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Investor News

Bayer CropScience: Geared for Sustainable Growth

EUR 7 billion investment program to fuel further growth

- EUR 5 billion earmarked for Research and Development between 2011 and 2016
- Investments of EUR 2 billion in production capacities and seed processing facilities
- Strong integrated pipeline with at least EUR 4 billion peak sales potential
- Share of Seeds business to double to 20 percent by 2016

Leverkusen, Germany, September 20, 2012 – Bayer CropScience has a robust strategy in place and is geared for continued strong growth over the mid-term, said CEO Sandra Peterson at the company's annual press conference. "Bayer CropScience is on track for above market growth," she said. Backing the company's ambitions are plans to invest a total of EUR 7 billion between 2011 and 2016 in Research and Development (R&D) and an expansion of production capacities and seed processing facilities.

As part of this program, Bayer CropScience is committing funds of EUR 5 billion for its R&D operations to develop new solutions for the farmer in seeds, novel chemical and biological crop protection. These funds are intended to fortify Bayer CropScience's already promising pipeline of integrated agricultural solutions; the company anticipates that products launched during this period will have a combined peak sales potential of at least EUR 4 billion. The company also plans to invest in new production capacities and seed processing facilities to meet rising global demand for agricultural raw materials, by allocating a total of EUR 2 billion for such investments within the same time frame.

At the company's annual press conference today, Peterson emphasized that the company is well-positioned to propel farming's future by leveraging the opportunities ahead. "Bayer CropScience aims to lead the way in sustainable crop solutions, and we are heavily investing in R&D, as well as production capacities, to respond to global demand for differentiated crop solutions," Peterson said. In August, Bayer CropScience completed its close to USD 500 million acquisition of US biological pest control company

AgraQuest, securing its foothold in the biologics market, which is expected to triple to almost USD 4 billion by 2020.

Peterson noted the strong progress the company had made since it launched its new four pillar strategy. The four pillar strategy is based on: 1) Rejuvenating its core Crop Protection business; 2) Reinventing customer-centricity along the entire value chain; 3) Refocusing innovation, and 4) Extending the company's Seeds business.

"Our four pillar strategy has transformed the company and set our path for future success," Peterson noted. "We have streamlined our portfolio and rebalanced the mix while accelerating the potential of new technologies. These all play a significant role in how we strive to propel farming's future."

Driving a world-class R&D portfolio

Bayer CropScience's R&D strategy and world-class portfolio are at the core of an aggressive plan that will see the company increase its R&D spend and invest EUR 5 billion from 2011 to 2016. This strategy focuses on reinforcing the company's best-in-class R&D portfolio in the agricultural industry by: delivering differentiated solutions meeting customers' needs; leveraging the company's expertise in seeds, small molecules and biologics to build a unique position in plant health; and developing a world class external network based on open innovation.

"With our strong expertise in seeds, chemistry and biological solutions Bayer CropScience is uniquely positioned in the agricultural industry," said Dr. C. David Nicholson, Bayer CropScience's Head of Research & Development. "Our goal is to develop integrated crop solutions that provide farmers with a full package of products and services for the entire growing cycle – from planting the seeds to helping their harvest arrive fresh and in perfect shape on the retail shelves."

To achieve this, Bayer CropScience has integrated its R&D operations across all its three divisions and disciplines. This enables the company to better leverage its full research and development capabilities – spanning weed, pest and disease management to stress-tolerance and yield enhancement – to focus on key crops.

New products lift peak sales potential

Attesting to the innovation potential of the company, Bayer CropScience CEO Peterson outlined the extensive range of new products that the company will bring to market over the period 2011-2016, showcasing solutions for its strategic crops. “The seed and crop protection solutions we develop are geared towards helping growers address some of the most critical issues they face. We believe the products that are in our pipeline of new seed, small molecules and biological crop solutions hold significant promise in the market, and expect the peak sales potential for our products being launched from 2011 to 2016 to be at least EUR 4 billion,” Peterson revealed.

Investing in capacities to boost production

Bayer CropScience is also determined to secure its future growth by investing in production capacities and seed processing facilities. At the same time, through these investments the company aims to extend its cost and safety leadership in the industry.

Over the period 2011-2016, the company has earmarked EUR 2 billion to build up further facilities for the production of crop protection products as well as seed breeding, production and processing facilities.These plans will see the company invest in advanced process technology, substantially increase its global asset footprint, while at the same time enhancing its global supply flexibility.

“Given the strong global demand we expect to see for our products, we are significantly expanding the capacities of our top crop protection active ingredients, including our best-selling brands like the Fox™ fungicide family and Liberty ™ / Basta ™ herbicides,” said Achim Noack, Bayer CropScience’s Global Head for Product Supply.

The company is already expanding its global breeding network for various crops as part of plans to build up its global footprint in Seeds. “Our goal is to apply our worldclass production and supply chain expertise to our rapidly growing global seed production and processing infrastructure,” Noack emphasized.

Share of Seeds business to double by 2016

Peterson also emphasized that the company's Seeds business – formerly referred to as BioScience – is set to continue its rapid pace of growth. "We expect Seeds to double to around 20 percent its contribution to the company's overall sales by 2016," she revealed. The unit recorded a 21 percent leap in sales in the first half of this year on the back of significant growth in broad acre crops.

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 7.255 billion (2011) 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 21,000 and is represented in more than 120 countries. This and further news is available at: www.press.bayercropscience.com.

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