Transcript

Bayer AG Meet Management 2016

Tuesday, 20th September 2016

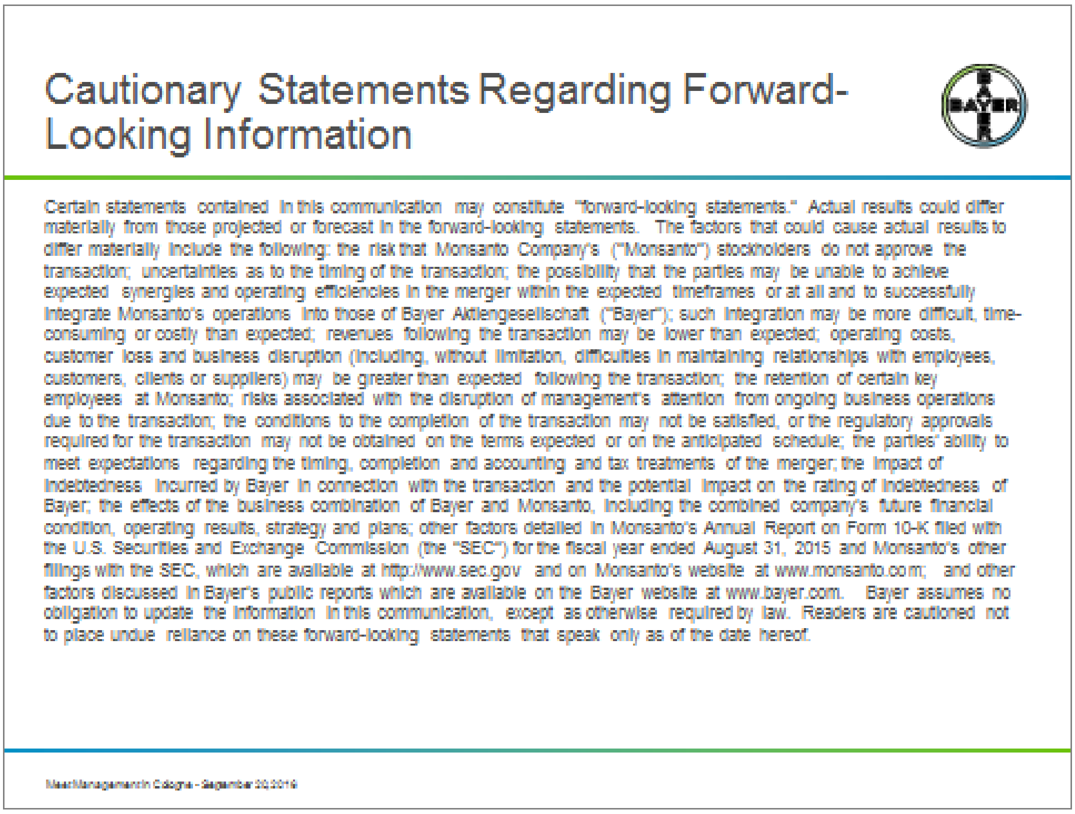
Introduction

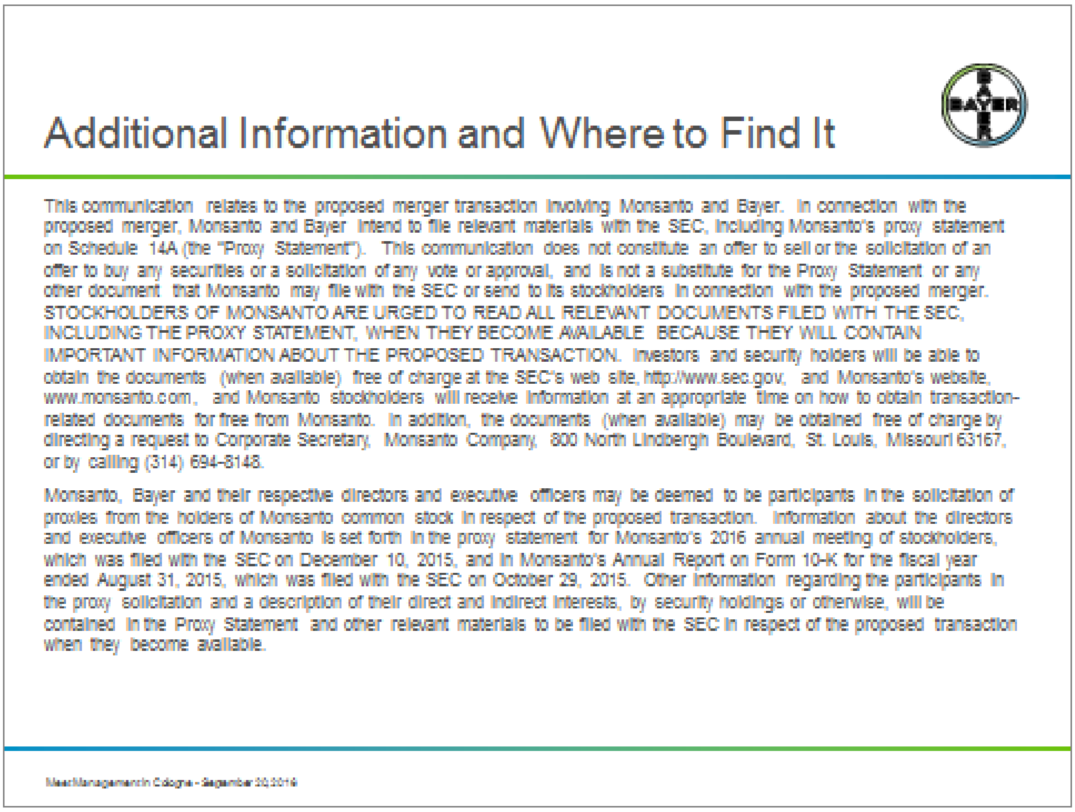
Dr. Jürgen Beunink

Head of Investor Relations, Bayer

Good morning everybody and welcome to our 18th Meet Management Conference. My name is Jürgen Beunink and I am responsible for Bayers' IR programme. I believe many of you are familiar with the format, so I will make my remarks very brief. Werner Baumann will start off with the presentation with summary of recent development our 2016 target and our mid term aspirations. After him, Dieter Weinand, Erica Mann, Liam Condon will briefly outline the strategic highlight of their division. After the presentation, you will have the opportunity to discuss all aspects of Bayer in four breakout sessions. One session posting on the Group, one session for pharma, one for consumer health and one for Crop Science including Animal Health.

In order to facilitate the discussion, we have split the entire audience into four groups A, B, C and D as indicated on your name tag. For example, Group A starts with the Group followed by pharma, then consumer health and lastly Crop Science. Our hostess will walk you to the breakout rooms which are located on this floor and on the first floor. One last point, please be aware that during the entire conference we will make forward-looking statements so we kindly stress that you carefully read through the cautionary statement and the additional legal information that governs our conference.





With that, I'd like to hand over to Werner Bauman for his presentation.

