Debt Investor Roadshow
Non-Deal related
March 2017
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Agenda

Covestro at a glance

Segment overview

Financials & financial policy

Key investment highlights
Covestro at a glance
Experienced management team
Unique track record of value creation

Patrick Thomas
Chief Executive Officer

Frank H. Lutz
Chief Financial Officer

Dr. Klaus Schäfer
Chief Technology Officer

Dr. Markus Steilemann
Chief Commercial Officer

Previous experience:
- President of Huntsman Polyurethanes, Performance & Advanced Materials divisions
- CEO of Imperial Chemical Industries Polyurethanes

Previous experience:
- CFO of Aldi Süd
- CFO of MAN
- Started his career at Goldman Sachs and held positions in Frankfurt, London and New York

Previous experience:
- Head of Industrial Operations
- Head of Production & Technology Polyurethanes
- Senior Country Representative China

Previous experience:
- Head of Polyurethanes
- Head of Polycarbonates
- Head of Global Industrial Marketing for Polycarbonates

(a) new titles effective as of 1st Apr. 2017
1½ years as independent company
Overview of key capital market milestones

Access to debt capital markets....
...enables further strategic flexibility to develop business portfolio

Covestro operates as independent company
IPO & Listing on Frankfurt Stock Exchange

“Baa2” rating with stable outlook from Moody’s assigned
Debt Issuance Program (DIP) established
Issuance of €1.5bn Debut Bond

1 Sep 2015
6 Oct 2015
7 Oct 2015
26 Feb 2016
3 Mar 2016
29 Feb - 2 Mar 2016
Global reach and customer proximity
Covestro feeds demand with integrated production sites in all key regions

Covestro is geographically diversified throughout eight interlinked world-scale production sites in all three key regions and takes advantage of a high regional supply-demand match.
Inventor and leader in high-tech materials
Deploying our strengths in market fields

- Proven track record of process and product innovation as well as market-driven solutions
- Global reach and customer proximity
- Total production capacity of approx. 5,000kt\(^{(a)}\) distributed across eight world-scale production sites in three main regions
- Selective backward-integration into key raw materials, aimed at sourcing critical supply internally where no or limited merchant market sales prevail
- Headquartered in Leverkusen, Germany, with c. 15,600 full-time-equivalent employees\(^{(b)}\) globally

### Significant share of resilient business

2016A; in % of group sales\(^{(c)}\)

<table>
<thead>
<tr>
<th>Resilient Businesses</th>
<th>MDI</th>
<th>TDI</th>
<th>PCS</th>
<th>Polyols</th>
<th>CAS</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of group sales</td>
<td>50%</td>
<td>28%</td>
<td>17%</td>
<td>17%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

**Key Financial Figures**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sales (€bn)</th>
<th>Core Volume Growth</th>
<th>EBITDA (€bn)</th>
<th>EBITDA Margin</th>
<th>ROCE</th>
<th>FOCF (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015A / 2016A</td>
<td>€12.1bn / €11.9bn</td>
<td>+2.7% / +7.5%</td>
<td>€1.4bn / €2.0bn</td>
<td>+11.7% / +16.9%</td>
<td>+9.5% / +14.2%</td>
<td>€1.0bn / €1.4bn</td>
</tr>
</tbody>
</table>

**Notes:**
- (a) Includes total nameplate capacity for PUR and PCS at year-end for 2016; (b) Employees refers to full-time-equivalents (FTE), rounded to nearest 50; (c) Covestro Annual Report 2016; (d) is defined as EBIT plus “Depreciation, amortization and impairments”; (e) is defined as EBITDA/Sales; (f) The “return on capital employed” (ROCE) is calculated as the ratio of “adjusted operating result after taxes” to “capital employed”. The “capital employed” “is the sum of “noncurrent assets” and “current assets” less “non-interest bearing liabilities” such as “trade accounts payable”; (g) “Free Operating Cash Flow” (FOCF) is defined as “Net cash flow” minus “Cash outflows for additions to property, plant, equipment and intangible assets.”
Strategic alignment along-side mega trends
Structurally surpassing global GDP growth

<table>
<thead>
<tr>
<th>Trends…</th>
<th>…and needs…</th>
<th>…lead to Covestro products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change</td>
<td>Zero emission concepts</td>
<td>Covestro core volume growth 2016</td>
</tr>
<tr>
<td></td>
<td>Low energy buildings</td>
<td>+7.5%</td>
</tr>
<tr>
<td>Mobility</td>
<td>Energy efficient mobility</td>
<td></td>
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<tr>
<td></td>
<td>Lightweight transportation</td>
<td></td>
</tr>
<tr>
<td>Growing population</td>
<td>Food preservation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low cost durable goods</td>
<td></td>
</tr>
<tr>
<td>Increasing urbanization</td>
<td>Affordable housing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Living comfort</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public infrastructure</td>
<td></td>
</tr>
</tbody>
</table>

