

# Investor Information

Performance of Bayer Stock in 2015

[Graphic 2.1]

(Indexed; 100 = Xetra closing price on December 31, 2014; source: Bloomberg)



// Bayer stock yields approximately 4 percent in 2015

// Successful stock market debut for Covestro

// Board of Management and Supervisory Board propose dividend increase to €2.50 per share for 2015

# The Stock Market in 2015

## STOCK MARKETS END THE YEAR WITH GAINS FOLLOWING EXTREME FLUCTUATIONS

Fiscal 2015 was characterized worldwide by high volatility. The program to purchase certain bonds announced by the European Central Bank in the spring stimulated optimism and increasing share prices. As the year progressed, however, the investment climate was dampened by speculation as to Greece's exit from the eurozone, economic concerns in China and the decline in the global oil price. Additionally, the capital market environment was influenced by the Fed rate increase in the United States at the end of 2015.

The DAX reached its high for the year in the second quarter of 2015, closing at 12,375 points on April 10. This was also an all-time record for the index. From that time until September, the DAX dropped almost 3,000 points to 9,428 points in a development characterized by strong fluctuations. In the closing months of the year, the index recovered to close at 10,743 points for a year-on-year gain of 9.6 percent. The European equities index EURO STOXX 50 (performance index) rose 6.4 percent, ending the year at 6,226 points. Share prices in the United States and Japan varied in their performance. The S&P 500 index was largely unchanged, while the Nikkei 225 increased by around 9 percent.

## BAYER STOCK YIELDS FOUR PERCENT FOR THE YEAR

Including the dividend of €2.25 per share paid at the end of May, the return on Bayer stock was 4.2 percent in 2015. Bayer stock ended the year at €115.80, having reached a high for the year and an all-time high of €146.20 in April.

Following a period of significantly above-average value creation from 2012 to 2014, the yield of Bayer stock in 2015 was below that of the reference indices, with the exception of the EURO STOXX Chemicals Index (performance index). The EURO STOXX Chemicals Index (performance index) climbed by 3.6 percent in 2015, while the EURO STOXX Health Care Index (performance index) rose by 19.2 percent. More than 90 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]

		2014	2015
Earnings per share	€	4.14	4.97
Core earnings per share from continuing operations <sup>1</sup>	€	5.89	6.83
Gross cash flow per share	€	8.11	8.46
Equity per share	€	24.45	30.77
Dividend per share	€	2.25	2.50
Year-end price <sup>2</sup>	€	113.00	115.80
High for the year <sup>2</sup>	€	120.95	146.20
Low for the year <sup>2</sup>	€	91.51	108.00
Total dividend payment	€ million	1,861	2,067
Number of shares entitled to the dividend (Dec. 31)	million shares	826.95	826.95
Market capitalization (Dec. 31)	€ billion	93.4	95.8
Average daily share turnover on German stock exchanges	million shares	2.1	2.3
Price/EPS <sup>2</sup>		27.3	23.3
Price/core EPS <sup>2</sup>		19.2	17.0
Price/cash flow <sup>2</sup>		13.9	13.7
Dividend yield	%	2.0	2.2

2014 figures restated

<sup>1</sup> For details on the calculation of core earnings per share, see Combined Management Report, Chapter 14.3.<sup>2</sup> Xetra closing prices (source: Bloomberg)