Presentation

Werner Baumann

Chairman, Bayer

Opening remarks

So thank you Jürgen, and good morning everybody. I hope you a good and enjoyable evening and as Jürgen already outlined what I'd like do in the next roughly 20 minutes is to frame the day talking about some recent events talking about outlook and mid term aspirations, and last but not least, a little bit about what the main and focus themes in our businesses are. And last but not least, as you would expect, I'd close with innovation. So let me jump right into it then - sooner or later. Here we go.

What is the company all about and what are we trying to do? What our aspiration is with the management of our businesses and portfolios is that our aspiration is that we try to build leading life sciences businesses with the purpose of creating and enhancing the value of these businesses. That means that the businesses that we think we should not only run, but also develop and build in the leadership positions are the ones that are keepers in the portfolio all other businesses will be handed over into other hand because they can flourish and develop essentially better compared to us owning and managing them. And you have seen us do that over the last roughly 15 years there with a significant programme that had completely changed the footprint of the company.

So, looking at the life sciences company and the businesses that are being run and developed and the life sciences and pharmaceuticals with leading positions in the segment, we choose to compete in because we do have a legitimate right to play and win in those such as cardiology, hematology, women's health and radiology. Consumer Health it is our claim to be the leading OTC company in the world, and last but not least, Crop Science and Animal Health. With Crop Science as you know our objective is to combine our business with that of Monsanto. Coming to Monsanto, the Monsanto acquisition, when the news first broke in May that we were in discussions with Monsanto confused a lot of people because there was a perception that this was something that came out of the blue and was completely off-strategy, of the perceived strategy.

Just to set the record straight, we were crystal clear. In September 2014, when we announced that we were going to separate from the then materials science business that is now a separate company listed under the name of Covestro, that our objective is to build our life sciences portfolio that is composed of pharma, consumer and crop/Animal Health. And that is exactly what we are trying to do. Why is it too appealing for us to try and combine with Monsanto? It would create a very formidable competitor that brings together best-in-class technologies and best-in-class businesses and both sides of the business do have a legitimate claim to industry leadership.

Monsanto on the side of seeds and biologics and also analyticals/analytics, big data with their Climate Corp platform, and Bayer on the other side, arguably, and that's not talking us about ourselves, but is our competitors and many people in the market talking about our business. The business with the best chemistry in the world that would make as I mentioned for a formidable combination that will drive long term value. It will allow us to create faster better solutions for customers or farmers, and ultimately consumers, to enhance yield and with that also contribute to safe reliable supply of food and feed for the next decades to come.

It is at the same time a highly attractive industry characterised by long term secular growth trends that are fully intact and profitable. It is highly regulated that make for high entry barriers, and it is actually a very profitable business and a very profitable industry. What are the key metrics of the transaction? First of all, as announced last week, we did come to an agreement with Monsanto to acquire the company, the merger agreement for price of $128 per share, that makes an enterprise value of about $66 billion, and this transaction had been unanimously approved by the three competent bodies that had to vote on the terms and conditions of the merger agreement.

Number one, our management board, and you will have ample opportunity to talk to all of our colleagues that are here. Number two, the supervisory board of Bayer AG, and number three, post-unanimous approval of Monsanto's board of directors. The offer price constitutes a 44% premium over the undisturbed share price as of early May 2016, and roughly the same premium over the three-month volume weighted average share price. It translates into an 18.6 times EBITDA multiple if you look at past 12 months and a forward multiple of 16.5 times. Depending on how you look at it, it looks very expensive, reasonable or also quite okay. We of course, we have actually is the entire universe here so you have to pick what you want. And our perspective is that this is an attractive and value creative deal for both constituencies.

And looking at the absolute price of 128; is that it is really sky high and completely out of scale, or is it something that you can look at differently? Depending on which companies you acquire, you will pay premium that have never been seen in terms of market cap. This one here is different because we are of with our business at the entire industry at the bottom of the cycle so in the trough. Mid-cycle or peak of the cycle, the price that we are paying is something that has seen the market had you know, so if you only go back 18 months Monsanto traded at roughly the same market cap or EV that is under table right now if you go back to February 2015, Monsanto was trading at around $126. Yeah so it really depends on what you are looking at to render a judgment on how attractive a deal it is.

We feel actually very, very comfortable with what we have reached and I think there was also an expectation out there in the market that this deal would not be a signed deal below 130-135 or even 140. I think we have done quite a bit better. So, coming to further topics that I think make for a good discussion later on, what is the value proposition of the deal? We will generate roughly $1.5 billion dollars in synergies, 80% cost, 20% top line after year three that is a first yardstick, so it is not a full value creation that comes out of the combination as particularly further are growth synergies coming from innovation and integrated solutions will be coming later on, but it should give you an indication of what it is that you should be able to measure the success of the transaction again after year three.

We will also see, and that is actually a function of the very lowest interest rate environment, not necessarily something that we have been looking at in order to sell the value proposition, but driven by the lower interest rate regime we will see EPS accretion right from the get-go lower single digits and then after year three, or in year three we will see double digit EPS accretion. Cost of capital is going to be earned based on the 128 and the financing composition after year four post-closing, and that brings me to the financing structure which we are happy to go into further detail on later on. We're going to finance this deal with a combination of equity, equity-linked and debt. Equity and equity-linked is about $19 billion. The remainder is going to be financed with debt.

There were a few questions yesterday evening already on whether the equity portion is going to be reduced. Based on potential asset disposals, one of them being Covestro at some point in the future be very, very rigorously separate the two which mean number one is the financing sense on its own the way it has described and that part it's going to be done. And everything else that will come from potential portfolio asset disposal is going to be contributing to delevering the company thereafter. The reason for that is very simple. If you were to combine the financing with the need to dispose of portfolio, it would in all likelihood not be value optimising for the portfolio that will be subject to divestiture. That's the simple and straightforward reason.

So, what are the next steps and the path to completion for the transaction? Number one, as I mentioned last week, was an important week. It was a milestone, but not more than that, with the signing of the merger agreements. We are in the process of starting the discussion with the regulatory agency, today is actually a very important day in the US. With the Senate hearings on industry consolidation in agriculture and then we expect the Monsanto shareholders to vote on the transaction either late 2016, or at the latest even the regular AGM that they have the shareholders meeting that they have in the beginning of 2017. Closing is expected very much present by regulatory timelines by the end of 2017.

Regulatory Environment

Let me briefly talk about the regulatory environment and what it is and what it not is. The regulatory environment is for us really important in three categories. Number one, product overlap. Number two, national security of CFIUS approval in the US, and number three overall industry consolidation. The transaction is characterised by highly complementary portfolios and that means that we have very limited portfolio overlaps. We are a chemical company with a very, very small seed positioning in broad-acre crop. There is very limited overlap in a number of crops, and that is what our crop colleagues will go into later on, whereas Monsanto is a seeds and biotechnology company. So given the size of the combination the overlap is fairly limited that's number one.

The product overlap, very manageable. We have contractually agreed to a 1.6 billion sales volume that we see as, let's say, the number that would ultimately be divested if requested and that should give comfort to the Monsanto shareholders. We do not even believe that it will get to that number, but that is of course subject to the regulatory position. Secondly, CFIUS and national security you know that the ChemChina-Syngenta deal has been cleared by CFIUS, Bayer is a longstanding corporate citizen in the US. We are – have been in the US for 150 years much longer than Monsanto has been in existent. In existence, we are more than 12,000 people in the US and we do not see any issue with CFIUS approval hence we file voluntarily for CFIUS review and that is typically a fairly quick process.

