



Science For A Better Life



Investor Conference Call

FY/Q4 2008 Results

Werner Wenning, CEO

March 3 | 2009

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.



It is now that a long-term perspective counts

- We delivered record performance and achieved our 2008 earnings targets
- We reiterate our successful strategy but, for the time being, prefer to execute with more caution
- We will implement all necessary measures without jeopardizing the long-term sustainability of the business
- We are relatively confident for 2009, but see a higher degree of uncertainty than usual
- We want to continue our open and honest dialogue and invite you to attend our Meet Management Conference on June 2nd/3rd

Q4 2008 – A HealthCare-Driven Quarter

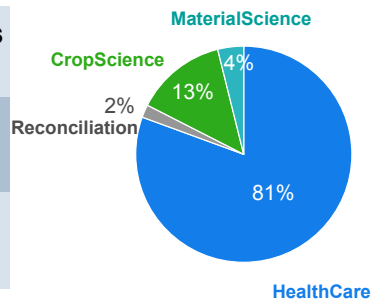


Key Figures

Underlying EBITDA by Subgroup

In € million, Δ% y-o-y

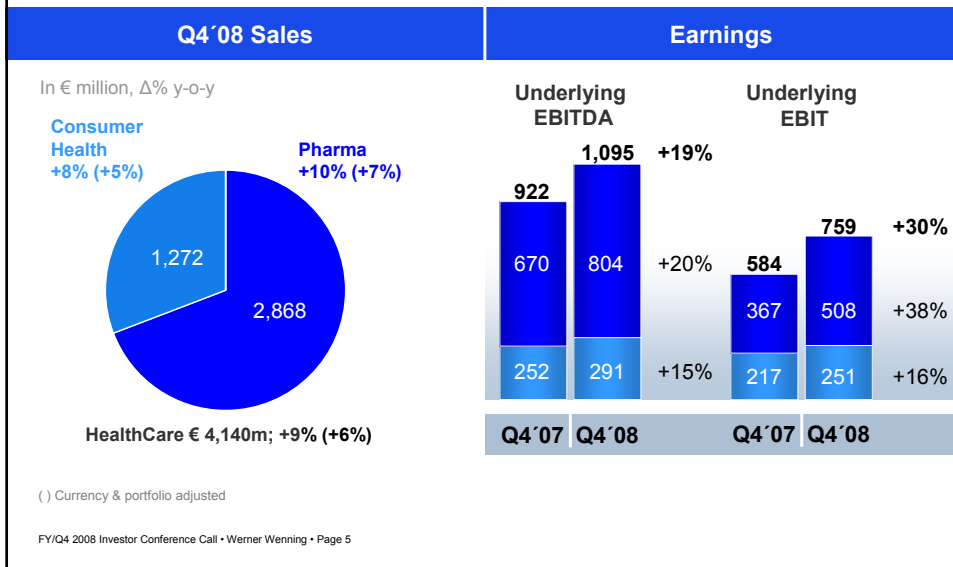
	Sales	EBITDA*	EBIT*	Core EPS
	7,923	1,357	706	€0.71
Δ%	- 1%	- 5%	- 9%	0%
Δ% Adj. **	- 4%			



