

Science For A Better Life

Non-Deal Debt Roadshow 2011 Bayer Group

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April 2011

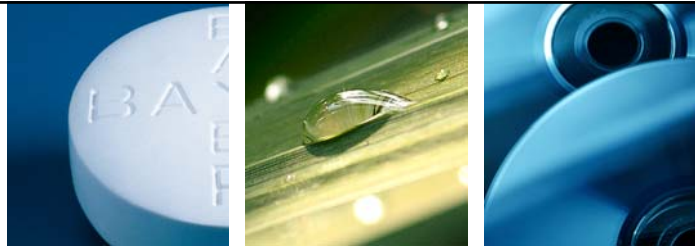
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Disclaimer



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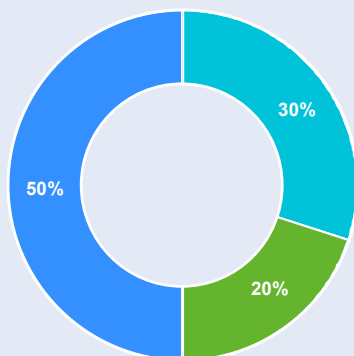
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Update on Bayer Group

Topics from Subgroups
Credit Profile and Outlook

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

FY'10 – Financial Highlights



in € million	FY'09	FY'10	Δ
Sales	31,168	35,088	13%
▪ BHC	15,988	16,913	6%
▪ BCS	6,510	6,830	5%
▪ BMS	7,520	10,154	35%
EBITDA before special items	6,472	7,101	10%
▪ BHC	4,468	4,405	-1%
▪ BCS	1,508	1,293	-14%
▪ BMS	446	1,356	•
EBITDA reported	5,815	6,286	8%
EBIT before special items	3,772	4,452	18%
EBIT reported	3,006	2,730	-9%
Gross cash flow	4,658	4,771	2%
Net cash flow	5,375	5,773	7%

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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



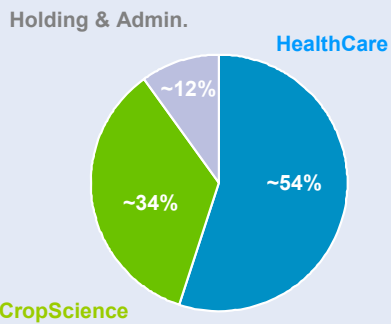
Target is to deliver mid-single digit organic sales growth in 2011 and 2012

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Restructuring Program Initiated

