



Efficiency and recovery drive results

Roadshow presentation



- Covestro investment highlights**
- Group financials 9M 2020
- Segments overview
- Acquisition DSM-RFM
- Background information

Covestro is diversified across geographies and end-markets



Key performance indicators and sales split



Sales
2019



Core volume growth
CAGR 2015 - 2019



FOCF
2019

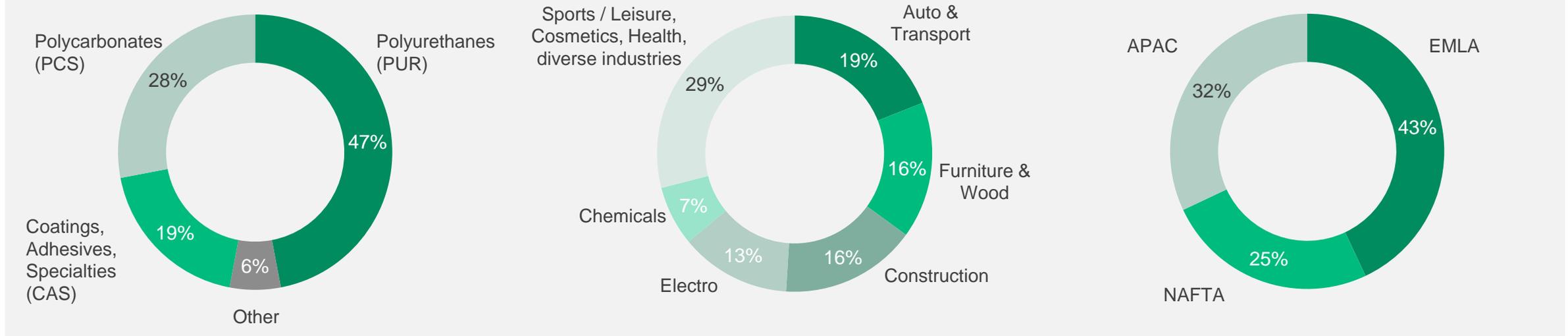


ROCE
2019



EBITDA
2019

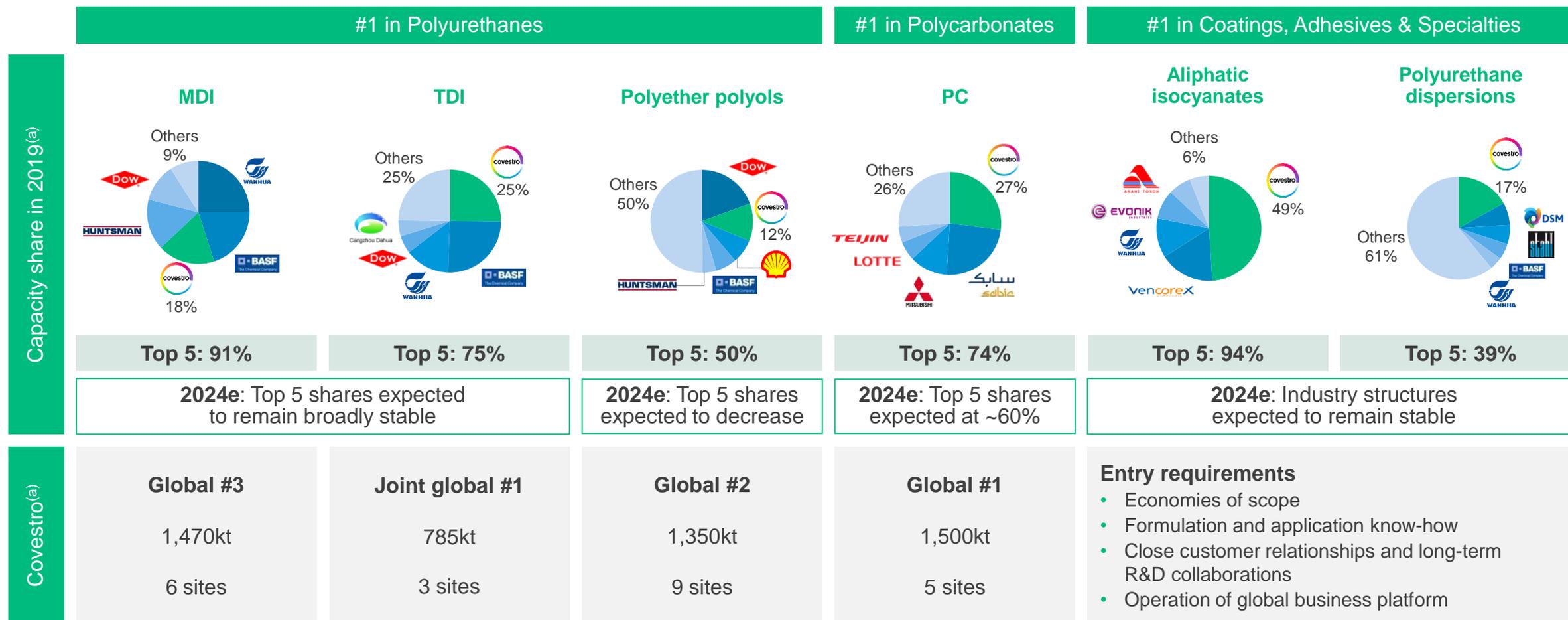
2019 sales



Covestro is a global leader across its entire portfolio



World-wide industry positions and production capacities



We will be fully circular

The new vision of Covestro

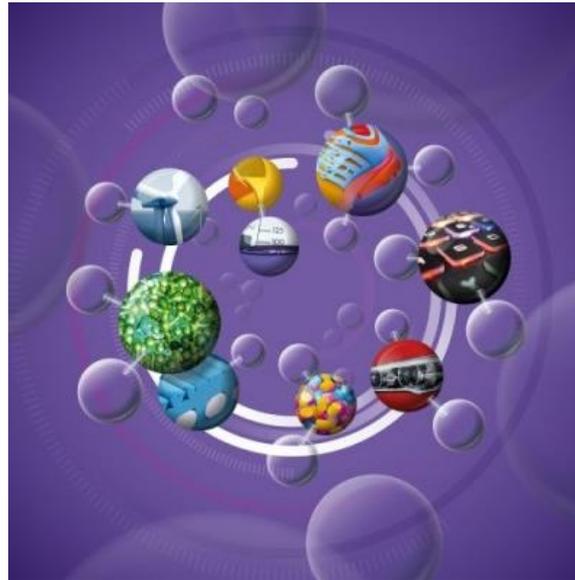


Alternative Raw Materials



Biomass, CO₂, used materials and waste can replace fossil resources

Innovative recycling



Energy-efficient technologies allow more used products and waste to be recycled

Renewable energy



Wind and sun: clean energy must power the circular economy

Joint solutions



Cross-industry collaboration is needed to bring the circular economy forward

We will be fully circular

Examples of various Covestro initiatives



Alternative raw materials

Replacing fossil resources

Example Bio-based car top coat



- Enabling customers to optimize the CO₂ footprint of their products
- New hardener for automotive coatings with carbon basis up to 70% from renewable raw materials
- No compromises with regards to protective functions and appearance
- Collaboration with automotive group Audi and the coating experts at BASF Coatings

Innovative recycling

Energy-efficient technologies

Example Recycled polycarbonates



- New polycarbonate grades from post-consumer recycled (PCR) content, e.g. water bottles, CDs and automotive lighting
- Closed loop recycling system to collect, sort, shred and clean material
- Recycled granules are finally compounded with virgin resins
- PCR grades are used in various electr. applications for a second life

Renewable energy

Wind energy

Example Ørsted wind energy supply



- World's largest corporate supply contract for offshore wind energy entered with Ørsted in Dec. 2019
- Starting in 2025, Ørsted to provide 100 MW of electricity for 10 years
- Newly built wind farm in North Sea, implemented without public funding
- Supply to cover c. 10% of electricity consumed by Covestro in Germany

Joint solutions

Cross-industry collaboration

Example PReSmart consortium



- PReSmart to seek ways of transition from current linear lifecycle of polyurethane (PU) products to a circular economy model
- Consortium as an end-to-end collaboration spanning the entire PU reprocessing value chain
- Nine partners from six different countries, coordinated by the Belgian company Recticel

ESG ambitions support growth strategy

Covestro non-financial targets for 2025



1 R&D project portfolio to be aligned with UN Sustainable Development Goals



2 100% of suppliers to be compliant with our sustainability requirements



3 Reduce specific greenhouse gas emissions by 50%



4 Help ten million people in underserved markets with sustainable solutions



5 Getting the most out of carbon by increasing its productivity



Covestro industries grow above global GDP

Growth drivers and industry demand outlook



UN SDGs(a)

related to climate change:



related to increasing mobility:



related to growing population:



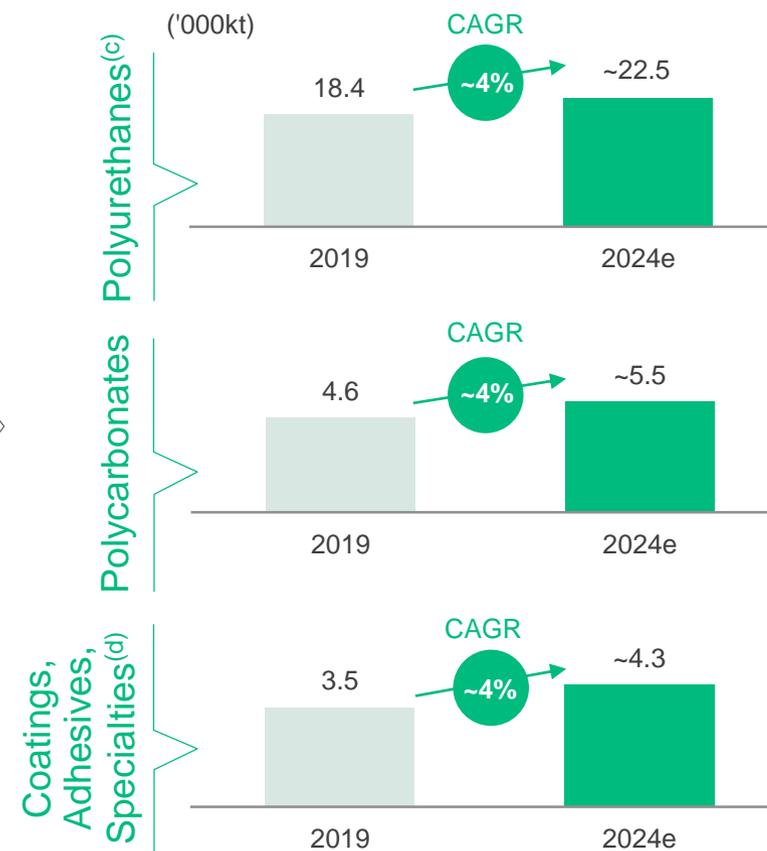
related to increasing urbanization:



NEEDS TO BE SERVED

- Zero emission concepts
- Low-energy buildings
- Energy-efficient mobility
- Lightweight transportation
- E-mobility, autonomous driving
- Food preservation
- Low-cost durable goods
- Medical applications
- Affordable housing
- Living comfort
- Public infrastructure

INDUSTRY DEMAND OUTLOOK (b) 2019 - 2024e



(a) Most impacted goals out of 17 Sustainable Development Goals, set by the United Nations' "2030 Agenda for Sustainable Development"

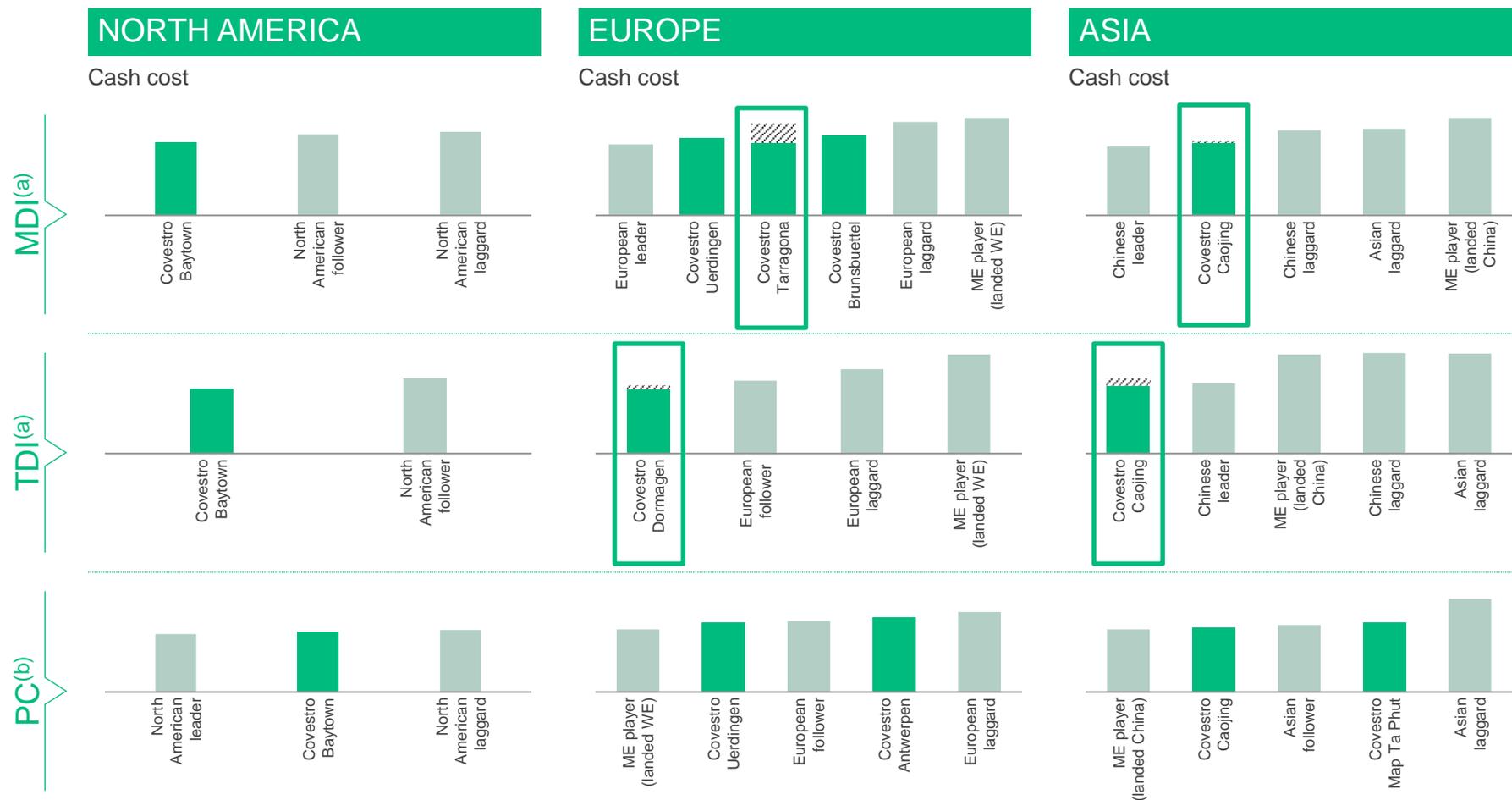
(b) Assumes global GDP CAGR 2019 - 2024e of 2-3%, this value may be negatively impacted by the coronavirus pandemic

(c) Comprises MDI, TDI and polyether polyols; (d) Shows PU raw materials industry demand in coatings, adhesives and sealants (excl. architectural/textile coatings and solvent-borne polyacrylates); additionally TPU, elastomers and PC/TPU films

