



A Solid Start

Roadshow Presentation

Forward-looking Statements



This presentation may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here.

These factors include those discussed in Covestro's public reports which are available on the Covestro website at www.covestro.com. Covestro assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Covestro Key Investment Highlights



Global leader in high-tech material solutions

- 1 Leading and defensible global industry positions**
based on focused portfolio
- 2 Favorable industry dynamics**
with robust above GDP growth prospects in a diverse range of end-markets
- 3 Positioned to deliver volume growth**
through well-invested, large-scale asset base with competitive cost position
- 4 Portfolio including high-value CAS business**
with attractive and historically resilient margin profile
- 5 Attractive cash flow growth outlook**
underpinned by disciplined cost management

Headed by experienced management with full commitment to value creation

Covestro at a Glance

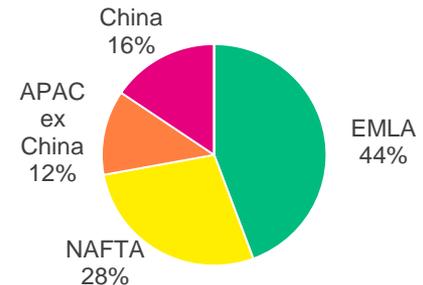


Inventor and leader in high-tech material solutions driven by global trends

- Leading global polymer producer in polyurethanes and its derivatives as well as polycarbonates
- Proven track record of process and product innovation, customer proximity as well as market-driven solutions
- State-of-the-art asset base with leading process technology and total production capacity of 4,900kt^(a) distributed across 8 world-scale production facilities in three main regions
- Backward-integration into chlorine, propylene oxide and other feedstock, aimed at sourcing critical raw materials internally with no / limited merchant market sales
- Headquartered in Leverkusen, Germany, with c. 15,800 employees^(c) globally

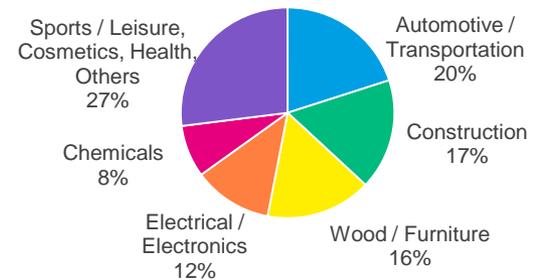
Sales Split by Geography^(b)

2015A



Sales Split by End-market

2015A



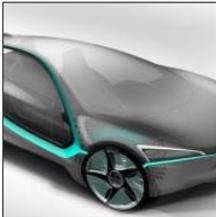
Key Covestro Financials:	Sales 2015A €12.1bn	Adj. EBITDA 2015A €1.6bn	Adj. EBITDA margin 2015A 13.6%

Notes: (a) Includes total nameplate capacity for PUR and PCS in 2015A, rounded to nearest 100kt
 (b) EMLA = Europe, Middle East, Africa, Latin America (without Mexico); NAFTA = USA, Canada, Mexico; APAC = Asia / Pacific
 (c) Employees refers to full-time-equivalents (FTE)

Covestro Business Units



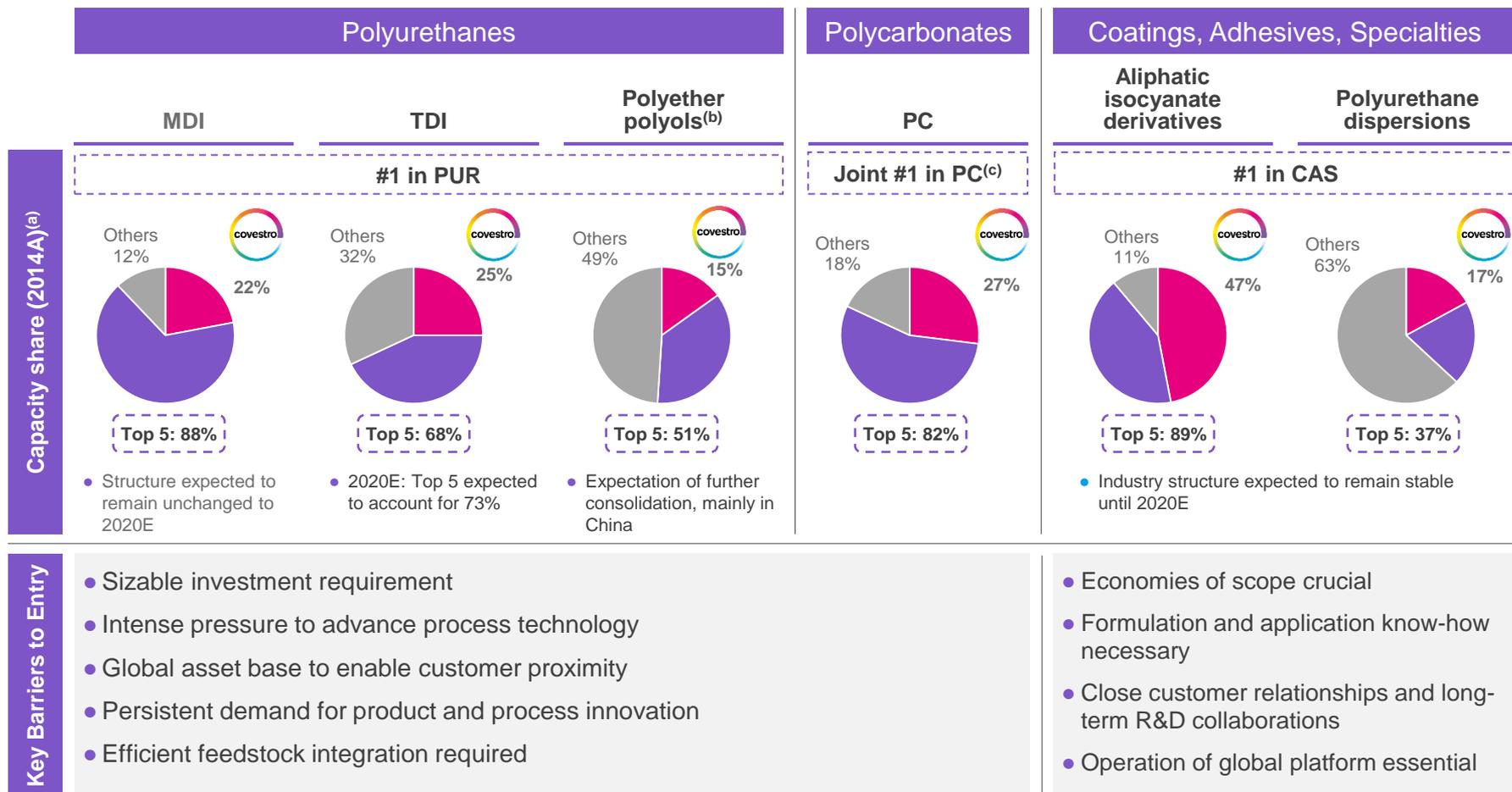
Three industry-leading, structurally attractive business units

Business Units	Polyurethanes (PUR)	Polycarbonates (PCS)	Coatings, Adhesives, Specialties (CAS)
Global Position ^(a)	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – MDI: #2 (1,475kt) – TDI: #1 (825kt) – Polyether polyols: #2 (1,280kt) 	<ul style="list-style-type: none"> ● Joint Global #1: <ul style="list-style-type: none"> – EMEA: #2 (540kt) – NAFTA: #2 (230kt) – APAC: #2 (510kt) 	<ul style="list-style-type: none"> ● Global #1: <ul style="list-style-type: none"> – Aliphatic isocyanate derivatives – Aromatic isocyanate derivatives – Polyurethane dispersions
Sales 2015A	● €6.1bn or 50% of Covestro	● €3.2bn or 26% of Covestro	● €2.1bn or 17% of Covestro
Adj. EBITDA-Margin 2015A	● 10.2%	● 17.7%	● 23.5%
Industry Growth (14A-20E CAGR) ^(b)	● 5.3%	● 4.6%	● 5.3%
Key Applications	<ul style="list-style-type: none"> ● Rigid foam: <ul style="list-style-type: none"> – Building insulation – Cold chain – Automotive parts ● Flexible foam: <ul style="list-style-type: none"> – Furniture – Bedding / mattresses <div style="display: flex; justify-content: space-around;">   </div>	<ul style="list-style-type: none"> ● Automotive parts ● IT and electrical equipment, electronics ● Construction (windows, roof structure) ● Consumer products, medical and other applications <div style="display: flex; justify-content: space-around;">   </div>	<ul style="list-style-type: none"> ● Surface coatings ● Adhesives and sealants ● Elastomers ● Specialty films <div style="display: flex; justify-content: space-around;">   </div>

Covestro's Industry Structure



Covestro is a leader across its entire portfolio with distinct entry barriers limiting threat of new entrants



Notes: (a) Based on total nameplate capacity for MDI, TDI, Polyether polyols and PCS in 2014A relative to competitors as per Nexant industry analysis; based on total nameplate capacity for Aliphatic isocyanate derivatives and Polyurethane dispersions in 2014A relative to competitors as per Orr & Boss industry analysis
 (b) Covestro Polyether polyols capacity excluding 25kt capacity in Indonesia as facility shut down in 2014A
 (c) Joint #1 position between Covestro and SABIC based on total nameplate capacity for PCS in 2014A relative to competitors as per Nexant industry analysis