Global GDP growth 2016\(^{(a)}\)
+2.4%
Covestro is pushing boundaries
Creating outside-the-box solutions to cater global trends

**Consuming carbon dioxide**
- Groundbreaking new production facility
- Introducing alternative to fossil feedstock
  - Less spending in oil derivatives and energy in the production process
- Improving carbon footprint
  - Reusing waste gas rather than emitting or storing it

**Commercializing clean energy**
- Rotor blades
  - Polyurethanes resins for increased stability and durability
- Masts
  - Polyurethanes materials for anti-corrosion coatings
- Undersea cables
  - Elastomers for underwater protection systems

**Redefining mobility**
- Holographic lighting
  - Rear lighting with 3D effects
- All-around glazing
  - Panoramic view with no blind spots
- Seamless surfaces
  - Uniform surfaces reduce drag creation
Segment overview
Polyurethanes (PUR)

At the forefront of development

- Inventor and producer of polyurethane chemistry, materials and systems
- Covestro is the leading global producer in the polyurethane industry (a)
- The segment uses a global network of four innovation centers to support product applications and drive the development of new products
- Complete set of broad MDI and TDI (isocyanates) and Polyether polyols portfolios
- Competitive integration from feedstock to systems
- Total nameplate production capacity of approximately 3,500kt

Key segment financials:

<table>
<thead>
<tr>
<th>Leading global producer of polyurethane raw materials (a)</th>
<th>EBITDA margin (b) 2015A / 2016A 10.2% / 14.9%</th>
<th>Sales (c) 2015A / 2016A €6.1bn / €5.9bn</th>
<th>% of total Sales (c) 2015A / 2016A 50.4% / 49.8%</th>
</tr>
</thead>
</table>

Notes: (a) Based on Covestro’s internal market analysis; (b) is defined as (adjusted) EBITDA / Sales; (c) Covestro Annual Report 2016; revenue shares in percent of total group sales
Polycarbonates (PCS)
Superior high-tech polymer growing through material substitution

- Covestro is the leading global supplier of polycarbonates\(^{(a)}\)

- Offers superior material properties within 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 with five production sites, a nameplate production capacity of approximately 1,500kt, several R&D centers and seven compounding centers with segment headquarters in China

Key segment financials:

<table>
<thead>
<tr>
<th>Leading global producer of polycarbonates(^{(a)})</th>
<th>EBITDA margin(^{(b)}) 2015A / 2016A 17.7% / 21.3%</th>
<th>Sales(^{(c)}) 2015A / 2016A €3.2bn / €3.3bn</th>
<th>% of total Sales(^{(c)}) 2015A / 2016A 26.3% / 27.7%</th>
</tr>
</thead>
</table>

Notes: (a) Based on Covestro’s internal market analysis; (b) is defined as (adjusted) EBITDA/Sales; (c) Covestro Annual Report 2016; revenue shares in percent of total group sales;
Coatings, Adhesives, Specialties (CAS)

Industry-defining high-end materials

- Covestro is the leading worldwide producer of aliphatic & aromatic isocyanate derivatives, polyurethane dispersions and TPU films as well as the second leading worldwide producer of polycarbonate films (a)
- Niche enabler business; focused on the high-end of the value chain
- More than 2,300 products based primarily on six monomers, serving over ten sophisticated industries and over 4,300 direct customers
- Product pricing driven by value-added to the 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

Key segment financials:

<table>
<thead>
<tr>
<th>Leading global aliphatic and aromatic isocyanate derivatives (a)</th>
<th>EBITDA margin (b)</th>
<th>Sales (c)</th>
<th>% of total Sales (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015A / 2016A</td>
<td>23.5% / 24.5%</td>
<td>€2.1bn / €2.0bn</td>
<td>17.3% / 17.1%</td>
</tr>
</tbody>
</table>

Notes: (a) Based on Covestro’s internal market analysis; (b) is defined as (adjusted) EBITDA/Sales; (c) Covestro Annual Report 2016; revenue shares in percent of total group sales;
Leading position across 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 polyols</td>
<td>Polycarbonates</td>
<td>Aliphatic isocyanate derivatives / Polyurethane dispersions</td>
</tr>
</tbody>
</table>

