



Science For A Better Life

## Investor Conference Call FY/Q4 2013 Results

February 28, 2014 / Marijn Dekkers, CEO

## Disclaimer



This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management.

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## 2013 – Continuous Growth

- Dynamic development in the Life Sciences, MaterialScience below expectations
- Outstanding growth for pharma launch products (sales of €1.5bn)
- Further strategic progress with planned bolt-on acquisitions
- Guidance 2014: Further growth in sales and earnings



## FY 2013 – All Targets Achieved Operationally

Sales  $\Delta$  Fx & portf. adjusted, EBITDA before special items

	2013 Guidance Original (@ $\emptyset$ Q4'12 FX)	2013 Reported	$\Delta$ 2013 Reported vs. 2012	$\Delta$ 2013 Reported vs. 2012 (@ $\emptyset$ Q4'12 FX)
Sales	+4-5% cpa. to ~€41bn	€40.2bn	+5% cpa.	+5% cpa.
adj. EBITDA	mid-single-digit % increase	€8.4bn	+1%	+6%
core EPS	high-single-digit % increase	€5.61	+6%	+12%



# Q4 2013 – Mixed Performance

## Sales

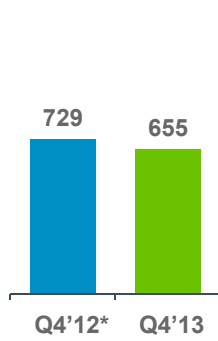
in € million  
% currency & portfolio adj.



**+6%**

## EBIT

in € million



**-10%**

## EBITDA

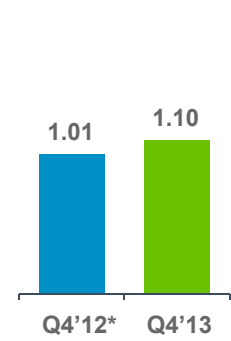
adjusted\*\*  
in € million



**-3%**

## Core EPS

in €

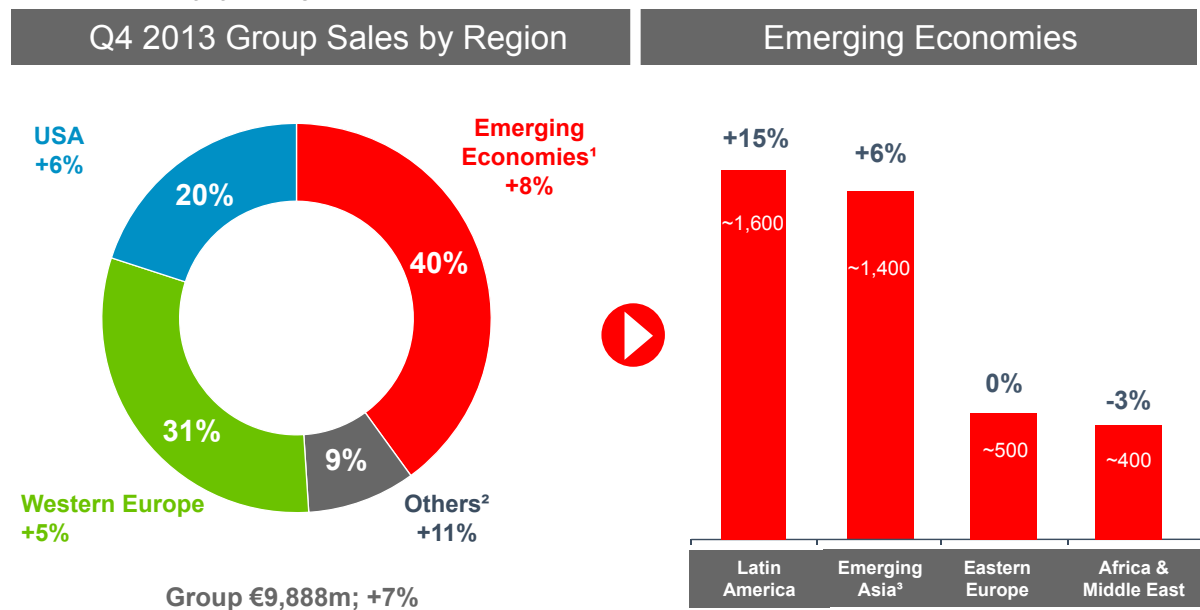


**+9%**

# Q4 2013 – Regional Performance: Growth Led by Emerging Economies



In € million, Δ% yoy Fx adjusted



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

<sup>2</sup> Others = Japan, Australia, New Zealand, Canada

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

# Planned Bolt-on Acquisitions to Strengthen HealthCare Portfolio



## Algeta ASA: Strengthening Oncology



- Almost 98% of share capital tendered
- Required regulatory approvals obtained
- Compulsory acquisition and delisting intended
- Closing expected in Q1'14
- **Enterprise value: ~€1.9bn**

