



FOCUS on

3

Growth
Innovation
Value

The central graphic features a large green number '3' on a light blue background. To the left of the '3' are three vertically stacked rectangular images: the top one shows several golden pills with '10' and '01' markings; the middle one shows green corn stalks; the bottom one shows an industrial factory at night with lights. To the right of the '3' are the words 'Growth', 'Innovation', and 'Value' stacked vertically, each starting with a large blue letter.

First Three Quarters 2003 Results

Safe Harbor



This presentation contains forward-looking statements based on current assumptions and forecasts made by Bayer Group management.

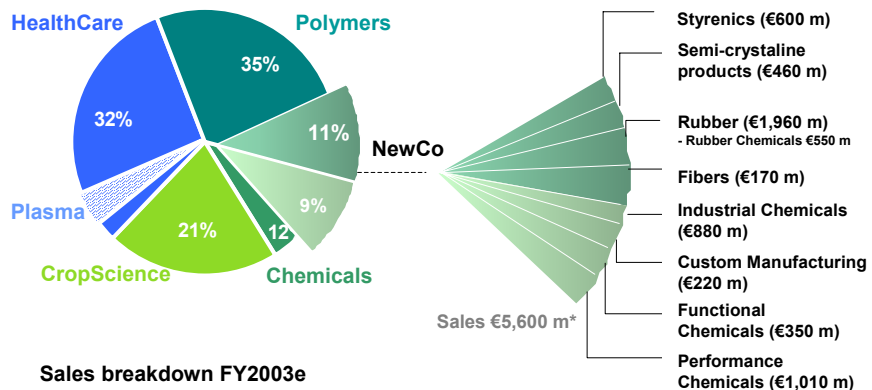
Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Realignment of future business focus



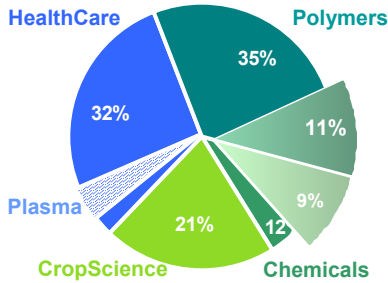
- ▶ Strategic focus on growth, innovation and value generation
- ▶ Three core areas: HealthCare, CropScience and MaterialScience
- ▶ Carve-out of €5.6 billion chemicals and polymers activities into new independent listed company planned
- ▶ Pharmaceutical activities will be continued as a stand-alone solution and repositioned as a mid-sized European player

Carve-out: Affected businesses



*All figures rounded

Future Business Refocus



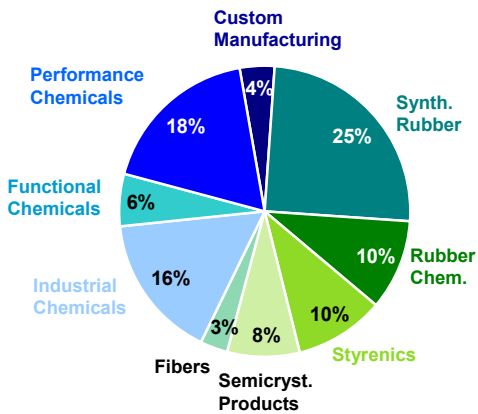
Sales breakdown FY2003e

Distinct business structures...

- Rapidly changing industry dynamics
- Increasing competitive pressure across all businesses
- Targeted allocation of resources
- Industry-specific business models required

... for different businesses

NewCo Portfolio



Sales breakdown
FY2003e: €5,600 million

- Organization and cost structures to suit commodity-oriented business
- Fast execution of necessary changes
- Targeted allocation of resources
- Active participation in anticipated industry consolidation
- Increased transparency

