



Half Year Investor Conference

London, August 9, 2001

Safe Harbour

This presentation may contain 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 substantial differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company accepts no obligation to continue to report or update these forward-looking statements or adjust them to future events or developments.

Situation

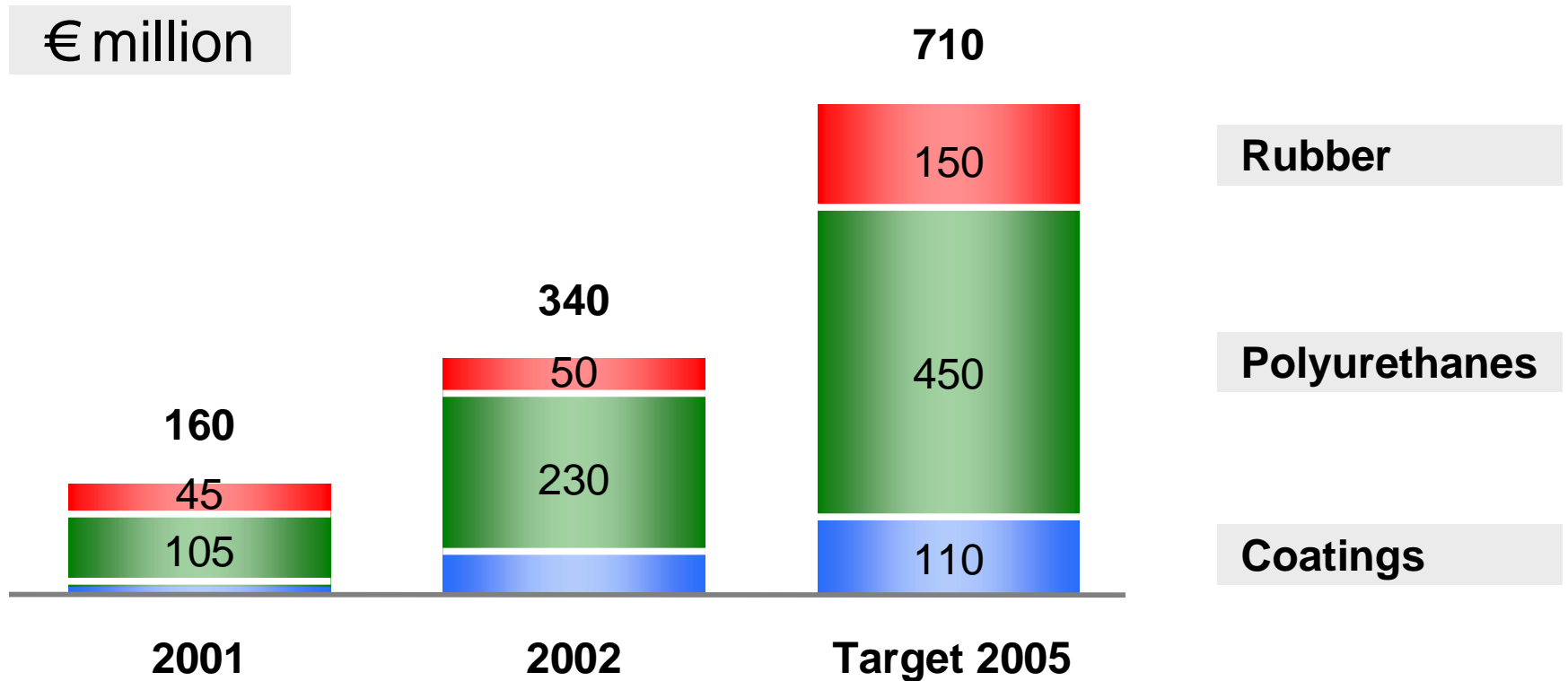
- Lipobay / Baycol worldwide voluntary withdrawal
- Financial impact: € 600–650m, of which € 250–300m exceptionals
- Negative impact from Biologicals:
1st half € 250m, € 210m in Q2
- Ongoing weakness of world economy
- 2001 operating profits significantly below previous estimate
- HC margin target 2002 dropped

