Welcome to Covestro

Deutsche Bank US Chemicals Fieldtrip 2016
Forward-looking Statements

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

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

These factors include those discussed in Covestro’s public reports which are available on the Covestro website at www.covestro.com. Covestro assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.
Covestro in North America
USA is our largest single country

Robust US core volume growth of 4% in 2015

2015 Highlights

• Solid core volume growth of 2.7% Y/Y despite destocking in Q3-2015
• Demand in China remains solid (16% sales share)
• Robust growth in the US (23% sales share)
• EMLA achieved solid growth despite double-digit decline in Latin America

Q4-2015 Highlights

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

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>
<tbody>
<tr>
<td><strong>NAFTA Position</strong>(a)</td>
<td>● Global #1: - MDI: NA #2 (320kt) - TDI: NA #1 (225kt) - Polyether polyols: NA #1 (600kt)</td>
<td>● Global #1: - PCS: NA #2 (230kt)</td>
<td>● Global #1: - Aliphatic isocyanate derivatives - Aromatic isocyanate derivatives - Polyurethane dispersions</td>
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<tr>
<td><strong>NAFTA Sales 2015A</strong></td>
<td>● €2.0bn or 58% of Covestro in NA</td>
<td>● €0.8bn or 23% of Covestro in NA</td>
<td>● €0.5bn or 14% of Covestro in NA</td>
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<tr>
<td><strong>NAFTA Sales growth 2015A</strong></td>
<td>● +7.6% Y/Y</td>
<td>● +8.4% Y/Y</td>
<td>● +23.4% Y/Y</td>
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### NAFTA Key Applications

<table>
<thead>
<tr>
<th>NAFTA Key Applications</th>
<th>Polyurethanes (PUR)</th>
<th>Polycarbonates (PCS)</th>
<th>Coatings, Adhesives, Specialties (CAS)</th>
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</thead>
<tbody>
<tr>
<td><strong>Rigid foam:</strong></td>
<td>● Building insulation - Appliance - Automotive parts</td>
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<tr>
<td><strong>Flexible foam:</strong></td>
<td>● Furniture - Bedding / mattresses</td>
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<td><strong>Automotive parts</strong></td>
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<td><strong>IT and electrical equipment, electronics</strong></td>
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<td><strong>Building &amp; Construction</strong></td>
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<td><strong>Consumer products, medical, LED / Lighting and other applications</strong></td>
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<tr>
<td><strong>Building &amp; Construction</strong></td>
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<td><strong>Automotive / Refinish</strong></td>
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<td><strong>Adhesives and sealants</strong></td>
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<td><strong>Elastomers</strong></td>
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<td><strong>Specialty films</strong></td>
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<tr>
<td><strong>Cosmetics</strong></td>
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Notes: (a) Based on total nameplate capacity for PCS, MDI, TDI and Polyether polyols in 2015 relative to competitors (b) Based on industry demand as per Nexant estimates for PUR and PCS and as per Orr & Boss estimates for CAS as of July 2015
Domestic consumption growth above supply growth drive high industry capacity utilization

**NAFTA Demand Development (2010A – 2020E)**

- MDI:
  - 2010A: 770 kt
  - 2014A: 1,100 kt
  - 2020E: 1,480 kt
  - CAGR: 5.1%

- TDI:
  - 2010A: 290 kt
  - 2014A: 340 kt
  - 2020E: 380 kt
  - CAGR: 3.7%

- PCS:
  - 2010A: 530 kt
  - 2014A: 550 kt
  - 2020E: 660 kt
  - CAGR: 3.0%

**NAFTA Supply Development (2010A – 2020E)**

- MDI:
  - 2010A: 1,370 kt
  - 2014A: 1,390 kt
  - 2020E: 1,780 kt
  - CAGR: 4.3%

- TDI:
  - 2010A: 405 kt
  - 2014A: 380 kt
  - 2020E: 380 kt
  - CAGR: 0.4%

- PCS:
  - 2010A: 890 kt
  - 2014A: 865 kt
  - 2020E: 795 kt
  - CAGR: -1.6%

**NAFTA Net Exports**

- MDI:
  - 2010A: 365 kt
  - 2014A: 50 kt
  - 2020E: 190 kt
  - CAGR: 4.3%

- TDI:
  - 2010A: 100 kt
  - 2014A: 40 kt
  - 2020E: -20 kt
  - CAGR: -0.7%

- PCS:
  - 2010A: 160 kt
  - 2014A: 130 kt
  - 2020E: 80 kt
  - CAGR: -1.4%

**Notes:**
(a) Based on historical and announced future nameplate capacities in NAFTA
(b) Assumes global GDP CAGR 2014A – 2020E of 3.6% as per Nexant analysis

**Source:** Nexant as of July 2015, Company data
Industry development in USA

Key industries show history of site and producer concentration

<table>
<thead>
<tr>
<th></th>
<th>MDI</th>
<th>TDI</th>
<th>PCS</th>
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<tbody>
<tr>
<td>2000A</td>
<td>#4 HUNTSMAN</td>
<td>#6 HUNTSMAN</td>
<td>#3 DOW</td>
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<td></td>
<td>#6 HUNTSMAN</td>
<td>#6 HUNTSMAN</td>
<td>#3 DOW</td>
</tr>
<tr>
<td>2015A</td>
<td>#4 HUNTSMAN</td>
<td>#2 BASF</td>
<td>#2 COVESTRO</td>
</tr>
<tr>
<td></td>
<td>#6 HUNTSMAN</td>
<td>#2 BASF</td>
<td>#2 COVESTRO</td>
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</tbody>
</table>

