Strong free cash flow

Roadshow Presentation
Forward-looking statements

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The company assumes no liability whatsoever to update these forward-looking statements or to adjust 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

| Covestro key financials | Sales 2015 €12.1bn | Adj. EBITDA 2015 €1.6bn | Adj. EBITDA margin 2015 13.6% |

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>
</table>
| **Global Position**(a) | Global #1 (3,470kt)  
- MDI: #2 (1,420kt)  
- TDI: #2 (720kt)  
- Polyether polyols: #2 (1,330kt) | Joint Global #1 (1,280kt)  
- EMEA: #2 (540kt)  
- NAFTA: #2 (230kt)  
- APAC: #2 (510kt) | Global #1:  
- Aliphatic isocyanate derivatives  
- Aromatic isocyanate derivatives  
- Polyurethane dispersions |
| **Sales 2015** | €6.1bn or 50% of Covestro | €3.2bn or 26% of Covestro | €2.1bn or 17% of Covestro |
| **Adj. EBITDA Margin 2015** | 10.2% | 17.7% | 23.5% |
| **Key Applications** | **Rigid foam:**  
- Building insulation  
- Cold chain  
- Automotive parts | **Flexible foam:**  
- Furniture  
- Bedding/mattresses | **Coatings, Adhesives, Specialties:**  
- Surface coatings  
- Adhesives and sealants  
- Elastomers  
- Specialty films |

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

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: Ort & Buss 2014 & Covestro internal estimates with annual growth of 4% for 2015
Global industry positions
Covestro is a leader across its entire portfolio

### Polyurethanes

<table>
<thead>
<tr>
<th>Capacity share (2015)</th>
<th>MDI</th>
<th>TDI</th>
<th>Polyether polyols</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 5: 90%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Structure expected to remain unchanged to 2020E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Top 5: 74%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 2020E: Top 5 expected to account for 76%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Top 5: 51%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Expectation of further consolidation, mainly in China</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Polycarbonates

<table>
<thead>
<tr>
<th>Capacity share (2015)</th>
<th>PC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 5: 81%</strong></td>
<td></td>
</tr>
<tr>
<td>• Industry structure virtually unchanged to 2020E</td>
<td></td>
</tr>
</tbody>
</table>

### Coatings, Adhesives, Specialties

<table>
<thead>
<tr>
<th>Capacity share (2015)</th>
<th>Aliphatic isocyanate derivatives</th>
<th>Polyurethane dispersions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 5: 89%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Industry structure expected to remain stable until 2020E</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 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
Q3 2016 and 9M 2016 – Sales per Region

Strong rebound in China

Growth significantly above GDP in Q3 2016

- China: 553 Vol. +25%
- APAC: 918 Vol. +15%
- NAFTA: 816 Vol. +6%
- EMLA: 1,288 Vol. +3%
- US: 667 Vol. +6%
- Germany: 394 Vol. 0%

Strong growth in 9M 2016

- China: 1,498 Vol. +18%
- APAC: 2,573 Vol. +13%
- NAFTA: 2,385 Vol. +6%
- EMLA: 3,929 Vol. +5%
- US: 1,973 Vol. +7%
- Germany: 1,194 Vol. +1%

Q3 2016 Highlights
- Strong core volume growth of 9.1% Y/Y
- APAC and China supported by low basis
- Germany with slower sequential growth
- US and NAFTA with accelerated sequential growth

9M 2016 Highlights
- Strong core volume growth of 8.4% Y/Y
- China remains a high growth market with 18% Y/Y
- Significant core volume growth in the US with 7% Y/Y
- Solid growth in EMLA
9M 2016 – Cyclical business on structural upward trend

Significant proportion of sales generated with resilient businesses

Sales by Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>% of Group Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDI</td>
<td>35%</td>
</tr>
<tr>
<td>TDI</td>
<td>25%</td>
</tr>
<tr>
<td>PCS</td>
<td>28%</td>
</tr>
<tr>
<td>Polyols</td>
<td>18%</td>
</tr>
<tr>
<td>Others</td>
<td>5%</td>
</tr>
</tbody>
</table>

Highlights

MDI/TDI – Oversupply gradually absorbed
- Mid-term demand growth of ~4% above supply additions ~2-3%1
- Volatile margins2 with structural improvements over the next years

PCS – Improving mix
- Relatively stable industry margin2 due to balanced supply-demand development1
- Covestro benefits from strong growth in higher value-added applications

