

Investor Information

Performance of Bayer Stock in 2014

[Graphic 2.1]

(indexed; 100 = Xetra closing price on December 31, 2013; source: Bloomberg)



// Bayer stock clearly outperforms the overall market in 2014 with a yield of around 13 percent

// Board of Management and Supervisory Board propose dividend increase to €2.25 per share for 2014

The stock market in 2014

STOCK MARKETS END THE YEAR WITH GAINS FOLLOWING A VOLATILE PERFORMANCE

2014 was dominated by stock market gains, interspersed with considerable volatility. Sentiment was held back by emerging economic concerns in Europe, the Ukraine crisis and the related sanctions, and conflicts in the Middle East. By contrast, low capital market rates and the economic upturn in the United States were sources of optimism. The DAX topped 10,000 points several times in the first half of the year, dropping back to below 8,600 in mid-October. It then rallied strongly to a new high for the year, reaching 10,087 at the start of December, and ended the year up 2.7 percent at around 9,800 points.

The European equities index EURO STOXX 50 (performance index) rose 4 percent, ending the year at 5,851 points. Share prices also rose in the United States and Japan. The S&P 500 index gained 11.4 percent, while the Nikkei 225 rose by 7.1 percent.

RETURN ON BAYER SHARES WELL ABOVE MARKET

Including the dividend of €2.10 per share paid at the end of April, the return on Bayer stock was 13.2 percent in 2014, a far better performance than most of the benchmark indices. The share price performance in the second half of the year was particularly encouraging. Bayer stock ended the year at €113.00, having reached a high for the year and an all-time high of €120.95 in late November and early December.

The EURO STOXX Health Care Index (performance index) rose by 8 percent in 2014, while the EURO STOXX Chemicals Index (performance index) advanced by 3 percent.

More than 95 percent of the roughly 30 equity analysts who regularly rate our company had a buy or hold recommendation on our stock at the end of last year.

Bayer Stock Data

[Table 2.1]

		2013	2014
Earnings per share	€	3.86	4.14
Core earnings per share ¹	€	5.61	6.02
Gross cash flow per share	€	7.05	8.25
Equity per share	€	25.16	24.45
Dividend per share	€	2.10	2.25
Year-end price ²	€	101.95	113.00
High for the year ²	€	103.05	120.95
Low for the year ²	€	69.01	91.51
Total dividend payment	€ million	1,737	1,861
Number of shares entitled to the dividend (Dec. 31)	million shares	826.95	826.95
Market capitalization (Dec. 31)	€ billion	84.3	93.4
Average daily share turnover on German stock exchanges	million shares	2.1	2.1
Price / EPS ²		26.4	27.3
Price / core EPS ²		18.2	18.8
Price / cash flow ²		14.5	13.7
Dividend yield	%	2.1	2.0

¹ For details on the calculation of core earnings per share, see Combined Management Report, Chapter 16.3.

² Xetra closing prices (source: Bloomberg)

FAVORABLE FINANCING CONDITIONS FACILITATE EXTENSIVE BOND ISSUANCE BY BAYER

Issue volume on the corporate bond market was significant in 2014, with interest coupons at a historic low, and demand from investors consistently high. Supply was mainly driven by increasing mergers and acquisitions activity. Investors were interested in both short and medium-term maturities, depending on how they expected interest rates to develop. At the same time, demand for subordinated debt remained high throughout the year thanks to higher returns.

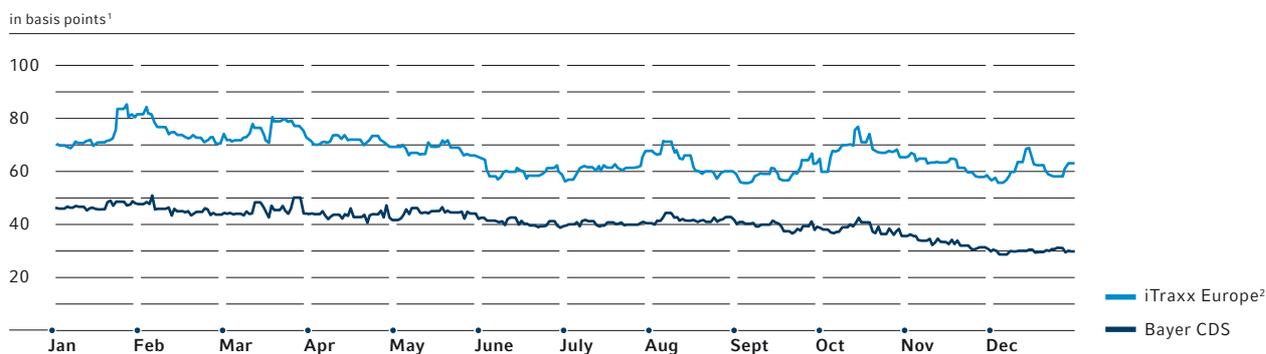
The development of risk premiums is apparent from the trend in credit default swaps (CDS) shown in Graphic 2.2. On the derivatives market, the price of these tradable insurance contracts, which are used to hedge against default of a borrower, show how market participants rate a company’s credit standing. As can be seen from the graphic, 2014 was characterized by little volatility and low rate levels. Looking at the overall cost, there was a further drop in refinancing costs for companies compared with 2013 because credit premiums were relatively stable and the risk-free interest rate declined significantly during the year.

