



Science For A Better Life

Investor Presentation

Bayer CropScience Limited

November 20, 2015



Forward-Looking Statements

This presentation 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.



Agenda

- **Update Bayer global**
- Overview of Bayer in India
- Bayer CropScience Ltd. (BCSL): Financial Perspective
- BCSL: Business Update



The New Bayer - well prepared for the future



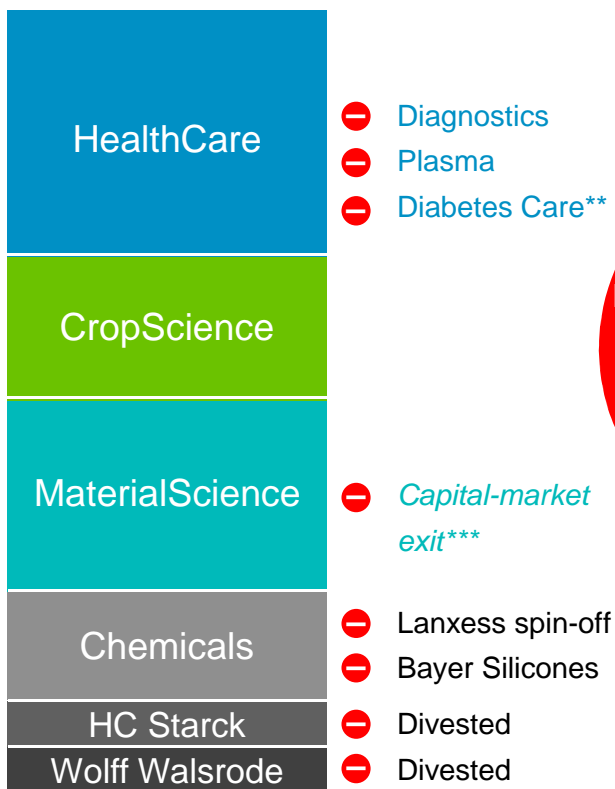
- | The economic and legal demerger (so-called carve-out) of MaterialScience was completed and Covestro debuted on the stock market*
- | Executing a strategy of organic growth complemented by bolt-on acquisitions
- | Generating strong growth with new product innovations
- | Expecting important R&D pipeline progress
- | Targeting low single-digit % organic growth and high-teens % improvement in Core EPS in 2015**



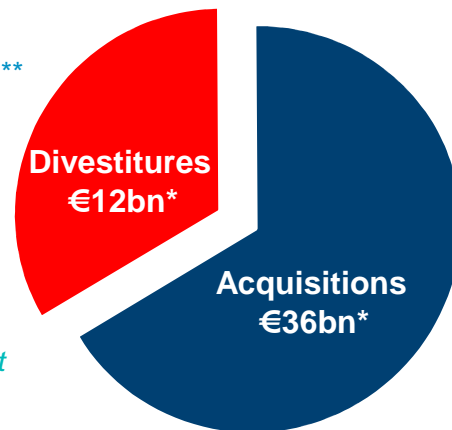
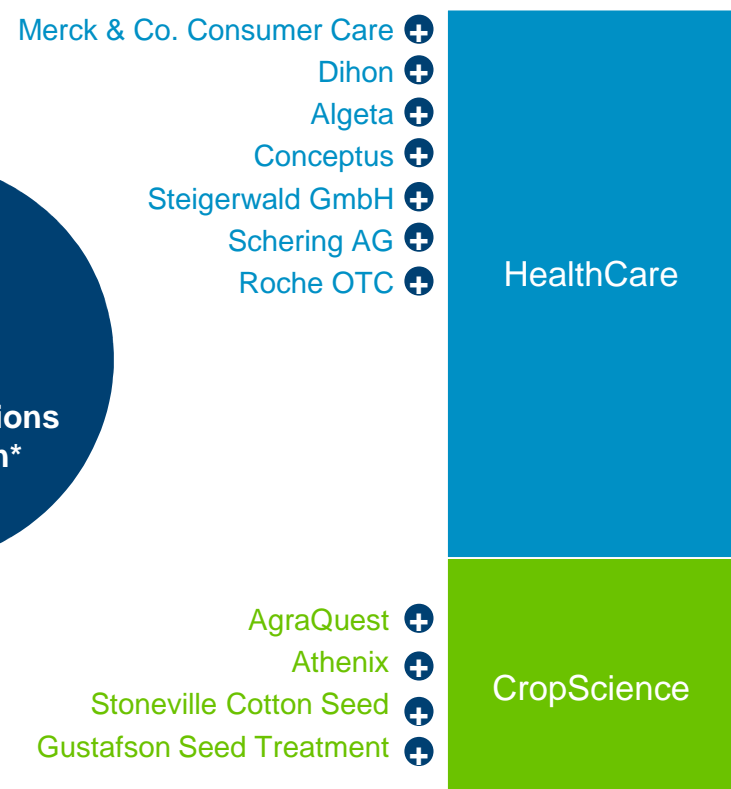
Significant portfolio adjustments over the last years to focus on Life Sciences

Major examples only

2003 Sales €28.6bn



Pro-Forma 2014 Sales ~ €31bn



*Transaction volume: acquisitions/ divestments 2004 – 2014

**pending

***31% floated



Transforming Bayer into a pure Life Science company...


