



# Investor Conference Call

## Q1 2020 Results

April 27, 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.

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



# Q1 2020 Results

## Business Update



Werner Baumann, CEO



# COVID-19 affects activities

A background image showing a laboratory setting. In the upper part, a hand in a blue glove holds a red pill with "BAYER" written on it. In the lower part, a hand in a blue glove is using a pipette to transfer liquid into a multi-well plate. A pink storage box is also visible on the lab bench.

## 1 *Employee Health*

- Securing health and safety of employees

## 2 *Business Continuity*

- Safeguarding supply, production, logistics and business operations

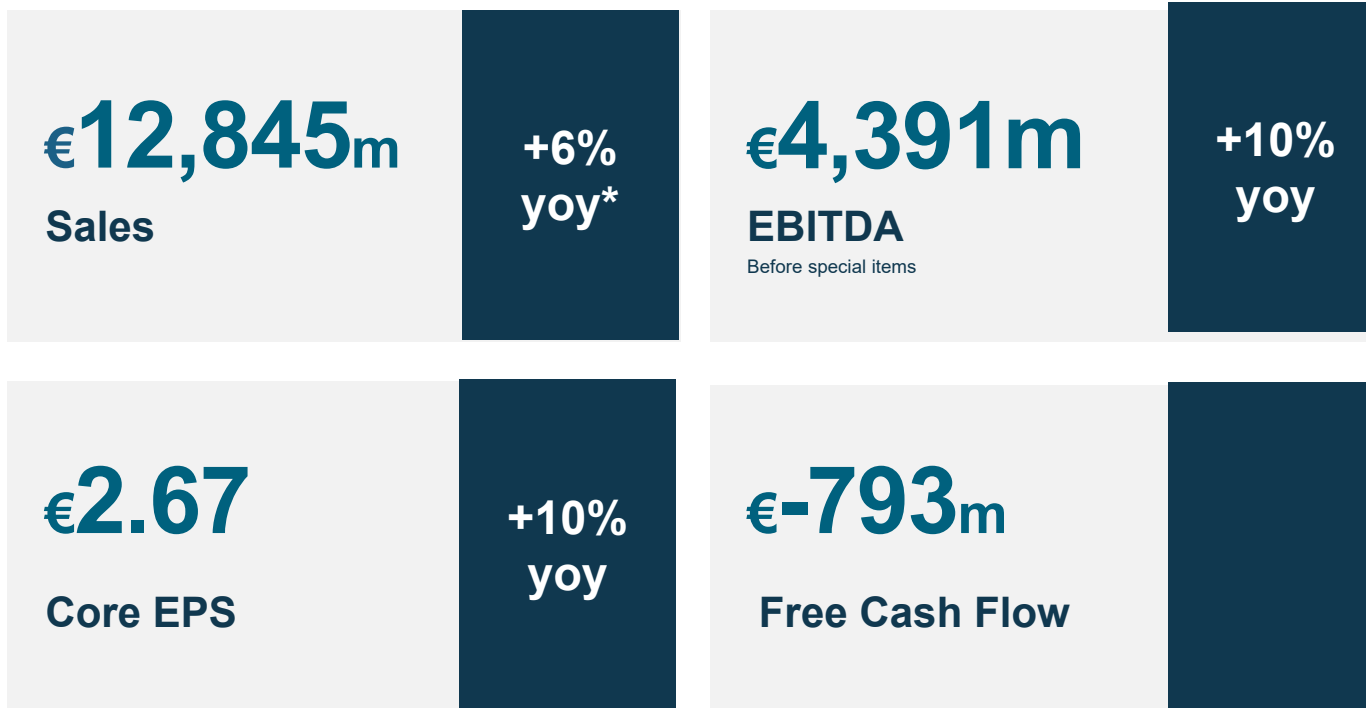
## 3 *Humanitarian Efforts*

- Health for all, hunger for none – using our expertise in health and nutrition in global crisis



