

150 Years
Science For A Better Life

Investor Conference Call

FY/Q4 2012 Results

February 28, 2013 / Marijn Dekkers, CEO



Disclaimer

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.

2012 Has Been a Very Successful Year For Bayer



- Operationally, a record year driven by strong execution and currency tailwind
- All subgroups contributed to top and bottom line improvement
- 5% organic sales growth to ~€40bn, driven by LifeSciences
- Special charges of €1.7bn, mainly further provisions for litigation resulted in reported EBITDA / net income on prior-year level
- Adj. EBITDA up 9% at €8.3bn, core EPS up 11%, group targets achieved, **proposed DPS of €1.90** up 15% (payout ratio 35.5%)
- Excellent innovation pipeline progress strengthens LifeScience businesses
- Encouraging growth (+7%) in the emerging markets (37% of group sales, up by ~80 basis points)
- Q4 – strong finish to a very successful year
- **Outlook 2013 projects continuing record performance** in anniversary year

4th Quarter 2012 – Strong Finish to a Very Successful Year

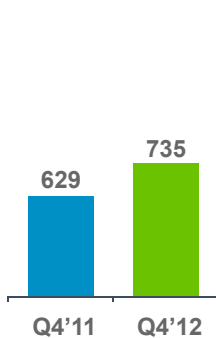


Sales
in € million
% currency & portfolio adj.



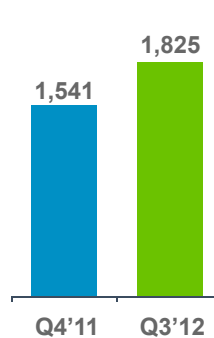
+6%

EBIT
in € million



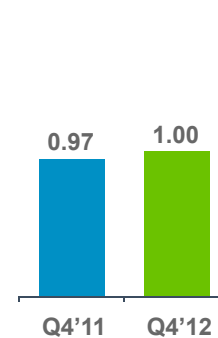
+17%

EBITDA
adjusted*
in € million



+18%

Core EPS
in €

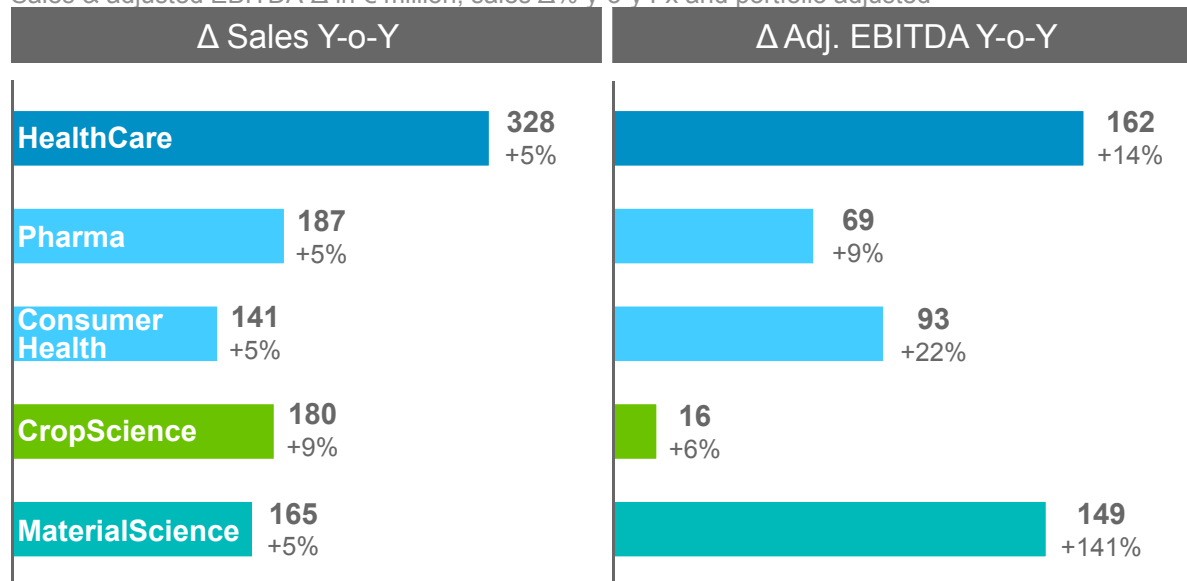


+3%

4th Quarter 2012 – All Subgroups With Higher Sales and Earnings



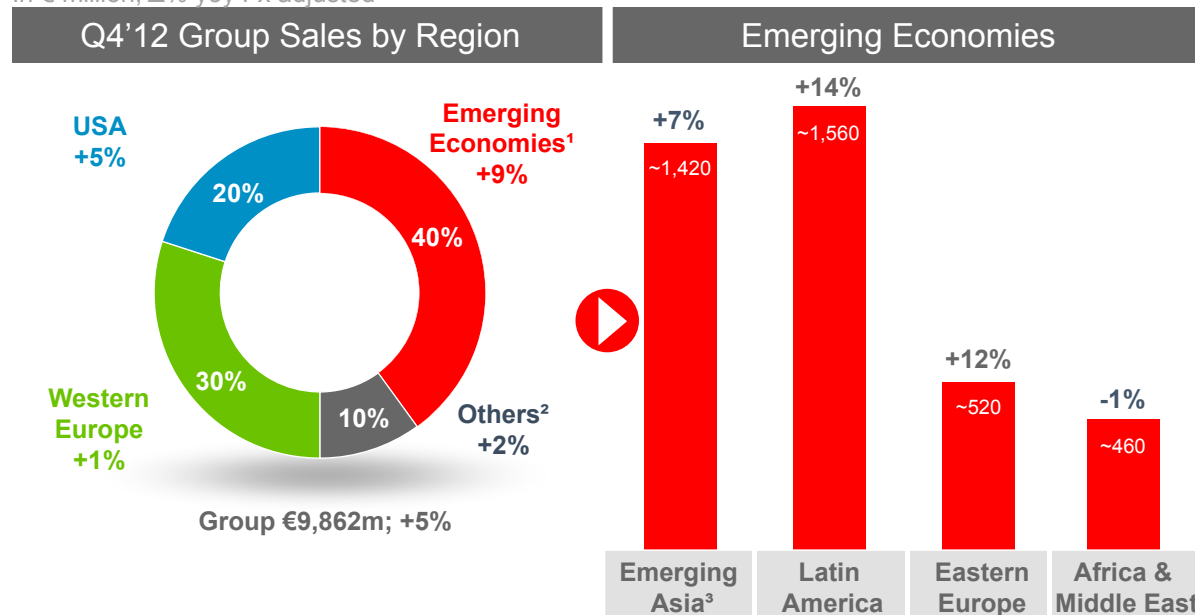
Sales & adjusted EBITDA Δ in € million, sales Δ% y-o-y Fx and portfolio adjusted



