



Investor Handout
Roadshow Boston & NYC
Marijn Dekkers, CEO

June 15 & 17, 2011



Science For A Better Life

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Disclaimer

Bayer – Enhance Competitive Position As A World-Class Innovation Company



- Operating performance on track
- Group outlook 2011 – Raised on expected improvement at CropScience
- €15bn investment plan through 2013 to maximize value of new product pipeline strength and to realize emerging markets opportunity
- Two-year group restructuring plan to generate €800m efficiency improvements underway

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Fiscal 2010 – Operating Performance on Track



In € million, () = Fx & portfolio adjusted

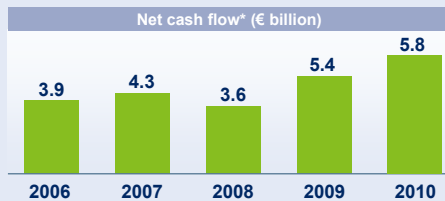
	2010	Δ%
Sales	35,088	+13 (8)
EBITDA		
- reported	6,286	+8
- adjusted	7,101	+10
EBIT		
- reported	2,730	-9
- adjusted	4,452	+18
Net income	1,301	-4
Net cash flow	5,773	+7
Free operating cash flow	4,259	+12
EPS		
- reported	€1.57	-8
- core	€4.19	+15

Summary of Financial Results

- Group financial targets achieved
- Strong year at MaterialScience – HealthCare and CropScience below expectations
- Net income diminished by high special charges
- Strong operating cash flow –net financial debt reduced

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Selected Indicators 2006-2010 - Track Record of Performance



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

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1st Quarter 2011 – Off to a Successful Start



In € million, () = Fx & portfolio adjusted

	Q1'11	Δ%
Sales	9,415	+13 (10)
EBITDA		
- reported	1,866	+7
- adjusted	2,232	+22
EBIT		
- reported	1,148	+4
- adjusted	1,590	+35
Net income	684	+8
Net cash flow	801	+9
Free operating cash flow	563	+12
EPS		
- reported	€0.83	+9
- core	€1.45	+28

Summary of Financial Results

- Strong business expansion
- All subgroups contributing
- Reported earnings impacted by high special charges
- Strong cash generation
- Full-year group guidance for 2011 raised on expected improvement at CropScience

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Group Outlook 2011 –
Raised On Expected Improvement At CropScience



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

	2010	Δ		2011E (previous)	2011E (Q1 update)
Sales (Fx & portf. adjusted)	€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 Annual and Q1 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

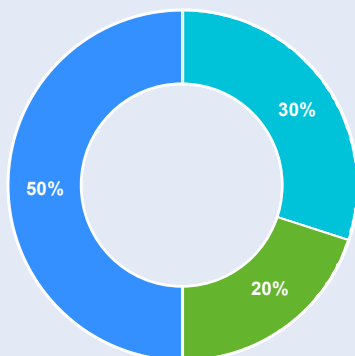
Implement two-year group restructuring plan



Target is to deliver mid-single digit organic sales growth in 2011 and 2012 and to invest €15bn in growth during 2011 - 2013

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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

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-betaplaques (Alzheimer's disease)	phase III

Expected Major Pipeline Newsflow 2011



Xarelto: EINSTEIN-PE, treatment of pulmonary embolism	Completion summer 2011e
Xarelto: ATLAS, secondary prevention in acute coronary syndrome (ACS)	Completion summer 2011e
Xarelto: potential newsflow on submissions	2011e
VEGF Trap-Eye: Filing in wet AMD	1H 2011e
VEGF Trap-Eye: Full data from phase III program in wet AMD	2011e
Alemtuzumab: Data from phase III program in Multiple Sclerosis	2011e
Nexavar: Completion of phase III in thyroid cancer / phase III NSCLC	2011/2012e (event-driven)

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CRVO: Central retinal vein occlusion
AMD: Age-related macular degeneration
NSCLC: Non-small cell lung cancer

PE: Pulmonary embolism
VTE: Venous thromboembolism

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	

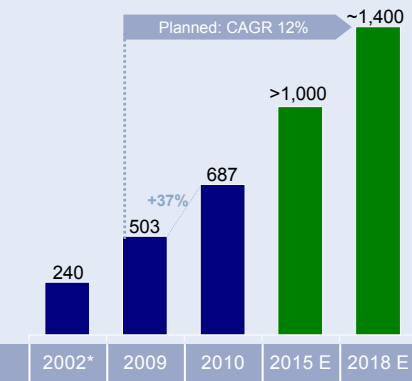
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Growth Platform Ag BioScience - Strongly Expanded in 2010



