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## Q1 2016 Analyst and Investor Briefing

April 26, 2016

- Bayer off to a successful start in 2016
- Group sales €11.9 billion (+0.5%; Fx & portfolio adj. +3.2%)
- EBITDA before special items €3.4 billion (+15.7%)
- Substantial sales growth at Pharmaceuticals
- Earnings expand in all segments
- Forecast for 2016 confirmed

### Group Key Figures for Q1 2016 (continuing operations, unless stated differently)

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y	Consensus**
<b>Sales</b>	<b>11,879</b>	<b>11,941</b>	<b>0.5 / 3.2*</b>	<b>12,130</b>
Volume	+2.7%	+5.2%	•	•
Price	-0.1%	-2.0%	•	•
Currency	+7.4%	-2.7%	•	•
Portfolio	+4.8%	0.0%	•	•
<b>EBITDA</b>	<b>2,745</b>	<b>3,376</b>	<b>23.0</b>	<b>2,942</b>
<b>EBITDA before special items</b>	<b>2,941</b>	<b>3,404</b>	<b>15.7</b>	<b>3,050</b>
<b>EBIT</b>	<b>1,944</b>	<b>2,335</b>	<b>20.1</b>	<b>2,164</b>
<b>Net special items</b>	<b>(244)</b>	<b>(272)</b>	<b>(11.5)</b>	<b>(122)</b>
<b>EBIT before special items</b>	<b>2,188</b>	<b>2,607</b>	<b>19.1</b>	<b>2,286</b>
<b>Financial result</b>	<b>(274)</b>	<b>(315)</b>	<b>(15.0)</b>	<b>(284)</b>
<b>Income taxes</b>	<b>(375)</b>	<b>(478)</b>	<b>(27.5)</b>	•
<b>Income after taxes from cont. operations</b>	<b>1,295</b>	<b>1,542</b>	<b>19.1</b>	•
<b>Income after taxes from discount. operations</b>	<b>45</b>	<b>39</b>	<b>(13.3)</b>	<b>91</b>
<b>Net income - total</b>	<b>1,334</b>	<b>1,511</b>	<b>13.3</b>	<b>1,488</b>
<b>EPS - cont. operations (Euro/share)</b>	<b>1.56</b>	<b>1.78</b>	<b>14.1</b>	<b>1.69</b>
<b>EPS - discount. operations (Euro/share)</b>	<b>0.06</b>	<b>0.05</b>	•	•
<b>EPS - total (Euro/share)</b>	<b>1.62</b>	<b>1.83</b>	<b>13.0</b>	•
<b>Core EPS - cont. operations (Euro/share)</b>	<b>2.08</b>	<b>2.37</b>	<b>13.9</b>	<b>2.15</b>
<b>Core EPS - discount. operations (Euro/share)</b>	<b>0.06</b>	<b>0.05</b>	•	•
<b>Core EPS - total (Euro/share)</b>	<b>2.14</b>	<b>2.42</b>	<b>13.1</b>	•
<b>Gross cash flow</b>	<b>2,011</b>	<b>2,576</b>	<b>28.1</b>	•
<b>Delta working capital</b>	<b>(1,334)</b>	<b>(2,073)</b>	<b>(55.4)</b>	•
<b>Net cash flow from discount. operations</b>	<b>47</b>	<b>819</b>	•	•
<b>Net cash flow - total</b>	<b>724</b>	<b>1,322</b>	<b>82.6</b>	•
<b>CapEx (cash relevant)</b>	<b>345</b>	<b>363</b>	<b>5.2</b>	•
<b>Operating free cash flow - total</b>	<b>379</b>	<b>959</b>	•	•
<i>Euro million</i>	<b>Dec. 31, 2015</b>	<b>March 31, 2016</b>	2015 figures restated	
<b>Net financial debt</b>	<b>17,449</b>	<b>16,323</b>	*) Currency and portfolio adjusted sales growth	
<b>Net pension liability</b>	<b>10,843</b>	<b>13,313</b>	**) Consensus figures as of April 14, 2016 provided by Vara Research GmbH	



## Bayer Group Forecast 2016

Based on the business development described in this report and taking into account the potential risks and opportunities as well as the prevailing currency environment, we are confirming the forecast we published in February (see Annual Report 2015, Chapter 18.2).

