



Investor Handout

Q3 2014

October 30, 2014



This presentation 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.

Figures for 2012 have been restated due to changes in accounting policies relating to the accounting standards IAS 19R ("Employee Benefits") and IFRS 11 ("Joint Arrangements"). In addition, Bayer changed accounting for the stock-based compensation program.



Disclaimer

The New Bayer – Creating Value as an Innovation and Science Company



HealthCare



Human Health



Animal Health

CropScience



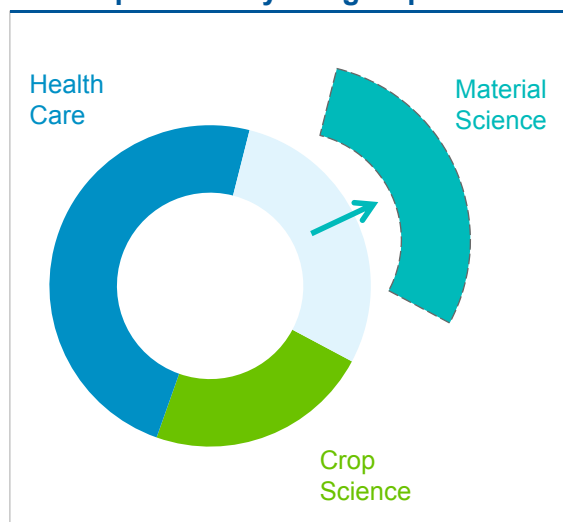
Plant Health

- Build on a track record of success in science and innovation
- Address attractive markets with high growth rates and profitability
- Exit MaterialScience high-tech polymers by mid-2016 at the latest

The New Bayer – A Pure Life Science Player



Sales Split 2013 By Subgroup*



HealthCare - €18.9bn sales

Pharmaceuticals €11.2bn, leading positions in core indications

Consumer Health €7.7bn, OTC #2, blood glucose meters #3, Animal Health #5, contrast media #1

CropScience - €8.8bn sales

Chemical crop protection & biologicals #2, seeds & traits

The New Bayer – Setting Trends in Research-Intensive Areas of Life Science



Stivarga[®] Xofigo[®]
EYLEA
Xarelto[®] rivaroxaban
Luna
Xpro[™]
ADENGO
BELT
Credenz
PONCHO
Veraflox[®]
seresto[®]
Adempas[®]

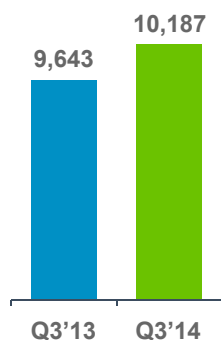
Performance/
Aspirations

Q3 2014 – Strong Organic Growth / Earnings Performance Impacted By FX



Sales

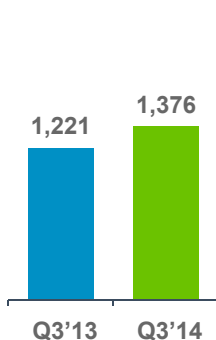
in € million
% currency & portfolio adj.



+7%

EBIT

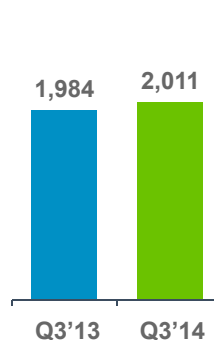
in € million



+13%

EBITDA

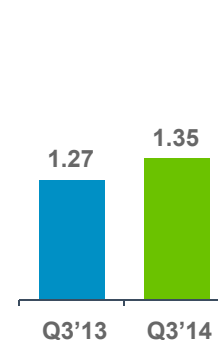
adjusted*
in € million



+1%

Core EPS

in €



+6%

Q3 2014 – Full-Year Group Guidance Raised



Sales Δ Fx and portfolio adjusted, EBITDA before special items

	2013		2014E as of Feb '14 (Avg. Fx rates Q4'13)	2014E* (Spot Fx rates as of Sep 30, 2014 for Q4'14)
Sales	€40.2bn	➔	~5% to ~€41-42bn (neg. FX effect approx. -2%)	~6% to ~€42bn (neg. FX effect approx. -3%)
adj. EBITDA	€8.4bn	➔	low- to mid-single- digit % increase (neg. FX effect approx. -5%)	mid-single-digit % increase (neg. FX effect approx. -5%)
core EPS	€5.61	➔	mid-single-digit % increase (neg. FX effect approx. -6%)	mid- to high-single- digit % increase (neg. FX effect approx. -7%)



