



Science For A Better Life



Investor Handout

June 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

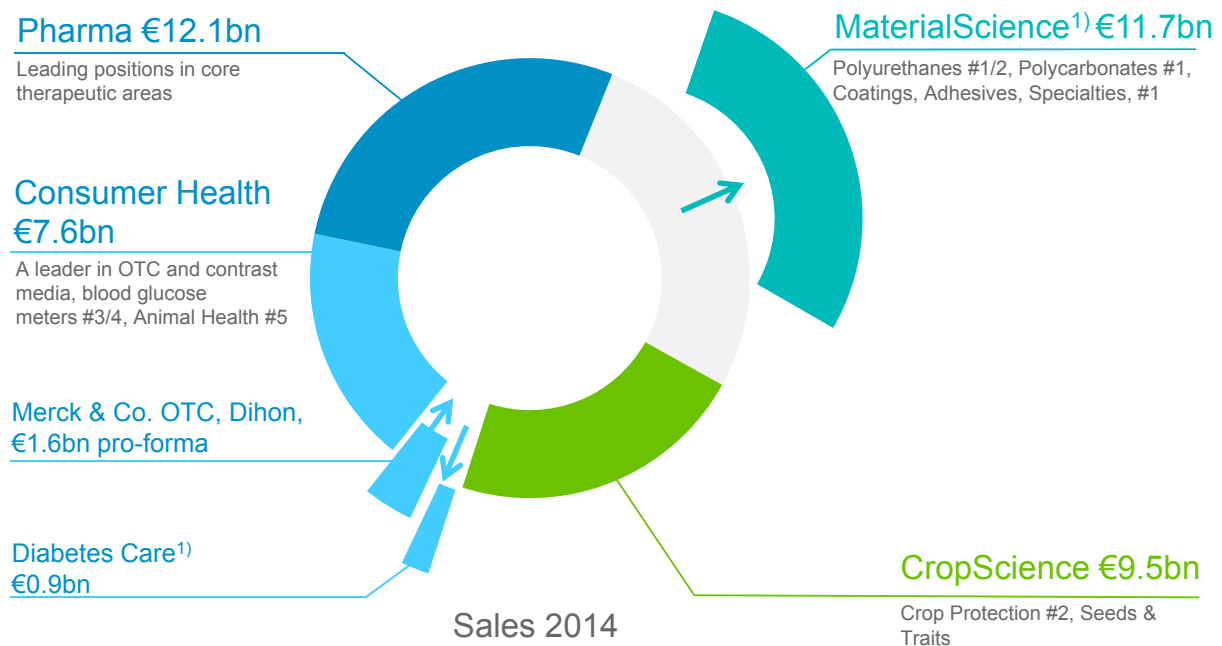


The New Bayer



- | Transforming into a pure Life Science company and exiting MaterialScience
- | Executing a strategy of organic growth complemented by bolt-on acquisitions
- | Generating strong growth with new product innovations
- | Expecting important R&D pipeline progress during the next 12 – 18 months
- | Targeting low single-digit % organic growth and high-teens % improvement in Core EPS in 2015