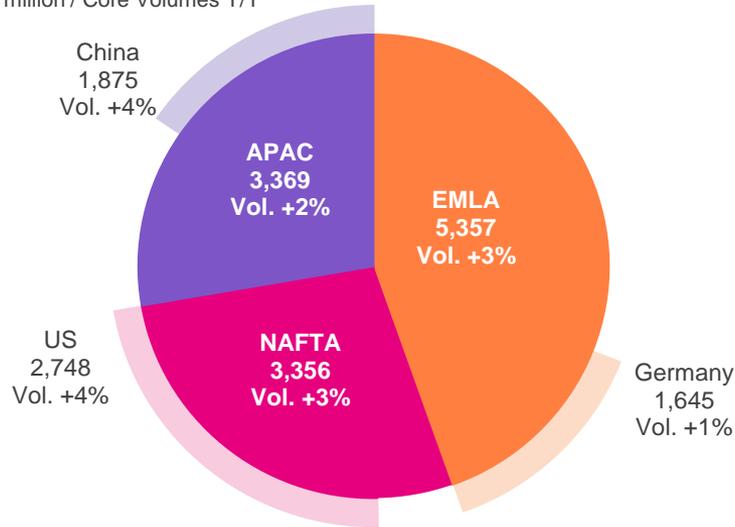
2015 – Sales per Region



Solid development despite de-stocking in Q3-2015

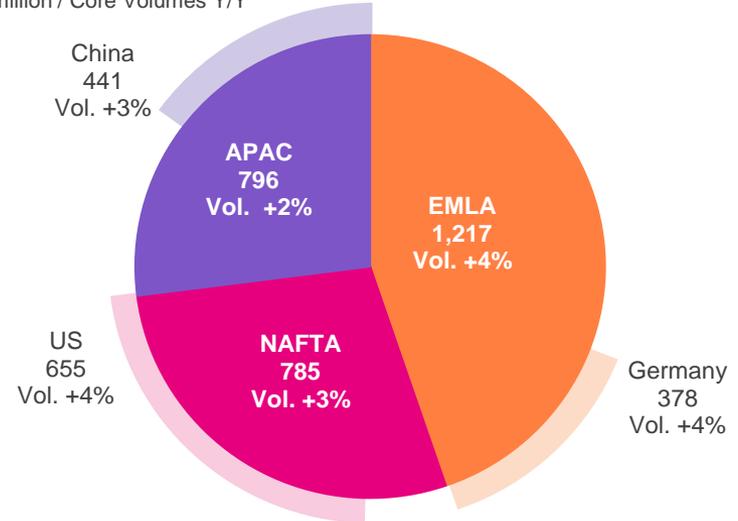
Solid development in 2015

in € million / Core Volumes Y/Y



Back to growth in Q4-2015

in € million / Core Volumes Y/Y



2015 Highlights

- Solid core volume growth of 2.7% Y/Y despite de-stocking in Q3-2015
- Demand in China remains solid
- Robust growth in the US
- EMLA achieved solid growth despite double-digit decline in Latin America

Q4-2015 Highlights

- Core volume growth of 3.3% Y/Y in Q4 after a 0.7% Y/Y decline in Q3
- US growth remains steady on a high level
- Growth accelerated in EMLA and Germany
- China is back to growth albeit still below the recent trend line development

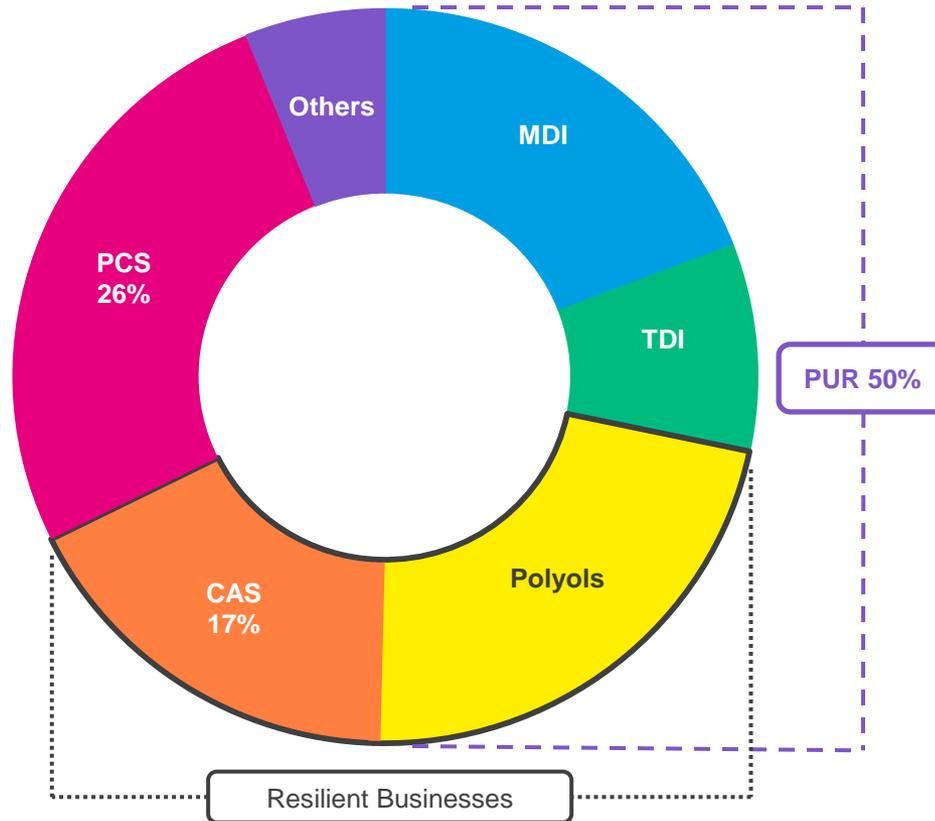
2015 – Sales by Segments



Significant proportion generated with resilient businesses

Sales by Segments

% of Group Sales



Highlights

Resilient businesses

- CAS: proven low volatility
- Polyols: structurally low volatility

Above mid-cycle margins

- PCS: but still significantly below historical peak margins

Below mid-cycle margins

- MDI: challenged by new capacities in the industry

Approaching bottom of the cycle margins

- TDI: global industry overcapacities but Covestro with leading cost position

CAS at a Glance



Focus on stable high margins in CAS business with defendable competitive advantages

Global leading supplier of high performance materials to the coatings / adhesives / specialties industries



6+
Monomers

2,300+
Products

4,300+
Customers^(b)

#1
Producer of
aliphatic
isocyanates^(a)

€2.1bn
Sales 2015A

23.5%
Adj. EBITDA
margin
2015A

CAS products have all the characteristics of niche coating / ingredients chemicals

- High value-add materials ✓
- Priced on the basis of performance, high level of margin resilience ✓
- Competition with other players based on performance, distinct entry barriers ✓
- Small proportion of cost to end-customer ✓
- Low volumes and large number of niche-customized products sold ✓
- Products tailored to customer needs lead to significant switching efforts ✓
- Product innovation and R&D critical to success ✓

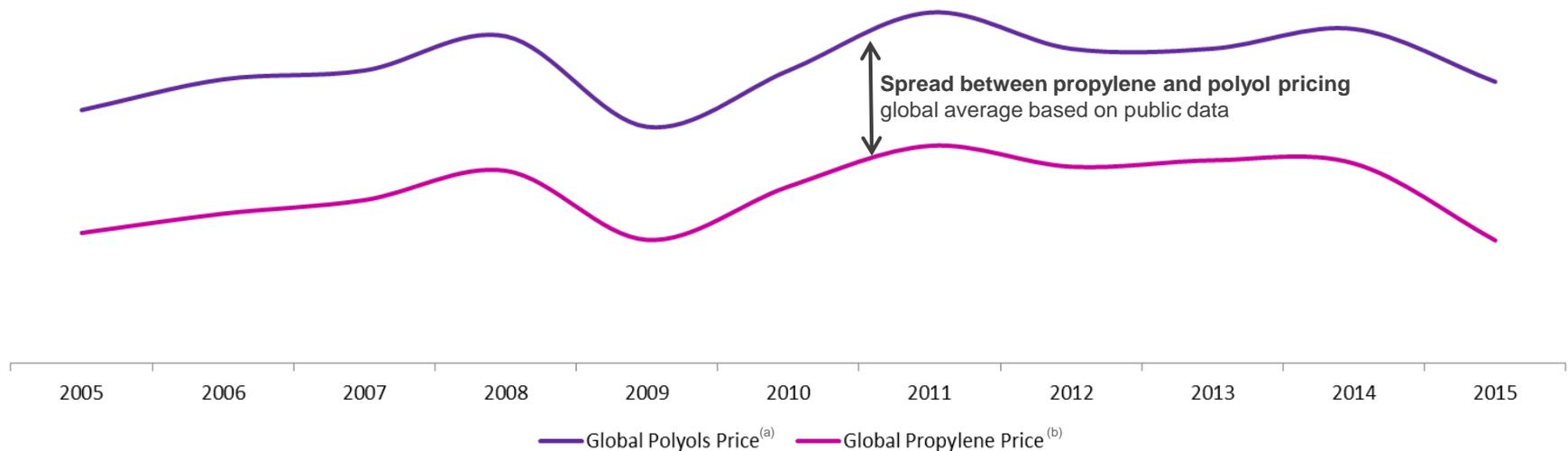
Polyols Industry Spreads



Polyether polyols – an inherently stable margin business

Historic global polyols price over propylene price

Global average price (US\$/t)

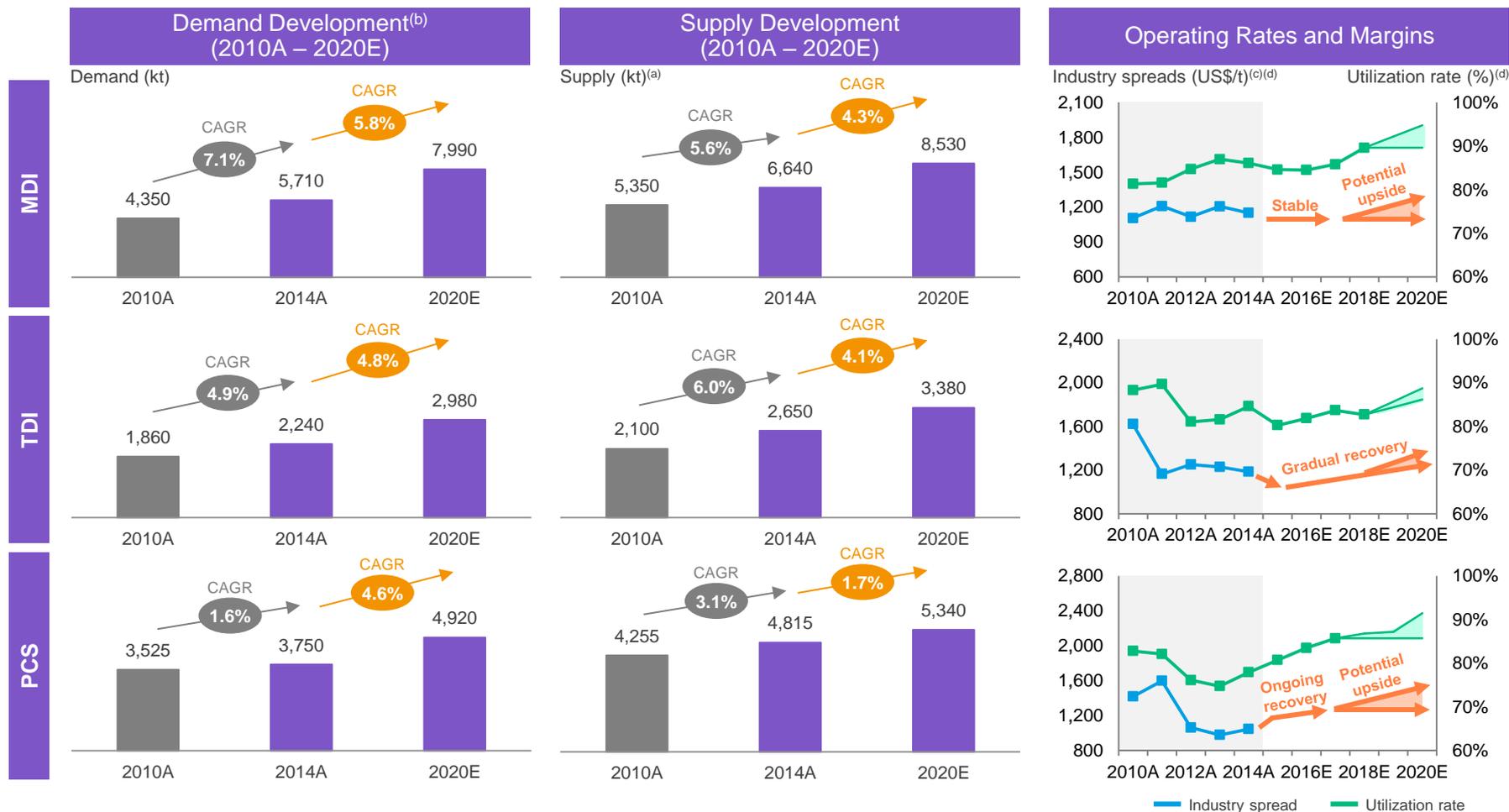


- Resilient industry margins over the last decade reflective of overall Covestro Polyether polyols profitability
- Spreads not materially impacted by high volatility of propylene prices, particularly during the financial crisis
- Propylene oxide supply / demand dynamics create local pricing opportunities in the short-term