Contribution by Subgroup



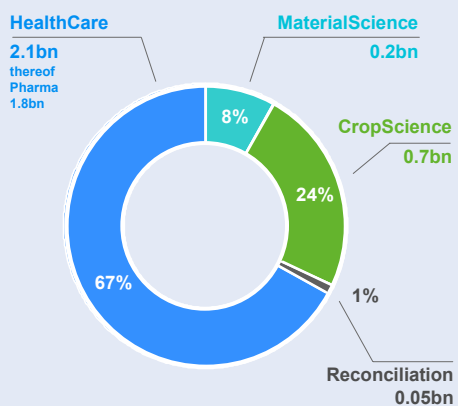
Savings Initiative

- 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

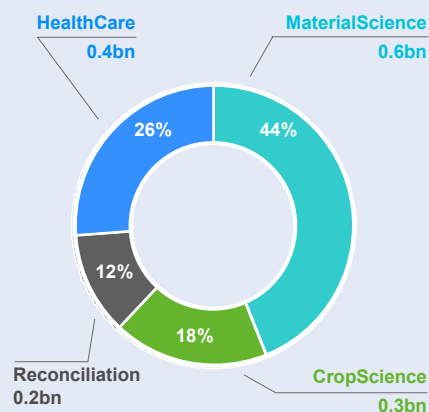


2011 – R&D and CapEx Budgets

R&D 2011E: ~€3.1bn



CapEx (PPE) 2011E: ~€1.5bn



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

Efficient Use of Cash



→ Funding organic growth

- CapEx budget 2011: €1.5bn for PPE

→ Deleveraging balance sheet

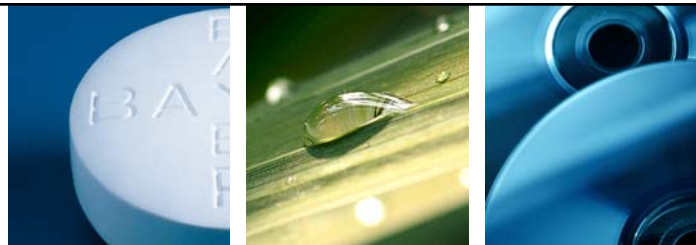
- Compliant with single A credit rating category

→ 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



Update on Bayer Group Topics from Subgroups Credit Profile and Outlook

HealthCare – Leading Positions in Key HealthCare Markets



Sales 2010, Δ% y-o-y, () Fx & portfolio adj.

Pharma

€ 10,908 m +4% (+1%)

- Leading positions in key therapeutic categories

Consumer Care

€ 3,371 m +9% (+4%)

- Global # 2 in OTC Pharmaceuticals

Medical Care

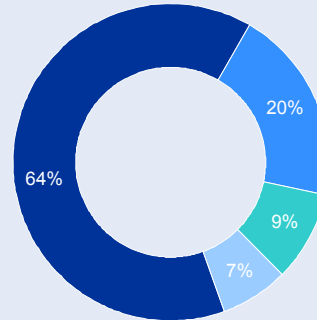
€ 1,514 m +3% (-1%)

- #3 in blood glucose meters, #1 in fluid injection systems

Animal Health

€ 1,120 m +15% (+8%)

- Global # 4



€ 16,913m +6% (+2%)

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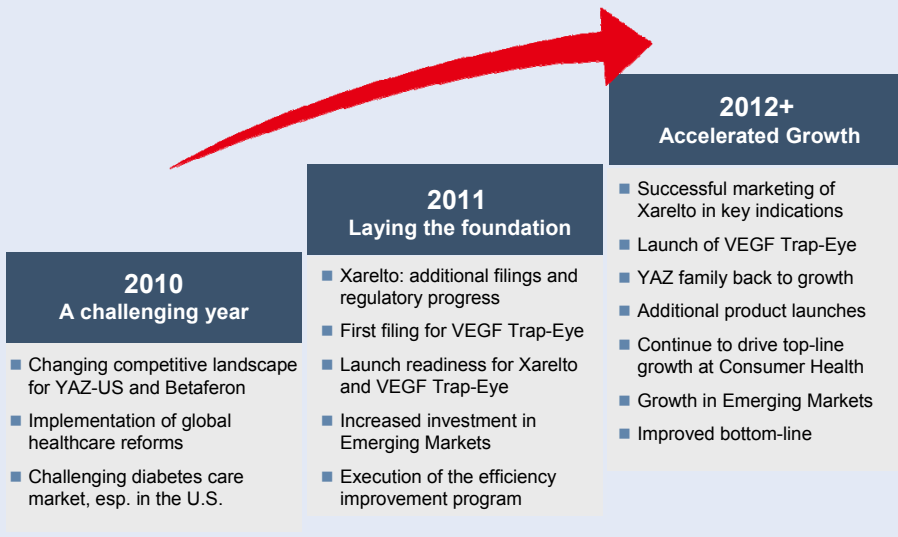
BHC - Key Late-Stage Pharma-Pipeline Projects



		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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BHC - Laying the Foundation for Accelerated Growth at HealthCare



