



Science For A Better Life



dbAccess Berlin Conference

Liam Condon, Member of the Board of Management of Bayer AG and Head of Crop Science

June 23, 2017

Cautionary Statements Regarding Forward-Looking Information



Certain statements contained in this communication may constitute “forward-looking statements.” Actual results could differ materially from those projected or forecast in the forward-looking statements. The factors that could cause actual results to differ materially include the following: uncertainties as to the timing of the transaction; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all and to successfully integrate Monsanto’s operations into those of Bayer; such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the announcement of the transaction; the retention of certain key employees at Monsanto; risks associated with the disruption of management’s attention from ongoing business operations due to the transaction; the conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; the parties’ ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger; the impact of the refinancing of the loans taken out for the transaction, the impact of indebtedness incurred by Bayer in connection with the transaction and the potential impact on the rating of indebtedness of Bayer; the effects of the business combination of Bayer and Monsanto, including the combined company’s future financial condition, operating results, strategy and plans; other factors detailed in Monsanto’s Annual Report on Form 10-K filed with the SEC for the fiscal year ended August 31, 2016 and Monsanto’s other filings with the SEC, which are available at <http://www.sec.gov> and on Monsanto’s website at www.monsanto.com; and other factors discussed in Bayer’s public reports which are available on the Bayer website at www.bayer.com. Bayer and Monsanto assume no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date.



Bayer – A World-Class Life Science Company

- Delivered **record performance** in 2016
- Good progress with the agreed **acquisition of Monsanto**
- Outlook 2017 projects **further growth in sales and earnings**
- **Mid-term aspirations** emphasize growth and margin potential
- **Focused leadership strategy** at Pharma to deliver growth and to create value
- Consumer Health to maintain **global OTC leadership** and to improve profitability
- Combined crop science company well positioned to **deliver superior performance**



Highly Attractive Agriculture Industry

~10bn
United Nations 2015

People on the planet by 2050

-17%
Nelson⁽¹⁾ / FAO⁽²⁾

Biophysical effect of climate change shocks on yields by 2050

-17%
From 0.218 ha/capita in 2015 to 0.181 ha/capita in 2050⁽²⁾

Declining hectares of farmland per capita by 2050

+50%
FAO⁽³⁾

Productivity increase required to feed the planet by 2050

€120bn
from ~€86bn in 2016⁽⁴⁾

Estimated agriculture inputs market size by 2025

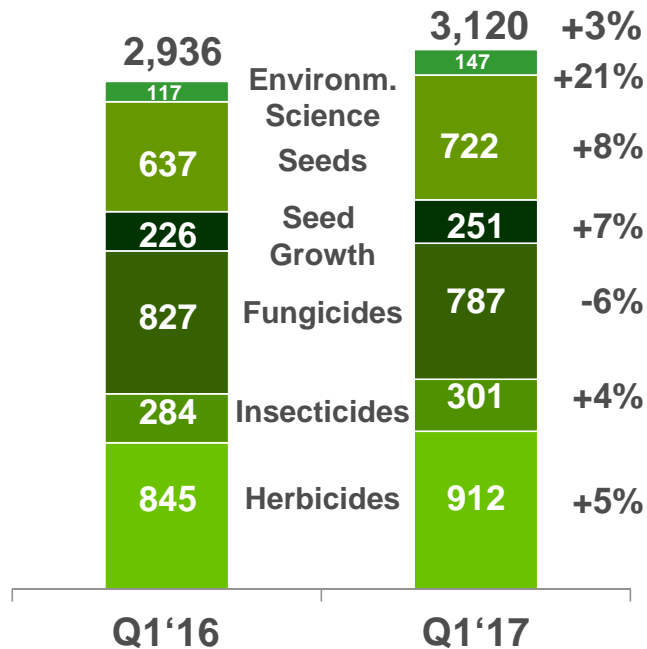
(1) Nelson et. al. (2014) (2) FAO 2016 "Climate change and food security" (3) FAO 2017 "The Future of Food and Agriculture - Trends and Challenges" (4) Seeds, traits and crop protection market



