



Investor Conference Call

Q2 2020 Results

August 4, 2020
Werner Baumann, CEO
Wolfgang Nickl, CFO





Cautionary Statements Regarding Forward-Looking Information

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at <http://www.bayer.com/>.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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



Q2 2020 Results

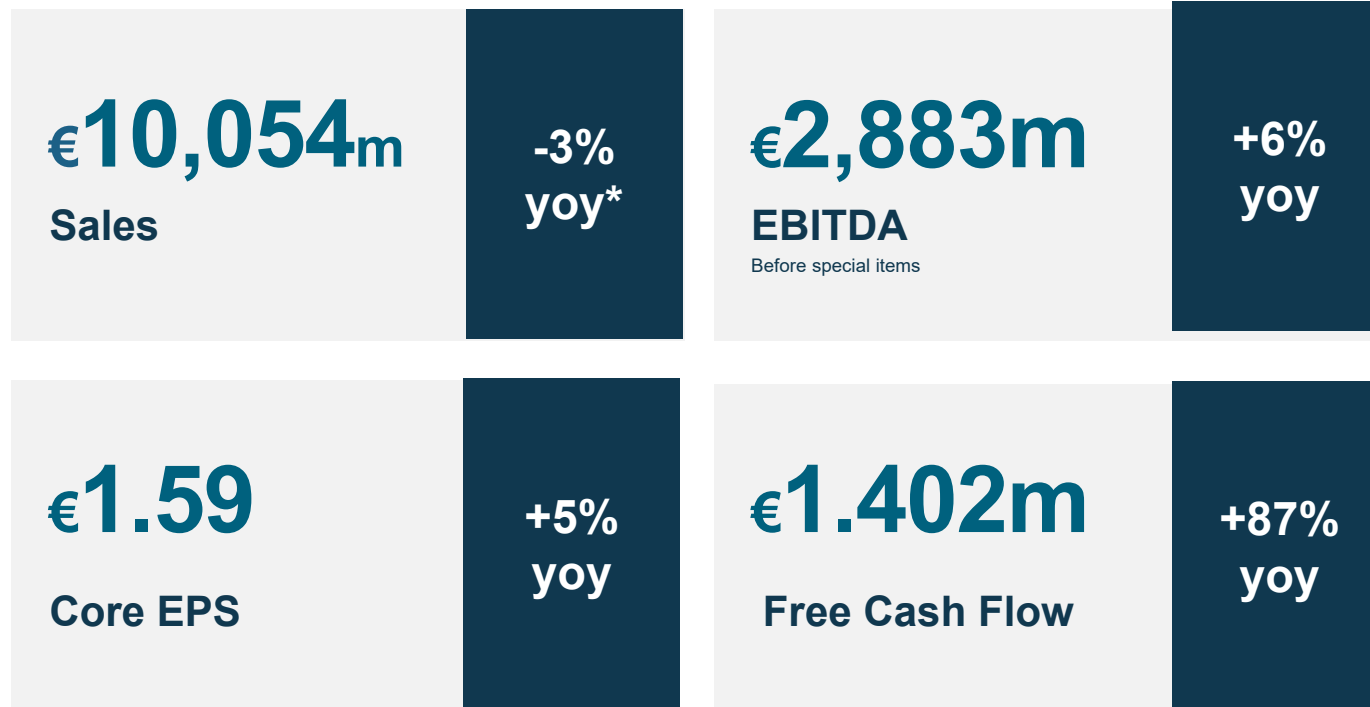
Business Update



Werner Baumann, CEO



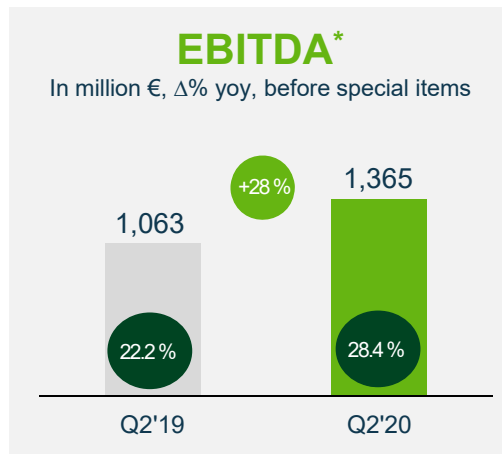
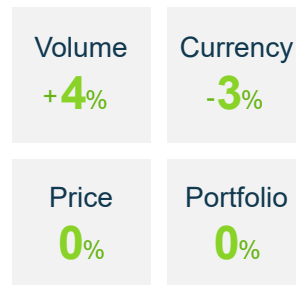
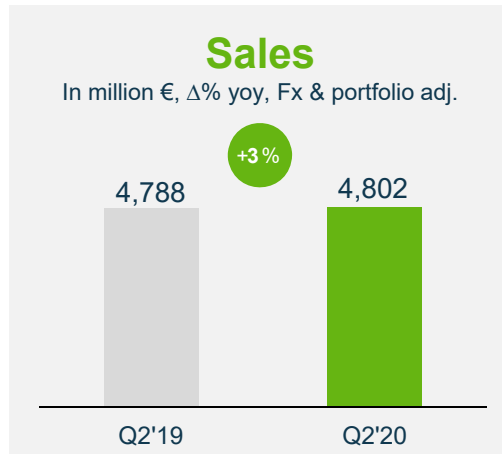
Q2 2020: Solid results despite COVID-19 headwinds



