



Q3 2013 Analyst and Investor Briefing

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

- Bayer continues positive business momentum
- Ongoing dynamic trend in Life Sciences; MaterialScience level with prior-year quarter
- New pharmaceutical products post excellent growth
- Group sales €9.6 billion (Fx & portfolio adj. +6.0%)
- Price ±0.0%, volume +6.0%, currency -6.6%, portfolio +0.4%
- EBIT €1.2 billion (+47.5%)
- EBITDA before special items €2.0 billion (+7.7%) despite negative currency effects of about €130 million
- Net special items of minus €99 million largely comprised expenses for restructuring and the integration of acquired businesses
- Net income €0.7 billion (+42.1%)
- Core earnings per share €1.27 (+8.5%)
- Group guidance for 2013 maintained

Group Key Figures

<i>Euro million</i>	Q3 2012	Q3 2013	% y-o-y	Consensus**
Sales	9,661	9,643	(0.2) / 6.0*	9,838
EBITDA	1,579	1,895	20.0	1,809
EBITDA before special items	1,842	1,984	7.7	1,863
EBIT	828	1,221	47.5	1,140
Net special items	(356)	(99)	72.2	(56)
EBIT before special items	1,184	1,320	11.5	1,197
Financial result	(183)	(228)	(24.6)	(198)
Income taxes	(123)	(255)	(107.3)	•
Net income	516	733	42.1	716
EPS (Euro/share)	0.62	0.89	43.5	0.87
Core EPS (Euro/share)	1.17	1.27	8.5	1.21
Gross cash flow	1,006	1,367	35.9	•
Delta working capital	980	361	(63.2)	•
Net cash flow	1,986	1,728	(13.0)	•
CapEx (cash relevant)	486	514	5.8	•
Operating free cash flow	1,500	1,214	(19.1)	•

<i>Euro million</i>	June 30, 2013	Sept. 30, 2013
Net financial debt	9,015	7,745
Net pension liability	8,191	7,777

2012 figures restated

*) Currency and portfolio adjusted sales growth

**) Consensus figures as of October 16, 2013 provided by Vara Research GmbH



Bayer Group Forecast 2013

- Our Life Sciences businesses – HealthCare and CropScience – recorded very encouraging growth in the first nine months, compensating for the market-related weakness at MaterialScience. We expect this development to continue in the fourth quarter. Operational earnings have increasingly been held back by currency effects during the course of the year. The forecast for the full year is now based on the average exchange rates for the first nine months of 2013 (previously: average exchange rates for the first half of 2013). We are maintaining our guidance, although it is increasingly ambitious.
- We expect sales for the full year 2013 to increase by a currency- and portfolio-adjusted 4%–5% to approx. €40 billion (previously: €40 billion to €41 billion). We aim to increase EBITDA before special items by a mid-single-digit percentage and improve core earnings per share by a high-single-digit percentage.

HealthCare

- We expect HealthCare sales to advance by a mid-single-digit percentage on a currency- and portfolio-adjusted basis to approximately €19 billion. We plan to increase EBITDA before special items. Earnings growth is likely to be restrained by negative currency effects in the order of €200 million to €250 million. We aim to slightly improve the EBITDA margin before special items.
- Sales in the **Pharmaceuticals** segment are developing better than anticipated thanks to the successful marketing of our new products. We expect sales to move ahead in 2013 by a high-single-digit percentage on a currency- and portfolio-adjusted basis to more than €11 billion and are targeting sales of more than €1.4 billion for our new products. We plan to increase EBITDA before special items and improve the EBITDA margin before special items. For the fourth quarter of 2013 we again anticipate significant negative currency effects along with higher selling and R&D expenses.
- Taking into account the market-related weakening of the Medical Care business, we predict that sales of the **Consumer Health** segment will grow by a mid-single-digit percentage on a currency- and portfolio-adjusted basis to around €8 billion. We expect EBITDA before special items to come in at the level of the prior year and the EBITDA margin before special items to be below the prior year.

