



Science For A Better Life

Investor Handout

Q3 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 €7.9bn²⁾

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

Merck & Co. OTC, Dihon, €1.6bn pro-forma³⁾

Diabetes Care⁴⁾ €0.9bn

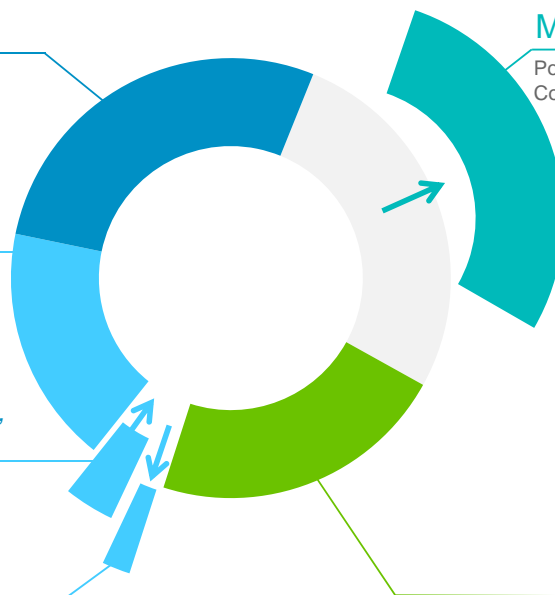
MaterialScience¹⁾ €11.7bn

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

CropScience €9.5bn

Crop Protection #2, Seeds & Traits

Sales 2014



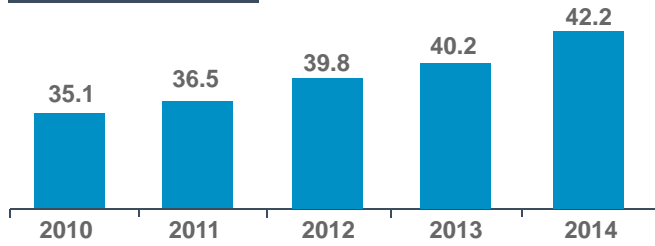
¹⁾ 31% floated
²⁾ includes €0.3bn from Merck & Co. in Q4 2014
³⁾ FY 2014 pro-forma
⁴⁾ pending

Track Record of Consistently Strong Performance



Sales

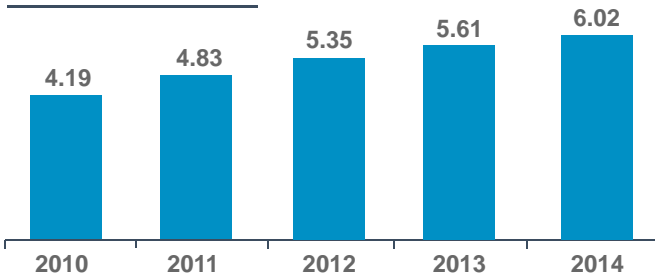
€ billion



+5% CAGR 2010-2014

Core EPS

€



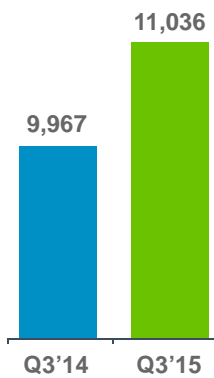
+9% CAGR 2010-2014

Q3 2015 – Bayer Significantly Improves Earnings



Sales

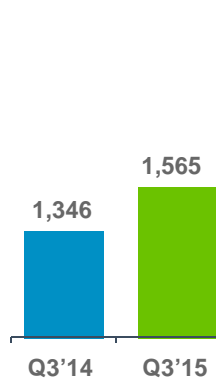
in € million
% currency & portfolio adj.



