



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

Investor News

CEO Dr. Marijn Dekkers at the Annual Stockholders' Meeting of Bayer AG:

Bayer targets further growth with innovative products

- Successful course maintained in anniversary year 2013
 - Dividend increase to EUR 2.10 per share for 2013 proposed
 - Employees to share in the company's success with total bonuses of over EUR 650 million
 - Encouraging start to 2014
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Leverkusen, Germany, April 29, 2014 – The Bayer Group maintained its successful course last year. "2013 was another record year for Bayer," said Management Board Chairman Dr. Marijn Dekkers at the Annual Stockholders' Meeting in Cologne on Tuesday. The stockholders are to benefit from this success with a dividend for 2013 of EUR 2.10 (2012: EUR 1.90) per share, giving a payout of around EUR 1.7 billion. Bayer's CEO said the company also developed very positively in the first quarter of 2014 and is targeting further growth in the future, particularly with innovative products. "We intend to build on our competitive position as a world-class innovation company," Dekkers remarked, adding that the company's mission "Bayer: Science For A Better Life" is also a promise to society. "We're counting on science and scientists to help make people's lives better," he explained.

Group sales rose in 2013 by 5.1 percent on a currency- and portfolio-adjusted basis (Fx & portfolio adj.), to EUR 40.2 billion. Dekkers said the company had thus set a new record in the 150th year after its founding. Reported sales increased by only 1.0 percent due to the adverse development of exchange rates. EBIT advanced by a substantial 25.6 percent to EUR 4.9 billion – partly because the previous year's figure had been diminished by substantial one-time charges. EBITDA before special items improved by 1.5 percent to EUR 8.4 billion, while core earnings per share climbed by 5.8 percent to EUR 5.61.

"The key factor in what was a very positive growth trend overall was the dynamic development of our two Life Science businesses – particularly the outstanding sales contributions by our recently launched pharmaceutical products and our very successful CropScience business, which again benefited from a positive market environment in 2013," Dekkers remarked. In addition, Bayer continued to strengthen its Life Science businesses through selective acquisitions. MaterialScience, on the other hand, performed below expectations. This subgroup saw earnings drop in the face of difficult market conditions. "Overall, however, Bayer clearly remained on a successful course in its anniversary year."

He said the employees around the world had contributed decisively to this success. "For that they deserve our special thanks," said the Bayer Chairman. Not only the stockholders are benefiting from the good development in 2013: Bayer is paying out more than EUR 650 million to the employees in bonuses under the Group-wide short-term incentive program alone.

Strong earnings growth in the first quarter of 2014

The first quarter of 2014 was again encouraging for Bayer. "Our Life Science businesses continued their dynamic development and achieved slight earnings increases despite the significant negative currency effects," Dekkers reported. HealthCare experienced strong growth thanks to the gratifying development in sales of the recently launched pharmaceutical products. CropScience benefited from an early start to the season in Europe, and MaterialScience raised earnings substantially. Sales of the Bayer Group advanced by 8.4 percent (Fx & portfolio adj.) in the first quarter to EUR 10.6 billion. EBIT moved substantially higher, climbing by 18.4 percent to EUR 2.1 billion. EBITDA before special items improved by 11.6 percent to EUR 2.7 billion despite currency effects of minus 8 percent. Core earnings per share advanced by 14.7 percent to EUR 1.95.

Dekkers expressed optimism for the company's business development during the remainder of the year and confirmed the outlook for the Group. For example, Bayer plans to raise sales in 2014 by about 5 percent (Fx & portfolio adj.). Allowing for expected negative currency effects of about 2 percent compared to the previous year, sales would be approximately EUR 41 billion to EUR 42 billion.

Bayer stock gained 45 percent in 2013

The company's positive development last year also drove the price of Bayer stock. "Our shares posted a gain of 45 percent – including the dividend – in 2013 alone, clearly outperforming all the benchmark indices," Dekkers said. The DAX, for example, rose by 26 percent in the same period. Bayer stock also showed a strong performance over the long term: in the five years from 2009 to 2013, Bayer significantly outperformed both the DAX and the Euro Stoxx 50. Its stockholders achieved an average annual return of 23 percent during this period.