Leading cost positions across business segments and regions



Covestro cash cost positions



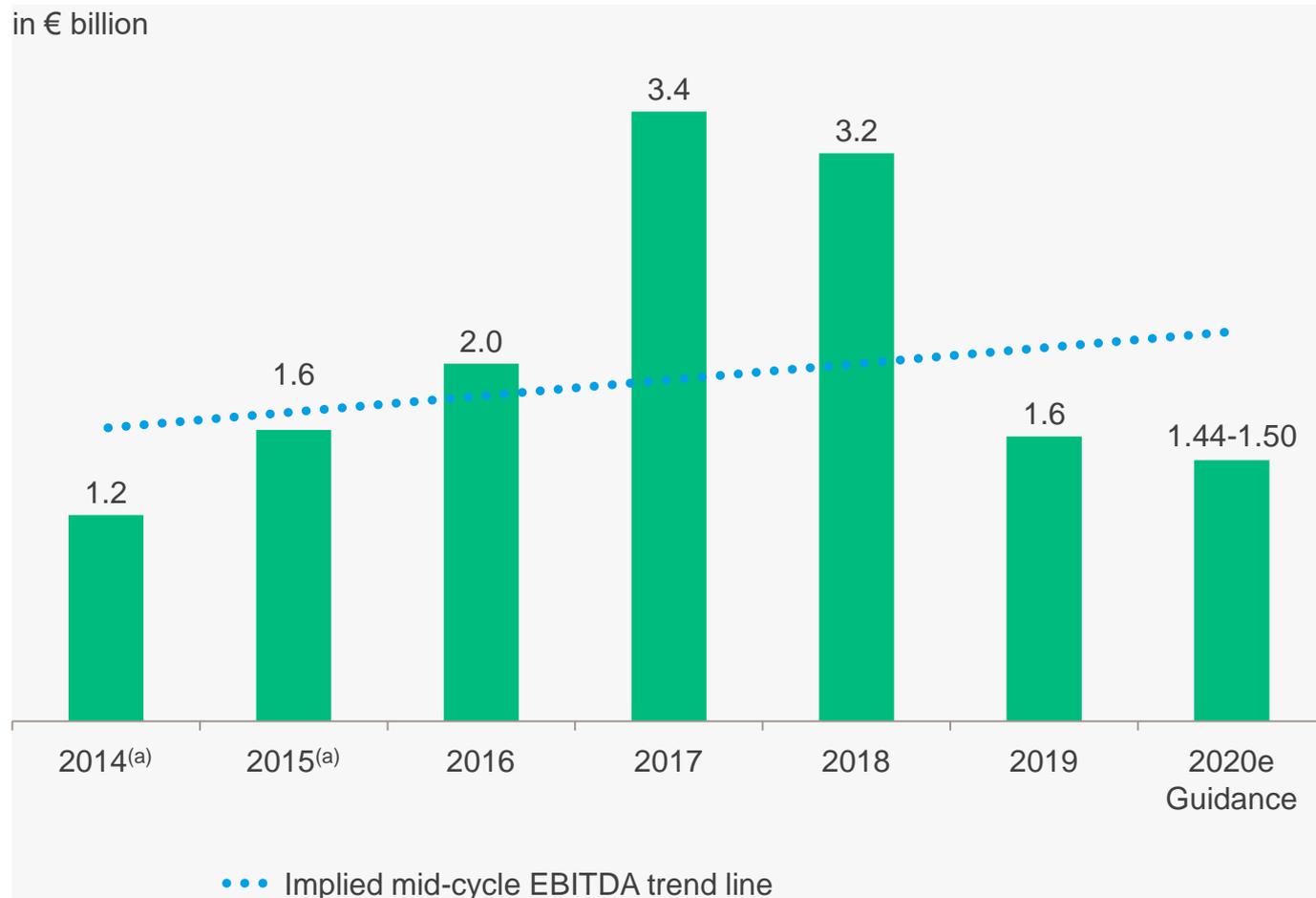
/// Cash cost improvements based on investment projects

HIGHLIGHTS

- **Covestro Polycarbonates** is one of the two joint cost leaders with cost advantage of ~30% versus the average of 5 least competitive plants
- **Covestro MDI** is one of the low-cost producers. Investment in Tarragona plant will significantly further improve cost position. MDI industry with cost advantage of ~35% between the best and the average 5 least competitive plants
- **Covestro TDI** is the global cost leader with cost advantage of ~55% versus the average of 5 least competitive plants

Significant upside towards mid-cycle level

EBITDA development between 2014 and 2020e



HIGHLIGHTS

Significant upside towards mid-cycle level

- Cyclicity driven by supply-demand balance
- 2017 peak due to very high industry utilization
- 2020 burdened by globally declining GDP

EBITDA guidance of between €1.44bn and €1.50bn for FY 2020 (as adjusted on December 8, 2020)

- EBITDA bridge FY 2020e vs FY 2019
 - EBITDA of €1.6bn in FY 2019
 - Pricing delta: plus ~€100m
 - Volume: at or above minus €400m
 - Others: plus ~€200m

EBITDA sensitivities for FY 2020

- Volume leverage: 1pp change in core volumes equals around +/- €50m
- FX sensitivity: 1pp change equals +/- €6m for CNY/EUR and +/- €4m for USD/EUR

Earnings guidance raised

FY 2020 guidance – as adjusted on December 8, 2020



	FY 2019	Guidance FY 2020
Core volume growth	+2.0%	between -5% and -6%
FOCF	€473m	€400m – 550m
ROCE	8.4%	Positive mid-single digit
Additional financial expectations	FY 2019	Guidance FY 2020
EBITDA FY	€1,604m	€1,440m - 1,500m
D&A	€752m	~€770m
Financial result	€-91m	~€-105m
P&L (effective) tax rate	26.8%	24 - 26%
Capex^(a)	€910m	~€700m
Average number of outstanding shares (in million)	Q4: 182.8 FY: 182.7	Q4e: 191.5 FYe: 185.0

Almost €6bn cash allocated to dividend, capex and share buy-back



Balanced use of cash

Dividend



- 2019 dividend of €1.20 per share
- Dividend yield 2019 of 3.5%^(a)

€1.5bn paid in dividends^(b)

Capex



- Covestro's industry and cost leadership make growth investment the most value-creating use of cash
- Growth capex focuses mainly on CAS, MDI and PCS
- Maintenance capex to secure safe, reliable and efficient operations

€2.6bn invested in capex

Portfolio



- Disciplined and focused approach
- Targeting value-enhancing acquisitions with attractive IRR
- Announced acquisition of DSM's Resins and Functional Material business with attractive high margins
- Completed divestments of less attractive low-margin businesses

€0.4bn of net sales acquired^(c)

Share buy-back

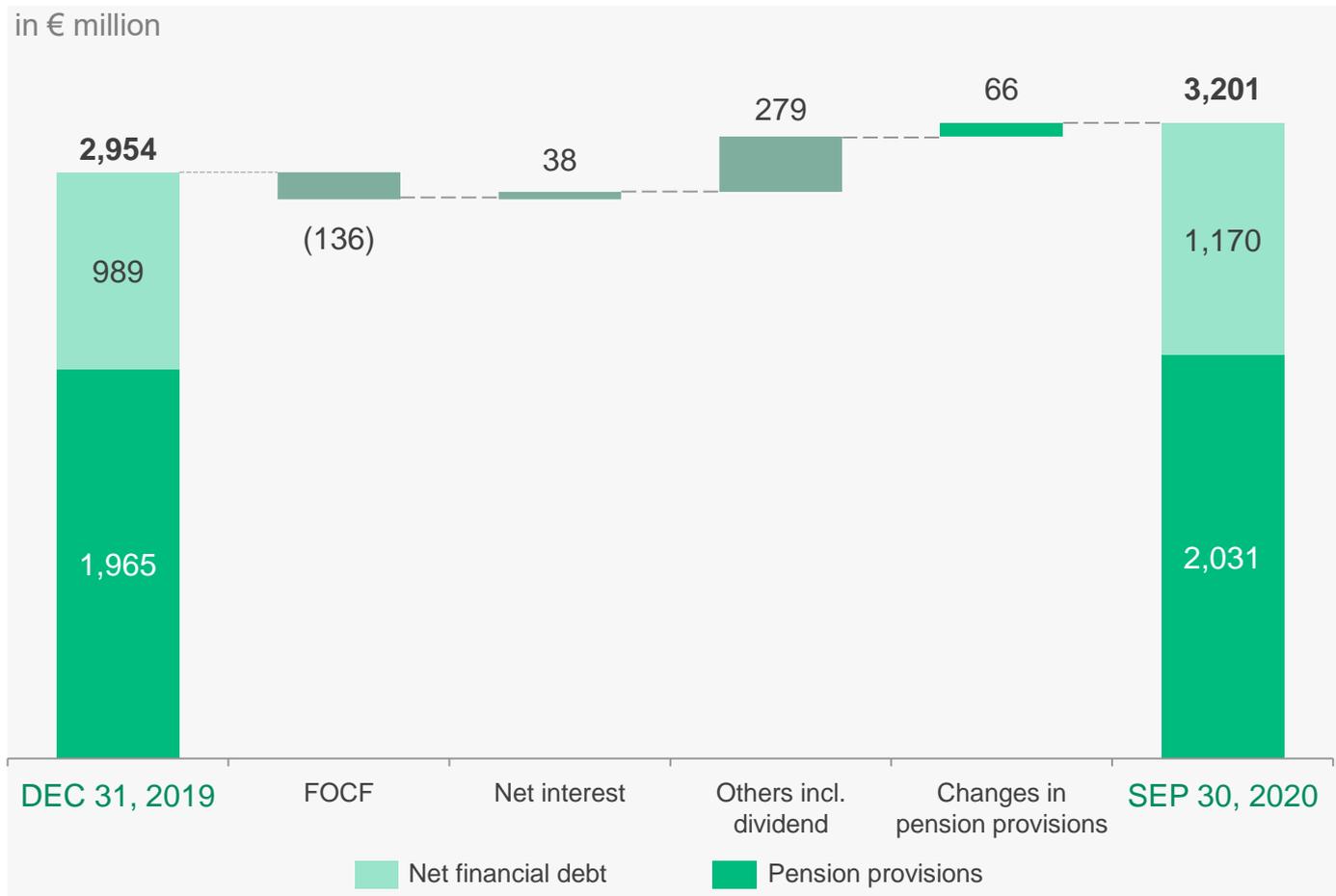


- Return excess cash to shareholders
- Authorization for share buy-back program for up to 10% of share capital in place

€1.5bn of shares bought back

Solid balance sheet and strong liquidity position

September 30, 2020 – Total net debt



HIGHLIGHTS

- Total net debt to EBITDA ratio^(a) of 2.9x end of Q3 2020 vs. 1.8x end of 2019
- Equity ratio of 41% end of Q3 2020 vs. 46% end of 2019
- Committed to a solid investment grade rating
- 2019 dividend of €219m paid out in August 2020

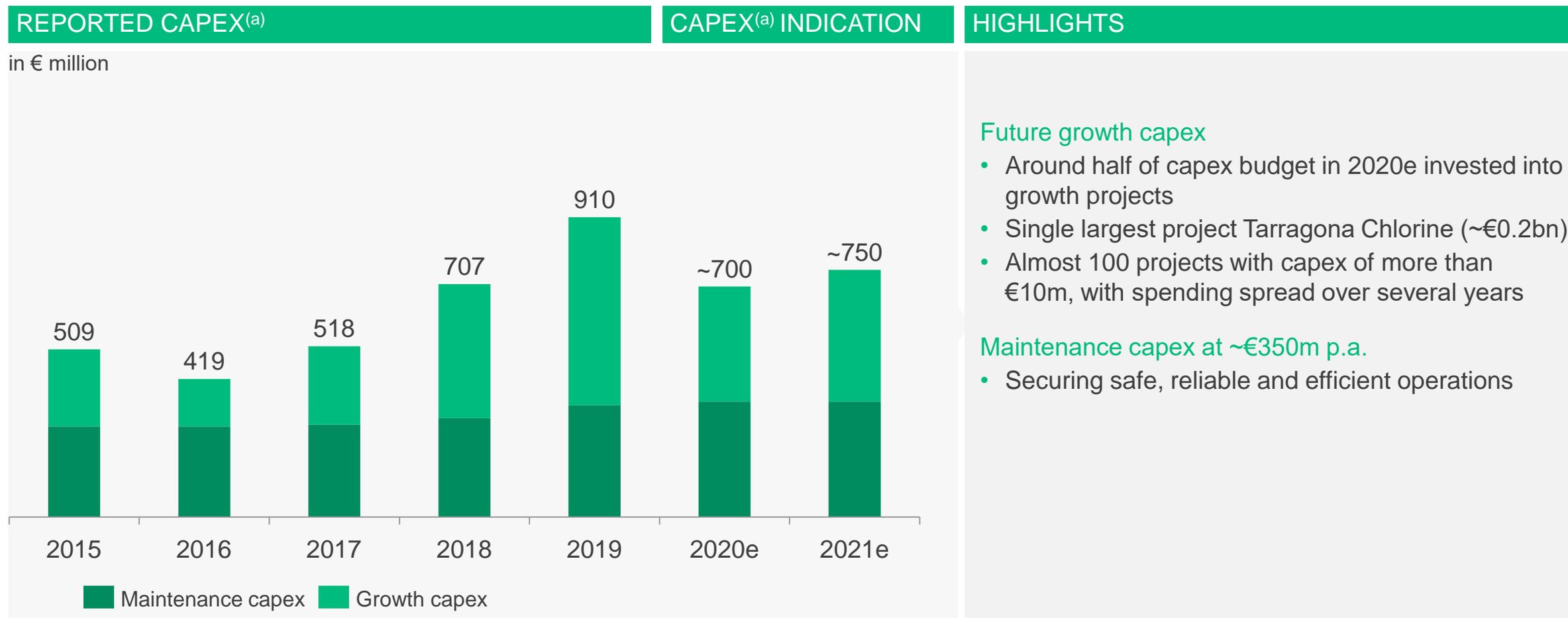
Liquidity at attractive rates

- Balance sheet with ~€1.8bn in cash, cash equivalents and current financial assets, partially funded through:
 - European investment bank (EIB) loan of €0.2bn for R&D activities
 - Two Eurobonds issued, total amount of €1.0bn
- Undrawn syndicated revolving credit facility (RCF) of €2.5bn in place with ESG element

Investment into organic growth to deliver attractive returns



Covestro capex^(a) development 2015 - 2021e



Securing profitable growth in more challenging times



Why invest in Covestro

- 1** Above GDP volume growth
driven by innovation and sustainability trends
- 2** Leading and defensible global industry positions
as innovation and cost leader
- 3** Management executing efficiency measures
streamlining structures, reducing operational costs and global headcount while strict incentive targets in place
- 4** Capital allocation focused on value creation
with commitment to profitable growth
- 5** Full alignment of strategy with ESG criteria
embodied by non-financial targets



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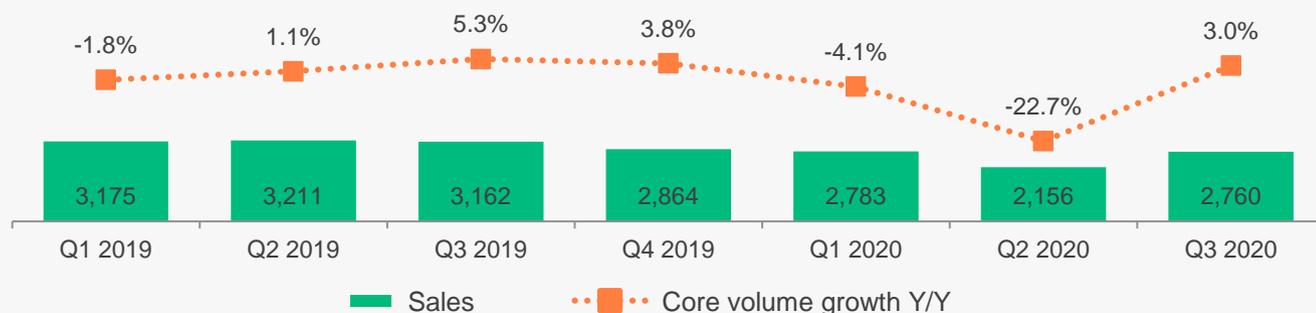
Q3 back in growth mode, reflecting a v-shaped recovery