Significant synergies expected from  
**full control over Xofigo**

## Dihon Pharmaceutical Group: Chinese OTC brands



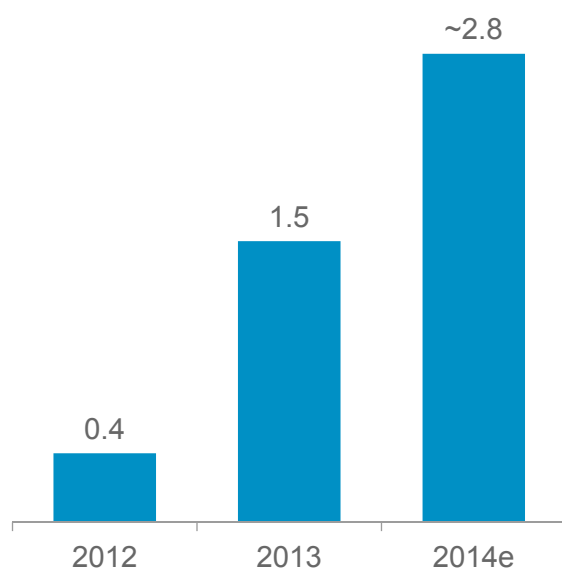
- Transaction agreement signed on February 26, 2014
- Regulatory approval process prepared
- Closing expected in H2 2014
- Portfolio of well-known local consumer brands
- **Sales 2013\*: €123m**

Significant synergies expected from  
**complementary OTC business**

# Pharma – Incremental Investments in 2014 for a New Performance Level







New product sales in € bn



- Launch product\* sales target of ~€2.8bn in 2014 (old aspiration 2015: >€2.5bn)
- Launch phase to continue with >100 new launch events\*\*
- Continuous R&D investments in life-cycle management
- R&D investments in new drug candidates
- Increased marketing and sales investments in emerging markets
- ➔ Incremental marketing and R&D investments of €0.5bn planned in 2014

# Pharma – Peak Sales Potential of New Products Raised to ≥€7.5bn\*



Old			New	
 <b>Xarelto</b> rivaroxaban	>€2bn	• Continued successful launch execution and life cycle management	▶	~€3.5bn
 <b>EYLEA</b>	≥€1bn	• Successful launch and positive life cycle management	▶	≥€1.5bn
<b>Stivarga</b> <sup>®</sup>		• Unchanged		≥€1bn
 <b>Xofigo</b> <sup>®</sup> radium Ra 223 dichloride injection		• Unchanged		≥€1bn
 <b>Adempas</b> riociguat		• Unchanged		≥€0.5bn

