



Bayer AG
 Investor Relations
 51368 Leverkusen
 Germany
www.investor.bayer.com

Q3 2011 Analyst and Investor Briefing

October 27, 2011

After a good third quarter: Bayer confirms Group outlook

- Group sales at €8.7 billion, up 4.8% (portfolio and currency adjusted)
- Price +2.2%, volume +2.6%, currency -3.9%, portfolio +0.1%
- Continuing momentum in the emerging markets (+9.5%, currency adjusted)
- Reported EBIT at €1.1 billion (+94.9%)
- EBITDA before special items up 8.5% at €1.8 billion
- HealthCare and CropScience margins distinctly improved, MaterialScience weaker
- Net income increased to €0.6 billion (+125.3%)

Group Key Figures

<i>Euro million</i>	Q3 2010	Q3 2011	% y-o-y	Consensus**
Sales	8,581	8,670	1.0 / 4.8*	8,686
EBITDA	1,228	1,731	41.0	1,575
EBITDA before special items	1,664	1,805	8.5	1,676
EBIT	564	1,099	94.9	948
Net special items	(436)	(75)	•	(92)
EBIT before special items	1,000	1,174	17.4	1,041
Non-operating result	(267)	(224)	16.1	(203)
Income taxes	(7)	(229)	•	•
Net income	285	642	125.3	534
EPS (Euro/share)	0.35	0.78	122.9	0.65
Core EPS (Euro/share)	0.95	1.12	17.9	1.01
Gross cash flow	887	1,327	49.6	•
Delta working capital	668	250	(62.6)	•
Net cash flow	1,555	1,577	1.4	•
CapEx (cash relevant)	395	354	(10.4)	•
Operating free cash flow	1,160	1,223	5.4	•

<i>Euro million</i>	June 30, 2011	Sept. 30, 2011
Net financial debt	7,398	6,988
Net pension liability	6,719	7,447

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 19, 2011 provided by Vara Research GmbH



Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

Q3 2011 Analyst and Investor Briefing

October 27, 2011

Bayer Group Forecast

- We confirm the full-year 2011 sales and earnings forecast that we raised in April.
- For 2011 we continue to target a **currency- and portfolio-adjusted sales increase of between 5% and 7%**. This corresponds to **Group sales of between €36 billion and €37 billion**. This guidance is based on the exchange rates prevailing at the end of the third quarter of 2011.
- We still plan to increase **EBITDA before special items to more than €7.5 billion**. As before, **core earnings per share are expected to improve by about 15%**. We continue to plan special charges of about €0.5 billion in EBITDA for ongoing restructuring programs.

HealthCare

- In 2011 HealthCare plans to **increase sales by a low-single-digit percentage** (previously: increase by a low- to mid-single digit percentage) after adjusting for currency and portfolio effects. We now expect **EBITDA before special items to grow by a mid-single digit percentage to at least €4.6 billion** (previously: a small improvement), mainly in light of the savings from the efficiency programs.
- In the **Pharmaceuticals** segment, we continue to believe that sales will not yet resume growing with the market in 2011. We expect **virtually unchanged or slightly higher sales** after adjusting for currency and portfolio effects (previously: increase sales by a low- to mid-single-digit percentage). Particularly in view of our structural measures, we expect to **increase EBITDA before special items by about 5%, improving the EBITDA margin before special items to about 30%** (previously: to raise the EBITDA margin before special items).
- In the **Consumer Health** segment we continue to anticipate above-market growth in sales after adjusting for currency and portfolio effects. As before, we expect **sales and EBITDA before special items to increase by mid-single-digit percentages**.

CropScience

- The CropScience business has continued to trend positively.
- As previously communicated, we aim to **improve sales by a high-single-digit percentage** on a currency- and portfolio-adjusted basis in 2011. In light of the good business performance so far, we plan to **expand EBITDA before special items by more than 20%** (previously: by about 20%) compared to the weak prior year.

MaterialScience

- At MaterialScience we anticipate **higher Q4 sales but lower EBITDA before special items** than in the same period of 2010 in view of continued increases in raw material and energy costs. As a result, we expect to **raise full year sales by a high-single-digit percentage** on a currency- and portfolio-adjusted basis, posting slightly lower **EBITDA before special items in the region of €1.3 billion** (previously: grow EBITDA before special items at a higher rate than sales).

