



Bayer Polymers



CSFB - Company Visit

November 21, 2003

Dr. Hagen Noerenberg, Head of Bayer Polymers

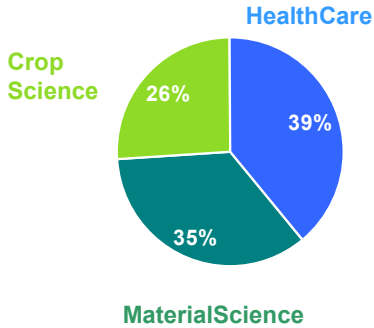
Safe Harbor

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.



The Future Shape of Bayer



Sales breakdown
FY2003e €22.5 billion



HealthCare

- Strong positions in consumer health
- Excellent technology base
- Significant new product opportunities
- Improving pharmaceuticals pipeline



CropScience

- Leader in conventional Crop Protection
- Leader in Environmental Science
- Emerging Player in BioScience
- Rich pipeline



MaterialScience

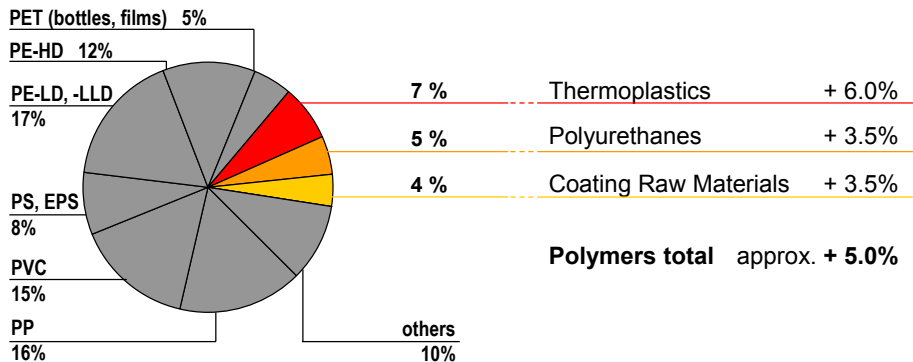
- Market leader in most products
- Cost advantages through world-scale production sites
- Technology leadership
- Expansion in Asia under way



World market for polymers 2002

Volumes produced

Expected average annual increase in volumes from 2002 to 2006 (worldwide)



Total: approx. 190 million metric tons
(not including synthetic fibers and synthetic rubbers)



Main Competitors

Plastics

BASF
 Chi Mei
 Dow Chem.
 DuPont
 General Electric
 Teijin

Polyurethanes

BASF
 Dow Chem.
 Huntsman
 Shell

H.C. Starck

Cabot
 Mitsui
 Plansee
 Philips Elmet
 Osram Sylvania
 Tanaka

Coatings

Dainippon Ink
 Degussa
 DSM
 Rhodia
 UCB

Celluloses

Dow Chem.
 Herkules
 Shin-Etsu
 Bergerac
 Noviant



Build on leadership position



MaterialScience

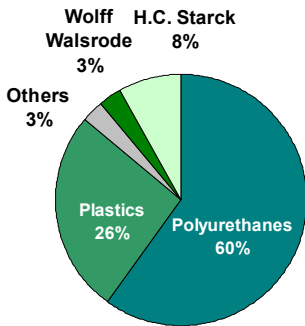
A leading market participant

Market Positions

- TDI/MDI/Polyols #1
- Polycarbonates #2
- Coatings raw materials #1
- Tantalum #1
- Methyl- & nitro-celluloses #2



MaterialScience: Segment Strategy



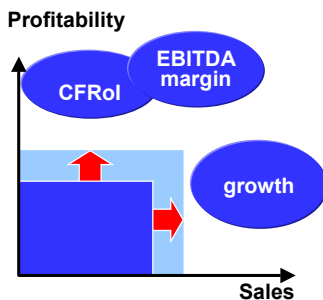
Sales breakdown FY2002
Total €7,832 million

- Polymer portfolio focused on two key technologies (PC & PUR)
- Exploit full potential of leadership positions
- Grow faster than GDP on average
- Significant earnings recovery potential (restructuring, cost savings)
- Expand in Asia/Pacific (first mover advantage)
- H.C.Starck / Wolff Walsrode are attractive additions
- Exit from low-growth, low-margin commodity businesses initiated



