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Investor News

First quarter of 2013:

Bayer: Life Sciences off to a good start in anniversary year

- New pharmaceutical products spur growth at HealthCare, continuing strong development at CropScience, cost pressure at MaterialScience
- Group sales up 2.1 percent to EUR 10,266 million
- EBIT improves by 8.6 percent to EUR 1,771 million
- EBITDA before special items increased by 0.4 percent to EUR 2,453 million
- Net income rises 11.5 percent to EUR 1,160 million
- Gratifying development in Emerging Markets
- Group outlook for 2013 confirmed

Leverkusen, April 25, 2013 – For the Bayer Group, the first quarter of 2013 was marked by the positive development of its Life Sciences businesses. “HealthCare and CropScience got off to a good start in our anniversary year. Our new pharmaceutical products especially grew at a dynamic pace,” said Management Board Chairman Dr. Marijn Dekkers on Thursday when the interim report for the first quarter was published. By contrast, MaterialScience faced cost pressure. “We continue to see attractive perspectives for 2013 overall. We confirm our outlook for the Bayer Group,” said Dekkers.

Sales of the Bayer Group climbed by 2.1 percent in the first quarter, to EUR 10,266 million (Q1 2012: EUR 10,054 million). Adjusted for currency and portfolio effects (Fx & portfolio adj.), business expanded by 3.7 percent. The gain in the Emerging Markets, at 6.8 percent (Fx adj.), was nearly three times larger than in the industrialized countries (Fx adj. plus 2.5 percent). “We expanded business especially strongly in the BRIC countries – in other words Brazil, Russia, India and China,” Dekkers explained.

EBIT grew by 8.6 percent to EUR 1,771 million (Q1 2012: EUR 1,631 million). Special items, which in the first quarter of 2013 resulted entirely from restructuring measures, amounted to minus EUR 45 million. Total special items in the prior-year period were minus EUR 169 million. EBIT before special items came in at EUR 1,816 million (plus 0.9 percent; Q1 2012: EUR 1,800 million). EBITDA before special items was level with the prior-year period at EUR 2,453 million (plus 0.4 percent; Q1 2012: EUR 2,443 million). Net income increased by 11.5 percent to EUR 1,160 million (Q1 2012: EUR 1,040 million), while core earnings per share advanced by 1.8 percent to EUR 1.70 (Q1 2012: EUR 1.67).

Gross cash flow in the first quarter of 2013 moved ahead by 12.9 percent to EUR 1,807 million (Q1 2012: EUR 1,600 million), mainly as a result of lower taxes. Net cash flow advanced by 38.0 percent to EUR 327 million (Q1 2012: EUR 237 million). Net financial debt rose from EUR 7.0 billion on December 31, 2012 to EUR 7.5 billion on March 31, 2013, mainly because of cash outflows for operating activities.

HealthCare strengthened by new pharmaceutical products

Sales of the HealthCare subgroup increased by 2.3 percent (Fx & portfolio adj. 4.9 percent) in the first quarter of 2013, to EUR 4,443 million (Q1 2012: EUR 4,341 million). “This positive development was primarily driven by our new pharmaceutical products,” said Dekkers. The business with non-prescription medicines (Consumer Care) also experienced a strong quarter. Sales in the Emerging Markets, particularly those of Asia and Eastern Europe, maintained their momentum, posting double-digit growth rates (Fx adj.).

Business in the Pharmaceuticals segment moved ahead by 1.9 percent (Fx & portfolio adj. 5.0 percent) to EUR 2,564 million. “Our new products Xarelto™, Eylea™ and Stivarga™ made a particularly strong contribution,” Dekkers explained. Combined sales of these three products came in at EUR 244 million (Q1 2012: EUR 42 million). The anticoagulant Xarelto™ continued to post very gratifying sales gains, especially in Germany and France. Eylea™, a medicine to treat wet age-related macular degeneration, met with success in the early launch phase in Japan and Australia. The cancer drug Stivarga™ contributed significantly to sales growth following its successful launch in the United States. Among the segment’s best-selling products, the diabetes treatment Glucobay™ (Fx adj. plus 20.3 percent), the hormone-releasing intrauterine device Mirena™ (Fx adj. plus 4.9 percent) and the blood-clotting drug Kogenate™ (Fx adj. plus

3.7 percent) developed positively. By contrast, sales of the YAZ™/Yasmin™/ Yasminelle™ line of oral contraceptives (Fx adj. minus 12.5 percent) were hampered above all by generic competition in Western Europe. Business with the multiple sclerosis drug Betaferon™/Betaseron™ was down by 6.9 percent (Fx adj.) as expected due to lower volumes, particularly in the United States and Brazil.

