

Baye



Fall Investor Conference

Leverkusen, November 17, 2000

Werner Wenning, CFO

3/4 Year 2000

Business performance

- ▶ Strong growth in all businesses: + 22 percent (cont.)
- ▶ Op. income (cont.) up 29 percent
- ▶ Health Care op. income up 40 percent
- ▶ Polymers/Chemicals performance improving

Portfolio mix

- ▶ 60 percent profit contribution (cont.) from life sciences
- ▶ Acquisitions: Flint, Sybron, Cytec, CSM
- ▶ Divestitures: Erdölchemie (pending), acrylic fibers, Schein, Tropon, Basics, animal vaccines, solar grade silicon

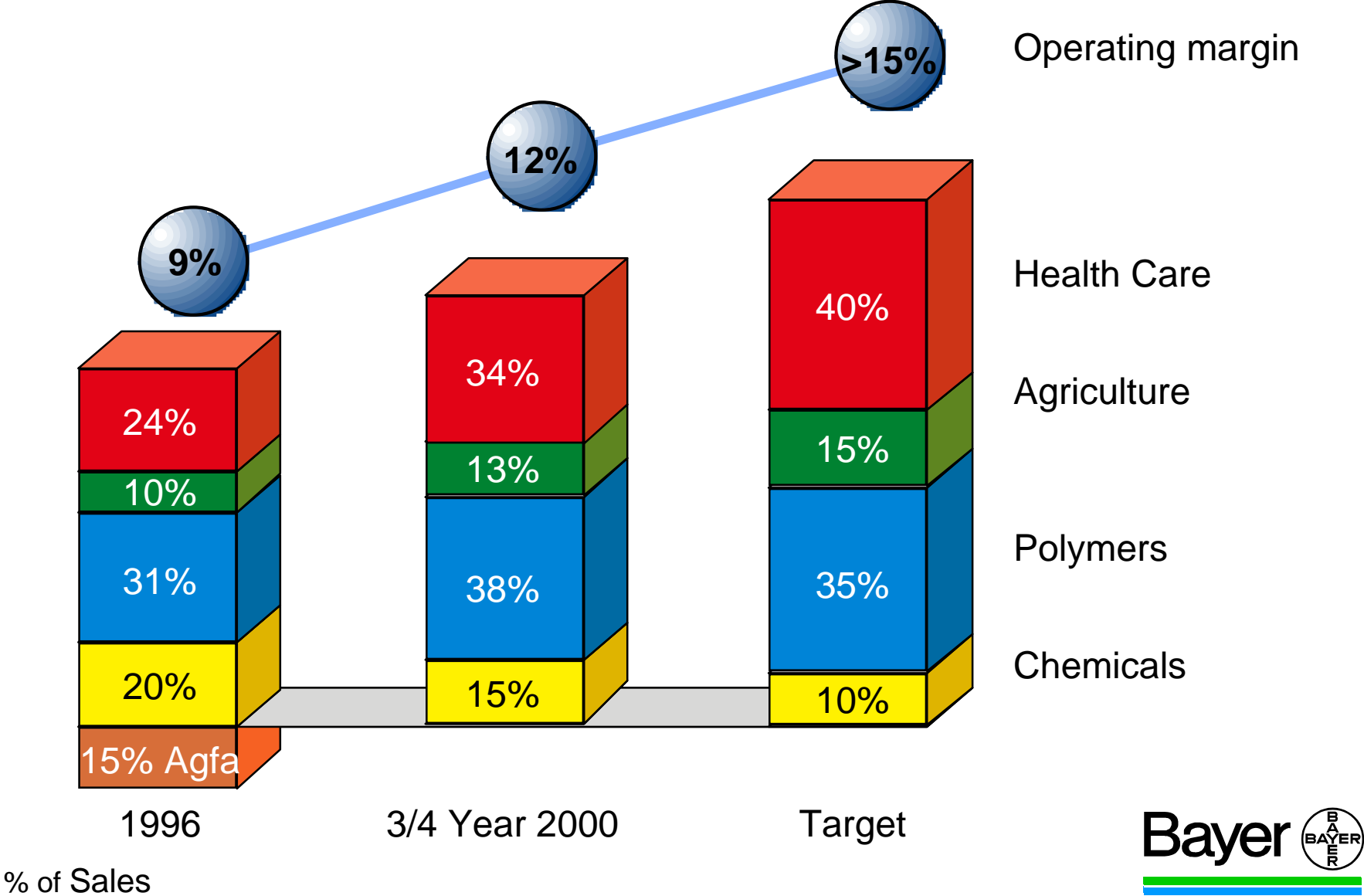
Structures and processes

- ▶ Business reengineering (SAP introduction)
- ▶ E-commerce

Culture

- ▶ Focus on value creation
- ▶ Stock option plan

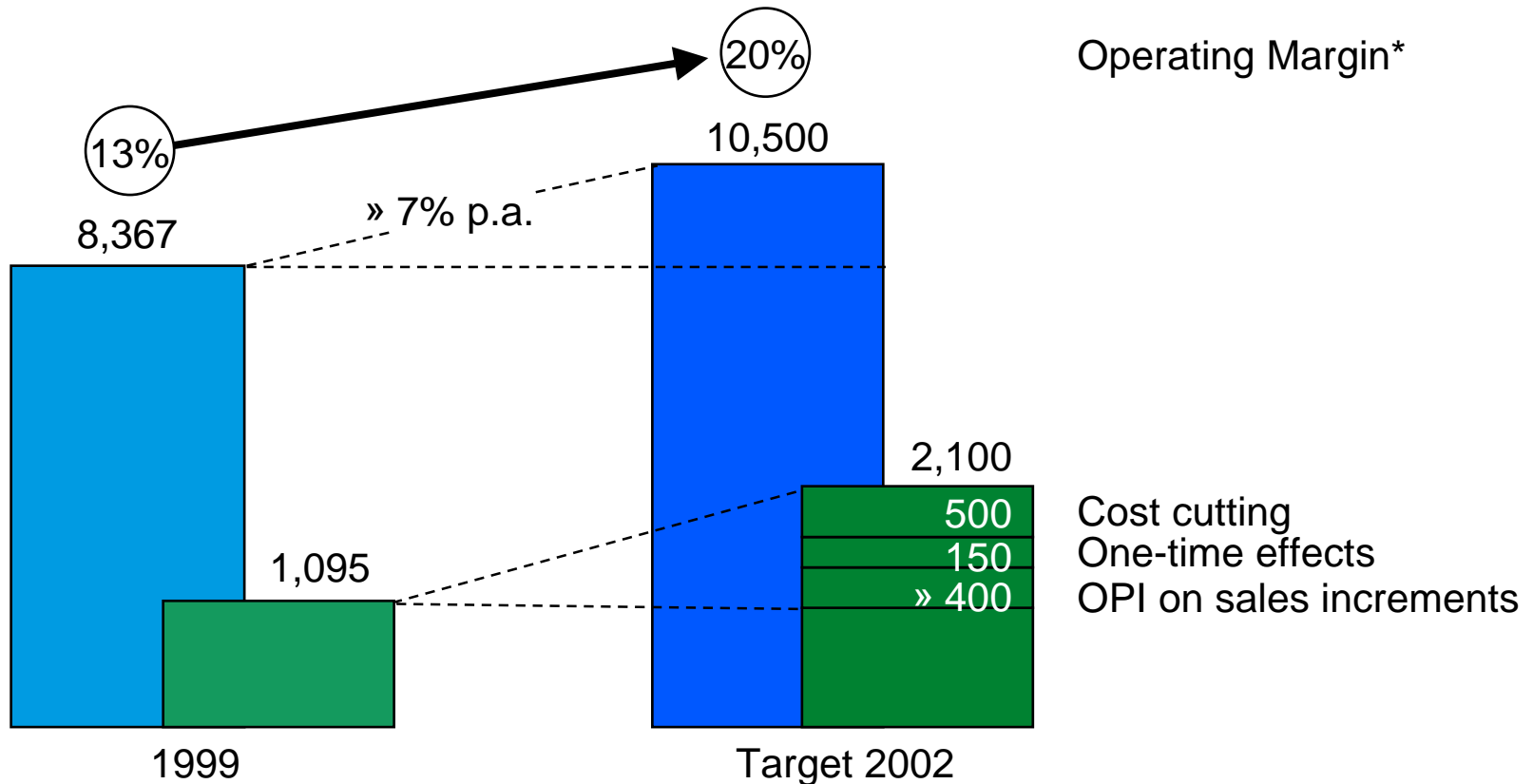
Optimization of Business Mix



Strategic Priorities

Health Care	Agriculture	Polymers	Chemicals
Improvement of profitability and gaining market share	Participating in industry consolidation	Expanding global leadership	Improving profitability
<ul style="list-style-type: none">▶ Restructuring program in pharmaceuticals▶ Chiron synergies▶ Site consolidation CC▶ Life-cycle management for established products▶ Successful launch of new products▶ Build the pipeline▶ Improvement of R & D productivity	<ul style="list-style-type: none">▶ Concentration on innovative chemistry▶ Strengthening of imidacloprid franchise▶ Seed treatment market leadership▶ Leadership in home garden market▶ Two product launches/year▶ Access to frontline technologies	<ul style="list-style-type: none">▶ Optimization of business mix▶ Concentration on high-value-added polymers▶ Efficient cost structures▶ Exploitation of growth potential in Asia▶ Researching new areas of application	<ul style="list-style-type: none">▶ Focus on specialties▶ Strict cost management▶ Further restructuring▶ Streamlining of portfolio▶ DyStar – smaller share in enlarged j.v.▶ Erdölchemie divestiture pending

