

Q3

Quarterly Statement Third Quarter of 2019



Encouraging business performance across all divisions – agreements signed to divest Currenta and Animal Health

- // Group sales increase to €9.8 billion
(Fx & portfolio adj. +5.4%)
- // EBITDA before special items advances
to €2.3 billion (+7.5%)
- // Crop Science reports higher sales and
substantial earnings growth
- // Pharmaceuticals increases sales;
earnings decline due to one-time income
in prior year
- // Consumer Health posts growth in sales
(Fx & portfolio adj.) and earnings
- // Net income €1.0 billion (–63.9%);
substantial divestment gain in prior year
- // Core earnings per share €1.16 (+6.4%)
- // Group outlook confirmed and adjusted
to reflect continuing operations

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In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), financial information is given for continuing operations unless otherwise explicitly indicated. Here it should be noted that the previously reportable Animal Health segment and the Currenta business have been reported as discontinued operations since the divestment agreements were signed. The data for prior periods has been restated accordingly.

Bayer Group Key Data

€ million	Q3 2018	Q3 2019	Change %	9M 2018	9M 2019	Change %	Full Year 2018
Sales	9,261	9,830	+ 6.1	26,387	32,795	+ 24.3	36,742
Change (adjusted for currency and portfolio effects) ¹			+ 5.4			+ 3.5	+ 3.5
Change in sales¹							
Volume	+ 1.9%	+ 3.7%		+ 4.2%	+ 2.8%		+ 4.5%
Price	- 1.1%	+ 1.7%		- 1.3%	+ 0.7%		- 1.0%
Currency	- 2.7%	+ 2.3%		- 5.6%	+ 1.6%		- 4.3%
Portfolio	+ 25.9%	- 1.6%		+ 10.0%	+ 19.2%		+ 13.7%
Sales by region							
Europe / Middle East / Africa	2,930	2,943	+ 0.4	9,562	10,214	+ 6.8	12,392
North America	2,521	2,654	+ 5.3	7,682	11,695	+ 52.2	10,942
Asia / Pacific	1,909	2,096	+ 9.8	5,791	6,459	+ 11.5	7,796
Latin America	1,901	2,137	+ 12.4	3,352	4,427	+ 32.1	5,612
EBITDA¹	5,267	2,287	- 56.6	9,748	7,552	- 22.5	9,695
Special items ¹	3,135	(4)		2,743	(1,468)		726
EBITDA before special items¹	2,132	2,291	+ 7.5	7,005	9,020	+ 28.8	8,969
EBITDA margin before special items ¹	23.0%	23.3%		26.5%	27.5%		24.4%
EBIT¹	4,323	1,215	- 71.9	7,660	3,793	- 50.5	3,454
Special items ¹	3,128	(13)		2,690	(1,895)		(2,559)
EBIT before special items¹	1,195	1,228	+ 2.8	4,970	5,688	+ 14.4	6,013
Financial result	(679)	(179)	+ 73.6	(848)	(931)	+ 9.8	(1,568)
Net income (from continuing and discontinued operations)	2,871	1,036	- 63.9	5,619	2,677	- 52.4	1,374
Earnings per share from continuing and discontinued operations (€)	2.93	1.05	- 64.2	6.06	2.73	- 55.0	1.80
Core earnings per share ¹ from continuing operations (€)	1.09	1.16	+ 6.4	4.57	5.11	+ 11.8	5.60
Core earnings per share ¹ from continuing and discontinued operations (€)	1.15	1.23	+ 7.0	4.86	5.40	+ 11.1	5.93
Net cash provided by operating activities (from continuing and discontinued operations)	2,051	2,282	+ 11.3	4,949	4,961	+ 0.2	7,917
Free cash flow (from continuing and discontinued operations)	1,116	1,263	+ 13.2	3,289	2,522	- 23.3	4,652
Net financial debt at end of period	36,524	37,860	+ 3.7	36,524	37,860	+ 3.7	35,679
Cash outflows for capital expenditures (from continuing and discontinued operations)	659	729	+ 10.6	1,467	1,582	+ 7.8	2,593
Research and development expenses	1,167	1,292	+ 10.7	3,407	3,934	+ 15.5	5,105
Depreciation, amortization and impairment losses/loss reversals	944	1,072	+ 13.6	2,088	3,759	+ 80.0	6,241
Number of employees at end of period²	109,063	104,711	- 4.0	109,063	104,711	- 4.0	107,894
Personnel expenses (including pension expenses)	2,594	2,696	+ 3.9	7,217	8,812	+ 22.1	10,778

2018 figures restated

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."² Employees calculated as full-time equivalents (FTEs)

Key Events

In July, the sale of Consumer Health's global prescription dermatology business outside the United States to LEO Pharma A/S, Ballerup, Denmark, was completed following the transfer of the U.S. business in September 2018. The base purchase price for the remaining global business was €0.6 billion and is subject to customary purchase price adjustments. The divestment gain is provisionally estimated at €0.3 billion.

Also in July, Bayer entered into an agreement with Yellow Wood Partners, Boston, United States, regarding the sale of the Dr. Scholl's™ business of Consumer Health for a purchase price of US\$0.6 billion. The transaction is expected to close in the fourth quarter of 2019 subject to satisfaction of customary closing conditions, including approval by antitrust authorities.

In August, Bayer and Lanxess entered into an agreement to sell their stakes in site services provider Currenta to InfraChem Holdings S.à r.l., Luxembourg, a company controlled by Macquarie Infrastructure and Real Assets (Europe) Limited. The base purchase price for Bayer's interest amounts to approximately €1.2 billion and is subject to customary purchase price adjustments. Bayer is also selling a portfolio of real estate and infrastructure to the Currenta Group for approximately €0.2 billion. The transaction is expected to close in the fourth quarter of 2019 subject to regulatory approval.

Also in August, Bayer entered into an agreement to sell its Animal Health business unit to Elanco Animal Health Incorporated, Greenfield, Indiana, United States. The transaction is valued at US\$7.6 billion, consisting of US\$5.3 billion in cash, subject to customary purchase price adjustments, and US\$2.3 billion in Elanco stock based on the unaffected 30-day volume-weighted average price as of August 6, 2019. The number of shares constituting the equity consideration is fixed within a 7.5% collar.¹ The divestment is expected to be concluded in mid-2020 subject to the satisfaction of customary closing conditions, including antitrust clearance.

In late August, we completed the sale of the Coppertone™ brand to Beiersdorf AG for approximately US\$0.6 billion, after having entered into an agreement to this effect in May 2019.

In September, Bayer completed the acquisition of BlueRock Therapeutics L.P., Cambridge, Massachusetts, United States, which had previously been a joint venture. BlueRock Therapeutics focuses on the development of cell therapies in the fields of neurology, cardiology and immunology using a proprietary induced pluripotent stem cell platform. Under the agreement, Bayer made an upfront payment of approximately US\$0.2 billion, while further payments of up to US\$0.4 billion will be due upon achievement of pre-defined milestones.

In the same month, the Supervisory Board of Bayer AG reached a decision to reduce the size of the company's Board of Management from seven to five members effective January 1, 2020. Dr. Hartmut Klusik and Kemal Malik are to leave the company as of December 31, 2019. As part of the announced efficiency measures, neither position will be retained and the respective responsibilities will be reallocated.

¹ This means that the number of Elanco shares that Bayer receives increases (decreases) in the event of share price decreases (increases) within this 7.5% corridor. Based on the closing price of Elanco shares on September 30, 2019, Bayer would receive approximately 73 million Elanco shares.

Earnings Performance of the Bayer Group²

Third quarter of 2019

Group sales

Group sales in the third quarter of 2019 rose by 5.4% (Fx & portfolio adj.) to €9,830 million (reported: +6.1%). Germany accounted for €525 million of this figure.

Crop Science achieved a 4.8% (Fx & portfolio adj.) increase in sales to €3,948 million that resulted primarily from growth in Latin and North America. Sales of Pharmaceuticals increased by 5.9% (Fx & portfolio adj.) to €4,504 million, due particularly to the continuing positive development in China. Sales of Consumer Health increased by 3.7% (Fx & portfolio adj.) to €1,288 million, driven by growth in the Latin America and Europe/Middle East/Africa regions.

EBITDA before special items

Group EBITDA before special items rose by 7.5% to €2,291 million. There was a positive effect of approximately €110 million from IFRS 16, which has been applied since January 1, 2019. Under the new standard, lease expenses are no longer recognized in EBITDA. There was also a positive currency effect of €77 million. EBITDA before special items of Crop Science rose by 24.9% to €527 million, mainly as a result of expanded volumes in Latin America and the realization of cost synergies as we progress with the integration of the acquired businesses. EBITDA before special items at Pharmaceuticals declined by 1.7% to €1,527 million due to a substantial one-time effect in the prior-year quarter. EBITDA before special items of Consumer Health improved by 3.2% to €256 million, due especially to the growth in sales and its ongoing efficiency program.

Depreciation and amortization

Depreciation, amortization and impairment losses amounted to €1,072 million in the third quarter of 2019 (Q3 2018: €944 million). The increase was primarily due to the depreciation of right-of-use assets that were recognized for the first time within property, plant and equipment under IFRS 16. Amortization and impairments on intangible assets were €630 million (Q3 2018: €552 million), while depreciation and impairments on property, plant and equipment amounted to €442 million (Q3 2018: €393 million). Impairment losses totaled €36 million (Q3 2018: €9 million), including €33 million (Q3 2018: €1 million) on intangible assets.

