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PRESENTATION

Alexander Rosar - *Bayer AG - IR*

So, ladies and gentlemen, good morning. Welcome, also, on behalf of the entire Bayer management team. We are happy that so many of you followed our invitation to our second Meet Management conference here in London.

My name is Alexander Rosar. I am responsible for Bayer's Investor Relations program.

I believe many of you are already, let's say, familiar with our program and our conference format, so I can make my remarks relatively brief. So, what have we prepared for you?

Firstly, Marijn Dekkers, our CEO, will start off the conference with his presentation, in which he wants to outline how we intend to create value as a science and innovation company. After him, Andreas Busch -- he is the head of healthcare research -- will update you on some of our Pharma R&D projects.

After his presentation, you will have the opportunity to discuss all aspects of Bayer in four breakout sessions, one session focusing on Corporate, on Group, one for HealthCare, one for Pharma R&D, and one for CropScience. And in order to facilitate the discussion, we have split the entire audience in four groups.

Four groups -- you have a small letter, or a big letter, A, B, C, D or your name tag, and that's the group you are more than happy to join. And then it runs, as follows. For example, Group A starts with corporate, walks over to HealthCare, continues with Pharma R&D, and finally meets our CropScience colleagues. All breakout sessions are located on the first floor of this building.

So, only one last point to mention, and this is, yes, during the entire conference, obviously, we will make forward-looking statements, and we kindly request that you carefully read through the Safe Harbor statement wording. *(See "Disclaimer" chart at the end of this transcript).*

And with that, I would like to ask Marijn to take the floor.

Marijn Dekkers - *Bayer AG - CEO*

Good morning, ladies and gentlemen, also from me and from the entire management team. Thank you for coming to our Meet Management day.

There is a lot going on at Bayer, and, as you know, this is actually really great timing for us to give you an update on where we are as a life sciences company now, going forward, where we are in terms of our new products, our introductions, our leverage in the marketplace, and the portfolio adjustment that we have announced.

When I was waking up this morning, I almost had sort of a feeling of nostalgia, because I've been having these meetings now for five years, and this is the day where I'm not going to get the question from you any more, what are you going to do with MaterialScience? So, I don't know if I'll make it through the day without that question, but I'll try. Okay?

Any way, just as an overview of what has happened in Bayer, we have had a very good success in R&D, both in Pharma and in CropScience, and we'll talk about that extensively today. We have been able to take that R&D success and translate into commercial success. That is really not that trivial, because it requires, actually, a different type of mentality and culture in the commercial organization than what you typically have in an R&D organization.

And I think the marriage of those two capabilities now in one Company where we are a good innovation R&D company, but also a good commercialization company now I think we can claim that is what has been fueling our organic growth in the last years, and, hopefully, it will continue to fuel our growth in the next years.

And then, more gradual, we've also become very active again in M&A, in portfolio adjustments, and you will see that in how the portfolio has changed over the years. I will show you an interesting chart on that in a minute. But that combination of now, still, of course, always the priority number one, organic growth from innovation, plus these portfolio measures, have put us in a nice, strong competitive position in most of the businesses that we plan in.

So, Alexander said it, we are an innovation and science company. That is the core of our capability, and we are participating in attractive markets, markets that are important, that are related to healthcare and nutrition with human, animal, and plant health. And then, as we announced a week and a half ago, we're exiting MaterialScience over the next 12 to 18 months.

And if you look at the revenue, with about EUR 40 billion in revenue before. MaterialScience represents EUR 11 billion, so, in 2014 we'll have about EUR 29 billion in the life science company, with around 100,000 employees. And this is, one more time, sort of a split-up of the portfolio and our respective positions in that portfolio, and most of you are very familiar with this.

As I mentioned new products is really key, and our ability to commercialize these products, gain market share with these products, is something that we've been very focused on, also, the last years. And this is just an example. If you go around to the top, the five new Pharma products, Veraflox and Seresto, two new animal health products, and then the other ones are new CropScience products that we've introduced over the last few years.

From a performance aspirations point of view, first, a look back. When you look at the last four years, 2013 -- sorry, 2010 to 2013, you see in HealthCare we have 4% growth, and in CropScience we had 9% growth, organic growth. That led to an increase in EBITDA on a CAGR basis of 7% in HealthCare, and 20% in CropScience.

In HealthCare, particularly in Pharma, we have seen an acceleration, and I will show you later, relatively flat early in this four years in terms of growth, but a real acceleration in the last years, driven by our new products. And then CropScience has, since 2010, really been on a roll. Of course, the overall market conditions have been good in CropScience, but we also believe that with our new commercial and marketing strategies we have been able, particularly in the last year, year and a half, to gain share overall in the marketplace.

From an aspirational target point of view, and this is something -- these are the same targets as we have communicated to you before, for HealthCare over the next few years, we want to have 6% organic growth, which breaks up Pharma 8%, and Consumer Health, 3%. But, of course, Consumer Health, we will have an effect there of the Merck OTC acquisition, the Dihon Pharmaceuticals acquisition in China, smaller but also an effect. So, we will update our exact growth targets for that, after the fourth quarter.

