



Q1 2012 Analyst and Investor Briefing

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- Encouraging start to the year for Bayer
- Sales €10.1 billion (Fx & portfolio adj. +5.2%)
- Price +0.1%, volume +5.1%, currency +2.2%, portfolio -0.6%
- Operating result (EBIT) €1.6 billion (+42.6%)
- EBITDA before special items €2.4 billion (+9.4%)
- Positive currency effects of €85 million mainly at HealthCare and CropScience contributed to the increase in EBITDA before special items.
- Net special items of minus €169 million comprising a partial impairment loss of €100 million recognized on the company name Medrad, restructuring charges of €39 million and litigation-related expenses of €30 million.
- Strong start to the season at CropScience, increases at HealthCare, continuing margin pressure at MaterialScience
- Net income €1.1 billion (+53.5%)
- 2012 guidance confirmed

Group Key Figures

<i>Euro million</i>	Q1 2011	Q1 2012	% y-o-y	Consensus**
Sales	9,415	10,056	6.8 / 5.2*	9,741
EBITDA	1,866	2,377	27.4	2,162
EBITDA before special items	2,232	2,442	9.4	2,236
EBIT	1,148	1,637	42.6	1,510
Net special items	(442)	(169)	61.8	(70)
EBIT before special items	1,590	1,806	13.6	1,574
Non-operating result	(213)	(177)	16.9	(211)
Income taxes	(252)	(409)	(62.3)	•
Net income	684	1,050	53.5	953
EPS (Euro/share)	0.83	1.27	53.0	1.15
Core EPS (Euro/share)	1.45	1.68	15.9	1.47
Gross cash flow	1,309	1,595	21.8	•
Delta working capital	(508)	(1,324)	(160.6)	•
Net cash flow	801	271	(66.2)	•
CapEx (cash relevant)	238	256	7.6	•
Operating free cash flow	563	15	(97.3)	•

<i>Euro million</i>	Dec. 31, 2011	March 31, 2012
Net financial debt	7,013	6,851
Net pension liability	7,798	8,057

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of April 18, 2012 provided by Vara Research GmbH



Bayer Group Forecast

- In view of the good start to 2012, we are increasingly confident for the rest of the year.
- Given the continuing uncertainties, however, we are currently adhering to the guidance for the full year 2012 that we issued at the end of February.
- For the full year 2012, we continue to forecast a **currency- and portfolio-adjusted sales increase of about 3%**.
- This would result in **Group sales of approximately €37 billion** based on unchanged exchange rate assumptions (e.g. €1 = US\$1.40).
- We continue to plan a **slight improvement in EBITDA before special items**. This will be driven by HealthCare and CropScience, while earnings at MaterialScience are likely to be flat with 2011 in view of the currently difficult market conditions.
- We also plan to **slightly improve core earnings per share**.
- We anticipate taking **special charges of about €0.2 billion** for ongoing restructuring programs in 2012.

HealthCare

- We confirm our outlook for 2012.
- HealthCare's top priority for 2012 is to successfully commercialize the new pharmaceutical products.
- We expect **sales to increase by a low- to mid-single-digit percentage** after adjusting for currency and portfolio effects. We plan to **slightly improve EBITDA before special items**, although earnings are likely to be hampered by higher marketing expenses and the effects of the genericization of Yasmin in Europe.
- We forecast **sales of the Pharmaceuticals segment in 2012 to remain stable or move slightly higher** on a currency- and portfolio-adjusted basis, and **EBITDA before special items to approximately match the prior-year level**.
- In the **Consumer Health segment, we anticipate mid-single-digit growth in currency- and portfolio-adjusted sales and in EBITDA before special items**.

CropScience

- We expect market conditions for our CropScience business to remain favorable in 2012 and **predict above-market growth**.
- Following the strong start to the year, the guidance we issued in February – “We anticipate that **currency- and portfolio-adjusted sales and EBITDA before special items will advance by mid-single-digit percentages**” – may be adjusted upon publication of our next interim report depending on future business development.

