



Science For A Better Life



## Acquisition of Monsanto to Create a Global Leader in Agriculture Innovation Powerhouse to Deliver Integrated Solutions for the Next Generation of Farming

Investor Conference Call • May 23, 2016



## Forward-Looking Statements

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## Additional information

This communication relates to a proposed offer by Bayer Aktiengesellschaft or its subsidiaries (“Bayer”), to purchase all of the outstanding shares of common stock, par value \$0.01 per share, of Monsanto Company, a Delaware corporation (“Monsanto”). This communication is neither an offer to purchase nor a solicitation of an offer to sell shares of Monsanto. No tender offer for the shares of Monsanto has commenced at this time. At the time a tender offer for the shares of Monsanto is commenced, Bayer will file tender offer materials (including an Offer to Purchase, a related Letter of Transmittal and certain other offer documents) with the Securities and Exchange Commission (the “SEC”) with respect to the tender offer. Any definitive tender offer documents will be mailed to the stockholders of Monsanto. **STOCKHOLDERS OF MONSANTO ARE URGED TO READ THE RELEVANT TENDER OFFER MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TENDER OFFER THAT STOCKHOLDERS SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING THE TENDER OF THEIR SHARES.** Stockholders of Monsanto will be able to obtain free copies of these documents (if and when available) and other documents filed by Bayer with the SEC through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

## Compelling Proposal for Monsanto Shareholders



### Attractive Offer

- **\$62bn** (EV) all-cash offer to acquire 100% of Monsanto incl. net debt
- Purchase price of **\$122** per Monsanto share

### Substantial Premium

- Premium of **37%** to Monsanto’s share price of \$89.03 on May 9, 2016 the day prior to the offer
- **36%** premium over Monsanto’s three-month volume-weighted average share price as of May 9, 2016
- LTM\* EBITDA multiple of **15.8x** as of February 29, 2016

### Transaction Certainty

- Financed by a combination of debt and equity
- Equity portion expected to represent ~25% of the EV and to be raised primarily via a rights offering
- Financing supported by BofA Merrill Lynch and Credit Suisse
- Offer not subject to a financing condition
- Confident to obtain regulatory approval

Highly attractive, certain and immediate value for Monsanto shareholders



# Unique and Compelling Opportunity for Bayer

## Strong Fit with Bayer's Strategy

- Reinforces Bayer as a Life Science company with leadership positions in its core business segments
- Targeting an attractive long-term growth industry
- Highly innovative biotech based business addressing unmet scientific need

## Integrated Leader in Agriculture

- Combination creates an industry leader in Crop Science with integrated offering of Seeds & Traits, Crop Protection, Biologics and Digital Farming
- Broad product portfolio as well as broad and deep combined R&D pipeline to deliver better solutions for farmers

## Significant Value Creation

- ~\$1.5bn total synergies after year three plus additional integrated offer benefits in future years
- Accretion to core EPS by mid-single digit percentage in the first full year after closing and double-digit percentage thereafter
- Potential to command premium valuation for combined Crop Science business via re-rating

# Strong Strategic Fit with Bayer's Life Science Focus



## Bayer Criteria

## Monsanto's Characteristics

### Focus On Science Based Innovation

- ✓ Highly innovative biotech based business model
- ✓ Leading R&D capabilities and productivity

### Attractive Business Model

- ✓ Focus on highly regulated industry
- ✓ Strong IP positions and leveraging technology to shape the industry

### Leading Positions

- ✓ Leading in Seeds & Traits with strong brands
- ✓ At the forefront of Digital Farming

### Strong Growth Dynamics

- ✓ Well positioned to benefit from strong secular industry growth
- ✓ Focus on high growth regions and segments

