Securing profitable growth in more challenging times

Roadshow presentation

Securing profitable growth in more challenging times

Covestro key investment highlights

1. **Above GDP volume growth**
   driven by innovation and sustainability trends, also embodied by non-financial targets

2. **Leading and defendable global industry positions**
   as innovation and cost leader

3. **More than half of sales generated by resilient businesses**
   supporting value-creating base earnings

4. **Management focus on driving efficiency**
   with streamlined structures to better adapt to market needs, focus on cost discipline and new incentive targets

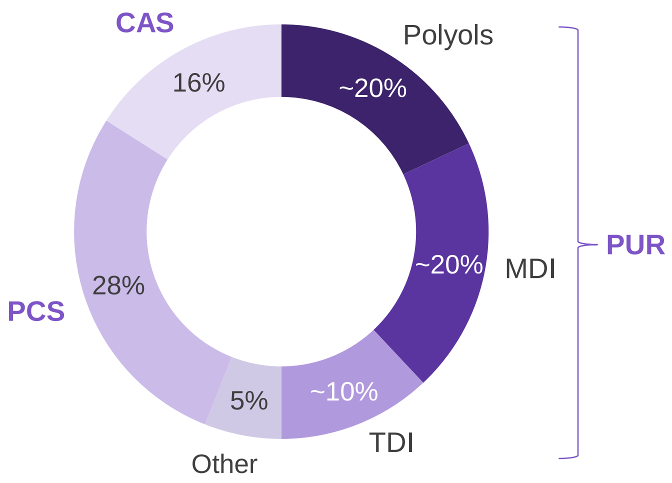
5. **Use of cash focused on shareholder value**
   with commitment to progressive dividend policy and focused capex for best value-creation

Global leader in high-tech material solutions

Covestro at a glance

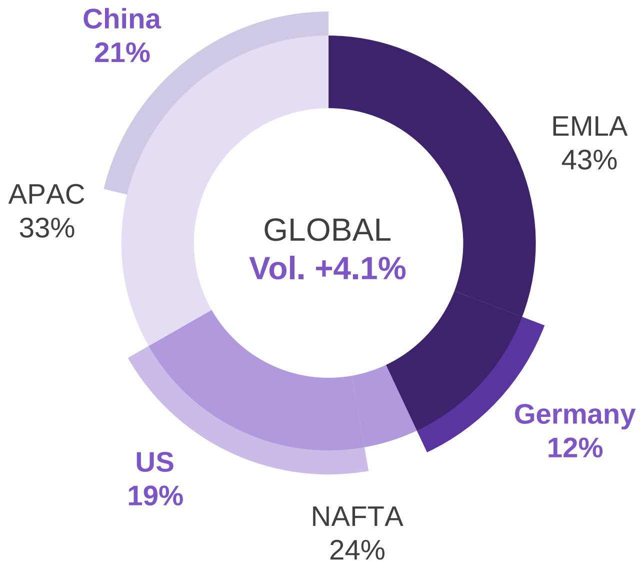
Sales split by segments

% of 2018 Group sales



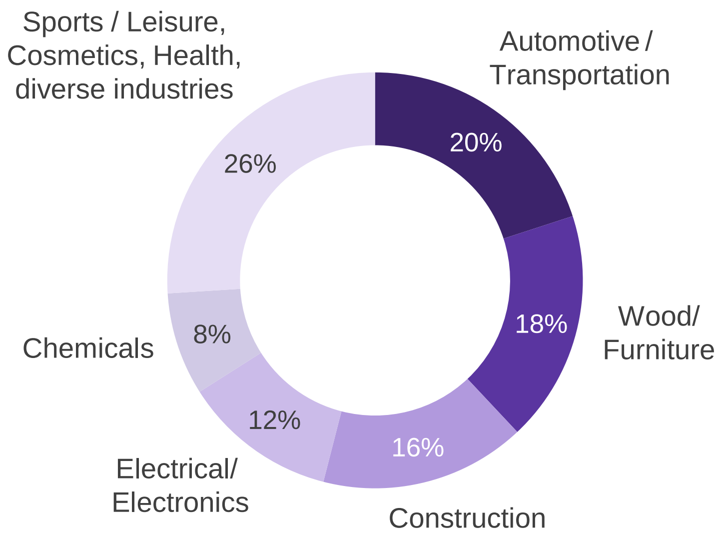
Sales split by regions

% of 2018 Group sales
Core volume growth in %, CAGR 2015-2018



Sales split by end-markets

% of 2018 Group sales



€14.6bn Sales
Driven by innovation and sustainability trends

~5 million tons
PUR and PCS nameplate capacity

Employees ~16,800 FTEs
Headquarters in Leverkusen, Germany

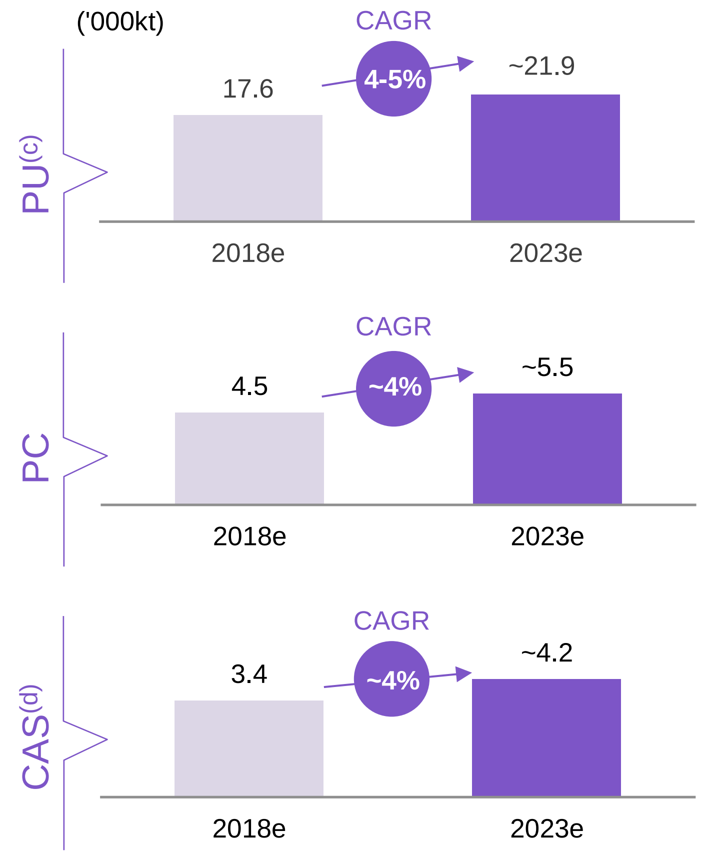
Notes: Based on Covestro Annual Report 2018; EMLA = Europe, Middle East, Africa, Latin America; NAFTA = USA, Canada, Mexico; APAC = Asia, Pacific

Industries grow above global GDP

Structural growth drivers

UN SDGs[a]	Needs to be served
related to climate change: 	• Zero emission concepts • Low-energy buildings
related to increasing mobility: 	• Energy-efficient mobility • Lightweight transportation • E-mobility, autonomous driving
related to growing population: 	• Food preservation • Low-cost durable goods • Medical applications
related to increasing urbanization: 	• Affordable housing • Living comfort • Public infrastructure

Industry demand outlook[b] 2018e – 2023e



Notes: (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 2018–2023e of 2-3% as per Covestro estimates; (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

Non-financial ambition supports growth strategy

Covestro non-financial targets 2025

1. Our R&D project portfolio is aligned with UN Sustainable Development Goals

2. 100% of suppliers compliant with our sustainability requirements

3. Reduce specific greenhouse gas emissions by 50% by 2025

4. Ten million people in underserved markets benefit from our business solutions

5. Getting the most out of carbon

Product innovation as long-term growth driver

Addressing ever-changing customer needs for new material solutions

Need		Overall market	Relevant market	Covestro solutions
More durable and economical wind power plants		Energy consumption CAGR: ~3%	Offshore wind energy CAGR: ~19%	Novel materials for wind power plants: PU resins for rotor blades, PU-based coatings, elastomers for sea cables
Energy- and cost-efficient buildings		Construction CAGR: ~2%	Polyurethane insulation CAGR: ~5%	Raw materials for PU foam (rigid and in spray form) enabling highly efficient insulation
Reduction of high energy consumption of lighting		Luminaire CAGR: ~3%	Luminaire LED CAGR: ~12%	Polycarbonates in LED lenses, light guides, heat sinks
Eco-friendly produced furniture		Coating ind. furniture CAGR: ~3%	Water-based ind. furniture CAGR: ~5%	New bio-based hardener for water-based wood coatings
Sustainable and functional fashion		Textile coating CAGR: ~6%	Relevant textile coating CAGR: ~11%	Waterborne, solvent-free materials for functionalized textiles in diverse applications
More and better cooling devices		Refrigerators CAGR: ~3%	Refrigeration insulation foam CAGR: ~8%	Raw materials for particularly effective insulating foams: 40% smaller pores allow up to 10% better insulation
Reduced weight and increased comfort		Global car production CAGR: ~3%	Relevant car applications CAGR: ~5%	Attractive alternatives to conventional materials: polymers to replace glass and metal

Sources: Covestro CMD 2017 presentation “Innovation”, pages 6-13

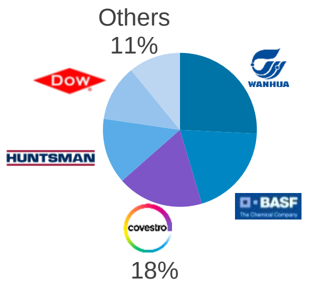
Global leader across its entire portfolio

Production capacities and world-wide industry positions

#1 in Polyurethanes | **#1 in Polycarbonates** | **#1 in Coatings, Adhesives, Specialties**

Capacity share in 2018(a)

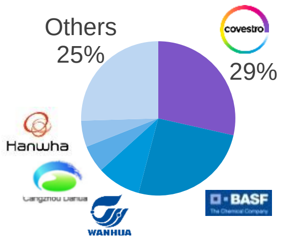
MDI



Top 5: 89%

2023e: Top 5 share expected to remain stable at 90%

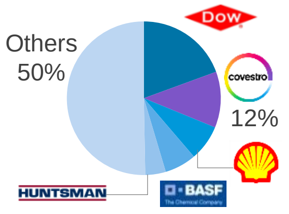
TDI



Top 5: 75%

2023e: Top 5 share expected to remain broadly stable at 73%

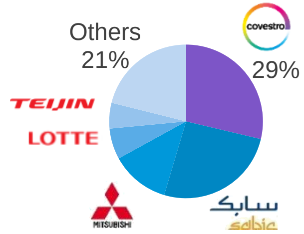
Polyether polyols



Top 5: 50%

2023e: Further consolidation expected, especially in China

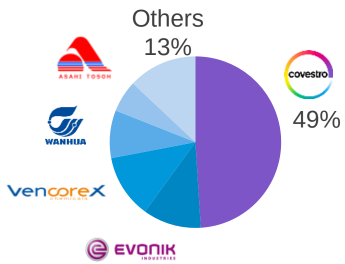
PC



Top 5: 79%

2023e: Top 5 expected to account for ~60%

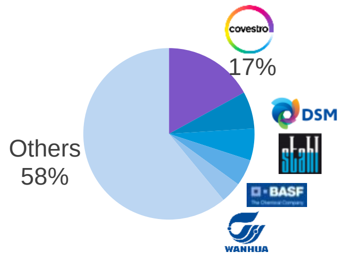
Aliphatic isocyanates



Top 5: 87%

2023e: Industry structure expected to remain stable

Polyurethane dispersions



Top 5: 39%

2023e: Industry structure expected to remain stable

Covestro(a)