Industry historical development and outlook



Above GDP industry growth driving industry capacity utilization and supporting higher margins



Notes: (a) Based on historical and announced future nameplate capacities
 (b) Assumes global GDP CAGR 2014A – 2020E of 3.6% as per Nexant analysis
 (c) Global industry spread calculated by margin over raw material costs in Europe, US and China weighted respectively by demand in Europe, US and China. Qualitative statements based on Nexant data

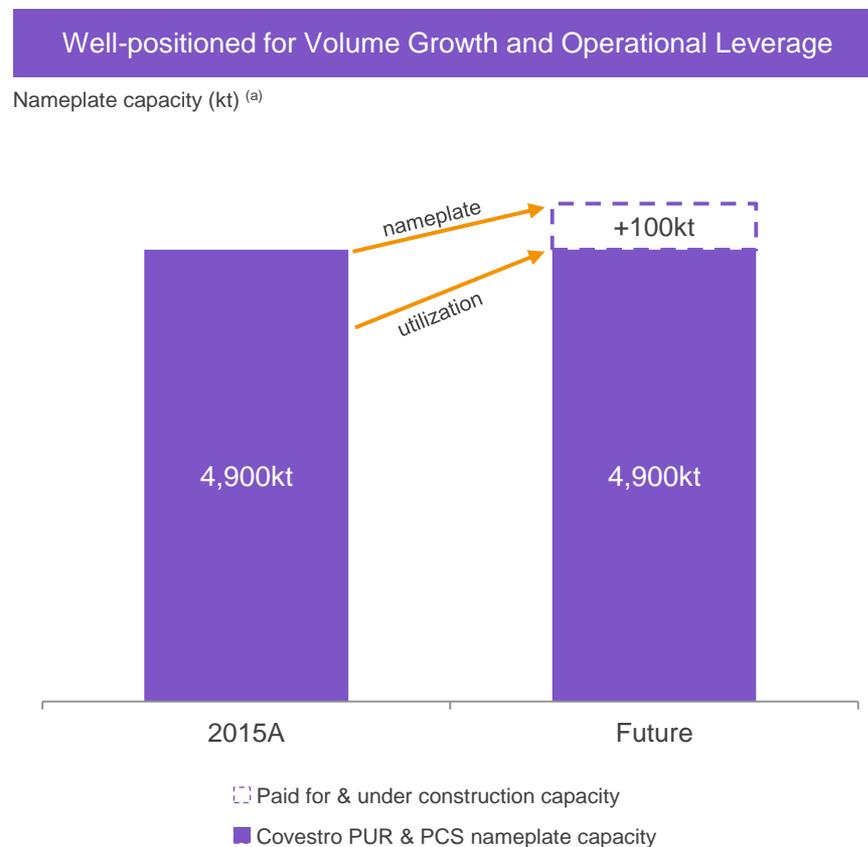
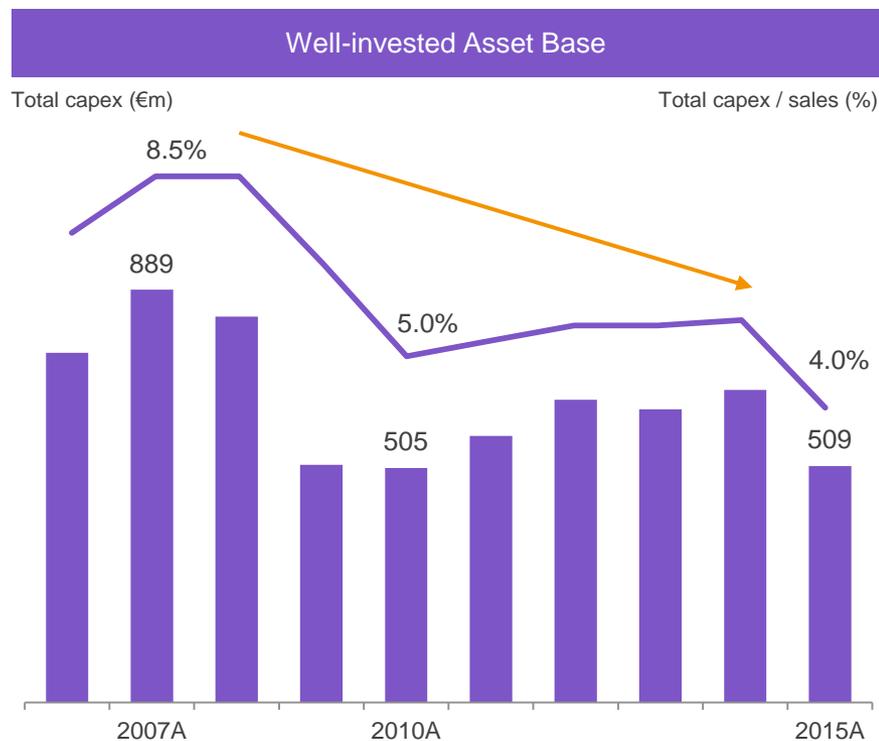
(d) Management estimates additional capacity (not captured in the Nexant data) may come on stream post-2018 if prevailing market dynamics make it economically rational. These capacity estimates have been included in this analysis and represent the lower end of the range post-2018

Covestro asset base



Positioned for volume growth through well-invested assets

c. €7bn total capex spent in last 10 years

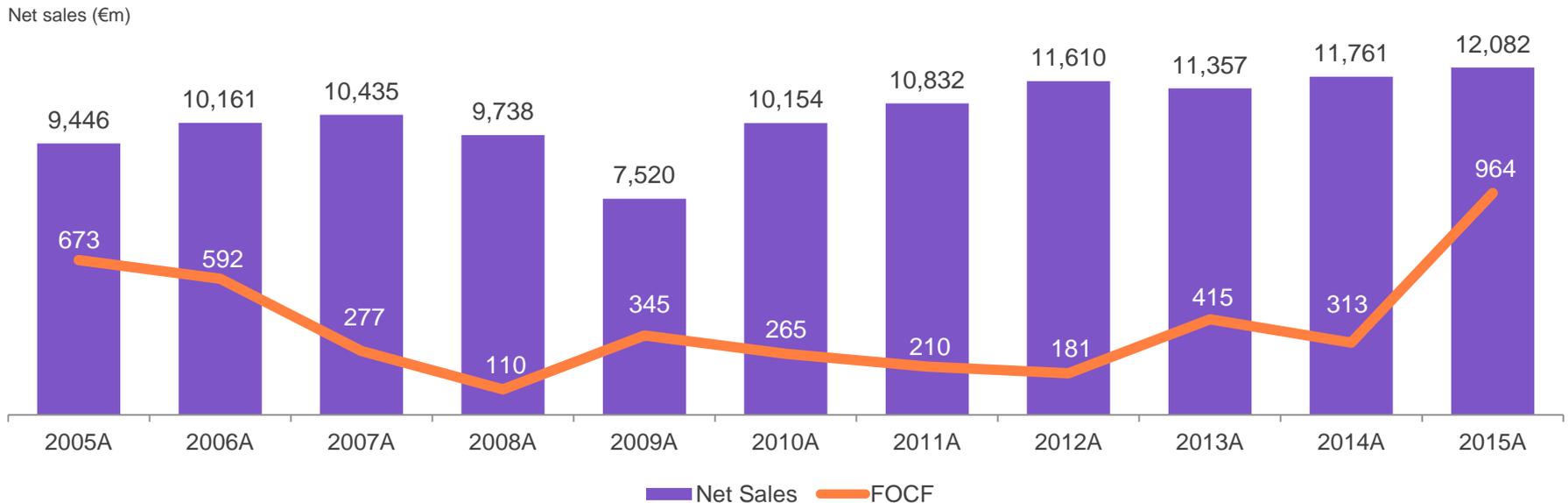


FOCF record in 2015



Track record of positive free operating cash flows across the cycle

Covestro Net Sales vs. FOCF (2005A –2015A)



- Total of c. €4bn in free operating cash flow since 2005A
- Free operating cash flow positive every year including 2008A – 2009A cycle trough
- Attractive outlook for cash flow driven by volume growth, higher asset utilization, focus on cost discipline and limited need for further growth capex

Covestro Strategy



Leverage industry leadership to capture growth in our markets and improve asset / cost base

- 1 Capture market growth**
over the next 5 years with existing world-scale assets
- 2 Optimize asset footprint**
within 3 years through site consolidation, restructuring and efficiency projects
- 3 Improve cost position**
within 3 years and align overall costs with best-in-class chemical industry benchmarks
- 4 Protect and build profitable competitive positions**
through focused R&D
- 5 Embed sustainability**
in every element of the strategy



Financial Highlights Q4 & FY 2015

Key Highlights

Continue to deliver



Solid core volume growth of 2.7% Y/Y

Adj. EBITDA increase of 41% Y/Y

Adj. ROCE of 9.5% clearly above cost of capital of 7.2%

Record FOCF of €964m (FCF yield of 16%*)

Dividend proposal of €0.70 (dividend yield of 2.7%*)

*based on closing price February 19, 2016

Key Financials



All financial targets achieved – dividend as promised

in € million

	2014	2015	Forecast	Achievement
External Sales	11,761	12,082	Slight increase	+2.7%
Core Volume Growth	+4.8%	+2.7%	Low-single-digit increase	+2.7%
Adjusted EBITDA	1,161	1,641	Substantial increase	+41.3%
Free Operating Cash Flow	313	964	Substantial increase	+208.0%

