

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



HealthCare



Human Health



Animal Health

CropScience



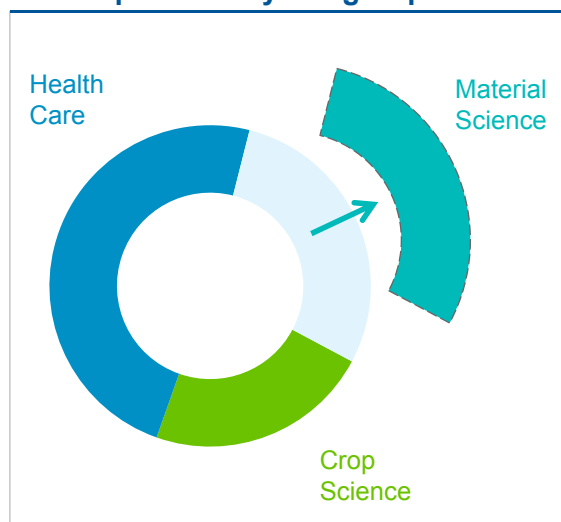
Plant Health

- 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[®]
Adempas[®]
Veraflox[®]
seresto[®]

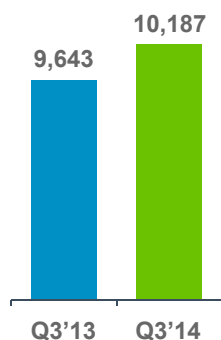
Performance/
Aspirations

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



Sales

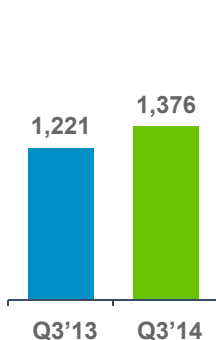
in € million
% currency & portfolio adj.



+7%

EBIT

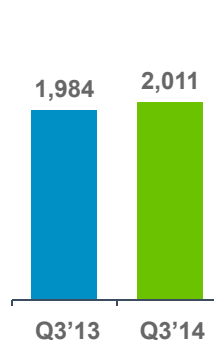
in € million



+13%

EBITDA

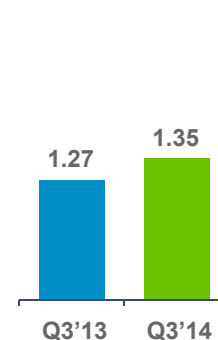
adjusted*
in € million



+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



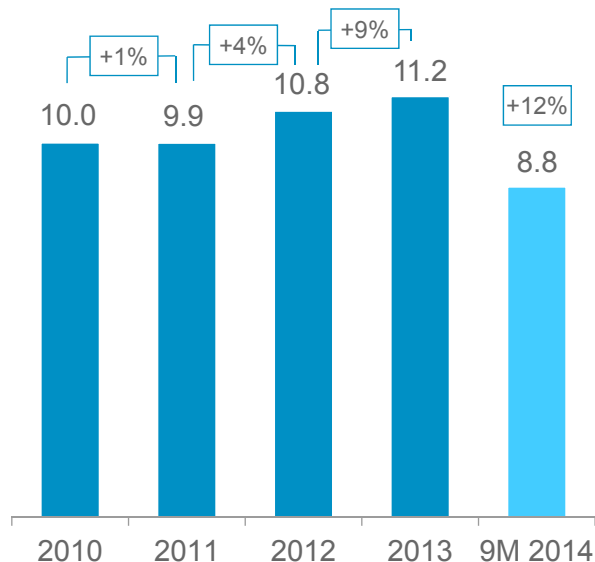
Deliver Profitable
Growth

One of the Fastest-Growing Global Pharma Companies



Pharma Sales

€ billion; Δ% Fx & portfolio adj.



