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

Investor News

Second quarter of 2013:

Bayer: strong growth in Life Sciences

- HealthCare and CropScience post dynamic growth, MaterialScience weak
 - New pharmaceutical products well above expectations
 - Group sales rise 1.9 percent (Fx & portfolio adj. 4.6 percent) to EUR 10,360 million
 - EBIT advances by 73.9 percent to EUR 1,287 million
 - EBITDA before special items up by 1.2 percent to EUR 2,195 million
 - Net income climbs 74.8 percent to EUR 841 million
 - Core earnings per share up 6.2 percent to EUR 1.54
 - Group outlook for 2013 maintained
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Leverkusen, July 31, 2013 – The Bayer Group achieved strong growth in its Life Sciences businesses in the second quarter of 2013. "At HealthCare, the launches of new pharmaceutical products are progressing considerably better than expected. And CropScience maintained its gratifying business development in a positive market environment," explained Management Board Chairman Dr. Marijn Dekkers on Wednesday at the presentation of the interim report for the second quarter. By contrast, sales at MaterialScience were slightly down from the prior-year period in a difficult market environment. Earnings of this subgroup were held back by lower selling prices and higher raw material costs. "We are currently maintaining our forecast for 2013, even if this appears increasingly ambitious," said Dekkers.

Sales of the Bayer Group advanced by 1.9 percent in the second quarter to EUR 10,360 million (Q2 2012: EUR 10,166 million). The currency- and portfolio-adjusted (Fx & portfolio adj.) increase was 4.6 percent. EBIT of the Bayer Group posted a clear 73.9 percent improvement to EUR 1,287 million (Q2 2012: EUR 740 million) due to lower net

special items, which amounted to minus EUR 256 million (Q2 2012: minus EUR 762 million). These largely comprised impairment losses on intangible assets and expenses related to restructuring and litigations, mainly in connection with Cipro™. EBIT before special items was up 2.7 percent at EUR 1,543 million (Q2 2012: EUR 1,502 million), while EBITDA before special items posted a 1.2 percent increase to EUR 2,195 million (Q2 2012: EUR 2,169 million). Net income advanced by 74.8 percent to EUR 841 million (Q2 2012: EUR 481 million), and core earnings per share by 6.2 percent to EUR 1.54 (Q2 2012: EUR 1.45).

Gross cash flow in the second quarter moved ahead by 37.3 percent to EUR 1,680 million (Q2 2012: EUR 1,224 million); net cash flow advanced by 9.6 percent to EUR 1,536 million (Q2 2012: EUR 1,401 million). Net financial debt rose from EUR 7.5 billion on March 31, 2013, to EUR 9.0 billion on June 30, 2013. Cash inflows from operating activities only partly offset the outflows for the dividend payment and the acquisition of Conceptus.

HealthCare: strong performance with new pharmaceutical products

The HealthCare subgroup continued its dynamic development, raising sales in the second quarter by 3.8 percent (Fx & portfolio adj. plus 7.6 percent) to EUR 4,800 million (Q2 2012: EUR 4,625 million). "Our new pharmaceutical products contributed substantially to growth," stressed Dekkers. Sales growth at Consumer Health was satisfactory overall, with positive development particularly at Consumer Care and in the Emerging Markets.

Sales in the Pharmaceuticals segment climbed by 5.5 percent (Fx & portfolio adj. plus 10.0 percent) to EUR 2,831 million. The new products – the anticoagulant Xarelto™, the eye medicine Eylea™ and the cancer drug Stivarga™ – accounted for a major part of this increase, with combined sales of EUR 339 million (Q2 2012: EUR 68 million). Xarelto™ built on its leading position among the new oral anticoagulants in important markets. Other leading products of Pharmaceuticals that posted successful performances were the blood-clotting drug Kogenate™ – which registered gains of 9.5 percent (Fx adj.) – and the cancer drug Nexavar™, which posted a 7.2 percent (Fx adj.) improvement. On the other hand, sales of the multiple sclerosis drug Betaferon™/Betaseron™ continued to recede as expected (Fx adj. minus 13.8 percent) against the strong prior-year quarter. Business with the YAZ™/Yasmin™/Yasminelle™ line of oral contraceptives (Fx adj. minus 10.9

percent) was hampered mainly by generic competition in Western Europe and the United States.