4th Quarter 2012 – Performance Driven by 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

² Others = Japan, Australia, New Zealand, Canada

³ Emerging Asia = Asia w/o Japan, Australia, New Zealand

Full Year 2012 – All Targets Achieved



Sales Δ Fx & portf. adjusted, EBITDA before special items

	2012 Outlook original	2012 actual	Δ vs. 2011		Comments
Sales	+~3% or €37bn	€39.8bn	+5%		<ul style="list-style-type: none"> ● Raised to 4-5% or €39-40bn in Q2
adj. EBITDA	slightly improve	€8.3bn	+9%		<ul style="list-style-type: none"> ● Raised to a high-single-digit % increase in Q2
Core EPS	slightly improve	€5.35	+11%		<ul style="list-style-type: none"> ● Raised to ~10% in Q2



2013 – 2015: Aspirations by Subgroup

HealthCare – Building Growth Momentum, Improving Margins



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

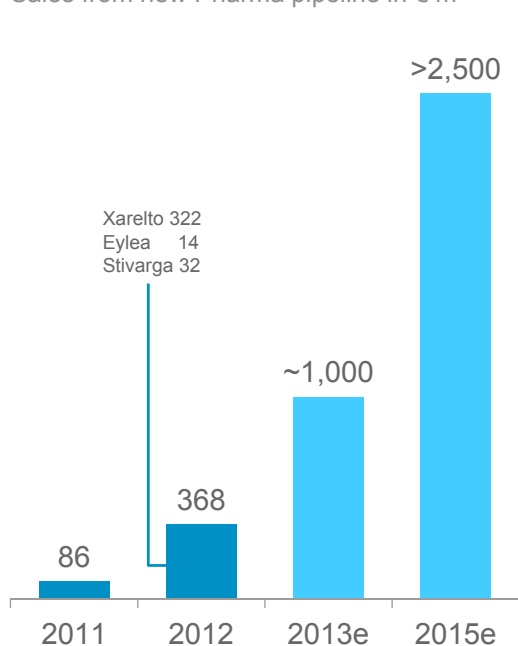
Priority	2012	Target 2013*	Aspiration 2015
<ul style="list-style-type: none"> HealthCare: Accelerate sales growth 	€18.6bn	mid-single-digit % to ~€19bn	CAGR ~6% towards €22bn
<ul style="list-style-type: none"> Pharma: Successfully commercialize new products and realize emerging markets (EM) opportunity <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 	€7.8bn	mid-single-digit % to ~€8bn	~€9bn
<ul style="list-style-type: none"> HealthCare: Improve margins <ul style="list-style-type: none"> Pharma Consumer Health 	27.2% 29.6% 23.9%	slightly up slightly up at level	towards 29% ≥31% ~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

Pharma – New Products Drive Growth and Rejuvenate Portfolio



Sales from new Pharma pipeline in € m



- Successful launch, 2012 sales above target – important countries with outstanding uptake, disappointing so far in Japan



- Encouraging early feedback on first launches



- Positive early indications on commercial launch in the US, approved for GIST in the US, CHMP opinion expected 1H 2013

Radium-223- Dichloride

- Submitted for treating bone metastases in patients with CRPC (Dec. 2012)



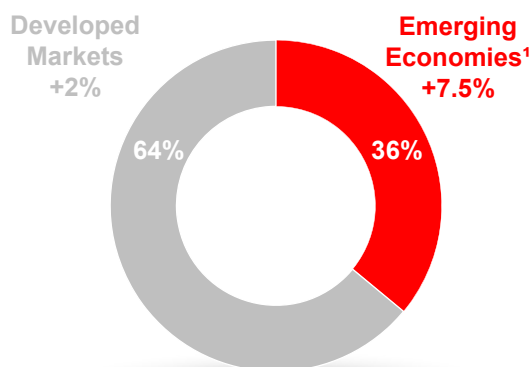
- Submitted for PAH and CTEPH (Feb. 2013)

