



Bayer CropScience



CropScience Analyst & Investor Days

**September 5 & 6, 2005
Lyon, France**



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**“Efficiency Improvement and
Business Excellence”**

**September 5 - 6, 2005
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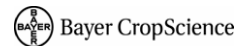
Dr. Dirk Suwelack
Member of the Board of Management
Bayer CropScience

Forward Looking Statements

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

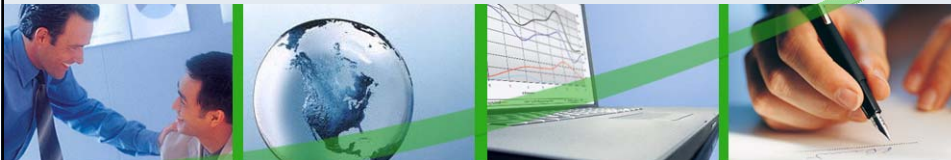
Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the Bayer CropScience AG or our parent company, Bayer AG, and the estimates given here. These factors include those discussed in Bayer AG's public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including Bayer AG's Form 20-F). Neither Bayer AG nor Bayer CropScience AG assume any liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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Solid Performance in the First Half of 2005

- Slight decline of external sales compared to previous year (-0.8 %), mainly caused in Q2 by
 - Drought conditions in parts of Southern Europe & Latin America
 - Difficult farm economy in Brazil
- Business in Northern Europe & North America very satisfactory
- Increase in underlying EBIT of +5 % compared to previous year, but lower than anticipated
- Shortfall in Brazil negatively impacted EBIT by some € 35 million
- EBIT benefit of € 67 million from cessation of Goodwill amortization




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EBIT Increase Compared to Previous Year

<i>(in € million)</i>	Jan-Jun 2004	Jan-Jun 2005	YOY (in %)
Sales	3,374	3,348	-0.8
EBITDA	897	863	-3.8
EBITDA-Margin	26.6 %	25.8 %	•
EBIT	538	576	+7.1
EBIT-Margin	15.9 %	17.2 %	•
Special items	(41)	(34)	•
EBIT underlying	579	610	+5.4

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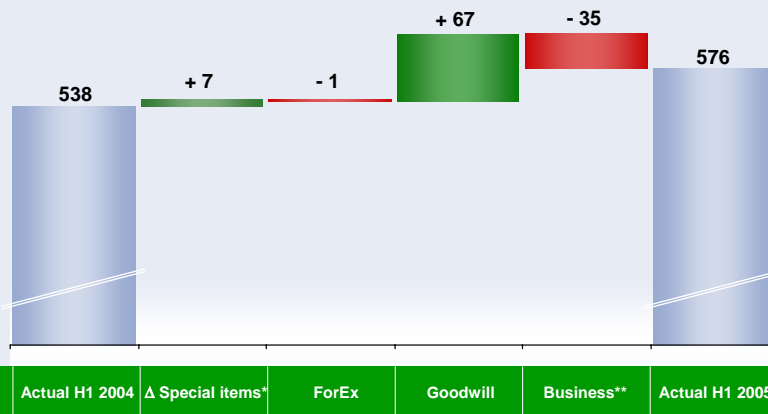
Slight Sales Decline Mainly Due to Business Development in Brazil

Sales Development H1 2005 vs. H1 2004 *(in € million)*



EBIT Increase Compared to Previous Year Despite Negative Impact of Brazil Situation

EBIT Development H1 2005 vs. H1 2004 (in € million)



* Δ Special items: 2004 (+41) and 2005 (-34)
** incl. portfolio, accounts/receivables, cost, others

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Net Cash Flow Increase Compared to H1 2004 Driven by Consistent Receivables Management

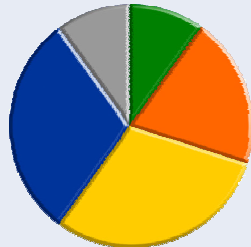
- Significant increase of Net Cash Flow (€ 140 million) due to retention of payment terms against strong pressure from the market in particular in Brazil
- Increase in inventories compared to previous year mainly due to:
 - Slow business development in Brazil and Southern Europe
 - Preparation for Asian Rust in the US
 - New product launches:



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Efficiency Improvement Through the "Challenge 2007" Initiative



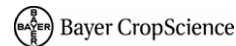
■ General Administration (GA)
■ Research & Development
■ Industrial Operations
■ Crop Protection / Regions
■ Environmental Science & BioScience

Efficiency Improvement from Challenge 2007 is achieved by various Initiatives

Some examples:

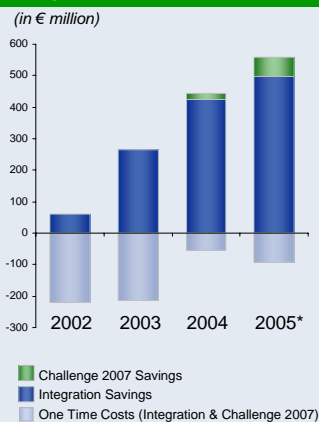
- Sourcing improvement in Industrial Operations – in-sourcing and procurement savings
- Site rationalization and realization of process synergies in manufacturing
- Adapting R&D activities, organization & processes
- System consolidation & harmonization
- GA benchmark resulting in process optimization
- Reduction of external IT services, Human Resources services and consultancy

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Cost Saving and Efficiency Initiatives to Support Earnings Growth

Impact of our Cost Saving and Efficiency Improvement Programs



*estimates

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- Combination of two efficiency improvement initiatives to achieve significant savings
- Positive EBIT impact in 2005 of ~ € 100 million expected
- Continued ramp-up of savings from "Challenge 2007" initiative in the second half of 2005 - positive net contributions as of 2006

Integration:

Annual net savings of ~ € 500 million in 2005 expected to be achieved

Challenge 2007:

Annual net savings of ~ € 200 million in 2007 targeted



Expectations for the Year 2005

- Significant increase in underlying EBIT
- Sales anticipated to decline slightly vs. previous year, but important contribution from new active ingredient portfolio
- Gradual improvement of the situation in Brazil expected in H2 2005
- Major part of one-time cost (Challenge 2007) accounted already – savings expected to contribute to EBIT in H2 2005



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