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News Release

Third quarter of 2017

Bayer: Sales and earnings increased

- Covestro deconsolidated
- Group sales grow by 1.2 percent (Fx & portfolio adj.) to EUR 8,025 million
- EBITDA before special items up by 4.1 percent to EUR 2,204 million
- Sales and earnings growth at Pharmaceuticals
- Consumer Health business weak, as expected
- Sales gains at Crop Science and Animal Health
- Net income of EUR 3,881 million including Covestro book profit
- Core earnings per share at EUR 1.47 (minus 3.9 percent)
- Group outlook for 2017 confirmed based on change in structure

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Leverkusen, October 26, 2017 – The third quarter of 2017 marked a period of further strategic and operational progress for the Bayer Group. “Last quarter we took some important strategic steps,” said Werner Baumann, Chairman of the Board of Management, when he presented the interim report for the third quarter on Thursday. Bayer has made very good progress toward its goal of achieving full separation from Covestro in the medium term, he noted. As regards the planned acquisition of Monsanto, Baumann explained how the agreement to sell selected Crop Science businesses to BASF marked another important step. Bayer recorded an increase in sales (currency- and portfolio adjusted – Fx & portfolio adj.) and earnings at Pharmaceuticals in the third quarter. Business at Consumer Health declined, as expected. At Crop Science and Animal Health, sales moved ahead (Fx & portfolio adj.), while EBITDA before special items decreased year on year.

The agreed sale of selected Crop Science businesses to BASF for EUR 5.9 billion is subject to the approval of the antitrust authorities. The transaction is also dependent on the successful closing of Bayer's acquisition of Monsanto. "With this agreement, we are actively addressing the authorities' possible concerns regarding the planned acquisition of Monsanto. However, it is not an attempt to preempt any decisions by the regulatory authorities," Baumann stressed. Bayer continues to work closely with the authorities with the aim of facilitating a successful closing of the transaction by early 2018.

Bayer has reduced its direct interest in Covestro to 24.6 percent, and is declining to exercise certain voting rights at the Covestro Annual General Meeting. "We have thus ceded de facto control over Covestro and deconsolidated it," Baumann explained. The remaining shares of Covestro are now recognized in the statement of financial position using the equity method. The continuing operations of the Bayer Group are now comprised exclusively of the Life Science businesses. The financial information for the preceding quarters and the prior-year figures have been restated accordingly.

Group sales in the third quarter of 2017 declined by 2.8 percent to EUR 8,025 million (Q3 2016: EUR 8,258 million). Adjusted for currency and portfolio effects, sales advanced 1.2 percent. EBITDA before special items improved by 4.1 percent to EUR 2,204 million (Q3 2016: EUR 2,118 million). Negative currency effects diminished earnings by around EUR 100 million. EBIT came to EUR 1,388 million, matching the prior-year period (Q3 2016: EUR 1,397 million). This figure reflected net special charges of EUR 249 million (Q3 2016: EUR 125 million), consisting primarily of expenses in connection with the agreed acquisition of Monsanto, provisions for legal risks, and efficiency improvement programs. EBIT before special items advanced by 7.6 percent to EUR 1,637 million (Q3 2016: EUR 1,522 million).

Net income came to EUR 3,881 million (Q3 2016: EUR 1,187 million). This figure includes a gain of EUR 2.8 billion resulting from the deconsolidation of Covestro and the presentation of the Covestro Group as an associate for the first time. Earnings per share (total) increased to EUR 4.45 (Q3 2016: EUR 1.43). Core earnings per share from continuing operations fell by 3.9 percent to EUR 1.47 (Q3 2016: EUR 1.53). This is due primarily to the difference in the number of shares, which grew significantly in 2017 as a result of the mandatory convertible notes issued in November 2016. Had the number of shares remained the same, core earnings per share would have improved by 1.4 percent.

Net cash provided by operating activities (total) declined by 11.2 percent in the third quarter of 2017, to EUR 2,711 million (Q3 2016: EUR 3,053 million). Net financial debt declined by half to EUR 4.7 billion compared with June 30, 2017, due mainly to cash inflows from operating activities, inflows of EUR 2.2 billion from the sale of Covestro shares, and a reduction of EUR 0.5 billion from the deconsolidation of the Covestro Group.

