



# Debt Investor Information



Status: June 30, 2020





# Cautionary Statements Regarding Forward-Looking Information

## **Forward-Looking Statements**

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at [www.bayer.com](http://www.bayer.com). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



# Our Business Areas

## Crop Science



// Innovative chemical & biological crop protection, seeds & traits, digital technologies & services

## Pharmaceuticals



// Prescription drugs

## Consumer Health



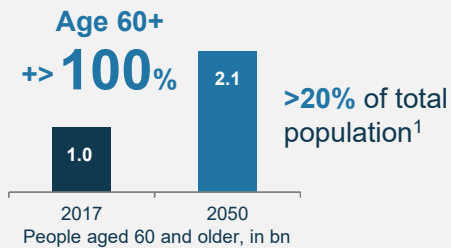
// Over-the-counter medicines, dietary supplements and dermatology products



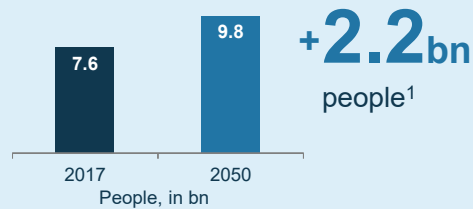
# We address megatrends that impact lives across the globe

## Megatrends through 2050

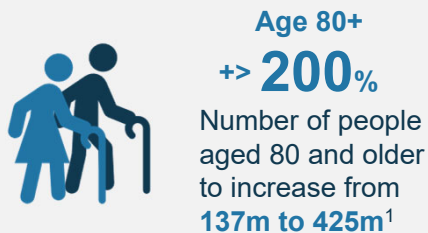
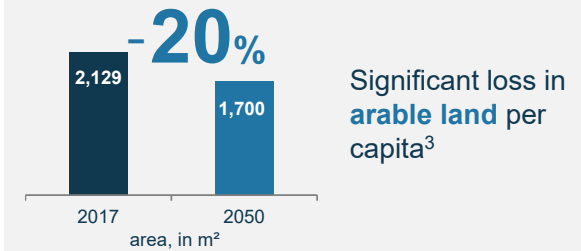
### Aging population



### Growing population



### Pressure on ecosystems



<sup>1</sup> World Population Prospects: The 2017 Revision | <sup>2</sup> FAO 2017, (FAO Global Perspective Studies) | <sup>3</sup> FAOSTAT (accessed Oct 30, 2018) for 1961-2016 data on land, FAO 2012 for 2030 and 2050 data on land, and UNDEDA 2017: World Population Prospects for world population data | <sup>4</sup> Nelson et. al, (2014); FAO 2016 "Climate change and food security"



# Measurable Group-level targets for Sustainable Development until 2030

Help more people thrive within planetary boundaries



**Support 100m smallholder farmers<sup>1</sup>**  
in low- and middle-income countries (LMIC)



**Provide 100m women** in low- and middle-income countries with **access to modern contraception**



**Expand access to everyday health for 100m people** in underserved communities around the world

*Help more people thrive*



**Making our own operations carbon neutral** and working with our suppliers to **reduce emissions across our value chain**