NewCo Structure



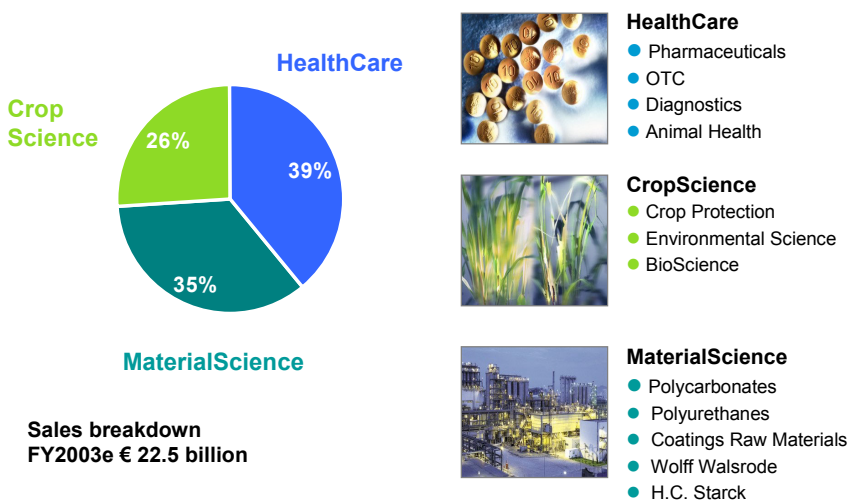
NewCo

Sales 2003e: €5.600 million*

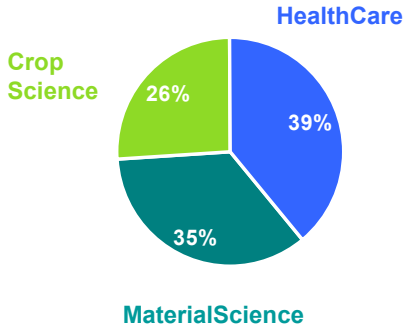
Chemical Intermediates	Performance Chemicals	Performance Plastics	Performance Rubber
Employees: 5,300 Sales: € 1,100m*	Employees: 6,400 Sales: € 1,900m*	Employees: 3,400 Sales: € 1,000m*	Employees: 3,600 Sales: € 1,400m*
- Custom Manufacturing - Industrial Chemicals	- Functional Chem. - Performance Chem. - Rubber Chemicals	- Styrenics - Semi-Crystalline Products	- Rubber (without Rubber Chemicals)

*All figures rounded

The future shape of Bayer ... to generate sustained growth



More Value, Innovations and Growth



Sales breakdown
FY2003e €22.5 billion

- More balanced business mix
- More focused allocation of resources
- Broader international orientation
- Improved capability for innovation and growth
- Improved competitiveness
- Reduced complexity

Transformation Process has Yielded Results



A Far-Reaching transformation

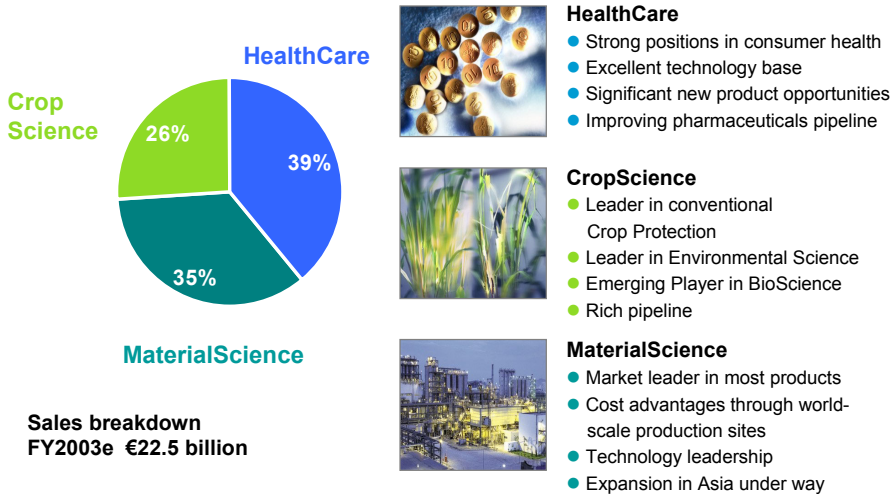


...to significantly increase corporate value

Major elements...

