



Science For A Better Life



Investor Presentation

Marijn Dekkers, CEO

October 6, 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
- | Targeting low single-digit % organic growth and high-teens % improvement in Core EPS in 2015*

Portfolio Transformation Will Focus Business and Strengthen Life Sciences



Pharma €12.1bn

Leading positions in core therapeutic areas

Consumer Health €7.9bn¹⁾

A leader in OTC and contrast media, blood glucose meters #3/4, Animal Health #5

Merck & Co. OTC, Dihon, €1.6bn pro-forma²⁾

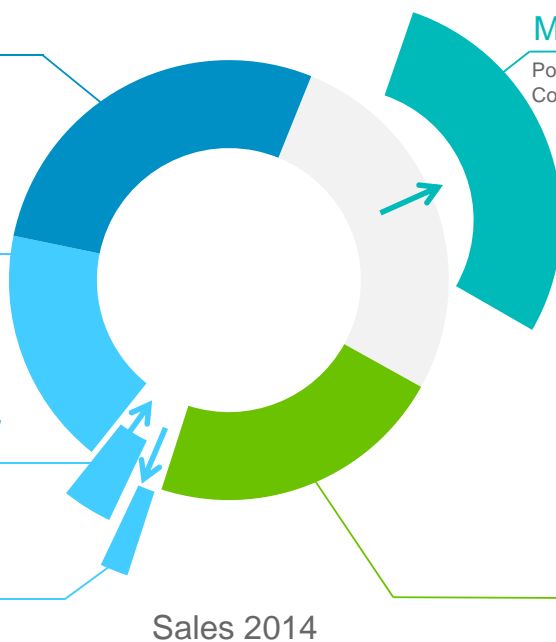
Diabetes Care³⁾ €0.9bn

MaterialScience³⁾ €11.7bn

Polyurethanes #1/2, Polycarbonates #1, Coatings, Adhesives, Specialties, #1

CropScience €9.5bn

Crop Protection #2, Seeds & Traits

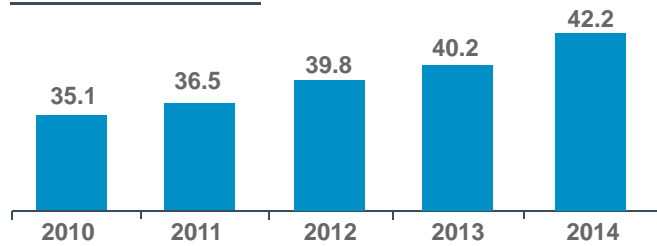


Track Record of Consistently Strong Performance



Sales

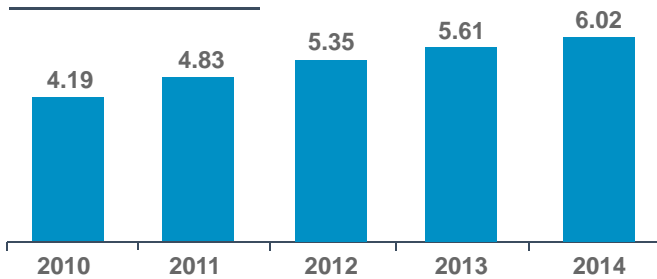
€ billion



+5% CAGR 2010-2014

Core EPS

€



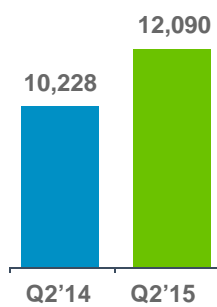
+9% CAGR 2010-2014

2nd Quarter 2015 – Bayer Significantly Improves Earnings



Sales

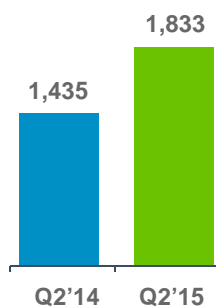
in € million
% currency & portfolio adj.



