



Science For A Better Life

Roadshow Milan

Investor Handout

2011, December 2

Disclaimer

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3rd Quarter 2011 – Bayer Confirms Group Outlook



- **Delivered growth and performance**, *adj. sales up 5%, adj. EBITDA up 8%, reported EPS +123%, Core EPS +18%*
- **Further strategic progress:**
 - **Innovation pipeline:** *Xarelto: FDA approval, positive CHMP opinion and successful ATLAS trial; Alpharadin: FDA fast track designation; Regorafenib: phase III mCRC stopped early on success*
 - **Emerging markets:** *10% organic growth*
 - **Productivity:** *Group wide restructuring plans with €320 million annualised savings already implemented*
- **Full-year 2011 Group financial outlook reiterated:** *On track for 5-7% organic sales growth, adj. EBITDA > €7.5bn and Core EPS growth of ~15%*

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3rd Quarter 2011 – Successful Development Continued



	Q3'11	Δ%
	€ million	€ million
Sales	8,670	+1 (+5)
EBITDA		
- reported	1,731	+41
- adjusted	1,805	+8
EBIT		
- reported	1,099	+95
- adjusted	1,174	+17
Net income	642	+125
Net cash flow	1,577	+1
Free operating cash flow	1,223	+5
EPS		
- reported	0.78€	+123
- core	1.12€	+18