Last but not least, industry consolidation, which is a topic that I think a lot of people are concerned about. Also here our perspective is different. If you want to see more innovation that is going to bring better and faster solution to farmers, consolidation has to happen and it is very much the same as we saw in the late 90s, we are the last major consolidation base drove significant innovation and with that value-added for farmers. This is exactly the same and also after the currently discussed major combination. This is going to be an industry that is characterised by very healthy competition. So how big a challenge is the combination with Monsanto for us in terms of our ability to integrate?

We have a track record of doing a lot of M&A, separations and integrations over the last 15 years. I do think we have a well agreed transaction machine in the organisation. We know what it is that we have to do and you can be fooled by the size of the transaction. If you then peel the onion and look at the size of the organisation and our as organised worldwide, it actually does not look that dissimilar from Schering which we did in 2005 [2006] roughly the same headcount, just a little bit more than 20,000 people, so potentially more concentrated though in the America compared to a much more regionally dispersed Schering organisation with many more entities around the world. So, give and take in order to kind of set a little bit level of complexity is about the same directionally in our assessment compared to what we did about 10 years ago with Schering.

What are the criteria we develop our portfolios by? And you have heard me talk about as many, many times during our encounter in IR trip. So very simply speaking the criteria are the following. First of all, we are going to be in businesses that compete in markets that are characterised by long term above GDP growth, high market profitability. Of course innovation-based business model caters to our strength. We also have regulated market, because regulation once you understand and you can deal with it is a good thing rather than a bad thing because it does have a certain level of protection of the industry and the profit pool in the industry. We need to be sure that and our leadership we can manage and develop these businesses into leading positions, and last but not least based on the capabilities we have in-house. We need to be convinced that we are the best owners of the business.

So these are the criteria. We are driving our decisions by value generation criteria. Our valuation models are based on DCF model. So, only DCF is actually driving the valuation and then with that also our assessment on what it is we need in order to go for something and what it is that we'd like to retain value. Our main metrics in managing our business operationally, our sales growth margin and of course value creation measured by our current CFRoI and cash return investment. There is no trade-off and let's say cross-subsidising of different businesses if we were to go down that path, the risk would be that we would damage the business really brief of necessary funding. So that is something we do not do and as I mentioned already, we are able to integrate and run businesses also with larger transactions.

We have proven that we can do this over time. You will see here that if we go back roughly 10 years, maybe more than 10 years, we rebuilt pharma both organically and inorganically into a strong performing, very nicely growing mid-sized competitor that has quite a bit of runway and Dieter and his team would go into it later. Consumer Health we built very early on when nobody really had brought it the opportunity at hand of the valuation you know the consumer business fetched these days and we build it actually by almost sector four of five over the last years, again driven by organic and inorganic growth into the current leadership position.

Last but not least very early on, in the early 200s we acquired the Aventis CropScience business that was actually the foundation for our crop business to develop into the leading strongest chemistry business in the world, and with Monsanto, yet another major step would be taken, if you look at the overall size of the industry and what type of a competitor would emerge out of that combination. Operating performance has been good over the last years as well. To say the least, you will see both a very, very continuous growth of top and bottom line, very remarkable to actually step up of profitability in 2014 from 2014 to 2015. I would like to say that all of that has been driven operationally. Truth to be told is that of course, we did have quite a bit of tailwind by currencies this year. So this year, we had a little bit of headwind, but the significant increase between 2014 and 2015 was driven by both operating leverage and at the same time FX effect.

Overall still, a very, very pleasing performance if you look at the track record over the last five or almost six years. First half of 2016 is no different. You will see that we have been driving both top and bottom line very strongly as well. Bottom line hampered of course by the situation in Covestro that continues to be consolidated in our overall financials with the various strong bottom line performance, good volumes and actually high asset utilisation. But at the same time lower prices driven by lower commodities, but again profitability has developed very nicely. Other businesses and we will go into that later on. So I am not going to spend any time here are performing well if you look at the overall industry environment, not necessarily all of them as good as we thought they were going to do at the beginning of the year and that to a large extent driven by industry environment.

We have also had some leading pipeline use as we see here. Later we will talk about that in more detail, in a) divisional presentations and later on in the breakout. First half has also led to adjusting our guidance as of middle of the year. Most importantly, we now see a high digit percentage increase in our adjusted EBITDA and that is true for the Group. For life sciences, we see a mid to high digit increase so we have adjusted upwards as well. And that of course and has also been played it into adjustment upwards adjustment of our core EPS guidance who as now expecting a mid to high single digit increase. Based on where we are today, so we have about two weeks to ago. In quarter three we are very, very confident that this is the guidance we are going to be able to deliver again. So trading in quarter three without going into selective disclosure here is in line with our expectations that we communicated as part of our Q2 earnings release.

Now let's talk about mid term aspiration. A lot of talk around leverage in pharma and will we ultimately see further margin improvement. If you look at the numbers and face value it does not look that different other also for the sake of full transparency go a little bit more into detail in a second, but first of all pharma or the three years, the 2016, 2017 and 2018 we expect a CAGR of 6% that is above market and the margin profile of between 32 and 34% depending on the R&D funding we will see during this time. Consumer health 4 to 5% CAGR and then EBITDA margin of 25% I go into some detail on this one as well. And last but not least Animal Health 4 to 5% growth in line with market and EBITDA margin of 23 to 24%.

Crop Science looking at the combined business, we expect above market growth and an EBITDA margin of above 30% after year three of the integration. So once we have that 1.5 billion, EBITDA contribution coming out of the synergy generation as part of our bottom line. The combined business should fetch a margin higher than 30%. So let's go into pharma and reconcile what the 32 to 34% that you know from the last mid term guide that reflected on 2017 translate into for the new mid term guidance in 2018. And there are two takeaways I would like you to take home. Number one, the underlying profitability of pharma is increasing by 1.1 percentage point. So on the like-for-like basis, you need 33 to 35% and that despite the fact that we continue to invest and actually have increased the level of investments in R&D and to see here reflected with a roughly little more than half percent 'dilution' that goes into long term growth investments behind our early mid and late stage pipeline.

That also means that we will continue to fund pharma with what it needs in order to flourish and grow over the next years to come, many years to come, there is quite a bit of concern on the patent cliff and the like. I think we can address that later on as well. So, very briefly, what are the business is about and what is the focus with our current and investment strategies? On pharma, of course, deliver the growth that is in our product pipeline on one side and our market portfolio on the other side. We had been doing very, very well particularly with our recently launched newer product portfolio and here more specifically Xarelto and Eylea.

Secondly, continued to develop our pipeline, not only organically, but this is what we have done very, very successfully over the last years, by meaningfully amending our own pipeline with external innovation ideally with in-licensing and M&A. We have a fair chance to create some value and that of course means also that mid term growth and margin aspirations need to be delivered on in order to create that value, and that be continued to strike the right balance between margin and profitability on one side and on the other side sustainability for the next decade plus to come.