* Δ% yoy, Fx & portfolio adj



Q2 2020: Crop Science with strong margin expansion

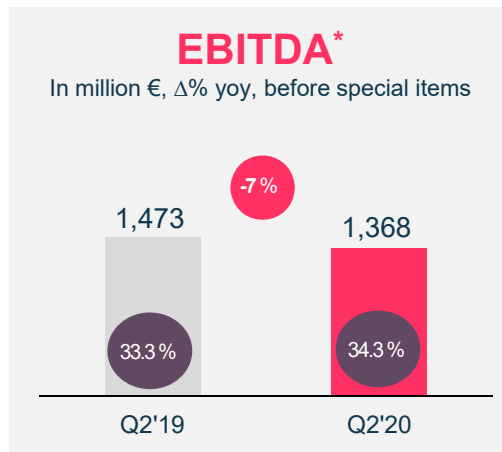
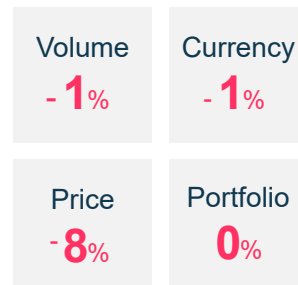
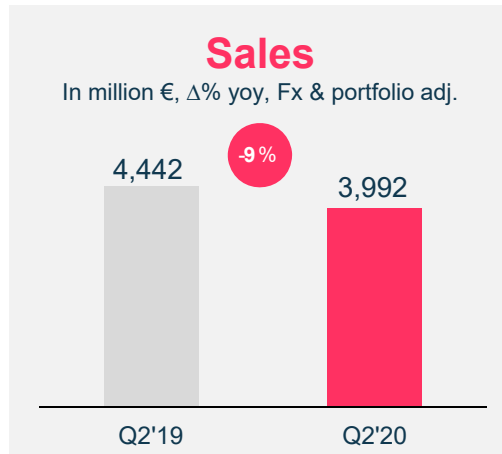


- Growth driven by LATAM (+19%), APAC (+11%) and North America (+2%) offsetting shortfall in EMEA (-9%)
- Good growth across almost all segments
- Well advanced on subscribed acres of Climate FieldView
- Strong increase of EBITDA before special items due to volume growth and cost synergies helped by lower product returns in Brazil

● EBITDA Margin before special items *2019 figures are restated



Q2 2020: Pharmaceuticals impacted by reduction of elective treatments and volume-based procurement in China

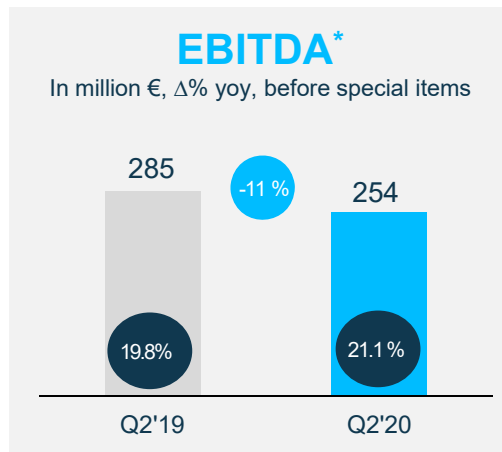
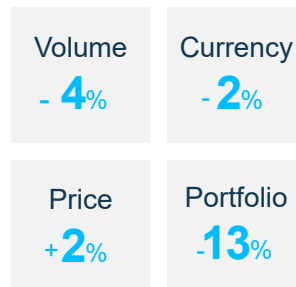
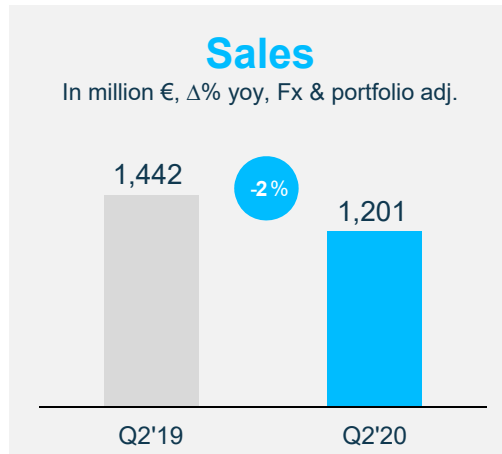


