Investor News

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Fiscal 2013:

Bayer continues successful course in anniversary year

- Dynamic development in the Life Science businesses, MaterialScience below expectations
- Outstanding growth for recently launched pharmaceutical products – estimate of combined peak annual sales potential for the five products increased to at least EUR 7.5 billion
- Group sales EUR 40,157 million (plus 1.0 percent; Fx & portfolio adj.: plus 5.1 percent)
- EBIT advanced by 25.6 percent to EUR 4,934 million
- EBITDA before special items up by 1.5 percent to EUR 8,401 million
- Net income increased 32.7 percent to EUR 3,189 million
- Core earnings per share up 5.8 percent to EUR 5.61
- Forecast for 2014: further growth in sales and earnings

Leverkusen, February 28, 2014 – The Bayer Group continued its successful course in 2013. “We met important business objectives in our anniversary year,” said Management Board Chairman Dr. Marijn Dekkers on Friday at the Financial News Conference in Leverkusen. There was continuing momentum in the Life Science businesses: HealthCare achieved pleasing gains with its recently launched pharmaceutical products, while CropScience was very successful in a positive market environment. Overall, Bayer achieved its operational targets in the Life Science businesses despite substantial negative currency effects. The business of MaterialScience continued to be affected by a difficult market situation. “We are optimistic for 2014 and plan further growth in sales and earnings,” Dekkers said.

Sales of the Bayer Group climbed by 1.0 percent in 2013 to EUR 40,157 million (2012: EUR 39,741 million). “This is a new record in our company’s 150-year history,” said the Management Board Chairman. Adjusted for currency and portfolio effects (Fx & portfolio

adj.), sales grew by 5.1 percent. EBIT rose by 25.6 percent to EUR 4,934 million (2012: EUR 3,928 million). Earnings were diminished by net special charges of EUR 839 million (2012: EUR 1,711 million). The special charges mainly included EUR 358 million in restructuring expenses and EUR 276 million in additional charges related to legal claims. EBIT before special items advanced by 2.4 percent to EUR 5,773 million (2012: EUR 5,639 million), while EBITDA before special items rose by 1.5 percent to EUR 8,401 million (2012: EUR 8,280 million). Negative currency effects diminished Group earnings by about EUR 260 million overall. In addition, expenses for long-term stock-based compensation increased by EUR 70 million in light of the pleasing market performance of Bayer stock. Net income grew by 32.7 percent to EUR 3,189 million (2012: EUR 2,403 million), and core earnings per share advanced by 5.8 percent to EUR 5.61 (2012: EUR 5.30).

Gross cash flow climbed by 28.0 percent to EUR 5,832 million (2012: EUR 4,556 million), mainly because of the improvement in EBIT. Net cash flow moved ahead by 14.2 percent to EUR 5,171 million (2012: EUR 4,530 million), while net financial debt fell by EUR 0.3 billion against December 31, 2012, to EUR 6.7 billion. “Due to the strong cash flow, we were able to slightly reduce debt despite high capital expenditures and the acquisitions of Conceptus and Steigerwald,” explained CFO Werner Baumann.

HealthCare: significant sales gains by recently launched pharmaceutical products

Sales of the HealthCare subgroup increased by 1.7 percent (Fx & portfolio adj. 6.8 percent) in 2013 to EUR 18,924 million (2012: EUR 18,604 million). “This was largely attributable to gains posted by the recently launched pharmaceutical products,” Dekkers explained. “Consumer Care also saw positive sales development.”