MDI	TDI	Polyether polyols	PC
Global #3	**Global #1**	**Global #2**	**Global #1**
1,470kt	775kt	1,350kt	1,490kt
6 sites	3 sites	9 sites	5 sites

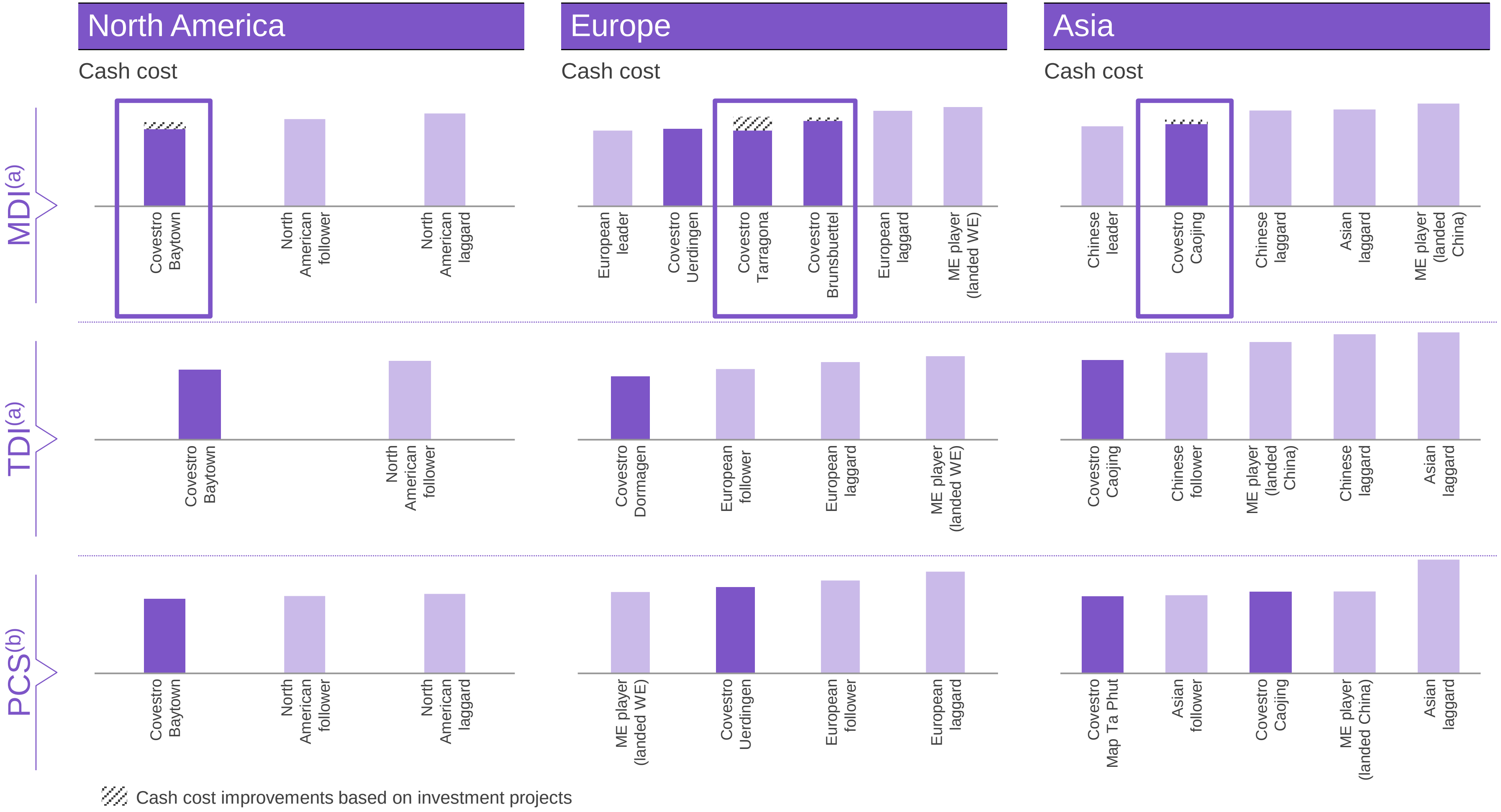
Entry requirements

- Economies of scope
- Formulation and application know-how
- Close customer relationships and long-term R&D collaborations
- Operation of global business platform

Note: (a) Based on total nameplate capacity at year end 2018 relative to competitors
Source: Covestro estimates

Leading cost positions across business segments and regions

Cash cost positions



Highlights

- Covestro is one of the low-cost producers in MDI
- Capex for ongoing MDI expansion projects lead to significant cash cost improvements
- MDI industry with relatively flat cost curves reflected by cash cost advantage of ~20% between the best and the average of 5 least competitive plants
- Covestro is the global cost leader in TDI and PCS
- Covestro cash cost advantage of ~50% in TDI and ~30% in PCS compared to the average of 5 least competitive plants

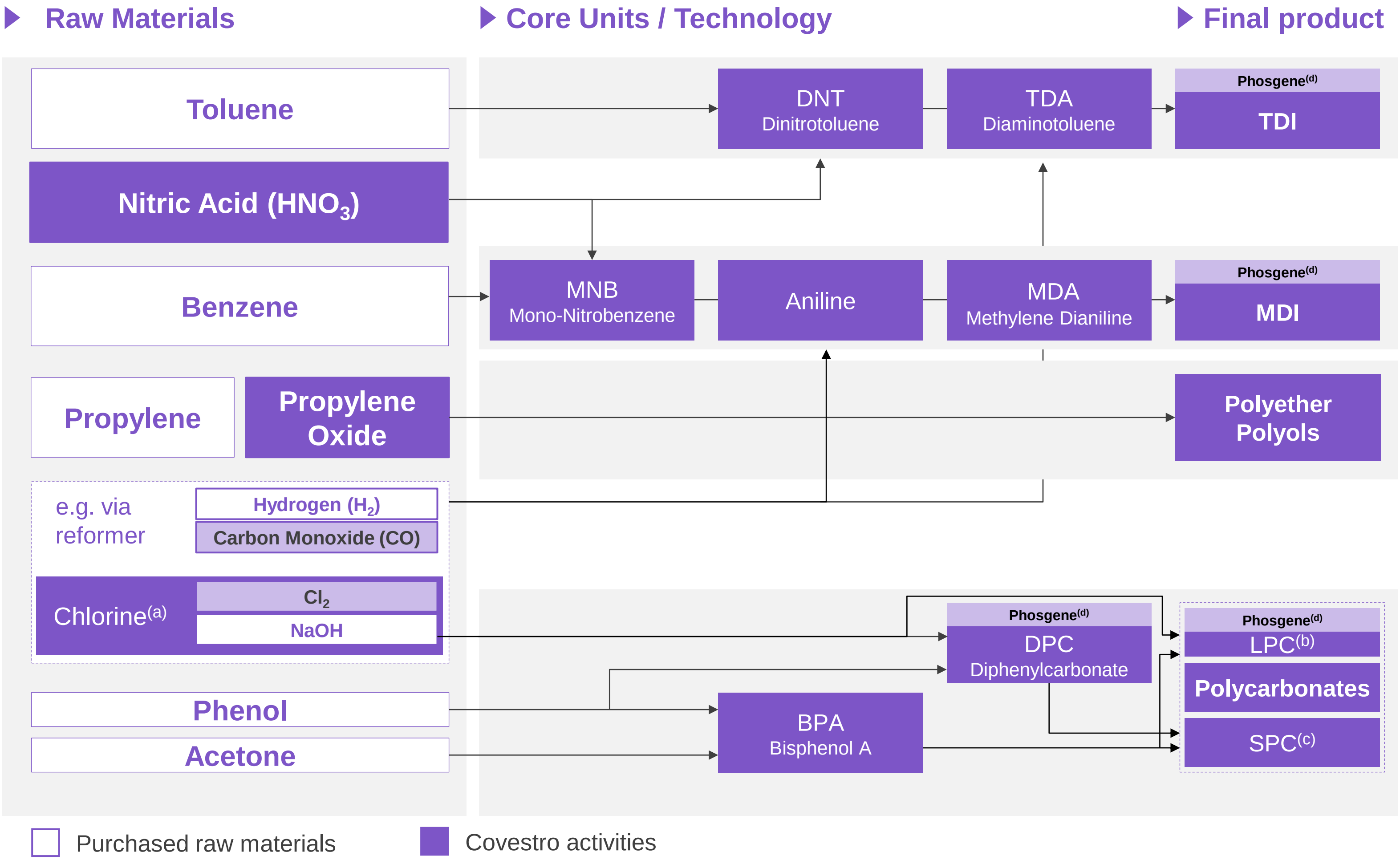
Notes: (a) Cost of production based on total raw material costs less co-product credits, variable and fixed conversion costs at 100% utilization based on nameplate capacity for FY 2017
(b) FY2017 Cash cost ex gate, 82% utilization rate for all plants based on nameplate capacity; integrated players are shown without any margins for BPA, phenol, acetone, etc.

Synergies in scale, process technology and chemical know-how

One chemical backbone across all segments

Infrastructure

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



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 2018

- Core: ~5,000kt
- Non-core: ~7,050kt

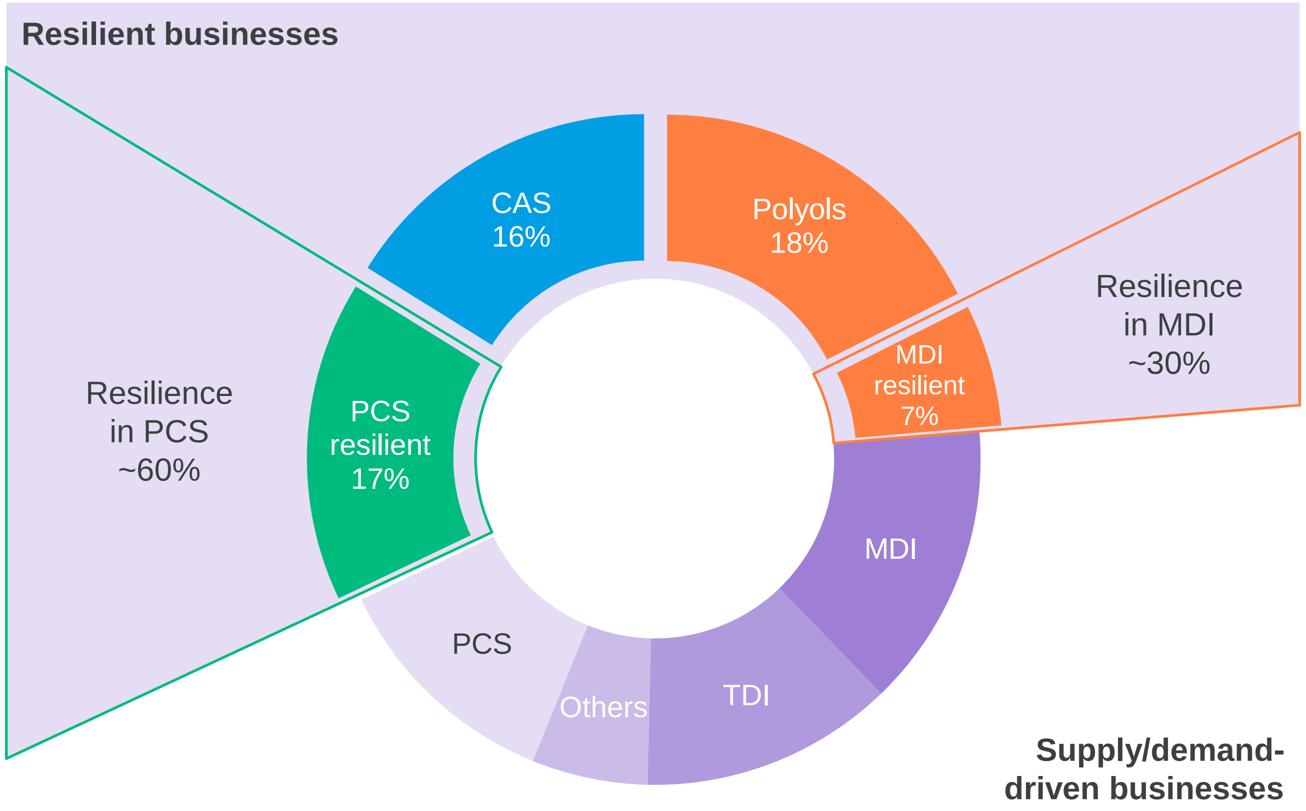
Notes: Chart contains key feedstock only
(a) via Deacon or HCl-ODC technology and / or Chloralkali Electrolysis, (b) Interface process, (c) Melt process (d) produced from CO and Cl_2

