Strong start into the year

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 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

### Key Covestro Financials:

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

Notes:

\(\text{EMLA} = \text{Europe, Middle East, Africa, Latin America (without Mexico)}; \ \text{NAFTA} = \text{USA, Canada, Mexico}; \ \text{APAC} = \text{Asia, Pacific} \)

\(\text{(c) Employees refers to full-time-equivalents (FTE), rounded to nearest 50} \)
# 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)  • MDI: #2 (1,420kt)  • TDI: #2 (720kt)  • Polyether polyols: #2 (1,330kt)</td>
<td>Joint Global #1 (1,280kt)  • EMEA: #2 (540kt)  • NAFTA: #2 (230kt)  • APAC: #2 (510kt)</td>
<td>Global #1:  • Aliphatic isocyanate derivatives  • Aromatic isocyanate derivatives  • Polyurethane dispersions</td>
</tr>
<tr>
<td>Sales 2015A</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 2015A</td>
<td>10.2%</td>
<td>17.7%</td>
<td>23.5%</td>
</tr>
<tr>
<td>Key Applications</td>
<td>Rigid foam:  • Building insulation  • Cold chain  • Automotive parts  Flexible foam:  • Furniture  • Bedding/mattresses</td>
<td>• Automotive parts  • IT and electrical equipment, electronics  • Construction (windows, roof structure)  • Consumer products, medical and other applications</td>
<td>• Surface coatings  • Adhesives and sealants  • Elastomers  • Specialty films</td>
</tr>
</tbody>
</table>

Notes:  
(a) Based on total nameplate capacity for PCS, MDI, TDI and Polyether polyols at year-end 2015A 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

- **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

**Industry demand outlook 2015A – 2020E**

- **PU**
  - 2015A: 15.2Mt
  - 2020E: 18.5Mt
  - CAGR: ~4%

- **PC**
  - 2015A: 3.8Mt
  - 2020E: 4.7Mt
  - CAGR: ~4%

- **CASe**
  - 2014A: 2.7Mt
  - 2020E: 3.3Mt
  - CAGR: ~4%

**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 2015A – 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 2014A & Covestro internal estimates with annual growth of 4% for 2015A
Global industry positions
Covestro is a leader across its entire portfolio

<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</td>
</tr>
<tr>
<td>#1 in PUR</td>
<td>#1 in CAS</td>
<td>Joint #1 in PC(b)</td>
</tr>
</tbody>
</table>

- **Polyurethanes**
  - **MDI**
    - Others: 26%
    - Covestro: 27%
    - Dow: 15%
  - **TDI**
    - Others: 49%
    - Covestro: 27%
    - FJ Fujian Meizhouwan: 15%
  - **Polyether polyols**
    - Others: 49%
    - Covestro: 27%
    - Dow: 15%

- **Polycarbonates**
  - **PC**
    - Others: 19%
    - Covestro: 27%
    - TRINSEO: 15%

- **Coatings, Adhesives, Specialties**
  - **Aliphatic isocyanate derivatives**
    - Others: 11%
    - Covestro: 47%
  - **Polyurethane dispersions**
    - Others: 63%
    - Covestro: 17%

**Capacity share (2015A)**

- **Top 5: 90%**
  - Structure expected to remain unchanged to 2020E
- **Top 5: 74%**
  - 2020E: Top 5 expected to account for 76%
- **Top 5: 51%**
  - Expectation of further consolidation, mainly in China
- **Top 5: 81%**
  - Industry structure virtually unchanged to 2020E
- **Top 5: 89%**
  - Industry structure expected to remain stable until 2020E
- **Top 5: 37%**

**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

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

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

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

<table>
<thead>
<tr>
<th>Chemical backbone</th>
<th>Products</th>
<th>Customer industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chlorine ▶ Phosgene</td>
<td>MDI</td>
<td>• Automotive/transportation</td>
</tr>
<tr>
<td>Caustic soda</td>
<td>TDI</td>
<td>• Construction</td>
</tr>
<tr>
<td>Hydrochloric acid</td>
<td>PCS</td>
<td>• Wood/furniture</td>
</tr>
<tr>
<td>Services</td>
<td>CAS</td>
<td>• Electrical/electronics</td>
</tr>
<tr>
<td>Propylene oxide (^{\text{(a)}})</td>
<td>PET</td>
<td>• Chemicals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sports, leisure, cosmetics, health,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>other industries</td>
</tr>
</tbody>
</table>

