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Investor News

Second quarter of 2015:

Bayer significantly improves earnings

- Very good business development at HealthCare
- CropScience performance steady in a weaker market environment
- MaterialScience posts robust earnings growth
- Group sales increase to EUR 12,090 million (plus 18.2 percent / Fx & portfolio adj. plus 3.7 percent)
- EBITDA before special items improves by 33.2 percent to EUR 2,899 million
- EBIT advances by 27.7 percent to EUR 1,833 million
- Net income increases 20.9 percent to EUR 1,152 million
- Core earnings per share up 33.8 percent to EUR 1.98
- Group forecast 2015 for operational performance of continuing operations confirmed and adjusted for currency effects

Leverkusen, Germany, July 29, 2015 – The Bayer Group continued to grow sales in the second quarter of 2015 and significantly increased earnings. “All three subgroups contributed to the gratifying improvement in earnings,” said Bayer CEO Dr. Marijn Dekkers when the interim report was published on Wednesday. HealthCare posted considerable sales and earnings gains that were attributable to the further gratifying expansion of business with the recently launched pharmaceutical products and to the positive sales development at Consumer Health. At CropScience, sales matched the strong level of the prior-year quarter, while earnings improved. At MaterialScience, sales were level with the prior-year quarter. Earnings of this subgroup, however, posted a sharp improvement of almost 90 percent, mainly as a result of the improved demand situation and lower raw material costs. The preparations for the planned stock market flotation of MaterialScience are on schedule. Dekkers expressed his continued optimism for the year as a whole: “We are confirming our Group forecast for the operational performance of continuing operations.” The Group forecast has been adjusted to take account of the changes in exchange rates as of June 30, 2015.

Following the signing of the divestiture agreement with Panasonic Healthcare Holdings Co., Ltd. in June 2015, the Diabetes Care business is no longer included in continuing operations. The prior-year figures are restated. Sales of the Bayer Group moved ahead in the second quarter of 2015 by 18.2 percent to EUR 12,090 million (Q2 2014: EUR 10,228 million). After adjusting for currency and portfolio effects (Fx & portfolio adj.), the increase was 3.7 percent. EBITDA before special items rose by 33.2 percent to EUR 2,899 million (Q2 2014: EUR 2,176 million). This good sales development was accompanied by higher R&D and selling expenses. Positive currency effects buoyed earnings by about EUR 260 million. EBIT of the Bayer Group climbed by a substantial 27.7 percent to EUR 1,833 million (Q2 2014: EUR 1,435 million) after net special charges of EUR 255 million (Q2 2014: EUR 48 million). The special charges mainly resulted from the revaluation of other receivables, the integration of acquired businesses, the planned stock market flotation of MaterialScience, efficiency improvement measures and the consolidation of production facilities. Net income advanced by 20.9 percent to EUR 1,152 million (Q2 2014: EUR 953 million) and core earnings per share from continuing operations by 33.8 percent to EUR 1.98 (Q2 2014: EUR 1.48).

Gross cash flow from continuing operations advanced by 30.5 percent to EUR 2,173 million (Q2 2014: EUR 1,665 million) due to the improvement in EBITDA. Net cash flow (total) rose by 22.4 percent to EUR 1,959 million (Q2 2014: EUR 1,601 million) despite an increase in cash tied up in working capital. Net financial debt declined slightly, from EUR 21.3 billion on March 31, 2015, to EUR 21.1 billion on June 30, 2015, following the EUR 1.86 billion dividend payment made in May.

HealthCare: further dynamic growth for recently launched pharmaceutical products

Sales of HealthCare increased by 28.0 percent (Fx & portfolio adj. 8.3 percent) to EUR 5,908 million in the second quarter (Q2 2014: EUR 4,615 million). “This increase was largely due to the gratifying sales performance of our recently launched pharmaceutical products,” Dekkers explained. “In the Consumer Health segment, too, we achieved solid organic growth to which all divisions contributed.” The considerable reported increase was chiefly attributable to sales of products acquired from Merck & Co., Inc., United States, and to currency effects.

