



150 Years
Science For A Better Life



SINCE 1863 – INNOVATING FOR THE FUTURE

Investor Handout

Q1 2013

May 2013 | Leverkusen



150 Years
Science For A Better Life

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.



Disclaimer

Our Mission – Innovation and Customer Value



Science For A Better Life

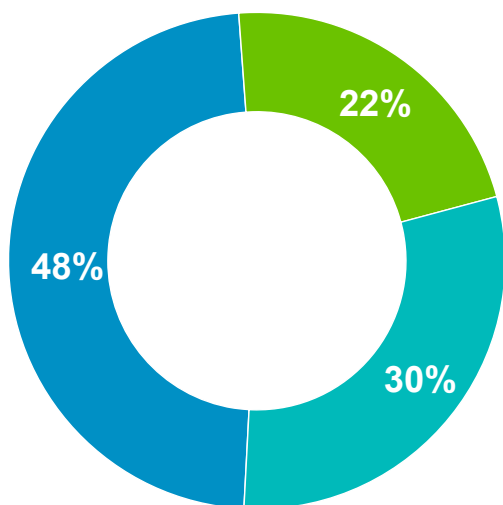
Science / Innovation

- **Bayer is an innovation company**
 - With a strong “innovation portfolio”
 - Addressing new growth areas
 - Capable of identifying and using breakthrough innovations
- **Bayer is innovative in many ways:**
Products, technologies, processes, business models, strategies

Better Life

- Bayer products improve the quality of people’s lives
- Bayer has an excellent understanding of human, animal and plant health, as well as of high-quality materials
- Respect for people and nature is an essential part of our values

Our Business Portfolio – Leading in Its Markets



Sales 2012: €39.7bn

€18.6bn

HealthCare

Pharmaceuticals €10.8bn,
leading positions in core indications

Consumer Health €7.8bn,
OTC pharmaceuticals, blood glucose
meters, contrast media and veterinary
medicines, global #2-5

