



Bayer CropScience Limited

Investor Presentation



May 29, 2019





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Certain statements contained in this communication may constitute "forward-looking statements". Actual results could differ materially from those projected or forecasted in the forward-looking statements on account of various known and unknown risks, uncertainties and other factors including the following aspects pertaining to the proposed integration of Monsanto India Limited ("MIL") with Bayer CropScience Limited ("BCSL / Company"): the risk 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 MIL operations into those of BCSL; 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 difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater or more significant than expected following the transaction; the parties' inability to meet expectations regarding the accounting and tax treatments of the merger and so on.

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The New Management Team



Duraiswami Narain

Vice Chairman &
Managing Director



Simon-Thorsten Wiebusch

Chief Operating Officer for the
Crop Science Division of India



Rolf Hoffmann

Chief Financial Officer*

* Effective July 1, 2019



Agenda

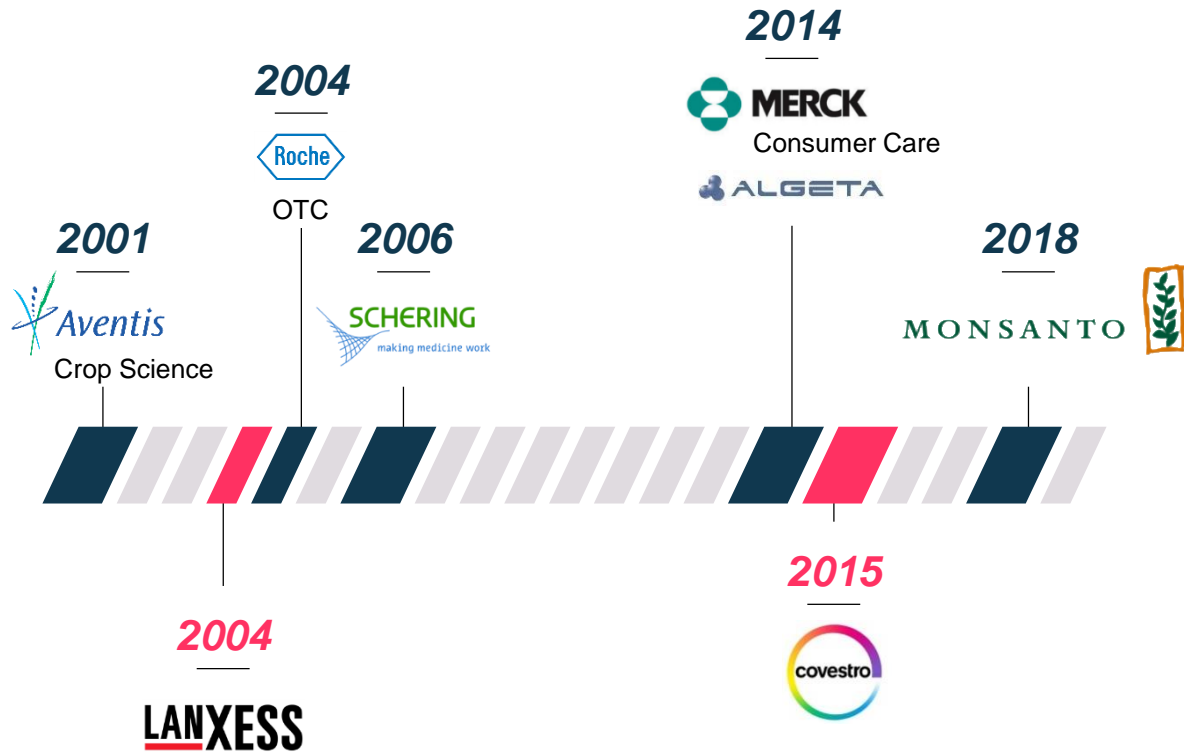
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Bayer's development into a life science company