MaterialScience

- The market environment for MaterialScience developed as expected in the first quarter.
- We continue to **plan for currency- and portfolio-adjusted sales and EBITDA before special items in 2012 to remain level with the prior year**. Should the market environment develop more favorably than anticipated, we expect sales and earnings to increase accordingly.
- Compared with the first quarter of 2012, we **expect an improvement in currency- and portfolio-adjusted sales and significantly higher EBITDA before special items in the second quarter of 2012**.

Further assumptions for 2012:

CapEx: approx. €1.5 billion for property, plant and equipment and €0.4 billion for intangible assets

Planned D&A: approx. €2.6 billion, including €1.3 billion amortization of intangibles

R&D: approx. €3.0 billion

Non-operating result: approx. minus €0.8 billion

Income tax-rate: approx. 26 - 27%

The sales and earnings forecast for 2013 is given in Chapter 11.4 of the Annual Report 2011.



HealthCare

<i>Euro million</i>	Q1 2011	Q1 2012	% y-o-y	Consensus**
Sales	4,166	4,342	4.2 / 2.1*	4,355
Pharmaceuticals	2,419	2,517	4.1 / 1.6*	•
Consumer Health	1,747	1,825	4.5 / 2.9*	•
EBITDA before special items	1,140	1,181	3.6	1,173
Pharmaceuticals	724	740	2.2	•
Consumer Health	416	441	6.0	•

2011 figures for Pharmaceuticals and Consumer Health restated

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of April 18, 2012 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

<i>Euro million</i>	Q1 2011	Q1 2012	% y-o-y	% y-o-y Fx
Kogenate	283	295	4.2	1.9
<i>of which USA</i>	83	83	0.0	(4.3)
Betaferon / Betaseron	274	276	0.7	(1.5)
<i>of which USA</i>	111	109	(1.8)	(6.6)
YAZ product family	242	244	0.8	(0.6)
<i>of which USA</i>	35	43	22.9	17.4
Nexavar	172	186	8.1	4.5
<i>of which USA</i>	40	49	22.5	17.4
Mirena	143	160	11.9	8.3
<i>of which USA</i>	80	93	16.3	10.4
Adalat	157	158	0.6	(3.7)
<i>of which USA</i>	1	1	•	•
Avalox / Avelox	147	131	(10.9)	(13.3)
<i>of which USA</i>	39	18	(53.8)	(56.3)
Aspirin Cardio	90	108	20.0	15.7
<i>of which USA</i>	0	0	•	•
Glucobay	88	84	(4.5)	(10.0)
<i>of which USA</i>	0	0	•	•
Levitra	82	75	(8.5)	(9.3)
<i>of which USA</i>	30	22	(26.7)	(28.4)
Cipro / Ciprobay	59	51	(13.6)	(15.0)
<i>of which USA</i>	2	4	•	•
Zetia	38	47	23.7	13.0
<i>of which USA</i>	0	0	•	•
Diane	41	45	9.8	8.8
<i>of which USA</i>	0	0	•	•
Kinzal	41	42	2.4	2.7
<i>of which USA</i>	0	0	•	•
Xarelto	16	42	162.5	165.9
<i>of which USA</i>	0	8	•	•

%y-o-y Fx: Currency adjusted sales growth



- Price -0.2%, volume +2.3%, currency +2.4%, portfolio -0.3%
- At **Pharmaceuticals**, growth was achieved mainly in the emerging markets, especially China. There were slight decreases in some other countries, particularly in Europe.
- Kogenate mainly driven by volume gains due to tender businesses.
- Betaferon declined as expected. Volume declines, especially in North America, were only partially offset by selling price increases.
- YAZ-product family affected by generic pressure in Europe, compensated by gains in the other regions.
- Nexavar sales mainly driven by business in the U.S.
- Sales of Mirena improved in all regions as a result of higher volumes, especially in the U.S.
- Levitra and Avelox affected by the restructured contract with our U.S. distribution partner. For Avelox, the effect was partially offset by sales gains in Western Europe.
- Aspirin Cardio driven by the continued extension of our marketing activities in China.
- Xarelto driven by launches in further countries and expansion of indications.
- Sales increase at **Consumer Health** driven by all divisions: Consumer Care (€887 million, +1.7% Fx & portf. adj.), Medical Care (€619 million, +3.6% Fx & portf. adj.) and Animal Health (€319 million, +4.7% Fx & portf. adj.). Business developed especially well in the emerging markets.
- **EBITDA before special items** at HealthCare improved mainly due to positive business development and effective cost management in both segments.

