

Annual Press Conference

25 April 2018

Remarks by

Hubertus von Baumbach

Michael Schmelmer

Members of the Board of Managing Directors

Check against delivery

Slide 1: Annual Press Conference 2018 - Financial year 2017**Slide 2: Financial year 2017 - Hubertus von Baumbach, Chairman of the Board of Managing Directors**

Good morning, ladies and gentlemen!

A warm welcome to our Annual Press Conference. 2017 was a highly successful year for Boehringer Ingelheim. This is on the one hand shown by the figures. They, however, are only an indirect measure of what motivates us, of the reason why we at Boehringer Ingelheim undertake our tasks day in and day out with commitment and enthusiasm. We want to positively change the life of patients with the help of medicines of high therapeutic added value.

Together, Mr Schmelmer and I will today give you a comprehensive insight into the result and figures for last year, a result with which we are very satisfied. We would also like to tell you about matters that are important for the future of the company – especially markets, research and, last but not least, our digital innovations too.

Slide 3: Highly successful financial year 2017

Last year, we reported here that we were planning for significant year-on-year net sales growth. As planned and announced, the takeover of Sanofi's animal health business was of particular impact here. This process has been very demanding for many of our employees at Boehringer Ingelheim and for many external partners around the world.

This enormous commitment, this great personal effort, deserves our fulsome appreciation and thanks. The great deal of work of the past two and a half years has been worthwhile. On the way to integration, it was important for us most of all to maintain and strengthen our customers' trust.

Slide 4: Major success with human pharmaceuticals

The company has not only grown inorganically. The main growth driver is far more our human pharmaceuticals business. Six of our medications last year generated more than one billion dollars in net sales. In the pharmaceutical industry, this is a well-known and frequently used threshold, namely the blockbuster.

But what does it mean for the patients?

Slide 5+6: Great benefit for patients

Let's take SPIRIVA® for example, still our best-selling and globally most prescribed medication for the long-term treatment of chronic obstructive pulmonary disease (COPD). Exacerbations are especially dangerous. These are sudden worsening of symptoms including massive deteriorations of pulmonary function. They can lead to massively impaired mobility and extreme shortness of breath and must often be treated in hospital – many patients actually die.

SPIRIVA® has proven in over 250 studies and in practice with more than 50 million patient years of experience that

breathlessness is reduced, the quality of life is improved and the risk of exacerbations can be lowered significantly. Just think how much it has been possible to improve the life of seriously ill people over the past 16 years! Thanks to SPIRIVA® they have reduced breathlessness at the same time as enhanced physical resilience and quality of life.

Another example – PRADAXA®: You know that blood thinners help in preventing strokes. Many stroke victims die or survive only with major impairments. This especially applies to patients with atrial fibrillation. Many of them use vitamin K antagonists, a medication of the over 50-year-old generation of blood thinners. Since 2010, PRADAXA® is approved for the prevention of strokes in patients with atrial fibrillation – incidentally, the first of its kind in a series of new anticoagulants

In the RE-LY study we have seen that the high dose of PRADAXA® reduced the risk of stroke and systemic embolism by 35 per cent and the risk of intracranial bleeding even by 59 per cent compared to warfarin.¹ The positive effect of our medication is definitely tangible: the prevention of endless suffering for stroke patients and their relatives by taking PRADAXA®. That is precisely why we apply all our energy in

¹ RE-LY was conducted as a PROBE-design (prospective, randomized, open study with blinded endpoint evaluation) study. The lower dose of Pradaxa (110 mg), which is indicated for certain patient groups, showed a similar efficacy to the vitamin K antagonist in the reduction of stroke risk.

researching and developing new medications. Why we do everything to help as many patients as possible with our medicines. And those are just two examples of many.

More on the promised outlook later. First, a look at the financial figures. Mr Schmelmer will now present the results to you in detail.

Slide 7: Financial year 2017 - Michael Schmelmer, Member of the Board of Managing Directors responsible for Finance

I, too, would like to extend to you a sincere welcome. This is the first Annual Press Conference for me as a member of the Board of Managing Directors of Boehringer Ingelheim. As the Chief Information Officer, however, I have already had the opportunity over the past six years to play a role, primarily in shaping the company's digital initiatives. It is absolutely my pleasure to be able to apply my expertise and my experience in this field to my duties as CFO, and, in doing so, to be able to make an even bigger impact on behalf of Boehringer Ingelheim.

