



COM Learning Session

Brand & Reputation Performance Update – from Tracking to Decision-Making



**Insights Generation &
Corporate Brand
Management**

June 2022



RESTRICTED



1. GBT Design & Awareness



2. Reputation & Future Behavior

+ Country Best Practices



3. Brand Value & RoB

(Return on Brand)



4. Questions & Answers

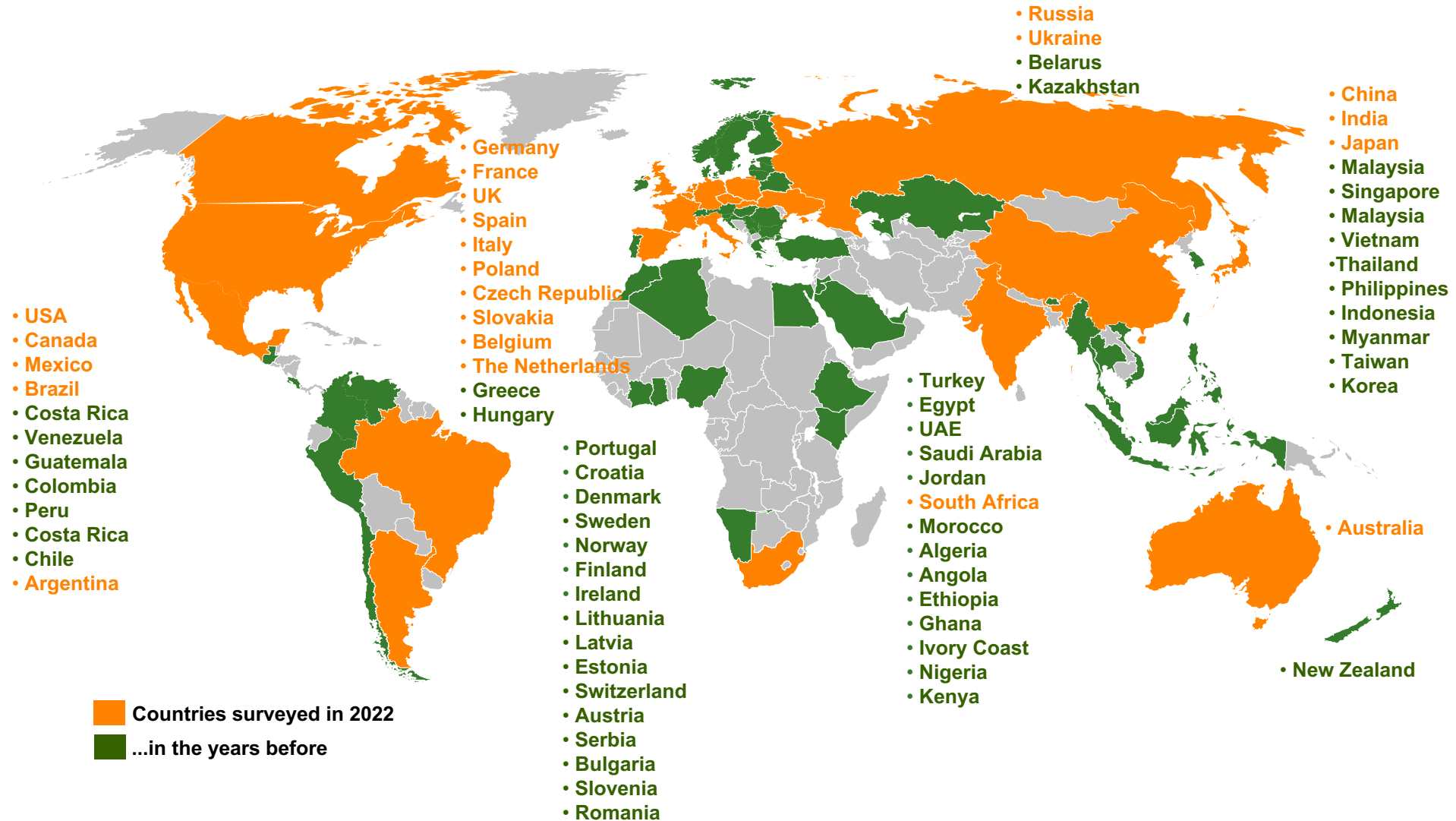
Brand Performance & Measurement



Global Brand Tracking (GBT): Survey Design

Objective	Obtaining valid data on Bayer's reputation and image within its competitive environment
Target Group	General population – upper approx. 50% of social levels defined by education, occupation and income
Sample	N = 1.000 per country
Method	Representative, panel based online surveys
Frequency	<ul style="list-style-type: none">• Main wave with at least the Top 20 countries each year in March• Quarterly waves in the US and Germany
Scope	GBT was initiated in 2010, since then more than 400 surveys in 71 different countries

Countries in Scope





Diversity

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Average Non-response Rates Are Surprisingly Low for Sensitive Questions

Average percentage of respondents across the Top 20 countries who refused to answer personal questions regarding their...

Pregnancy*	3.0%
Sexual orientation	3.6%
Disability	4.4%
Religion	5.0%
National origin	6.0%



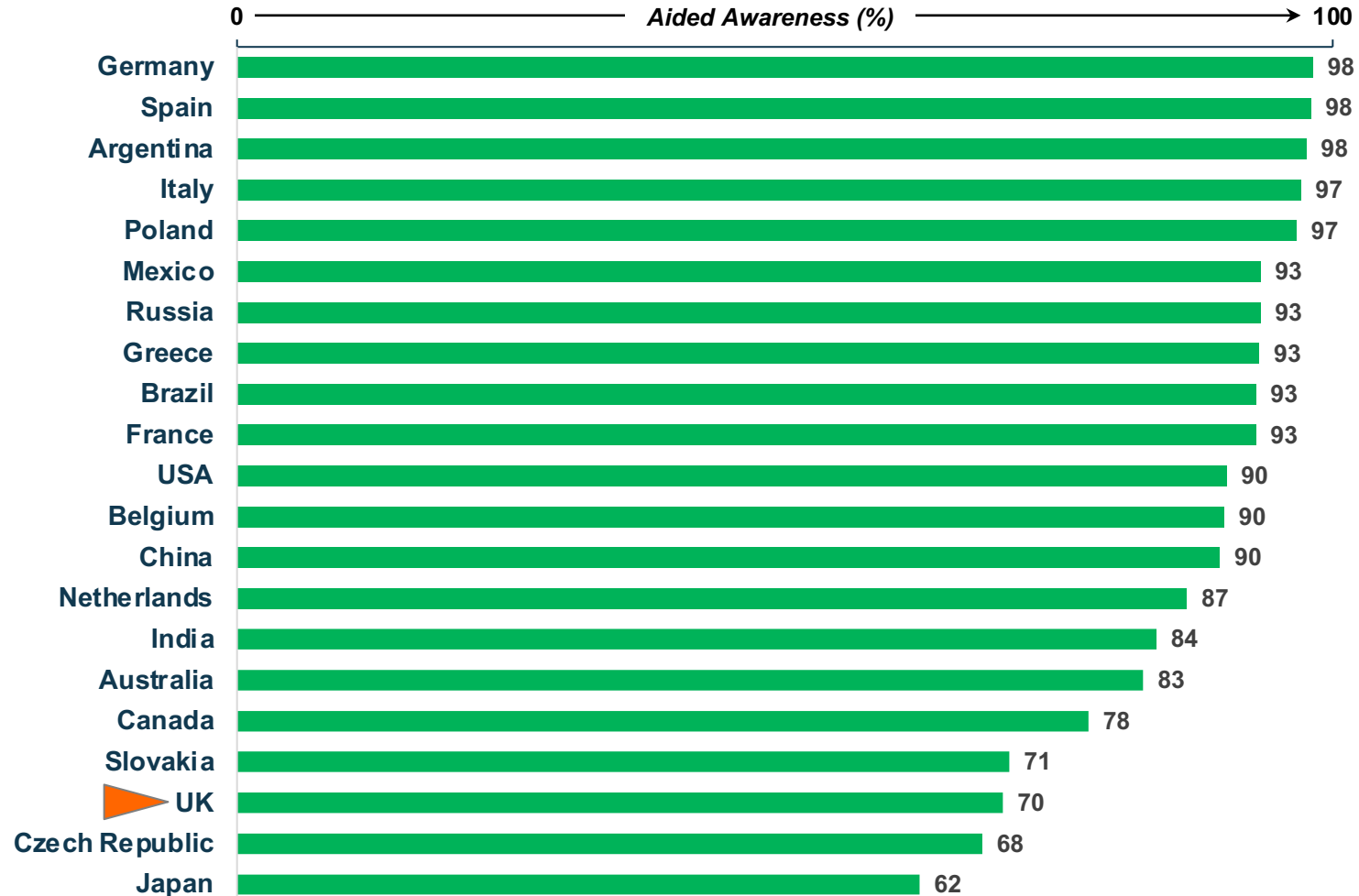
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Awareness



