



Q1 2019 Analyst and Investor Briefing

April 25, 2019

- Bayer: strong operational start to the year
- Group sales increase to €13.0 billion (Fx & portfolio adj. +4.1%)
- EBITDA before special items advances to €4.2 billion (+44.6%)
- Crop Science posts substantial sales and earnings gains following the acquisition
- Pharmaceuticals shows encouraging sales and earnings growth
- Consumer Health below the prior-year quarter; full-year outlook confirmed
- Net income of €1.2 billion (-36.5%) held back as expected by special items related to the acquisition and restructuring
- Core earnings per share €2.55 (+13.8%)
- Business outlook for 2019 confirmed

The full Quarterly Statement is available at <https://www.investor.bayer.com/en/reports/quarterly-reports/>

Group Key Figures for Q1 2019

Euro million	Q1 2018	Q1 2019	% y-o-y	Consensus**
Sales	9,138	13,015	42.4 / 4.1*	12,616
Volume	3.2%	3.6%	•	•
Price	-1.2%	0.5%	•	•
Currency	-7.5%	1.2%	•	•
Portfolio	-0.1%	37.1%	•	•
EBITDA	2,818	3,138	11.4	•
Net special items (EBITDA)	-78	-1,050	•	-461
EBITDA before special items	2,896	4,188	44.6	4,027
EBIT	2,310	1,950	-15.6	•
Net special items (EBIT)	-78	-1,050	•	•
EBIT before special items	2,388	3,000	25.6	•
Financial result	130	-316	•	-468
Income taxes	-494	-398	•	•
Income after income taxes	1,946	1,236	•	•
Net income	1,954	1,241	-36.5	1,497
EPS (Euro/share)	2.21	1.27	-42.5	•
Core EPS (Euro/share)	2.24	2.55	13.8	2.50
Delta working capital	-1,654	-1,581	•	•
Operating cash flow	658	1,079	64.0	•
CapEx (cash relevant)	349	395	13.2	•
Euro million	Dec. 31, 2018	Mar. 31, 2019	<i>2018 figures restated</i>	
Net financial debt	35,679	36,740	<i>*) Currency and portfolio adjusted sales growth</i>	
Net pension liability	8,633	8,779	<i>**) Consensus figures as of April 16, 2019 provided by Vara Research GmbH</i>	



Core Earnings per Share

<i>Euro million</i>	Q1 2018	Q1 2019
EBIT (as per income statement)	2,310	1,950
Amortization and impairment losses / loss reversals on intangible assets	297	706
Impairment losses / loss reversals on property, plant and equipment, and accelerated depreciation included in special items	7	-2
Special items (other than accelerated depreciation, amortization and impairment losses / loss reversals)	78	1,050
Core EBIT	2,692	3,704
Financial result (as per income statement)	130	-316
Special items in the financial result	-236	-54
Income taxes (as per income statement)	-494	-398
Special items in income taxes	0	0
Tax effects related to amortization, impairment losses / loss reversals and special items	-107	-441
Income after income taxes attributable to non-controlling interest (as per income statement)	0	5
Above-mentioned adjustments attributable to non-controlling interest	0	0
Core net income from continuing operations	1,985	2,500
Weighted average number of shares	885,546,889	980,151,964
Core earnings per share from continuing operations (Euro)	2.24	2.55

Prior period figures restated

Corporate Outlook for FY 2019

Based on the development of business detailed in the Q1 2019 Quarterly Statement and our internal planning, we confirm the 2019 outlook for the Bayer Group and the segments issued in February in our 2018 Annual Report.

Crop Science in Q1 2019

<i>Euro million</i>	Q1 2018	Q1 2019	% y-o-y	Consensus**
Sales	2,861	6,444	125.2 / 5.5*	6,125
EBITDA before special items	1,042	2,322	122.8	2,115
EBITDA-margin before special items	36.4%	36.0%		34.5%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of April 16, 2019 provided by Vara Research GmbH



