Positive Momentum Continues

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 public reports of Covestro and Bayer which are available on the Covestro website at www.covestro.com as well as on the Bayer AG website at www.bayer.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 4,700kt\(^{(a)}\) 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. 15,700 employees\(^{(d)}\) globally

### Key Covestro Financials\(^{(c)}\):

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>€11.8bn / €9.3bn</td>
<td>€1.2bn / €1.4bn</td>
<td>9.9% / 14.9%</td>
</tr>
</tbody>
</table>

### Notes:

- \(^{(a)}\) Includes total nameplate capacity for PUR and PCS in 2014A, rounded to nearest 100kt
- \(^{(b)}\) EMLA = Europe, Middle East, Africa, Latin America (without Mexico); NAFTA = USA, Canada, Mexico; APAC = Asia / Pacific
- \(^{(c)}\) FY2014A financials as well as sales split by geography for FY2014A based on Covestro Combined Financial Statements; sales split by end-market based on Bayer AG’s MaterialScience segment financials as published by Bayer
- \(^{(d)}\) Employees refers to full-time-equivalents (FTE)
## Covestro Business Units

Three industry-leading, structurally attractive business units

### 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>
</table>
| Global Position \(^{(a)}\) | ● Global #1:  
  – MDI: #2 (1,475kt)  
  – TDI: #1 (660kt)  
  – Polyether polyols: #2 (1,280kt) | ● Joint Global #1:  
  – EMEA: #2 (540kt)  
  – NAFTA: #2 (230kt)  
  – APAC: #2 (510kt) | ● Global #1:  
  – Aliphatic isocyanate derivatives  
  – Aromatic isocyanate derivatives  
  – Polyurethane dispersions |
| Sales 2014\(^{(b)}\) | €6.3bn or 53% of Covestro | €2.8bn or 24% of Covestro | €1.9bn or 16% of Covestro |
| Adj. EBITDA-Margin 2014\(^{(b)}\) | 9.4% | 5.7% | 22.7% |
| Adj. EBITDA-Margin 9M 2015\(^{(c)}\) | 11.9% | 18.1% | 25.2% |
| Industry Growth (14A-20E CAGR)\(^{(d)}\) | 5.3% | 4.6% | 5.3% |

### 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**
- **Surface coatings**
- **Adhesives and sealants**
- **Elastomers**
- **Specialty films**

### Notes:

- (a) For PUR: Based on total nameplate capacity for MDI, TDI and Polyether polyols in 2014A relative to competitors as per Nexant industry analysis as at July 2015; Polyether polyols capacity excluding 25kt capacity in Indonesia following facility closure in 2014A; for PCS: joint global leader (SABIC is the other #1); based on entire polycarbonates nameplate capacity as per Nexant industry analysis; for CAS: based on total volume in 2014A relative to competitors as per Orr & Boss analysis as at July 2015

- (b) Based on Covestro Combined Financial Statements for FY2014A; revenue shares based on total group sales, and therefore % of sales numbers on page do not add up to 100%

- (c) Based on Covestro Financial Statements for Q3 2015

- (d) Based on industry demand as per Nexant estimates for PUR and PCS and as per Orr & Boss estimates for CAS as at July 2015
Covestro’s Industry Structure

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

<table>
<thead>
<tr>
<th>Polyurethanes</th>
<th>Polycarbonates</th>
<th>Coatings, Adhesives, Specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDI</td>
<td>TDI</td>
<td>Polyether polyols&lt;sup&gt;(b)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Others 12%</td>
<td>Others 32%</td>
<td>Others 49%</td>
</tr>
<tr>
<td>22%</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>Top 5: 68%</td>
<td>Top 5: 82%</td>
<td>Top 5: 82%</td>
</tr>
</tbody>
</table>

Key Barriers to Entry

- 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

- Economies of scope crucial
- Formulation and application know-how necessary
- Close customer relationships and long-term R&D collaborations
- Operation of global platform essential