Milestones to becoming a leader for health and nutrition

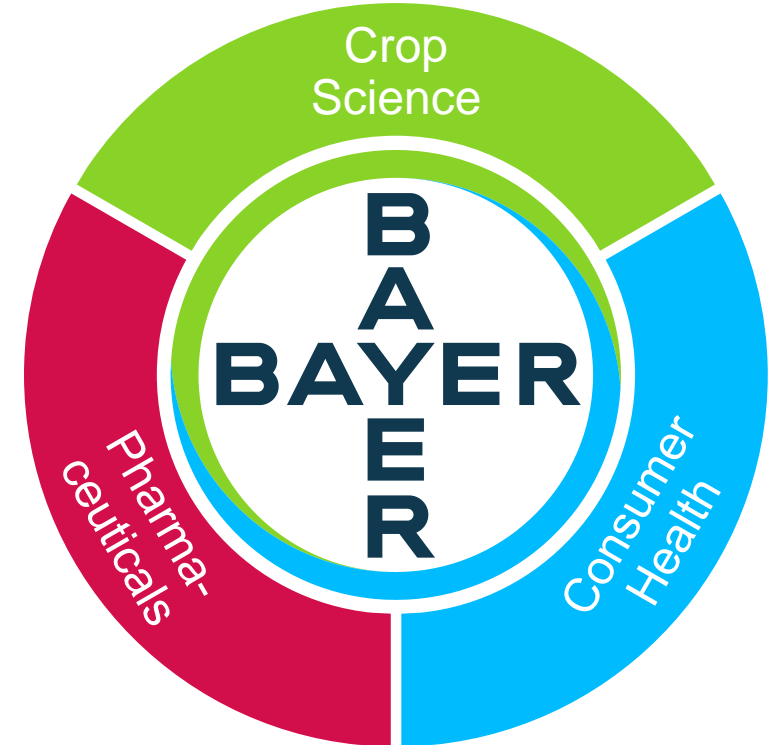
Changes in recent years



■ Acquisitions ■ Separation / Sale

Target structure

Growing ahead of competition over last five years on average



One of the fastest growing Pharma businesses over the past five years

Leading Positions in 7 of the Top 10 OTC Markets



Crop Science

Strategy

Shaping agriculture to benefit farmers, consumers and our planet

Our Mission as the industry leader



Deliver world-class **innovation**



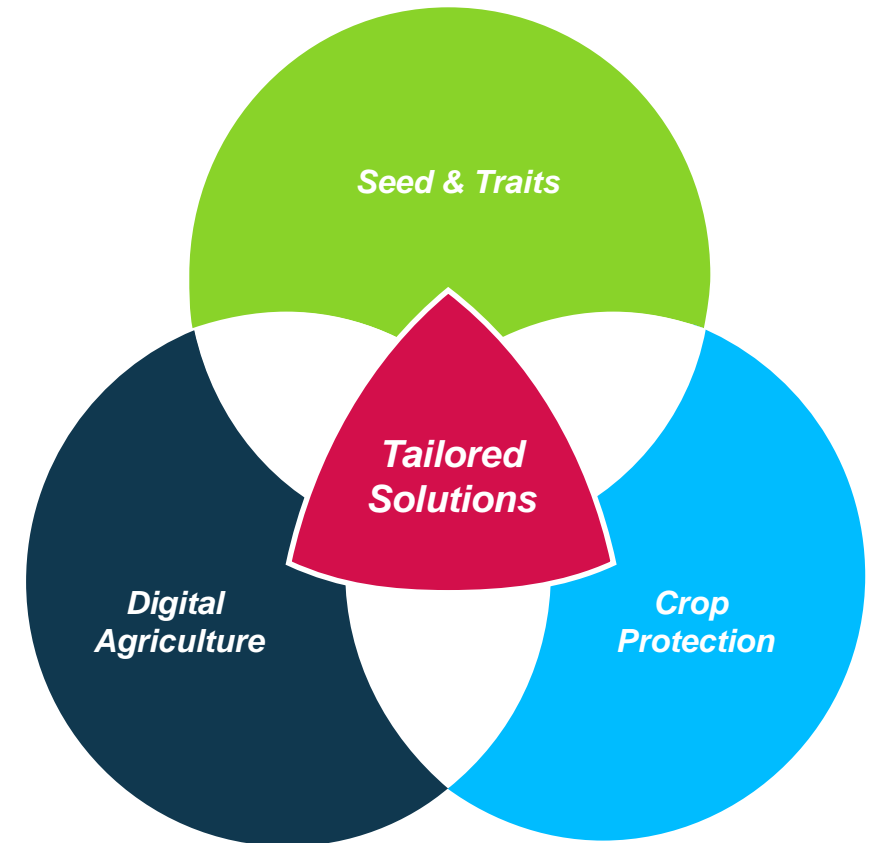
Pioneer the **digital transformation**



Set new standards of **sustainability**



Drive operational excellence through an output-based business model



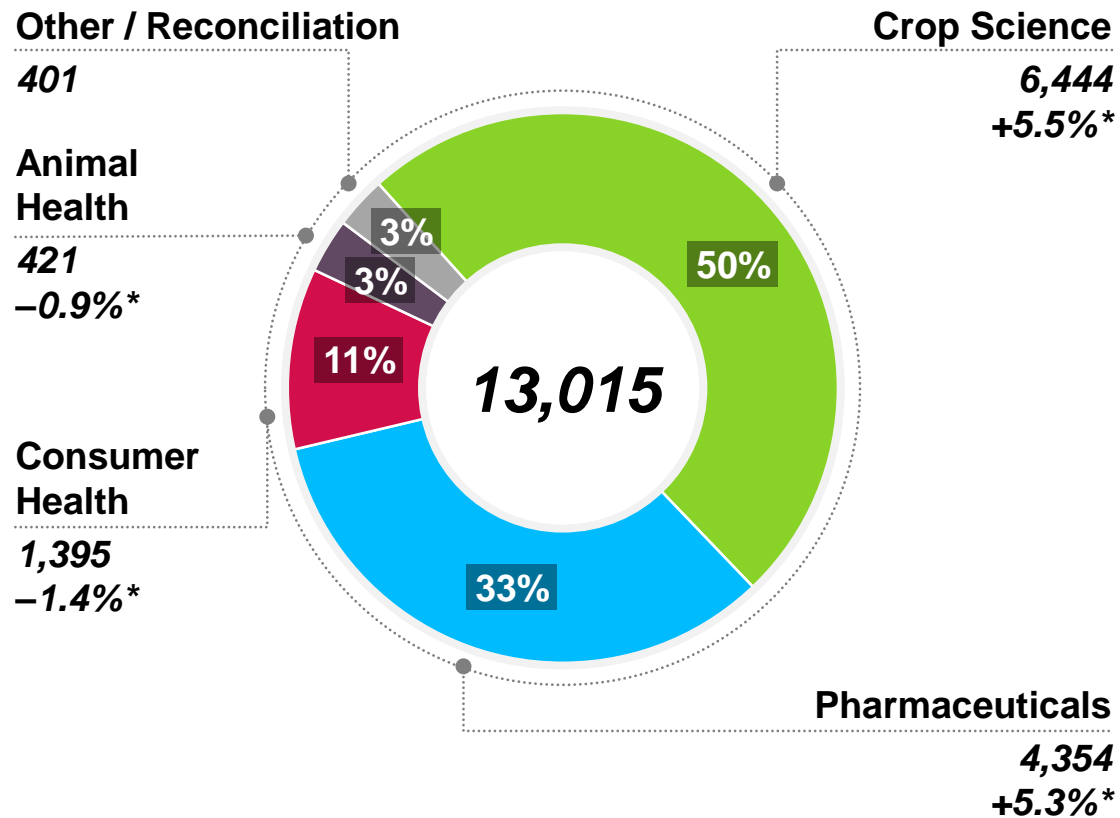
Tailored solutions are key to sustainably managing resources and improving productivity



