



Q2 2019 Analyst and Investor Briefing

July 30, 2019

- Bayer on track in operational business
- Group sales increase to €11.5 billion (Fx & portfolio adj. +0.9%)
- EBITDA before special items advances to €2.9 billion (+24.7%)
- Crop Science sales decline (Fx & portfolio adj. and pro forma) in challenging environment; substantial earnings growth due to acquired business
- Pharmaceuticals posts higher sales and strong earnings growth
- Consumer Health increases sales and earnings
- Net income €0.4 billion (-49.1%), held back by special items for restructuring and impairments
- Core earnings per share €1.62 (+5.9%)
- Group outlook confirmed yet ambitious

The full Quarterly Statement is available at <https://www.investor.bayer.com/en/reports/quarterly-reports/>

Group Key Figures for Q2 2019

Euro million	Q2 2018	Q2 2019	% y-o-y	Consensus**
Sales	9,481	11,485	21.1 / 0.9*	11,566
Volume	9.9%	0.4%	•	•
Price	-1.4%	0.5%	•	•
Currency	-5.8%	1.2%	•	•
Portfolio	6.1%	19.0%	•	•
EBITDA	2,031	2,486	22.4	•
Net special items (EBITDA)	-317	-441	•	-283
EBITDA before special items	2,348	2,927	24.7	2,983
EBIT	1,346	926	-31.2	•
Net special items (EBIT)	-362	-859	•	•
EBIT before special items	1,708	1,785	4.5	•
Financial result	-323	-477	-47.7	-469
Income taxes	-215	-44	•	•
Income after income taxes	808	405	-49.9	•
Net income	794	404	-49.1	858
EPS (Euro/share)	0.87	0.41	-53.4	•
Core EPS (Euro/share)	1.53	1.62	5.9	1.68
Delta working capital	862	202	•	•
Operating cash flow	2,240	1,600	-28.6	•
CapEx (cash relevant)	-459	-458	0.2	•
Euro million	Mar. 31, 2019	June 30, 2019	2018 figures restated *) Currency and portfolio adjusted sales growth **) Consensus figures as of July 18, 2019 provided by Vara Research GmbH	
Net financial debt	36,740	38,808		
Pension provisions	8,865	9,799		



Core Earnings per Share

<i>Euro million</i>	Q2 2018	Q2 2019
EBIT (as per income statement)	1,346	926
Amortization and impairment losses / loss reversals on intangible assets	409	1,075
Impairment losses / loss reversals on property, plant and equipment, and accelerated depreciation included in special items	2	7
Special items (other than accelerated depreciation, amortization and impairment losses / loss reversals)	317	441
Core EBIT	2,074	2,449
Financial result (as per income statement)	-323	-477
Special items in the financial result	106	56
Income taxes (as per income statement)	-215	-44
Special items in income taxes	0	0
Tax effects related to amortization, impairment losses / loss reversals and special items	-236	-387
Income after income taxes attributable to non-controlling interest (as per income statement)	-6	-1
Above-mentioned adjustments attributable to non-controlling interest	0	-1
Core net income from continuing operations	1,400	1,595
Weighted average number of shares (<i>million</i>)	915.69	981.73
Core earnings per share from continuing operations (Euro)	1.53	1.62

Prior period figures restated

Corporate Outlook for FY 2019

Based on the business development described in the half-year financial report 2019 and our internal planning, we confirm the outlook published in February in our Annual Report 2018 for the Bayer Group and its segments for fiscal 2019 with regard to currency- and portfolio-adjusted sales growth and the further key data. However, this outlook is becoming increasingly ambitious in view of the challenging environment for our Crop Science business.

