



## News Release

Greater focus on future technologies:

### **Bayer CropScience accelerates expansion of biotech and seed business with investments of around EUR 3.5 billion through 2018**

- BioScience sales of EUR 1.4 billion targeted for 2018
- Biotech licensing agreements tap into business potential in excess of EUR 500 million
- Peak sales potential of new crop protection actives raised to EUR 1.25 billion

**Monheim, September 17, 2009** – Bayer CropScience is accelerating the extension of its biotech and seed business. Following a record year in 2008, the company is continuing its strategy of expansion, aiming systematically to expand its fast-growing business in seed and plant traits in the coming years. The intention is to more than triple sales in the BioScience segment to around EUR 1.4 billion by 2018. “In this context the company is planning to invest some EUR 3.5 billion in research and infrastructure for its biotech and seed business between now and 2018. This figure does not include possible acquisitions,” said Professor Dr. Dr. h.c. Friedrich Berschauer, Chairman of Bayer CropScience AG’s Board of Management, at the company’s annual press conference.

According to Berschauer, the company’s objective is to become the farmers' first choice as a partner worldwide and to offer “innovative and sustainable solutions all the way from sowing to harvesting.” With this in mind, Bayer CropScience is seeking to further strengthen its role as a leading supplier of innovative technologies in all business segments, to grow its portfolio strategically, and to expand its business sustainably in rapidly growing emerging markets. The growth strategy revolves around three elements: chemical crop protection, plant traits, and high-quality seed. “We are developing from a classical supplier of crop protection products into a supplier of integrated solutions for farmers which comprise not only products but technologies and services as well,” Berschauer explained.

## **Well-filled agrochemical research pipeline**

Bayer CropScience believes that it is extremely well-positioned as a global innovation leader in the classical crop protection business. In this segment the company has set itself the goal of bringing to market between 2008 and 2012 ten new crop protection active substances with a combined peak sales potential in excess of EUR 1.25 billion – previously the target sales figure was above EUR 1 billion. Following the successful launch of the insecticide spirotetramat and the herbicide pyrasulfotole in 2008, the company has achieved a further milestone this year with the grant of regulatory approval for the new herbicide thien carbazon-methyl in combination with the safener cyprosulfamide in first countries. Three fungicides – fluopyram, bixafen and isotianil – are scheduled for launch in 2010 and 2011. In addition, three further candidates, among them a biological pest-control product, are at an advanced stage of development.

## **Plant biotechnology helps to boost productivity**

Bayer CropScience has gained a strong position worldwide in the BioScience segment with its four core crops canola, rice, cotton and vegetables. The intention is to expand the portfolio on a regional basis in the coming years and to include further crops. The company has begun research into improved cereal varieties. The objective here, as with other crops, is to increase yields and to make plants more resistant to adverse weather conditions. The company's research activities are also focusing increasingly on soybeans.

Bayer CropScience is currently investing the equivalent of roughly 27 percent of sales in the development of new BioScience products – a figure that puts it among the leaders in the industry in terms of research intensity. Almost 1,000 BioScience researchers and breeders are working on over 50 projects.

The company's own research is being rounded out by a number of cooperation agreements. This year, more than ten alliances with public and private-sector research bodies have been agreed so far. For example, Bayer CropScience has been working with one of the world's leading agricultural research institutes since July to develop new varieties of wheat. The company is also expanding successively its global network of research locations.

“We are currently active in about one quarter of the seed and plant trait market,” said Dr. Joachim Schneider, Head of the Business Operations Unit BioScience. “In the future we want to offer an expanded portfolio of products that will serve around one half of the total market. Our goal is for the BioScience business unit to grow roughly twice as fast as the market in the next few years.” Sales are planned to increase from EUR 452 million (2008) to around EUR 1.4 billion by 2018. Bayer CropScience is seeking to offer its solutions to as many farmers as possible worldwide by out-licensing its technologies to other companies. The four agreements that have been concluded to date represent a cumulative potential for license fees in excess of EUR 500 million.

### **Good half-year – cautious start in third quarter**

Currency-adjusted sales of the Bayer subgroup grew 4.8 percent to EUR 3,972 million (previous year: EUR 3,782 million) in the first six months of 2009 despite unfavorable weather conditions in some of the major growing regions. Sales in the Crop Protection segment increased 4 percent to EUR 3,274 million in the first six months in response to greater demand for seed dressings, herbicides and insecticides. Growth in North America, Europe and Asia was driven by products based on new active ingredients. Sales of fungicides declined in practically all regions owing to a lower burden of disease.

The Environmental Science segment posted stable development with sales of EUR 336 million. In the BioScience business unit, Bayer CropScience increased sales to EUR 362 million – currency-adjusted 18.8 percent ahead of the previous year. This growth was due mainly to sales gains in canola seeds in North America.

Good development in the first six months of 2009 was followed by a more modest start to the third quarter. Lower selling prices for wheat and corn, unfavorable weather conditions in Europe and the subcontinent India in particular, and the relatively late start of the season in Argentina as well as a decreasing demand in the United States all impacted on the company’s business. “Against this background, we have to consider our target of retaining a margin forecast of a clean EBITDA margin of 25 percent for the full year as ambitious”, explained Berschauer.

## **About Bayer CropScience**

Bayer is a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. Bayer CropScience AG, a subsidiary of Bayer AG with annual sales of about EUR 6.4 billion (2008), 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 more than 18,000 and is represented in more than 120 countries. This and further news is available at: [www.press.bayercropscience.com](http://www.press.bayercropscience.com).

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