\*assuming approvals and launches as planned

# FY 2014 Group Guidance – Further Sales and Earnings Growth



Sales Δ Fx and portfolio adjusted, EBITDA before special items

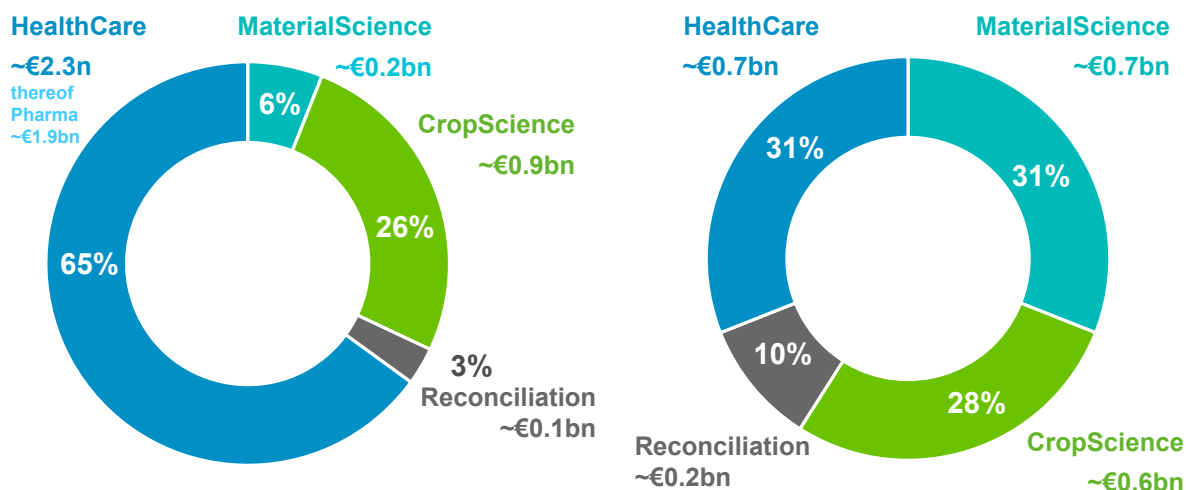
	2013		2014E*
<b>Sales</b>	€40.2bn	▶	~5% to ~€41-42bn (neg. FX effect approx. -2%)
<b>adj. EBITDA</b>	€8.4bn	▶	low- to mid-single-digit % increase (neg. FX effect approx. -5%)
<b>core EPS</b>	€5.61	▶	mid-single-digit % increase (neg. FX effect approx. -6%)

\*Assuming average Fx rates of Q4'13 (USD 1.36)

# FY 2014 – R&D and CapEx Budgets



R&D 2014e: ~€3.5bn (+9%) | CapEx (PPE) 2014e: ~€2.1bn (+20%)



# FY 2014 – Guidance by Subgroup



	Sales Guidance*	Adj. EBITDA Guidance*
<b>HealthCare</b>	Mid-single-digit % increase cpa. (FX -2%)	Slight increase (FX ca. -€250m)
<b>Pharma</b>	High-single-digit % increase cpa. (FX -2%) <i>Launch product sales: ~€2.8bn</i>	Low- to mid-single-digit % increase (FX ca. -€150m) <i>Adj. EBITDA margin: level with prior year (2016: ≥33%)</i>
<b>Consumer Health</b>	Low- to mid-single-digit % increase cpa. (FX -3%)	Slightly below prior year (FX ca. -€100m)
<b>CropScience</b>	Mid- to high-single-digit % increase cpa. (FX -3%)	Low-single-digit % increase (FX ca. -€150m)
<b>MaterialScience</b>	Mid-single-digit % increase cpa. (FX -2%) <i>Q1'14 vs. Q1'13: increase cpa.</i>	Increase (FX ca. -€50m) <i>Q1'14 vs. Q1'13: significant increase</i>

\*Assuming average Fx rates of Q4'13 (USD 1.36)  
Sales Δ Fx & portf. adjusted, EBITDA before special items  
Outlook depends on specific planning assumptions as detailed in the Annual Report





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## FY/Q4 2013 Results

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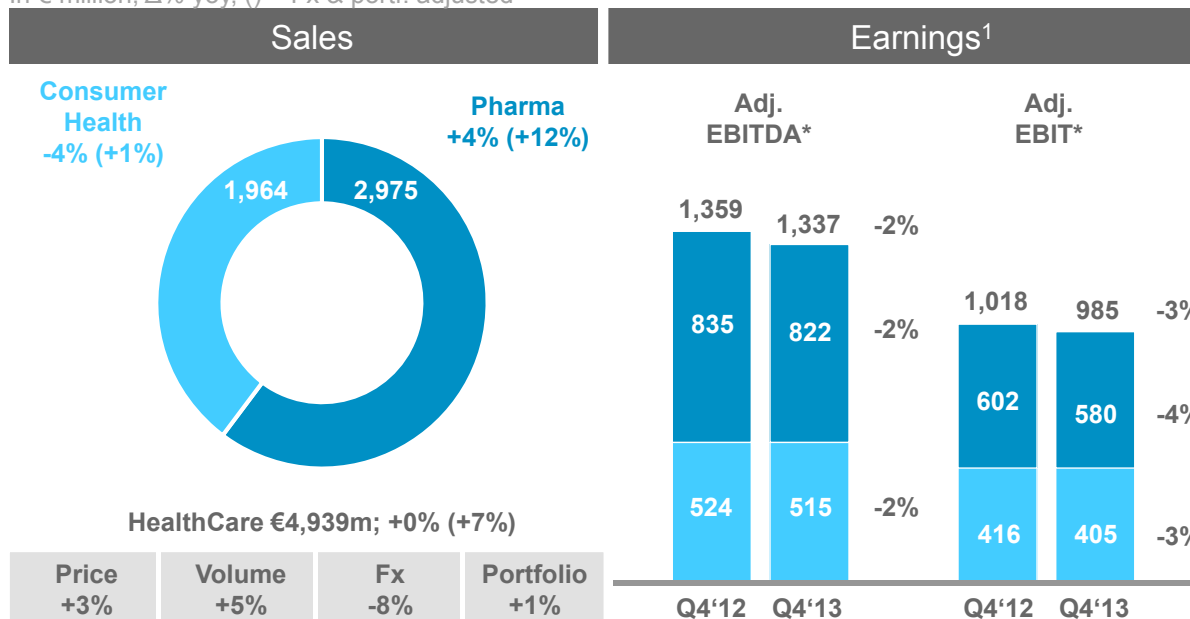