+2%

EBIT

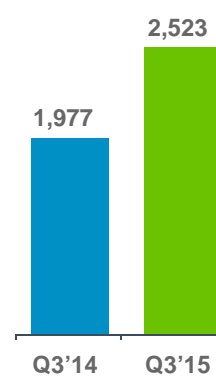
in € million



+16%

EBITDA

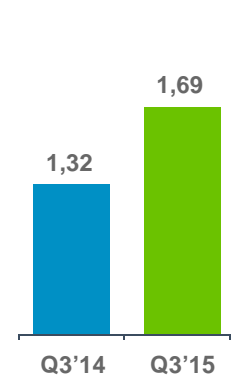
before special items
in € million



+28%

Core EPS

in €



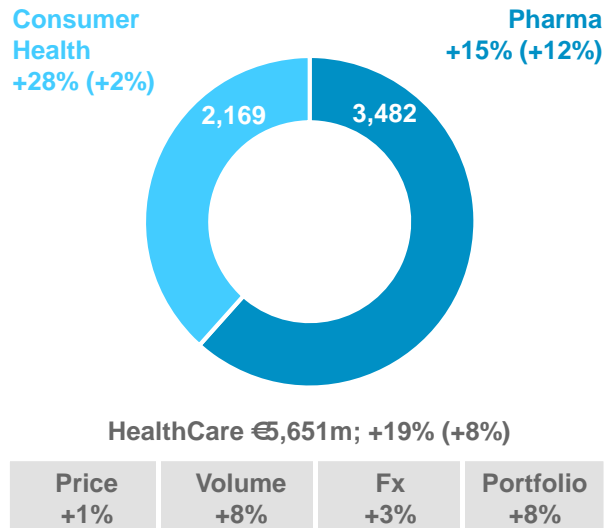
+28%

Q3 2015 – HealthCare: All Businesses With Higher Sales



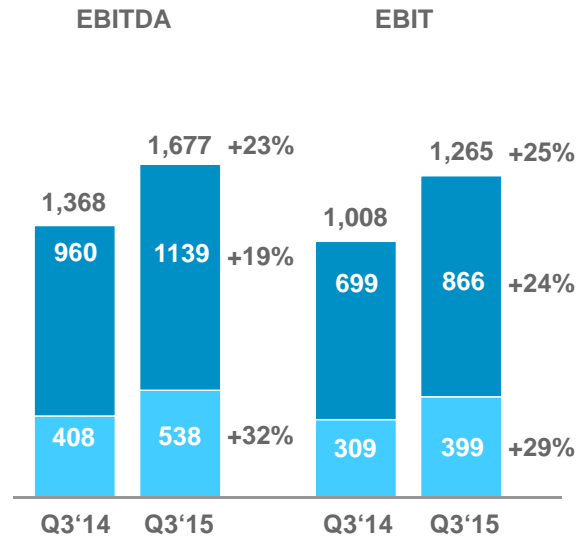
Sales

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



Earnings

before special items, in €million; Δ% yoy

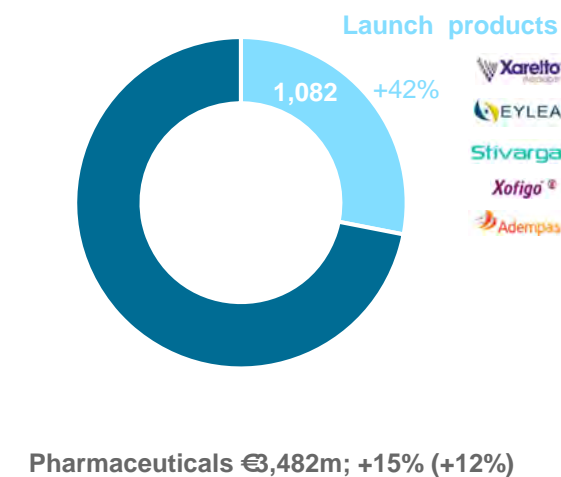


Q3 2015 – Pharma: Launch Products Drove Growth



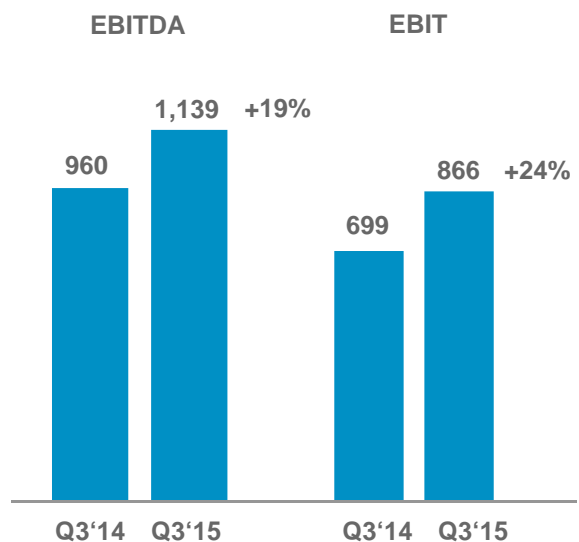
Sales

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



