



Bayer CropScience Limited
Investor Presentation



November 21, 2018





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Agenda

- // **Update Bayer Global**
- // Overview of Bayer & Monsanto in India
- // BCSL – MIL Merger
- // BCSL: Financial Perspective
- // BCSL: Business Update

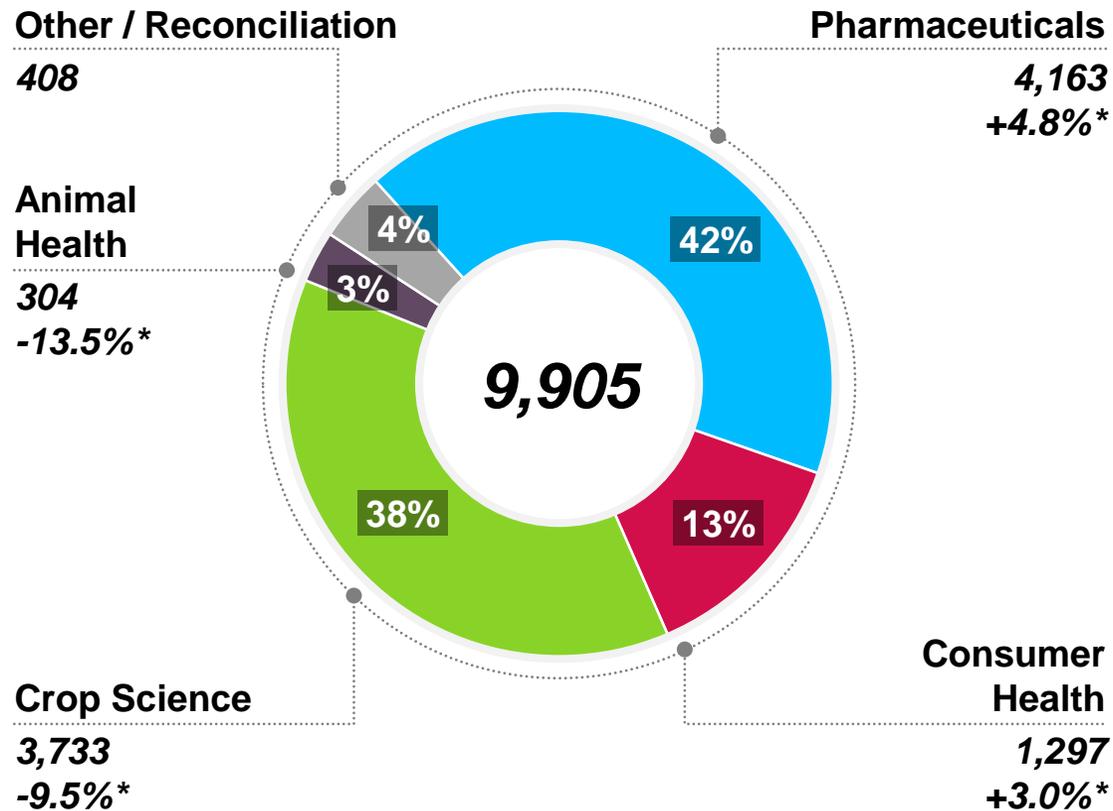




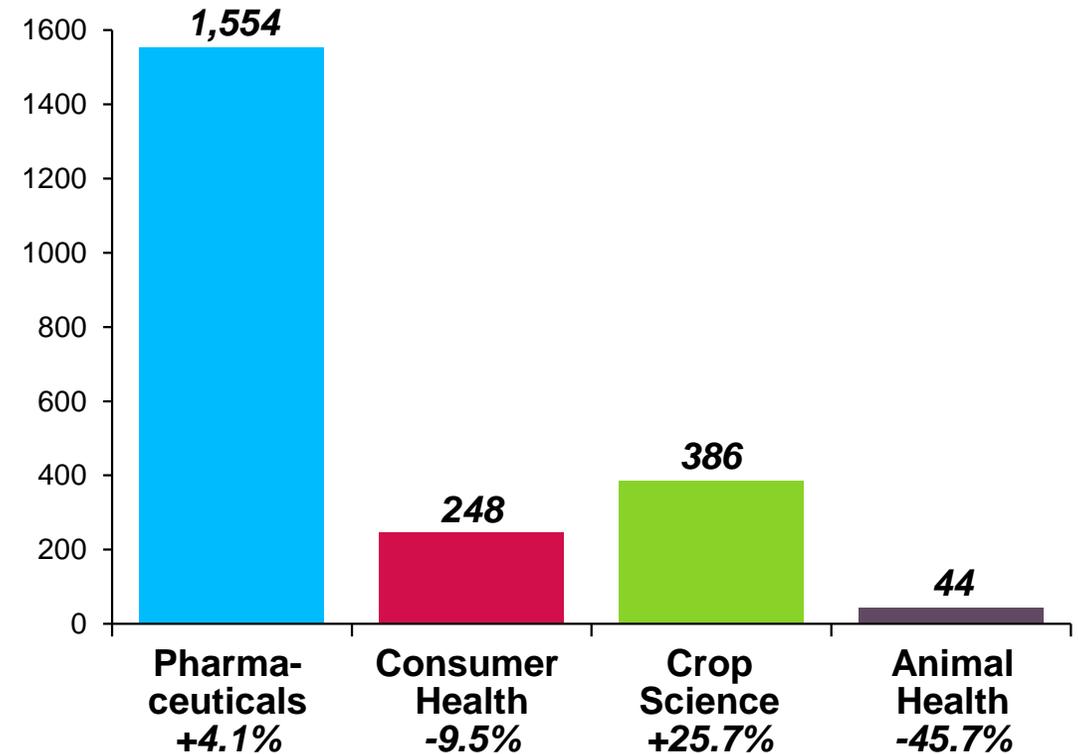
Key Data Third Quarter of 2018

Group by Segments in € Million

Sales



EBITDA before special items



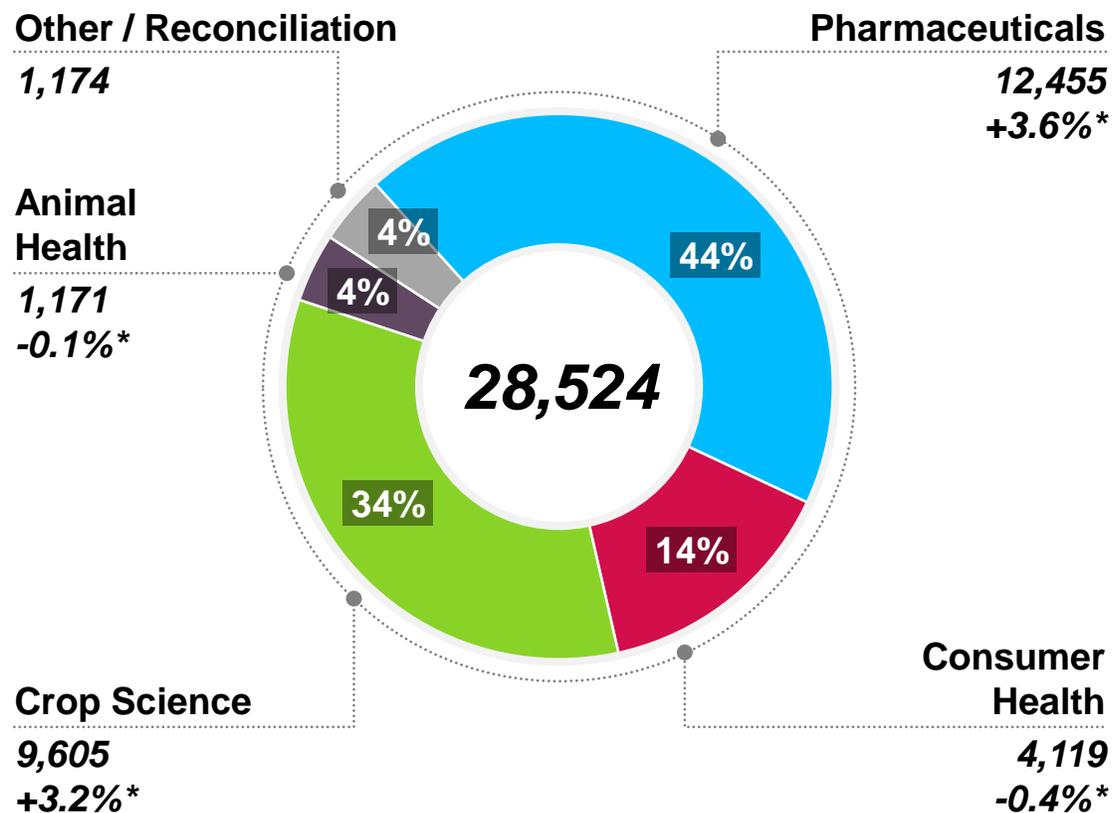
* Year-on-year change currency- and portfolio-adjusted