Sales of the Pharmaceuticals segment rose by a substantial 10.7 percent (Fx & portfolio adj.) to EUR 3,492 million. The recently launched products – the anticoagulant Xarelto™,

the eye medicine Eylea™, the cancer drugs Stivarga™ and Xofigo™, and Adempas™ to treat pulmonary hypertension – continued to experience dynamic growth, posting combined sales of EUR 1,051 million (Q2 2014: EUR 702 million). Sales of Xarelto™ rose by 42.6 percent (Fx adj.) thanks to substantial volume increases in all regions. Eylea™ posted further robust gains, with sales up by 49.1 percent (Fx adj.). Among the established best-selling products, the 14.3 percent (Fx adj.) improvement in sales of the blood-clotting drug Kogenate™ was chiefly attributable to shifts in order patterns. The hormone-releasing intrauterine devices of the Mirena™ product family posted encouraging development, with sales up by 11.1 percent (Fx adj.). Sales of the multiple sclerosis drug Betaferon™/Betaseron™ were down by 8.8 percent (Fx. adj.) overall, due partly to increased competition in Europe and the United States. The Pharmaceuticals business as a whole grew in all regions on a currency-adjusted basis.

Sales of the Consumer Health segment rose by 4.0 percent (Fx & portfolio adj.) to EUR 2,416 million. At Consumer Care, business with the products acquired from Merck & Co., Inc., United States, totaled EUR 528 million. The Bepanthen™/Bepanthol™ line of skincare products also developed positively, with sales up by 6.9 percent (Fx adj.). The Seresto™ flea and tick collar made a significant contribution to growth in the Animal Health Division. Sales of the Advantage™ family of flea, tick and worm control products increased by 3.9 percent (Fx adj.). In the contrast agents and medical equipment business (Medical Care), the MRI contrast agent Gadovist™/Gadavist™ posted significant growth of 12.1 percent (Fx adj.) following its registration in additional indications.

EBITDA before special items of HealthCare increased by a substantial 27.5 percent to EUR 1,675 million (Q2 2014: EUR 1,314 million) thanks to the continued very good business development at Pharmaceuticals and Consumer Health, which at Consumer Care was due mainly to the acquired businesses. There were also positive currency effects of approximately EUR 110 million. Earnings were held back mainly by an increase in research and development expenses at Pharmaceuticals.

CropScience improves earnings despite difficult conditions in Latin America

Sales of the agriculture business (CropScience) increased by 10.2 percent to EUR 2,723 million (Q2 2014: EUR 2,470 million). After adjusting for currency and portfolio effects, sales were level with the strong prior-year quarter (minus 0.6 percent). “CropScience held

its own in what remained a difficult market environment, particularly in Latin America,” said Dekkers. The subgroup achieved its highest sales growth in the Asia/Pacific region, at 4.9 percent (Fx adj.). Business grew by 2.0 percent (Fx adj.) in North America and 0.9 percent (Fx adj.) in Europe. Sales in the Latin America/Africa/Middle East region moved back by 8.8 percent (Fx adj.).

In Crop Protection, business in the Herbicides unit grew by 5.6 percent (Fx & portfolio adj.). The 11.0 percent (Fx & portfolio adj.) increase in sales of the Seeds unit was due to positive development for vegetables and rice in particular. By contrast, sales at Insecticides showed a considerable decline of 17.7 percent (Fx & portfolio adj.). The SeedGrowth (seed treatments) and Fungicides units also saw their sales decline by 5.1 and 2.4 percent (Fx & portfolio adj.), respectively. On the other hand, sales at Environmental Science advanced by 6.6 percent (Fx & portfolio adj.), mainly as a result of robust growth in products for professional users.

EBITDA before special items of CropScience came in 19.2 percent above the prior-year period at EUR 733 million (Q2 2014: EUR 615 million). This increase was driven by a positive currency effect of about EUR 70 million.

Improved demand and lower raw material prices at MaterialScience

Sales of the high-tech polymers business (MaterialScience) rose by 11.2 percent in the second quarter to EUR 3,185 million (Q2 2014: EUR 2,864 million). After adjusting for currency and portfolio effects, sales were flat with the prior-year quarter (plus 0.6 percent). “Volumes at MaterialScience expanded in all regions. On the other hand, there were negative price effects, particularly for Polyurethanes,” Dekkers explained. Raw material prices were down steeply overall against the prior-year period.