# Focused on business continuity

## Q1 2020 Financial Performance

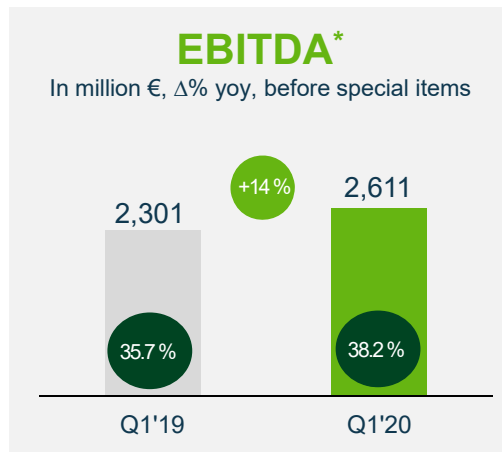
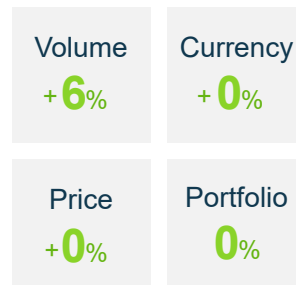
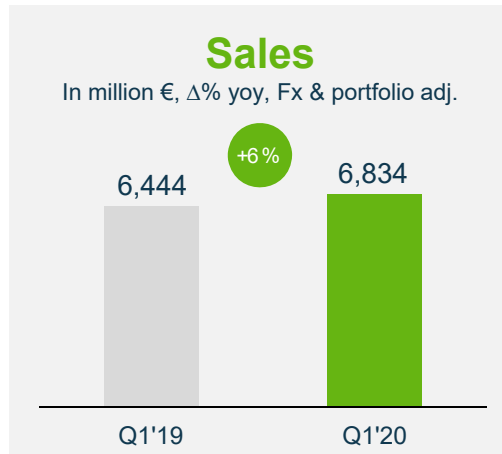


\* Δ% yoy, Fx & portfolio adj

Note: All 2019 figures were re-based to reflect the change in cost allocations from enabling functions to the divisions effective Jan. 1, 2020.



# Crop Science off to a good start

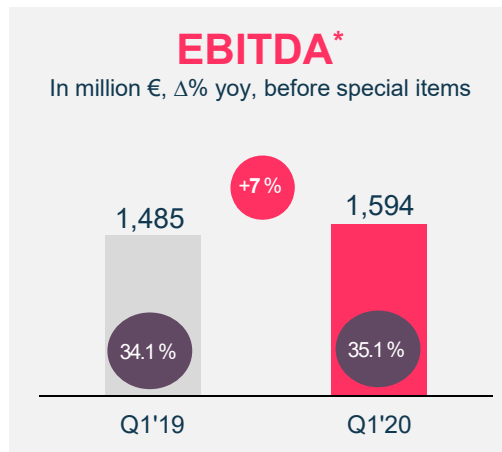
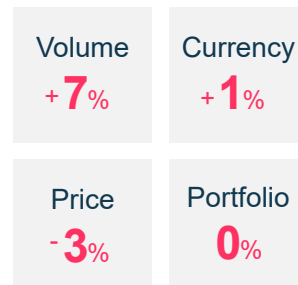
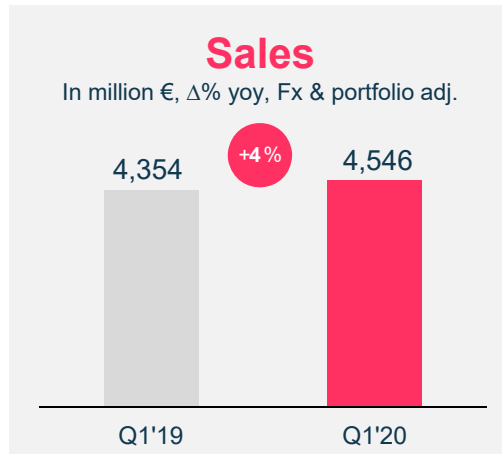