*Decrease environmental footprint*

*Our targets are in sync with the UN Sustainable Development Goals*

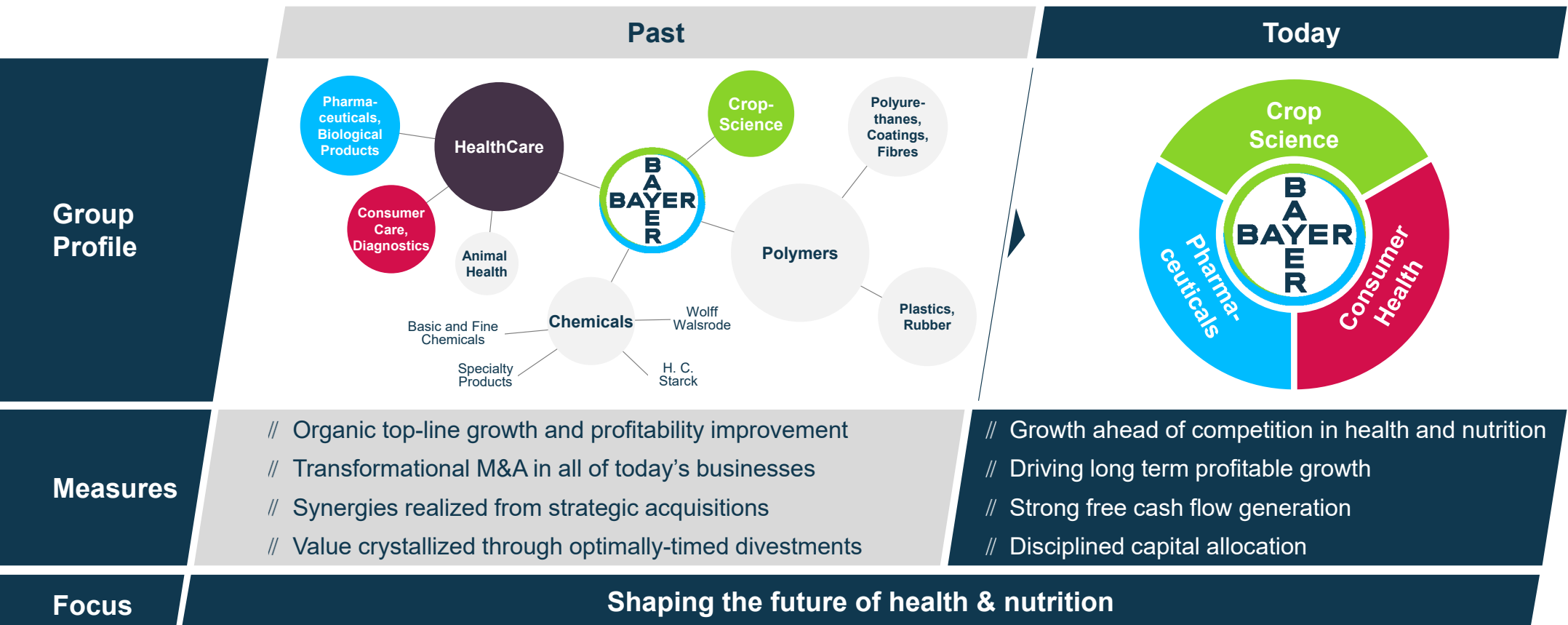
## Foundation of responsibility and good Corporate Governance

- Responsibility along the entire value chain: Leading ethical business-, procurement-, and product stewardship practices
- Clear and measurable targets tied to mgmt. compensation; transparency on actions
- CEO Chief Sustainability Officer; independent external Sustainability Council advising the BoM; sustainability expertise in Sup. Board

<sup>1</sup> A farmer who farms crops on less than 10 ha (FAO definition)



# Transformation into a Leader in Health & Nutrition Completed





# Our Strategic Priorities

## Group Strategic Priorities

**1** *Positioning businesses to mega-trends*  
*Contribution to health and nutrition<sup>1</sup>*

**2** *Developing a leading portfolio*  
*Leadership in our relevant markets*

**3** *Driving value*  
*Long-term profitable growth*

**4** *Focusing on our key strength*  
*Innovation*

## Divisional Focus



### Crop Science

Create a leading innovation engine that transforms agriculture



### Pharmaceuticals

Deliver growth and create value from focused leadership strategy



### Consumer Health

Maintain a leading OTC position and improve profitability

<sup>1</sup> We also seek to make a responsible contribution to the United Nations Sustainable Development Goals "Good Health and Well-Being" and "Zero Hunger"  
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# Our Position: Global Leadership in Health & Nutrition



**€43.5bn 2019 Sales<sup>1</sup>**

## Crop Science

**€ 19.8bn 2019 Sales**

**Growing ahead of competition over last five years on average**

**Best-in-class profitability through the cycle**

- // Leading portfolio of seed & traits, crop protection and digital farming
- // World-class R&D platform with best talent and technology in the industry
- // Positioned to shape the future of agriculture: development of tailored solutions to address farmers' individual needs and challenges

## Pharmaceuticals

**€ 18.0bn 2019 Sales**

**One of the fastest growing Pharma businesses over the past five years**  
**Xarelto and Eylea among the world's leading Pharma brands**

- // Innovative medicines in areas of high unmet medical need
- // Therapeutic focus areas: Cardiology, Oncology, Gynecology, Hematology and Ophthalmology
- // Strong position in emerging markets
- // Leading in Radiology and Women's Health

## Consumer Health

**€ 5.5bn 2019 Sales**

**Strong positions in 7 of the top 10 OTC markets**

- // Focus categories: Allergy & Cold, Cough, Sinus and Flu; Nutritionals; Dermatology; Pain and Cardio; Digestive Health
- // Concentrated portfolio of 16 mega-brands with annual sales of >€ 100m

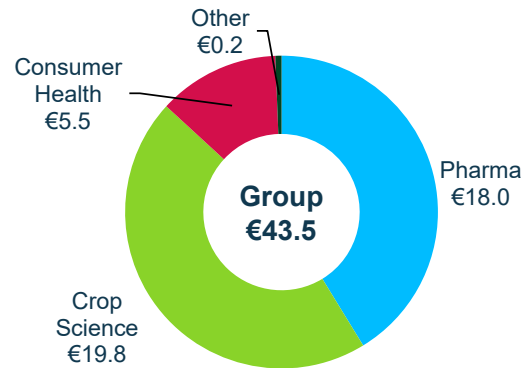
<sup>1</sup> 2019 Sales show continuing operations of the Divisions plus €0.2bn attributable to all other segments