Strategic priorities

Bayer aims to continue building on its competitive position as a world-class innovation company, Dekkers said. "We are trusting above all in our core competency of turning scientific knowledge into innovative products and solutions." But it takes at least a decade to bring a new medicine and thus new and better treatment options onto the market. He added that it also costs a great deal of money – an average of one billion euros in research and development expenses for a new medicine. "We address this challenge with passion – true to our mission 'Science For A Better Life,'" Dekkers said, and went on to summarize the five main strategic priorities that result from this.

First, Bayer aims to boost growth momentum at HealthCare. This subgroup's priority for 2014 remains the successful commercialization of the recently launched pharmaceutical products. These products include the anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Stivarga™ and Xofigo™, and the pulmonary hypertension treatment Adempas™. "We aim to steadily expand the indications for our recently launched products and make our medicines accessible to additional patient groups," Dekkers commented. He said it is also important that the pharmaceutical pipeline continue to be well stocked with promising projects, pointing out that there are currently five promising development candidates in the areas of cardiology, oncology and gynecology. Dekkers said the aim is to take the decision on transitioning these five projects to Phase III trials in 2015. Bayer also intends to continue growing its Consumer Care business.

Second, the company aims to maintain the very good growth momentum at CropScience. It is mainly the new crop protection products – including the fungicides Xpro™ and Luna™ and the insecticide Belt™ – that should help Bayer to achieve growth in the future.

Third, Bayer aims to exploit its existing interdisciplinary research expertise in order to further improve the health of people, animals and plants. Researchers from the Life Science areas, in other words HealthCare and CropScience, are collaborating on projects relating to central biological processes. Bayer expects this interdisciplinary research to provide additional growth impetus in the long term.

Fourth, the company aims to support organic growth with bolt-on acquisitions – in other words, small or medium-scale transactions – in the Life Sciences. The examples Dekkers mentioned from the past 12 months included the acquisition of Norwegian pharmaceutical company Algeta, which adds to Bayer's oncology portfolio. The CropScience portfolio has been strengthened through the acquisition of companies such as Prophyta, an established supplier of microbial crop protection products.

Fifth, Bayer is targeting a significant improvement in profitability at MaterialScience. Dekkers explained that this subgroup, with its high-tech polymer materials and application solutions, is helping to address global challenges such as the depletion of fossil resources, climate change, increasing mobility and urban growth. Bayer MaterialScience is working both on product innovations and on new and improved production processes that consume less resources and energy. "In this way we are helping to protect the environment and creating cost advantages for our customers," said Dekkers.

Change on the Supervisory Board of Bayer AG

On the agenda at the Annual Stockholders' Meeting are the ratification of the actions of the Board of Management and the Supervisory Board along with the renewal of various authorizations for capital measures and the election of two Supervisory Board members. The Supervisory Board is proposing that Dr. Simone Bagel-Trah be elected to replace Prof. Ekkehard D. Schulz, who will step down from the Supervisory Board with effect from the end of today's Meeting. Bagel-Trah is Chairwoman of the Supervisory Board and the Shareholders' Committee of Henkel AG & Co. KGaA, Düsseldorf.

In addition, the Supervisory Board is proposing that Prof. Ernst-Ludwig Winnacker, whose term of office also ends after today's Annual Stockholders' Meeting, be re-elected to serve until midnight on April 29, 2016. It is currently planned to propose to the Annual Stockholders' Meeting in 2016 that Prof. Wolfgang Plischke then be elected as Winnacker's successor. As Plischke retires from the Board of Management at midnight on

April 29, 2014, the statutory "cooling-off" period that must elapse before former Management Board members may join the Supervisory Board will expire in 2016.

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)

Forward-Looking Statements

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