Sales in the Pharmaceuticals segment climbed by 9.4 percent (Fx & portfolio adj.) to EUR 11,188 million. This development was largely driven by recently launched products – the anticoagulant Xarelto™, the eye medicine Eylea™, and the cancer drugs Stivarga™ and Xofigo™ – which posted combined sales of EUR 1,520 million (2012: EUR 368 million). Marketing of the pulmonary hypertension treatment Adempas™ (active ingredient: riociguat) began in the fall after Bayer received marketing authorizations in North America. “In light of this very positive performance, we have now significantly increased our estimate of the combined peak annual sales potential of these five products to at least EUR 7.5 billion,” stated Dekkers. Bayer had previously assumed a figure of more than

EUR 5.5 billion. Estimated peak annual sales potential for Xarelto™ was increased from more than EUR 2 billion to approximately EUR 3.5 billion, while that of Eylea™ was raised from at least EUR 1 billion to at least EUR 1.5 billion. “However, further investments in marketing, distribution and life-cycle management will be required to exploit these opportunities and actually achieve the aforementioned sales potential,” Dekkers said.

Among Bayer's established top pharmaceutical products, sales of the blood-clotting medicine Kogenate™ increased by 6.4 percent on a currency-adjusted basis (Fx adj.) thanks to higher volumes. By contrast, sales of the multiple sclerosis drug Betaferon™/Betaseron™ receded as expected, particularly in the United States due to increased competition, and were down 11.6 percent (Fx adj.) year on year worldwide. Business with the YAZ™/Yasmin™/Yasminelle™ line of oral contraceptives was hampered by generic competition, especially in Western Europe and the United States. Sales of these products declined by 12.5 percent (Fx adj.) overall.

Sales of the Consumer Health segment advanced by 3.2 percent (Fx & portfolio .adj.) to EUR 7,736 million. In Consumer Care, the skincare product Bepanthen™/Bepanthol™ and the dietary supplement Supradyn™ in particular registered growth (Fx adj. 20.3 percent and 14.3 percent, respectively). In the Medical Care Division, the Diabetes Care business performed at around the previous year’s level in a shrinking overall market. Sales of the Contour™ line of blood glucose meters advanced by 2.2 percent (Fx adj.). However, sales of contrast agents and medical devices (Radiology & Interventional) were at the prior-year level on a currency-adjusted basis. The Animal Health business benefited from factors including an increase of 2.0 percent (Fx adj.) in sales of the Advantage™ line of flea, tick and worm control products.

EBITDA before special items of HealthCare rose by 4.2 percent to EUR 5,334 million (2012: EUR 5,119 million). This was attributable to the gratifying business development in Pharmaceuticals, while earnings in Consumer Health posted a slight decline. Earnings at HealthCare were diminished by negative currency effects of about EUR 290 million.

Very successful year for CropScience

Bayer succeeded in substantially growing its agricultural business in 2013 despite the late start to the season in the northern hemisphere. CropScience raised sales by 5.2 percent (Fx & portfolio adj.: 9.4 percent) to EUR 8,819 million (2012: EUR 8,383 million). “This

subgroup also had a very successful year. Sales improved substantially in a positive market environment," said Dekkers. CropScience posted the strongest growth in the Latin America/Africa/Middle East region (Fx adj. 23.6 percent), followed by Asia/Pacific at 7.9 percent (Fx adj.). Sales of the subgroup advanced by 5.0 percent in North America and 4.3 percent in Europe on a currency-adjusted basis.

In the Crop Protection business, the new products launched since 2006 contributed to a reported increase in sales of around 30 percent to more than EUR 1,510 million. The Fungicides and Insecticides businesses were especially successful, increasing sales by 14.9 and 14.1 percent, respectively (Fx & portfolio adj.). Herbicides and SeedGrowth (seed treatment products) posted encouraging gains of 8.3 and 7.1 percent (Fx & portfolio adj.), respectively. Sales in the Seeds unit rose by 1.2 percent (Fx & portfolio adj.) despite reduced canola and cotton acreages in North America. Sales in Environmental Science edged upward by 1.3 percent (Fx & portfolio adj.).

EBITDA before special items of CropScience moved ahead by 11.0 percent to EUR 2,248 million (2012: EUR 2,025 million). Earnings growth was mainly the result of significant volume increases and higher selling prices, with positive currency effects of some EUR 20 million also contributing to the increase.