Sales in the Consumer Health segment improved by 3.0 percent (Fx & portfolio adj. 4.8 percent) to EUR 1,879 million. “This positive development was mainly attributable to sales growth in the Consumer Care Division, especially in the Emerging Markets,” Dekkers said. Consumer Care generated the highest growth rates with the skincare product Bepanthen™/Bepanthol™ (Fx adj. plus 13.9 percent) and the antifungal Canesten™ (Fx adj. plus 11.6 percent). The analgesics Aleve™/naproxen (Fx adj. plus 7.6 percent) and Aspirin™ (Fx adj. plus 2.6 percent) saw growth particularly in Latin America. By contrast, sales of the Medical Care Division fell slightly. Although business with the Contour™ line of blood glucose meters moved forward by 2.6 percent (Fx adj.), sales in the Diabetes Care business declined slightly overall for market-related reasons, as did sales in the radiology and interventional business. Sales in the Animal Health Division rose by 3.4 percent (Fx & portfolio adj.). The launch of the Seresto™ flea and tick collar in the United States had a positive effect here. Business with the Advantage™ line of flea, tick and worm control products also showed a slight increase, particularly in the United States.

EBITDA before special items of HealthCare improved by 8.1 percent to EUR 1,277 million (Q1 2012: EUR 1,181 million). The higher earnings were mainly attributable to the good business development at Pharmaceuticals and Consumer Care. However, earnings development was held back by higher selling expenses.

CropScience particularly strong in North America

Sales of the agriculture business (CropScience) increased in the first quarter of 2013 by 5.9 percent (Fx & portfolio adj. 7.2 percent) to EUR 2,764 million (Q1 2012: EUR 2,610) despite a late start to the season in the northern hemisphere. “Growth of CropScience was particularly strong in North America, but the other regions also showed positive development,” said Dekkers. “Our business continued to be supported by the persistently high price levels for agricultural commodities.”

The Crop Protection business posted sales growth in all business units and regions. The steepest percentage increase occurred in the business with seed treatment products

(SeedGrowth), where sales were up by 14.6 percent (Fx & portfolio adj.). This resulted largely from higher product sales for applications in corn and soybeans in the United States. The herbicides business also registered double-digit growth at 13.3 percent (Fx & portfolio adj.). The fungicides business expanded by 8.7 percent (Fx & portfolio adj.), while insecticides sales advanced by 4.8 percent (Fx & portfolio adj.).

Sales of the Seeds business unit came in at the very strong level of the prior-year quarter. The business unit achieved higher sales particularly in Latin and North America, and also in Europe. By contrast, business in the Asia/Pacific region receded. The rise in sales of soybean seed did not fully offset the decline in business with cotton seed resulting from reduced cotton acreages. Sales of vegetable seeds posted gratifying gains. By contrast, sales of the Environmental Science business unit decreased by 10.2 percent (Fx & portfolio adj.). This was primarily due to the long winter in the northern hemisphere, which held back demand from both professional users and consumers.

EBITDA before special items of CropScience grew by 9.9 percent to EUR 1,081 million (Q1 2012: EUR 984 million), mainly as a result of price increases and higher volumes.

MaterialScience hampered by raw material costs

The MaterialScience subgroup posted sales of EUR 2,775 million in the first quarter of 2013 (Q1 2012: EUR 2,787 million), matching the prior-year period. “An overall increase in selling prices for our high-tech materials compensated for a drop in volumes in Europe and North America,” Dekkers explained.

Business with foam raw materials (Polyurethanes) improved by 4.4 percent (Fx & portfolio adj.), driven by higher selling prices in all product groups and regions. Volumes declined overall despite increases in Asia/Pacific and Latin America/Africa/Middle East. This was mainly due to lower sales in Europe and a maintenance shutdown in North America. Sales in the high-tech plastics (Polycarbonates) business unit declined by 5.8 percent (Fx & portfolio adj.) due to lower volumes in nearly all regions. Polycarbonates achieved slightly higher price levels in North America and Europe. In the Coatings, Adhesives, Specialties business unit, sales were down by 3.1 percent (Fx & portfolio adj.) due to lower volumes in all product groups. Selling prices as a whole were flat with the previous year.

EBITDA before special items of MaterialScience shrank by 26.9 percent to EUR 204 million (Q1 2012: EUR 279 million). This decline was largely due to a sharp rise in raw material prices. Earnings were also hampered by a drop in volumes and high costs for the maintenance shutdown in North America. Positive factors were price increases and savings from efficiency improvements.

Group sales of approximately EUR 41 billion targeted for 2013

“We confirm our forecast for 2013, which we published at the end of February,” said Dekkers. Bayer continues to expect Group sales for the full year 2013 to increase by 4 to 5 percent (Fx & portfolio adj.) to approximately EUR 41 billion, based on unchanged currency assumptions. As before, Bayer plans to increase EBITDA before special items by a mid-single-digit percentage and core earnings per share by a high-single-digit percentage.

