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News Release

Second quarter of 2017:

Bayer: Group performance matches prior year despite declines at Crop Science

- Group sales increase by 3.0 percent (Fx & portfolio adj.: plus 1.9 percent) to EUR 12,193 million
 - EBITDA before special items level with the prior year, at EUR 3,056 million (plus 0.1 percent)
 - Pharmaceuticals posts strong increase in earnings and margins
 - Brazil business weighs on Crop Science
 - Consumer Health encounters difficult market environment in the United States
 - Significant increase in sales and earnings at Covestro
 - Net income decreases by 11.3 percent to EUR 1,224 million
 - Core earnings per share EUR 1.81 (minus 12.6 percent)
 - Monsanto acquisition on track
 - Group outlook for 2017 adjusted
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Leverkusen, July 27, 2017 – The Bayer Group’s performance in the second quarter of 2017 matched the prior-year period, despite the company registering declines at Crop Science. “At Crop Science, we experienced a significant decline in sales and earnings in connection with high channel inventories in Brazil, the world’s second-largest agriculture market,” CEO Werner Baumann said when he presented the interim report for the second quarter on Thursday. “However, we generated an encouraging increase in earnings and margins at Pharmaceuticals and Animal Health,” he noted. Business declined at Consumer Health, primarily due to the difficult market environment in the United States. Sales and earnings of the company’s Life Science businesses were down overall. Covestro, for its part, once again posted substantial growth in sales and earnings. In view of performance at Crop Science and Consumer Health, the Bayer Group has revised its outlook for the full year.

As regards the planned acquisition of Monsanto, Baumann believes the company remains on track. “We are making progress in our discussions with regulatory authorities and are on schedule,” he said. On June 30, 2017, Bayer had filed an application with the European Commission seeking approval for the planned acquisition of Monsanto, representing a further significant milestone in the transaction.

Sales of the Bayer Group increased by 3.0 percent to EUR 12,193 million (Q2 2016: EUR 11,833 million) in the second quarter of 2017. Adjusted for currency and portfolio effects (Fx & portfolio adj.), sales advanced by 1.9 percent. Sales of the Life Science businesses amounted to EUR 8,714 million (Q2 2016: EUR 8,858 million), down by 2.8 percent (Fx & portfolio adj.) year on year. Group EBITDA before special items came to EUR 3,056 million (Q2 2016: EUR 3,054 million), matching the prior-year quarter (plus 0.1 percent). At EUR 2,151 million (Q2 2016: EUR 2,138 million), EBIT was also in line with the previous year (plus 0.6 percent), and included net special charges in the amount of EUR 205 million (Q2 2016: EUR 104 million). These primarily reflected value adjustments at the Pharmaceuticals segment, expenses in conjunction with the acquisition of Monsanto, and charges relating to efficiency improvement programs. EBIT before special items moved ahead by 5.1 percent to EUR 2,356 million (Q2 2016: EUR 2,242 million).

Net income declined by 11.3 percent to EUR 1,224 million (Q2 2016: EUR 1,380 million), and core earnings per share (total) by 16.2 percent to EUR 1.40 (Q2 2016: EUR 1.67). Core earnings per share from continuing operations fell by 12.6 percent to EUR 1.81 (EUR 2.07). Material effects included the reduction of Bayer’s interest in Covestro and the increased number of shares following the issuance of the mandatory convertible notes in November 2016.

Net cash provided by operating activities (total) climbed by 16.7 percent to EUR 2,313 million (Q2 2016: EUR 1,982 million). Net financial debt of the Bayer Group declined by EUR 1.0 billion to EUR 9.4 billion between March 31, 2017, and the end of the second quarter. Cash inflows from operating activities and positive currency effects offset the outflow for the dividend payment. The Group generated proceeds of approximately EUR 1.0 billion from the sale of Covestro shares.