Portfolio Transformation Will Focus Business and Strengthen Life Sciences

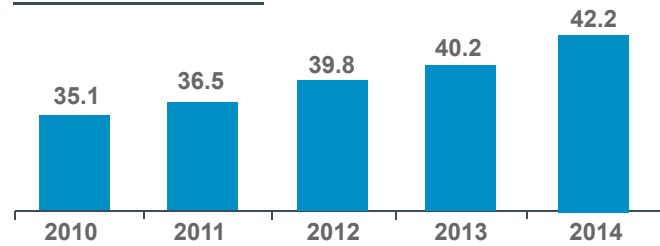


Track Record of Consistently Strong Performance



Sales

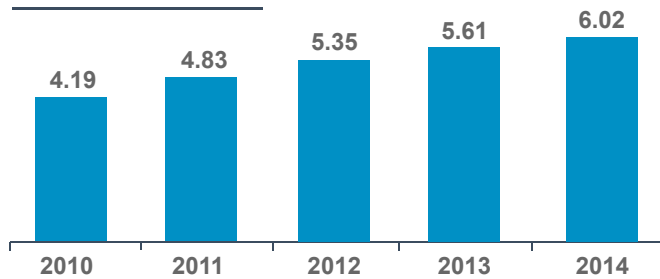
€ billion



+5% CAGR 2010-2014

Core EPS

€



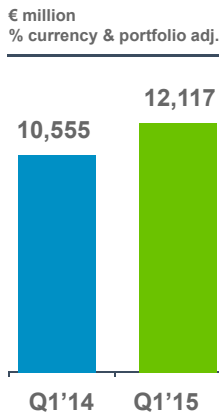
+9% CAGR 2010-2014

Q1 2015 – Strong Start to the Year



Sales

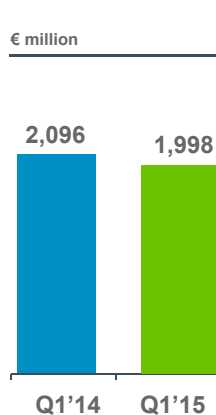
€ million
% currency & portfolio adj.



+3%

EBIT

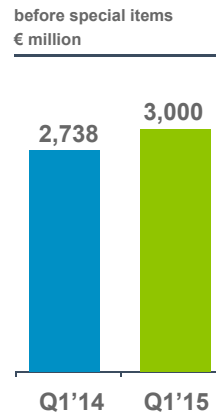
€ million



-5%

EBITDA

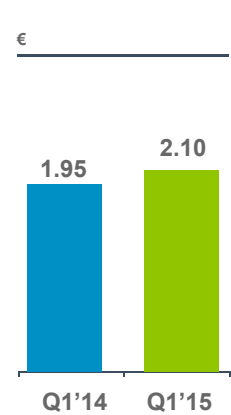
before special items
€ million



+10%

Core EPS

€



+8%

Q1 2015 – Full-Year Group Guidance Raised Mainly Due to Fx



Sales Δ% Fx and portfolio adj.

	2014		2015 original guidance	2015 Update (April)	Fx effect
Sales	€42.2bn	▶	Low-single digit % increase ~€46bn	Low-single digit % increase €48 - 49bn	~ +9%
EBITDA before special items	€8.8bn	▶	Low-to-mid-teens % increase	High-teens % increase	~ +8%
core EPS	€6.02	▶	Low-teens % increase	High-teens % increase	~ +7%

Full Year 2015 – Guidance by Subgroup (Q1 update)



	Sales *	Adj. EBITDA *
HealthCare	Mid-single-digit % increase	Low-twenties % increase (previously: mid-teens %)
Pharma	Mid-to-high-single-digit % increase	Mid-teens % increase (previously: low-teens % increase)
Consumer Health	Mid-single-digit % increase	Mid-thirties % increase (previously: mid- to high-twenties % increase)
CropScience	Low- to mid-single-digit % increase	Low- to mid-teens % (previously: low to mid-single digit %)
MaterialScience	Lower sales, as volume growth is over compensated by lower selling prices	Significant increase CFROI ≥ WACC



The New Bayer



4 Key Elements Constitute Our Successful Strategy

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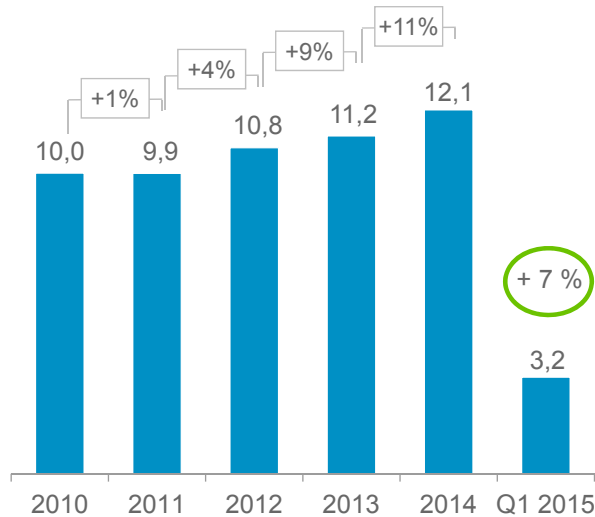
1. Deliver growth and performance



Fast-Growing Global Pharma Business

Sales

€ billion; Δ% yoy Fx & portfolio adj.



