Structural growth above GDP

Roadshow Presentation
Forward-looking statements

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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 defendable 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 4,800kt\(^{(a)}\) 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 or limited merchant market sales
• Headquartered in Leverkusen, Germany, with 15,750 employees\(^{(c)}\) globally

<table>
<thead>
<tr>
<th>Sales split by geography(b)</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>16%</td>
</tr>
<tr>
<td>APAC ex China</td>
<td>12%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>28%</td>
</tr>
<tr>
<td>EMLA</td>
<td>44%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales split by end-market</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive / Transportation</td>
<td>20%</td>
</tr>
<tr>
<td>Construction</td>
<td>17%</td>
</tr>
<tr>
<td>Electrical / Electronics</td>
<td>12%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>8%</td>
</tr>
<tr>
<td>Sports / Leisure, Cosmetics, Health, Others</td>
<td>27%</td>
</tr>
<tr>
<td>Wood / Furniture</td>
<td>16%</td>
</tr>
</tbody>
</table>

Covestro key financials

<table>
<thead>
<tr>
<th>Sales</th>
<th>Adj. EBITDA</th>
<th>Adj. EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015  €12.1bn</td>
<td>2015 €1.6bn</td>
<td>2015 13.6%</td>
</tr>
</tbody>
</table>

Notes:
\(^{(a)}\) Includes total nameplate capacity for PUR and PCS in 2015, rounded to nearest 100kt
\(^{(b)}\) Based on Covestro Annual Report 2015; EMLA = Europe, Middle East, Africa, Latin America (without Mexico); NAFTA = USA, Canada, Mexico; APAC = Asia, Pacific
\(^{(c)}\) Employees refers to full-time-equivalents (FTE), rounded to nearest 50
# Covestro business units

Three industry-leading, structurally attractive business units

<table>
<thead>
<tr>
<th>Business Units</th>
<th>Polyurethanes (PUR)</th>
<th>Polycarbonates (PCS)</th>
<th>Coatings, Adhesives, Specialties (CAS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Position(a)</td>
<td>Global #1 (3,470kt)</td>
<td>Joint Global #1 (1,280kt)</td>
<td>Global #1:</td>
</tr>
<tr>
<td></td>
<td>• MDI: #2 (1,420kt)</td>
<td>• EMEA: #2 (540kt)</td>
<td>• Aliphatic isocyanate derivatives</td>
</tr>
<tr>
<td></td>
<td>• TDI: #2 (720kt)</td>
<td>• NAFTA: #2 (230kt)</td>
<td>• Aromatic isocyanate derivatives</td>
</tr>
<tr>
<td></td>
<td>• Polyether polyols: #2 (1,330kt)</td>
<td>• APAC: #2 (510kt)</td>
<td>• Polyurethane dispersions</td>
</tr>
<tr>
<td>Sales 2015</td>
<td>€6.1bn or 50% of Covestro</td>
<td>€3.2bn or 26% of Covestro</td>
<td>€2.1bn or 17% of Covestro</td>
</tr>
<tr>
<td>Adj. EBITDA Margin 2015</td>
<td>10.2%</td>
<td>17.7%</td>
<td>23.5%</td>
</tr>
</tbody>
</table>

## Key Applications

**Rigid foam:**
- Building insulation
- Cold chain
- Automotive parts

**Flexible foam:**
- Furniture
- Bedding/mattresses
- Automotive parts
- IT and electrical equipment, electronics
- Construction (windows, roof structure)
- Consumer products, medical and other applications

Notes:
(a) Based on total nameplate capacity for PCS, MDI, TDI and Polyether polyols at year-end 2015 relative to competitors as per Covestro internal estimates; for PCS: joint global leader (SABIC is the other #1); based on entire polycarbonates nameplate capacity as per Covestro internal estimates; for CAS, based on total volume in 2015A relative to competitors as per Covestro internal estimates.
Exposure to fundamental macro trends

Above GDP industry growth supported by global trends

Global trends

- Climate change
  - Zero emission concepts
  - Low energy buildings

- Mobility
  - Energy efficient mobility
  - Lightweight transportation

- Growing population
  - Food preservation
  - Low cost durable goods

- Increasing urbanization
  - Affordable housing
  - Living comfort
  - Public infrastructure