# Appendix

# Q4 2013 – HealthCare



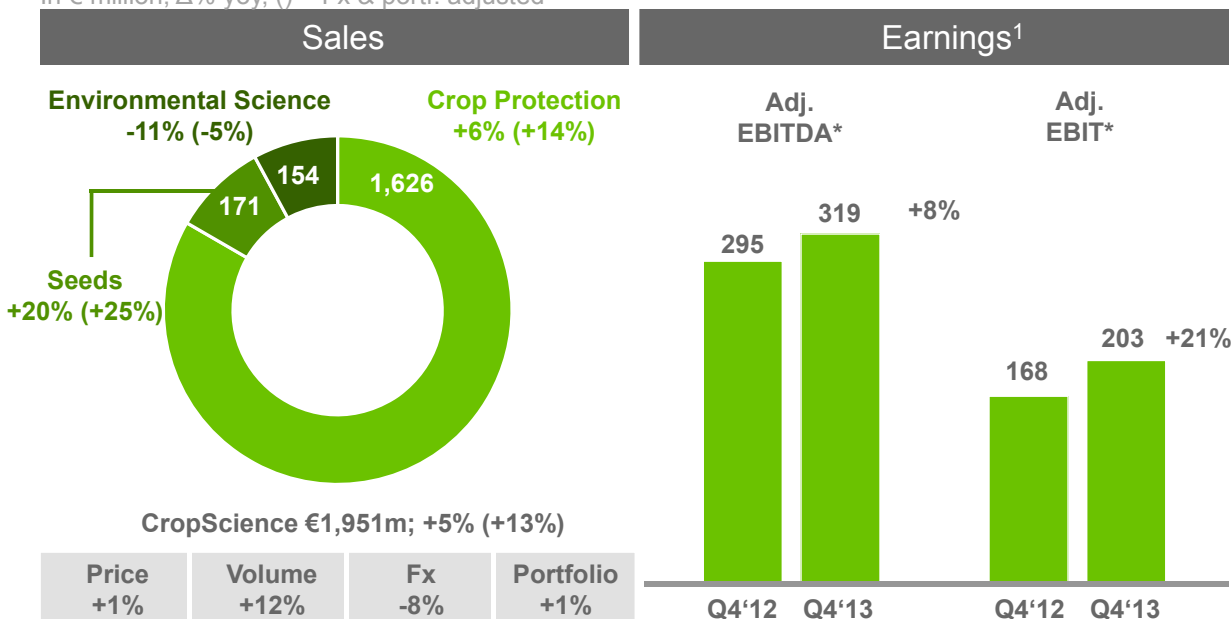
In € million, Δ% yoy, () = Fx & portf. adjusted