- 6% cpa sales growth, with contributions from all regions
- Good growth across insecticides, fungicides, corn seed & traits and herbicides
- Soybean seed & traits continue to decline due to competition
- Strong increase of EBITDA before special items due to volume increases and cost synergies

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



# Pharmaceuticals performance driven by Xarelto

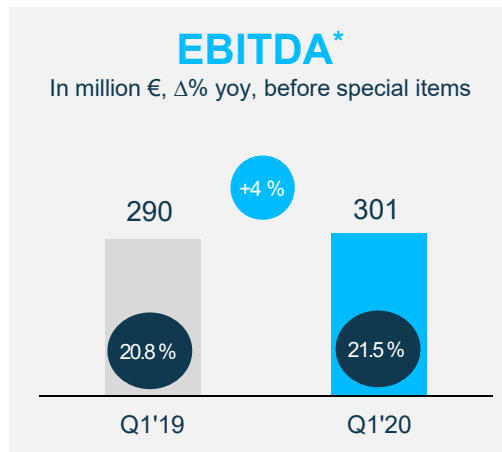
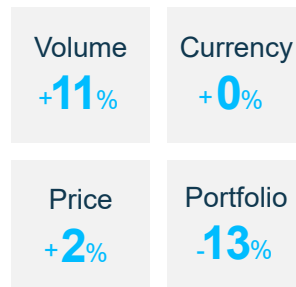
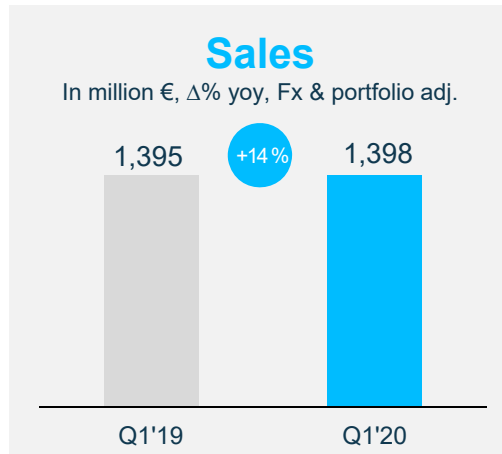


● EBITDA Margin before special items \*2019 figures are restated

- Xarelto (+19%) as main growth contributor
- Eylea (+1%) impacted by phasing
- China with softer growth partly due to phasing in anticipation of volume-based procurement introduction
- Solid increase in EBITDA before special items
- EU approval for darolutamide and pre-filled syringe for Eylea
- Positive phase III data for Vericiguat (VICTORIA) and Xarelto (VOYAGER PAD)



# Strong demand for Consumer Health products in all regions



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

- All regions with elevated demand primarily related to the COVID-19 epidemic
- Strong growth across categories, especially in Nutritionals (+34%), Pain and Cardio (+20%) and Allergy & Cold (+15%)
- Margin expansion driven by sales growth offsetting negative portfolio effect and higher marketing expenses
- Positive effect on earnings by growth acceleration program (“Fit to Win”)