Life Sciences

Pharmaceuticals	Consumer Health	CropScience*
		
<ul style="list-style-type: none">▪ Leading positions in core therapeutic areas driven by strong R&D engine and launch excellence	<ul style="list-style-type: none">▪ #2 with leadership in key categories and strong geographic footprint	<ul style="list-style-type: none">▪ Crop Protection: #2 with broad R&D portfolio and strong commercial execution▪ Seeds: #7, but leading positions in canola, cotton and rice▪ Animal Health: #3 in CAP**

- Bayer is focusing its strategy on being a global leader in the Life Sciences
- From January 1, 2016, Bayer's business will be managed by three divisions: Pharmaceuticals, Consumer Health and Crop Science



...with businesses with many similarities

- Business models around innovative molecules that interact with biochemical processes in living organisms
- High innovation and research intensity
- Attractive and growing markets, but highly regulated with complex stakeholder frameworks
- High manufacturing quality standards
- High marketing and sales intensity to explain complex products to our customers





As a Life Science company, Bayer addresses societal needs in health and nutrition



Today, there are **7.3 billion** people on earth. This figure is forecasted to rise to **9 billion** in 2040.

Health care will become increasingly important. More **food** will be needed for the growing population.

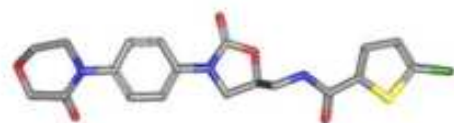


Bayer provides solutions to these needs through innovation

Bayer: Science For A Better Life

In all businesses we invent, develop and market new, innovative molecules that interact with biochemical processes in living organisms

Examples:



Xarelto
rivaroxaban

Rivaroxaban



Acetylsalicylic acid



Prothioconazole



Bayer Group strategic priorities going forward

1

Drive innovation

Advance innovation pipeline, set trends in research-intensive areas and further leverage research synergies across the Life Sciences

2

Increase profitability

Capitalize on the potential of recent Pharmaceuticals launches, consolidate leadership position in Consumer Health, implement Crop Science market leadership strategy

3

Further strengthen portfolio

Strengthen business in selected areas through acquisitions to achieve growth and a better risk balance

