



Delivering Value Creation



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2018: Progress Across all Divisions

Delivering on Guidance Despite Headwinds

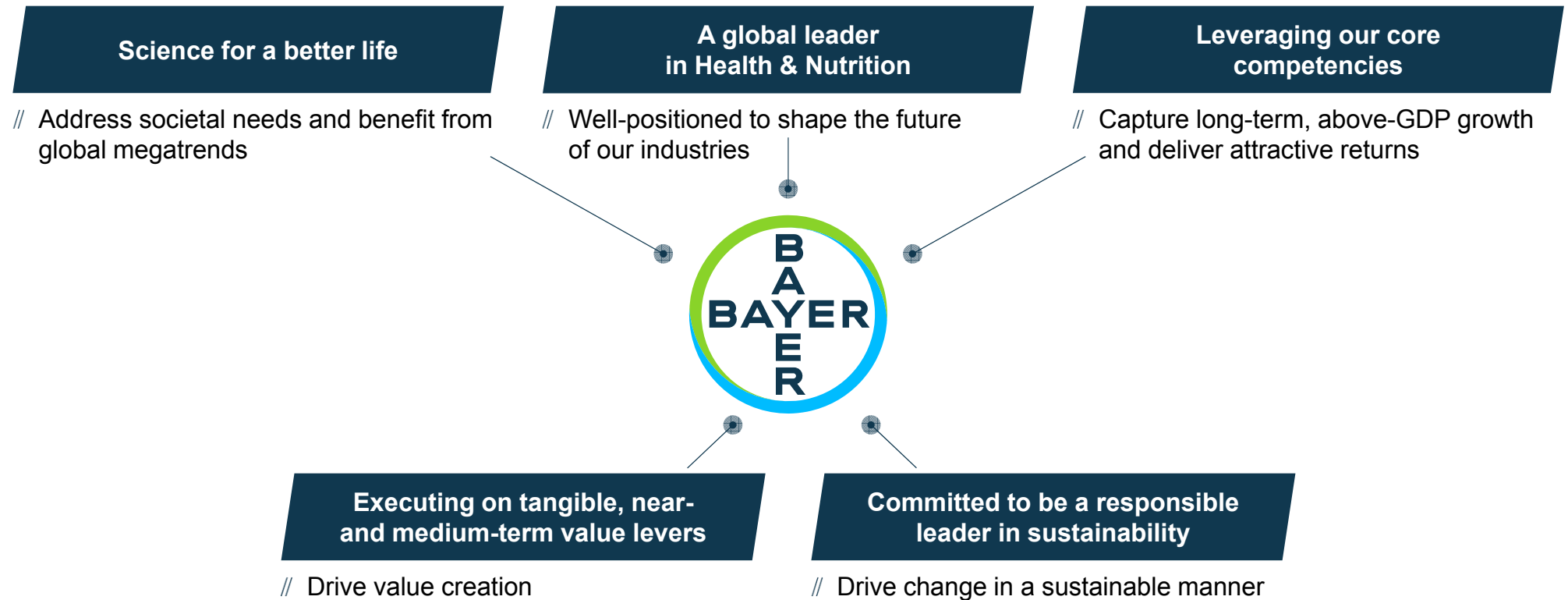
Group ✓	
// 2018 on track	// Value crystallization of Covestro stake
// Status of Glyphosate litigation	// Net financial debt at ~€36bn by end of 2018, ~€3bn ahead of plan

Crop Science ✓	Pharmaceuticals ✓	Consumer Health ✓
<ul style="list-style-type: none"> // Growth ahead of competition and best-in-class profitability¹ // Full recovery in Brazil // Successful start of integration 	<ul style="list-style-type: none"> // Growth at rate of competition² // cGMP remediation in Leverkusen fully on track // Xarelto approvals/launch in CAD/PAD in EU/US // Progress with Larotrectinib and Darolutamide 	<ul style="list-style-type: none"> // Growth acceleration plan with strengthened management underway // Return to growth in H2 2018 // Portfolio further focused through divestiture of Rx dermatology

¹ Reported data peer group; ² IQVIA; cGMP: current Good Manufacturing Practices; CAD: Coronary Artery Disease, PAD: Peripheral Artery Disease



We are Well-Positioned to Deliver Significant Value Creation





Global Megatrends in Health & Nutrition

Attractive Macro Drivers of Our Businesses

Megatrends through 2050

Societal Needs

Our Mission

Aging Population



People 60+ more than doubling¹

>20% of total population¹

Preserve and restore health

Growing Population

+2.2bn people¹



+50% more food and feed required to meet growing demand²

Secure sufficient supply of quality food

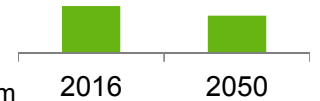
Pressure on Ecosystems



-17%

Harvest losses from climate change³

-20%



Significant loss in arable land per capita⁴

Use natural resources more efficiently and responsibly

We leverage science to address these societal needs – with the ultimate goal to improve people’s lives