# Q1 2020 Results

## Financials & Outlook



Wolfgang Nickl, CFO

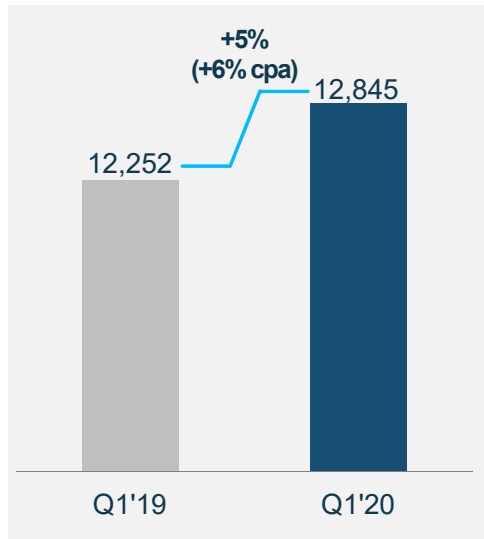


# Q1 2020 Result

## Sales

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

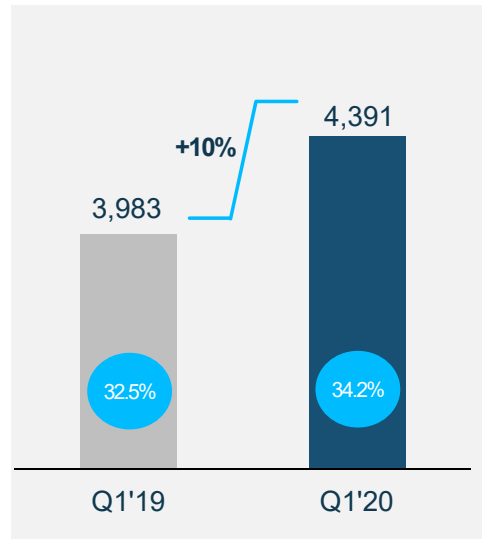
Positive FX effect of €44 million



## EBITDA\*

In million €, before special items

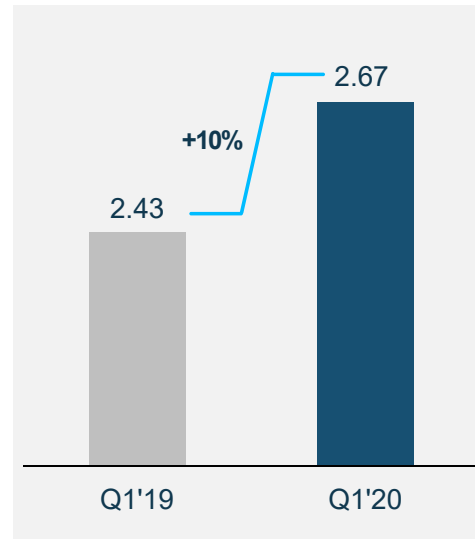
Positive FX effect of €41 million



## Core EPS

In €, Cont. Operations

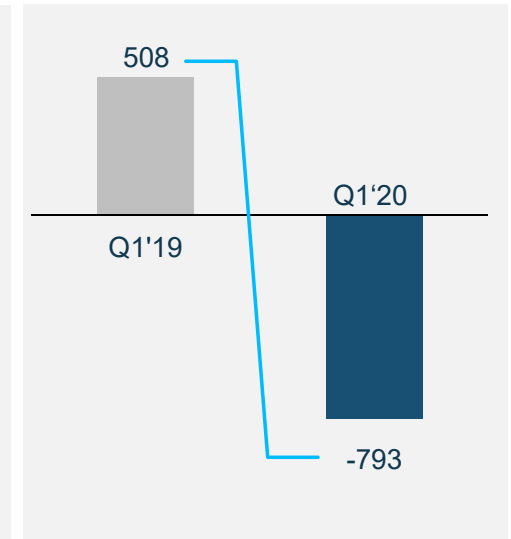
Core financial result went from -€352 million to -€493 million



