Guidance achieved in a challenging environment

Financial Highlights
Q4 & FY 2019
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](http://www.covestro.com).

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.
Financial highlights FY 2019

+2.0% Core volume growth

€1.6bn EBITDA

€473m FOCF

€3.02 EPS

€2.40 Proposed dividend per share

8.4% ROCE
Guidance achieved in a challenging environment

<table>
<thead>
<tr>
<th>Core Volume Growth</th>
<th>Initial guidance FY 2019</th>
<th>Narrowed guidance FY 2019&lt;sup&gt;(a)&lt;/sup&gt;</th>
<th>FY 2019</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Volume Growth</td>
<td>Low- to mid-single-digit percentage increase Y/Y</td>
<td>Low-single-digit percentage increase Y/Y</td>
<td>+2.0%</td>
<td>✔</td>
</tr>
<tr>
<td>FOCF</td>
<td>€300 – 700m</td>
<td>€300 – 500m</td>
<td>€473m</td>
<td>✔</td>
</tr>
<tr>
<td>ROCE</td>
<td>8% – 13%</td>
<td>8% – 10%</td>
<td>8.4%</td>
<td>✔</td>
</tr>
<tr>
<td>EBITDA</td>
<td>€1,500 – 2,000m</td>
<td>€1,570 – 1,650m</td>
<td>€1,604m</td>
<td>✔</td>
</tr>
</tbody>
</table>

<sup>(a)</sup> Guidance for FY 2019 narrowed & presented at Q3 2019 results call on October 28, 2019

Note:
Solid core volume growth despite automotive weakness
FY 2019 – Regional split

Sales and core volume growth
in € million / changes Y/Y

Core volume growth Y/Y

- **APAC**: double-digit growth in wood & furniture as well as strong growth in electronics and construction more than compensated a slight decline in automotive
- **EMLA**: pronounced weakness in automotive demand was almost counterbalanced by strong growth in wood & furniture
- **NAFTA**: negative development in automotive could not be fully compensated by strong growth in construction
- **Global**: strong growth in wood & furniture and in electronics coupled with solid growth in construction more than compensated high-single-digit decline in automotive
Sales development driven by price effects

FY 2019 – Sales bridge

in € million

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>Volume</th>
<th>Price</th>
<th>FX</th>
<th>Portfolio</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14,616</td>
<td>+124</td>
<td>-15.1%</td>
<td>+277</td>
<td>-70</td>
<td>12,412</td>
</tr>
<tr>
<td></td>
<td>-2,535</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Highlights

Negative pricing
- Lower selling prices, mainly in PUR and PCS, negatively impacted sales by -17.3% Y/Y

Slight volume increase
- Sales volume expansion (in €) by +0.8% Y/Y

Positive FX
- FX benefited sales by +1.9% Y/Y mainly due to a stronger USD

Portfolio changes
- US PC sheets divested as of 1st August 2018 (FY sales of ~€150m)
- Thermoplastic PU business DCP\(^{(a)}\) fully consolidated as of 1st April 2019 (FY sales of ~€40m)
- European PU system houses divested as of 1st November 2019 (FY sales of ~€230m)
- European PC sheets divested as of 2nd January 2020 (FY sales of ~€130m), relevant in FY 2020

Notes:
\(^{(a)}\) Stake increase in DIC Covestro Polymer Ltd. (DCP), a thermoplastic PU business (CAS) in Japan, as of April 1st, 2019
Continuing pressure on prices and margins
FY 2019 – EBITDA bridge

Positive volume leverage
- Solid contribution at 59% (a)

Pronounced decline in contribution margin
- Negative pricing delta, mainly in PUR and PCS, due to intense competitive pressure

Other items
- Lower bonus provisions of ~€300m
- Positive impact of €131m from IFRS 16
- Higher costs driven by inflation, increasing number of employees for production and engineering as well as investments into digitalization
- Book gains €53m from DCP and European PU system houses transactions compared to book gains of €36m from PC sheets business divestment in FY 2018
- Insurance reimbursements of €63m vs. €29m in FY 2018

FY 2019

Volume
Price
Raw material price
Pricing delta
FY 2018
- €2,053m
FY 2019
+ 343
+ 482
- 49.9%

3,200
+ 73
- 2,535
+ 1,604

FX
Other items

Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution
Polyurethanes – margin declining towards trough levels

