



Bayer HealthCare



Bayer HealthCare Investor Day 2007

Bayer Consumer Care: Well Positioned for Future Success in Attractive Markets

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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.

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Key Messages



- Over-the-counter medicine is a highly attractive business
- Bayer Consumer Care is a top-tier OTC player
- Track record of successfully growing sales above market
 - Growth through building strong brands
 - Growth through innovation
 - Growth through licensing and acquisitions
- Well positioned for future growth faster than market

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Vision and Strategic Focus



Bayer Consumer Care will be a leading OTC company dedicated to innovation and growth and committed to delivering competitive financial results

- **Leading** → top-tier player outpacing market growth and main competitors
- **Competitive financial results** → industry average ROS estimated in mid-teens, top players 17-22%

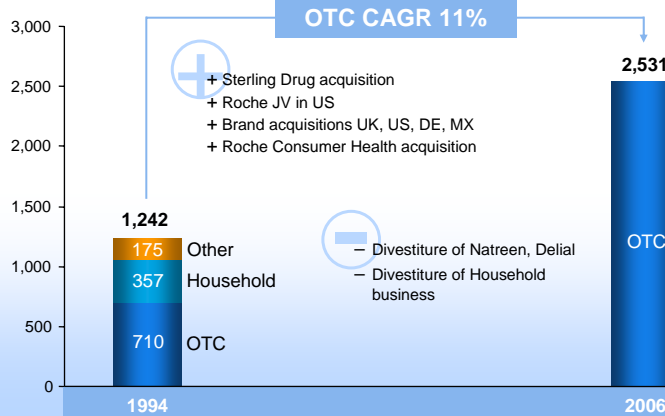
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Transforming Consumer Care into a Leading OTC Player



- Focus on strategic target to be a top-tier OTC player
- Acquisition and divestiture plus healthy organic growth

Sales in €m



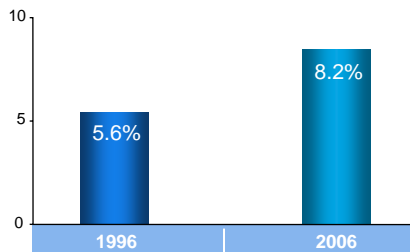
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Driving Internal Growth – Aleve Brand Building



Aleve – Growth of U.S. share

Market share by value (%)



Number 3 analgesic in U.S.

- Operational partner in 1997, 100% owner in 2005
- Unique market segmentation
- Focused positioning; consistency
- Increasing scientific evidence supporting naproxen's cardiovascular safety
- Fully recovered from ADAPT
- Future:
 - Continued aggressive marketing against arthritis and body pain
 - Line extensions – e.g. liquigels and beyond

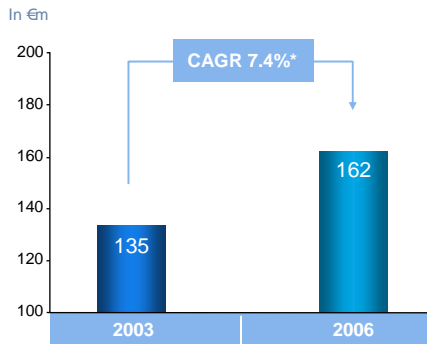
Source: IRI

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Driving Internal Growth – Canesten Life Cycle Management



Canesten sales growth



* Currency adjusted

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- Rx/OTC switch globally in 1990s
- Strategic focus on
 - Vaginal yeast infections
 - Athletes foot
- Superior consumer understanding
 - Relevant line extensions
 - Emotional insights
- Re-application of success models
- Future:
 - Continued development and roll-out of marketing success models
 - Launch of line extensions

Demonstrating Global Business Strength



2006 Global company sales ranking

	Company	OTC Sales in € bn
1	J&J (including Pfizer)	4.1
2	Bayer Consumer Care	2.5
3	GlaxoSmithKline	2.2
4	Wyeth	2.0
4	Novartis	2.0
6	Sanofi-Aventis	1.2
7	Boehringer-Ingelheim	1.1
8	Reckitt Benkiser	1.0
9	Proctor & Gamble	1.0
10	Taisho	1.0

- From a mid-tier player in 1990s to top-tier now
- Consistently outpace market growth: 8 out of last 10 years
- One of fastest growing major players
- Bayer Consumer Care growth +8% in 2006, equivalent to twice market growth

Source: Company reports, IMS, IRI, Bayer estimates

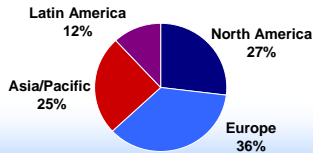
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Well-Balanced Regional Business Strength

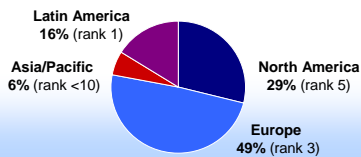


Regional sales 2006

Total Market – €66.1bn



Bayer – €2.53bn



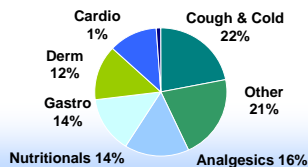
- Excellent geographic presence and development
 - Compete in more than 100 countries
 - Top-tier player in North America, Europe and Latin America
- Intent to strengthen North America and develop Asia/Pacific presence