€8.4bn

CropScience

Chemical crop protection & biologicals,
global #2, seeds & traits

€11.5bn

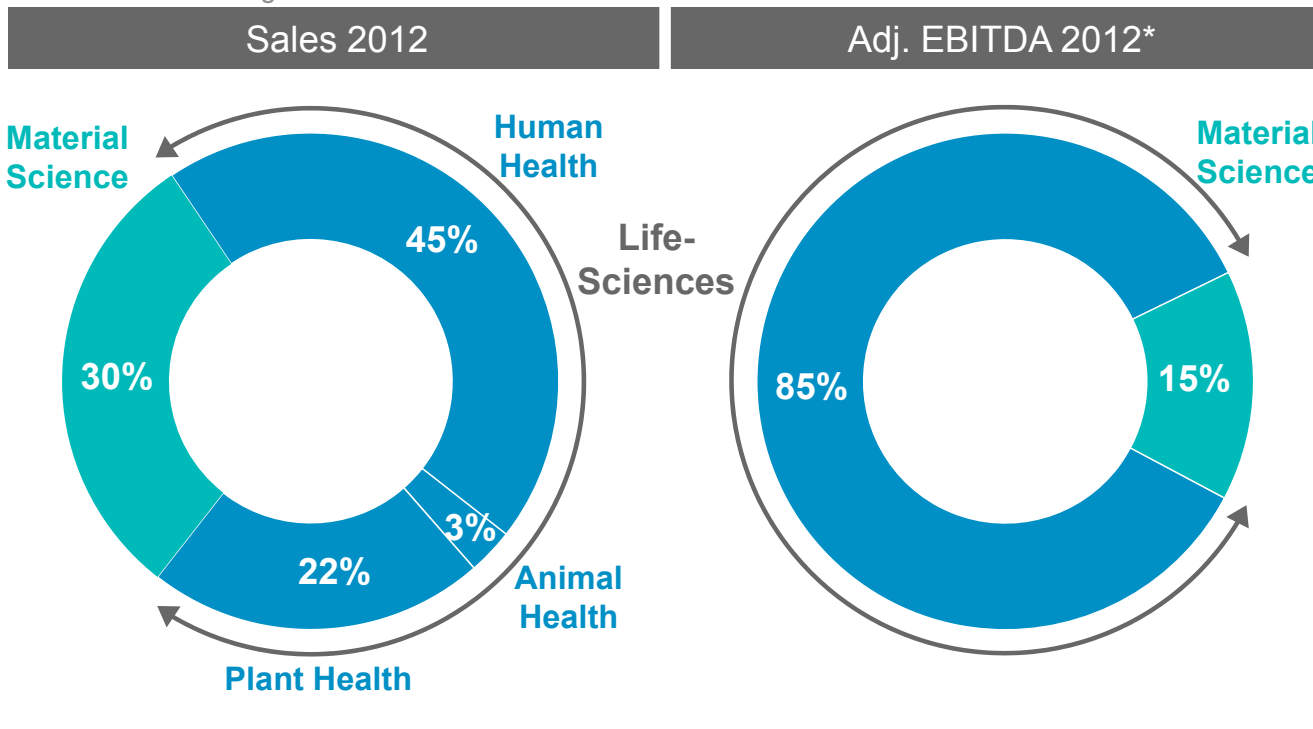
MaterialScience

Polyurethanes and polycarbonates,
global #1/2

We are Generating the Vast Majority of our Business in the Life-Sciences



Breakdown excluding Reconciliation

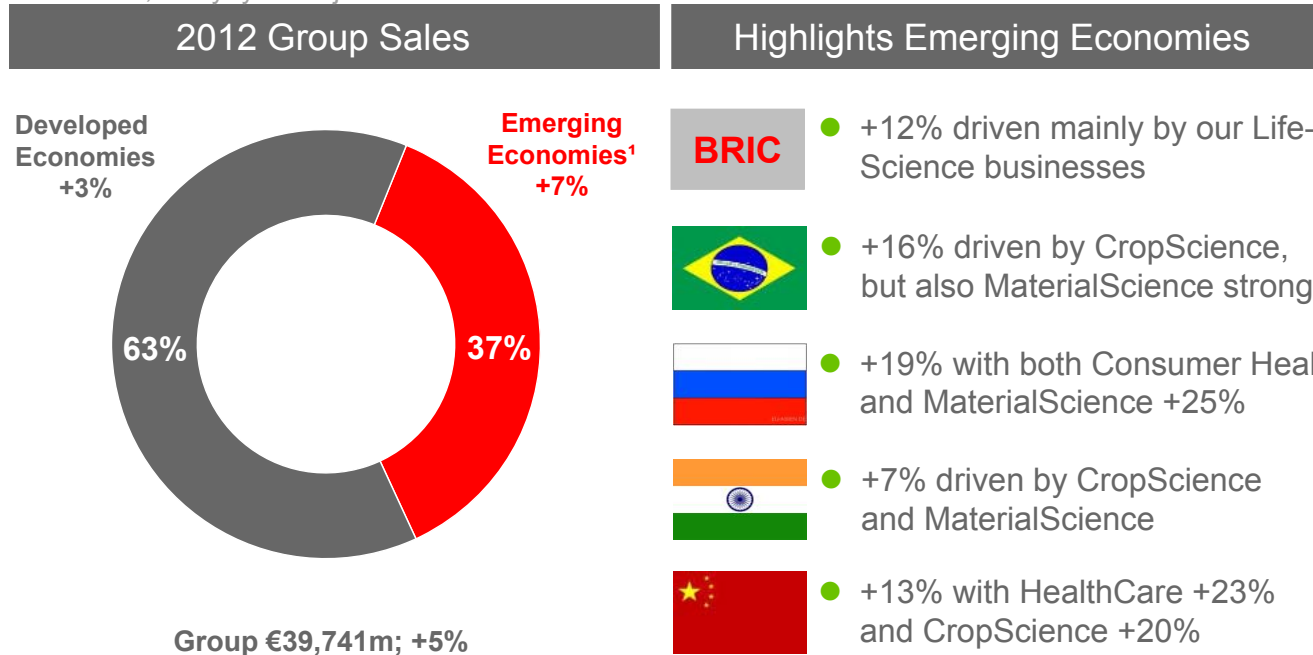


*EBITDA before special items

Strong Presence in the Emerging Markets

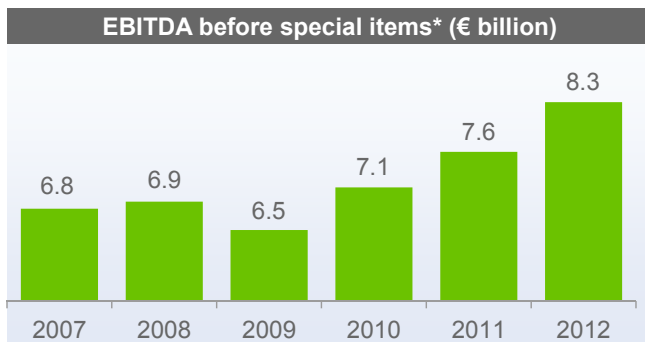
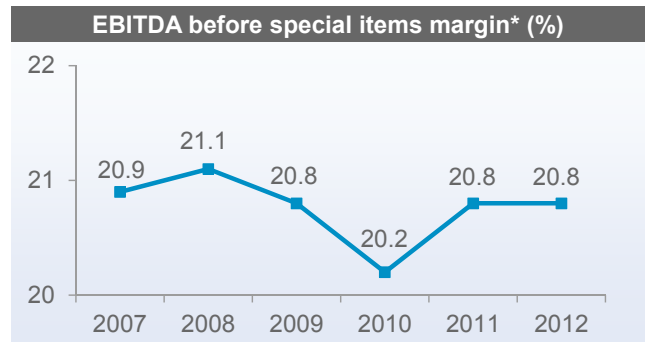
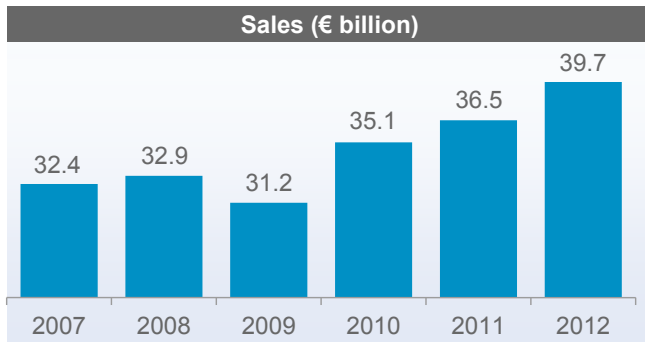


In € million, Δ% yoy Fx adjusted



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

Our Track Record – Delivered Growth and Performance



Q1 2013

Life-Science Businesses Off To A Good Start

Q1 2013 – Total Group: Life-Sciences Commence Positively



Sales

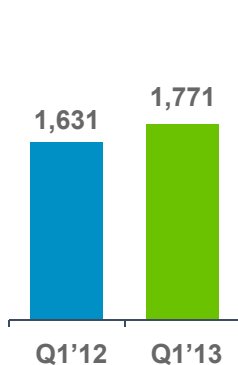
in € million
% currency & portfolio adj.



+4%

EBIT

in € million



+9%

EBITDA

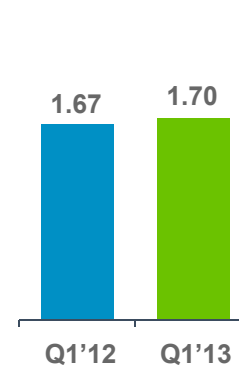
adjusted*
in € million



0%

Core EPS

in €



+2%

*before special items

Full Year 2013 Outlook Projects Further Growth And Higher Earnings



Sales Δ Fx and portfolio adjusted, EBITDA before special items

	2012	Δ vs. 2011	2013e
Sales	€39.7bn	+5%	+4-5% to ~€41bn*
adj. EBITDA	€8.3bn	+9%	mid-single-digit % increase
Core EPS	€5.30	+10%	high-single-digit % increase

*Assuming Fx rate of \$1.29 per €

70%

2012 CAGR 2015e

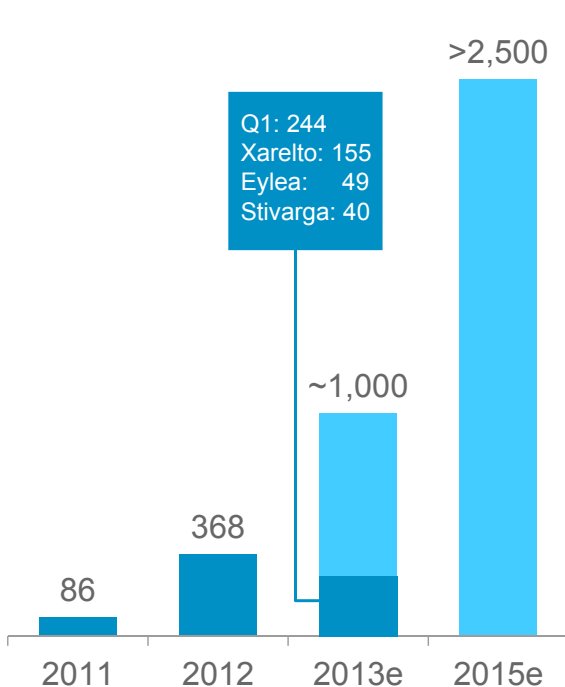
Pharma: Sales Growth Acceleration Driven by New Products & Emerging Markets

