



Q4 2019 Analyst and Investor Briefing

February 27, 2020

Q4 2019

- Group sales €10.8 billion (Fx & portfolio adj. +3.4%)
- EBITDA before special items at €2.5 billion (+26.4%)
- Net special items of minus €481 million (in EBITDA)
- Net income €1.4 billion
- Core earnings per share (continuing operations) €1.29 (+22.9%)
- Free cash flow of €1.7 billion (+24.1%)

FY 2019

- Group sales up by 3.5% (Fx & portfolio adj.) to €43.5 billion
- EBITDA before special items increases to €11.5 billion (+ 28.3%)
- Core earnings per share (continuing operations) significantly up by 14.3% to €6.40
- Net income increases to €4.1 billion (+ 141.4%) – €1.6 billion gain on sale of Currenta stake
- Free cash flow of €4.2 billion above expectations
- Net financial debt declines to €34.1 billion
- Proposed dividend of €2.80 per share
- Crop Science with solid performance in challenging environment, substantial increase in earnings due to acquired business
- Pharmaceuticals shows encouraging business development
- Sales growth at Consumer Health, earnings at prior-year level despite divestments
- Ongoing portfolio, structural and efficiency measures implemented successfully
- Glyphosate's positive safety profile confirmed – appeal and mediation proceedings moving forward
- Outlook for 2020: increase in sales, earnings and free cash flow
- Ambitious sustainability targets set

The Annual Report 2019 is available at <https://www.investor.bayer.com/en/reports/annual-reports/overview/>

Group Key Figures for Q4 2019

Euro million	Q4 2018	Q4 2019	% y-o-y	Consensus**
Sales	10,355	10,750	3.8 / 3.4*	10,632
Volume	5.4%	2.3%	•	•
Price	-0.1%	1.1%	•	•
Currency	-0.3%	1.3%	•	•
Portfolio	25.0%	-0.9%	•	•
EBITDA	-53	2,002	•	•
Net special items (EBITDA)	-2,017	-481	•	-256
EBITDA before special items	1,964	2,483	26.4	2,481
EBIT	-4,206	396	•	•
Net special items (EBIT)	-5,249	-923	•	•
EBIT before special items	1,043	1,319	26.5	•
Financial result	-720	-378	47.5	•
Income taxes	964	-45	•	•
Income from cont. operations after income taxes	-3,962	-27	•	•
Income from discount. operations after income taxes	40	1,452	•	•
Net income	-3,924	1,414	•	692



<i>Euro million</i>	Q4 2018	Q4 2019	% y-o-y	Consensus**
EPS from cont. and discont. operations <i>(Euro/share)</i>	-4.00	1.44	•	•
Core EPS from cont. operations <i>(Euro/share)</i>	1.05	1.29	22.9	1.25
Delta working capital	3,789	2,105	-44.4	•
Operating cash flow (cont. operations)	2,869	3,312	15.4	•
Free cash flow	1,363	1,692	24.1	•
CapEx and leasing, cont. operations	-1,041	-1,017	-2.3	•

2018 figures restated

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of February 13, 2020 provided by Vara Research GmbH

Net Financial Debt and Pension Provisions

<i>Euro million</i>	Sept. 30, 2019	Dec. 31, 2019
Net financial debt	37,860	34,068
Pension provisions	9,384	8,213

Core Earnings per Share

<i>Euro million</i>	Q4 2018	Q4 2019
EBIT (as per income statement)	-4,206	396
Amortization and impairment losses / loss reversals on intangible assets	3,191	486
Impairment losses / loss reversals on property, plant and equipment, and accelerated depreciation included in special items	660	674
Special items (other than accelerated depreciation, amortization and impairment losses / loss reversals)	2,017	481
Core EBIT	1,662	2,037
Financial result (as per income statement)	-720	-378
Special items in the financial result	296	10
Income taxes (as per income statement)	964	-45
Special items in income taxes	91	67
Tax effects related to amortization, impairment losses / loss reversals and special items	-1,259	-410
Income after income taxes attributable to non-controlling interest (as per income statement)	-2	-11
Above-mentioned adjustments attributable to non-controlling interest	-1	-1
Core net income from continuing operations	1,031	1,269
Weighted average number of shares (<i>million</i>)	980.152	982.425
Core earnings per share from continuing operations (<i>Euro</i>)	1.05	1.29