Slide 8+9: 2017 - Highly successful year for Boehringer Ingelheim

So now, we come to the financial figures for 2017.

We have succeeded in increasing our total net sales by 15.7 per cent in currency-adjusted terms to just under 18.1 billion euros, which the integration of Merial had a strong impact on, of course. But all of the businesses have also contributed organically to this good growth. The human

pharmaceuticals business saw particularly strong growth of around 6.9 per cent to 12.6 billion euros after adjustment for currency effects. The main growth drivers here were the emerging markets and the US market.

We also experienced strong growth in operating income to just below 3.5 billion euros, which has increased the return on net sales by 1.2 percentage points to 19.3 per cent. And because R&D is so important to us as an innovation-driven pharmaceutical company, we have once again invested a substantial share of our net sales in research and development, namely over three billion euros.

Some of our key figures are heavily impacted by extraordinary factors – especially the net income. Primarily the business swap with Sanofi made itself felt here. In 2017, we have had to post the highest tax expenses in the company's history. That was due to the sale of our consumer health care business and parts of the animal health business, which we had to dispose of on competition grounds. In addition, there are special charges arising from the US tax reform.

Slide 10-12: High liquidity and equity safeguard independence

To safeguard the independence of the company, liquidity and a healthy equity ratio are essential. They provide the financial leeway for strategic investments in future undertakings.

The figures show that Boehringer Ingelheim continues to be in a very solid position here. At 2.6 billion euros, the cash flow

from operating activities once again significantly exceeded our investments in tangible and intangible assets of around one billion euros. We have invested part of our liquid funds to reinforce our animal health business for the future. As the company value of Merial considerably exceeded that of our consumer health care business, we have, as planned, recorded a cash outflow of more than four billion euros. Furthermore, we have paid financial liabilities taken over from Merial amounting to almost one billion euros.

With equity of around 10.7 billion euros and total assets of around 28.4 billion euros, our equity ratio came to just below 38 per cent. Equity has fallen year on year by around 700 million euros, primarily due to the net loss resulting from the business swap, as mentioned earlier, and currency effects caused by the weakening of the US dollar. Tangible and intangible assets remain wholly covered by equity. We are therefore a company that is also financially in “very good health”.

Slide 13+14: Growth in all businesses

Let’s now take a look at the performance of net sales in our individual businesses.

You can see here how all areas of our core business have contributed to the excellent net sales performance. The principal sales driver continues to be our human pharmaceuticals business, followed by the animal health

business, boosted by the integration, and our biopharmaceutical contract manufacturing business.

Slide 15: Human pharmaceuticals: Sales performance exceeds expectations

Human pharmaceuticals have performed very encouragingly sales-wise, exceeding our expectations. With an increase of 6.9 per cent after adjustment for currency effects, we generated more than 12.6 billion euros in net sales. As such, we grew faster than the market and this area accounted for 70 per cent of our total net sales.

Despite the growth in competition from generic medicines for the active ingredient tiotropium, the SPIRIVA® respiratory medicine maintained its position as our strongest product, with net sales of around 2.8 billion euros. With currency-adjusted growth of 60.1 per cent to 2.7 billion euros, our diabetes business proved to be a strong growth driver. We market our medicines here together with Eli Lilly and Company. JARDIANCE®² last year generated more than one billion euros in net sales. With currency-adjusted growth of 52.3 per cent, we generated net sales of 915 million euros from OFEV®, which is used to treat the rare disease idiopathic pulmonary fibrosis (IPF).

² Jointly marketed with Eli Lilly and Company

Slide 16: Animal health: Strong growth in net sales through transaction

Here, we can now see how Boehringer Ingelheim's animal health business performed in 2017. As a result of the additional net sales brought about by the integration of the Merial business, net sales have more than doubled to 3.9 billion euros. Animal health thereby contributed around 22 per cent to total net sales.