● EBITDA Margin before special items *2019 figures are restated

- COVID-19 impacts elective treatments, specifically the IUD franchise (-37%) and radiology (-21%)
- Eylea (-6%) shortfall also caused by COVID-19 and price cuts in Japan
- Xarelto's growth trajectory remains intact (+7%)
- Volume-based procurement (Glucobay, Avelox) impacts overall China sales (-15%)
- Margin uplift due to prudent cost management
- FDA granted priority review to NDA for Vericiguat / Phase III trial (FIDELIO) with Finerenone met primary endpoint



Q2 2020: Consumer Health affected by trade inventory adjustments after strong first quarter



● EBITDA Margin before special items *2019 figures are restated

- Sales development impacted by trade inventory build-up in Q1 related to COVID-19 and slowdown in store traffic
- Destocking negatively impacts esp. EMEA (-8%), North America on prior-year level
- Growth trend for nutritionals (+14%) continues
- Margin expansion driven by growth acceleration and efficiency program
- EBITDA before special items impacted by negative portfolio effect



Q2 2020 Results

Financials & Outlook



Wolfgang Nickl, CFO

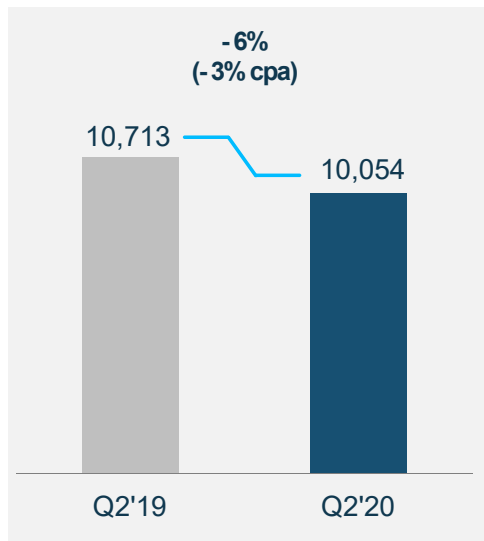


Q2 2020 Result

Sales

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

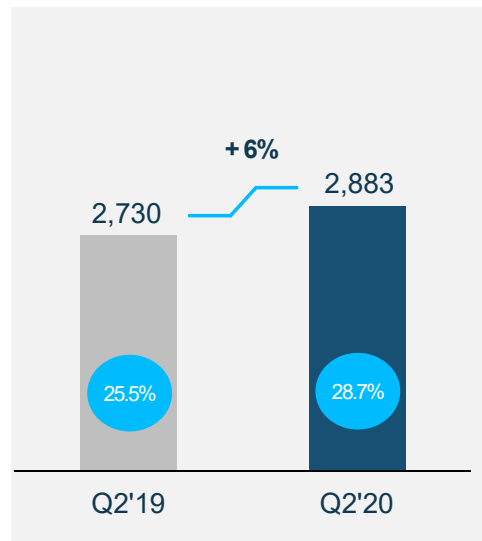
Negative FX effect of -€214 million



EBITDA*

In million €, before special items

Negative FX effect of -€12 million



Core EPS

In €, Cont. Operations

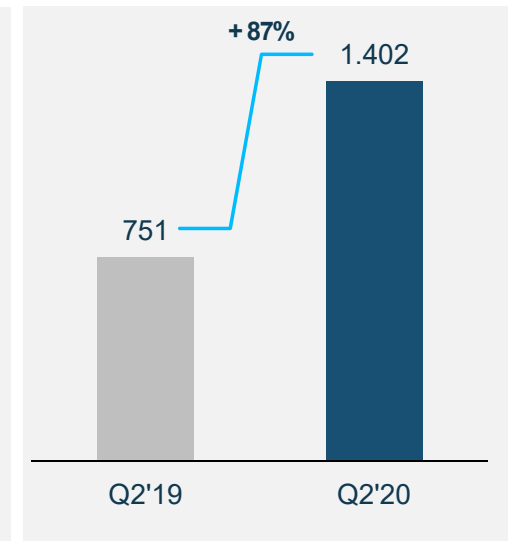
Tax rate: 23 % versus 21 % in Q2 2019



Free Cash Flow

In € million

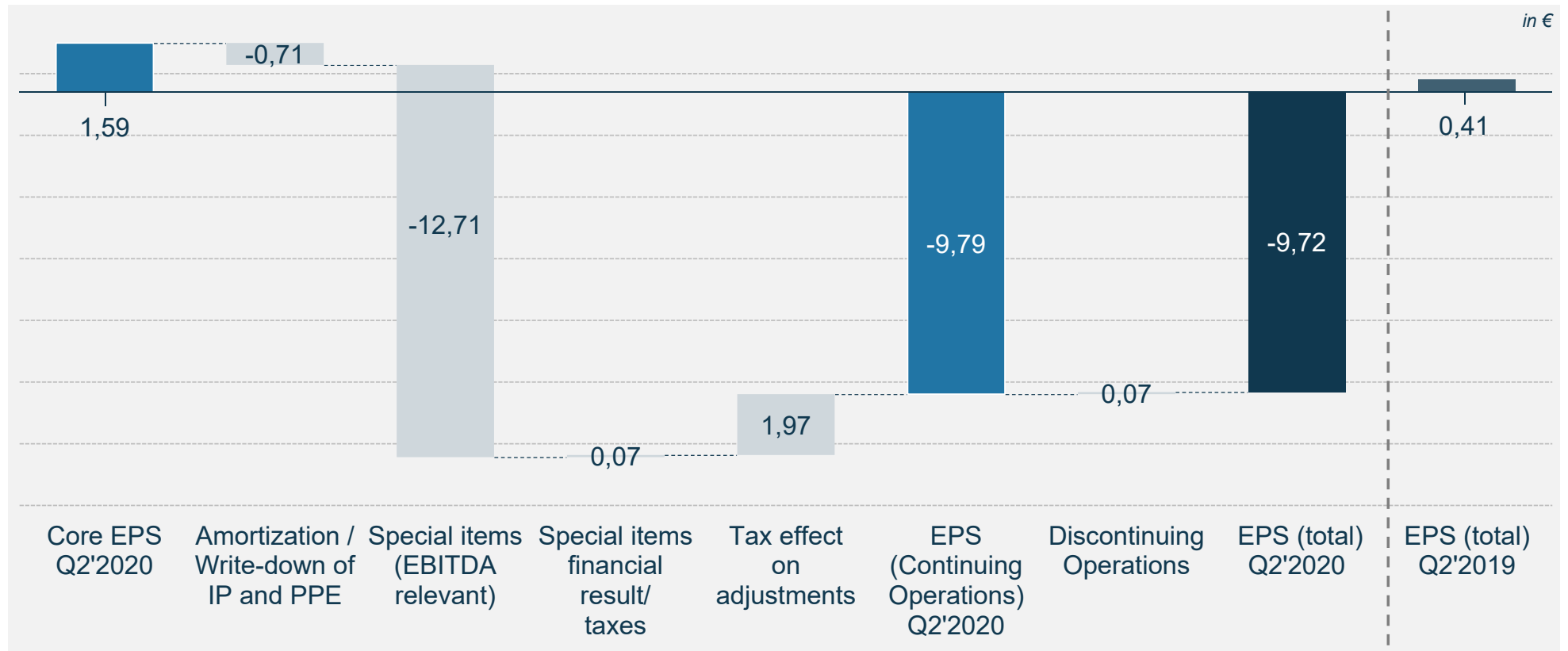
Cash Flow development driven by phasing and prior-year tax effect



