Bayer AG
Investor Relations
51368 Leverkusen
Germany
www.investor.bayer.com

Investor News

Not intended for U.S. and UK Media

Bayer to acquire Dihon Pharmaceutical Group Co., Ltd. in China

Transaction strengthens Consumer Care business and moves Bayer HealthCare to a leading OTC position in key growth country

Leverkusen, February 27, 2014 – Bayer plans to acquire 100 percent of the shares of Dihon Pharmaceutical Group Co., Ltd., Kunming Yunnan, China, a privately held pharmaceutical company specializing primarily in over-the-counter (OTC) and herbal traditional Chinese medicine (TCM) products. Dihon is a leading player in China's OTC industry with products such as Kang Wang® for the treatment of dandruff and other scalp disorders and Pi Kang Wang®, an antifungal cream, as well as TCM product Dan E Fu Kang® for the treatment of various women's health indications. Financial details have not been disclosed. The transaction is subject to fulfillment of certain conditions, including merger control clearance, and is expected to close in the second half of 2014.

"We aim to strengthen our Life Sciences portfolio with strategic bolt-on acquisitions globally. We are very pleased to have identified a consumer health care company in China with such a strong track record of success built by its dedicated employee base," said Dr. Marijn Dekkers, CEO of Bayer AG. "This acquisition moves us into a leading position amongst multinationals in the OTC industry in China. It also brings a portfolio of well-known consumer brands, which will allow us to provide consumers with an even broader range of self-care options."

"Adding the strong OTC brands from Dihon to our portfolio will significantly advance our business in China and positions us well for future growth," said Dr. Olivier Brandicourt, CEO of Bayer HealthCare. "Equally important is the foothold we will gain in TCM, which makes up about half of the OTC segment in China and is a well-accepted and sought after line of natural science-based alternative therapies for consumers looking for trusted solutions for their healthcare needs. We think we can leverage our recent acquisition of

Steigerwald in combination with Dihon's herbal TCM expertise and pipeline to benefit both these areas, which have a different but related heritage."

"Self-care is a critically important component of healthcare in China and internationally, and OTCs are an important tool to help people live happier, healthier and longer," said Dr. Zhenyu Guo, Chairman & CEO of Dihon Pharmaceutical Group Co., Ltd. "As such, we're pleased to have been able to build a business with brands that bring relief to consumers across China and other parts of the world. We believe that Bayer, with its marketing, sales, distribution and research expertise, is well positioned to take our success to the next level. This acquisition will further strengthen the Yunnan pharmaceutical industry and offers the potential to further expand TCM to other parts of the world."

Dihon generated sales of 123 million Euro in 2013. The company employs approximately 2,400 people in R&D, manufacturing, sales and marketing. In addition to operations in China, Dihon brands are sold in other countries such as Nigeria, Vietnam, Myanmar and Cambodia. Dihon's headquarters is in Kunming, China. The company also has several manufacturing sites throughout China.

About Dihon Pharmaceutical Group Co., Ltd.
Dihon's mission statement is to contribute towards a healthy world. The company was founded as a joint stock company with partial foreign ownership in 1997. Today, it is one of the leading consumer health care companies in Yunnan, China, providing innovative, effective chemical medicines and traditional Chinese medicines in 5 areas of medical need: dermatitis, acne, recurrent oral ulcer, hyperosteogeny, and endometriosis. For more information, go to www.dihon.com/en

About Bayer HealthCare
The Bayer Group is a global enterprise with core competencies in the fields of health care, agriculture and high-tech materials. Bayer HealthCare, a subgroup of Bayer AG with annual sales of EUR 18.6 billion (2012), is one of the world's leading, innovative companies in the healthcare and medical products industry and is based in Leverkusen, Germany. The company combines the global activities of the Animal Health, Consumer Care, Medical Care and Pharmaceuticals divisions. Bayer HealthCare's aim is to discover, develop, manufacture and market products that will improve human and animal health worldwide. Bayer HealthCare has a global workforce of 54,900 employees (Dec

31, 2012) and is represented in more than 100 countries. More information at www.healthcare.bayer.com

Bayer AG, Investor Relations contacts:

Dr. Alexander Rosar (+49-214-30-81013)
Dr. Jürgen Beunink (+49-214-30-65742)
Peter Dahlhoff (+49-214-30-33022)
Fabian Klingen (+49-214-30-35426)
Judith Nestmann (+49-214-30-66836)
Constance Spitzer (+49-214-30-33021)
Dr. Olaf Weber (+49-214-30-33567)

Forward-Looking Statements
This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer Group or subgroup 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 Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.