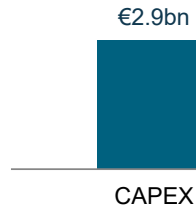


# Bayer Key Financials

2019 Sales in €bn



Capital Expenditures 2019

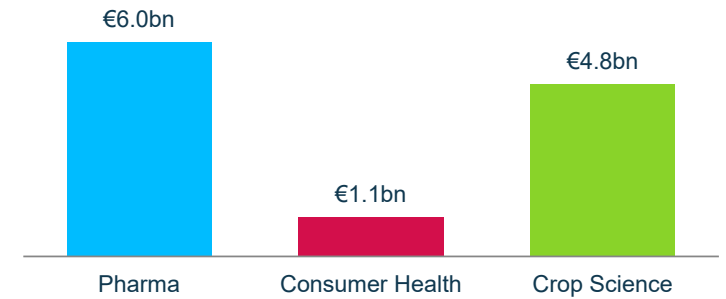


Research & Development Expenses 2019

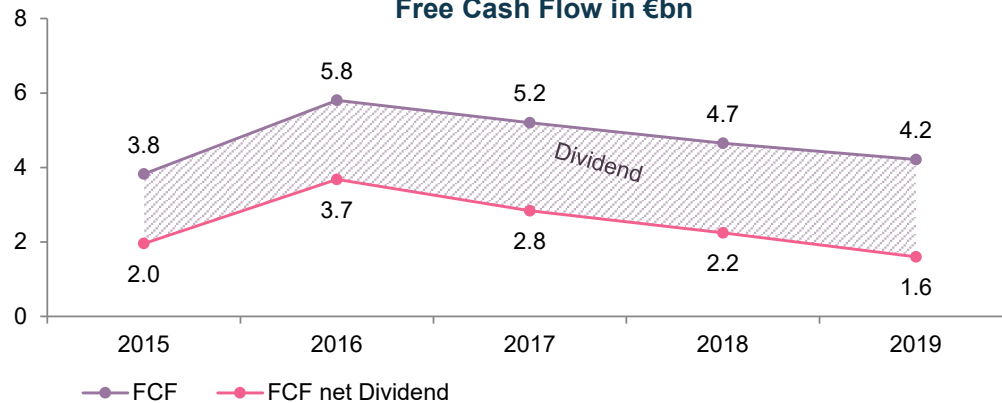
€5.3bn



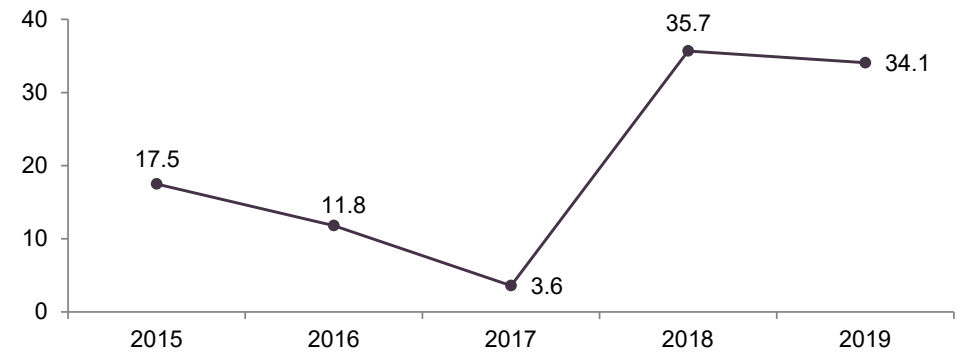
2019 EBITDA before Special Items



Free Cash Flow in €bn



Net Financial Debt in €bn





# Updated guidance for 2020

Excluding currency impact

	Outlook as of Feb 2020	Delta	Outlook <sup>1</sup> as of Aug 2020 incl. COVID19	Expected currency impact <sup>2</sup>	Outlook as of Aug 2020 incl. COVID-19 and currency impact
Sales	€44-€45bn	~- €1 bn	€43-€44bn	~ - €1bn	€42- €43bn
EBITDA margin (before special items)	~ 28%	no material effect	~ 28%	no material effect	~ 28%
Core EPS	€7.00 – €7.20	~- €0.30	€6.70 – €6.90	~- €0.30	€6.40 - €6.60
Free cash flow	~€5bn	~- €5 bn	-€0.5- €0bn	no material effect	-€0.5 - €0bn
Net financial debt	~€27bn	~+ €6 bn <sup>3</sup>	~€33bn	no material effect	~€33bn