*Capacity share (2014A)<sup>(a)</sup>*
9M 2015 – Sales by Segments

Significant proportion generated with resilient businesses

<table>
<thead>
<tr>
<th>Sales by Segments</th>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Group Sales</td>
<td></td>
</tr>
<tr>
<td>PCS 26%</td>
<td><strong>Resilient businesses</strong></td>
</tr>
<tr>
<td>CAS 17%</td>
<td>• CAS: proven low volatility</td>
</tr>
<tr>
<td>Polyols 6%</td>
<td>• Polyols: structurally low volatility</td>
</tr>
<tr>
<td>Others 6%</td>
<td><strong>Above mid-cycle margins</strong></td>
</tr>
<tr>
<td>MDI</td>
<td>• PCS: but still significantly below historical peak margins</td>
</tr>
<tr>
<td>TDI</td>
<td><strong>Below mid-cycle margins</strong></td>
</tr>
<tr>
<td>PUR 51%</td>
<td>• MDI: challenged by new capacities in the industry</td>
</tr>
</tbody>
</table>

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

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

Notes:
(a) Based on total aliphatic isocyanates volume in 2014A relative to competitors as per Orr & Boss analysis
(b) Based on Covestro Combined Financial Statements FY2014A
(c) Includes direct customers only
Source: Orr & Boss as at July 2015
Polyols Industry Spreads

Polyether polyols – an inherently stable margin business

Historic global polyols price over propylene price

- 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 spot 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 spot prices in Europe, US and China and weighting this average against the respective demand in those regions
Source: Nexant
Industry historical development and outlook

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

Demand Development and Supply Development (2014A – 2020E)

<table>
<thead>
<tr>
<th>Year</th>
<th>MDI Demand (kt)</th>
<th>CAGR</th>
<th>TDI Demand (kt)</th>
<th>CAGR</th>
<th>PCS Demand (kt)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010A</td>
<td>4,350</td>
<td></td>
<td>1,860</td>
<td></td>
<td>3,525</td>
<td></td>
</tr>
<tr>
<td>2014A</td>
<td>5,710</td>
<td>5.8%</td>
<td>2,240</td>
<td>4.8%</td>
<td>3,750</td>
<td>4.6%</td>
</tr>
<tr>
<td>2020E</td>
<td>7,990</td>
<td></td>
<td>2,980</td>
<td></td>
<td>4,920</td>
<td></td>
</tr>
</tbody>
</table>

Supply Development (2014A – 2020E)

<table>
<thead>
<tr>
<th>Year</th>
<th>MDI Supply (kt)</th>
<th>CAGR</th>
<th>TDI Supply (kt)</th>
<th>CAGR</th>
<th>PCS Supply (kt)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010A</td>
<td>5,350</td>
<td>5.6%</td>
<td>2,100</td>
<td>6.0%</td>
<td>4,255</td>
<td>3.1%</td>
</tr>
<tr>
<td>2014A</td>
<td>6,640</td>
<td></td>
<td>2,650</td>
<td></td>
<td>4,815</td>
<td></td>
</tr>
<tr>
<td>2020E</td>
<td>8,530</td>
<td></td>
<td>3,380</td>
<td></td>
<td>5,340</td>
<td></td>
</tr>
</tbody>
</table>

Operating Rates and Margins

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry spread (US$/t)</th>
<th>CAGR</th>
<th>Utilization rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010A</td>
<td>2,100</td>
<td></td>
<td>70%</td>
</tr>
<tr>
<td>2012A</td>
<td>1,800</td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>2014A</td>
<td>1,500</td>
<td></td>
<td>90%</td>
</tr>
<tr>
<td>2016E</td>
<td>1,200</td>
<td></td>
<td>95%</td>
</tr>
<tr>
<td>2018E</td>
<td>1,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>2020E</td>
<td>800</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(a) Based on historical and announced future nameplate capacity
(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