That also translates into an upgraded peak sales guidance for the products you know the five products Xarelto, Eylea, Xofigo, Stivarga and Adempas. We are taking it up from the prior guidance of sales potential at peak of greater 7.5 billion to now greater 10 billion, but it's not at but greater than 10 billion that what we see here. Consumer we have been in the business of building leading brands. We have a highly consolidated portfolio of very, very large consumer brands that we have very successfully developed over time. We need to further drive these brands in key markets. We have adjusted our model and Erica will go into a little bit later on where we select and where we invest behind these brands. So it's a more sophisticated approach compared to the last years, and last but not least that we also continued to accelerate innovation in the business.

This is the brand portfolio many, many well-known brands as all of you know both the Legacy, Bayer and Roche brand, but also the new in our consumer care brands that were added in 2014. But overall, all the things are going well. We cannot claim that we have achieved everything that we wanted to achieve with the aspiration that was connected to the acquisition of the Merck OTC business in 2014. We have already said that in terms of generating cost synergies here we are ahead of target for 2015, 2016 and also into 2017 yet that cannot compensate for the fact that we have actually had to deal with right from the get-go.

Number one, there was a base effect where the businesses that was expected to be handed over had a top line of about 100 million lower than what was actually presented during due diligence. We had to discontinue continue a few products. The new product development was not nearly as good as it was presented and there was limited ability to do due diligence in a highly competitive process. And you could take all of that together, we simply have to come to terms that we will not be able to generate the top line synergies we had expected within the timeframe we had expected. And at the same time we have to invest behind some of the brand that needs further investment in order to put their full potential. Most important to mention here Dr. Scholl's and Coppertone. Very attractive, high value, brand equity, but it needs further investment in order to get to the full value and that is actually what we also see in the adjusted mid term aspirations of our OTC business.

CropScience

CropScience, I think I can keep it very, very short. It is about creating a product portfolio that is better adjusted in a component to each other and with that will yield significantly better results in the hands of our customers. The way that I always try to explain it to myself is that the meaning of the integrated offering is that what you see in a paint shop where you can go either buy different components and put them together to paint the car or what have you, and you have to rely on your own experience in order to get the certain result, or you go and buy a system that yields a guaranteed result based on optimally adjusted components. And as long as you apply it according to instructions, that yields a superior result. That is what the integrated offering is all about driven by chemistry, seeds, biological, agronomic advice and the significant power of analytics that would come with that combination.

So the main benefit of course, scale breadth, significant R&D funding I will come to that in a second. A very well fed pipeline across the entire spectrum of products in crop. The integrated solutions are already mentioned and then a significant further value driver which will probably ultimately result in being a platform for the industry and that is the digital farming platform that Monsanto would bring to the table. R&D 4.5 billion in 2015, we are significantly setting up our R&D funding in order to drive the long term value and development of our business. You will see that roughly 60% of our R&D funding goes into pharma and inside of that if we talk about the potential under-funding of pharma, the organic funding of pharma is not driven or limited by our M&A and portfolio activities. It is purely a function of our margin expectations.

And yes I think we found a way to balance margin expectations and the need to further invest into R&D and I think you see fairly impressively here that our R&D margin is edging up in order to cater to the further development needs of our portfolio. This year alone roughly 400 million higher compared to last year, and I think is actually significantly higher increase expenditure-wise compared to the top line growth we have and that will continue with us edging up towards the higher end of the R&D margin we have been guiding for. Main projects and that is something we will go into further detail on later on, is our new mid term pipeline that is going to result overall in a peak sales potential of 6 billion.

We are quite excited about an anetumab, to just mentioned one that have, that has a sales potential of bigger than 2 billion have approved in multiple cancer such as mesothelioma and ovarian. Again, more to go into later on in the pharma and in the breakout sessions. Also, in terms of lifecycle management and new pharmaceutical product coming to market, you will see as illustrated by this picture, again, deeper dive later on that we are well equipped to manage our business going forwards. We do not see the concern that some people have that we are rapidly approaching a major patent cliff. Just one remark on this one, Xarelto is our biggest product. It will continue to be our biggest product and this is not going to go off-patent any time near. If you just look at the US, which is a key market for us, patent expiration in the US if you had the pediatric extension is only going to be in the later part of 2025.

Yes, so regardless how you want to look at this, this is a mid-lifecycle pharmaceutical portfolio. There is significant momentum and growth in it, and not and end of lifecycle portfolio that is nearing, rapidly nearing patent expiration. Consumer health driven by customer-centric innovation, a lot of new product with incremental innovation that is as seen as valuable in the hands of consumers that is what our new product development is very good at. In Consumer Health, we continue to fund here also, significantly also more than we thought we were going to do in 2014. And then last but not least, just a very, very quick glimpse on what the combined R&D budget for our crop business would look like. Pro forma it would be €2.5 billion in R&D funding which is 50% higher than the next nearest competitor and roughly twice the R&D funding of the Syngenta-ChemChina combination. And that I think gives you also some perspective on how powerful in the long run that combination is going to be driven by its ability to generate real true innovation that is going to increase yields and value in the hands of farmers around the world.

Summary

In summary, what is Bayer about and what will Bayer further evolve into? We are and will continue to be a leading life sciences company that is focusing on value creating portfolio management. A very, very strong focus on operating performance and us delivering again the objectives we set and communicate. And last, but not least and that is the lifeline of our business a true innovator in the field of business we are in. With that, let me conclude my remarks and I will hand over to Dieter who is going to talk about our pharma business. Many thanks.

Presentation

Dieter Weinand

Head of Pharmaceuticals, Bayer

Thank you Werner. Good morning ladies and gentlemen. It is a pleasure to be here today. I will talk to you a little bit about some of the recent developments and provide a perspective on our pharma business. Over the past couple of years as you know we have been able to build a very rapidly growing pharma business. And this growth primarily attributable to the range of products that we launched since 2008, mostly importantly Xarelto and Eylea. Xarelto which was discovered at Bayer and co-developed with Johnson & Johnson today is the leading anticoagulant. Eylea back of the eye retinal therapy, we co-developed with its originator Regeneron.

Based on the excellent performance during the first half of the year our expectations for the remainder of the year have improved and therefore we are actually raising our guidance for 2016. We now expect sales to increase in the high-single digit percentage range, but we plan to increase adjusted EBITDA in the low teen percentage range. At the same time, we aim to improve our EBITDA margin before special items. Given the strong growth dynamic in the first six months of this year, we now plan to grow sales of the recently launched product towards 5.5 billion in 2016 and we expect the big contributions to continue to come from Xarelto and Eylea with growth towards 30% percent for Xarelto and at least 30% for Eylea.

Mid term, we aim to continue our profitable growth. For sales, we aspire to achieve a CAGR of around 6% between 2015 and 2018. And we aspire to achieve an adjusted EBITDA margin between 32 and 34%. Noteworthy as Werner already alluded to is when we stated for the radiology business which was until January of this year we put it under the Consumer Health result, and now the numbers are included in Pharma. We come from a EBITDA of 30% in 2015. The aspiration of that margin corridor also considers continued increases in our R&D investment. We continue to expect the recently launched products to be the major contributors to our growth going forward.