Plans for continued growth

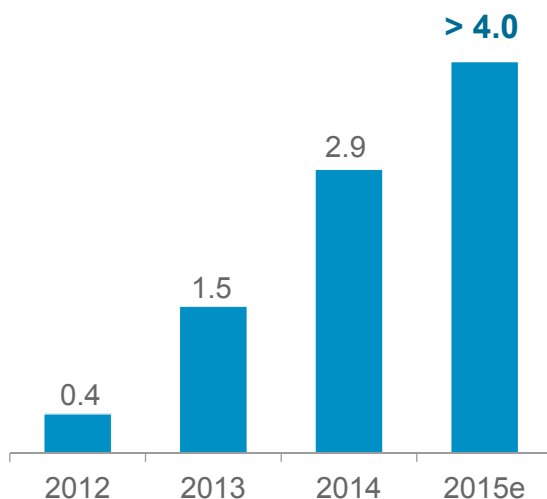
- Maximize the value of launch products
- Drive commercial excellence in marketing and sales
- Advance early and mid-stage pipeline
- Achieve phase III readiness for key phase II assets by mid-2016
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions



Pharma Launch Products Drive Growth: Combined Peak Sales Potential of ≥€7.5bn

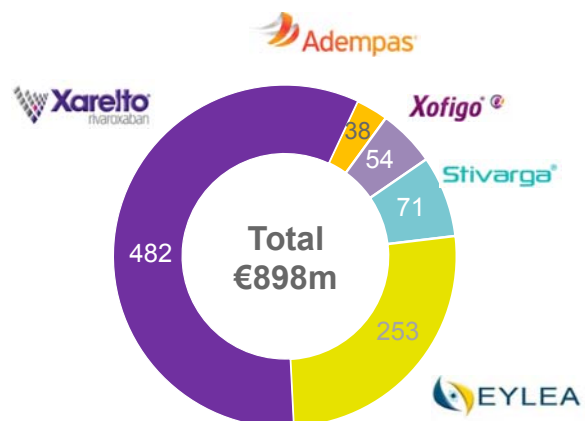
Collective Sales

€ billion



1Q 2015 Individual Sales

€ million, Δ% yoy Fx adj.

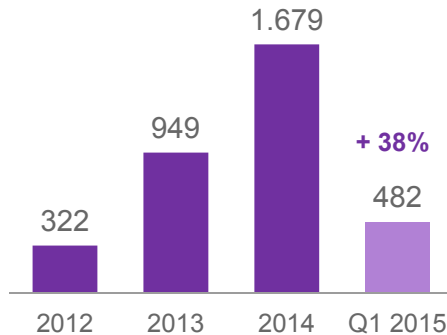


Xarelto – Leading Novel Anticoagulant

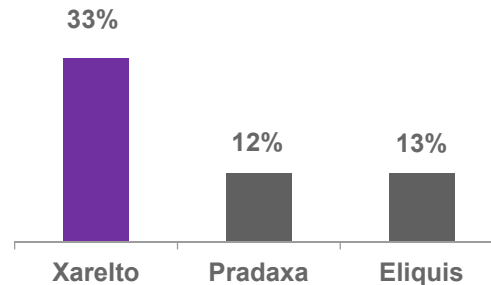


Sales

€ million; Δ% Fx adj.



Global Market Sales Share*



- Continued dynamic growth: gaining 5%-age points market share yoy and 1%-age point sequentially since year end 2014
- ~13 million patients treated to date
- Comprehensive Life-cycle management program including peripheral artery disease and chronic heart failure

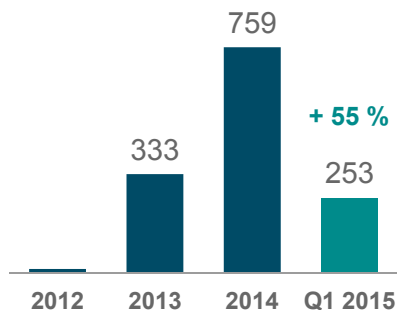
✓ **Peak sales potential of ~€3.5bn reiterated**

Eylea – Gaining Share in Key Markets



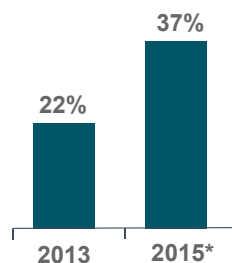
Sales

€ million; Δ% Fx adj.

