



Bayer AG  
Investor Relations  
51368 Leverkusen  
Germany  
[www.investor.bayer.com](http://www.investor.bayer.com)

## Investor News

---

Second quarter of 2016:

### **Bayer raises sales and earnings**

- Group sales increase by 2.3 percent (Fx & portfolio adj.) to EUR 11,833 million
- Pharmaceuticals continues strong growth trend
- Consumer Health increases sales
- Crop Science business holds steady in a continuingly difficult market environment
- EBITDA before special items up 5.7 percent to EUR 3,054 million
- Net income improves by 18.6 percent to EUR 1,380 million
- Core earnings per share increase by 4.0 percent to EUR 2.07
- Group forecast raised

---

**Leverkusen, July 27, 2016** – The Bayer Group posted further growth in the second quarter of 2016. “Our Life Science businesses recorded encouraging sales and earnings growth overall,” said CEO Werner Baumann when he presented the interim report for the second quarter on Wednesday. At Pharmaceuticals, Bayer benefited from the continued strong development of the recently launched products. Consumer Health increased sales, while EBITDA before special items receded. Sales of Crop Science held steady at the prior-year level despite a continuingly difficult market environment, while earnings decreased. EBITDA before special items at Animal Health declined despite sales growth. Covestro registered a substantial increase in EBITDA before special items, while sales fell as expected. “We remain confident about the year as a whole and are raising the Group forecast,” said Baumann.

Sales of the Bayer Group fell by 1.4 percent to EUR 11,833 million (Q2 2015: EUR 12,003 million) on a reported basis in the second quarter of 2016, but increased by 2.3 percent after adjusting for currency and portfolio effects (Fx & portfolio adj.). Despite negative currency effects of EUR 90 million, dissynergies from the Covestro IPO and the divestiture of Diabetes Care, Group EBITDA before special items improved by 5.7 percent to EUR 3,054 million (Q2 2015: EUR 2,888 million). EBIT advanced by 17.3

percent to EUR 2,138 million (Q2 2015: EUR 1,823 million) after special charges of EUR 104 million (Q2 2015: EUR 255 million). These mainly comprised expenditures for efficiency improvement measures, costs for the integration of acquired businesses and expenses in connection with the realignment of the Bayer Group. Net income rose by 18.6 percent to EUR 1,380 million (Q2 2015: EUR 1,164 million). Core earnings per share from continuing operations advanced by 4.0 percent to EUR 2.07 (Q2 2015: EUR 1.99).

Gross cash flow from continuing operations climbed by a substantial 9.3 percent to EUR 2,366 million (Q2 2015: EUR 2,165 million). Despite an increase in cash tied up in working capital, net cash flow (total) edged forward by 1.2 percent to EUR 1,982 million (Q2 2015: EUR 1,959 million). Net financial debt increased by EUR 1.5 billion compared with March 31, 2016, to EUR 17.8 billion on June 30, 2016, due mainly to the dividend payment.

### **Strong gains at Pharmaceuticals**

Sales of prescription medicines (Pharmaceuticals) rose by 5.5 percent (Fx & portfolio adj. 8.4 percent) to EUR 4,104 million (Q2 2015: EUR 3,890 million). "This gratifying performance was driven by the continued strong development of our recently launched products," explained Baumann. The oral anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Xofigo™ and Stivarga™, and Adempas™ to treat pulmonary hypertension achieved total combined sales of EUR 1,332 million (Q2 2015: EUR 1,051 million), expanding by 28.8 percent on a currency-adjusted (Fx adj.) basis. Xarelto™ once again posted encouraging sales gains with growth of 30.1 percent (Fx adj.), due mainly to volume increases in Europe and Japan. Business with Xarelto™ also developed positively in the United States, where it is marketed by a subsidiary of Johnson & Johnson. Bayer considerably raised sales of Eylea™ (Fx adj. plus 40.9 percent) in all regions, particularly in Europe, Canada and Japan.

