

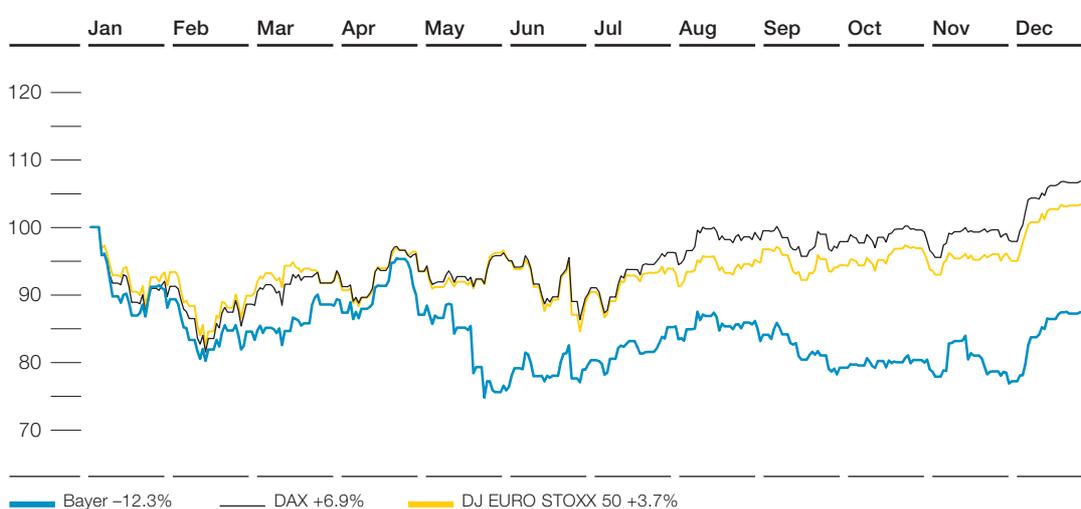
Investor Information

- > Long-term return on Bayer stock still ahead of the market despite a decline in the share price in 2016
- > €4 billion in mandatory convertible notes issued as a financing component for the agreed acquisition of Monsanto
- > Dividend increase to €2.70 per share proposed

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Performance of Bayer Stock in 2016

Indexed; 100 = Xetra closing price on December 31, 2015; source: Bloomberg



The Stock Market in 2016

Stock markets post moderate gains after a turbulent year

Fiscal 2016 was characterized by significant price fluctuations. At the beginning of the year, the financial markets were unsettled by growth concerns in China. The decline in oil prices, the Brexit vote in the United Kingdom, the U.S. presidential election and the monetary policy of the central banks caused significant fluctuations on the capital markets over the course of the year. The European Central Bank maintained its zero-interest policy and initially decided to expand its bond purchasing program. With a further interest rate hike, the U.S. Federal Reserve maintained its effort to implement a controlled departure from the phase of extremely low interest rates.

The German stock index DAX saw a decline of more than 15 percent in the first two months of 2016, falling below the 9,000-point mark in February. A phase of recovery then set in, followed by a volatile lateral movement that lasted through the beginning of December. After a strong finish in December, the DAX closed the year at 11,481 points – its fifth consecutive profitable year of growth. This equates to growth of about 6.9 percent for 2016.

Following a similar path, the European equities index EURO STOXX 50 (performance index) rose 3.7 percent, ending the year at 6,458 points. Share price performance in the United States and Japan varied. The S&P 500 index climbed by 9.5 percent, while the Nikkei 225 was largely unchanged.

Bayer share price declines

Including the dividend of €2.50 per share paid at the beginning of May, Bayer stock earned a negative return of minus 12.3 percent in 2016 after several years of what in some cases were substantial gains. Bayer stock ended the year at €99.13, thus underperforming the reference indices. The EURO STOXX Chemicals Index (performance index) climbed by 7.8 percent in 2016, while the EURO STOXX Health Care Index (performance index) rose by 2.4 percent.