Producer share based on name plate capacity
Source: Company; based on public announcements
Covestro integrated sites in all key regions

Advantage of integrated backbone chemistry and operations in 8 interlinked world-scale sites

- Americas
- EMEA
- APAC

Baytown, USA

Antwerp, Belgium
Brunsbüttel, Germany

Leverkusen, Germany
Dormagen, Germany
Uerdingen, Germany

Shanghai, China

Map Ta Phut, Thailand

PUR  PCS  CAS
Covestro Activities in North America

Concentrated production network in TX, one HQ for all BUs, de-central customer centers

- Polyurethanes
  - HQ, Pittsburgh, PA
  - MDI production 320kt, Baytown, TX
  - TDI production 225kt, Baytown, TX
  - Polyols production 600kt, Channelview, TX, New Martinsville, WV, S. Charleston, WV, BayArea, TX, Santa Clara, MX
  - Systemshouse, Spring, TX

- Polycarbonates
  - HQ, Pittsburgh, PA
  - HDI production, Baytown TX
  - Films production, S. Deerfield, MA
  - Elastomers, Pittsburgh, PA

- Coatings, Adhesives, Specialties
  - HQ, Pittsburgh, PA
  - Resin production 230kt, Baytown, TX
  - Sheet company, Sheffield, MA
  - Compounding plant, Newark, OH

- Corporate

Auburn Hills, MI
Baytown, TX
Channelview, TX
Mexico City, MX
New Martinsville, WV
Newark, OH
Pittsburgh, PA
Santa Clara, MX
Sheffield, MA
South Charleston, WV
South Deerfield, MA
Spring, TX
Washington, D.C.
Covestro site in Baytown
Covestro Baytown Site

High backward integration of chemicals park and world-scale plants

PCS
- Nameplate capacity: 230kt
- Start of production: 1975
- Technology used: Interfacial process
- Serves both US and non-US regions

HDI
- Nameplate capacity: 40kt
- Start of production: 1980
- Technology used: Gas phase process
- Serves both US and non-US regions

Clorine & Caustic

MDI
- Nameplate capacity: 320kt
- Start of production: 1976
- Technology used: Liquid-Phase Phosgenation
- Continuous investments into increased reliability

CO & H2 - 2018

TDI
- Nameplate capacity: 225kt
- Start of production: 1972
- Technology used: Liquid-Phase Phosgenation
- Serves both US and non-US regions

Electricity & Steam

Raw Material Unloading
Integrated production model

Backward and forward integration tailored to respective supplier and customer requirements

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Feedstock</th>
<th>Base products</th>
<th>Specialties / derivatives</th>
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</thead>
<tbody>
<tr>
<td>Local / Regional suppliers</td>
<td>Phenol</td>
<td>Polycarbonates</td>
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<tr>
<td>Local / Regional suppliers</td>
<td>Acetone</td>
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<tr>
<td>Oxy Vinyl &amp; United Salt</td>
<td>Chlorine</td>
<td>Isocyanates</td>
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<tr>
<td>Local / Regional suppliers</td>
<td>Benzene / Toluene</td>
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<tr>
<td>Propylene</td>
<td>Propylene Oxide</td>
<td>Polyether polyols</td>
<td>Monomers</td>
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<td>• IPDA</td>
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Customers / end-markets:
- Systems
- Derivatives (2,300+ globally)

Purchased raw materials  Covestro activities
Covestro JV with LyondellBasell

Competitive cost position through propylene oxide backward-integration with strong partner

LyondellBasell agreements\(^{(a)}\)

- US propylene oxide Joint Venture
  - Started in 2000
  - Long-term off-take of propylene oxide from JV plants

- EMEA propylene oxide Joint Venture
  - 50/50 manufacturing JV for world-scale facility in Rotterdam
  - Propylene oxide output used captively by Covestro as feedstock; sells styrene monomer in merchant market

Key benefits to Covestro

- Secure access of propylene oxide in Europe and US
- Producer cost economics vs. market price in a limited merchant market for propylene oxide
- US propylene oxide JV not exposed to propylene oxide co-product volatility (TBA / MTBE or styrene monomer)
- Covestro exposed to styrene monomer co-product volatility out of EMEA joint venture
Cash cost position

Covestro cost competitiveness is based on high backward integration of chemicals park and world-scale plants

A Covestro cost leadership through strong backward-integration to chlorine and aniline (FCC 2014) and carbon monoxide contract

B Covestro cost leadership based on strong backward-integration to chlorine and nitric acid and carbon monoxide contract

C The leader’s main cost advantage is integration benefits to phenol and acetone but some of this advantage is offset by Covestro’s lower chlor-alkali and carbon monoxide costs

Notes: (a) Cost of production based on total raw material costs less co-product credits, utility costs, direct fixed costs and allocated fixed costs at specific level of utilization based on Nexant estimates
(b) Facility expected to start operations in late 2015E as per Nexant assumption
Source: Nexant; indicative scale only