### Pharmaceuticals

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y	Consensus**
<b>Sales</b>	<b>3,562</b>	<b>3,889</b>	<b>9.2 / 12.2*</b>	<b>3,782</b>
<b>EBITDA before special items</b>	<b>1,085</b>	<b>1,261</b>	<b>16.2</b>	<b>1,156</b>
<b>EBITDA-margin before special items</b>	<b>30.5%</b>	<b>32.4%</b>		<b>30.6%</b>

2015 figures restated

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 14, 2016 provided by Vara Research GmbH

### Best Selling Pharmaceutical Products

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y	% y-o-y Fx
<b>Xarelto</b>	<b>482</b>	<b>617</b>	<b>28.0</b>	<b>31.5</b>
<i>of which USA</i>	78	86	10.3	9.9
<b>Eylea</b>	<b>253</b>	<b>372</b>	<b>47.0</b>	<b>48.9</b>
<i>of which USA</i>	0	0	•	•
<b>Kogenate</b>	<b>261</b>	<b>296</b>	<b>13.4</b>	<b>13.7</b>
<i>of which USA</i>	74	96	29.7	26.7
<b>Mirena product family</b>	<b>232</b>	<b>248</b>	<b>6.9</b>	<b>7.2</b>
<i>of which USA</i>	154	169	9.7	7.6
<b>Nexavar</b>	<b>196</b>	<b>213</b>	<b>8.7</b>	<b>10.8</b>
<i>of which USA</i>	71	81	14.1	11.4
<b>Betaferon / Betaseron</b>	<b>208</b>	<b>190</b>	<b>(8.7)</b>	<b>(7.9)</b>
<i>of which USA</i>	93	100	7.5	6.0
<b>YAZ product family</b>	<b>181</b>	<b>172</b>	<b>(5.0)</b>	<b>3.1</b>
<i>of which USA</i>	33	40	21.2	19.0
<b>Adalat</b>	<b>162</b>	<b>160</b>	<b>(1.2)</b>	<b>4.6</b>
<i>of which USA</i>	1	1	•	•
<b>Glucobay</b>	<b>130</b>	<b>139</b>	<b>6.9</b>	<b>10.1</b>
<i>of which USA</i>	0	1	•	•
<b>Aspirin Cardio</b>	<b>136</b>	<b>137</b>	<b>0.7</b>	<b>6.0</b>
<i>of which USA</i>	0	0	•	•
<b>Avalox / Avelox</b>	<b>110</b>	<b>98</b>	<b>(10.9)</b>	<b>(5.4)</b>
<i>of which USA</i>	0	0	•	•
<b>Gadovist</b>	<b>69</b>	<b>82</b>	<b>18.8</b>	<b>20.2</b>
<i>of which USA</i>	21	27	28.6	21.9
<b>Xofigo</b>	<b>54</b>	<b>75</b>	<b>38.9</b>	<b>36.7</b>
<i>of which USA</i>	41	50	22.0	21.1
<b>Ultravist</b>	<b>73</b>	<b>71</b>	<b>(2.7)</b>	<b>2.6</b>
<i>of which USA</i>	2	1	•	(38.5)
<b>Stivarga</b>	<b>71</b>	<b>67</b>	<b>(5.6)</b>	<b>(5.3)</b>
<i>of which USA</i>	46	35	(23.9)	(25.1)

%y-o-y Fx: Currency adjusted sales growth



- Pharmaceuticals: Price -0.5%, volume +12.7%, currency -3.0%, portfolio ±0.0%
- The sales increase at **Pharmaceuticals** was largely attributable to the continued strong development of our recently launched products. Xarelto, Eylea, Stivarga, Xofigo and Adempas posted combined sales of €1,187 million (Q1 2015: €898 million). The Pharmaceuticals business expanded significantly in all regions on a currency-adjusted basis.
  - Xarelto once again posted encouraging sales gains. This was mainly attributable to substantial volume increases in Europe and Japan. Business with Xarelto also developed positively in the U.S., where it is marketed by a subsidiary of Johnson & Johnson.
  - We registered considerably higher sales of Eylea in all regions, particularly in Europe, Canada and Japan.
  - Sales of Kogenate posted significant gains compared with the weak prior-year quarter. We also began marketing our new hemophilia medicine Kovaltry in Europe and the U.S. in the first quarter of 2016.
  - The Mirena product family benefited especially from expanded volumes in the U.S.
  - Nexavar achieved substantial sales gains particularly in the U.S.
  - Sales of Betaferon/Betaseron were down overall, due partly to changes in sales phasing for tender businesses in Latin America. By contrast, sales rose in the U.S.
  - Sales of the YAZ product family were up slightly against the prior-year quarter. This was mainly attributable to positive development in the U.S. and China. In Europe, on the other hand, sales receded due to lower demand.
  - Sales increases for Adalat and Glucobay resulted mainly from gains in China.
  - We registered a decline in sales of Avalox/Avelox, especially in Canada following patent expiration.
  - Gadovist posted substantial sales gains, particularly in the U.S. The launch of the product in Japan also played a major part in this development.
  - Xofigo benefited mainly from good business development in the U.S. and Europe.
  - Intensified competition in the U.S. caused sales of Stivarga to move back.
  - Sales of Adempas amounted to €56 million (Q1 2015: €38 million) and reflected the proportionate recognition of the one-time payment resulting from the sGC collaboration with Merck & Co.
- The substantial increase in **EBITDA before special items** at Pharmaceuticals was due largely to the very good business performance. As expected, however, higher investments in research and development and negative currency effects of around €30 million had a diminishing effect.