+4%

EBIT

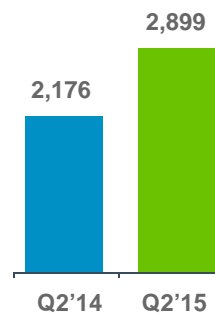
in € million



+28%

EBITDA

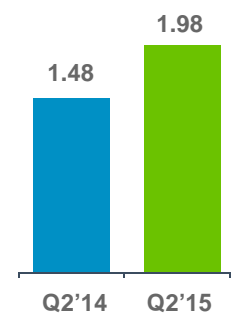
before special items
in € million



+33%

Core EPS

in €



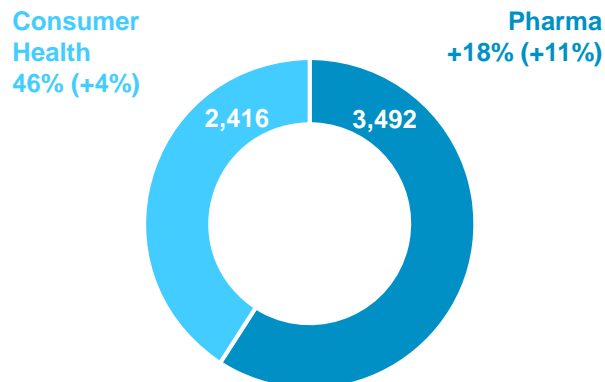
+34%

2nd Quarter 2015 – HealthCare: All Businesses Contributed To Strong Performance



Sales

in €million, Δ% yoy, () = Fx & portf. adj.

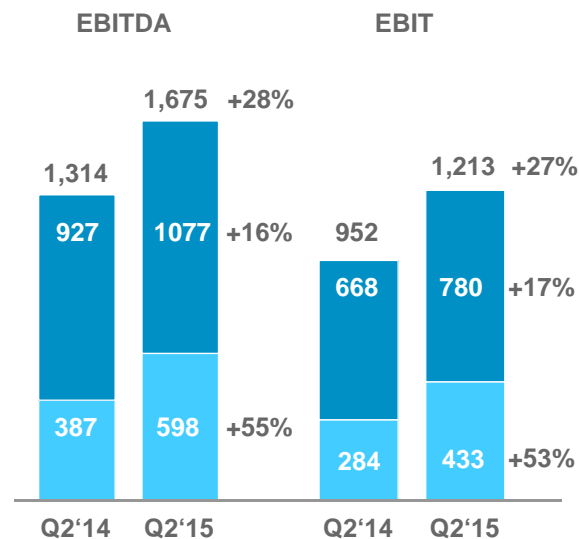


HealthCare €5,908m; +28% (+8%)

Price	Volume	Fx	Portfolio
+2%	+7%	+8%	+12%

Earnings

before special items, in €million, Δ% yoy

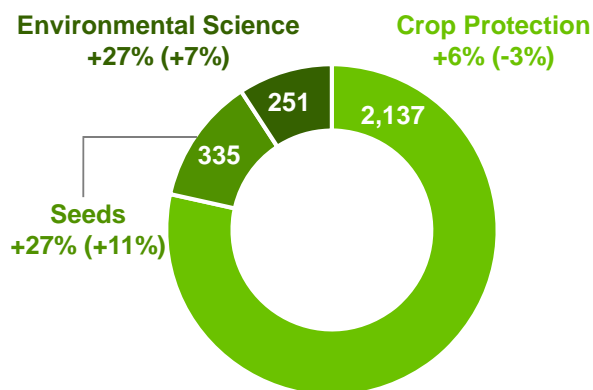


2nd Quarter 2015 – CropScience: Steady in Weaker Market Environment



Sales

in €million, Δ% yoy, () = Fx & portf. adj.

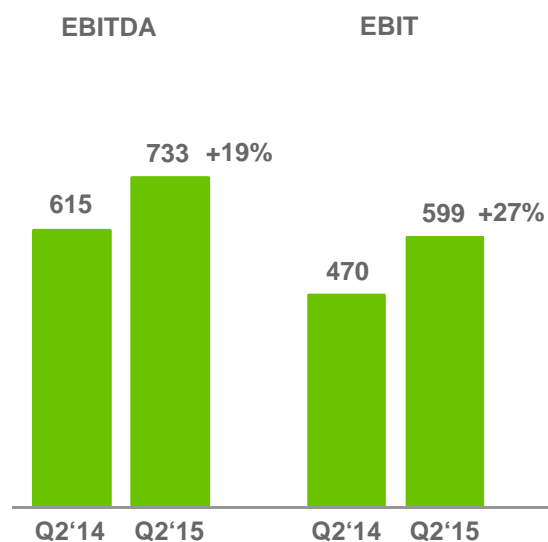


CropScience €2,723m; +10% (-1%)