Pharmaceuticals achieves substantial increase in earnings

Sales of prescription medicines rose in the second quarter by 4.4 percent (Fx & portfolio adj.) to EUR 4,304 million (Q2 2016: EUR 4,104 million). “At Pharmaceuticals, we once again benefited from the strong performance of our key growth products, and achieved a very encouraging increase in earnings and margins,” Baumann said. The oral anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Xofigo™ and Stivarga™, and the pulmonary hypertension treatment Adempas™ posted total combined sales of EUR 1,555 million (Q2 2016: EUR 1,332 million). Sales of Xarelto™ once again increased substantially, rising by 18.4 percent adjusted for currency effects (Fx adj.), due primarily to higher volumes in Europe and China. Eylea™ also delivered significant growth, with sales advancing by 10.6 percent (Fx. adj.), thanks largely to higher volumes in Europe and encouraging sales gains in Canada and Australia. Sales of Xofigo™ increased by a substantial 28.0 percent (Fx adj.), with business benefiting from a successful market launch in Japan and growth in the United States and Europe. Stivarga™ also posted significant sales growth of 20.8 percent (Fx adj.). Performance was driven by business in the United States, where, among other things, the product obtained approval as a second-line treatment for patients with hepatocellular carcinoma. Sales of Adempas™ advanced by 17.9 percent (Fx adj.), buoyed by its continued positive performance in the United States.

Business with the hormone-releasing intrauterine devices of the Mirena™ product family was up overall, with sales increasing by 4.5 percent (Fx adj.). In the United States, performance continued to be buoyed by the successful market launch of the Kyleena™ intrauterine device. In contrast, sales of the Kogenate™/Kovaltry™ blood-clotting medicines were down year on year overall, declining by 7.7 percent (Fx adj.), due to order volumes placed by the product’s distribution partner remaining significantly lower. As expected, business with the multiple sclerosis product Betaferon™/Betaseron™ declined, with sales down by 6.4 percent (Fx adj.). This was largely due to lower demand in the United States and Latin America. Overall, the Pharmaceuticals business grew in all regions.

EBITDA before special items of Pharmaceuticals improved by a very encouraging 9.5 percent to EUR 1,481 million (Q2 2016: EUR 1,352 million). Positive earnings effects resulted primarily from higher volumes, while the cost of goods sold and expenses for research and development were lower.

Consumer Health registers decline in business

Sales of self-care products fell by 2.2 percent (Fx & portfolio adj.) to EUR 1,542 million (Q2 2016: EUR 1,553 million). “At Consumer Health, we experienced substantial declines in sales in North America, especially in the United States, due to the difficult market environment,” Baumann explained. “In contrast, we expanded our business in Latin America and Europe/Middle East/Africa.”

Sales of Bepanthen™/Bepanthol™ wound and skin care products advanced by 4.9 percent (Fx adj.), driven by performance in Asia/Pacific and Latin America. The considerable increase in sales of the prenatal vitamin Elevit™, at 9.9 percent (Fx adj.), was largely the result of demand remaining strong in Asia/Pacific, primarily in China. Sales of the analgesic Aspirin™ matched the strong prior-year quarter. Including business with Aspirin™ Cardio, which is reported under Pharmaceuticals, sales advanced by 4.9 percent (Fx adj.). In contrast, business with the antihistamine Claritin™ declined substantially compared with a strong prior-year quarter, primarily in the United States and China. Sales of the product were down 12.3 percent (Fx adj.). In the United States, business was impacted by a weaker allergy season, among other things, while sales in the prior-year quarter had been buoyed by the market launch of ClariSpray™. Sales of the sunscreen product Coppertone™ were significantly lower year on year, falling by 16.7 percent (Fx adj.). This development was mainly due to increased competitive pressure and a weak season to date in the United States.

EBITDA before special items of Consumer Health declined by 4.3 percent to EUR 314 million (Q2 2016: EUR 328 million). The fall in earnings is mainly attributable to lower volumes and the higher cost of goods sold, which resulted in part from inventory write-offs.