Science For A Better Life

¹ UNDESA 2017 (United Nations Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision)

² FAO 2017, (FAO Global Perspective Studies)

³ Nelson et. al. (2014); FAO 2016 “Climate change and food security”

⁴ 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



Our Markets Have Highly Attractive Characteristics

Favorable Industry Environment

Market Size 2017

Characteristics

Crop Science



~ €90bn¹

Pharmaceuticals



~ €870bn²

Consumer Health



~ €140bn³

- ✓ Secular above-GDP growth trend
- ✓ Highly regulated, innovation-driven markets
- ✓ High market profitability
- ✓ Ability to achieve leading position and margins while growing ahead of competition

¹ Pro forma calculations Bayer; Bayer CS market model

² IQVIA

³ Market model in-market sales OTC medicines, data from IQVIA, Nicholas Hall



We are a Global Leader in Health & Nutrition

Well-Positioned Across Our Businesses



~€45bn 2018 Pro-forma Sales¹

Crop Science

~€19bn / ~43% of Group
#1 Position

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

~€17bn / ~38% of Group
#2 Position in Cardiovascular

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

~€5bn / ~12% of Group
#2 Position

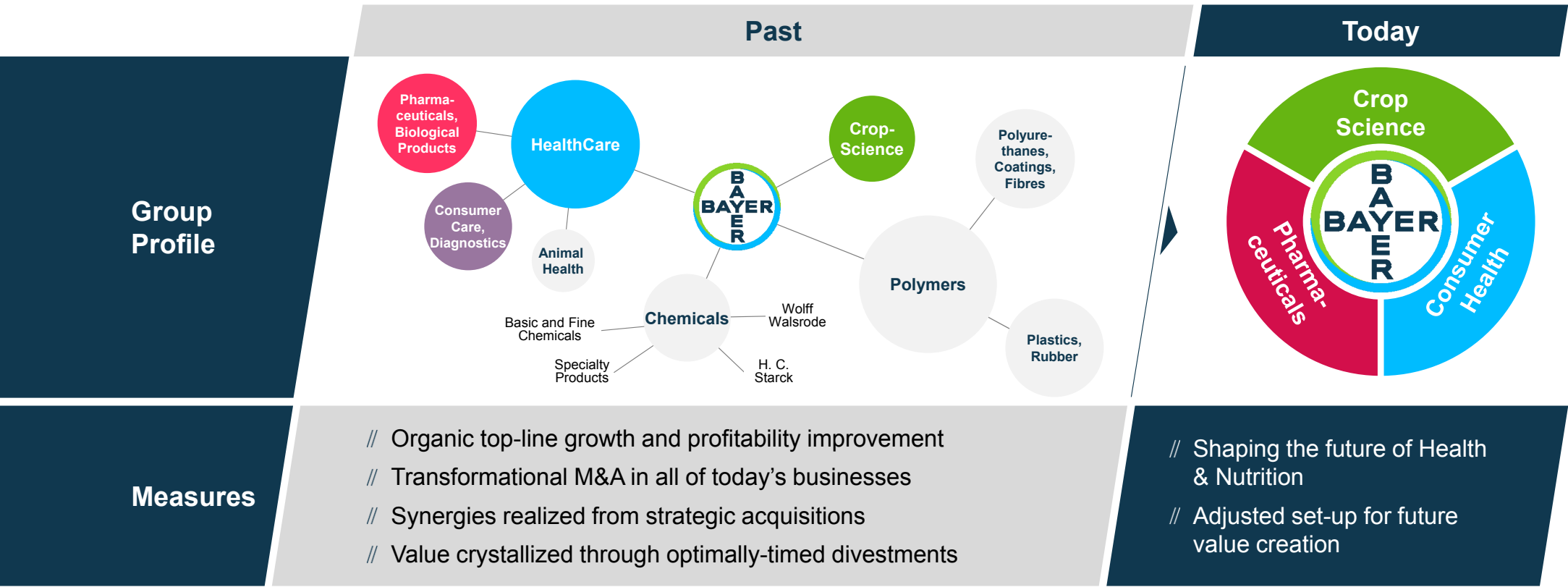
Leading Positions in 7 of the Top 10 OTC Markets

- // 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

¹ 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, 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, meaning they have not been audited.



