Investor News

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1st quarter of 2012:

Encouraging start to the year for Bayer

- Sales increased by 6.8 percent to a record EUR 10,056 million
- Operating result (EBIT) climbed by 42.6 percent to EUR 1,637 million
- EBITDA before special items rose by 9.4 percent to EUR 2,442 million
- Strong start to the season at CropScience – increases at HealthCare – continuing margin pressure at MaterialScience
- Net income advanced by 53.5 percent to EUR 1,050 million
- 2012 guidance confirmed

Leverkusen, April 26, 2012 – The Bayer Group saw a successful start to 2012. “All the subgroups contributed to the encouraging increase in sales, particularly CropScience, which experienced a strong start to the season,” Management Board Chairman Dr. Marijn Dekkers explained on Thursday when the first-quarter interim report was published. Earnings of the Group rose sharply. “In view of the good start to 2012, we are increasingly confident for the rest of the year,” Dekkers added. Given the continuing uncertainties, however, he said Bayer is currently adhering to the guidance for 2012 that was issued at the end of February.

Sales of the Bayer Group advanced by 6.8 percent in the first quarter, to a record EUR 10,056 million (Q1 2011: EUR 9,415 million). Adjusted for currency and portfolio effects (Fx & portfolio adj.), business expanded by 5.2 percent. The operating result (EBIT) climbed by 42.6 percent to EUR 1,637 million (Q1 2011: EUR 1,148 million). Special items totaled minus EUR 169 million (Q1 2011: minus EUR 442 million). EBIT before special items rose by 13.6 percent to EUR 1,806 million (Q1 2011: EUR 1,590 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) – before special items – improved by 9.4 percent to EUR 2,442 million (Q1 2011: EUR 2,232

million). This was partly due to positive currency effects of EUR 85 million, which occurred mainly at Health Care and CropScience. Net income increased by 53.5 percent to EUR 1,050 million (Q1 2011: EUR 684 million). Core earnings per share rose by 15.9 percent to EUR 1.68 (Q1 2011: EUR 1.45).

Gross cash flow moved ahead by 21.8 percent to EUR 1,595 million (Q1 2011: EUR 1,309 million) due to the improved operating performance. Net cash flow, however, was down by 66.2 percent year on year at EUR 271 million (Q1 2011: EUR 801 million), because cash tied up in working capital increased markedly due to the expansion of business. Net financial debt fell since the start of the year from EUR 7.0 billion to EUR 6.9 billion as of March 31, mainly as a result of positive currency effects.

HealthCare posts gains especially in emerging markets

Sales of the HealthCare subgroup increased by 4.2 percent in the first quarter, to EUR 4,342 million (Q1 2011: EUR 4,166 million). After adjusting for currency and portfolio effects, sales were up by 2.1 percent. “The Pharmaceuticals and Consumer Health segments both contributed to this growth. Business developed particularly well in the emerging markets as a whole,” explained Dekkers.

Sales in the Pharmaceuticals segment rose by 1.6 percent (Fx & portfolio adj.) to EUR 2,517 million. Growth was achieved mainly in the emerging markets, especially China, while sales were slightly down in most European countries. Among the segment’s best-selling products, Aspirin™ Cardio for the prevention of myocardial infarction posted a significant sales gain of 15.7 percent on a currency-adjusted (Fx adj.) basis. Revenues from the hormone-releasing intrauterine device Mirena™ (Fx adj. plus 8.3 percent), the cancer drug Nexavar™ (Fx adj. plus 4.5 percent) and the blood-clotting product Kogenate™ (Fx adj. plus 1.9 percent) also developed positively. Following market launches in further countries and the expansion of indications, the anticoagulant Xarelto™ entered the list of Bayer’s best-selling pharmaceutical products for the first time. By contrast, sales of the antibiotic Avalox™/Avelox™ (Fx adj. minus 13.3 percent) and the erectile dysfunction treatment Levitra™ (Fx adj. minus 9.3 percent) were down because of a partial restructuring of distribution for general medicine products in the United States.

