



150 Years
Science For A Better Life



SINCE 1863 – INNOVATING FOR THE FUTURE

Global Healthcare Conference Merrill Lynch

Building Growth Momentum at Pharma

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London, September 13, 2013



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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



Pharma Business - Gaining Momentum



Outperforming market growth in 1H 2013



Sales growth driven by strong uptake of new products



Improving financial outlook

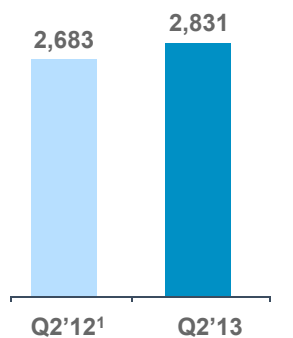


Continued positive clinical and regulatory news flow

Q2 2013 – Building Growth Momentum at Pharma

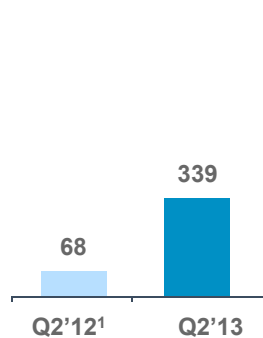


Sales
in € million
% currency & portfolio adj.



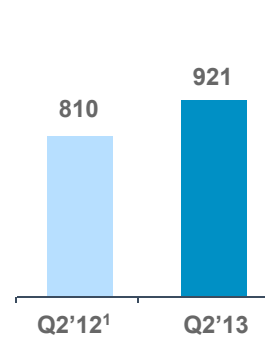
+10%

New Product Sales
in € million



●

EBITDA
before special items
in € million



+14%



Pharma – 2013 Financial Outlook Raised

Sales Δ Fx and portfolio adjusted

	2012 ¹	Δ vs. 2011		2013E
Sales	€10.8bn	+4%	▶	High-single-digit % increase*
EBITDA before special items	€3.2bn	+9%	▶	Improve
Margin	29.9%	0 bp	▶	Improve