Price	Volume	Fx	Portfolio
+0%	-1%	+10%	+1%

Earnings

before special items, in €million, Δ% yoy

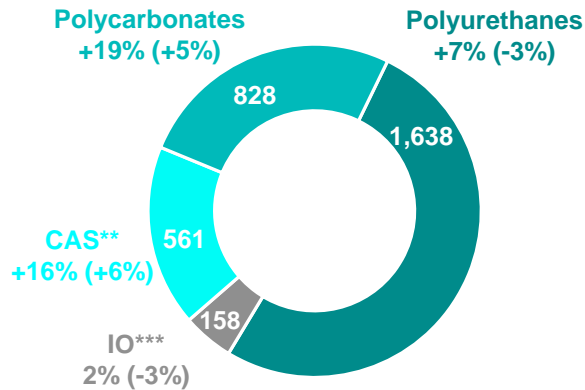


2nd Quarter 2015 – MaterialScience: Earnings greatly improved



Sales

in €million, Δ% yoy, () = Fx & portf. adj.

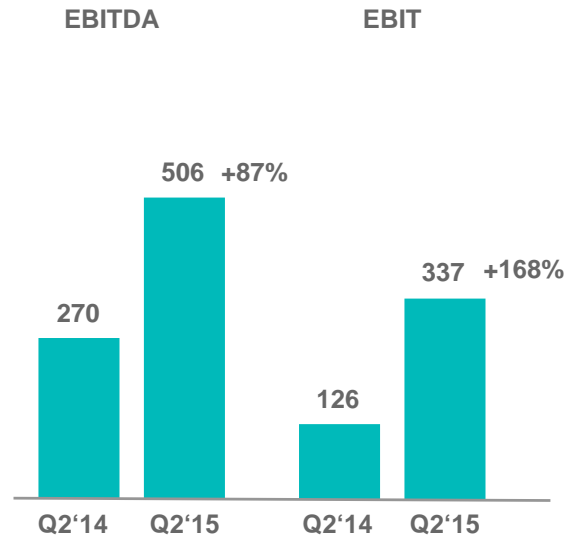


MaterialScience €3,185m; +11% (0%)

Price	Volume	Fx	Portfolio
-6%	+7%	+11%	0%

Earnings

before special items, in €million, Δ% yoy



2nd Quarter 2015 – Group Guidance For Operating Performance Of Continuing Operations Confirmed



Δ% Fx and portfolio adjusted

	2014 restated		2015 Original guidance	2015 Update July	Fx effect
Sales	€41.3bn	▶	Low-single-digit % increase ~ €46bn	Low-single-digit % increase ~ €47bn	~ +7%
EBITDA before special items	€8.7bn	▶	Low-to-mid-teens % increase	High-teens % increase	~ +5%
core EPS	€5.89	▶	Low-teens % increase	High-teens % increase	~ +5%

2nd Quarter 2015 – Guidance by Subgroup



	Sales *	Adj. EBITDA *
HealthCare	Mid- single-digit % increase	Low-twenties % increase
Pharma	Mid- to high-single-digit % increase	Mid-teens % increase
Consumer Health	Mid single-digit % increase	Mid-thirties % increase
CropScience	Low single-digit % increase (previously: low- to mid-single digit %)	Mid- to high-single digit % (previously: Low-to mid-teens %)
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

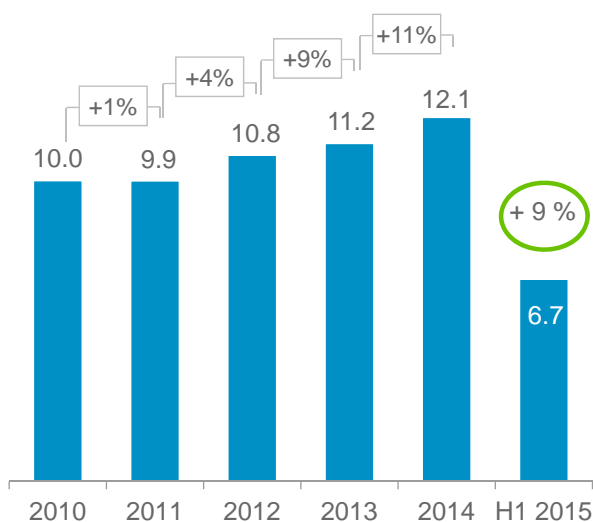
1. Deliver growth and performance

Fast-Growing Global Pharma Business



Sales

€ billion; Δ% yoy Fx & portfolio adj.



