Science For A Better Life

Interim Report

Third Quarter of 2015

Bayer posts strong earnings growth

Bayer Group Key Data

	3rd Quarter 2014	3rd Quarter 2015	Change	First Nine Months 2014	First Nine Months 2015	Change	Full Year 2014
	€ million	€ million	%	€ million	€ million	%	€ million
Sales	**9,967**	**11,036**	**+10.7**	**30,547**	**35,005**	**+14.6**	**41,339**
Change (adjusted for currency and portfolio effects)			+1.9			+2.8	+7.7%
Change in sales							
Volume	+6.8%	+4.3%		+7.0%	+4.0%		+7.1%
Price	+0.6%	−2.4%		+0.3%	−1.2%		+0.6%
Currency	−1.7%	+4.9%		−4.3%	+7.1%		−2.8%
Portfolio	−0.1%	+3.9%		+0.1%	+4.7%		+0.7%
EBIT [1]	**1,346**	**1,565**	**+16.3**	**4,846**	**5,342**	**+10.2**	**5,395**
Special items	*45*	*(204)*		*4*	*(703)*		*(438)*
EBIT before special items [2]	***1,301***	***1,769***	***+36.0***	***4,842***	***6,045***	***+24.8***	***5,833***
EBIT margin before special items [3]	13.1%	16.0%		15.9%	17.3%		14.1%
EBITDA [4]	**2,023**	**2,325**	**+14.9**	**6,868**	**7,718**	**+12.4**	**8,315**
Special items	*46*	*(198)*		*12*	*(645)*		*(370)*
EBITDA before special items [2]	***1,977***	***2,523***	***+27.6***	***6,856***	***8,363***	***+22.0***	***8,685***
EBITDA margin before special items [3]	19.8%	22.9%		22.4%	23.9%		21.0%
Financial result	**(302)**	**(280)**	**+7.3**	**(634)**	**(841)**	**−32.6**	**(981)**
Net income (from continuing and discontinued operations)	**826**	**999**	**+20.9**	**3,202**	**3,497**	**+9.2**	**3,426**
Earnings per share (from continuing and discontinued operations) (€) [5]	1.00	1.21	+21.0	3.87	4.23	+9.3	4.14
Core earnings per share (from continuing operations) (€) [6]	1.32	1.69	+28.0	4.72	5.76	+22.0	5.89
Gross cash flow [7]	**1,466**	**1,427**	**−2.7**	**5,149**	**5,611**	**+9.0**	**6,707**
Net cash flow [8]	**1,816**	**2,330**	**+28.3**	**3,580**	**5,013**	**+40.0**	**5,810**
Cash outflows for capital expenditures	**546**	**655**	**+20.0**	**1,432**	**1,601**	**+11.8**	**2,371**
Research and development expenses	**867**	**1,041**	**+20.1**	**2,520**	**3,023**	**+20.0**	**3,537**
Depreciation, amortization and impairments	**677**	**760**	**+12.3**	**2,022**	**2,376**	**+17.5**	**2,920**
Number of employees at end of period [9]	**112,831**	**117,866**	**+4.5**	**112,831**	**117,866**	**+4.5**	**117,371**
Personnel expenses (including pension expenses)	2,331	2,739	+17.5	7,080	8,369	+18.2	9,693

2014 figures restated
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. EBITDA before special items is a meaningful 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 clear picture of the results of operations and ensure comparability of data over time. See also Chapter 6 "Calculation of EBIT(DA) Before Special Items."
[3] The EBIT(DA) margin before special items is calculated by dividing EBIT(DA) before special items by sales.
[4] EBITDA = EBIT plus amortization and impairment losses on intangible assets and depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals
[5] Earnings per share as defined in IAS 33 = net income divided by the average number of shares
[6] Core earnings per share are not defined in the International Financial Reporting Standards. By reporting this indicator, the company aims to give readers a clear picture of the results of operations and ensure comparability of data over time. The calculation of core earnings per share is explained in Chapter 7 "Core Earnings Per Share."
[7] Gross cash flow = income after income 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 Chapter 8 "Financial Position of the Bayer Group."
[8] Net cash flow = cash flow from operating activities according to IAS 7
[9] Full-time equivalents

Contents

COVER PICTURE:
Bayer researchers Céline Zimmerli (left) and Dr. Catherine Baillon check the growth of young wheat plants at the wheat breeding station in Milly-la-Forêt, south of Paris, France.

Third quarter of 2015

Bayer posts strong earnings growth

// Successful stock market debut for Covestro (formerly MaterialScience)

// Substantial sales and earnings increases at HealthCare

// Good business development at CropScience in a weaker market environment

// Covestro posts significant earnings improvement

// Group sales €11.0 billion (+10.7%; Fx & portfolio adj. +1.9%)

// EBITDA before special items €2.5 billion (+27.6%)

// EBIT €1.6 billion (+16.3%)

// Net income €1.0 billion (+20.9%)

// Core earnings per share €1.69 (+28.0%)

// Group forecast 2015 confirmed

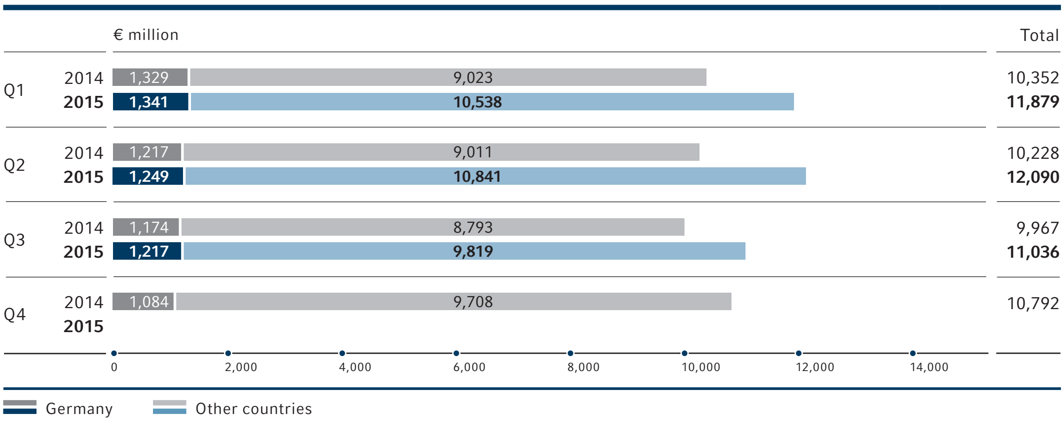
In the third quarter of 2015, Bayer made further strategic progress in its successful development as a Life Science company. On September 18, 2015, we announced our new corporate structure and the reorganization of the Board of Management. From January 1, 2016, Bayer's operational business will be managed by three divisions: Pharmaceuticals, Consumer Health and Crop Science. The former MaterialScience subgroup became a separate economic and legal entity on September 1, 2015, and operates under the name Covestro. Covestro AG was floated on the stock market on October 6, 2015. Bayer currently still holds a 69% interest in Covestro, which is therefore still included in the Consolidated Financial Statements of Bayer as a fully consolidated subsidiary.

The Bayer Group posted an increase in sales on a currency- and portfolio-adjusted basis (Fx. and portfolio adj.) and strong earnings growth of 28% in the third quarter of 2015. HealthCare benefited once again from the positive development of our recently launched pharmaceutical products and from expanded sales (Fx. and portfolio adj.) in all Consumer Health divisions. We achieved a substantial increase in EBITDA before special items at HealthCare. Despite a weaker market environment, sales at CropScience were up (Fx. and portfolio adj.) against the strong prior-year period, while earnings rose due to currency effects. Covestro significantly raised earnings again, due mainly to lower raw material costs, while sales receded as expected. Core earnings per share of the Bayer Group advanced by a substantial 28%. We are confirming our Group forecast for 2015.

1. Overview of Sales, Earnings and Financial Position

THIRD QUARTER OF 2015

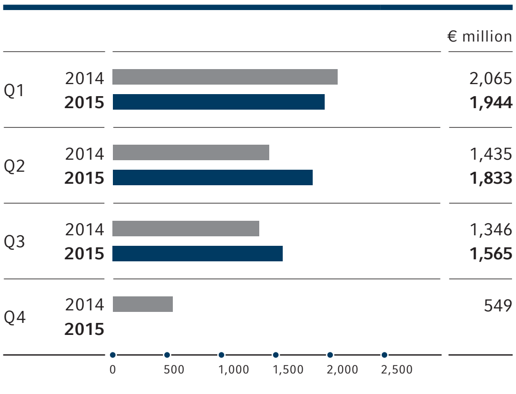
Bayer Group Quarterly Sales [Graphic 1]



2014 figures restated

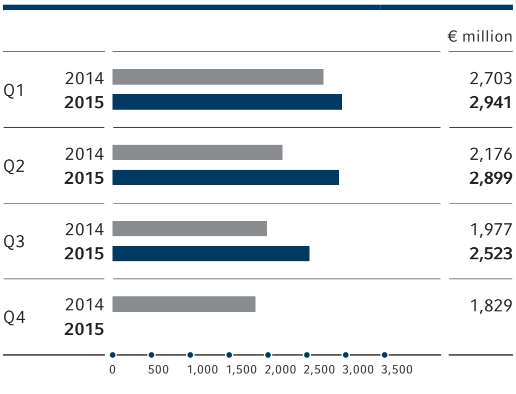
Sales of the Bayer Group moved ahead by 1.9% (Fx & portfolio adj.) in the third quarter of 2015 to €11,036 million (reported: + 10.7%; Q3 2014: €9,967 million). HealthCare sales improved by 8.3% (Fx. and portfolio adj.) to €5,651 million (reported: + 19.2%; Q3 2014: €4,740 million). Sales at CropScience came in slightly above the strong prior-year level, rising by 1.6% (Fx & portfolio adj.) to €2,113 million (reported: + 9.5%; Q3 2014: €1,929 million). Sales of Covestro fell against the prior-year period by 7.7% (Fx & portfolio adj.), to €3,009 million (reported: −0.9%; Q3 2014: €3,036 million).

Bayer Group Quarterly EBIT [Graphic 2]



2014 figures restated

Bayer Group Quarterly EBITDA Before Special Items [Graphic 3]



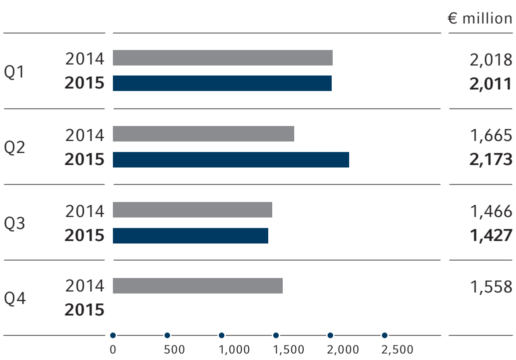
2014 figures restated

EBIT of the Bayer Group climbed by a substantial 16.3% to €1,565 million (Q3 2014: €1,346 million) after special charges of €204 million (Q3 2014: special gains of €45 million). These mainly comprised €104 million in connection with the carve-out and stock market flotation of Covestro, charges of €32 million for litigations and €31 million in costs for the integration of acquired businesses. Further charges included expenses of €19 million for efficiency improvement measures and €18 million for the consolidation of production sites. EBIT before special items rose by 36.0% to €1,769 million (Q3 2014: €1,301 million).

EBITDA before special items climbed by a substantial 27.6% to €2,523 million (Q3 2014: €1,977 million). The good sales development was accompanied by higher R&D and selling expenses. Positive currency effects buoyed earnings by about €170 million. At HealthCare, EBITDA before special items rose by 22.6% to €1,677 million (Q3 2014: €1,368 million). This was chiefly attributable to the continuing very good development of business at Pharmaceuticals and Consumer Health – including particularly the contribution from the acquired businesses at Consumer Care – and currency effects of around €70 million. EBITDA before special items of CropScience advanced by 11.2% to €309 million (Q3 2014: €278 million), driven by a positive currency effect of around €30 million. Covestro registered a significant 41.3% increase in EBITDA before special items to €472 million (Q3 2014: €334 million). This was the result of considerably lower raw material costs – which more than compensated the decline in selling prices – and positive currency effects of €70 million. Earnings of the reconciliation improved year on year, largely on account of lower expenses for long-term stock-based compensation.

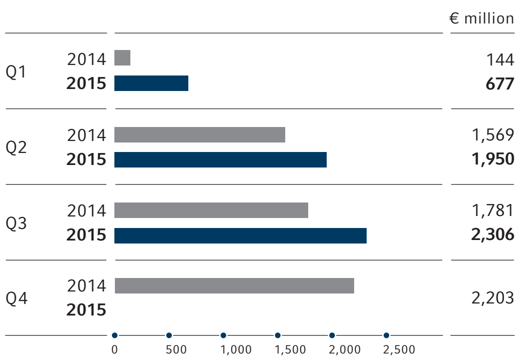
After a **financial result** of minus €280 million (Q3 2014: minus €302 million), **income before income taxes** was €1,285 million (Q3 2014: €1,044 million). After income tax expense of €296 million (Q3 2014: €236 million), income from discontinued operations after income taxes and non-controlling interest, **net income** in the third quarter of 2015 came to €999 million (Q3 2014: €826 million). Earnings per share were €1.21 (Q3 2014: €1.00). Core earnings per share for continuing operations advanced by 28.0% to €1.69 (Q3 2014: €1.32), calculated as explained in Chapter 7 "Core Earnings Per Share."

Quarterly Gross Cash Flow From Continuing Operations [Graphic 4]



2014 figures restated

Quarterly Net Cash Flow From Continuing Operations [Graphic 5]



2014 figures restated

Gross cash flow from continuing operations in the third quarter of 2015 declined by 2.7% to €1,427 million (Q3 2014: €1,466 million). The increase in earnings was partly offset by additional tax expenses connected with the carve-out of Covestro. Net cash flow (total) rose by 28.3% to €2,330 million (Q3 2014: €1,816 million) due mainly to a decrease in cash tied up in other working capital. We paid income taxes of €421 million in the third quarter of 2015 (Q3 2014: €685 million).

Net financial debt declined by 8.9%, from €21.1 billion on June 30, 2015, to €19.3 billion on September 30, 2015. This was mainly the result of cash inflows from operating activities. The net defined benefit liability for post-employment benefits – the difference between benefit obligations and plan assets – increased from €11.1 billion to €11.7 billion over the same period, due especially to a decline in long-term capital market interest rates for high-quality corporate bonds in Germany and the United States.

FIRST NINE MONTHS OF 2015

Sales of the Bayer Group rose slightly in the first nine months of 2015, mainly as a result of the expansion of business at HealthCare. Sales of CropScience were flat with the strong prior-year level, while business at Covestro decreased as expected. On the other hand, Group EBITDA before special items improved significantly. All subgroups, particularly HealthCare and Covestro, contributed to this improvement.

Group **sales** increased by 2.8% (Fx & portfolio adj.) to €35,005 million (reported: +14.6%; 9M 2014: €30,547 million). HealthCare sales grew by 7.9% on a currency- and portfolio-adjusted basis (reported: +24.3%). Despite the difficult market environment, sales of CropScience were flat year on year (Fx & portfolio adj.: +0.6%; reported: +8.6%). At Covestro, however, sales declined by 3.2% (Fx & portfolio adj.; reported: +5.8%).

EBIT climbed by 10.2% to €5,342 million (9M 2014: €4,846 million). There were net special charges of €703 million (9M 2014: special gains of €4 million). EBIT before special items rose by 24.8% to €6,045 million (9M 2014: €4,842 million). **EBITDA** before special items increased by 22.0% to €8,363 million (9M 2014: €6,856 million), reflecting positive currency effects of about €470 million and additional R&D expenses of roughly €500 million.

After a **financial result** of minus €841 million (9M 2014: minus €634 million), **income before income taxes** was €4,501 million (9M 2014: €4,212 million). The financial result mainly comprised net interest expense of €409 million (9M 2014: €208 million), interest cost of €220 million (9M 2014: €211 million) for pension and other provisions, and exchange losses of €187 million (9M 2014: €182 million). After tax expense of €1,064 million (9M 2014: €1,087 million), income from continuing operations after income taxes was €3,437 million (9M 2014: €3,125 million).

After income from discontinued operations after income taxes and non-controlling interest, **net income** amounted to €3,497 million (9M 2014: €3,202 million). Earnings per share rose to €4.23 (9M 2014: €3.87), and core earnings per share (calculated as explained in Chapter 7) to €5.76 (9M 2014: €4.72).

Gross cash flow from continuing operations climbed by 9.0% to €5,611 million (9M 2014: €5,149 million). Net cash flow (total) rose sharply by 40.0% to €5,013 million (9M 2014: €3,580 million) due above all to a reduction in cash tied up in other working capital. This figure reflected income tax payments of €1,217 million (9M 2014: €1,420 million). Net financial debt fell by €0.3 billion compared with December 31, 2014 (€19.6 billion), to €19.3 billion as of September 30, 2015. The net defined benefit liability for post-employment benefits declined from €12.2 billion on December 31, 2014 to €11.7 billion, mainly due to a rise in long-term capital market interest rates for high-quality corporate bonds.

2. Economic Outlook

Economic Outlook [Table 1]

	Growth[1] 2014	Growth[1] forecast 2015
World	+2.7%	+2.6%
European Union	+1.4%	+1.9%
of which Germany	+1.6%	+1.7%
United States	+2.4%	+2.5%
Emerging markets[2]	+4.4%	+3.7%

[1] Real growth of gross domestic product, source: IHS Global Insight
[2] Including about 50 countries defined by IHS Global Insight as emerging markets in line with the World Bank
As of October 2015

The **global economy** is likely to grow in 2015 at roughly the same pace as in the previous year, supported by a generally expansionary monetary policy and the much lower oil price. Growth in the United States has proven robust over the course of the year and is now expected to come in at the prior-year level. We also expect the economic recovery in the European Union to continue, although significant risks still exist in the eurozone. The rate of expansion in the emerging countries is likely to slightly weaken again on average.

Economic Outlook for the Subgroups [Table 2]

	Growth[1] 2014	Growth[1] forecast 2015
HealthCare		
Pharmaceuticals market	+9%	+9%
Consumer care market	+4%	+4%
Medical care market[2]	−1%	+1%
Animal health market	+5%	+5%
CropScience		
Seed and crop protection market	+7%	≤ 0%
Covestro (main customer industries)		
Automotive	+3%	+2%
Construction	+4%	+4%
Electrical/electronics	+4%	+4%
Furniture	+4%	+4%

[1] Bayer's estimate, except pharmaceuticals. Source for pharmaceuticals market: IMS Health, IMS Market Prognosis. Copyright 2015. All rights reserved; currency-adjusted
[2] Excluding diabetes care market
As of October 2015

The **pharmaceuticals market** is likely to come in at the prior-year level in 2015. New products in particular continue to drive steady growth, especially in the United States. We expect demand to be stable in the emerging economies. Slightly increased growth rates are predicted for Japan and a number of the major European markets in 2015.

