Bayer AG
Communications and
Public Affairs
51368 Leverkusen
Germany
Tel. +49 214 30-1
www.news.bayer.com

News Release

Fiscal 2017:

Bayer: business at prior-year level – on track with strategy

- Group sales increased by 1.5 percent (Fx & portfolio adj.) to 35.015 billion euros
- Another record year for Pharmaceuticals
- Weak business development at Consumer Health
- Crop Science business down against prior year due to situation in Brazil – measures taking effect
- EBITDA before special items level year on year at 9.288 billion euros
- Net income raised by 61.9 percent to 7.336 billion euros
- Core earnings per share increased by 1.0 percent to 6.74 euros
- Covestro deconsolidated – additional cash inflows of 4.7 billion euros
- Monsanto acquisition expected to close in second quarter of 2018
- Group outlook for 2018: increase in sales (Fx & portfolio adj.), EBITDA before special items and core earnings per share at prior-year level due to currency effects

Leverkusen, February 28, 2018 – In 2017, Bayer's operational business was at the prior-year level. The company made good progress strategically. "We took major steps toward the proposed acquisition of Monsanto," Management Board Chairman Werner Baumann said on Wednesday at the Financial News Conference in Leverkusen. Pharmaceuticals achieved another record year in business operations. Sales and earnings declined at both Consumer Health and Crop Science – in the latter case, however, this development was attributable to the difficult situation in Brazil. Animal Health posted an increase in sales and earnings. "We remain focused on our objectives and are convinced of our long-term perspective. We therefore have every reason to look to the future with optimism," said Baumann.

Bayer received further approvals last year for the proposed acquisition of Monsanto. "Only recently, the Brazilian antitrust authorities gave the green light. That is an important milestone on the road to closing this transaction. After all, Brazil is one of the world's most important agricultural markets," Baumann said. Overall, more than half of the around 30 authorities worldwide have now approved the acquisition. Although Bayer is continuing to cooperate closely with the institutions involved, it is becoming evident that the examination procedures will require more time. "Our goal now is to be able to close the transaction in the second quarter of 2018," Baumann explained. "This does not affect our expectation of a successful conclusion to the regulatory review, nor our conviction that this is the right step."

Of importance last year in connection with the proposed acquisition of Monsanto and the associated merger control proceedings was the contractual agreement to sell certain Crop Science businesses to BASF. "We have now also committed to divest our entire vegetable seed business. Certain additional business activities of Bayer and Monsanto may also be sold or out-licensed," Baumann said. Thus Bayer is actively addressing observations expressed by antitrust authorities. Any sales and licenses would be subject to a successful closing of the proposed acquisition of Monsanto, which remains subject to customary closing conditions, including receipt of required regulatory approvals.

According to Baumann, the company last year took a big step toward its goal of achieving full separation from Covestro in the medium term by selling approximately 36 percent of the interest in that company for 4.7 billion euros. Bayer ceded de facto control of Covestro and deconsolidated the company at the end of September. Bayer's direct interest in Covestro currently amounts to 14.2 percent. Another 8.9 percent is held by Bayer Pension Trust.

"Operationally, 2017 was a year of ups and downs," said the Bayer CEO. Sales of the Bayer Group rose by 1.5 percent on a currency- and portfolio-adjusted basis (Fx & portfolio adj.) (reported: 0.2 percent) to 35.015 billion euros. At 9.288 billion euros, EBITDA before special items was level with the previous year despite negative currency effects. EBIT rose by 2.9 percent to 5.903 billion euros after special charges of 1.227 billion euros (2016: 1.088 billion euros). The special charges comprised mainly impairment losses on intangible assets, expenses in connection with the proposed acquisition of Monsanto and efficiency improvement programs, and provisions for litigations and legal risks. EBIT before special items increased by 4.5 percent to 7.130 billion euros. Net income increased by 61.9 percent to 7.336 billion euros and core earnings per share from continuing operations by 1.0 percent to 6.74 euros.

Operating cash flow from continuing operations climbed by 2.7 percent to 6.611 billion euros. “We are pleased that we were able to substantially reduce our net financial debt in 2017,” said Chief Financial Officer Johannes Dietsch. Net financial debt declined by 69.5 percent to 3.595 billion euros. There were cash inflows from operating activities and from the sale of Covestro shares. “We are therefore in a good position for the pending financing activities connected with the proposed acquisition of Monsanto,” said Dietsch.