Group results



SALES AND CORE VOLUME GROWTH^(a)

in € million / changes Y/Y

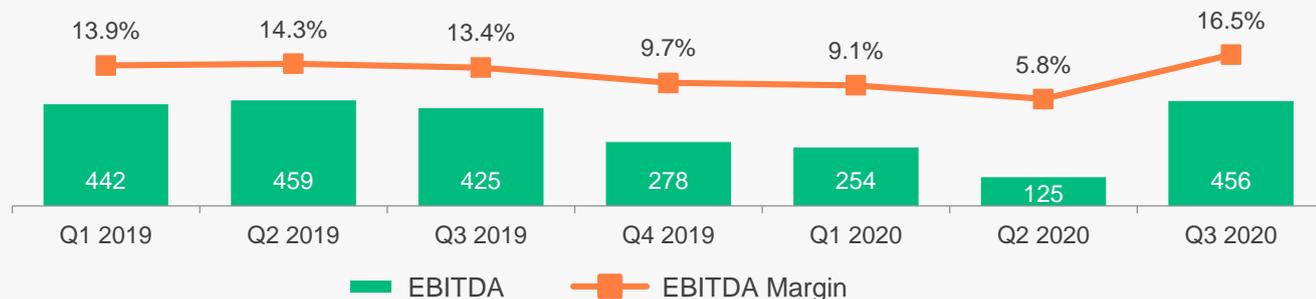


HIGHLIGHTS

- Solid core volume growth in FY 2019 of +2.0% Y/Y
- Severe negative impact from coronavirus pandemic particularly in Q2 2020
- Q3 2020 with broad demand recovery across industries and geographies with core volumes again above previous year, reflecting a v-shaped recovery

EBITDA AND MARGIN

in € million



HIGHLIGHTS

- Q4 2019 declined vs. Q3 2019 due to normal seasonality, coupled with ongoing margin pressure in a continuing, challenging industry environment
- Q1 2020 and particularly Q2 2020 burdened by the coronavirus pandemic
- In Q3 2020, EBITDA of €456m again above prior year strongly benefitting from saving measures

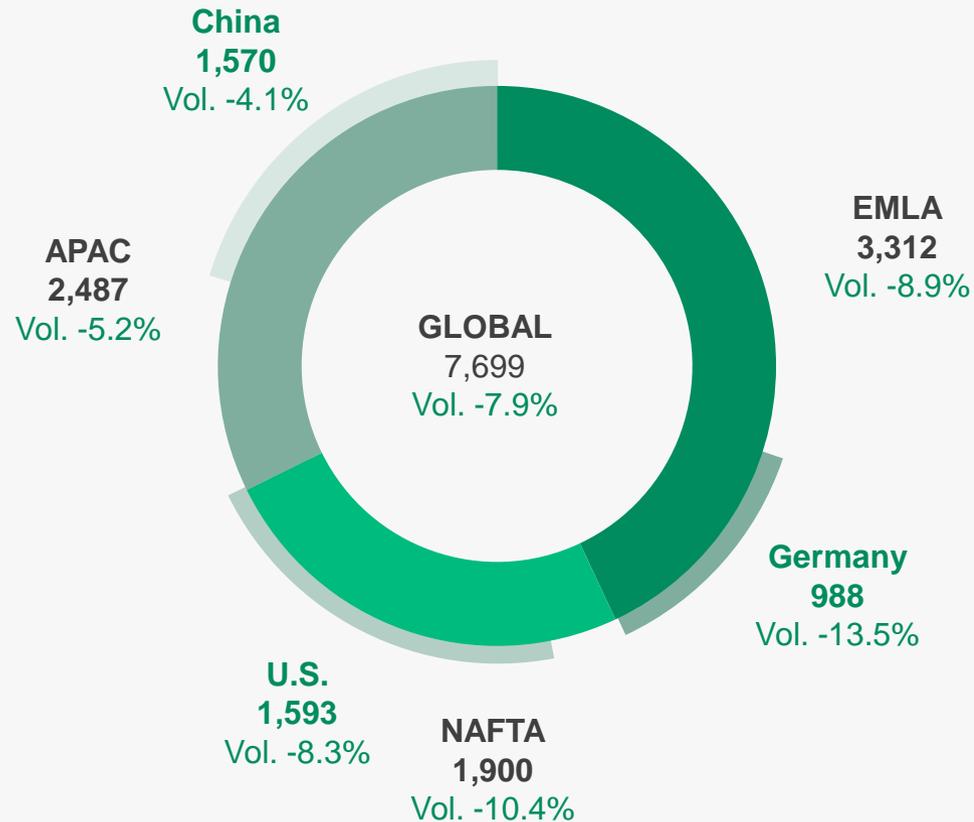
Q3 volume recovery partly compensates coronavirus impact



9M 2020 – Regional split

Sales in € million

Core volume growth Y/Y in %

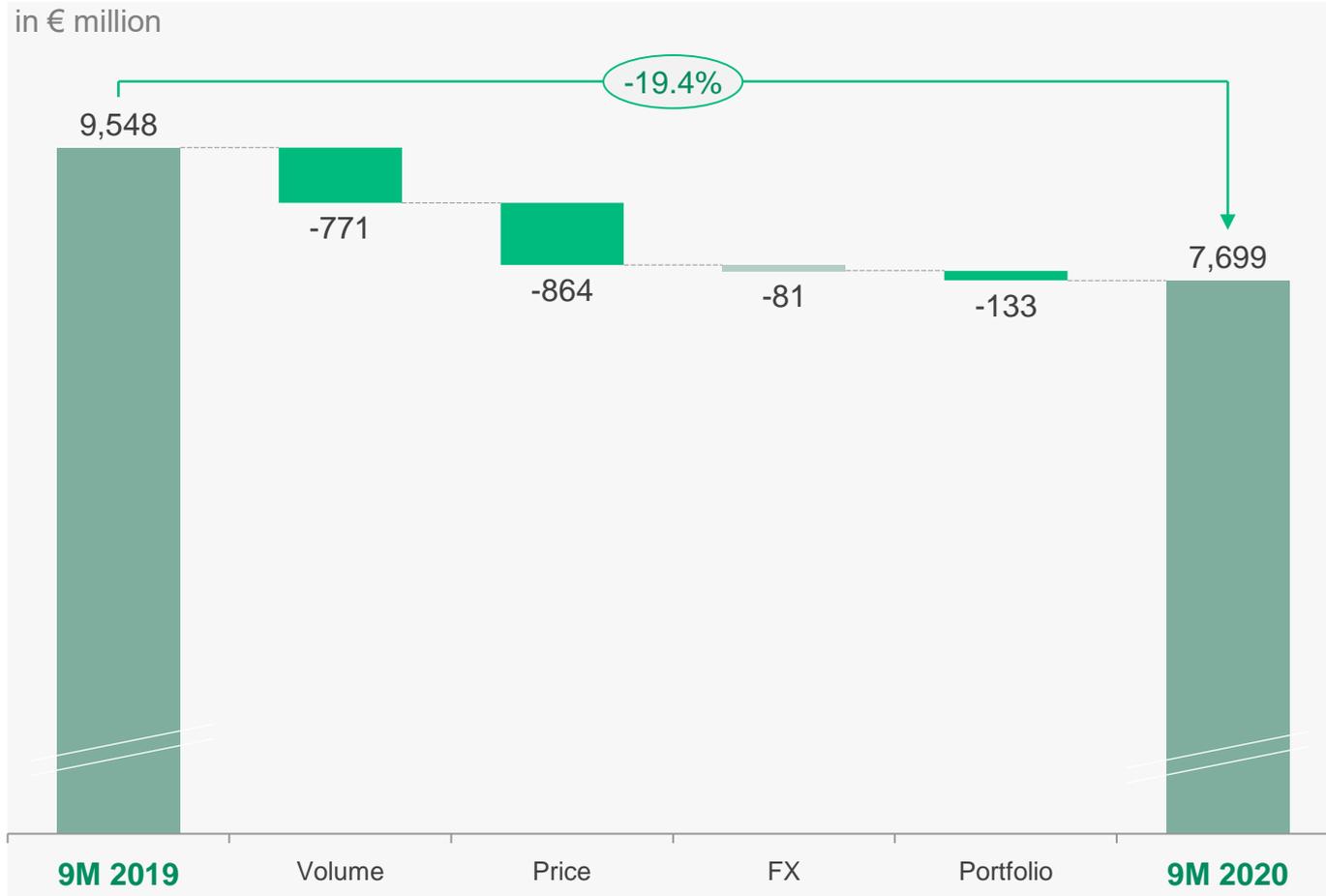


CORE VOLUME GROWTH Y/Y

- Despite globally broad-based volume recovery in Q3, after severe negative impact from coronavirus pandemic in Q2, 9M core volume growth of c. -8% Y/Y:
 - Furniture/wood c. -8%, driven by EMLA
 - Electro c. -7%, driven by APAC and NAFTA
 - Construction c. -4%, driven by NAFTA and EMLA
 - Auto/transport c. -21%, driven by all regions
 - Divers c. -2% including medical c. +13%
- APAC: growth in construction
- EMLA: decline particularly in auto/transport
- NAFTA: decline in all key industries, particularly in auto/transport

Sales burdened by lower prices and volumes

9M 2020 – Sales bridge



HIGHLIGHTS

Negative volume

- Decline of -8.1% Y/Y (in €) driven by all segments due to the coronavirus pandemic

Negative pricing

- Lower selling prices in all segments negatively impacted sales by -9.1% Y/Y

Negative FX

- FX affected sales by -0.8% Y/Y driven by weaker USD and CNY

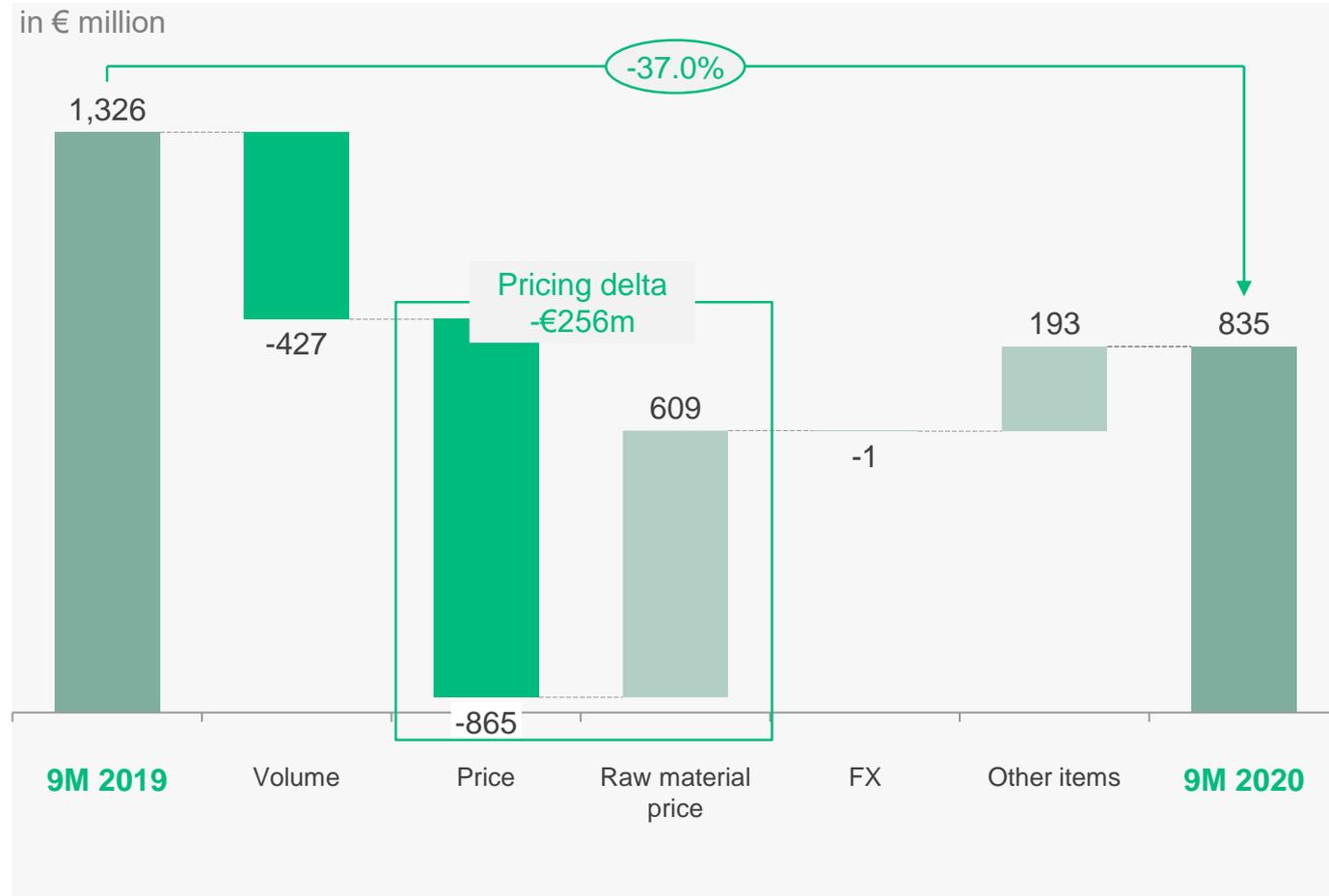
Portfolio changes

- Slight negative impact of -1.4% Y/Y
- PUR: European system houses divested as of 1st November 2019 (9M 2020: €-49m)
- PCS: European sheets divested as of 2nd January 2020 (9M 2020: €-90m)

Corona-driven volume decline limited by cost savings



9M 2020 – EBITDA bridge



HIGHLIGHTS

Negative volume leverage^(a)

- Relatively high negative volume leverage of 55% ^(a) due to unfavorable mix effects
- Annualized EBITDA loss of ~€70m per 1pp core volume reduction

Negative pricing delta

- Negative price effects in all segments partly offset by favorable raw material prices, particularly in PUR and PCS

Other items

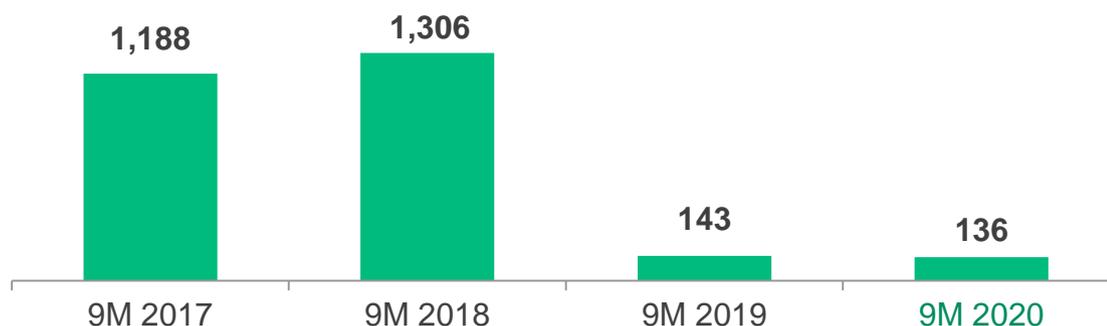
- Cost saving measures contributed strongly
- Provisions for 2020 short-term bonuses at zero

Positive FOCF despite significantly lower EBITDA

Historical FOCF development per first 9 months



in € million



EBITDA	2,556	2,907	1,326	835
Changes in working capital	-685	-568	-52	-163
Capex^(a)	-283	-429	-603	-463
Income tax paid	-269	-505	-265	-115
Other effects	-131	-99	-263	42

HIGHLIGHTS

- In Q3'20, FOCF up by 48.6% to €361m (€243m in Q3'19) supported by higher earnings, lower capex and positive effects from working capital
- In 9M'20, FOCF virtually unchanged despite ~€500m lower EBITDA
- Working capital to sales ratio^(b) at 19.5%
- Lower inventories due to strong demand coupled with constrained availability
- Capex of €463m on track toward FY 2020 guidance of around €700m
- Income tax paid of €115m above P&L income taxes of €38m due to phasing of payments
- „Others“ mainly driven by significantly lower cash out for short-term bonuses (~€40m in Q2'20 vs. ~€350m in Q2'19)



