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Investor News

Third quarter of 2012:

Bayer on track for a successful 2012

- Upward trend at HealthCare and CropScience continues
- Sales advanced by 11.5 percent to EUR 9,665 million
- EBIT of EUR 838 million (minus 23.7 percent)
- EBITDA before special items improved by 2.2 percent to EUR 1,845 million
- Net income of EUR 528 million (minus 17.8 percent)
- Further progress with innovation pipeline
- Group forecast for 2012 confirmed

Leverkusen, October 30, 2012 – The Bayer Group remains on a path of growth. “The upward trend in our life science businesses – HealthCare and CropScience – continued in the third quarter of 2012,” Management Board Chairman Dr. Marijn Dekkers said Tuesday following the publication of the interim report. HealthCare, particularly the Pharmaceuticals business, gained further growth momentum. At CropScience, the strong business development seen in the first half of the year continued unabated, and MaterialScience also registered good quarterly sales. However, net income was down year on year due to special charges – particularly for legal claims and restructuring. Bayer also made good progress from a strategic perspective in the third quarter, Dekkers explained. He said the company had strengthened its life science businesses through acquisitions and also made further progress with its innovation pipeline. “We remain on a successful path, and we confirm our guidance for 2012.”

Sales of the Bayer Group advanced by 11.5 percent in the third quarter, to EUR 9,665 million (Q3 2011: EUR 8,670 million). The currency- and portfolio-adjusted (Fx & portfolio adj.) increase was 5.5 percent. Earnings before interest and taxes (EBIT) fell by 23.7 percent to EUR 838 million (Q3 2011: EUR 1,099 million). Net special items totaled minus EUR 356 million (Q3 2011: minus EUR 75 million). Included here were EUR 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 Bayer is currently aware and which the company considers to be worthy of settlement (venous clot injuries). Among the other special charges were EUR 134 million in restructuring expenses.

EBIT before special items increased by 1.7 percent to EUR 1,194 million (Q3 2011: EUR 1,174 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) – before special items – were up by 2.2 percent to EUR 1,845 million (Q3 2011: EUR 1,805 million). Net income fell by 17.8 percent to EUR 528 million (Q3 2011: EUR 642 million). Core earnings per share advanced by 7.1 percent to EUR 1.20 (Q3 2011: EUR 1.12).

Gross cash flow declined by 22.9 percent to EUR 1,023 million (Q3 2011: EUR 1,327 million), mainly because of the lower EBIT. Net cash flow, however, rose by 26.1 percent to EUR 1,989 million (Q3 2011: EUR 1,577 million) due to a seasonal decrease in cash tied up in working capital. Net financial debt was reduced from EUR 7.9 billion on June 30, 2012, to EUR 6.8 billion on September 30, 2012 thanks to the operating cash flow.

HealthCare particularly successful in North America and the emerging markets

Sales of the HealthCare subgroup climbed by 12.4 percent in the third quarter, to EUR 4,719 million (Q3 2011: EUR 4,200 million). Adjusted for currency and portfolio effects, the increase came to 5.5 percent. Both segments – Pharmaceuticals and Consumer Health – contributed to this growth. “Business developed favorably at HealthCare, especially in North America and the emerging markets,” Dekkers pointed out. The growth momentum was undiminished, especially in China.

Sales of the Pharmaceuticals segment rose by 13.0 percent (Fx & portfolio adj. 6.1 percent) to EUR 2,734 million. Among the segment’s best-selling products, the anticoagulant Xarelto™ achieved the strongest growth following its market introduction in further countries and indications. The significant 22.5 percent (Fx adj.) increase in revenues from the hormone-releasing intrauterine device Mirena™ was based mainly on higher volumes in the United States. Sales of the antidiabetic Glucobay™ developed especially well in China, gaining 23.5 percent (Fx adj.). Business with the blood-clotting product Kogenate™ also developed positively, with sales advancing by 8.9 percent (Fx adj.). In this case growth was driven by increased shipments to a distribution partner and by tender business in Australia. The 4.2 percent (Fx adj.) increase in sales of the cancer

drug Nexavar™ was mainly due to gains in China and in the United States. Business with the YAZ™/Yasmin™/Yasminelle™ line of oral contraceptives was hampered by generic competition, especially in Western Europe. Sales gains in the Asia/Pacific and Latin America regions only partly compensated for this effect, with sales of this product line down by 4.0 percent (Fx adj.) overall. Business with the multiple sclerosis treatment Betaferon™/Betaseron™ receded by 6.1 percent (Fx adj.).