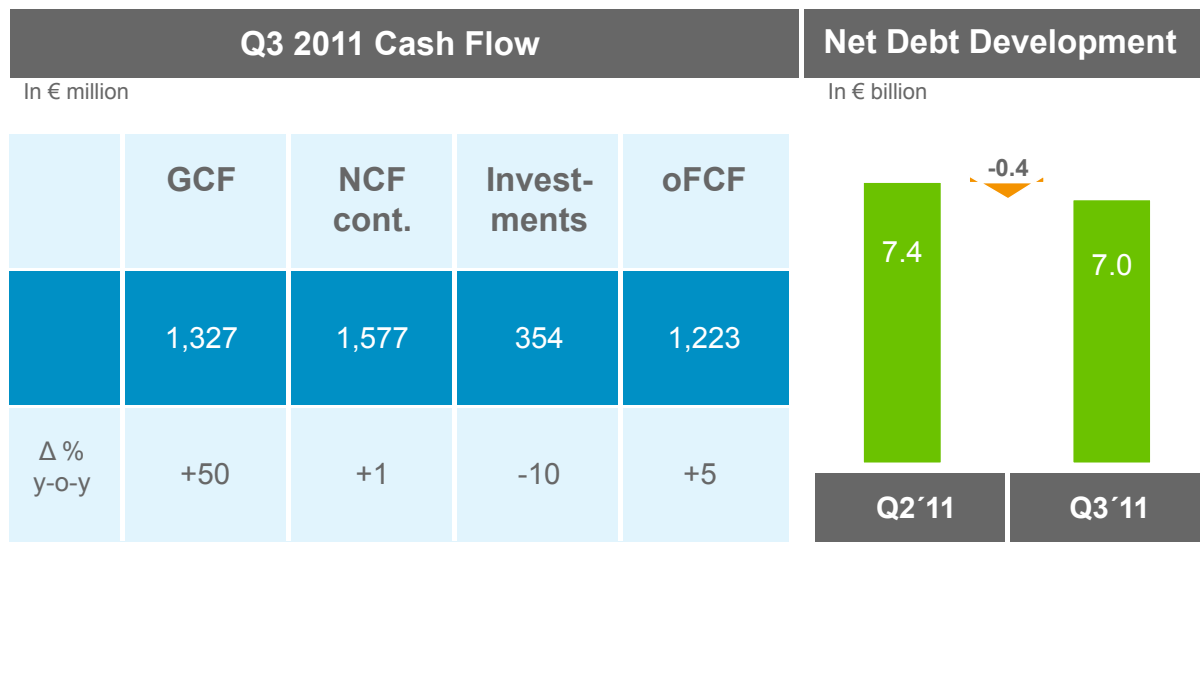
() = Fx & portfolio adjusted

Highlights of Financial Results

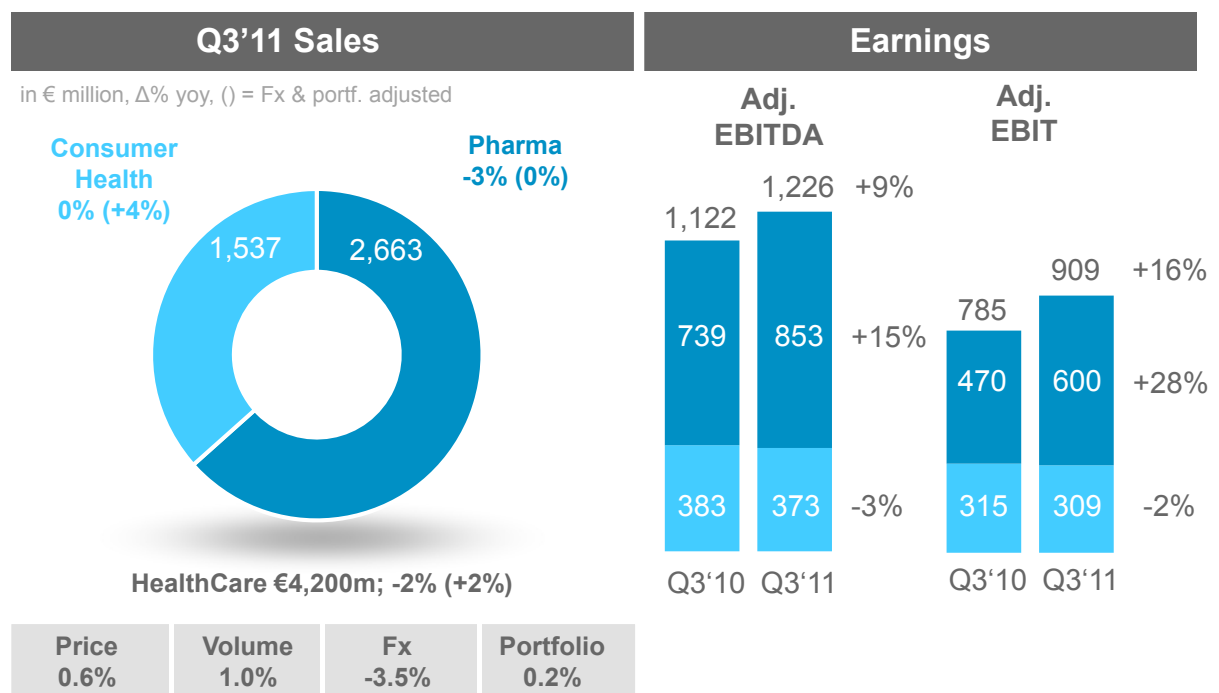
- All subgroups contributed to sales growth
- Continuing momentum in emerging markets
- Adj. EBITDA raised on lower costs at HealthCare and higher volumes at CropScience. MaterialScience lower due to higher raw material and energy costs
- Reported EBIT impacted by net special charges of €75m (prev. year €436m)

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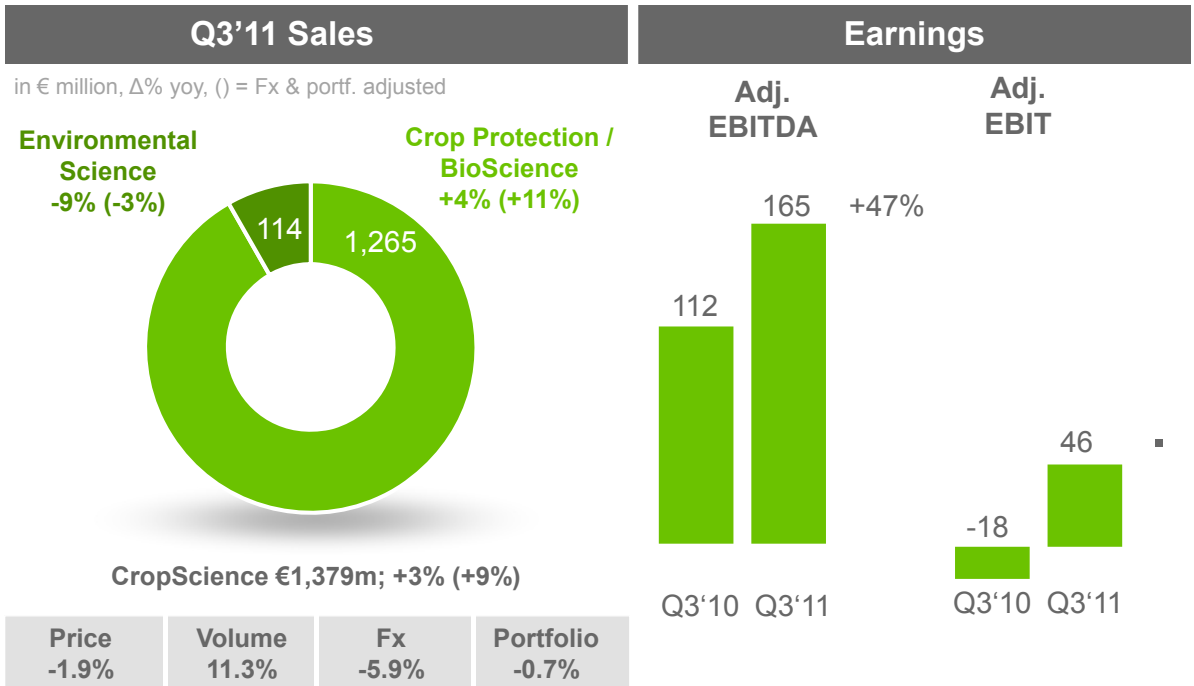
3rd Quarter 2011 – Cash Flow And Net Debt Development



