



# Bayer HealthCare



Bayer HealthCare Investor Day 2007

## Growth Through Our Portfolio of Marketed Products (2)

**Ulrich Köstlin**

Business Units Women's HealthCare, Diagnostic Imaging, Primary Care

Member of the Board  
Bayer Schering Pharma

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 1

## Forward Looking Statements



**This presentation contains forward-looking statements based on current assumptions and forecasts made by Bayer Group 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 our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 2

## Key Messages



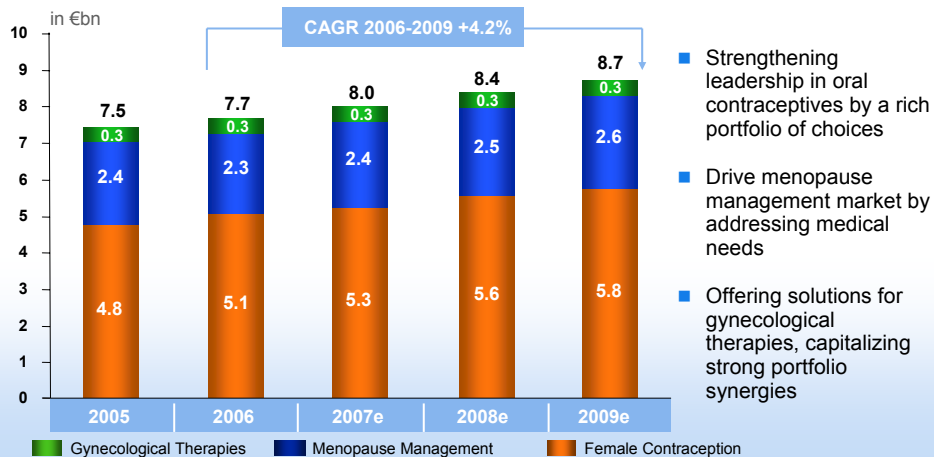
- Women's HealthCare: We are building on our #1 position
- Diagnostic Imaging: We are committed to consolidate our global leadership
- Primary Care: We are maximizing the value of our existing assets

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 3

## We Are Actively Growing Our Segments



### Worldwide growth of Women's Healthcare market segments



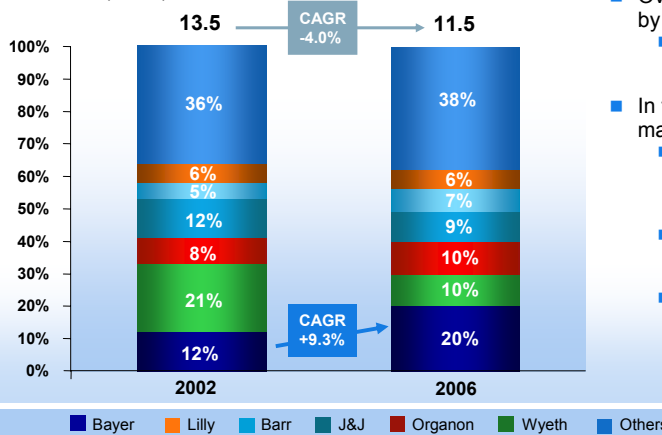
Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 4

# We Are The World's No. 1 in Women's Healthcare



## Worldwide company market shares in Women's Healthcare

Total Market (in €bn)



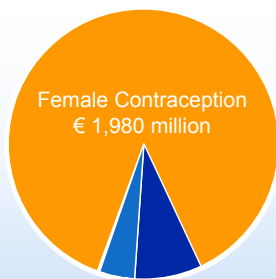
- Overall market impacted by currency effects
  - on \$ basis, market is growing at +3%
- In this environment we managed growth by
  - Strengthening leadership in oral contraceptives by offering choices
  - Addressing the medical needs in menopause management (Angeliq)
  - Capitalizing on added health benefits - high user satisfaction and strong brand loyalty