Health Care – Substantial Profitability Improvement Under Way



- Stable profit contribution from existing portfolio
- Successful launch of new products
- Initiatives under way to save over € 500 million in costs

* before exceptionals

3/4 Year 2000 Financial Highlights

▲ Sales	Euro	22,918m	+ 11.8 %
▲ Sales (cont.)	Euro	22,183m	+ 22.2 %
▼ Operating income	Euro	2,718m	– 14.5 %
▲ Operating income (cont.)	Euro	2,654m	+ 28.8 %
▲ Non-operating result	Euro	– 170m	+ 54.2 %
▼ Pre-tax income	Euro	2,548m	– 9.3 %
▼ After-tax income	Euro	1,585m	– 26.3 %
▼ Net income	Euro	1,567m	– 27.1 %
▲ Net income (cont.)	Euro	1,514m	+ 39.5 %
▼ Earnings/share	Euro	2.15	– 26.9 %

Components of 3/4 Year 2000 Sales Trend (continuing)

	€ mill	%		€ mill
Group sales 1999	18,147			
Acquisitions/ Divestitures	+ 508	+ 2.8	Acquisitions	+ 559
			• Lyondell	+ 419
			• PC sheets	+ 82
			• Misung	+ 58
			Divestitures	- 51
			• Tropon/Allergens	- 41
			• Others	- 10
Volumes	+ 1,674	+ 9.2		
Prices	+ 181	+ 1.0		
Currencies	+ 1,673	+ 9.2		
Group sales 2000	22,183	+ 22.2		

Quarterly Sales Development

€ million	2000	1999	Δ %
3/4 year	22,918	20,499	+ 11.8
● Agfa		1,791	
● DyStar, Erdölchemie	(735)	561	
Continuing operations	22,183	18,147	+ 22.2
3rd quarter	7,680	6,275	+ 22.4
● Agfa		13	
● DyStar, Erdölchemie	(247)	205	
Continuing operations	7,433	6,057	+ 22.7
2nd quarter	7,907	7,230	+ 9.4
● Agfa		(752)	
● DyStar, Erdölchemie	(242)	(186)	
Continuing operations	7,665	6,292	+ 21.8
1st quarter	7,331	6,994	+ 4.8
● Agfa		(1,026)	
● DyStar	(84)	(77)	
Continuing operations*	7,247	5,891	+ 23.0

* including Erdölchemie

3/4 Year 2000 Comparable Operating Income

€ million

	2000	1999	Δ %
OPI reported	2,718	3,180	- 14.5
● Segments	2,801	2,339	+ 19.8
● Reconciliation	(147)	(279)	
Discontinuing operations	(64)*	(1,120)	
● Agfa OPI		104	
● Agfa IPO		952	
● Agfa Sale		67	
● DyStar, Erdölchemie	64*	(3)	
OPI continuing	2,654	2,060	+ 28.8
Exceptional items (cont.)	47	131	
OPI underlying – continuing operations	2,701	2,191	+ 23.3

* including – 6 exceptionals, previous year = (-4)



Quarterly OPI Development

€ million	2000	1999	Δ %
3rd quarter	724	624	+ 16.0
● Agfa Sale		(67)	
● DyStar, Erdölchemie	(25)	8	
● Exceptional items	25	83	
OPI underlying – continuing operations	724	648	+ 11.7
2nd quarter	960	1,685	– 43.0
● Agfa OPI (4–5 '99)		(33)	
● Agfa IPO		(952)	
● DyStar, Erdölchemie	(22)	(4)	
● Exceptional items	18	54	
OPI underlying – continuing operations	956	750	+ 27.5
1st quarter	1,034	871	+ 18.7
● Agfa OPI		(70)	
● DyStar	(3)	4	
● Exceptional items	4	(6)	
OPI underlying* – continuing operations	1,035	799	+ 29.5

