



Investor Conference Call

Q1 2019 Results

April 25, 2019
Werner Baumann, CEO
Wolfgang Nickl, CFO





Cautionary Statements Regarding Forward-Looking Information

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Q1 2019 Results

Business Update



Werner Baumann, CEO



Strong Start into the Year and on Track to Meet FY Guidance

€13,015m

Sales

€4,188m

EBITDA

Before special items

€2.55

Core EPS

€508m

Free Cash Flow

- Sales increased by 42.4% to €13.0bn (+4.1% cpa)
- EBITDA before special items improved 44.6% to €4.2bn
 - Margin up 50 bps to 32.2%
- Core EPS plus 13.8% to €2.55
- Free Cash Flow almost doubled to €508m



Progress in All Focus Areas

1 *Target Delivery*

- Guidance for 2019 confirmed

2 *Crop Science*

- Integration well underway
- Strong earnings performance

3 *Pharmaceuticals*

- FDA inspection conducted in March
- Profitable growth continued

4 *Consumer Health*

- “Fit to win” initiative starting to deliver
- FY guidance confirmed

5 *Efficiency / Bayer 2022*

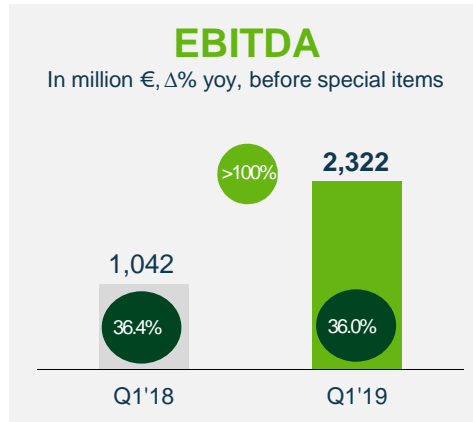
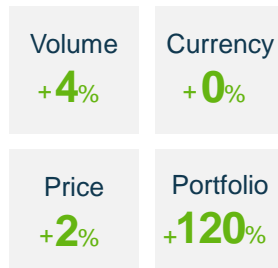
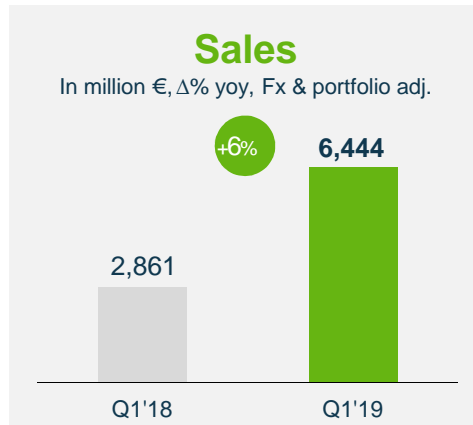
- Key program elements defined
- Synergy realization on track

6 *Portfolio Measures*

- Disposal process of all announced divestments on track



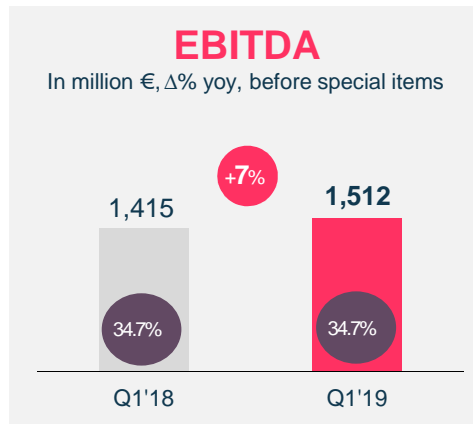
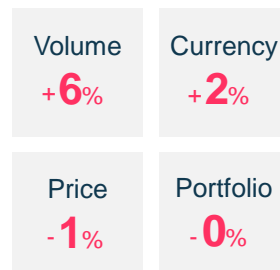
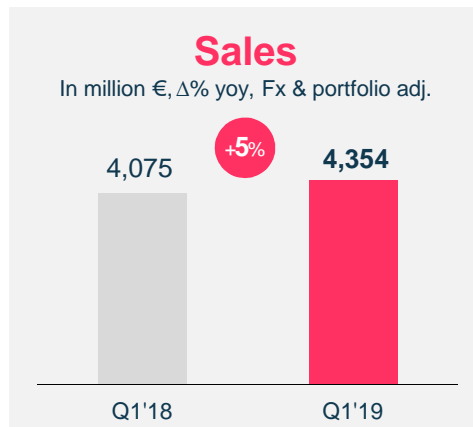
Crop Science with Strong Start into 2019