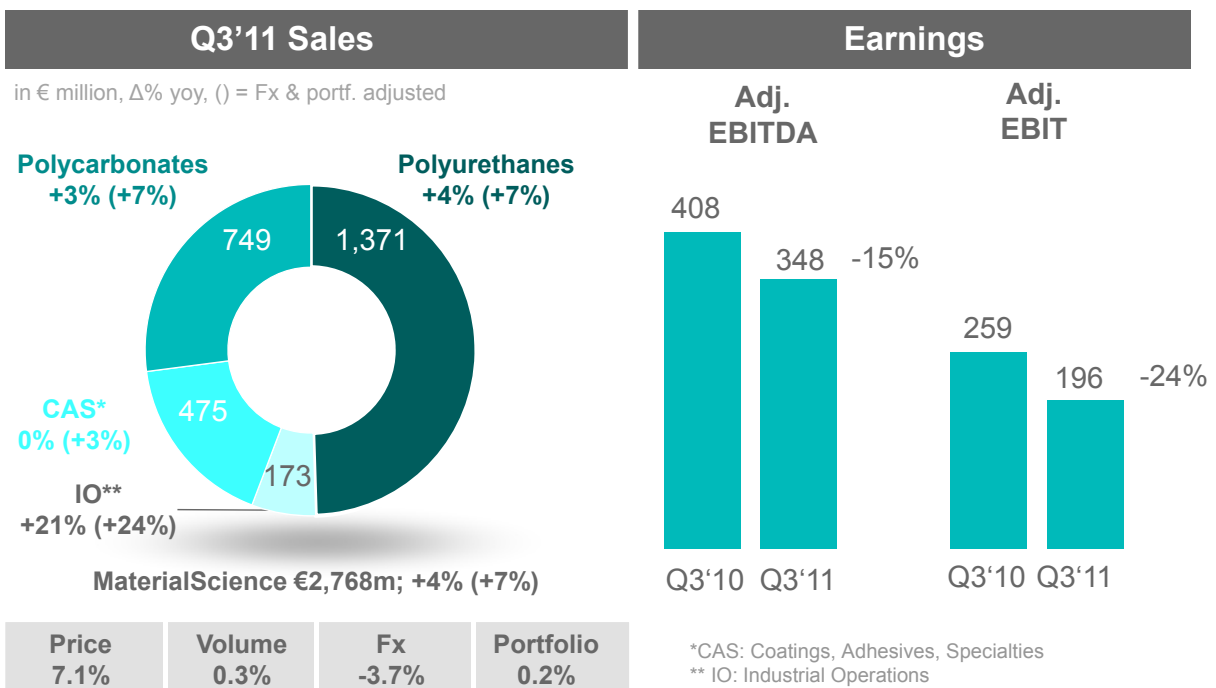
HealthCare – Emerging Markets Driving Growth



CropScience – Strong Volume Growth At Crop Protection



MaterialScience – Sales Driven By Higher Selling Prices



*CAS: Coatings, Adhesives, Specialties
** IO: Industrial Operations

Full Year 2011 – Group Outlook Confirmed



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

	2010	Δ		2011E Original	2011E Actual ¹
Sales (Fx & portf. adjusted)	€35.1bn	+8%		4-6% €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%

¹ As published with Q3 stockholder's newsletter

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

Fiscal 2011 – Guidance By Subgroup



HealthCare		Updated: Low-single digit (prev.: low- to mid-single digit) increase of sales. Expect adjusted EBITDA to grow by a mid-single digit percentage to at least €4.6bn (prev.: small improvement).
<i>Pharma</i>		Updated: Expect virtually unchanged or only slightly higher sales (prev.: low- to mid-single digit increase). Plan to increase adj. EBITDA by about 5%, improving the adj. EBITDA margin to approx. 30% (prev.: raise adj. EBITDA margin).
<i>Consumer Health</i>		Unchanged: Mid-single digit growth of sales and adj. EBITDA.
CropScience		Updated: High-single-digit percentage higher sales and growth of adj. EBITDA by more than 20% (prev.: about 20%) compared to weak prior year.
MaterialScience		Updated: Higher Q4'11 sales but lower adj. EBITDA than in Q4'10 in view of continued increases in raw material and energy costs. Expect to raise full-year sales by high-single-digit, posting slightly lower adj. EBITDA in the region of €1.3bn (prev.: grow adj. EBITDA at a higher rate than sales).