Plans for continued growth

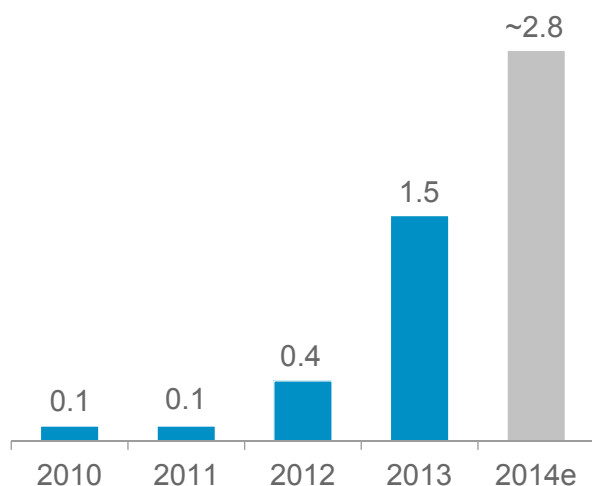
- Maximize the value of launch products
- Drive commercial excellence in marketing and sales
- Advance early and mid-stage pipeline
- Achieve Phase III readiness for 5 projects in 2015
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions

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



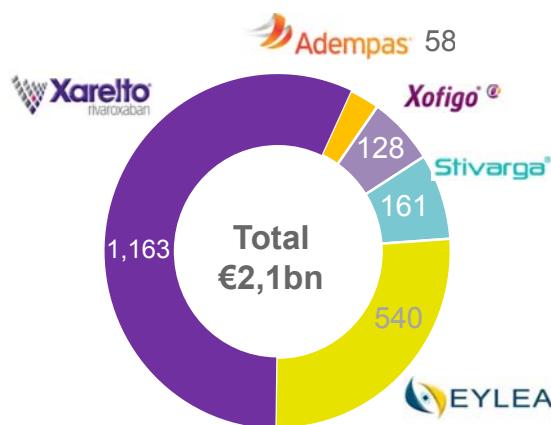
Collective Sales

€ billion



9M 2014 Individual Sales

€ million

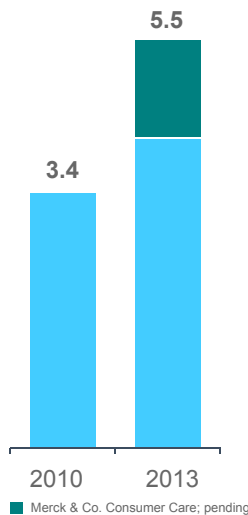




Aspiring for OTC Leadership

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

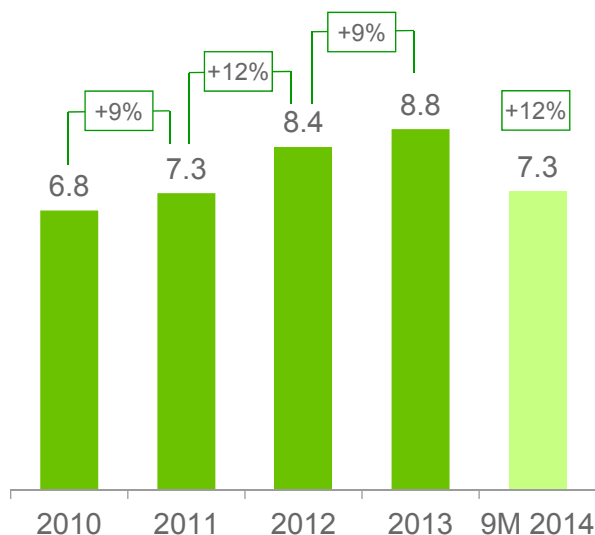
Coppertone



Aspiring for Crop Protection Leadership

CropScience Sales

€ billion; Δ% Fx & portfolio adj.