Bayer used this attractive environment for strategic refinancing and issued several EMTNs with a total nominal volume of €3.0 billion, two hybrid bonds with a total nominal volume of €3.25 billion and, for the first time since 1998, 144A/RegS bonds denominated in U.S. dollars with a total nominal volume of US\$7.0 billion. The issues comprised a total of eleven tranches with maturities of between two and ten years and 60 or 61 years for the hybrids. Most were issued with fixed-rate coupons, although some of the shorter maturities have floating-rate coupons based on the 3-month EURIBOR or 3-month USDLIBOR. A €1.3 billion bond issued in 2009 matured in 2014 and was repaid. Further details of outstanding bonds are given in Note [27] to the consolidated financial statements.

□ Note 27 to the consolidated financial statements of the Bayer Group

Rates for Five-Year Credit Default Swaps (CDS) 2014

[Graphic 2.2]



¹source: Bloomberg

² iTraxx Europe is a CDS index comprising the CDS of 125 companies (including financial institutions) with investment-grade ratings.

LONG-TERM RETURN ON BAYER STOCK WELL AHEAD OF THE MARKET

A long-term investor who purchased Bayer shares for €10,000 five years ago and reinvested all dividends would have seen the value of the position grow to €22,991 as of December 31, 2014, giving an average annual return of 18.1 percent. This was well above the return on the DAX and the EURO STOXX 50 (performance index) in the same period. Bayer stock also outperformed these indices on a three-year view and in 2014.

Long-Term Returns on Bayer Stock in % p. a. (Dividends Reinvested)

[Table 2.2]

Annual returns	1 year 2014	3 years 2012–2014	5 years 2010–2014
	%	%	%
Bayer	13.2	35.1	18.1
DAX	2.7	18.5	10.5
EURO STOXX 50	4	13.4	4.5

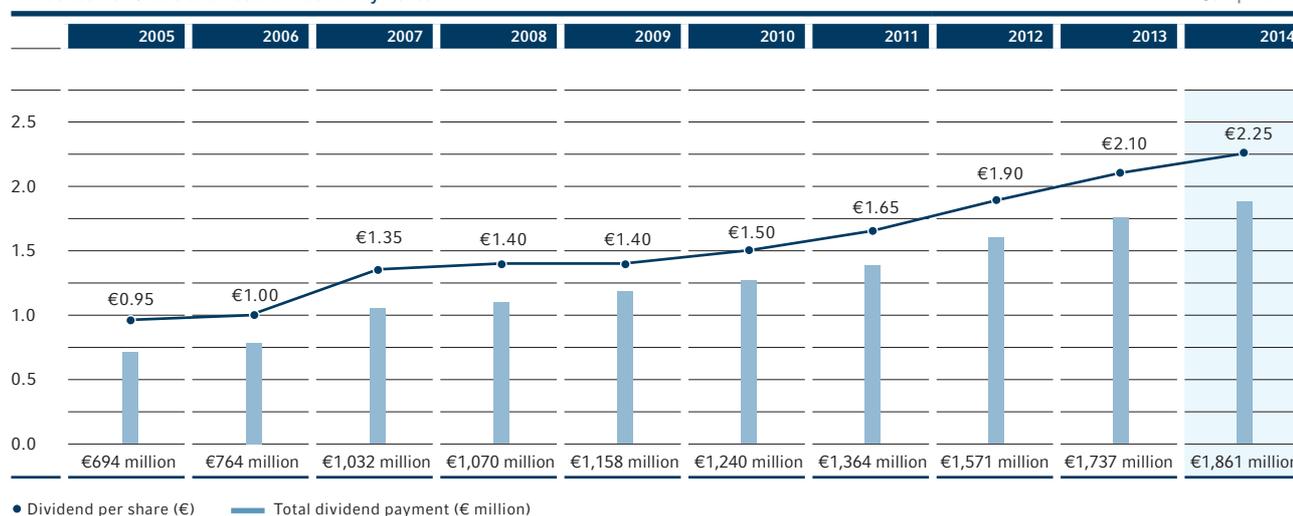
DIVIDEND INCREASE TO €2.25 PER SHARE

The Board of Management and the Supervisory Board will propose to the Annual Stockholders' Meeting that the dividend be increased by €0.15 to €2.25 per share. Thus we once again intend that our stockholders should participate in last year's positive business performance. The resulting payout ratio of 37.4 percent calculated on core earnings per share is within our target corridor of 30 to 40 percent (for details of the calculation of core earnings per share, see Chapter 16.3 of the Combined Management Report).

