



## Investor News

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Provisional figures for fiscal 2004:

### **Bayer significantly improves both sales and earnings**

- Currency- and portfolio-adjusted sales rise by 9 percent
  - EBIT before special items up 53 percent to EUR 2.2 billion
  - Management Board proposes dividend of EUR 0.55 per share for 2004
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**Leverkusen / March 2, 2005** – The Bayer Group significantly improved both sales and earnings in fiscal 2004. Provisional and as yet unaudited figures show that sales grew by 4.2 percent to EUR 29,758 million (2003: EUR 28,567 million). Adjusted for the effects of currency translations and portfolio changes, sales rose by 9.1 percent. The operating result (EBIT) before special items increased by 53.1 percent to EUR 2,244 million (2003: EUR 1,466 million). “This improvement in our operating performance is very gratifying. We have exceeded our sales and earnings targets and successfully realigned our company,” said Bayer CEO Werner Wenning. Contributing factors, apart from a marked upturn in business, were the company’s efforts to reduce costs and increase efficiency. Bayer was thus able to more than offset the sharp rise in raw material prices, negative currency effects and expiration of the U.S. patent for Cipro.

EBIT after special items improved to plus EUR 1,808 million from minus EUR 1,119 million in 2003. Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 14.2 percent to EUR 4,130 million (2003: EUR 3,616 million). Before special items, EBITDA increased by 9.1 percent to EUR 4,494 million (2003: EUR 4,118 million). Net income came to plus EUR 603 million (2003: minus EUR 1,361 million). Gross cash flow increased by 12.1 percent to EUR 3,210 million.

To ensure that Bayer’s shareholders participate in this success, a dividend for fiscal 2004 of EUR 0.55 (2003: EUR 0.50) per share will be recommended to the Annual Stockholders’ Meeting, subject to the approval of the Supervisory Board. The dividend

yield calculated on the year-end share price would thus come to 2.2 percent. In proposing this dividend increase, the Management Board is underscoring its confidence in the future earning power of the new Bayer Group.

The 2004 figures still include Lanxess AG, which was spun off on January 28, 2005, and the blood plasma business that is to be sold to a U.S. investor group. Closing of this transaction is expected during the first half of 2005. Bayer will provide further details of the Group's performance in fiscal 2004 at its Spring Financial News Conference to be held in Leverkusen on March 15.

<b>Bayer Group in EUR m *)</b>	<b>2003</b>	<b>2004</b>	<b>Change %</b>	<b>Q4 2003</b>	<b>Q4 2004</b>	<b>Change %</b>
Net sales	28,567	29,758	4.2	7,121	7,748	8.8
EBITDA	3,616	4,130	14.2	(82)	807	-
<i>of which special items</i>	<i>(502)</i>	<i>(364)</i>		<i>(733)</i>	<i>(119)</i>	
EBIT	(1,119)	1,808	-	(2,732)	220	-
<i>of which special items</i>	<i>(2,585)</i>	<i>(436)</i>		<i>(2,774)</i>	<i>(154)</i>	
Net income (loss)	(1,361)	603	-	(1,952)	41	-
Gross cash flow	2,864	3,210	12.1	(38)	695	-
Dividend per share in EUR (proposal)	0.50	0.55	10.0			

\*) All data are provisional and unaudited. Some prior-year figures have been adjusted.

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**Forward-looking statements**

This news release contains forward-looking statements based on current assumptions and forecasts made by Bayer Group 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 our public reports filed with the Frankfurt Stock Exchange and with the U.S. Securities and Exchange Commission (including our Form 20-F). The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.