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All financial targets achieved in 2015

Successful first year for Covestro

- **Adjusted EBITDA up 41.3% compared with 2014 to EUR 1.64 billion**
- **Sales up 2.7% to EUR 12.08 billion**
- **Leap in profits at Polycarbonates – CAS segment with record sales**
- **Free operating cash flow at new high of EUR 964 million**
- **First dividend of EUR 0.70 per share proposed**
- **Volume growth and high cash inflows expected again in 2016**

Materials manufacturer Covestro can look back at very successful development in its first year of independence. All financial targets were achieved in 2015. Compared with the prior-year period, adjusted EBITDA increased substantially, and the free operating cash flow reached a record level. The recently listed company plans to pay its stockholders a first-ever dividend of EUR 0.70 per share. Covestro believes it is on course for further growth in 2016 and hopes to once again generate high cash inflows.

“As eventful as 2015 was, it was also a major economic success for our company,” affirmed CEO Patrick Thomas. “We demonstrated earnings power and financial strength while achieving independence, getting listed on the stock exchange and being admitted to the MDAX. All three segments have contributed to the positive performance.”

More favorable supply and demand situation

In the reporting year, Covestro increased adjusted EBITDA by 41.3% compared with 2014 to EUR 1.64 billion. This can be attributed primarily to a more favorable supply and demand situation as well as higher volumes. As a result, sales increased by 2.7% to EUR 12.08 billion despite declining selling prices. Core volume growth – an important new key performance indicator for



controlling the Group – increased by the same proportion. All three regions in which the company operates recorded comparable volume growth last year.

Earnings growth in all segments

Core volume growth of 1.8% was also recorded in 2015 for the largest segment, Polyurethanes, where Covestro develops and produces precursors for high-quality foams. Because selling prices declined sharply due primarily to lower raw material prices, segment sales decreased compared with the prior-year period by 3.1% to EUR 6.09 billion. However, adjusted EBITDA increased by 5.4% to EUR 624 million.

At Polycarbonates, adjusted EBITDA more than tripled compared with 2014 to EUR 560 million. With sales up 12.4% to EUR 3.17 billion, core volume growth amounted to 5.2%. Polycarbonate is a versatile high-performance plastic produced and continuously optimized by Covestro.

Sales in the Coatings, Adhesives, Specialties segment grew by 8.6% compared with 2014 to a record level of EUR 2.09 billion while core volume growth was 2.7%. Adjusted EBITDA increased by 12.4% to EUR 491 million. The segment comprises raw materials for coatings, adhesives and sealants, as well as specialties such as high-quality films.

All three segments contributed to an increase in free operating cash flow of over 200% to a record-setting EUR 964 million. As with the adjusted EBITDA, this figure more than met expectations of a significant increase.

Covestro was able to reduce liabilities substantially in 2015. Net financial debt declined by EUR 1.89 billion and now stands at EUR 2.21 billion. The rating of Baa2 with stable outlook that Covestro received from the rating agency Moody's immediately after the stock market listing last October confirmed the company's creditworthiness on the international capital market.

In light of the positive business development, Covestro intends to share its commercial success commensurately with its stockholders. The Board of Management and Supervisory Board propose the payment of a first dividend for 2015 of EUR 0.70 per share.

Continued volume growth and high cash flow expected

Given positive expectations for the global economy and the development of key customer sectors such as the automotive, construction, electrical and electronics, and furniture industries, Covestro has established a target for 2016 of a mid-single-digit percentage increase in core volume growth.



Free operating cash flow is expected to be at a high level and above the average for previous years. The company also expects to earn its cost of capital again in 2016. The return on capital employed (ROCE) should exceed the cost of capital. At 9.5%, adjusted ROCE was substantially higher last year than the capital costs of 7.2%.

The annual report 2015 is available for download from the Investor Relations website of Covestro at <http://investor.covestro.com/en/reports/annual-reports/>.

Today's Investor Conference Call is accessible by following this link: <http://investor.covestro.com/en/events/live-events/q4-fy-2015-conference-call/>

About Covestro:

With 2015 sales of EUR 12.1 billion, Covestro is among the world's largest polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life. The main segments served are the automotive, electrical and electronics, construction and the sports and leisure industries. Covestro, formerly Bayer MaterialScience, has 30 production sites around the globe and as of the end of 2015 employed approximately 15,800 people (full-time equivalents).

This investor news is available for download from the Investor Relations website of Covestro at <http://investor.covestro.com/en/news/investor-news/>.

Find more information at **investor.covestro.com**.
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Forward-Looking Statements

This investor news 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 Group Key Data

	2014	2015	Change
	€ million	€ million	%
Sales	11,761	12,082	+2.7
Change in sales			
Volume		+2.6%	
Price		-7.7%	
Currency		+7.8%	
Portfolio		0.0%	
Core volume growth	+4.8%	+2.7%	
Sales by region			
EMLA	5,493	5,357	-2.5
NAFTA	3,022	3,356	+11.1
APAC	3,246	3,369	+3.8
EBITDA	1,122	1,419	+26.5
Adjusted EBITDA	1,161	1,641	+41.3
EBIT	517	680	+31.5
Adjusted EBIT	561	942	+67.9
Financial result	(136)	(175)	-28.7
Net income	272	343	+26.1
Gross cash flow	1,016	1,155	+13.7
Operating cash flow (net cash flow)	925	1,473	+59.2
Cash outflows for capital expenditures	612	509	-16.8
Free operating cash flow	313	964	>200
Net financial debt ¹	4.101	2,211	-46.1
ROCE	6.2%	9.5%	

1. As of December 31, 2015 compared with December 31, 2014