EBIT and special items

EBIT of the Bayer Group declined by 71.9% to €1,215 million (Q3 2018: €4,323 million) after net special charges of €13 million (Q3 2018: net special gains of €3,128 million). A €350 million special gain from the divestment of the prescription dermatology business outside the United States stood against special charges that primarily related to the ongoing restructuring program and litigations. The prior-year figure primarily comprised special gains of approximately €3.9 billion before taxes in connection with the divestments to BASF. EBIT before special items increased by 2.8% to €1,228 million (Q3 2018: €1,195 million).

The following special effects were taken into account in calculating EBIT and EBITDA:

² For definition of alternative performance measures, see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

A 1

Special Items by Category¹

€ million	EBIT Q3 2018	EBIT Q3 2019	EBIT 9M 2018	EBIT 9M 2019	EBITDA Q3 2018	EBITDA Q3 2019	EBITDA 9M 2018	EBITDA 9M 2019
Total special items	3,128	(13)	2,690	(1,895)	3,135	(4)	2,743	(1,468)
Restructuring	(45)	(213)	(87)	(855)	(44)	(215)	(85)	(856)
of which in the Reconciliation	(14)	(152)	(33)	(768)	(15)	(153)	(33)	(767)
Acquisition/integration	(777)	(37)	(1,125)	(641)	(771)	(36)	(1,117)	(641)
of which in the Reconciliation	(17)	(2)	(32)	(16)	(17)	(2)	(32)	(16)
Divestments	3,968	350	3,969	260	3,968	350	3,969	260
Litigations/legal risks	(3)	(104)	(9)	(232)	(3)	(104)	(9)	(231)
of which in the Reconciliation	–	(5)	(3)	(40)	–	(5)	(3)	(40)
Impairment losses/loss reversals	–	(9)	(43)	(427)	–	1	–	–
Other	(15)	–	(15)	–	(15)	–	(15)	–
of which in the Reconciliation	1	–	1	–	(1)	–	–	–

2018 figures restated

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."**Income after income taxes from discontinued operations**

Income after income taxes from discontinued operations amounted to €41 million (Q3 2018: €64 million) and pertained to Currenta and Animal Health.

Currenta generated sales of €318 million (Q3 2018: €340 million), while EBITDA before special items amounted to €73 million (Q3 2018: €62 million).

Sales at Animal Health rose by 10.1% (Fx & portfolio adj.) to €343 million (Q3 2018: €304 million). This increase was chiefly attributable to an expansion in volumes for the Advantage™ family of products (€94 million, +19.3% (Fx & portfolio adj.)) compared with the weak prior-year period, particularly in the United States, and to the positive business performance of Seresto™ (€37 million, +22.0% (Fx & portfolio adj.)) in all regions. EBITDA before special items of Animal Health improved by 54.5% to €68 million (Q3 2018: €44 million), largely due to the sales growth resulting from higher volumes.

A 2

Income Statements for Discontinued Operations

€ million	Currenta		Animal Health		Covestro		Total	
	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019
Net sales	340	318	304	343	–	–	644	661
Cost of goods sold	(283)	(238)	(108)	(118)	–	–	(391)	(356)
Gross profit	57	80	196	225	–	–	253	305
Selling expenses	(3)	(3)	(119)	(119)	–	–	(122)	(122)
Research and development expenses	1	1	(35)	(38)	–	–	(34)	(37)
General administration expenses	(7)	(14)	(10)	(44)	–	–	(17)	(58)
Other operating income/expenses	(2)	(7)	(1)	(1)	–	–	(3)	(8)
EBIT¹	46	57	31	23	–	–	77	80
Financial result	2	(5)	(1)	(2)	–	–	1	(7)
Income before income taxes	48	52	30	21	–	–	78	73
Income taxes	(8)	(12)	(6)	(20)	–	–	(14)	(32)
Income after income taxes	40	40	24	1	–	–	64	41
of which attributable to noncontrolling interest	–	–	–	–	–	–	–	–
of which attributable to Bayer AG stockholders (net income)	40	40	24	1	–	–	64	41

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."**Net income**

After a financial result of minus €179 million (Q3 2018: minus €679 million), income before income taxes was €1,036 million (Q3 2018: €3,644 million). The financial result mainly comprised net income of €221 million from investments in affiliated companies (Q3 2018: net loss of €107 million), net interest

expense of €333 million (Q3 2018: €385 million) and interest cost of €64 million (Q3 2018: €34 million) for pension and other provisions. The financial result included net special gains of €276 million (Q3 2018: net special charges of €182 million) that resulted mainly from the remeasurement of the interest in BlueRock Therapeutics L.P., Cambridge, Massachusetts, United States, which was previously accounted for using the equity method and is now fully consolidated. After income tax expense of €33 million (Q3 2018: €829 million) and adjusted for income attributable to noncontrolling interest, net income for the third quarter of 2019 amounted to €1,036 million (Q3 2018: €2,871 million). The main reasons for income tax expense being relatively low in relation to income before income taxes were the tax-free income from the divestment of the prescription dermatology business outside the United States and the first-time consolidation of BlueRock Therapeutics.

Core earnings per share

Earnings per share (total) declined in the third quarter of 2019 to €1.05 (Q3 2018: €2.93), largely because of the aforementioned special gains associated with the divestment gain in the prior-year quarter. Core earnings per share from continuing operations rose by 6.4% to €1.16 (Q3 2018: €1.09). Including the earnings contributions of Animal Health and the Currenta Group, which are recognized under discontinued operations, core earnings per share rose by 7.0% to €1.23 in the third quarter of 2019 (Q3 2018: €1.15).

A 3

Core Earnings per Share¹

€ million	Q3 2018	Q3 2019	9M 2018	9M 2019
EBIT (as per income statements)	4,323	1,215	7,660	3,793
Amortization and impairment losses/loss reversals on goodwill and other intangible assets	552	631	1,251	2,403
Impairment losses/loss reversals on property, plant and equipment, and accelerated depreciation included in special items	9	3	18	8
Special items (other than accelerated depreciation, amortization and impairment losses/loss reversals)	(3,136)	4	(2,743)	1,468
Core EBIT	1,748	1,853	6,186	7,672
Financial result (as per income statements)	(679)	(179)	(848)	(931)
Special items in the financial result	182	(276)	59	(278)
Income taxes (as per income statements)	(829)	(33)	(1,460)	(405)
Special items in income taxes	84	–	84	–
Tax effects related to amortization, impairment losses/loss reversals and special items	568	(221)	231	(1,031)
Income after income taxes attributable to noncontrolling interest (as per income statements)	(8)	(8)	(14)	(8)
Above-mentioned adjustments attributable to noncontrolling interest	0	2	0	(3)
Core net income from continuing operations	1,066	1,138	4,238	5,016
Shares (million)				
Weighted average number of shares ²	980.15	982.43	927.48	981.45
€				
Core earnings per share from continuing operations	1.09	1.16	4.57	5.11

2018 figures restated

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

² The weighted average number of shares (basic and diluted) was restated pursuant to IAS 33 for all periods prior to June 2018 to reflect the effect of the bonus component of the subscription rights issued as part of the June 2018 capital increase, because the subscription price of the new shares was below the market price of the existing shares.

Personnel expenses and employee numbers

The number of employees in the Bayer Group as of the closing date declined year on year by 4.0% to 104,711 (September 30, 2018: 109,063). This decrease resulted mainly from the implementation of the announced restructuring measures. Personnel expenses rose by 3.9% to €2,696 million (Q3 2018: €2,594 million), mainly as a result of additions to provisions in connection with the restructuring measures.

First nine months of 2019

Group sales

Group sales in the first nine months of 2019 rose by 3.5% (Fx & portfolio adj.) to €32,795 million (reported: +24.3%). Germany accounted for €1,842 million of this figure.

Sales of Crop Science advanced by 2.6% (Fx & portfolio adj.) to €15,180 million. On a reported basis, sales increased by 58.0%, thanks mainly to portfolio effects of 53.9% (€5,177 million). Sales of Pharmaceuticals advanced by 5.0% (Fx & portfolio adj.) to €13,280 million. Consumer Health increased sales by 1.4% (Fx & portfolio adj.) to €4,125 million.

EBITDA before special items

EBITDA before special items of the Bayer Group advanced by 28.8% to €9,020 million (9M 2018: €7,005 million). There was a positive effect of approximately €300 million from IFRS 16, which has been applied since January 1, 2019. By contrast, negative currency effects diminished earnings by €92 million. At Crop Science, EBITDA before special items increased by 86.1% to €3,924 million. This was mainly attributable to the earnings contribution from the acquired business. EBITDA before special items at Pharmaceuticals advanced by 4.8% to €4,539 million, while Consumer Health saw EBITDA before special items decrease by 1.5% to €805 million.

Depreciation and amortization

Depreciation, amortization and impairment losses amounted to €3,759 million in the first nine months of 2019 (9M 2018: €2,088 million). The increase was due to the acquisition of Monsanto and the first-time application of IFRS 16, among other factors. Depreciation, amortization and impairment losses comprised €2,403 million (9M 2018: €1,251 million) in amortization and impairments on intangible assets and €1,356 million (9M 2018: €837 million) in depreciation and impairments on property, plant and equipment.