Over half of sales generated with resilient businesses

Product portfolio overview

Sales by segments

% of 2018 Group sales



Highlights

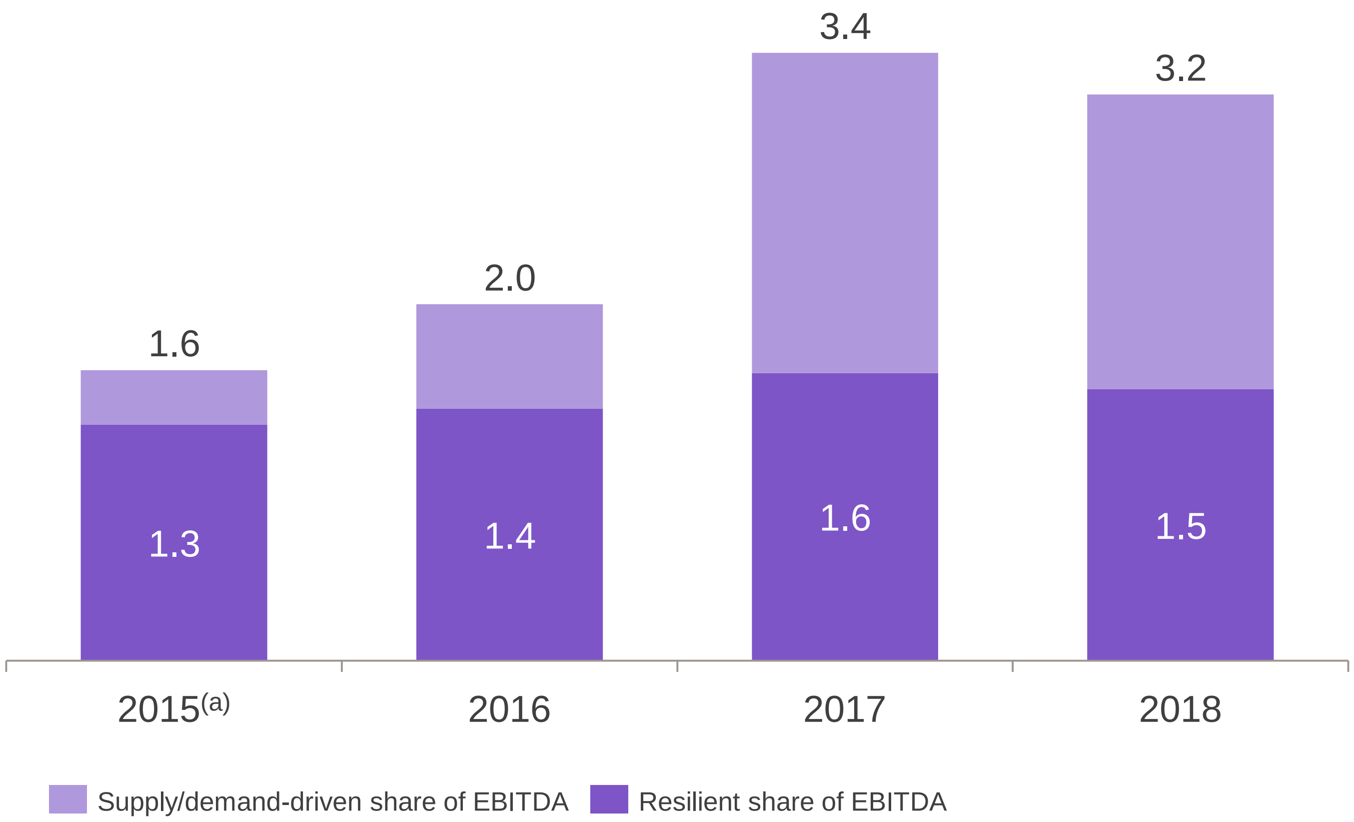
- **CAS** business is resilient in sales and earnings due to characteristics of niche ingredient chemicals
- Resilient portion of **PCS** business is driven by high-end industry applications e.g. automotive, electrical, healthcare
- **Polyols** business is resilient in sales and earnings as demonstrated over the last decade
- Resilient portion of **MDI** business consists of special grades for downstream products that require formulation know-how and customer interaction along the value chain

Note: Resilience measured as standard deviation of contribution margin per kg versus respective average portfolio

Resilient businesses generate EBITDA of €1.3 – 1.6bn

Resilient vs. supply/demand-driven share of EBITDA

in € billion



Highlights

- Resilient businesses[b] supports value-creating base earnings
- EBITDA generation between ~€1.3bn and ~€1.6bn per year under normal economic conditions
- EBITDA from the resilient part of business portfolio sufficient to cover the Covestro cost of capital
- In 2015-2017, increase of earnings in resilient share driven by higher proportion of differentiated PCS and higher margin in differentiated MDI
- In 2018, slight decrease of earnings in resilient share driven by Polyols and CAS
- In peak years 2017-2018, supply/demand-driven businesses increased share of EBITDA disproportionally

Notes: (a) EBITDA 2015 on adjusted basis
(b) Resilient businesses as defined on page 10

Stable margins driven by differentiated product portfolio

CAS at a glance

2,700+
Products based primarily on 6 monomers

5,000+
Customers in 10+ high-end industries

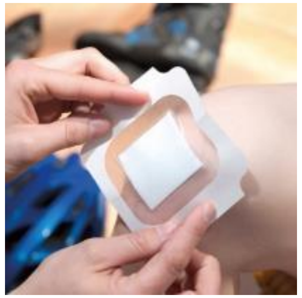
3.3%
Core volume CAGR in 2015-2018[a]

€2.4bn
Sales 2018

€203m
FOCF 2018


Ingredients for **surface coatings**


Ingredients for **adhesives and sealants**




Ingredients for **specialties**

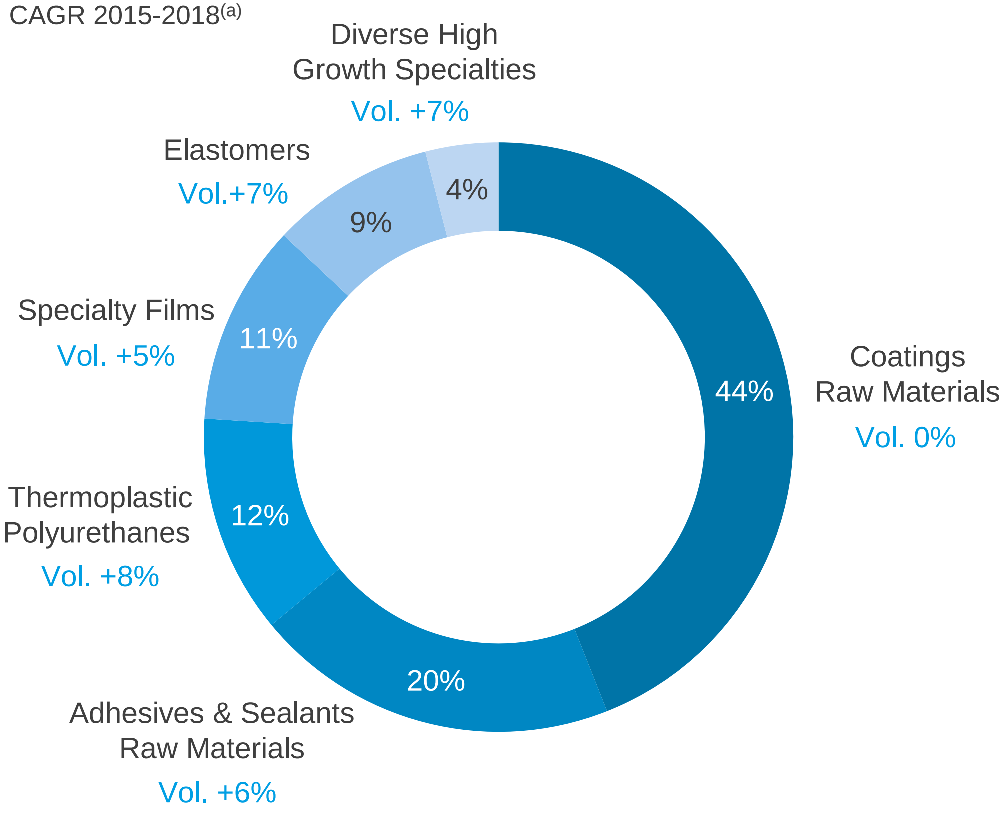
Notes: (a) All figures adjusted to reflect the transfer of the specialty elastomers business from the Polyurethanes segment to Coatings, Adhesives, Specialties segment as of January 1, 2018 as well as planned termination of trading activities and reduced contract manufacturing

CAS demonstrated solid underlying growth of 3.3% p.a.

High Growth Specialties businesses

CAS sales split by businesses

Covestro sales share FY 2018, rounded
Core volume growth, CAGR 2015-2018[(a)]



Highlights

- Adjusted core volume growth of 3.3% CAGR in 2015-2018[(a)]
- Growth driven by all businesses except coatings raw materials
- High Growth Specialties businesses generate 36% of sales: Thermoplastic Polyurethanes (TPU), Specialty Films and Elastomers
- Coatings raw materials businesses burdened by weak end markets like marine, oil and gas as well as refinishing

Notes: (a) All figures adjusted to reflect the transfer of the specialty elastomers business from the Polyurethanes segment to Coatings, Adhesives, Specialties segment as of January 1, 2018 as well as planned termination of trading activities and reduced contract manufacturing

Strategic focus on increasing resilience

PCS at a glance

1,000
PC grades for broadest offering

#1
Producer globally and inventor of PC[a]

