



Investor News

Bayer CropScience CEO Prof. Dr. Friedrich Berschauer in Brazil:

Bayer CropScience intends to further expand its market leadership position in Latin America

Sales in Latin America rise 32 % in the first nine months of 2004

São Paulo, Brazil / February 3, 2005 – Building on a strong business in Brazil, Bayer CropScience is aiming to further expand its position as the leader in the Latin American crop protection market. “We have set our sights on strong growth in Latin America driven by our comprehensive product portfolio, new product introductions and favourable growing conditions in that region“, outlined Prof. Dr. Friedrich Berschauer, Chairman of the Board of Management of Bayer CropScience, the company’s growth plans in the region. Speaking at a press conference in São Paulo, Brazil, the CEO said that Bayer CropScience was planning to continue to grow above the market in the region.

The Monheim, Germany based Bayer subgroup posted sales of EUR 812 million (US\$ 918 million) in Latin America in 2003. Despite considerable negative currency effects, sales in the first nine months of 2004 rose 32 % from EUR 481 million to EUR 637 million, as the growing season in the southern hemisphere got under way in the third quarter. Bayer CropScience sales were bolstered by a sustained expansion of planting areas in key crops, good agroclimatic conditions and increased utilization of modern crop protection systems. Further impetus came from the outbreak of Asian Rust, a severe fungal plant disease in soybeans, which was first detected in Latin America in the 2000/2001 season in Paraguay and has spread since to Argentina and Brazil.

Led by the successful Folicur[®] range of tebuconazole-based products and good growth in its trifloxystrobin business with Sphere[®] and Stratego[®], Bayer CropScience fungicide sales in Latin America jumped 69 % in the first nine months of the year. Herbicides were up 24 % and insecticides grew by 19 % year on year. The seed treatment business benefited from the continuing trend towards protecting seeds early on in the planting season, which led to a plus of 35 % in this business unit.

Growth for Bayer CropScience was particularly strong in Brazil, which accounts for more than half of the company's total sales in Latin America. Based on a broad crop protection portfolio, Bayer CropScience is the market leader in the fungicides, insecticides and seed treatment segments in Brazil. In the first nine months of 2004, sales in the country reached EUR 406 million (US\$ 498 million US\$), an increase of 55 % over the previous year in terms of euro. Brazil is now the second largest individual market world wide for Bayer CropScience.

Over the next four to five years, the company is planning to bring to the market around 20 new products, mixtures and formulations in Brazil. In 2005, Bayer CropScience plans to launch four new products: The new soybean insecticide Connect[®], Evidence[®] for use against insects in sugarcane and Oberon[®] from the novel chemistry class of ketocoles against insects in beans and tomatoes, and Nativo[®], a new fungicide developed to specifically fulfill Brazilian farmers needs. Nativo[®] is a combination product based on the active ingredients tebuconazole and trifloxystrobin for effective control of the most important fungal diseases in wheat and soybeans. It is expected to be registered for wheat in 2005 and soybeans in 2006.

Latin American markets hold significant growth potential

The Brazilian crop protection market has been expanding at an average annual rate of 9 % in US\$ terms since 1990, presenting a significant growth opportunity for the industry. Bayer CropScience expects the market to continue to grow over the next few years, albeit at a lower rate, to reach a volume of about EUR 5 billion by the year 2010. The broader Latin American market has expanded 7.4 % on average between 1990 and 2004, growing significantly stronger than the North American market, which only expanded about 0.7 % over the same period of time.

Growth expectations for the Brazilian agro-economy are based on the strong development of production and export of agricultural products: Brazil today already is the largest producer of sugarcane, coffee and orange juice and the second largest

producer of soybeans, tobacco and meat. In soybeans, production has more than tripled from 15 million tons to 56 million tons between 1990 and 2004 (9.3 % p.a.). A major factor in this was the expansion of exports, which have increased by more than 12 % per year, in part also due to the strong uptake by the People's Republic of China, which today for about one third of all Brazil soybean exports.

The increase in production over the past few years in Brazil has been accompanied by a significant expansion of the acreage of key crops. Over the past 5 years, the average acreage of the country's largest crops soybean, sugarcane, cotton and corn, which constitute about 75 % of the total market, has increased by 36 %.

Bayer CropScience, a subsidiary of Bayer AG with annual sales of about EUR 5.8 billion (2003), is one of the world's leading innovative crop science companies in the areas of crop protection, non-agricultural pest control, seeds and plant biotechnology. The company offers an outstanding range of products and extensive service backup for modern, sustainable agriculture and for non-agricultural applications. Bayer CropScience has a global workforce of about 19,000 and is represented in more than 120 countries, ensuring proximity to dealers and consumers.
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