Net impairment losses totaled €466 million (9M 2018: €84 million), including €458 million (9M 2018: €83 million) in impairment losses on intangible assets. Of this figure, €429 million pertained to the divestment of our Dr. Scholl's™ foot care portfolio and partly resulted from the impairment of the proportionate goodwill to be transferred. Impairment losses of €425 million (9M 2018: €51 million), net of impairment loss reversals, and accelerated depreciation of €1 million (9M 2018: €2 million) were included in special items.

EBIT and special items

EBIT of the Bayer Group fell by 50.5% to €3,793 million (9M 2018: €7,660 million) after net special charges of €1,895 million (9M 2018: net special gains of €2,690 million). The special charges were primarily related to the ongoing restructuring program, the acquisition of Monsanto, the aforementioned impairments in connection with the divestment of Dr. Scholl's™, and legal fees. Special gains resulted from the aforementioned divestment of the prescription dermatology business outside the United States. The prior-year figure primarily comprised special gains of approximately €3.9 billion before taxes in connection with the divestments to BASF. EBIT before special items increased by 14.4% to €5,688 million (9M 2018: €4,970 million).

Income after income taxes from discontinued operations

Income after income taxes from discontinued operations declined to €228 million (9M 2018: €281 million) and resulted from the business activities of Currenta and Animal Health.

Currenta generated sales of €978 million (9M 2018: €966 million), while EBITDA before special items amounted to €195 million (9M 2018: €166 million).

Sales of Animal Health rose by 1.3% (Fx & portfolio adj.) in the first nine months of 2019, to €1,218 million. Business in Europe/Middle East/Africa in particular benefited from price increases implemented in all regions, with sales in that region advancing by 3.0% (Fx & portfolio adj.) to €336 million. This effect was more than sufficient to offset volume-related declines that were primarily recorded in North America (€511 million, -2.4% (Fx & portfolio adj.)). EBITDA before special items of Animal Health increased by 6.8% to €332 million (9M 2018: €311 million), primarily due to higher prices.

Income Statements for Discontinued Operations

€ million	Currenta		Animal Health		Covestro		Total	
	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019
Net sales	966	978	1,171	1,218	–	–	2,137	2,196
Cost of goods sold	(813)	(795)	(358)	(367)	–	–	(1,171)	(1,162)
Gross profit	153	183	813	851	–	–	966	1,034
Selling expenses	(8)	(8)	(401)	(408)	–	–	(409)	(416)
Research and development expenses	1	–	(102)	(102)	–	–	(101)	(102)
General administration expenses	(17)	(32)	(35)	(88)	–	–	(52)	(120)
Other operating income/expenses	(9)	(11)	1	(7)	8	–	–	(18)
EBIT¹	120	132	276	246	8	–	404	378
Financial result	(17)	(44)	(5)	(3)	–	–	(22)	(47)
Income before income taxes	103	88	271	243	8	–	382	331
Income taxes	(21)	(27)	(72)	(76)	(8)	–	(101)	(103)
Income after income taxes	82	61	199	167	–	–	281	228
of which attributable to noncontrolling interest	–	–	–	–	–	–	–	–
of which attributable to Bayer AG stockholders (net income)	82	61	199	167	–	–	281	228

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Net income

After a financial result of minus €931 million (9M 2018: minus €848 million), income before income taxes was €2,862 million (9M 2018: €6,812 million). The financial result comprised net income from investments in affiliated companies of €251 million (9M 2018: €295 million), net interest expense of €1,022 million (9M 2018: €738 million), an exchange gain of €25 million (9M 2018: loss of €278 million) and interest cost of €205 million (9M 2018: €109 million) for pension and other provisions. The financial result included net special gains of €278 million (9M 2018: net special charges of €59 million) that resulted mainly from the remeasurement of the interest in BlueRock Therapeutics L.P., Cambridge, Massachusetts, United States, which was previously accounted for using the equity method. After tax expense of €405 million (9M 2018: €1,460 million), income after income taxes was €2,457 million (9M 2018: €5,352 million). After adjusting for income from discontinued operations after income taxes and income attributable to noncontrolling interest, net income came to €2,677 million (9M 2018: €5,619 million). The main reasons for income tax expense being relatively low in relation to income before income taxes were the tax-free income from the divestment of the prescription dermatology business outside the United States and the first-time consolidation of BlueRock Therapeutics.

Core earnings per share

Earnings per share (total) declined by 55.0% to €2.73 (9M 2018: €6.06). Core earnings per share from continuing operations advanced by 11.8% to €5.11 (9M 2018: €4.57). Including the earnings contributions of Animal Health and the Currenta Group, which are recognized under discontinued operations, core earnings per share rose by 11.1% in the first nine months to €5.40 (9M 2018: €4.86).

Personnel expenses and employee numbers

The number of employees in the Bayer Group as of the closing date declined by 3.0% in the first nine months of 2019 to 104,711 (December 31, 2018: 107,894). Personnel expenses rose by 22.1% to €8,812 million in the first nine months of the year (9M 2018: €7,217 million). This was mainly due to the higher average number of employees as a result of the Monsanto acquisition closing in June of the previous year. Furthermore, additions to provisions were made in connection with the announced restructuring measures.

Business Development by Segment

Crop Science

A 5

Key Data – Crop Science

€ million	Q3 2018	Q3 2019	Change % ¹		9M 2018	9M 2019	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	3,733	3,948	+ 5.8	+ 4.8	9,605	15,180	+ 58.0	+ 2.6
Change in sales¹								
Volume	– 10.5%	+ 1.0%			+ 3.3%	+ 0.5%		
Price	+ 1.0%	+ 3.8%			– 0.1%	+ 2.1%		
Currency	– 3.0%	+ 3.1%			– 6.3%	+ 1.5%		
Portfolio	+ 96.3%	– 2.1%			+ 34.2%	+ 53.9%		
Sales by region								
Europe / Middle East / Africa	817	733	– 10.3	– 6.7	3,097	3,589	+ 15.9	– 1.8
North America	948	1,061	+ 11.9	+ 9.5	2,993	6,982	+ 133.3	– 0.2
Asia / Pacific	452	418	– 7.5	– 8.1	1,328	1,339	+ 0.8	– 3.9
Latin America	1,516	1,736	+ 14.5	+ 12.0	2,187	3,270	+ 49.5	+ 16.3
EBITDA¹	3,593	420	– 88.3		4,941	3,098	– 37.3	
Special items ¹	3,171	(107)			2,833	(826)		
EBITDA before special items¹	422	527	+ 24.9		2,108	3,924	+ 86.1	
EBITDA margin before special items ¹	11.3%	13.3%			21.9%	25.8%		
EBIT¹	3,030	(265)			4,071	1,035	– 74.6	
Special items ¹	3,165	(108)			2,825	(827)		
EBIT before special items¹	(135)	(157)	– 16.3		1,246	1,862	+ 49.4	
Net cash provided by operating activities	1,244	1,131	– 9.1		2,194	1,540	– 29.8	
Capital expenditures	360	299	– 16.9		597	719	+ 20.4	
Research and development expenses	628	559	– 11.0		1,281	1,739	+ 35.8	

2018 figures restated; fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Third quarter of 2019

Sales

Crop Science increased sales by 4.8% (Fx & portfolio adj.) to €3,948 million in the third quarter of 2019, driven by growth in Latin and North America.

// Sales in **Europe / Middle East / Africa** decreased by 6.7% (Fx & portfolio adj.) to €733 million. Business was down primarily at SeedGrowth (Other), which was impacted by a loss of registrations in Europe, and in oilseed rape / canola seed (Other), with negative factors here including a decline in demand due to drought as well as lower acreages. Sales also decreased at Vegetable Seeds as a result of shifts in demand into the fourth quarter. By contrast, we recorded higher sales at Fungicides, Environmental Science and Corn Seed & Traits.

// Sales in **North America** advanced by 9.5% (Fx & portfolio adj.) to €1,061 million. Growth was driven by business at Corn Seed & Traits, where we were able to reverse provisions for product returns as acreages were higher than we had anticipated in the previous quarter. We also registered a significant increase in business at Fungicides that was primarily attributable to weather-related shifts in demand from the previous quarter. By contrast, sales declined in our cotton seed business (Other), mainly due to shifts in demand into the first half of the year. Business was also down at Insecticides, primarily as a result of lower pest pressure.

// In the **Asia / Pacific** region, sales decreased by 8.1% (Fx & portfolio adj.) to €418 million. We recorded the sharpest decline in business at Herbicides in Australia, as a result of the dry weather, and in China. Sales at Vegetable Seeds were also down substantially. Encouraging growth at Corn Seed & Traits did not offset this effect.

// Sales in **Latin America** advanced by 12.0% (Fx & portfolio adj.) to €1,736 million. We registered encouraging growth at Fungicides, Herbicides and SeedGrowth, in part due to higher volumes for a number of products in Brazil. Sales also increased significantly at Soybean Seed & Traits thanks to shifts in demand from the fourth quarter and higher market penetration.

