

Investor Information

Bayer stock delivers returns of 7.4% in 2017

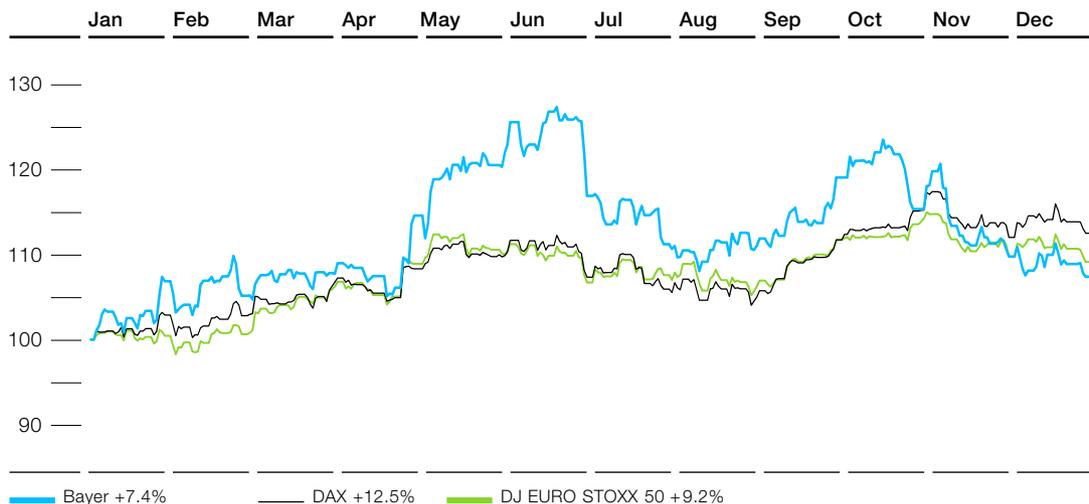
Positive financing environment for bonds

Dividend increase to €2.80 per share proposed

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Performance of Bayer Stock in 2017

Indexed; 100 = Xetra closing price on December 31, 2016, source: Bloomberg



The Stock Market in 2017

Stock markets achieve positive performance

2017 was a year of strong gains on stock markets. Buoyed by a growing global economy, performance was yet again driven by expansionary monetary policy, with the European Central Bank (ECB) in particular playing a key role here. As a result, interest rates in Europe remained at a low level. In contrast, the U.S. Federal Reserve hiked interest rates three times, in a move that signals a sustained departure from low interest rates in the United States. The impact of global uncertainties, such as elections in Europe, Brexit risks and geopolitical factors, on the performance of the stock markets began to fade over the course of the year. The German stock index DAX, for instance, grew for the sixth year in a row. Share prices rose strongly through June, with the DAX up by around 12 percent at almost 13,000 points, before it fell below 12,000 points in August. However, stocks started to rise again in September, with the index hitting a record high of around 13,500 points in November. The DAX stood at 12,918 points at the end of the last trading day of the year, representing growth of around 13 percent over the course of the year.

Following a similar path, the European equities index EURO STOXX 50 (performance index) rose around 9 percent, ending the year at roughly 7,049 points. Meanwhile, the S&P 500 and Nikkei 225 indices were up by around 19 percent, indicating that stock markets in the United States and Japan also performed very strongly.

Performance of Bayer stock

Bayer shares posted moderate gains through early April, when they hit the €108 mark, after which they continued to rise until they reached their high for the year of €123.30 on July 19. The company's share price then declined until early August, before rising again to around €120 in mid-October. Bayer stock closed the year at €104. Including the dividend of €2.70 per share paid at the end of April, Bayer stock delivered a return of 7.4 percent.

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Bayer Stock Data

		2016	2017
Earnings per share from continuing and discontinued operations	€	5.44	8.41
Core earnings per share from continuing operations ¹	€	6.67	6.74
Cash flow from operating activities in continuing operations per share	€	7.78	7.99
Equity per share	€	45.05	44.57
Dividend per share	€	2.70	2.80
Year-end price ²	€	99.13	104.00
High for the year ²	€	111.25	123.30
Low for the year ²	€	84.42	100.00
Total dividend payment ³	€ million	2,233	2,315
Number of shares entitled to the dividend (Dec. 31)	million shares	826.95	826.95
Market capitalization (Dec. 31)	€ billion	82.0	86.0
Average daily share turnover on German stock exchanges	million shares	2.7	2.0
Price/ EPS ²		18.2	12.4
Price/ core EPS ²		14.9	15.4
Price/ cash flow ²		12.7	13.0
Dividend yield	%	2.7	2.7

2016 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)

³ If the planned capital increase or other capital measures are completed by the 2018 Annual Stockholders' Meeting, with the issue of new shares carrying dividend rights for fiscal 2017, the total dividend payment will be increased by the total dividends to be paid to the newly issued shares, with the dividend per share remaining unchanged.

