



Science For A Better Life

Building Growth Momentum in HealthCare

Marijn Dekkers, CEO

September 20, 2011 – UBS Life Science Conference

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1st Half 2011 – Bayer Continues Positive Momentum



	1H'11	Δ%
€ million		
Sales	18,667	+7 (+8)
EBITDA		
- reported	3,772	+6
- adjusted	4,267	+14
EBIT		
- reported	2,421	+14
- adjusted	3,007	+23
Net income	1,431	+23
Net cash flow	2,331	+2
Free operating cash flow	1,795	+7
EPS		
- reported	1.73€	+24
- core	2.74€	+20

() = Fx & portfolio adjusted

Highlights

- Business expansion mainly driven by CropScience and MaterialScience
- All subgroups contributed to adj. EBITDA improvement, CropScience with strongest y-o-y growth (+33%)
- Reported EBIT impacted by net special charges of €586m, due to restructuring and litigation
- 2011 Group financial outlook raised end of Q1 on expected improvement at CropScience

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Group Outlook Raised End Q1 On Expected Improvement at CropScience



Sales Δ Fx and portfolio adjusted, EBITDA pre-special items

	2010	Δ		2011E Original	2011E Actual ¹
Sales (Fx & portf. adjusted)	€35.1bn	+8%	▶	4-6% €35-36bn	5-7% to €36-37bn
adj. EBITDA	€7.1bn	+10%	▶	Improve toward €7.5bn	> €7.5bn
Core EPS	€4.19	+15%	▶	~10%	~15%

¹ As published with Q2 stockholder's newsletter

Outlook depends on specific planning assumptions
as detailed in the Annual/ Quarterly Report

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Concrete Challenges For Our Healthcare Business



Pressure on sales / earnings

- Increasing generic competition
- Healthcare reforms

Significant investment requirements

- Promising late-stage pharma pipeline
- Expected market introductions
- Emerging markets growth
- Consumer Health expansion

**Outlook 2011 projects below
market growth in Pharma**

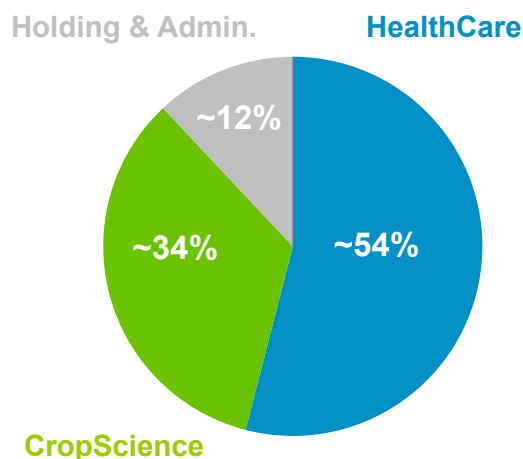
Resourcing organic growth

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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



Building Growth Momentum

	Priority	Opportunity
1	Pharma-pipeline	>€3bn peak sales potential ¹ from near-term product launches
2	Emerging Markets	High-single to double-digit growth
3	Consumer Care	Positioned for above-market growth
4	Animal Health	Strong brands in growing markets
5	Radiology & Interventional ²	Synergy creation through integration
6	M&A	Focus: Bolt-on acquisitions

¹ Subject to approval of Xarelto, VEGF Trap-Eye & Alpharadin as expected

² New unit will combine Diagnostic Imaging (contrast media) and MEDRAD (injection devices)

1. Promising Late-Stage Pharma Pipeline



		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	Alsympca trial (phase III) stopped early on success
Eye Diseases	VEGF Trap-Eye	inhibits formation of new blood vessels	1st indication filed; phase III

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Xarelto – Novel Direct Factor Xa Inhibitor



- Large global program involving over 75,000 patients
- Met or exceeded primary efficacy endpoints in 8 phase III studies:
 - RECORD 1-4, EINSTEIN DVT and EINSTEIN Extension; Rocket AF; MAGELLAN
- Marketing & regulatory status:
 - Launched in >85 countries for VTE prevention following total knee / hip replacement surgery
 - Filed for stroke prevention in patients with atrial fibrillation (SPAF) in major regions
 - Positive FDA AdCom vote on approvability in SPAF
 - Filed for DVT treatment / secondary VTE prevention in Europe
- Two additional phase III programs in chronic indications ongoing
 - ATLAS TIMI51 – data expected end 2011/early 2012
 - EINSTEIN PE – data expected end 2011/early 2012