A 6

Sales by Strategic Business Entity

€ million	Q3 2018	Q3 2019	Change % ¹		9M 2018	9M 2019	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Crop Science	3,733	3,948	+ 5.8	+ 4.8	9,605	15,180	+ 58.0	+ 2.6
Herbicides	1,171	1,184	+ 1.1	0.0	2,999	3,894	+ 29.8	+ 2.1
Corn Seed & Traits	600	749	+ 24.8	+ 20.7	772	4,064	.	+ 11.9
Soybean Seed & Traits	392	447	+ 14.0	+ 10.0	598	1,532	+ 156.2	- 1.0
Fungicides	453	572	+ 26.3	+ 23.7	1,890	1,930	+ 2.1	+ 1.1
Insecticides	353	344	- 2.5	- 5.1	981	1,068	+ 8.9	+ 7.4
Environmental Science	206	221	+ 7.3	+ 3.7	503	759	+ 50.9	+ 3.8
Vegetable Seeds	266	186	- 30.1	- 17.2	538	532	- 1.1	- 4.2
Other	292	245	- 16.1	- 10.3	1,324	1,401	+ 5.8	+ 3.9

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Earnings

EBITDA before special items of Crop Science rose in the third quarter of 2019 by 24.9% to €527 million (Q3 2018: €422 million). The increase was primarily attributable to higher prices and volumes in Latin America and the realization of cost synergies as we progress with the integration of the acquired business. There was also a positive currency effect of €51 million. By contrast, earnings were mainly held back by an increase in the cost of goods sold.

EBIT came in at minus €265 million (Q3 2018: €3,030 million) after net special charges of €108 million (Q3 2018: net special gains of €3,165 million) that primarily related to legal fees in connection with the glyphosate litigations as well as to the integration of Monsanto. The special gains in the prior-year period mainly comprised an approximately €3.9 billion pre-tax gain from the divestments to BASF, which primarily stood against special charges of €760 million in connection with the acquisition of Monsanto.

A 7

Special Items¹ Crop Science

€ million	EBIT		EBIT		EBITDA		EBITDA	
	Q3 2018	Q3 2019	9M 2018	9M 2019	Q3 2018	Q3 2019	9M 2018	9M 2019
Restructuring	(3)	(1)	(8)	(1)	(3)	(1)	(8)	(1)
Acquisition/integration	(760)	(35)	(1,093)	(625)	(754)	(34)	(1,085)	(625)
Divestments	3,935	-	3,936	(58)	3,935	-	3,936	(58)
Litigations/legal risks	(3)	(72)	(6)	(143)	(3)	(72)	(6)	(142)
Other	(4)	-	(4)	-	(4)	-	(4)	-
Total special items	3,165	(108)	2,825	(827)	3,171	(107)	2,833	(826)

2018 figures restated

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

First nine months of 2019

Sales

Crop Science posted sales of €15,180 million in the first nine months of 2019. Sales climbed by 58.0% on a reported basis, thanks mainly to a positive portfolio effect of 53.9% from the acquisition of Monsanto (€6,649 million) less the prorated contribution from the divested businesses in the prior-year period (€1,471 million). Adjusted for currency and portfolio effects, sales increased by 2.6%, with the acquired business only included from June 7 until September 30. We achieved significant sales gains in Latin America, while business was down in the Asia/Pacific and Europe/Middle East/Africa regions.

Earnings

EBITDA before special items of Crop Science increased by 86.1% to €3,924 million in the first nine months of 2019 (9M 2018: €2,108 million). The increase was primarily attributable to the earnings contribution from the newly acquired business and to the realization of cost synergies as we progress with its integration. By contrast, earnings were diminished by the absence of the earnings contribution from the businesses divested to BASF, an increase in the cost of goods sold, the weather-related decline in business in North America in the first half of the year, and a negative currency effect of €42 million.

EBIT decreased by 74.6% to €1,035 million (9M 2018: €4,071 million) after net special charges of €827 million (9M 2018: net special gains €2,825 million) that mainly included a total of €683 million in connection with the acquisition and integration of Monsanto and the divestments to BASF – of which €483 million comprised prorated reversals of inventory step-ups – as well as legal fees in connection with the glyphosate litigations. The special gains in the prior-year period mainly comprised the aforementioned divestment gain, which primarily stood against special charges of €1,093 million in connection with the acquisition of Monsanto.

Pro-forma sales by strategic business entity

Due to the scope of the acquired activities and the seasonality of the business, we are presenting sales by strategic business entity on a pro-forma basis in order 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 divestments had already taken place as of January 1, 2018. Sales under the service agreements with BASF after the divestments closed are not included.

A 8

Pro-Forma Sales by Strategic Business Entity¹

€ million	Q3 2018	Q3 2019	Change % ²		9M 2018	9M 2019	Change % ²	
			Reported	Fx adj.			Reported	Fx adj.
Crop Science	3,578	3,905	+ 9.1	+ 5.7	14,821	15,017	+ 1.3	- 2.1
Herbicides	1,132	1,176	+ 3.9	+ 0.7	3,889	3,839	- 1.3	- 3.4
Corn Seed & Traits	600	749	+ 24.8	+ 20.7	3,835	4,064	+ 6.0	+ 0.8
Soybean Seed & Traits	375	447	+ 19.2	+ 13.8	1,727	1,532	- 11.3	- 16.7
Fungicides	453	572	+ 26.3	+ 23.7	1,890	1,930	+ 2.1	+ 1.1
Insecticides	353	344	- 2.5	- 5.1	981	1,068	+ 8.9	+ 7.4
Environmental Science	206	221	+ 7.3	+ 3.7	727	756	+ 4.0	- 0.4
Vegetable Seeds	228	186	- 18.4	- 20.1	579	532	- 8.1	- 9.8
Other	231	210	- 9.1	- 13.0	1,193	1,296	+ 8.6	+ 3.5

Fx adj. = currency-adjusted

¹ The unaudited pro-forma data is 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.

² For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Third quarter of 2019

Sales increased by a currency-adjusted 5.7% in the third quarter of 2019 on a pro-forma basis.

- // In our Herbicides business, an encouraging increase in volumes, especially for Roundup™ in Latin America, offset declines in Asia/Pacific that were registered primarily in Australia as a result of the dry weather and in China.
- // At Corn Seed & Traits, we recorded strong growth particularly in North America, where we were able to reverse provisions for product returns as acreages were higher than we had anticipated in the previous quarter.
- // The substantial increase in sales at Soybean Seed & Traits was driven by business in Latin America, where shifts in demand from the fourth quarter and the higher market penetration achieved by Intacta™ had a positive impact. In North America, by contrast, acreages were below expectations, which primarily resulted in a decline in volumes.

- // Sales at Fungicides advanced in all regions. We recorded highly encouraging sales gains in Latin America as a result of substantially higher volumes for Fox Xpro™ in Brazil. In North America, meanwhile, the substantial increase in sales was primarily attributable to weather-related shifts in demand from the previous quarter.
- // Sales at Vegetable Seeds declined significantly, mainly due to shifts in demand into the fourth quarter in the Europe/Middle East/Africa region. Business was also down in Asia/Pacific.
- // At Other, we recorded declines in our SeedGrowth, cotton seed and oilseed rape/canola seed businesses. The loss of registrations in Europe was the reason for the decrease in sales at SeedGrowth, while shifts in demand into the first half of the year had an adverse impact on our cotton seed business. As for our oilseed rape/canola seed business, development was held back by decreased demand in Europe along with lower acreages in Canada, among other factors.

First nine months of 2019

Sales in the first nine months of 2019 fell by a currency-adjusted 2.1% on a pro-forma basis. This was mainly due to the extreme weather conditions in the United States in the first half of the year, which primarily led to lower sales at Soybean Seed & Traits and Herbicides. Business was also down at Vegetable Seeds, partly as a result of shifts in demand into the fourth quarter.

Pharmaceuticals

A 9

Key Data – Pharmaceuticals

€ million	Q3 2018	Q3 2019	Change % ¹		9M 2018	9M 2019	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	4,163	4,504	+ 8.2	+ 5.9	12,455	13,280	+ 6.6	+ 5.0
Change in sales¹								
Volume	+ 7.1%	+ 6.0%			+ 6.2%	+ 5.4%		
Price	– 2.3%	– 0.1%			– 2.6%	– 0.4%		
Currency	– 2.1%	+ 2.3%			– 4.8%	+ 1.7%		
Portfolio	– 0.3%	0.0%			– 0.2%	– 0.1%		
Sales by region								
Europe/Middle East/Africa	1,627	1,701	+ 4.5	+ 3.7	4,891	5,071	+ 3.7	+ 3.8
North America	1,031	1,060	+ 2.8	– 0.8	2,946	2,969	+ 0.8	– 4.0
Asia/Pacific	1,268	1,502	+ 18.5	+ 14.2	3,894	4,530	+ 16.3	+ 13.3
Latin America	237	241	+ 1.7	+ 7.1	724	710	– 1.9	+ 5.7
EBITDA¹	1,538	1,464	– 4.8		4,302	4,473	+ 4.0	
Special items ¹	(16)	(63)			(30)	(66)		
EBITDA before special items¹	1,554	1,527	– 1.7		4,332	4,539	+ 4.8	
EBITDA margin before special items ¹	37.3%	33.9%			34.8%	34.2%		
EBIT¹	1,299	1,240	– 4.5		3,515	3,677	+ 4.6	
Special items ¹	(16)	(63)			(73)	(65)		
EBIT before special items¹	1,315	1,303	– 0.9		3,588	3,742	+ 4.3	
Net cash provided by operating activities	928	1,449	+ 56.1		2,789	3,483	+ 24.9	
Capital expenditures	149	211	+ 41.6		489	426	– 12.9	
Research and development expenses	479	664	+ 38.6		1,937	2,016	+ 4.1	

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Third quarter of 2019

Sales

Sales of Pharmaceuticals rose by 5.9% (Fx & portfolio adj.) to €4,504 million in the third quarter of 2019 (Q3 2018: €4,163 million). Performance was driven by continued strong growth in China and sales gains for our products Xarelto™ and Eylea™.