Well-Balanced Category Business Strength

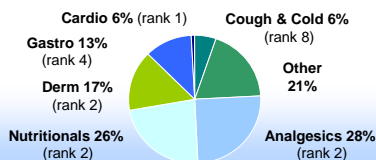


Category sales 2006

Total Market – €66.1bn



Bayer – €2.53bn



- Strong player across major OTC segments
- Well positioned to leverage growth opportunities where we are strong, especially in analgesics and nutritionals

Building on a Portfolio of Strong OTC Brands



- Enviable portfolio of strong, enduring consumer OTC brands
- Approx. 30 brands account for more than 80% of sales
- 8 brands with sales over €100 million each

Deep range of very strong consumer brands

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Building on a Portfolio of Strong Brands



2006 sales growth

	% y-o-y*
Aleve	+ 37
Bepanthen	+ 16
Canesten	+ 12
Rennie	+ 11
Alka-Seltzer	+ 7
Supradyn	+ 6
One-A-Day	+ 6
Aspirin	+ 3

* Currency adjusted

- Consistently driving growth in major brands
- Aspirin growing in a very competitive environment.
 - 100 years of brand equity
 - Upside growth potential

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Exploiting OTC Growth Opportunities



Managing, preventing or delaying diseases of aging

- Cardiovascular disease: **Aspirin, Pravachol**
- Body and joint pain: **Aleve, Flanax**
- Skin: **Bepanthen**

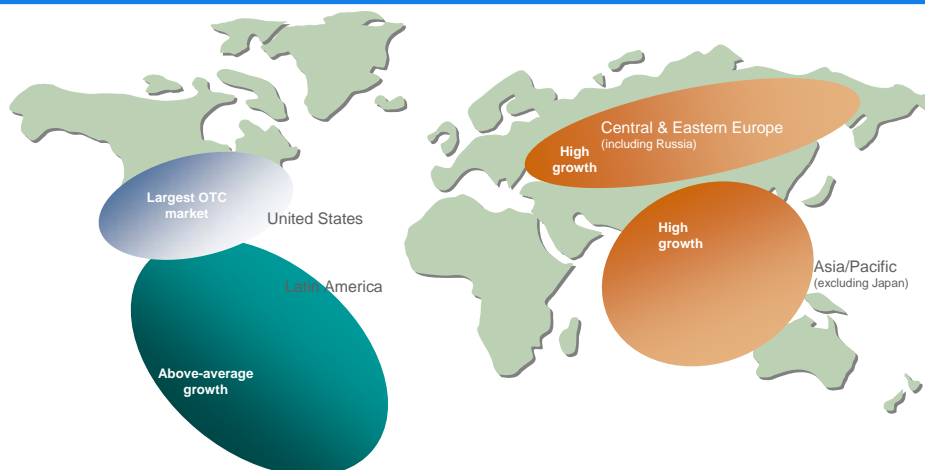
Wellness: Maintaining or improving health and vitality

- Energy and overall performance: **Supradyn**
- Mental and physical performance: **Berocca**
- Targeted health concerns: **Redoxon, Cal-D-Vita, One-A-Day, Elevit**

Consumer Care well positioned to leverage growth areas

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Exploiting Geographic Growth Opportunities



- Focus on growth regions
- Leverage strengths in established markets

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Driving Growth Through Innovation



Renewed focus on innovation as a growth driver

- Re-organized to link R&D and commercial functions
- Improved key medical, regulatory and project management areas to drive new product activity
- Simplified new product development process into a harmonized global approach

Focus is already paying off

- Number of pipeline projects more than doubled since 2005
- Healthy innovation bench: More projects in early evaluation than currently in pipeline

Bayer ranked #2 in new product share of total revenue

- Booz Allen Hamilton global innovation benchmarking study 2006

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Driving Growth via Rx/OTC Switches



- Switches will continue to be a growth avenue for OTCs
- For overall market, switches accounts for estimated +0.5% market CAGR
- Consumer Care will pursue switch to leverage this growth avenue
 - Full rights to OTC Pravachol in U.S.
 - Exploring other opportunities

Consumer Care will participate in switch opportunities

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Growth via Acquisitions & Licensing



- Bayer will consider strategically relevant, financially attractive acquisition and licensing opportunities
 - Track record of effective acquisition and integration
- Pursue technology that can offer our brands a competitive advantage
- Potential switch candidates
 - e.g. Pravachol OTC rights
- Businesses with strong brand assets aligned with our geographic strategic intent
 - e.g. Topsun's OTC brands in China

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Consumer Care: Summary and Outlook



Proven record of success and well-positioned for the future

- Over-the-counter medicine is an attractive business
- Bayer is a top-tier OTC player
- Track record of success of growing sales above market
 - Growth through building strong brands
 - Growth through innovation
 - Growth through licensing and acquisitions
- Historically outperformed market and expect to outpace market growth of 3–4% by 2 percentage points



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