Planned sales development

in € million



*2002 sales pro-forma Bayer + Aventis CropScience

Key growth drivers

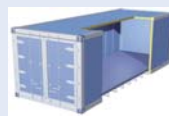
- Fast growing established business in cotton, canola, rice and vegetables
- Regional expansion and introduction of new varieties
- Exploit traits potential through licensing agreements
- Extension of our crop-portfolio to soybean and cereals
- Increase of BioScience's share of CropScience R&D expenditures (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



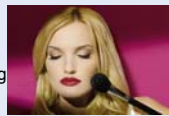
Bayblend® FR
A new safety concept for car batteries to make housings flame retardant



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



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



Baycusan®
Solvent-free polyurethane based polymers for cosmetic applications

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Opportunity

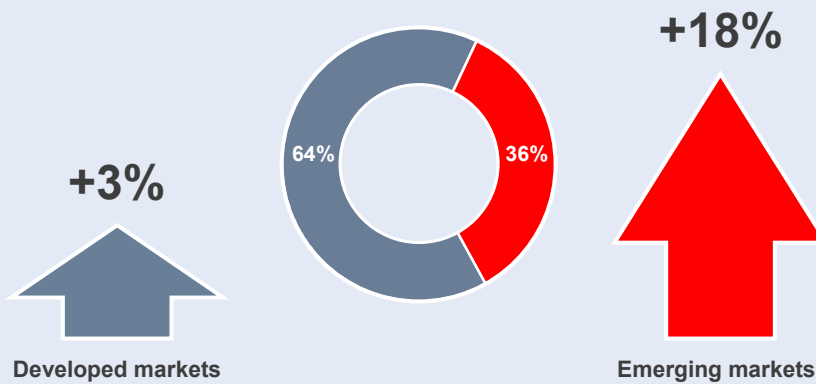
Emerging Markets

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Emerging Markets – Significant Growth Momentum



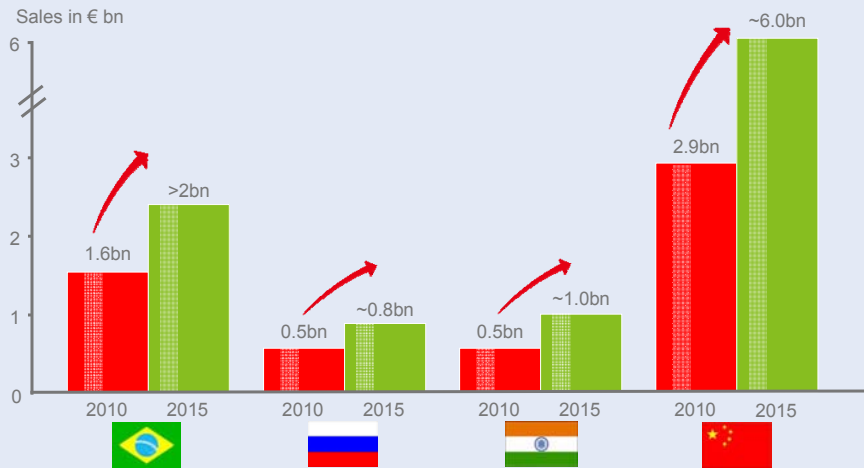
2010 Group Sales break down; Δ% yoy Fx adjusted



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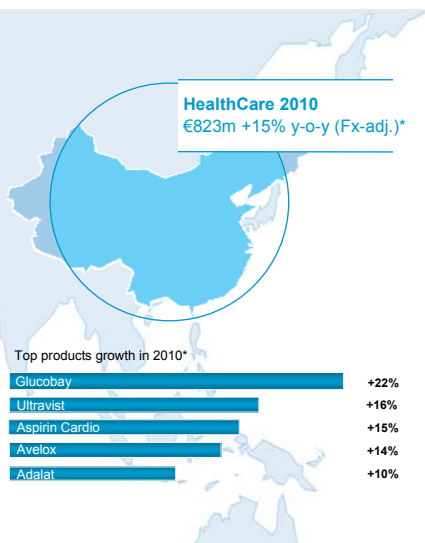
¹ Emerging markets include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe

BRIC – Countries Can 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. 5,300 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



