



Investor Handout

**33rd Annual J.P. Morgan
Healthcare Conference**

January 2015



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.

Figures for 2012 have been restated due to changes in accounting policies relating to the accounting standards IAS 19R ("Employee Benefits") and IFRS 11 ("Joint Arrangements"). In addition, Bayer changed accounting for the stock-based compensation program.



Disclaimer

Significant Operational and Strategic Progress at HealthCare



One of the **fastest-growing global pharma businesses**



A maturing mid-stage **Pharma pipeline**



Creating a **global leader in OTC (Consumer Care)**

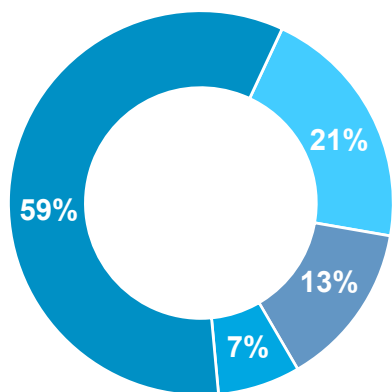
An abstract graphic featuring a blue and green DNA double helix on the left, transitioning into organic, flowing shapes in shades of blue and green on the right. A dark blue horizontal bar is positioned across the middle, containing the word "Performance" in white.

Performance

Leading Positions in Key Healthcare Markets



Sales Split by Segment 2013



HealthCare €18,924m

Pharma

€11,188m

- Leading positions in key therapeutic categories

Consumer Care

€3,904m

- Global #2 in OTC-pharmaceuticals

Medical Care

€2,526m

- #1 in fluid injection systems, #1 in contrast media, #3 in blood glucose meters

Animal Health

€1,306m

- Global #5, #2 in parasiticides

Consumer Health

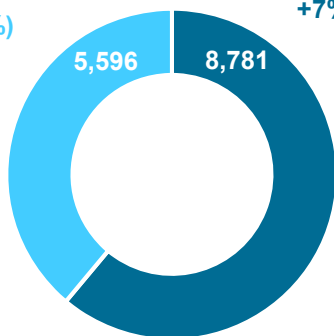
9M 2014: Dynamic Growth of HealthCare Driven by Pharma



In € million, Δ% yoy, () = Fx & portf. adjusted

Sales

Consumer Health
-3% (+1%)



Pharma
+7% (+12%)

HealthCare €14,377m; +3% (+7%)

Price	Volume	Fx	Portfolio
+1%	+7%	-5%	0%

Earnings

Adj. EBITDA*

3,997 4,058 +2%



Adj. EBIT*

2,988 2,974 ±0%



HealthCare – 2014 Financial Outlook (as published with Q3 reporting)



Sales Δ Fx and portfolio adjusted

	2013	Δ vs. 2012	2014E
Sales	€18.9bn	+7%	Mid-single-digit % increase (-3% Fx)*
EBITDA before special items	€5.3bn	+4%	Low-single-digit % increase (-€340m Fx)*

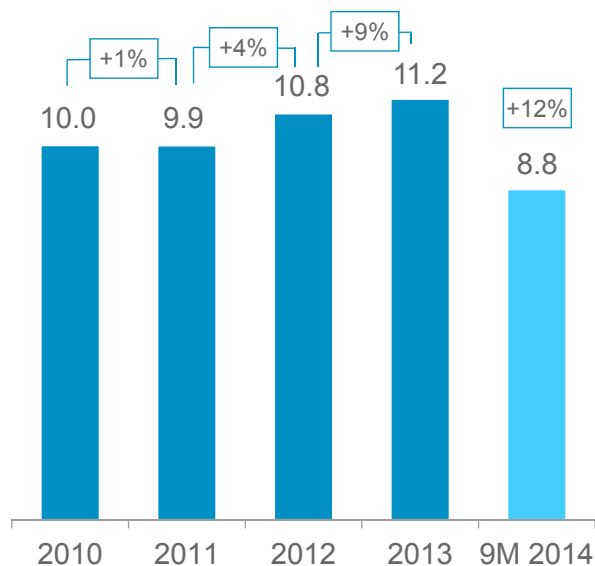
Outlook includes €300-350 million sales and around €70 million in EBITDA before special items from the acquired consumer care business of Merck & Co. in Q4 2014

One of the Fastest-Growing Global Pharma Companies



Pharma Sales

€ billion; Δ % Fx & portfolio adj.