- // We again registered an increase in sales of our oral anticoagulant **Xarelto™**, largely as a result of higher volumes in China and Russia. 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.
- // Sales of our eye medicine **Eylea™** rose significantly, with growth driven by business in Europe/Middle East/Africa – especially the United Kingdom and Germany – and in Japan.
- // The sales increases for **Adalat™**, our product to treat hypertension and coronary heart disease, and our antibiotic **Avalox™/Avelox™** were mainly due to higher volumes in China.
- // Sales of our multiple sclerosis treatment **Betaferon™/Betaseron™** continued to decline substantially, with business primarily held back by strong competition in the United States.
- // We reported significant sales gains for our cancer drug **Stivarga™** that were mainly attributable to expanded volumes in China, the United States and Russia.
- // Sales of our pulmonary hypertension treatment **Adempas™** advanced substantially, primarily due to the positive development in the United States. 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.

A 10

Best-Selling Pharmaceuticals Products

€ million	Q3 2018	Q3 2019	Change % ¹		9M 2018	9M 2019	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Xarelto™	933	1,034	+ 10.8	+ 9.1	2,638	2,978	+ 12.9	+ 12.0
Eylea™	541	640	+ 18.3	+ 15.9	1,585	1,827	+ 15.3	+ 13.9
Mirena™ / Kyleena™ / Jaydess™	280	302	+ 7.9	+ 4.5	873	921	+ 5.5	+ 1.3
Kogenate™ / Kovaltry™ / Jivi™	212	226	+ 6.6	+ 4.0	639	660	+ 3.3	+ 0.3
Nexavar™	180	181	+ 0.6	– 1.3	535	542	+ 1.3	– 0.4
YAZ™ / Yasmin™ / Yasminelle™	167	183	+ 9.6	+ 7.4	478	509	+ 6.5	+ 5.8
Adalat™	143	163	+ 14.0	+ 11.7	484	508	+ 5.0	+ 3.9
Glucobay™	154	158	+ 2.6	+ 1.3	473	500	+ 5.7	+ 5.1
Aspirin™ Cardio	133	134	+ 0.8	– 0.1	420	432	+ 2.9	+ 3.1
Betaferon™ / Betaseron™	133	111	– 16.5	– 18.2	405	332	– 18.0	– 20.1
Adempas™	90	111	+ 23.3	+ 19.3	260	307	+ 18.1	+ 14.5
Stivarga™	77	105	+ 36.4	+ 30.6	229	305	+ 33.2	+ 29.4
Gadavist™ / Gadovist™	89	103	+ 15.7	+ 13.7	279	296	+ 6.1	+ 4.7
Stellant™	87	95	+ 9.2	+ 4.7	250	277	+ 10.8	+ 6.2
Avalox™ / Avelox™	55	74	+ 34.5	+ 32.8	229	259	+ 13.1	+ 12.3
Total best-selling products	3,274	3,620	+ 10.6	+ 8.3	9,777	10,653	+ 9.0	+ 7.3
Proportion of Pharmaceuticals sales	79%	80%			78%	80%		

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Earnings

EBITDA before special items of Pharmaceuticals declined in the third quarter of 2019 by 1.7% to €1,527 million (Q3 2018: €1,554 million). Earnings in the prior-year quarter included a positive one-time effect of approximately €190 million in connection with income from a development collaboration. Selling expenses for product launches and new indications diminished earnings, while higher volumes resulted in positive earnings contributions. There was also a positive currency effect of €20 million.

EBIT decreased by 4.5% to €1,240 million after net special charges of €63 million (Q3 2018: €16 million) that primarily comprised charges of €34 million pertaining to restructuring measures and €27 million relating to litigations.

A 11

Special Items¹ Pharmaceuticals

€ million	EBIT Q3 2018	EBIT Q3 2019	EBIT 9M 2018	EBIT 9M 2019	EBITDA Q3 2018	EBITDA Q3 2019	EBITDA 9M 2018	EBITDA 9M 2019
Restructuring	(6)	(34)	(20)	(13)	(6)	(34)	(20)	(14)
Litigations/legal risks	–	(27)	–	(49)	–	(27)	–	(49)
Impairment losses/loss reversals	–	(2)	(43)	(3)	–	(2)	–	(3)
Other	(10)	–	(10)	–	(10)	–	(10)	–
Total special items	(16)	(63)	(73)	(65)	(16)	(63)	(30)	(66)

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

First nine months of 2019**Sales**

Sales of Pharmaceuticals rose by 5.0% (Fx & portfolio adj.) in the first nine months of 2019, to €13,280 million (9M 2018: €12,455 million). Growth was primarily driven by the positive development in China and the expansion of business with Xarelto™ and Eylea™.

Earnings

EBITDA before special items of Pharmaceuticals increased by 4.8% to €4,539 million in the first nine months of 2019 (9M 2018: €4,332 million). The earnings growth resulted primarily from the positive development of business and a decrease in the cost of goods sold. By contrast, earnings in the prior-year period included the aforementioned income from a development collaboration. There was also a negative currency effect of €54 million in the first nine months of 2019.

EBIT rose by 4.6% to €3,677 million after net special charges of €65 million (9M 2018: €73 million) that primarily pertained to litigations.

Consumer Health

A 12

Key Data – Consumer Health

€ million	Q3 2018	Q3 2019	Change % ¹		9M 2018	9M 2019	Change % ¹	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Sales	1,297	1,288	– 0.7	+ 3.7	4,119	4,125	+ 0.1	+ 1.4
Changes in sales¹								
Volume	+ 3.5%	+ 1.9%			– 0.9%	+ 0.2%		
Price	– 0.5%	+ 1.8%			+ 0.5%	+ 1.2%		
Currency	– 4.1%	+ 0.7%			– 7.1%	+ 1.1%		
Portfolio	– 0.6%	– 5.1%			– 0.2%	– 2.4%		
Sales by region								
Europe/Middle East/Africa	421	423	+ 0.5	+ 6.8	1,383	1,359	– 1.7	+ 1.1
North America	538	530	– 1.5	– 2.7	1,729	1,733	+ 0.2	– 2.5
Asia/Pacific	188	176	– 6.4	– 3.6	567	589	+ 3.9	+ 4.0
Latin America	150	159	+ 6.0	+ 26.9	440	444	+ 0.9	+ 14.3
EBITDA¹	259	582	+ 124.7		824	1,052	+ 27.7	
Special items ¹	11	326			7	247		
EBITDA before special items¹	248	256	+ 3.2		817	805	– 1.5	
EBITDA margin before special items ¹	19.1%	19.9%			19.8%	19.5%		
EBIT¹	162	485	+ 199.4		530	353	– 33.4	
Special items ¹	9	317			5	(179)		
EBIT before special items¹	153	168	+ 9.8		525	532	+ 1.3	
Net cash provided by operating activities	210	175	– 16.7		531	605	+ 13.9	
Capital expenditures	53	53	0.0		126	110	– 12.7	
Research and development expenses	58	62	+ 6.9		168	169	+ 0.6	

Fx & p adj. = currency- and portfolio-adjusted

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

Third quarter of 2019

Sales

Sales of Consumer Health increased by 3.7% (Fx & portfolio adj.) to €1,288 million in the third quarter of 2019.

- // Sales in the **Europe/Middle East/Africa** region rose by 6.8% (Fx & portfolio adj.) to €423 million. Business in the Allergy & Cold category primarily benefited from the improved supply situation for Aspirin™ Complex. In addition, we recorded encouraging growth in the Middle East in our Nutritionals and Pain & Cardio categories.
- // In the **North America** region, sales declined by 2.7% (Fx & portfolio adj.) to €530 million. Business was down primarily in the Pain & Cardio category, where lower demand for Aspirin™ was among the factors that had a negative impact.
- // Sales in **Asia/Pacific** declined by 3.6% (Fx & portfolio adj.) to €176 million, with business mainly held back by regulatory changes in China impacting cross-border e-commerce in the second half of the year and the Nutritionals category. Encouraging growth in this category in Southeast Asia did not offset this effect.
- // We recorded strong growth in **Latin America**, where sales rose by 26.9% (Fx & portfolio adj.) to €159 million. Sales increased by double-digit percentages in almost all categories, due in part to inflation-related price increases in Argentina.

A 13

Sales by Category¹

€ million	Q3 2018	Q3 2019	Change % ²		9M 2018	9M 2019	Change % ²	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,297	1,288	- 0.7	+ 3.7	4,119	4,125	+ 0.1	+ 1.4
Nutritionals	272	281	+ 3.3	+ 4.4	819	835	+ 2.0	+ 2.4
Allergy & Cold	251	275	+ 9.6	+ 6.4	797	857	+ 7.5	+ 3.4
Dermatology	261	272	+ 4.4	+ 2.8	804	825	+ 2.7	+ 1.9
Pain & Cardio	198	209	+ 5.6	+ 9.0	603	596	- 1.2	+ 1.1
Digestive Health	174	166	- 4.6	- 7.5	522	525	+ 0.6	- 1.9
Other ³	141	85	- 39.9	+ 5.7	574	487	- 15.2	- 0.1

Fx & p adj. = currency- and portfolio-adjusted

¹ In line with the internal financial management system implemented on January 1, 2019, the sales commentary for Consumer Health is now based primarily on regions and categories rather than products. These categories comprise Nutritionals (e.g. Elevit™, One A Day™), Allergy & Cold (e.g. Claritin™, Alka-Seltzer™ Plus, Aspirin™ Cold), Dermatology (e.g. Bepanthen™, Canesten™), Pain & Cardio (e.g. Aleve™, Aspirin™) and Digestive Health (e.g. MiraLAX™, Alka-Seltzer™).