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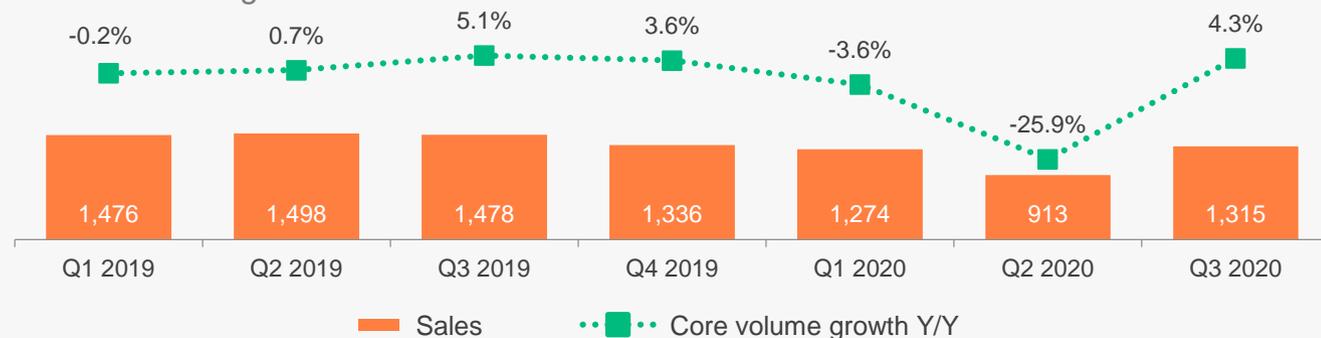
Polyurethanes – earnings strongly up on lower costs



Segment results – Highlights Q3 2020

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

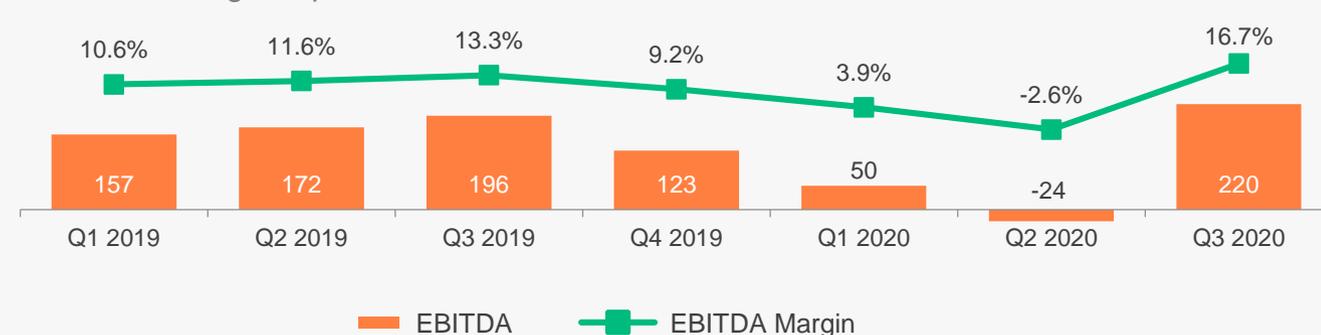


HIGHLIGHTS

- Core volume growth (in kt) of +4.3% Y/Y, driven by TDI and MDI
- Core volume growth in all key industries except automotive/transportation
- Sales decreased by -11.0% Y/Y, driven by price (-11.5%) and FX (-3.8%), whereas volume contributed positively (+5.3%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Strong sequential EBITDA and margin recovery
- Compared to prior year, EBITDA increased mainly as a results of (i) lower cost driven by saving measures and (ii) volume growth
- Effect from pricing delta was neutral (Y/Y)

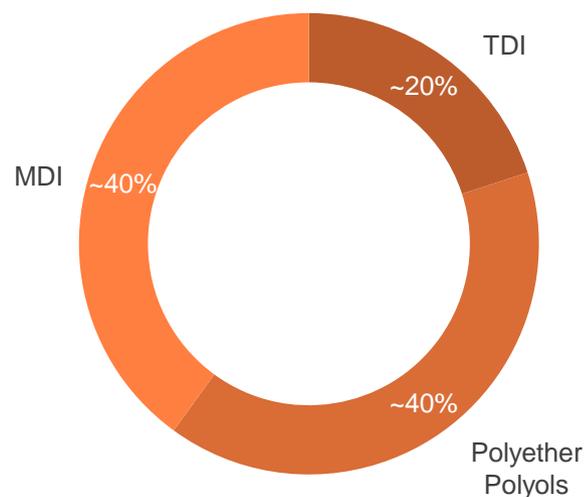
Polyurethanes broadly positioned for growth



Sales by business, end-markets and regions

PUR sales split by business

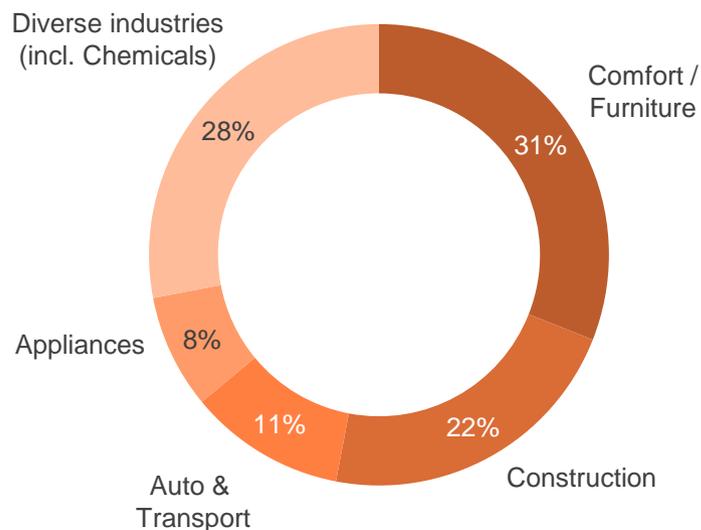
% of 2019 sales



Growth driven by MDI and TDI

PUR sales split by end-markets

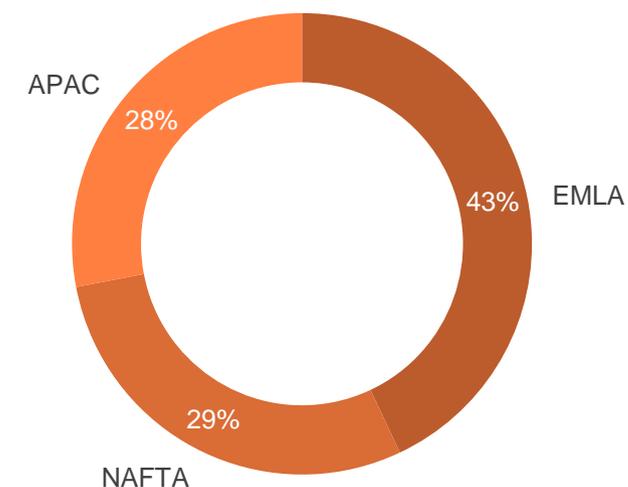
% of 2019 sales



Growth driven by several industries

PUR sales split by regions

% of 2019 sales



Growth driven by all regions

MDI industry supply and demand to remain balanced



Historical industry development and outlook

MDI demand development (2014 - 2024e)



MDI supply development (2014 - 2024e)



Industry highlights

- Structurally sound demand of 4% – 5% based on global GDP growth and substitution trends
- Major additions^(c) expected until 2024e: Wanhua (800kt in China), BASF (300kt in USA) and Juli Heshan (400kt in China)
- Covestro additions: Brunsbüttel, Germany (200kt, 2020), Caojing, PRC (100kt, 2021e) and Tarragona, Spain (50kt, 2023e)

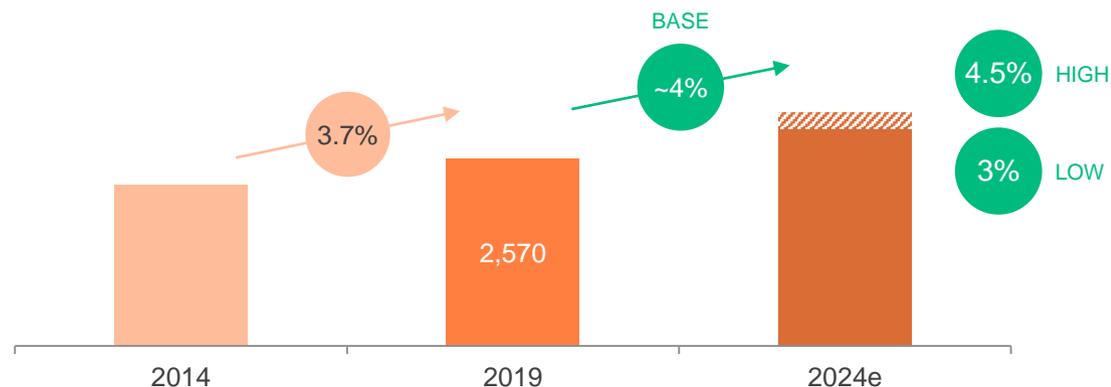
TDI industry supply and demand getting back in balance



Historical industry development and outlook

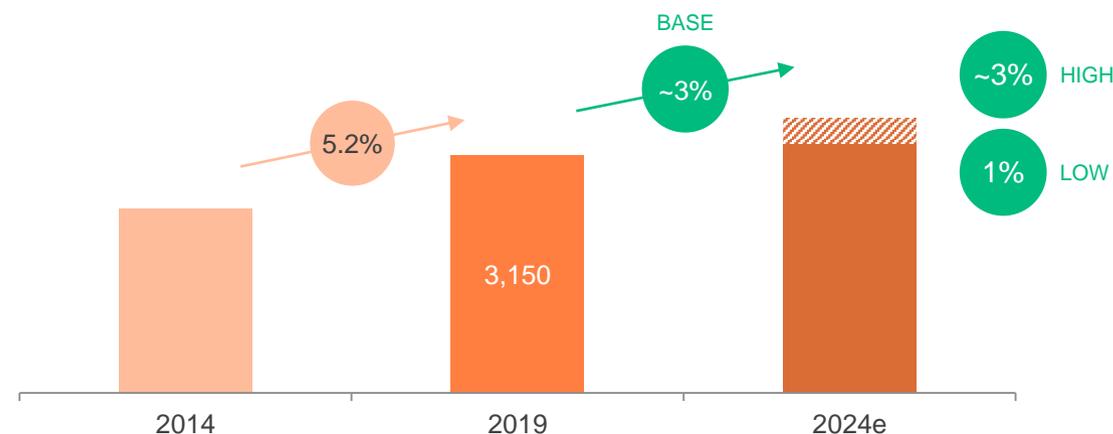
TDI demand development (2014 - 2024e)

(kt)^(a)
% growth as CAGR



TDI supply development (2014 - 2024e)

(kt)^(b)
% growth as CAGR



Industry highlights

- Major additions^(c) expected until 2024e: Fujian SEEC (150kt in China)
- BASF (80kt, Schwarzheide) closed in March 2020
- Potential industry consolidation in APAC

Number one producer globally and inventor of PC^(a)

Polycarbonates (PCS) at a glance



Products

As a true high-tech material, polycarbonate is not only very robust, break-proof and light-weight, but also offers a high degree of design flexibility.

Polycarbonate is available in all colors ranging from crystal clear to deep black. It is an excellent substitute for traditional material such as glass or metal.

This allows for a wide variety of application possibilities ranging from vehicles to smartphones and laptops as well as lenses or large roofs.

Key customer industries:



Sample applications



For trendy smartphones



For bright buildings



For light-weight cars



For safe medical products

5.2%

Core volume
CAGR in 2015 - 2019^(b)

€3.5bn

Sales
2019

€536m

EBITDA
2019

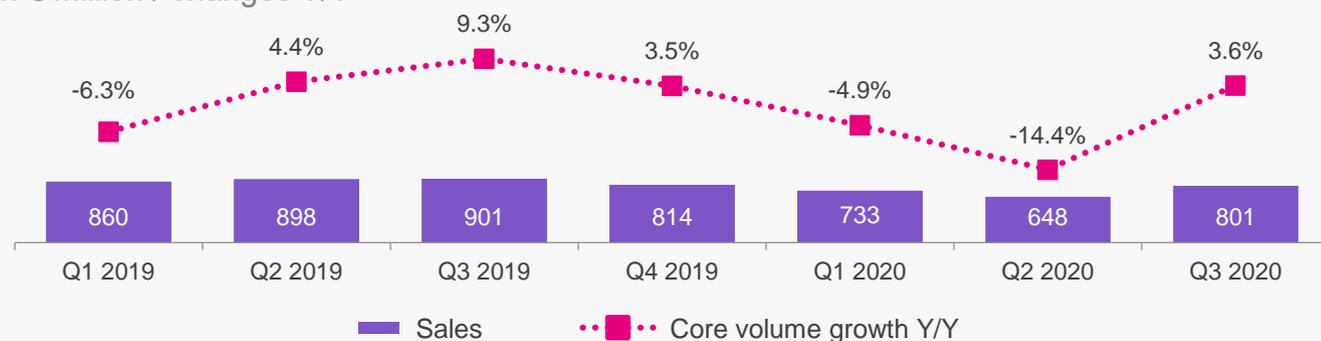
Polycarbonates – double-digit margin further improved



Segment results – Highlights Q3 2020

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

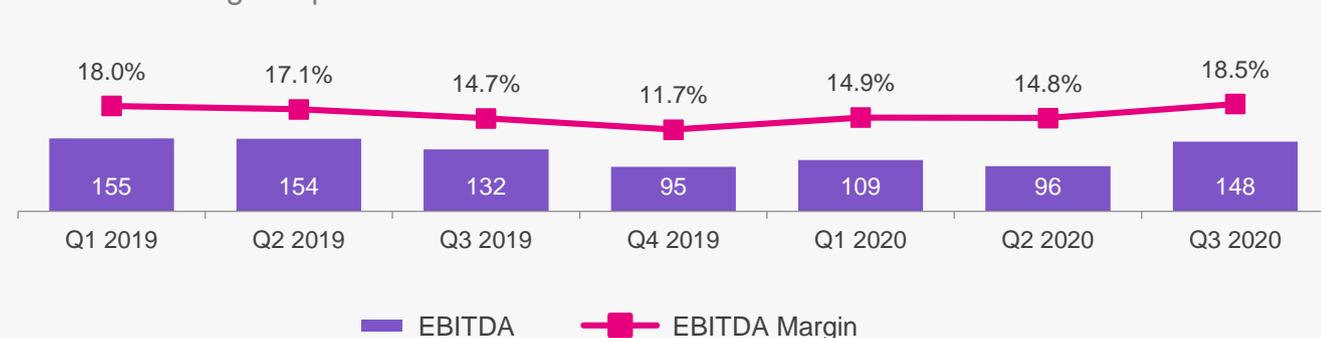


HIGHLIGHTS

- Core volume growth (in kt) of 3.6% Y/Y driven by all key industries except automotive/transportation; double-digit growth in construction including protective gear
- China posted double-digit volume growth while NAFTA still down double-digit, all Y/Y
- Sales decreased 11.1% Y/Y, driven by price (-8.2%) and FX (-3.4%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Strong sequential EBITDA growth, double-digit margin further improved
- Compared to prior year, EBITDA increased Y/Y mainly as a result of (i) lower cost driven by saving measures and (ii) positive pricing delta due to lower feedstock prices