The global **consumer care market** is expected to grow in 2015 at the same pace as in the previous year. At **Medical Care**, the market for contrast agents and medical devices will probably expand slightly compared to a year earlier. The **animal health market** is anticipated to grow at about the same rate as in 2014.

We expect the global **seed and crop protection market** to weaken considerably in 2015 compared with previous years. We anticipate stagnation or a slight decline, mainly as a result of low prices for agricultural commodities and the difficult market environment in Latin America.

The positive growth momentum in the **main customer industries** of Covestro is continuing in 2015 due to the persisting stable global economic climate. The automotive industry is temporarily growing somewhat more slowly than in the previous year.

3. Sales and Earnings Forecast

The following forecast for 2015 is based on the business development described in this report, taking into account the potential risks and opportunities.

The Diabetes Care business is no longer included in continuing operations and therefore is also not included in the updated forecast. However, Covestro continues to be included in the Consolidated Financial Statements of Bayer as a fully consolidated subsidiary after its stock market flotation on October 6, 2015, as Bayer AG currently still holds a 69% interest in that company and exercises control over it.

BAYER GROUP

We have adjusted the exchange rates on which our forecast is based to reflect current developments and are now using the exchange rates prevailing on September 30, 2015 with respect to the fourth quarter of 2015.

We are now planning sales in the region of €46 billion (previously: in the region of €47 billion). This still corresponds to a low-single-digit percentage increase on a currency- and portfolio-adjusted basis. We anticipate currency effects to boost sales by approximately 6% (previously: approximately 7%) compared with the prior year. Our expectation regarding the company's earnings development is largely unchanged. It remains our aim to raise EBITDA before special items by a high-teens percentage, now allowing for expected positive currency effects of about 4% (previously: about 5%). We continue to target a high-teens percentage increase in core earnings per share (calculated as explained in Chapter 7), allowing for expected positive currency effects of around 4% (previously: around 5%).

As before, we expect to take special charges in the region of approximately €900 million, with the integration of the acquired consumer care businesses, the carve-out and stock market flotation of Covestro, and the optimization of production structures accounting for most of this amount.

We now anticipate the financial result to come in at around minus €1.1 billion (previously: minus €1 billion) and the effective tax rate at below 25% (previously: around 25%) in 2015. Including the cash inflows from the stock market flotation of Covestro, we expect net financial debt at year end to be below €18 billion (previously: below €20 billion).

Further details of the business forecast are given in Chapter 20.2 of the Annual Report 2014.

HEALTHCARE

As before, we expect sales from continuing operations at HealthCare to rise to approximately €23 billion. This now corresponds to a mid- to high-single-digit percentage increase on a currency- and portfolio-adjusted basis (previously: a mid-single-digit percentage). We predict positive currency effects of approximately 5% (previously: about 6%) compared with 2014. It remains our aim to raise EBITDA before special items by a low-twenties percentage.

We continue to expect sales in the Pharmaceuticals segment to move ahead to approximately €14 billion. This now corresponds to a high-single-digit percentage increase on a currency- and portfolio-adjusted basis (previously: a mid- to high-single-digit percentage). We anticipate positive currency effects of approximately 5% (previously: about 6%) compared with 2014. We intend to raise sales of our recently launched products to over €4 billion. We plan to raise EBITDA before special items by a mid-teens percentage.

In the Consumer Health segment, we now expect sales of approximately €9 billion (previously: over €9 billion), including those of the acquired consumer care businesses. We still plan to grow sales by a mid-single-digit percentage on a currency- and portfolio-adjusted basis. We anticipate positive currency effects of approximately 5% (previously: about 7%) compared with 2014. As before, we expect to raise EBITDA before special items by a mid-thirties percentage, with the acquired consumer care businesses contributing to the increase.

CROPSCIENCE

At CropScience, we are adjusting the outlook to reflect the weaker development of the market environment and lower-than-expected currency effects. We continue to expect above-market growth and now aim to raise sales to slightly above €10 billion (previously: around €10.5 billion). This still corresponds to a low-single-digit percentage increase on a currency- and portfolio-adjusted basis. We anticipate positive currency effects of about 7% (previously: about 8%) compared with 2014. In view of the weakened market environment, we now plan to improve EBITDA before special items by a mid-single-digit percentage (previously: a mid- to high-single-digit percentage).

COVESTRO

Covestro 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 company still expects a significant increase in EBITDA before special items for the full year. Covestro aims to return to earning the cost of capital in 2015.

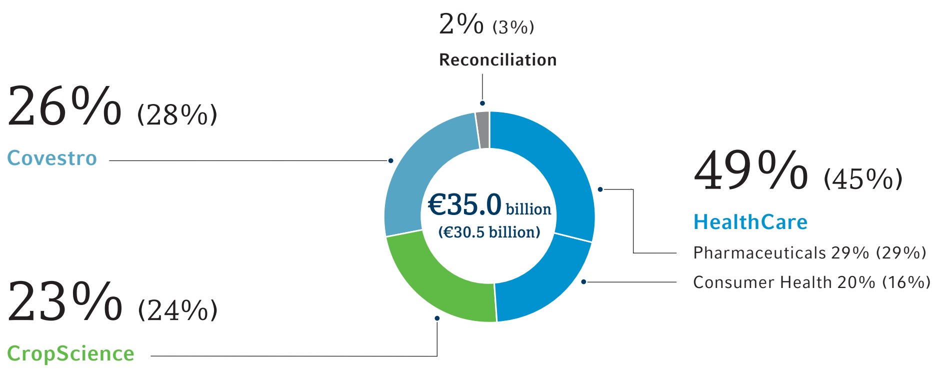
RECONCILIATION

For 2015 we continue to expect sales on a currency- and portfolio-adjusted basis to be level with the previous year. We now expect EBITDA before special items to be in the region of minus €0.2 billion (previously: minus €0.3 billion).

4. Corporate Structure

Bayer AG, headquartered in Leverkusen, Germany, is the strategic management holding company for the Bayer Group. Business operations are conducted by the HealthCare and CropScience subgroups. The Covestro subgroup became independent on September 1, 2015. It will be fully consolidated for as long as Bayer exercises control over it.

Sales in the First Nine Months of 2015 [Graphic 6]



Restated 2014 figures in parentheses

Our subgroups are supported by the Business Services, Technology Services and Currenta service companies, which are reported in the reconciliation as "All Other Segments" along with "Corporate Center and Consolidation."

Key Data by Subgroup and Segment [Table 3]

	Sales		EBIT		EBITDA before special items[1]	
	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015
	€ million	€ million	€ million	€ million	€ million	€ million
HealthCare	**4,740**	**5,651**	**1,062**	**1,219**	**1,368**	**1,677**
Pharmaceuticals	3,039	3,482	699	859	960	1,139
Consumer Health	1,701	2,169	363	360	408	538
CropScience	**1,929**	**2,113**	**157**	**180**	**278**	**309**
Covestro	**3,036**	**3,009**	**184**	**217**	**334**	**472**
Reconciliation	**262**	**263**	**(57)**	**(51)**	**(3)**	**65**
Group	**9,967**	**11,036**	**1,346**	**1,565**	**1,977**	**2,523**
	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015
HealthCare	**13,724**	**17,063**	**2,920**	**3,273**	**3,948**	**4,908**
Pharmaceuticals	8,781	10,174	1,996	2,256	2,760	3,204
Consumer Health	4,943	6,889	924	1,017	1,188	1,704
CropScience	**7,299**	**7,928**	**1,615**	**1,625**	**1,991**	**2,082**
Covestro	**8,703**	**9,208**	**512**	**714**	**970**	**1,402**
Reconciliation	**821**	**806**	**(201)**	**(270)**	**(53)**	**(29)**
Group	**30,547**	**35,005**	**4,846**	**5,342**	**6,856**	**8,363**

2014 figures restated
[1] For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."

5. Business Development by Subgroup, Segment and Region

5.1 HealthCare

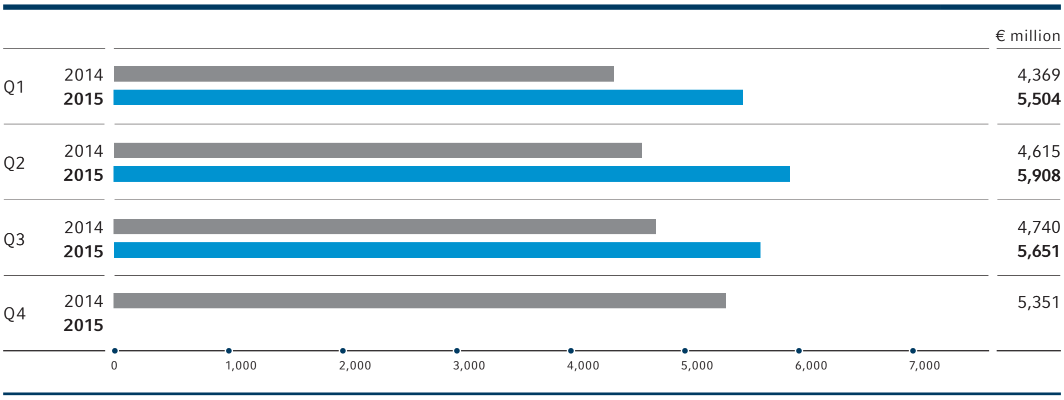
Key Data – HealthCare [Table 4]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx & p adj. %	€ million	€ million	%	Fx & p adj. %
Sales	**4,740**	**5,651**	**+19.2**	**+8.3**	**13,724**	**17,063**	**+24.3**	**+7.9**
Change in sales								
Volume	+6.2%	+7.6%			+6.6%	+7.0%		
Price	+0.9%	+0.7%			+0.8%	+0.9%		
Currency	−2.4%	+3.0%			−5.1%	+6.2%		
Portfolio	−0.1%	+7.9%			+0.5%	+10.2%		
Sales								
Pharmaceuticals	3,039	3,482	+14.6	+11.7	8,781	10,174	+15.9	+10.0
Consumer Health	1,701	2,169	+27.5	+2.2	4,943	6,889	+39.4	+4.3
	€ million	€ million	%	Fx. adj. %	€ million	€ million	%	Fx. adj. %
Sales by region								
Europe	1,707	1,817	+6.4	+7.7	5,038	5,481	+8.8	+9.9
North America	1,247	1,777	+42.5	+26.3	3,503	5,435	+55.2	+35.8
Asia/Pacific	1,084	1,315	+21.3	+13.9	3,212	3,966	+23.5	+11.8
Latin America/Africa/Middle East	702	742	+5.7	+22.4	1,971	2,181	+10.7	+18.1
EBIT	**1,062**	**1,219**	**+14.8**		**2,920**	**3,273**	**+12.1**	
Special items	*54*	*(46)*			*45*	*(336)*		
EBIT before special items [1]	***1,008***	***1,265***	***+25.5***		***2,875***	***3,609***	***+25.5***	
EBITDA[1]	**1,422**	**1,633**	**+14.8**		**3,997**	**4,599**	**+15.1**	
Special items	*54*	*(44)*			*49*	*(309)*		
EBITDA before special items [1]	***1,368***	***1,677***	***+22.6***		***3,948***	***4,908***	***+24.3***	
EBITDA margin before special items [1]	28.9%	29.7%			28.8%	28.8%		
Gross cash flow [2]	**910**	**1,117**	**+22.7**		**2,681**	**3,301**	**+23.1**	
Net cash flow [2]	**1,068**	**1,273**	**+19.2**		**2,173**	**3,227**	**+48.5**	

2014 figures restated
Fx & p adj. = currency- and portfolio-adjusted; Fx adj. = currency-adjusted
[1] For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
[2] For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of the **HealthCare** subgroup increased by 8.3% (Fx & portfolio adj.) to €5,651 million (reported: +19.2%) in the **third quarter of 2015**. This positive business development continued to be driven to a significant extent by our recently launched pharmaceutical products. Business expanded in all divisions of the Consumer Health segment. The substantial reported increase in sales at Consumer Health was mainly attributable to sales of products acquired from Merck & Co., Inc., United States, and to currency effects.

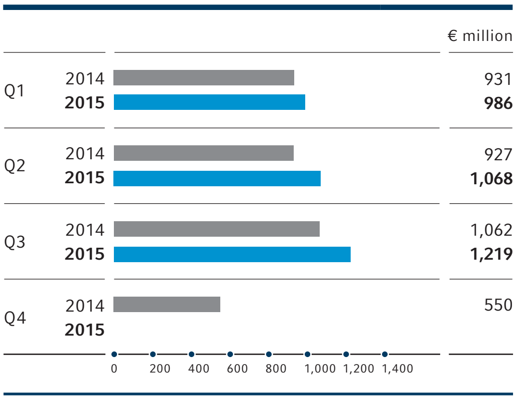
HealthCare Quarterly Sales [Graphic 7]



2014 figures restated

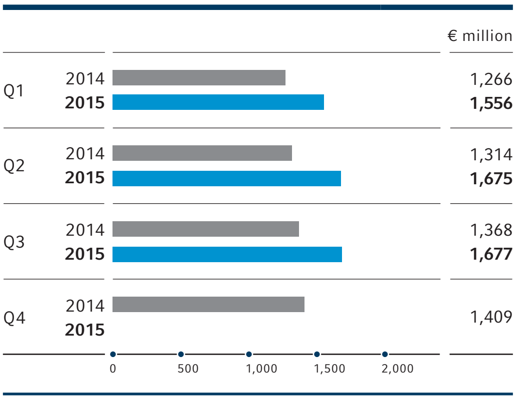
EBIT of HealthCare improved by 14.8% in the third quarter of 2015 to €1,219 million (Q3 2014: €1,062 million), reflecting special charges of €46 million (Q3 2014: special gains of €54 million). EBIT before special items increased by a substantial 25.5% to €1,265 million (Q3 2014: €1,008 million). **EBITDA** before special items improved by 22.6% to €1,677 million (Q3 2014: €1,368 million). This increase resulted mainly from the continuing favorable development of business at Pharmaceuticals and Consumer Health – at Consumer Care especially due to the contributions from the acquired businesses – and from positive currency effects of about €70 million. Earnings were held back by an increase in research and development investment at Pharmaceuticals.

HealthCare Quarterly EBIT [Graphic 8]



2014 figures restated

HealthCare Quarterly EBITDA Before Special Items [Graphic 9]



2014 figures restated

PHARMACEUTICALS

Key Data – Pharmaceuticals [Table 5]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx & p adj. %	€ million	€ million	%	Fx & p adj. %
Sales	**3,039**	**3,482**	**+14.6**	**+11.7**	**8,781**	**10,174**	**+15.9**	**+10.0**
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
Sales by region								
Europe	1,094	1,212	+10.8	+11.5	3,220	3,575	+11.0	+11.4
North America	731	915	+25.2	+10.0	1,993	2,540	+27.4	+9.4
Asia/Pacific	796	953	+19.7	+11.4	2,394	2,866	+19.7	+7.6
Latin America/Africa/Middle East	418	402	−3.8	+16.0	1,174	1,193	+1.6	+11.9
EBIT	**699**	**859**	**+22.9**		**1,996**	**2,256**	**+13.0**	
Special items	*–*	*(7)*			*4*	*(105)*		
EBIT before special items [1]	***699***	***866***	***+23.9***		***1,992***	***2,361***	***+18.5***	
EBITDA [1]	**960**	**1,132**	**+17.9**		**2,768**	**3,103**	**+12.1**	
Special items	*–*	*(7)*			*8*	*(101)*		
EBITDA before special items [1]	***960***	***1,139***	***+18.6***		***2,760***	***3,204***	***+16.1***	
EBITDA margin before special items [1]	31.6%	32.7%			31.4%	31.5%		
Gross cash flow [2]	**666**	**781**	**+17.3**		**1,902**	**2,191**	**+15.2**	
Net cash flow [2]	**808**	**894**	**+10.6**		**1,547**	**2,079**	**+34.4**	

Fx & p adj. = currency- and portfolio-adjusted; Fx. adj. = currency-adjusted
[1] For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
[2] For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of our **Pharmaceuticals** segment rose by a substantial 11.7% (Fx & portfolio adj.) to €3,482 million in the **third quarter of 2015**. This is largely attributable to the good development of our recently launched products. Xarelto™, Eylea™, Stivarga™, Xofigo™ and Adempas™ continued to experience gratifying growth, posting combined sales of €1,082 million (Q3 2014: €750 million). The Pharmaceuticals business grew in all regions on a currency-adjusted basis.

Best-Selling Pharmaceuticals Products [Table 6]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
Xarelto™	440	571	+29.8	+31.3	1,163	1,602	+37.7	+37.1
Eylea™	189	320	+69.3	+67.0	540	874	+61.9	+57.1
Kogenate™	295	309	+4.7	−0.8	808	869	+7.5	+0.7
Mirena™ product family	208	240	+15.4	+4.9	594	742	+24.9	+9.8
Nexavar™	192	234	+21.9	+14.5	571	661	+15.8	+6.1
Betaferon™/Betaseron™	223	204	−8.5	−16.5	629	634	+0.8	−9.2
YAZ™/Yasmin™/Yasminelle™	198	183	−7.6	−1.9	570	538	−5.6	−5.0
Adalat™	139	151	+8.6	+4.1	435	481	+10.6	+0.8
Aspirin™ Cardio	124	130	+4.8	+1.0	356	393	+10.4	+2.3
Glucobay™	102	122	+19.6	+4.6	310	381	+22.9	+4.1
Avalox™/Avelox™	85	85	0.0	−2.2	285	294	+3.2	−3.5
Stivarga™	46	73	+58.7	+42.6	161	236	+46.6	+29.3
Xofigo™	49	69	+40.8	+24.4	128	188	+46.9	+27.5
Levitra™	65	59	−9.2	−9.6	189	165	−12.7	−13.7
Fosrenol™	42	46	+9.5	+7.3	122	131	+7.4	+3.1
Total	**2,397**	**2,796**	**+16.6**	**+12.4**	**6,861**	**8,189**	**+19.4**	**+12.0**
Proportion of Pharmaceuticals sales	79%	80%			78%	80%		

Fx adj. = currency-adjusted

Xarelto™ registered strong sales gains and thus further cemented its leading position among the non-vitamin K-dependent oral anticoagulants. This was attributable to volume increases in Europe and Japan. Business with Xarelto™ also developed positively in the United States, where it is marketed by a subsidiary of Johnson & Johnson. Sales of our eye medicine Eylea™ also rose significantly, mainly as a result of very good business in Europe and Japan after marketing authorization was granted in further indications. Business with our cancer drug Stivarga™ improved against the weak prior-year quarter, due in part to positive development in the United States. The sales gains for our cancer drug Xofigo™ resulted mainly from good business development in Europe and the United States. Sales of Adempas™ to treat pulmonary hypertension amounted to €49 million (Q3 2014: €26 million) and reflected the proportionate recognition of the one-time payment resulting from the sGC collaboration with Merck & Co., United States.

