

Key Data

[Table 1.1]

	2011	2012	Change
	€ million	€ million	%
Bayer Group			
Sales	36,528	39,760	+8.8
EBIT ¹	4,149	3,960	-4.6
EBIT before special items ²	5,025	5,671	+12.9
EBITDA ³	6,918	6,920	0.0
EBITDA before special items ²	7,613	8,284	+8.8
EBITDA margin before special items ⁴	20.8%	20.8%	
Income before income taxes	3,363	3,248	-3.4
Net income	2,470	2,446	-1.0
Earnings per share (€) ⁵	2.99	2.96	-1.0
Core earnings per share (€) ⁶	4.83	5.35	+10.8
Gross cash flow ⁷	5,172	4,599	-11.1
Net cash flow ⁸	5,060	4,532	-10.4
Net financial debt	7,013	7,028	+0.2
Capital expenditures as per segment table	1,666	2,012	+20.8
Research and development expenses	2,932	3,013	+2.8
Dividend per Bayer AG share (€)	1.65	1.90	+15.2
HealthCare			
Sales	17,169	18,612	+8.4
EBIT	3,191	2,154	-32.5
EBIT before special items ²	3,367	3,736	+11.0
EBITDA ³	4,502	3,815	-15.3
EBITDA before special items ²	4,702	5,068	+7.8
EBITDA margin before special items ⁴	27.4%	27.2%	
Gross cash flow ⁷	3,254	2,614	-19.7
Net cash flow ⁸	3,357	3,543	+5.5
CropScience			
Sales	7,255	8,383	+15.5
EBIT	562	1,539	.
EBIT before special items ²	1,168	1,526	+30.7
EBITDA ³	1,215	2,033	+67.3
EBITDA before special items ²	1,654	2,008	+21.4
EBITDA margin before special items ⁴	22.8%	24.0%	
Gross cash flow ⁷	900	1,320	+46.7
Net cash flow ⁸	691	899	+30.1
MaterialScience			
Sales	10,832	11,503	+6.2
EBIT	633	597	-5.7
EBIT before special items ²	589	629	+6.8
EBITDA ³	1,215	1,224	+0.7
EBITDA before special items ²	1,171	1,251	+6.8
EBITDA margin before special items ⁴	10.8%	10.9%	
Gross cash flow ⁷	939	947	+0.9
Net cash flow ⁸	775	739	-4.6

In some cases, the sum of the figures given in this report may not precisely equal the stated totals and percentages may not be exact due to rounding.

¹ EBIT = earnings before financial result and taxes

² EBIT before special items and EBITDA before special items are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information. The company considers EBITDA before special items to be a more suitable indicator of operating performance since it is not affected by depreciation, amortization, impairments or special items. By reporting this indicator, the company aims to give readers a clearer picture of the results of operations and ensure greater comparability of data over time. See also Combined Management Report, Chapter 7.2 "Calculation of EBIT(DA) Before Special Items."

³ EBITDA = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals. See also Combined Management Report, Chapter 7.2 "Calculation of EBIT(DA) Before Special Items."

⁴ The EBITDA margin before special items is calculated by dividing EBITDA before special items by sales.

⁵ Earnings per share as defined in IAS 33 = net income divided by the average number of shares. For details see Note [16] to the consolidated financial statements.

⁶ Core earnings per share are not defined in the International Financial Reporting Standards. The company considers that this indicator gives readers a clearer picture of the results of operations and ensures greater comparability of data over time. The calculation of core earnings per share is explained in the Combined Management Report, Chapter 7.3 "Core Earnings Per Share."

⁷ Gross cash flow = income after taxes, plus income taxes, plus financial result, minus income taxes paid or accrued, plus depreciation, amortization and impairment losses, minus impairment loss reversals, plus/minus changes in pension provisions, minus gains/plus losses on retirements of noncurrent assets, minus gains from the remeasurement of already held assets in step acquisitions. The change in pension provisions includes the elimination of non-cash components of EBIT. It also contains benefit payments during the year. For details see Combined Management Report, Chapter 7.5 "Liquidity and Capital Expenditures of the Bayer Group."

⁸ Net cash flow = cash flow from operating activities according to IAS 7

Combined Management Report

6. Business Development by Subgroup, Segment and Region

6.1 HealthCare

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6. Business Development by Subgroup, Segment and Region

6.1 HealthCare

Key Data – HealthCare

[Table 3.6]