Needs

- Industry demand outlook 2015 – 2020E

Covestro solutions

- Building insulation
- Insulation along the cold chain
- Foam mattresses and comfort solutions
- Weight-saving car parts

- Lightweight materials for transportation
- Roofing and glazing for buildings
- Blends and composites for electronics / IT and consumer goods

- High performance surfaces and coatings
- High-tech films
- Solvent-free coatings and adhesives

Notes:
(a) Assumes global GDP CAGR 2015 – 2020E of ~3%
(b) Comprises MDI, TDI and polyether polyols
(c) Shows PU raw materials industry demand in coatings, adhesives and sealants

Source: Company information. CASe market: Orr & Boss 2014 & Covestro internal estimates with annual growth of 4% for 2015

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Global industry positions

Covestro is a leader across its entire portfolio

### Polyurethanes
- **MDI**
  - Capacity share (2015):
    - Covestro: 38%
    - BASF: 20%
    - Huntsman: 10%
    - Others: 22%
  - Top 5: 90%
  - Structure expected to remain unchanged to 2020E

- **TDI**
  - Capacity share (2015):
    - Covestro: 27%
    - BASF: 26%
    - Huntsman: 10%
    - Others: 37%
  - Top 5: 74%
  - 2020E: Top 5 expected to account for 76%

- **Polyether polyols**
  - Capacity share (2015):
    - Covestro: 49%
    - BASF: 15%
    - Huntsman: 15%
    - Others: 11%
  - Top 5: 51%
  - Expectation of further consolidation, mainly in China

### Polycarbonates
- **PC**
  - Capacity share (2015):
    - Covestro: 27%
    - BASF: 19%
    - DSM: 11%
    - Others: 43%
  - Top 5: 81%
  - Industry structure virtually unchanged to 2020E

### Coatings, Adhesives, Specialties
- **Aliphatic isocyanate derivatives**
  - Capacity share (2015):
    - Covestro: 47%
    - BASF: 17%
    - Others: 36%
  - Top 5: 89%
  - Industry structure expected to remain stable until 2020E

- **Polyurethane dispersions**
  - Capacity share (2015):
    - Covestro: 17%
    - BASF: 63%
    - Others: 20%
  - Top 5: 37%

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**Entry requirements**
- Sizable investment requirement
- Intense pressure to advance process technology
- Global asset base to enable customer proximity
- Persistent demand for product and process innovation
- Efficient feedstock integration required

**Notes:**
(a) Based on total nameplate capacity in 2015 relative to competitors as per Covestro internal estimates
(b) Joint #1 position between Covestro and SABIC based on total nameplate capacity for PCS in 2015 relative to competitors as per Covestro internal estimates
A common chemical backbone across all segments

Significant synergies in scale, process technology and chemical know-how

Chemical backbone

- Chlorine ▶ Phosgene
- Caustic soda
- Hydrochloric acid
- Services
- Propylene oxide (a)

Products

- MDI
- TDI
- PCS
- CAS
- Polyols

Customer industries

- Automotive/transportation
- Construction
- Wood/furniture
- Electrical/electronics
- Chemicals
- Sports, leisure, cosmetics, health, other industries

Synergies

- Common assets ▶ economies of scale
- Chemical know-how
- Process technology
- Customer access
- Global presence

Notes:
(a) Contracts and JV activities
(b) Gas Phase Phosgenation

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Q2 2016 and 6M 2016 – Sales per Region

Above-GDP volume growth in all regions

**Q2 2016 Highlights**
- Strong core volume growth of 7.7% Y/Y
- APAC and China with double-digit growth
- Growth accelerated in Germany
- US and NAFTA with slower sequential growth due to high comparison basis

**6M 2016 Highlights**
- Strong core volume growth of 8.1% Y/Y
- China remains a high growth market with 14% Y/Y
- Significant core volume growth in the US with 8% Y/Y
- Solid growth in EMLA
6M 2016 – Sales by Segments

Significant proportion generated with resilient businesses

Sales by Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>% of group sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCS</td>
<td>28%</td>
</tr>
<tr>
<td>CAS</td>
<td>18%</td>
</tr>
<tr>
<td>Polyols</td>
<td>5%</td>
</tr>
<tr>
<td>MDI</td>
<td>18%</td>
</tr>
<tr>
<td>TDI</td>
<td>14%</td>
</tr>
<tr>
<td>Others</td>
<td>5%</td>
</tr>
<tr>
<td>Resilient Businesses</td>
<td>49%</td>
</tr>
</tbody>
</table>