*2019 figures are restated; No impact on Net Sales

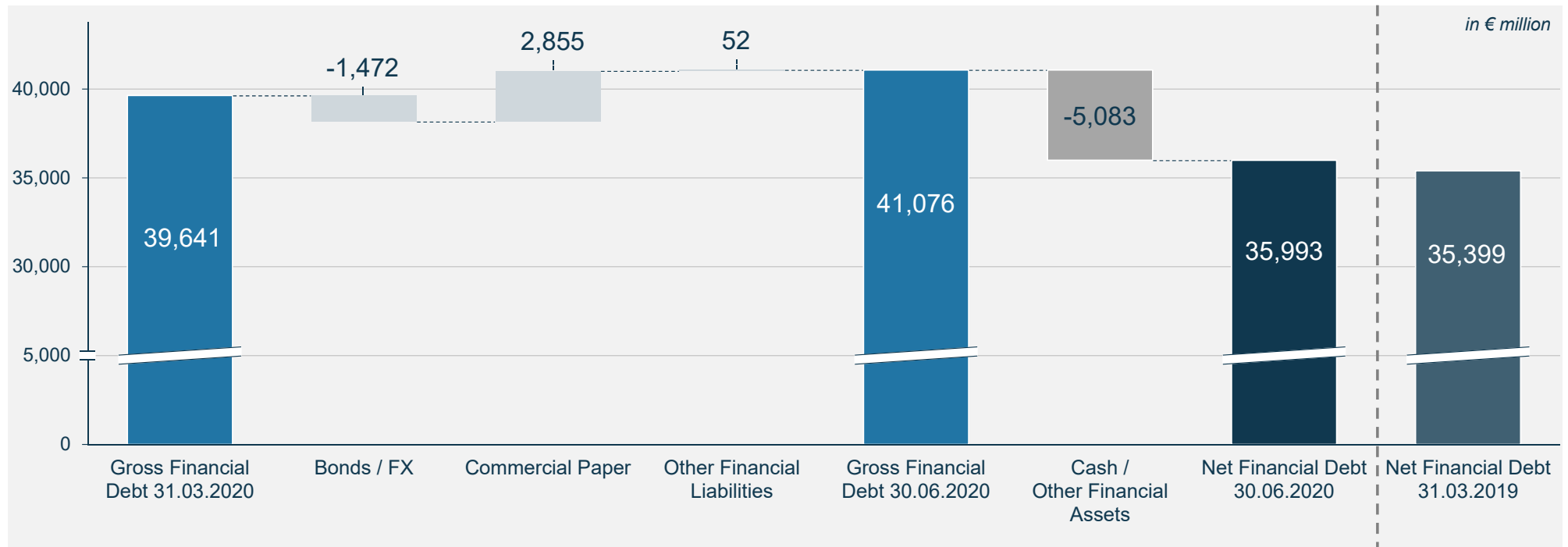


EPS affected by special items related to litigations





Net Financial Debt slightly increases



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

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



H2 2020 Outlook: Focus on cash and cost management as COVID-19 continues to weigh on business dynamics

1 *Group*

- Ensure business continuity
- Accelerate efficiency programs
- Adverse currency developments (mainly BRL)

2 *Crop Science*

- Reduced demand for bio-ethanol and grains could decrease acres planted in our key crops
- Challenging dynamics in soy

3 *Pharmaceuticals*

- Sequential improvement foreseen
- Adempas milestone payment expected

4 *Consumer Health*

- Good growth dynamics confirmed
- Margin expansion on track



Updated guidance for 2020

Excluding currency impact

	Outlook as of Feb 2020	Delta	Outlook ¹ as of Aug 2020 incl. COVID19	Expected currency impact ²	Outlook as of Aug 2020 incl. COVID-19 and currency impact
Sales	€44-€45bn	~- €1 bn	€43-€44bn	~- €1bn	€42- €43bn
EBITDA margin (before special items)	~ 28%	no material effect	~ 28%	no material effect	~ 28%
Core EPS	€7.00 – €7.20	~- €0.30	€6.70 – €6.90	~- €0.30	€6.40 - €6.60
Free cash flow	~€5bn	~- €5 bn	-€0.5- €0bn	no material effect	-€0.5 - €0bn
Net financial debt	~€27bn	~+ €6 bn ³	~€33bn	no material effect	~€33bn

¹ Based on underlying assumption that there is no second COVID-19 wave in H2

² Currency assumptions based on month-end June spot rates (1 EUR=) 1.12 USD, 6.09 BRL, 7.92 CNY, 121 JPY, 25.9 MXN, 79.6 RUB, 7.76 TRY

³ Including settlement payouts of ~€4.5 bn



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Q2 2020 Results (Annex)

August 4, 2020
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Key KPIs – Bayer Group

	Q2 2019	Q2 2020	% y-o-y
Net Sales	10,713	10,054	-6 / -3%²
EBITDA before special items	2,730	2,883	5.6%
Special items	-416	-12,487	2901.7%
Reported EBITDA	2,314	-9,604	-515.0%
Depreciation & Amortization	-1,529	-1,180	-22.8%
Reported EBIT	785	-10,784	-1473.8%
Amortization and impairment losses / loss reversals on intangible assets	1,071	664	-38.0%
Special items (EBITDA)	-416	-12,487	2901.7%
Other	7	25	257.1%
Core EBIT	2,279	2,392	5.0%
Core financial result (before special items)	-404	-343	-15.1%
Core EBT	1,875	2,049	9.3%
Taxes (before special items)	-389	-475	22.1%
Core tax rate	20.8%	23.3%	12.0%
Minorities	-	-9	
Core Net income	1,483	1,565	5.5%
No. of shares (m)	980.2	982.4	0.2%
Core EPS (€)	1.51	1.59	5.3%
Income from cont. Operations (after income taxes)	320	-9,610	-3103.1%
Income from discont. Operations (after income taxes)	85	71	-16.5%
Net income	404	-9,548	-2463.4%
EPS from cont. and discont. Operations (€)	0.41	-9.72	-2470.7%
Delta Trade Working Capital	-222	554	-349.5%
Operating Cash Flow (cont. operations)	1,470	2,251	53.1%
Free cash flow	751	1,402	86.7%
CapEx and leasing, cont. Operations	-411	-571	38.9%