Based on our previous performance we gain increased confidence in the potential of these products and therefore upgrade our aggregated peak sales estimates from previously at least 7.5 billion to more than €10 billion. Notably, the Xarelto peak sales are now estimated above €5 billion and this number is comprised of sales that we book as Bayer ex-US plus the royalties we receive from our partner Johnson & Johnson on US revenue. Eylea peak sales are now estimated above €2.5 billion and again this only reflects the sales that Bayer booked in the ex-US territory. The key component of our future growth beyond 2018 is the number of potential new products from our pipeline. We gained more visibility into the profile of a number of this asset, and as a consequence be more confident to talk about the commercial potential at a greater level of detail than previous.

For the selected part I have shown on this slide, we estimate at least €6 billion in aggregated peak sales. Regarding Copanlisib, it is a pleasure to inform you that we now have the phase two data from the CHRONOS study in-house. And the top line data suggess,t more than suggests that the study made it primary endpoint. I will talk a little bit more about the other assets later in my presentation. We already spoke about the growth expectations going forward. I will now try to explain how we think we would actually facilitate this future growth. We are implementing a focused leadership strategy the core complement of which are to build on the leading positions we have already achieved, to establish a very focused segment leadership in positions in oncology and to fully realise the potential of our pipeline.

Let me elaborate on that first point, building on our existing leading position. We have a fantastic cardiovascular franchise and we aim to build on that position. Obviously, thrombosis franchise is key and we are committed to fully invest in Xarelto's lifecycle management. We also plan to establish a position in heart failure. With the pipeline that we have, notably Vericiguat, we are positioned well to achieve this. In Nephrology, we are making good progress with our Phase III programme with Finerenone. We are pursuing out licensing options for Molidustat in order to maximise the value of this asset. At the same time, we are advancing our early pipeline that we build over the last two years.

Last but not least we own and utilise a range of well- established product including Adalat, Glucobay and Cardio Aspirin which are particularly big in some of the emerging markets. Looking more specifically at Xarelto, it has been a particular success story. It now has achieved top 15 global brand status according to IMS. We now raised the peak sales estimates for a second time. We believe future growth will be supported by a number of factors. First, the continued expansion of the adoption of new anticoagulant in patient population previously receiving less effective treatment or no treatment at all. Second, as the population ages we expect growth from newly diagnosed patients. We also expect switches from Warfarin to continue to increase as Warfarins and base of Warfarin patients is still quite large.

And we also expect growth in new patient population once the studies have been completed and approvals and these new indications have been granted. We have established a full and comprehensive lifecycle management programme for Xarelto to explore potential new indications. This is complemented by studies seeking to shape the profile of Xarelto in specific patient population, in granted indications and supported by real world evidence studies. This slide illustrates an important aspect. We addressed the full range of indications and settings overall. Another important fact is that there are two organisations Bayer and Johnson & Johnson fully committed to support this comprehensive programme.

You will find details of the individual studies in your handout material. I mentioned that we aim to build a position in nephrology. Finerenone has blockbuster potential and has start to become our cornerstone in nephrology. Chronic kidney disease remains a serious health issue globally with complications from diabetes accounting for 30 to 40% of CKD. Once patient suffer from CKD with diabetes they have a high risk of cardiovascular mobility and mortality. They are running two full Phase III studies that have either cardiovascular or renal outcome endpoints respectively and we are progressing well with these programmes.

Vericiguat is a novel sGC stimulator that we are developing together with Merck. We presented the data from the Phase IIB study with patients in HFrEF last year. In this study, Vericiguat dose dependently reduced NT-proBNP in heart failure patients and I am delighted to report that the clinical programme has advanced and the Victoria Phase III study in HFrEF is now been initiated with our partner. I mentioned our plan to establish a focused leadership position in particular segments of oncology. Here we build on our growing brand such as Xofigo in prostate cancer where Xofigo is used to treat symptomatic bone mets.

ODM could add another opportunity in prostate cancer. We have build a strong position in liver cancer with Nexavar. And our future position would be supported by the fact that Stivarga recently demonstrated a significant overall survival benefit in the Phase III trial and we plan to file in second line HCC on this basis. We have stated in the past that we have a rich body of pipeline oncology. We are now striving to focus our R&D efforts to support the most promising project that could differentiate us from the competition. Now our launched pipeline over the next couple of years looks quite promising indeed. I already mentioned Xofigo. This slide specifically shows of you how we want to expand in prostate cancer.

We currently are studying Xofigo in combination with other therapies targeting asymptomatic or mildly symptomatic patient. Because of its mode of action Xofigo is the first-in-class alpha radiation emitting agent. It conceptually is well positioned for combining with existing therapies. The expansion to earlier stages will significantly increase the number of patients accessible for Xofigo. ODM could add to our position in prostate cancer. We have recently announced that we are expanding the Phase III programme from non-metastatic castration resistant prostate cancer to hormone-sensitive metastatic prostate cancer thus covering a very broad range of patients suffering from prostate cancer.

We believe that this step was wanted based on the profiles that we have seen for ODM thus far. I mentioned the attempt to focus our R&D efforts in oncology. We built a differentiating R&D portfolio in two areas. First, targeted thorium conjugate. No other company has this platform. And second we also built what we believe to be a competitive R&D position in antibody drug conjugates. We achieved this in-house as well as via collaborations that gave us access to antibodies, linkers and toxophores. Basically with the targeted thorium conjugates, we capitalise on our Xofigo experience. Thorium is an alpha radiation emitting agent. In contrast to radium, thorium can be bound to antibodies and guided in the targeted way to specific tumours which will decay in the mid-alpha particle which so as the concept will then kill the tumour.

Activity has been demonstrated in pre-clinical models of AMLs, lymphoma, prostate, breast cancer and a variety of additional tumours. We recently initiated a clinical study in lymphoma with the first conjugate and we plan to expand a clinical programme targeting solid tumours going forward. Anetumab ravtansine was already mentioned by Werner and I am quite excited about is antibody drug conjugate with the monoclonal antibody targeting mesothelin. Mesothelin is an over expression a variety of tumours including mesothelioma, ovarian cancer and a number of others. The antibody is coupled to a toxophore which acts upon tumour cell. Based on the very promising data from Phase I we initiated registration of Phase II programme in mesothelioma. We have made very good progress with this programme and we aim to explore Anetumab ravtansine in a number of additional tumour type.

So in summary in my presentation, I explained that we expect for pharma growth to continue going forward. That this growth is driven primarily by our recently launched products where we now estimate peak sales north of €10 billion. I highlighted a few of the promising pipeline assets that we think have an aggregated peak sales potential of at least €6 billion. And if things go according to plan the first launch according to plan is starting from

2018. Strategically, we aim to build in our leading position in the respective therapeutic areas like cardiovascular. And in oncology, we are focusing our R&D effort and strive to build specific segment leadership. This concluses my remarks and I look forward to discussions in the breakout session. At this point, I would like to pass it on to Erica so to speak about the Consumer Health business.