4

Position Bayer as a leading Life Science company

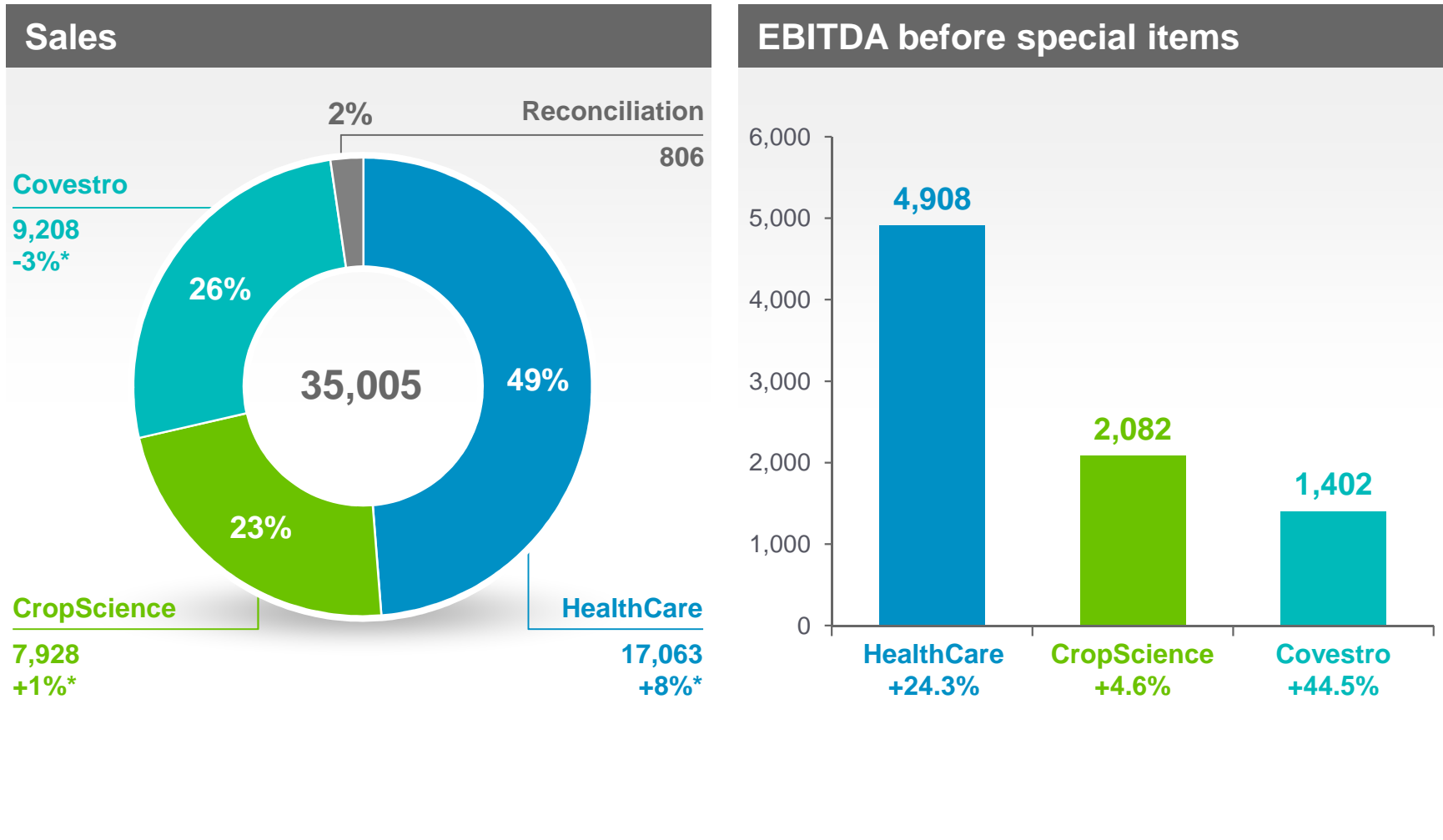
Strengthen Bayer's reputation worldwide and increase societal appreciation and acceptance of the company's business model



Q3 2015 – Operational and strategic Progress

- Successful Covestro debut on the Frankfurt Stock exchange*
- Further organic growth and significantly improved earnings
- Built further growth momentum at Pharma
- Solid performance of Consumer Health
- CropScience with higher sales and earnings in challenging environment
- Full-year 2015 Group guidance reiterated

First 9 month 2015 – HealthCare and Covestro increase EBITDA significantly, CropScience resilient in challenging market environment





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HealthCare legal entities in India



**Bayer
Pharmaceuticals
Pvt. Ltd.**

Third Party Manufacturing of Pharma, Animal Health and Consumer Care products, marketing and distribution of Animal Health, Diabetes Care and Consumer Care products.



**Bayer Zydus
Pharma Pvt. Ltd.**

Joint Venture marketing and distributing Pharmaceutical and Consumer Care products.



CropScience legal entities in India



Nunhems Vegetable Seeds Pvt. Ltd.

Development, production, marketing and sales of Vegetable Seeds. Recently acquired by overseas Bayer entity as SeedWorks India Pvt. Ltd.



Nunhems India Pvt. Ltd.

Development, production, conditioning, marketing and sales of Vegetable Seeds.



Bayer BioScience Pvt. Ltd.

Research, development, production, conditioning and marketing of high quality Hybrid Seeds for field crops.



Bayer Vapi Pvt. Ltd.

Manufacturing of active ingredients for use in a wide range of Crop Protection products and Environmental Science products. Core manufacturing site for Bayer CropScience global.



Bayer CropScience Ltd.

Sales of Crop Protection products, Environmental Science products and Hybrid Seeds for field crops. Manufacturing* of Crop Protection products.