Resilient businesses – Steady high FOCF
- CAS & Polyols: structurally low volatility

1 Assumes global real GDP CAGR of 2-3% (2015-2020)
2 Margin = Selling price minus raw material costs per ton

Source: Internal estimates
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

#1 Producer of aliphatic isocyanates

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

Demand development (2010 – 2020E)

- **MDI**
  - Demand (kt)\(^{(a)}\):
    - 2010: 4,350
    - 2015: 5,920
    - 2020E: 7,370
  - CAGR: 6.4% - 4-5%

- **TDI**
  - Demand (kt)\(^{(a)}\):
    - 2010: 1,860
    - 2015: 2,250
    - 2020E: 2,670
  - CAGR: 3.9% - 3-4%

- **PCS**
  - Demand (kt)\(^{(a)}\):
    - 2010: 3,525
    - 2015: 3,825
    - 2020E: 4,660
  - CAGR: 1.6% - 4%

Supply development (2010 – 2020E)

- **MDI**
  - Supply (kt)\(^{(b)}\):
    - 2010: 5,350
    - 2015: 7,180
    - 2020E: 8,160
  - CAGR: 6.1% - 2-3%

- **TDI**
  - Supply (kt)\(^{(b)}\):
    - 2010: 2,100
    - 2015: 2,700
    - 2020E: 3,220
  - CAGR: 5.2% - 3-4%

- **PCS**
  - Supply (kt)\(^{(b)}\):
    - 2010: 4,255
    - 2015: 4,890
    - 2020E: 5,810
  - CAGR: 2.8% - 3-4%

Operating rates and margins

- **MDI**: CAGR 6.1% - 100% - 90% - 80% - 70% - 60% - 50%
- **TDI**: CAGR 5.2% - 100% - 90% - 80% - 70% - 60% - 50%
- **PCS**: CAGR 2.8% - 100% - 90% - 80% - 70% - 60% - 50%

Notes:
- \(^{(a)}\) Assumes global GDP CAGR 2015–2020E of ~2.6%
- \(^{(b)}\) Based on historical and announced future nameplate capacities

Source: Nexant and Covestro internal estimates
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>2015</td>
<td>7,180</td>
<td></td>
</tr>
</tbody>
</table>

**MDI**

- BASF
- SLIC(c)
- Others

**NAFTA**

- Wanhua
- Others
- MTCI Mitsui

**APAC**

- BASF
- Sadara
- Covestro
- Vencorex

**EMLA**

- Wanhua
- Others
- MTCI Mitsui

2020E: 8,160

**TDI**

- 2,100
- 2,700

CAGR: 5.2%

**PCS**

- 4,255
- 4,890

CAGR: 2.8%

Notes:
(a) Based on historical and announced future nameplate capacity additions
(b) Closure of 55kt p.a., Belford Roxo, Brazil
(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
(e) Announced expansion of 200kt p.a., Brunsbüttel, Germany

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

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

- **Targeted gross savings**:
  - c. 420

- **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

- **Profitability enhancement potential by 2019**:
  - c. 150

- **Expected net savings Potential by 2019**:
  - c. 270

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

- **Accumulated inflation of existing cost base**:
  - c. 150
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

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

<table>
<thead>
<tr>
<th>Internal</th>
<th>Dividend policy</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>- CapEx (budget) below D&amp;A in 2015-2019E</td>
<td></td>
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<tr>
<td>- Goal to further reduce net debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Long-term preparation of next growth investments underway</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Clear commitment to sustainable dividend growth – or at least stable dividend in difficult economic environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- For stub year 2015, dividend of €0.70 paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Efficient capital structure and strong free cash flow allowing for sustainable dividend policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Attractive dividend policy with focus on increasing or at least stable dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Disciplined &amp; focused approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Bolt-on acquisition to boost R&amp;D and business development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Focus on high margin, differentiated business areas and continuous portfolio optimization</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
Q3 2016
Q3 2016 Key Highlights

Strong free cash flow

- Continued dynamic core volume growth (9.1% Y/Y)
- Adj. EBITDA above previous year’s quarter (22% Y/Y)
- Strong free operating cash flow generation (>100% Y/Y)
- FY 2016 guidance increased slightly
- Share price more than doubled at our first anniversary on the stock market
Q3 2016 – Sales Bridge