Pharmaceuticals: Key growth products continue to deliver strong performance

Sales of prescription medicines (Pharmaceuticals) increased by 2.3 percent (Fx & portfolio adj.) to EUR 4,065 million. "Our key growth products again delivered strong performance," 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 1,522 million, up 13.2 percent (Fx adj.). Xarelto sales increased by 6.6 percent (Fx adj.), with growth driven by gains in Europe and Asia. Sales in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson, increased by a double-digit percentage. However, license revenues – recognized as sales at Bayer– were level with the prior-year quarter, in part due to a shift between reporting periods. Sales of Eylea™ advanced significantly (Fx adj. plus 19.9 percent), due particularly to a substantial expansion of volumes in Japan, Europe and Canada. Xofigo™ also posted strong gains (Fx adj. plus 24.9 percent), with business continuing to benefit from a successful market launch in Japan and higher demand in Europe. Bayer substantially increased sales of Stivarga™ (Fx adj. plus 27.7 percent), especially in the United States and Japan. Adempas™ also showed strong growth (Fx adj. plus 19.3 percent), especially in the United States.

Business with the Kogenate™/Kovaltry™ blood-clotting medicines was down significantly year on year (Fx adj. minus 25.9 percent) due primarily to lower order volumes for the active ingredient placed by a distribution partner. After adjusting for this development, sales were at the prior-year level. In contrast, the hormone-releasing intrauterine devices of the Mirena™ product family delivered encouraging performance (Fx adj. plus 8.4 percent).

EBITDA before special items of Pharmaceuticals increased by 5.1 percent to EUR 1,493 million. This development was largely the result of higher volumes and a lower cost of goods sold. In addition, the division recorded a positive earnings effect from a receivable in the mid-double-digit millions as one of its distribution partners for Kogenate™ did not fulfill its purchase obligation. In contrast, negative currency effects diminished earnings by about EUR 60 million.

Weak development at Consumer Health, as expected

Sales of Consumer Health in the third quarter fell by 2.9 percent (Fx & portfolio adj.) to €1,320 million. “As anticipated, we recorded a weak development of business with our self-care products,” Baumann said. The decline in sales in North America was largely due to the market environment remaining challenging in the United States. The negative development in Europe is primarily the result of weaker business in Russia after a strong previous quarter. On a currency-adjusted basis, the division increased sales in Latin America and attained the prior-year level in Asia/Pacific.

The antihistamine Claritin™ achieved a marked increase in sales (Fx adj. plus 9.3 percent) compared with a weak prior-year quarter, primarily in China and the United States. Sales of the analgesic Aspirin™ edged higher. Including business with Aspirin™ Cardio, which is reported under Pharmaceuticals, sales advanced by 7.9 percent (Fx adj.). Business with the Bepanthen™/Bepanthol™ wound and skin care products developed positively (Fx adj. plus 6.1 percent), especially in Europe. Sales of the sunscreen product Coppertone™ declined substantially (Fx adj. minus 44.6 percent), mainly due to ongoing strong competitive pressure in the United States.

EBITDA before special items of Consumer Health declined by a substantial 16.5 percent to EUR 274 million. The fall in earnings is primarily due to lower volumes and a higher cost of goods sold, which largely resulted from inventory write-offs and the underutilization of production facilities. In addition, currency effects diminished earnings by around EUR 10 million. Earnings also included one-time gains in the amount of around EUR 30 million that mainly related to the sale of non-core brands.

Crop Science posts significant gains in North America and Asia/Pacific

Third-quarter sales of the agricultural business (Crop Science) moved ahead by 2.7 percent (Fx & portfolio adj.) to EUR 2,031 million. Crop Science achieved gratifying business development in North America and Asia/Pacific, where sales rose by 9.8 percent (Fx adj.) and 7.4 percent (Fx adj.), respectively. Sales in Europe/Middle East/Africa and Latin America matched the prior-year level. “On the positive side, we were able to reduce provisions for product returns in Brazil, which shows that the measures we have implemented to normalize the situation in Brazil are taking hold," Baumann said. In that country, Bayer had to establish provisions in the second quarter due to unexpectedly high inventories of crop protection products.