Pharma Aspiration – Targeting High-Single Digit Emerging Market Growth



In € million, Δ% yoy Fx adjusted

2012 Pharma Sales by Region



Total €10,803m; +4%

Highlights Emerging Economies

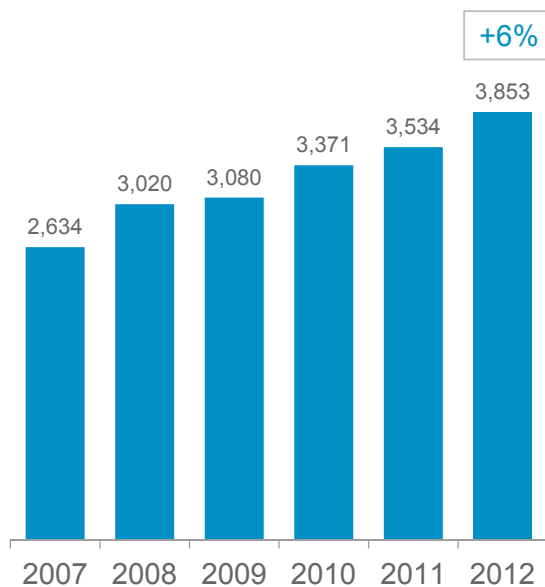
- Portfolio of established brands and innovative medicines further expanding
- Sales CAGR of 11% in EM for the last 5 years
- Women's Health business growing 8%
- PR China sales above €1bn, up 23%

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

Consumer Health – Aspire to Become #1 OTC Company



Sales Consumer Care in € million; Δ% Fx & portfolio adj.



Product Highlights 2012

ASPIRIN^{**} €494m (+1%)

ALEVE €323 (+5%)

Bepanthen^{*} €269 (+14%)

Canesten^{*} €250 (+8%)

ONE A DAY €196 (+4%)

* Only Aspirin CC

CropScience – Above Market Growth at Benchmark Profitability



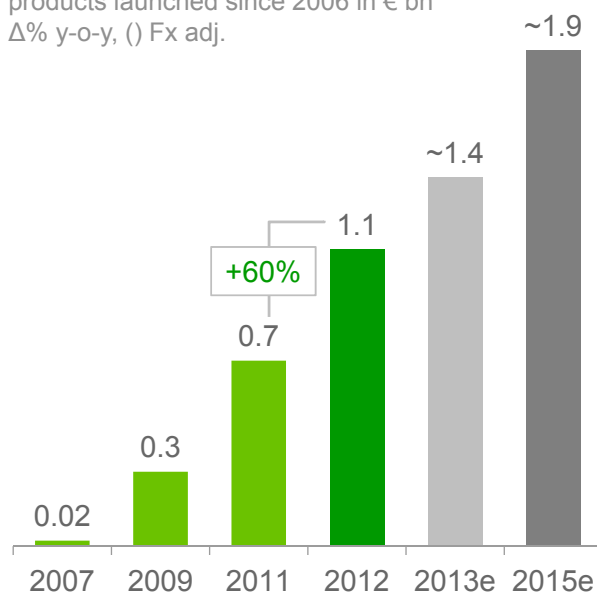
Sales Δ Fx & portf. adjusted, margin = EBITDA before special items to sales

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	24.0%	slight improvement	~24%

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.



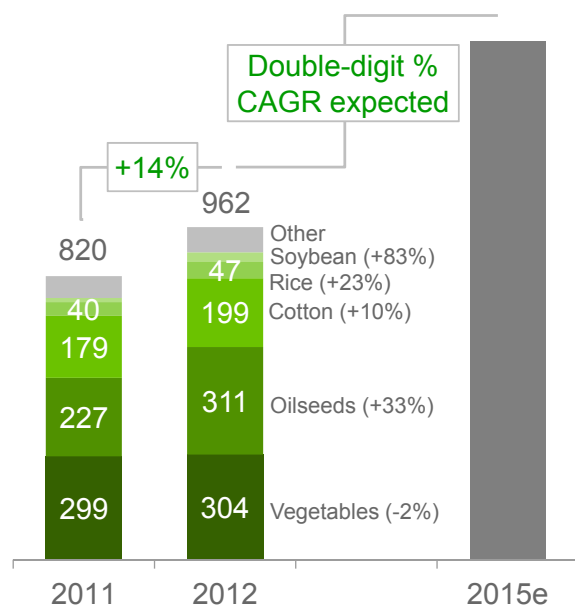
2012 Highlights

- Xpro (+61%) - New cereal fungicide with yield-boosting effect
- Adengo family (+85%) - Excellent weed control in corn and cereal crops, 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

Seeds – Double-Digit Growth in All Our Broad-Acre Crops in 2012



Sales in € million; Δ% y-o-y, () Fx & portfolio adj.