Segment results – Highlights FY 2019

Sales and core volume growth\(^{(a)}\)
in € million / changes Y/Y

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,950</td>
<td>1,966</td>
<td>1,849</td>
<td>1,597</td>
<td>1,489</td>
<td>1,478</td>
<td>1,489</td>
<td>1,336</td>
</tr>
<tr>
<td>Core volume growth Y/Y</td>
<td>-1.0%</td>
<td>3.9%</td>
<td>-2.0%</td>
<td>2.4%</td>
<td>-0.2%</td>
<td>0.7%</td>
<td>5.1%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

EBITDA and Margin
in € million / margin in percent

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>637</td>
<td>583</td>
<td>432</td>
<td>111</td>
<td>157</td>
<td>172</td>
<td>196</td>
<td>123</td>
</tr>
<tr>
<td>Margin</td>
<td>32.7%</td>
<td>29.7%</td>
<td>23.4%</td>
<td>7.0%</td>
<td>10.6%</td>
<td>11.6%</td>
<td>13.3%</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Reference values as of 2018 recalculated on the basis of the definition of the core business effective March 31, 2019

**Highlights**

- Solid core volume growth (in kt) of +2.3% Y/Y, driven by MDI and TDI
- Growth in all key industries except automotive
- Increasing sales volumes (in €) of +1.5% Y/Y, FX added +1.8%
- Sales decreased by -21.5% Y/Y, driven by price (-24.7%)

- Compared to prior year, EBITDA declined due to pronounced negative pricing delta
- In Q4 2019, EBITDA margin declined to 9.2% vs. 13.3% in Q3 2019 due to seasonally lower volumes and continuing margin pressure
- Book gain of €34m from divestment of European PU system houses in Q4 2019
### Polycarbonates – increasing margin pressure

#### Segment results – Highlights FY 2019

**Sales and core volume growth(a)**

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,051</td>
<td>3,473</td>
</tr>
<tr>
<td>Core volume growth Y/Y</td>
<td>3.0%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,033</td>
<td>1,056</td>
<td>1,038</td>
<td>924</td>
<td>860</td>
<td>898</td>
<td>901</td>
<td>814</td>
</tr>
<tr>
<td>Core volume growth Y/Y</td>
<td>2.7%</td>
<td>5.3%</td>
<td>2.6%</td>
<td>1.6%</td>
<td>-6.3%</td>
<td>4.4%</td>
<td>9.3%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

**EBITDA and Margin**

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,036</td>
<td>536</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>25.6%</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>303</td>
<td>285</td>
<td>315</td>
<td>133</td>
<td>155</td>
<td>154</td>
<td>132</td>
<td>95</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>29.3%</td>
<td>27.0%</td>
<td>30.3%</td>
<td>14.4%</td>
<td>18.0%</td>
<td>17.1%</td>
<td>14.7%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

### Highlights

- Solid core volume growth (in kt) of +2.7% Y/Y driven by all key industries except automotive
- Increasing sales volumes (in €) of +2.4% Y/Y, FX added +2.0%
- Sales decreased by -14.3% Y/Y, driven by price (-16.5%)

### Note:

(a) Reference values as of 2018 recalculated on the basis of the definition of the core business effective March 31, 2019
Disappointing demand for industrial coatings burdened core volume growth (-1.0% Y/Y)
• Core volume rebound in Q4 helped by full consolidation of DCP and weak comparison basis
• Stable sales development at +0.3% Y/Y driven by FX (+2.3%) and portfolio (+1.2%) despite weaker sales volumes in € (-2.1%) and prices (-1.1%)

Compared to prior year, stable EBITDA despite the negative volume leverage helped by decreasing costs and book gain from DCP revaluation (€19m)
• In Q4 2019, EBITDA margin decreased to 11.6% vs. 18.9% in Q3 2019, mainly driven by the seasonally negative volume leverage
### FOCF guidance achieved

**Historical FOCF development – FY 2019**

in € million

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>+2,014</td>
<td>+3,435</td>
<td>+3,200</td>
<td>+1,604</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>+25</td>
<td>-475</td>
<td>-167</td>
<td>+411</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-418</td>
<td>-510</td>
<td>-574</td>
<td>-296</td>
</tr>
<tr>
<td>Other effects</td>
<td>+165</td>
<td>-89</td>
<td>-83</td>
<td>-336</td>
</tr>
<tr>
<td>Capex&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>-419</td>
<td>-518</td>
<td>-707</td>
<td>-910</td>
</tr>
</tbody>
</table>