Acquisition of ACS – Key Figures

€

| | |
|---------------------|-----------------------------|
| Purchase price | 7.0–7.5 bn |
| Sales (2000) | 4.034 bn |
| Restructuring costs | 500 mill. |
| Synergies | 500 mill./year |
| Dilution | year 1: -0.30 to -0.35 EPS |
| | year 2: -0.05 to -0.10 EPS |
| Closing | not before Dec. 31, 2001 |

“700 plus” Efficiency Improvement Project



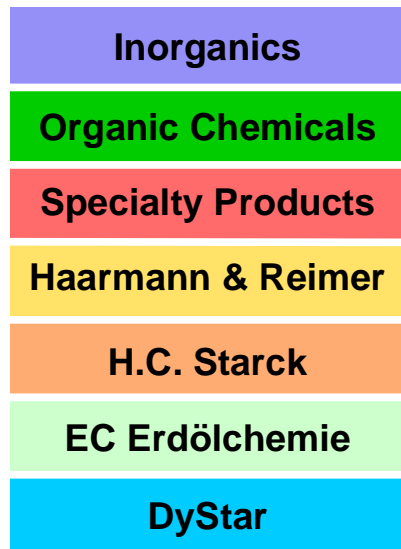
- Headcount reduction approx. 1,800 people
- Closure of 15 production plants
- Consolidation of product portfolio
- > € 150m savings in marketing and R & D

Chemicals – Business Portfolio and Operational Performance Substantially Improved

€ million

1

4,898 (20)



1996

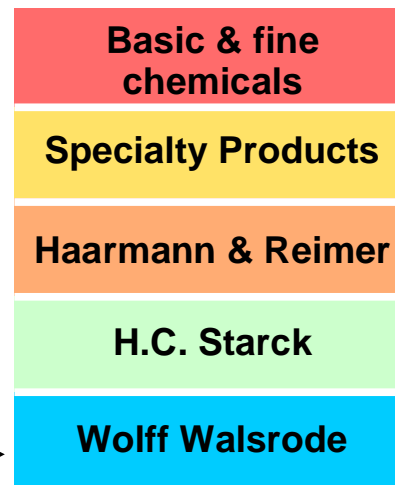
- ⊖ H-acid
- ⊖ Solargrade silicium
- ⊖ Titanium dioxide
- ⊖ Silicones
- ⊖ Citric acid
- ⊖ Enamels
- ⊖ Abrasives & Refractory
- ➔ divested
- ➔ divested

Divestitures
Σ 1,700

Headcount - 8,200

11

4,275 (14)