Plans for continued growth

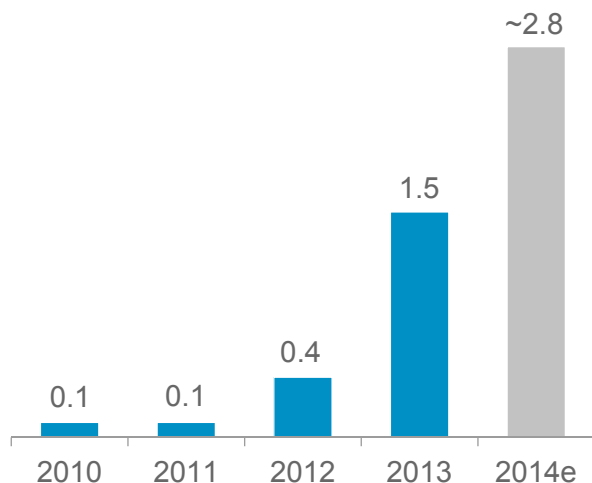
- Maximize the value of launch products
- Drive commercial excellence in marketing and sales
- Advance early and mid-stage pipeline
- Achieve Phase III readiness for 5 projects in 2015
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions

Pharma Launch Products Drive Growth - Combined Peak Sales Potential of \geq €7.5bn



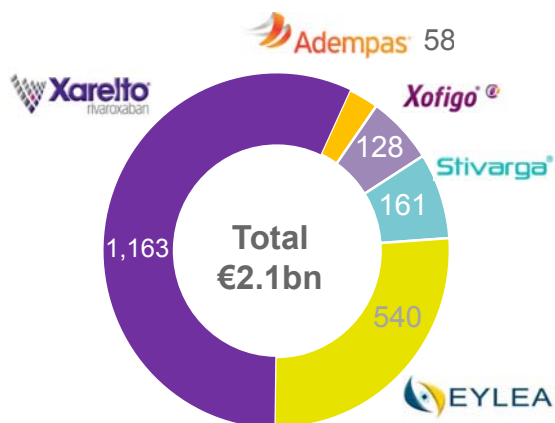
Collective Sales

€ billion



9M 2014 Individual Sales

€ million



Pharma-Pipeline

Increasing R&D-investment to Support Short-, Mid- and Long-term Growth at Pharma



1

Life-cycle Management for Launch Products

- Xarelto (Rivaroxaban)
- Eylea (Aflibercept)
- Xofigo (Radium-223 dichloride)
- Stivarga (Regorafenib)
- Adempas (Riociguat)

2

Projects from Mid- and Late-stage Pipeline

- Finerenone
- Copanlisib
- Molidustat
- Vericiguat
- Vilaprisan
- Long-acting rFVIII
- ODM-201

3

Opportunities in Research and Early Pipeline

- Cardiology
- Hematology
- Oncology
- Gynecological Therapies
- Ophthalmology

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Rivaroxaban - Comprehensive Life-cycle Management Program Underway



Indication

Areas with patients at risk of arterial thromboembolism:

- **Chronic heart failure** and significant coronary artery disease
- Major cardiovascular events in **coronary or peripheral artery disease**
- Embolic stroke of undetermined source (**ESUS**)
- **Peripheral artery disease** undergoing peripheral artery interventions
- Acute coronary syndrome (**ACS**)

Specific AF-patient populations:

- Non-valvular atrial fibrillation + **catheter ablation**
- Non-valvular atrial fibrillation + **cardioversion**
- Non-valvular atrial fibrillation + **left atrial/left atrial appendage thrombus**
- Non-valvular atrial fibrillation + **percutaneous coronary intervention**

DVT and PE in specific patient populations:

- Long-term prevention of symptomatic **recurrent DVT and/or PE**
- Symptomatic DVT and/or PE due to concurrent **medical illness**
- Treatment and sec. prevention of DVT and/or PE in **pediatric patients**

Trial

End date*

COMMANDER-HF	Apr 2017
COMPASS	Jan 2018
NAVIGATE ESUS	Nov 2017
VOYAGER PAD	Yet to start
GEMINI ACS 1	Jan 2017 (Phase II)
VENTURE-AF	completed
X-VerT	completed/published
X-TRA	Feb 2015
PIONEER AF-PCI	Aug 2016
EINSTEIN CHOICE	Nov 2016
MARINER	Feb 2017
EINSTEIN JUNIOR	Nov 2018

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Rivaroxaban is being developed in cooperation with Janssen Research & Development LLC, a Johnson & Johnson company
*) Primary trial completion dates as of January 8, 2015

Rivaroxaban X-VeRT Trial: Protecting AF-Patients Who Undergo Cardioversion



- Restoration of sinus rhythm through cardioversion in AF-patients requires adequate anticoagulation.
- Current guidelines recommend at least 3 weeks of effective anticoagulation with VKAs prior to cardioversion¹ and 4 weeks after the procedure.
- X-VeRT:
 - ➔ Efficacy and safety of rivaroxaban compared to dose adjusted VKA in patients with non-valvular atrial fibrillation scheduled for cardioversion.

