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## Investor News

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Interim report for the first quarter of 2016:

### **Bayer off to a successful start in 2016**

- Substantial sales growth at Pharmaceuticals
  - Earnings expand in all segments
  - Group sales increase to EUR 11,941 million (plus 0.5 percent / Fx & portfolio adj. plus 3.2 percent)
  - EBITDA before special items advances by 15.7 percent to EUR 3,404 million
  - EBIT up 20.1 percent to EUR 2,335 million
  - Net income grows by 13.3 percent to EUR 1,511 million
  - Core earnings per share up 13.9 percent to EUR 2.37
  - Outlook for 2016 confirmed
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**Leverkusen, Germany, April 26, 2016** – The Bayer Group got off to a successful start in the new fiscal year. “All segments posted gains in their operating performance,” said CEO Dr. Marijn Dekkers when he presented the interim report for the first quarter on Tuesday. At Pharmaceuticals, Bayer again benefited from the very good development of its recently launched products. The Consumer Health business also developed positively. Crop Science outperformed the prior-year quarter despite a weak market environment. Animal Health posted substantial gains. Thus the Life Science businesses showed encouraging development. Sales at Covestro declined as anticipated, while earnings rose significantly. Dekkers remains optimistic for the year as a whole: “We confirm our outlook for 2016.”

Sales of the Bayer Group moved ahead in the first quarter of 2016 by 0.5 percent to EUR 11,941 million (Q1 2015: EUR 11,879 million). After adjusting for currency and portfolio effects (Fx & portfolio adj.), the increase was 3.2 percent. EBITDA before special items advanced by a substantial 15.7 percent to EUR 3,404 million (Q1 2015: EUR 2,941 million), despite higher research and development expenses at Pharmaceuticals and Crop Science and negative currency effects of around EUR 60 million. EBIT climbed by a robust 20.1 percent to EUR 2,335 million (Q1 2015: EUR 1,944 million) after special

charges of EUR 272 million (Q1 2015: EUR 244 million). These mainly comprised impairment losses on intangible assets, costs for the integration of acquired businesses and costs associated with efficiency improvement measures. Net income grew 13.3 percent to EUR 1,511 million (Q1 2015: EUR 1,334 million). Core earnings per share from continuing operations advanced by 13.9 percent to EUR 2.37 (Q1 2015: EUR 2.08).

Gross cash flow from continuing operations advanced by 28.1 percent to EUR 2,576 million (Q1 2015: EUR 2,011 million), due mainly to the expansion of business. Net cash flow (total) was diminished by an increase in cash tied up in working capital but rose by 82.6 percent to EUR 1,322 million (Q1 2015: EUR 724 million), mainly because of the inflow from the divestiture of the Diabetes Care business. Net financial debt declined by EUR 1.1 billion against December 31, 2015, to EUR 16.3 billion on March 31, 2016.

### **Pharmaceuticals Division posts substantial sales and earnings growth**

Sales of prescription medicines (Pharmaceuticals) rose in the first quarter by a very encouraging 12.2 percent (Fx & portfolio adj.) to EUR 3,889 million. "This was largely attributable to the continued strong development of the company's recently launched products," said Dekkers. The anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Stivarga™ and Xofigo™, and Adempas™ to treat pulmonary hypertension generated total combined sales of EUR 1,187 million (Q1 2015: EUR 898 million). Xarelto™ posted encouraging sales gains of 31.5 percent (Fx adj.), which were mainly attributable to volume increases in Europe and Japan. Business with Xarelto™ also developed positively in the United States, where it is marketed by a subsidiary of Johnson & Johnson. Bayer registered considerably higher sales (Fx adj. plus 48.9 percent) of the eye medicine Eylea™ in all regions, particularly in Europe, Canada and Japan.

Among the established products, the blood-clotting medicine Kogenate™ posted significant sales gains in comparison with a weak prior-year quarter. Bayer also began marketing the new hemophilia medicine Kovaltry™ in Europe and the United States in the first quarter of 2016. Sales of the Kogenate™/Kovaltry™ product family climbed 13.7 percent (Fx adj.). Business with the hormone-releasing intrauterine devices of the Mirena™ product family rose by 7.2 percent (Fx adj.) overall, benefiting especially from expanded volumes in the United States. The cancer drug Nexavar™ achieved currency-adjusted growth of 10.8 percent, due particularly to considerable sales gains in the United States. Sales of the multiple sclerosis product Betaferon™/Betaseron™ were down 7.9 percent (Fx adj.) overall, due partly to changes in sales phasing for tender businesses

in Latin America. By contrast, sales rose in the United States. Overall, Bayer substantially expanded the Pharmaceuticals business (Fx adj.) in all regions.