Crop Science sales by Strategic Business Entity

Euro million	Q1 2018	Q1 2019	% y-o-y	%y-o-y Fx and portf. adj.
Crop Science	2,861	6,444	125.2	5.5
Herbicides	800	1,373	71.6	9.9
Corn Seed & Traits	38	2,374	•	5.6
Soybean Seed & Traits	59	604	•	0.8
Fungicides	728	697	-4.3	-4.6
Insecticides	299	336	12.4	12.4
Environmental Science	114	252	121.1	-4.3
Vegetable Seed	144	168	16.7	0.0
Other	680	640	-5.9	11.2

- Price +1.8%, volume +3.7%, currency +0.2%, portfolio +119.5%
- Sales at Crop Science climbed by 125.2% on a reported basis, thanks mainly to a positive portfolio effect of 119.5% due to the acquisition of Monsanto (€4,329 million) less the prorated contribution from the divested businesses in the prior-year period (€909 million). The 5.5% increase after adjusting for currency and portfolio changes came mainly from the Latin and North America regions, where the effects of the service agreements with BASF were apparent.
- Sales in **Europe / Middle East / Africa** rose by 37.7% (Fx adj.) to €1,764 million. The portfolio effect amounted to €471 million. Sales increased by 1.3% on a currency- and portfolio-adjusted basis. Insecticides registered double-digit sales growth, partly due to favorable weather conditions and to product launches. Our Herbicides business also expanded for weather-related reasons. Sales of SeedGrowth (Other) declined, however, due to registration cancellations in Europe, as did business in Fungicides, primarily in Germany and Ukraine.
- Sales in **North America** advanced by 261.2% (Fx adj.) to €3,524 million. There was a portfolio effect of €2,481 million. The currency- and portfolio-adjusted growth of 5.2% resulted in large part from sales affected under the aforementioned service agreements relating to the SeedGrowth business (Other). At Environmental Science, however, business was down in part due to a planned reduction in product shipments to the acquirer of the consumer business we divested in 2016.
- In the **Asia / Pacific** region, sales increased by 2.8% (Fx adj.) to €388 million. The portfolio effect here was €16 million. Business declined by 1.7% (Fx & portfolio adj.). Sales of Insecticides and Fungicides suffered especially from a late start to the season in India. For Fungicides, the sharp decline from the prior-year quarter was also due to the late monsoon onset in Southeast Asia. These decreases were not offset by the rise in sales of Herbicides.
- Sales in the **Latin America** region advanced by 238.0% (Fx adj.) to €768 million. There was a portfolio effect of €452 million. Business grew by 41.3% (Fx & portfolio adj.). In Brazil, Herbicides, Fungicides, Insecticides and other units benefited from shifts in demand from the previous quarter. In Mexico, sales of Fungicides also were bolstered by favorable weather conditions.
- **EBITDA before special items** of Crop Science rose by 122.8% to €2,322 million (Q1 2018: €1,042 million). The increase was largely attributable to the earnings contribution from the newly acquired business. However, the absence of the earnings contribution from the businesses divested to BASF and a negative currency effect of €67 million – excluding the acquired business – had an opposing effect.



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 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 divestitures had taken place already as of January 1, 2017. Sales from the service agreements with BASF after the divestments closed are not taken into account.

Euro million	Q1 2018	Q1 2019	% y-o-y	% y-o-y Fx adj.
Crop Science	6,148	6,354	3.4	-0.2
Herbicides	1,303	1,344	3.1	2.0
Corn Seed & Traits	2,274	2,374	4.4	-0.8
Soybean Seed & Traits	666	603	-9.5	-15.5
Fungicides	727	698	-4.0	-4.5
Insecticides	298	335	12.4	11.9
Environmental Science	238	248	4.0	2.2
Vegetable Seed	176	168	-4.3	-6.3
Other	464	584	25.9	18.7