13 Out of the Top 20 Countries With 90 Percent Awareness or More But Even the Lower Values Not a Sign of Weakness

Level of Aided Awareness BAYER

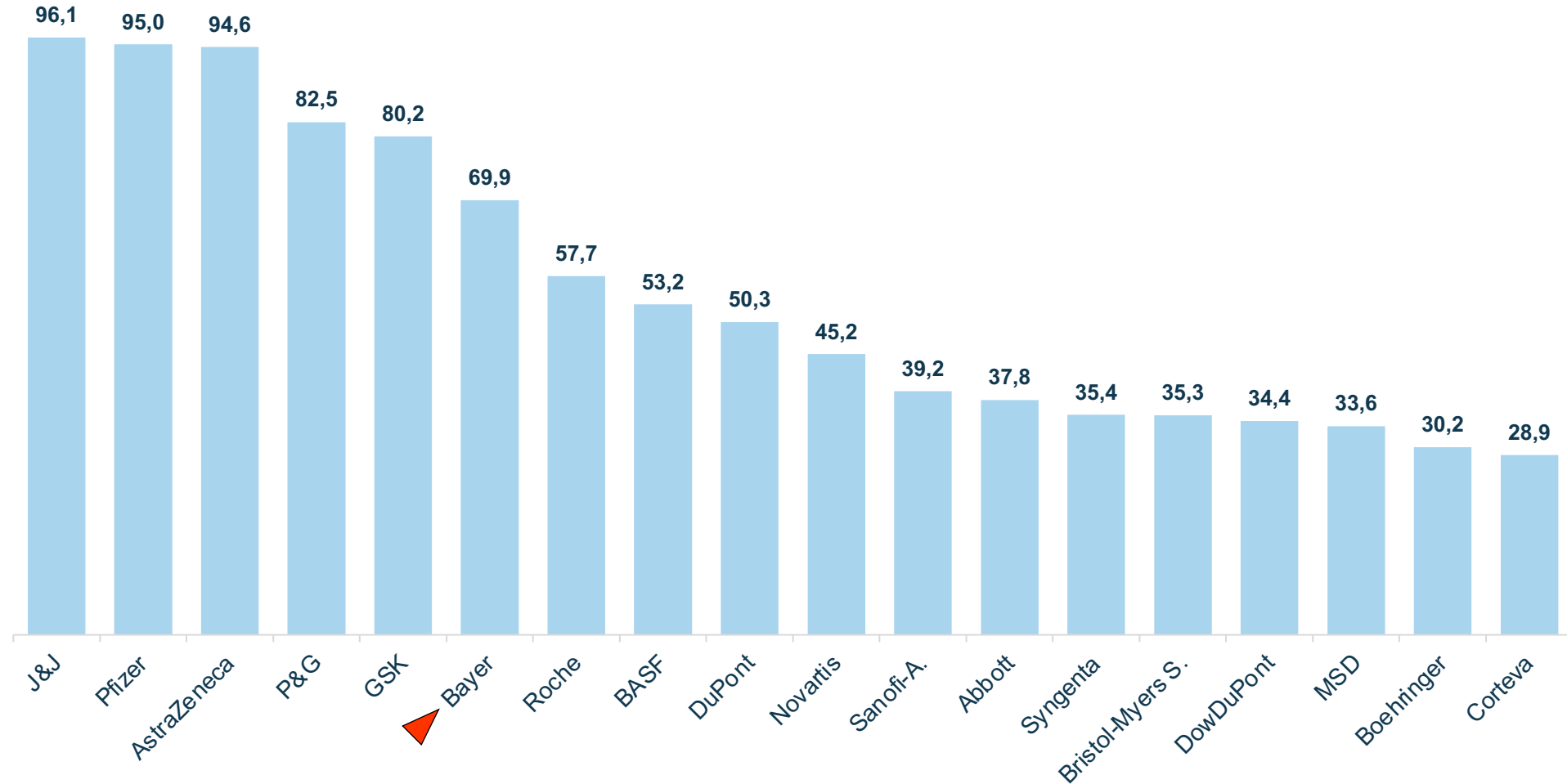




Example UK: Preference for Anglo-Saxon Companies, Boosted by Vaccine Manufacturing, but Bayer No. 1 Among the Rest