Main study findings:

- 50% numerical² reduction in the risk of stroke, TIA, peripheral embolism, myocardial infarction and CV-death (composite primary efficacy outcome) compared to VKA
- 24% numerically² lower risk of major bleeding (primary safety outcome) compared to VKA
- Shorter time to cardioversion compared to VKA

1) Or less if a transesophageal echocardiogram has revealed no thrombus in the left atrial or left atrial appendage

2) Study not powered for statistical significance

AF: Atrial fibrillation; VKA: Vitamin K antagonist

TIA: Transient ischemic attack; CV: Cardiovascular

Addressing Multiple Life-Cycle Opportunities for Radium-223 dichloride



Life-Cycle Opportunities

Addressed Through

Repeat dosing in CRPC



Phase II trial assessing the short and long-term safety of re-treatment

Higher dose in CRPC



Phase II trial with dose higher than the approved 50 kBq/kg

Earlier disease stages of CRPC



Phase III combination trial with abiraterone
Phase II trial in combination with abiraterone or enzalutamide

Combination studies in CRPC



Expansion into additional cancer types



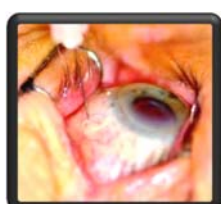
Phase I and/or II studies in breast cancer, osteosarcoma and potentially in additional cancer types

Life-Cycle Management for Regorafenib Goes Beyond Oncology



Eye-drops for Treatment of wAMD

- Regorafenib inhibits VEGF receptor signaling, a well established principle to treat wAMD
- Phase I completed
- Phase IIa/b initiated, prim. completion Apr 2016e (DREAM trial)



Current Standard:
intravitreal injection



Project Goal:
topical treatment (drops) as additional option

Additional Cancer Indications

- Colorectal cancer after resection of liver metastases
Phase III ongoing (COAST trial)
Prim. completion Mar 2018e
- 2nd line liver cancer
Phase III ongoing (RESORCE trial)
Prim. completion Apr 2016e

Mid- and Late-Stage Pharma Pipeline Progressing



<u>Project</u>	<u>Mechanism</u>	<u>Indication</u>	<u>Status</u>
ODM-201	AR Antagonist	Non-metastatic castration-resistant prostate cancer	Phase III
Damoctocog alpha pegol	Long-acting Factor VIII	Hemophilia A	Phase III (pediatric)
Finerenone	MR Antagonist	Chronic heart failure (CHF) Diabetic nephropathy	Phase IIb Phase IIb
Vericiguat	sGC Stimulator	Worsening CHF	Phase IIb
Vilaprisan	Progesterone Receptor Modulator	Symptomatic uterine fibroids	Phase IIb
Molidustat	HIF-PH Inhibitor	Anemia	Phase II
Copanlisib	PI3-Kinase Inhibitor	Cancer (NHL)	Phase II



Attractive Early Pipeline Projects*

<u>Project</u>	<u>Mechanism</u>	<u>Target Indications</u>	<u>Status</u>
BAY 1067197	Non-nucleosidic partial A1 receptor agonist	Worsening clinical heart failure	Phase IIa
BAY 1213790	FXIa antibody	Anti-coagulation therapy	Phase I
BAY 1142524	Chymase inhibitor	Cardiovascular diseases	Phase I
Plasminogen-Inhibitor	Inhibition of fibronolysis	Various bleeding disorders incl. hemophilia	Phase I start Q1 2015e
BAY 1000394	Pan-CDK-inhibitor	Small-cell lung cancer	Phase II
BAY 94-9343	Mesothelin antibody-drug-conjugate	Solid tumors	Phase Ib
BAY 1179470	FGFR2 antibody	Solid tumors	Phase I
BAY 2010112	PSMA-BiTE	Prostate cancer	Phase I
BAY 1128688	AKR1C3 inhibitor	Endometriosis	Phase I



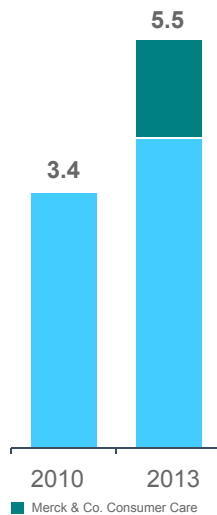
Creating A
Leader in OTC



Aspiring for OTC Leadership

Consumer Care Sales

€ billion, 2013 pro forma



Achievements

- Strong #2 position
- Some of the world's most recognized brands
- Track record of outperforming market growth
- Success in long-term brand building
- Highly complementary acquisitions, incl. Merck OTC