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Pharma – New Products Drive Growth and Rejuvenate Portfolio



Sales from new Pharma pipeline in €m



- Strong launch execution, targeting ~€600m sales in 2013



- Roll-out in wAMD underway, approval in CRVO 2H 2013e



- Launched in US, approved in Japan, CHMP opinion 1H 2013e



- Approved in the US, filed in EU (Dec. 2012)



- Submitted for PAH and CTEPH (Feb. 2013), priority review in the US

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CTEPH: chronic thromboembolic pulmonary hypertension; CRVO: central retinal vein occlusion; PAH: pulmonary arterial hypertension; wAMD: wet age-related macular degeneration

Xarelto – Development in Selected Markets



Status as of end of April 2013



Germany: most successful launch ever in the cardiovascular market; market share¹ at ~34% (dabigatran ~11%)



Japan: 2-week prescription limitation lifted end of April 2013; market share² at ~12%



France: Xarelto maintained leadership over dabigatran; market share¹ increased to ~15% (dabigatran ~14%)



Brazil: successful launch; market share³ ~35% (dabigatran ~19%); Xarelto with 45% new patients and 55% switchers

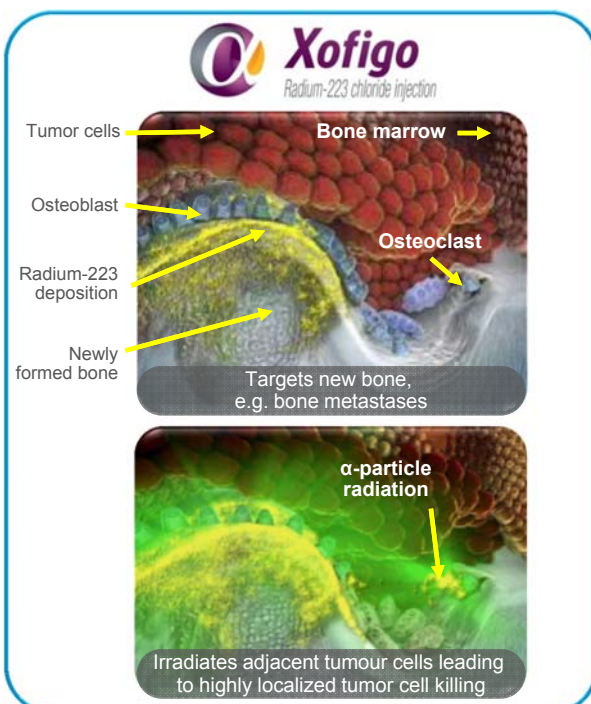


Switzerland: excellent launch performance, making Xarelto the No. 1 in the retail market for anticoagulants; market share at ~34%



US⁴: steady uptake; NBRx share in oral anticoagulation market at 32% (dabigatran 6%, apixaban 4%)

Xofigo – A New Treatment for CRPC Patients with Bone Metastases



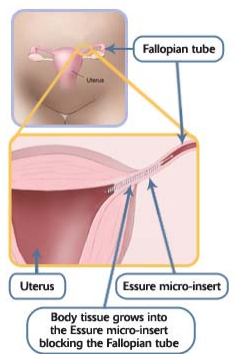
- ~900,000 men diagnosed worldwide, up to 90% have radiological evidence of bone metastases¹
- First in class alpha-pharmaceutical delivering high energy, short ranging alpha-particles
- Xofigo demonstrated 44% improvement in overall survival in phase III trial
 - Results supported by a delay in time to first skeletal-related event
- Xofigo approved in the US for CRPC 3 months ahead of PDUFA target date
 - Broad label reflecting clinical results
 - Price: \$69,000 per therapy (6 injections)
- Submitted for CRPC in Europe

Global peak sales potential ≥ €1bn

Strengthening Women's Health Business – Bayer to Acquire Conceptus, Inc.



- Bayer launched a public tender offer to acquire all shares in Conceptus for \$31 per share, valuing Conceptus at ~\$1.1bn
- Closing is subject to customary conditions and expected mid 2013
- Conceptus is a US based company developing the Essure[®] procedure
- Significant synergies expected from leveraging existing business power



- Essure[®] is the leading non-surgical permanent birth control method
- Insertion of the device requires no surgery
- Essure[®] procedure is 99.8% effective based on five years of follow up
- Over 700,000 women worldwide have undergone the procedure

#1

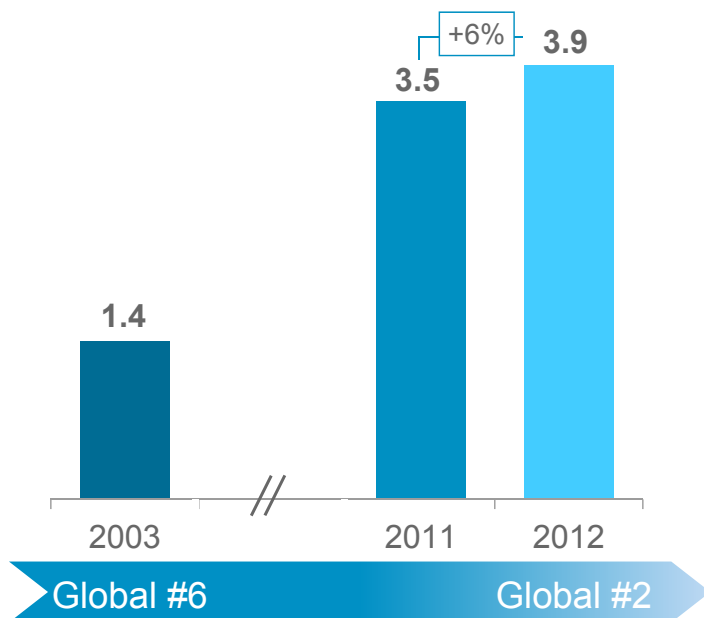
Aspire to Become the Leading OTC Company