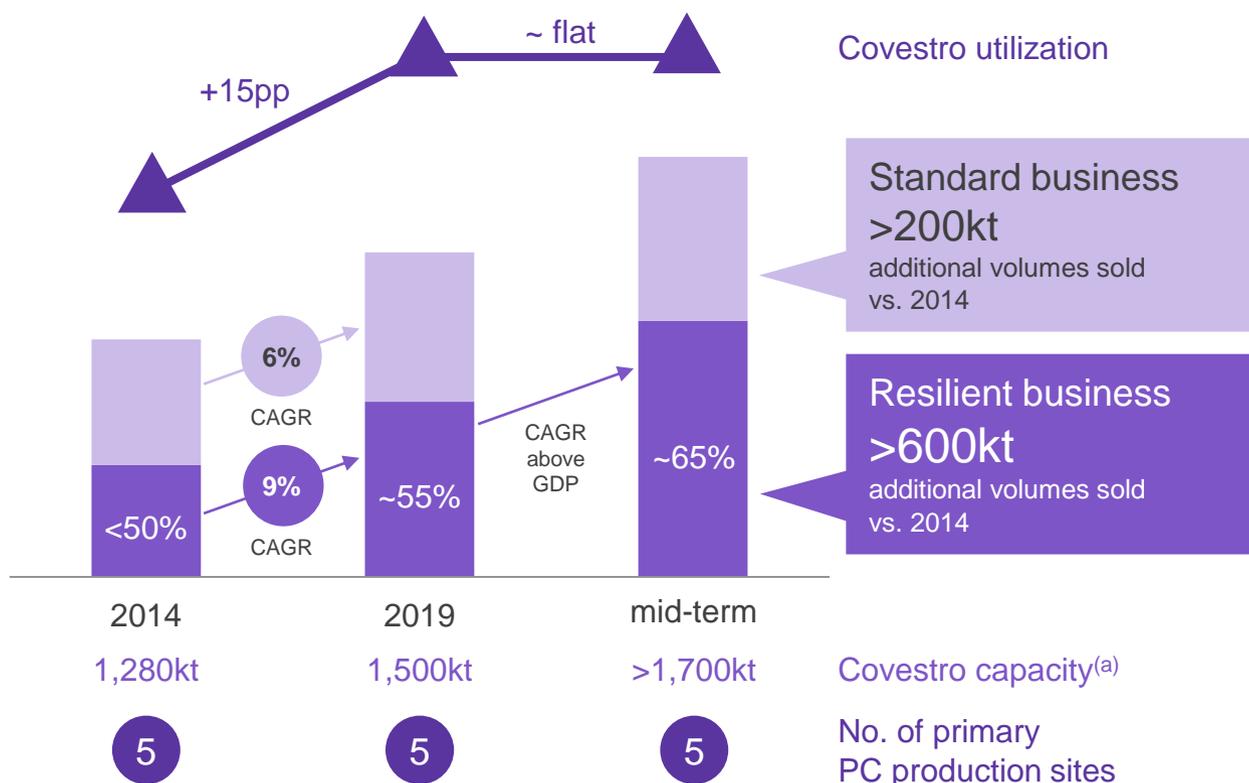
Resilient business to grow to two thirds of portfolio



PCS portfolio management

Development of resilient portion of PCS volumes

Covestro sales volumes in kt



Covestro highlights

Product portfolio improvement

- Short-term, product mix deterioration expected due to automotive weakness
- Long-term, goal to increase resilient portion of PC volumes to 65% with structural improvement of average contribution margin

Higher asset utilization

- Volume leverage through significant improvement of capacity utilization by ~15 percentage points
- Significantly higher output from unchanged number of primary production sites

Execution risks may limit future capacity additions

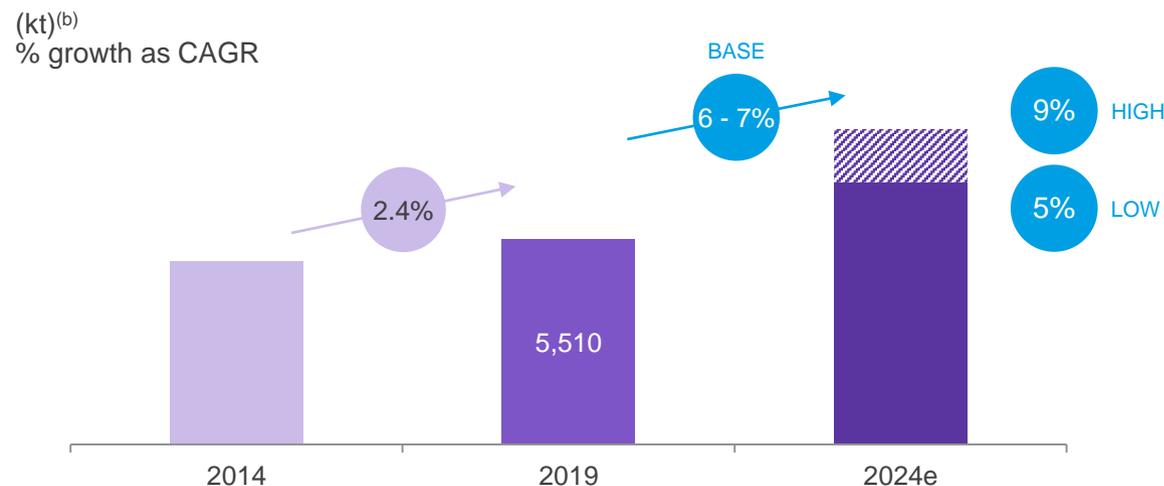


Historical industry development and outlook

PC demand development (2014 - 2024e)



PC supply development (2014 - 2024e)



Industry highlights

- Major additions^(c) expected until 2024e: Cangzhou Dahua, Hainan Huasheng, Heng Yuan, SABIC-Sinopec, Shenma, Wanhua, ZPC, Xingyun
- Numerous announced projects with high uncertainties regarding actual timing and scope
- Covestro additions: Caojing, PRC (+150kt in multiple steps until 2024e, optional +50kt thereafter)

Performance materials for coatings, adhesives and specialties



Coating, Adhesives, Specialties (CAS) at a glance

PRODUCTS

There is a vast application range of coatings and finishes made of Covestro polyurethane raw materials. They are used for protection and decoration.

In addition, the company produces pre-products for adhesives, sealants and elastomers as well as specialty films.

Coating, Adhesives, Specialties (CAS) also supplies materials for cosmetics, textiles and medical goods.

KEY CUSTOMER INDUSTRIES:



SAMPLE APPLICATIONS



For long-lasting cosmetics



For robust floors



For fancy cars



For functional textiles

2.1%

Core volume
CAGR in 2015 - 2019^(b)

€2.4bn

Sales
2019

€469m

EBITDA
2019

Coatings, Adhesives, Specialties – sequential rebound



Segment results – Highlights Q3 2020

SALES AND CORE VOLUME GROWTH

in € million / changes Y/Y

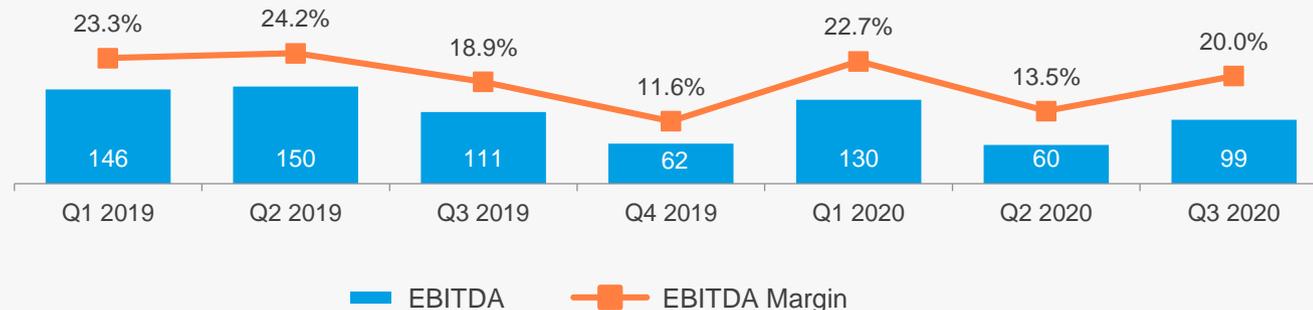


HIGHLIGHTS

- Core volumes declined by 6.9% Y/Y
- Demand affected by continued weakness in automotive and for coatings raw materials
- Sales decreased by -15.8% Y/Y, driven by volume (-8.3%), price (-5.0%) and FX (-2.5%)

EBITDA AND MARGIN

in € million / margin in percent



HIGHLIGHTS

- Strong sequential EBITDA growth, driven by higher volumes and lower costs
- Compared to prior year, EBITDA decreased by 10.8% mainly due to negative volume leverage and negative pricing delta, partly compensated by cost saving measures

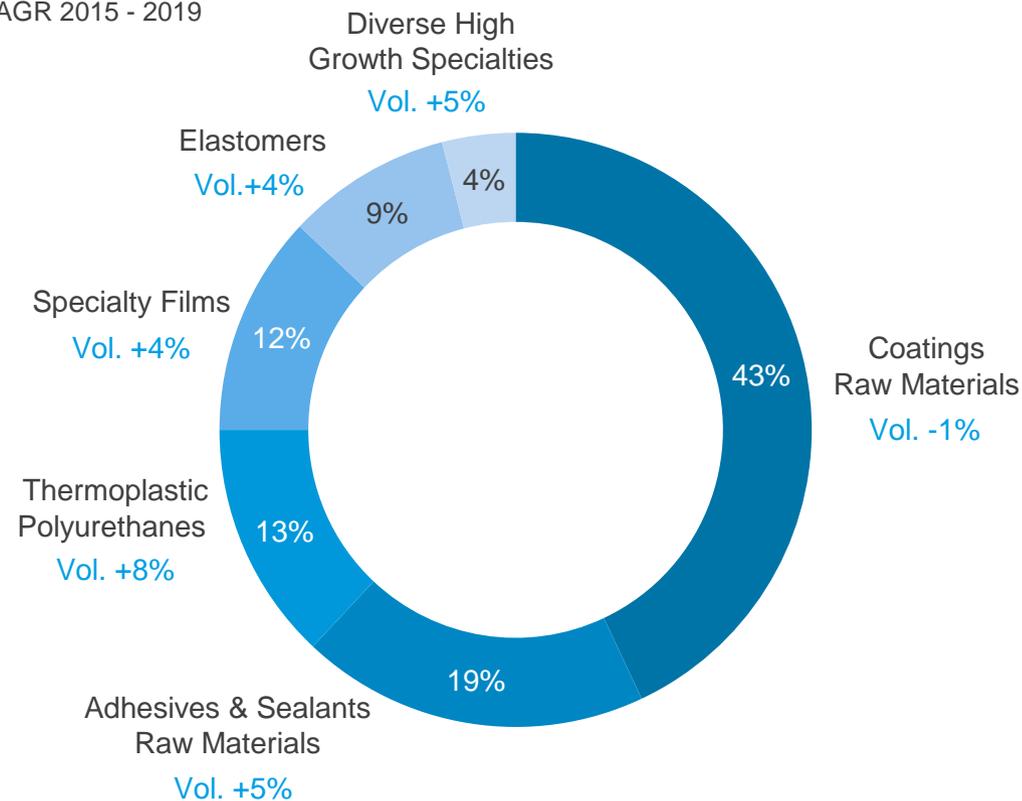
Solid underlying growth despite challenging environment

Outperformance of High Growth Specialties businesses



CAS sales split by businesses

Covestro sales share FY 2019^(a), rounded
Core volume growth, CAGR 2015 - 2019



Highlights

- Adjusted core volume growth of 2.1% CAGR in 2015 - 2019^(a)
- Growth driven by all businesses except coatings raw materials
- High Growth Specialties businesses generate ~38% of sales: Thermoplastic Polyurethanes (TPU), Specialty Films and Elastomers
- Coatings raw materials businesses burdened by weak end markets like automotive



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Building a leading sustainable coating resins player



Transaction overview

Transaction value



- Enterprise value of €1.55bn
- 10.3x EV / 2021 Budget EBITDA
- 5.7x EV / 2021 Budget EBITDA including full synergies

Financial impact



- Announced acquisition of Resins & Functional Materials (RFM) and innovation ventures
- RFM sales of €984m and EBITDA of €141m in 2019
- Innovation ventures Additive Manufacturing, NIAGA and Advanced Solar Coatings with sales of €28m and EBITDA of €-8m in 2019
- €120m synergies by 2025

Financing



- Full bridge financing in place
- Covestro is committed to a solid investment grade rating (Moody's confirmed solid investment grade rating after acquisition announcement)
- Refinancing will be a combination of €447m equity (successfully realized on Oct 13), ≤€600m long-term debt and ~€550m own cash

Timing

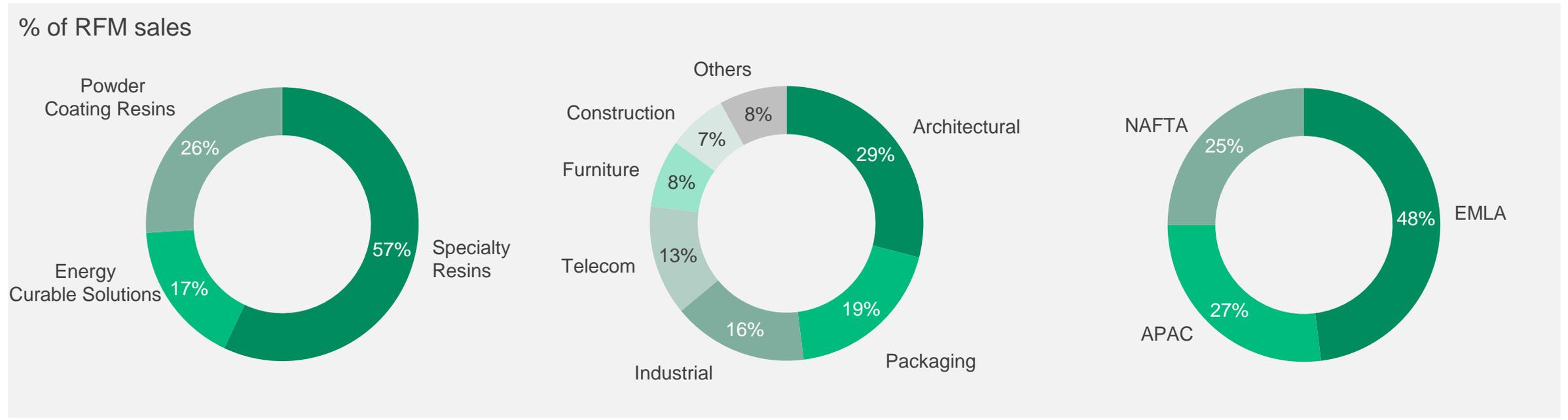
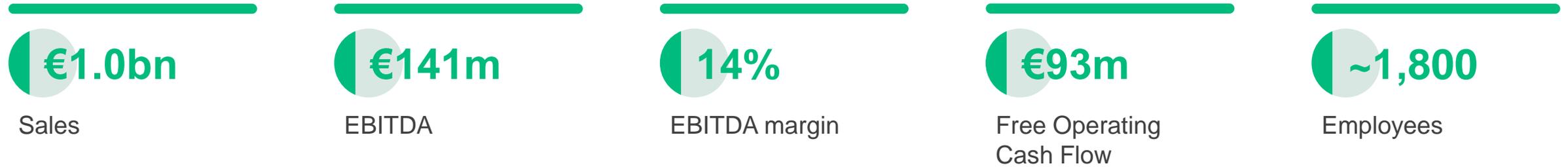


- Acquisition agreed on Sep 30, 2020
- Subject to regulatory approvals including antitrust clearance
- Closing expected in Q1 2021

