



Third quarter of 2019

Bayer: Encouraging business performance across all divisions – agreements signed to divest Currenta and Animal Health

- Group sales increase by 5.4 percent (Fx & portfolio adj.) to 9.830 billion euros
- EBITDA before special items advances by 7.5 percent to 2.291 billion euros
- Crop Science reports higher sales and substantial earnings growth
- Pharmaceuticals increases sales – earnings decline due to one-time income in prior year
- Consumer Health posts growth in sales (Fx & portfolio adj.) and earnings
- Net income declines by 63.9 percent to 1.036 billion euros – substantial divestment gain included in prior year
- Core earnings per share up by 6.4 percent to 1.16 euros
- Group outlook confirmed and aligned to continuing operations

Leverkusen, October 30, 2019 – Bayer has made progress in all key areas and is on track both operationally and strategically. “Bayer had a successful third quarter,” Werner Baumann, Chairman of the Board of Management, said on Wednesday during the news conference call on the quarterly figures. “We increased the Group’s sales and EBITDA before special items. Business developed well in all divisions. At the same time, we have made major progress from a strategic viewpoint, especially with the efficiency, structural and portfolio measures we announced at the end of 2018,” he added. Baumann confirmed the company’s outlook for 2019 despite the reduced economic growth expectations worldwide.

“We are progressing with the announced divestments faster than planned,” he explained. In August, Bayer entered into an agreement to sell its Animal Health business to U.S. company Elanco Animal Health for 7.6 billion dollars, and also reached an agreement to sell its 60 percent stake in German site services provider Currenta to a company

controlled by Macquarie Infrastructure and Real Assets. Both Animal Health and Currenta are now reported as discontinued operations. Bayer expects the sale of Animal Health to close in mid-2020, while the sale of the company's Currenta stake is set to close in December 2019. Closing of the sale of the Dr. Scholl's™ foot care portfolio to Yellow Wood Partners, which was announced back in July, is anticipated for November. The sale of the Coppertone™ brand to Beiersdorf already closed in August.

Third-quarter sales of the Bayer Group rose by 5.4 percent on a currency- and portfolio-adjusted basis (Fx & portfolio adj.) to 9.830 billion euros. On a reported basis, sales were up by 6.1 percent. EBITDA before special items increased by 7.5 percent to 2.291 billion euros. There was a positive effect of approximately 110 million euros from IFRS 16, which has been applied since January 1, 2019. Under this new standard, lease expenses are no longer recognized in EBITDA. There was also a positive currency effect of 77 million euros.

EBIT declined by 71.9 percent to 1.215 billion euros after net special charges of 13 million euros. The prior-year EBIT figure included net special gains of 3.128 billion euros due to a pre-tax gain of approximately 3.9 billion euros from the divestments to BASF. In the third quarter of 2019, a special gain of 350 million euros from the sale of the prescription dermatology business outside the United States stood against special charges that primarily related to the ongoing restructuring program (213 million euros) and to litigations (104 million euros). In light of the high special gains recorded in the prior-year period, net income declined by 63.9 percent to 1.036 billion euros. Core earnings per share from continuing operations rose by 6.4 percent to 1.16 euros.

Free cash flow increased by 13.2 percent to 1.263 billion euros. Net financial debt as of September 30, 2019, amounted to 37.860 billion euros, down 2.4 percent from June 30, 2019.

Crop Science posts higher sales and earnings

In the agriculture business (Crop Science), Bayer increased sales by 4.8 percent (Fx & portfolio adj.) to 3.948 billion euros thanks to growth in Latin and North America. "Business at Crop Science is developing well, even in a market environment that remains challenging," said Baumann. Drought in Europe and Australia was among the factors that weighed on business.

On a pro-forma basis, with sales presented as if both the acquisition of Monsanto and the associated divestments had already taken place as of January 1, 2018, Crop Science reported growth of 5.7 percent on a currency-adjusted basis (Fx adj.). Pro-forma sales growth was particularly strong at Fungicides, Corn Seed & Traits and Soybean Seed & Traits, while the sharpest declines were recorded at Vegetable Seeds and Other.