- 6% cpa sales growth driven by Latin and North America
- Good growth across herbicides, insecticides and cotton seeds & traits
- On track with Xtend technology and Climate FieldView in 2019
- EBITDA before special items more than doubled to €2.3bn
- On track to deliver on synergy targets for 2019



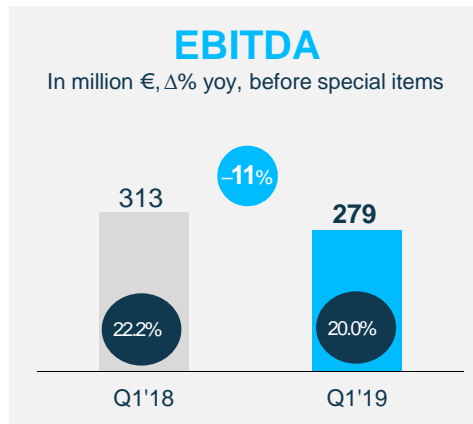
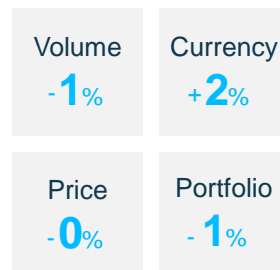
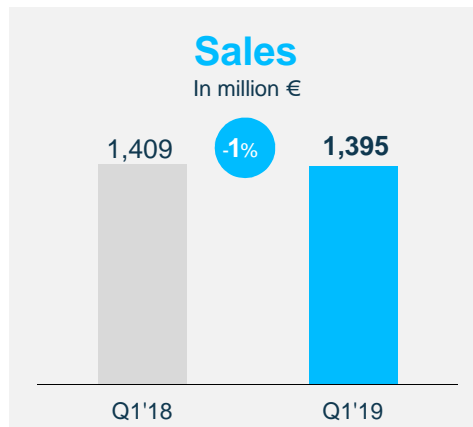
Pharmaceuticals Driven by Xarelto, Eylea and China



- Xarelto and Eylea grew by 15% each
- Continued strong performance in China
- Darolutamide submitted in the US, Europe and Japan
- Full global rights for Vitrakvi and LOXO-195 secured
- EBITDA before special items increased despite negative Fx impact



Consumer Health Start in Line with Expectations



- Asia/Pacific and Latin America with positive growth
- Intense competition in North America
- Decline in EBITDA before special items driven by lower volumes and US Derma Rx divestiture
- “Fit to win” program delivers first positive results



Q1 2019 Results

Financials & Outlook



Wolfgang Nickl, CFO

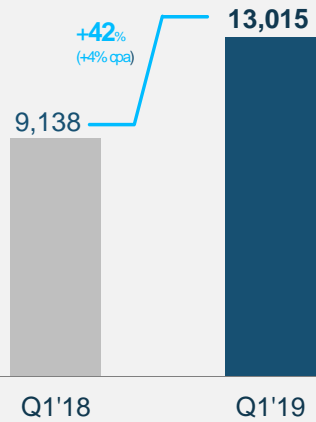


Q1 Results

Sales

In million €, Δ% yoy, Fx & portfolio adj.