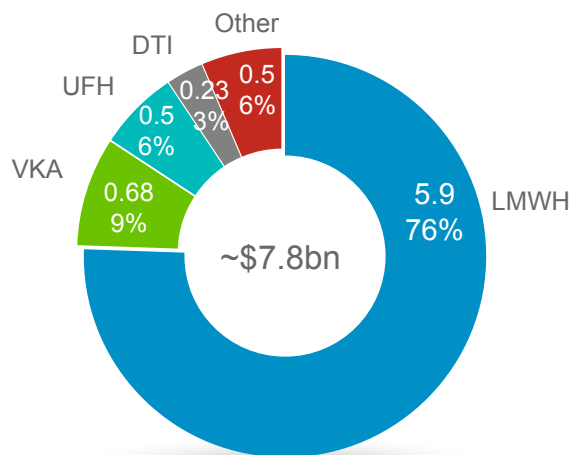
SPAF: stroke prevention in patients with atrial fibrillation DVT: deep vein thrombosis
VTE: venous thromboembolism

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Xarelto: Above €2bn Commercial Opportunity¹

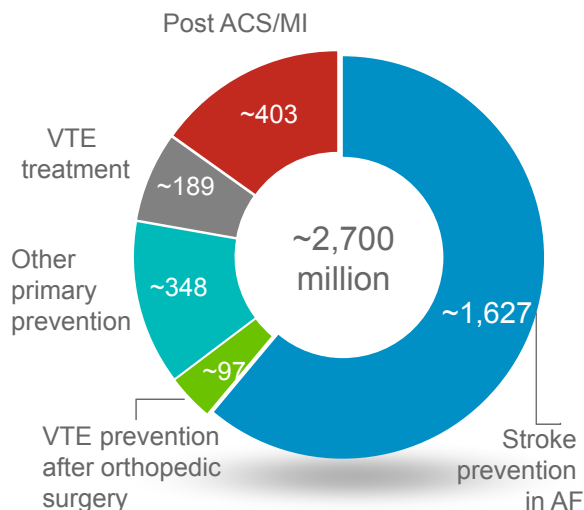


Anticoagulants sales 2009 ~\$7.8bn



LMWHs: low molecular weight heparins
 UFH: unfractionated heparins
 VKA: Vitamin K antagonists
 DTI: direct thrombin inhibitors (incl. Pradaxa)
 Other antithrombotics (incl. Xarelto)

Estimated treatment days in 2009



AF: atrial fibrillation
 VTE: venous thromboembolism

ACS: acute coronary syndrome
 MI: myocardial infarction

¹ Subject to approval

VEGF Trap-Eye – Fusion Protein To Combat Eye Diseases



- In-licensed from Regeneron – Bayer has exclusive marketing rights ex-US
- Met primary efficacy endpoint in 4 phase III studies (VIEW I & II, Copernicus & Galileo)
- Submitted for marketing approval to European and Japanese health authorities for wet age related macular degeneration (AMD)¹
- Filing for central retinal vein occlusion (CRVO) planned for 2012
- Additional studies in diabetic macular edema (DME) and myopic choroidal neovascularization (CNV) ongoing



¹ US submission (February 2011) by Regeneron

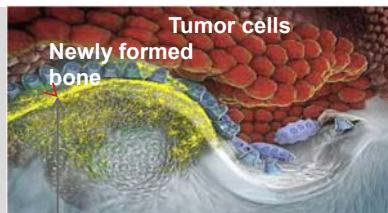
Alpharadin – New Opportunity to Treat Bone Metastases



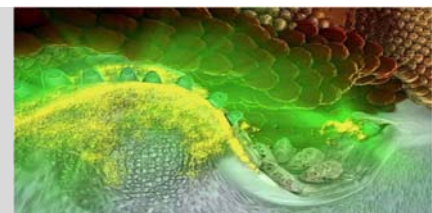
- Alpha-pharmaceutical (based on 223Radium, delivering highly energetic, short ranging radiation) - in-licensed from Algeta
- Radium as natural bone seeker targeting bone metastases
- ALSYMPCA (phase III) in patients with bone metastases in prostate cancer (HRPC) stopped early - Alpharadin demonstrated significant improvement in overall survival
- Filing targeted mid 2012
- Fast track status granted by FDA



Bone metastases



Radium-223 deposition



Radium-223: highly localized tumor cell killing

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HRPC: symptomatic hormone-refractory prostate cancer

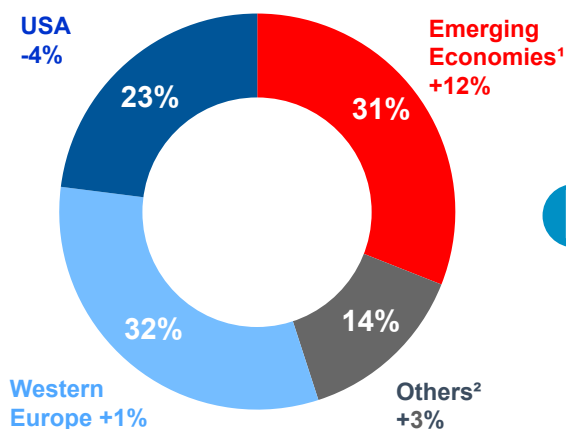
2. Strong Business Momentum in Emerging Markets