6.1%
Core volume CAGR in 2015-2018

€4.1bn
Sales 2018

€468m
FOCF 2018

Mobility
e.g. exterior

Electronics
e.g. robot housing

Consumer electronics
e.g. adapter

Electrical
e.g. LED street lamp

Mobility
e.g. charging station

Healthcare
e.g. drug delivery

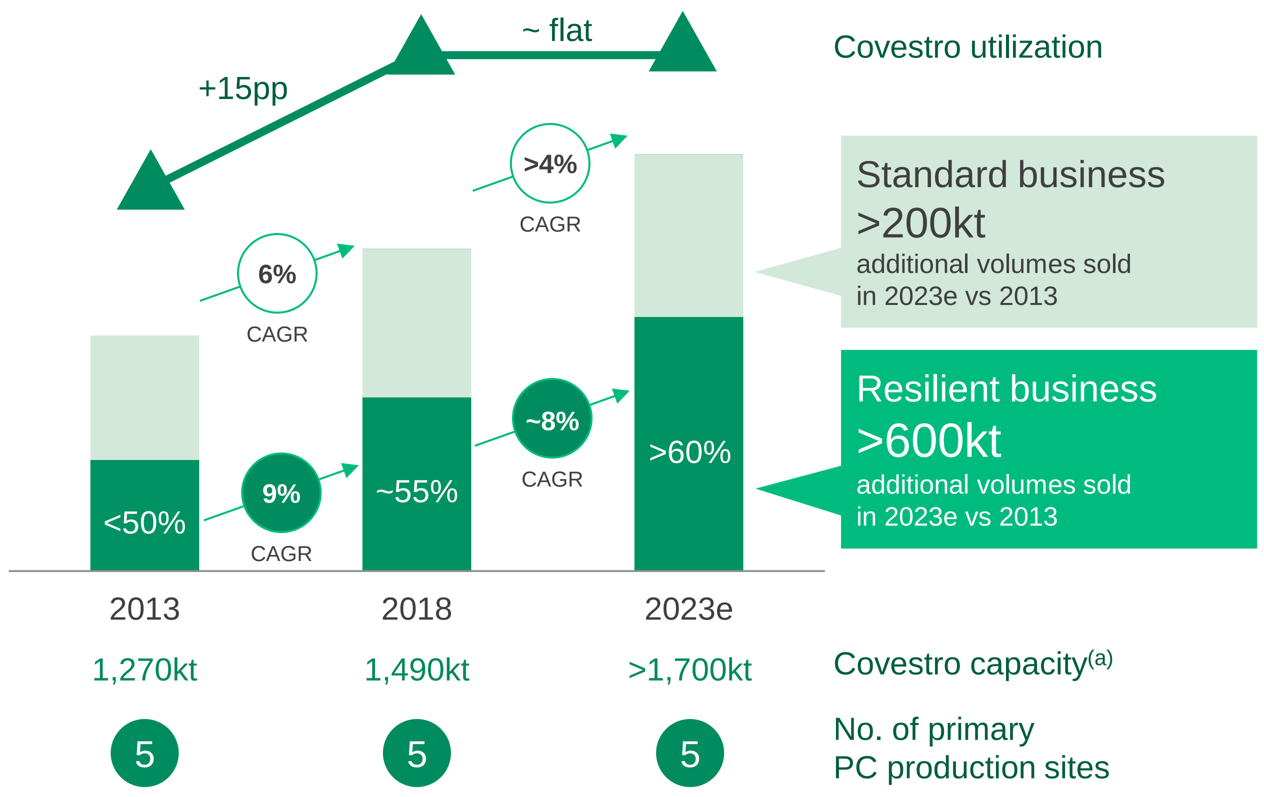
Notes: (a) Based on nameplate capacity at year end 2018 as per Covestro estimates

Growing share of resilient business to 65% long term

PCS product portfolio

Development of resilient portion of PCS volumes

Covestro sales volumes in kt



Covestro highlights

Product portfolio improvement

- Goal to increase resilient portion of PC volumes to 65% long term
- Capacity growth and increasing share of resilient business result in significantly higher volumes in differentiated, high-requirement applications
- 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

Notes: (a) Nameplate capacity for PC resins at year end

Almost half of sales in resilient businesses

PUR at a glance

1,000
Polyols grades for differentiation

#1
Producer globally and inventor of PU[a]

3.8%
Core volume CAGR in 2015-2018[b]

€7.4bn
Sales 2018

€1.0bn
FOCF 2018

Cold chain
e.g. refrigerator

Construction
e.g. metal panel

Cost leadership
e.g. process technology

Comfort
e.g. furniture upholstery

Automotive
e.g. instrument panel

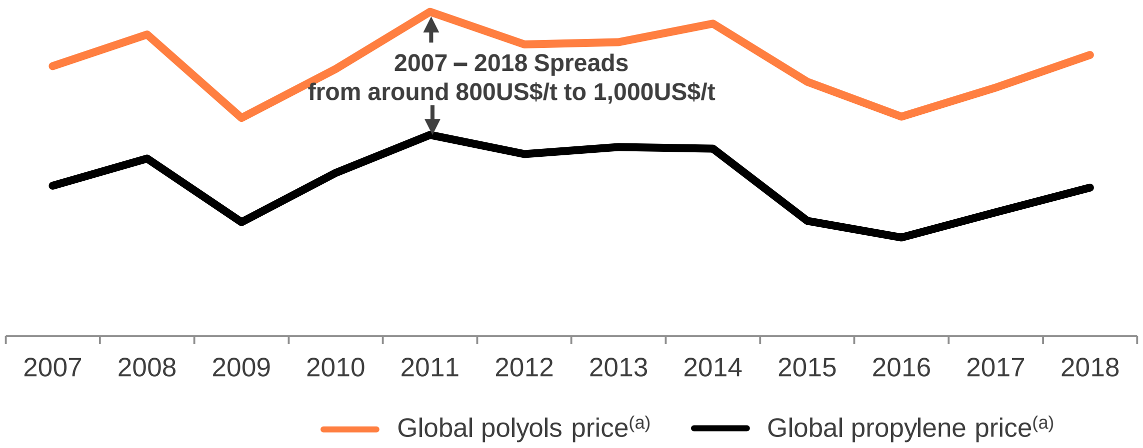
Sustainability
e.g. CO_2-based polyether polyols

Notes: (a) Based on total combined nameplate capacity for MDI, TDI and polyether polyols at year end 2018 as per Covestro estimates
(b) Adjusted prior-year figures to reflect the transfer of the specialty elastomers business from the Polyurethanes segment to the CAS segment as of January 1, 2018

Polyols and resilient MDI business make up almost half of sales

PUR resilient business

Polyether polyols demonstrate inherently stable margins



- Resilient industry margins over the last decade reflective of overall Covestro polyether polyols profitability
- Single capacity addition with little influence on global supply and demand dynamics
- Spreads not materially impacted by high volatility of propylene prices
- Propylene oxide supply and demand dynamics create local pricing opportunities in the short term

Resilient portion of MDI business[b]

Joint sales of polyols and MDI e.g. CASE[c], automotive, construction, appliance	**Specialty or downstream products** e.g. selected MDI grades (pre-polymers, blends, monomeric)
Formulations as market access requirement e.g. automotive, appliances	**Strong interaction with customers along value chain** joint projects for e.g. window frames, wind mills

Large-scale innovation

- Focus on three large-scale innovation hubs in Pittsburgh, Leverkusen and Shanghai
  - Formulation know-how and tailor-made systems
  - Full scope of application development
  - Cost-efficient business structures
- Centralized systems hubs in Europe and North America benefit from economies of scale and cost-efficient feed from world-scale MDI and polyether polyols assets
- Systems business in ME and APAC handled by local system houses

Notes: (a) The global average polyols / propylene prices have been calculated based on the polyols / propylene prices in Europe, US and China and weighting this average against the respective demand in those regions
(b) Resilience measured as standard deviation of gross margin vs average portfolio
(c) CASE: Coatings, adhesives, sealants and elastomers

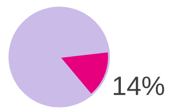
Supply/demand-driven businesses point towards mixed picture

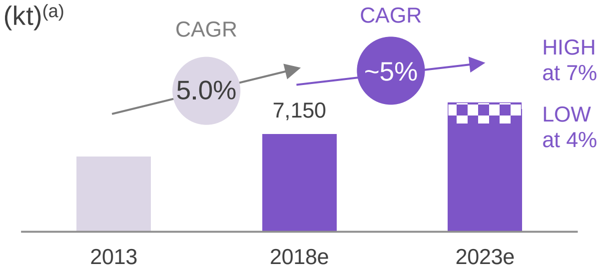
Historical industry development and outlook

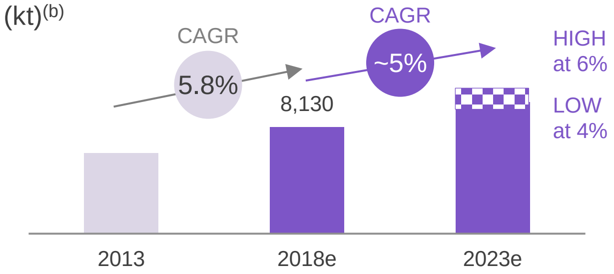
Covestro	Industry demand development	Industry supply development	Industry highlights

S/D-driven share of 2018 Group sales

MDI

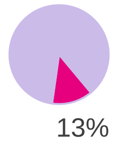


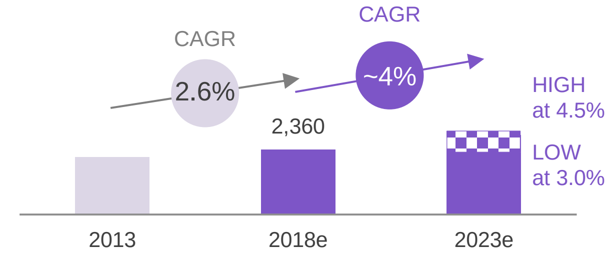


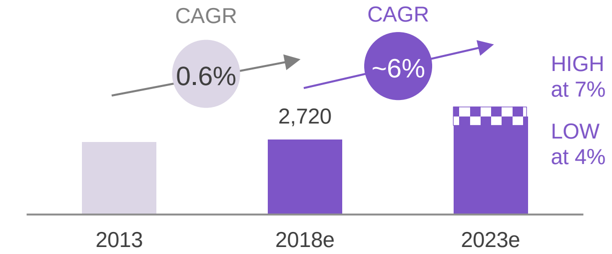


- Structurally sound demand of ~5% driven by solid GDP growth and substitution trends
- Major additions[c] expected until 2023e: Wanhua and BASF
- Covestro additions: Brunsbüttel (200kt, 2020e), Caojing (100kt, 2021e) and Tarragona (50kt, 2022e)

TDI

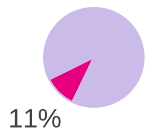


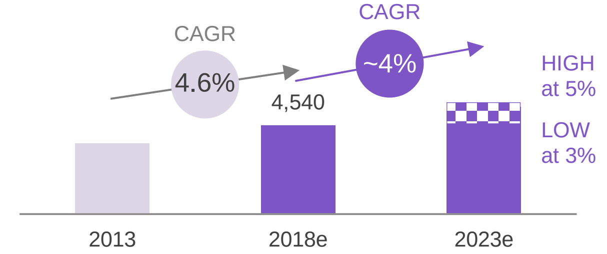


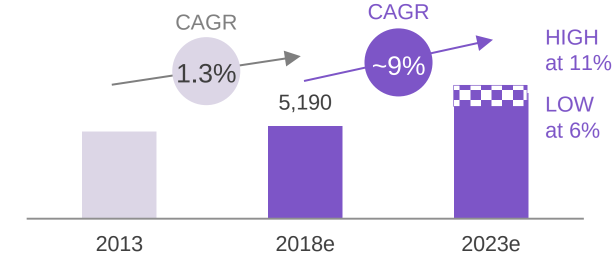


- Ongoing ramp-ups: Sadara, BASF and Wanhua
- Major additions[c] expected until 2023e: Juli Heshan, Lianshi and Fujian SEEC
- Announced closure of BASF, Schwarzheide
- Potential industry consolidation in APAC