Pharmaceuticals: Earnings growth stronger than sales increase

Sales of prescription medicines (Pharmaceuticals) increased by 4.3 percent (Fx & portfolio adj.) to 16.847 billion euros – a new record. “The success of the division was once again driven by our key growth products,” said Baumann. Total sales of the anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Stivarga™ and Xofigo™ and the pulmonary hypertension treatment Adempas™ advanced by 16.3 percent (Fx adj.) to 6.196 billion euros. The development in sales of Xofigo™ was particularly strong at 25.6 percent (Fx adj.), due mainly to its market launch in Japan in 2016 and to higher demand in the United States. Business with Xarelto™ expanded by 13.9 percent (Fx adj.), primarily on account of higher volumes in Europe, Japan and China. Bayer also posted gains for its license revenues – recognized as sales – in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson. Sales of Eylea™ climbed by 18.5 percent (Fx adj.), due especially to expanded volumes in Europe, Canada and Japan.

Among the other leading pharmaceutical products, the hormone-releasing intrauterine devices of the Mirena™ product family posted sales growth of 9.2 percent (Fx adj.), benefiting from higher volumes of the low-dose intrauterine device Kyleena™, particularly in the United States and Europe. Marked sales gains were also achieved with Aspirin™ Cardio for the secondary prevention of heart attacks (Fx adj. 10.5 percent) and the diabetes treatment Glucobay™ (Fx adj. 13.0 percent), mainly as a result of a continued positive business performance in China. Sales of the Kogenate™/Kovaltry™ blood-clotting medicines were down by 15.9 percent (Fx adj.) due to lower order volumes being placed for the active ingredient by a distribution partner ahead of the planned contract termination at the end of the year. Adjusted for this development, sales of this product were at the prior-year level.

EBITDA before special items of Pharmaceuticals increased by 8.8 percent to 5.711 billion euros. Growth was mainly driven by higher volumes. By contrast, negative currency effects diminished earnings by 98 million euros.

Sales and earnings of Consumer Health down

Sales of self-care products (Consumer Health) declined by 1.7 percent (Fx and portfolio adj.) to 5.862 billion euros. “This was due to persistently weak business development in the United States,” said Baumann. Furthermore, the Chinese authorities unexpectedly changed the legal status of two of Bayer’s medicated skincare brands from OTC to prescription, which led to sales declines in the fourth quarter of 2017. By contrast, business expanded slightly in Europe/Middle East/Africa, while sales in Latin America came in at the prior-year level (Fx adj.).

Business with the Bepanthen™ / Bepanthol™ wound and skin care products expanded by 6.6 percent (Fx adj.), with gratifying sales gains particularly in Europe/Middle East/Africa, and especially in Germany. Sales of the Canesten™ skin and intimate health products grew by 3.5 percent (Fx adj.), in a development that was mainly attributable to a positive business performance in China and the United Kingdom. There was a substantial 7.9 percent (Fx adj.) decline in sales of the analgesic Aleve™, which had benefited in 2016 from a product line extension and faced intense competition in the United States in 2017.

EBITDA before special items of Consumer Health declined by 12.8 percent to 1.231 billion euros. This was largely due to lower volumes, in part as a consequence of the reverse switch in China and the associated EBITDA effect of around 50 million euros. Earnings were also held back by a higher cost of goods sold, primarily as a result of inventory impairments, as well as by currency effects of 25 million euros and higher selling expenses. Positive contributions came from one-time gains, including particularly 80 million euros from the divestment of noncore brands.

Crop Science held back by situation in Brazil

Sales in the agriculture business (Crop Science) moved back by 2.2 percent (Fx & portfolio adj.) to 9.577 billion euros. This was mainly due to the situation in the Brazilian crop protection business, where volumes were held back by unexpectedly high inventories in the market. “We have initiated a number of measures to normalize this situation. For example, we took back crop protection products from our distribution partners and concluded new agreements at amended terms," said Baumann. "We are now seeing that these measures are taking effect." When the Brazilian business is excluded, sales of Crop Science rose by 3.0 percent (Fx & portfolio adj.). Sales declined by 18.0 percent (Fx adj.) in Latin America but grew strongest, by 5.8 percent (Fx adj.), in North America, followed by Asia/Pacific and Europe/Middle East/Africa.