At Pharma Our Operational Priorities are Clearly Defined

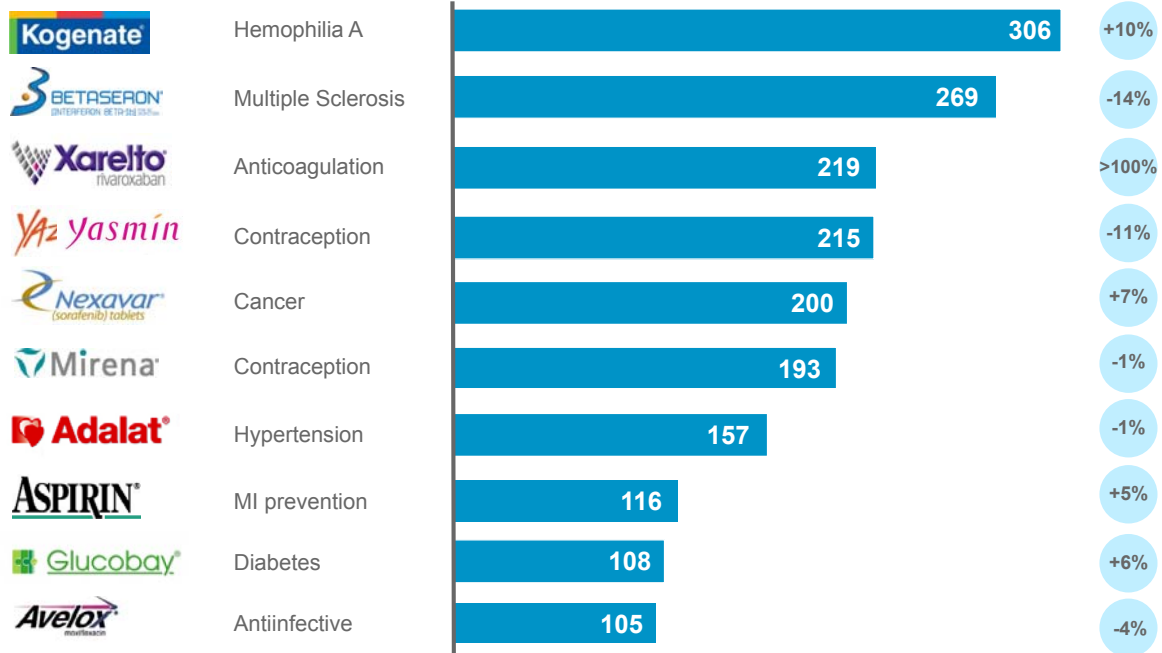


Established portfolio	Fully realize commercial potential of leadership positions and maximize value of mature products
New products	Deliver world-class launch of key assets and generate €1.4bn new product sales in 2013
Emerging markets	Realize emerging markets opportunities and grow business in a high-single-digit percentage range
Margins	Improve adj. EBITDA margin to ≥31% by 2015



Q2 Performance of Top 10 Pharma Products

Q2 2013 sales in € million ($\Delta\%$ yoy Fx-adj.)

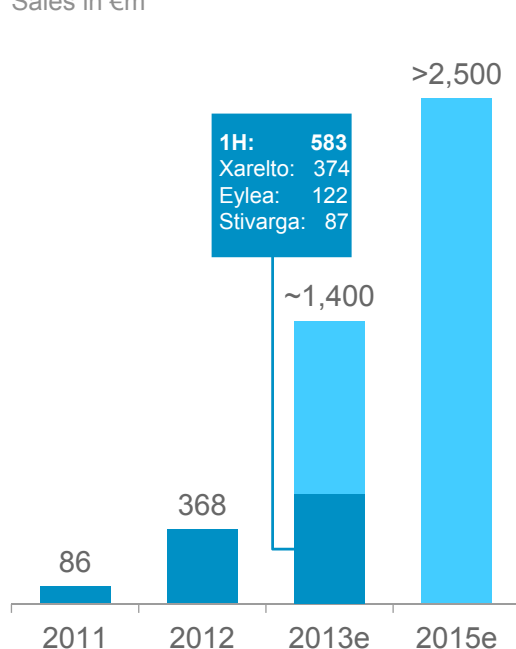


MI: Myocardial infarction

New Products with Combined Peak Sales Potential of >€5.5bn



Sales in €m



- World-class launch, achieved leading position in the novel anticoagulant segment in key markets



- Strong uptake in first markets in wAMD, approved in CRVO in EU (08/13)



- Successful launch in US and Japan, approved in Europe (08/13)



- Launched in US, filed in EU (12/12)



- Submitted for PAH and CTEPH (02/13), positive FDA AdCom recommendation



Xarelto – Strong Launch Execution



- Uptake significantly exceeding expectations - new sales target 2013: >€800m (prev.: ~€600m)
- Broadest label of novel oral anticoagulants with once-daily-dosing advantage*
- Recent EU approval for prevention of atherothrombotic events after acute coronary syndrome (05/13)

* exception 15mg BID dosing for treatment of acute DVT/PE or 2.5mg BID for ACS sec. prevention
¹Bayer reporting, not reflecting in-market sales

Xarelto – Development in Selected Markets



Status as of August 30, 2013



Germany: most successful launch ever in the cardiovascular market; market share¹ at ~38% (dabigatran ~11%, apixaban ~2%)



Japan: 2-week prescription limitation lifted end of April 2013; market share² at ~22.5% (market share as of 1st of April: 9%)



France: Xarelto gained leadership over dabigatran; market share¹ increased to ~21% (dabigatran ~17%)



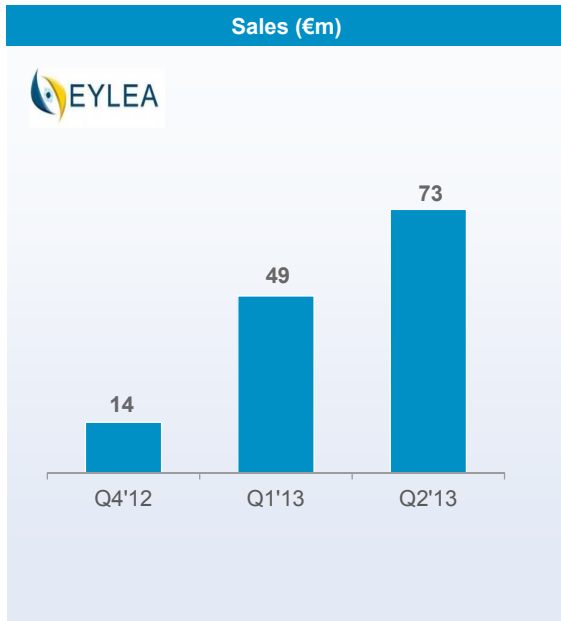
Brazil: successful launch; market share³ ~38% (dabigatran ~22%)