2012 Highlights

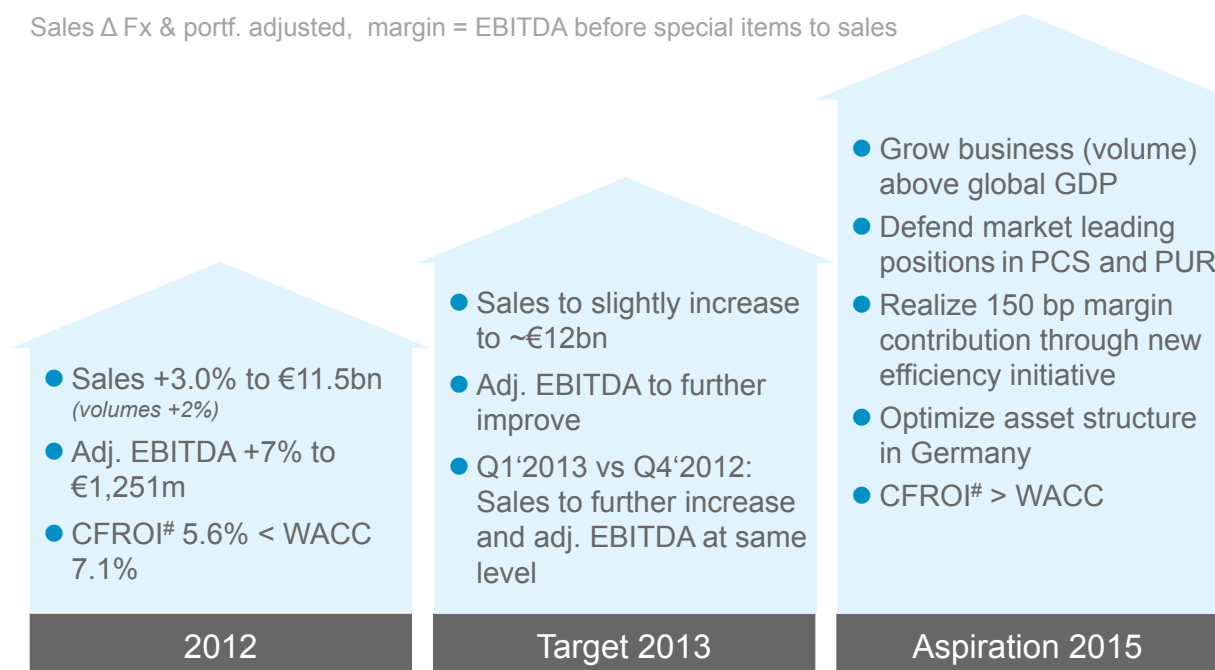
- High demand for InVigor in Canada; launch of conventional oilseed rape in Europe
- Expansion of cotton seed business driven by US and Brazil
- Growing rice seed business in Asia (esp. India)
- About 70 new vegetable seed varieties launched
- Successful launch of Bayer soybean seed in the US
- Build-up of global wheat seed business continued with new research cooperations

Page 15 • FY/Q4 2012 Investor Conference Call • Marijn Dekkers

MaterialScience – Higher Asset Utilization & Efficiency Measures Are Driving Performance



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



Page 16 • FY/Q4 2012 Investor Conference Call • Marijn Dekkers

*Assuming Fx rate of \$1.29 per €

#after reproduction

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



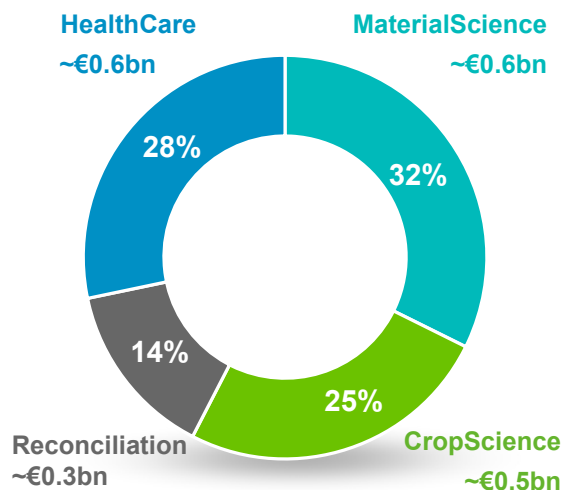
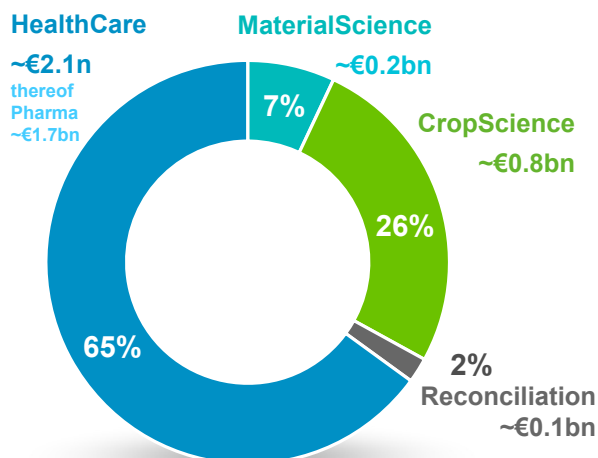
Group Outlook

Full Year 2013 – R&D And CapEx Budgets



R&D 2013e: ~€3.2bn (+7%)

CapEx (PPE) 2013e: ~€1.9bn (+24%)



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	€39.8bn	+5%	▶	+4-5% to ~€41bn*
adj. EBITDA	€8.3bn	+9%	▶	mid-single-digit % increase
Core EPS	€5.35	+11%	▶	high-single-digit % increase



