



Bayer CropScience



CropScience Investor Days

September 5 - 6, 2005
Lyon, France



Bayer CropScience

CropScience Analyst & Investor Days

„Global Expertise and Local Focus –
The Regional Business Structure“

September 5 & 6, 2005
Lyon, France

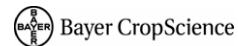
Jacques du Puy
Head of Region Europe & TAMECIS
Bayer CropScience

Forward Looking Statements

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

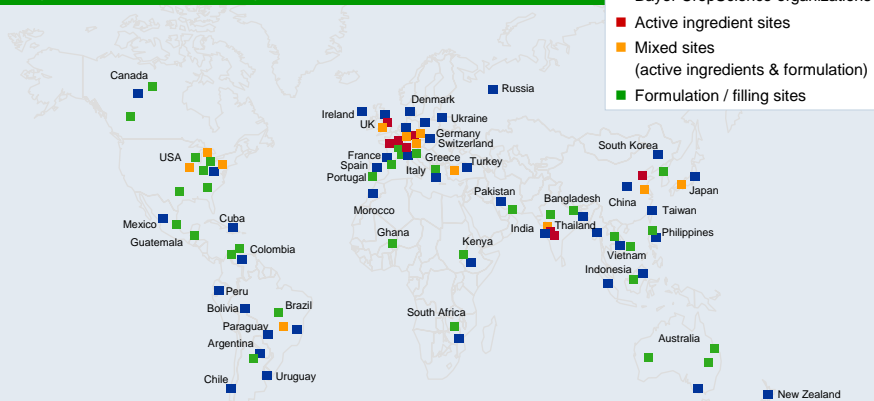
Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the Bayer CropScience AG or our parent company, Bayer AG, and the estimates given here. These factors include those 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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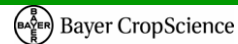
Global Presence forms Basis for Sustainable Business Success

Bayer CropScience Key Sites worldwide



19,400 employees in over 120 countries

TAMECIS: Turkey, Africa, Middle East, Commonwealth of Independent States
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Global Expertise and Local Focus Drive Business

Global Expertise

- Portfolio Management
- Research & Development
- Industrial Operations
- Supply Chain

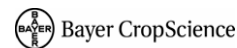
Customers

Local Focus

- Regions & Countries
- Durable Partnerships
- Customer Relationship Management
- Comprehensive Offer
- Tailored Products & Services



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Bayer CropScience Regional Strategies

Europe/TAMECIS – Capitalize on strong No. 1 Position

- Leverage on superior active ingredients pipeline to further expand leading position in Europe
- Open up new growth markets in Eastern Europe



Asia Pacific – Consolidate Leadership

- Build on No. 1 position in insecticides
- Successfully manage license-back of Regent (Fipronil)
- Explore market opportunities in China



Americas – Capture Value in the World's Largest Market

- Build on strong No. 2 position in the region
- Capitalize on unrivaled seed treatment expertise
- Expand business in the biotechnology market



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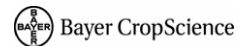


Americas – Capture Value in the World's largest Market

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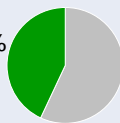
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Europe/TAMECIS – Build on Strong No. 1 Position

Share of Europe/TAMECIS
in global Crop Protection
Sales in 2004

43 %



Key Developments Europe/TAMECIS

- Increasing demand for high quality fresh produce in Western Europe (new norms on mycotoxins)
- Innovation plays key role in crop protection market (new EU directive)
- Important role of cereal fungicides
- Exciting growth opportunities in Central and Eastern Europe

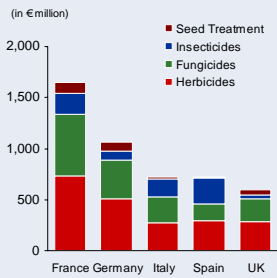
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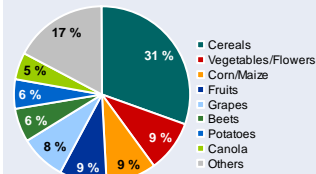
Clear No. 1 in Europe/TAMECIS

Crop Protection Market Europe/TAMECIS (2004): € 8.3 billion

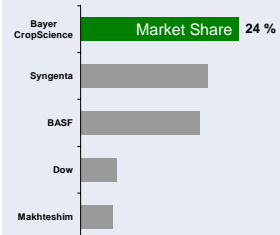
By Top Countries



By Key Crops

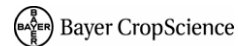


By Top Companies



- ➔ Top 5 countries account for about 60 % of the total market in the region
- ➔ Cereal fungicides business is a strategic key market
- ➔ Bayer CropScience holds excellent market position