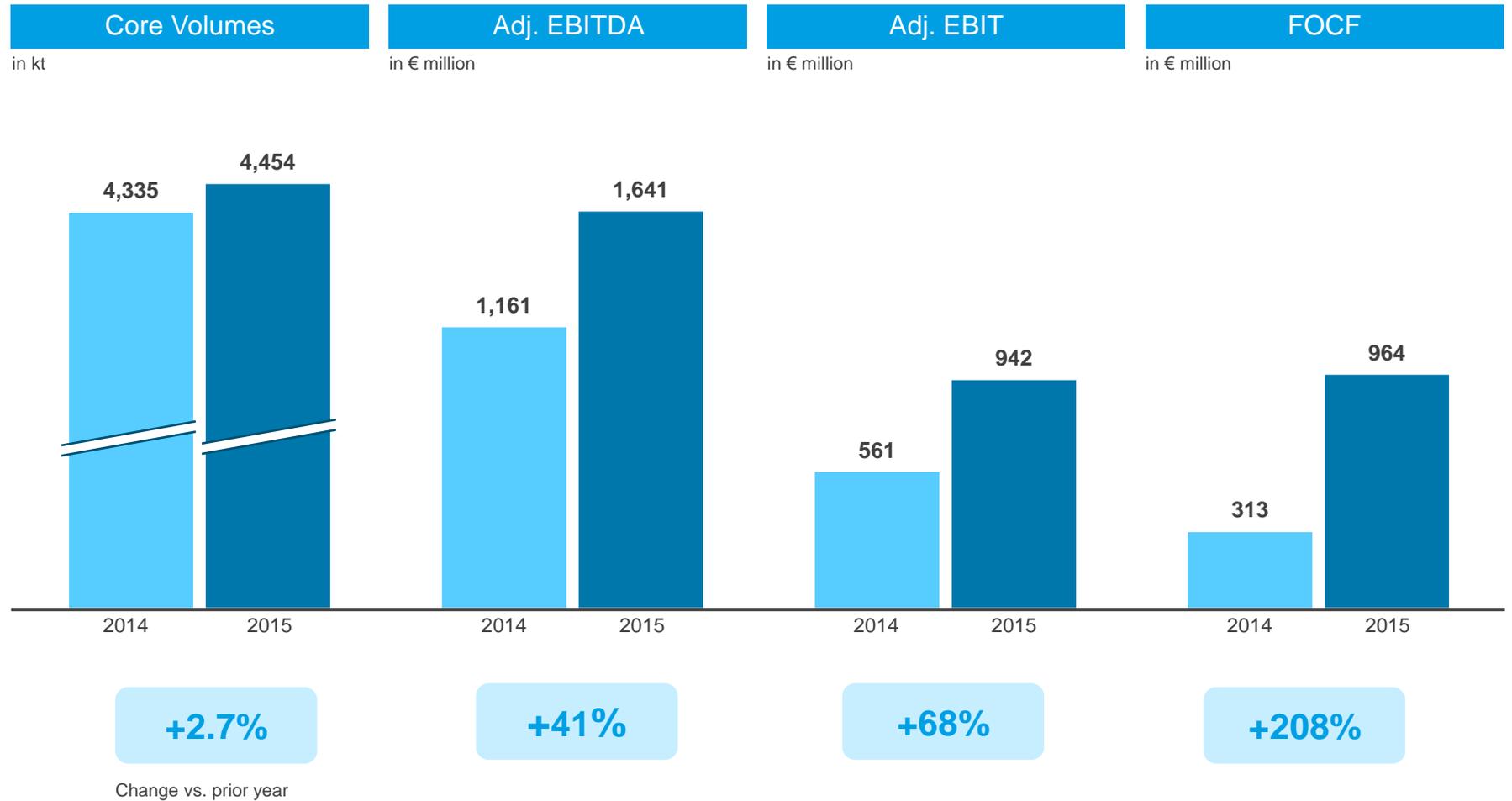
Dividend Payment Proposal

- Initial dividend of €0.70 proposed – yield of 2.7% based on closing price of 19/02/2016
- Total payment of €142m – at the upper end of guided pay-out of €100-150m

2015 Sales & Earnings



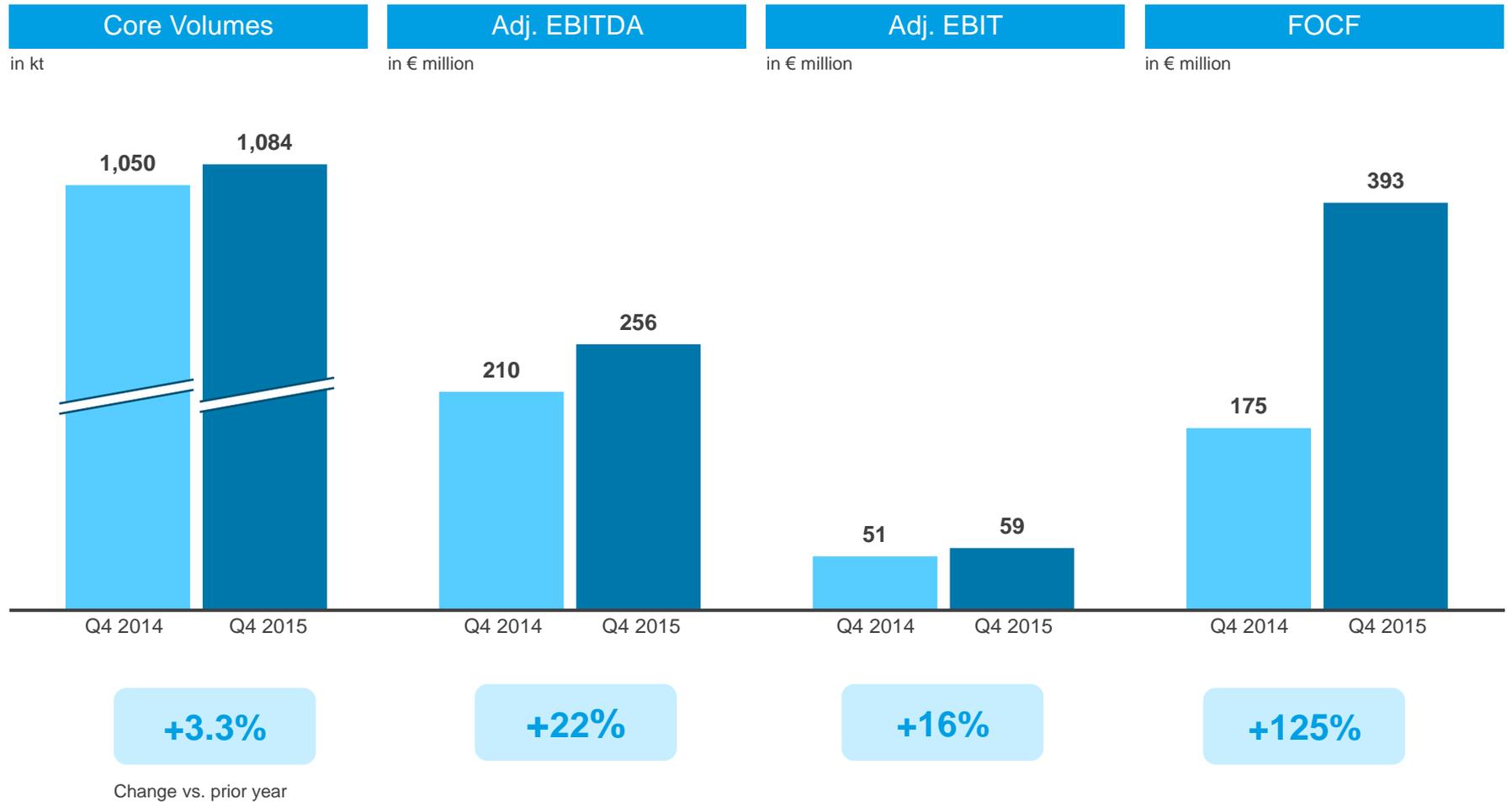
Solid volume growth and significant earnings improvement



Q4 2015 Sales & Earnings



Significant earnings improvement despite flat volumes



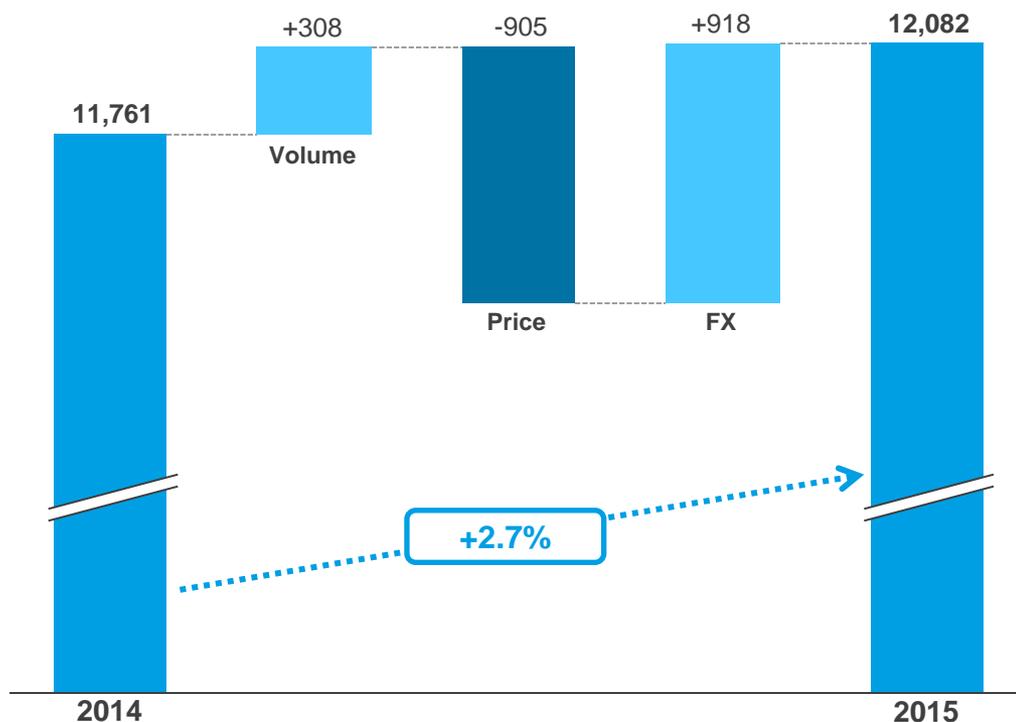
FY 2015 – Sales Bridge



Solid volume growth in a challenging environment

Sales Bridge

in € million



Highlights

Solid volume development

- Higher volumes had a positive sales effect of 2.6% Y/Y driven by all three segments