- Systematic, accelerated portfolio management
 - More than €22 billion since '96 (sales)
 - €12 billion transaction volume in 2002 alone
 - High-value-generating activities significantly strengthened
- Balance sheet strength restored
- Operating efficiency improved
- New organizational structure implemented

The Future Shape of Bayer



Strategic Priorities



-
- ▶ Expand leading positions
 - ▶ Strategically reposition Pharmaceuticals
 - ▶ Tap full growth and innovation potential
 - ▶ Develop new growth initiatives
 - ▶ Expand business in Asia
 - ▶ Strengthen competitiveness

Expand Market Positions



HealthCare

Focus on innovation and consumer health opportunities

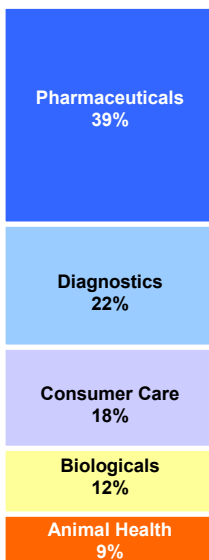


Strong presence in two thirds of the business

- OTC #6
- Diagnostics #4
- Animal Health #4
- Pharmaceuticals #19



HealthCare Strategy



Focus on innovation and consumer health opportunities

- Exploit advantages of broad health care portfolio
- Capitalize on new product opportunities
- Build the pipeline
- Exploit full growth potential in consumer health
- Realign pharmaceutical activities
- Achieve performance improvement targets
- Execute plasma divestiture

Sales breakdown FY2002 €9,732 million

Expand Leadership Positions



CropScience

Achieve ambitious growth and profitability targets

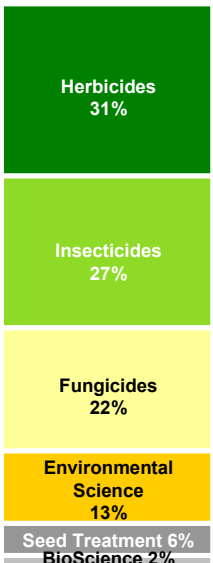


Strong positions in all segments



- Herbicides #3
- Fungicides #2
- Insecticides #1
- Seed Treatment #1
- Environmental Sciences #1
- Biotech opportunities

CropScience Strategy



Achieve ambitious growth and profitability targets

- Growth of 2% above market
 - Strong market position in all segments
 - Leading positions in fast-growing niche segments
 - Strong pipeline with expected 2-3 launches p.a.
- Biotech opportunities
- EBITDA of 29% targeted for 2006
 - Exploitation of €570m synergy potential
 - Improved portfolio mix and shift toward new products
 - Economies of scale and pooling opportunities
 - Realization of growth target

Sales breakdown FY2002 €4,697 million

Expand Leadership Positions



MaterialScience

Build on leadership positions



A leading player

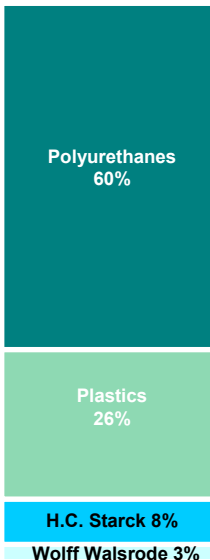
- TDI/MDI/polyols #1
- Polycarbonates #2
- Coatings raw materials #1
- Tantalum #1
- Methyl- & nitrocellulose #2



MaterialScience Strategy



Build on leadership positions



- Polymer portfolio focused on two key technologies (PC & PU)
- Exploit full potential of leadership positions
- Grow faster than GDP on average
- Significant earnings recovery potential
- Expand in Asia/Pacific
- Starck and Wolff are attractive additions
- Exit from low-growth, low-margin commodity businesses initiated