Earnings

before special items, in €million; Δ% yoy

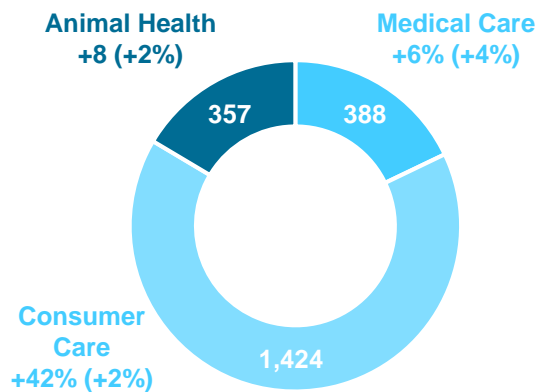


Q3 2015 – Consumer Health: Solid Growth in All Businesses



Sales

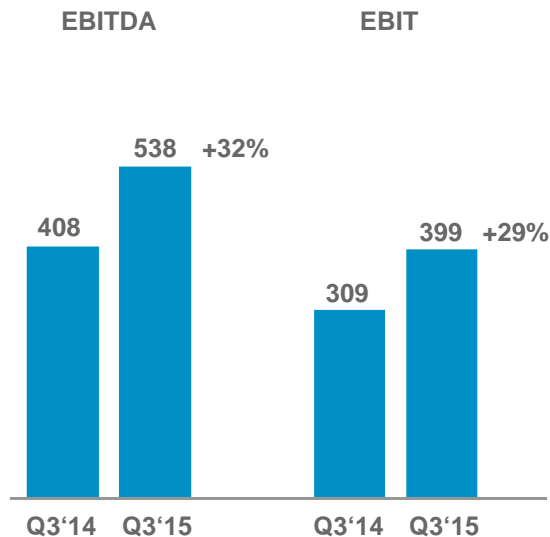
in €million; Δ% yoy, () = Fx & portfol. adj.



Consumer Health €2,169m; +28% (+2%)

Earnings

before special items, in €million; Δ% yoy

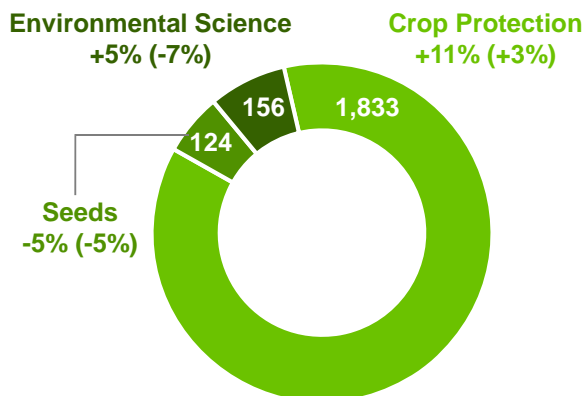


Q3 2015 – CropScience: Resilient in Challenging Market Environment



Sales

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

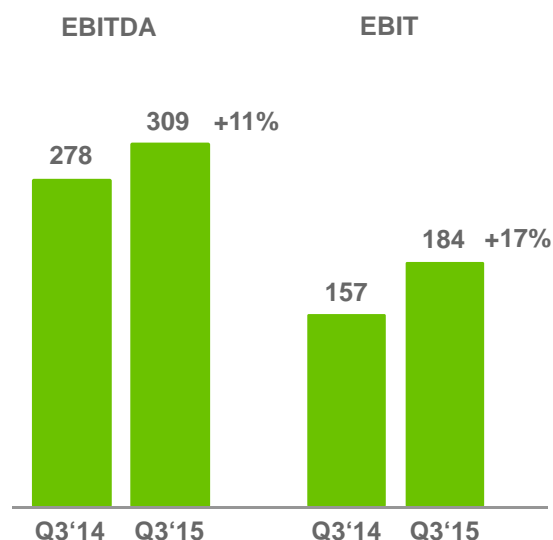


CropScience €2,113m; +10% (+2%)

