Debt Investor Roadshow
February & March 2016
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# Agenda

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Covestro at
a glance
Experienced management team

Committed to value creation

Patrick Thomas  
CEO
  • CEO since 2007
  • Previous experience:
    • President of Huntsman Polyurethanes, Performance & Advanced Materials divisions
    • CEO of ICI Polyurethanes

Frank H. Lutz  
CFO
  • CFO since 2014
  • Previous experience:
    • CFO of Aldi Süd
    • CFO of MAN
    • Started his career at Goldman Sachs and held positions in Frankfurt, London and New York

Dr. Klaus Schäfer  
Chief Industrial Operations Officer
  • Head of Industrial Operations since 2015
  • Previous experience:
    • Became Head of Production & Technology Polyurethanes in 2013
    • Senior Country Representative China 2011-2013
    • Joined Bayer in 2001

Dr. Markus Steilemann  
Innovation
  • Head of Polyurethanes since 2016
  • Previous experience:
    • Head of Polycarbonates 2013-2015
    • Appointed Head of Global Industrial Marketing for Polycarbonates in 2012
    • Joined Bayer in 1999

Management Board with unique track record of value creation

More than 37 years of industry experience
More than 20 years of finance experience
More than 24 years of industry experience
More than 16 years of industry experience and 8 years experience in Asia
Covestro operates as an independent company

Specialist in high-tech polymer solutions

1-Jun-2015

Covestro operates as an independent company

1-Sep-2015

“Baa2 stable” rating from Moody’s assigned

6-Oct-2015

Fast entry into MDAX index

7-Oct-2015

Debt Issuance Program established

21-Dec-2015

26-Feb-2016

New name launch of former Bayer MaterialScience business

IPO & Listing on Frankfurt Stock Exchange; New shareholder structure: 69% Bayer, 31% Free float

Strategic flexibility to execute asset optimization initiatives

Focus on achieving business process and cost efficiencies

Strategic flexibility to develop business portfolio

Ability to access capital markets
Inventor and leader in high-tech materials

Positioned well to compete

- Covestro is one of the world's leading providers of high tech material solutions\(^{(a)}\)
- Proven track record of process and product innovation as well as market-driven solutions
- Global reach and customer proximity
- Well invested asset base with leading process technology and total production capacity of 4,700kt\(^{(b)}\) distributed across eight world-scale production facilities in three main regions
- Selective backward-integration into key raw materials, aimed at sourcing critical supply internally where no/limited merchant market sales prevail
- Taking special items in 2015 into account, (adjusted) EBITDA margin resulted in 13.6\(^{(c)}\)
- Headquartered in Leverkusen, Germany, with c. 15,800 full-time-equivalent employees globally

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

<table>
<thead>
<tr>
<th>Sales</th>
<th>EBITDA(^{(e)})</th>
<th>EBITDA margin(^{(f)})</th>
<th>FOCF(^{(g)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014A / 2015A</td>
<td>€11.8bn / €12.1bn</td>
<td>€1.1bn / €1.4bn</td>
<td>9.5% / 11.7%</td>
</tr>
</tbody>
</table>

Notes:
- \(^{(a)}\) Based on Covestro's internal market analysis;
- \(^{(b)}\) Includes total nameplate production capacity for PUR and PCS, rounded to nearest 100kt;
- \(^{(c)}\) is defined as adjusted EBITDA / Sales;
- \(^{(d)}\) Covestro Annual Report 2015;
- \(^{(e)}\) is defined as EBIT plus “Depreciation, amortization and impairments”;
- \(^{(f)}\) is defined as EBITDA / Sales;
- \(^{(g)}\) Free Operating Cash Flow (FOCF) is defined as “Net cash flow” minus “Cash outflows for additions to property, plant, equipment and intangible assets.”