Difficult market environment for MaterialScience

Sales in our high-tech polymer materials business (MaterialScience) receded by 2.2 percent to EUR 11,238 million (2012: EUR 11,491 million), matching the prior-year level (plus 0.4 percent) on a currency- and portfolio-adjusted basis. "MaterialScience faced considerable challenges in 2013, in what remained a difficult market environment. Both volumes and prices were virtually unchanged compared with the prior year," Dekkers remarked.

Business with foam raw materials (Polyurethanes) rose by 3.9 percent (Fx & portfolio adj.). Volume gains in Asia/Pacific and North America contributed to this increase. Selling prices as a whole were at the prior-year level. Sales of high-tech plastics (Polycarbonates) receded by 4.5 percent (Fx & portfolio adj.), mainly due to a drop in volumes in all regions on account of weaker demand. A further factor was the lower level of selling prices in Asia/Pacific caused by market overcapacities. Sales of raw materials for coatings, adhesives and specialties fell by 1.9 percent (Fx & portfolio adj.), largely as a

result of lower selling prices in Asia/Pacific. Volumes as a whole were flat with the prior year.

EBITDA before special items of the subgroup dropped by 15.1 percent to EUR 1,072 million (2012: EUR 1,263 million), mainly due to higher raw material costs. “Despite the difficult market environment for MaterialScience in 2013, we are cautiously optimistic about the future,” said Dekkers. The expected increase in capacity utilization in the industry in the coming years should relieve the pressure on prices.

Encouraging sales growth in the fourth quarter

“Bayer posted encouraging sales growth in the final three months of the year, but EBITDA before special items came in below the prior-year level. This was due mainly to substantial negative currency effects, as well as higher research and development expenditures,” said Baumann. Group sales rose by 0.3 percent (Fx & portfolio adj. 6.4 percent) to EUR 9,888 million (Q4 2012: EUR 9,860 million). This development was driven mainly by the recently launched pharmaceutical products and the robust expansion of volumes at CropScience. EBIT of the Bayer Group declined by 10.2 percent to EUR 655 million (Q4 2012: EUR 729 million). EBITDA before special items fell by 3.1 percent to EUR 1,769 million (Q4 2012: EUR 1,826 million). Net income advanced by 24.3 percent to EUR 455 million (Q4 2012: EUR 366 million), and core earnings per share improved by 8.9 percent to EUR 1.10 (Q4 2012: EUR 1.01).

Sustainability part of corporate strategy

Bayer is one of the first DAX 30 companies to combine its yearly financial and sustainability reporting for the first time in its integrated Annual Report for 2013. “At Bayer, we recognized at a very early stage that we can only achieve lasting success if we maintain the balance of economic growth with ecological and social responsibility,” said Dekkers. Correspondingly, Bayer is now also applying measurable non-financial targets based on performance indicators. For example, the company aims to improve the Group's energy efficiency by 10 percent (reference value: 3.50 MWh/t) and cut its specific greenhouse gas emissions by 20 percent (reference value: 0.98 t CO_2/t) between 2012 and 2020. In 2013 Bayer provided some EUR 50 million worldwide to non-profit programs in areas such as education and health.

Investment of more than EUR 18 billion for the future

“We continue to be motivated by our mission 'Bayer: Science For A Better Life' as we work to further strengthen our position as a world-class innovation company,” Dekkers said. “Our goal remains to improve the lives of many people around the world with our innovative products and solutions.” However, Bayer must continuously invest substantial sums of money to create the conditions for further innovation and growth, Dekkers explained. The company plans to spend more than EUR 18 billion for research and development and capital expenditures between 2014 and 2016, mainly in the Life Science businesses. Overall, EUR 11.2 billion are to be allocated to research and development and EUR 7.3 billion to capital expenditures.