Level of Aided Awareness – Companies

- Percentages -





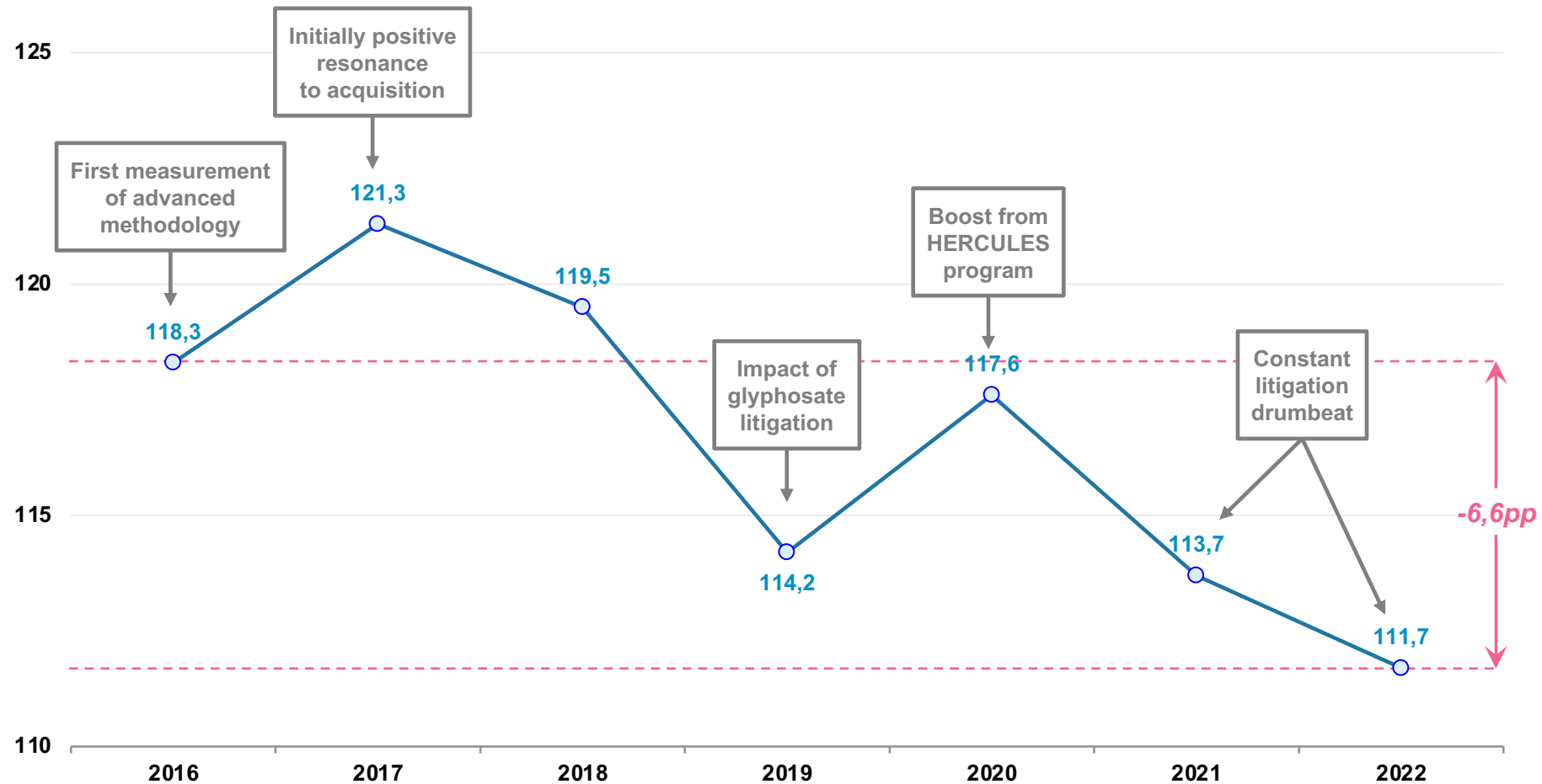
Reputation

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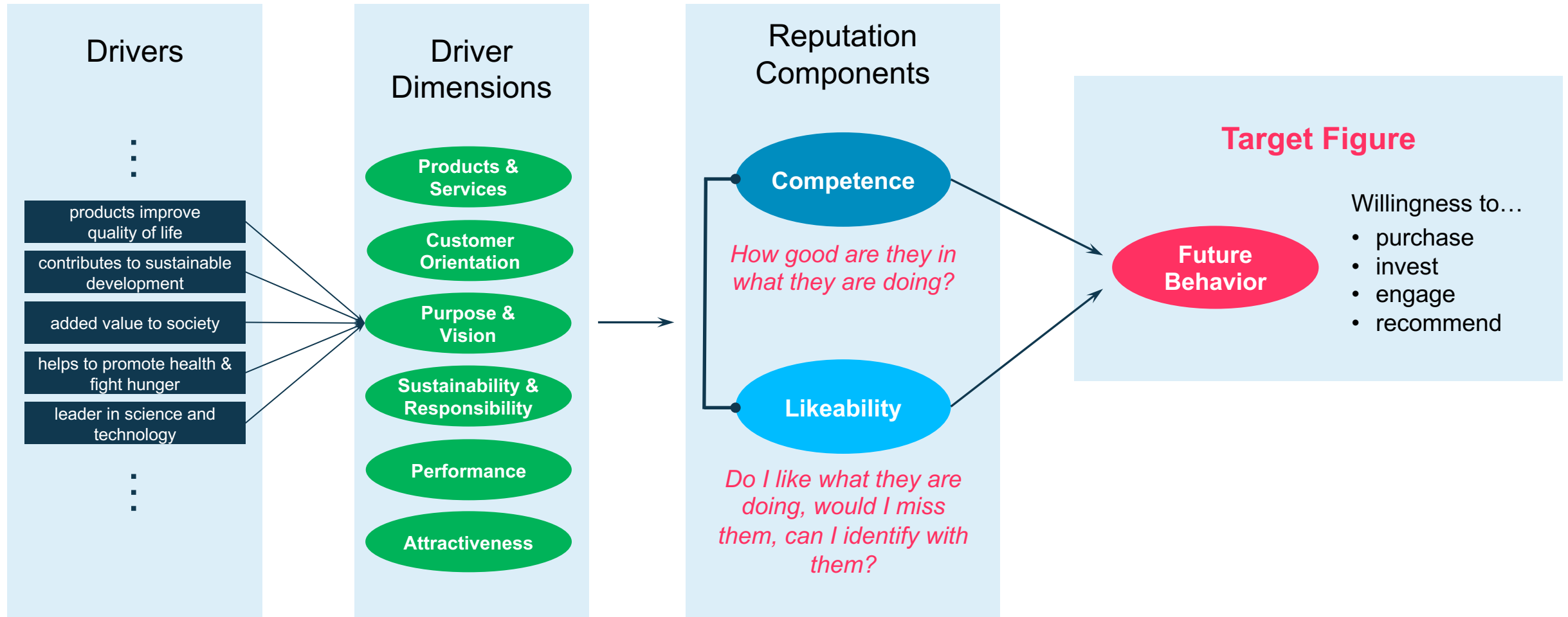
Global Reputation Index Still Strong but Declining Over the Years – Now 6.6PP Below Initial 2016 Score

*BAYER: Global Reputation Index (%)
as compared to Relevant Set across Top 20 Countries*



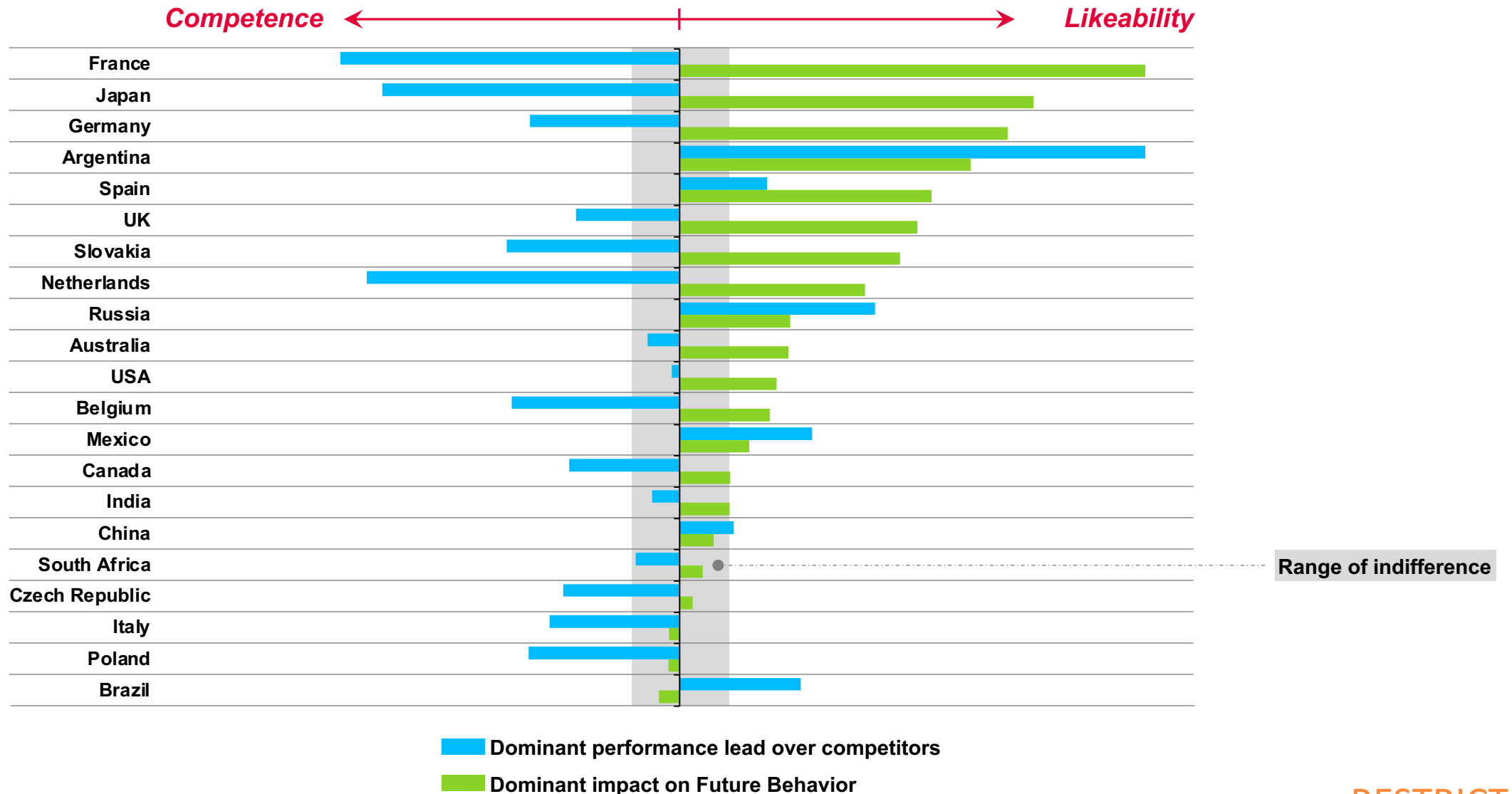
Basic GBT Model: One Step Beyond Reputation

Measuring and Explaining Business-relevant Outcomes, Allowing for Clear Management Recommendations





Reputation Potential in Many Countries: Our Strength Is Mostly in Competence but Likeability Fuels Stronger Impact