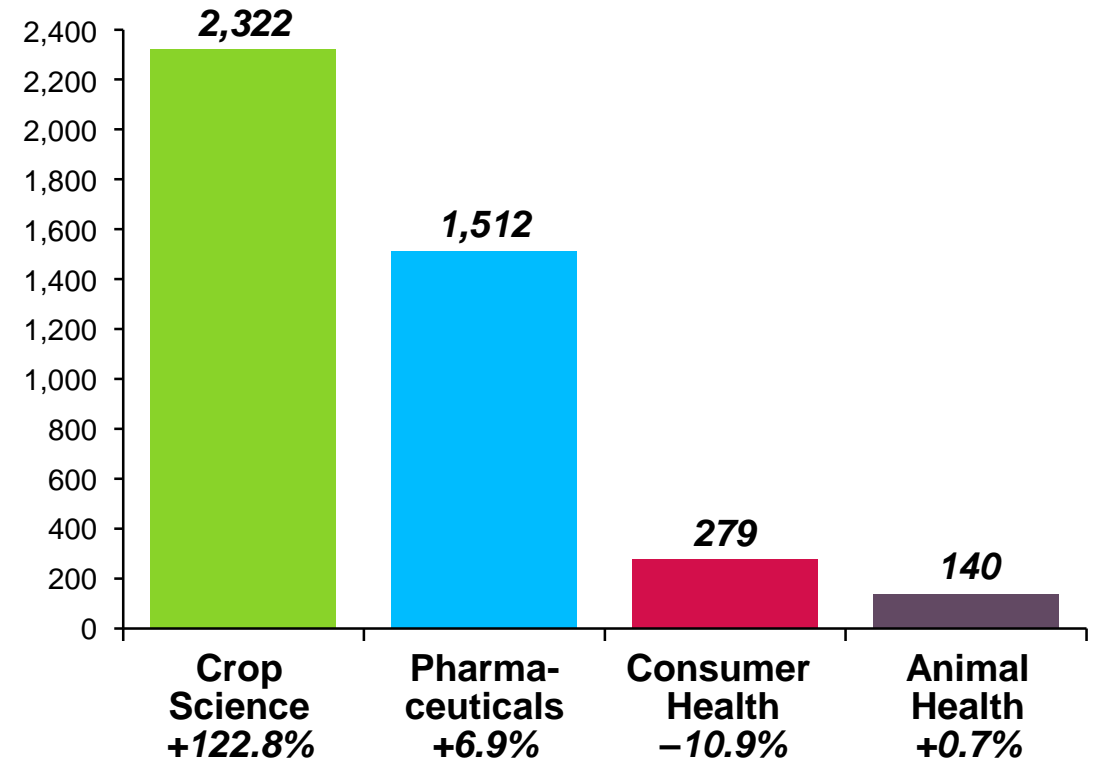
Crop Science drives strong start into the year for Bayer

Group by Segments in € Million, Q1 2019

Sales



EBITDA before special items



* Year-on-year change currency- and portfolio-adjusted



Bayer 2022 Synergy & Efficiency Programs

Crop Science



Realization of Crop Science sales and cost synergies

Pharmaceuticals



Re-alignment of R&D activities towards external innovation / Adjustment of the hematology manufacturing footprint

Consumer Health



Comprehensive growth acceleration program

Support functions cost optimization

Adjustment of corporate platform

- ✓ Targeted overall contribution of ~€2.6bn by 2022
- ✓ Global FTE impact ~12,000



Let's talk about Glyphosate

Living up to our commitment – to farmers, to consumers and to the environment



1 *U.S. Environmental Protective Agency (EPA) reaffirms no risk to public health from Glyphosate in April 2019*

2 *800+ studies over several decades confirms that Glyphosate products are safe when used as directed*

3 *160+ countries have approved use of Glyphosate based products*

4 *Leaders across agriculture, politics, science & media globally acknowledge Glyphosate as a vital tool for sustainable agriculture*

5 *Glyphosate helps to control weeds and contribute to sustainable farming*

6 *Bayer.com/glyphosate
Visit our Glyphosate hub to find general information about Glyphosate*

Glyphosate products are safe when used as directed



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- // Update Bayer Global
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Bayer's Legal Entities in India

Crop Science



Bayer CropScience Ltd.

Sales of Crop Protection products, Environmental Science products and Hybrid Seeds for field crops with a primary focus on the domestic market. Crop Protection and Environmental Science products partly formulated in-house



Bayer Vapi Pvt. Ltd.

One of the global core manufacturing sites for Bayer's Crop Science division, with key expertise in manufacturing and exporting active ingredients, intermediates and formulations



Bayer BioScience Pvt. Ltd.

Research, breeding, production and conditioning of high quality Hybrid Seeds for field crops (Rice, Cotton, Millet and Mustard)

Pharma



Bayer Pharmaceuticals Pvt. Ltd.

Third party manufacturing of Pharmaceuticals, Animal Health and Consumer Health products. Marketing and distribution of Animal Health and Consumer Health products



Bayer Zydus Pharma Pvt. Ltd.