And in CropScience we also believe that the 9% will be hard to maintain, but, certainly, a 6% CAGR should be possible.

And then you see the associated margin targets with that, on the right.

Just a look back, quickly, of what happened from 2010 to 2013. We see here Pharma. I mentioned in the beginning, there was not a lot of growth, but we really have accelerated growth. You can see that, going from 1% to 4% to 9%, where now, in the first half of 2014, we're at 12% organic growth in Pharma. And that makes us one of the fastest-growing Pharma businesses globally.

Our plans, of course, for the future are there to continue to maximize the value of those new launch products, and doing that by, really as I mentioned, the commercial excellence model. And then, of course, very important, and we'll talk a lot about it today, is to advance the early and mid-stage pipeline, where we have, also, these five projects, hopefully ready for Phase III by the end of 2015.

And then, also very important for us, is our ability to continue to work with partnerships with an open innovation model to make sure that we have access to other people with exciting new technology that we can incorporate in our capabilities.

Just to come back for one slide on these new products, you see this is these five products that we are now projecting have a peak sales potential of EUR 7.5 billion of sales, more -- or equal to EUR 7.5 billion, and you can see the contribution to revenue over the last years. EUR 1.5 billion last year, in 2013, was a huge step up, and we think we can be around EUR 2.8 billion of sales for those five products in 2014.

And you see the breakdown in the first half of 2014, where we had EUR 1.3 billion, already, of sales for those five products in just the first half. So, we're on track for that EUR 2.8 billion for the total year.

The, to change gears, OTC, our Consumer Care business, you can see here that in 2010 we had EUR 3.4 billion in sales. After we close Merck OTC, we are on a run rate of EUR 5.5 billion, and that will make us the number two in this market.

We have very good, recognizable brands. You go to a drug store and you see these brands all over the place. And also, as a result of the Merck acquisition, we get some other very strong brands added to that portfolio.

And then the question is, how do you globalize these brands, because quite a few brands are just present in certain countries, but we know they're good products, so, we're taking these brands and globalizing them, particularly in emerging markets. So, focus there is, of course, the further globalization of these brands, which is also a very important part of the Merck OTC acquisition, because Merck OTC was very US-focused, so we want to take those brands into, particularly, emerging markets.

Then in Crop Protection, a remarkable number of years that we've had, when you look at this, 9%, 12%, 9%, and, so far this year, 11% organic growth. So, we are averaging here 10% a year, hopefully, for four years in a row, and that, obviously, has made this business bigger and much more significant in the marketplace.

This is also, my conviction, a story of having really good products, having good technology come out of the R&D organization, and then the ability to really position them well with the customers. So, the commercial excellence in marketing and sales has helped us tremendously here.

In addition, we are continuing to strengthen our seed business. You may see, every once in a while, an announcement that we bought yet another relatively small insignificant seed business, or a few, perhaps, but, in many cases, this provides us a platform a new germplasm or new technology in an area where we really need it. And even though these acquisitions are usually EUR 20 million to EUR 30 million, as a piece, it provides us with very significant platforms, particularly in businesses like soya and wheat, where we are trying to get to more of a leadership position.

In Crop Protection, new active ingredients, new products are very important, and there is something similar going on there, as in the Pharma business, where those new products that we've introduced are really driving a lot of our growth. And you can see that here, and the numbers are somewhat more modest, of course, than in Pharma. But, still, it is -- if you look from 2012 to 2013, the new products, the new active ingredients, growing by 33%, driving a lot of that 10% overall growth.

So, I think that I can say that we feel good about our R&D spending and what it has led to. This is, of course, an innovation company. A very significant question, you spent all this money on R&D, what do you get back for it? But the list there is really quite good, also, if you consider the relative amount of money that we have spent in these areas.

And when you add this up quickly here on the left, the 2014 budget in life Sciences is EUR 3.2 billion of R&D, over about EUR 29 billion of sales, is around 11% of sales in the new life sciences company is R&D.

A very good track record in Phase III clinical trials, with 25 successful Phase III trials since 2010. In Consumer Care, we continue to strengthen our individual brands with new products, and then we've launched 30 active ingredients over the last 13 years in CropScience, which is, as I said, a motor, an engine, for our growth.

We're also increasing looking at research at the interface of HealthCare and CropScience, basic platform research that can help us clarifying cellular pathways that would be relevant to cross-species applications in human, animal, and plant health.

We expect, overall, the R&D percentage, the R&D ratio of sales to increase somewhat over the next few years.

A quick sort of warmup for Andy, not that he needs one, but just show you this chart, quickly, of what's going on in Pharma R&D pipeline development. And you will get a nice presentation about this after I am done. It's all about new molecular entities there, and when we are successful, we should be able to come out with two new molecular entities in the next two years. It could be up to seven in the next five years, and up to 15 in the next seven years. So, we really have a rich pipeline there that we'd like to talk more about in detail.