Sales in the Consumer Health segment rose by 2.9 percent (Fx & portfolio adj.) to EUR 1,825 million, with all divisions contributing to growth. Business developed especially well

in the emerging markets. In the Consumer Care Division (non-prescription medicines), the skincare product Bepanthen™/Bepanthol™ (Fx adj. plus 7.7 percent) performed particularly well, while sales of the analgesic Aleve™/naproxen and the One A Day™ line of dietary supplements matched the good prior-year level. Sales of the analgesic Aspirin™ declined by 7.0 percent (Fx adj.) from the high level of the prior-year quarter. The Medical Care Division benefited mainly from the positive development of the contrast agent and medical equipment business. Sales of the contrast agent Gadovist™ climbed by 26.5 percent (Fx adj.). Among the diabetes care products, sales of the Contour™ line of blood glucose meters rose by 7.3 percent (Fx adj.). In the Animal Health Division, sales of the Advantage™ line of flea, tick and worm control products advanced by 16.2 percent (Fx adj.).

EBITDA before special items of Bayer HealthCare increased by 3.6 percent to EUR 1,181 million (Q1 2011: EUR 1,140 million). This was largely attributable to the positive business development and effective cost management in both segments.

Growth in all CropScience businesses

Sales at CropScience advanced by 15.6 percent (Fx & portfolio adj. 14.4 percent) to EUR 2,610 million (Q1 2011: EUR 2,257 million). With good market conditions continuing, the subgroup grew all areas of its business. “The season got off to an early and promising start in the northern hemisphere,” Dekkers explained. Bayer CropScience achieved its highest growth rates in North America at 24.8 percent (Fx adj.), followed by Asia/Pacific at 22.7 percent (Fx adj.). Sales increased by 5.2 percent (Fx adj.) in Europe and by 8.9 percent (Fx adj.) in Latin America/Africa/Middle East.

Crop Protection posted growth in all product groups. Sales of herbicides and fungicides advanced by 19.0 and 12.3 percent, respectively (Fx & portfolio adj.). Sales of insecticides increased by 17.4 percent (Fx & portfolio adj.), mainly benefiting from a rejuvenated portfolio. Business with seed treatment products expanded by 3.2 percent (Fx adj.).

The BioScience business, which specializes in seed and plant traits, improved sales by 17.1 percent (Fx & portfolio adj.). Here, the largest increases were achieved for canola and cotton seed in North America, while the vegetable seed business showed a moderate decline in sales against a strong prior-year quarter. Sales of the Environmental Science business group advanced by 3.4 percent (Fx adj.).

EBITDA before special items of Bayer CropScience climbed by 31.7 percent to EUR 981 million (Q1 2011: EUR 745 million). Earnings growth – mainly the result of an early start to the season and considerably higher volumes – was also helped by efficiency improvements, successful cost management and positive currency effects. In addition, the subgroup benefited from one-time gains of EUR 22 million (Q1 2011: EUR 0 million) in connection with divestments and from the earlier receipt of royalty payments.

MaterialScience burdened by persisting high raw material costs

Sales of the high-tech materials business rose by 3.8 percent (Fx & portfolio adj. 2.5 percent) in the first quarter, to EUR 2,788 million (Q1 2011: EUR 2,686 million). “Bayer MaterialScience achieved higher volumes in all regions, while selling prices as a whole were level with the prior-year quarter,” said Dekkers. Price increases in the Latin America/Africa/Middle East, North America and Europe regions offset declines in Asia/Pacific. “However, earnings of MaterialScience remained under pressure because of high raw material costs,” he explained.

Business with raw materials for foams (Polyurethanes) improved by 4.7 percent (Fx & portfolio adj.), while high-tech plastics (Polycarbonates) were down by 4.2 percent (Fx & portfolio adj.) mainly as a result of lower selling prices. Sales of raw materials for coatings, adhesives and specialties improved by 3.9 percent (Fx & portfolio adj.) thanks to growth in all product groups, while the Industrial Operations unit grew by 8.9 percent (Fx & portfolio adj.).

EBITDA before special items of Bayer MaterialScience was down by 19.4 percent year on year at EUR 278 million (Q1 2011: EUR 345 million). However, earnings more than doubled against the weak fourth quarter of 2011 (EUR 106 million). Earnings were diminished above all by a rise in raw material costs, while higher operating costs also had a negative impact. Positive effects came from efficiency improvement programs, increased volumes and one-time gains of EUR 19 million (Q1 2011: EUR 0 million) on the acquisition of the remaining interest in the joint venture Baulé S.A.S.