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 5

## Focus on Oral Contraception and Strategic Options in Other Growth Areas



### 2006 Global sales €2.25bn (pro-forma)



Gynecological Therapy  
€ 86 million

Menopause Management  
€ 180 million

Sales in €m	2006	y-o-y Δ%	Q1'07	y-o-y Δ%
<i>Yasmin</i> <i>Yaz</i>	794	+ 36	240	+ 33
<i>Mirena</i>	301	+ 24	81	+ 19
<i>Angeliq</i>	23	+ 114	7	+ 49

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 6

## We are Driving Growth and Creating Future Market Trends



- Added health benefits in female contraception and menopause management – PMS\*, PMDD\*\*, acne, borderline hypertension, weight neutrality
- New market segments – extended regimen in oral contraception
- New application forms – mini intra-uterine systems (IUS)
- New estrogens – “Natural” estrogen as an alternative to ethinylestradiol
- Increasing utilization rates in female contraception & menopause management

\* Premenstrual Syndrome; \*\* Premenstrual Dysphoric Disorder

**With an excellent market portfolio and a steady stream of innovative products, Bayer's Women's Healthcare business is a sustainable, highly profitable growth business**

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 7

## Contraception Market Attractiveness: Medical Need and Business Opportunities



### Medical need

#### Medical need in the developing world:

- About 182 million pregnancies p.a.
- 36% are unintended; 20% of those end in abortions

#### Medical need in the developed world:

- About 28 million pregnancies p.a.
- 49% are unintended; 36% of those end in abortions

#### Individual needs

- Additional health benefits
- Quality of life

### Business opportunities

#### Increase of utilization rate for hormonal contraceptives

- Global utilization: 11%
- An increase of 1% would lead to approx. € 150 million additional sales

#### Key success factors to increase acceptance rate:

- Education, PR and (where possible) direct to consumer
- Bayer Schering Pharma's World Contraception Day on Sept. 26, 2007

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 8

## Highly Differentiated Global Brands Address Individual Medical Needs



*Yasmin*

### The world's no. 1 oral contraceptive with approx. 17% market share in 2006

- Combined oral contraceptive with Drospirenone (DRSP)
- Launched in >100 countries worldwide
- High user satisfaction and strong brand loyalty due to added benefits

*YAZ*

### The first oral contraceptive with two additional indications (PMDD, Acne)

- The global successor of Yasmin with lowered estrogen dose
- YAZ: Innovative 24/4 regimen
  - Shortened pill free interval reduces typical monthly hormone fluctuations
  - 3 additional days of DRSP's antimineralecorticoid and antiandrogenic activity

 Mirena<sup>®</sup>

### The no. 1 long acting hormonal contraceptive

- Reversible, intrauterine device providing contraception for up to 5 years

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 9

## Our Target: Maintain Worldwide Leadership in Hormonal Contraception



### Further capitalize on Drospirenone benefits: World-class life cycle management for Yasmin & YAZ product family

- YAZ: We expect high double-digit growth
  - Premenstrual symptoms experienced by 85 to 90% of women of reproductive age
  - Symptoms such as emotional and physical symptoms as depression, moodiness, anxiety, edginess, nervousness, anger, irritability occur in the week prior to menses
  - Diagnosis: ≥5 symptoms, including at least 1 dysphoric core symptom
  - Premenstrual syndrome (PMS): ~ 40% of women of reproductive age
  - PMDD: A Severe form of PMS differentiated by functional impairment afflicting ~ 3-8% of women in the reproductive age, which corresponds to
    - ~ 7 million women in the European Union, ~ 4.5 million women in the U.S.
    - Considerable economic impact of disease
- Mirena: We expect further steady sales growth
- We have a rich portfolio of choices in oral contraceptives to ensure future growth

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 10

## Strong Market Position in Menopause Management and Related Medical Needs



- Today, women spend one third of their lifetime in and after menopause
- In western countries up to 85% of women with natural menopause will experience vasomotor symptoms (hot flushes, sweating attacks)
- Vasomotor symptoms can have a debilitating impact on women's lives
- Duration of symptoms varies from several months to 10 years and more
- WHI study 2002 has interrupted market growth and placed focus on dosing and benefit/risk
- Bayer is the world's no. 3 in menopause management
- Sales of €180m in 2006, Angeliq – is a fast growing product
- We are positioned to become no. 1 in menopause management