Plans for continued growth

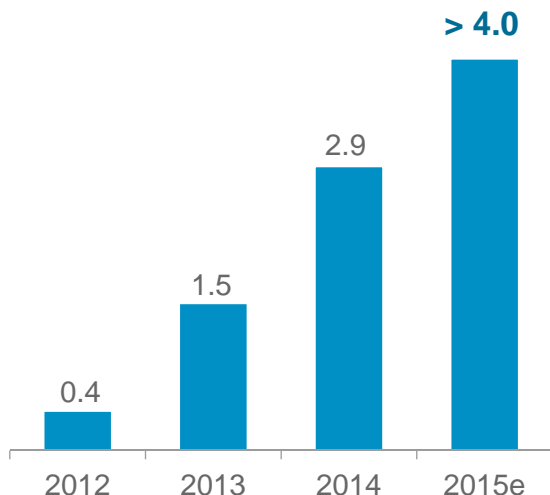
- Maximize the value of launch products
- Drive commercial excellence in marketing and sales
- Advance early and mid-stage pipeline
- Achieve phase III readiness for key phase II assets by mid-2016
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions

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



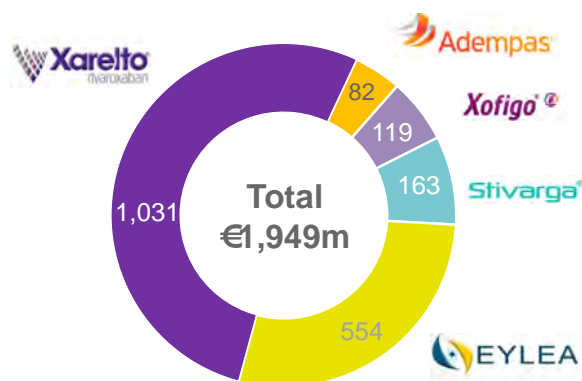
Collective Sales

€ billion



H1 2015 Individual Sales

€ million

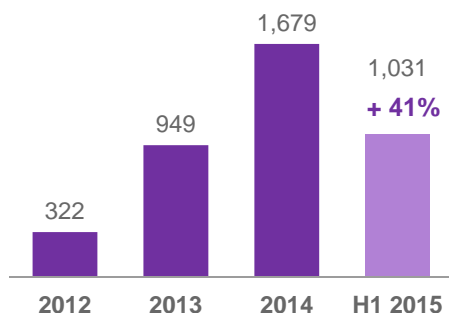


Xarelto – Leading Novel Anticoagulant

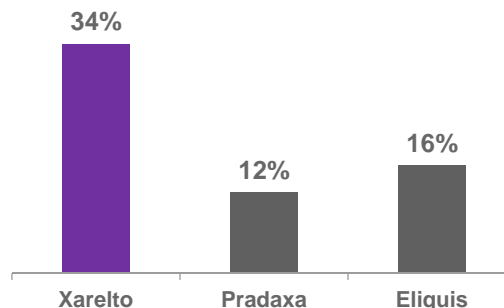


Sales

€ million; Δ% Fx adj.



Global Market Sales Share*



- Continued dynamic growth: gaining 6%-age points market share yoy and >1%-age point sequentially since year end 2014
- ~14 million patients treated to date
- Comprehensive Life-cycle management program investigating new indications and specific patient population in approved indications**

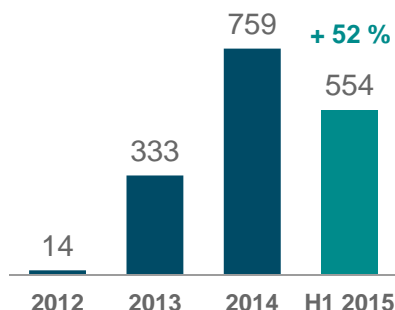
✓ **Peak sales potential of ~€3.5bn reiterated**

Eylea – Gaining Share in Key Markets



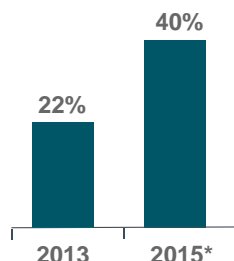
Sales

€ million; Δ% Fx adj.