150 Years
Science For A Better Life

Investor Conference Call FY/Q4 2012 Results

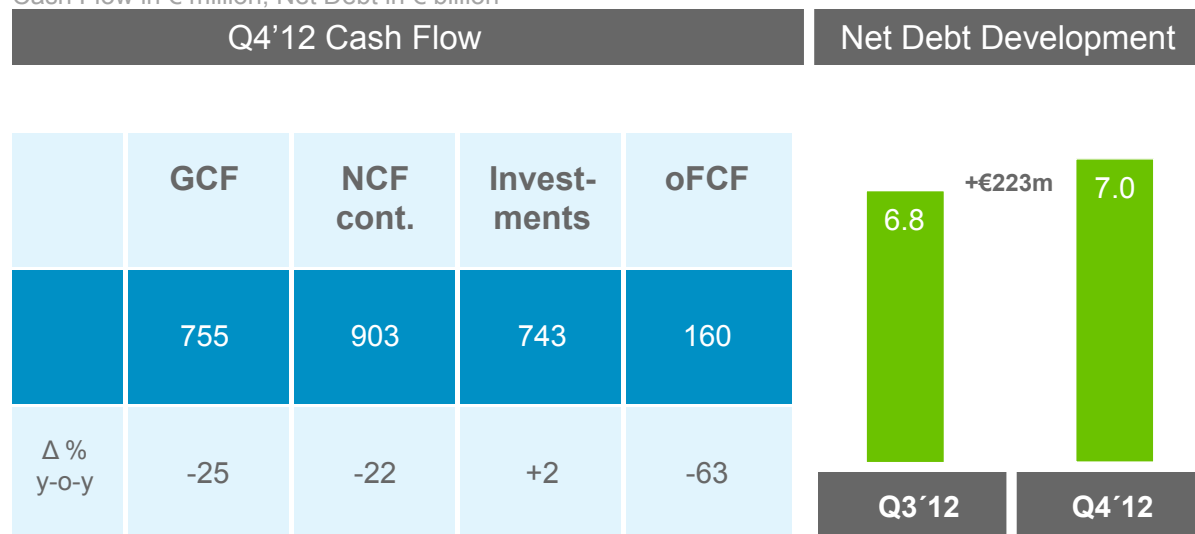
February 28, 2013 / Marijn Dekkers, CEO



Appendix

Q4'2012 – Cash Flow and Net Debt Development

Cash Flow in € million, Net Debt in € billion

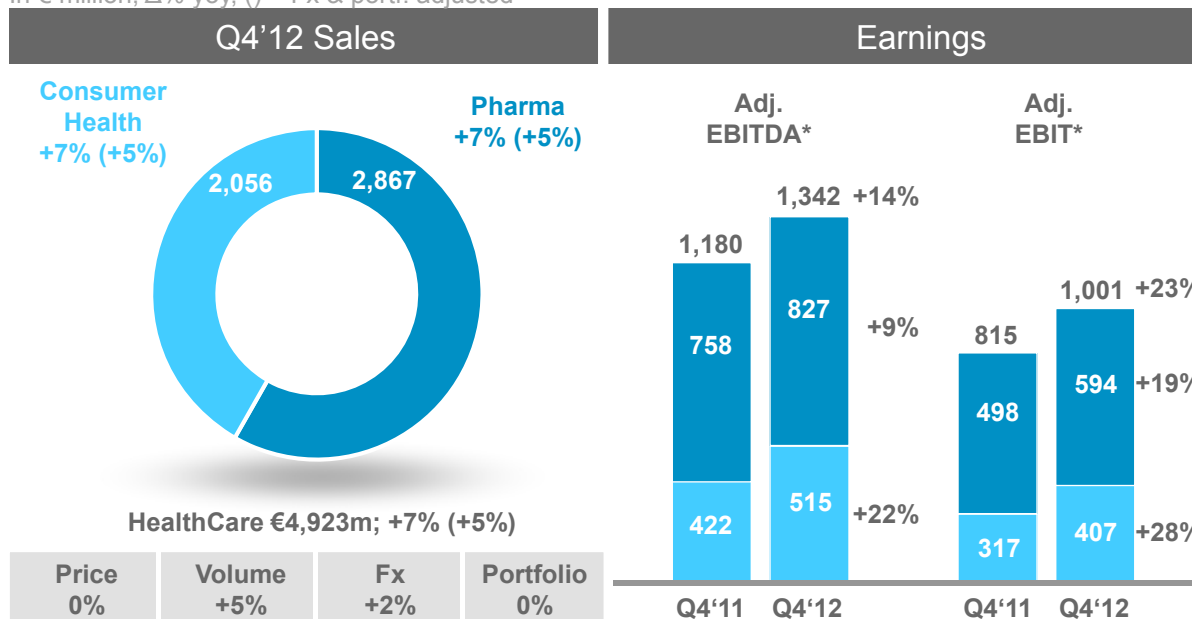


- Net debt increase of €1bn due to pension funding, partly offset by positive cash generation