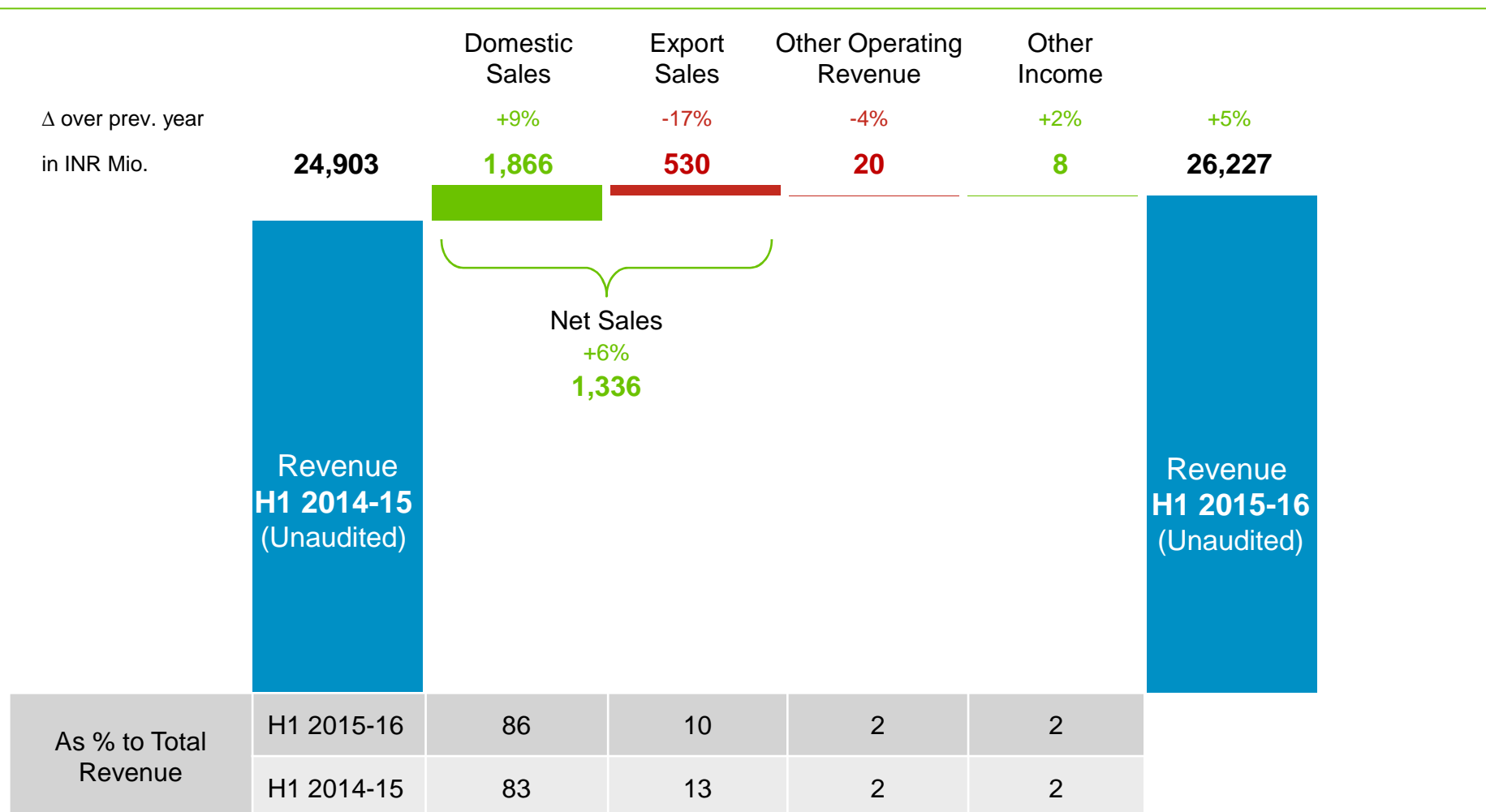


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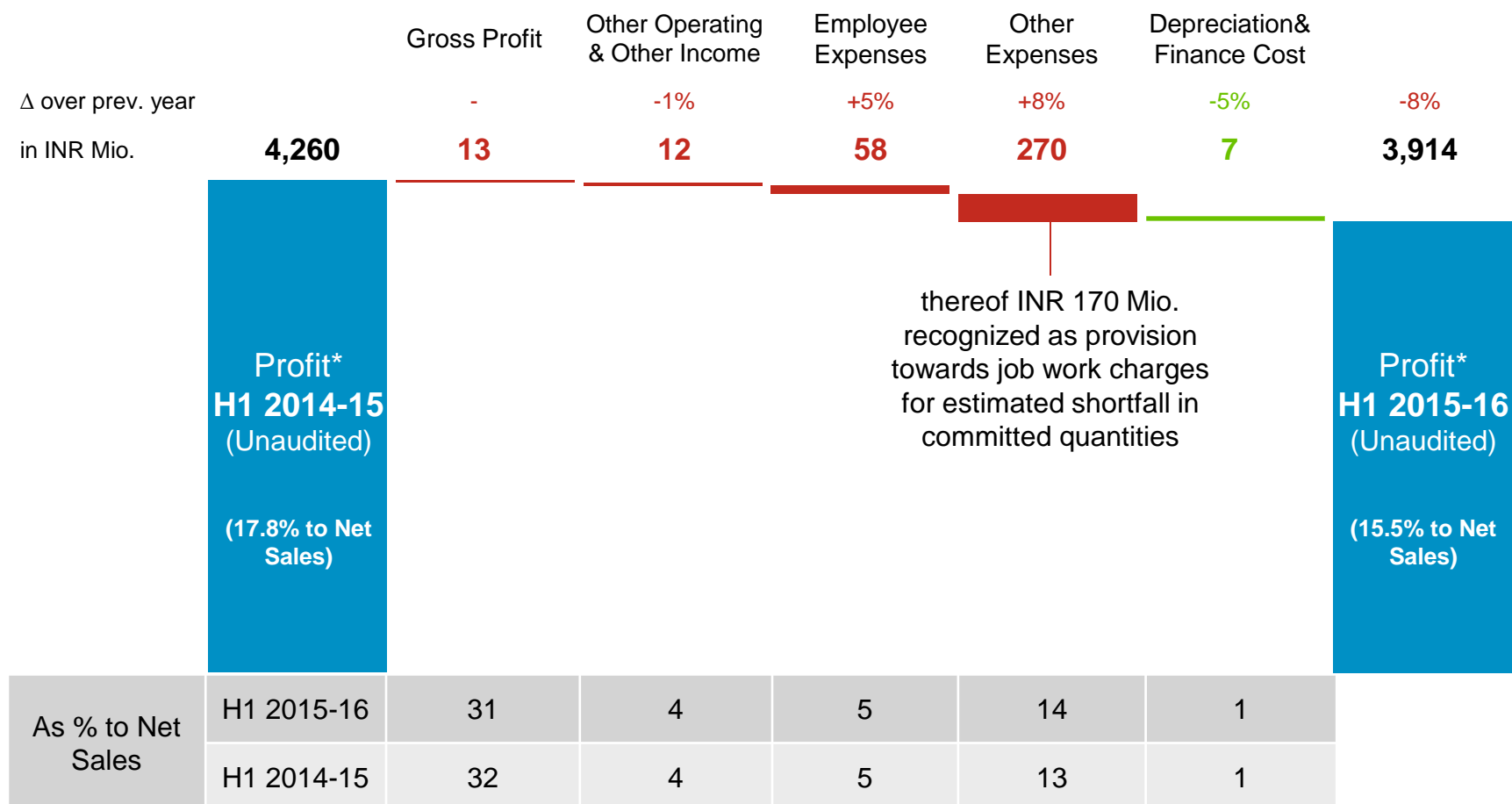


Weaker monsoon and global cyclical