Highlights

**Resilient businesses**
- CAS: proven low volatility
- Polyols: structurally low volatility

**Above mid-cycle margins**
- PCS: but still below historical peak margins

**Below mid-cycle margins**
- MDI: challenged by new capacities in the industry

**Bumping along the bottom of the cycle**
- 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 2015
- 23.5% Adj. EBITDA margin 2015

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 requirements
- 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

Notes:
(a) Based on total aliphatic isocyanates volume in 2015 relative to competitors as per Covestro internal estimates
(b) Includes direct customers only
Polyols industry spreads

Polyether polyols demonstrate inherently stable margins

- Non-integrated polyether polyols producers with limited competitiveness
- Single capacity addition with little influence on supply/demand dynamics
- Specific entry requirements for new players, e.g., CapEx and technology
- 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

Notes:
(a) The global average polyols price has been calculated based on the polyols prices in Europe, US and China and weighting this average against the respective demand in those regions.
(b) The global average propylene price has been calculated based on the propylene prices in Europe, US and China and weighting this average against the respective demand in those regions.

Source: Nexant and Covestro internal estimates
Industry historical development and outlook

Above GDP growth driving industry capacity utilization and supporting higher margins

**Demand development (2010 – 2020E)**

<table>
<thead>
<tr>
<th>2010</th>
<th>2015</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDI</td>
<td>4,350</td>
<td>5,920</td>
</tr>
<tr>
<td>TDI</td>
<td>1,860</td>
<td>2,250</td>
</tr>
<tr>
<td>PCS</td>
<td>3,525</td>
<td>3,825</td>
</tr>
</tbody>
</table>

**Supply development (2010 – 2020E)**

<table>
<thead>
<tr>
<th>2010</th>
<th>2015</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDI</td>
<td>5,350</td>
<td>7,180</td>
</tr>
<tr>
<td>TDI</td>
<td>2,100</td>
<td>2,750</td>
</tr>
<tr>
<td>PCS</td>
<td>4,255</td>
<td>4,740</td>
</tr>
</tbody>
</table>

**Operating rates and margins**

- **Notes:**
  - (a) Assumes global GDP CAGR 2015 – 2020E of ~3%
  - (b) Based on historical and announced future nameplate capacities
  
  Source: Nexant and Covestro internal estimates

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Industry supply development

Favorable industry supply outlook

Supply Development (2010 – 2020E)

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply (kt)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5,350</td>
<td>6.1%</td>
</tr>
<tr>
<td>2020E</td>
<td>7,960</td>
<td></td>
</tr>
</tbody>
</table>

**MDI**

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2015</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFTA</td>
<td>2,100</td>
<td>2,750</td>
<td>5.5%</td>
</tr>
<tr>
<td>APAC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMLA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020E</td>
<td>3,220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TDI**

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2015</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFTA</td>
<td>4,255</td>
<td>4,740</td>
<td>2.2%</td>
</tr>
<tr>
<td>APAC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMLA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020E</td>
<td>5,490</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PCS**

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2015</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFTA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMLA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020E</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- (a) Based on historical and announced future nameplate capacity additions
- (b) Closure of 55kt p.a. Belford Roxo, Brazil, facility
- (c) Refers to Shanghai Lianheng isocyanate JV (BASF 35%, Huntsman 35%, Shanghai Chlor-Alkali 15%, Shanghai Hua Yi 8% and Sinopec 7%)
- (d) Announced closure of 170kt p.a. Tarragona, Spain, facility

Source: Nexant and Covestro internal estimates

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Structured profitability enhancement program on track

Net saving expected to start ramping up in 2017

<table>
<thead>
<tr>
<th>Key Measures</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset optimization plan</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed asset management cost improvements</td>
<td></td>
</tr>
<tr>
<td>- Rolling out fixed asset management cost initiatives</td>
<td>ongoing</td>
</tr>
<tr>
<td>- More efficient turnaround execution</td>
<td></td>
</tr>
<tr>
<td>- Further operational optimizations</td>
<td></td>
</tr>
<tr>
<td>Asset restructuring / efficiency projects</td>
<td></td>
</tr>
<tr>
<td>- Closure of Belford Roxo</td>
<td>executed</td>
</tr>
<tr>
<td>- TDI EMEA restructuring</td>
<td>executed</td>
</tr>
<tr>
<td>- Site consolidation: closure of South Korea PC sheet production</td>
<td>executed</td>
</tr>
<tr>
<td>- MDI EMEA restructuring: closure of TAR</td>
<td>underway</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td></td>
</tr>
<tr>
<td>- In manufacturing area</td>
<td>ongoing</td>
</tr>
</tbody>
</table>