Further assumptions for 2011:

- CapEx: approx. €1.3 billion for property, plant and equipment and €0.4 billion for intangible assets
- Planned D&A: approx. €2.5 billion, including €1.3 billion amortization of intangibles
- R&D: approx. €3 billion
- Non-operating result: approx. minus €0.8 billion
- Income tax-rate: approx. 27 - 28%

The sales and earnings forecast for 2012 is provided in chapter 11.4 of the Annual Report 2010.



HealthCare

<i>Euro million</i>	Q3 2010	Q3 2011	% y-o-y	Consensus**
Sales	4,271	4,200	(1.7) / 1.6*	4,285
Pharmaceuticals	2,732	2,663	(2.5) / 0.3*	•
Consumer Health	1,539	1,537	(0.1) / 3.8*	•
EBITDA before special items	1,122	1,226	9.3	1,136
Pharmaceuticals	739	853	15.4	•
Consumer Health	383	373	(2.6)	•

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of October 19, 2011 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

<i>Euro million</i>	Q3 2010	Q3 2011	% y-o-y	% y-o-y Fx
Betaferon / Betaseron	308	289	(6.2)	(1.9)
<i>of which USA</i>	128	126	(1.6)	7.5
YAZ product family	243	275	13.2	16.5
<i>of which USA</i>	32	48	50.0	60.1
Kogenate	277	257	(7.2)	(3.9)
<i>of which USA</i>	86	70	(18.6)	(10.3)
Nexavar	175	177	1.1	4.5
<i>of which USA</i>	43	45	4.7	13.4
Adalat	171	156	(8.8)	(6.7)
<i>of which USA</i>	1	2	•	•
Mirena	138	137	(0.7)	4.3
<i>of which USA</i>	76	71	(6.6)	0.7
Avalox / Avelox	100	103	3.0	6.7
<i>of which USA</i>	12	16	33.3	47.3
Aspirin Cardio	94	102	8.5	11.4
<i>of which USA</i>	0	0	•	•
Glucobay	91	88	(3.3)	(0.2)
<i>of which USA</i>	0	0	•	•
Ultravist	81	76	(6.2)	(4.0)
<i>of which USA</i>	3	2	(33.3)	(27.2)
Levitra	110	75	(31.8)	(31.0)
<i>of which USA</i>	57	20	(64.9)	(64.2)
Cipro / Ciprobay	61	53	(13.1)	(12.0)
<i>of which USA</i>	2	-2	•	•
Magnevist	55	48	(12.7)	(7.5)
<i>of which USA</i>	30	25	(16.7)	(9.3)
Iopamiron	44	47	6.8	8.3
<i>of which USA</i>	0	0	•	•
Diane	43	47	9.3	12.4
<i>of which USA</i>	0	0	•	•

%y-o-y Fx: Currency adjusted sales growth

- Price +0.6%, volume +1.0%, currency -3.5%, portfolio +0.2%
 - At **Pharmaceuticals** sales increased especially in Asia/Pacific and Latin America with particularly good gains in China and Brazil. Sales declined in North America and in Western Europe, where business continued to be held back by health system reforms.



- Betaferon declined slightly. Selling price increases and higher volumes in North America partly offset losses of market share and price reductions caused by health system reforms in Europe.
- YAZ-product family grew mainly in North America (low prior year quarter and launch of Beyaz in the US) and in Asia/Pacific (Japan).
- Kogenate sales down mainly due to fluctuations in the ordering schedule of our distribution partner.
- Nexavar benefited from higher volumes in Asia/Pacific and volume and selling price increases in the US. Sales in Europe declined compared to a strong prior-year quarter.
- Adalat affected by generic competition, especially in Canada and Japan. Sales expanded in China.
- Mirena driven by volume gains.
- Sales expansion of Aspirin Cardio mainly driven by business in China.
- Levitra down due to the partial reorganization of the distribution for general medicine products in the US. Business in the prior year quarter benefited from an agreement concluded with a major customer.
- **Consumer Health** with growth in all regions. Consumer Care (€885 million, +5.5% Fx and portf. adj.), Medical Care (€370 million, +2.9% Fx and portf. adj.), Animal Health (€282 million, ±0.0% Fx and portf. adj.).
- **EBITDA before special items** at HealthCare mainly driven by lower costs at Pharmaceuticals. Health system reforms and negative currency effects with adverse impact.