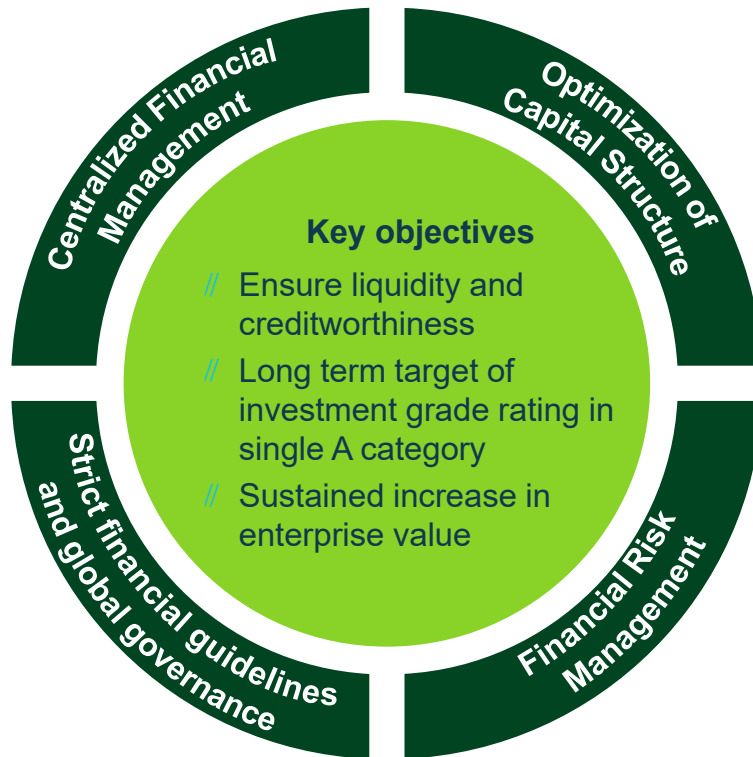
<sup>1</sup> Based on underlying assumption that there is no second COVID-19 wave in H2

<sup>2</sup> Currency assumptions based on month-end June spot rates (1 EUR=) 1.12 USD, 6.09 BRL, 7.92 CNY, 121 JPY, 25.9 MXN, 79.6 RUB, 7.76 TRY

<sup>3</sup> Including settlement payouts of ~€4.5 bn



# Bayer Pursues Conservative Financial Policy...



## Financing instruments

// Syndicated credit facilities

// Global Commercial Paper program

// Senior bonds in different currencies

// Hybrid bonds

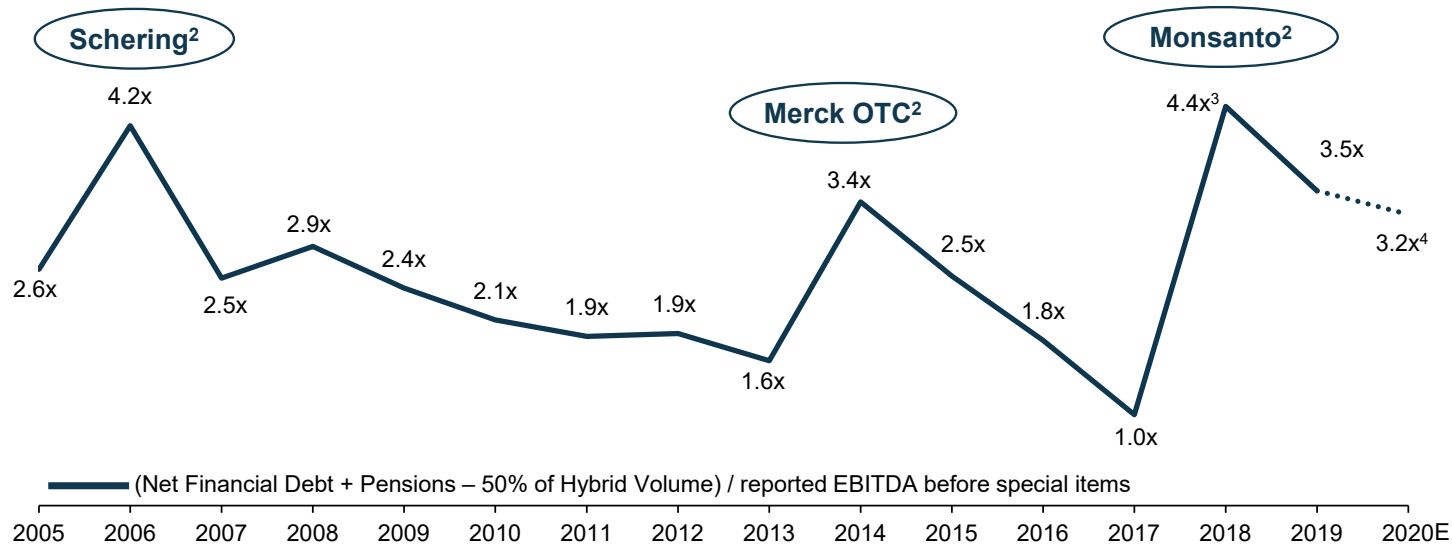
// Equity-linked instruments

**Prudent debt management with excellent access to diverse sources of liquidity**



# ... and Remains Committed to Rating in Single A Target Category

## Development of Ratings and Leverage<sup>1</sup>



Proven track record of disciplined deleveraging

Agency	Long Term Rating over time				
S&P	A	BBB+		A-	BBB
Moody's			A3		Baa1
Fitch <sup>5</sup>	BBB+		A-	A	BBB+

