



# Important Information



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# Agenda



- Agricultural market in Europe and Tamecis\*
- Bayer CropScience in Europe and Tamecis\*
- Cornerstones of our Regional operational strategy

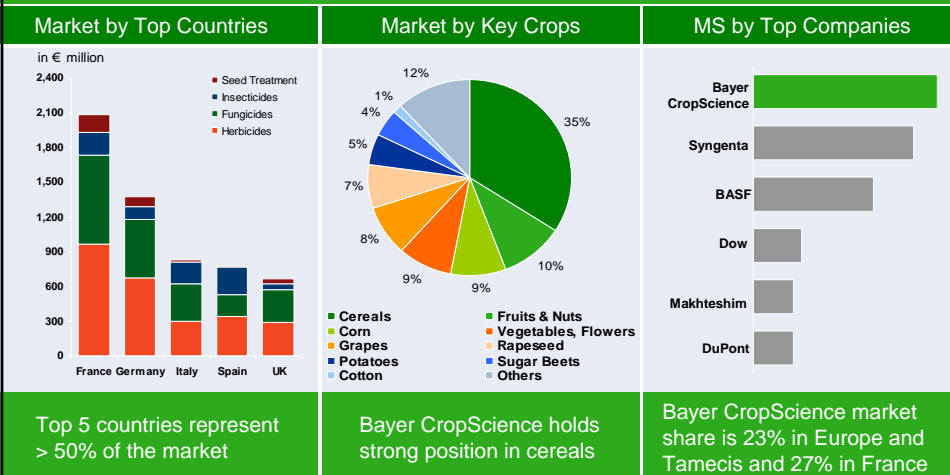


\* Tamecis: Turkey, Africa, Middle East, Commonwealth of Independent States  
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# We are the Clear Crop Protection Market Leader in Europe and Tamecis



Crop Protection Market Europe and Tamecis 2008: €10.4 billion (+12% yoy Fx adj.)



## European Crop Protection Market Demonstrated Strong Growth in 2008

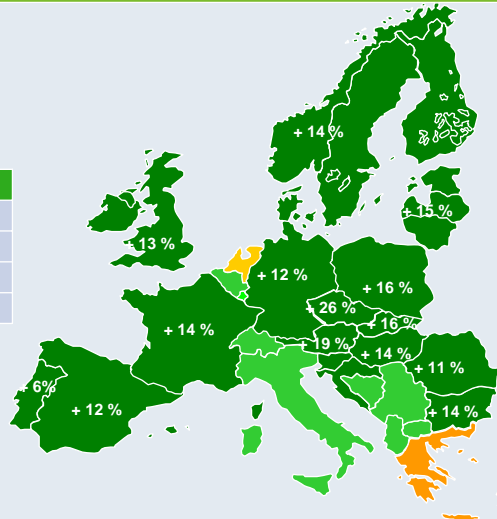


### Market Growth 2008 yoy

- Increase > 5%
- Increase < 5%
- Decrease < 5%
- Decrease > 5%

### Bayer CropScience Market Share 2008

|                            |     |
|----------------------------|-----|
| Western Europe             | 27% |
| France                     | 27% |
| Southern Europe            | 19% |
| Central and Eastern Europe | 19% |



Source: Bayer CropScience internal estimates

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## French Crop Protection Market is Dominated by R&D Players



### Key market characteristics

- Crop Protection market size 2008: €2.1 billion
- Strongly regulated market
- Increasing expectations from Food Chain stakeholders
- 85% of farms are above 50 ha, of which 20% are above 200 ha
- 600,000 farmers, of which 150,000 are corporate farmers
- 80% of the Crop Protection market is held by R&D companies
- Medium generic competition
- 9 distributors account for 50% and 26 for 80% of the business



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# Development of French Crop Protection Market 2009



- Exceptional year 2007/2008 due to high crop price level and strong disease pressure
- Very positive first half year development with > 5% growth, farmers have continued their significant investment in crop protection to maintain performance
- Increase of oil seed rape, corn and sunflower acreages at the expenses of cereals
- Overall, in the first half the industry has registered a price increase of 3% - 5%, price negotiations for the next season ongoing
- Weather conditions Q2 - Q3 drier than average, leading to lower disease pressure
- New French regulation "Law for the Modernization of the Economy" which includes reduced payment terms and may impact the timing of the distributors commitment
- Volatile crop prices bear uncertainty for the farmers and will likely lead to more just in time purchases

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## Agenda



Agricultural market in Europe and Tamecis\*

Bayer CropScience in Europe and Tamecis\*

Cornerstones of our Regional operational strategy



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# Broad Regional Presence of Bayer CropScience in Europe and Tamecis and France