Positive FX effect

- FX effects contributed 7.8% Y/Y mainly due to a stronger USD

Price decline driven by lower raw material prices

- Lower selling prices negatively impacted sales by 7.7% Y/Y

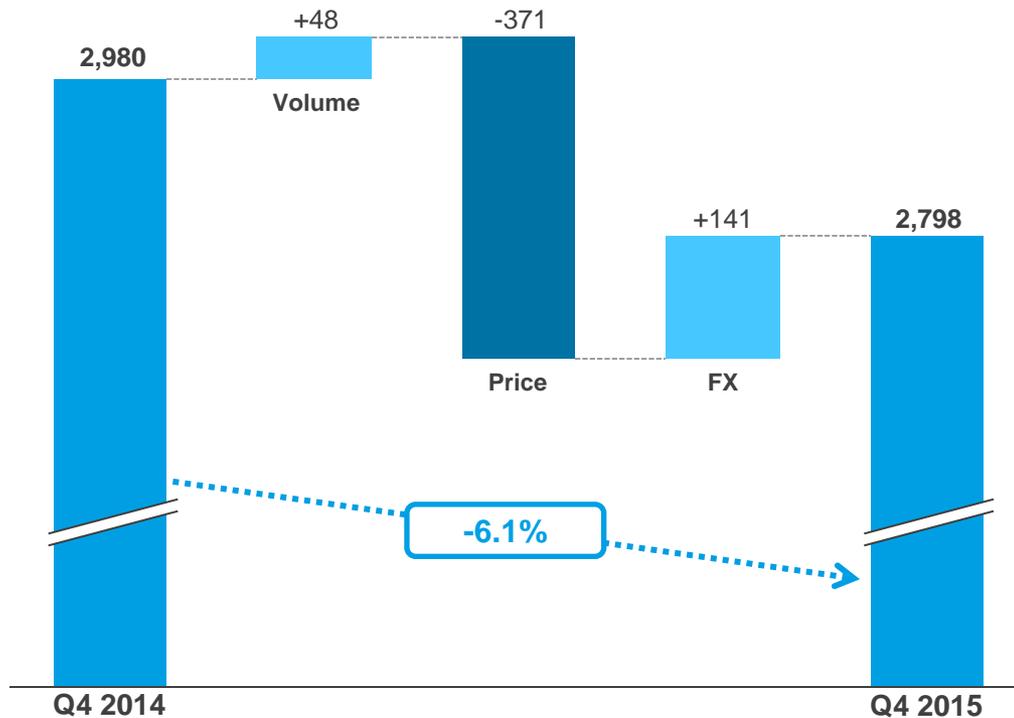
Q4 2015 – Sales Bridge



Back to positive volume growth

Sales Bridge

in € million



Highlights

Solid volume development

- Volume effect increased sales by 1.5% Y/Y mainly driven by PUR
- Core volumes (kt) even grew 3.3% Y/Y while sales of by-products came in lower

Positive FX effect

- FX effects contributed 4.8% Y/Y mainly due to a stronger USD

Price decline driven by lower raw material prices

- Lower selling prices negatively impacted sales by 12.4% Y/Y

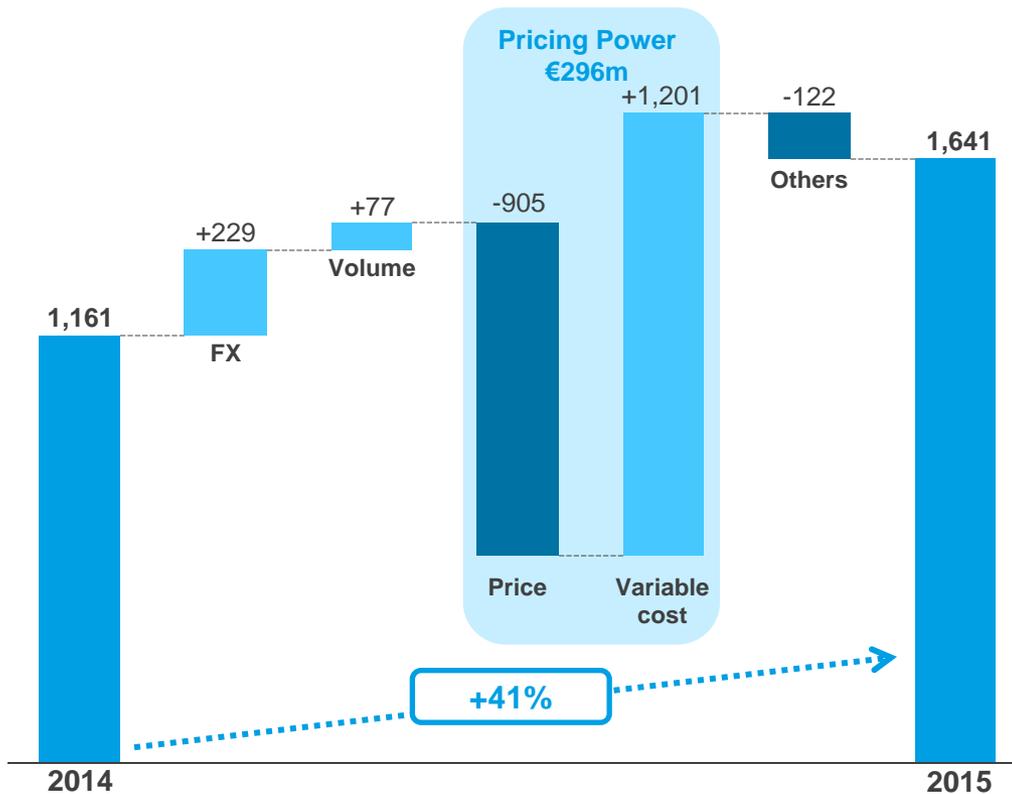
FY 2015 – Adj. EBITDA Bridge



Strong growth driven by strong pricing power

Adj. EBITDA Bridge

in € million



Highlights

Strong pricing power

- Tight supply in PCS
- Polyols helped by tight styrene markets
- Solid price gains above raw material costs in CAS
- Limited pricing power in MDI
- Price reductions in TDI above raw material cost benefits

Weak EUR continued to support results

- Helped by the appreciation of USD, HKD and CNY

Solid volume leverage

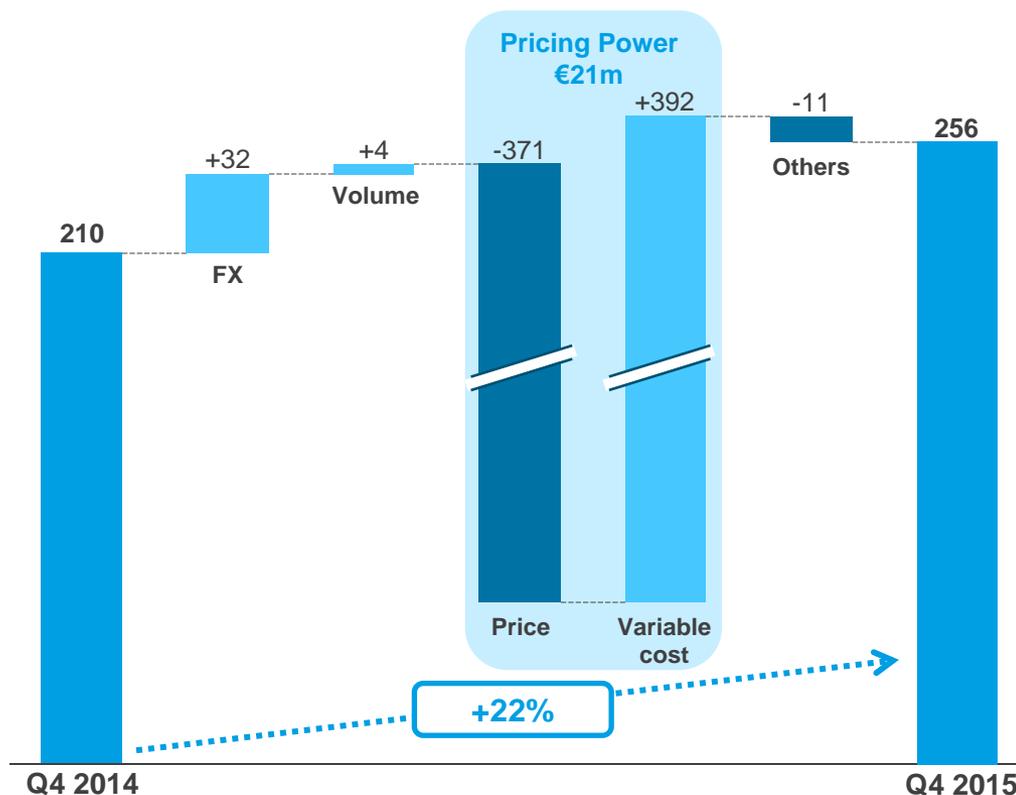
Q4 2015 – Adj. EBITDA Bridge



Solid development in a seasonally weaker quarter

Adj. EBITDA Bridge

in € million



Highlights

Solid pricing power

- Strong pricing power in PCS
- Solid price gains above raw material costs in CAS
- Price pressure above raw material cost benefits in PUR, mainly in TDI

Weak EUR continued to support results

- Mainly driven by a stronger USD

Limited effects from higher volumes

- Maintenance shutdown of entire Shanghai site burdened results

Group Results

Delivered on targets



Net Sales and Core Volume Growth

in € million / changes Y/Y

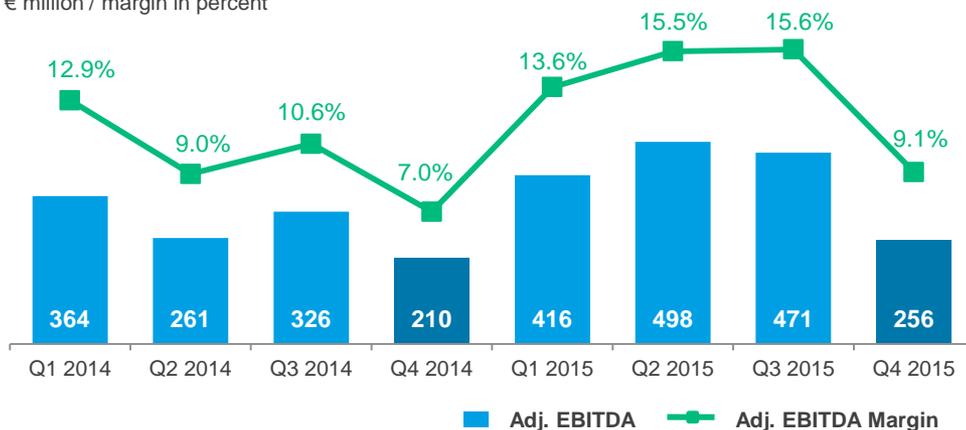


Highlights

- In 2015, core volumes (in kt) increased by 2.7% Y/Y
- In Q4, core volumes improved once again after de-stocking effects in Q3
- 2015 sales effects Y/Y: volumes +2.6%, prices -7.7%, FX +7.8%