RFM is a global leader of sustainable coating resins



RFM key financials in 2019

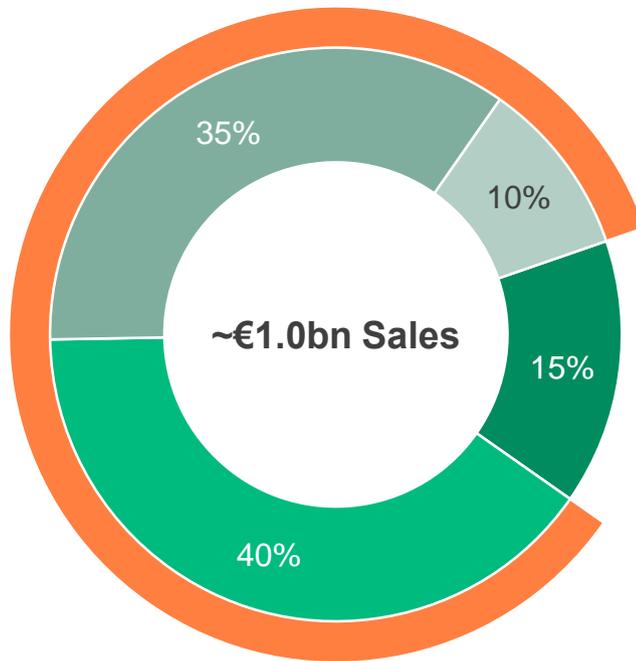


RFM serves high growth areas driven by sustainability

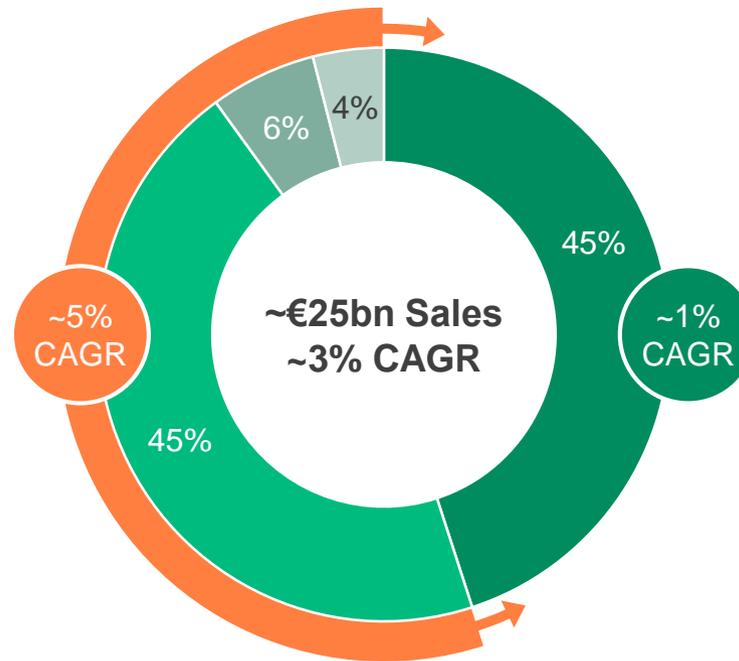


Coating Resins market by technology in 2019

RFM technology split



Market technology split



Highlights

- ~€25bn global coating resins market in 2019 with expected growth rate of ~3% p.a. between 2020 and 2025
- Solvent-based market share expected to decline due to VOC regulation and environmental issues
- Consumer preference for greener and non-toxic ingredients as well as stricter environmental regulations expected to lead to market growth of ~5% p.a. for sustainable coating resins (water-based, powder and UV coating resins) between 2020 and 2025
- RFM & CAS combined will be a leading supplier of sustainable and high-quality products with low environmental impact

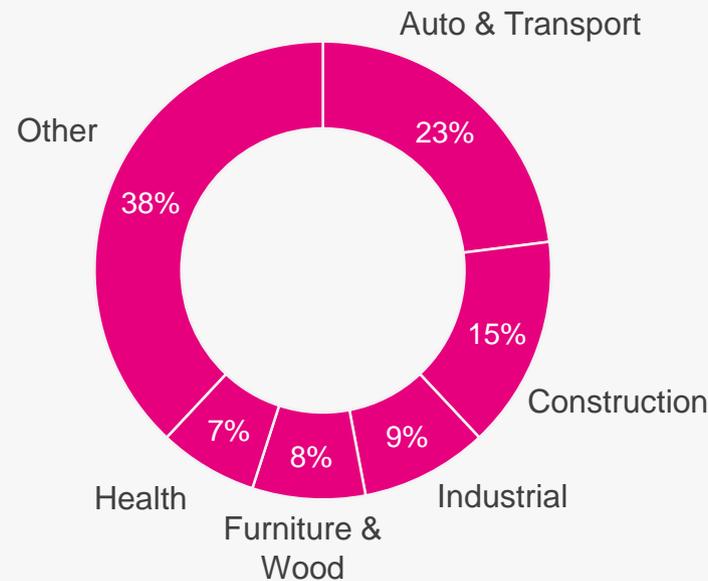
■ Solvent-based
 ■ Water-based
 ■ Powder
 ■ UV curing
 ■ Sustainable technologies

Bolt-on acquisition diversifies industry portfolio

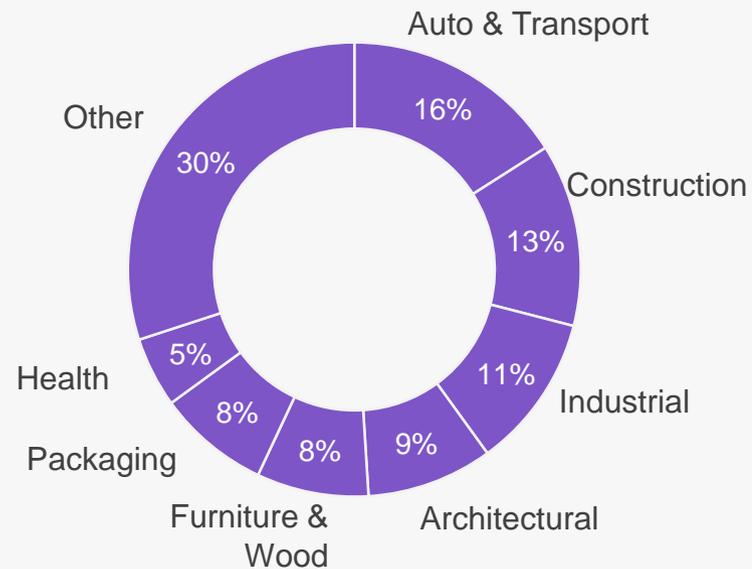
CAS by industries



CAS SALES ~€2.4bn (2019)



CAS/RFM SALES ~€3.4bn (2019 pro-forma)



HIGHLIGHTS

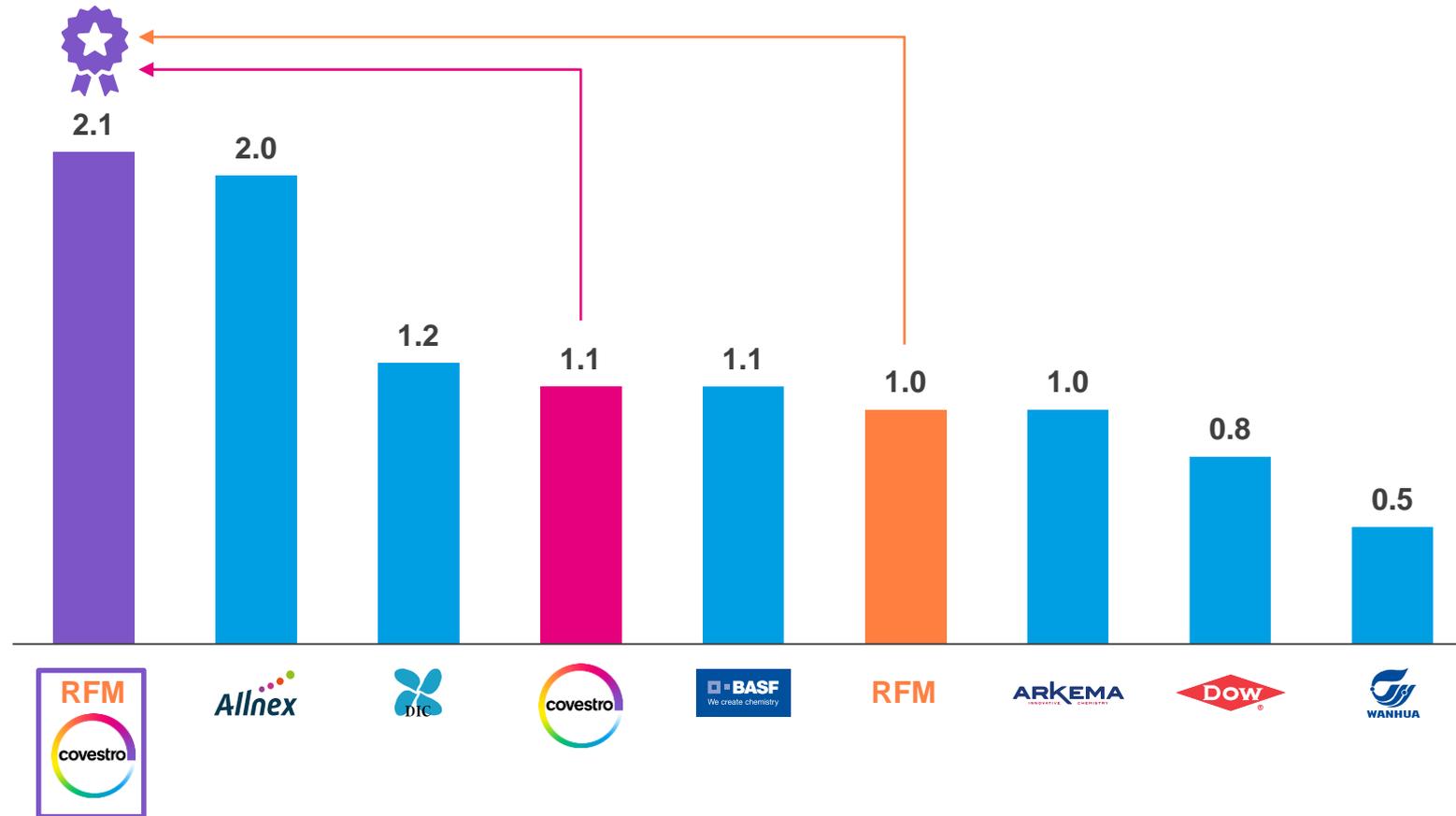
- RFM will increase CAS sales by €1.0bn to €3.4bn (25% of Covestro sales^(a)) with complimentary product portfolio
- CAS Coating Resins sales will increase to €2.1bn (60% of CAS) with balanced portfolio of customer industries
- Significant step in Covestro's long-term corporate strategy, strengthening sustainable and innovation-driven business
- Covestro with well established position in water-based polyurethane dispersions, acquisition adds complete range of water-based polyacrylate resins

Creates a leading coating resins supplier

Industry position in coating resins



Revenue est. (in € billion, 2019)



HIGHLIGHTS

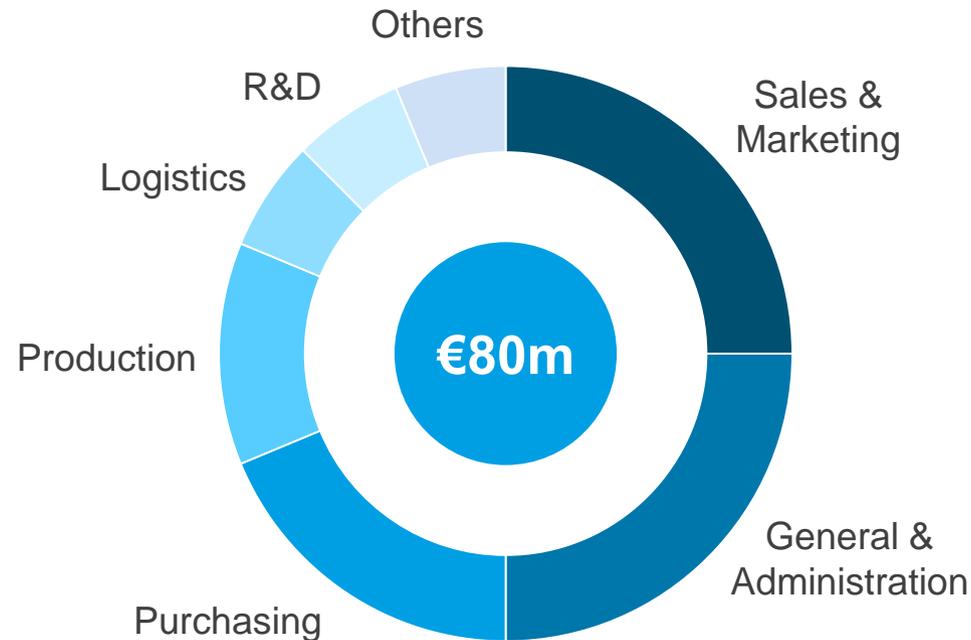
- Covestro to become a global leader in attractive growth market for coating resins
- Covestro to have one of the most comprehensive and innovative product portfolios enabling compelling customer value proposition

Significant cost synergies of €80m

Identified cost synergies by 2025



DISTRIBUTION OF COST SYNERGIES



HIGHLIGHTS

Sales & Marketing

- Bundle sales and marketing functions for same applications and customers

General & Administration

- Integrate respective RFM functions into existing Covestro support structures

Purchasing

- Use most favorable conditions of RFM and Covestro
- Intensify in-house sourcing

Production

- Optimize production by efficiently using both asset bases

Logistics

- Apply and combine best practice and processes as currently used by RFM and Covestro

Research & Development

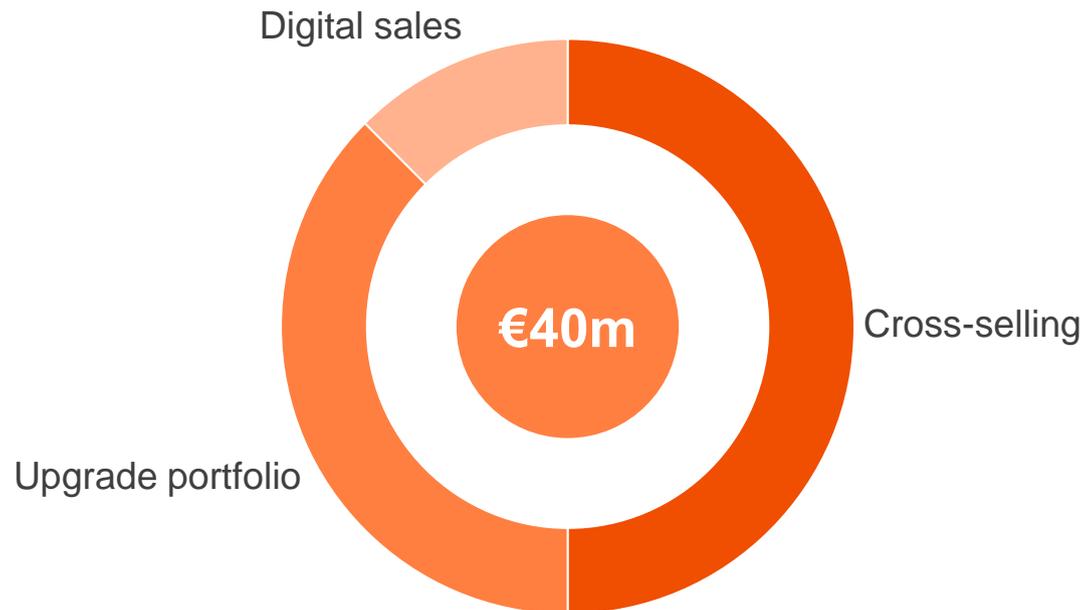
- Combine R&D activities and optimize project pipeline for overlapping topics

Significant revenue synergies of €40m

Identified revenue synergies by 2025



DISTRIBUTION OF REVENUE SYNERGIES



HIGHLIGHTS

Cross-selling

- Increase share of wallet at customers with cross-selling opportunities
- Expand regional presence of RFM by leveraging existing Covestro set-up

Upgrade portfolio

- Combined broader portfolio of resin systems and tailor-made hardener-resin-systems
- New product developments based on combined portfolio and technologies