CropScience

<i>Euro million</i>	Q1 2011	Q1 2012	% y-o-y	Consensus**
Sales	2,257	2,610	15.6 / 14.4*	2,416
Crop Protection / BioScience	2,079	2,423	16.5 / 15.3*	•
Environmental Science	178	187	5.1 / 3.4*	•
EBITDA before special items	745	981	31.7	793

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of April 18, 2012 provided by Vara Research GmbH

Q1 2012	Europe		North America		Asia/Pacific		LatAm/Africa/Middle East	
	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx
CropScience	1,052	5.2	867	24.8	344	22.7	347	8.9
Crop Protection	903	6.0	432	25.4	298	24.6	304	14.1

%y-o-y Fx: Currency adjusted sales growth

- Price +0.7%, volume +13.7%, currency +2.0%, portfolio -0.8%
- The season got off to an early and promising start in the northern hemisphere, especially in North America, with moderate growth stimuli in Europe.
- With good market conditions continuing, we grew all areas of the business.
- **Crop Protection** up 14.9% (Fx & portf. adj.) at €1,937 million. Herbicides (€848 million, +19.0% Fx & portf. adj.), fungicides (€554 million, +12.3% Fx & portf. adj.) and insecticides (€336 million, +17.4% Fx & portf. adj.) registered double-digit growth rates, while seed treatment showed a moderate increase (€199 million, +3.2% Fx & portf. adj.).



- Performance of Crop Protection in Europe driven by solid growth of herbicides, fungicides and insecticides. Sales of seed treatment products were down from the high level of the prior-year period. Eastern Europe and Italy as main growth drivers. Business in Central Europe improved slightly. Sales on the Iberian peninsula declined due to continuing drought.
- Crop Protection sales in North America benefited from an early start to the season and generally favorable market conditions in the U.S. where sales of herbicides almost doubled. Insecticides benefited from product portfolio rejuvenation. Fungicides matched the strong prior-year development.
- Sales of Crop Protection in Asia/Pacific showed double digit growth rates in all business units mainly driven by our products for rice and cereals.
- Growth of Crop Protection in LatAm/Africa/Middle East driven by herbicides, insecticides and seed treatment products. Fungicides impaired by drought.
- **BioScience** (€486 million, +17.1% Fx & portf. adj.) continued on its path of growth. Largest sales increases for InVigor (canola seed) and FiberMax (cotton seed) in North America. Nunhems (vegetables) with moderate sales decline compared to the strong prior-year quarter.
- **Environmental Science** (€187 million, +3.4% Fx & portf. adj.) driven by consumer products in the U.S. and in Europe while sales of professional products declined due to phasing in tender business.
- **EBITDA before special items** at CropScience driven by an early start to the season and considerably higher volumes. Efficiency improvements, successful cost management and positive currency effects contributed as well. Positive impact from divestment gain of €22 million (Q1 '2011 €0 million) and earlier receipt of royalty payments.