Aspirations for HealthCare and CropScience

Division	Sales CAGR (2013-2016)	EBITDA margin 2016 (before special items)
HealthCare	6%	~30%
Pharma	8%	≥33%
Consumer Health*	3%	~24%
CropScience	6%	24-25%

Consumer Health aspirations will be updated to include Merck & Co. Consumer Care and Dihon Pharmaceutical Group after publication of Q4 results



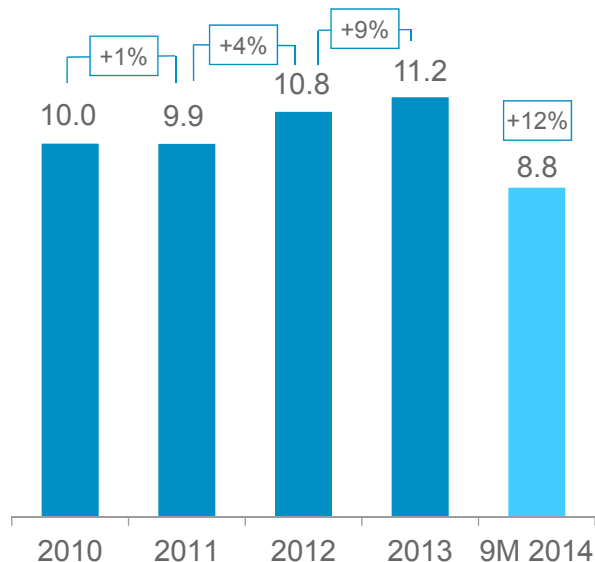
Deliver Profitable Growth

One of the Fastest-Growing Global Pharma Companies



Pharma Sales

€ billion; Δ% Fx & portfolio adj.



Plans for continued growth

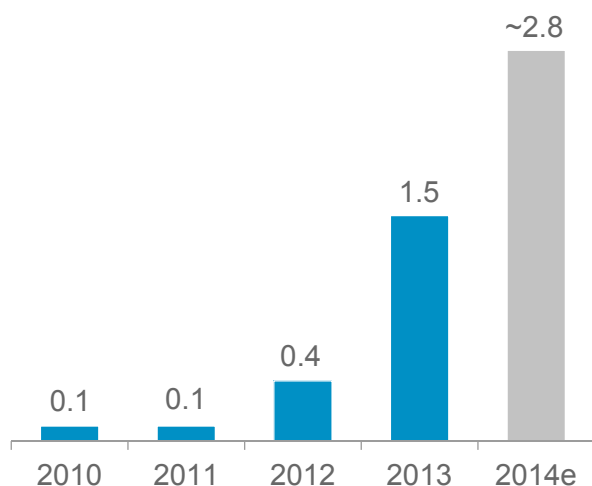
- Maximize the value of launch products
- Drive commercial excellence in marketing and sales
- Advance early and mid-stage pipeline
- Achieve Phase III readiness for 5 projects in 2015
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions

Pharma Launch Products Drive Growth - Combined Peak Sales Potential of ≥€7.5bn



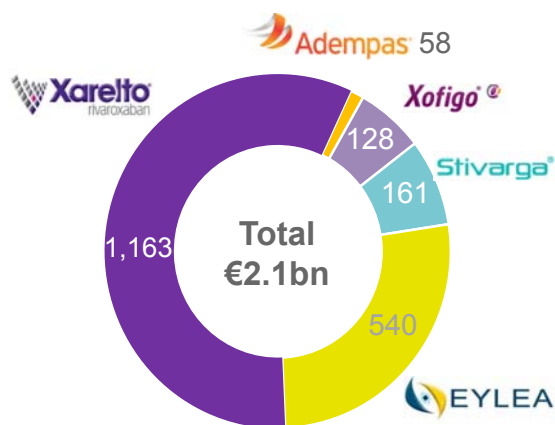
Collective Sales

€ billion



9M 2014 Individual Sales

€ million

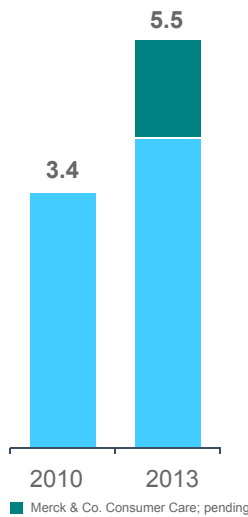




Aspiring for OTC Leadership

Consumer Care Sales

€ billion, 2013 pro forma



Achievements

- Strong #2 position
- Some of the world's most recognized brands
- Track record of outperforming market growth
- Success in long-term brand building
- Highly complementary acquisitions, incl. Merck OTC

