



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

Q4 2015 Analyst and Investor Briefing

February 25, 2016

Q4 2015:

- Sales at €11,319 million (+2.4% Fx & portf. adj.)
- Price -3.2%, volume +5.6%, currency +2.3%, portfolio +0.2%
- EBIT at €908 million (+65.4%) – EBITDA before special items at €1,903 million (+4.0%)
- Good business development, especially at HealthCare, was accompanied by higher R&D and selling expenses. Positive currency effects contributed around €200 million to earnings
- Net special items of minus €116 million mainly included charges for restructuring, efficiency measures and integration of acquired businesses as well as a gain of around €300 million from a legal claim

FY 2015:

- Another record year for Bayer
- Focus on the Life Sciences following the successful stock market flotation of Covestro
- Substantial sales and earnings increases at HealthCare
- Good business development at CropScience despite a weaker market environment
- Covestro posts strong earnings improvement
- Group sales €46,324 million (Fx & portfolio adj. +2.7%)
- Price -1.7%, volume +4.4%, currency +5.9%, portfolio +3.5%
- EBIT €6,250 million (+15.8%) – EBITDA before special items €10,266 million (+18.2%) incl. a positive currency impact of about €680 million
- Net income €4,110 million (+20.0%) – Core earnings per share €6.83 (+16.0%)
- Forecast for 2016: Further growth in sales and earnings

Group Key Figures for Q4 2015

<i>Euro million</i>	Q4 2014	Q4 2015	% y-o-y	Consensus**
Sales	10,792	11,319	4.9 / 2.4*	11,224
EBITDA	1,447	1,865	28.9	1,774
EBITDA before special items	1,829	1,903	4.0	2,029
EBIT	549	908	65.4	1,009
Net special items	(442)	(116)	73.8	(224)
EBIT before special items	991	1,024	3.3	1,235
Financial result	(347)	(164)	52.7	(238)
Income taxes	16	(163)	•	•
Income after taxes from cont. operations	218	581	166.5	•
Income after taxes from discount. operations	12	2	•	16
Net income (total)	224	613	173.7	563
EPS - cont. operations (Euro/share)	0.25	0.74	196.0	0.66
EPS - discount. operations (Euro/share)	0.02	0.00	•	•
EPS - total (Euro/share)	0.27	0.74	174.1	•
Core EPS - cont. operations (Euro/share)	1.17	1.07	(8.5)	1.21
Core EPS - discount. operations (Euro/share)	0.02	0.01	•	•
Core EPS - total (Euro/share)	1.19	1.08	(9.2)	•
Gross cash flow	1,558	1,388	(10.9)	•
Delta working capital	645	526	(18.4)	•
Net cash flow	2,203	1,914	(13.1)	•
CapEx (cash relevant)	938	914	(2.6)	•
Operating free cash flow	1,265	1,000	(20.9)	•

2014 figures restated

*) Currency and portfolio adjusted sales growth; **) Consensus figures as of February 3, 2016 provided by Vara Research GmbH



Bayer Group Forecast 2016

In 2016, we are planning sales of more than €47 billion for the Bayer Group, including Covestro. This corresponds to a low-single-digit percentage increase on a Fx- and portf.-adjusted basis. We plan to increase EBITDA before special items by a mid-single-digit percentage. We aim to increase core earnings per share from continuing operations by a mid-single-digit percentage as well. It should be borne in mind that only 69% of Covestro will be reflected for the full year 2016. From the sale of the Diabetes Care business, we expect core earnings per share of just under €0.40 for discontinued operations.

Life Science total

We plan sales of approximately €35 billion for the Life Science activities, i.e. the Bayer Group excluding Covestro. This corresponds to a mid-single-digit percentage increase on a Fx- and portf.-adjusted basis. We plan to increase EBITDA before special items by a mid-single-digit percentage. Our planning includes dissynergies of around €130 million from the legal independence of Covestro and from divestments.