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 discount 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 first quarter of 2019 on a pro-forma basis were level with the prior-year period (– 0.2%) after adjusting for currency effects.
- The increase at **Herbicides** resulted mainly from substantial growth in the Latin America region due to higher selling prices and volumes for Roundup and shifts in demand from the previous quarter in Brazil, as well as to weather-related growth in Europe / Middle East / Africa. In North America, however, sales declined due to increased competitive pressure from generic products and weather-related shifts.
- Business at **Corn Seed & Traits** matched the level of the prior-year quarter. Sales were lower in Latin America due to weather-related demand shifts into the previous quarter. Business was also down slightly in North America, where negative factors including an unfavorable product mix as well as flooding and cold weather in the Midwest of the United States impacted the start of the season. This was only partially offset by an anticipated increase in acreages. We achieved significant growth in the Europe / Middle East / Africa region on account of higher acreages.
- The decline in sales at **Soybean Seed & Traits** was the result of shifts into prior quarters in Latin America. In North America, demand shifts from 2018 were more than offset by an anticipated reduction in acreages and increased competitive pressure.
- Business at **Fungicides** was adversely impacted by a late start to the season in Ukraine, Southeast Asia and India, among other factors.
- Sales of **Insecticides** rose thanks to favorable business development in the Europe / Middle East / Africa region and demand shifts from the previous quarter in Latin America.
- The growth for **Other** came mainly from Cotton Seed & Traits in the United States and Brazil, largely due to higher volumes as a result of an anticipated increase in market share.



Pharmaceuticals in Q1 2019

Euro million	Q1 2018	Q1 2019	% y-o-y	Consensus**
Sales	4,075	4,354	6.8 / 5.3*	4,247
EBITDA before special items	1,415	1,512	6.9	1,473
EBITDA-margin before special items	34.7%	34.7%		34.7%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of April 16, 2019 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

Euro million	Q1 2018	Q1 2019	% y-o-y	% y-o-y cpa
Xarelto	814	937	15.1	14.8
Eylea	504	583	15.7	14.5
Mirena family	317	322	1.6	-3.5
Kogenate/Kovaltry/Jivi	214	213	-0.5	-3.8
Glucobay	168	187	11.3	9.8
Nexavar	162	184	13.6	11.4
Adalat	176	175	-0.6	-2.2
YAZ family	152	159	4.6	4.9
Aspirin Cardio	148	156	5.4	4.9
Avalox/Avelox	97	104	7.2	5.9
Betaferon/Betaseron	130	101	-22.3	-24.4
Stivarga	70	97	38.6	34.5
Gadavist/Gadovist	87	96	10.3	9.1
Adempas	81	95	17.3	12.9
Stellant	79	87	10.1	4.3

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

- Price -1.0%, volume +6.3%, currency +1.6%, portfolio -0.1%
- Sales growth of Pharmaceuticals was driven by the continuing strong development of our products Xarelto and Eylea and significant overall growth in China.
- Sales of **Xarelto** again rose strongly, mainly as a result of higher volumes in China and Japan, as well as in Europe. 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.
- We posted considerably higher sales of **Eylea** in all regions, largely due to volume increases. Business developed particularly well in Europe, primarily in the United Kingdom, France and Germany.
- Sales of **Nexavar** developed positively. The product launches in China in prior years along with volume increases, especially in Germany and Brazil, more than offset a drop in demand in Japan and the United States due to competition.
- The sharp decline in sales of **Betaferon / Betaseron** was again mainly attributable to the competitive market environment in the United States.
- We recorded significantly higher sales of **Stivarga**, largely as a result of demand-driven volume growth in China. We substantially grew the U.S. business following weak development in the same period last year.



- Sales of **Adempas** rose sharply, mainly thanks to higher volumes 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.
- **EBITDA before special items** of Pharmaceuticals rose by 6.9%. Adjusted for negative currency effects in the amount of €44 million, earnings were up by 10.0%. This increase in earnings was primarily due to the very good development of business and lower cost of goods sold.

Consumer Health in Q1 2019

Euro million	Q1 2018	Q1 2019	% y-o-y	Consensus**
Sales	1,409	1,395	-1.0 / -1.4*	1,415
EBITDA before special items	313	279	-10.9	304
EBITDA-margin before special items	22.2%	20.0%		21.5%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of April 16, 2019 provided by Vara Research GmbH

