



Bayer AG
Corporate Brand,
Communications &
Government Relations
51368 Leverkusen
Germany
Tel. +49 214 30-1
www.news.bayer.com

News Release

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

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.

Contact:

Günter Forneck, Tel. +49 214 30-50446

E-Mail: guenter.forneck@bayer.com

Christian Hartel, Tel. +49 214 30-47686

E-Mail: christian.hartel@bayer.com

Find more information at www.bayer.com.

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