Pharmaceuticals

Despite declining price developments in some areas, we expect sales of approximately €16 billion at Pharmaceuticals – including the Radiology business. This corresponds to a mid-single-digit percentage increase on a Fx- and portf.-adjusted basis. We plan to raise sales of our recently launched products to more than €5 billion. We expect a mid- to high-single-digit percentage increase in EBITDA before special items. Also, we aim to improve the EBITDA margin before special items.

Consumer Health

In the Consumer Health division, we expect sales to come in at more than €6 billion. We plan to grow sales by a mid-single-digit percentage on a Fx- and portf.-adjusted basis. We aim to improve EBITDA before special items by a mid-single-digit percentage.

Crop Science

At Crop Science we expect sales to be at the prior-year level. This corresponds to a low-single-digit percentage increase on a Fx- and portf.-adjusted basis. We plan to increase EBITDA before special items by a low-single-digit percentage.

Animal Health

At Animal Health we expect sales slightly above the prior-year level. We plan a Fx- and portf.-adjusted sales gain and an increase in EBITDA before special items, each by a low- to mid-single-digit percentage.

Reconciliation

For 2016, we expect sales to be level with the previous year. We are planning EBITDA before special items of roughly minus €0.2 billion.

Covestro

For 2016, Covestro is budgeting sales at the prior-year level and a decline in EBITDA before special items.

Further assumptions for 2016:

- Our forecast for fiscal 2016 is based on the exchanges rates as of December 31, 2015, including a rate of US\$1.09 to the Euro. A 1% appreciation (depreciation) of the Euro against all other currencies would decrease (increase) sales on an annual basis by some €300 million and EBITDA before special items by about €90 million.
- Special charges: approx. €0.5 billion, mainly for the integration of the acquired consumer care businesses and charges in connection with the reorganization of the Bayer Group
- CapEx: approx. €2.5 billion for property, plant and equipment and €0.4 billion for intangible assets
- Planned D&A: approx. €3.1 billion, including €1.6 billion amortization of intangibles
- R&D expenses: approx. €4.5 billion
- Financial result: approx. minus €1.2 billion
- Effective tax-rate: about 24%
- Net financial debt: below €16 billion at the end of 2016



HealthCare in Q4 2015

Euro million	Q4 2014	Q4 2015	% y-o-y	Consensus**
Sales	5,351	5,811	8.6 / 8.5*	5,863
Pharmaceuticals	3,271	3,571	9.2 / 9.6*	3,638
Consumer Health	2,080	2,240	7.7 / 6.9*	2,229
EBITDA before special items	1,409	1,511	7.2	1,611
Pharmaceuticals	939	991	5.5	1,064
Consumer Health	470	520	10.6	540

2014 figures restated

*) Currency and portfolio adjusted sales growth; **) Consensus figures as of February 3, 2016 provided by Vara Research GmbH

Best Selling Pharmaceutical Products

Euro million	Q4 2014	Q4 2015	% y-o-y	% y-o-y Fx	FY 2014	FY 2015	% y-o-y	% y-o-y Fx
Xarelto	516	650	26.0	27.6	1,679	2,252	34.1	34.2
of which USA	102	122	19.6	20.1	291	393	35.1	34.6
Eylea	219	354	61.6	58.0	759	1,228	61.8	57.4
of which USA	0	0	•	•	0	0	•	•
Kogenate	301	286	(5.0)	(6.0)	1,109	1,155	4.1	(1.1)
of which USA	97	92	(5.2)	(16.5)	320	371	15.9	(3.2)
Mirena product family	225	226	0.4	(5.2)	819	968	18.2	5.7
of which USA	137	142	3.6	(9.3)	499	640	28.3	6.8
Nexavar	202	231	14.4	10.9	773	892	15.4	7.4
of which USA	70	86	22.9	7.8	247	330	33.6	11.7
Betaferon / Betaseron	191	190	(0.5)	(4.6)	823	824	0.1	(8.1)
of which USA	85	85	0.0	(12.0)	352	396	12.5	(6.3)
YAZ product family	198	168	(15.2)	(3.8)	768	706	(8.1)	(4.7)
of which USA	37	25	(32.4)	(40.2)	149	134	(10.1)	(24.2)
Adalat	153	152	(0.7)	2.2	588	633	7.7	1.2
of which USA	0	1	•	•	2	4	•	•
Aspirin Cardio	130	131	0.8	2.3	486	524	7.8	2.3
of which USA	0	0	•	•	0	0	•	•
Glucobay	133	142	6.8	(1.6)	443	523	18.1	2.4
of which USA	0	1	•	•	0	2	•	•
Avelox / Avalox	96	85	(11.5)	1.3	381	379	(0.5)	(2.3)
of which USA	-1	-2	•	•	8	2	•	•
Stivarga	63	77	22.2	12.4	224	313	39.7	24.5
of which USA	36	44	22.2	8.7	130	183	40.8	17.8
Xofigo	29	69	137.9	110.5	157	257	63.7	43.2
of which USA	23	47	104.3	75.4	127	182	43.3	19.3
Levitra	56	61	8.9	11.1	245	226	(7.8)	(8.0)
of which USA	12	13	8.3	4.2	52	58	11.5	6.7
Cipro / Ciprobay	52	52	0.0	6.8	191	182	(4.7)	(3.2)
of which USA	3	1	•	•	9	5	•	•