### Highlights

- FY 2019 FOCF of €473m largely driven by the expected strong finish in Q4 (FOCF of €330m)
- FOCF at the upper end of the narrowed guidance of €300m to €500m and in line with the initial guidance of €300m to €700m
- Strict inventory management coupled with decreasing receivables (driven by lower price levels) led to significant release of funds in trade working capital
- High cash tax rate of 38.9% due to retroactive tax payments for FY 2018, above P&L tax rate of 26.8%
- Other effects include provision releases of ~€350m related to bonus payments for FY 2018
- Capex of €910m up Y/Y with focus on growth investments, in line with full year guidance

<sup>(a)</sup> Cash-relevant capex
Solid balance sheet despite accounting effects

December 31st, 2019 – Total net debt

in € million

<table>
<thead>
<tr>
<th></th>
<th>Dec. 31, 2018</th>
<th>Dec. 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOCF</td>
<td>1,793</td>
<td>1,965</td>
</tr>
<tr>
<td>Interest</td>
<td>348</td>
<td>46</td>
</tr>
<tr>
<td>Dividends</td>
<td>442</td>
<td>51</td>
</tr>
<tr>
<td>Others</td>
<td>-473</td>
<td>575</td>
</tr>
<tr>
<td>Changes in pension provisions (a)</td>
<td>520</td>
<td>989</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>1,445</td>
<td>1,965</td>
</tr>
<tr>
<td>Pension provisions</td>
<td>348</td>
<td>46</td>
</tr>
</tbody>
</table>

Highlights

- Increase of net financial debt mainly due to IFRS 16 adoption
- Pension provisions increased by €520m, mainly resulting from a lower discount rate in Germany of 1.0% (prev. 1.8%)
- Almost stable equity ratio of 46% end of 2019 vs. 48% end of 2018
- Total net debt to EBITDA ratio of 1.8x end of 2019 vs. 0.6x end of 2018
- Committed to a solid investment grade rating

Note: (a) Reflecting increase in lease liabilities as of December 31, 2019, in the course of IFRS 16 adoption
Volume leverage almost offset by pricing delta

Cumulative volume growth and pricing delta contribution in EBITDA

Volume effect in EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Effect in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>77</td>
</tr>
<tr>
<td>2016</td>
<td>344</td>
</tr>
<tr>
<td>2017</td>
<td>576</td>
</tr>
<tr>
<td>2018</td>
<td>792</td>
</tr>
<tr>
<td>2019</td>
<td>865</td>
</tr>
<tr>
<td>2020</td>
<td>c.1.0bn</td>
</tr>
</tbody>
</table>

Pricing delta effect in EBITDA = price - raw materials price

<table>
<thead>
<tr>
<th>Year</th>
<th>Effect in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>296</td>
</tr>
<tr>
<td>2016</td>
<td>561</td>
</tr>
<tr>
<td>2017</td>
<td>1,806</td>
</tr>
<tr>
<td>2018</td>
<td>1,871</td>
</tr>
<tr>
<td>2019</td>
<td>-182</td>
</tr>
<tr>
<td>2020</td>
<td>c. -0.8bn</td>
</tr>
</tbody>
</table>

Highlights

- Continuous EBITDA contribution by volume leverage
- Average volume leverage of 50%
- Between 2015 and 2019, core volumes increased by around 0.8mt; equivalent to growth capex of around €2.4bn

Notes:
(a) Assuming low-single-digit core volume growth and mark-to-market for pricing delta
(b) Assuming an average capex per additional ton of around €3,000
Execute cost-cutting, reduce headcount in non-production areas

Expected cumulative savings and restructuring costs

Progress on “Perspective” program

Approximations, in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>Restructuring costs per annum (EBIT)</th>
<th>Cost savings per annum</th>
<th>Cumulative cost savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-48</td>
<td>-48</td>
<td>-48</td>
</tr>
<tr>
<td>2019</td>
<td>48</td>
<td>150</td>
<td>102</td>
</tr>
<tr>
<td>2020e</td>
<td>150</td>
<td>100</td>
<td>250</td>
</tr>
<tr>
<td>2021e</td>
<td>250</td>
<td>100</td>
<td>350</td>
</tr>
</tbody>
</table>