Joint Venture; Marketing and distribution of Pharmaceuticals products

 Denotes listed entity



Legacy Monsanto's Legal Entities in India

Crop Science



Monsanto India Ltd.

Entity engaged in research, production and sale of corn seeds, formulation and sale of Glyphosate-based herbicide. Entity also has an IT based mobile platform that provides farmers with information on agronomic practices



Monsanto Holdings Pvt. Ltd.

Licensing of seed technology and traits, research, production and sale of vegetable seeds, providing contract research services and shared services



Monsanto Investments India Pvt. Ltd.

Core Investment Company, holding investments in subsidiaries and group companies in India



Mahyco Monsanto Biotech (India) Pvt. Ltd.

Joint Venture between Maharashtra Hybrid Seeds Company Ltd. (Mahyco) and Monsanto Investments India Pvt. Ltd., primarily engaged in promotion, marketing and sublicensing of Cotton trait technology

 Denotes listed entity



Agenda

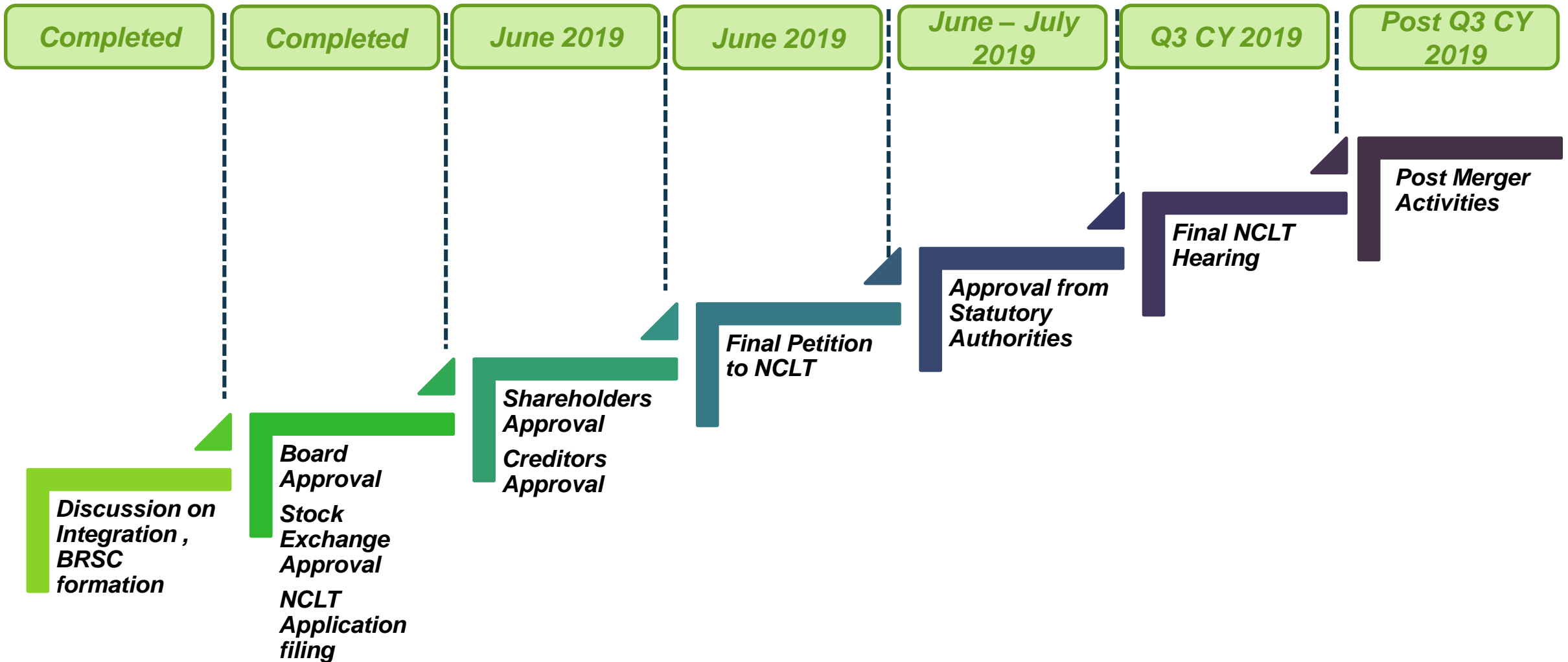
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Integration Planning

Tentative Timeline & Key Milestones

CY – Calendar year





BCSL – MIL Merger: High Level Synergy Assessment

- Opportunities for full value creation by ~ 2022*

1

Revenue Synergies

Revenue upside of combined company portfolio:

- // Leveraging mutual portfolio, channel presence and farmer connect
- // Providing comprehensive solutions to farmers which are effective and sustainable (Seeds, CP, Biologics, etc.)
- // Capture opportunities from innovation in future product portfolio, consumer data/insights and digital offerings

2

Commercial and Enabling Functions

Savings in combined costs are expected from:

- // Consolidation of the organisation and optimisation of structures
- // Savings in promotional spends by combining activities, strengthening propositions and economies of scale
- // Re-calibration service level, increased automation/standardisation in light of higher scale/number of transactions

3

Procurement, Product Supply and Logistics efficiencies

Procurement and Supply Chain cost decrease to result from:

- // Procurement efficiencies – bundling, improvement, extension of favourable prices, terms and conditions
- // Consolidation of warehouses and CFA operations

4

Administrative Costs

Decrease in (other) administrative costs expected from:

- // Office consolidation to result in quick wins in rental expenses
- // Savings in IT costs by moving onto single ERP and infrastructure

Revenue Synergies & Cost Efficiencies expected to be >INR1.2bn p.a.*

* At integration target state, subsequent ERP system consolidation and excluding one time integration costs (estimated@up to INR1.8bn): amount to reflect predominantly BCSL/MIL efficiencies against baseline FY2017-18



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IBSL: India, Bangladesh and Sri Lanka

The Smallholder Market

Farmer's profile



Crop Protection Market



Seeds & Traits Market



Sources:

1. GDP: International Monetary Fund, World Bank
2. % employment in agriculture: World Bank
3. Average farm size: country census, external studies, etc.