| Cost improvement measures                        |              |
| Corporate overhead cost savings                  |             |
| - Streamlining IT infrastructure and business model | ongoing     |
| - More tailor-made service function designs to replace current TSA(a) with Bayer |             |
| BU-level specific savings                        |             |
| - Streamline sales force and back-office         |             |
| - Focus on core areas and customers              |             |
| - Consolidation within regional functions, product management and sales | ongoing      |
| - Maximize use of existing trade and distribution channels |          |
| Continuous improvement                           |             |
| - In non-manufacturing area                      | ongoing      |

Targeted gross savings c. 420

Accumulated inflation of existing cost base c. 270

Phasing of net savings
- Net zero costs and benefits expected in 2016
- Linear ramp up of net benefits in 2017 and 2018
- Realization of full net benefits of >€100m in 2019

Accumulated inflation of existing cost base

Profitability enhancement potential by 2019 c. 150

Expected net savings Potential by 2019

Note: (a) Transitional Service Agreements

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Record free operating cash flow in 2015

Track record of positive FOCF across the cycle

- Accumulated more than €4bn in free operating cash flow since 2005
- Free operating cash flow positive every year including 2008–2009 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

Notes:
Financials prior to FY2012 based on Bayer AG's MaterialScience segment financials as published by Bayer AG.
Free operating cash flow (FOCF) is calculated as net operating cash flow less cash outflows for property, plant and equipment and intangible assets.
Use of cash reflects strong cash generation

**Internal**
- CapEx (budget) below D&A in 2015-2019E
- Goal to further reduce net debt
- Long-term preparation of next growth investments underway

**Dividend policy**
- Clear commitment to sustainable dividend growth – or at least stable dividend in difficult economic environment
- For stub year 2015, dividend of €0.70 paid
- Efficient capital structure and strong free cash flow allowing for sustainable dividend policy
- Attractive dividend policy with focus on increasing or at least stable dividends

**Portfolio**
- Disciplined & focused approach
- Bolt-on acquisition to boost R&D and business development
- Focus on high margin, differentiated business areas and continuous portfolio optimization
Covestro strategy

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

1. **Capture market growth**
   over the next years with existing world-scale assets

2. **Optimize asset footprint**
   through site consolidation, restructuring and efficiency projects

3. **Improve cost position**
   by 2019, 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
Q2 2016
Continued dynamic core volume growth (7.7% Y/Y)

Adj. EBITDA above previous year’s strong quarter (9% Y/Y)

Strong net income increase (51% Y/Y)

FY 2016 guidance increased

Bayer loans repaid in full

Q2 2016 Key Highlights
Structural growth above GDP
Q2 2016 – Sales Bridge

Dynamic volume growth

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>3,210</td>
<td>2,990</td>
</tr>
<tr>
<td>Price</td>
<td>-280</td>
<td>-86</td>
</tr>
<tr>
<td>FX</td>
<td>-86</td>
<td>-86</td>
</tr>
</tbody>
</table>

**Sales Bridge**

in € million

**Highlights**

**Dynamic volume development**

- Core volume growth (in kt) of 7.7% Y/Y
- Sales volumes (in €) expansion of 4.5% Y/Y diminished by declining volumes in non-core products

**Price decline mainly driven by lower raw material prices**

- Lower selling prices negatively impacted sales by 8.7% Y/Y

**Negative FX effects**

- FX effects burdened sales by 2.7% Y/Y mainly due to weaker CNY, MXN and BRL
Q2 2016 – Adj. EBITDA Bridge

Positive volume leverage

Adj. EBITDA Bridge

in € million

<table>
<thead>
<tr>
<th></th>
<th>Q2 2015</th>
<th>Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing Delta</td>
<td>-280</td>
<td>+27</td>
</tr>
<tr>
<td>Raw Material Costs</td>
<td>+47</td>
<td>+47</td>
</tr>
<tr>
<td>Volume</td>
<td>-7</td>
<td>0</td>
</tr>
<tr>
<td>FX</td>
<td>498</td>
<td>542</td>
</tr>
<tr>
<td>$23m</td>
<td>+8.8%</td>
<td></td>
</tr>
</tbody>
</table>