* including Erdölchemie

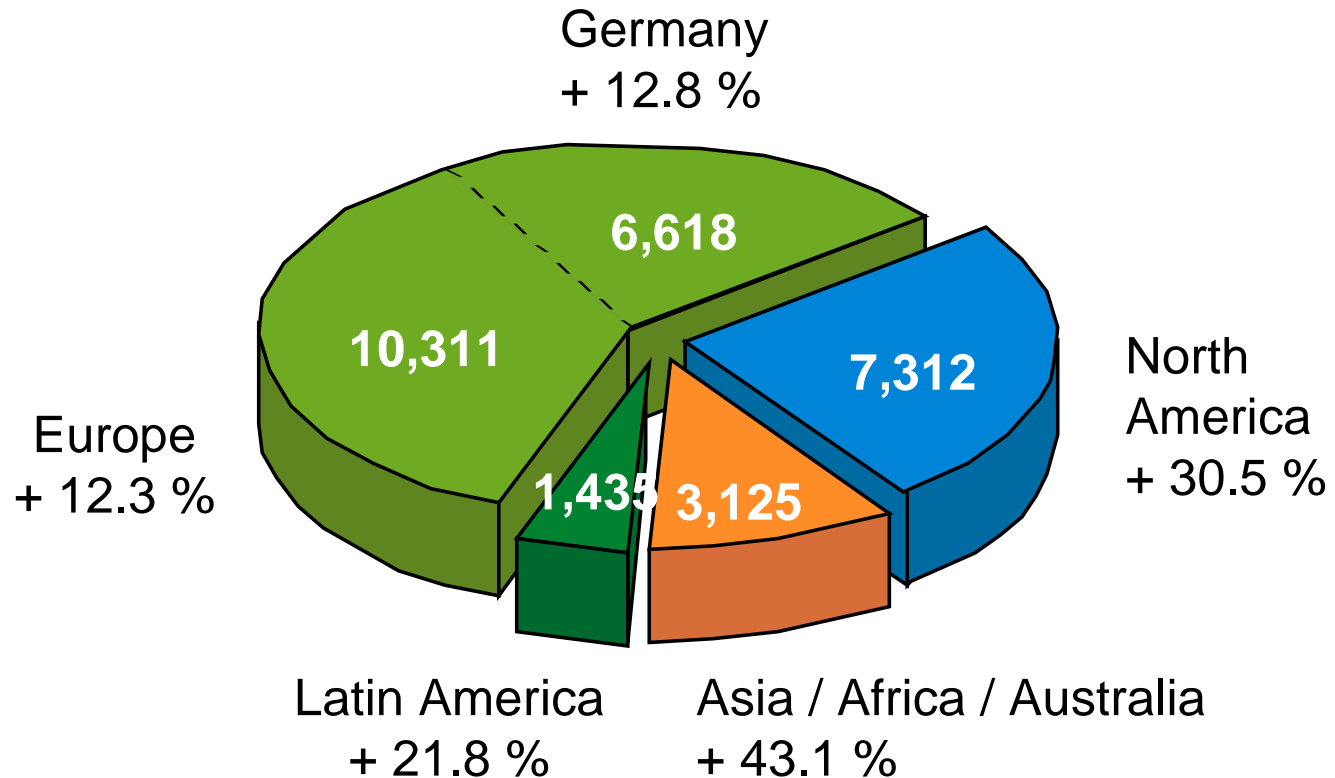
3/4 Year 2000 Exceptional Items

€ mill	2000			1999			Δ Net
	Charge	Gain	Net	Charge	Gain	Net	
Health Care	- 56	+ 20	- 36	- 109	+ 3	- 106	+ 70
Agriculture	0	+ 25	+ 25	- 16	+ 37	+ 21	+ 4
Polymers	- 64	0	- 64	- 31	0	- 31	- 33
Chemicals	- 6	0	- 6	- 15	0	- 15	+ 9
Reconciliation	- 6	+ 34	+ 28	- 4	0	- 4	+ 32
Total	- 132	+ 79	- 53	- 175	+ 40	- 135	+ 82