**The effectiveness of hormone therapy in the treatment of vasomotor symptoms is unparalleled and its use is recommended by experts**

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 11

## Angeliq – The Blood Pressure Friendly Hormone Replacement Therapy (HRT)



- 1mg 17 $\beta$ -estradiol + 2 mg drospirenone
- 1mg 17 $\beta$ -estradiol + 0.5 mg drospirenone

### What makes Angeliq unique

- Angeliq is the first menopausal HT combination of estradiol and the unique progestogen drospirenone (DRSP)
- Due to the potent anti-aldosterone properties of DRSP, Angeliq
  - counteracts estrogen induced weight gain
  - has a unique and clinically important blood pressure lowering effect in hypertensive women  
(Hypertension is the most important and most prevalent modifiable risk factor for cardiovascular disease. Accounts for 30% of deaths in women under 65 years)

**The blood-pressure lowering-effect in women with hypertension differentiates Angeliq from all other HRTs**

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 12

## Women's Healthcare Summary and Outlook



### We are the world's no. 1 in Women's Healthcare

- Worldwide leader in female contraception
- Highly differentiated global brands
- Excellent R&D pipeline

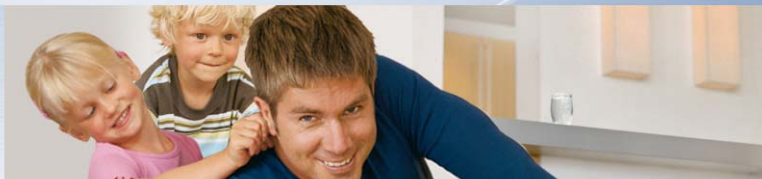
### We will maintain leadership position in oral contraception

- Yasmin family - the world's leading oral contraceptive is expected to continue double digit growth going forward
- Mirena - the no. 1 long-acting hormonal contraceptive with further steady sales growth
- With an excellent market portfolio and a steady stream of innovative products, Bayer's Healthcare business is a sustainable, highly profitable growth business
- Women's HealthCare targeting a mid-term CAGR of 7–8 percent



Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 13

## Key Messages



- Women's HealthCare: We are building on our #1 position
- Diagnostic Imaging: We are committed to consolidate our global leadership
- Primary Care: We are maximizing the value of our existing assets

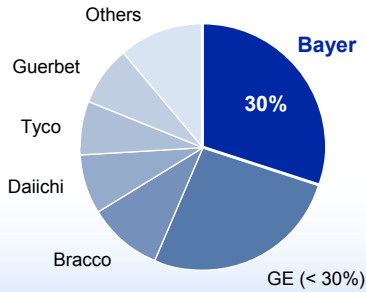
Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 14

# We Are Global Leaders in our Markets: No. 1 in Contrast Media and Application Systems



## X-Ray/CT & MRI contrast media\*

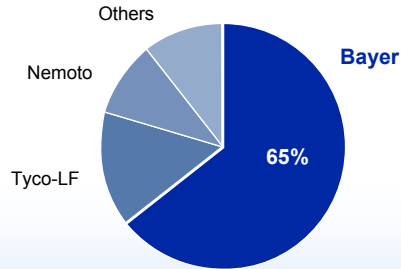
Total: €3bn (2006)



\*Distributor sales (source: internal)  
CT: Computer tomography  
MRI: Magnetic resonance imaging

## Application systems\*\*

Total: €0.6bn (2006)



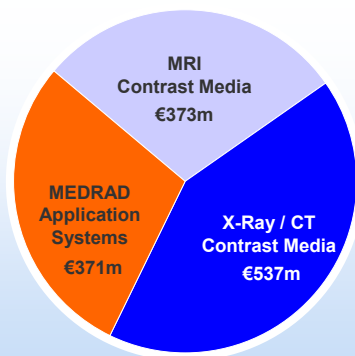
\*\*Includes injectors and disposables (source: AMR, internal)