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Bayer Stock Data

		2015	2016
Earnings per share	€	4.97	5.44
Core earnings per share from continuing operations ¹	€	6.82	7.32
Equity per share	€	30.77	38.57
Dividend per share	€	2.50	2.70
Year-end price ²	€	115.80	99.13
High for the year ²	€	146.20	111.25
Low for the year ²	€	108.00	84.42
Total dividend payment	€ million	2,067	2,233
Number of shares entitled to the dividend (Dec. 31)	million shares	826.95	826.95
Market capitalization (Dec. 31)	€ billion	95.8	82.0
Average daily share turnover on German stock exchanges	million shares	2.3	2.7
Price / EPS ²		23.3	18.2
Price / core EPS ²		17.0	13.5
Price / cash flow ²		14.0	9.9
Dividend yield	%	2.2	2.7

2015 figures restated

¹ For details on the calculation of core earnings per share see Combined Management Report, Chapter A 2.4

² Xetra closing prices (source: Bloomberg). The calculation is based on the indicator "Net cash provided by (used in) operating activities, continuing operations."

Positive financing environment for Bayer in receptive markets

2016 began very weakly for issuers of corporate bonds. Investor behavior was characterized by uncertainty and reticence until the market environment improved at the end of the first quarter. Thereafter, the bond purchasing program of the European Central Bank also served to further improve financing conditions and costs. The interest levels for many maturities dipped into the negative zone and did not rise again substantially until the fourth quarter, although the absolute level remained at a historic low. Volatility remained very high at times before easing considerably in the second half of the year.

Bayer redeemed all bonds maturing in 2016 without refinancing. In November, €4 billion in three-year mandatory convertible notes were issued. This was the largest transaction of this kind to date for a European nonfinancial company. Through this issue, Bayer implemented a major component of the planned equity financing for the agreed acquisition of Monsanto. Further details of outstanding bonds are given in Note [27] to the consolidated financial statements.

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 €22,546 as of December 31, 2016, giving an average annual return of 17.7 percent. That was above the return on the DAX (plus 14.2 percent) and the EURO STOXX 50 (plus 10.5 percent, performance index) in the same period.

Dividend increase to €2.70 per share

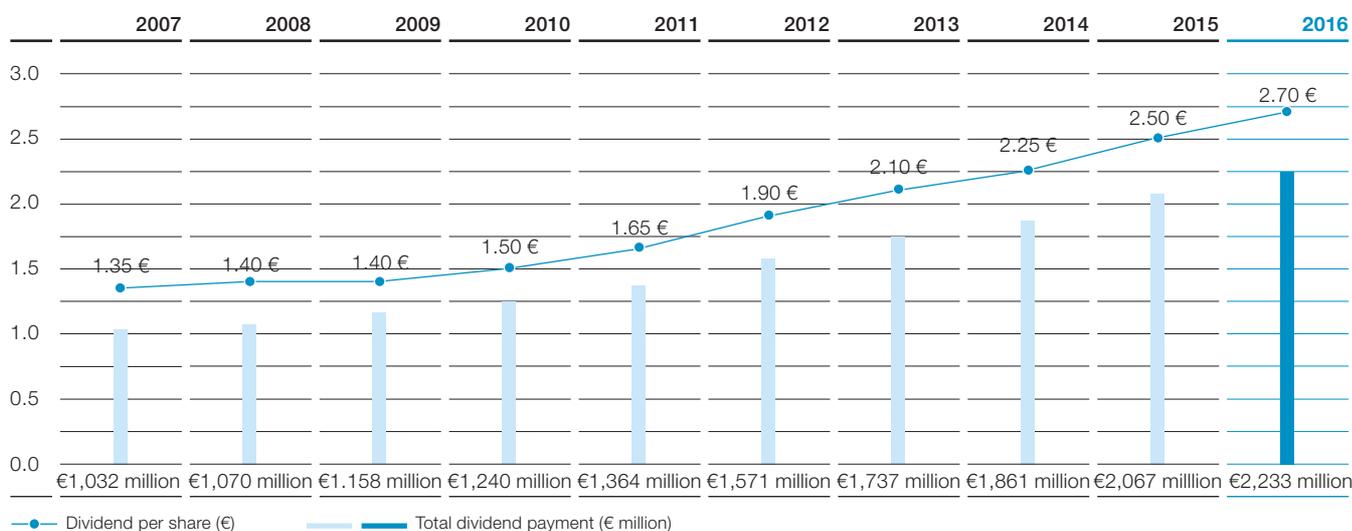
The Board of Management and the Supervisory Board will propose to the Annual Stockholders' Meeting that the dividend be increased by €0.20 to €2.70 per share. Thus we once again intend that our stockholders should participate in last year's positive business performance. The resulting payout ratio of 37 percent calculated on core earnings per share is within our target corridor of 30 percent to 40 percent.