Prior period figures restated



Corporate Outlook for FY 2020

- The following forecast is based on the current business development and our internal planning. It also proceeds from the assumption that our Animal Health business will transfer to the acquirer effective July 1, 2020, and that we will receive the purchase price on that date in cash and Elanco shares as agreed.
- To enhance the comparability of operating performance, the forecasts are adjusted for currency effects (using the average monthly exchange rates from 2019). A 1% appreciation (depreciation) of the euro against all other currencies would decrease (increase) sales on an annual basis by some €350 million and EBITDA before special items by about €100 million.
- We adjusted our value flows (cost allocation from the reconciliation line to the divisions) as of January 1, 2020, which has an impact on the divisions' EBITDA before special items. If these value flows had already been applied in 2019, this key indicator would have been as follows:

Euro million	Crop Science	Pharmaceuticals	Consumer Health
EBITDA before special items	4,796	5,975	1,090
Value flow changes	-82	-114	51
Pro-forma EBITDA before special items after value flow changes	4,714	5,861	1,141
Pro-forma EBITDA-margin impact	-0.4 ppt	-0.7 ppt	+0.9 ppt

- For 2020, we expect currency-adjusted sales from continuing operations to amount to around €44 to 45 billion. This corresponds to an increase of about 3 to 4% on a currency- and portfolio adjusted basis. We aim to increase the EBITDA margin before special items to around 28% on a currency-adjusted basis. Based on the aforementioned sales figure, this would correspond to EBITDA before special items of €12.3 to €12.6 billion on a currency-adjusted basis. We plan to raise core earnings per share to between €7.00 and 7.20 on a currency-adjusted basis. Additional guidance elements include:

Sales	Euro billion	Fx and portfolio adj. change (%)
Group	44 to 45	+3 to 4
Crop Science		~+4
Pharmaceuticals		+3 to 4
Consumer Health		+2 to 3
EBITDA before special items		Margin (%)
Group		~28
Crop Science		~26
Pharmaceuticals		~33
Consumer Health		22 to 23
Financial result (core)	~ minus 1.5	
Tax rate (core)	~23%	
Free cash flow	~5	
Net financial debt	~27	
Special items in EBITDA	~ minus 0.9	
	Euro	
Core EPS	7.00 - 7.20	

- We plan to take total special charges of about €0.9 billion (currency-adjusted) in 2020, with roughly €0.7 billion expected to be spent for restructuring.



Crop Science in Q4 2019

Euro million	Q4 2018	Q4 2019	% y-o-y	Consensus**
Sales	4,661	4,652	-0.2 / -0.9*	4,698
EBITDA before special items	543	872	60.6	859
EBITDA-margin before special items	11.6%	18.7%		18.3%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of February 13, 2020 provided by Vara Research GmbH

Crop Science Sales by Strategic Business Entity

Euro million	Q4 2018	Q4 2019	% y-o-y	%y-o-y cpa
Crop Science	4,661	4,652	-0.2	-0.9
Herbicides	1,172	1,203	2.6	1.0
Corn Seed & Traits	1,036	1,100	6.2	4.0
Soybean Seed & Traits	602	587	-2.5	-1.7
Fungicides	757	788	4.1	5.8
Insecticides	364	380	4.4	4.5
Environmental Science	229	235	2.6	0.6
Vegetable Seeds	91	157	72.5	70.3
Other	410	202	-50.7	-51.5

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

- Price +0.8%, volume -1.7%, currency +0.7%, portfolio 0.0%
- Sales in **North America** increased slightly by 0.5% (Fx and portfolio adj.) to €1,761 million driven by growth in Herbicides and Corn Seed & Traits, nearly offset by a challenging environment for Soybean Seed & Traits.
- Sales in **Latin America** advanced by 1.2% (Fx and portfolio adj.) to €1,820 million, particularly due to strong growth at Fungicides and Herbicides. This was partly offset by lower Corn Seed & Trait volumes in the summer season in Brazil.
- Business in **Europe / Middle East / Africa** receded by 2.9% (Fx and portfolio adj.) to €581 million, primarily due to lower sales of Herbicides and Fungicides. By contrast, we recorded higher sales particularly in Vegetable Seeds and Corn Seed & Traits.
- The sales decline in **Asia / Pacific** by 10.3% (Fx and portfolio adj.) to €490 million was mainly attributable to Cotton Seed & Traits, where the extreme drought in Australia led to considerably lower acreages.