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 15

# We Have Excellent Positions in All Near-Patient Segments



2006 Global sales: €1.28bn (pro-forma)



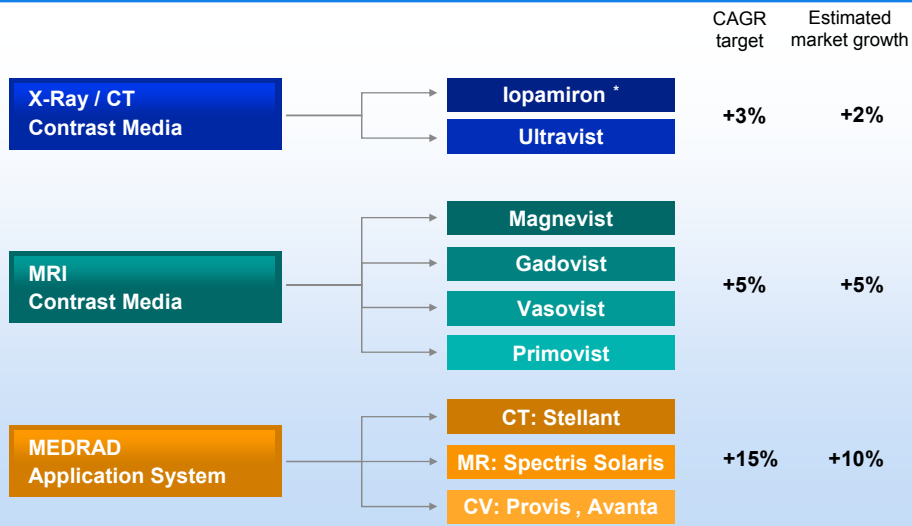
Sales in €m	2006	y-o-y Δ%	Q1'07	y-o-y Δ%
<b>MRI CM</b>	373	+ 3%	92	+ 8%
Magnevist				
Gadovist				
Vasovist				
Resovist				
Primovist				
<b>X-Ray/CT CM*</b>	537	- 8%	120	- 13%
Ultravist				
Iopamiron				
<b>Medrad</b>	371	+ 13	86	+ 2

\* Sales decrease due to Ultravist 370 recall in 2006

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 16



# Our Brands Ensure Future Growth Potential

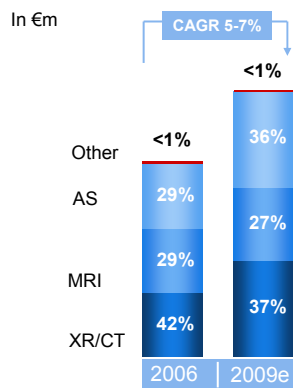


Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 17 \* In-licensed from Bracco for distribution in Japan, France and Latin America

# Targeting Market Outperformance



## Sales Development 2006-2009e



Estimated growth of relevant market: approx. 5% CAGR

## Key Growth Drivers

- General** - Procedure growth in all modalities due to
- Innovation in imaging scanners
  - Aging population and increase in CV, oncological and neurological diseases
  - Expanding healthcare in emerging markets

### Application systems (AS)

- Product innovations and regional business expansion

### MRI

- Global rollout of our leading MRI portfolio

### XR/CT

- Ultravist growth initiatives:  
New applications for CT, packaging innovation, geographical expansion

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 18

## Well Positioned to Grow in Emerging Market Segments



### Fusion of morphological and molecular imaging

#### Morphological imaging:

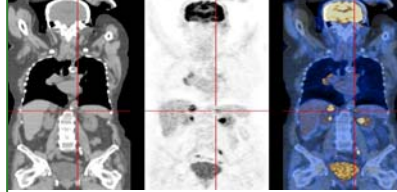
High spatial resolution allows for precise anatomical imaging

#### Molecular imaging:

High detection sensitivity allows early diagnosis and disease characterization

PET-CT combines strength of both technologies in one imaging modality, and is the fastest growing imaging modality