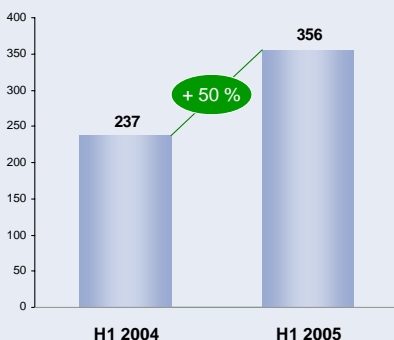
Source: Bayer CropScience internal estimates
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Strong Contribution of New Active Ingredients

Sales of new Active Ingredients in Europe/TAMECIS

(in € million)



PROLINE, Maister, ATLANTIS, Others

- Share of new active ingredients launched in Europe/TAMECIS since 2000 growing strongly
- H1 2005 sales of new active ingredients account for about 30 % of total sales in that region
- Migration of sales to new products with higher margins is a corner stone of our active portfolio management strategy

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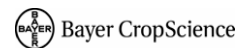
Fusarium – A Challenge for the Farming Industry

- FUSARIUM - a fungal disease family
- Severe economic losses every year in wheat and maize crops
- Affects germination rate, yield and quality of the products
- Has ability to produce mycotoxins that are very harmful when entering the food and feed chain
- Marketability of crops at risk if mycotoxins above threshold values
- Best solution seen in Integrated Crop Management (ICM)

➔ Bayer CropScience has a broad portfolio based on Prothioconazole & Tebuconazole to contribute fighting Fusarium



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Opportunities from Revision EU Directive 91/414

The EU Directive 91/414 regulates the commercialization of existing and new active substances within the European Union since 1993

- 985 existing active substances were supposed to be reviewed within 12 years ending in 2005
- 440 active substances were abandoned mainly for economical reasons
- Only 42 active substances received inclusion at this stage
- 383 active substances are still in the re-registration process



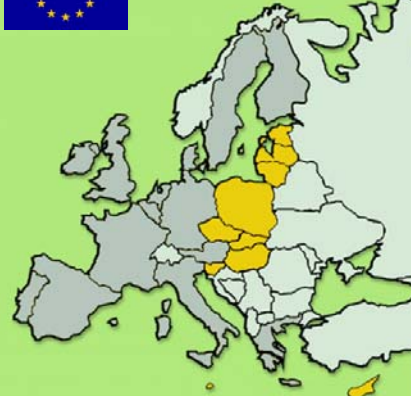
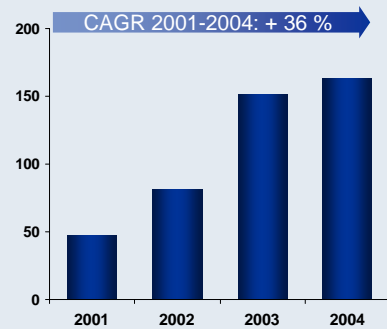
➔ Opportunity for Bayer CropScience for innovative product introductions

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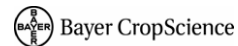
Excellent Business Development in the 10 New EU Member States

Bayer CropScience Sales 2001-2004
(in € million)



➔ Strong growth in 10 new member states continues in H1 2005: + 17% YOY

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Strategic Priorities for Europe/TAMECIS

- Continuous launch of new key products (e.g. Proline family, Poncho)
- Exploit growth opportunities in Central and Eastern Europe as well as Turkey
- Implement efficiency programs in Western Europe
- Regulatory environment: Take advantage of strong position in new molecules
- Foster team spirit and encourage further development of our staff



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Bayer CropScience Regional Strategies

Europe/TAMECIS – Capitalize on strong No. 1 Position

- Leverage on superior active ingredients pipeline to further expand leading position in Europe
- Open up new growth markets in Eastern Europe



Asia Pacific – Consolidate Leadership

- Build on No. 1 position in insecticides
- Successfully manage license-back of Regent (Fipronil)
- Explore market opportunities in China

