



## Q1 / 2004 Analyst- and Investor-Briefing

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- **Sales** of €7,362m flat yoy, portfolio and Fx adjusted + 8.6 percent  
Volumes +10%, prices -1%, currency -6%, portfolio -3%
- **Underlying EBIT** of €27m at previous year's level (€41m), mainly driven by improvements in Material Science and Lanxess. Cost and efficiency projects contributed €15m.
- **Reported EBIT** at €20m, down from €1,096m due to net special items of €255m included in Q1/2003 (divestiture of household insecticides, real estate, etc.).
- **EBITDA** down from €1,804m to €1,363m due to lower EBIT and reduced D&A.
- **Non-operating result** improved by €6m to €157m due to lower interest expense.
- **Net income** at €400m (EPS €0.55)
- **Gross cashflow** down from €1,427m to €984m caused by lower EBIT (€276m) and payment for US pension plan (€10m).
- Change in **Working Capital** at previous year's level (€1,283m).
- **Net debt** compared to year end 2003 up to €6,576m due to seasonal increase in working capital and Fx-effect.

### HealthCare

**Pharma/Biologicals** local currency sales up 12.6 percent driven by solid performance of Levitra (€66m), Kogenate (€121m, +16%) and Adalat (€168m, +14%). Cipro down 8% to €281m due to generic competition in the US. Avelox up 7% to €104m. Underlying EBIT down 9.9% due to lower Cipro sales and high marketing cost for Levitra.

**Consumer Care/Diagnostics** portfolio and Fx adjusted sales advanced 5.6% and 6.1% respectively. Self testing driven by Ascensia (+7% to €136m), professional testing by Advia Centaur (+19% to €104m). Consumer Care affected by weak flu season in NA; solid performance in EU. Underlying EBIT improvement of 21% driven by Diagnostics.

**Animal Health** local currency and portfolio adjusted growth of 8.9% supported by Advantage/Advantix (€45m, +33%). EBIT down €8m to €32m.

### CropScience

Strong local currency and portfolio adjusted sales growth of 16.2 % mainly driven by strong businesses in NA and LA. Delayed season in EU. Exceptionally strong performance of fungicides (Folicur €108m, +40%; FLINT €60m, +11%) mainly due to Asian Rust. Herbicides gained on favourable planting pattern in NA (Puma €60m, +29%, Basta €50m, + 32%). Insecticides suffered from late seasonal uptake in EU (Confidor €171m, -9%). EBIT at €379m, down from €447m, however, Q1/2003 EBIT included special items of €34m and EBIT-contributions of €90m from products to be divested. If adjusted for these factors, Q1/2004 EBIT improved by solid 17%.

### Material Science

Rising demand in NA and Asia supported portfolio and currency adjusted sales growth of 8.2%. EU slightly down. Polycarbonates up 8%, MDI up 13%, TDI up 4% in local currencies. Underlying EBIT improved by 21.6% due to higher capacity utilization, cost savings, and lower D&A. Tough pricing environment in Polycarbonates continued, selective price increases in Polyurethanes implemented.

### Lanxess

Local currency sales up 2.2%, mainly driven by Chemical Intermediates (Basic Chemicals, Inorganic Pigments) and Performance Plastics (Styrenics). All businesses contributed to the encouraging EBIT improvement driven by selective price increases, cost savings and lower D&A. Performance improvement especially strong in Chemical Intermediates, Performance Plastics and Performance Rubber.

### Outlook

Bayer expects to improve EBIT pre special items and reported EBITDA by at least 10 percent in 2004.

| Euro mill.               | Q1 / 2003    |              |               |            |              | Q1 / 2004    |              |            |              |               |            |             |              |              |
|--------------------------|--------------|--------------|---------------|------------|--------------|--------------|--------------|------------|--------------|---------------|------------|-------------|--------------|--------------|
|                          | Sales        | EBIT rep.    | Special Items | EBIT clean | EBITDA       | Sales        | % yoy        | EBIT rep.  | % yoy        | Special Items | EBIT clean | % yoy       | EBITDA       | % yoy        |
| <b>HealthCare</b>        | <b>2,108</b> | <b>488</b>   | <b>200</b>    | <b>288</b> | <b>614</b>   | <b>2,124</b> | <b>0.8</b>   | <b>277</b> | <b>-43.2</b> | <b>0</b>      | <b>277</b> | <b>-3.8</b> | <b>380</b>   | <b>-38.1</b> |
| PH/BP                    | 1,131        | 203          | 21            | 182        | 258          | 1,176        | 4.0          | 164        | -19.2        | 0             | 164        | -9.9        | 205          | -20.5        |
| <i>thereof discount.</i> | 140          | -15          | 0             | -15        | -8           | 148          | 5.7          | 11         |              | 0             | 11         |             | 18           |              |
| CC/DS                    | 798          | 245          | 178           | 67         | 308          | 770          | -3.5         | 81         | -66.9        | 0             | 81         | 20.9        | 138          | -55.2        |
| AH                       | 179          | 40           | 1             | 39         | 48           | 178          | -0.6         | 32         | -20.0        | 0             | 32         | -18         | 37           | -22.9        |
| <b>CropScience</b>       | <b>1,661</b> | <b>447</b>   | <b>34</b>     | <b>413</b> | <b>645</b>   | <b>1,732</b> | <b>4.3</b>   | <b>379</b> | <b>-15.2</b> | <b>0</b>      | <b>379</b> | <b>-8.2</b> | <b>556</b>   | <b>-13.8</b> |
| <b>MaterialScience</b>   | <b>1,867</b> | <b>98</b>    | <b>-13</b>    | <b>111</b> | <b>302</b>   | <b>1,877</b> | <b>0.5</b>   | <b>135</b> | <b>37.8</b>  | <b>0</b>      | <b>135</b> | <b>21.6</b> | <b>281</b>   | <b>-7.0</b>  |
| Materials                | 695          | 35           | 0             | 35         | 102          | 700          | 0.7          | 32         | -8.6         | 0             | 32         | -8.6        | 92           | -9.8         |
| Systems                  | 1,172        | 63           | -13           | 76         | 200          | 1,177        | 0.4          | 103        | 63.5         | 0             | 103        | 35.5        | 189          | -5.5         |
| <b>Lanxess</b>           | <b>1,509</b> | <b>17</b>    | <b>-2</b>     | <b>19</b>  | <b>129</b>   | <b>1,478</b> | <b>-2.1</b>  | <b>75</b>  |              | <b>0</b>      | <b>75</b>  |             | <b>136</b>   | <b>5.4</b>   |
| <b>Reconciliation</b>    | <b>211</b>   | <b>46</b>    | <b>36</b>     | <b>10</b>  | <b>114</b>   | <b>151</b>   | <b>-28.4</b> | <b>-46</b> |              | <b>-7</b>     | <b>-39</b> |             | <b>10</b>    |              |
| <b>Group</b>             | <b>7,356</b> | <b>1,096</b> | <b>255</b>    | <b>841</b> | <b>1,804</b> | <b>7,362</b> | <b>0.1</b>   | <b>820</b> | <b>-25.2</b> | <b>-7</b>     | <b>827</b> | <b>-1.7</b> | <b>1,363</b> | <b>-24.4</b> |
| <i>thereof discount.</i> | 1,649        | 2            | -2            | 4          | 121          | 1,626        | -1.4         | 86         |              | 0             | 86         |             | 154          | 27.3         |

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