Adjusted EBITDA and Margin

in € million / margin in percent



Highlights

- In 2015, adj. EBITDA margin improved to 13.6% compared to 9.9% in 2014
- Adj. EBITDA increased each quarter Y/Y during 2015: +14% in Q1, +91% in Q2, +45% in Q3 and +22% in Q4
- Q4 was burdened by the usual seasonality

Results of PUR Segment



Polyurethanes – Volatile development

Net Sales and Core Volume Growth

in € million / changes Y/Y

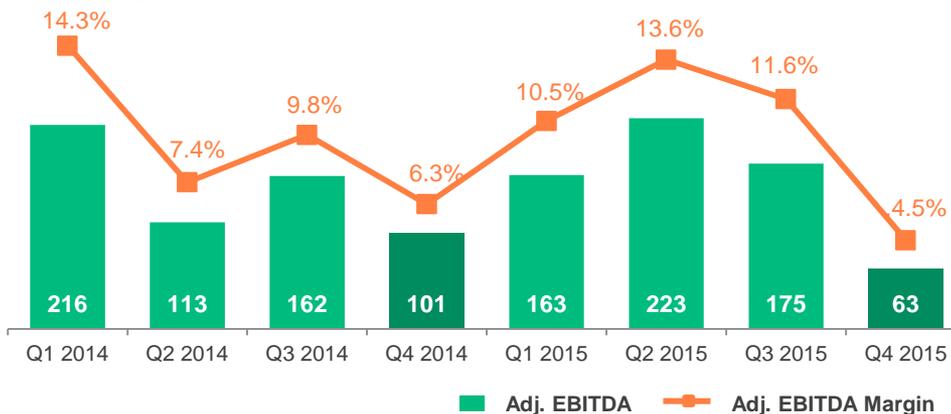


Highlights

- In 2015, core volumes (in kt) increased by 1.8% Y/Y
- In Q4, core volumes increased by 4.9% Y/Y helped by a low prior year basis
- 2015 sales effects Y/Y: volumes +2.1%, prices -12.4%, FX +7.2%

Adjusted EBITDA and Margin

in € million / margin in percent



Highlights

- In 2015, adj. EBITDA increased by 5.4% Y/Y
- Polyols strongly contributed to this increase, partly helped by high styrene margins
- Margins in MDI increased slightly Y/Y whereas TDI margins significantly deteriorated Y/Y

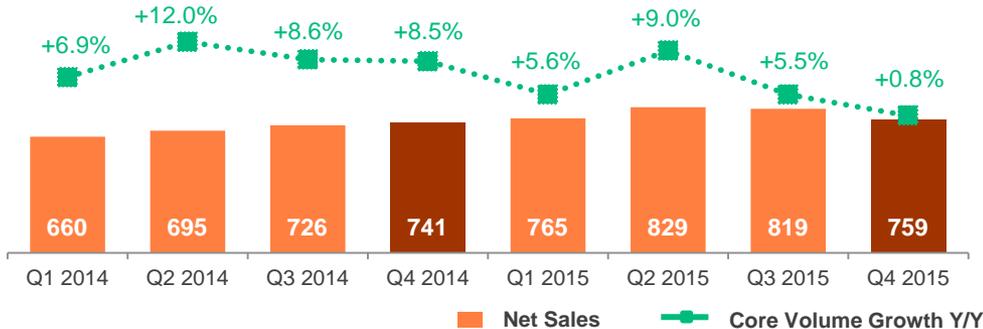
Results of PCS Segment



Polycarbonates – Strong results

Net Sales and Core Volume Growth

in € million / changes Y/Y

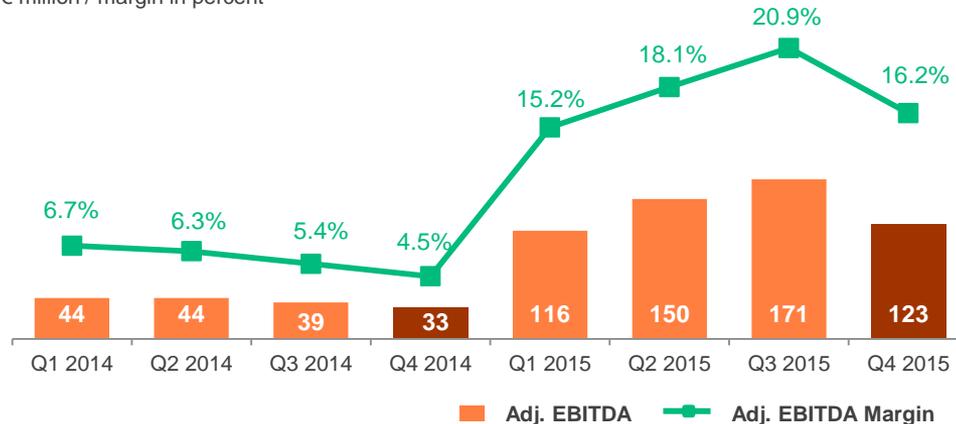


Highlights

- In 2015, core volumes (in kt) increased by 5.2% Y/Y
- In Q4, core volumes increased by only 0.8% Y/Y due to restricted production
- 2015 sales effects Y/Y: volumes +4.6%, prices -2.6%, FX +10.4%

Adjusted EBITDA and Margin

in € million / margin in percent



Highlights

- In 2015, adj. EBITDA more than tripled due to strong pricing power
- In Q4, adj. EBITDA declined Q/Q due to seasonally lower volumes whereas underlying product margins were stable

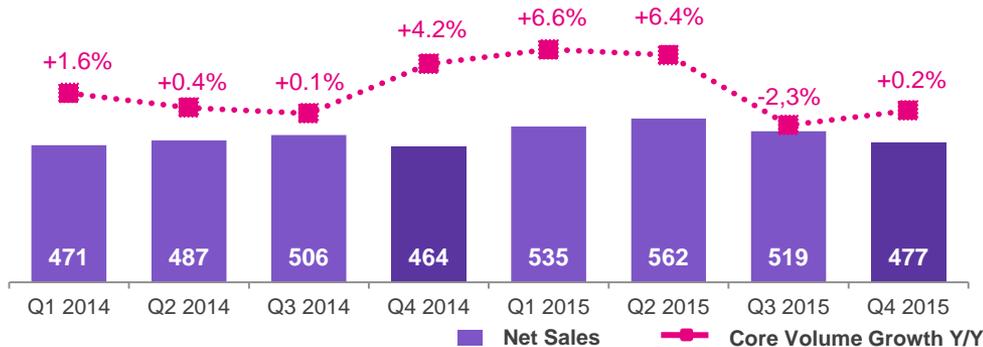
Results of CAS Segment



Coatings, Adhesives, Specialties – Record margin

Net Sales and Core Volume Growth

in € million / changes Y/Y

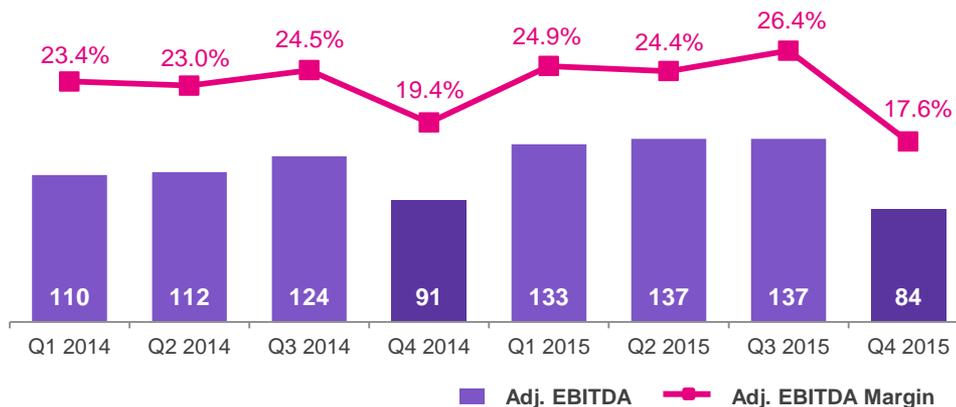


Highlights

- In 2015, core volumes (in kt) increased by 2.7% Y/Y
- In Q4, core volumes increased by only 0.2% Y/Y due to a high basis and some weakness in automotive, wood & furniture
- 2015 sales effects Y/Y: volumes +2.1%, prices -1.1%, FX +7.6%

Adjusted EBITDA and Margin

in € million / margin in percent



Highlights

- In 2015, adj. EBITDA margin advanced to 23.5% (2014: 22.7%)
- In Q4, adj. EBITDA was burdened by a maintenance shutdown and ramp-up costs for the new HDI plant in China

Income Statement FY 2015



Fix costs almost flat

Income Statement

in € million

	2015	Y/Y	Share	Delta 14/15
Net sales	12,082	2.7%	100.0%	0.0pp
Cost of goods sold	-9,438	-1.8%	-78.1%	3.6pp
Gross profit	2,644	22.9%	21.9%	3.6pp
Selling expenses	-1,257	14.6%	-10.4%	-1.1pp
R&D expenses	-257	21.2%	-2.1%	-0.3pp
G&A expenses	-480	39.9%	-4.0%	-1.1pp
Others	30	76.5%	0.2%	0.1pp
EBIT	680	31.5%	5.6%	1.2pp
Affiliated companies	-9	-40.0%	-0.1%	0.1pp
Interest expenses (net)	-85	14.9%	-0.7%	-0.1pp
Others	-81	72.3%	-0.7%	-0.3pp
EBT	505	32.5%	4.2%	0.9pp
Income taxes	-153	47.1%	-1.3%	-0.4pp
Minorities	-9	80.0%	-0.1%	0.0pp
Net income	343	26.1%	2.8%	0.5pp

Highlights

Pricing power

- Cost of goods sold declined by 1.8% Y/Y, allowing a gross margin improvement of 360bp

Fix costs almost flat

- Fix costs increased on a comparable basis (adj. for FX, special items and STI) by only 1.3% Y/Y, demonstrating our ability to keep absolute costs almost flat while business continues to grow

Special items significantly up

- Special items of €262m burdened almost all expense lines, e.g. cost of goods sold with €197m and G&A with €131m