downturn resulted in lower Revenue growth





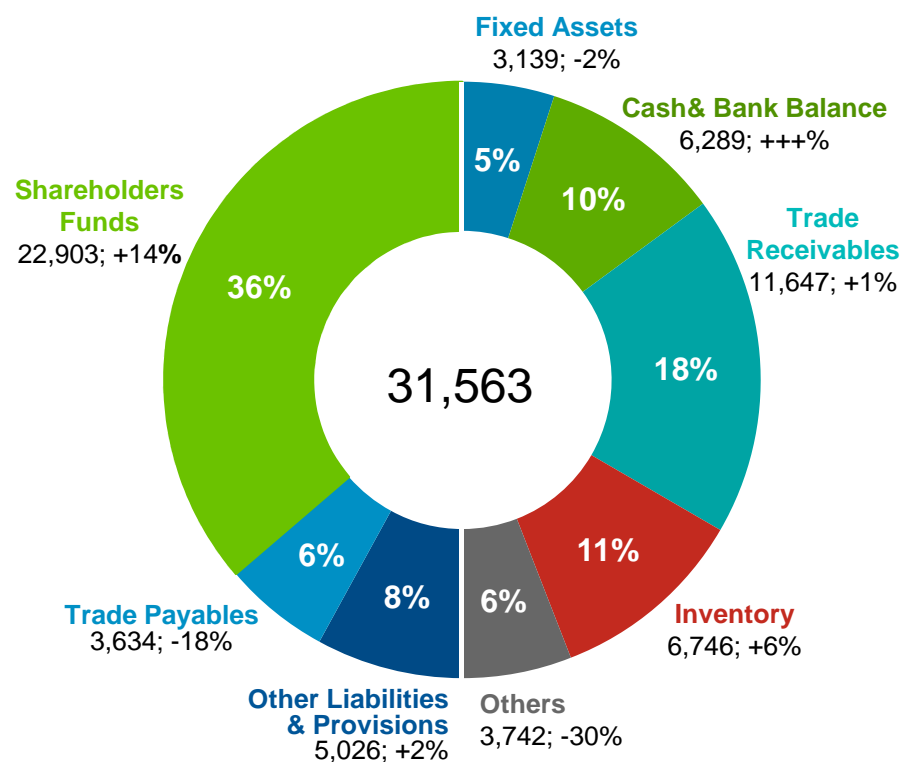
Passing on cost increases fully is difficult in a challenging market environment