I'm going to give you a few quick examples of some things that are new. One area that is new for us is the use of Regorafenib in eye drops for wet AMD. You know that we have introduced Eylea a few years ago. It's been very well accepted in the market, but Eylea for wet AMD is an injection into the eye, and we now are using in Phase II Regorafenib eye drops for the same indication, which, obviously, then when that works avoids the complexity of the injection in the eye. And this looks very promising, and it's one of the sort of simple, relatively exciting projects that are going on.

Another one is Copanlisib, which is a P13k inhibitor targeting liquid tumors, and this would be the first new molecular entity, when everything goes well, in Phase III, that would come to the market in 2016. And you can see here what it does in terms of lymphoma, cancer, the reduction of the swollen lymph nodes in white. As you can see here, we've had very good Phase II results there that are now in-- sorry, the Phase II is expected to be completed in the first half of 2015, with, then a possible launch for 2016.

Overall, just a quick overview here of the news flow that you can expect in trial results, relatively busy schedule for 2015, where we are expecting, as I said, also, as a result of those five projects that are going to be ready, hopefully, for Phase III initiation at the end of 2015. So, quite some news flow coming out over the next 12 months.

Similar, again, in CropScience, Crop Protection, there is a lot of similar there in the Pharma business model and the CropScience business model, and, also, here we have had the launch of 20 new -- sorry, yes, 20 new products, 22, over the last four years that, into 2016, should lead to an overall peak sales potential, ultimately, of these introductions of new active ingredients of EUR 4 billion.

I'm going to skip through this example, because I'm running a little bit out of time, but one thing I would like to make clear, and that is the difference between Pharma and CropScience. When a pharmaceutical goes off patent, very, very quickly the sales deteriorate because of generic competition. That is actually less the case in CropScience, because, particularly in Crop Protection, these active ingredients are often part of a mixture, of a formulation, with other active ingredients. And when the other active ingredients still are on patent, you can still get value from your customer in that combination for the original, unpatented, active ingredient, right?

So, if you have A, B, and C as an active ingredient, and A is off patent, you still get the full value of A, because it's combined with B and C, and your competition cannot create a product that competes with ABC all together in one package.

So, that has the result of more sustainability of certain non-patented products in Crop Protection and is really helping us. When you do that smart, you get significant value out of a product, even if it is off patent.

I was mentioning that we're also very focused on Crop -- new Crops for us, soya and wheat. Soya is a well established crop for seeds, where we're trying to make inroads in certain geographies, but wheat is not. I mean, wheat is not really a big seed market, but we think that with new hybrids, we can develop there, a wheat market, a wheat seeds market, over the years, and we are actually investing very heavily into that program.

You see here that we have the first launch of a variety plant in 2014. We did not know what was going to happen in the Ukraine, obviously. This is actually a product that is very suitable for the Ukraine, which is, as you know, one of the wheat markets in the world, very well on target for that particular geography, and this is just the start of the introduction of a series of new products for different geographies that will come out in the next few years.

So, what have we achieved? We are the owner of some really good, well-positioned life sciences businesses where R&D excellence has been very prominent in all of our areas, and then we have, I think, established a track record of taking these new products and successfully introducing them with patients, with doctors, with farmers, and that has led to the organic growth profile that have shown you, and our intention, of course, is to continue to pursue that model, in some cases broaden it, in new types of markets, so new types of indications.

One area that I mentioned is our ability to see if we can take advantage of the fact that we are working in all of the species, human, animal, and plant health, and this is really an R&D focus, early R&D. You may have seen this chart or a chart that looks like it before, 'cause a lot of the challenges are quite similar in the different species.

Obviously, basic life is all DNA, RNA, and protein modulated, so there is a lot of similarities at the cellular level, but also some of the challenges. Think of cancer and weed control or the resistance to certain antibiotics or the resistance to certain herbicides that we see in CropScience or the importance of host microbes in a living species and the interaction of host microbes with the species is very similar between human, animal, and plant health.

So, by doing fundamental research at those levels, we hope that some of the insights and results can be applied across the species.

The last topic I would like to bring up is the portfolio adjustments that we have done. As I mentioned, organic growth was and is the main focus of Bayer, but when the right opportunity comes along, we also want to do inorganic growth or inorganic moves. And this is actually a chart that we put together, and it's really a look-back chart.

I don't think this was, in and of itself, a goal to be able to draw this chart, but this is what happened at Bayer in the last 10 years in terms of the portfolio adjustment. And you see, the revenue is sort of flat, okay, from EUR 28 billion to EUR 29 billion. So, that's not that exciting, but if you look at the mix of the areas that we were in 10 years ago, HealthCare and Crop were actually half of the revenue. MaterialScience, chemicals, and some specialty chemicals businesses that we since have all either sold or spun off or announced to make independent, and that, compared to the list of acquisitions that you see here in blue, right upper, in HealthCare and CropScience, and this is not a complete list, but more as an illustration of some of the larger ones. We've transformed our portfolio to, really, now 100% a life sciences company, in, really, 10 years.