See Chapter 2.2.1 of the Combined Management Report for core EPS

The dividend yield calculated on the share price of €99.13 at year end 2016 amounts to 2.7 percent and the total dividend payment to €2,233 million.

Dividends Per Share and Total Dividend Payments



Investor relations focused on the acquisition of Monsanto

Last year our investor relations (IR) activities focused on the announcement made and the agreement reached regarding the acquisition of Monsanto. In this connection, there were many questions from capital market participants pertaining to strategic alignment, financing and value creation.

GRI G4-26, G4-27

Bayer's management and the Investor Relations team last year communicated directly with investors and analysts during roadshows and investor conferences. Our Meet Management conference in September gave investors and analysts an opportunity to engage in 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.

A sustainable investment

We continued our intensive dialogue with sustainability-oriented investors, analysts and rating agencies in 2016. Our discussions focused on business ethics, product stewardship and safety.

In 2016, Bayer again qualified for inclusion in major sustainability indices, including the Dow Jones Sustainability World, the FTSE4Good (Europe, Global and Environmental Leaders Europe 40) and the STOXX® Global ESG Leaders. In addition, Bayer was once again evaluated by the CDP as one of the leading international pharmaceutical companies in the areas of climate protection and sustainable water management.

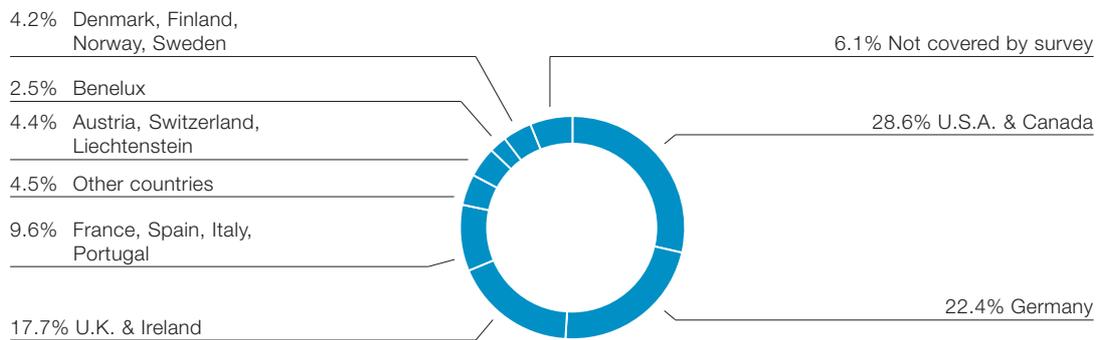


www.bayer.com/awards

A growing number of stockholders

Our ownership structure continues to show the international distribution of our capital stock. The highest proportion of our outstanding shares, almost 29 percent, is held by investors in the United States and Canada, followed by Germany with about 22 percent. Bayer has a 100-percent free float as defined by Deutsche Börse, the operator of the Frankfurt Stock Exchange. The number of Bayer stockholders rose substantially in 2016. At the end of 2016, approximately 360,000 stockholders were listed in our share register – an increase of more than 20 percent compared with the previous year.

Shareholder Composition – Regional Allocation



Source: IPREO