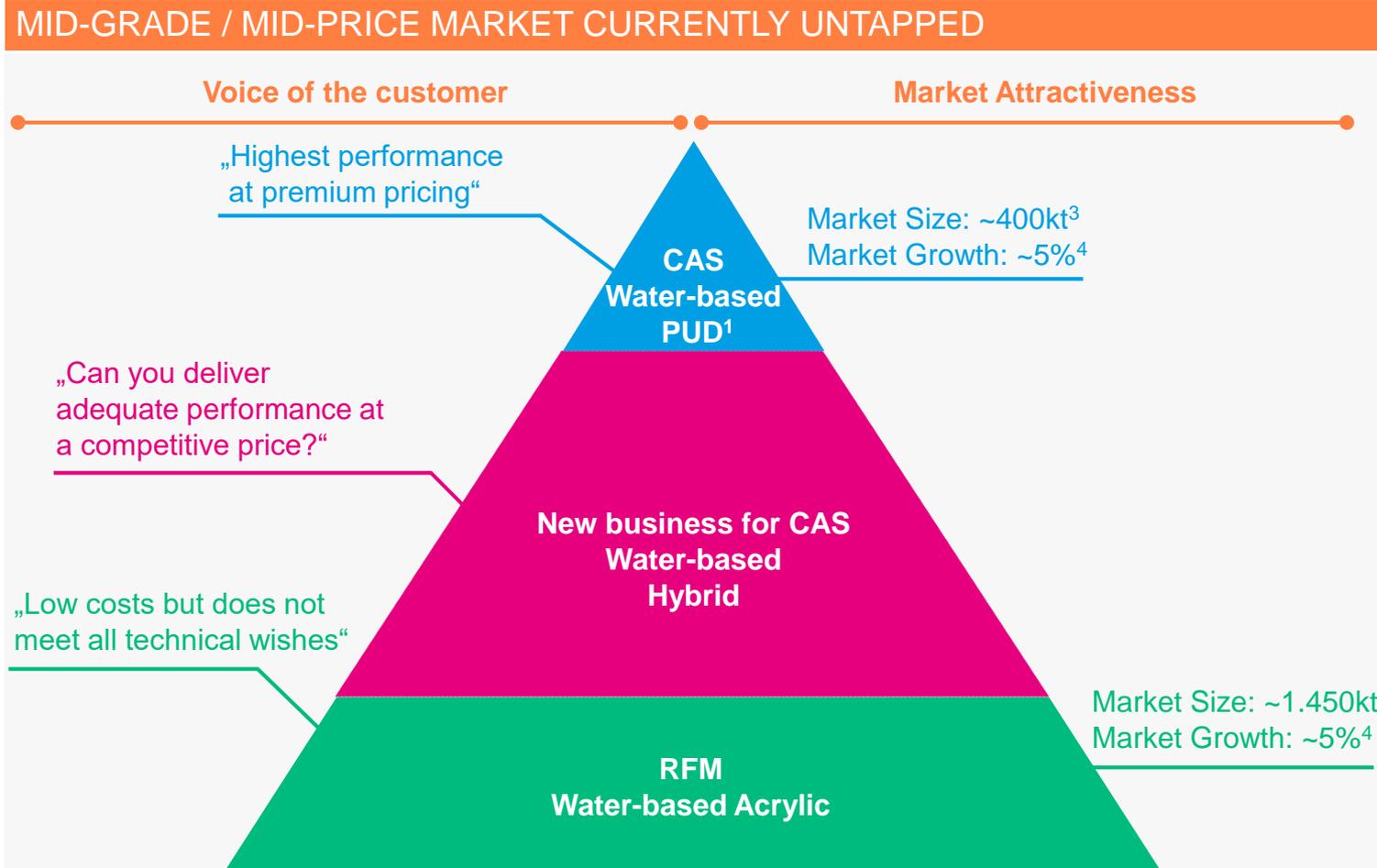
Digital sales

- Speed up digitalization via new business models
- More attractive online store

Combined product portfolio generates additional customer range



Upgrade portfolio



COMBINING CAS & RFM COATING RESINS

COV | PUD¹ mainly addresses industries with higher grade requirements at higher prices

Combination of both PUD-based and Acrylate-based coating resins will create an additional business which will open a new range of customers

Serving the full range by blending PUD-based resins and Acrylate based resins at every desired ratio

Between coating resins of high price/grade and low price/grade also offering any mid price/grade combination within a so far largely untapped market for CAS

DSM | WB² Acrylics mainly addresses industries with lower grade requirements at lower prices

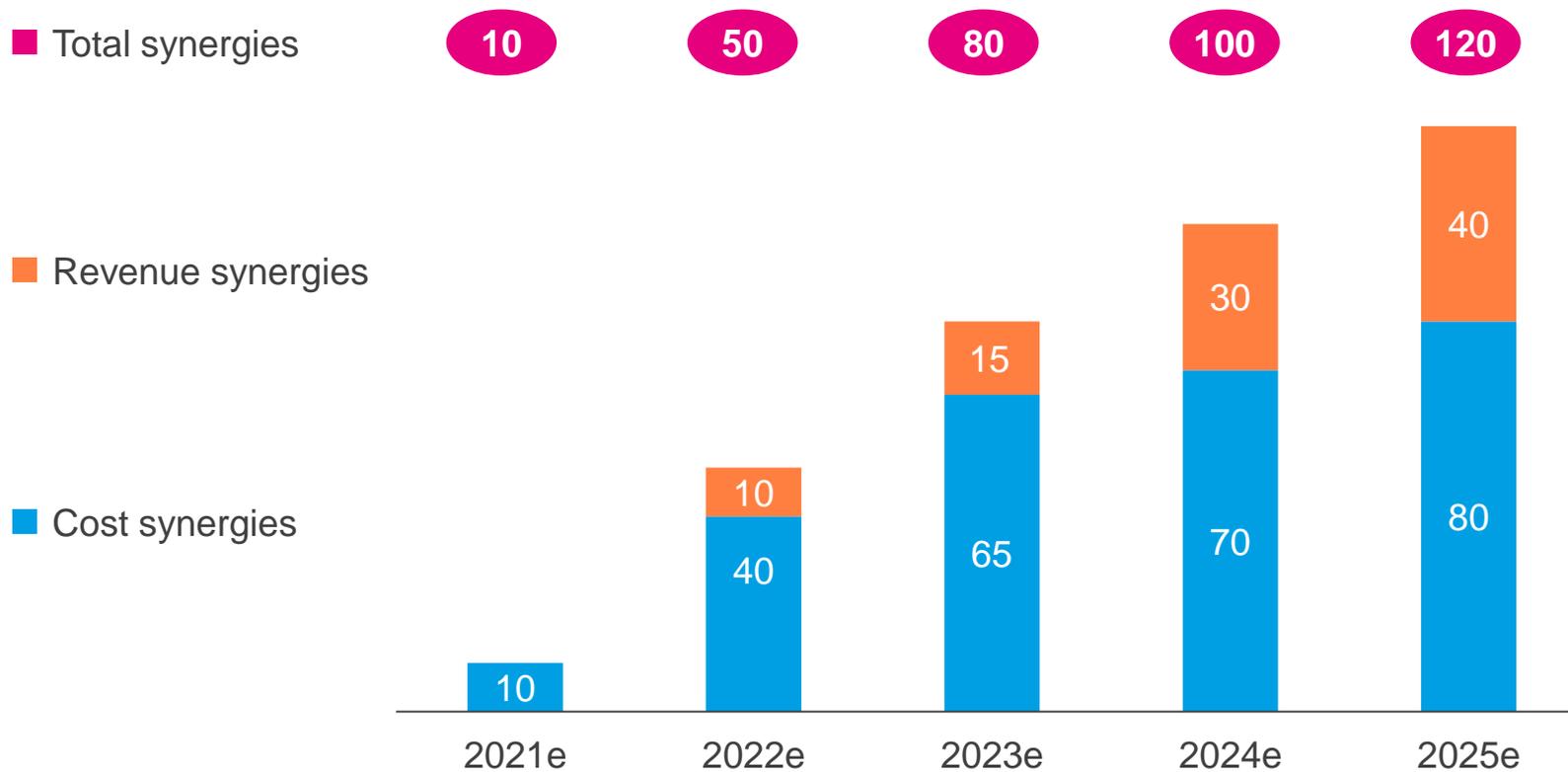
Full synergies of €120m expected until 2025

Synergy ramp-up



SYNERGIES AND IMPLEMENTATION COST

in € million



HIGHLIGHTS

- Identified synergies amount to €120m, 12% of RFM sales
- Total implementation cost of €140m (mainly in 2021) to realize annual synergies of €120m
- Realization of full synergies by 2025 with two third of synergies materializing already by 2023
- Quick realization of cost synergies while time reserved for revenue synergies from portfolio updates

Adoption of 5G to drive significant acceleration in demand



Further operational opportunity

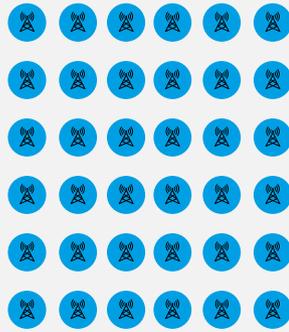
5G INVESTMENTS

Investments driven
by higher frequencies



4G Base Station

Baseband: 700Mhz - 2,100Mhz
Typical range: 2km



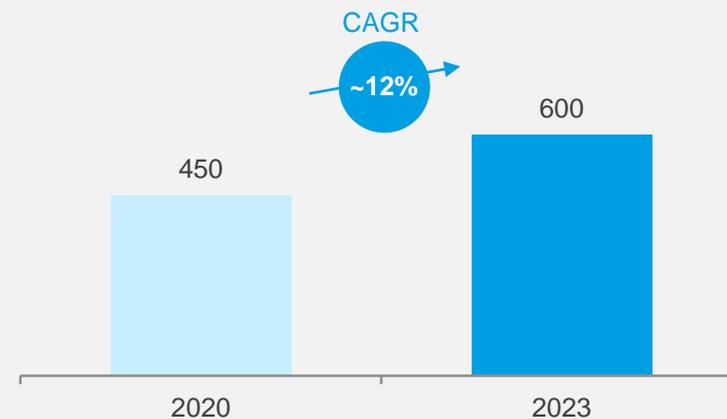
5G Base Station

Baseband: ~4Ghz, ~26Ghz
Typical range: 0.5km

WORLD OPTICAL FIBER INSTALLATIONS

Forecast*

Million fiber kilometers installed per year



5G ROLLOUT

- 4G investments tailing off in anticipation of 5G
- Implementation of 5G from telecom networks and governments
- 5G will be enabling applications like self-driving cars, IoT, AI
- Key benefits vs. 4G: Higher bandwidth (>10,000x more traffic), more devices (10-100x) and much lower latency
- Requires different network infrastructure compared to 4G (5G base stations)

Building a leading sustainable coating resins player



Investment highlights



Creating a global leader in coating resins



Diversifying CAS portfolio towards a more balanced product and industry mix



Shifting CAS portfolio to high growth markets driven by sustainability



Significant synergies leading to attractive valuation multiple



Committed to a solid investment grade rating

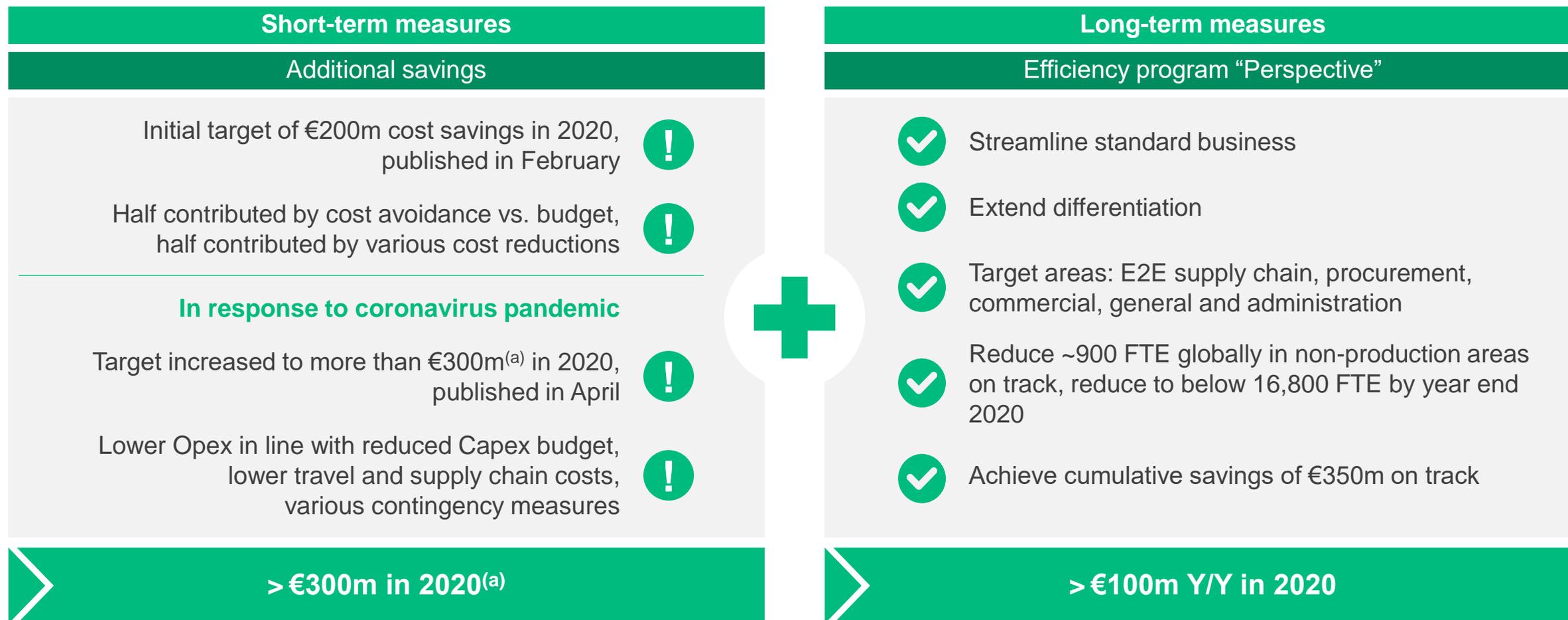


- Covestro investment highlights
- Group financials 9M 2020
- Segments overview
- Acquisition DSM-RFM
- **Background information**

Early and decisive measures taken to manage the crisis

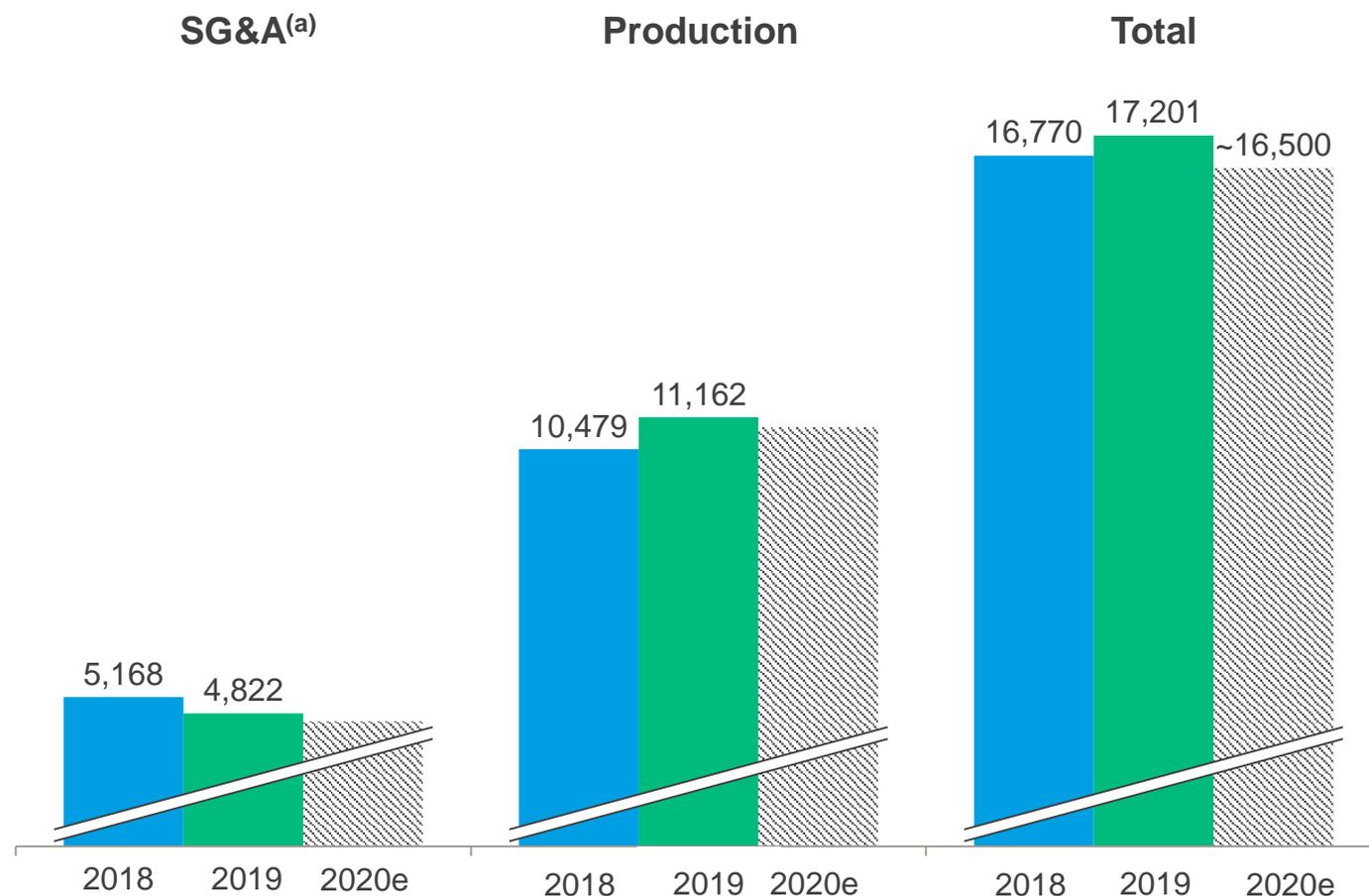


Short- and long-term cost improvements



Target to reduce headcount below 2018 level

Development of full-time equivalent (FTE)