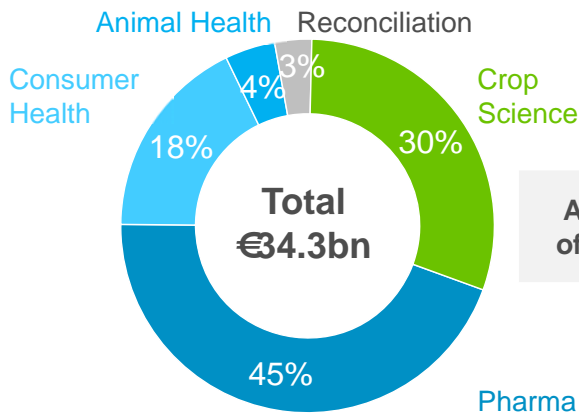
### Highly Profitable

- ✓ Industry leading margins
- ✓ Highly cash generative

# Leader in Life Science with a Balanced Portfolio

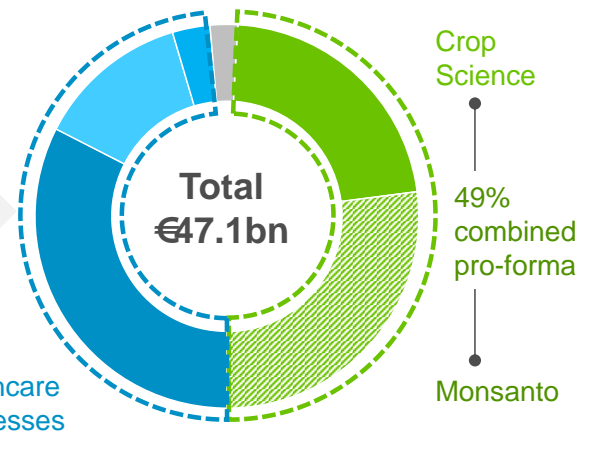


## 2015 Life Science Sales



## 2015 Pro Forma Life Science Sales incl. Monsanto

Acquisition of Monsanto



# Creating an Integrated Leader in Agriculture



### Integrated Crop Solutions

- Combining leading Crop Protection and Seeds & Traits platforms
- Larger range of products and solutions to be offered to farmers (S&T, CP, Biologics, Digital Farming)

### Balanced Portfolio

- Diversified portfolio across geographies, indications and crops reduces risk
- Limited portfolio overlap supports further growth potential

### Go-to-Market Strategy

- Significantly enhanced access to farmers, best-in-class sales force and comprehensive product portfolio

### Innovation

- Creating an innovation powerhouse with strong R&D platform, world-class scientists and robust pipeline in CP, seeds (breeding) and traits (e.g. next generation HT and IR traits)
- Creating a leading platform in Biologics and Digital Farming

# Combination Addresses Fundamental Global Challenges



People on the planet by 2050



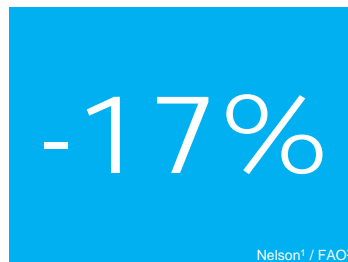
Rising per capita protein intake by 2024



Estimated Ag input market size by 2025



Declining hectares of farmland per capita by 2050



Biophysical effect of climate change shocks on yields by 2050



Productivity increase required to feed the planet by 2050

# Delivering Solutions for Next Generation of Farming



## Increase Efficiency

- Overcome increasing gap of demand and availability of skilled labor

## Optimize Yield

- Raise yield given the environmental conditions by taking right decisions on genetics, agronomic practices and input factors

## Ensure Sustainability

- Optimize input factors (e.g. fertilizer, crop protection) to protect natural resources

## Manage Volatility

- Manage agronomic volatility and better mitigate risks, e.g. weather and commodity prices

