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Investor News

Increasing demand for innovative and sustainable agricultural solutions

Bayer CropScience steps up investment plans: EUR 2.4 billion earmarked for capacity expansion between 2013 and 2016

- Production of key active ingredients to increase substantially
- On track to grow sales towards EUR 10 billion in 2015

Leverkusen, Germany, September 5, 2013 – Bayer CropScience is on track to grow annual sales towards EUR 9 billion in 2013 and towards EUR 10 billion in 2015. “Since 2007 we have continuously expanded our business with record sales, and we are optimistic about the future development,” said Bayer CropScience CEO Liam Condon at the company’s annual press conference in Monheim, Germany. Against the background of strong demand for its products, the company is adding EUR 1 billion to its investment program, bringing total capital expenditures for the period 2013 to 2016 to approximately EUR 2.4 billion.

As a result of the accelerated investment program, the production volume of key active ingredients for crop protection products is expected to increase significantly. “Many industries today are facing overproduction. At Bayer CropScience, we are in a completely different situation: A growing global population, changing diets and increasing weather volatility are affecting food supply and need to be addressed today,” said Condon.

“Demand from farmers for our products is increasing so strongly that we’re significantly stepping up our supply chain capacity to serve farmers around the world with much needed innovative agricultural solutions,” added Liam Condon, describing the challenge: “About 900 million people remain hungry today and the world population is growing strongly. We need to raise agricultural productivity and at the same time advance sustainability in farming and ensure protection of the environment. We aim to achieve this

by developing innovative solutions and services that can help agriculture to contribute to the healthy development of society."

About EUR 380 million investment in new glufosinate-ammonium plant in the United States

One integral element of Bayer CropScience's investment plans is the construction of a new plant in Mobile/Alabama for the production of the herbicide glufosinate-ammonium, marketed in the United States under the brand name Liberty™. The start-up of the new plant is anticipated probably for the fourth quarter of 2015, in time for the 2016 growing season. "With about EUR 380 million earmarked for this new facility, this is the biggest single construction project in the history of Bayer CropScience," said Condon. Along with capacity expansion projects currently under way at other sites, this new facility will contribute significantly to the company's target of more than doubling global product supply for this important active ingredient.

The increased production of Liberty™ will help to fight weed resistance, a key challenge for modern agriculture. Liberty™ is the only non-selective herbicide that controls weeds resistant to the most used herbicide, glyphosate. About 50 percent of the farmers in the USA have experienced weed resistance on their fields, and the situation is worsening further not only in the United States but also around the world.

Bayer CropScience is addressing this problem with its unique expertise in R&D, the most diverse herbicide portfolio in the industry, diagnostics and monitoring, and by promoting an Integrated Weed Management (IWM) approach. IWM techniques such as crop rotation, the use of herbicides with different modes of action – glufosinate-ammonium being one of the cornerstones – and rotation of herbicide-tolerant traits help growers to manage or delay weed resistance, as no single strategy will be completely effective on its own. "Diversity is the key to sustainable agriculture," stressed Condon.

Expanding the Seeds business – building up strong positions in soybean and wheat

In addition to the ramp-up of its supply chain capacity in Crop Protection, another element of the company's growth plan is the implementation of its Seeds strategy. Bayer CropScience plans to further strengthen its position in established crops such as

vegetables, rice, oilseed rape and cotton, and to build up significant market positions in soybean and wheat.

“We are continuing to invest in our soybean business, for example through strategic acquisitions in Latin America, contributing to a fast and focused development of distinctive traits,” explained Condon, who highlighted the soybean cyst nematode trait currently under development at Bayer CropScience. He also announced the planned launch of the global Bayer CropScience soybean brand Credenz™ for late 2014 in North and South America. “Credenz™ soybean seeds will help us to deliver improved varieties to growers. It will offer future traits that could protect soybeans against specific insects, repel persistent attacks by nematodes, and make soybeans tolerant to the most effective herbicides,” said Condon. The company intends to significantly expand today’s soybean-related sales within the next decade.

A second seed investment focus for the company is wheat, the world’s most important staple crop. Here, Bayer CropScience is building a leading global wheat breeding network, with the objective of developing high-yielding varieties adapted to local growing conditions. First varieties are expected to come to market in 2015.

“Our business strategy is aimed at addressing the pressing challenges farmers are facing worldwide,” concluded Condon. “We will further strengthen both our CropProtection and our Seeds businesses, continue to sharpen our customer focus and foster innovation to strengthen our leading market position.”

About Bayer CropScience

Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech materials. This year the company looks back on 150 years of working to fulfill its mission “Bayer: Science For A Better Life”. Bayer CropScience, the subgroup of Bayer AG responsible for the agricultural business, has annual sales of EUR 8,383 million (2012) 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 20,800 and is represented in more than 120 countries. This and further news is available at: www.press.bayercropscience.com.

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