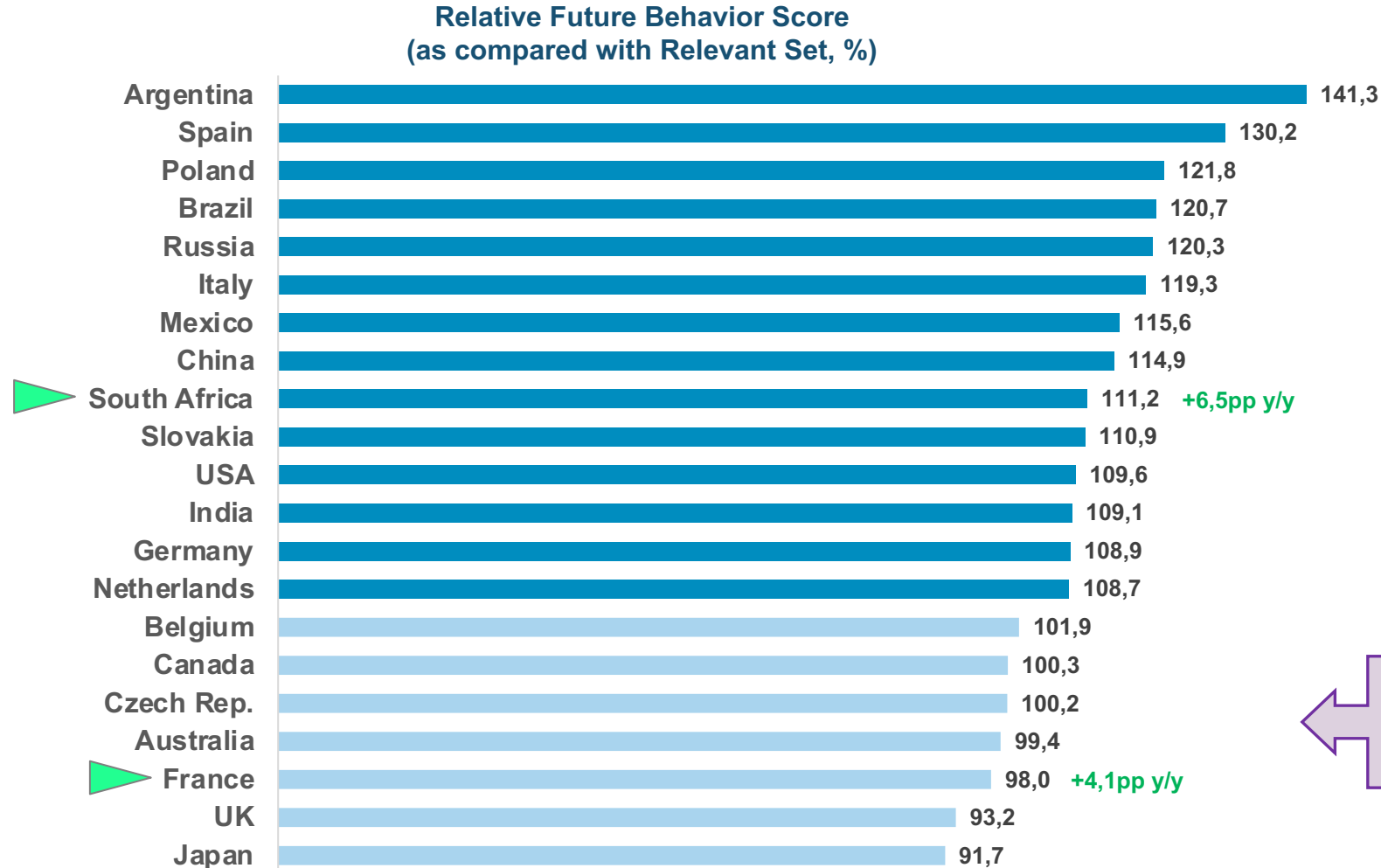
Future Behavior

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In 13 out of the Top 20 Countries the Bayer Brand Triggers Significantly More Desired Behavior than the Benchmark

Relative Future Behavior Score (Ability of the Bayer brand to trigger willingness to engage/purchase/invest/recommend)



Even in a challenging environment, Bayer is virtually on a par with its main competitors



Driver Analysis BAYER: *Attractiveness* Clearly Emerges as Key Dimension for Future Behavior

Most Important Driver Dimensions for Future Behavior – Coefficients Derived from Driver Analysis

	AUS	CAN	CZE	EGY	GER	IND	ITA	MEX	NED	POL	SAU	SVK	ZAF	UAE	UK	USA
Products & Services	0,13	0,14	0,08	0,10	0,14	0,00	0,16	0,10	0,05	0,11	0,07	0,04	0,18	0,05	0,00	0,06
Customer Orientation	0,00	0,00	0,00	0,00	0,00	0,08	0,04	0,04	0,00	0,02	0,06	0,00	0,00	0,00	0,04	0,02
Purpose & Vision	0,11	0,11	0,09	0,10	0,14	0,06	0,13	0,11	0,08	0,06	0,05	0,13	0,13	0,12	0,06	0,08
Sustainability & Responsibility	0,18	0,19	0,26	0,04	0,23	0,15	0,08	0,05	0,33	0,22	0,17	0,23	0,07	0,13	0,31	0,16
Performance	0,09	0,13	0,08	0,31	0,10	0,19	0,15	0,24	0,06	0,07	0,20	0,13	0,23	0,21	0,05	0,19
Attractiveness	0,30	0,28	0,31	0,32	0,24	0,35	0,25	0,26	0,26	0,38	0,29	0,26	0,30	0,34	0,36	0,35

16 countries a driver analysis was made for in 2022

,xx highest impact on future behavior

,xx second highest impact on future behavior



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*Best Practices:
South Africa &
France*



Translate last year's GBT insights into action that helped grow France's Future Behavior Score

- **Driver Analysis:**

- **Sustainability** (and secondly, attractiveness) clearly emerges as key asset for Future Behavior
- Top 10 Drivers of Future Behavior : **attractiveness / ethics / good causes / transparency**

- **Main actions taken:**

- 2022 communication plan priorities : **Transformation / carbon / proximity / patient support**
- Bayer France corporate **campaign "United by our challenges"**:
 - 50 million cumulated views of our campaign,
 - 15 million 100% completion views of the campaign's videos,
 - 180 K additional clicks on Bayer.fr

FRA

Products & Services	0,10
Customer Orientation	0,00
Purpose & Vision	0,09
Sustainability & Responsibility	0,33
Performance	0,06
Attractiveness	0,25

Rank	Impact on Future Behavior	Position Comp. to Benchmark*	Performance Δ Nov 2021 vs. Sep 2021	Driver
1	9,8%	-0,9% ●	+1,9pp ●	attractive appearance
2	7,5%	-2,8% ●	+0,5pp ●	behaves ethically
3	6,4%	-3,7% ●	-0,6pp ●	support <u>good causes</u>
4	6,0%	-3,4% ●	-0,4pp ●	open and transparent about actions

→ GBT insights are key to determine key drivers and where we should focus our impact



Translate last year's GBT insights into action that helped grow France's Future Behavior Score

FRA

- **Driver Analysis:**
 - Sustainability
 - Top 10 Drivers
- **Main actions taken:**
 - 2022 communication
 - Bayer France co
 - 50 million
 - 15 million
 - 180 K addi

Campaign effect on brand image In %

Base

Is engaged to improve everyone's health

Is engaged in new treatments to cure cancers

Is engaged in preventing and treatment of cardiovascular diseases

Supports farmers in protecting crops against diseases and pests

Helps farmers reduce pesticide use

Offers solutions in health and agriculture taking into account the expectations of society

Seeks to reduce its impact on the environment

Invests in research to develop new solutions in health and agriculture

Has employees who have the same concerns as me

Is human-oriented

Transparent, which explains its activities and practices

Is a company I trust

Total

Non reco

Reco digital
campaign

500

320

180

32

31

34

25

19

36 ▲

25

23

30 ▲

33

29

39 ▲

22

16

34 ▲

27

24

34 ▲

21

13

33 ▲

36

34

41 ▲

19

12

30 ▲

22

16

33 ▲

17

12

25 ▲

23

17

32 ▲

→ GBT insights are key to determine key drivers and where we should focus our impact



Global Brand Tracking 2022: What the Findings Suggest

- // **Don't worry about Bayer's awareness level** – also consider local conditions
- // **Continue to invest in communication that fosters Bayer's reputation and triggers desired stakeholder behavior (as identified by driver analysis)** – since 2016 there has been noticeable erosion in the Global Reputation Index (yet our brand is still strong)
- // **Better be likeable** – in almost all countries, Bayer's Likeability fuels stronger impact on desired stakeholder behavior than its Competence does
- // **Keep visibility high** – as respondents like Bayer's attractive appearance
- // **Adapt communication on agriculture to local market** – in most markets, ag industry is significantly less accepted than health care



