



Q3 2012 Analyst and Investor Briefing

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Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

- Bayer on track for a successful 2012
- Upward trend at HealthCare and CropScience continues
- Group sales €9.7 billion (Fx & portfolio adj. +5.5%)
- Price +0.6%, volume +4.9%, currency +6.5%, portfolio -0.5%
- EBIT €0.8 billion (-23.7%)
- Net special items totaled minus €356 million. Included here were €205 million in further accounting measures taken – mainly based on additional claims asserted but not filed in court – for all cases in connection with the oral contraceptive Yasmin/YAZ of which we are currently aware and which we consider to be worthy of settlement (venous clot injuries). Other special charges were restructuring expenses of €134 million and impairment losses of €68 million on intangible assets. Special gains of €53 million resulted from adjustments of entitlements to “other post-employment benefits” in the U.S.
- EBITDA before special items €1.8 billion (+2.2%)
- Additional allocations of about €110 million to our long-term stock-based incentive programs
- Positive currency effects of around €160 million overall
- Net income €0.5 billion (-17.8%)
- Further progress with innovation pipeline
- Group forecast for 2012 confirmed

Group Key Figures

<i>Euro million</i>	Q3 2011	Q3 2012	% y-o-y	Consensus**
Sales	8,670	9,665	11.5 / 5.5*	9,312
EBITDA	1,731	1,582	(8.6)	1,745
EBITDA before special items	1,805	1,845	2.2	1,845
EBIT	1,099	838	(23.7)	1,080
Net special items	(75)	(356)	•	(93)
EBIT before special items	1,174	1,194	1.7	1,172
Non-operating result	(224)	(172)	23.2	(197)
Income taxes	(229)	(132)	42.4	•
Net income	642	528	(17.8)	643
EPS (Euro/share)	0.78	0.64	(17.9)	0.78
Core EPS (Euro/share)	1.12	1.20	7.1	1.15
Gross cash flow	1,327	1,023	(22.9)	•
Delta working capital	250	966	•	•
Net cash flow	1,577	1,989	26.1	•
CapEx (cash relevant)	354	486	37.3	•
Operating free cash flow	1,223	1,503	22.9	•

<i>Euro million</i>	June 30, 2012	Sept. 30, 2012
Net financial debt	7,911	6,805
Net pension liability	9,346	9,734

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 17, 2012 provided by Vara Research GmbH



Bayer Group Forecast

- Based on the exchange rates prevailing at the end of the third quarter, we confirm the sales and earnings forecast for the full year 2012 that we raised in July.
- For the full year 2012, we continue to **anticipate a currency- and portfolio-adjusted sales increase of between 4% and 5%**. This would result in Group sales of between approximately €39 billion and €40 billion.
- As before, we plan to **increase EBITDA before special items by a high-single-digit percentage**. We continue to **expect to raise core earnings per share by about 10%**.
- In addition to the special charges already recognized, we anticipate further expenses of €0.2 billion for ongoing restructuring programs in the fourth quarter of 2012.

HealthCare

- HealthCare's top priority remains to successfully commercialize the new pharmaceutical products.
- We continue to **expect sales to increase by between 3% and 4%** after adjusting for currency and portfolio effects. We plan to **improve EBITDA before special items by a mid- to high-single-digit percentage** to which high positive currency effects will contribute.
- We **forecast sales of the Pharmaceuticals segment to move slightly higher** on a currency- and portfolio-adjusted basis, with **EBITDA before special items rising by a mid-single-digit percentage**.
- In the **Consumer Health segment, we anticipate that sales will grow by a mid-single-digit percentage** on a currency- and portfolio-adjusted basis and that **EBITDA before special items will increase by a high-single-digit percentage**.

CropScience

- As before, we anticipate that **sales will advance by approximately 10%** on a currency- and portfolio-adjusted basis and that **EBITDA before special items will improve by approximately 20%**.
- We continue to predict above-market growth.

MaterialScience

- At MaterialScience, we anticipate a **significant currency- and portfolio-adjusted sales gain and significantly higher EBITDA before special items in the fourth quarter of 2012** compared to the weak prior-year quarter.
- For the full year 2012, we now **expect sales to show a small currency- and portfolio-adjusted increase** (previously: to remain level with the prior year) and **continue to expect EBITDA before special items to remain level with the prior year**.

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: minus €0.7 billion to minus €0.8 billion

Income tax-rate: approx. 25%

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



HealthCare

<i>Euro million</i>	Q3 2011	Q3 2012	% y-o-y	Consensus**
Sales	4,200	4,719	12.4 / 5.5*	4,543
Pharmaceuticals	2,420	2,734	13.0 / 6.1*	•
Consumer Health	1,780	1,985	11.5 / 4.7*	•
EBITDA before special items	1,226	1,297	5.8	1,272
Pharmaceuticals	768	827	7.7	•
Consumer Health	458	470	2.6	•

2011 figures for Pharmaceuticals and Consumer Health restated

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 17, 2012 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