Substantial decline in sales and earnings at Crop Science

Second-quarter sales of the agricultural business (Crop Science) fell by 15.8 percent (Fx & portfolio adj.) to EUR 2,163 million (Q2 2016: EUR 2,518 million). “This decline is mainly due to significantly higher provisions for crop-protection product returns in Brazil,” Baumann explained. At the end of the harvest season, regular stocktaking revealed high channel inventories in the Brazilian market, requiring measures to be taken to normalize

the situation. The high level of channel inventories was caused by weaker demand due to significantly lower insect and fungal infestation levels, while inventory-building among distributors remained at a high level. Excluding the EUR 428 million decline in sales in Brazil, business at Crop Science was up slightly year on year on a currency-adjusted basis. Sales advanced by 5.0 percent (Fx adj.) in North America, while sales in Europe/Middle East/Africa matched the prior-year level (Fx adj.: minus 0.2 percent). In the Asia/Pacific region, sales declined by 2.0 percent (Fx adj.).

At Crop Protection, sales were lower across all product groups, especially at Fungicides, where they fell by 40.2 percent (Fx & portfolio adj.), and at Insecticides, where they declined by 16.9 percent (Fx & portfolio adj.). At SeedGrowth, sales were down by 6.3 percent (Fx & portfolio adj.) year on year, while sales at Herbicides retreated by 6.0 percent (Fx & portfolio adj.). In contrast, sales at Seeds (which also includes the traits business) rose by 4.6 percent (Fx & portfolio adj.). Environmental Science also delivered positive performance, with sales climbing by 20.6 percent (Fx & currency adj.), in part due to the delivery of products to the company that acquired the consumer business.

EBITDA before special items of Crop Science declined by 52.2 percent to EUR 317 million (Q2 2016: EUR 663 million), in particular due to the situation in Brazil, where Bayer recorded a substantial negative impact on earnings in the amount of EUR 355 million in total. This figure included EUR 173 million in provisions for product returns, EUR 53 million in impairment losses recognized on receivables and EUR 56 million in inventory write-offs, as well as EUR 73 million in other effects. Excluding the Brazil business, earnings were up slightly year on year.

Strong increase in earnings at Animal Health

Sales of the Animal Health business moved ahead by 2.1 percent (Fx and portfolio adj.) to EUR 450 million (Q2 2016: EUR 426 million). The development of business in the Asia/Pacific region was encouraging. In North America, the Cydectin™ product portfolio that was acquired in January 2017 contributed to sales growth on a currency-adjusted basis. Bayer once again achieved double-digit percentage sales gains with its Seresto™ flea and tick collar (Fx adj.: plus 17.4 percent), thanks largely to strong demand in the United States and Europe. Sales of the Advantage™ family of flea, tick and worm control products declined overall (Fx adj.: minus 7.7 percent), primarily due to lower than expected demand in the United States. EBITDA before special items increased by

16.0 percent to EUR 116 million (Q2 2016: EUR 100 million). Positive earnings contributions resulted from price increases, the lower cost of goods sold as well as the Cydectin™ business that Bayer acquired. These more than offset a decline in volumes and slightly higher expenses for research and development.

Covestro generates significant growth in sales and earnings

Sales of Covestro in the second quarter of 2017 increased by 15.8 percent (Fx & portfolio adj.) to EUR 3,479 million (Q2 2016: EUR 2,975 million). Selling prices were much higher overall, especially at Polyurethanes, while volumes matched the prior-year period overall. EBITDA before special items improved by 49.0 percent to EUR 809 million (Q2 2016: EUR 543 million). Substantially higher selling prices more than offset the effect of increased raw material prices.

EBITDA before special items up 8 percent in the first half of 2017

Group sales in the first half of 2017 increased by 7.4 percent (Fx & portfolio adj.: plus 5.7 percent) to EUR 25,437 million (H1 2016: EUR 23,687 million). EBITDA before special items advanced by 7.9 percent to EUR 6,949 million (H1 2016: EUR 6,441 million), while net income rose by 14.4 percent to EUR 3,307 million (H1 2016: EUR 2,891 million). Core earnings per share from continuing operations came in at EUR 4.44 (H1 2016: EUR 4.42), matching the prior-year period.