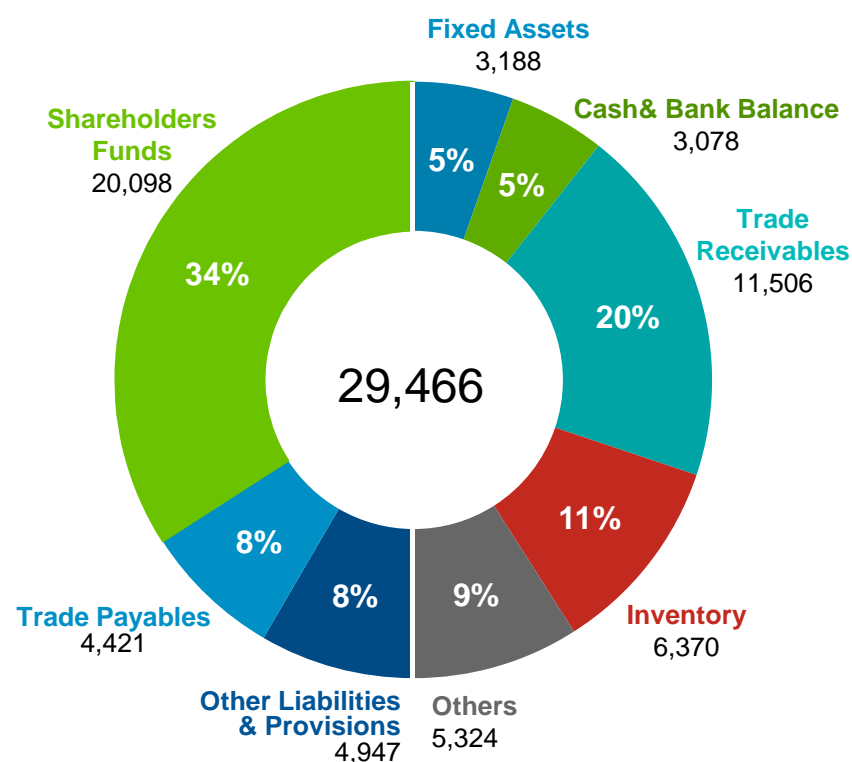


Balance Sheet Overview - Receivables well under control, cash balance taken care of with buyback

September 30, 2015



September 30, 2014





Implementation of Indian Accounting Standards (Ind AS) from April 1, 2016 onwards

- BCSL is covered under mandatory phase I of Ind AS implementation w.e.f. April 1, 2016
- Reporting requirements under Ind AS:
 - Quarterly Results from June 2016 onwards with corresponding previous period comparatives
 - FY 2016-17 with previous year comparatives (FY 2015-16) and an Opening Balance Sheet as on April 1, 2015
- As per preliminary diagnosis, key focus areas are:
 - Revenue: Difference in revenue and related costs in a round trip (linked) transaction and Gross vs. Net presentation such as excise duty and cash discounts
 - Leases: Arrangements containing an element of lease (tolling agreement)
 - Employee Benefits: Actuarial gains/losses on defined benefit obligations



Wide participation in buyback underlines acceptance as a way of distribution amongst shareholders

- BCSL used the Buyback through the Tender Offer to successfully distribute INR 5,060 Mio. (1.265 Mio. equity shares at a price of INR 4,000 each) of surplus liquidity to its shareholders
- The Buyback was subscribed by approx. 17.32 times the maximum numbers of shares proposed for the transaction
- Owing to the very good participation among all shareholder groups, the shareholding structure remains largely unchanged
- Buyback through Tender Offer has proven itself as an efficient and well accepted way of distribution to shareholders



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Market & Industry - Kharif 2015

- Positive farm gate prices for vegetables, fruits, pulses, soybean and groundnut, acreage increase in vegetables
- Later part of Kharif showed a good increase in liquidation, but inventories still high in the market
- Rice and cotton acreages down over last year; acreage for other crops higher than last year due to June rains; but crops suffered from prolonged drought
- Delayed and deficient monsoon (86% of normal) impacted business
- Deficient rains in July impacted the herbicide liquidation in corn & soybean
- Lack of liquidity, both with farmers and channel