Transformation into a Leader in Health & Nutrition – Next Phase to Deliver Future Value Creation





Five Levers to Drive Value Creation

What We Do

Through our leading positions in Health & Nutrition we create value for our shareholders and society

Our Value Levers Are Designed to Deliver Attractive Returns



World-class innovation



Drive operational excellence



Disciplined capital allocation



Renowned corporate brand







Highest sustainability standards



Innovation Will Deliver Sustained Growth

Our Reconfigured Innovation Approach

	Crop Science	Pharmaceuticals	Consumer Health	
Major Innovation Drivers	<ul style="list-style-type: none"> // Meet required yield increases // Need for a responsible and sustainable use of natural resources 	<ul style="list-style-type: none"> // Underlying unmet medical need and added net clinical benefit // Novel platforms and technologies // Strong life cycle management 	<ul style="list-style-type: none"> // Brand life cycle management to maintain portfolio freshness // Rx-to-OTC switches 	
Divisional Pipelines	<p>>75 projects Peak Sales Potential: up to €30bn</p>	<p>~50 projects Significant peak sales potential of key late-stage pipeline assets</p>	<p>Double growth contribution from innovation (from 15% to 30% of growth)</p>	
Focus Areas	<p>1 Accelerate output by intensified external sourcing of innovative technologies and assets</p>			
	<p>2 Advancing Digital transformation: Leverage computational science and digital at scale across the value chain</p>			
	<p>3 Drive disruptive technologies (Bayer-wide via LEAPS)</p>			
Powerful Innovation Engine	<p> €6.1bn annual R&D investment²</p>	<p> ~18,300 employees in R&D²</p>	<p> Strong history of collaborations with innovative partners from academia and industry¹</p>	<p> ~450 inventions p.a.³</p>

¹ Examples for collaboration partners from academia: German Cancer Research Centre, Tsinghua University, Broad Institute; examples for collaboration partners from industry: Loxo, Merck, Onyx, Orion

² Pro-forma 2018e (FTE, year-end)

³ Any compound, device or alike for which Bayer starts seeking patent protection in any given year (reference: 2005-2017)



We Will Accelerate Sourcing Innovation Externally

Loxo Oncology – an Example for Instant Access to Innovation in a Well-Understood Therapeutic Area

1	Overview	Strategic Highlights
	<ul style="list-style-type: none">// Larotrectinib is a novel tumor-agnostic targeted cancer therapy// Demonstrates impressive anti-tumor activity in a wide range of tumors// FDA approved for the treatment of adult and pediatric patients with solid tumors that have a neurotrophic receptor tyrosine kinase gene fusion// Peak sales potential of >€750m	<ul style="list-style-type: none">High unmet medical need ✓Growth area ✓Pioneering precision cancer therapy ✓

Full labeling information available at http://labeling.bayerhealthcare.com/html/products/pi/vitrakvi_PI.pdf



Advancing Digital Transformation Across all Businesses

2

Group-wide Digital Transformation

Advancing Digital / Evolution of Digital Farming

Digitize customer experience

Drive additional growth & efficiency

- // Improve customer experience, add digital products and services
- // **Example Consumer Health:** e-commerce and precision marketing

New business models

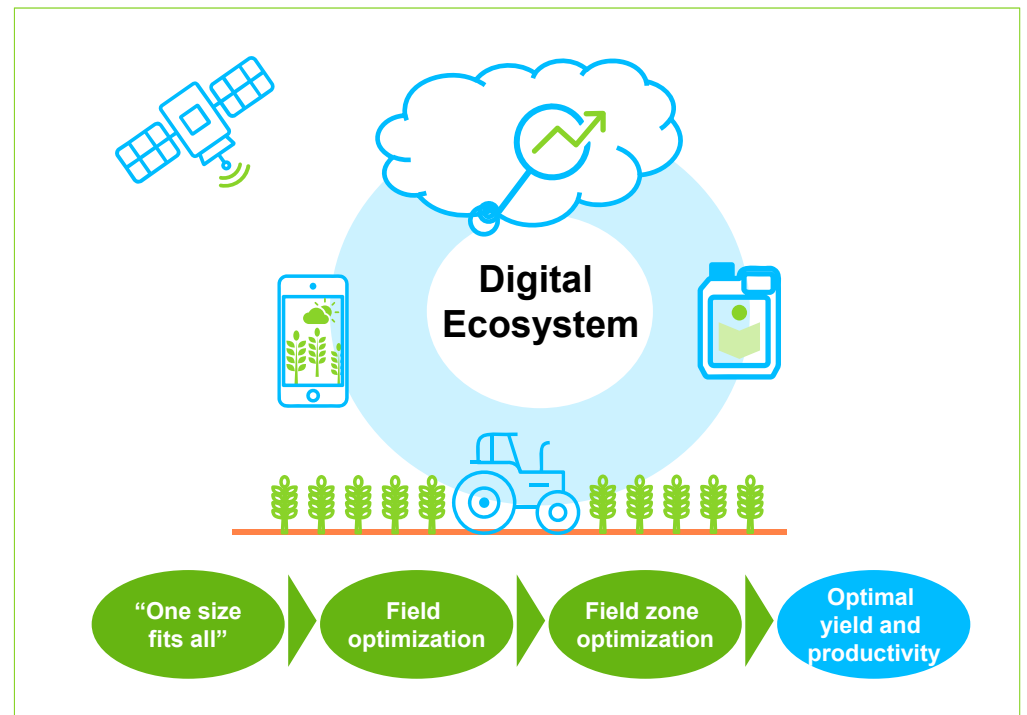
Open new sources of value

- // Enable disruptive business models based on data and platforms
- // **Example Crop Science:** Outcome-based business models