Consumer Care – Aspire to Become the World-Leading OTC Company



In € billion, Δ% yoy Fx adjusted

Sales Development*



- Built global #2 position through combination of organic growth and targeted acquisitions
- Track record of performance – continued to gain share in 2012
- Product portfolio of some of the world's most recognized brands
- Further growth opportunities in selected emerging markets

Brand Equity Can Last Forever



Δ% yoy Fx adjusted

Brands	Years Old	Sales 2012 (in €m)	Δ y-o-y
ASPIRIN [®]	113	970*	+6%
Alka-Seltzer	81	100	+8%
Redoxon	78	101	+8%
ONE A DAY	69	196	+4%
Bepanthen [®]	68	269	+14%

Innovation at OTC – New Product Development with Aspirin



Strengthening Our OTC Business – Bayer to Acquire Steigerwald GmbH



- Bayer launched an offer to acquire Steigerwald Arzneimittelwerk GmbH, with closing expected at the beginning of July 2013*
- Steigerwald generated net sales of €61.3m in 2012 (~90% in Germany)
- Steigerwald produces herbal drugs, its 2 core brands make ~90% of sales
- Significant sales synergies expected due to our complementary CC business

Iberogast®

- For the treatment of functional dyspepsia & irritable bowel syndrome
- Tried and trusted by more than 20 million patients
- #8 OTC product in Germany



Laif®

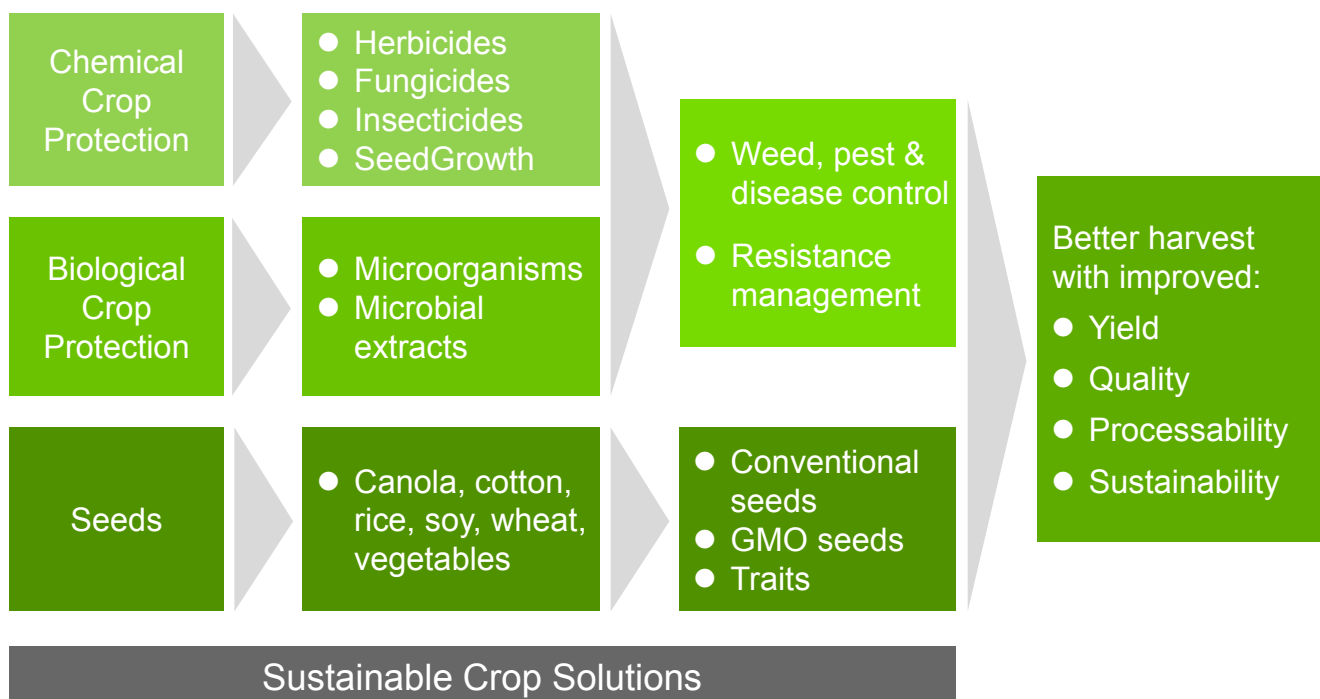
- St John's wort based medicine for treatment of depression
- At least the same efficacy as the chemically defined standard treatments
- Strong position in its indication



6% 2012 CAGR 2015e

CropScience: Targeting Above Market Growth at Benchmark Profitability

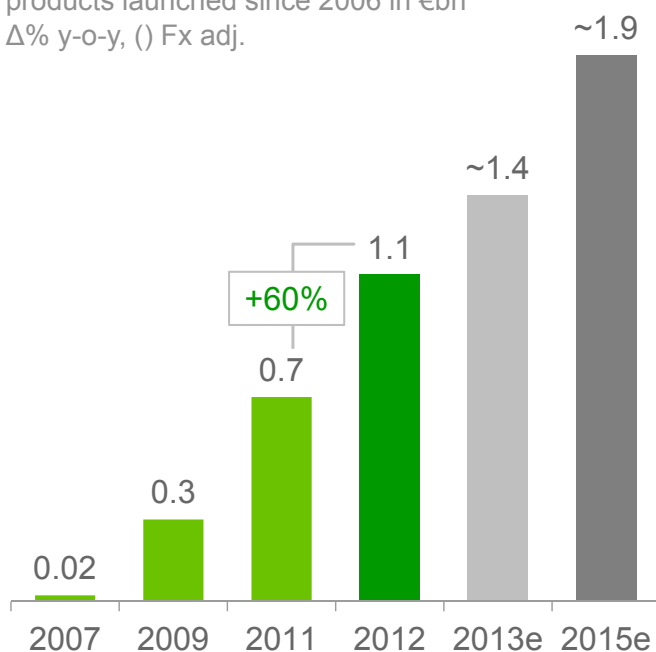
Leading the Way in Sustainable Crop Solutions



CropScience – Translate R&D Effectively into New Product Sales



Sales from new Crop Protection products launched since 2006 in €bn
 Δ% y-o-y, () Fx adj.