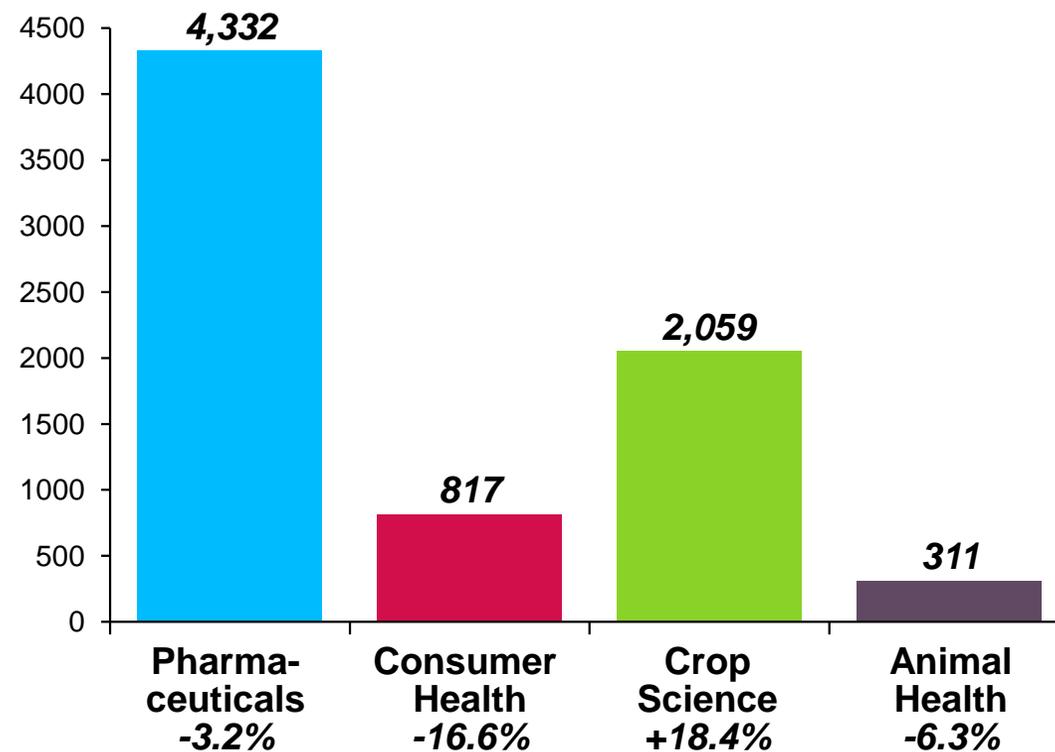
Key Data First Nine Months of 2018

Group by Segments in € Million

Sales



EBITDA before special items



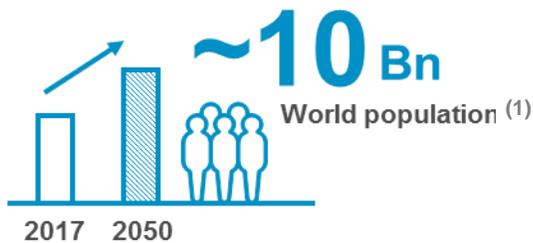
* Year-on-year change currency- and portfolio-adjusted