Sales of the Polyurethanes unit (foam raw materials) fell by 2.9 percent (Fx & portfolio adj.). Volume increases did not fully offset the sharp decline in selling prices. The Polycarbonates unit (high-tech plastics) raised sales by 5.3 percent (Fx & portfolio adj.) thanks to considerably higher volumes in all regions, which mainly resulted from improved demand in the automotive industry. Selling prices fell overall compared with the prior-year period. Sales in the Coatings, Adhesives, Specialties business unit moved forward by 6.0 percent (Fx & portfolio adj.) as a result of higher volumes. Selling prices as a whole were somewhat below the level of the prior-year period. Sales in the Industrial Operations area

receded by 2.6 percent (Fx & portfolio adj.) due to slightly lower selling prices and volumes.

EBITDA before special items of MaterialScience improved significantly by 87.4 percent to EUR 506 million (Q2 2014: EUR 270 million). Appreciable falls in raw material prices more than offset the drop in selling prices. Earnings were additionally buoyed by higher volumes and positive currency effects of around EUR 80 million.

All subgroups post first-half earnings growth

Sales of the Bayer Group increased by 16.5 percent (Fx & portfolio adj. 3.2 percent) to EUR 23,969 million (H1 2014: EUR 20,580 million). HealthCare was the driver of this growth, while CropScience and MaterialScience matched the prior-year levels. EBITDA before special items increased by a significant 19.7 percent to EUR 5,840 million (H1 2014: EUR 4,879 million), with all subgroups, particularly HealthCare and MaterialScience, contributing to this improvement. EBIT climbed by 7.9 percent to EUR 3,777 million (H1 2014: EUR 3,500 million) and net income by 3.3 percent to EUR 2,455 million (H1 2014: EUR 2,376 million). Core earnings per share rose by 18.2 percent to EUR 4.02 (H1 2014: EUR 3.40).

EBITDA before special items targeted to rise by a high-teens percentage in 2015

With respect to the second half of 2015, Bayer is now basing its forecast on the exchange rates prevailing on June 30, 2015. The Diabetes Care business is no longer included in continuing operations and therefore is also not included in the updated forecast. The prior-year figures are restated. Bayer is now planning sales in the region of EUR 47 billion (previously: in the region of EUR 48 billion to EUR 49 billion, of which discontinued operations accounted for approximately EUR 0.9 billion). This still corresponds to a low-single-digit percentage increase on a currency- and portfolio-adjusted basis. The Bayer Group expects currency effects to boost sales by approximately 7 percent (previously: approximately 9 percent) compared with the prior year. It remains the aim to raise EBITDA before special items by a high-teens percentage, allowing for expected positive currency effects of about 5 percent (previously: around 8 percent). Bayer continues to target a high-teens percentage increase in core earnings per share, allowing for expected positive currency effects of around 5 percent (previously: around 7 percent).

Bayer now expects to take special charges in the region of EUR 900 million, with the integration of the acquired consumer care businesses, the planned stock market listing of MaterialScience and the optimization of production structures accounting for most of this amount. As before, Bayer expects net financial debt at year end to be below EUR 20 billion.

HealthCare now expects sales from continuing operations to rise to approximately EUR 23 billion (previously: over EUR 24 billion). This corresponds to a mid-single-digit percentage increase on a currency- and portfolio-adjusted basis. The subgroup plans to raise EBITDA before special items by a low-twenties percentage. In the Pharmaceuticals segment, Bayer continues to expect sales to move ahead to approximately EUR 14 billion. This corresponds to a mid- to high-single-digit percentage increase on a currency- and portfolio-adjusted basis. It is planned to raise sales of the segment's recently launched products to over EUR 4 billion and its EBITDA before special items by a mid-teens percentage. In the Consumer Health segment, Bayer now expects sales of over EUR 9 billion (previously: over EUR 10 billion), including those of the acquired consumer care businesses but excluding the Diabetes Care business. Sales of this segment are planned to grow by a mid-single-digit percentage on a currency- and portfolio-adjusted basis. Here, EBITDA before special items is anticipated to rise by a mid-thirties percentage, with the acquired consumer care businesses contributing to the increase.