The two parasiticides generated the largest share of net sales, making NEXGARD® the best-selling product at 546 million euros, followed by FRONTLINE® at 381 million euros. Net sales for the swine vaccine INGELVAC CIRCOFLEX® came to around 300 million euros.

Slide 17: Biopharmaceutical contract manufacturing: Increase in net sales

In the biopharmaceutical contract manufacturing business, net sales grew by 10.7 per cent to 678 million euros last year. This corresponds to almost 4 per cent of total net sales.

Let's now take a look at the markets.

Slide 18: Growth in all regions

With net sales of over 8.1 billion euros, the Americas region represents around 45 per cent of our total net sales. The steep rise in net sales by 31 per cent when adjusted for currency effects is largely due to the integration of Merial, but is also

due to the strong demand for human pharmaceuticals in the USA.

Slide 19: USA is the most important sales market

The USA is our largest market for all of our core businesses. We employ around 8,000 people at 14 facilities in the USA. We run our human pharmaceuticals business from our site in Ridgefield, Connecticut. The local headquarters for our animal health business is in Duluth, Georgia. In the Bay Area in Fremont, California, we are currently expanding our biopharmaceutical production by one third and investing 217 million US dollars for this purpose. We will furthermore expand our production capacity for animal vaccines at two facilities.

In the human pharmaceuticals area, we are especially pleased about the healthy development. This has to be appreciated in the light of the intensely changed market in recent years. We have positioned ourselves correspondingly in the way we interact with our customers and can thereby operate successfully. JARDIANCE^{®3} and OFEV[®] have in the meantime become market leaders in the USA.

In research and development, the USA is an extremely important location for us, both for human pharmaceuticals and animal health. Our own R&D teams, with almost

³ Jointly marketed with Eli Lilly and Company

1,200 colleagues, in Ridgefield, Duluth, Athens and St Joseph have helped to create important new medicines. In total, we last year invested more than half a billion euros in our research and development in the USA.

The USA also forms an important focal point at Boehringer Ingelheim, not just through our own second-largest research site in Ridgefield, Connecticut, but also for research cooperations. A few weeks ago, the third cooperation with Vanderbilt University in Nashville was announced. This also involves innovative approaches to cancer treatment. We are working with the young company Dicerna Pharmaceuticals from Cambridge, Massachusetts, on the development of new therapeutic approaches for a severe and life-threatening liver disease. The cooperation with the University of California (UCLA) concerns the development of a vaccination technology platform, the end effect of which should be to stimulate the immune system to destroy cancer cells. In addition, among others, colleagues of our venture fund in Boston are working on establishing contacts with exciting young start-ups.

Slide 20: Germany is third-largest market

Now a look at Germany, our third-largest market. Here we generate only around 5 per cent of our total net sales at slightly below 1 billion euros, but also where we employ around 31 per cent of our workforce, commit 39 per cent of our worldwide R&D expenditure and commit 31 per cent of our total capital expenditure.

Slide 21: Strong growth in emerging markets

In the emerging markets, we generated a total of 3.4 billion euros in net sales and exceeded market growth significantly. The largest market here is China, with 774 million euros in net sales, followed by Brazil, with 402 million euros.

Slide 22: Strong double-digit growth in China

Above all, China is a very important market for us where we employ around 3,600 people at five different sites and 15 offices. There, with a currency-adjusted plus of just under 43 per cent, we in 2017 achieved high double-digit growth in net sales. China is thereby a very dynamically growing market for Boehringer Ingelheim.

Our successes in human pharmaceuticals speak for themselves. In 2017, we received approval for four medicines: GIOTRIF®, JARDIANCE®, TWYNSTA® and OFEV®. After the successful integration, our animal health business is ranked top among all international animal health companies in China, and with our biopharmaceutical contract manufacturing activities, we offer both local and international companies a first-class service. We are the first and only multinational contract manufacturer of biopharmaceuticals in China. Our customers are from China and outside the country.

Over the past 20 years, Boehringer Ingelheim has invested more than 200 million euros in China, and we plan to continue

this: between 2017 and 2022, we aim to invest 150 million euros in China.

Both the USA and China will be very important markets for the future of Boehringer Ingelheim. We have known these markets for many years, have invested considerably there and are well-equipped for future opportunities.

