

## **Bayer Q1 profit rises on portfolio of new medicines**

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**By Naomi Kresge, Bloomberg**

Bayer AG's first-quarter profit rose 12% as the five new medicines it's counting on for growth continued to build momentum.

First-quarter earnings before interest, taxes, depreciation, amortization and special items rose to 2.74 billion euros (RM12.2 billion) from 2.45 billion euros a year earlier, the Leverkusen, Germany-based company said in a statement today. That beat the 2.56 billion-euro average estimate of six analysts surveyed by Bloomberg.

Bayer has signaled for more than a year that new drugs including blood thinner Xarelto and eye medicine Eylea will drive growth together with its agricultural unit. The company has struggled to increase profitability at its third division, the Material Science plastics unit, saying last month the unit aims for a return on investment that's greater than its cost of capital by 2016 at the latest. Bayer is exploring a sale of the plastics operation to focus on health, people with knowledge of the matter said.

Investors will probably focus today on the performance of the new drugs and the performance of the plastics unit, Odile Rundquist, a Geneva-based analyst for Helvea SA, said in a note to investors before the results were released. She rates the shares buy.

Bayer left the forecast it issued in February intact, repeating that revenue this year will be 41 billion euros to 42 billion euros, adjusted for currencies and the company's portfolio. Ebitda before special items will rise by a low- to mid-single-digit percentage, the company repeated.

Sales rose 2.8% to 10.56 billion euros, about 43% of which came from the health-care unit that includes consumer and animal health along with prescription drugs. Analysts predicted 10.54 billion euros.

Bayer fell 1.3% on April 25, 2014 to close at 95.77 euros. The stock returned 21% including reinvested dividends in the past year, outpacing the 14% return for the Bloomberg Europe Pharmaceutical Index.

The company plans a conference call with investors today at 2pm Frankfurt time.

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