At Crop Protection, the Insecticides business delivered very positive performance, with sales rising by 13.2 percent (Fx & portfolio adj.). Sales declined at Fungicides (Fx & portfolio adj. minus 6.3 percent), Herbicides (Fx & portfolio adj. minus 1.9 percent) and SeedGrowth (Fx & portfolio adj. minus 1.1 percent). In contrast, Seeds (which also includes the traits business) reported strong gains, with sales rising by 29.6 percent (Fx & portfolio adj.). Environmental Science posted increased sales due to product deliveries to the acquirer of the consumer business divested in the fourth quarter of 2016 (Fx & portfolio adj. plus 6.8 percent).

EBITDA before special items of Crop Science decreased by 3.5 percent to EUR 307 million in the third quarter of 2017. Lower selling prices and a negative currency effect of around EUR 20 million stood against an increase in other operating income, a decline in the cost of goods sold and a decrease in selling expenses. Positive effects in the mid-double-digit millions were recorded in conjunction with the accounting measures taken in the previous quarter in Brazil.

Animal Health: Sales edge higher in challenging market environment

Sales of the Animal Health business rose by 1.4 percent (Fx and portfolio adj.) to EUR 359 million in a weak market environment overall. The business unit achieved considerable gains in the North America region on a currency-adjusted basis, thanks partly to the Cydectin™ product portfolio acquired in January 2017. Sales of the Advantage™ family of flea, tick and worm control products were down 3.3 percent (Fx adj.) year on year, mainly as a result of higher competitive pressure in Europe. The Seresto™ flea and tick collar continued to post double-digit-percentage sales growth, with sales rising by 17.1 percent (Fx adj.). EBITDA before special items of Animal Health declined by 9.0 percent to EUR 81 million, in part due to higher selling expenses and a currency loss of around EUR 5 million.

Nine-month sales edge higher

Group sales in the first nine months of 2017 rose by 1.1 percent (Fx & portfolio adj. plus 1.1 percent) to EUR 26,419 million (9M 2016: EUR 26,120 million). EBITDA before special items came in at EUR 7,505 million, matching the prior-year level (9M 2016: EUR 7,512 million). Net income amounted to EUR 7,188 million (9M 2016: EUR 4,078 million). Earnings per share (total) improved to EUR 8.24 (9M 2016: EUR 4.93), while core earnings per share from continuing operations were down 4.5 percent year on year at EUR 5.33 (9M 2016: EUR 5.58). This is due primarily to the difference in the number of shares, which grew significantly in 2017 as a result of the mandatory convertible notes issued in November 2016. Had the number of shares remained the same, core earnings per share would have improved by 0.7 percent.

Group outlook for 2017 confirmed based on change in structure

Following the deconsolidation of the company, Covestro will be presented as a discontinued operation and is thus, as of the fourth quarter of 2017, treated only as an equity method investment in the forecast. The Bayer Group’s continuing operations thus reflect the values previously referred to under Life Sciences. For the fourth quarter of 2017, the company is now using the exchange rates prevailing on September 30, 2017, including a rate of USD 1.18 (previously: USD 1.14) to the euro.

For the **Bayer Group**, the company is still planning sales of EUR 35 billion to EUR 36 billion for full year 2017. As before, this corresponds to a low-single-digit percentage increase on a currency- and portfolio-adjusted basis. Bayer continues to expect EBITDA before special items to come in slightly above the level of the previous year. As regards core earnings per share from continuing operations, the company now expects a low-single-digit percentage decrease on the basis of the values that were adjusted for Covestro effects for the current year and previous year. This is due primarily to the difference in the number of shares, which grew significantly in 2017 as a result of the mandatory convertible notes issued in November 2016. Without this effect, core earnings per share would improve by a low-single-digit percentage.

For **Pharmaceuticals**, Bayer now expects sales of approximately EUR 17 billion (previously: more than EUR 17 billion). This continues to correspond to a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. As before, the company plans to raise sales of its key growth products to more than EUR 6 billion. Bayer continues to expect a high-single-digit percentage increase in EBITDA before special items and an improvement in the EBITDA margin before special items.

For **Consumer Health**, Bayer continues to expect sales for the full year of about EUR 6 billion. This still corresponds to the prior-year level on a currency- and portfolio-adjusted basis. As before, the company expects EBITDA before special items to decline by a high-single-digit percentage.