Brand Value & Return on Brand

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Bayer is a strong corporate brand and an asset that creates value for the company



The financial value of the Bayer brand

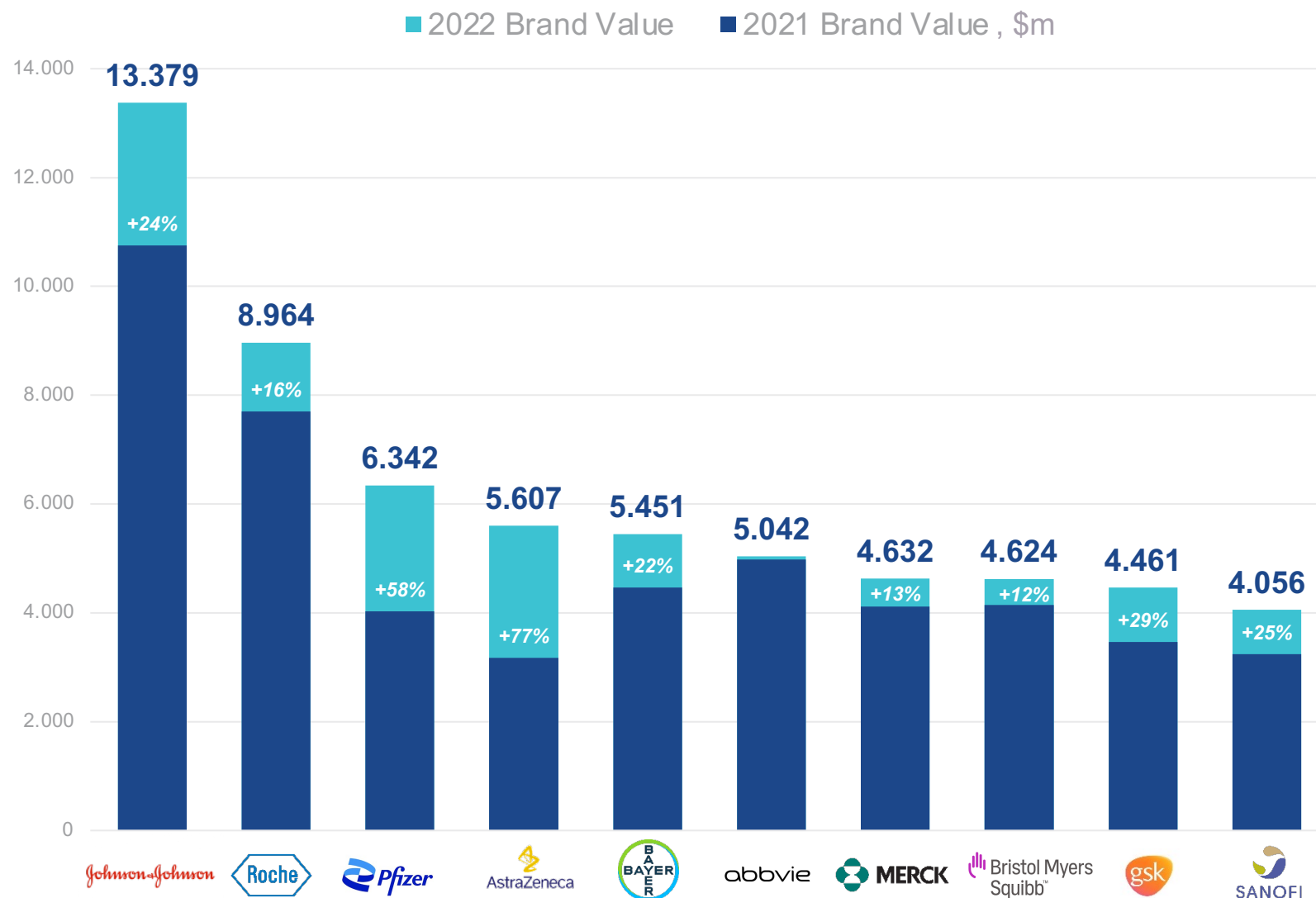
\$ 5.451 bn

Brand Finance Global 500

May 2022

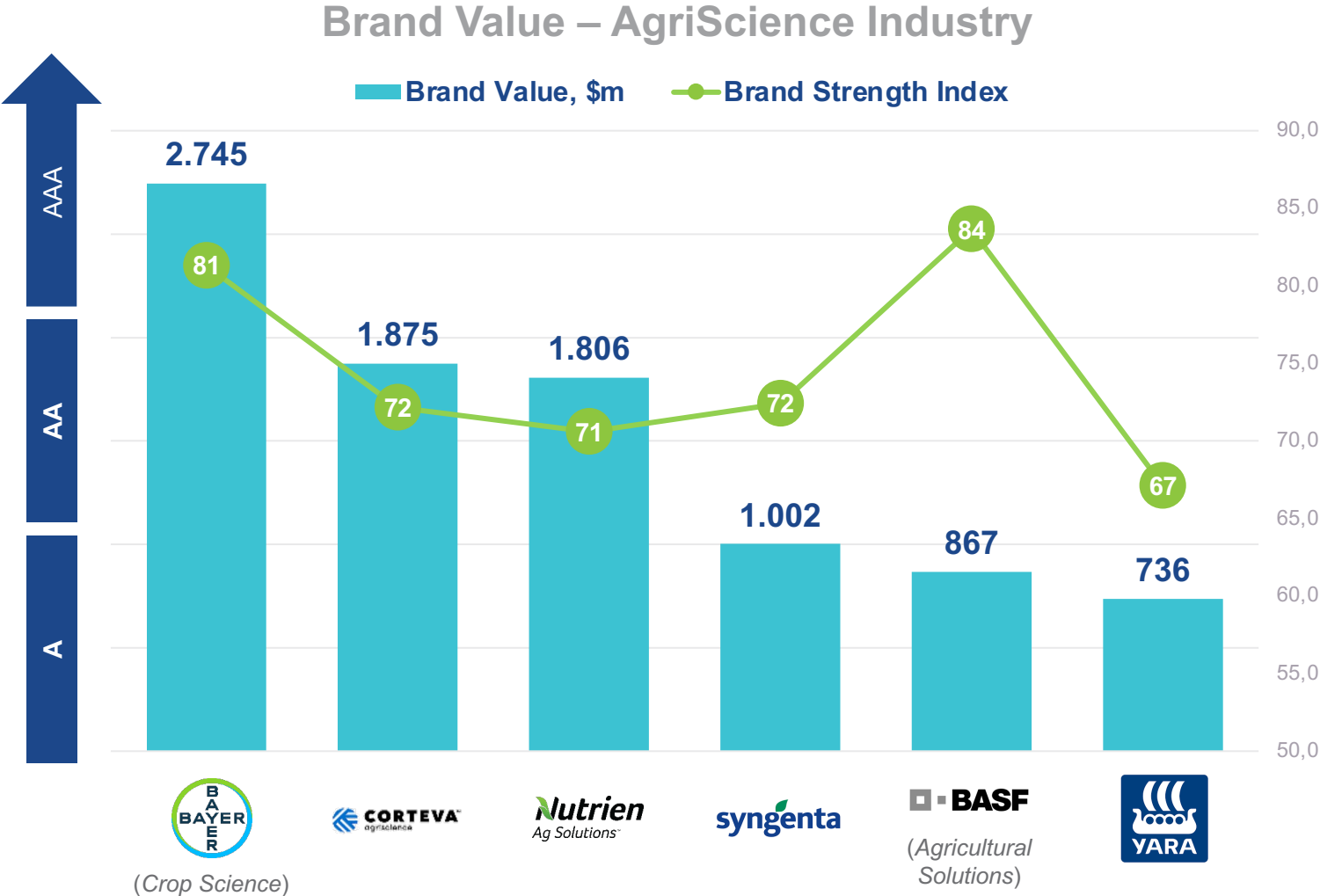


10 Most Valuable Pharma Brands 2022



- In Brand Finance's *Pharma 25* report 2022, Bayer is the world's 5th most valuable and has been the 6th fastest growing global Pharma brand, with growth of 22%
- AstraZeneca and Pfizer holds the position as the fastest growing brand among peers, due to the immediate impact of rolling out successful COVID-19 vaccines on familiarity and reputation