Price	Volume	Fx	Portfolio
-3%	+4%	+7%	+1%

Earnings

before special items, in €million; Δ% yoy



Full Year 2015 – Group Guidance Reiterated



Sales Δ% Fx and portfolio adjusted, continuing operations

	2014 restated		2015 Update September	Fx effect
Sales	€41.3bn	▶	Low-single-digit % increase ~ €46	~ +6%
EBITDA before special items	€8.7bn	▶	High-teens % increase	~ +4%
core EPS	€5.89	▶	High-teens % increase	~ +4%

Full Year 2015 – Guidance by Subgroup



	Sales *	Adj. EBITDA *
HealthCare	Mid- to high-single-digit % increase (previously: Mid-single digit %)	Low-twenties % increase
Pharma	High-single-digit % increase (previously: Mid- to high-single-digit %)	Mid-teens % increase
Consumer Health	Mid single-digit % increase	Mid-thirties % increase
CropScience	Low single-digit % increase	Mid-single digit % increase (previously: Mid- to high-single digit %)
Covestro (former 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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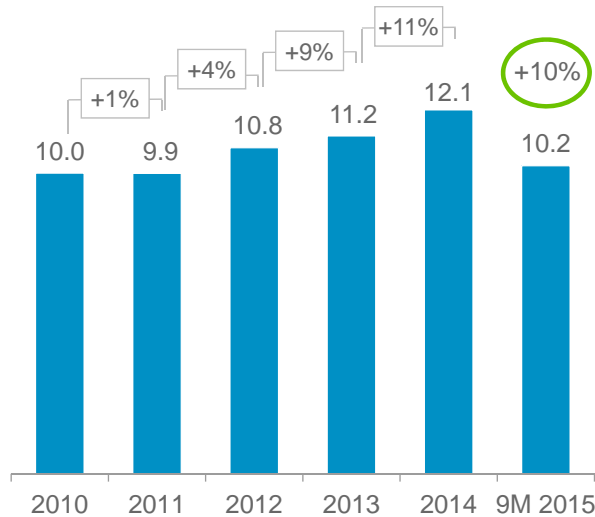
1. Deliver growth and performance



Fast-Growing Global Pharma Business

Sales

€ billion; Δ% yoy Fx & portfolio adj.



Plans for continued growth

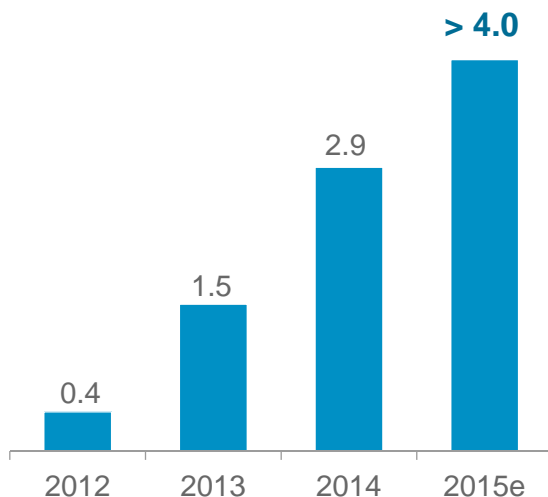
- Maximize the value of launch products
- Drive commercial excellence in marketing and sales
- Advance early and mid-stage pipeline
- Achieve phase III readiness for key phase II assets by mid-2016
- Explore opportunities for partnerships, open innovation and bolt-on acquisitions