# Q4 2013 – CropScience



In € million, Δ% yoy, () = Fx & portf. adjusted

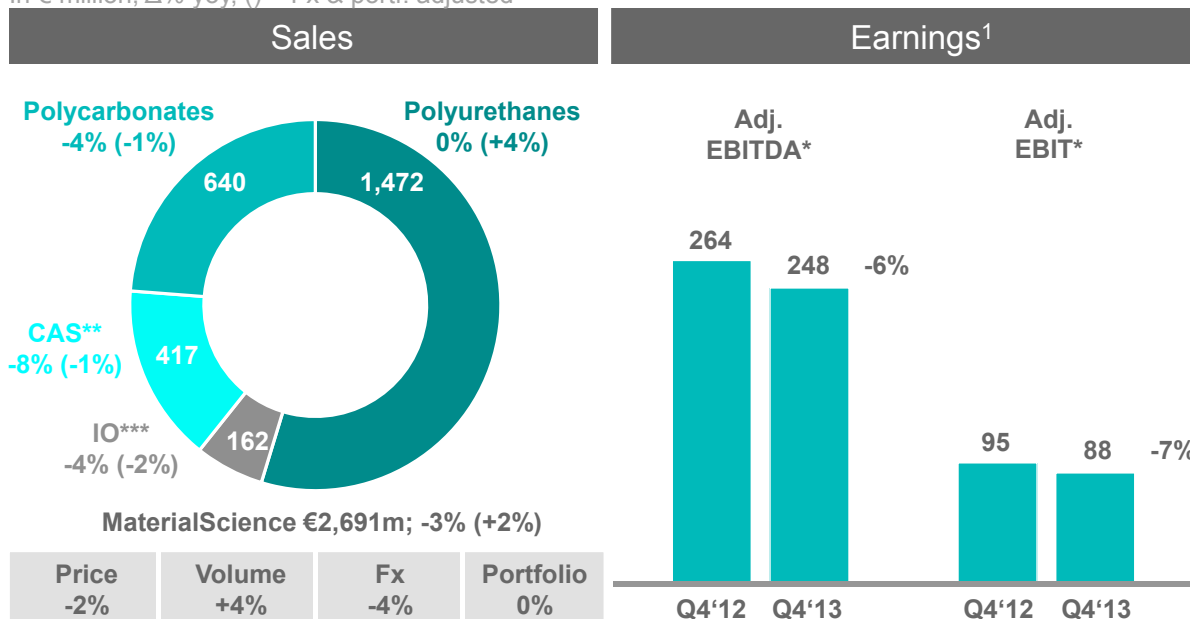




# Q4 2013 – MaterialScience



In € million, Δ% yoy, () = Fx & portf. adjusted



\*before special items

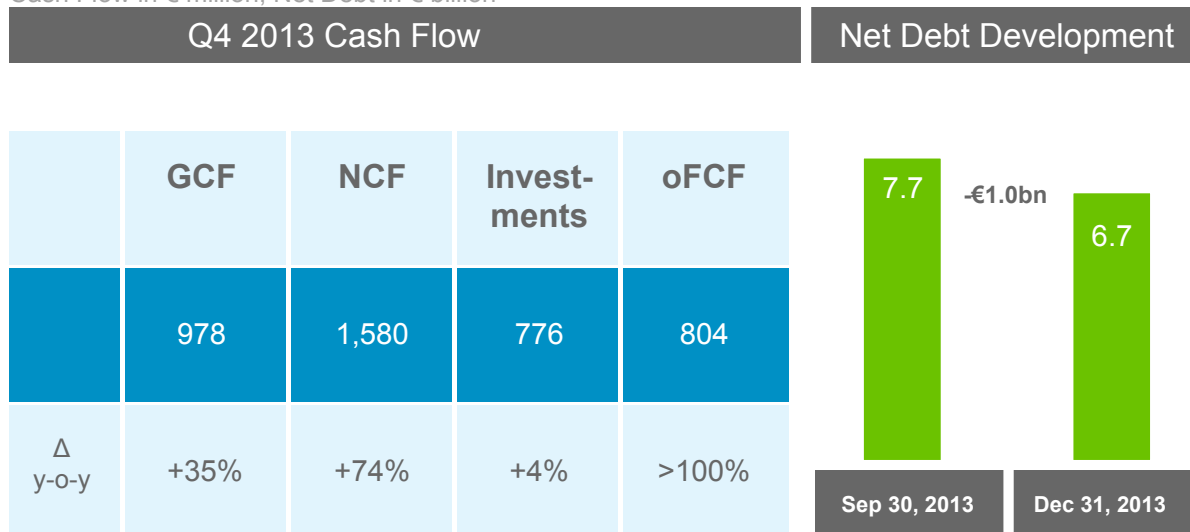
\*\*CAS: Coatings, Adhesives, Specialties

\*\*\* IO: Industrial Operations  
<sup>1</sup> Prior-year figures restated.

