



Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

Investor News

Bayer plans to focus entirely on Life Science businesses

- Concentration on HealthCare and CropScience
 - MaterialScience to be floated on the stock market by 2016 at the latest
 - Planned separation to benefit both Bayer and MaterialScience
 - Employment levels are expected to remain stable over the next few years
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Leverkusen, September 18, 2014 – Bayer intends in the future to focus entirely on the Life Science businesses – HealthCare and CropScience – and float MaterialScience on the stock market as a separate company. In this way Bayer is positioning itself as a world-leading company in the field of human, animal and plant health. The Supervisory Board unanimously approved the Board of Management's plans today, Thursday. “Our intention is to create two top global corporations: Bayer as a world-class innovation company in the Life Science businesses, and MaterialScience as a leading player in polymers,” Bayer CEO Dr. Marijn Dekkers announced. He said both companies have excellent prospects for success in their respective industries. Employment levels are expected to remain stable over the next few years, both globally and in Germany.

MaterialScience to gain direct access to the capital market

In recent years, Bayer's center of gravity has greatly shifted toward its Life Science activities with the successful launch of novel pharmaceutical products, the pending acquisition of the over-the-counter products business of Merck & Co., Inc., United States, and the very successful development of the CropScience business. The aim is to continue the positive development of these activities in the future through further investment in growth. Following its regular evaluation of the business portfolio, the Board of Management has therefore decided to focus the company on these areas. The Life Sciences currently already account for about 70 percent of Bayer's sales and 88 percent of EBITDA before special items.

It is planned to float the MaterialScience business on the stock market as a separate company within the next 12 to 18 months. A major reason for this move is to give MaterialScience direct access to capital for its future development. This access can no longer be adequately ensured within the Bayer Group due to the substantial investment needs of the Life Science businesses for both organic and external growth. Also, as a separate company, MaterialScience can align its organizational and process structures and corporate culture entirely toward its own industrial environment and business model.

Bayer to retain a balanced portfolio

The companies of the future Bayer Group had pro forma sales of approx. EUR 29 billion in 2013. They will employ nearly 99,000 people, including about 29,500 in Germany. Corporate headquarters will remain in Leverkusen.

“Bayer will continue as an enterprise with an attractive and balanced portfolio and a primary focus on organic growth,” Dekkers explained. To this end, the company intends to raise its research and development spending, selectively strengthen early research at the interface between HealthCare and CropScience, and continue driving the successful commercialization of the recently launched pharmaceutical products. Bayer expects these products – the anticoagulant Xarelto™, the eye medicine Eylea™, the cancer drugs Stivarga™ and Xofigo™, and the pulmonary hypertension drug Adempas™ – to have a combined peak annual sales potential of at least EUR 7.5 billion.

Separate MaterialScience business more flexible in the face of global competition

“We firmly believe that MaterialScience will use its separate status to deploy its existing strength even more rapidly, effectively and flexibly in the global competitive arena,” Dekkers commented. A strategy and corporate culture aligned to technological and cost leadership, coupled with the ability to make its own investment and portfolio decisions, would give MaterialScience the best development prospects in a highly competitive market. That, said Dekkers, includes direct capital market access so that it would not have to compete with the Life Science businesses for investment funding in the future.

“MaterialScience is a very well positioned business that today operates very modern, competitive, large-scale facilities. We have steadily invested in these facilities, even in difficult economic times,” Dekkers pointed out, citing the world-scale production facilities in Shanghai, China, and the new TDI plant in Dormagen, Germany, which is to be

officially inaugurated in December. Between 2009 and 2013 alone, Bayer invested a total of over EUR 3.8 billion in property, plant and equipment and research and development for the MaterialScience business.

Following the intended flotation, MaterialScience will be Europe's fourth-largest chemical company; it had global sales in 2013 of more than EUR 11 billion (pro forma figure). The new company is planned to have a global workforce of roughly 16,800, including about 6,500 in Germany. It will have a new name and a separate identity and be headquartered in Leverkusen.

Bayer: Science For A Better Life

Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech polymer materials. As an innovation company, it sets trends in research-intensive areas. Bayer's 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 2013, the Group employed 113,200 people and had sales of EUR 40.2 billion. Capital expenditures amounted to EUR 2.2 billion, R&D expenses to EUR 3.2 billion. For more information, go to www.bayer.com.

Note:

On the occasion of the planned demerger of our MaterialScience business we invite you to a conference call for investors and analysts taking place today on September 18, 2014 from approx. 4:15 p.m. CEST. Full details are included in our Publication Schedule (see next page).

Bayer AG, Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)

Dr. Jürgen Beunink (+49-214-30-65742)

Peter Dahlhoff (+49-214-30-33022)

Judith Nestmann (+49-214-30-66836)

Constance Spitzer (+49-214-30-33021)

Dr. Olaf Weber (+49-214-30-33567)

Forward-Looking Statements

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup 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 company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



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Conference Call Invitation / Publication Schedule

Ladies and gentlemen,

On the occasion of the planned demerger of our MaterialScience business we take pleasure in inviting you to our Investor Conference Call today, starting at approx. 04:15 p.m. CEST.

Here is the schedule including the dial-in information.

Thursday September 18, 2014	Internet address for all information material: www.investor.bayer.com / www.investor.bayer.de
1:30 p.m. CEST	Presentation Charts for Investor Conference Call available on the Internet
4:15 p.m. CEST	Investor Conference Call on the planned demerger of MaterialScience
	with Marijn Dekkers, CEO of Bayer AG Werner Baumann, CFO of Bayer AG
	<u>Dial-in Numbers</u>
	International: +44 203 059 5869 UK: 0203 059 5869 US: 1 855 272 3513 Germany: 069 566 036 000
	If you are unable to participate in the conference, a recording will be available until September 23, 2014.
	<u>Replay Dial-in Numbers</u>
	International: +44 121 260 4861, Pin 615698# UK: 0121 260 4861, Pin 615698# US: 646 200 5850, Pin 615698# Germany: 069 710 488 70, Pin 615698#
	A live audio webcast (English only) will be available on the Internet.
8:00 p.m. CEST	On-demand version of the Investor Conference Call audio webcast available on the Internet. A transcript of the call will be available on the Internet as soon as possible.

CEST = Central European Summer Time = Universal Time Coordinated (UTC) + 2 hours

Best regards,

Bayer Investor Relations