Plans for continued growth

- Globalize established brands
- Launch innovation pipeline
- Execute Emerging Markets focus strategies
- Fully realize synergy potential from acquisitions
- Target strategic acquisitions and alliances

ASPIRIN[®]

Claritin

Bepanthen[®]

Dr.Scholl's

ONEA DAY

Alka-Seltzer

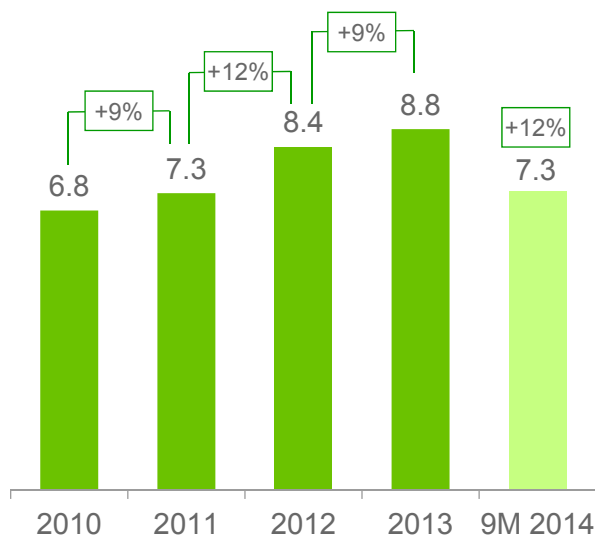
Coppertone



Aspiring for Crop Protection Leadership

CropScience Sales

€ billion; Δ% Fx & portfolio adj.



Plans for continued growth

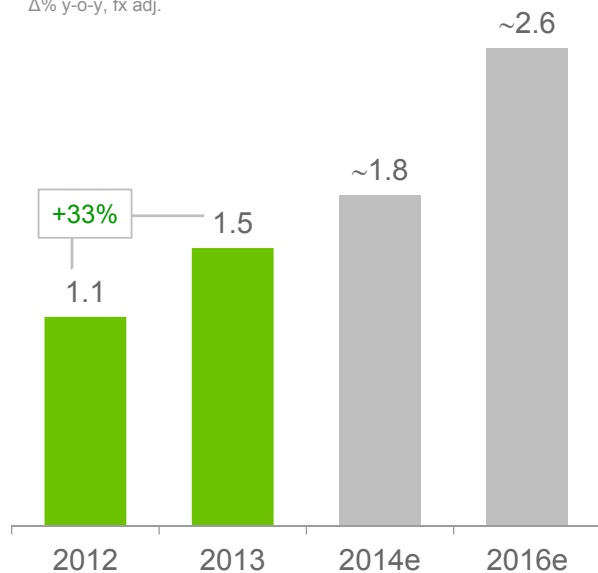
- Strengthen portfolio through focused and integrated crop solutions
- Drive commercial excellence in marketing and sales
- Drive new product growth, invest in life-cycle management
- Extend seeds portfolio by building business in soybeans and wheat

New Products Drive Growth at Crop Protection

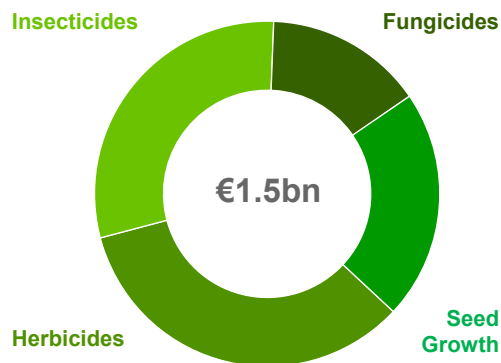


Sales of New Crop Protection Products

€ billion; new products launched since 2006;
Δ% y-o-y, fx adj.