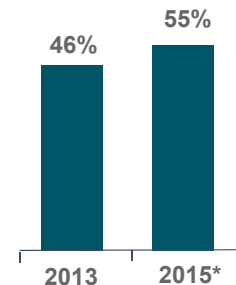


Europe

5 main countries + Switzerland



Japan



- Successful roll-out, 2014 sales more than doubled
- Significant label expansion achieved. New indications approved: DME, mCNV and RVO
- Life-cycle management incl. combination therapy with PDGFR-β antibody**

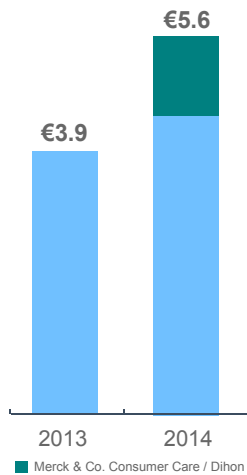
✓ **Peak sales potential of ≥ €1.5bn reiterated**

DME: Diabetic macula edema
mCNV: myopic Choroidal neovascularization
RVO retinal vein occlusion



Leveraging Potential of OTC Leadership

Consumer Care Sales
€ billion, 2014 pro forma



■ Merck & Co. Consumer Care / Dihon

Achievements

- Strong #2 position
- Track record of outperforming market growth
- Success in long-term brand building
- Highly complementary acquisitions, incl. Merck & Co. Consumer Care

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

ONE DAY

Alka-Seltzer

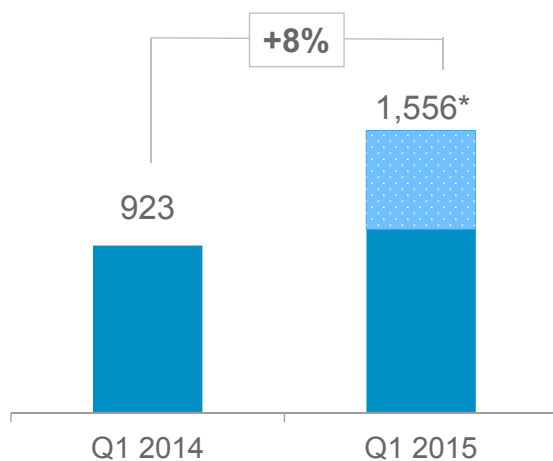
Coppertone

Q1 2015 – Consumer Care: Generated Strong Growth



Sales

€ million; Δ% Fx & portfolio adj.



Performance key brands

Δ% yoy, Fx adj.

ASPIRIN®

+9%

ALEVE

+9%

Bepanthen®

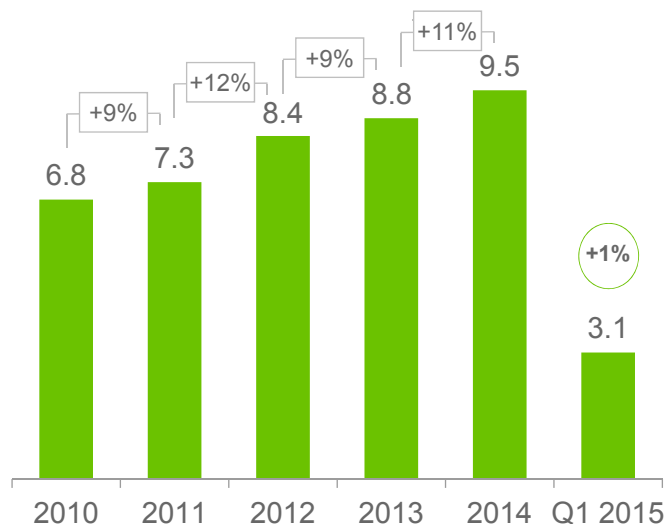
+14%

Delivering Strong Growth in CropScience



Sales

€ billion; Δ% Fx & portfolio adj.



