



Science For A Better Life



Third Quarter Results 2005

## Investor Conference Call

Werner Wenning

November 9 | 2005

## 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.



## Q3'05 results underscore strength and breadth of Bayer's upturn

- We are maintaining the strong growth momentum
- We are accelerating earnings growth
- We are achieving committed objectives
- We are optimistic for future developments

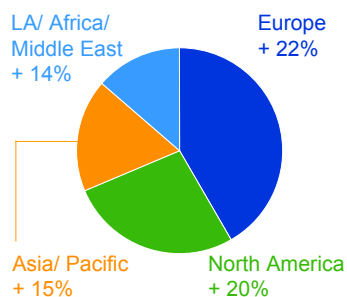
## Q3'05 Results Underscore Strength and Breadth of Bayer's Upturn



### Key Figures Q3'05

### Regional Sales Performance

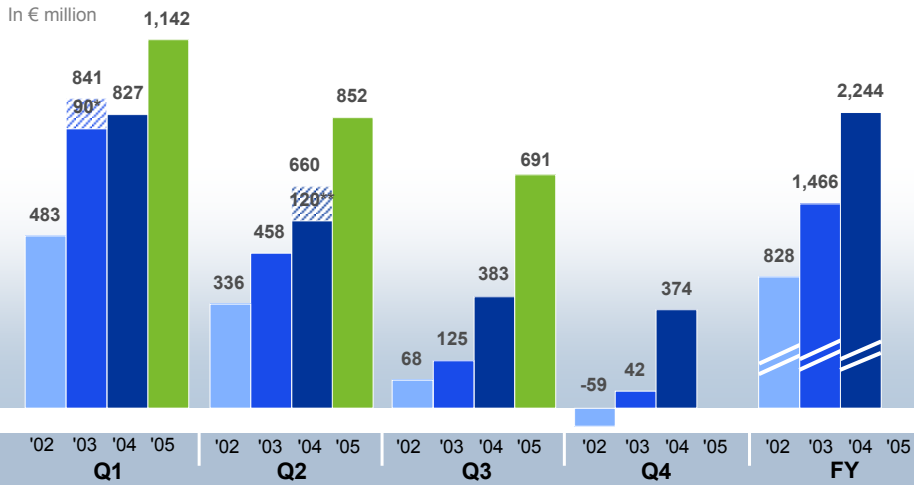
	Sales € 6,531m	EBIT* € 691m	Net income € 493m
Δ%	+ 19%	+ 102%	+ 848%
Δ% Fx & portfolio adjusted	+ 8%		



\*pre special items

Δ y-o-y

# Upward Trend at Bayer Continues



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2002 underlying EBIT as reported in FY 2003  
2003 underlying EBIT as restated in 2004  
2004 underlying EBIT as reported in 2004

\* Including € 90m EBIT from divested products  
\*\* Including € 120m reversal of pension provisions

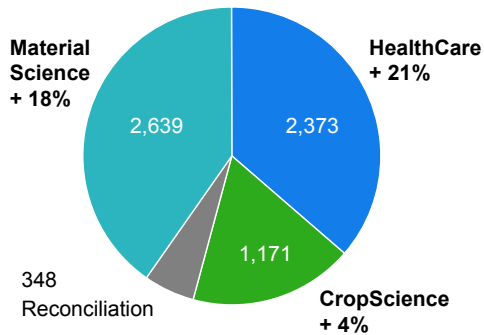
# Growth Momentum Maintained



## Q3'05 Sales as reported

## Growth Analysis

In € million, Δ% y-o-y



	Δ% y-o-y (Fx adj.)	Share of growth*
Pharma, Biologicals	+ 11	13%
Consumer Care	+ 68	30%
DS/ DC	+ 7	4%
Animal Health	+ 7	2%
<b>HealthCare</b>	<b>+ 19</b>	<b>49%</b>
Crop Protection	- 2	- 2%
Environ Sc./BioSc.	+ 12	3%
<b>CropScience</b>	<b>+ 0</b>	<b>0%</b>
Materials	+ 22	24%
Systems	+ 15	26%
<b>MaterialScience</b>	<b>+ 18</b>	<b>50%</b>

\*excl. Reconciliation

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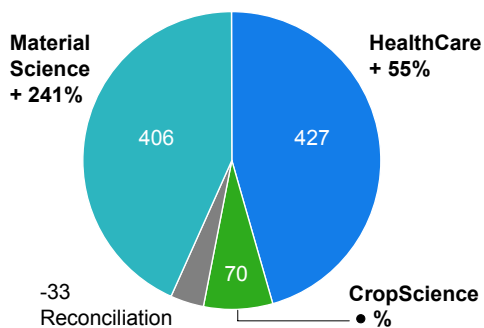
## Underlying EBIT Doubled



### Q3'05 EBIT as reported

### Growth Analysis

In € million, Δ% y-o-y



	Δ% y-o-y (underlying)	Share of growth*
Pharma, Biologicals	+ 27	9%
Consumer Care	+ 12	2%
DS/ DC	+ 2	0%
Animal Health	- 7	- 1%
<b>HealthCare</b>	<b>+ 12</b>	<b>10%</b>
Crop Protection	•	25%
Environ Sc./BioSc.	•	8%
<b>CropScience</b>	<b>•</b>	<b>33%</b>
Materials	+ 117	23%
Systems	+ 187	34%
<b>MaterialScience</b>	<b>+ 151</b>	<b>57%</b>

**Group € 870m, +227% (underly. € 691m, +102%)**

\*excl. Reconciliation

## Strong Working Capital Performance

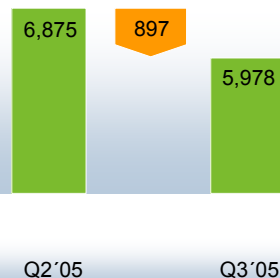


### Q3'05 Cash flow

### Net Debt Development

	GCF € 920m	NCF* € 1,438m	CapEx € 346m	FCF* € 1,092m
Δ% y-o-y	+ 47%	+ 174%	+ 20%	+ 363%
% of D&A			69%	

€ million



\* Operating FCF, continuing

\*\* Inventories, receivables, payables only

## Excellent Progress Against Strategic Agenda and Committed Objectives



- Nexavar filed with EMEA in September 2005
- Nexavar granted Priority Review Designation by FDA
- Factor Xa inhibitor development and marketing partnership
- Avelox marketing approval in Japan
- Integration on Roche OTC business ahead of schedule, faster realization of synergies expected
- Spin-off of anti-infectives research announced
- ODesi formulation technology launched for cereal herbicide business

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## FY 2005 Outlook Raised



2005

Going forward



- **Sales growth expectations**  
Above € 26bn as reported
- **EBIT growth expectations**  
Approx. + 50% y-o-y underlying

- On track towards mid-term financial targets
- Leadership in vast majority of businesses
- Significant new product opportunities
- Efficiency improvements underway
- Expanding presence in Asia driven by China

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## Q3'05 Results Underscore Strength and Breadth of Bayer's Upturn



	Q3'05 Performance	Q3'05 Key Messages
<b>Sales</b>	+ 19% ( + 8% adjusted)	Growth momentum maintained
<b>EBIT (underlying)</b>	11th consecutive quarter with y-o-y increase	Upward trend continues
<b>Profitability</b>	Underlying EBIT + 102%	Margin expansion accelerated
<b>Capital Mgmt</b>	FCF + 363%	Strong working capital performance
<b>Outlook FY 2005</b>	Raised to approx. 50% underlying EBIT growth	Optimistic for remainder of year

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