Q1 2017 – Crop Science Performance on Track

Sales

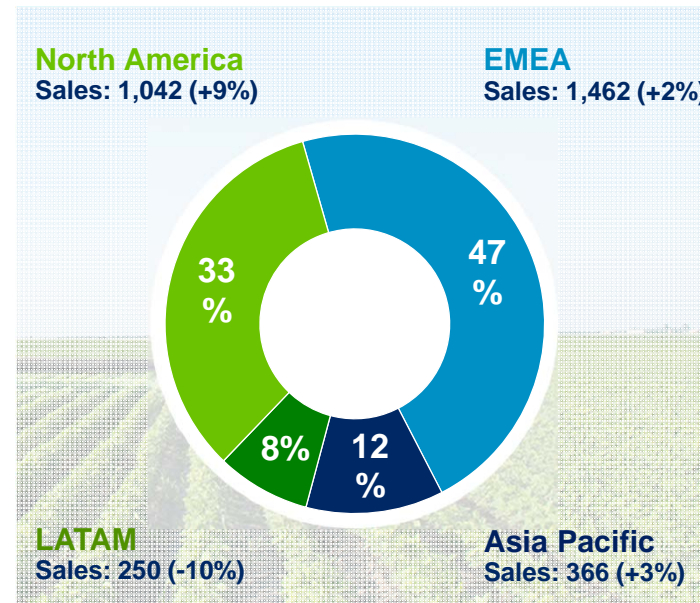
in € million; Δ% yoy, Fx & portfolio adj.



2016 figures restated

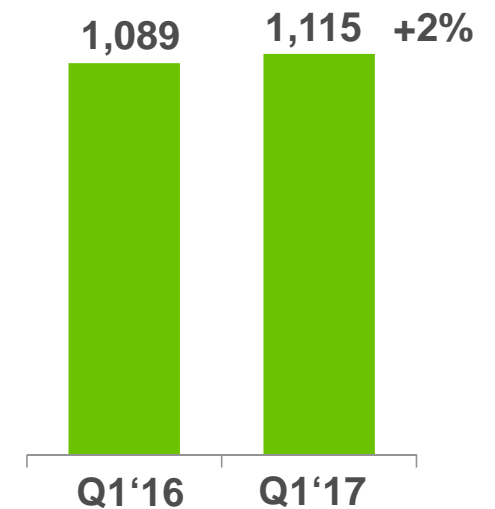
Regions

Sales in € million, Δ% yoy, Fx adj.



EBITDA

before special items, in € million; Δ% yoy





Regional Farming Environment Update

USA

- Corn and soybean plantings nearly completed
- Acreage shift from corn to soybean forecasted which could increase due to wet weather during corn plantings
- Overall, corn crop condition rated good or excellent slightly below last year (67 % actual vs. 75 % py)

Brazil

- Further increase in soybean acreage; beneficial rains in southern corn areas
- High channel inventories esp. in fungicides and insecticides after lower consumption last year
- Limited credit availability for farmers; worsening of political situation could lead to further economic instability
- Currency volatility remains high (BRL/USD)

Western Europe

- Lack of rain and cold spell in spring likely to impact cereal yields across Western Europe, resulting in reduced fungicides applications
- Drought and heat adversely impacted summer crops, esp. in France and Spain
- Financial situation of farmers and channel partners remains tight

Eastern Europe

- Wheat conditions overall favorable, especially in Russia
- However, intensifying drought in central Ukraine reported, which may impact final yields

Japan

- Total agricultural area expected to decline further
- High crop protection inventories, especially rice herbicides, due to strong push by local companies

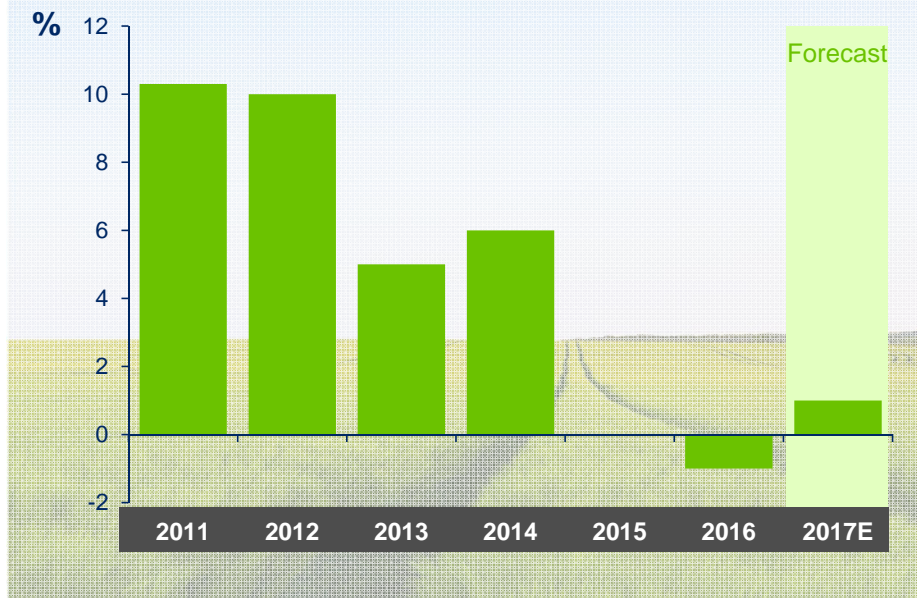
India

- Overall normal Monsoon season expected; started on time
- Planting summer (kharif) crops started in most southern states



