News Release

Financial News Conference
Thursday, February 27, 2020
Bayer Communication Center,
Leverkusen

Address by

Werner Baumann,
Chairman of the Board of Management

(Please check against delivery)

(2020-1500e)
Ladies and gentlemen,

Welcome to our Financial News Conference here in BayKomm. My Board of Management colleagues and I are grateful for the opportunity to present our 2019 results to you and will of course be pleased to take your questions afterwards.

Today I’d like to take a look back at 2019 – a year that for me can be summed up in a few words: “We’ve delivered.”

2019: We’ve delivered

- **Operational targets** achieved: sales and earnings increased
- **Strategic targets** achieved: all announced portfolio measures implemented or agreed
- **Efficiency targets** achieved: savings and synergies ahead of budget
- **Ambitious sustainability targets** set and established
- **Record investment in research and development**

You’ll remember the Capital Markets Day we held just over a year ago, in December 2018. During that event we communicated ambitious targets and spoke about strategic levers such as sustainability.

Just before the Capital Markets Day, we had announced an extensive package of measures regarding our portfolio, our structures and our efficiencies to put Bayer in a good position for the future. Today, a little more than a year later, I can say that we kept our promises in all areas.
That applies, firstly, to the operational business. We achieved our financial targets last year despite coming up against a challenging market environment in the agriculture sector in particular. I’ll say more on that later on.

We also delivered on the portfolio measures we announced. Our Animal Health business is to be sold to Elanco for 7.6 billion dollars. Closing of the transaction is expected in mid-2020. And in 2019 we successfully divested our stake in the site services provider Currenta and sold off the Dr. Scholl’s™ and Coppertone™ brands.

We had announced all these portfolio measures in December 2018, and were able to implement them more quickly than expected. And even more importantly: the divestment proceeds were in some cases very attractive for our company.

We also delivered on the efficiency and structural measures. My colleague Wolfgang Nickl will update you on the implementation status of our ongoing programs in a moment. He will also tell you how we progressed with the integration of our agriculture business in 2019.

We had already spoken about the importance of sustainability when we completed the acquisition in 2018. We said we would apply the same determination to achieving our sustainability goals as we do to reaching our financial targets.

Here, too, we’ve delivered. We greatly stepped up our sustainability efforts in 2019 and set ourselves ambitious targets. I’ll talk about those later.

But at the same time, we also demonstrated in 2019 what makes us special as a science company. We firmly believe that with our products, our scientific expertise and our innovation capabilities, we can help make a real difference to people's lives. For that reason, we invested 5.3 billion euros in research and development last year.

That’s a record amount. Bayer has been a science-based company for more than 150 years, but never before have we invested as much in research and development as we did in the past year.

Today, of course, we want to focus especially on our financial targets. So let me move on straight away to the development of our business last year.
The Bayer Group posted sales of 43.5 billion euros in fiscal 2019. After adjusting for special items, EBITDA – or earnings before interest, taxes, depreciation and amortization – amounted to 11.5 billion euros. That’s the highest figure Bayer has ever achieved.

On the slide you can see the double-digit growth compared to 2018. A major factor here, of course, is that the former Monsanto business has belonged to Bayer since June 2018. This means 2019 was the first time the acquired business had been included in Crop Science for the full year.

But even without this effect you can see major progress. Sales rose by 3.5 percent after adjusting for currency and portfolio effects.

EBIT increased to 4.2 billion euros after net special charges of 2.8 billion euros.

Core earnings per share advanced in 2019 to 6.40 euros, driven by the earnings contribution from the acquired agriculture business and the positive business development at Pharmaceuticals.
Wolfgang will run you through business developments at the divisions in a moment. But first I’d like to look once again at the forecast we gave for 2019 and how we delivered on this as well.

2019: We achieved our targets

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<th>Forecast 2019*</th>
<th>Actual 2019</th>
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<tbody>
<tr>
<td>Sales</td>
<td>~€43.5 billion</td>
<td>€43.5 billion</td>
</tr>
<tr>
<td>EBITDA before special items</td>
<td>~€11.5 billion</td>
<td>€11.5 billion</td>
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<tr>
<td>Core earnings per share</td>
<td>~€6.35</td>
<td>€6.40</td>
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*As published in October 2019, based on original forecast but excluding discontinued operations (Animal Health and Currenta), using exchange rates as of September 30, 2019

Exactly a year ago, we communicated our financial targets for 2019, which at that time still included the Animal Health business unit, the interest in Currenta, and also Coppertone™ and Dr. Scholl’s™.

Once the sale of these businesses had been agreed in the course of the year, we adjusted the full-year forecast in October to reflect these technical effects and based it on the prevailing exchange rates.

Today we can say that we achieved all of these targets. We can put three green ticks by our three key indicators – sales, EBITDA before special items, and core earnings per share.

That’s very good news, especially considering the headwinds we encountered, such as the repercussions of the trade dispute between the United States and China or the
extreme weather events across the world that directly impacted our customers’ harvests, and therefore us as well.

In short: we stood up very well in a challenging environment. For Bayer, the results we present to you today are an important signal of our operational strength and also of our dependability.

And we will obviously assure our stockholders an appropriate share of this success. We will therefore propose to the Annual Stockholders’ Meeting that a dividend of 2.80 euros per share be paid for 2019. The dividend payout ratio of around 44 percent of core earnings per share is above the target corridor of 30 to 40 percent and also reflects the success of the portfolio measures for our owners.

That brings us now to the figures for the divisions – and Wolfgang will present these to you.