FX leads to cost increases

- The weaker € translated into €357m higher fix costs

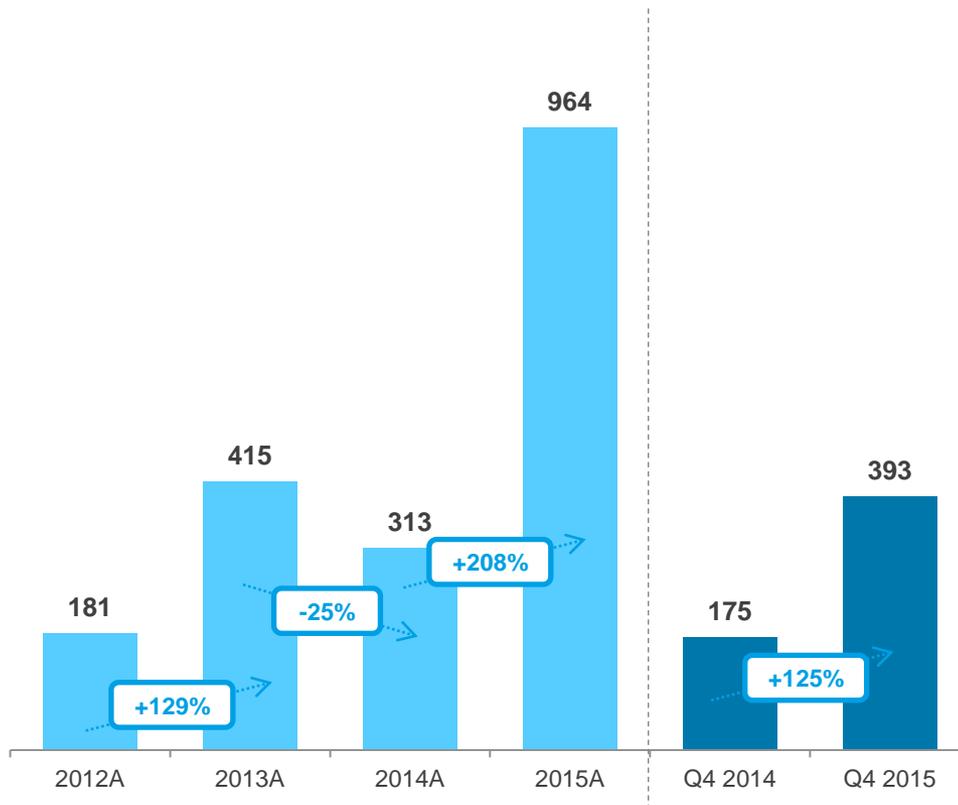
2015 – Free Operating Cash Flow



A new record

Free Operating Cash Flow

in € million



Highlights

Strong performance in 2015

- Strong EBITDA contribution
- Working capital to sales ratio decreased to 15.4% compared to 16.5% in 2014
- Capex of €509m significantly below D&A of €739m

Outlook 2016

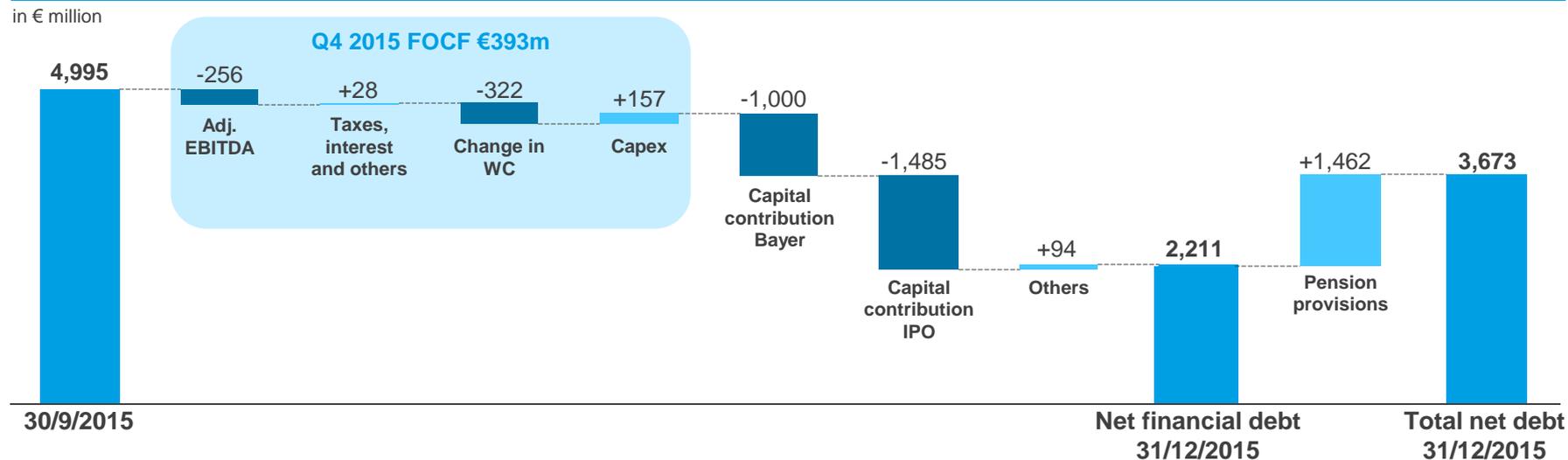
- Working capital to sales ratio is expected to stay in the range of 15% -17%, i.e. the levels achieved between 2012 and 2015
- Capex is expected to be on a similar level compared to 2015
- Overall, FOCF is expected to remain on a high level above the average of the last years

2015 – Total Net Debt



Baa2 rating (Moody's) with stable outlook

Total Net Debt Development



Highlights

2015: Total net debt lower than expected

- Total net debt (incl. pension provisions) to adj. EBITDA ratio of 2.2x, better than the targeted range of 2.5x-3.0x

Ambitions for 2016: Further total net debt reduction and increasing dividend

- Based on a dividend pay-out ratio of 30%-50% to net income

Mid term targets: Total net debt to adj. EBITDA ratio of 1.5x and an at least sustainable or increasing dividend

Balance Sheet FY 2015



Solid equity ratio

in € million	Dec'14	Sep'15	Dec'15		Dec'14	Sep'15	Dec'15
Noncurrent Assets	6,011	6,280	6,294	Stockholders' equity	1,770	1,104	3,596
Goodwill	243	258	261	Equity	1,787	1,116	3,612
Other intangible assets	133	138	132	Noncurrent liabilities	2,567	2,356	2,358
Property, plant and equipment	4,893	4,922	4,934	Pensions and other post-employment benefits	1,395	1,564	1,462
Investments accounted for using the equity method	216	225	227	Other provisions	187	196	309
Other financial assets	39	43	40	Financial liabilities	779	416	377
Other receivables	74	65	60	Other liabilities	30	27	29
Deferred taxes	413	629	640	Deferred taxes	176	153	181
Current assets	4,381	4,545	4,237	Current liabilities	6,038	7,353	4,561
Inventories	1,904	1,912	1,783	Other provisions	307	405	429
Trade accounts receivable	1,561	1,740	1,486	Financial liabilities	3,943	5,013	2,504
Other financial assets	431	14	33	Trade accounts payable	1,522	1,459	1,403
Other receivables	277	447	277	Income tax liabilities	18	81	56
Claims for income tax refunds	7	8	16	Other liabilities	248	395	169
Cash and cash equivalents	201	424	642				
Total assets	10,392	10,825	10,531	Total equity and liabilities	10,392	10,825	10,531

Highlights

- Solid equity ratio of 34%
- Total financial liabilities of €2.9bn (incl. loans from Bayer of €2.1bn)
- Pension provisions slightly lower compared to Sep-15 due to higher interest rates (Germany 2.6%)
- Working capital slightly declined Y/Y to €1,866m (WC/Sales ratio of 15.4%)

Guidance 2016

Continue to deliver



Sales and Earnings Forecast

	2015	Forecast
Core Volume Growth	+2.7%	Mid-single-digit increase
Free Operating Cash Flow	€964m	At high level, above the average of recent years
Adj. ROCE	+9.5%	Premium on cost of capital

Basic Assumptions

- We assume an exchange rate of EUR/USD of 1.10
- We assume a similar macroeconomic environment as in 2015

FY 2015 - Summary



Covestro fully on track

Solid organic growth in a focused portfolio

despite a challenging market environment

Strong earnings and cash flow generation

supported by a stable demand/supply balance and a focus on profitability

Robust financial profile

with an investment grade rating (Baa2 from Moody's)