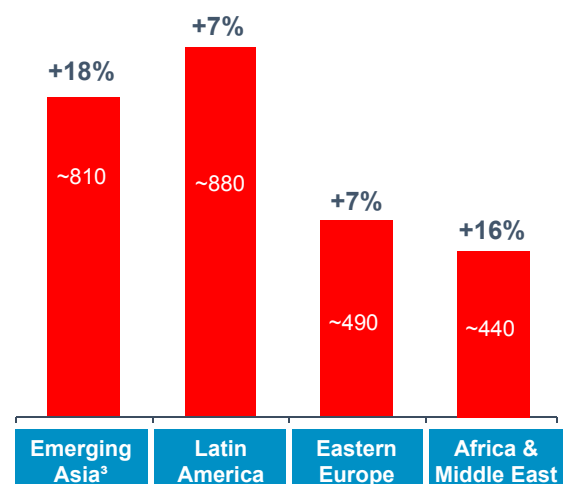
Sales in € million; Δ% y-o-y Fx adjusted

1H'2011 HealthCare sales

Emerging economies



HealthCare €8,374m; +3%



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

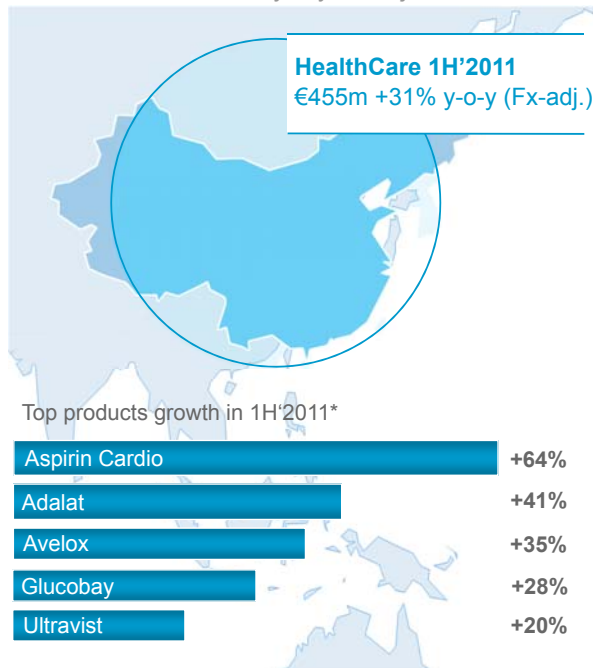
³ Emerging Asia = Asia without Japan, Australia, New Zealand

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Bayer is One of The Leading International HealthCare Companies in China



Sales in € million; Δ% y-o-y Fx adjusted



Strong growth

- Driven by Pharmaceuticals (+35% yoy)
- 1,000 sales representatives to be added through 2011

Significant investment commitment

- Approx. 5,300 employees (2010)
- €100m over 5 years to set-up a global R&D center in China
- Beijing manufacturing site expansion (~€45m through 2015)
- Partnership with Tsinghua University (joint drug discovery, student support)

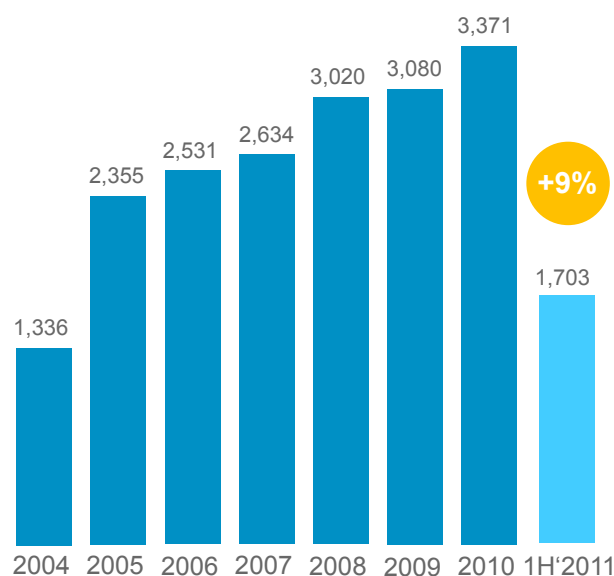
* People's Republic of China

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3. Consumer Care – A Highly Attractive Market



Sales Consumer Care in € million;
Δ% y-o-y Fx adjusted



Highlights







- Global #2
- Track record of performance
- Some of the world's most recognized brands
- Acquired Roche OTC, Citracal, Sagmel and Topsun
- Significant organic as well as inorganic growth opportunities