Investors Presentation

Erica Mann

Head of Consumer Health, Bayer

Good morning. Thank you Dieter. I am really pleased to share with you today a bit more detail about our Consumer Health business including our current performance as well as the positive outlook we have for future growth and development. But before I start talking about that, I would like to just talk about what is happening externally. It is important to recognise that we expect the consumer health industry or self-care to continue to accelerate due to a number of external trends and accelerating trends.

The first of this is an ageing and much more educated population is putting greater demand on prevention of chronic diseases. And the number of people over the age of 60 actually has tripled over the last 50 years, and is expected to triple again over the next 50 years. We also see that consumers are having an increasing desire to control their own health. If you look at healthcare information in fact it is one of the most popular searches on the web, if you dig into deeper into google, you will see that one out of every twenty searches are healthcare-related. And in fact there are over 40,000 health-related apps available as well. In addition, we see that online sales of OTCs are fairly increasing giving consumers' new access to self-care solutions. And if you look at healthcare costs across the world it continues to soar and we predict that in fact governments and private insurers will start advocating more for greater self-care and make more OTCs more freely available.

I do not have to remind you that in the US alone healthcare costs are almost reaching $3 trillion a year. Now over the past few years we have noticed that our Rx to OTC switches has actually fuelled the OTC market growth. And the recent study in the EU indicated that if you have a shift of about 5% from Rx product to OTC product it could result in about €16 billion savings. So there is real economic reason and incentive to switch more drugs. Now leading companies like Bayer have recognised these trends and we are working hard to encourage the expansion of this healthcare industry.

Here are a few examples of how we are advocating for the expansion of access to self-care products. We are providing more medical education to healthcare professionals about the validity of nutritional supplementation, to clinical research as well as ongoing industry conferences. We are participating with a number of or partnering with a number of advocacy groups and also multilateral organisations such as the White Ribbon Alliance and the United Nations to promote and publish self-care policy recommendations and programmes to support both maternal health, child health and new born health. And we are raising awareness about the prevalence of neural tube defect as part of our geographic expansion of our clinically proven prenatal supplement Elevit.

Now Bayer's commitment to advancing healthcare is also reflected in how we have built up positions over the past 10 years in this industry. We have also strategic intent. We have created a leading nutrition and by way of not only long term organic growth, but also by acquisitions. Take acquisitions like Roche in 2005 by which Bayer built the presence in Europe as well as in the nutritional and dermatology category. And then if you look at Sagmel and Topsun this provided early entry into Russia and into the CIS market. Most recently, Steigerwald, MCC and Dihon further built our scale and scope in the United States and in China and in the growing naturals market.

Furthermore, back in 2012, we then began to really focus our investments in China, Russia and Brazil to ensure that we built critical mass in this very important markets. This effect of the very systematic investment has created a €6 billion business. The number one OTC position globally with 16 blockbuster brands and leading positions in key OTC categories. Now I will speak to the progress by which we have made by developing our brand a bit later. As you can see in this slide, we have a proven track record for outperforming the industry and have shown a steady growth year-over-year.

The 2014 MCC acquisition truly transformed our position in the OTCs and the US business. As well as in the cold and allergy section and this category is really important in the OTC industry. However, 2016 was a consolidation year digesting the MCC acquisition particularly in the United States. As Werner mentioned we found that some of the MCC brands have in fact been under-invested both in terms of pipeline development and consumer promotion. We have also experienced the effects of a soft cough and cold season as well as the soft allergy season and a slow start to the summer seasons.

In addition the slowdown in the emerging markets also affected our business which grew slightly below the market in the first half of this year. Now given these challenges we brought our guidance for 2016 to low-to-mid single-digit increase and EBITDA level prior similar to prior year. However, despite these short term challenges, the longer term asset remains very positive for this business and we expect to be back to above market growth in the near term. Here you can see our mid term aspirations for both sales and profitability. These are very much achievable goals based on our proven track record, but it is also important to note that based on our estimates, our profitability of 24% is within the top tier of the industry, and it is well ahead of many of our competitors.

So now let us talk about how we are going to just sustain on market share and at the same time improving our profitability. Our strategy was to become a global leader in consumer health and we have achieved that position. And we believe that we have the right portfolio and geographic presence to both drive share and profitable growth in the long term. We are focused on four key levers. First is driving growth in our key markets Brazil, Russia, China and the United States. We will continue to focus on building category leading brands by using our brand-building capabilities and techniques. We will accelerate our consumer-centric innovation including switch to develop a robust pipeline and we will work hard on increasing and enhancing our capability including digital activation across all aspects of our business.

So let us then give you a little bit more detail about our plans for our key markets.

In the US, where we have a leading position in the world's largest OTC market, we also have an enviable portfolio of leading brands. Our strategy here is to focus within our expanded portfolio on core brands like Claritin, like Aleve, Coppertone and Dr. Scholl's to drive growth.

Our current challenges in this market are to rebuild this innovation pipeline, to restage Dr. Scholl and Coppertone behind refreshed activation plans and to also reverse the effects of vast, chronic underinvestment.

As I mentioned, 2016 was also impacted by soft cold and flu and allergy seasons, as well as a slow start to the summer season. We also experienced some significant competitor reentry and activity which we do not expect to continue in outer years.

Now, on the positive side, we have experienced strong momentum on brands like Claritin, on Miralax, on One A Day and others and we will continue to build on this momentum.

In emerging markets, our strategy is to reflect the reality of the overall economic slowdown by shifting our focus to profitability. We have built significant scale in these markets, both organically and inorganically and we have moved into the number two position in both China and in Russia and to the number six position in Brazil.

We now expect to leverage this scale by maintaining prudent investment levels and capitalising on the longer-term growth expectations for these markets.

Talking about brands, we have a truly enviable portfolio. You will know that Nicholas Hall credits us with 12 brands over €100 million. But when you add in Dr. Scholl and Coppertone, Rennie and Skinoren, which are also all above €100 million, that makes 16 brands out of 122 in the entire industry. So you can really say that we have triple our fair share of blockbuster OTC brands. But building brands takes a long-term perspective. Our success has come from continued and sustained investment in consumer communications, in innovation and a sharp focus on our customer and trade partners. And our success is played out in our brand performance.

Take a brand like Bepanthen. It is approximately 70 years old and has a five and ten-year CAGR of over 10%. Or take a brand like Elevit, a 30-year-old pre-natal supplement with a five and ten-year CAGR of over 18%. Building brands is a core competency of this division and we have been able to demonstrate this ability with all our previous acquisitions. And let me give you a little bit more detail on this.

We bought Roche Consumer Care in 2005. At that time, we found an underinvested portfolio, focussed primarily in Europe, with limited innovation and under our leadership, we achieved a 7% CAGR, geographic expansion to emerging markets and an average growth of two points above the market. Brands like 20-year-old Aleve, with annual sales of €226 million in 2005, have nearly doubled to €413 million in 2015. 70-year-old Bepanthen, with annual sales of €96 million in 2005 has almost quadrupled to €355 million in 2015.

The Sagmel acquisition gave Bayer entry into Russia and the CIS and we have developed the business there at twice the market growth, with brands like Theraflex, which had annual sales of €29 million in 2008 to reach €46 million in 2015.