Plans for continued growth

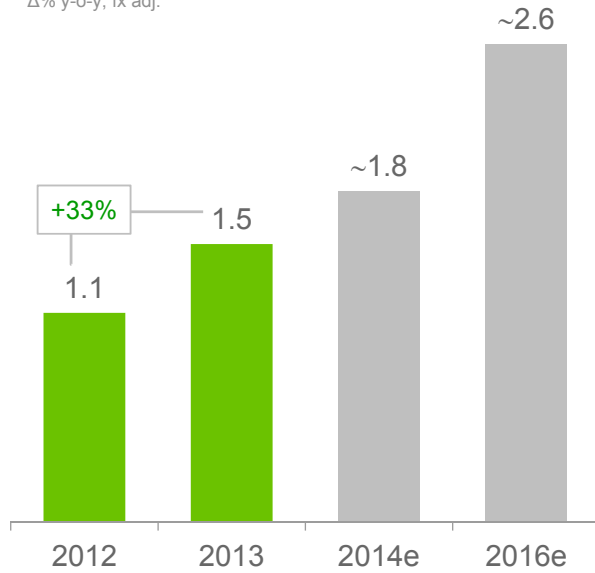
- Strengthen portfolio through focused and integrated crop solutions
- Drive commercial excellence in marketing and sales
- Drive new product growth, invest in life-cycle management
- Extend seeds portfolio by building business in soybeans and wheat

New Products Drive Growth at Crop Protection

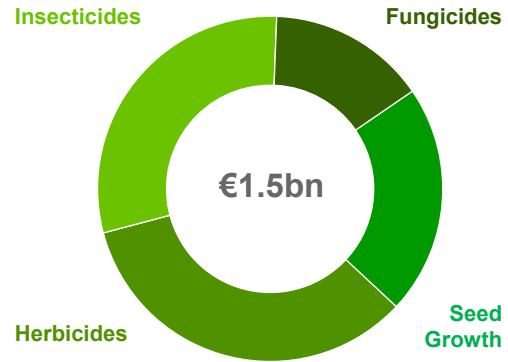


Sales of New Crop Protection Products

€ 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

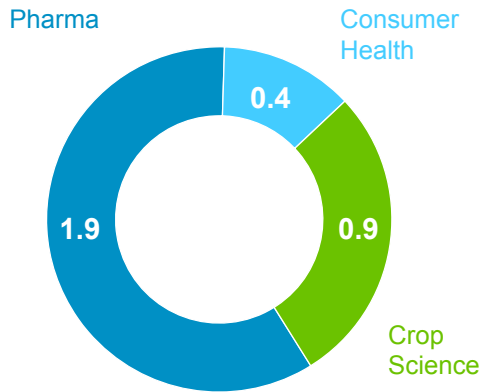
Develop New
Growth
Opportunities



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

Track Record - 25 Successful Phase III Clinical Trials at Pharma Since 2010



Major examples



- Various indications incl. treatment of deep vein thrombosis/pulmonary embolism, stroke prevention in atrial fibrillation and secondary prevention of acute coronary syndrome



- Wet age-related macular degeneration, diabetic macular edema, myopic choroidal neovascularization and central retinal vein occlusion



- Metastatic colorectal cancer and metastatic gastrointestinal stromal tumors



- Metastatic castration-resistant prostate cancer with symptomatic bone metastases



- Pulmonary arterial hypertension and chronic thromboembolic pulmonary hypertension



- Radioactive iodine refractory differentiated thyroid cancer



- Prophylaxis in hemophilia A: Site-specific PEGylated Factor VIII with potential for 5-/ 7-days dosing intervals