Highlights

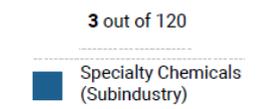
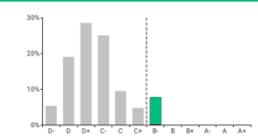
- Marketing and general administration FTE reduced in 2019 as a result of “Perspective” restructuring
- Production personnel increased in 2019 to equip extended production facilities and to enable growth projects as well as to compensate for upcoming retirements
- Plan to reduce year end 2020 FTE to ~16,800 achieved by June 2020 already
- Aiming to further reduce the global headcount until year-end 2020; end of Q3 2020 Covestro employed 16,626 FTE

Covestro's rating results and index memberships

as of October 2020



Rating / Index	2016	2017	2018	2019	2020	Scoring	Benchmark
	BBB	BBB	A	A	A	AAA - CCC	in Specialty Chemicals
	B-		B-		B-	A+ - D-	Prime Status
	74	75	80	23.3	20.0	max. 100 Points 0 - 100 Points (the lower the better)	in Specialty Chemicals
	73		80			max. 100 Points	Gold Ranking
							Inclusion in FTSE4Good Index ^(b)
							Not included in Vigeo Eiris Eurozone 120 Index since Dec 2019 ^(c)



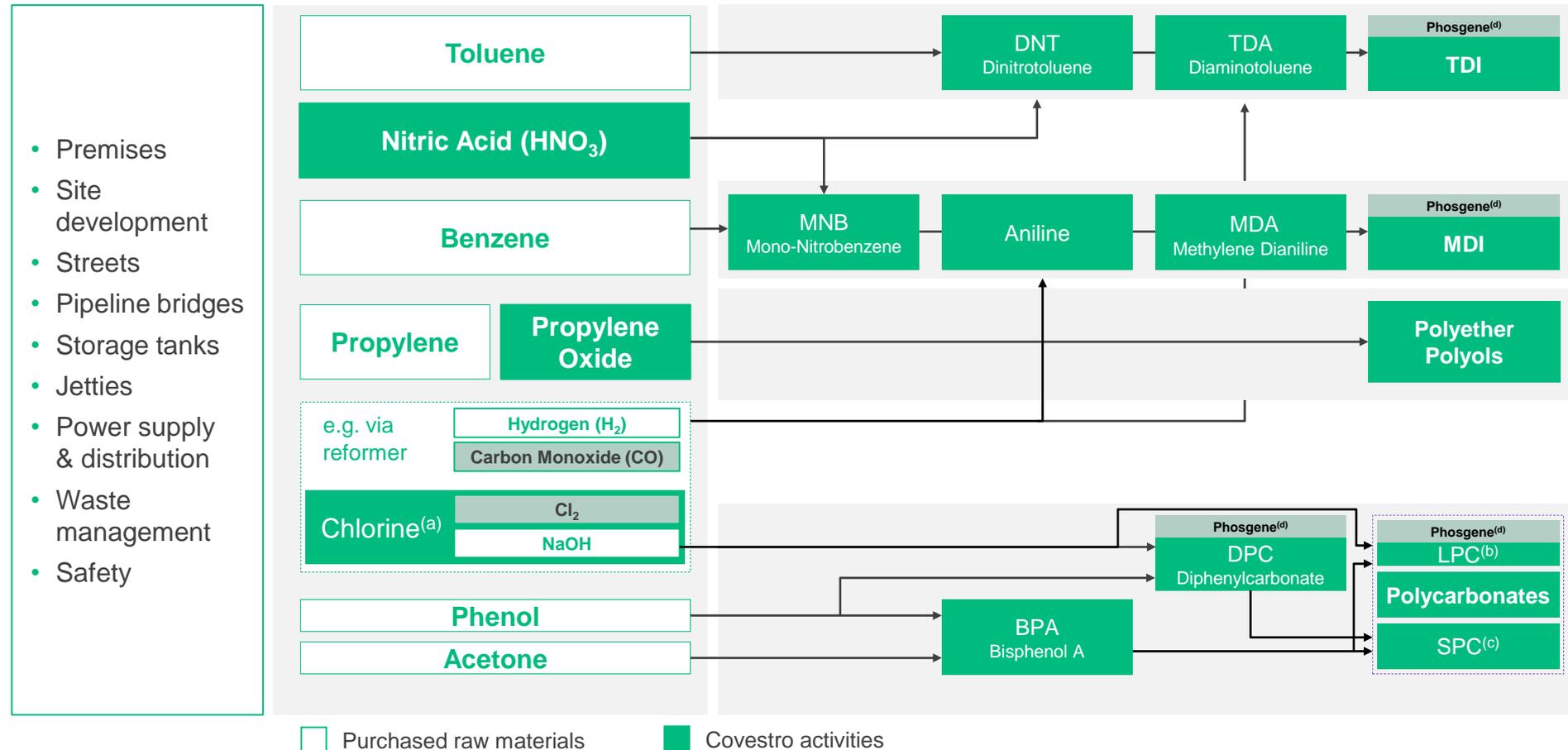
(a) Methodology reversed - the lower the score the better
 (b) Since December 2016, reviewed in June 2020
 (c) Covestro currently ranked in 121st position

Synergies in scale, process technology and chemical know-how



One chemical backbone across all segments

► Infrastructure ► Raw Materials ► Core Units / Technology ► Final product



Highlights

- State-of-the-art asset base with leading process technology
- 8 main sites with world-scale production facilities
- Critical raw materials with no or limited merchant market sourced internally
- Synergies at all steps along the value chain

Sales volumes 2019

- Core: ~5,100kt
- Non-core: ~6,800kt

Significant synergies from Covestro chemical backbone

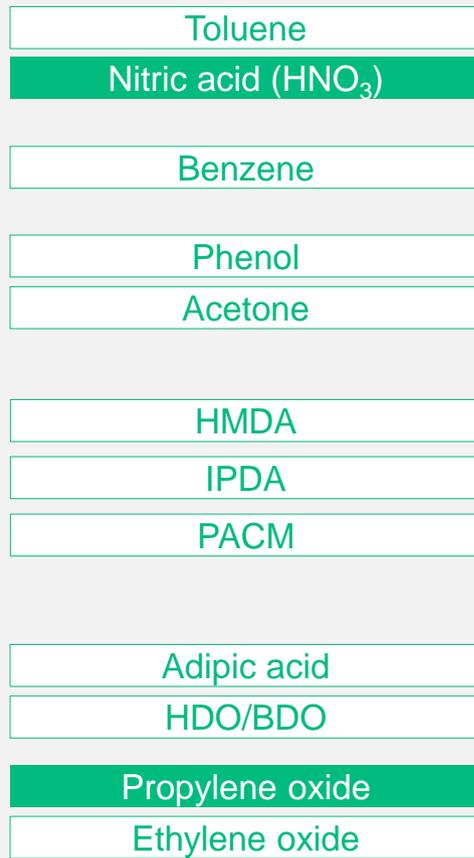


CAS backward integration

► Infrastructure

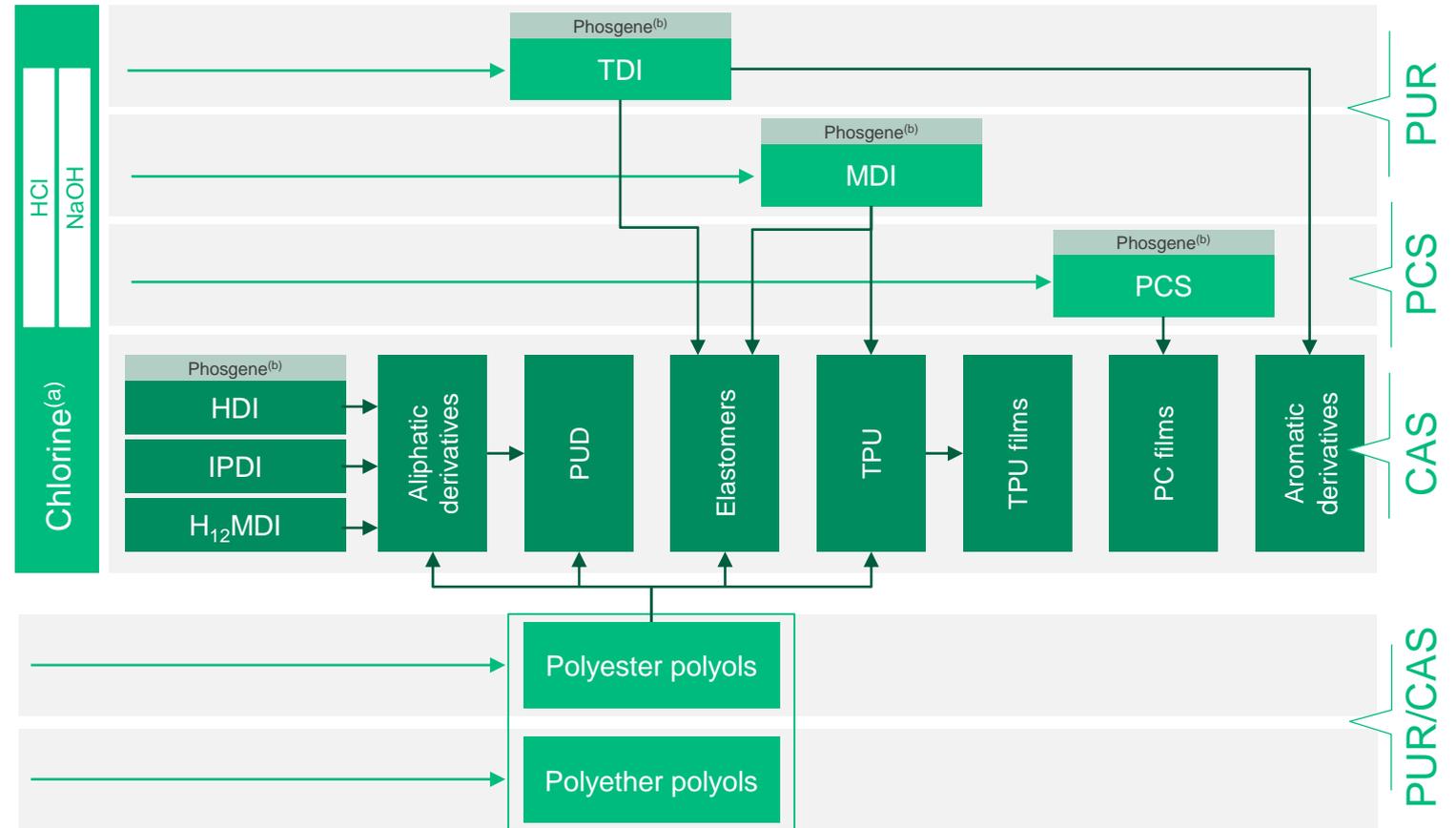
- Premises
- Site development
- Streets
- Pipeline bridges
- Storage tanks
- Jetties
- Power supply & distribution
- Waste management
- Safety

► Raw Materials



□ Purchased raw materials

► Core Units / Technology



■ Covestro activities

Entire organization aligned for performance

Full STI annual target achievement requires EBITDA above €2bn

Uniform bonus system

- Full alignment of all employees (including board) along the same KPIs
- Criteria with full focus on performance and shareholder value creation
- 100% payout, as percentage of annual base salary, linked to hierarchy level
- Total payout at Group level for 0%, 100% and 250% achievement is €0m, ~€180m and ~€450m, respectively
- Fixed hurdle rates for 2019 - 2021 reflect KPI values in mid-cycle conditions, based on historical review and expected future development

Three equally weighted Group metrics

- Targets for 100% achievement:

Core Volume Growth +4.0%



FOCF €800m



ROCE above WACC^(a) 8pp



- For each metric, payout can range from 0% to 300% relating to Core Volume Growth between 1.5% and 9.0% / FOCF between €400m and €1,600m / ROCE above WACC between 0pp and 24pp
- Max. payout capped at 250%

Transparent ambition

- Future core volume growth goal of 4% requires growth capex
- 100% target achievement for ROCE and FOCF implies mid-cycle EBITDA above €2bn for 2019 - 2021e

Significant value creation since IPO

Development of last five years



		2015	2016	2017	2018	2019
Core Volume Growth	(%)	2.7	7.5	3.4	1.5	2.0
Sales	(€ million)	12,082	11,904	14,138	14,616	12,412
EBITDA	(€ million)	1,419	2,014	3,435	3,200	1,604
• <i>Polyurethanes</i>		487	881	2,179	1,763	648
• <i>Polycarbonates</i>		558	704	854	1,036	536
• <i>Coatings Adhesives Specialties</i>		484	500	486	464	469
Earnings per Share	(€)	2.21	3.93	9.93	9.46	3.02
Capex	(€ million)	509	419	518	707	910
Free operating cash flow (FOCF)	(€ million)	964	1,367	1,843	1,669	473
ROCE	(%)	9.5	14.2	33.4	29.5	8.4
Net financial debt	(€ million)	2,211	1,499	283	348	989
Employees ^(a)	(FTE)	15,761	15,579	16,176	16,770	17,201

Upcoming IR events



Find more information on covestro.com/en/investors

Reporting dates

- | | |
|---------------------|---------------------------------|
| • February 23, 2021 | 2020 Annual Report |
| • April 28, 2021 | Q1 2021 Interim Statement |
| • July 27, 2021 | 2021 Half-Year Financial Report |

Sellside Event

- | | |
|---------------------|--|
| • November 26, 2020 | Sellside Roundtable: Deep-dive on segment Coatings, Adhesives, Specialties (virtual) |
|---------------------|--|

Annual General Meeting

- | | |
|------------------|------------------------|
| • April 16, 2021 | Annual General Meeting |
|------------------|------------------------|

Broker conferences

- | | |
|------------------------|---|
| • November 10, 2020 | Morgan Stanley Global Chemicals Conference (virtual) |
| • November 11-12, 2020 | UBS European Chemicals Conference (virtual) |
| • November 12, 2020 | Goldman Sachs Carbonomics Conference (virtual) |
| • November 19, 2020 | Société Générale European ESG-SRI Conferences (virtual) |
| • December 1, 2020 | Bank of America Securities Materials and Infrastructure Conference 2020 (virtual) |
| • December 3, 2020 | Société Générale The Premium Review (virtual) |
| • January 12-13, 2021 | Commerzbank, German Investment Seminar (virtual) |
| • January 18, 2021 | Kepler Cheuvreux, German Corporate Conference (virtual) |

Disclaimer

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.

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.