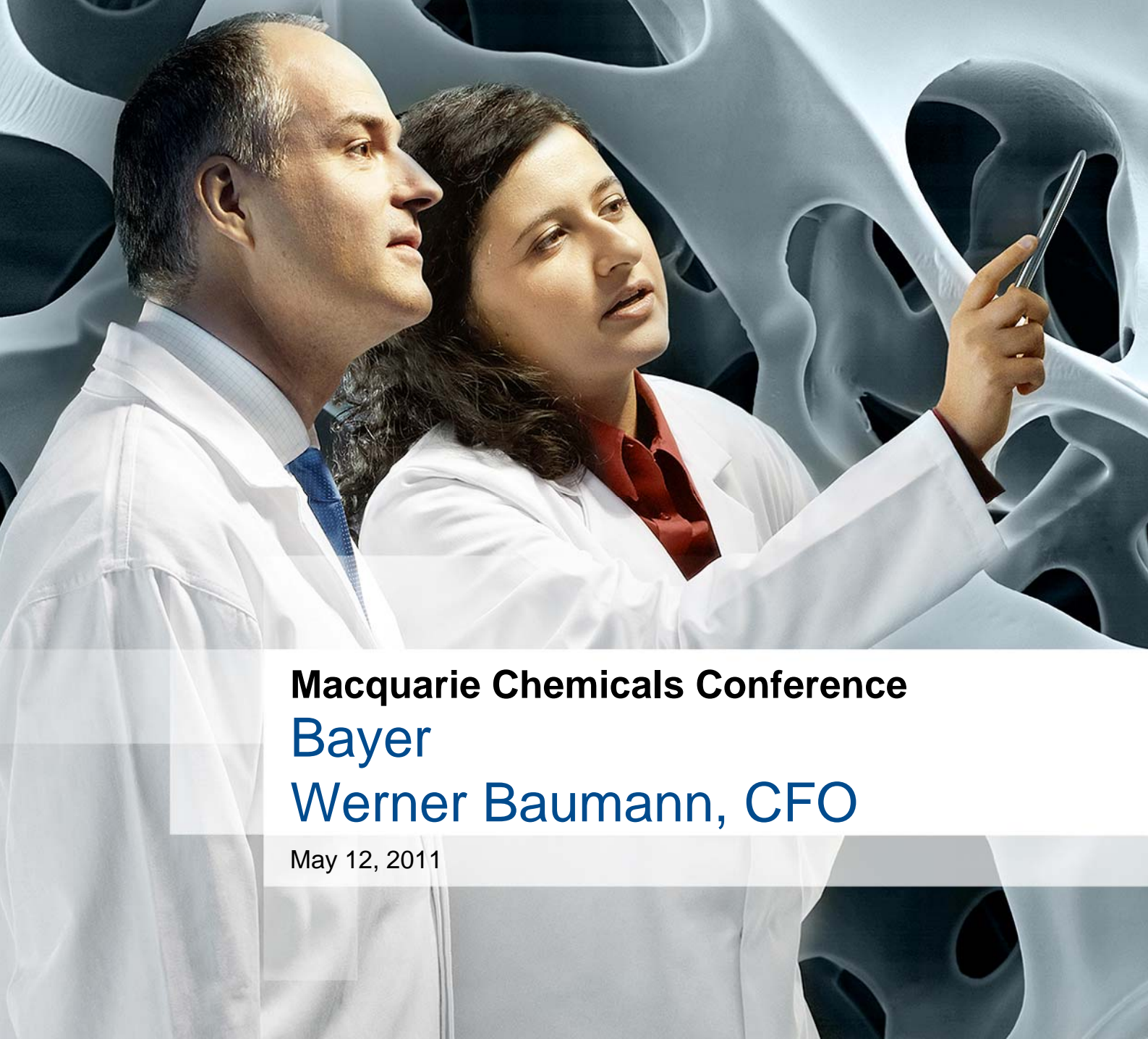




Science For A Better Life



Macquarie Chemicals Conference
Bayer
Werner Baumann, CFO

May 12, 2011



Science For A Better Life

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



Disclaimer

1st Quarter 2011 – Bayer Off To A Successful Start



- **Strong business expansion, all subgroups contributing**, sales up 13% (10%) to €9.4bn, adj. EBITDA up 22% at €2.2bn, Core EPS up 28% to €1.45
- **Reported earnings impacted by high special charges**, €442m special charges due to restructuring and litigation, reported EPS at €0.83 up 9%
- **Strong cash generation**, net cash flow up 9% to €801m, oFCF up 12% to €563m, net debt lowered by €0.8bn to €7.1bn (q-o-q)
- **Full-year group guidance for 2011 raised on expected improvement at CropScience**

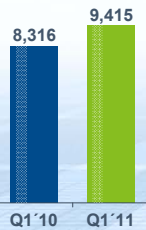
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1st Quarter 2011 – Off To A Successful Start



Sales

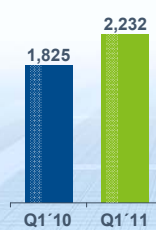
in € million
% portfolio & currency adj.



+10%

EBITDA

pre-special items
in € million



+22%

Core EPS

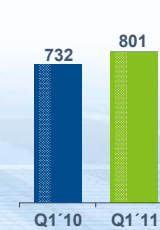
in €



+28%

Net Cash Flow

in € million



+9%

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1st Quarter 2011 – All Segments Contributed To The Business Expansion



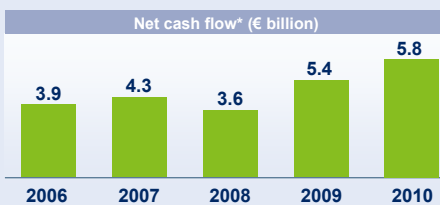
In € million, () = Fx & portfolio adjusted

	Sales			adj. EBITDA		
	2010	2011	Δ% (adj.)	2010	2011	Δ%
HealthCare	3,869	4,166	+8 (+4)	1,023	1,140	+11
Pharma	2,531	2,649	+5 (+1)	759	803	+6
Consumer Health	1,338	1,517	+13 (+10)	264	337	+28