India is the ...

7th largest economy in the world

GDP Growth 2008-2018
+8.2%

AGRICULTURE as % fraction of GDP

15.5%

% employment in agriculture

41.6%

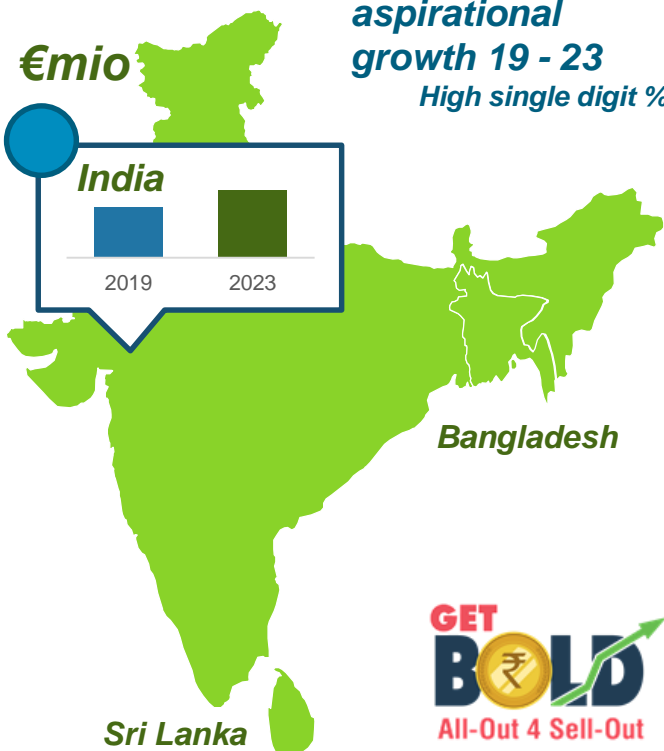
v/s. Germany 1.3%

Average farm size

1.1 ha

v/s. US average 175 ha

Our footprint and ambition

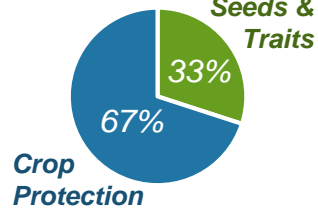


Business by Segments

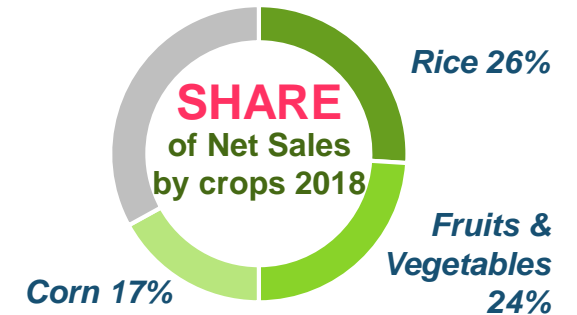
IBSL

accounts for... 31% of total Bayer, APAC business being 5th largest in the world

... of which



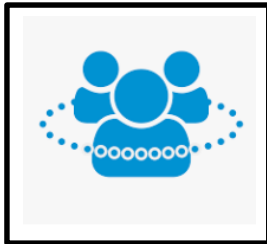
Business by Crops





BCSL – Priorities & Vision

Deliver Successful Integration



Strengthen Learning Culture



Build a diverse & fit for future workforce



Cultivate Transformational Leaders



People & Culture

Customer & Business

- Customer Centricity – closer to field
- Enable Robust growth
- Effectively Manage Sell-in and Sell-out
- Focus & Prioritization to build efficiencies
- Execution Excellence/ Synergy delivery

Innovation

- Innovation in Process, Solutions, Product
- Superior Customer Insights
- Innovation in Capability/ Capacity building

Digital Leapfrogging

- Data management/ analytics/ insights
- Best digital solutions
- Digitizing operations/ Digital transformation

Prosperity for People & Planet

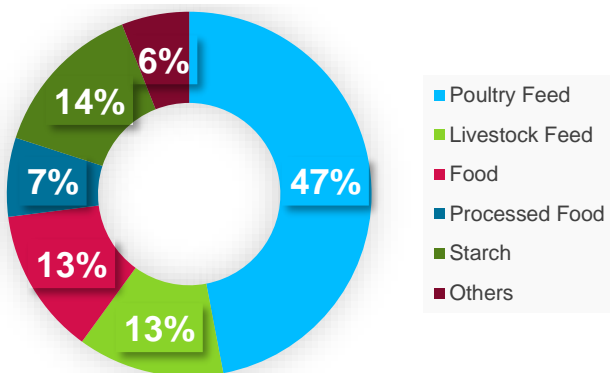
- Secure License to Operate
- Smallholder Lighthouse to business model
- Engage with Stakeholders/ Collaborate



India Corn opportunity

Productivity gain imperative to meet growing demand

Demand - **24 Mn MT***
to grow by 6 %



Production just meeting demand ; Drop in production in 2018 & growing demand increased commodity price