Outlook for the full year 2017 adjusted

Due to the current business and currency development, Bayer is adjusting its forecast for the fiscal year 2017. Its forecast for the second half is based on the exchange rates as of June 30, 2017, including a rate of USD 1.14 (previously: USD 1.07) to the euro. Sales of the **Bayer Group** are now expected to increase to more than EUR 49 billion (previously: around EUR 51 billion). This now corresponds to a mid-single-digit (previously: mid- to high-single-digit) percentage increase on a currency- and portfolio-adjusted basis. EBITDA before special items is now targeted to increase by a high-single-digit percentage (previously: low-teens percentage). The company now aims to grow core earnings per share from continuing operations by a low- to mid-single-digit percentage (previously: mid- to high-single-digit percentage). Here it must be noted that Bayer's interest in Covestro amounts to only 41 percent as of June 2017 (previously: 53 percent). Excluding

capital and portfolio measures, net financial debt is targeted to be around EUR 7 billion at the end of 2017 (previously: around EUR 8 billion).

For its **Life Science businesses**, Bayer is now budgeting for sales of between EUR 35 billion and EUR 36 billion (previously: approximately EUR 37 billion). This corresponds to a low-single-digit percentage (previously: mid-single-digit percentage) increase on a currency- and portfolio-adjusted basis. EBITDA before special items is expected to come in slightly above the level of the previous year (previously: rise by a mid- to high-single-digit percentage).

Despite negative currency development, Bayer is confirming its February forecast for **Pharmaceuticals**, and continues to expect sales of more than EUR 17 billion. This corresponds to a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. In line with its previous forecast, Bayer aims to increase sales of its key growth products to more than EUR 6 billion, and continues to expect a high-single-digit percentage increase in EBITDA before special items. There is no change in the company's expectation of improving the EBITDA margin before special items.

For **Consumer Health**, Bayer forecasts a weak second half of the year and now expects to generate full-year sales of about EUR 6 billion (previously: more than EUR 6 billion). This would be in line with the prior-year level on both a reported and a currency- and portfolio-adjusted basis (previously: low- to mid-single-digit percentage increase on a currency- and portfolio-adjusted basis). Meanwhile, Bayer now expects EBITDA before special items of Consumer Health to decline by a high-single-digit percentage (previously: increase by a low- to mid-single-digit percentage).

For **Crop Science**, Bayer is now budgeting sales of below EUR 10 billion (previously: sales of more than EUR 10 billion). This corresponds to a low-single-digit-percentage decline on a currency- and portfolio-adjusted basis (previously: low-single-digit percentage increase). Meanwhile, Bayer now expects the division's EBITDA before special items to decline by a mid-teens percentage (previously: at the prior-year level).

For Animal Health, the Reconciliation and Covestro, Bayer confirms the forecasts published in February and April 2017. This also applies to the forecasts for the other key data.

Note to editors:

The following tables contain the key data for the Bayer Group and its segments for the second quarter and first half of 2017.

The full report for the second quarter is available on the internet:

www.quarterly-report-2017-q2.bayer.com

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Certain statements contained in this communication may constitute "forward-looking statements." Actual results could differ materially from those projected or forecast in the forward-looking statements. The factors that could cause actual results to differ materially include the following: uncertainties as to the timing of the transaction; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all and to successfully integrate Monsanto's operations into those of Bayer; such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the announcement of the transaction; the retention of certain key employees at Monsanto; risks associated with the disruption of management's attention from ongoing business operations due to the transaction; the conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger; the impact of the refinancing of the loans taken out for the transaction, the impact of indebtedness incurred by Bayer in connection with the transaction and the potential impact on the rating of indebtedness of Bayer; the effects of the business combination of Bayer and Monsanto, including the combined company's future financial condition, operating results, strategy and plans; other factors detailed in Monsanto's Annual Report on Form 10-K filed with the SEC for the fiscal year ended August 31, 2016 and Monsanto's other filings with the SEC, which are available at <http://www.sec.gov> and on Monsanto's website at www.monsanto.com; and other factors discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. Bayer and Monsanto assume no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date.