CropScience	1,952	2,257	+16 (+14)	531	745	+40
Crop Protection	1,476	1,676	+14 (+12)	352	510	+45
ES/BS¹	476	581	+22 (+18)	179	235	+31
MaterialScience	2,216	2,686	+21 (+19)	278	345	+24

¹ Environmental Science/BioScience

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Selected Indicators 2006-2010



* 2006 - 2008 from continuing operations ** year-end data

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Building a World-Class Innovation Company

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Building a World-Class Innovation Company



Portfolio	Growth	Productivity
Build on leading industry position in all 3 subgroups	Invest in innovation capabilities	Decomplex structures and processes
Enhance competitive position	Maximize value of new product pipeline strength	Implement two-year group restructuring plan
	Realize emerging market opportunity	

 Target is to deliver mid-single digit organic sales growth in 2011 and 2012

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Financial

Targets

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Group Outlook Raised On Expected Improvement At CropScience



Sales Δ Fx and portfolio adjusted, EBITDA pre-special items

	2010	Δ		2011E (previous guidance)	2011E (revised guidance)
Sales <small>(Fx & portf. adjusted)</small>	€35.1bn	+8%		4-6% to €35-36bn	5-7% to €36-37bn
adj. EBITDA	€7.1bn	+10%		improve toward €7.5bn	> €7.5bn
Core EPS	€4.19	+15%		≈10%	≈15%

Outlook depends on specific planning assumptions
as detailed in the Q1 Quarterly Report

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2011 Revised Guidance By Subgroup