Agency	LT-Rating	Outlook	ST-Rating
S&P	BBB	Stable	A2
Moody's	Baa1	Negative	P2
Fitch	BBB+	Stable	F2

<sup>1</sup> Figures as reported in the respective year's annual report without restatements

<sup>2</sup> Ratios of years were closing of acquisition took place are not fully comparable as EBITDA before special items of acquired business is only considered for months after closing

<sup>3</sup> Full year 2018 multiple results in 3.7x instead of 4.4x if based on 2018 unaudited pro forma EBITDA of combined business as shown on Capital Markets Day in December 2018

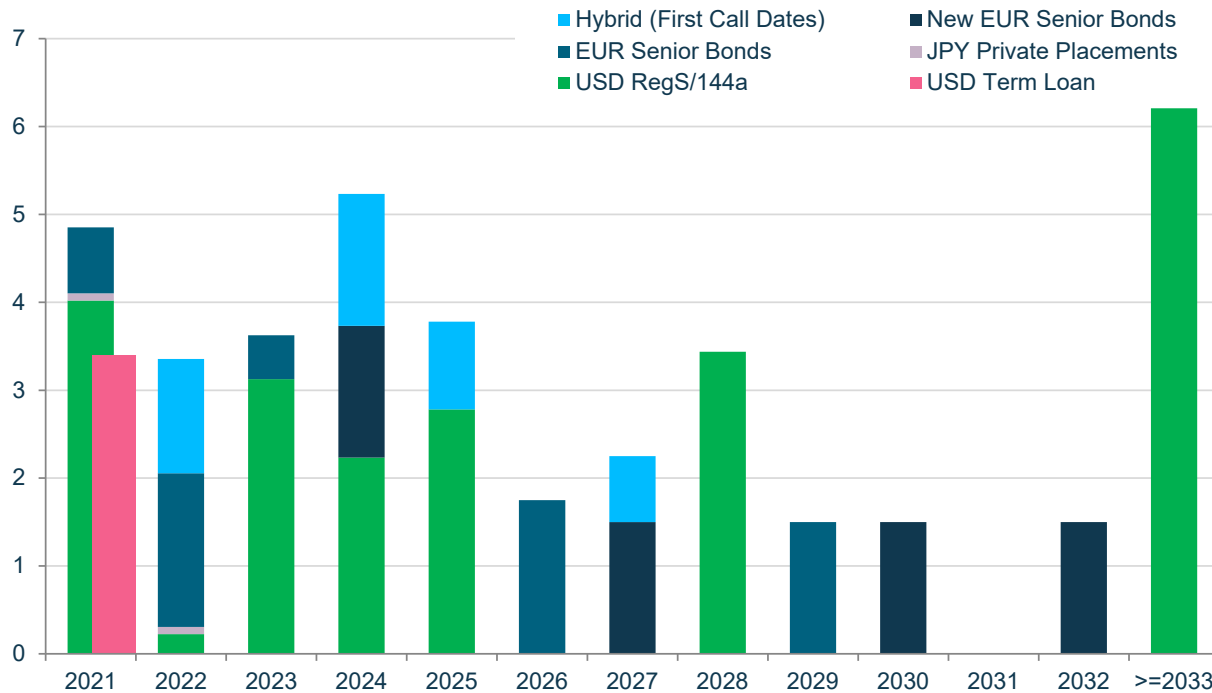
<sup>4</sup> Pensions 2020 flat at 2019 level

<sup>5</sup> Solicited since 2018

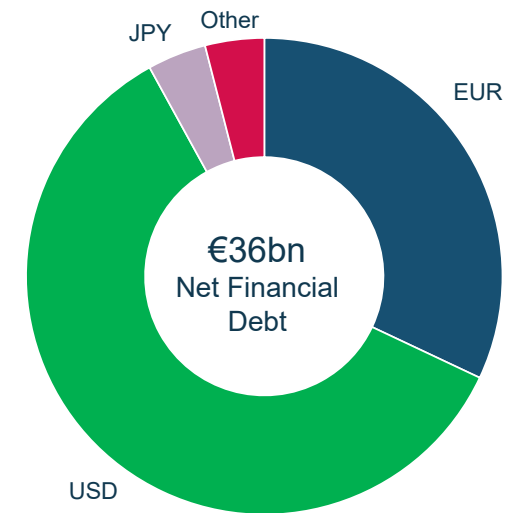


# Bayer's Maturity Profile is Well Balanced

**Bond and Loan Maturity Profile (€bn)**  
as of July 6th, 2020<sup>1</sup>



**Currency Exposure incl. Derivatives<sup>2</sup>**  
as of June 30, 2020



<sup>1</sup> Converted at quarter-end FX rates EURUSD 1.12 and EURJPY 121; including €6bn bond issuance beginning of July