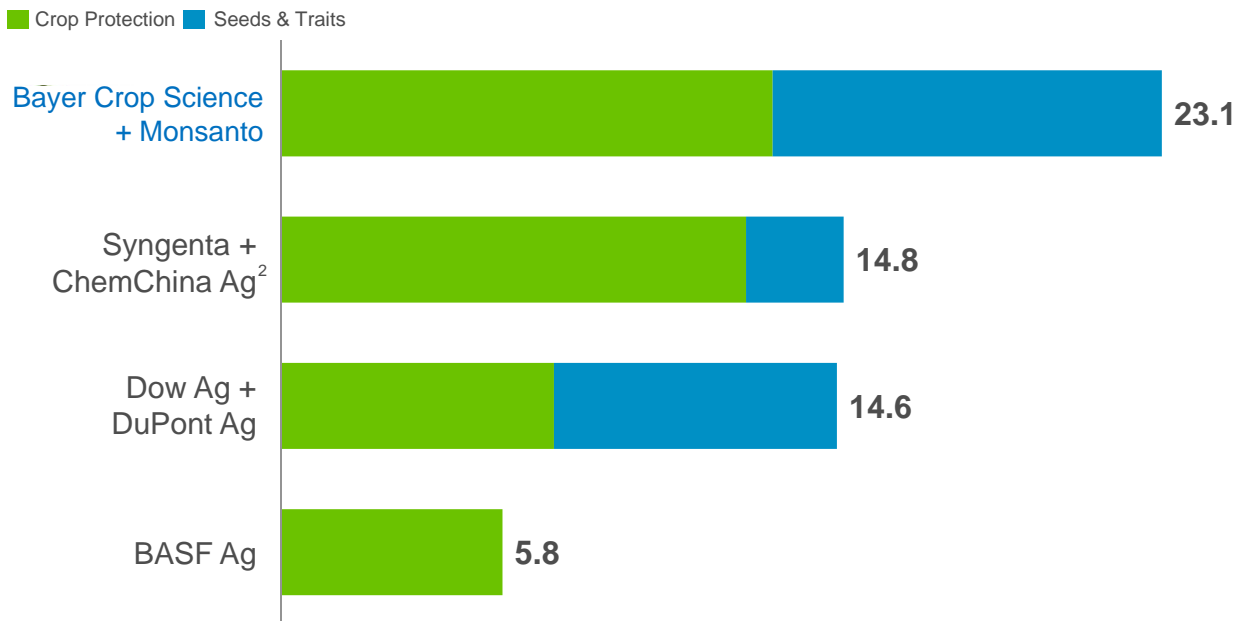
This will increase demand for:

- Tailor made solutions
- Higher productivity
- Enhanced sustainability

# Creating a Global Leader in ~€85bn Agriculture Industry



## 2015 Pro Forma Sales (€bn)<sup>1</sup>



<sup>1</sup>based on company information and internal calculations (at avg. 2015 Fx rate USD/EUR=1.11) assumes Dow/DuPont and ChemChina/Syngenta transactions completed <sup>2</sup>excludes Adama non-Ag sales

# Integrated Solutions Across Crop Protection and Seeds & Traits



### Bayer Crop Science

- Best-in-class Crop Protection portfolio
- Focus on “Plant Health”
- Excellence in chemistry
- Biologics platform
- Access to complete Life Science technology platform

### Monsanto

- Best-in-class Seeds & Traits portfolio
- Focus on “yield”
- Breeding and trait development focus
- Advanced Digital Farming platform