Business with the hormone-releasing intrauterine devices of the Mirena™ product family – Mirena™ and Jaydess™/Skyla™ – benefited especially from expanded volumes in the United States. We achieved substantial sales gains for our cancer drug Nexavar™, particularly in Germany and the United States. Sales increases for Adalat™ for the treatment of hypertension and coronary heart disease, Aspirin™ Cardio for secondary prevention of heart attacks and our oral diabetes treatment Glucobay™ resulted mainly from gains in China.

Sales of our blood-clotting drug Kogenate™ were level year on year as expected. Business with our multiple sclerosis drug Betaferon™/Betaseron™ was down overall, due partly to increased competition in the United States and Europe. Sales of our YAZ™/Yasmin™/Yasminelle™ line of oral contraceptives receded slightly against the prior-year quarter as the result of lower demand in Europe. Despite positive development in the United States, sales of the erectile dysfunction treatment Levitra™ declined overall, particularly in China.

EBIT of the **Pharmaceuticals** segment advanced by a substantial 22.9% in the **third quarter of 2015** to €859 million, including special charges of €7 million for efficiency improvement measures (Q3 2014: €0 million). EBIT before special items rose by 23.9% to €866 million. We raised **EBITDA** before special items by 18.6% to €1,139 million. The pleasing growth in earnings was mainly attributable to the very good business development – particularly for our recently launched products – and to positive currency effects of around €50 million, while higher investments in research and development had a diminishing effect as anticipated.

In the **first nine months of 2015**, we raised **sales** in our **Pharmaceuticals** segment by a robust 10.0% (Fx & portfolio adj.) to €10,174 million. This growth was driven especially by our recently launched products Xarelto™, Eylea™, Stivarga™, Xofigo™ and Adempas™, which generated combined sales of €3,031 million (9M 2014: €2,050 million). Sales moved ahead in all regions.

EBIT for the first nine months of 2015 advanced by 13.0% to €2,256 million after special charges of €105 million (9M 2014: special gains of €4 million). These mainly comprised €54 million from the revaluation of other receivables and €35 million in charges for efficiency improvement measures. EBIT before special items increased by 18.5% to €2,361 million. **EBITDA** before special items improved by 16.1% to €3,204 million after positive currency effects of about €150 million.

CONSUMER HEALTH

Key Data – Consumer Health [Table 7]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx & p adj. %	€ million	€ million	%	Fx & p adj. %
Sales	**1,701**	**2,169**	**+27.5**	**+2.2**	**4,943**	**6,889**	**+39.4**	**+4.3**
Consumer Care	1,006	1,424	+41.6	+1.7	2,861	4,570	+59.7	+4.3
Animal Health	330	357	+8.2	+1.8	1,018	1,171	+15.0	+4.8
Medical Care[1]	365	388	+6.3	+4.1	1,064	1,148	+7.9	+3.9
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
Sales by region								
Europe	613	605	−1.3	+0.8	1,818	1,906	+4.8	+7.2
North America	516	862	+67.1	+49.4	1,510	2,895	+91.7	+70.5
Asia/Pacific	288	362	+25.7	+20.8	818	1,100	+34.5	+24.1
Latin America/Africa/Middle East	284	340	+19.7	+31.7	797	988	+24.0	+27.2
EBIT	**363**	**360**	**−0.8**		**924**	**1,017**	**+10.1**	
Special items	*54*	*(39)*			*41*	*(231)*		
EBIT before special items[2]	***309***	***399***	***+29.1***		***883***	***1,248***	***+41.3***	
EBITDA[1]	**462**	**501**	**+8.4**		**1,229**	**1,496**	**+21.7**	
Special items	*54*	*(37)*			*41*	*(208)*		
EBITDA before special items[2]	***408***	***538***	***+31.9***		***1,188***	***1,704***	***+43.4***	
EBITDA margin before special items[2]	24.0%	24.8%			24.0%	24.7%		
Gross cash flow[3]	**244**	**336**	**+37.7**		**779**	**1,110**	**+42.5**	
Net cash flow[3]	**260**	**379**	**+45.8**		**626**	**1,148**	**+83.4**	

2014 figures restated
Fx & p adj. = currency- and portfolio-adjusted; Fx adj. = currency-adjusted
[1] Includes the business with contrast agents and medical devices
[2] For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
[3] For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of the **Consumer Health** segment increased by 2.2% (Fx & portfolio adj.) in the **third quarter of 2015** to €2,169 million, with all divisions contributing to this growth. The significant reported increase in sales in the Consumer Care Division resulted from the products added through the recent acquisitions.

Best-Selling Consumer Health Products [Table 8]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
Claritin™ (Consumer Care)[1]	–	124	.	.	–	493	.	.
Advantage™ product family (Animal Health)	120	130	+8.3	−1.7	390	443	+13.6	+0.5
Aspirin™ (Consumer Care)[2]	122	124	+1.6	−3.2	316	345	+9.2	+1.7
Aleve™ (Consumer Care)	92	91	−1.1	−12.9	252	308	+22.2	+4.4
Bepanthen™/Bepanthol™ (Consumer Care)	84	88	+4.8	+15.2	261	270	+3.4	+12.0
Ultravist™ (Medical Care)	73	78	+6.8	+5.6	218	235	+7.8	+2.7
Gadovist™/Gadavist™ (Medical Care)	58	71	+22.4	+18.8	168	211	+25.6	+17.4
Coppertone™ (Consumer Care)	–	28	.	.	–	210	.	.
Canesten™ (Consumer Care)	67	72	+7.5	+19.5	193	201	+4.1	+9.1
Dr. Scholl's™ (Consumer Care)	–	55	.	.	–	191	.	.
Total	**616**	**861**	**+39.8**	**+33.8**	**1,798**	**2,907**	**+61.7**	**+47.6**
Proportion of Consumer Health sales	36%	40%			36%	42%		

Fx adj. = currency-adjusted
2014 figures restated
[1] Product acquired from Merck & Co., Inc.
[2] Total sales of Aspirin™, also including Aspirin™ Cardio, which is reflected in sales of the Pharmaceuticals segment, increased by 3.3% (Fx adj. −1.1%) in Q3 2015 to €254 million (Q3 2014: €246 million). These total sales increased in the first nine months of 2015 by 9.7% (Fx adj. +2.0%) to €737 million (9M 2014: €672 million).

Sales of the **Consumer Care** Division improved by 1.7% (Fx & portfolio adj.) to €1,424 million. This increase was driven especially by gratifying gains in sales of our Bepanthen™/Bepanthol™ line of skin-care products and our antifungal Canesten™, particularly in the Emerging Markets. Business with our analgesic Aspirin™ was down, however, as gains in Latin America/Africa/Middle East only partly offset declines in Europe. Business with our analgesic Aleve™ declined against the strong prior-year quarter, due particularly to changes in sales phasing in the United States.

We posted sales of €366 million with the products acquired from Merck & Co., Inc., United States, in the third quarter of 2015.

Sales of the **Animal Health** Division rose by 1.8% (Fx & portfolio adj.) to €357 million. We registered encouraging growth for our Seresto™ flea and tick collar, primarily in the United States. However, sales of our Advantage™ family of flea, tick and worm control products declined slightly.

Sales of the **Medical Care** Division improved by 4.1% (Fx & portfolio adj.) to €388 million, mainly as a result of continuing positive development in the United States. Business with our MRI contrast agent Gadovist™/Gadavist™ expanded substantially in all regions.

EBIT of the **Consumer Health** segment in the third quarter of 2015 was level year on year (–0.8%) at €360 million. Special charges amounted to €39 million (Q3 2014: special gains of €54 million). They included charges of €31 million for the integration of acquired businesses and €8 million for efficiency improvement measures. EBIT before special items increased by 29.1% to €399 million (Q3 2014: €309 million). **EBITDA** before special items improved by a substantial 31.9% to €538 million (Q3 2014: €408 million). All divisions supported this growth, with Consumer Care in particular making earnings contributions from the acquired businesses. Currency effects of around €20 million also had a positive impact.

Sales of our **Consumer Health** segment in the **first nine months of 2015** increased by 4.3% (Fx & portfolio adj.) to €6,889 million. We registered higher sales in all divisions. Our Consumer Care business posted the strongest absolute growth on a currency- and portfolio-adjusted basis, particularly in Latin America and Europe.

EBIT for the first nine months of 2015 rose by 10.1% to €1,017 million, reflecting special charges of €231 million (9M 2014: special gains of €41 million). These mainly comprised integration costs of €175 million and efficiency improvement measures of €53 million. EBIT before special items improved by 41.3% to €1,248 million (9M 2014: €883 million). **EBITDA** before special items advanced by a substantial 43.4% to €1,704 million (9M 2014: €1,188 million) after positive currency effects of about €80 million.

5.2 CropScience

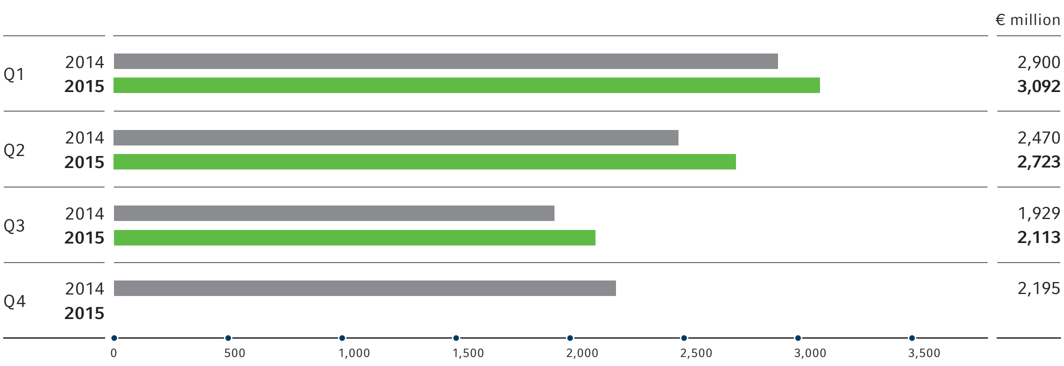
Key Data – CropScience [Table 9]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
				Fx & p adj.				Fx & p adj.
	€ million	€ million	%	%	€ million	€ million	%	%
Sales	**1,929**	**2,113**	**+9.5**	**+1.6**	**7,299**	**7,928**	**+8.6**	**+0.6**
Change in sales								
Volume	+11.3%	+4.2%			+9.6%	0.0%		
Price	+3.3%	−2.6%			+2.5%	+0.6%		
Currency	−2.1%	+7.3%			−5.9%	+7.4%		
Portfolio	+0.2%	+0.6%			+0.1%	+0.6%		
Sales								
Crop Protection/Seeds	1,781	1,957	+9.9	+2.3	6,788	7,318	+7.8	+0.5
Environmental Science	148	156	+5.4	−7.4	511	610	+19.4	+1.8
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
Sales by region								
Europe	454	465	+2.4	+3.1	2,580	2,737	+6.1	+9.0
North America	303	367	+21.1	+4.3	2,005	2,225	+11.0	−5.8
Asia/Pacific	318	363	+14.2	+7.2	1,018	1,166	+14.5	+2.7
Latin America/Africa/Middle East	854	918	+7.5	−1.2	1,696	1,800	+6.1	−3.7
EBIT	**157**	**180**	**+14.6**		**1,615**	**1,625**	**+0.6**	
Special items	*–*	*(4)*			*–*	*(79)*		
EBIT before special items [1]	***157***	***184***	***+17.2***		***1,615***	***1,704***	***+5.5***	
EBITDA[1]	**278**	**306**	**+10.1**		**1,991**	**2,009**	**+0.9**	
Special items	*–*	*(3)*			*–*	*(73)*		
EBITDA before special items [1]	***278***	***309***	***+11.2***		***1,991***	***2,082***	***+4.6***	
EBITDA margin before special items [1]	14.4%	14.6%			27.3%	26.3%		
Gross cash flow [2]	**214**	**206**	**−3.7**		**1,453**	**1,448**	**−0.3**	
Net cash flow [2]	**598**	**677**	**+13.2**		**847**	**596**	**−29.6**	

Fx & p adj. = currency- and portfolio-adjusted; Fx adj. = currency-adjusted
[1] For definition see Chapter 6 “Calculation of EBIT(DA) Before Special Items.”
[2] For definition see Chapter 8 “Financial Position of the Bayer Group.”

Sales of the **CropScience** subgroup in the **third quarter of 2015**, at €2,113 million, were slightly above the strong prior-year period (Fx & portfolio adj.: +1.6%; reported: +9.5%). Crop Protection/Seeds posted a slight sales increase in a weaker market environment, particularly in Latin America. By contrast, we registered declining sales at Environmental Science.

CropScience Quarterly Sales [Graphic 10]



Sales of **Crop Protection/Seeds** rose by 2.3% (Fx & portfolio adj.) to €1,957 million in the third quarter of 2015. Our Herbicides business, which expanded by a double-digit percentage, and the Fungicides business registered a positive trend. By contrast, business was down at SeedGrowth, Insecticides and Seeds.

Sales of **Environmental Science** receded by 7.4% (Fx & portfolio adj.) to €156 million. The business with both products for professional users and consumer products posted declines.

Sales by Business Unit [Table 10]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx & p adj. %	€ million	€ million	%	Fx & p adj. %
Herbicides	384	487	+26.8	+21.0	2,032	2,180	+7.3	+1.8
Fungicides	479	577	+20.5	+9.4	1,922	2,234	+16.2	+8.9
Insecticides	471	471	0.0	−9.3	1,213	1,166	−3.9	−12.9
SeedGrowth	316	298	−5.7	−10.5	724	682	−5.8	−11.7
Crop Protection	1,650	1,833	+11.1	+2.9	5,891	6,262	+6.3	−0.5
Seeds	131	124	−5.3	−5.3	897	1,056	+17.7	+7.0
Crop Protection/Seeds	**1,781**	**1,957**	**+9.9**	**+2.3**	**6,788**	**7,318**	**+7.8**	**+0.5**
Environmental Science	**148**	**156**	**+5.4**	**−7.4**	**511**	**610**	**+19.4**	**+1.8**

Fx & p adj. = currency- and portfolio-adjusted

The sales development of **CropScience** varied by region:

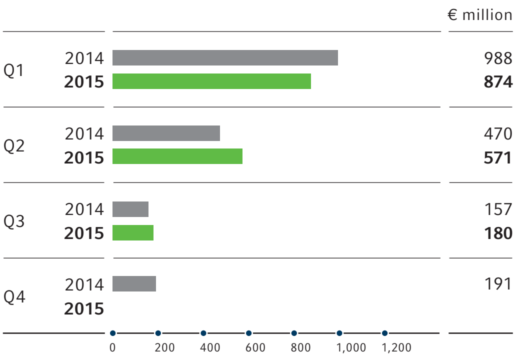
Sales in **Europe** came in at €465 million, up 3.1% on a currency-adjusted basis. Sales at Herbicides, particularly with products for use in cereals, grew by a double-digit percentage. Business with insecticides and vegetable seeds also expanded. Sales at Fungicides declined substantially against the strong prior-year quarter as a result of lower disease pressure due to weather conditions.

Sales in **North America** climbed by 4.3% (Fx adj.) to €367 million in the third quarter of 2015. We achieved very gratifying growth in the Herbicides, Fungicides, Insecticides and Seeds businesses. By contrast, business was down substantially at SeedGrowth, due particularly to high inventories of treated seed in the market. At Environmental Science, business with products for professional users developed positively. Canada played a key role in the positive development overall, as business expanded in all areas in that country.

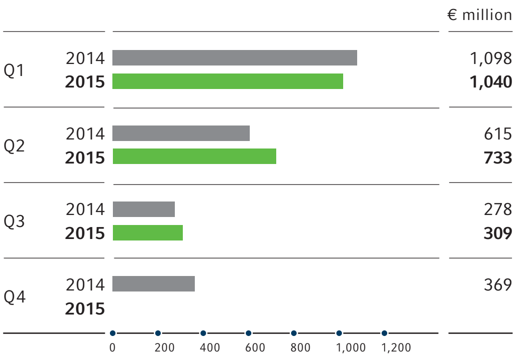
Sales in the **Asia/Pacific** region climbed by a substantial 7.2% (Fx adj.) to €363 million. The Herbicides and SeedGrowth businesses were especially successful in a slightly improved market environment, posting double-digit growth rates. Business also expanded significantly at Insecticides and Fungicides, as well as with vegetable seeds. On the other hand, we registered declining sales for rice seed and at Environmental Science.

Sales in the **Latin America/Africa/Middle East** region edged back by 1.2% to €918 million. Crop Protection/Seeds registered a decline mainly at Insecticides, and particularly in Brazil, where sales were weakened by considerably lower pest pressure. Significantly higher sales at Herbicides and Fungicides and for vegetable seeds did not fully offset this effect. Sales at Environmental Science declined substantially against the prior-year quarter.

CropScience
Quarterly EBIT [Graphic 11]



CropScience
Quarterly EBITDA Before Special Items [Graphic 12]



EBIT of **CropScience** rose by 14.6% in the third quarter of 2015 to €180 million. This figure reflected special charges of €4 million (Q3 2014: €0 million) resulting from the consolidation of production sites. EBIT before special items climbed by 17.2% to €184 million. **EBITDA** before special items came in 11.2% above the prior-year quarter at €309 million (Q3 2014: €278 million). This increase was largely driven by a positive currency effect of about €30 million.

Sales of **CropScience** in the **first nine months of 2015** were level year on year at €7,928 million (Fx & portfolio adj. +0.6%), despite the weaker market environment. At Crop Protection/Seeds, the positive overall development at Fungicides and Seeds offset lower sales at Insecticides and SeedGrowth. Environmental Science posted modest growth. In regional terms, we were particularly successful in the first nine months of 2015 in Europe, as well as in Asia/Pacific. By contrast, sales were down in North America and in Latin America/Africa/Middle East.