Among the leading established pharmaceutical products, sales of Aspirin™ Cardio for secondary prevention of heart attacks moved ahead by 16.4 percent (Fx adj.). This increase resulted mainly from gains in China, as did the 6.6 percent (Fx adj.) improvement in sales of the oral diabetes treatment Glucobay™. Sales of the MRI contrast agent Gadavist™/Gadovist™ rose by 28.8 percent (Fx adj.) thanks to substantial volume gains in the United States and Japan. As the result of advance orders from Bayer's distributor in the first quarter, sales of the blood-clotting medicines Kogenate™/ Kovaltry™ decreased by 5.6 percent (Fx adj.). Sales of the multiple sclerosis product Betaferon™/Betaseron™

posted an overall decline of 8.7 percent (Fx adj.) that was attributable in part to weaker business performance in Europe. Overall, Bayer expanded the Pharmaceuticals business (Fx adj.) in all regions.

EBITDA before special items of the division increased by a substantial 13.3 percent to EUR 1,352 million (Q2 2015: EUR 1,193 million) in the second quarter of 2016. As expected, the earnings contributions from the very good business development stood against high investments in research and development. Currency effects of around EUR 40 million had a diminishing effect.

### **Consumer Health achieves sales growth with strong brands**

Sales of self-care products (Consumer Health) declined by 2.3 percent on a reported basis to EUR 1,553 million (Q2 2015: EUR 1,590 million), but increased by 4.0 percent after adjusting for currency and portfolio changes. Business developed well in the Latin America/Africa/Middle East, Europe and Asia/Pacific regions, while sales in North America were down compared with a strong prior-year quarter. “Our Claritin™, Aspirin™, Bepanthen™/Bepanthol™ and Canesten™ brands posted very high growth rates,” said Baumann.

Sales of the antihistamine Claritin™ rose by a considerable 11.0 percent (Fx adj.). Despite a weak allergy season, business in the United States developed positively, due primarily to the launch of the ClariSpray™ nasal spray. Sales of the analgesic Aspirin™ increased by 8.1 percent (Fx adj.) and thus expanded year on year in all regions on a currency-adjusted basis, with especially attractive gains in Latin America and the United States. Bayer posted significant currency-adjusted sales growth (plus 20.7 percent) for the Bepanthen™/Bepanthol™ wound and skin care products, particularly in Europe. The considerable increase in sales of the skin and intimate health brand Canesten™ (Fx adj. plus 19.0 percent) was attributable to expanded volumes in all regions, particularly in China and Germany. By contrast, business with the analgesic Aleve™ declined overall (Fx adj. minus 5.1 percent). The Dr. Scholl's™ foot care products registered a decline in sales (Fx adj. minus 13.6 percent) because of a weaker market environment and increased competitive pressure in the United States.

EBITDA before special items of Consumer Health declined by 9.4 percent to EUR 328 million (Q2 2015: EUR 362 million). The earnings contributions from the good business

performance and cost synergies were not sufficient to offset the higher selling expenses as well as allocation and currency effects of around EUR 25 million.

### **Crop Science business holds steady in a continuingly difficult market environment**

Sales of the agricultural business (Crop Science) came in at EUR 2,518 million (Q2 2015: EUR 2,636 million). This amounted to a decline of 4.5 percent on a reported basis and an increase of 0.4 percent after adjusting for currency and portfolio effects. "Business at Crop Protection/Seeds was steady year on year despite an ongoing weak market environment," said Baumann. Crop Science achieved gratifying business development in the Asia/ Pacific region, where sales rose by 8.4 percent (Fx adj.). Sales were up slightly year on year in Europe (Fx adj. plus 0.9 percent) and were level with the prior-year period in the Latin America/Africa/Middle East region (Fx adj. minus 0.2 percent). Sales in North America fell by 3.4 percent (Fx adj.).