Synergies

- Common assets ▶ economies of scale
- Chemical know-how
- Process technology

Notes:
- \(^{\text{(a)}}\) Contracts and JV activities
- \(^{\text{(b)}}\) Gas Phase Phosgenation
Q1 2016 – Sales per region
Dynamic volume growth in all regions

Solid development in Q1 2016
in € million / Vol.: Core Volumes Y/Y

<table>
<thead>
<tr>
<th>Region</th>
<th>Volume</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMLA</td>
<td>1,301</td>
<td>+5.8%</td>
</tr>
<tr>
<td>APAC</td>
<td>792</td>
<td>+11.4%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>782</td>
<td>+9.6%</td>
</tr>
<tr>
<td>US</td>
<td>653</td>
<td>+10.4%</td>
</tr>
<tr>
<td>China</td>
<td>447</td>
<td>+13.3%</td>
</tr>
<tr>
<td>Germany</td>
<td>403</td>
<td>+0.7%</td>
</tr>
</tbody>
</table>

Highlights

**EMLA**
- Strong volume growth in Europe partly diminished by double-digit decline in Latin America
- Mild winter helped construction industry

**APAC**
- Double-digit volume growth in APAC and China driven by PUR and PCS
- Strong pick-up of demand after Chinese New Year

**NAFTA**
- Double-digit volume growth in PUR and PCS but declining volumes in CAS
- Low basis in PUR due to production problems in Q1 2015
- Mild winter helped construction industry
2015 – Sales by segments

Significant proportion generated with resilient businesses

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

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

- 6+ Monomers
- 2,300+ Products
- 4,300+ Customers
- €2.1bn Sales 2015A
- 23.5% Adj. EBITDA margin 2015A

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 2015A relative to competitors as per Covestro internal estimates
(b) Includes direct customers only
Polyols industry spreads
Polyether polyols demonstrate inherently stable margins

Resilience of polyether polyols business also confirmed in 2015

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

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

- **MDI**
  - 2010A: 4,350 kt
  - 2015A: 5,920 kt
  - 2020E: 7,370 kt
  - CAGR: 6.4% 4-5%

- **TDI**
  - 2010A: 1,860 kt
  - 2015A: 2,250 kt
  - 2020E: 2,670 kt
  - CAGR: 3.9% 3-4%

- **PCS**
  - 2010A: 3,525 kt
  - 2015A: 3,825 kt
  - 2020E: 4,660 kt
  - CAGR: 1.6% ~4%

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

- **MDI**
  - 2010A: 5,350 kt
  - 2015A: 7,180 kt
  - 2020E: 7,960 kt
  - CAGR: 6.1% ~2%

- **TDI**
  - 2010A: 2,100 kt
  - 2015A: 2,750 kt
  - 2020E: 3,220 kt
  - CAGR: 5.5% ~3%

- **PCS**
  - 2010A: 4,255 kt
  - 2015A: 4,740 kt
  - 2020E: 5,490 kt
  - CAGR: 2.2% ~3%

**Operating Rates and Margins**

- **MDI**
  - 2010A: ~80%
  - 2020E: ~90%

- **TDI**
  - 2010A: ~70%
  - 2020E: ~80%

- **PCS**
  - 2010A: ~70%
  - 2020E: ~80%

**Notes:**

(a) Assumes global GDP CAGR 2015A – 2020E of ~3%

(b) Based on historical and announced future nameplate capacities

**Source:** Nexant and Covestro internal estimates
Industry supply development

Favorable industry supply outlook

Supply Development (2010A – 2020E)

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
**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 assets management cost improvements</td>
<td>ongoing</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>executed</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 S.Korea PC sheet production</td>
<td>underway</td>
</tr>
<tr>
<td>- MDI EMEA restructuring: closure of TAR</td>
<td></td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>ongoing</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>ongoing</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>ongoing</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>ongoing</td>
</tr>
<tr>
<td>- In non-manufacturing area</td>
<td></td>
</tr>
</tbody>
</table>

