

Date **2/9/2010**
**Consensus Rating\*:** **0.52 (Acc.)**

 Previous rating **0.82 (Acc.)**

 Stock price (in Euro) **47.58**

 High/Low (52 weeks) **56.45/46.82**

 Market cap (in Euro m) **39,346.2**

 ISIN **DE0005752000**

 Reuters **BAYG.X**

 Bloomberg **BAY GR**

 Exchange **XETRA**

 Sector **Chemicals**

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

 Coverage **25**

## Bayer

### Summary

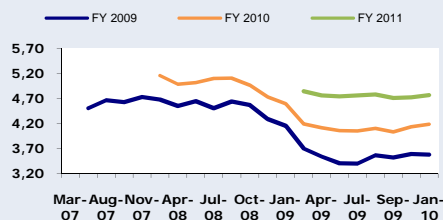
**Outlook given by the company after Q3 results:**

Bayer expects to report slight growth in the fourth quarter compared with the very strong last quarter of 2008. Therefore it continues to expect to improve the underlying EBITDA margin toward 28%. The market environment for CropScience deteriorated in the third quarter. However, this subgroup still plans to increase full-year sales compared with 2008. In light of the weak third quarter, Bayer anticipates that underlying EBITDA will come in below the high prior-year level. Accordingly the company now expects to achieve an underlying EBITDA margin of between 23% and 24% (previously: about 25%). At MaterialScience, third-quarter sales and earnings were significantly above the low levels of the second quarter. Bayer anticipates that the economic environment will continue to stabilize in the fourth quarter. Due to the usual seasonal weakening of business activity toward the end of the year, Bayer anticipates that underlying EBITDA in the fourth quarter will be below the third quarter but well ahead of the prior-year period.

Group sales: approx. €31 to €32bn

Group underlying EBITDA: Adhering to ambitious target of limiting the decline to about 5%.

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



### YoY Change in Estimates

	FY 09E	FY 08A	Change
Sales	31,249	32,918	-5.1%
EBITDA clean	6,533	6,931	-5.7%
EBITDA	6,135	6,266	-2.1%
Core EPS	3.58	4.17	-14.2%
EPS	1.93	2.22	-12.9%

\*\* Core EPS as defined by Bayer

### \* Consensus Rating (CR):

**Classification:**

Buy:	1.50 = CR < 2.00
Accumulate:	0.50 = CR < 1.50
Hold:	-0.50 < CR < 0.50
Reduce:	-1.50 = CR < -0.50
Sell:	-2.00 = CR < -1.50

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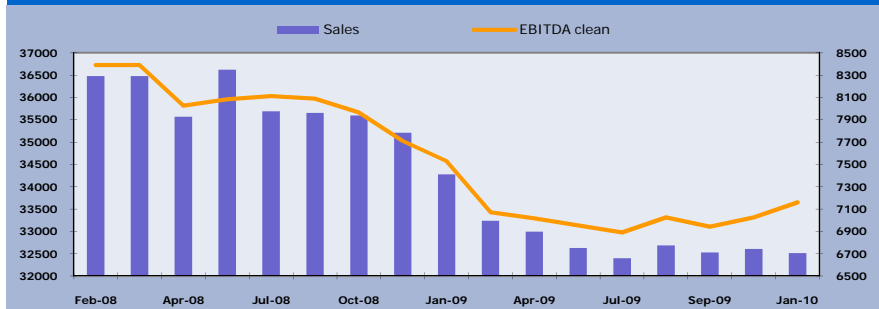
### Price targets in Euro

	Current	Previous	Change	Up-/Downside
Current Price	47.58			
Highest	68.00	66.00	3.0%	42.9%
Consensus	56.84	54.90	3.5%	19.5%
Median	57.15	54.75	4.4%	20.1%
Lowest	45.00	46.00	-2.2%	-5.4%

### 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%
2009E	3.58	6532.7	13.3	1.26	6.0	2.9%
2010E	4.19	7159.5	11.4	1.21	5.5	3.2%
2011E	4.77	7738.3	10.0	1.16	5.1	3.5%

### FY 2010 Consensus Estimates



### Quarterly Development (in Euro m)