... by Segment (2013)



New products generated 82% of absolute sales growth at Crop Protection

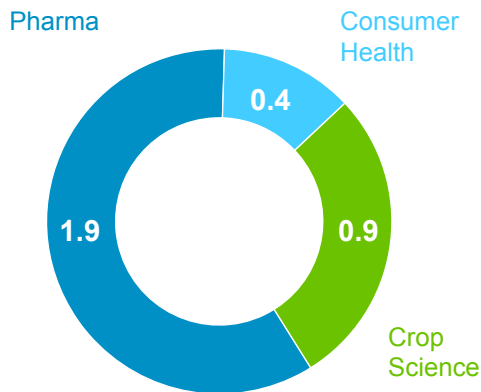
Develop New
Growth
Opportunities



High Confidence in R&D Investments

R&D Budget 2014

€ billion



Achievements

- 25 successful Phase III clinical trials at Pharma since 2010
 - Strengthened brands through multiple line or product introductions in Consumer Care
 - Launched 30 active ingredients between 2000 and 2013 in CropScience
 - Initiated R&D projects that leverage synergies between human, animal and plant health
- ➔ Expect R&D-to-sales ratio to increase

Promising Phase II/III Pharma Pipeline Assets



Project	Indication	Feature
Copanlisib	Cancer	Substantial activity in follicular lymphoma shown in phase I
Finerenone	Chronic heart failure Diabetic nephropathy	A non-steroidal and selective MR-antagonist with positive phase II results in CHF patients
Molidustat	Anemia	Significant increase in levels of endogenous EPO and reticulocytes demonstrated in phase I
Vericiguat	Worsening chronic heart failure	A sGC-stimulator which showed improvement in important cardiological parameters in phase I
Vilaprisan	Symptomatic uterine fibroids	Phase IIa data demonstrated reversible induction of amenorrhea
ODM-201	Prostate cancer	Unique preclinical profile and promising phase II results – Phase III ongoing

Expect Significant Newsflow from Progressing Pharma Pipeline



Asset	Intended Indication	Status/ Expected Completion	Milestone / Data Presentation* Targeted
Finerenone Mineralocorticoid receptor antagonist	Diabetic nephropathy	• Phase IIb; compl. 2H 2014e	WCN March 2015e
	Wors. chronic heart failure	• Phase IIb; compl. end 2014e	ESC Aug/Sept 2015e
Vilaprisan Progesterone receptor antagonist	Uterine fibroids	• Phase IIb; completion end 2015e	Phase IIa data at SRI March 2015e
Vericiguat sGC stimulator	Wors. chronic heart failure	• Phase IIb; reduced ejection fraction - compl. mid 2015e	AHA Nov 2015e
		• Phase IIb; preserved ejection fraction - compl. mid 2015e	
Damoctocog alfa pegol Long-acting FVIII	Hemophilia A	• Data from Phase III reported	Filing mid 2016e
Copanlisib PI3 kinase inhibitor	Non-Hodgkin's lymphoma	• Phase II completion 1H 2015e	ASH Dec 2015e
Regorafenib Multikinase inhibitor	Wet AMD (eye drops)	• Phase II completion 1H 2016e	tbd
Molidustat HIF-PH inhibitor	Anemia	• Phase II completion 2H 2015e	tbd
ODM-201 Androgen receptor antagonist	Non-metastatic castration-resistant prostate cancer	• Phase III completion 2018e	tbd