Financing environment remains positive

2017 was a year that saw record demand for euro-denominated investment-grade bonds. Buoyed by the ECB's bond-buying program, risk premiums hit historic lows while premiums on new issues were in single digits or even negative territory. As before, yields remain in negative territory for a high range of maturities.

Bayer redeemed all bonds maturing in 2017 without direct refinancing, while also early redeeming a €750 million bond that was originally due to mature in January 2018. JPY 20 billion in bonds were issued in May as part of a private placement.

In addition, bonds that may alternatively be redeemed in Covestro shares were issued in June. Maturing in 2020, they amounted to €1 billion. This exchangeable bond helps Bayer to implement its goal of achieving full separation from Covestro in the medium term and to obtain financing at highly advantageous conditions.

Further details of all outstanding bonds are given in the consolidated financial statements.

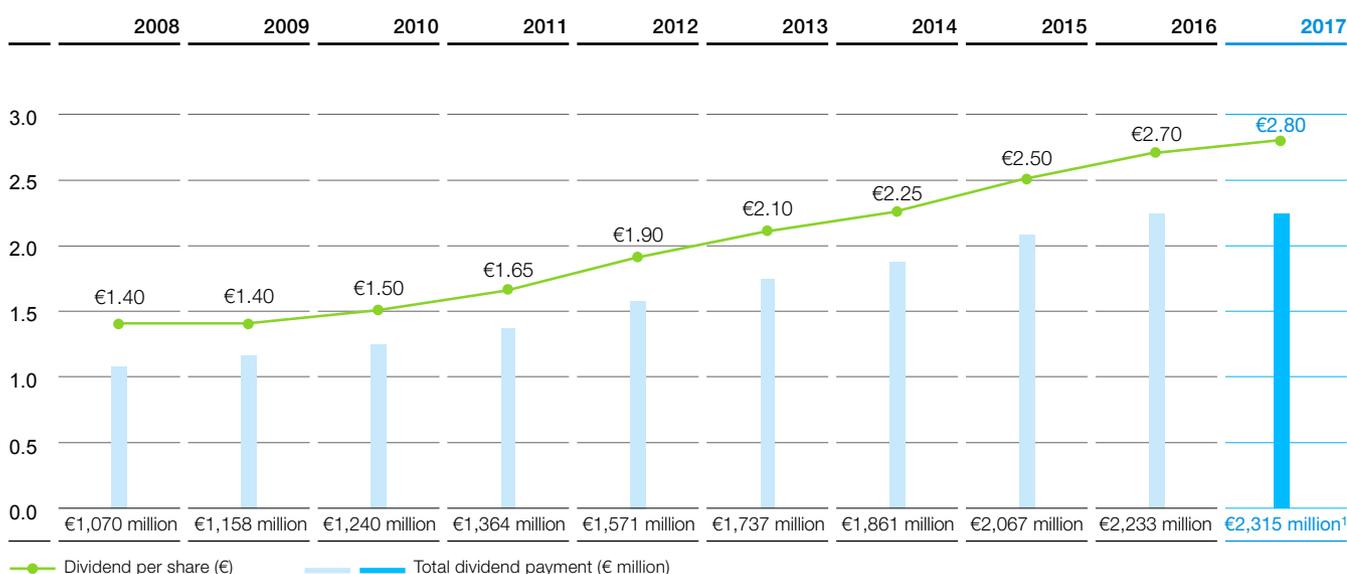
Four percent dividend increase to €2.80 per share

The Board of Management and the Supervisory Board will propose to the Annual Stockholders' Meeting that the dividend be increased by €0.10 to €2.80 per share. Through the move, we aim to enable our stockholders to appropriately participate in the positive business performance of the past fiscal year, despite the revised forecast following the second quarter and the planned capital increase. The resulting payout ratio of around 42 percent¹ calculated on core earnings per share exceeds our target corridor of 30 to 40 percent.