The Seeds business (seed and plant traits) posted positive development, with sales gains of 9.1 percent (Fx & portfolio adj.). Environmental Science, the business with products for nonagricultural applications, saw sales increase by an even more substantial 14.0 percent (Fx & portfolio adj.). By contrast, there was a decline of 5.3 percent (Fx & portfolio adj.) at Crop Protection. Fungicides (Fx & portfolio adj.: minus 9.9 percent) and Insecticides (Fx & portfolio adj.: minus 6.1 percent) saw disproportionate declines in sales – unlike Herbicides and SeedGrowth (seed treatment products), where the declines were much less marked at 1.6 and 0.3 percent (Fx & portfolio adj.), respectively.

EBITDA before special items of Crop Science declined by 15.6 percent to 2.043 billion euros. This decline is largely attributable to the situation in Brazil, which resulted in lower selling prices and volumes. Negative currency effects of 63 million euros were an additional factor.

Animal Health posts gains in Asia/Pacific and North America

Sales of Animal Health increased by 2.0 percent (Fx and portfolio adj.) to 1.571 billion euros. Business in the Asia/Pacific region developed especially positively due to higher demand and price increases. Sales also grew in North America. The Seresto™ flea and tick collar posted continued strong growth of 25.1 percent (Fx adj.). Sales of the Advantage™ family of flea, tick and worm control products decreased by 7.8 percent (Fx adj.) year on year. EBITDA before special items rose by 9.2 percent to 381 million euros. Price increases, the Cydectin™ business acquired by Bayer in January 2017 and lower selling expenses had a positive impact on earnings.

Core earnings per share increased in the fourth quarter of 2017

Sales of the Bayer Group in the fourth quarter of 2017 rose by 2.7 percent (Fx & portfolio adj.), to 8.596 billion euros. EBITDA before special items declined by 1.3 percent to

1.783 billion euros. By contrast, EBIT climbed by 6.7 percent to 625 million euros. Net income fell by 67.3 percent to 148 million euros. This included a negative special effect of 455 million euros that relates to the tax reform in the United States. By contrast, core earnings per share from continuing operations improved by 28.2 percent to 1.41 euros.

Sales and earnings in 2018 expected to be at the prior-year level despite currency losses

Based on the exchange rates as of December 31, 2017, Bayer expects sales of around 35 billion euros for 2018. Sales, EBITDA before special items and core earnings per share are expected to be at the prior-year level. On a currency- and portfolio-adjusted basis, Bayer expects sales to increase by a low- to mid-single-digit percentage, while EBITDA before special items and core earnings per share from continuing operations are each predicted to grow by a mid-single-digit percentage after adjusting for currency effects. The forecast takes into account temporary supply interruptions due to remediation measures in production. Bayer expects the impact on adjusted EBITDA to be about 300 million euros. The largest proportion of this amount is related to the Pharmaceuticals Division and a minor part to the Consumer Health Division.

For **Pharmaceuticals**, Bayer plans to generate sales of more than 16.5 billion euros. This corresponds to a low-single-digit percentage increase on a currency- and portfolio-adjusted basis. The division aims to raise sales of the key growth products Xarelto™, Eylea™, Stivarga™, Xofigo™ and Adempas™ toward 7 billion euros. Bayer expects EBITDA before special items to decline by a low-single-digit percentage (Fx adj.: increase by a low-single-digit percentage) and anticipates a slight decline in the EBITDA margin before special items.

At **Consumer Health**, Bayer expects sales of more than 5.5 billion euros, which would be at the prior-year level on a currency- and portfolio-adjusted basis. Bayer expects EBITDA before special items to decline by a low-single-digit percentage (Fx adj.: increase by a low-single-digit percentage).

For **Crop Science**, Bayer sees sales coming in at more than 9.5 billion euros. This corresponds to a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. Bayer expects to increase EBITDA before special items by a mid- to high-single-digit percentage (Fx adj.: mid-teens percentage increase).

At **Animal Health**, Bayer expects a currency- and portfolio-adjusted increase in sales by a low-single-digit percentage. The company expects EBITDA before special items to decline by a mid-single-digit percentage (Fx adj.: at the prior-year level). Both sales and EBITDA before special items are negatively impacted by revised financial reporting standards (IFRS 15).

Through the expected acquisition of Monsanto in the second quarter of 2018, Bayer anticipates a significant increase in sales and EBITDA before special items. Based on current assumptions about the equity and financing measures to be undertaken, Bayer expects a moderate decline in core earnings per share. For the first full year following the acquisition, Bayer continues to expect a significant increase in sales and EBITDA before special items, and an increase in core earnings per share.