Crop Science in Q2 2019

<i>Euro million</i>	Q2 2018	Q2 2019	% y-o-y	Consensus**
Sales	3,011	4,788	59.0 / -3.1*	4,879
EBITDA before special items	644	1,075	66.9	1,143
EBITDA-margin before special items	21.4%	22.5%		23.4%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of July 18, 2019 provided by Vara Research GmbH



Crop Science Sales by Strategic Business Entity

Euro million	Q2 2018	Q2 2019	% y-o-y	%y-o-y Fx and portf. adj.
Crop Science	3,011	4,788	59.0	-3.1
Herbicides	1,028	1,337	30.1	-1.5
Corn Seed & Traits	134	941	•	-25.9
Soybean Seed & Traits	147	481	•	-31.0
Fungicides	709	661	-6.8	-7.3
Insecticides	329	388	17.9	16.3
Environmental Science	183	286	56.3	8.9
Vegetable Seeds	128	178	39.1	17.9
Other	353	516	46.2	-10.3

- Price +0.3%, volume -3.4%, currency +1.1%, portfolio +61.0%
- Crop Science sales rose by 59.0% on a reported basis, thanks mainly to a positive portfolio effect of 61.0% due to the acquisition of Monsanto (€2,320 million) less the prorated contribution from the divested businesses in the prior-year period (€484 million). Overall, business was significantly impacted by extreme weather conditions. In particular, flooding and heavy rains in the Midwestern United States and drought in large parts of Europe and in Canada had a negative effect. The ongoing trade disputes involving the United States also weighed on business. Sales were down by 3.1% after adjusting for currency and portfolio effects, with the acquired business only taken into account for the period June 7 to June 30. This decline was mainly the result of a considerable drop in sales in North America. Significant gains in Latin America did not offset this effect.
- Sales in **Europe / Middle East / Africa** rose by 11.0% (Fx adj.) to €1,092 million. The portfolio effect amounted to €126 million. Adjusted for currency and portfolio effects, business declined by 1.8%. SeedGrowth (Other) saw lower sales following a loss of registrations in Europe, and business at Fungicides also receded due to the exceptionally dry weather conditions in parts of Europe. Insecticides, however, posted encouraging gains.
- Sales in **North America** advanced by 120.2% (Fx adj.) to €2,397 million. There was a portfolio effect of €1,438 million. The 13.5% decline after adjusting for currency and portfolio effects was primarily due to the extreme weather conditions.
- Sales in the **Asia/Pacific** region increased by 4.2% (Fx adj.) to €533 million. The portfolio effect here was €30 million. Adjusted for currency and portfolio effects, business declined by 1.7%. Sales of our Herbicides and Insecticides in India moved back as a result of anticipated shifts in demand into the third quarter.
- Sales in **Latin America** advanced by 72.4% (Fx adj.) to €766 million. The portfolio effect was €241 million. Adjusted for currency and portfolio effects, sales moved ahead by 17.7%. Growth in this region came from volume increases for Herbicides, Fungicides and Insecticides in Brazil.
- The increase in **EBITDA before special items** of Crop Science was largely attributable to the earnings contribution from the newly acquired business. Earnings were diminished by the decline in sales, the absence of the earnings contribution from the businesses divested to BASF, inventory write-downs and a negative currency effect of €26 million.

Pro-forma Sales of Crop Science by Business Unit (unaudited)

Due to the scope of the acquired activities and the seasonality of the business, we are presenting sales by strategic business entity on a pro-forma basis in order to more transparently reflect the underlying operational business development for the combined business of Crop Science and Monsanto, among other reasons. In this context, sales are presented as if both the acquisition of Monsanto and the associated divestments had already



2019	2018
42,127	42,339
4,824	5,558
5,772	5,944
7,422	8,442
8,452	8,822
20.2%	20.2%
4,107	-8,525
2,159	2,428
2,26	4,14
2,82	6,02



taken place as of January 1, 2018. Sales from the aforementioned service agreements with BASF after the divestments closed are not included.