EBIT of **CropScience** for the first nine months of 2015 came in level with the prior-year period at €1,625 million (+0.6%). Earnings were diminished by special charges of €79 million (9M 2014: €0 million) that resulted mainly from the consolidation of production sites. EBIT before special items climbed by 5.5% to €1,704 million. **EBITDA** before special items came in 4.6% above the prior-year period at €2,082 million. This was largely the result of higher selling prices and a positive currency effect of around €60 million.

5.3 Covestro

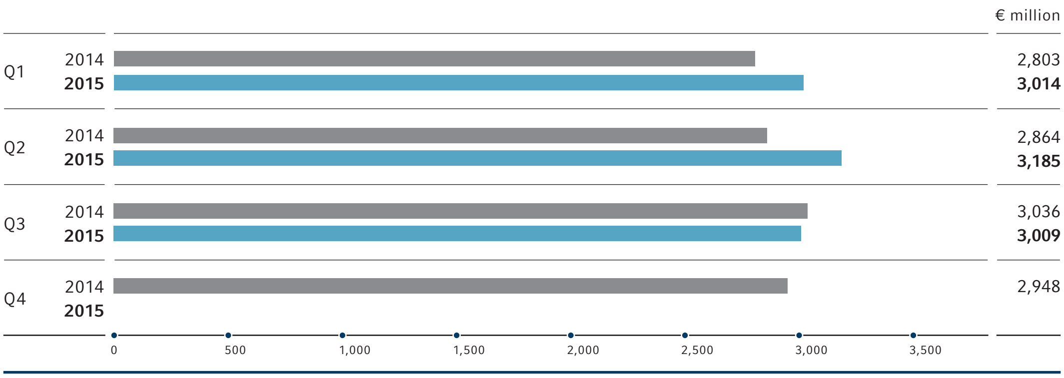
Key Data – Covestro [Table 11]

	3rd Quarter 2014	3rd Quarter 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx & p adj. %	€ million	€ million	%	Fx & p adj. %
Sales	**3,036**	**3,009**	**−0.9**	**−7.7**	**8,703**	**9,208**	**+5.8**	**−3.2**
Change in sales								
Volume	+6.1%	−0.2%			+6.5%	+2.9%		
Price	−0.8%	−7.5%			−1.9%	−6.1%		
Currency	−0.3%	+6.8%			−2.4%	+9.0%		
Portfolio	−0.2%	0.0%			−0.4%	0.0%		
Sales								
Polyurethanes	1,652	1,513	−8.4	−14.5	4,694	4,702	+0.2	−8.2
Polycarbonates	726	818	+12.7	+3.2	2,079	2,410	+15.9	+4.1
Coatings, Adhesives, Specialties	503	520	+3.4	−3.2	1,455	1,615	+11.0	+2.5
Other Covestro business	155	158	+1.9	−1.3	475	481	+1.3	−2.9
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
Sales by region								
Europe	1,122	1,130	+0.7	+1.0	3,405	3,381	−0.7	−0.5
North America	678	729	+7.5	−9.7	1,920	2,213	+15.3	−5.1
Asia/Pacific	878	819	−6.7	−18.9	2,360	2,579	+9.3	−7.7
Latin America/Africa/Middle East	358	331	−7.5	−3.6	1,018	1,035	+1.7	+1.9
EBIT	**184**	**217**	**+17.9**		**512**	**714**	**+39.5**	
Special items	*(2)*	*(87)*			*(21)*	*(188)*		
EBIT before special items [1]	***186***	***304***	***+63.4***		***533***	***902***	***+69.2***	
EBITDA [1]	**333**	**388**	**+16.5**		**953**	**1,239**	**+30.0**	
Special items	*(1)*	*(84)*			*(17)*	*(163)*		
EBITDA before special items [1]	***334***	***472***	***+41.3***		***970***	***1,402***	***+44.5***	
EBITDA margin before special items [1]	11.0%	15.7%			11.1%	15.2%		
Gross cash flow [2]	**261**	**310**	**+18.8**		**760**	**981**	**+29.1**	
Net cash flow [2]	**274**	**326**	**+19.0**		**363**	**849**	**+133.9**	

Fx & p adj. = currency- and portfolio-adjusted; Fx adj. = currency-adjusted
[1] For definition see Chapter 6 "Calculation of EBIT(DA) Before Special Items."
[2] For definition see Chapter 8 "Financial Position of the Bayer Group."

Sales of **Covestro** (formerly MaterialScience) in the **third quarter of 2015** fell to €3,009 million (Fx & portfolio adj.: −7.7%; reported: −0.9%). Selling prices declined in the three business units, primarily at Polyurethanes. This was chiefly attributable to the development of raw material prices. Overall, volumes remained at the level of the prior-year quarter.

Covestro Quarterly Sales [Graphic 13]

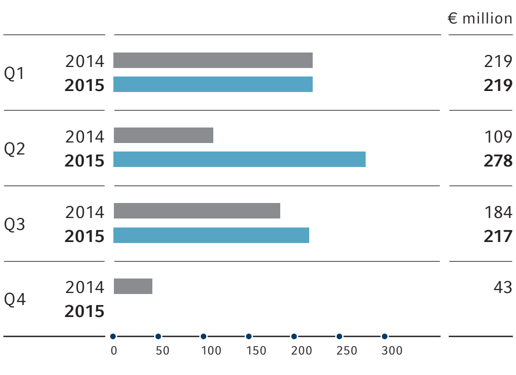


The **Polyurethanes** business unit saw sales fall by 14.5% (Fx & portfolio adj.) to €1,513 million. This decline resulted mainly from much lower selling prices for the three product groups toluene diisocyanate (TDI), diphenylmethane diisocyanate (MDI) and polyether polyols (PET), due primarily to declining raw material prices overall.

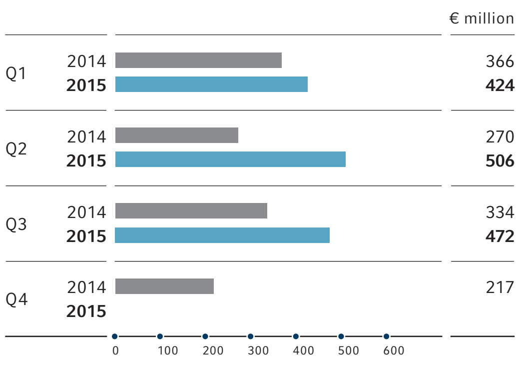
The **Polycarbonates** business unit raised sales by 3.2% (Fx & portfolio adj.) to €818 million. This growth was due above all to positive volume development, although selling prices were down slightly.

Sales in the **Coatings, Adhesives, Specialties** business unit declined by 3.2% (Fx & portfolio adj.) to €520 million. Volumes and selling prices were down slightly overall against the prior year.

Covestro Quarterly EBIT [Graphic 14]



Covestro Quarterly EBITDA Before Special Items [Graphic 15]



EBIT of **Covestro** in the third quarter of 2015 was above the prior-year level at €217 million (+17.9%). This figure reflected special charges of €87 million (Q3 2014: €2 million) for restructuring measures, chiefly for the separation and stock market listing of Covestro and for the consolidation of production sites. EBIT before special items climbed by a substantial 63.4% to €304 million. **EBITDA** before special items also improved significantly by 41.3% to €472 million (Q3 2014: €334 million). Considerably lower raw material prices more than offset the decline in selling prices. This was due to a more favorable supply-and-demand situation in some markets. Earnings were additionally buoyed by positive currency effects of around €70 million.

Sales of **Covestro** in the **first nine months of 2015** moved back by 3.2% (Fx & portfolio adj.; reported: +5.8%) to €9,208 million. Higher volumes in all business units were not sufficient to offset lower selling prices, particularly at Polyurethanes but also at Polycarbonates.

EBIT advanced by a significant 39.5% to €714 million. **EBITDA** before special items climbed by 44.5% to €1,402 million. Considerably lower raw material prices and higher volumes more than offset the decline in selling prices. Positive currency effects of some €200 million also contributed to this increase in earnings.

5.4 Business Development by Region

Sales by Region and Segment (by Market) [Table 12]

	Europe				North America				Asia/Pacific				Latin America/Africa/Middle East				Total			
	3rd Quarter 2014	3rd Quarter 2015	Change		3rd Quarter 2014	3rd Quarter 2015	Change		3rd Quarter 2014	3rd Quarter 2015	Change		3rd Quarter 2014	3rd Quarter 2015	Change		3rd Quarter 2014	3rd Quarter 2015	Change	
	€ million	€ million	%	Fx.adj. %	€ million	€ million	%	Fx.adj. %	€ million	€ million	%	Fx.adj. %	€ million	€ million	%	Fx.adj. %	€ million	€ million	%	Fx.adj. %
HealthCare	**1,707**	**1,817**	**+6.4**	**+7.7**	**1,247**	**1,777**	**+42.5**	**+26.3**	**1,084**	**1,315**	**+21.3**	**+13.9**	**702**	**742**	**+5.7**	**+22.4**	**4,740**	**5,651**	**+19.2**	**+16.2**
Pharmaceuticals	1,094	1,212	+10.8	+11.5	731	915	+25.2	+10.0	796	953	+19.7	+11.4	418	402	−3.8	+16.0	3,039	3,482	+14.6	+11.7
Consumer Health	613	605	−1.3	+0.8	516	862	+67.1	+49.4	288	362	+25.7	+20.8	284	340	+19.7	+31.7	1,701	2,169	+27.5	+24.0
CropScience	**454**	**465**	**+2.4**	**+3.1**	**303**	**367**	**+21.1**	**+4.3**	**318**	**363**	**+14.2**	**+7.2**	**854**	**918**	**+7.5**	**−1.2**	**1,929**	**2,113**	**+9.5**	**+2.2**
Covestro	**1,122**	**1,130**	**+0.7**	**+1.0**	**678**	**729**	**+7.5**	**−9.7**	**878**	**819**	**−6.7**	**−18.9**	**358**	**331**	**−7.5**	**−3.6**	**3,036**	**3,009**	**−0.9**	**−7.7**
Group (incl. reconciliation)	**3,527**	**3,659**	**+3.7**	**+4.4**	**2,230**	**2,874**	**+28.9**	**+12.4**	**2,284**	**2,500**	**+9.5**	**+0.3**	**1,926**	**2,003**	**+4.0**	**+7.1**	**9,967**	**11,036**	**+10.7**	**+5.8**
	First Nine Months 2014	First Nine Months 2015	Change		First Nine Months 2014	First Nine Months 2015	Change		First Nine Months 2014	First Nine Months 2015	Change		First Nine Months 2014	First Nine Months 2015	Change		First Nine Months 2014	First Nine Months 2015	Change	
	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %	€ million	€ million	%	Fx adj. %
HealthCare	**5,038**	**5,481**	**+8.8**	**+9.9**	**3,503**	**5,435**	**+55.2**	**+35.8**	**3,212**	**3,966**	**+23.5**	**+11.8**	**1,971**	**2,181**	**+10.7**	**+18.1**	**13,724**	**17,063**	**+24.3**	**+18.1**
Pharmaceuticals	3,220	3,575	+11.0	+11.4	1,993	2,540	+27.4	+9.4	2,394	2,866	+19.7	+7.6	1,174	1,193	+1.6	+11.9	8,781	10,174	+15.9	+10.0
Consumer Health	1,818	1,906	+4.8	+7.2	1,510	2,895	+91.7	+70.5	818	1,100	+34.5	+24.1	797	988	+24.0	+27.2	4,943	6,889	+39.4	+32.6
CropScience	**2,580**	**2,737**	**+6.1**	**+9.0**	**2,005**	**2,225**	**+11.0**	**−5.8**	**1,018**	**1,166**	**+14.5**	**+2.7**	**1,696**	**1,800**	**+6.1**	**−3.7**	**7,299**	**7,928**	**+8.6**	**+1.2**
Covestro	**3,405**	**3,381**	**−0.7**	**−0.5**	**1,920**	**2,213**	**+15.3**	**−5.1**	**2,360**	**2,579**	**+9.3**	**−7.7**	**1,018**	**1,035**	**+1.7**	**+1.9**	**8,703**	**9,208**	**+5.8**	**−3.2**
Group (incl. reconciliation)	**11,792**	**12,352**	**+4.7**	**+5.9**	**7,434**	**9,879**	**+32.9**	**+14.0**	**6,604**	**7,721**	**+16.9**	**+3.3**	**4,717**	**5,053**	**+7.1**	**+6.8**	**30,547**	**35,005**	**+14.6**	**+7.5**

2014 figures restated
Fx. adj. = currency-adjusted

6. Calculation of EBIT(DA) Before Special Items

Key performance indicators for the Bayer Group are EBIT before special items and EBITDA before special items. These indicators are reported in order to allow a more accurate assessment of business operations. The special items – comprising effects that are non-recurring or do not regularly recur or attain similar magnitudes – are detailed in the following table. EBITDA, EBITDA before special items and EBIT before special items are not defined in the International Financial Reporting Standards (IFRS) and should therefore be regarded only as supplementary information. EBITDA before special items is a meaningful indicator of operating performance since it is not affected by depreciation, amortization, impairment losses, impairment loss reversals or special items. By reporting this indicator, the company aims to give readers a clear picture of the results of operations and ensure comparability of data over time. The EBITDA margin before special items, which is the ratio of EBITDA before special items to sales, serves as a relative indicator for the internal and external comparison of operational earning power.

Depreciation, amortization and impairments rose by 17.5% in the first nine months of 2015 to €2,376 million (9M 2014: €2,022 million), comprising €1,273 million (9M 2014: €1,077 million) in amortization and impairments of intangible assets and €1,103 million (9M 2014: €945 million) in depreciation and impairments of property, plant and equipment. Impairments totaled €75 million (9M 2014: €68 million), of which €58 million (9M 2014: €8 million) was included in special items.

Special Items Reconciliation [Table 13]

	EBIT[1] 3rd Quarter 2014	EBIT[1] 3rd Quarter 2015	EBIT[1] First Nine Months 2014	EBIT[1] First Nine Months 2015	EBITDA[2] 3rd Quarter 2014	EBITDA[2] 3rd Quarter 2015	EBITDA[2] First Nine Months 2014	EBITDA[2] First Nine Months 2015
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Before special items	**1,301**	**1,769**	**4,842**	**6,045**	**1,977**	**2,523**	**6,856**	**8,363**
HealthCare	**54**	**(46)**	**45**	**(336)**	**54**	**(44)**	**49**	**(309)**
Restructuring	–	(15)	–	(88)	–	(13)	–	(61)
Litigations	–	–	–	(14)	–	–	–	(14)
Integration costs	(26)	(31)	(67)	(177)	(26)	(31)	(63)	(177)
Settlement of pre-existing relationship	–	–	35	–	–	–	35	–
Divestitures	80	–	77	3	80	–	77	3
Revaluation of other receivables	–	–	–	(60)	–	–	–	(60)
CropScience	**–**	**(4)**	**–**	**(79)**	**–**	**(3)**	**–**	**(73)**
Litigations	–	–	–	(18)	–	–	–	(18)
Divestitures	–	(4)	–	(50)	–	(3)	–	(44)
Revaluation of other receivables	–	–	–	(11)	–	–	–	(11)
Covestro	**(2)**	**(87)**	**(21)**	**(188)**	**(1)**	**(84)**	**(17)**	**(163)**
Restructuring	(2)	(87)	(21)	(186)	(1)	(84)	(17)	(161)
Revaluation of other receivables	–	–	–	(2)	–	–	–	(2)
Reconciliation	**(7)**	**(67)**	**(20)**	**(100)**	**(7)**	**(67)**	**(20)**	**(100)**
Restructuring	(7)	(35)	(20)	(67)	(7)	(35)	(20)	(67)
Litigations	–	(32)	–	(32)	–	(32)	–	(32)
Revaluation of other receivables	–	–	–	(1)	–	–	–	(1)
Total special items	**45**	**(204)**	**4**	**(703)**	**46**	**(198)**	**12**	**(645)**
of which cost of goods sold	(2)	(34)	(12)	(271)	(2)	(28)	(12)	(219)
of which selling expenses	(2)	(9)	(13)	(80)	(2)	(9)	(13)	(76)
of which research and development expenses	(1)	(5)	(3)	(16)	(1)	(5)	(3)	(14)
of which general administration expenses	(5)	(97)	(32)	(160)	(5)	(97)	(28)	(160)
of which other operating income/expenses	55	(59)	64	(176)	56	(59)	68	(176)
After special items	**1,346**	**1,565**	**4,846**	**5,342**	**2,023**	**2,325**	**6,868**	**7,718**

2014 figures restated
[1] EBIT = earnings before financial result and taxes
[2] EBITDA = EBIT plus amortization and impairment losses on intangible assets, plus depreciation and impairment losses on property, plant and equipment, minus impairment loss reversals

7. Core Earnings Per Share

Earnings per share according to IFRS are affected by the purchase price allocation for acquisitions and other special factors. To enhance comparability, we also determine core net income from continuing operations after eliminating amortization and impairment losses/impairment loss reversals on intangible assets, impairment losses/impairment loss reversals on property, plant and equipment, and special items, along with the related tax effects.

From this core net income we calculate core earnings per share in the same way as earnings per share. Core earnings per share form the basis for our dividend policy. Core earnings per share from continuing operations in the third quarter of 2015 increased by 28.0% to €1.69 (Q3 2014: €1.32).

Core Earnings per Share [Table 14]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
EBIT (as per income statements)	**1,346**	**1,565**	**4,846**	**5,342**
Amortization and impairment losses/impairment loss reversals on intangible assets	366	403	1,077	1,273
Impairment losses/impairment loss reversals on property, plant and equipment	4	5	39	60
Special items (other than amortization and impairment losses/impairment loss reversals)	(46)	198	(12)	645
Core EBIT	**1,670**	**2,171**	**5,950**	**7,320**
Financial result (as per income statements)	(302)	(280)	(634)	(841)
Special items in the financial result	59	(21)	10	(30)
Income taxes (as per income statements)	(236)	(296)	(1,087)	(1,064)
Tax effects related to amortization, impairment losses/impairment loss reversals and special items	(93)	(175)	(328)	(606)
Income after income taxes attributable to non-controlling interest (as per income statements)	(7)	(6)	(11)	(18)
Core net income from continuing operations	**1,091**	**1,393**	**3,900**	**4,761**
	Shares	Shares	Shares	Shares
Number of issued ordinary shares	**826,947,808**	**826,947,808**	**826,947,808**	**826,947,808**
Core earnings per share from continuing operations (€)	**1.32**	**1.69**	**4.72**	**5.76**
Core earnings per share from discontinued operations (€)	0.03	0.03	0.11	0.11
Core earnings per share from continuing and discontinued operations (€)	1.35	1.72	4.83	5.87

2014 figures restated

Core net income from continuing operations, core earnings per share from continuing operations (core EPS) and core EBIT are not defined in IFRS.