3/4 Year 2000 Sales by Region

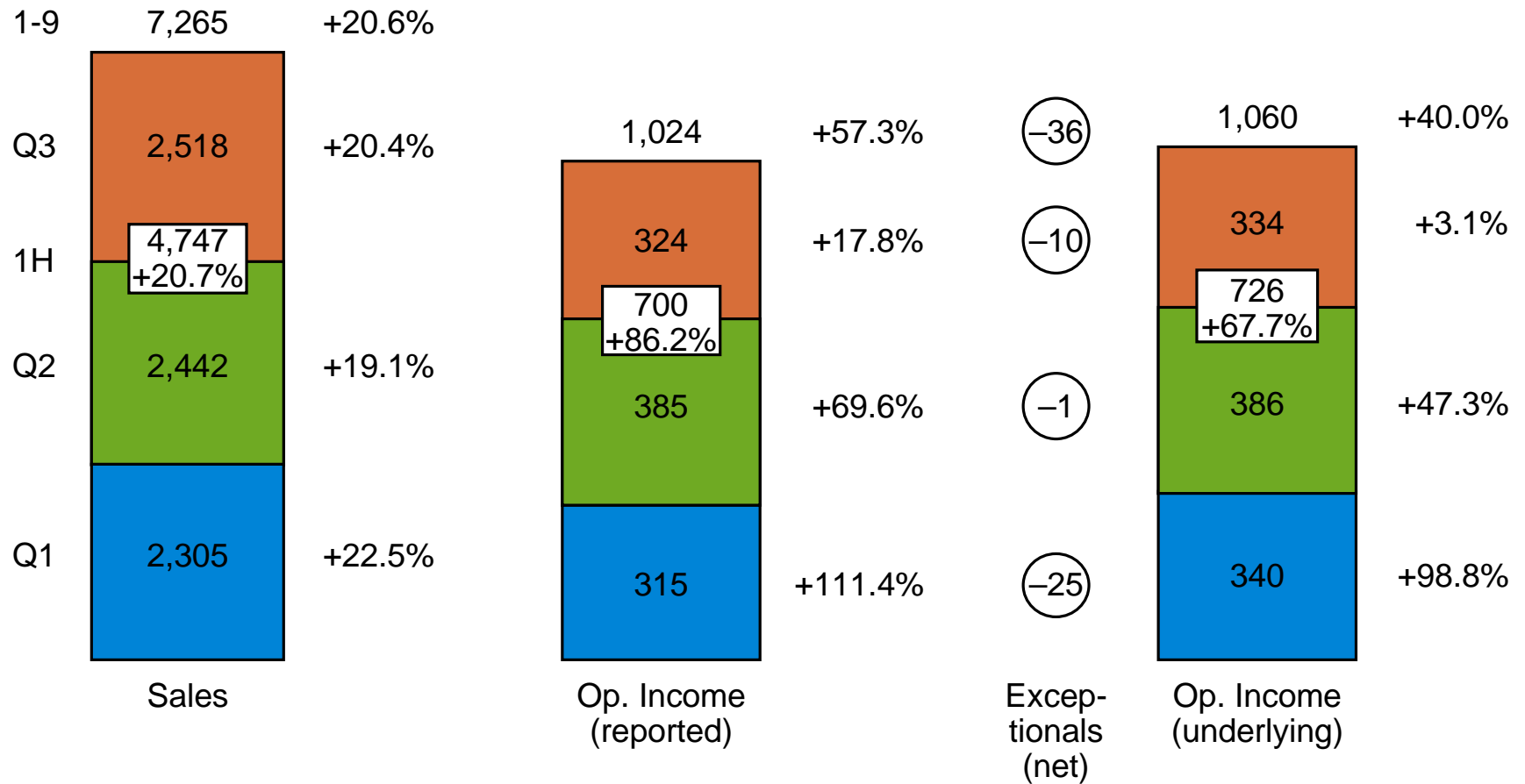
Total € 22,918 million, + 11.8 %

Continuing operations € 22,183 million, + 22.2 %



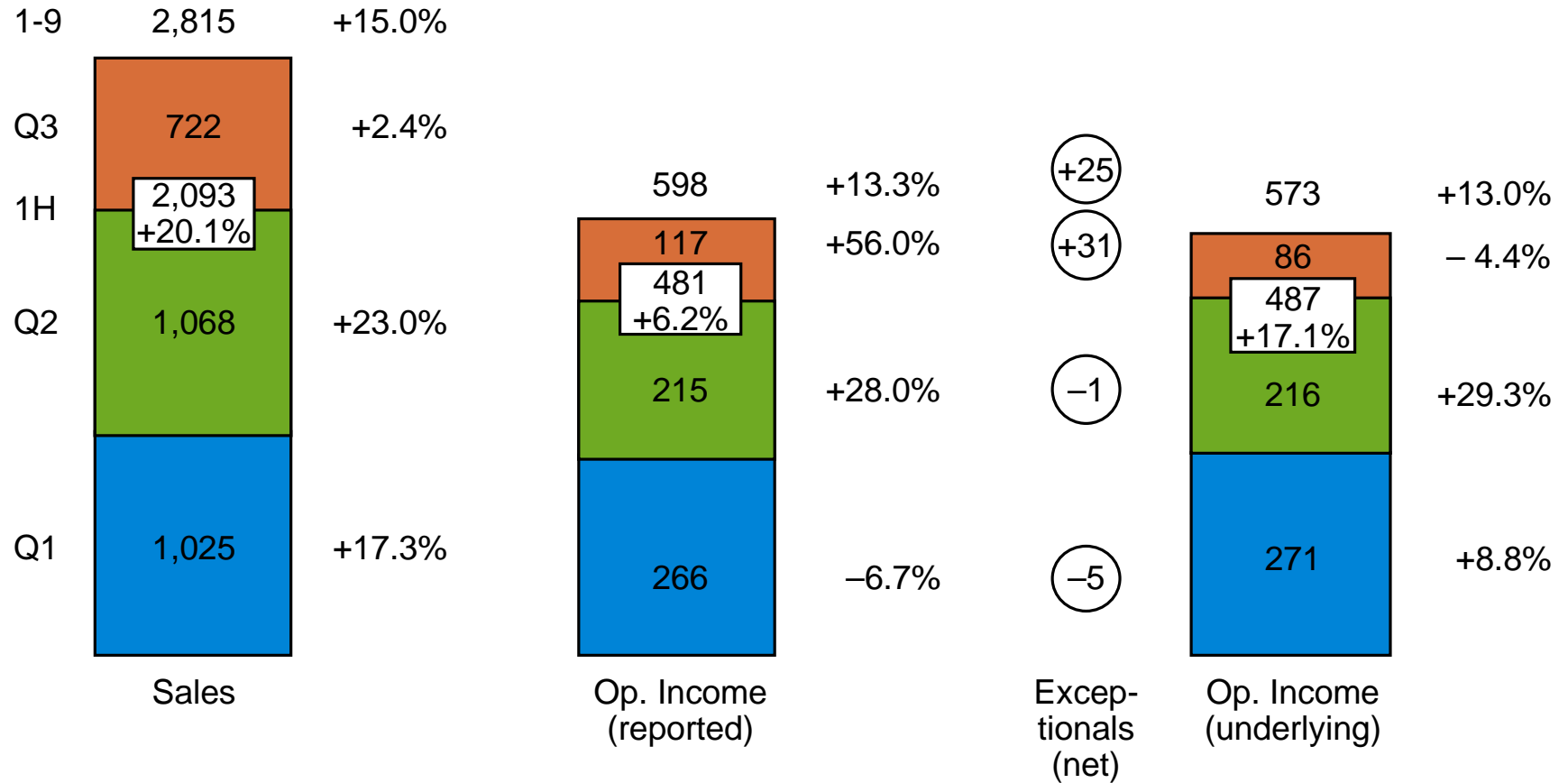
