



# Investor Conference Call

## Q3 2020 Results

November 3, 2020  
Werner Baumann, CEO  
Wolfgang Nickl, CFO





## Cautionary Statements Regarding Forward-Looking Information

This presentation 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 <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.

Guidance at constant currencies, not including portfolio divestitures if not mentioned differently.



# Q3 2020 Results

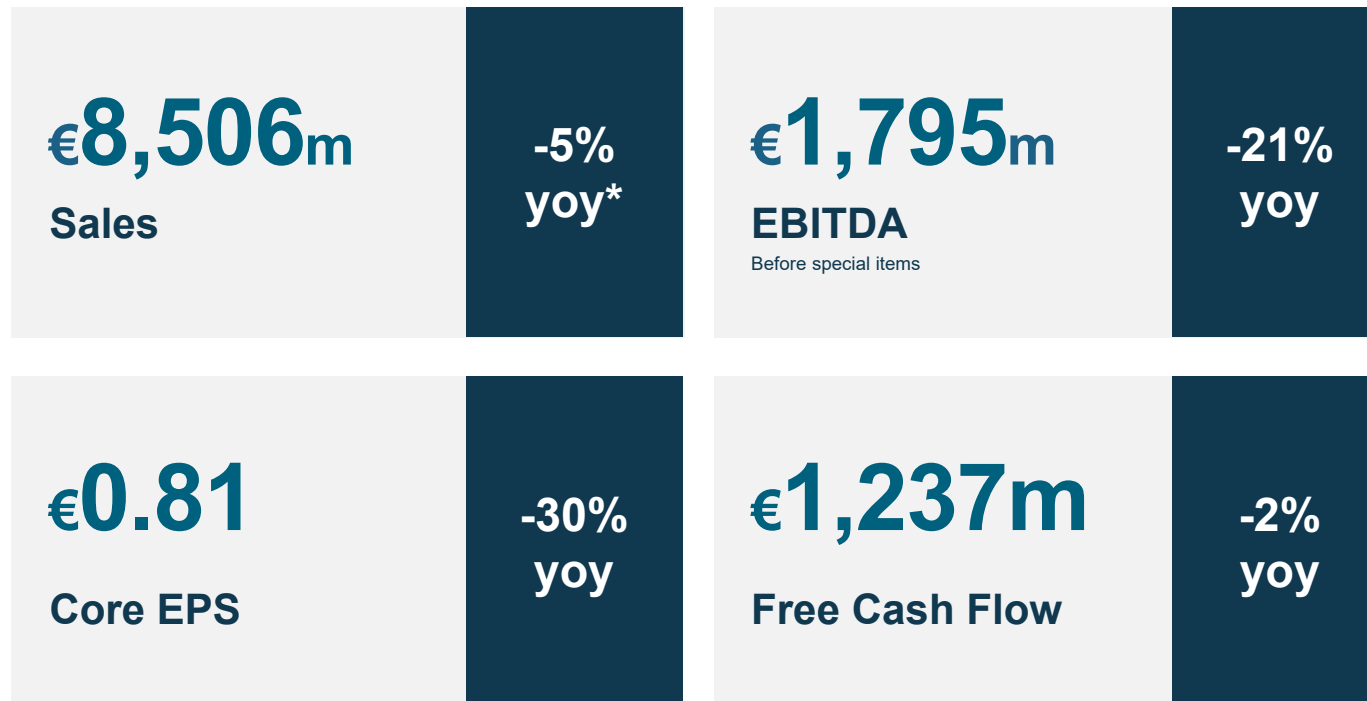
## Business Update



Werner Baumann, CEO



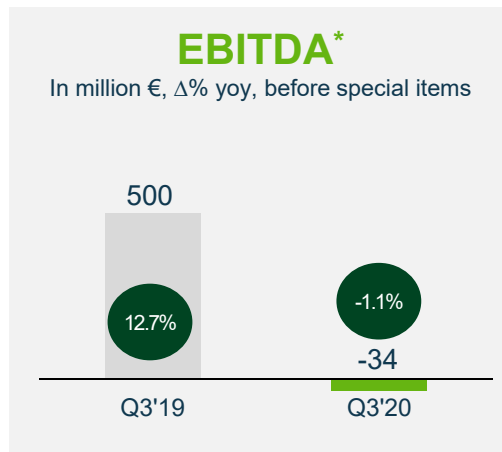
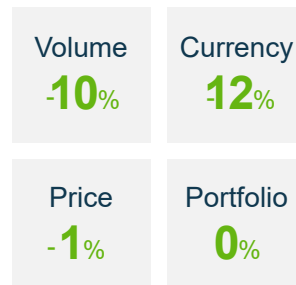
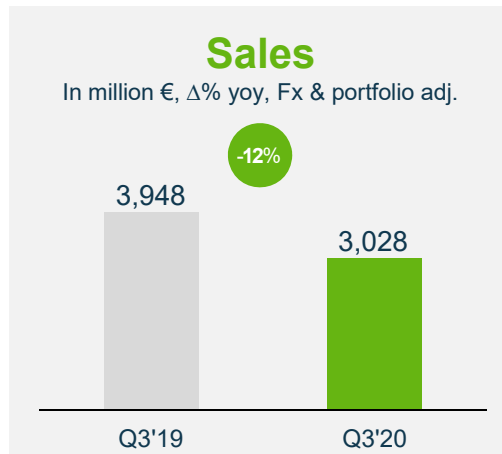
## Q3 2020: Challenging quarter – currency-adjusted group outlook confirmed