### Bayer CS + Monsanto Integrated Platform

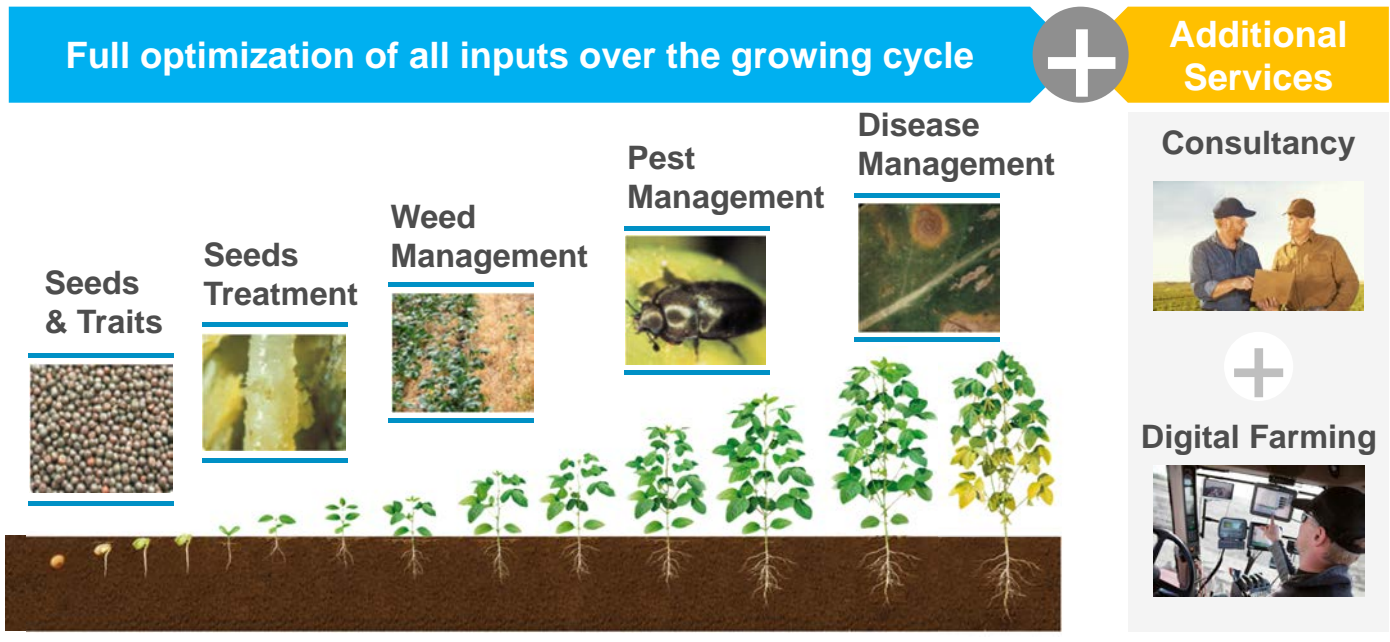
- Commercial packages across a broad set of key crops and geographies
- Strong integrated product offerings
- Strong R&D platform, Digital Farming beginning to serve as “integrator”