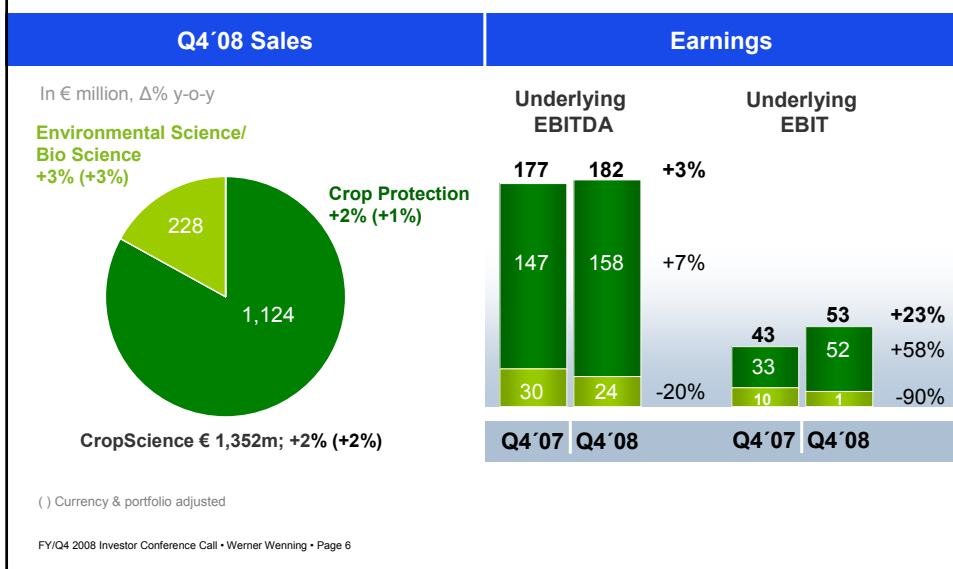
* Before special items

** Currency & portfolio adjusted

HealthCare – Strong Finish to a Successful Year



CropScience – Business Strength in Latin America and Asia



2008 Performance Again Shows Strong Trend Towards Targets



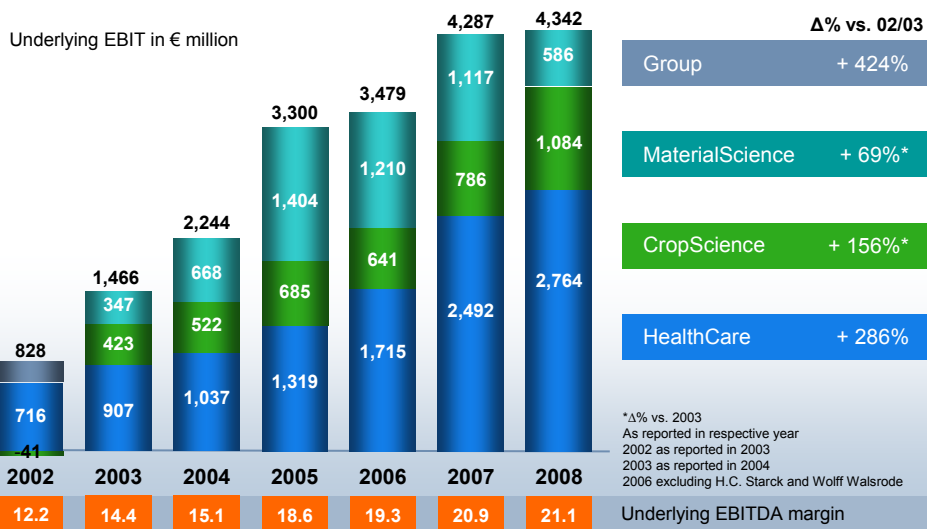
	Objective	2008	
HealthCare	Sales* growth at or above market	+6.9%	achieved
	Improve margin** towards 27%	27.0%	achieved
CropScience	Sales* to grow well over 10%	+13.9%	achieved
	Improve margin** to approx. 25%	25.1%	achieved
MaterialScience	Good volume growth	-8%	missed
	Value creating, margin** >10%	11.2%	achieved
Group	Sales* growth above 5%	+4.4%	slightly short
	Underlying EBITDA above 2007	+2.3%	achieved
	Margin** slightly up	+20bp	achieved

* Currency & portfolio adjusted

** Underlying EBITDA-margin

FY/Q4 2008 Investor Conference Call - Werner Wenning - Page 9

Delivered Consistent Performance and Achieved All Earnings Targets

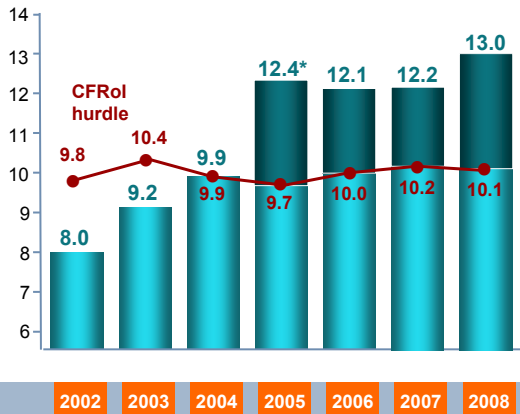


FY/Q4 2008 Investor Conference Call - Werner Wenning - Page 10

Record Returns Over Cost of Capital



CFRoI %



Value Generation in 2008

- CVA of €1,246bn
- All subgroups exceeded their target returns
- CFRoI is the ratio of gross cash flow to capital invested (€40.9bn)
- CFRoI hurdle (10.1%) is the minimum return required to cover cost of capital and reproduction of depletable assets
- Group WACC at 7.5%

FY/Q4 2008 Investor Conference Call • Werner Wenning • Page 11

*CFRoI as reported in 2005, 12.5% if portfolio adjusted

In Challenging Times a Long-Term Business Strategy Counts



Strategy

Reiterated

- Strengthen HealthCare
- Develop new growth opportunities
- Deliver performance
- Maintain/regain credit ratios which support single A rating category
- Dividend policy unchanged

Execution

More Cautiously

- Focus more on organic growth
- No cut in R&D spending, M&S to support new product introductions
- Restructuring actions to be implemented without jeopardizing long-term sustainability
- Free cash to be used with priority to reduce debt
- CapEx will be lowered (at MaterialScience)

FY/Q4 2008 Investor Conference Call • Werner Wenning • Page 12

2009 Outlook



Group	Subgroups
<p>1) Continued weakness for MaterialScience Confident of limiting underlying EBITDA decline to about 5% Sales probably at approx. €32bn</p> <p>2) Tangible economic recovery in short term Underlying EBITDA at 2008 level or even slight increase</p> <p>CapEx approx. €1.5bn</p> <p>R&D spending about €2.9bn</p> <p>Net debt reduction towards €10bn</p> <p><small>FY/Q4 2008 Investor Conference Call - Werner Wenning - Page 13</small></p>	<p>■ HealthCare Sales growth above market and improvement of underlying EBITDA margin towards 28%</p> <p>■ CropScience Continued growth, underlying EBITDA margin in the range of 25%</p> <p>■ MaterialScience Q1: underlying EBITDA below Q4 2008 Full year: Severe drop in sales and underlying EBITDA</p>



Science For A Better Life