2000

- ⊕ Cytex
- ⊕ Sybron
- ⊕ CSM

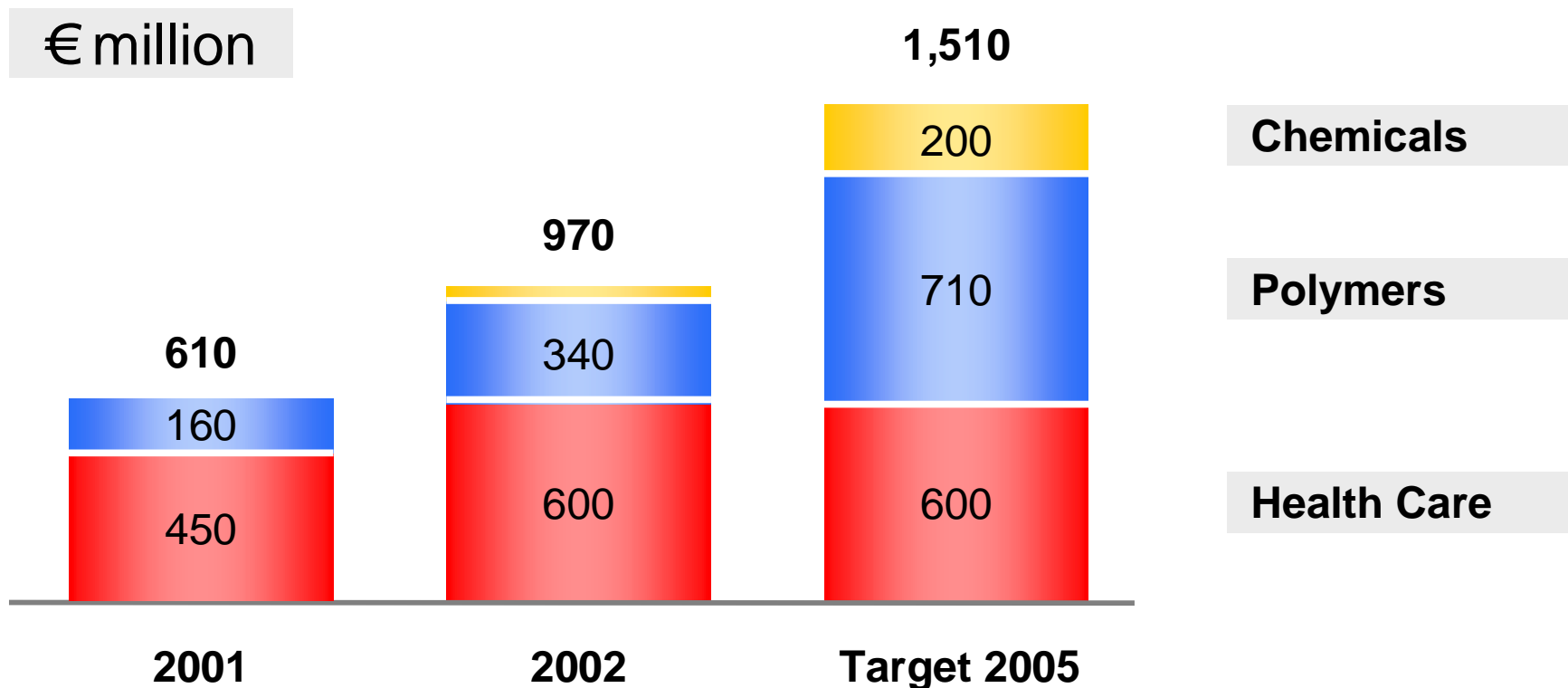
regrouped ➔

Acquisitions
Σ 480

Op: Margin

Sales
% of total

Far Reaching Efficiency Improvement Programs



- Headcount reduction of approx. 5,000 people
 - thereof 2,200 in pharmaceuticals (compared with 1998)
 - thereof 600 in diagnostics (compared with 2000)
 - thereof 660 in polyurethanes (compared with 2000)
 - thereof 2,000 layoffs already realized by 2000
- Related one-time charges approx. € 150m mainly in 2001