BCS - Market Environment and Strategic Priorities

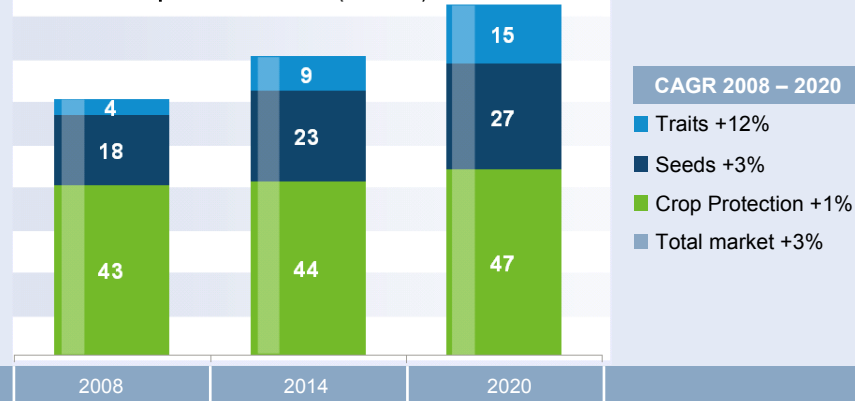


Long-term growth drivers intact	We are positive for 2011	Reallocate resources for investment in growth
<ul style="list-style-type: none"> Raising productivity is essential to safeguard future food supply Future ag market growth driven by trait and breeding innovation 	<ul style="list-style-type: none"> More favorable market conditions expected We expect to improve sales on a currency- and portfolio-adjusted basis and EBITDA before special items 	<ul style="list-style-type: none"> Reset cost base Build grower-centric Marketing & Sales Drive growth in emerging markets and seeds & traits

BCS - Future Ag Market Growth Driven by Trait and Breeding Innovation



Global Crop Science market (USD bn)



Source: Internal estimates; Context Network 2010

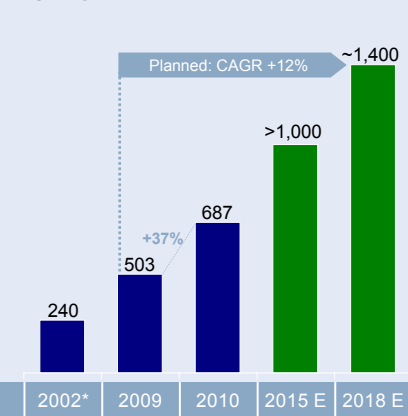
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BCS - Successful Expansion of BioScience Business Expected to Continue



Planned sales development

in € million



*2002 sales pro-forma Bayer + Aventis CropScience

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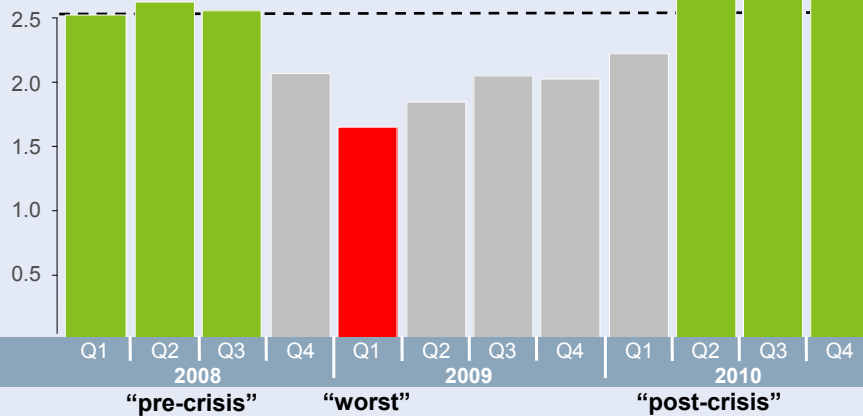
Key growth drivers

- 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)

MaterialScience Sales Reached “Pre-crisis” Level Already in Q2 2010



BMS quarterly sales Q1 2008 - Q4 2010 in €bn



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BMS - World Leading Positions in Growing Markets

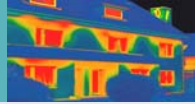


	PCS	MDI	TDI
Bayer share in business 2010 (by volume)*	~27%	~23%	~24%
Market position 2010	#1-2	#1	#1-2
Market capacities 2010 (name plate)	4,400 kt	5,350 kt	2,100 kt
Expected average long-term demand growth p.a. (by volume)**	6-7%	~7%	~5%
Expected market capacity growth 2011	~7%	~5%	~5%