Highlights

- Accelerated delivery in 2019 (+€10m) and higher planned savings in 2020 (+€20m)
- Cumulative savings of around €350m planned until end of 2021e
- Reduction of ~900 FTE\(^{(a)}\) globally in non-production areas, to be carried out by way of socially acceptable solutions
- Functional areas: E2E supply chain, procurement, commercial, general and administration
- Driving efficiency by adapting business unit and corporate level structure to market needs: streamline standard businesses, extend differentiation and maximize portfolio synergies

\(^{(a)}\) FTE = Full-time equivalents
Target to reduce headcount to 2018 level

Development of full-time equivalent (FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>SG&amp;A(a)</th>
<th>Production</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5,168</td>
<td>10,479</td>
<td>16,770</td>
</tr>
<tr>
<td>2019</td>
<td>4,822</td>
<td>11,162</td>
<td>17,201</td>
</tr>
<tr>
<td>2020e</td>
<td></td>
<td></td>
<td>~16,800</td>
</tr>
</tbody>
</table>

**Highlights**

- Marketing and general administration FTE reduced in 2019 as a result of Perspective restructuring.
- Production personnel increased in 2019 to equip extended production facilities and to enable growth projects as well as to compensate for upcoming retirements.
- Plan to reduce year end 2020 FTE to ~16,800 through further execution of Perspective program.

Notes:
(a) SG&A = Marketing and general administration
(b) Total = SG&A + Production + R&D
Earnings approaching trough levels
EBITDA development between 2014 and 2020e

in € billion

Highlights

• 2014 below mid-cycle levels due to excess industry supply
• 2017 and parts of 2018 with strong demand growth and favorable industry supply / demand balance
• 2019 below mid-cycle levels as an unfavorable industry supply / demand balance led to significant margin pressure
• Year-end margins 2019 close to historical trough levels determine expected mark-to-market level for 2020
• Mark-to-market EBITDA 2020 of €1.1bn includes ~€200m additional short-term savings

- Implied mid-cycle EBITDA trend line
- Mark-to-Market

Note:
(a) EBITDA before one-time items in 2014 and 2015
Earnings approaching trough level in challenging environment

FY 2020 guidance

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>Guidance FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core volume growth</td>
<td>+2.0%</td>
<td>Low-single-digit percentage range increase Y/Y</td>
</tr>
<tr>
<td>FOCF</td>
<td>€473m</td>
<td>€0 – 400m</td>
</tr>
<tr>
<td>ROCE</td>
<td>8.4%</td>
<td>2 – 7%</td>
</tr>
<tr>
<td>Additional financial expectations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA FY</td>
<td>€1,604m</td>
<td>€1,000 – 1,500m</td>
</tr>
<tr>
<td>EBITDA Q1</td>
<td>€442m</td>
<td>€200 – 280m</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>€752m</td>
<td>~€770m</td>
</tr>
<tr>
<td>Financial result</td>
<td>~€-91m</td>
<td>~€-105</td>
</tr>
<tr>
<td>P&amp;L (effective) tax rate</td>
<td>26.8%</td>
<td>24 – 26%</td>
</tr>
<tr>
<td>Capex(a)</td>
<td>€910m</td>
<td>~€900m</td>
</tr>
</tbody>
</table>

Notes:
(a) Cash-relevant capex
Basic assumptions FY 2020: Exchange rate of EUR/USD ~1.10, EUR/RMB ~7.9 and a global GDP growth of ~2.5% Y/Y
The forecast takes account of the negative impact of the coronavirus on business in China in the first quarter of 2020 that is foreseeable at the time of preparation (February 14, 2020). Beyond this, we cannot at present predict what impact this matter may have.
Clear set of priorities

Use of cash

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Focus</th>
<th>Opportunities</th>
<th>Return to shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend policy</td>
<td>Capex</td>
<td>Portfolio</td>
<td>Shareholders</td>
</tr>
<tr>
<td>• Progressive policy: increase or keep at least stable</td>
<td>• Covestro’s industry and cost leadership make growth investment the most value-creating use of cash</td>
<td>• Disciplined and focused approach</td>
<td>• Return excess cash to shareholders</td>
</tr>
<tr>
<td></td>
<td>• Growth capex focuses mainly on CAS, MDI and PCS</td>
<td>• Targeting value-enhancing acquisitions with attractive IRR</td>
<td>• Authorization for share buy-back program for up to 10% of share capital in place</td>
</tr>
<tr>
<td></td>
<td>• Maintenance capex to secure safe, reliable and efficient operations</td>
<td>• Ongoing portfolio optimization, including successful execution of disposals</td>
<td></td>
</tr>
</tbody>
</table>