%y-o-y Fx: Currency adjusted sales growth

- Price +0.4%, volume +8.1%, currency 0.0%, portfolio +0.1%
- Sales growth at **Pharmaceuticals** was mainly driven by the recently launched products (Xarelto, Eylea, Stivarga, Xofigo, Adempas) which contributed €1,201 million in the quarter (FY 2015: €4,231 million).



- Sales of Xarelto continued to advance strongly. Global market share of Xarelto increased y-o-y.
- Sales of Eylea continued to rise significantly, mainly as a result of very good business in Europe and Japan after marketing authorization was granted in further indications.
- Kogenate sales declined in the quarter chiefly attributable to shifts in order patterns.
- Sales of the Mirena product family declined mainly due to rebates in the U.S.
- Nexavar sales mainly driven by price increases in the U.S. and higher demand in emerging economies.
- Business with Betaferon receded mainly due to increased competition, mainly in the U.S.
- Sales of the YAZ-product family were mainly affected by generic pressure.
- Aspirin Cardio and Adalat driven by the performance in emerging economies.
- Sales of Stivarga increased mainly due to higher demand and due to price increases in the U.S.
- Xofigo sales were up mainly as a result of higher demand in the U.S.
- Sales of Adempas amounted to €51 million in the quarter and reflected the proportionate recognition of the one-time payment resulting from the sGC collaboration with Merck & Co.
- Sales growth at **Consumer Health** was driven by Consumer Care. Consumer Care at €1,506 million (+9.8% Fx & portf. adj.), Medical Care at €415 million (0.0% Fx & portf. adj.) and Animal Health at €319 million (+3.0% Fx & portf. adj.).
- **EBITDA before special items** at HealthCare was driven by the continuing favorable development of business at Pharmaceuticals and Consumer Health. However, earnings were diminished by higher selling expenses and higher R&D spending. Positive currency effects contributed around €30 million.

CropScience in Q4 2015

<i>Euro million</i>	Q4 2014	Q4 2015	% y-o-y	Consensus**
Sales	2,195	2,439	11.1 / 5.3*	2,227
Crop Protection / Seeds	2,028	2,230	10.0 / 4.8*	•
Environmental Science	167	209	25.1 / 11.4*	•
EBITDA before special items	369	334	(9.5)	376

*) Currency and portfolio adjusted sales growth; **) Consensus figures as of February 3, 2016 provided by Vara Research GmbH

Q4 2015	Europe		North America		Asia/Pacific		LatAm/Africa/Middle East	
	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx	Euro million	% y-o-y Fx
CropScience	386	2.7	464	24.0	365	(2.5)	1,224	4.4