**Crop Protection**

**Seeds & Traits**



# Combination of Superior Products and Services Enables Integrated Crop Solutions

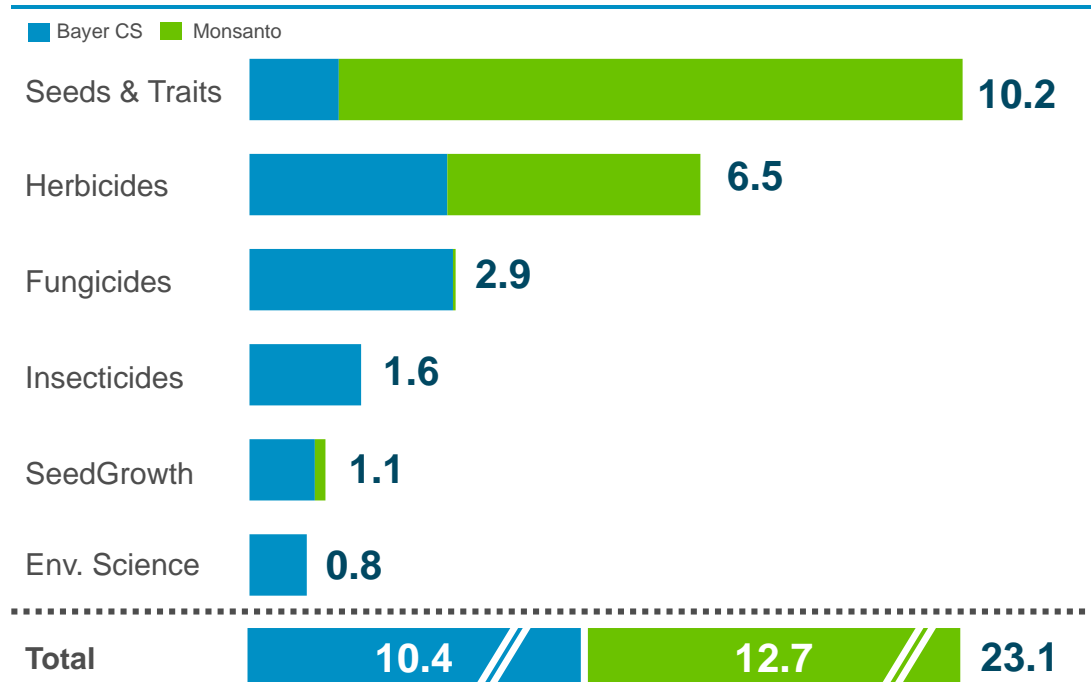


Tailor-made customer solutions that holistically enhance yield and sustainability ensuring safe, healthy and affordable food