Plans for continued growth

- Globalize established brands
- Launch innovation pipeline
- Execute Emerging Markets focus strategies
- Fully realize synergy potential from acquisitions
- Target strategic acquisitions and alliances

ASPIRIN[®]

Claritin

Bepanthen[®]

Dr.Scholl's

ONEA DAY

Alka-Seltzer

Coppertone

Integration of Merck & Co.'s Consumer Care Business on Track



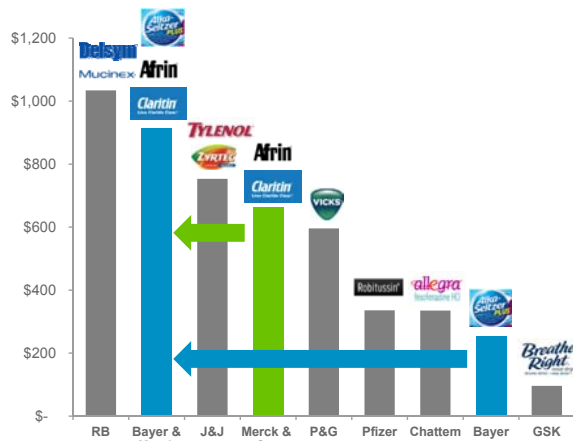
- Integration of the acquired business has been successfully initiated
- Conveyed and onboarded over 1,800 Merck & Co. employees globally
- Global senior leader assessment and selection completed
- People selection process under way
- All synergy tracking processes and integration teams fully in place
- Transitional service agreement exit plans from Merck & Co. in progress

Enhanced Scale and Broader Category Scope Improve Product Offerings



US Retail Sales CASF

FY 2013 retail sales in CASF in \$ million*



Benefits from Enhanced Scale

- Co-promoting complementary brands
- New item assortment and shelving opportunities
- Improved merchandising efficiencies
- Bigger and more impactful trade events
- Foster strategic partnerships with retailers

- **Make Bayer Consumer Care Top Strategic Partner for US Retailers**

Maximizing Brand Potential Through Global Expansion



Brand

Sales by Major Region 2013




Expansion Plans

Coppertone Sun Care	~95% in North America
Claritin CASF	~80% in North America
ALEVE Analgesic	~80% in North America
Bepanthen Wound-healing	~75% in Europe
Canesten Anti-fungal	~75% in Europe & LatAm
Berocca Vitamins & minerals	~50% in Europe



Execution Plan Focused on Key Brands in Key Emerging Markets



Country	OTC Market	Sales Growth 9M 2014*	Execution Plans
 China	<ul style="list-style-type: none"> • Global #2 • Growing 2x the global rate 	+24%	<ul style="list-style-type: none"> • Use investments in footprint, brand-building and sales capabilities to extend Claritin leadership • Build sun care category with Coppertone
 Brazil	<ul style="list-style-type: none"> • Global #7 • Fastest growing market in LATAM 	+24%	<ul style="list-style-type: none"> • Use investments in brand-building and channel capabilities to develop key new categories (sun care, foot care, allergy) • Revitalize Coppertone and Dr. Scholl's brands
 Russia	<ul style="list-style-type: none"> • Global #4 • Retail OTC is largest healthcare segment 	+18%	<ul style="list-style-type: none"> • Focus on CASF brands using current position to roll-out extended offerings • Achieve #2 position

Summary



Well-positioned for Growth

- Significant operational and strategic progress
- Pharma launch products drive growth - Combined peak sales potential of \geq €7.5bn
- Comprehensive life-cycle management program to fully exploit potential of launch products
- Mid- and late-stage pharma pipeline progressing - Expect increasing visibility in 2015
- Creating a global leader in OTC (Consumer Care) through the acquisition of Merck & Co.'s consumer care business



Date	Event	Publication
Thursday, February 26, 2015	Investor Conference Call	2014 Annual Report
Thursday, April 30, 2015	Investor Conference Call	First Quarter 2015 Results Stockholders' Newsletter
Wednesday, May 27, 2015	Annual General Meeting	
Wednesday, July 29, 2015	Investor Conference Call	Second Quarter 2015 Results Stockholders' Newsletter
Thursday, October 29, 2015	Investor Conference Call	Third Quarter 2015 Results Stockholders' Newsletter



Reporting Events and AGM



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