* Agriwatch estimates

4th Largest by Area
~ 9 Mn Ha

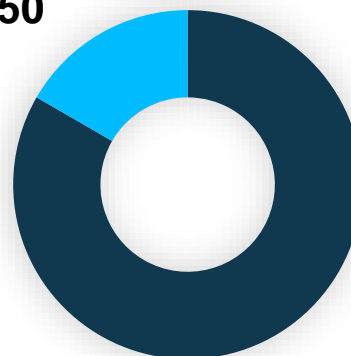
Farmer engaged in corn farming
~10 Mn

Productivity
2.6 ton/Ha
(World Avg. – 5.5)

Market to grow

8% CAGR

Crop Protection
€mio 50



Seed Market
€mio 250

> Market Growth Aspiration

Combined Portfolio Seeds and CP; *BCSL* to offer integrated solution to enhance Yield & Income



Seeds



Crop Protection



Drones & Digital Farming



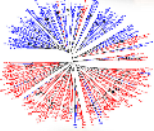
Precision Breeding to Transform Bayer Rice for Breakout Value

Rapidly advancing genomic and data science capabilities for yield, quality and cost improvements

Precision Breeding (2019-2029)



Disruptive Yield, Genetic Gain and Quality Improvements – Increase heterosis by 50%, double rate of genetic gain, improve quality, and reduce COGs to drive market expansion and Bayer value



Genotype Rice Germplasm – building capabilities to genotype rice are fundamental to breakthrough yield, quality and value creation



Expand and Modernize Field Testing – expanding testing network in 2019 for high quality digital field data fuels data science models



Build Data Science & IT Capability – secure resources and build short and long term capabilities with global teams



Genomic Selection Models for Decisions – build performance prediction and selection models with new genotyping and field data; use to make breeding and advancement decisions

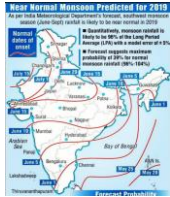


Prescribe Breeding Methods and Efforts – data insights and predictions drive germplasm decisions, optimize breeding strategies and methods and expose needs to drive heterosis, genetic gain, quality and operational cost. Use partners (eg IRRI) to expand internal capabilities

Talent & Teams Expanding Capability



Positive indications for season on back of poor Rabi and policy decisions



Long Range Forecast of the 2019 Southwest Monsoon Rainfall better than previous years

- // Q4 impacted by crop failure due to extreme weather and draughts
- // For Karif: 96 % of the Long Period Average (LPA); Weak EL Nino conditions – IMD (Govt. Of India) seem positive



Commodity Prices improved for key crops

- // Poor Rabi impacted farmer liquidity resulting in lack of cash and investments
- // Crops like cotton, corn, grapes etc. have seen good commodity price in recent months which will have positive impact on season. North India wheat production was above average which will have positive impact on kharif season Paddy



New Launches gaining momentum

- // Crop Protection products like Velum Prime, EverGol Xtend, Ambition, Infinito and Movento are growth drivers
- // Council activ to launch in rice



Seeds in demand

- // Higher cotton seeds sales in North India
- // Bayer inline with planned growth which is higher than market growth driven by cotton and paddy seeds



Distribution upgrades

- // Channel re-balancing conducted in Q4; resulting in higher sales returns; to allow for healthy start of main season
- // Policy aligning sell-in and sell-out with aim to better WoC & risk management as well as predictability of sales returns
- // Increased industry partnering to better utilize vast portfolio and improve market reach



Key initiatives across organization

Pillars to our vision



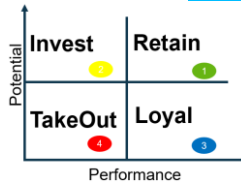
Liquidation based sales policy

// Focus shifted to consumption and seasonal placement to improve predictability and derisk business



Inclusion and Diversity

// Project Samavesh on track with 9 female territory managers working across South and West Geography. (10 more this year)



Channel Segmentation (Distributor level)

// Customized approach of dealing with distributors (~3,500). Better working capital management and cost efficiency/leveraging partnerships to drive growth



Linking brand Arize with farming communities

// A for Arize - campaigning spread across multiple states in East India. Awareness on education in farming communities. (supporting ~50 student scholarships)

Kashmir to have 3 more virtual weather stations



Collaboration

// Bayer CropScience Ltd signed MoU with SK University of Agricultural Sciences and Technology, Kashmir. Focus Crop - Apple