The dividend yield calculated on the share price of €113.00 at year end 2014 amounts to 2.0 percent and the total dividend payment to €1,861 million.

Dividends Per Share and Total Dividend Payments

[Graphic 2.3]



A SUSTAINABLE INVESTMENT

www.bayer.com/en/awards.aspx

In 2014 Bayer again qualified for inclusion in major sustainability indices that assess companies on the basis of environmental, social and governance (ESG) criteria: Dow Jones Sustainability World Index, FTSE4Good Europe and FTSE4Good Global, MSCI Low Carbon Target Index, NYSE Euronext Low Carbon 100 Europe Index, STOXX® Global ESG Leaders, Access to Medicine Index (not a tradable index) and the CDP Climate Performance Leadership Index (not a tradable index).

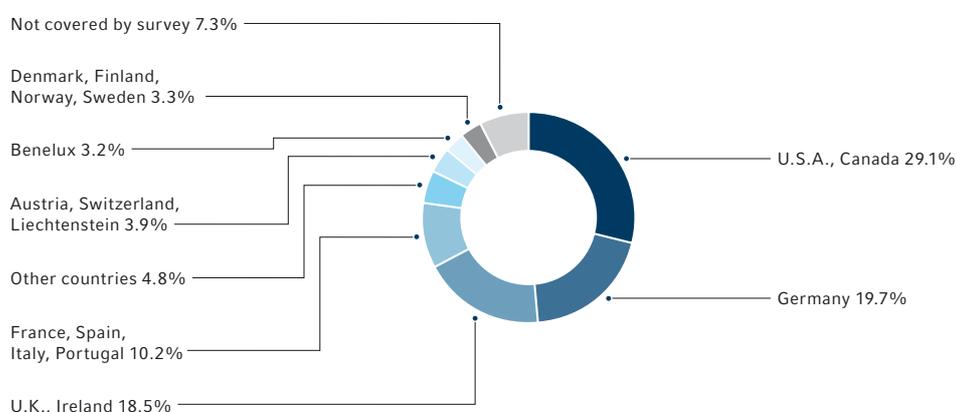
We have a strong interest in a transparent and understandable assessment of our sustainability performance. To enhance the efficiency of the work involved, we actively support initiatives to harmonize sustainability ratings such as the Global Initiative for Sustainability Ratings (GISR). In 2014 we continued our dialogue with current and potential investors who base their investment decisions on sustainability criteria, for example, through special conference calls.

INTERNATIONAL OWNERSHIP STRUCTURE

An analysis of our ownership structure carried out in the fourth quarter of 2014 shows the international distribution of our capital stock. The highest proportion of our outstanding shares, almost 30 percent, is held by investors in the United States and Canada, followed by Germany with nearly 20 percent. Bayer has a stable ownership structure that has altered only slightly in recent years.

Ownership Structure by Country

[Graphic 2.4]



source: IPREO

At the end of 2014, approximately 260,000 stockholders were listed in our share register. Bayer has a 100 percent free float as defined by Deutsche Börse, the operator of the Frankfurt Stock Exchange.

ACCOLADES FOR EXCELLENT CAPITAL MARKET COMMUNICATION

Bayer's investor relations activities in 2014 were dominated by structural and strategic decisions. Investor interest focused on portfolio adjustments already undertaken or announced, such as the decision on the planned stock market flotation of MaterialScience and the acquisitions of Algeta ASA, Norway, and the consumer care business of Merck & Co., Inc., United States.

Our "Meet Management" conferences in Leverkusen, New York and London gave investors and analysts an opportunity for direct dialogue with our top management. We were present at 18 brokers' conferences and conducted 30 roadshows. These activities took place in a total of 22 financial centers. As in previous years, private investors also had an opportunity to find out about our company at various stockholder forums at which the Investor Relations team was present.

We received a number of awards for our IR work in 2014. For example, in the Thomson Reuters Extel Survey 2014 we were awarded three first prizes in the chemicals sector: for the best CFO, the best IR professional and the best IR work in the sector. We were also ranked third among DAX 30 companies in a report by the German Investor Relations Association (DIRK) and the German business magazine *Wirtschaftswoche*.