Note to editors:

The following tables contain the key data for the Bayer Group and its segments for the full year and the fourth quarter of 2017.

Also available on the internet at ***www.news.bayer.com*** *are:*
- *The transcripts and slides of Werner Baumann's and Johannes Dietsch's addresses (from approximately 10:00 a.m. CET)*
- *Current photos and images from the news conference (minimal lag time)*

The complete Annual Report 2017 is available on the internet at ***www.annualreport2017.bayer.com***

Supplementary material at ***www.live.bayer.com:***
- *Live video broadcast of the news conference (from approximately 10:00 a.m. CET)*
- *Recording of the news conference (from approximately 3:00 p.m. CET)*

TV editors can download updated film footage about Bayer free of charge at ***www.tv-footage.bayer.com/en***

Contacts:
Christian Hartel, phone +49 214 30-47686
Email: christian.hartel@bayer.com

Tino Andresen, phone +49 214 30-66048
Email: tino.andresen@bayer.com

For more information, go to www.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, 2017 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 Group Key Data, Fourth Quarter and Full Year 2017

(Continuing operations – prior-year data are restated.)

Bayer Group (EUR million)	Q4 2016	**Q4 2017**	Change in %	FY 2016	**FY 2017**	Change in %
Sales	8,823	**8,596**	-2.6	34,943	**35,015**	0.2
EBITDA before special items	1,806	**1,783**	-1.3	9,318	**9,288**	-0.3
EBIT	586	**625**	6.7	5,738	**5,903**	2.9
Special items	*-587*	***-632***	-	*-1,088*	***-1,227***	-
EBIT before special items	1,173	**1,257**	7.2	6,826	**7,130**	4.5
Net income *	453	**148**	-67.3	4,531	**7,336**	61.9
Earnings per share (EUR) *	0.53	**0.17**	-67.9	5.44	**8.41**	54.6
Core earnings per share (EUR)	1.10	**1.41**	28.2	6.67	**6.74**	1.0
Number of employees **	99,592	**99,820**	0.2	99,592	**99,820**	0.2

Pharmaceuticals (EUR million)	Q4 2016	**Q4 2017**	Change in %	FY 2016	**FY 2017**	Change in %
Sales	4,275	**4,215**	-1.4	16,420	**16,847**	2.6
EBITDA before special items	1,217	**1,235**	1.5	5,251	**5,711**	8.8
EBIT	606	**795**	31.2	3,389	**4,325**	27.6
Special items	*-310*	***-187***	-	*-558*	***-340***	-
EBIT before special items	916	**982**	7.2	3,947	**4,665**	18.2

Consumer Health (EUR million)	Q4 2016	**Q4 2017**	Change in %	FY 2016	**FY 2017**	Change in %
Sales	1,539	**1,399**	-9.1	6,037	**5,862**	-2.9
EBITDA before special items	372	**251**	-32.5	1,411	**1,231**	-12.8
EBIT	68	**-110**	.	695	**518**	-25.5
Special items	*-199*	***-258***	-	*-292*	***-300***	-
EBIT before special items	267	**148**	-44.6	987	**818**	-17.1

Crop Science (EUR million)	Q4 2016	**Q4 2017**	Change in %	FY 2016	**FY 2017**	Change in %
Sales	2,404	**2,263**	-5.9	9,915	**9,577**	-3.4
EBITDA before special items	351	**304**	-13.4	2,421	**2,043**	-15.6
EBIT	153	**64**	-58.2	1,755	**1,235**	-29.6
Special items	*-39*	***-155***	-	*-143*	***-408***	-
EBIT before special items	192	**219**	14.1	1,898	**1,643**	-13.4

Animal Health (EUR million)	Q4 2016	**Q4 2017**	Change in %	FY 2016	**FY 2017**	Change in %
Sales	329	**322**	-2.1	1,523	**1,571**	3.2
EBITDA before special items	38	**49**	28.9	349	**381**	9.2
EBIT	25	**10**	-60.0	313	**307**	-1.9
Special items	*-5*	***-23***	-	*-7*	***-31***	-
EBIT before special items	30	**33**	10.0	320	**338**	5.6

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.

* Including discontinued operations / ** Full-time equivalents at end of period