8. Financial Position of the Bayer Group

Bayer Group Summary Statements of Cash Flows [Table 15]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
Gross cash flow[1]	**1,466**	**1,427**	**5,149**	**5,611**
Changes in working capital / other non-cash items	315	879	(1,655)	(678)
Net cash provided by (used in) operating activities (net cash flow), continuing operations	**1,781**	**2,306**	**3,494**	**4,933**
Net cash provided by (used in) operating activities (net cash flow), discontinued operations	35	24	86	80
Net cash provided by (used in) operating activities (net cash flow) (total)	**1,816**	**2,330**	**3,580**	**5,013**
Net cash provided by (used in) investing activities (total)	**(3,974)**	**(965)**	**(6,671)**	**(2,088)**
Net cash provided by (used in) financing activities (total)	**2,433**	**(2,162)**	**2,945**	**(2,238)**
Change in cash and cash equivalents due to business activities	**275**	**(797)**	**(146)**	**687**
Cash and cash equivalents at beginning of period	**1,228**	**3,247**	**1,662**	**1,853**
Change due to exchange rate movements and to changes in scope of consolidation	177	(55)	164	(145)
Cash and cash equivalents at end of period	**1,680**	**2,395**	**1,680**	**2,395**

[1] Gross cash flow = income after income 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.

OPERATING CASH FLOW

Gross cash flow from continuing operations in the third quarter of 2015 declined year on year to €1,427 million. The increase in earnings was partly offset by additional tax expenses connected with the carve-out of Covestro. Net cash flow (total) rose by 28.3% to €2,330 million due to a decrease in cash tied up in other working capital. Net cash flow (total) reflected income tax payments of €421 million (Q3 2014: €685 million).

Gross cash flow from continuing operations in the first nine months of 2015 advanced by 9.0% against the prior-year period to €5,611 million. Net cash flow (total) increased by a considerable 40.0% to €5,013 million due to a reduction in cash tied up in other working capital, reflecting income tax payments of €1,217 million (9M 2014: €1,420 million).

INVESTING CASH FLOW

Net cash outflow for investing activities in the third quarter of 2015 amounted to €965 million. Disbursements for property, plant and equipment and intangible assets were 20.0% higher at €655 million (Q3 2014: €546 million). Of this amount, HealthCare accounted for €228 million (Q3 2014: €188 million), CropScience for €171 million (Q3 2014: €137 million) and Covestro for €128 million (Q3 2014: €134 million).

Net cash outflow for investing activities in the first nine months of 2015 totaled €2,088 million. Disbursements for property, plant and equipment and intangible assets were 11.8% higher at €1,601 million (9M 2014: €1,432 million). Of this amount, HealthCare accounted for €601 million (9M 2014: €514 million), CropScience for €416 million (9M 2014: €377 million) and Covestro for €352 million (9M 2014: €371 million). Cash outflows for noncurrent and current financial assets amounted to €584 million (9M 2014: €3,846 million).

FINANCING CASH FLOW

In the third quarter of 2015, there was a net cash outflow of €2,162 million for financing activities, including net loan repayments of €1,938 million (Q3 2014: net borrowings of €2,579 million). Net interest payments were 52.4% higher at €221 million (Q3 2014: €145 million).

In the first nine months of 2015, there was a net cash outflow of €2,238 million for financing activities, including net borrowings of €88 million (9M 2014: €4,952 million). Net interest payments increased by 70.5% to €457 million (9M 2014: €268 million) due to higher borrowings for acquisitions in the fourth quarter of 2014.

LIQUID ASSETS AND NET FINANCIAL DEBT

Net Financial Debt [Table 16]

	Dec. 31, 2014	June 30, 2015	Sep. 30, 2015
	€ million	€ million	€ million
Bonds and notes/promissory notes	14,964	16,831	15,516
of which hybrid bonds [1]	4,552	5,824	4,525
Liabilities to banks	3,835	3,543	3,423
Liabilities under finance leases	441	458	470
Liabilities from derivatives	642	738	776
Other financial liabilities	1,976	3,278	2,583
Positive fair values of hedges of recorded transactions	(258)	(334)	(414)
Financial liabilities	**21,600**	**24,514**	**22,354**
Cash and cash equivalents	(1,853)	(3,247)	(2,395)
Current financial assets	(135)	(133)	(700)
Net financial debt	**19,612**	**21,134**	**19,259**

[1] Classified as debt according to IFRS

Net financial debt of the Bayer Group declined by 8.9%, from €21.1 billion on June 30, 2015, to €19.3 billion on September 30, 2015, due mainly to cash inflows from operating activities.

Financial debt included three subordinated hybrid bonds, which were reflected at a total amount of €4.5 billion. Net financial debt should be viewed against the fact that Moody's and Standard & Poor's treat 50% of the hybrid bonds with nominal volumes of €1.75 billion and €1.5 billion issued in July 2014 and of the hybrid bond with a nominal volume of €1.3 billion issued in April 2015 as equity. The hybrid bonds thus have a more limited effect on the Group's rating-specific debt indicators than conventional borrowings. The other financial liabilities as of September 30, 2015, included commercial paper totaling €2.2 billion. Our noncurrent financial liabilities declined in the third quarter of 2015 from €17.2 billion to €16.7 billion. At the same time, current financial liabilities decreased from €7.7 billion to €6.0 billion.

Standard & Poor's gives Bayer a long-term issuer rating of A– with stable outlook, while Moody's gives us a long-term rating of A3 with stable outlook. The short-term ratings are A–2 (Standard & Poor's) and P–2 (Moody's). These investment-grade ratings document good creditworthiness.

ASSET AND CAPITAL STRUCTURE

Bayer Group Summary Statements of Financial Position [Table 17]

	Dec. 31, 2014	June 30, 2015	Sep. 30, 2015
	€ million	€ million	€ million
Noncurrent assets	48,007	49,505	49,473
Current assets	22,227	25,975	24,819
Assets held for sale and discontinued operations	–	183	178
Total current assets	**22,227**	**26,158**	**24,997**
Total assets	**70,234**	**75,663**	**74,470**
Equity	**20,218**	**22,466**	**22,580**
Noncurrent liabilities	34,513	32,433	32,548
Current liabilities	15,503	20,650	19,231
Provisions and liabilities directly related to assets held for sale and discontinued operations	–	114	111
Total current liabilities	15,503	20,764	19,342
Liabilities	**50,016**	**53,197**	**51,890**
Total equity and liabilities	**70,234**	**75,663**	**74,470**

Total assets fell by €1.2 billion against June 30, 2015, to €74.5 billion. Noncurrent assets were level year on year at €49.5 billion. Total current assets moved back by €1.2 billion to €25.0 billion, mainly due to lower trade accounts receivable and cash disbursements that were only partly offset by the increase in other financial assets and other receivables.

Equity increased by €0.1 billion to €22.6 billion. Income after income taxes of €1.0 billion was offset by the €0.6 billion increase – recognized outside profit or loss – in post-employment benefit obligations and negative exchange differences of €0.4 billion. The equity ratio (equity coverage of total assets) as of September 30, 2015, was 30.3% (June 30, 2015: 29.7%).

Liabilities fell by €1.3 billion in the third quarter of 2015 to €51.9 billion. Provisions for pensions and other post-employment benefits rose by €0.5 billion and other provisions increased by €0.4 billion. The €2.1 billion decrease in financial liabilities resulted partly from the repayment of a hybrid bond issued in 2005 and the sale of commercial paper.

Net Defined Benefit Liability for Post-Employment Benefits [Table 18]

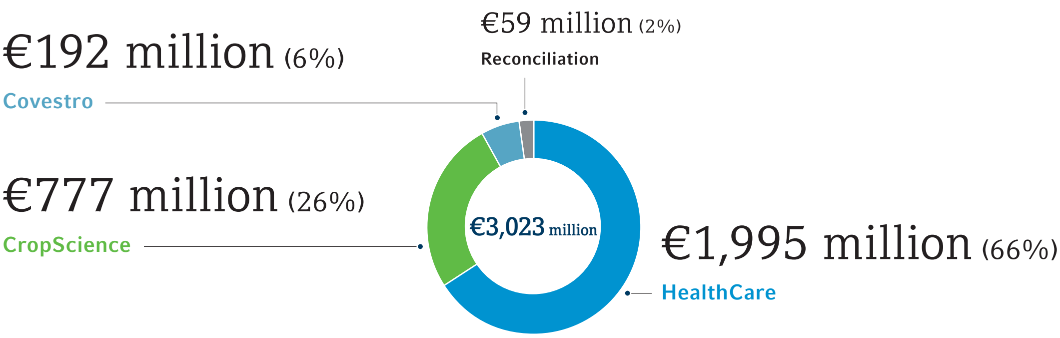
	Dec. 31, 2014	June 30, 2015	Sep. 30, 2015
	€ million	€ million	€ million
Provisions for pensions and other post-employment benefits	12,236	11,176	11,708
Net defined benefit asset	(41)	(43)	(40)
Net defined benefit liability for post-employment benefits	**12,195**	**11,133**	**11,668**

The net defined benefit liability for post-employment benefits increased by €0.6 billion in the third quarter of 2015 to €11.7 billion, mainly due to a decrease in long-term capital market interest rates for high-quality corporate bonds in Germany and the United States.

9. Growth and Innovation

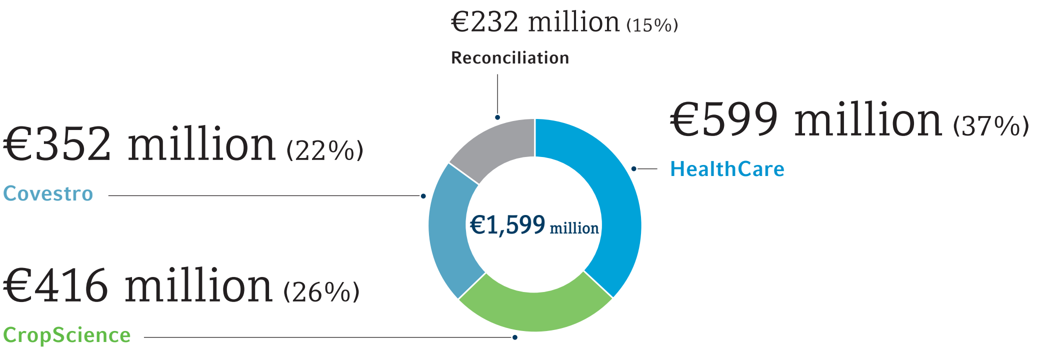
Our expenses for research and development rose by 14.1% (Fx adj.) in the first nine months of 2015 to €3,023 million (9M 2014: €2,520 million), including €1,041 million (Fx adj. +15.1%) in the third quarter (Q3 2014: €867 million). Capital expenditures for property, plant and equipment and intangible assets in the first nine months of 2015 amounted to €1,599 million (9M 2014: €1,427 million), including €654 million in the third quarter (Q3 2014: €544 million).

Research and Development Expenses in the First Nine Months of 2015 [Graphic 16]



Subgroup shares in parentheses

Capital Expenditures in the First Nine Months of 2015 [Graphic 17]

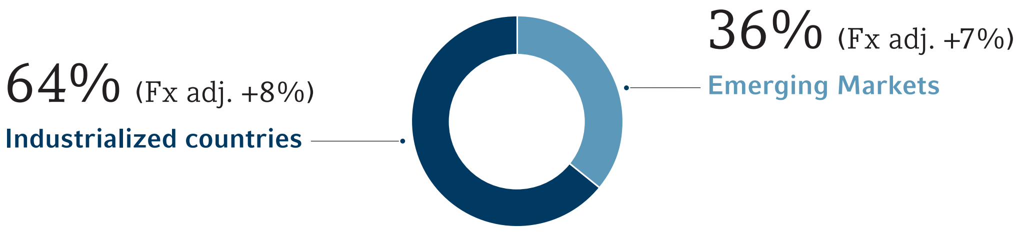


Subgroup shares in parentheses

Sales in the Emerging Markets[1] advanced by 6.7% (Fx adj.) to €12,658 million in the first nine months of 2015 (9M 2014: €11,301 million), including €4,270 million in the third quarter (Fx adj. +1.7%; Q3 2014: €4,103 million). The Emerging Markets' share of total sales was down slightly against the prior-year period at 36.2% (9M 2014: 37.0%). The respective figure for the third quarter of 2015 was 38.7% (Q3 2014: 41.2%).

[1] For reporting purposes we have defined the Emerging Markets as Asia (excluding Japan), Latin America, Eastern Europe, Africa and the Middle East.

Sales Development in the First Nine Months of 2015 [Graphic 18]



Currency-adjusted changes in parentheses

9.1 HealthCare

RESEARCH AND DEVELOPMENT

Expenses for research and development at HealthCare rose by 19.4% (Fx adj.) in the first nine months of 2015 to €1,995 million (9M 2014: €1,613 million), including €699 million (Fx adj. +21.0%) in the third quarter (Q3 2014: €561 million). We made further progress with our research and development pipeline in the third quarter of 2015.

The most important drug candidates in the approval process are:

Products Submitted for Approval[1] [Table 19]

	Indication
Aflibercept	E.U.; treatment of myopic choroidal neovascularization (mCNV)
Bay 81-8973 (rFVIII)	E.U., U.S.A., Japan; treatment of hemophilia A
Rivaroxaban[2]	U.S.A.; secondary prophylaxis of acute coronary syndrome (ACS)

[1] As of October 22, 2015
[2] Submitted by Janssen Research & Development, LLC

The following table shows our most important drug candidates currently in Phase II or III of clinical testing:

Research and Development Projects (Phases II and III)[1] [Table 20]

	Indication	Status
Amikacin Inhale	Pulmonary infection	Phase III
BAY 1841788 (ODM-201, AR antagonist)	Prostate cancer	Phase III
Damoctocog alfa pegol (BAY 94-9027, long-acting rFVIII)	Hemophilia A	Phase III
Ciprofloxacin DPI	Pulmonary infection	Phase III
Copanlisib (PI3K inhibitor)	Various forms of non-Hodgkin's lymphoma (NHL)	Phase III
Finerenone (MR antagonist)	Chronic heart failure	Phase III
Finerenone (MR antagonist)	Diabetic kidney disease	Phase III
LCS-16 (ULD LNG Contraceptive System)	Contraception, duration of use: up to 5 years	Phase III
Radium-223 dichloride	Combination treatment of castration-resistant prostate cancer	Phase III
Regorafenib	Refractory liver cancer	Phase III
Riociguat	Pulmonary arterial hypertension (PAH) in patients who do not sufficiently respond to PDE-5i/ERA	Phase III
Rivaroxaban	Prevention of major adverse cardiac events (MACE)	Phase III
Rivaroxaban	Anti-coagulation in patients with chronic heart failure[2]	Phase III
Rivaroxaban	Long-term prevention of venous thromboembolism	Phase III
Rivaroxaban	Prevention of venous thromboembolism in high-risk patients after discharge from hospital[2]	Phase III
Rivaroxaban	Embolic stroke of undetermined source	Phase III
Rivaroxaban	Peripheral artery disease (PAD)	Phase III
Tedizolid	Pulmonary infection	Phase III
Anetumab ravtansine (Mesothelin ADC)	Cancer	Phase II
BAY 1067197 (partial adenosine A1 agonist)	Heart failure	Phase II
BAY 1007626 (progestine IUS)	Contraception	Phase II
BAY 1142524 (Chymase inhibitor)	Heart failure	Phase II
BAY 2306001 (ISIS-FXIRx)	Prevention of thrombosis[3]	Phase II
BAY 98-7196 + anastrozole (intravaginal ring)	Endometriosis	Phase II
Copanlisib (PI3K inhibitor)	Recurrent/resistant non-Hodgkin's lymphoma (NHL)	Phase II
Molidustat (HIF-PH inhibitor)	Renal anemia	Phase II
PDGRF-beta + aflibercept	Wet age-related macular degeneration[4]	Phase II
Radium-223 dichloride	Bone metastases in breast cancer	Phase II
Radium-223 dichloride	Cancer, various studies	Phase II
Refametinib (MEK inhibitor)	Cancer	Phase II
Regorafenib	Cancer	Phase II
Riociguat	Pulmonary hypertension (IIP)	Phase II
Riociguat	Raynaud's phenomenon	Phase II
Riociguat	Diffuse systemic sclerosis	Phase II
Riociguat	Cystic fibrosis	Phase II
Rivaroxaban	Secondary prevention of acute coronary syndrome (ACS)[2]	Phase II
Roniciclib (CDK inhibitor)	Small-cell lung cancer (SCLC)	Phase II
Vericiguat (BAY 1021189, sGC stimulator)	Chronic heart failure	Phase II
Vilaprisan (S-PRM)	Symptomatic uterine fibroids	Phase II
Vilaprisan (S-PRM)	Endometriosis	Phase II

[1] As of October 22, 2015
[2] Sponsored by Janssen Research & Development, LLC
[3] Sponsored by Isis Pharmaceuticals, Inc.
[4] Sponsored by Regeneron Pharmaceuticals, Inc.
The nature of drug discovery and development is such that not all compounds can be expected to meet the pre-defined project goals. It is possible that any or all of the projects listed above may have to be discontinued due to scientific and/or commercial reasons and will not result in commercialized products. It is also possible that the requisite Food and Drug Administration (FDA), European Medicines Agency (EMA) or other regulatory approvals will not be granted for these compounds.

In July 2015, **Gadovist™** was approved by the European Commission for use in children under two years of age. This label extension applies to all indications that have already been approved.

Since August 2015, our innovative immunostimulant **Zelnate™** has been available in the United States. It was approved by the United States Department of Agriculture (USDA) to aid in the treatment of bovine respiratory disease caused by Mannheimia haemolytica bacteria. The product offers veterinarians and farmers a new approach alongside vaccinations and antibiotics for treating these complex infectious diseases, which have a substantial negative impact in cattle breeding.