EBITDA before special items of Crop Science advanced by 24.9 percent to 527 million euros. The increase was primarily attributable to higher prices and volumes in Latin America and the realization of cost synergies as the company progresses with the integration of the acquired business. There was also a positive currency effect of 51 million euros. By contrast, earnings were mainly held back by an increase in the cost of goods sold.

As of October 11, 2019, lawsuits from approximately 42,700 plaintiffs had been served in the United States in connection with the crop protection product glyphosate. This significant increase is clearly driven by the plaintiff-side television advertising spend which is estimated to have roughly doubled in the third quarter compared with the entire first half of the year. However, the number of lawsuits says nothing about their merits. Bayer continues to believe that it has meritorious defenses and intends to defend itself vigorously in the appeals proceedings against the three first-instance judgments and in all other future proceedings. At the same time, the company is constructively engaging in the mediation process ordered by a federal judge in California.

Pharmaceuticals sees further sales growth thanks to Xarelto™ and Eylea™

Sales of prescription medicines (Pharmaceuticals) rose by 5.9 percent (Fx & portfolio adj.) to 4.504 billion euros. “Business was driven by continued strong growth in China and sales gains for our anticoagulant Xarelto™ and our eye medicine Eylea™,” Baumann said. Sales of Xarelto™ increased by 9.1 percent (Fx & portfolio adj.), largely as a result of higher volumes in China and Russia. Sales of Eylea™ advanced by 15.9 percent (Fx & portfolio adj.), with business expanding primarily in the Europe/Middle East/Africa region, especially the United Kingdom and Germany. Sales of this medicine were also up in Japan.

The particularly strong sales gains for the antibiotic Avalox™/Avelox™ (Fx & portfolio adj. plus 32.8 percent) and the cancer drug Stivarga™ (Fx & portfolio adj. plus 30.6 percent) were mainly due to higher volumes in China. Demand for Stivarga™ also increased in the United States and Russia. Sales of the pulmonary hypertension treatment Adempas™ rose by 19.3 percent (Fx & portfolio adj.), primarily due to the positive development in the United States. By contrast, sales of the multiple sclerosis treatment Betaferon™/Betaseron™ continued to decline substantially, with sales down by 18.2 percent (Fx & portfolio adj.). Business was primarily held back by strong competition in the United States.

EBITDA before special items of Pharmaceuticals decreased by 1.7 percent to 1.527 billion euros. Earnings in the prior-year quarter included a positive one-time effect of approximately 190 million euros in connection with income from a development collaboration. In addition, this year's third-quarter earnings were diminished by selling expenses for product launches and new indications. By contrast, higher volumes and a currency effect of 20 million euros had a positive impact.

Consumer Health raises earnings and posts sales growth in nearly all categories

Bayer increased sales of its self-care products (Consumer Health) by 3.7 percent (Fx & portfolio adj.) to 1.288 billion euros. "We can see that the measures implemented at Consumer Health are working and that sales and earnings have begun to recover," said Baumann. Business was up in the Europe/Middle East/Africa and Latin America regions. The Pain & Cardio category delivered the strongest performance overall (Fx & portfolio adj. plus 9.0 percent), followed by Allergy & Cold (Fx & portfolio adj. plus 6.4 percent). Digestive Health was the only category to see a decline in sales on a currency- and portfolio-adjusted basis (minus 7.5 percent).

EBITDA before special items of Consumer Health increased by 3.2 percent to 256 million euros. 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 a positive currency effect of 9 million euros. Earnings were diminished by the absence of the contribution from the divested prescription dermatology business.

Bayer confirms outlook

Bayer has confirmed the outlook for fiscal 2019 published in February of this year, which was issued on the basis of all businesses being continuing operations. In view of the progress that has since been made with the divestment of Animal Health and the stake in Currenta, the original forecast has been aligned to exclude the sales and earnings contributions from these businesses, which are now reported as discontinued operations. Current exchange rates have also been taken into account.