Outlook based on Fx and portfolio adj. sales and EBITDA pre-special items

HealthCare		<p>Unchanged: Low- to mid-single digit increase of sales and small increase of adj. EBITDA</p>
Pharma		<p>Unchanged: Low- to mid-single digit increase of sales and improvement of adj. EBITDA-margin</p>
Consumer Health		<p>Unchanged: Mid-single digit growth of sales and adj. EBITDA</p>
CropScience		<p>Raised: High- (previously: mid-) single-digit percentage higher sales and growth of adj. EBITDA by approx. 20% (previously: at a higher rate than sales)</p>
MaterialScience		<p>Updated to reflect raw material cost induced price increases High- (so far: mid-) single digit percentage increase of sales and growth of adj. EBITDA at a higher rate than sales. Q2'11: Higher sales and improved adj. EBITDA versus Q1'11</p>

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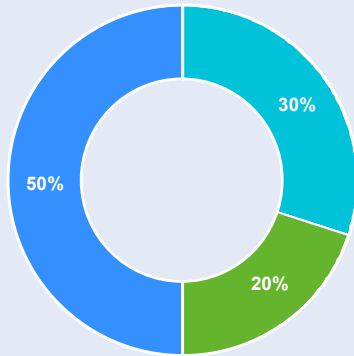
Outlook depends on specific planning assumptions as detailed in the Q1 Quarterly Report



Leading Positions in Growth Markets

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Bayer – A Leader in Its Markets



€16.9bn

HealthCare

Pharmaceuticals €10.9bn,
leading positions in key categories

Consumer Health €6.0bn,
OTC pharmaceuticals, blood glucose meters
and veterinary medicines, global **#2-4**

€6.8bn

CropScience

Agrochemicals and seeds & traits,
global **#2** in agrochemicals

€10.2bn

MaterialScience

Polyurethanes and polycarbonates,
global **#1/2**

Sales 2010: **€35.1bn**

Break-down excluding reconciliation

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New Product

Pipeline Strength

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HealthCare- Pharma Pipeline Maturing



		What it does	Status
Cardiology	Xarelto	inhibits blood clot formation	1st indication launched/ filed; phase III
	Riociguat	lowers blood pressure in the lung	phase III
Oncology	Nexavar	inhibits enzymes important for tumor growth	launched, additional indications in phase II/III
	Regorafenib	inhibits enzymes important for tumor growth	phase III
	Alpharadin	targeted treatment of bone metastases in prostate cancer	phase III
Eye Diseases	VEGF Trap-Eye	inhibits formation of new blood vessels	phase III
Imaging	Florbetaben	detects amyloid-beta plaques (Alzheimer's disease)	phase III

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CropScience - Innovation Leadership in Agrochemicals, Promising BioScience Pipeline



23 new agrochemical active ingredients launched, generated sales of €2bn in 2009	2000 - 2009
Six new agrochemical substances with sales potential of more than €1bn to be launched	2010 - 2012E
Expect 18 new BioScience products to be launched	2010 - 2016E
Numerous early-stage research and early development projects in Crop Protection and BioScience	

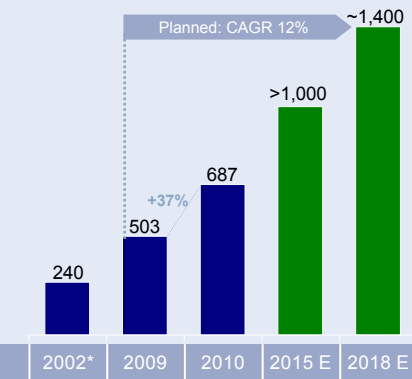
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Growth Platform Ag BioScience: Strongly Expanded in 2010



Planned sales development

in € million



*2002 sales pro-forma Bayer + Aventis CropScience

Key growth drivers

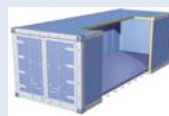
- Fast growing established business in cotton, canola, rice and vegetables
- Regional expansion and introduction of new varieties
- Exploit traits potential through licensing agreements
- Extension of our crop-portfolio to soybean and cereals
- Increase of BioScience's share of CropScience R&D expenditures (2009: 20% → 2010: 30%)
- R&D capacities strengthened through acquisition of Athenix (2009)

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MaterialScience – World-Class Applications Research