In September 2015, the oral anticoagulant **Xarelto™** (active ingredient: rivaroxaban) was approved by the Japanese Ministry of Health, Labour and Welfare (MHLW) for the treatment and secondary prevention of pulmonary embolism and deep vein thrombosis.

In September 2015, the European Committee for Medicinal Products for Human Use (CHMP) recommended the approval of aflibercept for injection into the eye (tradename: **Eylea™**) for the treatment of myopic choroidal neovascularization (mCNV).

We are expanding the clinical development program for **finerenone**, our novel, oral, third-generation mineralocorticoid receptor antagonist, to include three new Phase III trials. In September 2015, two trials were initiated to investigate the efficacy and safety of finerenone in patients with diabetic kidney disease. Another Phase III trial is being prepared in the indication chronic heart failure.

CAPITAL EXPENDITURES, ACQUISITIONS AND COOPERATIONS

In July 2015, we entered into a collaboration and license agreement with Sprint Bioscience AB, Sweden, concerning the research, development and commercialization of oncological drug candidates. Under the agreement, we will receive the license for a research program that is currently at the preclinical stage and aims at inhibiting tumor cell metabolism.

EMERGING MARKETS

HealthCare raised sales in the Emerging Markets by 15.6% (Fx adj.) in the first nine months of 2015 to €5,352 million (9M 2014: €4,582 million), including €1,749 million (Fx adj. +14.6%) in the third quarter (Q3 2014: €1,593 million). The largest increase in absolute terms in the third quarter was recorded in China, where, in addition to the positive development of our pharmaceutical products, we especially benefited from the acquired consumer care businesses. We posted double-digit sales growth in Latin America. The Emerging Markets' share of total HealthCare sales was 31.4% in the first nine months of 2015 (9M 2014: 33.4%) and 31.0% in the third quarter (Q3 2014: 33.6%).

9.2 CropScience

RESEARCH AND DEVELOPMENT

Research and development expenses at CropScience rose by 4.8% (Fx adj.) in the first nine months of 2015 to €777 million (9M 2014: €690 million), including €268 million (Fx adj. +5.9%) in the third quarter (Q3 2014: €238 million).

In August 2015, CropScience received marketing authorization from the European Commission for Terpenoid Blend QRD 460, the active ingredient in the product **Requiem™**. This biological insecticide provides an option for controlling sucking pests. The market launch in Europe is scheduled for 2017.

CAPITAL EXPENDITURES, ACQUISITIONS AND COOPERATIONS

In August 2015, the construction of a new production plant for methane phosphorous acid ester (MPE), a key precursor for the active substance glufosinate ammonium, began at the Knapsack, Germany, site. With this capacity expansion, CropScience is reacting to the rising demand for modern crop protection products. The total investment amounts to more than €150 million.

In September 2015, CropScience opened a new building for its European Wheat Breeding Center in Gatersleben, Germany. Our wheat activities focus primarily on the development of hybrid seed that promises considerably improved yield stability compared with conventional seed and is scheduled for launch after 2020.

In September 2015, CropScience opened a production facility in Monheim, Germany, to expand its oilseed rape/canola range and thus achieve a leading position in the European market.

Also in September 2015, CropScience and the Round Table on Responsible Soy (RTRS) announced that they would jointly assist soybean producers in the certification of their crops according to RTRS standards. RTRS certification guarantees that soybeans – whether used as a raw material or in processed products – originate from environmentally friendly, socially compatible and economically viable production. This collaboration will initially be focused on Brazil.

EMERGING MARKETS

CropScience raised sales in the Emerging Markets by 4.7% (Fx adj.) in the first nine months of 2015 to €3,349 million (9M 2014: €3,034 million), including €1,252 million in the third quarter (Fx adj. −0.2%; Q3 2014: €1,163 million). We achieved gains in Asia, while Latin America sales were level with the previous year. Compared with the prior-year period, business was significantly down in Africa/Middle East. The Emerging Markets' share of total CropScience sales was 42.2% in the first nine months of 2015 (9M 2014: 41.6%) and 59.3% in the third quarter (Q3 2014: 60.3%).

9.3 Covestro

RESEARCH AND DEVELOPMENT

Research and development expenses at Covestro increased by 10.1% (Fx adj.) in the first nine months of 2015 to €192 million (9M 2014: €158 million), including €65 million (Fx adj. +27.7%) in the third quarter (Q3 2014: €47 million). Covestro also invested an additional €62 million in the first nine months of 2015 (9M 2014: €56 million) in joint development projects with customers, including €21 million in the third quarter (Q3 2014: €19 million).

CAPITAL EXPENDITURES, ACQUISITIONS AND COOPERATIONS

In July 2015, Covestro introduced a Partner Manufacturer Program to promote cooperation between suppliers, manufacturers and brand owners in the textile industry. The aim is to promote the INSQIN™ technology, which enables the most environmentally friendly possible production of polyurethane-based coated textiles. The first partner is South Korean company Duksung Co., Ltd., a global leader in the manufacture of polyurethane-based imitation leather.

EMERGING MARKETS

In the Emerging Markets, Covestro posted sales of €3,909 million in the first nine months of 2015 (Fx adj. −2.8%; 9M 2014: €3,639 million), including €1,254 million in the third quarter (Fx adj. −12.1%; Q3 2014: €1,330 million). The company registered a substantial decrease in sales in Asia compared with the prior-year quarter. Business also declined in the Latin America and Africa/Middle East regions, but expanded in Eastern Europe. The Emerging Markets' share of total Covestro sales was 42.5% in the first nine months of 2015 (9M 2014: 41.8%) and 41.7% in the third quarter (Q3 2014: 43.8%).

10. Employees

On September 30, 2015, the Bayer Group employed 117,866 people in its continuing operations worldwide (December 31, 2014: 117,371). The workforce thus grew by 495 (+0.4%).

HealthCare employed 58,700 people (December 31, 2014: 59,199). The number of employees at CropScience increased to 23,673 (December 31, 2014: 23,060). The number of employees at Covestro rose to 15,698 (December 31, 2014: 14,122). This was largely due to the transfer of around 1,700 employees in connection with the separation of Covestro. The number of people mainly employed in the service companies therefore declined to 19,795 (December 31, 2014: 20,990).

Personnel expenses rose by 18.2% (Fx adj. 11.8%) in the first nine months of 2015 to €8,369 million (9M 2014: €7,080 million), partly due to portfolio adjustments, with the third quarter accounting for €2,739 million.

11. Opportunities and Risks

As a global enterprise with a diversified portfolio, the Bayer Group is exposed to a wide range of internal or external developments or events that could significantly impact the achievement of our financial and non-financial objectives.

Bayer regards risk management as an integral part of corporate governance. Our risk management process and the opportunities/risks outlined in detail in the Annual Report 2014 (Combined Management Report, Chapter 20.3) are materially unchanged. No risks have been identified that could endanger the Bayer Group's continued existence. There are also no risks with mutually reinforcing dependencies that could combine to endanger the Group's continued existence.

Significant developments that have occurred in respect of the legal risks since publication of the Bayer Annual Report 2014 (Note [32] to the Consolidated Financial Statements) are described in the Notes to the Condensed Consolidated Interim Financial Statements under "Legal Risks." The Bayer Annual Report 2014 can be downloaded free of charge at www.bayer.com.

12. Events After the End of the Reporting Period

After the end of the reporting period – on October 6, 2015 – Covestro (formerly MaterialScience) issued 62.5 million new shares by way of a capital increase. The issue price was €24.00 per share, yielding total proceeds of €1.5 billion. Bayer's interest in Covestro thus decreased to 69%.

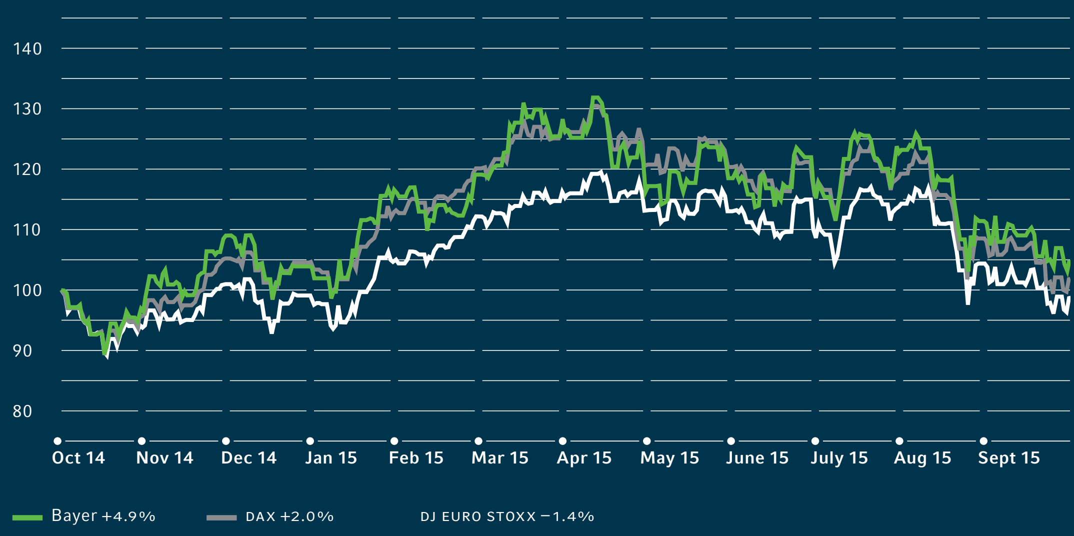
Bonds with a value of €300 million (nominal) were transferred to a pension fund on October 7, 2015.

On October 9, 2015, Bayer CropScience was awarded US$455 million from a three-member arbitration panel of the International Chamber of Commerce (ICC) for infringement of Bayer's rights concerning its Liberty Link™ weed control system by Dow AgroSciences (DAS). The award is final and binding and now before a U.S. Court for confirmation.

Investor Information

Performance of Bayer Stock over the Past Twelve Months [Graphic 19]

indexed; 100 = Xetra closing price on September 30, 2014 (source: Bloomberg)



The global stock markets fell sharply in the third quarter of 2015. The price of Bayer stock decreased by 8.8%, while the DAX was down 11.7%. The EURO STOXX 50 (performance index) fell by 9.2% over the same period.

Compared with the closing price at the end of 2014 and including the dividend paid on May 28, 2015, the price of Bayer stock increased by 3.0% to €114.45. The DAX lost 1.5% during this period, closing at 9,660 points. The EURO STOXX 50 climbed by 0.7%, ending the first three quarters of 2015 at 5,892 points.

Bayer Stock Data [Table 21]

		3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
High for the period	€	112.70	137.35	112.70	146.20
Low for the period	€	94.73	112.35	91.51	109.20
Average daily trading volume	million shares	1.9	2.4	1.9	2.4

		Sep. 30, 2014	Sep. 30, 2015	Dec. 31, 2014	Change Sep. 30, 2015 / Dec. 31, 2014 %
Share price	€	110.90	114.45	113.00	+1.3
Market capitalization	€ million	91,709	94,644	93,445	+1.3
Equity as per statements of financial position	€ million	20,290	22,580	20,218	+11.7
Shares entitled to the dividend	million shares	826.95	826.95	826.95	0.0
DAX		9,474	9,660	9,806	−1.5

Xetra closing prices (source: Bloomberg)

Condensed Consolidated Interim Financial Statements of the Bayer Group as of September 30, 2015

Bayer Group Consolidated Income Statements

[Table 22]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
Net sales	**9,967**	**11,036**	**30,547**	**35,005**
Cost of goods sold	(4,859)	(4,956)	(14,584)	(15,744)
Gross profit	**5,108**	**6,080**	**15,963**	**19,261**
Selling expenses	(2,579)	(2,927)	(7,499)	(9,024)
Research and development expenses	(867)	(1,041)	(2,520)	(3,023)
General administration expenses	(389)	(509)	(1,224)	(1,530)
Other operating income	204	362	412	640
Other operating expenses	(131)	(400)	(286)	(982)
EBIT [1]	**1,346**	**1,565**	**4,846**	**5,342**
Equity-method loss	(3)	(4)	(11)	(4)
Financial income	68	32	258	129
Financial expenses	(367)	(308)	(881)	(966)
Financial result	**(302)**	**(280)**	**(634)**	**(841)**
Income before income taxes	**1,044**	**1,285**	**4,212**	**4,501**
Income taxes	(236)	(296)	(1,087)	(1,064)
Income from continuing operations after income taxes	**808**	**989**	**3,125**	**3,437**
Income from discontinued operations after income taxes	**25**	**16**	**88**	**78**
Income after income taxes	**833**	**1,005**	**3,213**	**3,515**
of which attributable to non-controlling interest	7	6	11	18
of which attributable to Bayer AG stockholders (net income)	**826**	**999**	**3,202**	**3,497**
	€	€	€	€
Earnings per share				
From continuing operations				
Basic	0.97	1.19	3.77	4.13
Diluted	0.97	1.19	3.77	4.13
From discontinued operations				
Basic	0.03	0.02	0.10	0.10
Diluted	0.03	0.02	0.10	0.10
From continuing and discontinued operations				
Basic	1.00	1.21	3.87	4.23
Diluted	1.00	1.21	3.87	4.23

[1] EBIT = earnings before financial result and taxes
2014 figures restated

Bayer Group Consolidated Statements of Comprehensive Income

[Table 23]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
Income after income taxes	**833**	**1,005**	**3,213**	**3,515**
of which attributable to non-controlling interest	*7*	*6*	*11*	*18*
of which attributable to Bayer AG stockholders	*826*	*999*	*3,202*	*3,497*
Remeasurements of the net defined benefit liability for post-employment benefit plans	(1,529)	(647)	(4,089)	522
Income taxes	476	82	1,282	(237)
Other comprehensive income from remeasurements of the net defined benefit liability for post-employment benefit plans	**(1,053)**	**(565)**	**(2,807)**	**285**
Other comprehensive income that will not be reclassified subsequently to profit or loss	**(1,053)**	**(565)**	**(2,807)**	**285**
Changes in fair values of derivatives designated as cash flow hedges	(125)	22	(178)	(235)
Reclassified to profit or loss	3	89	(73)	226
Income taxes	35	(45)	71	(14)
Other comprehensive income from cash flow hedges	**(87)**	**66**	**(180)**	**(23)**
Changes in fair values of available-for-sale financial assets	(1)	(3)	–	15
Reclassified to profit or loss	–	–	–	1
Income taxes	(2)	2	(3)	1
Other comprehensive income from available-for-sale financial assets	**(3)**	**(1)**	**(3)**	**17**
Changes in exchange differences recognized on translation of operations outside the eurozone	1,060	(361)	1,002	465
Reclassified to profit or loss	–	–	–	–
Other comprehensive income from exchange differences	**1,060**	**(361)**	**1,002**	**465**
Other comprehensive income that may be reclassified subsequently to profit or loss	**970**	**(296)**	**819**	**459**
Effects of changes in scope of consolidation	**–**	**–**	**–**	**–**
Total other comprehensive income [1]	**(83)**	**(861)**	**(1,988)**	**744**
of which attributable to non-controlling interest	*5*	*(4)*	*9*	*4*
of which attributable to Bayer AG stockholders	*(88)*	*(857)*	*(1,997)*	*740*
Total comprehensive income	**750**	**144**	**1,225**	**4,259**
of which attributable to non-controlling interest	*12*	*2*	*20*	*22*
of which attributable to Bayer AG stockholders	*738*	*142*	*1,205*	*4,237*

[1] Total changes recognized outside profit or loss

Bayer Group Consolidated Statements of Financial Position

[Table 24]

	Sep. 30, 2014	Sep. 30, 2015	Dec. 31, 2014
	€ million	€ million	€ million
Noncurrent assets			
Goodwill	10,608	15,932	15,347
Other intangible assets	10,009	15,413	15,653
Property, plant and equipment	10,621	11,849	11,428
Investments accounted for using the equity method	212	240	223
Other financial assets	1,200	1,070	1,107
Other receivables	458	402	447
Deferred taxes	2,146	4,567	3,802
	35,254	**49,473**	**48,007**
Current assets			
Inventories	7,928	8,711	8,478
Trade accounts receivable	9,099	9,995	9,097
Other financial assets	4,519	1,542	723
Other receivables	1,435	1,656	1,488
Claims for income tax refunds	554	520	588
Cash and cash equivalents	1,680	2,395	1,853
Assets held for sale and discontinued operations	144	178	–
	25,359	**24,997**	**22,227**
Total assets	**60,613**	**74,470**	**70,234**
Equity			
Capital stock of Bayer AG	2,117	2,117	2,117
Capital reserves of Bayer AG	6,167	6,167	6,167
Other reserves	11,903	14,198	11,822
Equity attributable to Bayer AG stockholders	**20,187**	**22,482**	**20,106**
Equity attributable to non-controlling interest	103	98	112
	20,290	**22,580**	**20,218**
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	11,356	11,708	12,236
Other provisions	1,906	2,116	2,016
Financial liabilities	11,402	16,740	18,484
Other liabilities	311	1,077	1,088
Deferred taxes	589	907	689
	25,564	**32,548**	**34,513**
Current liabilities			
Other provisions	5,419	6,142	4,912
Financial liabilities	3,107	6,036	3,376
Trade accounts payable	4,505	5,129	5,363
Income tax liabilities	133	98	63
Other liabilities	1,595	1,826	1,789
Liabilities directly related to assets held for sale and discontinued operations	–	111	–
	14,759	**19,342**	**15,503**
Total equity and liabilities	**60,613**	**74,470**	**70,234**