Brand Value – AgriScience Perspective



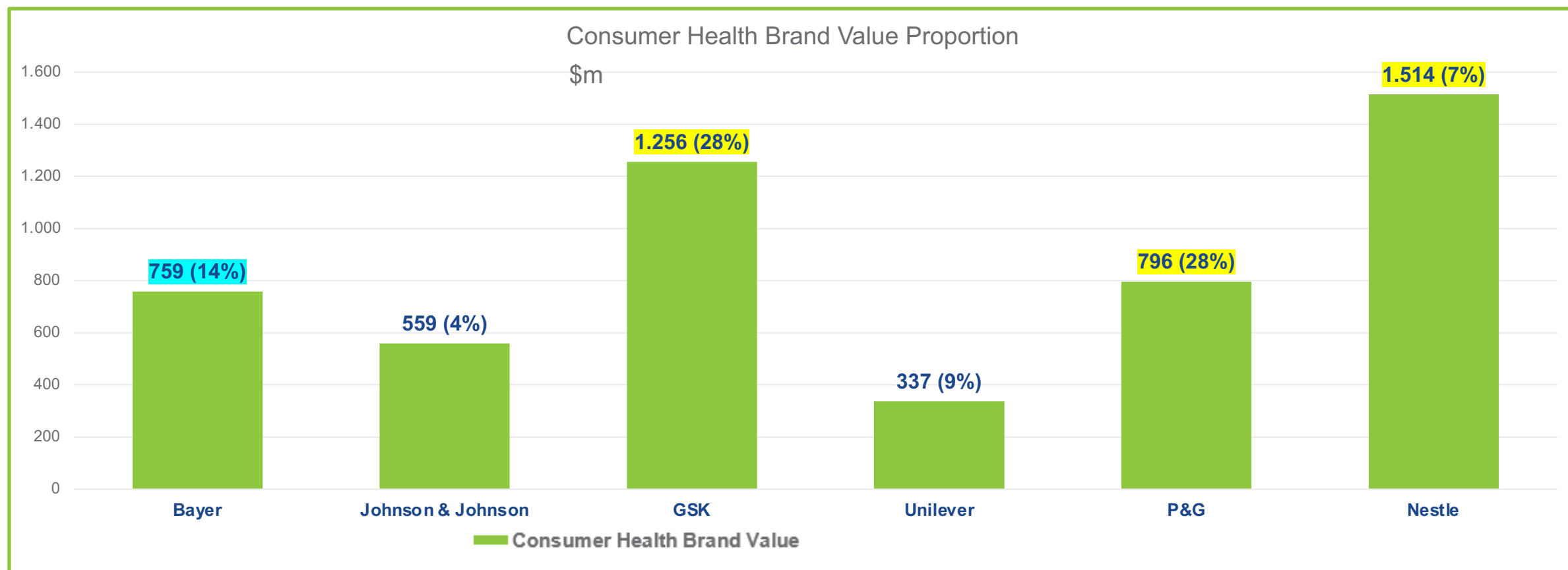
Bayer is the most valuable brand in the AgriScience industry, with a value of the Bayer brand on the Crop Science division \$2,745m.

The brand is also the second strongest in the sector, behind only BASF.

Brand Value – Consumer Health Competitors

HOW TO READ THIS SLIDE

- Bayer sits 4th in Consumer-health-driven brand value contribution amongst its competitors, with P&G performing slightly better than Bayer.
- Lower prominence of the J&J and Unilever brands on their consumer products means that Bayer's CH division delivers more value to its corporate brand.

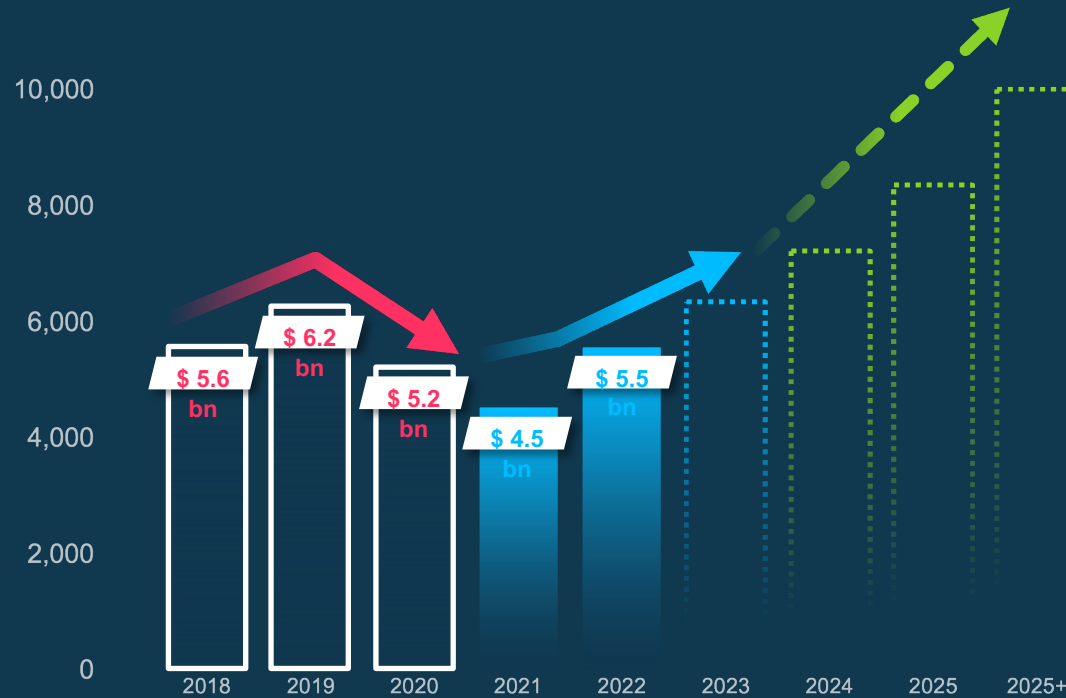


Brand Strength Index – Recommendations

Brand Strength Index)*		Effective %	Attributes	Potentials for Improvement
Brand Investment 25%	Inputs: Marketing Mix	8.33%	Promotion	<ul style="list-style-type: none"> The more familiar the public are the higher they rate the reputation of companies – Familiarity seems to offset general suspicion towards the industry. Bayer can better leverage its iconic brand asset across divisions and its high exposure from consumer brands.
		8.33%	Products	
		8.33%	Place	
Brand Equity 50%	Customers	17.50%	Familiarity	<ul style="list-style-type: none"> Health competitors generate a higher Environment score than Bayer. Bayer can improve the metric by focusing on its contribution to sustainability in the world and the UN Sustainable Development Goals (SDGs) through their innovation in health and agriculture.
	All	25.00%	Reputation	
	Staff	2.50%	Employee Score	
	Investor	1.25%	Analyst Recommendation	
		1.25%	Credit Rating	
	External	2.50%	CSR Scores	
Brand Performance 25%	Outputs: Financial Value Drivers	8.33%	Volume Premium	<ul style="list-style-type: none"> The sustainability of revenue hikes of brands with successful COVID-19 vaccines remains to be proven. Maintaining strong financial performance can help Bayer keep the momentum of long-term brand value building.
		8.34%	Price Premium	
		8.33%	Growth	



Our Aspiration: *Road to 10*



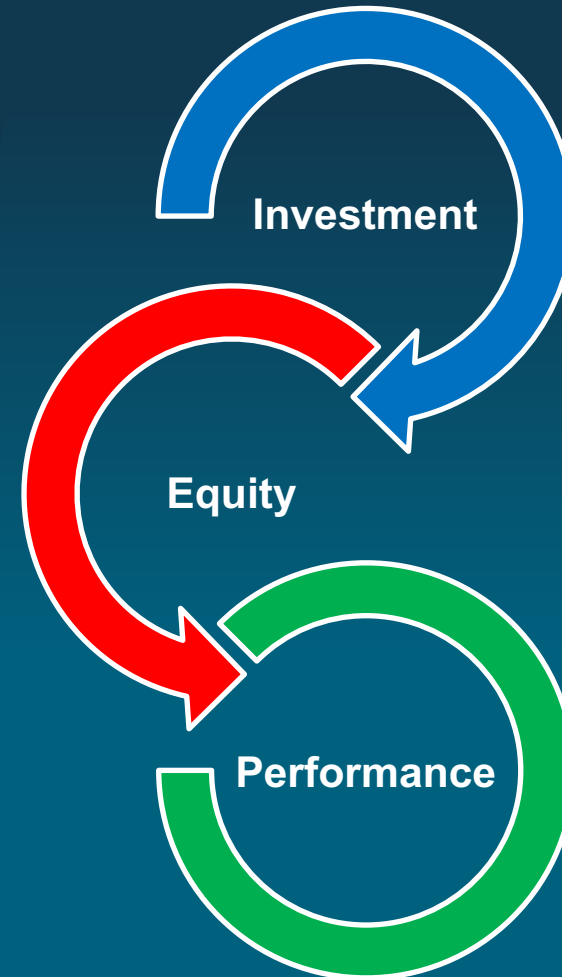
Recent past:
Value decline



Step 1:
Back to old strength



Step 2:
Unleash full potential



Investment : Equity

- Any investment should be designed to improve Brand Equity – the perceptions of stakeholders.