On this aligned basis, Bayer anticipates Group sales of approximately 43.5 billion euros, which continues to correspond to an increase of around 4 percent on a currency- and portfolio-adjusted basis (with the original forecast of approximately 46 billion euros reducing by around 3 billion euros for the portfolio measures and increasing by about 0.5 billion euros for currency effects). On the same basis, EBITDA before special items in fiscal 2019 is expected to come in at around 11.5 billion euros (with the original forecast of approximately 12.2 billion reducing by around 0.6 billion euros for the portfolio measures and a further amount of about 0.1 billion euros for currency effects), while core earnings per share are expected to be approximately 6.35 euros (with the original forecast of 6.80 euros reducing by around 0.35 euros for the portfolio measures and a further amount of about 0.10 euros for currency effects).

Note:

The following tables contain the key data for the Bayer Group and its segments for the third quarter 2019.

The Quarterly Statement Third Quarter 2019 is available on the Internet at:

www.investor.bayer.com

Supplementary features at www.investor.bayer.com:

- presentation charts for the investor conference call at approximately 7:30 a.m. CET*
- live webcast of the investor conference call from approximately 2:00 p.m. CET*
- recording of the investor conference call from approximately 6:00 p.m. CET.*

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Forward-Looking Statements

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Bayer Key Data, 3rd Quarter and First Nine Months of 2019

(Continuing operations – prior-year data restated)

Bayer Group (EUR million)	Q3 2018	Q3 2019	Change (%)	9M 2018	9M 2019	Change (%)
Sales	9,261	9,830	+6.1	26,387	32,795	+24.3
EBITDA before special items	2,132	2,291	+7.5	7,005	9,020	+28.8
EBIT	4,323	1,215	-71.9	7,660	3,793	-50.5
<i>Special items</i>	3,128	-13	-	2,690	-1,895	-
EBIT before special items	1,195	1,228	+2.8	4,970	5,688	+14.4
Net income *	2,871	1,036	-63.9	5,619	2,677	-52.4
Earnings per share (EUR) *	2.93	1.05	-64.2	6.06	2.73	-55.0
Core earnings per share (EUR)	1.09	1.16	+6.4	4.57	5.11	+11.8
Number of employees **	109,063	104,711	-4.0	109,063	104,711	-4.0

Crop Science (EUR million)	Q3 2018	Q3 2019	Change (%)	9M 2018	9M 2019	Change (%)
Sales	3,733	3,948	+5.8	9,605	15,180	+58.0
EBITDA before special items	422	527	+24.9	2,108	3,924	+86.1
EBIT	3,030	-265	-	4,071	1,035	-74.6
<i>Special items</i>	3,165	-108	-	2,825	-827	-
EBIT before special items	-135	-157	-16.3	1,246	1,862	+49.4

Pharmaceuticals (EUR million)	Q3 2018	Q3 2019	Change (%)	9M 2018	9M 2019	Change (%)
Sales	4,163	4,504	+8.2	12,455	13,280	+6.6
EBITDA before special items	1,554	1,527	-1.7	4,332	4,539	+4.8
EBIT	1,299	1,240	-4.5	3,515	3,677	+4.6
<i>Special items</i>	-16	-63	-	-73	-65	-
EBIT before special items	1,315	1,303	-0.9	3,588	3,742	+4.3

Consumer Health (EUR million)	Q3 2018	Q3 2019	Change (%)	9M 2018	9M 2019	Change (%)
Sales	1,297	1,288	-0.7	4,119	4,125	+0.1
EBITDA before special items	248	256	+3.2	817	805	-1.5
EBIT	162	485	+199.4	530	353	-33.4
<i>Special items</i>	9	317	-	5	-179	-
EBIT before special items	153	168	+9.8	525	532	+1.3

EBIT(DA), special items and core earnings per share are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. For the definition of these indicators, see the current annual report at www.bayer.com.

* Including discontinued operations

** Full-time equivalents at end of period