Attractive dividend policy

with a dividend pay-out ratio of 30-50%

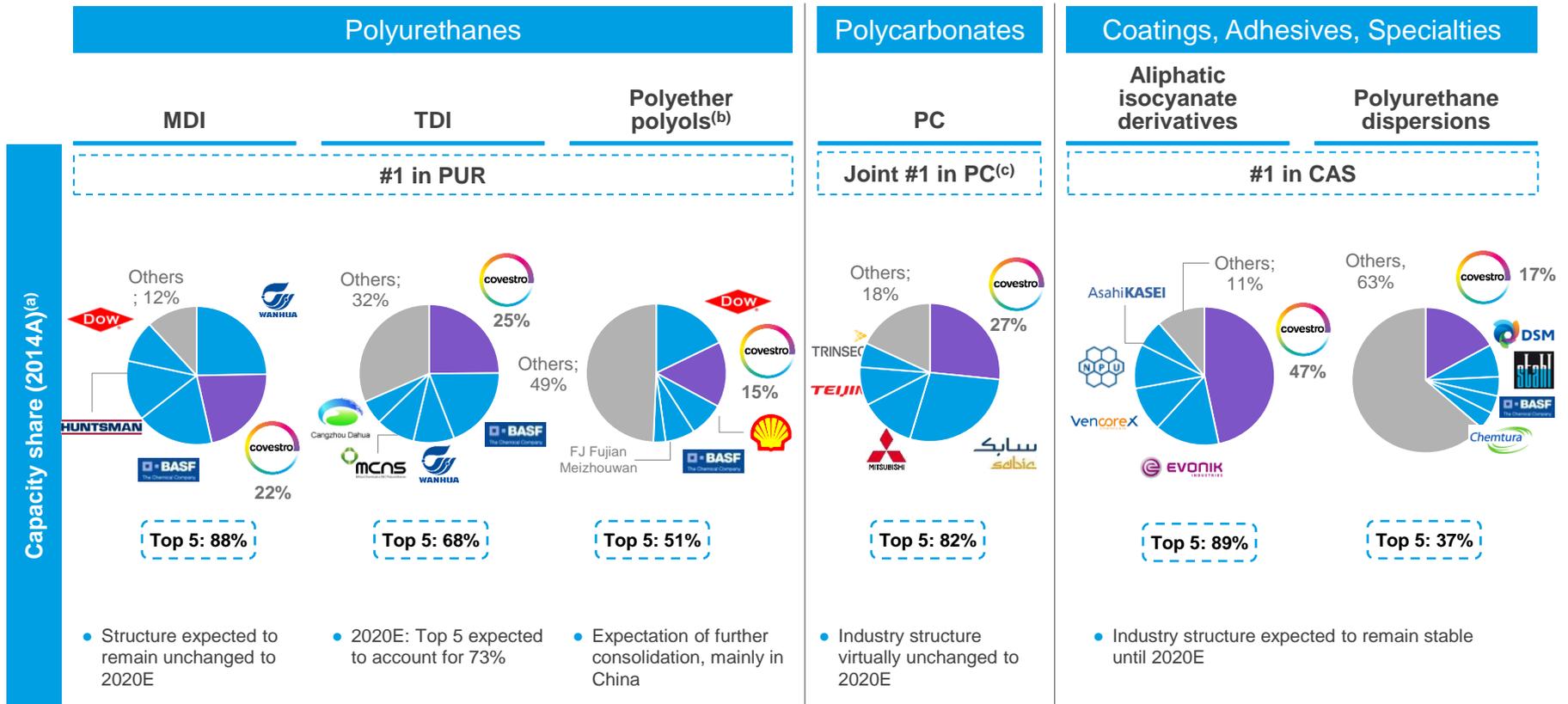
Solid financial outlook

despite current global uncertainties

Competitive Landscape



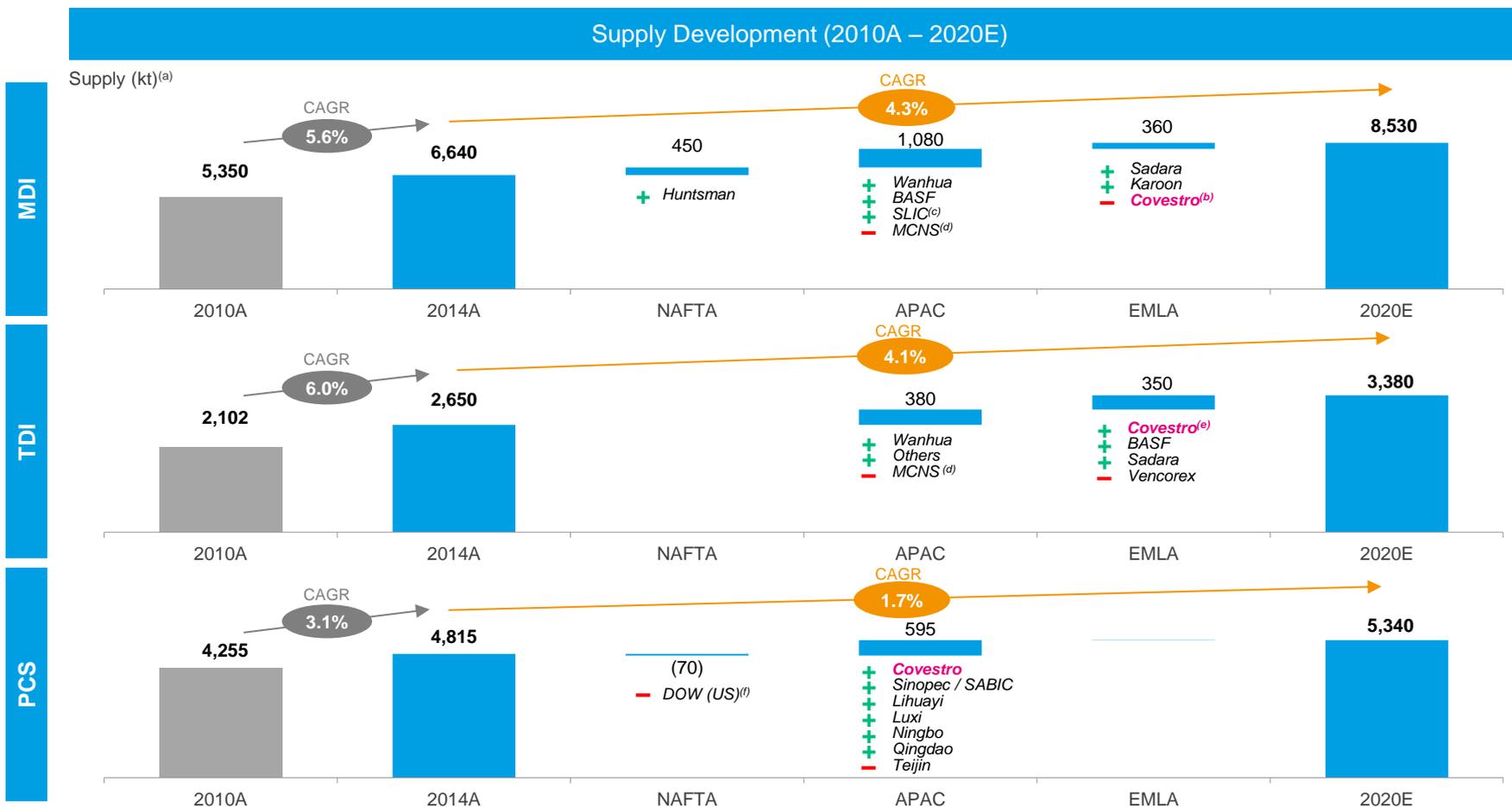
Covestro is a leader across its entire portfolio



Notes: (a) Based on total nameplate capacity for MDI, TDI, Polyether polyols and PCS in 2014A relative to competitors as per Nexant industry analysis; based on total nameplate capacity for Aliphatic isocyanate derivatives and Polyurethane dispersions in 2014A relative to competitors as per Orr & Boss industry analysis
 (b) Covestro Polyether polyols capacity excluding 25kt capacity in Indonesia as facility shut down in 2014A
 (c) Joint #1 position between Covestro and SABIC based on total nameplate capacity for PCS in 2014A relative to competitors as per Nexant industry analysis

Industry Supply Development

Favourable industry supply outlook



Notes: (a) Based on historical and announced future nameplate capacity additions as of July 2015 based on Nexant analysis
 (b) Closure of 55kt p.a. Belford Roxo facility in Brazil
 (c) Refers to Shanghai Lianheng Isocyanate JV (BASF 35%, Huntsman 35%, Shanghai Chlor-Alkali 15%, Shanghai Hua Yi 8% and Sinopec 7%)

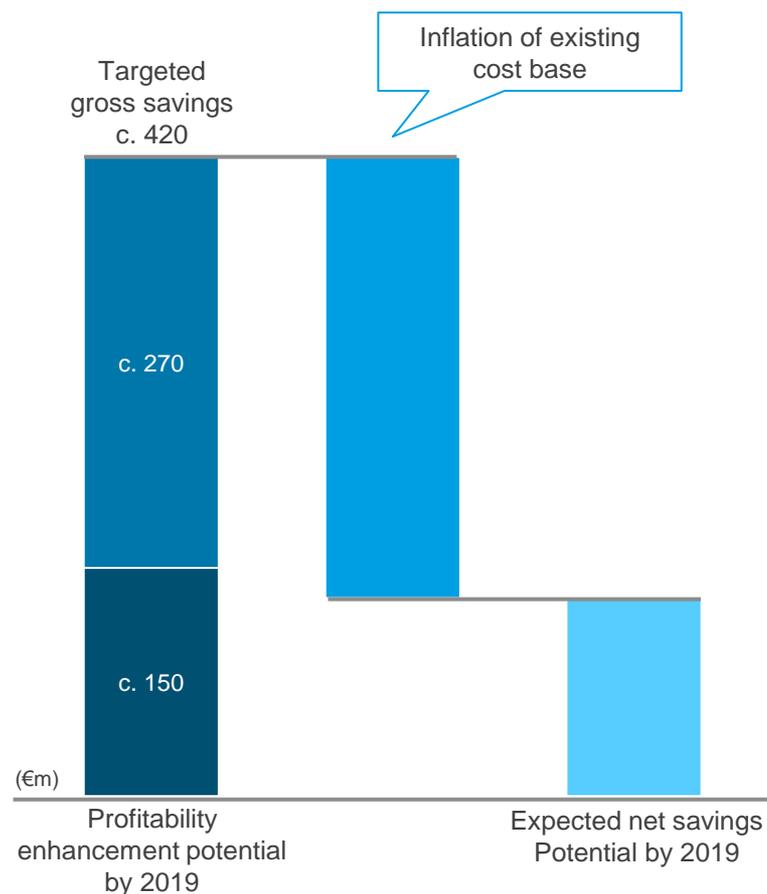
(d) Refers to JV between Mitsui Chemicals & SKC Polyurethanes Inc.
 (e) New Dormagen facility (inaugurated in December 2014) with capacity of 300kt assuming full ramp-up offset by reduction in capacity owing to (i) shutdown of old Dormagen facility in 2014A and (ii) shutdown of Brunsbüttel facility in 2015E
 (f) Exited end of 2014A

Structured Profitability Program



Targeted gross savings of c. €420m well above expected inflation

Key Measures		Status	
Asset optimization plan	Fixed assets management cost improvements	<ul style="list-style-type: none"> Rolling out fixed asset management cost initiatives More efficient turnaround execution Further operational optimizations 	ongoing
	Asset restructuring / efficiency projects	<ul style="list-style-type: none"> Closure of Belford Roxo TDI EMEA restructuring Site consolidation: closure of S.Korea PC sheet production MDI EMEA restructuring: closure of TAR 	executed executed executed underway
	Continuous improvement	<ul style="list-style-type: none"> In manufacturing area 	ongoing
Cost improvement measures	Corporate overhead cost savings	<ul style="list-style-type: none"> Streamlining IT infrastructure and business model More tailor-made service function designs to replace current TSA^(a) with Bayer 	ongoing
	BU-level specific savings	<ul style="list-style-type: none"> Streamline sales force and back-office Focus on core areas and customers Consolidation within regional functions, product management and sales Maximize use of existing trade and distribution channels 	ongoing
	Continuous improvement	<ul style="list-style-type: none"> In non-manufacturing area 	ongoing



Upcoming IR Events



Find more information on investor.covestro.com

Reporting Dates

- **April 25, 2016:** Q1-2016 Interim Report
- **July 26, 2016:** Q2-2016 Interim Report
- **October 25, 2016:** Q3-2016 Interim Report

*Dates preliminary

Annual Dates

- **May 3, 2016:** Annual Stockholders' Meeting
- **May 4, 2016:** Planned Dividend Payment Day
- **May 12, 2016:** Covestro Capital Markets Day

Broker Conferences

- **March 8-9, 2016:** Citi, US West Coast Institutional Symposium, San Francisco
- **May 23-25, 2016:** Deutsche Bank, dbAccess Asia Conference 2016, Singapore
- **June 8-10, 2016:** Deutsche Bank, German, Swiss & Austrian Conference, Berlin
- **June 14-16, 2016:** Exane BNP CEO Conference, Paris
- **June 21, 2016:** Credit Suisse, Global Chemicals Conference, London
- **September 13-14, 2016:** UBS, Best of Germany Conference, New York
- **September 13-15, 2016:** Credit Suisse, Basic Material Conference, New York