<i>Euro million</i>	Q3 2011	Q3 2012	% y-o-y	% y-o-y Fx
Kogenate	257	300	16.7	8.9
<i>of which USA</i>	70	95	35.7	20.3
Betaferon / Betaseron	289	292	1.0	(6.1)
<i>of which USA</i>	126	150	19.0	4.8
YAZ product family	275	277	0.7	(4.0)
<i>of which USA</i>	48	54	12.5	2.7
Nexavar	177	199	12.4	4.2
<i>of which USA</i>	45	55	22.2	7.7
Mirena	137	183	33.6	22.5
<i>of which USA</i>	71	113	59.2	41.5
Adalat	156	171	9.6	(0.3)
<i>of which USA</i>	2	0	•	•
Aspirin Cardio	102	124	21.6	13.0
<i>of which USA</i>	0	0	•	•
Glucobay	88	122	38.6	23.5
<i>of which USA</i>	0	0	•	•
Avalox / Avelox	103	119	15.5	6.8
<i>of which USA</i>	16	14	(12.5)	(26.9)
Xarelto	20	81	•	•
<i>of which USA</i>	3	14	•	•
Levitra	75	75	0.0	(1.9)
<i>of which USA</i>	20	19	(5.0)	(6.0)
Cipro / Ciprobay	53	65	22.6	17.3
<i>of which USA</i>	-2	3	•	•
Zetia	45	55	22.2	8.1
<i>of which USA</i>	0	0	•	•
Diane	47	52	10.6	9.9
<i>of which USA</i>	0	0	•	•
Fosrenol	31	47	51.6	36.5
<i>of which USA</i>	0	0	•	•

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



- Price +1.5%, volume +4.0%, currency +7.1%, portfolio -0.2%
- At **Pharmaceuticals**, growth was achieved mainly in North America and in the emerging markets, especially China.
- Kogenate developed positively, with growth driven by increased shipments to our distribution partner during this quarter and by higher volumes resulting from tender businesses in Australia.
- Global sales of Betaferon receded mainly due to a decline in Europe.
- YAZ product family was hampered by generic competition, especially in Western Europe. Sales gains in the Asia/Pacific and LatAm regions only partly compensated for this effect.
- Nexavar mainly driven by business in China and the U.S.
- Sales of Mirena increased mainly on higher volumes in the U.S.
- Glucobay, Aspirin Cardio and Avelox benefited from continued extension of our marketing activities in China.
- Xarelto with launches in further countries and indications. Strongest sales growth in Germany and the U.S.
- Sales of Cipro benefited from a government contract in the United Kingdom.
- **Consumer Health** mainly driven by Consumer Care and Animal Health. Consumer Care (€984 million, +5.1% Fx & portf. adj.), Medical Care (€661 million, +1.0% Fx & portf. adj.) and Animal Health (€340 million, +11.3% Fx & portf. adj.). Business developed especially well in the emerging markets and in North America.
- Increase in **EBITDA before special items** at HealthCare largely attributable to good business development in the Pharmaceuticals segment and positive currency effects.

CropScience

<i>Euro million</i>	Q3 2011	Q3 2012	% y-o-y	Consensus**
Sales	1,379	1,641	19.0 / 12.8*	1,534
Crop Protection / Seeds	1,265	1,511	19.4 / 13.1*	•
Environmental Science	114	130	14.0 / 8.8*	•
EBITDA before special items	165	189	14.5	201

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 17, 2012 provided by Vara Research GmbH

Q3 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	414	18.2	279	16.5	325	2.3	623	10.8
Crop Protection	361	16.7	199	10.7	286	2.6	567	10.5

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

- Price +0.6%, volume +12.2%, currency +7.3%, portfolio -1.1%
- Sales development at **CropScience** maintained nearly the same momentum as in the preceding quarters.
- Business was supported by the positive market conditions, which in turn benefited from factors such as the persistently high prices for agricultural commodities.
- **Crop Protection** with sales of €1,414 million (+11.7% Fx & portf. adj.) developed positively in all product groups and regions. Herbicides at €360 million (+4.3% Fx & portf. adj.), fungicides at €361 million (+15.5% Fx & portf. adj.), insecticides at €376 million (+7.5% Fx & portf. adj.) and SeedGrowth (formerly Seed Treatment) at €317 million (+23.7% Fx & portf. adj.).



- Performance of Crop Protection in Europe mainly driven by strong SeedGrowth sales in Germany, France and the United Kingdom. Significant gains at herbicides. Fungicide and insecticide sales developed well.
- Crop Protection achieved strong growth in North America. Business developed particularly well in the U.S., especially in SeedGrowth. The drought in the U.S. had no material effect on our business so far.
- The moderate sales growth of the Crop Protection business in Asia/Pacific was largely attributable to increases for herbicides and SeedGrowth products. Sales in China and Australia improved considerably, while business in Japan and Thailand was below the high level of the prior-year period.
- Crop Protection in LatAm/Africa/Middle East was mainly driven by increases in LatAm, especially Brazil, where the fungicides business developed especially well. Business with herbicides declined. In Argentina we saw a sharp rise in sales of insecticides. Overall positive performance in Africa and the Middle East.
- Sales of **Seeds** (formerly BioScience) climbed by a substantial 39.1% (Fx & portfolio adj.) to €97 million. Growth was driven by the business in North America, particularly with canola seed. Sales of Nunhems vegetable seeds were level with the previous year.
- At **Environmental Science** (€130 million, +8.8% Fx adj.) business with products for professional users expanded by a double-digit percentage. Sales of products for private customers remained level year on year.
- The increase in **EBITDA before special items** at CropScience was attributable above all to higher volumes and to favorable currency effects. The progress made with our efficiency improvement programs also had a positive impact on earnings. However, manufacturing and selling expenses increased.