Equity : Performance

- Strong brand equity should be leveraged to drive better business performance.



Our product brands are on average evaluated
74% more positive when
Bayer as manufacturer is known.)*

“Trust in product brands is mostly driven by Bayer’s *high-quality promise*, perceived *personal benefit*, and positioning as a *Life Science leader*”

Source: Brand Uplift Study June 2022

Exemplary Brand Uplift





Bayer brand shows significant positive effects on product brand perceptions across divisions and regions (Ø improvement: 74%)

No negative effect in any country by division

Uplift effect in detail

// If respondents are aware that the product is offered by Bayer, **product brand items (i.e. trust, quality, benefit, purchase intention, price premium, NPS)** are rated **74% better** among their target group

Regional differences

// Bayer uplift is strong **across all regions** – ***no negative effect in any country by line of business***
// In CS, uplifts differ significantly between countries (e.g. Italy 246%, France 96%, USA 61%) - CH more homogeneous

Differences by division

// Over all brands, an uplift of **+68% in CS and 77% in CH** product brand evaluation if link to Bayer is known
// Bayer contributes more to product brands than vice versa except Aspirin (Σ 29%) and Bepanthen (Σ 14%)
// Stronger effects for seed brands (75%) than for crop protection brands (61%)

Reverse uplift on Bayer brand

// Strong product brands also drive the Bayer brand – with an average relative improvement of 39%

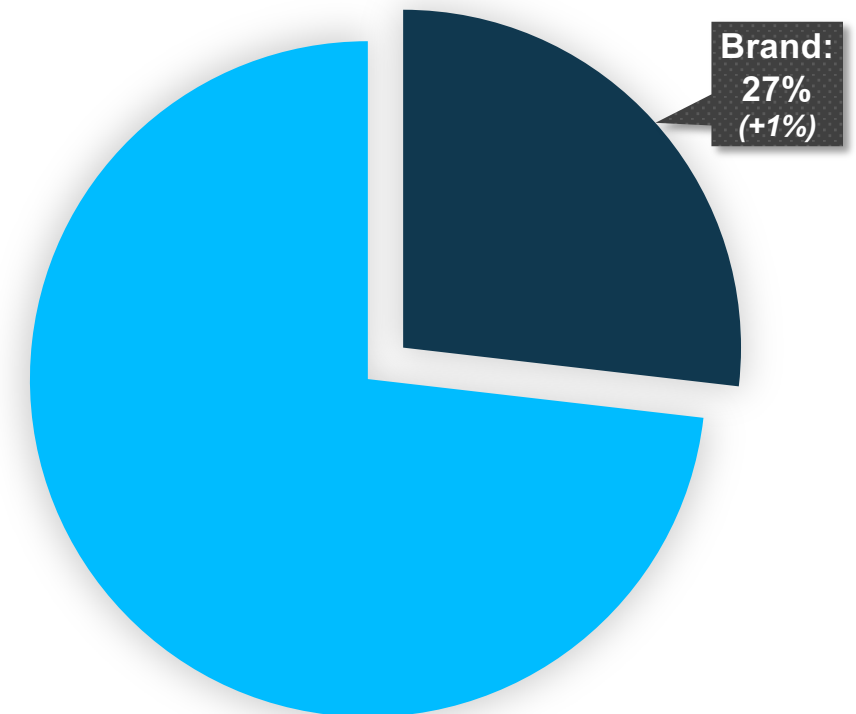


Return on Brand 2022: Bayer's reputation translates into a contribution to market capitalization of €13.8 bn

The Bayer brand has significant impact on our financial performance)¹

- Portfolio studies)² show that without its excellent reputation, Bayer shares would be trading at €44.03 on May 2nd, 2022 (vs. €60.18 in real)
- That amounts to 26.83% of Bayer's market capitalization (2021: 25.55%) or an absolute value of €15.7 bn contributed by the Bayer brand
- One scale point in GBT reputation translates to an expected €303.34 m EBITDA pre exceptionals (2021: €256.7 m)³

BAY001 Share Price



¹) Calculated via portfolio studies and difference regression by Institute for Market-based Management, LMU Munich – Methodological approach: Buy-and-hold abnormal returns (BHAR) of “above-average-in-reputation” companies vs. the entire DAX30/40 benchmarks between 2006 and 2020

²) Robustness proven by alternative models and various benchmarks (Fama-French market factor, MSCI Germany, MSCI Europe, and MSCI World)

³) Based on statistical analysis of DAX40 firms with confidence limits ranging from €118 m to €488 m. Regression model highly significant with $R^2 = 0.33$ (33%)

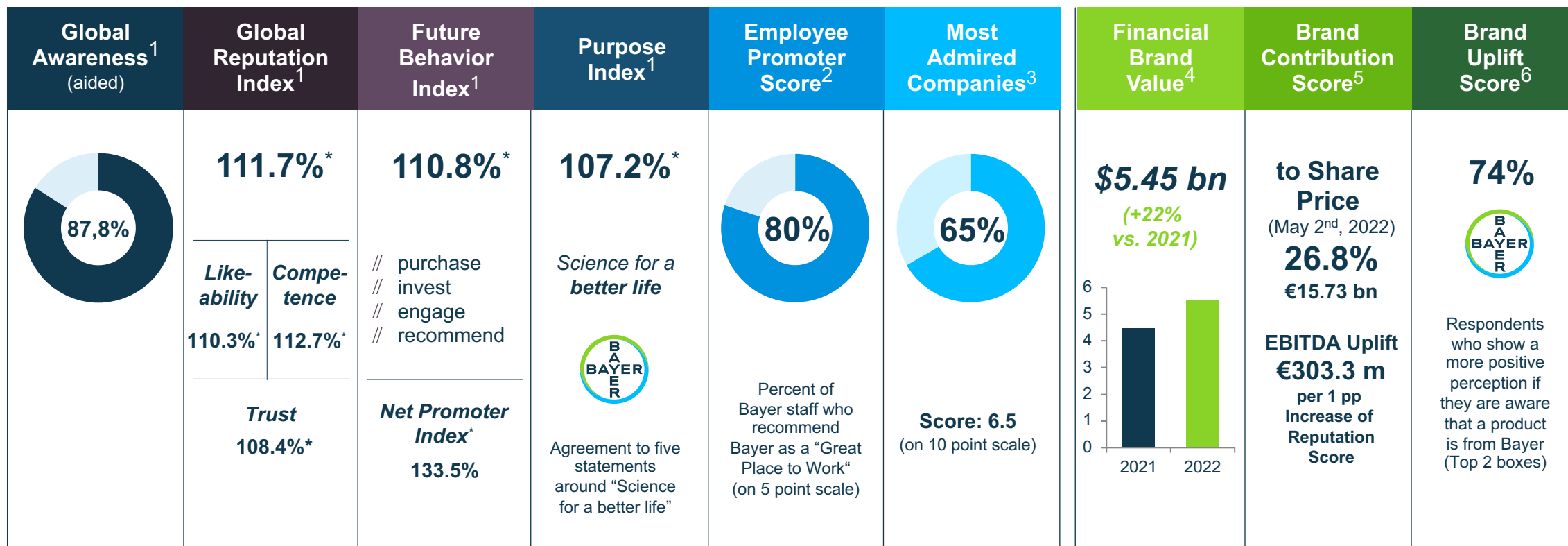


Bayer Brand & Reputation Dashboard 2022

Status: 06/08/2022

BRAND EQUITY

BRAND VALUE



Footnotes: *Relative compared to key competitors (Relevant Set) // ¹Proprietary online survey among overall 20,000 respondents of general population in Bayer's top 20 global markets, conducted in April 2022 // ²Bayer "Employee Voice", internal global survey conducted in April 2022 // ³Survey among executives, board members and financial analysts of chemical industry, published in Fortune Magazine, conducted in Q4 2021 // ⁴Calculated by Brand Finance: amount a potential buyer would need to pay for using the Bayer brand // ⁵Calculated via portfolio studies and difference regression by Institute for Market-based Management, LMU Munich // ⁶Proprietary online survey among customers of CS and CH, conducted in April 2020 in 9 countries; samples range 273-973 on global level// ⁷Would recommend Bayer to friend or colleague (relative to Relevant Set) // ⁸Across CH 2020 vs. 2018 (CS portfolio not comparable) //