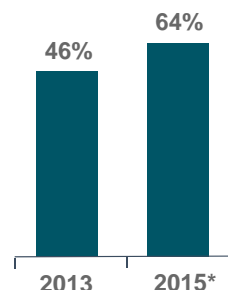


Europe

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

Marketed by Bayer ex-US only

*Sales market share, July 2015

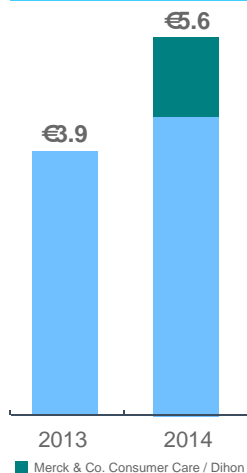
**in collaboration with Regeneron

Leveraging Potential of OTC Leadership



Consumer Care Sales

€ billion; 2014 pro forma



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 A DAY

Alka-Seltzer

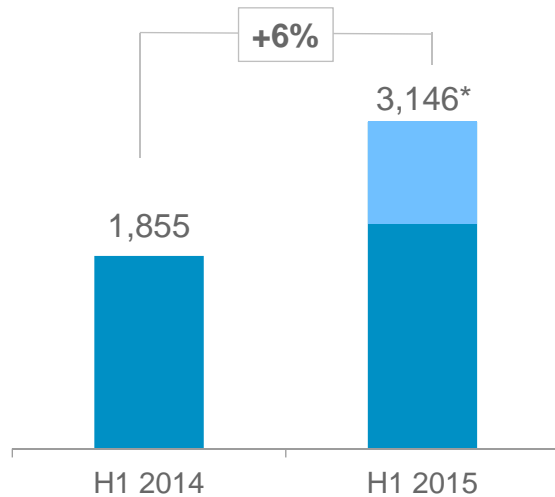
Coppertone

H1 2015 – Consumer Care: Generated Strong Growth



Sales

€million; Δ% Fx & portfolio adj.



Performance key brands

Δ% yoy, Fx adj.

ASPIRIN

+5%

ALEVE

+15%

Bepanthen

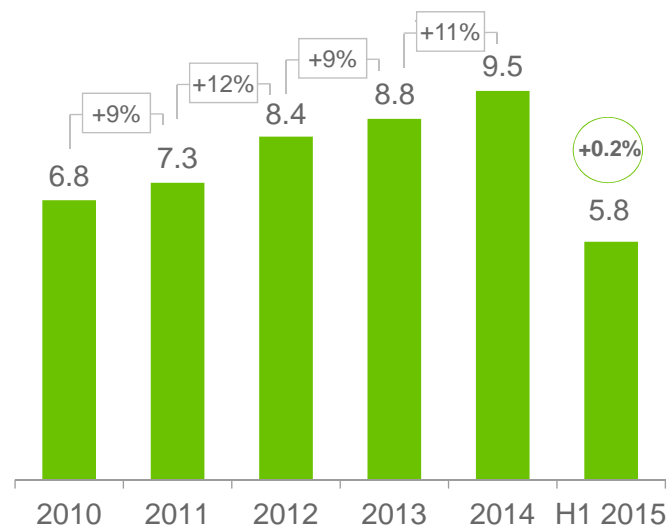
+10%

H1 2015 – CropScience: Steady After Four Exceptional Years



Sales

€billion; Δ% Fx & portfolio adj.



Plans for continued growth

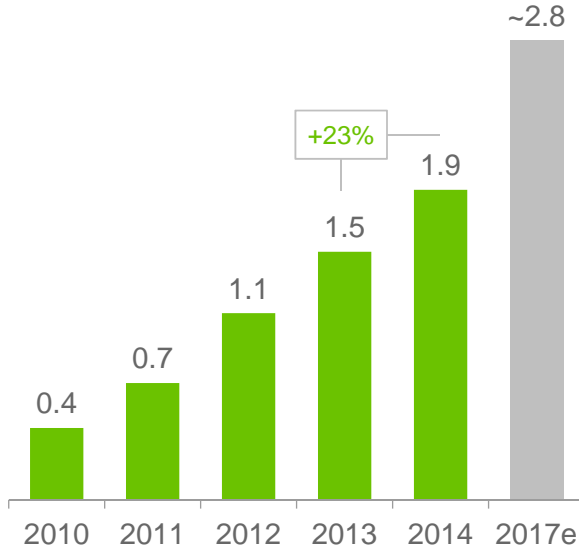
- Strengthen portfolio through focused and integrated crop solutions
- Drive commercial excellence in marketing and sales
- Drive new product growth, invest in life-cycle management
- Expand seeds portfolio by building business in soybeans and wheat