## Consumer Health

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y	Consensus**
<b>Sales</b>	1,556	1,520	(2.3) / 2.2*	1,589
<b>EBITDA before special items</b>	369	383	3.8	385
<b>EBITDA-margin before special items</b>	23.7%	25.2%		24.2%

2015 figures restated

\*) Currency and portfolio adjusted sales growth

\*\*\*) Consensus figures as of April 14, 2016 provided by Vara Research GmbH

- Consumer Health: Price +3.7%, volume -1.5%, currency -4.5%, portfolio ±0.0%
- The **Consumer Health** business posted significant gains in LatAm/Africa/Middle East and in Asia/Pacific, while sales were down in Europe due mainly to the macroeconomic situation in Russia. Sales declined slightly in the U.S.
- Alongside earnings contributions from positive business development, cost synergies had a favorable effect on **EBITDA before special items**. By contrast, negative currency effects amounted to about €20 million.



## Crop Science

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y	Consensus**
<b>Sales</b>	<b>3,092</b>	<b>3,023</b>	<b>(2.2) / 1.2*</b>	<b>3,132</b>
Crop Protection / Seeds	2,889	2,819	(2.4) / 1.1*	•
Environmental Science	203	204	0.5 / 3.0*	•
<b>EBITDA before special items</b>	<b>1,040</b>	<b>1,106</b>	<b>6.3</b>	<b>1,040</b>
<b>EBITDA-margin before special items</b>	<b>33.6%</b>	<b>36.6%</b>		<b>33.2%</b>

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 14, 2016 provided by Vara Research GmbH

Q1 2016	Europe		North America		Asia/Pacific		LatAm/Africa/Middle East	
	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx
<b>Crop Science</b>	<b>1,348</b>	<b>0.7</b>	<b>952</b>	<b>3.8</b>	<b>342</b>	<b>(2.5)</b>	<b>381</b>	<b>1.0</b>

%y-o-y Fx: Currency adjusted sales growth

- Price +1.7%, volume -0.5%, currency -3.5%, portfolio +0.1%
- We slightly expanded business at Crop Protection / Seeds despite an ongoing weak market environment. Sales of Environmental Science developed positively.
- Sales at **Crop Protection** came in at €2,182 million (-1.7% Fx & portf. adj.). Fungicides (€827 million, +2.9% Fx & portf. adj.) and SeedGrowth (€226 million, +5.4% Fx & portf. adj.) developed positively. Herbicides (€845 million, -3.8% Fx & portf. adj.) and Insecticides (€284 million, -12.2% Fx & portf. adj.) declined. Sales in **Seeds** came in at €637 million (+11.9% Fx & portf. adj.).
- In Europe sales of Seeds grew by a double-digit percentage, thanks above all to positive development for vegetable seed. We also saw a significant increase in sales of seed treatments, while business at Fungicides expanded slightly. Sales of the Insecticides business were down considerably against the prior-year quarter, due particularly to lower sales of products for application in oilseed rape/canola. Environmental Science posted a decline in sales.
- In North America sales at both SeedGrowth and Seeds increased by double-digit percentages; sales of our soybean and oilseed rape/canola seeds developed especially positively. On the other hand, sales declined sharply at both Herbicides and Insecticides. Environmental Science posted encouraging growth.
- In the Asia/Pacific region business receded at Insecticides and Fungicides. Higher sales of vegetable seed and seed treatments were not sufficient to offset this trend.
- In the LatAm/Africa/Middle East region we posted considerable sales gains at Fungicides, particularly with products for use in soybeans, and with vegetable seed. By contrast, sales declined especially at SeedGrowth, but also at Herbicides and Insecticides.
- **EBITDA before special items** at Crop Science improved due to earnings contributions from higher selling prices and lower cost of goods sold. Higher research and development spending and a negative currency effect of €15 million had a diminishing effect.



## Animal Health

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y
<b>Sales</b>	386	408	5.7 / 8.8*
<b>EBITDA before special items</b>	102	122	19.6
<b>EBITDA-margin before special items</b>	26.4%	29.9%	

Consensus**
390
99
25.4%

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 14, 2016 provided by Vara Research GmbH

- Price +0.5%, volume +8.3%, currency -3.1%, portfolio ±0.0%
- Sales growth at **Animal Health** was chiefly attributable to increased demand in the U.S.
- **EBITDA before special items** at Animal Health improved due especially to the good development of business.

