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Investor News

Bayer's commitment to innovation and sustainability will help shape the future of farming

- Strong innovation pipeline will help solve key agricultural challenges
 - Sustained high R&D investment level of about 10 percent of sales confirmed
 - EUR 2.5 billion capital expenditure program from 2017 to 2020
 - Strong commitment to sustainability also supported by investments in Digital Farming, ForwardFarming and Smallholder Farming
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Leverkusen, Germany, September 7, 2016 – Bayer continues to invest significantly in its Crop Science division to deliver new solutions for sustainable agriculture despite the current difficult business environment. “We are very confident about the long-term growth potential of the agricultural market and are not only continuing to invest in innovation, but have also earmarked EUR 2.5 billion for capital expenditure from 2017 to 2020,” said Liam Condon, member of the Bayer Board of Management and Head of the Crop Science Division today at the company’s “Future of Farming Dialog 2016” in Leverkusen, Germany. “The combination of over EUR 1 billion per annum investments in R&D combined with additional infrastructure investments will help ensure a continuous innovative product pipeline that can meet the challenging needs of growers around the world.”

At the Future of Farming Dialog 2016 the future of agriculture is being discussed from all angles with diverse experts covering a wide range of topics from the use of satellite technology to smallholder support to integrated solutions to solve key agricultural challenges. “Collaboration is the key – our efforts must be integrated into an entire system of innovation that supports sustainable agriculture,” said Condon. In a number of different forums, experts are discussing key agricultural challenges from an agronomic, environmental, regulatory and also social point of view.

During his keynote address, Condon confirmed the current outlook for the Crop Science Division of Bayer in 2016: “In light of the continually weak market environment, we

expect Crop Science to continue to outperform the market with sales to remain on the prior-year level on a currency- and portfolio adjusted basis. This is equivalent to reported sales of about EUR 10 billion.”

R&D-Pipeline 2015 to 2020 with combined peak sales of more than EUR 5 billion

Condon also outlined the current Crop Science R&D pipeline with products to be launched from 2015 to 2020, highlighting a combined peak sales potential of more than EUR 5 billion. Beyond 2020, the R&D organization is working with more than 20 R&D targets in chemical crop protection, six targets for biological crop protection and eight targets for traits. In addition, the breeding programs include nine field crop targets in late development and research and 27 vegetable targets.

Condon also confirmed the commitment to R&D: “With about 10 percent of sales going into R&D our investment into innovation remains at an industry leading level in the agricultural industry. Irrespective of the volatility of the agricultural cycle, we need to take the long-term approach to innovation because in our highly regulated industry it takes us on average about 10 years to develop new products.”

Digital Farming products roll-out started

During his address to the attendees gathered at the Leverkusen Communications Center BayKomm, Condon also addressed the company’s efforts in the emerging field of Digital Farming. The company has committed to investing at least EUR 200 million in Digital Farming between 2015 and 2020 and is currently selling and testing Digital Farming products in 10 countries with the goal to rapidly expand further and develop a best in class crop protection digital support system.

Additionally, the company is partnering with four “ForwardFarms” to demonstrate real life sustainable agriculture best practices, many of which rely on advances in Digital Farming. A Forward Farm is a fully operational farm which uses best-in-class sustainable solutions to deal with everyday challenges on a farm – and also a knowledge platform that enables selected farms to share their expertise and achievements with a range of stakeholders in the agricultural value chain – ranging from farmers, agronomists, food chain, academics, politicians, government officials to consumers. Bayer plans on implementing ForwardFarms in every key agricultural market by 2018.

Need for better understanding of how farmers help consumers

“Today’s consumers are rightly interested in where their food comes from, but are also more removed than ever before from how crops are grown on a farm,” Condon said. “As we support our farmer customers with the tools to produce food more sustainably, we also have to inform consumers about the role modern agriculture plays in providing them with the fresh, nutritious and safe food they expect year-round. This forum is just one of the ways we engage in that dialog with everyone who has a vested interest in sustainably addressing not only the issues of hunger and malnourishment around the world, but also environmental protection and social equality.”

“In general, the demands are higher than they were in the past. It is not just a matter of increasing yields to feed more people, but also of ensuring environmental protection and safeguarding biodiversity. Innovation and sustainability have to go hand-in-hand for the benefit of consumers and the environment”, added Condon.

Condon concluded: “The challenges for agriculture are too large for any one company, institution or even country to solve. We need to collaborate with the best available partners externally to ensure we can find even more innovative and more sustainable solutions to the challenges we face in agriculture. The Future of Farming Dialog 2016 aims at encouraging discussion between these partners in order to help develop better solutions and positively shape the future of farming.”

Bayer: Science For A Better Life

Bayer is a global enterprise with core competencies in the Life Science fields of health care and agriculture. Its products and services are designed to benefit people and improve their quality of life. At the same time, the Group aims to create value through innovation, growth and high earning power. Bayer is committed to the principles of sustainable development and to its social and ethical responsibilities as a corporate citizen. In fiscal 2015, the Group employed around 117,000 people and had sales of EUR 46.3 billion. Capital expenditures amounted to EUR 2.6 billion, R&D expenses to EUR 4.3 billion. These figures include those for the high-tech polymers business, which was floated on the stock market as an independent company named Covestro on October 6, 2015. For more information, go to www.bayer.com.

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