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Covestro’s integrated sites in all key regions

Advantages of scale and synergies

Covestro takes advantage of integrated backbone chemistry and operates eight interlinked world-scale plants in all three key regions:

**NAFTA**
- Baytown, USA

**EMLA**
- Antwerp, Belgium
- Uerdingen, Germany
- Dormagen, Germany
- Leverkusen, Germany
- Brunsbüttel, Germany

**APAC**
- Shanghai, China
- Map Ta Phut, Thailand

- Polyurethanes (PUR)
- Polycarbonates (PCS)
- Coatings, Adhesives, Specialties (CAS)
Creating solutions catering global trends

Sustainability is embedded in Covestro’s strategy

<table>
<thead>
<tr>
<th>Global trends</th>
<th>Needs</th>
<th>Covestro solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>Zero emission concepts, Low energy buildings</td>
<td>Building insulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Insulation along the cold chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Foam mattresses and comfort solutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weight-saving car parts</td>
</tr>
<tr>
<td>Mobility</td>
<td>Energy efficient mobility, Lightweight transportation</td>
<td>Lightweight materials for transportation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Roofing and glazing for buildings</td>
</tr>
<tr>
<td>Growing population</td>
<td>Food preservation, Low cost durable goods</td>
<td>Blends and composites for electronics/IT and consumer goods</td>
</tr>
<tr>
<td>Increasing urbanization</td>
<td>Affordable housing, Living comfort, Public infrastructure</td>
<td>High performance surfaces and coatings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High-tech films</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solvent-free coatings and adhesives</td>
</tr>
</tbody>
</table>

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Segment overview
Polyurethanes at a glance

At the forefront of development

- Inventor and producer of polyurethane raw materials and systems mainly for rigid and flexible foams\(^{(a)}\)

- Covestro is the leading global producer of polyurethane raw materials, the second largest global producer of MDI, the largest global producer of TDI and the second largest global producer of Polyether polyols\(^{(b)}\)

- The segment uses a global network of four innovation centers to support customers and drive the development of new products

- Broad portfolio spanning MDI and TDI (isocyanates) and Polyether polyols

- Competitive integration from feedstock to systems

- Total nameplate production capacity of appr. 3,400kt

Notes:
\(^{(a)}\) As well as integral foam, semi rigid foam, RIM, TPU and CASE applications; \(^{(b)}\) Based on Covestro’s internal market analysis; \(^{(c)}\) Covestro Annual Report 2015; revenue shares in percent of total group sales; \(^{(d)}\) is defined as Adjusted EBITDA / Sales
Polycarbonates at a glance

Serving key growth end-markets

- Covestro is one of the two leading global suppliers of polycarbonates\(^{(a)}\)

- Offers products and solutions for a wide range of applications comprising automotive, IT, electronics, architectural glazing, industrial lighting, medical technology as well as eyewear

- Well integrated production processes along the value chain

- Global platform with five production sites and a nameplate production capacity of approximately 1,300kt, several R&D centers and seven compounding centers with segment headquarter in China

Notes:
\(^{(a)}\) Based on Covestro’s internal market analysis; \(^{(b)}\) Covestro Annual Report 2015; revenue shares in percent of total group sales; \(^{(c)}\) is defined as Adjusted EBITDA / Sales

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Coatings, Adhesives, Specialties at a glance

Industry-defining high performance

- Covestro is the leading worldwide producer of aliphatic isocyanate derivatives, aromatic isocyanate derivatives, polyurethane dispersions and TPU films as well as the second leading worldwide producer of polycarbonate films (a)
- Niche enablers business focused on the high-end of the value chain
- Focused on technology and innovation in isocyanate derivatives for coatings, adhesives, sealants and specialties
- More than 2,300 products based primarily on six monomers, serving over ten high-end industries and over 4,300 direct customers
- Product pricing driven by value-added to end-customer, as CAS materials are critical to the performance of the final product, but form a small proportion of the overall cost
- Has delivered high resilient margins and strong cash flows

Leading Producer of aliphatic isocyanates (a)

Active components for surface coatings

Active components for adhesives and sealants

Active components for specialties

Notes: (a) Based on Covestro’s internal market analysis; (b) Covestro Annual Report 2015; revenue shares in percent of total group sales; (c) is defined as Adjusted EBITDA / Sales

February & March 2016 | Covestro Debt Investor Roadshow
Leading position across its portfolio