² For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

³ Including the foot care business divested in July that is yet to be transferred. The divested sun care, global prescription dermatology and U.S. prescription dermatology businesses are included until their respective transfer dates (August 30, 2019, July 1, 2019, and September 4, 2018).

Earnings

EBITDA before special items of Consumer Health increased by 3.2% to €256 million in the third quarter of 2019 (Q3 2018: €248 million). Positive contributions to earnings came primarily from the efficiency program initiated at the end of 2018, which led to a significant decrease in selling expenses, as well as a positive currency effect of €9 million. Earnings were diminished by the absence of the contribution from the divested prescription dermatology business.

EBIT rose by a factor of three, coming in at €485 million (Q3 2018: €162 million). This figure included net special gains of €317 million (Q3 2018: €9 million) that primarily pertained to a divestment gain of €350 million from the sale of the prescription dermatology business outside the United States. By contrast, special charges resulted from the aforementioned efficiency program as well as from impairment effects in connection with the achieved divestments.

A 14

Special Items¹ Consumer Health

€ million	EBIT Q3 2018	EBIT Q3 2019	EBIT 9M 2018	EBIT 9M 2019	EBITDA Q3 2018	EBITDA Q3 2019	EBITDA 9M 2018	EBITDA 9M 2019
Restructuring	(22)	(26)	(26)	(73)	(20)	(27)	(24)	(74)
Divestments	33	350	33	318	33	350	33	318
Impairment losses/loss reversals	–	(7)	–	(424)	–	3	–	3
Other	(2)	–	(2)	–	(2)	–	(2)	–
Total special items	9	317	5	(179)	11	326	7	247

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

First nine months of 2019**Sales**

Sales of Consumer Health increased by 1.4% (Fx & portfolio adj.) to €4,125 million in the first nine months of the year. We recorded higher sales in Latin America, Asia/Pacific and Europe/Middle East/Africa, while business declined in North America.

Earnings

EBITDA before special items of Consumer Health decreased by 1.5% to €805 million in the first nine months of 2019 (9M 2018: €817 million). Positive contributions to earnings came primarily from the efficiency program initiated at the end of 2018, which led to a significant decrease in selling expenses, as well as from a positive currency effect of €9 million. Earnings were held back by the absence of the contribution from the divested prescription dermatology business.

EBIT declined by 33.4% to €353 million (9M 2018: €530 million). This figure included net special charges of €179 million (9M 2018: net special gains of €5 million) that mainly resulted from impairment losses of €429 million in connection with the divestment of our Dr. Scholl's™ foot care portfolio and from the aforementioned efficiency program. By contrast, a special gain arose from the divestment of the prescription dermatology business outside the United States.

Asset and Financial Position of the Bayer Group**Statement of Cash Flows**

A 15

Cash Flows from Discontinued Operations

€ million	Currenta		Animal Health		Total	
	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019
Net cash provided by (used in) operating activities	52	78	83	39	135	117
Net cash provided by (used in) investing activities	(28)	(32)	(18)	(18)	(46)	(50)
Net cash provided by (used in) financing activities	(24)	(46)	(65)	(21)	(89)	(67)
Change in cash and cash equivalents	–	–	–	–	–	–

A 16

Cash Flows from Discontinued Operations

€ million	Currenta		Animal Health		Total	
	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019
Net cash provided by (used in) operating activities	89	143	196	129	285	272
Net cash provided by (used in) investing activities	(82)	(87)	(32)	(47)	(114)	(134)
Net cash provided by (used in) financing activities	(7)	(56)	(164)	(82)	(171)	(138)
Change in cash and cash equivalents	–	–	–	–	–	–

As no cash is assigned to the discontinued operations, the balance of the cash provided is deducted again in financing activities.

Net cash provided by operating activities

- // In the third quarter of 2019, the net cash provided by operating activities from continuing operations increased by 13.0% to €2,165 million. EBITDA net of divestments gains, which are neutralized in operating cash flow, increased substantially. However, there was also an increase in cash tied up in trade working capital.
- // The operating cash flow (total) rose by 11.3% in the third quarter of 2019 to €2,282 million.
- // In the first nine months of 2019, the net cash provided by operating activities from continuing operations came in at €4,689 million, matching the prior-year level.
- // The net cash provided by operating activities (total) in the first nine months of 2019 was also level year on year, at €4,961 million.
- // The first-time application of IFRS 16 had a slightly positive effect on the operating cash flow because lease expenses were no longer recognized in operating income.

Net cash used in investing activities

- // Cash outflows for property, plant and equipment and intangible assets rose in the third quarter of 2019 by 10.6% to €729 million (Q3 2018: €659 million).
- // Cash outflows for acquisitions in the amount of €297 million primarily pertained to the acquisition of the remaining shares in BlueRock Therapeutics L.P., United States.
- // Divestments resulted in cash inflows of €1,054 million, primarily from the sale of the prescription dermatology business outside the United States and Coppertone™. In the prior-year period, cash inflows from divestments came in at €7,349 million and mainly pertained to the divestments to BASF.
- // Net cash outflows for current and noncurrent financial assets totaled €281 million (Q3 2018: €390 million).
- // Cash outflows for property, plant and equipment and intangible assets were 7.8% higher in the first nine months of 2019, at €1,582 million (9M 2018: €1,467 million).
- // Cash outflows for acquisitions amounted to €361 million, compared with €45,316 million in the prior-year period as a result of the acquisition of Monsanto.
- // Net cash inflows for current and noncurrent financial assets totaled €30 million (9M 2018: €5,310 million).

Net cash used in financing activities

- // In the third quarter of 2019, there was a net cash outflow of €1,015 million for financing activities, mainly for net loan repayments of €707 million (Q3 2018: €8,180 million).
- // The net cash outflow for financing activities in the first nine months of 2019 amounted to €3,918 million, with net loan repayments resulting in an outflow of €350 million (9M 2018: net borrowings of €20,464 million).
- // Dividend payments amounted to €2,615 million (9M 2018: €2,406 million).
- // The cash outflow increased slightly as a result of the first-time application of IFRS 16 because the repayment component of lease payments and the interest expense were recognized in the financing cash flow.

Free cash flow

- // Free cash flow (total), which is the total operating cash flow less capital expenditures plus interest and dividends received less interest paid, was €1,263 million in the third quarter of 2019 (Q3 2018: €1,116 million).
- // For the first nine months, free cash flow was €2,522 million (9M 2018: €3,289 million).

Liquid assets and net financial debt

A 17

Net Financial Debt¹

€ million	Dec. 31, 2018	June 30, 2019	Sept. 30, 2019	Change (%) vs. June 30, 2019
Bonds and notes/promissory notes	35,402	35,482	36,055	+ 1.6
of which hybrid bonds ²	4,537	4,539	4,540	0.0
Liabilities to banks ³	4,865	4,420	4,163	-5.8
Lease liabilities	399	1,308	1,269	-3.0
Liabilities from derivatives ⁴	172	127	125	-1.6
Other financial liabilities	556	1,991	2,173	+9.1
Receivables from derivatives ⁴	(137)	(89)	(187)	+ 110.1
Financial debt	41,257	43,239	43,598	+ 0.8
Cash and cash equivalents	(4,052)	(3,343)	(4,410)	+ 31.9
Current financial assets ⁵	(930)	(567)	(799)	+ 40.9
Shares in Covestro ⁶	(596)	(521)	(529)	+ 1.5
Net financial debt	35,679	38,808	37,860	- 2.4

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."

² Classified as debt according to IFRS

³ These include both financial and nonfinancial liabilities.

⁴ These include the market values of interest-rate and currency hedges of recorded transactions.

⁵ These include short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies as well as financial investments in debt and equity instruments that were recorded as current on first-time recognition.

⁶ Covestro shares are held for risk management purposes relating to the exchangeable bond issued in 2017 that matures in 2020.

- // Net financial debt of the Bayer Group decreased by €0.9 billion during the third quarter of 2019. Cash inflows from operating activities and income from divestments stood against negative currency effects.
- // The other financial liabilities as of September 30, 2019, contained €1.6 billion in commercial paper.
- // Net financial debt includes three subordinated hybrid bonds with a total volume of €4.5 billion, 50% of which is treated as equity by the rating agencies. As such, the hybrid bonds have a positive impact on the Group's rating-specific debt indicators.
- // Our credit standing with the rating agencies is outlined in the table below, with the investment-grade ratings from all three agencies demonstrating good creditworthiness.