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BAYER BRAND VALUE AND BRAND STRENGTH 2022



Rank

5

Brand Value

\$5,451m +22%

Rank

4

Brand Strength

81.3 +12.1



Brand Finance®
Awards










TOP 5
MOST VALUABLE
PHARMA BRAND



Brand Finance®
Awards

MOST VALUABLE
AGRISCIENCE
BRAND

Brand Strength Index – Data Sources

Brand Strength Index		Effective %	Attributes	Elements	Data Source
Brand Investment 25%	Inputs: Marketing Mix	8.33%	Promotion	Social Media Score	     
		8.33%	Products	Average R & D Expenditure, Average Capital Expenditure	
		8.33%	Place	Monthly Web Visits	
Brand Equity 50%	Customers	17.50%	Familiarity	Familiarity	
	All	25.00%	Reputation	Reputation	
	Staff	2.50%	Employee Score	Employee Score	
	Investor	1.25%	Analyst Recommendation	Analyst Recommendation	
		1.25%	Credit Rating	Credit Rating	
	External	2.50%	CSR Scores	Environment Score, Governance Score, Community Score	
Brand Performance 25%	Outputs: Financial Value Drivers	8.33%	Volume Premium	Market Share	 
		8.34%	Price Premium	Margins, High Value for Money rating	
		8.33%	Growth	Revenue & Profitability Growth	



Brand Finance – World’s most valuable and strongest global brands

ROYALTY RELIEF METHODOLOGY

THE DEFINITION OF ‘BRAND’

“Trademark and associated IP including the word mark and trademark iconography”

ROYALTY RELIEF METHODOLOGY

Determines the value a company would be willing to pay to license its brand as if it did not own it

BRAND STRENGTH INDEX (BSI)



Brand strength expressed as a BSI score out of 100.

BRAND ROYALTY RATE



BSI score applied to an appropriate sector royalty rate range

BRAND REVENUES



Royalty rate applied to forecast revenues to derive brand values.

BRAND VALUE



Post-tax brand revenues discounted to a net present value...brand value!



Bayer Brand Uplift Study – Research Scope

To What Extent Does The Bayer Master Brand Support Our Business?

Project scope

- Empirical, survey based analysis to **quantify spillover effects between the perception of the Bayer brand and the evaluation of its product brands** (and vice versa) among target groups

Product brand scope

- **Consumer Health:** 9 brands in 9 countries (consumers)
- **Crop Science:** 4 brands (seed, crop protection) in 9 countries (farmers)

Country scope

• CH:



• CS:



Data

- Data bases are regularly updated according to budget constraints
- Online survey with field work from March-April 2022 for all CH countries as well as BRA, FRA, IND and USA for CS (remaining data collected March/April 2020)
- Evaluation of 9 items each on Bayer and product brand level



Two out of three types of customers (in Crop Science) and consumers (in Consumer Health) were in scope

Brand Uplift Study is comparing perceptions of Bayer product brand received from groups 1 and 2

1

People who know one or more Bayer product brands but **do not know that Bayer is the manufacturer.**



2

People who know one or more Bayer product brands and **do know that Bayer is the manufacturer.**



3

People who do not know a Bayer product brand.





Bayer Contributes More to Product Brands Than Vice Versa (Except Aspirin, Bepanthen) – all Products Benefit Across All Markets

Brands Global – Top 2 Boxes (Improvement of Trust, Quality, Benefit, Purchase Intention, Premium, NPS)

LoB	Product Brand	How Bayer improves Product Brand assessments		How Product Brands improve Bayer assessment	
		Ø Improvement all items ¹⁾	Changes in pp (2022 vs. 2020)	Ø Improvement all items ²⁾	Changes in pp (2022 vs. 2020)
Consumer Health	Aleve	73%	0	24%	-5
	Alka-Seltzer	62%	-5	59%	-1
	Aspirin	34%	+15	63%	+8
	Bepanthen	56%	+1	70%	+16
	Berocca	119%	+11	46%	+7
	Canesten	56%	-17	43%	-1
	Claritin	96%	+17	50%	+9
	Elevit	109%	+5	44%	+6
	Redoxon	90%	+4	42%	+3
Crop Science	No 1 Seed Brand	62%	-20	15%	0
	No 2 Seed Brand	87%	+12	6%	+3
	No 1 CP Brand	48%	-38	27%	-11
	No 2 CP Brand	74%	-50	24%	-3

1) Average relative improvement in the Top 2 Box Scores between respondents who are aware of the link between the product brand and Bayer vs. those who are unaware of the link across all product brand items (Leader, Quality, Personal Benefit, Life Science Brand, Purchase Intention, Price Premium, Trust, NPS, Product Usage)

2) Average relative improvement in the Top 2 Box Scores between aware and unaware respondents across all Bayer items (Bayer GBT items, Trust, NPS)










In the case of Crop Science, different regional brands were aggregated to number 1 and 2 seed and CP brands to assess Crop Science across countries. Since not all countries collected new data in 2022, the comparison between waves must be treated with caution.



Improvement of CH Product Brand Evaluation in All Countries if Respondents Are Aware of the Link to Bayer

Product brand items – Top 2 Boxes

Values indicate the percentaged improvement (“uplift”) in the Top 2 Box Scores across all product brand items¹⁾ between respondents who are aware of the link between the product brand and Bayer vs. those who are unaware of the link

		Aleve	Alka-Seltzer	Aspirin	Bepanthen	Berocca	Canesten	Claritin	Elevit	Redoxon
142%			109%		63%	120%	69%	177%	174%	280%
74%		72%		30%	33%	85%	80%	77%	108%	103%
40%							27%	58%	35%	38%
95%			78%	35%	66%	85%	81%		164%	153%
123%			119%	43%	31%	239%	123%		182%	
97%		76%	50%	34%	151%	137%	45%	141%	114%	125%
52%		102%	3%	8%	29%	87%	17%	85%	104%	36%
88%			99%	39%	91%	121%		76%	104%	
96%		49%	71%	69%		175%		117%		
77%	Global	73%	62%	34%	56%	119%	56%	96%	109%	90%










1) Prompted items: Leader, Quality, Personal Benefit, Purchase Intention, Price Premium, Life Science Brand, Trust, NPS, Product Usage; n = 7.256



Improvement of CS Product Brand Evaluation if Respondents Are Aware of Link to Bayer in All Countries Except India (No. 1 Seed)

Product brand items – Top 2 Boxes

Values indicate the percentaged improvement (“uplift”) in the Top 2 Box Scores across all product brand items¹⁾ between respondents who are aware of the link between the product brand and Bayer vs. those who are unaware of the link

		No 1 Seed Brand	No 2 Seed Brand	No 1 CP Brand	No 2 CP Brand
99%		64%	113%	169%	51%
51%		5%	150%	9%	39%
63%		33%	81%	33%	105%
96%		180%	57%	60%	93%
179%		217%	186%	149%	164%
14%		-2%	36%	15%	8%
246%		219%	418%	189%	157%
72%		57%	7%	36%	190%
61%		75%	121%	9%	40%
68%	Global	62%	87%	48%	74%

1) Prompted items: Leader, Quality, Personal Benefit, Purchase Intention, Price Premium, Life Science Brand, Trust, NPS, Product Usage; n = 1.122

Due to budget restrictions, data updates were possible in Brazil, France, India, and the US only. 2020 data for Australia, Canada, Germany, Italy, and Mexico. Therefore an evaluation of changes compared to 2020 is not applicable in all instances.