Sales in the Consumer Health segment rose by 11.5 percent (Fx & portfolio adj. 4.7 percent) to EUR 1,985 million. All divisions contributed to this performance, especially the non-prescription medicines (Consumer Care) and the company's veterinary pharmaceuticals (Animal Health). In the Consumer Care Division, business with the skincare product Bepanthen™/Bepanthol™ (Fx adj. plus 19.5 percent) and the antifungal Canesten™ (Fx adj. plus 18.4 percent) benefited from increased marketing activities in Europe. In the Medical Care Division, sales of the Contour™ line of blood glucose meters developed well (Fx adj. plus 11.7 percent), while business with contrast agents and medical equipment was slightly down. The growth driver at Animal Health was the Advantage™ line of flea, tick and worm control products, sales of which increased by 25.1 percent (Fx adj.) against a weak prior-year quarter, mainly due to sales gains in North America and successful marketing.

EBITDA before special items of HealthCare improved by 5.8 percent to EUR 1,297 million (Q3 2011: EUR 1,226 million), mainly thanks to the good business development at Pharmaceuticals and positive currency effects.

CropScience continues strong development seen in the first half

"Our agricultural business maintained nearly the same momentum as in the first half," said Dekkers. The CropScience subgroup raised sales by 19.0 percent (Fx & portfolio adj. 12.8 percent) to EUR 1,641 million (Q3 2011: EUR 1,379 million). Sales growth was especially brisk in Europe and North America, but business also expanded by a double-digit percentage in Latin America/Africa/Middle East. Business was supported by the positive market conditions, with continuing high prices for agricultural commodities.

The Crop Protection business developed positively in all product groups and regions. SeedGrowth – the business with seed treatment products – showed a particularly strong increase of 23.7 percent (Fx & portfolio adj.). The Fungicides business also developed very successfully (Fx & portfolio adj. plus 15.5 percent). Insecticides sales also advanced

by a substantial 7.5 percent, while sales of Herbicides increased by 4.3 percent (Fx & portfolio adj.).

The Seeds business expanded by a substantial 39.1 percent (Fx & portfolio adj.). The increase was driven by sales in North America, especially of canola seed. Sales of vegetable seeds were level with the previous year. Sales of the Environmental Science business unit rose by 8.8 percent (Fx adj.).

EBITDA before special items of CropScience increased by 14.5 percent to EUR 189 million (Q3 2011: EUR 165 million). This was attributable above all to higher volumes and to favorable currency effects. The progress made with efficiency improvement programs also had a positive impact on earnings. However, manufacturing and selling expenses increased.

MaterialScience raises volumes

Sales of the high-tech materials business moved ahead by 8.1 percent (Fx & portfolio adj. 2.9 percent) in the third quarter, to EUR 2,992 million (Q3 2011: EUR 2,768 million). “This growth was due to higher volumes overall,” said Dekkers. Volumes were flat with the prior year in Europe, while there was a gratifying increase in the other regions. Selling price declines in Asia/Pacific were nearly offset by increases in the other regions.

Business with raw materials for foams (Polyurethanes) increased by 10.2 percent (Fx & portfolio adj.), driven mainly by higher volumes in all product groups and regions and by price increases in all regions except North America. However, the high-tech plastics business (Polycarbonates) shrank by 10.5 percent (Fx & portfolio adj.) against the strong prior-year quarter. This was attributable to lower volumes and selling prices in both product groups – granules and polycarbonate sheet/semi-finished products. Sales of raw materials for coatings, adhesives and specialties advanced by 2.8 percent (Fx & portfolio adj.), while Industrial Operations grew revenues by 4.6 percent (Fx & portfolio adj.).