Health Care – on track

€ million



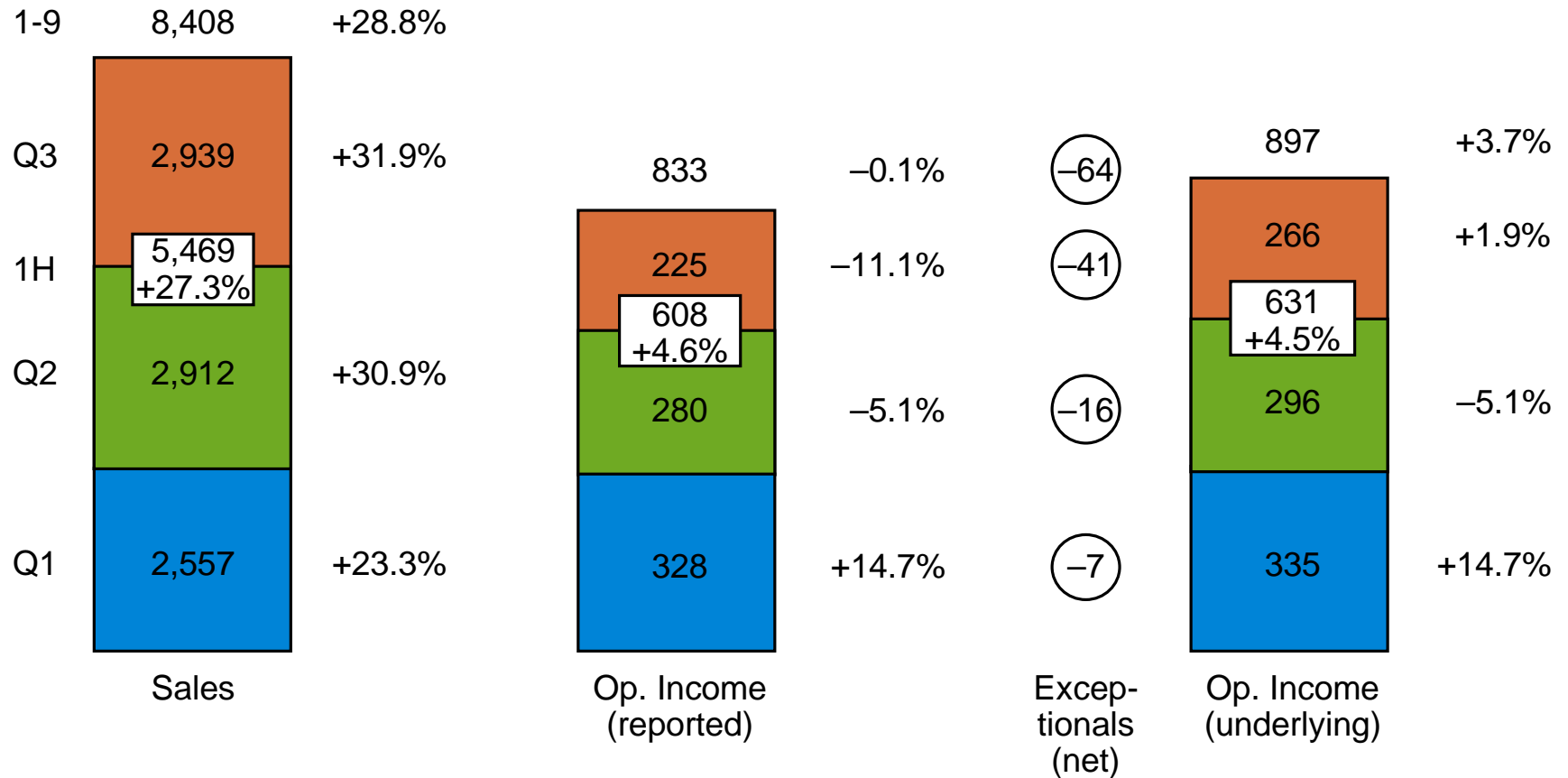
Agriculture – growing strongly

€ million

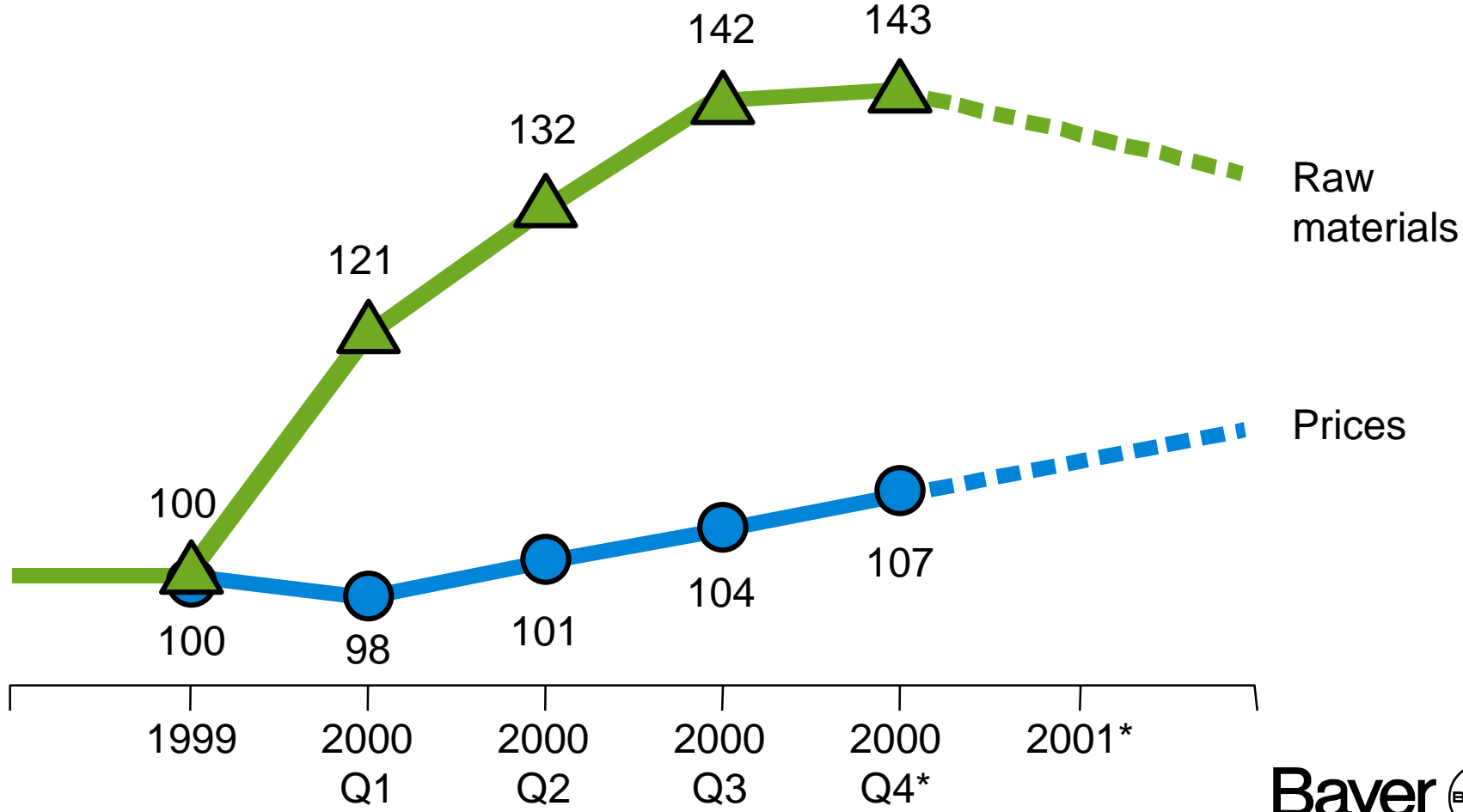