Plans for continued growth

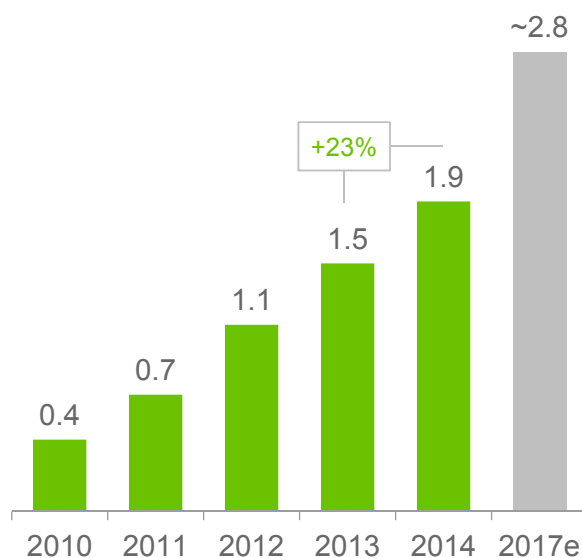
- Strengthen portfolio through focused and integrated crop solutions
- Drive commercial excellence in marketing and sales
- Drive new product growth, invest in life-cycle management
- Expand seeds portfolio by building business in soybeans and wheat

New Products Drive Growth at Crop Protection

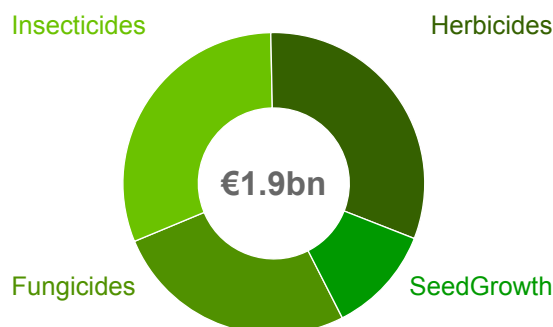


New product sales

€ billion; new CP products launched since 2006; Δ% nominal



By segment



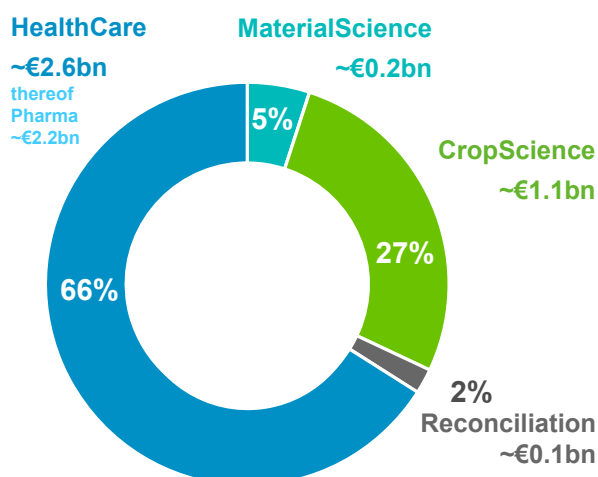
New products generated nearly 70% of absolute sales growth at Crop Protection

2. Develop new growth opportunities



Confidence in Our R&D Investments

R&D 2015e: >€4.0bn +10% yoy



Achievements

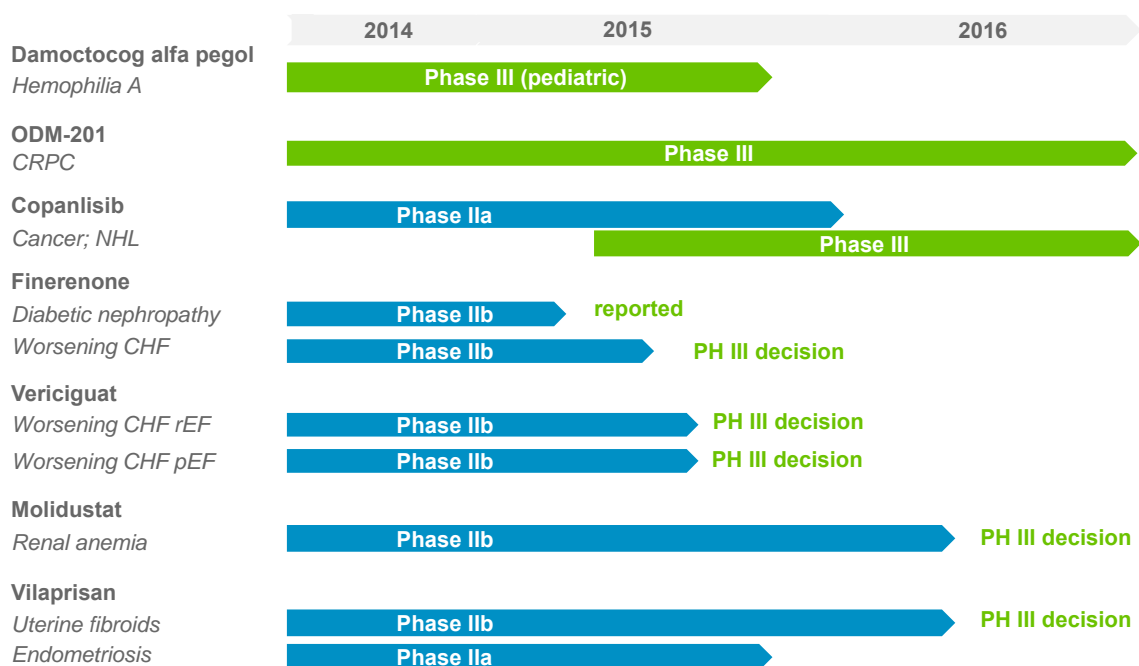
- 26 successful phase III clinical trials at Pharma since 2010
- Strengthened brands through multiple line or product introductions in Consumer Care
- Launched 12 active ingredients between 2006 and 2014 in CropScience.
- Initiated R&D projects that leverage synergies between human, animal and plant health