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NICKL ADDRESS
(see separate document)

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(Baumann’s address continues)

Ladies and gentlemen,

As you know, the litigation concerning our active ingredient glyphosate was unfortunately among the major topics at Bayer in 2019. So let me briefly sum up the current situation.
Glyphosate has always been safe when used as directed and it still is. This is confirmed again and again by leading regulatory authorities worldwide.

As recently as January 2020, the U.S. Environmental Protection Agency (EPA) announced the result of a new safety evaluation of glyphosate based on a more than ten-year expert review process. The EPA once again concluded that it – and I quote – “did not identify any human health risks from exposure to glyphosate.”

The number of lawsuits relating to glyphosate has again risen in recent months. As of February 6, 2020, lawsuits from approximately 48,600 plaintiffs had been served in the United States. In October last year the number was around 42,700.

As you know, three trial juries in California have found in favor of the respective plaintiffs in the first instance. None of these verdicts is final. We are currently in appeal proceedings in all three cases. In a recent court filing concerning one of the trials, the U.S. government expressed its explicit support for key elements of our reasoning. As already stated, we will pursue the three appeals through all judicial instances if necessary.
In parallel with this vigorous defense in court, Bayer continues to constructively engage in the ongoing mediation proceedings.

There has been much speculation in recent weeks about the nature, timing and amount of a possible settlement. I’m sure you will understand that we don’t participate in such speculation. The parties have agreed to keep the discussions confidential, and we are abiding by that agreement.

As regards U.S. litigations, I would also like to comment briefly about dicamba. We disagree with the jury verdict on dicamba issued about two weeks ago and will swiftly appeal the decision.

Of course, we at Bayer know very well what crop losses mean for a farmer. Many employees of our Crop Science Division are working every day to prevent exactly that.

But in these legal proceedings no competent evidence was presented to show that dicamba was present at all on the farm concerned or that it was responsible for the crop losses. Therefore we will now respond accordingly and appeal the verdict.
Ladies and gentlemen,

Sustainability was a major topic at Bayer last year. We dealt with this matter at great length, the question being: When a company is as large as ours and plays such a significant role in areas such as health and nutrition that are so centrally important to people, what can it do to make an even bigger contribution to sustainable development?

We provided specific answers in December when we communicated an extensive package of measures and ambitious sustainability targets.

And we had a very good foundation to build on. The Carbon Disclosure Project has just given us its top rating once again in both the climate change and the water security categories. We’re the only DAX company to achieve that.

Yet we know that our responsibility as a company has increased, and so have society’s expectations. That’s why we’ve made sustainability one of Bayer’s strategic levers.
And there’s one crucial point to be made here: I’m sometimes asked what this focus on sustainability is costing us. The answer is quite simple: we intend to earn money with sustainable solutions.

And in my view that has to be the way forward. Industry must succeed in combining sustainability with profitability. That’s the only way to achieve the transformation toward a sustainable future.

Bayer is in a better position than many other companies to make a tangible and measurable contribution to the achievement of the United Nations’ Sustainable Development Goals, because our portfolio is fundamentally aligned toward health and nutrition and we have leading businesses in both areas.

That’s why our new sustainability targets are so specific and ambitious:

- By 2030, we aim to support 100 million smallholder farmers in low- and middle-income countries by providing access to more innovations, knowledge and partnerships.

- Within the same time frame, we intend to give 100 million women in low- and middle-income countries access to responsible family planning by providing financial support for aid programs and ensuring the supply of affordable modern contraceptives.

- In addition, by 2030 we plan to expand access to everyday health products for 100 million people in underserved communities around the world.

Our sustainability targets are also a driving force for climate protection:

- We have set ourselves the specific target of becoming 100 percent carbon-neutral in our own operations by 2030. To accomplish this, we will invest in energy efficiency, switch to renewable electricity and offset the remaining emissions through biodiversity-enhancing carbon capture.

- At the same time, we are working with our customers and our suppliers along the entire value chain to reduce their emissions and establish sustainable solutions. We believe that innovations in agriculture have a particularly important part to play in ensuring a sustainable future.
We are pursuing our sustainability targets with the same vigor as our financial targets. We will therefore propose to the Annual Stockholders’ Meeting in April that the sustainability targets be integrated into the compensation system for the Board of Management.

We intend to contribute to the realization of the sustainable development goals that the United Nations has set for 2030 – especially the goals of assuring a healthy life for everyone and putting an end to hunger. “Health for all, hunger for none.” That’s our vision at Bayer.

It’s the great goal that we’re working to achieve, however distant it may be. We firmly believe that with our scientific expertise and our innovation capabilities, we can contribute to preventing or even curing diseases, improving people’s everyday health and feeding the world’s growing population while at the same time operating sustainably. That’s the thinking that will shape our company and power it forward in the coming years.
Ladies and gentlemen,

I’m now coming to the end of my remarks.

Wolfgang and I have shown you that we kept our promises in 2019. Our more than 100,000 colleagues worked very hard over the past year to meet the expectations of our stockholders and of our other stakeholders in society. Both are of paramount importance to us.

And they can continue to rely on Bayer in 2020 and beyond. We say what we do – and we do what we say.

- That applies above all to our focus on customer and patient satisfaction. We’re judged on that every day – and rightly so.

- It applies to the continued implementation of our portfolio, efficiency and structural measures in the years through 2022, including the planned synergies from the acquired business.
- And it applies to further establishing sustainability as an integral part of our business and continuing to strengthen our innovation capabilities and our growth potential.

Thank you very much for your attention. Now we look forward to your questions.

**Forward-Looking Information**
This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer’s public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.