Positive outlook for 2014

“We are also optimistic about 2014,” continued Dekkers. “We aim to maintain the growth of our recently launched products in the Life Science businesses and improve profitability at MaterialScience.” The forecast for fiscal 2014 is based on average exchange rates for the fourth quarter of 2013, including a rate of US$1.36 to the euro. In 2014 Bayer plans to grow sales by about 5 percent on a currency- and portfolio-adjusted basis. Allowing for expected negative currency effects of around 2 percent compared to the prior year, sales would be between approximately EUR 41 billion and EUR 42 billion. Bayer plans to raise EBITDA before special items by a low- to mid-single-digit percentage, allowing for expected negative currency effects of about EUR 450 million or around 5 percent. The Bayer Group aims to increase core earnings per share by a mid-single-digit percentage, allowing for expected negative currency effects of around 6 percent.

The company expects to take special charges of approximately EUR 200 million for restructuring in 2014. Bayer intends to increase research and development expenses to EUR 3.5 billion in 2014. The company has planned capital expenditures of about EUR 2.1 billion for property, plant and equipment and EUR 0.3 billion for intangible assets. Depreciation and amortization are estimated at about EUR 2.6 billion, including EUR 1.3 billion in amortization of intangible assets. Taking into account the planned acquisition of Algeta ASA, Norway, Bayer expects net financial debt to be below EUR 9 billion at the end of 2014.

The main priority for HealthCare in 2014 continues to be the successful commercialization of the recently launched pharmaceutical products. The subgroup expects sales to advance by a mid-single-digit percentage on a currency- and portfolio-adjusted basis. Allowing for expected negative currency effects of about 2 percent, sales would be approximately EUR 19.5 billion to EUR 20 billion. HealthCare predicts EBITDA before special items to slightly exceed the prior-year level, allowing for negative currency effects of around EUR 250 million.

In the Pharmaceuticals segment, Bayer expects sales to move ahead by a high-single-digit percentage on a currency- and portfolio-adjusted basis. The company predicts negative currency effects of around 2 percent for the segment compared to 2013. Pharmaceuticals intends to raise sales of its recently launched products to about EUR 2.8 billion and plans additional marketing and R&D expenditures totaling EUR 0.5 billion for 2014. Against this background, the segment expects a low- to mid-single-digit percentage increase in EBITDA before special items, allowing for negative currency effects of about EUR 150 million. The EBITDA margin before special items of Pharmaceuticals is expected to be level with the previous year. In 2016 the company plans to achieve an EBITDA margin before special items at Pharmaceuticals of at least 33 percent.

In the Consumer Health segment, Bayer predicts sales to rise by a low- to mid-single-digit percentage on a currency- and portfolio-adjusted basis. Bayer anticipates negative currency effects for Consumer Health of around 3 percent compared to 2013. EBITDA before special items of the segment is expected to come in slightly below the level of the prior year, allowing for negative currency effects of about EUR 100 million.

In 2014, Bayer anticipates that market conditions for the CropScience business will remain good but be slightly less favorable than in the previous year. The subgroup plans to grow faster than the market and raise sales by a mid- to high-single-digit percentage on a currency- and portfolio-adjusted basis. CropScience anticipates negative currency effects of about 3 percent compared to 2013. The subgroup plans to increase EBITDA before special items by a low-single-digit percentage, allowing for negative currency effects of approximately EUR 150 million.

MaterialScience plans to raise sales in 2014 by a mid-single-digit percentage on a currency- and portfolio-adjusted basis. The subgroup predicts negative currency effects of about 2 percent compared to 2013. MaterialScience anticipates an increase in EBITDA

before special items, allowing for negative currency effects of around EUR 50 million. For the first quarter of 2014, MaterialScience expects sales to increase on a currency- and portfolio-adjusted basis against the prior-year period and EBITDA before special items to gain significantly.

Note:

Below you will find tables containing the key data of the Bayer Group and its subgroups for the full year and the fourth quarter of 2013.