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

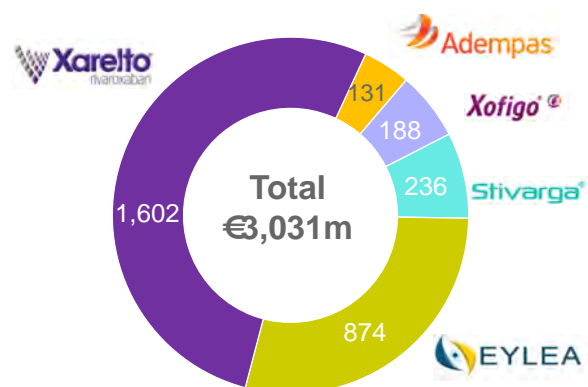
Collective Sales

€ billion



9M 2015 Individual Sales

€ million

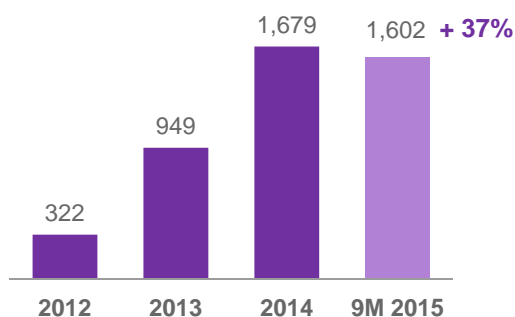


Xarelto – Leading Novel Anticoagulant

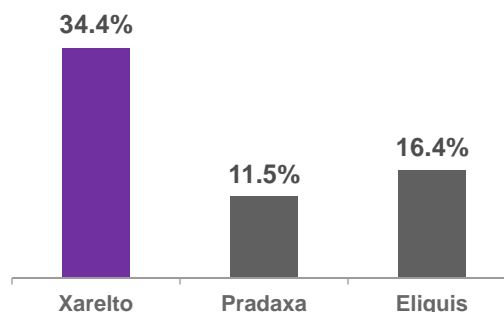


Sales

€ million; Δ% Fx adj.



Global Sales Market Share*



- Continued dynamic growth: gaining 2.2%-age points market share since Dec 2014
- >15 million patients treated to date
- Comprehensive life-cycle management program underway**

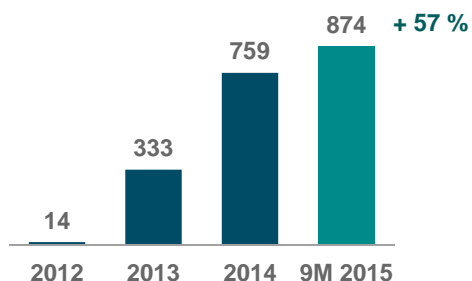
✓ **Peak sales potential of ~€3.5bn reiterated**

Eylea – Gaining Share in Key Markets



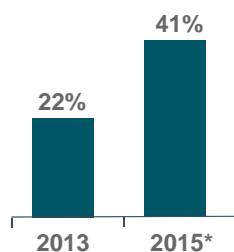
Sales

€ million; Δ% Fx adj.

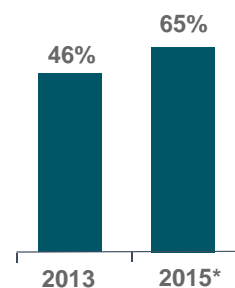


Europe

5 main countries + Switzerland



Japan



- Significant label expansion achieved. New indications approved: DME, mCNV and RVO
- Life-cycle management including combination therapy with PDGFR-β antibody**

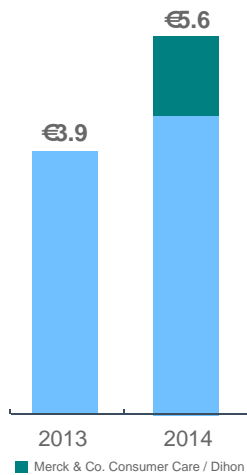
✓ **Peak sales potential of ≥ €1.5bn reiterated**

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 A DAY

Alka-Seltzer

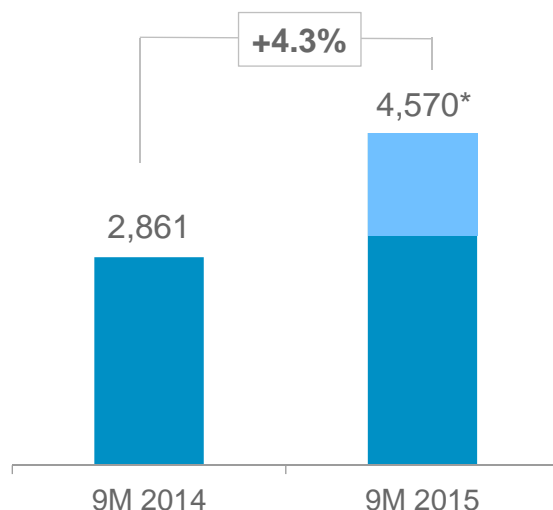
Coppertone

9M 2015 – Consumer Care: Generated Strong Growth



Sales

€ million; Δ% Fx & portfolio adj.



