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Investor News

"Meet Management" investor conference:

Bayer sets ambitious targets for 2014

- Good sales and earnings perspectives for HealthCare and CropScience
- MaterialScience aims to build on its leading market position

Leverkusen, March 14, 2012 – The Bayer Group sees good perspectives for its businesses in the medium term. "In the life science areas – HealthCare and CropScience – we anticipate further increases in sales and margins through 2014," said CEO Dr. Marijn Dekkers at the "Meet Management" investor conference on Wednesday in Leverkusen. Sales of Bayer HealthCare are expected to reach approximately EUR 20 billion in 2014, while Bayer CropScience aims to raise sales to more than EUR 8 billion. Bayer MaterialScience intends to further strengthen its leading position in the market. This subgroup plans to achieve volume gains in excess of the rate of global GDP growth. Targets are based on the most recent currency assumptions, including an exchange rate of US$1.40 to the euro.

"The main reason why I'm optimistic for our HealthCare subgroup is our well-stocked development pipeline in Pharmaceuticals," Dekkers said. Bayer had raised its sales expectations for a number of pharmaceutical products and development candidates in December 2011. "We believe four of our medicines in late-stage development have blockbuster potential. That means each of these products could achieve peak annual sales of EUR 1 billion or more," he added. The four products are the anticoagulant Xarelto™, the eye medicine VEGF Trap-Eye, and the cancer drugs Alpharadin and regorafenib. Bayer considers Xarelto™ alone to have a peak sales potential of more than EUR 2 billion.

"Our goal is to successfully commercialize the late-stage pharmaceutical pipeline and take advantage of our business opportunities in the emerging markets," Dekkers continued. In this way, the company aims to expand sales in its Pharmaceuticals segment

from EUR 9.9 billion in 2011 to approximately EUR 11.5 billion in 2014. In the emerging markets as a whole – Asia (excluding Japan), Latin America, Eastern Europe, Africa and the Middle East – sales at Pharmaceuticals are expected to increase by high-single-digit to low-double-digit percentages through 2014 on a currency-adjusted basis.

The Consumer Health segment, which includes the non-prescription (OTC) medicines business, animal health products and the Medical Care Division, expects to raise sales from EUR 7.2 billion in 2011 to approximately EUR 8.5 billion in 2014. “Our goal is to become the world market leader in the OTC business,” said Dekkers.

Bayer HealthCare aims to achieve sales of roughly EUR 20 billion in 2014, compared with EUR 17.2 billion last year. The subgroup plans to improve the underlying EBITDA margin – based on earnings before interest, taxes, depreciation and amortization (before special items) – from 27.4 percent in 2011 to at least 28 percent. The margin is expected to rise to more than 30 percent (2011: 29.9 percent) at Pharmaceuticals and about 25 percent (2011: 24 percent) at Consumer Health.

Dekkers also expressed his confidence for the CropScience business: “In both crop protection and seed technology, Bayer also has development pipelines that are well stocked with promising projects. We aim to post sales of roughly EUR 1.5 billion in 2014 with new crop protection products that we have introduced to the market since 2006,” said Dekkers, citing the Xpro™ and Luna™ fungicides as examples of promising new developments in this area.

The principal growth driver at CropScience is the BioScience business, which specializes in seeds and plant traits. Here, the company is aiming for average annual growth rates of about 20 percent through 2014, as in the past three years.

“We intend to raise sales of Bayer CropScience to more than EUR 8 billion by 2014 and improve the underlying EBITDA margin to about 24 percent,” said Dekkers. Subgroup sales last year came in at EUR 7.3 billion, while the underlying EBITDA margin was 22.8 percent.

In the high-tech materials business, Bayer aims to defend its position as the global market leader in raw materials for rigid polyurethane foams (MDI) and high-tech plastics (polycarbonate). Here the company intends to open up further fields of application for its products – for example in the automotive and construction industries. In raw materials for

flexible foams (TDI), Bayer aims to further improve on its current market share of 23 to 24 percent of global production volume (2011). The innovative gas-phase phosgenation technology enables highly efficient and sustainable TDI production and gives the company a key competitive advantage. “Our goal is for volume gains at MaterialScience to exceed the rate of global GDP growth,” Dekkers said. The subgroup also aims to earn a premium over its cost of capital.

“I am optimistic about Bayer’s medium-term development overall,” Dekkers remarked. “Our innovations and their successful commercialization are the foundation for this company’s continued growth.” The Bayer CEO said the company works every day to build on its position as a world-class inventor company that improves the lives of many people with its innovative products and solutions. He said this is what the mission “Bayer: Science For A Better Life” is all about.

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