Sales in the Consumer Health segment increased by 1.4 percent (Fx & portfolio adj. plus 4.2 percent) to EUR 1,969 million. Business expanded in all divisions. Especially the business with non-prescription medicines (Consumer Care) achieved gratifying sales gains in the Emerging Markets. Business with the skincare product Bepanthen™/Bepanthol™ (Fx adj. plus 14.9 percent) and the antifungal Canesten™ (Fx adj. plus 19.1 percent) developed particularly well. In the Medical Care Division, the Diabetes Care business benefited especially from higher sales of the Contour™ line of blood glucose meters (Fx adj. plus 15.0 percent). Sales of contrast agents and medical devices in the Radiology and Interventional business were at the level of the prior-year period (Fx adj.). The Animal Health Division registered strong gains with the new Seresto™ flea and tick collar. By contrast, sales of the Advantage™ line of flea, tick and worm control products receded as a consequence of unfavorable weather conditions in the United States.

EBITDA before special items of HealthCare improved by 6.4 percent to EUR 1,328 million (Q2 2012: EUR 1,248 million). The improvement was due to good business development at Pharmaceuticals, while earnings at Consumer Health declined.

Continued favorable market environment for CropScience

Sales of the agriculture business (CropScience) increased 5.1 percent (Fx & portfolio adj. plus 7.3 percent) to EUR 2,392 million (Q2 2012: EUR 2,276 million). Growth was particularly strong in Latin America/Africa/Middle East, with positive development in Asia/Pacific and Europe as well. Sales in North America were adversely affected by the late start to the season and declining acreages. "Our business continued to be supported by the persistently high price levels for agricultural commodities," said Dekkers.

By far the largest increase in percentage terms in the Crop Protection business was achieved for Fungicides, sales of which rose by 20.7 percent (Fx & portfolio adj.). This performance was driven mainly by sales growth in Latin America and Europe. Sales of Herbicides (Fx & portfolio adj. plus 3.4 percent) and Insecticides (Fx & portfolio adj. plus 1.8 percent) also registered slight increases. However, the seed treatment products business declined by 5 percent (Fx & portfolio adj.), largely because of sales in Europe that had already been realized in the first quarter and reduced canola acreages in Canada.

Sales of the seeds business (Seeds) rose by 1.7 percent (Fx & portfolio adj.), due particularly to the successful development of its vegetable and rice seeds. Environmental Science registered growth both in the consumer business and in products for professional users, increasing sales by 5.8 percent (Fx & portfolio adj.).

EBITDA before special items of CropScience grew by 13.7 percent to EUR 624 million (Q2 2012: EUR 549 million). Earnings growth was mainly attributable to higher volumes and selling price increases.

Continuing difficult market environment for MaterialScience

Sales of the high-tech materials business (MaterialScience) came in 2.7 percent (Fx & portfolio adj. 1.5 percent) below the prior-year quarter at EUR 2,875 million (Q2 2012: EUR 2,954 million). "The market environment for MaterialScience remained difficult in the second quarter," explained Dekkers, pointing to lower selling prices in Asia/Pacific and Europe. Volumes matched the prior-year period, with increases in North America offsetting declines in Latin America/Africa/Middle East and Europe.

Business with foam raw materials (Polyurethanes) rose by 3.0 percent (Fx & portfolio adj.). This increase was attributable to higher volumes. Selling prices overall were at the level of the prior-year period. Sales of the high-tech plastics business (Polycarbonates) declined by 8.2 percent (Fx & portfolio adj.) as the result of lower volumes due to weaker demand. In addition, selling prices as a whole were below the prior-year period on account of market overcapacities. Sales of raw materials for coatings, adhesives and specialties fell by 4.0 percent (Fx & portfolio adj.). This decline resulted from both lower selling prices and a decrease in volumes in nearly all product groups.

