Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

Investor News

“Meet Management” investor conference:

Bayer aspires to significantly expand Life Science businesses

- HealthCare striving for strong sales and margin growth through 2017
- CropScience aims to grow faster than the market and maintain margin at a high level

Leverkusen, March 11, 2015 – The Bayer Group aims to achieve strong sales and earnings growth for its Life Science businesses in the coming years. “We are also optimistic for the medium term and have great plans for the Life Science businesses,” said CEO Dr. Marijn Dekkers on Wednesday at the “Meet Management” investor conference in Berlin. Bayer seeks to considerably increase sales and margins at HealthCare, in particular, through 2017, driven mainly by the recently launched products in Pharmaceuticals and by the Consumer Care business, which was greatly strengthened last year through acquisitions. At CropScience, Bayer aims to continue achieving above-market growth and to maintain an industry-leading margin, with the agricultural business benefiting particularly from new crop protection products. “We will continue to invest heavily so that we continue to be successful with innovative products,” said Dekkers.

“The outlook for our health care business is particularly positive thanks to the five pharmaceutical products we recently launched,” added Dekkers. “They have played a crucial role in making us one of the fastest-growing large companies in the pharmaceutical industry.” Combined sales of the anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Stivarga™ and Xofigo™, and the pulmonary hypertension drug Adempas™ are projected to increase toward EUR 4 billion in 2015 (2014: EUR 2.9 billion), he said, putting the peak annual sales potential of these products at a total of at least EUR 7.5 billion.

High expectations for sales and earnings over the medium term

Bayer aspires to grow HealthCare sales by an average of about 6 percent a year through 2017 to more than EUR 25 billion (2014: EUR 20.0 billion) and to increase the EBITDA margin before special items to between 29 and 31 percent (2014: 27.5 percent). These estimates are based on exchange rates as of December 31, 2014, including a rate of USD 1.21 to the euro. The percentage changes in sales are based on pro forma figures that present the acquired businesses as if the acquisitions had been completed on January 1, 2014.

Bayer aims to increase sales at Pharmaceuticals by approximately 7 percent each year through 2017, to more than EUR 15 billion (2014: EUR 12.1 billion) and to achieve an EBITDA margin before special items of between 32 and 34 percent (2014: 30.7 percent) in this division. The margin level will be largely determined by the success of the commercialized products – and also by the progress of the projects currently in the research and development pipeline, explained the CEO. He said that the better the Pharmaceuticals pipeline develops, the more investment will be required for further clinical trials. Bayer expects the mid- and late-stage projects in its pipeline to make significant progress over the next 12 to 18 months. “We want to help improve treatment options for patients in our research areas of cardiology, hematology, oncology and gynecology,” said Dekkers. He explained that Bayer plans to spend more than EUR 4.0 billion (2014: EUR 3.6 billion) on research and development in 2015 alone, with more than half of this amount – some EUR 2.2 billion – earmarked for the Pharmaceuticals business.

In the Consumer Health segment, sales are projected to rise by an average of around 4 percent annually through 2017 to more than EUR 10 billion (2014: EUR 7.9 billion) and the EBITDA margin before special items to between 24 and 26 percent (2014: 22.5 percent) – driven by the consumer care business acquired from Merck & Co., Inc., United States. Dekkers said the integration of this business is well on track, with Bayer now occupying the global number two position in non-prescription (over-the-counter) products.

“In the agricultural business, too, we are mainly benefiting from our innovative products,” he continued. In Crop Protection, the new products launched since 2006 are predicted to achieve sales of about EUR 2.8 billion in 2017 (2014: EUR 1.9 billion). For CropScience as a whole, the aim is to achieve above-market growth and raise sales to more than EUR 11 billion in 2017 (2014: EUR 9.5 billion), giving average annual growth of around 5 percent. It is intended to maintain the EBITDA margin before special items at an industry-leading level of 23 to 25 percent (2014: 24.9 percent).

“We will now work at full steam on implementing our decision to focus entirely on the Life Science businesses,” Dekkers announced. All of the related projects are on track. The carve-out, which entails the economic and legal separation of MaterialScience, is to be completed by August 31, 2015, and the company floated on the stock market by mid-2016 at the latest. Bayer plans to decide between an IPO and a spin-off in the second half of 2015.

“We are optimistic for the future,” Dekkers concluded. Bayer has excellent growth perspectives – thanks to its outstanding expertise in R&D and marketing, its dynamic innovation pipeline, its strong brands and a superior presence in the Emerging Markets.

Bayer: Science For A Better Life

Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech polymer materials. As an innovation company, it sets trends in research-intensive areas. Bayer’s products and services are designed to benefit people and improve their quality of life. At the same time, the Group aims to create value through innovation, growth and high earning power. Bayer is committed to the principles of sustainable development and to its social and ethical responsibilities as a corporate citizen. In fiscal 2014, the Group employed 118,900 people and had sales of EUR 42.2 billion. Capital expenditures amounted to EUR 2.5 billion, R&D expenses to EUR 3.6 billion. For more information, go to www.bayer.com.

Bayer AG, Investor Relations contacts:
Dr. Alexander Rosar (+49-214-30-81013)
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)

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