Slide 23: Further growth with innovative approaches - Hubertus von Baumbach, Chairman of the Board of Managing Directors

Mr Schmelmer has told you what we are doing in our two most important growth markets in order to gain optimal benefit from the opportunities offered there. Alongside the right geographical presence, the future depends on the degree of innovation in our product pipeline. Without wanting to preempt Dr Pairet's report at the research press conference this afternoon, I would at this stage like to highlight a couple of focal points where we are doing still more than researching and marketing new medicines.

Slide 24+25: Improving the treatment of stroke patients

Boehringer Ingelheim has been committed for several decades to the prevention and treatment of strokes. The topic interests us above and beyond drug therapy. It is namely decisive in a stroke for the patient to be treated as quickly as possible. We have for this reason taken on the task of assisting hospitals in preparing to administer acute stroke care and in optimising their structures and processes. We have set ourselves the goal

of supporting 1,500 stroke centres in Europe alone by May 2019 together with national and international organisations under our “Angels Initiative”. In parallel we are cooperating with our partners to achieve the same goal in developing countries. That primarily involves setting up necessary structures for a start for treating acute stroke patients according to the guidelines.

Let’s take this a step further – imagine a stroke patient leaving hospital after receiving emergency treatment. In many countries it is self-evident that a very extensive rehabilitation programme must follow immediately. Germany is taking a leading role here. All the more serious is the deficit in many countries where corresponding facilities do not exist at all. We are here too attempting to find new ways. Recently, we took the next logical step by opening rehabilitation centres for stroke patients. The first centre in this pilot project was opened in March in Shanghai, China, while the second is planned to open in Portugal in 2020. We aim to establish a high standard of care comparable to that of German stroke rehabilitation in selected centres. It is important to stress that we are not alone in this undertaking – like in our research activities, we can rely on strong partnerships.

Slide 26+27: New ventures - Innovative approaches in research

Ladies and gentlemen, we have created the scope for new ideas and have the resources to try these out. For us, it is especially important that, whatever we do, the patient should

always be at the centre of it. The research and development of innovative medicines is therefore a key element in all of our activity.

We have undertaken to concentrate on diseases for which there is so far no satisfactory treatment. We strive to innovate, to achieve breakthroughs and to be able to give patients something that improves and prolongs their lives; we work towards improving animal health through prevention, because diseases that do not develop in the first place do not require treatment.

For years, we have taken the liberty of investing each year around two and a half billion euros in R&D in the human pharmaceuticals area, which corresponds roughly to some 20 per cent of net sales generated there. When I am asked, “why do you do that?”, I can only say that there are still more questions than answers in medicine. We want to continue with all our strength to face the challenges of research. This is why the high level of investment in research and development corresponds to our corporate reason for being. We create value through innovations that improve lives.

In the medium and long term, we are working on a large number of new chemical and biological active ingredients. Our pipeline is well-filled with 80 development projects. 2017 was a record year for the first use by patients of 13 new active ingredients in all five therapeutic areas. The high level of innovation and the competitiveness of our pipeline are

impressively illustrated by another single figure: 65 per cent of our pipeline projects have the potential for a therapeutic breakthrough or to be first in class. And we believe that it can still go higher, and three out of four projects could be regarded as medical breakthroughs. Putting all of our company R&D expenditure together, including animal health, Boehringer Ingelheim has invested around three billion euros.

My colleagues Michel Pairet and Chris Corsico will at this afternoon's research press conference elaborate on this and give you deeper insight into diverse pipeline projects in human pharmaceutical research.

Slide 28: Animal health: Using collective power

In the animal health business we have come a very long way with our challenging and complex integration process. We are well positioned and are a competitive player for the future. We have now united two complementary businesses. By making use of our collective power, we are already number one in pets, equine, swine and veterinary public health. We are in third place for avian and in fourth place for cattle. We are also one of the market leaders in parasiticides and vaccines. In the animal health business unit, we employ around 10,000 people and our products are available in over 150 markets around the world. More than 1,200 researchers are working on innovations at more than 20 facilities worldwide. Experts believe that the global animal health market will double in size by 2030.