EBITDA before special items of MaterialScience fell by 28.5 percent to EUR 274 million (Q2 2012: EUR 383 million), largely because of a decline in selling prices and an increase in raw material costs. Polycarbonates showed particularly weak earnings development. However, EBITDA before special items of the subgroup improved substantially compared to the first quarter of 2013.

Life Sciences businesses also post pleasing gains in the first half-year

The Bayer Group grew sales as expected in the first half of 2013. EBITDA before special items, however, was only slightly above the prior-year period. "While the Life Sciences businesses posted pleasing gains in sales and earnings, business development at MaterialScience was weak," explained Dekkers. Group sales increased by 2.0 percent (Fx & portfolio adj. plus 4.2 percent) to EUR 20,626 million (H1 2012: EUR 20,220 million). EBIT improved by 29.0 percent to EUR 3,058 million (H1 2012: EUR 2,371 million). EBITDA before special items came in 0.8 percent higher than in the prior-year period at EUR 4,648 million (H1 2012: EUR 4,612 million). Net income climbed by 31.6 percent to EUR 2,001 million (H1 2012: EUR 1,521 million) and core earnings per share grew by 3.8 percent to EUR 3.24 (H1 2012: EUR 3.12).

Sales in 2013 expected to climb to between approximately EUR 40 billion and EUR 41 billion

The Bayer Group is currently maintaining the forecast for 2013 that it published at the end of February, even if this appears increasingly ambitious. "It remains to be seen to what extent the unexpectedly weak development at MaterialScience will be offset by our improved performance in the Life Sciences," remarked Dekkers. Bayer expects sales for the full year 2013 to increase by between 4 percent and 5 percent (Fx & portfolio adj.). The following guidance is based on average exchange rates for the first half of 2013 (previously: for the fourth quarter of 2012). Bayer expects to achieve Group sales of EUR 40 billion to EUR 41 billion (previously: EUR 41 billion). The company aims to increase EBITDA before special items by a mid-single-digit percentage and improve core earnings per share by a high-single-digit percentage.

HealthCare expects sales to advance by a mid-single-digit percentage (Fx & portfolio adj.) to approximately EUR 19 billion. The subgroup plans to increase EBITDA before special items. Earnings growth is likely to be restrained by a three-digit million amount of negative currency effects. HealthCare aims to slightly improve the EBITDA margin before special items. Sales in the Pharmaceuticals segment are developing better than anticipated thanks to the successful marketing of the new products and are now expected to move forward in 2013 by a high- (previously: mid-)single-digit percentage (Fx & portfolio adj.) to more than (previously: about) EUR 11 billion. The company now aims to achieve sales in the region of EUR 1.4 billion (previously: EUR 1.0 billion) with its new products. It plans to increase EBITDA before special items and improve (previously:

slightly improve) the EBITDA margin before special items in the Pharmaceuticals segment. Taking into account the market-related weakening of the Medical Care business, Bayer predicts that sales of the Consumer Health segment will grow by a mid-single-digit percentage (Fx & portfolio adj.) to around EUR 8 billion. Bayer also expects EBITDA before special items of the segment to come in at the level of the prior year (previously: increase) and the EBITDA margin before special items to be below (previously: level with) the prior year.

The company confirms its forecast for CropScience. The subgroup continues to expect that business growth will outpace the market, with sales advancing by a high-single-digit percentage (Fx & portfolio adj.) toward EUR 9 billion. CropScience also plans to raise EBITDA before special items by a high-single-digit percentage.