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



Science For A Better Life

Building a World-Class Innovation Company

Building A World-Class Innovation Company



Portfolio

Build on leading industry position in all 3 subgroups

Enhance competitive position

Growth

Invest in innovation capabilities

Maximize value of new product pipeline strength

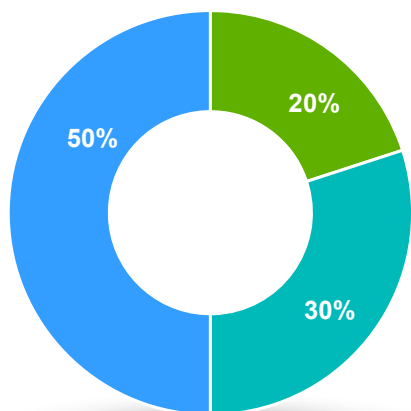
Realize emerging market opportunity

Productivity

Decomplex structures and processes

Implement two-year group restructuring plan

Bayer – A Leader in Its Markets



Sales 2010: **€35.1bn**

€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

Break-down excluding reconciliation



New Product

Pipeline Strength

Promising Late-Stage Pharma Pipeline



		What it does	Status
Cardiology	Xarelto	inhibits blood clot formation	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	CORRECT trial (phase III) in CRC stopped early on success
	Alpharadin	targeted treatment of bone metastases in prostate cancer	ALSYMPCA trial (phase III) stopped early on success
Eye Diseases	VEGF Trap-Eye	inhibits formation of new blood vessels	1st indication filed; phase III

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Xarelto – Novel Direct Factor Xa Inhibitor



- Large global program involving over 75,000 patients
- Met primary efficacy endpoints in 9 phase III studies:
 - RECORD 1-4, EINSTEIN DVT and EINSTEIN Extension; Rocket AF; MAGELLAN; ATLAS ACS-TIMI 51
- Marketing & regulatory status:
 - Launched in >85 countries for VTE prevention following total knee / hip replacement surgery
 - Filed for stroke prevention in patients with Atrial Fibrillation (SPAF) in all major regions
 - Approved in the US to reduce the risk of stroke and systemic embolism in patients with non-valvular Atrial Fibrillation
 - European Committee (CHMP) has recommended approval in SPAF and DVT treatment
- ATLAS ACS-TIMI 51 Phase III trial met primary efficacy endpoint and showed significant reduction in mortality (>30%); filing planned for end 2011
- EINSTEIN-PE Phase III study ongoing – data expected early 2012



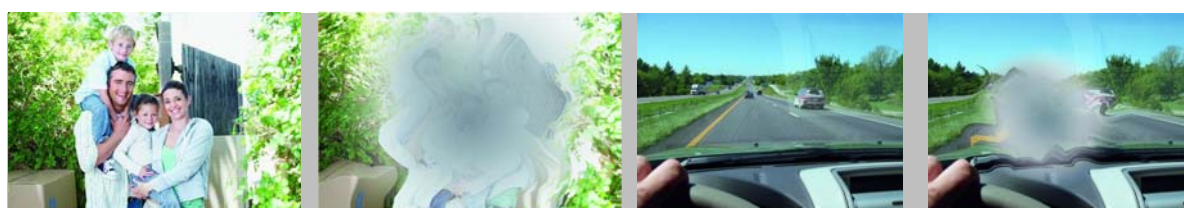
DVT: deep vein thrombosis; VTE: venous thromboembolism; ACS: acute coronary syndrome

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VEGF Trap-Eye – Fusion Protein To Combat Eye Diseases



- In-licensed from Regeneron – Bayer has exclusive marketing rights ex-US
- Met primary efficacy endpoint in 4 phase III studies (VIEW I & II, Copernicus & Galileo)
- Submitted for marketing approval in more than 10 countries including EU and Japan¹ for wet age related macular degeneration (wet AMD)
- Filing for central retinal vein occlusion planned for 2012
- Additional studies in diabetic macular edema and myopic choroidal neovascularization ongoing
- Start of SIGHT-Study in China – Phase III for wet AMD