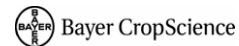


Americas – Capture Value in the World's largest Market

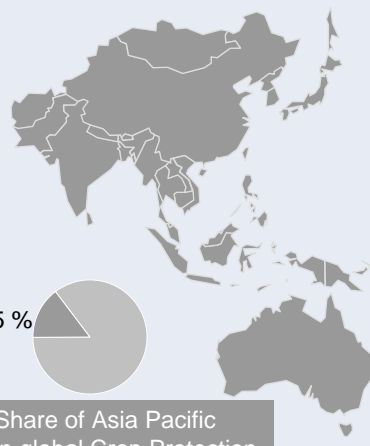
- Build on strong No. 2 position in the region
- Capitalize on unrivaled seed treatment expertise
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Asia Pacific – Strengthen Leadership Position



Developments in Asia Pacific

- Increasing demand for crops and meat driven by population growth
- Insecticides remain the largest crop protection segment
- Strong generic competition across the region
- India & Australia emerging in plant biotechnology
- Japan plays an important role for R&D in the region

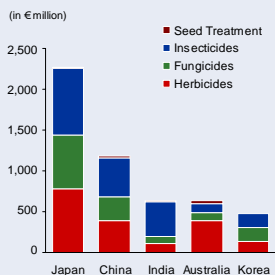
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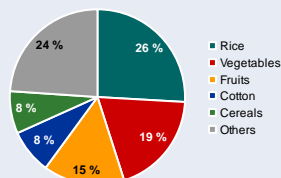
Bayer CropScience: No. 1 in Asia Pacific

Asia Pacific Crop Protection Market (2004): €6.3 billion

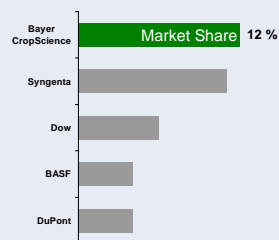
By Top Countries



By Key Crops



By Top Companies



- Top 5 countries account for about 80 % of the total Asia Pacific market
- Insecticides largest and strongest growing segment (2004)
- Despite strong generics in China: We are Asia Pacific market leader

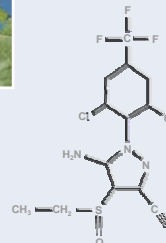
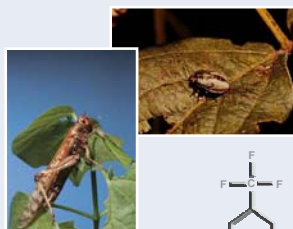
Source: Bayer CropScience internal estimates

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Ethiprole Launch Strengthens Insecticides Position

- Introduction of new insecticidal compound Ethiprole (from the Fiprole family) significantly enhances our rice portfolio in Asia Pacific
- New tool to fight in particular stinkbugs and the brown plant hopper, one of the most destructive pests in rice
- Ethiprole in mixture with Imidacloprid under development across the region to further enhance the Bayer CropScience CNI family
- Launched as Kirappu in Japan (first sales in May 2005) and as Curbix in Thailand (first sales in July 2005)



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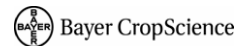
Fipronil License-back Agreement

- Regent (active ingredient: Fipronil) was mandatorily divested after the acquisition of Aventis CropScience
- EU Commission and FTC granted a license-back possibility outside the US and Europe
- License-back agreement between Bayer CropScience and BASF was signed on 31 January 2005
- In Asia Pacific, the agreement covers India, Korea, Malaysia, Pakistan, Taiwan, Vietnam and China (~ 80% of Fipronil business in the license-back countries, equivalent to about € 30 million sales)



➔ Ethiprole launch and Fipronil license-back agreement further strengthen our leadership position in the Asia Pacific insecticides market

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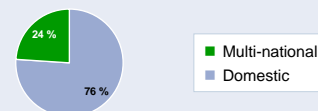
Chinese AgChem Market – Opportunities for Growth

Main Characteristics Chinese Agricultural Market

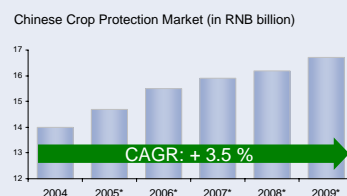
- China global #1 producer in rice and wheat, #2 in corn and #4 in soybeans
- Total grain production output is about 25 % of world production
- 40 international and 2000 local formulators
- 300 integrated a.i. producers
- Average farm size: ~ 0.2 - 0.7 ha
- Arable land: 142 million ha, thereof 11 million ha permanent crops

➔ Interesting market, however fragmented and generics-driven

Market Share of Multi-national Agrochemical Companies



Market Growth 2004 - 2009 (e)