\* Δ% yoy, Fx & portfolio adj



# Q3 2020: Crop Science significantly impacted by seed returns and currency headwinds

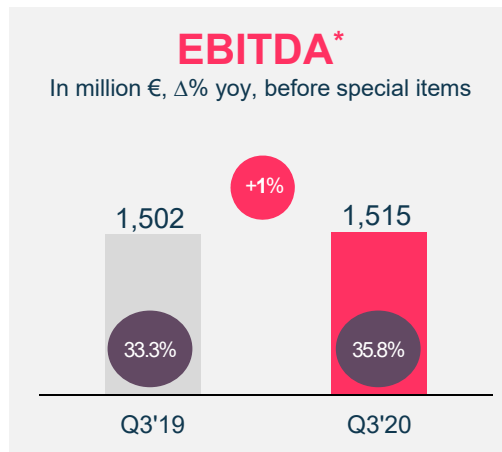
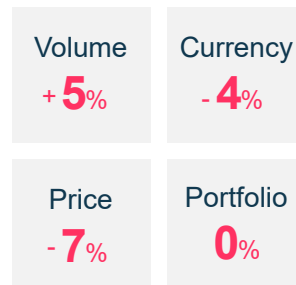
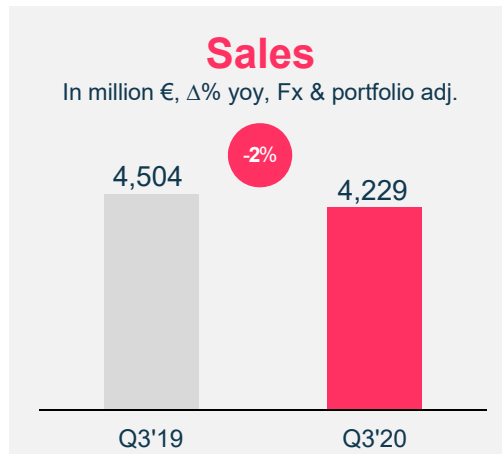


- Sales decline driven by North America (-41%) primarily due to higher corn and cotton seed returns from lower than expected planted acres
- Herbicides (-13%) impacted by phasing
- Strong sales growth in Fungicides (12%), as well as Environmental Science (24%)
- Product returns and lower licensing income (~€200m) and currency headwinds (~€120m) as well as phasing in hedging weigh on bottom-line

● EBITDA Margin before special items \*2019 figures are restated



# Q3 2020: Pharmaceuticals shows sequential improvement and significant margin uplift

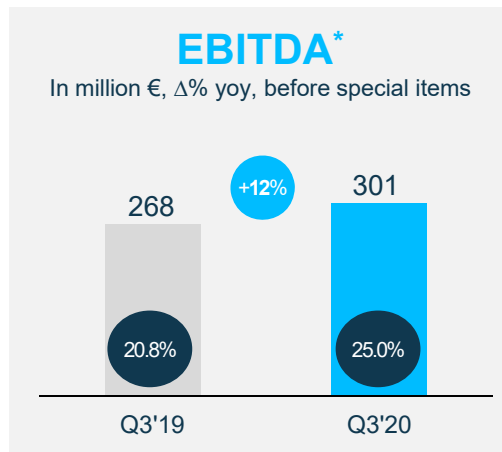
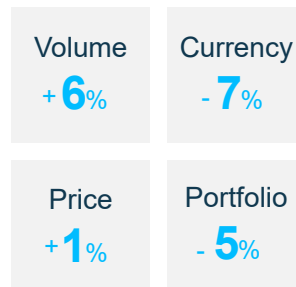
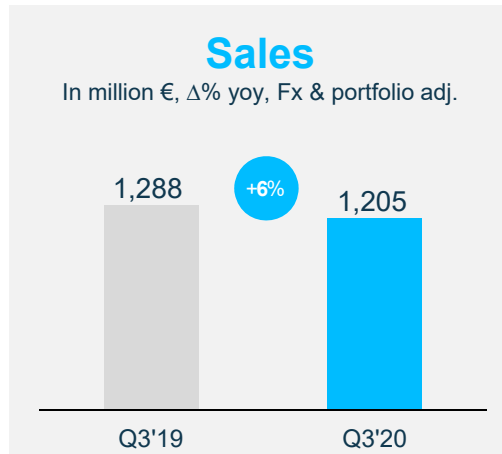


● EBITDA Margin before special items \*2019 figures are restated

- Xarelto's growth trajectory remains intact (+14%)
- Resumption of elective treatments led to recovery of Eylea (+2%) and the IUD-franchise (+1%)
- China still impacted by volume-based procurement
- Margin uplift due to very tight expense control
- Positive study results for finerenone and for the combination of copanlisib and rituximab
- Acquisition of Asklepios BioPharmaceuticals (AskBio)



# Q3 2020: Consumer Health with strong growth momentum and margin expansion



● EBITDA Margin before special items \*2019 figures are restated

- Sales growth across all regions driven by Nutritionals (+21%) due to continued consumer demand for preventive health solutions as well as product launches in North America
- Digestive Health with strong growth (14%)
- Allergy & Cold down -7% as protective and hygiene measures increased due to Covid-19 pandemic
- EBITDA before special items up 12% despite negative currency and portfolio effects
- Margin expansion driven by growth acceleration, efficiency program and portfolio optimization