2012 Highlights

- Xpro (+61%) - New cereal fungicide with yield-boosting effect
- Adengo herbicide family (+85%) - Excellent weed control in corn and cereals, also in case of glyphosate resistance
- Belt (+54%) - Broad-spectrum insecticide with fast and long-lasting action
- Launch of Luna fungicide in the US
- First launch of new SeedGrowth family EverGol/Emesto in Canada

Bolt-on Acquisitions to Strengthen CropScience Portfolio



		Region	Technology	Product / Portf.
Biologics	● AgraQuest (07/12) ~€375m	> 30 countries	Biologics	Fungicides Insecticides
	● Prophyta (01/13) €25m (provisional)	Germany	Biologics	Fungicides Nematicides
Seeds	● Wehrtec, Wehrmann (03/13) €37m + milestones	Brazil	Seeds Germplasm	Soybean
	● Abbott & Cobb (07/12) ~€43m	US	Seeds	Watermelon Melon
	● Hornbeck (04/11) €30m	US	Seeds, Breeding Germplasm	Soybean
	● Raps GbR (10/11) €26m	Europe	Seeds, Breeding	Oilseed rape

CFROI ↑

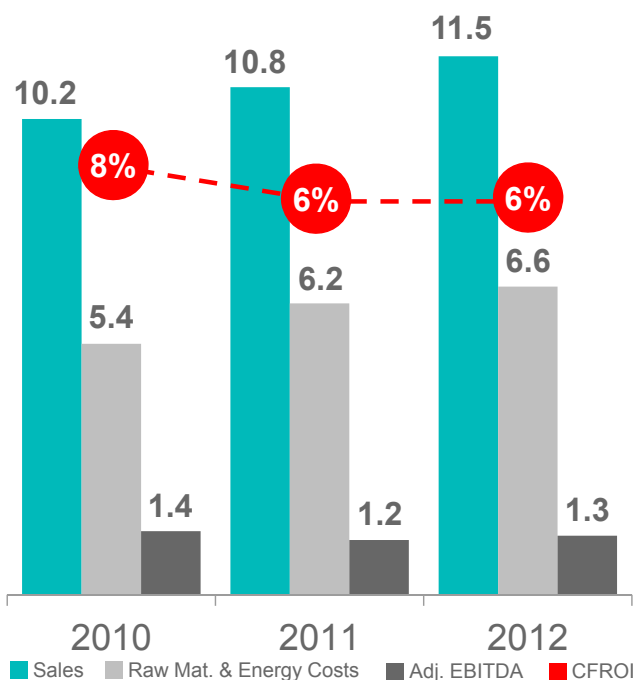
MaterialScience: Aspire to Earn a Premium Over Cost of Capital by 2015

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Selling Price Increases & Savings Not Sufficient to Protect Earnings



In € bn



- Market growth trends intact, key products with mid-single digit volume growth
- High raw material prices and significant capacity additions led to global overcapacities and margin pressure
- Going forward demand & supply balance expected to improve
- Anticipated margin improvement supported by fresh savings from new efficiency initiative

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Profitability Improvement Through New Efficiency Initiative Until 2015



- New efficiency initiative improves cost structure and increases adjusted EBITDA margin by 150bp
- Initiative comprises more than 100 measures across the entire value chain

Examples	
Business Units	<ul style="list-style-type: none">● Consolidation of system houses● Pricing excellence programs
Organization	<ul style="list-style-type: none">● Optimization of regional structures (e.g. Canada & US)
Production	<ul style="list-style-type: none">● Further initiatives to improve asset productivity (e.g. maintenance schedules, engineering setup)
Supply Chain	<ul style="list-style-type: none">● Optimization of logistics services
Selling & Administration	<ul style="list-style-type: none">● Further reduce costs by leveraging established global ERP platform and standardized processes

150 years

... and Optimistic for Future Developments

Solid Start to 2013 – Track Record of Performance Expected to Continue



- Business performance predominantly driven by HealthCare and CropScience contributing 70% of sales and 85% of earnings
- Significant new product opportunities at our Life-Science businesses
- Continued strong emerging markets business momentum
- Full-year 2013 group outlook projects higher sales and earnings
- Aspire to grow HealthCare and CropScience by 6% CAGR until 2015



Appendix

HealthCare – Building Growth Momentum, Improving Margins



Sales Δ Fx & portf. adjusted, margin = EBITDA before special items to sales

Priority	2012	Target 2013*	Aspiration 2015
<ul style="list-style-type: none"> HealthCare: Accelerate sales growth 	€18.6bn	mid-single-digit % to ~€19bn	CAGR ~6% towards €22bn
<ul style="list-style-type: none"> Pharma: Successfully commercialize new products and realize emerging markets (EM) opportunity <ul style="list-style-type: none"> New product sales¹ EM growth 	€10.8bn	mid-single-digit % to ~€11bn	CAGR ~7% towards €13bn
<ul style="list-style-type: none"> Consumer Health: Aspire to become #1 OTC company 	€368m 7.3%	~€1bn high-single digit %	>€2.5bn high-single digit %
<ul style="list-style-type: none"> HealthCare: Improve margins <ul style="list-style-type: none"> Pharma Consumer Health 	€7.8bn	mid-single-digit % to ~€8bn	~€9bn
	27.5%	slightly up	towards 29%
	29.9%	slightly up	≥31%
	24.2%	at level	~25%

¹ Xarelto, Eylea, Stivarga, Radium-223 dichloride and Riociguat; subject to regulatory approval