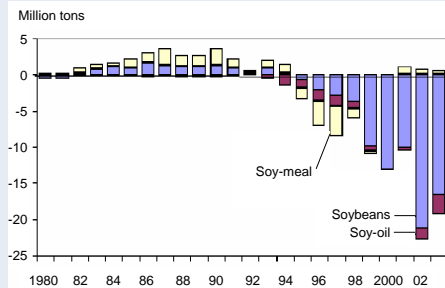
* estimates
Source: ARN Ltd, China
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China: A Major Importer of Agricultural Produce

Net Trade in Soybean Products

China Net Trade in Soybeans, Oil and Meal in million tons (1980 – 2003)

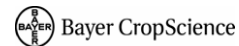


Note: Net Trade = Exports – Imports
Source: USDA

- China has been a major source of growth in world demand for soybeans since the mid-1990s.
- Soybeans now account for about half of U.S. agricultural exports to China
- Soybean imports from Brazil have also risen strongly over the past few years:
 - Average increase in imports 1996 - 2003: approx. 100 % p.a.

➔ Bayer CropScience also benefits from growing food & feed demand in China

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Strategic Priorities for Asia Pacific

- Expand market share in Asia Pacific medium-term in an overall flat market environment
- Capitalize on our R&D network in the region, based on the Bayer CropScience Research Center Yuki in Japan as a center of excellence for Asia Pacific
- License-back of Fipronil to strengthen leadership in insecticides market
- Investigate growth opportunities in China
- Position Bayer CropScience for emerging GMO business in India and China



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Americas – Capture Value in the World's largest Market

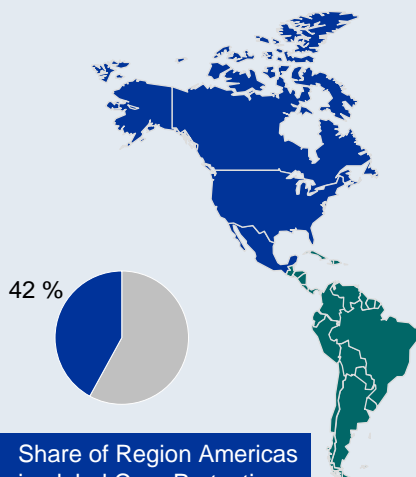
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Americas – Capturing Value in the Largest Crop Market



North America

- Increased planting of herbicide-tolerant and insect-resistant GM crops
- Strong growth in conventional seed treatment business
- Monitoring the development of Asian Soybean Rust in the US

Latin America

- Driven by long-term growth trends of Brazilian agro-economy
- Export of soybeans in order to meet Asian food demand
- Crop protection business benefits from spread of Asian Rust

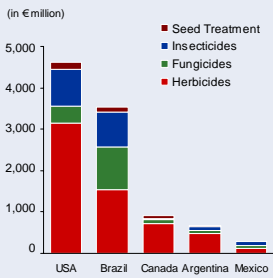
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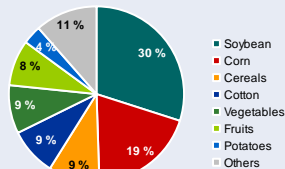
Asian Rust Develops Fungicides Markets in the Americas

Americas Crop Protection Market (2004): € 11.2 billion

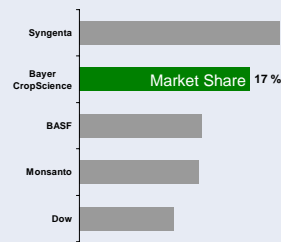
By Top Countries



By Key Crops



By Top Companies



does not include seeds / traits

- ➔ Top 5 countries account for about 90 % of the total Americas market
- ➔ Bayer CropScience is market leader in Latin America
- ➔ Strong development of fungicides has characterized markets in 2004

Source: Bayer CropScience internal estimates

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Bayer CropScience

Asian Soybean Rust in the Americas

USA:

Detected in south in Dec. 2004, but low disease levels resulted in limited sprays
 ▪ Soybean area grown: ~ 30 million ha.

Paraguay:

First detection in 2000;
 Spread to Brazil & Argentina in 2001

Brazil:

Disease incidence exploded in 2004
 ▪ Soybean area grown: ~ 21 million ha.
 ▪ Rust treated hectares: ~ 30 million ha.
 ▪ Industry Sales in 2004*: ~ US\$ 850 million

Argentina:

First major occurrence end of season 2003/2004
 ▪ Soybean area grown: ~ 14 million ha.