Highlights

Positive volume leverage
- Mainly driven by MDI and PCS

Slightly declining cash margin
- Mainly driven by non-core products

Other items:
- Mainly driven by lower maintenance costs

Limited FX effects
- Mainly translational impact
Q2 2016 – Group Results

Continued margin expansion

**Net Sales and Core Volume Growth**

- **Q2 2016 Highlights**
  - Dynamic core volume growth of 7.7% Y/Y driven by PUR and PCS, despite a high prior year comparison basis
  - Sales decreased by 6.9% Y/Y mainly reflecting the lower raw material prices

**Adjusted EBITDA and Margin**

- **Q2 2016 Highlights**
  - Adj. EBITDA margin significantly improved to 18.1% due to positive volume leverage
  - Adj. EBITDA increased each quarter Y/Y in the last six quarters
Polyurethanes – Solid development

Q2 2016 – Results of PUR Segment

Net Sales and Core Volume Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales in € million</th>
<th>Core Volume Growth Y/Y *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>1,554</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>1,637</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>1,512</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>1,385</td>
<td>+4.6%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>1,403</td>
<td>+10.4%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>1,481</td>
<td>+9.0%</td>
</tr>
</tbody>
</table>

* data of previous year have been adjusted

Adjusted EBITDA and Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA in € million</th>
<th>Adj. EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>163</td>
<td>10.5%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>223</td>
<td>13.6%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>175</td>
<td>11.6%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>63</td>
<td>4.5%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>214</td>
<td>15.3%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>228</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

Q2 2016 Highlights

- Core volume growth of 9.0% Y/Y mainly driven by MDI and TDI
- Selling prices declined by 13.1%
- Adj. EBITDA margin increased due to positive volume leverage
- Profitable growth in core volumes were diminished by lower earnings in non-core products
Q2 2016 – Results of PCS Segment

Polycarbonates – Strong results

Net Sales and Core Volume Growth

Adjusted EBITDA and Margin

Q2 2016 Highlights

- Broad based dynamic development by regions and industries, with lower volumes in low-margin optical media
- Selling prices declined by 4.3% Y/Y
- Positive volume leverage and product mix effect
- Continuing favorable supply-demand balance
Q2 2016 – Results of CAS Segment
Coatings, Adhesives, Specialties – Record margin

**Net Sales and Core Volume Growth**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales</th>
<th>Core Volume Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>535</td>
<td>+6.3%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>562</td>
<td>+6.5%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>519</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>477</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>512</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>532</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

*) data of previous year have been adjusted

**Adjusted EBITDA and Margin**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA</th>
<th>Adj. EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>133</td>
<td>24.9%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>137</td>
<td>24.4%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>137</td>
<td>26.4%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>84</td>
<td>17.6%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>139</td>
<td>27.1%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>142</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

**Q2 2016 Highlights**

- Phase out of trading product burdened core volume growth; underlying business of CAS delivered a low single-digit growth
- Relative growth was burdened by a high prior year basis
- Selling prices decreased slightly

- Margin increase mainly driven by lower raw material costs and product mix effect
- Phase out of trading product burdened absolute EBITDA but was slightly margin enhancing
High EBITDA to FOCF conversion rate
Free operating cash flow development 2012-2015

(€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adj. EBITDA</th>
<th>Special items</th>
<th>Working Capital</th>
<th>Capex</th>
<th>Income taxes paid or accrued</th>
<th>Other effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,244</td>
<td>-148</td>
<td>-148</td>
<td>-33</td>
<td>-114</td>
<td>-135</td>
</tr>
<tr>
<td>2013</td>
<td>1,056</td>
<td>-583</td>
<td>-119</td>
<td>-85</td>
<td>-612</td>
<td>-157</td>
</tr>
<tr>
<td>2014</td>
<td>1,181</td>
<td>-157</td>
<td>-84</td>
<td>-39</td>
<td>-509</td>
<td>-222</td>
</tr>
<tr>
<td>2015</td>
<td>1,641</td>
<td>-230</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Historic FOCF development largely driven by adjusted EBITDA, special items, changes in working capital and capital expenditures
• In FY2015, positive contribution from changes in working capital fully eaten up by negative special items (carve-out/IPO and site restructuring)
6M 2016 – Free Operating Cash Flow