Sales breakdown FY2002 €7,832 million

New Growth Drivers



Innovation



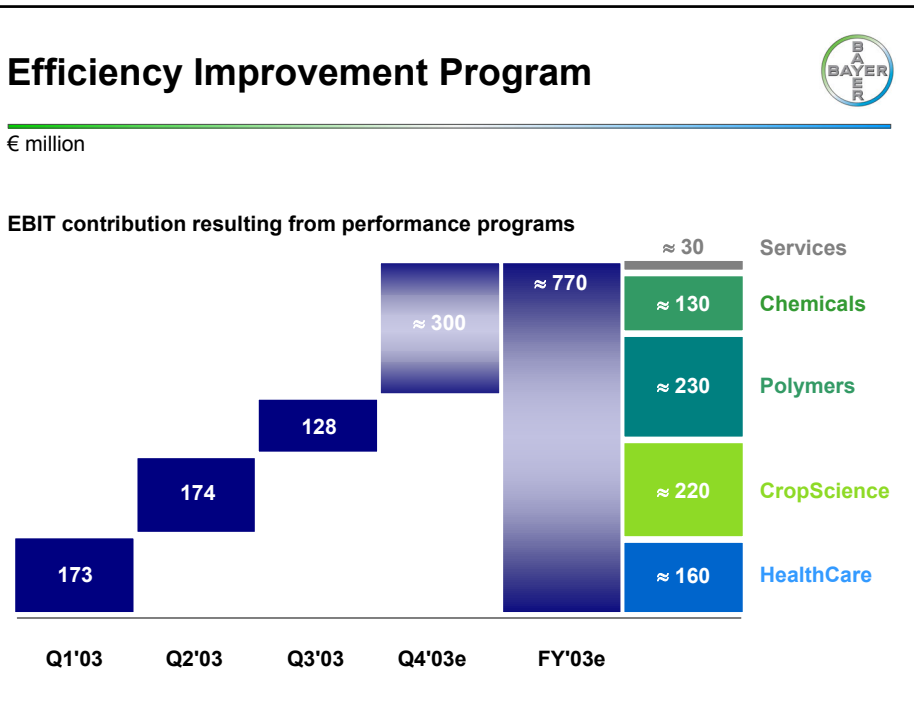
Consumer Health



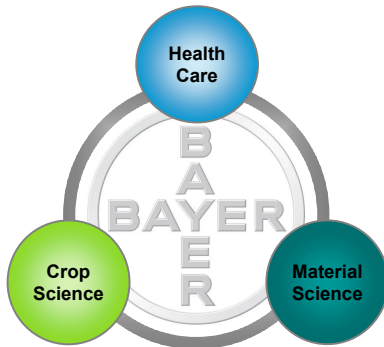
Bio-genetech opportunities



Asia/China



The new Bayer



Three distinct business activities...

- Well-balanced portfolio of stable and innovation-driven growth activities
- Strong or leading positions in its markets
- Focused allocation of resources

...with attractive growth potential,

- HealthCare 6% p.a.
- CropScience 2% above market
- MaterialScience 1.5 times GDP growth

...new business opportunities and...

- Consumer healthcare opportunities
- Biotechnology / gene technology
- Asia / China
- Innovation

...good earnings prospects

Q3'03: Operating Performance on Target



- Sales and earnings development broadly on budget
- Solid portfolio and currency adjusted sales growth (+ 4.6% yoy)
- Underlying EBIT significantly improved (+ 52.9% yoy)
- Business momentum improved during the quarter
- Cash generation remains high
- Strong working capital performance
- Full year net debt target already achieved (€6.9 billion as per Sept 30)
- €2.5 billion efficiency improvement programs on schedule
- Continued progress with Baycol settlement program (1,811 cases settled for \$659 million)
- ➡ Double-digit EBIT growth (pre possible impairment write-downs and accelerated restructuring)

Q3'03 Financial Highlights



€ million

	Q3'03	Δ% yoy	3/4'03	Δ% yoy
Sales	6,834	- 8.4	21,446	- 3.4
EBIT	21	- 97.6	1,550	- 20.5
Special items (net)	(83)	•	189	•
EBIT (underlying)	104	+ 52.9	1,361	+ 53.4
EBITDA	753	- 54.1	3,635	- 12.6
Non-operating result	(211)	+ 12.4	(559)	- 57.9
Pre-tax income	(190)	•	991	- 37.9
After-tax income	(116)	•	606	- 59.1
Net income	(123)	•	591	- 59.9
Gross cash flow	541	- 11.5	3,032	+ 37.4
Net cash flow	1,193	- 14.6	2,323	- 14.9
Earnings/share (€)	(0.17)	•	0.81	- 59.9