Pro-forma Sales of Crop Science by Strategic Business Entity

Due to the scope of the acquired activities and the seasonality of the business, we are presenting sales by strategic business entity on a pro-forma basis in order 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 divestments had already taken place as of January 1, 2018. Sales under the service agreements with BASF after the divestments closed are not included.



Euro million	Q4 2018	Q4 2019	% y-o-y	% y-o-y Fx adj.
Crop Science	4,511	4,568	1.3	1.0
Herbicides	1,125	1,195	6.2	5.3
Corn Seed & Traits	1,036	1,100	6.2	4.0
Soybean Seed & Traits	651	587	-9.8	-8.6
Fungicides	753	788	4.6	6.0
Insecticides	366	380	3.8	4.3
Environmental Science	228	235	3.1	1.0
Vegetable Seeds	91	157	72.5	70.7
Other	261	126	-51.7	-49.3

The unaudited pro-forma data is presented as if both the acquisition of Monsanto and the associated divestments had taken place as of January 1, 2018. 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.

EBITDA before special items of Crop Science increased strongly by 60.6%, primarily attributable to the realization of cost synergies, several one-time effects as well as favorable pricing (mainly in Latin America) and a positive currency effect of €18 million.

Pharmaceuticals in Q4 2019

Euro million	Q4 2018	Q4 2019	% y-o-y	Consensus**
Sales	4,291	4,682	9.1 / 7.2*	4,578
EBITDA before special items	1,266	1,436	13.4	1,495
EBITDA-margin before special items	29.5%	30.7%		32.7%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of February 13, 2020 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

Euro million	Q4 2018	Q4 2019	% y-o-y	% y-o-y cpa
Xarelto	993	1,148	15.6	14.0
Eylea	600	667	11.2	9.2
Mirena family	270	302	11.9	9.6
Kogenate/Kovaltry/Jivi	216	222	2.8	0.5
YAZ family	161	172	6.8	3.8
Glucobay	150	167	11.3	9.3
Nexavar	177	164	-7.3	-8.9
Adalat	127	156	22.8	20.4
Aspirin Cardio	137	147	7.3	6.1
Betaferon/Betaseron	139	125	-10.1	-11.8
Adempas	96	111	15.6	14.2
Stivarga	86	106	23.3	21.8
Gadavist/Gadovist	87	104	19.5	17.0
Stellant	92	94	2.2	-0.5
Ultravist	80	87	8.7	8.4

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



- Price +0.9%, volume +6.3%, currency +1.9%, portfolio 0.0%
- Sales performance at Pharmaceuticals was driven by continued strong growth in China and sales gains for our products Xarelto and Eylea.
- We again registered an increase in sales of **Xarelto**, largely as a result of higher volumes in Europe / Middle East / Africa and in China. Our license revenues – recognized as sales – in the United States, where Xarelto is marketed by a subsidiary of Johnson & Johnson, exceeded the level of the prior-year period.
- Sales of **Eylea** rose significantly, with growth driven by business in Europe / Middle East / Africa – especially the United Kingdom and Germany – and in Japan.
- The sales increases for **Adalat, Glucobay and Aspirin Cardio** were mainly due to higher volumes in China.
- Sales of **Betaferon / Betaseron** and of **Nexavar** declined, with business primarily held back by strong competition in the United States.
- We reported significant sales gains for **Stivarga** that were mainly attributable to expanded business in China.
- Sales of **Adempas** advanced substantially, primarily due to the positive development in the United States. 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.
- **EBITDA before special items** of Pharmaceuticals increased by 13.4% in the quarter. Selling expenses for product launches and new indications diminished earnings, while higher volumes resulted in positive earnings contributions. There was also a positive currency effect of €22 million.