Stable FOCF

Free Operating Cash Flow

in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ million)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>181</td>
<td>+129%</td>
</tr>
<tr>
<td>2013</td>
<td>415</td>
<td>-25%</td>
</tr>
<tr>
<td>2014</td>
<td>313</td>
<td>+208%</td>
</tr>
<tr>
<td>2015</td>
<td>964</td>
<td></td>
</tr>
<tr>
<td>6M 2015</td>
<td>320</td>
<td>-1.9%</td>
</tr>
<tr>
<td>6M 2016</td>
<td>314</td>
<td></td>
</tr>
</tbody>
</table>

6M 2016 Highlights

- Dynamic business growth led to higher working capital needs
- Solid increase of EBITDA triggered higher cash-out for income taxes
- Operating cash flow further reduced by higher pay-out of personnel provisions
- Lower CapEx due to project phasing
6M 2016 – Financial Debt

Baa2 rating (Moody's) with stable outlook

**Highlights**

**Total net debt up compared to year-end 2015**
- Provisions for pensions increased by €636m compared to year-end 2015 due to lower interest rates (German discount rate down from 2.6% to 1.6%); net financial debt decreased by €174m

**Significant reduction of financial liabilities**
- Repayment of €810m debt to Bayer

**Unchanged ambitions for 2016: Further net financial debt reduction and increasing dividend compared to 2015**
- Based on our policy with focus on increasing or at least stable dividends
## Guidance 2016

On track to deliver

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Volume Growth</strong></td>
<td>+2.7%</td>
<td>Mid-single-digit increase Y/Y</td>
<td>Mid- to high-single-digit increase Y/Y</td>
<td>+8.1%</td>
</tr>
<tr>
<td><strong>FOCF</strong></td>
<td>€964m</td>
<td>At a high level, above the average for past years</td>
<td>Around last year’s level</td>
<td>€314m</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>9.5%</td>
<td>Premium on the cost of capital</td>
<td>Above last year’s level</td>
<td>-</td>
</tr>
</tbody>
</table>

### Additional Financial Expectations for 2016

<table>
<thead>
<tr>
<th></th>
<th>H2-2015: €727m</th>
<th>n.a.</th>
<th>H2-2016: at least on last year’s level</th>
<th>6M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>€739m</td>
<td>~€650-700m</td>
<td>~€650-700m</td>
<td>€1,050m</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>€-222m</td>
<td>~€0m</td>
<td>~€0m</td>
<td>€346m</td>
</tr>
<tr>
<td>Special items in EBITDA</td>
<td>€-175m</td>
<td>~€-210m</td>
<td>~€-210m</td>
<td>€-123m</td>
</tr>
<tr>
<td>Financial results</td>
<td>30.3%</td>
<td>~30%</td>
<td>~30%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Tax rate</td>
<td>€509m</td>
<td>~€500-550m</td>
<td>~€450m</td>
<td>€126m</td>
</tr>
<tr>
<td>CapEx</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q2 2016 – Summary

Covestro fully on track

**Strong volume growth in a focused portfolio**
despite a challenging market environment

**Solid 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 focus on increasing or at least stable dividends

**Solid financial outlook**
despite continued limited visibility
Upcoming IR Events

Find more information on [investor.covestro.com](http://investor.covestro.com)

### Reporting dates

- **October 25, 2016**: Q3 2016 Interim Report
- **February 20, 2017**: Annual Report 2016
- **April 25, 2017**: Q1 2017 Interim Report

### Annual General Meeting

- **May 3, 2017**: Annual Stockholders’ Meeting, Bonn

### Broker conferences

- **September 13, 2016**: UBS, Best of Germany Conference, New York
- **September 14, 2016**: Credit Suisse, Basic Material Conference, New York
- **September 15, 2016**: UBS Best of Germany One-on-One Conference, Toronto
- **September 19-20, 2016**: Berenberg & Goldman, German Corporate Conference, Munich
- **September 21, 2016**: Baader Bank, Baader Investment Conference, Munich
- **September 29, 2016**: J.P.Morgan Milan Investment Forum, Milan
- **November 15-16, 2016**: UBS European Conference 2016, London
- **December 6-7, 2016**: BoAML European Chemicals Conference 2016, London