Slide 29: Rabies: Vaccinating animals saves lives

Here too I would like to give an example to show what is behind these figures: did you know that someone dies of rabies every ten minutes? It is a disease that claims the lives of 59,000 people every year, most of whom are children. 95 per cent of these cases happen in Africa and Asia. The disease is fatal once the initial symptoms occur, which is why prevention is so important. Through vaccination, primarily of dogs and cats, we can prevent the disease from occurring. To this end, we rely on cooperation with other companies, universities and local authorities. Together, we can develop programmes and initiatives that prevent this disease from happening. This is why we passionately believe in a future in which no animal suffers from a preventable disease. This example illustrates how animal vaccinations can save lives – not just the lives of animals, but the lives of humans, too.

Slide 30: Vaccinations against foot-and-mouth disease

Combatting highly contagious animal diseases is a focal point of our new joint venture for the research, development and production of vaccinations against foot-and-mouth disease in China. Some weeks ago, I attended the ground-breaking ceremony.

Foot-and-mouth disease is a highly infectious disease that spreads quickly through infected animals and has a high mortality rate. This disease has severe implications for animal

farming – in many cases an outbreak can have an existential impact for the farmer. This is why there is high demand on the Chinese market for vaccines to bring this disease under control. All in all, we will be investing over 100 million euros in this project with our Chinese partners to bring world-class vaccination technology to China.

At Boehringer Ingelheim, we have a sense of obligation when it comes to the health of both humans and animals. This provides us, as one of the few market participants, with the opportunity to transfer innovations from the field of human pharmaceuticals to animal health. This is already happening, for example, in the field of diabetes. Here our know-how is used to benefit cats suffering from diabetes. This also applies to the treatment of pain and inflammation.

But, of course, we are also thinking intensively in digital terms. This is where Mr Schmelmer comes in to present to you our most important initiatives.

Slide 31: Into the future with bits and bytes - Michael Schmelmer, member of the Board of Managing Directors responsible for Finance

Ladies and Gentlemen, I will now discuss a topic that has always been very close to my heart. Our goal must be to fully exploit Boehringer Ingelheim's digital potential.

We already started several initiatives to achieve this in the company many years ago, for example, in marketing and IT.

Usually, the first ideas are created in specialist departments, as in medicine. In this process, we always ask ourselves how we can improve the lives of patients and their relatives as well as treatment options for doctors.

Slide 32: Digital transformation at Boehringer Ingelheim

Our digital transformation is built on three pillars: digital disruption, investment in start-ups and transformation within the business areas.

With our digital lab BI X we would like to drive disruption at Boehringer Ingelheim, which for us means the fundamental change of our work through digital innovation. At BI X we are primarily driving forward intelligent digital solutions cross-functionally for our business areas and for this we invested 20 million euros in the past year alone. Here the premise is testing and rapidly implementing – with the right to fail in the implementation process and learn from failure. At the end of 2017, 30 employees worked at BI X and by the middle of this year this number is expected to reach 50.

The second important pillar is digital innovation by targeted early-stage investments. The fact that we have increased the Boehringer Ingelheim Venture Fund also shows how important this is to us. Of an investment volume of 250 million euros, 50 million euros are earmarked for digital innovation alone. We are specifically looking for start-ups that we can support with money, ideas and partnerships. A later acquisition is

possible if it is in the interest of both parties. Cooperating with external partners in the digital field is also becoming increasingly important to us. For example, we recently partnered with the “Startupbootcamp Digital Health Berlin” to get in touch with exciting young start-up companies from around the world. The same applies here: closer cooperation at a later point in time is not excluded if both sides are interested. We are on the same track, that is to say cooperating with start-ups more closely, with an incubator in Lyon, France.

And third, we have for many years worked on digital innovations in our core business – and furthermore across the entire product cycle. Here I’d like to show you a couple of examples.

Slide 33: Open collaboration approaches in research

In research we rely on open cooperation on selected substances. The principle is “learning by sharing”.

On our web portal www.opnMe.com we have for some months made selected and well-characterised molecules available to scientists worldwide in order to give impetus to scientific innovations. Scientists can get some molecules free in order to take their own research forward. We offer other molecules on an exclusive basis only to scientists who wish to research a molecule in cooperation with Boehringer Ingelheim researchers in conjunction with novel treatment hypotheses.