	4th Quarter 2011	4th Quarter 2012	Change		Full Year 2011	Full Year 2012	Change	
	€ million	€ million	%	Fx (G p) adj. %	€ million	€ million	%	Fx (G p) adj. %
Sales	4,595	4,923	+7.1	+5.1	17,169	18,612	+8.4	+4.2
Change in sales								
Volume	+1.6%	+5.3%			+2.2%	+3.7%		
Price	+0.9%	−0.2%			+0.2%	+0.5%		
Currency	+0.1%	+2.4%			−1.2%	+4.5%		
Portfolio	+0.2%	−0.4%			+0.3%	−0.3%		
Sales by segment								
Pharmaceuticals	2,680	2,867	+7.0	+4.8	9,949	10,803	+8.6	+4.2
Consumer Health	1,915	2,056	+7.4	+5.4	7,220	7,809	+8.2	+4.2
Sales by region								
Europe	1,651	1,732	+4.9	+3.6	6,376	6,484	+1.7	+0.9
North America	1,161	1,281	+10.3	+6.1	4,360	4,961	+13.8	+5.5
Asia/Pacific	1,004	1,105	+10.1	+7.1	3,656	4,203	+15.0	+6.2
Latin America/Africa/Middle East	779	805	+3.3	+2.1	2,777	2,964	+6.7	+5.6
EBIT	770	541	−29.7		3,191	2,154	−32.5	
<i>Special items</i>	<i>(45)</i>	<i>(460)</i>			<i>(176)</i>	<i>(1,582)</i>		
EBIT before special items*	815	1,001	+22.8		3,367	3,736	+11.0	
EBITDA*	1,110	878	−20.9		4,502	3,815	−15.3	
<i>Special items</i>	<i>(70)</i>	<i>(464)</i>			<i>(200)</i>	<i>(1,253)</i>		
EBITDA before special items*	1,180	1,342	+13.7		4,702	5,068	+7.8	
EBITDA margin before special items*	25.7%	27.3%			27.4%	27.2%		
Gross cash flow**	926	584	−36.9		3,254	2,614	−19.7	
Net cash flow**	1,126	1,061	−5.8		3,357	3,543	+5.5	

Fx (G p) adj.: = currency- (and portfolio-)adjusted (Fx & p adj.: Sales and Sales by segment; Fx adj.: Sales by region)

* For definition see Chapter 7.2 "Calculation of EBIT(DA) Before Special Items."

** For definition see Chapter 7.5 "Liquidity and Capital Expenditures of the Bayer Group."

Combined Management Report

6. Business Development by Subgroup, Segment and Region

6.2 CropScience

Bayer Annual Report 2012



6.2 CropScience

Key Data – CropScience

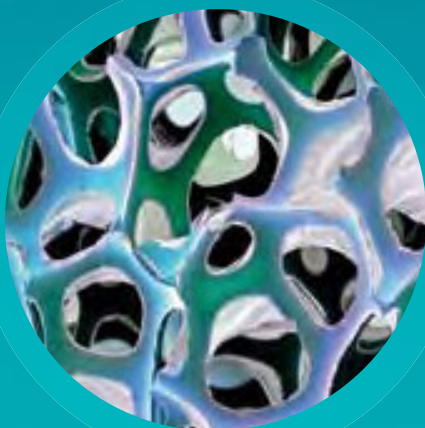
[Table 3.11]

	4th Quarter 2011	4th Quarter 2012	Change		Full Year 2011	Full Year 2012	Change	
	€ million	€ million	%	Fx (G p) adj. %	€ million	€ million	%	Fx (G p) adj. %
Sales	1,676	1,856	+10.7	+9.1	7,255	8,383	+15.5	+12.4
Change in sales								
Volume	+3.3%	+9.0%			+9.7%	+11.6%		
Price	-0.5%	+0.1%			-0.8%	+0.8%		
Currency	-0.4%	+1.9%			-2.3%	+3.8%		
Portfolio	-1.0%	-0.3%			-0.4%	-0.7%		
Sales by business group								
Crop Protection/Seeds	1,528	1,682	+10.1	+8.4	6,629	7,703	+16.2	+13.1
Environmental Science	148	174	+17.6	+16.2	626	680	+8.6	+5.3
Sales by region								
Europe	380	393	+3.4	+2.9	2,505	2,706	+8.0	+7.5
North America	286	287	+0.3	-2.8	1,703	2,154	+26.5	+18.7
Asia/Pacific	337	363	+7.7	+5.6	1,244	1,386	+11.4	+7.6
Latin America/Africa/Middle East	673	813	+20.8	+18.6	1,803	2,137	+18.5	+13.6
EBIT	47	241	.		562	1,539	.	
<i>Special items</i>	(98)	79			(606)	13		
EBIT before special items*	145	162	+11.7		1,168	1,526	+30.7	
EBITDA*	251	368	+46.6		1,215	2,033	+67.3	
<i>Special items</i>	(22)	79			(439)	25		
EBITDA before special items*	273	289	+5.9		1,654	2,008	+21.4	
EBITDA margin before special items*	16.3%	15.6%			22.8%	24.0%		
Gross cash flow**	180	131	-27.2		900	1,320	+46.7	
Net cash flow**	(327)	105	.		691	899	+30.1	

Fx (G p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales and Sales by business group; Fx adj.: Sales by region)

* For definition see Chapter 7.2 "Calculation of EBIT(DA) Before Special Items."