## Life Sciences

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y
<b>Sales</b>	8,865	9,091	2.5 / 5.9*
<b>EBITDA before special items</b>	2,517	2,900	15.2
<b>EBITDA-margin before special items</b>	28.4%	31.9%	

Consensus**
9,164
2,631
28.7%

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 14, 2016 provided by Vara Research GmbH

## Covestro

<i>Euro million</i>	Q1 2015	Q1 2016	% y-o-y
<b>Sales</b>	3,014	2,850	(5.4) / (4.7)*
<b>EBITDA before special items</b>	424	504	18.9
<b>EBITDA-margin before special items</b>	14.1%	17.7%	

Consensus**
2,964
415
14.0%

\*) Currency and portfolio adjusted sales growth

\*\*) Consensus figures as of April 14, 2016 provided by Vara Research GmbH

- Price -10.6%, volume +5.9%, currency -0.7%, portfolio ±0.0%
- Sales of Covestro were down due to significantly lower selling prices, mainly as a result of the raw material price development and primarily at Polyurethanes. Volumes were above the level of the prior-year quarter overall.
- **EBITDA before special items** at Covestro improved considerably. Sales volumes expanded. Decreased raw material prices outweighed lower selling prices to deliver a net increase in earnings.

## Key figures for Q1 2016

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health		Reconciliation		Life Sciences		Covestro		Group	
	Q1'15	Q1'16	Q1'15	Q1'16	Q1'15	Q1'16	Q1'15	Q1'16	Q1'15	Q1'16	Q1'15	Q1'16	Q1'15	Q1'16	Q1'15	Q1'16
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	3,562	3,889	1,556	1,520	3,092	3,023	386	408	269	251	8,865	9,091	3,014	2,850	11,879	11,941
Sales by region:																
Europe	1,232	1,379	456	411	1,378	1,348	119	128	248	236	3,433	3,502	1,093	1,089	4,526	4,591
North America	899	989	681	677	943	952	132	162	2	2	2,657	2,782	718	683	3,375	3,465
Asia / Pacific	1,014	1,130	180	201	360	342	75	67	4	3	1,633	1,743	856	793	2,489	2,536
LatAm/Africa/Middle East	417	391	239	231	411	381	60	51	15	10	1,142	1,064	347	285	1,489	1,349
EBITDA	1,061	1,261	280	364	998	1,103	92	121	-89	23	2,342	2,872	403	504	2,745	3,376
Special items	-24	0	-89	-19	-42	-3	-10	-1	-10	-5	-175	-28	-21	0	-196	-28
EBITDA before special items	1,085	1,261	369	383	1,040	1,106	102	122	-79	28	2,517	2,900	424	504	2,941	3,404
EBITDA margin before special items	30.5%	32.4%	23.7%	25.2%	33.6%	36.6%	26.4%	29.9%	-29.4%	11.2%	28.4%	31.9%	14.1%	17.7%	24.8%	28.5%
EBIT	747	698	174	243	874	970	65	114	-135	-26	1,725	1,999	219	336	1,944	2,335
Special items	-24	-231	-89	-32	-47	-3	-32	-1	-10	-5	-202	-272	-42	0	-244	-272
EBIT before special items	771	929	263	275	921	973	97	115	-125	-21	1,927	2,271	261	336	2,188	2,607
EBIT margin before special items	21.6%	23.9%	16.9%	18.1%	29.8%	32.2%	25.1%	28.2%	-46.5%	-8.4%	21.7%	25.0%	8.7%	11.8%	18.4%	21.8%
Gross cash flow	754	961	227	285	705	778	72	86	-59	59	1,699	2,169	312	407	2,011	2,576
Net cash flow	812	734	285	197	-823	-715	120	-20	120	138	514	334	163	169	677	503
Financial result																
Income after taxes from continuing operations																
Income after taxes from discontinued operations																
Net income																
Earnings per share - continuing operations (€)																
Earnings per share - discontinued operations (€)																
Earnings per share (€)																
Core earnings per share - continuing operations (€)																
Core earnings per share - discontinued operations (€)																
Core earnings per share (€)																
CapEx (cash effective)																
R&D																
D&A and Write-downs	314	563	106	121	124	133	27	7	46	49	617	873	184	168	801	1,041
Employees at end of period	40,739	40,315	14,592	13,297	23,662	23,481	3,786	3,853	20,614	19,796	103,393	100,742	14,594	15,740	117,987	116,482

2015 figures restated



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