2019 figures restated; No impact on Net Sales

Mainly related to provisions for litigations

Amortization mainly resulting from acquisitions

Core tax rate FY guidance unchanged at ~23%



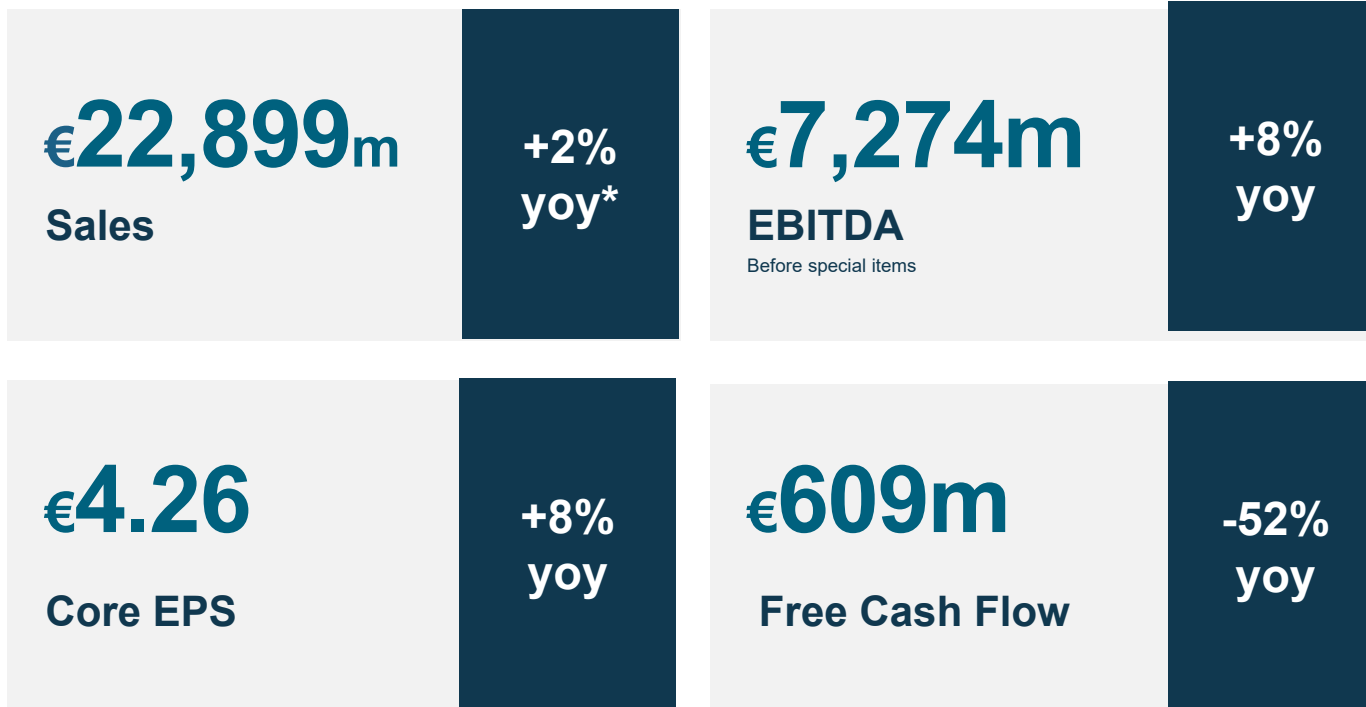
Key KPIs by division

[€ million]	Crop Science		Pharmaceuticals		Consumer Health		Reconciliation		Group	
	Q2'19	Q2'20	Q2'19	Q2'20	Q2'19	Q2'20	Q2'19	Q2'20	Q2'19	Q2'20
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	4,788	4,802	4,422	3,992	1,442	1,201	61	59	10,713	10,054
Sales by region:										
Europe / Middle East / Africa	1,092	958	1,695	1,554	476	384	55	46	3,318	2,942
North America	2,397	2,501	984	861	600	485	4	11	3,985	3,858
Asia / Pacific	533	575	1,499	1,387	207	196	1	1	2,240	2,159
Latin America	766	768	244	190	159	136	1	1	1,170	1,095
EBITDA	964	-8,822	1,486	68	234	243	-370	-1,093	2,314	-9,604
Special items	-99	-10,187	13	-1,300	-51	-11	-279	-989	-416	-12,487
EBITDA before special items	1,063	1,365	1,473	1,368	285	254	-91	-104	2,730	2,883
EBITDA margin before special items	22.2%	28.4%	33.3%	34.3%	19.8%	21.1%	•	•	25.5%	28.7%
EBIT	294	-9,600	1,220	-165	-271	162	-458	-1,182	785	-10,784
Special items	-100	-10,212	14	-1,286	-468	-11	-280	-1,002	-834	-12,511
EBIT before special items	394	612	1,206	1,121	197	173	-178	-179	1,619	1,727
EBIT margin before special items	8.2%	12.7%	27.3%	28.1%	13.7%	14.4%	•	•	15.1%	17.2%
Operating cash flow, continuing	874	1,537	719	531	208	386	329	203	1,059	2,251
D&A and Write-downs	-670	-778	-266	-232	-505	-81	-88	-88	-1,529	-1,180
Employees at end of period	34,889	32,688	38,280	39,660	10,696	10,739	22,366	18,081	106,231	101,168