Pharmaceutical Pipeline (as of February 2020)



Additions

- Phase II trial (CANDELA) with aflibercept high-dose for the treatment of age-related macular degeneration



Terminations

- Phase II trial with TASK channel blocker 1 for the treatment of obstructive sleep apnea
- Phase II with fadaltran (AR alpha 2c receptor antagonist) for the treatment of peripheral artery disease

Phase transitions

- Transition of TASK channel blocker 2 for the treatment of obstructive sleep apnea into phase II
- Phase II initiation with Factor XIa inhibitor for the treatment of stroke
- Completion of a phase III trial with rivaroxaban for the treatment of venous thromboembolism in children

Consumer Health in Q4 2019

Euro million	Q4 2018	Q4 2019	% y-o-y	Consensus**
Sales	1,331	1,337	0.5 / 6.2*	1,284
EBITDA before special items	279	285	2.2	287
EBITDA-margin before special items	21.0%	21.3%		22.4%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of February 13, 2020 provided by Vara Research GmbH

- Price +3.2%, volume +3.0%, currency +1.4%, portfolio -7.1%
- In Q4 sales growth at Consumer Health accelerated, with sales of €1.3bn and growth of 6.2% (Fx & portfolio adj.). We saw solid contributions from all regions with particularly dynamic growth in Europe and North America.
- Sales in the **Europe / Middle East / Africa** region rose by 7.3% (Fx & portfolio adj.) to €479 million fueled by an improving supply situation and growth from innovations, esp. in Dermatology and Nutritionals.
- In the **North America** region, sales grew by 6.6% (Fx & portfolio adj.) to €547 million. In particular Claritin, One a Day and Miralax performed well. Our Aspirin Cardio business continued to be impacted by a more restrictive recommendation on primary prevention of myocardial infarction by the American Heart Association.
- Sales in **Asia / Pacific** were up +2.1% (Fx & portfolio adj.) to €160 million, driven by Dermatology with strong performance of Kang Wang in China demonstrating continued market share momentum.
- In **Latin America**, sales rose by 5.4% (Fx & portfolio adj.) to €151 million with growth across all categories. Sales growth was also driven in part by inflation-related price increases in Argentina.

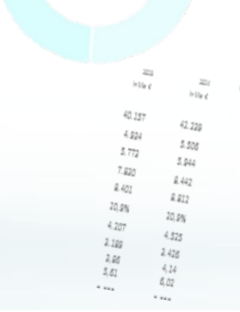
Consumer Health Sales by Category

Euro million	Q4 2018	Q4 2019	% y-o-y	% y-o-y cpa
Consumer Health	1,331	1,337	0.5	6.2
Nutritionals	293	299	2.0	1.0
Allergy & Cold	264	298	12.9	9.8
Dermatology	250	279	11.8	9.9
Pain & Cardio	216	222	2.8	3.2
Digestive Health	181	196	8.3	6.6
Other*	127	43	-66.2	7.6

*) The divested sun care, global prescription dermatology, U.S. prescription dermatology and foot care businesses are included until their respective transfer dates (August 30, 2019, July 1, 2019, September 4, 2018, and November 1, 2019).

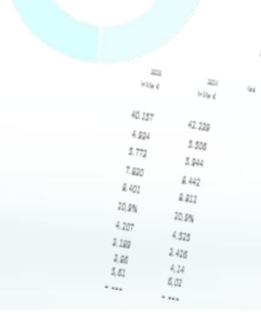
%y-o-y cpa: Currency and portfolio adjusted sales growth

EBITDA before special items of Consumer Health benefitted primarily from efficiency measures, which led to a significant decrease in selling expenses, as well as a positive currency effect of €7 million. Earnings were diminished by lower one-time gains from the disposal of tail-end brands.