Components of Q3 Sales Trend







€ million

	Q3'02	Q3'03	Δ% yoy		
Sales	7,459				
+ Acquisitions / Divestitures		(504)	- 6.8	Haarmann & Reimer	- 210
				CropScience Disposals	- 163
				Household Insecticides	- 74
				PolymerLatex	- 45
				Organic Pigments	- 15
				Visible Genetics	3
- Currencies		(461)	- 6.2		
+ Prices		6	+ 0.1		
+ Volumes		334	+ 4.5		
Sales		6,834	- 8.4		

Key Figures for Business Areas



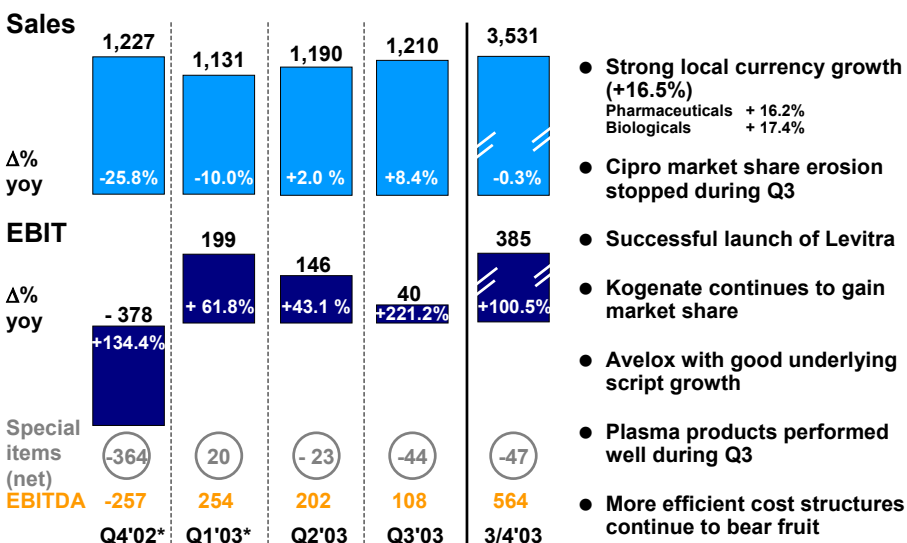
€ million

		Q3'03	Δ% yoy	3/4'03	Δ% yoy	
	HealthCare					
	Strong position in main parts of the business	Sales	2,259	- 0.9	6,571	- 6.6
		EBIT	216	+ 68.8	1,075	+ 77.4
		EBITDA	360	+ 17.6	1,468	+ 32.9
	CropScience					
	A new market leader is taking shape	Sales	1,125	- 14.3	4,353	+ 33.4
		EBIT	(134)	+ 38.8	342	•
		EBITDA	51	+192.7	920	+ 207.7
	Polymers					
	A global market leader	Sales	2,456	- 5.4	7,459	- 5.2
		EBIT	(11)	- 110.9	132	- 3.6
		EBITDA	233	- 47.0	815	- 24.0
	Chemicals					
	Strong positions in specialty applications	Sales	839	- 24.1	2,582	- 25.2
		EBIT	13	- 98.6	53	- 95.0
		EBITDA	79	- 92.5	264	- 80.5

Pharmaceuticals / Biological Products Quarterly Performance



€ million



Top 10 Pharma / Biological Products



€ million

		Q3'03	Δ % yoy	Δ % yoy in Loc. Curr.	3/4'03	Δ % yoy	Δ % yoy in Loc. Curr.
1	Cipro	332	- 1	+ 7	1,111	0	+ 15
2	Adalat	167	- 8	- 1	505	- 19	- 11
3	Kogenate*	140	+ 18	+ 23	355	+ 25	+ 34
4	Levitra	88	•	•	111	•	•
5	Gamimune*	82	+ 6	+ 18	220	- 5	+ 9
6	Glucobay	72	+ 13	+ 22	207	- 1	+ 9
7	Avelox	54	+ 8	+ 16	193	+ 19	+ 34
8	Prolastin*	39	+ 16	+ 27	124	+ 7	+ 22
9	Trasylol	36	+ 3	+ 17	105	+ 8	+ 27
10	Aspirin Cardio	29	•	•	82	•	•