¹ FDA approval in November 2011 – marketed by Regeneron

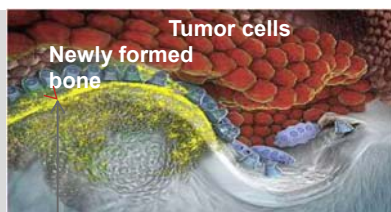
Alpharadin – New Opportunity to Treat Bone Metastases



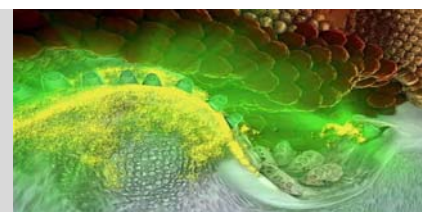
- Alpha-pharmaceutical (based on ²²³Radium, delivering highly energetic, short ranging radiation) - in-licensed from Algeta
- Radium as natural bone seeker targeting bone metastases
- ALSYMPCA (phase III) in patients with bone metastases in prostate cancer (HRPC) stopped early - Alpharadin demonstrated 44% improvement in overall survival
- Filing targeted mid 2012
- Fast track status granted by FDA



Bone metastases



Radium-223 deposition



Radium-223: highly localized tumor cell killing

Regorafenib – New Treatment Option in Cancer



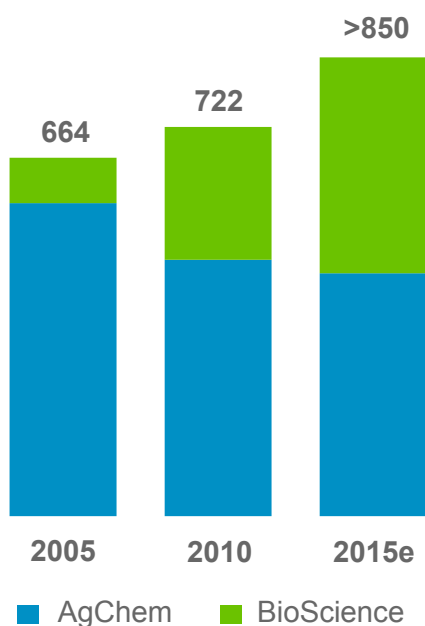
- Oral multi-kinase inhibitor of angiogenic, stromal and oncogenic receptor tyrosine kinases
- Currently studied in late-stage clinical trials in colorectal cancer and gastrointestinal stromal tumors (GIST)
- CORRECT phase III trial in metastatic colorectal cancer* (mCRC) stopped early on success (Oct '11)
 - Study met its primary endpoint of significantly improving overall survival
 - Full data expected to be presented at an upcoming scientific congress
- Phase III program in GIST ongoing, expect results early 2012
- FDA granted orphan drug (GIST) and Fast Track (GIST & mCRC) designation

* for patients whose disease has progressed after approved standard therapies

CropScience – Innovation Leadership



R&D spending in € million



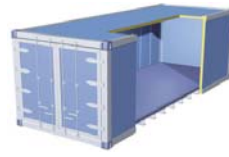
Best-in-class R&D pipeline

- 23 new agrochemical active ingredients launched since 2000, generated sales of €2bn in 2009
- Launched >45 AgChem formulations and >170 seed varieties since 2010
- Planning to launch 4 new molecules between 2012 and 2015
- Refocus R&D: BioScience investment significantly increased

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



Makrofol® ID
Film for ID cards providing scratch resistance and protecting against counterfeit