<sup>2</sup> Based on quarter-end FX rates

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# Overview of Bayer's Funding Structure

## Net Financial Debt<sup>1</sup>

	Dec. 31, 2019	March 31, 2020	June 30, 2020
	€ million	€ million	€ million
Bonds and notes / promissory notes	33,569	34,150	32,678
of which hybrid bonds <sup>2</sup>	4,528	4,529	4,530
Liabilities to banks <sup>3</sup>	4,062	4,305	4,075
Lease Liabilities	1,251	1,216	1,186
Liabilities from derivatives <sup>4</sup>	123	113	202
Other financial liabilities	89	228	3,178
Receivables from derivatives <sup>4</sup>	(76)	(371)	(243)
<b>Financial debt</b>	<b>39,018</b>	<b>39,641</b>	<b>41,046</b>
Cash and cash equivalents	(3,185)	(2,289)	(3,148)
Current financial assets <sup>5</sup>	(1,765)	(1,953)	(1,935)
<b>Net financial debt</b>	<b>34,068</b>	<b>35,399</b>	<b>35,993</b>

1 For definition see Annual Report 2019, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

2 Classified as debt according to IFRS

3 Including both financial and nonfinancial liabilities

4 Including the market values of interest-rate and currency hedges of recorded transactions

5 Including short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies, financial investments in debt and equity instruments that were recorded as current on first-time recognition, and Covestro shares

## Nominal Volume of Major Instruments (bn) as of June 30, 2020

1	Senior EUR Bonds	€6.3
	Senior USD Bonds	\$24.7
	JPY Private Placements	¥20.0

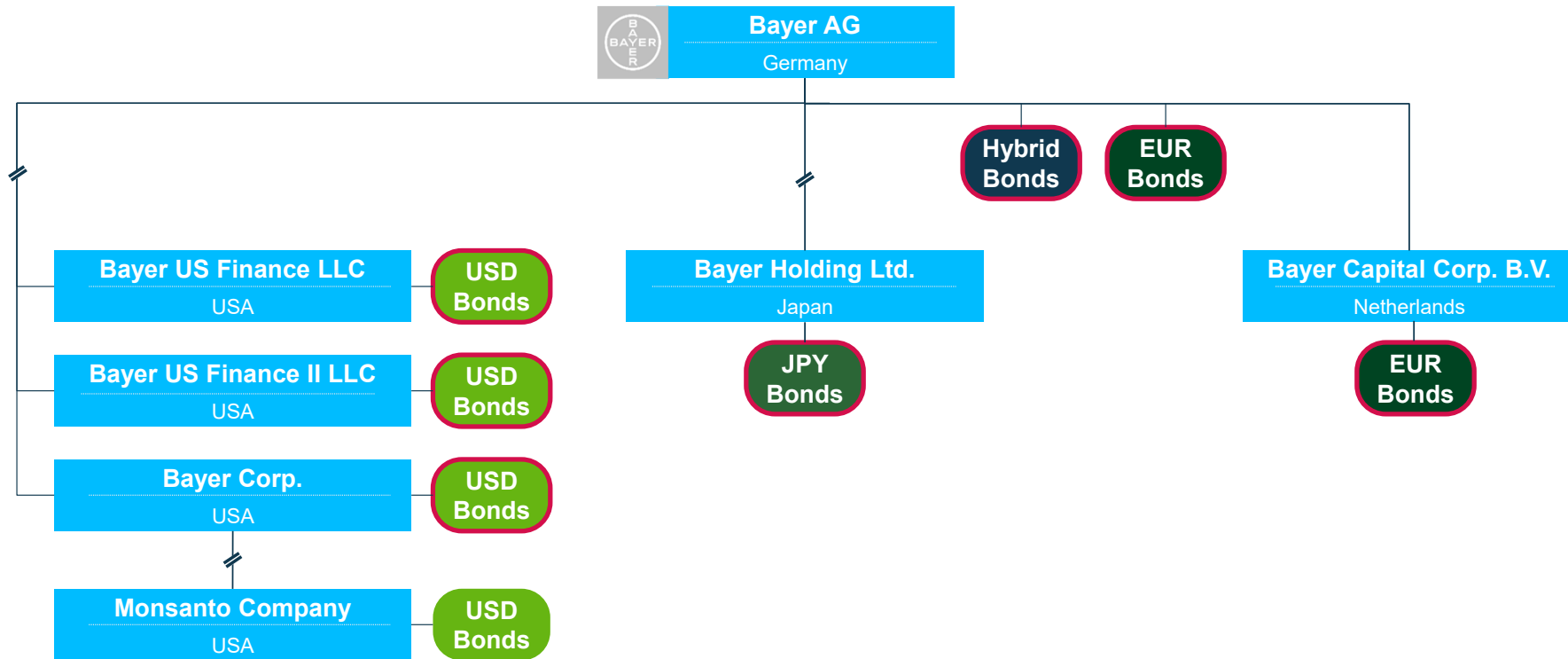
2	Hybrid EUR Bonds	€4.6
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3	USD Term Loan	\$3.8
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4	Other Sources of Liquidity	
	Syndicated Loan Facility	€4.5
	Commercial Paper Program	\$8.0