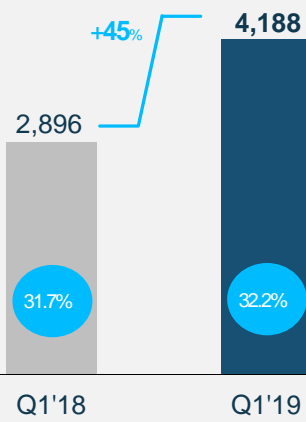
Positive Fx effect of €108m



EBITDA

In million €, before special items

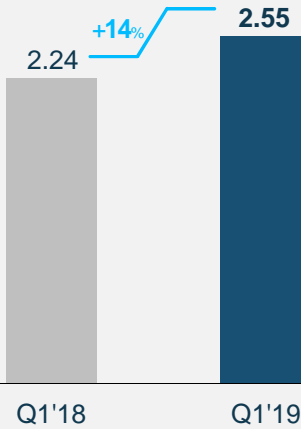
Negative Fx effect of €110m



Core EPS

In €, Cont. Operations

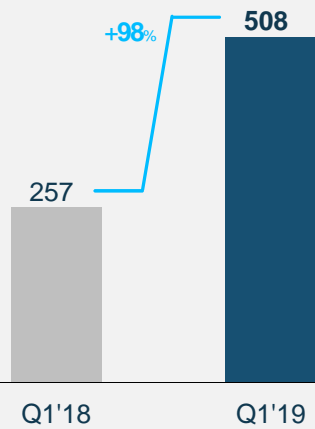
- # of shares increased from 886m to 980m
- Core financial result went from -€106m to -€370m



Free Cash Flow

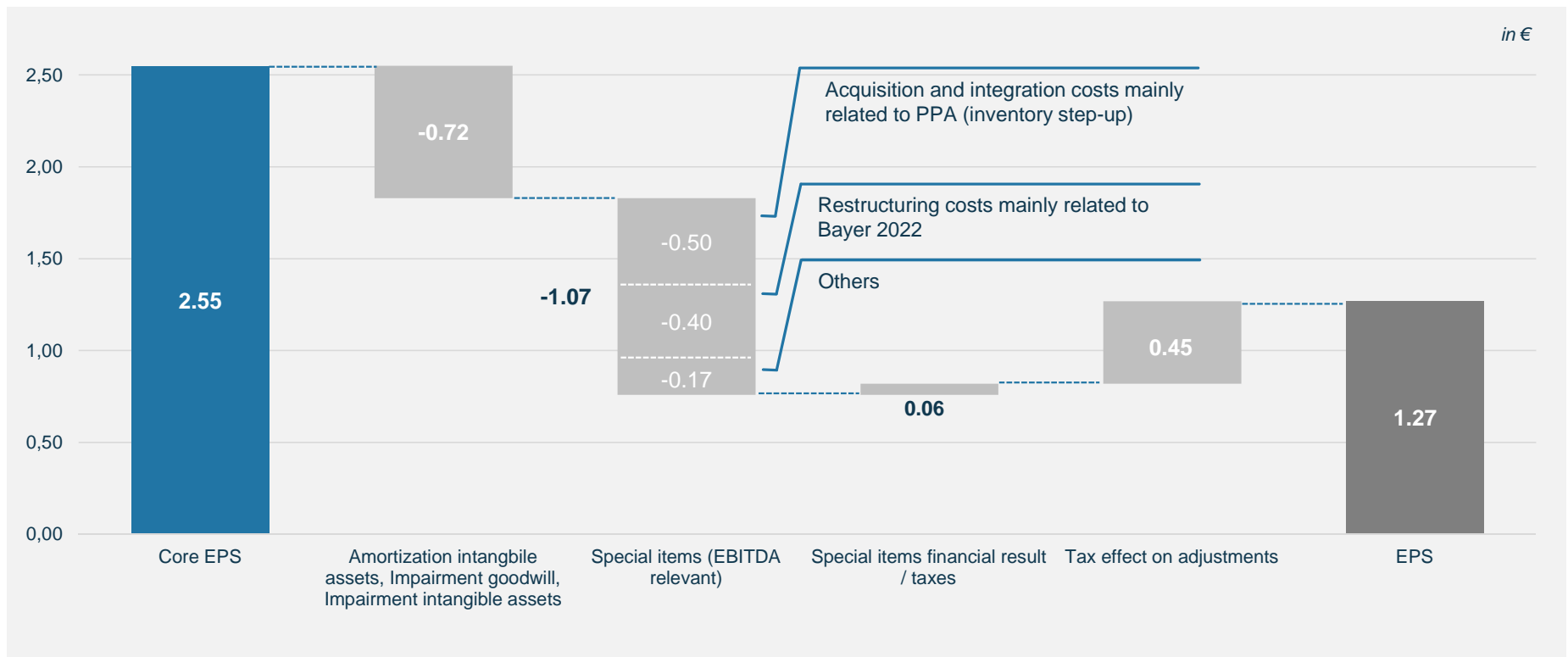
In € million

Expanded CS business working capital need offset by positive PH and CH development