Bayer Key Data, Second Quarter and First Half of 2017

(Some prior-year figures restated)

Bayer Group (EUR million)	Q2 2016	Q2 2017	Change %	H1 2016	H1 2017	Change %
Sales	11,833	12,193	+3.0	23,687	25,437	+7.4
EBITDA before special items	3,054	3,056	+0.1	6,441	6,949	+7.9
EBIT	2,138	2,151	+0.6	4,458	5,267	+18.1
<i>Special items</i>	<i>(104)</i>	<i>(205)</i>	-	<i>(376)</i>	<i>(290)</i>	-
EBIT before special items	2,242	2,356	+5.1	4,834	5,557	+15.0
Net income	1,380	1,224	-11.3	2,891	3,307	+14.4
Earnings per share (EUR)	1.67	1.40	-16.2	3.50	3.79	+8.3
Core earnings per share (EUR)	2.07	1.81	-12.6	4.42	4.44	+0.5
Number of employees*	115,576	115,680	+0.1	115,576	115,680	+0.1

Pharmaceuticals (EUR million)	Q2 2016	Q2 2017	Change %	H1 2016	H1 2017	Change %
Sales	4,104	4,304	+4.9	7,993	8,567	+7.2
EBITDA before special items	1,352	1,481	+9.5	2,613	2,983	+14.2
EBIT	988	1,102	+11.5	1,686	2,321	+37.7
<i>Special items</i>	<i>(11)</i>	<i>(120)</i>	-	<i>(242)</i>	<i>(156)</i>	-
EBIT before special items	999	1,222	+22.3	1,928	2,477	+28.5

Consumer Health (EUR million)	Q2 2016	Q2 2017	Change %	H1 2016	H1 2017	Change %
Sales	1,553	1,542	-0.7	3,073	3,143	+2.3
EBITDA before special items	328	314	-4.3	711	706	-0.7
EBIT	190	195	+2.6	433	473	+9.2
<i>Special items</i>	<i>(32)</i>	<i>(15)</i>	-	<i>(64)</i>	<i>(24)</i>	-
EBIT before special items	222	210	-5.4	497	497	0.0

Crop Science (EUR million)	Q2 2016	Q2 2017	Change %	H1 2016	H1 2017	Change %
Sales	2,518	2,163	-14.1	5,454	5,283	-3.1
EBITDA before special items	663	317	-52.2	1,752	1,432	-18.3
EBIT	512	117	-77.1	1,467	1,087	-25.9
<i>Special items</i>	<i>(30)</i>	<i>(95)</i>	-	<i>(33)</i>	<i>(132)</i>	-
EBIT before special items	542	212	-60.9	1,500	1,219	-18.7

Animal Health (EUR million)	Q2 2016	Q2 2017	Change %	H1 2016	H1 2017	Change %
Sales	426	450	+5.6	834	890	+6.7
EBITDA before special items	100	116	+16.0	222	251	+13.1
EBIT	93	107	+15.1	207	233	+12.6
<i>Special items</i>	<i>0</i>	<i>0</i>	-	<i>(1)</i>	<i>0</i>	-
EBIT before special items	93	107	+15.1	208	233	+12.0

Covestro (EUR million)	Q2 2016	Q2 2017	Change %	H1 2016	H1 2017	Change %
Sales	2,975	3,479	+16.9	5,825	7,043	+20.9
EBITDA before special items	543	809	+49.0	1,047	1,648	+57.4
EBIT	367	688	+87.5	703	1,377	+95.9
<i>Special items</i>	<i>0</i>	<i>39</i>	-	<i>0</i>	<i>56</i>	-
EBIT before special items	367	649	+76.8	703	1,321	+87.9

EBIT(DA) before 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.

* Full-time equivalents at end of period