Euro million	Q2 2018	Q2 2019	% y-o-y	% y-o-y Fx adj.
Crop Science	5,095	4,758	-6.6	-9.9
Herbicides	1,454	1,319	-9.3	-11.4
Corn Seed & Traits	961	941	-2.1	-7.8
Soybean Seed & Traits	686	482	-29.7	-34.4
Fungicides	710	659	-7.2	-7.4
Insecticides	329	389	18.2	17.1
Environmental Science	283	287	1.6	-3.2
Vegetable Seeds	175	178	1.5	0.0
Other	497	501	0.8	-4.7

The unaudited pro forma data are presented as if both the acquisition of Monsanto and the associated divestments had taken place as of January 1, 2018. Sales of Monsanto are presented in periods as per the Bayer fiscal year. One-time effects of business operations, the accounting for discontinued operations and the recognition and measurement of sales from certain business transactions have been adjusted in line with our accounting. Due to this simplified procedure, they explicitly do not reflect sales according to IFRS or IDW RH HFA 1.004.

- Sales in the second quarter of 2019 on a pro-forma basis fell by a currency-adjusted 9.9%.
- The decline for **Herbicides** was largely the result of high inventories at distributors as well as extreme weather conditions in the United States, where flooding and heavy rains in the Midwest delayed sowing and led to lower volumes from an overall reduction in acreages planted and fewer pre-plant applications, especially for Roundup.
- **Corn Seed & Traits** sales were down, mainly because of the drop in acreages planted caused by the weather conditions mentioned and as a result of an unfavorable product mix compared with the prior-year period. In addition, business in Latin America in the prior-year quarter benefited from higher than normal license revenues in Brazil.
- The drop in sales of **Soybean Seed & Traits** was due to lower volumes resulting from the effects of the weather conditions described and to trade disputes involving the United States. Increased competitive pressure also had a negative effect.
- Business at **Fungicides** was adversely impacted by the above-mentioned effects in Canada, in particular, while in Latin America we benefited from volume gains and the registration of Xpro in Brazil.
- Sales of **Insecticides** rose sharply in the Europe/Middle East/Africa and Latin America regions as a result of higher prices and volumes. They also increased in North America due to phasing from the third quarter.
- The decline for **Other** primarily resulted from the loss of registrations for SeedGrowth in Europe. In the United States, however, we achieved significant sales growth for Cotton Seed as the result of higher volumes due to higher market share and an anticipated increase in acreages.

Pharmaceuticals in Q2 2019

Euro million	Q2 2018	Q2 2019	% y-o-y	Consensus**
Sales	4,217	4,422	4.9 / 3.9*	4,419
EBITDA before special items	1,363	1,500	10.1	1,506
EBITDA-margin before special items	32.3%	33.9%		34.1%

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of July 18, 2019 provided by Vara Research GmbH



Best Selling Pharmaceutical Products

Euro million	Q2 2018	Q2 2019	% y-o-y	% y-o-y cpa
Xarelto	891	1,007	13.0	12.5
Eylea	540	604	11.9	11.2
Mirena family	276	297	7.6	3.6
Kogenate/Kovaltry/Jivi	213	221	3.8	0.8
Nexavar	193	177	-8.3	-9.4
Adalat	165	170	3.0	3.7
YAZ family	159	167	5.0	4.9
Glucobay	151	155	2.6	3.8
Aspirin Cardio	139	142	2.2	4.2
Betaferon/Betaseron	142	120	-15.5	-17.9
Stivarga	82	103	25.6	23.9
Adempas	89	101	13.5	11.0
Gadavist/Gadovist	103	97	-5.8	-6.7
Stellant	84	95	13.1	9.6
Avalox/Avelox	77	81	5.2	5.8

%y-o-y cpa: Currency and portfolio adjusted sales growth

- Price -0.1%, volume +4.0%, currency +1.2%, portfolio -0.2%
- Sales of **Xarelto** rose significantly thanks to expanded volumes in China and Europe / Middle East / Africa, particularly Russia and France. License revenues – recognized as sales – in the United States, where Xarelto is marketed by a subsidiary of Johnson & Johnson, were down year on year, holding back overall growth.
- Business with **Eylea** continued to expand in all regions, with sales developing especially positively in Europe, primarily in the United Kingdom, and in Canada.
- We registered a decline in sales of **Nexavar**, owing mainly to the competitive market environments in the United States and Japan. Growth in China and Italy partly offset this development.
- The decline in sales of **Betaferon / Betaseron** was again mainly driven by strong competition in the United States.
- We reported substantial sales gains for **Stivarga** that resulted primarily from expanded volumes in China and Russia.
- There was an encouraging increase in sales of **Adempas**, especially in the United States and Europe. As in the past, sales reflected the proportionate recognition of the upfront and milestone payments resulting from the sGC collaboration with Merck & Co., United States.
- **EBITDA before special items** of Pharmaceuticals rose in the second quarter of 2019 by 10.1% to €1,500 million (Q2 2018: €1,363 million). Negative currency effects diminished earnings by €30 million. The robust increase in earnings was primarily attributable to higher demand and a decrease in the cost of goods sold. In addition, research and development expenses were down compared with the high level of the prior-year period and because the recognition of study costs is being phased differently across the year.