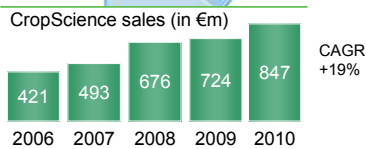
Commitment to growth in China

- €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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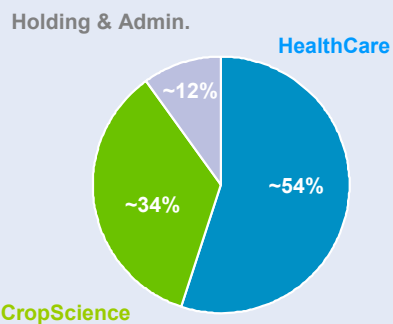
More Innovation

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

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



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Summary



- **Q1 2011: Off to a Successful start – all subgroups contributed**
- **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**

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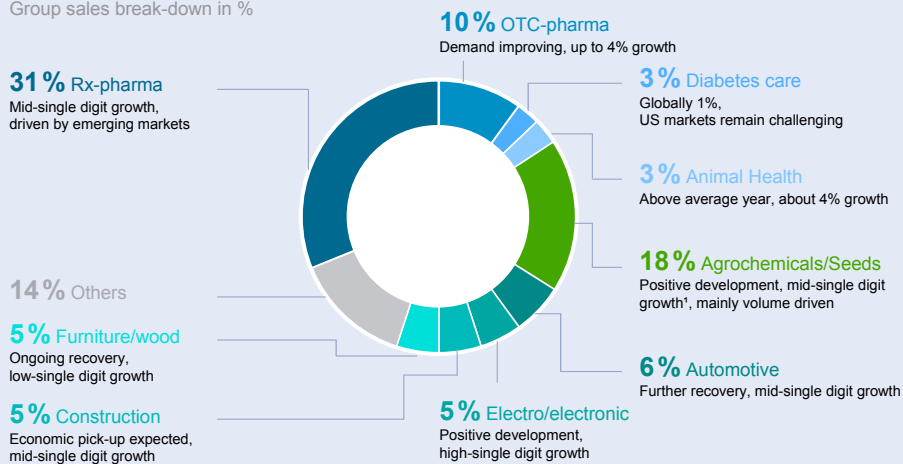
Appendix

Outlook 2011 – Planning Assumptions



Expected 2011 Global Market Development

Group sales break-down in %








¹assumes normal weather conditions

Fiscal 2011 – Revised Guidance By Subgroup



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

HealthCare		Unchanged: Low- to mid-single digit increase of sales and small increase of adj. EBITDA
Pharma		Unchanged: Low- to mid-single digit increase of sales and improvement of adj. EBITDA-margin
Consumer Health		Unchanged: Mid-single digit growth of sales and adj. EBITDA
CropScience		Raised: High- (previously: mid-) single-digit percentage higher sales and growth of adj. EBITDA by approx. 20% (previously: at a higher rate than sales)
MaterialScience		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

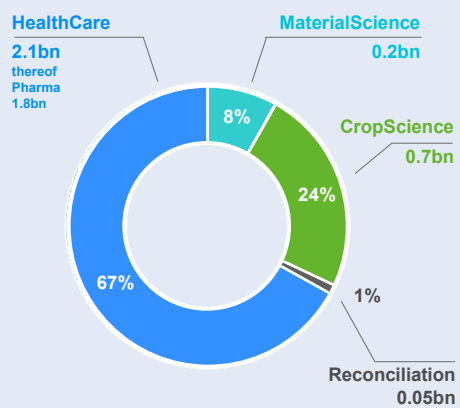
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Outlook depends on specific planning assumptions as detailed in the Q1 Quarterly Report

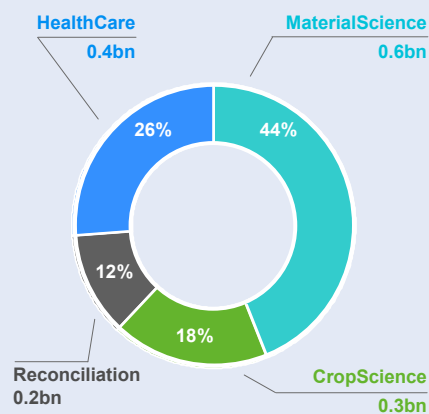
2011 – R&D and CapEx Budgets



R&D 2011E: ~€3.1bn



CapEx (PPE) 2011E: ~€1.5bn



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

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1st Quarter 2011 – All Segments Contributed To The 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