A 18

Rating

Rating agency	Long-term rating	Short-term rating	Outlook
S&P Global Ratings	BBB	A2	Stable
Moody's	Baa1	P2	Negative
Fitch Ratings	BBB+	F2	Negative

Asset and capital structure

- // Between June 30, 2019, and September 30, 2019, total assets increased by €2.4 billion to €130.8 billion.
- // Noncurrent assets rose by €1.6 billion to €97.3 billion. This was mainly due to a €1.5 billion increase in goodwill, which was primarily the result of currency effects, and a €0.7 billion rise in other intangible assets. By contrast, the value of property, plant and equipment declined by €0.6 billion.
- // Total current assets increased by €0.7 billion to €33.5 billion. This change was mainly the result of a €1.6 billion increase in assets held for sale and a €1.1 billion increase in cash and cash equivalents that was partially offset by a decrease in trade accounts receivable of €2.4 billion for seasonal reasons.
- // Equity rose by €1.2 billion compared with June 30, 2019, to €46.1 billion. The equity ratio rose to 35.3% as of the end of September 2019 (June 30, 2019: 35.0%).

// Liabilities as of September 30, 2019, rose by €1.2 billion to €84.6 billion. The increase comprised €0.7 billion in current liabilities and €0.5 billion in noncurrent liabilities. Within noncurrent liabilities, a €1.0 billion increase in financial liabilities stood against a €0.4 billion decline in pension obligations. The change in pension obligations comprised an increase due to actuarial losses caused by the fall in interest rates and a decrease due to a reclassification to liabilities directly related to assets held for sale.

Economic Outlook

A 19

Economic Outlook¹

	Growth 2018	Growth forecast 2019
World	+ 3.2%	+ 2.7%
European Union	+ 2.0%	+ 1.3%
of which Germany	+ 1.5%	+ 0.5%
United States	+ 2.9%	+ 2.3%
Emerging Markets ²	+ 4.8%	+ 4.3%

¹ Real growth of gross domestic product, source: IHS Markit

² Including about 50 countries defined by IHS Markit as Emerging Markets in line with the World Bank
As of September 2019

A 20

Economic Outlook for the Segments¹

	Growth 2018	Growth forecast 2019
Seed and crop protection market	+ 3%	0%
Pharmaceuticals market	+ 5%	+ 6%
Consumer health market	+ 4%	+ 4%

¹ Bayer's estimate, except pharmaceuticals; source for pharmaceuticals market: IQVIA Market Prognosis 2019–2023
(September 2019 update).

All rights reserved; currency-adjusted
As of September 2019

Corporate Outlook

Based on the business development described in this report and our internal planning, we confirm the Group outlook for fiscal 2019 published in February in our Annual Report 2018 despite falling growth expectations worldwide.

This original forecast was issued on the basis of all businesses being continuing operations. The envisaged portfolio measures (in particular the sale of Animal Health and Currenta) were not taken into account at that time since the timing of the divestments was not yet sufficiently certain. However, the progress we have since made on implementing these portfolio measures necessitates adjusting the original forecast to exclude the sales and earnings contributions from the discontinued operations Animal Health and the Currenta Group. The need for these adjustments arises solely from a change in presentation in the financial statements. The table below shows the original forecast alongside the adjusted forecast, which excludes the business entities now reported as discontinued operations.

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Bayer Group Key Financial Data – Forecast for 2019

	Original 2019 forecast ¹	2019 forecast adjusted to exclude discontinued operations (Animal Health & Currenta)
	Currency-adjusted	Currency-adjusted
Group sales	Increase of approx. 4% ² Approx. €46 billion	Increase of approx. 4% ² Approx. €43 billion
EBITDA before special items	Approx. €12.2 billion	Approx. €11.6 billion
Core earnings per share	Approx. €6.80	Approx. €6.45

¹ Issued in February 2019; including Animal Health and Currenta

² Currency- and portfolio-adjusted

To enhance comparability, we issue our forecast on a currency-adjusted basis. Based on current exchange rates, we anticipate Group sales of approximately €43.5 billion, EBITDA before special items of approximately €11.5 billion, and core earnings per share of €6.35.

Bayer Group Consolidated Income Statements

B 1

€ million	Q3 2018	Q3 2019	9M 2018	9M 2019
Net sales	9,261	9,830	26,387	32,795
Cost of goods sold	(4,101)	(3,743)	(9,737)	(12,592)
Gross profit	5,160	6,087	16,650	20,203
Selling expenses	(2,861)	(3,016)	(8,025)	(9,270)
Research and development expenses	(1,167)	(1,292)	(3,407)	(3,934)
General administration expenses	(844)	(798)	(1,812)	(2,840)
Other operating income	4,216	707	4,552	1,182
Other operating expenses	(181)	(473)	(298)	(1,548)
EBIT¹	4,323	1,215	7,660	3,793
Equity-method income (loss)	(16)	212	82	175
Financial income	152	77	682	313
Financial expenses	(815)	(468)	(1,612)	(1,419)
Financial result	(679)	(179)	(848)	(931)
Income before income taxes	3,644	1,036	6,812	2,862
Income taxes	(829)	(33)	(1,460)	(405)
Income from continuing operations after income taxes	2,815	1,003	5,352	2,457
of which attributable to noncontrolling interest	8	8	14	8
of which attributable to Bayer AG stockholders	2,807	995	5,338	2,449
Income from discontinued operations after income taxes	64	41	281	228
of which attributable to noncontrolling interest	–	–	–	–
of which attributable to Bayer AG stockholders	64	41	281	228
Income after income taxes	2,879	1,044	5,633	2,685
of which attributable to noncontrolling interest	8	8	14	8
of which attributable to Bayer AG stockholders (net income)	2,871	1,036	5,619	2,677
Shares (million)				
Weighted average number of shares²	980,152	982,432	927,478	981,446
€				
Earnings per share				
From continuing operations				
Basic	2.86	1.01	5.76	2.50
Diluted	2.86	1.01	5.76	2.50
From discontinued operations				
Basic	0.07	0.04	0.30	0.23
Diluted	0.07	0.04	0.30	0.23
From continuing and discontinued operations				
Basic	2.93	1.05	6.06	2.73
Diluted	2.93	1.05	6.06	2.73

2018 figures restated

¹ For definition see Annual Report 2018, A 2.4 "Alternative Performance Measures Used by the Bayer Group."² Weighted average number of shares (basic and diluted) restated for all periods prior to June 2018 to reflect the effect of the bonus component of the subscription rights issued as part of the June 2018 capital increase

Bayer Group Consolidated Statements of Financial Position

B 2

€ million	Sept. 30, 2018	Sept. 30, 2019	Dec. 31, 2018
Noncurrent assets			
Goodwill	39,567	39,871	38,442
Other intangible assets	37,696	35,593	36,696
Property, plant and equipment	13,190	13,072	12,943
Investments accounted for using the equity method	505	638	515
Other financial assets	2,605	2,297	2,212
Other receivables	787	698	526
Deferred taxes	4,095	5,081	4,333
	98,445	97,250	95,667
Current assets			
Inventories	11,042	10,515	11,132
Trade accounts receivable	11,560	11,876	11,714
Other financial assets	1,601	1,144	1,166
Other receivables	2,107	1,606	1,958
Claims for income tax refunds	673	712	809
Cash and cash equivalents	4,850	4,410	4,052
Assets held for sale	235	3,250	234
	32,068	33,513	31,065
Total assets	130,513	130,763	126,732
Equity			
Capital stock	2,387	2,387	2,387
Capital reserves	18,388	18,388	18,388
Other reserves	29,450	25,190	25,202
Equity attributable to Bayer AG stockholders	50,225	45,965	45,977
Equity attributable to noncontrolling interest	172	182	171
	50,397	46,147	46,148
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	7,992	9,384	8,717
Other provisions	2,438	3,982	3,418
Refund liabilities	118	274	160
Contract liabilities	1,076	764	986
Financial liabilities	40,358	37,762	37,712
Income tax liabilities	1,223	1,617	1,433
Other liabilities	369	474	366
Deferred taxes	6,081	4,302	4,667
	59,655	58,559	57,459
Current liabilities			
Other provisions	2,969	3,196	3,365
Refund liabilities	4,617	4,960	3,622
Contract liabilities	656	1,011	3,235
Financial liabilities	3,492	6,023	3,682
Trade accounts payable	5,557	5,697	6,038
Income tax liabilities	1,140	509	1,050
Other liabilities	2,018	2,251	2,121
Liabilities directly related to assets held for sale	12	2,410	12
	20,461	26,057	23,125
Total equity and liabilities	130,513	130,763	126,732