New Products Drive Growth at Crop Protection

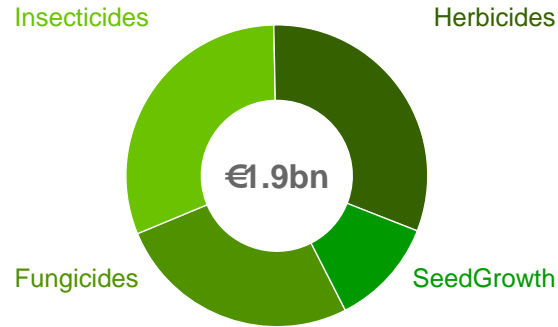


New product sales

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



By segment



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



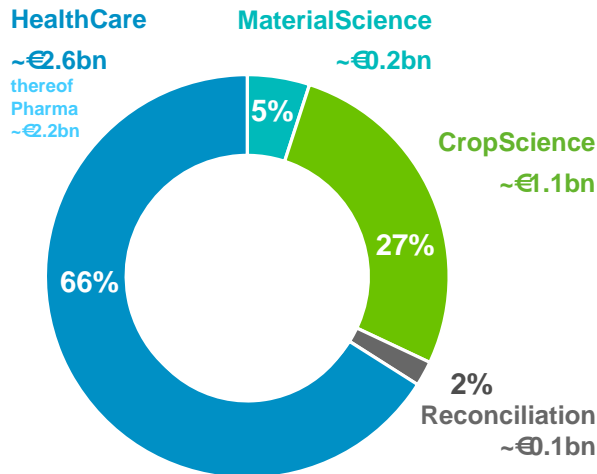
2. Develop new growth opportunities



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



Pharma R&D Focus Areas

Research and Early Pipeline

- Cardiology / Hematology
- Oncology
- Additional areas incl. Ophthalmology

Mid- and Late-stage Pipeline Projects

- Damoctocog alfa pegol
- ODM-201
- Copanlisib
- Finerenone
- Vericiguat
- Molidustat
- Vilaprisan
- ISIS-FXI_{Rx}

Life-cycle Management

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

Life-Cycle Programs to Maximize Value of Launch Products



Comprehensive development program to expand the label and profile in specific patient populations



Developing a co-formulated product of PDGFR- β antibody and EYLEA in a single injection* in wet AMD



Trials assessing higher doses and longer treatment paradigms. Also investigating additional indications e.g. Breast Cancer



Expanding treating into new cancers, e.g. Hepatocellular Carcinoma



Investigating new indications e.g. Pulmonary Hypertension with Idiopathic Interstitial Pneumonia and Diffuse Systemic Sclerosis

* In partnership with Regeneron

AMD: age-related macular degeneration

Riociguat is developed in collaboration with Merck & Co., Inc.

Pharma Pipeline Progressing – 3 Phase III Transitions Achieved, More Expected



1. **Copanlisib**
Cancer, NHL

2. **Finerenone**
worsening CHF

3. **Finerenone**
Diabetic nephropathy

4. **Vericiguat**
worsening CHF, Data AHA

5. **Molidustat**
Renal Anemia 1H 2016

6. **Vilaprisan**
Uterine Fibroids 1H 2016



Finerenone – Successful Phase II

- **ARTS***: Improved safety and at least similar efficacy in decreasing biomarkers vs. spironolactone
- **ARTS-HF+**: Decreased NT-proBNP levels – a marker for cardiac stress – similar to eplerenone. A strong trend to less events with higher doses for the secondary clinical outcome suggesting a potential benefit in reducing mortality and CV hospitalization
- **ARTS-DN****: Finerenone dose-dependently decreased albumin excretion - a marker for kidney function/disease
- All doses studied were well tolerated