Monsanto Integration

Growth in Agriculture Driven by Long-term Megatrends

Demand

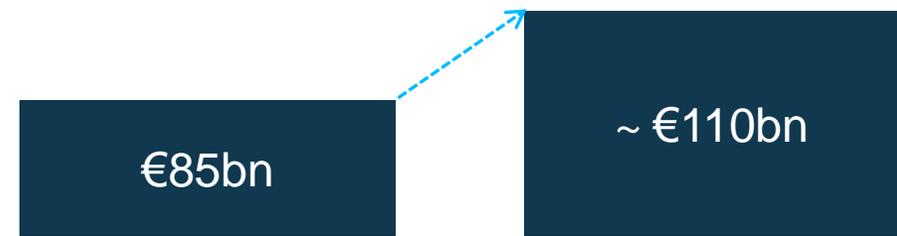


Supply



- // Significant increase in agricultural productivity is required to meet future demand
- // Innovation enables productivity increase while protecting natural resources
- // Innovation helps farmers deliver healthy food to consumers more efficiently and sustainably

CAGR 2017 – 2025E: ~3%



Ag input market⁽³⁾

Source: FAO 2017, The Future of Food and Agriculture

(1) By 2050

(2) 2050 land for food per capita estimate: 2014: 0.19ha; 1950: 0.52ha

(3) Source: Bayer internal estimates, April 2018; includes seeds, traits and crop protection products



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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



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Well Positioned to Develop Advanced Customized Agronomic Solutions

Bayer

- // Outstanding crop protection portfolio
- // Focus on plant and soil health
- // Excellence in chemistry
- // Biologics platform

Monsanto

- // Outstanding corn seed portfolio
- // Focus on yield
- // Breeding and development focus
- // Advanced technology platform

+

>

An offering of products, technologies and services to constitute an individualized solution with **unique value for our customers**

Seeds

Crop Protection

Advanced technology platform



BCSL – MIL Merger: Strategic Rationale

- 1 Attractive Long Term Growth Market**
 - // 2nd largest population in the world (1.27bn), requires 277mn mt of food grains, around 23mn under-nourished
 - // Substantial scope to increase productivity which stands at 40-50% level of developed countries
 - // Combined businesses under 'Bayer' brand active in attractive long-term growth market
- 2 Creating Leader in Agriculture in India**
 - // Complementary agricultural offering and geographic footprint by combining sales forces and infrastructure
 - // Creating leader with broad variety of crop protection products and seeds
- 3 Access to joint, enlarged innovation pipeline**
 - // Access to globally combined R&D and technology platform for faster, more efficient development of innovative solutions
 - // Broad pipeline across crop protection products incl. biologics and seeds
- 4 Cost efficiencies and administrative easiness**
 - // Consolidation of commercial activities as well as platform functions to result in cost efficiencies
 - // Simplify group structure with a single listed entity lowering administration and related costs
- 5 Value Creation**
 - // Value creation for our shareholder through expected synergies*
 - // Access to top talents from both the organizations & increased employer attractiveness as value driver

* At integration target state, subsequent ERP system consolidation and excluding one time integration costs

Long Term Sustainable Value Enhancement For All Shareholders



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
- // Drive efficiency by revisiting decision of e.g. Lease vs Buy fleet for customer facing positions

* 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

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



BCSL – MIL Merger: Transaction Overview

Financial Metrics

Year Ended 31 March, 2018 (INR mn)	BCSL	MIL
Revenue	27,490	6,721
EBITDA	4,094	1,691
EBITDA Margin	14.9%	25.2%
ROE	16.9%	25.8%

Swap Ratio

// MIL shareholders to receive 2 shares of BCSL for every 3 shares of MIL held

Value Creation

// Strong value creation for our shareholders through expected synergies*

Closing Time Line

// Subject to shareholders and regulatory approvals transaction is likely to be completed in Q2 FY20

Post Merger Shareholding

// Post Merger, expected shareholding to be Promoters 71.4% and Public shareholders 28.6% of the combined entity

* At integration target state, subsequent ERP system consolidation and excluding one time integration costs



BCSL – MIL Merger: Transaction Partners

Lawyer

- // Crawford Bayley & Co.
- // L&L Partners (formerly known as Luthra & Luthra Law Offices)

Valuer

- // S R Batliboi & Co. LLP
- // Bansi S. Mehta & Co.