# Q3 2020 Results

## Financials & Outlook

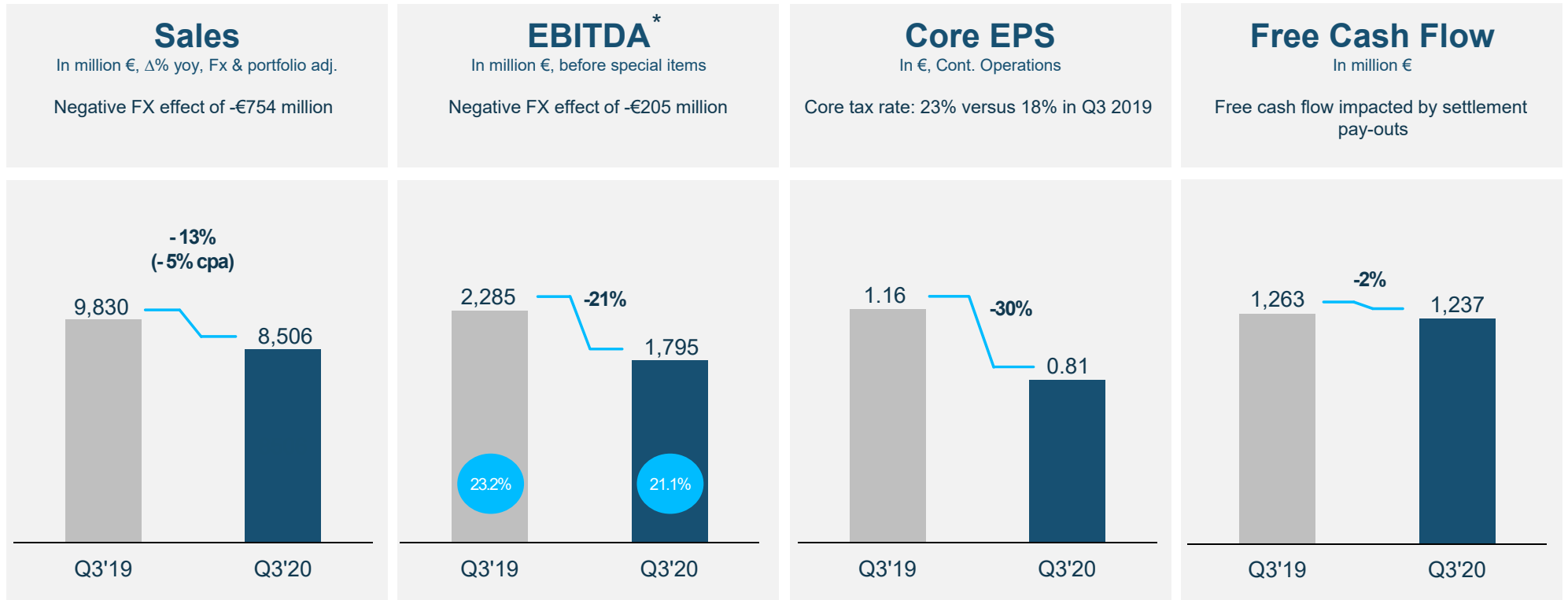


Wolfgang Nickl, CFO





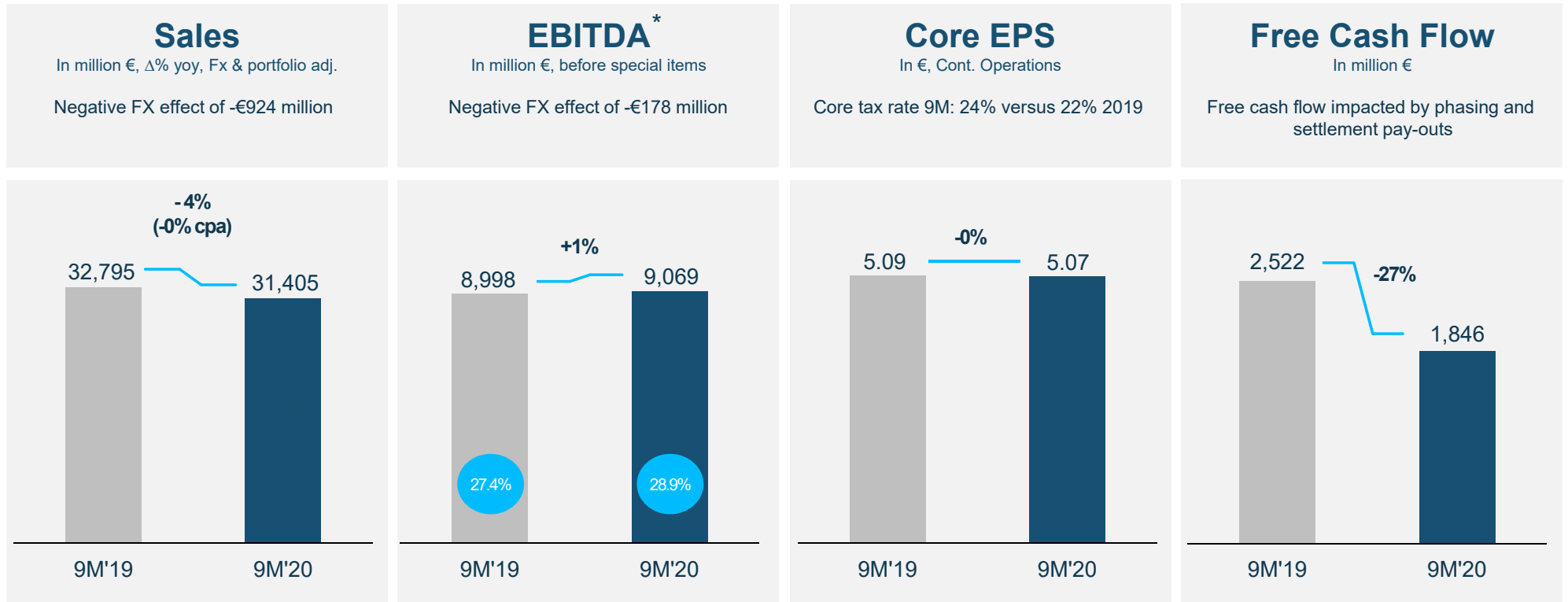
# Q3 2020: Challenging quarter – focus on free cash flow