Q4'2012 – HealthCare



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

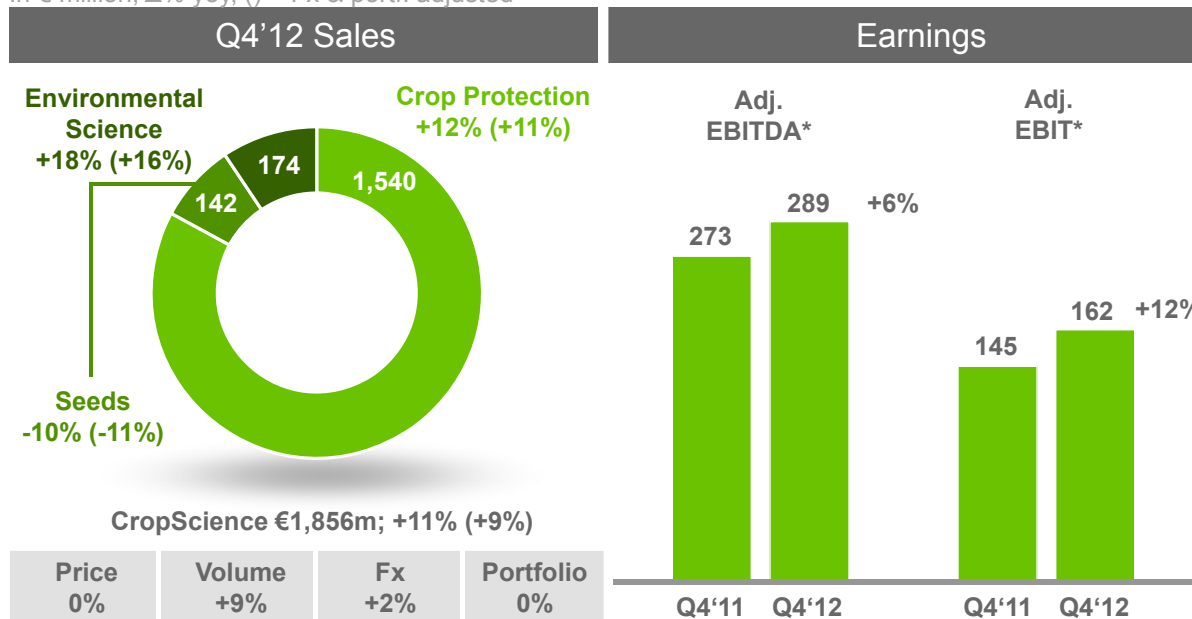


*before special items

Q4'2012 – CropScience



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

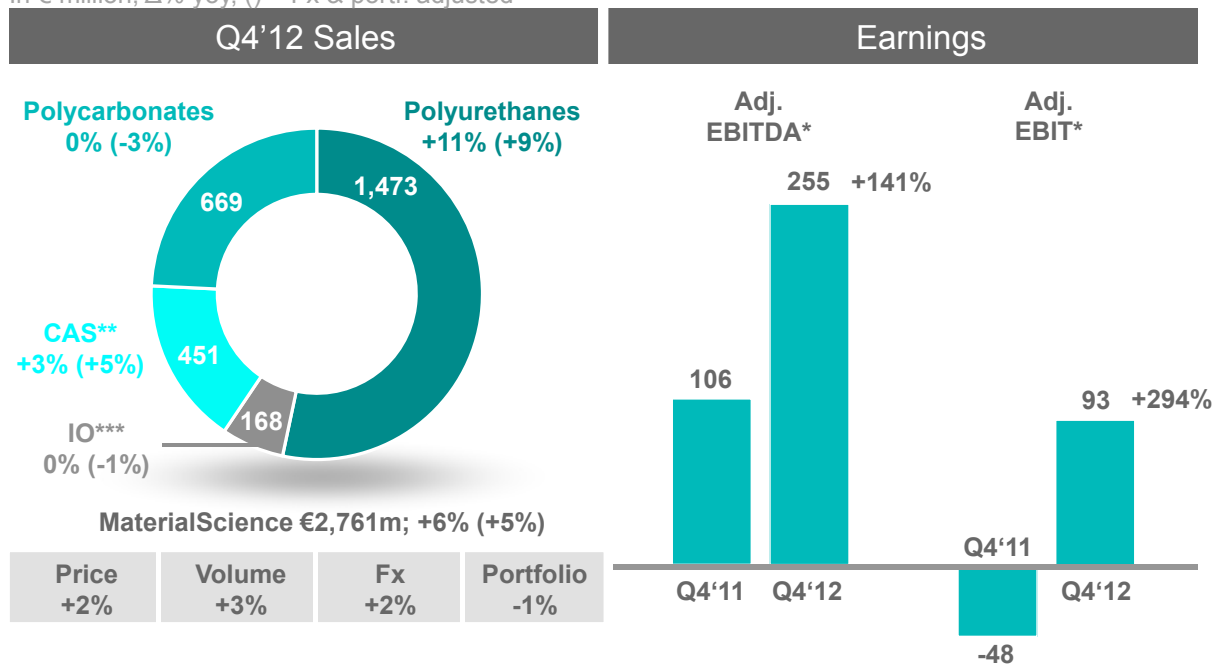


*before special items

Q4'2012 – MaterialScience



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

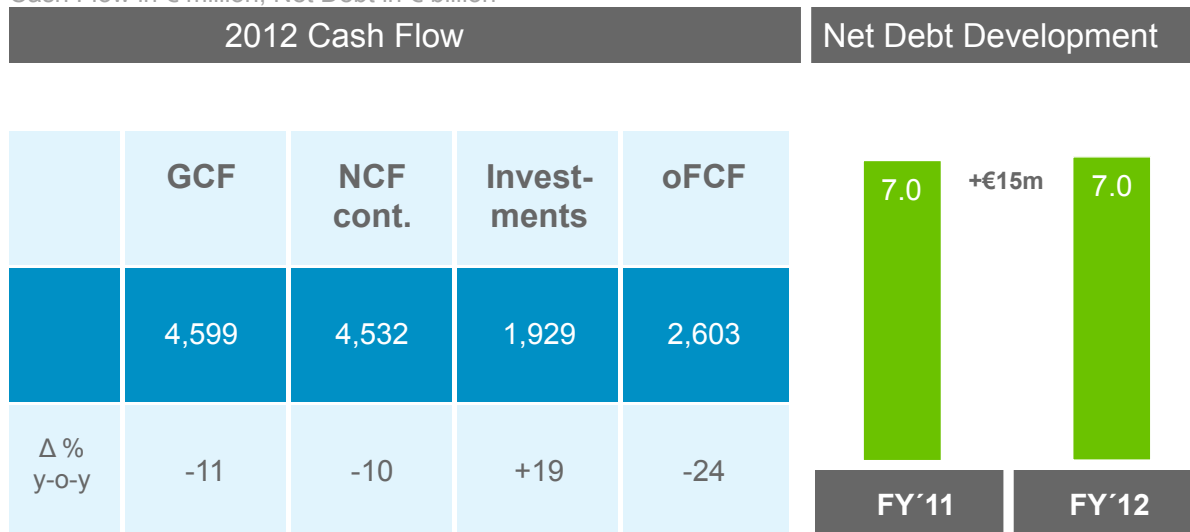


*before special items
**CAS: Coatings, Adhesives, Specialties
*** IO: Industrial Operations