Continuous Flow of Product Innovation with Promising Potential at CropScience



Innovation

Execution

Potential

**Chemicals
Biologicals
Seeds&Traits
LCM**

**Products
launched
2011 - 2016***

**Peak sales
≥ €4bn**

8 Chemicals

- 2 Herbicides
- 2 Fungicides
- 2 Insecticides
- 2 SeedGrowth

2 Biologicals

- 1 Fungicide
- 1 Insecticide

14 Seeds/traits

- 3 Cotton
- 5 Canola
- 4 Rice
- 1 Soybean
- 1 Wheat

Seed varieties

Several hundred new varieties in vegetables and broad acre crops

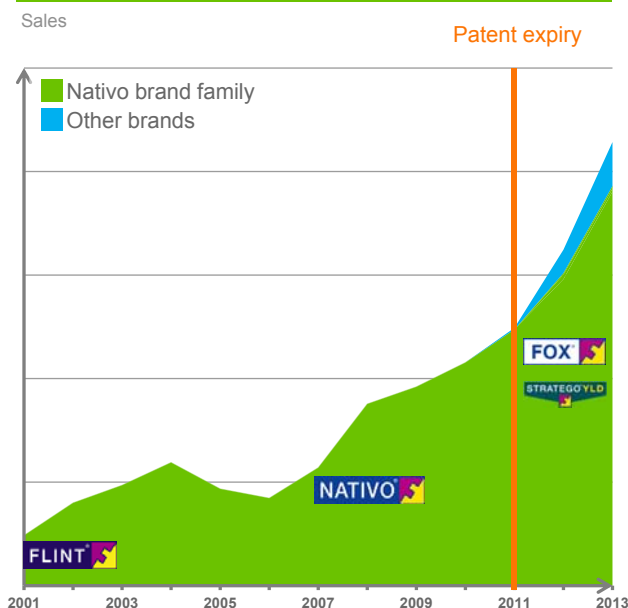
Life-cycle management

New formulations and mixtures, incl. Biologicals

Life-Cycle Management Generates Returns Beyond Patent Expiry



Example: Fungicide Trifloxystrobin



Key Activities

- Innovative mixtures with IP
Examples: Fox, Stratego Yield
- Efficiency gains by production process optimization
- Explore product properties beyond efficacy
Examples: yield, quality, abiotic stress
- Develop integrated crop solutions
Example: Much More Rice

Building a Global Wheat Seed Business – Largest Broad-Acre Crop Worldwide



Measures Taken



- 7 wheat breeding centers operating
- Acquisition of superior germplasm
- Numerous alliances
- Significant R&D investments

Planned Market Entry

- Launch of first variety planned in 2015
- Suitable for Ukraine
- Open pollinated variety
- Hybrid seed varieties, providing opportunity for both yield increase and improved yield stability, expected after 2020

Market value still small - major potential seen with productivity improvement

The Life Science Approach Promises Opportunities



What we have achieved

- World-class Life Science businesses
- R&D excellence in established areas
- Track record of success in bringing innovation to patients and farmers

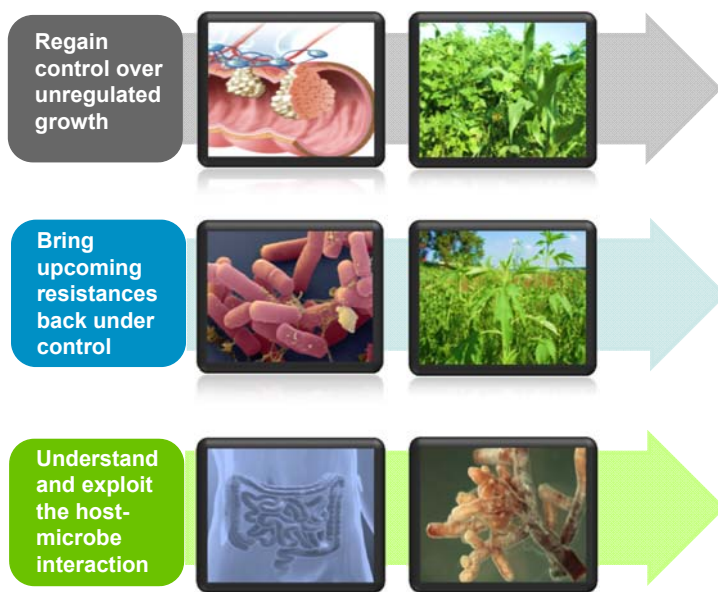
What we aim to achieve

- Maintain R&D productivity and innovation leadership in existing areas and establish leading positions in new areas
- Gain new perspectives and explore the Life Science approach to target breakthrough innovations that address unmet needs

Similar Challenges within Human, Animal and Plant Health Can Stimulate Life Science R&D



Related challenges for human, animal and plant health*



Potential for collaboration & synergies

HealthCare R&D	CropScience R&D
Knowledge platforms (ie. genomics etc.)	
✓	✓
Molecular Targets (ie. ion channels etc.)	
✓	✓
Common Mechanisms (ie. protein modification etc.)	
✓	✓
Technology Platforms (ie. HTS etc.)	
✓	✓
Preclinical evaluation (ie. Toxicology etc.)	
✓	✓
New Molecular entities (ie. NCE/NBE)	
✓	✓

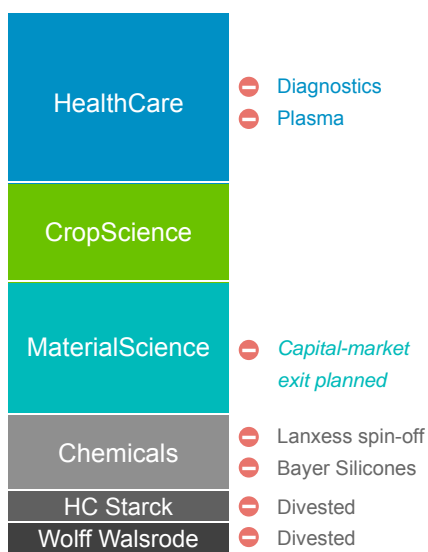
Transforming into a Pure Life Science Company