## Free Cash Flow

In € million

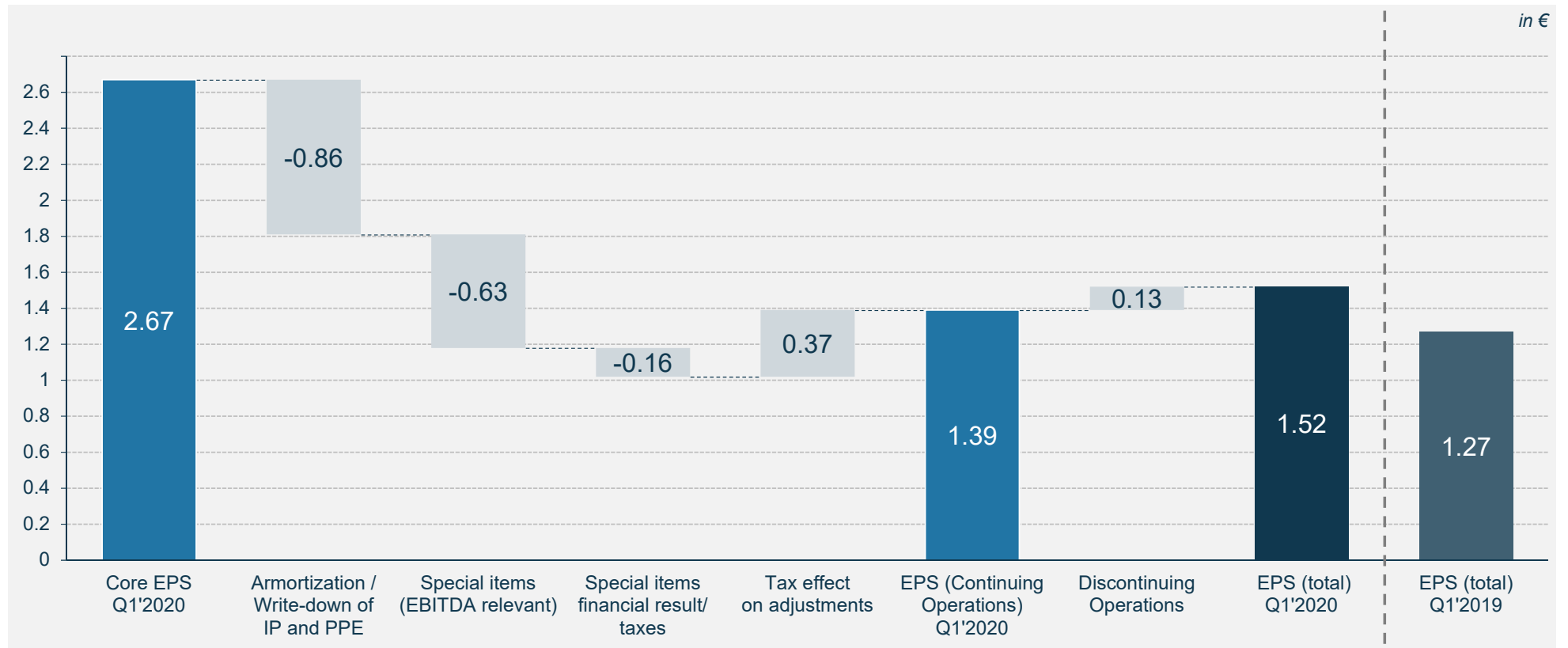
Within expectations, due to phasing and special effects (Xarelto payment)