US⁴: steady uptake; market share at ~26% (dabigatran ~19%, apixaban ~3%); NBRx share in the cardiology AC market: Xarelto at ~38% (dabigatran ~11%, apixaban ~18%)

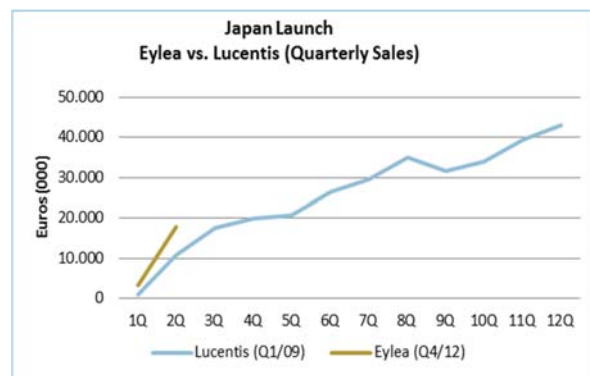
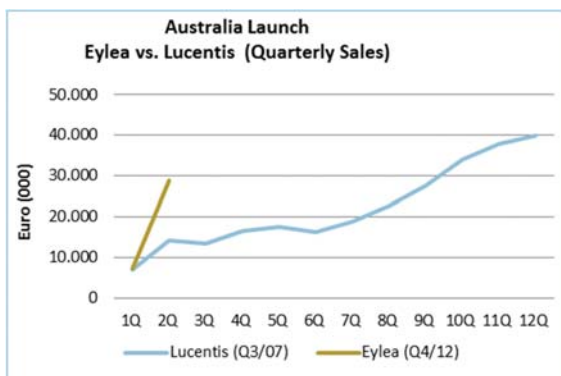
Source: IMS August 30, 2013; 1 sales market share anticoagulants (AC) ex manufacturer prices, retail; 2 anticoagulants retail and hospitals, 3 sales market share AC, retail; 4: retail sales market share; marketed by J&J

Eylea – Developed for the Treatment of Various Back-of-the-Eye Diseases

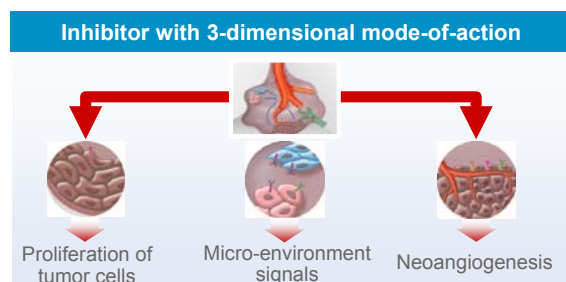
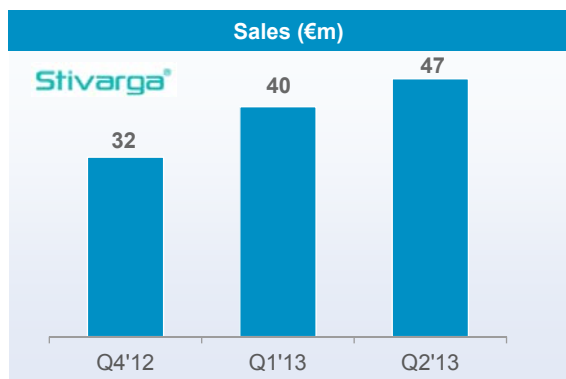


- Approved for fixed every-other-month dosing
- Addressing major back-of-the-eye diseases:
 - Launched in wAMD; 2013 roll-out in Europe, Latin America and Asia
 - Approved in CRVO in Europe (08/13)
 - Positive phase 3 in mCNV (06/13)
 - Positive phase 3 in DME (08/13)
- Strong start in first markets