Source: Nexant as of July 2015, Company data
Covestro asset base

Positioned for volume growth through well-invested assets

c. €7bn total capex spent\(^{(a)}\) in last 10 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Total capex (€m)(^{(a)})</th>
<th>Total capex / sales (%)(^{(a)})</th>
<th>Capacity (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005A</td>
<td>642</td>
<td>6.8%</td>
<td>4,695kt</td>
</tr>
<tr>
<td>2007A</td>
<td>889</td>
<td>8.5%</td>
<td>4,640kt</td>
</tr>
<tr>
<td>2014A</td>
<td>673</td>
<td>5.7%</td>
<td>+360kt</td>
</tr>
</tbody>
</table>


\(^{(a)}\) Total capex refers to additions to property, plant, equipment and intangible assets as per statement of changes in property, plant, equipment and intangible assets.

Source: Company information, Nexant as at July 2015.

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c. €7bn total capex spent\(^{(a)}\) in last 10 years

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<td>673</td>
<td>5.7%</td>
</tr>
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</table>

Well-invested Asset Base

Well-positioned for Volume Growth and Operational Leverage
Cash Flow Delivery

Track record of positive free operating cash flows across the cycle

- 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

Notes:
- Financials prior to FY2012A 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

Source: Bayer AG Segment Reporting, Covestro Combined Financial Statements
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
Q3 2015
Key Highlights
Positive momentum continues

- Successful IPO in volatile markets
- Strong earnings development despite slowdown in global growth
- Polycarbonates benefits from structurally improved supply/demand balance
- Record free cash flow paves way for attractive dividend
- Solid investment grade rating established
### 9M 2015 Sales & Earnings

Solid volume growth and significant earnings improvement

<table>
<thead>
<tr>
<th>Core Volumes</th>
<th>Adj. EBITDA</th>
<th>Adj. EBIT</th>
<th>FOCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>in kt</td>
<td>in € million</td>
<td>in € million</td>
<td>in € million</td>
</tr>
<tr>
<td>9M 2014</td>
<td>3,286</td>
<td>951</td>
<td>510</td>
</tr>
<tr>
<td>9M 2015</td>
<td>3,369</td>
<td>1,385</td>
<td>883</td>
</tr>
</tbody>
</table>

Change vs. prior year:
- Core Volumes: +2.5%
- Adj. EBITDA: +46%
- Adj. EBIT: +73%
- FOCF: +314%
Q3 2015 Sales & Earnings

Significant earnings improvement despite flat volumes

<table>
<thead>
<tr>
<th>Core Volumes</th>
<th>Adj. EBITDA</th>
<th>Adj. EBIT</th>
<th>FOCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>in kt</td>
<td>in € million</td>
<td>in € million</td>
<td>in € million</td>
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<tbody>
<tr>
<td>1,137</td>
<td>1,129</td>
<td>326</td>
<td>471</td>
<td>177</td>
<td>305</td>
<td>223</td>
<td>251</td>
</tr>
</tbody>
</table>

Change vs. prior year:
-0.7%  
+45%  
+72%  
+13%
Q3 2015 – Sales Bridge

Flat volumes in a challenging environment

### Sales Bridge

<table>
<thead>
<tr>
<th>Q3 2014</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3,062</td>
<td>€3,020</td>
</tr>
</tbody>
</table>

**In € million**

- **Solid volume development**
  - In Q3 2015, slight decline mainly in the segment PUR
  - In 9M 2015, growth of 3.0% Y/Y (€260m) with all three segments contributing

- **Positive FX effect**
  - In 9M 2015, FX effects contributed 8.9% Y/Y (€777m)

- **Price decline driven by lower raw material prices**
  - In Q3 2015, the index of Covestro’s strategic raw materials prices decreased from 108 to 84 Y/Y (100 = Q1 2014)
  - In 9M 2015, price effects burdened by 6.1% Y/Y (€535m)
Q3 2015 – Adj. EBITDA Bridge