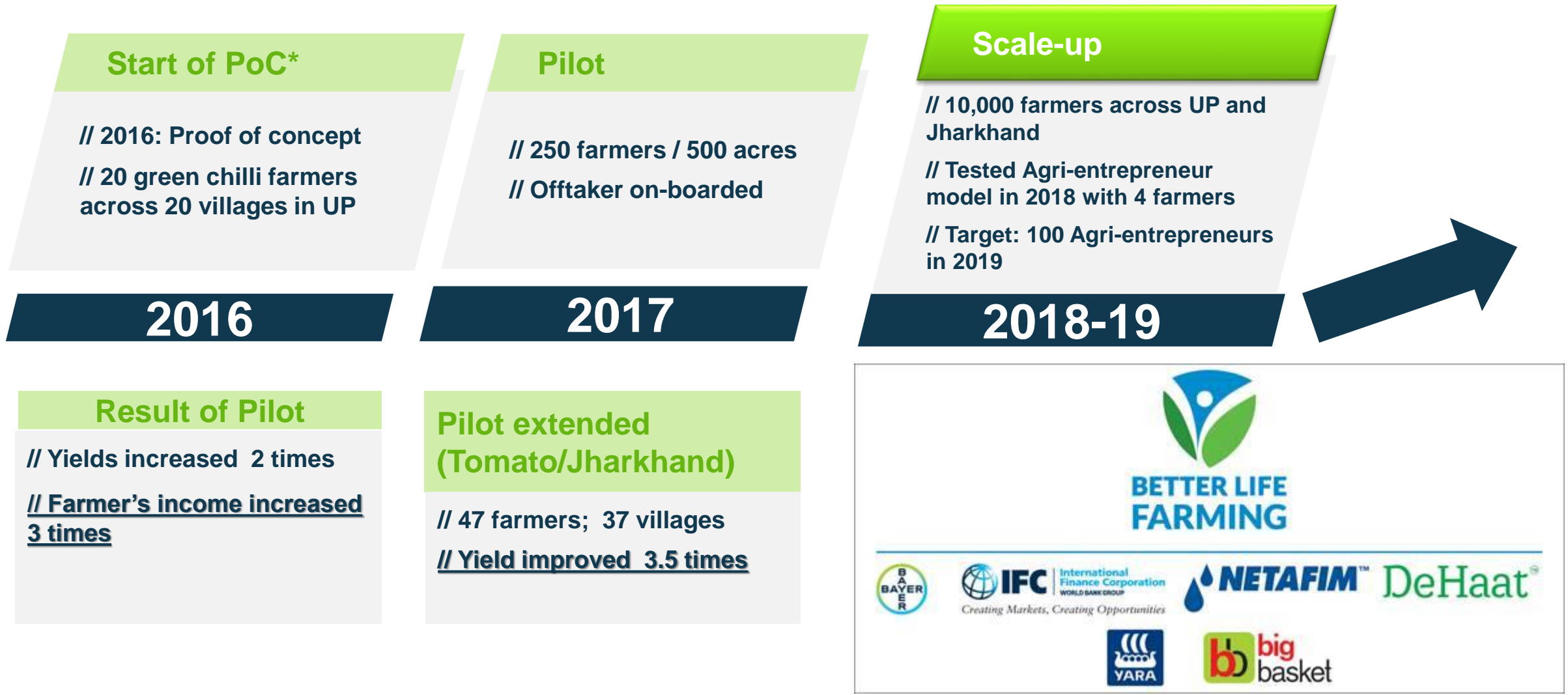


Food Chain Partnerships Expansion

// Leveraging on our continuous efforts in value chain improvement. 20,000+ acres of additional paddy fields under food chain partnerships across MP, UP & Haryana



Enabling smallholder farmers to reach their farming potential



*PoC – Proof of Concept



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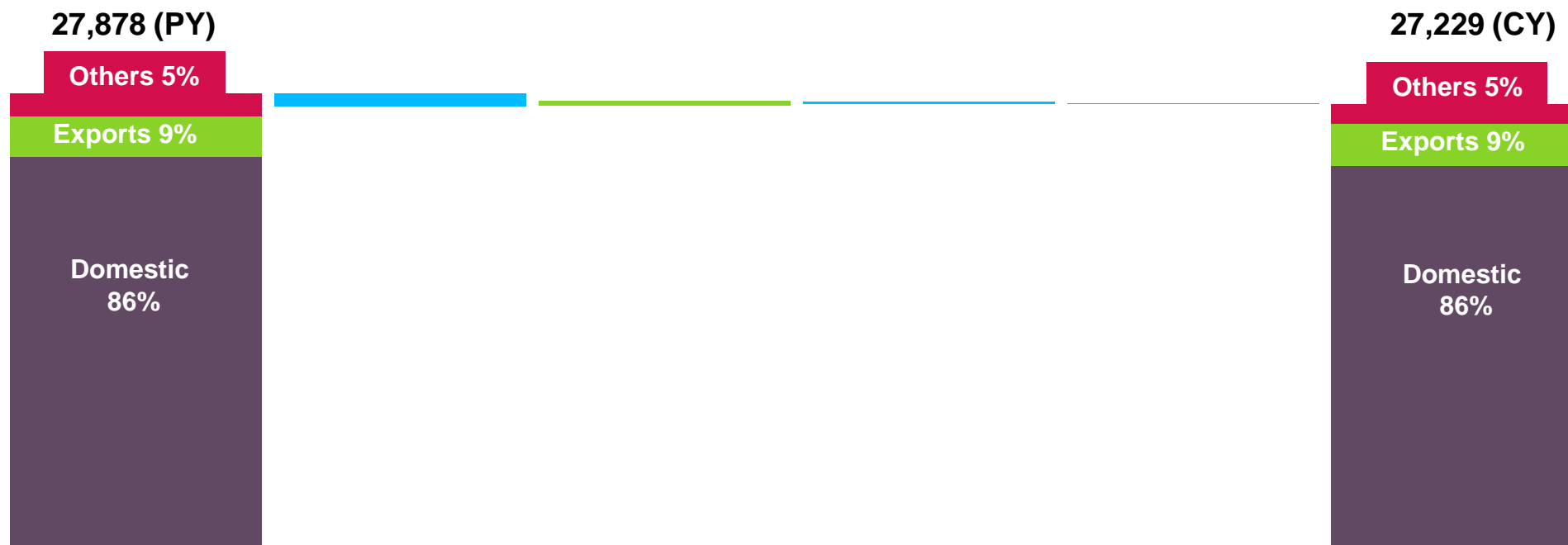
Income Overview

FY 2018-19

Figures in INR Mio.

Δ over PY

	Excise Duty	Sales	Other Operating Revenue	Other Income	
	--	+1%	-15%	-4%	-2%
	753	272	152	16	



As % to Total Income	CY				
	PY	-	96	3	1
	3	92	4	1	



Profitability Overview*

FY 2018-19

Figures in INR Mio.