\*2019 figures are restated

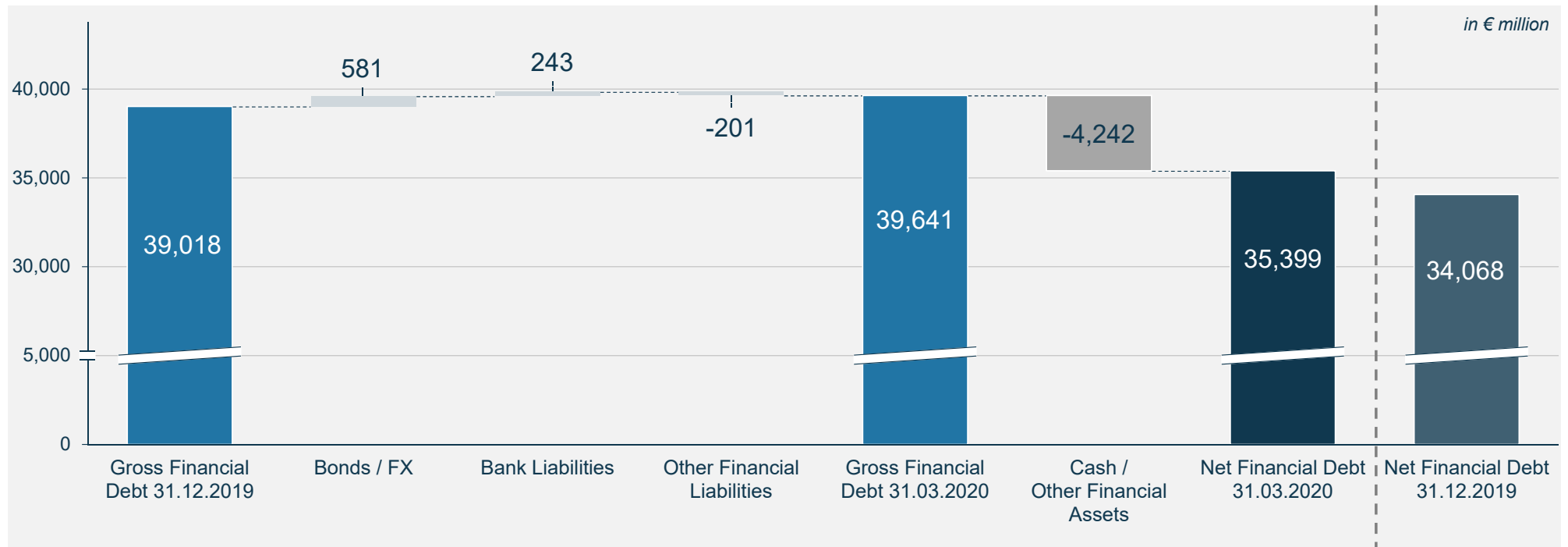


## Bridge: Core EPS to EPS (Q1 2020)





## Net financial debt largely unchanged



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

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



# Outlook: Impact variables of COVID-19 situation



## Production and Supply

*Stability of entire supply chain*

*Inventory / Safety stock*

*Logistics, also impact on costs*

## Demand Dynamics

*Demand patterns, e.g. stockpiling*

*Impact on elective treatments*

*Bio-fuel demand & seasonal labor*

*Clinical trials and regulatory processes*

## Financial Markets

*Debt market access / interest rates*

*Payment behavior of customers and solvency of suppliers*

*FX volatility*

## Trends / Opportunities

*Cost management*

*Acceleration of digitalization*

*Role of science in society*



# Focus areas 2020

## 1 *Group*

- Maintain operational targets; adapt as necessary from COVID-19
- Continued focus on cash flow

## 2 *Crop Science*

- Continue with integration
- Focus on pipeline execution

## 3 *Pharmaceuticals*

- Progress with pipeline developments, launch new indications / products

## 4 *Consumer Health*

- Continue to drive growth acceleration program

## 5 *Efficiency / Bayer 2022*

- Follow through with efficiency improvement program and realize synergies

## 6 *Portfolio Measures*

- Closing of Animal Health sale, expected by mid 2020



# Investor Conference Call

## Q1 2020 Results (Annex)

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# Key KPIs – Bayer Group

[€ million]	Q1 2019	Q1 2020	% y-o-y	Consensus <sup>1</sup>
<b>Net Sales</b>	<b>12,252</b>	<b>12,845</b>	<b>4.8 / 6.0*</b>	<b>12,611</b>
<b>EBITDA before special items</b>	<b>3,983</b>	<b>4,391</b>	<b>10.2%</b>	<b>4,102</b>
Special items	-1,044	-615		-237
<b>Reported EBITDA</b>	<b>2,939</b>	<b>3,776</b>	<b>28.5%</b>	
Depreciation & Amortization	-1,159	-1,277	10.2%	
<b>Reported EBIT</b>	<b>1,780</b>	<b>2,499</b>	<b>40.4%</b>	
Amortization and impairment losses / loss reversals on intangible assets	702	767	9.3%	
Special items (EBITDA)	1,044	615		
Other	-2	80		
<b>Core EBIT</b>	<b>3,524</b>	<b>3,961</b>	<b>12.4%</b>	
Core financial result (before special items)	-352	-493	40.1%	
<b>Core EBT</b>	<b>3,172</b>	<b>3,468</b>	<b>9.3%</b>	
Taxes (before special items)	-799	-845	5.8%	
Core tax rate	25.1%	24.4%		
Minorities	5	0		
<b>Core Net income</b>	<b>2,378</b>	<b>2,623</b>	<b>10.3%</b>	
No. of shares (m)	980.2	982.4		
<b>Core EPS (€)</b>	<b>2.43</b>	<b>2.67</b>	<b>9.9%</b>	<b>2.58</b>
Income from cont. Operations (after income taxes)	1,124	1,368	21.7%	
Income from discont. Operations (after income taxes)	112	120	7.1%	
<b>Net income</b>	<b>1,236</b>	<b>1,488</b>	<b>20.4%</b>	<b>1,765</b>
EPS from cont. and discont. Operations (€)	1.27	1.52	19.7%	
Delta Working Capital	-1,430	-3,932		
Operating Cash Flow (cont. operations)	1,045	-189		
<b>Free cash flow</b>	<b>508</b>	<b>-793</b>		
CapEx and leasing, cont. Operations	-395	-391	-1.0%	