Bayer Group Consolidated Statements of Cash Flows

B 3

€ million	Q3 2018	Q3 2019	9M 2018	9M 2019
Income from continuing operations after income taxes	2,815	1,003	5,352	2,457
Income taxes	829	33	1,460	405
Financial result	679	179	848	931
Income taxes paid	(585)	(388)	(1,453)	(1,758)
Depreciation, amortization and impairments	944	1,072	2,088	3,759
Change in pension provisions	(41)	(80)	(196)	(283)
(Gains) losses on retirements of noncurrent assets	(3,982)	(392)	(4,044)	(341)
Decrease (increase) in inventories	5	(317)	176	296
Decrease (increase) in trade accounts receivable	2,325	2,180	2,564	(44)
(Decrease) increase in trade accounts payable	616	409	141	(18)
Changes in other working capital, other noncash items	(1,689)	(1,534)	(2,272)	(715)
Net cash provided by (used in) operating activities from continuing operations	1,916	2,165	4,664	4,689
Net cash provided by (used in) operating activities from discontinued operations	135	117	285	272
Net cash provided by (used in) operating activities (total)	2,051	2,282	4,949	4,961
Cash outflows for additions to property, plant, equipment and intangible assets	(659)	(729)	(1,467)	(1,582)
Cash inflows from the sale of property, plant, equipment and other assets	47	–	129	65
Cash inflows from divestments	7,349	1,054	7,563	1,046
Cash inflows from (outflows for) noncurrent financial assets	(105)	(121)	2,883	(172)
Cash outflows for acquisitions less acquired cash	–	(297)	(45,316)	(361)
Interest and dividends received	55	14	200	96
Cash inflows from (outflows for) current financial assets	(285)	(160)	2,427	202
Net cash provided by (used in) investing activities (total)	6,402	(239)	(33,581)	(706)
Capital contributions	–	–	8,986	–
Dividend payments	(3)	(4)	(2,406)	(2,615)
Issuances of debt	3,877	1,350	61,205	5,521
Retirements of debt	(12,057)	(2,057)	(40,741)	(5,871)
Interest paid including interest-rate swaps	(349)	(321)	(793)	(980)
Interest received from interest-rate swaps	18	17	400	27
Cash outflows for the purchase of additional interests in subsidiaries	(47)	–	(47)	–
Net cash provided by (used in) financing activities (total)	(8,561)	(1,015)	26,604	(3,918)
Change in cash and cash equivalents due to business activities (total)	(108)	1,028	(2,028)	337
Cash and cash equivalents at beginning of period	5,011	3,381	7,436	4,052
Change in cash and cash equivalents due to changes in scope of consolidation	–	–	1	(1)
Change in cash and cash equivalents due to exchange rate movements	(53)	1	(559)	22
Cash and cash equivalents at end of period	4,850	4,410	4,850	4,410

Legal Risks

To find out more about the Bayer Group's legal risks, please see Note [29] to the consolidated financial statements in the Bayer Annual Report 2018, which can be downloaded free of charge at www.bayer.com. Since the Bayer Annual Report 2018, the following significant changes have occurred in respect of the legal risks:

Mirena™: As of October 11, 2019, lawsuits from approximately 2,700 users of Mirena™, a levonorgestrel-releasing intrauterine system providing long-term contraception, had been served upon Bayer in the United States (excluding lawsuits no longer pending). Plaintiffs allege personal injuries resulting from the use of Mirena™, including perforation of the uterus, ectopic pregnancy or idiopathic intracranial hypertension, and seek compensatory and punitive damages. In June 2019, the multidistrict litigation ("MDL") court overseeing the federal court cases in which plaintiffs allege idiopathic intracranial hypertension granted summary judgment dismissing all approximately 730 cases pending before that court. Plaintiffs are appealing the decision.

Xarelto™: As of October 11, 2019, U.S. lawsuits from approximately 27,700 recipients of Xarelto™, an oral anticoagulant for the treatment and prevention of blood clots, had been served upon Bayer and Janssen Pharmaceuticals, Inc., the company distributing Xarelto™ in the United States. Plaintiffs allege that users have suffered personal injuries from the use of Xarelto™, including cerebral, gastrointestinal or other bleeding and death, and seek compensatory and punitive damages. In March 2019, Bayer and Janssen reached an agreement in principle with plaintiffs to resolve the Xarelto™ litigation in the United States, without admission of liability, for an amount of US\$775 million. The settlement amount will be shared equally between the two companies. It is expected that Bayer's share will be partially offset by product liability insurance. Bayer and Janssen may withdraw from the agreement if certain participation rates are not satisfied. If the settlement proceeds, it will resolve virtually all of the currently pending Xarelto™ claims. Bayer does not expect the net financial burden to have a material adverse impact on the consolidated financial statements of the Bayer Group.

Essure™: As of October 11, 2019, U.S. lawsuits from approximately 32,000 users of Essure™, a medical device offering permanent birth control with a nonsurgical procedure, had been served upon Bayer. Plaintiffs allege personal injuries from the use of Essure™, including hysterectomy, perforation, pain, bleeding, weight gain, nickel sensitivity, depression and unwanted pregnancy, and seek compensatory and punitive damages. As of October 11, 2019, two Canadian lawsuits relating to Essure™ seeking class action certification had been served upon Bayer. In March 2019, one of the proposed class actions was certified.

Roundup™ (Glyphosate): As of October 11, 2019, lawsuits from approximately 42,700 plaintiffs claiming to have been exposed to glyphosate-based products manufactured by Bayer's subsidiary Monsanto had been served upon Monsanto in the United States. Glyphosate is the active ingredient contained in a number of Monsanto's herbicides, including Roundup™-branded products. Plaintiffs allege personal injuries resulting from exposure to those products, including non-Hodgkin lymphoma (NHL) and multiple myeloma, and seek compensatory and punitive damages. Cases pending in U.S. federal courts have been consolidated in a multi district litigation ("MDL") in the Northern District of California for common pre-trial management.

In March 2019, in the first trial conducted in the MDL, a jury awarded around US\$5 million in compensatory and US\$75 million in punitive damages to a plaintiff who claimed that a Monsanto product caused his NHL. While the punitive damages were subsequently reduced by the trial court to roughly US\$20 million, we still disagree with the verdict and have filed an appeal with the United States Court of Appeals for the Ninth Circuit. In May 2019, in the third trial in this litigation, a California state court jury in Alameda County (Oakland) awarded the two plaintiffs a total of US\$55 million in compensatory and US\$2 billion in punitive damages. While the total damages award was subsequently reduced by the trial court from US\$2.055 billion to US\$86.7 million, we still disagree with the verdict and have filed an appeal with the California Court of Appeal. We continue to believe that we have meritorious defenses and we intend to defend ourselves vigorously in all of these lawsuits. Three trials that were originally scheduled for 2019 have been postponed. The next trials are scheduled to begin in January 2020 in California and Missouri state courts, respectively. However, trial dates in all venues remain subject to change depending

on court schedules and rulings. In parallel to the continued litigation, Bayer will constructively engage in the mediation process ordered by the judge presiding over the MDL.

As of October 11, 2019, nine Canadian lawsuits relating to Roundup™ seeking class action certification had been served upon Bayer. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

One A Day™ vitamins: Bayer has been named in a class action lawsuit in the United States alleging Bayer's claims on its One A Day™ vitamins regarding the support of heart health, immunity and physical energy are false and misleading. In February 2019, the jury returned a verdict for Bayer and found that Bayer's claims on its vitamins are not false or misleading. The plaintiffs did not appeal the verdict, and therefore, the verdict is final.

BASF Arbitration: In September 2019, Bayer has been served with a request for arbitration by BASF SE. BASF alleges to have indemnification claims under the asset purchase agreements signed in 2017 and 2018 related to the divestment of certain Crop Science businesses to BASF. BASF alleges that particular cost items, including certain personnel costs, had not been appropriately disclosed and allocated to some of the divested businesses. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Bollgard II RR Flex™/Intacta™: In Brazil, the Cotton Producers Association of the State of Mato Grosso (AMPA) in July 2019 filed a patent invalidity action in federal court seeking to invalidate four of Bayer's patents covering Bollgard II RR Flex™, a cotton technology by Bayer. Two of the patents are also being challenged in administrative nullity proceedings before the Brazilian patent office. One of the patents, the promoter patent, is also at issue in a patent invalidation action filed in Brazilian federal court by the Soybean Growers Association from the State of Mato Grosso (Aprosoja/MT) in 2017 regarding the Intacta™ soybean technology. In addition to the patent invalidity claims, both lawsuits seek a refund of twice the amount of the paid royalties. Both lawsuits were filed as collective actions and are proceeding before the same federal judge. Bayer's Intacta™ soybean technology is further protected by two other patents one of which has been challenged in administrative nullity proceedings before the Brazilian patent office by the Soybean Growers Association from the State of Rio Grande do Sul (Aprosoja/RS). Bayer believes it has meritorious defenses in these patent disputes and intends to defend itself vigorously.

Events After the End of the Reporting Period

Repayment of financial liabilities

On October 8, 2019, Bayer U.S. Finance LLC, U.S.A., redeemed at maturity a bond with a nominal volume of US\$2 billion.

Leverkusen, October 24, 2019
Bayer Aktiengesellschaft

The Board of Management

Financial Calendar

2019 Annual Report	February 27, 2020
Q1 2020 Quarterly Statement	April 27, 2020
Annual Stockholders' Meeting 2020	April 28, 2020
Half-Year Report 2020	August 4, 2020
Q3 2020 Quarterly Statement	November 3, 2020

Reporting Principles

The present document is a Quarterly Statement pursuant to Section 53 of the Exchange Rules of the Frankfurt Stock Exchange (as of July 1, 2019) and does not constitute an interim report according to the International Accounting Standard (IAS) 34. This Quarterly Statement should be read in conjunction with the Annual Report for the 2018 fiscal year and the Half-Year Financial Report 2019 along with the additional information about the company provided therein. These reports are available on our website at www.bayer.com.

The accounting policies and measurement principles applied in this Quarterly Statement are based on those used in the consolidated financial statements of the Bayer Group for fiscal 2018, except for the application of the standard referenced below.

International Financial Reporting Standards applied for the first time

Bayer has applied the International Financial Reporting Standard IFRS 16 ("Leases") as of January 1, 2019. Due to the transition option selected, the prior-period data has not been restated. Material impacts of the standard's first-time application on the Group's financial position and results of operations are detailed in the Half-Year Financial Report as of June 30, 2019. Any effects on the comparison between the first nine months of 2019 and the prior-year period are explained in "Earnings Performance of the Bayer Group" in this Quarterly Statement.

Masthead

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Forward-Looking Statements

This quarterly statement 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 www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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