Consumer Health in Q2 2019

Euro million	Q2 2018	Q2 2019	% y-o-y	Consensus**
Sales	1,413	1,442	2.1 / 2.1*	1,415
EBITDA before special items	256	270	5.5	277
EBITDA-margin before special items	18.1%	18.7%		19.6%

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of July 18, 2019 provided by Vara Research GmbH

- Price +1.9%, volume +0.2%, currency +1.3%, portfolio -1.3%
- Sales of Consumer Health increased by 2.1% (Fx & portfolio adj.) in Q2 2019 to €1,442 million.
- Sales in the **Europe / Middle East / Africa** region rose by 3.1% (Fx & portfolio adj.) to €476 million. We registered sales gains in the Dermatology category, particularly in Russia and Turkey, and in the Nutritionals category, where we benefited from a product line extension in Italy. In addition, an improved supply situation began to have a positive impact.
- In the **North America** region, sales declined by 1.5% (Fx & portfolio adj.) to €600 million. We posted a decrease in sales particularly in the Pain & Cardio category, where lower demand for Aspirin was one of the factors that had a negative impact. By contrast, sales increased in the Allergy & Cold category, driven primarily by our antihistamine Claritin. Following a weak allergy season in the prior-year period, this product benefited from increased demand and investment support.
- Sales in the **Asia / Pacific** region rose by 2.2% to €207 million, with business expanding for another consecutive quarter. The Nutritionals category saw an encouraging development, with a significant contribution by our product Elevit. Sales were down only in the Dermatology category following a strong prior-year quarter in China.
- We recorded strong growth in **Latin America**, where sales rose by 13.5% to €159 million. We posted double-digit-percentage growth particularly in the Pain & Cardio category.

Consumer Health Sales by Category

Euro million	Q2 2018	Q2 2019	% y-o-y	% y-o-y Fx adj.
Consumer Health	1,413	1,442	2.1	2.1
Nutritionals	276	288	4.3	4.0
Allergy & Cold	236	272	15.3	10.8
Dermatology	298	287	-3.7	-4.2
Pain & Cardio	215	205	-4.7	-3.2
Digestive Health	173	190	9.8	7.9
Other*	215	200	-6.9	-0.4

*) Including our foot care business, the sun care business divested in May that is yet to be transferred, and the prescription dermatology business divested to LEO Pharma that was transferred on July 1, 2019. The divested U.S. prescription dermatology business is included until September 4, 2018, the date the business was transferred.

- **EBITDA before special items** of Consumer Health increased by 5.5% to €270 million in the second quarter of 2019 (Q2 2018: €256 million). Positive contributions to earnings came primarily from the efficiency program initiated at the end of 2018, which led to a significant decrease in selling expenses, as well as from sales growth. Earnings were diminished by the absence of the contribution from the divested U.S. prescription dermatology business.