EBITDA before special items for this subgroup was down by 4.3 percent to EUR 333 million (Q3 2011: EUR 348 million). The lower earnings were largely 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 programs, and positive currency effects.

Gratifying improvement in sales and underlying earnings in the first nine months

“We saw a gratifying improvement in sales and earnings before special items in the first nine months of 2012, with CropScience making a particularly strong contribution,” said Dekkers. Sales climbed by 9.4 percent (Fx & portfolio adj. 5.2 percent) to EUR 29,898 million (9M 2011: EUR 27,337 million). EBIT receded by 8.4 percent to EUR 3,225 million (9M 2011: EUR 3,520 million). By contrast, EBITDA before special items rose by 6.4 percent to EUR 6,459 million (9M 2011: EUR 6,072 million). Net income of the Bayer Group came in at EUR 2,072 million (9M 2011: EUR 2,073 million), while core earnings per share advanced by 12.7 percent to EUR 4.35 (9M 2011: EUR 3.86).

Life sciences benefit from innovations and acquisitions

“Our current and future success and our growth are based on our new and innovative products in the life sciences,” Dekkers added. “Our primary goal is therefore to grow organically on the basis of our innovative capability. We are supplementing this with targeted small to mid-size acquisitions in the life sciences that take us forward strategically.”

Bayer made good progress with the expansion of its life science businesses in the third quarter, Dekkers said. At HealthCare, for example, the positive newsflow continued for the innovative anticoagulant Xarelto™. This product was launched in further countries and indications. More than two-and-a-half million patients worldwide have received Xarelto™ in everyday medical practice since it received the first approval in 2008. Dekkers said the late-stage pharmaceutical pipeline is well-stocked in other ways too, citing marketing approvals for the eye medicine Eylea™ and the cancer drug Stivarga™ (active ingredient: regorafenib) along with positive study data for the development candidate riociguat in pulmonary hypertension.

In the CropScience business, Bayer believes that products with estimated launch dates between 2011 and 2016 have a combined peak sales potential of more than EUR 4 billion. Included here are eight projects in the Crop Protection unit and some 18 projects in Seeds for the broad-acre crops of cotton, oilseed rape/canola, rice, wheat and soybeans alone.

Dekkers described the acquisition of Schiff Nutrition International – which had just been announced – as an important building block for Bayer’s Consumer Care business. “The

two companies' brands and products ideally complement each other in many areas. Closing is subject to customary closing conditions and is expected by year end 2012." He also referred to the agreement for Bayer to acquire the animal health business of Teva, saying this transaction is aimed at strengthening the Animal Health Division starting in 2013. Drawing attention to the recent successful acquisition of AgraQuest, Dekkers said this was an important purchase for CropScience that expands the subgroup's business with biological crop protection products.

Core earnings per share to rise by about 10 percent in 2012

"We confirm the sales and earnings forecast for 2012 that we raised in July," said Dekkers. Bayer continues to anticipate a currency- and portfolio-adjusted sales increase of between 4 and 5 percent for the full year 2012, which would result in Group sales of about EUR 39 to 40 billion. This guidance is based on the exchange rates prevailing at the end of the third quarter. As before, the Group plans to increase EBITDA before special items by a high-single-digit percentage. Bayer continues to expect to raise core earnings per share by about 10 percent. In addition to the special charges already recognized, Bayer anticipates further expenses of EUR 0.2 billion for ongoing restructuring programs in the fourth quarter of 2012.

HealthCare's top priority remains to successfully commercialize the new pharmaceutical products. This subgroup continues to expect sales to increase by between 3 and 4 percent after adjusting for currency and portfolio effects. EBITDA before special items is planned to improve by a mid- to high-single-digit percentage to which high positive currency effects will contribute. Bayer forecasts 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, the company expects 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.

As before, CropScience anticipates that sales will advance by approximately 10 percent on a currency- and portfolio-adjusted basis and that EBITDA before special items will improve by approximately 20 percent. This subgroup continues to predict above-market growth.