Mainly related to acquisition and integration costs, restructuring costs and legal costs

Amortization mainly resulting from acquisitions

Tax rate FY guidance unchanged at ~23%

2019 figures restated

<sup>1</sup> Consensus from April 21st 2020





# Key KPIs by division

[€ million]	Crop Science		Pharmaceuticals		Consumer Health		Reconciliation		Group	
	Q1'19	Q1'20	Q1'19	Q1'20	Q1'19	Q1'20	Q1'19	Q1'20	Q1'19	Q1'20
<b>Sales</b>	<b>6,444</b>	<b>6,834</b>	<b>4,354</b>	<b>4,546</b>	<b>1,395</b>	<b>1,398</b>	<b>59</b>	<b>67</b>	<b>12,252</b>	<b>12,845</b>
<b>Sales by region:</b>										
Europe / Middle East / Africa	1,764	1,894	1,675	1,799	460	490	54	55	3,953	4,238
North America	3,524	3,713	925	1,009	603	583	4	12	5,056	5,317
Asia / Pacific	388	416	1,529	1,504	206	192	0	0	2,123	2,112
Latin America	768	811	225	234	126	133	1	0	1,120	1,178
<b>EBITDA</b>	<b>1,685</b>	<b>2,410</b>	<b>1,469</b>	<b>1,342</b>	<b>263</b>	<b>289</b>	<b>-478</b>	<b>-266</b>	<b>2,939</b>	<b>3,776</b>
Special items	-616	-201	-16	-252	-27	-11	-385	-151	-1,044	-615
<b>EBITDA before special items</b>	<b>2,301</b>	<b>2,611</b>	<b>1,485</b>	<b>1,594</b>	<b>290</b>	<b>300</b>	<b>-93</b>	<b>-115</b>	<b>3,983</b>	<b>4,391</b>
EBITDA margin before special items	35.7%	38.2%	34.1%	35.1%	20.8%	21.5%	•	•	32.5%	34.2%
<b>EBIT</b>	<b>978</b>	<b>1,500</b>	<b>1,181</b>	<b>1,088</b>	<b>181</b>	<b>263</b>	<b>-560</b>	<b>-352</b>	<b>1,780</b>	<b>2,499</b>
Special items	-616	-279	-16	-252	-27	43	-384	-151	-1,044	-639
<b>EBIT before special items</b>	<b>1,594</b>	<b>1,779</b>	<b>1,197</b>	<b>1,340</b>	<b>208</b>	<b>220</b>	<b>-176</b>	<b>-201</b>	<b>2,823</b>	<b>3,138</b>
EBIT margin before special items	24.7%	26.0%	27.5%	29.5%	14.9%	15.7%	•	•	23.0%	24.4%
<b>Operating cash flow, continuing</b>	<b>-485</b>	<b>-1,761</b>	<b>1,270</b>	<b>957</b>	<b>239</b>	<b>147</b>	<b>21</b>	<b>468</b>	<b>1,045</b>	<b>-189</b>
<b>D&amp;A and Write-downs</b>	<b>-707</b>	<b>-910</b>	<b>-288</b>	<b>-254</b>	<b>-82</b>	<b>-26</b>	<b>-83</b>	<b>-87</b>	<b>-1,160</b>	<b>-1,277</b>
<b>Employees at end of period</b>	<b>35,298</b>	<b>32,785</b>	<b>38,190</b>	<b>39,747</b>	<b>10,765</b>	<b>10,630</b>	<b>22,949</b>	<b>19,039</b>	<b>107,202</b>	<b>102,201</b>