\*2019 figures are restated; No impact on Net Sales



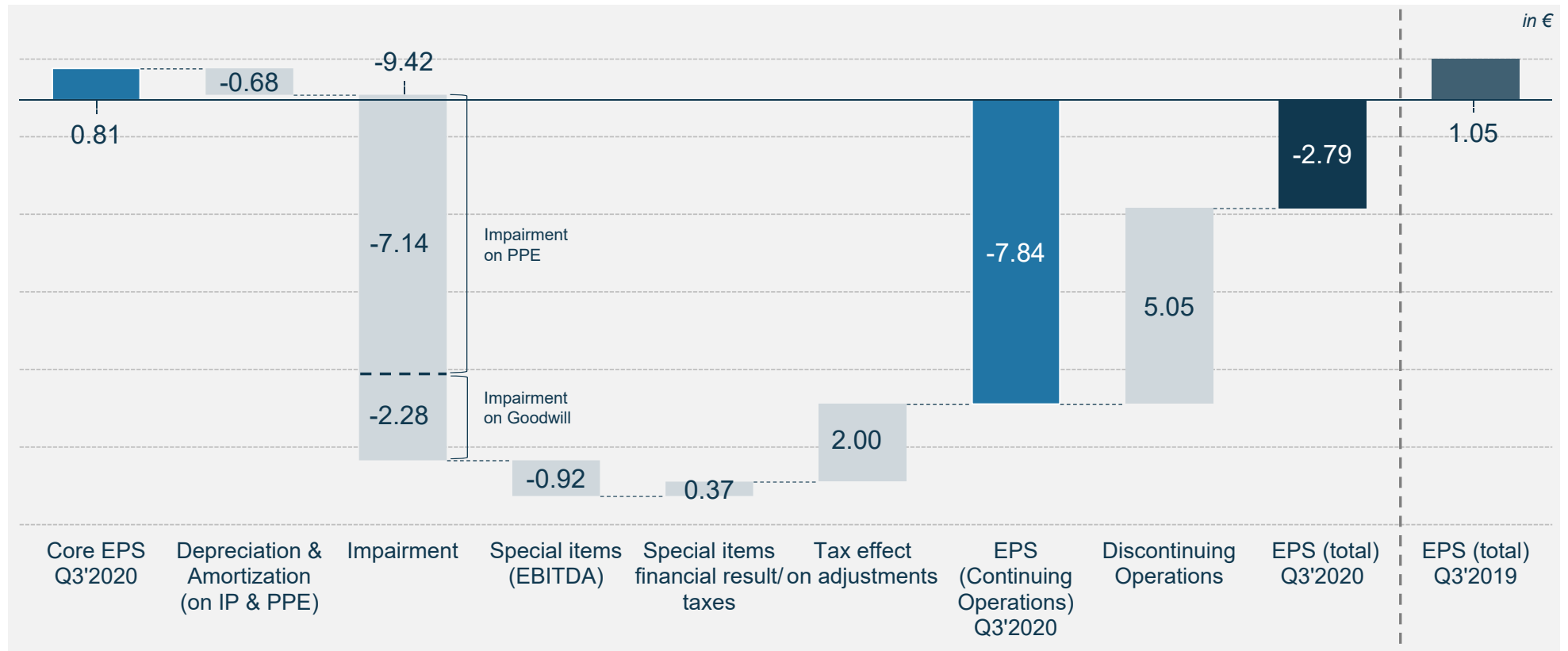
# 9M 2020: On track to meet currency-adjusted Group guidance