Gross Profit**

Other Revenue

Employee Expenses**

Other Expenses**

Depreciation & Finance Cost

Δ over PY

4,038

+10%

897

-

13

+22%

573

+16%

689

-1%

3

-9%

3,663

PY

CY

As % to Sales

CY	37	10	12	19	2	14
PY	33	10	10	16	2	15

*Profit Before Tax

**Includes one time impacts

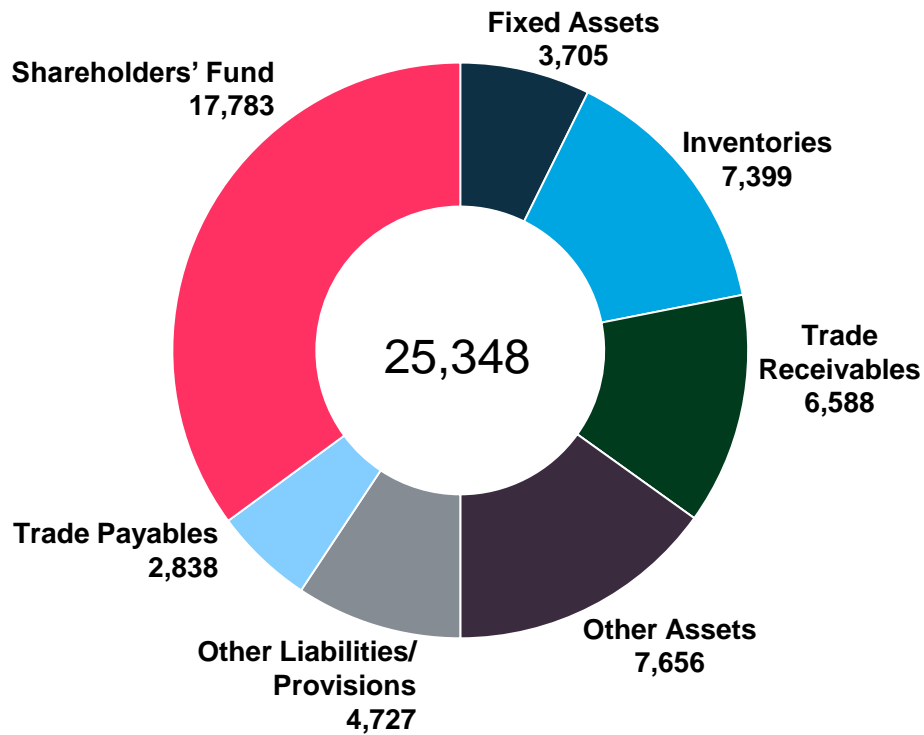
PY - Previous Year, CY - Current Year



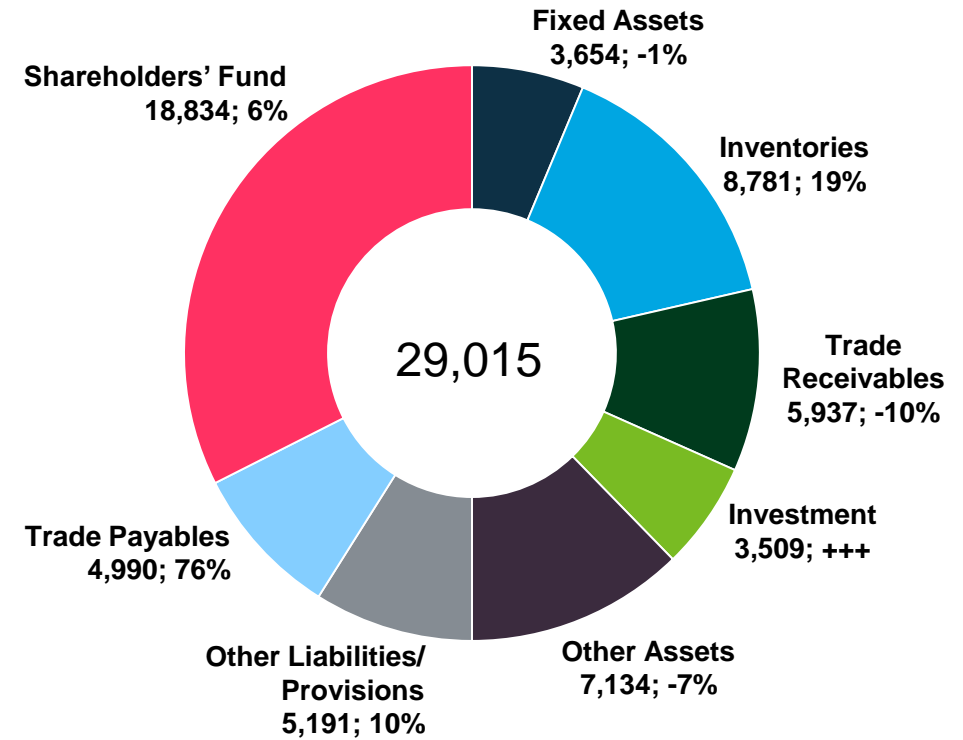
Balance Sheet Overview

Figures in INR Mio., $\Delta\%$ over Previous Year

March 31, 2018



March 31, 2019





Summary and Focus Areas

Shaping Agriculture to Benefit Farmers, Consumers and our Planet

1

Business: Deliver on operational targets

2

Innovation: Realize potential new products and pipeline

3

Merger / Efficiency: Provided approval, execute integration and efficiency programs



Thank you!



May 29, 2019