2019 figures restated, No impact on Net Sales



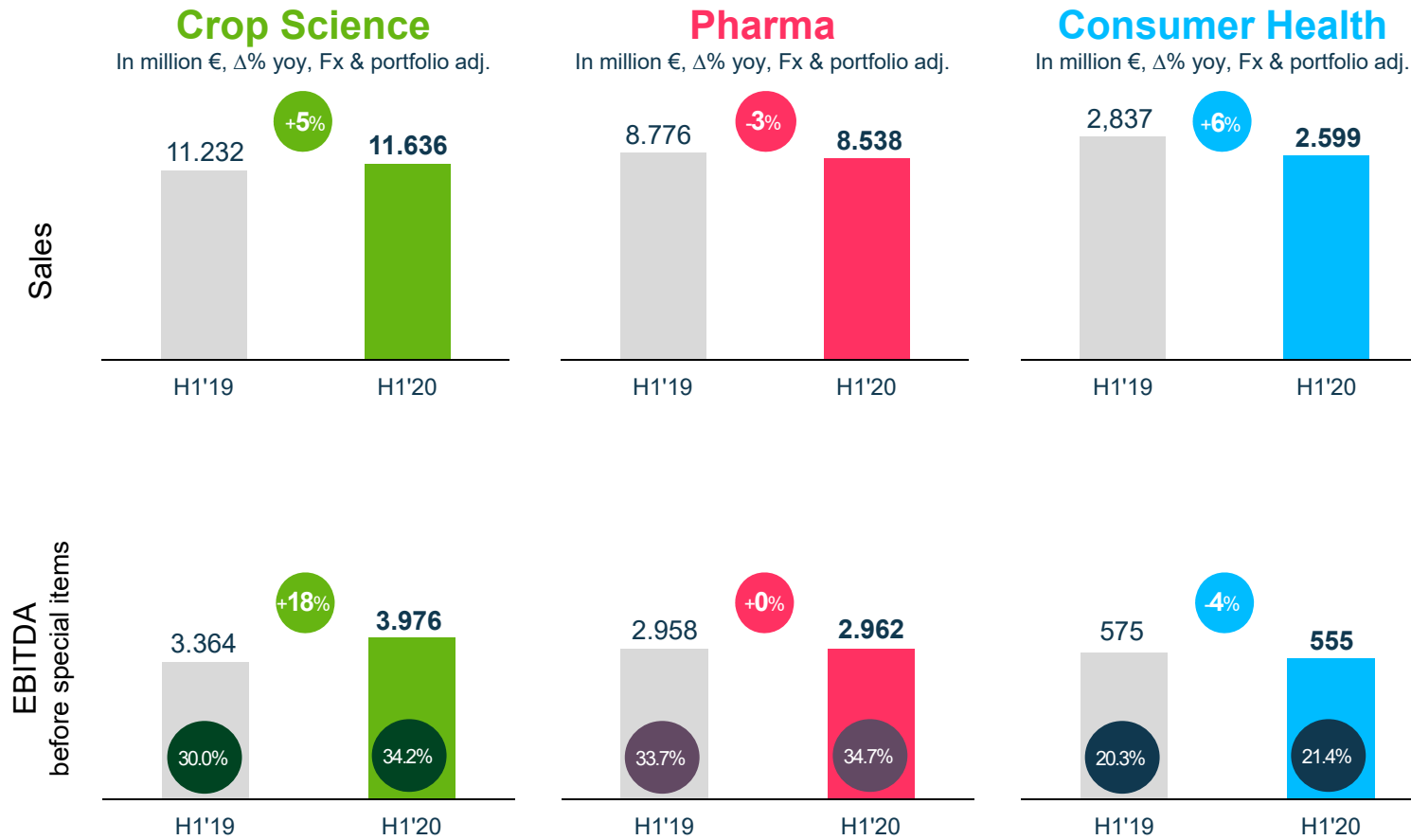
H1 2020 – Group Overview



* Δ% yoy, Fx & portfolio adj



H1 2020 - Segment Overview





Updated Guidance 2020 – Group and Divisions

Outlook as of Feb 2020

Update outlook as of Aug 2020

	Sales Growth 2020 (cpa ²)	EBITDA-margin 2020 (before special items)	Sales Growth 2020 (cpa ²)	EBITDA-margin 2020 (before special items)
Group*	3-4%	~28%	0-1%	~28%
Crop Science	~4%	~26%	~2%	~25%
Pharma	3-4%	~33%	~-1%	34-35%
Consumer Health	2-3%	22-23%	~4%	22-23%