Bayseal™
Creates a seamless air barrier system working like a building envelope



Baytherm®
Combines high mechanical strength with high insulating capacity and low weight



DurFlex®
Improving noise reduction and economics of rail track operations



Makrolon®
Forming lightweight exterior car body parts from polycarbonate



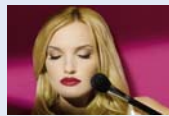
Bayblend® FR
A new safety concept for car batteries to make housings flame retardant



Bayfol Reflex™
Actuators out of polymers give tactile feedback precisely adjusted to requirements



Baymedix™
Medical coatings that are durable, strong, flexible and biocompatible



Baycusan®
Solvent-free polyurethane based polymers for cosmetic applications

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Opportunity

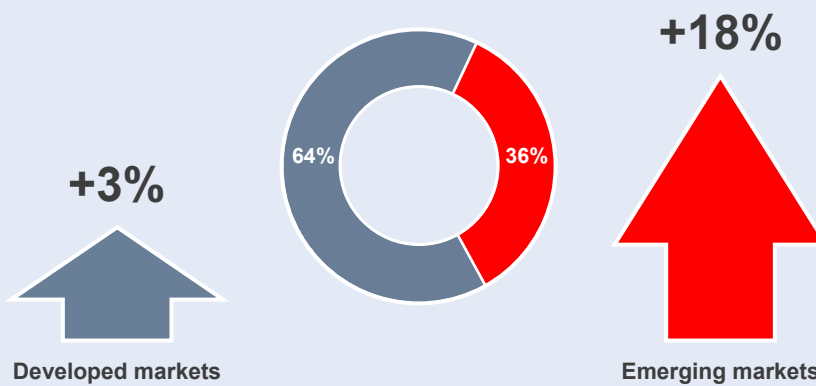
Emerging Markets

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Emerging Markets – Significant Growth Momentum



2010 Group Sales break down; Δ% yoy Fx adjusted



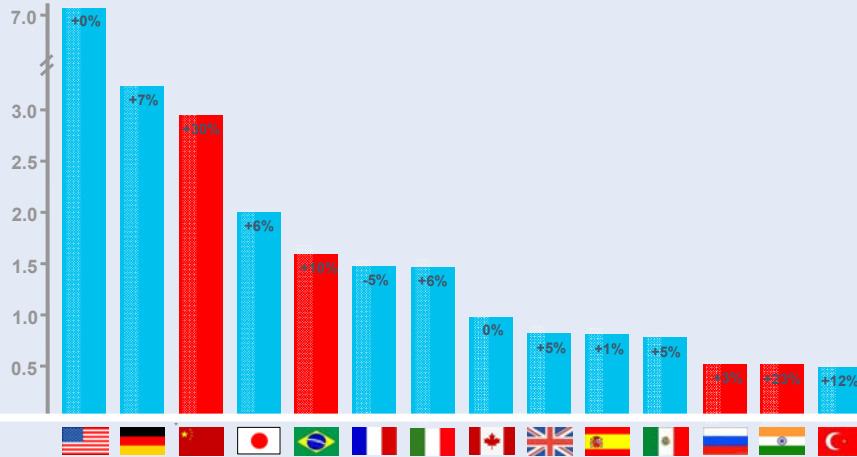
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¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe
² Others = Japan, Australia, New Zealand, Canada
³ Emerging Asia = Asia minus Japan, Australia, New Zealand