Our Commitment

Higher turnover and better return

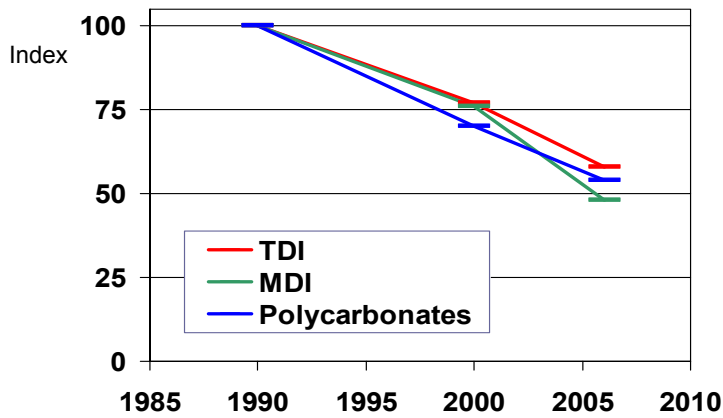


Our Measures

- Efficiency
- Portfolio Optimization
- Restructuring
- Growth



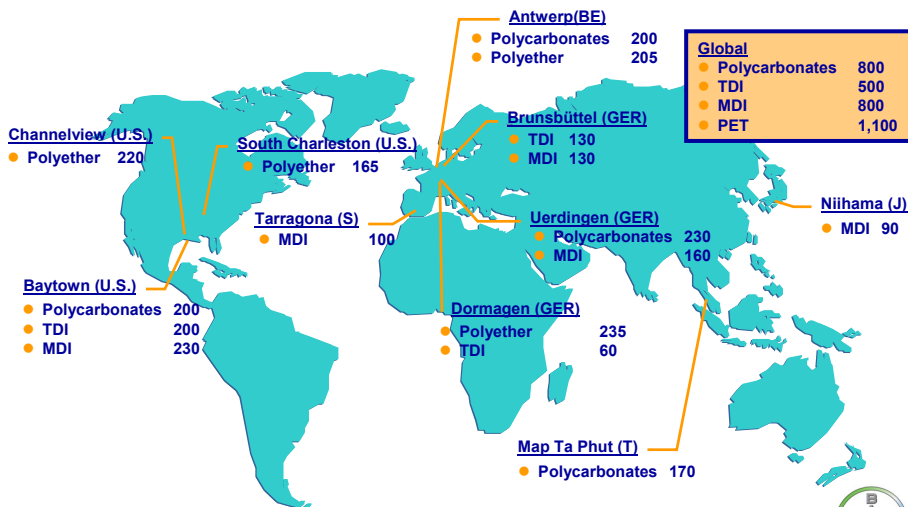
Cost reduction by Scale and Technology



Development of Conversion Costs (Index 1990=100)



Production capacities across the world



kilotons p.a.



Optimizing profitability of tangible assets

Production restructuring and site consolidation as continuing task to achieve and defend best-in-class cost structure.

Operating fully loaded world scale production facilities

Closure of Plants / Sites

- Done:
 - Polyether Rieme
 - TDI Coatzacoalcos
 - TDI / MDI BSI Antwerpen
 - Polyester Garbagnate
- Announced:
 - Polyether Institute
 - TDI Leverkusen
 - TDI Niihama
- more to come

New Production Plants

- Start of Operation:
 - 200 kt TDA Plant Dormagen
 - Styrene / PO Plant PO11 Rotterdam
 - Logistic terminal Uerdingen
 - 100 kt PC line Uerdingen
 - Polyisocyanate Caojing
- Groundbreaking:
 - 5 kt BP Specialty (JV Hi-Bis) Bitterfeld
 - 200 kt PC Plant Caojing (Nov 03)



MaterialScience: Go East



Asia / Pacific

- Asian area offers excellent growth opportunities
- Developing economy with huge consumption of performance materials

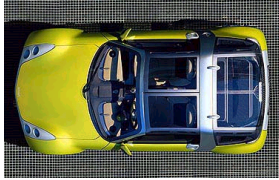
Bayer MaterialScience

- Strengthen regional competitiveness through local production in China (near Shanghai)
- Polycarbonates, MDI and HDI on stream in 2006-2007, domestic source for TDI in China in 2006
- Asia sales ratio target of 25% by 2007 (actual 17%)



Creating the world of tomorrow

Growth through new products and technologies



Car glazing of Makrolon®

Makrolon® instead of glass means:

- efficient production
- reduced assembly complexity
- greater design freedom
- higher safety
- significant weight saving



Rapid Coating through Dual Cure Technology

- Dual cure Technology combines the benefits of radiation cure and thermal cure technology:
- High efficiency and film performance
- Ecological compatibility
- Extension of UV cure technology to complex shaped 3D objects (curing in shadow zones)



Bayer MaterialScience ...

- is one of the best established polymers companies in the world and market leader with most of its product lines
- is a truly global player and has excellent market and customer access worldwide
- is committed to continued process and cost efficiency improvement that will increase profitability
- grows substantially in Asia and sets up local production bases
- provides unique solutions, new applications and innovative products through its outstanding technical expertise