MaterialScience

<i>Euro million</i>	Q1 2011	Q4 2011	Q1 2012	% y-o-y	Consensus**
Sales	2,686	2,596	2,788	3.8 / 2.5*	2,660
Polyurethanes	1,353	1,341	1,443	6.7 / 4.7*	•
Polycarbonates	716	667	706	(1.4) / (4.2)*	•
CAS	460	420	462	0.4 / 3.9*	•
Industrial Operations	157	168	177	12.7 / 8.9*	•
EBITDA before special items	345	106	278	(19.4)	254

CAS: Coatings, Adhesives, Specialties

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of April 18, 2012 provided by Vara Research GmbH

- Price -0.3%, volume +2.8%, currency +2.2%, portfolio -0.9%
- Sales increase driven by higher volumes in all regions. Prices overall level with the prior-year quarter. Higher prices in LatAm/Africa/Middle East, North America and Europe were offset by lower prices in Asia/Pacific.
- Sales increase at **Polyurethanes** driven by PET and MDI due to significantly higher volumes and increased prices for these products. TDI sales declined slightly due to lower prices.
- Sales at **Polycarbonates** declined compared to the strong prior-year quarter. Prices declined while volumes increased overall.
- Sales of **Coatings, Adhesives, Specialties** increased, mainly driven by higher prices.
- **EBITDA before special items** at MaterialScience significantly down y-o-y mainly due to a rise in raw material prices and higher operating cost. Positive impact from efficiency improvements, higher volumes and a one-time gain of €19 million (Q1 '2011 €0 million).



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Key figures for Q1'2012

	HealthCare				CropScience		MaterialScience		Reconciliation		Group			
	Subgroup Total		Pharmaceuticals		Consumer Health		Subgroup Total		Q1'11		Q1'12			
	Q1'11	Q1'12	Q1'11	Q1'12	Q1'11	Q1'12	Q1'11	Q1'12	Q1'11	Q1'12	Q1'11	Q1'12		
Sales	€ million	4,166	4,342	2,419	2,517	1,747	1,825	€ million	2,686	2,788	€ million	9,415	10,056	
Sales by region:														
Europe	1,596	1,601	920	908	676	693	1,002	1,052	1,120	1,130	270	282	3,988	4,065
North America	1,076	1,125	532	545	544	580	670	867	511	574	1	5	2,258	2,571
Asia / Pacific	850	924	584	643	286	281	289	344	712	724	19	7	1,850	1,999
LatAm/Africa/Middle East	644	692	383	421	261	271	316	347	343	360	16	22	1,319	1,421
EBITDA	1,103	1,164	688	725	415	439	416	972	345	278	2	-37	1,866	2,377
Special items	-37	-17	-36	-15	-1	-2	-329	-9	0	0	0	-39	-366	-65
EBITDA before special items	1,140	1,181	724	740	416	441	745	981	345	278	2	2	2,232	2,442
EBITDA margin before special items	27.4%	27.2%	29.9%	29.4%	23.8%	24.2%	33.0%	37.6%	12.8%	10.0%	0.7%	0.6%	23.7%	24.3%
EBIT	769	741	457	505	312	236	219	851	205	127	-45	-82	1,148	1,637
Special items	-37	-120	-36	-15	-1	-105	-405	-10	0	0	0	-39	-442	-169
EBIT before special items	806	861	493	520	313	341	624	861	205	127	-45	-43	1,590	1,806
EBIT margin before special items	19.3%	19.8%	20.4%	20.7%	17.9%	18.7%	27.6%	33.0%	7.6%	4.6%	-14.7%	-13.6%	16.9%	18.0%
Gross cash flow	768	804	471	488	297	316	314	678	272	206	-45	-93	1,309	1,595
Net cash flow	781	497	518	317	263	180	-214	-655	151	72	83	357	801	271
Non-operating result													-213	-177
Net income													684	1,050
Earnings per share (€)													0.83	1.27
Core earnings per share (€)													1.45	1.68
CapEx (cash effective)													238	256
R&D													737	699
D&A and Write-downs	334	423	231	220	103	203	197	121	140	151	47	45	718	740
Employees at end of period	55,800	55,800	37,100	37,900	18,700	17,900	21,500	21,000	14,700	14,700	20,500	20,500	112,500	112,000

2011 figures for Pharmaceuticals and Consumer Health restated