CropScience

- We are raising our forecast for CropScience. We expect growth to outpace the market, with sales advancing by a high-single-digit percentage on a currency- and portfolio-adjusted basis toward €9 billion. We plan to raise EBITDA before special items by at least 10% (previously: a high-single-digit percentage.)

MaterialScience

- Considering the weak business development in the first nine months of 2013, we anticipate that full-year sales will be level with the previous year on a currency- and portfolio-adjusted basis. We expect EBITDA before special items to come in below the prior-year figure.
- In the fourth quarter of 2013, we expect sales on a currency- and portfolio-adjusted basis and EBITDA before special items to come at the level of the prior-year period.

Reconciliation

- For 2013 we continue to expect sales on a currency- and portfolio-adjusted basis to be level with the previous year. We anticipate that EBITDA before special items will be in the region of the prior-year figure.

Further assumptions for 2013:

- CapEx: approx. €1.9 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. €3.2 billion
- Financial result: approx. minus €0.8 billion
- Effective tax-rate: approx. 25%
- Net financial debt: below €8 billion at the end of 2013

Further details of the forecast are given in the Annual Report 2012 and in the report for the first half of 2013.



HealthCare

<i>Euro million</i>	Q3 2012	Q3 2013	% y-o-y	Consensus**
Sales	4,717	4,742	0.5 / 7.4*	4,900
Pharmaceuticals	2,732	2,818	3.1 / 10.6*	2,901
Consumer Health	1,985	1,924	(3.1) / 2.9*	2,016
EBITDA before special items	1,331	1,392	4.6	1,367
Pharmaceuticals	847	915	8.0	911
Consumer Health	484	477	(1.4)	465

2012 figures restated

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 16, 2013 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

<i>Euro million</i>	Q3 2012	Q3 2013	% y-o-y	% y-o-y Fx
Kogenate	300	321	7.0	14.5
of which USA	95	103	8.4	13.5
Betaferon / Betaseron	292	256	(12.3)	(6.7)
of which USA	150	118	(21.3)	(15.9)
YAZ product family	277	213	(23.1)	(15.1)
of which USA	54	33	(38.9)	(34.9)
Xarelto	81	259	219.8	239.0
of which USA	14	38	171.4	184.1
Nexavar	199	204	2.5	11.1
of which USA	55	64	16.4	24.6
Mirena	183	165	(9.8)	(4.7)
of which USA	113	92	(18.6)	(12.8)
Adalat	171	134	(21.6)	(12.0)
of which USA	0	1	•	•
Avalox / Avelox	119	100	(16.0)	(11.4)
of which USA	14	7	(50.0)	(48.6)
Aspirin Cardio	124	114	(8.1)	(1.6)
of which USA	0	0	•	•
Glucobay	122	102	(16.4)	(12.8)
of which USA	0	0	•	•
Levitra	75	77	2.7	7.1
of which USA	19	24	26.3	22.8
Eylea	0	85	•	•
of which USA	0	0	•	•
Cipro / Ciprobay	65	50	(23.1)	(16.7)
of which USA	3	2	•	•
Stivarga	1	51	•	•
of which USA	1	35	•	•
Zetia	55	41	(25.5)	0.3
of which USA	0	0	•	•

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

- Price -0.2%, volume +7.6%, currency -8.0%, portfolio +1.1%
- Very dynamic sales increase at **Pharmaceuticals** driven by our new products Xarelto, Eylea, Stivarga and Xofigo, which posted combined sales of €407 million (Q3 2012: €32 million) - or around €440 million if adjusted for currency effects. Encouraging currency-adjusted growth in all regions.