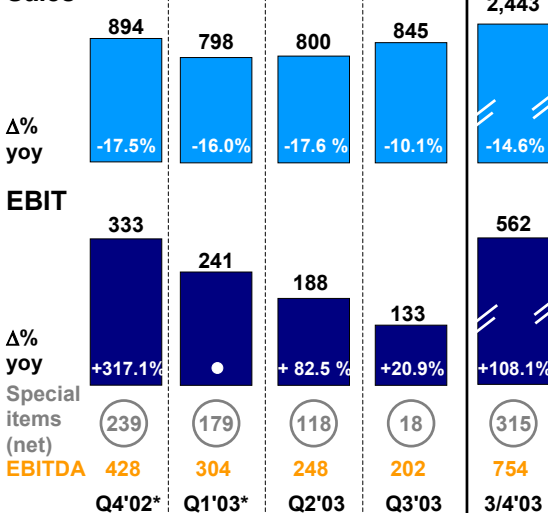
* Biological Products

Consumer Care / Diagnostics Quarterly Performance



€ million

Sales



* adjusted

- Sales decline due to Fx and divestitures
Consumer Care + 3.3% (Fx and portfolio adjusted)

Diagnostics + 7.2% (local currency)

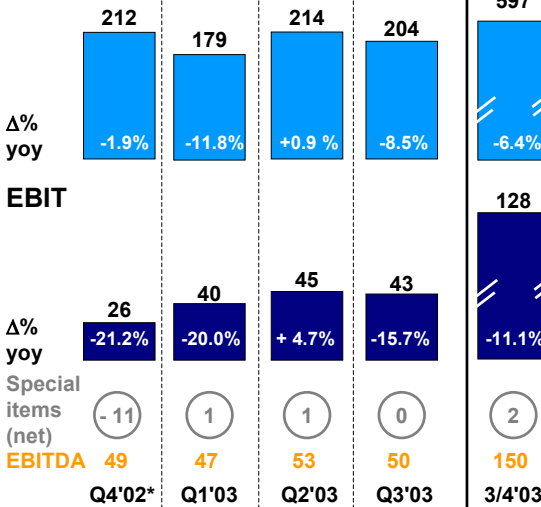
- One-A-Day Weight Smart continues to perform well
- Self Testing business significantly improved vs. Q2
- Successful launch of new Glucometer brand Ascensia
- Professional testing strong in Q3
- Gratifying improvement of EBIT

Animal Health Quarterly Performance



€ million

Sales



* adjusted

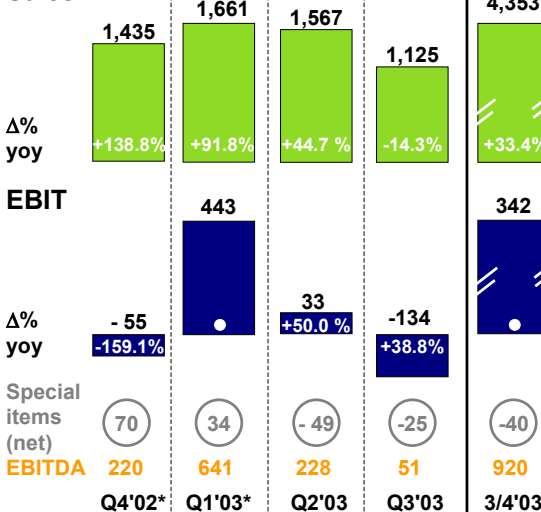
- Business slightly down yoy (-0.9% in local currencies)
- Advantix U.S. sales development weak in Q3
- Advantage suffered due scorching heat in Europe
- Profitability remains high (21%) in Q3