Baycusan®
Solvent-free polyurethane based polymers for cosmetic applications



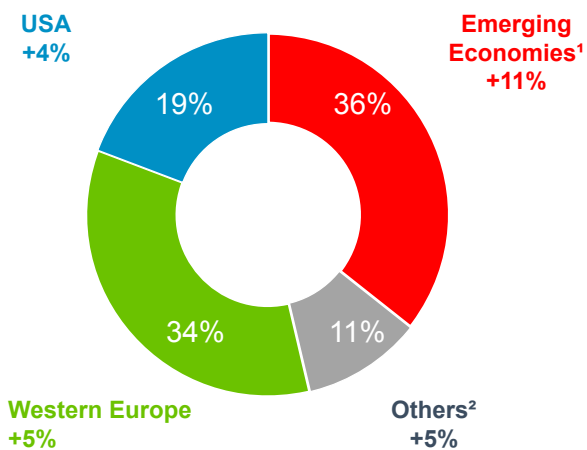
Opportunity

Emerging Markets

9 Months 2011 – Emerging Markets Leading The Growth



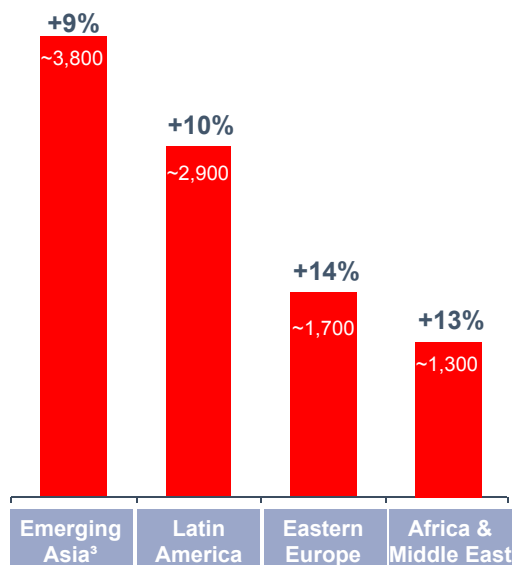
9M'2011 Group sales by region



Group €27,337m; +7%

In € million, Δ% yoy Fx adjusted

Emerging Economies



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

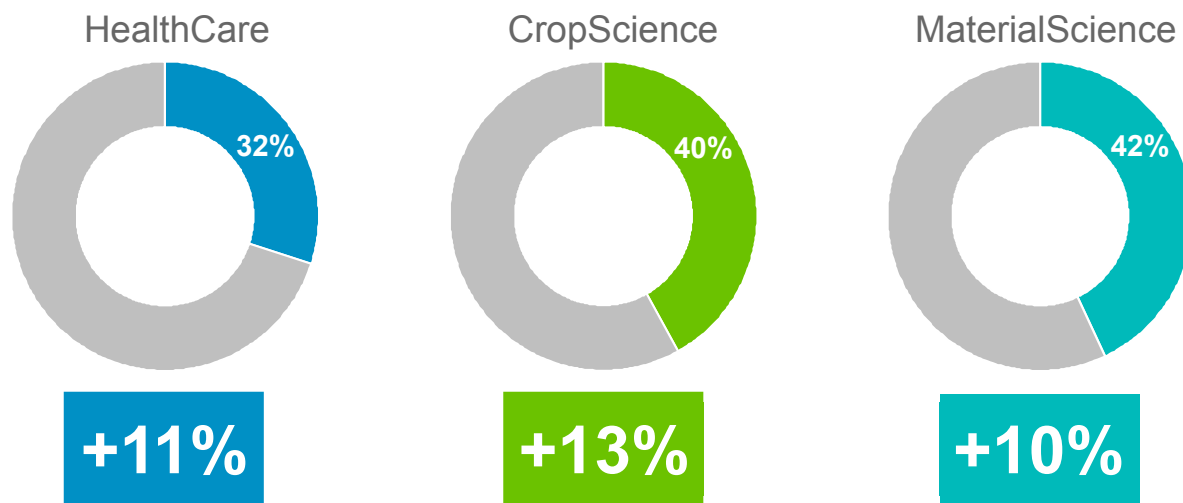
² Others = Japan, Australia, New Zealand, Canada

³ Emerging Asia = Asia w/o Japan, Australia, New Zealand

Emerging Markets – All Subgroups Have Strong Foothold



9M2011 Group sales breakdown; Δ% yoy Fx adjusted



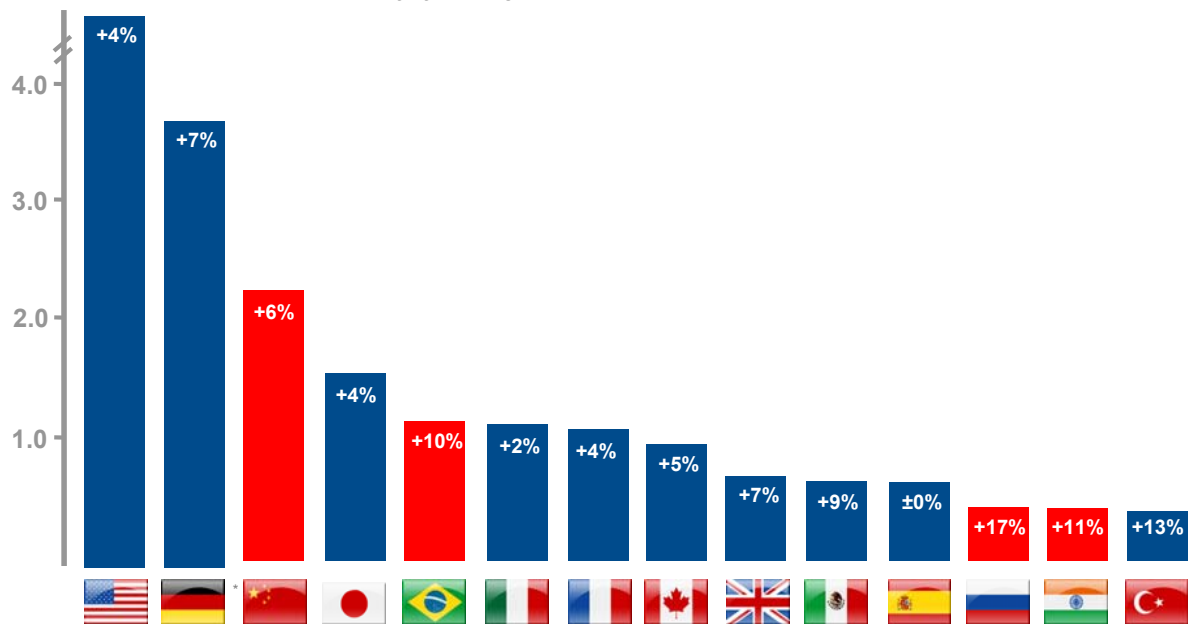
■ = Developed Markets
■ = Emerging Markets¹