Steigerwald gave Bayer entry into the fast-growing naturals market. This 55-year-old Iberogast brand had annual sales of €46.7 million in 2013 and we have increased that to €75 million in 2015, with further expansion in Germany and in Russia.

It really does take a long-term commitment to build brands. It takes consistent investment and proven brand-building techniques and this is exactly what we will do with the ex-MCC brands.

I would now like to give you some specific examples. Claritin, which was part of the Merck acquisition, has been built through ongoing innovation, a clear and consistent positioning and an appropriate level of investment over many years. Please note this was not the same condition we found either Coppertone or Dr. Scholl in.

The components of Claritin's brand equity come from strong consumer awareness, which was built over many years of direct-to-consumer advertising in the US, also having a long-running Live Claritin Clear campaign, a tagline which we are still using to today. And it's had a steady introduction of innovations, such as Claritin-D and then the most recently-launched ClariSpray.

Claritin is now the largest brand in our portfolio, with strong potential for further growth around the world.

Let me give you another example. Elevit, a pre-natal vitamin which we acquired through the Roche acquisition, has been developed through building equity and geographic expansion and this has required an ongoing commitment to sustained investment over the past ten years. Notably, Elevit is the only pre-natal supplement with a clinical trial that has successfully demonstrated the importance of pre-natal supplements and this clinical heritage is also what helps Bayer stand out amongst its competitors.

But that is not all. We have further developed this brand and stretched it beyond just conception and pregnancy into fertility, including men's fertility and to also provide nutritional support for breastfeeding mums.

Another cornerstone of our strategy is accelerating consumer-relevant innovation. Our approach is to tailor innovation to the needs of our different businesses. For example, nutritional, personal care and OTCs and also by leveraging the Rx-to-OTC switch capabilities which we acquired through the Merck acquisition. This is also an important side of our strategy.

It is important to note that if you look at the US market, that what has driven growth over the last three years has actually been switches.

What you see here are some examples of the innovations that we have already introduced this year. And as you can see, we increasingly need to develop a wide range of different types of innovations, beyond the standard flavours and form extensions. And a great example of how we do this is Canesten.

We have extended Canesten treatment into easy diagnosis and prevention. Canestest is a consumer self-test for vaginal infection and this is augmented by a whole range of treatment and prevention options. Our brand benefit here is to enable women to confidently manage their intimate health in a holistic way.

Finally, we are working on a number of capability areas to further enhance our productivity, which in turn should lead to great efficiencies and margin improvement. An example of this is customer excellence, where we are building key capabilities that will improve our partnership with retailers and key accounts.

We also have been working very hard on digital. I would like for you to just take a moment to watch this video, which will just give you a very brief glimpse into the type of work that we are doing around our digital activity.

[VIDEO]

In closing, we will continue to drive for long-term and continuous positive change in the self-care industry. And in the short term we will address the headwinds we are facing in the emerging markets and in the United States. We fully expect to be outpacing market growth again in the mid-term and we will do this by focussing on our key markets, by continuing to build category-leading brands, by accelerating our innovation pipeline and increasing our productivity.

Thank you for your attention and I would now like to hand over to Liam.

Investor Presentation – Crop Science

Liam Condon
Head of Crop Science, Bayer AG

Thanks Erica, good morning to you all and thank you for your strong and growing interest in our crop world. I have to say that was the first time, last night, that the interest in the crop world accompanied me to the toilet and I am very glad we can continue the discussion here in a more hygienic environment.

Maybe before I explain to you what the combination of Bayer and Monsanto is all about, just a little bit from the 40,000-foot view: what are we actually trying to achieve here? What is the big societal issue that we are dealing with? And here it is of course about, at the end of the day, feeding the world. And the reality is that we are going to have to feed a lot more people on less land, with less farmers at a time when the planet is getting hotter and dustier than ever and when there is, more than ever, constraints on natural resources.

And I think the Secretary of State for Agriculture of the US, Tom Vilsack kind of summarised it nicely last week when he was interviewed. He was asked about industry consolidation and what his expectations were and he said, 'You know, we are going to need more innovation in agriculture in the next 35 years than we have had in the last 10,000 years.' And I think our proposition today is that one of those engines, possibly the primary engine of that innovation, will be the combination of Bayer and Monsanto.

I would like to explain a little bit what this new company will look like. If you look at it from a sales point of view, pro forma, these are the 2015 numbers, what you can see is this company is a very clear leader, more than 50% higher sales than the next biggest company, in an exceptionally consolidated industry, so a very, very strong position overall.

What will characterise this company? Several, or multiple aspects. One, this will have the broadest, most comprehensive portfolio in the entire industry: seeds and traits, crop protection and the digital ag platform. It will be a truly global footprint; it is a very complementary acquisition that we are actually making here, Bayer being primarily crop protection, Monsanto being primarily seeds and traits; Monsanto being primarily big in the Americas, us in the rest of the world. So it is very, very complementary.

What we will be creating is an innovation engine and this we will talk a little bit about and show what this will look like but really an innovation engine that will allow us to create truly integrated solutions and with this we will expect to clearly be able to outperform the market and as Werner said, get to an EBITDA of north of 30% after year three post-close.

So if we go through the individual elements of that, what does the portfolio look like from an indication point of view? You can see here, again, that the Bayer-Monsanto part, Monsanto being primarily seeds and traits, the blue part being Bayer, primarily crop protection. And then going through herbicides for weed management, fungicides treating plant disease, insecticides, pest control and seed growth that protects the seeds at the early stage of development. And the environmental science is basically using the active ingredients that we find in the crop business for uses outside of the agricultural area, for example industrial vegetation management.

So that is the overall portfolio. The balance, you can see very clear here is that it is quite a balanced portfolio between crop and traits and this is the first time that we would have this balance, overall, in the portfolio.

From a geographic footprint point of view, a couple of points to note here. One is we would be relatively overweight in the highest-value market of North America. So if sales value is indicated on the right-hand side, the way you read it, 24% of the industry sales are in North America; 45% of the combined Bayer-Monsanto sales will be in North America. This is, of course, the highest-profitability market, so relatively overweight there.

In other regions, we are relatively balanced. Where it looks somewhat distorted is particular in Asia-Pacific. I would say there is an underrepresentation. 27% of industry sales are in Asia-Pacific, 9% and primarily driven by Bayer Crop Science in Asia-Pacific. The reason behind this is the market in Asia-Pacific is highly genericized. So both of the big R&D-based companies actually have relatively small sales in Asia-Pacific and here there is actually tremendous growth potential for all companies but particularly for our company going forward. Also because many governments in Asia-Pacific are really getting serious about eliminating older, more toxic generic chemicals that have been used a long time that we have taken out of our portfolio many, many years ago and looking for safer products that could be used.

And of note also is that China, in its latest five-year economic plan is promoting the use of GMOs. So here, clearly, room for growth in Asia-Pacific.