Slow Ag Market Recovery Expected From End 2017

Global Ag market⁽¹⁾ year-on-year growth



(1) Seeds, traits and crop protection market;
Source 2011: internal estimate, 2012-2016: Bayer Annual Reports; 2017: internal estimate
(2) CBOT: Chicago Board of Trade, as of June 16, 2017

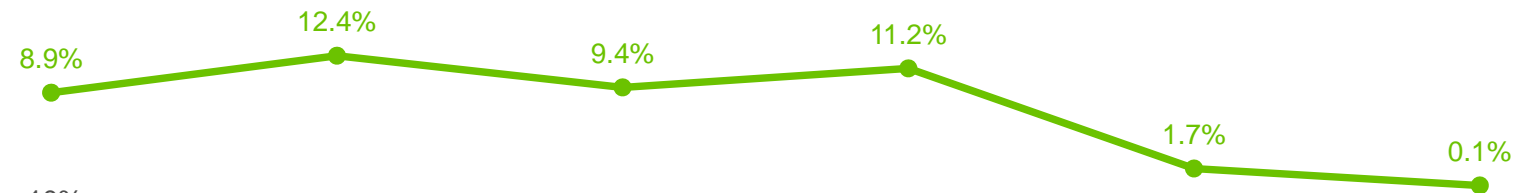
Major Market Drivers

- Demand is steadily growing as long-term drivers are intact
- Several strong harvests in a row hiked global stocks of key commodities
- Stocks-to-use ratios for soy and wheat expected to stabilize; corn ratio expected to decrease
- CBOT⁽²⁾ futures for corn, soy and wheat trending up as production foreseen to decline on the back of a steady demand increase
- ➔ Ag market recovery expected to start in late 2017, depending on harvests over the year

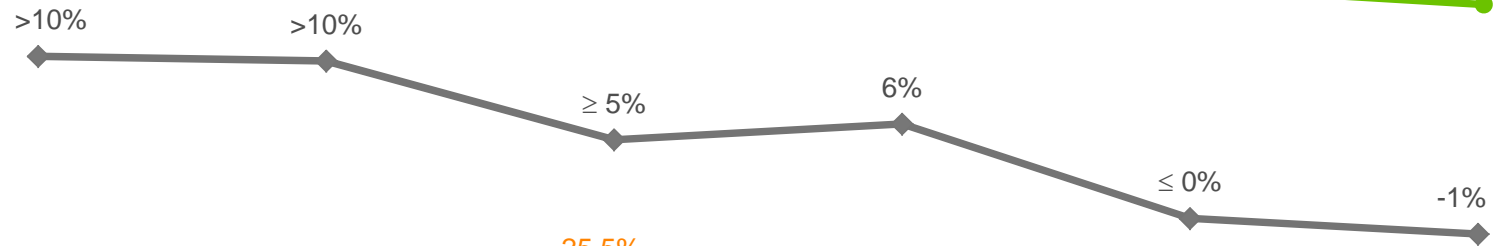
Crop Science Delivers Growth and Robust Margins Over the Ag Cycle



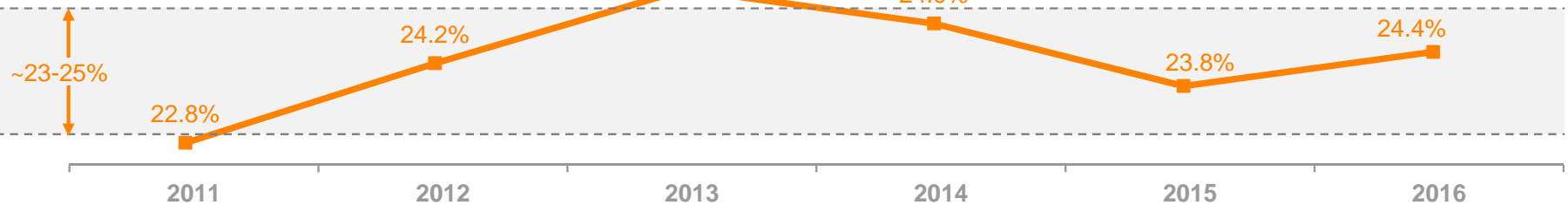
Crop Science Sales growth
yoy cpa^{(1) (2)}