Strong growth driven by tight supply

Adj. EBITDA Bridge

<table>
<thead>
<tr>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stronger pricing power</td>
</tr>
<tr>
<td>• Tight supply in polycarbonates</td>
</tr>
<tr>
<td>• Polyols helped by tight styrene markets</td>
</tr>
<tr>
<td>• Limited pricing power in MDI</td>
</tr>
<tr>
<td>• Price reductions in TDI above raw material benefits</td>
</tr>
</tbody>
</table>

Weak € continued to support results

Limited effects from lower volumes

Pricing Power €108m

-37

Others

Volume

Price

Variable cost

+335

+45%

Q3 2014

Q3 2015

326

471

FX

+75

-1

+227

+45%
2015 – Sales per Region

China still on track and growth in mature markets accelerated

Solid Growth in 9M 2015

in € million / Core Volumes Y/Y

<table>
<thead>
<tr>
<th>Region</th>
<th>Volume</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,434</td>
<td>+5%</td>
</tr>
<tr>
<td>APAC</td>
<td>2,573</td>
<td>+2%</td>
</tr>
<tr>
<td>EMLA</td>
<td>4,140</td>
<td>+3%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>2,571</td>
<td>+3%</td>
</tr>
<tr>
<td>Germany</td>
<td>1,267</td>
<td>+/- 0%</td>
</tr>
<tr>
<td>US</td>
<td>2,093</td>
<td>+4%</td>
</tr>
</tbody>
</table>

De-stocking in Q3 2015

in € million / Core Volumes Y/Y

<table>
<thead>
<tr>
<th>Region</th>
<th>Volume</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>453</td>
<td>-7%</td>
</tr>
<tr>
<td>APAC</td>
<td>816</td>
<td>-9%</td>
</tr>
<tr>
<td>EMLA</td>
<td>1,352</td>
<td>+3%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>852</td>
<td>+4%</td>
</tr>
<tr>
<td>Germany</td>
<td>415</td>
<td>+2%</td>
</tr>
<tr>
<td>US</td>
<td>680</td>
<td>+5%</td>
</tr>
</tbody>
</table>

9M 2015 Highlights

- Core volume growth of 2.5% Y/Y
- China remains a high core volume growth market with 5% Y/Y
- Good core volume growth in the US with 4% Y/Y
- EMLA solid despite double-digit decline in South America

Q3 2015 Highlights

- Core volumes down by 0.7% Y/Y
- APAC and China significantly down as customers adjusted growth expectations
- Growth accelerated in the US and Germany
Group Results
Defending higher margin level

Net Sales and Growth
in € million / changes Y/Y

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<tr>
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</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>2,826</td>
<td>2,893</td>
<td>3,062</td>
<td>2,980</td>
<td>3,054</td>
<td>3,210</td>
<td>3,020</td>
</tr>
<tr>
<td>Growth Y/Y</td>
<td></td>
<td></td>
<td></td>
<td>+8.1%</td>
<td>+11.0%</td>
<td></td>
<td>-1.4%</td>
</tr>
</tbody>
</table>

Adjusted EBITDA and Margin
in € million / margin in percent

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<tr>
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</thead>
<tbody>
<tr>
<td>Adj. EBITDA</td>
<td>364</td>
<td>261</td>
<td>326</td>
<td>210</td>
<td>416</td>
<td>498</td>
<td>471</td>
</tr>
<tr>
<td>Adj. EBITDA Margin</td>
<td>12.9%</td>
<td>9.0%</td>
<td>10.6%</td>
<td>7.0%</td>
<td>13.6%</td>
<td>15.5%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Q3 2015 Highlights

- Core volumes (kt) down 0.7% Y/Y
- Sales effects Y/Y: volumes -0.6%, prices -7.4%, FX +6.6%
- EBITDA margin stable Q/Q despite lower sales
- Polycarbonates once again the main driver for the very positive Y/Y development
Results of PUR Segment
Polyurethanes – Volatile development

Q3 2015 Highlights

- Core volumes (kt) down 2.8% Y/Y
- Sales effects Y/Y: volumes -2.2%, prices -12.1%, FX +5.8%