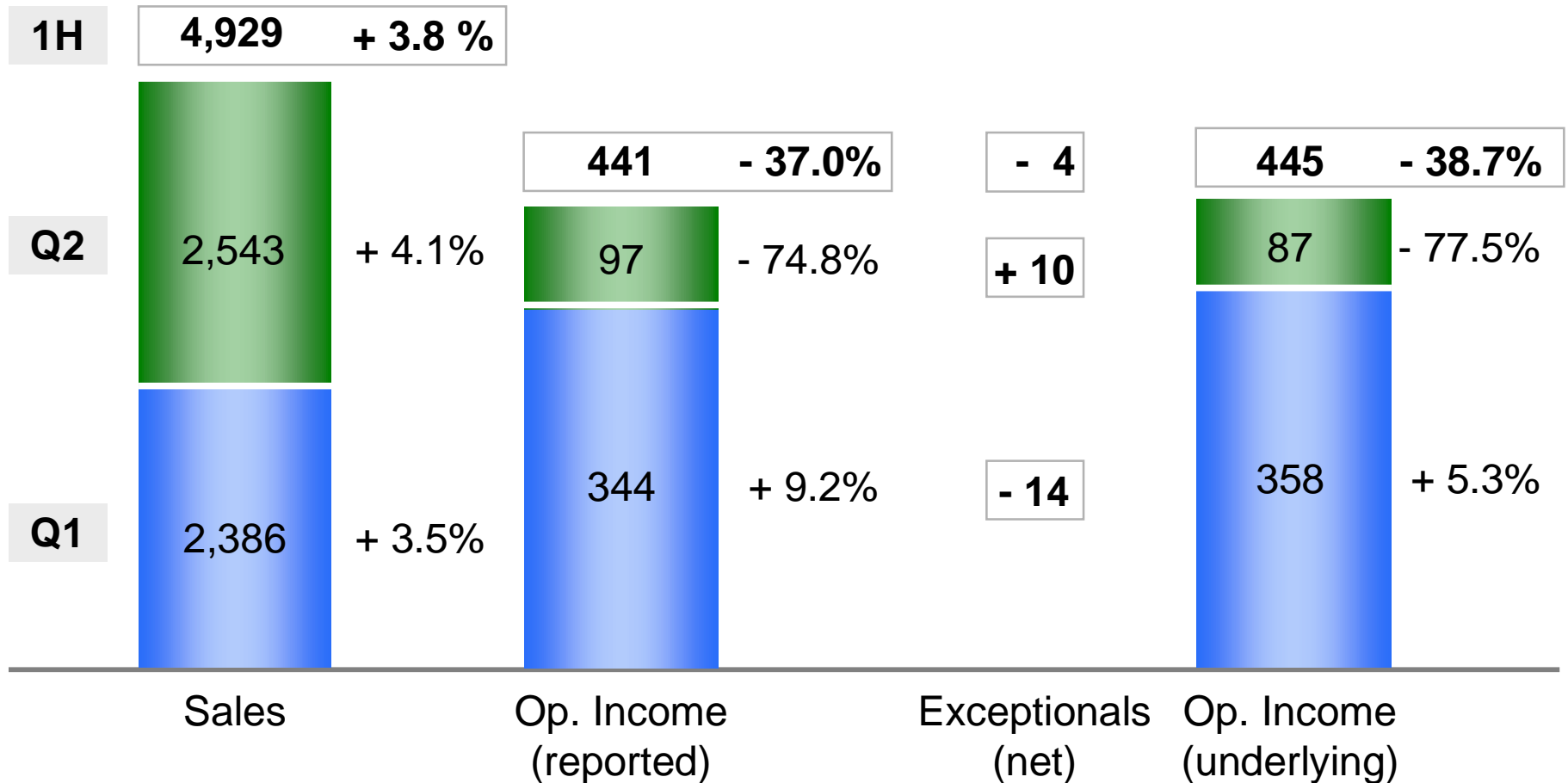
Financial Highlights

€ million

| | 1H'01 | Δ % |
|--|--------|--------|
| ▲ Sales | 15,972 | + 4.8 |
| ▲ Sales (cont.) | 15,618 | + 7.7 |
| ▼ Operating income | 1,671 | – 16.2 |
| ▼ Operating income pre-exceptionals (cont.) | 1,491 | – 23.3 |
| ▼ Non-operating result | – 230 | – 5.5 |
| ▼ Pre-tax income | 1,441 | – 18.9 |
| ▼ After-tax income | 1,004 | – 3.8 |
| ▼ Net income | 1,006 | – 2.6 |
| ▼ Earnings/share (Euro) | 1.38 | – 2.1 |