\*2019 figures are restated; No impact on Net Sales

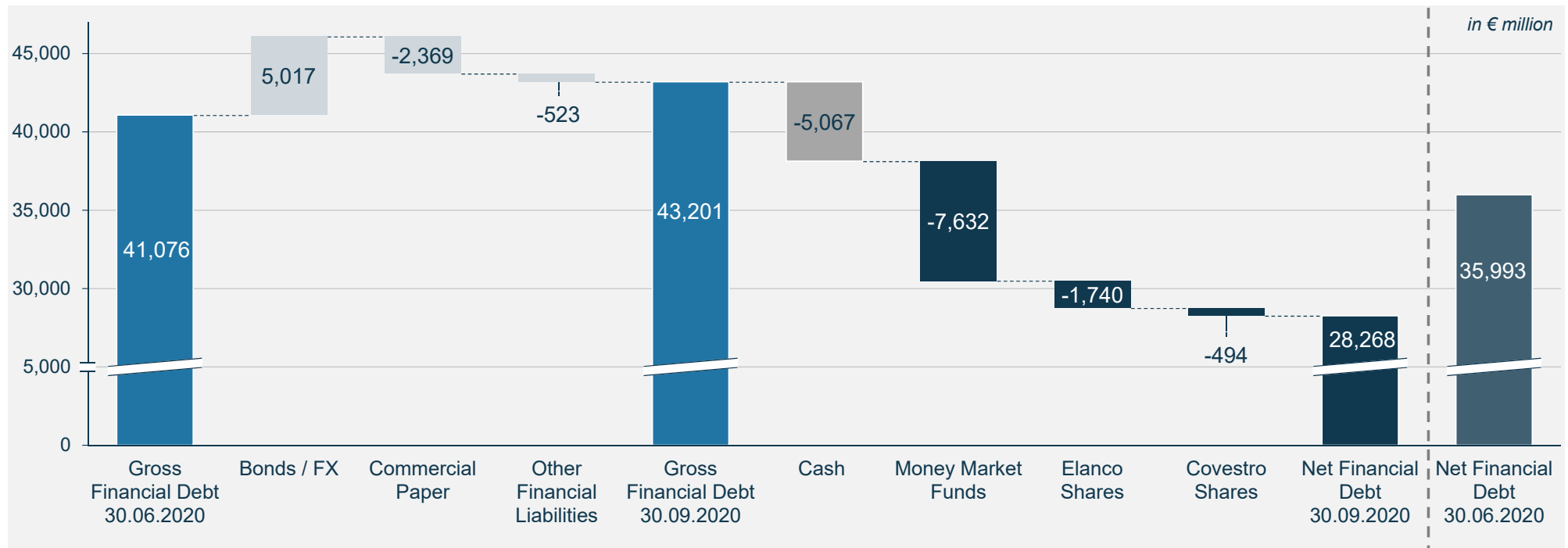


# EPS affected by impairments and divestment gain





# Net financial debt decreases due to Animal Health divestment



// ~40% of financial debt denominated in US\$

//  $\pm 1\%$  change of US\$ vs € =  $\pm \text{€}100\text{m}^*$

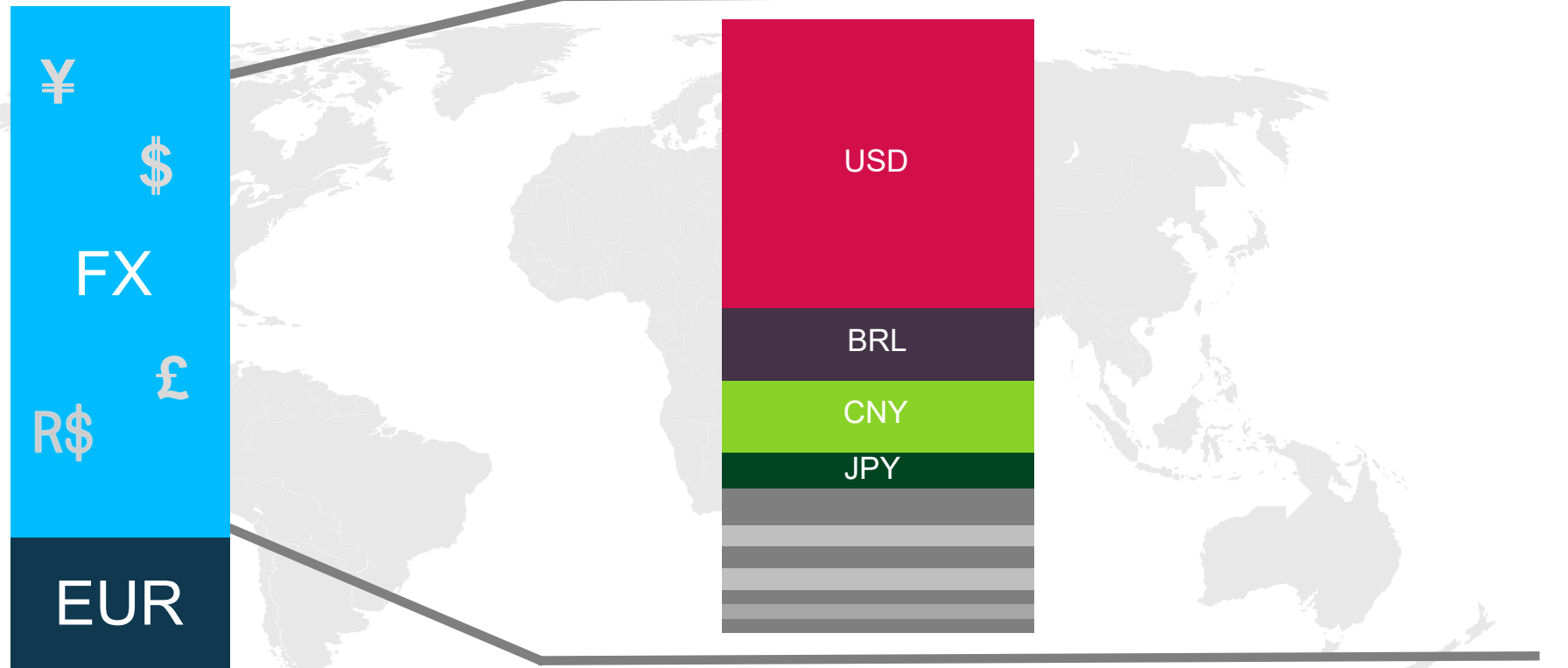
\* Will be a temporary effect due to expected settlement payouts in USD