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*internal estimates
**internal estimates with 2009 as basis

BMS - Capitalize on Global Market Trends and Spur Future Growth



Energy consumption

Buildings are responsible for more than 40% of global energy use*



Greenhouse-gas emissions

14% of greenhouse gases worldwide origin from the transportation sector, making it the third largest emission source**



Noise pollution

About 30% of the EU population are exposed to road traffic noise in excess of 55 dB(A) during night time***

Bayer polymers help to save energy, reduce CO₂ emissions and avoid traffic noise

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*Source: UNEP, Sustainable Buildings and Climate Initiative

**Source: World Resources Institute

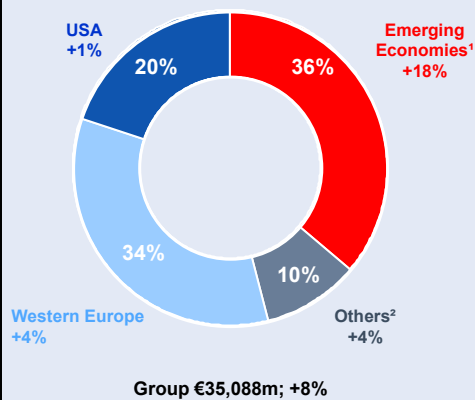
*** WHO recommends less than 30 dB(A); dB(A): A-weighted decibel quality

Growth Platform Emerging Markets: Strong Growth in 2010

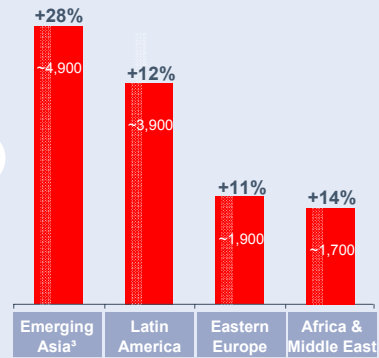


In € million, Δ% yoy Fx adjusted

2010 Group sales by region



Emerging Economies



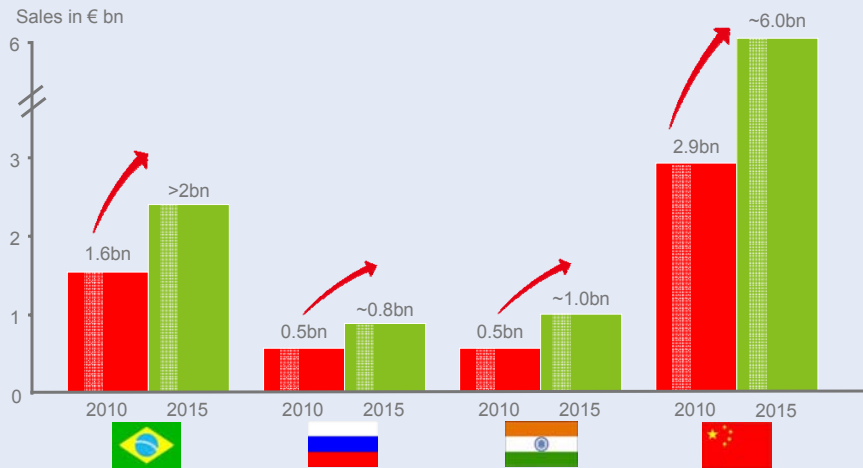
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¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe

² Others = Japan, Australia, New Zealand, Canada

³ Emerging Asia = Asia minus Japan, Australia, New Zealand

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



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Update on Bayer Group
Topics from Subgroups

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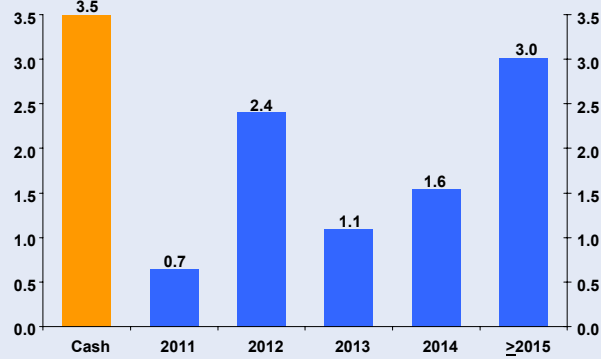
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Financial Profile as of December 2010 (€bn)