- Leader

### Major Player (a)

#### Global Position (a)

<table>
<thead>
<tr>
<th>Polyurethanes</th>
<th>Polycarbonates</th>
<th>Coatings, Adhesives, Specialties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader</td>
<td>Leader</td>
<td>Leader</td>
</tr>
</tbody>
</table>

### 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

March 17 | Covestro Debt Investor Roadshow
Financials & Financial Policy
First full year as independent company
Strong performance with record Free Operating Cash Flow

**Net sales and core volume growth**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015A</th>
<th>FY 2016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>12,082</td>
<td>11,904</td>
</tr>
<tr>
<td>Core volume growth</td>
<td>-1.5%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

**EBITDA, EBITDA margin and ROCE**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015A</th>
<th>FY 2016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,419</td>
<td>2,014</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>11.7%</td>
<td>14.2%</td>
</tr>
<tr>
<td>ROCE</td>
<td>9.5%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

**Free Operating Cash Flow**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015A</th>
<th>FY 2016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Flow</td>
<td>1,473</td>
<td>1,786</td>
</tr>
<tr>
<td>Capex</td>
<td>509</td>
<td>964</td>
</tr>
<tr>
<td>Free Operating Cash Flow</td>
<td>419</td>
<td>1,367</td>
</tr>
</tbody>
</table>

**Comments**

- Continued dynamic core volume growth
- Strong EBITDA increase to €2.0bn
- Further EBITDA margin increase to 16.9%(c)
- Significant operating earnings improvement is the basis for a record Free Operating Cash Flow

Notes: (a) Covestro Annual Report 2016; (b) “Free Operating Cash Flow” (FOCF) is defined as “Net cash flow” minus “Cash outflows for additions to property, plant, equipment and intangible assets”; (c) EBITDA defined as EBIT plus “Depreciation, amortization and impairments”; EBITDA margin defined as EBITDA/Sales; (d) The “return on capital employed” (ROCE) is calculated as the ratio of “adjusted operating result after taxes” to “capital employed”. The “capital employed” is the sum of “noncurrent assets” and “current assets less non-interest bearing liabilities” such as “trade accounts payable”
Financial metrics in top form…
…on back of excellent business performance

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2015A</th>
<th>FY 2016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>3,612</td>
<td>4,216</td>
</tr>
<tr>
<td>Net Financial Debt</td>
<td>1,462</td>
<td>1,209</td>
</tr>
<tr>
<td>Pensions</td>
<td>2,211</td>
<td>1,499</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2015A</th>
<th>FY 2016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,419</td>
<td>2,014</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>89</td>
<td>53</td>
</tr>
<tr>
<td>Interest Cover</td>
<td>15.9x</td>
<td>38.0x</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2015A</th>
<th>FY 2016A</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>3,673</td>
<td>2,708</td>
</tr>
<tr>
<td>Net Financial Debt + Pensions</td>
<td>1,419</td>
<td>2,014</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>2.6x</td>
<td>1.3x</td>
</tr>
</tbody>
</table>

Comments

- Covestro has significantly increased its equity position and decreased its debt level.
- Interest Cover\(^{(c)}\) of 38.0x and Leverage Ratio\(^{(d)}\) of 1.3x in FY 2016.
- Covestro’s mid-term target of 1.5x Leverage Ratio already achieved.

Notes: (a) Covestro Annual Report 2016; (b) “Net financial debt” is defined as “noncurrent financial liabilities” plus “current financial liabilities” minus “cash and cash equivalents” minus “other financial assets”; (c) “Interest cover” is defined as “interest expense”/EBITDA; (d) “Leverage ratio” is defined as (“net financial debt” plus “provisions for pensions and other post-employment benefits”)/EBITDA; EBITDA defined as EBIT plus “depreciation, amortization and impairments”
Balanced maturity profile implemented

RCF acts as back-up facility

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

- High financial flexibility through cash and backup loans
- Long-term debt maturity established with the issuance of three bonds (each €500m maturing 2018, 2021 and 2024)
- In addition to cash position Covestro has €150m short-term investments per FY 2016

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

Notes: (a) Covestro Annual Report 2016; Financial Debt is defined as “Noncurrent financial liabilities” plus “Current financial liabilities”
Key investment highlights
Convincing performance on capital markets

Key credit highlights

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

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 in above-GDP-growth markets

Solid investment grade financial profile
- Stable Baa2 rating confirmed; commitment to solid investment grade rating
- Strong financial set and low leverage ratios
- Excellent Free Operating Cash Flow generation

Strong and experienced management
- With proven track record of performance and on average more than 27 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