The dividend yield calculated on the share price at year end 2017 amounts to 2.7 percent.

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Dividends Per Share and Total Dividend Payments



¹ If the planned capital increase or other capital measures are completed by the 2018 Annual Stockholders' Meeting, with the issue of new shares carrying dividend rights for fiscal 2017, the total dividend payment will be increased by the total dividends to be paid to the newly issued shares, with the dividend per share remaining unchanged.

Intensive investor relations activities

GRI G4-26, G4-27

Last year, our investor relations (IR) activities once again centered around providing capital market participants with a continuous flow of information. Main areas of focus of our communications included the positive results from the COMPASS study on Xarelto™, the negative results for anetumab ravtansine and Xofigo™, and explaining the development in Brazil at our Crop Science Division, which, together with the challenging situation at Consumer Health, prompted us to revise our forecast halfway through the year. Other topics included Bayer reducing its interest in Covestro, while the planned acquisition of Monsanto continued to be addressed. Against this backdrop, we received a great many questions from capital market participants, mainly concerning the financing of the Monsanto acquisition. Here, questions on the capital increase scheduled for 2018 and the progress made in reviews being conducted by antitrust authorities were particularly prevalent.

At the Meet Management conference in London in March, institutional investors and analysts had the chance to engage in direct dialogue with Bayer's top management, as they have done in previous years. We took part in 19 conferences in total last year, as well as seven roadshows and one field trip. New York, Boston, San Francisco, London, Paris, Zurich, Frankfurt, Stockholm, Copenhagen and Singapore were just some of the cities we went to.

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 open communication with sustainability-oriented investors, analysts and rating agencies in 2017. Against the backdrop of the planned acquisition of Monsanto, the focus of capital market participants turned to business ethics, reputation and the future sustainability strategy. Other important subjects included product stewardship and safety, access to medicines and our responsibility toward the environment.

Bayer's inclusion in the Dow Jones Sustainability World Index and FTSE4Good (Europe, Global and Environmental Leaders Europe 40), two important sustainability indices, was confirmed. Bayer also continues to be listed on the MSCI World Low Carbon Target Index, the STOXX® Europe Sustainability Index and the STOXX® Global ESG Impact index. In addition, in 2017 Bayer was again evaluated by the CDP (Carbon Disclosure Project) as one of the leading international pharmaceutical companies in the areas of climate protection and sustainable water management.

GRI G4-26, G4-27



www.bayer.com/en/awards.aspx

Ratio switch in ADR Program

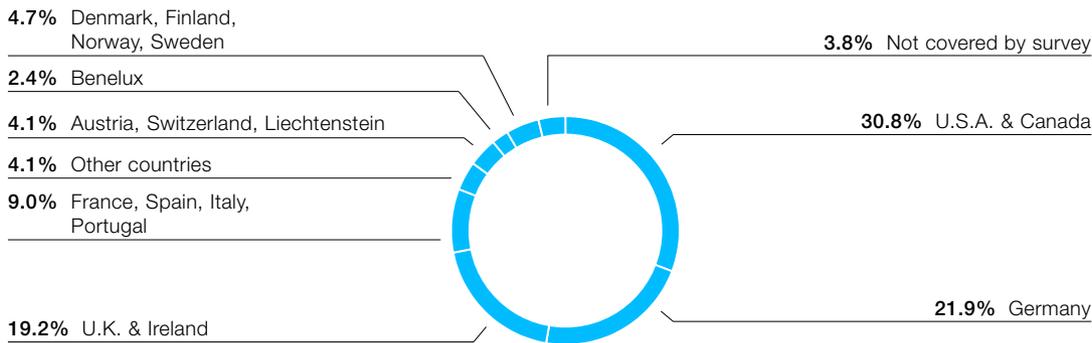
Bayer shares are traded in the United States under an OTC Level I ADR (American Depositary Receipts) Program. The ratio of Bayer shares to Bayer ADRs was changed in September 2017. Four Bayer ADRs now correspond to one Bayer share. The move improved tradeability, and by a greater extent than we had anticipated.

International ownership structure

Our ownership structure continues to show the international distribution of our capital stock. The highest proportion of our outstanding shares, almost 31 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 declined marginally in 2017. At the end of 2017, approximately 343,000 stockholders were listed in our share register – a decline of around 4 percent compared with the previous year.

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Shareholder Composition – Regional Allocation



Source: IPREO