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Strong Consumer Care Brands

Sales in € million; Δ% y-o-y Fx adjusted

Brand	2010 Sales	1H'2011
 ASPIRIN[®]	418* +/-0%	+14%
 ALEVE	273 +19%	+12%
 Bepanthen[®]	212 +12%	+9%
 Canesten[®]	210 +8%	+10%
 ONE A DAY	178 +10%	+8%
 Supradyn	138 +1%	+3%

* Only Aspirin CC sales, excluding Aspirin Cardio

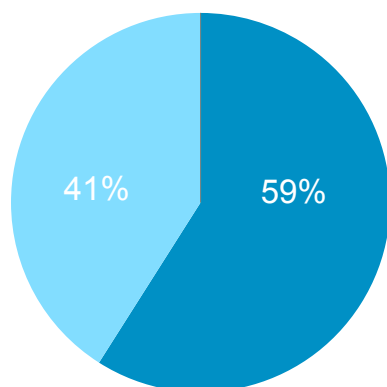
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4. Animal Health – Strong Brands in Growing Markets



Sales in € million; Δ% y-o-y Fx adjusted

Food Animal Companion Animal



2010
Animal Health €1,120m; +8%

Highlights

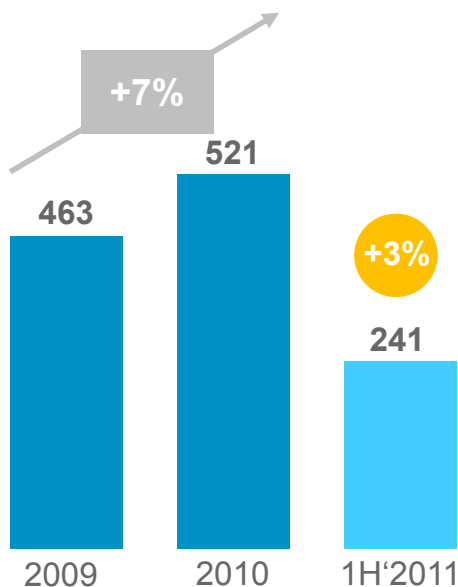
- Global #4, key strength in attractive companion animal segment
- Track record of performance
- Key brand Advantage 10% CAGR over the last 4 years
- Attractive market trends
- Potential consolidation opportunities

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5. Radiology & Interventional – Combining Medrad and Diagnostic Imaging



Sales Medrad in € million; $\Delta\%$ y-o-y Fx adjusted



Highlights

Medrad:

- Clear #1
- Active in application devices for contrast media and mechanical thrombectomy
- Business strengthened around strategic core through adjacent acquisitions of Possis (thrombectomy) and Pathway (mechanical atherectomy)

Diagnostic Imaging:

- Clear market leader in contrast media
- ▶ Synergy creation through integration underway

Summary



- Bayer continued positive business momentum during 1H'2011
- Group full year 2011 outlook projects higher sales and adj. EBITDA above €7.5bn
- Resources freed-up to drive organic growth
- Committed to building growth momentum in HealthCare



Reporting Events and AGM

Date	Event	Publication
Thursday, October 27, 2011	Investor Conference Call	3 rd Quarter 2011 Results Stockholders' Newsletter
November 16-18, 2011	China Conference 2011, Shanghai	
Tuesday, February 28, 2012	Investor Conference Call	2011 Annual Report
Thursday, April 26, 2012	Investor Conference Call	1 st Quarter 2012 Results Stockholders' Newsletter
Friday, April 27, 2012	Annual General Meeting	
Tuesday, July 31, 2012	Investor Conference Call	2 nd Quarter 2012 Results Stockholders' Newsletter
Tuesday, October 30, 2012	Investor Conference Call	3 rd Quarter 2012 Results Stockholders' Newsletter

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Investor Relations Contacts

Dr. Alexander Rosar

Head of Investor Relations

Phone: +49-214-30-81013

E-mail: alexander.rosar@bayer.com

Dr. Jürgen Beunink

Phone: +49-214-30-65742

E-mail: juergen.beunink@bayer.com

Ute Menke

Phone: +49-214-30-33021

E-mail: ute.menke@bayer.com

Peter Dahlhoff

Phone: +49-214-30-33022

E-mail: peter.dahlhoff@bayer.com

Judith Nestmann

Phone: +49-214-30-66836

E-mail: judith.nestmann@bayer.com

Fabian Klingen

Phone: +49-214-30-35426

E-mail: fabian.klingen@bayer.com

Dr. Olaf Weber

Phone: +49-214-30-33567

E-mail: olaf.weber@bayer.com

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