Performance key brands

Δ% yoy, Fx adj.

ASPIRIN[®]

+2%

ALEVE

+4%

Bepanthen[®]

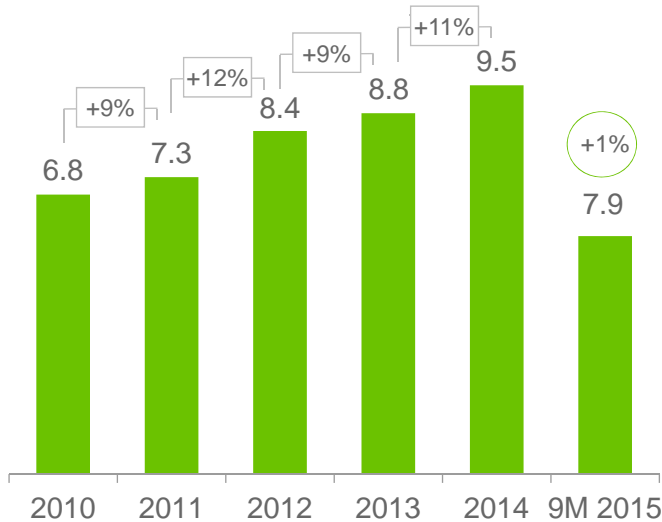
+12%

CropScience: Steady After Four Exceptional Years



Sales

€ billion; Δ% Fx & portfolio adj.



Plans for continued growth

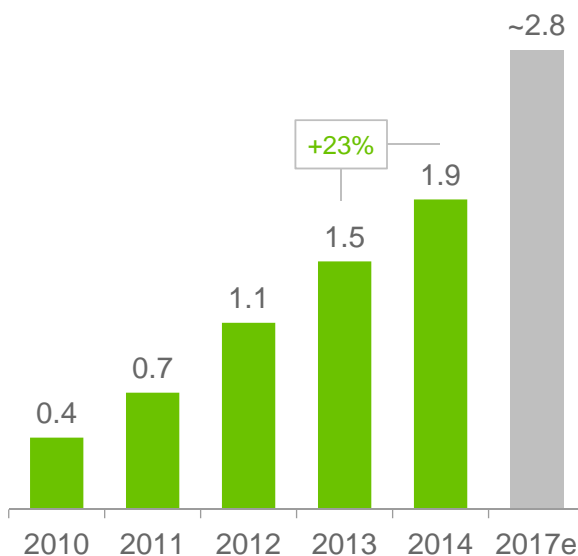
- Strengthen portfolio through focused and integrated crop solutions
- Drive commercial excellence in marketing and sales
- Drive new product growth, invest in life-cycle management
- Expand seeds portfolio by building business in soybeans and wheat