# Superior Offering Across All Relevant Product Segments

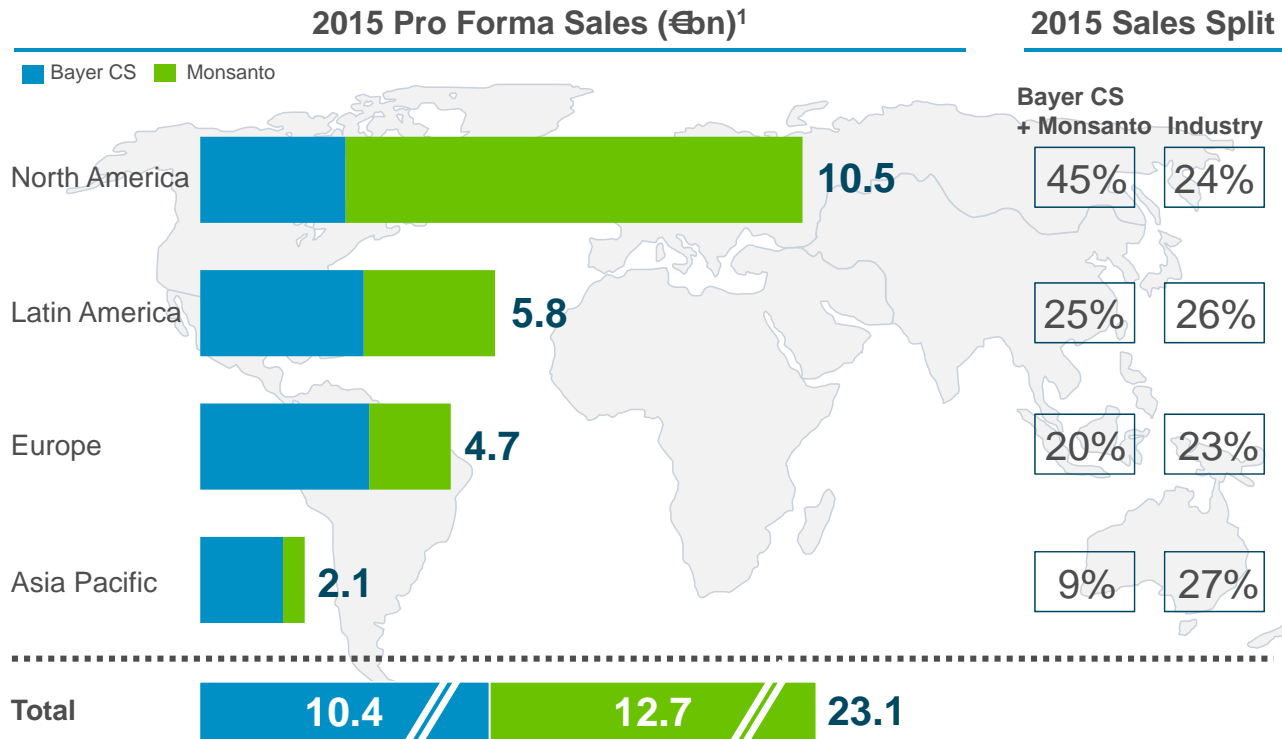


2015 Pro Forma Sales (€bn)<sup>1</sup>



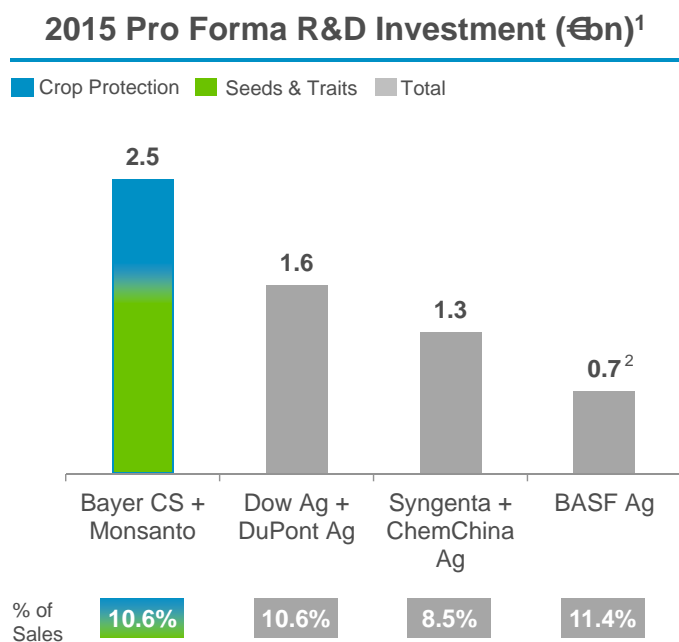
<sup>1</sup>based on company information and internal calculations (at avg. 2015 Fx rate USD/EUR=1.11)

# Significantly Strengthened Footprint Around The World



<sup>1</sup>based on company information and internal calculations (at avg. 2015 Fx rate USD/EUR=1.11)  
Rounding errors may cause little differences

# Creation of an Innovation Powerhouse



- Well positioned to deliver sustainable advances in agriculture for an increasing global population
- Capabilities and critical mass in all relevant R&D platforms
  - Breeding
  - Traits (GM and non-GM)
  - Chemistry
  - Biologics
  - Seed Treatment
  - Digital Farming
- Cross-technology capabilities
- Broad and deep combined R&D pipeline

<sup>1</sup>based on company information and internal calculations excl. synergies (at avg. 2015 Fx rate USD/EUR=1.11) assumes Dow/DuPont and ChemChina/Syngenta transactions completed  
<sup>2</sup>BASF: includes ~€150 million for Plant Science



# Joint Innovation Capabilities to Address Farmers' Needs



## Selected Customer Needs

- Integrated weed management
- Breaking insecticide resistance
- Fighting nematodes
- Next leading herbicide platform in corn and soy
- Improving wheat yield
- Optimizing sustainable agriculture

## Combined Leading R&D Capabilities Create Additional Innovation Potential

### Bayer

- Promising new herbicide chemistry
- Innovative insecticides
- SeedGrowth technology
- Chemistry expertise
- Hybridization platform
- Agronomic modelling capabilities

### Monsanto

- Herbicide tolerance platform
- New Bt-trait\* technology
- Novel nematode control
- Trait technology platform
- Unique breeding technology
- Leading Digital Ag platform



# Well Positioned to Gain Value from Digital Farming



## Future Ag Industry

- Strong focus on technology and service
- New ways to interact with customers at farm and field level
- From products & services to providing solutions

## Next Generation of Farming

- High predictability of yield and input
- Customized advice and service
- Ease of application
- Major advances in sustainability