# Currency review: Roughly 80% of our net sales are in foreign currencies

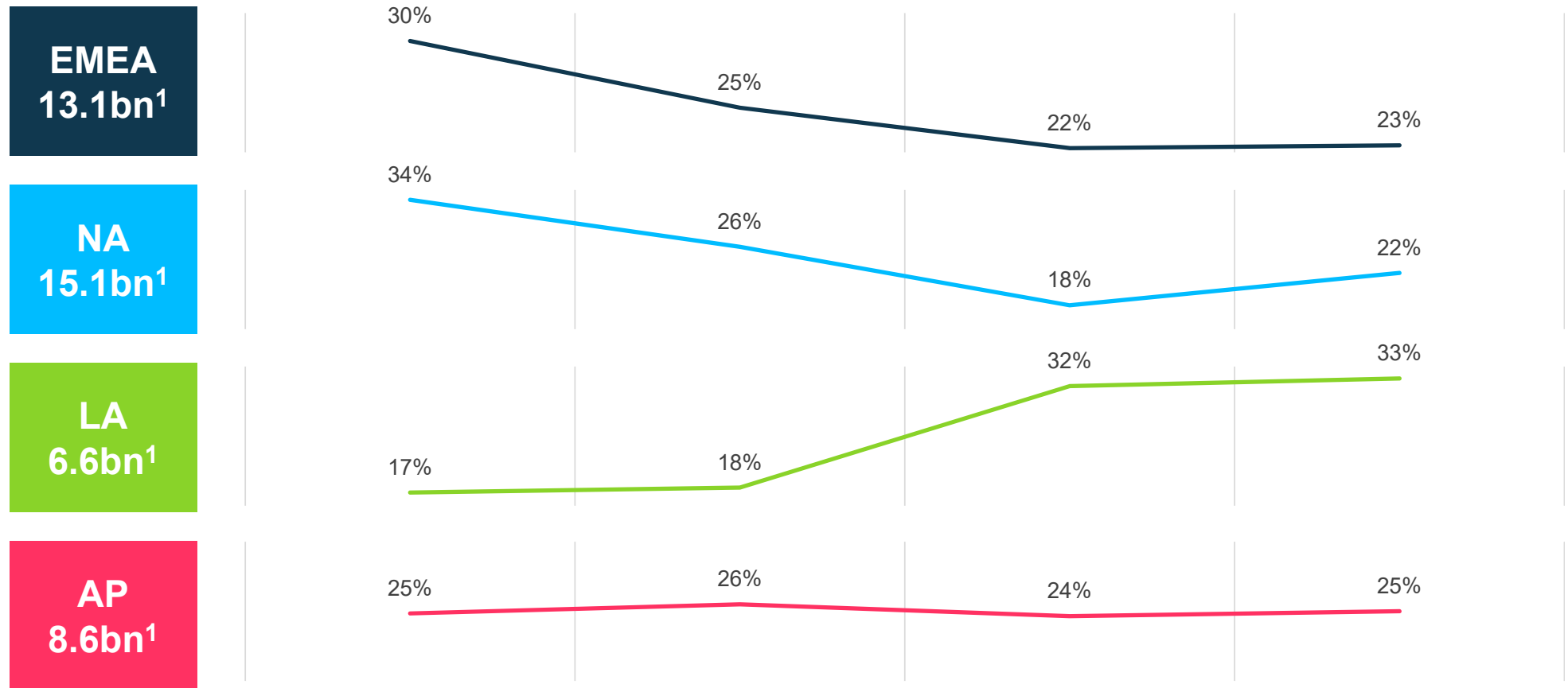
## Net Sales

## FX-Basket





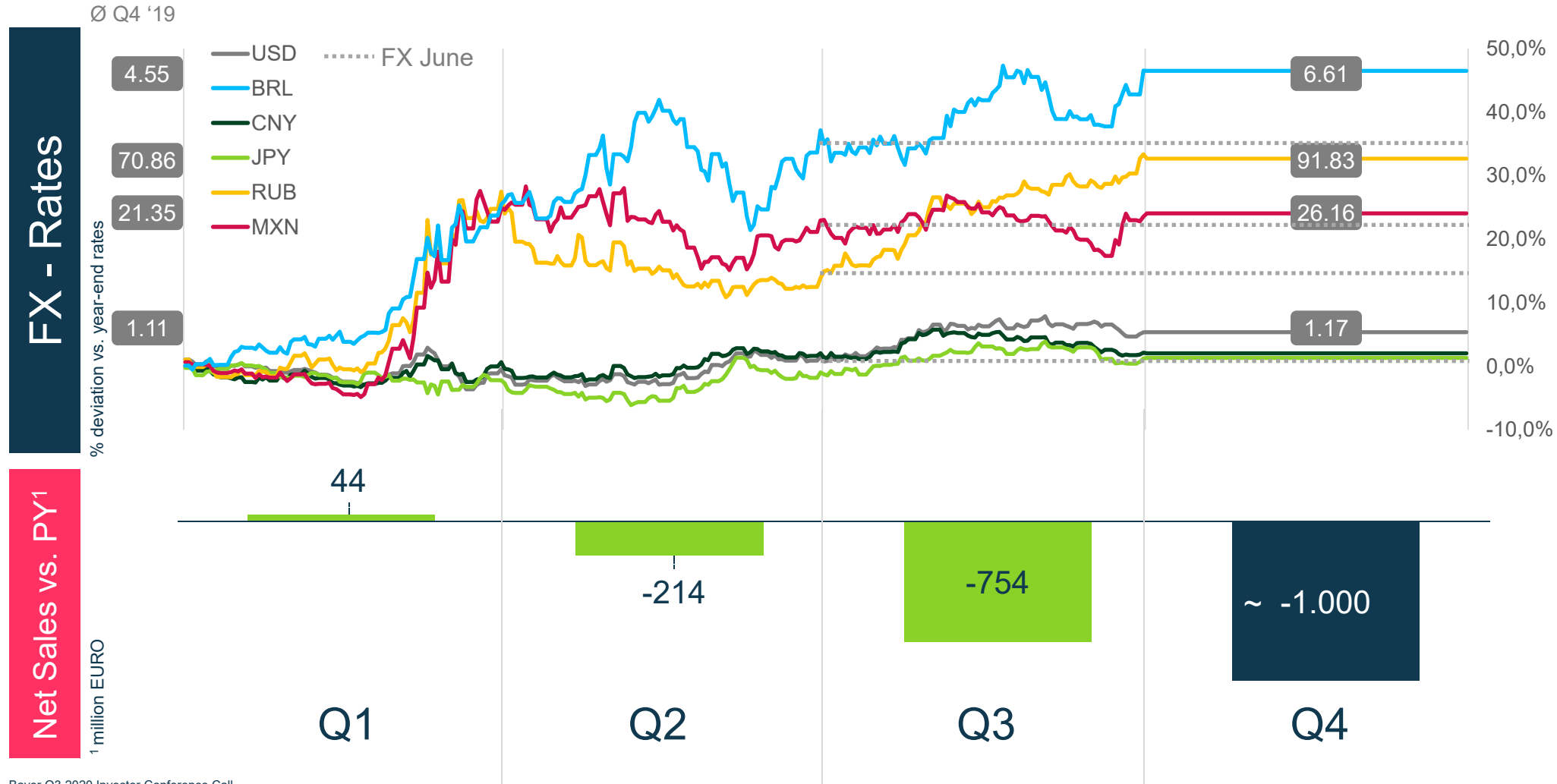
# Currency review: Phasing for Group sales differs by quarter and region



<sup>1</sup> Full-Year 2019; percentages show proportion of regional full-year 2019 sales per quarter