Animal Health in Q2 2019

Euro million	Q2 2018	Q2 2019	% y-o-y	Consensus**
Sales	453	454	0.2 / -2.7*	458
EBITDA before special items	128	124	-3.1	122
EBITDA-margin before special items	28.3%	27.3%		26.6%

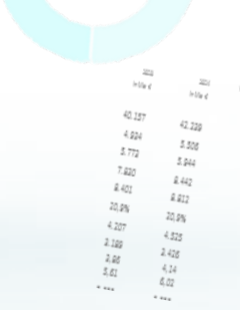
*) Currency and portfolio adjusted sales growth

**) Consensus figures as of July 18, 2019 provided by Vara Research GmbH

- Price +3.8%, volume -6.5%, currency +2.9%, portfolio ±0.0%
- Sales of Animal Health fell by 2.7% (Fx & portfolio adj.) to €454 million in the second quarter of 2019, due especially to substantial volume declines in the United States following a strong prior-year quarter. The positive developments in Asia / Pacific and Latin America were insufficient to fully offset this effect.
- Sales of our Advantage family of flea, tick and worm control products were down as expected, mainly as a result of the strong prior-year quarter which had benefited from shifts in demand in the United States. Expanded volumes and price increases in the United Kingdom and China only partially offset these declines.
- Business with our Seresto flea and tick collar expanded, driven by price and volume increases in the United States, improved demand in Italy and a successful product launch in China.
- **EBITDA before special items** of Animal Health declined by 3.1% to €124 million in the second quarter of 2019 (Q2 2018: €128 million). Lower demand had a negative effect that was partly offset by price increases and reduced spending, including selling expenses.

Additional Information

The purchase price allocation (PPA) of the Monsanto acquisition has been finalized. Please find updated Balance Sheet figures at <https://www.investor.bayer.com/en/nc/events/live-events/q2-2019-conference-call/>. Income Statements and Segment Data have not been updated due to non-material impact of the PPA finalization.



Key Figures for Q2 2019

	Crop Science		Pharmaceuticals		Consumer Health		Animal Health		Reconciliation		Group	
	Q2'18	Q2'19	Q2'18	Q2'19	Q2'18	Q2'19	Q2'18	Q2'19	Q2'18	Q2'19	Q2'18	Q2'19
	€ million		€ million		€ million		€ million		€ million		€ million	
Sales	3,011	4,788	4,217	4,422	1,413	1,442	453	454	387	379	9,481	11,485
Sales by region:												
Europe / Middle East / Africa	986	1,092	1,653	1,695	466	476	116	113	382	374	3,603	3,750
North America	1,076	2,397	992	984	595	600	220	215	4	4	2,887	4,200
Asia / Pacific	508	533	1,323	1,499	202	207	81	87	-1	0	2,113	2,326
Latin America	441	766	249	244	150	159	36	39	2	1	878	1,209
EBITDA	367	974	1,350	1,513	257	219	125	107	-68	-327	2,031	2,486
Special items	-277	-101	-13	13	1	-51	-3	-17	-25	-285	-317	-441
EBITDA before special items	644	1,075	1,363	1,500	256	270	128	124	-43	-42	2,348	2,927
EBITDA margin before special items	21.4%	22.5%	32.3%	33.9%	18.1%	18.7%	28.3%	27.3%	-11.1%	-11.1%	24.8%	25.5%
EBIT	149	304	1,053	1,238	157	-293	116	97	-129	-420	1,346	926
Special items	-279	-101	-56	14	1	-468	-3	-17	-25	-287	-362	-859
EBIT before special items	428	405	1,109	1,224	156	175	119	114	-104	-133	1,708	1,785
EBIT margin before special items	14.2%	8.5%	26.3%	27.7%	11.0%	12.1%	26.3%	25.1%	-26.9%	-35.1%	18.0%	15.5%
Operating cash flow	1,653	880	629	741	148	198	88	71	-278	-290	2,240	1,600
Financial result											-323	-477
Income after taxes from continuing operations											808	405
Income after taxes from discontinued operations											-8	0
Net income											794	404
Earnings per share (€)											0.87	0.41
Core earnings per share (€)											1.53	1.62
CapEx, cont. operations (cash effective)											459	458
R&D											1,267	1,351
D&A and Write-downs	218	670	297	275	100	512	9	10	61	93	685	1,560
Employees at end of period	43,717	34,889	39,002	38,280	11,659	10,696	3,720	3,842	25,957	27,791	124,055	115,498
2018 figures restated												