And then, obviously, this is a reminder in 2014 the bigger moves we've done is Algeta, which gives us 100% access and control over Xofigo, the prostate oncology product, and then Merck OTC, of course, and then the smaller one of Dihon Pharmaceuticals for OTC in China.

A few quick words about the de-merger of MaterialScience, and I'm sure in the corporate breakout we will be able to answer all your questions on that topic. We do believe that MaterialScience is a leading business in its field. It has a number one or number two position in all of its products -- polyurethane, polycarbonate, the coatings business. So, in and of itself, well positioned in its industry.

Also, it has state-of-the-art process technology. The processes that are used in our plans are very efficient and, often, the envy of the competitors.

In addition to that, we have significantly invested in MaterialScience over the years. Just in our plant in Shanghai, since we built it, early -- began early of last decade, so 10 years ago, we've invested EUR 2 billion in that facility alone. So, we have modern, state-of-the-art capacity, and we think that that business on its own can really create a sustainable leader in its industry, with an ability, now, to also further its portfolio by doing some M&A, which was really not possible within the Bayer complex, and autonomous funding capability, access to capital in the markets, and also an opportunity to create a culture that really fits material sciences, because, obviously, Bayer being so dominated by the life sciences businesses, you get a culture that is focused around optimization of that business model, which, as we've talked about before, is very different than the materials science business model.

So, we are planning a capital market exit. We announced it just a week ago, 12 days ago, with an expected timeframe over the next 12 to 18 months. And, again, I would say, any questions you have about that, we have plenty of time to talk about that in the breakout.

So, in summary, we believe the new Bayer is a world-class life science company. We're one of the, at the moment, fastest-growing global Pharma companies. I mentioned that we have an OTC, a leading position, also, thanks to the acquisition of Merck, and we are, also, aspiring in Crop Protection for world leadership, again.

In terms of our capabilities, the ability to take R&D and actually creating successful product out of that in the market is -- has become a real strength of Bayer, and that, alongside of our reputation of our brands, our overall Bayer brand, umbrella brand, with a very good reputation.

And then I would say, you see this also, we have a very strong global presence. When we did the 150-year anniversary last year, we found out that the first acquisition that Bayer ever did, and it was founded in 1863, was in 1865 in Albany, New York. I mean, I actually used to live there in Albany, New York. I thought I was the only European who knew where Albany, New York, was when I lived there, and there's no real reason to know where it is, but apparently, Mr. Bayer in 1865 knew where it was, as well, and did an acquisition of a dye company there.

So, this global mindset has always been part of the fabric of Bayer, and it really has led to very, very strong positions, and recognition of the brand in almost every country of the world, and that is something that we are still benefiting from every day.

So, the value will come, in the future, from progressing the innovation pipeline. It will come from our focus on research, research-intensive areas, in attractive markets, and our ability to, then, take that sales growth and transition it into value for you, our shareholders.

And with that, I would like to wrap it up and ask Andy Busch to come to the podium to talk in detail about our Pharma R&D activities. Thank you very much.

Andreas Busch - ***Bayer AG - Head of Global Drug Discovery***

Good morning. And thanks for warming me up, Marijn. I guess it's my job now to tell the audience that we're really set up, as an organization, to provide continuous flow of innovation, continuous flow of value to the market.

I think Marijn has nicely shown where we've been right now, and we have, in this year, together with the Board of Management, updated our R&D strategy, in which we're working on since the Schering integration, to make really sure that we can provide this continuous flow of innovation.

We will do three changes in three ways over the next four or five years. A -- we will increase our investments to really maintain leadership in our technology platform to where we believe we can prove, by our track record that we deliver value, very competitive value. We will expand into some of our core areas, expand some of our core areas. We will dive into some adjacent areas, and I'll go into that in a second. And we will also expand our research work in ophthalmology, which is a rather new field for us, and we will, then, in the third wave, sustain our competitive growth, further increase the value output of our R&D organization by gaining scientific leadership in the areas we will engage in by then.

I think the track record of the R&D organization is rather clear. We have had an unparalleled delivery of successful Phase III trials over the last few years, resulting in approvals or extensions of some of our compounds, which we feel very proud of, as this has provided very significant value, of course, to our patients, and to the shareholders.

By the views of our peers and the outside world, we're considered a very productive R&D engine, and when we look at productivity, efficiency, and innovation, I do think we can make a couple of firm, but humble statements.

On the productivity side, we could really show that we have dramatically improved the early development portfolio as a result of the execution of the 2006 strategy. Over the past four or five years, we have more than doubled the NMEs in our early development portfolio, and we have a pretty full research portfolio.

When it comes to efficiency, we can show that we have a track record of a very high success rate. We have improved the success rate by over 30% over the past five years, really, also surpassing, in benchmark studies, our competitors. And we do all that at R&D investments which are below the industry average.