- Price -0.1%, volume -1.3%, currency +1.6%, portfolio -1.2%
- Sales of Consumer Health declined by 1.4% (Fx & portfolio adj.) in the first quarter of 2019.
- In the **Europe / Middle East / Africa** region, sales were 5.5% below the prior-year quarter at €460 million. The supply disruptions had a negative effect as expected, especially for Aspirin, and business was also down in the Digestive Health category.
- Sales in the **North America** region decreased by 3.3% to €603 million. Sales declined in the Nutritionals and the Pain and Cardio categories, where persistent intense competition was among the negative factors, as well as in Allergy and Cold. This was only partially offset by growth in the Digestive Health and Dermatology categories.
- Business in **Asia / Pacific** expanded considerably for a further successive quarter, with sales climbing by 14.2% to €206 million. We registered higher volumes in the dermatology and nutritional supplement categories.
- Sales in **Latin America** increased by 1.7% to €126 million, with growth in the pain and cardio category more than offsetting declines for allergy and cold.
- **EBITDA before special items** of Consumer Health declined by 10.9%. Earnings were diminished by a decline in volumes, an increase in the cost of goods sold and the absence of the earnings contribution from the divested U.S. business with prescription dermatology products. These factors were only partially offset by lower selling and administration expenses resulting from the first effects of the efficiency program under way at Consumer Health.



Animal Health in Q1 2019

Euro million	Q1 2018	Q1 2019	% y-o-y
Sales	414	421	1.7 / -0.9*
EBITDA before special items	139	140	0.7
EBITDA-margin before special items	33.6%	33.3%	

Consensus**
431
136
31.6%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of April 16, 2019 provided by Vara Research GmbH

- Price +1.9%, volume -2.8%, currency +2.6%, portfolio ±0.0%
- Sales of Animal Health came in at the level of the prior-year period. Business declined sharply in the North America region, mainly as a result of lower volumes in the United States. This development was nearly offset by encouraging sales gains in the Europe / Middle East / Africa region.
- **EBITDA before special items** of Animal Health remained steady in the first quarter of 2019. Positive contributions came from lower cost of goods sold and higher prices. Earnings were held back mainly by lower volumes.



Key Figures for Q1 2019

	Crop Science		Pharmaceuticals		Consumer Health		Animal Health		Reconciliation		Group	
	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19	Q1'18	Q1'19
	€ million		€ million		€ million		€ million		€ million		€ million	
Sales	2,861	6,444	4,075	4,354	1,409	1,395	414	421	379	401	9,138	13,015
Sales by region:												
Europe / Middle East / Africa	1,294	1,764	1,611	1,675	496	460	136	149	370	395	3,907	4,443
North America	969	3,524	923	925	596	603	160	153	6	4	2,654	5,209
Asia / Pacific	368	388	1,303	1,529	177	206	77	80	2	1	1,927	2,204
Latin America	230	768	238	225	140	126	41	39	1	1	650	1,159
EBITDA	981	1,704	1,414	1,496	308	251	139	136	-24	-449	2,818	3,138
Special items	-61	-618	-1	-16	-5	-28	0	-4	-11	-384	-78	-1,050
EBITDA before special items	1,042	2,322	1,415	1,512	313	279	139	140	-13	-65	2,896	4,188
EBITDA margin before special items	36.4%	36.0%	34.7%	34.7%	22.2%	20.0%	33.6%	33.3%	-3.4%	-16.2%	31.7%	32.2%
EBIT	892	996	1,163	1,199	211	161	129	126	-85	-532	2,310	1,950
Special items	-61	-618	-1	-16	-5	-28	0	-4	-11	-384	-78	-1,050
EBIT before special items	953	1,614	1,164	1,215	216	189	129	130	-74	-148	2,388	3,000
EBIT margin before special items	33.3%	25.0%	28.6%	27.9%	15.3%	13.5%	31.2%	30.9%	-19.5%	-36.9%	26.1%	23.1%
Operating cash flow	-703	-471	1,232	1,293	173	232	13	-18	-57	43	658	1,079
Financial result											130	-316
Income after taxes from continuing operations											1,946	1,236
Income after taxes from discontinued operations											8	0
Net income											1,954	1,241
Earnings per share (€)											2.21	1.27
Core earnings per share (€)											2.24	2.55
CapEx, cont. operations (cash effective)											349	395
R&D											1,040	1,356
D&A and Write-downs	89	708	251	297	97	90	10	10	61	83	508	1,188
Employees at end of period	20,661	35,298	38,433	38,190	11,594	10,765	3,677	3,815	25,745	28,360	100,110	116,428
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>

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