Region Europe and Tamecis (EUT) key sites – 2,800 employees



EUT regional share of total sales 2008: 45%

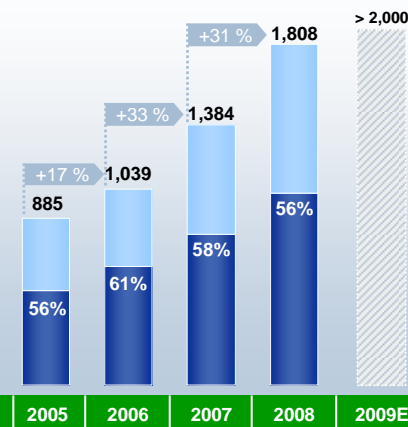
France share of EUT sales 2008: 24%

# Bayer CropScience - Innovation Leadership in Europe and Tamecis



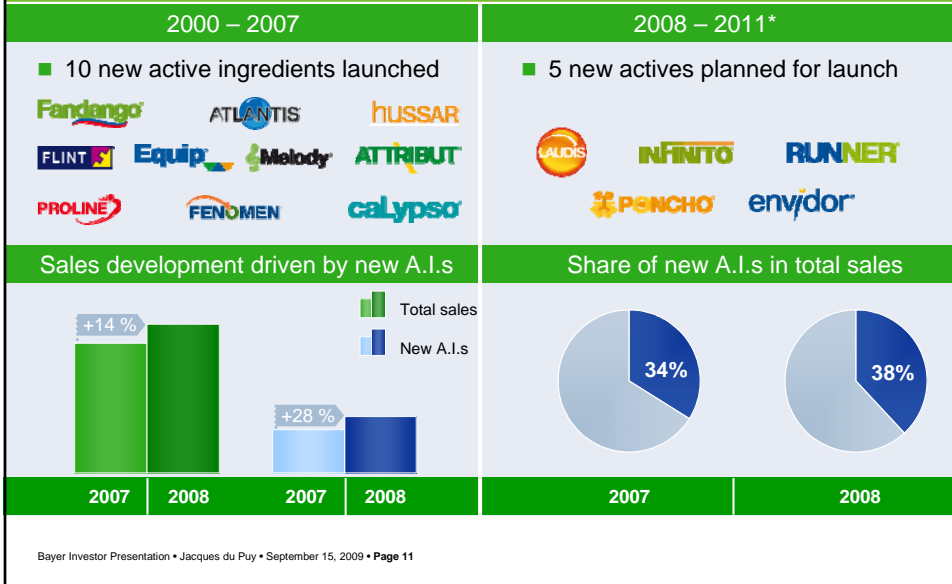
Excellent growth of sales with new active ingredients (A.I.s) launched since 2000

■ Global sales of new A.I.s in € million  
■ Thereof new A.I.s in Europe and Tamecis



- Global sales target of €2 billion from new A.I. launch program expected to be achieved in 2009, two years earlier than previously planned
- Extension of new A.I. sales supports profitability improvement due to above average margin contributions
- 36% of the 2008 business in Europe and Tamecis is delivered by products launched since 2000

# Bayer CropScience France - Introduction of Innovative Products is Key to Success



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## Agenda



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## Future Key Drivers for the European Crop Protection Market



- High stability (agronomic environment)
- CAP (Common Agricultural Policy) orientation towards decoupling and shift of aid to rural development
  - Farmers are more business oriented: crop volatility but no reduction of crop protection (productivity factor)
- Complex regulatory environment
  - Drastic reduction of molecules: demand for new solutions
  - Mandatory "integrated pest management": opportunity for value adding services
- Growth perspectives in Central and Eastern Europe



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## Regional Strategic Priorities



- Maintain leadership position and increase market share through innovation at all levels of the organization
- Improve profitability through introduction of new, higher-margin products, price increases and strict cost control
- Strengthen presence in Eastern Europe by further expanding sales and marketing forces
- Accelerate new product introductions taking advantage of the new regulation 91/414
- Exploit all marketing and sales synergies with our BioScience portfolio
- Develop strategic alliances with Food Chain stakeholders and expand complementary innovative services to our product offer

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## Summary



- As a growth engine, Europe and Tamecis and esp. France play a key role in business plans for Bayer CropScience
- We are leader in major segments and have an innovation-oriented growth strategy
- We offer our customers integrated solutions based on our innovation-leadership and strategic partnering with selected distributors and retailers
- We aim to exploit the growth potential in the Eastern European agricultural market through targeted investments:
  - Extension of our innovative crop protection portfolio
  - Expansion and development of our human resources
  - Developing local seed business