** For definition see Chapter 7.5 "Liquidity and Capital Expenditures of the Bayer Group."



6.3 MaterialScience

Key Data – MaterialScience

[Table 3.13]

	4th Quarter 2011	4th Quarter 2012	Change		Full Year 2011	Full Year 2012	Change	
	€ million	€ million	%	Fx (€ p) adj. %	€ million	€ million	%	Fx (€ p) adj. %
Sales	2,596	2,761	+6.4	+4.8	10,832	11,503	+6.2	+3.0
Change in sales								
Volume	–3.6%	+2.6%			+1.0%	+2.4%		
Price	+3.6%	+2.2%			+7.2%	+0.6%		
Currency	+0.4%	+2.2%			–1.7%	+3.9%		
Portfolio	+0.1%	–0.6%			+0.2%	–0.7%		
Sales by business unit								
Polyurethanes	1,322	1,473	+11.4	+9.1	5,357	5,995	+11.9	+7.9
Polycarbonates	667	669	+0.3	–2.7	2,893	2,823	–2.4	–7.1
Coatings, Adhesives, Specialties	439	451	+2.7	+5.5	1,923	1,972	+2.5	+3.5
Industrial Operations	168	168	0.0	–0.6	659	713	+8.2	+6.1
Sales by region								
Europe	1,004	1,027	+2.3	+2.2	4,413	4,411	0.0	–0.1
North America	519	579	+11.6	+7.1	2,109	2,441	+15.7	+6.9
Asia/Pacific	727	771	+6.1	+1.7	2,894	3,149	+8.8	+0.4
Latin America/Africa/Middle East	346	384	+11.0	+10.7	1,416	1,502	+6.1	+6.6
EBIT	(4)	92	.		633	597	–5.7	
<i>Special items</i>	44	(1)			44	(32)		
EBIT before special items*	(48)	93	.		589	629	+6.8	
EBITDA*	150	256	+70.7		1,215	1,224	+0.7	
<i>Special items</i>	44	1			44	(27)		
EBITDA before special items*	106	255	.		1,171	1,251	+6.8	
EBITDA margin before special items*	4.1%	9.2%			10.8%	10.9%		
Gross cash flow**	121	217	+79.3		939	947	+0.9	
Net cash flow**	510	244	–52.2		775	739	–4.6	

2011 figures restated

Fx (€ p) adj. = currency- (and portfolio-)adjusted (Fx & p adj.: Sales and Sales by business unit; Fx adj.: Sales by region)

* For definition see Chapter 7.2 "Calculation of EBIT(DA) Before Special Items."

** For definition see Chapter 7.5 "Liquidity and Capital Expenditures of the Bayer Group."

7. Earnings; Asset and Financial Position of the Bayer Group

7.1 Earnings Performance of the Bayer Group

Bayer Group Summary Income Statements

[Table 3.15]

	2011	2012	Change
	€ million	€ million	%
Net sales	36,528	39,760	+8.8
Cost of goods sold	17,975	19,059	+6.0
Selling expenses	8,958	9,987	+11.5
Research and development expenses	2,932	3,013	+2.8
General administration expenses	1,713	1,866	+8.9
Other operating income / expenses	(801)	(1,875)	.
EBIT*	4,149	3,960	-4.6
Financial result	(786)	(712)	+9.4
Income before income taxes	3,363	3,248	-3.4
Income taxes	(891)	(752)	+15.6
Income after taxes	2,472	2,496	+1.0
of which attributable to non-controlling interest	2	50	.
of which attributable to Bayer AG stockholders (net income)	2,470	2,446	-1.0

* EBIT = earnings before financial result and taxes

Sales of the Bayer Group advanced by 8.8% year on year to €39,760 million, mainly due to growth in business at HealthCare and CropScience. Adjusted for currency and portfolio effects, the increase came to 5.3%.

The cost of goods sold rose by 6.0% to €19,059 million, largely because of the increase in volumes and higher raw material costs at MaterialScience. The ratio of the cost of goods sold to total sales was 47.9% (2011: 49.2%). Selling expenses increased by 11.5% to €9,987 million, amounting to 25.1% of sales (2011: 24.5%). This increase was primarily due to higher selling expenses at HealthCare, mainly for the marketing of new products. Research and development expenses, at €3,013 million, were 2.8% above the prior year. The ratio of R&D expenses to sales was 7.6% (2011: 8.0%). General administration expenses, at €1,866 million, exceeded the prior-year level by 8.9%. The ratio of general administration expenses to total sales thus remained flat with the previous year at 4.7%. The considerably greater negative balance of other operating income and expenses, at €1,875 million (2011: €801 million), resulted mainly from higher special charges related to legal claims (see also Chapter 7.2 "Calculation of EBIT(DA) Before Special Items").

EBIT declined by 4.6% in 2012 to €3,960 million.

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