MaterialScience anticipates 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, this subgroup now expects sales to show a small currency- and portfolio-adjusted increase (previously: to remain level with the prior year) and continues to expect EBITDA before special items to remain level with the prior year.

Note:
The tables below contain the key data for the Bayer Group and its subgroups for the third quarter and the first nine months of 2012.

The complete financial report as of September 30, 2012 is available for online viewing and download at ***www.investor.bayer.com.***

Supplementary features at ***www.investor.bayer.com:***
- live broadcast of the news conference call from approximately 10:00 a.m. CET
- presentation charts for the investor conference call at 12:00 noon CET
- live webcast of the investor conference call from approximately 2:00 p.m. CET
- recording of the investor conference call from approximately 5:00 p.m. CET

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Forward-Looking Statements
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Bayer Key Data, 3rd Quarter and First Nine Months of 2012

Bayer Group (EUR million)	Q3 2011	**Q3 2012**	Change in %	9M 2011	**9M 2012**	Change in %
Sales	8,670	**9,665**	+11.5	27,337	**29,898**	+9.4
EBIT	1,099	**838**	-23.7	3,520	**3,225**	-8.4
Special items	*(75)*	***(356)***	-	*(661)*	***(1,287)***	-
EBIT before special items	1,174	**1,194**	+1.7	4,181	**4,512**	+7.9
EBITDA	1,731	**1,582**	-8.6	5,503	**5,520**	+0.3
Special items	*(74)*	***(263)***	-	*(569)*	***(939)***	-
EBITDA before special items	1,805	**1,845**	+2.2	6,072	**6,459**	+6.4
Net income	642	**528**	-17.8	2,073	**2,072**	
Earnings per share (EUR)	0.78	**0.64**	-17.9	2.51	**2.51**	
Core earnings per share (in EUR)	1.12	**1.20**	+7.1	3.86	**4.35**	+12.7
Number of employees at end of period *	113,200	**111,000**	-1.9	113,200	**111,000**	-1.9

Bayer HealthCare (EUR million)	Q3 2011	**Q3 2012**	Change in %	9M 2011	**9M 2012**	Change in %
Sales	4,200	**4,719**	+12.4	12,574	**13,689**	+8.9
EBIT	866	**638**	-26.3	2,421	**1,613**	-33.4
Special items	*(43)*	***(334)***	-	*(131)*	***(1,122)***	-
EBIT before special items	909	**972**	+6.9	2,552	**2,735**	+7.2
EBITDA	1,184	**1,047**	-11.6	3,392	**2,937**	-13.4
Special items	*(42)*	***(250)***	-	*(130)*	***(789)***	-
EBITDA before special items	1,226	**1,297**	+5.8	3,522	**3,726**	+5.8

Bayer CropScience (EUR million)	Q3 2011	**Q3 2012**	Change in %	9M 2011	**9M 2012**	Change in %
Sales	1,379	**1,641**	+19.0	5,579	**6,527**	+17.0
EBIT	24	**65**	+170.8	515	**1,298**	+152.0
Special items	*(22)*	***(3)***	-	*(508)*	***(66)***	-
EBIT before special items	46	**68**	+47.8	1,023	**1,364**	+33.3
EBITDA	143	**192**	+34.3	964	**1,665**	+72.7
Special items	*(22)*	***3***	-	*(417)*	***(54)***	-
EBITDA before special items	165	**189**	+14.5	1,381	**1,719**	+24.5

Bayer MaterialScience (EUR million)	Q3 2011	**Q3 2012**	Change in %	9M 2011	**9M 2012**	Change in %
Sales	2,768	**2,992**	+8.1	8,236	**8,742**	+6.1
EBIT	196	**168**	-14.3	637	**505**	-20.7
Special items	*0*	***(9)***	-	*0*	***(31)***	-
EBIT before special items	196	**177**	-9.7	637	**536**	-15.9
EBITDA	348	**327**	-6.0	1,065	**968**	-9.1
Special items	*0*	***(6)***	-	*0*	***(28)***	-
EBITDA before special items	348	**333**	-4.3	1,065	**996**	-6.5