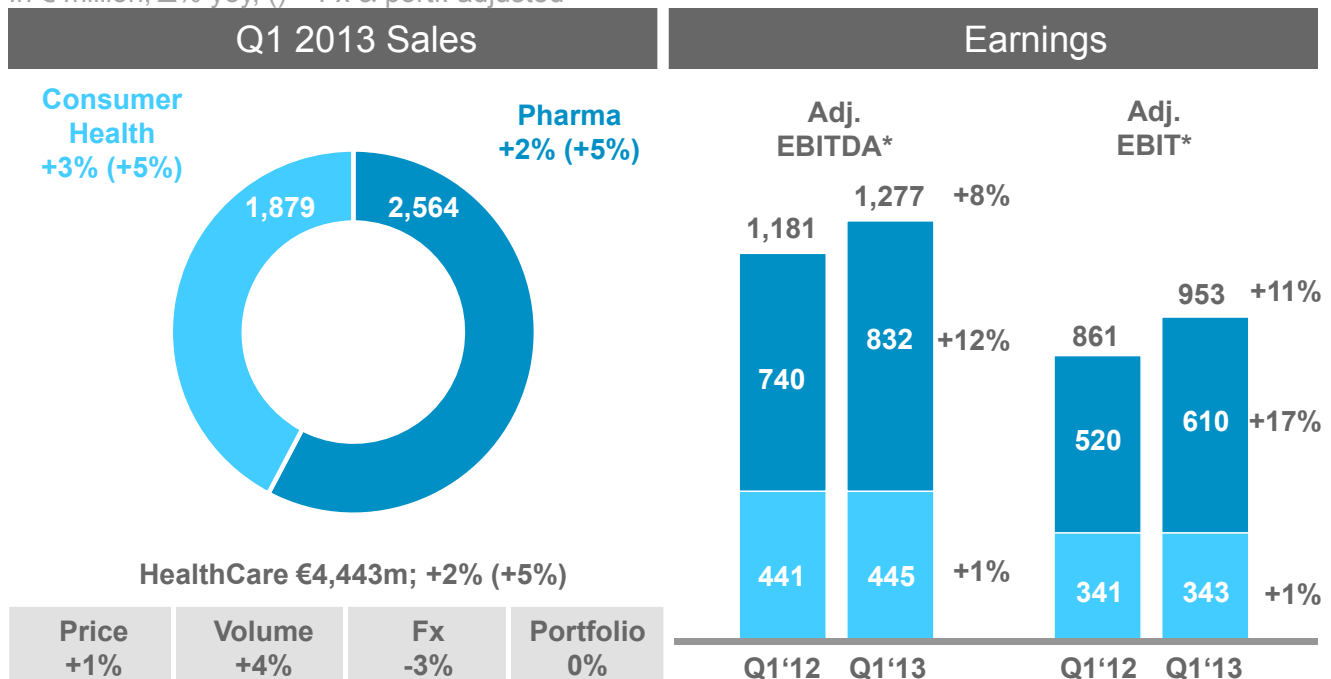
*Assuming Fx rate of \$1.29 per €

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

Q1 2013 – HealthCare: New Products and Consumer Care Drive Growth



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



*before special items

CropScience – Above Market Growth at Benchmark Profitability



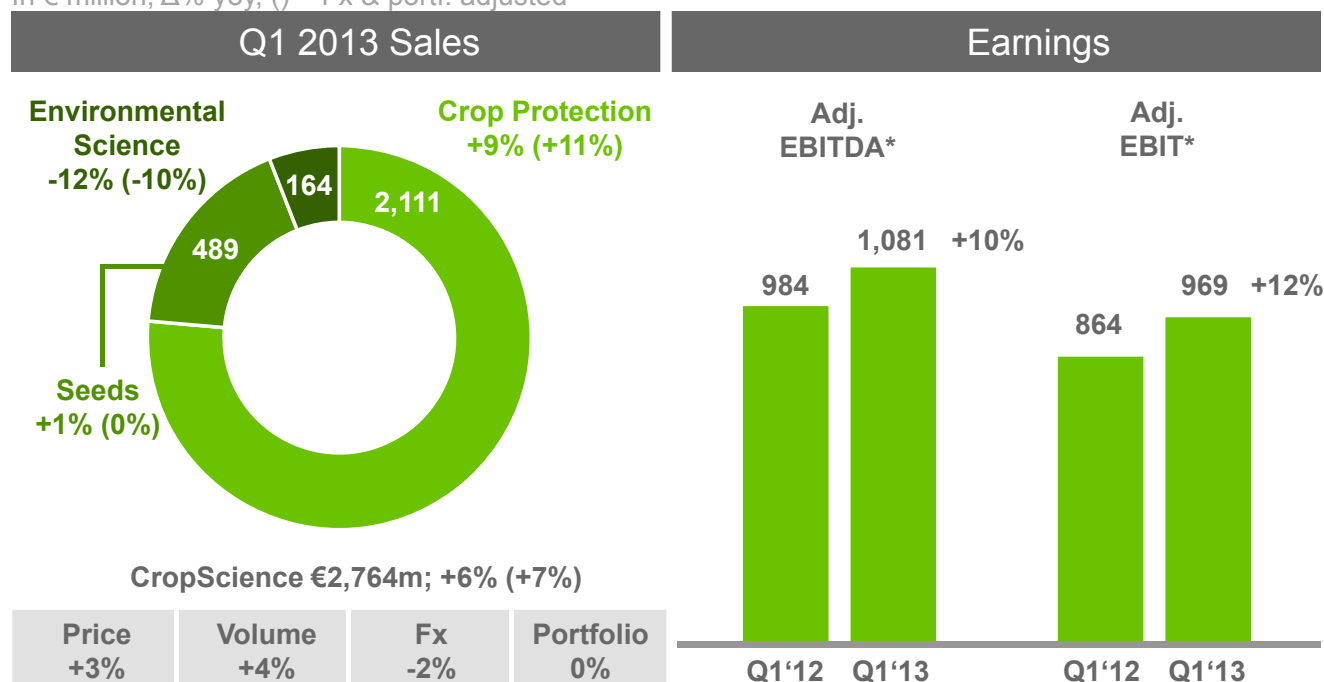
Sales Δ Fx & portf. adjusted, margin = EBITDA before special items to sales

Priority	2012	Target 2013*	Aspiration 2015
• Above-market sales growth	+12.4% to €8.4bn	high-single digit % towards €9bn	CAGR ~6% towards €10bn
• Translate R&D effectively into new product sales (CP products launched since 2006)	€1.1bn	~€1.4bn	~€1.9bn
• Extend seeds footprint	+14%	double-digit % growth	double-digit % growth p.a.
• Maintain industry leading profitability level	24.2%	slight improvement	~24%