When it comes to innovation, we certainly have a balanced rather new chemical entity versus new biological entity strategy, where, clearly, we leverage the very competitive situation we're in when it comes to the small molecules. And when it comes to one view on innovation, which is do we have a significant number of projects where we are first in class, this is, indeed, the case. If we look at the early development portfolio, which I'll show you in a second, you'll see that 60% of our NMEs are first in class compounds, where we believe we have the lead in the industry.

This is all proven by a benchmark study, which was just published, the KMR study, in which we were ranked number three in discovery and number one in development. We are pretty proud that when it comes both in discovery and development to productivity and success, we are at the top spot.

The cycle time where we are in discovery, actually only number nine, is a cycle time by design because we have particularly high hurdles in early research. We want to kill early, and we want to make sure that the compounds we really deliver to late development have a very high chance of success, which, then, is, of course, proven in the previous days by Dr. Malik, now by my friend and colleague Joerg Moeller.

While looking at a very simple aspect, which is true value delivered by the investment, you can see that in a just recent published [Nature] Drug Discovery Review paper, Bayer is ranked as the company which delivers the highest value above capital -- cost of capital, and really delivers an excess return above cost of capital, which is really a nice summary of the past, but that's where we are right now.

That is water under the bridge that should generate our confidence. Yes we can -- actually, yes, we could. But now I think I'm here to try to convince you that we're not starting to be complacent, that we're very focused on what's next and are we ready to address the challenges of the future.

You've seen this slide. There is the next wave of innovation coming. I'm very happy to report that in the numbers of compounds to be launched over the next seven years, we have still strong going those five assets which we described to you last year. They are all on the path to be transitioned into Phase III by the next one and a half years, and we're very happy of that, but we could actually add, since last year, more assets.

We will, of course, launch very soon our PEGylated Factor VIII, and with the acquisition of ODM, the Orion compound, we do think we have a very nice asset, which complements our prostate cancer pipeline, and I will get into that particular asset a bit later on.

But, again, this is, also, already something where the train has left the station, and a question you've very asked in the past is truly, how does it look when it comes to the really early pipeline? Can you generate a continuous flow? Can you generate continuous innovation?

And that is the focus of the presentation today. First of all, I want to make sure that you get our sense of why we believe we are very successful, particularly in small molecules.

We believe we are particularly successful because we did the right focus and invested to be in those platforms we were engaged in, particular competitive. But that's probably what you say everybody was doing, and if you look at those platforms, not much of that is surprise.

Where we do believe we have clearly a superior, and where we do believe we generate a lot of value and success out is that we are in a situation that we have, by the right measures, put a fully integrated system into place, where really we have a fully integrated co-localized research organization where we have a daily knowledge exchange, and we have the right balance between central activities and truly localized activities where our people talk to each other on a very daily basis. That really has resulted in a very clear delivery of small molecules, which all of them are very unique, and, of course, advanced meanwhile.

Let's now go and talk about the early pipeline. If I do so, I, of course, want to remind on -- remind you about the disclaimer which Alexander Rosar gave in his introduction. When I talk about the early pipeline, I want to really make sure that you get the taste of what we're doing, that you see that we're continuously delivering, but I, also, of course, want to keep in mind that these are early assets, Phase I, so, they, of course, have the risk of attrition.

Cardiology is clearly a very, very strong pillar in our overall R&D strategy, in which we continue to deliver significant innovation. We're focusing on antithrombotics, bleeding disorders, coagulation, vascular aging in contrast to atherosclerosis. We have a very strong position in heart failure, and with molecule start a significant asset in anemia.

In the areas we're engaged on, we represent about 30% of the global cardiology pipeline, which certainly will help us in the future to gain the therapeutic leadership position in cardiology, and I think we are very happy about that. We have almost 30 -- 20 projects in development right now, and I'm going to get into a couple of them, which may be a bit of a surprise to you.

First of all, let's get to bleeding disorders, where we now have the first small molecules, the first few molecules in development, and the first small molecule for true bleeding disorders advanced. This is a plasminogen inhibitor, and it's very obvious that you need to stabilize the fibrin clot if you want to prevent bleeding. And with plasminogen inhibition, you can do so without being thrombogenic.

The proof of concept has nicely been done in the past with tranexamic acid, which is a plasminogen inhibitor. However, if you look at the characteristics of tranexamic acid, you know that this, of course, almost insufficiently can only be given acutely. You need to give it three to four times a day, over 10 grams. That's almost like a food supply. Potency with 660 nanomolar, of course, is very low, and, at the end, the lysis of the clot is still very high.

However, the proof of concept was really generated with tranexamic acid and we now use this to come up with a compound which really takes advantage of all the weaknesses of tranexamic acid. We have a compound which we can, in the future, apply once daily at a dose clearly lower than milligrams, very high potency, with a smaller than 10 nanomolar affinity, and a very persistent effect on the clot, with less than 2% lysis.