%y-o-y Fx: Currency adjusted sales growth

- Price -0.4%, volume +5.7%, currency +5.1%, portfolio +0.7%
- **CropScience** sales up by 5.3% (Fx & portf. adj.) driven by higher volumes.
- **Crop Protection** up 3.6% (Fx & portf. adj.) at €2,009 million driven by growth in North America, LatAm/Africa/Middle East and Europe. Herbicides (€650 million, +19.6% Fx & portf. adj.) and Fungicides (€677 million, +11.3% Fx & portf. adj.) achieved strongest growth. Insecticides (€430 million, -16.6% Fx & portf. adj.) affected by low pest pressure in Brazil. SeedGrowth (€252 million, -7.9% Fx & portf. adj.) suffered from high inventories of already treated seed in the US. Strong performance of our Seeds business (€221 million, +15.4% Fx & portf. adj.) mainly driven by LatAm/Africa/Middle East and Europe.
- Sales of CropScience in Europe driven by pre-season sales of Insecticides and Herbicides. Pleasing performance of vegetable seeds.



- Strong growth of CropScience sales in North America mainly driven by Herbicides in the U.S. Decline in Seeds sales mainly due to lower cotton and oilseeds / canola sales partly compensated by growth in vegetables seeds.
- Sales decline of CropScience in Asia/Pacific mainly due lower Insecticides and Fungicides sales.
- Sales in LatAm/Africa/Middle East were affected by lower sales of Insecticides, compensated by growth in Herbicides and Fungicides. Growth of Seeds in all sub-regions, esp. soybeans.
- Sales of **Environmental Science** up 11.4% (Fx & portf. adj.) to €209 million driven by products for professional users.
- **EBITDA before special items** at CropScience declined by 9.5% to €334 million. This was mainly related to the currency devaluation of the Brazilian Real. Positive currency effects contributed about €150 million.

Covestro in Q4 2015

<i>Euro million</i>	Q4 2014	Q4 2015	% y-o-y	Consensus**
Sales	2,948	2,774	(5.9) / (10.6)*	2,840
Polyurethanes	1,591	1,382	(13.1) / (17.3)*	•
Polycarbonates	741	759	2.4 / (3.9)*	•
CAS	460	477	3.7 / (1.3)*	•
Other Covestro business	156	156	0.0 / (2.6)*	•
EBITDA before special items	217	257	18.4	244

CAS: Coatings, Adhesives, Specialties

*) Currency and portfolio adjusted sales growth; **) Consensus figures as of February 3, 2016 provided by Vara Research GmbH

- Price -12.4%, volume +1.8%, currency +4.7%, portfolio 0.0%
- Sales of Covestro were affected by declining selling prices. This was chiefly attributable to the development of raw material prices. On the other hand, volumes expanded.
- **EBITDA before special items** at Covestro improved by 18.4% of €257 million. Lower raw material prices more than offset the decline in selling prices. Earnings were affected by positive currency effects of around €40 million.

Net Financial Debt / Net Pension Liability

<i>Euro million</i>	Sept. 30, 2015	Dec. 31, 2015
Net financial debt	19,259	17,449
Net pension liability	11,668	10,843