Ag Market yoy growth⁽⁴⁾



Crop Science adj. EBITDA margin^{(2) (3)}

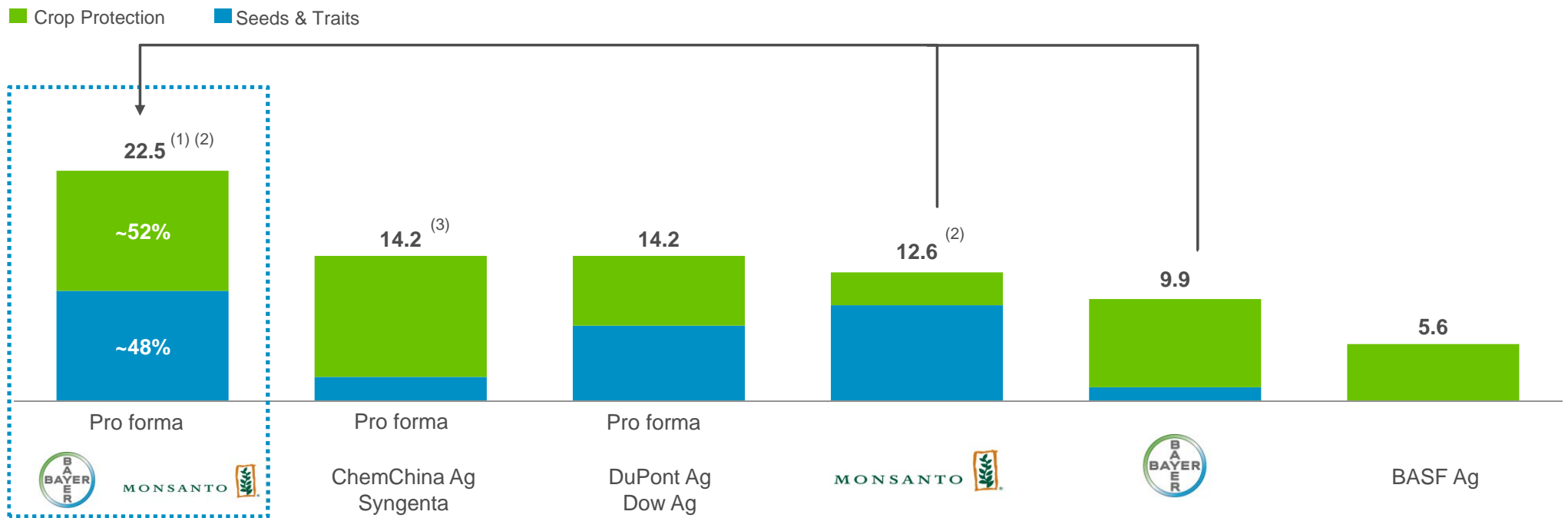


(1) currency and portfolio adjusted (2) 2015 data restated (3) before special items
 (4) Seeds, traits and crop protection market; source 2011: internal estimation, source 2012-2016: Bayer Annual Reports

Creating a Global Leader in Agriculture



2016 Pro Forma Sales (in € billion)



Based on company information and internal calculations (at avg. 2016 Fx rate USD/EUR=1.11)

(1) Pro forma figures without impact of potential divestments (2) Monsanto calendarized to Nov 2016

(3) Excludes non-consolidated Chinese Ag business of ChemChina



Targeting Above-Market Growth and Strong Profitability

**Broad
Product Portfolio**

**Truly Global
Footprint**

**Integrated
Solutions**

**Innovation
Engine**

\$1.5n synergy potential ⁽¹⁾ after year three plus synergies from integrated solutions in future years

(1) Net EBITDA impact; net of estimated dissynergies such as termination of selected distribution agreements as well as sales disruptions; based on detailed bottom-up analysis by Bayer; Fx rate: USD/EUR=1.11

Advancing from Combined Offering to Integrated Solutions



From short-term to long-term

Combined Offering

- Ability to **offer a broad variety** of seed and chemical products
- Combining sales forces and infrastructure across geographies

Integrated Solutions

- **Smart combination** and optimized usage of products
- Based on agronomic advice and **Digital Farming**
- **Innovation of differentiated systems** based on technologies optimally designed to work together

Benefit to the Farmer

- More convenience
- Improved sourcing

- Improved yield
- Optimized inputs
- Sustainable farming



Accelerating Innovation Through Joint R&D Forces

"Adoption and adaptation of sustainable farming systems and practices require technological innovation and investment in R&D" (United Nations FAO ⁽¹⁾)