Q1 2013 – CropScience: Continuously Strong In Favorable Market Environment



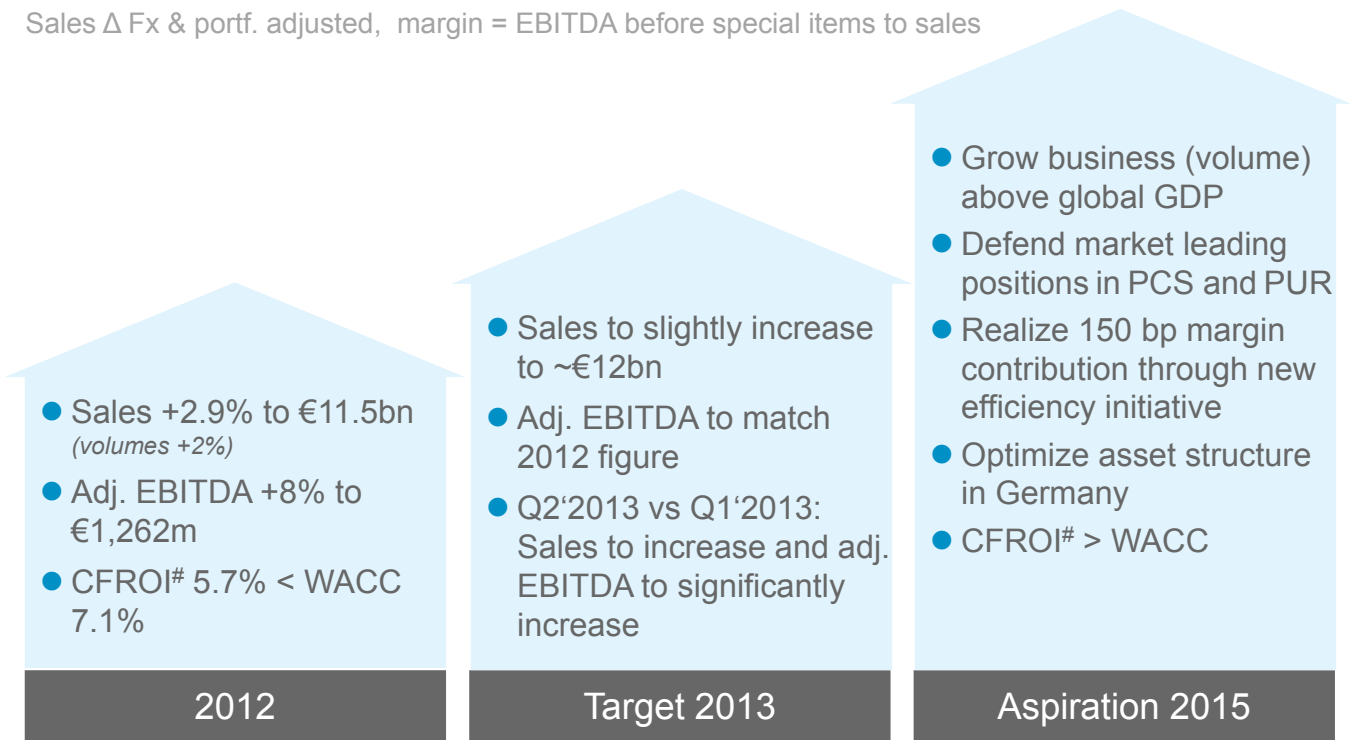
In € million, $\Delta\%$ yoy, () = Fx & portf. adjusted



MaterialScience – Higher Asset Utilization & Efficiency Measures Are Driving Performance



Sales Δ Fx & portf. adjusted, margin = EBITDA before special items to sales



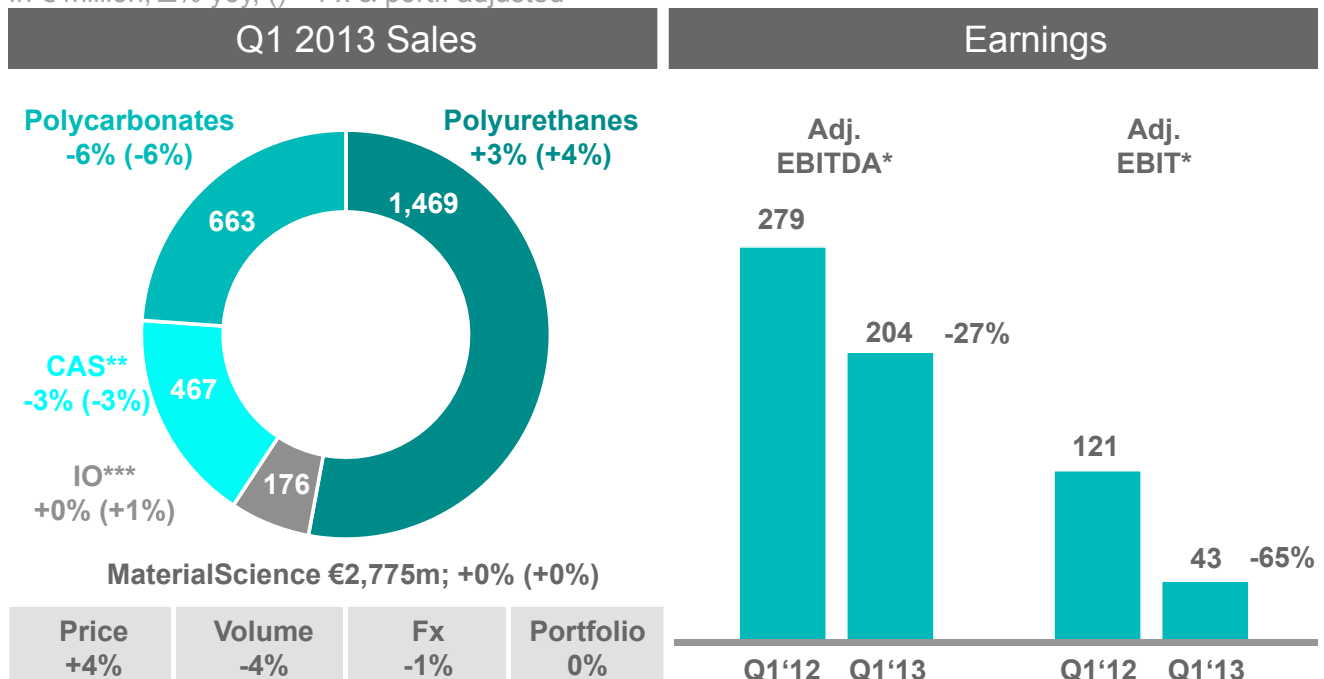
*Assuming Fx rate of \$1.29 per €
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Outlook depends on specific planning assumptions as detailed in the Annual Report