Health Care – First Half 2001

€ million



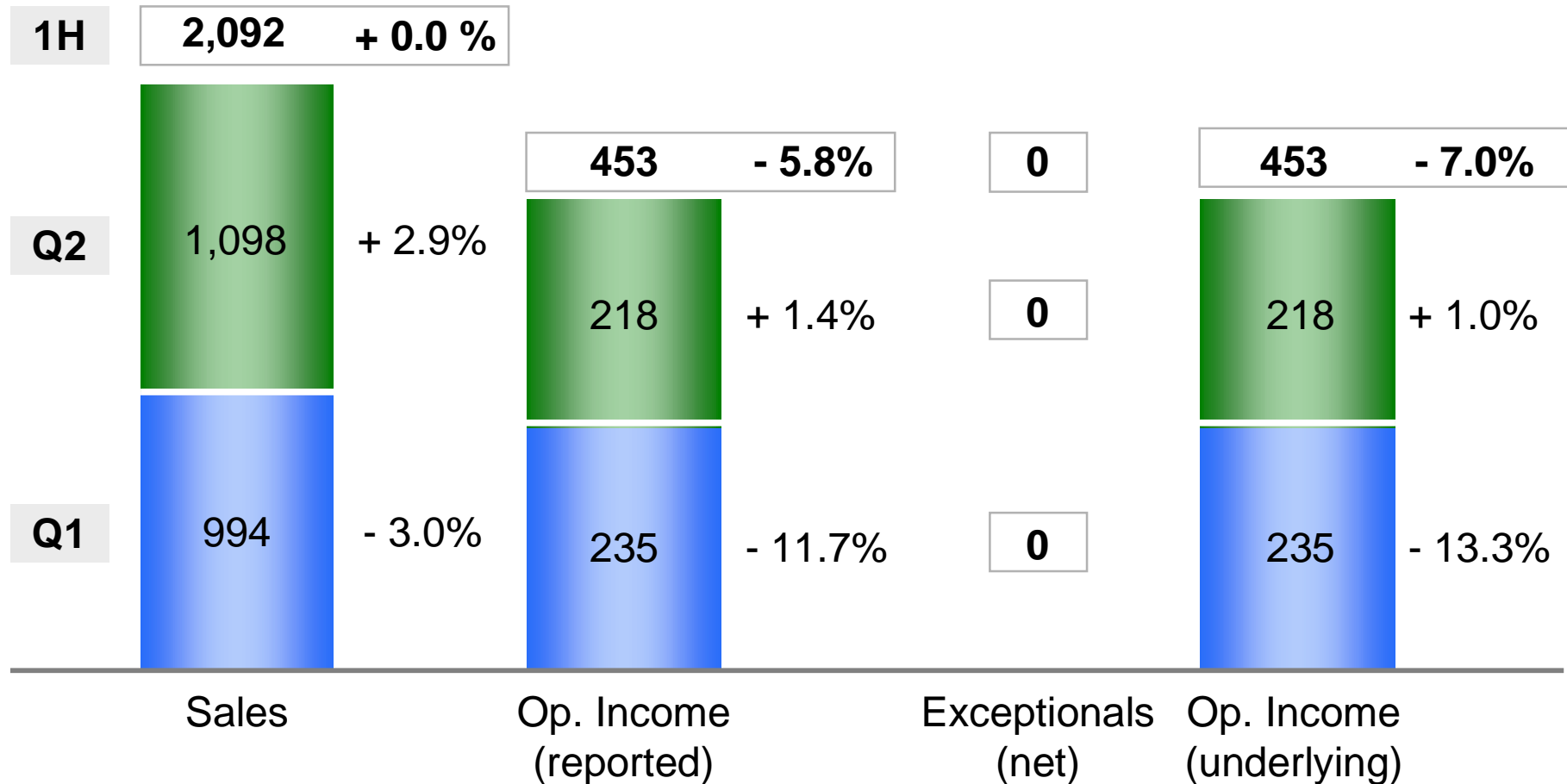
Pharmaceuticals – Top 10 Products

€ million

| | | 1H'01 | Δ % |
|--------------------|---|-------|-------|
| (1) Ciprobay |  | 740 | - 8 |
| (2) Lipobay/Baycol |  | 522 | + 85 |
| (3) Adalat |  | 513 | - 15 |
| (4) Gamimune |  | 155 | + 13 |
| (5) Glucobay |  | 154 | - 2 |
| (6) Avelox |  | 105 | + 160 |
| (7) Kogenate |  | 100 | - 55 |
| (8) Trasylol |  | 67 | + 16 |
| (9) Nimotop |  | 61 | - 7 |
| (10) Prolastin |  | 56 | - 17 |