Portfolio Evolution – Transaction Volume >€47bn Since 2004*



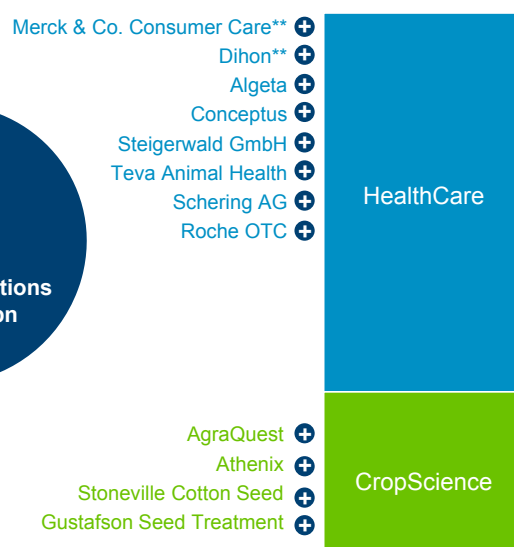
Major examples only

2003 Sales €28.6bn



Headcount: 115,400

Pro-Forma 2013 Sales €29.3bn



Pro-forma headcount: 99,000



2014 Acquisitions Significantly Strengthen HealthCare Portfolio



Algeta: Oncology portfolio

- Full control over Xofigo
- Comprehensive life-cycle management: studies in earlier settings of prostate cancer, combination studies, and other tumors



Merck Consumer Care: American OTC/CC brands

- Creating global OTC #2
- Scaling-up US business to #1
- Gaining global leadership in dermatology and GI
- Entry into new categories: allergy, suncare, footcare



Dihon Pharmaceutical Group: Chinese OTC brands

- Creating leading position amongst multinationals in OTC in China
- Access to lower-tier cities



Demerger of MaterialScience: Leverage the Competitive Edge



Strong fundamentals for successful operations...

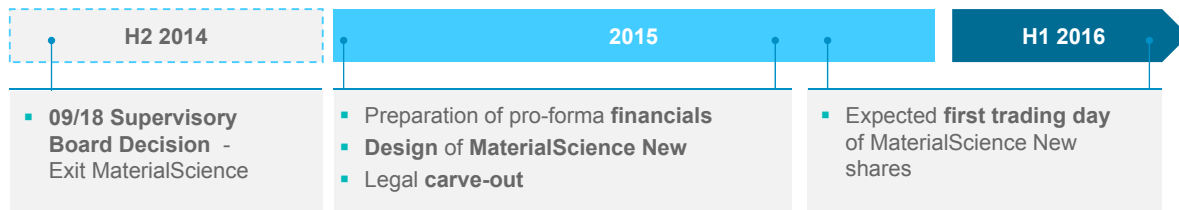
- Leading #1 & #2 positions in attractive, growing markets
- Broad customer base
- Global production network providing customer proximity
- State-of-the art process technology
- Significant investments in new plants during recent years

... better leveraged as a separate company

- Ability to further develop own portfolio
- Autonomous funding capability
- Opportunity to develop a culture fitting with the business
- Tailored business processes and incentive systems

MaterialScience has the potential to deliver significant value creation as a stand-alone business

Demerger of MaterialScience: Design of Planned Capital-Market Exit



- Targeted time frame for capital-market exit: 12-18 months
- Timing and structure of capital-market exit option depending on future market environment
- Investment of any potential proceeds mainly in Life Science businesses/ reduction of net debt

Unhindered business operations safeguarded during exit preparation

Summary

The New Bayer - A World-Class Life Science Company



Leadership

- One of the fastest-growing global pharma companies
- On our way to OTC leadership
- Aspiring for Crop Protection leadership

Capabilities

- Excellence in R&D and commercialization
- Leveraging leading brands with decade-long brand equity
- Superior emerging-market presence

Value

- Progressing innovation pipeline
- Setting trends in research-intensive areas in the field of human, animal and plant health
- Leveraging sales growth into value creation



Date	Event	Publication
Thursday, February 26, 2015	Investor Conference Call	2014 Annual Report
Thursday, April 30, 2015	Investor Conference Call	First Quarter 2015 Results Stockholders' Newsletter
Wednesday, May 27, 2015	Annual General Meeting	
Wednesday, July 29, 2015	Investor Conference Call	Second Quarter 2015 Results Stockholders' Newsletter
Thursday, October 29, 2015	Investor Conference Call	Third Quarter 2015 Results Stockholders' Newsletter



Reporting Events and AGM



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