PCS







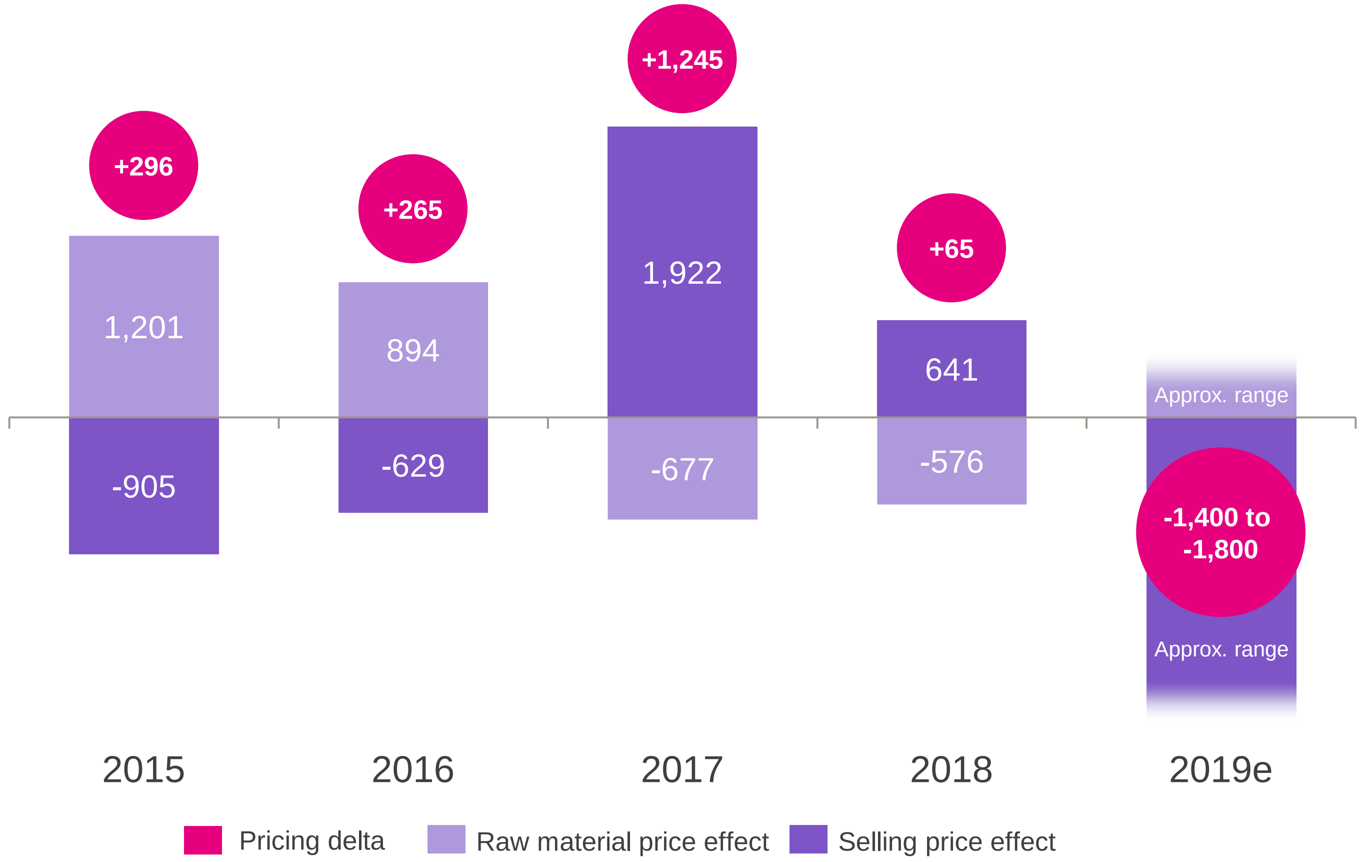
- Electric mobility and autonomous driving could accelerate demand growth above base case
- Major additions[c] expected until 2023e: Cangzhou Dahua, Heng Yuan, Hubei Ganning, Lotte, Luxi, SABIC-Sinopec, Shenma, Wanhua, ZPC, Zhong Lan
- Covestro additions: Caojing (optional 4x 50kt, 2019e-2022e) and new production line (130kt, 2022e)

Notes: (a) Assumes global GDP CAGR 2018–2023e of 2-3%
(b) Based on historical and announced future nameplate capacities
(c) Based on corporate announcements
Source: Covestro estimates

2019 EBITDA development driven by pricing delta

Pricing delta development in EBITDA bridge

in € million



Highlights

- Pricing delta calculated by adding selling and raw material price effects on earnings
- Raw material price movements are usually passed through directly to customers via selling price adjustments
- Pricing delta is driven by industry utilization rates, thus mainly impacting Covestro's supply/demand-driven share of EBITDA
- Spike in 2017 due to limited supply additions, followed by significant capacity ramp-up as of mid-2018
- Anticipated negative pricing delta in 2019e leads to expected below mid-cycle margins

Right strategy and thorough execution in different stages

Different stages since IPO

	2015 – 2016 Becoming independent	2017 – 2018 Riding 'the wave'	2019 – 2021 Driving efficiency
Industries	• Normal supply/demand conditions • Volume growth above global GDP • Margins approach mid-cycle levels	• Tight supply conditions • Volume growth benefitting from restocking • Margins on historic peak levels	• Volatile conditions • Volume growth above global GDP • Short-term, margins approaching trough levels
Covestro	• Carve-out in record time, IPO in Oct. 2015 • Mirror Bayer's organizational set-up • Establish new Covestro culture • New set of KPIs: CVG, FOCF and ROCE[(a)] • Fill underutilized production assets	• Priority on output maximization, minimizing disruptions • Selective cost measures implemented • Set basis for long-term growth • Return excess cash to shareholders	• Streamline standard businesses and extend differentiation • Maximize portfolio synergies • Execute cost-cutting, reduce headcount in non-production areas • Continue volume expansion based on cost leadership

Note: (a) CVG = Core Volume Growth, FOCF = Free Operating Cash Flow, ROCE = Return on Capital Employed

Execute cost-cutting, reduce headcount in non-production areas

Expected cumulated savings and restructuring costs

Progress on "Perspective" program

Approximations, in € million

Highlights

- Cumulated savings of around €350m planned until end of 2021e
- 2018 slightly ahead of plan (+€8m) and expected acceleration in 2019 (+€30m)
- Reduction of ~900 FTEs globally in non-production areas, to be carried out by way of socially acceptable solutions
- Functional areas: E2E supply chain and manufacturing; procurement; commercial and general & administration
- Driving efficiency by adapting business unit and corporate level structure to market needs: streamline standard businesses, extend differentiation and maximize portfolio synergies
- Expected increase of FTEs in production areas

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 2019-21 reflect KPI values in mid-cycle conditions, based on historical review and expected future development

Three equally weighted Group metrics

- Targets for 100% achievement:

Metric	Target
Core Volume Growth	+4.0%
FOCF	€800m
ROCE above WACC[(a)]	8pp

- For each metric, payout can range from 0% to 300%
- Max. payout capped at 250%

Transparent ambition

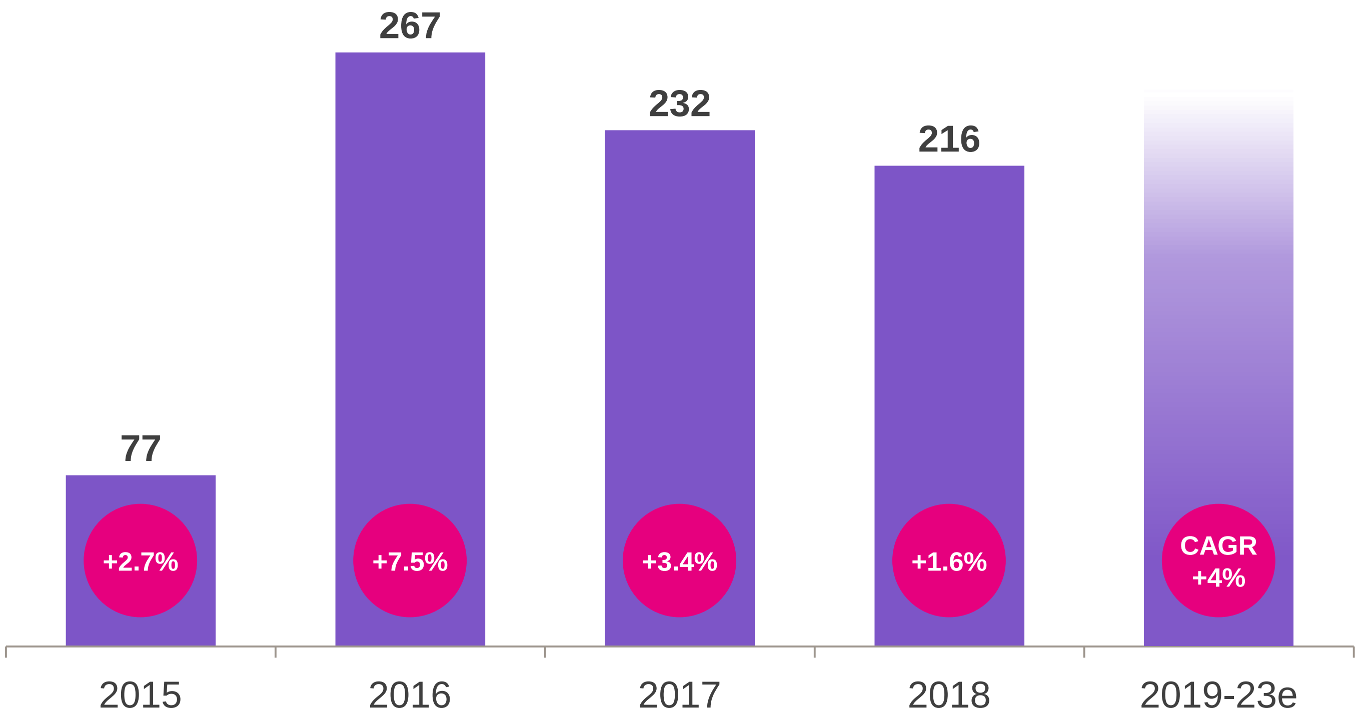
- Future core volume growth goal of 4% requires growth capex
- 100% target achievement for ROCE and FOCF implies mid-cycle EBITDA above €2bn for 2019-21

Notes: (a) WACC = Weighted Average Capital Cost

High volume leverage continuously contributes to EBITDA

Volume growth contribution to EBITDA

in € million,
Core Volume Growth in %

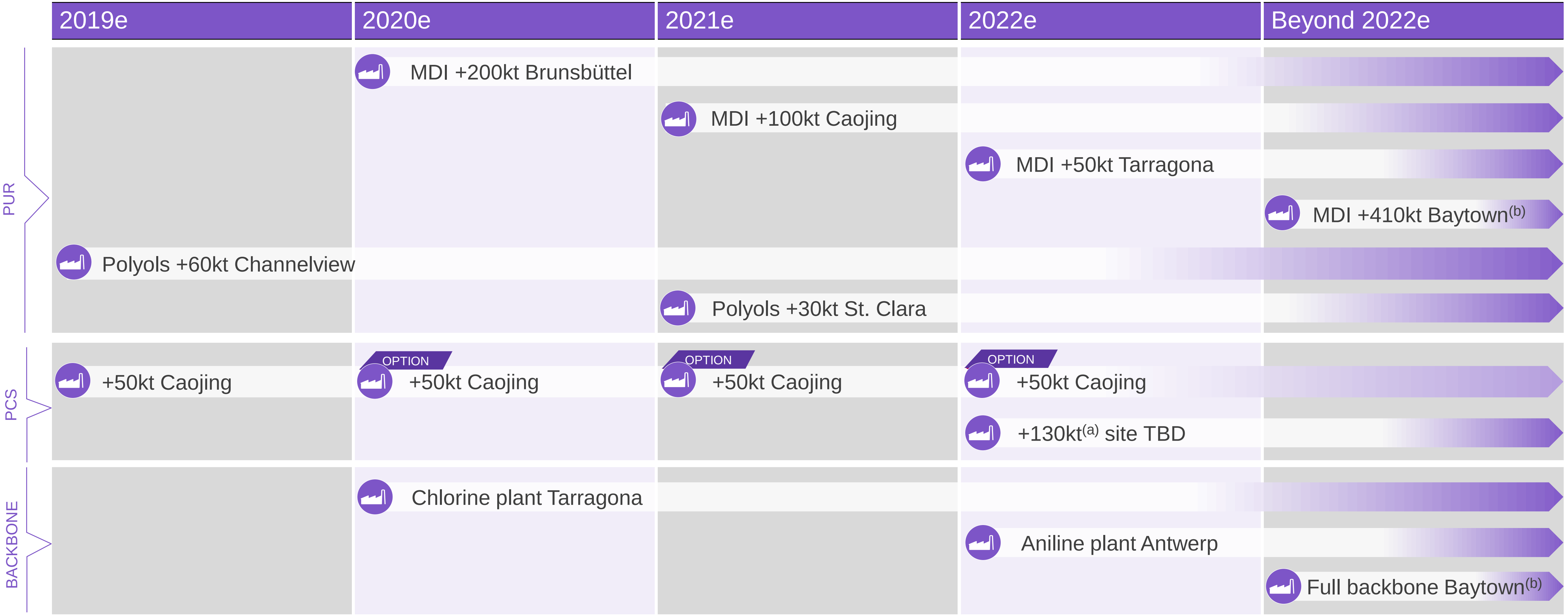


Highlights

- Track record of growth above global GDP at ~4% Core Volume Growth 2015-18 CAGR, with corresponding average volume leverage of 46%
- Striving to grow in line with industry based on leading production cost position
- Running capacity expansion program allows for planned volume growth of ~4% CAGR 2019-23e
- 100% target achievement in short-term incentive (STI) program based on 4% Core Volume Growth per annum