**Targeted gross savings**
- c. 420

**Accumulated inflation of existing cost base**
- c. 270

**Expected net savings**
- c. 150

**Profitability enhancement potential by 2019**
- (€m)

**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

Note: (a) Transitional Service Agreements
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 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
Use of cash reflects strong cash generation

<table>
<thead>
<tr>
<th>Internal</th>
<th>Dividend policy</th>
<th>Portfolio</th>
</tr>
</thead>
</table>
| • Capex (budget) below D&A in 2015A-2019E  
• Goal to further reduce net debt  
• Long-term preparation of next growth investments underway | • Clear commitment to sustainable dividend growth – or at least stable dividend in difficult economic environment  
• For stub year 2015, dividend of €0.70 paid  
• Target dividend pay-out ratio of 30-50% based on Covestro Group IFRS net income in FY 2016  
• Efficient capital structure and strong free cash flow allowing for sustainable dividend policy | • 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
Q1 2016
Key highlights
Strong start into the year

Dynamic core volume growth of 8.5% Y/Y
Adj. EBITDA increase of 22% Y/Y
Net income increase of 58% Y/Y
FY 2016 guidance confirmed
Successful refinancing of debt
Q1 2016 – Sales bridge

Dynamic volume growth

**Sales Bridge**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume</strong></td>
<td>3,054</td>
<td>2,875</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>-320</td>
<td>-21</td>
</tr>
<tr>
<td><strong>FX</strong></td>
<td>-161</td>
<td>-5.9%</td>
</tr>
</tbody>
</table>

**Highlights**

**Dynamic volume development**
- Core volume growth (in kt) of 8.5% Y/Y
- Sales volumes (in €) expansion of 5.3% Y/Y diminished by stable by-product sales (non-core)

**Price decline driven by lower raw material prices**
- Lower selling prices negatively impacted sales by 10.5% Y/Y

**Limited FX effects**
- FX effects burdened sales by 0.7% Y/Y mainly due to a weaker CNY, BRL and MXN
Q1 2016 – Adjusted EBITDA bridge

Positive volume leverage

Adj. EBITDA Bridge

<table>
<thead>
<tr>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive volume leverage</strong></td>
</tr>
<tr>
<td>- Driven by MDI, TDI and PC</td>
</tr>
<tr>
<td><strong>Slightly improving cash margin</strong></td>
</tr>
<tr>
<td>- Positive pricing power continued especially in PCS</td>
</tr>
<tr>
<td><strong>Gain from insurance income</strong></td>
</tr>
<tr>
<td>- Insurance income of €30m included in “Others”, which offset cost increases</td>
</tr>
</tbody>
</table>
Q1 2016 – Group results
Continued margin expansion

Net Sales and Core Volume Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales (€ million)</th>
<th>Core Volume Growth Y/Y *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>3,054</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>3,210</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>3,020</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>2,798</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>2,875</td>
<td>+8.5%</td>
</tr>
</tbody>
</table>

>) data of previous year have been adjusted

Adjusted EBITDA and Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA (€ million)</th>
<th>Adj. EBITDA Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>416</td>
<td>13.6%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>498</td>
<td>15.5%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>471</td>
<td>15.6%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>256</td>
<td>9.1%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>508</td>
<td>17.7%</td>
</tr>
</tbody>
</table>

Q1 2016 Highlights

- Dynamic core volume growth mainly driven by underlying demand improvements but also helped by low prior year basis, mild winter and competitor outages
- Sales decreased by 5.9% Y/Y mainly reflecting the lower raw material prices
- Adj. EBITDA margin significantly improved to 17.7% due to positive volume leverage and insurance settlement (adj. EBITDA margin of 16.6% excluding insurance income)
- Adj. EBITDA increased each quarter Y/Y in the last five quarters
Q1 2016 – Results of PUR segment

Polyurethanes – Solid development

Net Sales and Core Volume Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales (€ 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>
</tbody>
</table>

Q1 2016 Highlights

- Core volume growth of 10.4% Y/Y mainly driven by TDI and MDI, whereas Polyols increased only low-single digit
- Selling prices declined by 15.7% Y/Y

Adjusted EBITDA and Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA (€ 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>
</tbody>
</table>