Phase III program will study Finerenone in CHF and DKD

NT-proBNP: N-terminal pro-B-type natriuretic peptide; CV: cardio vascular; CHF: Chronic heart failure; DKD: Diabetic Kidney disease; *Pitt B et al. Eur Heart J 2013;34, 2453-63; **Bakris GL JAMA 2015;314(9):884-894; + ARTS-HF was a phase IIb dose-finding study with no confirmatory testing of endpoints presented at ESC congress on Aug 31th 2015

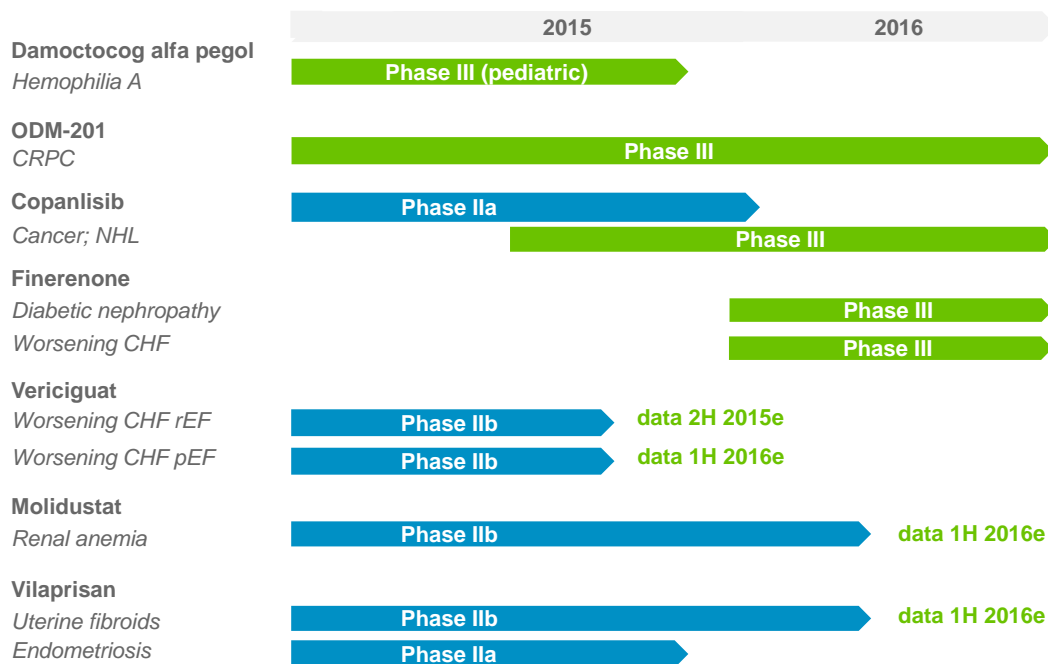


Finerenone – Phase III Program Three Event-Driven Outcome Trials

CHF	<p>FINESSE-HF N~4,700</p> <ul style="list-style-type: none"> • Chronic HFrEF with T2DM and/or CKD • Patients at high risk of CV mortality and morbidity • Primary CV endpoint • Target best-in-class MRA profile in HFrEF
DKD	<p>FIGARO-DKD N~6,400</p> <ul style="list-style-type: none"> • T2DM and CKD • DKD with high risk of developing CV events • Primary CV endpoint • Position as first-in-class MRA in DKD
	<p>FIDELIO-DKD N~4,800</p> <ul style="list-style-type: none"> • T2DM and CKD • DKD with high risk of progression of CKD and developing CV events • Primary renal endpoint • Position as first-in-class MRA in DKD

CHF: Chronic Heart Failure; CKD: chronic kidney disease; DKD: diabetic kidney disease ; MRA: mineralocorticoid receptor antagonist
CV: cardiovascular; HFrEF: heart failure with reduced ejection fraction; T2DM: type 2 diabetes mellitus

Mid- and Late-Stage Pharma Pipeline – Current Timelines



Page 27 • Bayer Investor Handout • Q2 2015
 CHF: Chronic heart failure; CRPC: Castration-resistant prostate cancer; NHL: Non-Hodgkin's lymphoma; r/pEF: Reduced/preserved ejection fraction

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

Page 28 • Bayer Investor Handout • Q2 2015
 *subject to regulatory approval
 **includes selected native traits