CropScience expects to continue growing faster than the market and aims to raise sales to approximately EUR 10.5 billion (previously: around EUR 11 billion). This corresponds to a low-single-digit percentage increase (previously: a low- to mid-single-digit percentage increase) on a currency- and portfolio-adjusted basis. In view of the weakened market environment, CropScience now plans to improve EBITDA before special items by a mid- to high-single-digit percentage (previously: a low- to mid-teens percentage).

MaterialScience continues to plan further volume growth in 2015 accompanied by declining selling prices. This will lead to lower sales on a currency- and portfolio-adjusted basis. However, the subgroup continues to expect to see a significant increase in EBITDA before special items and aims to return to earning the full cost of capital in 2015. After adjusting for currency and portfolio effects, MaterialScience expects sales in the third quarter of 2015 to come in below the level of the prior-year quarter and expects EBITDA before special items to be above the level of the prior-year quarter but below the preceding quarter.

Note:

The tables below contain the key data for the Bayer Group and its subgroups for the second quarter and first half of 2015.

The full report for the second quarter 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*
- recording of the investor conference call from approximately 6:00 p.m. CEST.*

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Forward-Looking Statements

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Bayer Key Data, 2nd Quarter and 1st Half of 2015

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

Bayer Group (EUR million)	Q2 2014	Q2 2015	Change in %	H1 2014	H1 2015	Change in %
Sales	10,228	12,090	+18.2	20,580	23,969	+16.5
EBIT	1,435	1,833	+27.7	3,500	3,777	+7.9
<i>Special items</i>	(48)	(255)	-	(41)	(499)	-
EBIT before special items	1,483	2,088	+40.8	3,541	4,276	+20.8
EBITDA	2,135	2,648	+24.0	4,845	5,393	+11.3
<i>Special items</i>	(41)	(251)	-	(34)	(447)	-
EBITDA before special items	2,176	2,899	+33.2	4,879	5,840	+19.7
Net income *	953	1,152	+20.9	2,376	2,455	+3.3
Earnings per share (EUR) *	1.15	1.39	+20.9	2.87	2.97	+3.5
Core earnings per share (EUR)	1.48	1.98	+33.8	3.40	4.02	+18.2
Number of employees at end of period **	112,556	117,798	+4.7	112,556	117,798	+4.7

Bayer HealthCare (EUR million)	Q2 2014	Q2 2015	Change in %	H1 2014	H1 2015	Change in %
Sales	4,615	5,908	+28.0	8,984	11,412	+27.0
EBIT	927	1,068	+15.2	1,858	2,054	+10.5
<i>Special items</i>	(25)	(145)	-	(9)	(290)	-
EBIT before special items	952	1,213	+27.4	1,867	2,344	+25.5
EBITDA	1,293	1,533	+18.6	2,575	2,966	+15.2
<i>Special items</i>	(21)	(142)	-	(5)	(265)	-
EBITDA before special items	1,314	1,675	+27.5	2,580	3,231	+25.2

Bayer CropScience (EUR million)	Q2 2014	Q2 2015	Change in %	H1 2014	H1 2015	Change in %
Sales	2,470	2,723	+10.2	5,370	5,815	+8.3
EBIT	470	571	+21.5	1,458	1,445	-0.9
<i>Special items</i>	0	(28)	-	0	(75)	-
EBIT before special items	470	599	+27.4	1,458	1,520	+4.3
EBITDA	615	705	+14.6	1,713	1,703	-0.6
<i>Special items</i>	0	(28)	-	0	(70)	-
EBITDA before special items	615	733	+19.2	1,713	1,773	+3.5

Bayer MaterialScience (EUR million)	Q2 2014	Q2 2015	Change in %	H1 2014	H1 2015	Change in %
Sales	2,864	3,185	+11.2	5,667	6,199	+9.4
EBIT	109	278	+155.0	328	497	+51.5
<i>Special items</i>	(17)	(59)	-	(19)	(101)	-
EBIT before special items	126	337	+167.5	347	598	+72.3
EBITDA	256	448	+75.0	620	851	+37.3
<i>Special items</i>	(14)	(58)	-	(16)	(79)	-
EBITDA before special items	270	506	+87.4	636	930	+46.2

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.

* Including discontinued operations

** Full-time equivalents