Growth through debottlenecking projects and world-scale plant

Covestro planned capacity additions

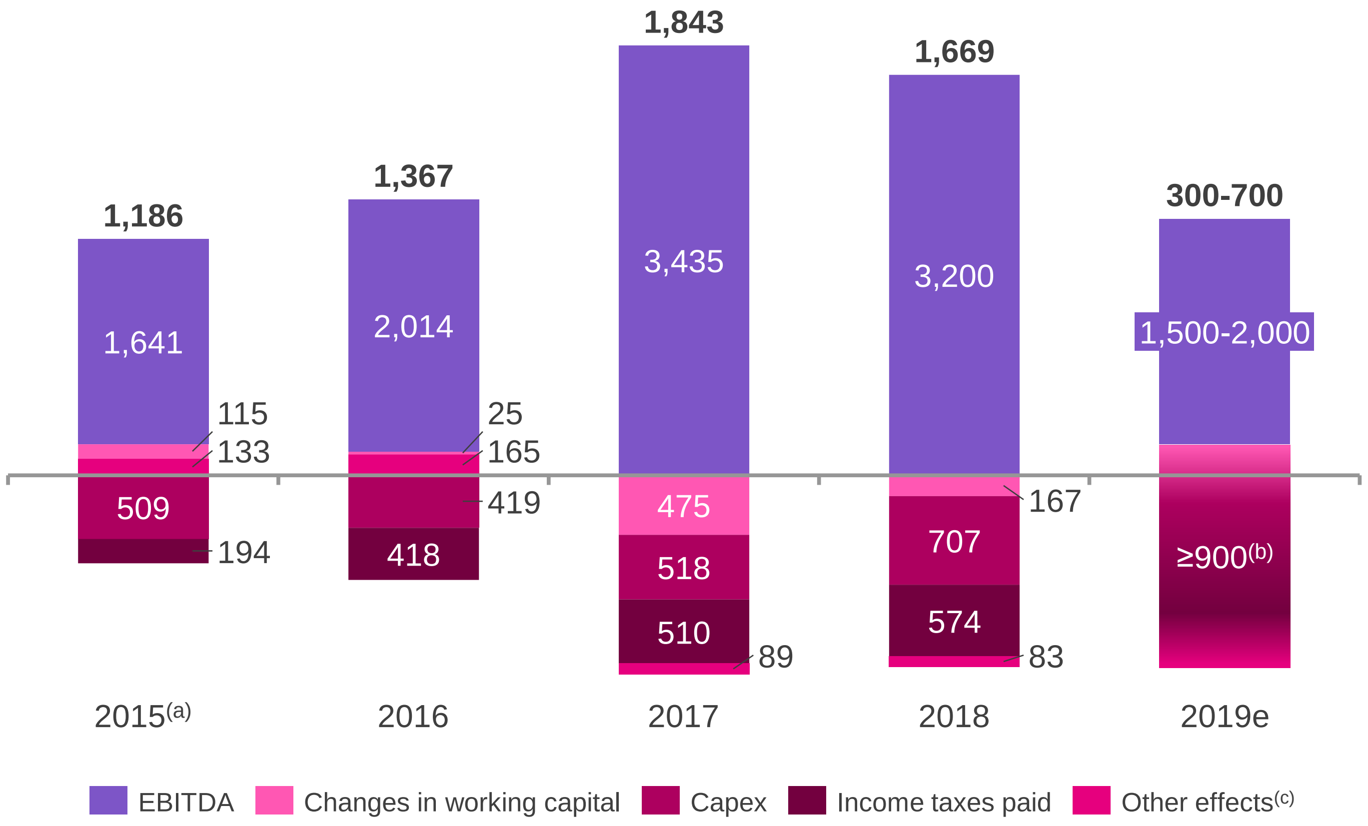


Note: (a) New polycarbonates line
(b) Planned for 2024e

2019 cash flow burdened by bonus and tax payments

Historical FOCF development and 2019 guidance

in € million



Highlights 2018

- Solid EBITDA to FOCF conversion rate at 52%
- Working capital to sales ratio slightly up at 16.2% in 2018 vs. 15.4% in 2017, within the targeted range of 15–17%

Guidance 2019

- FOCF to EBITDA conversion rate down to around 20-35%
- Capex(b) of €≥900m up Y/Y with focus on growth investments
- Cash outflow for 2018 bonus provisions
- Cash tax rate expected above P&L tax rate due to phasing of tax payments

Note: (a) EBITDA 2015 on adjusted basis
(b) Cash-relevant capex
(c) “Other effects “including cash outflow for bonus provisions

Use of cash with focus on value creation

Clear set of priorities

Commitment	Focus	Opportunities	
Dividend policy	Capex	Portfolio	Return to shareholders
• Progressive policy: increase or keep at least stable • For FY 2018, dividend payment of €2.40 per share: – increase of 9% Y/Y – payout amount of €438m	• 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	• Disciplined and focused approach • Acquisitions with focus on high margin and differentiated business areas • Ongoing portfolio optimization including evaluation of potential disposals	• Return excess cash to shareholders • New authorization for share buy-back program for up to 10% of share capital available for the next 5 years
		Decision based on highest value creation	

Financial highlights

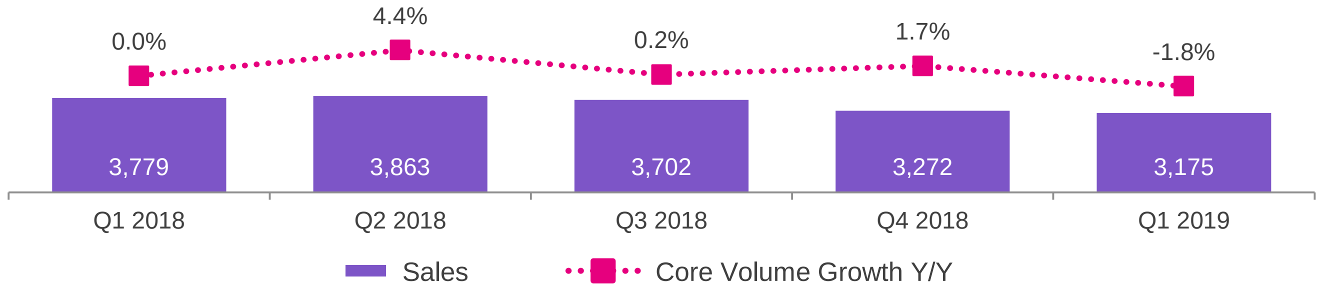
Q1 2019

Significant pricing pressure continues

Group results - Q1 2019 Highlights

Sales and Core Volume Growth

in € million / changes Y/Y

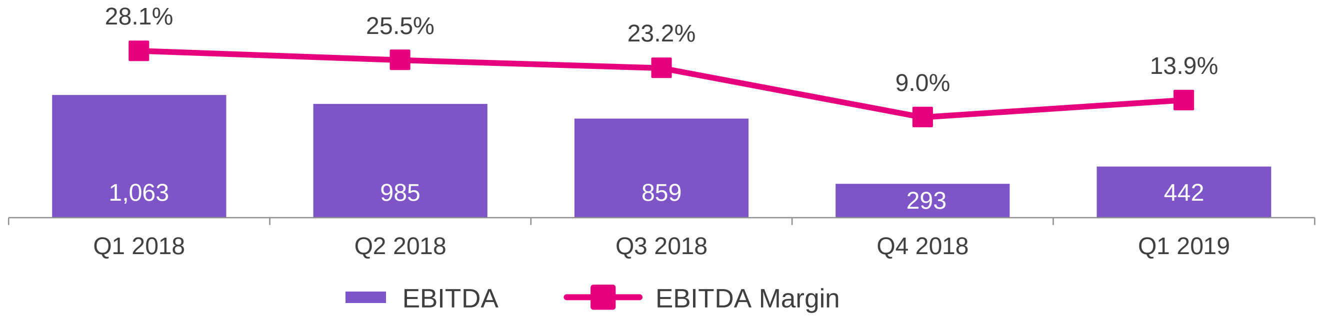


Highlights

- Core Volume Growth of -1.8% as expected due to continued destocking and planned maintenance shutdown
- Positive Core Volume Growth in MDI and TDI, declining volumes in polyether polyols and PCS
- Sales decreased by -16.0% Y/Y, driven by price (-18.3%)

EBITDA and Margin

in € million / margin in percent



Highlights

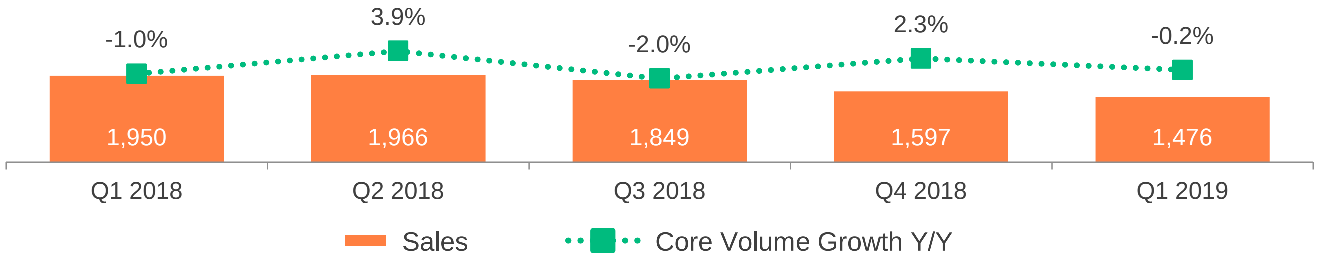
- Compared to prior year, EBITDA declined Y/Y due to pronounced negative pricing delta
- Sequentially, EBITDA margin increased Q/Q to 13.9% vs. 9.0%, mainly due to lower cost