FY'2012 – Cash Flow and Net Debt Development



Cash Flow in € million, Net Debt in € billion

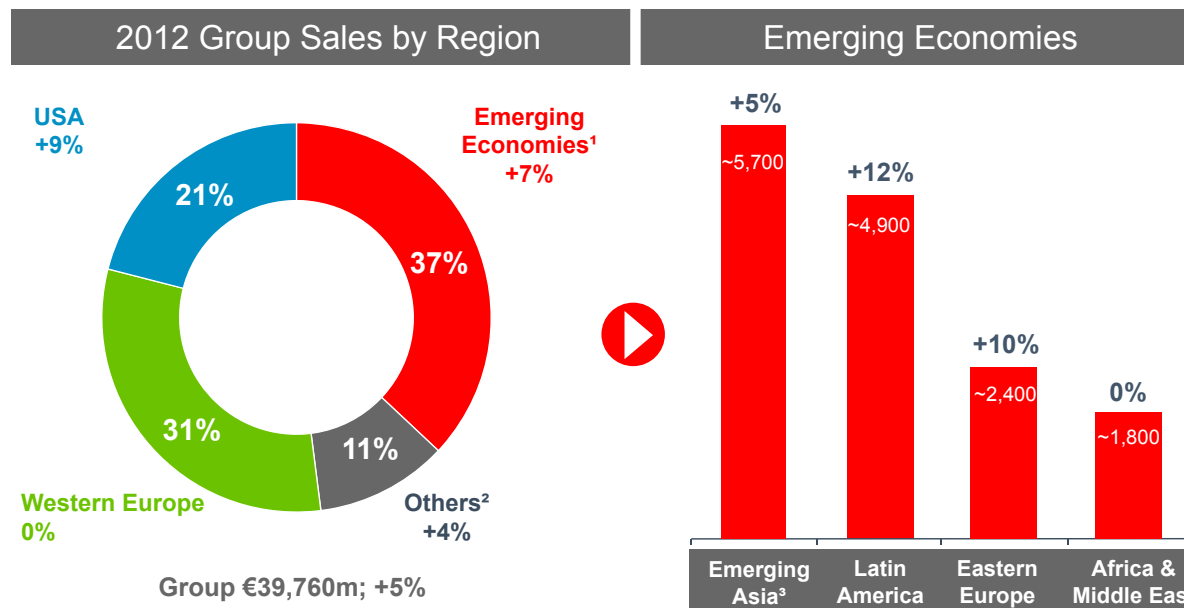


- Net debt constant, despite €1bn pension funding in Q4'2012

FY'2012 – Regional Performance



In € million, Δ% yoy Fx adjusted

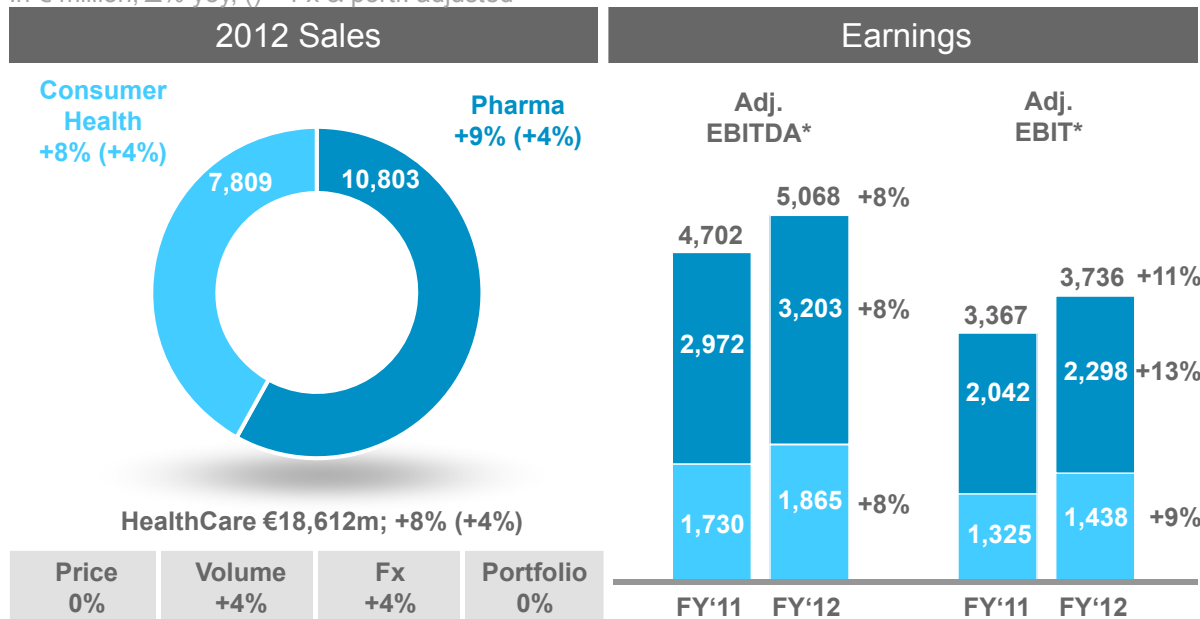


¹ Emerging economies include: Latin America, Asia w/o Japan, Australia, New Zealand, Africa and Middle East incl. Turkey, Eastern Europe
² Others = Japan, Australia, New Zealand, Canada
³ Emerging Asia = Asia w/o Japan, Australia, New Zealand