Really exciting molecule, which can be used in a number of bleeding disorders. We will study that compound in a number of bleeding disorders including von Willebrand disease, some platelet function disorders, and, of course, Factor XI deficiency. Q1 next year this compound will be in Phase I. The results will be there.

I think everybody, a few, is asking the question, what's the life after Xarelto? Are we set up to really tackle the next challenge in our thrombosis strategy? We take the next steps now with what I believe is a very exciting mechanism, which is Factor XIa inhibition, which we addressed with an antibody right now, which is in Phase I.

If you look at the validity of the target, you have to agree that this is a highly validated target, based on the knock-out in hemophilia C patients, which, indeed, show you that they have a reduced incidence of ischemic stroke and DVT, but, basically, only very, very minor bleedings, which only come into play when you do surgery, tooth extractions, and so forth.

Otherwise, these patients live a completely normal life. Very nice validation of the target, and if you look at our most relevant antithrombotic model, the preclinical rabbit model, you can see that in this bleeding-prone model, as it on top of platelet aggregation, that, indeed, with our antibody we can show very high efficiency, complete antithrombotic action, at no increased bleeding risk.

So, we have exactly that profile which we believe could be, from the profile, at least, the Holy Grail, which is maximum antithrombotic efficacy at no increased bleeding risk.

In our heart failure and cardio protection portfolio, we are quite pleased about our chymase inhibitor, which, again, will go through Phase I very soon. Chymase is an important enzyme which is released during mass cell activation in the injury of a number of tissues and organs. It's clearly nicely validated as an important enzyme responsible for fibrosis and structural remodeling after MI, but also in other organs we do see the significant relevance of chymase in fibrosis and remodeling, such as the kidney.

However, nobody has managed, in the past, to generate a compound which has the appropriate a) affinity pharmacology and also pharmacokinetic profile to be used. And this is the compound which we believe we have right now in our hands in probably the most predictive heart failure model there is, which is a dog model, in which by microinfarction you induce heart failure with a left ventricular ejection fraction around 30%.

You can see that, depicted by the gray bars here, that no treatment results in a deterioration of the ejection fraction. All the treatment groups show a very nice increase of the ejection fraction. All that comes about at no effect on blood pressure. All that comes about with a compound which has a very good pharmacokinetic profile, once-daily compound, which will be -- which we will be in a situation to combine with any standard treatment there is.

Phase I is, as I mentioned, ongoing. Results are expected by the end of this year.

There is very little doubt that adenosine is a cardio protective endogenous compound. However, from the knowledge that adenosine helps your heart and protects your heart, and you produce yourself, the industry could really never translate that information into a compound which can be used for cardio protection, for a couple of

reasons. A) the protective effect is brought about by the subtype A1 receptor, and B) all the approaches in the past stemmed from nucleosidic molecules, which never could provide the pharmacokinetic profile which you need in order to go forward.

We tried to overcome this approach by searching for non-nucleosidic leaf structures, which we were successful on, and we had tried to overcome the risk of having extra cardiac or non-wanted side effects by A1 activation, which you, for example, have in the kidney, or which you, for example, would have the AV node conduction, by producing a partial agonist.

Having done so, we, indeed, obtain a compound which is now in a proof-of-concept trial, and that compound shows a striking difference towards the standard treatments in heart failure, where if you probably all know, if you look at the effects of beta blockers or ACE inhibitors post MI, you can see that effects in heart failure will never show up before a very significant treatment period, two, three months, at least, before you see the first treatment effects, and even in between you can see a deterioration of the function. And I guess you are all known -- know about that. And this is shown here in an historic comparison for beta blockers or ACE inhibitors.

Using the adenosine stimulation in cardio protection, you do see this effect, without any deterioration, immediately. So, we do see this effect after one week of treatment, and this is sustained after 12 weeks of treatment.

It's a compound which has, also, in this past this mechanism shown effects and proof-of-concept in the patients in other indications, such as stable angina. We do believe that this is an exciting new compound, which would really offer significant advantages over standard treatments, but also can be combined with standard treatments. And we look certainly very much forward to see the results of the proof-of-concept studies by the mid of next year.

You may remember that we have changed our strategy in women's healthcare. In research, we got completely out of fertility control, but said we want to address the high unmet medical need in the gynecological therapies, especially in endometriosis and in fibroids. Women are ridden by this disease, and very much suffering at a very high incidence of this disease.

This is what we were focusing on, and, again, we started with that 2007 and we're now in the fortunate situation that after significant time these efforts do materialize and we do build now an early portfolio and have, actually, in this early development portfolio already a number of compounds, and one of them, at least, I want to show you. I did talk last year on the progesterone antagonist, which is well advancing in fibroids and endometriosis.

Today I want to give you one example of what I believe is a particularly exciting compound, which is our AKR1C3 inhibitor that's an aldo reductase inhibitor, and by this it reduces the synthesis of two very important compounds, which is A) estradiol, and B) the prostaglandins, which A) result in a reduced proliferation of endometrial cells, and B) an immediate reduction of inflammatory pain.