€1.7bn paid in dividends \(^{(a)}\)
€2.6bn invested in capex
€0.6bn of sales divested
€1.5bn of shares bought back

Notes:
(a) including dividend for FY 2015 and proposed dividend for FY 2019
Dividend policy: increase or keep at least stable

Historical dividend development

### Highlights
- Commitment to progressive policy: increase or keep at least stable
- Stable dividend payment proposed for FY 2019 despite decreasing EPS
- For FY 2019 dividend, proposal of €2.40 per share at the next AGM, on April 17th, 2020
- Dividend yield of 6.1%
- Corresponding FOCF of €473m in FY 2019 covers dividend payment of €438m
- Balance sheet was strengthened by reducing net debt by €1.1bn between 2015 and 2019

#### Notes:
- (a) short fiscal year of Covestro AG
- (b) proposed dividend for FY 2019
- (c) based on closing share price of €39.21 as of February 17th, 2020
- (d) dividends of Covestro AG
Investment into organic growth to deliver attractive returns

Covestro Group capex\(^{(a)}\) development 2015 – 2021e

**Reported capex\(^{(a)}\)**

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>509</td>
</tr>
<tr>
<td>2016</td>
<td>419</td>
</tr>
<tr>
<td>2017</td>
<td>518</td>
</tr>
<tr>
<td>2018</td>
<td>707</td>
</tr>
<tr>
<td>2019</td>
<td>910</td>
</tr>
<tr>
<td>2020e</td>
<td>~900</td>
</tr>
<tr>
<td>2021e</td>
<td>~900</td>
</tr>
</tbody>
</table>

**Capex\(^{(a)}\) indication**

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>518</td>
</tr>
<tr>
<td>2019</td>
<td>910</td>
</tr>
<tr>
<td>2020e</td>
<td>(~1.1bn)</td>
</tr>
<tr>
<td>2021e</td>
<td>(~1.2bn)</td>
</tr>
</tbody>
</table>

**Highlights**

**Reduction of capex budget 2020 and 2021**
- Reduction of ~€0.5bn versus previous guidance

**Future growth capex**
- Almost 2/3 of capex budget invested into growth in 2020-2021
- Top 10 projects account for 1/3 of capex budget
  - Aniline plant in Antwerp (~€0.4bn)
  - Chlorine plant and MDI debottlenecking in Tarragona (~€0.3bn)
- Almost 100 projects with capex of more than €10m, with spending spread over several years

**Maintenance capex at ~€350m p.a.**
- Securing safe, reliable and efficient operations

---

*Note:
(a) Cash-relevant capex, prior to initial application of new accounting standard IFRS 16 Leases, effective January 1st, 2019*
Continuous progress on strategic focus topics

Highlights 2019

**Sustainability**
- Initiative for circular economy
- Use of alternative raw materials (biomass, carbon dioxide)
- Green electricity for production (Ørsted wind farm)

**Portfolio optimization**
- Disposal of European and US Polycarbonates sheet businesses
- Disposal of European PU system houses
- Increase of shares in joint venture DIC Covestro Polymer (DCP)

**Expansion of production network**
- Expansion of MDI production Brunsbüttel, Germany
- Expansion of specialty film production
- Pilot projects for the maintenance of plants using AI

**Innovation**
- Product innovations for megatrends such as 5G or e-mobility
- Digital chemistry (use of AI and big data)
- Covestro Start-Up Challenge
Guidance achieved in a challenging environment

Highlights 2019

1. Solid market growth across all key industries except automotive industry

2. EBITDA significantly below mid-cycle level due to an unfavorable supply / demand balance

3. Solid free operating cash flow supported by active working capital measures

4. FY 2019 guidance achieved as strict cost discipline counterbalances stronger than expected price pressure

5. Another challenging year expected in 2020 given historically low margins per ton at year end 2019
Solid core volume growth in a difficult environment

Q4 2019 – Regional split

Sales and core volume growth

<table>
<thead>
<tr>
<th>Region</th>
<th>Core Volume Growth in € million</th>
<th>Change Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>598</td>
<td>+15.5%</td>
</tr>
<tr>
<td>US</td>
<td>597</td>
<td>-6.2%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>719</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Germany</td>
<td>334</td>
<td>-9.3%</td>
</tr>
<tr>
<td>APAC</td>
<td>966</td>
<td>+13.9%</td>
</tr>
<tr>
<td>EMLA</td>
<td>1,179</td>
<td>+1.6%</td>
</tr>
<tr>
<td>GLOBAL</td>
<td>2,864</td>
<td>+3.8%</td>
</tr>
</tbody>
</table>

