	1,409	3,120	2,861	440	414	256	379	9,680	9,138
Sales by region:												
Europe / Middle East / Africa	1,606	1,611	538	496	1,462	1,294	144	136	250	370	4,000	3,907
North America	1,073	923	701	596	1,042	969	177	160	1	6	2,994	2,654
Asia / Pacific	1,312	1,303	220	177	366	368	76	77	0	2	1,974	1,927
Latin America	272	238	142	140	250	230	43	41	5	1	712	650
EBITDA	1,499	1,414	384	308	1,091	981	135	139	-110	-24	2,999	2,818
Special items	-3	-1	-8	-5	-24	-61	0	0	-20	-11	-55	-78
EBITDA before special items	1,502	1,415	392	313	1,115	1,042	135	139	-90	-13	3,054	2,896
EBITDA margin before special items	35.2%	34.7%	24.5%	22.2%	35.7%	36.4%	30.7%	33.6%	-35.2%	-3.4%	31.5%	31.7%
EBIT	1,219	1,163	278	211	970	892	126	129	-166	-85	2,427	2,310
Special items	-36	-1	-9	-5	-37	-61	0	0	-20	-11	-102	-78
EBIT before special items	1,255	1,164	287	216	1,007	953	126	129	-146	-74	2,529	2,388
EBIT margin before special items	29.4%	28.6%	17.9%	15.3%	32.3%	33.3%	28.6%	31.2%	-57.0%	-19.5%	26.1%	26.1%
Operating cash flow	973	1,232	265	173	-679	-703	-31	13	23	-57	551	658
Financial result											-296	130
Income after taxes from continuing operations											1,707	1,946
Income after taxes from discontinued operations											564	8
Net income											2,083	1,954
Earnings per share - continuing operations (€)											1.96	2.23
Earnings per share - discontinued operations (€)											0.43	0.01
Earnings per share (€)											2.39	2.24
Core earnings per share - continuing operations (€)											2.31	2.28
CapEx (cash effective)											341	349
R&D											1,094	1,040
D&A and Write-downs	280	251	106	97	121	89	9	10	56	61	572	508
Employees at end of period	37,840	38,433	12,040	11,594	21,256	20,661	3,598	3,677	25,126	25,745	99,860	100,110

2017 figures restated

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