## Combined Business at the Forefront of Digital Farming

- ✓ Leading digital platform with direct grower access
- ✓ Best-in-class data analytics & reporting
- ✓ Complementary agronomic knowledge & advanced modelling
- ✓ Broad scientific and commercial partnering network



# Attractive Value Creation for Bayer Shareholders

~\$1.5bn total synergies after year three plus additional integrated offer benefits in future years

**Cost Synergies**

- Significant synergies expected in-line with industry benchmarks from optimizing product supply chains, marketing & sales and R&D teams, as well as overhead reduction

**Sales Synergies**

- Top-line acceleration expected to result from more customized product combinations and integrated solutions across geographies (primarily in the Americas) and indications

**Earnings & Growth Accretion**

- Core EPS accretion by mid-single digit percentage in the first full year after closing and double-digit percentage thereafter
- Margin accretive to Bayer

**Premium Valuation**

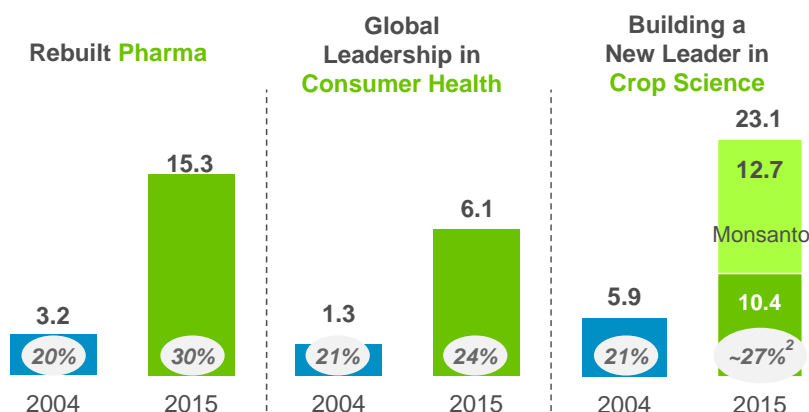
- Potential for trading multiple expansion due to Ag-leadership and enhanced overall earnings outlook for Bayer

# Delivering Shareholder Value Through Superior Execution



**Building Leading Life Science Franchise** + **Proven Integration Track Record**

Sales (€bn) and EBITDA Margin (%)<sup>1</sup>



- Experienced acquirer having successfully integrated various multi-billion € transactions
  - Aventis CropScience
  - Schering
  - Roche OTC
  - Merck & Co. Consumer Care
- Monsanto integration no more complex than previous integrations