So, we have exactly the profile we want to accomplish, both on endometrial proliferation, but B) also on the pain aspect, which is what the women with endometriosis are suffering the most of.

Very important also to mention, this is an enzyme which is over-expressed in the endometrium, so, we do not have to worry about side effects in the ovary, which would always be a concern if we go forward with this compound. This is not the case.

You can see in the marmoset endometriosis model, which is depicted there on the left side, that, indeed, the theory was the right one. Uncontrolled the lesions increase. Under treatment, with a high efficacy, the lesions decrease. Again, this is a compound which is already in Phase I, and we expect data, also, at the end of this year.

Oncology is certainly the most discussed area, and this is the area where we truly have made the most significant progress over the past five years. In oncology we have right now 30 compounds, 30 NME, in development, and the strategy here might be a different than the strategies you do see with other companies.

We try to not put all eggs in one basket, but, really, we try to address the most relevant target mechanisms for which we have very significant evidence that those targets play a role in tumor establishment and progression across different mechanisms, and we try to address this mechanisms with our, what we believe, very competitive small and large molecule technology platforms.

And the result you can really see here. We have here a very high number of first-in-class approaches, first-in-class molecules across a significant number of pathomechanisms.

I want to quickly go into one project which doesn't fit to the Phase I compounds, but is a late project, but you've never heard about it. This is our ODM-201, the compound which we in-licensed from Orion. It's an ARS, and the question is, what is really the true differentiation of this compound towards [Xtandi] or ARN-509, which is also in development.

Well, we do believe that, of course, the side effect, the seizures, are a very, very competitive disadvantage and unbearable for a number of patients. And we do know that ODM has a profile of no brain permeability. We do think that the seizures are, of course, caused by the brain permeation of ARN and Xtandi, and we can really, at this point, say that we will not see significant brain permeation.

We have very positive Phase II data, and we also found out that we have, in contrast to a number of other ARS, absolutely no CYP induction, which makes this compound very well amenable to combination therapies in the future.

So, the differentiation here, again, is no brain permeation, with, of course, the expectation that we won't see any seizures, and B) we do think that, based on the lack of CYP induction, we can, very nicely, combine this compound with a number of other assets.

Let's get to early assets, where I do think we have proof of concept already, or we are about to get it.

Roniciclib -- this is our pan-CDK inhibitor, where we really try with this inhibitor, which inhibits CDK-1, 2, 4, 5, 7, and 9, within a therapeutic window to address, in particular, small lung -- small-cell lung cancer. Why do we think that we can make a difference compared to other CDK inhibitors which are also there?

Well, because we know that this pan-CDK inhibitor is also active in a number of chemo-resistant cell lines in cancer where RB is inactivated. If you look, for example, at CDK 4, 6 inhibitors, they only can work if RB is activated, this tumor suppressor is activated. Our compound, our pan-CDK inhibitor can work if this also fully active.

Looking at Phase I data, we got positive Phase I data. We do in therapy where we use this compound only we could generate disease control over small-cell lung cancer and in ovarian cancer. However, I want to remind everybody that this compound we will bring forward, preferably, in combinations where we expect, of course, more to see in the future than just disease control and stable disease. We, of course, want to see, in combination studies with Cisplatin, for example, a clear response.

Anetumab Ravtansine, our mesothelin antibody drug conjugate, we've described in the past. Mesothelin is an internalizing antigen which is expressed in a number of tumors, particularly high in mesotheliomas, with 100% -- that's where the name comes from -- but also highly expressed in pancreatic cancer and in ovarian adenocarcinomas.

These are the cancers we're after, because we want to bring our therapy to those cancers with an antibody against mesothelin, and then release there the toxin. The ADC you can see on the left lower corner.

We are through our first Phase I studies, and we're now in another Phase Ib study, and we do see efficacy. What you can see here is a confirmed partial response now at a 6.5 milligram per kilogram therapy, where tumor thickness was significantly decreased at the end of cycle two and at the end of cycle four.

This study followed another study in which we went up to doses of 7.5 milligrams. There we saw, at the regimen we used, a higher efficacy with a number of partial responses, but also significant toxicity, and that's why we're, right now, trying to identify what is the best dosage regimen with the appropriate therapeutic window.

FGFR2 antibody, again, is a first-in-class antibody on that particular target, which we believe is a very exciting target. It's very specifically and highly expressed in a number of cancers, especially gastric cancers, and we do know that finding the appropriate antibody to FGFR2 will result in internalization, and after internalization, will, then, block tumor growth and metastasis, and this we have done in a couple of preclinical experiments and show that this is, indeed, the case.

A Phase I study is ongoing. Data expected, again, by the mid of next year.

That we not only have a theory that FGFR2 is responsible for tumor growth, but also may use this as a very nice biomarker for personalization, is shown in this particular slide. You can see here that the immunohistochemistry score shown here is indicative of whether treatment would work or not.

