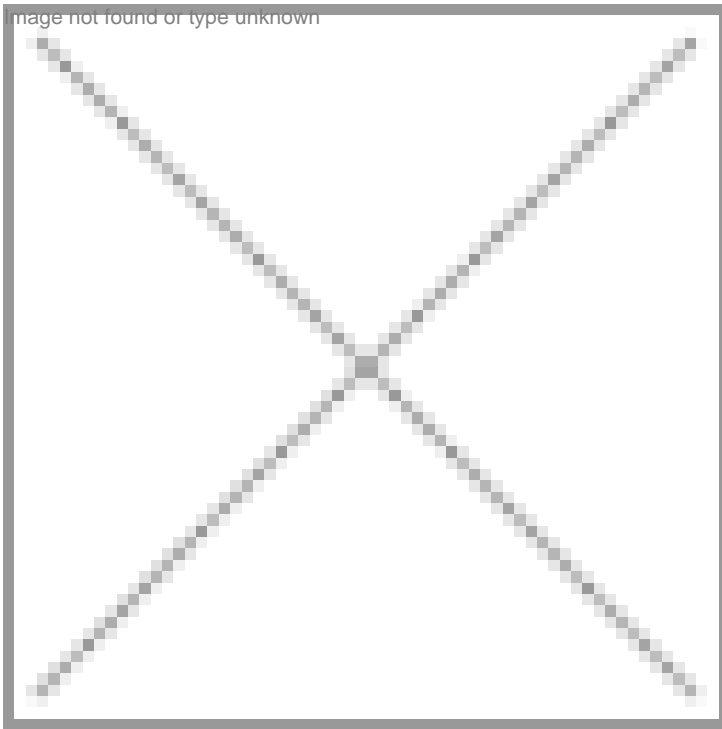


"India is important for our organic and inorganic growth"

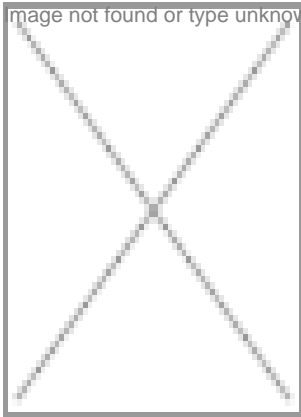
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—**Andreas Fibig**, CEO & chairman, Bayer Schering Pharma

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Bayer Schering Pharma (Bayer), Germany's leading specialty pharmaceutical company, has developed new drugs in oncology, cardiology, ophthalmology, and molecular imaging. The company has also announced its plans to increase its presence in Asia Pacific markets in particular, and in the global markets in general. Mr Andreas Fibig, CEO & chairman of the board of management, Bayer Schering Pharma, discusses the company's future strategy with BioSpectrum.

g's current position in the global pharma market?

Bayer Schering Pharma (Bayer) is one of the 10 largest specialty pharmaceutical companies in the world. We market our products in more than 100 countries. Bayer comprises four business units: diagnostic imaging, general medicine, specialty medicine and women's healthcare. Currently, we invest 15 percent of our net sales on research and development (R&D). We intend to invest more in R&D of innovative drugs and novel therapeutic approaches; and make essential contributions to medical progress in four core areas: oncology, cardiology, gynecological therapies, and molecular imaging. Bayer employs about 36,000 people worldwide with more than 5,900 working in R&D.

Q What kind of innovative drugs are being developed by Bayer?

Bayer has a strong phase III pipeline which is growing well, and we plan to launch five-to-six major products in the next three years. In oncology, we have developed Nexavar for liver cancer, renal cancer, thyroid cancer, and breast cancer indications. It is the only approved drug in the world with overall survival benefit in liver cancer. The drug is under a comprehensive

development program, with phase III trials underway for lung cancer, thyroid cancer, and breast cancer indications.

At the recent European Society of Cardiology Congress in Stockholm (Sweden), on Sep 1, 2010, Bayer also announced success of its oral anticoagulant Xarelto (Rivaroxaban) for prevention of recurrent venous thromboembolism (VTE) in patients with acute symptomatic deep vein thrombosis (DVT). The VTE is the third most common cardiovascular disease in the western world. Xarelto has undergone an unprecedented, extensive clinical trial program, in terms of difference and the number of patients. Riociguat is another compound from Bayer that has demonstrated clinically meaningful improvement in pulmonary hypertension (PH). PH is continuous high blood pressure in the pulmonary artery, a critical blood vessel that channels blood from the heart to the lungs for re-oxygenation. With its VEGF-Trap Eye product, Bayer has recently also entered the growing ophthalmology market. VEGF Trap Eye, developed in partnership with Regeneron, is a potential cure for wet age-related macular degeneration (AMD), which is a leading cause of acquired blindness in the elderly. The product is under phase III trial with a broad clinical development program underway.

Q In Asia Pacific, how does Bayer plan to deal with the competition?

Europe is important to us, but the fastest growing markets for us are Asia Pacific and Latin America. We are also driven by developments in China and Japan; where we are building on our strength. Currently, European countries are enacting on healthcare reforms, to make sure they keep their budgets tight. In Germany, for example, from August onwards, the prices for innovative medicine were reduced by 10 percent; so the growth for our industry in Europe will be sluggish for this and next year; and therefore, the focus is mainly on many of the emerging markets, to help more patients and optimize our results as well. Some of the differentiating factors for Bayer to be in Asian markets are that we have a good insight in market dynamics, besides a strong parity in many of the Asian markets.

We realized the value of Asia and invested sooner, to make sure we are present there. We certainly have manufacturing and development facilities on the ground, which is the secret of success in Asia. In a way, we punched our way there, as we set up our operations early. Bayer is also looking at offering tailor-made product portfolio to Asian markets.

Q What is Bayer's China strategy?

Bayer is closely working with the Chinese government on its "Go West" initiative. We all know it is on the minds of the government to improve the rural healthcare in China. In particular, we have tried to customize our product portfolio for these areas. We also have an exclusive agreement with top 300 hospitals in China where we educate doctors who sponsor the rural expansion. We have also improved medical education in rural areas, as we have people from Bayer Schering on the ground, in Tier 4 and 5 cities. We have expanded the team to 600 people and plan to increase it to 800, by next year. Also, Bayer's R&D center in Beijing shows its commitment to the development of products in China. We have collaboration with Tsinghua University in China, where we conduct research and clinical trials for the Asian population.

Q Any reasons why Bayer is almost invisible in India? Any plans to step up operations in India?

Bayer and Bayer Schering Pharma have so far not had a significant presence in India. The reason is that India has many strong local players; and it is tough to figure out how one can grow in India. Most of our pharmaceutical products are relatively small. For example, a product which is 1,213 (€20) is a blockbuster product in India, but is not used in other countries. At the moment, we are trying to figure out a way how we can increase our investment in India, because we believe, India will be a prominent market for us in terms of organic and inorganic growth. Bayer does have some research collaborations in India, where Indian companies help develop parts of Bayer's portfolio, in very early stage.

Q What is Bayer's vision for the next five years?

Bayer is improving its R&D productivity. We plan to focus on market access and clinical trials that we really need. We want to make sure our products are rightly priced. Our focus for the next five years is on how we can alter our product portfolio according to the needs of Asia Pacific countries, as that big market opens for us.

Vantika Dixit in Stockholm, Sweden

(Vantika Dixit was in Stockholm at the invitation of Bayer Schering)