For **Crop Science**, Bayer is still anticipating sales of below EUR 10 billion. This corresponds to a low-single-digit-percentage decline on a currency- and portfolio-adjusted basis. Meanwhile, the company continues to expect EBITDA before special items to decline by a mid-teens percentage.

For **Animal Health**, Bayer still anticipates a currency- and portfolio-adjusted increase in sales by a low- to mid-single-digit percentage. As before, it plans to improve EBITDA before special items by a high-single-digit percentage.

In 2017, Bayer now expects to take special charges for continuing operations in EBITDA in the region of EUR 0.6 billion (previously: EUR 0.5 billion). Excluding capital and portfolio measures, net financial debt is targeted to be around EUR 4 billion at the end of 2017 (previously: around EUR 7 billion).

Note to editors:
The following tables contain the key data for the Bayer Group and its segments for the third quarter and first nine months of 2017.

The complete financial report as of September 30, 2017, is available at ***http://www.quarterly-report-2017-q3.bayer.com/***

The presentation by Werner Baumann and the accompanying slides will be available from approximately 10:00 a.m. CEST at ***www.bayer.com/media***

Live webcast of the Media Conference Call (from approx. 10:00 a.m. CEST)
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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. 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 hereof.

Bayer Key Data, 3rd Quarter and First Nine Months of 2017

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

Bayer Group (EUR million)	Q3 2016	**Q3 2017**	Change in %	9M 2016	**9M 2017**	Change in %
Sales	8,258	**8,025**	-2.8	26,120	**26,419**	+1.1
EBITDA before special items	2,118	**2,204**	+4.1	7,512	**7,505**	-0.1
EBIT	1,397	**1,388**	-0.6	5,152	**5,278**	+2.4
Special items	(125)	**(249)**	-	(501)	**(595)**	-
EBIT before special items	1,522	**1,637**	+7.6	5,653	**5,873**	+3.9
Net income *	1,187	**3,881**	-	4,078	**7,188**	+76.3
Earnings per share (EUR) *	1.43	**4.45**	-	4.93	**8.24**	+67.1
Core earnings per share (EUR)	1.53	**1.47**	-3.9	5.58	**5.33**	-4.5
Number of employees **	99,517	**99,845**	+0.3	99,517	**99,845**	+0.3

Pharmaceuticals (EUR million)	Q3 2016	**Q3 2017**	Change in %	9M 2016	**9M 2017**	Change in %
Sales	4,152	**4,065**	-2.1	12,145	**12,632**	+4.0
EBITDA before special items	1,421	**1,493**	+5.1	4,034	**4,476**	+11.0
EBIT	1,097	**1,209**	+10.2	2,783	**3,530**	+26.8
Special items	(6)	**3**	-	(248)	**(153)**	-
EBIT before special items	1,103	**1,206**	+9.3	3,031	**3,683**	+21.5

Consumer Health (EUR million)	Q3 2016	**Q3 2017**	Change in %	9M 2016	**9M 2017**	Change in %
Sales	1,425	**1,320**	-7.4	4,498	**4,463**	-0.8
EBITDA before special items	328	**274**	-16.5	1,039	**980**	-5.7
EBIT	194	**155**	-20.1	627	**628**	+0.2
Special items	(29)	**(18)**	-	(93)	**(42)**	-
EBIT before special items	223	**173**	-22.4	720	**670**	-6.9

Crop Science (EUR million)	Q3 2016	**Q3 2017**	Change in %	9M 2016	**9M 2017**	Change in %
Sales	2,057	**2,031**	-1.3	7,511	**7,314**	-2.6
EBITDA before special items	318	**307**	-3.5	2,070	**1,739**	-16.0
EBIT	135	**84**	-37.8	1,602	**1,171**	-26.9
Special items	(71)	**(121)**	-	(104)	**(253)**	-
EBIT before special items	206	**205**	-0.5	1,706	**1,424**	-16.5

Animal Health (EUR million)	Q3 2016	**Q3 2017**	Change in %	9M 2016	**9M 2017**	Change in %
Sales	360	**359**	-0.3	1,194	**1,249**	+4.6
EBITDA before special items	89	**81**	-9.0	311	**332**	+6.8
EBIT	81	**64**	-21.0	288	**297**	+3.1
Special items	(1)	**(8)**	-	(2)	**(8)**	-
EBIT before special items	82	**72**	-12.2	290	**305**	+5.2

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