Pharma R&D Focus Areas

Research and Early Pipeline	Mid- and Late-stage Pipeline Projects	Life-cycle Management
<ul style="list-style-type: none"> • Cardiology / Hematology • Oncology • Additional areas incl. Ophthalmology 	<ul style="list-style-type: none"> • Damoctocog alfa pegol • ODM-201 • Copanlisib • Finerenone • Vericiguat • Molidustat • Vilaprisan • ISIS-FXI_{Rx} 	<ul style="list-style-type: none"> • Xarelto (Rivaroxaban) • Eylea (Aflibercept) • Xofigo (Radium-223 dichloride) • Stivarga (Regorafenib) • Adempas (Riociguat)

Mid- and Late-Stage Pharma Pipeline Progressing – Current Timelines



CropScience Innovation Pipeline 2014-2019 with Combined Peak Sales Potential > €5bn



New launches		Planned launches			
2014	2015	2016	2017	2018	2019
Verango/Velum Nematicide	Sivanto Insecticide	Disease control New mixture / formulation	Pest control New active ingredient	Weed control New mixture / formulation	Pest control New active ingredient
Flocter Biological nematocide	Council Rice herbicide	Disease control Country / label extension	Disease control Country / label extension	Weed control New mixture / formulation	Disease control New active ingredient
FiberMax GlyTol + TwinLink cotton	Movento Country / label extension	Weed control Country / label extension	Weed control Country / label extension		Disease control New mixture / formulation
InVigor Canola pod shatter reduction	Alion Country / label extension	Oilseeds Improved canola oil profile	Cotton Dual HT + IR		Soybeans Triple HT
Arize Bacterial Leaf Blight resistant rice	Wheat Non-hybrid wheat seed (Ukraine)	Oilseeds Dual HT canola	Oilseeds Dual HT canola		Soybeans Dual HT
		Rice Insect resistance + disease resistance	Oilseeds HT Ogura hybrid		
		Rice Disease resistance + salinity tolerance	Rice Disease tolerance		
		Rice Disease resistance + submergence tol.	Soybeans Dual HT		

■ Chemical Crop Protection
■ Major Life Cycle Innovation
■ Biological Crop Protection
■ Seeds & Traits*
 HT: Herbicide tolerance trait
 IR: Insect resistance trait

More than 100 Life Cycle Management projects

Several hundred new varieties in vegetables and broad acre crops

Trend-setting Research in the Fields of Human, Animal and Plant Health

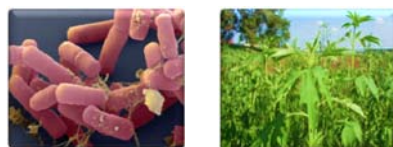


Related challenges for human, animal and plant health*

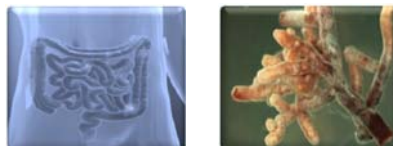
Unregulated growth



Resistance control



Host-microbe interaction



Potential for collaboration & synergies

HealthCare R&D	CropScience R&D
Knowledge Platforms (ie. genomics etc.)	
✓	✓
Molecular Target (ie. ion channels etc.)	
✓	✓
Common Mechanisms (ie. protein modification etc.)	
✓	✓
Technology Platforms (ie. HTS etc.)	
✓	✓
Preclinical Evaluation (ie. Toxicology etc.)	
✓	✓
New Molecular Entities (ie. NCE/NBE)	
✓	✓