Polyurethanes – earnings below mid-cycle

PUR segment results – Q1 2019 Highlights

Sales and Core Volume Growth

in € million / changes Y/Y

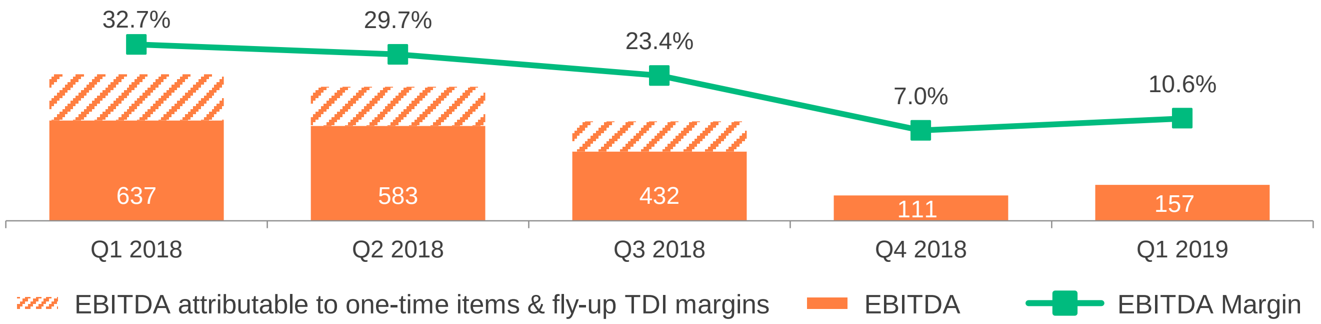


Highlights

- Stable core volumes of -0.2% Y/Y, with positive contributions from MDI and TDI, negatively impacted by polyether polyols
- Sales decreased by -24.3% Y/Y, driven by price (-29.4%)
- Positive volume effect in sales development (+3.0%) due to product mix effects

EBITDA and Margin

in € million / margin in percent



Highlights

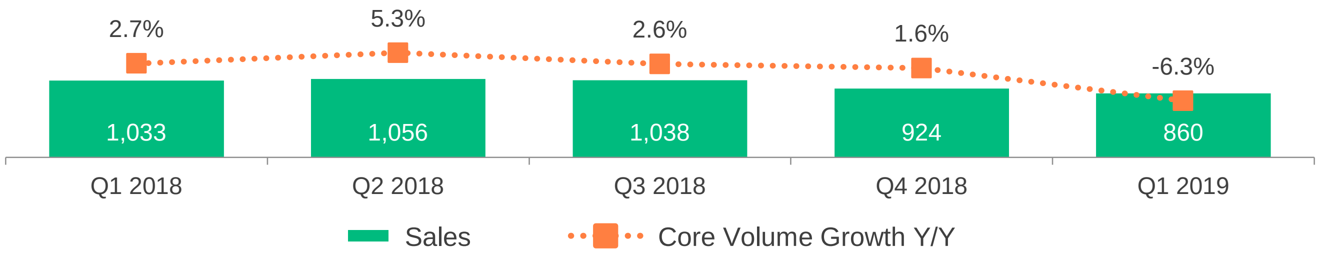
- Compared to prior year, EBITDA declined Y/Y due to pronounced negative pricing delta
- Sequentially, EBITDA margin increased Q/Q to 10.6% vs. 7.0%, mainly due to lower cost

Polycarbonates – impacted by automotive

PCS segment results – Q1 2019 Highlights

Sales and Core Volume Growth

in € million / changes Y/Y

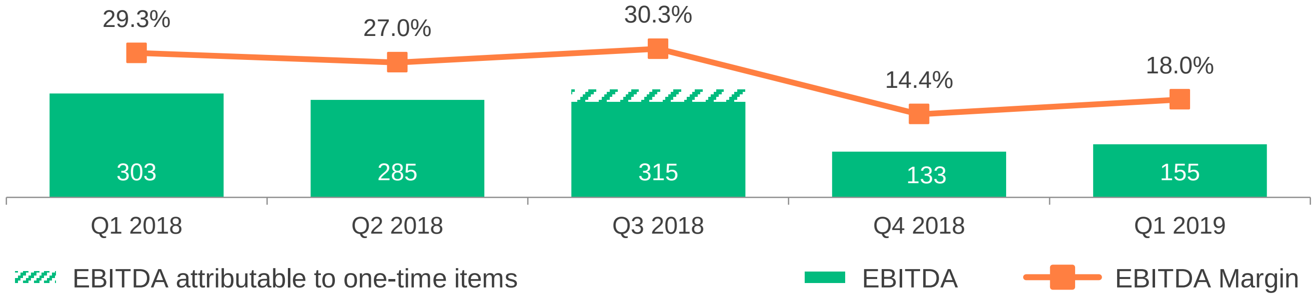


Highlights

- Negative Core Volume Growth of -6.3% Y/Y due to demand drop in automotive, accounting for around 1/3 of sales, and continued destocking
- Sales decreased by -16.7% Y/Y driven by price (-12.8%) and volume (-2.9%)
- Additional negative portfolio effect Y/Y (-3.6%)

EBITDA and Margin

in € million / margin in percent



Highlights

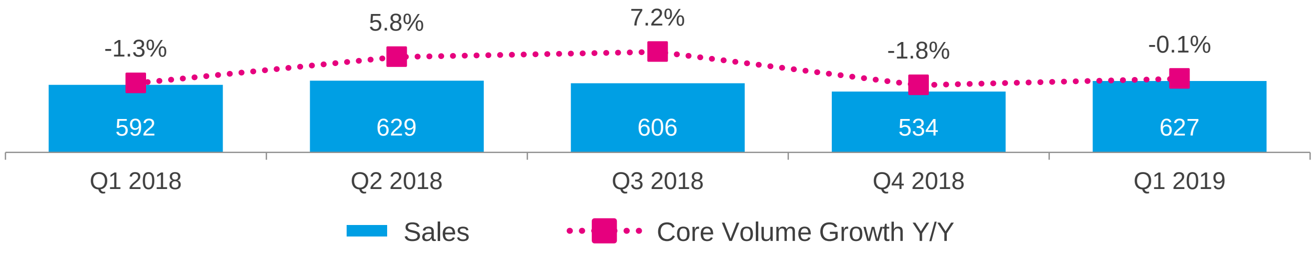
- Compared to prior year, EBITDA declined Y/Y due to pronounced negative pricing delta and lower volumes
- Sequentially, EBITDA margin increased Q/Q to 18.0% vs. 14.4%, mainly due to lower cost

Coatings, Adhesives, Specialties – strong earnings

CAS segment results – Q1 2019 Highlights

Sales and Core Volume Growth

in € million / changes Y/Y

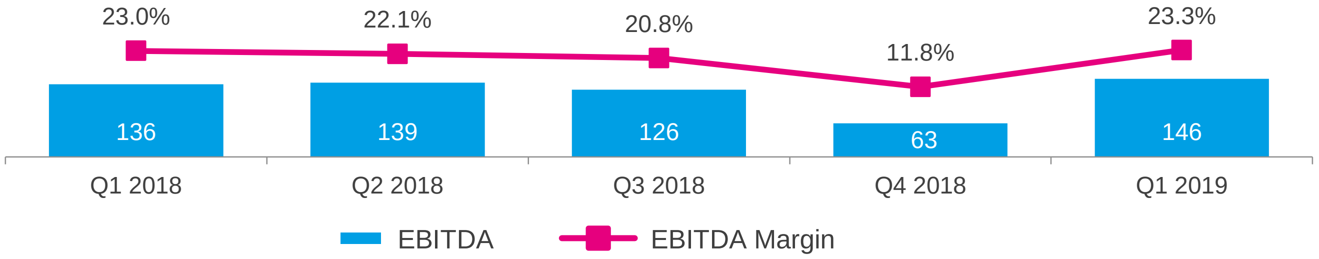


Highlights

- Stable core volumes of -0.1% Y/Y, despite weak coatings industry, accounting for close to 1/2 of sales
- Sales increased by +5.9% Y/Y driven by price (+1.7%) and volume (+1.1%)
- Additional positive FX impact Y/Y (+3.1%)

EBITDA and Margin

in € million / margin in percent



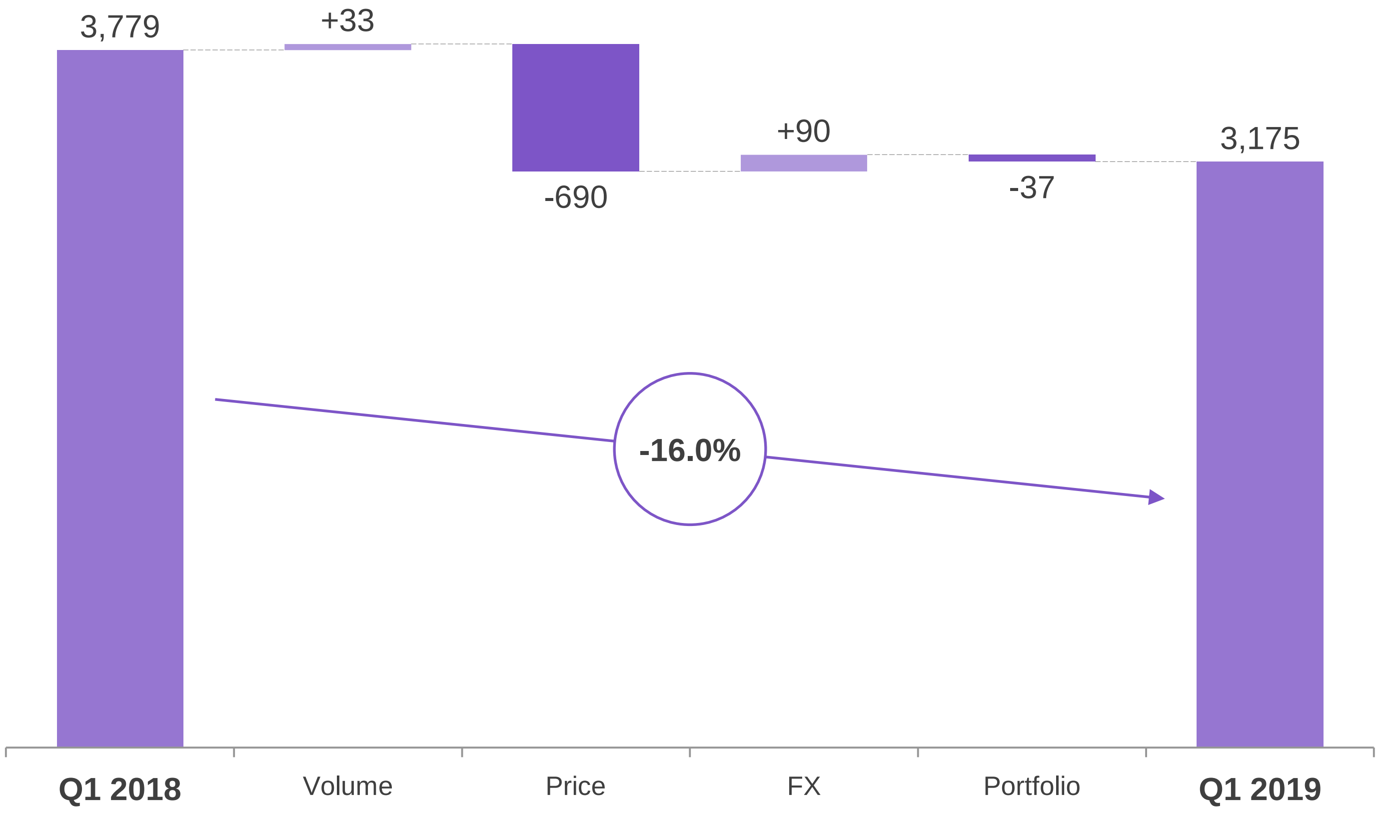
Highlights

- Compared to prior year, EBITDA increased Y/Y by 7.4% driven by volumes and positive pricing delta
- Sequentially, EBITDA margin increased Q/Q to 23.3% vs. 11.8%, mainly due to lower cost

Negative price effects decrease sales despite stable volumes

Q1 2019 – Sales bridge

in € million



Highlights

Stable volumes

- Sales volume expansion (in €) by +0.9% Y/Y
- Sales volume expansion above core volume growth mainly due to product mix effects