2014 figures restated

Bayer Group Consolidated Statements of Cash Flows

[Table 25]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
Income from continuing operations after income taxes	808	989	3,125	3,437
Income taxes	236	296	1,087	1,064
Financial result	302	280	634	841
Income taxes paid or accrued	(350)	(684)	(1,285)	(1,757)
Depreciation, amortization and impairments	677	760	2,022	2,376
Change in pension provisions	(115)	(151)	(300)	(274)
(Gains) losses on retirements of noncurrent assets	(92)	(63)	(134)	(76)
Gross cash flow	**1,466**	**1,427**	**5,149**	**5,611**
Decrease (increase) in inventories	(245)	(276)	(557)	(427)
Decrease (increase) in trade accounts receivable	531	789	(1,176)	(1,253)
(Decrease) increase in trade accounts payable	210	(23)	(174)	(370)
Changes in other working capital, other non-cash items	(181)	389	252	1,372
Net cash provided by (used in) operating activities (net cash flow), continuing operations	**1,781**	**2,306**	**3,494**	**4,933**
Net cash provided by (used in) operating activities (net cash flow), discontinued operations	35	24	86	80
Net cash provided by (used in) operating activities (net cash flow) (total)	**1,816**	**2,330**	**3,580**	**5,013**
Cash outflows for additions to property, plant, equipment and intangible assets	(546)	(655)	(1,432)	(1,601)
Cash inflows from the sale of property, plant, equipment and other assets	30	81	81	165
Cash inflows from divestitures	297	2	303	2
Cash inflows from (outflows for) noncurrent financial assets	84	258	18	(78)
Cash outflows for acquisitions less acquired cash	(14)	(162)	(1,871)	(159)
Interest and dividends received	45	21	94	89
Cash inflows from (outflows for) current financial assets	(3,870)	(510)	(3,864)	(506)
Net cash provided by (used in) investing activities (total)	**(3,974)**	**(965)**	**(6,671)**	**(2,088)**
Dividend payments and withholding tax on dividends	(1)	(3)	(1,738)	(1,869)
Issuances of debt	4,965	4,445	11,798	11,647
Retirements of debt	(2,386)	(6,383)	(6,846)	(11,559)
Interest paid including interest-rate swaps	(227)	(284)	(393)	(571)
Interest received from interest-rate swaps	82	63	125	114
Cash outflows for the purchase of additional interests in subsidiaries	–	–	(1)	–
Net cash provided by (used in) financing activities (total)	**2,433**	**(2,162)**	**2,945**	**(2,238)**
Change in cash and cash equivalents due to business activities (total)	**275**	**(797)**	**(146)**	**687**
Cash and cash equivalents at beginning of period	**1,228**	**3,247**	**1,662**	**1,853**
Change in cash and cash equivalents due to changes in scope of consolidation	–	2	–	5
Change in cash and cash equivalents due to exchange rate movements	177	(57)	164	(150)
Cash and cash equivalents at end of period	**1,680**	**2,395**	**1,680**	**2,395**

Bayer Group Consolidated Statements of Changes in Equity

[Table 26]

	Capital stock of Bayer AG	Capital reserves of Bayer AG	Other reserves	Equity attributable to Bayer AG stockholders	Equity attributable to non-controlling interest	Equity
	€ million	€ million	€ million	€ million	€ million	€ million
Dec. 31, 2013	**2,117**	**6,167**	**12,434**	**20,718**	**86**	**20,804**
Equity transactions with owners						
Capital increase/decrease						
Dividend payments			(1,737)	(1,737)	(2)	(1,739)
Other changes			1	1	(1)	
Total comprehensive income			1,205	1,205	20	1,225
Sep. 30, 2014	**2,117**	**6,167**	**11,903**	**20,187**	**103**	**20,290**
Dec. 31, 2014	**2,117**	**6,167**	**11,822**	**20,106**	**112**	**20,218**
Equity transactions with owners						
Capital increase/decrease						
Dividend payments			(1,861)	(1,861)	(8)	(1,869)
Other changes					(28)	(28)
Total comprehensive income			4,237	4,237	22	4,259
Sep. 30, 2015	**2,117**	**6,167**	**14,198**	**22,482**	**98**	**22,580**

Notes to the Condensed Consolidated Interim Financial Statements of the Bayer Group as of September 30, 2015

Key Data by Segment and Region

Key Data by Segment [Table 27]

	HealthCare				CropScience		Covestro		Reconciliation					
	Pharmaceuticals		Consumer Health		CropScience		Covestro		All Other Segments		Corporate Center and Consolidation		Group	
	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales (external)	3,039	3,482	1,701	2,169	1,929	2,113	3,036	3,009	261	262	1	1	9,967	11,036
Change	+7.8%	+14.6%	+1.3%	+27.5%	+12.7%	+9.5%	+4.8%	−0.9%	−10.3%	+0.4%	–	–	+6.0%	+10.7%
Currency-adjusted change	+10.3%	+11.7%	+3.8%	+24.0%	+14.8%	+2.2%	+5.1%	−7.7%	−10.0%	+1.1%	–	–	+7.7%	+5.8%
Intersegment sales	29	8	3	4	9	6	14	18	567	575	(622)	(611)	–	–
Net sales (total)	3,068	3,490	1,704	2,173	1,938	2,119	3,050	3,027	828	837	(621)	(610)	9,967	11,036
EBIT	699	859	363	360	157	180	184	217	47	2	(104)	(53)	1,346	1,565
EBIT before special items	699	866	309	399	157	184	186	304	54	58	(104)	(42)	1,301	1,769
EBITDA before special items	960	1,139	408	538	278	309	334	472	99	105	(102)	(40)	1,977	2,523
Gross cash flow [1]	666	781	244	336	214	206	261	310	151	(166)	(70)	(40)	1,466	1,427
Net cash flow [1]	808	894	260	379	598	677	274	326	164	(114)	(323)	144	1,781	2,306
Depreciation, amortization and impairments	261	273	99	141	121	126	149	171	45	47	2	2	677	760
	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015
Net sales (external)	8,781	10,174	4,943	6,889	7,299	7,928	8,703	9,208	815	803	6	3	30,547	35,005
Change	+6.9%	+15.9%	−1.5%	+39.4%	+6.3%	+8.6%	+1.8%	+5.8%	−5.9%	−1.5%	–	–	+3.5%	+14.6%
Currency-adjusted change	+12.1%	+10.0%	+3.9%	+32.6%	+12.2%	+1.2%	+4.2%	−3.2%	−5.2%	−1.2%	–	–	+7.9%	+7.5%
Intersegment sales	72	26	7	4	40	25	42	45	1,639	1,705	(1,800)	(1,805)	–	–
Net sales (total)	8,853	10,200	4,950	6,893	7,339	7,953	8,745	9,253	2,454	2,508	(1,794)	(1,802)	30,547	35,005
EBIT	1,996	2,256	924	1,017	1,615	1,625	512	714	106	45	(307)	(315)	4,846	5,342
EBIT before special items	1,992	2,361	883	1,248	1,615	1,704	533	902	126	123	(307)	(293)	4,842	6,045
EBITDA before special items	2,760	3,204	1,188	1,704	1,991	2,082	970	1,402	250	259	(303)	(288)	6,856	8,363
Gross cash flow [1]	1,902	2,191	779	1,110	1,453	1,448	760	981	472	102	(217)	(221)	5,149	5,611
Net cash flow [1]	1,547	2,079	626	1,148	847	596	363	849	364	(57)	(253)	318	3,494	4,933
Depreciation, amortization and impairments	772	847	305	479	376	384	441	525	124	136	4	5	2,022	2,376
Number of employees (as of Sep. 30) [2]	38,808	40,045	16,533	18,655	22,490	23,673	14,147	15,698	20,105	19,086	748	709	112,831	117,866

2014 figures restated
[1] For definition see chapter 8 "Financial Position of the Bayer Group."
[2] Full-time equivalents

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Condensed Consolidated Interim Financial Statements as of September 30, 2015
Key Data by Region

Key Data by Region [Table 28]

	Europe		North America		Asia/Pacific		Latin America/Africa/Middle East		Reconciliation		Total	
	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter 2014	3rd Quarter 2015
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales (external) – by market	3,527	3,659	2,230	2,874	2,284	2,500	1,926	2,003	–	–	9,967	11,036
Change	+3.5%	+3.7%	+8.4%	+28.9%	+7.6%	+9.5%	+6.4%	+4.0%	–	–	+6.0%	+10.7%
Currency-adjusted change	+4.1%	+4.4%	+8.7%	+12.4%	+8.3%	+0.3%	+12.8%	+7.1%	–	–	+7.7%	+5.8%
Net sales (external) – by point of origin	3,961	4,105	2,175	2,772	2,220	2,445	1,611	1,714	–	–	9,967	11,036
Change	+4.8%	+3.6%	+7.1%	+27.4%	+6.6%	+10.1%	+6.8%	+6.4%	–	–	+6.0%	+10.7%
Currency-adjusted change	+5.4%	+4.2%	+7.4%	+10.2%	+7.3%	+0.8%	+14.4%	+10.5%	–	–	+7.7%	+5.8%
Interregional sales	2,276	2,770	845	1,010	200	191	145	213	(3,466)	(4,184)	–	–
EBIT	843	848	190	345	121	129	296	296	(104)	(53)	1,346	1,565
	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015	First Nine Months 2014	First Nine Months 2015
Net sales (external) – by market	11,792	12,352	7,434	9,879	6,604	7,721	4,717	5,053	–	–	30,547	35,005
Change	+5.7%	+4.7%	+2.8%	+32.9%	+3.1%	+16.9%	0.0%	+7.1%	–	–	+3.5%	+14.6%
Currency-adjusted change	+6.8%	+5.9%	+6.9%	+14.0%	+8.7%	+3.3%	+11.1%	+6.8%	–	–	+7.9%	+7.5%
Net sales (external) – by point of origin	13,023	13,617	7,279	9,683	6,434	7,537	3,811	4,168	–	–	30,547	35,005
Change	+6.0%	+4.6%	+1.9%	+33.0%	+2.7%	+17.1%	−0.1%	+9.4%	–	–	+3.5%	+14.6%
Currency-adjusted change	+6.9%	+5.6%	+6.2%	+13.5%	+8.4%	+3.2%	+13.6%	+9.6%	–	–	+7.9%	+7.5%
Interregional sales	6,863	8,182	2,442	3,017	491	578	398	528	(10,194)	(12,305)	–	–
EBIT	3,351	3,501	867	1,245	450	597	485	314	(307)	(315)	4,846	5,342
Number of employees (as of Sep. 30) [1]	54,093	55,992	14,596	15,958	27,513	29,501	16,629	16,415	–	–	112,831	117,866

2014 figures restated
[1] Full-time equivalents

Explanatory Notes

ACCOUNTING POLICIES

Pursuant to Section 37x Paragraph 3 of the German Securities Trading Act, the consolidated interim financial statements as of September 30, 2015 have been prepared in condensed form according to the International Financial Reporting Standards (IFRS) – including IAS 34 – of the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the IFRS Interpretations Committee in effect at the closing date.

Reference should be made as appropriate to the Notes to the Consolidated Financial Statements for the 2014 fiscal year, particularly with regard to the main recognition and measurement principles, except where financial reporting standards have been applied for the first time in 2015.

FINANCIAL REPORTING STANDARDS APPLIED FOR THE FIRST TIME IN 2015

The first-time application of the following amended financial reporting standards had no impact, or no material impact, on the presentation of the Group's financial position or results of operations, or on earnings per share.

In December 2013, the IASB published the fifth and sixth sets of "Annual Improvements to IFRSs." The amendments address details of the recognition, measurement and disclosure of business transactions and serve to standardize terminology. They consist mainly of editorial changes to existing standards. They are to be applied for annual periods beginning on or after July 1, 2014.

ACCOUNTING CHANGES

The purchase price allocation of the consumer care business of U.S. company Merck & Co., Inc., which was acquired on October 1, 2014, was completed in the third quarter of 2015. This resulted in the further capitalization of deferred tax assets due to temporary differences between the carrying amounts of intangible assets in the IFRS financial statements and those reported for tax purposes, as well as a corresponding decline in goodwill in the statement of financial position. These deferred tax assets were retroactively restated to the date of acquisition pursuant to IFRS 3.45. Deferred taxes of €43 million were retroactively restated in the income statement. Further explanations concerning ongoing purchase price adjustments are given under "Acquisitions, divestitures and discontinued operations."

Accounting Changes: Consolidated Statements of Financial Position [Table 29]

	Dec. 31, 2014		
	Before accounting changes	Accounting changes	After accounting changes
	€ million	€ million	€ million
Noncurrent assets			
Goodwill	16,168	(821)	15,347
Deferred taxes	2,981	821	3,802
	48,007	**–**	**48,007**

Accounting Changes: Consolidated Statements of Financial Position [Table 30]

	March 31, 2015			June 30, 2015		
	Before accounting changes	Accounting changes	After accounting changes	Before accounting changes	Accounting changes	After accounting changes
	€ million	€ million	€ million	€ million	€ million	€ million
Noncurrent assets						
Goodwill	17,331	(926)	16,405	16,870	(890)	15,980
Deferred taxes	4,025	957	4,982	3,253	933	4,186
	51,689	**31**	**51,720**	**49,462**	**43**	**49,505**
Total assets	**76,640**	**31**	**76,671**	**75,620**	**43**	**75,663**
Equity						
Other reserves	13,451	31	13,482	14,013	43	14,056
Equity attributable to Bayer AG stockholders	**21,735**	**31**	**21,766**	**22,297**	**43**	**22,340**
	21,863	**31**	**21,894**	**22,423**	**43**	**22,466**
Total equity and liabilities	**76,640**	**31**	**76,671**	**75,620**	**43**	**75,663**

Accounting Changes: Consolidated Income Statements [Table 31]

	1st Quarter 2015			2nd Quarter 2015		
	Before accounting changes	Accounting changes	After accounting changes	Before accounting changes	Accounting changes	After accounting changes
	€ million	€ million	€ million	€ million	€ million	€ million
Income before income taxes	**1,670**	**–**	**1,670**	**1,546**	**–**	**1,546**
Income taxes	(406)	31	(375)	(405)	12	(393)
Income from continuing operations after income taxes	**1,264**	**31**	**1,295**	**1,141**	**12**	**1,153**
Income after income taxes	**1,309**	**31**	**1,340**	**1,158**	**12**	**1,170**
of which attributable to Bayer AG stockholders (net income)	**1,303**	**31**	**1,334**	**1,152**	**12**	**1,164**

Accounting Changes: (Core) Earnings per Share [Table 32]

	1st Quarter 2015			2nd Quarter 2015		
	Before accounting changes	Accounting changes	After accounting changes	Before accounting changes	Accounting changes	After accounting changes
	€	€	€	€	€	€
Earnings per share						
From continuing operations						
Basic	1.52	0.04	1.56	1.37	0.01	1.38
Diluted	1.52	0.04	1.56	1.37	0.01	1.38
From discontinued operations						
Basic	0.06	–	0.06	0.02	–	0.02
Diluted	0.06	–	0.06	0.02	–	0.02
From continuing and discontinued operations						
Basic	1.58	0.04	1.62	1.39	0.01	1.40
Diluted	1.58	0.04	1.62	1.39	0.01	1.40
Core earnings per share						
From continuing operations	2.04	0.04	2.08	1.98	0.01	1.99
From discontinued operations	0.06	–	0.06	0.02	–	0.02
From continuing and discontinued operations	2.10	0.04	2.14	2.00	0.01	2.01

CHANGES IN UNDERLYING PARAMETERS

Changes in the underlying parameters relate primarily to currency exchange rates and the interest rates used to calculate pension obligations.

The exchange rates for major currencies against the euro varied as follows:

Exchange Rates for Major Currencies [Table 33]

		Closing Rate			Average Rate	
€1		Dec. 31, 2014	Sep. 30, 2014	Sep. 30, 2015	First Nine Months 2014	First Nine Months 2015
BRL	Brazil	3.22	3.08	4.48	3.10	3.48
CAD	Canada	1.41	1.41	1.50	1.48	1.40
CHF	Switzerland	1.20	1.21	1.09	1.22	1.06
CNY	China	7.54	7.73	7.12	8.36	6.96
GBP	United Kingdom	0.78	0.78	0.74	0.81	0.73
JPY	Japan	145.23	138.11	134.69	139.55	134.73
MXN	Mexico	17.87	17.00	18.98	17.78	17.31
RUB	Russia	72.34	49.77	73.24	47.96	65.69
USD	United States	1.21	1.26	1.12	1.36	1.11

The most important interest rates used to calculate the present value of pension obligations are given below:

Discount Rate for Pension Obligations [Table 34]

	Dec. 31, 2014	June 30, 2015	Sep. 30, 2015
	%	%	%
Germany	2.00	2.30	2.20
United Kingdom	3.60	3.80	3.80
United States	3.70	4.10	4.00

The data selection criteria used to determine the discount rate in the eurozone were modified at the beginning of 2015. The item "Remeasurements of the net defined benefit liability for post-employment benefit plans" contains gains resulting from the rise in market interest rates. The modification of the data selection criteria had an effect of €0.7 billion. The discount rate obtained by applying the previous data selection criteria would have been lower by 20 basis points as of September 30, 2015. The change in the way the discount rate is determined reduces the net pension expense for the 2015 fiscal year by €17 million. As before, the underlying bond portfolio consists entirely of high-quality corporate bonds with a minimum AA or AAA rating. It does not include government-guaranteed or covered bonds.

SEGMENT REPORTING

The following table shows the reconciliation of EBITDA before special items of the segments to income before income taxes of the Group:

Reconciliation of Segments' EBITDA Before Special Items to Group Income Before Income Taxes [Table 35]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
EBITDA before special items of segments	2,079	2,563	7,159	8,651
EBITDA before special items of Corporate Center	(102)	(40)	(303)	(288)
EBITDA before special items	**1,977**	**2,523**	**6,856**	**8,363**
Depreciation, amortization and impairment losses before special items of segments	(674)	(752)	(2,010)	(2,313)
Depreciation, amortization and impairment losses before special items of Corporate Center	(2)	(2)	(4)	(5)
Depreciation, amortization and impairment losses before special items	**(676)**	**(754)**	**(2,014)**	**(2,318)**
EBIT before special items of segments	1,405	1,811	5,149	6,338
EBIT before special items of Corporate Center	(104)	(42)	(307)	(293)
EBIT before special items	**1,301**	**1,769**	**4,842**	**6,045**
Special items of segments	45	(193)	4	(681)
Special items of Corporate Center	–	(11)	–	(22)
Special items	**45**	**(204)**	**4**	**(703)**
EBIT of segments	1,450	1,618	5,153	5,657
EBIT of Corporate Center	(104)	(53)	(307)	(315)
EBIT	**1,346**	**1,565**	**4,846**	**5,342**
Financial result	(302)	(280)	(634)	(841)
Income before income taxes	**1,044**	**1,285**	**4,212**	**4,501**

2014 figures restated

COMPANIES CONSOLIDATED

Changes in the scope of consolidation

The consolidated financial statements as of September 30, 2015, included 308 companies (December 31, 2014: 302 companies). As in the statements as of December 31, 2014, one of these companies was accounted for as a joint operation in line with Bayer's interest in its assets, liabilities, revenues and expenses in accordance with IFRS 11 (Joint Arrangements). Two (December 31, 2014: three) joint ventures and four (December 31, 2014: three) associates were accounted for in the consolidated financial statements using the equity method according to IAS 28 (Investments in Associates and Joint Ventures).