* Guidance for cEBITDA Reconciliation (FY 2020): ~ - €300-400 m



Updated Guidance 2020 - other major KPIs

	Initial guidance	Updated guidance
Special items (EBITDA)	~ €0.9 billion	~ €14 billion
R&D expenses	~ €5.4 billion	~ €5.1 billion
Capital expenditures (cash relevant)	~ €2.8 billion	~ €2.4 billion
of which for intangible assets (cash relevant)	~ €0.7 billion	~ €0.8 billion
Depreciation and amortization (clean)	~ €4.3 billion	~ €4.5 billion
of which for intangible assets (clean)	~ €2.4 billion	~ €2.6 billion
Core financial result	~ - €1.5 billion	~ - €1.6 billion
Core tax rate	~ 23%	~ 23%



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

Phase I (26)	Phase II (14)	Phase III (9)	
Selitrectinib (TRK Inhibitor, formerly LOXO-195)	Urothelia Cancer /// Rogaratinib (pan-FGFR Inhibitor)	Prostate Cancer (mHSPC) /// Darolutamide	<ul style="list-style-type: none"> █ Oncology █ Gynecology █ Cardiovascular & Kidney Diseases █ Others /// Multi-Indication
Rogaratinib (pan-FGFR Inhibitor)	Colorectal Cancer (mCRC) /// Regorafenib* (combination Nivolumab)	Adjuvant Prostate Cancer (Adj. HSPC) /// Darolutamide	
PTEFb Inhibitor	Thrombosis /// FXI Antisense (IONIS)	Non-Hodgkin Lymphoma /// Copanlisib (PI3K Inhibitor)	
ATR Inhibitor	Thrombosis /// Osocimab (anti-FXIa Antibody)	Glioblastoma /// Regorafenib (multi-Kinase Inhibitor)	
DHODH Inhibitor	Stroke prevention in AF /// FXIa Inhibitor	Peripheral Artery Disease /// Rivaroxaban (FXa Inhibitor)	
Copanlisib (PI3K Inhibitor)	2° stroke prevention /// FXIa Inhibitor	CKD in Type 2 Diabetes /// Finerenone (nst MR Antagonist) Sympt.	
Regorafenib (multi-Kinase Inhibitor)	MACE prevention /// FXIa Inhibitor	Uterine Fibroids /// Vilaprisan (S-PR Modulator)	
Anetumab Ravtansine (Mesothelin-ADC)	Heart Failure /// Pecavaptan (Dual Vasopressin Receptor Antagonist)	Retinopathy of Prematurity /// Aflibercept (VEGF Inhibitor)	
Thorium (227Th) Anetumab Corixetan (Mesothelin-TTC)	Chronic Kidney Disease (CKD) /// Fulacimstat (Chymase Inhibitor)	Diabetic Macular Edema (DME) /// Aflibercept High Dose	
PSMA-TTC (PSMA-Targeted Thorium Conjugate)	Endometriosis /// Vilaprisan (S-PR Modulator)		
Her2-TTC (Her2-Targeted Thorium Conjugate)	Contraception /// Combi IUS: LNG (Progestin) + Indometh. (NSAID)		
Radium-223 Dichloride combi Pembrolizumab	Chronic Cough /// P2X3 Antagonist		
Tinurilimab (CEACAM6 fb Antibody)	Age-related Macula Degeneration (AMD) /// Aflibercept High Dose		
ILDR2 fb Antibody	Obstructive Sleep Apnea /// TASK Channel Blocker		
AhR Inhibitor			
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 III trial with darolutamide – adjuvant hormone-sensitive prostate cancer
- Phase III trial with aflibercept high dose in DME
- Phase II trial with FXIa inhibitor for MACE prevention
- Phase II trial with FXIa inhibitor for secondary prevention of stroke
- Phase I trial with a Her2-Targeted Thorium Conjugate in Cancer

Renamed:

- FXIa Inhibitor: Phase II stroke prevention – Renamed to stroke prevention in AF

Terminations:

- Anti-FXI Antibody in phase I

Phase transitions:

- Vericiguat in HFrEF - submitted in EU, Japan and the US (Merck & Co., Inc., Kenilworth, NJ, USA has commercial rights for the Americas)