## GOOD FINANCING CONDITIONS FOR BAYER IN VOLATILE MARKETS

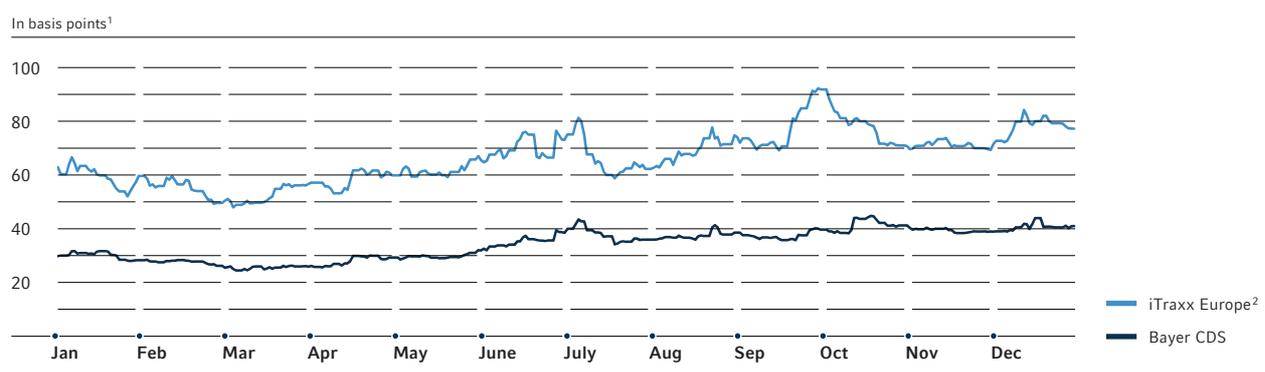
The environment for corporate bonds remained favorable in 2015 – a year that, however, was marked by sharp fluctuations in the interest markets and a trend toward increased borrowing cost mark-ups. Particularly stark mark-ups were observed for the interest rate level, which saw its long-term downward trend cease at the end of the first quarter of 2015. The subsequent volatility occurred at a historically low absolute interest rate level. Against this background, investors sought medium- to long-term maturities. Interest in subordinated bonds remained high, even though investors increasingly demanded higher new issue premiums as the year progressed.

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, shows how a company's credit standing is rated. The graphic shows the trend toward higher borrowing cost mark-ups and considerable volatility over the course of the year.

Benefiting from the still very positive market environment at the end of the first quarter, Bayer issued a hybrid bond with a volume of €1.3 billion and a coupon of 2.375 percent. Further details of outstanding bonds are given in Note [27] to the consolidated financial statements.

Rates for Five-Year Credit Default Swaps (CDS) 2015

[Graphic 2.2]



<sup>1</sup> Source: Bloomberg

<sup>2</sup> 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 STILL 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 €23,545 as of December 31, 2015, giving an average annual return of 18.7 percent. That 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.

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

[Table 2.2]

Annual returns	1 year 2015	3 years 2013 - 2015	5 years 2011 - 2015
	%	%	%
Bayer	4.2	19.6	18.7
DAX	9.6	12.2	9.2
EURO STOXX 50	6.4	10.4	6.4

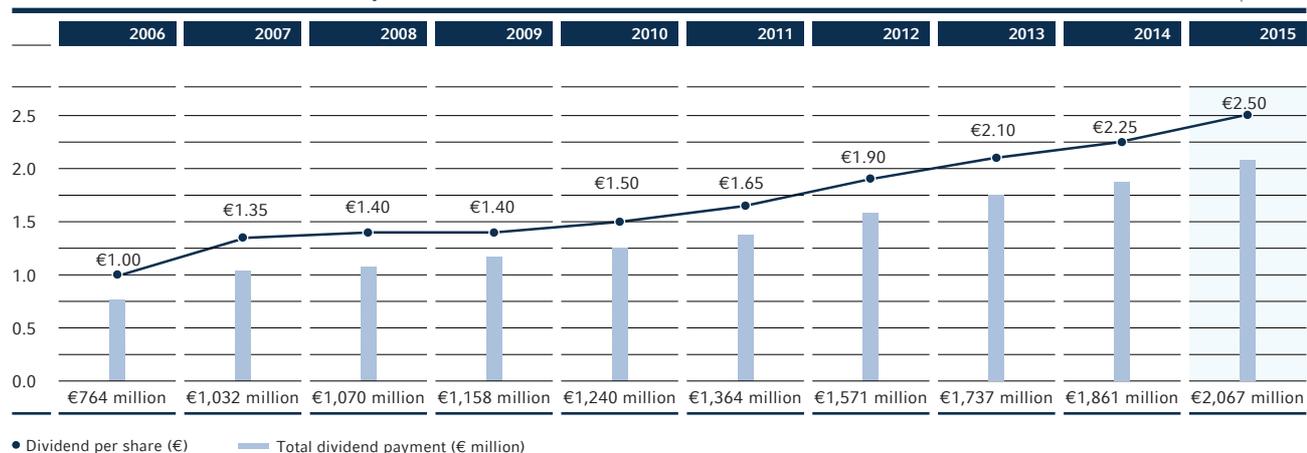
### DIVIDEND INCREASE TO €2.50 PER SHARE

The Board of Management and the Supervisory Board will propose to the Annual Stockholders' Meeting that the dividend be increased by €0.25 to €2.50 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 percent calculated on core earnings per share is within our target corridor of 30 percent to 40 percent (for details of the calculation of core earnings per share, see Chapter 14.3 of the Combined Management Report).

