

**Annual Stockholders' Meeting
Tuesday, May 3, 2016,
Cologne**

Address by

Patrick Thomas,

Chairman of the Board of Management

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Meine sehr geehrten Damen und Herren,

Guten Tag und herzlich willkommen! Ich freue mich, dass Sie zur ersten Hauptversammlung von Covestro gekommen sind.

Since I'm English, please allow me to continue in my mother tongue.

Today's premier marks another milestone in the history of our company.

Covestro has been independent only for a short period of time. In fact, strictly speaking, it is not even seven months old – even though we can look back on a long and successful history as a producer of high-performance polymer materials under our former name of Bayer MaterialScience.

And we believe we can look forward to a successful future with our new identity. I shall be explaining why shortly.

First of all, though, I would like to look back on the past year, in which we began a major new chapter in our company's history and scored a series of other premiers in quick succession. Our company became legally and economically independent in September, was listed on the stock market in October and admitted to the MDAX in December. Just a few weeks later, we also became a member of the European stock index STOXX – another step that will raise the visibility of Covestro on the international financial markets.

However, despite all these developments and changes, we did not lose sight of our business operations. In the past year, we again introduced a large number of innovations. We were very successful financially, achieving all the targets we had set ourselves. Our operating result, for example, increased very strongly, with contributions from all segments.

And in 2016 we continue to be right on track.

Today I'd like to explain to you why we are so confident that Covestro, the company you are invested in, will have a successful future.

The main reason for this confidence is our 15,800 employees. 15,800 employees at Covestro are doing an excellent job worldwide. 15,800 employees at Covestro share one purpose: to make the world a brighter place.

The term "bright" in our purpose stands for several meanings:

We at Covestro differentiate from our competitors in a chemicals world that can be dull and grey

We are attractive to today's employees – and those of tomorrow. It is the reason why we have highly qualified employees who share three central values of our company: we are curious, courageous

and colourful.

Making the world a “brighter” place also means to develop smart solutions that push the boundaries of what is possible, day by day for the benefit of our customers, society and stockholders.

Furthermore, we are constantly looking to improve ourselves. We improve our internal processes as well as our final products – to be more efficient and to be more attractive for our customers and partners.

15,800 employees are contributing to achieving this, to making the world a brighter place. A lot of them have joined our company in the last year and helped with their skills and enthusiasm to get us where we are today. I want particularly to express my gratitude to these 15,800: you are Covestro.

Covestro is a global player. We have more than 10,000 customers all around the world who appreciate our products – products that are used in several different industries.

We are all familiar with the everyday products in which our materials are used. The world in your immediate vicinity is full of Covestro. Think for example of the chairs on which you have made yourselves comfortable or the many parts of the cars you used to come here.

I could list many more products and name key industries we supply – like the construction sector, the electronics industry, health, fashion, sports or the energy sector.

All these sectors rely on our high-tech products. That is why we are the global leader in the polyurethanes business, providing precursors for flexible and rigid foams. We are also a leading producer of polycarbonate, which is a versatile high-performance plastic. And we are very well positioned in the coatings, adhesives and specialty chemicals segment, where we also produce and continuously optimize a variety of precursors.

So Covestro is in a truly strong position and we are confident that we have the right strategy going forward.

This strategy is based on five key principles and aims to continue benefitting from the positive development in our customer industries in the future as expected by many industry experts.

We will harness the potential for growth.

We will continue to focus on sustainability.

We will stick to innovation as a key element of our business.

We will continue to optimize our production with regard to efficiency and safety.

And we will control our costs to gain a competitive edge.

Let me walk you through some more details on these five key principles that we believe will support long-term profitable growth – our foremost goal.

Ladies and Gentlemen,

The economic environment is supportive to Covestro.

According to independent experts, our customer industries will grow faster than the global economy in the years ahead.

The main drivers are global challenges and trends. To name but a few:

Fossil resources are finite with climate change having negative impacts on people and our planet.

Meanwhile the global population is growing and so is the demand for efficient resources and smart products.

Demographic change, especially in Germany, is driving the need for comfort and medical equipment.

Finally, the digital revolution has a huge impact on our daily life with an increasing demand for electronic products. While years ago there was only one single fixed telephone in a normal household, a great many people now have at least a PC, a laptop, a smartphone and a tablet.

These macro trends are shaping many industries, sectors and markets. And they represent challenges as well as opportunities.

That means also opportunities for Covestro. Because our company is developing the right products to address these challenges.

We have the chance to match the current and future needs of our customers, end-consumers and society.

We offer them the products they need to improve their workflow. We offer them products providing them with a competitive edge. We offer them superior technologies and solutions.

As an example, let me look at the automotive industry. In the coming decades, this industry according to experts will be facing the global trend of an increasing population that seeks to be more even more mobile than it is today.

Most recently we introduced a new component for high-quality polyurethane-based coatings.

This new product reduces the processing time and thus contributes to improving the productivity of car manufacturers. Coatings based on our new precursor also offer superior properties like increased adherence or a better self-healing.

By offering such value-adding solutions that address market and customer needs, we can harness our growth potential.