CropScience

<i>Euro million</i>	Q3 2010	Q3 2011	% y-o-y	Consensus**
Sales	1,341	1,379	2.8 / 9.4*	1,402
Crop Protection / BioScience	1,216	1,265	4.0 / 10.7*	•
Environmental Science	125	114	(8.8) / (3.2)*	•
EBITDA before special items	112	165	47.3	153

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 19, 2011 provided by Vara Research GmbH

Q3 2011	Europe		North America		Asia/Pacific		LatAm/Africa/Middle East	
	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx
CropScience	346	2.3	212	2.2	304	12.5	517	13.8
Crop Protection	306	3.7	160	14.5	267	15.5	467	15.2

%y-o-y Fx: Currency adjusted sales growth

- Price -1.9%, volume +11.3%, currency -5.9%, portfolio -0.7%
- **CropScience** benefited from higher volumes at Crop Protection. Sales at BioScience and at Environmental Science declined. High agricultural commodity prices contributed to a positive market environment.
- **Crop Protection** up 13.1% (Fx and portf. adj.) to €1,200 million driven by favorable performance of all product groups. The seed treatment (€241 million, +35.1% Fx and portf. adj.) and fungicides (€297 million, +10.5% Fx and portf. adj.) business both showed pleasing growth rates. The herbicides segment also developed nicely (€328 million, +6.2% Fx and portf. adj.). Despite the cessation of marketing for older



products such as Temik (aldicarb), sales of insecticides increased significantly (€334 million, +10.2% Fx and portf. adj.). The impact from the discontinuation of older products amounted to €24 million sales in the quarter.

- **Crop Protection** with moderate sales growth of insecticides and fungicides in Europe. Sales of herbicides below the strong prior-year quarter in several western European countries. Good performance in France, particularly with seed treatment products. Business in Eastern Europe benefited from favorable market conditions.
- Crop protection sales increase in North America driven by seed treatment products and herbicides. Sales of insecticides were level with the prior year. Sales of innovative products offset the negative effect from the discontinuation of marketing for older products such as Temik (aldicarb). The good performance of fungicides in Canada could not fully compensate for a sales decline in the US.
- Crop protection sales in Asia/Pacific increased despite discontinuation of older insecticides. Favorable weather conditions were supportive for the business. Sales increases of fungicides, herbicides and seed treatment products.
- Sales of crop protection products in LatAm/Africa/Middle East were mainly driven by the good performance of insecticides and seed treatment products in LatAm. Sales of fungicides and herbicides expanded as well.
- The considerable decline at **BioScience** (€65 million, -20.9% Fx and portf. adj) resulted from a drop in business with our canola and cotton seeds in North America in the third quarter following a strong season as a whole. In the first nine months we saw double digit growth rates in both crops. Sales of our vegetables seeds business continued to develop favorably, especially in the US and in Asia/Pacific.
- At **Environmental Science** (€114 million, -3.2% Fx adj.) sales were down slightly caused by a decline in business with specialty active ingredients and products for professional use in Japan. The consumer products business performed nicely, especially in the US.
- The improvement of **EBITDA before special items** at CropScience was driven by significantly higher volumes and improved capacity utilization at our production plants.

MaterialScience

<i>Euro million</i>	Q3 2010	Q2 2011	Q3 2011	% y-o-y	Consensus**
Sales	2,665	2,782	2,768	3.9 / 7.4*	2,693
Polyurethanes	1,321	1,374	1,371	3.8 / 7.1*	•
Polycarbonates	726	761	749	3.2 / 7.4*	•
CAS	475	490	475	0.0 / 3.2*	•
Industrial Operations	143	157	173	21.0 / 23.8*	•
EBITDA before special items	408	372	348	(14.7)	369

CAS: Coatings, Adhesives, Specialties

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 19, 2011 provided by Vara Research GmbH

- Price +7.1%, volume +0.3%, currency -3.7%, portfolio +0.2%
- Business expansion at MaterialScience mainly driven by price increases in all business units and regions. Overall, volumes were level with the prior year. Higher volumes in LatAm/Africa/Middle East and in North America fully offset the declines in Asia/Pacific.