# Pharma: Major Pharma development portfolio projects in clinical Phase I to III (as of April 2020)

Phase I (27)	Phase II (12)	Phase III (8)	
Selitrectinib (TRK Inhibitor, formerly LOXO-195)	Urothelia Cancer /// Rogaratinib (pan-FGFR Inhibitor)	Prostate Cancer (mHSPC) /// Darolutamide	Oncology Gynecology Cardiovascular & Kidney Diseases Others Multi-Indication
Rogaratinib (pan-FGFR Inhibitor)	Colorectal Cancer (mCRC) /// Regorafenib* (combination Nivolumab)	Non-Hodgkin Lymphoma /// Copanlisib (PI3K Inhibitor) Glioblastoma /// Regorafenib* (multi-Kinase Inhibitor) Peripheral Artery Disease ///	
PTEFb Inhibitor	Thrombosis /// FXI Antisense (IONIS)	Rivaroxaban (FXa Inhibitor)	
ATR Inhibitor	Thrombosis /// Osocimab (anti-FXIa Antibody)	Heart Failure reduced EF /// Vericiguat (sGC Stimulator)	
DHODH Inhibitor	Stroke prevention /// FXIa Inhibitor	CKD in Type 2 Diabetes /// Finerenone (nst MR Antagonist) Sympt. Uterine Fibroids /// Vilaprisan (S-PR Modulator)	
Copanlisib (PI3K Inhibitor)	Heart Failure /// Pecavaptan (Dual Vasopressin Receptor Antagonist)	Retinopathy of Prematurity /// Aflibercept (VEGF Inhibitor)	
Regorafenib (multi-Kinase Inhibitor)	Chronic Kidney Disease (CKD) /// Fulacimstat (Chymase Inhibitor)		
Anetumab Ravtansine (Mesothelin-ADC)	Endometriosis /// Vilaprisan (S-PR Modulator)		
Thorium (227Th) Anetumab Corixetan (Mesothelin-TTC)	Contraception /// Combi IUS: LNG (Progestin) + Indometh. (NSAID)		
PSMA-TTC (PSMA-Targeted Thorium Conjugate)	Chronic Cough /// P2X3 Antagonist		
Radium-223 Dichloride combi Pembrolizumab	Age-related Macula Degeneration (AMD) /// Aflibercept High Dose		
Tinurilimab (CEACAM6 fb Antibody)	Obstructive Sleep Apnea /// TASK Channel Blocker		
ILDR2 fb Antibody			
AhR Inhibitor			
Anti-FXI Antibody			
Runcaciguat (sGC Activator 1)			
sGC Activator 2			
Vasopressin V1a Receptor Antagonist			
P2X4 Antagonist			
BDKRB1 Receptor Antagonist			
FVIII Gene Therapy			
sGC Activator 3			
PEG-ADM Inhale			
PREP Inhibitor			
P2X3 Antagonist			
IRAK4 Inhibitor 1			
IRAK4 Inhibitor 2			

### Additions:

- Phase I trial With Ra-223 dichloride in combination with Pembrolizumab (Merck's Keytruda) in NSCLC

### Terminations:

- P2X3 antagonist 2: Phase I in multi-indications and Phase II in chronic cough
- Phase II with vericiguat in heart failure with preserved ejection fraction (HFpEF) – data to be presented at an upcoming congress

### Phase Transitions:

- Molidustat for the treatment of anemia has been submitted in Japan and was thus deleted from Phase III