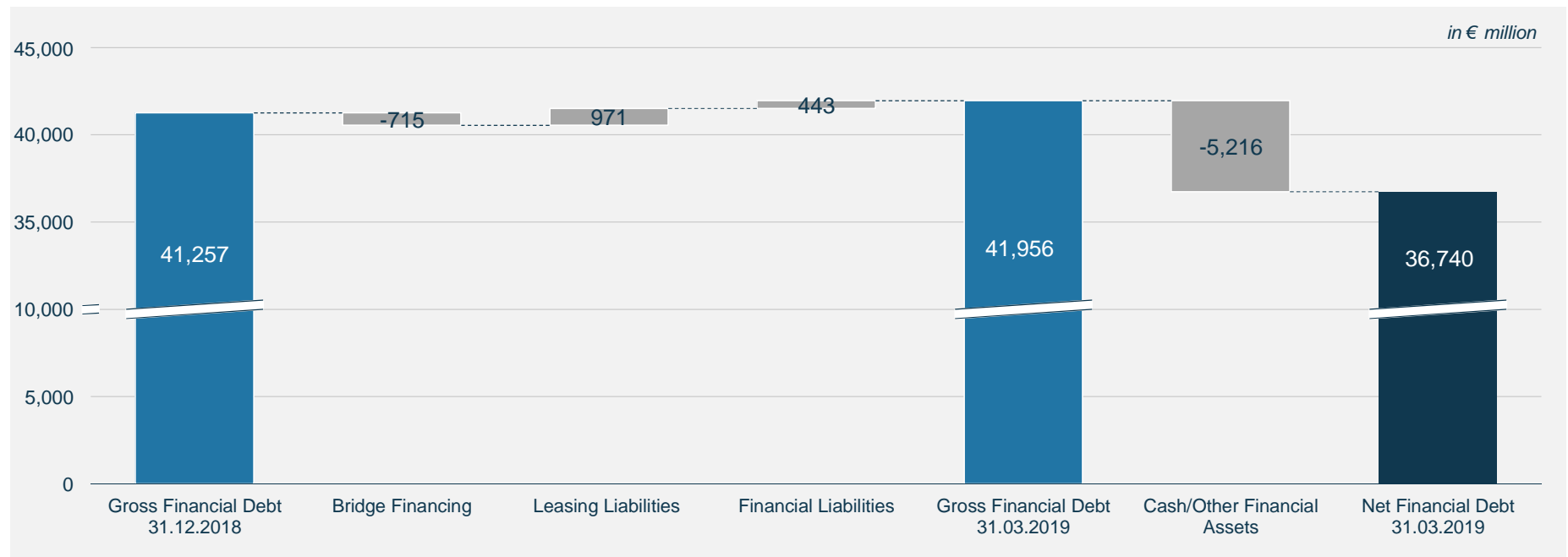


Bridge: From Core EPS to Reported EPS





Net Financial Debt in Line to Meet FY Guidance



// ~60% of financial debt denominated in US\$

// $\pm 1\%$ change of US\$ vs € = \pm €200m



FY 2019 Guidance Confirmed

	2018 ¹	Group Forecast 2019 (at constant currencies)	Δ 2018 – 2019	
Sales	€39.6bn	~€46bn	+~16% (thereof +~12% portfolio)	Fx-sensitivity: ± 1% change of the € vs all other currencies = ∓ ~€340m on Sales & ∓ ~€100m on EBITDA (before special items)
EBITDA (before special items)	€9.5bn	~€12.2bn	+~28%	
Core EPS	€5.94	~€6.80	+~14%	
Free Cash Flow	€4.7bn	~€3-4bn	~(-15%) – (-36%)	