### Example of PET-CT fusion technology



CT

PET

PET-CT

#### Definition of molecular imaging

The localized *in-vivo* characterization of biological processes on the cellular and molecular level

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 19

## Diagnostic Imaging Summary and Outlook



- Global leader in contrast media and contrast media application systems
- Strong brands in growing markets
- Innovation leader in imaging agent R&D
- Sustainability secured through investment in molecular imaging R&D
- Diagnostic Imaging targeting a mid-term CAGR of 5–7 percent



Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 20

## Key Messages



- Women's HealthCare: We are building on our #1 position
- Diagnostic Imaging: We are committed to consolidate our global leadership
- Primary Care: We are maximizing the value of our existing assets

Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 21

## Following a Targeted Approach to Maximize the Value of Our Assets



### What we don't do in primary care

- Compete on sales force scale and company size
- Enter primary care business in all countries (e.g. reenter U.S. primary care market)
- Pursue discovery research in primary care indications (including in-licensing of early-stage compounds)

### ... and what we do in primary care

- Primarily target high-prescribing physician subgroups
- Tailor approaches to different countries and exploit strength in emerging markets
- Pursue regional/local licensing late-stage opportunities to utilize existing infrastructure

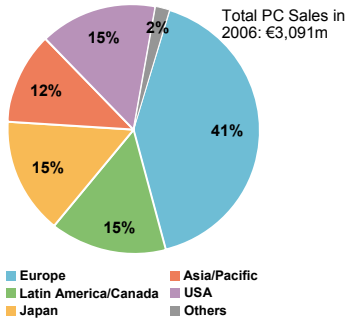


Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 22

# We Are Present in Major Markets and Participate in Growing Markets



## Primary care sales 2006 by regions



Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 23

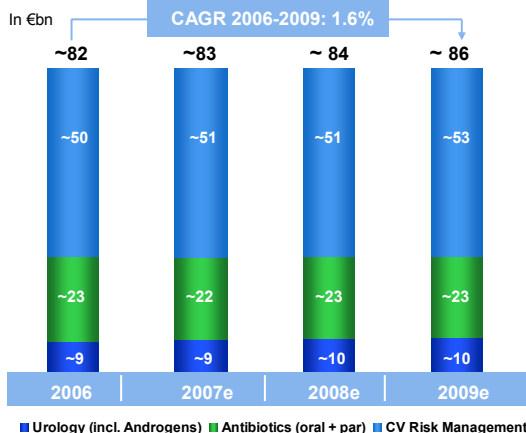
## Business opportunities

- **EU**
  - Expand business in fast growing Eastern European markets
  - Build on Bayer Schering brand image
- **Asia/Pacific**
  - Tailor made portfolio according to existing competencies: e.g. China Insulin co-marketing
  - Increase investments in China
- **Japan**
  - Maintain highly profitable business in Japan
  - Partnering and life cycle management as growth drivers (i.e. Zetia)
- **U.S.**
  - Agreements with SGP and GSK effective
- **Latin America**
  - Fully exploit existing business and identify attractive in-licensing and partnering opportunities

# We Aim to Grow at Least with the Market in the Relevant Segments



## Development of relevant segments in the primary care world market



Bayer HealthCare Investor Day • Leverkusen • June 18-19, 2007 • Ulrich Köstlin • Slide 24

- Our Primary Care portfolio has the potential to grow at least with the market mid-term
- Growth drivers
  - Avelox, Levitra, AspirinCardio
- CV risk management
  - Position Adalat within CCB class as the 'the brand with the best evidence'
- Antibiotics
  - Pursue life cycle management for Avelox and Cipro
- Urology/Men's Health
  - Capitalize on the potential of Levitra
  - Maximize value of additional life cycle management opportunities

## Primary Care Summary and Outlook



- We are exploiting the full potential of our primary care business by applying specific regional strategies
- We continue to improve our profitability
- We are exploring focused marketing approaches and maximizing the value of our strong primary care brands
- We are pursuing life cycle management opportunities for our products where appropriate (e.g. Avelox, Levitra)
- We aim to grow at least with the relevant markets at a mid-term CAGR of 2–3 percent