- New unmet needs and challenges (e.g. climate change, resistances) require break-through innovation based on synergistic technology application
- Emerging technologies allow to generate new customized solutions
- Increasing need for interdisciplinary approaches to accelerate R&D productivity

Bayer & Monsanto's Joined R&D Forces⁽²⁾

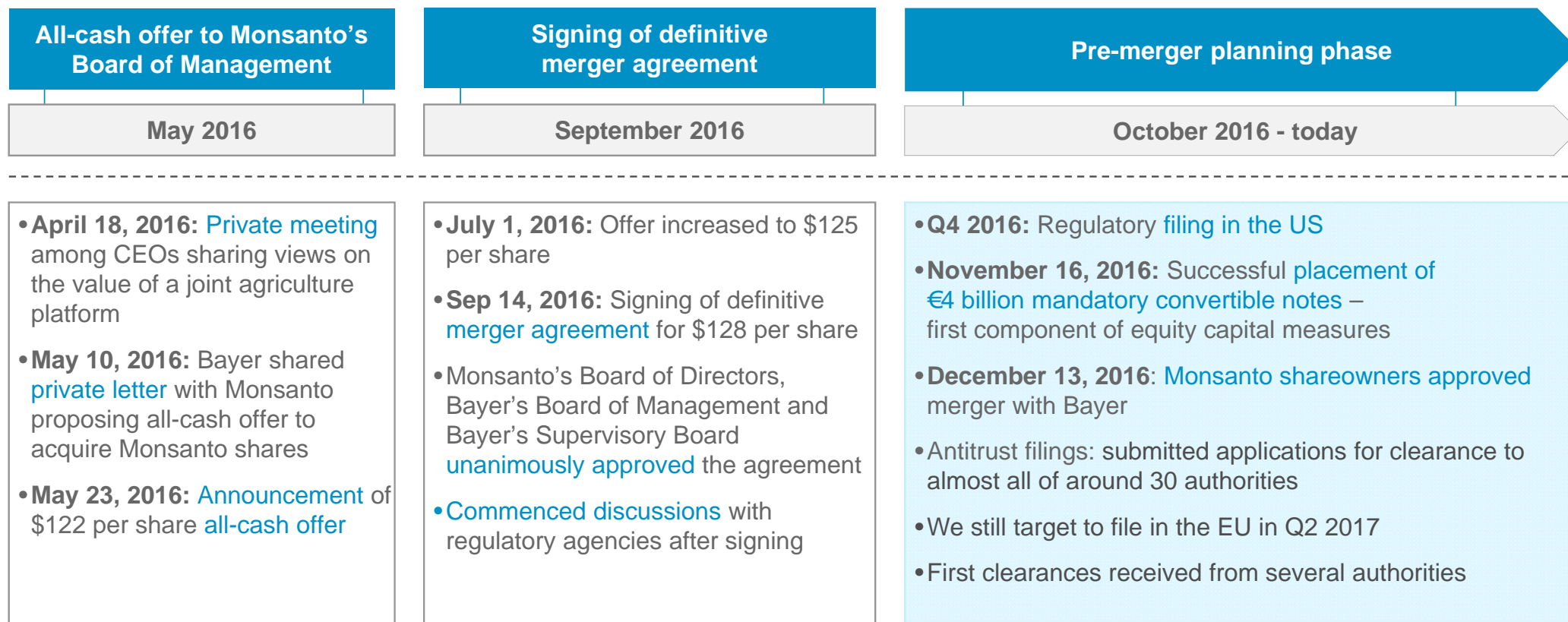
- Strong R&D technology platforms with cross-technology capabilities
- Superior access to innovation resources (incl. emerging technologies like genome-editing) through alliances / ventures
- ➔ **Strong commitment to innovation with 2016 pro forma R&D investment of €2.5bn**

(1) Source: FAO. 2016. The future of food and agriculture – Trends and challenges. Rome

(2) 2016 Bayer + Monsanto pro forma; Fx rate USD/EUR=1.11; Monsanto R&D investment calendarized to Nov 2016



Agreed Monsanto Acquisition – Achievements





Crop Science Mid-Term Aspirations

Aspirations (incl. Monsanto)⁽¹⁾

Sales

Above market growth

Adj. EBITDA margin

> 30% after year 3 post closing

As presented on September 20, 2016; Sales Δ Fx & portf. adjusted, EBITDA before special items; 2015 figures restated;
Outlook depends on specific planning assumptions outlined in the Interim Report Q2 2016
(1) Not including any potential divestments



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