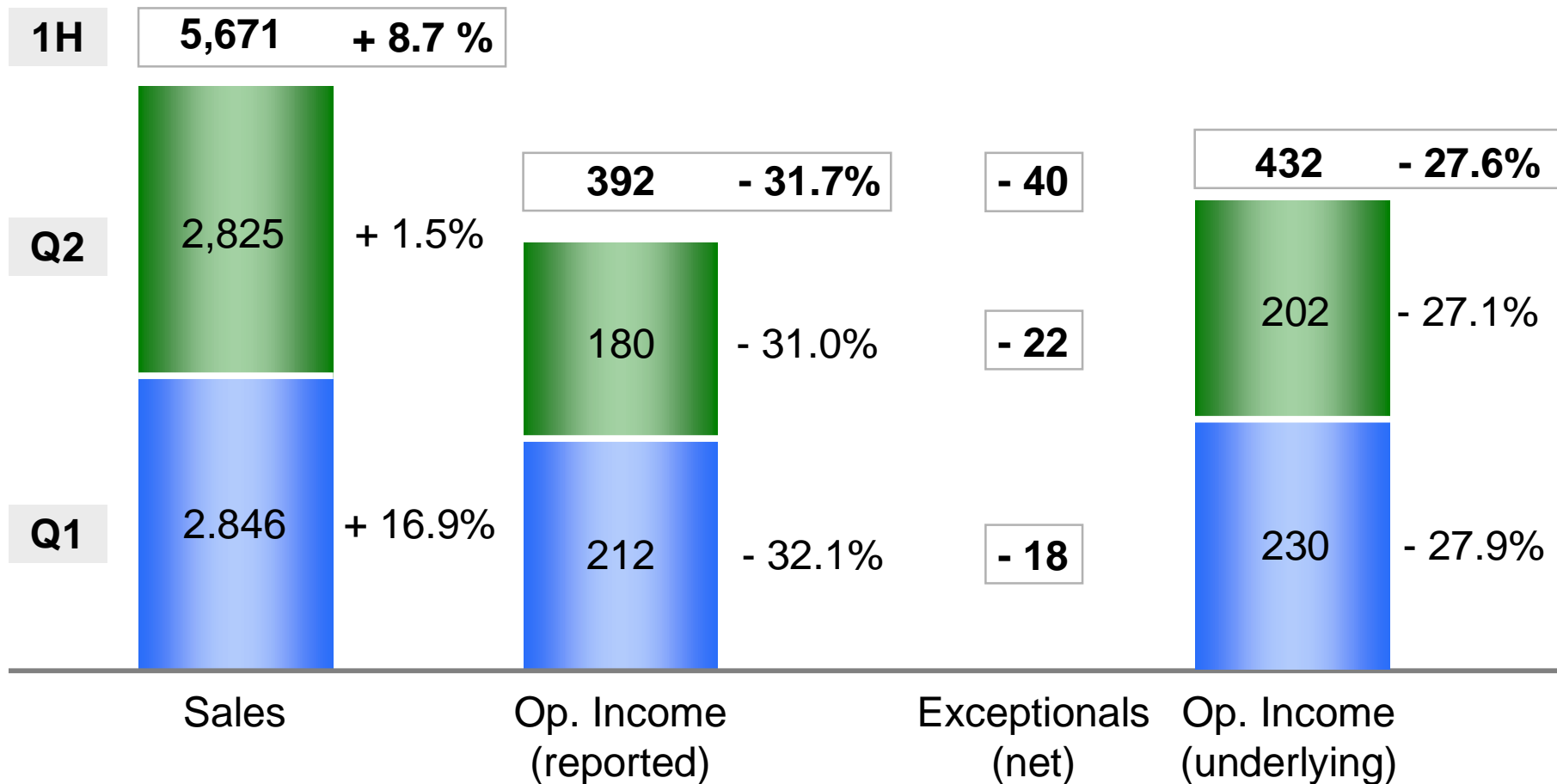
Agriculture – First Half 2001

€ million



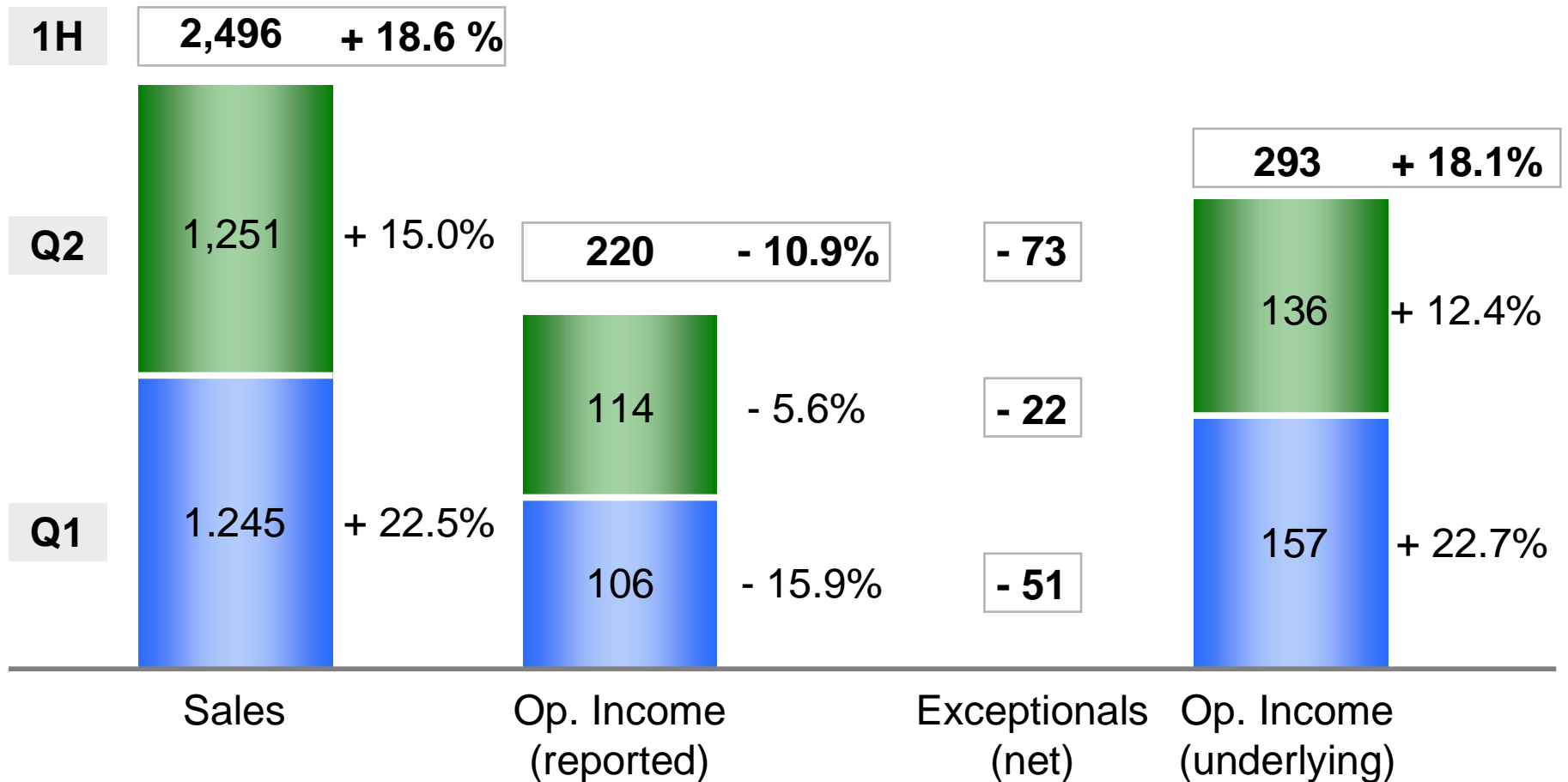
Polymers – First Half 2001

€ million



Chemicals – First Half 2001

€ million



Challenges and next steps

- Reassess corporate strategy
- Manage successful integration of ACS
- Realize significant cost improvements
- Rebuild trust