Instrument	Outstanding
EMTN	5.9
Hybrid Bond	1.3
US Debentures	0.4
Schuldschein	0.6
EIB Loans	0.5
Bank Loans	1.7
Leasing	0.6
Others	0.4
RCF (€3.5bn)	0.0
EIB Fac. (€0.4bn)	0.0
CP	0.0
Gross Debt	11.4
Cash¹	3.5
Net Debt	7.9

Bonds & major loan positions² as of Dec 2010



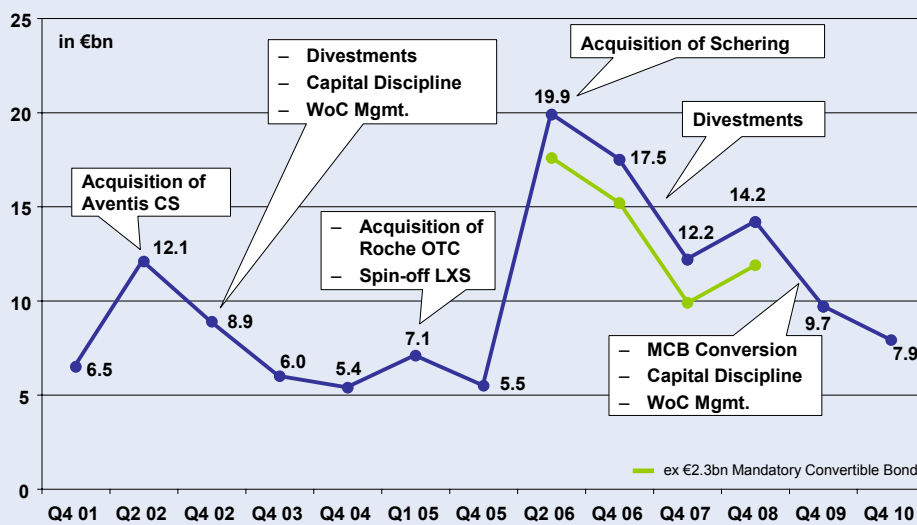
¹ Cash and cash equivalents + current financial assets

² Includes bonds, "Schuldscheindarlehen" and major, drawn loans of Bayer AG and Bayer Capital Corp. B.V.

Bayer uses a diversified portfolio of financial instruments with a well spread maturity profile

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Net Financial Debt Development



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Group Outlook



Sales Δ Fx and portfolio adjusted, EBITDA before special items

	2010	Δ		2011E	...2012E
Sales	€35.1bn	+8%		4-6%	~5%
EBITDA before special items	€7.1bn	+10%		improve towards €7.5bn	~€8bn
Core EPS	€4.19	+15%		~10%	~€5

Outlook depends on specific planning assumptions as detailed in the 2010 annual report

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2011 Guidance by Subgroup



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

HealthCare		Low- to mid-single digit increase of sales and small increase of EBITDA before special items
Pharma		Low- to mid-single digit increase of sales and improvement of EBITDA before special items -margin
Consumer Health		Mid-single digit growth of sales and EBITDA before special items
CropScience		At least mid-single digit percent higher sales and overproportional growth of EBITDA before special items
MaterialScience		Mid-single digit increase of sales and overproportional growth of EBITDA before special items Q1 2011: Sales level with, EBITDA before special items above Q4'10

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Outlook depends on specific planning assumptions as detailed in the 2010 annual report

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Reporting Events and AGM



Date	Event	Publication
Thursday, April 28, 2011	Investor Conference Call	First Quarter 2011 Results Stockholders' Newsletter
Friday, April 29, 2011	Annual General Meeting	
Monday, May 02, 2011	Payment of Dividend	
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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