At Crop Protection, the Fungicides business posted a gain of 6.0 percent (Fx & portfolio adj.). Sales of Herbicides also developed positively (Fx & portfolio adj. plus 3.9 percent), while sales of Insecticides declined by 11.9 percent (Fx & portfolio adj.). Business at SeedGrowth declined by 6.1 percent (Fx. & portfolio adj.), while sales at seeds receded by 4.8 percent due to seasonal effects. Sales at Environmental Science edged down by 1.2 percent year on year. Following the conclusion in May 2016 of an agreement to divest the Consumer business of Environmental Science, these activities are reported under discontinued operations. Environmental Science therefore now comprises only the business for professional users. The key data, prior-year figures and outlook are restated accordingly.

EBITDA before special items of Crop Science declined by 8.2 percent to EUR 663 million in the second quarter (Q2 2015: EUR 722 million). The higher cost of goods sold, slightly lower volumes and a negative currency effect of around EUR 10 million were compensated only in part by higher selling prices and lower selling expenses.

### **Animal Health records growth in all regions**

Sales of the Animal Health business amounted to EUR 426 million (Q2 2015: EUR 428 million). Business was level year on year on a reported basis (minus 0.5 percent) and expanded by 4.2 percent after adjusting for currency and portfolio effects. All regions developed positively on a currency-adjusted basis, the strongest gains being registered in

Europe. Sales of the Advantage™ family of flea, tick and worm control products declined (Fx adj. minus 3.7 percent), mainly as a result of higher competitive pressure. Sales of the Seresto™ flea and tick collar rose strongly (Fx adj. plus 44.6 percent), thanks especially to higher demand in the United States. Sales also increased in Europe. EBITDA before special items of Animal Health declined by 16.7 percent to EUR 100 million (Q2 2015: EUR 120 million), due especially to seasonal shifts in selling expenses and negative currency effects of around EUR 5 million.

### **Continuing favorable raw material price development at Covestro**

Sales of Covestro fell by 6.6 percent (Fx & portfolio adj. 3.9 percent) in the second quarter compared with the prior-year period, to EUR 2,975 million (Q2 2015: EUR 3,185 million). Selling prices were down significantly, mainly due to raw material price development and primarily at Polyurethanes. Volumes were above the level of the prior-year quarter overall. EBITDA before special items of Covestro improved by 7.3 percent to EUR 543 million (Q2 2015: EUR 506 million). The impact of lower selling prices was more than compensated by the net effect of lower raw material prices and higher volumes. Earnings were diminished by a negative currency effect of around EUR 5 million.

### **Life Science businesses post good development in the first half**

Sales of the Bayer Group in the first half of 2016 came to EUR 23,687 million (H1 2015: EUR 23,796 million). Sales were level with the previous year on a reported basis (minus 0.5 percent) and increased by 2.8 percent after adjusting for currency and portfolio effects. EBITDA before special items advanced by 10.9 percent to EUR 6,441 million (H1 2015: EUR 5,810 million). The good sales development particularly in the Life Science businesses was accompanied by high R&D and selling expenses. Earnings were held back by negative currency effects of around EUR 150 million. Net income rose by 15.7 percent to EUR 2,891 million (H1 2015: EUR 2,498 million). Core earnings per share from continuing operations advanced by 9.1 percent to EUR 4.42 (H1 2015: EUR 4.05).

### **Confidence for the full year 2016**

For the second half of 2016, Bayer is using the exchange rates prevailing on June 30, 2016, including a EUR-USD rate of 1.11. For the full year 2016, the company is now planning sales of EUR 46 billion to EUR 47 billion (previously: more than EUR 47 billion) for the Bayer Group including Covestro. This continues to correspond to a low-single-digit

percentage increase (Fx & portfolio adj.). Bayer now plans to increase EBITDA before special items by a high-single-digit (previously: mid-single-digit) percentage. It is now Bayer's aim to increase core earnings per share from continuing operations by a mid- to high-single-digit percentage (previously: a mid-single-digit percentage). This takes into account Covestro's inclusion at around 64 percent starting on April 19, 2016 (January 1 to April 18, 2016: around 69 percent).