Q1 2016 Highlights

- Adj. EBITDA excluding the insurance income of €30m increased by 13% Y/Y with a margin of 13.1%
- Underlying earnings improvement was mainly driven by the positive volume leverage
Q1 2016 – Results of PCS segment
Polycarbonates – Strong results

Q1 2016 Highlights

- Globally dynamic demand from automotive and construction; solid growth in electrical, especially in APAC; on purpose lower volumes in optical media
- Selling prices declined by 5.4% Y/Y
- Dynamically increasing margin despite seasonally low quarter (Chinese New Year)
- Continuing favorable supply-demand balance

Net Sales and Core Volume Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales (€ million)</th>
<th>Core Volume Growth Y/Y *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>765</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>829</td>
<td>+9.1%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>819</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>759</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>786</td>
<td>+8.5%</td>
</tr>
</tbody>
</table>

Adjusted EBITDA and Margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adj. EBITDA (€ million)</th>
<th>Adj. EBITDA Margin (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>116</td>
<td>15.2%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>150</td>
<td>18.1%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>171</td>
<td>20.9%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>123</td>
<td>16.2%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>177</td>
<td>22.5%</td>
</tr>
</tbody>
</table>
Q1 2016 – Results of CAS segment
Coatings, Adhesives, Specialties – Record margin

Q1 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 mix effects

- Phase out of trading product burdened absolute EBITDA but was slightly margin enhancing
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).
Q1 2016 – Financial debt

Baa2 rating (Moody’s) with stable outlook

Financial Debt Development

<table>
<thead>
<tr>
<th>Total Debt</th>
<th>Net Debt</th>
<th>Financial Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,963</td>
<td>2,087</td>
<td>3,118</td>
</tr>
<tr>
<td></td>
<td>1,031</td>
<td>810</td>
</tr>
</tbody>
</table>

- Pension provisions increased by €414m compared to year-end 2015 due to lower interest rates (German discount rate down from 2.6% to 1.9%); net debt decreased by €124m mainly due to the positive FOCF

Successful bond placing

- With the placement of three bonds we were able to significantly prolong our financial debt maturity

Unchanged ambitions for 2016: Further net debt reduction and increasing dividend

- Based on a dividend pay-out ratio of 30%-50% to net income
## Guidance 2016
Committed to deliver

### Sales and Earnings Forecast

<table>
<thead>
<tr>
<th>Core Volume Growth</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2.7%</td>
<td>Mid-single-digit increase</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Free Operating Cash Flow</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>€964m</td>
<td>At high level, above the average of recent years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ROCE</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>+9.5%</td>
<td>Premium on cost of capital</td>
</tr>
</tbody>
</table>

### Basic Assumptions

- Our guidance is based on current exchange rates
- We assume a similar macroeconomic environment as in 2015
Q1 2016 – Summary
Covestro fully on track

**Strong organic 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 a dividend pay-out ratio of 30-50%

**Solid financial outlook**
despite current limited visibility and high uncertainties
## Upcoming IR events

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

### Reporting Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 25, 2016</td>
<td>Q3 2016 Interim Report</td>
</tr>
</tbody>
</table>

### Annual General Meeting

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 3, 2017</td>
<td>Annual Stockholders' Meeting, Bonn</td>
</tr>
</tbody>
</table>

### Broker Conferences

<table>
<thead>
<tr>
<th>Date</th>
<th>Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 8-10, 2016</td>
<td>Deutsche Bank, German, Swiss &amp; Austrian Conference, Berlin</td>
</tr>
<tr>
<td>June 14-16, 2016</td>
<td>Exane BNP CEO Conference, Paris</td>
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<tr>
<td>June 21, 2016</td>
<td>Credit Suisse, Global Chemicals Conference, London</td>
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<tr>
<td>September 13-14, 2016</td>
<td>UBS, Best of Germany Conference, New York</td>
</tr>
<tr>
<td>September 13-15, 2016</td>
<td>Credit Suisse, Basic Material Conference, New York</td>
</tr>
<tr>
<td>September 19, 2016</td>
<td>Berenberg &amp; Goldman, German Corporate Conference, Munich</td>
</tr>
<tr>
<td>September 21, 2016</td>
<td>Baader Bank, Baader Investment Conference, Munich</td>
</tr>
</tbody>
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