Mid- and Late-Stage Pharma Pipeline Progressing



Project	Mechanism	Indication	Status
Copanlisib (BAY 80-6946)	PI3-Kinase Inhibitor	Cancer	Phase II in NHL ongoing
Finerenone (BAY 94-8862)	MR Antagonist	Chronic heart failure (CHF) Diabetic nephropathy (DN)	Phase IIb in CHF ongoing; phase II in DN completed
Molidustat (BAY 85-3934)	HIF-PH Inhibitor	Anemia	Phase IIb ongoing
Vericiguat (BAY 1021189)	sGC Stimulator	Worsening chronic heart failure	Phase IIb ongoing; collaboration with Merck & Co. Inc.
Vilaprisan (sPRM) (BAY 1002670)	Progesterone Receptor Modulator	Symptomatic uterine fibroids	Phase IIb ongoing
ODM-201	AR Antagonist	Non-metastatic castration-resistant prostate cancer	Phase III ongoing

MR: Mineralocorticoid receptor; NHL: Non-Hodkin's lymphoma; HIF-PH: HIF prolyl hydroxylase; sGC: Soluble guanylate cyclase; sPRM: Selective progesterone receptor modulator; AR: Androgen receptor

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 • Phase IIb; preserved ejection fraction - compl. mid 2015e	AHA Nov 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

Chemicals
Biologicals
Seeds&Traits
LCM

Execution

Products launched
2011 - 2016*

Potential

Peak sales
≥ €4bn

8 Chemicals

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

2 Biologicals

- 1 Fungicide
- 1 Insecticide

15 Seeds/traits

- 3 Cotton
- 6 Oilseed
- 4 Rice
- 1 Soybean
- 1 Wheat

Seed varieties

Several hundred new varieties in vegetables and broad acre crops

Life-cycle management

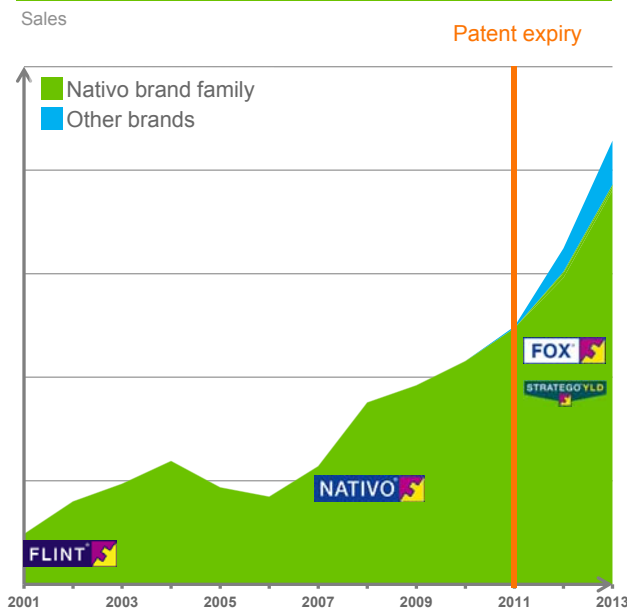
New formulations and mixtures, incl. Biologicals