Key Figures for Q4 2019

	Crop Science		Pharmaceuticals		Consumer Health		Reconciliation		Group	
	Q4'18	Q4'19	Q4'18	Q4'19	Q4'18	Q4'19	Q4'18	Q4'19	Q4'18	Q4'19
	€ million		€ million		€ million		€ million		€ million	
Sales	4,661	4,652	4,291	4,682	1,331	1,337	72	79	10,335	10,750
Sales by region:										
Europe / Middle East / Africa	592	581	1,699	1,847	474	479	65	64	2,830	2,971
North America	1,703	1,761	1,019	1,071	534	547	4	13	3,260	3,392
Asia / Pacific	530	490	1,312	1,501	163	160	0	0	2,005	2,151
Latin America	1,836	1,820	261	263	160	151	3	2	2,260	2,236
EBITDA	-441	797	495	1,478	211	251	-318	-524	-53	2,002
Special items	-984	-75	-771	42	-68	-34	-194	-414	-2,017	-481
EBITDA before special items	543	872	1,266	1,436	279	285	-124	-110	1,964	2,483
EBITDA margin before special items	11.6%	18.7%	29.5%	30.7%	21.0%	21.3%	•	•	19.0%	23.1%
EBIT	-933	-453	-302	1,085	-2,607	360	-364	-596	-4,206	396
Special items	-984	-596	-1,289	-72	-2,781	161	-195	-416	-5,249	-923
EBIT before special items	51	143	987	1,157	174	199	-169	-180	1,043	1,319
EBIT margin before special items	1.1%	3.1%	23.0%	24.7%	13.1%	14.9%	•	•	10.1%	12.3%
Operating cash flow, continuing	1,549	2,669	1,587	1,040	196	236	-463	-633	2,869	3,312
Financial result									-720	-378
Income from continuing operations after taxes									-3,962	-27
Income from discontinuing operations after taxes									40	1,452
Net income, total									-3,924	1,414
Earnings per share, continuing (€)									-4.04	-0.04
Earnings per share, total (€)									-4.00	1.44
Core earnings per share, continuing (€)									1.05	1.29
CapEx and leasing, continuing									-1,041	-1,017
R&D									-1,698	-1,408
D&A and Write-downs	492	1,250	797	393	2,818	-109	46	72	4,153	1,606
Employees at end of period	38,109	33,866	38,478	38,553	11,050	10,400	20,257	21,005	107,894	103,824
2018 figures restated										



Key Figures for FY 2019

	Crop Science		Pharmaceuticals		Consumer Health		Reconciliation		Group	
	FY'18	FY'19	FY'18	FY'19	FY'18	FY'19	FY'18	FY'19	FY'18	FY'19
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	14,266	19,832	16,746	17,962	5,450	5,462	280	289	36,742	43,545
Sales by region:										
Europe / Middle East / Africa	3,689	4,170	6,590	6,918	1,857	1,838	256	259	12,392	13,185
North America	4,696	8,743	3,965	4,040	2,263	2,280	18	24	10,942	15,087
Asia / Pacific	1,858	1,829	5,206	6,031	730	749	2	1	7,796	8,610
Latin America	4,023	5,090	985	973	600	595	4	5	5,612	6,663
EBITDA	4,500	3,895	4,797	5,951	1,035	1,303	-637	-1,595	9,695	9,554
Special items	1,849	-901	-801	-24	-61	213	-261	-1,237	726	-1,949
EBITDA before special items	2,651	4,796	5,598	5,975	1,096	1,090	-376	-358	8,969	11,503
EBITDA margin before special items	18.6%	24.2%	33.4%	33.3%	20.1%	20.0%	•	•	24.4%	26.4%
EBIT	3,138	582	3,213	4,762	-2,077	713	-820	-1,868	3,454	4,189
Special items	1,841	-1,423	-1,362	-137	-2,776	-18	-262	-1,240	-2,559	-2,818
EBIT before special items	1,297	2,005	4,575	4,899	699	731	-558	-628	6,013	7,007
EBIT margin before special items	9.1%	10.1%	27.3%	27.3%	12.8%	13.4%	•	•	16.4%	16.1%
Operating cash flow, continuing	3,743	4,209	4,376	4,523	727	841	-1,313	-1,572	7,533	8,001
Financial result									-1,568	-1,309
Income from continuing operations after taxes									1,390	2,430
Income from discontinuing operations after taxes									321	1,680
Net income, total									1,695	4,091
Earnings per share, continuing (€)									1.46	2.46
Earnings per share, total (€)									1.80	4.17
Core earnings per share, continuing (€)									5.60	6.40
CapEx and leasing, continuing									-2,394	-2,452
R&D									-5,105	-5,342
D&A and Write-downs	1,362	3,313	1,584	1,189	3,112	590	183	273	6,241	5,365
Employees at end of period	38,109	33,866	38,478	38,553	11,050	10,400	20,257	21,005	107,894	103,824
2018 figures restated										



Bayer Investor Relations Team

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

Cautionary Statements Regarding Forward-Looking Information

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. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

* * *