CropScience Quarterly Performance



€ million

Sales



* adjusted

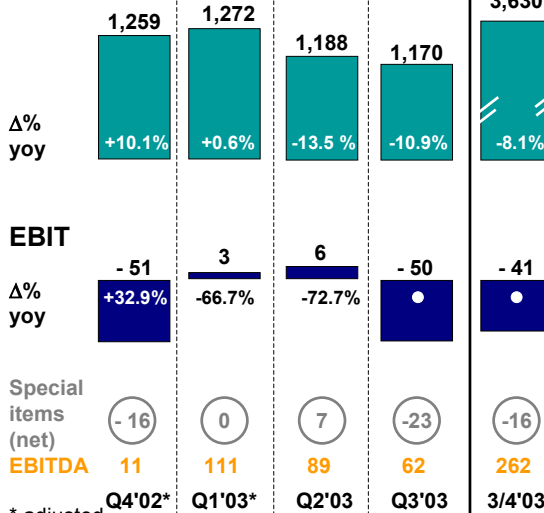
- 3/4'03 EBITDA margin of 21% in line with planning
- 3.5% Fx and portfolio adjusted sales growth
- Business in Europe remained tough
- NAFTA business improved
- NEA slightly up yoy
- Latin America strict channel management delayed business into Q4
- EBIT improved yoy

Plastics / Rubber Quarterly Performance



€ million

Sales



- Eng. Thermoplastics dropped 8.8% (- 3.6% in local currencies)
- Rubber Polymers down 13.8% (- 10.0% in local currencies)
- Strong volume growth in Polycarbonates
- EBIT improvement withheld by higher raw material costs
- Flotation of Styrenics, Rubber business planned

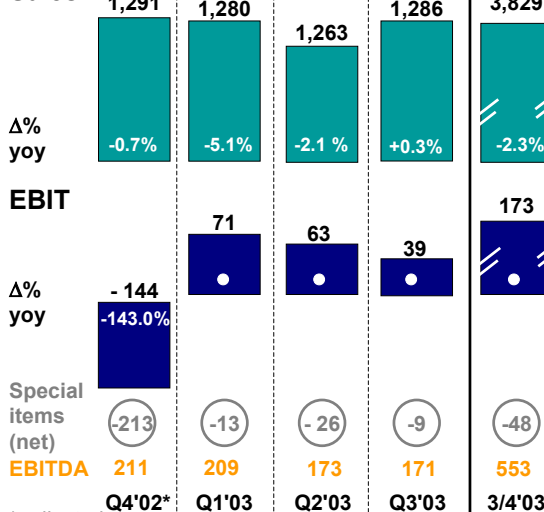
* adjusted

Polyurethanes / Coatings / Fibers Quarterly Performance



€ million

Sales



- Segment registered 6% local currency growth
PU + 9.5% in local currency growth
Coatings Fx adjusted flat + 0.4%
- Pricing pressure continues in major product lines
- High capacity utilization esp. in the MDI segment
- TDI sales increased, profitability remains weak
- EBIT significantly improved yoy
- Flotation of Fibers planned

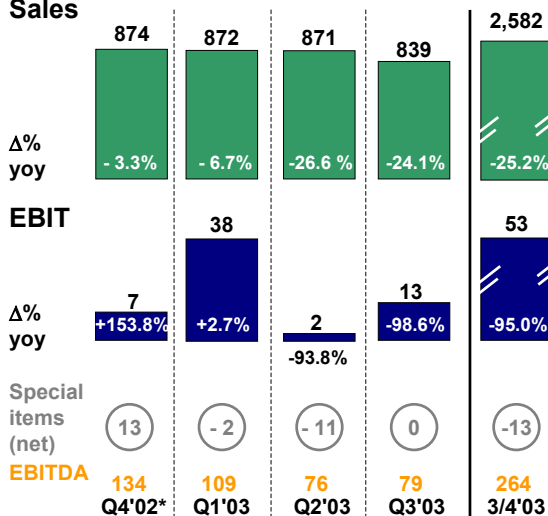
* adjusted

Chemicals Quarterly Performance



€ million

Sales



- Portfolio and currency adjusted top-line decline only – 0.7%
- H.C. Starck Fx adjusted reported slight sales growth
- Ongoing margin pressure
- Flotation of Basic, Fine and Specialty Chemicals planned

Special items (net)



* adjusted

Q3 Non-Operating Result



€ million

	Q3'03	Q3'02	Δ% yoy	3/4'03	3/4'02	Δ% yoy
Non-operating result	(211)	(241)	+ 12.4	(559)	(354)	- 57.9
● Income from affiliated companies – net	(24)	(20)	- 20.0	(7)	214	●
● Interest expense – net	(93)	(132)	+ 29.5	(313)	(310)	- 1.0
● Interest portion of pension provisions	(71)	(67)	- 6.0	(202)	(204)	+ 1.0
● Exchange gain – net	(30)	(5)	●	(41)	(11)	●
● Miscellaneous – net	7	(17)	●	4	(43)	●