Polymers – selling prices increasing

€ million



Polymers – Raw material and selling price development

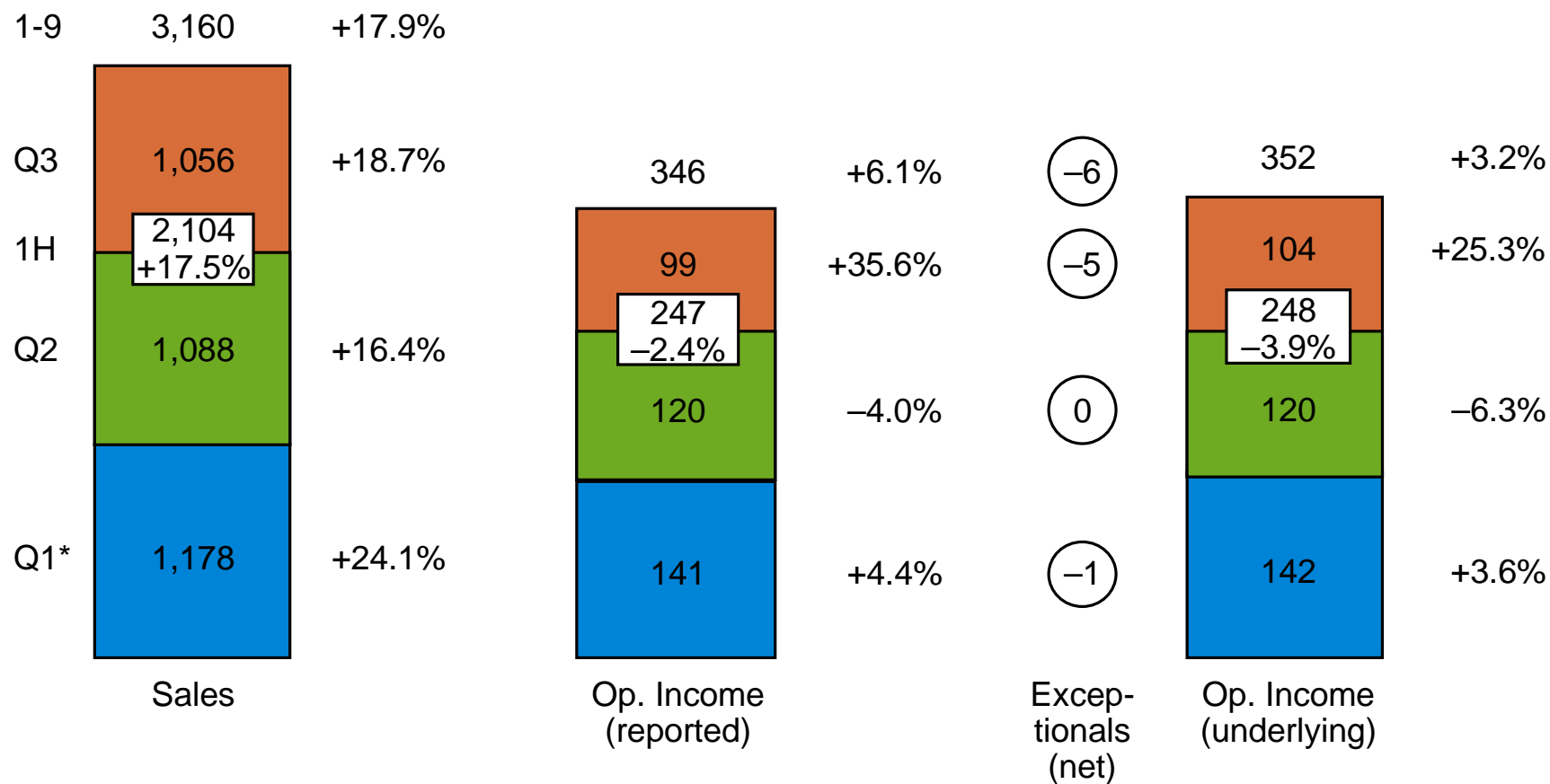


* expected



Chemicals – improving greatly

€ million



* including Erdölchemie

Outlook

2000

- Sales (cont.) > + 10 %
- Op. income (cont.) > + 10 %

2001

- Double-digit sales and operating income (cont.)
- Improvement of operating margin