All BRIC-Countries in Our Most Important Country Portfolio



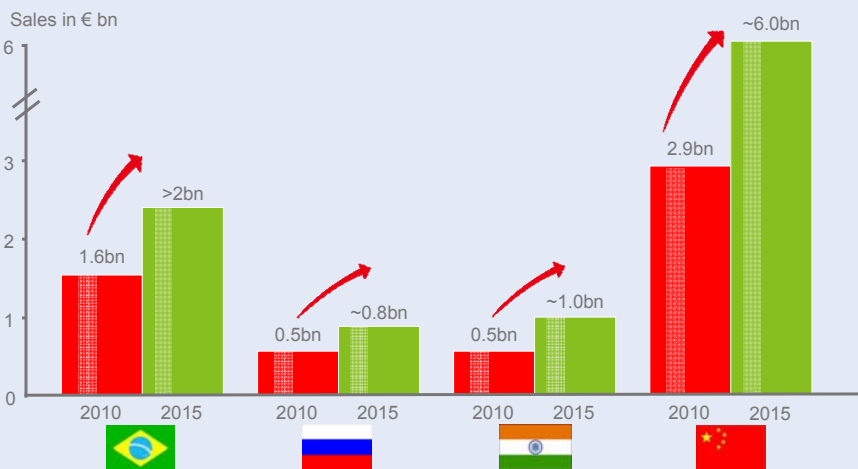
Sales in € bn Δ% yoy Fx adjusted
Sales by country full year 2010



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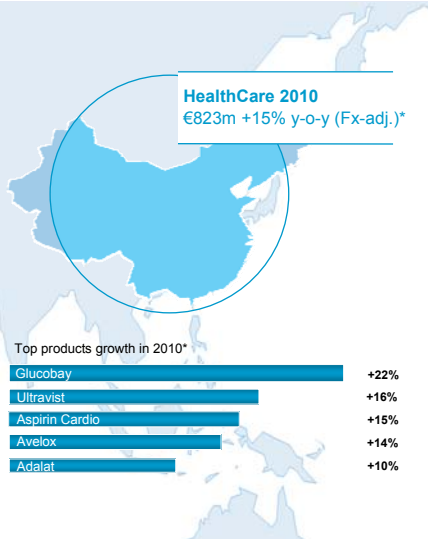
*Greater China includes PR China, Hongkong, Macau and Taiwan

BRIC – Countries Could Collectively Become a 10bn Euro Business in 2015



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Bayer is One of The Leading International HealthCare Companies in China



Strong growth

- Driven by Pharmaceuticals (+17% yoy) increasing momentum in Q3/Q4
- Pharma portfolio includes established branded products as well as innovative products like Nexavar, Scilin Insulin and Xarelto

Significant investment commitment

- Approx. 5,000 employees
- €100m over 5 years to set-up a global R&D center in China
- Beijing manufacturing site expansion (~€45m through 2015)
- Partnership with Tsinghua University (joint drug discovery, student support)

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All growth rates y-o-y Fx-adj.
* People's Republic of China

€1bn New Investment Plan at MaterialScience in China



Asia/Pacific is leading the recovery

- China already is the world's largest PCS market
- China is set to become the world's largest PUR market by 2015



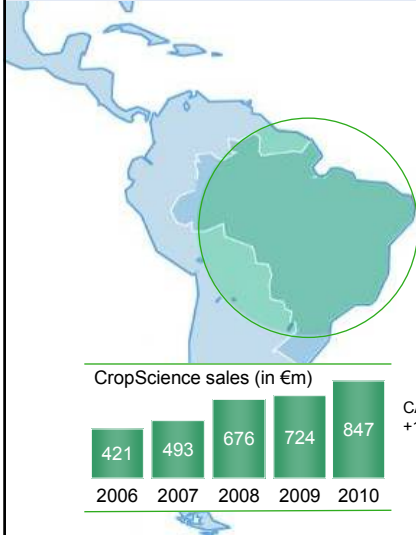
Commitment to growth in China

- €2.1bn investment program in integrated polymer site in Shanghai, China until 2012
- New investment of approx. €1bn in Shanghai by 2016 to
 - Increase MDI capacity to 1,000kt/year
 - More than double PCS capacity to 500kt/year
 - Increase HDI capacity, new 50kt/year line planned
- Transfer of PCS Headquarters from Leverkusen to Shanghai
- Increasing downstream presence (investment of €110m by 2012)

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PCS = Polycarbonates
PUR = Polyurethanes