- Sales growth of Kogenate was mainly attributable to shifts in order patterns.
- Betaferon sales continued to recede as expected, particularly in the US, due to increased competition.
- YAZ-product family was hampered by generic competition, especially in Western Europe.
- Xarelto continued to increase rapidly, making us the global leader in the new oral anticoagulants. Sales growth was especially brisk in Japan, Germany and France. Very positive development also in the US.
- Nexavar recorded sales gains, particularly as a result of price increases in the US.
- Sales of Mirena moved back in the US against a strong prior-year quarter. This decline was only partially offset by higher volumes in other regions.
- Adalat down in all regions, largely as a result of generic competition.
- Sales of Avelox and Glucobay receded, partly due to weaker demand in Asia/Pacific.
- Eylea grew strongly, especially in Japan, Germany and Australia.
- Stivarga and Xofigo with encouraging contributions to sales development (Xofigo: €12 million in Q3 2013).
- Sales growth at **Consumer Health** was primarily attributable to the business of the Consumer Care Division and the gratifying overall development in the Emerging Markets. Consumer Care at €984 million (+5.1% Fx & portf. adj.), Medical Care at €619 million (+0.5% Fx & portf. adj.) and Animal Health at €321 million (+1.5% Fx & portf. adj.).
- The improvement in **EBITDA before special items** at HealthCare was the result of very good business development in Pharmaceuticals, whereas earnings of Consumer Health were slightly down from the prior-year quarter. Negative currency effects diminished earnings of HealthCare by about €100 million.

CropScience

<i>Euro million</i>	Q3 2012	Q3 2013	% y-o-y	Consensus**
Sales	1,641	1,712	4.3 / 12.1*	1,716
Crop Protection / Seeds	1,511	1,572	4.0 / 11.4*	•
Environmental Science	130	140	7.7 / 19.2*	•
EBITDA before special items	197	224	13.7	204

2012 figures restated

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 16, 2013 provided by Vara Research GmbH

Q3 2013	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	406	(0.2)	246	(6.5)	312	10.8	748	31.3

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

- Price +3.4%, volume +8.7%, currency -8.5%, portfolio +0.7%
- **CropScience** continued to benefit from a favorable market environment.
- The positive development at **Crop Protection** (€1,504 million, +14.3% Fx & portf. adj.) more than offset the significantly lower sales in **Seeds** (€68 million, -30.2% Fx & portf. adj.), which was largely the result of reduced cotton and canola acreages in North America which also led to higher product returns.
- Insecticides at €441 million (+28.2% Fx & portf. adj.) and fungicides at €420 million (+24.7% Fx & portf. adj.). Business with vegetable seeds also registered double-digit growth overall. Herbicides (€340 million, +1.9% Fx & portf. adj.) saw only a slight increase in sales. SeedGrowth (€303 million, +0.3% Fx & portf. adj.) remained at the level of the prior-year quarter. Our new products (launched since 2006) made a substantial contribution to this positive development.



- **Environmental Science** (€140 million, +19.2% Fx & portf. adj.) registered sales growth both in the consumer business and in products for professional users
- CropScience sales in Europe were driven by insecticides, fungicides and the oil seed business. SeedGrowth receded overall, partly in light of temporary use restrictions for products containing neonicotinoids.
- Sales in North America fell back against a very strong prior-year quarter. This was primarily attributable to the business development in Seeds, mainly in relation to canola and cotton. By contrast, we expanded business in Crop Protection and Environmental Science. Sales of fungicides and herbicides increased, while those of insecticides declined due to lower infestation pressure.
- Sales growth in Asia/Pacific was driven by higher sales in fungicides. Insecticides and Seeds also performed very successfully. Sales in India increased significantly, particularly of Crop Protection products.
- In LatAm/Africa/Middle East we achieved double-digit growth rates in both Crop Protection/Seeds and Environmental Science. Insecticides and fungicides, in particular, saw substantial sales growth in this region. Both SeedGrowth and herbicides also developed encouragingly. Brazil accounted for a major part of the region's very encouraging sales development.
- The increase in **EBITDA before special items** at CropScience was mainly due to the good business development but was held back by higher selling and R&D expenses.