EBITDA before special items of the division advanced by 16.2 percent to EUR 1,261 million. This substantial increase in earnings was due largely to very good business performance, more than offsetting higher investments in research and development and negative currency effects of around EUR 30 million.

### **Positive business development at Consumer Health**

“Our business with self-care products also developed positively,” said Dekkers. Sales of the Consumer Health Division rose by 2.2 percent (Fx & portfolio adj.) to EUR 1,520 million. The business posted significant gains in Latin America/Africa/Middle East and in Asia/Pacific, while sales were down in Europe due mainly to the macroeconomic situation in Russia. Sales declined slightly in the United States.

Significant gains of 10.4 percent (Fx adj.) were achieved with the Bepanthen™/Bepanthol™ wound and skin care products, while business with the antifungal Canesten™ advanced by 21.1 percent (Fx adj.). The multivitamin product Berocca™ also developed very positively (Fx adj. plus 31.6 percent). Sales of the antihistamine Claritin™ declined by 7.4 percent (Fx adj.) cycling over a strong prior-year quarter due to shifts in order volumes in China. The encouraging sales development in the United States was not sufficient to offset this effect. The Alka-Seltzer™ family of products to treat gastric complaints and cold symptoms registered a sales decline of 14.5 percent (Fx adj.), due particularly to a weaker cold season in the United States.

EBITDA before special items improved by 3.8 percent to EUR 383 million. Alongside earnings contributions from positive sales development, cost synergies had a favorable effect. By contrast, negative currency effects amounted to about EUR 20 million.

### **Ongoing weak market environment at Crop Science**

First-quarter sales of the agricultural business (Crop Science) moved ahead by 1.2 percent (Fx & portfolio adj.) to EUR 3,023 million. “We slightly expanded business at Crop Protection/Seeds despite an ongoing weak market environment,” explained Dekkers. In regional terms, the Crop Science business developed positively in North America in particular (Fx adj. plus 3.8 percent). In Latin America/Africa/Middle East, sales increased

slightly by 1.0 percent (Fx adj.), whereas sales in Europe were level year on year (Fx adj. plus 0.7 percent). Business in the Asia/Pacific region declined by 2.5 percent (Fx adj.).

At Crop Protection, the SeedGrowth business grew by 5.4 percent (Fx. & portfolio adj.). The Fungicides business also developed positively (Fx & portfolio adj. plus 2.9 percent), whereas sales of Insecticides and Herbicides declined (Fx & portfolio adj. minus 12.2 percent and minus 3.8 percent, respectively). Sales of Seeds grew by a substantial 11.9 percent (Fx & portfolio adj.). Business at Environmental Science advanced by 3.0 percent (Fx & portfolio adj.).

EBITDA before special items of the Crop Science Division improved by 6.3 percent to EUR 1,106 million. Earnings contributions from higher selling prices and lower cost of goods sold stood against higher research and development spending and a negative currency effect of EUR 15 million.

### **Animal Health benefits from strong U.S. business**

The Animal Health business grew sales by 8.8 percent (Fx & portfolio adj.) to EUR 408 million. This growth was chiefly attributable to increased demand in the United States. While sales of the Advantage™ family of flea, tick and worm control products rose by 3.5 percent (Fx adj.), sales of the Seresto™ flea and tick collar nearly doubled. EBITDA before special items of Animal Health climbed by 19.6 percent to EUR 122 million.

### **Substantial earnings growth at Covestro**

Sales of the high-tech polymer materials business (Covestro) fell by 4.7 percent (Fx & portfolio adj.) to EUR 2,850 million. Selling prices were down significantly, due mainly to the raw material price development and primarily at Polyurethanes. Volumes were above the level of the prior-year quarter overall. EBITDA before special items improved by a considerable 18.9 percent to EUR 504 million. Higher volumes and decreased raw material prices outweighed the lower selling prices to deliver a net increase in earnings.