Progress in All Focus Areas

1 *Target Delivery*

- Deliver on operational targets

2 *Crop Science*

- Integration of acquired business to shape the future of agriculture

3 *Pharmaceuticals*

- Further strengthening of pipeline and intensify external sourcing

4 *Consumer Health*

- Drive performance improvement

5 *Efficiency / Bayer 2022*

- Execute efficiency improvement program and realize synergies

6 *Portfolio Measures*

- Execution of announced portfolio measures for sharpened business focus



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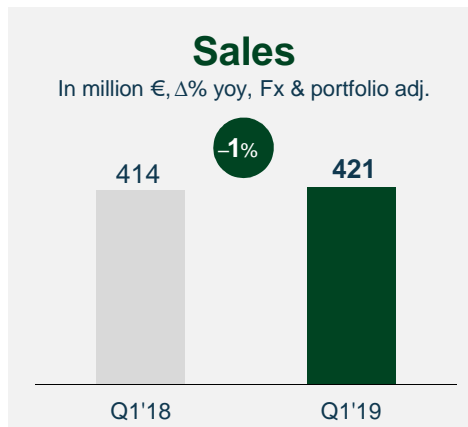
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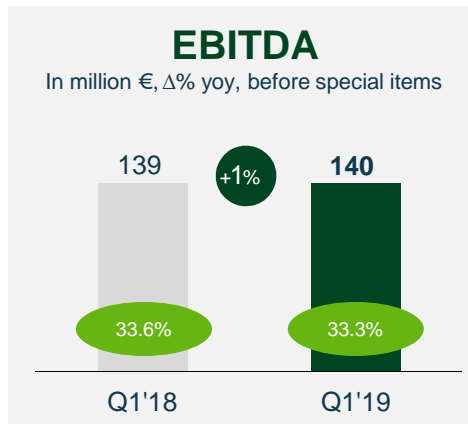


Animal Health Performance on Prior-Year Level



Volume	-3%
Currency	+3%
Price	+2%
Portfolio	±0%

- Seresto, Drontal and Baytril with positive sales development
- Decrease in EBITDA before special items mainly due to lower volumes (Advantage)





From EBITDA Before Special Items to Core EPS

P&L	Q1 2018	Q1 2019	
	€ million	€ million	
EBITDA before special items	2,896	4,188	Mainly related to acquisition and integration costs (€492m) and restructuring costs (€393m)
Special items	-78	-1,050	
Reported EBITDA	2,818	3,138	
Depreciation & Amortization	-508	-1,188	Amortization mainly resulting from acquisitions
Reported EBIT	2,310	1,950	
Amortization and impairment losses / loss reversals on intangible assets	297	706	
Special items (EBITDA)	78	1,050	
Other	7	-2	
Core EBIT	2,692	3,704	Increase mainly due to financing costs related to the acquisition
Core financial result (before special items)	-106	-370	
Core EBT	2,586	3,334	Higher than guided due to disproportionately high business in regions with higher taxes (North and Latin America); FY guidance unchanged at ~23%
Taxes (before special items)	-601	-839	
Core tax rate	23.2%	25.2%	
Minorities	0	5	
Core Net income	1,985	2,500	Increase in weighted number of shares due to equity measures
No. of shares (m)	885.6	980.2	
Core EPS (€)	2.24	2.55	



Strong Free Cash Flow Generation

	Q1 2018	Q1 2019
	€ million	€ million
Net cash provided by operating activities	658	1,079
Cash outflows for PPE and intangible assets	-349	-395
Interest and dividends received	22	24
Interest paid/received (incl. interest-rate swaps)	-74	-200
Free Cash Flow	257	508



FY 2019 Guidance: Further Growth Expected for All Segments

	Sales 2018	EBITDA-margin 2018 (before special items)	Sales Growth 2019 (cpa ²)	EBITDA-margin 2019 (before special items)
	(at constant currencies)			
Crop Science	€14.3bn ¹	18.6%	~4%	~25%
Pharma	€16.7bn	33.4%	~4%	~34%
Consumer Health	€5.5bn	20.1%	~1%	~21%
Animal Health	€1.5bn	23.9%	~4%	~24%



2019 Guidance for other Key Data of the Group

At constant currencies

Special items	~€2.0 billion
R&D expenses	~€5.5 billion
Capital expenditures	~€2.9 billion
of which for intangible assets	~€0.8 billion
Depreciation and amortization	~€4.3 billion
of which for intangible assets	~€2.6 billion
Core financial result	-€1.8 billion
Core tax rate	~23.0%
Free Cashflow	~€3-4 billion
Net financial debt ¹	~€36 billion

1) Including ~€1.0bn lease liability due to IFRS 16