Q1 2013 – MaterialScience: Cost Pressure Prevented A Better Performance



In € million, $\Delta\%$ yoy, () = Fx & portf. adjusted

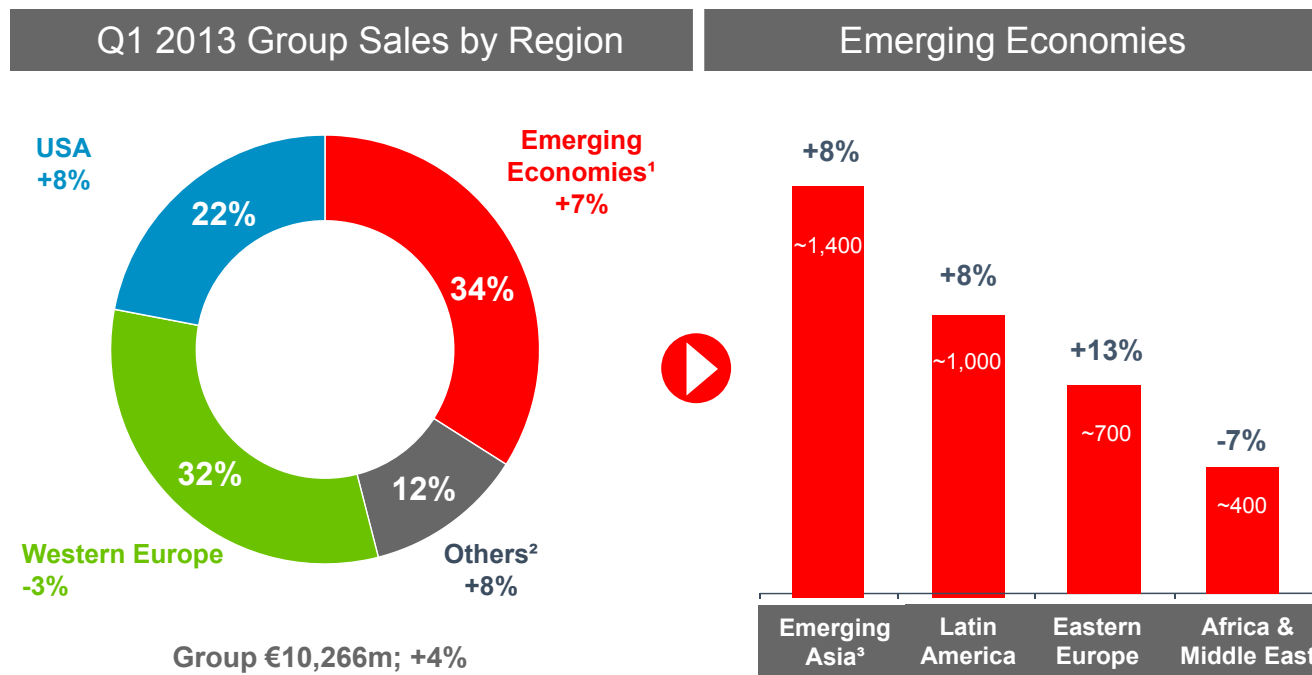


*before special items **CAS: Coatings, Adhesives, Specialties *** IO: Industrial Operations

Q1 2013 – Regional Performance: Growth Led by USA and Emerging Economies



In € million, Δ% yoy Fx adjusted

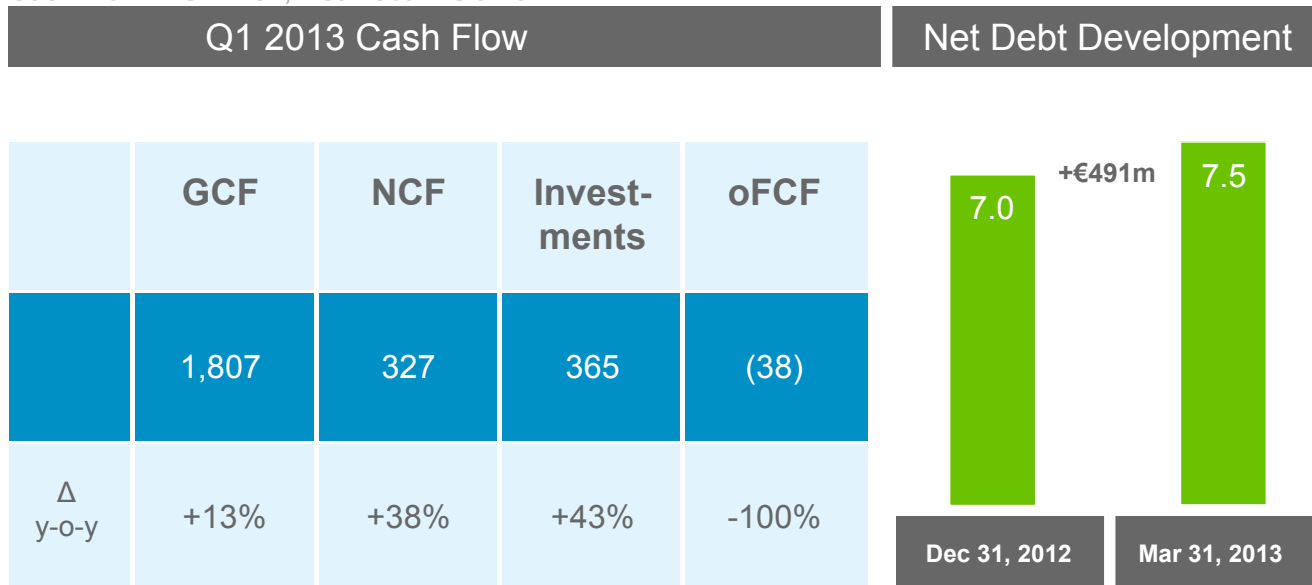


¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe
² Others = Japan, Australia, New Zealand, Canada
³ Emerging Asia = Asia w/o Japan, Australia, New Zealand

Q1 2013 – Cash Flow And Net Debt Development



Cash Flow in € million, Net Debt in € billion





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Date	Event	Publication
Tuesday, June 11, 2013	Meet Management in New York	Investor Conference
Wednesday, July 31, 2013	Investor Conference Call	Second Quarter 2013 Results Stockholders' Newsletter
Thursday, October 31, 2013	Investor Conference Call	Third Quarter 2013 Results Stockholders' Newsletter
Friday, February 28, 2014	Investor Conference Call	2013 Annual Report
Monday, April 28, 2014	Investor Conference Call	First Quarter 2014 Results Stockholders' Newsletter
Tuesday, April 29, 2014	Annual General Meeting	



Reporting Events and AGM



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