- **Polyurethanes** with increased sales of MDI and PET while sales of TDI came in below the prior-year level. Polyurethanes sales increased mainly due to higher prices in all regions and for all product groups except for TDI. Overall, volumes were slightly lower, mainly due to lower demand for our PET- and MDI products.
- Our **Polycarbonates** business unit benefited from substantially higher volumes of our granules products in North America, Europe and especially in Asia/Pacific. The global price level for our polycarbonates products increased slightly.
- Sales of **Coatings, Adhesives, Specialties** driven by increased selling prices. Higher volumes in North America and in LatAm/Africa/Middle East could not fully compensate for volume declines in Asia/Pacific and in Europe.
- **EBITDA before special items** below prior-year level because the selling price increases did not fully compensate for higher raw material and energy costs. In addition, higher project-related operating costs and downtime cost had a negative impact on earnings. However, cost increases due to inflation were offset by our ongoing efficiency improvement programs.

Bayer Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)

Dr. Jürgen Beunink (+49-214-30-65742)

Peter Dahlhoff (+49-214-30-33022)

Fabian Klingen (+49-214-30-35426)

Ute Menke (+49-214-30-33021)

Judith Nestmann (+49-214-30-66836)

Dr. Olaf Weber (+49-214-30-33567)

Forward-looking statements

This announcement 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.

Key figures for Q3'2011

	HealthCare						CropScience		MaterialScience		Reconciliation		Group			
	Subgroup Total		Pharmaceuticals		Consumer Health		Subgroup Total		Subgroup Total		Q3'10		Q3'11			
	Q3'10	Q3'11	Q3'10	Q3'11	Q3'10	Q3'11	Q3'10	Q3'11	Q3'10	Q3'11	€ million	Q3'10	Q3'11	€ million	Q3'10	Q3'11
Sales	4,271	4,200	2,732	2,663	1,539	1,537	1,341	1,379	2,665	2,768	304	323	8,581	8,670		
Sales by region:																
Europe	1,590	1,537	1,014	949	576	588	342	346	1,046	1,120	286	292	3,244	3,295		
North America	1,161	1,061	601	535	560	526	227	212	540	542	2	0	1,930	1,815		
Asia / Pacific	854	924	687	742	167	182	279	304	754	743	20	12	1,907	1,983		
LatAm/Africa/Middle East	666	678	430	437	236	241	493	517	325	363	16	19	1,500	1,577		
EBITDA	1,072	1,184	689	820	383	364	-274	143	408	348	22	56	1,228	1,731		
Special items	-50	-42	-50	-33	0	-9	-386	-22	0	0	0	-10	-436	-74		
EBITDA adjusted	1,122	1,226	739	853	383	373	112	165	408	348	22	66	1,664	1,805		
adjusted EBITDA margin	26.3%	29.2%	27.0%	32.0%	24.9%	24.3%	8.4%	12.0%	15.3%	12.6%	7.2%	20.4%	19.4%	20.8%		
EBIT	735	866	420	566	315	300	-404	24	259	196	-26	13	564	1,099		
Special items	-50	-43	-50	-34	0	-9	-386	-22	0	0	0	-10	-436	-75		
adjusted EBIT	785	909	470	600	315	309	-18	46	259	196	-26	23	1,000	1,174		
adjusted EBIT margin	18.4%	21.6%	17.2%	22.5%	20.5%	20.1%	-1.3%	3.3%	9.7%	7.1%	-8.6%	7.1%	11.7%	13.5%		
Gross cash flow	707	800	450	547	257	253	-201	102	296	258	85	167	887	1,327		
Net cash flow	694	814	421	579	273	235	472	409	254	129	135	225	1,555	1,577		
Non-operating result																
Net income																
Earnings per share (€)																
Core earnings per share (€)																
CapEx (cash relevant)																
R&D																
D&A and Write-downs	337	318	269	254	68	64	130	119	149	152	48	43	664	632		
Employees at end of period	56,000	56,300	38,200	38,600	17,800	17,700	20,600	21,500	14,600	15,000	20,400	20,400	111,600	113,200		