CropScience in Brazil – Gained Share in One of the World’s Largest Ag Markets



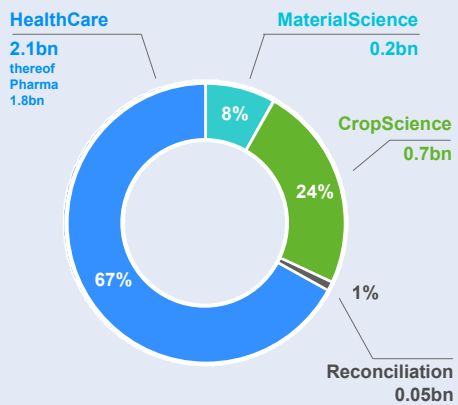
- Brazil is the 2nd largest market for CropScience
- Bayer is one of the leading suppliers and growing strongly
- Bayer gained market share in each of the past 3 years
- 2010 Crop Protection performance driven by strong sales increase in insecticides and herbicides, especially with new products
- BioScience growth driven by cotton seed
- Risk management systems in place to limit the potential impact of reduced credit availability; established barter business

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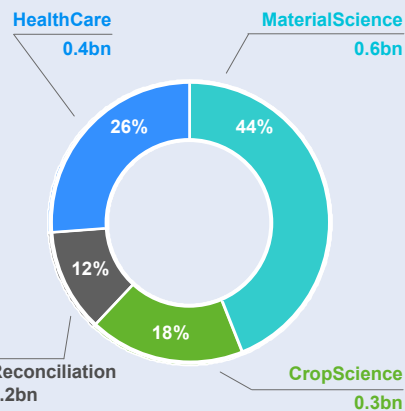
2011 – R&D and CapEx Budgets



R&D 2011E: ~€3.1bn



CapEx (PPE) 2011E: ~€1.5bn



€15bn R&D and Capital Investment Plan until 2013

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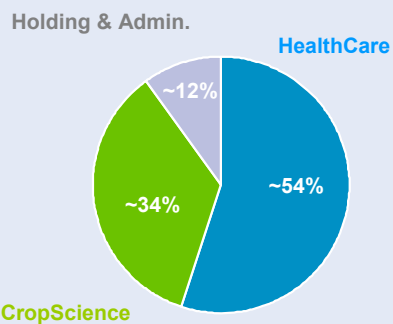
More Innovation

Less Administration



Restructuring Program Initiated

Contribution by Subgroup



Savings Initiative

- Savings and efficiency initiative at HealthCare, CropScience and corporate level
- Annual cost savings of €800m starting 2013, reinvestment of ~50%
- One-time-charges of around €1bn by end of 2012
- Plans include reductions of 4,500 people
- 2,500 new hires in growth and innovation, particularly in emerging markets



Science For A Better Life

Focus: Efficient Use of Cash

Efficient Use of Cash



→ Funding organic growth

- CapEx budget 2011: €1.5bn for PPE

→ Deleveraging balance sheet

- Compliant with single A credit rating category

→ Cash return to shareholders

- Dividend policy: Pay out 30-40% of Core EPS
- Share buyback: No priority

→ Acquisitions

- Focus is on organic growth, complemented by bolt-on acquisitions





Summary



Summary

- Good start to 2011 – operating performance on track
- Outlook raised on expected improvement of CropScience
- Promising late-stage innovation pipeline
- Significant emerging markets opportunity
- Two-year Group restructuring plan
- €15bn investment plan to resource organic growth
- Clear priorities for use of cash