**MDI:**
- Volumes flat despite weak development in Asia
- Earnings flat Y/Y but down Q/Q

**TDI:**
- Volumes down driven by de-stocking in Asia
- Earnings down Y/Y and Q/Q due to global overcapacities

**Polyols:**
- Volumes down due to competitive pressure in Asia and Europe
- Earnings above mid-cycle levels due to strong contribution from styrene

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**Net Sales and Growth**

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (€ million)</td>
<td>1,507</td>
<td>1,530</td>
<td>1,652</td>
<td>1,593</td>
<td>1,554</td>
<td>1,637</td>
<td>1,512</td>
</tr>
<tr>
<td>Growth Y/Y</td>
<td>+3.1%</td>
<td>+7.0%</td>
<td>-8.5%</td>
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**Adjusted EBITDA and Margin**

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</thead>
<tbody>
<tr>
<td>EBITDA (€ million)</td>
<td>216</td>
<td>113</td>
<td>162</td>
<td>101</td>
<td>163</td>
<td>223</td>
<td>175</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>14.3%</td>
<td>7.4%</td>
<td>9.8%</td>
<td>6.3%</td>
<td>10.5%</td>
<td>13.6%</td>
<td>11.6%</td>
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</tbody>
</table>
Results of PCS Segment
Polycarbonates – Positive momentum continues

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</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>660</td>
<td>695</td>
<td>725</td>
<td>742</td>
<td>765</td>
<td>829</td>
</tr>
<tr>
<td>Growth Y/Y</td>
<td>+15.9%</td>
<td>+19.3%</td>
<td>+13.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q3 2015 Highlights

- Core volumes (kt) up 5.5% Y/Y
- Sales effects Y/Y: volumes +4.1%, prices -0.8%, FX +9.7%
- Strong volume growth in Europe and US, both regions strong in automotive and construction, APAC down due to lower optical media and BPA sales
- Significant margin increases Y/Y and Q/Q on the back of almost stable sales prices (EMLA up, NAFTA and APAC down) while raw material costs dropped significantly
Results of CAS Segment
Coatings, Adhesives, Specialties – Record margin

Net Sales and Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales (€ million)</th>
<th>Growth Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2014</td>
<td>471</td>
<td></td>
</tr>
<tr>
<td>Q2 2014</td>
<td>487</td>
<td></td>
</tr>
<tr>
<td>Q3 2014</td>
<td>506</td>
<td>+13.6%</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>464</td>
<td></td>
</tr>
<tr>
<td>Q1 2015</td>
<td>535</td>
<td>+15.4%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>562</td>
<td></td>
</tr>
<tr>
<td>Q3 2015</td>
<td>519</td>
<td>+2.6%</td>
</tr>
</tbody>
</table>

Q3 2015 Highlights

- Core volumes (kt) down 2.3% Y/Y
- Sales effects Y/Y: volumes -2.5%, prices -1.4%, FX +6.5%
- Volume decline mainly driven by destocking in Asia, EMLA flat and NAFTA slightly up
- Slightly lower selling prices were more than compensated by lower raw material prices
- Adj. EBITDA margin at record level of 26.4%
9M 2015 – Free Operating Cash Flow

On track for a record FOCF

Free Operating Cash Flow

in € million

9M 2015 Highlights

Strong performance in 9M 2015
- Driven by strong EBITDA
- Working capital increased mainly due to planned maintenance shut down in China
- Capex of €352m significantly below D&A of €527m

Outlook 2015
- Working capital expected to improve end of Q4 vs. end of Q3 2015
- 2015 Capex expected to peak in Q4
- Overall, strong FOCF expected to continue in Q4 2015
9M 2015 – Net Financial Debt

Baa2 rating (Moody’s) with stable outlook

Net Financial Debt Development

in € million

-455
-61
+113
-24
+128
+556
+112

30/6/2015
30/9/2015
Pro forma net debt

4,578
-455
+113
-61
+24
+128
+556
+112

4,995
-1,000

2,510

EBITDA
Income taxes paid or accrued
Change in WC
Other operating CF
Capex
Financial transaction with Bayer
Others
Capital contribution Bayer
Capital contribution IPO