# Currency review: In 2020, substantial EUR appreciation weighs on performance





# Currency review: Full-Year FX sensitivities for Bayer Group

Impact of major currencies

	Sales		cEBITDA (after hedging)	
	FX Basket (in %)	-1% change <sup>1</sup> (in Mio. €)	FX Basket (in %)	-1% change <sup>1</sup> (in Mio. €)
USD	~40%	~140	~25%	~25
BRL	~10%	~35	~15%	~10
CNY	~10%	~35	~15%	~15
JPY	~5%	~20	~5%	~5
Other	~35%	~120	~40%	~45
<b>Total</b>	<b>100%</b>	<b>~350</b>	<b>100%</b>	<b>~100</b>

**Note: Seasonality needs to be considered**

<sup>1</sup> based on sensitivity full year FX simulation, EUR vs. x CCY





# We confirm our currency-adjusted Group guidance for 2020

	Currency-adjusted			Including currency impact
	Outlook as of Aug 2020	Outlook as of Nov 2020		Outlook as of Nov 2020 <sup>3</sup>
<b>Sales</b>	€43-€44bn	€43-€44bn ✓		€41-€42bn
<b>EBITDA margin</b> <i>(before special items)</i>	~ 28%	~ 28% ✓		~ 28%
<b>Core EPS</b>	€6.70 – €6.90	€6.70 – €6.90 ✓		€6.30 – €6.50
<b>Free cash flow*</b>	-€0.5- €0bn <sup>1</sup>	€0.5-€1bn <sup>2</sup> ✓✓		No major impact
<b>Net financial debt</b>	~€33bn	~€33bn (incl. AskBio) ✓✓		No major impact

Note: Outlook based on underlying assumption that there are no severe lockdown measures related to COVID-19 in Q4; <sup>1</sup> Assumption of settlement payouts of ~€4.5 bn;

<sup>2</sup> Assumption of settlement payouts of ~€3.5 bn; <sup>3</sup> Currency assumptions based on month-end September spot rates (1 EUR=) 1.17 USD, 6.61 BRL, 7.98 CNY, 124 JPY, 26.2 MXN, 91.8 RUB



# Investor Conference Call

## Q3 2020 Results (Annex)

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# Key KPIs by division Q3 2020

[€ million]	Crop Science		Pharmaceuticals		Consumer Health		Reconciliation		Group	
	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20	Q3'19	Q3'20
<b>Sales</b>	<b>3,948</b>	<b>3,028</b>	<b>4,504</b>	<b>4,229</b>	<b>1,288</b>	<b>1,205</b>	<b>90</b>	<b>44</b>	<b>9,830</b>	<b>8,506</b>
<b>Sales by region:</b>										
Europe / Middle East / Africa	733	656	1,701	1,669	423	413	86	-33	2,943	2,705
North America	1,061	598	1,060	1,010	530	466	3	76	2,654	2,150
Asia / Pacific	418	427	1,502	1,350	176	178	-	-	2,096	1,955
Latin America	1,736	1,347	241	200	159	148	1	1	2,137	1,696
EBITDA	394	-726	1,439	1,479	594	294	-145	-153	2,282	894
Special items	-106	-692	-63	-36	326	-7	-160	-166	-3	-901
<b>EBITDA before special items</b>	<b>500</b>	<b>-34</b>	<b>1,502</b>	<b>1,515</b>	<b>268</b>	<b>301</b>	<b>15</b>	<b>13</b>	<b>2,285</b>	<b>1,795</b>
EBITDA margin before special items	12.7%	-1.1%	33.3%	35.8%	20.8%	25.0%	•	•	23.2%	21.1%
EBIT	-268	-10,620	1,225	1,235	503	215	-234	-229	1,208	-9,399
Special items	-106	-9,983	-63	-36	317	-7	-161	-155	-13	-10,181
EBIT before special items	-180	-637	1,288	1,271	168	223	-73	-74	1,221	782
EBIT margin before special items	-4.6%	-21.0%	28.6%	30.1%	13.0%	18.5%	•	•	12.4%	9.2%
Operating cash flow, continuing	1,112	900	1,428	1,318	183	178	-562	-586	2,161	1,810
D&A and Write-downs	-681	-9,894	-215	-244	-91	-79	-86	-76	-1,073	-10,293
Employees at end of period	34,340	33,354	38,395	39,377	10,415	10,739	21,561	17,148	104,711	100,618



# Key KPIs: Bayer Group

	Q3 2019	Q3 2020	% y-o-y
<b>Net Sales</b>	<b>9,830</b>	<b>8,506</b>	<b>-13 / -5%<sup>1</sup></b>
<b>EBITDA before special items</b>	<b>2,285</b>	<b>1,795</b>	<b>-21.4%</b>
Special items	-3	-901	
<b>Reported EBITDA</b>	<b>2,282</b>	<b>894</b>	
Depreciation & Amortization	-1,073	-10,293	859.3%
<b>Reported EBIT</b>	<b>1,208</b>	<b>-9,399</b>	
Amortization and impairment losses / loss reversals on intangible assets	631	9,885	1466.6%
Special items (EBITDA)	3	901	
Other	3	34	
<b>Core EBIT</b>	<b>1,845</b>	<b>1,421</b>	<b>-23.0%</b>
Core financial result (before special items)	-455	-375	-17.6%
<b>Core EBT</b>	<b>1,390</b>	<b>1,046</b>	<b>-24.7%</b>
Taxes (before special items)	-245	-243	-0.8%
Core tax rate	17.8%	23.4%	
Minorities	-10	-8	
<b>Core Net income</b>	<b>1,135</b>	<b>795</b>	<b>-30.0%</b>
No. of shares (m)	981.7	982.4	
<b>Core EPS (€)</b>	<b>1.16</b>	<b>0.81</b>	<b>-30.0%</b>
Income from cont. Operations (after income taxes)	990	-7,703	
Income from discont. Operations (after income taxes)	46	4,957	10676.1%
<b>Net income</b>	<b>1,036</b>	<b>-2,746</b>	
EPS from cont. and discont. Operations (€)	1.05	-2.80	
Delta Working Capital	738	1,373	
Operating Cash Flow (cont. operations)	2,161	1,810	
<b>Free cash flow</b>	<b>1,263</b>	<b>1,237</b>	
CapEx and leasing, cont. Operations	-678	-543	-19.9%