Fairness Opinion

- // ICICI Securities Limited



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Income Overview

April'18 to September'18 / FY18-19

Figures in INR Mio.

Δ over PY

Excise Duty

Sales

Other Operating Revenue

Other Income

--
753

+2%
459

-7%
38

-29%
87

-2%

19,987 (PY)

19,568 (CY)

Others 4%

Others 3%

Exports 4%

Exports 7%

Domestic
92%

Domestic
90%

As % to Total
Income

CY	-	97	2	1
PY	4	92	3	1

PY - Previous Year, CY - Current Year

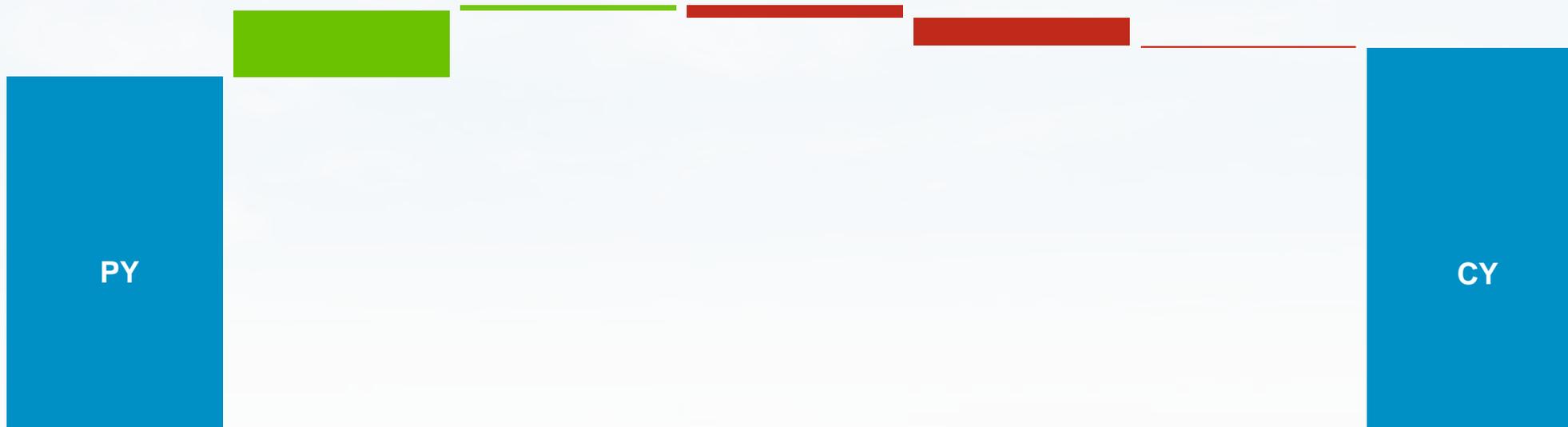


Profitability Overview*

April'18 to September'18 / FY18-19

Figures in INR Mio.

	Gross Profit	Other Revenue	Employee Expenses	Other Expenses	Depreciation & Finance Cost	
Δ over PY	+13%	+3%	+11%	+13%	+16%	+8%
4,129	772	65	148	323	32	4,463