HealthCare’s ongoing priority in 2013 is to successfully commercialize the new pharmaceutical products. The subgroup continues to expect sales to advance by a mid-single-digit percentage (Fx & portfolio adj.) to approximately EUR 19 billion, with an increase in EBITDA before special items. Earnings growth is likely to be restrained by negative currency effects and increasing expenses during the year for research and development and launches of new products. HealthCare aims to slightly improve the EBITDA margin before special items. In the Pharmaceuticals segment, Bayer continues to expect sales to move ahead in 2013 by a mid-single-digit percentage (Fx & portfolio adj.) to about EUR 11 billion. The segment plans to increase EBITDA before special items and slightly improve the EBITDA margin before special items. Bayer continues to predict that sales of the Consumer Health segment will grow by a mid-single-digit percentage (Fx & portfolio adj.) to around EUR 8 billion. The company expects EBITDA before special items to increase and the EBITDA margin before special items to be level with the prior year.

CropScience continues to expect that business growth will outpace the market, with sales advancing by a high-single-digit percentage (Fx & portfolio adj.) toward EUR 9 billion. The subgroup also plans to raise EBITDA before special items by a high-single-digit percentage.
For 2013 MaterialScience is planning a slight increase in sales (Fx & portfolio adj.) to about EUR 12 billion. In light of the business development in the first quarter, the subgroup is now aiming for EBITDA before special items to approximately match the

prior-year figure (previously: further improve). In the second quarter of 2013, MaterialScience expects sales to exceed the first quarter and EBITDA before special items to come in significantly higher.

In the reconciliation – in which Bayer reports the service companies Business Services, Technology Services and Currenta, as well as the holding company – the company anticipates EBITDA before special items for 2013 to be in the region of minus EUR 200 million (2012: minus EUR 127 million). In the first quarter, EBITDA before special items declined to minus EUR 109 million (Q1 2012: minus EUR 1 million). This was mainly due to expenses of EUR 36 million for stock-based compensation (LTI), to costs associated with Bayer's 150th anniversary celebrations, and to other effects.

Note:
The tables below contain the key data for the Bayer Group and its subgroups for the first quarter 2013.

*The complete financial report as of March 31, 2013 is available for online viewing and download at **www.investor.bayer.com**.*

*Supplementary features at **www.investor.bayer.com**:*
- presentation charts for the investor conference call at 12:00 noon CEST
- live webcast of the investor conference call from approximately 2:00 p.m. CEST
- recording of the investor conference call from approximately 6:00 p.m. CEST.

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Forward-Looking Statements
This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Bayer Key Data, 1st Quarter 2013

(Certain prior-year data are restated.)

Bayer Group (EUR million)	Q1 2012	**Q1 2013**	Change in %
Sales	10,054	**10,266**	+2.1
EBIT	1,631	**1,771**	+8.6
Special items	*(169)*	***(45)***	-
EBIT before special items	1,800	**1,816**	+0.9
EBITDA	2,378	**2,416**	+1.6
Special items	*(65)*	***(37)***	-
EBITDA before special items	2,443	**2,453**	+0.4
Net income	1,040	**1,160**	+11.5
Earnings per share (EUR)	1.26	**1.40**	+11.1
Core earnings per share (EUR)	1.67	**1.70**	+1.8
Number of employees at end of period *	111,600	**111,600**	0.0

Bayer HealthCare (EUR million)	Q1 2012	**Q1 2013**	Change in %
Sales	4,341	**4,443**	+2.3
EBIT	741	**922**	+24.4
Special items	*(120)*	***(31)***	-
EBIT before special items	861	**953**	+10.7
EBITDA	1,164	**1,253**	+7.6
Special items	*(17)*	***(24)***	-
EBITDA before special items	1,181	**1,277**	+8.1

Bayer CropScience (EUR million)	Q1 2012	**Q1 2013**	Change in %
Sales	2,610	**2,764**	+5.9
EBIT	854	**964**	+12.9
Special items	*(10)*	***(5)***	-
EBIT before special items	864	**969**	+12.2
EBITDA	975	**1,077**	+10.5
Special items	*(9)*	***(4)***	-
EBITDA before special items	984	**1,081**	+9.9

Bayer MaterialScience (EUR million)	Q1 2012	**Q1 2013**	Change in %
Sales	2,787	**2,775**	-0.4
EBIT	121	**42**	-65.3
Special items	*0*	***(1)***	-
EBIT before special items	121	**43**	-64.5
EBITDA	279	**203**	-27.2
Special items	*0*	***(1)***	-
EBITDA before special items	279	**204**	-26.9

EBITDA, EBIT(DA) before special items and core earnings per share are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. For the definition of these indicators, see the current annual report at www.bayer.com.

* Full-time equivalents