Ladies and Gentlemen,

Growing mobility means a growing demand for fuels. But fossil resources are diminishing while greenhouse gas emissions are on the rise. There is no alternative but to shift to an economy not only focused on maximizing the return on investment, but also on maximizing the return on carbon.

As a business, we have to find ways to drive sustainable development while still achieving profitability. Because an unprofitable business is anything but sustainable.

We at Covestro are pursuing such a holistic approach, encompassing the entire value chain: from the procurement of raw materials, production, logistics and sales to the use of our products and their disposal and recycling.

We contribute to preserve the environment, advance society and generate economic value through sustainable growth – in short, for the benefit of people, planet and profit.

Let me introduce you to a perfect example of sustainability and a project I feel passionately about: the unique Solar Impulse mission. I am sure many of you know this endeavour: to circumnavigate the globe in an aircraft which is powered by nothing but the sun. A few days ago, the plane took off from Hawaii for the final stages of its journey across the USA and the Atlantic back to Abu Dhabi where it started in March 2015.

The aircraft is equipped with high-tech materials from Covestro, making it as light as possible and protecting the pilot against heat and cold, thanks to special insulating foam.

We regard Solar Impulse as a flying laboratory: it enables us to explore new products and applications – to provide our customers with more and improved sustainable solutions.

Inventing new products and solutions and improving existing ones – this is only possible by a strong innovative capacity.

For us, research and development activities are essential in order to maintain our position in the competitive arena, and also trying to expand it.

In 2015, around 1,000 people worked in our global R&D network, many of them in three innovation hubs in Europe, America and Asia.

However, innovation at Covestro does not end with working in the lab and developing products. Our understanding of innovation goes further. It includes intelligent business models and production processes.

Very important at each step is to closely collaborate with customers and partners in order to invent

and commercialize solutions that deliver economic, social and ecologic benefits – now and in the future. We also take great care in translating our knowledge and know how into patents.

In the very near future, in June, one of our most recent inventions will be introduced to the markets. Our employees, together with external experts, have developed a method to replace crude oil with carbon dioxide in the production of polymers.

New foams will be made from 20 percent carbon dioxide, and the amount of crude oil used will in turn be reduced by 20 percent. A good contribution to resource efficiency and sustainability, while at the same time generating economic benefits through cost savings on raw materials.

This is what innovation at Covestro looks like.

Ladies and Gentlemen,

To improve profitability on a sustainable basis, we strive to continuously increase the efficiency of our sites, plants and equipment.

However, we are of course not willing to make any cutbacks in reliability, environmental compatibility and safety. My mantra is that nothing we do is worth getting hurt for. And our rate of recordable incidents is one of the best in the industry.

We are running huge facilities. And the bigger and more complex a facility gets, the more expensive downtimes become. However, we can't forego these downtimes if we want to ensure a safe production process. But we can optimize the planning and execution of such downtimes – and that is exactly what we did and do.

So we have introduced a new downtime management system, pooling the already extensive know-how of our individual facilities across the globe. Due to the so-called Turnaround Execution System, all this knowledge is now available, shared and used throughout our company.

Today, our downtime management is quicker, safer and more cost efficient than ever before.

In 2015 we proved this in a major downtime at our big production site near Shanghai in China. The measure included the simultaneous downtime of 28 process units and utility systems, such as our big MDI, PCS and HDI units. It was planned to last 1.76 million man hours – but we managed to complete the turnaround in just 1.24 million man hours.

So we were very much ahead of schedule, which also indicates the excellence of planning and execution, thanks to our new system. And despite of those 1.24 million man hours and a peak headcount of 2,500 workers on site, we had just two incidents. Which are still two incidents too many, but is an excellent score in terms of industry benchmarks.

There is still room for improvement and to further increase our efficiency. Our Turnaround Execution System helps us in achieving this strategic goal and provides a competitive edge for Covestro.

The optimization of our cost structures also contributes to our competitiveness.

Our goal is to rank among the cost leaders in our industry sector and we aim to achieve this, for example, by further optimizing service functions and the IT infrastructure.

We also do so by improving our organizational set-up, and I want to provide you with a concrete example and some figures:

In the process of carving out Covestro we realized that we would need to create a number of new legal entities in countries accounting for a significant part of our annual sales, but with only few employees based in these countries.

The creation of such legal entities in every single country would have meant huge administrative effort and unreasonably high costs. So we established one single entity that hosts 140 employees across 27 countries. This simplified workflows and reduced administrative costs, while maintaining close proximity of sales support staff to our customers.

Ladies and Gentlemen,

In the past few minutes, I have given you a brief overview of Covestro. I have highlighted our strengths and outlined our strategy.

Our purpose: to make the world a brighter place will guide us into a bright future for Covestro.

With our business model and our capabilities, we are ideally positioned to develop solutions that address pressing global challenges, work on our profitability and further aim to improve our key performance indicators.

When I mentioned the term key performance indicators, you might have noticed our CFO Frank Lutz looking more enthusiastic, as he is eager to give you details on our financials in 2015 and 2016.

So I want to now give him the opportunity to speak to you as well.
Thank you very much for your attention!

Forward-Looking Statements

This release 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.