Cashflow Figures



€ million

	Q1'03	Q2'03	Q3'03	3/4'03	Δ% yoy
Gross cash flow	1,402	1,089	541	3,032	+ 37.4
+/- Change in working capital	(1,239)	(122)	652	(709)	•
= Net cash flow	163	967	1,193	2,323	- 14.9
- Capital expenditures	(476)	(324)	(384)	(1,184)	- 27.2
= Operating free cash flow	(313)	643	809	1,139	+ 1.0
- Interest, dividends	(64)	(864)	(68)	(996)	- 19.6
= Free cash flow	(377)	(221)	741	143	- 48.5
- Acquisitions / divestments	1,406	49	95	1,550	•
= Free cash flow after acquisitions	1,029	(172)	836	1,693	•
- Derivatives, currency, others	104	142	(8)	238	- 59.2
Δ Net debt (financial statements)	(1,133)	30	(828)	(1,931)	•



Focus on

3

Growth
Innovation
Value

Appendix

Q3 Special Items



€ million

	Q3'03			Q3'02			Δ Net
	Charge	Gain	Net	Charge	Gain	Net	
HealthCare	(47)	21	(26)	(49)	6	(43)	17
CropScience	(33)	8	(25)	(3)	0	(3)	(22)
Polymers	(32)	0	(32)	(51)	0	(51)	19
Chemicals	0	0	0	(20)	0	(20)	20
Reconciliation	0	0	0	(2)	0	(2)	2
Continuing	(112)	29	(83)	(125)	6	(119)	36
Discontinuing	0	0	0	0	909	909	(909)
Total	(112)	29	(83)	(125)	915	790	(873)

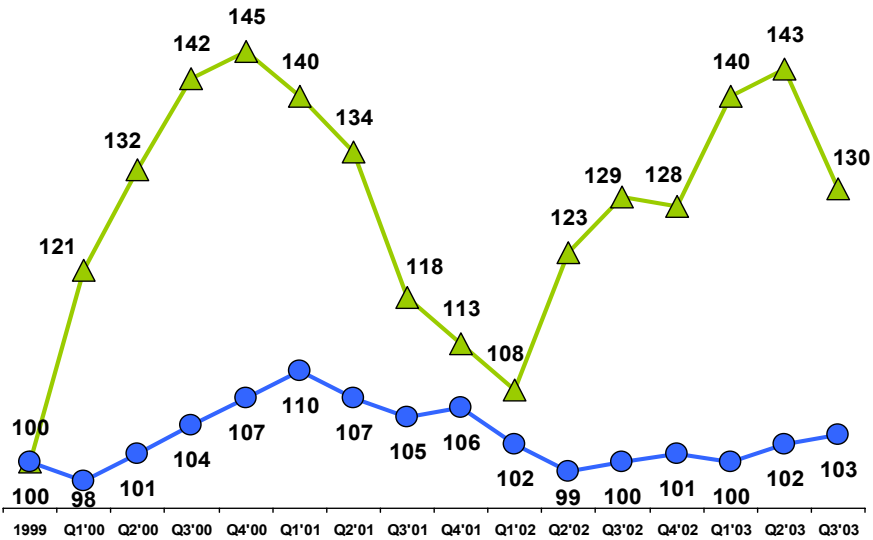
3/4 Year Special Items



€ million

	3/4'03			3/4'02			Δ Net
	Charge	Gain	Net	Charge	Gain	Net	
HealthCare	(69)	339	270	(77)	83	6	264
CropScience	(86)	46	(40)	(3)	0	(3)	(37)
Polymers	(92)	28	(64)	(236)	0	(236)	172
Chemicals	(13)	0	(13)	(65)	0	(65)	52
Reconciliation	0	36	36	0	452	452	(416)
Continuing	(260)	449	189	(381)	535	154	35
Discontinuing	0	0	0	0	909	909	(909)
Total	(260)	449	189	(381)	1,444	1,063	(874)

Polymers – Raw material and selling price development



Reduction of Net Debt continues



€ billion