Considering the weak business development in the first half of 2013, MaterialScience believes full-year sales will not quite reach the prior-year figure (previously: slight increase to about EUR 12 billion; 2012: EUR 11.5 billion). The subgroup now expects EBITDA before special items to come in below (previously: approximately match) the prior-year figure. In the third quarter, MaterialScience expects sales (Fx & portfolio adj.) and EBITDA before special items to exceed the levels of the second quarter of 2013.

Note:

The following tables contain the key data for the Bayer Group and its subgroups for the second quarter and first half of 2013.

The complete financial report as of June 30, 2013 is available for online viewing and download at www.investor.bayer.com.

Supplementary features at 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*
- audio recording of the investor conference call from approximately 6:00 p.m. CEST*

Bayer AG, Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)

Dr. Juergen Beunink (+49-214-30-65742)

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

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

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

Fabian Klingen (+49-214-30-35426)

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.

Bayer Key Data, 2nd Quarter and 1st Half of 2013

(Certain prior-year data are restated.)

Bayer Group (EUR million)	Q2 2012	Q2 2013	Change in %	H1 2012	H1 2013	Change in %
Sales	10,166	10,360	+1.9	20,220	20,626	+2.0
EBIT	740	1,287	+73.9	2,371	3,058	+29.0
<i>Special items</i>	(762)	(256)	-	(931)	(301)	-
EBIT before special items	1,502	1,543	+2.7	3,302	3,359	+1.7
EBITDA	1,558	2,086	+33.9	3,936	4,502	+14.4
<i>Special items</i>	(611)	(109)	-	(676)	(146)	-
EBITDA before special items	2,169	2,195	+1.2	4,612	4,648	+0.8
Net income	481	841	+74.8	1,521	2,001	+31.6
Earnings per share (EUR)	0.58	1.02	+75.9	1.84	2.42	+31.5
Core earnings per share (EUR)	1.45	1.54	+6.2	3.12	3.24	+3.8
Number of employees at end of period *	111,800	113,000	+1.1	111,800	113,000	+1.1

Bayer HealthCare (EUR million)	Q2 2012	Q2 2013	Change in %	H1 2012	H1 2013	Change in %
Sales	4,625	4,800	+3.8	8,966	9,243	+3.1
EBIT	234	729	-	975	1,651	+69.3
<i>Special items</i>	(668)	(258)	-	(788)	(289)	-
EBIT before special items	902	987	+9.4	1,763	1,940	+10.0
EBITDA	726	1,208	+66.4	1,890	2,461	+30.2
<i>Special items</i>	(522)	(120)	-	(539)	(144)	-
EBITDA before special items	1,248	1,328	+6.4	2,429	2,605	+7.2

Bayer CropScience (EUR million)	Q2 2012	Q2 2013	Change in %	H1 2012	H1 2013	Change in %
Sales	2,276	2,392	+5.1	4,886	5,156	+5.5
EBIT	382	496	+29.8	1,236	1,460	+18.1
<i>Special items</i>	(53)	(18)	-	(63)	(23)	-
EBIT before special items	435	514	+18.2	1,299	1,483	+14.2
EBITDA	501	607	+21.2	1,476	1,684	+14.1
<i>Special items</i>	(48)	(17)	-	(57)	(21)	-
EBITDA before special items	549	624	+13.7	1,533	1,705	+11.2

Bayer MaterialScience (EUR million)	Q2 2012	Q2 2013	Change in %	H1 2012	H1 2013	Change in %
Sales	2,954	2,875	-2.7	5,741	5,650	-1.6
EBIT	201	143	-28.9	322	185	-42.5
<i>Special items</i>	(22)	31	-	(22)	30	-
EBIT before special items	223	112	-49.8	344	155	-54.9
EBITDA	361	313	-13.3	640	516	-19.4
<i>Special items</i>	(22)	39	-	(22)	38	-
EBITDA before special items	383	274	-28.5	662	478	-27.8

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 definition of these indicators, see the current annual report at www.bayer.com.

* Full-time equivalents