# Q4 2013 – Cash Flow And Net Debt Development



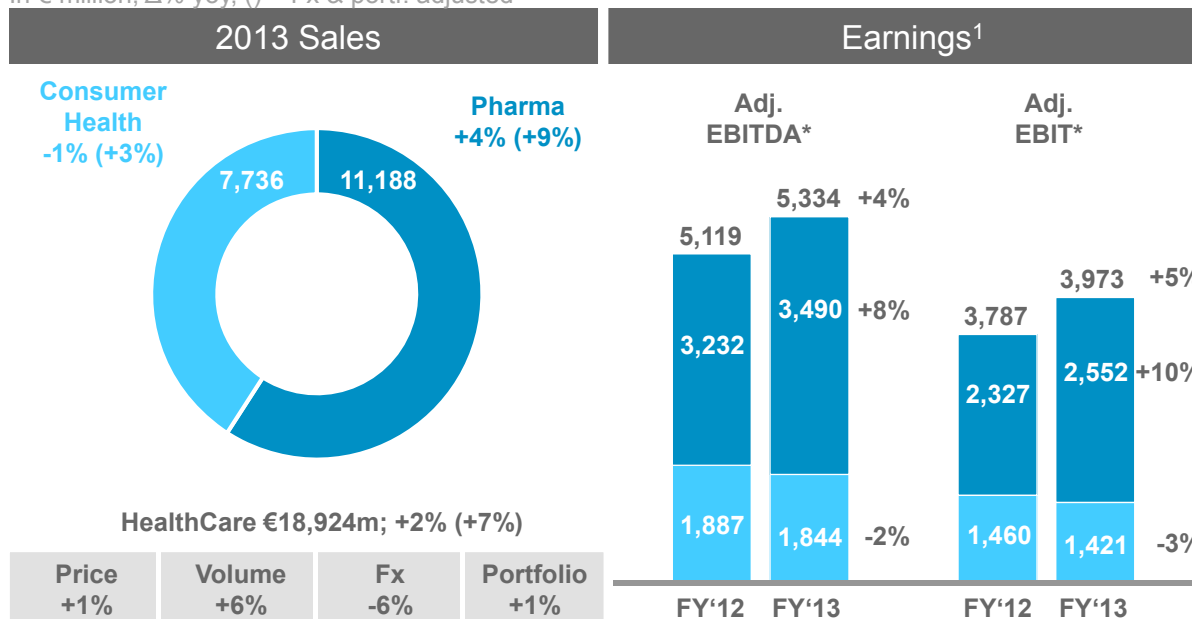
Cash Flow in € million, Net Debt in € billion