Highlights

Pro forma net debt (incl. pension) of c. €4bn

- Pro forma net debt €2.5bn (beginning of Oct 2015) plus pension provision of €1,562m (end of Q3 2015)

Stable net debt assumed for year end 2015

- Strong FOCF assumed for Q4 2015
- One-off cash payments expected in Q4 2015

We target to end up at the lower end of the range of 2.5x-3.0x net debt to adj. EBITDA for FY 2015
# Guidance for FY 2015

On track to deliver

## Core Volume Growth*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Group*</td>
<td>4.8%</td>
<td>Low-single-digit increase Y/Y</td>
<td>2.5%</td>
</tr>
<tr>
<td>PUR*</td>
<td>3.9%</td>
<td>Slight increase Y/Y</td>
<td>0.8%</td>
</tr>
<tr>
<td>PCS*</td>
<td>9.0%</td>
<td>Mid-single-digit increase Y/Y</td>
<td>6.7%</td>
</tr>
<tr>
<td>CAS*</td>
<td>1.3%</td>
<td>Low-single-digit increase Y/Y</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

## Adj. EBITDA

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Group FY 2015</td>
<td>1,161</td>
<td>Significant increase Y/Y</td>
<td>1,385</td>
</tr>
<tr>
<td>Group Q4 2015 (basis Q4 2014)</td>
<td>210</td>
<td>Increase Y/Y</td>
<td>n/m</td>
</tr>
<tr>
<td>PUR</td>
<td>592</td>
<td>Increase Y/Y</td>
<td>561</td>
</tr>
<tr>
<td>PCS</td>
<td>160</td>
<td>At least triple Y/Y</td>
<td>437</td>
</tr>
<tr>
<td>CAS</td>
<td>437</td>
<td>Increase Y/Y</td>
<td>407</td>
</tr>
</tbody>
</table>

## Additional Indications

<table>
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<tr>
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<tbody>
<tr>
<td>Adj. D&amp;A</td>
<td>600</td>
<td>Slightly below €700m</td>
<td>502</td>
</tr>
<tr>
<td>Special items in EBITDA</td>
<td>-39</td>
<td>More than €-200m</td>
<td>-98</td>
</tr>
<tr>
<td>Special items in D&amp;A</td>
<td>-5</td>
<td>Around minus €20-30m</td>
<td>-25</td>
</tr>
<tr>
<td>Tax rate</td>
<td>27.3%</td>
<td>Around 30% (slightly higher cash tax rate)</td>
<td>29.8%</td>
</tr>
<tr>
<td>Capex</td>
<td>612</td>
<td>Around €550m</td>
<td>352</td>
</tr>
</tbody>
</table>

*Guidance for core volume growth compares growth expectations for 2015 vs. absolute volumes achieved in 2014
Covestro fully on track

Solid organic growth in a focused portfolio
despite a challenging market environment

Strong earnings and cash flow generation
driven by a favorable demand/supply balance and supported by focus on profitability

Robust financial profile
with an investment grade rating (Baa2 from Moody’s)

Attractive dividend policy
with a planned dividend payment of around €100-150m already for the stub year 2015

Confirmed financial outlook
with Covestro performance fully on track for 2015E targets
Covestro is a leader across its entire portfolio

### Competitive Landscape

**Polyurethanes**
- **MDI**
  - Structure expected to remain unchanged to 2020E
  - Top 5: 88%
- **TDI**
  - 2020E: Top 5 expected to account for 73%
  - Top 5: 68%
- **Polyether polyols**
  - Expectation of further consolidation, mainly in China
  - Top 5: 51%

**Polycarbonates**
- **PC**
  - Industry structure virtually unchanged to 2020E
  - Top 5: 82%

**Coatings, Adhesives, Specialties**
- **Aliphatic isocyanate derivatives**
  - Industry structure expected to remain stable until 2020E
  - Top 5: 89%
- **Polyurethane dispersions**
  - Top 5: 37%