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

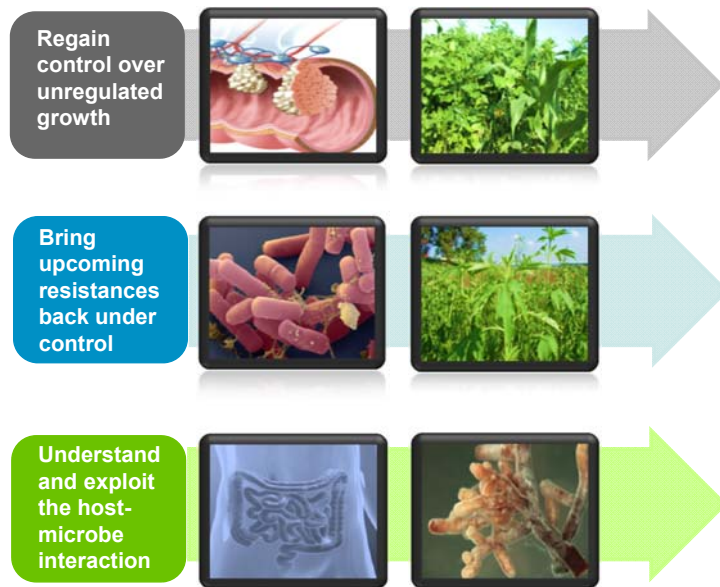
What we aim to achieve

- 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)	
✓	✓

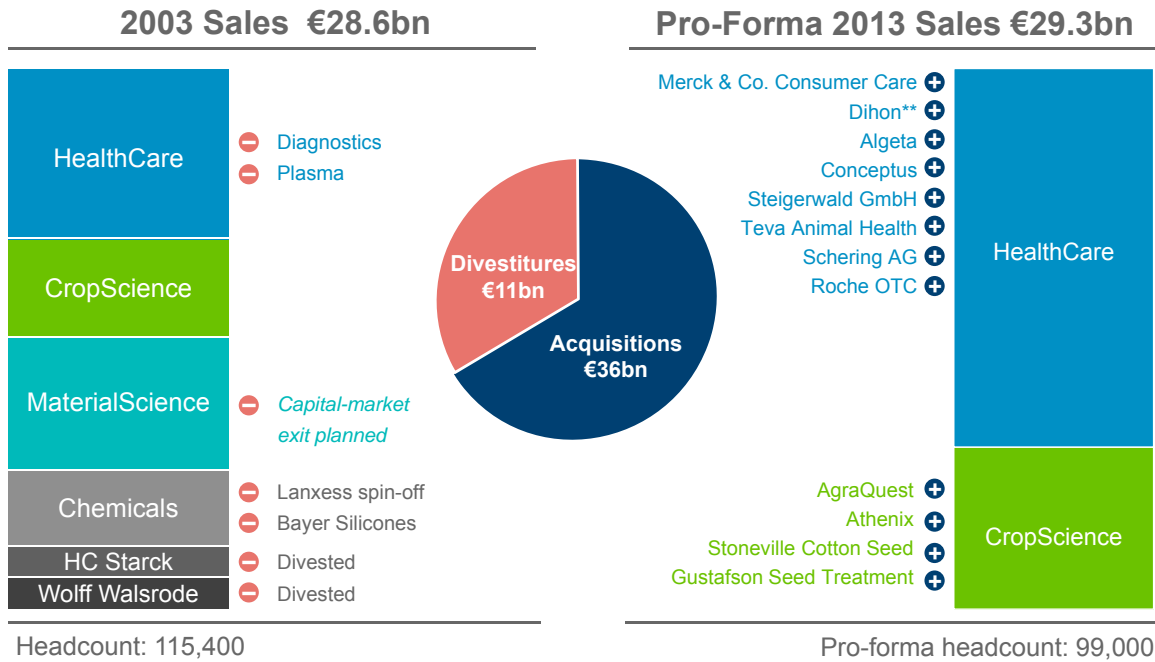
Transforming into a Pure Life Science Company



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



Major examples only



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...

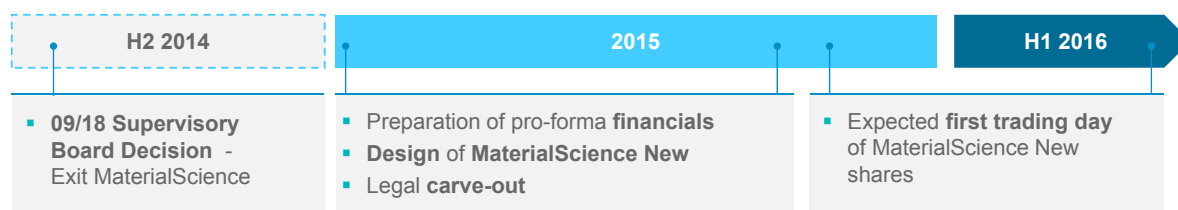
- Leading #1 & #2 positions in attractive, growing markets
- Broad customer base
- Global production network providing customer proximity
- State-of-the art process technology
- Significant investments in new plants during recent years

... 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