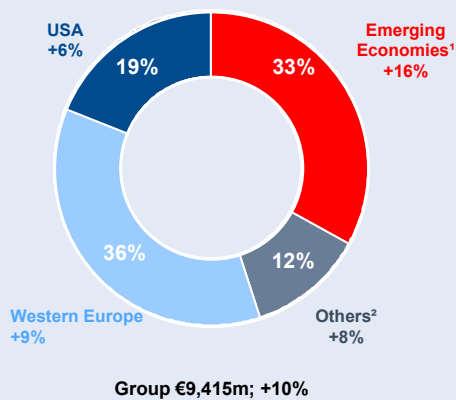
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1st Quarter 2011 – Strong Growth In All Regions Led By Emerging Markets

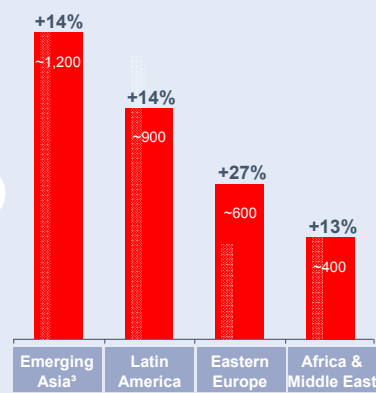


In € million, Δ% yoy Fx adjusted

Q1 2011 Group sales by region



Emerging Economies



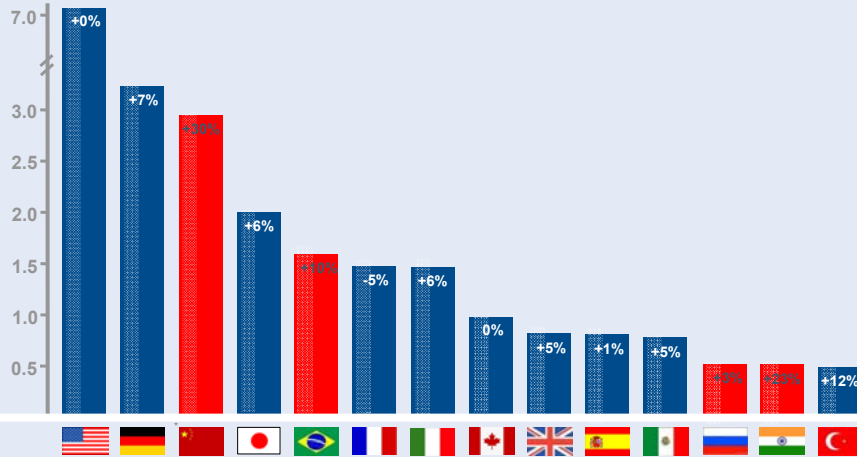
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¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe
² Others = Japan, Australia, New Zealand, Canada
³ Emerging Asia = Asia minus Japan, Australia, New Zealand

All BRIC-Countries in Our Most Important Country Portfolio



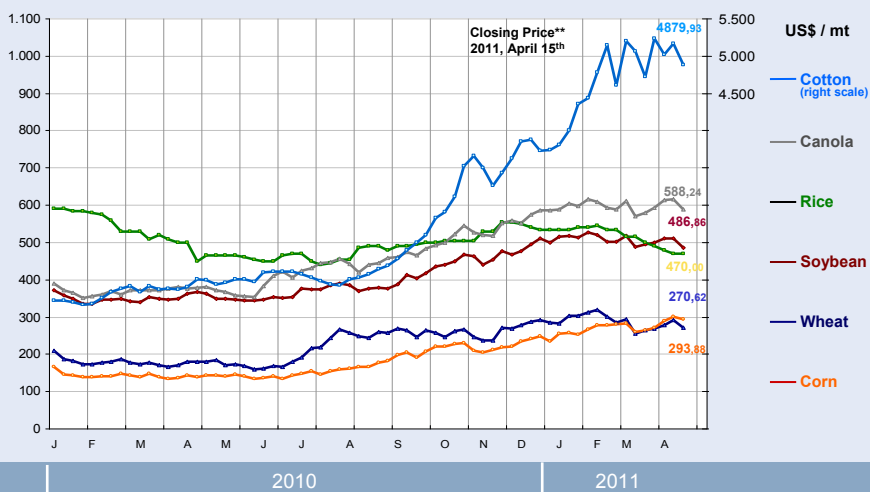
Sales in € bn $\Delta\%$ yoy Fx adjusted
Sales by country full year 2010



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

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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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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