We have received some 350 enquiries for the 20 free molecules in just four months and dispatched the corresponding substances. The recipients assure us that the molecules are used in accordance with certain ethical and legal regulations, but otherwise they have absolute freedom in their research. They also own the results based on the molecule.

It is different for the present two molecules that we have so far offered for collaboration projects. Here the goal is to enter a cooperation agreement with the external scientists and jointly pursue the project. This approach has already led to promising results. For the first of the two projects two cooperations are in operation in the field of infectious and respiratory diseases. Further projects are possible in the near future.

We deliberately promote the portal over social media. This allows every researcher worldwide to contact us and work with our molecules. We, on the other hand, do not need to use resources searching for partners. The scientists seek us out, which is the attractive crowdsourcing component of this approach.

Slide 34: Digital projects for patients and physicians

But how can we specifically support patients and physicians with digital initiatives? Here, we are involved in the different areas, including the improvement of diagnostics in rare

diseases, such as idiopathic pulmonary fibrosis. As it is precisely this lung disease that calls for targeted therapy to start early, we have immediately set this as the target in two projects.

- Take the smart stethoscope. It transmits the patient's lung sounds to a mobile phone with cloud support. An algorithm analyses the lung sounds and is able to identify the corresponding pathological changes in breathing sounds. The doctor immediately gets feedback and can take further diagnostic and therapeutic actions. Physicians can simply put the sensor on their conventional stethoscope.
- Artificial intelligence furthermore helps to evaluate computer tomographic images of the lung. This should on the one hand support physicians in interpreting the images and on the other hand to diagnose diseases, such as idiopathic pulmonary disease and other fibrotic lung diseases, with greater speed and certainty. Here we are cooperating with leading medical device manufacturers and academic research teams in the USA and Europe.

Slide 35: Digital innovation in animal health

We are also working on digital solutions for our customers in the area of animal health. At BI X our colleagues are, for example, currently refining an app, PetPro Connect, for pet parents. It enables a digital connection to the veterinarian.

Users can access different online services that will help to strengthen the relationship with their veterinarians. Another plus of the app: simplification of the rebate submission process for pet owners on their smartphone. In the near future, pet parents could access all their information on medications, vaccinations and appointments with the veterinarian. The first users are currently testing the app in the USA.

**Slide 36: Summary and outlook - Hubertus von Baumbach,
Chairman of the Board of Managing Directors**

Thank you Mr Schmelmer.

Slide 37: 2017 - Overview of the most important facts

Dear ladies and gentlemen, 2017 in a nutshell:

Boehringer Ingelheim has grown considerably and significantly improved both its operating income and profitability.

We have the patient in mind in everything we do.

Slide 38: Outlook 2018 - Slight net sales growth planned

What does all this mean for the current financial year? As we know from the past, we, as a family-owned unlisted company, are definitely ambitious, but cautious about forecasts. For 2018, we presume that revenues will growth slightly on a comparable basis.

Slide 39: The future of the pharmaceuticals business

But what will shape the future of the pharmaceuticals business? In terms of human pharmaceuticals, I most of all see the following:

- A sustainable, competitive and innovative pipeline
- The ability to benefit from the opportunities of digital change in our value chain and thereby also think of our holistic approaches for the benefit of patients
- And efficiency in healthcare systems in every country.

In terms of animal health,

- Innovative products as well – both for the treatment of pets and for the prevention of diseases among livestock
- To create new potential from the combination of research in human and animal medicine
- New digital platforms to establish direct connections between users of our medications – the pet owners, whom we even call “pet parents” by now, and farmers

We have around 50,000 employees who all create value through innovation, day in, day out. They share a common goal of continuing to improve the health and quality of life of humans and animals.

Finally, I would like to pique your curiosity regarding the fascinating projects in our research pipeline, particularly in the

areas of oncology, immuno-oncology, immunology and diseases of the central nervous system. Therefore, I warmly invite you to attend our research press conference here, in the same room, 1.30 p.m.

Slide 40: Annual Press Conference 2018 - Financial year 2017