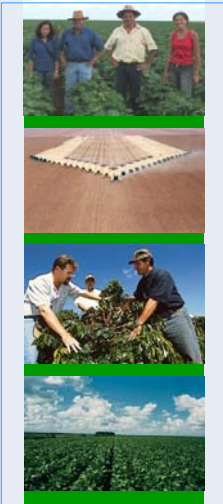
* Estimation Bayer CropScience

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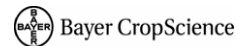
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Brazil – Adjusting to Economic Factors in 2005



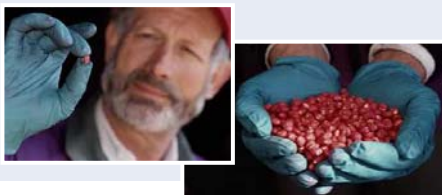
- After an exceptionally strong year 2004: Drought in Southern region strongly impacted business in H1 2005
- Lower profitability to growers
 - Strong Real vs. USD
 - High production costs
 - Depressed farm income
- Strict credit policy adopted to avoid bad debt
- Limited acreage reduction expected in 2005 (e.g. soybeans), but recovery is foreseen
- Bayer CropScience remains committed to a sound business policy and a leadership position in Brazil

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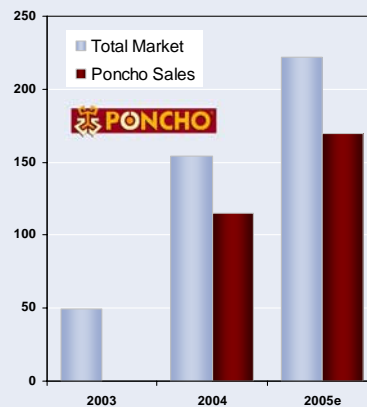


Poncho Drives the Corn Seed Treatment Market in the US

- Only ~ 20 % of US corn seed market treated in 2004
- Market excitement and demand significantly exceeded optimistic growth projections
- Poncho captures already 75 % of the corn insecticide seed treatment market



Corn Insecticide Seed Treatment Sales (in US-\$ million)



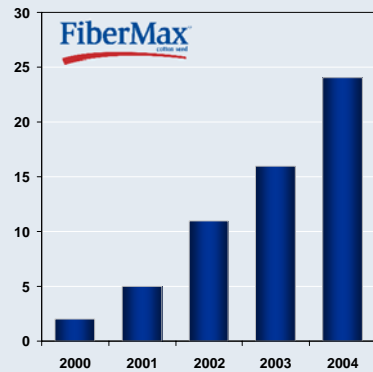
Source: The Context Network

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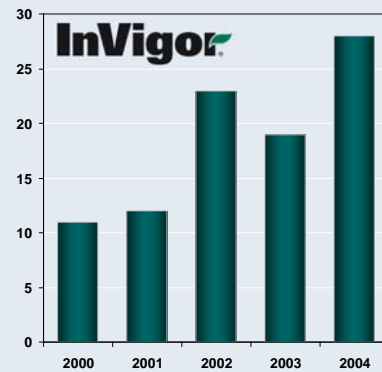


Successful Development in Biotechnology Markets

Share of US Cotton Seed Market in %

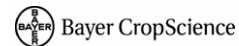


Share of Canadian Canola Seed Market in %



- ➔ Achieved market leadership in US cotton and Canadian canola seeds markets
- ➔ Capitalize on complementary offering with Crop Protection products

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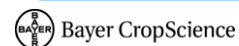


Americas – Strategic Priorities

- Focus on innovation
 - ↳ New active ingredient launches to contribute sales of more than 400 million € by 2006
- Active lifecycle management
 - ↳ Protect key product assets with rapid time-to-market, strategic partnerships & innovative development
- Customer satisfaction
 - ↳ Retain top-tier position within agricultural channel
- New market opportunities
 - ↳ Grow seed treatment uses & soybean fungicides
- Organizational efficiencies
 - ↳ Optimal structure against industry benchmarks
- Motivated work force
 - ↳ Bayer leadership values & employee empowerment promote commitment & creativity



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Specific Regional Strategies are Key to Global Business Success

- Global expertise, local business focus
- Research facilities in all regions to develop the products best suited for all climatic regions
- Tailor our products to specific farming needs in all countries
- Leading presence in all key markets to ensure rapid time to market for new molecules



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Your partner for growth