Increased market cap ~4x since 2004<sup>3</sup>

<sup>1</sup>2015 figures restated according to new organizational structure

<sup>2</sup>2015 Pro-forma combined EBITDA margin

<sup>3</sup>As of December 31, 2004 and May 20, 2016

# Proven Track Record of Identifying and Executing Value Creating M&A



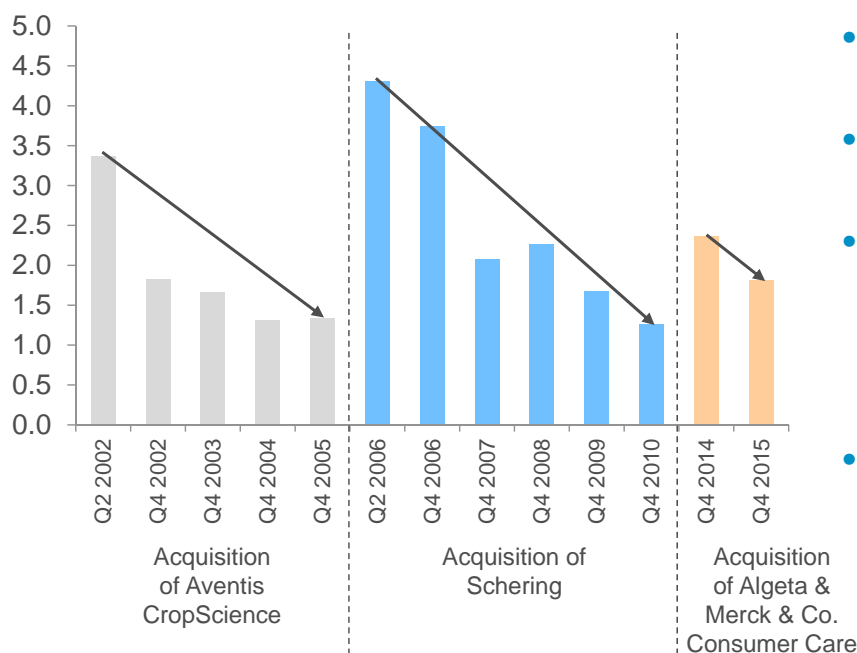
Announcement	2001	2004	2006	2014
	 Aventis CropScience	 Roche Consumer Health	 SCHERING making medicine work	 MERCK Consumer Care
<b>Transaction Value</b> (Implied EBITDA Multiple)	€7.3bn (~10.2x)	€2.4bn (~12.5x)	€16.0bn (~12.5x)	\$14.2bn (~21.0x)
<b>Cost Synergies Planned vs. Achieved</b>	€500m <sup>2</sup> ↗ Overachieved	€120m <sup>3</sup> → Achieved	€700m <sup>4</sup> ↗ Overachieved	~\$200m <sup>5</sup> → On target
<b>Synergized EBITDA Multiple<sup>1</sup></b>	6.0x	7.7x	8.1x <sup>4</sup>	~13.7x

<sup>1</sup> Synergized multiples based on announced synergies <sup>2</sup> Announced cost synergies  
<sup>3</sup> Announced cost synergies in the range of €100-120m <sup>4</sup> Including announced growth and cost synergies  
 No synergy split disclosed <sup>5</sup> Announced ~\$200m of cost and ~\$400m of revenue synergies

# Proven Track Record of Deleveraging



## Net Debt / LTM EBITDA Multiple\*



## Impact on Bayer's Financial Profile

- Disciplined deleveraging after large acquisitions
- Strong combined cash flows available for rapid deleveraging
- Target investment grade rating post closing; remain fully committed to the single "A" credit rating category in the long term
- Dividend payout of 30-40% of core EPS to be maintained

# Continuing the Successful Strategy for Bayer's Healthcare Businesses



## Pharma

- Maximize the value of launch products
- Advance early and mid-stage pipeline
- Drive commercial excellence in marketing and sales
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions

## Consumer Health

- Globalize established brands
- Launch innovation pipeline
- Execute Emerging Markets focus strategies
- Fully realize synergy potential from recent acquisitions
- Open to incremental add-ons and alliances

Drive profitable growth in innovation-driven growing markets to generate value

# A Compelling Transaction for Shareholders



## Benefits for Monsanto Shareholders

- Substantial premium to share price and attractive multiple
- All-cash payment
- Immediate and certain value for shareholders
- Capitalizing on benefits of the integrated business model as previously recognized by Monsanto

## Benefits for Bayer Shareholders

- Strategic logic of integrating Seeds & Traits and Crop Protection offers compelling case for value creation
- Potential for substantial synergies and premium valuation of combined Ag business
- Benefits from margin expansion, earnings accretion and enhanced earnings growth
- Stronger cash generation profile

A highly value accretive transaction



## Background and Next Steps

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- May 10, 2016: Meeting with Monsanto to deliver Bayer's private proposal
- May 18/19, 2016: In response to media coverage, Monsanto disclosed that they received a proposal from Bayer; Bayer confirmed preliminary discussions
- May 23, 2016: In response to further market speculation and stakeholder inquiries, Bayer publicly disclosed the contents of its private proposal
- Bayer is looking forward to discussions with Monsanto and prepared to proceed immediately with due diligence and negotiations to achieve an agreed transaction
- Bayer is fully committed to this compelling transaction