MaterialScience

<i>Euro million</i>	Q3 2012	Q3 2013	% y-o-y	Consensus**
Sales	2,990	2,897	(3.1) / 1.1*	2,915
Polyurethanes	1,570	1,567	(0.2) / 4.1*	•
Polycarbonates	719	673	(6.4) / (3.1)*	•
CAS	513	486	(5.3) / 0.8*	•
Industrial Operations	188	171	(9.0) / (7.4)*	•
EBITDA before special items	337	346	2.7	299

2012 figures restated; CAS: Coatings, Adhesives, Specialties

*) Currency and portfolio adjusted sales growth

***) Consensus figures as of October 16, 2013 provided by Vara Research GmbH

- Price -1.3%, volume +2.4%, currency -3.8%, portfolio -0.4%
- Sales growth at MaterialScience was the result of higher volumes in North America and Europe. Volumes in Asia/Pacific remained unchanged. Selling prices overall were slightly below the prior-year quarter. Price increases in LatAm/Africa/Middle East only partly offset the declines in Europe and Asia/Pacific. Prices in North America were flat with the prior-year quarter.
- Sales growth of **Polyurethanes** was driven by higher volumes in all regions except LatAm/Africa/Middle East. Selling prices were down overall against the prior-year period. Volumes for MDI increased, with selling prices slightly lower. Volumes for TDI moved significantly higher, while selling prices fell overall. Prices for PET increased, with volumes at the level of the prior-year quarter.
- Sales of **Polycarbonates** declined mainly because selling prices as a whole were below the prior-year period on account of market overcapacities. In addition, volumes showed a year-on-year decline due to weaker demand.
- Sales of **Coatings, Adhesives, Specialties** benefited from higher volumes in North America and Europe. Prices were nearly level with the prior-year quarter overall.
- **EBITDA before special items** at MaterialScience included a €17 million gain from the sale of our business with non-waterborne raw materials for UV-curing coatings. Earnings were bolstered by the slight rise in volumes and by our efficiency improvements, but diminished by a drop in selling prices and increases in raw material costs.

Key figures for Q3 2013

	HealthCare				CropScience		MaterialScience		Reconciliation		Group	
	Subgroup Total	Pharmaceuticals	Consumer Health	Subgroup Total	Subgroup Total	Subgroup Total	Q3'12	Q3'13	Q3'12	Q3'13	Q3'12	Q3'13
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	4,717	2,732	1,985	1,641	1,712	2,990	313	2,897	9,661	9,643		
Sales by region:												
Europe	1,574	889	685	414	406	1,116	278	1,139	3,382	3,537		
North America	1,298	619	679	279	246	646	4	627	2,227	2,147		
Asia / Pacific	1,106	779	327	325	312	848	8	781	2,287	2,134		
LatAm/Africa/Middle East	739	445	294	623	748	380	23	350	1,765	1,825		
EBITDA	1,081	611	470	200	218	331	-33	341	1,579	1,895		
Special items	-250	-236	-14	3	-6	-6	-10	-5	-263	-89		
EBITDA before special items	1,331	847	484	197	224	337	-23	346	1,842	1,984		
EBITDA margin before special items	28.2%	31.0%	24.4%	12.0%	13.1%	11.3%	-7.3%	11.9%	19.1%	20.6%		
EBIT	672	386	286	73	106	165	-82	180	828	1,221		
Special items	-334	-247	-87	-3	-9	-9	-10	-6	-356	-99		
EBIT before special items	1,006	633	373	76	115	174	-72	186	1,184	1,320		
EBIT margin before special items	21.3%	23.2%	18.8%	4.6%	6.7%	5.8%	-23.0%	6.4%	12.3%	13.7%		
Gross cash flow	700	382	318	137	172	239	-70	270	1,006	1,367		
Net cash flow	1,116	795	321	514	614	411	-55	365	1,986	1,728		
Financial result												
Net income												
Earnings per share (€)												
Core earnings per share (€)												
CapEx (cash effective)												
R&D												
D&A and write-downs	409	225	184	127	112	166	49	161	751	674		
Employees at end of period	55,100	37,300	17,800	20,900	21,800	14,600	19,900	14,400	110,500	113,300		

2012 figures restated



Bayer Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)

Dr. Jürgen Beunink (+49-214-30-65742)

Peter Dahloff (+49-214-30-33022)

Fabian Kligen (+49-214-30-35426)

Judith Nestmann (+49-214-30-66836)

Constance Spitzer (+49-214-30-33021)

Dr. Olaf Weber (+49-214-30-33567)

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