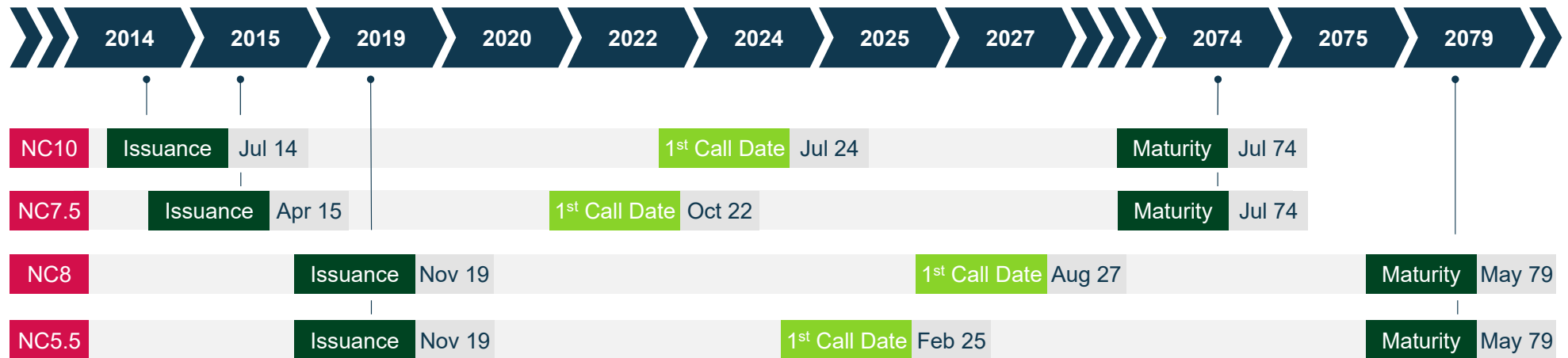
# 1 Main Issuing Entities at Bayer Group



 Instruments issued or guaranteed by Bayer AG  
 Indirect Hold through other entities