3. Execute Portfolio Transformation

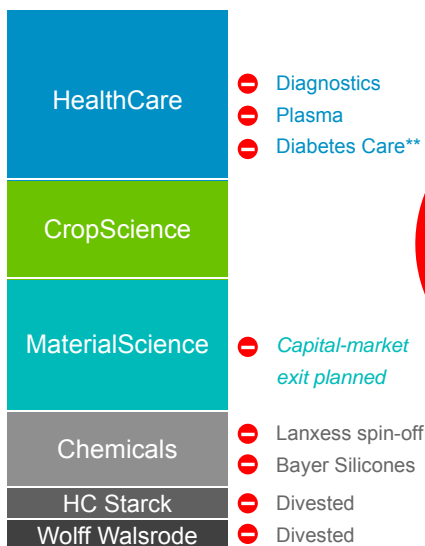
- Integrate acquired businesses
- Exit MaterialScience businesses
- Adjust Group structures to reflect Life Science focus

Transforming Into a Pure Life Science Company - Transaction Volume >€48bn Since 2004*

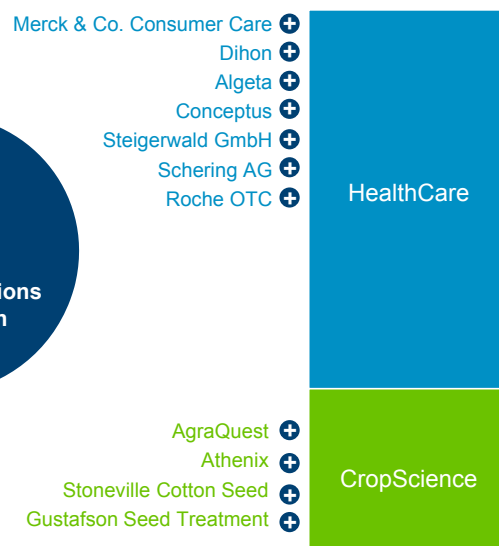


Major examples only

2003 Sales €28.6bn



Pro-Forma 2014 Sales ~ €31bn





Life Science Transformation on Track

Demerger of MaterialScience

- Targeted time frame for capital-market exit: **latest mid-2016**
- Timing, structure and exit options depend on market environment; **decision 2H 2015e**
- Potential proceeds re-invested in the business/
reduction of net debt

Merck Consumer Care Integration

- Integration progressing as planned
- Synergy tracking and integration teams in place
- Confirmed 2017 synergy targets:
 - **USD400m** top-line
 - **USD200m** cost-synergies by 2017

Exit of Diabetes Care

- Divestment for total consideration of ~€1,022m
- Closing expected in Q1'2016



4. Delever balance sheet and use cash efficiently



Efficient Use of Cash

Fuel organic growth

- CapEx budget 2015 ~€2.3bn PP&E
- R&D 2015e: >€4.0bn

Pay down debt

- Maintaining single-A credit rating category
- Potential proceeds from MaterialScience exit and Diabetes Care divestment

M&A

- Organic growth complemented by bolt-on acquisitions

Dividend policy

- Pay out 30-40% of core EPS



Summary

The New Bayer - A World-Class Life Science Company



Performance

- Fast-growing global pharma business
- Leveraging potential of OTC leadership
- Gaining market share in CropScience

Capabilities

- Excellence in R&D and commercialization
- Leveraging leading brands with decade-long brand equity
- Superior emerging-market presence

Value

- Progressing innovation pipeline
- Setting trends in research-intensive areas in the field of human, animal and plant health
- Leveraging sales growth into value creation

More Information ...



Meet Management in New York City Thursday, June 25th 2015

Bayer's TOP Executives Host Roundtable Discussions with Investors and Analysts

with

- **Marijn Dekkers, CEO**
- **Johannes Dietsch, CFO**
- **Kemal Malik, Member of the Board**
- **Werner Baumann, Member of the Board and CEO Bayer HealthCare**
- **Liam Condon, CEO Bayer CropScience**

10 additional Senior Executives will be available for discussion as well



Date	Event	Publication
Thursday, June 25, 2015	Meet Management in New York	Investor Conference
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



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