* * *

The Annual Report 2015 is available at: <http://www.annualreport2015.bayer.com/>

Key figures for Q4 2015

	HealthCare				CropScience		Covestro		Reconciliation		Group	
	Subgroup Total		Pharmaceuticals		Consumer Health		Q4'14	Q4'15	Q4'14	Q4'15	Q4'14	Q4'15
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	5,351	5,811	3,271	3,571	2,080	2,240	2,195	2,439	2,948	2,774	10,792	11,319
Sales by region:												
Europe	1,832	1,923	1,176	1,294	656	629	377	386	1,036	1,014	3,520	3,597
North America	1,514	1,724	735	823	779	901	329	464	673	672	2,519	2,861
Asia / Pacific	1,215	1,376	884	1,002	331	374	356	365	885	798	2,463	2,543
LatAm/Africa/Middle East	790	788	476	452	314	336	1,133	1,224	354	290	2,290	2,318
EBITDA	1,062	1,315	678	884	384	431	367	629	196	129	1,447	1,865
Special items	-347	-196	-261	-107	-86	-89	-2	295	-21	-128	-382	-38
EBITDA before special items	1,409	1,511	939	991	470	520	369	334	217	257	1,829	1,903
EBITDA margin before special items	26.3%	26.0%	28.7%	27.8%	22.6%	23.2%	16.8%	13.7%	7.4%	9.3%	16.9%	16.8%
EBIT	550	777	375	551	175	226	191	478	43	-79	549	908
Special items	-376	-264	-290	-149	-86	-115	-32	301	-22	-144	-442	-116
EBIT before special items	926	1,041	665	700	261	341	223	177	65	65	991	1,024
EBIT margin before special items	17.3%	17.9%	20.3%	19.6%	12.5%	15.2%	10.2%	7.3%	2.2%	2.3%	9.2%	9.0%
Gross cash flow	1,217	820	843	546	374	274	382	493	201	132	1,558	1,388
Net cash flow	2,158	1,094	1,719	784	439	310	103	165	517	603	2,203	1,914
Financial result											-347	-164
Income after taxes from continuing operations											218	581
Income after taxes from discontinued operations											12	2
Net income											224	613
Earnings per share - continuing operations (€)											0.25	0.74
Earnings per share - discontinued operations (€)											0.02	0.00
Earnings per share (€)											0.27	0.74
Core earnings per share - continuing operations (€)											1.17	1.07
Core earnings per share - discontinued operations (€)											0.02	0.01
Core earnings per share (€)											1.19	1.08
CapEx (cash effective)											938	914
R&D											1,017	1,258
D&A and Write-downs	512	538	303	333	209	205	176	151	153	208	898	957
Employees at end of period	59,199	57,821	39,069	38,927	20,130	18,894	23,060	23,496	14,122	15,770	117,371	116,811
2014 figures restated											20,990	19,724

Key figures for FY 2015

	HealthCare				CropScience		Covestro		Reconciliation		Group	
	Subgroup Total		Pharmaceuticals		Consumer Health		FY'14	FY'15	FY'14	FY'15	FY'14	FY'15
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	19,075	22,874	12,052	13,745	7,023	9,129	9,494	10,367	11,651	11,982	41,339	46,324
Sales by region:												
Europe	6,870	7,404	4,396	4,869	2,474	2,535	2,957	3,123	4,441	4,395	15,312	15,949
North America	5,017	7,159	2,728	3,363	2,289	3,796	2,334	2,889	2,593	2,885	9,953	12,740
Asia / Pacific	4,427	5,342	3,278	3,868	1,149	1,474	1,374	1,531	3,245	3,377	9,067	10,264
LatAm/Africa/Middle East	2,761	2,969	1,650	1,645	1,111	1,324	2,829	3,024	1,372	1,325	7,007	7,371
EBITDA	5,059	5,914	3,446	3,987	1,613	1,927	2,358	2,638	1,149	1,368	8,315	9,583
Special items	-298	-505	-253	-208	-45	-297	-2	222	-38	-291	-32	-109
EBITDA before special items	5,357	6,419	3,699	4,195	1,658	2,224	2,360	2,416	1,187	1,659	8,685	10,266
EBITDA margin before special items	28.1%	28.1%	30.7%	30.5%	23.6%	24.4%	24.9%	23.3%	10.2%	13.8%	21.0%	22.2%
EBIT	3,470	4,050	2,371	2,807	1,099	1,243	1,806	2,103	555	635	5,395	6,250
Special items	-331	-600	-286	-254	-45	-346	-32	222	-43	-332	-438	-819
EBIT before special items	3,801	4,650	2,657	3,061	1,144	1,589	1,838	1,881	598	967	5,833	7,069
EBIT margin before special items	19.9%	20.3%	22.0%	22.3%	16.3%	17.4%	19.4%	18.1%	5.1%	8.1%	14.1%	15.3%
Gross cash flow	3,898	4,121	2,745	2,737	1,153	1,384	1,835	1,941	961	1,113	6,707	6,999
Net cash flow	4,331	4,321	3,266	2,863	1,065	1,458	950	761	880	1,452	5,697	6,847
Financial result											-981	-1,005
Income after taxes from continuing operations											3,343	4,018
Income after taxes from discontinued operations											100	80
Net income											3,426	4,110
Earnings per share - continuing operations (€)											4.02	4.87
Earnings per share - discontinued operations (€)											0.12	0.10
Earnings per share (€)											4.14	4.97
Core earnings per share - continuing operations (€)											5.89	6.83
Core earnings per share - discontinued operations (€)											0.13	0.12
Core earnings per share (€)											6.02	6.95
CapEx (cash effective)											2,365	2,513
R&D											3,537	4,261
D&A and Write-downs	1,589	1,864	1,075	1,180	514	684	552	535	594	733	2,920	3,333
Employees at end of period	59,199	57,821	39,069	38,927	20,130	18,894	23,060	23,496	14,122	15,770	117,371	116,811
2014 figures restated											20,990	19,724