## 2 Hybrid Bonds at Bayer



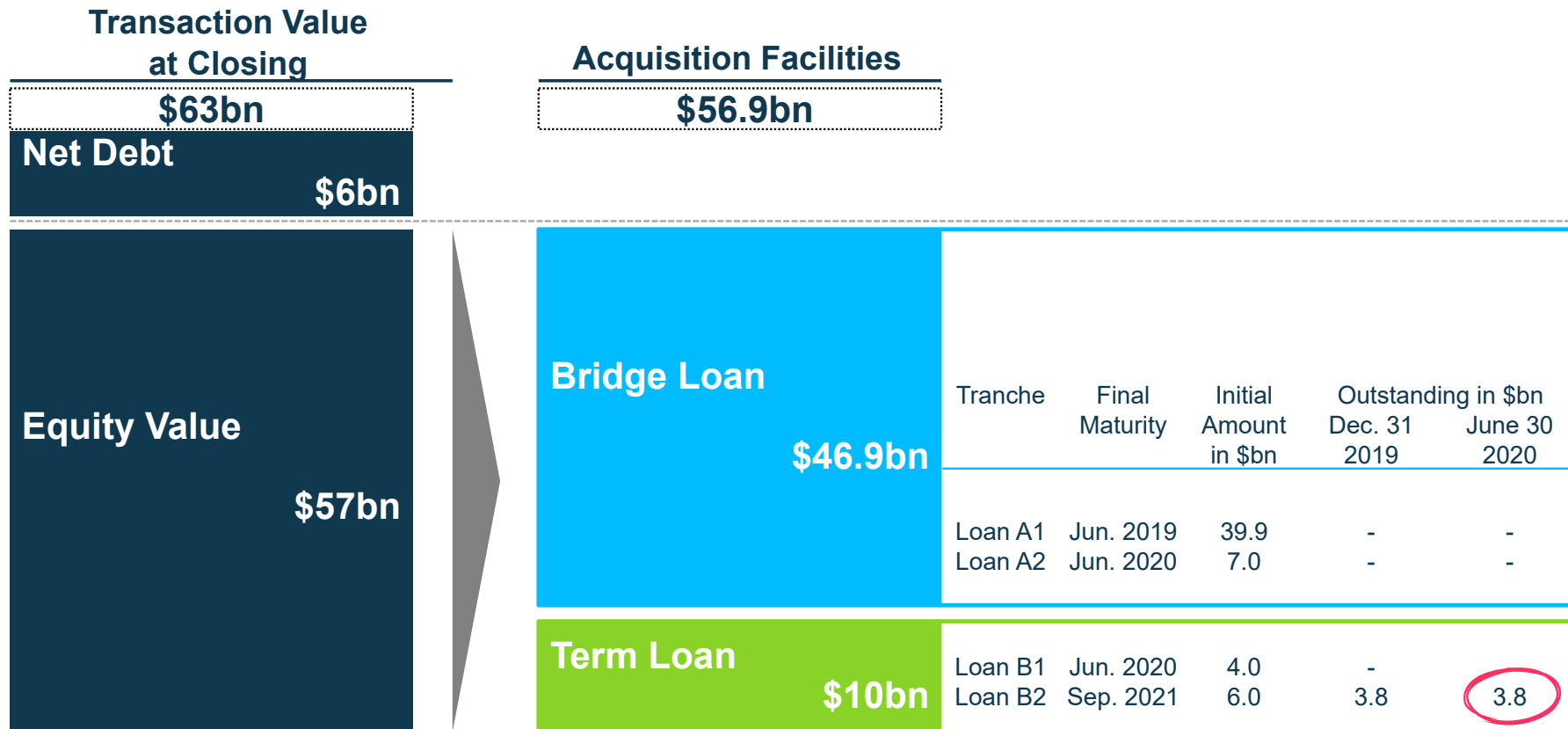
Hybrid Bond	Coupon ( in%)	Outstanding Volume (in bn €)	Initial Credit Spread	1st Step-Up	2nd Step-Up
NC10	3.75	1.5	230 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Jul 24	+75 bps/Jul 44
NC7.5	2.45	1.3	200.7 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Oct 27	+75 bps/Jul 42
NC8	3.125	0.75	310.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Nov 32	+75 bps/Nov 47
NC5.5	2.375	1	264.7 bps spread + 5Y Swap <sup>1</sup>	+25 bps/May 30	+75 bps/May 45

<sup>1</sup> Swap is reset every fifths year starting with the first call date





### 3 \$56.9bn Monsanto Acquisition Loan Facilities





## 4 Other Sources of Liquidity

### Syndicated Loan Facility

The multicurrency Syndicated Loan Facility can be used for general corporate purposes and is primarily a back-up line. Thus, it is not intended to be drawn in the course of ordinary business. The participating banks form Bayer's global banking group. Last renewed in December 2018, the credit facility was self-arranged.

Borrower	// Bayer AG, Germany // Bayer Corporation, USA
Total Amount	€4.5bn, thereof €1.5bn/\$1.5bn Swingline
Signing	December 2018
Initial Tenor	5Y + two 1Y extension options (first extension option already used)
Syndicate Size	23 Banks
Purpose	General Corporate Purposes

### Commercial Paper Program

Commercial Paper (CP) is a short-term unsecured debt instrument. CP are normally issued at a discount and redeemed at nominal value. The term of CP generally lie between 1 and 364 days. Bayer's CP program allows the company to issue in both the U.S. market (USCP) and the Euro market (ECP). It is structured as a SEC regulation's section 4(a)(2) program so that there are no restrictions related to the use of proceeds.

Issuer	// Bayer AG, Germany // Bayer Corporation, USA
Guarantor	Bayer AG
Total Amount	\$8bn or equivalent
Dealer	// <u>ECP</u> : Barclays, Bayerische Landesbank, Citigroup, Goldman Sachs, ING // <u>USCP</u> : Barclays, Bank of New York Mellon, Citigroup, J.P. Morgan, Wells Fargo
Issue and Paying Agent	// <u>ECP</u> : The Bank of New York Mellon, London Branch // <u>USCP</u> : The Bank of New York Mellon



# Event Calendar 2020

Date	Event/ Publication
Tuesday, August 4, 2020	Half-Year Report 2020
Tuesday, November 3, 2020	Q3 2020 Quarterly Statement

Please note that the event calendar might be subject to changes

/// Bayer Debt Investor Relations /// Status: June 30, 2020



# Contacts at Bayer

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