As % to Sales

CY	37	11	8	15	1	24
PY	32	10	7	13	1	21

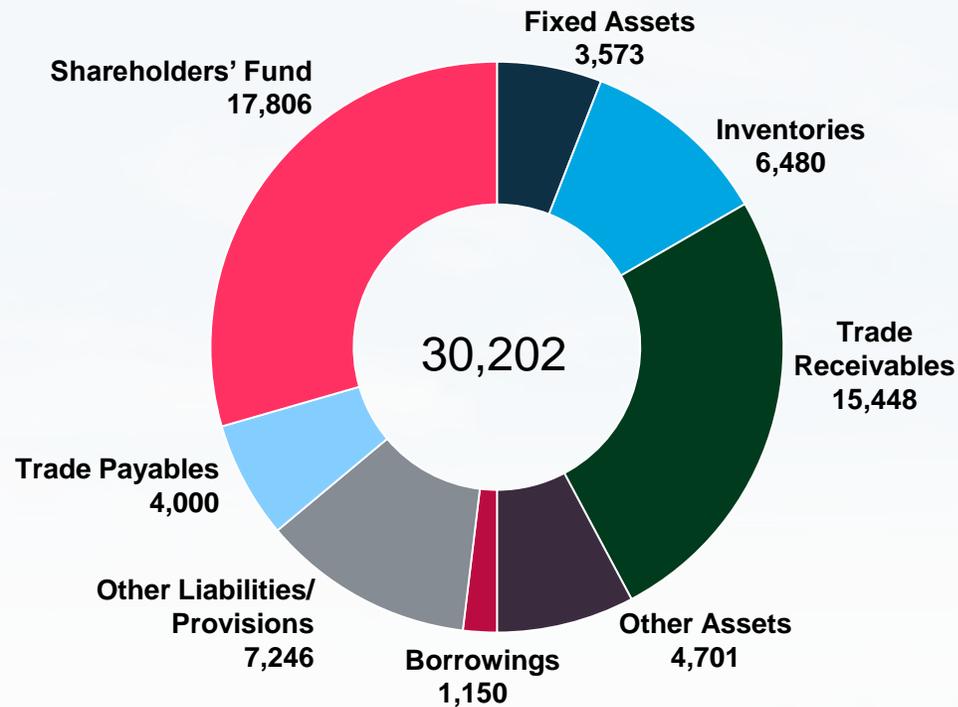
*Profit Before Tax
PY - Previous Year, CY - Current Year



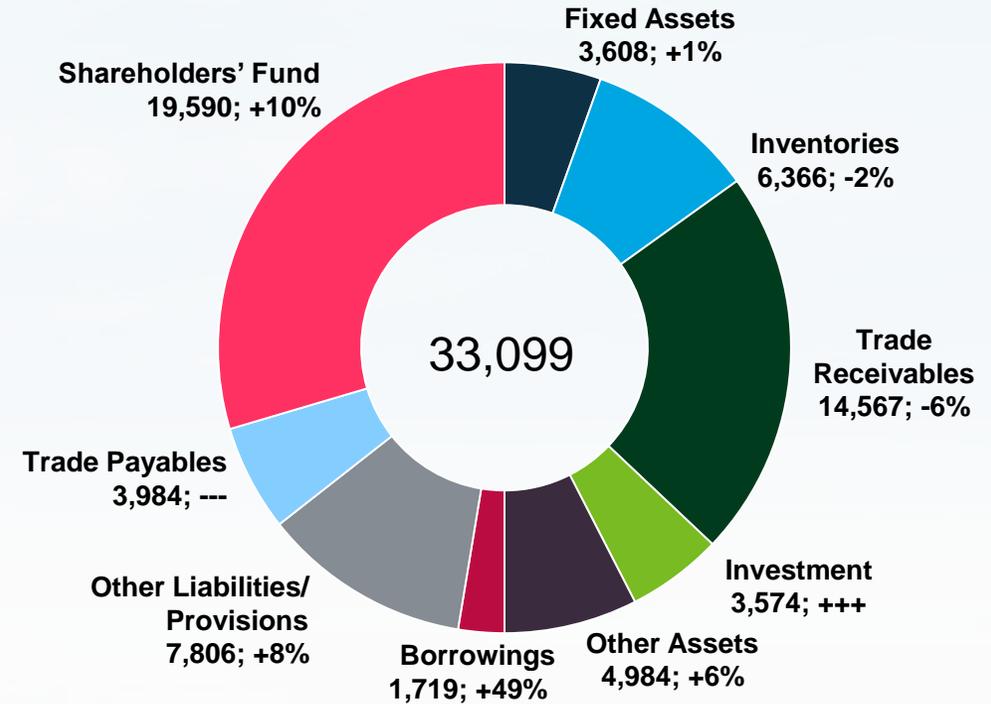
Balance Sheet Overview

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

September 30, 2017



September 30, 2018



↑ Investment: Equity shares of Monsanto India Limited through Open offer in Current Year 3,574



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YTD Sales Below Expectations Due To Challenging Environment for Cotton, Vegetables And Delay In Registrations

- // Our strategy of steering consumption and innovations remains firm despite challenging seasonal conditions in H1/FY 2018-19