MaterialScience

<i>Euro million</i>	Q3 2011	Q2 2012	Q3 2012	% y-o-y	Consensus**
Sales	2,768	2,962	2,992	8.1 / 2.9*	2,916
Polyurethanes	1,352	1,528	1,572	16.3 / 10.2*	•
Polycarbonates	749	728	720	(3.9) / (10.5)*	•
CAS	494	526	512	3.6 / 2.8*	•
Industrial Operations	173	180	188	8.7 / 4.6*	•
EBITDA before special items	348	385	333	(4.3)	354

CAS: Coatings, Adhesives, Specialties; Sales split for Q3'2011 and Q2'2012 restated

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 17, 2012 provided by Vara Research GmbH

- Price -0.4%, volume +3.3%, currency +5.9%, portfolio -0.7%
- Sales growth was due to higher volumes overall. Volumes were flat with the prior year in Europe, while there was a gratifying increase in the other regions. Selling price increases in the LatAm/Africa/Middle East, Europe and North America regions nearly offset declines in Asia/Pacific.
- Sales growth at **Polyurethanes** driven by higher volumes in all product groups and regions. We also achieved price increases in all regions except North America. Prices for TDI and MDI were up, while prices for polyether were below the prior-year period.
- Sales at **Polycarbonates** declined compared to the strong prior-year quarter. This was attributable to lower selling prices and volumes in both product groups.
- Sales of **Coatings, Adhesives, Specialties** increased due to higher volumes in all regions. Prices as a whole were somewhat below the prior-year period.
- **EBITDA before special items** at MaterialScience declined largely as the result of increases in raw material and energy costs and a slight drop in selling prices. These factors were only partly offset by volume growth, savings from efficiency improvement measures, and positive currency effects.



Bayer Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)
Dr. Jürgen Beunink (+49-214-30-65742)
Peter Dahlhoff (+49-214-30-33022)
Fabian Kligen (+49-214-30-35426)
Judith Nestmann (+49-214-30-66836)
Dr. Olaf Weber (+49-214-30-33567)

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Key figures for Q3'2012

	HealthCare				CropScience		MaterialScience		Reconciliation		Group	
	Pharmaceuticals		Consumer Health		Subgroup Total		Subgroup Total		Q3'11		Q3'12	
	Q3'11	Q3'12	Q3'11	Q3'12	Q3'11	Q3'12	Q3'11	Q3'12	Q3'11	Q3'12	Q3'11	Q3'12
Sales	4,200	4,719	2,420	2,734	1,379	1,641	2,768	2,992	323	313	8,670	9,665
Sales by region:												
Europe	1,537	1,573	877	888	346	414	1,120	1,117	292	279	3,295	3,383
North America	1,061	1,298	498	619	212	279	542	646	0	4	1,815	2,227
Asia / Pacific	924	1,108	628	781	304	325	743	848	12	8	1,983	2,289
LatAm/Africa/Middle East	678	740	417	446	517	623	363	381	19	22	1,577	1,766
EBITDA	1,184	1,047	735	591	143	192	348	327	56	16	1,731	1,582
Special items	-42	-250	-33	-236	-22	3	0	-6	-10	-10	-74	-263
EBITDA before special items	1,226	1,297	768	827	165	189	348	333	66	26	1,805	1,845
EBITDA margin before special items	29.2%	27.5%	31.7%	30.2%	12.0%	11.5%	12.6%	11.1%	20.4%	8.3%	20.8%	19.1%
EBIT	866	638	515	366	24	65	196	188	13	-33	1,099	838
Special items	-43	-334	-34	-247	-22	-3	0	-9	-10	-10	-75	-356
EBIT before special items	909	972	549	613	46	68	196	177	23	-23	1,174	1,194
EBIT margin before special items	21.6%	20.6%	22.7%	22.4%	3.3%	4.1%	7.1%	5.9%	7.1%	-7.3%	13.5%	12.4%
Gross cash flow	800	668	489	364	102	130	258	235	167	-10	1,327	1,023
Net cash flow	814	1,116	517	795	409	514	129	415	225	-56	1,577	1,989
Non-operating result											-224	-172
Net income											642	528
Earnings per share (€)											0.78	0.64
Core earnings per share (€)											1.12	1.20
CapEx (cash effective)											354	486
R&D											691	741
D&A and Write-downs	318	409	220	225	119	127	152	159	43	49	632	744
Employees at end of period	56,300	55,600	37,600	37,800	21,500	20,900	15,000	14,600	20,400	19,900	113,200	111,000

2011 figures by segment restated