Dynamic volume growth

**Sales Bridge**

<table>
<thead>
<tr>
<th>in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2015</td>
</tr>
<tr>
<td>3,020</td>
</tr>
<tr>
<td>+191 Volume</td>
</tr>
<tr>
<td>-154 Price</td>
</tr>
<tr>
<td>-35 FX</td>
</tr>
<tr>
<td>Q3 2016</td>
</tr>
<tr>
<td>3,022</td>
</tr>
</tbody>
</table>

**Highlights**

**Dynamic volume development**
- Core volume growth (in kt) of 9.1% Y/Y
- Sales volumes (in €) expansion of 6.3% Y/Y
- Core volume growth above sales volume expansion due to declining non-core volumes and product mix effects

**Price decline driven by lower raw material prices**
- Lower selling prices negatively impacted sales by 5.1% Y/Y

**Negative FX effects**
- FX effects burdened sales by 1.1% Y/Y mainly due to weaker CNY, MXN and USD
Q3 2016 – Adj. EBITDA Bridge
Positive volume leverage and pricing delta

Adj. EBITDA Bridge

in € million

<table>
<thead>
<tr>
<th>Pricing Delta</th>
<th>+€80m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>-154</td>
</tr>
<tr>
<td>Raw Material</td>
<td>+234</td>
</tr>
<tr>
<td>Costs</td>
<td>-55</td>
</tr>
</tbody>
</table>

Other items

Q3 2015: 471
Q3 2016: 574

Highlights

Positive volume leverage
- Mainly driven by MDI and PCS

Improving cash margin
- Positive pricing delta predominantly driven by TDI

Limited FX effects
- Mainly translational impact
Q3 2016 – Group Results
Continued margin expansion

**Q3 2016 Highlights**

- Dynamic core volume growth of 9.1% Y/Y driven by PUR and PCS
- Stable sales as higher volumes could compensate lower raw material prices

**Adj. EBITDA margin significantly improved by 3.4pp Y/Y to 19.0% due to positive pricing delta, volume leverage and deflationary environment**

**Quarterly Adj. EBITDA increased Y/Y in last seven consecutive quarters**
Q3 2016 – Results of PUR Segment
Polyurethanes – Solid development

Net Sales and Core Volume Growth

<table>
<thead>
<tr>
<th>Period</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>
<tr>
<td>Q2 2016</td>
<td>1,481</td>
<td>+9.0%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>1,503</td>
<td>+9.0%</td>
</tr>
</tbody>
</table>

Adj. EBITDA and Margin

<table>
<thead>
<tr>
<th>Period</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>
<tr>
<td>Q2 2016</td>
<td>228</td>
<td>15.4%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>263</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

Q3 2016 Highlights

- Core volume growth of 9.0% Y/Y predominantly driven by MDI
- Selling prices declined by 6.2% Y/Y
- Adj. EBITDA increased by 50% Y/Y due to positive pricing delta and volume leverage
- Adj. EBITDA margin increased by 5.9pp Y/Y supported by deflationary environment
Q3 2016 – Results of PCS Segment
Polycarbonates – Steady high margin business

**Net Sales and Core Volume Growth**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales in € million / changes Y/Y</th>
<th>Core Volume Growth Y/Y¹</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>
<tr>
<td>Q2 2016</td>
<td>831</td>
<td>+8.5%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>848</td>
<td>+11.6%</td>
</tr>
</tbody>
</table>

¹ data of previous year have been adjusted

**Adjusted EBITDA and Margin**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adjusted EBITDA in € million / margin in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>116 / 15.2%</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>150 / 18.1%</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>171 / 20.9%</td>
</tr>
<tr>
<td>Q4 2015</td>
<td>123 / 16.2%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>177 / 22.5%</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>191 / 23.0%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>194 / 22.9%</td>
</tr>
</tbody>
</table>

**Q3 2016 Highlights**

- Broad based dynamic development by regions and industries, with lower volumes in low-margin optical media
- Selling prices declined by 5.0% Y/Y
- Adj. EBITDA increased by 13.5% Y/Y due to positive volume leverage
- Margin unchanged despite start-up costs in China (200kt/a name plate capacity)
- Continuing favorable supply-demand balance
Coatings, Adhesives, Specialties – Solid results