New Products Drive Growth at Crop Protection



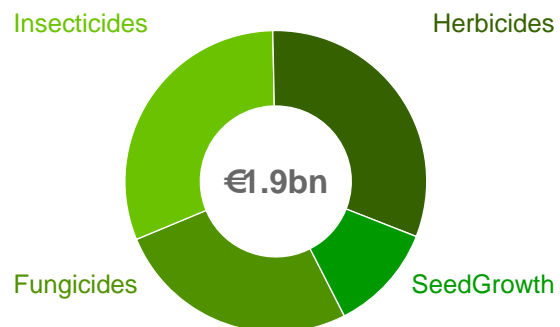
New product sales

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



By segment

2014



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

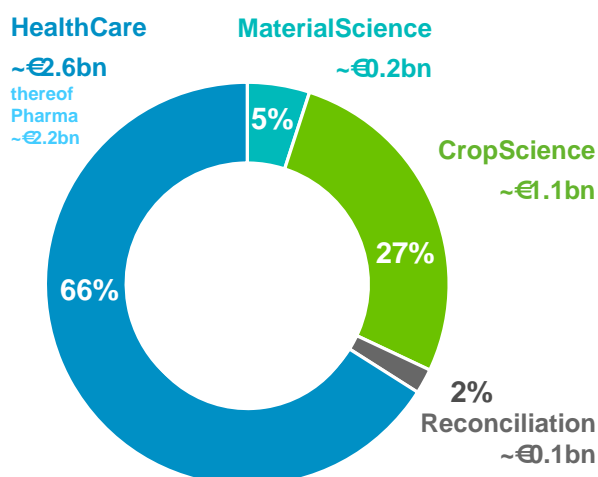
2. Develop new growth opportunities



Confidence in Our R&D Investments

R&D 2015e: >€4.0bn +10% yoy

Achievements



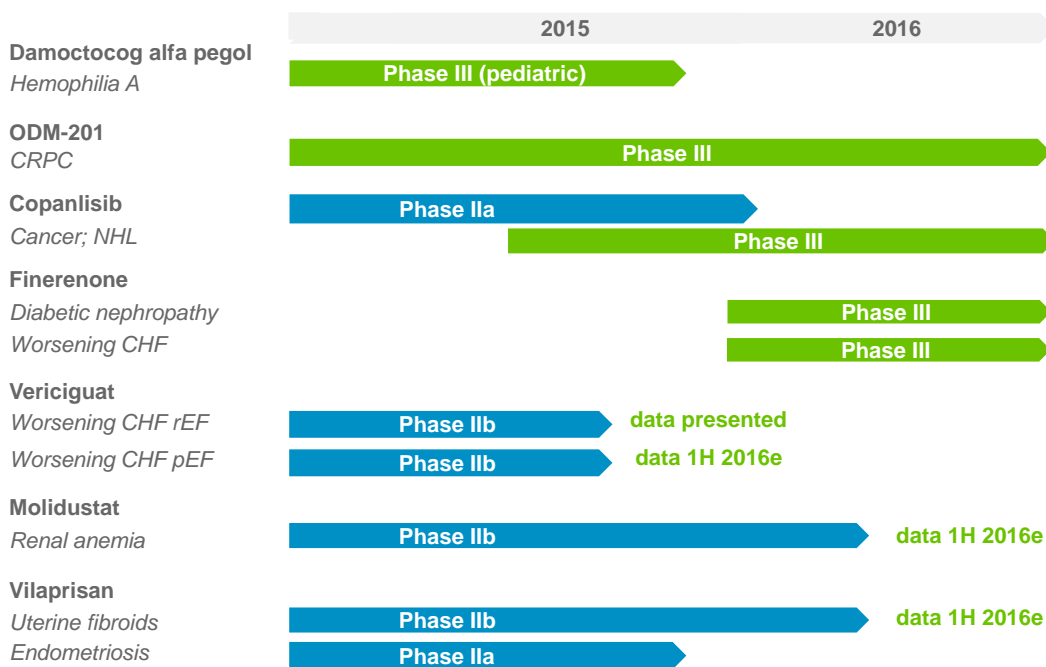
- 26 successful phase III clinical trials at Pharma since 2010
- Strengthened brands through multiple line or product introductions in Consumer Care
- Launched 12 active ingredients between 2006 and 2014 in CropScience



Pharma R&D Focus Areas

Research and Early Pipeline	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 – Current Timelines





Expected Newsflow from Pharma Pipeline

Compound	Intended Indication	Status	Expected Completion
Vericiguat sGC stimulator	Wors. chronic heart failure	Phase IIb; reduced ejection fraction	mid 2015e
Vericiguat sGC stimulator	Wors. chronic heart failure	Phase IIb; preserved ejection fraction	end 2015e
Copanlisib PI3 kinase inhibitor	Non-Hodgkin's lymphoma	Phase II	1H 2016e
Roniciclib CDK-Inhibitor	Small cell lung cancer	Phase II	1H 2016e
Regorafenib Multikinase inhibitor	HCC (2 nd line)	Phase III	1H 2016e
Molidustat HIF-PH inhibitor	Anemia	Phase II	1H 2016e
Vilaprisan Selective progesterone receptor modulator	Uterine fibroids	Phase IIb	1H 2016e
Rivaroxaban Factor Xa inhibitor	Atrial fibrillation with percutaneous coronary intervention (PIONEER AF-PCI)	Phase III/IV	2H 2016e
ODM-201 Androgen receptor antagonist	Non-metastatic castration-resistant prostate cancer	Phase III	2018e