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

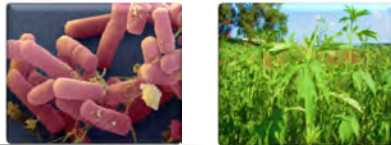


Related challenges for human, animal and plant health*

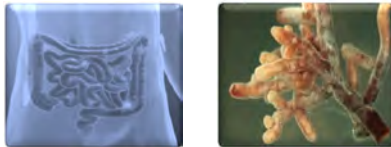
Unregulated growth



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

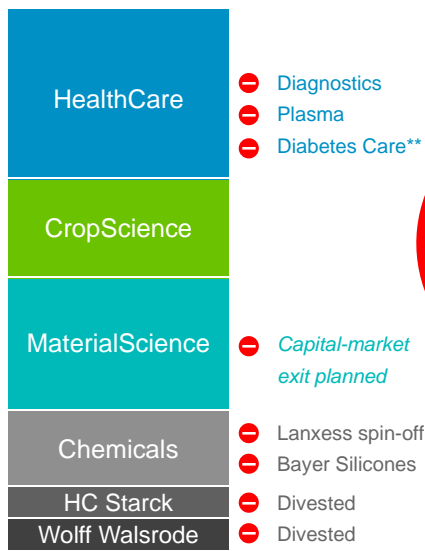
Transforming Into a Pure Life Science Company

Transaction Volume >€48bn Since 2004*

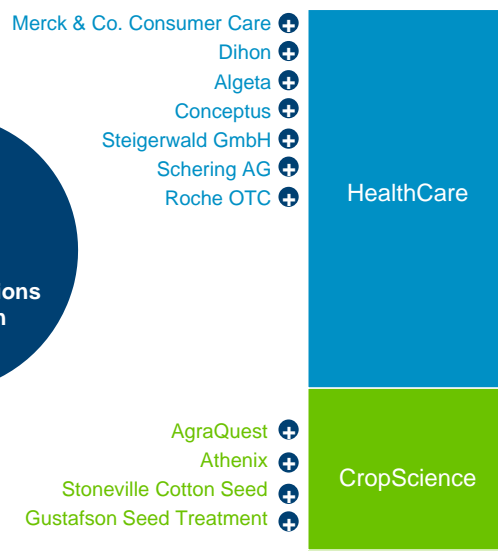


Major examples only

2003 Sales €28.6bn

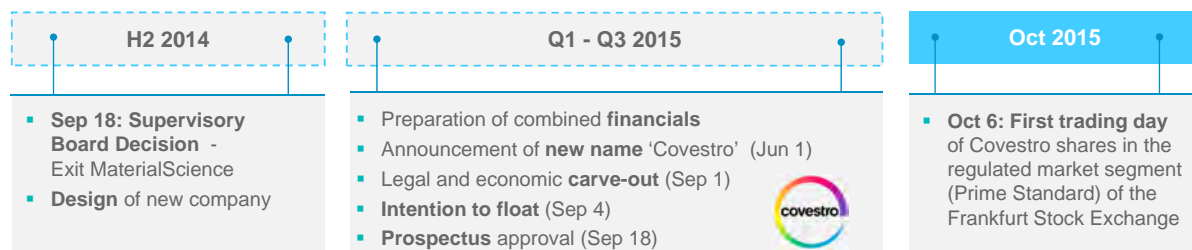


Pro-Forma 2014 Sales ~ €31bn



Successful IPO of Covestro AG

Positive response despite challenging environment



- 62.5 million new Covestro bearer shares offered by way of a capital increase at issue price of €24.00
- Targeted gross proceeds of €1.5 billion generated – Covestro intends to repay its debt to Bayer and establish its target capital structure*
- Issued volume represents free float of ~31%; Covestro still to be fully consolidated
- Bayer to focus entirely on Life Science businesses and eventually intends to fully dispose its majority stake in Covestro

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



Date	Event	Publication
Thursday, October 29, 2015	Investor Conference Call	Third Quarter 2015 Results Stockholders' Newsletter
Thursday, February 25, 2016	Investor Conference Call	2015 Annual Report
Tuesday, April 26, 2016	Investor Conference Call	First Quarter 2016 Results Stockholders' Newsletter
Friday, April 29, 2016	Annual General Meeting	
Wednesday, July 27, 2016	Investor Conference Call	Second Quarter 2016 Results Stockholders' Newsletter
Wednesday, October 26, 2016	Investor Conference Call	Third Quarter 2016 Results Stockholders' Newsletter



Reporting Events



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