## **Outlook for 2016 confirmed**

Bayer is confirming the forecast for the full year it published in February. According to this, sales of approximately EUR 35 billion are planned for the Life Science businesses, i.e. the Bayer Group excluding Covestro (2015 pro forma: EUR 34,342 million). This corresponds to a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. Bayer also plans to increase EBITDA before special items of the Life Science businesses by a mid-single-digit percentage (2015 pro forma: EUR 8,607 million). The company aims to increase core earnings per share from continuing operations including Covestro by a mid-single-digit percentage as well (2015: EUR 6.83). (See Chapter 18.2 of the Annual Report 2015 for the full forecast.)

### **Note:**

*The following tables contain the key data for the Bayer Group and its segments for the first quarter 2016.*

*The interim report for the first quarter 2016 is available on the Internet at:*  
[www.investor.bayer.com](http://www.investor.bayer.com).

*Supplementary features at [www.investor.bayer.com](http://www.investor.bayer.com):*

- presentation charts for the investor conference call at 12:00 noon CEST*
- live webcast of the investor conference call from approximately 2:00 p.m. CEST*
- recording of the investor conference call from approximately 6:00 p.m. CEST.*

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**Forward-Looking Statements**

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer 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](http://www.bayer.com). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

## Bayer Key Data, 1st Quarter 2016

(Certain prior-year data are restated.)

<b>Bayer Group</b> (EUR million)	Q1 2015	<b>Q1 2016</b>	Change in %
Sales	11,879	<b>11,941</b>	+0.5
EBITDA before special items	2,941	<b>3,404</b>	+15.7
EBIT	1,944	<b>2,335</b>	+20.1
<i>Special items</i>	(244)	<b>(272)</b>	-
EBIT before special items	2,188	<b>2,607</b>	+19.1
Net income	1,334	<b>1,511</b>	+13.3
Earnings per share (EUR)	1.62	<b>1.83</b>	+13.0
Core earnings per share (EUR)	2.08	<b>2.37</b>	+13.9
Number of employees *	117,987	<b>116,482</b>	-1.3

<b>Pharmaceuticals</b> (EUR million)	Q1 2015	<b>Q1 2016</b>	Change in %
Sales	3,562	<b>3,889</b>	+9.2
EBITDA before special items	1,085	<b>1,261</b>	+16.2
EBIT	747	<b>698</b>	-6.6
<i>Special items</i>	(24)	<b>(231)</b>	-
EBIT before special items	771	<b>929</b>	+20.5

<b>Consumer Health</b> (EUR million)	Q1 2015	<b>Q1 2016</b>	Change in %
Sales	1,556	<b>1,520</b>	-2.3
EBITDA before special items	369	<b>383</b>	+3.8
EBIT	174	<b>243</b>	+39.7
<i>Special items</i>	(89)	<b>(32)</b>	-
EBIT before special items	263	<b>275</b>	+4.6

<b>Crop Science</b> (EUR million)	Q1 2015	<b>Q1 2016</b>	Change in %
Sales	3,092	<b>3,023</b>	-2.2
EBITDA before special items	1,040	<b>1,106</b>	+6.3
EBIT	874	<b>970</b>	+11.0
<i>Special items</i>	(47)	<b>(3)</b>	-
EBIT before special items	921	<b>973</b>	+5.6

<b>Animal Health</b> (EUR million)	Q1 2015	<b>Q1 2016</b>	Change in %
Sales	386	<b>408</b>	+5.7
EBITDA before special items	102	<b>122</b>	+19.6
EBIT	65	<b>114</b>	+75.4
<i>Special items</i>	(32)	<b>(1)</b>	-
EBIT before special items	97	<b>115</b>	+18.6

<b>Covestro</b> (EUR million)	Q1 2015	<b>Q1 2016</b>	Change in %
Sales	3,014	<b>2,850</b>	-5.4
EBITDA before special items	424	<b>504</b>	+18.9
EBIT	219	<b>336</b>	+53.4
<i>Special items</i>	(42)	<b>0</b>	-
EBIT before special items	261	<b>336</b>	+28.7

EBIT(DA) before special items and core earnings per share are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. For the definition of these indicators, see the current annual report at [www.bayer.com](http://www.bayer.com).

\* Full-time equivalents at end of period