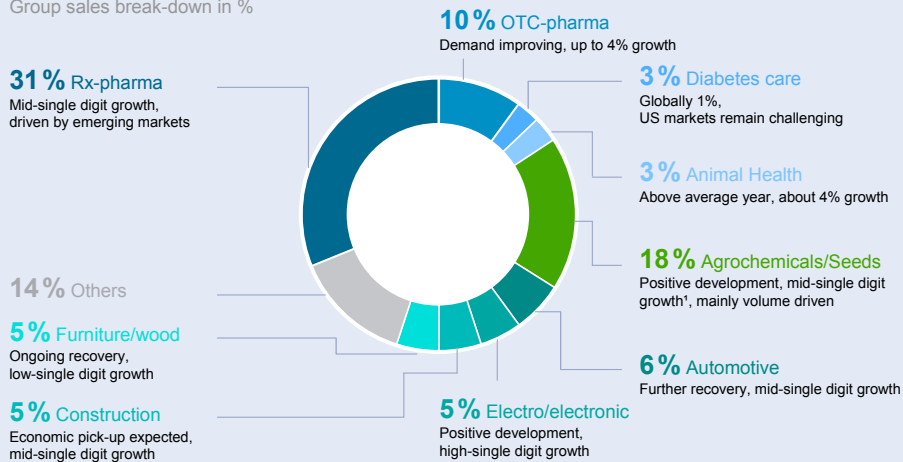
Appendix

Outlook 2011 – Planning Assumptions



Expected 2011 Global Market Development

Group sales break-down in %



¹assumes normal weather conditions

CropScience – Commodity Price Development of Key Crops



*) Weekly closing price - **) Wheat = 7,36 US\$/BSH, Corn = 7,46 US\$/BSH, Soybeans 13,25 US\$/BSH

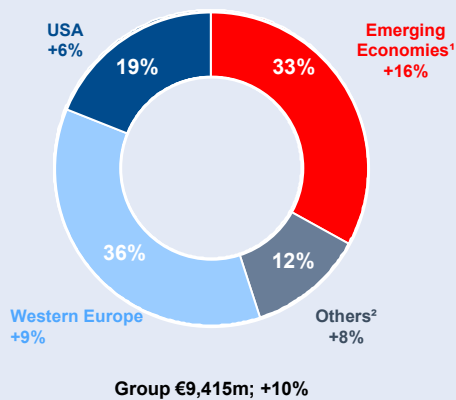
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1st Quarter 2011 – Strong Growth In All Regions Led By Emerging Markets

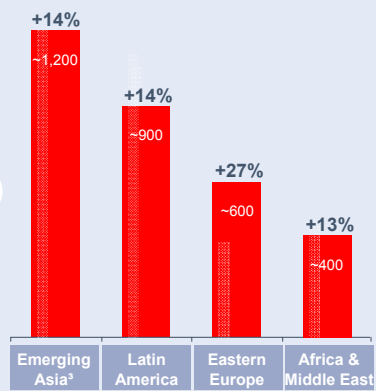


In € million, Δ% yoy Fx adjusted

Q1 2011 Group sales by region



Emerging Economies



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¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe
² Others = Japan, Australia, New Zealand, Canada
³ Emerging Asia = Asia minus Japan, Australia, New Zealand

Reporting Events and AGM



Date	Event	Publication
Thursday, July 28, 2011	Investor Conference Call	Second Quarter 2011 Results Stockholders' Newsletter
Thursday, October 27, 2011	Investor Conference Call	Third Quarter 2011 Results Stockholders' Newsletter
Tuesday, February 28, 2012	Investor Conference Call	2011 Annual Report
Thursday, April 26, 2012	Investor Conference Call	First Quarter 2012 Results Stockholders' Newsletter
Friday, April 27, 2012	Annual General Meeting	

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Investor Relations Contacts



Dr. Alexander Rosar

Head of Investor Relations
Phone: +49-214-30-81013
E-mail: alexander.rosar@bayer.com

Dr. Jürgen Beunink

Phone: +49-214-30-65742
E-mail: juergen.beunink@bayer.com

Ute Menke

Phone: +49-214-30-33021
E-mail: ute.menke@bayer.com

Peter Dahlhoff

Phone: +49-214-30-33022
E-mail: peter.dahlhoff@bayer.com

Judith Nestmann

Phone: +49-214-30-66836
E-mail: judith.nestmann@bayer.com

Fabian Kligen

Phone: +49-214-30-35426
E-mail: fabian.kligen@bayer.com

Dr. Olaf Weber

Phone: +49-214-30-33567
E-mail: olaf.weber@bayer.com

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