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 / TDI / Polyether polyls</td>
<td>Polycarbonates</td>
<td>Aliphatic isocyanate derivatives / Polyurethane dispersions</td>
</tr>
</tbody>
</table>

**Global Position**

<table>
<thead>
<tr>
<th>Polyurethanes</th>
<th>Polycarbonates</th>
<th>Coatings, Adhesives, Specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader</td>
<td>One of the two Leaders</td>
<td>Leader</td>
</tr>
</tbody>
</table>

**Major Player**

- Polyurethanes: Covestro, BASF, Dow, Huntsman
- Polycarbonates: Covestro, Sabic, Mitsubishi, TRINSEO
- Coatings, Adhesives, Specialties: Covestro, Asahi Kasei

**Key Entry Pre-requisites**

- 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 Covestro’s internal market analysis

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Financials & Financial Policy
First year as independent company

Strong performance with record Free Operating Cash Flow

### Net Sales and Growth\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (in € billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014A</td>
<td>11.8</td>
</tr>
<tr>
<td>FY 2015A</td>
<td>12.1</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Covestro Annual Report 2015

### EBITDA and EBITDA margin\(^{(a,d)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (in € billion)</th>
<th>EBITDA margin (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014A</td>
<td>1.1</td>
<td>9.5%</td>
</tr>
<tr>
<td>FY 2015A</td>
<td>1.4</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Covestro Annual Report 2015; \(^{(d)}\) EBITDA defined as EBIT + “Depreciation, amortization and impairments”

### Free Operating Cash Flow\(^{(a,b)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Cash Flow (in € billion)</th>
<th>Capex (in € billion)</th>
<th>Free Operating Cash Flow (FOCF) (in € billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014A</td>
<td>0.9</td>
<td>0.3</td>
<td>1.5</td>
</tr>
<tr>
<td>FY 2015A</td>
<td>0.6</td>
<td>0.5</td>
<td>1.0</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Free Operating Cash Flow (FOCF) is defined as “Net cash flow” minus “Cash outflows for additions to property, plant, equipment and intangible assets”; \(^{(b)}\) Covestro Annual Report 2015; \(^{(c)}\) 2015A vs. 2014A; \(^{(d)}\) EBITDA defined as EBIT + “Depreciation, amortization and impairments”; \(^{(e)}\) EBITDA margin defined as adjusted EBITDA / Sales

### Comments

- Net sales growth through strong core volume growth
- EBITDA 2015 at EUR 1.4bn, EBITDA margin 11.7\(^{(d)}\)
- EBITDA adjusted by special items in the year of separation 2015 amounts to EUR 1.6bn, EBITDA margin of 13.6\(^{(e)}\)
- Significant operating earnings improvement is the basis for a record Free Operating Cash Flow
Financials support investment grade rating

Carefully designed separation paired with strong FY performance

Equity and Net Financial Debt & Pensions\(^{(a,b)}\)

<table>
<thead>
<tr>
<th></th>
<th>FY 2014A</th>
<th>FY 2015A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>1.8</td>
<td>4.1</td>
</tr>
<tr>
<td>17%</td>
<td>1.4</td>
<td>34%</td>
</tr>
<tr>
<td>4.1</td>
<td>2.2</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Interest Cover\(^{(a,d)}\)

<table>
<thead>
<tr>
<th></th>
<th>FY 2014A</th>
<th>FY 2015A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>0.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Interest Cover</td>
<td>10.8x</td>
<td>15.9x</td>
</tr>
</tbody>
</table>

Leverage Ratio\(^{(a,c)}\)

<table>
<thead>
<tr>
<th></th>
<th>FY 2014A</th>
<th>FY 2015A</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>5.5</td>
<td>3.7</td>
</tr>
<tr>
<td>4.9x</td>
<td>2.6x</td>
<td></td>
</tr>
<tr>
<td>Net Financial Debt + Pensions</td>
<td>1.1</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Comments:

- Following the IPO, Covestro has significantly increased its equity position and decreased its debt level.
- Leverage Ratio\(^{(c)}\) of 2.6x and Interest Cover\(^{(d)}\) of 15.9x in FY2015.
- Leverage Ratio\(^{(e)}\) and Interest Cover\(^{(f)}\) adjusted by special items in the year of separation 2015 were 2.2x and 18.4x, respectively.