The dividend yield calculated on the share price of €115.80 at year end 2015 amounts to 2.2 percent and the total dividend payment to €2,067 million.

Dividends Per Share and Total Dividend Payments

[Graphic 2.3]



### GRI G4-26

### A SUSTAINABLE INVESTMENT

We continued our dialogue with sustainability-oriented investors, analysts and rating agencies in 2015. In numerous conversations, we explained our strategy and the implementation of our nonfinancial targets, and provided information on the most important fields of our sustainability activity. This direct contact serves as the basis for transparent and fair evaluation.

[www.bayer.com/en/awards.aspx](http://www.bayer.com/en/awards.aspx)

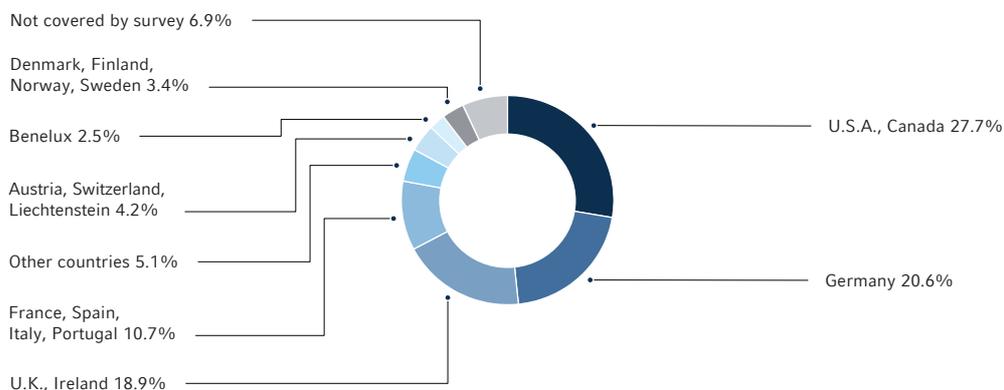
In 2015, Bayer again qualified for inclusion in major sustainability indices that assess companies according to environmental, social and governance criteria: Dow Jones Sustainability World, FTSE4Good (Europe, Global and Environmental Leaders Europe 40), MSCI Low Carbon Target, NYSE Euronext Low Carbon 100 Europe, STOXX® Global ESG Leaders and Access to Medicine Index.

### INTERNATIONAL OWNERSHIP STRUCTURE

The number of Bayer stockholders rose substantially in 2015. At the end of 2015, approximately 300,000 stockholders were listed in our share register – an increase of about 33,000 compared with the previous year. Our ownership structure shows the international distribution of our capital stock. The highest proportion of our outstanding shares, almost 28 percent, is held by investors in the United States and Canada, followed by Germany with nearly 21 percent. From a regional perspective, Bayer has a stable ownership structure that has altered only slightly in recent years. Bayer has a 100 percent free float as defined by Deutsche Börse, the operator of the Frankfurt Stock Exchange.

## Ownership Structure by Country

[Graphic 2.4]



Source: IPREO

**INVESTOR RELATIONS FOCUSED ON THE COVESTRO STOCK MARKET FLOTATION**

Bayer's investor relations (IR) activities last year were dominated by the focus on the Life Science businesses, and thus by the stock market flotation announced in 2014 of our former Bayer MaterialScience subgroup. Under the new name Covestro AG, these activities were successfully listed on the Frankfurt Stock Exchange at the beginning of October by way of an IPO (initial public offering). We handled many questions particularly from private investors in the period prior and subsequent to the listing.

Bayer's management and the IR team last year spent nearly 60 days communicating directly with analysts and investors during roadshows and investor conferences.

Our Meet Management conferences in Berlin and New York gave investors and analysts an opportunity for direct dialogue with Bayer's top management.

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 awards for our IR work again in 2015. In the Thomson Reuters Extel Survey 2015, investors and analysts named Bayer the company with the best investor relations work in the chemicals sector. We took third place in the same category in the Pan European Survey. We were also ranked second among DAX 30 companies in a report by the German Investor Relations Association (DIRK) and the German business magazine *Wirtschaftswoche*.