2019 figures restated; No impact on Net Sales

Mainly related to non-cash impairment on Crop Science assets and goodwill

Debt reduction and lower interest expenses contributed to positive development

Core tax rate FY guidance unchanged at ~23% for the full year

Proceeds from sale of Animal Health



# Updated Guidance 2020: Group and divisions

## Outlook as of Aug 2020

## Update outlook as of Nov 2020

	Sales Growth 2020 (cpa)	EBITDA-margin 2020 (before special items)	Sales Growth 2020 (cpa)	EBITDA-margin 2020 (before special items)
<b>Group</b>	0-1%	~28%	0-1%	~28%
<b>Crop Science</b>	~2%	~25%	~1%	~25%
<b>Pharma</b>	~-1%	34-35%	~-1%	34-35%
<b>Consumer Health</b>	~4%	22-23%	~5%	22-23%

\* Guidance for cEBITDA Reconciliation (FY 2020): ~ - €300



# Finerenone significantly reduces renal and cardiovascular outcomes in patients with CKD and T2D

## Primary and Key Secondary Endpoint

	Hazard ratio (95% CI)	p-value
<b>Primary composite kidney endpoint<sup>1</sup></b>	<b>0.82 (0.73-0.93)</b>	<b>0.0014</b>
Kidney failure	0.87 (0.72-1.05)	-
End-stage kidney disease	0.86 (0.67-1.10)	-
Sustained eGFR <15 ml/min/1.73m <sup>2</sup>	0.82 (0.67-1.01)	-
Sustained ≥40% decrease in eGFR from baseline	0.81 (0.72-0.92)	-
Renal death	-	-
<b>Key secondary CV composite endpoint<sup>2</sup></b>	<b>0.86 (0.75-0.99)</b>	<b>0.0339</b>

1) Kidney failure, sustained ≥40% decrease in eGFR from baseline, or renal death

2) CV death, non-fatal MI, non-fatal stroke, or hospitalization for HF

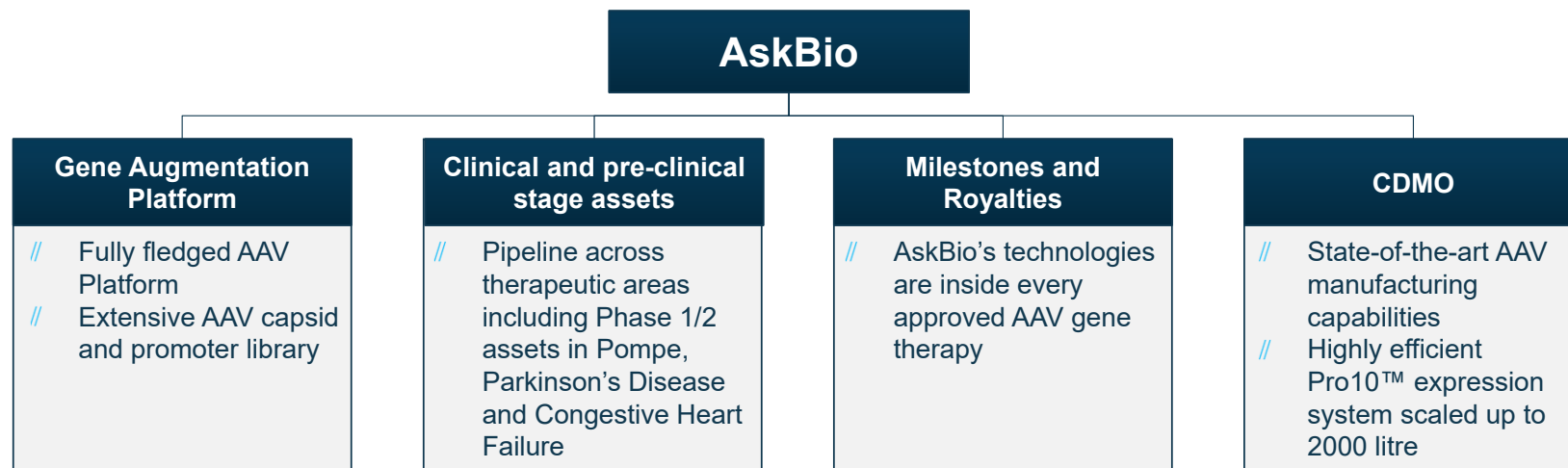
## Main Safety Outcomes

Safety outcome (%)	Finerenone	Placebo
<b>Any adverse event (AE)</b>	<b>87.3</b>	<b>87.5</b>
AE related to study drug	22.9	15.9
AE leading to treatment discontinuation	7.3	5.9
Any serious AE	31.9	34.3
Hyperkalemia	18.3	9.0
Serious hyperkalemia	1.6	0.4
Hyperkalemia leading to discontinuation	2.3	0.9



# Acquisition of AskBio: A leading clinical-stage gene therapy company dedicated to developing AAV gene therapies

- // Through the acquisition of AskBio Bayer enhances its research and development capabilities and is **building a leading position in gene therapy**
- // US-based private company specialized in the **manufacturing and R&D of gene therapies**; a pioneer in the field of AAV (adeno-associated virus) based gene therapy technology
- // AskBio's development portfolio includes **pre-clinical and clinical therapy candidates** for the treatment of neuromuscular, central nervous system, cardiovascular and metabolic diseases
- // USD 2.0bn in upfront and up to USD 2.0bn in milestone payments



CDMO: Contract development and manufacturing organization



# Pharmaceuticals division: Overview development portfolio (as of November 2020)