FY'2012 – HealthCare



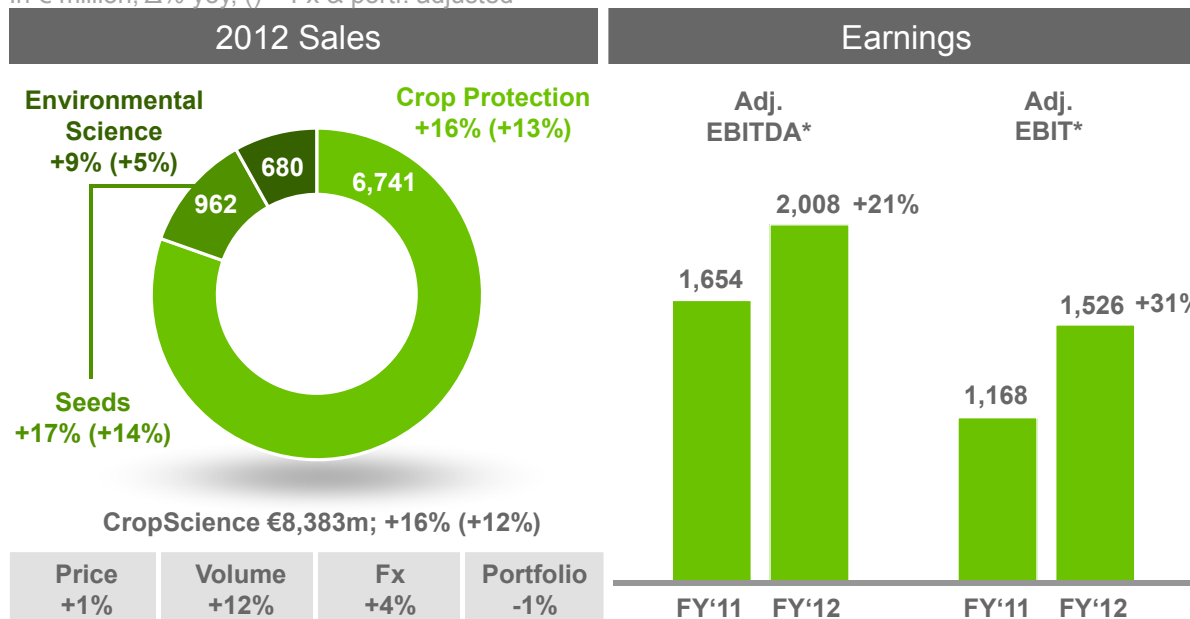
In € million, Δ% yoy, () = Fx & portf. adjusted



FY'2012 – CropScience



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

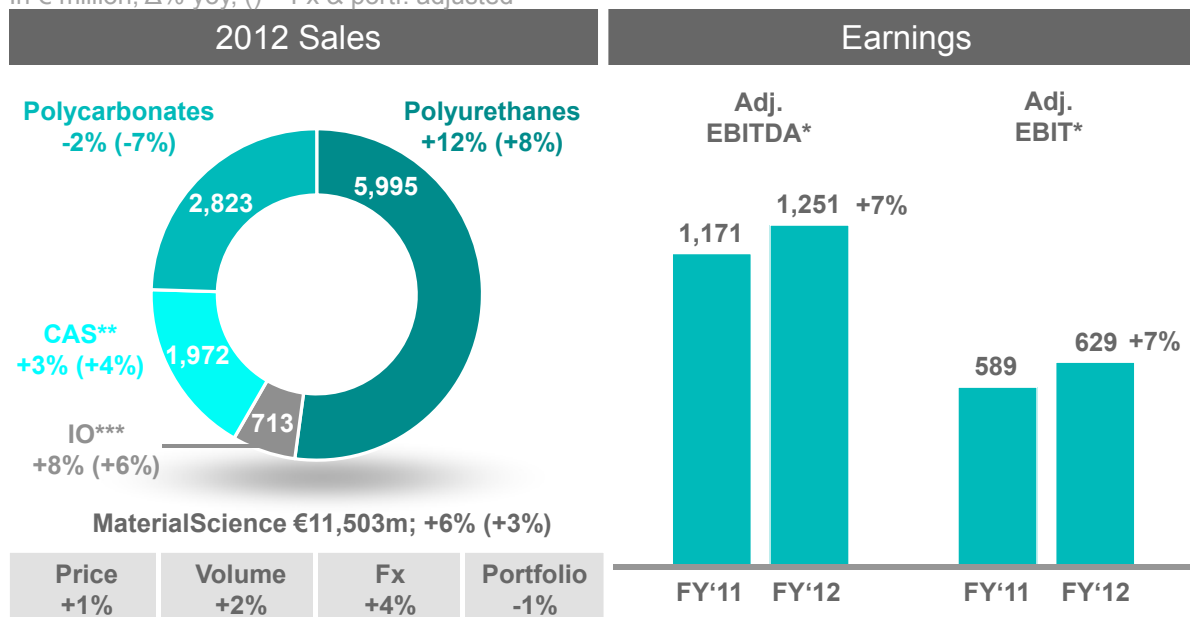


*before special items

FY'2012 – MaterialScience



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



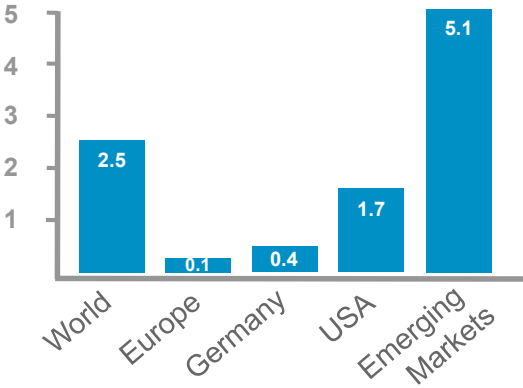
*before special items
**CAS: Coatings, Adhesives, Specialties
*** IO: Industrial Operations

MaterialScience – Planning Assumptions 2013



Global Economic GDP Outlook

GDP growth % prev. year



Key Customer Industries Outlook

Sales by industry 2012 and expected 2013 growth