# FY 2013 – HealthCare



In € million, Δ% yoy, () = Fx & portf. adjusted

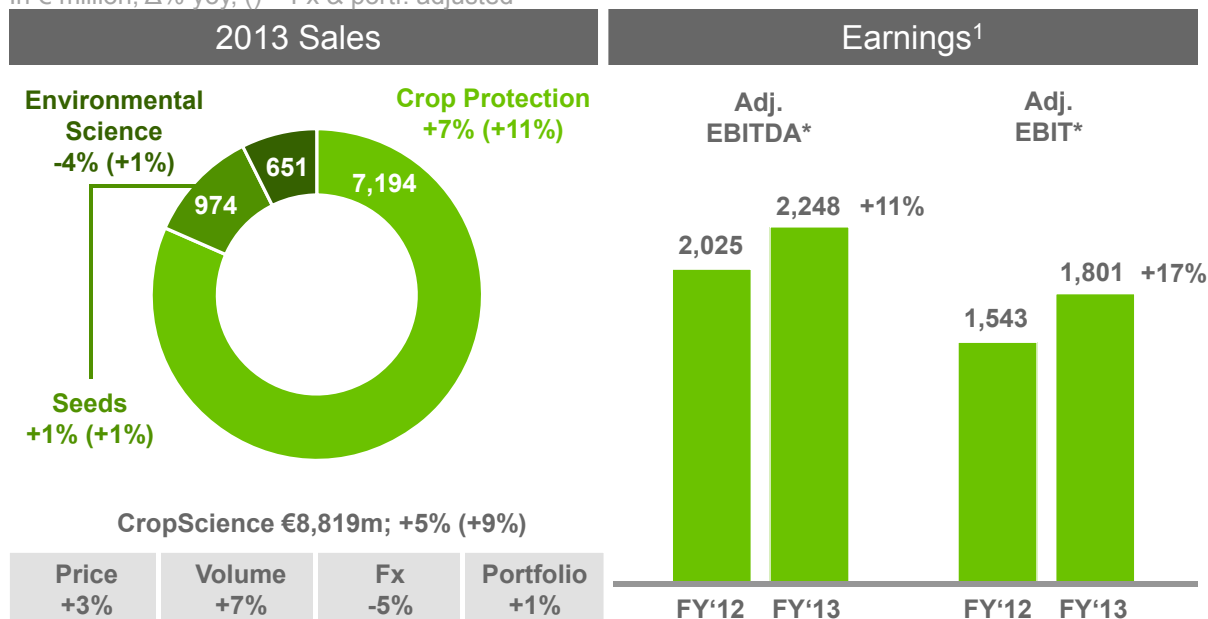


\*before special items  
<sup>1</sup> Prior-year figures restated.

# FY 2013 – CropScience



In € million, Δ% yoy, () = Fx & portf. adjusted

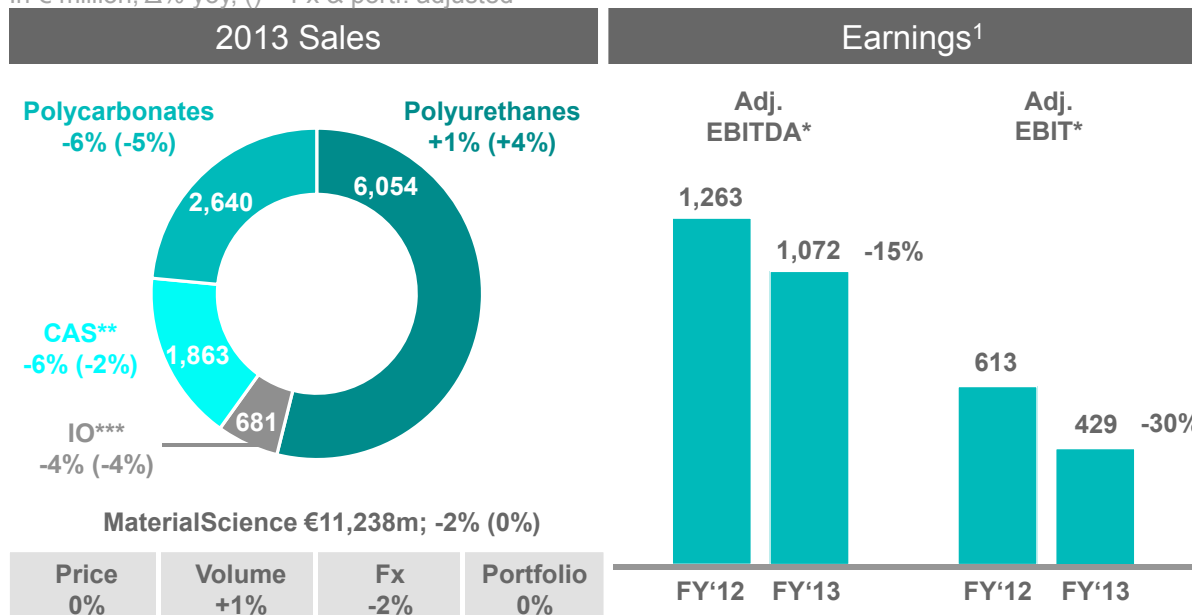


\*before special items  
<sup>1</sup> Prior-year figures restated.