Core volume growth Y/Y

- **APAC**: double-digit growth in automotive, wood/furniture and diverse industries, strong growth in construction
- **EMLA**: strong growth in electronics, wood & furniture and diverse industries more than compensate negative growth in automotive and construction
- **NAFTA**: negative growth across all industries due to constrained product availability
- **Global**: double-digit growth in wood & furniture, strong growth in diverse industries as well as solid growth in electronics more than compensate negative growth in automotive
Negative price effects decrease sales
Q4 2019 – Sales bridge

in € million

-12.5%

Q4 2018

Volume

3,272

Price

-23

FX

-435

Portfolio

0

Q4 2019

2,864

Highlights

Negative pricing
• Lower selling prices in PUR and PCS negatively impacted sales by -13.3% Y/Y

Slightly negative volume development
• Sales volume expansion (in €) by -0.7% Y/Y
• Sales volume expansion below core volume growth of +3.8% mainly due to declining non-core business

Positive FX
• Sales benefited +1.5% Y/Y from FX mainly due to stronger USD and CNY
Other items compensate pronounced negative pricing delta

Q4 2019 – EBITDA bridge

Highlights

Pronounced decline in contribution margin
• Negative pricing delta in PUR and PCS mainly resulting from higher competitive pressure

Other items
• Positive impact of €40m from accounting change (IFRS 16)
• Book gain of €34m from European PU system houses divestment

Positive FX
• Positive effect of +3.4% Y/Y mainly due to a stronger USD and CNY
Solid core volume growth in a challenging environment

Group results – Highlights FY 2019

Sales and core volume growth\(^{(a)}\)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (€ million)</th>
<th>Core volume growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2018</td>
<td>3,779</td>
<td>0.0%</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>3,863</td>
<td>4.4%</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>3,702</td>
<td>0.2%</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>3,272</td>
<td>1.7%</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>3,175</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>3,211</td>
<td>1.1%</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>3,162</td>
<td>5.3%</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>2,864</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

EBITDA and Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA (€ million)</th>
<th>EBITDA Margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2018</td>
<td>2,864</td>
<td>9.7%</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>3,200</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Highlights

- Solid core volume growth (in kt) of +2.0% Y/Y
- Solid growth in PUR and PCS while CAS volumes decline slightly
- Overall asset utilization rate remains high

Note:
(a) Reference values as of 2018 recalculated on the basis of the definition of the core business effective March 31, 2019
### IFRS 16 impact on main KPIs in FY 2019

Changes in accounting as a result of the initial application of IFRS 16\(^{(a)}\)

<table>
<thead>
<tr>
<th>Balance Sheet (as of December 31, 2019)</th>
<th>P&amp;L</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>€+131m</td>
<td>FOCF €+130m</td>
</tr>
<tr>
<td>Capital employed</td>
<td>€+7m</td>
<td>Financing CF €-130m</td>
</tr>
<tr>
<td>ROCE</td>
<td>-0.7pp</td>
<td></td>
</tr>
</tbody>
</table>

#### P&L

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>€+131m</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>€+7m</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>€-21m</td>
<td></td>
</tr>
<tr>
<td>Income after income taxes</td>
<td>€-10m</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(a)}\) Impact on 2019 financials based on 2018 lease contracts
# Upcoming IR events

Find more information on covestro.com/en/investors

## Reporting dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 29, 2020</td>
<td>Q1 2020 Interim Statement</td>
</tr>
<tr>
<td>October 27, 2020</td>
<td>Q3 2020 Interim Statement</td>
</tr>
</tbody>
</table>

## Annual General Meeting

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 17, 2020</td>
<td>Annual General Meeting, Bonn</td>
</tr>
</tbody>
</table>

## Capital Markets Day

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 2020</td>
<td>Leverkusen</td>
</tr>
</tbody>
</table>

## Sellside event

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 27, 2020</td>
<td>Sellside Round Table with CFO, London</td>
</tr>
</tbody>
</table>

## Broker conferences

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 3, 2020</td>
<td>Morgan Stanley Corporate Day, Madrid</td>
</tr>
<tr>
<td>April 1, 2020</td>
<td>Mainfirst Corporate Conference, Copenhagen</td>
</tr>
</tbody>
</table>