Acquisitions, divestitures and discontinued operations

Acquisitions

On March 2, 2015, Covestro successfully completed the acquisition of all the shares of Thermoplast Composite GmbH, Germany, a technology leader specializing in the production of thermoplastic fiber composites. The aim of the acquisition is to expand the range of polycarbonate materials for major industries to include composites made from continuous fiber-reinforced thermoplastics. A purchase price of €18 million was agreed. This includes a variable component of €4 million. The purchase price pertained mainly to patents and goodwill.

On July 1, 2015, CropScience completed the acquisition of all the shares of SeedWorks India Pvt. Ltd., based in Hyderabad, India. The company is specialized in the breeding, production and marketing of hybrid seeds of tomato, hot pepper, okra and gourds. It has research and seed processing locations in Bangalore and Hyderabad respectively. The purchase of SeedWorks India is intended to further strengthen CropScience's vegetable seed business in India. A basic purchase price of €78 million was agreed. The purchase price pertained mainly to patents, research and development projects and goodwill.

As part of the acquisition of the consumer care business of Merck & Co., Inc., Whitehouse Station, New Jersey, United States, the production facilities at the Pointe-Claire site in Canada were acquired on July 1, 2015. A purchase price of €70 million was agreed.

The global purchase price allocation for the consumer care business of Merck & Co., Inc., was completed in September 2015. The purchase price was reduced by €8 million in 2015. This reduction pertained mainly to other intangible assets, inventories and goodwill. Further explanations concerning the purchase price allocation are given under "Accounting changes."

The court proceedings initiated by former minority stockholders of Bayer Pharma AG (formerly known as Bayer Schering Pharma AG), Berlin, Germany, were settled in August 2015. The corresponding supplementary payment represents a subsequent purchase price adjustment according to the March 31, 2004 version of IFRS 3 applicable at the acquisition date. The goodwill of €261 million recognized in 2013 is thereby reduced by €115 million.

The effects of these transactions and other, smaller transactions made in the first nine months of 2015 – along with adjustments to purchase prices and purchase price allocations made in the first nine months of 2015 relating to previous years'/quarters' transactions – on the Group's assets and liabilities as of the respective acquisition or adjustment dates are shown in the table. Net of acquired cash and cash equivalents, the transactions resulted in the following cash outflow:

Acquired Assets, Assumed Liabilities and Adjustments (Fair Values at the Respective Acquisition Dates) [Table 36]

	First Nine Months 2015
	€ million
Goodwill	26
Patents and technologies	40
Other intangible assets	46
Property, plant and equipment	24
Inventories	(68)
Other current assets	48
Cash and cash equivalents	2
Deferred tax assets	(2)
Other provisions	(62)
Financial liabilities	–
Other liabilities	3
Deferred tax liabilities	(21)
Net assets	**36**
Changes in non-controlling interest	–
Purchase price	**36**
Acquired cash and cash equivalents	(2)
Liabilities for future payments	111
Purchase price adjustment	(37)
Payments for previous years'/quarters' acquisitions	51
Net cash outflow for acquisitions	**159**

Divestitures

On March 2, 2015, Consumer Health completed the sale of two equine products, Legend/Hyonate and Marquis, to Merial, Inc., Duluth, Georgia, United States. A purchase price of €120 million was agreed. The one-time payment is accounted for as deferred income. The purchase prices for Legend/Hyonate and Marquis will be reflected in sales and earnings over a four-year and a three-year period, respectively.

Discontinued operations

On June 8, 2015, an agreement was signed to sell the Diabetes Care business to Panasonic Healthcare Holdings Co., Ltd., Tokyo, Japan, for €1,022 million. The sale will include the leading Contour™ portfolio of blood glucose monitoring meters and strips, as well as other products such as Breeze™2, Elite™ and Microlet™ lancing devices. Closing of the transaction is subject to customary conditions, including relevant antitrust clearance, and is expected to occur in the first quarter of 2016.

The Diabetes Care activities are reported as a discontinued operation. The respective information is provided from the standpoint of the Bayer Group and is not intended to present these activities as a separate entity.

The income statements for the discontinued operation are given below:

Income Statements for Discontinued Operations [Table 37]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
Net sales	**220**	**232**	**653**	**705**
Cost of goods sold	(84)	(98)	(254)	(284)
Gross profit	**136**	**134**	**399**	**421**
Selling expenses	(83)	(91)	(246)	(270)
Research and development expenses	(9)	(12)	(26)	(34)
General administration expenses	(8)	(9)	(26)	(27)
Other operating income / expenses	(6)	(6)	(2)	–
EBIT[1]	**30**	**16**	**99**	**90**
Financial result	**–**	**–**	**–**	**–**
Income before income taxes	**30**	**16**	**99**	**90**
Income taxes	(5)	–	(11)	(12)
Income after income taxes	**25**	**16**	**88**	**78**

[1] EBIT = earnings before financial result and taxes

The assets and liabilities of the discontinued operation are shown in the following table:

Assets and Liabilities of Discontinued Operations [Table 38]

	Sep. 30, 2015
	€ million
Noncurrent assets	
Goodwill	35
Other intangible assets	6
Property, plant and equipment	7
Other financial assets	–
Other receivables	–
Deferred taxes	–
	48
Current assets	
Inventories	116
Trade accounts receivable	–
Other financial assets	–
Other receivables	–
Claims for income tax refunds	–
Cash and cash equivalents	–
	116
Total assets	**164**
Noncurrent liabilities	
Provisions for pensions and other post-employment benefits	24
Other provisions	–
Financial liabilities	–
Other liabilities	–
Deferred taxes	–
	24
Current liabilities	
Other provisions	85
Financial liabilities	–
Trade accounts payable	–
Income tax liabilities	–
Other liabilities	2
	87
Total liabilities	**111**

In addition to the assets of the discontinued Diabetes Care business amounting to €164 million, the statement of financial position as of September 30, 2015, reflects a further €14 million in assets held for sale.

The discontinued operation affected the Bayer Group statements of cash flows as follows:

Cash Flows of Discontinued Operations [Table 39]

	3rd Quarter 2014	3rd Quarter 2015	First Nine Months 2014	First Nine Months 2015
	€ million	€ million	€ million	€ million
Net cash provided by (used in) operating activities (net cash flow)	35	24	86	80
Net cash provided by (used in) investing activities	(2)	(1)	(5)	(2)
Net cash provided by (used in) financing activities	(33)	(23)	(81)	(78)
Change in cash and cash equivalents	**–**	**–**	**–**	**–**

FINANCIAL INSTRUMENTS

Carrying Amounts and Fair Values of Financial Instruments [Table 40]

							Sep. 30, 2015
	Carried at amortized cost		Carried at fair value			Non-financial assets/ liabilities	
			Based on quoted prices in active markets (Level 1)	Based on observable market data (Level 2)	Based on unobservable inputs (Level 3)		
	Carrying amount Sep. 30, 2015	Fair value (for information)	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount in the statement of financial position
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Trade accounts receivable	9,995						9,995
Loans and receivables	9,995	9,995					9,995
Other financial assets	1,041		857	671	43		2,612
Loans and receivables	947	947					947
Available-for-sale financial assets	29		857		9		895
Held-to-maturity financial assets	65	65					65
Derivatives				671	34		705
Other receivables	630					1,428	2,058
Loans and receivables	630	630					630
Non-financial assets						1,428	1,428
Cash and cash equivalents	2,395						2,395
Loans and receivables	2,395	2,395					2,395
Total financial assets	**14,061**		**857**	**671**	**43**		**15,632**
of which loans and receivables	13,967						13,967
Financial liabilities	21,991			785			22,776
Carried at amortized cost	21,991	23,837					21,991
Derivatives				785			785
Trade accounts payable	5,048					81	5,129
Carried at amortized cost	5,048	5,048					5,048
Non-financial liabilities						81	81
Other liabilities	705			167	46	1,985	2,903
Carried at amortized cost	705	705					705
Carried at fair value (non-derivative)					38		38
Derivatives				167	8		175
Non-financial liabilities						1,985	1,985
Total financial liabilities	**27,744**			**952**	**46**		**28,742**
of which carried at amortized cost	27,744						27,744
of which derivatives				952	8		960

The table on the preceding page shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and a reconciliation to the corresponding line item in the statements of financial position. Since the line items "Other receivables," "Trade accounts payable" and "Other liabilities" contain both financial instruments and non-financial assets or liabilities (such as other tax receivables or advance payments for services to be received in the future), the reconciliation is shown in the column headed "Non-financial assets/liabilities."

The loans and receivables reflected in other financial assets and the liabilities measured at amortized cost also include receivables and liabilities under finance leases in which Bayer is the lessor or lessee and which are therefore measured in accordance with IAS 17.

Because of the short maturities of most trade accounts receivable and payable, other receivables and liabilities, and cash and cash equivalents, their carrying amounts at the closing date did not significantly differ from the fair values.

The fair value stated for noncurrent receivables, loans, held-to-maturity financial investments and non-derivative financial liabilities is the present value of the respective future cash flows. This was determined by discounting the cash flows at a closing-date interest rate that takes into account the term of the assets or liabilities and the creditworthiness of the counterparty. Where a market price was available, however, this was deemed to be the fair value.

The fair values of available-for-sale financial assets correspond to quoted prices in active markets for identical assets (Level 1).

The fair values of derivatives for which no publicly quoted prices existed in active markets (Level 1) were determined using valuation techniques based on observable market data as of the end of the reporting period (Level 2). In applying valuation techniques, credit value adjustments were determined to allow for the contracting party's credit risk. The respective currency and commodity forward contracts were measured individually at their forward rates or forward prices on the closing date. These depend on spot rates or prices including time spreads. The fair values of interest-rate hedging instruments and cross-currency interest-rate swaps were determined by discounting future cash flows over the remaining terms of the instruments at market rates of interest, taking into account any foreign currency translation as of the closing date.

Fair values measured using unobservable inputs are categorized within Level 3 of the fair value hierarchy. This applies in some cases to the fair values of embedded derivatives or to obligations for contingent consideration in business combinations.

Embedded derivatives were separated from their respective host contracts. Such host contracts are generally sales or purchase agreements relating to the operational business. The embedded derivatives cause the cash flows from the contracts to vary with fluctuations in exchange rates, commodity prices or other prices, for example. The internal measurement of embedded derivatives is mainly performed using the discounted cash flow method, which is based on unobservable inputs (Level 3). These included planned sales and purchase volumes, and prices derived from market data. Regular monitoring is carried out based on these fair values as part of quarterly reporting.

The changes in the net amount of financial assets and liabilities recognized at fair value based on unobservable inputs (Level 3) were as follows:

Changes in the Net Amount of Financial Assets and Liabilities Recognized at Fair Value Based on Unobservable Inputs [Table 41]

	2015
	€ million
Net carrying amounts, Jan. 1	**(25)**
Gains (losses) recognized in profit or loss	5
of which related to assets/liabilities recognized in the statement of financial position	(1)
Gains (losses) recognized outside profit or loss	1
Additions of assets/(liabilities)	1
Settlements of (assets)/liabilities	9
Reclassifications to "Liabilities directly related to assets held for sale and discontinued operations"	6
Net carrying amounts, Sep. 30	**(3)**

The changes recognized in profit or loss were included in other operating income or expenses.

LEGAL RISKS

To find out more about the Bayer Group's legal risks, please see Note [32] to the consolidated financial statements in the Bayer Annual Report 2014, which can be downloaded free of charge at www.bayer.com. Since the Bayer Annual Report 2014, the following significant changes have occurred in respect of the legal risks:

HEALTHCARE

PRODUCT-RELATED LITIGATION

Yasmin™/YAZ™: As of October 16, 2015, the number of claimants in the pending lawsuits and claims in the United States totaled about 3,400 (excluding claims already settled). Claimants allege that they have suffered personal injuries, some of them fatal, from the use of Bayer's drospirenone-containing oral contraceptive products such as Yasmin™ and/or YAZ™ or from the use of Ocella™ and/or Gianvi™, generic versions of Yasmin™ and YAZ™, respectively, marketed by Barr Laboratories, Inc. in the United States.

As of October 16, 2015, Bayer had reached agreements, without admission of liability, to settle approximately 10,000 claims in the U.S. for venous clot injuries (primarily deep vein thrombosis or pulmonary embolism) for a total amount of about US$2 billion. Bayer will continue to consider the option of settling such claims after a case-specific analysis of medical records. At present, about 600 such claims are under review.

In August 2015, Bayer reached an agreement to settle, without admission of liability, lawsuits and claims in which plaintiffs allege an arterial thromboembolic injury (primarily strokes and heart attacks) for a total maximum aggregate amount of US$56.9 million. Bayer may withdraw from the settlement if fewer than 97.5% of those who are eligible, and/or fewer than 96% of those who are eligible and allege death or catastrophic injuries, choose to participate. As of October 16, 2015, about 1,200 of the 3,400 above-mentioned claimants alleged arterial thromboembolic injuries.

In August 2015, the U.S. multidistrict and state coordinating courts overseeing the litigation issued case management orders governing all cases before them (regardless of alleged injury), imposing strict threshold requirements for litigating the remaining unsettled cases as well as the filing of new cases, failing which they will be dismissed.

Mirena™: As of October 16, 2015, lawsuits from approximately 3,500 users of Mirena™, an intrauterine system providing long-term contraception, had been served upon Bayer in the U.S. Additional lawsuits are anticipated. Plaintiffs allege personal injuries resulting from the use of Mirena™, including perforation of the uterus, ectopic pregnancy, or idiopathic intracranial hypertension, and seek compensatory and punitive damages. As of October 16, 2015, five lawsuits relating to Mirena™ seeking class action certification had been served upon Bayer in Canada.

Xarelto™: As of October 16, 2015, lawsuits of approximately 2,500 recipients of Xarelto™, an oral anticoagulant for the treatment and prevention of blood clots, had been served upon Bayer in the U.S. Plaintiffs allege personal injuries from the use of Xarelto™, including cerebral, gastrointestinal or other bleeding and death, and seek compensatory and punitive damages. Additional lawsuits are anticipated. As of October 16, 2015, six lawsuits relating to Xarelto™ seeking class action certification had been served upon Bayer in Canada.

COMPETITION LAW PROCEEDINGS

Phillips' Colon Health/Department of Justice: In September 2015, a New Jersey federal court ruled that the United States failed to discharge its burden of proving that Bayer failed to possess competent and reliable scientific evidence to substantiate its claims made about some of its dietary supplements. Thus, the court found that Bayer did not violate a 2007 consent decree. In 2014, the United States Department of Justice, representing the United States Federal Trade Commission (FTC), had filed a motion in the New Jersey federal court. The FTC can appeal.

PATENT DISPUTES

Beyaz™/Safyral™: In September 2015, the U.S. federal court ruled in favor of Bayer regarding both the validity of its patent and the infringement thereof by Watson Laboratories, Inc. Watson appealed the decision. In May and October 2015, Bayer filed two suits against Lupin Ltd. and Lupin Pharmaceuticals, Inc. (together "Lupin") in U.S. federal court for infringement of the same patent. In April and September 2015, Bayer had received two notices of an abbreviated new drug application (ANDA) by Lupin seeking approval to market generic versions of Safyral™ and Beyaz™, Bayer's oral contraceptives containing folate, in the United States.

Finacea™: In July 2015, a U.S. federal court found that Bayer's patent relating to Finacea™ topical gel is valid and infringed by Glenmark Generics Ltd. Glenmark appealed the decision.

Staxyn™: In Bayer's patent infringement suit in a U.S. federal court against Watson Laboratories, Inc., the court ruled in April 2015 that both of Bayer's compound patents are valid and infringed. Watson may appeal. Bayer's erectile dysfunction treatment Staxyn™ is an orodispersible (orally disintegrating) formulation of Levitra™. Both drug products contain the same active ingredient, which is protected in the U.S. by the compound patents upheld by the court.

Xarelto™: In October 2015, Bayer and Janssen Pharmaceuticals, Inc. filed a patent infringement suit in a U.S. federal court against Aurobindo Pharma Limited, Aurobindo Pharma USA, Inc. (together "Aurobindo"), Breckenridge Pharmaceutical Inc. ("Breckenridge"), Micro Labs Ltd., Micro Labs USA Inc. (together "Micro Labs"), Mylan Pharmaceuticals Inc., Mylan Inc. (together "Mylan"), Prinston Pharmaceutical Inc. ("Prinston"), Sigmapharm Laboratories, LLC ("Sigmapharm"), Torrent Pharmaceuticals, Limited and Torrent Pharma Inc. (together "Torrent"). In September 2015, Bayer had received notices of an ANDA by Aurobindo, Breckenridge, Micro Labs, Mylan, Prinston, Sigmapharm and Torrent, each seeking approval to market a generic version of Xarelto™, an oral anticoagulant for the treatment and prevention of blood clots, in the United States.

FURTHER LEGAL PROCEEDINGS

Bayer Pharma AG former shareholder litigation: In August 2015, the special court proceedings initiated by former minority stockholders of Bayer Pharma AG (formerly named Bayer Schering Pharma AG), Berlin, were resolved by way of settlement agreements. All applicants in both proceedings have agreed to the settlement. The settlements provide for an increase of the compensation in both proceedings to a uniform amount which is covered by the accounting measures that had been taken before.

RELATED PARTIES

Related parties as defined in IAS 24 (Related Party Disclosures) are those legal entities and natural persons that are able to exert influence on Bayer AG and its subsidiaries or over which Bayer AG or its subsidiaries exercise control or have a significant influence. They include, in particular, non-consolidated subsidiaries, joint ventures, associates, post-employment benefit plans and the corporate officers of Bayer AG. Sales to related parties were not material from the viewpoint of the Bayer Group. Goods and services to the value of €0.5 billion were procured from the associated company PO JV, LP, Wilmington, Delaware, United States, mainly in the course of normal business operations. There was no significant change in receivables or payables vis-à-vis related parties compared with December 31, 2014.

Leverkusen, October 26, 2015
Bayer Aktiengesellschaft

The Board of Management

Dr. Marijn Dekkers Werner Baumann Johannes Dietsch Michael König Kemal Malik

Financial Calendar

Announcement of proposed dividend	**February 24, 2016**
2015 Annual Report	**February 25, 2016**
Q1 2016 Interim Report	**April 26, 2016**
Annual Stockholders' Meeting 2016	**April 29, 2016**
Planned dividend payment date	**May 2, 2016**
Q2 2016 Interim Report	**July 27, 2016**
Q3 2016 Interim Report	**October 26, 2016**

MASTHEAD

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This Interim Report may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports, which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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Science For A Better Life