Negative pricing

- Lower selling prices negatively impacted sales by -18.3% Y/Y, driven by PUR and PCS
- Positive pricing development in CAS

Positive FX

- FX benefited sales by +2.4% Y/Y mainly due to stronger USD and CNY

Portfolio impact

- Sales reduced by -1.0% Y/Y due to disposal of US polycarbonates sheets as of 1st August 2018

Q1 earnings with pronounced negative pricing delta

Q1 2019 – EBITDA bridge

Highlights

Positive volume leverage

- Mainly driven by product mix effects

Pronounced decline in contribution margin

- Negative pricing delta in PUR and PCS mainly resulting from higher competitive pressure

Other items

- Lower bonus provisions
- Positive impact from accounting change (IFRS 16)
- Negative impact from higher maintenance costs and capex-related expenses

Positive Q/Q development

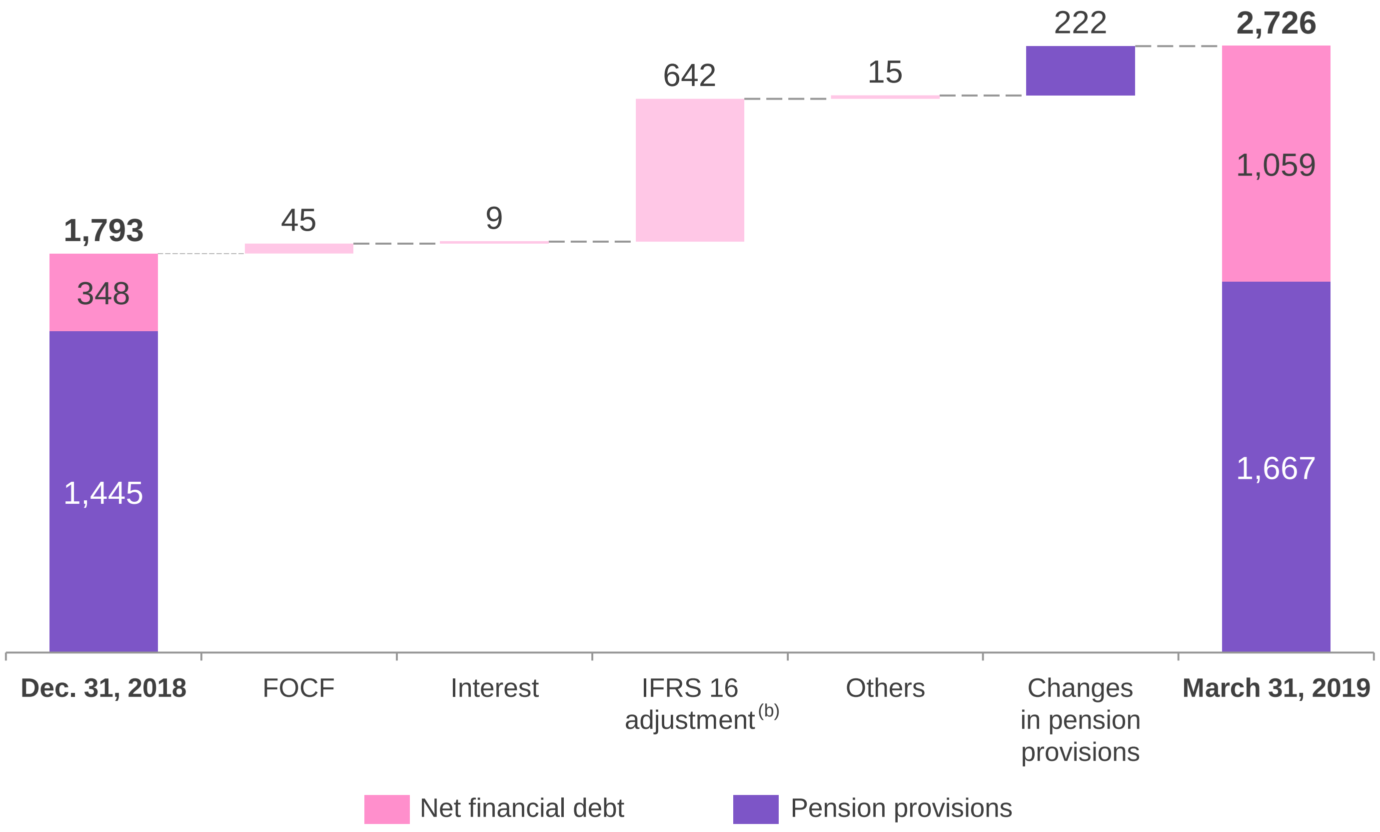
- Mainly driven by cost reductions
- Positive volume leverage counterbalanced by negative pricing delta

Note: (a) Method of calculation: EBITDA volume contribution / sales volume contribution

IFRS 16 adoption leads to significant increase of net debt

March 31th 2019 – Total net debt

in € million



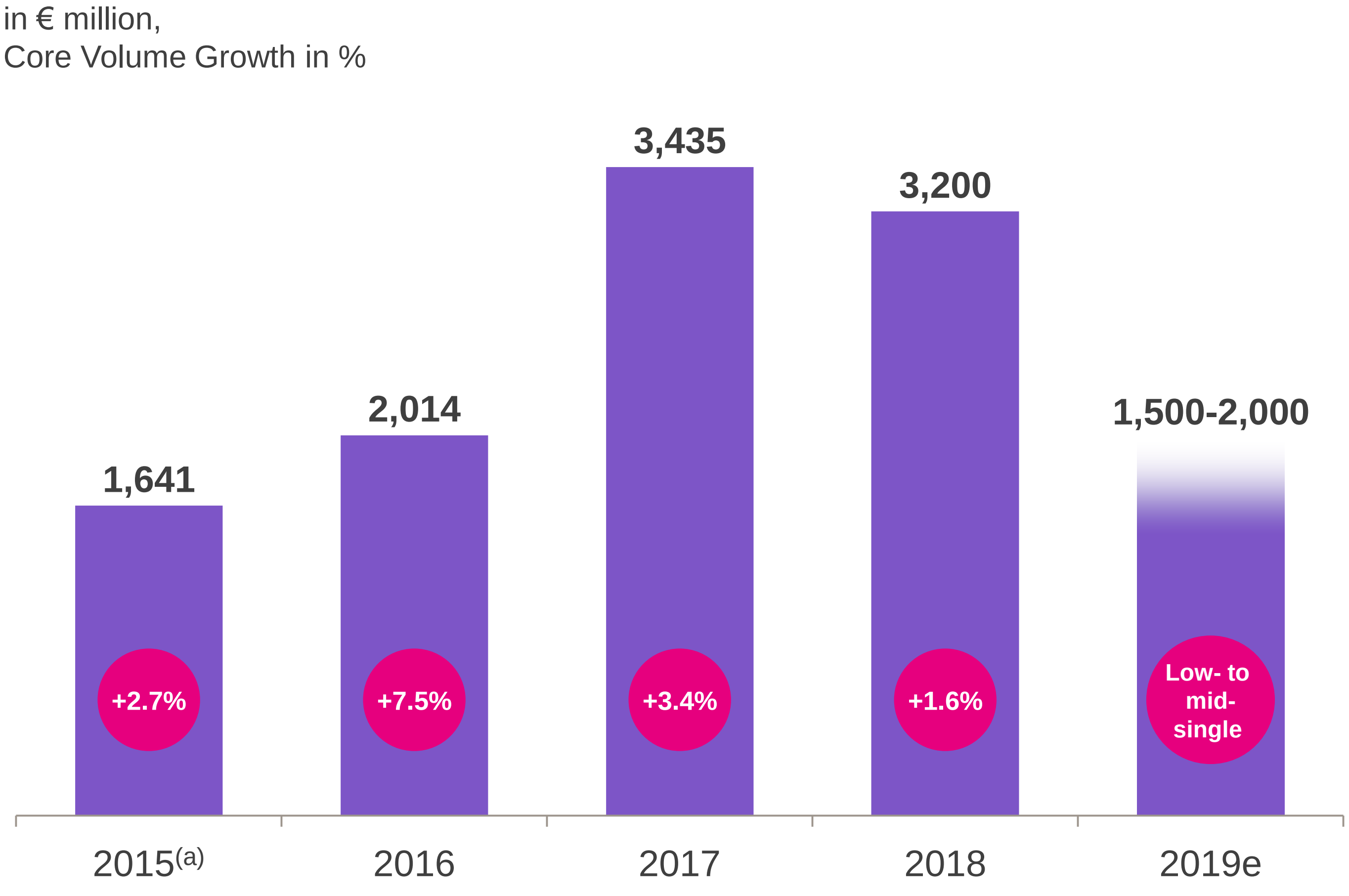
Highlights

- Application of IFRS 16 increased net financial debt by €642m(b)
- Pension provisions increased by €222m mainly resulting from lower discount rates in Germany
- Total net debt to EBITDA ratio(a) of 1.1x end of Q1 2019 vs. 0.6x end of 2018

Notes: (a) Method of calculation: Total net debt on March 31, 2019 divided by EBITDA of last four quarters
(b) Reflecting increase in lease liabilities in the course of IFRS 16 adoption as of March 31, 2019

Below mid-cycle earnings in challenging economic environment

Historical EBITDA development and FY 2019 guidance



Underlying assumptions

Low-end scenario

- Further price decline compared to January 2019 especially in TDI
- Low end of CVG[b] range due to lower GDP growth and/or unplanned production constraints
- Unfavorable FX impact[c]

High-end scenario

- Price increases compared to January 2019 especially in MDI
- Solid demand across all industries, however upside to CVG[b] limited due to constrained available capacity
- Favorable FX impact[c]

Note: (a) EBITDA 2015 on adjusted basis
(b) CVG = Core Volume Growth
(c) Basic assumptions FY 2019: Exchange rate of EUR/USD ~1.15, RMB/EUR ~7.9 and a global GDP growth of 2.9%

FY guidance confirmed in a challenging environment

FY 2019 guidance as per April 29th, 2019

	FY 2018	Guidance FY 2019
Core Volume Growth	+1.6%	Low- to mid-single-digit percentage increase Y/Y
FOCF	€1,669m	€300 – 700m
ROCE	29.5%	8% – 13%
Additional financial expectations	**FY 2018**	**Guidance FY 2019**
EBITDA FY	€3,200m	€1,500 – 2,000m
EBITDA Q2	€985m	Around Q1 2019 level
D&A	€620m	~€750m (previously: ~€700m)
Financial result	€-104m	€-100 to -120m
P&L (effective) tax rate	26.1%	24 - 26%
Capex[(a)]	€707m	≥€900m

Note: (a) Cash-relevant capex
Basic assumptions FY 2019: Exchange rate of EUR/USD ~1.15, RMB/EUR ~7.9 and a global GDP growth of 2.6%

Upcoming IR events

Find more information on investor.covestro.com

Reporting dates

• July 24, 2019	Half-Year Financial Report 2019
• October 28, 2019	Q3 2019 Interim Statement
• February 19, 2020	Annual Report 2019

Sellside dinner event

• May 7, 2019	Sellside Round Table with CEO, Frankfurt

Broker conferences

• May 10, 2019	JP Morgan Investor Forum, Amsterdam
• May 22, 2019	Berenberg Conference USA, Tarrytown
• May 22, 2019	Morgan Stanley ChemTech Day, London
• June 4, 2019	Commerzbank, mBank Chemical Event, Warsaw
• June 5 – 6, 2019	Deutsche Bank, dbAccess, German, Swiss & Austrian Conference, Berlin
• June 6 – 7, 2019	Barclays Select Conference, Sonoma

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.