2018	2017
42,127	42,339
4,224	5,526
5,772	5,944
7,420	8,442
6,422	6,822
20,296	20,296
4,207	-4,525
2,129	2,425
2,226	4,124
2,422	6,022



Consumer Health Sales by Category¹

€ million	Q1 2017	Q1 2018	Change %		YTD	YTD	Change %	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,601	1,409	-12.0	-2.2	1,601	1,409	-12.0	-2.2
Nutritionals	289	271	-6.4	+3.7	289	271	-6.4	+3.7
Allergy & Cold	359	310	-13.6	-3.4	359	310	-13.6	-3.4
Dermatology	307	245	-20.1	-14.6	307	245	-20.1	-14.6
Pain & Cardio	209	190	-8.9	+5.5	209	190	-8.9	+5.5
Digestive Health	186	175	-6.0	+2.5	186	175	-6.0	+2.5
Other ²	252	219	-13.1	-2.3	252	219	-13.1	-2.3

€ million	Q2 2017	Q2 2018	Change %		YTD	YTD	Change %	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,542	1,413	-8.4	-1.4	3,143	2,822	-10.2	-1.8
Nutritionals	282	276	-1.9	+6.8	570	547	-4.2	+5.3
Allergy & Cold	274	236	-14.0	-7.4	633	546	-13.8	-5.2
Dermatology	308	298	-3.2	+1.5	615	543	-11.7	-6.6
Pain & Cardio	231	215	-7.3	+3.8	440	405	-8.0	+4.6
Digestive Health	187	173	-7.6	-2.2	373	348	-6.8	+0.1
Other ²	259	214	-17.1	-11.3	510	433	-15.1	-6.9

€ million	Q3 2017	Q3 2018	Change %		YTD	YTD	Change %	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,320	1,297	-1.7	+3.0	4,463	4,119	-7.7	-0.4
Nutritionals	259	272	+5.2	+11.9	830	819	-1.2	+7.3
Allergy & Cold	264	251	-4.9	-3.7	897	797	-11.1	-4.7
Dermatology	247	261	+5.7	+10.1	861	804	-6.7	-1.8
Pain & Cardio	217	198	-8.8	-1.3	657	603	-8.3	+2.7
Digestive Health	173	174	+1.0	+2.7	546	522	-4.4	+0.9
Other ²	161	141	-12.7	-5.3	672	574	-14.5	-6.5

€ million	Q4 2017	Q4 2018	Change %		YTD	YTD	Change %	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,399	1,331	-4.9	-1.7	5,862	5,450	-7.0	-0.7
Nutritionals	291	293	+0.6	+2.7	1,121	1,112	-0.8	+6.1
Allergy & Cold	287	264	-7.8	-8.7	1,184	1,061	-10.3	-5.7
Dermatology	225	250	+11.0	+13.3	1,086	1,053	-3.0	+1.3
Pain & Cardio	238	216	-9.3	-5.2	896	819	-8.6	+0.6
Digestive Health	185	181	-2.4	-2.3	731	703	-3.9	+0.1
Other ²	173	127	-26.3	-11.2	844	701	-16.9	-7.4

€ million	Q1 2018	Q1 2019	Change %		YTD	YTD	Change %	
			Reported	Fx & p adj.			Reported	Fx & p adj.
Consumer Health	1,409	1,395	-1.0	-1.4	1,409	1,395	-1.0	-1.4
Nutritionals	271	266	-1.8	-1.4	271	266	-1.8	-1.4
Allergy & Cold	310	310	+0.0	-4.8	310	310	+0.0	-4.8
Dermatology	245	266	+8.6	+8.6	245	266	+8.6	+8.6
Pain & Cardio	190	182	-4.2	-2.1	190	182	-4.2	-2.1
Digestive Health	175	169	-3.4	-6.0	175	169	-3.4	-6.0
Other ²	219	202	-7.8	-3.5	219	202	-7.8	-3.5

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

¹ In line with internal financial management, the sales commentary for Consumer Health is now based primarily on regions and categories rather than products.

² Including our business in sun care and foot care products and the prescription dermatology business divested but not yet fully transferred to LEO Pharma



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