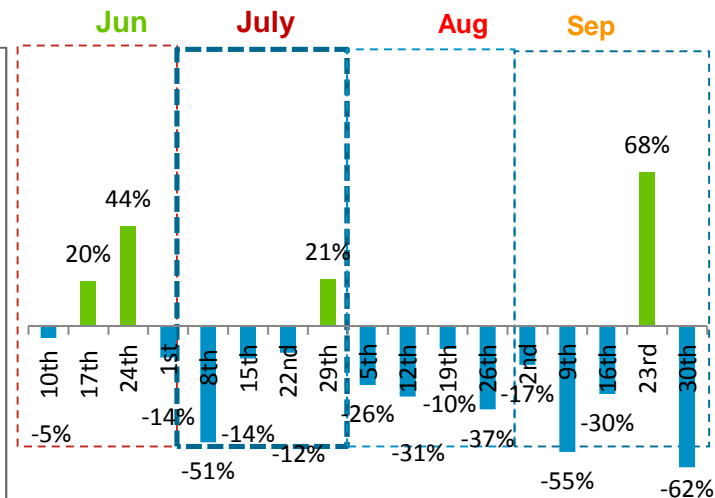
SW Monsoon, the single biggest driver for Indian Agriculture, has been deficient by 14%

Rainfall (mm) 01.06.2015 to 30.09.2015

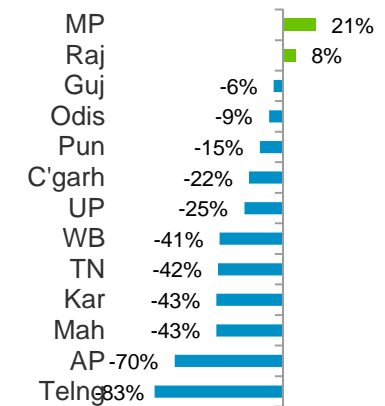


Data Source: Ministry of Agriculture
 *Normal: Average of last 10 years

Weekly Rainfall Deviation



Water levels in Reservoirs



- SW Monsoon season 2015 came to an end on 30th Sep
- Rainfall was 86% of LPA (Long Period Average)
- 312 districts (51%) received excess/ normal rainfall while 302 districts (49%) received deficient/ scanty rainfall.
- Months rainfall: Jun +13%, Jul -16%, Aug -22% & Sep -24% of normal.
- Reservoirs Dry in rice regions of South – Impacting business expected to affect Jan - Mar 2016 as well



Good growth in key segments for BCSL Crop Protection and Seeds despite difficult market

Crop Protection: Apr – Sep 2015

Topline growth above market

Price increases significantly contribute to growth

Growth driven by **strong double digit growth in Fungicide Segment**; Insecticide and Herbicides show moderate mid - single digit growth

Strong Brands drive growth e.g. Nativo®, Antracol®, Regent®, Fame®

Three successful new product launches:

- Belt® Expert Insecticide in chilli,
- Laudis® Herbicide in corn,
- Profiler® Fungicide in grapes

Sales got impacted mainly in **South and West** by monsoon failure

Strong sales in vegetables and fruits compensated for weak sales in field crops

Seeds: Apr – Sep 2015



Hybrid Rice Arize® - sales volumes negatively impacted by unfavorable market and change of subsidy schemes in key market



Cotton Surpass® - Growth above market driven by Surpass® First Class sales



Millet Proagro - Sales negatively impacted by difficult crop condition and slower than expected shift to new hybrids



Mustard Proagro - Season starts in Oct - Dec 2015; moderate outlook due to unfavorable conditions



Laudis® - Excellent product performance & a well prepared sales team created a good success

Product	Tembotrione & Isoxadifenethyl
Indication	Herbicide
Crop Segment	Corn/ Maize
Pest/ Disease Segment	Broad Leaved and Grassy Weeds



Non Treated



The Laudis Effect

Treated

Sales force motivation





Belt® Expert - A reliable partner bringing peace of mind for chilli farmers

Product	Flubendiamide + Thiacloprid
Indication	Insecticide
Crop Segment	Chilli
Pest/ Disease Segment	Borer + Thrips



Effective control of pest,
More flowering & clean/
shining pods
- Belgaum, South CBU





Profiler® - Complimenting Crop Solutions with the launch of innovative products

Product	Fluopicolide & Fosetyl
Indication	Fungicide
Crop Segment	Grapes
Pest/ Disease Segment	Downy Mildew



Grape Forum held in Nashik to enhance quality of produce

■ Bayer CropScience and NRCG along with German giant involved in international development encourage adoption of new trends to increase the competitiveness in the export market

LOKMAT NEWS NETWORK
NASHIK, AUG 20

Bayer CropScience and National Research Centre for Grapes (NRCG) under the presence of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), organised a one-day Grape Forum in Nashik recently. The event saw participation from several key stakeholders such as the Maharashtra Rajya Draksha Bagaldar Sangh (MRDBS), Yara, Netafim, Seven Star Fruits Pvt Ltd, an external nutrition expert, amongst others. The forum was inaugurated by ADG, Horticulture Dr T Janakiram, director of National Research Centre for Grapes (NRCG) Dr SD Sawant and head of Bayer CropScience, Indian subcontinent Joerg Rehbein.

