

**Date** 15/07/2010

**Consensus Rating\*:** 1.04(Acc.)

Previous rating 0.92(Acc.)

Stock price (in Euro) 47.19

High/Low (52 weeks) 56.45/36.93

Market cap (in Euro m) 39,023.7

ISIN DE0005752000

Reuters BAYG.X

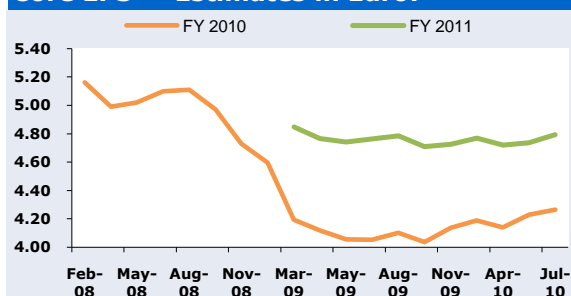
Bloomberg BAY GR

Exchange XETRA

Sector Chemicals

 Internet [www.investor.bayer.com](http://www.investor.bayer.com)

Coverage 24

**Core EPS\*\* Estimates in Euro:**

**YoY Change in Estimates**

	Q2 10E	Q2 09A	Change
Sales	8,617	8,009	7.6%
EBITDA clean	1,990	1,765	12.7%
EBITDA	1,967	1,709	15.1%
Core EPS	1.22	1.05	15.8%
EPS	0.93	0.67	38.3%

\*\* Core EPS as defined by Bayer

**\* Consensus Rating (CR):**
**Classification:**

Buy: 1.50 ≤ CR &lt; 2.00

Accumulate: 0.50 ≤ CR &lt; 1.50

Hold: -0.50 &lt; CR &lt; 0.50

Reduce: -1.50 ≤ CR &lt; -0.50

Sell: -2.00 ≤ CR &lt; -1.50

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# Bayer

## Summary

**Outlook given by the company after its Q1 2010 results:**

The Bayer Group remains optimistic for 2010. The decline in business momentum at HealthCare and CropScience is being offset by the recovery at MaterialScience, which is progressing faster than expected. Since, in addition, currency parities have so far trended more favorably than anticipated, the Bayer group is raising its earnings forecast. The company continues to target currency- and portfolio-adjusted sales growth of more than 5%. Bayer now aims to increase EBITDA before special items to more than €7 billion (previously: toward €7 billion). Core earnings per share are expected to improve by more than 15% (previously: about 10%).

**Further assumptions for 2010:**

Euro/US-Dollar exchange rate: 1.35 (previously 1.40);

CapEx: approx. €1.4bn for PPE; D&amp;A: approx. €2.6bn, including €1.3bn amortization of intangibles;

R&amp;D: approx. €2.9bn; Non-operating result: magnitude of -€0.9bn; Income tax-rate: 28 - 30%.

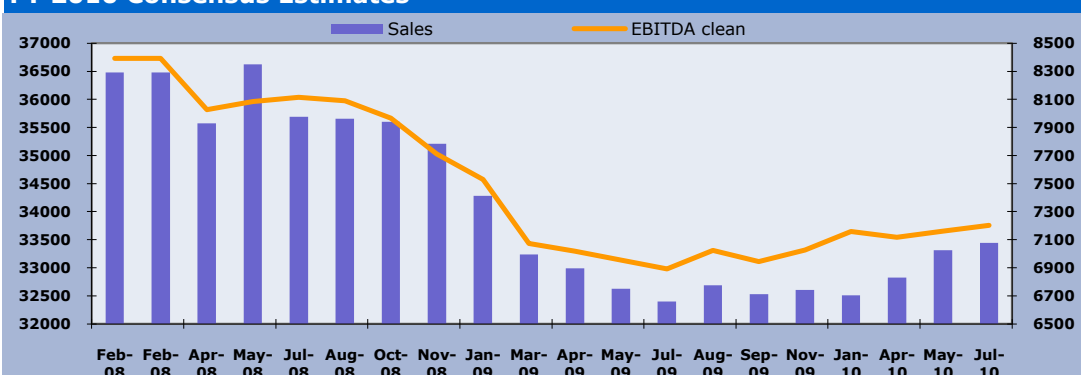
 Bayer will release its Q2 2010 results on 29<sup>th</sup> July 2010.

**Price targets in Euro**

	Current	Previous	Change	Up-/Downside
Current Price	47.19			
Highest	68.00	68.00	0.0%	44.1%
Consensus	56.42	56.79	-0.6%	19.6%
Median	57.00	57.50	-0.9%	20.8%
Lowest	48.00	48.00	0.0%	1.7%

**Consensus Valuation**

	Core EPS**	EBITDA clean	P/E	EV/Sales	EV/EBITDA	Div.Yield
2007	3.80	6777.0	13.6	1.69	8.1	2.6%
2008	4.17	6931.0	12.2	1.71	8.1	2.7%
2009	3.64	6472.0	13.0	1.25	6.0	3.0%
2010E	4.26	7201.3	11.1	1.17	5.4	3.2%
2011E	4.79	7777.1	9.8	1.11	5.0	3.6%

**FY 2010 Consensus Estimates**

**Quarterly Development (in Euro m)**