Notes:

- (a) Covestro Annual Report 2015;
- (b) Net financial debt is defined as “Noncurrent financial liabilities” plus “Current financial liabilities” minus “Cash and cash equivalents” minus “Other financial assets”;
- (c) Leverage Ratio is defined as (“Net financial debt” + “Provisions for pensions and other post-employment benefits”) / EBITDA; EBITDA defined as EBIT + “Depreciation, amortization and impairments”;
- (d) Interest Cover is defined as “Interest Expense” / EBITDA;
- (e) Leverage Ratio is defined as (“Net financial debt” + “Provisions for pensions and other post-employment benefits”) / adjusted EBITDA;
- (f) Interest Cover is defined as “Interest Expense” / adjusted EBITDA.
Striving for a balanced maturity profile

Adding comfort to investment grade financial profile

Undrawn backup loan facilities and maturities of Financial Debt\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Debt</th>
<th>Cash and cash equivalents FY2015</th>
<th>Undrawn committed backup facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2,606m</td>
<td>642</td>
<td>2,507</td>
</tr>
<tr>
<td>2017</td>
<td>2,700</td>
<td>66</td>
<td>2,700</td>
</tr>
<tr>
<td>2018</td>
<td>2,700</td>
<td>65</td>
<td>2,700</td>
</tr>
<tr>
<td>2019</td>
<td>1,500</td>
<td>50</td>
<td>1,500</td>
</tr>
<tr>
<td>2020</td>
<td>1,500</td>
<td>33</td>
<td>1,500</td>
</tr>
<tr>
<td>≥2021</td>
<td>160</td>
<td></td>
<td>160</td>
</tr>
</tbody>
</table>

- Bayer Intercompany Loans (EUR 2,060m) due in 2016 are intended to be refinanced via debt capital markets, however upcoming maturities are backed by
  - Cash position and potential future cash flow generation and
  - Undrawn committed backup facilities comprising EUR 2.7bn syndicated loans

Maintaining a financial profile allowing for solid investment grade credit rating is core to our financial policy

Notes:  \(^{(a)}\) Covestro Annual Report 2015; Financial Debt is defined as “Noncurrent financial liabilities” plus “Current financial liabilities”
Debt Issuance Program
EUR 5bn Debt Issuance Program

Main parameters

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Covestro AG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer Rating</td>
<td>● Baa2, stable (Moody’s)</td>
</tr>
<tr>
<td>Format</td>
<td>● Senior Unsecured, RegS Bearer</td>
</tr>
<tr>
<td>Coupon</td>
<td>● FRN and/or FXD</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>● Refinancing of existing indebtedness and general corporate purposes</td>
</tr>
<tr>
<td>Denominations</td>
<td>● 1k+1k</td>
</tr>
<tr>
<td>Docs</td>
<td>● German Law</td>
</tr>
<tr>
<td>Listing</td>
<td>● Luxembourg Regulated Market</td>
</tr>
<tr>
<td>Passporting</td>
<td>● Austria, Germany, The Netherlands</td>
</tr>
</tbody>
</table>
Key investment highlights
Covestro - a new opportunity on the debt market

Key credit highlights

1. **Leading industry position**
   - World-leading provider of Polyurethanes, Polycarbonates and Coatings, Adhesives, Specialties
   - Well invested production facilities domiciled in key regions
   - High value specialty components with attractive and resilient margin profile

2. **Broadly diversified and well positioned to address macro growth trends**
   - Limited concentration risk among businesses
   - Broad geographic footprint and widely distributed customer / supply base
   - Highly diverse range of products

3. **Solid investment grade financial profile**
   - Stable Baa2 rating obtained; commitment to solid investment grade rating
   - Strong pick up in EBITDA in 2015
   - Stable Free Operating Cash Flow generation

4. **Strong and experienced management**
   - With proven track record of excellence and on average more than 26 years of experience in the industry

Covestro as a broadly diversified global player is well positioned to address macro trends and is committed to a conservative financial policy