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

3. Execute Portfolio Transformation

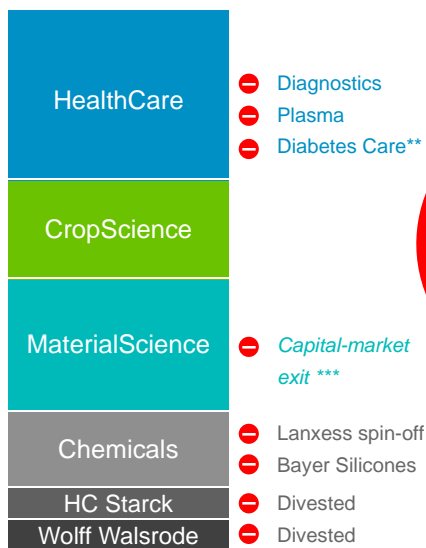
- Integrate acquired businesses
- Exit MaterialScience businesses
- Adjust Group structures to reflect Life Science focus

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

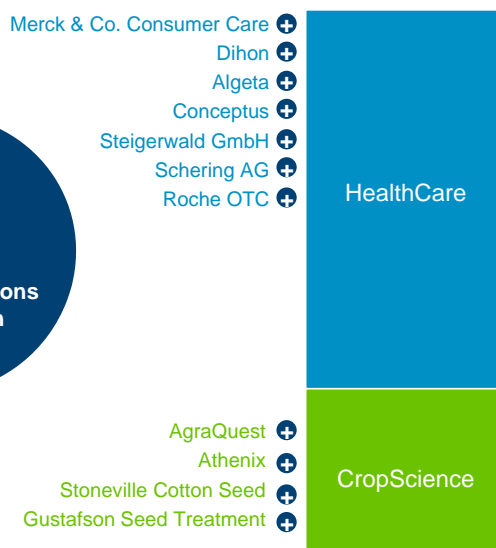


Major examples only

2003 Sales €28.6bn



Pro-Forma 2014 Sales ~ €31bn



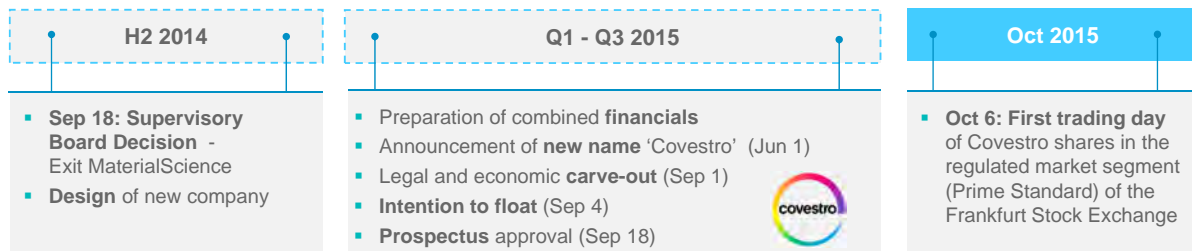
*Transaction volume: acquisitions/divestments 2004 – 2014

**pending

*** 31% floated

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
- Gross proceeds of €1.5 billion generated
- 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 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
- 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, 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



Dr. Alexander Rosar

Head of Investor Relations

Phone: +49-214-30-81013

E-mail: alexander.rosar@bayer.com

Dr. Jürgen Beunink

Phone: +49-214-30-65742

E-mail: juergen.beunink@bayer.com

Judith Nestmann

Phone: +49-214-30-66836

E-mail: judith.nestmann@bayer.com

Peter Dahlhoff

Phone: +49-214-30-33022

E-mail: peter.dahlhoff@bayer.com

Constance Spitzer

Phone: +49-214-30-33021

E-mail: constance.spitzer@bayer.com

Dr. Olaf Weber

Phone: +49-214-30-33567

E-mail: olaf.weber@bayer.com



Contacts