The Bayer Group continues to plan sales of approximately EUR 35 billion for the Life Science activities, i.e. the Bayer Group excluding Covestro. This still corresponds to a mid-single-digit percentage increase (Fx & portfolio adj.) as previously forecasted. Bayer now plans to increase EBITDA before special items by a mid- to high-single-digit (previously: mid-single-digit) percentage. This planning includes dissynergies of around EUR 130 million from the legal independence of Covestro and from divestments.

For Pharmaceuticals, Bayer now expects sales above EUR 16 billion (previously: approximately EUR 16 billion) despite some price decreases. This now corresponds to a high-single-digit (previously: mid-single-digit) percentage increase (Fx & portfolio adj.). The company now plans to raise sales of the recently launched pharmaceutical products toward EUR 5.5 billion (previously: to more than EUR 5 billion). Bayer now expects a low-teens (previously: mid- to high-single-digit) percentage increase in EBITDA before special items at Pharmaceuticals. It aims to improve the division's EBITDA margin before special items.

In the Consumer Health Division, Bayer now expects sales to come in at approximately EUR 6 billion (previously: more than EUR 6 billion). The company plans to grow sales by a low- to mid-single-digit (previously: mid-single-digit) percentage on a currency- and portfolio-adjusted basis. EBITDA before special items is now expected to come in on the level of the prior year (previously: increase by a mid-single-digit percentage).

In light of the continuingly weak market environment, Bayer now expects Crop Science sales to be on the prior-year level (previously: increase by a low-single-digit percentage) on a currency- and portfolio-adjusted basis. This is equivalent to reported sales of about EUR 10 billion. Bayer now expects a low-single-digit percentage decrease (previously: low-single-digit percentage increase) in EBITDA before special items.

At Animal Health, Bayer continues to expect sales to be slightly above the prior-year level and is still planning a currency- and portfolio-adjusted sales gain and an increase in EBITDA before special items, each by a low- to mid-single-digit percentage.

For 2016, Covestro is now expecting a sales decline (previously: sales at the prior-year level) and, for the second half of 2016, EBITDA after adjustment for special items at least at the prior-year level (previously: for the full year, a decline in EBITDA after adjustment for special items).

**Note:**

*The following tables contain the key data for the Bayer Group and its segments for the first quarter and first half of 2016.*

*The interim report for the first quarter 2016 is available on the Internet at:*

[www.investor.bayer.com](http://www.investor.bayer.com).

*Supplementary features at [www.investor.bayer.com](http://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*
- *transcript and audio recording of the investor conference call will be made available afterwards as soon as possible.*

Bayer AG, Investor Relations contacts:

Dr. Jürgen Beunink (+49-214-30-65742)

Peter Dahlhoff (+49-214-30-33022)

Judith Nestmann (+49-214-30-66836)

Constance Spitzer (+49-214-30-33021)

Dr. Olaf Weber (+49-214-30-33567)

**Forward-Looking Statements**

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer 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](http://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, 2nd Quarter and 1st Half of 2016

(Continuing operations – prior-year data are restated.)