Restatements Q4 / FY 2015 due to Covestro

With the company's focus now on the Life Science businesses, a new organizational structure was introduced effective January 1, 2016. The company's operations are now managed in three divisions – Pharmaceuticals, Consumer Health and Crop Science – and the Animal Health business unit.

The former Bayer HealthCare subgroup has been dissolved. The Radiology and Pharmaceuticals businesses have been merged to form the Pharmaceuticals Division. The Consumer Health Division now consists entirely of the consumer care business. Animal Health has become a separate reporting segment. The Bayer CropScience subgroup is now the Crop Science Division. The former MaterialScience subgroup, renamed Covestro, became legally and economically independent on September 1, 2015.

Restated figures, including those for 2014 and Q1-Q3 2015 reflecting these changes are also available as xlsx-file at www.investor.bayer.com.

	Pharmaceuticals		Consumer Health		Crop Science		Animal Health	
	Q4'15	FY'15	Q4'15	FY'15	Q4'15	FY'15	Q4'15	FY'15
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	3,986	15,308	1,506	6,076	2,439	10,367	319	1,490
EBITDA	948	4,374	334	1,223	629	2,638	33	317
Special items	-136	-241	-51	-233	295	222	-9	-31
EBITDA before special items	1,084	4,615	385	1,456	334	2,416	42	348
EBITDA margin before special items	27.2%	30.1%	25.6%	24.0%	13.7%	23.3%	13.2%	23.4%
EBIT	568	3,027	195	769	478	2,103	14	254
Special items	-192	-300	-53	-236	301	222	-19	-64
EBIT before special items	760	3,327	248	1,005	177	1,881	33	318
EBIT margin before special items	19.1%	21.7%	16.5%	16.5%	7.3%	18.1%	10.3%	21.3%
Gross cash flow	591	3,009	211	886	493	1,941	18	226
Net cash flow	911	3,157	140	816	165	761	43	348
	Reconciliation		Life Sciences*		Covestro		Bayer Group	
	Q4'15	FY'15	Q4'15	FY'15	Q4'15	FY'15	Q4'15	FY'15
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales	295	1,101	8,545	34,342	2,774	11,982	11,319	46,324
EBITDA	-208	-337	1,736	8,215	129	1,368	1,865	9,583
Special items	-9	-109	90	-392	-128	-291	-38	-683
EBITDA before special items	-199	-228	1,646	8,607	257	1,659	1,903	10,266
EBITDA margin before special items	-67.5%	-20.7%	19.3%	25.1%	9.3%	13.8%	16.8%	22.2%
EBIT	-268	-538	987	5,615	-79	635	908	6,250
Special items	-9	-109	28	-487	-144	-332	-116	-819
EBIT before special items	-259	-429	959	6,102	65	967	1,024	7,069
EBIT margin before special items	-87.8%	-39.0%	11.2%	17.8%	2.3%	8.1%	9.0%	15.3%
Gross cash flow	-57	-176	1,256	5,886	132	1,113	1,388	6,999
Net cash flow	52	313	1,311	5,395	603	1,452	1,914	6,847

*) incl. Currenta



Bayer 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)

Forward-looking statements

This announcement 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. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.