Digitize operations

Improve cost and quality

- // Leverage data and analytics at scale across the value chain and operations
- // **Example Pharma:** Established first digital plant in Italy¹






¹ Identified by World Economic Forum in Sept. 2018 as one of the nine best factories in the world



Differentiated Approach to Co-create Disruptive Technologies

With LEAPS, we are Driving Disruptive Technologies

3	Approach	Current key ventures	Addressable market
	<p>Focus on game-changing technologies to address fundamental challenges and shift the core paradigms in Health and Nutrition</p>	 CASEBIA Access to gene editing (CRISPR)	<p>\$25bn¹</p>
	<p>Health: From treatment to cure/ prevention</p>	 BlueRock Therapeutics Access to stem cell technology	<p>\$180bn¹</p>
	<p>Agriculture: Advancing sustainable farming</p>	 JOYN BIO Access to microbe technology	<p>\$100bn²</p>

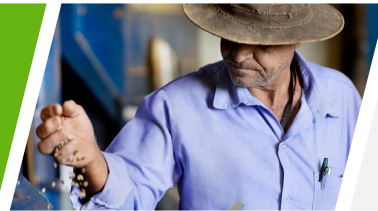
¹ Frost & Sullivan, market by 2030

² Mordor Intelligence: Nitrogen fertilizer market (2020)



Bayer 2022 Synergy & Efficiency Programs

Crop Science



Realization of Crop Science sales and cost synergies

Pharmaceuticals



Re-alignment of R&D activities towards external innovation / Adjustment of the hematology manufacturing footprint

Consumer Health



Comprehensive growth acceleration program

Platform cost reduction

Adjustment of corporate platform

- ✓ Targeted overall contribution of ~€2.6bn by 2022
- ✓ Global FTE impact ~12,000



We Have Clear Priorities for Capital Allocation

Focus on Shareholder Return, Deleveraging, and Innovation

Disciplined capital allocation

**Free Cash Flow¹
Targeted**

~€23bn
2019e-2022e



Divestment proceeds



Shareholder Return

Deleveraging

Innovation & Acquisitions

¹ Free cash flow (FCF) defined as = Net cash flow provided by operating activities - CAPEX (PPE and Intangible assets) + interest & dividends received - interest paid + interest received from interest rate swaps; excluding contributions from divested businesses



Renowned corporate brand



Bayer Stands for Trust, Reliability and Quality

Driving Brand Awareness and Elevating Perception



Value-accretive umbrella brand²

- // Aided awareness well above industry norms¹
- // Bayer brand accounts for ~30% of product brands' trustworthiness
- // Endorses quality and drives premium pricing
- // Value accretive to **all** divisions
- // Recommend up to 3x more often
- // Pay up to 2x more for a Bayer product
- // Signals regulatory responsibility and societal commitment

Leading product brands

Crop Science



Pharmaceuticals



Consumer Health



Source: Company Information, EvaluatePharma, Euromonitor

¹ Bayer's score is ~87%. "Aided Awareness" is an industry standard metric used to understand brand strength, and it refers to the level of recognition of the Bayer brand in a survey of the population. Data collection performed by Dialogo

² Brand Spillover Study October 2018, Bayer AG & Ludwig-Maximilians-Universität München



Group Targets - Value Creation from Strengthened Base

Triple leverage

		2018e ¹	2019 Indicative Guidance	Target 2022	CAGR 2018-2022
Sales	€bn	~44.6	~46	~52	~4%
EBITDA before special items	€bn	~11.5	~12.2	~16	~9%
Core EPS	€	~6.7	~6.8	~10	~10%
FCF	€bn	~4.1 ²	~3-4	~8	~18%

2022 targets at constant currencies, not including portfolio measures (except for Consumer Health)

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Key Priorities

Enhance Our Operating Performance and Drive Value Creation

1

Achieve operational targets

2

Integrate Crop Science and leverage #1 industry platform

3

Continue strengthening of internal pipeline and intensify external sourcing of innovative technologies and assets

4

Performance improvement of Consumer Health

5

Further focus our business

6

Adjust infrastructure across the Group



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