<b>Bayer Group</b> (EUR million)	Q2 2015	Q2 2016	Change in %	H1 2015	H1 2016	Change in %
Sales	12,003	<b>11,833</b>	-1.4	23,796	<b>23,687</b>	-0.5
EBITDA before special items	2,888	<b>3,054</b>	+5.7	5,810	<b>6,441</b>	+10.9
EBIT	1,823	<b>2,138</b>	+17.3	3,748	<b>4,458</b>	+18.9
<i>Special items</i>	(255)	<b>(104)</b>	-	(499)	<b>(376)</b>	-
EBIT before special items	2,078	<b>2,242</b>	+7.9	4,247	<b>4,834</b>	+13.8
Net income *	1,164	<b>1,380</b>	+18.6	2,498	<b>2,891</b>	+15.7
Earnings per share (EUR) *	1.40	<b>1.67</b>	+19.3	3.02	<b>3.50</b>	+15.9
Core earnings per share (EUR)	1.99	<b>2.07</b>	+4.0	4.05	<b>4.42</b>	+9.1
Number of employees **	117,534	<b>115,576</b>	-1.7	117,534	<b>115,576</b>	-1.7

<b>Pharmaceuticals</b> (EUR million)	Q2 2015	Q2 2016	Change in %	H1 2015	H1 2016	Change in %
Sales	3,890	<b>4,104</b>	+5.5	7,452	<b>7,993</b>	+7.3
EBITDA before special items	1,193	<b>1,352</b>	+13.3	2,278	<b>2,613</b>	+14.7
EBIT	772	<b>988</b>	+28.0	1,519	<b>1,686</b>	+11.0
<i>Special items</i>	(78)	<b>(11)</b>	-	(102)	<b>(242)</b>	-
EBIT before special items	850	<b>999</b>	+17.5	1,621	<b>1,928</b>	+18.9

<b>Consumer Health</b> (EUR million)	Q2 2015	Q2 2016	Change in %	H1 2015	H1 2016	Change in %
Sales	1,590	<b>1,553</b>	-2.3	3,146	<b>3,073</b>	-2.3
EBITDA before special items	362	<b>328</b>	-9.4	731	<b>711</b>	-2.7
EBIT	191	<b>190</b>	-0.5	365	<b>433</b>	18.6
<i>Special items</i>	(61)	<b>(32)</b>	-	(150)	<b>(64)</b>	-
EBIT before special items	252	<b>222</b>	-11.9	515	<b>497</b>	-3.5

<b>Crop Science</b> (EUR million)	Q2 2015	Q2 2016	Change in %	H1 2015	H1 2016	Change in %
Sales	2,636	<b>2,518</b>	-4.5	5,642	<b>5,454</b>	-3.3
EBITDA before special items	722	<b>663</b>	-8.2	1,743	<b>1,752</b>	+0.5
EBIT	561	<b>512</b>	-8.7	1,416	<b>1,467</b>	+3.6
<i>Special items</i>	(28)	<b>(30)</b>	-	(75)	<b>(33)</b>	-
EBIT before special items	589	<b>542</b>	-8.0	1,491	<b>1,500</b>	+0.6

<b>Animal Health</b> (EUR million)	Q2 2015	Q2 2016	Change in %	H1 2015	H1 2016	Change in %
Sales	428	<b>426</b>	-0.5	814	<b>834</b>	+2.5
EBITDA before special items	120	<b>100</b>	-16.7	222	<b>222</b>	-
EBIT	105	<b>93</b>	-11.4	170	<b>207</b>	+21.8
<i>Special items</i>	(6)	<b>0</b>	-	(38)	<b>(1)</b>	-
EBIT before special items	111	<b>93</b>	-16.2	208	<b>208</b>	-

<b>Covestro</b> (EUR million)	Q2 2015	Q2 2016	Change in %	H1 2015	H1 2016	Change in %
Sales	3,185	<b>2,975</b>	-6.6	6,199	<b>5,825</b>	-6.0
EBITDA before special items	506	<b>543</b>	+7.3	930	<b>1,047</b>	+12.6
EBIT	278	<b>367</b>	+32.0	497	<b>703</b>	+41.4
<i>Special items</i>	(59)	<b>0</b>	-	(101)	<b>0</b>	-
EBIT before special items	337	<b>367</b>	+8.9	598	<b>703</b>	+17.6

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](http://www.bayer.com).

\* Including discontinued operations / \*\* Full-time equivalents at end of period