**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

**Source:** Nexant as at July 2015, Orr & Boss as at July 2015
Industry Supply Development

Favourable industry supply outlook

Supply Development (2010A – 2020E)

**MDI**
- 2010A: 5,350 kt
- 2014A: 6,640 kt
- CAGR: 5.6%
- Supply Development (2010A – 2020E): 8,530 kt
- Covestro
- Sinopec/Sabic
- Lihuayi
- Luxi
- Ningbo
- Qingdao
- Teijin

**TDI**
- 2010A: 2,102 kt
- 2014A: 2,650 kt
- CAGR: 6.0%
- Covestro
- BASF
- Sadara
- Vencorex

**PCS**
- 2010A: 4,255 kt
- 2014A: 4,815 kt
- CAGR: 3.1%
- Covestro
- Sinopec/Sabic
- DOW (US)
- Lihuayi
- Ningbo
- Qingdao
- Teijin

CAGR: Compound Annual Growth Rate
Structured Profitability Program

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

<table>
<thead>
<tr>
<th>Key Measures</th>
<th>(€m)</th>
</tr>
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<tbody>
<tr>
<td><strong>Asset optimization plan</strong></td>
<td></td>
</tr>
<tr>
<td>Fixed assets management cost improvements</td>
<td></td>
</tr>
<tr>
<td>- Rolling out fixed asset management cost initiatives</td>
<td></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>c. 270</td>
</tr>
<tr>
<td>- TDI EMEA restructuring</td>
<td></td>
</tr>
<tr>
<td>- Ongoing site consolidation</td>
<td></td>
</tr>
<tr>
<td>- MDI EMEA restructuring potential</td>
<td></td>
</tr>
<tr>
<td>Continuous improvement</td>
<td></td>
</tr>
<tr>
<td>- In manufacturing area</td>
<td></td>
</tr>
<tr>
<td><strong>Cost improvement measures</strong></td>
<td></td>
</tr>
<tr>
<td>Corporate overhead cost savings</td>
<td></td>
</tr>
<tr>
<td>- Streamlining IT infrastructure and business model</td>
<td></td>
</tr>
<tr>
<td>- More tailor-made service function designs to replace current TSA(a) with Bayer</td>
<td></td>
</tr>
<tr>
<td>BU-level specific savings</td>
<td></td>
</tr>
<tr>
<td>- Streamline sales force and back-office</td>
<td></td>
</tr>
<tr>
<td>- Focus on core areas and customers</td>
<td></td>
</tr>
<tr>
<td>- Consolidation within regional functions, product management and sales</td>
<td></td>
</tr>
<tr>
<td>- Maximize use of existing trade and distribution channels</td>
<td></td>
</tr>
<tr>
<td>Continuous improvement</td>
<td></td>
</tr>
<tr>
<td>- In non-manufacturing area</td>
<td></td>
</tr>
</tbody>
</table>

Inflation of existing cost base

Targeted gross savings c. 420

Profitability enhancement potential by 2019

Expected net savings Potential by 2019
Upcoming IR Events

Find more information on investor.covestro.com

<table>
<thead>
<tr>
<th>Reporting Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>February 23, 2016</strong>: Q4/FY 2015 Annual Report</td>
</tr>
<tr>
<td>• <strong>April 25, 2016</strong>: Q1 2016 Interim Report</td>
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</tbody>
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*Dates preliminary*

<table>
<thead>
<tr>
<th>Annual Dates</th>
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</thead>
<tbody>
<tr>
<td>• <strong>May 3, 2016</strong>: Annual Stockholders' Meeting</td>
</tr>
<tr>
<td>• <strong>May 4, 2016</strong>: Planned Dividend Payment Day</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Broker Conferences</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>January 11-13, 2016</strong>: Commerzbank, German Investment Seminar (GIS) 2016, New York</td>
</tr>
<tr>
<td>• <strong>January 18-20, 2016</strong>: UniCredit &amp; Kepler Cheuvreux, German Corporate Conference 2016, Frankfurt</td>
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