Increasing confidence for the rest of 2012

In view of the good start to 2012, Bayer is increasingly confident for the rest of the year. Given the continuing uncertainties, however, the company is currently adhering to the guidance for the full year 2012 that it issued at the end of February. For the full year 2012, Bayer continues to forecast a currency- and portfolio-adjusted sales increase of about 3 percent. This would result in Group sales of approximately EUR 37 billion based on unchanged exchange rate assumptions (e.g. EUR 1 = US$1.40). Bayer continues to plan a slight improvement in EBITDA before special items. This will be driven by HealthCare and CropScience, while earnings at MaterialScience are likely to be flat with 2011 in view of the currently difficult market conditions. Bayer also plans to slightly improve core earnings per share.

The outlook for 2012 at Bayer HealthCare is confirmed. This subgroup's top priority for 2012 is to successfully commercialize the new pharmaceutical products. HealthCare expects sales to increase by a low- to mid-single-digit percentage (Fx & portfolio adj.). The subgroup plans to slightly improve EBITDA before special items, although earnings are likely to be hampered by higher marketing expenses and the effects of the genericization of Yasmin™ in Europe. Sales of the Pharmaceuticals segment in 2012 are forecasted to remain stable or move slightly higher on a currency- and portfolio-adjusted basis, and EBITDA before special items to approximately match the prior-year level. In its Consumer Health segment, the subgroup anticipates mid-single-digit growth in currency- and portfolio-adjusted sales and in EBITDA before special items.

Bayer expects market conditions for its CropScience business to remain favorable in 2012, and predicts above-market growth. Following the strong start to the year, the guidance issued in February, according to which CropScience anticipates that currency- and portfolio-adjusted sales and EBITDA before special items will advance by mid-single-digit percentages, may be adjusted upon publication of the next interim report, depending on future business development.

The market environment for Bayer MaterialScience developed as expected in the first quarter. This subgroup continues to plan for currency- and portfolio-adjusted sales and EBITDA before special items in 2012 to remain level with the prior year. Should the market environment develop more favorably than anticipated, MaterialScience expects sales and earnings to increase accordingly. Currency- and portfolio-adjusted sales are

expected to improve and EBITDA before special items to come in significantly higher in the second quarter of 2012 than in the first quarter.

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

*The complete financial report as of March 31, 2012 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 2012

Bayer Group (EUR million)	Q1 2011	**Q1 2012**	Change in %
Sales	9,415	**10,056**	+6.8
EBIT	1,148	**1,637**	+42.6
Special items	*(442)*	***(169)***	-
EBIT before special items	1,590	**1,806**	+13.6
EBITDA	1,866	**2,377**	+27.4
Special items	*(366)*	***(65)***	-
EBITDA before special items	2,232	**2,442**	+9.4
Net income	684	**1,050**	+53.5
Earnings per share (EUR)	0.83	**1.27**	+53.0
Core earnings per share (EUR)	1.45	**1.68**	+15.9
Number of employees at end of period *	112,500	**112,000**	-0.4

Bayer HealthCare (EUR million)	Q1 2011	**Q1 2012**	Change In %
Sales	4,166	**4,342**	+4.2
EBIT	769	**741**	-3.6
Special items	*(37)*	***(120)***	-
EBIT before special items	806	**861**	+6.8
EBITDA	1,103	**1,164**	+5.5
Special items	*(37)*	***(17)***	-
EBITDA before special items	1,140	**1,181**	+3.6

Bayer CropScience (EUR million)	Q1 2011	**Q1 2012**	Change In %
Sales	2,257	**2,610**	+15.6
EBIT	219	**851**	-
Special items	*(405)*	***(10)***	-
EBIT before special items	624	**861**	+38.0
EBITDA	416	**972**	+133.7
Special items	*(329)*	***(9)***	-
EBITDA before special items	745	**981**	+31.7

Bayer MaterialScience (EUR million)	Q1 2011	**Q1 2012**	Change in %
Sales	2,686	**2,788**	+3.8
EBIT	205	**127**	-38.0
Special items	*0*	***0***	-
EBIT before special items	205	**127**	-38.0
EBITDA	345	**278**	-19.4
Special items	*0*	***0***	-
EBITDA before special items	345	**278**	-19.4

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