Q3 2016 – Results of CAS Segment

Net Sales and Core Volume Growth

- Phase out of trading product burdened core volume growth; underlying business of CAS delivered a high single-digit growth
- Relative growth was supported by a low prior year basis
- Selling prices decreased by 2.7% Y/Y

Adjusted EBITDA and Margin

- Stable margin on a high level
- Phase out of trading product burdened absolute EBITDA but was slightly margin enhancing

Q3 2016 Highlights

1 data of previous year have been adjusted
High EBITDA to FOCF conversion rate
Free operating cash flow development 2012-2015

- 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)
Total net debt almost unchanged

**Total net debt – end of Q3 2016**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,624</td>
<td>1,408</td>
</tr>
<tr>
<td><strong>Net Financial Debt</strong></td>
<td>2,211</td>
<td>2,171</td>
</tr>
<tr>
<td><strong>Provisions for Pensions</strong></td>
<td>1,462</td>
<td>(709)</td>
</tr>
<tr>
<td><strong>Changes in Working Capital</strong></td>
<td>(216)</td>
<td>18</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>(250)</td>
<td>(143)</td>
</tr>
<tr>
<td><strong>Free Operating Cash Flow</strong></td>
<td>+960m</td>
<td></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>61</td>
<td>32</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>(32)</td>
<td>18</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>(259)</td>
<td>(143)</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>61</td>
<td>(709)</td>
</tr>
<tr>
<td><strong>Changes in Provisions for Pensions</strong></td>
<td>(250)</td>
<td>18</td>
</tr>
<tr>
<td><strong>Net Financial Debt</strong></td>
<td>3,673</td>
<td>3,579</td>
</tr>
</tbody>
</table>

**Highlights**

- **Free Operating Cash Flow of €960m mainly eaten up by higher provisions for pensions**
  (German discount rate down from 2.6% to 1.5%)
- **Total net debt to EBITDA ratio of 1.9x (rolling last 12 months); mid-term target of 1.5x remains unchanged**
## Guidance 2016

On track to deliver

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Core Volume Growth</strong></td>
<td>+2.7%</td>
<td>Mid- to high-single-digit increase Y/Y</td>
<td>Unchanged</td>
<td>+8.4%</td>
</tr>
<tr>
<td><strong>FOCF</strong></td>
<td>€964m</td>
<td>Around last year’s level</td>
<td>Above last year’s level</td>
<td>€960m</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>9.5%</td>
<td>Above last year’s level</td>
<td>Significantly above last year’s level</td>
<td>-</td>
</tr>
</tbody>
</table>

### Additional financial expectations for 2016

<table>
<thead>
<tr>
<th>Adjusted EBITDA</th>
<th>€1,641m</th>
<th>H2-2016: at least on last year’s level</th>
<th>Around €1.9bn</th>
<th>€1,624m</th>
</tr>
</thead>
<tbody>
<tr>
<td>D&amp;A</td>
<td>€739m</td>
<td>~€650-700m</td>
<td>~€650-700m</td>
<td>€514m</td>
</tr>
<tr>
<td>Special items in EBITDA</td>
<td>€-222m</td>
<td>~€0m</td>
<td>~€0m</td>
<td>€0m</td>
</tr>
<tr>
<td>Financial results</td>
<td>€-175m</td>
<td>~€210m</td>
<td>~€210m</td>
<td>€-164m</td>
</tr>
<tr>
<td>Tax rate</td>
<td>30.3%</td>
<td>~30%</td>
<td>~30%</td>
<td>28.3%</td>
</tr>
<tr>
<td>CapEx</td>
<td>€509m</td>
<td>~€450m</td>
<td>~€400m</td>
<td>€216m</td>
</tr>
</tbody>
</table>
Q3 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)

**Long-term progressive 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](https://investor.covestro.com)

### Reporting dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 25, 2017</td>
<td>Q1 2017 Interim Report</td>
</tr>
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</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>Event</th>
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<tbody>
<tr>
<td>November 15-16, 2016</td>
<td>UBS European Conference, London</td>
</tr>
<tr>
<td>December 6-7, 2016</td>
<td>BAML European Chemicals Conference, London</td>
</tr>
<tr>
<td>January 9-11, 2017</td>
<td>German Investment Seminar, Commerzbank, New York</td>
</tr>
<tr>
<td>January 16-18, 2017</td>
<td>German Corporate Conference, UniCredit / Kepler Cheuvreux, Frankfurt</td>
</tr>
</tbody>
</table>

### Capital Markets Day

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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