So, the higher the expression is here with 3, the higher the figures here, with 87% of response. If we have very low expression of FGFR2, we have basically no true response of the compound. So, we will be in a situation to use FGFR2 immunohistochemistry to personalize the therapy with our antibody.

Let's get to the targeted thorium conjugates. Marijn has shown you that we have acquired Algeta, with Radium 223, named Xofigo, as a prostate cancer treatment. Well, radium is derived from thorium. The nice thing about thorium, in contrast to radium, is that thorium can be conjugated, can be coordinated with the appropriate ligands.

Now, if we can do that, then you, of course, can associate that conjugate with an antibody and direct this alpha emitter exactly to the tumor. That's what we're doing.

We have a number of those conjugates available. We feel very comfortable with thorium, because we know it'll translate into radium, of which we do know the pharmacokinetic behavior, for example, the excretion. We can rather comfortable about this, and what we do know on the preclinical side, we could show in a number of models very efficacy profiles, and we have now a number of antibodies available which we can couple to the thorium coordination, and really bring that into the patients. We believe there can be a very fast proof of concept achieved, and we target the start of Phase I study, again, at the beginning of next year.

We also are active in immuno-oncology. I certainly do not want to claim that we are a leader in this particular field, but I do think we have significant efforts here, and we are in a situation that we can identify some sweet spots. A) I think our Micromet/Amgen collaboration has resulted in two assets, one of them in a proof-of-concept trial in prostate cancer, and one going into clinic very soon. These are pretty interesting compounds, really attracting T-cells towards the targeted tumor, and we'll report on the outcome of those trials very soon.

On top of that, we have a strategic alliance with the German Cancer Research Center addressing immunotherapy, and, together with them, we are bringing an antibody addressing an immunological target into development within the next two months.

And we believe that, also, on the immune checkpoint regulators there is still biological space left which can be addressed. With Compugen we have struck a deal more than a year ago, and we have now two targets which we address in our lead optimization efforts. Those targets are actually well recognized and commended by a number of KOLs as very potentially attractive targets in the field of immune checkpoint regulators.

So, whatever I told you now about those compounds you will follow as the data and the news flow will come over the next months and years, and, hopefully, also for the sake of the patients that a number of those compounds will advance as nicely as they have done so far.

When we talk about life cycle management, very often we forget the role of research, which is important for life cycle management, particularly identifying new indications, but also going for new formulations. And I want to today show you a very reasonable approach, logical approach, which combines scientific knowledge, together with some technologies to bring a new, yes, medication forward, potentially, for wet AMD.

And that's the example with Marijn has already used in his presentation. We all do know that vascular leakage is the cause of wet AMD, and that's why anti-VEGF therapy with large molecules has been used in the past, and successfully used, and we, of course, are one of the companies with Eylea, who, then, can sing a song about that one.

But the current standard, really, is still intravitreal injection, which is not something any one of us here in this room wants to have, and, certainly, is something none of the patients really appreciate when they get every month or every second month a needle stuck into their eye.

So, we, based on our angiogenic programs in oncology did investigate can we find certain formulations and certain compounds out of that program, which, applied as eye drops, would do a similar effect, which would be an effect reducing vascular leakage, however simply by the application of eye drops.

And this picture shows you that we actually were reasonably successful in doing so. This is a very predictive primate model in which laser-induced lesions are produced.

You can see that up here, on the upper hand, where grade IV lesions were induced, given eye drops twice a day, eye drops which contained Regorafenib -- and I can tell you that not every compound works, and not every formulation of eye drops would work, and there's a bit of trial and error in the whole approach. However, with that formulation we're using, with Regorafenib in it, we could really show very significant efficacy, and we're right now in the Phase II trial. Phase I trial was successful. We did not see any safety issues, any irritation.

We, of course, want to see whether the compound really holds it promise, now, in patients, and we will, then, be very careful in positioning the compound as single treatment or as a combination treatment on top of injections.

Again, the news flow on our life cycle management activities is also published, and you will hear a lot about value increase of our launch portfolio over the next year.

Well, I want to sum up. I hope that I stayed in time. I want to sum up and hope that you got a bit of the taste of our R&D organization, of what our track record is, and what we derive from that. We derive from that the ambition to deliver more in the future, rather than less.

I do think that you do appreciate from other presentations that we have an extraordinary life cycle management program ahead of us. We have launched so many compounds, which we now need to optimize the value of, that this is a huge ambition and challenge for us.

I hope you agree that we have a number of compounds in the advanced phase of our pipeline, which we want to support and bring to the sake of our patients forward, and, in the best case scenario, of course, to approval very soon. But I hope that you also got through my presentation a clear understanding of where we stand with our continuous flow ambition, how you -- that you got the impression that we are continuously working on innovative compounds, and that we are capable, with the right measures and the right focus, of bringing these compounds forward, and, hopefully, next year you can see that a number of the compounds described today are, again, advanced, will have shown proof of concept in the patients and are on the path to approval.

Thank you very much for your attention.