The complete Annual Report 2013 is available on the Internet at ***www.investor.bayer.com***

Supplementary material at ***www.investor.bayer.com*** *includes:*
- Live webcast of the ***Financial News Conference*** *from approx. 10:00 a.m. CET*
- Presentation charts for the ***Investor Conference Call*** *at 12:00 noon CET*
- Notice of the ***Annual Stockholders' Meeting 2014*** *from approx. 1:00 p.m. CET*
- Live webcast of the ***Investor Conference Call*** *from approx. 2:30 p.m. CET*
- Recording of the ***Investor Conference Call*** *from approx. 7:00 p.m. CET*

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Bayer Group Key Data, Fourth Quarter and Full Year 2013

(Certain prior-year data are restated.)

Bayer Group (EUR million)	Q4 2012	**Q4 2013**	Change in %	FY2012	**FY2013**	Change in %
Sales	9,860	**9,888**	+0.3	39,741	**40,157**	+1.0
EBIT	729	**655**	-10.2	3,928	**4,934**	+25.6
Special items	*(424)*	***(439)***	-	*(1,711)*	***(839)***	-
EBIT before special items	1,153	**1,094**	-5.1	5,639	**5,773**	+2.4
EBITDA	1,401	**1,433**	+2.3	6,916	**7,830**	+13.2
Special items	*(425)*	***(336)***	-	*(1,364)*	***(571)***	-
EBITDA before special items	1,826	**1,769**	-3.1	8,280	**8,401**	+1.5
Net income	366	**455**	+24.3	2,403	**3,189**	+32.7
Earnings per share (EUR)	0.45	**0.55**	+22.2	2.91	**3.86**	+32.6
Core earnings per share (EUR)	1.01	**1.10**	+8.9	5.30	**5.61**	+5.8
Number of employees at end of period *	110,000	**113,200**	+2.9	110,000	**113,200**	+2.9

Bayer HealthCare (EUR million)	Q4 2012	**Q4 2013**	Change in %	FY2012	**FY2013**	Change in %
Sales	4,921	**4,939**	+0.4	18,604	**18,924**	+1.7
EBIT	558	**631**	+13.1	2,205	**3,260**	+47.8
Special items	*(460)*	***(354)***	-	*(1,582)*	***(713)***	-
EBIT before special items	1,018	**985**	-3.2	3,787	**3,973**	+4.9
EBITDA	895	**1,069**	+19.4	3,866	**4,858**	+25.7
Special items	*(464)*	***(268)***	-	*(1,253)*	***(476)***	-
EBITDA before special items	1,359	**1,337**	-1.6	5,119	**5,334**	+4.2

Bayer CropScience (EUR million)	Q4 2012	**Q4 2013**	Change in %	FY2012	**FY2013**	Change in %
Sales	1,856	**1,951**	+5.1	8,383	**8,819**	+5.2
EBIT	247	**163**	-34.0	1,556	**1,729**	+11.1
Special items	*79*	***(40)***	-	*13*	***(72)***	-
EBIT before special items	168	**203**	+20.8	1,543	**1,801**	+16.7
EBITDA	374	**282**	-24.6	2,050	**2,184**	+6.5
Special items	*79*	***(37)***	-	*25*	***(64)***	-
EBITDA before special items	295	**319**	+8.1	2,025	**2,248**	+11.0

Bayer MaterialScience (EUR million)	Q4 2012	**Q4 2013**	Change in %	FY2012	**FY2013**	Change in %
Sales	2,760	**2,691**	-2.5	11,491	**11,238**	-2.2
EBIT	94	**70**	-25.5	581	**435**	-25.1
Special items	*(1)*	***(18)***	-	*(32)*	***6***	-
EBIT before special items	95	**88**	-7.4	613	**429**	-30.0
EBITDA	265	**244**	-7.9	1,236	**1,101**	-10.9
Special items	*1*	***(4)***	-	*(27)*	***29***	-
EBITDA before special items	264	**248**	-6.1	1,263	**1,072**	-15.1

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 definitions of these indicators, see the current Annual Report at www.bayer.com.

* Full-time equivalents

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.