- // Dry weather affected business severely in Cotton and low commodity prices kept business in Vegetables flat; gains recorded for Rice and Corn not sufficient to compensate

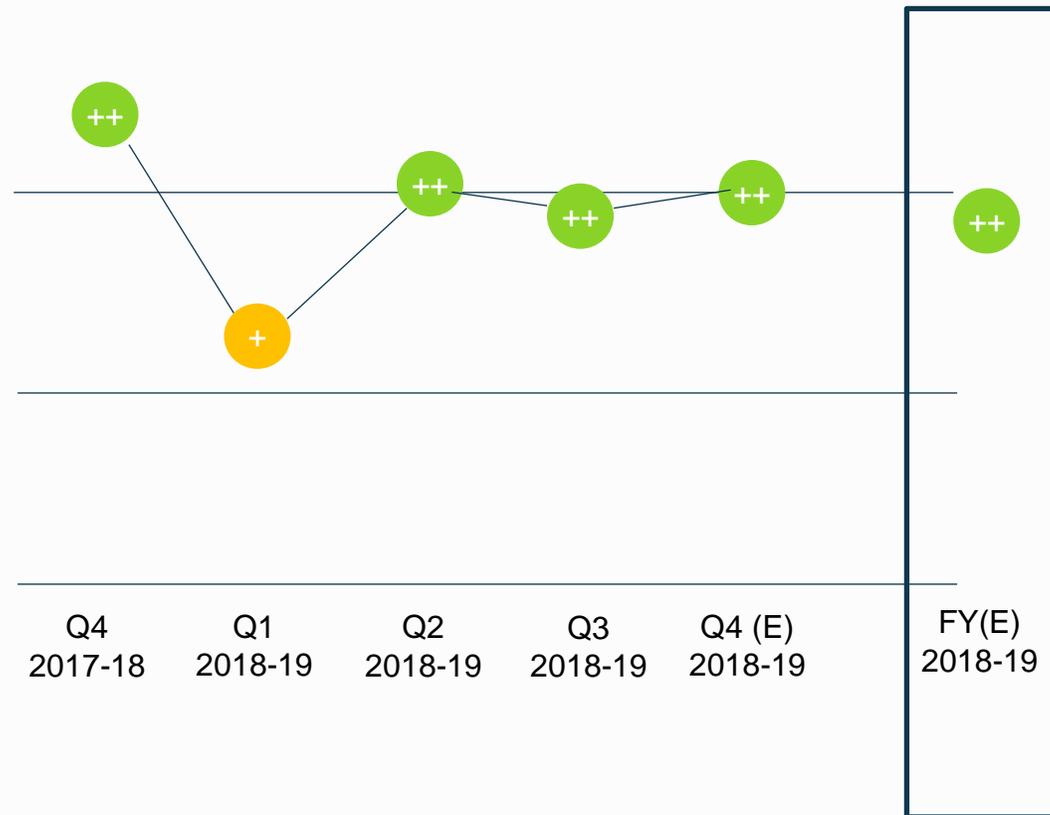
- // Seeds business below expectations as well due to segment shift in Rice and poor rains in Millet geographies

- // Delay in registrations of 2 key products also affected business in Rice, Vegetables and plantation crops in H1/FY 2018-19



Consumption (Sell Out) Is Very Healthy And Probably Amongst The Best In The Industry

% Change over previous year



Comments:

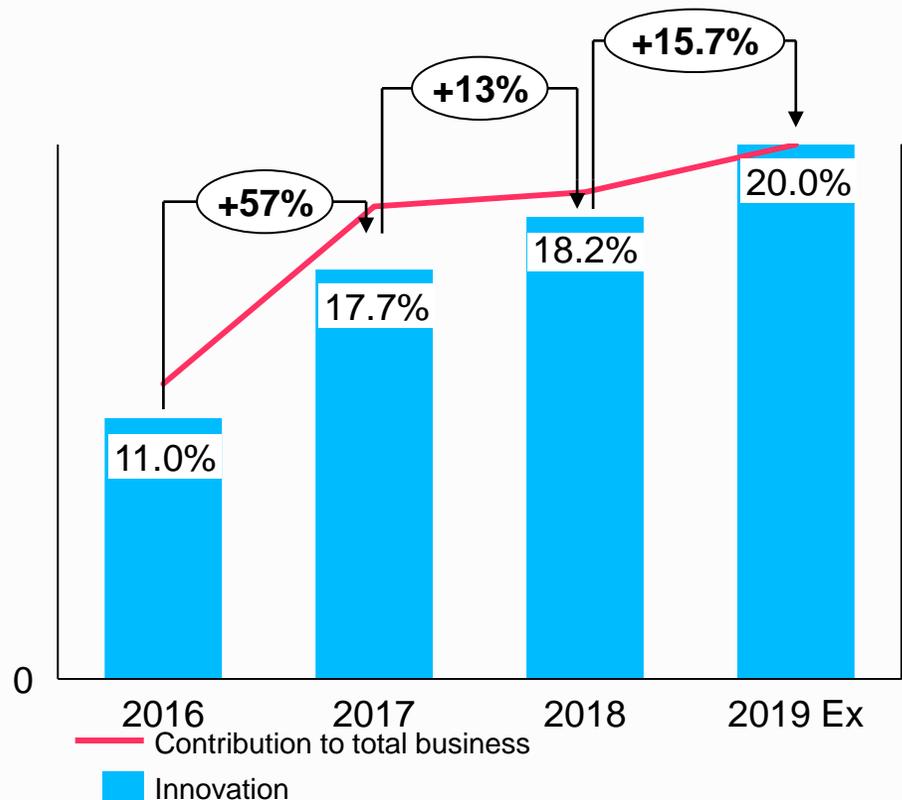
- // Continued active steering of consumption shows very positive trend over the year
- // Innovation and specialty products are driving the healthy increase in consumption
- // Rice and Vegetables to be key crops contributing to growth in 2018
- // As to Cotton and Fruit, consumption however still below expectations



Robust Growth Of Our New Launches Across Years

Growth of Innovation (Launch +4 years) across years

Innovation growth over years



Comments:

- // Growth of new launches has been steady and robust across years
- // With 7 new launches in 2019 (Calendar year), we further plan to take up innovation to 20% of total business
- // Big push in the organization to increase the contribution of new launches across years



Launch Upto 7 New Products Across Different Segments In 2019, Contributing Upto 6,000 mINR Peak Sales

<p>Seed Growth</p> 	<p>EverGol Xtend: Enter fungicide seed treatment business with superior Rhizoctonia, Seclortinum & Fusarium control across field crops</p>
<p>Herbicides</p>   	<p>Council Activ: Enter Rice post emergent segment with broad spectrum control Wheat Herbicide: Target wheat herbicide segment and focus on resistant Phalaris Alion Plus: Target Non Selective Herbicide segment with season long protection</p>
<p>Fungicides</p> 	<p>Infinito: Augment leadership in Oomycetes by taking good position in potato late blight and Vegetable blight segments</p>
<p>Insecticides</p>  	<p>Velum prime: Take leadership in nematode segment through Healthy Roots - Healthy Harvest Fenos Quick: Improve presence in Chewing pest market by targeting Value for money segments viz., old chemistry</p>



H2/FY 2018-19: Positive Growth Outlook, Based On Better Water Levels In Major Reservoirs

Opportunities

- // Red Chilli season progressing well
- // Pulses acreage in Rabi is expected to be stable to growing
- // Expecting more Rice acreage in South India due to better water levels in major reservoirs
- // Continuous channel inventory management to leverage the market opportunities to the fullest
- // Additional opportunities could come from 2 new launches

Watch list

- // Virus in Chillies and Pulses
- // Chilli and Pulses commodity prices



Business Update: Key Takeaways

- // Business likely to launch 2 products until Q4/FY 2018-19 and 5 products thereafter to capture value in the market

- // Confident to lead the market in improved price realizations to mitigate the AI cost increases

- // We remain committed to a disciplined business – with a strong focus on consumption and channel inventories



Summary

- // BCSL and MIL merger to present exciting opportunity for all stakeholders

- // Innovation and innovative solutions to remain key driver for the combined business to create strong value

- // Business expected to return to growth path in the remainder of FY 2018-19



Thank you!



November 21, 2018

