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Investor News

Demand for innovative solutions for Sustainable Agriculture drives Bayer CropScience

- Bayer CropScience expects market for agricultural inputs to grow to EUR 100 billion despite increasing volatility
 - Company continues to invest significantly in innovative solutions for continued growth
 - Long-term innovation program to enhance global wheat productivity
 - New public dialogue program to foster communication with society about modern agriculture
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Leverkusen, Germany, September 17, 2014 – Bayer CropScience is optimistic about the development perspectives of the agricultural markets and commits to invest significantly to deliver new solutions for sustainable agriculture. “We are convinced of the long-term growth potential of the agricultural markets despite increasing volatility,” said Bayer CropScience CEO Liam Condon at the company’s annual press conference in Monheim, Germany.

“We expect the worldwide market for agricultural inputs of crop protection products, seeds and traits to grow to around EUR 100 billion by 2020, up from EUR 50 billion in 2008”, Condon forecasts. Intensification and professionalization of agriculture are among the key drivers for mid- to longterm market development, Condon explained, citing a growing need for sustainable farming solutions. “As Bayer CropScience, we see our role as a key contributor to enable sustainable growth of the farming sector that benefits both growers and society alike,” Condon said. He stressed: “Helping growers produce high-quality, safe and healthy food for everybody around the world, and thereby contributing to a better life for all is our mission.”

EUR 2.4 billion capital expenditure program (2013 – 2016) underway

“In light of the strong demand for our products we are expanding our facilities and our investments in research and development (R&D),” continued the Bayer CropScience CEO. The company has embarked on an investment program in 2013 that will see capital

expenditures of EUR 2.4 billion EUR through 2016: Out of this, EUR 1.3 billion will be spent in Europe, with EUR 800 million being planned for Germany alone. Between 2013 and 2016 Bayer CropScience is also planning capital expenditures of some EUR 700 million in North America and approximately EUR 400 million in Latin America and Asia Pacific. The largest individual investments are planned for the Dormagen, Frankfurt and Knapsack sites in Germany, as well as Mobile and Kansas City in the US.

Annual R&D expenses of around EUR 1 billion

Farmers' demand for the company's innovative line of products including chemical and biological crop protection products as well as as high-yielding seeds is driving Bayer CropScience to invest further into its R&D capabilities. Over the next few years, Bayer CropScience will invest around EUR 1 billion in R&D annually, helping to fuel the company's well-filled product pipeline.

Condon stressed the need for agricultural innovation: "Farmers constantly experience new challenges – threats to food security worldwide. Examples here are the devastating citrus greening in orange plantations in the US, dramatically reducing orange supplies, worsening soil salinity in some rice growing areas in South Asia or the growing global productivity gap in wheat." Condon highlighted efforts at Bayer CropScience to help save orange trees through an integrated approach controlling the citrus greening vector and other harmful pests through novel chemical and biological solutions. Bayer CropScience is also looking to market a rice variety that is twice as tolerant to salinity as currently available varieties, which is scheduled for market launch in India in 2016, followed by Bangladesh and Vietnam.

Another focus is the research and development of improved wheat varieties. Bayer CropScience is already market leader in crop protection products for the world's most important crop, and started to build up a wheat seeds business in 2010 by entering into a collaboration with the leading Australian research institute CSIRO. "We have mapped out a comprehensive 10 year plan to invest EUR 1.5 billion in the research and development of new solutions for wheat through 2020 – encompassing both seeds and crop protection products," said Condon. "Seven wheat breeding stations across the crop's main growing areas around the world are now operating, and the first seeds are to be sold next year in Eastern Europe. Hybrid seed varieties with improved yield are expected after 2020 – an example for the long-term nature of our business," said Condon.

Societal dialogue - a precondition for successful agricultural innovation

A precondition for agricultural innovation to be successful, is a greater level of transparency on what benefits new solutions bring for society. Bayer CropScience is thus planning to intensify public dialogue about the need for and the benefits of science and innovation in agriculture. “Sustainable agriculture today delivers a level of food safety and security that is unmatched in the history of mankind. Many people take abundant food for granted,” said Condon. “But the system is fragile, it needs constant innovation and society’s support to ensure that the world has enough to eat.” Therefore the company wants to strengthen and expand the dialogue with the public about modern agriculture, its opportunities and its challenges. One example is the new online platform “Farming’s Future Dialogues” (FarmingsFutureDialogues.com), providing a forum for discussions on agricultural topics. With its new “Bayer Forward Farming” model farms, the company also offers the opportunity for deep insights into best-practice sustainable agricultural solutions.

Condon stressed that helping feed what will be more than 9 billion on this planet in 2050 is one of the world’s biggest challenges. “To help secure the future of food, we want to engage the leaders of the future”, Condon said. He explained: “That is why we want to inspire young people to learn about food and farming with an Agricultural Education Program.”

The program consists of several projects, including visiting programs to Bayer CropScience facilities to gain first hand impressions on what modern sustainable agriculture looks like in practice. The company also offers scholarship opportunities designed to support students with pioneering ideas in agriculture, and organizes international exchange formats for young leaders interested in sharing ideas and having an open dialogue about agriculture. For more information, please see ag-education.bayer.com.

About Bayer CropScience

Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech materials. Bayer CropScience, the subgroup of Bayer AG responsible for the agricultural business, has annual sales of EUR 8,819 million (2013) and is one of the world’s leading innovative crop science companies in the areas of seeds, crop protection and non-agricultural pest control. The company offers an outstanding range of products including high value seeds, innovative crop protection

solutions based on chemical and biological modes of action as well as an extensive service backup for modern, sustainable agriculture. In the area of non-agricultural applications, Bayer CropScience has a broad portfolio of products and services to control pests from home and garden to forestry applications. The company has a global workforce of 22,400 and is represented in more than 120 countries. This and further news is available at: www.press.bayercropscience.com.

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