Discussions in the forum focused on improving the quality of grapes and food



unpredictable changes in weather patterns leading to diseases and loss of crop

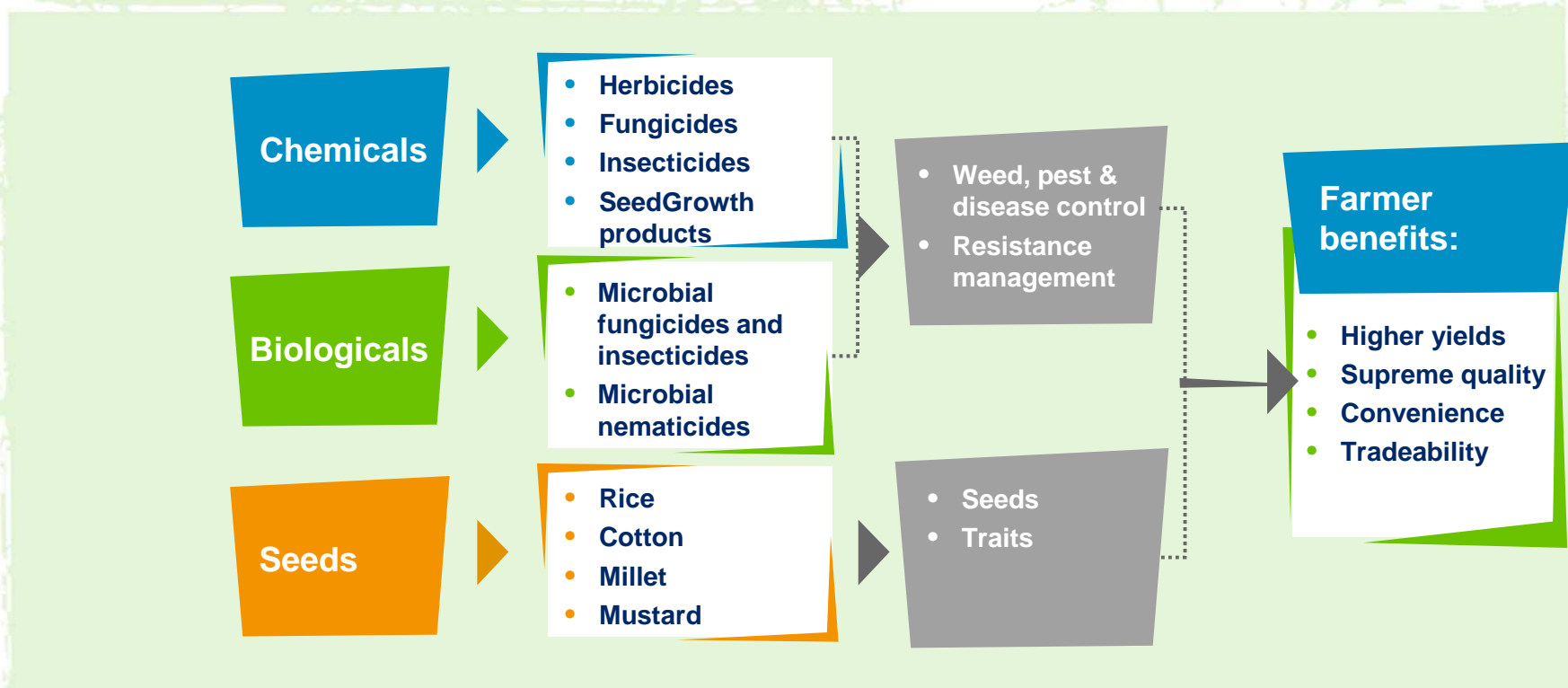
The objective in organising the Grape Forum was to find solutions to combat

Grape growth





Bayer CropScience Ltd. offers farmers integrated and sustainable solutions



Our customers benefit from combining products and technologies with services and decision-support systems for targeted disease and pest control



Market Outlook for Rabi

- **Delayed sowing** especially for wheat and oilseed crops
- Sowing of **Rabi crops is -23%*** compared with last year
- **Increase in Pulses acreages** due to attractive commodity prices (MSP) and high demand
- **Global commodity** prices likely **to stay under pressure**, impacting mainly Cotton and Rice
- **Positive outlook for Fruits and Vegetables** because of attractive prices
- **Dry spell in South & low reservoir levels**** likely to negatively impact Rabi Paddy acreages
- **Farmer and channel liquidity** remains very tight



Bayer CropScience Ltd. expects to further benefit from its wide and innovative portfolio, its capability to demonstrate and offer integrated crop solutions, as well as a strong and committed channel - all together supported by well executed business excellence initiatives



Science For A Better Life

Thank you!