What we are most excited about, really, when we talk about integrated solutions is the combination of the best seeds and traits portfolio in the industry, the most innovative crop protection portfolio in the industry, based on chemicals and biologics and the most comprehensive ag portfolio. And I think the way you can think about this is probably on a timescale initially short-to-medium term. What we are really talking about is smarter combinations. We will have such a broad and comprehensive portfolio that we can simply put together smarter combinations that will lead to additional sales revenues but mid-to-long-term what we're talking about is really developing, from the very beginning, completely new solutions; integrated solutions that are designed from the very beginning to fit better together. And you think about it on that kind of a timescale, short-to-mid-term immediate benefits and then through the innovation engine, more longer-term benefits as well.

I will give you a concrete example of what that can look like, take soybean. It is one of the big growth drivers, clearly, for the coming decade. You put together the Monsanto portfolio, the best seeds here, Intacta Roundup Ready Pro. You can use our seed treatment, you have weed management with Roundup, then pest management and disease management for fungal disease and altogether augmented with a service portfolio.

This is combination that can be put together that is quite compelling and this is something, as you know, we have built up with the examples in the canola base already, in Canada; I think it is a nice example. And we talk about this also as an integrated strategy but this is smart combinations that we are talking about here. And why does this work and some others have tried also integrated solutions and have not been perhaps so successful? The way we position it is very clear and this is based on our canola experience. You need the best of each component, otherwise it is not a compelling offering to growers. So if you have sub-scale genetics in your seeds and you put that together with a world-class crop protection portfolio, that is still not going to be a compelling offering for a grower. If you have the best seeds, you have the best crop protection portfolio and the best advice, that is compelling. So I think the key here is you need the best of each element to really make this a compelling offering.

You can go through the entire portfolio. If you take just the two highest-value crops, corn and soy and again look at the breadth and the depth of the portfolio you will see that we have, across all relevant parameters, the most comprehensive and also the deepest portfolio in the industry, going forward.

This is not just about seeds and the biotech side, with the traits and crop protection, it is also about digital farming and we think digital farming is going to make a significant difference to agriculture in the long term. It is already, today, having an impact and the value that we see in digital farming will go in stages.

At the end of the day, every farmer needs to make a variety of decisions and there are 40 major decision that need to be made every season and a lot of it is based on experience, instinct, historical values but, as you know, the more data that can be collected, the more granular you can get in combining data from different sources and start to use that data, then, to basically make better recommendations, the more powerful digital farming becomes. And this is ultimately what it is about; there is an awful lot of data out there, satellite data, sensor technology data and data relevant to products in the field, be it seeds or crop protection and all of this is being collected, being translated into algorithms that will ultimately, or can ultimately, help farmers take smarter decisions. And Monsanto has clearly the most comprehensive digital ag platform in the industry today. We have, I would say, a nascent, a growing digital ag platform and I we believe the combination will be incredibly powerful.

Initially, this is about helping farmers again make smarter decisions and initially this is probably more part of the integrated offering as a service element. But if you think about where we are going, this can also be seen from a business model point of view, that we can go towards offering outcomes, ultimately, once we have enough data to be able to ensure the quality of the decisions that we are recommending.

So we could, for example, be offering a disease-free field instead of selling fungal disease and crop inputs. Ultimately, we may even get, one day, to the stage that we could offer a yield guarantee to growers. This might become possible and at least this is something that we are very excited about and working on and we are pretty sure, I mean we are absolutely convinced, this technology will help farmers take smarter decisions and we believe that there is also an element here that we could actually go towards a new, more outcomes-driven, business model. So a lot of excitement around digital farming here as well.

The real kicker, though, as well that comes in is mid-to-long-term: the real ability to generate true integrated solutions from the very beginning. Because what we will have is, at the end of the day, a world-class biotech platform, with Monsanto and Monsanto is a biotech company exceptionally strong in genetics, genomics. We have a world-class chemistry platform and together we will have an exceptionally strong data sciences platform. And as you all know, real innovation tends to come at the intersections across disciplines. What we can do, for the first time really at scale, is look at problems from an interdisciplinary point of view and take a systems approach to innovation. And here we see tremendous potential to generate not just new products but also products faster because then we can develop products in parallel, as opposed to sequentially, which is what is, let us say, the norm in the industry today.

So fantastic potential here and Werner has already shown this but I want to highlight this slide because this whole combination is all about innovation and growth and if you look at the power that will be behind this, 50% more spending than the next-biggest company in the industry, twice as much as the third biggest, this is an awful lot of power and I would like to emphasise this is an area that we will not be short changing going forward. I will talk about this in a second; we do have synergy targets but here is an area that we see as our future growth driver and this will be the engine for us, going forward with 10,000 of the most, I would say, qualified scientists in the ag world, all working on major challenges we are facing.

Even ahead of that pipeline, that integrated solutions approach coming to market, you have to remember we both have strong pipelines today and this is just one example: soy, again. If you go through the soy pipeline of Bayer and Monsanto, combined, what is coming out is quite exceptional. Again, if you look at the depth and quality of what is coming out of this pipeline and this is all coming now over the next years, it is quite an exceptional pipeline and this is only one crop of all of the strategic crops that we will be putting together. So a very, very strong pipeline coming out here.

A point on synergies: I have already mentioned we have a clear target, $1.5 billion after year three; 80% cost, 20% revenues. Of the 80% cost, 70% is SG&A and this is a lot of cost related to typical things like infrastructural cost, IT systems; we both have fully-fledged IT systems and we will only need one IT system going forward, also, to be successful from an integration point of view. Public company expenses, there is a lot of cost behind and clearly Monsanto, going forward, will not be a publicly-listed company, so this is expense that simply disappears. And there are plenty of other costs that we can take out of the system.

And the remaining 30% is a combination of, on the one side, R&D and the other side COGS synergies; COGS synergies being also, for example, related to procurement, where, for sure, there will be significant synergies. R&D is not about cutting, per se, R&D is about eliminating overlap, because it makes no sense, for us, where we have basically the same infrastructure, to have overlap in the organisation. Just a very simple, concrete example here is trait research. Monsanto has world-class trait research facilities in St Louis. We have a smaller trait research set up in RTP. We do not need both going forward, so this would be one example but this is about eliminating unnecessary overlap and this is the approach that we take here. The vast majority of these cuts will come from SG&A.

And sales synergies, 20% as already indicated through smarter combinations short-to-mid-term and longer-term through integrated solutions that are developed more holistically from the very beginning.

So this is basically, in a nutshell, what the new company is all about. Clearly the number one company in the industry, I mean this is clearly the prime asset, the premium asset in the industry, with the best seeds and traits portfolio, the most innovative crop protection portfolio, the most comprehensive digital ag portfolio.

We have the ability, short-to-medium term, to create much smarter combinations, also powered by more granular digital ag advice for farmers and mid-to-longer term to generate new and faster innovations through the innovation engine that we will be creating, with an interdisciplinary approach to innovation.

And then finally we have our very clear metrics for measuring our own success and as was already mentioned earlier, for sure, with this type of a portfolio it is our ambition very, very clearly and needs to be to grow above market. Anything else would simply not be acceptable. We want to have a margin clearly north of 30% after year three post-closing and earn cost of capital after year four post-closing.

So this is what the combination of Bayer and Monsanto is all about and we look very much forward to sharing further details with you in the break-out session. Thank you very much.

[END OF TRANSCRIPT]