¹ Emerging markets: Latin America; Asia/Pacific w/o Japan, Australia, New Zealand; Africa and Middle East incl. Turkey; Eastern Europe

All BRIC-Countries in Our Most Important Country Portfolio



9M2011 Sales in € bn; Δ% yoy Fx adjusted

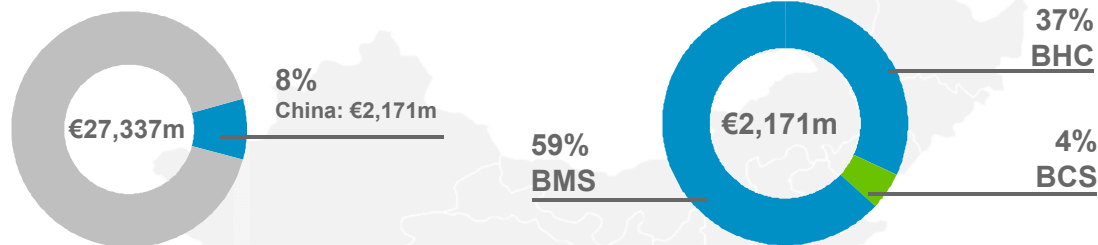


Bayer in Greater China – Key Facts



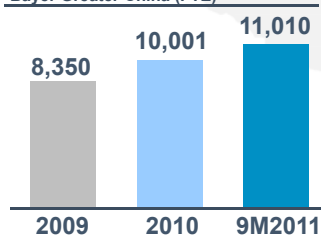
Sales Bayer 9M2011

In € million



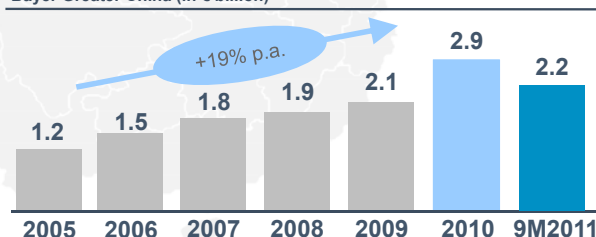
Employees

Bayer Greater China (FTE)



Sales Development

Bayer Greater China (in € billion)

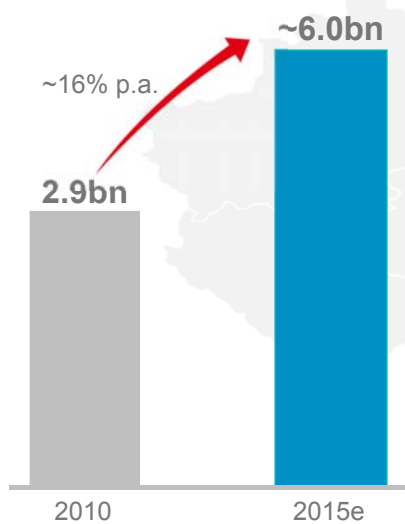




China - A Growth Engine for Bayer

Group Sales Target 2015

Sales Greater China in €bn



Expansion in all Subgroups

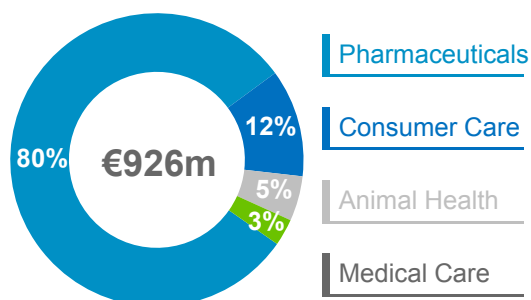
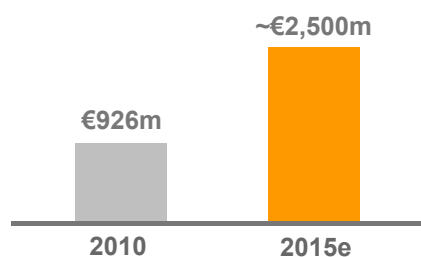
- Well positioned to capture opportunities in one of the world's fastest-growing economies
- Sales targets by subgroup:

€bn	2010	2015e
HealthCare	0.9	~2.5
CropScience	0.1	~0.3
MaterialScience	1.8	~3.0



Bayer HealthCare in China

Sales in Greater China

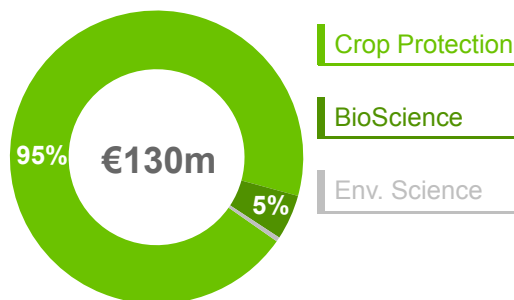
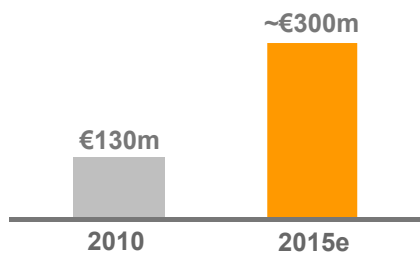


- Ranked among the top 5 health care companies in China
- Portfolio of established brands and innovative products
- Growing field force
- Expanding market reach through business regionalization
- Global R&D center and global headquarters for Primary Care in China
- Strong late-stage product pipeline



Bayer CropScience in China

Sales in Greater China

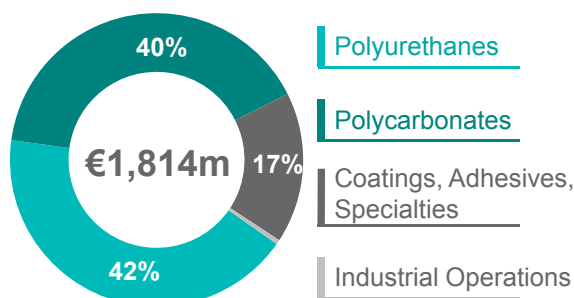
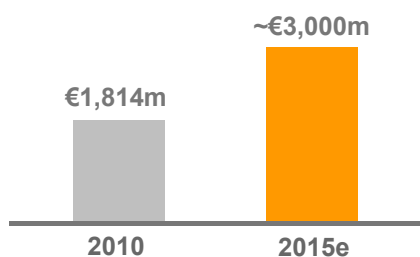


- Among the top 3 agchem companies in China
- A leader in innovation, providing integrated solutions and excellence in marketing and sales
- Our innovative portfolio fits to Chinese priority crops
- Seed-to-shelf solutions to improve food security
- Focus on sustainable agriculture



Bayer MaterialScience in China

Sales in Greater China



- State-of-the-art facilities in world-scale format
- €1bn committed for further expansion through 2016
- Polycarbonate headquarters and global R&D center in China
- Local market competence
- Network of downstream facilities to meet customer demand



More Innovation

Less Administration

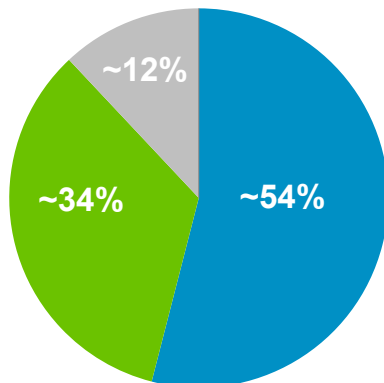
€800m Restructuring Program Underway



Contribution by Subgroup

Holding & Admin.

HealthCare



CropScience

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



Reporting Events and AGM

Date	Event	Publication
Tuesday, February 28, 2012	Investor Conference Call	2011 Annual Report
Thursday, April 26, 2012	Investor Conference Call	1 st Quarter 2012 Results Stockholders' Newsletter
Friday, April 27, 2012	Annual General Meeting	
Tuesday, July 31, 2012	Investor Conference Call	2 nd Quarter 2012 Results Stockholders' Newsletter
Tuesday, October 30, 2012	Investor Conference Call	3 rd Quarter 2012 Results Stockholders' Newsletter



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