Eylea – Successful Launch Performance in Australia and Japan



Stivarga – New Three-Dimensional Anti-Cancer Activity



- Oral cancer drug, potently blocking multiple protein kinases
- Successful introduction in US (mCRC, GIST) and Japan (mCRC)
- Approved for GIST in Japan (08/13)
- Approved for mCRC in Europe (08/13)
- Phase 3 in 2nd line liver cancer initiated; start of Phase 3 in CRC (adjuvant therapy) planned for 2H'13

Xofigo – A New Treatment for CRPC Patients with Bone Metastases

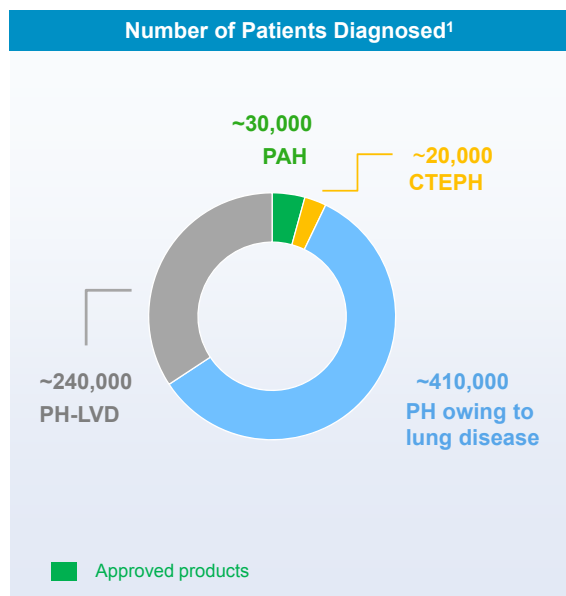


Xofigo[®]
radium Ra 223 dichloride injection



- First in class alpha-pharmaceutical delivering high-energy, short-ranging alpha particles
- Launched in US (06/13) for treatment of CRPC with symptomatic bone metastases and no known visceral metastatic disease
- 320 centres patient-ready in the US*
- Submitted for approval in Europe (12/12)
- Studies in earlier settings of prostate cancer, including combination studies, and studies in other tumors planned

Riociguat – Demonstrated Efficacy in Two Forms of Pulmonary Hypertension



- Oral soluble guanylate cyclase (sGC) stimulator
- Demonstrated efficacy in two phase 3 studies in PAH and CTEPH
- First-in-class therapeutic option in CTEPH
- Filed in PAH/CTEPH in US/EU (02/13)
- Recommended for approval in PAH and CTEPH by FDA's Advisory Committee (06/13)

Pharma Business - Gaining Momentum



Outperforming market growth in 1H 2013



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Improving financial outlook



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Bayer Pharmaceuticals – Building Growth Momentum, Improving Margins



Sales Δ Fx & portf. adjusted, margin = EBITDA before special items to sales

Priority	2012	Target 2013*	Aspiration 2015
<ul style="list-style-type: none"> ● Successfully commercialize new products and realize emerging markets opportunity 	€10.8bn	high-single-digit % to >€11bn	CAGR ~7% towards €13bn
<ul style="list-style-type: none"> ● New product sales¹ 	€368m	~€1.4bn	>€2.5bn
<ul style="list-style-type: none"> ● Emerging market growth 	+7.3%	high-single digit %	high-single digit %
<ul style="list-style-type: none"> ● Improve margins 	29.9%	up	≥31%

¹ Xarelto, Eylea, Stivarga, Xofigo, Riociguat; subject to regulatory approval

*Assuming Fx rates of H1 2013

Outlook depends on specific planning assumptions as detailed in the Annual Report



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Date	Event	Publication
Tuesday, October 8, 2013	Meet Management in London	Investor Conference
Thursday, October 31, 2013	Investor Conference Call	Third Quarter 2013 Results Stockholders' Newsletter
Friday, February 28, 2014	Investor Conference Call	2013 Annual Report
Monday, April 28, 2014	Investor Conference Call	First Quarter 2014 Results Stockholders' Newsletter
Tuesday, April 29, 2014	Annual General Meeting	



Reporting Events and AGM



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