# FY 2013 – MaterialScience



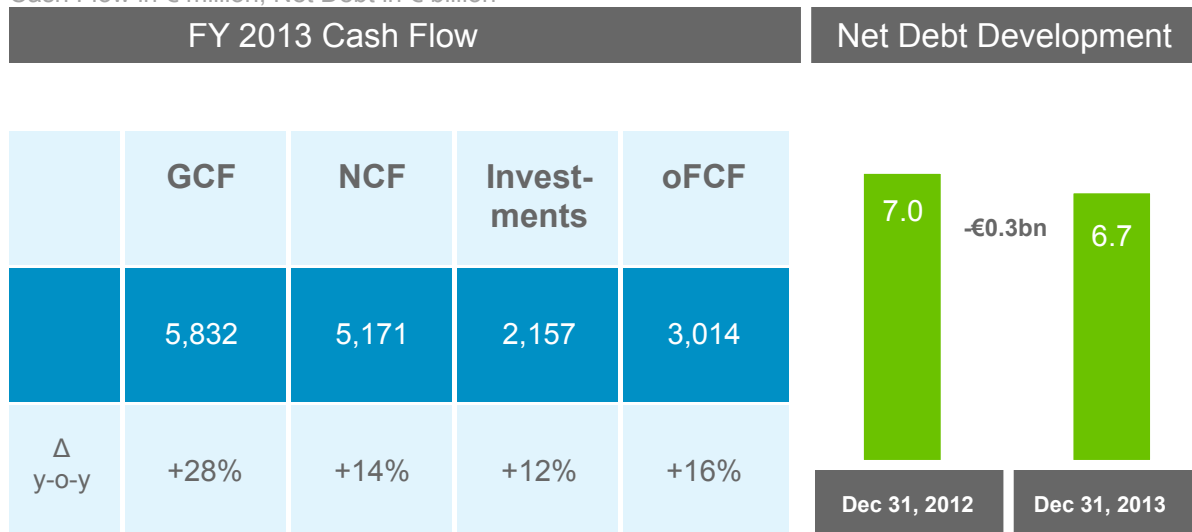
In € million, Δ% yoy, () = Fx & portf. adjusted



# FY 2013 – Cash Flow And Net Debt Development



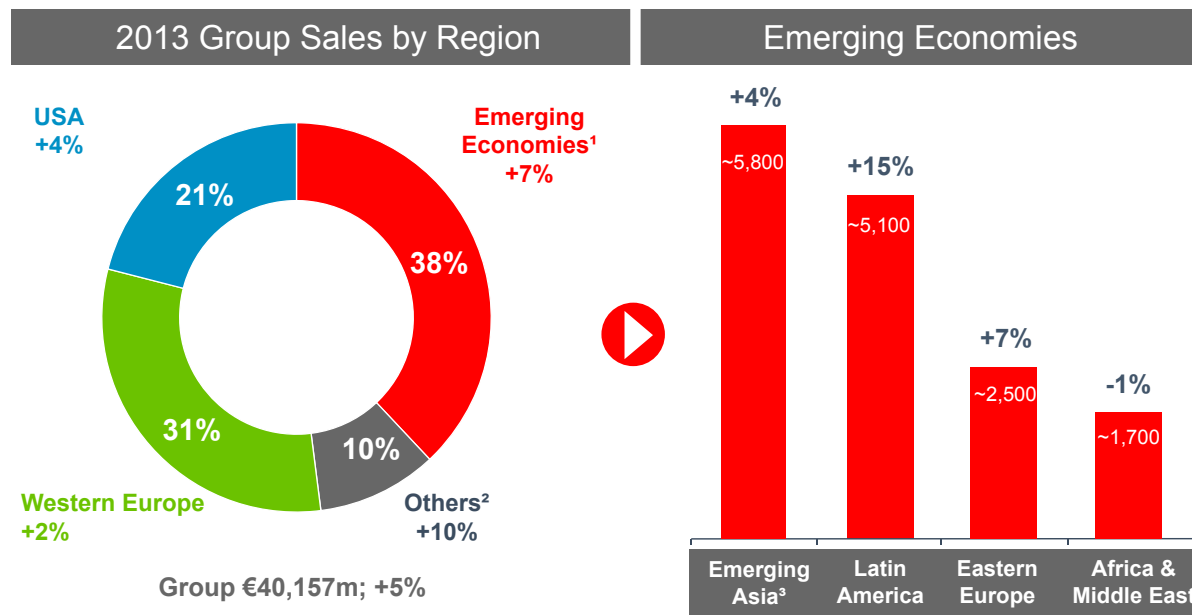
Cash Flow in € million, Net Debt in € billion



# FY 2013 – Regional Performance



In € million, Δ% yoy Fx adjusted



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